

RETAIL

Optimism building among luxury consumers despite slowdown: Saks

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Millennial clients are turning out to be a key audience for high-end brands. Image credit: Saks

By EMILY IRIS DEGN

U.S. retailer Saks reveals that American consumers' positive sentiments are continuing their upward trajectory.

The company's newly released Luxury Pulse survey states that 70 percent of customers feel optimistic and calm about their finances. Of all generations, millennial respondents plan on spending the most on prestige items this quarter, making the group a critical segment toward which brands should gear their respective marketing efforts.

"Luxury is a sentiment-based business, and while luxury consumers are feeling more optimistic about the economy and their personal finances, luxury is also emotional, so it takes time for these sentiments to translate into plans to spend on luxury," said Emily Essner, chief marketing officer at Saks, New York.

"As we continue to serve the full continuum of luxury consumers, the Saks Luxury Pulse helps us strengthen our understanding of their evolving sentiments," Ms. Essner said. "In order to win the luxury consumer over time, it's important to maintain a deep understanding of their changing attitudes and behaviors, while offering shopping experiences that are personalized to them."

The quarterly findings were gathered via an online survey, which presented questions to luxury consumers about their shopping attitudes, spending habits and fashion trends. Between Jan. 10, 2024, and Jan. 16, 2024, 3,211 Americans over the age of 18 responded.

Good feelings all around

Millennial clients are turning out to be a key audience for high-end brands.

Per the survey, 59 percent of those in this group plan to spend the same or more on luxury in the next three months compared to the last period. This is 5 percentage points more than respondents who are Baby Boomers and part of the Silent Generation, and 1 percentage point more than Gen X shoppers.



Young people are showing the greatest spending potential this quarter. Image credit: Saks

Those born between 1981 and 1996 are also reported to be the most optimistic about their personal finances.

“At Saks, we’re committed to providing fashion inspiration and discovery through content featuring a broad assortment of designers across Saks.com, our social media and beyond,” said Ms. Essner.

“We saw in a previous Saks Luxury Pulse fielded in July 2023 that, as the first generation of digitally native luxury shoppers, Millennials chose social media as the top place they look for fashion inspiration, whereas other generations chose browsing luxury retailers or fashion journalism.”

Regardless of age, 48 percent of consumers surveyed are feeling positive about the economy. Compared to the last study fielded in autumn 2023, this is a 12 percentage point increase.

This is the highest level of optimism demonstrated by respondents since April 2023, when Saks first incorporated the question into the Luxury Pulse.

Individuals making at least \$200,000 a year represent the highest increase this time around. Based on the numbers gathered this past fall, this demographic’s optimism about the economy has spiked by 14 percentage points, and 8 percentage points in regard to their personal finances.



As optimism builds, Saks has expanded its retail footprint, opening spaces in hotspots such as Beverly Hills. Image credit: Saks

Meanwhile, 57 percent of people feel “calm” about the economy, up 7 percentage points from the last survey.

Fifty-seven percent of customers also state that they plan to spend the same or more on luxury in the next three months versus the period prior ([see story](#)). However, year-over-year, this is a dip of 5 percentage points.

With this in mind, Saks predicts that the overall optimism will not translate into a significant boost in spending. While there are unlikely to be major changes in luxury consumer behavior in the immediate future, purchases could increase in the second half of 2024.

What consumers want

Personalization is proving to be of importance to luxury clientele.

Ninety-three percent of participants are likely to engage in activities that boost individualized experiences. When looking online for fashion products, 70 percent of respondents said as much.



Saks has been emphasizing personalization tools, aligning with consumer preferences. Image credit: Saks

The top three activities they would most want to participate in are making an account, creating a wishlist and answering questions concerning their preferences.

“Based on the latest Saks Luxury Pulse, it’s important to keep in mind that luxury consumers are particularly interested in shopping experiences that are personalized to them,” said Ms. Essner.

“At Saks, we look at this finding as confirmation that customers are finding value in our personalized offerings, such as individualized recommendations and reminders providing exclusive access to limited stock products, rewards and offers,” she said. “With that, we look forward to advancing our personalization efforts to further enhance our customers’ experiences.”

According to the survey, consumers find the most value in personalized content and picks that grant them access to rewards, limited-stock products and offers.

Pushing the latter could help brands secure transactions, even amid the overall slowdown, as 55 percent of respondents state that an “enticing sale or promotional events” would up their spending. An increase in income would cause 43 percent of them to do so.



As consumers boost travel spending, they are also buying more luxury vacation clothing and resort-friendly goods. Image credit: Saks

However, availability is a big priority for luxury buyers.

Saks shares that 24 percent of the group would rather pay full price than wait for the item to be on sale. That said, this is a 2 percentage point decrease from the last survey.

Finally, products that complement trips are said to be in a solid position for the quarter, in line with the last period’s trends ([see story](#)).

Seventy-two percent of participants have begun to plan or have already planned their next vacation, and 70 percent are prepared to buy luxury items specifically for these getaways.