

# Luxe in Flux

## The Evolution of Luxury in 2013 & Beyond

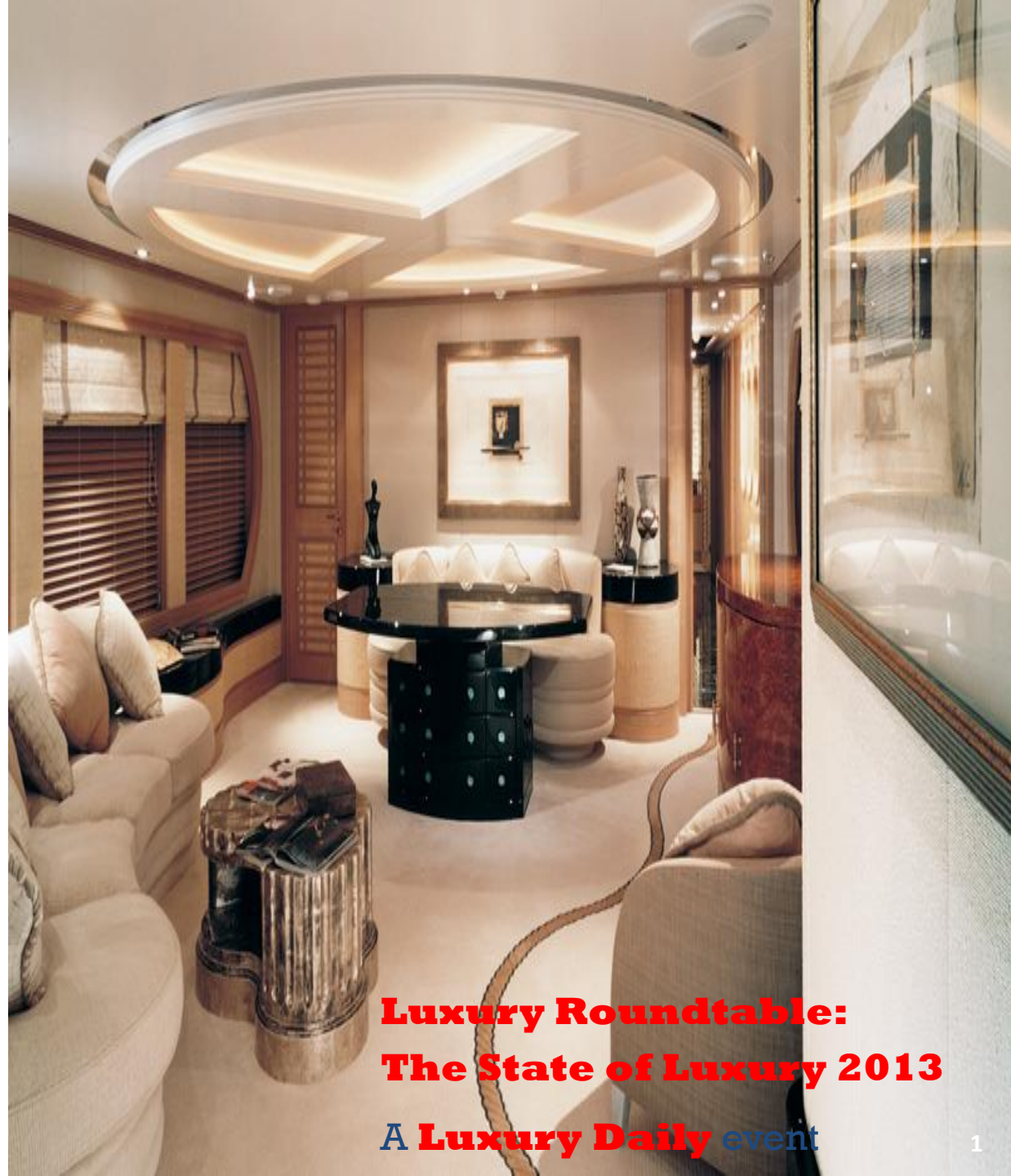
May 2013

Ipsos MediaCT

**AMG**



audience measurement group



**Luxury Roundtable:  
The State of Luxury 2013**

**A Luxury Daily** event



# Synthesizing Two Key Sources for Luxury Insights

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## The Mendelsohn Affluent Survey

**36** years of fielding

**13,794** sample size

**400+** subscribers

**4,000+** users

**1,200+** brands measured

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## The Mendelsohn Affluent Barometer

Optimism, attitudes & buzz

Luxury interest indicators

April 2013: Deep dive on luxury & fashion

Source of data in this presentation, unless otherwise noted

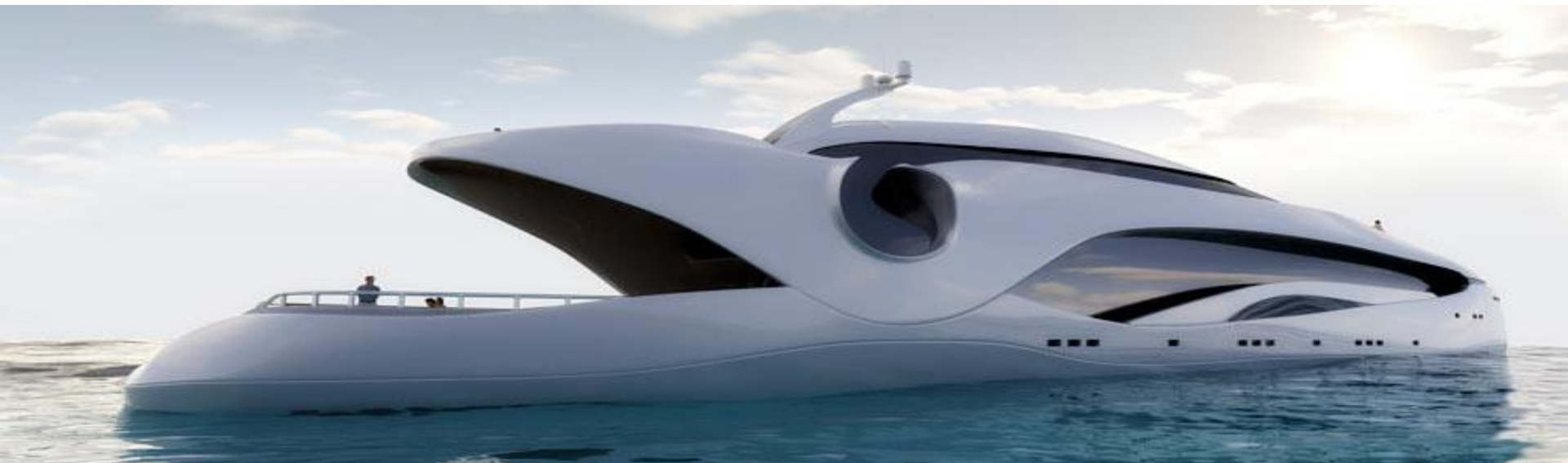
# Three Key Segments in the Affluence Continuum

	Affluent	Ultra Affluent	Wealthy
<b>Definition (HHI)</b>	\$100K+	\$250K+	\$500K+
<b>Mean HHI</b>	\$191K	\$567K	\$1.3 million
<b>Mean Net Worth</b>	\$987K	\$2.1 million	\$3.8 million

Source: 2012 Mendelsohn Affluent Survey



**63%** of Affluents agree...  
“The definition of luxury today is not  
the same as it was 5 years ago”





**2005-2007**

**Aspirational  
luxury shoppers**



**2008-2009**

**Stealth wealth  
& logo shame**



**2010-2012**

**Ultra Affluents  
fuel luxury mini-  
boom**



**2013 & Beyond... ???**

**What is luxury today?**

**Luxury purchasing trends**

**Close-up: Fashion apparel**

**Looking ahead: 2013 outlook**

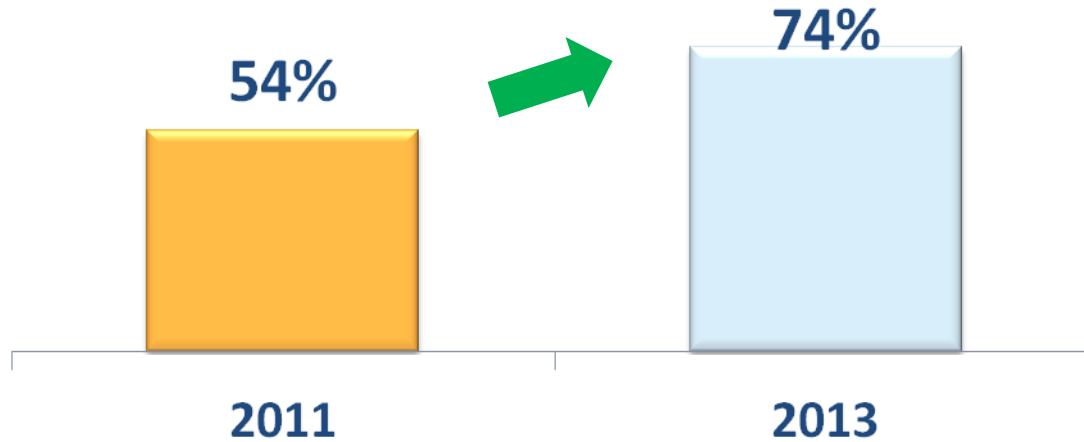


**86%**

of Affluents agree...  
“Luxury is in the eye  
of the beholder”

# Luxury Has Become Smaller, More Personal, More Intimate

A luxury is the same as a 'treat'



# 84%

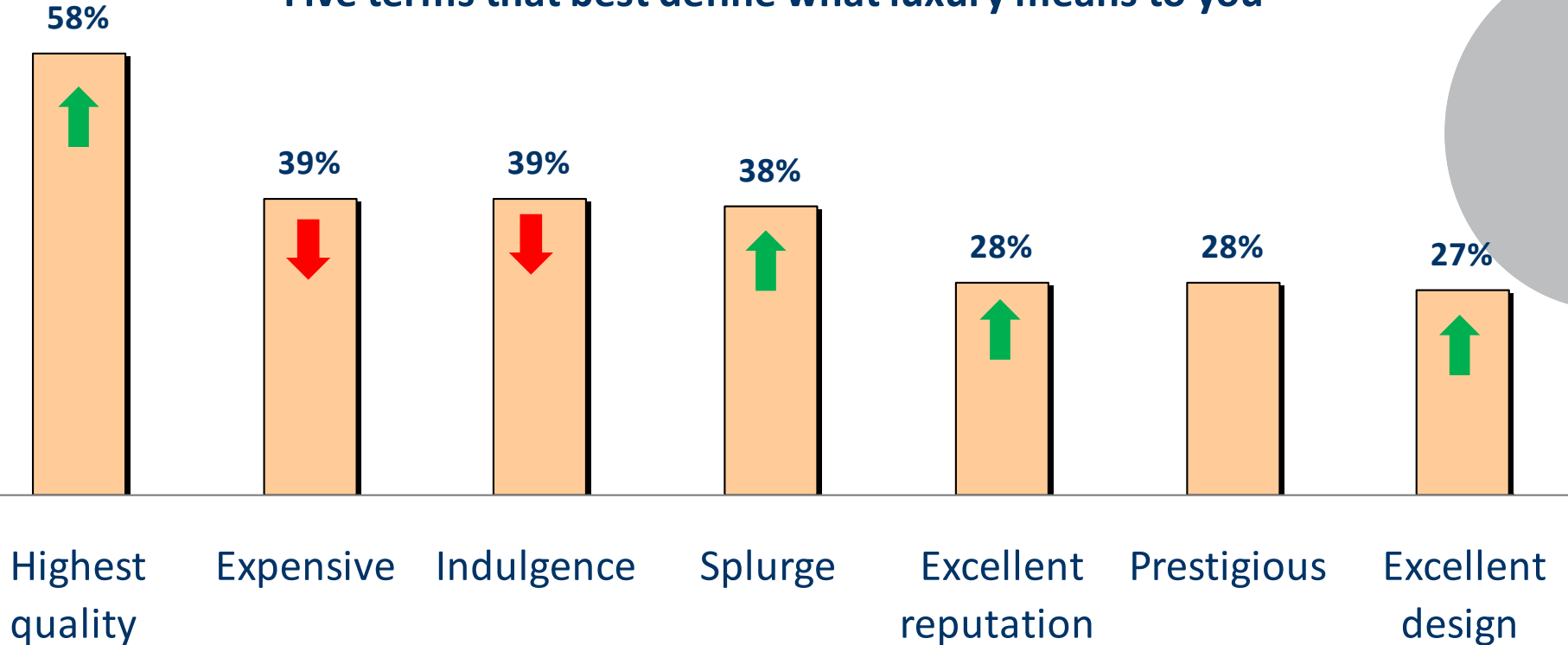
“To me, small indulgences can be just as meaningful as purchasing a high-end luxury product”





# Affluents: Luxury Now More Purely About Quality, and Less About Being Expensive or Exclusive

## Five terms that best define what luxury means to you

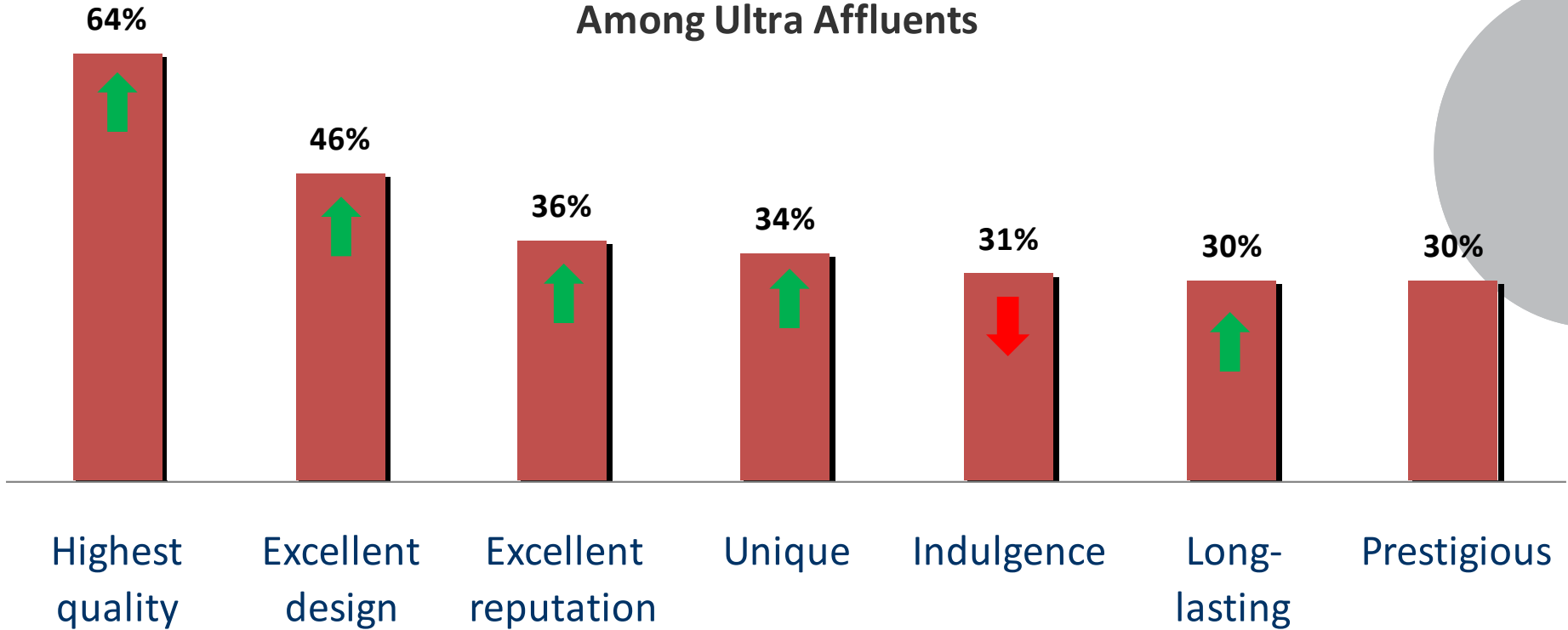


Also Trending

↑ Treat	↓ Privileged
↓ Exclusive	↓ Status

# Ultra Affluents on Luxury: Quality Tops an Evolving List of Associations

## Five terms that best define what luxury means to you Among Ultra Affluents



**Also Trending**

- ↑ Rare
- ↓ Exclusive
- ↓ Expensive
- ↓ Refined
- ↓ Privileged
- ↓ One-of-a-kind
- ↓ Status

Arrows denote change from 2011.

# How has luxury changed over the past five years?

## Luxury today...

*“must be practical and innovative”*

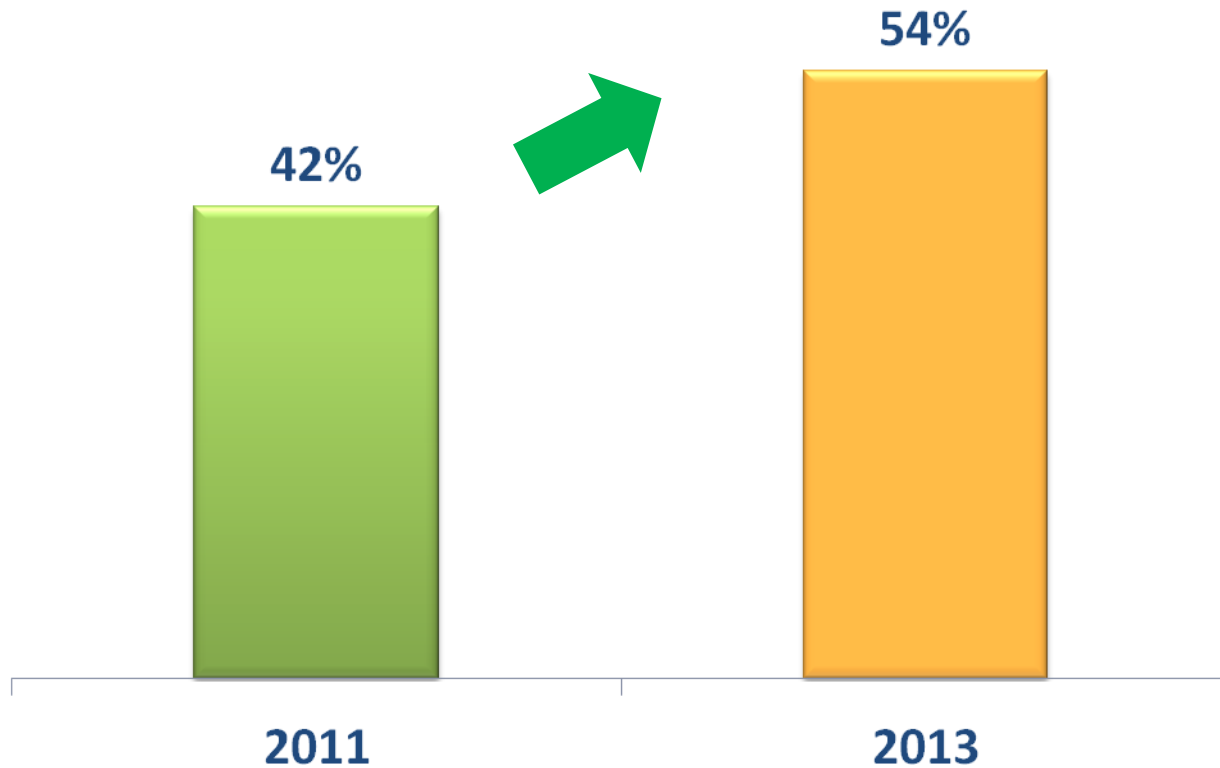


*“is less formal”*

*“is quiet and lush – not showy and over the top”*

*“is high quality and long lasting which can be affordable. Before, I thought luxury was the above with a massive premium.”*

Most luxury brands have lowered their quality standards in recent years



# How has luxury changed over the past five years?

*“Luxury is more of a commercial idea than an actual product feature now. Luxury used to refer to a product's **QUALITY**. Now it's just an image.”*

*“Today you are just paying for the name on the product, but not for the quality of a product.”*

*Corners are being cut*

*Diluted, downgraded*

*Shrinkage*

*Outsource, cheapened*

*Watered down*

## What separates luxury/fashion apparel & shoes from the rest?

*Most definitely, the way they are made. Luxury items use fine leathers, are hand stitched, all soft leather, and have extra touches such as foot pad cushioning built in. Some have beautiful adornments with quality hand-set crystals, leather bows/trim, or brass decorations.*

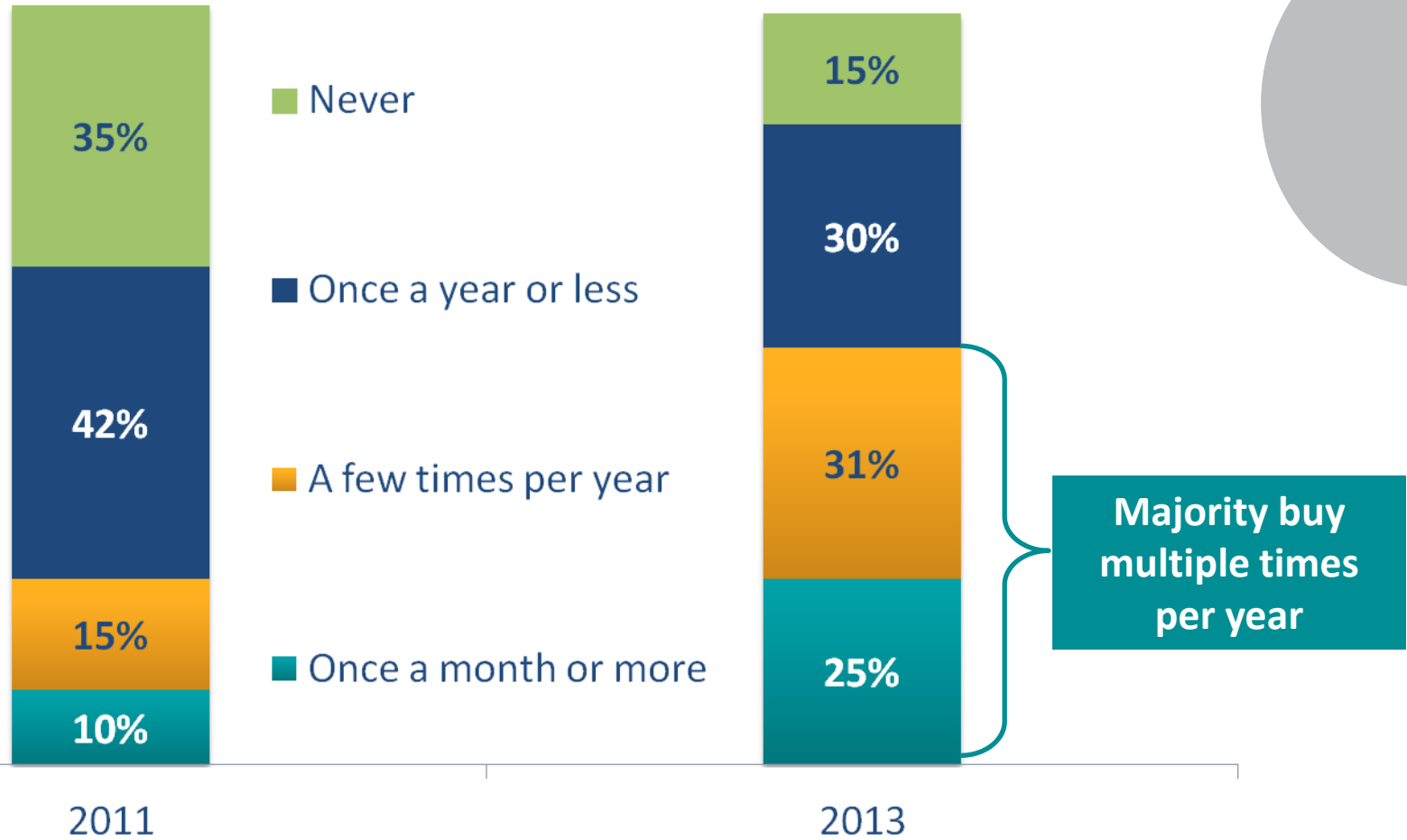
*Usually just the brand name, but sometimes better quality of material*

# Luxury Purchase Trends



# Frequency of Luxury Purchase Up Strongly

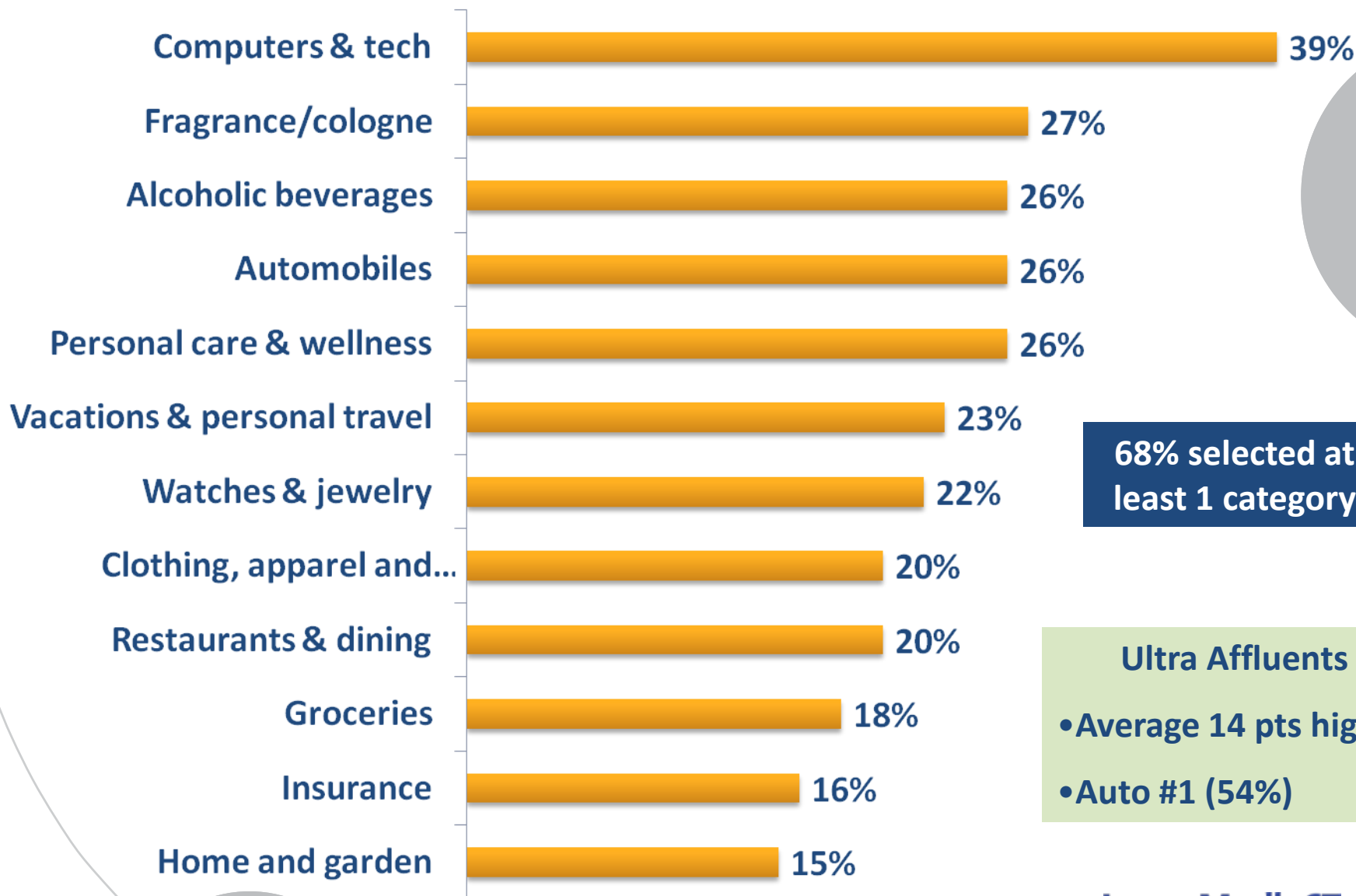
How often do you buy luxury products or services?





# Tech Tops the List of Most Widely-Bought Luxury

I tend to buy premium, high-quality, 'luxury' brands



**68% selected at least 1 category**

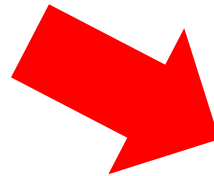
**Ultra Affluents**

- Average 14 pts higher
- Auto #1 (54%)

# A “Luxury Lifestyle” Feels More Within Reach

How much more income would you have to earn or generate annually to purchase luxury products and services on a regular basis?

**\$180K**  
2011



**\$109K**  
2013

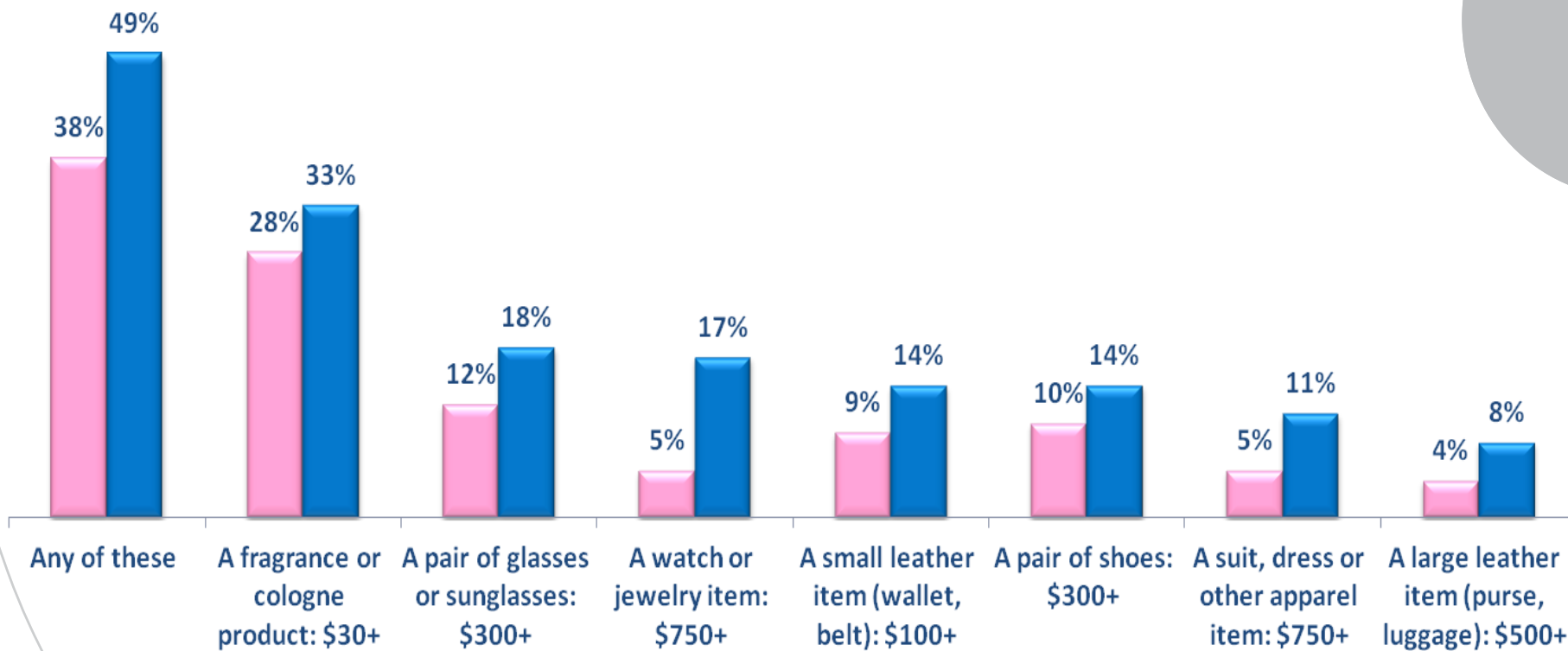
**Men: \$73K**  
**Women: \$146K**  
**Ultra Affluent: \$213K**



# Nearly Half of Affluents Purchased “Luxury” Apparel, Accessories or Shoes in Past Year – Led by Men

Purchased in past 12 months

Women Men



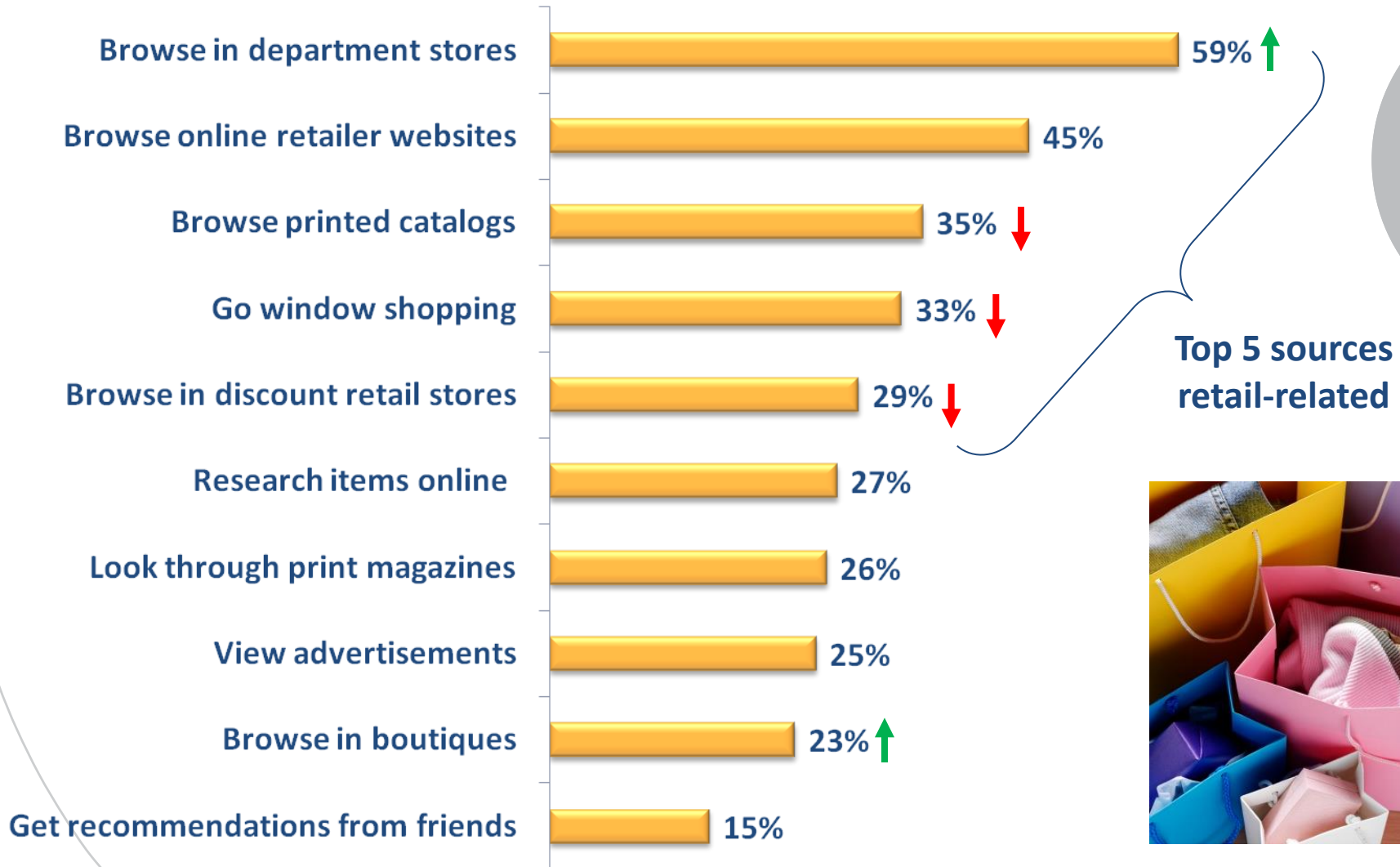


# The Fashion Funnel

How Affluent Women Shop for Fashion Apparel, Accessories & Shoes

# Retail Remains Critically Important in Apparel “Inspiration”

Source of ideas and inspiration while shopping or planning to shop for apparel, footwear or accessories



Among Affluent women. Arrows denote change from June 2012.

Out of last 10 purchases, how many were made online?



Apparel

2.9



Shoes

2.6



Accessories

2.4



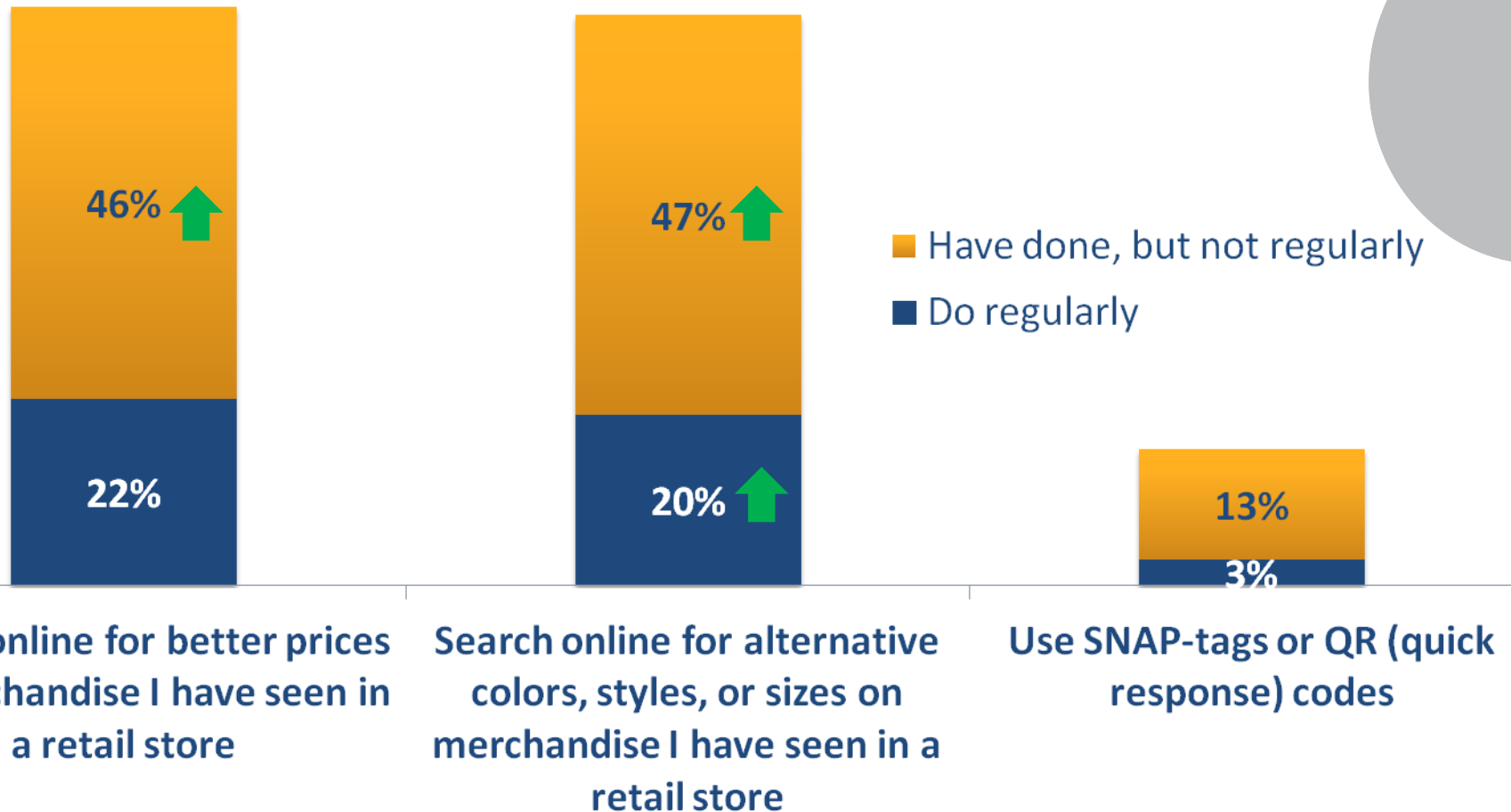
**11%**  
purchased a luxury item  
from a 'flash sale' website

# Tablet Shopping Noticeably Shaping Apparel Purchasing

	Use to browse/ research only	Use to purchase only	Use for both
In-store	11%	32%	50% ↓
Online via computer	31%	10%	45% ↓
Printed catalog	39%	5%	22% ↓
Online via smartphone	18%	2%	8%
Online via tablet	22% ↑	7% ↑	8%
TV shopping channels	4%	4%	9%

# Two-Thirds of Affluent Women Have “Show-Roomed”

Done while shopping in-person at retail stores for apparel, footwear and accessories





# In-Person the Top Medium for Sharing Apparel Experiences

Done after purchase of luxury/fashion apparel, accessories or shoes



Sign up for email updates from apparel stores/salespeople



Sign up for text message updates from apparel stores/salespeople



# In-Person the Top Medium for Sharing Apparel Experiences

Done after purchase of luxury / fashion apparel, accessories or shoes

	Most/all of the time	Ever
Describe your purchase to friends and family (in ways other than social media sites)	25%	83%
Rate or write a review about your purchase	6%	61%
Describe your purchase on social media sites	9%	28%

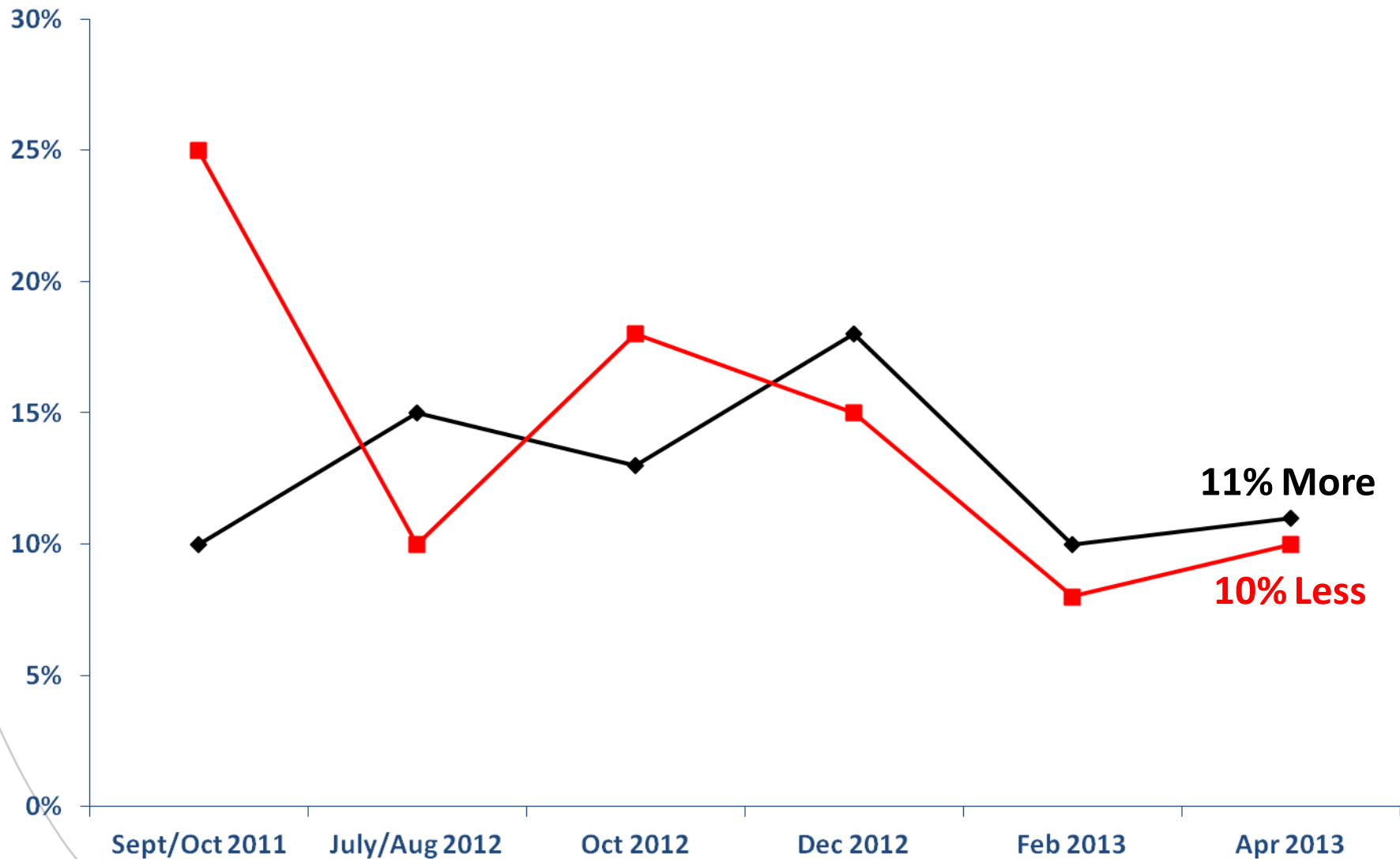
**80%**  
 Feel good about purchases all/most of the time

# Looking Ahead: Luxury in 2013 and Beyond

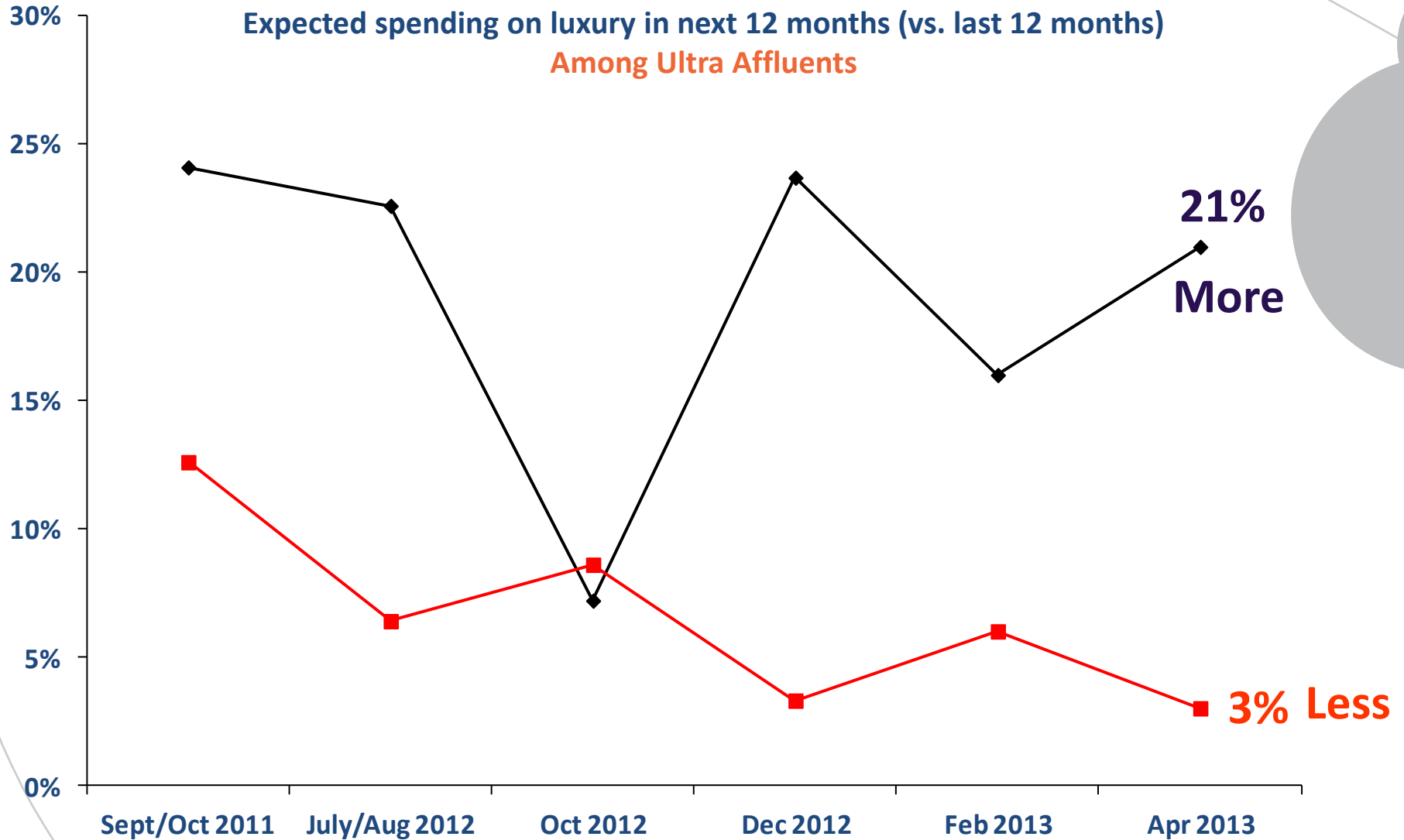


# Luxury Interest Among Affluents Suggests Continued Stability

## Expected spending on luxury in next 12 months (vs. last 12 months)



# One-Fifth of Ultra Affluents Anticipate a Luxury Spending Increase

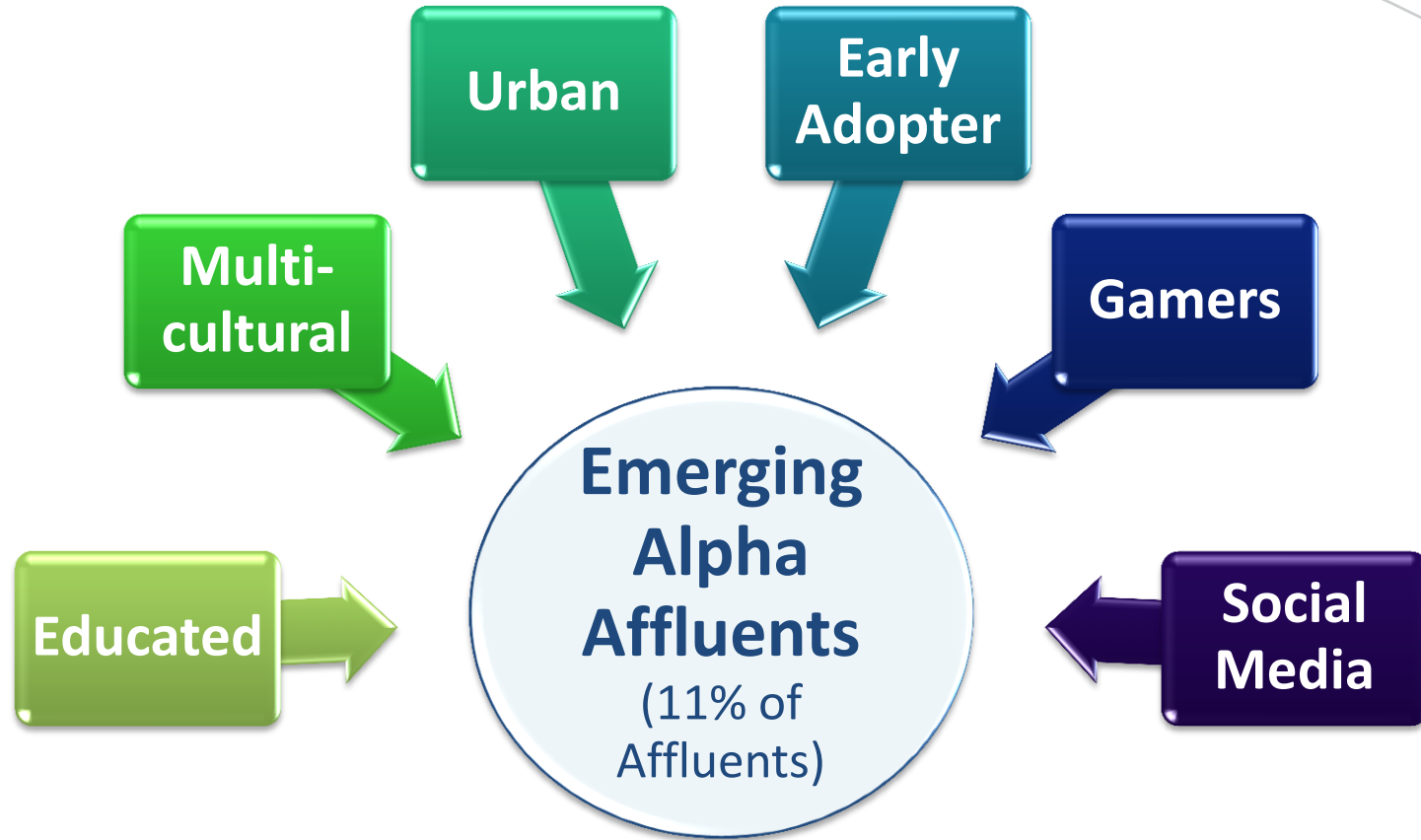


# Luxury Growth Potential in Half of the 11 Categories Examined

Luxury Growth Outlook	Affluents	Ultra Affluents
<b>Strong</b>		Travel Apparel Watches/jewelry
<b>Moderate</b>	Travel Tech Personal care Groceries Apparel Autos Dining	Tech Insurance Dining Personal care



# Luxury Purchasers: The Next Generation



**Opinion Leaders**

**Open to new experiences**

**Enjoy a “night on the town”**

**Willing to pay a premium**

**Like to stand out**

**Enjoy weekend trips**

**Active & “on the go”**

**Willing to treat themselves**

More likely to shop at...

ANN TAYLOR



More likely to wear...



Calvin Klein



*KENNETH COLE*

MICHAEL KORS





**Unique (social cred)**

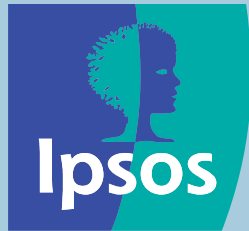
**Design/functional excellence**

**Personal meaning**

**Excellent value**

**Subtle & understated**

**Exceptional quality**



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