

NBCUniversal

2022

Luxury Industry Assessment



Welcome!



Introduction

Explore NBCUniversal's latest perspectives and insights into the Luxury industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Luxury brands and marketers as they navigate what's next.

Our Approach

At NBCUniversal, we have a legacy of working with a diverse range of Luxury partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Evaluation
 - Conversations with Luxury Advertisers and Agencies
 - Continual Marketplace Analysis
 - Examination of Consumer Attitudes towards the Luxury Industry
-



NBCUniversal Has a Unique Perspective

IN 2022, NBCU DEVELOPED INSIGHTS ACROSS:
12 Luxury Subsectors & the Way Consumers Buy Them



Alcohol



Retail



Apparel
Handbags



Apparel
Shoes



Apparel
Fashion



Accessories
Jewelry



Accessories
Watches



Home + Life
Electronics



Home + Life
Automotive



Home + Life
Travel



Home + Life
Home



Home + Life
Finance

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2022 Landscape

Overview Of Key Luxury
Marketplace Dynamics



For Luxury, 2022 Demonstrated the

Rise of Relevance

Connecting with culture and people while remaining true to their brand identity, and true to luxury

We're trying to be more aspirational, which is more inclusive, and we want to meet the consumers where they are. **The last thing we want to do is exclude people.**

KALPANA BAGAMANE
Kering's Chief Diversity, Inclusion & Talent Officer¹

The Luxury Industry Continued to Evolve, While Remaining True to its Essence



Brands are Seen as Cutting-edge Innovators

Luxury brands made their **initial entry into virtual environments**. Brands such as Gucci (*Gucci Garden*), Louis Vuitton (*Louis the Game*), and EssilorLuxottica (*Smart Glasses with Meta and Ray-Ban*)¹ created immersive experiences and products for consumers.



A Return to Retail, Balanced with Ecomm

Luxury online sales have **grown** and are predicted to account for 30% of all sales by 2025.² However, **brick-and-mortar revenue will not disappear**, as brands have continued to open stores in untapped locations, serving clientele who relocated.³



The Rise of Upcycling

Brands leaned into **consumer's increasing desire for conscious consumerism and a circular economy**.² This aspiration, combined with the timelessness and scarcity of luxury goods, makes them ideal for the resale market.²



Increased Focus on Diversity

Luxury brands acknowledged the **growth potential of multicultural audiences** and began to reflect that in more representative advertising and influencer partnerships. Marketers also started to develop **DE&I strategies** to help the overall category become more diverse.⁴

Luxury Brands Have Been Partnering with Diverse Influencers



Kendrick Lamar x Louis Vuitton

Louis Vuitton's Spring/Summer 2023 show began with a performance by Florida A&M University's famous marching band, setting the stage for rapper Kendrick Lamar's performance, a tribute to the late Virgil Abloh.¹



aespa x Chopard

K-pop group aespa showcased Chopard's Happy Hearts jewelry and Happy Watch collections in the brand's latest campaign for its Happy Diamonds line. Chopard partnered with the group for their embodiment of femininity, fantasy, and futurism.²



Bad Bunny x Jacquemus

Jacquemus' Spring 2022 campaign included Puerto Rican musician Bad Bunny, as the spirit of the brand is reflected in Bad Bunny's personal style. The campaign made a statement regarding gender roles by styling the musician in skirts and dresses.³



Zendaya x Valentino

Gen Z icon Zendaya partnered with Valentino to promote their Fall 2022 collection. This shade of "PP Pink" caused disruption across the fashion industry with its homage to Valentino; Zendaya's promotion only made it more popular.⁴



A\$AP Rocky x Mercedes-Benz

Rapper A\$AP Rocky and his creative agency AWGE worked with Mercedes-Benz to create a nostalgic capsule collection. The '90s-inspired range of apparel and accessories merges music, fashion, and auto.⁵

BRANDS ACROSS LUXURY SUBSECTORS

Benefited from Marketplace Conditions

Automotive

In 2Q, the luxury auto market experienced higher sales than non-luxury due better availability of cars during the chip shortage.¹

As of 3Q, ultra-luxury shows little impact from the threat of recession, with key brands posting high 1H22 earnings.²

35%

Of the luxury auto market is multicultural, with Hispanics leading in sales³

Apparel & Accessories

Media spend increased 39% to \$1.3B, as fine jewelry brands **increased digital spend to follow consumption trends**.⁴

As social media drives hype around already-coveted items, luxury buyers are turning to **personal shoppers and platforms** to find both new and vintage pieces.⁵

\$23B

1H22 revenue for LVMH's apparel and accessories business, up 22% vs 1H21⁶

Toiletries & Cosmetics

Due to the "lipstick effect," consumers are **splurging on smaller luxuries, such as skin care and fragrances**.⁷

Cosmetics and Fragrance contributed most to the subsector's 111% increase in media spend,⁴ with **people returning to offices and social events**.

+20%

The increase in sales for Coty's prestige division in 4Q22 (fiscal year)⁸

Travel

Even as prices rise, private jet bookings increased, as **HNWI turn to private flights amid continued COVID concerns and commercial flight uncertainty**.

At the same time, many celebrities have come under public scrutiny for their own **private jet's negative impact on the environment**.⁹

+30%

The increase in monthly flights of private jets since 2019⁹

Luxury Forward- Looking Trends

Key Trends We Expect to Influence Luxury
Marketing & Media Strategies



LOOKING AHEAD,

Key Luxury Trends We Expect to Influence Marketing & Media Strategies



Luxury Trailblazes
the Metaverse and Web3



Getting Crafty
with Media



Connecting with
High-Net-Worth Multicultural Consumers



Leveraging Brand Love to
Create a Curated Lifestyle

Luxury Trailblazes the Metaverse and Web3

Leading the charge in marketing innovation, and making it known

Luxury runs in the Metaverse so other industries can walk.

High-end brands are not afraid to do what it takes for the world to take notice. As the explorers of the digital universe, they never shy away from disruption and originality to make a statement, from products to marketing.

We expect the Luxury market to **continue leading in innovation** through the Metaverse and web3 **as they have done in their own craft** – always show-stopping, in your face and on your radar, just from new heights.

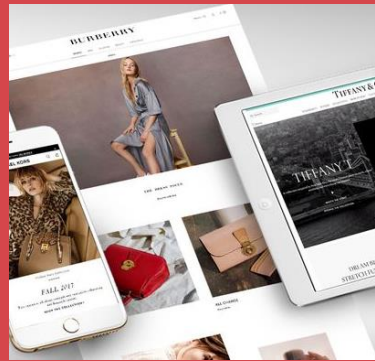


The Industry is Invested

The virtual luxury goods market is positioned to grow to \$50M by 2030 according to Morgan Stanley.¹

CONSUMERS ARE BOUGHT IN:

Gucci's virtual handbag **Gucci Dionysus**, sold for **\$4K** while the physical bag retailed for less than **\$700**.²



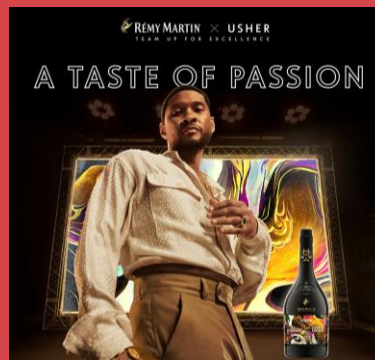
Luxury Leaders Are All In

"Fashion brands were particularly slow to social media. They don't want to be late again."

Charles Hambro

Co-Founder and CEO, GEEIQ

Helping Fashion Brands Navigate The Metaverse



Their Innovation Know No Bounds

getting patients to invest more in their care

EXAMPLE:

Remy Martin x Usher NFT

A Global campaign with a limited-edition bottle, NFT, and AR capabilities featuring Usher's voice blended into artwork – exploring the intersectionality of technology, music, and art.³

Getting Crafty with Media

Bringing the same level of creativity from luxury products to new promotion

Luxury will never go out of style, but it is venturing into **new territory**.

To connect with a changing consumer and to keep pace with DTC brands, the industry will need to **focus more on diversified media strategies, without losing identity**.

We expect luxury brands to **own the innovative marketing space, the way they do for their own products**. They will explore breakthrough ways to **build trust with a younger consumer, while keeping the bond with its loyal clientele**.

Sources: 1. eMarketer; 2. Bain & Company, Luxe Digital

New Platforms & Voices

Going beyond the traditional by embracing the latest social platforms like TikTok and its trusted creators who are native to the platform to promote campaigns.

Creators and influencers have a 70% media impact value coming from TikTok for luxury¹

EXAMPLE:
Gucci Model TikTok Challenge

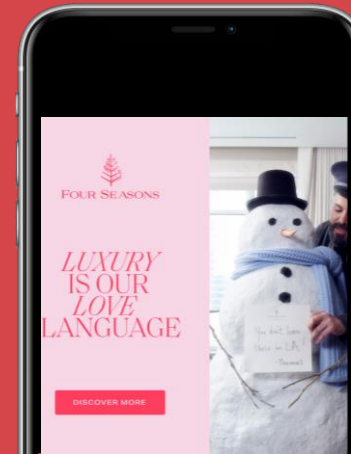


New Vernacular

Speaking Gen Z and Millennials' language, relating to their interests and values, without losing what makes them premium. It's high end, but not stuffy.

Affluent Millennials and Gen Z consumers will make up 70% of the luxury market by 2025 and 130% of its growth²

EXAMPLE:
Four Seasons Love Language

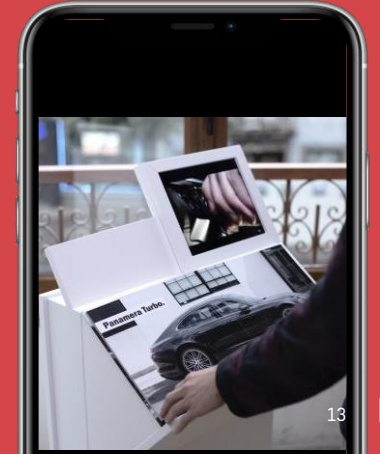


New Technology

Making bold moves through omnichannel digital enhancements that drive higher media impact value, including phygital; engaging consumers where they are.

Online sales will become the single biggest channel for personal luxury goods by 2025, making up 30% of the market²

EXAMPLE:
Porsche Showroom X Magik Book



Connecting with High-Net-Worth Multicultural Consumers

Engaging a growing segment in an authentic way

As the world continues to become more diverse and multi-faceted, luxury brands are turning their attention to under-addressed consumer groups.

With a **growing population and spending power**, HNW Multiculturals are a key audience for luxury brands.

We expect brands to more genuinely connect with these consumers through **equitable business practices and representative advertising**.

Note: HNW multicultural consumers are defined as Asian, Black, Native American, or Hispanic Adults 18+ in Households with an income of \$500K+ and liquid assets of \$1M+.

Sources: 1. Ipsos Affluent Survey USA Doublebase 2022 (base of Adults 18+ with HHI \$125K+); 2. Nordstrom; 3. WWD

Luxury brands are important to them...

56%

agree “I prefer to buy designer or luxury brands” (166i)¹

...and so is their culture,

75%

agree “my cultural or ethnic heritage is a very important part of my life” (139i)¹

EXAMPLES OF BRANDS LEANING IN



Nordstrom

was a sponsor of the 2022 HBCU Battle of the Brains, in order to attract a **“talented and diverse workforce”**²



LVMH

launched a partnership with Harlem’s Fashion Row to **“discover, mentor, and showcase” emerging BIPOC designers**³

Leveraging Brand Love to Create a Curated Lifestyle

Creating a fully immersive way of life as it continues to be at the forefront of evolving lifestyle brands

While brand stretching has always been part of luxury's brand arsenal, some companies have begun to push into whole new areas, like curating playlists,¹ creating films,² or building exclusive condos.³

We expect luxury brands to evolve by **creating new goods, services and ideas to curate** for their most loyal consumers.

Using new ways to reinforce brand identities, we believe it will evolve until a person could survive through brand recommendations alone. Examples include **themed meal kits, luxury condos, and product extensions into everyday household goods.**

Sources: 1. Spotify; 2. Gucci; 3. Lamborghini

CURATING THROUGH...

Art and Culture



Chanel's Film
Recontre(s)



Cartier's VR Opera
Les Larmes d'Eugenie



Christian Louboutin's
London Street Art

Experiences



Restoration Hardware (RH)
Retail/Hybrid Hotel Location



Ralph Lauren's
Polo Club



Tiffany's
Blue Box Cafe

Home & Life



Gucci's
Custom Xbox Series X



LVMH's Krug's
Cookbook



Bentley's
Bentley Residence Miami

SUMMARY

Key Luxury Trends We Expect to Influence Marketing & Media Strategies



Luxury Trailblazes the Metaverse and Web3

Leading the charge in marketing innovation, and making it known



Getting Crafty with Media

Bringing the same level of creativity from luxury products to new promotion



Connecting with High-Net-Worth Multicultural Consumers

Engaging a growing segment in an authentic way



Leveraging Brand Love to Create a Curated Lifestyle

Creating a fully immersive way of life as it continues to be at the forefront of evolving lifestyle brands

NBCU Luxury Strategic Considerations

Key Considerations for Driving Growth for
Luxury Brands

From Local To National To Global



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Luxury Strategic Considerations



01. Lead with Creativity & Innovation

Lead with your creativity and emotion, inspiring audiences to immerse themselves in your brand's identity through rich storytelling across channels that is both relevant to them and true to the brand.

02. Stun Viewers Through Streaming

Make an impression and spark intrigue in premium environments relevant to your brand and audience. Consider audience mindset and timing when leveraging with dominant ad innovations.

03. Design Your Audience Targeting

Leverage your data and our data across digital, linear, and streaming to engage known audiences and identify new ones. Tailor messaging by objective to meet the needs and motivations for purchase.

04. Create a Connection with High-Net-Worth Multiculturals

Create and maintain connections with High-Net-Worth Multiculturals through content and media rooted in their culture.

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Luxury Strategic Considerations



01. Lead with Creativity & Innovation

Why: Unique content elicits emotion, builds connections, and creates memories. Leverage video's versatility to maximize amplification across platforms and pair with culturally relevant talent, films, platforms, and content to solidify relevance and engagement.

Good For: Awareness | Brand Recall | Perception | Favorability | Purchase Intent | Search

02. Stun Viewers Through Streaming

Why: Luxury audiences, such as HNWI, are watching video across devices more than ever. Streaming affords the opportunity to connect with key audiences at scale, maintain a top-of-mind presence, and create opportunities for immediate discovery.

Good For: Awareness | Ad Recall | Brand Recall | Consideration | Favorability | Purchase Intent

03. Design Your Audience Targeting

Why: As the industry continues to transform, leveraging combined data sources helps identify new high-value audiences, facilitates timely learnings and optimizations, and allows for tailored messaging.

Good For: Targeted Reach | Incremental Reach | Ad Recall | Behavioral KPIs | Conversion

04. Create a Connection with High-Net-Worth Multiculturals

Why: HNW Multiculturals are a growing population and have increasing spending power, making them a key audience for luxury brands in both in the short-term and long-term.

Good For: Awareness | Sentiment | Consideration | Purchase Intent | Loyalty

01. Lead with Creativity & Innovation

Inspire audiences to immerse themselves in your brand's identity through rich storytelling that is both relevant to them and true to the brand

“ ”

...Being perceived as innovative by clients is critical to the success of luxury brands.¹

The Top 10

brands that are most advanced are also those that invest most in story, experience and technology²

Sources: 1. Jing Daily; 2. Luxury Daily



Crafting Bespoke Stories

Amplify Your Brand Message

Co-create with our best-in-class producers and talent to share your unique story in culturally relevant environments

Recommended Solutions:
Content Studio | The Talent Room | Film Partnerships | Apple News

EXAMPLE:

Bespoke Stories Original Storytelling



Focus Features'
Reel Destinations Series



Opening the Door to Premium Moments

Celebrating and Defining Culture

Align your brand with the most exclusive moments in culture, sports and beyond throughout the year

Recommended Solutions:
Cultural Moments | International & Key Sports | Leadership Summits

EXAMPLE:

Premium Moments Leadership Summits



NBC News'
Aspen Ideas Festival 2023



Leading with Innovation

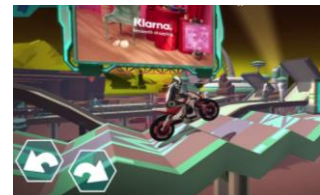
Disruptive Experiences on Emerging Platforms

Activate tech-forward, elevated ideas in line with the needs and expectations of today's consumers

Recommended Solutions: Ad Innovation | Social Extension | Livestream | Gamification | Apple News

EXAMPLE:

Innovation In-Game Advertising



Anzu
Integration

02. Stun Viewers Through Streaming

Make an impression and spark intrigue in premium environments

90%

of those considered HNWI or True Luxe Stream (+4pp vs. 1H19)

AND THEY ARE...

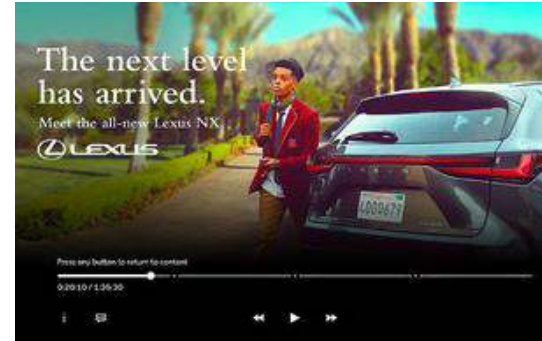
+31%

more likely to be a streamer than the average population (+12pp vs. 1H19)

Source: GlobalWebIndex, based on 1Q19-2Q22.
Luxury Audiences: True Luxe or Luxury Audience. Any Streaming: Time Spent Watching Online TV/Streaming on an Average Day (Any Time). Light Streamers: Time Spent Watching Online TV/Streaming Less than 1 Hour on an Average Day. Medium Streamers: Time Spent Watching Online TV/Streaming 1-4 Hours on an Average Day. Heavy Streamers: Time Spent Watching Online TV/Streaming 4+ Hours on an Average Day. Lifts Based on 1Q19 vs. 2Q22. 1H2022=1Q-2Q22. 1H2019=1Q-2Q2019

Own The Space

BY EMBRACING THE STREAMING EXPERIENCE



Ad Innovations

CAPTURE ATTENTION AND FUEL DISCOVERY

Own the space and connect with your key audiences using ad innovations that immediately invite viewers into your brand experience



Contextual

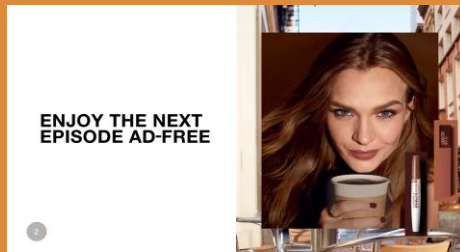
ENSURE BRAND & AUDIENCE RELEVANCE

Create a relevant and authentic connection with your audience in premium programming through AI-powered proprietary technology

02. Stun Viewers Through Streaming by *being the Star of the Experience*

Capture attention and create lasting impressions in pristine, clean, premier relevant environments

Binge Ad



Be the *exclusive sponsor* of an ad-free viewer experience, rewarding viewers with an ad-free episode when they have watched 2 episodes in a row of the same show

+17%

Message Memorability vs. Midroll

Solo Ad



Be the *only advertiser* of an episode through *exclusive sponsorship*, which includes a short intro and your Solo Ad midroll

+16%

Likeability vs. Standard Midroll

Pod Bounce



Be the *only brand* in the first break of an episode offering an ad free break, with the option of being the *exclusive advertisement* in the second break

+21%

Brand Memorability

Pod Bounce



Be the *focus of the audience's* attention with interactive experiences that encourage action and fuel discovery

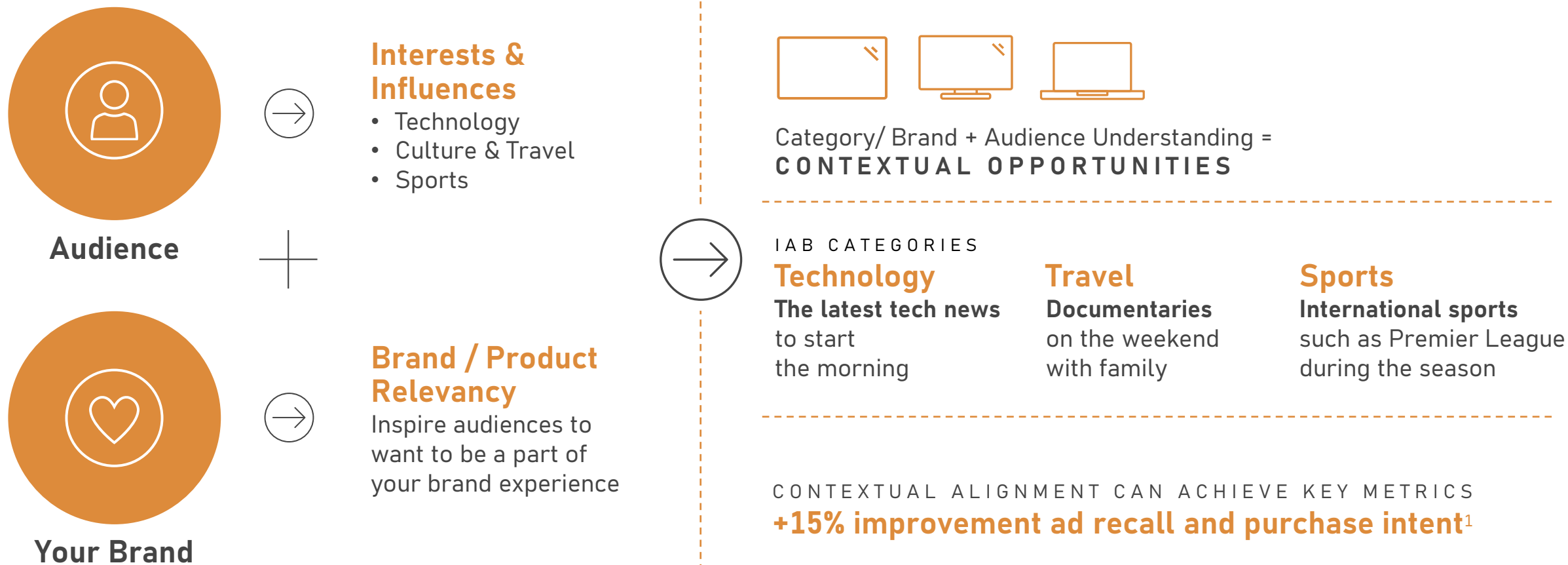
+75%

Total Interaction Rate

02.

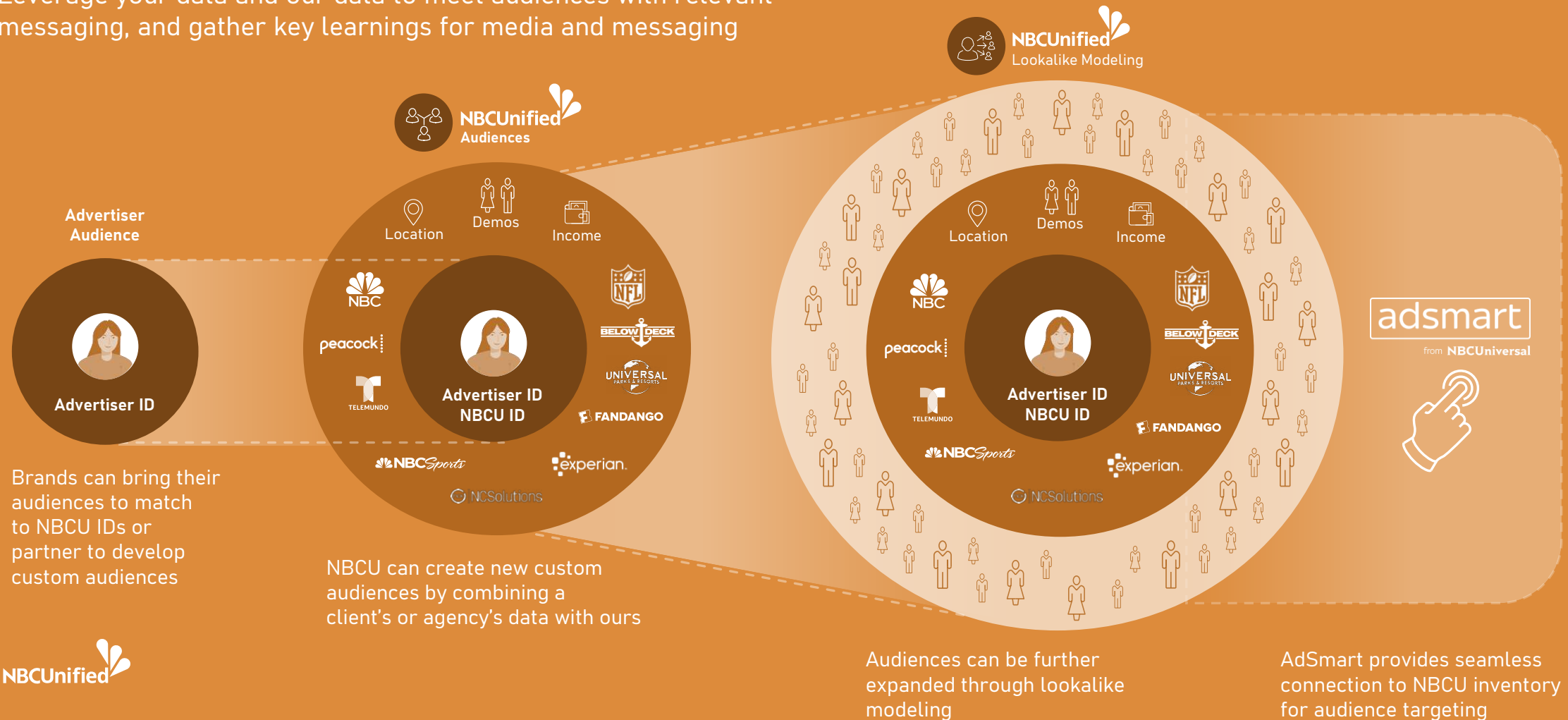
Stun Viewers Through Streaming by *Relevant Program Episodes*

Brand- / audience-relevant episodes of top Peacock Premier shows aligned by category using IAB Tech Lab's standardized content taxonomy



03. Design Your Audience Targeting Across Streaming and Linear

Leverage your data and our data to meet audiences with relevant messaging, and gather key learnings for media and messaging



03. Design Your Audience Targeting with Apple

Leverage Apple News data to meet audiences with relevant messaging in contextually relevant environments



Apple Registration Data
e.g., Demo Targeting



Apple Purchase Data
e.g., Geo Targeting



Luxury App Store Downloads
e.g., App Segment Targeting



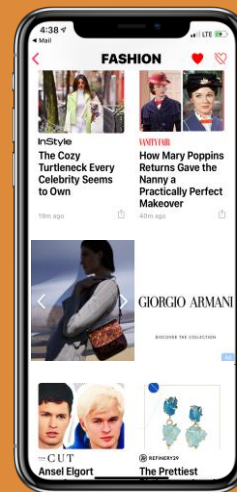
Apple News Contextual Data
e.g., Contextual Targeting



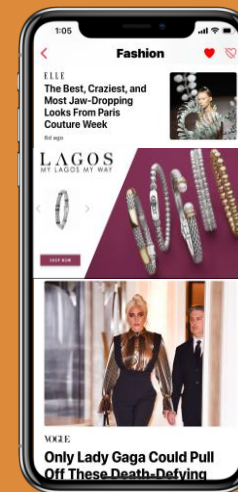
Apple News Behavioral Data
e.g., Behavioral Targeting



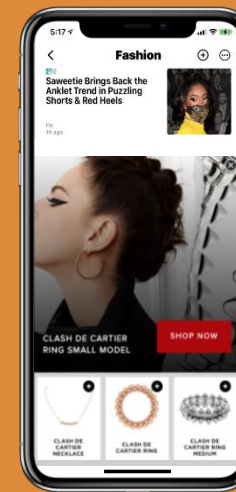
Shoppable Ad Units



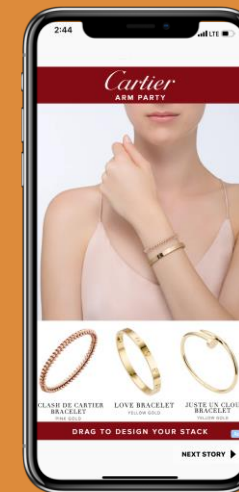
Swipe Unit



Carousel



Exploration Grid



Drag & Drop

Sample Publications

TIME *New York* VARIETY TRAVEL+LEISURE GQ VOGUE THE NEW YORKER COMPLEX
HIGHSNOBIETY ELLE FASTCOMPANY BAZAAR VANITY FAIR *Rolling Stone* BARRON'S

04.

Create a Connection with High-Net-Worth Multiculturals

Best practices for maintaining and creating connections with important growth audiences

Understanding & Connecting with Culture



- Consumers lean into brands and storytellers who **understand the nuances of their culture** – what makes each culture distinct and the common threads between cultures
- Consumers want brands to **celebrate cultural moments** and passion pillars
- They expect brands to **actively support and play a role in culture**

Authentic Representation & Storytelling



- Actively seek media and brands that **tell genuine stories** – busting stereotypes
- Authentic representation is crucial and if done effectively, **builds trust** – building loyalty to brands and stories
- **Celebrity brand ambassadors** play key roles in establishing credibility with a brand's messaging

Making 200%ers the Protagonists



- Multifaceted, individualized, diverse approach to storytelling. **One size does not fit all.**
- **100% rooted in heritage and 100% rooted in U.S. Culture**
- **Toggle** between traditions, heritage, culture, and language
- Diverse, yet one.

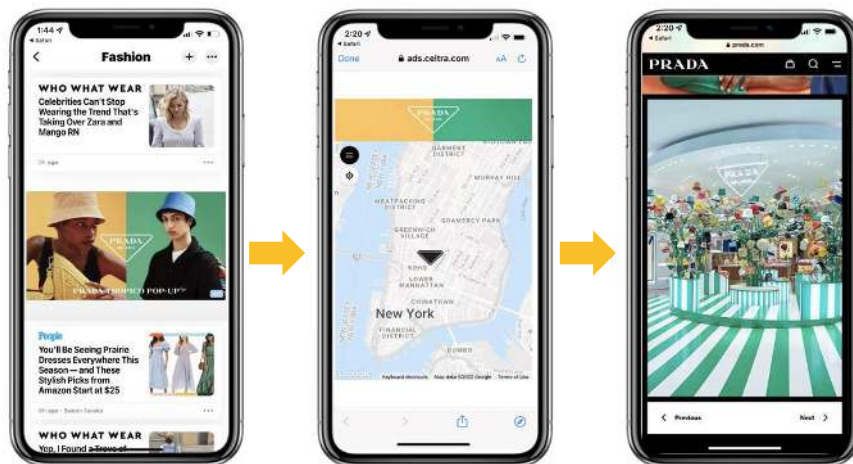
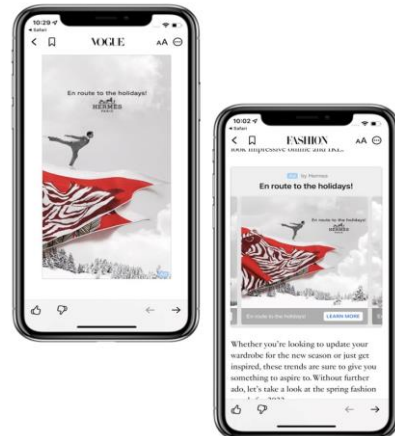
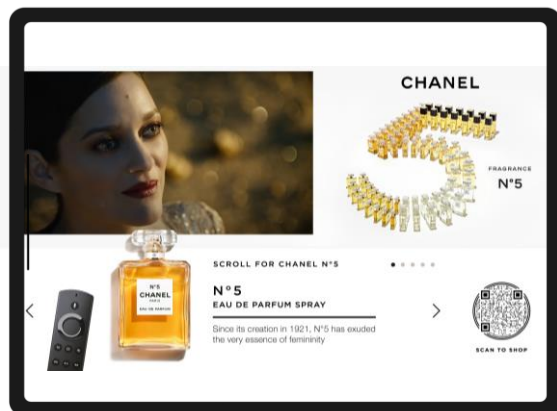
NBCU Relevant Materials

Example Luxury Industry Partnerships



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Luxury Partnership Examples



NBCU Luxury Industry Content

TOGETHER SITE

Category Content & Strategies



Luxury Audiences Streaming Overview



The Curated Lifestyle



Luxury Marketing Lookbook



Today's Future: How Luxury's Digital Evolution is Helping to Define the Metaverse

Luxury Case Studies



AdSmart + Luxury Auto Foot Traffic



Mavericks with Ari Melber + Cadillac



AdSmart + Travel Luxury Resort

2022 Luxury Industry Assessment

NBCUniversal

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