

# World Market for Luxury Goods

September 2022

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## INTRODUCTION

Scope

## STATE OF THE INDUSTRY

State of the luxury goods industry

Global luxury goods continues to bounce back from the brink and exceed all expectations

Recovery across category performance remains mixed

Per capita spending in Switzerland remains high thanks to its affluent adult population

War in Ukraine heightens inflation risks and challenges recovery across luxury goods

Could inflation growth undermine consumer spending power on luxury goods?

Could luxury become less accessible due to the rising cost of living in key luxury markets?

UHNWI, HNWI and affluent consumers key drivers of luxury, especially in uncertain times

Income inequality hampered further by cost of living crisis

Value for money remains a priority for consumers as they balance frugality and indulgence

Luxury hospitality and fashion remain major growth areas thanks to pent-up demand

Luxury bags and leather goods maintain position as top-performing alternative asset class

China and the US continue to stand out as the world's two leading luxury goods markets

China to boast the second largest wealthy and affluent population

China's recovery drives luxury goods sales but concern about new variants poses threats

China's lockdown measures cap inflation, but risks remain

The US to remain the world's most important wealth market

The US to surpass its pre-pandemic sales levels by the end of 2022 thanks to local wealth...

...but the tight US labour market and rising energy prices add to the inflation surge

Global travel on the rebound but full recovery derailed due to economic uncertainty

Inflation surge puts pressure on consumers' ability to spend on experiential luxury

Tourist spending on luxury remains low on pre-pandemic levels

The absence of the Chinese tourist still hugely apparent across luxury retail and hospitality

The digital transformation continues to accelerate post-pandemic

Key forces shaping the consumer landscape beyond the pandemic

## LEADING COMPANIES AND BRANDS

Global top 10 continue to control over half of the luxury goods industry

"Co-opetition" new name of the game as players look to navigate challenging times together

Further M&A activity since the COVID-19 outbreak leads to further market concentration

## TOP FIVE TRENDS SHAPING THE INDUSTRY

Examining five trends shaping luxury goods

Pandemic exposes the limits and weaknesses of luxury's globalised supply chains

Key risks for the global supply chains weighing on luxury goods in 2022

China's zero-COVID policy could add further headwinds to supply chain issues in 2022

The great "Relocation Revolution" forces luxury brands to pivot supply chain operations

Working from home shifts to working from Four Seasons, St Regis and Hyatt

The digital transformation continues to accelerate post-pandemic

Period of rapid change has put pressure on the luxury industry to expedite innovation efforts

AI and IoT to exert the greatest disruptive power in the next five years

What does The Metaverse Movement mean for luxury business?

Could fashion's rising presence in the metaverse help bridge the gap between rich and poor?

Balenciaga drops more virtual products through Fortnite's first luxury partnership

Gucci presents its brand to digital-savvy young consumers in a virtual space on Roblox

Rising interest in a holistic approach to health fuels demand for luxury wellness propositions

Cutting edge luxury wellness clinics and medical tourism on the rise

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The paradigm shift towards health, self-expression and feeling good about oneself

Girlfriend Collective thrives in the busy athleisure market thanks to its body-positive motto  
Wake-up call for luxury highlighting the plight of social and environmental responsibility  
The paradox of inclusivity in an industry that prides itself on exclusivity  
Growing pressure from luxury consumers and regulators to put “purpose before business”  
New consumption patterns via resale and rental explored as luxury beyond ownership rises  
Disconnect between sustainable goals and efforts to achieve them puts loyalty in jeopardy  
Many luxury brands continue to fail in their diversity efforts  
Luxury brands under ever-increasing pressure and scrutiny to improve their ESG practices  
COCOON's rental service for luxury handbags is emblematic of changing consumer demands

## MARKET SNAPSHOTS

Global snapshot of premium and luxury cars  
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Global snapshot of luxury eyewear  
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