

RESEARCH

## Millennials lowest spenders, but most common luxury shoppers: report

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*Shullman Research Center focuses on affluent consumers*

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By FORREST CARDAMENIS

Despite making up less than a third of all active consumers during the holidays, millennials comprise the majority of luxury holiday shoppers, according to a new report from Shullman Research Center.

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While Generation Xers and boomers account for just 19 percent and 22 percent of luxury holiday shoppers, respectively, millennials account for 57 percent. The percentages prompt brands to reorient advertising spend to reach the burgeoning young market.

"From my perspective, most of the luxury personal goods brands and the luxury retailers reviewed [for 2014 spending] were aiming their advertising & using media channels in the following generational order boomers, generation Xers and then millennials," said Bob Shullman, CEO of [Shullman Research Center](#). "What they will be doing this holiday season is yet to be seen."

"Millennials Lead The Way On Holiday Season Luxury Buying Plans" uses data from 1,690 survey respondents and 1,078 to examine the buying forecasts among holiday shoppers as divided by age group.

Millennial madness

For the purposes of this survey, a "luxury holiday shopper" is defined as a consumer who plans to buy at least one luxury item about 52 million people, or one quarter of all holiday shoppers. A similar number of boomers, Generation Xers and millennials plan on holiday shopping, but millennials are the most disproportionately represented.



*Affluent couple, image courtesy Michael Kors*

Interestingly, this taste for luxury is present despite lower wealth. Among luxury shoppers, 58 percent of millennials have a household income of less than \$75,000 and only 4 percent exceed \$250,000, compared to 36 percent and 13 percent for Generation Xers and 30 percent and 7 percent for boomers.

The significance of this discrepancy emerges with the finding that millennials will spend an average of \$1,250, less than the \$1,700 of the average boomer and significantly less than the Generation Xers \$2,650.

That more millennials are buying luxury shoppers than other age groups while simultaneously spending less money suggests they are buying fewer and less expensive, entry-level products. Because the budget of the millennial luxury buyer may be limited, brands are all competing for a narrow number of purchases that may be the consumer's first taste of luxury.



*Luxury shoppers*

Also of note, while luxury shoppers on the whole tend to be male, an especially one-sided split among boomers skews this number. Millennials and Generation Xers are closer to even, at 56 percent male and 44 percent female for each group.

As one would expect, millennials are the most likely to be using mobile phones or tablets while shopping and will turn to social media more than their older counterparts. As millennials' budgets grow, brands must be ready to reach them on these new platforms.

Disconnection notice

Other recent reports show the significance that holiday shopping has to luxury brands and retailers.

During the holiday season, luxury brands and retailers spend an average of 26 percent of their annual marketing

budgets, according to recent research from the Shullman Research Center and Kantar Media.

Presented at the Luxury Retail Summit: Holiday Focus 2015, the findings show that the 14 luxury advertisers studied spent \$204 million between November and December last year. While generally making large investments during this crucial shopping season, advertisers varied significantly in their preferred channels, timing of placements and overall messaging ([see story](#)).

The same data has likewise shown a potential disconnect between ad spend and consumer habits, which the new report helps to clarify.

Luxury buyers, brands and retailers are not always meeting each other on common ground, according to executives from Shullman Research Center and Kantar Media who spoke during a Luxury Daily webinar on holiday shopping for the 2015 season.

Held Oct. 8, the "What are shoppers planning to buy this holiday season?" webinar looked at survey and research data to determine not just what items holiday shoppers were planning to purchase but where they plan to buy from and what advertisements they recalled, as well as the advertising budget of a number of luxury brands and retailers. The findings show that the channels in which advertisers spend are not always where consumers recall seeing advertisements ([see story](#)).

With millennials on the rise in the market, marketers will have to try to compete with one another to lay the foundation for a long-lasting relationship.

"Incomes on average rise until an adult reaches about 50, when they usually peak," Mr. Shullman said. "My recommendation for all luxury brands is to include some aspirational items in their portfolio of offerings and advertising so those millennials with the lower incomes can taste an appetizer' that their brand offers.

"Assuming millennials do well as they age, they will have already experienced the luxury brand's aspirational offering and have a good idea of what to expect when they can partake of the main courses," he said.

Final Take

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