PRESS RELEASE

Paris, 8 October 2020 — Ipsos unveils the results of its annual barometer of luxury consumption trends, the World Luxury Tracking (WLT) study. Its 2020 edition, carried out among 8,200 American, Chinese and European Affluent people, reveals a true redefinition of luxury under the combined effect of accelerated digitalisation, a need for indulgence and well-being becoming a priority, but also linked to the cost of stopping purchases while travelling which had become an essential part of the market. More local, digital and sensory expectations are now observed and need to be rethought as we move towards more fundamental and demanding consumption of luxury.

WLT: LUXURY CONSUMPTION UNDER THE MICROSCOPE

Every year since 2007, World Luxury Tracking has been studying changes in the expectations, influences, brand relationships and buying patterns of the wealthiest segments of the population. This 2020 edition also takes into account the current context, integrating issues related to the upheavals caused by the health crisis and its containment.

This latest wave, which focuses on the 7 pillar countries of luxury goods: China, the USA and Europe - France, Italy, Germany, Spain and Great Britain, identifies and quantifies historical developments and provides insights into the new constraints and aspirations of luxury goods in the Covid era.

Contact: **Nina Tanguy**
Email: ntanguy@hopscotch.fr
Tel: +33 1 41 34 22 03

Contact: **Ariane Gateau**
Email: agateau@hopscotch.fr
Tel: +33 1 58 65 10 72

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"*The profound socio-cultural changes at work in the luxury universe are explored by our WLT study, which focuses in 2020 on the Chinese, European and American Affluent people. This combines a quantitative study based on 8,200 interviews and a new data approach based on topic modeling to analyze the verbatims and photos shared by our community of Affluent from these seven countries*," **said Françoise Hernaez, Director of Cultural Intelligence at Ipsos**.

WHAT ARE THE COMMON PRACTICES AND ASPIRATIONS ON THE THREE CONTINENTS?

 # Luxury becomes a DIGITAL EXPERIENCE: While Affluent people have spent much more time engaging with luxury brands on the internet, 70% of Chinese, 51% of Americans and 35% of Europeans have bought luxury products online during the confinement and plan to buy more luxury online (multi-brand sites (68%), branded sites (51%), second-hand online sites (21%), and social networks (8%). They expect an efficient experience and above all want to find exactly the product they are looking for. Personal data protection is a key expectation for 86% of them.

 # At the same time, luxury is once again becoming A FUNDAMENTAL PLEASURE: Luxury contributes to well-being, which is the first declared concern in all three geographical areas. It is also associated with enhanced "sensoriality": the categories that offer a sensory experience are the most purchased during the confinement, including skincare, perfumes, wines, champagnes and spirits. In terms of purchasing intentions, fashion & accessories are well placed (+10 pts in the US), while there is lower purchase intent for jewellery and watches in Western countries.

 # Luxury should offer REAL ADDED VALUE with authentic and high-quality products that boost self-confidence. This is important for 95% of Affluent people in China while 89% in the US want luxury to provide exceptional emotional experiences. It should also represent safe and long-term investments (85% of European Affluent agree).

 # Consuming luxury is more than ever considered A PRIVILEGE: this is the first topic described in the definition of luxury using luxury consumers' own words: they are aware that they are part of an elite. This is a more recent phenomenon in Europe and the US, whereas the pleasure of being part of a circle of insiders was already a traditional motivation in China.

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"*Beyond these common denominators: the increasingly digital experience, the need for sensoriality and emotions, and the increasingly sophisticated product culture, we observe polarised attitudes across the zones: optimism and materialism inf the Chinese cohort, resilience and "new hedonism" among the Americans, and refuge from anxiety and caution in Europe*" **underlines Françoise Hernaez, Director of Cultural Intelligence at Ipsos.**

Even if they are impacted by the crisis (45% of them have seen their incomes fall) and say that they have to save money (+15pts vs 2019), we observe a radical optimism from Chinese Affluent people: 95% say they are confident in the economic situation of their country, with 51% of them very confident (+7pts vs 2019), This signals an attitude aligned with a certain nationalism, but also rooted in a real optimism of a large country with a developing middle class.

Chinese people are also more likely to declare that luxury is essential in their daily life (+10 pts vs 2019) and 49% say that they have more desire to purchase luxury goods than before the crisis. The most common images shared with us are photos of fashionable accessories.

It must be said that digitalisation in the relationship with brands was already very advanced in China and has enabled a link with luxury to be cultivated even during confinement. Live-streaming sessions have allowing products to be tested to compensate for the sensoriality absent from shops and relays have been organised with salespeople from luxury boutiques on WeChat. The presence of luxury brands online, even in games such as Maserati partnering with the Peace Elite game or Louis Vuitton with League of Legends. are intensifying. This is drawing the outlines of new relational modes with connected customers who continue to consume online more than ever before, and also demand that their digital journeys are fluid, intuitive and fun.

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Ipsos

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Particularly resilient, being the most severely affected by the health crisis, the American Affluent remain highly confident in their country's economic situation (94% are confident, with the “very confident” up +6 pts vs. 2019). Their incomes have been impacted and they will have to be careful (63% of them will try to save, +11 pts vs. 2019), but there is nevertheless a greater attraction to luxury. A renewed perception of luxury is cooler, but also richer in imagination. Luxury is more than ever a dream-space and an escape from the anxiety-provoking context where consumers expect creativity (+9 pts), dreams (+7 pts) and innovation (+7 pts).

During this period, luxury has become much more important in their daily lives (+13 pts vs. 2019). In a culture where luxury was more associated with great occasions and official markers (weddings, life stages...), the socio-cultural evolution observed during the crisis is moving towards a more sensorial, pleasure luxury integrated into daily life. This is hedonistic: there is more interest in beauty, luxury care, wines and champagnes, with a strong expectation of well-being (to the detriment of traditional categories such as watches or jewellery).

Even though the American Affluent people say they want to refocus on the essentials, they are more involved in luxury consumption, doing research, reading reviews, watching videos on YouTube, asking questions on social media and downloading applications, all generally from a mobile phone. They expect their experiences to be characterised by immediacy and convenience, but they also want to be made to dream.

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While the European Affluent say they are less affected in terms of their income by the economic crisis than the Americans (only 7% of European Affluent people have experienced significant drops in income), they are much more affected in terms of their confidence in the economies of their respective countries (-10 pts of confidence in Europe vs. 2019). Only 45% of them are confident (-20 pts confidence in France vs. 2019).

Faced with this anxiety, they wish to comfort themselves with new luxury experiences (health cures, spas, restaurants...) and are a little less interested in traditional categories such as watches or jewellery. Luxury remains an important part of life for 39% of them, but it remains stable and the Affluent do not say they are more or less attracted by luxury brands. If well-being is the dominant trend in Europe, the ethical dimension is also progressing - it is the only area where expectations about "cruelty free" products and the ethical and ecological commitments associated with luxury continue to grow (+6 pts each).

Finally, there is a deep need for reassurance and a certain aversion to change (73% of European Affluent people do not want to change anything in their luxury habits); a trend that is particularly driven by European boomers, unlike the Chinese and Americans who are more committed to cultural change.

About the WLT

Thanks to the power of its history, this study, unique in the world, makes it possible to follow the evolution of the main indicators of luxury consumption among the most affluent populations. Each year, around 8,000 individuals are surveyed (People aged 18 - 65 yo, Top 5 to Top 10 incomes). The WLT brings together all sectors of the luxury goods industry, including watchmaking, jewellery, fashion and accessories, wines and spirits, beauty, perfumes, skincare and cosmetics.

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About Ipsos

Ipsos is the world’s third largest market research company, present in 90 markets and employing more than 18,000 people.

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. We serve more than 5000 clients across the world with 75 business solutions.

Founded in France in 1975, Ipsos is listed on the Euronext Paris since July 1st, 1999. The company is part of the SBF 120 and the Mid-60 index and is eligible for the Deferred Settlement Service (SRD).

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www.ipsos.com

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