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RESEARCH

# Up, down or flat: Experts punt on several luxury sectors' year-ahead outlook

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By A LUXURY DAILY COLUMNIST

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While no one can predict the exact trajectory of the pandemic and its short and long-term effects on the economy, history indicates that human resilience and ingenuity, propelled by the drive to not just survive, but to thrive, usually fuels recovery.

Some luxury categories have grown through sheer luck, while others have been equally unlucky.

In September, Luxury Institute reached out to its database of Global Luxury Expert Network members, and a select group of C-level and executive top-tier luxury and premium brand leaders, to gain a front-line pulse of the current luxury environment as well as 2021 projections for the top luxury categories globally, plus key reasons why.

This group included several dozen luxury goods and services brand luminaries and global industry experts with decades of luxury expertise. Given the participants' status in the industry, expertise and ability to make decisions, their insights present a snapshot of visibility into the current expectations of growth by category at the highest levels of the luxury goods and services industry.

Obviously, it is hard to predict how the pandemic and the economy will evolve. However, below is the percentage of experts who predict each category will be up, flat or down, and a summary of the key reasons why. The findings were first presented last week at *Luxury Daily's* Future of Luxury eConference Sept. 23-24.

The Haves:

Health and wellness:
2021 vs. 2020: 96 percent say up, 2 percent flat, 2 percent down

Key reasons: pandemic reframes priorities/ignites trend; shift to proactive/preventive medicine and wellness; home exercise; technology innovation; health is the new wealth; more boomer spending and guilt-free spending.

Consumer technology:
2021 vs. 2020: 90 percent say up, 8 percent flat, 2 percent down

Key reasons: essential technology goes exponential; need at home/home office; rise in health and wellness; innovations drive upgrades; wearables; IOT; recession resilient.

Wines and spirits:
2021 vs. 2020: 74 percent say up, 19 percent flat, 7 percent down

Key reasons: home isolation/stress relief; consumers upgrade at home; off-premise opens up; celebrate recovery; recession resilient.

Home furnishings:

2021 vs. 2020: 68 percent say up, 24 percent flat, 8 percent down

Key reasons: home expansions/upgrades; focus on home/home office; personalizing spaces continues; follows real estate trend; lower recession risk.

Perfumes and cosmetics:
2021 vs. 2020: 58 percent say up, 29 percent flat, 13 percent down

Key reasons: mask usage eases with vaccine; online sales continue to grow; replenishment purchases; Asia rebound; global reopening; simple pleasures; recession resilient.

Home appliances:
2021 vs. 2020: 56 percent say up, 42 percent flat, 2 percent down

Key reasons: home expansions/upgrades; technology innovation drive upgrades; more time at home cooking; need for new home office/improved office; home entertainment; vaccine tempers demand; lower recession risk.

Real estate:
2021 vs. 2020: 53 percent say up, 27 percent flat, 20 percent down

Key reasons: urban flight; new zoom towns; low mortgage rates; low supply; repurposing of urban commercial real estate to residential; lower recession risk given low supply and low rates, but still at risk due to foreclosure and recession possibilities.

The Have Nots:

Department stores:
2021 vs. 2020: 46 percent say down, 36 percent flat, 18 percent up

Key reasons: fear to shop in-store/preference to buy online; few tourists; lack of relevance; lack of uniqueness; poor customer experience; second wave; bankruptcies; vaccine needed; challenges remain long-term.

The In-Betweens:

Travel and hospitality:
2021 vs. 2020: 42 percent say up, 34 percent down, 24 percent flat
Key reasons: worst category hit by pandemic; travel bans; nowhere to go but up; potential second pandemic waves; lower business travel remains; slow recovery.

Automotive:
2021 vs. 2020: 44 percent say flat, 36 percent up, 20 percent down
Key reasons: less commuting and travel; less public transportation helps; used cars up; luxury upgrades; electric cars drive new demand; higher recession risk.

Fashion and leather goods:
2021 vs. 2020: 42 percent say flat, 41 percent up, 17 percent down
Key reasons: fewer social occasions; shopping mall distribution hurts; consumers reevaluate needs and wants; casualwear leading; low travel and low tourism; purchasing for investment purposes; offset by improved socialization; improved digital skills; pent-up demand; more travel; only a few brands are winners; recession risk.

Watches and jewelry:
2021 vs. 2020: 41 percent say flat, 37 percent up, 22 percent down
Key reasons: Asia rebound; slow travel recovery; Apple watch effect; jewelry is much better off than watches; buying personalized items; few big winners; recession risk.

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