

WEBINARS

Millionaires redefining luxury as wealth and health

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Luxury now means good quality of life and comfort. Image credit: Agility Research & Strategy

By NORA HOWE

NEW YORK As the world continues reeling from the physical, emotional and financial effects of the COVID-19 pandemic, global high-net-worth-individuals (HNWIs) are feeling optimistic and are looking to spend more on luxury goods and services that provide comfort and increase wellness.

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During Luxury Daily's Luxury Hour webcast on Sept. 15, Agility Research & Strategy managing director Amrita Banta explored key findings and recent updates from the researcher's 2021 Global Millionaire Luxury Report. The report discovered that expectations for luxury are shifting, and the number of global millionaires is growing ([see story](#)).

"While the United States is currently home to 40 percent of the world's millionaires, future growth will come from markets in China, India, Australia, France, Taiwan and Russia," Ms. Banta said.

Luxury outlook

The definition of luxury for Chinese millionaires is aligned towards values such as freedom, health and life enjoyment.

Luxury is also associated with status and their position in society.

"Inherently, the definition of luxury has changed," Ms. Banta said. "Five years ago, luxury was defined by brand names, which then shifted to lifestyle, which then changed to quality of life.

"Now, while luxury still equates to quality, [Chinese millionaires] talk about luxury as enjoyment or the ability to pamper themselves wealth and health."

Since COVID-related restrictions are still in place in China, Chinese HNWIs and affluents are seeking out luxury as a form of freedom.



During the pandemic, Four Seasons encouraged remote workers to take breaks for their mental and physical well-being. Image credit: Four Seasons

In the United States, luxury has historically been associated with the quality, exclusivity and price of goods and services. However, since the pandemic, health has increasingly become a key component of luxury.

"Luxury now means good health and good quality," Ms. Banta said. "There is a new appreciation for the simple luxuries of life, which probably were not that important before."

Additionally, vintage luxury has increased in importance. Secondhand luxury has been booming globally, and is not only for younger consumers with less money to spend.

In China, 21 percent of millionaires have purchase secondhand luxury items and 41 percent are interested in doing so. In India, 42 percent have purchase secondhand luxury, with 46 percent wanting to do so.

Online shopping is rising, however global millionaires still love to shop in-store. Millionaires in Japan prefer in-store at 74 percent over online at 26 percent, while India has almost equal preference between the two, 52 percent to 48 percent, respectively.

"Even in conservative markets that are not necessarily online friendly, online shopping and livestreaming are picking up," Ms. Banta said. "That being said, buying luxury products in physical stores is still preferred because of the retail experience."

With the rise of the delta variant, international travel is being restricted in many countries, leading to a renewed interest in domestic travel.

"Whether you're in the U.S. or Japan, there has been a lot of domestic travel, especially within the last couple of months," Ms. Banta said. "This provides brands an excellent opportunity to focus on their local HNWI's, who may have otherwise been unreachable due to international travel."

Social responsibility and sustainability

According to Agility, 88 percent of China's HNWI's care that brands are ethically responsible, with India following at 78 percent and the United States coming in with 72 percent.



French leather and accessories brand Longchamp recently introduced its first Le Pliage bags with recycled materials. Image credit: Longchamp

Swiss luxury goods conglomerate Richemont has shown strong progress across the main focus areas of its corporate social responsibility strategy, in alignment with the UN's Sustainable Development goals, as it pushes for

renewable energy and circularity.

Despite the challenges presented by the COVID-19 pandemic throughout 2020, Richemont successfully implemented a governance and sustainability committee to assist the board in reviewing and approving management proposals regarding strategy, policies and guidelines on ESG.

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](#)).

Affluents are beginning to include sustainability as a pillar, or defining factor, of luxury. Only 11 percent and 13 percent of HNWI's in China and India, respectively, would not pay a premium for sustainable luxury items.

The top causes of importance for China, Japan, India, the United States, the United Kingdom and France are: clean water; inclusivity and diversity; disease research; arts and culture; inclusivity and diversity; clean water and sanitation, respectively.

French fashion house Louis Vuitton has developed a partnership with global nonprofit UNICEF to raise donations for children in need. In support of its #MakeAPromise campaign, Louis Vuitton committed to raising awareness and funds to support UNICEF's work to provide conflict and disaster affected children with access to water, sanitation, nutrition, education, health and protection services.

For this effort, Louis Vuitton added four new colors of the Silver LockIt bracelet and launched its first DouDou Louis teddy bear. For each sale of the Silver LockIt pendant or bracelet, \$200 was donated to UNICEF ([see story](#)).

"Social responsibility, sustainability and caring for brands that have a purpose and are ethically responsible are huge for millionaires," Ms. Banta said. "Simply, they are willing to pay more for brands that embrace sustainability."

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