

MARKETING

1 in 4 luxury US consumers have slashed shopping budgets over last 12 months

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A recent webinar from industry leaders revealed findings from a months-long U.S. luxury shopper investigation. Image credit: Herms

By AMIRAH KEATON

New data from a months-long U.S. luxury shopper study sees women quickly decreasing discretionary purchases, while men double down, doing the opposite by upping luxury spending significantly.

Cond Nast's *Vogue Business* and affiliate commerce giant Rakuten revealed results from a months-long investigation of over 1,000 U.S. luxury shoppers during an online event hosted at the start of the month. The digital rewards leaders talk through changing attitudes, behavior and more with the Cond Nast-owned B2B publication.

The Dec. 1 webinar, titled "**Fashion and finance: The new economic realities of luxury consumers**," featured speakers Anusha Couttigane, head of advisory at *Vogue Business*, and Kristen Gall, president at Rakuten Rewards.

Account holds

In the face of declining economic confidence, the online event explored how fiscal conditions have impacted the moods, habits and wallets of an affluent clientele base with whom engagement is crucial.

For the research effort, Rakuten was able to tap its publishing partner's extensive web of sister titles, including *Vogue*, *GQ* and others.

The survey of U.S. luxury shoppers who have spent at least \$1,000 in the last year on designer goods found that one in four has made moves to slash their engagement with luxury retail.

The "Fashion and finance: The new economic realities of luxury consumers" webinar

Women are lessening luxury budgets, as 32 percent reported a decrease in spending on expensive goods.

Meanwhile, men are leaning in almost a third actually increased the number of designer fashion digs acquired over the last 12 months. This is more than double the number of women 15 percent who shared news of an increase.

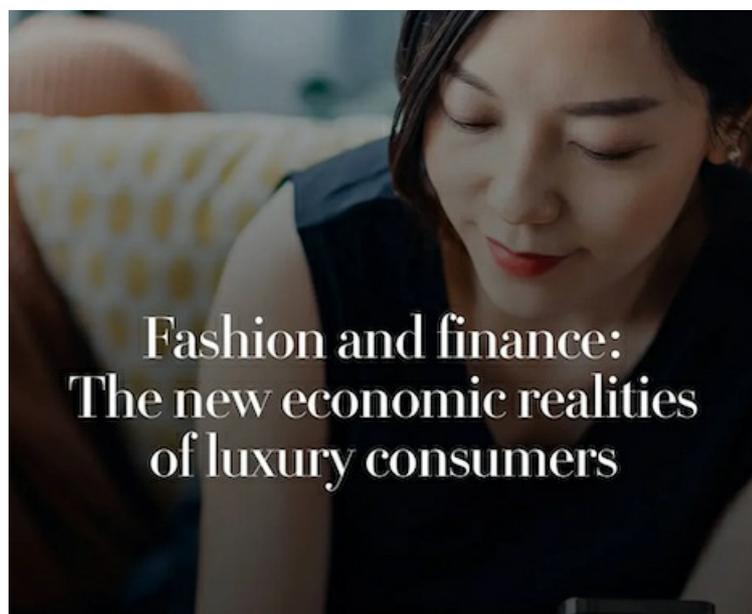
Across the board, those who have exchanged up to \$2,000 this year for luxury goods are closing checkbooks, with 31 percent reporting reduced elective spending.

Winners take all

Webinar speakers suggest that, overall, results signal a level of resilience amid an anticipated economic downturn, as a good majority of group members, three of every four, have made no changes to spending.

In fact, when further stratified, results imply that those of greater means may carry the whole.

Shoppers who have allocated more than \$5,000 to designer buys continue to increase their spending. Nearly a third of these individuals have upped their spending, according to the joint research effort.



Women are lessening luxury budgets, as 32 percent reported a decrease in spending on expensive goods. Image credit: Vogue Business

Thus, the industry's top percentile of consumers very clearly maintains enough spending power to make or break top brands. This small segment bears the greatest influence on the designer market.

The same can be said of those companies and conglomerates that fill luxury's top spots.

This year's Global Powers of Luxury Goods report, published by consulting firm Deloitte, spells out just how far ahead the industry's top players are in terms of both sales and profitability.

Of the 100 bestselling luxury goods companies analyzed, businesses belonging to the top 10 made up more than half of total sales, at 56.2 percent, jumping nearly 5 percent from 51.4 percent in 2021.

This group of luxury leaders also accounts for almost 85 percent of the top 100 brands' total net in FY2021.

Top 10 highlights

Top 10 luxury goods companies by sales, FY2021

FY2021 Luxury goods sales ranking	Change in ranking from FY2020	Name of company	Country of origin	FY2021 Luxury goods sales (US\$M)	FY2021 Total revenue (US\$M)	FY2021 Luxury sales growth	FY2021 Net profit margin**	FY2021 Return on assets**	FY2018- 2021 Luxury goods sales CAGR**
1	↔ 0	LVMH Moët Hennessy-Louis Vuitton SE	France	54,938	75,920	55.9%	19.8%	10.1%	17.5%
2	↔ 0	Kering SA	France	20,861	20,861	34.7%	18.5%	10.5%	8.9%
3	↔ 0	The Estée Lauder Companies Inc.	United States	16,215	16,215	13.4%	17.7%	13.1%	5.8%
4	↑ 2	Chanel Limited	United Kingdom	15,639	15,639	54.7%	25.7%	25.9%	12.0%
5	↔ 0	L'Oréal Luxe	France	14,597	14,597	21.3%	n/a	n/a	9.6%
6	↓ 2	Compagnie Financière Richemont SA	Switzerland	12,862	15,314	-6.9%	9.8%	3.6%	0.1%
7	↑ 2	Hermès International SCA	France	10,619	10,619	40.6%	27.3%	17.7%	14.6%
8	↑ 2	Chow Tai Fook Jewellery Group Limited 周大福珠寶集團有限公司	China/Hong Kong SAR	8,937	9,050	23.2%	8.8%	9.6%	6.2%
9	↑ 2	Rolex SA	Switzerland	8,750*	8,750*	37.9%	n/a	n/a	10.1%
10	↑ 7	China National Gold Group Gold Jewellery Co., Ltd 中國黃金集團珠寶股份有限公司	China	7,825	7,865	50.3%	1.6%	7.2%	7.4%
Top 10*				171,243	194,829	34.5%	18.1%	10.7%	10.7%
Top 100*				304,703	345,357	21.5%	12.2%	7.7%	5.2%
Top 10 share of Top 100				56.2%	56.4%		84.7%*		

*Net profit margin based on total consolidated revenue and net income
 †Compound annual growth rate
 ‡Top 10 companies share of total net profit for Top 100 companies based on the 78 companies reporting net profits; estimate not available
 *Top 10 and Top 100 sales growth rates are sales weighted, currency-adjusted composites
 **Top 10 and Top 100 net profit margin and return on assets are sales-weighted composites
 Source: Deloitte Touche Tohmatsu Limited, Global Powers of Luxury Goods 2022. Analysis of financial performance and operations for financial years ended through 31 December 2021 using company annual reports, industry estimates, and other sources.

Conglomerates make the cut, topping the list by large margins. Image credit: Deloitte

Deloitte's data reflects that the 15 luxury goods companies charting sales of more than \$5 billion pulled far above their weight in performance, contributing more than two-thirds of sales from the total Top 100 ([see story](#)).

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