ALTAGAMMA CONSUMER & RETAIL INSIGHT 2025

11th Edition

BCG's annual research on consumer trends highlights that the highest-end customers, although accounting for just 0.1% of the total, represent 37% of the market value. These consumers prioritize experiences and expect personalization, intimacy, excellence, and renewed attention to well-being from brands.
Retail is undergoing significant evolution: new players are emerging, multi-brand stores are facing crises or transformations, and a focus on mono-brand outlets is growing.

Milan, July 8, 2025 – The 11th edition of **Altagamma Consumer and Retail Insight** took place today at the Fondazione Cariplo Conference Center in Milan, presenting a qualitative analysis of luxury consumers and new retail trends.

Following the opening speech by Altagamma President **Matteo Lunelli,** the insights from the True-Luxury Global Consumer Insight (**Filippo Bianchi** and **Guia Ricci**, Boston Consulting Group) and Luxury Retail Evolution (**Luca Solca**, Bernstein) were discussed with **Stefania Lazzaroni**, General Director of Altagamma, along with **Valeriano Antonioli**, CEO of Lungarno Collection, **Enrico Galliera**, Chief Marketing & Commercial Officer of Ferrari, **Luca Lisandroni**, CEO of Brunello Cucinelli, and **Nicolas Luchsinger**, CEO of Buccellati.

The democratization process has driven remarkable growth, with **aspirational consumers** accounting for over 74% of the total market value more than 10 years ago. This segment is currently showing some vulnerabilities, and while still accounting for 61% of the high-end market, it has dropped by 13 percentage points compared to 2013. Factors driving this decline are reduced purchasing power due to global uncertainty and geopolitical crises.

Top-tier customers, spending more than 50,000 euros annually on luxury goods and services, have become the true protagonists of the market, not only in categories such as yachts or jets (where they represent the entire segment), but also in a wide range of purchases including design, wines and spirits, cars, wellness, watches, and jewelry, which represent the majority of their expenditure. They show a preference for experiential luxury and the emerging **"*health as wealth*"** trend, prioritizing wellness, longevity, and care for personal spaces, with spending expected to increase by around 10% over the next 18 months.

"The profile of high-end consumers is continuously evolving, and brands need to develop more personalized, engaging, and targeted strategies," explains ***Matteo Lunelli, President of Altagamma.*** *"The BCG study highlights that 35% of aspirational consumers have reduced their purchases due to decreased spending power and lower consumption in China. On the other hand, the top segment of the pyramid, accounting for just 0.1% numerically, has increased its spending to generate 37% of the market value. Over the next 18 months, 75% of aspirational consumers intend to maintain or increase their spending, a figure rising to 85% for the top-tier clients. To seize this opportunity, companies must continue investing in increasingly personalized and effective customer relationships, reinforcing trust through a strong alignment of shared values, and leveraging the excellence of their creations and innovative services."*

The analysis of **top-tier** clients highlights what luxury brands are being asked for today: connection, intimacy, excellence, and recognition.

CONSUMER FOCUS

The True-Luxury Global Consumer Insight study (report summary available here) was presented by **Filippo Bianchi**, Managing Director and Senior Partner, Global Head of Luxury, and **Guia Ricci**, Managing Director and Partner at Boston Consulting Group.

For **Boston Consulting Group** experts:

"Luxury was once the realm of the few. But in the race for scale, much of the industry lost its soul and traded exclusivity for reach, stability for volatility. Aspirational consumers who contributed to 75% of the market 15 years ago decreased their share to 60% today, and 35% of them declared to have reduced their luxury spend in the past 18 months. The consequences are clear: ***brands with over half their client base made up of Aspirational consumers are seeing the steepest declines,*** *underperforming sharply over the past 12 months. In contrast, those that stayed loyal to their* ***core, top-tier clients — the 0.1% of clients who generate 37% of the luxury market value****, including personal luxury, experiences, and mobility such as cars and yachts — are not just weathering the storm, they're thriving."*
Says **Filippo Bianchi, Managing Director and Senior Partner, Global Head of Luxury at BCG.**

*"****The way forward? It starts at the core.*** *Luxury's top clients are asking for less noise and more meaning. 60% feel overwhelmed by excessive, impersonal marketing. They on average engage actively with 57 and receive 40–50 outreaches a month. 80% want intimate, exclusive store spaces, not standardized and crowded retail experiences. And 90% say product quality is non-negotiable — yet craftsmanship and transparency of supply chain often still falls short. Building a stronger luxury industry* ***means returning to what made it exceptional in the first place, especially for top-tier clients****: deep connection, intimacy, and quality with the most valued clients."* Added **Guia Ricci, Managing Director and Partner of BCG.**

AMONG THE EVIDENCE FROM THE STUDY:

A changing scenario: the slowdown among Aspirational consumers

In 2024, the personal luxury goods segment saw a 1% decline, the first since the 2008 crisis (excluding Covid). The causes? Macroeconomic tensions, decreased Chinese demand, and a marked withdrawal by Aspirational consumers, those spending less than 5,000 euros annually on luxury goods and services.

Around 35% of Aspirational consumers reduced or stopped their luxury purchases over the last year, with peaks of 45% in China and around 30% in Europe and the US. The main reasons are price increases perceived as unjustified, lower value perception, and greater financial caution. Once the driving force behind luxury democratization, this segment currently accounts for 61% of the market, down by 13 percentage points compared to 2013 (74%).

Top-tier clients: few but pivotal

The true drivers of the recovery are top-tier clients, defined as those who spend over €50,000 per year on luxury goods and services. Their average annual luxury expenditure reaches €360,000 across personal luxury categories[1], hospitality, interior design, wines and spirits—and rises to €500,000 when luxury automobiles and wellness/longevity are included. While they represent just 0.1% of the global customer base, they account for over 37% of total luxury market spending (23% if excluding luxury mobility, wellness, and longevity categories). These clients not only account for 100% of the market value in ultra-high-end segments

[1] Personal luxury includes the following categories: jewelry, watches, cosmetics and fragrances, apparel, shoes, and accessories.

such as yachts and jets, but they also hold a particularly significant share in sectors like interior design and art (71%), wines and spirits (66%), and iconic personal luxury items like jewelry and watches (34%).

In the new post-pandemic and post-democratization landscape, these consumers are leading growth—especially in categories with a strong experiential component, such as interior design, art, wellness/longevity, fine dining, high-end hospitality, and luxury automobiles. Unsurprisingly, the categories with the highest projected growth are those aligned with the "*health-as-wealth*" mindset, which blends aesthetics, wellbeing, and personal value. Spending in these areas is expected to grow by 10% over the next 18 months.

New geographies and emerging behaviors

The study highlights a global shift in wealth, which is both expanding and diversifying: while North America remains the epicenter for HNWIs (*High Net Worth Individuals*), new wealth hubs are rapidly emerging in India and Southeast Asia. The global HNWI population has surpassed 940,000 individuals, and this segment is projected to grow at a compound annual growth rate (CAGR) of 9% in terms of number and 8% in terms of wealth by 2030.

Top-tier clients stand out not only for their spending power but also for their elevated expectations: they demand personal connection, intimacy, artisanal excellence, and recognition. However, many feel underserved. 65% report feeling overwhelmed by excessive and impersonal communications, 80% expect exclusive and private spaces within boutiques, and only two of the nine brands they regularly buy from actually recognize them as high-potential clients. In fact, 70% of potential top-tier consumers are not effectively identified by brands due to CRM systems and segmentation models that lack the necessary sophistication.

Starting from the “core”

The study encourages brands to refocus on their “core”: the future of luxury is built starting from the origins, placing top-tier clients at the center. This is not the time to chase volume but to rediscover precision, relationships, and personalization. Brands that succeed in realigning their strategy around the core luxury consumer and their needs will lead the industry’s new direction.

Defining and delivering value to the top-tier client: four key principles for brands

To win over high-end customers, brands must focus on **four essential principles—often overlooked**—each addressing common pain points with clear, actionable strategies:

- <u>Recenter on the **Client Relationship**</u>
  Issue: Generic, impersonal, and high-volume outreach
  Action: Enable human-led clienteling, enhanced by GenAI, to personalize at scale
- <u>Recenter on the **Client Experience**</u>
  Issue: Overcrowded, impersonal retail environments
  Action: Create exclusive, curated spaces and seamless journeys across channels
- <u>Recenter on the **Product Quality**</u>
  Issue: Erosion of perceived value due to massification
  Action: Vertically integrate key suppliers to ensure excellence and craftsmanship
- <u>Recenter on the **Client Identification**</u>
  Issue: High-potential clients missed due to outdated and narrow segmentation
  Action: Upgrade CRM with richer data and advanced segmentation models

FOCUS ON RETAIL

The study **REINVENTING MULTI-BRAND RETAIL** explores the evolution and future perspectives of retail strategies among luxury companies. **Mono-brand retail** has experienced remarkable growth since 2010, characterized by increasingly large stores tailored uniquely to individual cities and closely aligned with each brand's DNA. Online distribution has not changed this trend, as major brands continue to dominate the internet through their brand.com sites.

The trajectory of multi-brand retail, the central focus of this year's edition, differs significantly. The study explores this channel and identifies key players who could successfully extract value.

"We have been discussing mono-brand retail in luxury for years," says ***Luca Solca, Managing Director, Head of Global Luxury Goods at Bernstein.*** *"This channel's success is undeniable and has remained largely unaffected by the emergence of multi-channel distribution. This year, I find it more interesting to discuss multi-brand distribution—its crisis and its possible future. The collaboration between Amazon and Saks, Seibu's innovations in Japan, and developments by Inditex are among the most compelling developments."*

Traditional multi-brand retailers—department stores and independent boutiques—are clearly experiencing a decline that mirrors the rise of mono-brand retail, particularly in clothing and accessories. Online marketplaces entered with great ambitions, but in most cases, their results have been disappointing.

As a result, consumer choice has significantly narrowed, as distribution channels are available for smaller brands that lack the resources to sustain a mono-brand retail presence. The internet does not fully solve this issue: while it is easy to find well-known brands online, discovering unfamiliar ones remains challenging. The competition to reinvent multi-brand clothing retail remains open. There are traditional players attempting to improve the classic "department store" format, such as the innovative Seibu Ikebukuro store in Japan and Maxwell's in the USA. Mass fashion players, like Inditex, are successfully expanding into the premium segment. Finally, there are new players, internet giants such as Google and Amazon, that are also exploring new paths. The hybrid Amazon + Saks model is particularly noteworthy, along with major online mass marketers from China, such as Shein and Temu.

KEY FINDINGS OF THE STUDY:

1. **The decline of traditional multi-brand retail**

- U.S. department stores have consolidated and reduced their footprint
- Independent European boutiques have narrowed their scope
- Even Japanese department stores have had to change their strategies

Traditional department store and multi-brand boutique formats — both in the West and in Japan — are facing structural difficulties, despite being located in high-traffic areas.

2. **Digital models have not stood up to the challenge**

- Multi-brand online platforms have failed to establish sustainable models
- Farfetch's plans for market dominance have not succeeded

Attempts by "neutral" digital platforms such as Farfetch or other generalist marketplaces have failed to establish viable models for retailers and brands.

3. **The rise of mono-brand retail has reduced mid-range offerings**

- The spread of mono-brand stores has reduced choices for mid-market consumers
- Mid-market brands struggle to scale effectively with a mono-brand approach
- Mid-market specialist brands often start promisingly but soon become generic

The polarization between luxury and fast fashion has eroded space for mid-tier brands, leaving them unable to scale or maintain distinctiveness.

4. **Exceptions and "category killers"**

Category champions continue to thrive in specific multi-brand segments…

   - **…in cosmetics** (e.g., Sephora, Ulta)
   - **...in eyewear** (e.g., EssilorLuxottica)
   - **… in watches** (e.g., Rolex/Bucherer)
   - **… in footwear** (e.g., Level Shoes)

In certain specialized categories, highly specialized multi-brand models have flourished thanks to significant economies of scale, consolidation, and category-specific expertise.

5. **Who might shape the future of multi-brand retail?**

- Established players specialized in menswear
- Japanese department stores with innovative display strategies
- Fast fashion retailers moving upscale (e.g., Zara, Shein, Temu)
- Web giants (Google, ChatGPT)
- Hybrid physical-digital retailers (e.g., Saks, Rebag, Amazon)

The future of multi-brand retail could be shaped by hybrid players, big tech companies, innovative department store formats, or fast fashion retailers successfully moving upmarket.

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