

How Luxury Brands and Retailers Should Consider Reaching and Communicating with Luxury Buyers in 2016



January 20, 2016
Luxury FirstLook: Strategy 2016

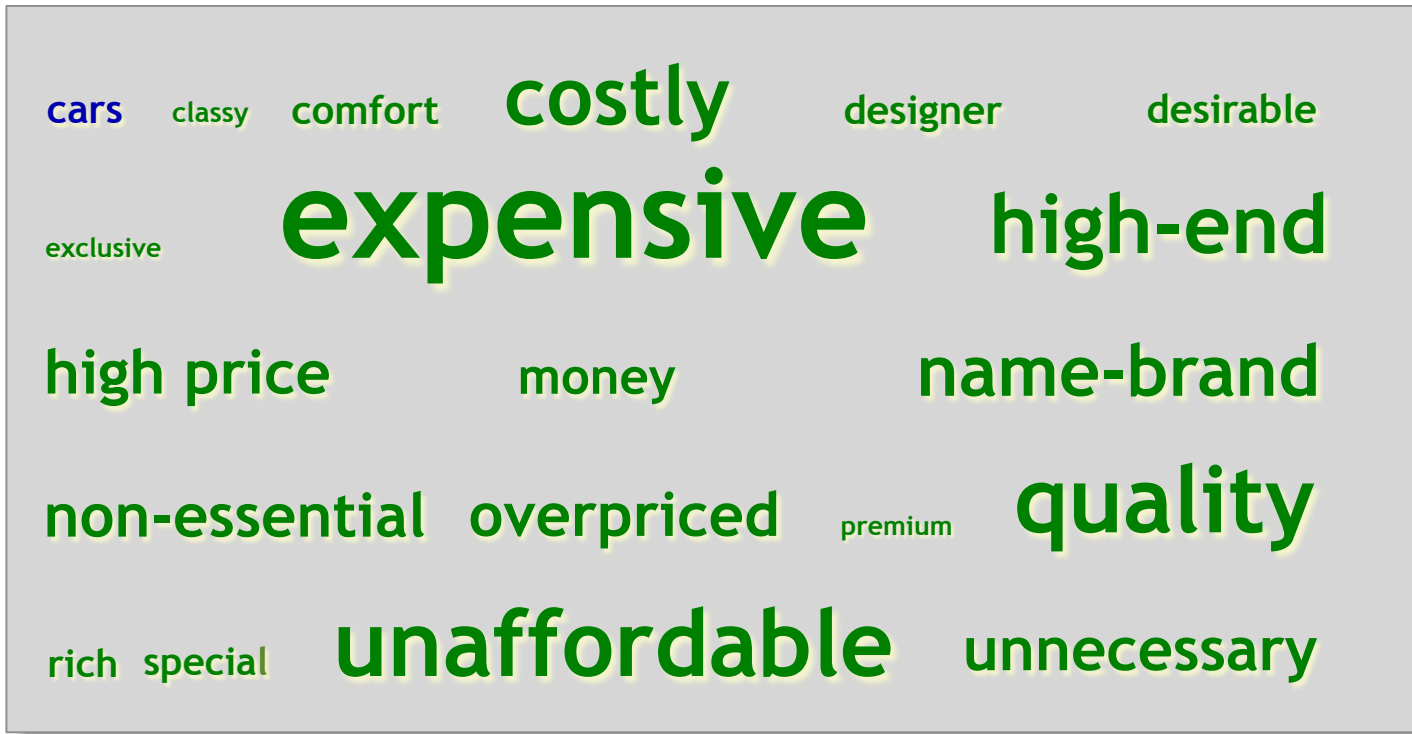
Today's Topics

- Sources of today's insights
- How consumers describe luxury
- Luxury buying patterns in 2015 compared with 2014
- Media channels that reach luxury consumers
- Food for thought
- Summary of key findings

Sources of Today's Insights

- *The Shullman Luxury, Affluence, and Wealth Pulse*
- Bureau of the Census, CPS 2014 and 2015 Annual Social and Economic Supplements

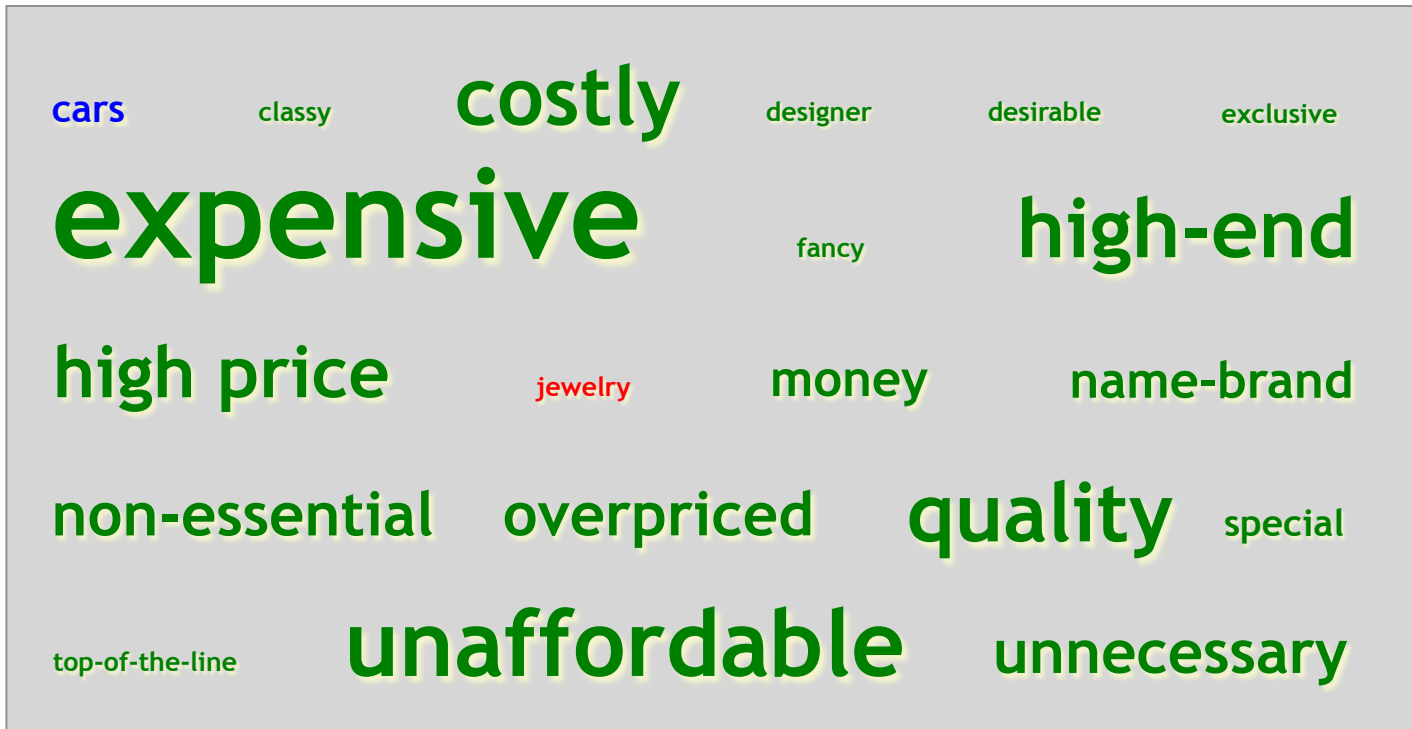
Top 20 Luxury Descriptions: All Consumers



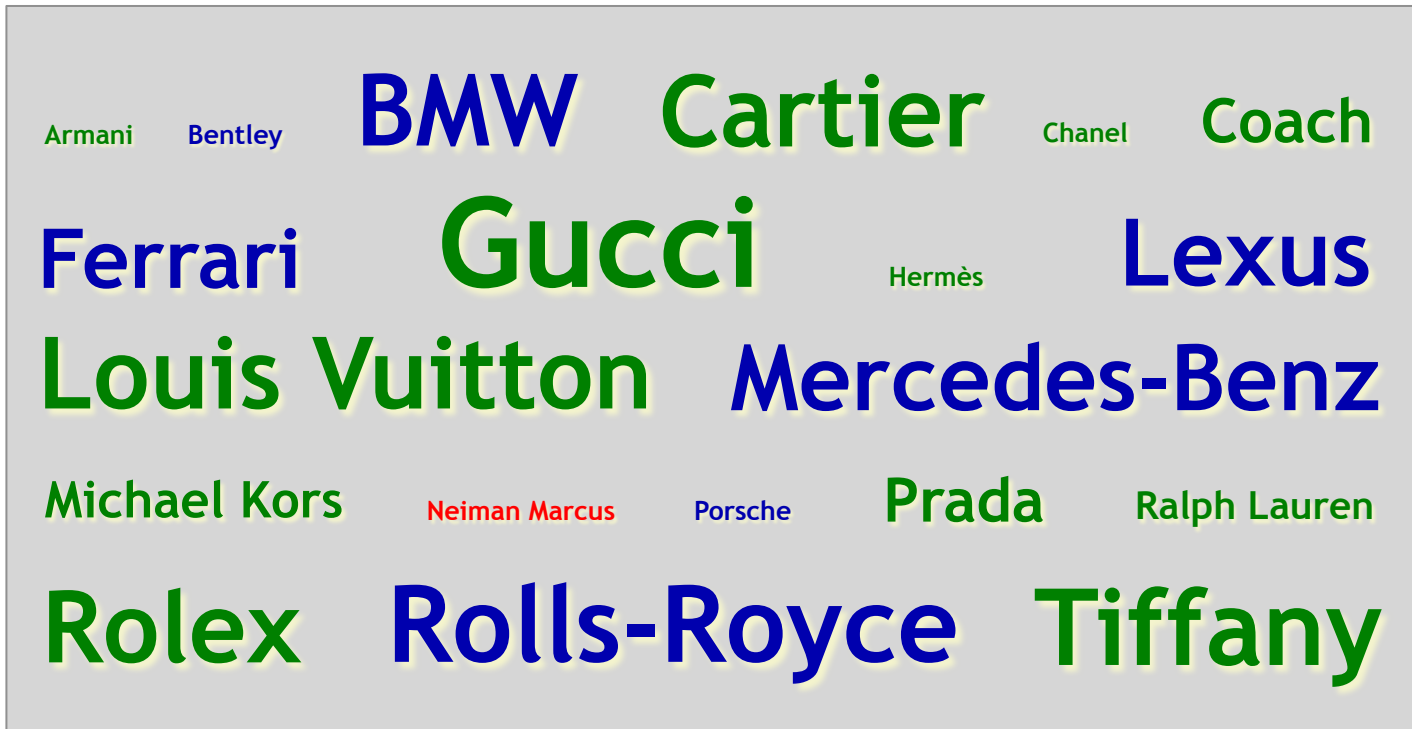
Top 20 Luxury Descriptions: Luxury Buyers



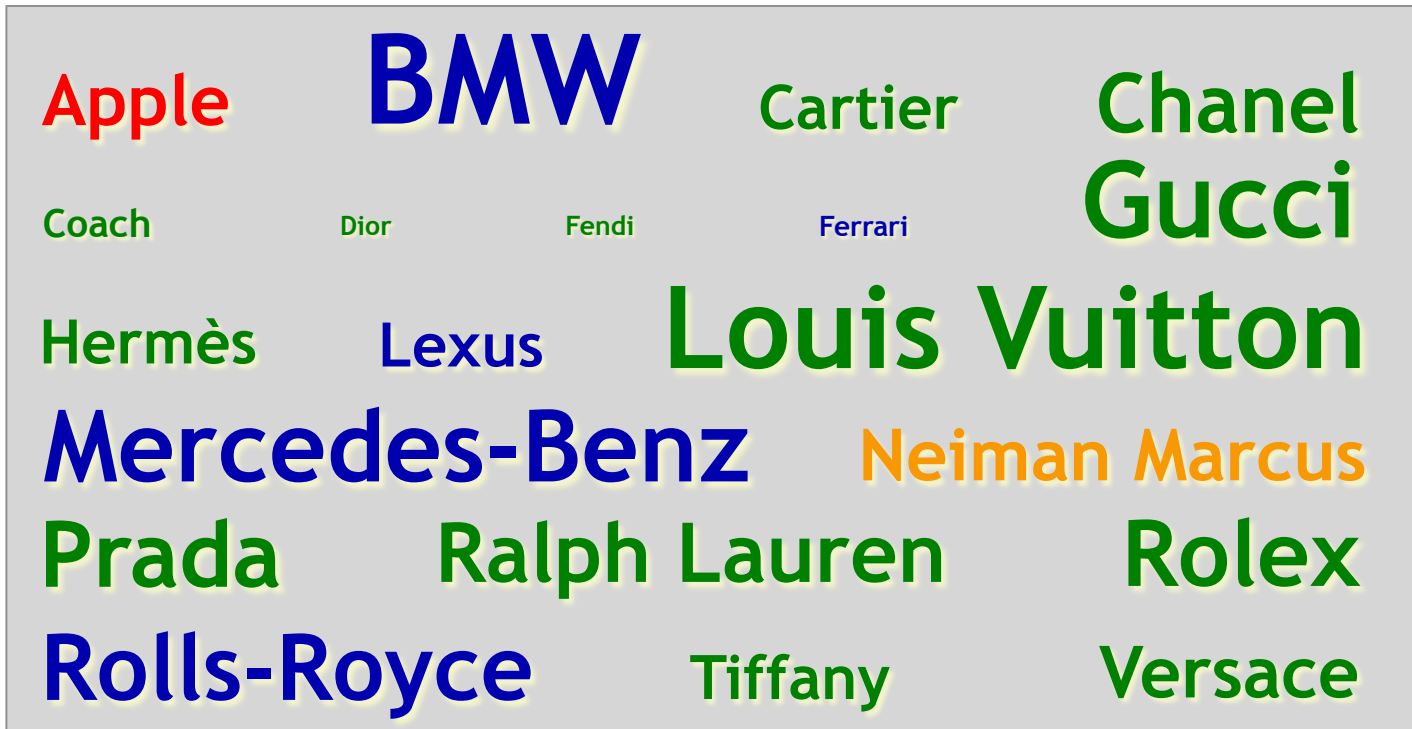
Top 20 Luxury Descriptions: Luxury Non-Buyers



Top 20 Luxury Brands: All Consumers



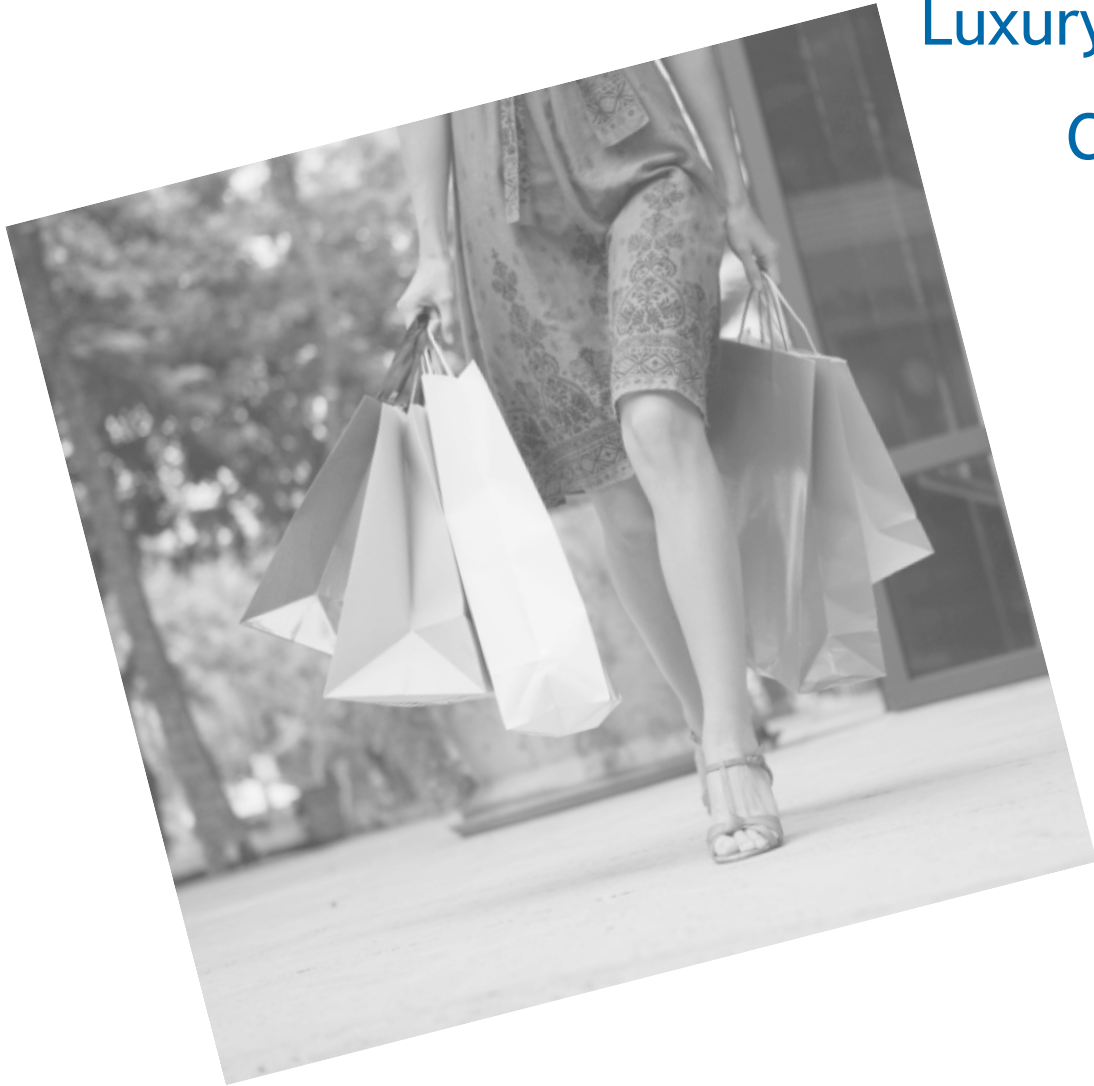
Top 20 Luxury Brands: Luxury Buyers



Top 20 Luxury Brands: Luxury Non-Buyers

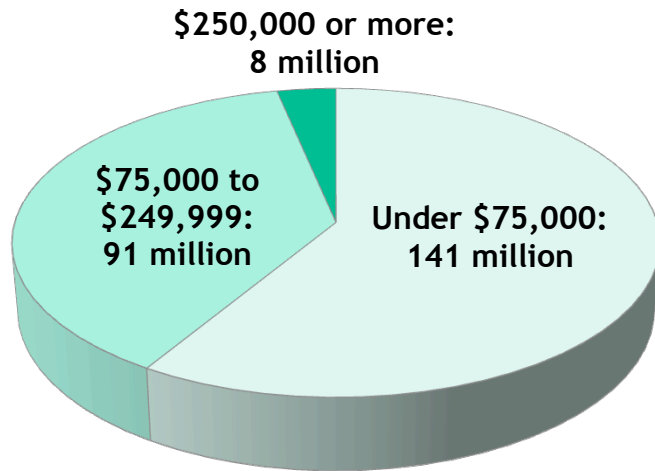


Luxury Buying Patterns in 2015 Compared with 2014



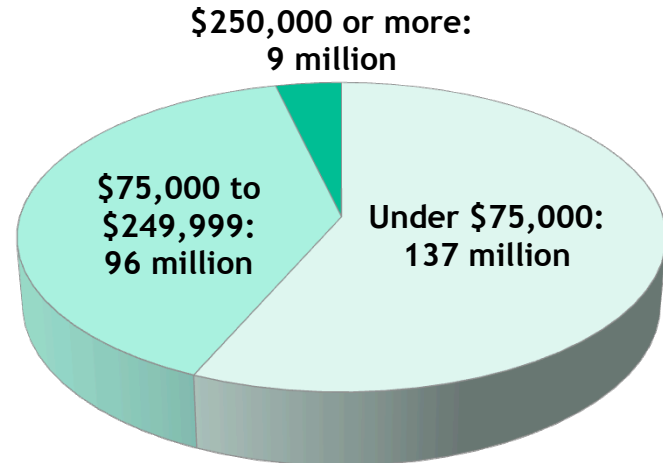
America's Household-Income Segments Among Adults (age 18+)

2014



Total Adults: 239 million

2015



Total Adults: 242 million

Luxury Buyers

	Household Income			
	Total Adults (millions)	Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	46	20	22	5
2015	67	25	38	5



Personal Luxury Goods Buyers

	Household Income			
	Total Adults (millions)	Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	29	11	15	3
2015	49	18	29	3



Premium Fragrances/Cosmetics Buyers

	Total Adults (millions)	Household Income		
		Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	20	8	11	2
2015	30	11	18	2



Fine Watches/Jewelry Buyers

	Household Income			
	Total Adults (millions)	Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	11	4	6	2
2015	20	8	10	2



Designer Clothes/Accessories Buyers

	Household Income			
	Total Adults (millions)	Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	11	4	5	1
2015	16	4	12	2



Fine Wines/Beers/Spirits Buyers

	Total Adults (millions)	Household Income		
		Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	23	9	12	2
2015	22	7	13	2



Luxury Cruises/Vacations Buyers

	Household Income			
	Total Adults (millions)	Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	13	4	7	2
2015	21	5	14	2



Premium Home Furnishings/Art/Antiques Buyers

	Total Adults (millions)	Household Income		
		Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	11	4	5	2
2015	13	4	8	1



Luxury Cars/SUVs/Trucks Buyers

	Household Income			
	Total Adults (millions)	Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	7	2	4	1
2015	10	2	7	1



Shopped at One or More Luxury Retailers

	Total Adults (millions)	Household Income		
		Under \$75,000 (millions)	\$75,000 to \$249,999 (millions)	\$250,000 or more (millions)
2014	31	12	16	3
2015	33	9	21	3





Media Channels That Reach Luxury Consumers



Top Ten of 41 Media Channels for Advertising Recall by Reach Among Luxury Buyers and Non-Buyers

Media Channels:	Total Adults (%)	Luxury Buyers (%)	Luxury Non-Buyers (%)
Television	60	52	63
Facebook	45	50	43
In mail sent to your home	42	37	44
Websites	41	43	40
In e-mails	39	37	40
Printed magazines	38	37	38
Radio	37	36	37
Printed newspapers	33	33	34
YouTube	32	42	28
Movie theaters	23	33	19

Rankings of Top Ten of 41 Media Channels for Advertising Recall by Reach and Engagement Level Among *All Luxury Buyers*

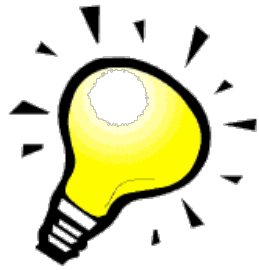
Media Channels:	Reach Rank	Engagement Rank
Television	1	6
Facebook	2	18
Websites	3	9
YouTube	4	19
In e-mails	5	38
Printed magazines	6	11
In mail sent to your home	7	28
Radio	8	35
Movie theaters	9	27
Printed newspapers	10	15

Rankings of Top Ten of 41 Media Channels for Advertising Recall by Reach and Engagement Level Among *Personal Luxury Goods Buyers*

Media Channels:	Personal Luxury Goods Buyers	
	Reach Rank	Engagement Rank
Television	1	10
Facebook	2	24
Websites	3	18
YouTube	4	27
Printed magazines	5	16
In mail sent to your home	6	30
In e-mails	7	31
Radio	8	39
Inside stores	9	5
Movie theaters	10	14

Rankings of Top Ten of 41 Media Channels for Advertising Recall by Reach and Engagement Level Among *Luxury Retailer Shoppers*

Media Channels:	Shopped at Luxury Retailers	
	Reach Rank	Engagement Rank
Television	1	9
In e-mails	2	33
Facebook	3	14
Websites	4	22
In mail sent to your home	5	29
Printed magazines	6	7
YouTube	7	28
Shopping malls	8	21
Inside stores	9	6
Radio	10	20



Food for Thought



Luxury and the Five Senses

Ranked #1 or #2 for Importance:	Total Adults (%)	Luxury Buyers (%)	Luxury Non-Buyers (%)
Sight	82	70	87
Hearing	66	57	69
Touch	22	31	18
Taste	19	25	16
Smell	12	17	10

Summary of Key Findings

Summary of Key Findings

- How consumers and marketers describe luxury differs materially
- Luxury buying grew considerably in 2015, especially in the \$75,000 to \$249,999 household-income segment and in the personal luxury goods categories
- Media channels that reach and engage consumers differ among luxury buyers and non-buyers, as buyers' use of digital continues to expand
- Luxury marketers should consider how they might appeal to all five of consumers' senses instead of only sight and hearing

Thank You



bob@shullman.net
(203) 536-8604