

# World Market for Luxury Goods

August 2023

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## INTRODUCTION

Scope

Examining five trends shaping luxury goods

## STATE OF THE INDUSTRY

Luxury market continues to bounce back amid a new economic reality...

## STATE OF THE INDUSTRY

...but discretionary spending continues to face unrelenting pressure

Hong Kong reclaims its status as the luxury market with the highest per capita expenditure

Tumultuous global economy challenges recovery across all regions

Ongoing uncertainty in Europe is further disrupting the world's economy

Recovery of performance across different categories continues to exhibit mixed results

Luxury bags and leather goods continue to reign as leading alternative asset class

Luxury experiences and lifestyles category offers major untapped growth opportunities

Inflation rate forecast to moderate but remain above target in 2023-2024

Five out of the top 10 global economies will be emerging markets

Heightened significance of affluent consumers in emerging markets amid uncertain times

China and the US maintain their positions as the world's two leading luxury goods markets

China's luxury market a catalyst for full recovery but concerns over slowdown pose threat

China retains title as second largest population of wealthy and affluent individuals

Repatriated shopping habits in mainland China now deeply ingrained and hard to break

The US delivers its strongest year in actual value terms post-2020 recovery

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

Recovery in travel remains in motion but macroeconomic challenges threaten its trajectory

Tourist spending on luxury remains low, but numbers creep closer to pre-pandemic levels

Digital transformation continues to accelerate

Omnichannel strategy redefines luxury retail and forges the path ahead

Outlook for luxury retail development faces continued pressure due to economic uncertainty

## LEADING COMPANIES AND BRANDS

Global top 10 powerhouses maintain commanding share in the luxury goods industry

M&A activity brings some of the biggest names in luxury and fashion together

LVMH Moët Hennessy Louis Vuitton SA and Richemont SA both outperform the industry

Acquisition of Tiffany & Co boosts LVMH Moët Hennessy Louis Vuitton SA ranking

## TOP FIVE TRENDS SHAPING THE INDUSTRY

Examining five trends shaping luxury goods

Luxury goods businesses under pressure thanks to rocky geopolitical environment

Sluggish growth and surging inflation pose risks to overall performance of luxury goods

Examining the impact of rising inflation on luxury goods and consumer purchasing power

US brand Steve Madden has shifted 50% of production from Asia to Latin America

Business strategies are adapting to meet the needs of Gen Z consumers as they come of age

Gen Zs to see record growth in gross income

Heritage luxury brands thrive in age of trendsetting and social consciousness among Gen Z

Luxury resort Ahaa Collection introduces new NFT loyalty scheme to attract Gen Z tourists

Digital transformation becomes a playground for luxury business development

Continued acceleration of luxury e-commerce albeit at a slower pace of growth

Gaming goes mainstream and increasingly crosses into the realms of luxury and travel

Hugo Boss invests in greater personalisation with a new AI Digital Campus in Portugal

Changing sustainability regulations put luxury brands under increasing pressure

Inflationary pressures drive consumer exploration in alternative product access strategies

Reviewing the role of goods through a "less is more" lens bodes well for heritage brands

Luxury brands under ever-increasing pressure and scrutiny to improve their ESG practices  
Balenciaga joins the group of luxury brands venturing into resale with its Re-Sell platform  
Exploring new horizons for luxury brands to venture into home, hospitality and lifestyle  
Luxury lifestyle extensions to help sustain growth while tapping into new pockets of wealth  
Substantial wealth generation unlocks prospects and pushes boundaries of standard hospitality  
Cutting-edge luxury wellness clinics, spas and medical tourism continue to rise  
Dolce & Gabbana takes brand to the next frontier by moving into real estate development  
Key findings

## MARKET SNAPSHOTS

Global snapshot of premium and luxury cars  
Global snapshot of luxury leather goods  
Global snapshot of luxury eyewear  
Global snapshot of designer apparel and footwear (ready-to-wear)  
Global snapshot of luxury jewellery  
Global snapshot of luxury timepieces  
Global snapshot of super premium beauty and personal care  
Global snapshot of luxury writing instruments and stationery  
Global snapshot of luxury wearable electronics  
Global snapshot of luxury hotels  
Global snapshot of luxury foodservice  
Global snapshot of fine wines  
Global snapshot of luxury spirits  
Regional snapshot: Asia Pacific  
Regional snapshot: North America  
Regional snapshot: Latin America  
Regional snapshot: Western Europe  
Regional snapshot: Middle East and Africa  
Regional snapshot: Eastern Europe  
Regional snapshot: Australasia

## APPENDIX

Definitions (1/2)  
Definitions (2/2)

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