

GAME CHANGERS



CULTURE LUXE 2018

World Luxury Tracking



SUBSCRIPTION SURVEY

The principle: a socio-cultural study exploring consumers' relationship towards luxury



A POWERFUL 10 YEARS HISTORICAL BASIS

Data have been collected since 2007, on different categories of luxury goods.

Questions and items selected for their relevance, analysed through a powerful archive of data enriched over 10 years



AN INNOVATIVE APPROACH OF DATA

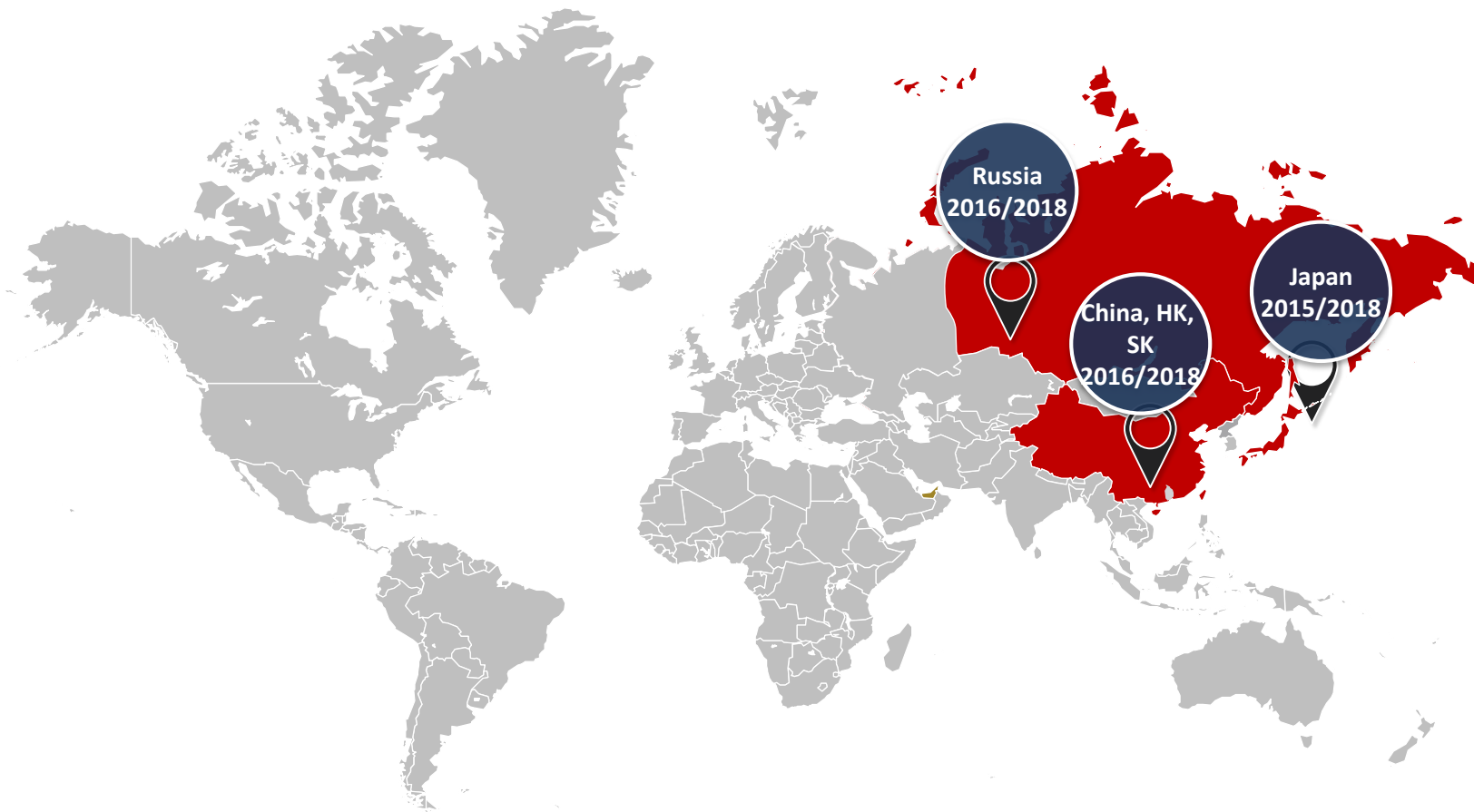
Open-ended questions allowing consumers to express themselves more freely, with the possibility of quantifying key topics expressed by them.

The use of data science to understand consumer's values, perceptions and opinions.



RETURN TO FUNDAMENTALS & DYNAMIC OF INNOVATION

The perimeter: this year an analysis conducted across 5 key countries to offer a « Big East » vision, with first results planned in September 2018

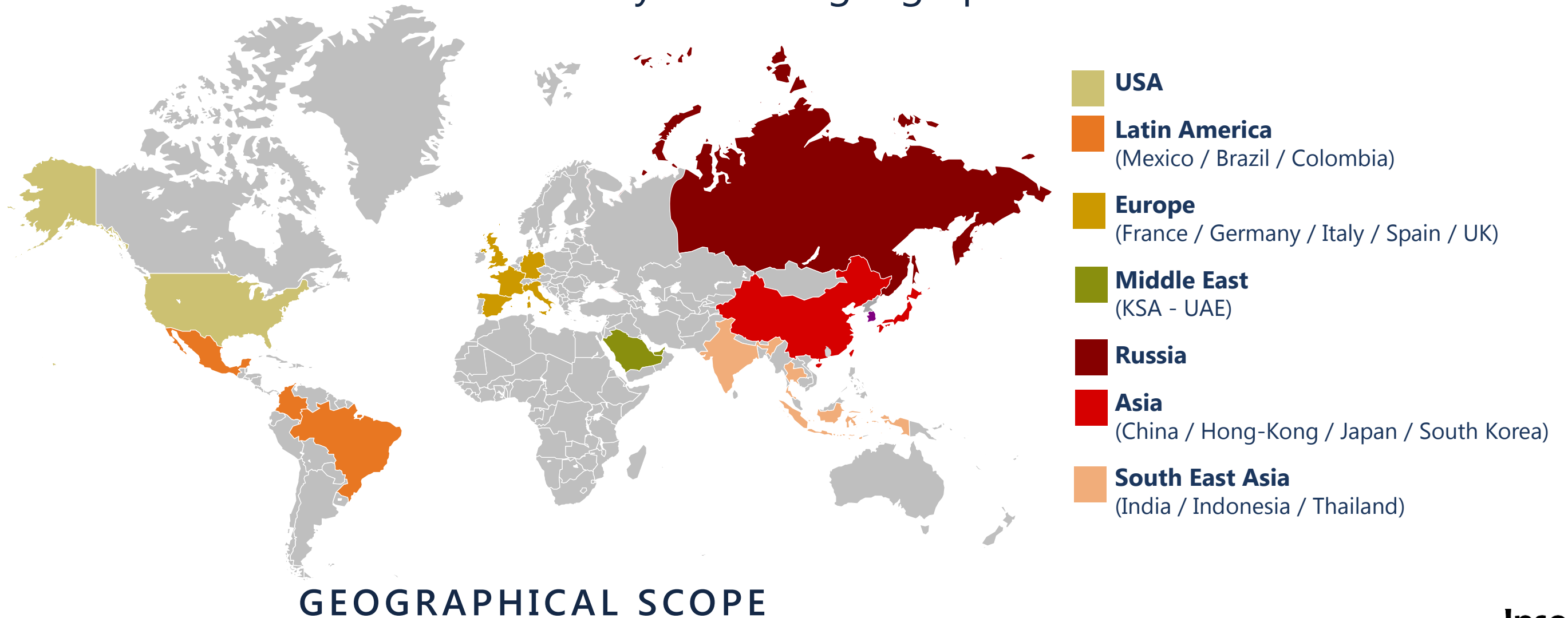


« BIG EAST » PERSPECTIVE IN 2018

- ❖ **5 countries surveyed**
CHINA, HONG-KONG, SOUTH KOREA, JAPAN, RUSSIA
- ❖ **5 700 interviews**
1000 per country / 1600 in China : 1100 Japan * tbc
- ❖ **People aged 18-60 / 18-70 in Japan**
- ❖ **Representative samples of the richest population** (Top 5 incomes in China, Top 10 in Russia and Top 20 in South Korea, Hong-Kong and Japan)
- ❖ **Fieldworks** : May 2018

**vs. 800 inters / pays en 2016*

Opportunity to compare & contrast with results from
Previously covered geographic areas



A comprehensive overview of the evolving perception of luxury and key categories



Interviews
30mn long



Lifestyle questions

- State of mind
- Values
- Hobbies, Travel
- Social media habits



Their attitudes toward luxury:

- Level of appreciation
- Values associated to luxury
- Specific needs (toward products, in store...)



A dedicated section on brands and categories:

1. READY-TO-WEAR ACCESSORIES
CLOTHES, BAGS, SHOES, EYEWEAR
2. WATCHES
3. JEWELLERY
4. ALCOHOLS
WINES AND LIQUORS
5. BEAUTY / FRAGRANCE

REFOCUSING ON HISTORICAL CATEGORIES

A hybrid study integrating
Quantitative Survey / Data Science / Strategic Planning

**PROJECT MANAGEMENT
TEAM**

**STRATEGIC PLANNING
TEAM**

**DATA SCIENCE
TEAM**

A COLLABORATION BETWEEN 3 IPSOS TEAMS

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METHODOLOGICAL ASPECTS

The aim of the study: understanding the outlines of luxury culture and analyzing consumer expectations across different categories and markets

TO DEFINE LUXURY CONSUMERS PROFILES

- ❖ Who are today's luxury good consumers?
- ❖ What is their state of mind? What do they buy?
- ❖ What place does luxury hold in their daily life?
- ❖ What are the values associated to luxury?

TO UNDERSTAND THEIR RELATIONSHIP WITH BRANDS

- ❖ What brands are they aware of / associate with luxury?
- ❖ What kind of relationships do they expect from luxury brands?
- ❖ How does their brand perception change within specific product categories?

TO DETERMINE WHICH FACTORS AFFECT THEIR PURCHASING BEHAVIOUR

- ❖ Where do they prefer to buy luxury goods? What are their favourite places to shop?
- ❖ How do their luxury purchase go through according to the product category?
- ❖ What are their expectations in store?
- ❖ How do they get information before shopping ? Who & what influences them?

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Questionnaire

DEFINE

ECONOMICAL ENVIRONMENT

ATTITUDES TOWARD LUXURY

UNDERSTAND

PURCHASE BEHAVIOUR / CATEGORY

MEASURES RELATED TO BRANDS

DETERMINE

MEASURES RELATED TO THE PURCHASE / CATEGORY

MEASURES RELATED TO LUXURY PURCHASE

FOCUS ON DUTY FREE

SCREENER QUESTIONS: Socio-demographic characteristics

- Confidence in their country economy / in their personal future
- Spending intentions
- Mobility and travel abroad

- ★ Definition / Image / Perception of luxury – **OPEN-ENDED QUESTION** TOPIC MODELLING / IMAGE TAGGING
 - Category most associated to luxury
 - Expectations toward luxury
 - Role of luxury in their daily life
 - Expectations in a luxury goods store

- Purchase behaviour per category : category purchased / purchase intentions

- Spontaneous awareness of luxury brands in general – **OPEN-ENDED QUESTION**
- Spontaneous awareness of luxury brands per category – **OPEN-ENDED QUESTION**
- Aided brands awareness per category
- Brands purchased per category (TBC)
- Grade given to dwell-known brands (associated to luxury) – *Luxury Brand Index* - per category

- ★ Description of the last luxury purchase per category and subcategory – **OPEN-ENDED QUESTION** TOPIC MODELLING/
IMAGE TAGGING
 - Upstream : Sources of influence before the purchase per category
 - Purchase : Place of purchase per category

- Motivations and barriers to buy online

- Purchase behaviour in duty free per category : category purchased / purchase intentions
- Specific needs in duty free stores
- Attractivity by country

Our Data Science Principle: **EXPLORING VALUES AND EMOTIONS**



ABUNDANT AND VARIED ANSWERS COLLECTED FROM AFFLUENTS, ILLUSTRATED THROUGH WORDS AND IMAGES
THAT PROVIDE A GREAT VARIETY IN TERMS OF FORM & CONTENT

TOPIC MODELLING

Processing open-ended questions through Topic Modelling allows us to identify key topics within the corpus of verbatim, which can then be quantified and ranked.

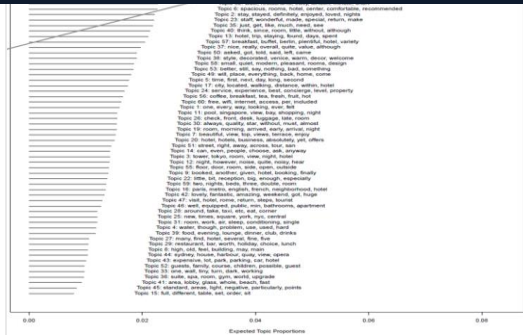
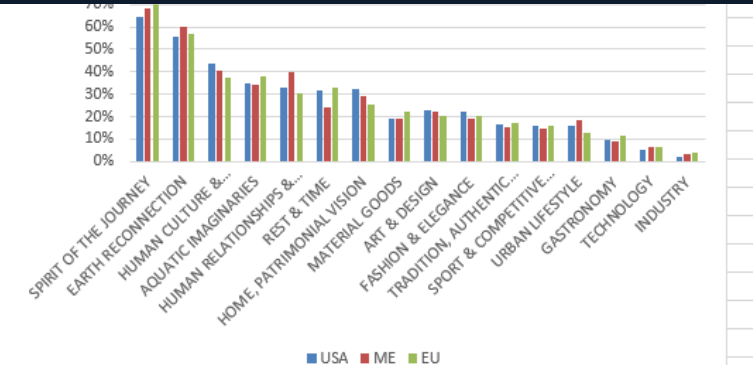


IMAGE TAGGING

Analysing images through Image Tagging allows to identify and better understand the emotional responses that occur during the purchase process – upstream, during, after.



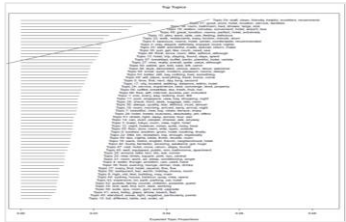
A BETTER UNDERSTANDING OF THEIR VALUES AND EMOTIONS

Our Data Science Methodology: **TOPIC MODELLING + IMAGE TAGGING**

1

Data associated to the open-ended questions is collected

- Definition of luxury
- Description of the last purchase
- Mental maps of brands



VERBATIM



PICTURES

2

Topics clusters or groups of frequently used words associated together



The **Data Science** clusters the different topics with the greatest affinities to quantitative metrics

3

Definition of common dimensions in order to:

- Understand what luxury means to every consumer and compare different perceptions between countries
- Learn all useful information about their last purchase and compare differences between products categories / between different countries
- Understand how each surveyed brand is perceived across different countries.

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CONTENT &
EXTRACTS



Extracts: Summary from WLT 2017

BACKGROUND

OBJECTIVES & METHODOLOGY

I. THE MOOD OF THE AFFLUENTS

11

1. An unshakable confidence in their own future
2. An increasing appetite for luxury - encouraging perspective for travel

II. THEIR MINDSET TOWARD LUXURY

57

1. Luxury imaginaries: the brand as a refuge against a stressful world
2. Strong expectations toward the brand

III. PURCHASING LUXURY : A WAY TO ESCAPE EVERYDAY LIFE

152

1. An exciting moment prepared upstream
2. A wish for an exceptional experience in store
3. Future expectations

CONCLUSIONS

213

Extracts: Key Learning from 2017 WLT

NEW CULTURAL BACKGROUNDS WELCOME TO CULTURE LUXE!

A NEW ECONOMY OF SIGNS

In an uncertain world, described as a « liquid world » by many sociologists, purchasing luxury goods is no longer a way to showcase your identity in reaction to a static mass – with signs that are more or less sophisticated – it is today more of a vector for fluid interaction and expression between knowledgeable consumers that perceive luxury and its codes as a lifestyle in and of itself.

A GROWING DESIRE FOR LUXURY

Despite political and economical uncertainties, affluent consumers are still optimistic and appeased, willing to spend a little more for luxury in 2018; their desire for luxury products and services has made a clear progress : +16 pts in Europe vs 2015 and +16 pts in US vs 2015, with a stable and high growth of 55% in Middle East.

ESSENTIALS & NEW HORIZONS

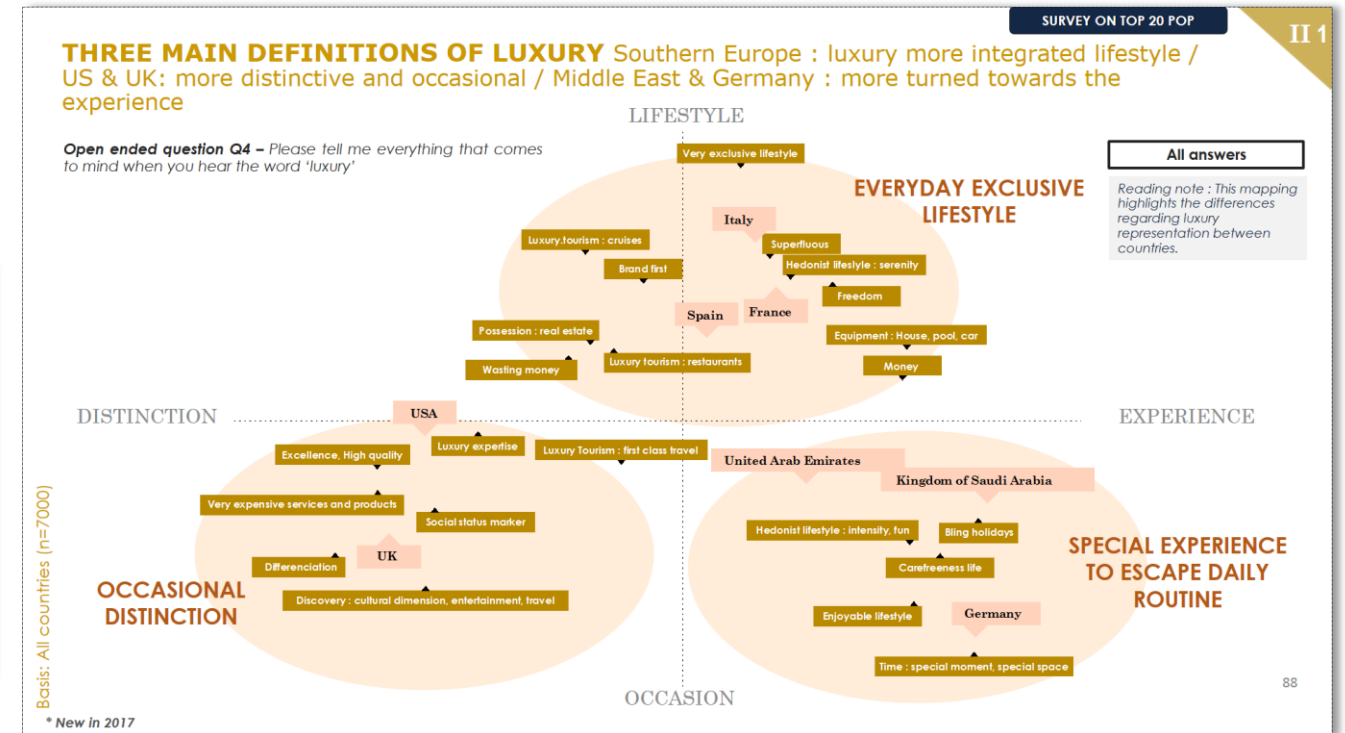
Consumers expect brands to stand out by building on their fundamentals : a consistent story telling : 82% in US (+22pts), 74% in Europe (+8 pts) and 85% in Middle East. But they want to be surprised too with creative innovations, unexpected, never seen before products : 70% of US Affluents (+8pts), 72% in Europe (+8pts) and 85% in Middle East.

A NEW ELITISM THROUGH A LUXURY CULTURE

We can observe a new way of reconstructing social elitism through luxury and cultural brand anchoring. There is a cult of the rare object, a wish to belong to a special inner circle of people who have a real knowledge of the luxury world, who know designers, brand history... These are the significant trends examined from the previous WLT.

Extracts: Key learning from 2017 WLT

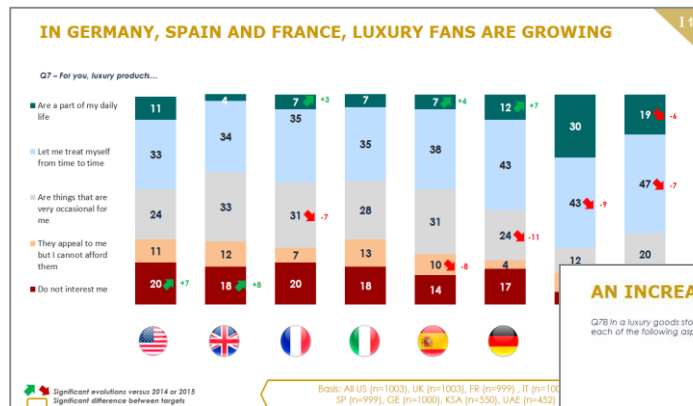
A LUXURY CULTURE THAT VARIES FROM COUNTRY TO COUNTRY



Reminder

HISTORICAL DATA + EMOTIONAL UNDERSTANDING

STATISTIC ANALYSIS PER COUNTRY

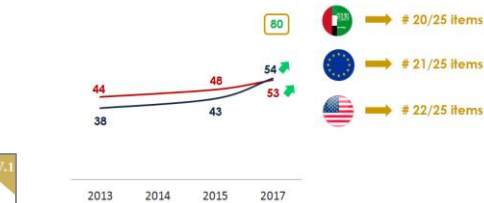


HISTORICAL ANALYSIS

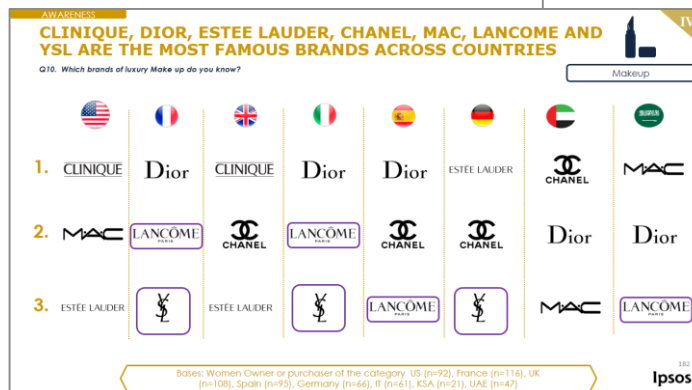
AN INCREASING DEMAND TO DIGITAL INFORMATION

Q7B In a luxury goods store, what do you expect most from the service that makes it different from the service in other stores? Please indicate to what extent each of the following aspects is important to you. If you do not buy luxury brands, please answer based on the idea you have of them.

TO BE PROVIDED WITH TECHNOLOGICAL EQUIPMENTS (INTERACTIVE TERMINALS, TOUCHSCREENS, TABLETS ETC.) THAT ENABLES ME TO GET INFORMED REGARDING THE BRAND



BRAND / RANKING / PROFILES



TOP TOPICS BRANDS



TOP TOPICS PURCHASE

Jewelry purchases occur mainly for special occasions

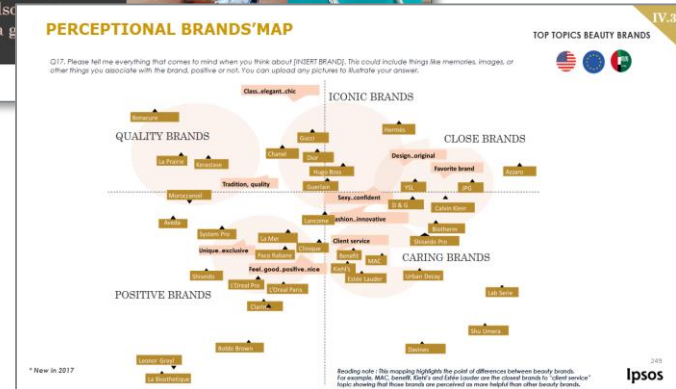
Q12- Thinking of the last occasion you bought luxury jewelry, please describe the situation, your feelings, mood and the context around this purchase.

#1

KEY, SPECIAL OCCASION

41%

TOP TOPICS CATEGORIES



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TEAM

Team



Françoise Hernaez Fourrier
HEAD OF INSIGHT & CURATION

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Françoise is the Head of the Cultural Intelligence department. Her studies combine quantitative analysis, strategic planning and innovative methodologies (semantics, topic modelling...).

With over 20 years of experience in Research and Creative Agencies, she has been in charge of the WLT study since 2015, and its new Data Science insights since 2017 under the format « Culture Luxe ».

She is a graduate from The Sorbonne & Pantheon-Sorbonne and has a double degree in Linguistic and Political Sciences.



Natacha Chomet
INSIGHT MANAGER

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Natacha coordinates the WLT fields with local Ipsos teams and Data Scientists.

With over 6 years' experience working as a market research analyst, she started at Ipsos in the media and digital department where she contributed in developing innovative methodologies. Since then, she has developed an expertise in the luxury industry and is in charge of the WLT through which she strives to set a new standard for the analysis of on-going luxury market trends.

Her educational background includes a master's degree in applied sociological and Political Sciences from Paris-Dauphine University.



Charlotte Zaepfel
DATA SCIENTIST

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Charlotte is a language expert and manages the Data Science project within the WLT team.

She carries out analysis involving text data/pictures unstructured, such as social data.

Charlotte conducts Topic Modelling / Image tagging analysis on Open-ended question in collaboration with the Insight Team and with the Ipsos Project Management who coordinates fieldworks.

She is a Denis Diderot graduate in Computer Linguistics.

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TIMELINES & BUDGET

Budget

QUANTITATIVE STUDY + DATA SCIENCE + STRATEGIC PLANNING

Scope	Common core + 1 product category	Common core + every product category
All countries	29 000 € before VAT	35 000 € before VAT

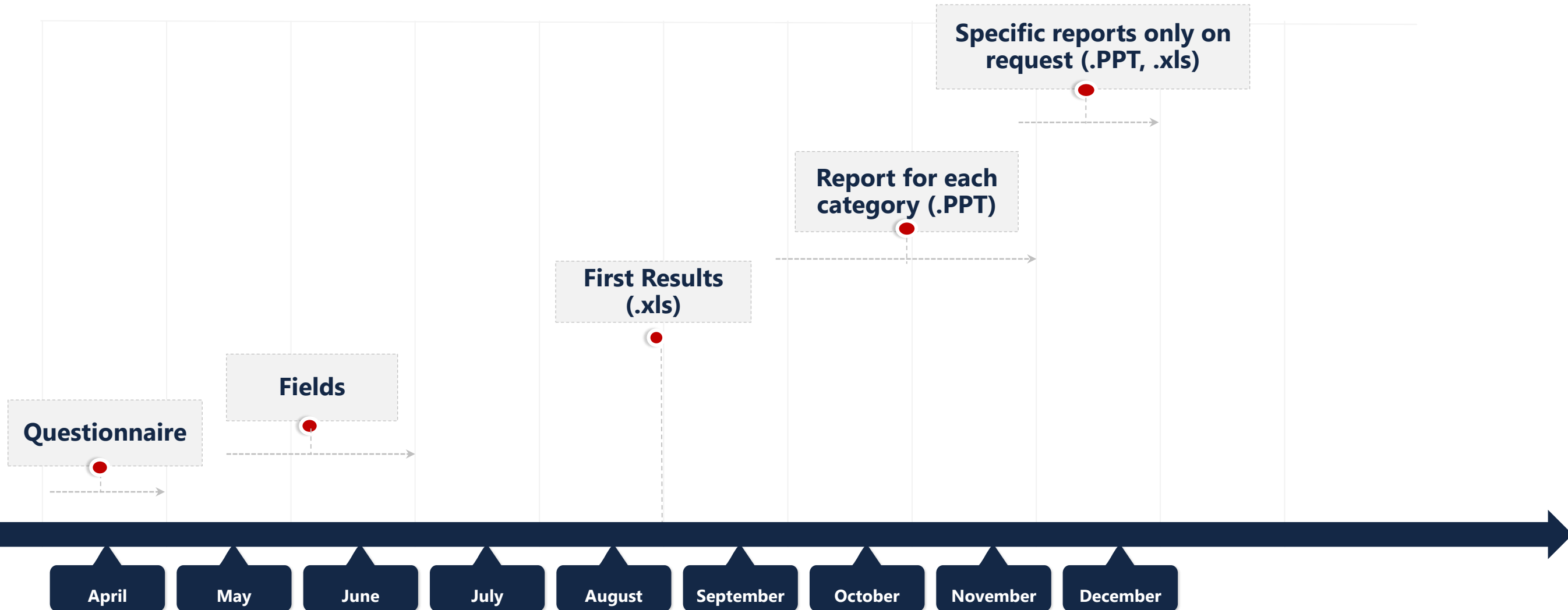
Included:

- ❖ Quantitative core tracker – 1000 interviews in 5 countries / Boost = 1600 in China
- ❖ Data : Topic modelling and Semantic understanding of verbatims and pictures
- ❖ A strategic planning perspective on several market fields
- ❖ Oral presentation

This document has been designed according to Ipsos Quality standards.

It was reviewed and approved by: *Françoise Hernaez Fourier – Head of Insight & Curation Dpt*

Timelines



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GAME CHANGERS

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We believe that our work is important. Security, simplicity, speed and substance applies to everything we do.

Through specialisation, we offer our clients a unique depth of knowledge and expertise. Learning from different experiences gives us perspective and inspires us to boldly call things into question, to be creative.

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