GAME CHANGERS

Press Release
Monitor / Luxury Market / Trends

World Luxury Tracking
Do you speak Luxury?
CONSUMERS NEW LUXURY CULTURE

Paris, on October 26th 2017 - **The World Luxury Tracking (WLT) sets the standard for luxury market studies. Every year, this global monitor analyses trends throughout the different markets and allows brands to better understand new consumer expectations. What can be said about their state of mind? And what about their experiences? What is their purchase journey? What are their expectations? The latest WLT wave covers: France, Italy, Spain, Germany, UK, USA, Saudi Arabia, the United Arab Emirate, and the emergence of maturing luxury consumers as well as a new Luxury Culture.**

KEY FIGURES

Appetite for Luxury has increased: +16 pts vs. 2015 in Europe and in the Unites states, Affluents have « an increased desire for luxury »

The brand is becoming once again a point of reference: consumers expect from brands**:**

> **That they distinguish themselves through their history:** 82% in the US (+22pts), 74% in Europe (+8 pts) and 85% in the Middle East.
> That they surprise them by offering **creativity, audaciousness, never-before seen products**: 70% of Affluents in the US (+8pts), 72% in Europe (+8pts) and 85% in the Middle East.

In Western markets, the use of brands as **markers of social distinction** is gaining ground: « *Brands must give us the impression that we are part of a circle of initiated few* » is on the rise +17pts in Europe and in the US.

The purchase funnel must inspire the consumer and offer him a genuine experience: 78% of respondents in the Middle East, 77% in the United States (+7pts) and 75% in France (+7pts) affirm that they expect Luxury brands to allow them to escape to a different world, to dream.

A NEW ECONOMY OF SIGNS

Contact presse : Audrey Provost – audrey.provost@ipsos.com – 01 41 98 96 01

In a world marked by uncertainty, sociologists have recently coined the term « liquid world », consuming luxury goods is no longer a way **of expressing oneself in reaction to a static mass** - with signs that are more or less sophisticated (bling vs. modesty) – 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 couple of years ago, the western affluents were considered to be the main luxury experts, while those of emerging markets started to familiarize themselves with its codes… Today, this distinction is no longer manifested, brands are free to develop ***a new playground that is open to all;*** *with consumers that enjoy playing with brands, disrupting the* ***codes of traditional and ostentatious luxury****"* underlines Françoise HERNAEZ FOURRIER who drives Luxury studies at Ipsos*.*

This new economy of signs, largely influenced by Millennial culture, represents an emerging **challenge for major international houses.** They must face consumers with a new and often paradoxical set of demands: historical yet modern, transparent yet fantastic, they wish to be guided all the while remaining independent… Brands thus have a pressing need to reassert the fundamental **cultural, historical, authentic facets of luxury**, but also build on new foundations: **connection, proximity and generosity.**

MORE DESIRE FOR LUXURY

Despite the complicated economic and political contexts within the three geographic zones, affluent consumers **seem optimistic and appeased**; willing to spend a little more on luxury in 2018, their desire for luxury products and services is **clearly increasing**: in Europe +16 pts vs 2015, +16 pts in the US vs 2015 (stable since 2014). In the Middle East, desire is also relatively high relatively high at 55%.

"The relationship towards luxury is of course quite variable from culture to culture, even if globally ***they want more of it and are willing to increase their budget*** *in the upcoming months.* ***Travel and Fashion*** *are the strongest categories across Western markets, whereas Fashion and Beauty reign supreme in the Middle-East" emphasizes Natacha Chomet who has led the field in the 8 countries.*

BACK TO BASICS FOR THE "MAISONS"

Contact presse : Audrey Provost – audrey.provost@ipsos.com – 01 41 98 96 01

Today, Consumers have renewed with great conviction their expectations towards brands, more noticeably their demands regarding **quality and exceptionality of products**. Respectively, they represent 85% of respondents in the Middle East and in the US (+22pts vs. 2015) and 82% of respondents in Europe (+27pts VS. 2015) have affirmed that a luxury brand must offer **rare products** that can't be found anywhere else.

As we are slowly distancing ourselves **from mainstream luxury culture** in a contemporary society that is growing more and more fragmented, brands have shown their eagerness to play with signs and are now more than ever inclined to enrich and diversify their creative universes (in their collections and services, as well as in their communication).

In order to establish one's places in this volatile environment, consumers **expect brands to be highly distinguishable**. First of all, through a **consistent historical storytelling**: 82% in the US (+22pts), 74% in Europe (+8 pts) and 85% in the Middle-East. Secondly, **by surprising them** with **creativity, audacious products, that have never been seen before**: 70% of Affluents in the US (+8pts), 72% in Europe (+8pts) and 85% in the Middle-East.

In the US and in Europe, the use of **brands as social markers** is gaining momentum: they must give the consumer the impression of belonging to an initiated circle of few (+17pts in Europe and in the US), but as the Topic Modelling and qualitative interviews have illustrated, this playful manipulation of social markers **has become a more subtle play on signs**, which can be utilized in different ways depending on the occasion; in everyday routine as well as in professional lives.

These two methodological approaches, cross-examined with the quantitative results, allow to reinforce the idea that **brands need to behave like "houses",** open to experiences and interactions but always maintaining **differentiation** as a compass point.

A "PHYGITAL" PURCHASING JOURNEY

The ease of access to information and the appropriation of new technologies allows consumers to nurture a **genuine expertise, a Luxury Culture**. They are inspired by brand websites (44% US / 31% UE / 43% ME), by social media (23% US / 15% UE / 43% ME) by influencers and celebrities. Mature consumers have all cards in hand to **distort, transformer and play with** the references they have at their disposal.

The "phygital" dialectic builds an experience where the site (and often influencers) is a projection on the physical store, and vice-versa.

What has become abundantly clear from the algorithmic analysis of verbatim & image is that the act of purchasing luxury has become a **global experience**, associating **a longing for purpose** -punctuating the important steps of life (marriages, Birthdays …)-**and a quest for strong sensations**.

Topic Modelling has revealed that these purchases are in fact perceived as mood-boosters by the respondents (20%) with a happy and sensorial (13%) or even exciting (10%) experience. A posture that is very intense in terms of spending & expectations but also in terms of emotion.

Consumers **want to dream, to escape**: 78% of respondents in the Middle east, 77% in the US (+7pts) and 75% in France (+7pts) affirm that they want luxury brands to make them dream, to escape to a different world. This is driven not only by brand discourse and creative universes but also by a longing for unforgettable experiences in-store: 87% of respondents in the ME, 78% in the US (+8pts) and 72% in Europe (+6pts) want to feel like they are taken care of the moment they step into the store.

This need for VIP service is important in regards to in-store consumer expectations: these illustrate mainly a desire for comfort and understanding … more than genuine guidance and expert advice, which

Contact presse : Audrey Provost – audrey.provost@ipsos.com – 01 41 98 96 01

are on the decline. What they are looking for is just the opposite: **innovation, du disruption, and an authentic experience!**

ENCOURAGING OUTLOOK FOR “LUXE AUGMENTÉ”

We sum up the new expectations highlighted by the study through two major axes, both particularly present among younger consumers:

Intensity on one hand:

EMOTIONAL INDULGENCE
Emotional and sensorial intensity have become essential components of consumer motivation, gradually becoming an escape from the stress of everyday life (somewhere between an act of self-comfort and an act of self-reward), brands have been attempting to cater to these news demands by investing imaginaries that are more psychological, introspective.

CALIBRATED QUALITY: Expectations in regards to quality have also intensified, with maturing consumers pushing brands to renew their commitment on fundamental promises such as quality ingredients and materials, historical know-how, attention to detail…All the while bringing pragmatic innovations to the table that appeal to our modern connected lifestyles (integration of digital interfaces, integration of artificial intelligences) and that allow more fluid interactions between consumer and brand.

A search for purpose on the other

RENEWED AUTHENTICITY: Transcendence, both in regards to creative expression and time, has become a new necessity for consumers who expect a meaningful relationship with their luxury brands. The latter are now more than ever expected to build on their historical brand DNA, to cultivate a sense of purpose and meaning. This dimension is particularly pronounced among Millennials (consumers express wanting « to carry along with me a little bit of Maison Dior », a bit «l’homme de génie » for YSL…)

PROJECTED SINGULARITY: This longing for meaning becomes a journey in which one may construct his own identity, as consumers are searching more and more for new vectors of self-expression and differentiation. Across all countries, the appropriation of signs & symbols is growing more subtle and fragmented; largely because of the multiplication and diversification of interactions with brand universes through applications, social media platforms, chatbots and highly bespoke services. Assuredly, luxury has indeed become augmented.

Contact presse : Audrey Provost – audrey.provost@ipsos.com – 01 41 98 96 01

* A RENWED AND INNOVATIVE METHODOLOGY

In order to better assimilate the profound on-going dynamics of the luxury market, the WLT this year focuses on **European, Middle-Eastern and American clienteles**. It also new approach incorporating **a quantitative study** of 7 000 interviews, spread out across new categories (travel, luxury automotive and connected technologies), **a qualitative** exploration with webcam interviews, as well as a completely **new data analysis approach with topic modelling** of verbatim and images across 8 countries.

To receive a summary of the World Luxury Tracking study or for an interview with Françoise Hernaez Fourrier, please contact Audrey Provost, audrey.provost@ipsos.com - +33 (0) 1 41 98 96 01.