



ALTAGAMMA CONSUMER AND RETAIL INSIGHT

Together with **Boston Consulting Group** and **EXANE BNP Paribas**, the **Altagamma Foundation** presents the most up-to-date and detailed snapshot of the two most important issues in the luxury segment.

Milan, 22 January 2015. At the “**Altagamma Consumer and Retail Insight**” conference in Milan today, the Altagamma Foundation presented the second edition of the **True Luxury Global Consumer Insight** carried out with **Boston Consulting Group**, together with the third edition of the **Altagamma Retail Evolution** carried out with **EXANE BNP Paribas**.

With over 40,000 people interviewed in over 20 countries (and a focus on 10,000 Top Luxury consumers with average spending levels of €20,000 a year), the *True Luxury Global Consumer Insight* is the broadest and most detailed study on luxury consumers. Every year the *Altagamma Retail Evolution*, carried out together with EXANE BNP Paribas, studies the evolution and prospects of the retail strategies of luxury companies, considering a total of 12,500 sales outlets.

An expert panel session, coordinated by *Armando Branchini* (Vice Chairman, Altagamma Foundation), involved the participation of *Alberto Alessi* (Alessi), *Elisa Astori* (Driade), *Simone Dominici* (Coin and Excelsior), *Giovanni Geddes da Filicaja* (Ornellaia), *Matteo Lunelli* (Cantine Ferrari), *Michele Norsa* (Salvatore Ferragamo), and *Marco Perelli Rocco* (Intesa Sanpaolo).

RESEARCH SUMMARY

The **True Luxury Global Consumer Insight** survey highlighted the growth in the number of **luxury consumers in the world. They number 390 million and spent €755 billion in 2014**, also taking account of unbranded products. The total number of consumers is expected to grow from the current figure of 390 million to 465 million in 2021, when they will spend €1,015 billion.

The consumption of **personal luxury products will increase** by a compound annual growth rate of **4.7%**, spearheaded by Jewellery, Watches and Leather Goods. **Experiential luxury consumption will increase** by a compound annual growth rate of **6.7%**, spearheaded by Hotellerie and Travel.

This growth will be driven by **15 million Top Luxury consumers** who are the focal point of this year’s study. Despite representing just 4% of the total, in 2014 they spent **€220 billion**.

The 12 profiles into which they were segmented showed a few changes compared with last year:

For more information:



- 50% of purchases were made by the first 3 segments: **Absolute Luxurer** (top spenders, refined and elegant connoisseurs, account for 24% of all consumption), **Megacitier** (globalised urbanites, trendy, 15% of total), **Experiencer** (lovers of travel, hotel and gourmet food experiences, 13% of total)
- The segment to show strongest net growth was **Social Wearer** (those attentive to **social and environmental sustainability**, 6% of total but twice as big as in 2013).
- The **Megacitier** segment is growing in China, drives clothing and is responsible for the transition **from formal to casual**.
- The **Absolute Luxurers** account for 22% of the leather goods and footwear market.
- Jewellery and Watches are the categories driven by the purchases of **Omnigifters** (mainly senior consumers giving gifts, 8% of total) and **Timeless Propers** (mainly women with a classic and timeless style, 8% of total).

The elements common to all segments include **the importance of manufacturing quality** ('Made in Italy' remains the number one preference in the Clothing, Leather Goods and Jewellery segments, enjoying growth in USA and UK) and the importance attributed to the **digital aspect, which influences 62% of all luxury purchases**. The phenomenon of **ROPO** (Research Online, Purchase Offline) has grown, **influencing 45% of purchases** (2013: 38%), as has the **Omnichannel** phenomenon: 3 in 4 consumers want a brand that can be accessed through various channels. In China this figure is 9 out of 10.

In the favourite **Fashion Hubs** rankings, **Milan has fallen from 2nd to 5th place**, while NYC has risen (from 4th to 2nd). First Paris, third London, fourth Hong Kong.

The **Altgamma Retail Evolution**, based on empirical research and on the processing of public data relating to around a hundred listed and non-listed companies, for a total of **12,500 sales outlets**, underlined how

- **Luxury brands** have gradually transformed into **retailers**.
- **The analysis of like-for-like performances** (without new openings) **must guide retail investments**. In recent years, Hermes and Richemont have performed best. Burberry, Ferragamo and Moncler are the brands with the biggest development potential.
- During the development phase luxury companies can benefit from the **development of their online activities and more aggressive CRM activities** to increase profits and ROI.
- **Luxury brands are reconsidering the retail presence of diffusion and young lines in light of the competition from fast fashion and mid-range retailers**. As regards accessories, the mega brands are abandoning entry price products in favour of accessible and premium luxury brands.