

REPORT SERIES



Global Power Of Luxury Goods

PREPARED BY
180 Degrees Consulting SGGSC





MINI REPORT 4

**UPCOMING TRENDS &
FUTURE OF LUXURY
INDUSTRY**

**GLOBAL POWER OF
LUXURY GOODS**

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SUSTAINABILITY

TAKE A PEEK AT SOME OF THE WORLD'S MOST WELL-KNOWN FASHION HOUSES THAT HAVE DITCHED THE FUR AND ARE NOW ECO-FRIENDLY AND VEGAN.



Prada Group, an Italian fashion firm, said in 2019 that none of its brands will use animal fur in their designs or products anymore. In an official statement, Miuccia Prada said, "The Prada Group is devoted to innovation and social responsibility, and our fur-free policy is an extension of that engagement." "By concentrating on breakthrough materials, the company will be able to push the frontiers of creative design while also addressing consumer demand for ethical products."



Saint Laurent, the French luxury house, has announced that it will no longer use fur in its collections beginning in Fall 2022. Kering, the parent company of Gucci, Balenciaga, Alexander McQueen, and Bottega Veneta has announced that all of its fashion houses will be fur-free.



"Fur? I'm done with that. I don't want to slaughter animals for the sake of fashion." Donatella told The Economist's 1843 magazine, "It doesn't feel right." Donatella Versace declared in 2018 that her brand would stop using actual fur in all its products.

IMPORTANCE OF CIRCULARITY IN FASHION TO MAINTAIN SUSTAINABILITY

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The fashion business can no longer operate on a strictly linear model; the desire for perpetual novelty has resulted in astronomically high levels of consumption, pushing up mass overproduction and making the fashion industry one of the most polluting industries out there. Clothing consumption is expected to climb by 63 percent by 2030, according to Greenpeace, while we wear our garments 40% less than we did ten years ago.

Because the combination of these trends is no longer sustainable, luxury brands must focus on extending the lives of existing pieces as a solution to our desire for novelty. According to WRAP [a charity that promotes sustainability via re-use and recycling], extending the lifespan of a piece by just nine months can lower its environmental footprint by up to 30%.



BRANDS CURRENTLY WORKING ON THE IDEA OF REUSE, RECYCLE AND REDUCE



REUSE



ELVIS & KRESSE: WASTE LEATHER AND FIRE HOSES


The tale of Elvis & Kresse began in 2005, with a chance meeting with the London Fire Brigade, an odd source of raw material for a luxury accessories firm.

After seeing how decommissioned, broken fire hoses ended up in landfills, Kresse Wesling and James "Elvis" Henrit decided to do something about it. No London fire hose has gone to a landfill in over a decade, with over 175 tonnes of material salvaged.



DEAKIN AND BLUE: SWIMWEAR FROM FISHING NETS

Deakin and Blue, described as transformational, creates ocean-friendly swimwear for women who want to not only look and feel fantastic but also swim.



Costumes are constructed in London from ECONYL yarn, a 100 percent regenerated nylon fibre made from pre and post-consumer waste, including "ghost gear" of old fishing nets, with suppliers certified to Oeko-Tex standards for textile products.

Deakin & Blue is known for its innovative inclusive sizing system, and the firm avoids regressive swimwear marketing clichés like airbrushed, sexualized models in favour of presenting their clothing on a variety of body shapes and sizes.

RAPANUI: COW AND CLOUD TECH

The company's growing partners optimise the use of rainwater, co-planting and insect traps, plus a special ingredient: cow poo. Its manufacturing supply chain provides a good alternative by using reusable energy throughout and recovers and recirculates wastewater that has been cleaned to drinkable standards.

Rapanui has pioneered a traceability tool allowing conscientious consumers to map their T-shirts, from seed to shop. The brand also pays people to return products for remanufacturing at the end of life. It has even developed a free cloud-based platform called Teemill to share its circular supply chain.

GUCCI: AESTHETICS MEET ETHICS WITH UPCYCLED WASTE

It's all about finding the right balance when it comes to luxury. "Equilibrium" is Gucci's term for the ideal balance of beauty and ethics.

Gucci is one of the world's most prestigious fashion houses, and it is part of the Kering Group. Kering is a pioneer in impact reporting, producing an environmental profit and loss statement (EP&L).

The EP&L tracks carbon emissions, water consumption, pollution, land use, and waste across the entire supply chain, intending to reduce its carbon footprint by 40% by 2025. Gucci Up, which focuses on upcycling waste, utilised 11 tonnes of leather scraps and collected 92 tonnes of textiles in 2018.



2

DIGITALISATION



A close-up photograph of a person's hands using a blue pen to sketch fashion designs on a tablet. The sketches include a long, flowing dress with a ruffled hem and a shorter, more structured dress with a patterned bodice. The background is blurred, showing what appears to be a window or a bright outdoor setting.

HOW AND WHEN DID DIGITALIZATION START IN THE LUXURY GOODS INDUSTRY?

Digital transformation is becoming a priority for all business agendas across all sectors and areas.

Luxury brands and retailers were infamous for being tech laggards. Unlike D2C brands and startups that were started digitally, pre-existing luxury brands were slow to embrace technology. Retail is ruled by consumers and they are no longer satisfied with simply acquiring products.

According to Deloitte, “they want to interact, influence, and be the brands from which they buy.” Influenced by digital technology, modern shoppers are aware and selective, they not only want but **demand** a shopping experience that immerses, engages, and entertains them, all the while also connecting them to the right product line.

THE AGE OF DIGITAL DARWINISM

In 2016, the luxury fashion industry saw digitalisation and eCommerce as one of the top opportunities for businesses.

Nearly 80% of luxury sales are already “digitally influenced”, meaning that in their luxury shopping experience, consumers hit one or more digital touchpoints. Thus, E-commerce offers an enormous opportunity for growth for high-end brands to serve their affluent and busy customers.

Today, the typical luxury buyer follows a mixed online journey, seeking the advice of peers on social media or looking for suggestions from bloggers before entering a store, which often ends up with their posts about the latest purchases.

Millennials and Gen Z are now the most affluent luxury brand consumers and are the ones who are anchoring the global luxury trends and sales growth. These consumers live and breathe digital, and they have manifested a strong preference for personalised and seamless experiences that are integrated both

online and offline.

Indeed, Covid-19 has boosted the growth of the digitalization of the luxury industry. Although luxury brands were already undergoing a gradual digital transformation, 2020 was undoubtedly the year in which this was amplified. The unprecedented pandemic that proved to be a global economic meltdown impacted the way luxury consumers buy. Previously, most luxury purchases were made by customers while travelling, however, due to the travel restrictions, a lot of purchases were being made online.

It was reported in McKinsey that by 2025 online luxury sales to the global high-end market will grow multifold to reach \$91 billion. Meaning, 20 percent of luxury sales will be done online. However, this would have been impossible without the technological advancements, one of which is mobile inclusion.

Companies are well aware that mobile phone penetration has made it easier for more people to access the internet and the internet is and will continue to be one of the major ways through which people first get introduced to the existence of a luxury product.

For luxury brands, the process of embracing digital and technology has been slow due to the perceived threats brought by online channels such as the loss of control over personal communication, as well as product differentiation. As luxury brands of today build their presence on digital platforms, there are some key aspects that may not have been properly addressed, such as how the proliferation of the technology has changed consumer habits, and that engaging consumers on social media are not just about delivering digital content, but also about having a conversation with them.

Online sales of luxury goods (accessories, apparel, beauty products and perfume, footwear, jewellery and watches, and leather goods) account for 8% of the €254 billion global luxury market. That's about €20 billion—up five times from 2009. Nearly one-fifth of personal luxury sales will take place online.

Digital luxury is increasingly a customer-to-customer (C2C) economy. Luxury consumers, highly engaged on social media, are evolving from mere paying observers of the show into actors on the stage. They are becoming, as a result, another marketing channel. This has many implications for brands, which must learn how to deal with ambiguity and accept that some aspects of their messaging will be modified by their customers rather than controlled unilaterally by their management team.

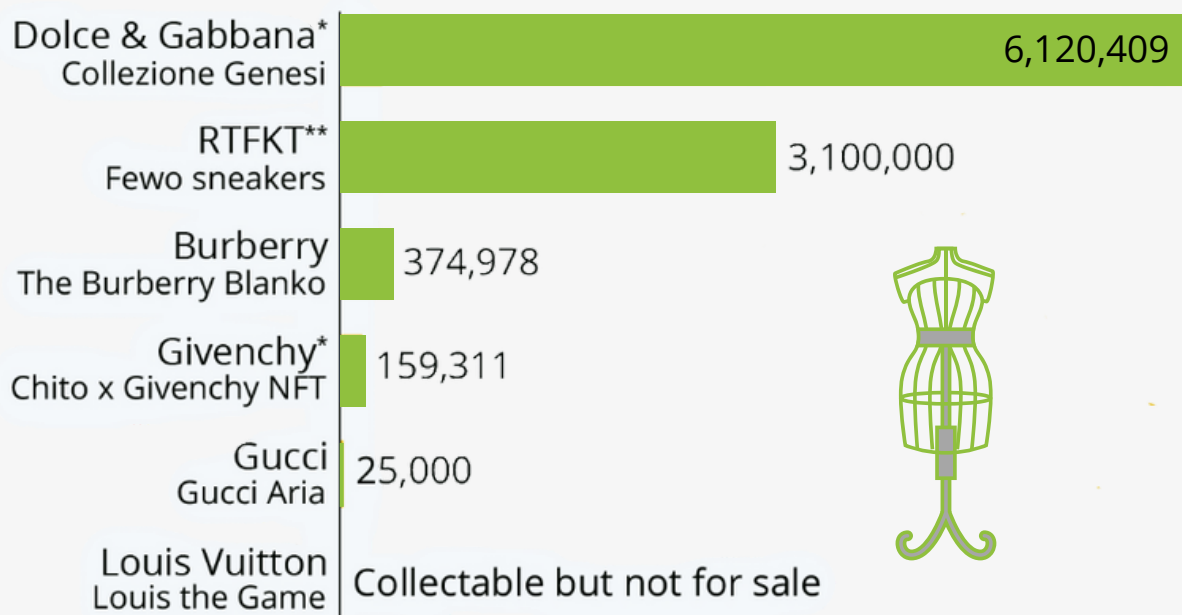
As younger, digital shoppers start having more purchasing power, luxury brands that have already begun catering to their “digital desires” will be positioned to succeed.



THE FASHION NFT MARKETPLACE

A large number of luxury brands are still trying to find things, while smaller brands have taken the bull by the horns and indulged in an NFT practice with creative jolts, selling on NFT markets such as the KnowOrigin and Open sea. Currently, the best example of NFT is when it is sold as a twin (digital product) of a physical one.

Sales generated by NFTs for selected luxury/collectable brands (in U.S. dollars)



“The winning bidders will receive the corresponding real-life dresses, and both the NFTs and the physical garments are one-of-a-kind”, says Clothia CEO Elena Silenok.

“NFTs and interest in digital artwork are to the luxury fashion industry’s advantage,” another comment made by digital designer Nicole Zisman.

“Right now, fashion being sold via NFT is fashion as art, and not necessarily fashion as a utility,” observes Cathy Hackl, CEO of Futures Intelligence Group.

While there is controversy about the concept of NFTs and other blockchain-based concepts, fashion houses see use in them. This interest is likely to be transferred to the metaverse space with amazing opportunities. This is because although the metaverse is based freely in the 'real' world, there is little limit to what can be done. By now, several fashion companies are already dipping their toes in the street, with impressive results.

There are also new emerging resources to cater to the needs of fashion products that want to enter the metaverse and NFT space. After all, creating NFTs and making them metaverse, and not every fashion house or designer has Gucci or Burberry recipes.



NFT ENTERS DIGITAL FASHION WEEK!

Thanks to the COVID-19 epidemic, the fashion week has transformed into a digital format where NFTs play a major role.

“French Fashion” and the “Haute Couture Federation” have teamed up with the “Ariane” platform to make NFT flexible in the fall/summer 2022 fashion week in Paris and other high fashion shows so that consumers can buy them.

These tokens allow its users to look at a special fashion; one of them from the famous digital artist Richard Haines.

It can be said that the introduction of NFTs during the fashion week reflects a paradigm shift.



WHAT'S HAPPENING IN THE DIGITAL FASHION SPACE?

While a decade ago, it sounded like something from a sci-fi action movie, the metaverse has now become a real part of the modern world. By 2021, in particular, meta-mania has

taken full advantage of the business sector, with Facebook announcing metaverse-focused projects and a host of metaverse-related content to be released.

METaverse 2022:

No longer a sci-fi epic setting, the metaverse becomes as real as the material world. But what is a metaverse? In short, metaverse refers to the physical worlds designed for humans to communicate with – as easily as they do in the real world. This is more than just playing games or chatting with avatars. This means buying property, getting married, travelling, and everything in between, including fashion and related industries.

With all of this, it is easy to see how the metaverse influences the real world and this influence encompasses the realm of luxury. At the top, both may not seem to be interconnected to all. Luxury, in its essence, is about the uniqueness of the experience, and when the metaverse is open to everyone, how will that translate?



FASHION METAVERSE

The metaverse is technological advancement and technology has always been a signal of luxury. From the latest smartphones to hundreds of dollars worth of accessories, both worlds have been well connected. Even a decade ago, we saw more and more blockchain-based developments, and luxury has been signalled in one way or another. Once the online concept of a novel, cryptocurrencies now often cost thousands of dollars, and holding them has become a way to showcase wealth, as 'crypto bros' dominate the social media platform. Since NFTs are used as online collections, having a high-profile NFT is now the same as having a Warhol or Basquiat. Simply put, anything that can be sold for a lot of money can be a sign of status and this includes now cryptos and NFTs.

The brand's luxury strategy has always been driven by the consumer's desire to have something that most people don't have. Shortage creates demand. Therefore, luxury fashion houses can meet this need by continuing to offer special clothing and accessories with limited availability. With real digital integration, these brands will enhance their brand identity while at the same time making money on their digital assets in a new market, Metaverse.



"What remains to be seen is how the Metaverse will overcome the physical advantages of touch, smell, and taste even though sight and sound have already been conquered." Says Vincent Quan Associate Professor Fashion Business Management Department Fashion Institute of Technology, SUNY.

In my opinion, the luxury industry, especially the fashion world, has recognized and jumped at the chance.

.For example, in 2021, **Gucci** released an NFT-style fashion film through Christie's titled 'PROOF OF SOVEREIGNTY: A Curated NFT Sale by Lady PheOnix' which sold for \$25,000.



Louis Vuitton took the same approach, launching a game titled Louis the Game to celebrate the 200th birthday of the founder of the lavish label. Within the game, players can not only play like Vuitton himself but can also find another

30 NFT embedded within the game. 10 of these NFTs were co-created with Beeple, a well-known digital artist but none of the 30 could be sold.

Finally, **Burberry** has partnered with Mythical Games to release a game called Blankos Block Party. The game is not only noted for being the first time that the luxurious fashion house is taking over the gaming industry but also includes limited-available NFTs by Burberry.



NEW RETAIL FRONTIERS & GAMEVERTISING

Digital twin stores and enhanced shopping experience open the way to the next sales line – smarter, more focused, and more attractive. The digital shopping experience is becoming a rich ecosystem that meets many online channels, and digital environments are limitless and borderless, opening up a multitude of creative opportunities that can be duplicated.

Virtual spaces are now a way for brands to connect with the audience involved, with these spaces acting as media and advertising media spaces.

For those who believe NFTs are only for the artists and Picasso of the world, take a look at your favourite fashion houses. Because apart from the pieces of digital art that have made headlines, fashion is the only place everyone can enjoy in the real world or as NFTs.

Ultimately, the biggest beneficiaries will be consumers who can enjoy the metaverse with more freedom and style than ever before.

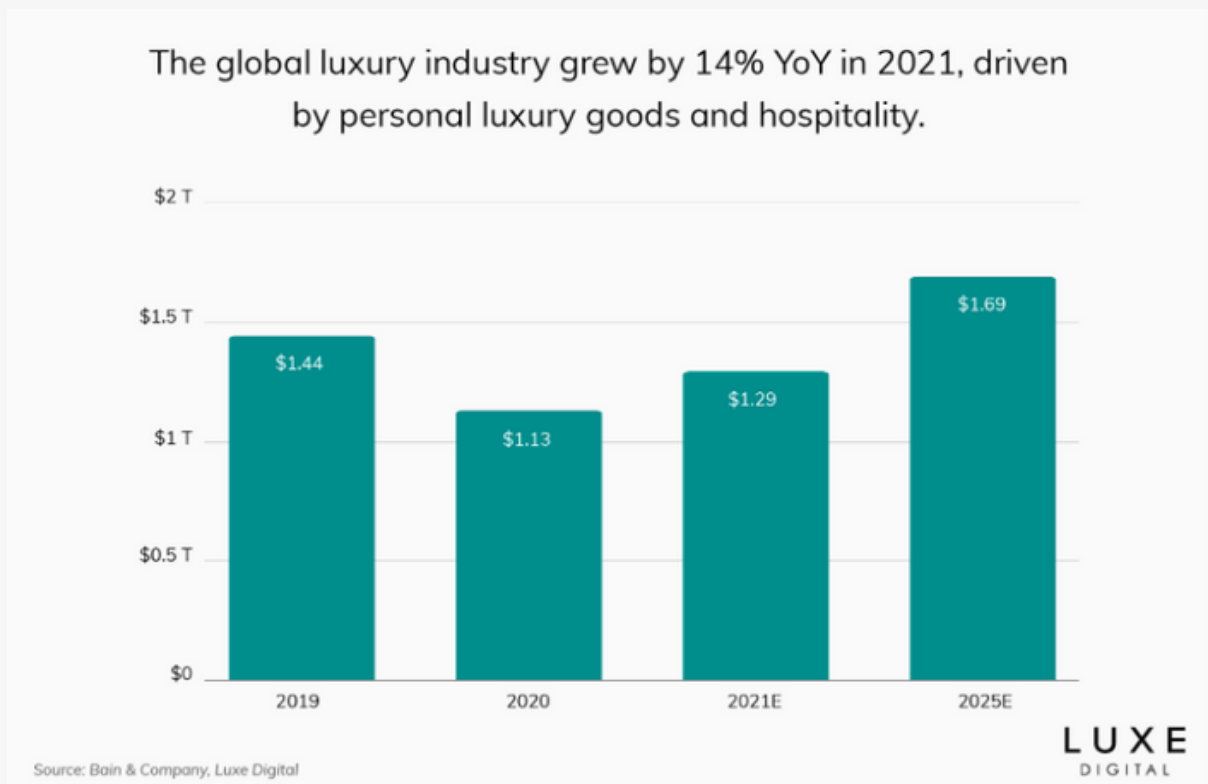


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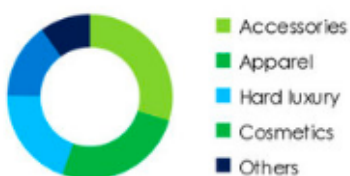
FUTURE:
GROWTH
OR
FALL?



However 2021 was a difficult year in numerous ways for the luxury business (including the two merchandise and encounters), it was an improvement from 2020, with overall deals coming to roughly \$1.29 trillion.



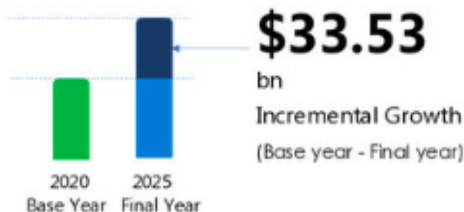
Market Segmentation by Product - 2020



CAGR almost (2020-2025)



Key Region

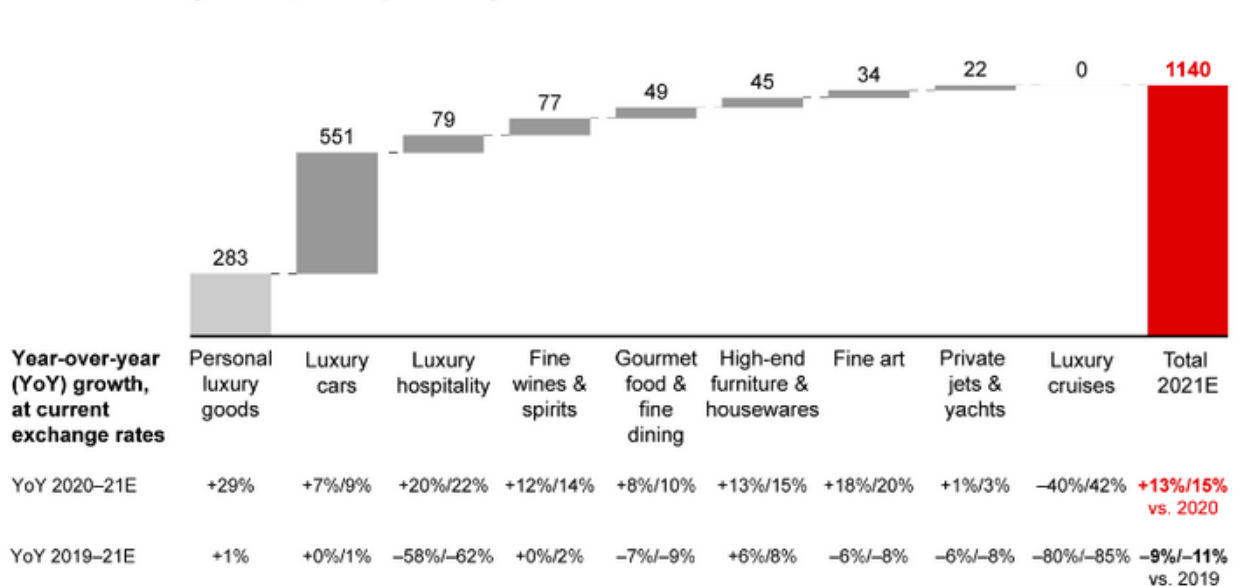


One of the **key drivers** of the market will be the **increased demand for premium beauty products and cosmetics**

One of the **challenges** impeding market growth would be **increasing labor costs and fluctuating raw material prices**

Luxury is one of the strongest enterprises there is. It's likewise one of the quickest to bounce back after an emergency. What's more, indeed, it did. The worldwide luxury industry returned quicker than anticipated, with basics looking more grounded than any time in recent memory. The worldwide luxury market is set to get back to its verifiable development direction in front of most forecasts. All things considered, with the exception of perhaps our own: featured luxury's inborn capacity to recuperate quickly in our 2021 estimates a year ago.

Worldwide luxury market, 2021E (€ billions)



Source: Bain & Company

GLOBAL LUXURY STOCKS

Investigating the various fragments, the individual luxury products' classification is driving the charge-developing at 29% year over year in 2021 versus 14% for the luxury business in general. Nonetheless, development in 2022 will shift generally relying upon the class you're checking out, as the various regions of the planet recuperate at various paces across each portion.

Global luxury stocks were among the first to rebound, surpassing the S&P 500 index's growth.



Source: S&P Global, Luxe Digital

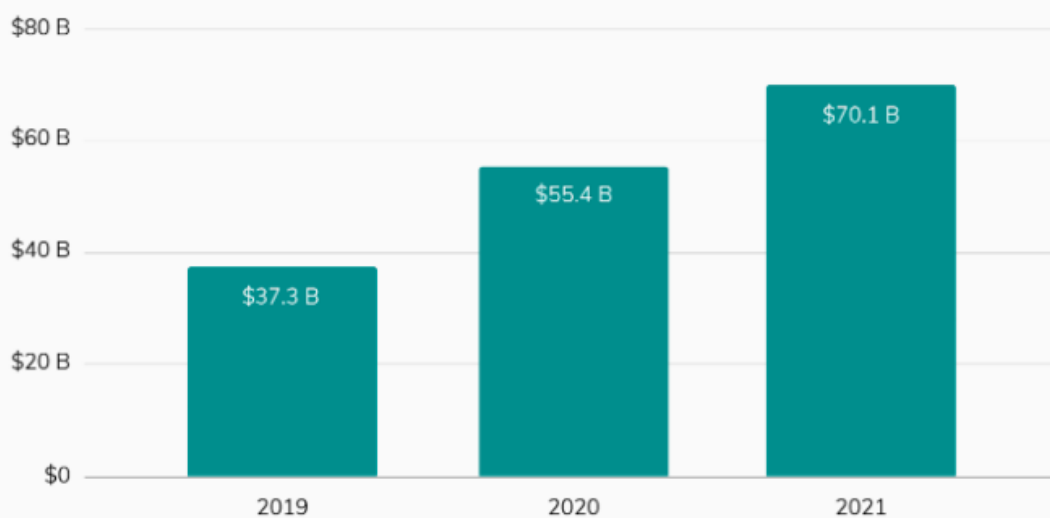
LUXE
DIGITAL

Customer centricity and significance and subsequently, the allure have never been more significant for organisations. Rich purchasers' interest in consistent cross-channel encounters, consistent accommodation, luxury as a venture, and veritable obligation to manageability, inclusivity and social obligation, will just develop further in 2022.

ONLINE SALES

Online will before long outperform any remaining luxury deals channels. Worldwide lockdowns in 2020 and 2021 were the ideal venturing stones for online luxury deals channels to demonstrate their value. Early advanced adopters saw dramatic development, while tenderfoots had to quickly adjust and lastly embrace computerization. The portion of online deals almost multiplied for individual extravagance products, developing from 12% in 2019 to 22% in 2021, coming to \$70.1 billion.

Online sales for the personal luxury goods category nearly doubled from 2019 to 2021 to reach 22% of the total market.



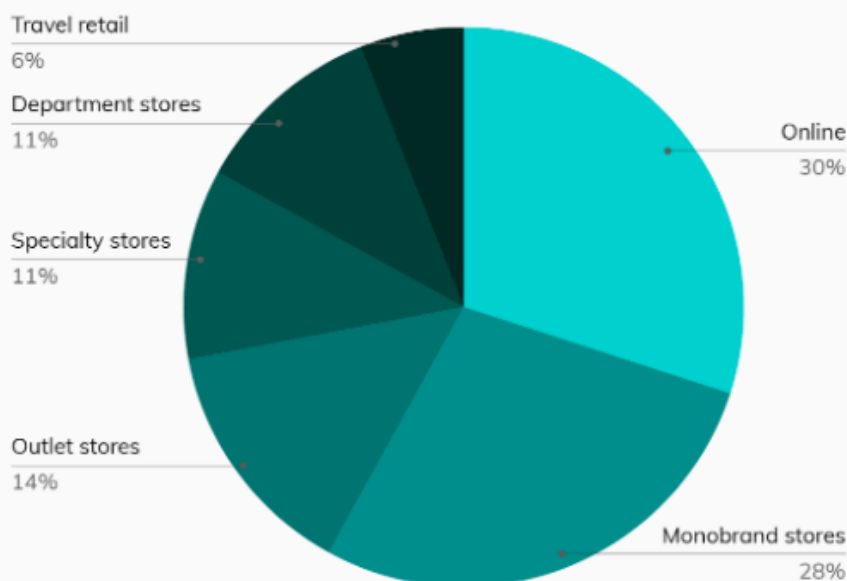
Source: Bain & Company, Luxe Digital

LUXE
DIGITAL

By 2022, online luxury goods sales will continue to outpace most other channels in all industries. Even in the luxury car category, we see growth in online sales. Now it's not about whether online sales outperform all other luxury sales channels and generate the most revenue in the industry, but when. By 2025, global Consulting Group Bain & Company will have online sales as the largest single channel for personal luxury goods, accounting for 30% of the global market, followed by mono-brand retailers (28%) and outlet stores (14%). Specialty stores (11%), department stores (11%), travel retail (6%) is expected to continue.

Interestingly, you can also see brands increasing sales through their website. For example, Gucci is now able to buy products from retail stores with an emphasis on e-commerce, rather than being overly dependent on online multi-brand retailers such as FARFETCH and NET-A-PORTER.

The share of online sales for personal luxury goods will grow to 30% by 2025, driven by brands' own websites and new digital opportunities.





ROLE OF MILLENNIALS AND GEN Z

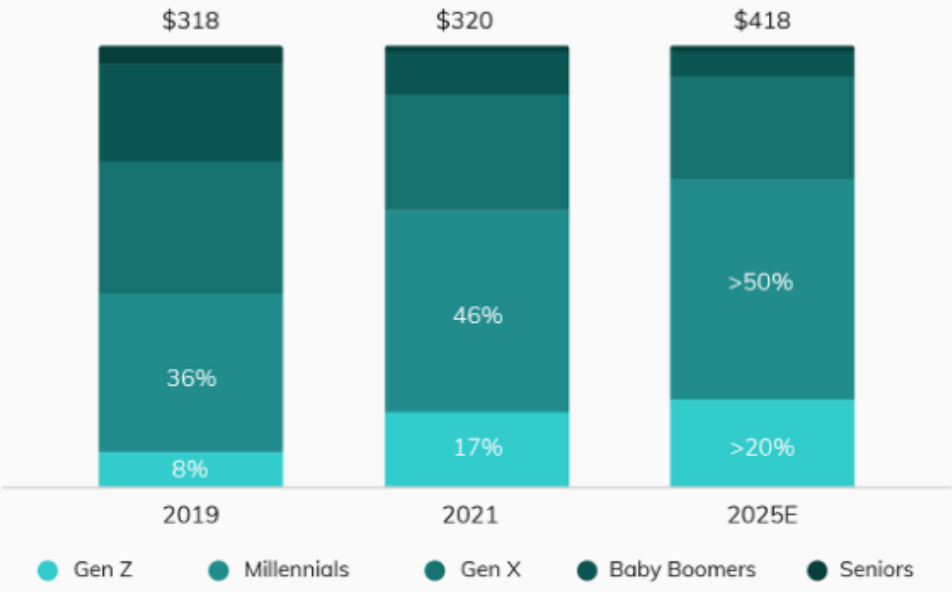
In 2018 the luxury market is reported to have reached €920 billion (~\$1 trillion), of which €330 billion (~\$370 billion) was in personal luxury goods and €590 billion (~\$660 billion) was for experiential luxury, such as dining, hotels, cruise/resorts, wine and spirits, design furniture, lighting, cars, boats and smartphones/tablets.



Today Millennials, those born from 1978-1992, address just around 32% of expenditure in the personal luxury industry but they are expected to make up to 50% of the total luxury market by 2025, as predicted by the Boston Consulting Group. Similarly, Gen Z might represent a small share of the total market at present, nevertheless, they have a strong influence in the market and have a different set of values and ideals than even the Millennials.

Undoubtedly, Millennials (Gen Y) and Gen Z clients will keep on affirming their situation as basic development factors for the luxury industry in the future. Also, this generational shift will only speed up in the coming years. Younger customers turning into the top buyers in the luxury industry represent an amazing opportunity for savvy retailers. The opportunity to make dependable associations with these customers - and the lifetime esteem they'll make.

Millennials and Gen Z affluent consumers will make up 70% of the luxury market by 2025 and 130% of its growth.



Source: Bain & Company, Luxe Digital

THE NEW LUXURY PARADIGM

Without a doubt, these younger generations are advanced locals and both creators and critics. They love to flawlessly draw in with online substance and are expecting the luxury brands to operate at their high standard. These customers are propelled by new accessibility, demand for sustainable business practices, and the intersection of technology with the shopping experience.

Luxury advertisers for quite a long time targeted readers at high-end magazines such as Vogue, Harper's Bazaar and L'Officiel. However, print distributions are not the marketing medium they used to be, particularly among Gen Z and millennials. Presently, the most ideal way to appeal to youngsters is by combining mobile channels with offering value.

Social Media plays a huge role in bringing luxury to people. Some of the industry's most innovative brands already perceive these new opportunities, forming partnerships with one another to reach out to a larger section of the market.

Collaborations such as Gucci x Balenciaga, Fendi x Versace, and Tiffany x Supreme are demonstrations of some degree of realization of the importance of these younger cohorts by legacy luxury brands and verification that brand collaborations haven't reached oversaturation yet. With a personal stake in offering in return and being among the most vocal and socially dynamic purchasers, younger generations (both Gen Z and Millennials) likewise value authenticity and integrity from brands.

Sustainability, specifically, can't be a reconsideration; it should be honest, transparent backed by action. Consequently, for luxury brands to remain in sync with younger global luxury consumers, they need to convey their stances on natural, moral and social issue.

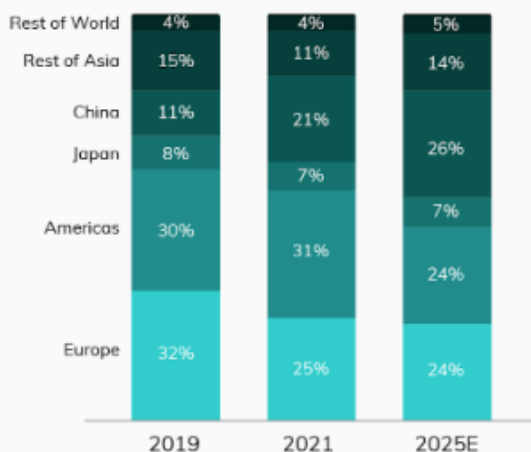
LARGEST CONSUMER OF THE LUXURY GOODS

In 2020 and 2021, we saw interesting domestic luxury sales in China outperforming global deals because of travel restrictions. Domestic deals represented 21% of worldwide deals in 2021 versus only 11% in 2019. In parallel, we likewise saw US domestic sales outperforming Chinese domestic sales, growing from 22% in 2019 to 31% of worldwide sales in 2021. The Boston Consulting Group predicts that the developing working-class desire to buy luxury goods is sufficient to drive the growth.

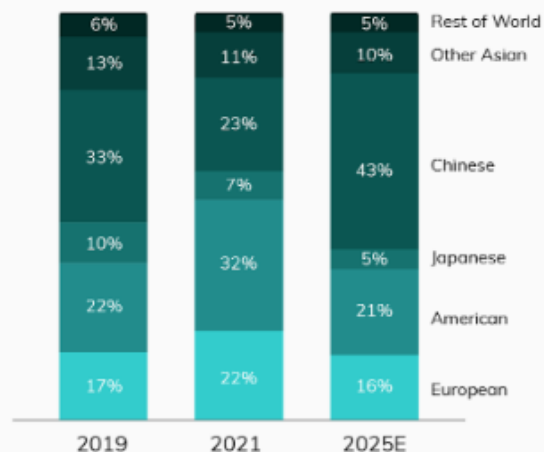
By 2025, the United States is expected to retain its position as the leading country where the personal luxury goods market generates the highest revenue worldwide. Parallel to this, American nationals make up the leading consumer group when it comes to luxury goods consumption.

Americans became the largest consumers of luxury goods in 2021 while domestic sales in China surpassed purchases abroad.

By geography



By customer nationality



Source: Bain & Company, Luxe Digital

LUXE
DIGITAL

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FUTURE
THREATS
AND
OPPORTUNITIES

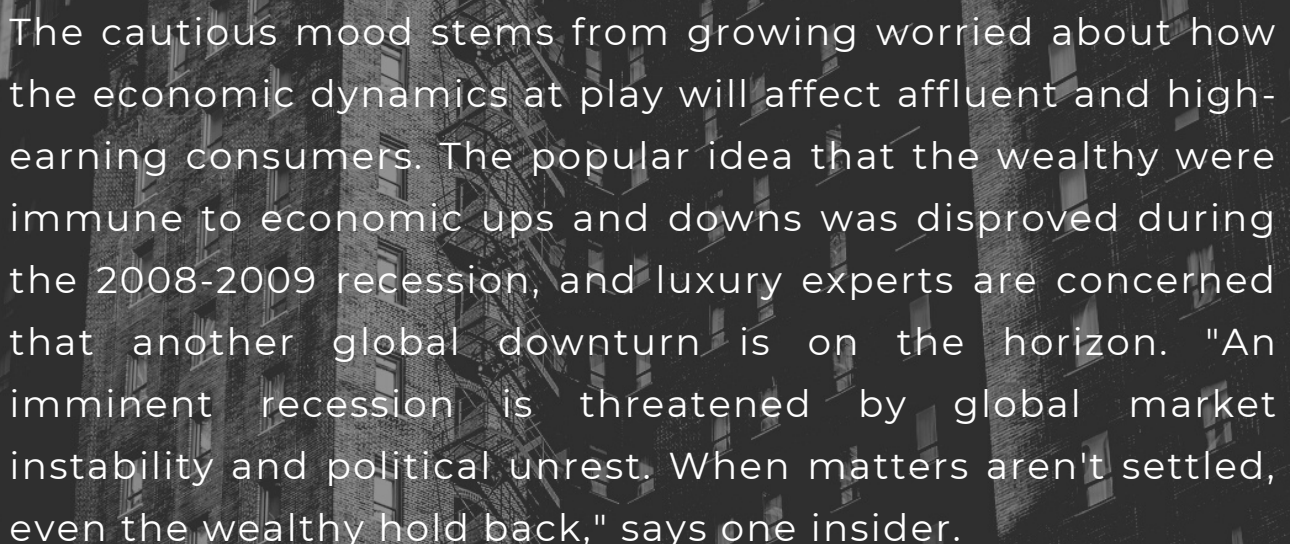


CHALLENGES / THREATS

SLOW GROWTH AND RISE IN INDUSTRY UNREST

While industry insiders are upbeat about their own companies' prospects for the coming year, they are less upbeat about the luxury industry as a whole. In 2020, more people 32% predict business conditions in the luxury market to

deteriorate, compared to 21% who expect things to improve. More importantly, their confidence has dwindled significantly, when more than half of the insiders polled expected the luxury market's business circumstances to improve.



The cautious mood stems from growing worried about how the economic dynamics at play will affect affluent and high-earning consumers. The popular idea that the wealthy were immune to economic ups and downs was disproved during the 2008-2009 recession, and luxury experts are concerned that another global downturn is on the horizon. "An imminent recession is threatened by global market instability and political unrest. When matters aren't settled, even the wealthy hold back," says one insider.

THE STATE OF GLOBAL ECONOMY

According to the World Bank, global GDP decreased by 5.2 percent in 2020. "Over the longer horizon, the profound recessions produced by the epidemic are projected to leave enduring scars through lower investment, an erosion of human capital through lost work and schooling, and fragmentation of global trade and supply connections," according to the World Bank. It will take some time for the global economy to come to the pre-crisis level and eventually for the luxury industry to sustain itself, especially after the nonexistent business during the pandemic.

GESTATION PERIOD FOR BUILDING CONSUMER BASE

Early in the pandemic, the global luxury travel and tourism business, estimated by Statista to have totaled \$831 billion in direct spending in 2019, came to a halt. Travel demand will take a long time to return to pre-pandemic levels, with air travel not likely to reach 2019 levels until 2024 and hotel demand not predicted until 2023. Local Covid-19 case counts and the vaccine's favourable effect will influence where luxury travellers go and how quickly they go. However, luxury travellers are predicted to stay closer to home in 2021 and to be careful about making reservations.



CONSUMERS' BEHAVIOUR TOWARDS LUXURY PURCHASES

The pandemic forced a complete rethinking of luxury buyers' priorities. They spent time weighing what they require versus what they desire, with the latter taking precedence. Affluent consumers couldn't rationalize buying new clothes or fashion accessories when they had nowhere to go or people to meet, as luxury is the most discretionary of expenditures.

They also didn't feel at ease purchasing a showy new piece of jewelry or an expensive watch that sends out a culturally incorrect message. In 2021, this constraint was maintained. They are wary of splurging on personal luxury items, particularly high-end clothing, jewelry, and timepieces. It may lead to the end of social-status signaling, if not forever, at least for as long as so many of our fellow citizens are dealing with severe personal situations.



OPPORTUNITIES

CONSUMERS' HUNT FOR PURPOSE

Luxury goods brands who have continued to improve their value proposition and connect with their core customers will be stronger in the future, perhaps not in 2021, but in 2022 and beyond. When luxury customers emerge, they will delve deeper into the meaning and purpose of the companies with which they choose to associate, looking for values that align with their own.

It entails more than only companies taking a stand on environmental issues, such as sustainability and socially responsible corporate practices, as well as support for cultural values such as gender, race, sexual orientation, and income equality. As good as these ideas seem and as vital as they are, there is an inherent disconnect for an industry built for the "haves" to suddenly care about the "have nots."

A woman wearing a purple top, a black leather jacket, and blue jeans with holes is walking on a city street. She is carrying several colorful shopping bags (red, green, blue, pink) in her right hand. The background shows a modern building with large windows and a clear sky.

CAPTURING THE DELAYED EXPERIENCE SPENDING

The market for luxury experiences, such as travel, dining, and entertainment, has risen at a considerably higher rate than the market for luxury items since the 2008-2009 recession. All of this came to an end in 2020. However, the money that luxury customers didn't spend on going out was spent elsewhere, with a large portion of it going toward improving their home experiences.

This resulted in growth in the home furnishings and furniture, home appliances, home remodeling, and electronics industries, as well as a windfall for service providers that assisted in the decoration, installation, and maintenance of residential environments. Luxury consumers will continue to invest in their homes until 2021, but this will likely start to wane as they begin to feel safe leaving their residences.

It will usher in a "Roaring Twenties" for experiential luxury providers as soon as luxury consumers can escape confinement, but it will also reduce residential luxury expenditure. As a result, home-focused firms and service providers must seize this year's prospects.

PROGRAMMING THE HUMAN FACTOR INTO DIGITAL STORES

Because the transactional nature of e-commerce was often seen to be in conflict with luxury retail, luxury firms were sluggish to adapt to it. In an in-depth study of online luxury retailing, Wharton's Jay H. Baker Retailing Center reported, "What caused luxury brands' initial hesitancy was the perceived incompatibility between the hallmarks of luxury's cachet—exclusivity and rich customer experience—and the democratic reach of online media's channels for interactive communication and e-commerce."

The greatest opportunity for luxury businesses is to program that emotional dimension into online technologies. Sensitive Technology is a term coined by Lippincott, a business consulting firm, to describe when the digital experience is oriented on human thoughts, feelings, and actions. The human side of luxury must be bridged by digital technology.



According to Daniel Langer, CEO of brand strategy consultancy Équité and professor of luxury strategy at Pepperdine University, "there are definite boundaries to how you can move brand equity across digitally."

BALANCE BETWEEN BUSINESS PROCESSES AND CUSTOMER RELATIONSHIPS

While affluent consumers are better protected from economic ups and downs than those with less money, they were not immune to the consequences of the crisis in 2008-2009. They took a break from 'shop-til-you-drop' spending at the time and waited for the worst to pass before returning to the luxury market. The same thing is likely to happen again. Given what we've all been through in 2020, spending on luxury in 2021 may not feel acceptable. Not only that but doing so may be deemed completely unacceptable, given how many others are trying to make ends meet.

In 2021, luxury enterprises should plan for persistent shortages. Businesses must manage for efficiency as well as cash flow preservation. To eliminate waste and improve responsiveness, supply chains must be tightened. The human resources that luxury enterprises rely on must be engaged, developed, and rewarded indefinitely.

While luxury brands are cutting their belts on the corporate side, marketing and advertising is one area where they can't afford to cut corners. In 2021, 51% of the advertising agencies polled predicted their luxury clients' advertising budgets to be cut. This is a mistake made by all brands, but notably by luxury brands, which draw their worth from instilling desire and aspiration



5

CONCLUSION



CONCLUSION

This concludes the fourth and final report of the four-part mini-report series titled “Global Power of Luxury Goods”. The purpose of this report was to study the upcoming trends and future threats and opportunities in the luxury goods industry.

The report talked about sustainability and digitalisation as the upcoming trends in the industry. It also extensively covered the future prospects or opportunities along with the future challenges or threats the industry might face.



6

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