

20th Edition ALTAGAMMA MONITOR

Sales of Personal Luxury Goods are now above pre-crisis levels. The global sector as a whole is up around 14% on 2020. The Consensus forecast for 2022: EBITDA +11%

Milan, November 11, 2021. The twentieth Altagama Monitor coincides with the recovery of global spending on luxury, with marked growth compared to the dark year of the pandemic and positive signs compared to 2019. The 2021 Altagama-Bain Worldwide Luxury Market Monitor estimates **global growth in the industry at €1,114 billion**, recouping around half of the losses sustained in 2020 and thus approaching the €1,268 billion recorded pre-Covid. **Personal luxury goods have seen a full recovery**, and the market is forecast to be worth **€283 billion in 2021, up + 1% compared to 2019**.

The **2022 Altagama Consensus**, produced with input of leading international analysts, foresees a more organic, positive growth for 2022, albeit not as rapid as that of 2021. As shops reopen and people begin travelling once more, the **average EBITDA for 2022 is estimated to be up 11%**.

As we await the full resumption of international travel, the slump in which is still affecting the market for high-end experiences, hospitality in particular, the domestic markets in the USA and China and e-commerce are driving consumption, with the predicted rebound compared to 2020. Albeit at a slower rate, this positive trend is expected to continue in **2022**.

The situation and outlook of the luxury industry and markets that emerged from the **2022 Altagama Consensus** (Stefania Lazzaroni, Altagama Foundation) and the **2021 Altagama Bain Worldwide Market Monitor** (Claudia D'Arpizio and Federica Levato, Bain & Company), were discussed by a line-up of exceptional guests: **Brunello Cucinelli**, Executive President and Creative Director of Brunello Cucinelli, **Diego Della Valle**, President and CEO of Tod's SpA, **Leonardo Ferragamo**, President of Salvatore Ferragamo and Honorary President of Altagama, **Pier Francesco Nervini**, COO Northern & Central Europe & Global Accounts Global Blue, **Daniela Ott**, Secretary General of Aura Blockchain Consortium, **Remo Ruffini**, President and CEO of Moncler SpA, and **Giovanna Vitelli**, Vice President of Azimut | Benetti Group.

*"The Altagama Monitor, which is celebrating its twentieth anniversary, is a snapshot of the performance and trends in the global luxury goods market, which has witnessed a massive growth of 135% in the last two decades, and which accounts for 7.4 % of Italy's GDP", stated **Matteo Lunelli, Chairman of Altagama**. "The sector, which represents a genuine driver of the country's economy, has seen major changes in recent years: the advent of digital, the affirmation of China, more inclusive values and growing attention to sustainability. Craftsmanship remains a key factor, as does the connection with the area of provenance and the superlative quality of our products, which are a mainstay of our country's exports, and one of our soft powers. According to the Altagama Consensus, in 2022 most sectors can expect recovery to continue steadily, with companies seeing an increase of 11% in average EBITDA."*

*"The luxury industry has witnessed considerable changes in the last 20 years, and coming out of the crisis caused by Covid feels like a reawakening for luxury brands", **explained Claudia D'Arpizio, Senior Partner of Bain & Company** and author of the study together with **Federica Levato, Partner of Bain & Company**. "While in the past luxury was associated with status, logos and exclusivity, luxury brands are now leading social conversations, driven by a renewed sense of purpose and responsibility. It is interesting to think about where the sector could be in 20 years' time. 2020 and 2021 probably represent a turning point for the luxury industry as we knew it: brands will continue redefining themselves, expanding their mission beyond creativity and excellence and becoming enablers of social and cultural change".*

Below, a detailed breakdown of what emerged from the studies.

The 2022 Altgamma Consensus, produced by *Altgamma* with input from 20 leading international analysts. The acute phase of the pandemic seems to be over, but the new normal has brought lifestyle changes that could prove lasting. Key trends include the consolidation of all facets of online and digital, and the focus on well-being as a primary need, along with a reduction in business travel and the importance for companies to remain focused on social issues (environment, diversity, social divides). **Average EBITDA for 2022 is expected to grow by +11%.**

Product categories. **Clothing** should see growth of **+9%** and this definitive return to pre-Covid levels has rekindled creativity and innovation. **Hard luxury** will continue its positive trend, with jewelry forecast to grow by **10%**, making it the best performing category and confirming its safe-haven status. Watches will see more moderate growth, **+7%**. **Accessories** continue their positive trend, **+11%** for **leather goods** and **+9%** for **footwear**. With a solid **8%** growth, **cosmetics** confirms its online performance thanks to skincare.

Markets. The slow resumption of international travel (apart from China) and people's desire to spend will have a positive impact on the **European market**, which will see growth of **8%**. The **United States**, after the recovery in 2021, will normalize with a good **+7%**, also thanks to the first tourist flows. Growth of **+6%** is estimated for **Latin America**, while Japan can expect to see a **7%** increase. **China and Asia**, after the outstanding results of this year, are expected to normalize with a growth of **+9%**. The **Middle East** is expected to be up **7%**, a slight drop after the push from Expo Dubai.

Nationality of consumers. **Chinese consumers** will continue to be the **best performers** in 2022, up **13%** thanks to an ebullient domestic market. **Japanese** spending is less buoyant (**+6%**), due to economic and political instability. **American** consumption will settle at **+8%** after the euphoria of 2021. **Europe's mature, attentive** consumers are now **starting to travel** again. Growth should be around **+6%**.

Distribution channels. Despite stores reopening, the distribution ecosystem is expected to continue the push towards digital, which will continue to be the fastest growing channel in 2022. **Digital retail** is expected to be up **15%**, with many brands oriented towards a profitable strategy of single-brand digital distribution or with e-tailers (concession). **Physical stores** are up **+9%** and continue to be relevant in the luxury sector. **Physical wholesale** remains fragile, only growing by **4%**, while 50% of online purchases are still being made in the **digital wholesale** channel, which will see significant growth, **+13%**.

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The 2021 Altgamma – Bain Worldwide Luxury Market Monitor. By *Bain & Company*.

In 2021 the **luxury market as a whole**, including both luxury goods and experiences, **has largely recovered from the crisis of 2020**. It is now **worth around 1.1 trillion euros**, with a shift from experiences to goods and experiential goods that offsets half of last year's losses.

There is a divergence in performance between goods and **experiential goods** (in particular furniture, design and fine food and wine), which are **making up for lost ground**, compared to experiences such as travel and hospitality. Yet consumers' desire to resume experiences is at an all-time high. Recovery depends largely on the normalization of travel.

The **personal luxury goods** sector saw a rapid rebound, with a V-shaped recovery in 2021. After a sharp drop in 2020, the **personal luxury goods market grew 29% at current exchange rates, reaching €283 billion, 1% up on 2019.**

Going forward, Bain estimates that the personal luxury goods market could reach **€360-380 billion by 2025** with steady growth of 6-8% annually.

In **geographic** terms, mainland China has led the recovery, doubling its market compared to 2019. There has also been a solid recovery in the United States (already above 2019 levels). The Americas have now become the world's largest market for luxury, worth 89 billion euros (+41% annual growth 20-21) and representing 31% of the global market, while mainland China stands at 60 billion euros (+36% annual growth 20-21), with a 21% market share. The Middle East was another fast growing market (above 2019 levels and + 34% compared to 2020).

Europe (+20% compared to 2020), Japan (+10%) and the rest of Asia (+19%), on the other hand, only partially recovered during 2021, and have not yet reached pre-Covid levels.

As for **product categories**, the footwear market reached 23 billion euros in 2021 (+11% compared to 2019). Bags brought in 62 billion euros this year, +8% compared to 2019. In 2021 Jewelry grew by 7% compared to 2019, at 23 billion euros.

Lastly, while watches, cosmetics and fragrances have returned to 2019 levels, clothing has yet to recover (-10% compared to 2019).

The market was supported by the recovery in **local consumption**, the **combined effect of China and the United States**, and the continued **strength of the online channel**. Younger customers (**Gen Y and Gen Z**) continue to drive growth and together **they will make up 70% of the market by 2025**.

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Tax Free Shopping: recovery and prospects. By *Global Blue*

The partial reopening of borders across the continent, coupled with the introduction of the green pass, has encouraged more people to travel, enabling elite luxury shoppers from some key markets to plan and take trips safely. Although international shopping still has a long way to go on its road to recovery, it is reassuring to see that many visitors from outside the EU - the United States and the Gulf area in particular - are keen to come and shop in Europe again. Indeed in terms of nationality, the **European recovery in the quarter July-September 2021 was driven by American tourists (73%) and those from the Gulf countries (86%)**, with a recovery of around 40% in the Tax Free Shopping sector in Europe in the period June-August 2021. The figures for Italy were in line with this (38%).

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ALTAGAMMA FOUNDATION

Founded in 1992, Altagamma gathers Italy's top cultural and creative companies, which promote the country's excellence, distinctive identity and lifestyle worldwide. With a uniquely transversal approach, Altagamma represents 109 brands in seven different industries: fashion, design, jewelry, food, hospitality, automotive and yacht-building. Altagamma's mission is to boost the growth and competitiveness of Italy's cultural and creative companies, thus making an effective contribution to the Italian economy. Italy's luxury sector has a turnover of € 126 billion, and accounts for 7.4% of the country's GDP, a percentage that rises to 18.4% considering the total of all the supply chains involved. Around 50% of the industry's revenues comes from exports. The sector employs 1,922,000 people directly and indirectly, 8.2% of the Italian workforce.

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