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World Luxury Tracking 2019

LUXURY AS A SANCTUARY RECONNECTING WITH WHAT IS ESSENTIAL: QUALITY, BEAUTY, 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 reinforcing their expertise regarding 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 ethical / 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 and allows clients to better understand consumer expectations and local cultures in a world of perpetual reinvention, while remaining rooted in traditional know-how. This latest wave covers pillar countries of luxury: China, US, Europe top 5 - France, Italy, Germany, Great-Britain and Spain.

This year, the current quest for exclusivity is getting stronger; quest for sustainable quality, digital fluidity, creative boldness, all of this while looking for more ethical means of production.

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Key figures

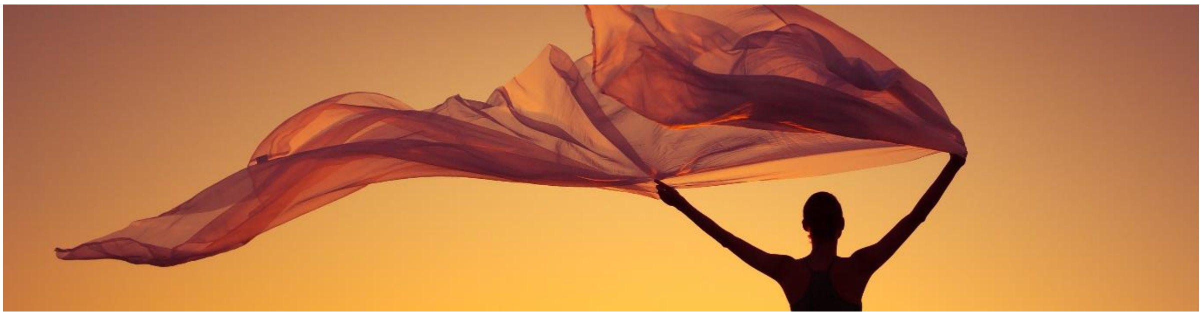
For the surveyed affluents, the luxury goods are products that last, that have a long-term life: 84% of our affluents in the three zones (+6 points compared to previous waves)

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, the reluctance to online purchasing are fading away** in Europe, where the share of luxury goods bought online is now similar to the US.

Responders awaits a significant creative value, with bold, new and unseen products: 81% of them (+7 points), and it is particularly important in Europe (+9 points vs wave).

The demand for ethical and ecological commitment is particularly strong - especially in China (90% of surveyed affluents) and among millennials in every area.

In their definition of luxury, with their words and images – affluents display a will to reconnect with what is essential, and to reconnect to what they consider to be **true values: time, meaning, the others, nature…**



Reconnecting with "QUALITY"

Reliable: luxury's fundamentals are more than ever relevant. The quintessential quest for products of exceptional quality is still the main preoccupation – this phenomenon is even reinforcing itself in China. In an uncertain world, the consumers are expressing a genuine reflection about 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 (first expectation expressed by 92% of the affluents) and of authenticity (second expectancy, 90% of them). 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 (in the three areas, + 6 points vs previous studies). A demand that is even more important for Europeans, featuring among their top priorities (+9 pts).

Easy: the luxury clientele is expecting a fluid experience with buying journeys where physical and digital stores attune and merge to create a more fluid and easy-going global experience. In 2019, the surveyed Chinese are still the most digital: 45% of them have bought their last luxury product online (+ 6 points vs previous studies). Facilitation is the Chinese affluents' number one expectancy. In the US, we are observing a decrease of online purchases (41% -11 points vs 2017) and a return to the physical store. It might be because of the massive efforts the brands have deployed to improve their store experience, but it might also be connected to the rise of "smart buys" in second-hand stores (+11 points) or duty-free stores (+13 points) for budgetary reasons. In Europe too, consumers will consider going through alternative circuits, like second hand, in order to acquire their luxury products (+9 points).

Cultivating "BEAUTY"

Disruption: creative boldness is a key factor of motivation for purchasing luxury products (for 81% of the affluents, +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) 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 of the surveyed respondents for 3 years: 93% of the Chinese, 85% of Americans and 83% of the Europeans are expecting customized products and services.

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Integrating "SUSTAINABILITY"

Commitment: ethical expectations are getting stronger, with some nuances between regions. Chinese customers are getting more and more concerned with ethic and ecology, especially the 18-24 years-old (94% think that a luxury brand has to be committed regarding ethical and environmental issues, +17 pts vs previous studies). Those preoccupations are less prominent in Europe, but still very strong (65% for France, 64% for Germany), and more pronounced for the 18-34 years-old (68%) and the heavy buyers (73%). The ethical and environmental concerns felt by American customers (relatively moderate with 57%) are nevertheless stimulated by the youngest respondents of Generation Z (18-25 years) since 79% of them feel concerned about ethical and ecological issues when it comes to luxury. Young Americans are also very sensitive to the sustainability of luxury and are very concerned 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, to go back to genuine values: time, meaning, people around us, Nature… It is particularly clear through the answers they give with their own words and images. Those dynamics are particularly visible in the ranking of our studies' opened responses: The "Natural reconnection" cluster comes in 2nd place (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 house, and Natural trips. In the verbatims, it is also a very represented topic in the European countries (41% in France and 55% in Germany) and the US (50%), 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 makes more sense "

"In the US, the return to the physical store is clear this year: It might be because of the massive efforts the luxury brands have deployed to improve their store experience, but it might also be connected to the rise of "smart buys" in alternative

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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

ABOUT IPSOS

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Our passionately curious research professionals, analysts and scientists have built unique multi-specialist capabilities that provide true understanding and powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. Our 75 business solutions are based on primary data coming from our surveys, social media monitoring, and qualitative or observational techniques.

“Game Changers” –our tagline –summarises our ambition to help our 5,000 clients navigate with confidence our world of rapid change.

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