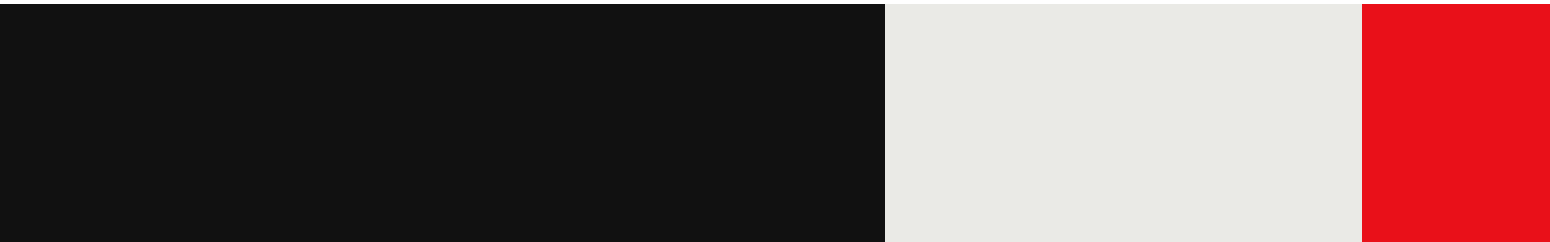



What's happening with luxury in 5 charts

Article

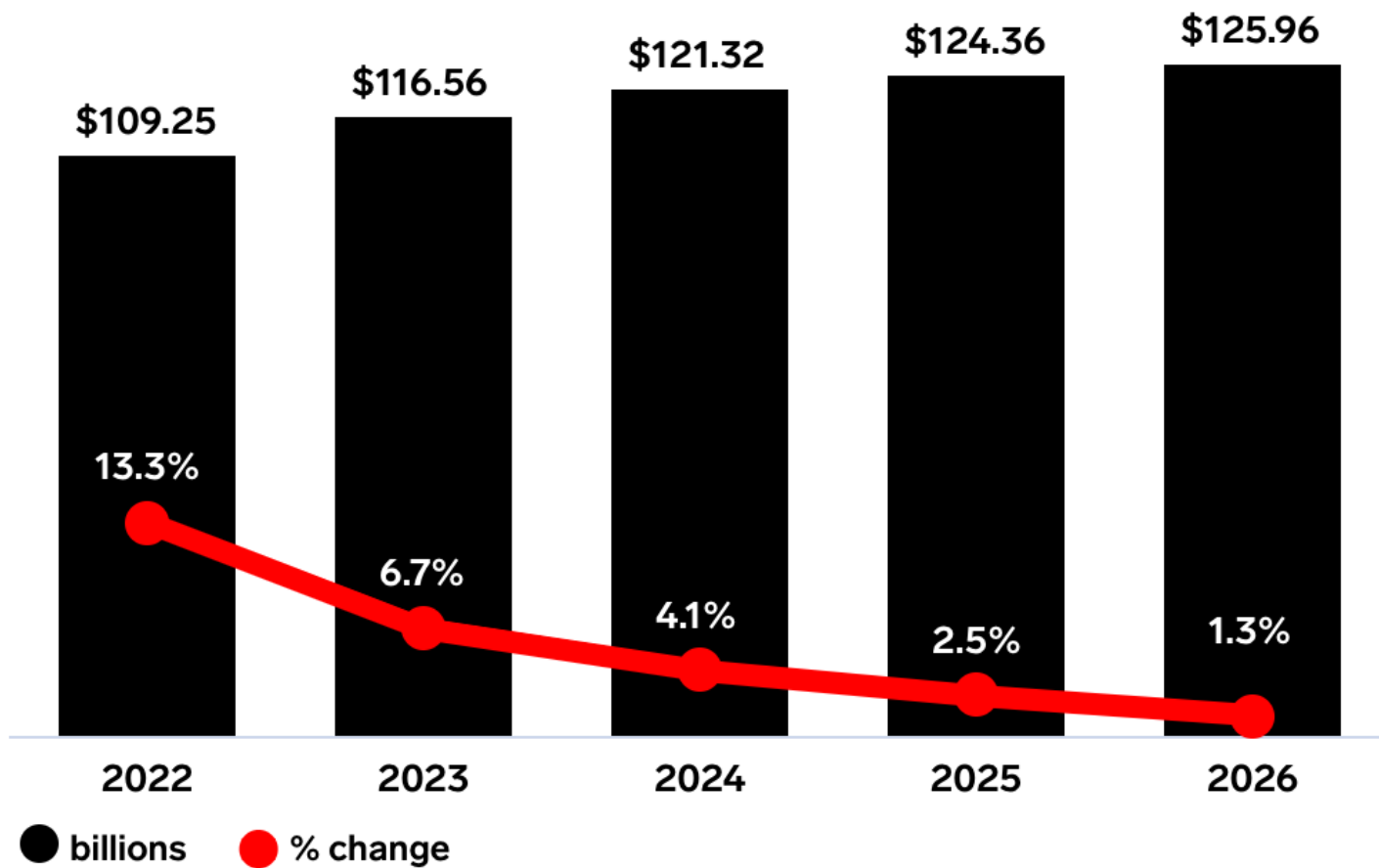


In a year of shrinking margins and pulled-back consumer spending, luxury sales have remained relatively immune to the headwinds plaguing other retailers. Here are five charts that break down why the bubble hasn't burst yet.

1. Luxury's inflation immunity

Personal Luxury Retail Sales

US, 2022-2026



Source: eMarketer, June 2022

eMarketer | InsiderIntelligence.com

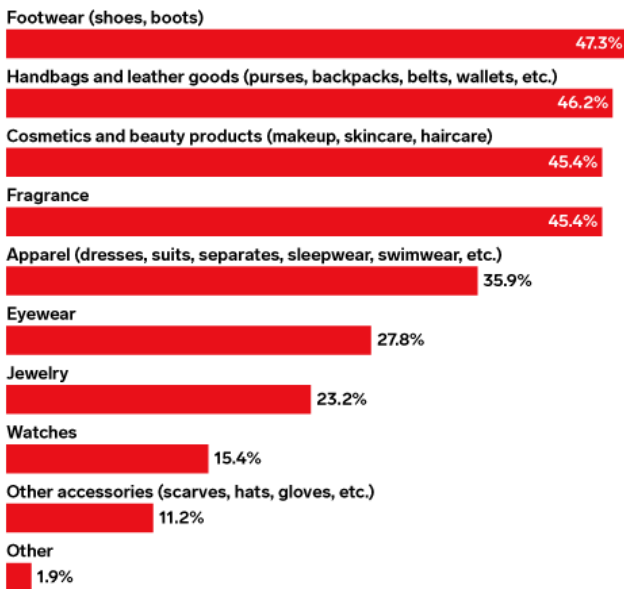
We forecast that **personal luxury retail sales** will continue to grow through 2026, though the double-digit growth it experienced this year will slow to just 1.3% growth by the end of our forecast period.

Though core **luxury consumers** may remain unaffected by inflation, younger and middle-income consumers will curb their spending on discretionary categories, causing the tapering decline in sales growth.

2. Beauty, leather goods are consumer favorites

Product Categories in Which US Adults Have Purchased a Luxury Brand, June 2022

% of respondents



Note: in the past 12 months

Source: "The Insider Intelligence Luxury Goods Flash Survey" conducted by Bizrate Insights, June 30, 2022

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The most **popular categories** for US luxury buyers are footwear, handbags and leather goods, and cosmetics and beauty products.

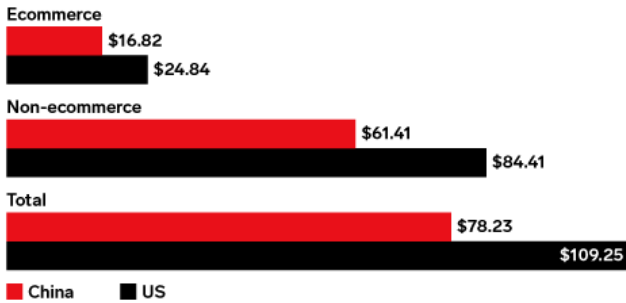
The beauty category, in particular, has seemed well-insulated (see: the "**lipstick effect**," when consumers continue buying little luxuries even in tough economic times because it's inexpensive and justifiable), with companies like **Ulta Beauty** and **Coty** reporting strong sales growth over the past few months.

Meanwhile, LVMH Moët Hennessy Louis Vuitton attributed its **third-quarter growth** to its fashion and leather goods business.

3. Shoppers go digital

Personal Luxury Retail Sales, US and China, 2022

billions



Note: includes items such as ready-to-wear designer clothing and footwear, bags and accessories (including eyewear), jewelry and watches, and cosmetics and fragrances that meet the definition of "luxury"; excludes automobiles, travel and leisure services, boats and yachts, fine art and collectibles, and fine wines and spirits; includes goods sold by wholesalers and retailers except those that mainly resell other companies' luxury brands.
Source: eMarketer, June 2022

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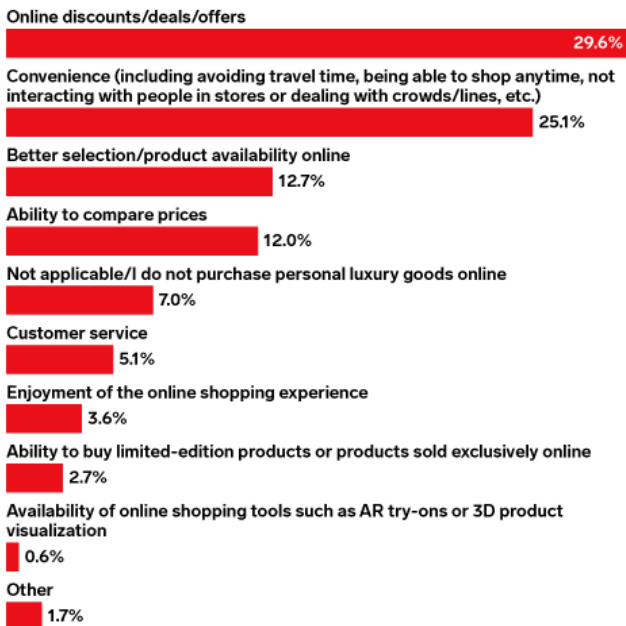
Despite representing a smaller percentage of total personal luxury retail sales, we forecast that ecommerce sales of personal luxury retail will grow nearly 40% this year, though growth will slow in the years ahead.

This pattern is mirrored in China, where luxury retail has seen a similar bounce-back from pandemic levels, though ecommerce sales will see slightly larger growth than in the US.

4. What consumers want

Most Important Factor for US Adults When Deciding to Purchase Luxury Goods Digitally Instead of In-Store, June 2022

% of respondents



Source: "The Insider Intelligence Luxury Goods Flash Survey" conducted by Bizrate Insights, June 30, 2022

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So what drives luxury consumers to shop online? Deals. Almost a third reported that online discounts or offers drove them to purchase luxury goods online. In addition, consumers shop online because it offers them more convenience and a better selection of products.

Some brands are experimenting with **augmented reality/virtual reality try-on tools** and the **metaverse** to attract online shoppers, but so far consumers remain **uninterested** in the technologies.

5. Luxury is a top performer

US Online Indexed Average Order Value, by Industry, April 2019-April 2022

index*

	April 2019	April 2020	April 2021	April 2022
Home goods	100	99	113	141
Luxury goods, jewelry, and accessories	100	103	104	126
Sporting goods	100	101	110	124
Apparel	100	101	101	123
Consumer electronics	100	90	96	111
Consumer packaged goods (CPG)	100	99	95	102

Note: indexed average order value=total revenues divided by total number of orders as compared with a base time period; *Indexed to April 2019

Source: Criteo, April 2022

278167

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According to our Industry KPIs, luxury was one of the top-performing categories in terms of **indexed average order value** growth, driven by wealthier consumers who are spending more per transaction.

Why we care: Inflation hasn't taken the wind out of luxury's sails ... so far. But if consumers must continue to prioritize need-to-haves over want-to-haves, luxury may not escape unscathed.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).