



Redefining Luxury

Trends in the Luxury Industry

November 2013



TRENDS
& FUTURES

WHAT'S IN THIS REPORT?



1. The concept of luxury

2. An overview of the luxury market

3. The changing face of the luxury
shopper

4. Luxury embraces online shopping

5. The power of personalisation

6. Creating emotional connections

IF YOU ONLY HAVE A MINUTE...

- Luxury is no longer defined by excess and visible logos, it is becoming much more subtle and personal.
- Despite the difficult economic times over the last few years in most markets, the luxury goods market has been able to enjoy double-digit growth and it is now worth over €200 billion. SE Asia is the main force behind this growth.
- The HENRYs (High Earners Not Rich Yet) are driving much of the growth in the luxury market, especially in the US. Although HENRYs have a lower spending limit than the ultra-affluents, there are about ten HENRY households for every ultra-affluent.
- Although the majority of luxury purchases still happen offline, online is becoming an important channel, especially in emerging markets. Using engaging online formats can help to bring products to life and showcase the craft of the brand to provide shoppers with a unique experience.
- Personalisation and emotional experiences are two of the key trends in the luxury industry. As the concept of luxury becomes more personal and moves away from the latest must-have logos, consumers look for meaningful products and services that enable them to make a statement about themselves, not about the brand.

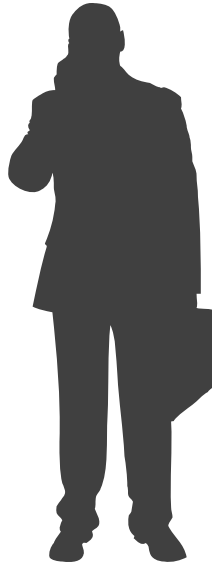
3. THE CHANGING FACE OF THE LUXURY SHOPPER



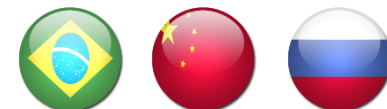
Cost has traditionally restricted luxury goods to the elder generation...

...but a growing prosperous young generation in emerging markets is creating a new customer base

- Consumers from **traditional markets tend to be older**: the average European / US luxury shopper is 46, while the average Japanese is 49.
- In Europe and the US, men and women are equally likely to shop for luxury, but in Japan shoppers are predominantly **male**: 64% of Japanese luxury shoppers are men.



- In fast-growing **emerging markets, wealthy consumers are younger**: the average Chinese luxury shopper is 25 and 33% of Brazil's luxury consumers are aged 26-35.
- Although there are more male shoppers in China, this is tipped to change as women gain power. Nearly 60% of Brazil's luxury shoppers are **women**.



Have you met the HENRYs?



**HENRY stands for High Earners
Not Rich Yet, individuals with
incomes of \$100,000-\$249,999**

- The HENRYs are **driving much of the growth in the luxury market**, especially in the US. Although HENRYs have a lower spending limit than ultra-affluents, there are about **ten HENRY households for every ultra-affluent**. In the US alone there are over 20 million HENRYs.
- Although HENRYs might **only buy core product ranges from top luxury brands** like Chanel or Gucci **once or twice a year**, they are an **important segment for less costly products of these brands** (e.g. small leather goods) and a key segment for 'accessible' luxury brands like 'Vera Wang' or 'Tiffany'.
- HENRYs tend to be very **social media savvy**, favour **online shopping** and make the most of discount luxury sites.

5. THE POWER OF PERSONALISATION



Creating my own luxury

- Personalisation has become one of the most important trends in the luxury industry, as luxury consumers look for concepts that allow them to **make a statement about themselves, not about the brand**.
- Consumers will be looking to partner with brands to design personalised products and services, eager to show off their **creative skills to design their own unique and exclusive experiences backed up with the prestige and quality of a brand name**.
- **Technology** will play a **key role** in enabling brands to offer personalised products and services, helping them to better understand what consumers are looking for, what they like and also building a connection that allows both to work together to create the ultimate personalised luxury experience, **making them feel** they are being treated as **valuable and unique individuals**.





Report PREVIEW

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