

Wooing the Luxury Customer

A review of the luxury market highlights a few paradoxes. Globally, Chinese consumers are purchasing more luxury goods than Americans. Since 2014 the Chinese share of luxury purchases has increased, while that of U.S. consumers has flatlined. Global reports show that Chinese are purchasing luxury brands much earlier in life than Americans are. And yet, in a recent Mintel survey, half of U.S. consumers who had bought a luxury good in the last two years were under 35-years-old. A solid portion of young Americans do care about maintaining appearances. However, as they are impacted by soaring college debt (a figure that has increased from \$.48T in 2006 to \$1.68T this year) younger Americans are redefining what luxury as a category means.

WHO'S LOOKING FOR LUXURY

The Chinese are the most vital luxury shoppers globally, purchasing **1/3 of all designer goods sold** in 2018



In 2018, American shoppers amassed 22% share of global luxury goods sales, while Chinese consumers made up 33%



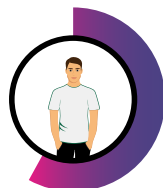
IN THE U.S., A FEW SURPRISES



Of those who have made a luxury brand purchase in the last two years, **half are under 35 and 65% possess an annual income of less than \$100K**

70% of wealthier individuals (investable assets \$500K+) **had not purchased** a luxury good in the last two years, signaling low engagement

LUXURY IS WORKING WITH MEN



58% of the consumers who purchased luxury goods in the last two years were male

Men also see personalization and saving time as luxurious:



33% of men ages 18-54 will pay more for customization



42% of 18-34-year-olds and 46% of 35-54-year-olds will spend more to save time

#BLESSED



With pressure to maintain an online persona, **younger consumers care more about showing off their luxury goods**

♂ 30% of men & **♀ 22%** of women

ages 18-34 agreed that if they were to spend a lot of money on an item, they wished for others to recognize it. Only 5% of women 55+ and 4% of men 55+ noted the same

AN EVOLVING DEFINITION = AN OPPORTUNITY

- **Wellness, time, and services** are now also considered luxuries by consumers
- **58% of affluent individuals will pay more for goods that are better for their health**, as compared to 46% of the general population
- 40% of high net worth Americans will pay more to save time, as compared to 36% of the general population

THE LUXURY LIFESTYLE: DIFFERENT BY GENERATION

When reviewing luxury services:



The Swing generation will regularly purchase landscaping services (41%) and house cleaning services (33%), at a higher rate than Millennials (18% and 16%, respectively)



Meanwhile, more Millennials habitually spend on **grocery delivery** (27%), **boutique fitness classes** (22%) and **nail and waxing appointments** (21%)

GREEN IS THE NEW BLACK

- With luxury's savvy audience, eco is increasingly important
- 60% of Millennials show interest in sustainable apparel while 69% will check for "eco-friendly" or "sustainable" claims
- 26% of affluent individuals will pay more for environmentally friendly or sustainable products
- The trend has room to grow. Gucci, arguably luxury fashion's leader, plans to cut emissions in half by 2025 and will pay to mitigate the emissions it cannot eliminate

