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25 years in Russia

Global Luxury Market
The evolving consumer

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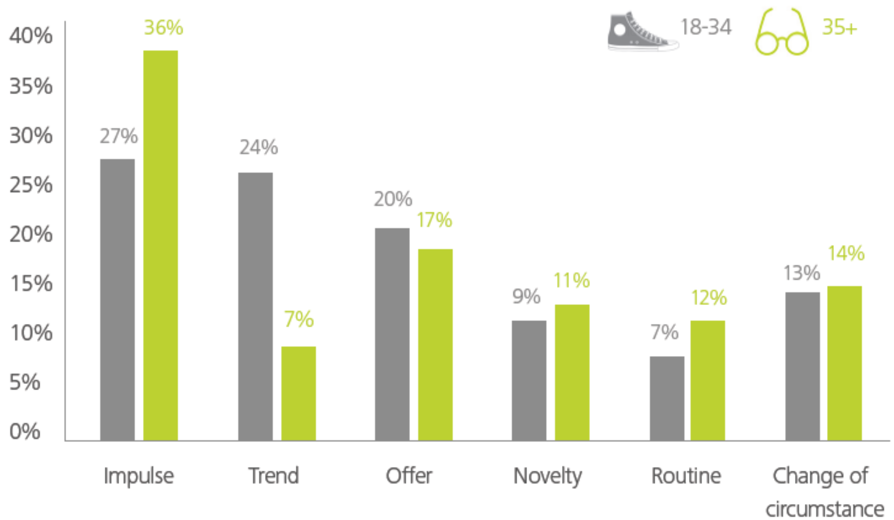
Luxury consumer is changing

Impulse is driving decision

Main reason for purchasing (UK luxury consumers)



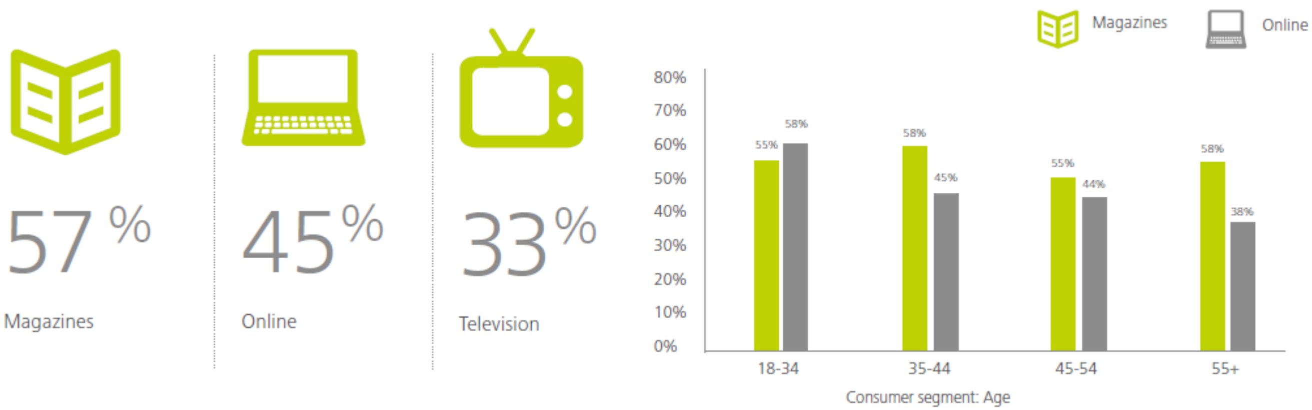
Impulse is still the **dominant driver** of luxury purchasing decisions. But behind this are additional drivers around **trend**, **routine**, the **change in circumstance** of the high-earning consumer, and (whisper it…) the offer.

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

Source: Deloitte UK Survey: The Luxury Opportunity

Brand awareness on the go

Where do luxury consumers hear about new brands?



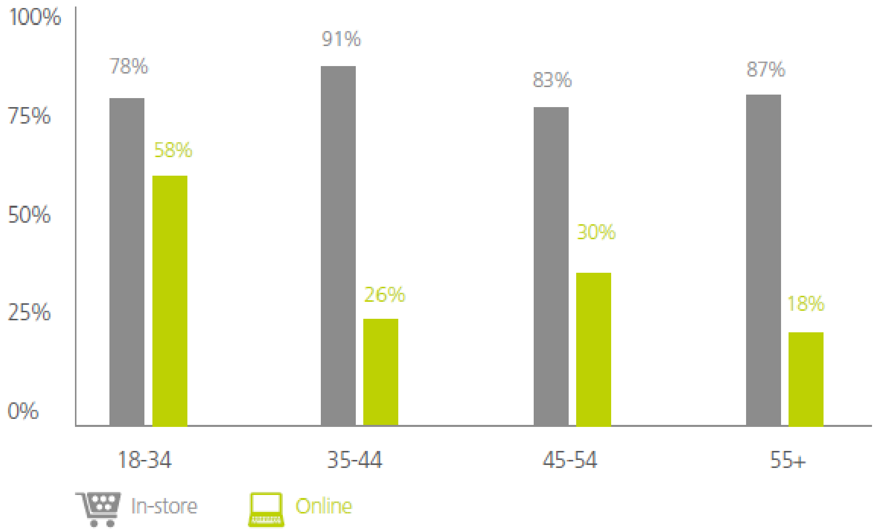
Among European luxury consumers, **magazines** remain the **dominant channel** for consumers to become aware of new brands – but for the **millennials**, **online is edging ahead**.

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

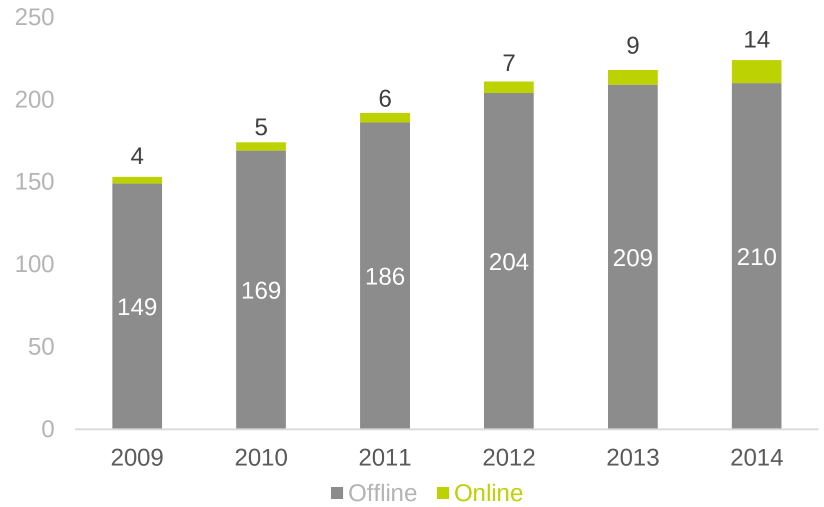
Source: Deloitte UK Survey: The Luxury Opportunity

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

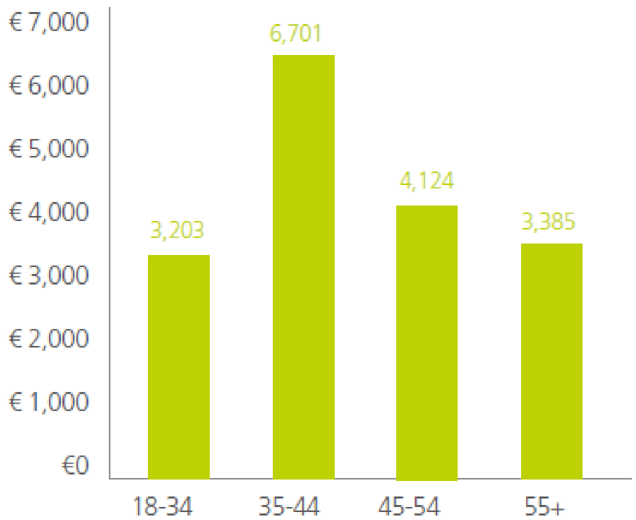
	18-35 years old	>65 years old
Number of mobile devices personally used	3.9	3.2
Weekly time spent on the Internet (excluding professional usage)	15.4	14.7
Social media usage	97%	71%

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.

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

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

Tourism and luxury go together

Approximately 50% of luxury sales are made to tourists

2000	2015F
• Market more balanced between tourist and local consumption • Approx. 35% sales made to tourists • Mostly Japanese and US touristic shopping going to Europe	• Huge and hectic role of touristic spending across all geographies • Approx. 50% sales made to tourists • Mostly Chinese touristic shopping

Chinese consumers now account for of total luxury spending globally **30%+**

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

Enjoys buying luxury products as gifts

Gets ideas for shopping from internet and social media

Shops for luxury goods while travelling

Shops for luxury goods online more and more often

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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