

RESEARCH

## Luxury spending is expected to rise by 7pc: LuxHub

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*Affluent consumers*

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By NANCY BUCKLEY

Affluent consumers spent about \$32,172, or about 21 percent of their income, on luxury products in the last year, according to a report from Havas Media Group's LuxHub.

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High spending has been frequent among affluent consumers, but for luxury marketers, difficulties arise with the evolving definitions, desires and trends among affluent individuals across different countries, generations and genders. Keeping up with the affluent can be difficult, but understanding the statistics of certain regions and age groups can help brands specifically target consumers.

"Marketers will be able to use this information to target their messaging and media for target customer groups," said Tammy Smulders, **LuxHub's** global executive director.

"Our research shows that what defines luxury differs by market, and that will impact messaging," she said. "Equally, the influences on luxury purchases and luxury media consumption differ by gender and age, in particular, as well as by market. Our study will help marketers to be more strategic in their practice."

Havas Media Group's LuxHub's survey was conducted in a 15 minute online survey of 928

respondents across nine countries. The participants were 50 percent male/female split and evenly spread across ages 20-64. All respondents were within the top 10 percent household income bracket in their respective countries.

#### Luxurious actions

Although about one-fifth of affluents' incomes go to luxury good and services, 52 percent of those items purchased were done so with a discount. In countries like the United States and Germany discount rates are the norm. The United Kingdom does not see lower fares and over half of U.K. shoppers purchase full-priced items.

The products purchased are clothing and accessories and travel accommodations. The average consumer spends about \$2,477 on clothing and accessories and 89 percent of shoppers purchase these items. Similarly, 87 percent of affluents spent an average of \$5,779 on travel.

Other categories see lower activity, but higher money amounts. For instance, 30 percent of affluents spend money on an automobile, but of those individuals, the average spent was about \$42,118.

Alongside the categories where money is spent, it is important to also look at the consumers' definitions of luxury and what they expect in their purchases. This survey broke the definitions down into countries.

U.K. consumers define luxury in terms of quality and personal reward. Germany, Italy and Spain chose exclusivity over quality. The global average of 63 percent of affluents define luxury as quality.

Luxury spending was the highest in Russia in the past year followed by the U.K. and France. Projections for this year indicate an increase of 7 percent, a number that lines up with China's projected GDP and the non-oil GDP of Saudi Arabia.

In terms of marketing, over half of the respondents think that social media is important for luxury brands. In terms of digital, there is still a strong in-store presence among affluents, but the millennial shoppers are increasingly looking to online options.

#### Listen up

Luxury brands are becoming increasingly active in digital media, and consumers are finally catching up with them, engaging with content and sharing it with their own networks, according to a report by PM Digital.

The largest percentage of visitors to luxury brand sites are 55 or older, but the second largest group is 18-24, calling for a need to interact and engage with not only the small fraction of established luxury consumers they are used to, but also digital-savvy Millennials. The key for luxury brands will be finding the balance between accessibility and exclusivity while bridging the age gap ([see story](#)).

When it comes to definitions, affluents define luxury products as both expensive and possessing quality, according to a new report from the Shullman Research Center.

When delving into the true meaning and representations of luxury for consumers, automobiles and words about the cost prevail. The perceptions of luxury consumers should be the driving factor to marketing campaigns and ideas ([see story](#)).

Keeping up with luxury consumers is crucial for brand marketers.

"While luxury markets are rapidly evolving, there is a huge opportunity for brands to increase share of market by focusing on their product assortment and marketing messaging," Ms. Smulders said. "Our research shows that luxury consumers are willing to increase their spend if brands truly appeal and tap into their luxury purchase drivers."

Final Take

*Nancy Buckley, editorial assistant on Luxury Daily, New York*

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