



TRAVELERS

31st March 2016



IPSOS POSITION

Combining the **best of real & digital analysis**, our crossed studies are based on:



Traditional studies: for 9 years the **World Luxury Tracking** is the first global observatory on luxury clients with 15 markets analyzed regularly, interviewing 1 000 individuals per country / 2016 x2 in Mainland China and 1000 in HK, among the wealthiest populations.



Strategic Planning, combining our daily watching and **expert analysis** of the key insights.



Data Science, based on human and expert analysis on massive corpuses, made possible by their **preliminary structuring** due to automatic learning and treatment methods of the language - **topics models**.



Collaborative thinking with **agencies** and **associations**, in particular **International Luxury Business Association**.



BASED ON WORLD LUXURY TRACKING RESULTS

The **World Luxury Tracking**, launched by Ipsos in 2007, is an international tracking survey offering dynamic quantitative data on luxury customers over the years.



- A tool to **track the evolutions** on luxury markets
- A quantitative study: **14 000 interviews** conducted in 15 markets, 50% men and 50% women, people aged 18 -70 (Top 50 to Top 2 incomes)
- Results based on the 2 latest waves **2014 & 2015.**

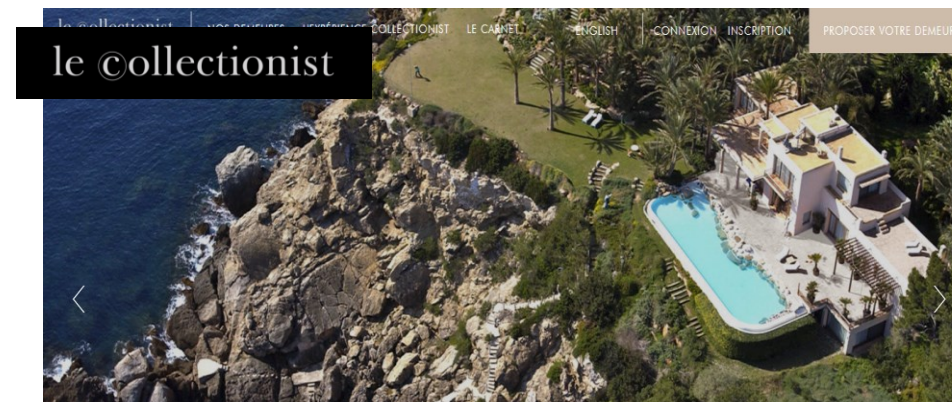
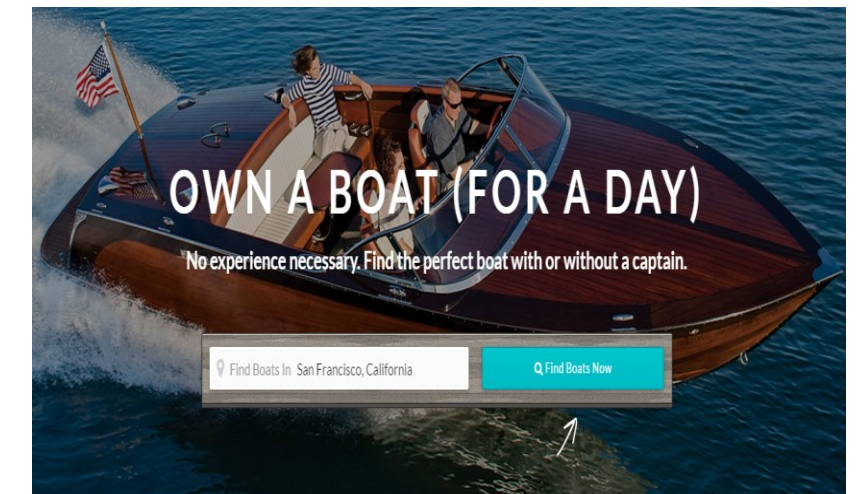


IN THE BACKGROUND:

Moving faces of luxury

MOVING FACES OF LUXURY

What is the difference between **luxury and mass market today** ? As premium brands grow and deliver constantly **new experiences and personalized services**, they are redefining the frontier between the two worlds, which is now more porous than ever.



Chinese consumers
still matter, but differently



CHINESE CONSUMERS STILL MATTER, BUT DIFFERENTLY

Even as **the luxury goods sale have cooled down in Mainland China** (due to anti-corruption laws and the triple devaluation of the Yuan in August 2015), Chinese shoppers are still buying luxury items.

They are **more informed on price differential** between markets and they seek better bargains abroad. More & more are doing their **shopping abroad**: in Asia, in Europe...



CHINESE CONSUMERS AT THE HEART OF THE "TRAVEL BOOM"

At a worldwide level, globe trotters boost the luxury goods markets, in particular the Chinese consumers, shifting to Europe, South Korea or Japan in response to **currency fluctuation**.

More than **109 million Chinese** travelled overseas in 2015, up from 100 million the previous year. By 2020, this figure is set to rise to more than **200 million**.

80% of luxury purchases made by **Chinese consumers** were made **outside of China** (vs 60% in 2011).

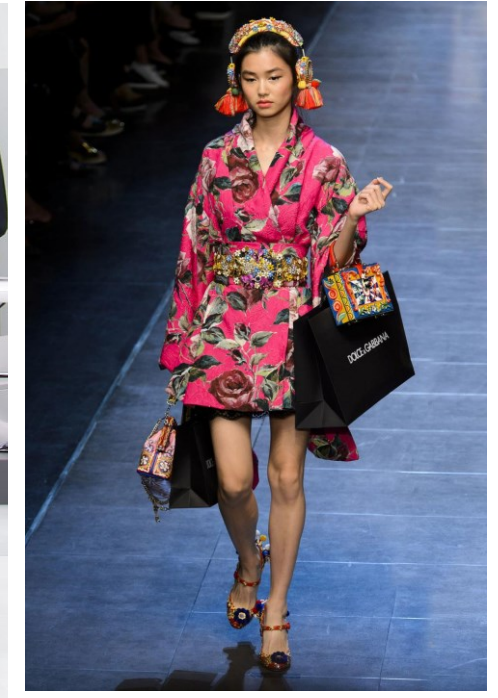
Bomoda, 2015

In Europe, tourism now accounts for **50% of all luxury spending**,

Reuters



Chanel



Dolce & Gabbana

CHINESE TRAVELERS: THE MILLENNIALS' CHALLENGE

Chinese Millennials are the dominant age group for overseas travel and for luxury goods purchases on trips (cf. Merrill Lynch Report 2015): The main demographic driving spending growth in the next five years will be Chinese Millennials. The **25-34 yo**, already represent **35% of all outbound Chinese travelers**. Younger travelers aged **15-24 yo** are another vital demographic, accounting for an additional **27%**.



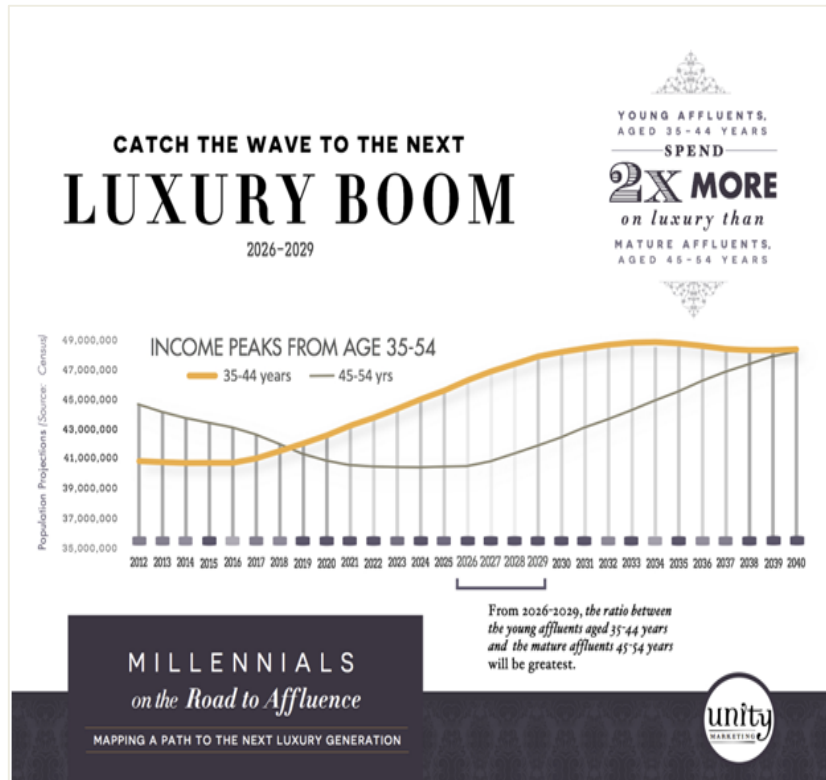
Pictures posted on Weibo

- A desire for **unique cultural experiences** combined with luxury lifestyle opportunities is high on their agenda.
- They are increasingly likely to be looking **for travel and dining experiences** as well as products, especially as their income rises.
- **Sharing on social media** is central to any overseas travel experience for young Chinese travelers and is an opportunity that luxury brands are yet to fully leverage.

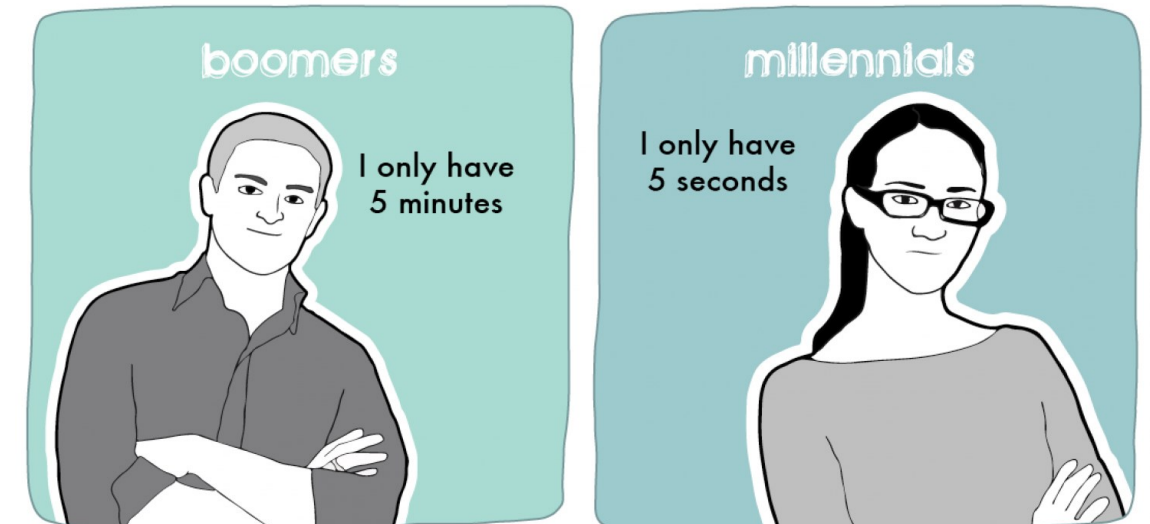
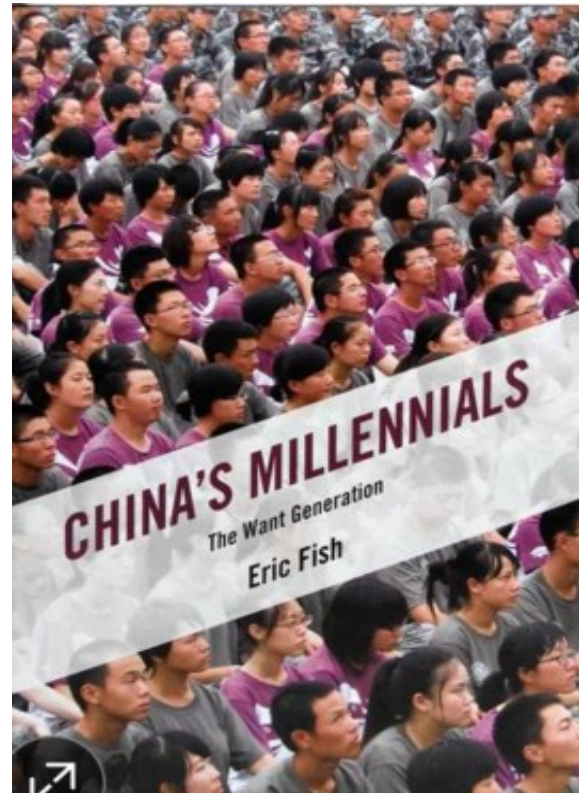
A LUXURY CHALLENGED BY THE MILLENNIALS

More than a Generation, Millennials are a “Mindset”... In 2026, main consumers of luxury will be born in the 1980s and 1990s, between 18 to 34 years old in 2015. Despite their differences, Millennials' penchant for discovering **new brands, high-quality goods and a company's heritage** make them **natural luxury consumers**.

78% of Millennials would choose to spend money on a **desirable experience** or event over buying something desirable.



Eventbrite nationwide study, 2014



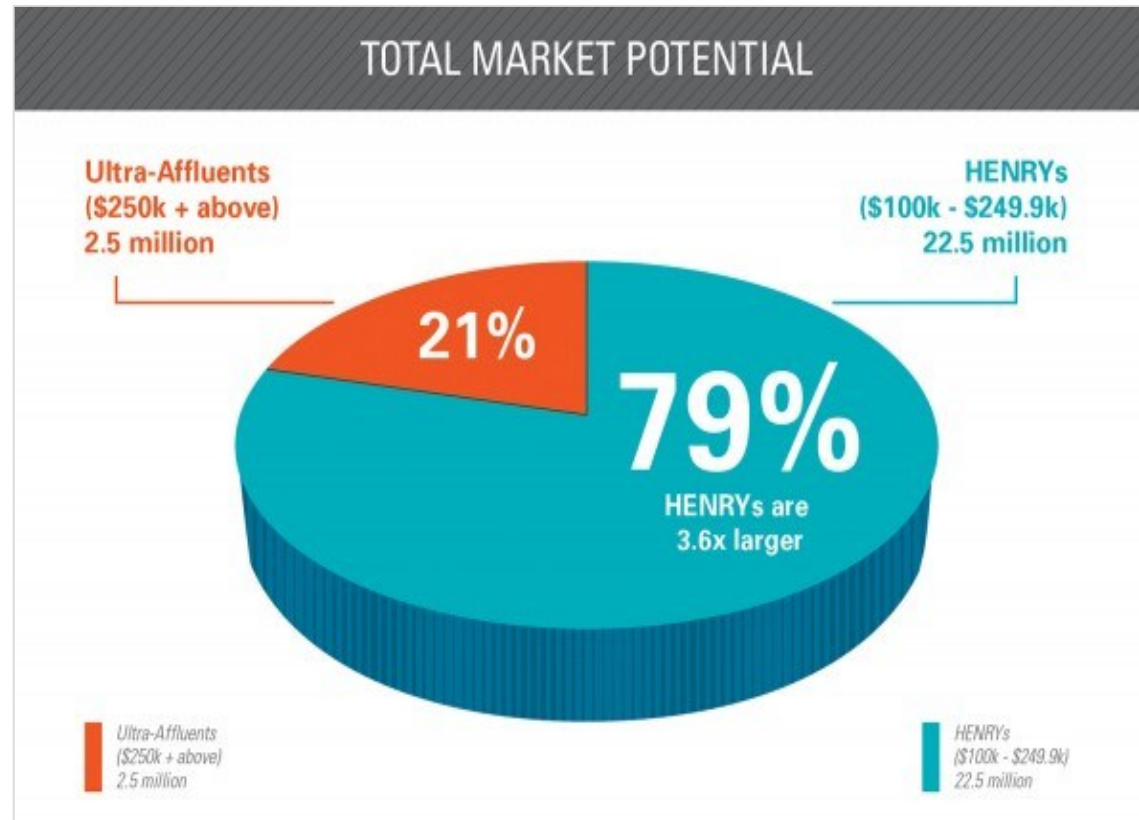
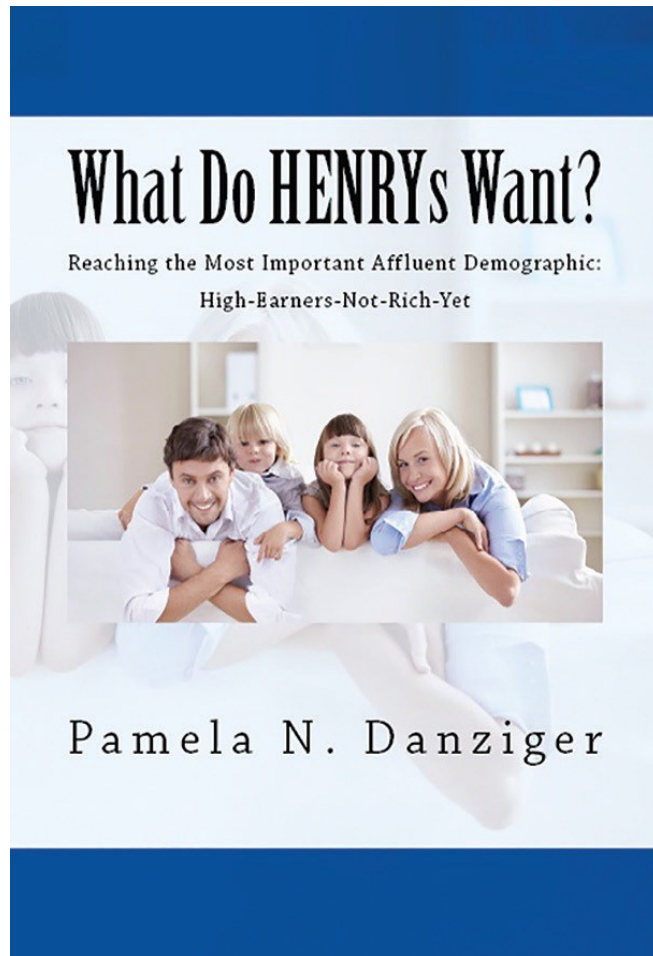
Tech-savvy, open to change Chinese Millennials are very far from their parents and grand-parents. They have enjoyed freedoms that previous generations were mostly denied.

A divided generation in China between

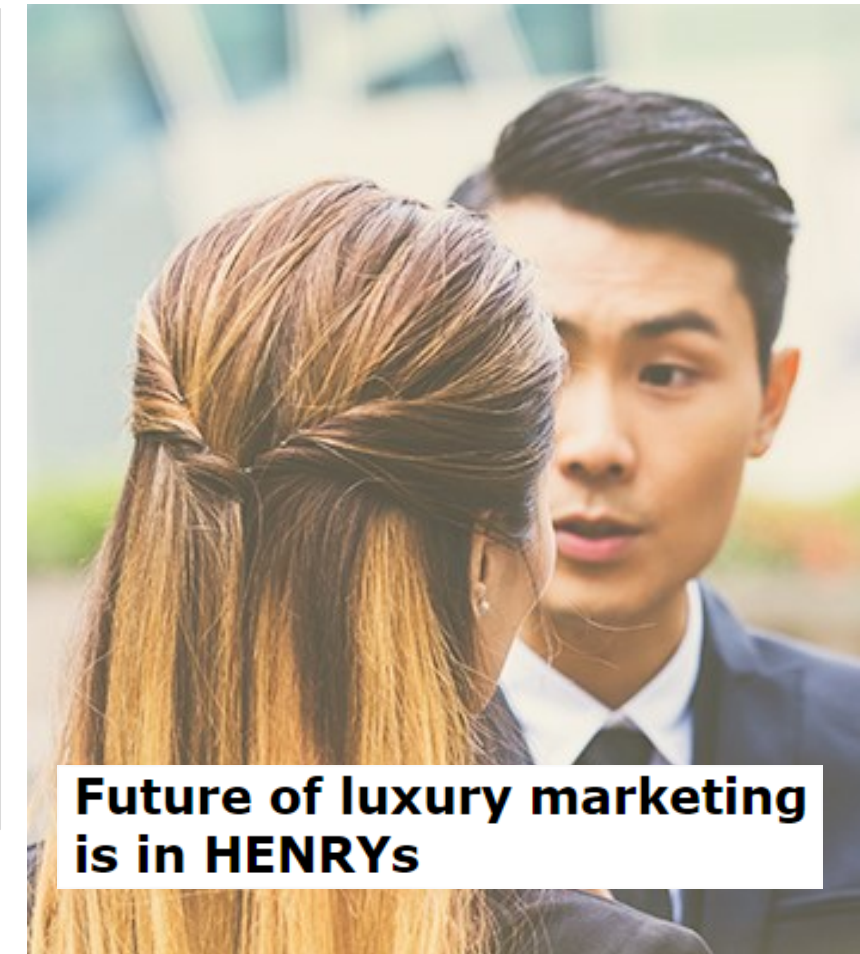
- 80', pioneers of individuality but educated in collective traditional values,
- 90', more open-minded, individualistic, and challenging authority.

MOVING FACES OF LUXURY, CHALLENGED BY THE HENRY'S'

Marketers have historically felt that Ultra Affluent consumers were their ideal consumer, but the **"HIGH EARNERS NOT RICH YET"** could be the luxury brands' future market: Young HENRY'S in particular spend up twice as much as HENRYs over 45 years old for luxury products.



US Market - Unity Marketing, 2015



MOVING FACES OF LUXURY, WITH ONLINE SRATEGIES

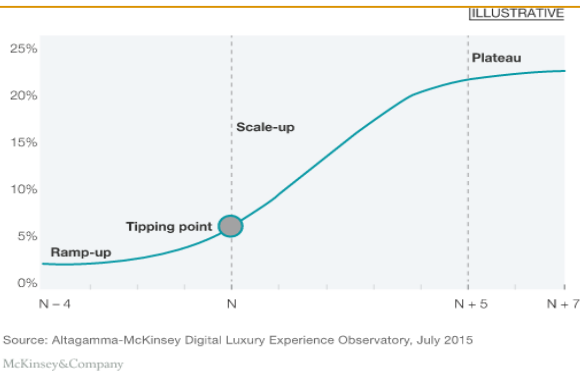
Luxury online sales are growing at a rate of **25-30%** a year.

Bain

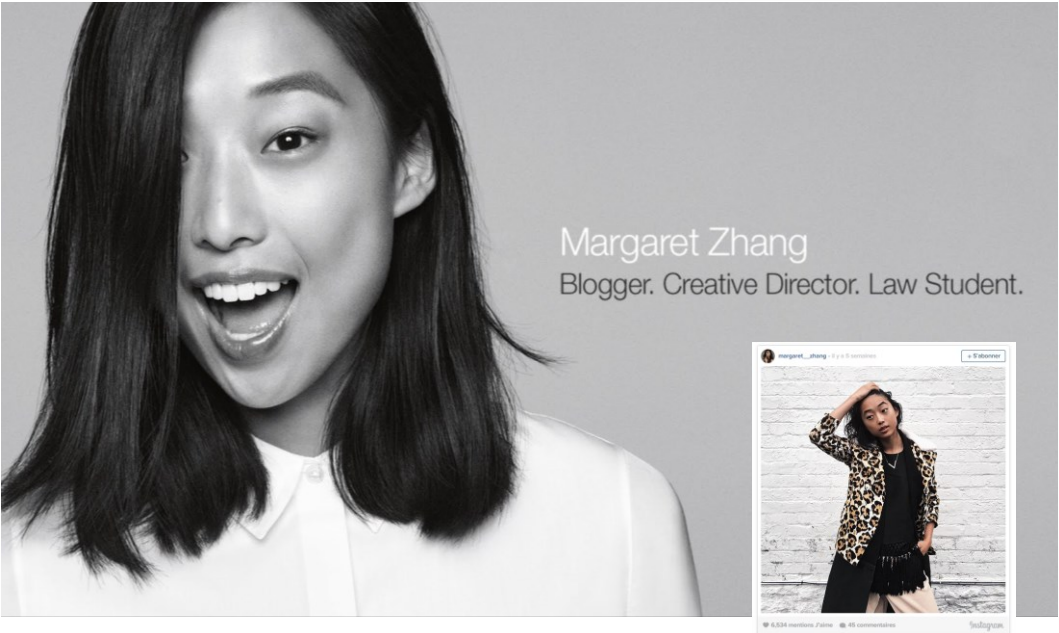
Luxury Brands Must Innovate or Die in the Digital Age

Online sales of luxury goods may triple in the next decade.

McKinsey



Irene Kim Korean Instagram girl – Estee Lauder icon



Margaret Zhang Australian Instagram icon – Clinique



Angela Baby- Coach icon



Different targets to address

MOVING FACES OF LUXURY: MULTIPLE STRATEGIC TARGETS

Cultural gap between different targets to address at the same time:
Millenials vs Boomers, Henrys' vs Affluents, Heavy vs Low buyers....



MILLENNIALS

(vs others)



AFFLUENTS

(vs HENRY'S)

HIGH EARNERS NOT RICH YET



HEAVY BUYERS

(vs occasional buyers)



AEROPORT PARIS CAMBON

CHANEL AIRLINES

DEPARTURES

09:48

FLIGHT	TO		GATE	TIME	FLIGHT	TO		GATE	TIME
✈ 522	SEOUL	LAST CALL	05	09:50	✈ 668	SALZBURG	ON TIME	02	10:24
✈ 933	ROME	BOARDING	07	09:55	✈ 235	SHANGHAI	ON TIME	09	10:28
✈ 747	SINGAPORE	DELAYED	06	10:00	✈ 408	NEW YORK	ON TIME	04	10:30
✈ 645	DUBAI	ON TIME	01	10:07	✈ 220	MOSCOW	ON TIME	10	10:35
✈ 039	DALLAS	ON TIME	08	10:15	✈ 387	LONDON	ON TIME	02	10:43

CHANEL AIRLINES

THE TRAVEL CHALLENGE
Expanding luxury horizons

Hong Kong & Chinese
consumers
are heavy travelers

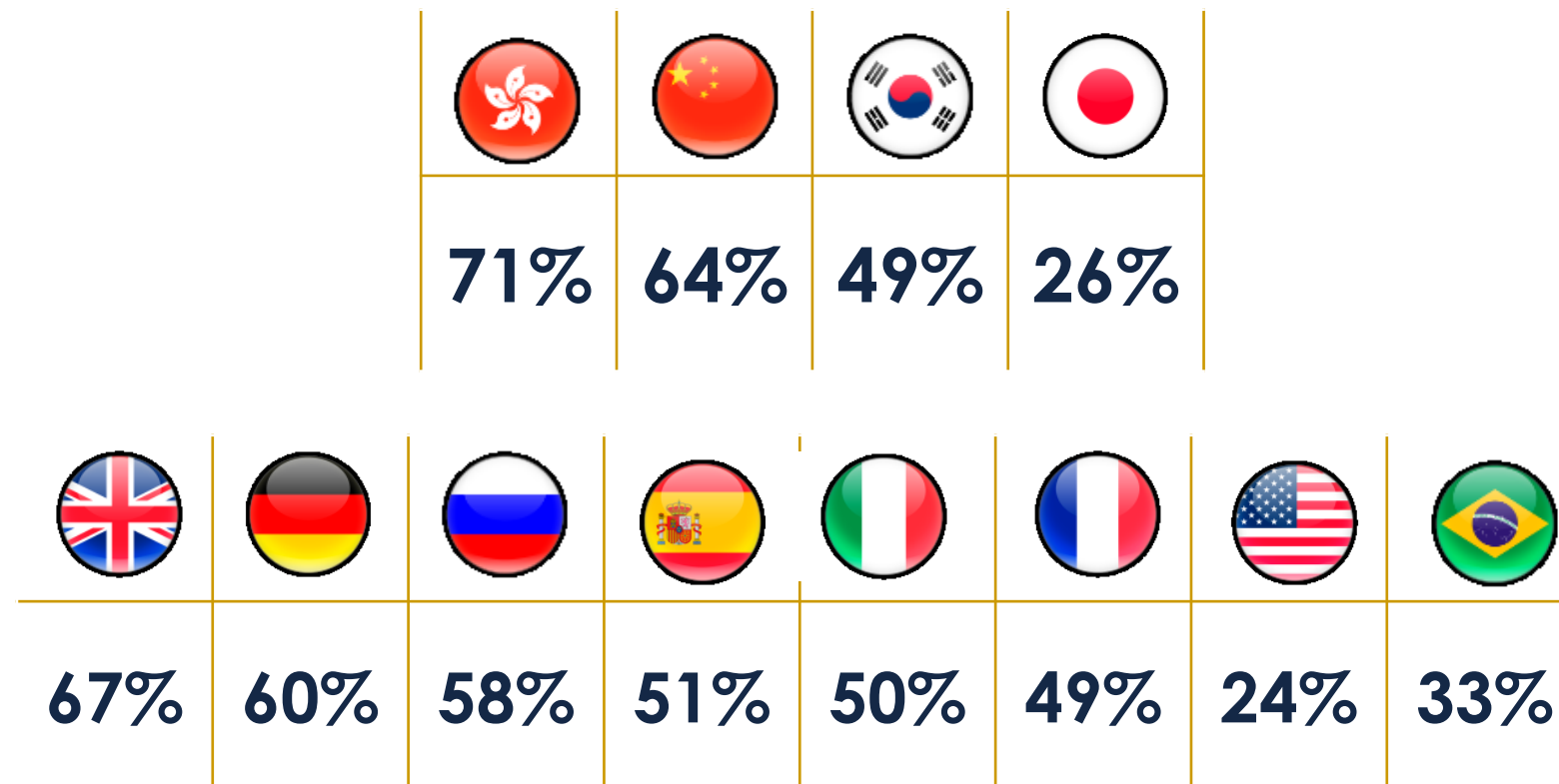


AMONG ALL TRAVELERS, THEY ARE HEAVY TRAVELERS

Q. D26: Have you traveled abroad...?

C36: Have you ever traveled abroad?

HAVE TRAVELED ABROAD WITHIN THE PAST YEAR











Basis: Travelers in the past year – WLT 2014- 2015





Chinese are the only travelers
who have the intention to
spend more money in the
upcoming months



CHINESE ARE THE ONLY TRAVELERS WHO INTEND TO SPEND MORE MONEY IN THE UPCOMING MONTHS

Q. C5/B5: Over the upcoming months, do you think you are going to...?

AMONG TRAVELERS								
Try to save, put money aside	33	51	36	22	25	55	15	52
Indulge yourself by spending a little more	16	14	15	20	24	14	21	25
Change none of your habits	47	30	46	56	44	27	53	21
You don't know	4	4	3	2	7	4	11	3

AMONG ASIAN TRAVELERS				
Try to save, put money aside	37	30	43	56
Indulge yourself by spending a little more	14	53	34	15
Change none of your habits	48	17	23	27
You don't know	1	1	1	2

Basis: Travelers in the past year – WLT 2014- 2015

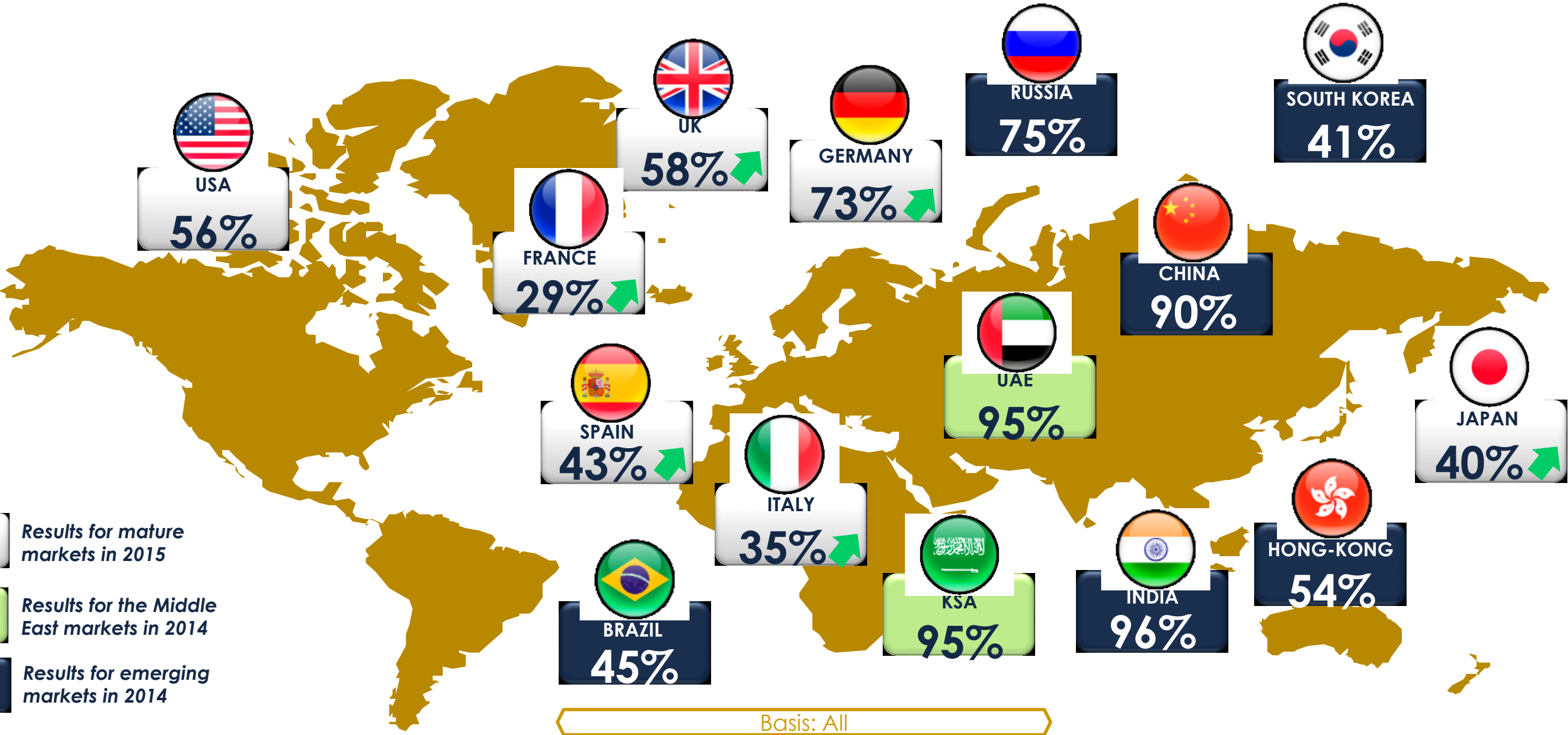
Chinese consumers
are still optimistic



THE CONSUMER MOOD ACROSS THE WORLD

Total Confident - Evolution 2013/2015

Q. C1: How confident are you in the developments of the economic situation in your country over the upcoming years?



Results for mature markets in 2015

Results for the Middle East markets in 2014

Results for emerging markets in 2014

Significant evolutions versus 2013

Chinese Millennials
are particularly optimistic



MILLENIALS ARE MORE OPTIMISTIC IN CHINA

Q. C1: How confident are you in the developments of the economic situation in your country over the upcoming years?

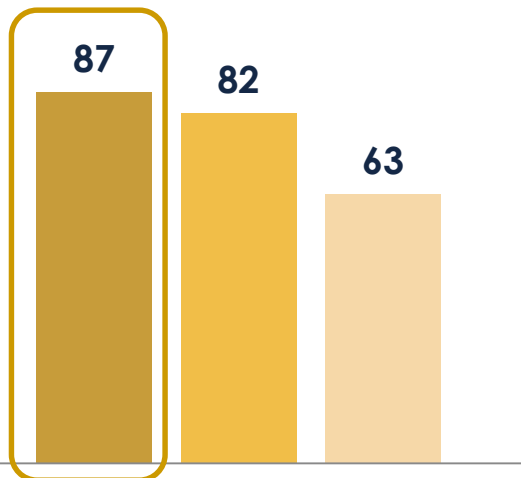
Q. C4: Compared to last year at the same time, is your personal financial situation..?

Q. D22: Do you have more desire to purchase luxury products today than you did five years ago?

PERSONAL FINANCIAL SITUATION



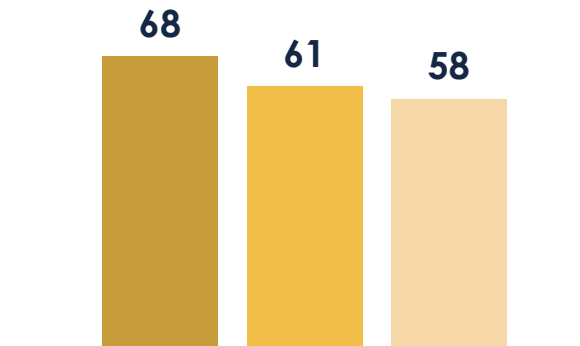
■ 18-34 ■ 35-54 ■ 55-70



Total Better



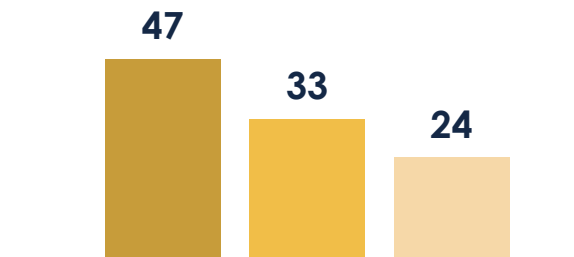
■ 18-34 ■ 35-54 ■ 55-70



Total Better



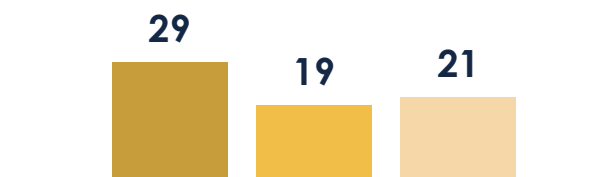
■ 18-34 ■ 35-54 ■ 55-70



Total Better



■ 18-34 ■ 35-54 ■ 55-70



Total Better

Basis: All - WLT 2014-2015



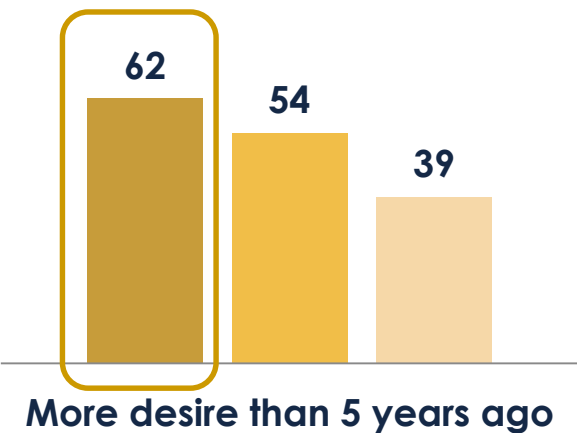
MILLENIALS HAVE MORE DESIRE FOR LUXURY IN CHINA

Q. C1: How confident are you in the developments of the economic situation in your country over the upcoming years?
Q. C4: Compared to last year at the same time, is your personal financial situation...?
Q. D22: Do you have more desire to purchase luxury products today than you did five years ago?

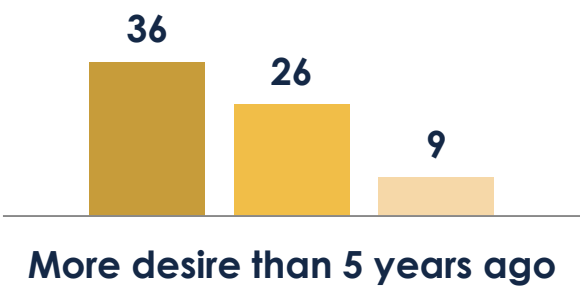
MORE DESIRE FOR LUXURY THAN 5 YEARS AGO



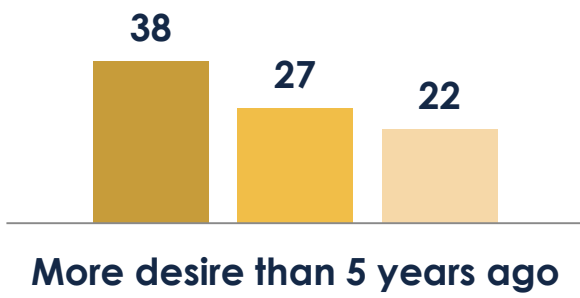
■ 18-34 ■ 35-54 ■ 55-70



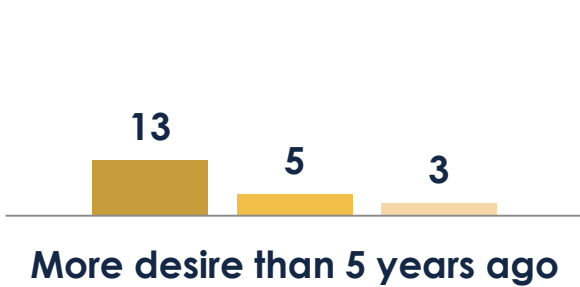
■ 18-34 ■ 35-54 ■ 55-70



■ 18-34 ■ 35-54 ■ 55-70



■ 18-34 ■ 35-54 ■ 55-70



Basis: All - WLT 2014-2015



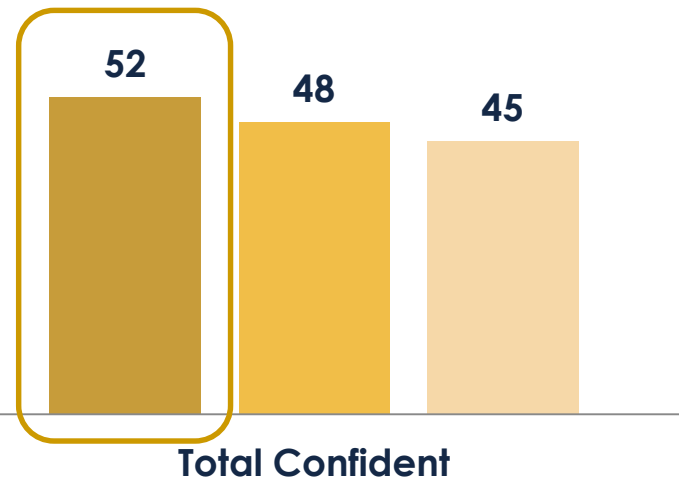
A MILLENIALS' OPTIMISM SHARED IN MATURE COUNTRIES



- Q. C1: How confident are you in the developments of the economic situation in your country over the upcoming years?
Q. C4: Compared to last year at the same time, is your personal financial situation..?
Q. D22: Do you have more desire to purchase luxury products today than you did five years ago?

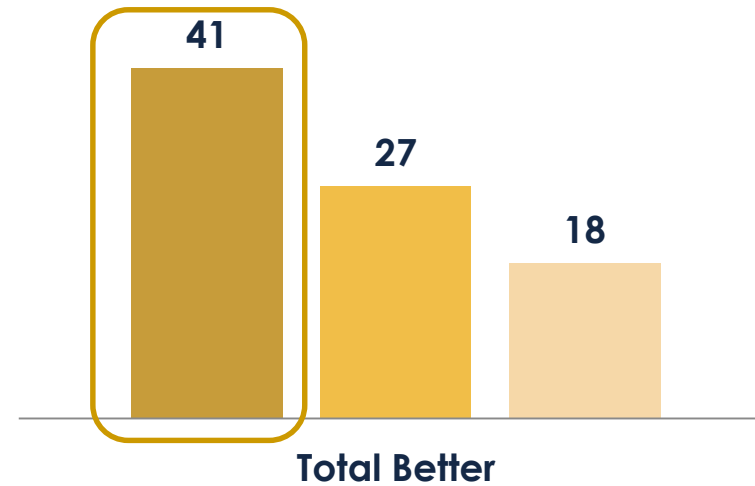
ECONOMIC SITUATION IN YOUR COUNTRY

■ 18-34 ■ 35-54 ■ 55-70



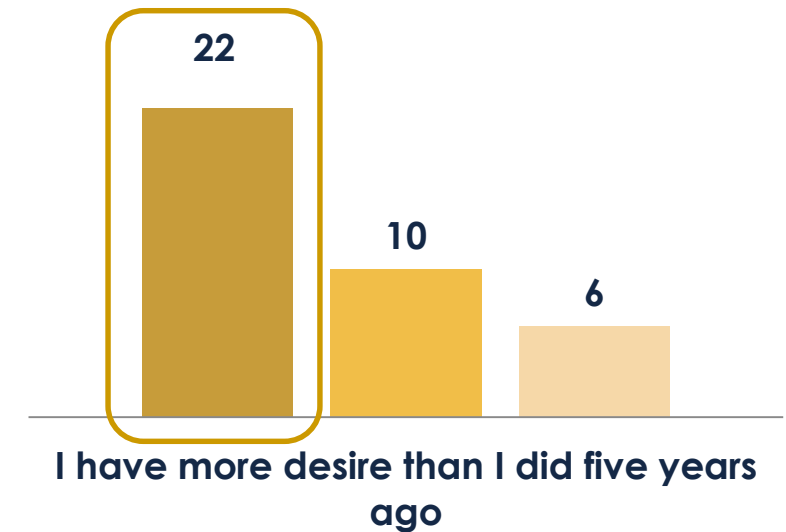
PERSONAL FINANCIAL SITUATION

■ 18-34 ■ 35-54 ■ 55-70



MORE DESIRE FOR LUXURY THAN 5 YEARS AGO

■ 18-34 ■ 35-54 ■ 55-70




Basis: All – WLT 2015

Chinese consumers still prefer
to buy luxury products in
France & Italy


CHINESE TRAVELERS STILL PREFER TO BUY LUXURY PRODUCTS IN FRANCE & ITALY

Q. D32: To what extent do you want to go shopping luxury goods in each of the following countries?
Q. C27B – To what extent do you want to go shopping luxury goods in each of the following countries?


I really want to go shopping luxury goods there




1.	France	66
2.	Italy	55
3.	UK	51
4.	USA	50
4.	Switzerland	50



1.	Italy	54
2.	France	53
3.	UK	32
4.	Germany	31
4.	Switzerland	29



1.	France	37
2.	Italy	35
2.	Japan	34
2.	Switzerland	32
5.	UK	30



1.	Your country	26
2.	France	23
3.	Italy	19
4.	UK	14
5.	Switzerland	13

Basis: Travelers in the past year – WLT 2014- 2015



WHATEVER THE NATIONALITY IN OTHER COUNTRIES, TRAVELERS PREFER TO SHOP LUXURY PRODUCTS IN THEIR OWN COUNTRY

Q. D32: To what extent do you want to go shopping luxury goods in each of the following countries?

I really want to go shopping luxury goods there



1.	Your country	47
2.	Switzerland	17
3.	Italy	9
3.	USA	9
5.	Germany	7
5.	Dubai, United Arab Emirates	7
5.	UK	7



1.	Your country	34
2.	Switzerland	12
3.	Dubai, United Arab Emirates	10
3.	USA	10
3.	France	10



1.	Your country	25
2.	USA	17
3.	Italy	13
4.	Dubai, United Arab Emirates	12
5.	Switzerland	10
5.	France	10



1.	Your country	50
2.	France	17
2.	USA	17
2.	Dubai, United Arab Emirates	17
5.	Switzerland	15



1.	Your country	38
2.	Italy	32
3.	France	30
4.	Switzerland	25
4.	UK	25



1.	Your country	32
2.	USA	14
3.	Italy	13
4.	Switzerland	12
4.	France	12



Simple expectations from travelers:
authenticity, price, choice



ALL TRAVELERS HAVE QUITE THE SAME MAIN EXPECTATIONS



1. Buy **authentic** luxury products (no counterfeit product)
2. Find luxury products **less expensive** than in your country



1. Find luxury products **less expensive** than in your country
2. Buy **authentic** luxury products (no counterfeit product)



3. Have a **larger range** than in your country
4. **Discover brands** that you would not find in your own country

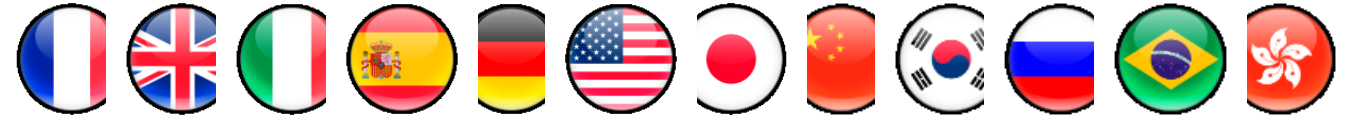
Basis: Travelers in the past year – WLT 2014- 2015



Main expectations in store abroad:
expert services & convenience



TOP EXPECTATIONS IN STORE ABROAD: COMPARISON BETWEEN COUNTRIES



Truly global **after-sales service**

Information on **tax-refund** possibilities and procedures

Expert advice and information about the brand & the products



Speak the **language of my country**



Luxury store **open late at night and on Sunday**

Basis: Travelers in the past year – WLT 2014- 2015

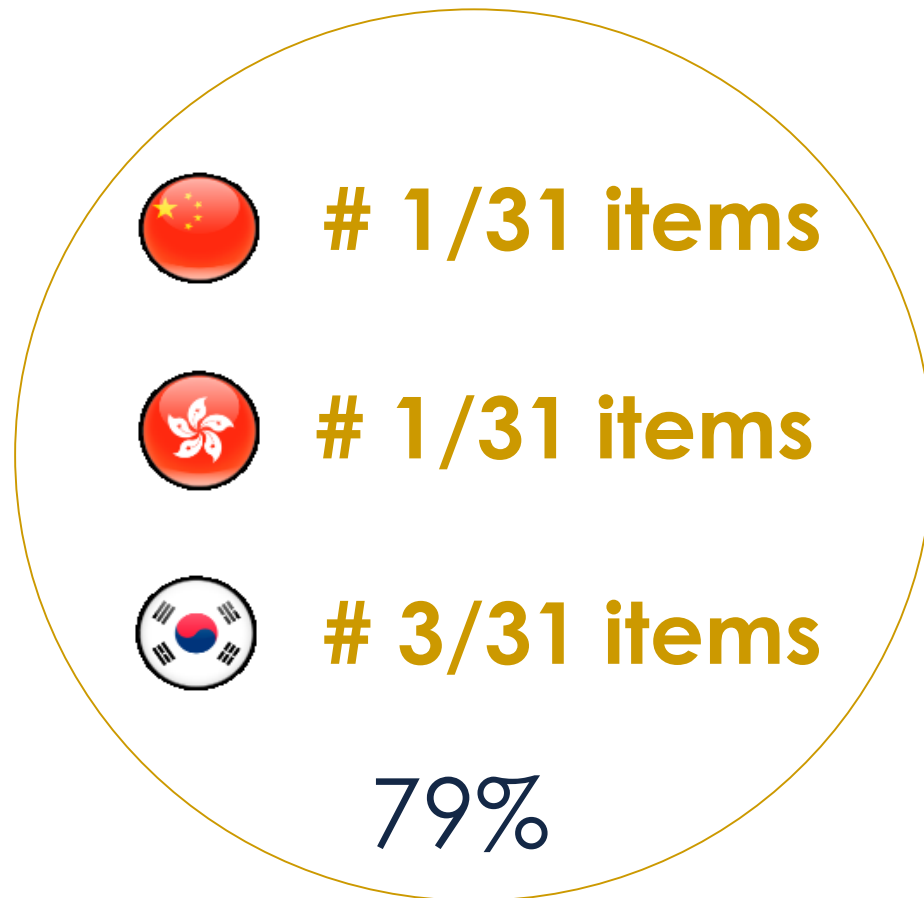


Very superior quality
as a key expectation
for luxury products

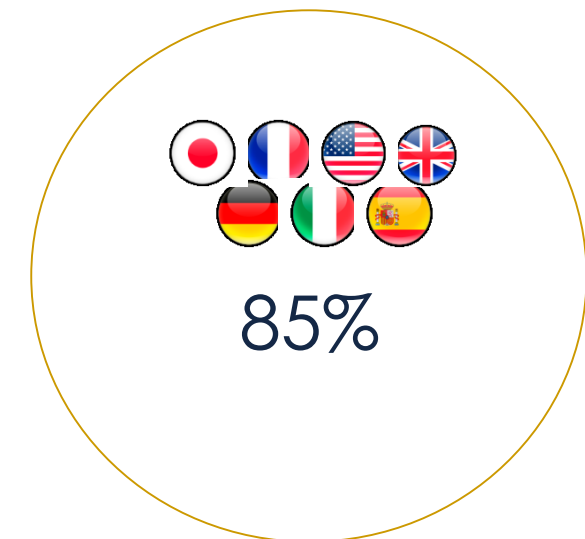
QUALITY IS MORE THAN EVER WHAT FIRST CHARACTERIZES LUXURY FOR CONSUMERS, IN PARTICULAR IN CHINA

Q. D4/C4: Please indicate to what extent each of the following characteristics corresponds to your personal idea of luxury.

LUXURY = VERY SUPERIOR QUALITY



1/30 items



Basis: All - Evolution 2007/2008 to 2014/2015

DEMONSTRATING CRAFTSMANSHIP : EXPERT HANDS

Extreme quality and precision is often expressed through the **working hands of the skilled craftsman**, highlighted in web videos or on the brand website. This process allows brands to **emphasize the beauty of the luxury object**, the accuracy of its conception, and its **historical know-how**.



DIOR



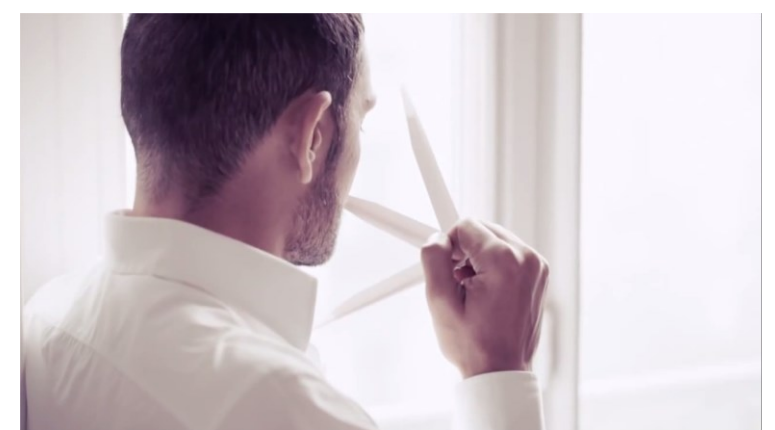
BOTTEGA VENETA



CHLOE



BOUCHERON

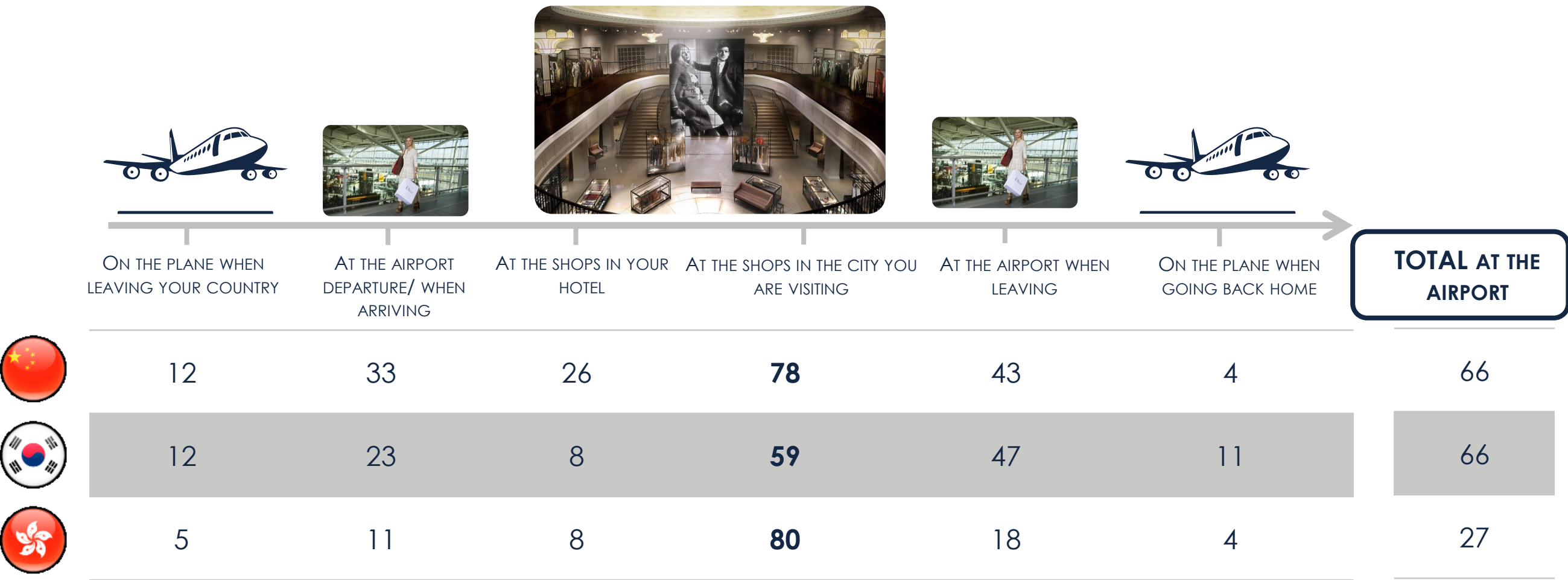


BACCARAT (FRANCIS KURKDJIAN)

Their favorite locations for
shopping abroad: at the
city shops

TRAVELERS MASSIVELY PREFER TO BUY LUXURY PRODUCTS AT THE LOCAL SHOPS, BUT THE AIRPORTS PLAY A STRATEGIC ROLE AS WELL

C25C – When traveling abroad, when do you or would you prefer to buy luxury products?



Basis: Travelers in the past year – WLT 2014



AIRPORT EXPERIENCE

Since 2009, sales at airports have grown more than **12 percent per year**. This growth has been fueled by an increase of tourism, inflation and retailers' intense focus on marketing to travelers. But **airport luxury shopping is especially thriving**, as brands are competing to grab the attention of their target in the strategic “**golden hour**” –the **spare time between security clearing and boarding**, during which shoppers are relaxed and attentive.



Caviar House & Prunier's new location in JFK, with a new menu and a seafood bar.



At Charles de Gaulle airport, Moët Hennessy « Les Caves Particulières » presents itself as a unique sensory experience, with a Hennessy scent organ, an on-hand oenologist to advise consumers...



Fortnum & Mason has decked out a new 1000sq ft store in Heathrow, with a dedicated bar next to it which sells and serves fresh and seasonal food and drinks, from first flight to last flight.



Breguet's annual pop-up exhibit at the Geneva Airport, before trade show Salon International de la Haute Horlogerie.



What product categories do
travelers most buy abroad?

TOP 3 CATEGORIES BOUGHT ABROAD VS AT HOME:

Q. D31/C27: For each of the following categories of luxury products, where do you prefer to buy a product: in your country or in a foreign country?



1. Perfume
2. Watches
3. Luxury clothes & accessories



1. Luxury brand automobiles
2. Gastronomy/Gourmet food
3. Luxury haircare products



1. Whisky
2. Cognac
3. Champagne / Gourmet food

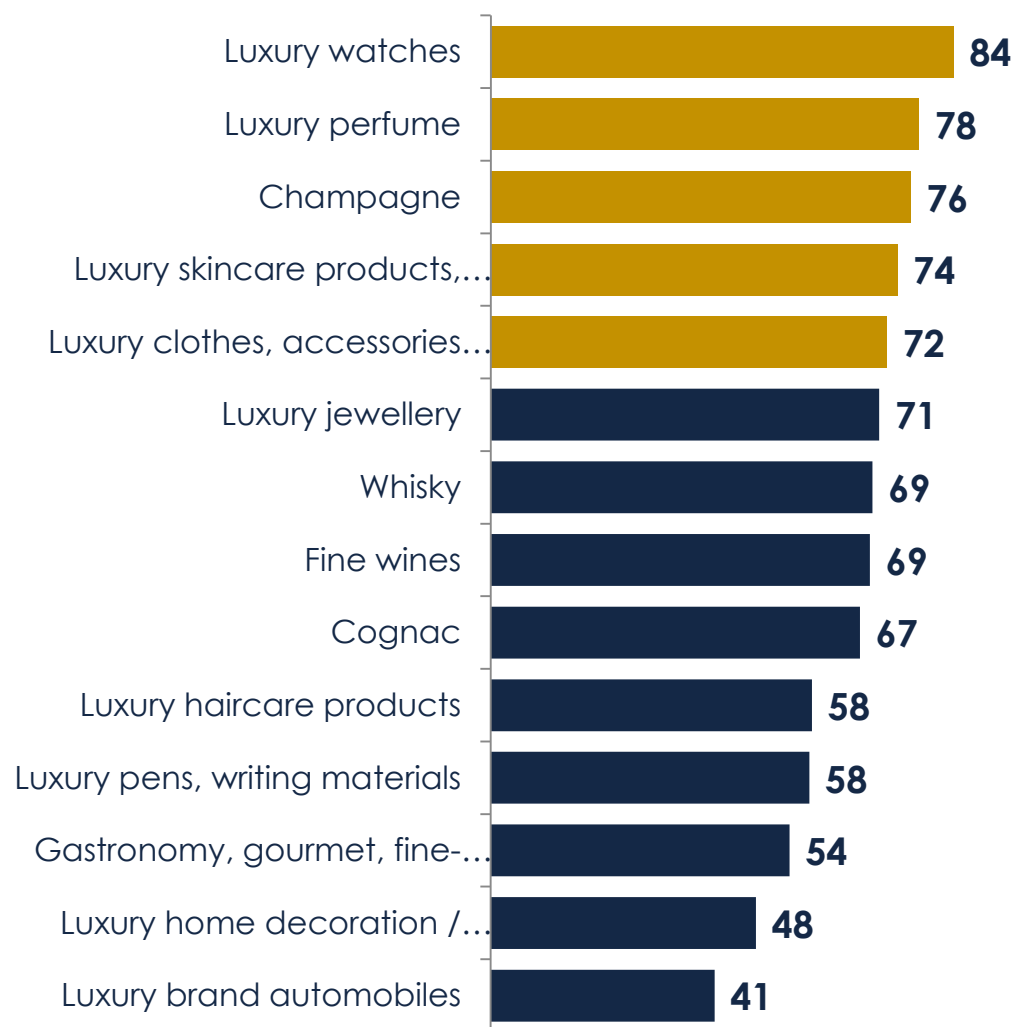
1. Technology products*
2. Luxury brand automobiles
3. Luxury home decoration/equipment

Basis: Travelers in the past year, buyers of each product category – WLT 2014-2015

CATEGORIES THAT CONSUMERS PREFER TO BUY ABROAD



C27 – And for each of the following categories of luxury products, where do you prefer to buy a product: in your country or in a foreign country?



Basis: Travelers within the past year, buyers of each product category – WLT 2014

The travels are very well prepared
by the Chinese consumers

INTERNET IS KEY IN THE CHINESE PURCHASE FUNNELS

Q. D30: When you are abroad, how do you choose the luxury merchandise stores you visit?



Basis: Travelers in the past year – WLT 2014- 2015

Sources of influence:
a “phygital” purchase funnel

THE CHINESE CONSUMERS PAY ATTENTION TO STORES AND BRAND WEBSITES



D1 – For each of the following categories of luxury products, which of these information sources influence your choice?

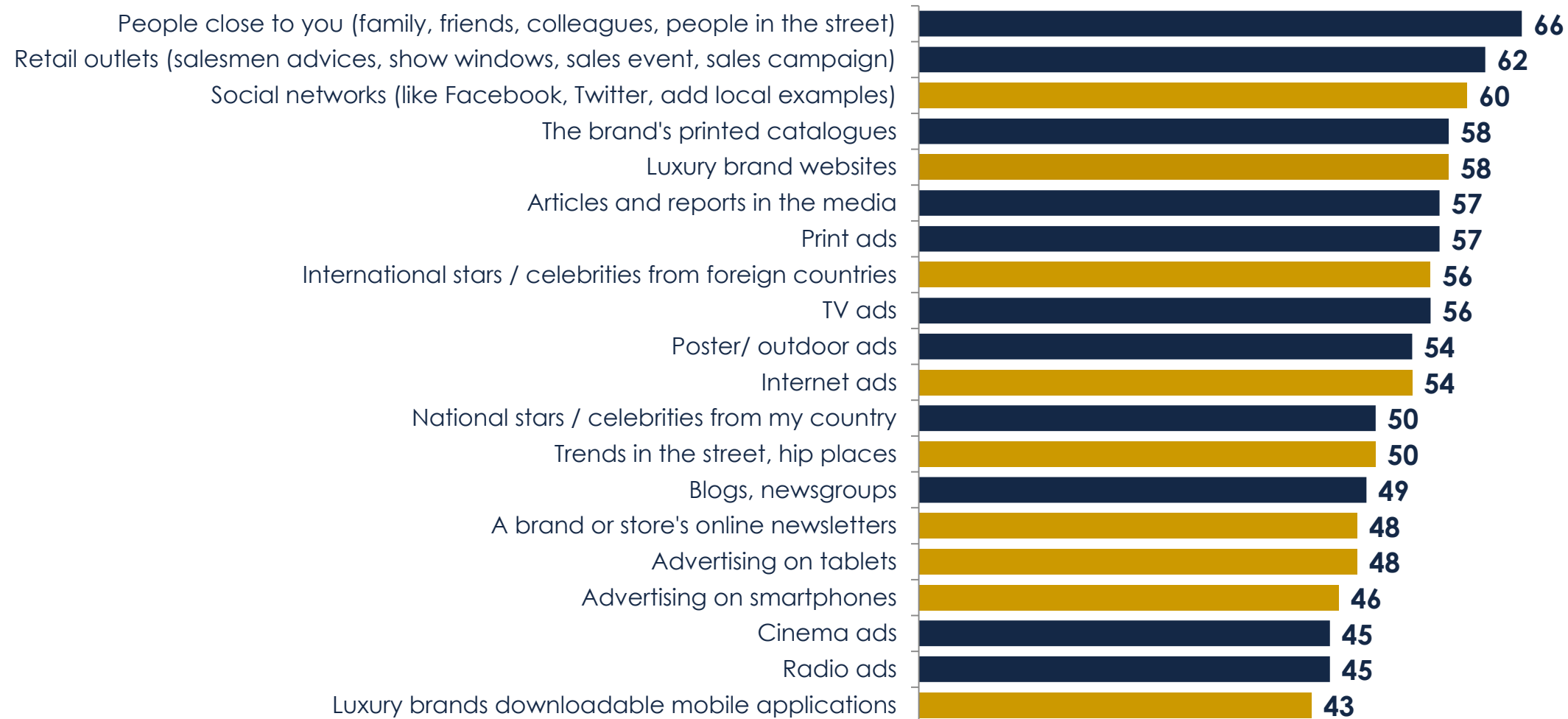


Basis: Travelers within the past year, buyers of at least one luxury product category – WLT 2014

ACCORDING TO THE HONG KONG CONSUMERS, STORES AND SOCIAL NETWORKS ARE THE MOST INFLUENTIAL SOURCES



D1 – For each of the following categories of luxury products, which of these information sources influence your choice?

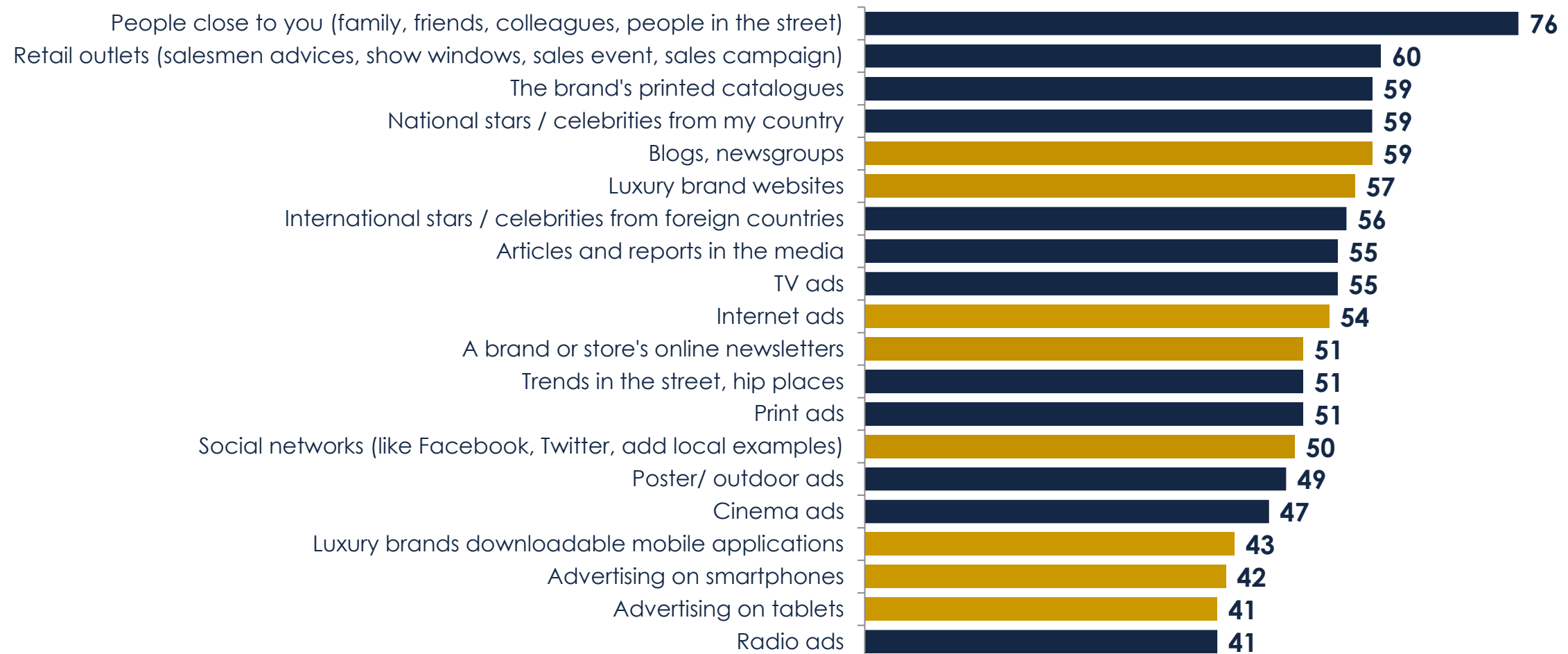


Basis: Travelers within the past year, buyers of at least one luxury product category – WLT 2014



FOR THE SOUTH KOREANS, BLOGS AND CELEBRITIES ARE PARTICULARLY INFLUENTIAL

D1 – For each of the following categories of luxury products, which of these information sources influence your choice?



Basis: Travelers within the past year, buyers of at least one luxury product category – WLT 2014

FOR JAPANESE CONSUMERS, STORES REMAIN FAR AHEAD FROM OTHER SOURCES AND ARE EVEN INCREASING



Q. E4: For each of the following categories of luxury products, which of these information sources influence your choices?



Basis: Travelers within the past year, buyers of at least one luxury product category – WLT 2015

In the future:
more experiential luxury

QUALITATIVE ETHNO STUDIES: CHINESE TRAVELERS PLURALITY



We choose packaged tours because travelling to such faraway places is difficult to plan



I feel really good when travelling independently, I can't stop doing it!



If I miss something or want to buy more, I can also shop in the duty free at the airport before leaving



Traveling is like a cup of coffee: it brings you different kinds of pleasure,

EXCLUSIVE COLLECTIONS' STRATEGY

By offering **exclusive products** or **limited editions** in **dedicated stores**, brands can efficiently differentiate each of their stores: a **new reason for travelers to visit different boutiques around the world**. Airports can provide a glimpse of cultural shopping and attract new customers by offering specific culinary or beauty shops.



Penhaligon's unveils exclusive fragrance bottles for Paris boutique

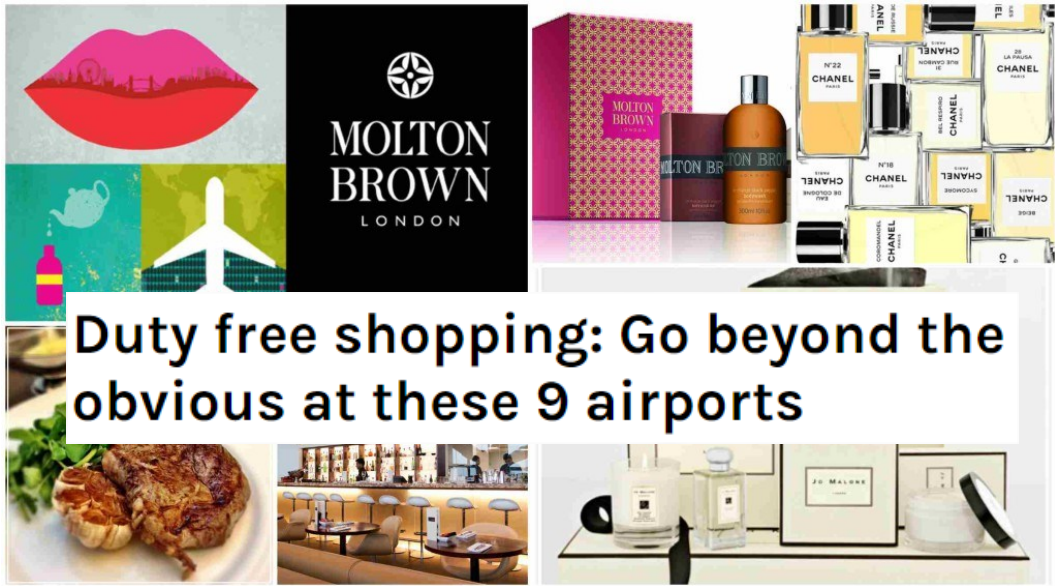
Penhaligon's teamed with the workshop Nina Frydlender Creazioni to create six exclusive fragrance bottles that were sold for \$1,060, only in its Parisian boutique and on November 29th, 2015.



Fortnum has created a new "Explorer's Blend" fine tea exclusively for its Heathrow store"



7. ZURICH - Time to indulge



Duty free shopping: Go beyond the obvious at these 9 airports

REACHING TRAVELERS : POP UP STORES

A growing number of luxury brands are reaching out to their customers differently with **pop up boutiques** opening exclusively during a **limited amount of time** : in winter season in Courchevel, or during summer in Portofino, **increasing interest with limited collections and products**. This vacation time is also an opportunity to approach consumers in a **more informal and relaxed way**, when they are less sought by everyday worries.



Throughout July 2015, Dolce & Gabbana has opened a pop-up shop in the scenic Italian hot spot of Portofino for one month only. A limited edition collection bearing scenes from the Liguria port was available.



Chanel opened a pop-up store in Courchevel, a ski resort in the French Alps, for the sixth consecutive year.



BUCCELLATI @BuccellatiMilan - Dec 13
Buccellati opens in Courchevel, in the French Alps. Come and visit us at Hotel Palace L'Apogee Courchevel. pic.twitter.com/yQz3op41QA

Buccellati opened a 215 square foot pop-up in L'Apogee Courchevel. The boutique was open for four months total, and was selling ornaments and other accessories.



With the idea of meeting their customers when they are the most relaxed, Rolls Royce launched the Summer Studio, an informal club in Porto Cervo.

CREATING IMMERSIVE EXPERIENCES

Affluent travelers are **seeking exceptional**ity in their destinations : they want to live unique experiences in breathtaking surroundings, but they also want to live something true. « **I hate feeling like a tourist. Here, you don't feel like a tourist.** » says the owner of Ol Jogi luxury ranch in Kenya : **connection to nature and local culture are expected to be direct, unaltered**, allowed by luxury exclusiveness.



The Ol Jogi ranch in Kenya : a safari experience for 210 000 dollars a week, with private access to one of Africa's most wildlife-rich area.



The year old Mahali Mzuri features 12 accommodations and offers visits to the Maasai villages, thanks to Richard Branson's commitment to nearby communities



Songtsam Lodges Shangri-La offers a spirited journey of discovery, the « Songtsam Circuit », which showcases sceneries and culture of Tibet.

GASTRONOMIC EXPERIENCES

Luxury consumers are caught in the « foodista wave » like the rest of the world : they are expressing this new love with travels organized around culinary experiences. Shangri-La Hotels and Resorts launched the first International Festival of Gastronomy. For the festival, Shangri-La has tapped **eight Michelin-starred chefs to prepare meals at six hotels in five cities** – which took place in Hong Kong, Bangkok, Singapore, Shanghai and Paris – for five exclusive days.



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THANK YOU !



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