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RESEARCH

Personal accessories sales growth stalling in 2015: Euromonitor

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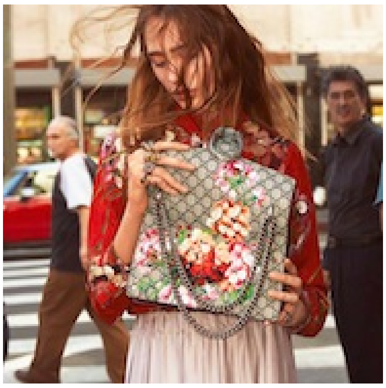

Gucci fall/winter 2015 campaign

By STAFF REPORTS

Sales of personal accessories, such as handbags, jewelry and watches, are projected to experience a slump this year, decreasing 1 percent to $527 billion, according to new data from Euromonitor.

The lower growth rates than seen in 2014 are attributed to reduced consumer spending, poor United States dollar exchange rates and a heavy reliance on the unstable European market. While the near future does not look as bright, sales of accessories are forecasted to reach $645 billion by 2020, representing a 4 percent compound annual growth rate.

Slowing down

Asia-Pacific is the leading market for accessories, contributing 53 percent of total global sales in the sector in 2015. China in particular boasts a $138 billion accessories market, bigger than the combined expenditure of Western Europe, Latin America, the Middle East and Africa, Eastern Europe and Australasia.

Euromonitor warns to not focus too heavily on China, mentioning conglomerate Kering's recent issues with Gucci resulting from a suppression of government gift-giving and a move away from logo-driven merchandise. Across the group's brands, including the better performing Saint Laurent and Bottega Veneta, Kering can boost its numbers through a digital strategy.

“To help offset the slowdown in growth, international players like Richemont and Kering need to cast a wider net in their channel strategy, ultimately reaching more consumers by boosting their omnichannel presence,” said May Ling Tham, head of personal accessories research at Euromonitor International.

An omnichannel strategy can also boost sales, as cross-channel consumers spend 60 percent more than those who shop only in-store.

Digital contractibility, the ability of a retailer to accurately target a consumer through digital, will transform the luxury industry, according to a report by ContactLab and Exane BNP Paribas.

The “Digital Frontiers in the Luxury World” report argues that in the next five years 90 percent of luxury customers will have a digital identity traceable by brands for marketing purposes. On the flip side, consumers will increasingly generate sales and pump up brand allure through their online activity (see story).