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World Luxury Tracking 2019

LUXURY AS A SANCTUARY, ALLOWING US TO RECONNECT WITH WHAT IS ESSENTIAL: QUALITY, BEAUTY AND SUSTAINABILITY

Paris, October 14th, 2019 - In an uncertain world where values continuously shift, luxury is becoming a sanctuary. Affluents from all over the world are becoming more and more knowledgeable about goods and services. More than ever, they wish to have access to an exceptional level of quality and creativity, but also to sustainable products. This demand for sustainability underscores a quest for authenticity, but also for meaning and for ethical and ecological commitments.

The World Luxury Tracking is Ipsos' landmark study on the global luxury market. Every year, this tracker highlights the different trends within a key geographic zone, enabling a better understanding of consumer expectations and local cultures in a world of perpetual reinvention, while remaining rooted in traditional know-how. The 2019 wave covers the pillar countries of luxury consumption: China, US, and Europe's top 5 of France, Italy, Germany, Great-Britain and Spain. The results are compared to the previous waves in 2017 for Europe and US and in 2018 for China.

This year, the quest for exclusivity is getting stronger and encompasses a quest for long-lasting quality, digital fluidity and creative boldness, all while looking for more ethical means of production.

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Key figures

Affluents consider luxury goods to be products that last: This is true for 84% of affluents we surveyed across three zones (+6 points compared to previous waves).

The buying journey is evolving: the second-hand market is developing in every zone, particularly in the US (+11 points vs 2017) and in Europe (+9 points). **This year, and for the first time, reluctance to purchasing luxury goods online is fading** in Europe, where the share of luxury goods bought online is now similar to the US.

Luxury consumers look for significant creative value, with bold, new and unseen products: according to 81% of respondents (+7 points), and is particularly important in Europe (+9 points vs wave).

There is a strong demand for ethical and ecological commitment in luxury - especially in China where 90% of surveyed affluents express this, and among millennials in all locations.

As they define luxury with their words and images – affluents display a desire to reconnect with what is essential, and what they consider to be **true values, such as time, meaning, others and nature.**

Reconnecting with "QUALITY"

Reliable: the fundamentals of luxury are relevant today more than ever. The quintessential quest for products of exceptional quality is still the main preoccupation and this phenomenon is even reinforcing itself in China. In an uncertain world, consumers are expressing a genuine consideration of the value and the durability of luxury goods. Trust is embodied by very tangible characteristics: the brand must guarantee a very high level of quality (this is the top expectation, expressed by 92% of the affluents) and of authenticity (second attribute with 90% agreement). We're witnessing a strong acknowledgment of the

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brand expertise and history: 84% of those surveyed are looking for authenticity, meaning and a grounding in time (+ 6 points across all three continents vs previous studies). This demand is even more important to Europeans, where it has increased by 9 points, and features among their top priorities).

Easy: the luxury clientele expects a fluid experience with buying journeys where physical and digital stores work together and merge to create a more fluid and easy-going global experience. In 2019, the Chinese surveyed are still the most active digital shoppers: 45% bought their last luxury product online (+ 6 points vs previous studies). Facilitation of a purchase is the Chinese affluents' number one expectancy. In the US, we are observing a decrease in online luxury purchases (down 11 points from 2017 to 41%) and a return to the physical store. This could be down to the huge efforts that brands have put into improving their store experience, but it could also be connected to the rise of "smart buys" in second-hand stores (+11 points) or duty-free stores (+13 points) for budgeting reasons. In Europe, too, consumers consider alternative routes to acquire their luxury products, such as second-hand (+9 points).

Cultivating "BEAUTY"

Disruption: creative boldness is a key motivating factor for 81% of the affluents purchasing luxury products (+7 points vs previous waves). This is particularly progressing in Europe (+9 points). **Innovation is particularly important for 90% of our Chinese affluents** (+4 points) and is linked with technological performances boosting creativity.

Aestheticism: Instagram culture is at work: through their photos and verbatim, the aesthetisation of the world is everywhere, in the domestic sphere as well in leisure and travel.

Customization: personalization remains an important expectation as shown consistently during the last 3 years of our survey: 93% of Chinese respondents, 85% of Americans and 83% of Europeans expect customized products and services.

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Integrating "SUSTAINABILITY"

Commitment: ethical expectations are getting stronger, with some nuances between regions. Chinese customers seem to be getting more and more concerned with ethics and ecology, especially the 18-24 year-olds (94% think that a luxury brand has to be committed to ethical and environmental issues, +17 pts vs previous studies). These preoccupations are less prominent in Europe, but still very strong (65% for France, 64% for Germany), and more pronounced for the 18-34 year-olds (68%) and the heavy buyers (73%). The ethical and environmental concerns felt by American customers (relatively moderate, with 57%) are driven by the youngest respondents as 79% of Generation Z (aged 18-25 years) them say they are concerned about ethical and ecological issues when it comes to luxury. Young Americans are also very sensitive to the sustainability of luxury and express concern with animal suffering (cruelty-free products are a key issue for 79% of them).

Reconnecting with Nature: Affluent people are trying to reconnect themselves to the essential and return to genuine values such as time, meaning, people around us and nature… made particularly clear the answers respondents give in their own words and images. Those dynamics are particularly visible in the ranking of our studies' open responses. The "Natural reconnection" cluster is second place (It appears in 45% of the collection of images) just after the "Mobility" cluster. This reconnection to nature is strongly linked to themes such as natural summer holidays, natural homes, and natural trips. It is also a topic that is strongly represented the verbatims of respondents in the European countries (41% in France and 55% in Germany), and in the US (50%), but is less present in China (26%).

"Luxury is considered as a sanctuary, allowing us to reconnect with what is essential: Quality, Beauty, Sustainability. It also allows some brands to make luxury customers feel less guilty: consumption is then connected to a creative added value, as well as a sustainable dimension that has deeper meaning."

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“In the US, the return to the physical store is clear this year: It might be because of the huge efforts that luxury brands have deployed to improve their store experience, but it might also be connected to the rise of “smart buys” in alternative circuits, like second hand, in order to acquire their luxury products”. emphasizes Françoise Hernaez –Culture Luxe in Paris.

In order to identify these profound cultural changes in the world of luxury, our WLT study focuses this year on the **Chinese, European and American** affluent people with an exceptional device combining **a quantitative study based on 8,200 interviews**, as well as a **new Data approach based on Topic modelling** to analyse the verbatim and photos shared by our community of affluent people from these 7 countries.

To have more information on this subscription study - WLT 2019 - or for an interview, thank you for contacting us francoise.hernaez@ipsos.com or natacha.chomet@ipsos.com