Press release

Global luxury stays resilient despite economic headwinds and shifting consumer trends that reshape market—Bain & Company and Altagamma

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- Global luxury spending to be broadly stable in 2025 at €1.44 trillion amid resilient markets
- Relative stability comes despite headwinds from economic and geopolitical uncertainties
- Market seeing key structural shifts as luxury consumers continue prioritizing experiences over possessions
- With margins squeezed, brands must double down on performance discipline and AI-enabled efficiency to defend value, but without dulling desirability
- 4% to 6% annual growth projected in next decade, fueled by expanding consumer base and enduring appetite

MILAN—November 20, 2025—Global luxury markets proved resilient into 2025, with overall luxury spending stabilizing at similar levels to last year, despite headwinds from economic and geopolitical uncertainties, as well as disruption from critical shifts in consumers' preferences, Bain & Company, in partnership with Altagamma, the Italian luxury goods manufacturers' industry association, finds today.

Consumers' worldwide spending across the luxury industry's segments is set to reach €1.44 trillion in 2025, to stand broadly flat compared with last year (between 1% higher and 1% down at constant exchange rates), with a sequentially improving trajectory expected to extend into next year, according to the annual Bain-Altagamma Luxury Goods Worldwide Market Study.

But the expected stability and resilience of overall luxury spending this year also masks far-reaching and significant structural shifts under the surface of the luxury marketplace as consumers increasingly choose experiences over buying new luxury possessions, the study reports. It highlights a persistent and crucial trend among consumers globally as they favor "experiential indulgence" over past trends of "conspicuous consumption" as new symbols of status, pivoting toward wellness, connection, and self-reward. What the Bain-Altagamma study calls a "tectonic shift" toward luxury experiences such as hospitality cruises, and fine dining, and away from more traditional luxury goods, including luxury automotive, is bolstering the growth of the overall luxury market and reshaping the industry across segments, it finds.

The global market for personal luxury goods is expected to remain broadly stable this year compared with last, with a forecast 2025 value of €358B (vs. €369B in 2023 and €364B in 2024) – down about 2% this year at current exchange rates, and flat at constant rates, signaling maturity rather than renewed momentum in the wake of this market's post-pandemic rebound. While ultra-wealthy buyers are continuing to sustain demand for high-end luxury goods, aspirational consumers have pulled back, adding to the pressure on traditional luxury, today's report adds.

"After the shopping spree era, experiences and emotions have become the true engine of luxury growth," Claudia D'Arpizio, Bain & Company senior partner, leader of the firm's global Fashion & Luxury practice, and lead author of the study, said. "The market remains resilient but not immune to macro-economic complexities, navigating a fragile global balance. Ahead lies a phase of quality-driven growth, fueled by discipline, ethics and innovation. Expansion will favor fewer, higher-impact locations—a shift toward a more discerning, experience-led model."

Across luxury segments, cars are impacted by declining volumes across price tiers, with resilience only within higher-end sport-oriented vehicles, while yachts and jets continue to enjoy robust growth. Fine art stalls while design furniture stabilizes, and fine wines and spirits deliver disappointing results, with premium bubbles and Italian reds managing to stand out, the Bain-Altagamma study notes. It reports that gourmet dining is booming across Asia, the Middle East, and resort hubs, fueled by younger, experience-hungry travelers. New frontiers – travel activities, safaris, and elite sports – are meanwhile redefining modern luxury around immediate exclusivity.

Luxury spending by price tier exhibits polarization, the Bain-Altagamma analysis finds. The high-end tier (some 40% of the market) has contracted slightly between 2023 and 2025, with a compound annual growth rate (CAGR) of between minus 1% and minus 3%. The accessible segment of the market was flat to slightly negative in the same timeframe, with a CAGR of between 0% and minus 2% at overall levels. However, while high-end is gaining share in cars, hospitality, fine wines and spirits and gourmet food and fine dining, it is the accessible segment which is gaining share in personal luxury goods, led by Gen Z and value-conscious consumers.

Personal luxury goods market confronts challenges and uncertainties

While the personal luxury goods market is expected to register a broadly stable trend overall for 2025, it confronts macro-economic and geopolitical uncertainties and is facing a moment of truth, as the performance in the fourth quarter of the year will be critical to close out the year.

Amid this recalibration within the personal luxury goods market, jewelry currently leads growth, with an expected expansion this year of 4% to 6%, powered by resilient demand, emotional appeal, and a surge in customizable designs. Eyewear is also continuing to perform strongly, with expected growth of 2% to 4%, boosted by design innovation, versatility, and digital integration. Beauty remains stable, but fragrances remain the most dynamic sub-category. with AI-driven personalization is gaining ground, while premium skincare and makeup suffer from performance polarization among players.

The market for watches is marked by increased polarization, the study finds, with high-end pieces thriving while tariffs and pricing pressures fuel the resale market. Apparel holds steady, driven by strong performance of accessible players. Leather goods wobble, lacking new hero bags but lifted by playful, aspirational alternatives. Shoes lag, hurt by price sensitivity and sportswear competition, though statement styles hint at recovery.

Overall, accessible luxury fashion is rebounding, driven by brands' success in engaging downtrading consumers, reactivating heritage clients, and attracting value-conscious Gen Z shoppers.

Markdown pressure across channels, while footprint shrinks in favor of more curated environments

In physical retail for luxury, outlet stores are outperforming as consumers chase value and accessible luxury. Online channels hold steady. Monobrand stores are slightly slipping, with a total reduction in store surface of 25,000 square meters in the past six months, while US department stores have cut some 10% of space since 2024.

The Bain-Altagamma study advocates that brands must reimagine physical retail: fewer, larger flagships that deliver emotion, immersion, and personalized connection.

In a fragmented and uneven regional landscape, fresh markets fuel luxury's next chapter

The global luxury market in 2025 is entering a crucial phase of global recalibration, marked by uneven regional trajectories and shifting consumer dynamics, the Bain-Altagamma study also reports. Spending in China is set to contract by between 3% and 5% this year (at constant exchange rates), pivoting toward local, more accessible brands and experience-driven categories, while Japan's market is decelerating after a strong 2024, due to cooling tourism.

Europe meanwhile faces a softening trend, with its luxury market set to dip in 2025 by between 1% and 3% amid slowing tourist inflows impacted by a strong euro and geopolitical tensions. The Americas are set to hold relatively firm (with growth of between 0% and 2%), buoyed by renewed domestic demand in the US and expanding luxury footprints in Mexico and Brazil, even as volatility lingers.

In contrast, the Middle East stands out as luxury's brightest performer, with expected growth of between 4% and 6%, fueled by robust tourism in Dubai and Abu Dhabi, and sustained demand in Saudi Arabia.

Beyond the traditional hubs, a new wave of markets is redefining the luxury landscape. Middle East, Latin America, Southeast Asia, India, and Africa combined represent a market value of around €45 billion in 2025, matching Mainland China in scale. From Gen Z's embrace of accessible luxury in Southeast Asia to India's surging middle class and Africa's emerging local players, these regions signal growing luxury potential, Bain and Altagamma indicate.

Luxury's consumer base is contracting further as top customers show signs of spending stabilization

The study highlights that luxury's consumer base continues to shrink and splinter. The number of luxury consumers has dropped from 400 million in 2022 to around 340 million in 2025. Between 2024 and 2025, new customer acquisition for luxury brands has declined by 5%. .The study also reveals a reduced level of interest as active luxury shoppers have fallen from ~60% in the total addressable customer base in 2022 to some 40–45% this year.

Spending patterns within the luxury market are fracturing, the study finds, with buyers making fewer purchases and favoring smaller indulgences and markdown channels. Spending is also shifting to experiences, affordable alternatives, and resale, signaling a structural reset in how consumers engage with luxury. Meanwhile, the spend of 'big spenders' is plateauing: their share of the market surged from 30% (€88B in 2019) to 45% (€165B in 2024) but is flattening in 2025 at ~46–47% (€165B).

Margins return to 2009 levels

The luxury industry is experiencing margin pressures that have brought its profitability back down to 2009 levels, largely due to higher operating costs and challenges in sustaining revenue growth. EBIT (earnings before interest and tax) margins for selected personal luxury goods brands, which peaked at 23% in 2012, should hit 15–16% in 2025, similar to the level in 2009.

This contraction in margins has led to an estimated €100 billion loss in the industry's total enterprise value over the past twelve months

"Luxury brands are re-defining their reach through adjacent and lower-entry categories, expanding beyond traditional lines like sneakers and small leather goods into areas such as food, dining, and wellness," said Federica Levato, senior partner at Bain & Company and leader of the firm's EMEA Fashion & Luxury practice, who co-authored today's report. "As pricing structures elevate and customer interest surges, brands face two key challenges: re-engaging aspirational consumers and legitimizing their expansion while maintaining coherence. To future-proof the model, brands must evolve from reach to precision, from blending with trends to shaping them. Longevity will reward brands that weave ethics in their value proposition with intimacy and integrity in their dialogue with consumers."

The luxury scenario to 2035

Looking further ahead, the report concludes that growth for personal luxury goods of 4% to 6% per year remains realistic, anchored by continued consumer expansion and enduring demand. By 2035, the personal luxury goods market should reach between €525B and €625B, while overall luxury spending could range between €2.2 and €2.7 trillion, Bain and Altagamma forecast.

"Luxury stands at a crossroads: uneven regional growth paths, pricing pressure, and fragmented consumer personas are testing its core," Claudia D'Arpizio commented. "Creativity is progressively coming back, but a broken price–value equation calls for integrity and renewed trust. This is luxury's moment of truth: to rise through ethics, inclusivity, and authenticity, or retreat into elitism. The new formula is clear: entertainment, emotion, and ethics are the real sources of value. The winners will balance profit with purpose, creativity and conscience, turning recalibration into reinvention."

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