

MARKETING

Global millionaires feel good about their future: report

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Almost half of global affluents expect to increase spending on luxury products and experiences by an average of 30 percent in the next 12 months. Image courtesy of Agility Research

By NORA HOWE

Affluent consumers around the world are showing optimism for their economic well-being, especially in India, China and the United States.

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As the COVID-19 pandemic has changed priorities and expectations, luxury has become more experiential and value-driven. According to the latest report from [Agility Research and Strategy](#), Chinese millionaires are expected to spend more in the beauty and fashion categories, while those in the United States and United Kingdom plan to increase their spending on travel.

Between February and April 2021, Agility conducted interviews with more than 1,000 millionaires in key global luxury markets: the U.S., China, India, the U.K., France and Japan.

"Definitions around luxury have evolved and people associate luxury with health, life enjoyment and freedom," said Amrita Banta, managing director at Agility, Singapore. "Social responsibility is now a defining factor and consumers are paying a premium for brands that embrace the right values of sustainability, diversity and inclusion."

Millionaires bounce back

Changes in consumer values continue to be reflected in the way luxury is defined.

A female millionaire in her 40s from New York told Agility that luxury now equates to good health. Agility found this to be a frequent sentiment in the U.S., specifically.

However, some continue to associate luxury with the quality, exclusivity and price of goods. A male consumer in his retirement from Los Angeles told Agility that luxury means getting the highest quality product or service.

Chinese millionaires have a more complex and diverse definition of luxury.

OUTLOOK ON LUXURY



Affluents are expecting to spend more after a year of restrictions. Image credit: Agility Research

A female luxury consumer from Shanghai shared that luxury is associated with her position in society and defined luxury as a status symbol.

A majority of Chinese and U.S. affluents, at a respective 63 and 64 percent, expect their disposable income to increase by 55 percent over the next 12 months. In India, 79 percent of millionaires expect their disposable income to increase by 70 percent.

Along with more traditional definitions of luxury associated with quality, price and self-reward, there is a link between luxury and sustainability. One male luxury consumer in his 30s from Beijing told Agility that luxury means having more environmentally friendly choices.

Almost 90 percent of Chinese millionaires care that the brands they buy from are ethically responsible, closely echoed by Indian millionaires in this aspect.

Luxury brands are responding by making sustainable goods easier to identify.

LVMH-owned beauty retailer Sephora expanded on its sustainability efforts by introducing a Clean + Planet Positive label for brands that meet certain clean and environmental standards. Building off its [Clean at Sephora](#) program, the new Clean + Planet Positive subcategory includes brands that aim to change the beauty landscape and the planet.

To earn the Clean + Planet Positive seal, brands must be Clean at Sephora-approved and must prove efforts toward sustainable sourcing, responsible packaging and donating to environmental causes ([see story](#)).

In the fashion space, Swiss luxury goods conglomerate Richemont has shown strong progress across the main focus areas of its corporate social responsibility strategy. Throughout 2020, the group successfully implemented a governance and sustainability committee to assist the board in reviewing and approving management proposals regarding strategy, policies and guidelines on ESG.



Richemont-owned Yoox Net-A-Porter is taking more steps towards circularity. Image credit: Yoox Net-A-Porter

According to Richemont's [2021 Sustainability Report](#), the group also submitted new science-based targets to reduce greenhouse gas emissions in line with the Paris Agreement, while its brands have engaged proactively with the World Wildlife Fund in its review of leading Swiss watch and jewelry companies ([see story](#)).

Itching to explore

The travel sector was drastically hit due to lockdown restrictions amid the pandemic, and a significant rebound is expected as travel restrictions are progressively lifted and vaccination reaches widespread coverage.

However, there is now uncertainty as the COVID-19 delta variant sweeps through nations ([see story](#)).

While international travel remains subdued, Agility found high international travel intentions in the U.K. and India. Millionaires in China, the U.S. and Japan will likely travel domestically in the next 12 months.

Pent-up demand for travel is so high among affluents that more than three-quarters are willing to carry vaccination certifications if it means returning to "normal" trips, according to market researcher Altiant and events company International Luxury Travel Market (ILTM).

Affluent and high-net-worth individuals in Asia are more interested in vaccination passports or connected devices as a way to safely travel in the aftermath of COVID-19 than quarantines or frequent tests ([see story](#)).

For those traveling internationally, the top three destinations for Chinese millionaires are Japan, France and Italy. For American millionaires Italy, the U.K. and France are top priorities.

"Luxury brands should understand how diverse this segment is and that the way [affluents] behave and consume is very different across each country and needs a very localized and customized strategy to acquire and engage with them," Ms. Banta said.

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