

RESEARCH

Millennials more likely to purchase luxury items: report

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Affluent consumer; Michael Kors

By NANCY BUCKLEY

In the United States, approximately 20 percent of the 239 million adults purchased at least one luxury item in the past year, according to a new report from Shullman Research Center.

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Men are primarily spending in the automobile industry whereas women spend more on luxury beauty items; the differences vary across generations and household incomes as well. Having a deep understanding of the consumption interests among different demographics will allow brand marketers to tailor campaigns to specific groups.

"Those brands that accept mass market business—i.e., many of today's millennials and the generation Xer's and baby boomers with luxury tastes— have a much better shot of trading these mass market customers up if and when they become affluent and can afford the higher priced SKUs luxury brands offer," said Bob Shullman, founder/CEO of the [Shullman Research Center](#), New York.

"When a luxury marketer does not understand the demographics and what millennials earn and consequently can afford, it is going to be difficult if not impossible to have them 'taste-

test' one's offerings and experience the brand when they are 'young,'" he said.

The insights and data presented in this report are based on the Shullman Luxury, Affluence and Wealth Pulse, fall 2014 wave, conducted online between Aug. 22 and Aug. 27, 2014, among adults age 18 or older. All respondents have a household income of at least \$75,000.

Across the spectrum

There are 239 million adults in the U.S. and 46 million of them are luxury consumers. In the higher income homes, 50 percent of individuals who make more than \$250,000 have purchased a luxury item in the past 12 months.

Fine wine, beer and spirits were the highest purchased items in the luxury sphere, followed by beauty products and travel experiences. Men were more likely to purchase alcohol and automobiles where as women spent their money with beauty items and apparel and accessories.



Champagne at the Ritz-Carlton

Forty-five percent of millennials bought a luxury item in the past 12 months, the highest percentage of items bought fell in the designers apparel and accessories category.

Generation X and baby boomers fell beneath millennials in their luxury purchasing with a bit more than a quarter of each generation spending money on a luxury product.

Generation X spent the most on apparel and accessories and beauty items whereas baby boomers spent their money on traveling.

Affluents who have a net worth of \$1 million or more are consuming watches and jewelry and spending money on luxury automobiles and travel. These ultra-affluent consumers are often the main goal of luxury marketers.



Traveling and experiences appeal to affluents

However, the focus on aspirational consumers is seen everyday from most brands on social media and through out-of-home campaigns.

These consumers, the ones who have a net worth less than \$100,000 are spending more on beauty items than any other luxury products.

Leisure activities are often a way for brands to connect with consumers on more than a strict-advertising manner. Knowing what consumers plan on doing and what they have purchased can help brands determine what activities to take part in.

For instance, individuals who purchased fine watches and jewelry are interested in food tastings and festivals, museums, classical music and garden and flower shows. Those consumers are also interested in sports, auto racing and motorcycling.

Beyond events, knowing where consumers interact with advertising is vital. Television is the top place among traditional platforms whereas social media is the top among digital.

Experiences top all

According to the report, 41 percent of purchasers of fine wine, beer and spirits plan to interact with sports or athletic events. This correlation is evident from marketing campaigns within this genre of luxury brands.

For instance, LVMH-owned Champagne maker Veuve Clicquot is outfitting ticket holders for its annual Polo Classic May 30 through a partnership with department store chain Saks Fifth Avenue.

Held at Liberty State Park, NJ, the eighth annual Veuve Clicquot Polo Classic combines the exciting sport of polo with relaxing enjoyment of sipping a flute of Champagne. As with most equestrian sports, the fashions worn on the sideline are part of the atmosphere of the

event, as affluents who attend aim to outdo their counterparts with elaborate hats and outfits ([see story](#)).

Also, the New York City Ballet paired with Ruinart Champagne to create the first official Champagne of the dance company.

The partnership began last fall in the David H. Koch Theater, home to the NYC Ballet. Ruinart had the opportunity to align itself alongside the company and the art presented at each performance, while it also gained a consumer base among ballet enthusiasts ([see story](#)).

Understanding consumers and appealing to their interests spins brands into more than a product, but a part of an affluent consumer's lifestyle.

"Luxury marketer's customers in many product and service categories also come from the mass market but these mass market customers do splurge from time to time and actually buy a luxury product or service," Mr. Shullman said.

"What they buy most likely is not the higher priced offerings luxury marketers offer but probably their entry level offering similar to what Hermès did in New York's Grand Central Terminal this past holiday season with their pop-up store that I described at the recent Luxury Summit," he said. "More importantly many of the millennials marketers will want as long term customers today are most likely starting out.

"If they are employed, those currently employed millennials are not making affluent salaries yet unless they happen to be working in Silicon Valley, are management consultants or associate attorneys in the top tier law firms. So luxury marketers need to consider offering a few 'entry level' SKUs unless they only want to deal with the small number of really affluent millennials."

Final Take

Nancy Buckley, editorial assistant on Luxury Daily, New York

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