

BAIN-ALTAGAMMA 2019 WORLDWIDE LUXURY MARKET MONITOR

THE LUXURY CUSTOMER IS PRESENT

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NOVEMBER 2019

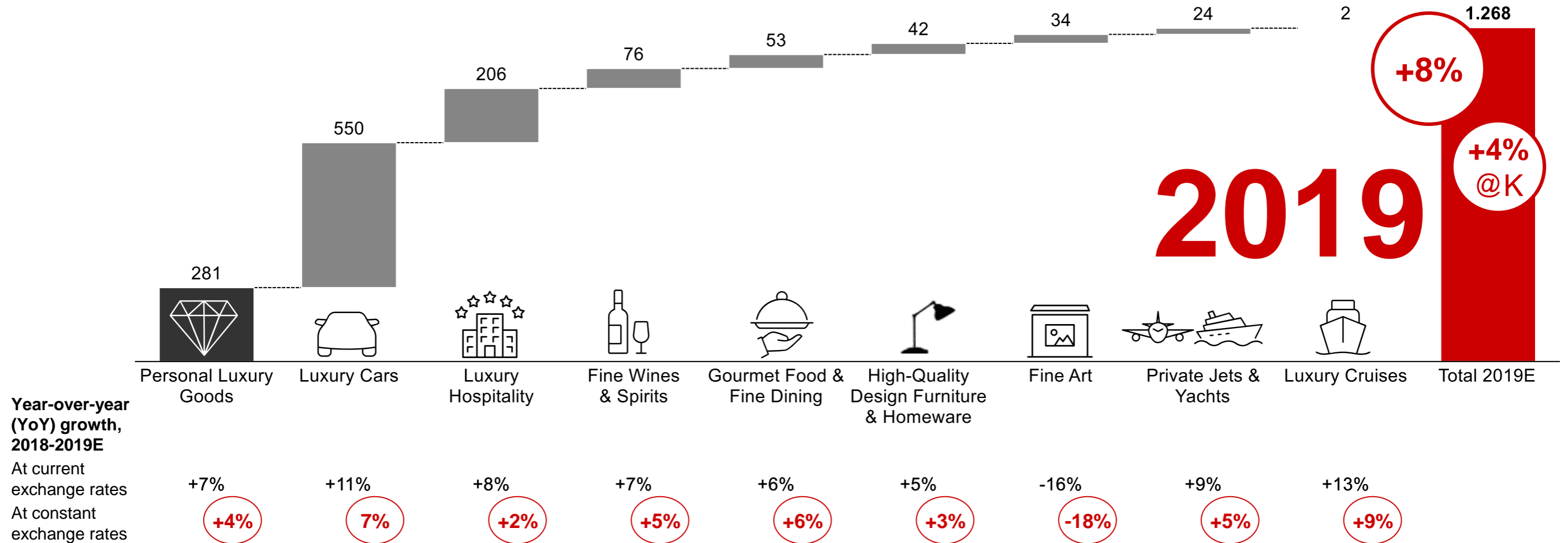
BAIN & COMPANY 

 ALTAGAMMA
CREATIVITÀ E CULTURA ITALIANA



GLOBAL LUXURY MARKETS REACHING ~€1,3T, WITH 4% GROWTH IN 2019 AT CONSTANT EXCHANGE RATES

Global luxury markets (2019E | €B)



2019

@K: at constant exchange rates



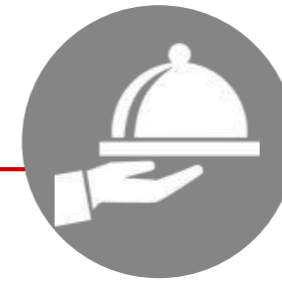
LUXURY TOYS

- **Luxury cars** market **accelerating** vs. last year; **aspirational** segment still leading growth
- **Recovery of yachts**, with increased focus on **sustainable options**, yet undergoing polarization in size
- New and improved models fuelling **rebirth** in the **private jet** market; **secondhand continuing to accelerate**



FINE ART & DESIGN FURNITURE

- **Fine art** market shrinking **given scarcity of supply** both in public auctions and private sales; **online speeding up**, pushed by spurt of hybrid models
- **Positive growth** for **high-quality design furniture**, with **living and bedroom** and **lighting** championing growth and **online outpacing physical**



FOOD & BEVERAGE EXPERIENCES

- **Spirits** confirmed past years' **vigorous trend**, with **gin outperforming**
- **Single-digit increase** for **wines**, with exceptional performance for specific **categories** (e.g., high-end prosecco) in selected geographies
- **Food market** driven by **experiential** side gaining **traction** over pure dining

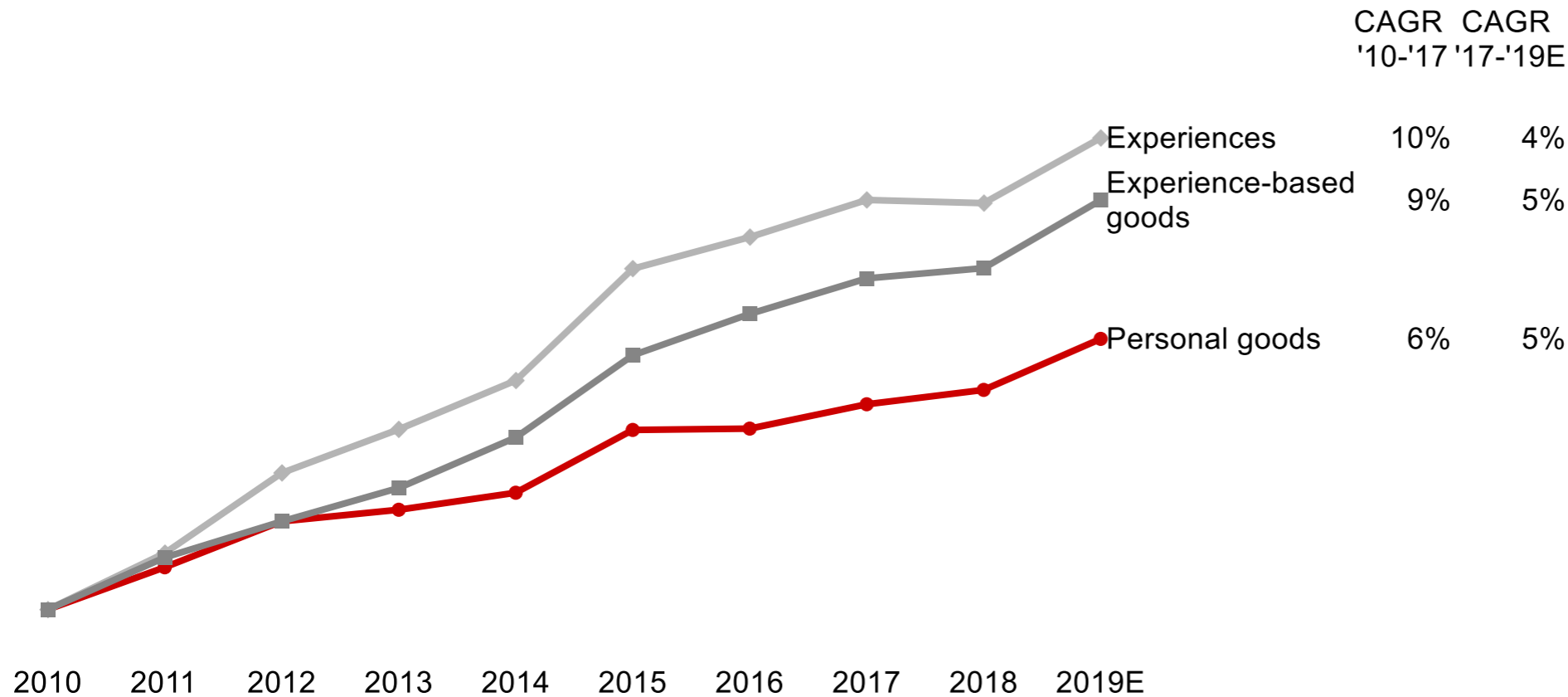


OUT-OF-HOME EXPERIENCES

- **Slower growth** for **luxury hotel** segment; **wellness** becoming **paramount** for **experiential tourism**
- **Sustained growth** for **luxury cruises**, with **expedition segment** confirmed star performer once again

GROWTH RATE OF LUXURY GOODS CATCHING UP TO THAT OF EXPERIENCES

Global luxury markets (2010-2019E | Index = 2010)



- **Experience-based goods** still **growing fast**, despite recent contraction in **fine art** and heavy fluctuations in luxury jets and yachts
- **Experiences slowing down** in the last few years, mostly impacted by **mild growth in luxury hotels**
- **Personal goods** still growing in **2019**, mainly thanks to **personal luxury goods** segment

Note: At current exchange rates; Personal goods include High-quality design furniture and Personal luxury goods; Experience-based goods include Fine Art, Luxury cars, Private Jets and Yachts, Fine Wines & Spirits and Gourmet Food; Experiences include Luxury hospitality, Cruises and Fine dining

THE LUXURY CUSTOMER IS...



HIC ET NUNC
(Here and Now)



CHINESE
(increasingly)



YOUNG(er)



PHY-GITAL



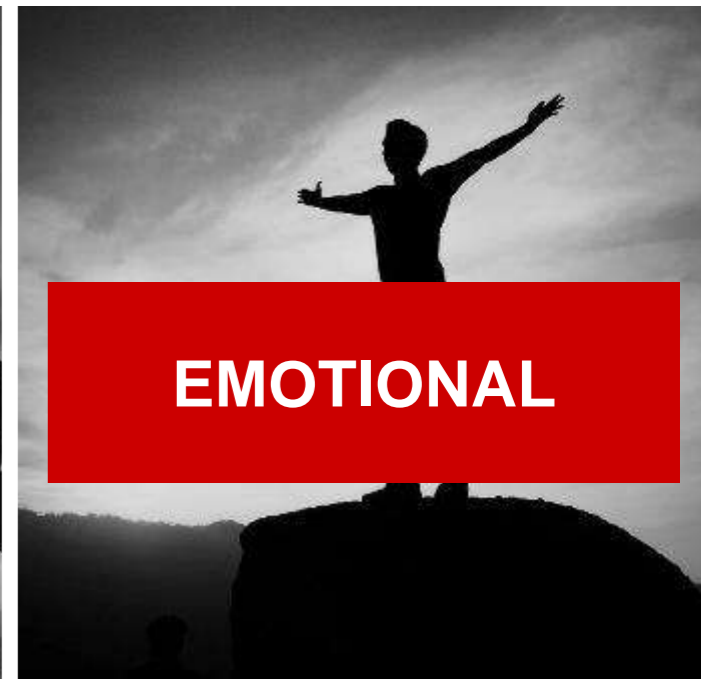
DIVERSE
(in spending power and
purchasing drivers)



OPEN



RESPONSIBLE



EMOTIONAL



The luxury customer is

HIC ET NUNC

(Here and Now)

THE PERSONAL LUXURY GOODS MARKET IS EXPECTED TO CONTINUE ITS GROWTH TRAJECTORY IN 2019

1

“Sortie du temple”

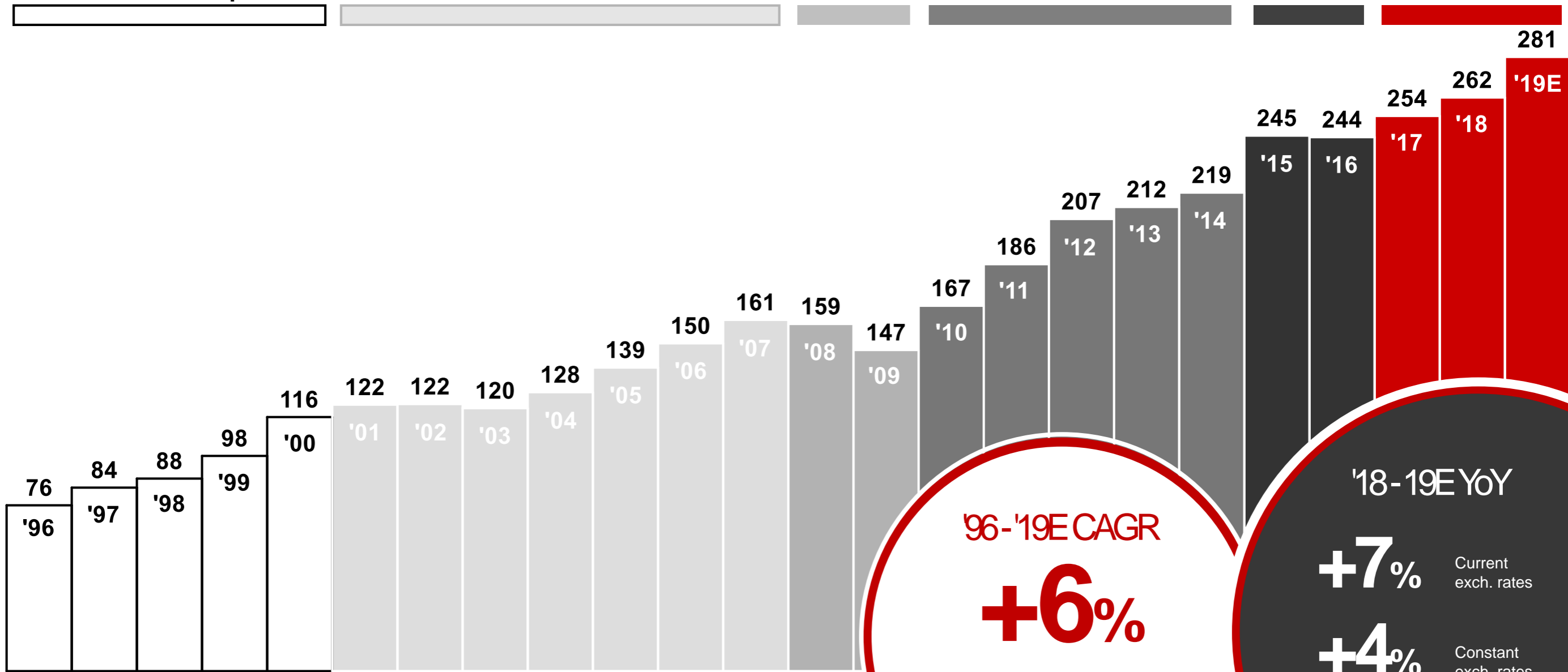
Democratization

Crisis

Chinese bulimia

Reboot

New normal



SOLID BASE CASE SCENARIO FOR 2019, WITH THE COMING HOLIDAY SEASON POTENTIALLY IMPACTING ANNUAL GROWTH

1

@K: at constant exchange rates

XX% Likelihood

Worst case

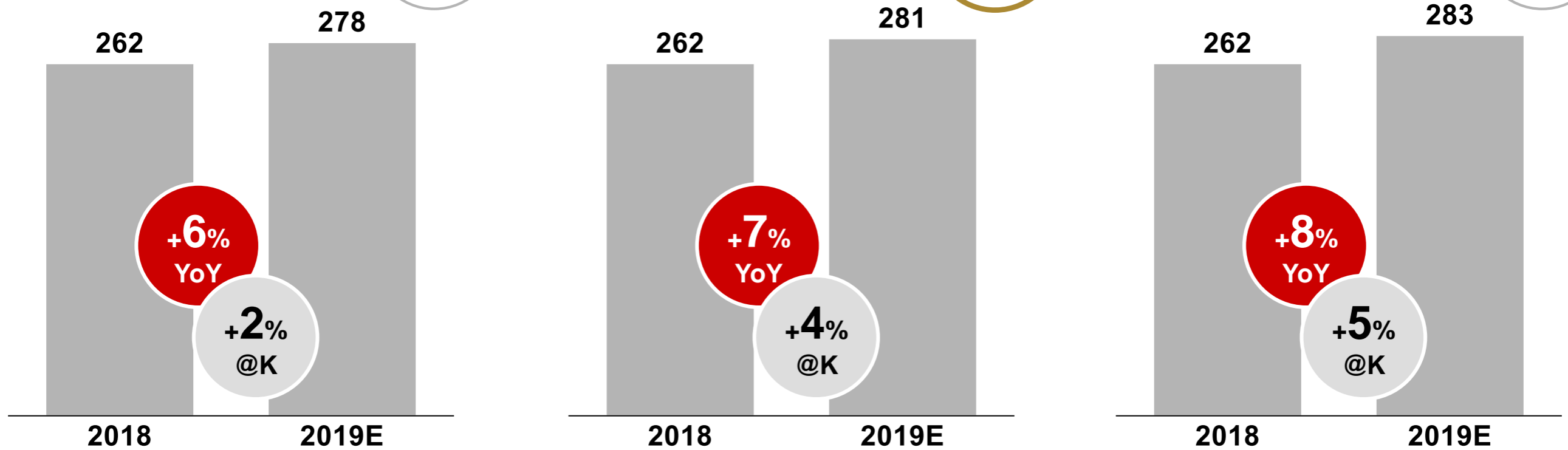
20%

Base case

70%

Best case

10%



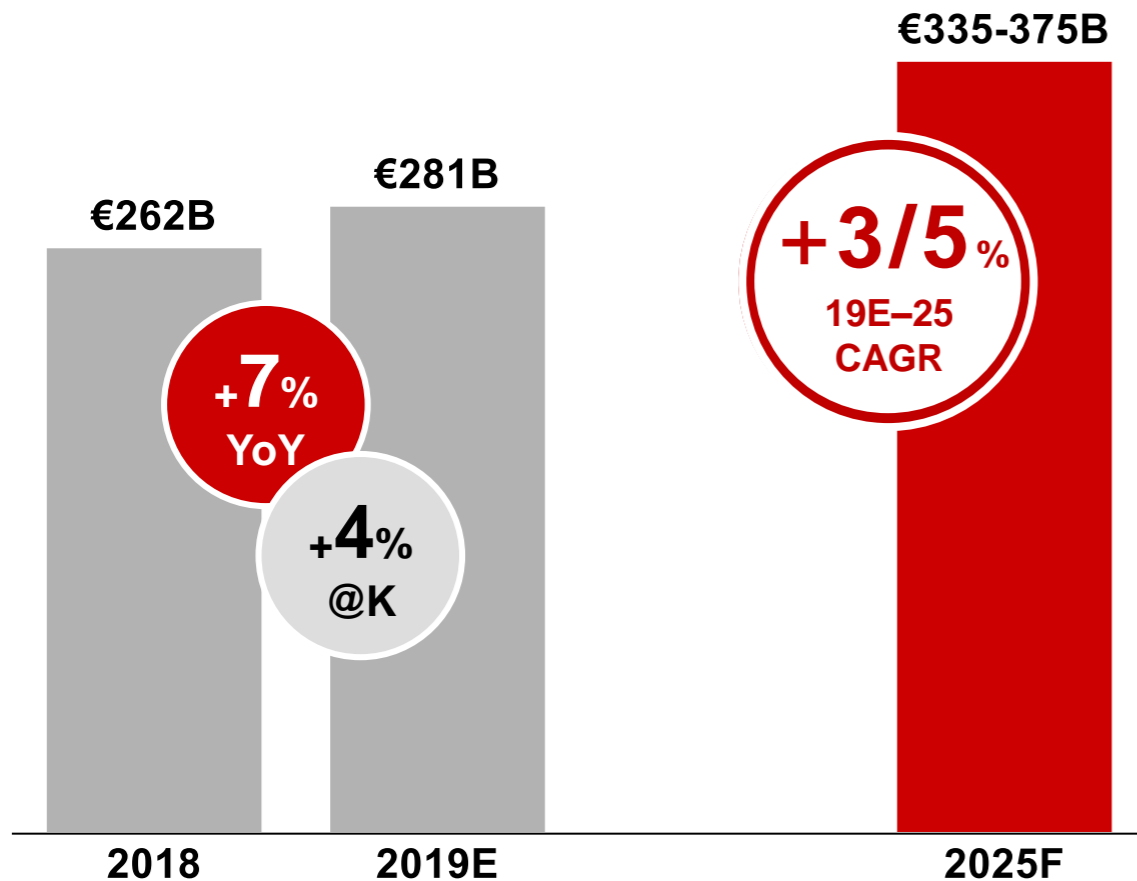
DRIVERS

- Performance during **holiday season**
- Evolution of **Hong Kong** situation
- Development of the **US/China trade war**

THE GROWTH TRAJECTORY FOR 2025 REMAINS UNCHANGED; HOWEVER, POTENTIAL BUMPS ALONG THE ROAD COULD IMPACT THE PATH

1

Personal luxury goods market forecast | €B



SOLID MID-TERM MACRO FUNDAMENTALS

- **Strong consumer attitude** from rising middle class towards luxury goods consumption



BUMPY ROAD

- **Possible bumps** along the road (e.g., socio-political issues, government commercial policies, possible short-term soft recession...) could make the **path less smooth**

@K: at constant exchange rates

The luxury customer is

CHINESE

(increasingly)



OUTSTANDING PERFORMANCE OF ASIAN COUNTRIES DESPITE HONG KONG TENSIONS; FLATTISH IN AMERICAS AND EUROPE; ROW LAGGING BEHIND

2

M. China

- **Resounding local spending**, sustained by governmental policies and shift in Chinese consumer flows repatriating from abroad (including HK)

+30%

@K: +26%

€30B

Japan

- Sustained **tourist consumption** as Chinese consumers look for alternatives to HK
- Department stores **playing a lesser role** in the **channels' ecosystems**

+11%

+4%

€24B

Asia

- Dynamic **S. Korea**, with robust **local consumption**, strongly driven by **young customers**
- **Brisk growth** in other Asian countries (Singapore, Thailand and Taiwan)
- **Chinese tourist consumption** generally **surged**, especially following HK unrest

+9%

+6%

€42B

Americas

- **Local purchases in US boosted**, driven by vigorous **consumer confidence**
- **Strong USD** and **China/US trade war** negatively impacting **tourist consumption**
- **Canada** mostly affected by **contraction in Chinese** tourist affluence
- **LATAM** generally sluggish, with **Mexico** and **Brazil** negatively impacted by socio-economic tensions

+5%

±0%

€84B

Europe

- **Mildly positive trend**, with **mixed country performance** due to uncertainties:
 - Strong performances of **Spain** (driven by tourists), **UK** (weak GBP due to Brexit) & **Russia** (driven by local high spenders)
 - **Softer trends** in **Germany** (slowing country dynamism) and **France** (still impacted by social turbulence – Gilet Jaune)
- Weak currencies vs. USD positively **impacting tourist spending**, despite **volatility** during the year

+2%

+1%

€88B

RoW

- **Overall, negative Middle East** (in real terms): **lower local consumer confidence** due to **macroeconomic situation**
 - **Strong variability** of performances across brands
- Only **Dubai** showing signs of a **hesitant recovery** vs. the rest of the region

±0%

€12B

-5%

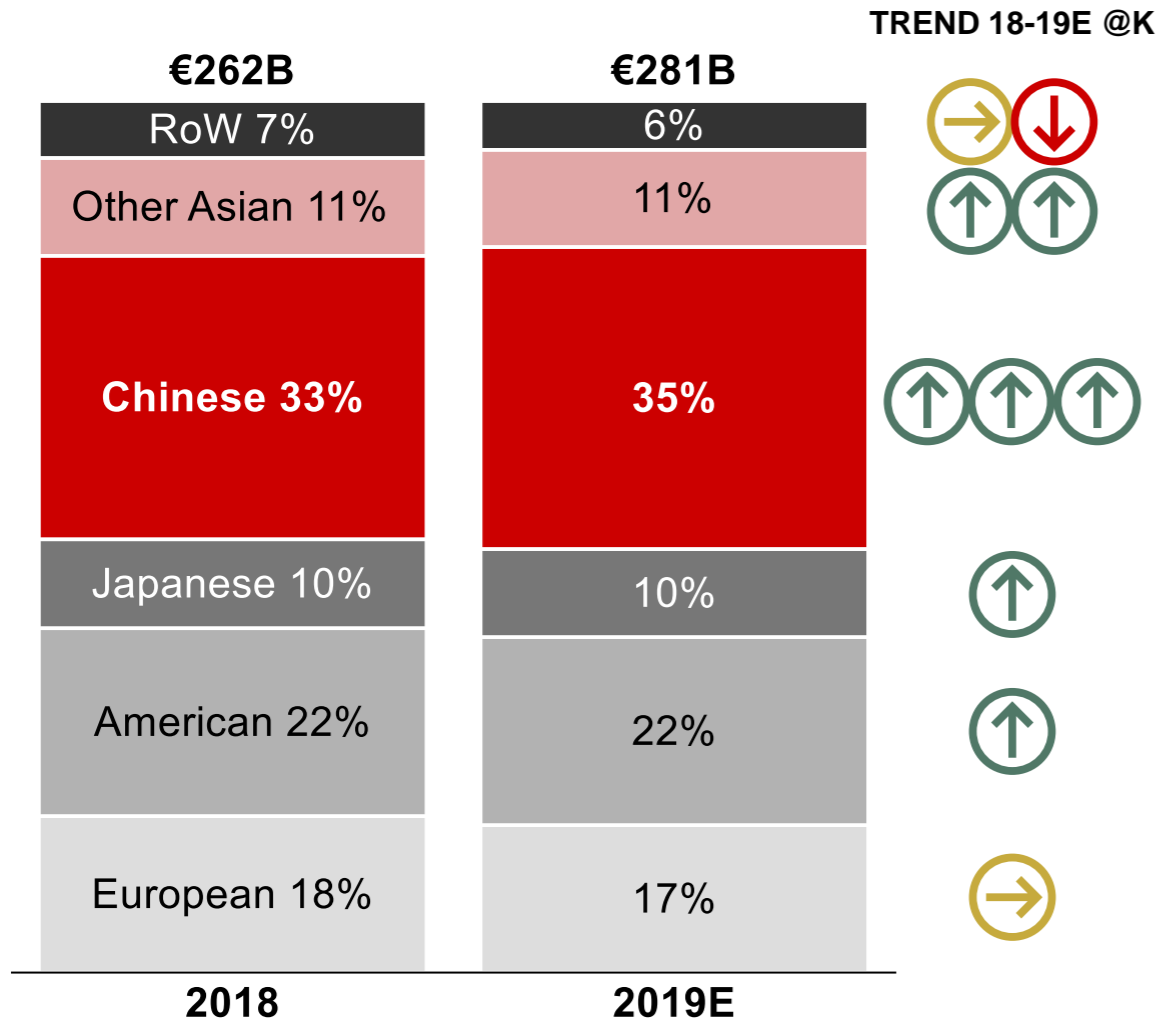
'19E vs. '18

Note: RoW = Rest of the World @K: Growth at constant exchange rates

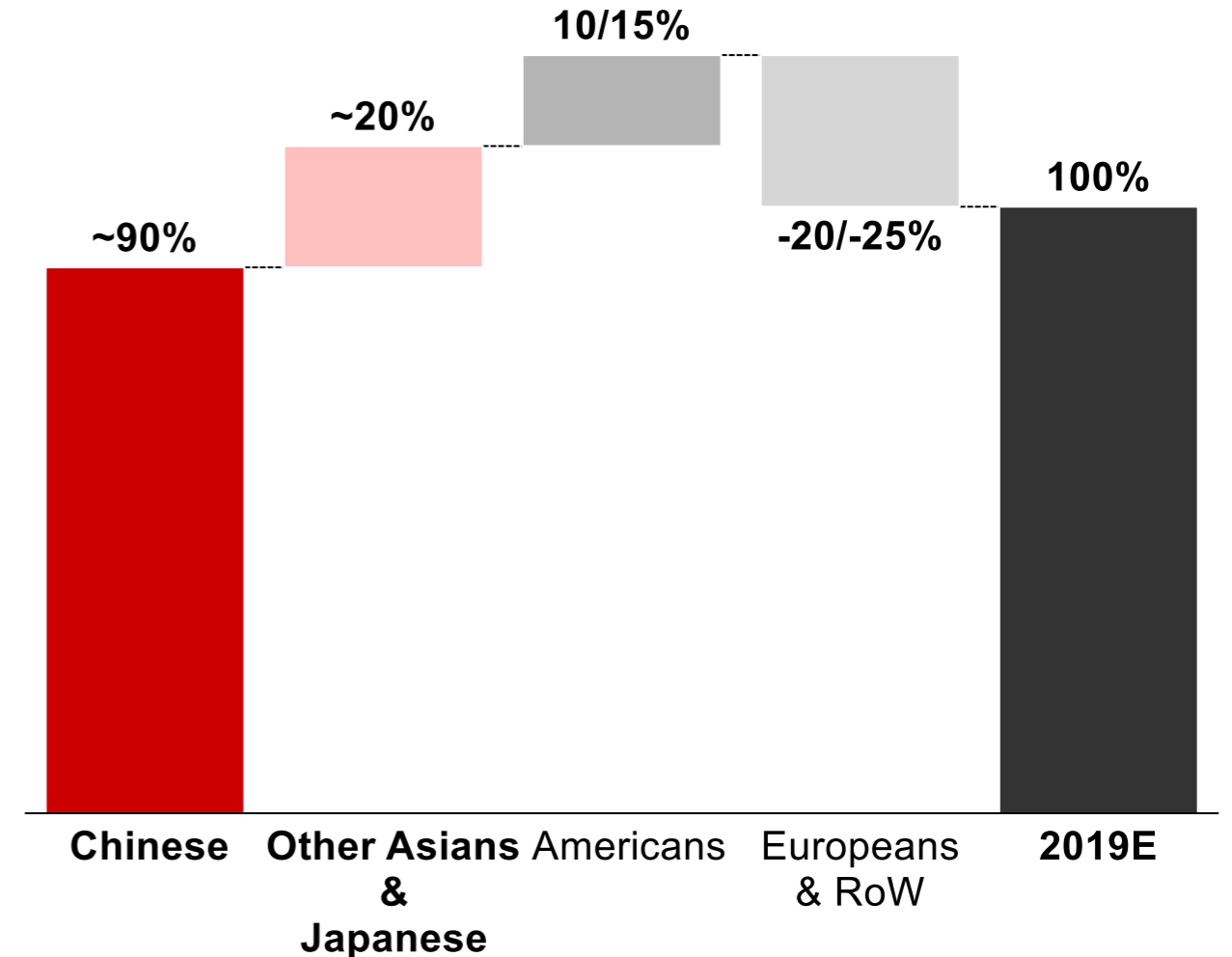
ASIAN CUSTOMERS, MAINLY CHINESE, DELIVER ALL OF THE MARKET'S GROWTH IN 2019

2

Personal luxury goods market by consumer nationality | €B



Contribution to 2019E personal luxury market growth (% | @K)

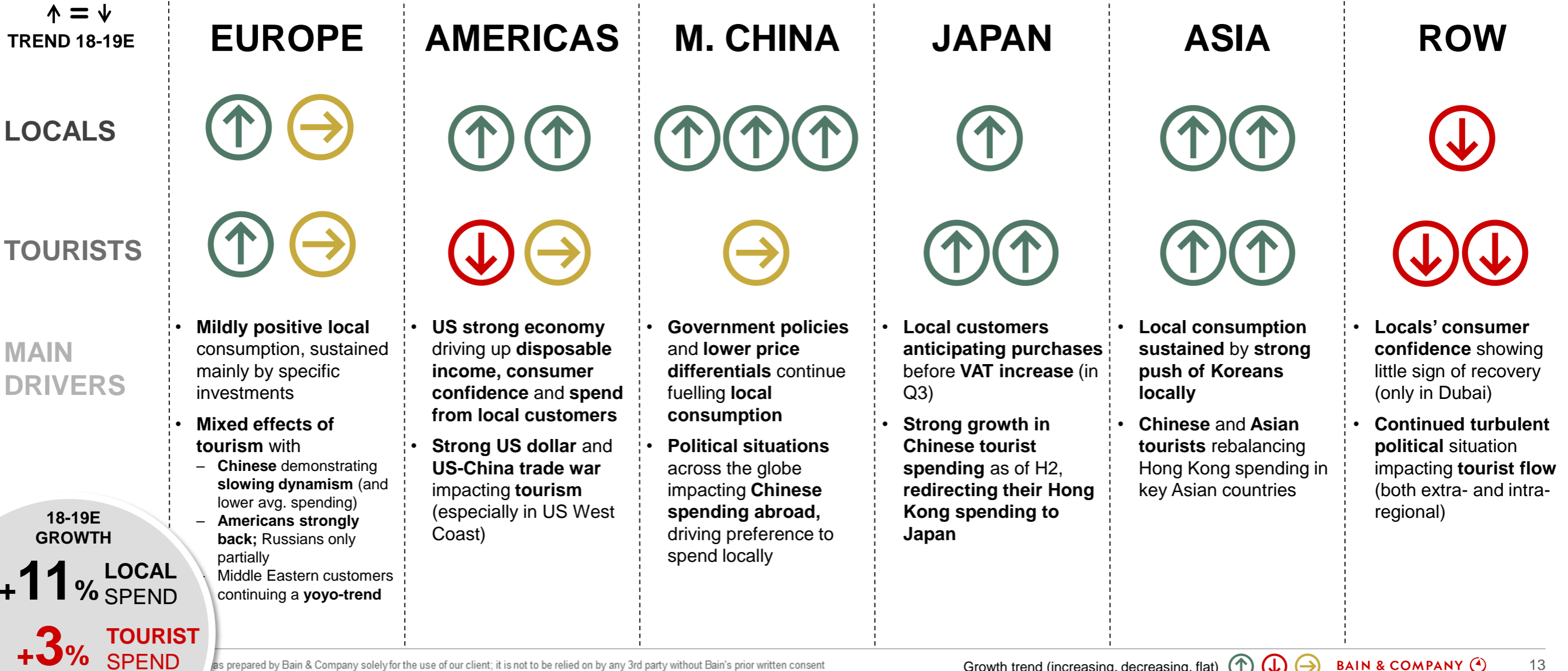


Note: RoW = Rest of the World @K: At constant exchange rates

LOCAL CUSTOMERS RETURN; TOURISTS INFLUENCED BY GEOPOLITICS, WITH ASIA REAPING MOST OF THE BENEFITS

2

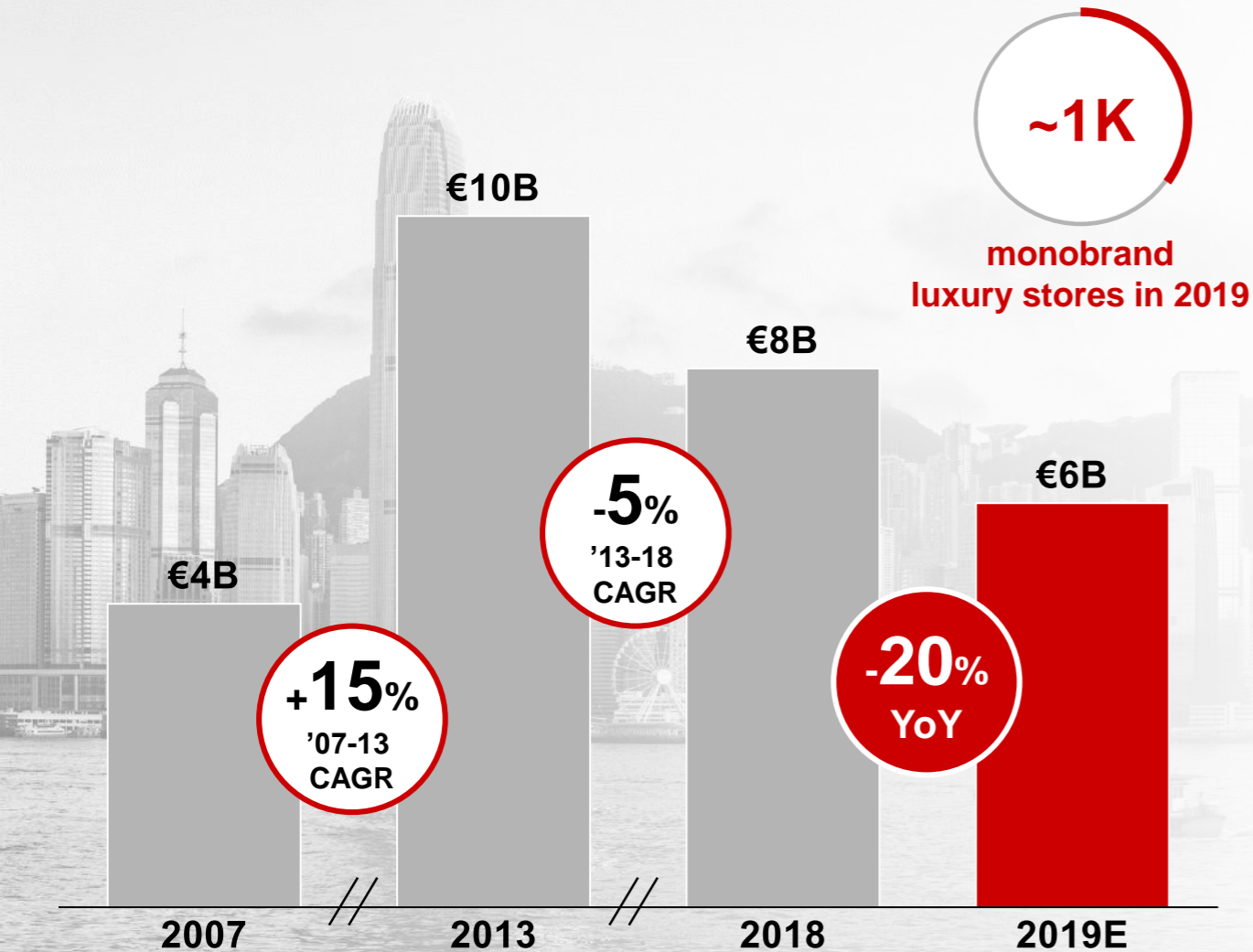
2018-2019E Personal luxury goods market by consumers: locals vs. tourists (2019E)



THE SOCIO-POLITICAL SITUATION IN HONG KONG IS SIGNIFICANTLY RESHAPING THE MARKET ACROSS THE ASIAN REGION

2

Personal luxury goods market in Hong Kong | €B



THE SITUATION

- Socio-political situation strongly **impacting economic dynamism** of Hong Kong... beyond pure personal luxury
 - Traffic slump (-30/-40% from political tensions)
 - Reduced tourist arrivals (-40% from political tensions)
- Today, in Hong Kong, there are around **~1000** stores, a number which has remained **stable** over the years
 - Few permanent closures yet and players still opening stores

IS RESHAPING ASIAN LUXURY MARKET

- **Chinese tourists** redirecting spending to other Asian countries/Chinese cities, also **leaving space** for the set-up of **new potential luxury hubs**

TOWARDS A NEW EQUILIBRIUM (?)

- HK luxury landscape will be profoundly **reshaped**, with **physical network** strongly re-dimensioned and **rules of the game** deeply transformed: “**local customers**” are the new name of the game

The luxury customer is



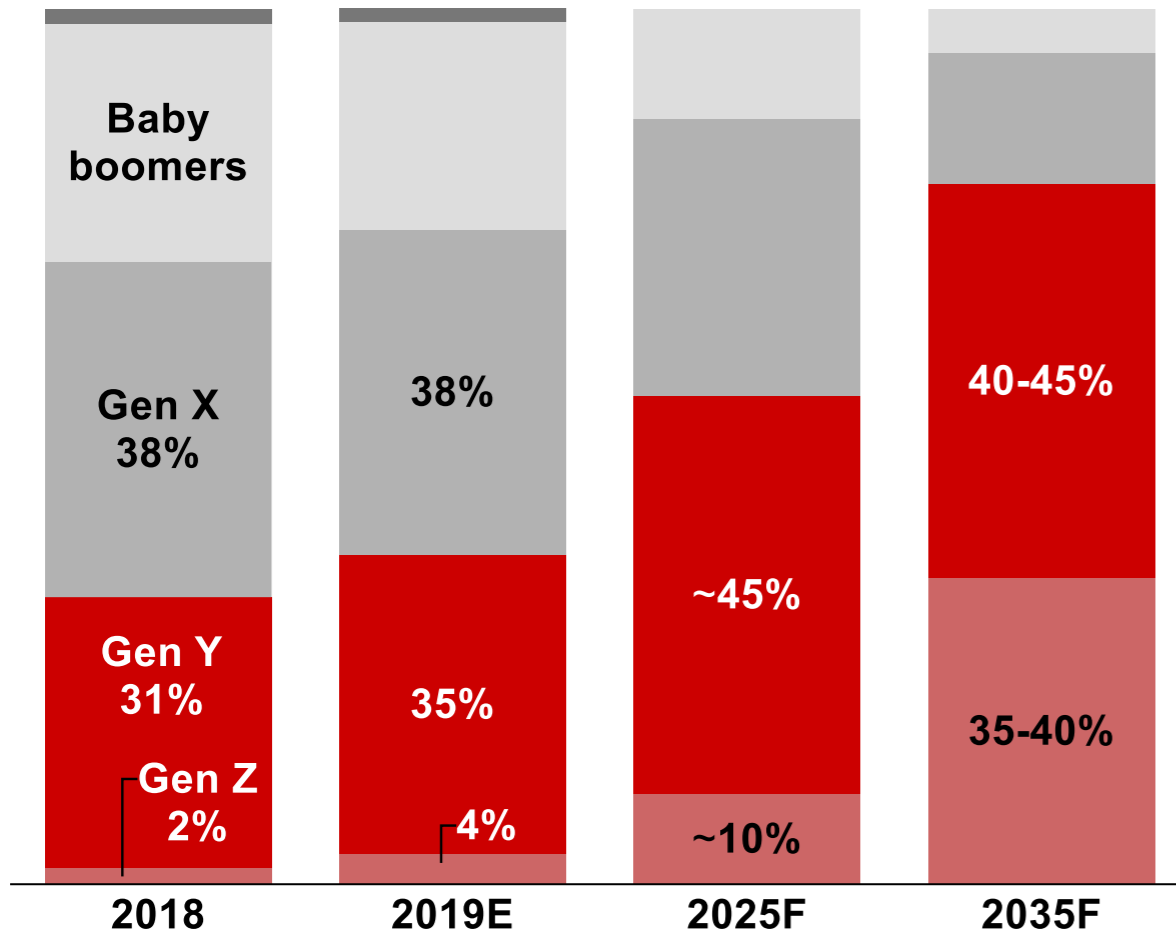
YOUNG(er)



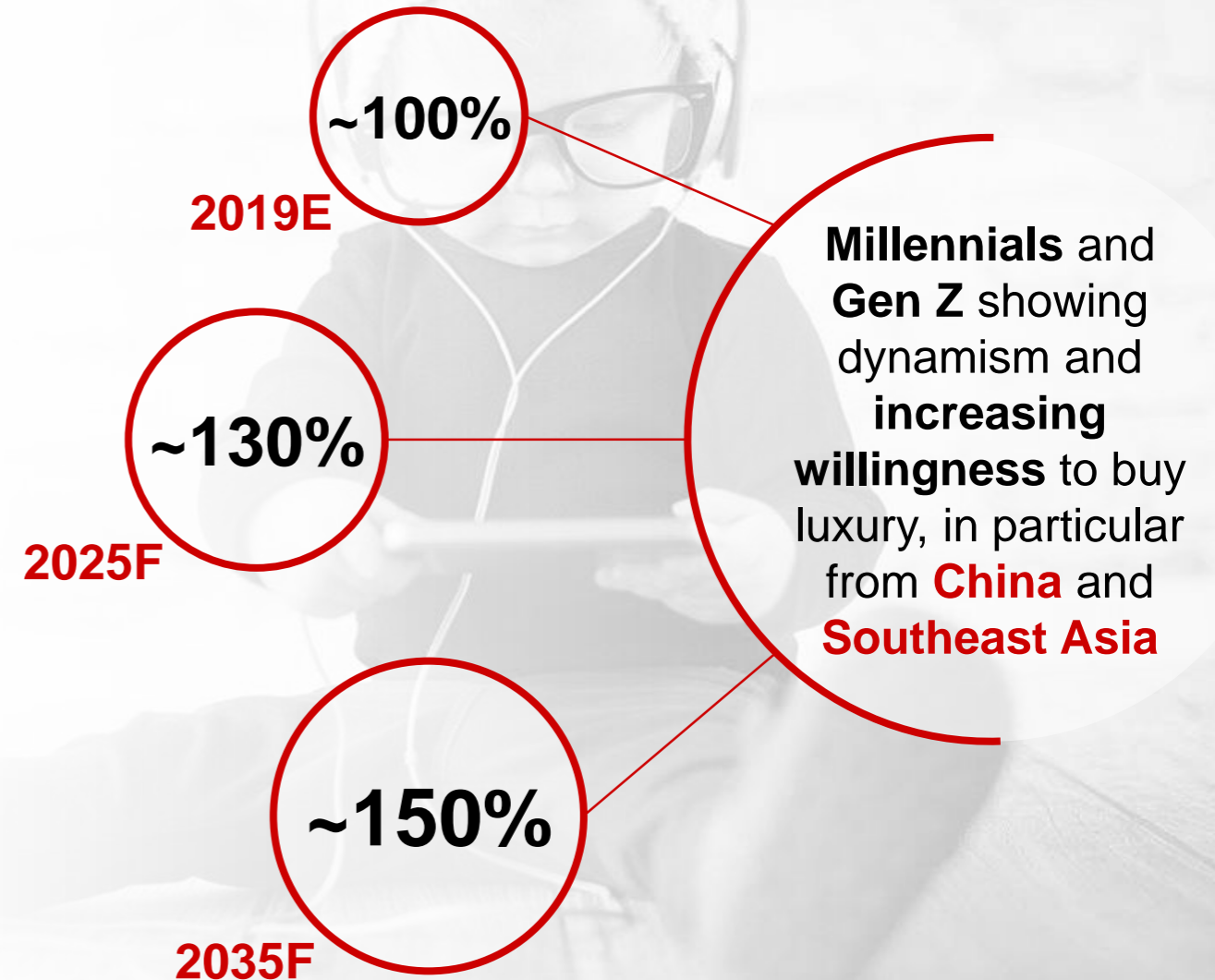
YOUNGER CUSTOMER BASE WILL DELIVER ALL OF THE MARKET'S GROWTH IN 2019; GEN Y RAPIDLY APPROACHING 50% OF MARKET VALUE

3

Personal luxury goods consumers by generation | €B



Contribution to growth of Gen Y and Gen Z (%)



THOUGH RAISED ON MILLENNIAL TURF, GEN Z IS EMERGING WITH DISTINCTIVE AND SPECIFIC CONSUMPTION HABITS

3

Millennials

ROLE IN FASHION

Critical consumer

DRIVER

Experience

**CONSUMPTION
PATTERN**

Convenient newness
Rent and share

VALUES

Counter-narrative inclusivity
Diversity

**REFERENCE
ECOSYSTEM**

Digital universality

**SOURCES OF
INFLUENCE**

Social media
Celebrities/influencers

Gen Z

Critical actor

Experience through product

Ethical sobriety
Recycle and make

Non-binary fluidity
Cultural relevance

Phy-gital (g)locality

Friends and family through social media
Accomplished influencers

The luxury customer is

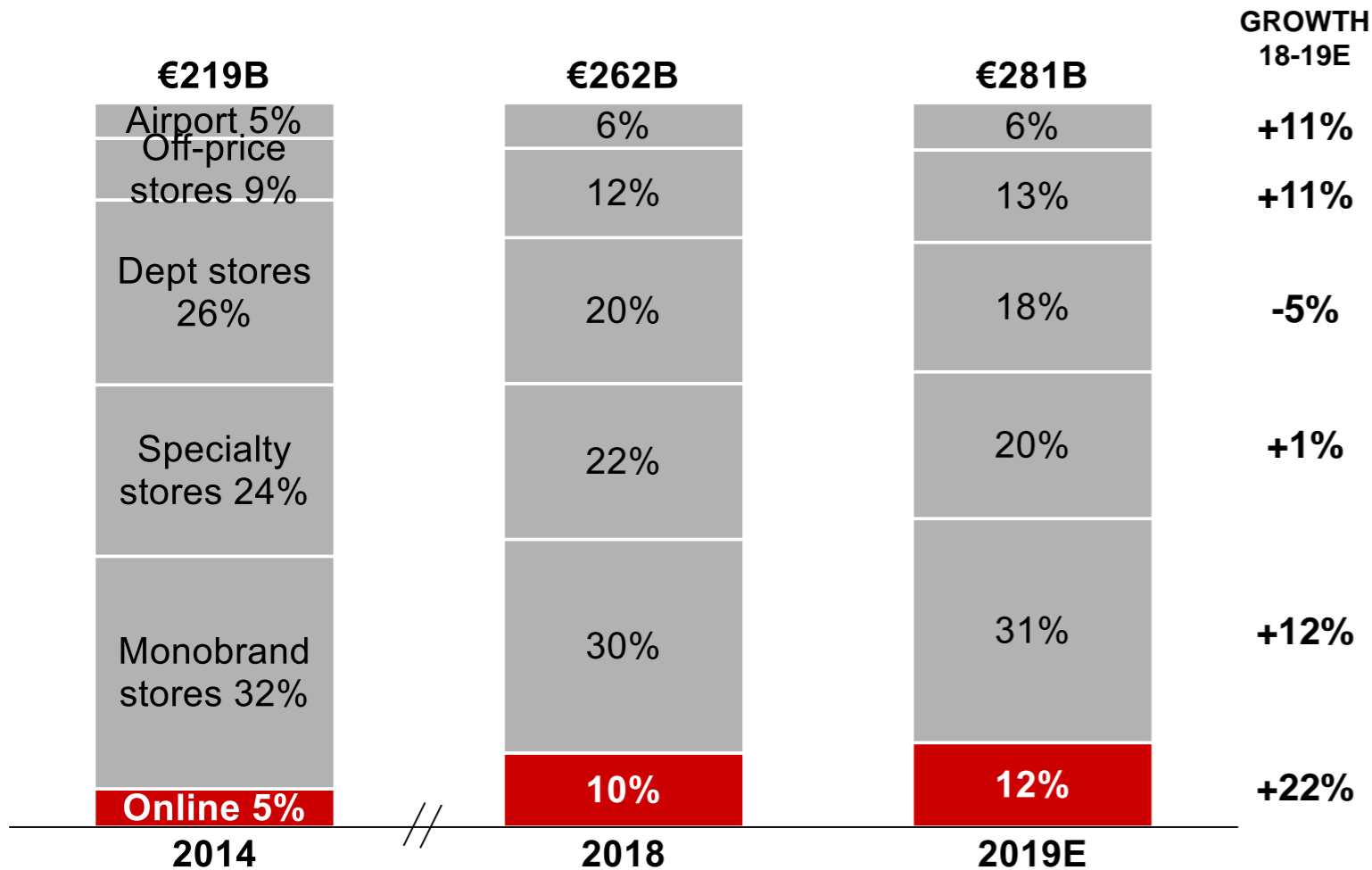
PHY-GITAL



DIGITALIZATION UNDERPINNING THE GROWTH OF THE ONLINE CHANNEL (+22%); MONOBRAND, OFF-PRICE AND AIRPORT FOLLOWING

4

Personal luxury goods market by channel | €B



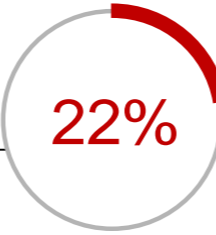
- **Monobrand stores progressing considerably, leveraging sturdy existing networks** and benefitting from **shifts in consumer flows** globally (mainly towards Asia)
- **Mixed performance of department stores**
 - **US players** suffering, while **Europeans** performing better thanks to **higher flexibility** (i.e., concessions)
- **Specialty stores** showing slight signs of recovery
- **Airport and off-price expanding further** as their role becomes **crucial in leveraging larger consumer base** (tourists as well as mid-low spenders)
- **Online accelerating led by .com and gaining share** vs. physical channels: **omnichannel environment remains a top priority for luxury players**

ASIA AND ACCESSORIES BOOMING AS PLAYERS RESPOND TO CUSTOMER NEEDS BY OFFERING PERSONALIZED OMNICHANNEL EXPERIENCES

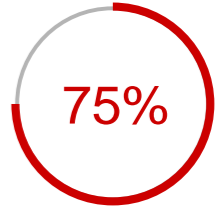
Personal luxury goods online market by key segment (2019E | €B)

↑ = ↓ TREND 18-19E

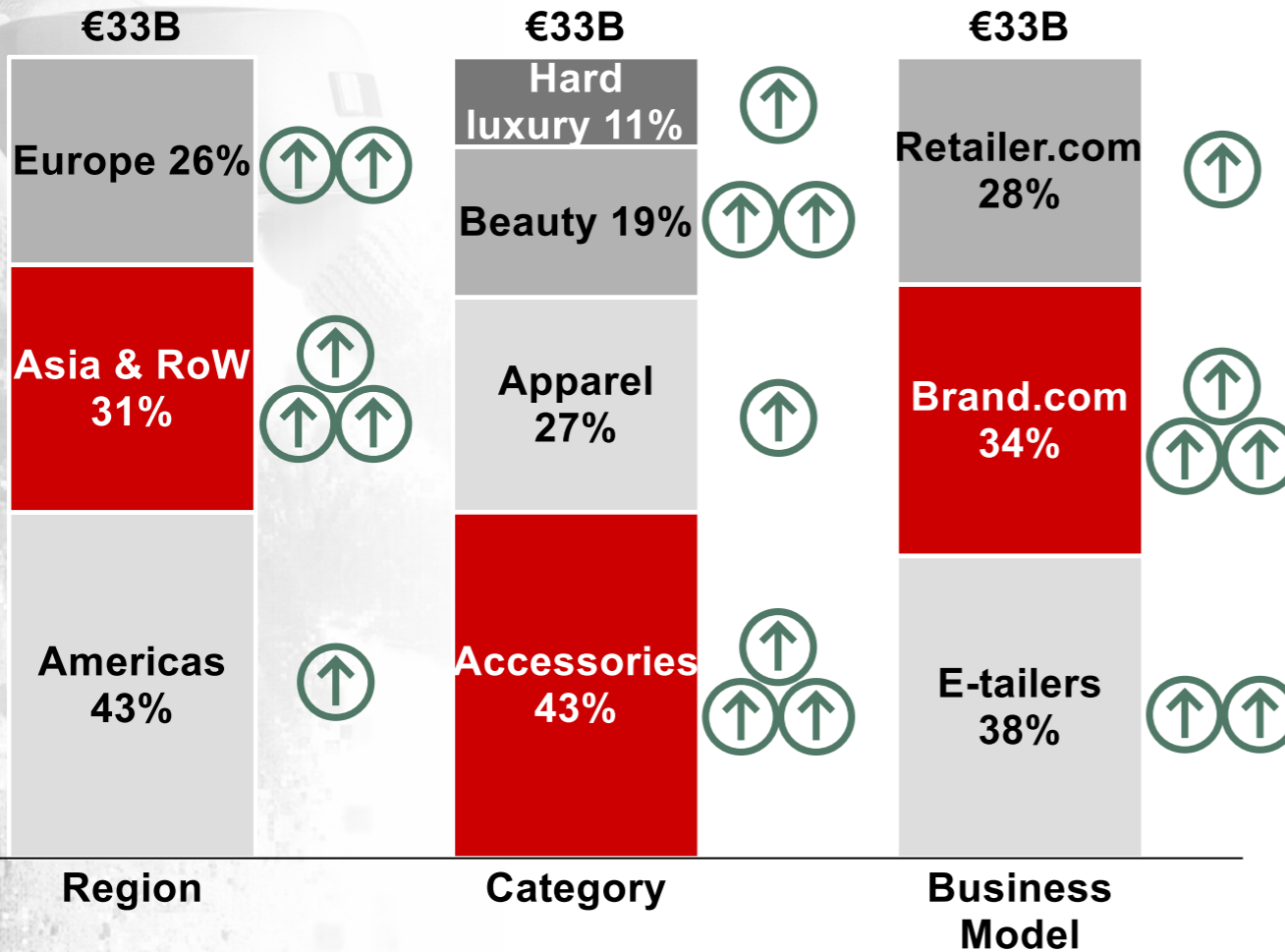
ONLINE
'18-'19E
YOY



2019 ONLINE-INFLUENCED PURCHASES



2019 DIGITALLY-ENABLED PURCHASES



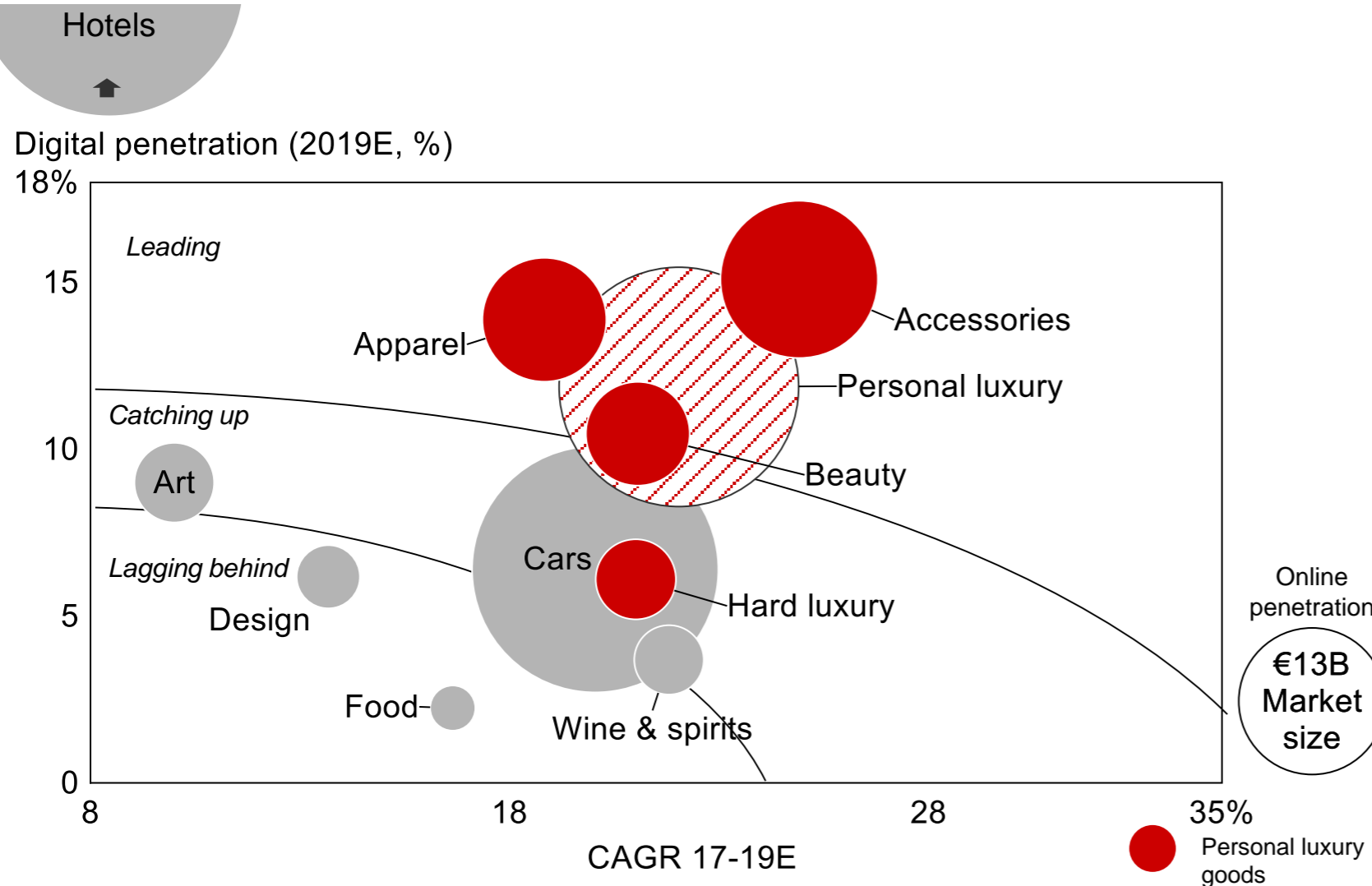
- Asia driving growth, with customers boosting local purchases
- Accessories and beauty maintain lion's share of growth, being easier online categories
- Hard luxury and apparel slower-moving, with online players still not offering same experience vs. physical

Note: China incl. official channels only

PERSONAL LUXURY GOODS MARKET IS AHEAD IN TERMS OF DIGITAL PENETRATION (12% in 2019) VS. OTHER LUXURY SECTORS

4

Digital as a distribution channel for several luxury sectors | %



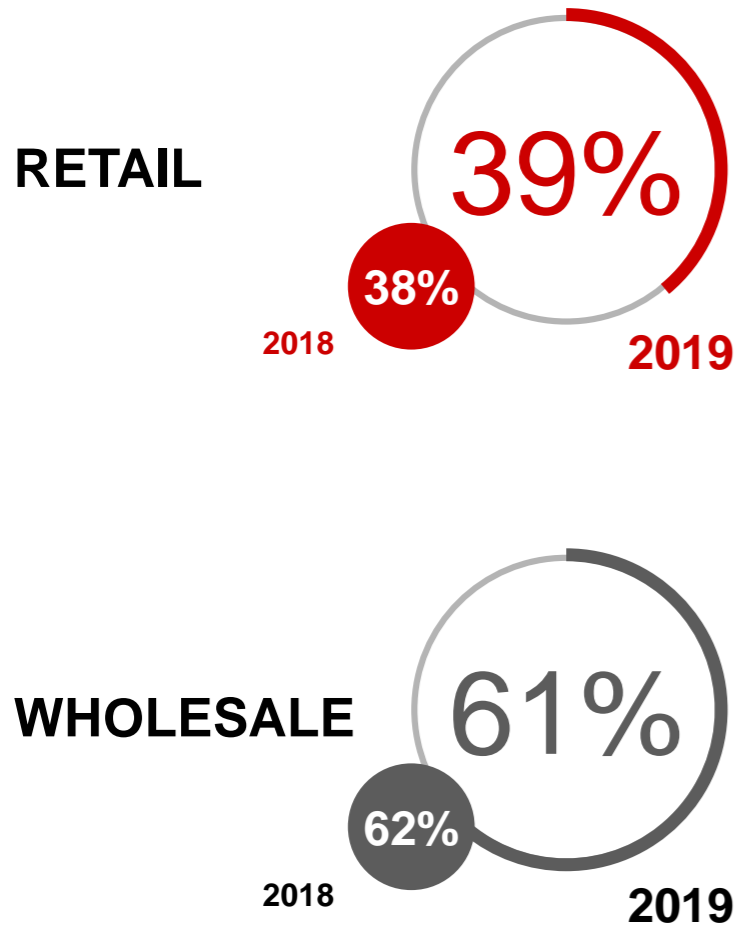
- **Personal luxury goods** leading in **penetration** vs. other sectors
- Customers continuously expanding their **tech-savvy appetite**
- **Accessories** steer the trend while **hard luxury follows**
- **Wines & spirits, cars and art** are hastily catching up; **design and food** are still lagging behind both in terms of growth and online penetration

Note: Selected sectors only

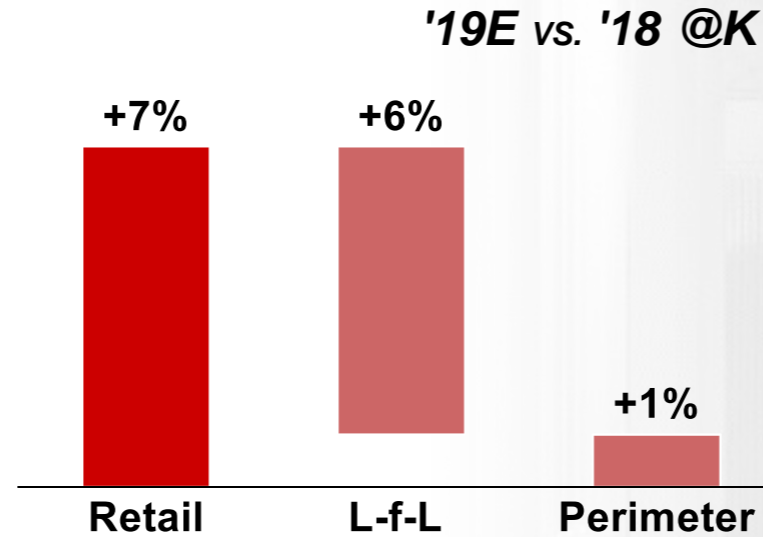
2019 PERFORMANCE POWERED BY A THRIVING RETAIL PACE THROUGH ORGANIC GROWTH; IN 2020 GLOBAL NETWORK POTENTIALLY AT ITS PEAK

4

Personal luxury goods by channel (2018-2019E | %)

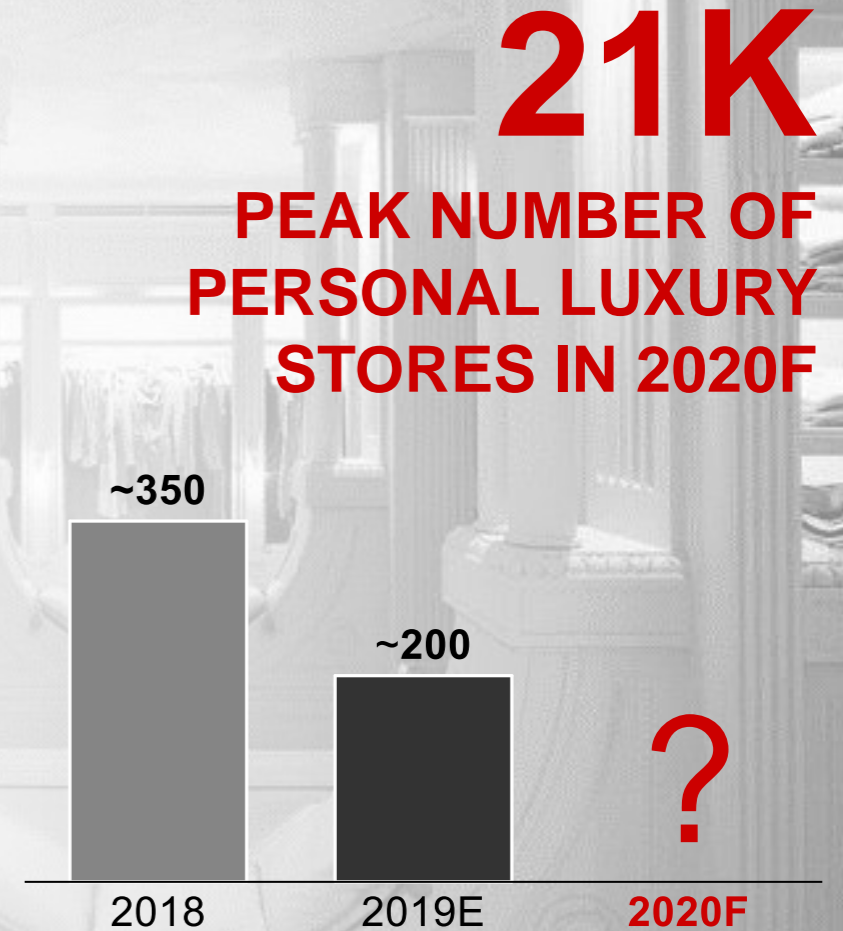


Retail channel growth by driver (2019E | %)



- **Strong like-for-like performance** driven mainly by Asian countries as well as roll-out of **temporary models** (e.g., pop-up stores)
- **Perimeter expansions**, mainly represented by network **buybacks**

Luxury retail net openings (2018-2020F | #)



The luxury customer is

DIVERSE

(in spending power and purchasing drivers)

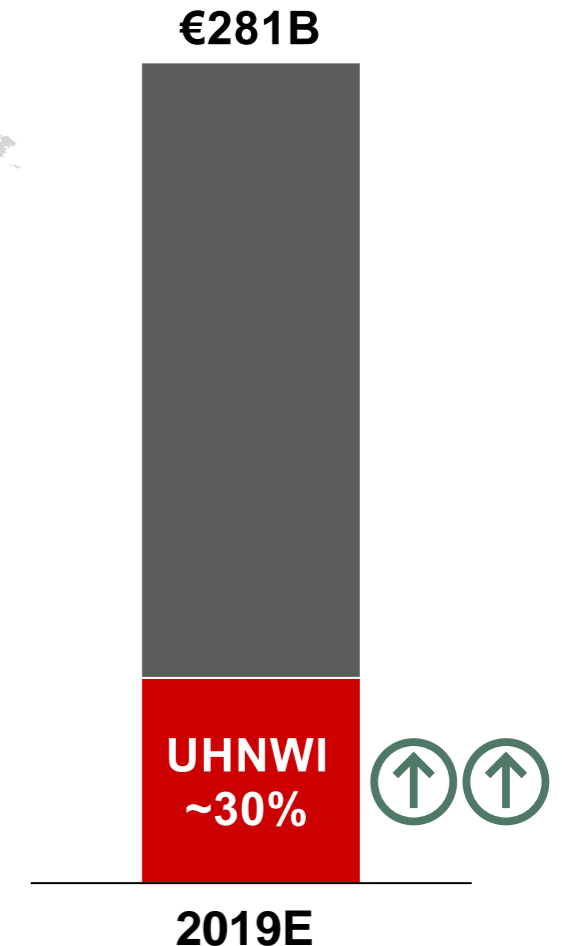
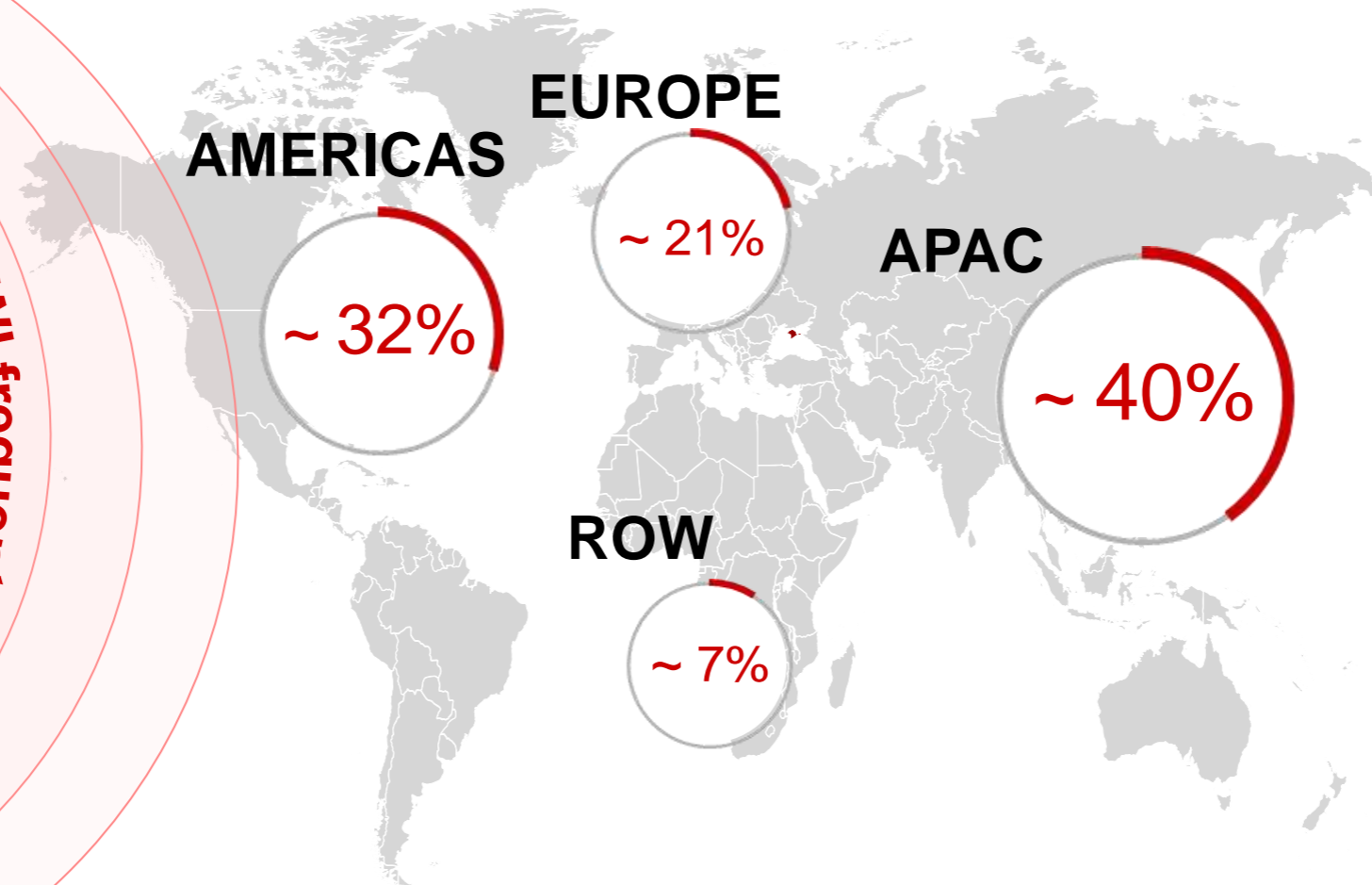
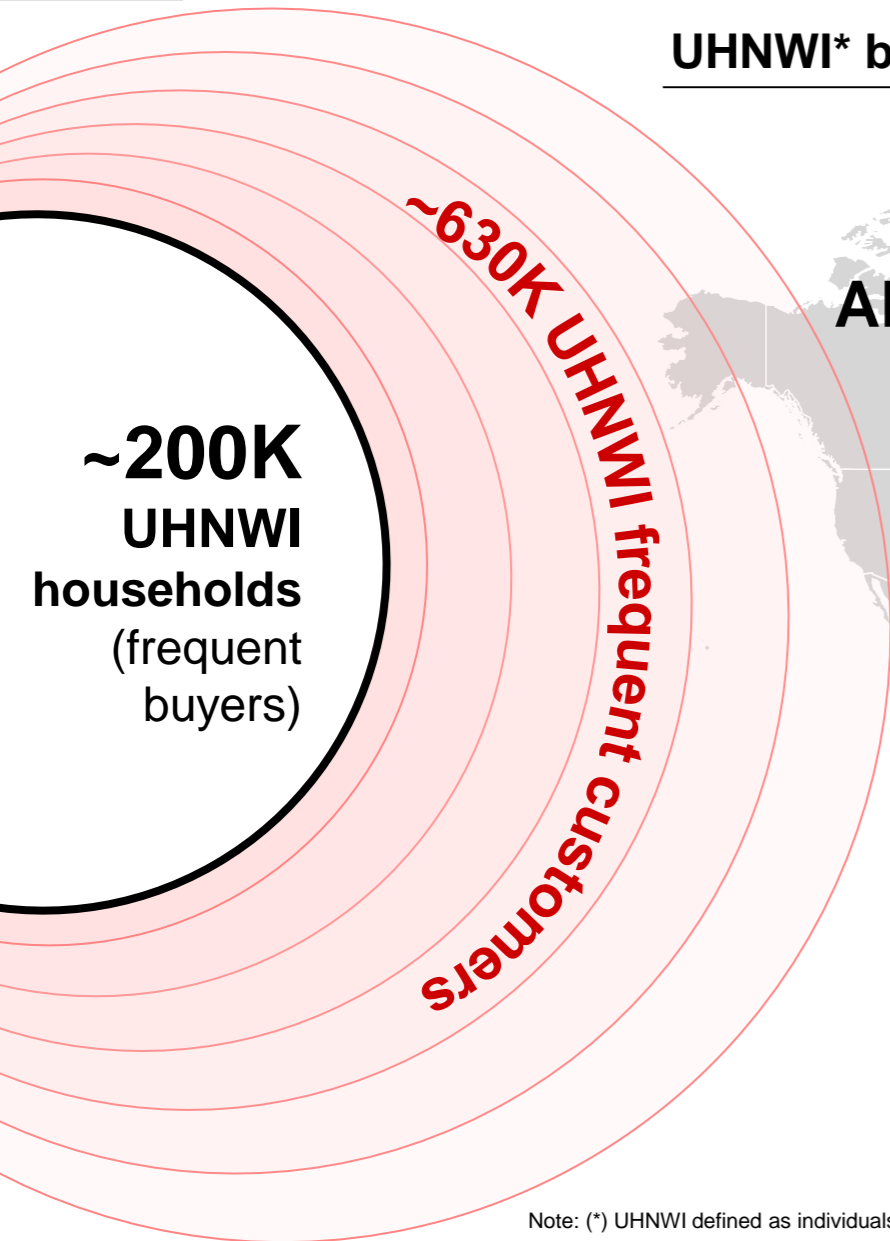


UHNWI LUXURY CUSTOMERS MAINLY IN AMERICAS AND APAC; GLOBALLY REPRESENTING A SIZEABLE PART OF THE MARKET

5

Incidence of UHNWI on personal luxury market

UHNWI* buying personal luxury goods (2019E | %)



Note: (*) UHNWI defined as individuals with \$30M in net worth; UHNWI customers include immediate relative or akin people who benefit and spend UHNWI households' wealth

UHNWIs LOOKING FOR “WHAT MONEY CANNOT BUY”, BEYOND PRODUCTS: CUSTOMER NETWORK AS THE NEW MEASURE OF VALUE

5

When looking at UHNWI, shopping habits are taken to the **extreme...** also **beyond** the pure shopping experience



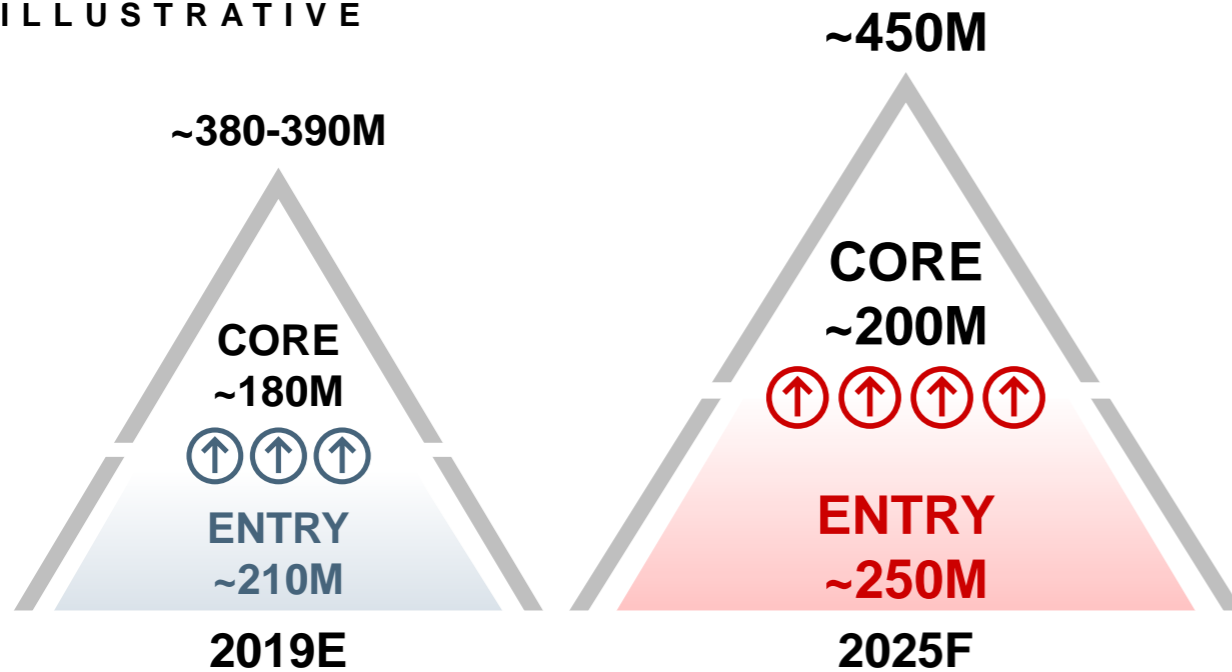
Customer network will increasingly be the **new** and **exponential** measure of value, requiring brands to provide these segments something that **money cannot buy**

THE LUXURY CUSTOMER BASE WILL CONTINUE TO BE ENLARGED FROM THE BOTTOM DRIVING FUTURE GROWTH OF THE ENTRY-PRICE SEGMENT

5

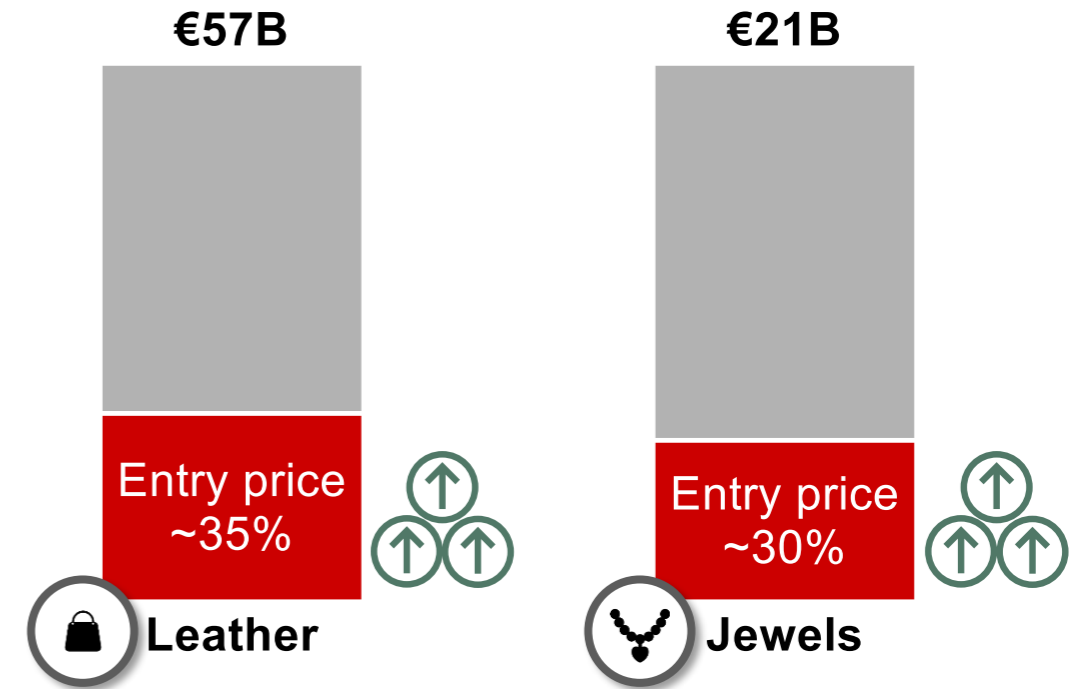
Luxury customer base (2019E / 2025F | # of customers)

/ ILLUSTRATIVE



- 2025 luxury customer base to be **enlarged** by wave of predominantly **Asian middle-class consumers**, forcing **structural changes** for brands:
 - **Product offer stretched** downwards towards **entry-price items**
 - Focus on building adequate strategies to manage the **off-price channel**, sustaining growth and reducing pitfalls

Penetration of entry-price items on luxury leather & jewels markets (2019E | €B)



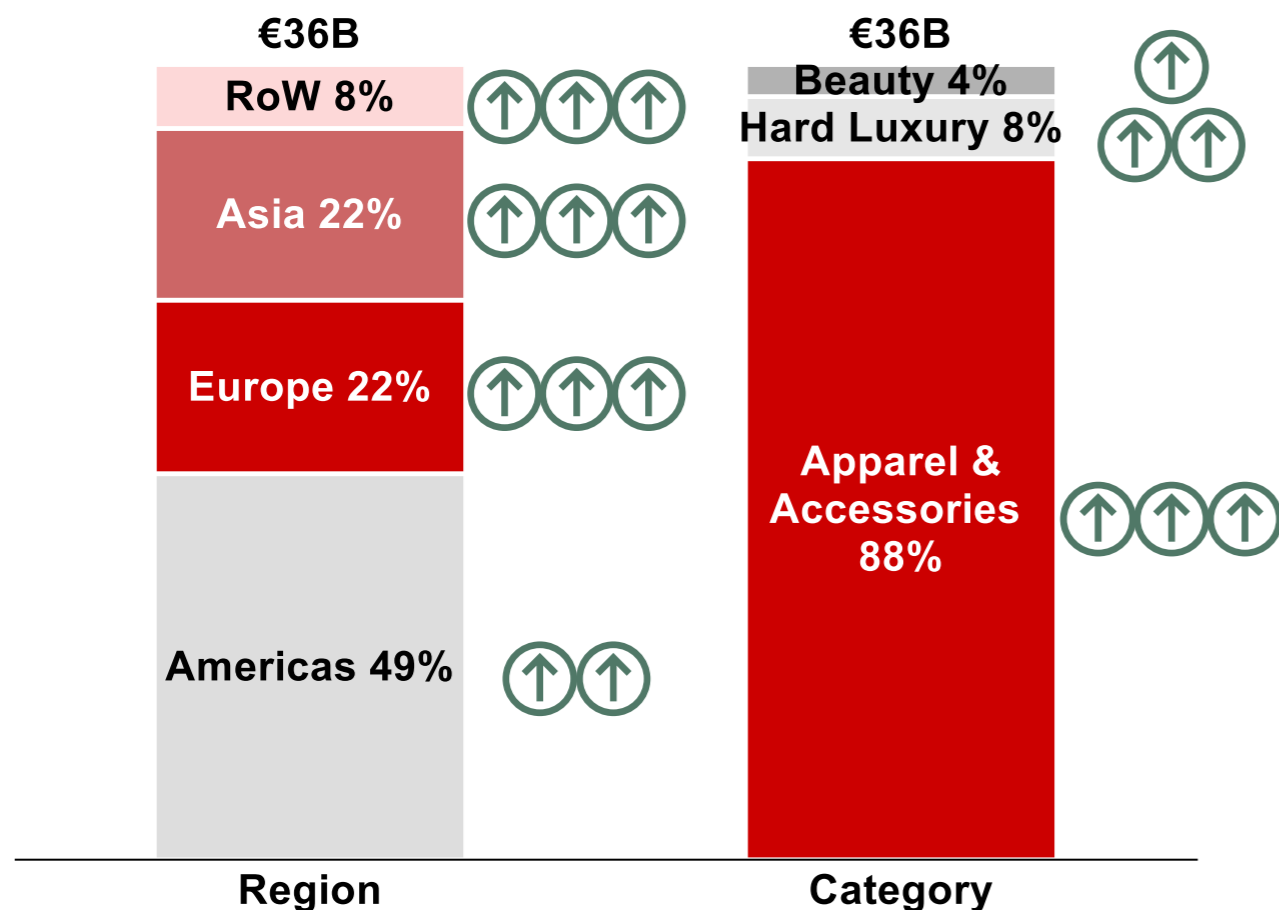
- **Increasing appetite** for entry-price items with players fully **integrating segment as part of their strategy**
 - **Bursting creativity** to constantly renew **interest** of increasingly **sophisticated entry-price customer**
 - > **No longer “mini-me” versions** but products with **flourishing stylistic content**

CONFIRMED INTEREST IN THE OFF-PRICE CHANNEL, WITH ASIA AND APPAREL & ACCESSORIES THE MAIN DRIVERS

5

Off-price stores (2019E | €B)

'18-'19E
YOY 11%



- **Europe** posting strong performance, driven by **sustained tourist consumption**
 - **Asia booming** overall, with **peaks in less tapped regions** such as M. China and Korea
 - **Americas** affected by **intensified competition** in full-price (i.e., aggressive discounts), both physical (e.g., department stores) and online
-
- **Apparel & accessories surging**, accounting for almost 90% of total off-price market
 - **Hard luxury** with a **mid-level increase**, **still small portion** of overall channel, given seasonless characteristic
 - **Beauty** timidly progressing yet still **relatively marginal category**

The luxury customer is



OPEN



CUSTOMERS ARE OPEN TO NEW VALUE PROPOSITIONS AND BUSINESS MODELS, CHALLENGING RULES OF THE GAME VS. THE ESTABLISHMENT

6



- Customers are **receptive to new product “formulas”** which are in tune with their own **value system**; building **self-expression** by leveraging more extensively **all luxury categories**
- New **insurgent players** (e.g., **indie beauty**) in **specific segments** have succeeded in offering new **value propositions**, showing **strong traction** among customers



- Consumption paradigm further shifting from “**ownership**” to “**access**” and from “**linear**” to “**circular**” fashion
- Fashion system increasingly affected by **sharing economy**: **rental**, **secondhand** market and **co-ownership**

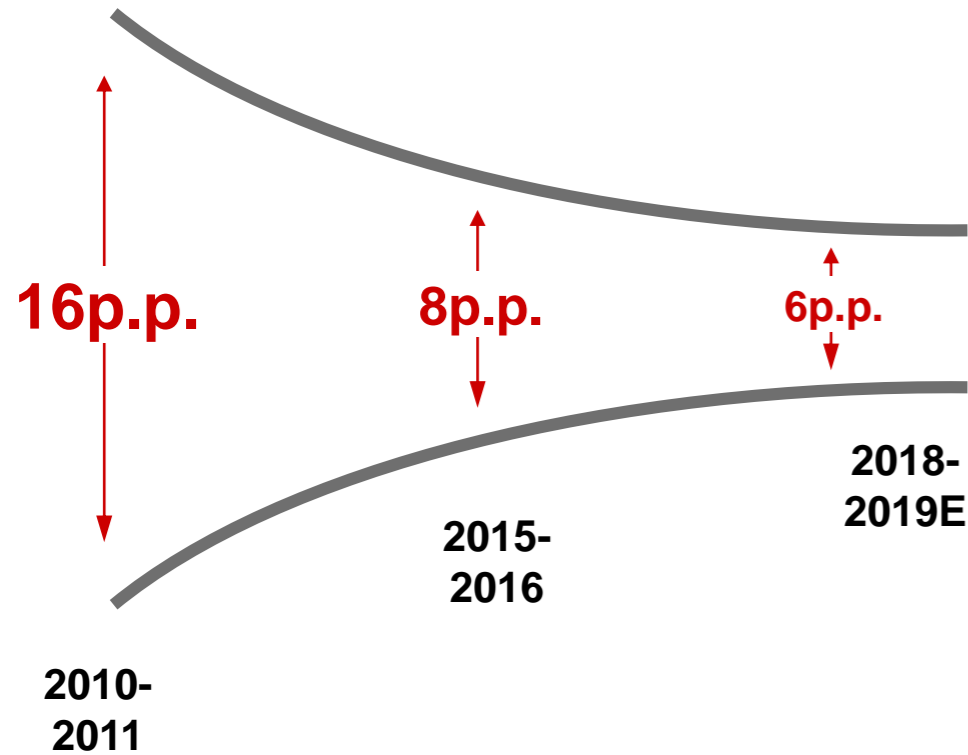


Insurgent players (not necessarily within the luxury arena) challenging the rules of the game, forcing the establishment to move beyond

CUSTOMERS ARE NO LONGER RECIPIENTS OF TRENDS BUT ACTIVE PLAYERS, REACHING SELF-EXPRESSION BY LEVERAGING ALL CATEGORIES

6

Delta growth between best & worst performing macro-categories* | Δ p.p.



MORE HOMOGENEOUS market growth, **SHRINKING THE GAP** between top and worst performing **PRODUCT CATEGORIES** in recent years

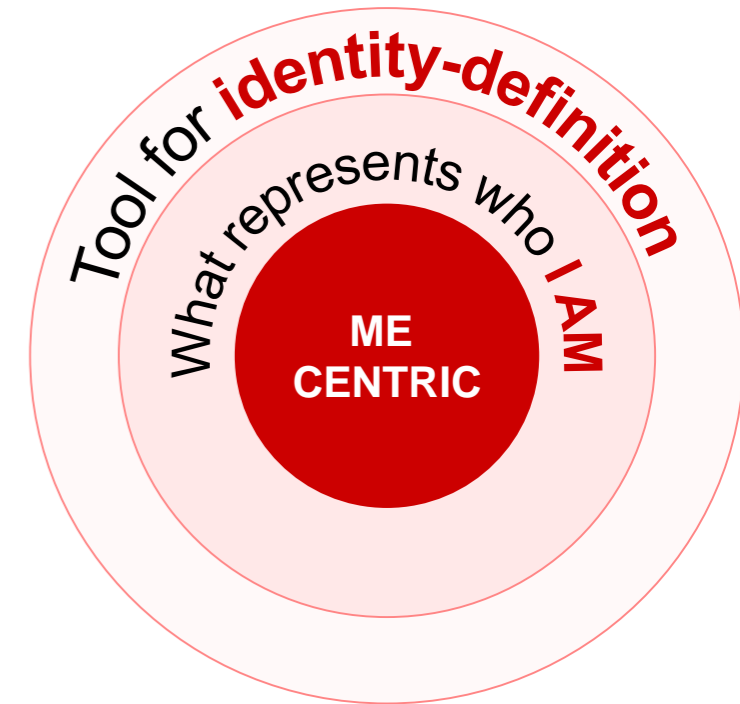
FROM

Follow the rules



TO

Set the rules



Customers are **MORE OPEN** to different types of value propositions which enable **SELF-EXPRESSION**, without feeling the pressure to follow trends

Note: (*) Macro-categories divided as Accessories (incl. Leather, Shoes, Eyewear & Silk), Apparel (incl. menswear, womenswear, underwear), Hard Luxury (incl. jewelry, watches, lighters & pens) & Beauty (incl. cosmetics & fragrances); Growth at current exchange rates

SHOES AND JEWELRY CONFIRMED AS MOST DYNAMIC CATEGORIES AGAIN IN 2019, FOLLOWED BY ACCESSORIES AND BEAUTY; WATCHES SUFFERING

6

Shoes

- **Shoes** continue to outpace, surfing the ongoing **casualization** trend (i.e., sneakers), especially in **Asia**

Jewelry

- **Jewelry maintains traction**, with an extra boost from **high-end jewelry** especially in **Japan** and **M. China**
- **Mens' lines** also fueling growth, but still marginal

Leather

- **Sustained growth** for bags, still skewed towards **entry-price items** and **even smaller shapes**
- Newness injection in terms of **cross-functional shapes**

Beauty

- **Slight improvement** in performance of **fragrances**
- **Category still driven by cosmetics: makeup** maintaining a positive trajectory, while **skincare** booming
- Innovations **blurring the lines** in the beauty market through **ingredient democratization**

Apparel

- **Slight improvement in RTW**, in both men's and women's segments, thanks to **streetwear**
- **High untapped potential** amongst **younger generations**; particularly in an effort to **loyalize** them

Watches

- **Lackluster performance** of watches, strongly impacted by the **socio-political situation in Hong Kong**
- **Snowball effect** in the rest of **Asia** (M. China, Japan...) not **sufficient to offset** the negative performance of Hong Kong

+12%

@K: +9%

€21B

+12%

+9%

€21B

+11%

+7%

€57B

+7%

+3%

€60B

+5%

+1%

€64B

+1%

€39B

-2%

'19E vs. '18

Note: RoW = Rest of the World @K: Growth at constant exchange rates

INSURGENT PLAYERS IN BEAUTY ARE SHOWING PHENOMENAL GROWTH, LEVERAGING A UNIQUE CUSTOMER-CENTRIC APPROACH

6

Indie Skincare

>30%

CAGR '15-19E

Fastest growing sub-category (vs. makeup or fragrances)

Inclusive Beauty

>50%

CAGR '15-19E

2X overall Indie Beauty growth

Indie Beauty segment

+25%

CAGR '15-19E

6X luxury beauty growth over the same period

INDIE BEAUTY

VALUE PROPOSITION

- **Niche positioning** with a **strong customer centricity** intended to **satisfy specific needs** (e.g., tailor-made products, products reflecting customer's cultural identity, products for specific skin issues, full transparency of ingredients ...)

CHANNELS

- **Online** as main channel, **allowing rapid and geographically extended product launches**, also less capital intensive vs. physical presence

INFLUENCER/CELEBRITY ROLE

- **Key role of influencers and celebrities** both as **founders** of successful indie brands and key social network brand **promoters**

COMMUNICATION

- **Strong social network presence** as **advertisement source** and generally as a critical **business enabler**

EMERGING BUSINESS MODELS CREATING NEW WAYS FOR CUSTOMERS TO ACCESS LUXURY; BECOMING FIRST TOUCHPOINT FOR MANY

6



Second hand

Peer-to-peer reselling of luxury items, lengthening product lifetime



Rental

Flourishing players offering single and subscription-based rental, as well as peer-to-peer rental



Co-ownership

Fractional ownership among customers – still mainly focused on luxury real estate or cars



What's next?

FROM

LINEAR fashion

OWNERSHIP

TO

CIRCULAR fashion

ACCESS

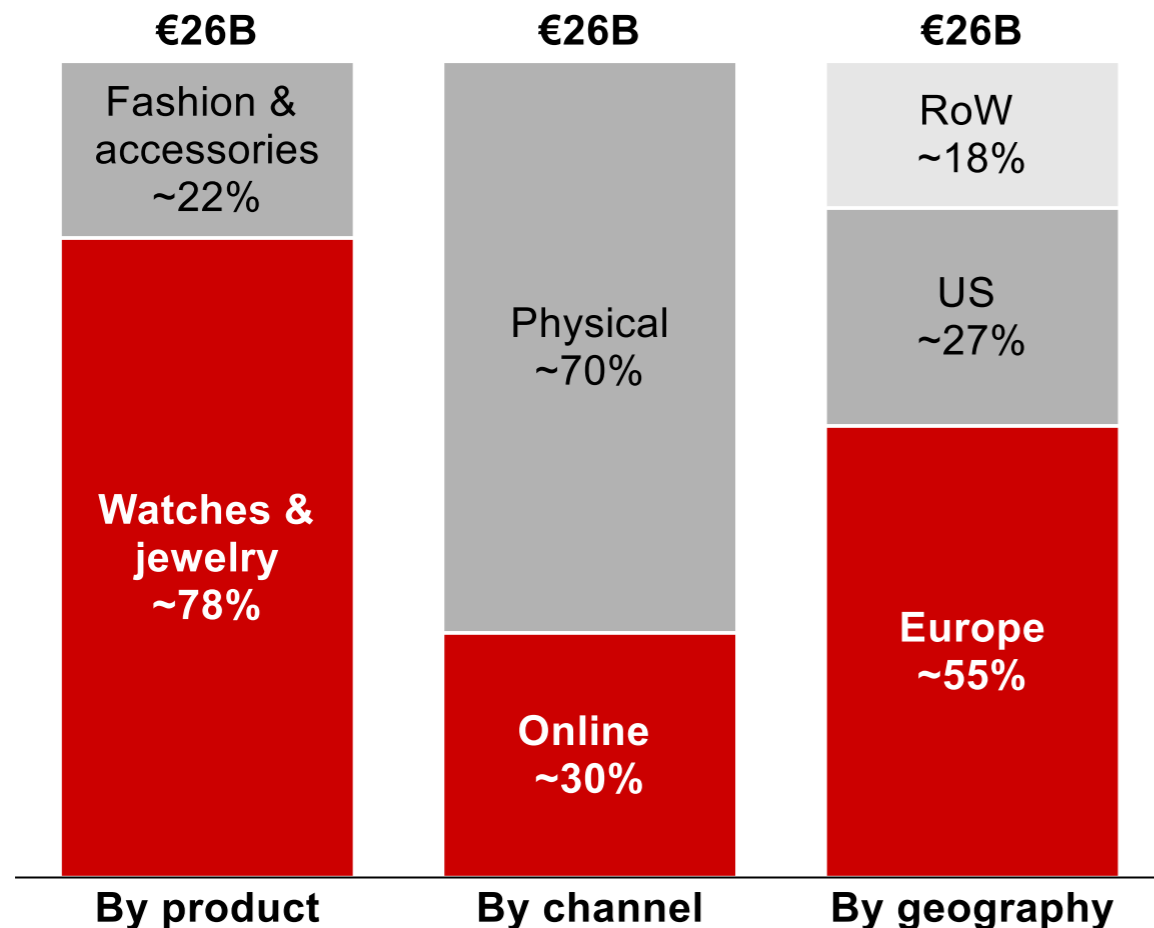
Customers' evolving mentality is stimulating a **proliferation of adjacent business models**, representing an opportunity that brands should proactively address

LUXURY SECONDHAND MARKET ON THE RISE, INCREASINGLY BECOMING PART OF THE ECOSYSTEM

6

Personal luxury goods secondhand market (2019E | €B)

10% CAGR '15-19E

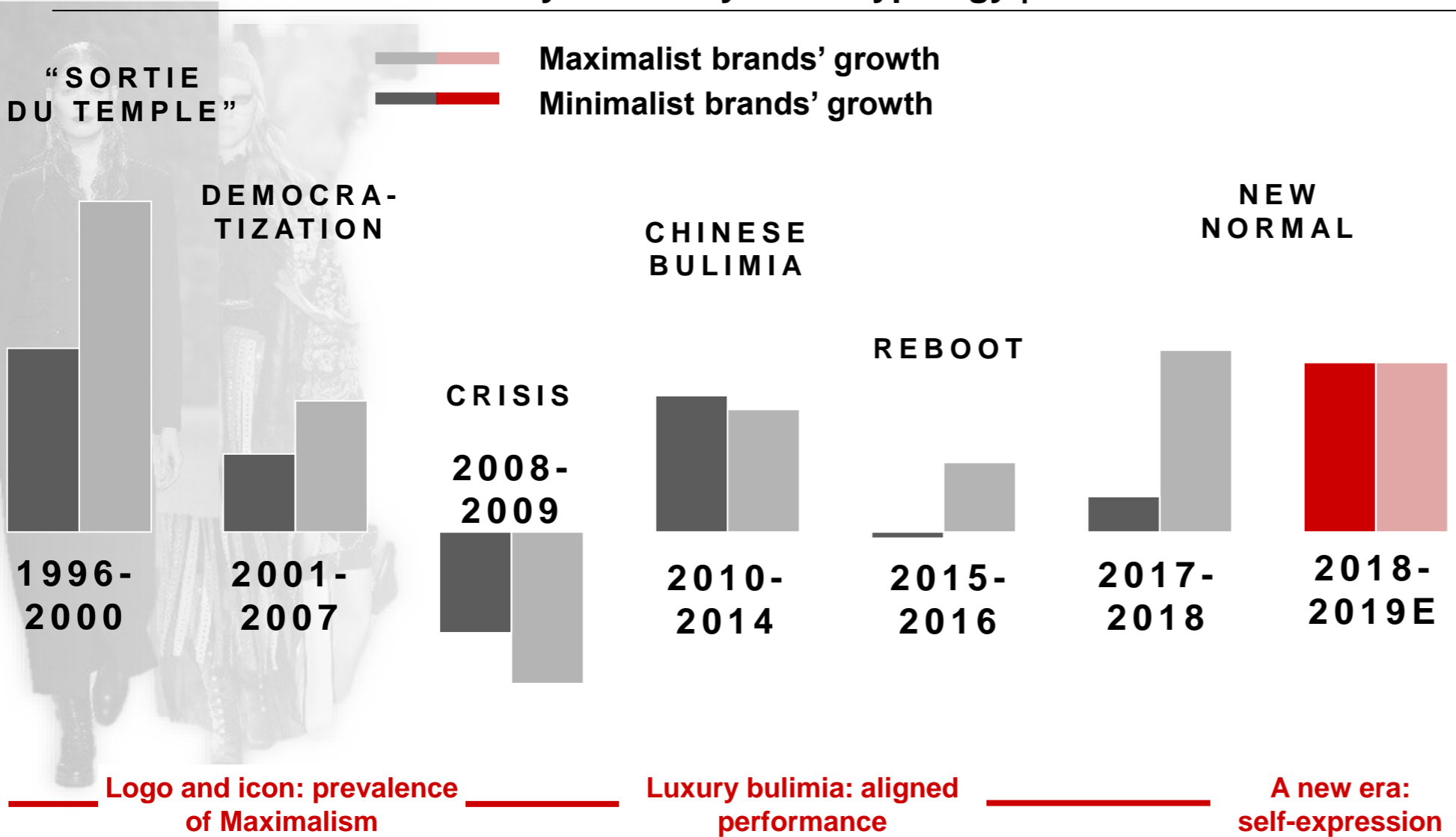


- Secondhand **watches** and **jewelry** markets pulling their weight, with **new interest also from younger customers**
- Fashion & accessories continuing to **gain traction**
- Secondhand becoming a **new touchpoint to acquire younger customers**, creating an opportunity to **educate** and **pull them** into the luxury ecosystem
- **Luxury players** increasing their interest in the market and **starting to integrate it** within their mentality
 - If implemented strategically, this could **address the emerging sustainability concern**
- US and Europe key geographies, with **Asia still lagging behind**, mainly due to **stronger consumer skepticism**

NEW ERA FOR CONSUMPTION ATTITUDE: CUSTOMER SELF-EXPRESSION

6

Growth rate of the soft luxury market by brand typology | %



- The **alignment** of **maximalist** and **minimalist brands'** performance in 2019 suggests the beginning of a **new era**: customers are **open** and **willing** to **self-express**
- The rise of "a **new formal**" also seen in the reinterpretation of basics

Note: Soft luxury perimeter

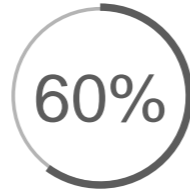
The luxury customer is

RESPONSIBLE



CUSTOMERS, PARTICULARLY YOUNGER ONES, ARE GLOBALLY EVALUATING BRANDS ON THEIR SOCIAL RESPONSIBILITY COMMITMENT

7



Of luxury customers think luxury brands should be **more engaged** than other industries



Of luxury customers say they **prefer brands** that are **socially responsible**... particularly among **millennials**



Relevance of social responsibility aligning across customers' nationalities, with **Asians catching up** with the West



Luxury customers take for granted that **luxury products' price already** includes a **premium** for sustainability

SOCIAL RESPONSIBILITY GOES BEYOND BEING SIMPLY ENVIRONMENTALLY SUSTAINABLE, TOUCHING SOCIAL AND ECONOMIC SPHERES

7

ECONOMY



Work and economic growth

Industry, innovation and infrastructure

Reduced inequality

Responsible production and consumption

SOCIETY



No poverty

Sustainable cities and communities

Peace, justice and strong institutions

Affordable and clean energy

Good health and well-being

Quality education

Gender equality

Zero hunger

BIOSPHERE



Life on land

Life below water

Clean water and sanitation

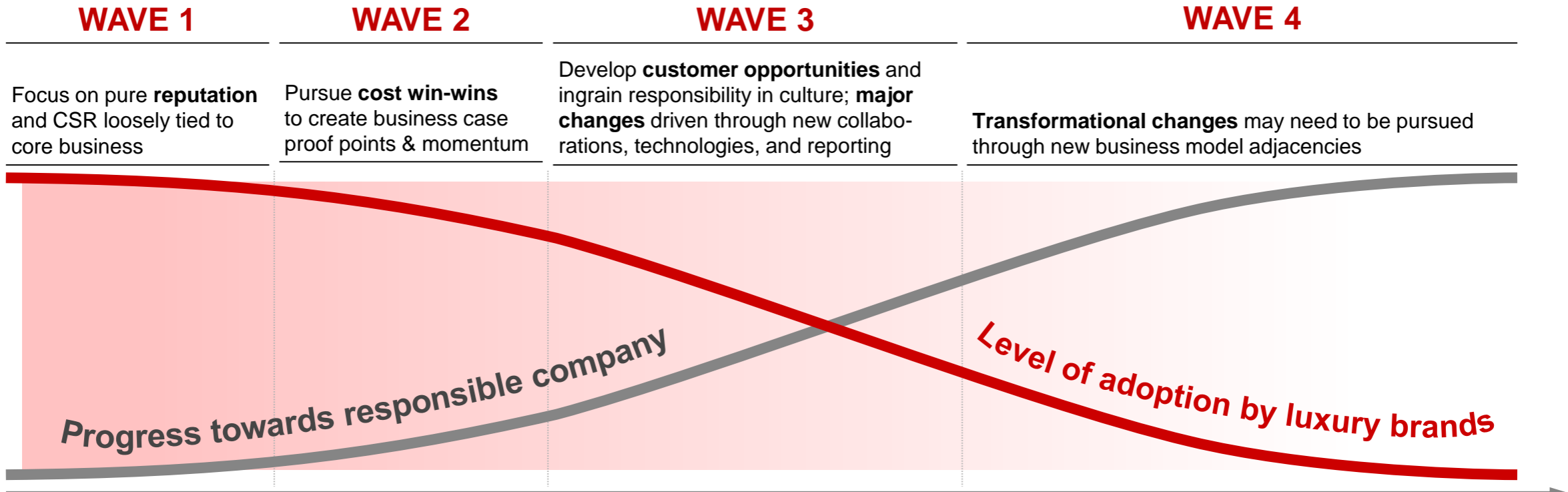
Climate action

Source: Stockholm resilience center – Sustainable Development Goals

BRANDS ARE IN DIFFERENT WAVES IN ADOPTING RESPONSIBLE INITIATIVES; VERY FEW TRYING TO TRULY REINVENT THEIR BUSINESS

7

/ ILLUSTRATIVE



Link to Strategy



Detached initiatives at various levels in the **core business**



Level-spanning, yet singular initiatives in the **core business**



Level-spanning, embedded initiatives in the **core business**



Level-spanning, embedded initiatives in the **core business**

+



Business reinvention

The luxury customer is

EMOTIONAL



THE LUXURY VALUE EQUATION IN THE POST-ASPIRATIONAL PARADIGM: PRODUCT, EXPERIENCE AND IDEAS... AND HOW ALL OF THIS MAKES ME FEEL

8

Product



Experience



Ideas



+

+

ELEMENTS OF VALUE



STATUS
MATERIALS
QUALITY
FUNCTIONALITY
CRAFTSMANSHIP

CREATIVITY
AESTHETIC

MEMORABLE EXPERIENCES
IMPECCABLE SERVICE
SEAMLESS INTERACTIONS

SELF-TRANSCENDENCE
(better world)
SELF-IDENTITY DEFINITION
(better me)

EMOTIONS

delight me

excite me

give me hope

hug me

don't fail me

inspire me

touch me

2019 PERSONAL LUXURY GOODS MARKET

THE LUXURY CUSTOMER IS...

HIC ET NUNC
(Here and Now)

1

Luxury market on its **expected growth trajectory** to **2025**... potential **bumps** along the path

A **market of ones**: core luxury and entry luxury customers... **customer network** as the new measure of **value** for brands

DIVERSE (in spending power and purchasing drivers)

5

CHINESE
(increasingly)

2

Chinese customers delivering **90%** of the growth in 2019E... increasingly shopping **at home**

A highly **receptive** customer: new value propositions and business models challenging **rules of the game**

OPEN

6

YOUNG(er)

3

Disruptive consumer trends arising from the younger generations: Gen **Y** and Gen **Z** to **dominate** the luxury market

Social commitment as customers' priority: **CSR** to evolve from a "**must-have**" to a lever to **transform** the business

RESPONSIBLE

7

PHY-GITAL

4

Digitalization pushing ahead physical disruption: **online** still booming while **physical** network approaching its peak

Feelings as part of the post-aspirational luxury value equation: make your customers feel **happy**

EMOTIONAL

8

THE CUSTOMER IS **PRESENT**

FROM AUDIENCE TO CENTER STAGE:
(INTER)ACTING, CONVERSING, SHARING AND
JUDGING THIS INDUSTRY

THE 2019 LUXURY CUSTOMER IS EVEN MORE PRESENT THAN IN THE PAST: (INTER)ACTING, CONVERSING, SHARING AND JUDGING THIS INDUSTRY...

2019 luxury customer is...

HIC ET NUNC (Here and Now)

YOUNG(er)

CHINESE (increasingly)

PHY-GITAL

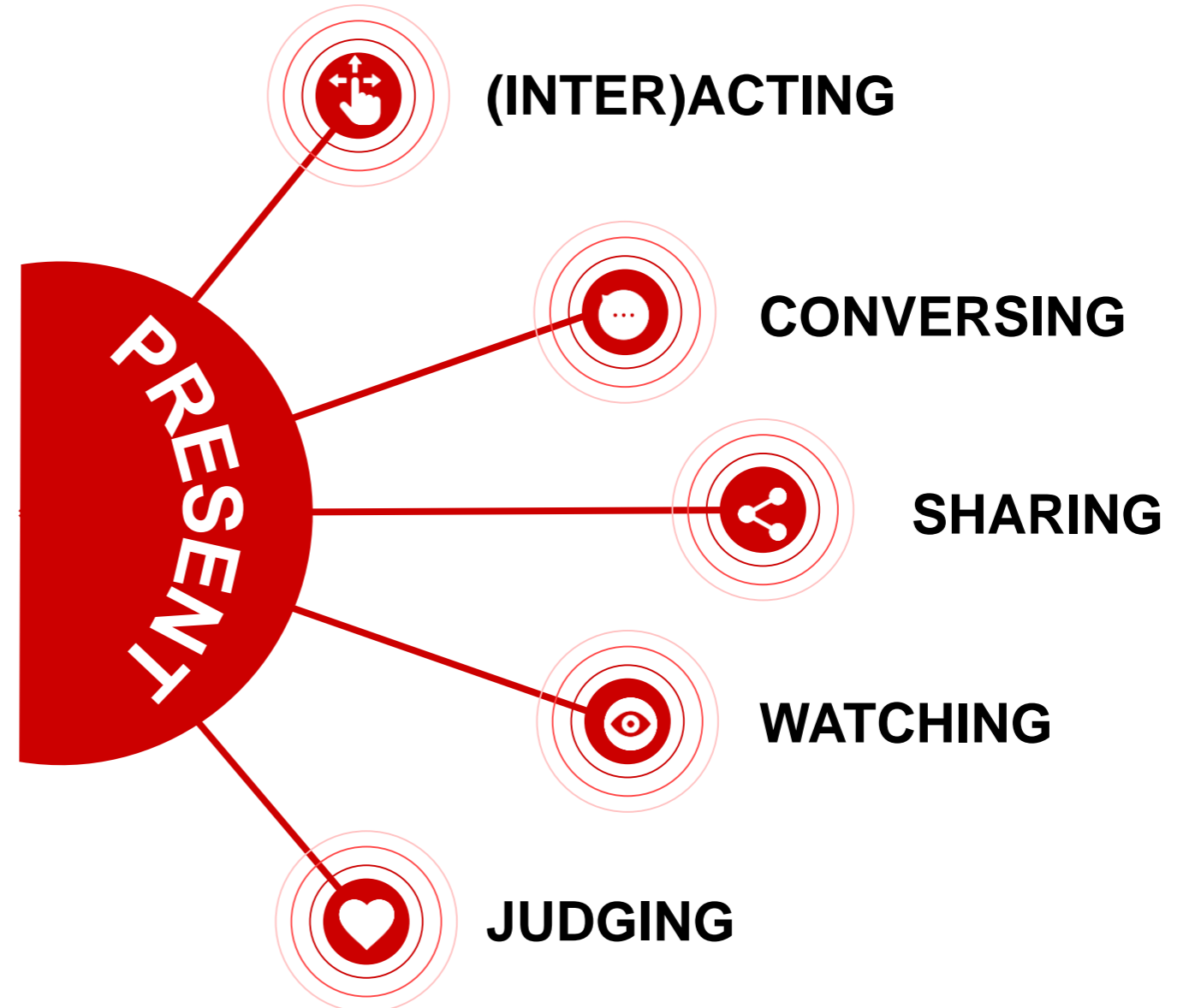
DIVERSE

(in spending power and purchasing drivers)

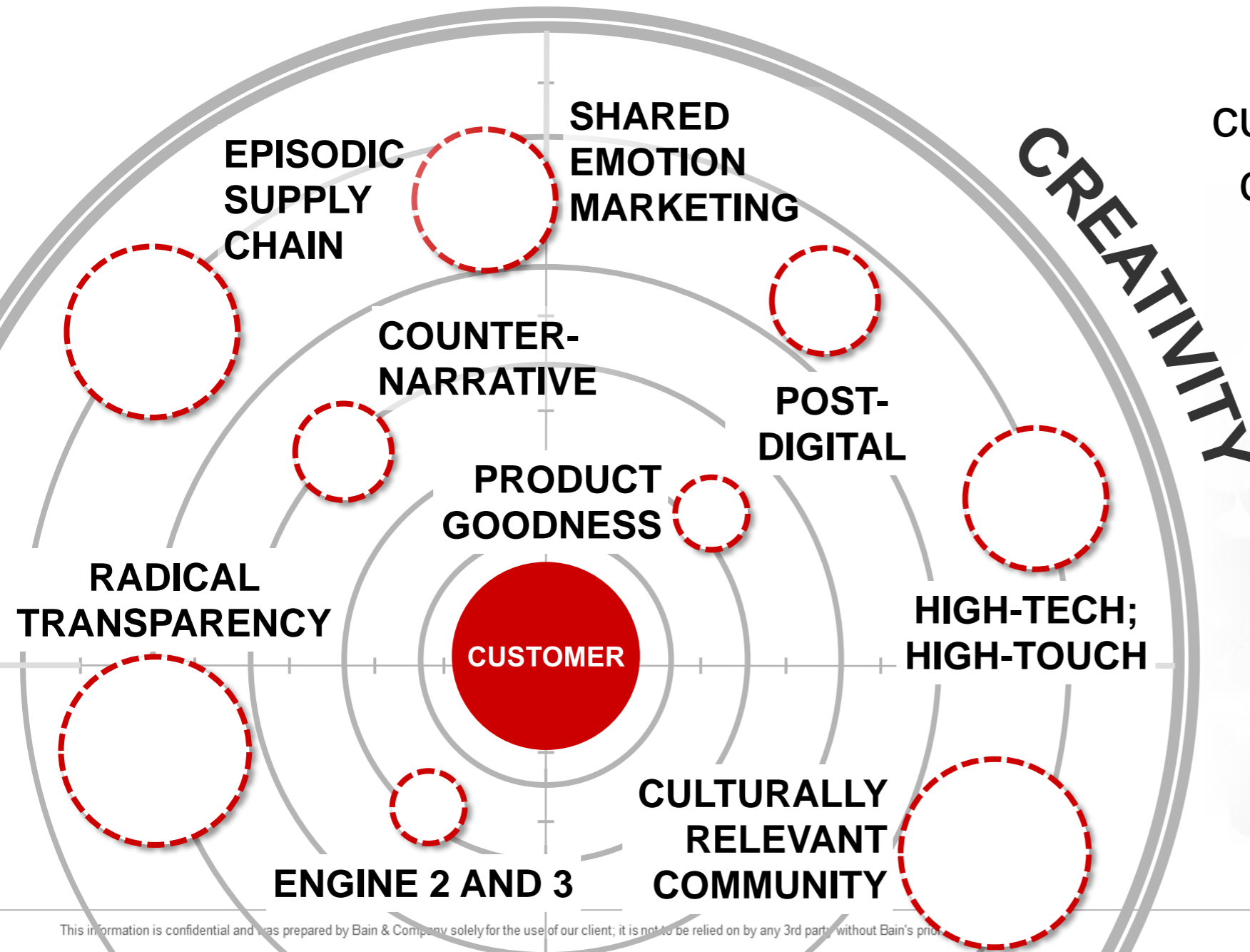
OPEN

RESPONSIBLE

EMOTIONAL



...FORCING LUXURY BRANDS TO REMAIN RELEVANT BY INNOVATING ACROSS THE BOARD: A CUSTOMER-CENTRIC, CREATIVITY-LED TRANSFORMATION



The **Next Gen luxury** customer is pushing brands to continuously inject **creativity** in the industry... far beyond the product



BAIN & COMPANY 

PEOPLE, PASSION, RESULTS!

Claudia D'Arpizio, Partner

Bain & Company Luxury Goods vertical



Claudia has spent 25 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 Luxury Goods vertical



Over the last 15 years, Federica has led more than 200 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 co-author of the Bain Luxury Study, one of the most cited sources of market information in the luxury industry.

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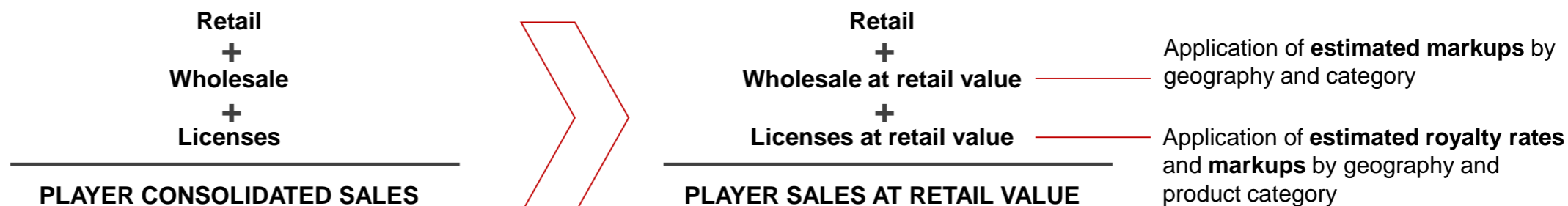
Italian press

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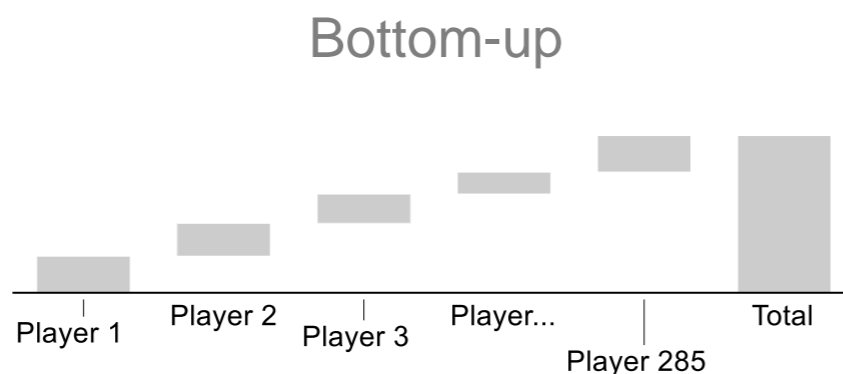
METHODOLOGY OF THE STUDY

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



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

...we cross check results

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