

Good times for a **change**

DANGEROUS CROSSROADS,
SLIDING DOORS

CLAUDIA
D'ARPIZIO

FEDERICA
LEVATO

NOVEMBER 13, 2024



BAIN & COMPANY 



Foreword on content and sources

Content of this document

- This document contains **an update** on the **luxury goods market**, in particular:
 - Insight into the **performance of the market** for the **first three quarters of 2024**, with expectations for the last quarter
 - **Estimates** for how the luxury market will evolve **beyond 2024**, with related emerging **macro trends**
 - 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 10, 2024**, and include:
 - **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**
- Outlooks **do not consider disruptive changes** in the **global sociopolitical** situation vs. the **status quo**

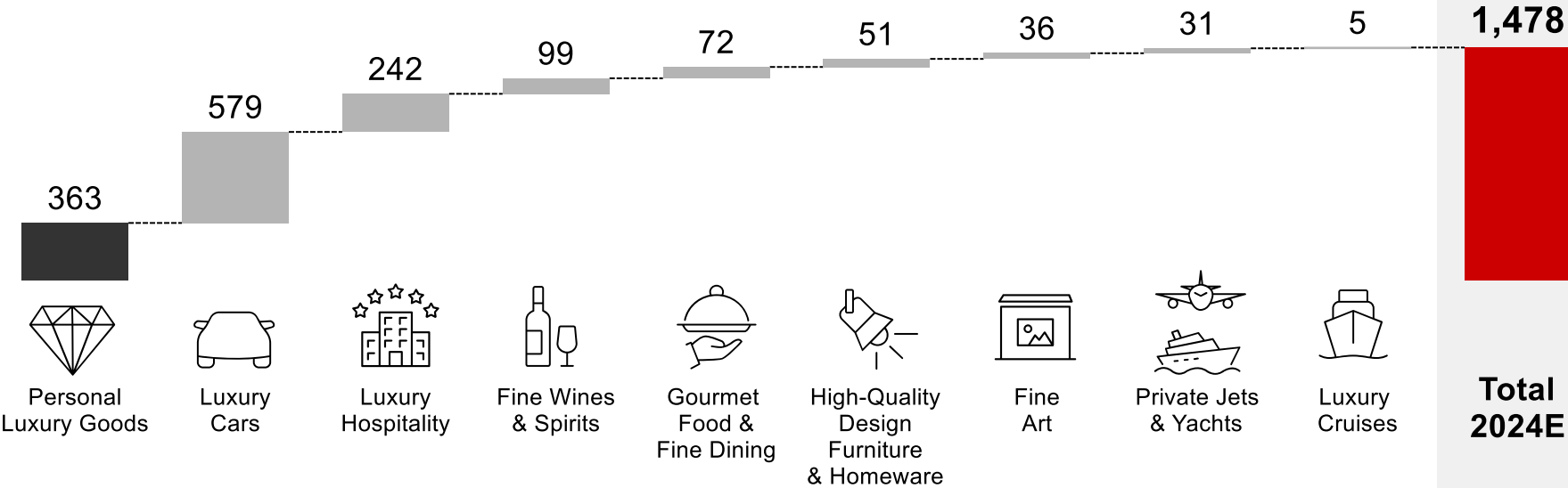
Note: Please refer to back-up for study methodology and perimeter adjustment for 2024E

Luxury markets 2024 in a slight slowdown

Bright spots from experiences and experiential goods

Global luxury markets

€B | 2024E



-3/-1%

@Current FX
vs. 2023

-1/+1%

@Constant FX
vs. 2023

+15/17%

vs. 2019

Year-over-year ('23-'24E) growth

@CURRENT FX	(2%)	(5%)	4%	0%	8%	(2%)	(7%)	13%	30%
@CONSTANT FX	0%	(3%)	5%	2%	10%	(1%)	(7%)	14%	31%
VS. 2019	+27/29%	+5/6%	+16/18%	+29/31%	+35/36%	+20/22%	-2/0%	+29/34%	+130/140%



Luxury vehicles

Luxury cars

Polarized across segments, with upper-premium suffering slowdown in demand, and competition from local players in APAC markets, while **absolute luxury holds strong**, consumers seek **ultra-personalized solutions** while brands continue investing in strengthening their **proximity to consumers**

Luxury yachts

Continue experiencing persistent growth in deliveries, rooted in significant backlogs accrued in last years, despite progressive orders slowdown, with **rising interest for tech-enabled solutions on board**

Private jets

On positive momentum, with fleet upgrade pushed by increasing **regulatory pressure toward biofuels** and rising interest for **fractional-oriented ownership models** and subscription services enhancing flexibility



Fine art & design furniture

Fine art

Sharp decrease, with **auctions facing setbacks from geopolitical tensions**, and weak **dealer performance** mostly limited to local clientele; continued **interest** from institutional investors and cultural promoters **toward minorities** – yet **still not cutting into broader clienteles**

High-quality design

Still on negative trend amid **heightened and persistent macroeconomic pressures**, with **stronger traction** in high-end projects for top-tier clientele, while traditional multi-brand channel suffers from sluggish consumer traffic and challenges in interpreting “new” client desires



Food & beverage experiences

Wine

Exhibiting **negative growth**, with **cautious consumer spending** and **de-stocking** driving short-term turbulence; **bubbles fatiguing** more than stills and **nuances across regions**, with US suffering from consumer downtrading, and **China slowing down**

Spirits

Low single-digit path, with **mixology-led consumption remaining resilient** while **meditation-driven use suffering**; **NextGens shifting elements of value** in drinking value propositions favoring **rise of NoLo** (no-low alcohol) **alternatives** and **RTDs** (ready-to-drinks)

Gourmet food and fine dining

Fine dining overgrowing at home food, with raising demand for **immersive, entertainment-oriented experiences**, blending traits from different worlds (art, perfumery, and design) to satisfy an **unquenchable desire for uniqueness**; growing emphasis for **ethical and environmentally conscious food**



Out-of-home experiences

Luxury hotels

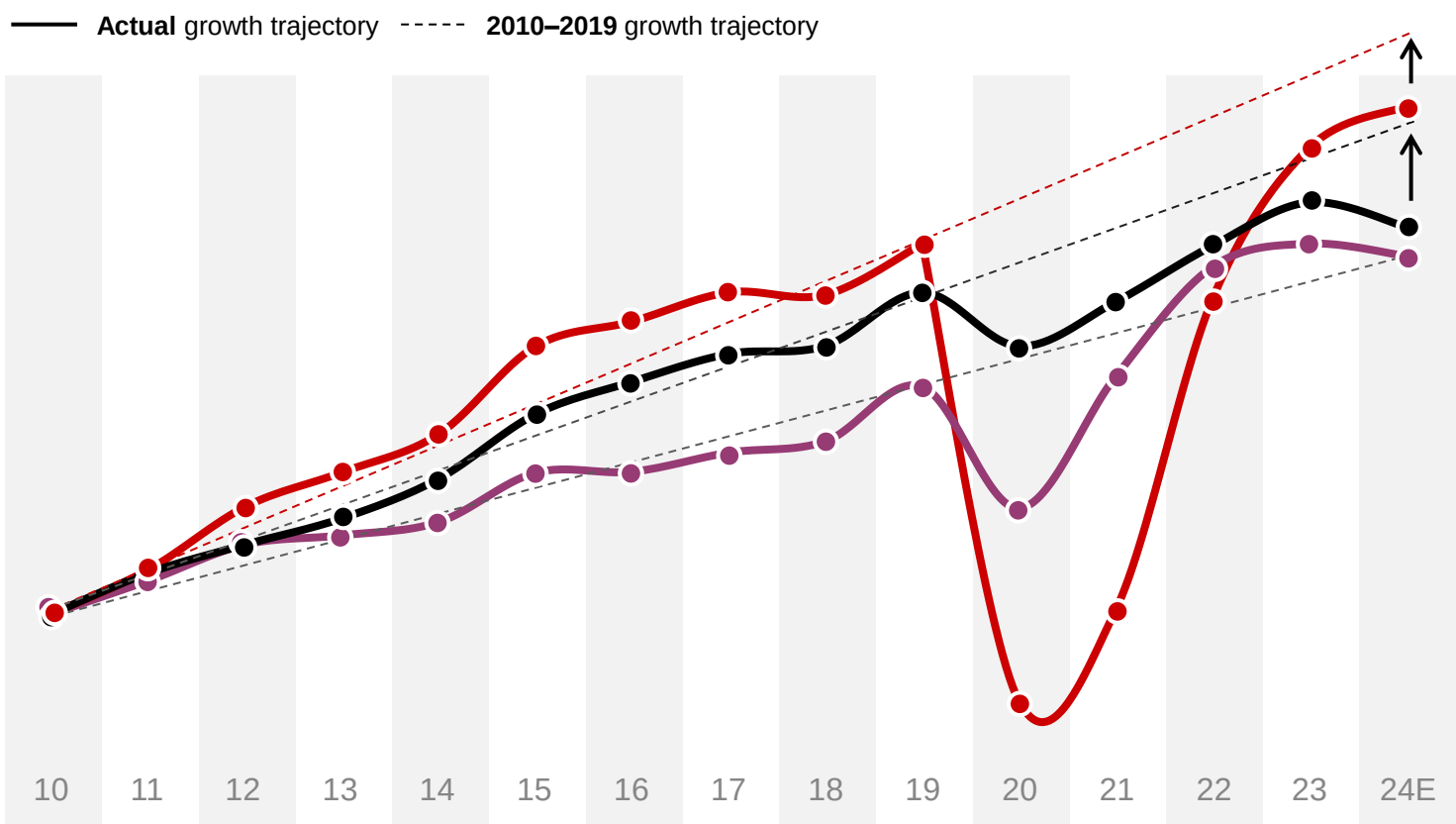
Normalizing after last year surge, with strong **occupancy rate** and **ADRs** stabilizing significantly above pre-Covid levels; raising demand for cross-generational “family” trips, paired with increasing interest for **wellness and experience-driven travels**, steering brands offer toward encompassing more **holistic solutions**

Luxury cruises

On continued strong momentum fueled by reaffirmed **interest of HNWI**; **fleet expansion** within ultra-luxury segment paving the way for more **intimate cruising experiences**, complemented by increasing consumer interest for **adventure-focused itineraries** focused on **environmental conservation**

Amid global uncertainty, experiences leading over products

Growth of global luxury goods segments, indexed to 2010



Notes: Growth shown at current exchange rates; experience-based goods include fine art, luxury cars, private jets and yachts, fine wines and spirits, and gourmet food; luxury products include high-end furniture/housewares and personal luxury goods; experiences include luxury hospitality, cruises, and fine dining

	CAGR '10–'19	CAGR '19–'24E	YoY '23–'24E
Total Market	7%	3%	-3/-1%
Experiences	9%	4%	5%
Experience-based goods	8%	2%	-3%
Luxury products	6%	5%	-2%

Experiences

Maintaining sound traction, as luxury consumers continue shifting spending toward **travel experiences** and **social events**, favoring personal treatment and wellness over consumerism

Experience-based goods

Showing **twofold trend**, with **contraction within entry-to-luxury segment**, while **absolute luxury** continues **catering strong interest from HNWIs**

Luxury products

Slowing down, **pressured by last year's inflationary spikes** and **elevation**

Uncertain – yet stable – macroeconomic scenario, but with rising wealth polarization



	FY24E	
Real GDP growth	~3% stable vs. 2023	Stable yet polarizing Slower growth in China and Japan; Americas stable vs. last year, Europe, GCC and other Asian markets improving
Inflation	-1p.p. vs. 2023	Still high, but reducing Confirmed downward trend after '22 bump, progressively aligning to Central Banks long-term targets
Consumer confidence	~0.8p.p. vs. 2023	Slightly improving, yet continuously shaken Upward trajectory since 2022, but with large swings across months and regions
Currency exchange rate (vs. EUR)	FLAT vs. 2023	Euro remaining strong Japanese Yen and Asian currencies depreciating, Swiss Franc and Sterling appreciating

Luxury goods market growth

-1/+1%

GROWTH @K | '23-'24E

Yet in a context where different consumers cohort are pressured dichotomously

Aspirational consumers' disposable income curbing, impacted by **reducing job opening**, and **increasing involuntary turnover rates**

UNEMPLOYMENT RATE

~0.2p.p.

vs. 2023

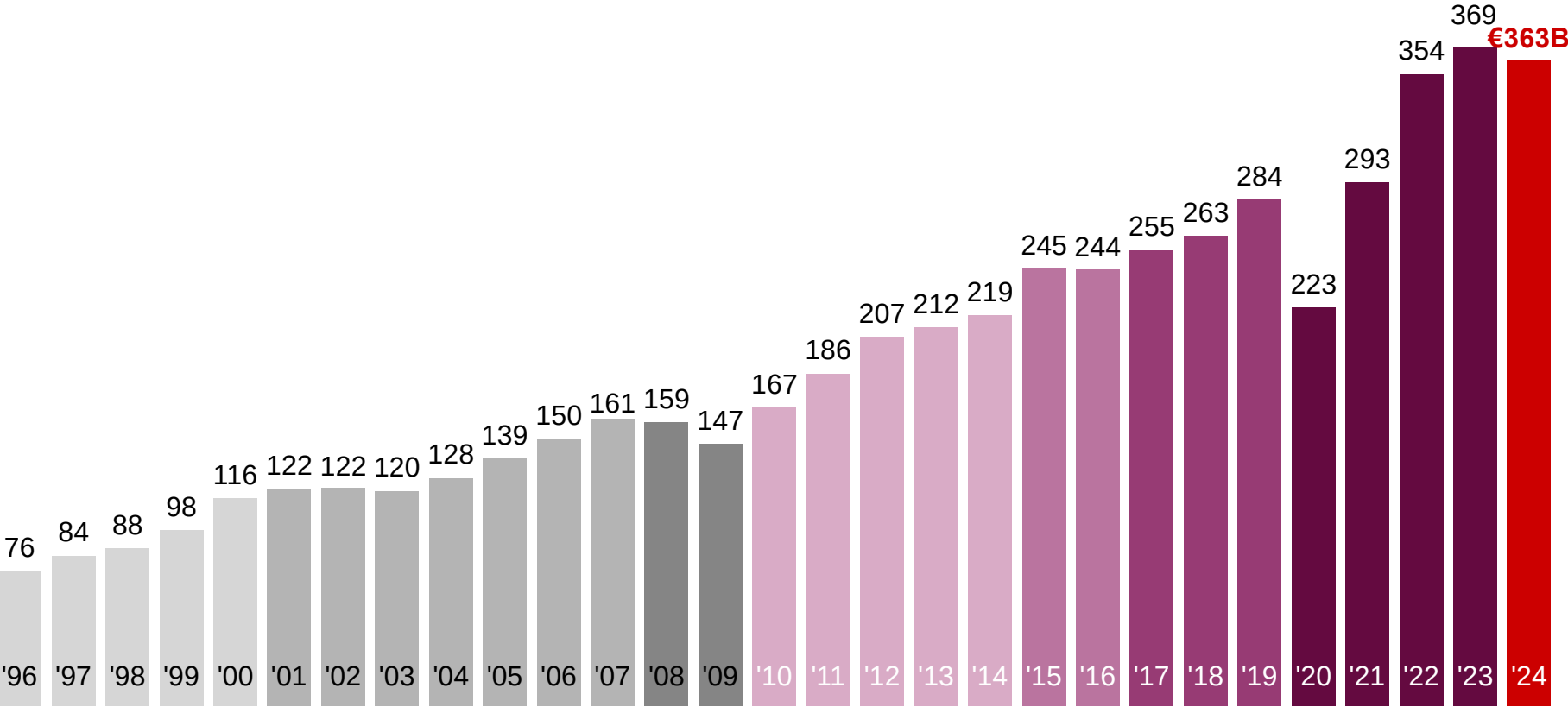
Wealth polarizing further, with ultra-wealthy benefitting from sound stock market performance

STOCK MARKET

~10/20%

YTD Growth

Personal luxury goods: first slowdown in 15 years (excl. Covid), after the Great Recession



“Sortie du temple”

Democratization

Crisis

Chinese Acceleration

Reboot

New Normal

Covid-19 & Rebound

Elevation

2023–2024E YoY

Current
exch. rates **-2%**

Constant
exch. rates **0%**

1996–2019 CAGR

+6%

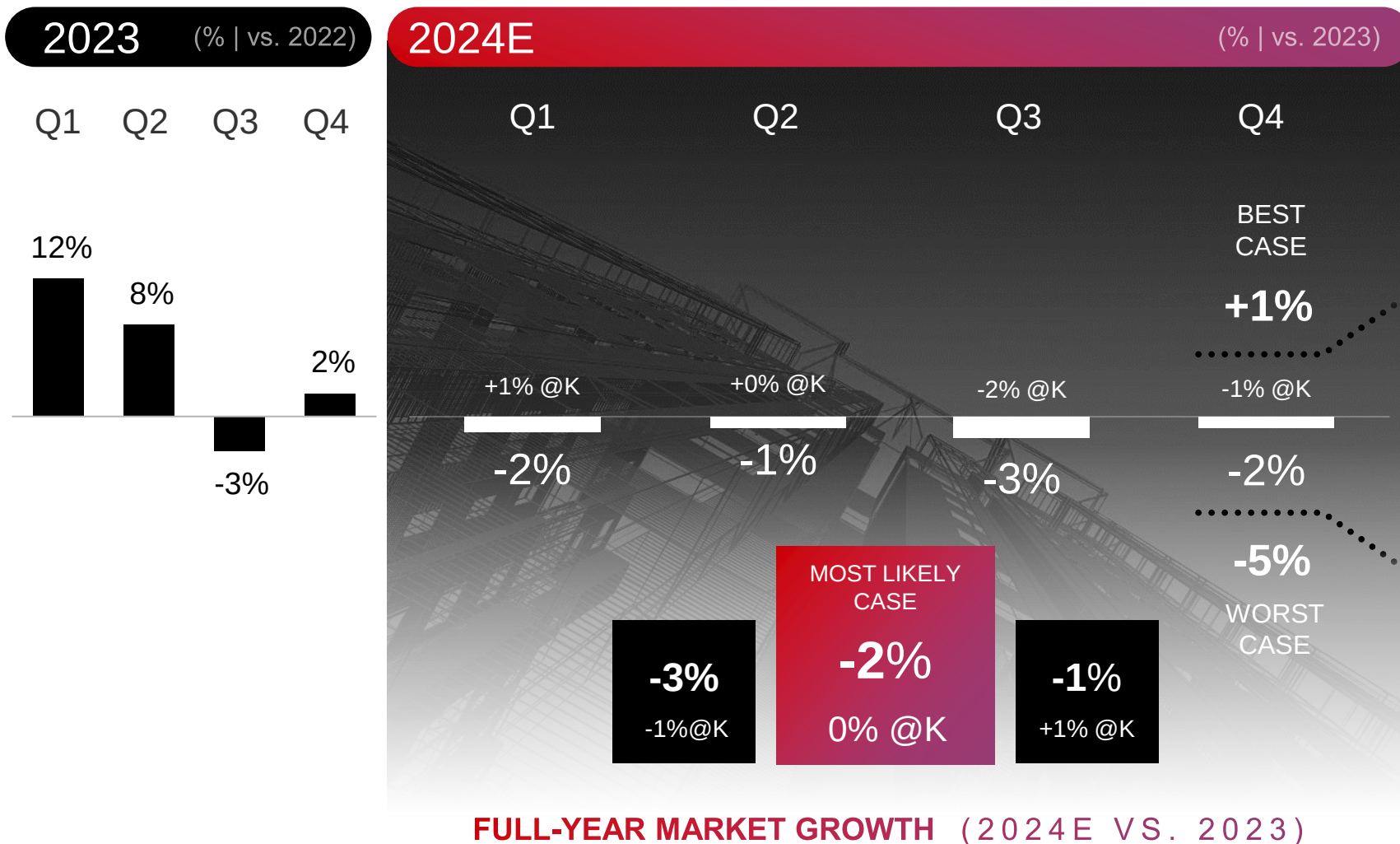
2019–2024E CAGR

+5%

Lowering quarterly trajectory

Q4 performance highly exposed to short-term winds

Personal luxury goods market evolution by Quarter



Note: @K = growth at constant exchange rates

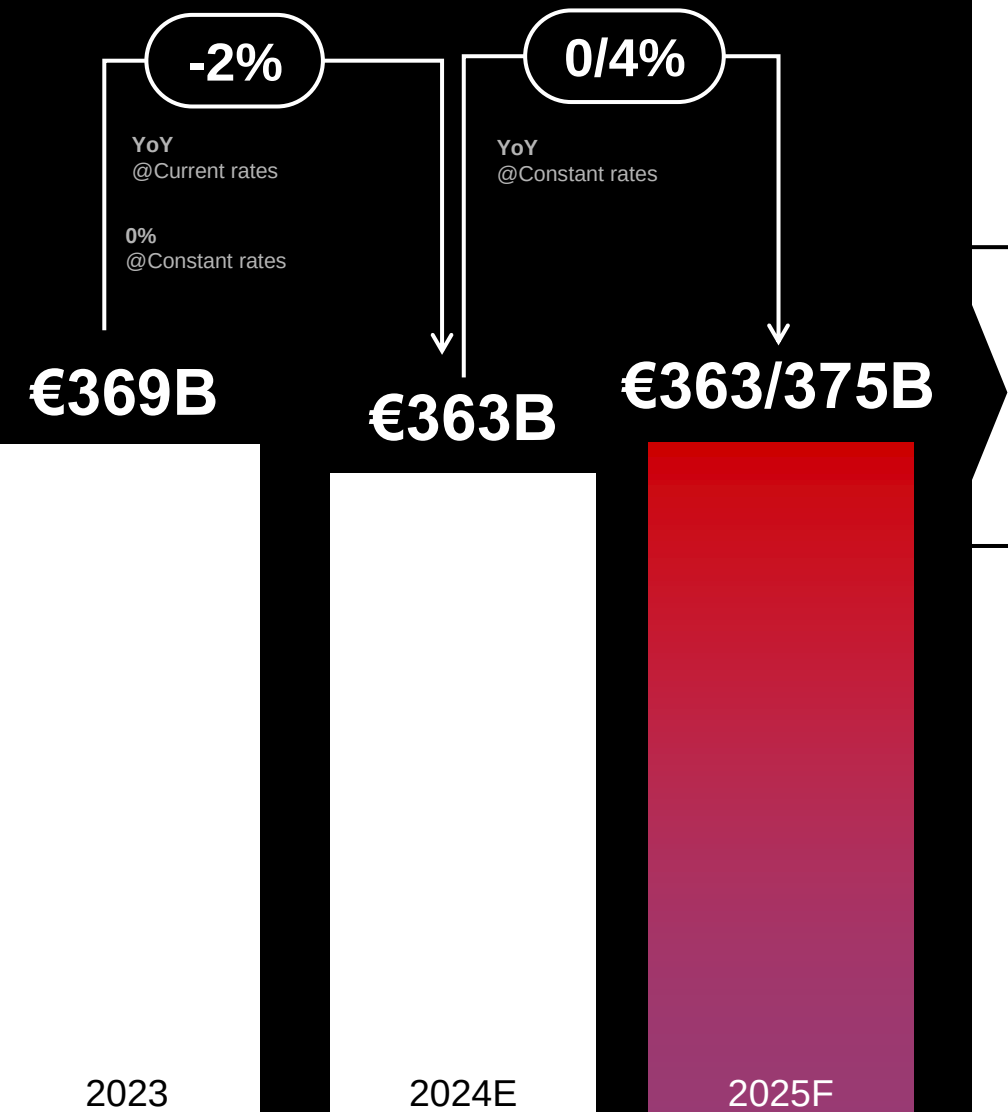
- **Improving conditions in China**, with unemployment further reducing, and encouragement of **stimulus packages**
- **Japan** continues flourishing
- **EU and US** on good momentum, driven by **improved consumer confidence** and underlying **macroeconomics**

- **US** progressing to a **slow-paced upswing scenario**
- **Continued negative performance in China**
- **Japan and Europe** continue posting growth, yet locals **facing harder times vs. H1**

- **US post-election volatility** cuts into holiday season spending
- **China deceleration worsens**
- **EU lacks resilience on locals**
- **Tourism inflows in Japan** halting down as **yen reinforces**

Personal luxury goods market

% GROWTH | 2024E AND 2025F AT CONSTANT EXCH. RATES



What should we expect for 2025?



Note: 1 – Referring to People's Republic of China; @K = Growth at constant exchange rates

2024E

Time to (re-)establish **creativity, customer and coherence** as core pillars of the **luxury equation** where **old and new playbooks coexist**

LEVERAGING ALL THE **VISIBLE MARKET SIGNALS AND WARNINGS**

TODAY



Sustained tourist flows
moving consumption from **US and China** to **Europe and Japan**, while **local customers** suffering globally



Diffused downturn
Most product **categories, brands,** and **channels** suffering



Consumer base shrinking
in response to continued elevation, with **older generations** gaining share and further concentration on **top customers**



Advocacy dropping
for luxury, across **generations** and **spending tiers**



Skyrocketing polarization
in performances, pressuring **profits**



Dangerous crossroads
and **sliding doors** ahead

YET

American and Middle Eastern customers growing

Some bright spots
in creative and content-rich products, “new” entry-to-luxury, value-for-money channels

Gen Z gaining share in **Asia**

Appetite for luxury remaining strong

Tech, MarTech, and **Performance improvement** to help

Good times for a change

Glimmers of hope in Europe and Americas; Japan still championing although cooling down; China navigating turbulent waters

JAPAN

Favorable currency rates continue to **fuel surge in tourist spending** throughout the first half of the year

Momentum **slowing down** in H2 as currency and pricing realigned

Locals losing ground, progressively shifting spending **toward entry categories** and **upper-premium brands**

Strong appetite for jewelry through the year across consumer pools

EUROPE

Southern Europe still solid, with **fairly notable performance** of Tier-1 cities and **resort locations**, whereas Tier-2 hubs suffer

Tourism sustaining growth with continued appetite of **Americans**; Chinese progressively **slowing down** after strong start during Chinese New Year

UK and Northern Europe **facing harder times** with more limited luxury tourist inflows; **Paris summer season** undermined by **Olympics**

REST OF WORLD

Varying picture within the Middle East: positive **UAE** across the board, **more polarized** performance within **Saudi**

Local escalating tensions impacting **selected consumer pools'** spending and **partially** affecting **touristic inflows**

Jewelry still most resilient category this year, followed by **good traction of Beauty market** – sustained by both local and tourist consumption

AMERICAS

US shows **greener shoots**, despite **fluctuating consumer confidence**: upward **quarterly trajectory**, though **foot traffic across key cities** slows down

Aspirational consumer pressured, flowing their **spending toward contemporary** and **upper-premium brands**

Polarized performance outside US, with (Eastern) **Canada suffering lack of Chinese tourists**, while positive notes stemming from **LATAM** (Mexico, Brazil)

ASIA

South Korea favored by last year comparable, still **weak on local consumptions**, but progressively **benefitting from growing tourism**

HK and Macau suffering from lack of Chinese consumers, with **large installed footprints** likely to be **rebalanced in the future**

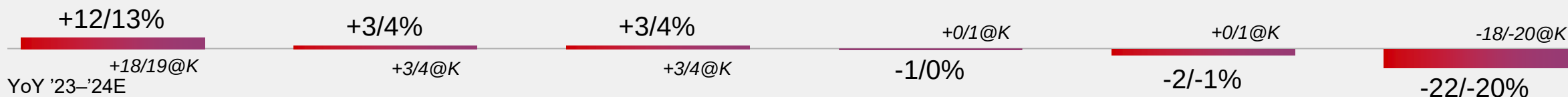
Weak performance across **Southeast Asian markets**, with **volatile locals** and limited intra-regional touristic inflows; Australia suffering, on account of **high interest rates**

MAINLAND CHINA

Sharp slowdown, worsening throughout the year, with **weak macroeconomic fundamentals jeopardizing domestic spending**, and **continued consumer outflow**

More **positive performance** for **understated and timeless styles**, and brands able to deeply engage with local consumers

Government stimulus plan yet to **translate into consumption acceleration**



MARKET SIZE 2024E | €B

~€33B

~€110B

~€22B

~€100B

~€52B

~€45B

Europe holding the bar, yet differently across countries

Real-term European luxury market trend 24E vs. 23



↑
International tourists

↗ ↘
Locals
nuanced by country

Sound Mediterranean, sluggish northwest countries

Sharp differentiation in performance across countries, Italy and Spain leading

New rising hubs in the East for “nearby” consumer inflows

Tier-1 and resort driving, secondary locations suffering

Tourism driving performance of Tier-1 cities and resort locations

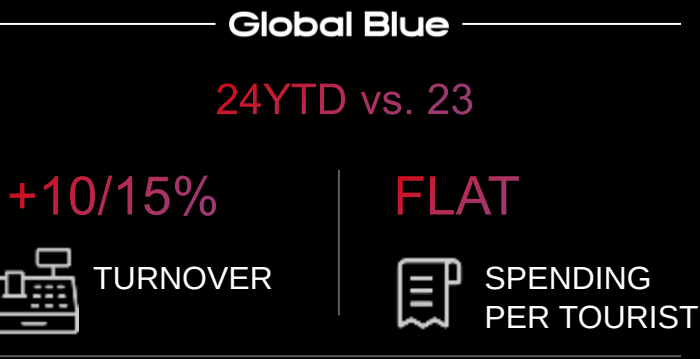
Weaker locals performance in Tier-2 areas

Curation and excellence over buzz

High-end offer and hyper-precious materials over-performing

Curation winning over hype to generate traction on the brand

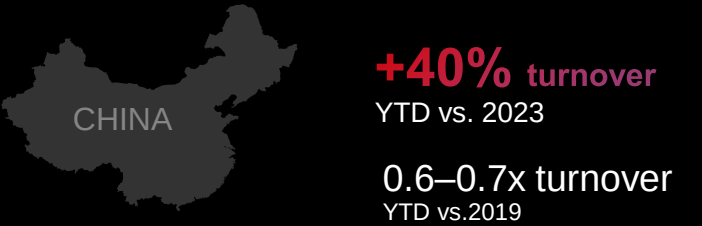
Sound tourist growth, well above prepandemic levels



Americans still attracted by Europe



...While Chinese (slowly) regaining share



China experiencing substantial pressure, with few winners in a highly complex yet evolving environment

Diffused down-performance, with only few winners

BRANDS CLUSTERING BY GROWTH (2024YTD)

% on total luxury brands



In a highly complex scenario, where recent consumption dynamics are consolidating

Sluggish economic growth, jeopardizing **consumer confidence**



Set-back on events to stay **below the radar**: “small and private” winning



Rising consumer **savviness**, pushing growth of “**technical understatement**”



Gen Z still hot, shouting for enhanced **creativity** and **personalization**



2024E

-22/-20%

-18/-20@K

Q1



Q2



Q3



Q4E



JUL

300+

Long-term initiatives across sectors

SEP-OCT

STIMULUS PACKAGES

To relaunch consumer spending

Government is taking actions to address

challenges and relaunch economy

...But **impact on consumers yet to unfold**

With different scenarios for next year

Most likely local market still pressured by luxury consumers spending (re-)drifting abroad

CHINESE SPENDING (24E–25F)

TOURISTS



LOCALS



Japan as growth driver
led by touristic inflows,
yet largely driven by
currency fluctuations



**DIFFUSED GROWTH
ACROSS LOCATIONS**

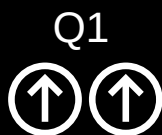


**(MOSTLY) ALIENATED
LOCAL, TOURISM LEADING**



**JEWELRY WINNING, BAGS'
"ACCESSORIZATION" HAPPENING**

Real-term Japan luxury market trend '24E vs. '23



2024E
+12/13%
+18/19@K

PRICE INCREASE BY QUARTER



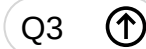
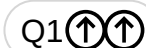
Continued price increases in first half of
the year, to rebalance price differentials
against weakening Yen

Global Blue

Continued growth in tourism, Chinese and beyond

TOTAL **~1.1x** turnover vs. 2023

CHINESE **~1.8x** turnover vs. 2023



With a different profile vs. those shopping in Europe

MORE
ASPIRATIONAL

+10p.p.
non-top
customers

BUYING LESS

-20%
transactions
per shopper

SPENDING LESS

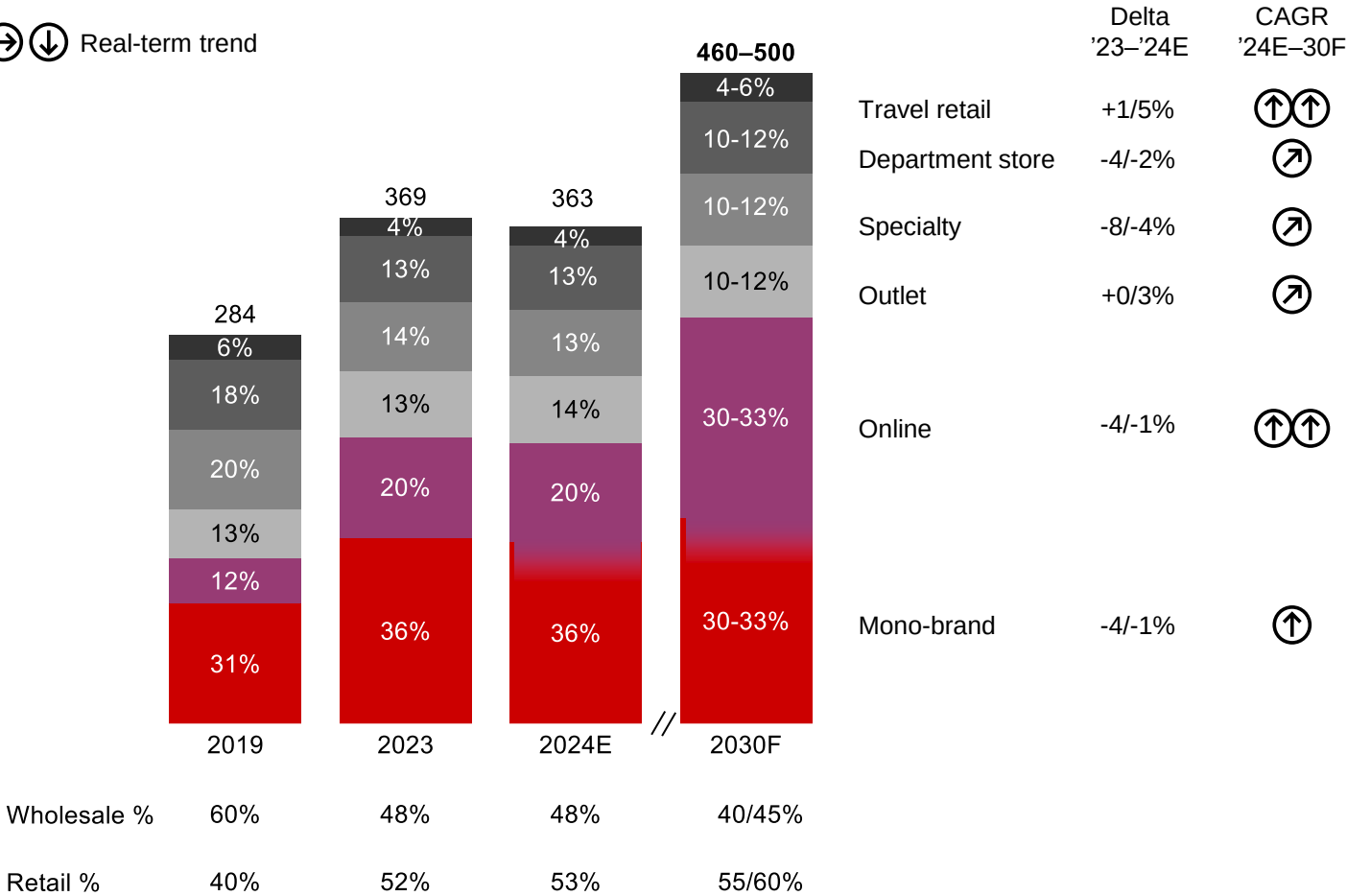
-15%
average spend
per transaction

Outlet winning over full price, online stabilizing, ongoing pressures on multi-brand

Personal luxury goods market by channel

€B | 2019–2030F

⬆️⬅️⬇️ Real-term trend



Travel retail

Positive channel growth on account of tourism acceleration and tax free advantage, yet hampered by turbulence within Asian beauty market



Department and specialty stores

Ongoing sluggish performance of physical multi-brand environment; lowering markdown pressure as players achieve healthier stock levels vs. last years, but future equation yet to be decoded



Outlet

Outlet channel overperforming, driven by raised quest for value-for-money purchase and gaining popularity as preferred entry channel in the market



Online

Direct online entering in normalization trajectory after postpandemic swings; polarization between winners and losers on multi-brand digital platforms



Mono-brand

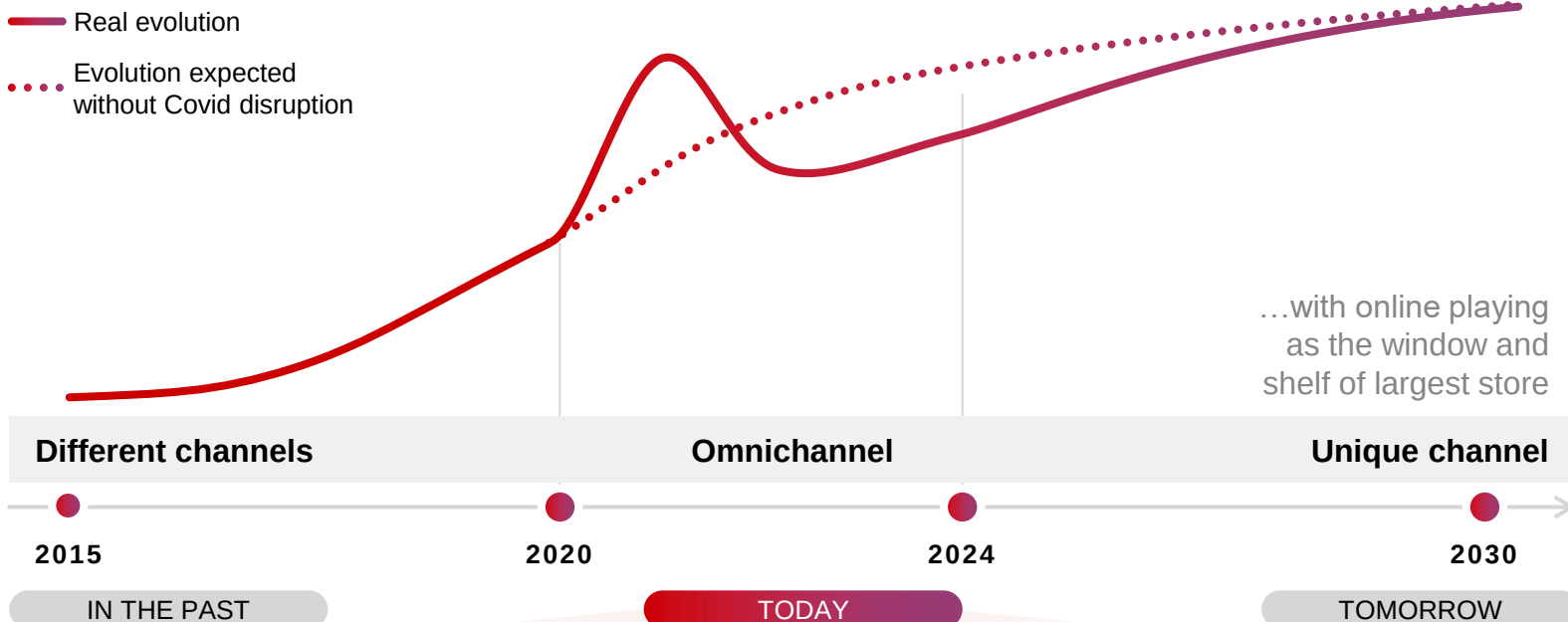
Traffic decrease hampering mono-brand stores, with performance driven by growing conversion through human touch effectiveness Conservative store expansion, with increased attention toward 2025

~1/3

net opening pace vs. 2023

Online normalizing after postpandemic swings, with key challenges on value proposition to tackle

ONLINE CHANNEL PENETRATION IN THE MARKET



WITH KEY CHALLENGES TO SOLVE TO DRIVE LONG-TERM CHANNEL PERFORMANCE

Weakening traffic
(in line with retail)

-5/10%
VISITS

Worsening UX

-10/15%
TIME PER VISIT

Narrowing exploration

-5/10%
PAGES PER VISIT

And significant performance swings across ecosystems

ONLINE MONO-BRAND

Mono-brand showing twofold trend: **over-growing for winners**, suffering for lower-performers

ONLINE MULTI-BRAND

Multi-brand struggling: new hopes from **consolidation** ahead?

Stronger performance of **affordable luxury** and **premium brands**

ONLINE OFF-PRICE

Off-price **growing** as **gateway to luxury** purchases and alternative to downtrading for affluent consumers

Beauty and eyewear outshining among categories; accessories and watches facing harder times

BEAUTY

Beauty on positive growth trajectory in the West, benefiting from **consumer** seek for **small indulgences**

Conversely, **APAC market** **pressured**, with limited cross-country business

Niche fragrances as growth **engine**, alongside more **affordable local brands**, growing popularity among **younger Gens**

Technology increasing its role and **entering beauty routines**

EYEWEAR

Positive trend on eyewear across brands, with growth led by **expanding creativity** within the segment

Up-trading to **top price ranges** and **specialist brands** catering to specific customer **tastes, needs and passions**

Combination of **technology and craftsmanship** favoring the category consumption **across generations**

JEWELRY

The **most resilient core luxury** category thanks to **consistent high-low brand strategies** and upgraded **customer-centric** approach

High-jewelry overperforming, pushing **savoir faire and technique** to new heights

Competition heating up, with **luxury fashion houses thriving**, and **rising local giants** aiming to **expand outside domestic market**

APPAREL

Ready-to-wear holding up, led by **top-price items** and **renewed preferences** for **minimalist** and **understated pieces**

Aspirational customers **driving their spending toward value-for-money brands**, while nurturing growth of **activewear** and **sportswear**

Escalation of **buy-now-wear-now trend**, with consumer moving beyond **traditional fashion calendars**

LEATHER

Challenging times for **leather goods overall**, with top customers **still shopping**, yet increasingly **selective** in their purchases

“Timelessness” ruling, but rising **demand for injection** of a **new wave of creativity** across price ranges

Small leather goods succeeding among Gen **Z-ers**, with **hyper-personalization** and **individualization** of products driving demand

SHOES

Footwear **performing below other soft luxury categories**, impacted by **price elevation** hampering consumptions of a broader luxury customer base

Consistent **downtrading** towards **non-luxury brands** and **continuous challenge** by **sport/outdoor performance** segment

WATCHES

Watches **exiting their recent growth** cycle, losing ground in consumer interests' and seeing price drop on **secondary market**

High **polarization**: only top brands on a positive trajectory

Continued distribution **retailization**, as **brands seek deep connections** with customers

Increasing blur across **genders**, with rising demand for **unique shapes** and precious materials

+3/5%

+3/5%

+0/2%

-2/0%

-5/-3%

-7/-5%

-7/-5%

'24E VS. '23 | %

MARKET SIZE 2024E | €B

~€79B

~€17B

~€31B

~€76B

~€78B

~€25B

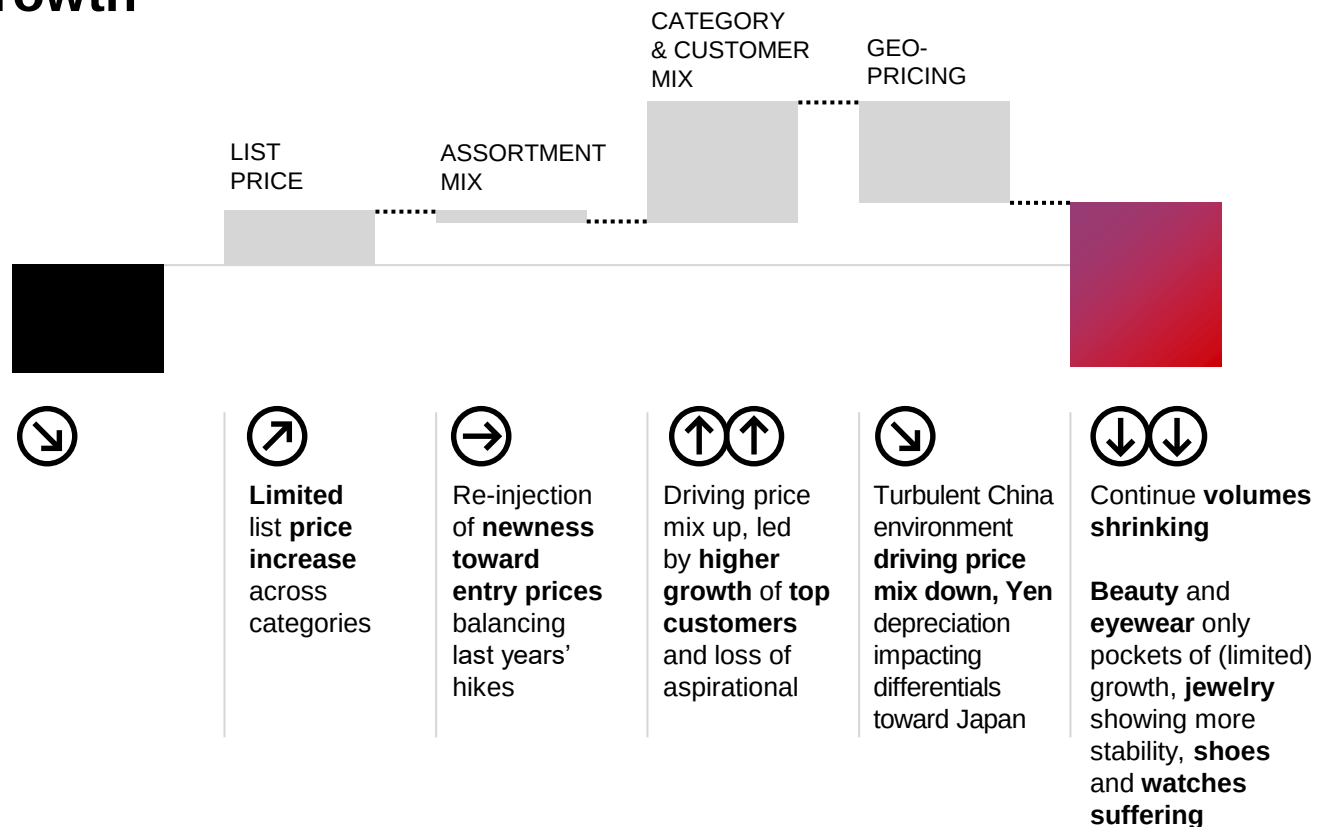
~€51B

Volumes continue curbing in light of sustained price/mix elevation

Market growth

Price EFFECT

Volume EFFECT

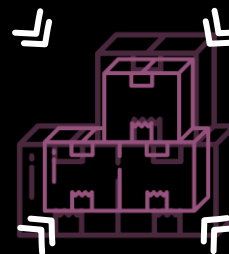


HEIGHTENED EFFECTS ON THE WHOLE SUPPLY CHAIN

-20/25%

SUPPLY CHAIN VOLUMES DROP

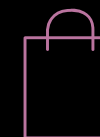
(% | 2022–2024E)



**STOCK LEVEL
REDUCTION TO
UNFREEZE CASH**



**PRODUCT RE-
ENGINEERING TO
DRIVE COGS
SAVINGS**



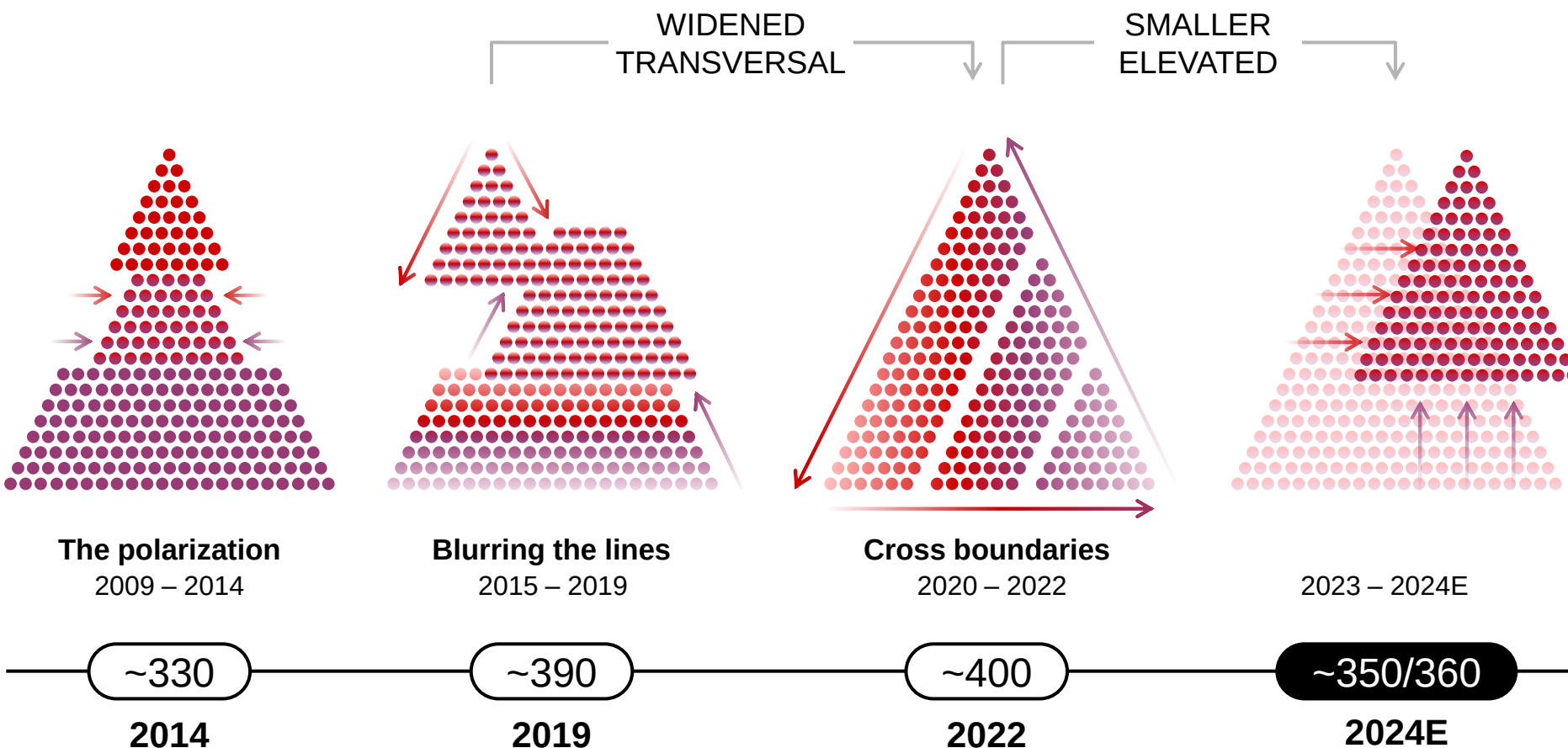
**DEMAND
FORECASTING
AND PLANNING
OPTIMIZATION**

Luxury customer base shrinking for the first time in history, while top customers taking further share

~50M lost customers
over the last 2 years

Luxury customer base evolution

MILLIONS



Top customers taking further share

2024E

~45%+ % market value

>2% Incidence on total market (#consumers)

... yet progressively feeling **less "VIC"**

Flattening experiences

Increasingly transactional

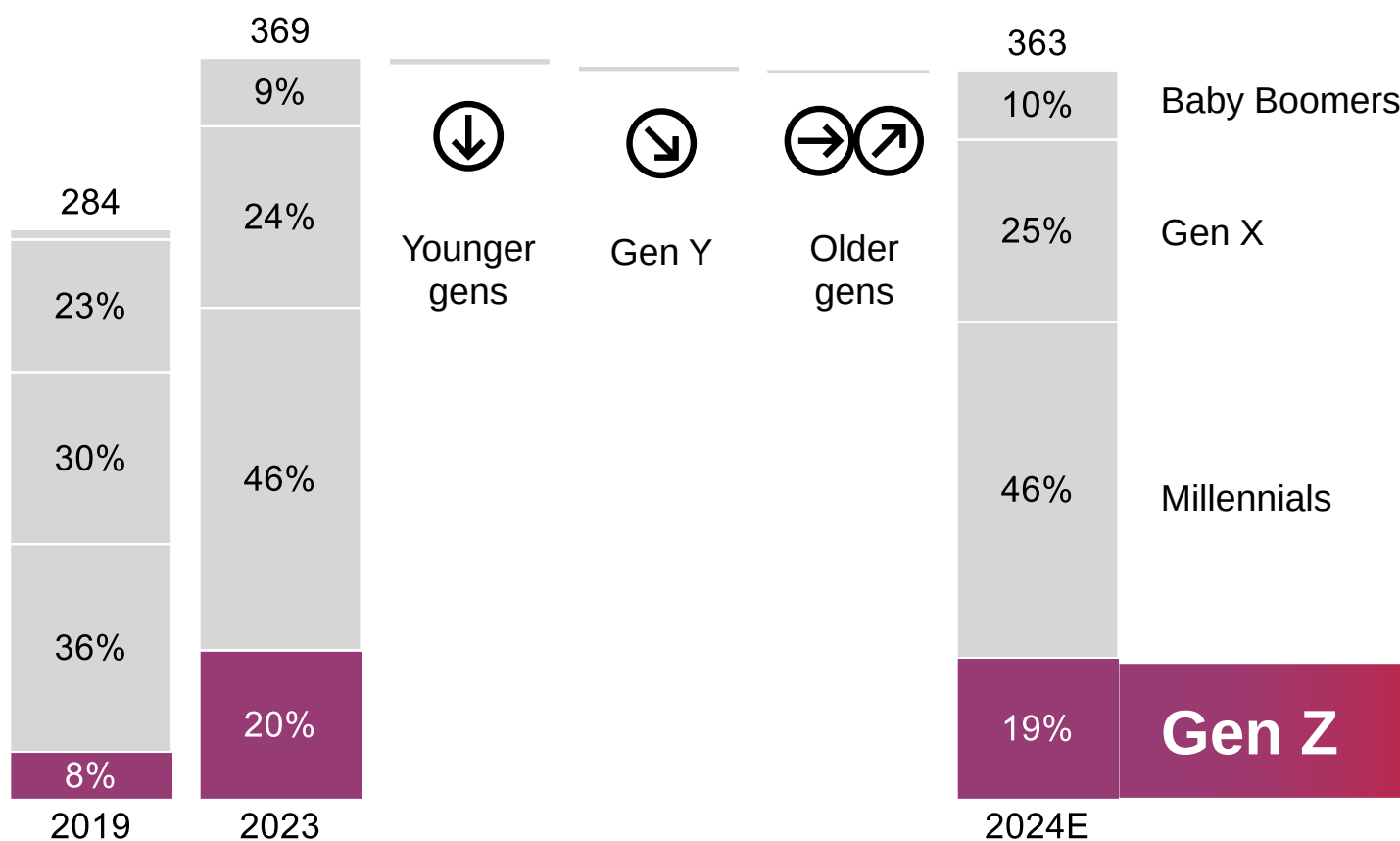
Continuously overloaded



Younger generations pulling back spending on luxury

Personal luxury goods market by generation

€B | 2019–2024E



Although Gen Z showing nuances across regions

CHINA AND SOUTH-EAST ASIA

Appetite for luxury still there, yet embracing **new consumption traits**, with increasing attention to **product quality** and **performance**

Strong demand for **hyper-personalization** across all steps of the customer journey customers reclaim their **individuality** and look for “small” moments of joy

WESTERN COUNTRIES AND JAPAN

Stronger detachment of Gen Z-ers, with curbing engagement on marketing platforms

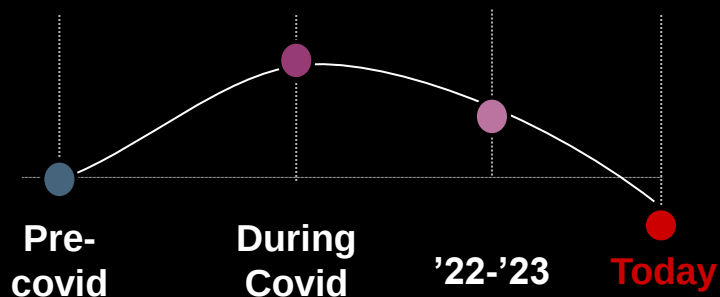
Spending increasingly **shifting away from luxury products** toward more **value-oriented purchases**, 2nd-hand platforms taking share

Gen Z



Customer advocacy dropping below prepandemic levels

LUXURY INDUSTRY NPS®



Trend '24E

Gen X



Gen Y



Gen Z



Next Gen
hit the hardest
despite
brands over-investments
in last years

-25/30p.p.
vs. Gen Y

Brands to **decode customer dissatisfaction drivers**, to win back consumer hearts

Weakened value equation from creativity to price

50%+ CONSUMERS CONSIDER LUXURY BRANDS OVERPRICED

Disconnection with true brand DNA and heritage

Limited personalization and engagement

Narrow product focus within value proposition



Reimagine creativity

add-back intrinsic value to products



Expand conversation topics

foster deeper emotional connection, widen occasions



Scale up the one-to-few

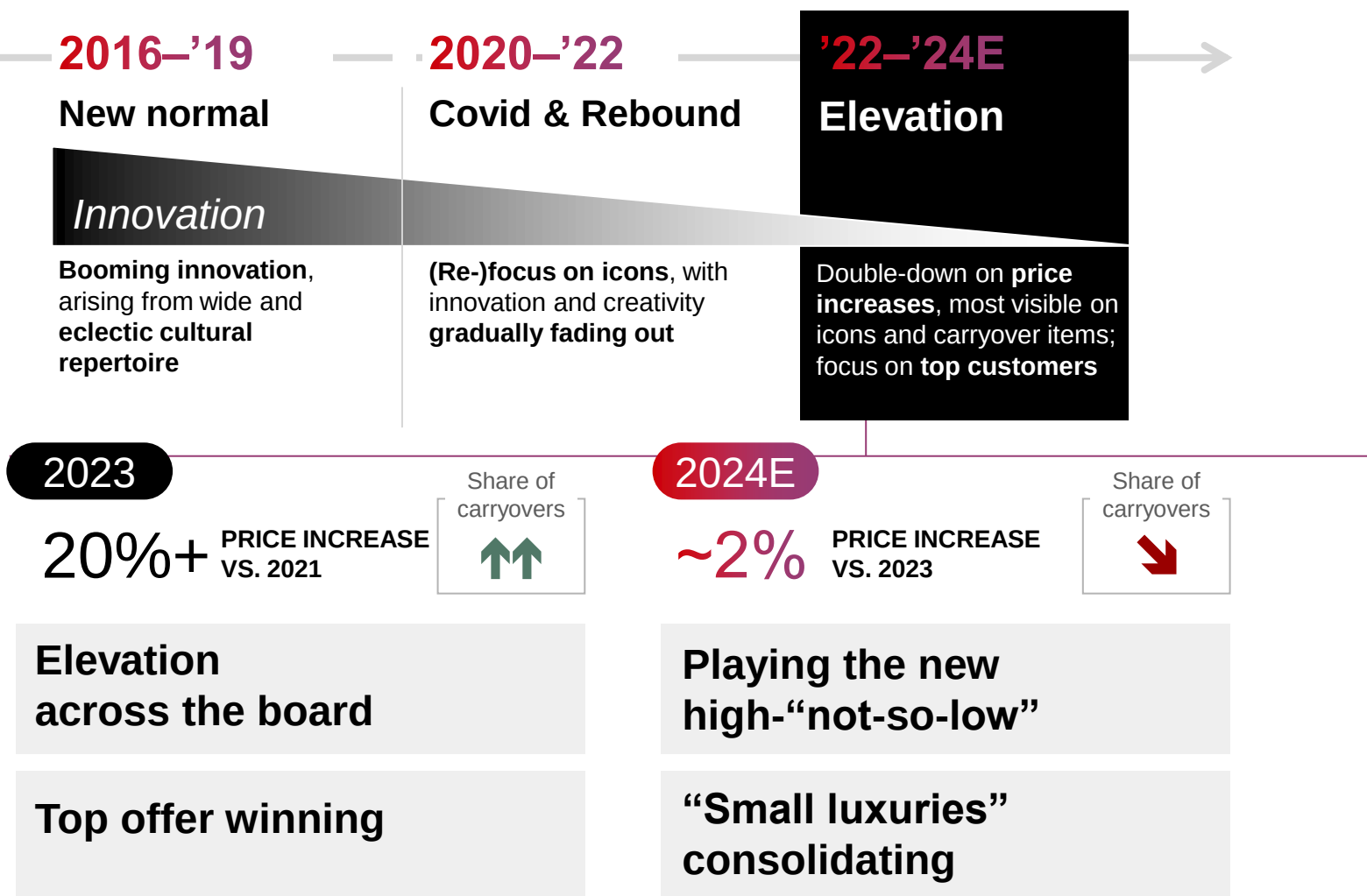
Upgrade (hyper)-personalization, bring 1-1 clienteling at scale



Leverage experiences

Diversify, cross-sell on existing, attract new audiences

Time for brands to rediscover the true luxury equation, finding the perfect blend between all ingredients



Complex luxury competitive arena, with pressures coming from multiple directions

Giants suffering

Size itself is not a driver of success anymore

TOP 8 BRANDS PERFORMANCE

~1/2p.p.

BELOW MARKET

VS. 2X IN THE PREVIOUS 5 YEARS

NON-LUXURY BRANDS

Blinking to downtrading

Becoming viable solutions for redirecting spend to stylish and innovative offer at right price points



LUXURY COMPETITIVE ARENA

INSURGENTS

Priced smart

bridging the gap opened by incumbents

Content creators

driving new rules on customer engagement

+10p.p.

share of wallet in Next Gens vs. incumbents

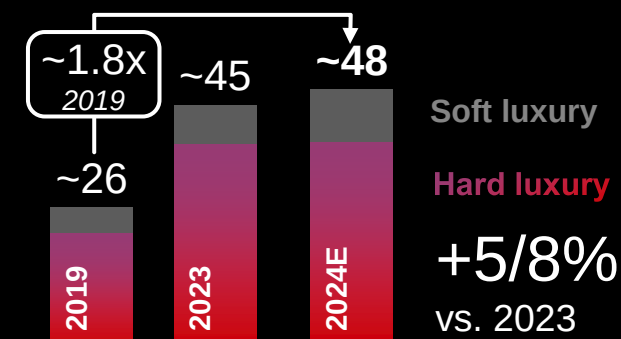
Younger Gens' savvy

forward-looking, appealing to younger crowds

2nd-Hand benefiting from value-for-money quest, across categories

LUXURY SECOND-HAND MARKET EVOLUTION BY CATEGORY

(2019–2024E | €B)



New gateway to luxury

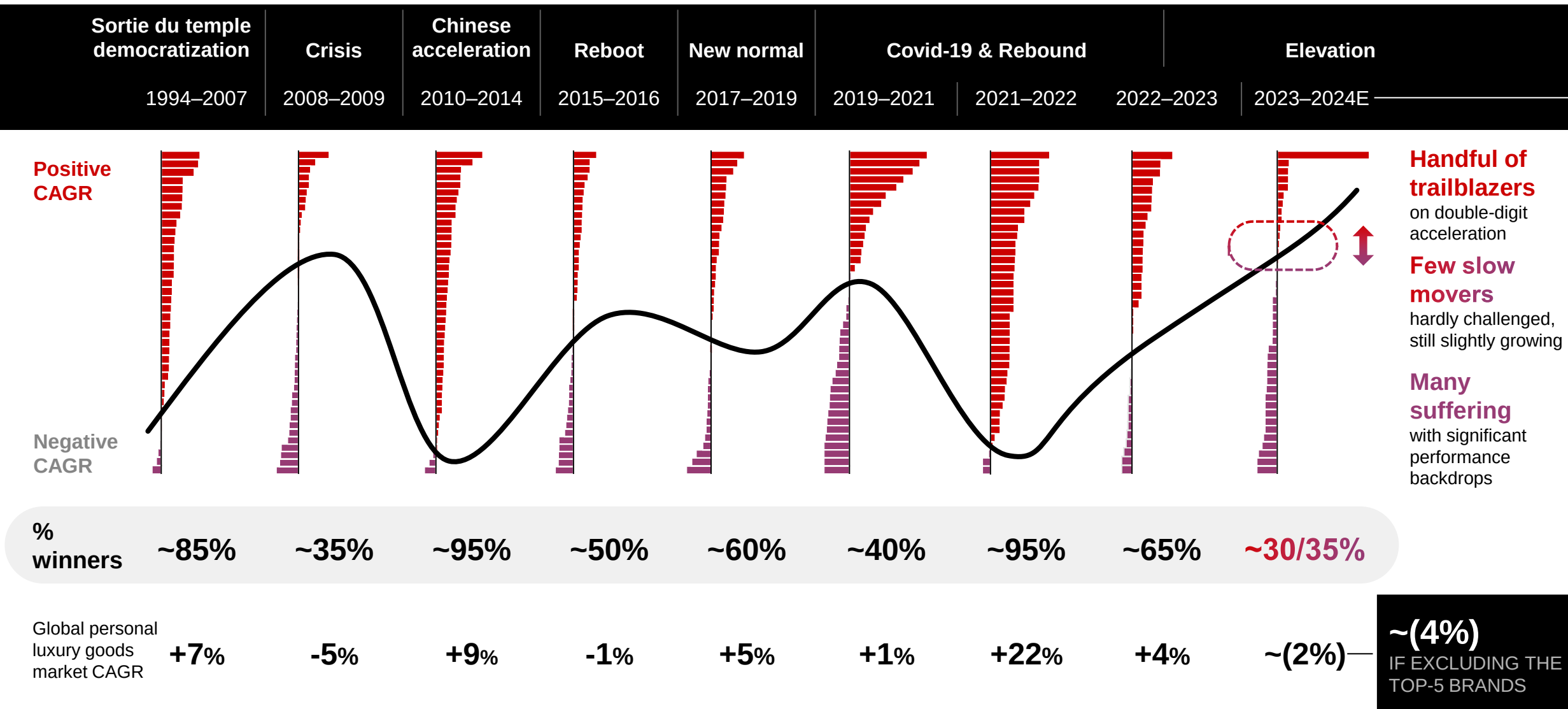
Jewelry and apparel fueling growth

From runways to own platforms

...with luxury brands still to crack the formula to manage the business

Skyrocketing polarization in 2024E

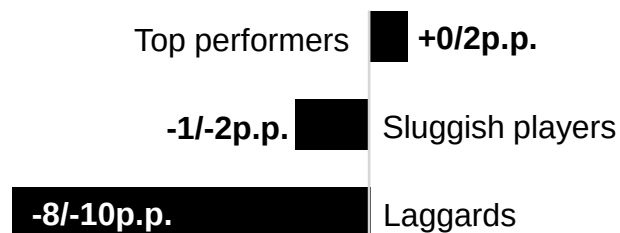
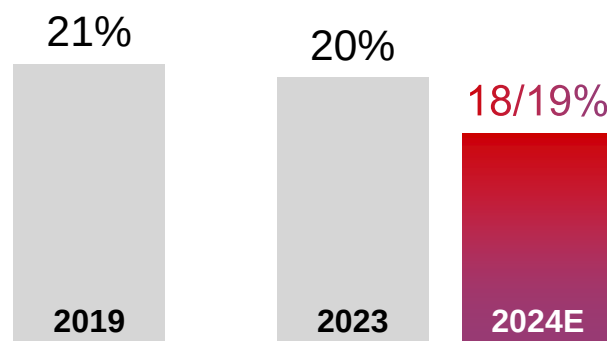
comparable only to last major crisis levels



Margins & cost pressures slowing down profitability, with mixed performance across categories (and players)

EBIT of selected personal luxury goods brands evolution

% | 2019–2024E



MAIN DRIVERS

Spending trend per key bucket

% revenues | Trend 2024E vs. 2023

- Pressured Gross Margin**
 Limited price lever available, attempts to offsetting inflation through manufacturing excellence
- Rising Marketing**
 Customer acquisition and retention cost rising, as brands push to sustain revenue growth
- Growing (slightly) OpEx**
 Balance between tight brands' control on budgets, and reducing scale effect on account of revenue decrease
- Reducing CapEx**
 As brands push to protect their cash position against revenue backdrop

EBIT trend by market segment and player type

Delta p.p. | 2024E vs. 2023



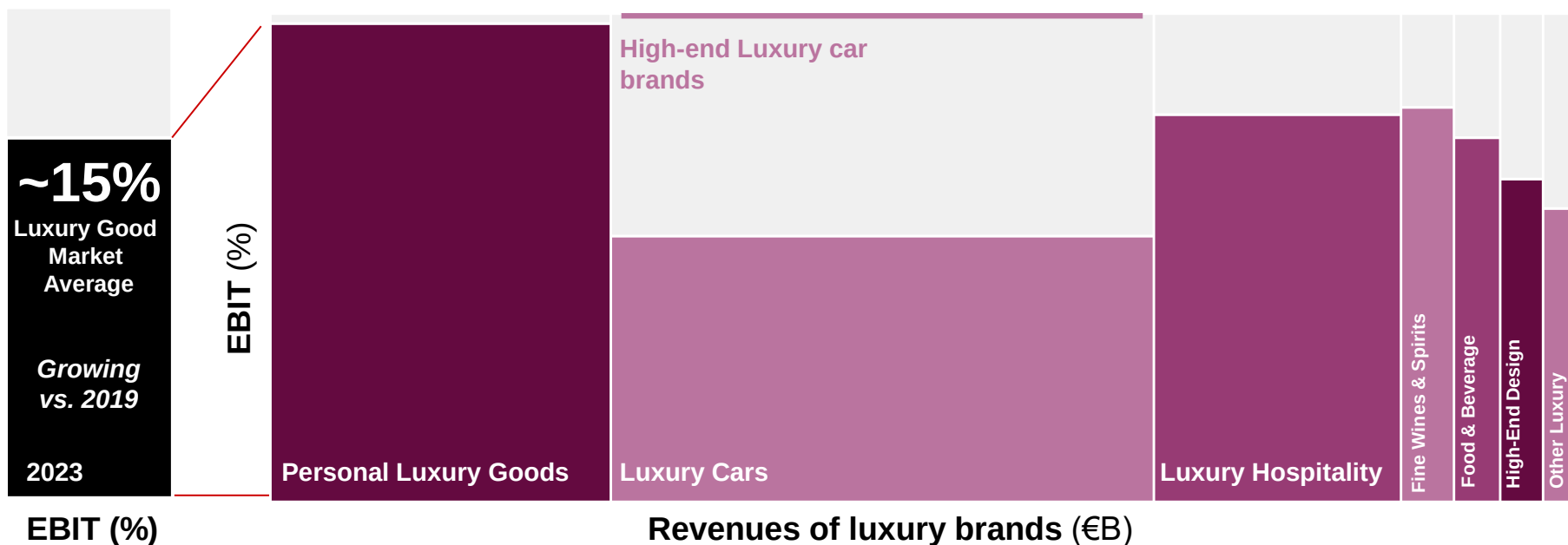
Ongoing pressures forecasted for 2025, yet gross margin upsides and operating deleverage to drive improvement

Luxury Good Markets holding strong profitability: amid upcoming challenges, need to focus on supply chain excellence and resilience

STRONG AND SUSTAINED PROFITS, DESPITE RECENT YEARS' TURBULENCE

...WITH SOME CHALLENGES TO FACE

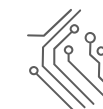
Profit structure of global luxury market (€B | 2023)



Constrained volumes



Tightening ESG requirements and scrutiny



Growing tech complexity



Increasing market volatility

WITH BRANDS CALLED TO KEEP ENSURING AND NURTURING UPSTREAM EXCELLENCE

**FAVOR
CO-INVESTMENTS**

to stay ahead of industry trends

**SUPPORT
UPSKILLING**

of new talents and competences

**SAFEGUARD
EXPERTISE**

committing to preserve craftsmanship

Decarbonization is a business imperative, and comes with costs, but, also, opportunities

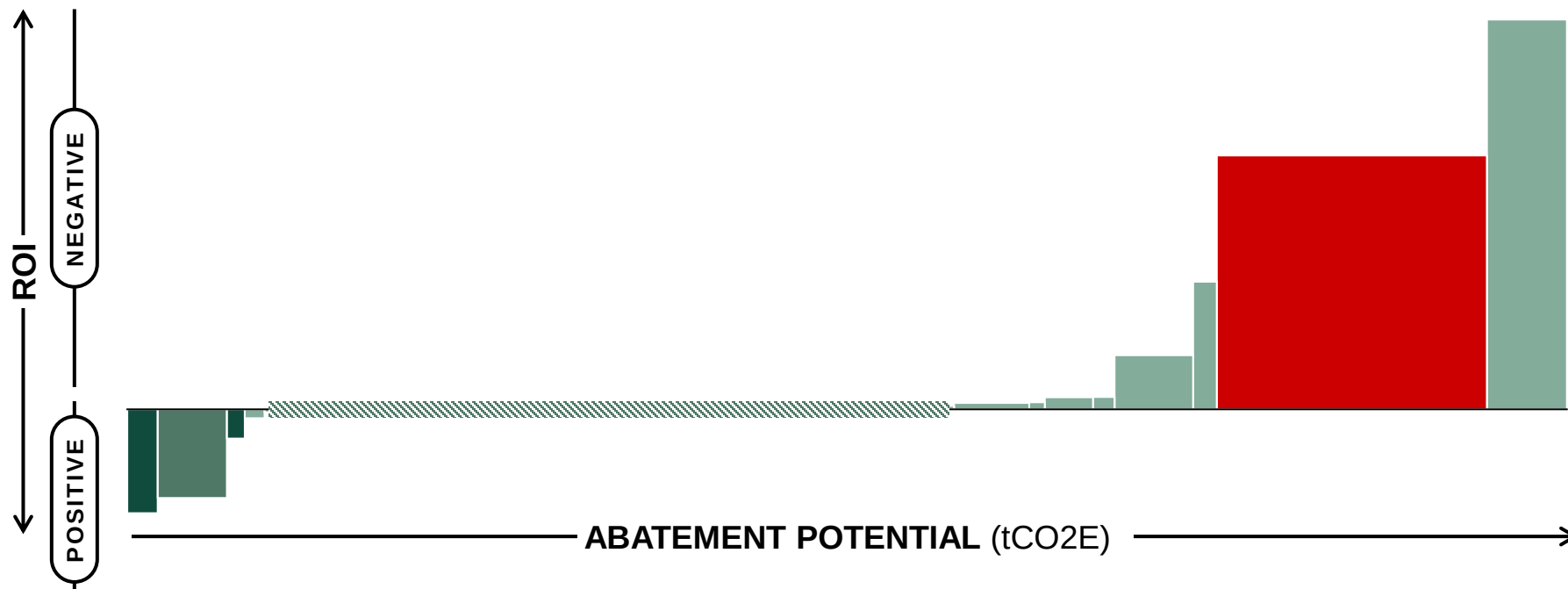
Marginal abatement cost

€ | tCO2E SOFT-LUXURY



~€10/15B

Total investment
to reach 2030 targets



Key levers

01

Sales planning and logistic optimization

Reduce overproduction through sales forecasting, planning, and product allocation optimization and optimize inbound/outbound logistics to favor low-impact transportation means

GEN-AI enabled

02

Manufacturing efficiency

Streamline manufacturing flows, double-down on electrification and green(er) sources of energy

03

Upstream procurement optimization

Revisit the raw material mix and increase low-carbon alternatives

04

Circular business model

Net-zero trajectory requires greater share of business from 2nd hand – profitability key priority

Sound fundamentals

...driving long-term positive perspectives

for market growth to remain strong

Growing addressable consumer base

Growing addressable population

>300M

Additional target consumers in next 5 yrs.

~150M ~20M ~15M ~15M ~2M

from China from LATAM from India from SEA from Africa

Next Generations

>50%

O/w from Gen Z and Gen Alpha

Growing addressable wealth

Growing incomes worldwide

~3/4%

Avg. income growth

“New wealthy” through wealth transfers

~€30T

Globally

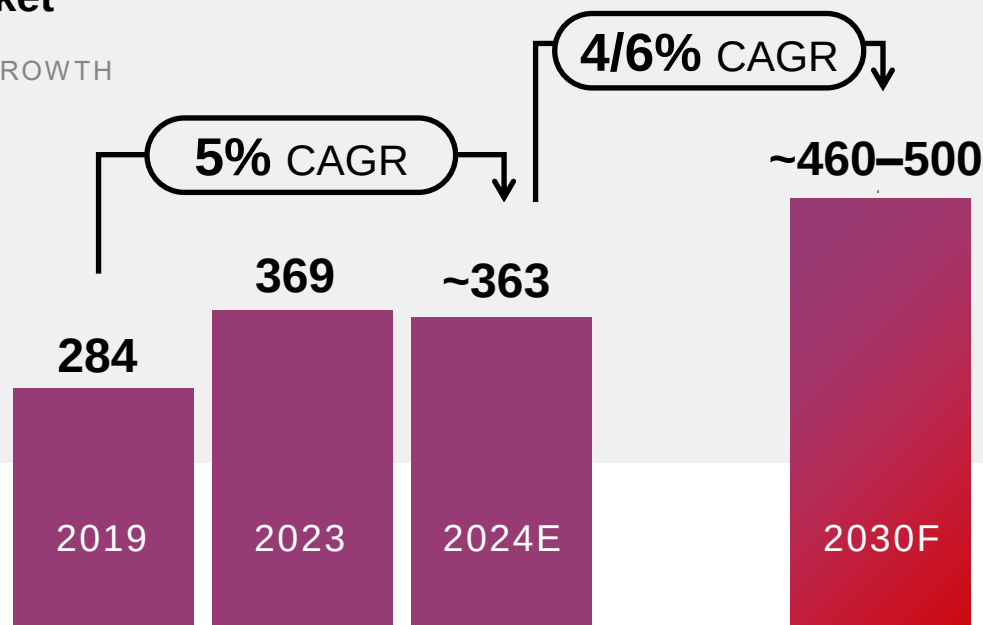
HNWIs growing at fastest pace

~20%

Growth in # of HNWIs

Personal luxury goods market

€B | FUTURE GROWTH AT CONSTANT EXCH. RATES



TOTAL LUXURY MARKET 2030F

€2/2.5T

3-4x
vs. 2010

KEY QUESTIONS

Future demand for luxury is strong, but unlocking it demands **clarity** in **strategy** and **execution**

Players need to **deliberately** **navigate** trade-offs and **define** their **path** ahead



DESIRE



LOVE



ASPIRATION



INSPIRATION



EXCLUSIVITY



INCLUSIVITY



ICONS



INNOVATION



CONTINUED
ELEVATION



REDISCOVERED
HIGH-LOW



TOP
CUSTOMERS



BROAD
CUSTOMER BASE



“BOOMERS”



NEXT GEN



Good times for a **change**

to rediscover **luxury**
foundations

and **intentionally**
shape the future
of this industry



Refocus on basics

Build lasting, high-
quality products
focused on content
and creativity



Foster relationships

Create meaningful
connections, beyond
transactional
activations



Favor reach over push

Expand toward new
untapped and
diverse audiences,
instilling desire and
love over hype



Deliver flawlessly

Create seamless
end-to-end,
customer-centric
experiences,
exceeding
expectations

While flexibly

AMPLIFYING

INSPIRING

INNOVATING

ADAPTING

Embed Gen AI

*Along the whole
value chain*

Tackle **supply chain** challenges

*Secure capabilities amid
suppliers' scarcity*

*Build end-to-end resiliency
and enhance agility*

*Lead ESG development
across all axes, from
decarbonization to social*

Enhance **talent**

*Securing the top-notch
competences relevant for
tomorrow*

THANK YOU



Claudia D'Arpizio

Partner, Bain & Company

Leader, Global Fashion-Luxury Goods vertical



Claudia has spent almost 30 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 20 years, Federica has led more than 300 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 coauthor of the Bain Luxury Study, one of the most cited sources of market information in the luxury industry.

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Press

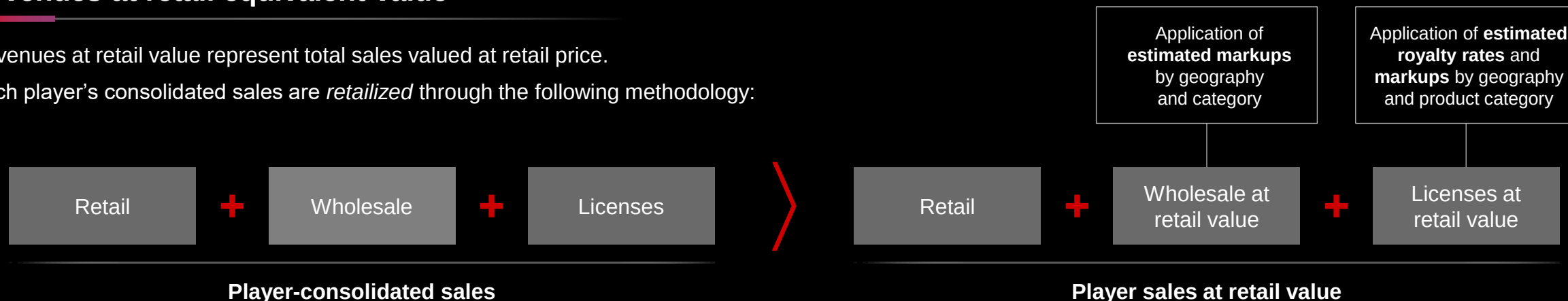
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Methodology of the study

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, etc.)
- Consistency check on the data and fine-tuning

...we cross-check results

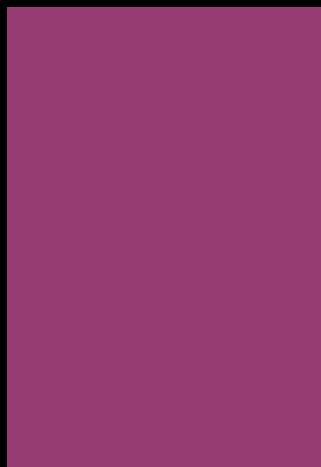
We have adjusted our Market perimeter for personal luxury goods

~2% perimeter adjustment: ~€369B in 2023

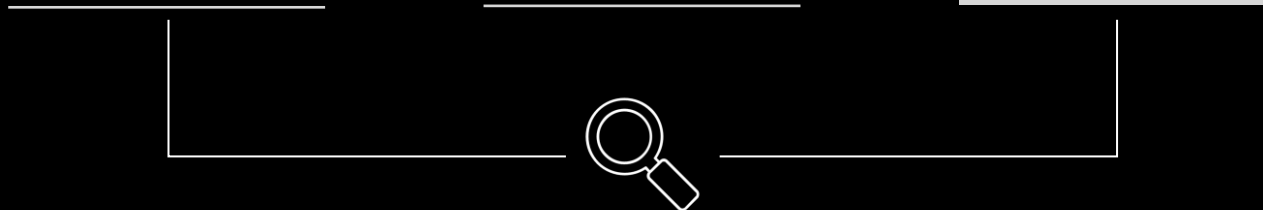
Personal luxury goods market (2023 | €B)

PERIMETER ADJUSTMENTS

362



PERSONAL LUXURY
GOODS MARKET
NOVEMBER '23



Global insurgent luxury brands across categories
Former regional players achieving global scale

369



PERSONAL LUXURY
GOODS MARKET
NEW PERIMETER

BAIN & COMPANY 

