

FINANCIAL SERVICES

Affluent millennials, travelers among most engaged consumer segments

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Image credit: American Express

By SARAH RAMIREZ

MADRID As luxury consumers begin to engage with more brands on a more frequent basis, spending habits and experiential expectations are also evolving.

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During a presentation at the FT Business of Luxury Summit on May 20, an American Express executive discussed how millennials and global travelers are continuing to shape the luxury business. Consumers are also coming to expect streamlined omnichannel and digital experiences, an area American Express has recently invested in.

"Our goal with our customers is to engage them in the channel of their choice," said Sujata Bhatia, senior vice president and general manager, global merchant services at [American Express](#). "We want to provide value at every touchpoint along the way with a seamless brand experience."

Value of engagement

Not only are millennials growing their spending on luxury goods and services faster than any other generation, but American Express also expects them to soon have the highest levels of brand engagement.

"Spending is not the whole story: millennials are much more open to experimentation," Ms. Bhatia said. "They are curious about brands, they want to engage and we see that their engagement with brands is outpacing their generational counterparts."



Millennials continue to spend more on luxury. Image credit: Resonance

Millennial engagement with luxury brands has increased by 22 percent since 2014, with growth of 29 percent in luxury retail. On average, millennials now engage with 15 luxury brands.

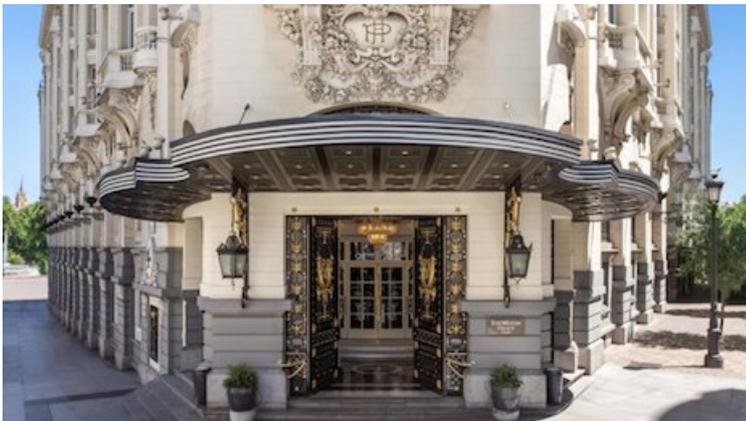
Over the same time frame, luxury retail has also experienced 217 percent growth in spending from millennials. Similarly, affluent travelers are also spending a significant amount on travel.

Europe is still the region of choice for affluent travelers.

As Ms. Bhatia noted, even American Express has roots in Europe. The company's founder was inspired to create traveler checks after he had difficulty spending during a trip to Madrid in 1888.

Today, travelers are responsible for more than half of consumer spending in Europe.

Tourists also account for two-thirds of luxury spending in the continent. In terms of average transaction spend and overall spending, affluents traveling in Europe spend more than locals.



Affluents still spend heavily on lodging. Image credit: Marriott

According to American Express, one in four luxury shoppers engage with brands for the first time in Europe, and will continue engaging and spending with those brands once they return home.

"The opportunity to engage with [affluent travelers] when they come to Europe is more than a one-off transaction," Ms. Bhatia said. "It's actually an opportunity to open a window into long-term customer loyalty."

Omnichannel opportunities

Digital is also becoming an integral part of the luxury business, with three times as many consumers engaging with digital than in 2014.

Twelve percent of all luxury retail spending the last five years were digital sales. Unsurprisingly, 44 percent of digital consumers are millennials.

However, omnichannel consumers are the most valuable.

"Online, mobile, in-store, real life all those channels are blurry," Ms. Bhatia said. "Customers want to engage in their channel of choice seamlessly."

According to Forrester Analytics' Luxury Retail Forecast, nearly 60 percent of luxury sales growth will originate from

ecommerce by 2023. U.S. and European consumers who buy luxury goods in both physical and digital stores spend up to four times more than consumers who shop exclusively on or offline ([see story](#)).

These omnichannel consumers also expect to be identified across channels. American Express recently introduced a 360-degree campaign to better reach millennials and other affluents who value the experiential.

Among the new Platinum offerings from American Express are travel rewards, ridesharing benefits, VIP access at special events and a multiplatform concierge service.

Recently, premium credit card provider Luxury Card, a Mastercard partner, introduced a mobile application that gives members on-the-go account management tools with an added emphasis on relationship building. Cardmember Care specialists assist members with various requests, such as booking travel or sourcing rare gifts, as part of a lifestyle management service ([see story](#)).

American Express is also making more investments in the travel space, having recently acquired airport lounge platform LoungeBuddy, as the company looks to redefine the luxury experience in airports.

"We want to own entire travel experience," Ms. Bhatia said. "What does it feel to travel as an American Express customer?"

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