

MARKETING

## What luxury marketers should expect in 2017

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*Affluent consumers leveraging digital*

By BRIELLE JAEKEL

In 2016, luxury brands had a less-than-stellar year with many sectors seeing stagnant sales and decrease in growth.

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Research among the luxury sectors and affluent consumer behavior is leading experts to believe that while next year may still remain slow, there is still growth to be had by appealing to millennials. Experiences and focus on digital will make or break brands next year.

Here are the outlook views of some researchers featured in Luxury Daily last year, in alphabetical order.



*Leave.EU played a key role in the British public's historic vote on June 23, 2016 to leave the European Union. Image courtesy of Leave. EU*

**Euromonitor International**

"An important trend in 2017 is the increased political uncertainty the world is facing," said Sarah Bounphrey, global lead of economies and consumers at **Euromonitor International**. "Consumers enter 2017 to a backdrop of uncertainty especially in advanced economies with the arrival of Donald Trump in the White House and the United Kingdom government moving to trigger Article 50 to begin negotiations to leave the European Union."

"Over the course of the year, we are expecting consumer expenditure to rise by 2.3 percent with every household saving \$3,609 on average," she said. "With the United States still accounting for almost one-in-three dollars spent globally, consumer behavior in the Trump era matters to the world.

"Despite its slowing economy, Chinese consumers will continue to see amongst the largest increase in spending, and spending in emerging and developing economies overall will grow by more than twice that of developed markets. Authenticity, convenience and experience will continue to be watch words for the 2017 consumer. The New Consumerism, with consumers reassessing their priorities and values, will continue to permeate consumer behavior."



Euromonitor International Travel

"2017 promises to be the year of automation and personalization in travel," said Wouter Geerts, travel analyst at Euromonitor International. "Travelers will interact more with robots and artificial intelligence through virtual assistance and chat boxes as the first point of contact with travel brands.

"Striking the balance between tech and life will become more important to consumers, so simplifying booking processes through automation is becoming more important though we are not expecting to see robots in airplanes any time soon."



*Image courtesy of Neiman Marcus*

The Luxury Institute

"I think we'll definitely have single digit growth in the coming year because we've had such a bad year," said Milton Pedraza, CEO of the **Luxury Institute**. "Some categories such as watches will continue to suffer but jewelry and apparel might have a better chance.

"Sectors that have experiences such as hospitality, wine, food and tech are all very experiential will likely see growth," he said. "Retail will continue to be good, we've seen numbers slow down, but likely will increase in the next year under the trump economy.

"We will likely see a lot of government spending, which will help luxury recover in the United States but also have a positive impact on the global market as well."



*Donald Trump's economic and trade policies may create challenges for luxury activities*

### Unity Marketing

"I believe 2017 will be a good year for the luxury market, after struggling so over the last several years," said Pam Danziger author, speaker, consultant of **Unity Marketing**. "In the recent past environment, the affluent consumers went undercover, withholding their spending on high-end products that looked too showy and conspicuous in order not to be identified as one of the demonized one percenters.

"But the Trump presidency looks to be very good for economy in general, and the affluent consumers in particular," she said. "The luxury market has faced many headwinds in the recent past – luxury goods brands, in particular.

"But for the luxury industry in 2017, what is best for the top 20 percent income earners - the rich and wealthy - will also be best for the industry. And it looks like that the top earners will grow wealth (recent stock market boom) and feel more prosperous in 2017, resulting in a renewed confidence toward spending on personal indulgences. Like the Reagan presidency before, with the Trump's in the White House, luxury may look cool again."

"That said, however, the luxury consumer continues to prefer indulging in experiences, rather than goods. And the luxury goods market, in particular, is chock a block full of product, so much so that the luxury goods sector of the luxury industry is going to have to continue to focus on how to deliver true, meaningful and memorable experiences to their customers, both in the things they sell and the way they sell them. That is, the customer service experience is going to become even more important in 2017 and the years ahead."

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