

RESEARCH

Euromonitor forecasts luxury goods sales at \$405B by 2019

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Luxury goods sales are highest in U.S.

By NANCY BUCKLEY

The luxury industry will remain strong in the years to come, asserts Euromonitor International's latest report.

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Luxury Daily

Euromonitor's Luxury Goods system is updated annually to look back at the previous year's luxury sales statistics and look ahead to the upcoming months. The data found by Euromonitor will likely let brands understand the importance of certain countries and the general trends of luxury consumption.

"The revamped and expanded luxury goods system is designed to equip industry players with the business intelligence necessary to support their strategic decision making," said Ffleur Roberts, head of luxury goods at **Euromonitor**, London.

Euromonitor updates its Luxury Goods system annually and publishes the data in its **Passport** database.

Luxury shopping

The report forecasts an industry sales total of \$405 billion by 2019.

The United States remains the largest luxury goods market with \$78 billion spent on luxury

items in 2014. Luxury spending in the U.S. is nearly double that of Japan, the second place country.



Video recap of trends in luxury

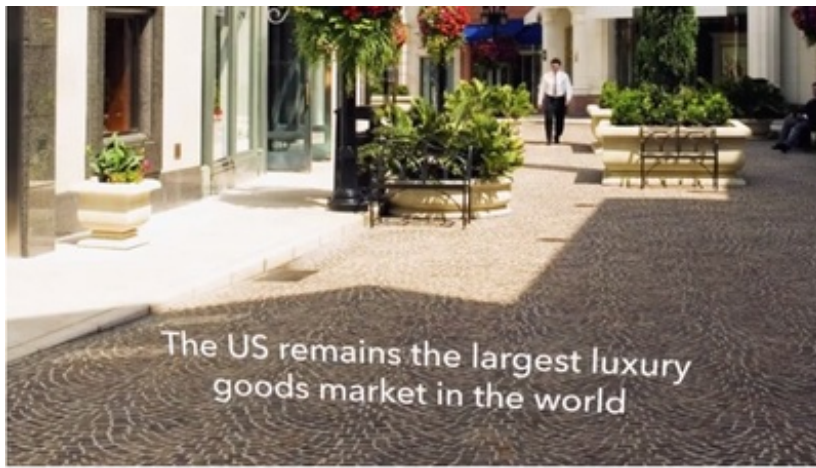
However, Western Europe is the region with the most spent collectively on luxury items with \$113 billion in sales last year.

India is the fastest growing market with a 98 percent increase in the past five years in luxury goods sales.

China, however, has dropped in rankings from third to fourth. The downfall in Chinese luxury goods sales stem from government restrictions and slow economic growth within China. However, there is evidence of Chinese consumers spending money outside of China.

“Governments and investors alike are starting to pick up on the retail opportunity presented by Chinese travel and tourism and nowhere is the footprint of Chinese travel and tourism more evident than in the luxury industry,” Ms. Roberts said. “It is estimated that Chinese consumers spent upwards of \$45 billion on luxury goods outside their own country in 2012, which was over double the value of the domestic Greater China market.

“In Bangkok, growth in Chinese travel and tourism has fueled a boom in the development of luxury shopping centers, for example,” she said. “To support this, the Thai government is planning to cut import duties on luxury goods. With a cluster of new shopping centers set to open over the next three years, Bangkok is positioning itself as a new hub for Chinese shoppers, potentially competing with Hong Kong in terms of visitor traffic.”



Video still

Euromonitor created a [video](#) to highlight the five key trends in luxury goods. This video runs through several quick facts about luxury sales, such as China's drop in rankings and the increase in jewelry and timepiece sales in the past five years.

The Chinese spending puzzle

Tourism may be the answer to reaching the Chinese consumer. With the decrease in spending in China, the outlook for luxury sales seem to lead to other countries.

Cultural training is imperative for New York-based luxury flagship store employees to build trust among affluent Chinese tourists and creating a custom experience for this group of travelers will help marketers gain brand loyalists, experts say.

Many luxury brands are focusing marketing efforts to Chinese consumers back at home, but with a rising wave of Chinese tourists coming to New York, it is important that brands cater to this group. Luxury marketers need to be more proactive to reach Chinese travelers by training employees and partnering with high-end travel services ([see story](#)).

Chinese spending habits are the a puzzling factor that affect many brands.

"This is where the problem lies and is one of the most challenging obstacles for luxury brands," Ms. Roberts said.

"While the likes of Harrods and Galeries Lafayette may love opening their doors to Chinese visitors, some luxury brands would rather that their products be bought by the Chinese in China, and not by Chinese in the U.K. or France," she said. "Why? Because China is where these brands have beefed up investment most in recent years, and where they want a stronger return on their money.

"High import taxes within China are, of course, one of the reasons why Chinese consumers do the majority of their luxury shopping outside China. The same luxury handbag can often cost 40 percent more in Beijing than in Paris, for example. This disparity is unlikely to change significantly over the next five years. As such, affluent Chinese consumers will continue to have a big incentive to shop abroad."

Final Take

Nancy Buckley, editorial assistant on Luxury Daily, New York

Embedded Video: [//www.youtube.com/embed/rx3UYksc40U](https://www.youtube.com/embed/rx3UYksc40U)

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