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## Emerging markets consumers continue to drive luxury market growth

- *France and Italy lead European top performers with currency-boosted growth*
- *Multiple luxury goods companies double sales growth and lead profitability*

**NEW YORK, Moscow, 16 May 2017 -** Emerging consumers markets continue to drive luxury market growth. In China, Russia and the United Arab Emirates, markets that we have categorized as emerging luxury markets, the percentage of consumers claiming to have increased their spending in the last 5 years was 70 percent, compared to 53 percent in the more mature markets (EU, US and Japan), according to the fourth annual Global Powers of Luxury Goods report issued by Deloitte Global.

The report examines and lists the 100 largest luxury goods companies globally, based on publicly available data for consolidated sales of luxury goods in FY2015 (which we define as financial years ending within the 12 months to 30 June 2016). It also discusses the key trends shaping the luxury market and provides a global economic outlook.

"Travel and tourism is still a great growth opportunity for the luxury sector," said **Patrizia Arienti, EMEA Region Fashion & Luxury Leader, Deloitte Global.** "Almost half of luxury purchases are made by consumers who are travelling, either in a foreign market (31 percent) or while at the airport (16 percent). This rises to 60 percent among consumers from emerging markets, who typically do not have access to the same range of products and brands that can be found in more mature markets."

Based on publicly available data, the world's 100 largest luxury goods companies generated sales of US$212 billion in FY2015. The average luxury goods annual sales for a Top 100 company is now US$2.1 billion.

"The essence of luxury is changing from an emphasis on the physical to a focus on the experiential and how luxury makes you feel", said **Vicky Eng, Retail Sector Leader, Deloitte Global.** "However premium quality remains a 'must have' and consumers retain a keen eye for craftsmanship and hand-made products".

**Oxana Kozhina, Senior Manager, Tax & Legal, Deloitte,** said: "Russia's luxury market that stabilised during the last year continues to grow. The key reasons are increased tourist flow (mainly from China), price control and price reduction (in some cases) by retailers as well as increased shopping by Russian consumers who used to buy luxury products abroad. The Deloitte's research also supports the idea that emerging markets (including Russia's) continue to drive global luxury market growth. According to the report, in China, Russia and UAE, markets categorized as emerging luxury markets, the percentage of consumers claiming to have increased their spending was 62% compared to 49% in the more mature markets (EU, US and Japan) in the last 12 months."

**Key findings from the report include:**

- **Luxury goods sales growth up** – sales for the world's 100 largest luxury goods companies grew by more than 3 percentage points in FY2015. Most currencies weakened significantly against the US dollar, which benefited many multinational companies based in other regions who experienced favorable currency effects, driving up reported sales. In the Top 100, only six companies reported double-digit sales decline in FY2015; half of these were jewelers, the product sector which continued to experience volatile demand.

- **Italy is once again the leading luxury goods country in terms of number of companies, while France has the highest share of sales** – with 26 companies in the Top 100, Italy has more than double the number based in France. However, the predominantly family-owned Italian companies are much smaller, with average luxury goods size of US$1.3 billion, which is around a quarter of the average US$5.1 billion luxury goods sales for the French companies.

- **Companies in the multiple luxury goods sector nearly double sales growth** – compared to the previous year and leads profitability, while bags and accessories continues to be the fastest growth sector.

**About the Global Powers of Luxury Goods report**

The Global Powers of Luxury Goods report identifies the world's top 100 largest luxury goods companies based on publicly available data and analyzes them from multiple perspectives. It also examines industry trends and global economic conditions. For the "New luxury consumer" section of the report, Deloitte Global surveyed over 1,300 consumers in 11 countries (China, France, Germany, Italy, Japan, Russia, Spain, Switzerland, UAE, UK and US) to explore their attitudes to luxury goods and their purchase behavior. Full details about the Global Powers of Luxury Goods are available here.

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