

Where in the world can luxury find growth?

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Changing market dynamics and evolving shopping habits are creating new opportunities for luxury brands. Jeanne Descour identifies five of the most promising.

MENA

For decades, traditional and now social media have fuelled a seemingly-insatiable appetite among Middle Easterners for European-led luxury goods. Now we're seeing a new opportunity, as consumers are demanding a more locally-driven conversation with brands.

Signalling MENA's domestic rise to prominence is the launch of [Vogue Arabia](#), a move that indicates Condé Nast's interest in engaging in deeper conversations with women in the region and providing brands with a trusted outlet to reach luxury buyers. Headed up by a

local editor, the magazine will feature culturally sensitive editorial, advertising, and shopping opportunities.

Condé Nast's has also chosen Oman as the location for its [2018 Luxury Conference](#) in April.

China

According to Bain Consulting, Chinese consumers represent at least 30% of the world's luxury purchases, and the continued pattern of Chinese buying goods abroad remains a significant opportunity for luxury brands.

Accelerating travel habits will only increase this trend. For example, the loosening of US visa access (allowing Chinese citizens to obtain a 10-year tourist visa) allows for easier repeat travel to major shopping hubs like New York and Los Angeles. And where the Chinese traveller goes, so does her shopping budget.

A key finding from the [2017 BrandZ Top 100 Most Valuable Chinese Brands](#) Report is a rise in premiumisation, or the desire among increasingly wealthy and sophisticated Chinese consumers for more refined experiences.

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In the travel sector, for example, a newcomer to the Top 100 listing is travel agency brand [Caissa](#), which describes itself as “a unique business brand of China's outbound tourism market and a leading outbound tourism service provider in China.” Caissa has already established branches in the UK, France, Germany and the US, and has more than 30 subsidiaries across China.

Until recently, premiumisation was practiced more by multinationals than Chinese brands, which historically competed on price. Chinese brands now go to market quickly with products and services that provide affordable innovation, although most Chinese brands have not reached the luxury level (at least not yet).

But who knows what will happen? The [sunsetting of the One Child Policy](#) could mean a surge in consumption or a tightening of budgets. China is forever changing, and luxury brands should keep an eye on this explosive opportunity.

India

India is experiencing double-digit year-on-year growth in luxury goods consumption, driven by increased high-speed internet access and an aspirational, young middle class, particularly in the northern parts of the country.

In a speech at an [ASSOCHAM](#) event in New Delhi, [National Institution for Transforming India](#)'s CEO, [Amitabh Kent](#), said, “My personal view is that sheer social demographics, growth of the economy, [the] rise of the very young population... all this will fuel and enable growth of a huge luxury market in India. We are just at the beginning of the curve, and I think this market will grow and blossom in the next two to three decades.”

International companies, however, face strong competition from local players such as [Nirav Modi](#) and [PC Jeweller](#). Brands like these garner local awareness and respect by taken advantage of the country's large and widespread pool of skilled craftsmen.

While extremely [high rents](#) continue to blunt luxury brands spending, India will continue to edge its way up the global luxury goods ranking.

US

Milton Pedraza, CEO of the [Luxury Institute](#), [expects](#) luxury to come back in the US, as does [Tissot](#), which [claimed](#) in 2016 to be seeing “great potential and positive growth.”

Established luxury names also appear to have staying power in the United States. The latest [Ipsos affluent barometer](#) study reports that affluent Americans prefer traditional luxury goods to newer brands by a margin of 79:21%.

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The digital market for luxury

Finally, consumers from around the world are growing increasingly comfortable with buying luxury goods online. Bain reports that online luxury sales now total €19bn (8% of total sales), a 20x increase from 2003 to 2016.

A good example of a fast-growing luxury e-commerce is MM Lafleur, which [hit \\$30 million](#) in revenue last year. Co-founder Sarah LaFleur [told *Fast Company*](#) that there is a segment of shoppers who want to look good but just don't have the time to shop around. "For some women, buying clothes is just not a priority for one reason or another, but it doesn't mean that they don't care about good style or looking elegant," she said.

Euromonitor further [predicts](#) sharp increases in luxury m-commerce, particularly in heavy mobile markets like Brazil. Shoppable ads are likely to drive even further phone and tablet-based sales.

And remember that the importance of e-commerce isn't just purely as a transaction channel for luxury, but also a major influence on offline purchasing. While 7% of luxury purchases happen online, BCG [reports](#) that 60% of all luxury transactions are "digitally influenced."

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