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What could a sharp downturn in spending sentiment from wealthy shoppers mean for luxury?

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This year has been a whirlwind for the luxury industry, with a plethora of new challenges for brands to adapt to.

While some have seen their sales slip, others appear to be navigating these choppy waters adroitly. Travel remains a particularly safe haven for spending, with industries such as cruises and wellness resorts in rude health.

Much has been said about consumers' shift away from goods and towards experiences.

2025 has been a year of turbulence for luxury brands
While this is indeed broadly valid, it is perhaps a touch superficial.

As Hermes' recently reported Q3 global sales numbers show (+9.6 percent), some hard luxury brands continue to perform well. Nevertheless, it is undeniable that growing numbers of affluent/HNWIs are reappraising how and where they spend their money.

The price of some luxury brands has risen dramatically over the past five years, sometimes by more than 50 percent. Increasingly, wealthy shoppers are asking questions about whether these products are still providing good value for money.

This does not necessarily mean shifting down the luxury scale into less expensive purchases. Instead, buyer expectations have risen; namely that they should be ever more memorable, unique and have a deeper emotional resonance.

For many, these wishes are currently being met more effectively by experiential luxury such as travel.

Spending sentiment takes a sharp turn for the worse
As part of Altiant's quarterly tracker, we monitor the affluent sentiment towards purchases in different luxury categories. Historically, quarterly variance in these results has been minimal.

However, the picture changed notably in Q3 as most categories saw an increasing share, expecting to cut back on their outlay in the year ahead. Even though luxury prices continue to rise, only around one in five expect to actually spend more in most cases.

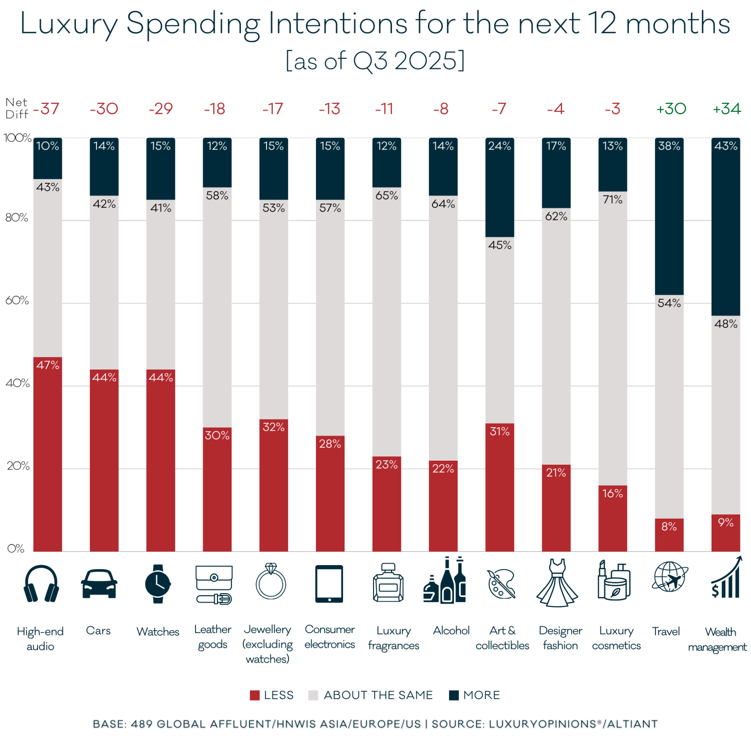

Image courtesy of Altiant

There are two star pupils: wealth management and travel. In both cases, these have notably more active affluents who expect to boost their category investment rather than cut back the +30 differential for travel taps into the aforementioned growth of experiential luxury.

Meanwhile, the +34 result for wealth management also makes logical sense. Elsewhere in our tracker, a prevailing attitude of prudence and low risk emerges as investors prefer to wait out market turbulence if possible. For example, only 17 percent plan to make significant portfolio changes before the end of 2025, while just 36 percent expect stock markets in their region to perform better in the year ahead.

On the other hand, three categories stand out for having almost half of their current customers expecting to reduce spending over the next year: high-end audio, automotive and watches. Despite having the largest negative differential (-37), audio results are broadly in line with previous quarters. However, this is not the case for automotive and watches, as both saw an anomalous spike in negative sentiment from 34 percent to 44 percent in just one quarter.

Findings from the 2025 Art Basel & UBS' Collecting Report indicate that 40 percent of HNWIs plan to buy more art in the year ahead, down from 43 percent in 2024 and 54 percent in 2023. Our tracker results which include HNWIs but also other affluent individuals in the top 10 percent of wealth show a similarly conservative trend: only 24 percent plan to spend more on art and collectibles, while 31 percent plan to cut back.

This suggests that higher ticket luxury items are particularly vulnerable to shifting spending attitudes. For some, extravagance and unnecessary indulgences now appear to be out of favour. In their place, a more considered and rational approach is taking precedence.

What could this mean for luxury brands?
It is worth noting that these are indicative sentiments and that the picture might not turn out quite so gloomy. Consumers' future spending intentions do not always manifest exactly as forecast, with unknown developments such as political or economic changes to major provisions, such as tariffs, often having a dramatic effect.

However, the results do provide an informative barometer of HNWIs' current mentality and spending plans. Luxury brands should be mindful that they may have to work ever harder to convince the wealthy to part with their money. Even with sizable disposable incomes, many are still highly attuned to what constitutes value for money.

Rising prices come with rising expectations. Brands that only deliver on half of this equation are likely to find the years ahead similarly demanding. The onus is therefore on them to clearly communicate and justify their price point.

After all, luxury is not just about price, but also hitting a host of other markers such as exceptional quality, exclusivity and emotional impact.