

MARKETING

As streaming shift speeds up, luxury brands should respond with new marketing tactics

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Tens of millions of Americans are cutting cable cords, which puts pressure on luxury brands to slightly switch marketing tactics. Image credit: Bang & Olufsen

By ELLEN KELLEHER

Luxury brands have to reassess how they reach affluent audiences in the United States as new data show the pandemic has dramatically accelerated the shift to streaming.

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According to **Resonate's** "2021 State of OTT Report," streaming now accounts for a quarter of all television viewed, with 80 million U.S. consumers increasing their viewership during the pandemic. Cord-cutting has become so popular that 41 percent of those surveyed now watch television solely through Netflix, HBO Now, Prime Video, Hulu and Disney+.

"People want more control over what they watch when they watch it," said Ericka Podesta McCoy, chief marketing officer at **Resonate**, Washington D.C. "As services become more available and they become better, the price points are dropping and all of these things have converged to make it easier to have a more tailored consumer experience."

Advertisers refocus

To conduct the survey, the AI-focused data company looked at more than 13,000 data traits of 200 million U.S. adult consumers to analyze their values and motivations.

For high-end advertisers and marketers, the COVID-19 crisis has upended the status quo and they must adjust to the fact that advertising spending on streaming services is predicted to hit U.S. \$9 billion this year, a 28 percent increase from 2019.

"The growth of streaming and over-the-top media services is the most recent tactic," said Chris Ramey, founder of **Affluent Insights**, Palm Beach. "Any luxury marketer can advertise to whomever they want to serve with zero waste."

"Reaching most predictive high-net-worth clients is easier today than ever before."

During the pandemic streamed shows such as "Schitt's Creek," "The Great British Baking Show" and "Tiger King" have found large, captive audiences. Eighty million Americans have increased their streaming viewership during the

pandemic, compared to the 44 million Americans who have increased their cable TV viewership during the same time.



Hudson's Bay tapped Schitt's Creek stars Catherine O'Hara and Annie Murphy for its holiday campaign. Image credit: Hudson's Bay

Netflix is the most popular streaming service, with 44 percent of viewers watching, while Amazon Prime Video reaches 27 percent of viewers and Hulu is watched by 25 percent.

There are differences between the audience of streaming services is to cable television subscribers. For a maximum return on investment, advertisers and marketers must reconsider the behavior and values of those signed up for streaming services.

To connect with such viewers, Resonate suggests examining them more closely. Seventy-nine percent are at least college-educated, and 52 percent are female while 24 percent are between 25 and 34 years of age.

Product placement is one way that luxury brands can leverage streaming services, since these platforms lack the commercial breaks of broadcast and cable television.

For instance, Italian lingerie label La Perla played a small but pivotal role in a popular Netflix series that premiered this fall. La Perla is mentioned in two episodes of the Netflix comedy "Emily in Paris" after the title character receives an unexpected gift of lingerie ([see story](#)).



La Perla product placement in Netflix's "Emily in Paris." Image credit: Netflix

Luxury brands including BMW, Land Rover and Shangri-La have also previously used product placement in television and film to get consumers' attention ([see story](#)).

However, product placement is not the only avenue for brands as streaming is on the rise. According to Resonate, a third of streaming viewers continue to use their smartphones, indicating that digital and mobile marketing has staying power.

"It will be up to the luxury house to show up where their customers are looking for them," said Lauren Bates, marketing manager and lead storyteller at [Blue Moon Digital](#), Denver, CO. "To say that the pandemic has accelerated the digital transformation for brands might be an understatement.

"But this has resulted in more brands embracing omnichannel efforts and strategies," she said.

Digital pivot

As luxury brands struggle to survive during this challenging year in retail, pivoting to a digital strategy is helping

brands make up for lost sales in a variety of ways.

Indeed, due to the number of consumers who are hesitant to venture into physical stores for retail therapy, brands are faced with the challenge of engaging consumers exclusively through digital channels.

Online shopping picked up during the pandemic and has not slowed down since. Analysts expect this momentum to continue, and advise brands to be agile to thrive ([see story](#)).

As the pandemic dragged on, luxury brands also began experimenting with virtual reality, augmented reality (AR) and digital avatars for use in digital storytelling as well as influencers. However, questions remain about the effectiveness of these tools ([see story](#)).

"This idea of a consumer activist is very prevalent now, especially for luxury brands, where you have a very distinct shopper," Ms. Podesta McCoy said. "It's really important to understand the value of those shoppers."

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