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Luxury's New Checkout: Charting the Path from Discovery to Purchase

BY VOGUE BUSINESS FOR TIKTOK

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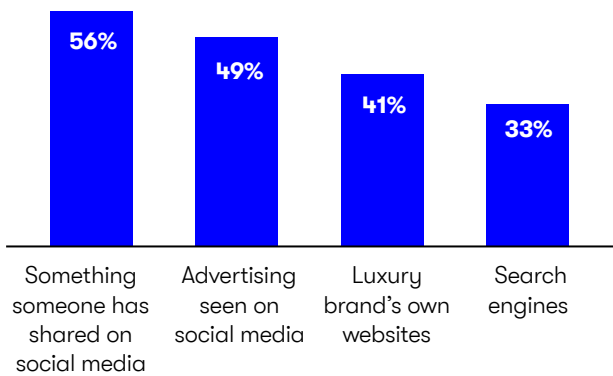
Luxury's New Checkout: Charting the Path from Discovery to Purchase

Reality and emotion drive purchases and convert discovery, with iconic style arriving via cultural relevance and values.

EXHIBIT 1

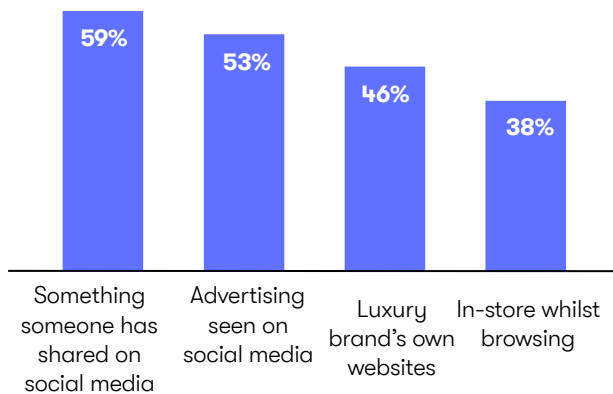
Social media platforms are the leading purchase drivers

Discovery



Q. Which of the following do you currently use to discover new luxury products?

Inspiration



Q. Where do you normally find inspiration for luxury products?

August 2021, n = 2,544 respondents across UK, France, Spain, Germany and Italy.

No longer just about building brand awareness, social media platforms are driving discovery and purchasing inspiration for products and brands. Social platforms rank above both brand owned websites and in-store browsing, as well as search engine results, according to the results of a *Vogue Business* consumer study, commissioned by TikTok (which surveyed 2,500 luxury consumers aged 18-45, in France, Italy, Spain, Germany and the UK in August 2021).

For Olivier Bialobos, Chief Communication and image Officer of One Dior, who oversees both Christian Dior Couture and Beauty, social media's ascent via the timely rise of mobile-first culture is expanding the frontiers of luxury. "It's an unquestionably dynamic environment with a lot of movement," he says. Likewise, Nadia Morozova, research and insights lead within marketing science at TikTok, sees social media at "the beginning of a new wave" that has "become a place to engage with brands and inspire purchase".

When asked about the multiple destinations they visit to shop for luxury products, 46 per cent of respondents said they used brands' own websites, followed closely by multi-brand e-commerce sites, at 42 per cent. However, 31 per cent of respondents are already purchasing luxury goods via social commerce, ahead of the proportion of respondents visiting physical luxury boutiques (29 per cent). This shows that social channels are gaining an advantage over traditional destinations.

Often amplified by creators, purchasing decisions are now largely made on social media platforms. In the case of TikTok, it acts as a virtual shopping mall; a full-screen, sound-on discovery channel made up of user-generated, culturally relevant content and shoppable moments.



Hannah Cousins exclusively for Vogue Business

Focus on inspiration when creating content and ads

According to the study, seeing something someone has shared on social media inspires luxury purchases more than advertising.

Platform-wide, respondents within the study see advertising as key to discovery. However, in comparison to content, ads are not seen as inspirational. Brands have the opportunity to correct this by having both ads and content be platform specific. The importance of creating ads that are natively aligned to a platform's inspirational content is summed up by TikTok's advice: "Don't make ads, make TikToks."

For consumers, inspiration looks and feels different now. Luxury customers want luxury to feel iconic, they want heritage and they want creativity, but they need it to be recontextualised, and part of evolving culture. Referring to "the disruptive impact of social media on an industry that has always been very, very top down," Bialobos says authenticity for brand-owned content on social platforms is key. The luxury industry is witnessing a shift towards the power of the individual and the democratisation of influence, with the consumer sitting at the top of the cultural funnel. Traditionally built on elitism, luxury needs to break its own rules, and align its checkout with the next generation of consumers.

Be discovered for your relevance

EXHIBIT 2

Audiences are most interested in seeing consumer-centric content

- 01** Tips and tricks (e.g. integrating high-end pieces into existing wardrobe or interiors.)
- 02** Expert recommendations (how to shop for my body type, most sustainable designs, etc.)
- 03** Luxury culture created by brands (e.g. films, art, music, collaborations)
- 04** New trends
- 05** Educational content (e.g. how it's made, history of a brand/product, sustainability)
- 06** Unboxing videos, hauls and product reviews

Q. What types of luxury content are you most interested in seeing on social media platforms?

August 2021, n = 2,544 respondents across UK, France, Spain, Germany and Italy.

Relatable and real is the new aspirational. "Customers want to see themselves and that is how communities are built," says Jess Christie, chief brand officer of Matches Fashion.

According to the study, consumers mostly want brands to create consumer-centric content on social platforms, which support their needs. They want luxury brands to give them expert advice on how to dress for different body types, and to help them find sustainable brands and products. These needs are favoured ahead of more traditional purchase drivers, such as new trends or luxury's cultural outputs related to music, film or art.

Sara Hernando, fashion features director of Vogue Spain, sees this as key to creating content that provides both inspiration and connection on social platforms. "Consumers enjoy seeing real wardrobes which they could have access to; real bodies that

they can identify with; or real stories that remind them of their own.”

Matches’ Christie agrees with the value of channeling reality, in order to both be discovered and inspire, saying social content now needs to be “much less dictatorial and more immediate”.

Inspire customers by celebrating their own style

Inspiration has been democratised, with a focus on peer-to-peer. In particular, the most important influence on purchase for respondents in the survey was that an item should work with what they already own. Offering tips and tricks on how to integrate luxury pieces into an existing wardrobe or makeup bag, is key to affecting how consumers shop across all demographics and platforms.

Having worked with TikTok creators, such as Leonie Hanne, Dior is inspiring users by having its pieces worn by creators that represent how real wardrobes and accessories collections often work: with lower price point pieces working alongside designer items. “The digital talents with whom we work closely have been sharing their own personal styling takes on our collections,” says Dior’s Bialobos, adding that it’s “highly appreciated by our clients in search of inspiration”.

The commercial power of wardrobe remixing is evidenced via social media initiatives, such as “Unlikely Closet Staple”, launched this year by Matches Fashion. Within this, social creators such as Josh Peskowitz and Imani Randolph take an unexpected wardrobe item and show its versatility by styling it five different ways. “These stories have been in our top performers on our social channels and result in instant sales uplift on products featured in the shoot,” she says.

Iconic style and entertainment value are driving luxury purchases

The second most important influence on a luxury purchase, ahead of wardrobe compatibility, is that a piece must possess iconic style. For respondents in

Italy specifically, this ranked top.

Brands should spotlight iconic “golden eggs” (ie bestsellers that are often reinvented for each season) within winning luxury categories. If marketing to a UK audience, there are three categories that luxury brands need to focus on for social commerce: footwear, beauty and jewellery. Within mainland Europe, the study shows the leading purchase categories are apparel, with jewellery outpacing handbags, beauty and small leather accessories. “Fine jewellery is the fastest growing category in luxury right now,” says Laure Guilbault, Paris correspondent for *Vogue Business*.

Within the study, “to be entertained” was the number one reason respondents gave for engaging with luxury content on TikTok, significantly higher than on any other platform. This presents an opportunity for iconic luxury to be showcased within a sound-on, full-screen experience: “Walk a mile in these Louboutins”, “The Rolex Song”, and #thevoguerunwaychallenge have been organic trends on TikTok’s ForYou page, for example. “Sound is also a key aspect of the TikTok experience, and something to which we’re paying a lot of attention in our dedicated content creation”, says Dior’s Bialobos.

Creating iconic moments that entertain is connected to the discovery and inspiration of products. Across all social platforms, TikTok charts the highest for its ability to create purchases after discovery or inspiration (not only for brands that have been



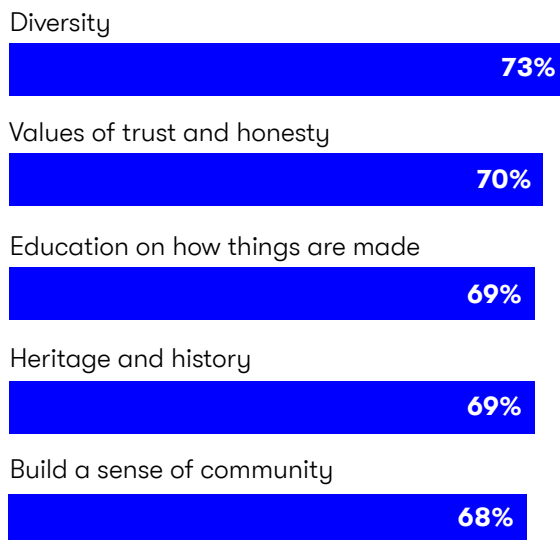
Hannah Cousins exclusively for *Vogue Business*

shopped before but for brands known and unknown not shopped before). These numbers are especially strong in France, the same respondents driving TikTok's number one position on the leaderboard as the platform that entertains audiences the most.

Mirroring consumer values shortens the purchasing funnel

EXHIBIT 3

Consumers want luxury brands to demonstrate values driven by kindness and trust



Q. Thinking about luxury brands in general, how important are the following statements to you?

August 2021, n = 2,544 respondents across UK, France, Spain, Germany and Italy.

When creating either ads or content for social media platforms, it is essential for brands to reflect the values and the needs of audiences so to successfully drive discovery and purchase. Morozova at TikTok says that inspiring content leads to viral success and discovery and that “mirroring consumer values upon discovery can help to convert sales quicker”.

According to the study, the need for brands to support their self-expression as individuals is of most importance to Italian luxury consumers. The study also shows that luxury consumers from Italy are one of the biggest supporters of diversity. “No one will do business with a brand nowadays that doesn’t

represent them in some way,” says Francesca Ragazzi, head of content for Vogue Italia.

Core to inspiration and connection, Matches’ Christie believes social media platforms are the place for luxury to put its values on full show. “Social media is now our shop window. We want it to tell our story — who we are, what we represent and the values we believe in.” Kristina Karassoulis, head of luxury partnerships at TikTok thinks it’s about communicating like a friend. “This time has proven that it is now more important than ever to adapt to culture and evolve in unique ways that move people emotionally,” she says. Similarly, Ragazzi revealed that Vogue Italia’s leading value for digital is now about being welcoming and kind.

Across all platforms, beyond the values of trust, honesty and diversity, traditional codes of luxury are still important, including a brand’s history and heritage. According to the study, the need for luxury brands to be relatable is also ranking highly for Spanish consumers. “Consumers quite rightly want it all”, says Albert Escribano, co-founder and co-creative director of locally crafted Spanish accessories brand Hereu.

Luxury storytelling must provide newness and interest

Just as consumers want luxury brands to know them, consumers also want to know brands better. Transparency helps build trust, and luxury brands would benefit from focusing on storytelling the full journey of their products. Of those surveyed, 69 per cent stated that they want luxury brands to provide more education on social media about how items are produced.

Maria Hunstig, features director of Vogue Germany highlights how storytelling also helps communicate both old and new values, from heritage to innovation: “The importance of sustainability is linked in Germany to a desire for high quality products,” she says. Values of honesty and trust ranked as top priorities for German consumers in particular, according to our research.

The data also shows that TikTok is the leading platform for discovering something new or interesting — this can mean being a content provider first and a brand second. Bialobos of Dior says that the TikTok audience is specifically “looking for practical advice, which is an area that we’re exploring and fine tuning at the moment”.

Of those surveyed, 60 per cent of respondents within the study already say luxury brand ads on TikTok help them discover new products — using storytelling within ad campaigns can amplify this by having audiences learn something new whilst also discovering new items.

EXHIBIT 4

Igniting feelings is integral to luxury brand engagement on TikTok



Q. Which of these words do you think fit with the luxury content you would expect to find specifically on TikTok?

August 2021, n = 2,544 respondents across UK, France, Spain, Germany and Italy.

According to the study, TikTok offers the most inspirational content of all social media platforms, with 68% of respondents seeing TikTok content as having inspired them to buy luxury brands or products. “Cultural relevance is the new currency — and it’s become an essential part of the luxury equation,” says TikTok’s Karassoulis. Further TikTok research shows that the value and meaning of

content on TikTok also gets transferred to ads served on the platform.¹

Many inspirational TikTok trends from the last two years have been value-driven and indicative of wider societal mindsets — with #cottagecore arriving via a societal need for self-discovery, escapism and nostalgia, for instance. The New Yorker’s vision of shopping a vibe on TikTok recognises the power of shopping both feelings and aesthetics in the same place. With shoppable surfaces arriving on-platform, such as TikTok storefronts, this is now a reality.

Emotion is important to both engagement and sales. Another TikTok study shows that consumers in a happy mood are ready to spend an average of 19 per cent more.²

The *Vogue Business* study, meanwhile, reveals consumers want to experience content that is creative, inspirational and authentic; while “motivational”, “happy”, “optimistic” and “fun” are words respondents seek in the experience when engaging with social content from luxury brands. Dior’s Bialobos notes how TikTok audiences in particular, respond to content that is “more casual and fun”. Respondents from France, Spain and Italy are the biggest fans of the platform’s humour and its playfulness via hashtag challenges.

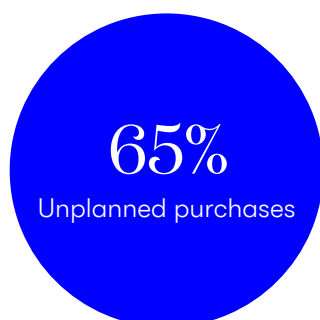
The study reports that TikTok also ranks the highest of any social media platform for making consumers feel good. Of those surveyed, 50 per cent said they go to TikTok to be distracted from everyday life so to feel good or happier. Kidcore, a trend inspired by ‘90s nostalgia, which is seen on TikTok, is evidence of how these emotional needs are influencing wider luxury. Evoking the playful, colourful style of youth culture in the nineties, the feel-good nature of Kidcore is a form of dopamine dressing that has inspired retail elsewhere. “It started out as a DIY trend on TikTok. Now, luxury retailers are being inspired by the aesthetic, selling jewellery at luxury prices” says *Vogue Business* trends editor, Lucy Maguire.

With 71 per cent of TikTok audiences wanting the ability to access exclusive products on the app, the future will see these products integrated on TikTok at the point of discovery and inspiration.

Timeliness and trusted connections drive unplanned purchases

EXHIBIT 5

Most luxury purchases that occur after seeing something on TikTok are unplanned *



Q: Thinking about the last time you purchased a luxury product after seeing something on TikTok, please rate how much you agree or disagree with the following statements?

Timeliness is crucial when it comes to unplanned purchases. Of the luxury purchases driven by TikTok, 65 per cent are unplanned.

With 46 per cent of users on TikTok discovering luxury brands and products via their ForYou pages, it is videos from creators and trending videos (at 43 per cent) that are driving discovery specifically. Vogue Spain's Hernando says influencers and creators are integral in driving inspiration at the later stages of the purchase journey. Similarly, the study shows that creators help to drive purchases by evoking a strong emotional response, with 64 per cent of those inspired saying, "I bought it according to how I felt in the moment."

Consumers and social media users' appetite for creator content is continuing to grow, with 66 per cent of all respondents in the survey stating creator collaborations would make luxury brands more appealing when purchasing brands they have seen on TikTok. Morozova of TikTok says creators even have the ability to change a consumer's mental state. "Brands have an opportunity to leverage the moment

when consumers are aligned with them, have strong engagement, and are in a positive mood."

Vogue Business's Maguire says that a consumer being there with a creator at a certain point in time represents a new kind of exclusivity. "When people are purchasing something from a TikTok creator, they aren't just buying a product, they are buying a movement. They are saying, I want to be a part of this moment."

Takeaways

- While the majority of shopping journeys are still completed off-platform, discovery and inspiration via social media instigates the decision to buy.
- Ads that are styled as inspirational content rather than traditional sales stories are more likely to encourage conversion.
- Mirroring consumer values helps to drive purchases upon discovery. TikTok's ForYou feed means anyone can go viral.
- Appetite for discovering something new or interesting is high on social media platforms. Consumers want to explore how luxury products are made.
- Entertaining content and the existing needs of a consumer's wardrobe drives consumer purchases.
- Creators native to a platform's culture. democratise luxury by providing a trusted link between current values and traditional codes.
- Brands need to be there with a creator at the moment of peak emotional engagement when consumer sentiment is strongest.

Boilerplate: Vogue Business surveyed 2,544 luxury consumers aged 18-45 over July-August 2021 across Italy, Spain, France, Germany and the United Kingdom. Consumers were evenly split across male and female and by age group (18-25, 26-34 and 35-45). Respondents were asked about their luxury shopping habits and their engagement with luxury brands via TikTok, Facebook, Twitter, Instagram, YouTube and Snapchat.

* Definitions of planned, unplanned and impulse purchases from QuickToks: TikTok as a place of Unplanned & Impulse purchases.

1. TikTok Marketing Science Authenticity, Happiness and Joy Research 2021 conducted by Flamingo Group.
2. TikTok Marketing Science Retail Vertical Research 2021 conducted by Walnut Unlimited.

Experts interviewed**Olivier Bialobos**

Chief Communication and
Image Officer of One Dior
(Christian Dior Couture
and Beauty)

**Maria Hunstig**

Features Director
of Vogue Germany

**Jess Christie**

Chief Brand Officer
of Matches Fashion

**Kristina Karassoulis**

Head of Luxury Partnerships
at TikTok

**Albert Escribano
& Jose Luis**

Co-founders and co-creative
directors of Hereu

**Lucy Maguire**

Trends Editor
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**Laure Guilbault**

Paris Correspondent for
Vogue Business

**Nadia Morozova**

Marketing Science Research
and Insights Lead at TikTok

**Sara Hernando**

Fashion Features Director
of Vogue Spain

**Francesca Ragazzi**

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