



**DIGITAL SALES BOOMING IN THE LUXURY SECTOR.  
ONLINE SALES OF €14 BILLION, AN INCREASE OF 27% SINCE 2009.  
IN 10 YEARS, ONE IN EVERY FIVE SALES WILL BE MADE DIGITALLY.**

*According to the Digital Luxury Experience 2015 by Altagama/McKinsey, online sales of personal luxury items represent **6% of total purchases**, driven by **single-brand sites (28% of the total)** and **beauty and clothing sites (both representing 7% of total online sales)**. This is especially true in the **accessible luxury sector where 8.5% of all sales are made online.***

***The United Kingdom is the leader of online sales at 11%.***

*In general, almost **three quarters of all personal luxury purchases are influenced by online content.***

Brand Reputation is still fundamental: **3 out of 4 times, the choice of a product focuses on the 3 brands considered before the decision-making process begins.**

**Milan, 07.07.2015.** The **Digital Luxury Experience**, the study conducted through the collaboration of **Altagama and McKinsey** that analyses the impact of the digital media on consumer behaviour and the online performances of Italian and international top end businesses, was presented today in Milan. The fourth edition offers a unique perspective on the international top end consumer, with a **panel of 6400 core luxury consumers interviewed across 8 different markets** (Brazil, China, South Korea, France, Japan, Italy, the United Kingdom and the United States).

The report was presented by **Marco Catena** and **Nathalie Remy** of **McKinsey&Company** and a commentary on the findings was provided by **Federico Marchetti**, Founder and CEO of **YOOX Group** and **Armando Branchini**, Vice Chairman of the **Altagama Foundation**.

The **online sales market for personal luxury goods is currently worth 14 billion euro** (out of a total of 224, representing a **percentage of 6%**) and it is predicted that if the current rate of growth continues **by 2025 this will increase to around 70 billion euro** out of an estimated total of approximately 390 billion euro, **representing a share of 18%**.

The study also revealed the growing importance of the digital media in the decision-making processes of luxury consumers, as well as the need for businesses to take an increasingly multi-channel and diversified approach to markets, sectors and product categories.

The report findings are as follows:

- **95% of top end consumers own a mobile device** (against an average of 60%) and 75% own more than one (against an average of 33%).
- 80% of consumers use **social media** on a monthly basis, 50% on a weekly basis and 25% on a daily basis. 65% generate social media content once a month, 40% every week and 15% every day.
- **Personal profiles** are becoming an increasing less determining factor: the difference between generation Y (18-35 years) and the babyboomers (65 years and over) is no longer significant in terms of time spent surfing the internet (15.4 against 14.7), the numbers of devices owned (3.9 against 3.2) or the use of social media (97% against 71%).



- In 2014 **online sales** represented **6% of total personal luxury goods sales** (€14 billion out of a total €224 billion) and a growth rate (CAGR) of +27% compared with +7 in other channels since 2009.
- Of the **8 markets** taken into consideration, the **United Kingdom** has the highest percentage of online sales in the sector (11% of the total) whilst Brazil represents the market with the lowest percentage (2%).
- As regards the different **sectors**, the highest percentage is represented by **accessible luxury goods** (8.5% of total sales), falling to 7.5% for aspirational goods and lowering even further at the top end of the pyramid (absolute luxury, 3.6%).
- In terms of **market categories**, the best performers are the cosmetics and ready-to-wear sectors (both 7.2%).
- Analysing the **different types of e-commerce sites**, the findings showed that growth is primarily driven by **single-brand sites** (28% of the total) and **department store sites** (16% of the total). The contributions of full-price, half-price and event sales sites are also significant.
- Considering the ROPO trend (Research Online, Purchase Offline), approximately **3 out of four purchases are influenced by online research**.
- **Approximately half of the 21 identified brand-customer touchpoints are digital**.
- Brand Reputation is still a fundamental element: **3 out of 4 times, the purchase falls on one of the three brands considered before the purchasing journey begins**.

*“The digital experience is more important than ever in the luxury consumer’s decision-making process”, confirms **Marco Catena, Partner of McKinsey & Company**. “The fact that even 68% of top end offline sales are influenced by digital channels is proof of this. This is a market, therefore, with considerable room for expansion where it is fundamental to understand how to innovate and stand out in terms of the experience offered to consumers in a multi-channel environment. To do this, luxury brands must integrate digital media into their operating models, overcome the typical obstacles to digital expansion such as talent development and technological infrastructure and, finally, ensure the transformation is in keeping with the business’ culture”.*

*“We have reached a very important phase in the use of digital media for luxury businesses”, notes **Armando Branchini, Vice Chairman of the Altagamma Foundation**. “They are proving to be an increasingly important retail channel and should contribute towards halting the frantic increase in rent for traditional stores. I don’t believe that businesses have to fear an UBER effect in the market: this is the moment for every business to transform itself into an UBER brand, investing more resources in the digital market and deploying all of its capacity for innovation”.*

 #digitalluxury2015