

# True-Luxury Global Consumer Insights

10<sup>th</sup> Edition  
July 2024



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This year's edition  
of True Luxury  
Consumer study  
focuses on  
*Beyond Money  
Customers*



**12k** respondents quantitative survey across 12 top luxury markets, with 7% spending >100K€/year



**1K** respondents ad-hoc deep-dive on **Beyond Money spenders** (min 50K€ / avg. 350K€ yearly spend<sup>1</sup>) across 7 main luxury markets<sup>2</sup>

**PHRONESISPARTNERS** simplify growth Research partner



**20** in depth 1:1 interviews with True-Luxury **Very Important Customers**

**ELC** ELC Research partner



**15** **VICs** interviewed in focus groups (5 / each) in three regions (Europe, USA, China)



**20** interviews & content discussion sessions with industry **CEOs & executives**, and **Client Advisors**



Engagement of **local Luxury experts** and **industry partners** from different regions

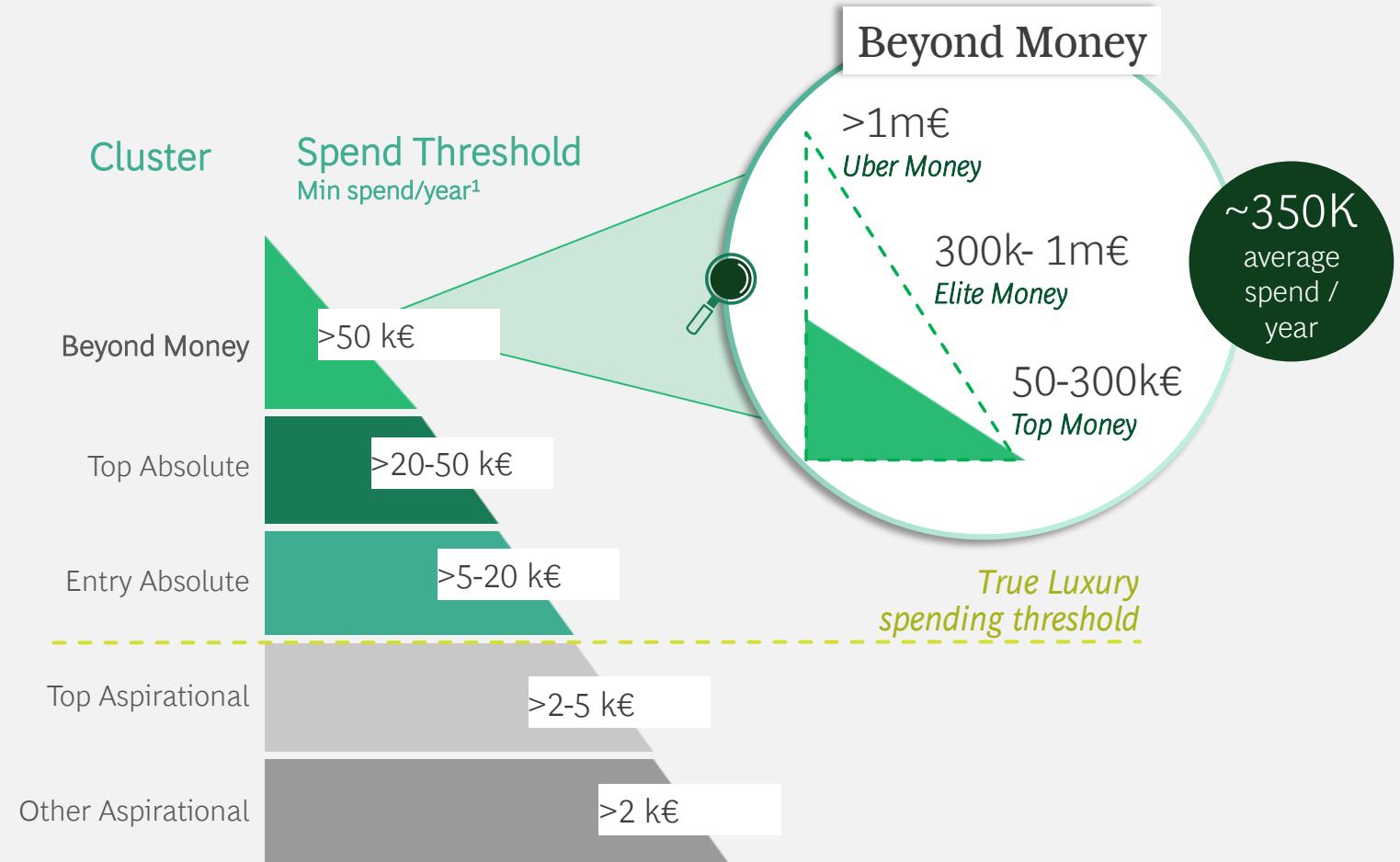
**TMI** 腾讯营销洞察  
Tencent Marketing Insight

**istitutomarangoni**

Traditionally, we speak to a representative sample of True Luxury Consumers...

39K€  
average  
spend / year

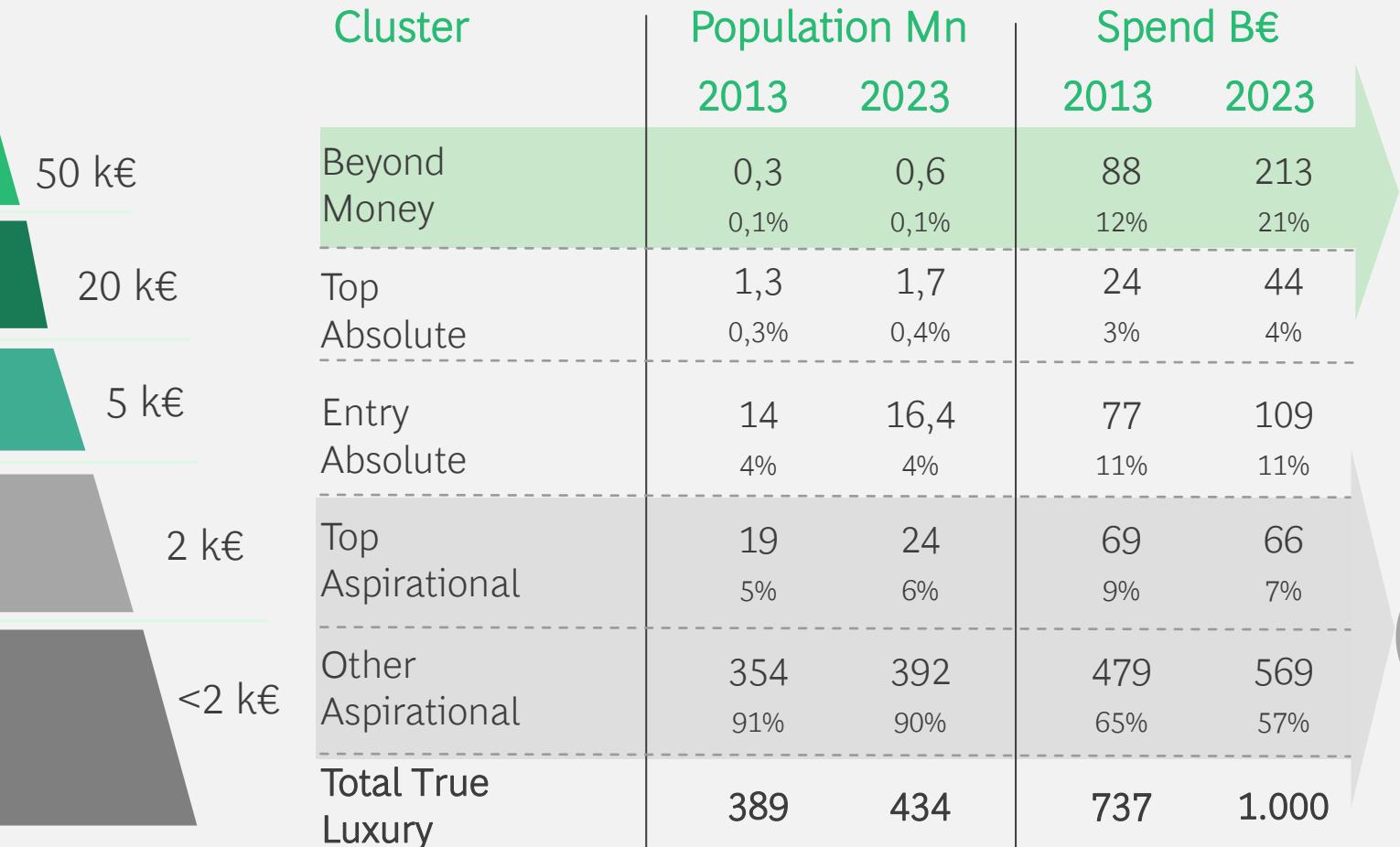
...this year, we double down on the top of the pyramid, introducing 3 new thresholds



Note: Numbers rounded. 1. Includes: personal includes apparel, footwear, accessories, leather goods, beauty, jewelry (branded and unbranded) and watches; Experiential includes furniture, food and wine, fine dining & hotel and exclusive vacations  
Source: BCG Fashion & Luxury Market Model as of July 2024; BCG Analysis

# Luxury Consumer Pyramid

## Personal and Experiential Luxury



*Beyond Money* are

- Less than 1% of clients
- Each is worth ~230x vs one aspirational consumer
- Twice as relevant in spending vs 10 years ago

Note: Numbers rounded. 1. Includes: personal includes apparel, footwear, accessories, leather goods, beauty, jewelry (branded and unbranded) and watches; Experiential includes furniture, food and wine, fine dining & hotel and exclusive vacations  
Source: BCG Fashion & Luxury Market Model as of July 2024; BCG Analysis

Leaders in each sector compete to win the attention (and the love) of Beyond Money consumers

### Not Exhaustive



# *Why are Beyond Money more relevant than ever?*

1

Strong growth of  
underlying base of  
UHNWI, at 10% CAGR

2

In a twin-engined luxury  
market, they are **driver**  
for stable growth

3

In 10 years, they doubled  
their relevance on Luxury  
Market

4

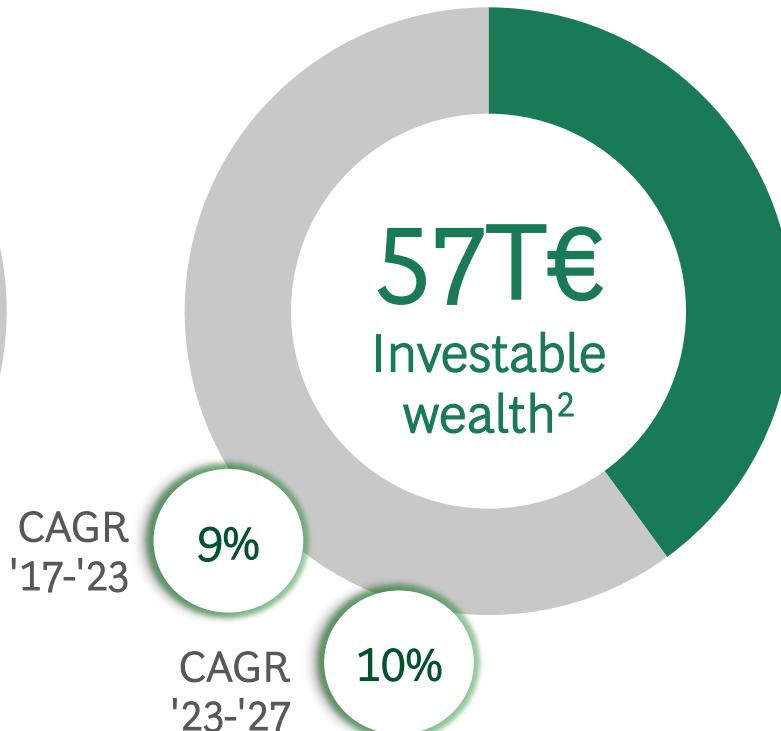
They are **immune** to the  
economic cycle

# 1 Global wealth has never been as concentrated as it is today, with UHNWIs weight growing at 10% CAGR

UHNWI represent ~3% of the *population*<sup>1</sup>...



...yet hold ~40% of the *financial wealth*<sup>2</sup>



...roughly two thirds of these individuals are the **core of our Beyond Money segment**

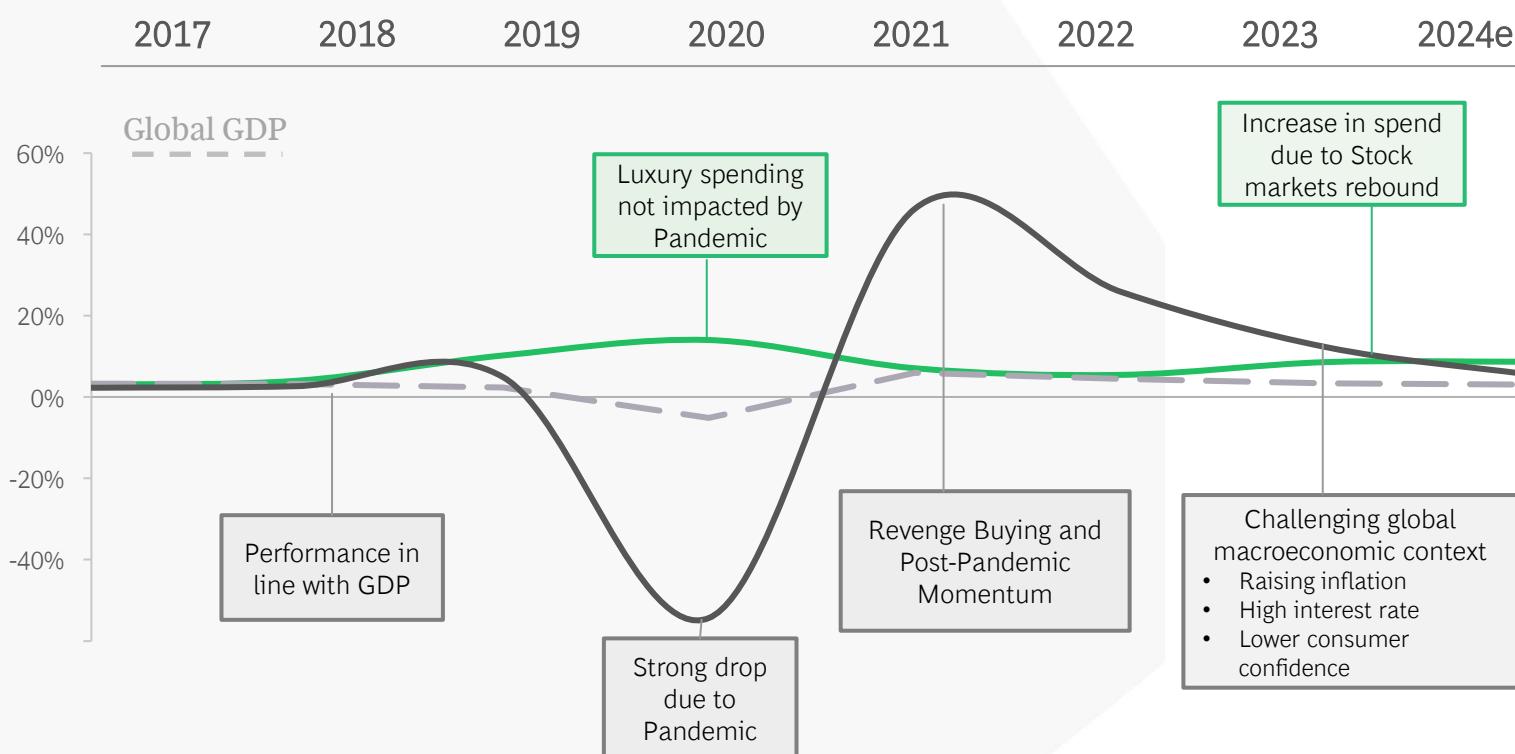
1. Of adult population 2. Among individuals with net worth >1m€ (Affluent, and UHNWIs): Affluent, adult individuals with financial wealth 1M-20M€; UHNWI, adult individuals with financial wealth >20M€; Segment growth includes the shift of individuals between segments; Growth rates excl. currency effects 2. Including cash and deposits: bond, equities & investment fund shares; life insurance and pensions and other assets Source: BCG Global Wealth Report 2024; BCG analysis

2

In a twin-engined luxury market, *Beyond Money* are an engine for stable growth, while *Aspirational* an engine for volatility

Consumer Segments spend in Luxury vs Global GDP evolutions

YoY growth %



## Beyond Money segment

Spending in Luxury is **not correlated to GDP trend and macroeconomic cycles**, and is 5 times less volatile than that of aspirational's<sup>1</sup>

## Aspirational segment

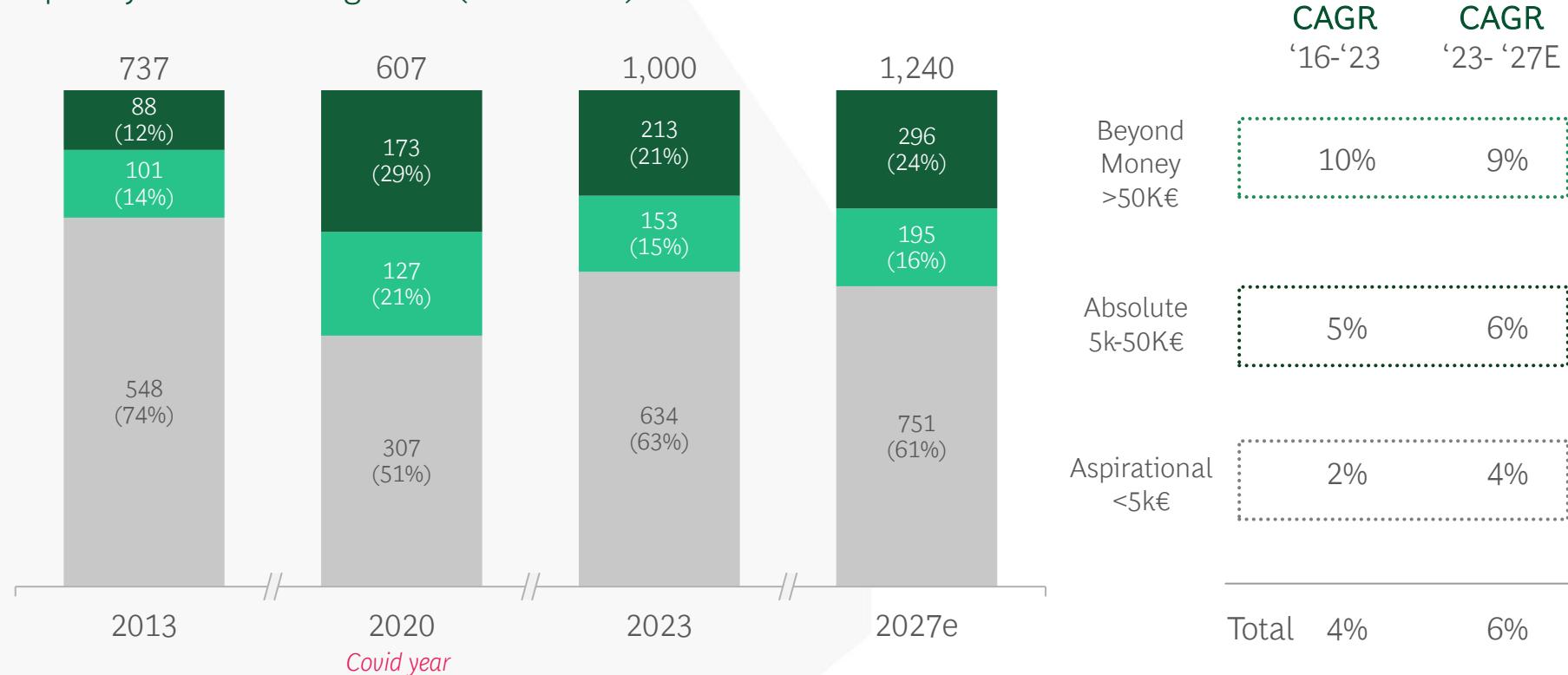
spending is **correlated to macroeconomic fluctuations** and highly depended on inflation, interest rates and other economical and geopolitical trends

3

# In 10 years, *Beyond Money* doubled their relevance on total Luxury Market

## Personal and Experiential Luxury Market (B€)

Split by customer segment (% on total)



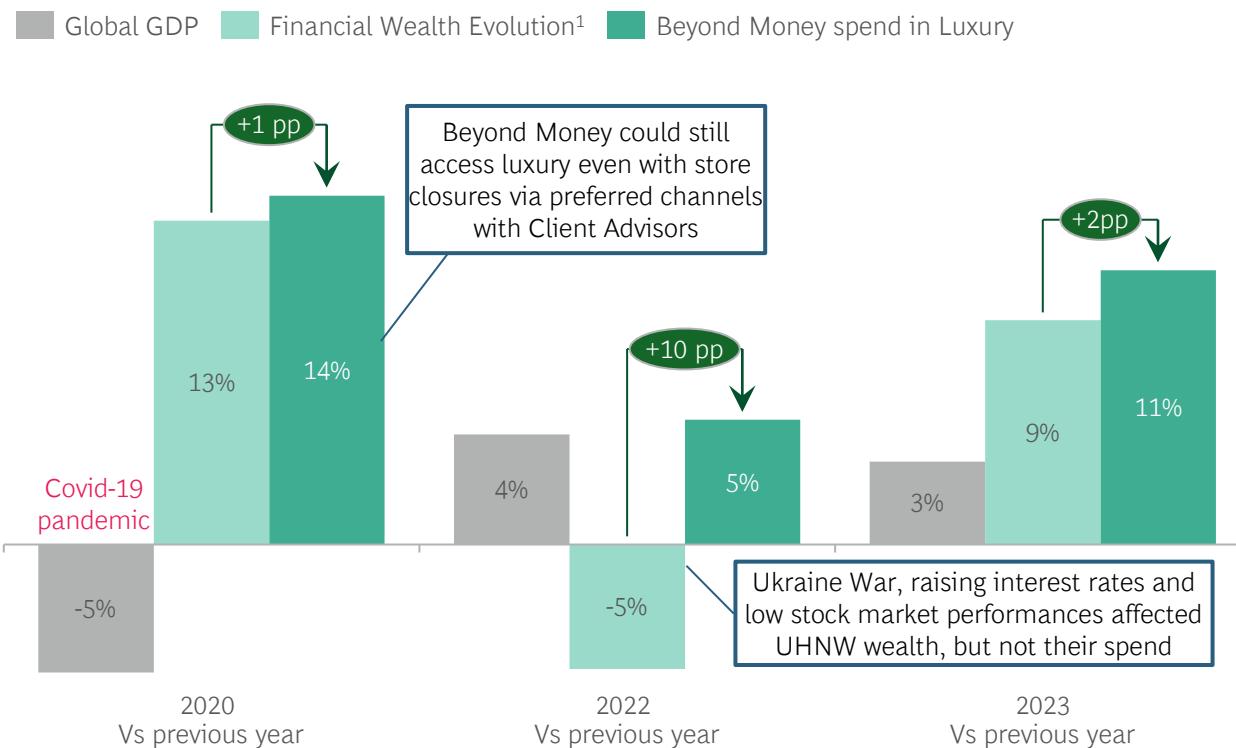
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Source: BCG Fashion & Luxury Market Model as of July 2024; BCG Analysis

## 4

## Beyond Money is a Balance Sheet game, kind of immune to the economic cycle

For *Beyond Money*, Luxury spend is a primary need, uncorrelated to macroeconomic trends or fluctuations in financial wealth...  
 % evolution vs previous year



...resulting in extremely low price elasticity...

*"If I like a lot a product or a brand, and quality is justified, I keep buying even if prices increase"*

- USA VIC, 38 y.o.

...as opposed to the aspirational, occasional buyer

*"Prices of luxury bags have increased so much recently, I don't think it's worthy anymore... I prefer to spend in experiences rather than personal goods"*

- EU aspirational consumer, 31 y.o.

*How good are  
brands at  
cocooning Beyond  
Money VICs?*



Some brands  
excel at  
treating their  
identified VICs  
with the **right**  
mix of  
commercial  
and  
experiential  
services...



...but a substantial amount of **Potential VICs** fall through the net, and are treated sub-par by the majority of brands they love

High potential consumers are everywhere...

- They shop across the **entire assortment**, not just ultra-luxury categories
- They **are considered VICs on average by 2 brands** in the same category ...
- ...but typically **shop at 9 brands** on average

Brands might miss out 70% of potential VICs

...but most brands fail to identify them as **Very Important Customers**

- 1 VICs are identified using spend-based thresholds
- 2 VIC status focused on **a limited spend timeframe (12-18 months)**
- 3 VIC segmentation based on **single variable approach**



*Brands think  
they know  
their VICs...*

*...but VIC's dreams  
are evolving faster  
than brands' ability  
to fulfill them*

# *Brands think they know their Very Important Customers...*

a

They are **few**, but are **revenue powerhouses** for brands

~2% of customers represent up to ~30% of sales, with variability depending on the core segment

b

They have high expectations for **how products are made**, including quality and compliance

89% of VICs say they value luxury products for their **craftsmanship** and **quality**

c

They have a strong desire for **authenticity** and **exclusivity**

85% of VICs say their preference for luxury is shaped by its **exclusivity** and **recognition among peers**  
(*if you know, you know*)

d

They **crave for exceptional experiences** and **service**

VICs are bored of traditional boutique experiences, while look for personalized experiences

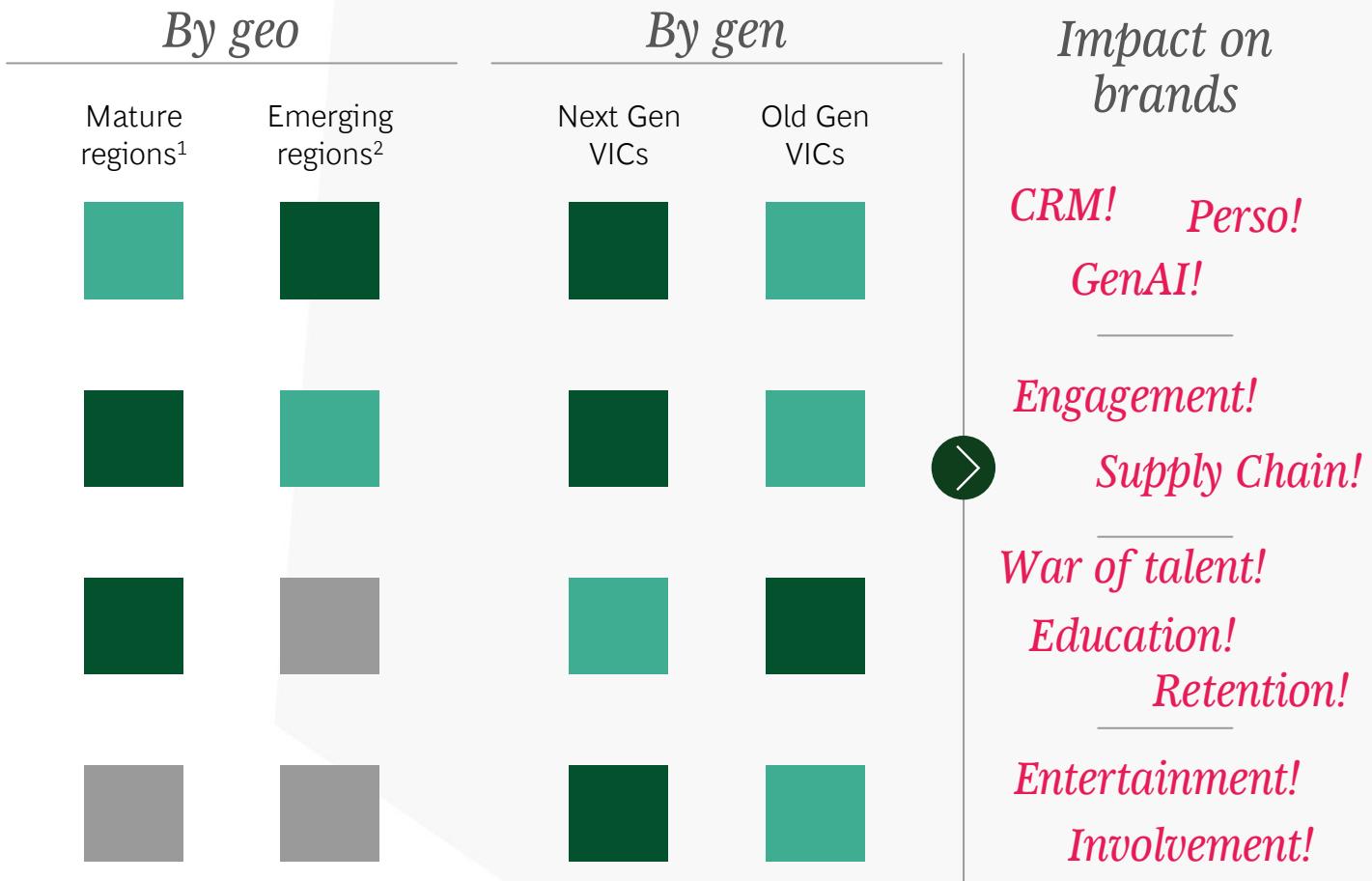
# ...but they might not know that VIC's dreams are evolving faster than brands' ability to fulfill them

*"I want hyper-local personalization, but global recognition"*

*"I want unique products, without the waiting game"*

*"I am more loyal to my Client Advisor than to the brand"*

*"I want to be more than a client, I crave for sense of community"*



1. North America and Europe 2. Middle East and Asia

Source: BCG-Altagamma True-Luxury Global Consumer Insight Survey July '24 (1K respondents in 7 countries), Qualitative 1:1 interviews with VICs and Focus Groups



"I want hyper-local personalization, but worldwide recognition"

VICs EXPECT PERSONALIZED EXPERIENCES AS TABLE-STAKE...

Dedicated and **personalized experiences**, in and beyond traditional boutique, are a fundamental expectation across the board for VICs

The **most personalized activities** offered by brands are the **most gratifying** for VICs, and **drive conversion** to actual purchase

... AT A GLOBAL LEVEL, WITH DIFFERENT FRICTIONS TO SOLVE

In the  
West

**increasing expectations** and **sophistication** of VICs, beyond the boutique

In the  
East

**lack of global recognition** as VIC customer, and of **cultural understanding**

*What it means for brands*

**CRM!**

Best-in-class CRM capabilities and use of data

**Perso!**

Intensify efforts to (well) personalize every interaction

**GenAI!**

Leverage GenAI across the organization, equip Client Advisors

# "I want unique products, without the waiting game"

VICs ALWAYS LOOK FOR SOMETHING UNIQUE...

83%  
of VICs

Find owning bespoke items more fulfilling than standard products

Many brands

Still do not offer bespoke, tailor-made products

...BUT THE WAITING GAME IS (ALMOST) OVER

Customized Products

VICs perceive the value of real bespoke and are willing to wait (but want entertainment)

Standard Products

VICs are more and more frustrated with artificial waiting lists for standard products

## *What it means for brands*

**Engagement!**  
INVOLVE VICs IN THE PROCESS  
Transform production journey into engagement

**Supply Chain!**  
OPTIMIZE SPEED AND CAPACITY  
Consider internalization or expansion of top production capabilities

# "I am more loyal to my Client Advisor than to the brand"

CLIENT ADVISORS HAVE A STRONG IMPACT ON VICs...

64%  
of VICs

Say that their **relationship** with CAs is a key factor in **decision to return to the brand**

68%  
of VICs

Would follow their **Client Advisor** to a new brand if they moved

...WITH DIFFERENCES IN WHAT VICs LOOK FOR, BY GEOGRAPHY



With all VICs looking for **impeccable service** and **efficient handling** of special requests

## *What it means for brands*

***War of talent!***

COMPETITION TO STEAL BEST TALENTS

As creating relationships and selling is an art mastered by top-tier CAs

***Retention!***

IMPLEMENT STRATEGY TO RETAIN BEST TALENT

Elevate category, give flexibility, offer competitive package, enable with technology (that works!)

"I want to be more than a client, I crave for sense of community "

NEXT GEN VICs ARE DIFFERENT THAN SENIOR VICs...

More global & diverse

More informed

Less brand loyal

~53%

of wealth to be inherited by NextGen by 2045

...AND CRAVE FOR A SENSE OF COMMUNITY

84%  
of NextGen VICs

Say they value being part of an exclusive **community of like-minded buyers** (vs. 71% Seniors)

85%  
of NextGen VICs

Say the **emotional connection** they have with a brand is crucial to their **purchasing** (vs 74% Seniors)

*What it means for brands*

*for Amateurs*  
For "Soft Categories"

BUILD EXTROVERTED COMMUNITIES

As purchasing behavior is strictly correlated to their sense of belonging to the brand

*for Connoisseurs*

For "Hard Categories"

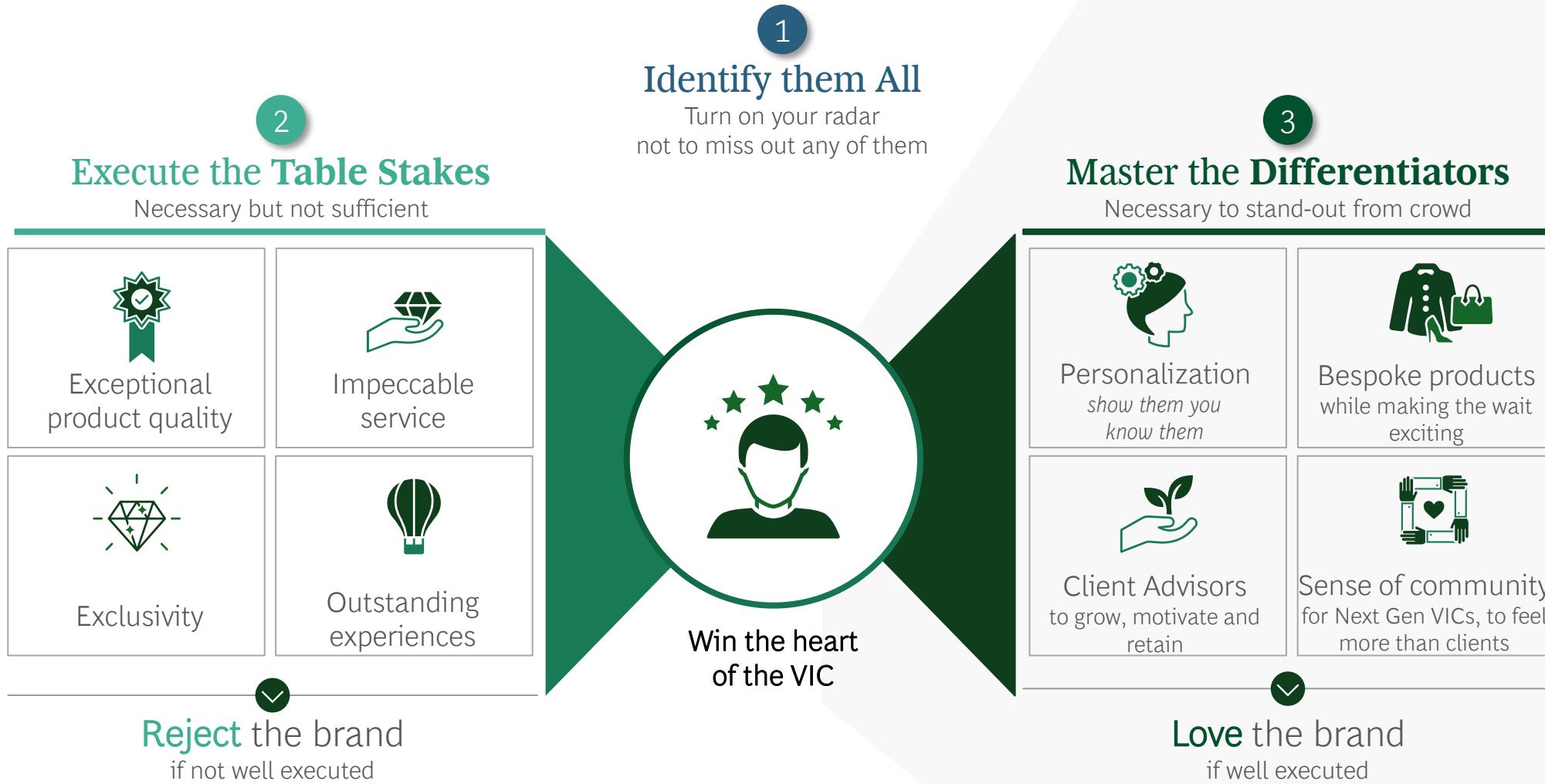
RIDE THE SUCESS OF INTRO COMMUNITIES

As purchasing behavior is strictly correlated to product technical features, knowledge and expertise

*What can brands  
do to win the  
heart of Beyond  
Money VICs?*



*Key Takeaways* | First, identify them all, second execute table stake at perfection and third, master the differentiators to stand out & win



# Master the differentiators | Winning in areas that make the difference for VICs is essential for brands

## Differentiators



### Personalization



### Bespoke products



### Client Advisors



### Sense of community



### Turn on your radar

#### Pain Points

Most VICs still feel that personalization of experiences and services is **not enough tailored to their uniqueness**

VICs seek novelty and **bespoke**, which many brands fail to offer. Brands that do, often struggle with **long lead time**

Client advisors play a **pivotal role** in VICs' purchasing decisions. **War of talents** in progress among brands and industries

NextGen VICs crave for a sense of belonging and **"extroverted"** communities, especially in soft categories – which most brands fail to offer

Most brands still use methods that hinder accurate **identification** and treatment of VICs and overlook potential VICs

#### What's needed to win

- Sophisticated CRM segmentation
- Equip company and client advisors with effective Gen-AI tools
- Identify VIC via token
- Manage privacy
- Org: set up a dept. dedicated to VIC

- Bespoke product offering
- Client animation during wait times
- Reduce wait time optimizing value chain

- Elevate role of Client Advisor
- Grow and retain talents (and their client portfolios), giving flexibility and recognition

- Develop and support vibrant, extroverted communities
- Elevate brand to become a lifestyle choice

- Enrich data collection
- Implement sophisticated CRM segmentation
- Adopt advanced AI technologies

# Altagamma & BCG Team for the 10th edition of the study



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Beatrice  
Lemucchi



Stefano  
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Lucia  
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& Senior Partner

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Director  
& Senior Partner

BCG Managing  
Director  
& Partner

BCG Managing  
Director  
& Partner

BCG Managing  
Director  
& Partner

BCG Project Leader

BCG Consultant



Thank  
you