

COMMERCE

FOMO propelling luxury purchases forward online: report

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New data points from ESW find that 47 percent of luxury shoppers will pay full price to be the first or only person to have a product. Image credit: Shutterstock.

By AMIRAH KEATON

As reports confirm that shoppers intend to continue spending despite signs of economic instability, global direct-to-consumer platform ESW is exploring how scarcity factors into current ecommerce landscapes.

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The firm, formerly known as eShopWorld, is uncovering the many forces motivating fans of luxury, dropping new data exclusively with *Luxury Daily* pertaining to the segment. Its findings suggest that, as far as consumption through online channels goes, the idea of scarcity is of increasing importance to today's patrons.

"Luxury executives would be wise to consider the fact that transparency is valued across all age groups, especially when consumers are purchasing luxury goods across international borders," said Martim Avillez Oliveira, CEO, Europe at ESW, Dublin.

ESW conducted the **Global Voices 2023** survey in November 2022, fielded from more than 16,000 consumers across 16 countries including Canada, the United States, Mexico, the United Kingdom, Switzerland, Spain, France, Italy, Germany, South Africa, the United Arab Emirates, India, China, South Korea, Japan and Australia. From the data, ESW examined generational shopping habits, behaviors and attitudes, specifically related to online shopping. Gen Z is defined as those between 18 and 24; Millennials as those ages 25-40; Gen X as those ages 41-56; and Baby Boomers defined as those ages 57-75.

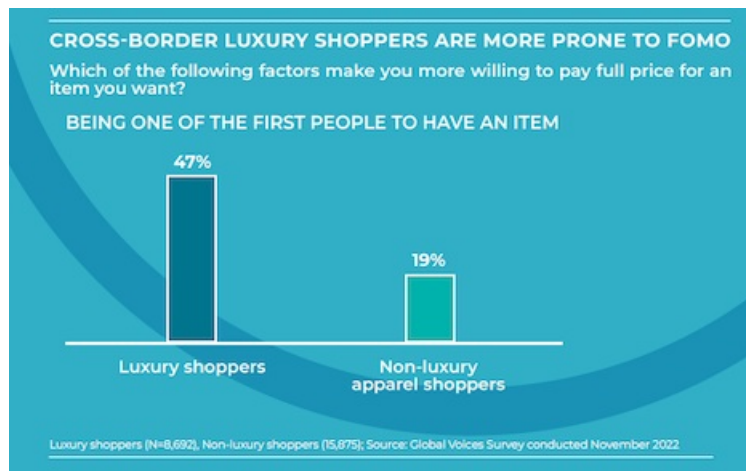
Beyond borders

According to the firm, more than one in four Gen Z and millennial shoppers are buying luxury outside of their own country, as compared to one in six Gen Xers, and one in 16 Boomers.

The count sets the stage for a conversation regarding the ongoing hype surrounding limited edition drops, as almost half of this group are willing to pay full price to be the first or only person to have a product.

Overall, cross-border luxury customers are most willing to shell out more money to engage in exclusivity, appearing ready to tender cash for one-offs at an outsized rate, when compared to non-luxury apparel shoppers. The craving

seems to quell with age.



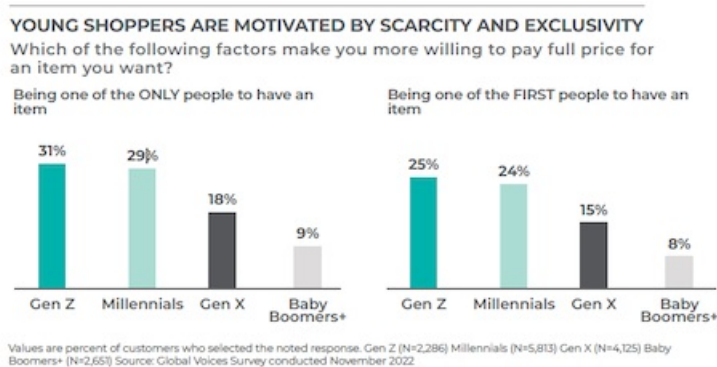
Cross-border luxury customers are most willing to shell out more money to engage in exclusivity. Image credit: ESW

While aspects such as delivery speed and cost are highly regarded by a cohort for whom instant access is commonplace, the world's youngest consumers are most concerned with hard-to-gets.

"With luxury, it's not simply fast shipping and delivery [that] motivate Gen Z and Millennials to purchase luxury products online," said Mr. Oliveira.

"They are also more incentivized by scarcity and exclusivity than Gen X and Baby Boomers and, in fact, are two to three times more willing to pay full price for luxury goods if they are one of the first or only people to have an item," he said.

The firm's experts suspect social media may have much to do with this.



The world's youngest consumers are most concerned with hard-to-gets. Image credit: ESW

"This behavior is driven, in part, by social media because younger consumers want to stand out by having a distinct style and not look like everyone else," said Mr. Oliveira.

"The Baby Boomer and Gen X cohorts are not motivated by standing out on social media," he said. "However, these older shoppers are more willing to pay full price to get the exact item they want even if scarcity or exclusivity is not a factor."

Luckily, luxury marketers looking to take advantage of the trend have a number of options to work with.

ONLINE SHOPPING INTENT IS NOT WANING

Despite changing economic conditions, a majority of cross-border apparel and luxury shoppers plan on spending as much or more this year.

MOST SHOPPERS WILL MAINTAIN OR INCREASE SPENDING

Consider the next 12 months and your online spending intent. Are you planning on More than Usual/Less than Usual/About the Same?



N=8,073; Source: Global Voices Survey conducted November 2022

According to the data, online shopping intent is not waning, a finding especially true of luxury consumers. Image credit: ESW

"Luxury shoppers are very responsive to exclusivity, whether that is by offering them early access to new collections or first dibs on limited editions," said Mr. Oliveira.

"We have also found that when shopping online, luxury shoppers like to take advantage of private online events as well as premium experiences that are based on their loyalty tier and purchase history," he said. "They enjoy receiving exclusive perks as well, such as loyalty points, free shipping, monogramming, or other personalized touches."

Online and off

Of findings, one area where luxury and non-luxury shoppers appear aligned is in both groups' desire to buy directly from brands; the firm posits that a majority of shoppers from both parties report feeling more connected to a brand when shopping through owned channels, versus via a third party.

As many as one in four global consumers have previously reported making online purchases internationally (see [story](#)).

This year, reasons backing the habit include a preference for shopping online over shopping in-store, according to 42 percent of respondents.

SHOPPERS VALUE DIRECT RELATIONSHIPS WITH BRANDS

How strongly do you agree with the following statements in relation to purchases you've made inside and outside your country?



Values are percent of shoppers that Strongly Agree or Agree with the statement. N=8,073 Source: Global Voices Survey conducted November 2022

Of new findings out today, one area where luxury and non-luxury shoppers appear aligned is in both groups' desire to buy directly from brands. Image credit: ESW

ESW shares that nearly 40 percent of luxury consumers are continuing to spend more on improving their physical surroundings due to spending more time at home, while 37 percent cite the need to shop for new clothes thanks to travel and events, based on current data.

Interestingly, less than half of luxury seekers reported rooting their searches in the thrill of the discount, as just three in 10 reports always waiting for a sale before buying a product.

Findings additionally suggest that three in four luxury shoppers require a discount of at least 20 percent for a

purchase to be considered a good deal, the latter of which is of less concern to the industry's top tier of clientele.

Despite digital demand, in the midst of an era marked by inflation, hiked interest rates and other market conditions traditionally indicative of fiscal turmoil to come, luxury players are still looking to lure these higher earners individuals into stores.

Brands such as ESW client Gucci continue to chase celebrities and other VICs with high-yield collections, using ultra-private salon-style retail grounds to sell ([see story](#)).



Gucci's West Hollywood concept shop. Image courtesy of Pablo Enriquez for Gucci

Herein, associates are able to provide an experience as exclusive as the products that today's luxury consumer has come to expect. However, for those aspirational shoppers who retailers aim to win over online as the world grapples with market uncertainties, experts are urging against overlooking the basics amid fancy attempts to drive value.

"Luxury consumers have much greater confidence and [are] willing to shop outside their home countries prices are displayed in their local currency and when taxes, duties, and import charges are clearly indicated or included in the price," Mr. Oliveira said.

"Luxury shoppers also expect low or no-cost shipping, trackability, accurate delivery windows and easy, localized return options."

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