

BAIN - ALTAGAMMA  
LUXURY GOODS WORLDWIDE MARKET STUDY  
FALL 2021 – 20<sup>TH</sup> EDITION

# Luxury is back... to the future

Figures, trends and actions

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BAIN & COMPANY 

 **ALTAGAMMA**  
CREATIVITÀ E CULTURA ITALIANA



# Foreword on content and sources

## Content of this document

- This document contains **an update** on the **luxury goods market**, in particular:
  - Insight to the **performance of the market** for the **first three quarters of 2021**, with expectations for the last quarter
  - **Estimates** for how the luxury market will evolve **beyond 2021**, with related **macro-trends** emerging
  - Bain's **recommendations** for how luxury players can **steer the next phase of growth**

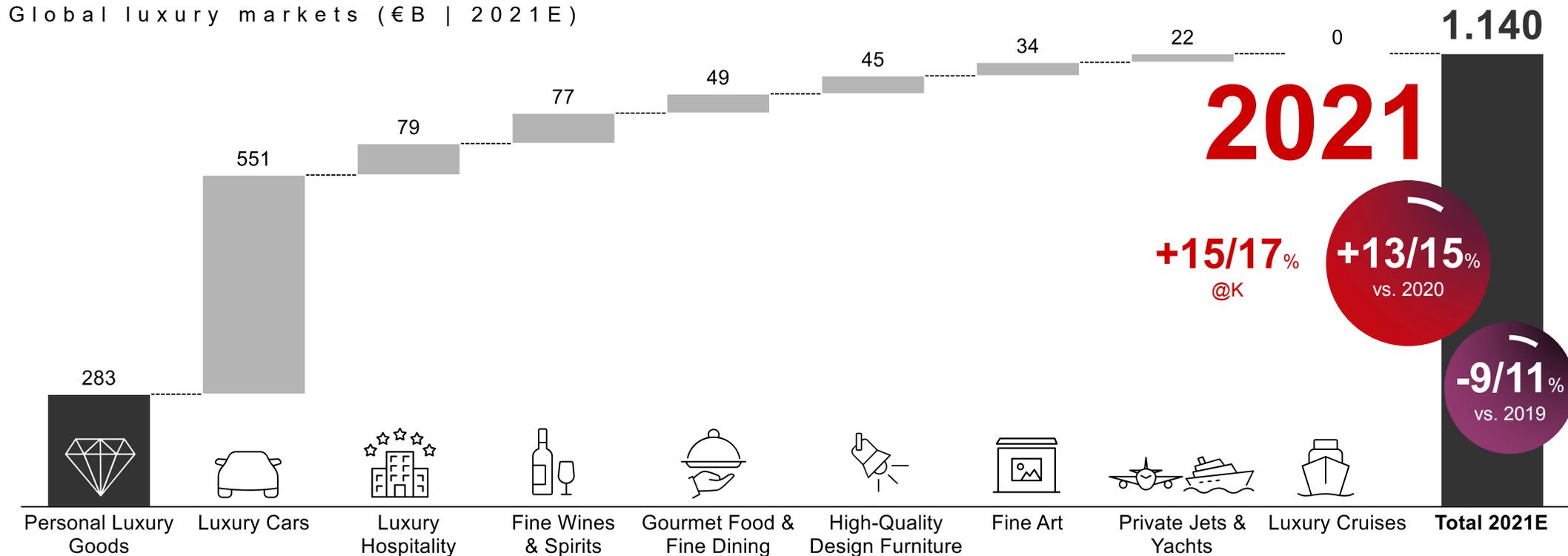
## Sources of this document

- The **insights** are based on **Bain's** triangulation of **information** and **sources**, available as of **November 5<sup>th</sup> 2021** and includes:
  - Data regarding the **outbreak of the Covid-19** and consequential lockdown across countries
  - **Macroeconomic data** (e.g., GDP, consumer confidence index) and the latest **forecasts**
  - **Current trading performance** from relevant luxury industry players
  - Annual **reports**, quarterly **results** and analyst reports
  - **Consensus of 100+ expert interviews**
- The scenarios **do not consider disruptive changes** in Covid-19 **status quo** (e.g., potential future **waves** of Covid-19 related to variations of the virus)

GLOBAL LUXURY MARKETS

# Global luxury markets: shift from experiences to goods compensates half of the gap vs 2019

Global luxury markets (€B | 2021E)



**2021**

**+15/17%**  
@K

**+13/15%**  
vs. 2020

**-9/11%**  
vs. 2019

Year-over-year (YoY) growth, at current exchange rates

| YoY '20-'21E | Personal Luxury Goods | Luxury Cars  | Luxury Hospitality | Fine Wines & Spirits | Gourmet Food & Fine Dining | High-Quality Design Furniture & Homeware | Fine Art | Private Jets & Yachts | Luxury Cruises |
|--------------|-----------------------|--------------|--------------------|----------------------|----------------------------|--|----------|-----------------------|----------------|
| YoY '20-'21E | +29%                  | +7/9%        | +20/22%            | +12/14%              | +8/10%                     | +13/15%                                  | +18/20%  | +1/3%                 | -40/42%        |
| YoY '19-'21E | <b>+1%</b>            | <b>+0/1%</b> | -58/62%            | <b>+0/2%</b>         | -7/9%                      | <b>+6/8%</b>                             | -6/8%    | -6/8%                 | -80/85%        |



## Luxury toys

## Fine art & design furniture

## Food & beverage experiences

## Out-of-home experiences

### Luxury cars

(partially suffering supply scarcity in key components) experiencing **nuanced performance across brands**, with **newcomers entering the game**

### Luxury yachts

continue on **positive tailwind** as customers' interest for intimate **luxury experiences** continues to surge

### Private jets

**rebound** favoured by perceived benefits of **safety, convenience** and **efficiency**

### Fine art

sustained by **reopening of public auctions** and **art fairs**, with **global uncertainty** favouring mid-priced segment over high one, recording **increasing participation** of new (younger) **consumers** and **artists** (Women, Afro-American, ...)

### High-quality design

sustained by **new pivotal role of home**, with **intermingling spaces** between **living and working** fuelling '*resimercial*' solutions

### Wine

brands' **recovery speed** driven by **brand awareness** and recognition

### Spirits

driving market, favored by **increasing interest for "status" spirit** as out-of-home spending turns at-home

### Gourmet food and fine restaurants

experiencing **three-shaped forces at play** driving continued resilience: **pantry-meals** (at home), **ghost kitchens rise** (from 'out-of' to at-home) and **gradual ease of lockdowns** and **revenge conviviality**

### Luxury hotels

recovering through mid-year travel resumption, **favouring digitalization and customization** of experiences as **vital pathways** to capture **evermore demanding consumer**

### Luxury cruises

jeopardized by forced travel halt for first half of year, yet **glimmers of hope** for upcoming seasons given **strong order book**

HIGH-LOW BEST PERFORMING LUXURY MARKETS IN 2021

# Design furniture top performing category due to everything@home trend

## Strong recovery also for wine and spirits and luxury cars

### High quality design furniture & homeware

- **Core high quality design market**, already showing stronger-than-forecasted performance in last quarters of 2020, **continuing on its growth path** sustained by continued refocus of **consumer spending on home**, in particular on Living& Bedroom, outdoor and lighting
- **Intermingling of living and working spaces** fueling the growth of *'resimercial'*, with consumers seeking for **increased comfort, functionality** as well as flexibility in design solutions

### Fine wine & spirits

- **'Revenge conviviality'** sustaining **recovery across segments**
- **Spirits driving market recovery**, mostly on account of:
  - Growth in (local) consumers interest for **Asian spirits** (mostly baijiu)
  - Increasing **interest for "status" spirits**, as **out-of-home spending is shifted at-home**, favoring mostly those categories traditionally lower penetrated by high-end brands (e.g., tequila, rum)
  - Better ability vs. wine brands in **catering interest of younger generations**, leveraging marketing messaging centered around **key topics of interest** (e.g., inclusivity, sustainability)
- In wine, **sparkling** (over-impacted in 2020) **recovering better than other categories**,
  - **Brand awareness and recognition** playing **central role** in defining **recovery path**

### Luxury cars

- Market favored by positive **consumption tailwinds**, yet partially **slowed-down by disruption across the supply chain**
  - **Asia outperforming other geographies**, partially fueled by growth of **local premium players** outpacing traditional European ones in the 'accessible' segment
- (Policy-led) **shift towards green power-trains** continues, although its **long-term financial sustainability at issue**
  - **Niche players** looking at **potential avenues to pool resources** required for investments, today almost fully **prerogative of largest groups**

**+6/8%**      +4/6% @K

**+0/2%**      +0/2% @K

**+0/1%**      +8/10% @K

20-21:      +13/15%

+12/14%

+7/9%

'21E vs. '19 (%)

~€45B

~€77B

~€551B

Market size 2021E (€B)

HIGH-LOW BEST PERFORMING LUXURY MARKETS IN 2021

# Luxury toys, fine art and food (at- and out-of-home) on the path to recover to 2019 levels, with different sub-segment trends shaping growth

## Private jets & yachts

- **Luxury yachts** confirming **positive momentum**, with **growth in deliveries** (partially benefitting from delays occurred in 2020) paired with **sharp growth in order books**
  - **Interest from HNWI surging** in response to **willingness to secure “intimate” luxury experience** for upcoming years and **suspension of social activities**
  - **Growth of market niches** with focus on sustainable solutions (among which hybrid propulsion)
- In **Private Jets, demand stable vs. 2020 levels**, with purchases driven by perceived benefits from target customers related with **safety, convenience and efficiency**
  - Slowdown in used market jets, as availability narrows vs. past years

-6/8% @K

20-21: **-6/8%** +1/3%  
 '21E vs. '19 (%)

~€22B

Market size 2021E (€B)

## Fine art

- **Fine art market rebounding** thanks to gradual **reopening of public auctions** and **art fairs**
  - **Greater growth in medium-priced** segment favored by **global uncertainty** discouraging bids on **high-priced items**
  - **High-end galleries** experiencing progressive concentration through M&A, aimed at **exploiting scale and scope economies**
- **Macro-trends embedded** within **Zeitgeist of today's consumer** (diversity, equity and inclusivity) definitely **stepping into** fine arts
- Increasing acknowledgment of **NFTs** among **younger gens** and **segment fanatics**, yet still uncertain **potential impact on broader market**

-5/7% @K

-6/8% +18/20%

~€34B

## Gourmet food & fine dining

- Driven by dichotomic impact of pandemic outbreak in 2020, **luxury food** market showing significant difference in growth rates within its components
  - **Fine restaurants** (sharply impacted last year) showing significant rebound as **lockdowns eases**
  - **Gourmet Food continuing on its mild growth path**, although at lower rate vs. previous year
- **“Pantry meals” tapping** into the **luxury space**, as **consumers familiarity** with at-home cooking is raised significantly, with side benefits on **specialized appliances**
- **Ghost kitchens** serving food-delivery market **engaging into the luxury segment**

-7/9% @K

-7/9% +8/10%

~€49B

# Experiences still significantly below pre-pandemic levels, jeopardized by restrictions to international travel

## Luxury hospitality

- **Luxury Hotel market recovering at good pace starting mid-Q2**, favored by progressive increase in **occupancy rates**
  - **Chained hotels outpacing independent ones**, favored by higher ability to adapt to **shifting consumers' needs**
  - Brand and/or **chain-level offer standardization** deemed **no longer valid** as adaptation to consumers sought for customization and service tailoring proved to be vital to accelerate recovery
- **Surge in property digitalization** to satisfy needs of **younger generations** and favor **process automation** and **contactless interactions**

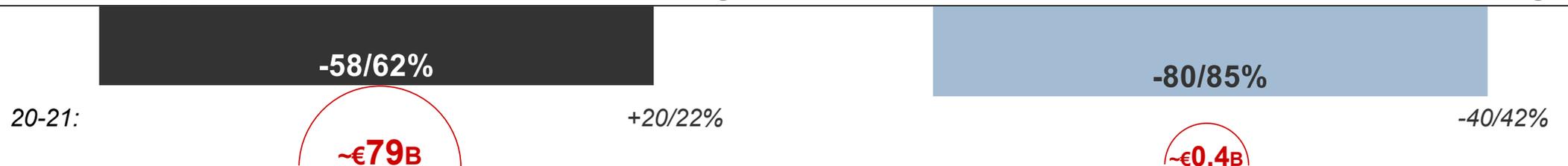
## Luxury cruises

- Sharp impact of COVID-19 on cruises market **lasting throughout the year**, with cruising companies forced to **cancel travels until Q3**
  - Players **delaying vessel investment** and working at debt restructuring to **sustain short-term cash needs**
- Nonetheless, **order book for 2022 is approaching 2019 levels**, with consumers signaling **strong interest for luxury experiences that will likely drive accelerated market recovery in future years**
  - **Expedition segment** expected to grow **above traditional cruises** also in future years

'21E vs. '19 (%)

-56/60% @K

-80/85% @K

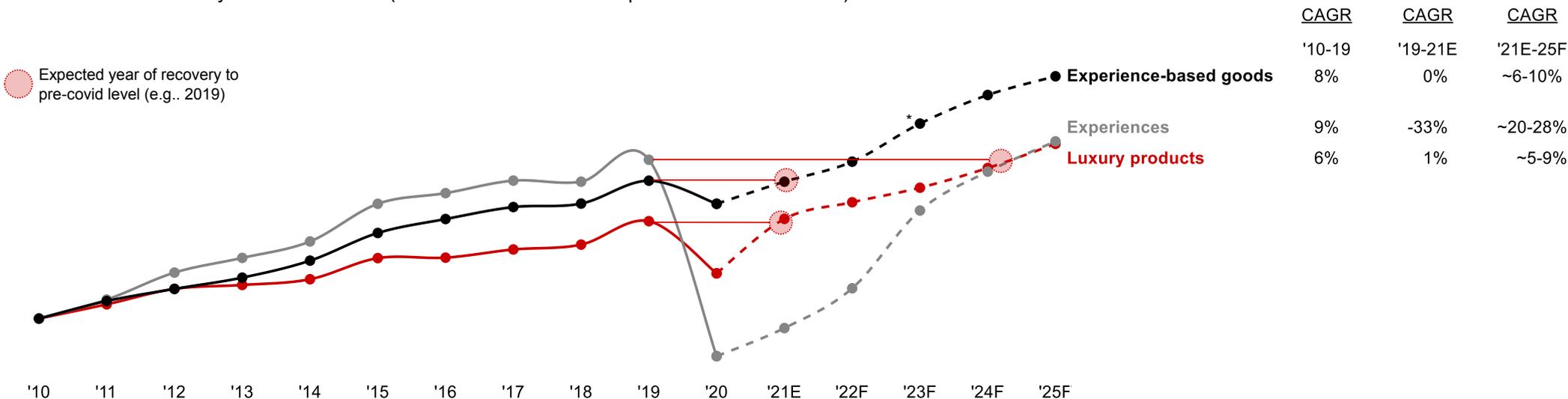


Market size 2021E (€B)

GLOBAL LUXURY MARKETS

# Consumers overindulged on **products**, but the **willingness to go back to experiences** is at an all-time high

Global Luxury markets (Index = 2010 | 2010-2025F)



## Experiences

Experiences disproportionately impacted, will be last to recover as strongly dependent on revamp of touristic flows and business travel

## Experience-based goods

Experience-based goods almost fully recovering to 2019 levels, favored by positive consumer traction across categories

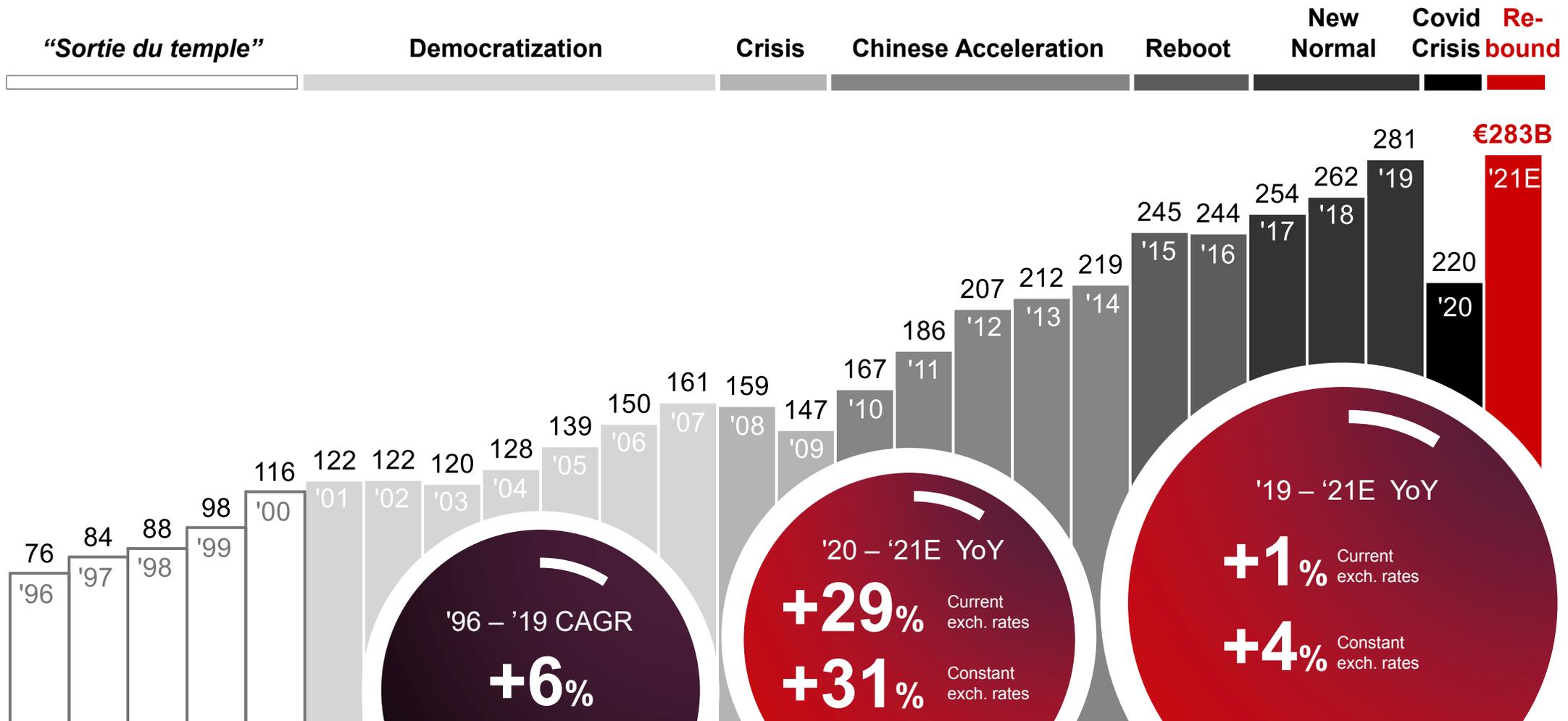
## Luxury products

Products first to recover 2019 levels, driven by earlier onset of ease of restrictions

Note: At current exchange rates; Luxury products include High-quality design furniture and Personal luxury goods; Experience-based goods include Fine Art, Luxury cars, Private Jets and Yachts, Fine Wines & Spirits and Gourmet Food; Experiences include Luxury hospitality, Cruises and Fine dining; (\*) 2023 acceleration driven by (hoped) end of supply chain disruption in cars market

THE PERSONAL LUXURY GOODS MARKET

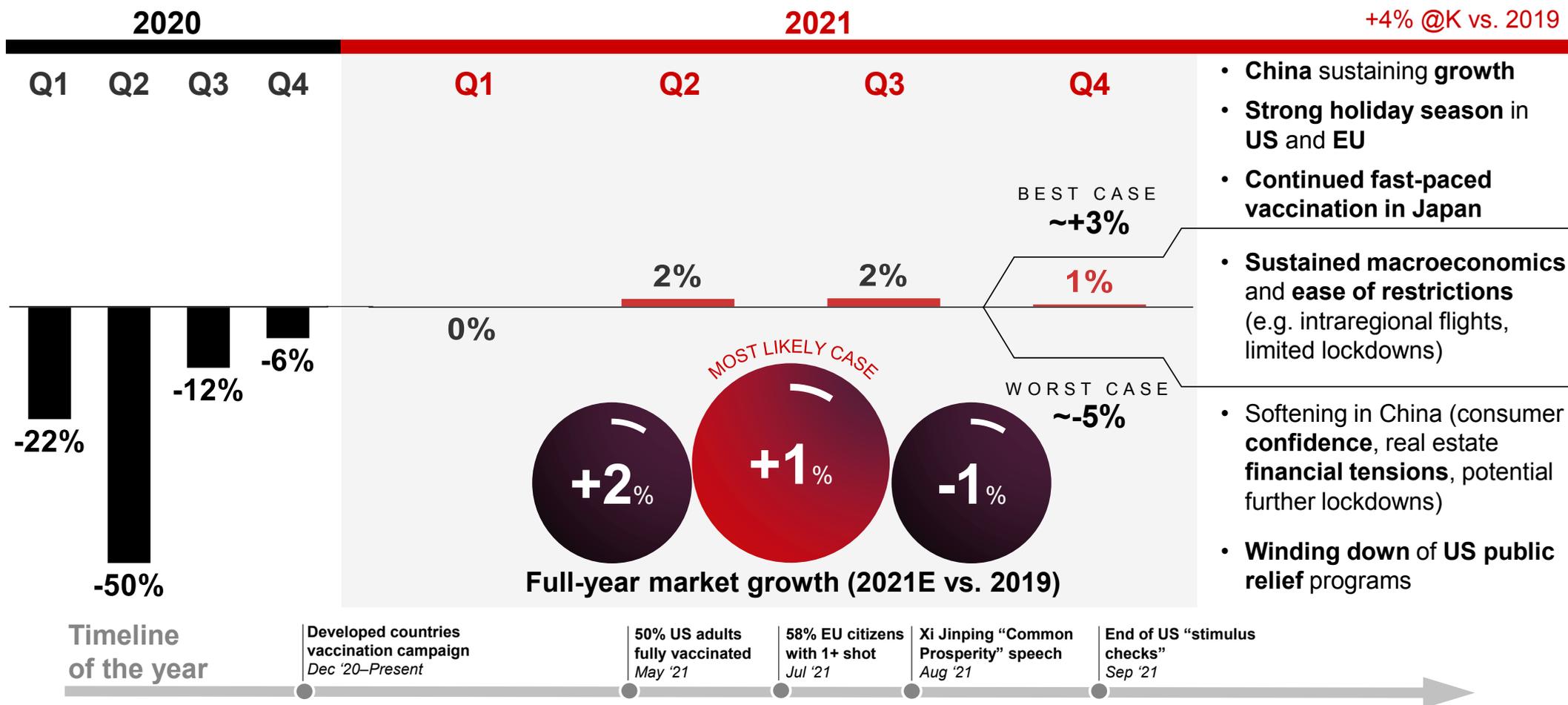
After its worst dip in history, the **personal luxury goods market** experienced a **V-shaped rebound** in 2021



THE PERSONAL LUXURY GOODS MARKET

# Market constantly improving from Q3 20; Some uncertainty on next holiday season remains

Personal luxury goods market evolution by Q (% | vs 2019)



+4% @K vs. 2019

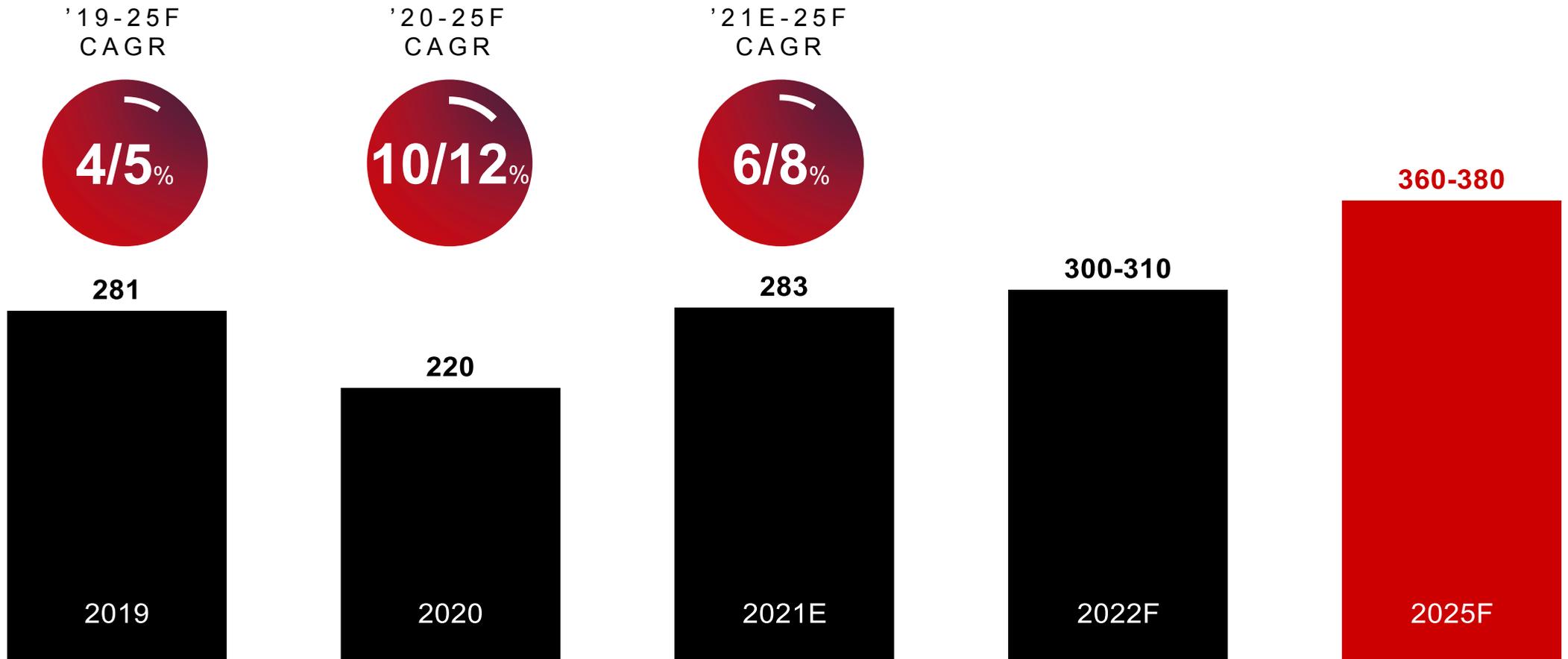
- China sustaining growth
- Strong holiday season in US and EU
- Continued fast-paced vaccination in Japan
- Sustained macroeconomics and ease of restrictions (e.g. intraregional flights, limited lockdowns)
- Softening in China (consumer confidence, real estate financial tensions, potential further lockdowns)
- Winding down of US public relief programs

Note:@K: growth at constant exchange rates

THE PERSONAL LUXURY GOODS MARKET

# 2021 rebound as a **strong predictor** of healthy growth of the luxury market in the midterm

Personal luxury goods market evolution (€B | 2019–2025F)



# 2021

the first year of  
the new luxury  
“twentennial”

After 20 years of large expansion and deep evolution, Covid-19 has fast forwarded and anticipated some of the key changes for the next 20 years of global luxury market

## Changed fundamentals

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Morphing  
Luxury map

Local as new  
normal

Nextgen is  
now

## Multifaceted behaviors

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Customer  
of the  
future

Touchpoints  
over  
channels

New cycle  
of desire

Extended  
product  
lifetime

## Polarized paradigms

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Clear  
overperformance  
drivers

Consolidating  
universe, yet with  
small rising stars

Full recovery  
of profitability

# 2021

the first year of  
the new luxury  
“twentennial”

After 20 years of large expansion and deep evolution, Covid-19 has fast forwarded and anticipated some of the key changes for the next 20 years of global luxury market

## Changed fundamentals

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### Morphing Luxury map

China and Americas lungs of the market, ramifying into many new alveoli/luxury locations

### Local as new normal

Luxury gone local, with big opportunities to accelerate /recovery ahead

### Nextgen is now

Strong demographic shift leading to renewed customer base

## Multifaceted behaviors

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### Customer of the future

New personas, updated values, proactive engagements

### Touchpoints over channels

Distribution ecosystem at a point of no return

### New cycle of desire

Product winning over brands winning over categories

### Extended product lifetime

Boom of second-hand luxury

## Polarized paradigms

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### Clear overperformance drivers

Long standing focus on local customer globally, presence in Asia, multi-touch and price value proposition

### Consolidating universe, yet with small rising stars

Increasing market concentration, yet with small players explosion thanks to new values and consumption patterns

### Full recovery of profitability

EBIT % back to 2019 thanks to 2020 efficiencies and sales rebound

# China doubling and Americas booming; Europe and Japan still in recovery mode

## M. China

- **Strong** cross-category, generation and price **growth**
- After **softening in Aug-Sept**, consumption re-started **strong in October** despite **scattered lockdowns**
- **Hainan** the key **touristic luxury hub**

**+97%**

20-21: +36%

Growth at constant exchange rates +97%

'21E VS. '19 (%)

€60B

## Americas

- **Solid rebound**, **polarized** between **entry prices** and **top items**
- Strong market share shift towards **European brands**
- **Evolving luxury map**: **new cities** emerging, **large cities** back and persisting **suburban areas**
- **Blasting Brazil**

+41%

+13% @K

+6%

€89B

## RoW

- **Middle East very strong** throughout markets (with **Dubai** and **Saudi Arabia** leading growth)
- **Struggling Australia** which only recently reopened (after months of lockdowns)

+34%

+11% @K

+4%

€12B

## Japan

- **Local consumptions** impacted by the **slow vaccine** adoption
- **Fukuoka** emerging as **rising star**
- **Continued focus** for **large established** brands, with few **exceptions** intercepting the next gen of customers

+10%

-12% @K

-17%

€20B

## Europe

- **Local consumptions** strong everywhere
- **Some tourist bounce back** over the summer (i.e. Middle-Eastern and American)
- **London (and UK)** **suffering** the most, while **Russia** **championing** thanks to strong **repatriation**

+20%

-19% @K

-20%

€71B

## Asia

- **Weak Hong Kong** (ongoing **network review**) vs. **mixed play** in **Taiwan** and **Macau**
- **S. Korea back to 2019 levels: full repatriation** of local customers over-compensate lack of tourism
- **SEA** still **suffering** lack of tourism

+19%

-25% @K

-25%

€32B

LOCAL AS NEW NORMAL

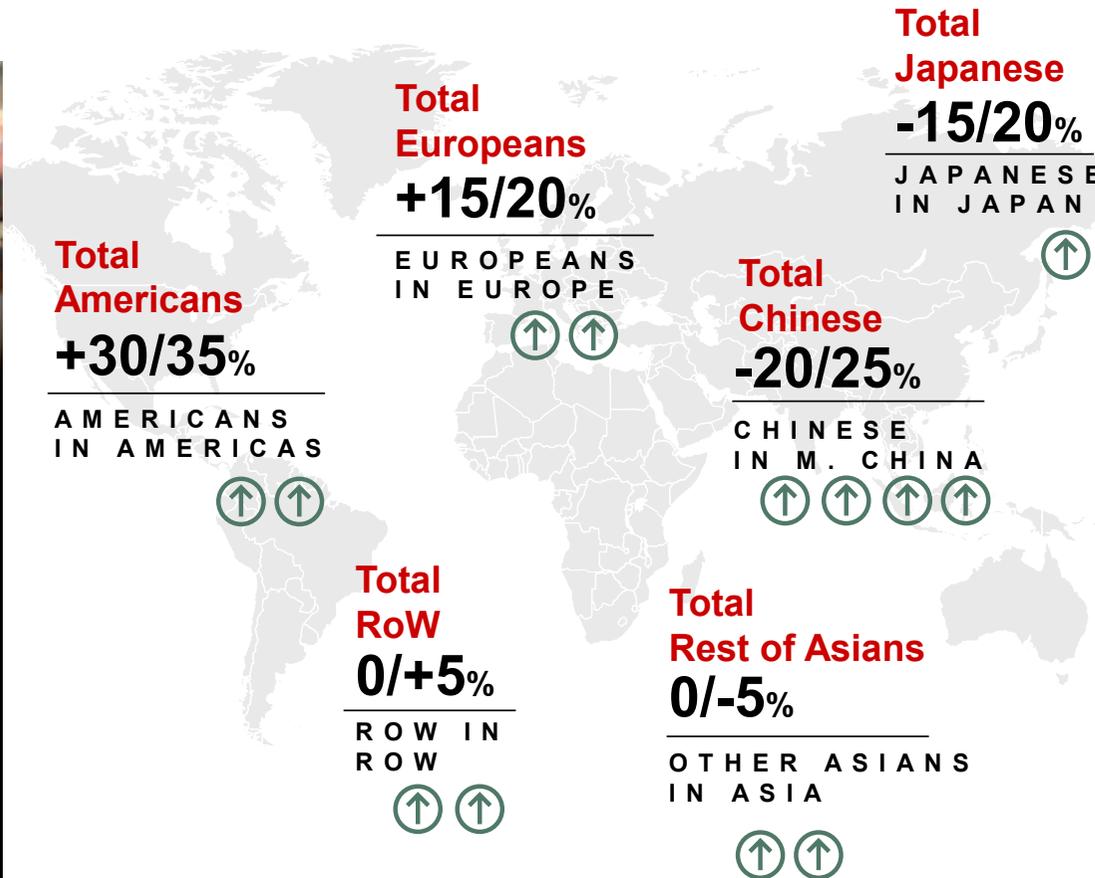
# The market is local, locally driven and increasingly sub-urban in 2021

## Personal luxury goods – Growth in luxury spending by nationality

(% | 2019 – 2021E)

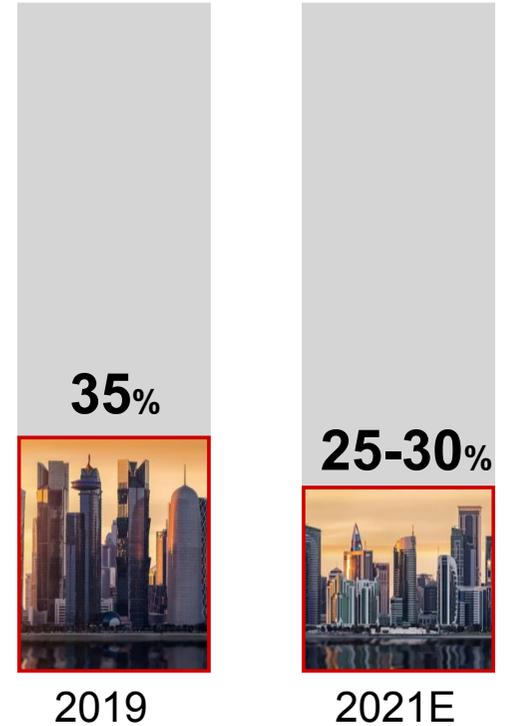


**'19 – '21E**  
Locals  
**+50/60%**  
Tourists  
**-80/90%**



## Top 10 cities relevance

(% | 2019 – 2021E)

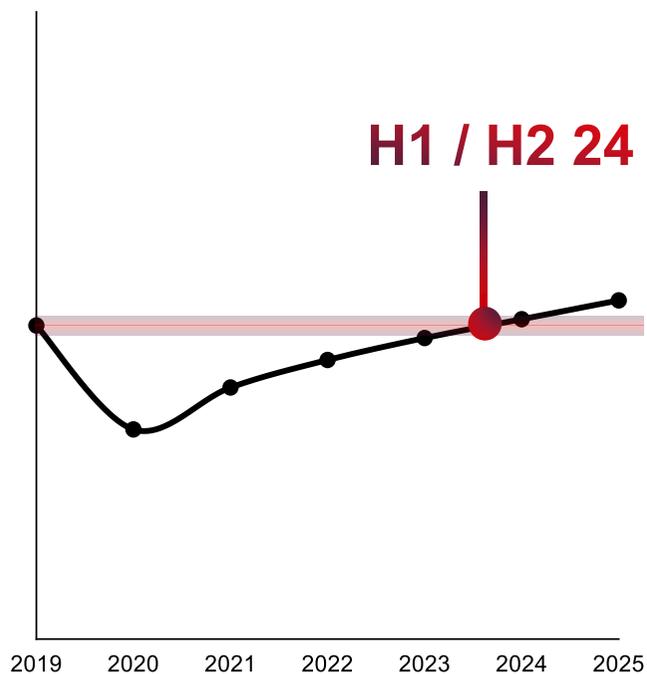


LOCAL AS NEW NORMAL

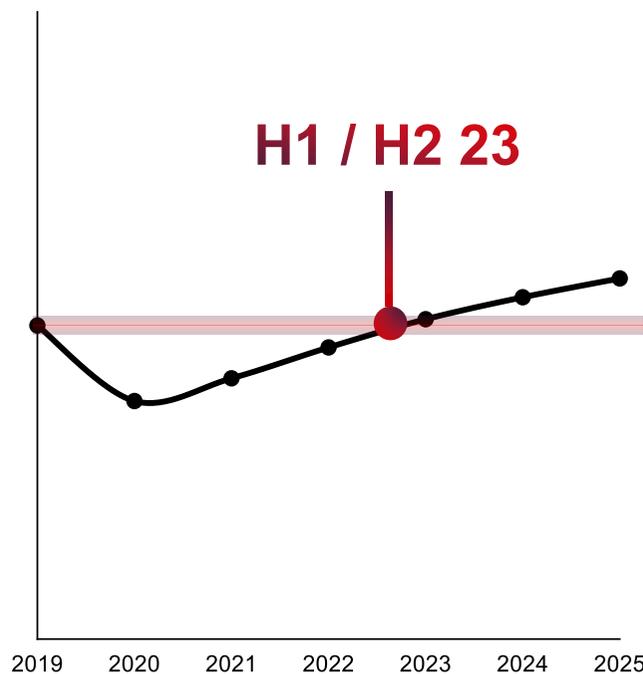
# Awaited great recoveries: Chinese customers will be back by 2022-23; Japan by 2023 and Europe in 2024

Recovery Curves (market value indexed 2019 | 2019-2025F)

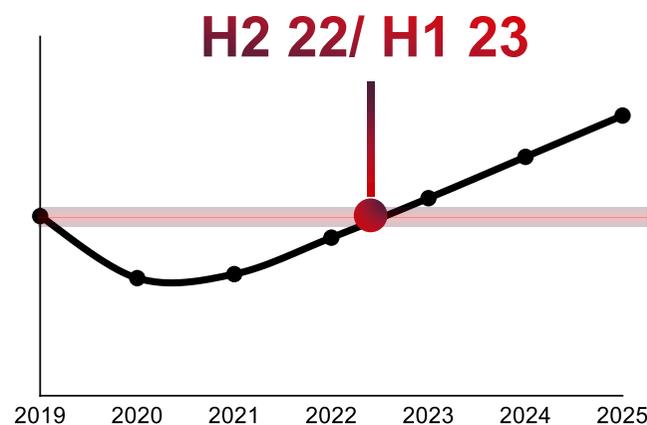
## Europe Region



## Japan Region



## Chinese Customers worldwide



Locals:



Tourist flows:

(expected resume)

Within Asia

H2 22

Global:

H2 23 / H1 24

↑ → ↓ REAL TERM TREND '19-25F

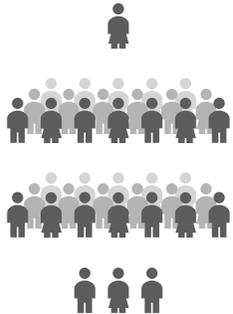
# Some of the consumption fundamentals of China will go through change

## Common prosperity potential impacts on luxury

### >>> TAILWINDS

**Acceleration of middle class and consumption upgrade**

Persistent strong **demand**

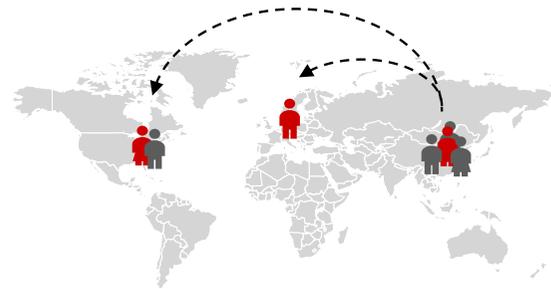


*The policy has the goal to build an olive-shaped society*

### QUESTION ? MARKS

**Showing status** (role of logo and aesthetic in product, role of KOL)

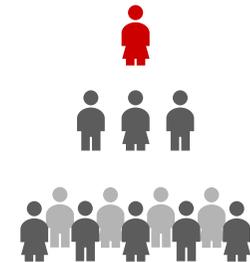
Consumption **localization** (local or abroad)



### HEADWINDS <<<

**Pressure on uber-wealth**

**Delayed spending** given current uncertainty



Note: KOL = Key Opinion Leader

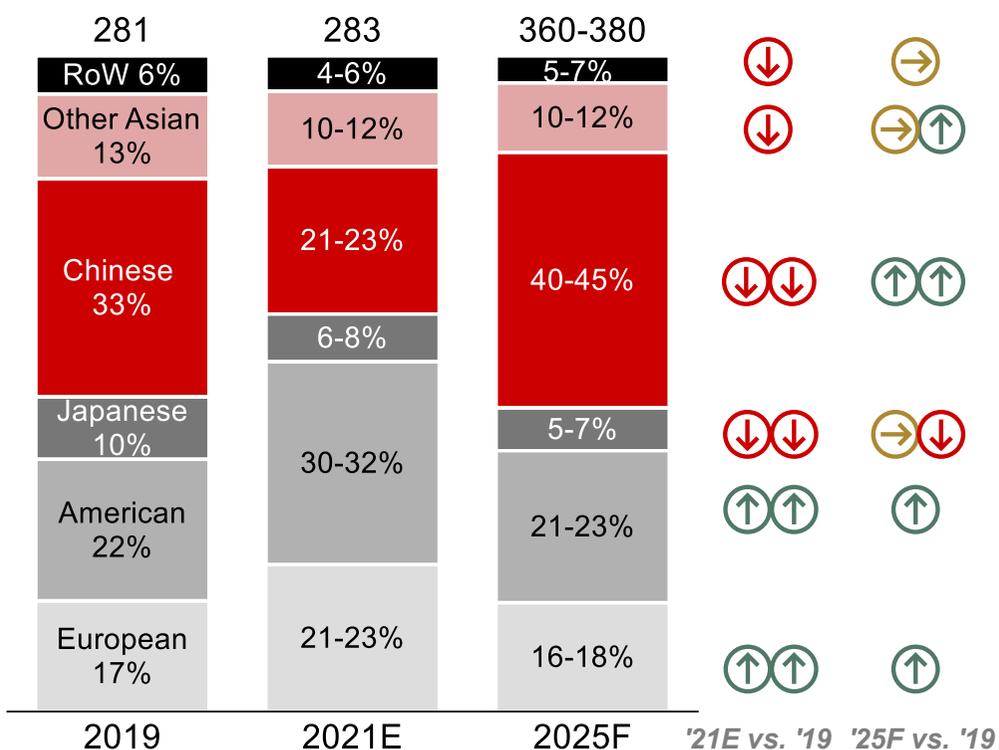
**Luxury brands can secure (common) prosperity, but they will need to challenge (and adapt) their strategy**

LOCAL AS NEW NORMAL

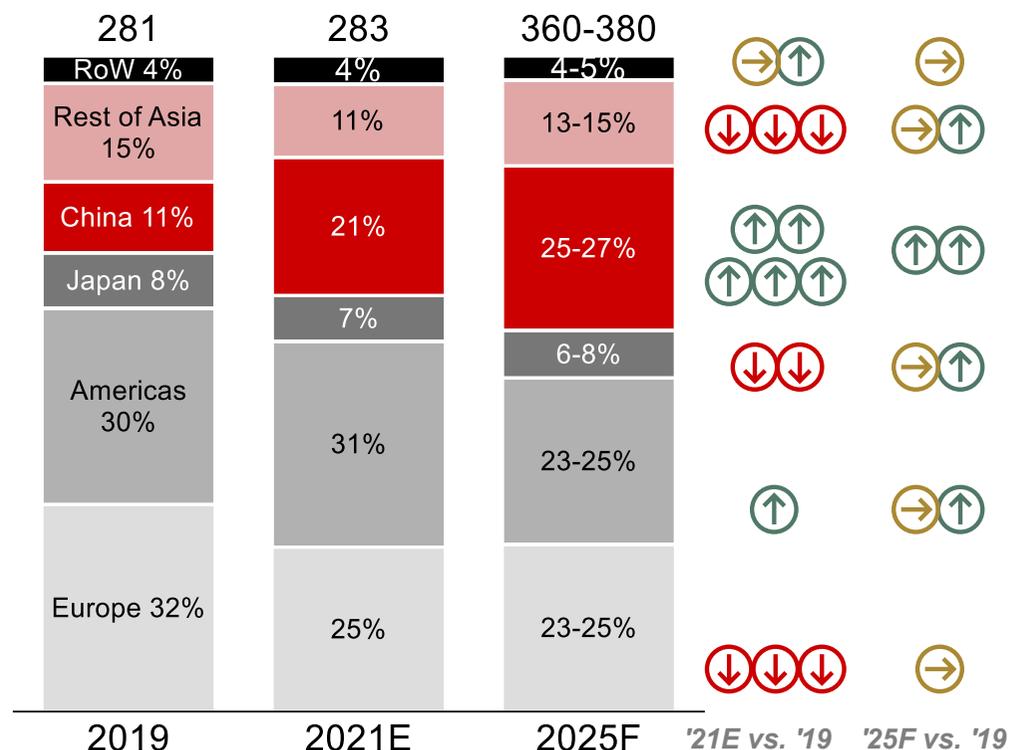
# 2021 confirms China's growing importance in luxury; bright evolution for European and American customers

Personal luxury goods market (€B | 2019-2025F)

## By customer nationality



## By geography



Note: RoW = Rest of the World

↑ → ↓ REAL TERM TREND '19-'21E & '19-'25F

NEXT GEN IS NOW

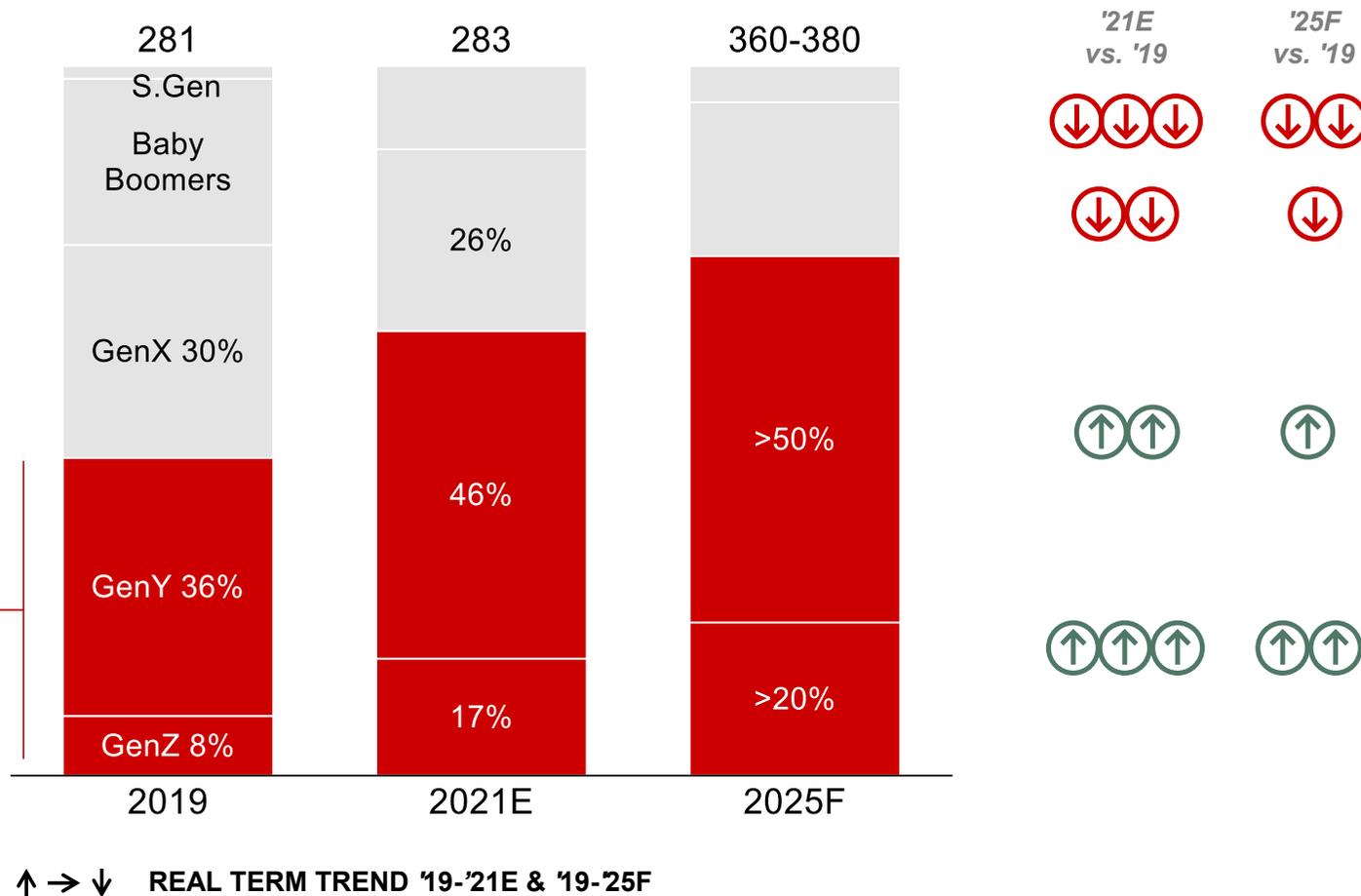
Sustained acceleration of “under 40” in 2021, still main drivers for growth up to 2025

GenY and GenZ expected to contribute

**~180%**

of the total growth from 2019 to 2025F

Personal luxury goods market by generation (€B | 2019–2025F)



NEXT GEN IS NOW

# Two complementary forces fueling luxury during Covid: strong renewal of customer base and top customer growth

## Renewed customer base 2019-2021

Lost consumers

Mostly in 2020 due to COVID crisis

Older gens permanently leaving the luxury market

New consumers



In 2021

**~30%** of new customers that entered the market since 2019

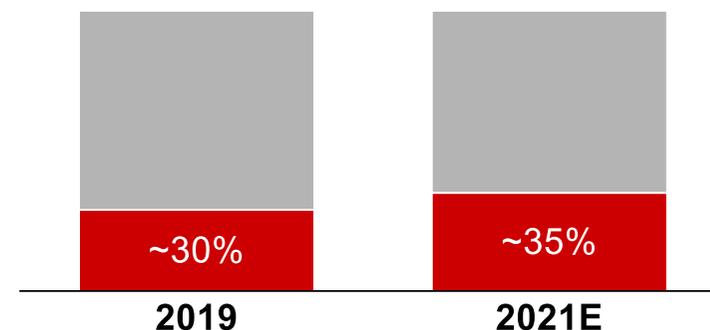
Accounting for

**~25%** of the Personal Luxury Goods market

Note: \*UHNWI = Ultra-High-Net-Worth Individual

## Top customer base 2019-2021

UHNWI\* incidence on total market  
(€B | 2019-2021E)



TREND '19-'21

#UHNWI



Avg. spending

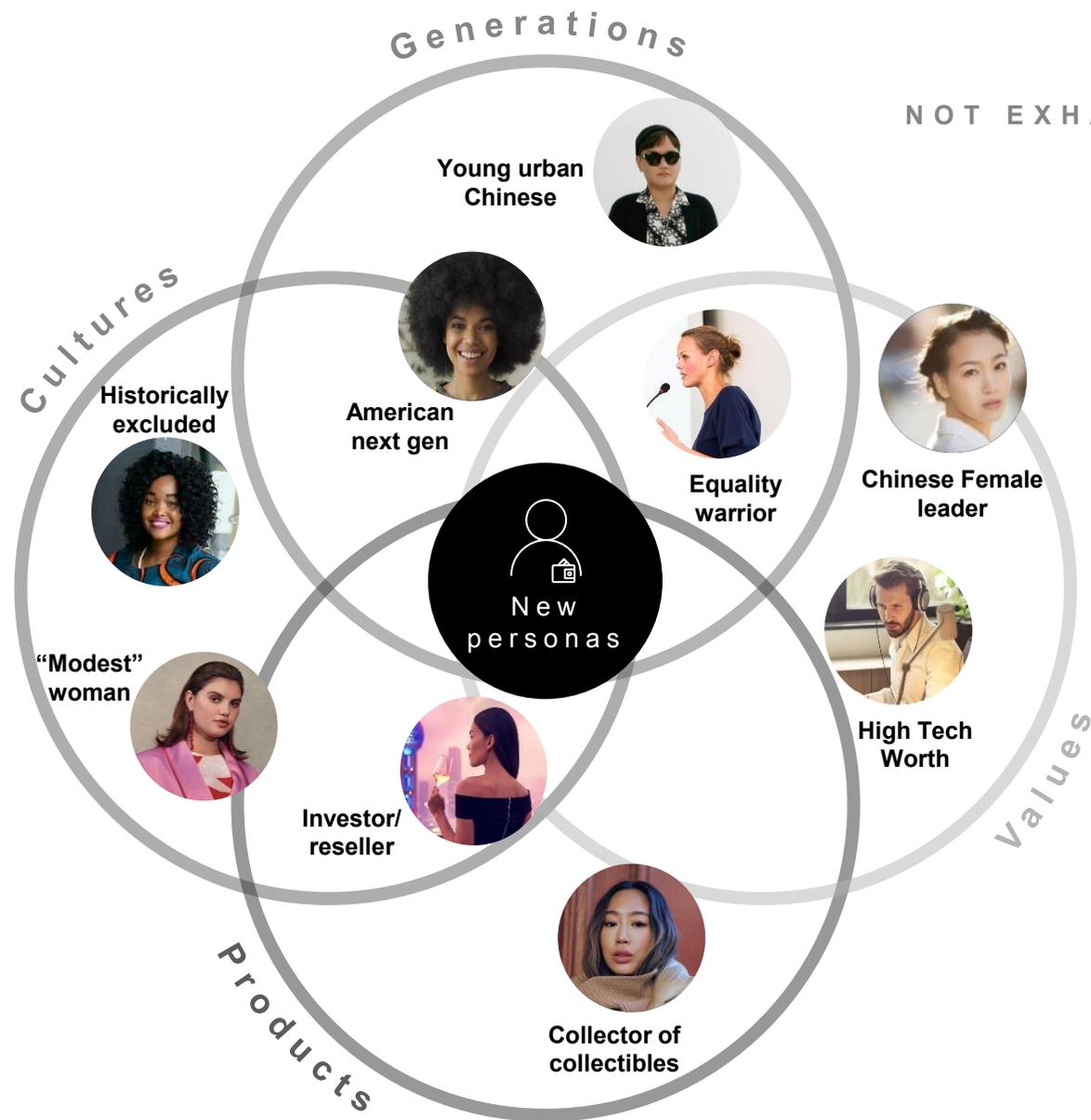


CUSTOMER OF THE FUTURE

Within this shift, **new luxury-relevant personas** are establishing as key targets for the industry

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Ever more complex customer map calling for proactive management



# Cultural relevance and evolving values ask for new value-creation model in customer engagement

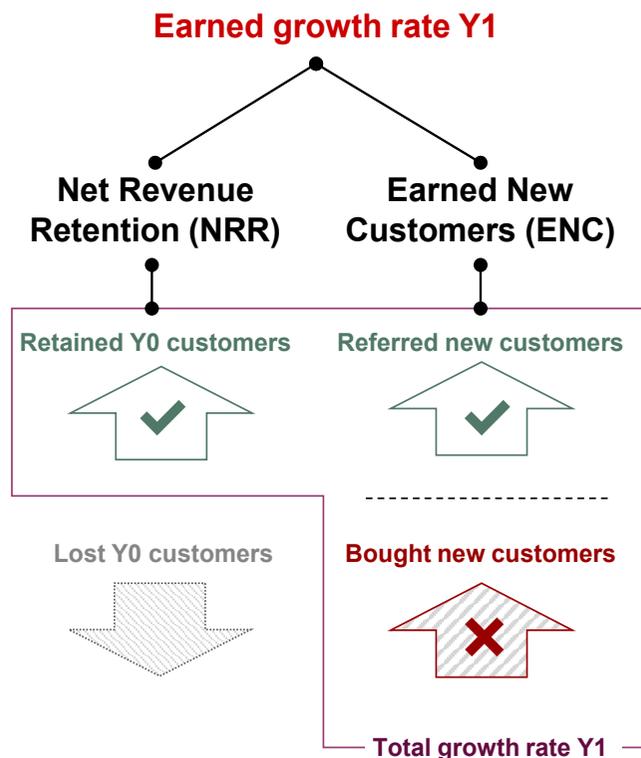
## New value creation model

High tech & high touch



## New KPIs to track

Earned growth rate



## ...and clear positive results

Churn rate reduction

(engaged vs. non-engaged customers with personalization and human touch)

20% Lower spenders

30% Mid spenders

80% Top spenders

Customer value growth

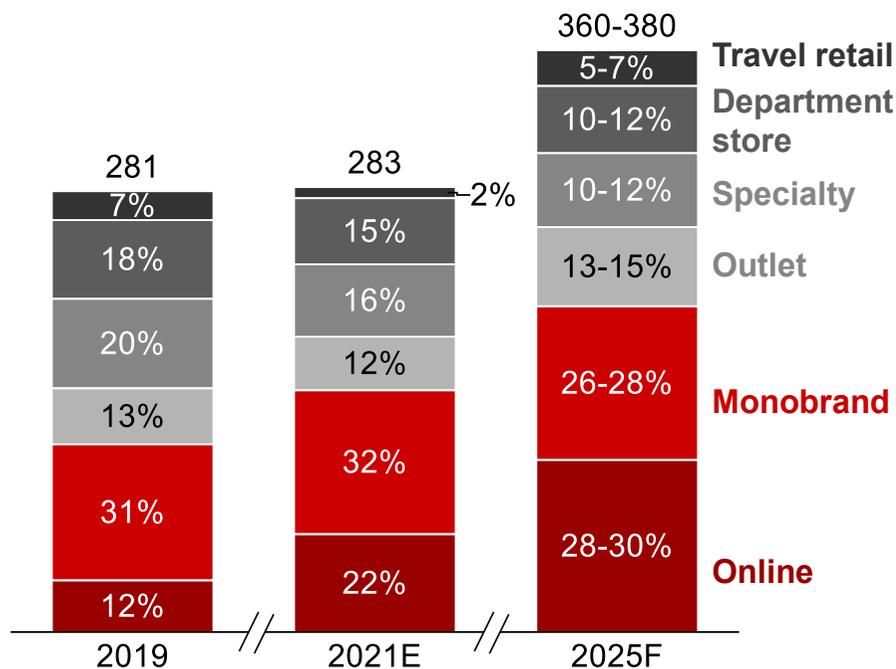
(engaged vs. non-engaged customers with personalization and human touch)

up to 3x more likely to increase spending level (by +50%)

TOUCHPOINTS OVER CHANNELS

# Online and monobrand, the key channels for 2021 recovery, will lead the mid term growth of the industry

Personal luxury goods market by channel (€B | 2019-2025F)



Delta '19 - '21E      CAGR '19 - '25F

|                  |      |       |
|------------------|------|-------|
| Travel retail    | -61% | ↑     |
| Department store | -16% | ↓     |
| Specialty        | -19% | ↓     |
| Outlet           | -5%  | ↑     |
| Monobrand        | +6%  | → ↑   |
| Online           | +89% | ↑ ↑ ↑ |

## 2021...

- Jump of directly operated channels, with online and monobrand positively growing
- Outlets recovering (eased restrictions) but still lagging
- Department and specialty stores regaining (local) footfall yet behind 2019 levels

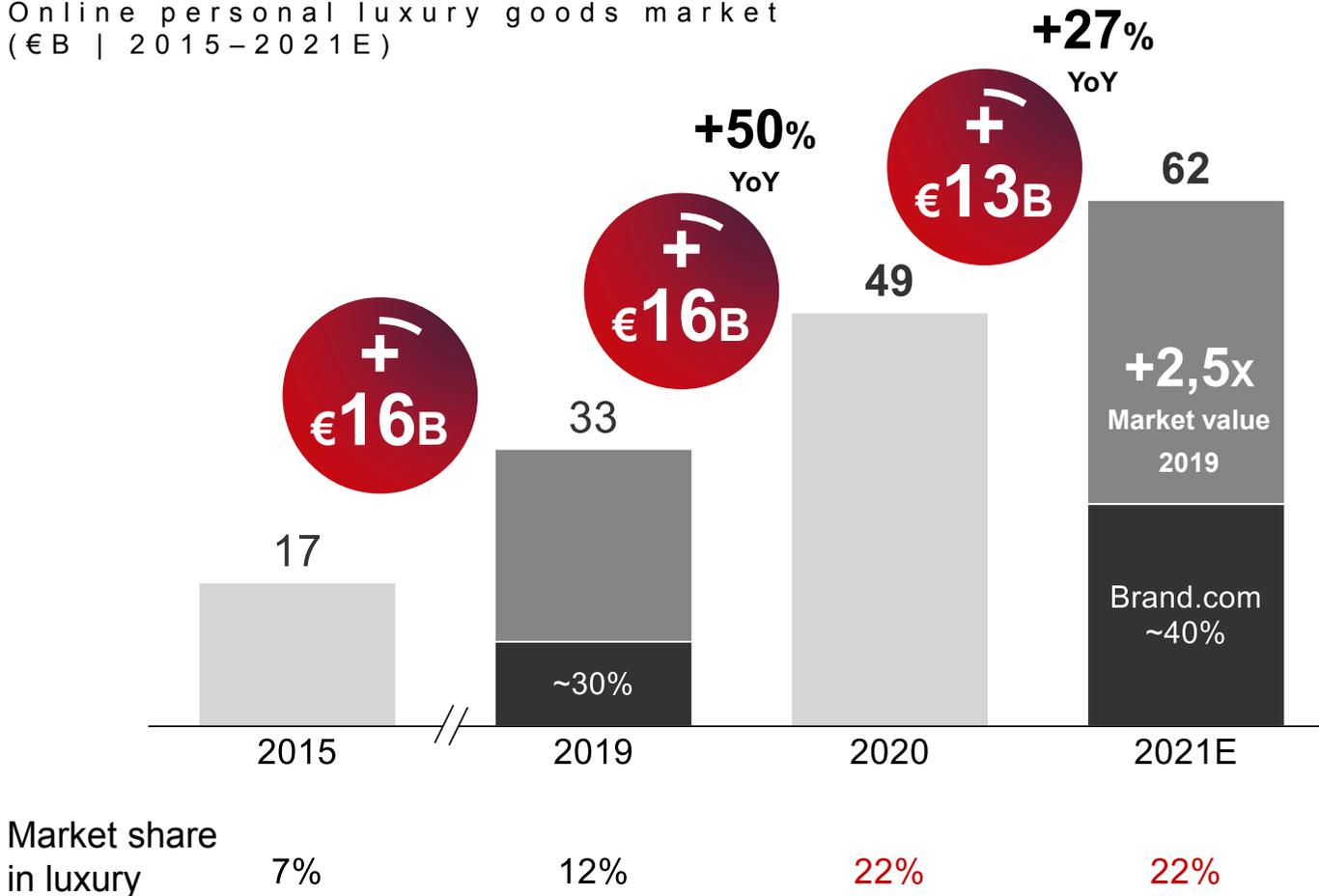
## ...and beyond

- Further focus on retail across channels
- Online on track to be #1 channel (also with virtuous omnichannel circle)
- Monobrand still key, yet to be rethought in phygital ecosystem (format / size / location)
- Outlets relevant for value-driven purchases and Chinese middle class
- Survival of the fittest for department and specialty stores
- Travel retail back to historical levels

TOUCHPOINTS OVER CHANNELS

# Online alone almost doubling its size in 2 years; overinvestments in brand.com paying off

Online personal luxury goods market (€B | 2015-2021E)



Online with dual role of widening reach (e.g. to 3<sup>rd</sup>+ tier cities / suburban areas) and supporting cross-channel sales

Over-investments in Brand.com paying off, together with capitalized omnichannel and tech-enabled sales

Accelerated adoption with new online customers across generations (previously would not have considered)

Increasing e-concession adoption

Leather goods, sneakers and skin care still top categories

TOUCHPOINTS OVER CHANNELS

# From channel to touchpoint ecosystem: redefining role of channels through upgraded competences and KPIs

YESTERDAY'S ROLE

## Proximity



Touchpoint as a point of sale

KPI

Sales / POS

Sales / SQM

TOMORROW'S ROLE

## Brand booster



Touchpoint as media investment

*Customer funnel*

Awareness / consideration

(digital) Traffic

**85%+** Online influenced purchases

## Omni Enabler



Touchpoint as a commercial facilitator

Conversion

Transactions

**50%+** Digitally enabled purchases  
**10%+** Store-enabled online purchases

## Customer explorer



Touchpoint as service to a catchment area

Loyalty

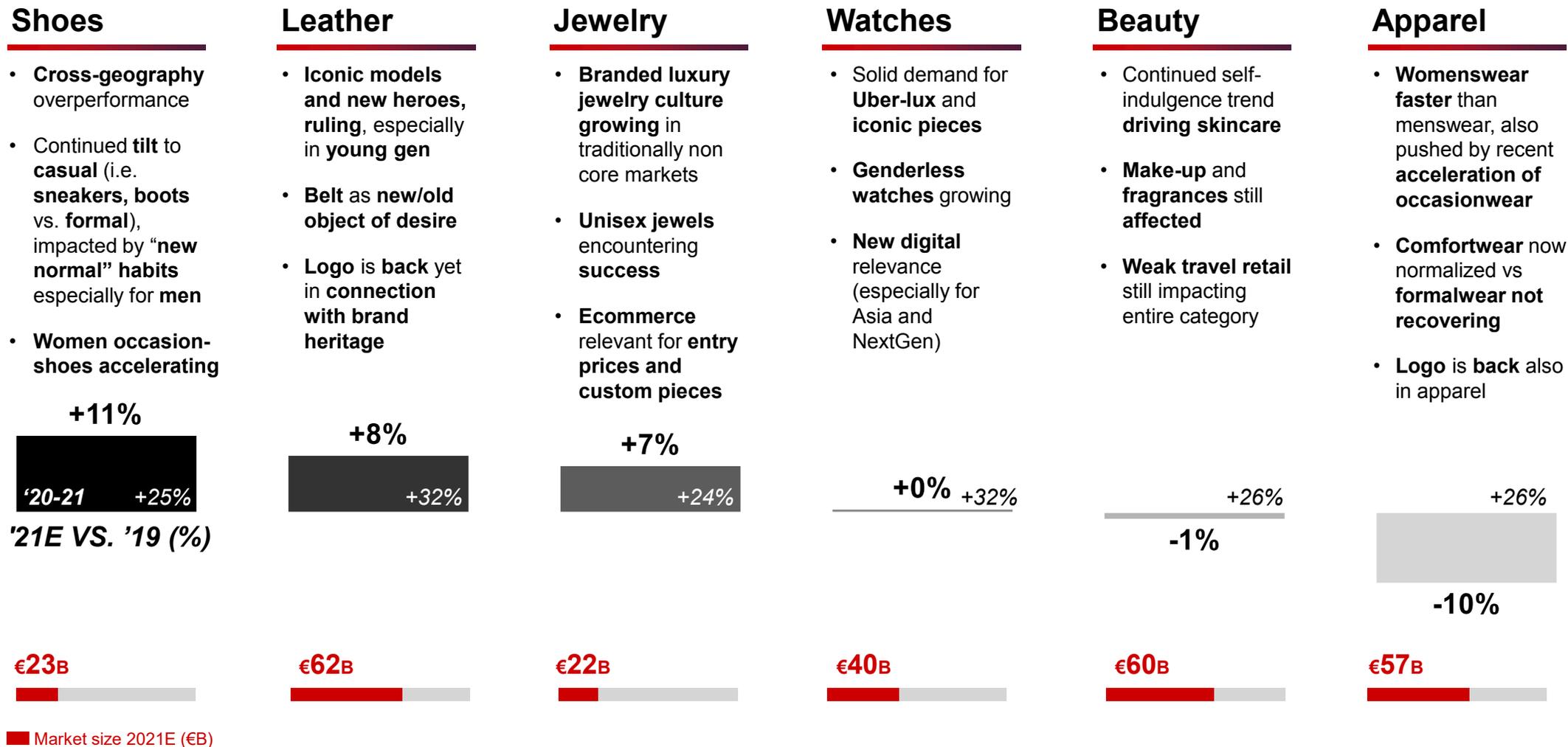
Engagement

**30%+** Remote selling in 2021

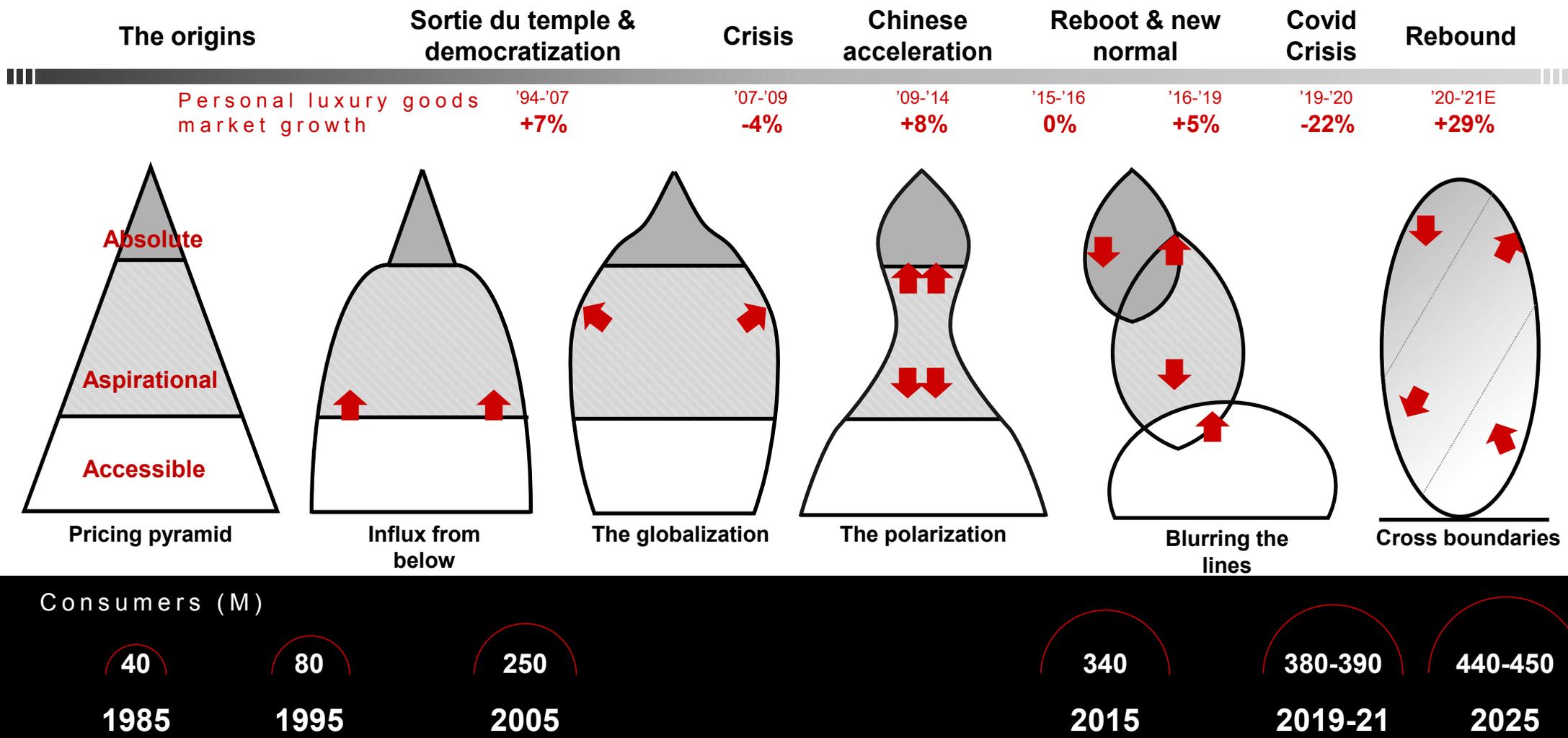
**New capabilities, competences and talents required to provide seamlessly integrated experience across touchpoints**

NEW CYCLE OF DESIRE

# Best-performing categories of 2020 are already beyond 2019 in 2021, watches and beauty on par, apparel still lagging



# Traditional market segmentation lost relevance: now brands are multi-price point to answer to different customer (needs)



# New cycle of desire: luxury post-consumerism?



## Brands before icons

Brand obsession, purchasing width and fragmentation

## High vs. Low

Exclusive creativity, simplification in the entry offer

## Logo as badge of wealth

Achievement and success in life

## Icons (and heroes) before brands

Recognizability obsession, purchasing polarization and concentration

## High to low

Inclusive creativity regardless of price positioning

## Logo as badge of values

Self expression, Sustainability, DEI\*\*, ways of looking at the world

BRANDS WITH A TIMELESS ICON\*

In 2021 overperform reference market by **2x+**  
*in leather goods and watches*

UBER LUXURY ENTRY PRICE

|             | 2018 | 2021E |
|-------------|------|-------|
| UBER LUXURY | ~15% | 20%+  |
| ENTRY PRICE | ~25% | 30%+  |

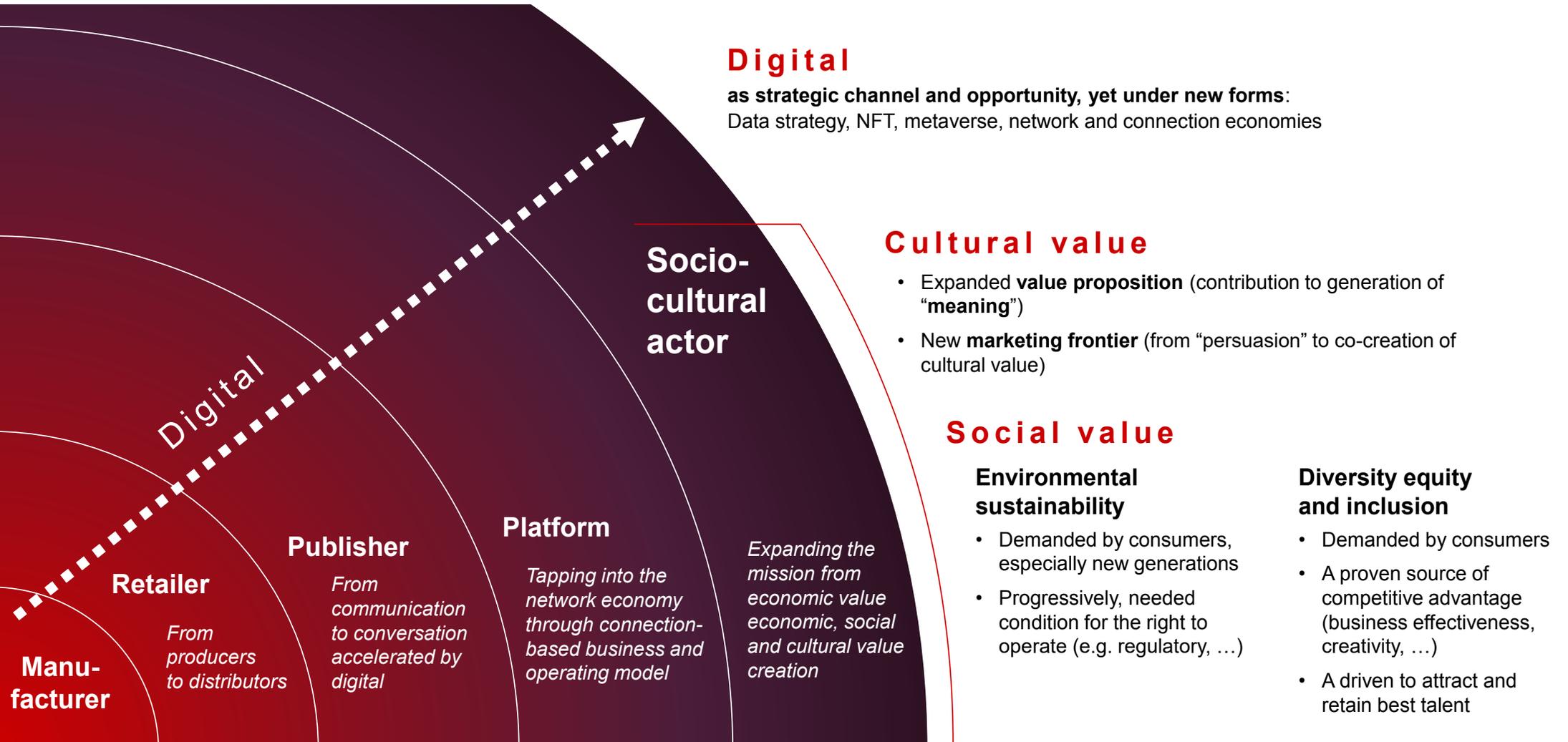
LOGO ITEMS

In 2021 overperform reference market by **3x**

Note: \*icons based on leather goods and watches markets; \*\*DEI = Diversity, Equity, Inclusion; Entry price and uber luxury excludes beauty and eyewear; Logo based on soft luxury goods market excluding shoes, eyewear and silk

NEW CYCLE OF DESIRE

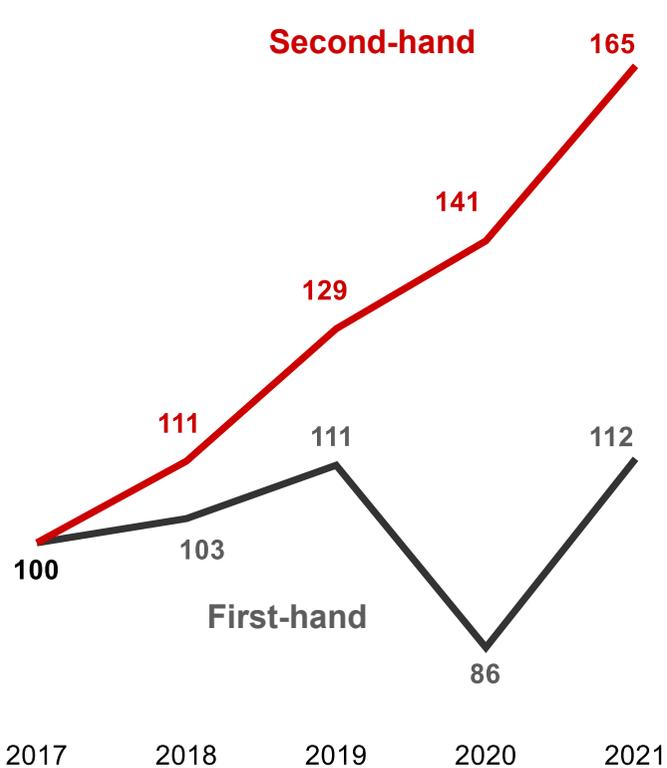
# In the renewed digital disruption, an even larger role for luxury into the next frontiers for **socio-cultural relevance**



EXTENDED PRODUCT LIFETIME

# Booming **secondhand** market, to extend lifetime of luxury products

Secondhand vs. first-hand luxury goods market (indexed 2017 = 100)



**33B€**

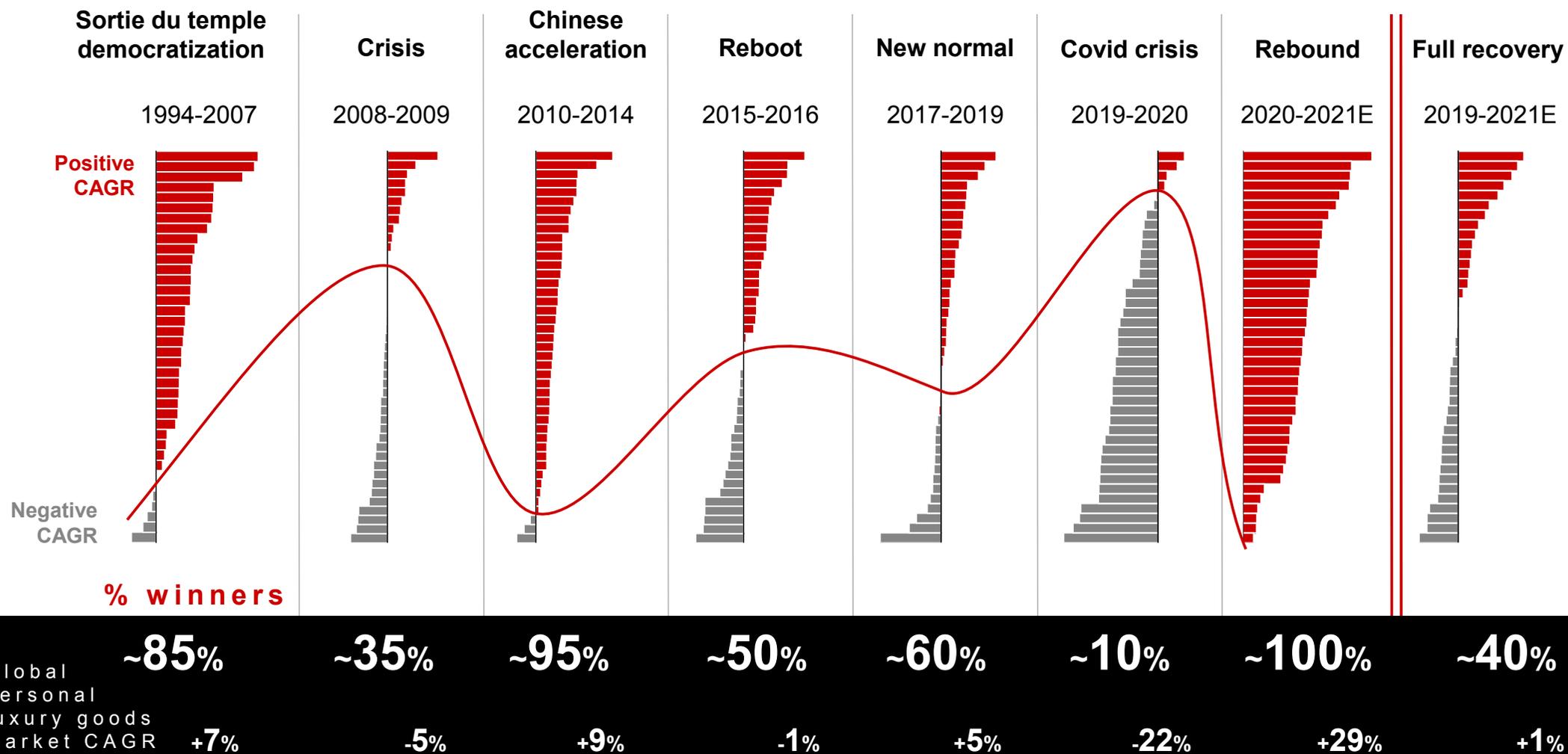
of market value in 2021E

Driven by an **expanding demand** (customer base) and **expanding supply** (enlarging competitive arena)

## A growing opportunity for...

| BRANDS  | FASHION PLATFORMS | INVESTORS |
|---|-------------------|-----------|
| Enter a growing market  |                   |           |
| Develop a network-based business model                                      |                   |           |
| Show commitment to sustainability   |                   |           |
| Gather data on customers  |                   |           |
| Add a distribution channel  |                   |           |
| Boost hype and tighten control  |                   |           |
| ... with few points to solve  |                   |           |
| Understand the winning value proposition                                    |                   |           |
| Crack operational complexity (e.g. authentication, start up stock, margins) |                   |           |
| Define logo and (re) branding strategy                                      |                   |           |
| Manage customer cannibalization   |                   |           |
| Value (re)appraisal and management  |                   |           |

# 2021, polarized growth back to “new normal”



## OVERPERFORMANCE DRIVERS

**Clear overperformance drivers:** focus on local customer, exposure to China, multi-touch and price value proposition

### Top drivers of resilience

- 01 Focus on **local** customers everywhere
- 02 Exposure to **Asia (China)**
- 03 **High-low** value proposition
- 04 **Multi-touchpoints** engagement model



### Not-drivers of resilience



**No matter what, but make it right**

**Product categories** not a top driver of the over/underperformance



**A world for (scale) insurgents**

Both **big** and **small** players were able to succeed

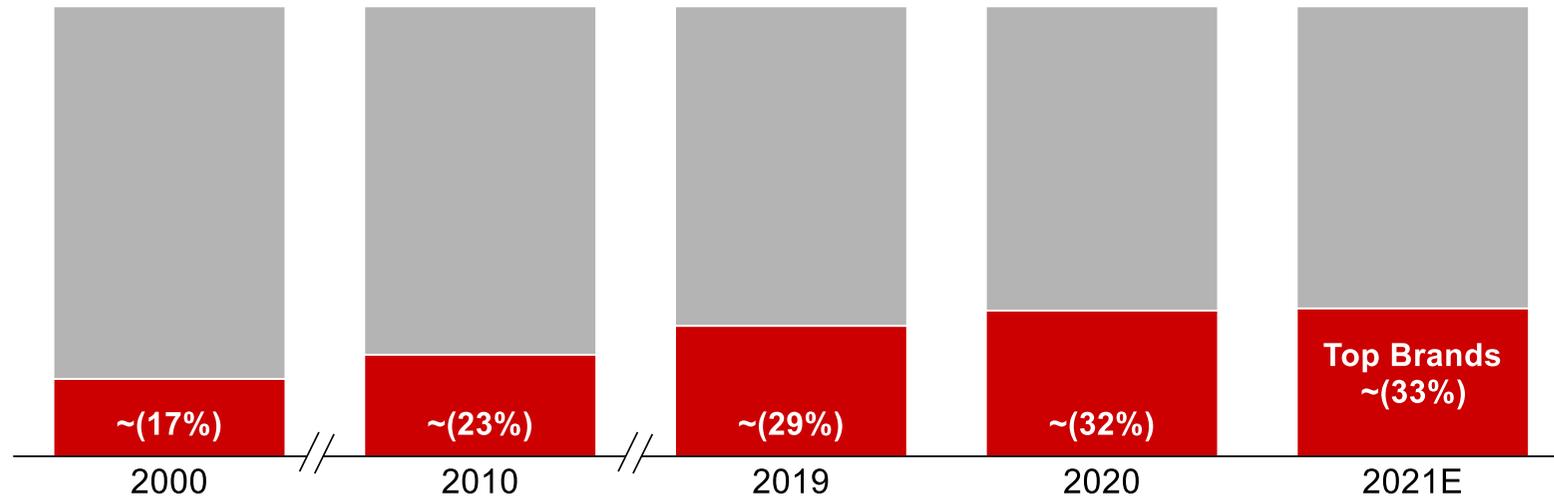
**Scale** is a competitive advantage, still **insurgency** remains the fundamental success factor for players of any size

CONSOLIDATING STRENGTHS

# Increasing market concentration, yet with high dynamism from rising stars

## Top brands

Market share in soft+hard luxury market\* (% | 2000-2021E)



Avg. size vs. other players

~7x

~11x

~15x

~17x

17-18x

Note: (\*) excl. Beauty

## Rising stars

~2% of Luxury market

Small / new-born (<200M€@RTL)

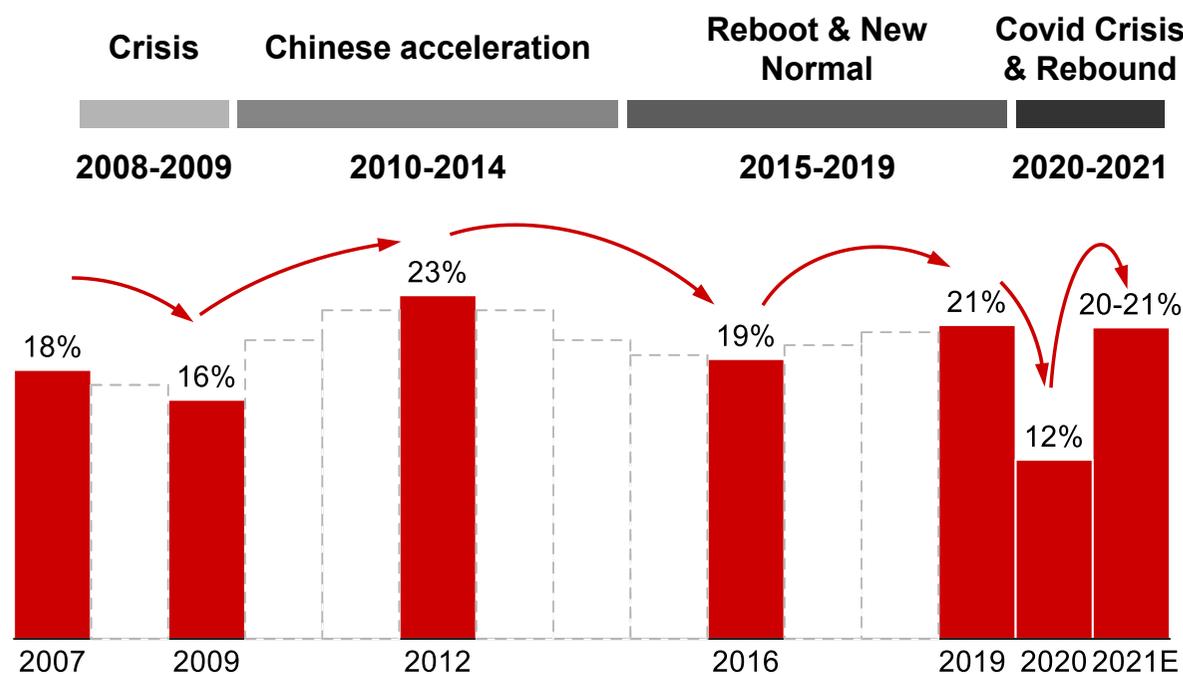
Fast growing (2x market CAGR)

Intercepting the Zeitgeist

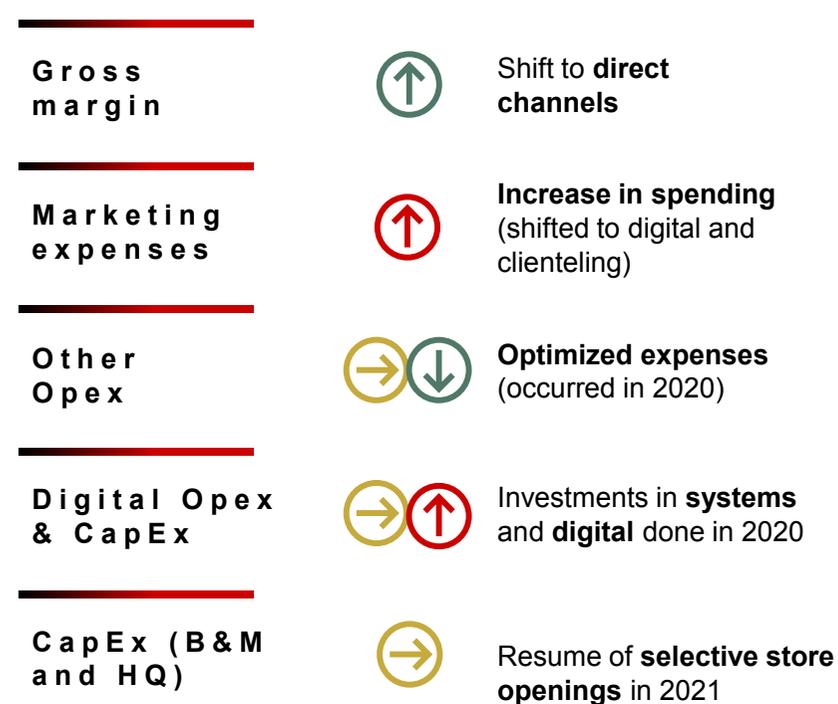
PROFITABILITY FULL RECOVERY

# In 2021, profits are already back at 2019 levels

EBIT of selected personal luxury goods brands by era (% | 2007 – 2021E)



Spending trend per key bucket (% revenues | 2021E vs 2019)



**Prompt profit hunt run during 2020 and immediate market rebound led by direct channels driving up industry profitability**

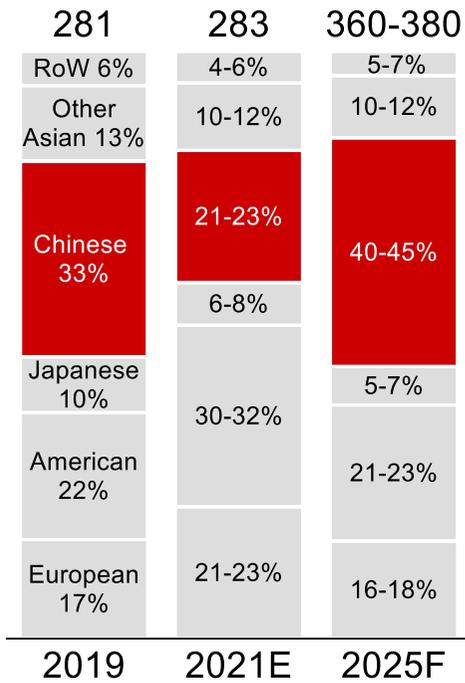
RECAP

# The growth drivers are Chinese consumers (in China), online channel and younger generations

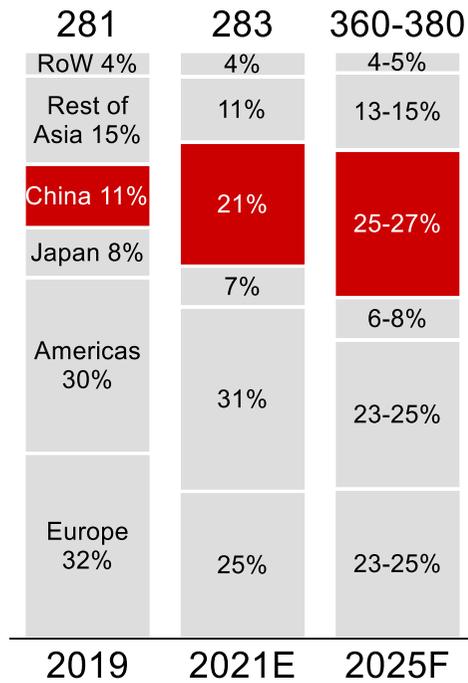
Personal luxury goods market main breakdowns (€B | 2019-2025F)

## Nationality

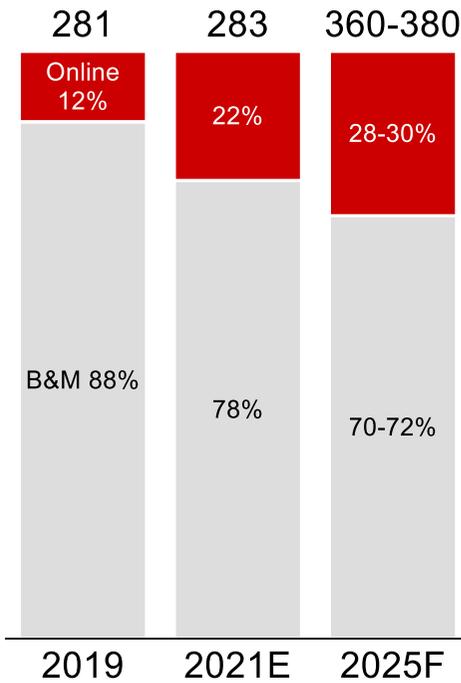
'19-25F CAGR **+4/5%**



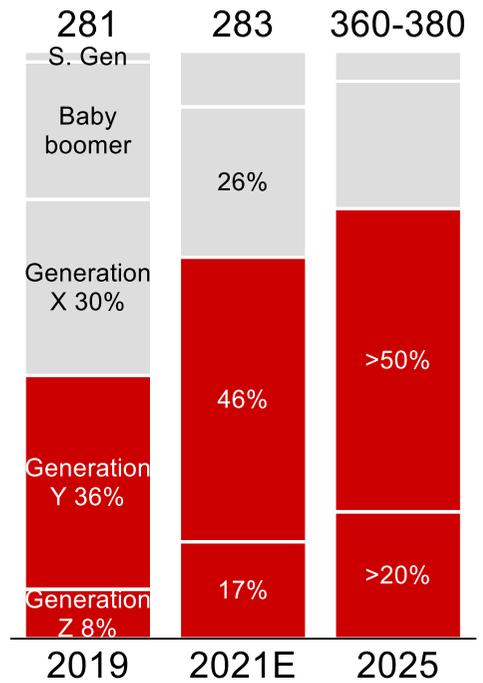
## Region



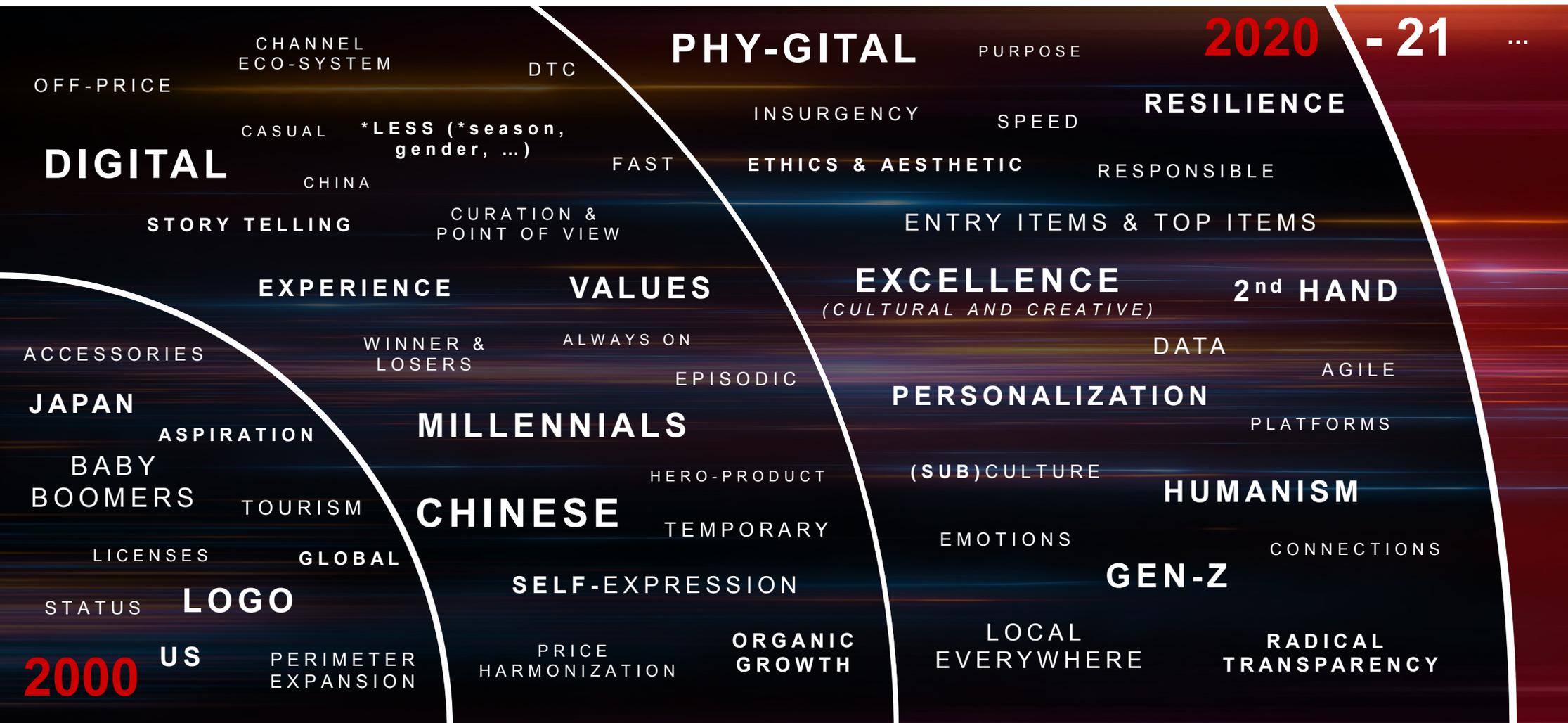
## Channel



## Generation



# Luxury market has been deeply changed in last 20 years, with evolving keywords and macro-trends



# 2020-21

turning point for establishing the keywords for the next 20 years of luxury

## expanded MISSION



Contribute to **CULTURAL** development

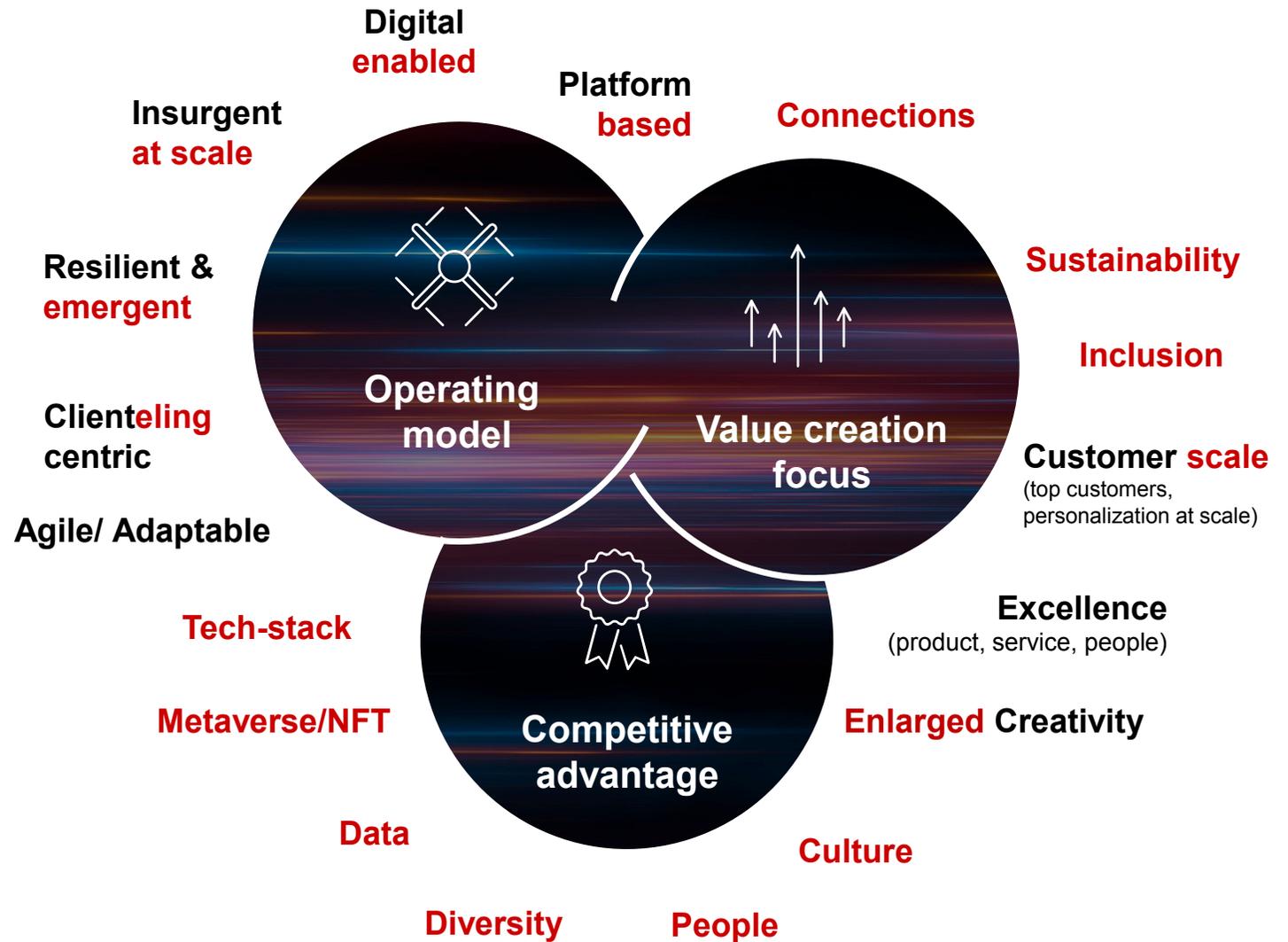
*Creativity, meaning*

Foster & role model **SOCIAL** progress

*Environmental sustainability, DEI (diversity-equity-inclusion)*

Generate **ECONOMIC** growth

*(the business of) excellence, network economy*



THANK YOU



**Claudia D'Arpizio,**  
**Partner** Bain & Company

Leader Global Fashion-  
Luxury Goods vertical



Claudia has spent more than 25 years advising multinational luxury and fashion clients on everything from strategy and new product development to innovation and organizational change.

She is the lead author of the Bain Luxury Study, one of the most cited sources of market information in the luxury industry.

In 2009, Claudia was also recognized as one of the Top 25 Consultants in the World by Consulting Magazine.

**Federica Levato,**  
**Partner** Bain & Company

Leader EMEA Fashion-  
Luxury Goods vertical



Over the last 17 years, Federica has led more than 200 assignments in the fashion and luxury industry on issues relating to corporate and brand strategy, portfolio management, merchandising, retail and wholesale excellence, digital acceleration, millennial strategies, marketing and communication, and more.

Alongside Claudia D'Arpizio, Federica is the co-author of the Bain Luxury Study, one of the most cited sources of market information in the luxury industry.

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# Methodology of the study

## Revenues at retail equivalent value

Revenues at retail value represent total sales valued at retail price.

Each player's consolidated sales are *retailized* through the following methodology:



## Bottom-up and top-down estimates

### Bottom-up



**We add brands' individual retail values...**

### Top-down

- Industry-specific (e.g., watches vs. beauty) data in the main geographical markets
- Comparison between market breakdown and turnover breakdown for key players
- Interviews with industry experts (top management of brands, distributors, department stores ...)
- Consistency check on the data and fine tuning

**...we cross-check results**

BAIN & COMPANY 

