Global Luxury Market
The evolving consumer

Vladimir Biryukov, Partner
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Luxury consumer is changing
Impulse is still the **dominant driver** of luxury purchasing decisions. But behind this are additional drivers around **trend**, **routine**, the **change in circumstance** of the high-earning consumer, and (whisper it…) the offer.

…no surprise **women** are still **more inclined** to make **impulsive** luxury purchases than men (41% against 27%)!

*Source: Deloitte UK Survey: The Luxury Opportunity*
Brand awareness on the go

Where do luxury consumers hear about new brands?

Among European luxury consumers, magazines remain the dominant channel for consumers to become aware of new brands – but for the millennials, online is edging ahead.

Half of luxury consumers become aware of new brands when shopping around!

Source: Deloitte UK Survey: The Luxury Opportunity

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Millenials are driving the growth of omni-channel

Where do luxury consumers most often buy luxury products? (UK only)

Online sales account for 6% of the 2014 global personal luxury goods market

There is a clear **generational shift** occurring in luxury goods channel consumption – but the **desire to see and touch** products remains a **key element** of the purchasing ‘value case’.

There are significant variations in penetration of online sales in terms of countries and brands. Country-wise the highest penetration of online sales is in the UK being 11%. Brand-wise, foundational, high-end brands like Dior, Cartier and Chanel, the share of e-commerce is just 3.6%, for aspirational brands like Burberry it jumps to 7.5 percent.

*Source: Deloitte UK Survey: The Luxury Opportunity; McKinsey & Company: Digital Inside: Get wired for the ultimate luxury experience*
Luxury consumers are socially engaged

85% of luxury consumers use social media – each using an average of three platforms and this is not just a Millenials story!

Elder population is almost as active socially online as millenials

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<th>18-35 years old</th>
<th>&gt;65 years old</th>
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<tbody>
<tr>
<td>Number of mobile devices personally used</td>
<td>3.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Weekly time spent on the Internet (excluding professional usage)</td>
<td>15.4</td>
<td>14.7</td>
</tr>
<tr>
<td>Social media usage</td>
<td>97%</td>
<td>71%</td>
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Social media in luxury is predominantly used for ideas generation around trends and new collections – notably in the female consumer. Almost 70% European female consumers are using social media to look for the latest trends and 47% use at trusted comments/recommendations about products.


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Luxury gifting drives spending

How much do luxury consumers intend to spend on premium/luxury gifts for others? (all Europe, Christmas 2014)

The bulk of intended gifting spend is driven from middle aged consumers.

Buying for others is an ancient human trait – and an essential component of luxury consumer’s share-of-wallet…

…but the average luxury consumer still intends to spend more on themselves than others at Christmas!

Source: Deloitte UK Survey: The Luxury Opportunity

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Tourism and luxury go together

Approximately 50% of luxury sales are made to tourists

<table>
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<th>2000</th>
<th>2015F</th>
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<tr>
<td>• Market more balanced between tourist and local consumption</td>
<td>• Huge and hectic role of touristic spending across all geographies</td>
</tr>
<tr>
<td>• Approx. 35% sales made to tourists</td>
<td>• Approx. 50% sales made to tourists</td>
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<tr>
<td>• Mostly Japanese and US touristic shopping going to Europe</td>
<td>• Mostly Chinese touristic shopping</td>
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Chinese consumers now account for 30%+ of total luxury spending globally

Source: Bain & Company: Worldwide Luxury Markets Monitor 2015 Spring Update
The evolving global luxury consumer…

- Makes impulse decisions and finds out about new brands while shopping
- Gets ideas for shopping from internet and social media
- Shops for luxury goods online more and more often
- Enjoys buying luxury products as gifts
- Shops for luxury goods while travelling
Russia within global luxury market

Russia is #11 largest luxury market in the world but stands only for 7% of the largest US market

- #11 largest luxury market
- Declined by 7% in local currency in 2014
- EUR 4.6 bln market in FY2014
- Moscow luxury market is EUR 3.5 bln
- Moscow market is 3 times smaller than Paris

Source: Bain & Company: Worldwide Luxury Markets Monitor 2014. All data on this slide relates to 2014.
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