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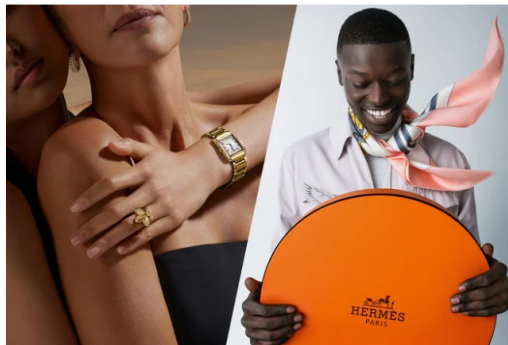
Marketing News & Strategy

20 BRANDS CATCHING GEN Z'S ATTENTION RIGHT NOW

Secondhand markets fueled Gen Z's cravings for Hermès and Cartier, Coinbase comes back and Peppa Pig turns heads

By Erika Whiteless, Published on April 29, 2024.

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Gen Z's desire for luxury watches and bags at secondhand prices saw Cartier (left) and Hermès (right) gain ground with younger consumers. Credit: Cartier and Hermès via Instagram

Surging demand for secondhand luxury goods is helping to boost the image of upscale brands Hermès and Cartier among Gen Z consumers.

Hermès tops the latest Ad Age-Harris Poll Gen Z brand tracker, while Cartier came in ninth. The tracker ranks brands that made significant progress in gaining attention from Gen Z in the first quarter of 2024. Other brands cracking the top five are Peppa Pig, Firehouse Subs, Coinbase and StubHub.

The rise of Hermès and Cartier among the coveted demographic is indicative of consumer trends shaping the luxury market—and a lot of it has to do with used goods.

At the height of the pandemic, many high-end brands scaled back on production, thinking that sales would dry up. But demand for luxury items actually grew as consumers' savings swelled. Now, the second-hand luxury market is booming, with Gen Zers and millennials flipping the handbags.

Indeed, on the luxury consignment site The RealReal, handbag demand among Gen Zers is up by 136% since 2019, while demand among both millennials and Gen X is up by 78%, according to The RealReal's 2022 Luxury Resale Report. The RealReal's 2023 report found that the Hermès Birkin bag had the highest resale value, and that "fair condition" items that may show signs of heavier wear were still sought after, with demand for such bags up 130%.

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The second-hand market surge appears to be boosting new sales—Hermès reported a 16% increase in sales in the third quarter of 2023, followed by a 17% fourth-quarter jump.



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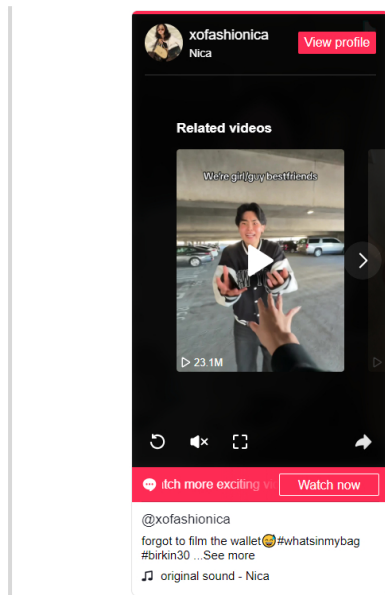


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But Hermès has also come under fire for restricting the supply of its Birkin bags in a move that critics say is meant to boost its pricing power. A class-action lawsuit in California accuses the brand of making customers buy other Hermès products first before being “invited” to purchase a Birkin.

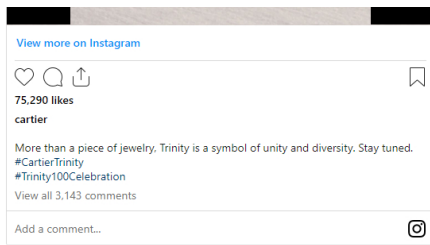


“Even as the company selling Birkin bags navigates an antitrust lawsuit targeting its sales practices, Hermès is dominant among Gen Z shoppers—some of whom are going to such lengths as to establish dedicated secondhand markets for the luxury status symbols,” said Harris Poll CEO Will Johnson.



Cartier has also been strong on the secondary market, especially its watches, with their smaller faces and lots of gold options. The brand also recently celebrated the 100th anniversary of its Trinity ring, a trio of interlocking gold, silver and rose gold rings. The brand has partnered with international celebrities including Jisoo, a member of the K-pop group Blackpink, and Irish actor Paul Mescal.





The brand also made the news when Tony Bennett's estate auctioned the late singer's collection of watches, including a Cartier gifted to him by Lady Gaga. Cartier also ran a special campaign for Ramadan.














At the other end of the fashion spectrum, Old Navy also made the list, placing 19th. In February, the Gap Inc.-owned brand hired Zac Posen as chief creative officer to try and woo consumers looking for fashion at an affordable price point. It seems to be working: Old Navy sales were up 6% in the fiscal fourth quarter. Old Navy's recent spring campaign, from The Martin Agency, featured the brand's 1995 spokesdog Magic.

Published quarterly, the Ad Age-Harris Poll rankings are sourced from The Harris Poll's daily brand tracking tool, QuestBrand, to identify companies with the greatest quarter-over-quarter increase in equity among specific age cohorts—that is, how much a generation's perception of these brands is changing from quarter to quarter.

Below, a closer look at some of the trends shaping the first-quarter ranking.

TOP GEN Z BRANDS BY BRAND EQUITY GROWTH

Brands are ranked by change in brand equity scores among Gen Z consumers. Hover or click over brands to see more details, including factors that make up the score and gains or losses each brand made with other generations.

Rank	Brand	Change	Q1 2024	Q4 2023
1	 HERMÈS PARIS	9.8%	33.2%	23.4%
2		9.6	47.9	38.3
3		8.3	45.6	37.5
4		7.9	32.0	24.0
5		7.8	25.9	18.1
6	 BETMGM	7.4	25.3	18.0
7	ChatGPT	7.3	53.7	46.5
8		7.2	40.4	33.3
9		7.1	39.9	32.8
10		7.0	69.1	62.2
11		6.9	48.7	41.7
12		6.8	48.7	41.9
13		6.8	25.8	19.1
14		6.7	22.8	16.1

15		6.7	29.3	22.6
16		6.6	24.4	17.7
17		6.6	44.8	38.2
18		6.4	37.5	31.1
19		6.3	60.3	53.9
20		6.2	39.9	33.7

*Consideration quantifies consumers' likelihood to purchase a product or service; Momentum measures consumers' perception of whether a brand is gaining or losing market position against its competitors; Quality signals how consumers perceive the quality of a particular brand's product or service compared to the quality of their competitors' offerings; Familiarity shows how recognizable a brand is to the general population. Numbers displayed for each of these attributes show the change in the raw score for Gen Z from Q4 2023 to Q1 2024.

Demographic numbers show how much the brand equity score increased for each generation, compared with the previous quarter.

Source: Harris Poll. Credit: Infographic by Ad Age.

Screams for ice cream

It was a good quarter for frozen treats with Blue Ribbon, Yasso and Tillamook all making the list—proving the category is not just a summer winner.

Frozen yogurt brand Yasso (14th) rolled out new fruit flavors in March, including mango, strawberries and cream, and strawberry chocolate crunch. Yasso is one of the Unilever ice cream brands set to be spun off into a separate business.

Tillamook (15th) is leaning into consumers' love of chocolate, recently announcing a chocolate ice cream collection in time for Valentine's Day on the heels of two limited-edition holiday ice cream flavors—peppermint bark and holiday sugar cookie. The company was also recertified as a B Corp. However, Tillamook is facing a lawsuit in Oregon that claims its marketing greenwashes the company's dairy sourcing, and that it should not charge premium prices.

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Firehouse Subs and Cinnamon Toast Crunch rounded out the remaining food brands on the list.

Firehouse Subs had a lot of promotional deals in the first quarter. For the Super Bowl, customers could get 25% off sandwich platters ordered through the app. It then had a buy-one-get-one deal after 4 p.m. for Valentine's Day, and a similar deal for President's Day for anyone with the same first name as a former or current president or first lady. In March, it celebrated National Meatball Day by offering a meatball sub for \$5 when ordered online or through its app.

Firehouse, founded 30 years ago by two former firefighters, has been doing more to attract new franchisees, including offering incentives for veterans and former first responders, which Chief Marketing Officer Dena vonWerssowetz said helps ingratiate the brand with Gen Z.

"From all the work that I have done with Gen Z, they love an authentic story," vonWerssowetz said. "We were founded by firemen and we don't take that lightly. We want to make that community proud."

It's also looking to speed up service times and open more locations in the coming years. The chain also recently announced Orchard is its new lead creative agency.

Cinnamon Toast Crunch has been using licensing deals to get in front of new consumers. Soft pretzel chain Pretzelmaker partnered with the cereal for "cinnadust"-covered pretzel bites, and there is a Cinnamon Toast Crunch iced coffee from Victor Allen. Owner General Mills also used "cinnadust" for dessert taco shells, made the brand one of the first flavors in a new line of "Loaded" cream-filled cereal, and released a Cinnamon Toast Crunch-flavored French toast aimed at school lunchrooms.

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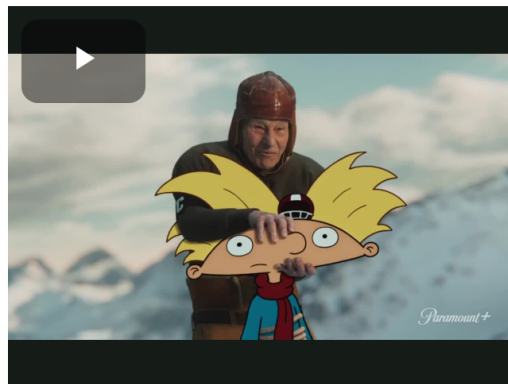
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Here is a look at some of the other brands that made the list.

Peppa Pig seems to have turned heads after being featured in Paramount+'s Super Bowl commercial. In April, Hasbro released a Peppa Pig cover of Katy Perry's "Roar." A second Peppa Pig theme park is slated to open in Texas (the first is in Florida).



Cryptocurrency exchange **Coinbase's** stock price has risen in recent months, possibly as a result of interest in investing in crypto exchange-traded funds, or ETFs, as those baskets of securities related to the industry can be a way for consumers to diversify their investments. The platform also raised money through a \$1 billion bond offering. However, the platform is facing scrutiny from the Securities Exchange Commission—a judge recently sided with the SEC, which claims that Coinbase is engaging in selling unregistered securities through its

staking program, which lets users earn interest on their crypto tokens.

StubHub (5th) drew its share of negative headlines in the quarter—it was recently sued for not being clear about its fees, consistently charging an extra \$3 per ticket at the final payment page. The service still experienced a boost in metrics that measure its quality perception, according to Harris Poll.

BetMGM (6th) gained attention with its star-studded Super Bowl ad featuring Vince Vaughn, Tom Brady and Wayne Gretzky. The spot came after the sports betting platform reported nearly \$2 billion in revenue for 2023. At the start of 2024, it announced a partnership with X, formerly Twitter, to allow users to see odds and place bets on X.

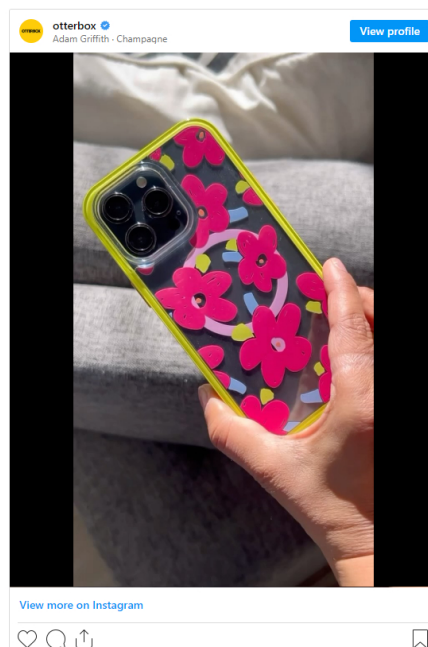


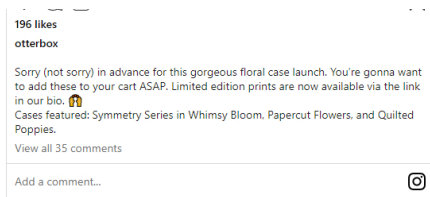
It's hard to ignore the usefulness of **ChatGPT** (7th), especially when it's increasingly used by students and professionals. Owner OpenAI is constantly in the news, including for recently launching a demo for an audio product that recreates human voices.

AI industry news: How the Ai Pin's marketing backfired

Hilton Hotels (11th) launched a campaign geared towards folks traveling for live music. Travelers were also eager to maximize their loyalty rewards. Hilton recently acquired Graduate Hotels, which are typically located near college campuses, and now partners with AutoCamp, a platform for booking custom-designed Airstreams, spacious cabins and luxury tents. In the metaverse, Hilton now has a space in Paris Hilton's Roblox world where players can earn real-life rewards.

Otterbox (12th) rolled out its new sustainable cactus leather cases at CES and its Hardline series of cases for iPads, for use in hazardous locations such as construction sites, was named a CES Innovation Awards Honoree. Otterbox also recently launched a new set of designs for spring and collaborated with design house Trèfle for a line of tropical print cases late last year.





Subscription manager **Rocket Money** (13th) may have gotten a boost after competitor budgeting app **Mint shut down in March** because the app, owned by Intuit, was not making enough money. However, Rocket Money's parent company Rocket Companies (which also owns Rocket Mortgage) lost money in 2023.

Quest Diagnostics (16th)—yes, that Quest Diagnostics that your doctor sends tests to—has been building up its direct-to-consumer efforts in the last few years, encouraging users to order their own tests without a doctor's visit.

Timberland (17th) released a "Ghostbusters" shoe for the movie's 40th anniversary, and partnered with outdoor brand White Mountaineering for three hiking shoes. It also made a few styles for the hospitality industry that are non-slip and have arch support. Timberland also got into a bit of a tiff with Brooklyn art collective MSCHE, which made a variation of the Timberland boot called a 2x4. (MSCHE was also behind the bulbous red cartoon boots early last year.)



Wayfair (18th) updated its brand with a new campaign ahead of opening its first physical store this spring. The furniture and homegoods retailer is also considering a rewards program. Wayfair came under fire earlier this year when it announced layoffs, just weeks after CEO Niraj Shah told employees to "work harder" in a memo.

AncestryDNA (20th) might have gotten more attention after competitor 23andme experienced a sharp decline in customer trust after a data breach in October. AncestryDNA has sought to be more appealing to a wide range of consumers with a new campaign, "It's a Family Thing."

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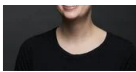
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In this article:



Erika Wheless


Erika Wheless is a marketing reporter covering restaurants and food. She previously covered social media and creators for Ad Age, and is a graduate of the Craig Newmark Graduate School of Journalism.



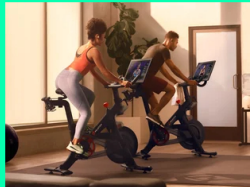
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