

**REPORT SERIES**



# Global Power Of Luxury Goods

**PREPARED BY**  
180 Degrees Consulting SGGSC





**MINI REPORT 2**

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**LUXURY INDUSTRY  
X SECTORS**

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**GLOBAL POWER OF  
LUXURY GOODS**

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A photograph of two models walking away from the camera on a runway. The model on the left has long blonde hair and is wearing a dark, form-fitting, sleeveless jumpsuit with a zipper down the back and high-heeled shoes. The model on the right has long dark hair and is wearing a dark, patterned dress and high-heeled shoes. The background is dark and out of focus.

# SECTOR 1

# FASHION BRANDS

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LUXURY INDUSTRY X SECTORS

# THE ORIGIN/ HISTORY

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Luxury has changed its physical manifestations over time, but the main function remains the same: a soft balance between scarcity and desire. At the intersection of these two buildings is the dream value, which is considered to be the driving force and the meaning of luxury.

Luxury products are often seen as unusual, and the choice should be understood not only at the product level but also from a customer perspective, which feels a small part of the elected representatives: "happy few" (Kapferer 1997).

Excellent quality and high prices are one of the most quoted luxury features and identify the presence of unique and valuable immature materials or production processes characterised by great craftsmanship and unique artistic craftsmanship. Literature points to several repetitive aspects of glamorous fashion products. The brand name, identity, status, reputation, and awareness as well as the product and design features such as quality, craftsmanship, innovation, diversity, and creativity are considered important. These attributes must be managed simultaneously and require a consistent and consistent approach to create and maintain a comfortable fashion product portfolio.

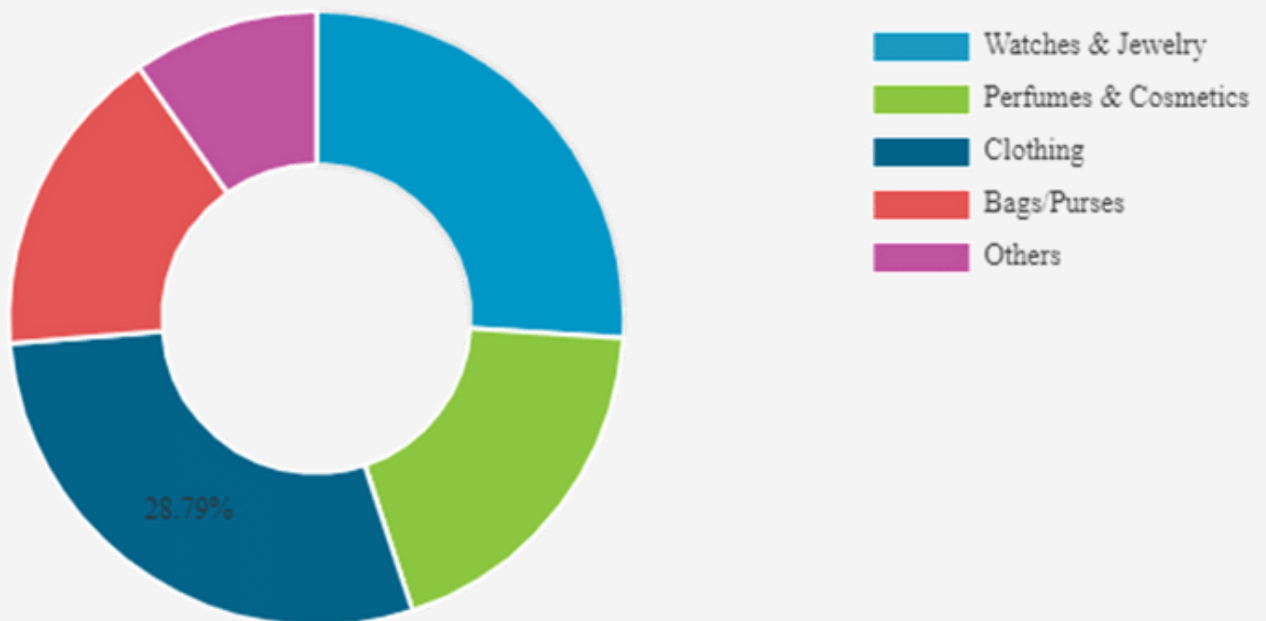
Some luxury products are tailored to the personal needs of clients, and no one else will be able to achieve the same. Custom-made products enhance the unique feeling that can be given to a luxury product.

In emphasising the concept, we can say that the product of luxury is associated with the image of perfection and eternity.

# MARKET VALUE AND TRENDS

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Global Luxury Goods Market Share, By Product Type, 2019



Currently, the luxury fashion is one of the fastest-growing and most efficient industries with leading firms facing two-digit growth over the past few years. Luxury firms are found mainly in Europe, the US, and Asia, and Italy is ranked with the highest number of Interbrand luxury products in India, the Philippines, and Indonesia among the fastest-growing economies, but mainly for the modest fashion market. In addition, the Middle East is an established fashion market with the potential for growth due to the tendency of consumers to spend more money. For example, in the United Arab Emirates (UAE), consumers spend six times more than Chinese consumers.

In 2019, clothing represented 23% of the total luxury goods market, showing a 5% increase compared to 2018.

The size of the global luxury goods market was USD 316.16 billion in 2019. The market is expected to grow to USD 352.84 billion by 2027.

China will continue to be the leading market for high fashion in 2021. Chinese consumers spend an average of \$ 623 per glamorous fashion order, 40% above the global average, according to Riskified data. McKinsey reported that China's luxury fashion sales will increase by 10-30% by 2021 compared to 2019. In addition to being the most important consumer group within the industry, MRC expects them to be the top geo of growth in the luxury fashion industry.

One of the drivers of this trend is that Chinese consumers are smaller and richer than their counterparts in other markets. Millennial buyers and Gen-Z make up about 60% of luxury sales in China.

Wealth among these people is expected to grow only by 2021, so gaining favour with this segment can now help large fashion labels create long-term, high-value customers. Talking about payment methods, other online payment methods are already more prevalent than credit cards in a few key markets around the world. In Asia, eWallets are very popular as they offer consumers comfort, speed, and security when shopping online. WorldPay expects eWallets to account for 57% of global online sales by 2023. In Europe, Buy Now, Pay Later (BNPL) is becoming one of the leading eCommerce payment methods.

Millennials and Gen-Z will use 44% and 72% more on orders if BNPL is available as an option. As this is an important segment of high fashion and consumption is expected to increase, retailers should consider providing consumers with these payment methods by 2021.

According to our data, another luxury payment method is 'pay by link'. It offers faster development and usage and allows customers to pay with more payment methods. In countries like Germany where bank transfers are very popular, this payment option enables more consumers to pay with their preferred payment method.

# ITS CONSUMER BASE

Luxury buyers are divided into 4 categories namely: patricians, parvenu, poseurs, and proletarians.

The description of each section is as follows:



01

Patricians are very rich and pay a premium for products with vague labels. They are not looking for explicit signalling but are very focused on subtlety.

02

Parvenus are probably the wealthy nouveau who have suddenly accumulated a great fortune and are trying to show that they have arrived. They like open signalling and showing off.

03

Poseurs are deceivers. They buy counterfeit goods to show their relationship with the two parties above. They will also use explicit signalling.

04

Proletarians are those who are left in the socio-economic sphere. They do not buy luxury goods and do not signal also.

Compared to traditional 19th-century luxury buyers (Western, senior, elite), luxury buyers are now defined by a youth culture: GenZ and Millennials. These are the richest millennials who are not yet rich. Or, in other words, that of HENRY (High Earners, Not Rich Yet).



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# WHERE DID HENRY COME FROM?

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Asian consumers are promoting the luxurious growth of the world. By 2025, Chinese consumers will account for 50% of global spending. Luxury spending in the U.S., Italy, Japan, and France is also on the rise.

Luxury eCommerce Consumers have almost equal gender segregation (53.4% women, 46.6% males).

Most people visiting these luxury sites have high income along with incomes.

HENRYs are said to make around \$100K to \$250K, in the U.S.A

In addition, HENRY doesn't actually 'feel' rich: They have high debt, low savings, and work full-time. Also, the COVID-19 epidemic has caused HENRY to tighten its grip on its wallets. They are about 35% of the market but are expected to make 50% by 2025.

In an era of social equity, many modern consumers do not want to show off their expensive purchases. In fact, in a report by High Snobeity, only 6% said they had bought a glamorous product as a direct way to show off their wealth. Instead, consumers buy from smart companies.

In line with the emerging trend of "quiet luxury", leading consumers are discovering new ways to express their wealth and status : Sustainability.

The luxury product experience is never characterised by a single feature; it has many challenges and the result is a mix of creativity and creativity, culture and history, high quality and high prices, special interactions and distribution selected, thoughtful, and storytelling. Especially in the fashion industry, luxury includes product features, art, and brand image.

# MARKETING PSYCHOLOGY TRICKS USED BY THEM

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Luxury products are the quite opposite of rationality. Paying tens of thousands of dollars for a garment is not a financial or practical decision. It's emotional.

These brands understand mind-blowing things that can encourage people to buy things that seem impossible. Luxury products also benefit from the claim that their sophistication is inherent, or effortless (so you should have them). But the fact is that the most successful luxury products have created this illusion with powerful marketing strategies.

Here are their six secrets.

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## THEY SELL LIFESTYLE

The glamorous products do not try to market themselves as "good money." No one can argue that the \$ 5,000 Dior outfit is somewhat more valuable than buying the somewhat same garment at H&M for less than ten percent of it, probably. But luxury products do not care about practicality. Instead, a person who buys luxury goods does so to reveal his identity. Luxury products mean that the owner is powerful, rich, sophisticated, and a member of a superior team. That's what people buy - a personal identity that says, "I, unlike most people, am rare."



## RELY ON QUALITY OVER QUANTITY

The emphasis on quality accomplishes several functions: It feeds into the illusion of superiority mentioned above; explicitly forgives the high cost of luxury goods and highlights the origin of the product. A product is defined as the unique creation of a particular brand, which makes the product's relationship with the customer unique.

Conversely, if a product is mass-produced and can be purchased at almost any store, the story becomes less meaningful (so it becomes harder to sell it at higher prices).

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## **THEY ALLOW THEIR PRODUCTS TO BE SOLD**

In general, most high-quality ads rely on simplicity over words. They consistently display visual, provocative images of their products. This connects customers to the emotional level and fuels the desire for a lifestyle that is reflected in each ad.



## **THEY MAKE BUYING A PRODUCT PART OF THE EXPERIENCE**

Because luxury marketing depends on a unique perspective, making your own experience of buying is important. A good luxury purchase is more than just a financial transaction. It is the entrance to the promised lifestyle. The best brands, therefore, encourage their customer service team to build personal relationships with customers. This individualises the experiences and helps to ensure a smooth purchase process, which builds product reliability and brand loyalty.



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## THE CREATE A PASSIONATE CONSUMER COMMUNITY

Prioritising quality customer awareness throughout the customer engagement phase (as described above) creates dedicated customers. Strong marketing is also important in this process. Luxury products ensure that in all customer contact areas, the product conveys its diversity and values. This reinforces the idea that the people involved in the product/brand are members of an elite group. The most successful brands create an enthusiastic audience with their product even among people who can't afford them but dream of an inspiring lifestyle.



## THEY USE SHORTAGES TO THEIR ADVANTAGE

Whether real or imagined, scarcity can drive product demand. If people can buy a product anywhere, there is no good reason to buy it right now. In contrast, limited availability motivates people to jump into the trend. Similarly, joining a product waiting list increases the pleasure of owning one. Scarcity also maintains the illusion of diversity. And the selected distribution has the added benefit of allowing the brand to control its message at all stages of customer engagement.



The attraction of luxury goods extends beyond the product. By hyping a particular way of life, emphasizing personal, high-quality products and services, and using a unique concept, brands have developed a way to create customers who are more willing to pay the luxury price.

## MARKETPLACE TRENDS

## EMOTIONAL BRANDING STRATEGIES

Consumer Experiences



Sensory Branding

Authentic Self



Storytelling



Brand Loyalty

Warm Glow

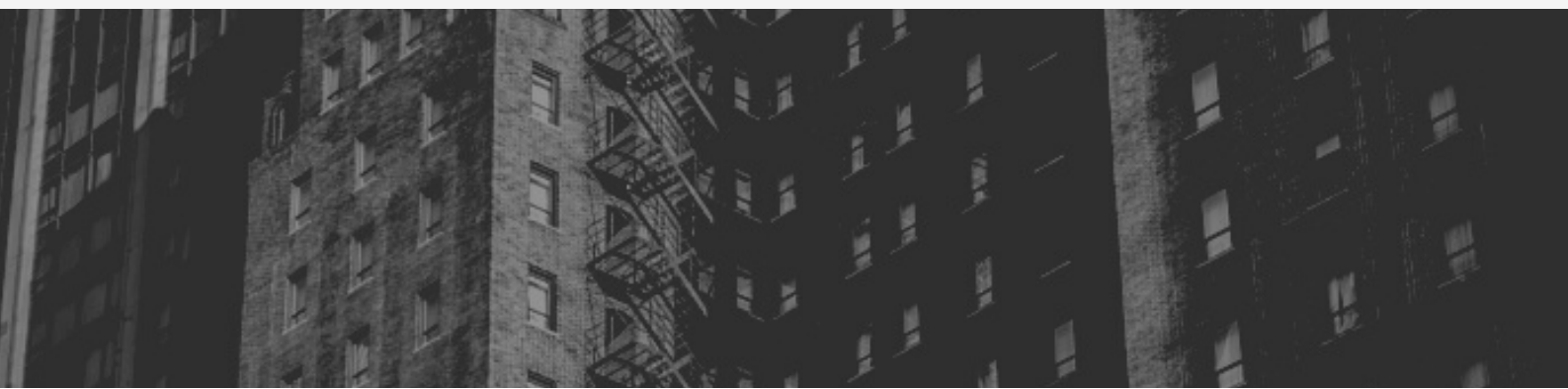


Cause Branding

Co-creation



Empowerment



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# LET'S TAKE A LOOK AT GUCCI'S EXAMPLE OF HOW IT IS ONE OF THE WORLD'S LEADING LUXURY BRAND

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One hundred years ago, in the beautiful Tuscan city of Florence, Italian artist Guccio Gucci began building a leather goods business. Together with his sons, he founded the company and built a solid reputation for himself. Soon, they began splitting up their leather offerings to fit the fashion pieces, and Gucci's iconic fashion house was born.

Gucci's strategy of being the hottest brand is to promote inclusion: appealing to everyone, there is a certain gender. To that end, the Italian luxury house offers its customers more ready-to-wear to better suit the fashion trends.

Gucci balances its assortments with the variety offered: 40% trend-focused articles and 60% classic styles.

Gucci is part of a group of leading sustainable fashion brands. It would be beneficial for an Italian brand to highlight this effort to enhance its image as an environmentally friendly company.

Acquired in 1999 by the world's second-largest organisation, Kering, Gucci enjoys a position among the world's leading brands and maintains its position on the Lyst platform almost quarterly.

Gucci has always known how to differentiate itself from its peers and achieve greater growth. Whether under the direction of Tom Ford and Domenico De Sole in the 1990s or today, there is CEO Marco Bizzarri and creative director Alessandro Michele in charge.

# FRAUDS AND SCAMS

High price points in luxury fashion can mean higher profits, but they can also lead to e-Commerce fraud: a rate of 4.81% compared to just 2% for mass-market apparel.

The good news is that most of the online sales in the 85 billion global fashion market are legal, according to an infographic from Riskified.

In order to keep an eye out for potential fraud, sellers are monitoring the quantity of goods in the shopping carts: Prices jump from 10.4% for five-item carts to 49.6% for six items.

***As sales are successful, eCommerce powers through so do fraud.***

The epidemic hit the global markets. With government-imposed closures, uncertainty, and high levels of unemployment, many consumers have become increasingly aware of spending by 2020. Consumers are more concerned with priorities than with less important things, such as fashion and other luxury items.





Although McKinsey expects high standards to rise sooner than in other parts of the fashion industry, they report that the market share fell by -12% in October 2020 compared to December 2019. The State of Fashion 2021 Report also shows that global fashion sales by 2021 may be below average. of 2019 by up to 15%. During all this time of uncertainty, online trading has become a silver lining.

Even when priorities and shopping habits change, fraud tends to persist. This is because fraudsters are not limited by economic fluctuations. Indeed, the rapidly changing eCommerce environment has provided new opportunities for fraudsters to grow their fraudulent weapons.

Luxury fashion will always be a victim of fraud as high-ticket items are sought after by fraudsters. Focusing on flexibility and growth in fraud detection efforts can help top labels protect themselves from this risk while authorising as many good transactions as possible in the coming year.

***Accelerated shipping will not be a clear indication of fraud.***

Fast shipping is usually a red flag for fraud detection. This is because many consumers do not want to pay extra to get their goods faster while fraudsters want to keep the filling time to a minimum. But that law was lifted in 2020.

With the expected delivery delays, more customers than ever before choose to ship faster, and the trend is gradually evolving over time. According to Riskified data, orders placed in fast shipping increased by 140% from January to December while fraud rates decreased by 45% over the same period.



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# CUSTOMERS WILL DO MORE FRIENDLY FRAUD

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One of the major problems arising from rushing to online shopping in 2020 was the increase in fraudulent “goods not received” payments. Many customers say that the package is missing in transit, hoping to get a refund for something they have received.

This has been a major problem in a high-profile case where some couriers stopped needing signatures when they were brought in to comply with social segregation measures. Since many high-profile retailers generally rely on signatures, they are at greater risk for this type of friendly fraud. Without a signature, fraud review teams cannot guarantee that a customer is lying during a back-to-back dispute.

In response, retailers have placed additional orders in manual reviews, which is difficult during peak shopping periods. Partnering with a dealer to prevent fraud can free the frustrated teams chasing the legitimacy of these cases. Retailers that promote machine learning can identify which customers are likely to lie based on their purchase history with other vendors. High-end fashion retailers need to incorporate a solution that can combat friendly fraud without causing customer conflict.



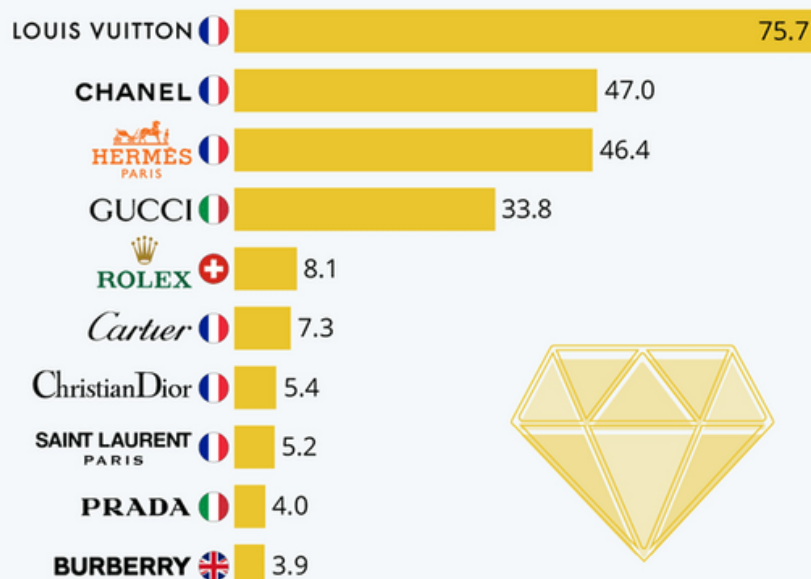
# ARE THEY WORTH THE HYPE?

There are many marketing campaigns of these branded products and the hype around the lifestyle that they sell might lure consumers, but with affordable options available, the financial responsibility is ultimately in the hands of each consumer. Freedom of choice, peer pressure, fear of failure, and an undeniable desire to shop emotionally aside, it is important for consumers to remember to evaluate the pros and cons of each purchase honestly, rather than pursuing products with blind support.

For every successful organisation that can provide excellent service and quality at an affordable price, there are countless small and home-grown businesses that can provide the same, if not the best, at the lowest possible cost. Removing the preconceived notion that price and quality are directly related, will ultimately help improve the market and possibly save money.

## The World's Most Valuable Luxury Brands

Most valuable luxury brands worldwide  
by brand value in 2021 (in billion U.S. dollars)



Source: BrandZ/Kantar



# CONCLUSION

In order to remain competitive in this ever-emerging, complex, digital and global sector, firms need additional skills and resources. The minimum size needed to survive as a world-class luxury fashion firm is estimated at one billion euros.

Small firms are at risk of being trapped in local competitions, for example, which do not lead to success in countries like China or that do not fully benefit from online trading. Thus, from the year 2000 onwards, we have seen an increase in the number of encounters and acquisitions (M & As) were large groups, especially LVMH and Kering, acquired more luxury fashion brands, increasing the level of industry focus, while smaller, family firms are struggling to survive.

Among the most important purchases was the Kering purchase of 42% of Gucci Group for \$ 3 billion in 1999, the acquisition of Christian Dior in 2017 at \$ 13.7 billion by the Arnault family, the purchase of Michael Kors Versace for \$ 1.83 billion in 2018 (Euronews) and Mayhoola (Qatar's leading investor-owned company) acquired Valentino for € 858 million in 2012 (Sowray 2012).

The growth of the global luxury market has aroused the interest of researchers and the number of studies on the marketing of luxury products has increased.

# CONCLUSION

## THE BIG 3

IN THE WORLD OF LUXURY BRANDS

*There's a good chance your favorite Luxury Brand is owned by one of these giants.*



### THE MINOR PLAYER

#### PRADA Group

ITALIAN PRADA WAS QUITE THE POWERHOUSE IN THE 1990s, AT ONE POINT OWNING 51% OF HELMUT LANG, JIL SANDER, AND FENDI. BY 2006, HOWEVER, THE BRANDS HAD BEEN SOLD.



### THE INDEPENDENTS

LUXURY BRANDS THAT REMAIN INDEPENDENT. BUT FOR HOW LONG?



\*ALL LOGOS BELONG TO THE OWNER OF THE BRAND PROPERTY  
SOURCES  
<http://www.lvmh.com/the-group/lvmh-companies-and-brands>  
<http://www.fashionmap.com/inside/images/brand-map-lvmh.jpg>  
<http://www.richemont.com/our-business.html>  
<http://www.ppr.com/en/brands>

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# SECTOR 2

# ACCESSORIES

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LUXURY INDUSTRY X SECTORS

# INVESTMENT OPTION

Luxury goods and accessories that are sought after have been seen as an investment option by many people. As they perceive it as a market-beating long-term investment.

For instance, Hermes Birkin bags gave more annual returns than gold. The Birkin bag outpaced both the S&P 500 and the price of gold in the last 35 years. The annual return on a Birkin was 14.2%, compared to the S&P average of 8.7% a year and golds -1.5%.

People have also been investing in funds that list luxury brands. The S&P Global Luxury Index, which was launched just over ten years ago, tracks around 80 global companies either making goods or providing services that can be classified as luxury.

Over ten years, the total return in US dollars from the stocks in this index is a reassuringly luxurious 13.7% a year. That's over 3% more than the 10.4% from the S&P Global 1200, an index tracking the overall performance of stocks worldwide.

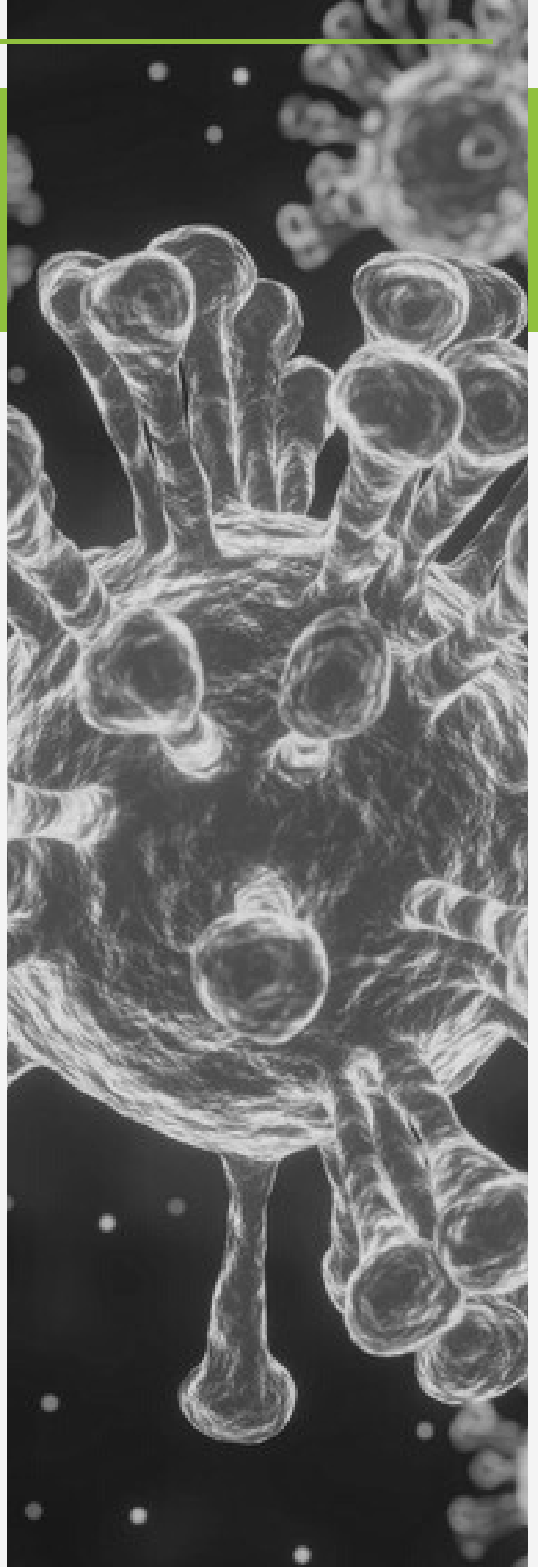
Shorter time periods of five and three years show even stronger performance in the luxury goods sector. And over the past year, a timeframe marking the early onset and spread of Covid-19 in many countries, the numbers are nothing less than sparkling - for every 1% gain in global stocks, luxury stocks added 2%, giving a total return of 105%.



# COVID-19 IMPACT

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The COVID-19 pandemic, as well as the ensuing economic downturn, has delivered a serious blow to the luxury goods market. Global sales of personal luxury items fell by 23% in 2020, according to Bain & Co., and are not anticipated to return to 2019 levels until late 2022 or 2023. The personal luxury products sector was affected by the coronavirus outbreak to varying degrees. According to a recent global survey, the watches and jewellery market experienced the worst decline in 2020, shrinking by a quarter from its size in 2019. The clothes and accessories sector was next, with a 20 per cent decrease in market size. The cosmetics and perfumes market was marginally more resilient to the pandemic's effects, with a 15% decrease in market size.





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# INVESTMENT OPTION

## ONLINE BOOM

01

Global lockdowns in 2020 and 2021 were the perfect stepping stones for online luxury sales channels to prove their worth. Early digital adopters saw exponential growth, while latecomers were forced to rapidly adapt and (finally) embrace digital. The share of online sales nearly doubled for personal luxury goods, growing from 12% in 2019 to 22% in 2021, reaching \$70.1 billion.

## GENZ INFLUENCE

Millennials (Gen Y) and Generation Z buyers will undoubtedly continue to express themselves as major growth levers for the luxury market in 2022. And in the next few years, this generational change will only increase. By 2025, these younger generations of affluent consumers are expected to account for 70% of the luxury market and contribute 130 per cent of its growth. Despite this, many luxury brands continue to ignore them.

02

## RESALE GROWTH

03 In 2025, the worldwide second-hand market is expected to be worth \$77 billion, with growth rates exceeding the luxury industry as a whole. Resale is driving growth and is predicted to grow 11 times faster than traditional apparel retail. The luxury resale market is heating up. Luxury products are particularly well-suited and promising for the resale market because of its very nature.

Millennials and Gen Z consumers see resale as

1. a convenient, sustainable replacement for fast fashion
2. an opportunity to buy luxury goods at affordable prices and
3. as a form of investment

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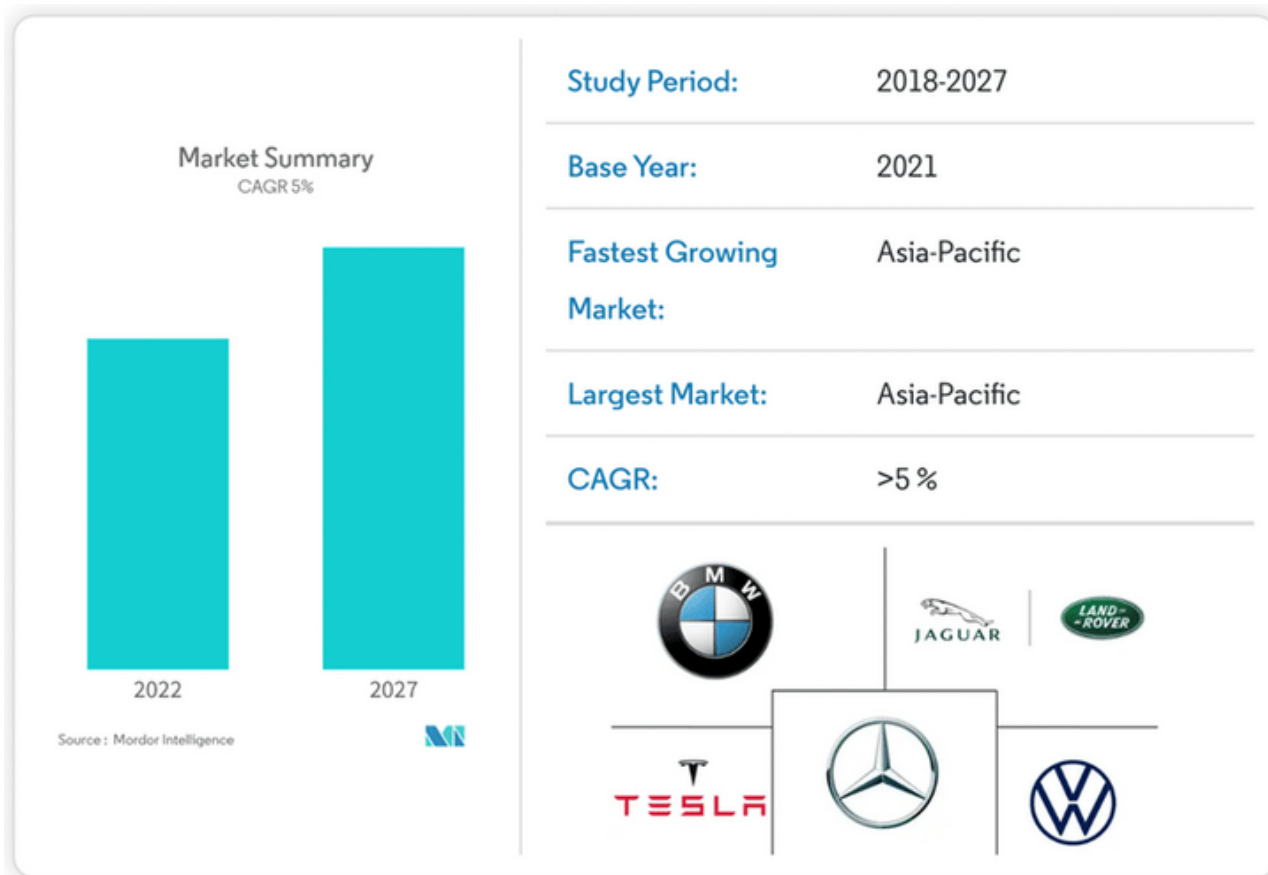
# SECTOR 3

# AUTOMOBILES

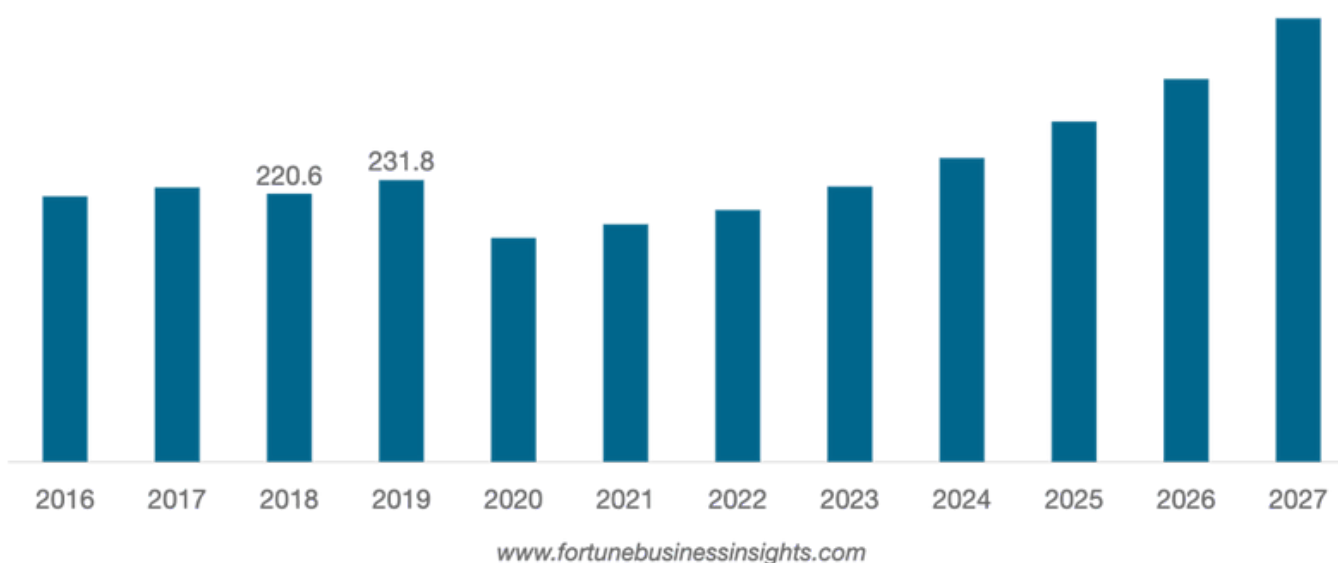
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LUXURY INDUSTRY X SECTORS

# MARKET SNAPSHOT



**Asia Pacific Global Luxury Car Market Size, 2016-2027 (USD Billion)**



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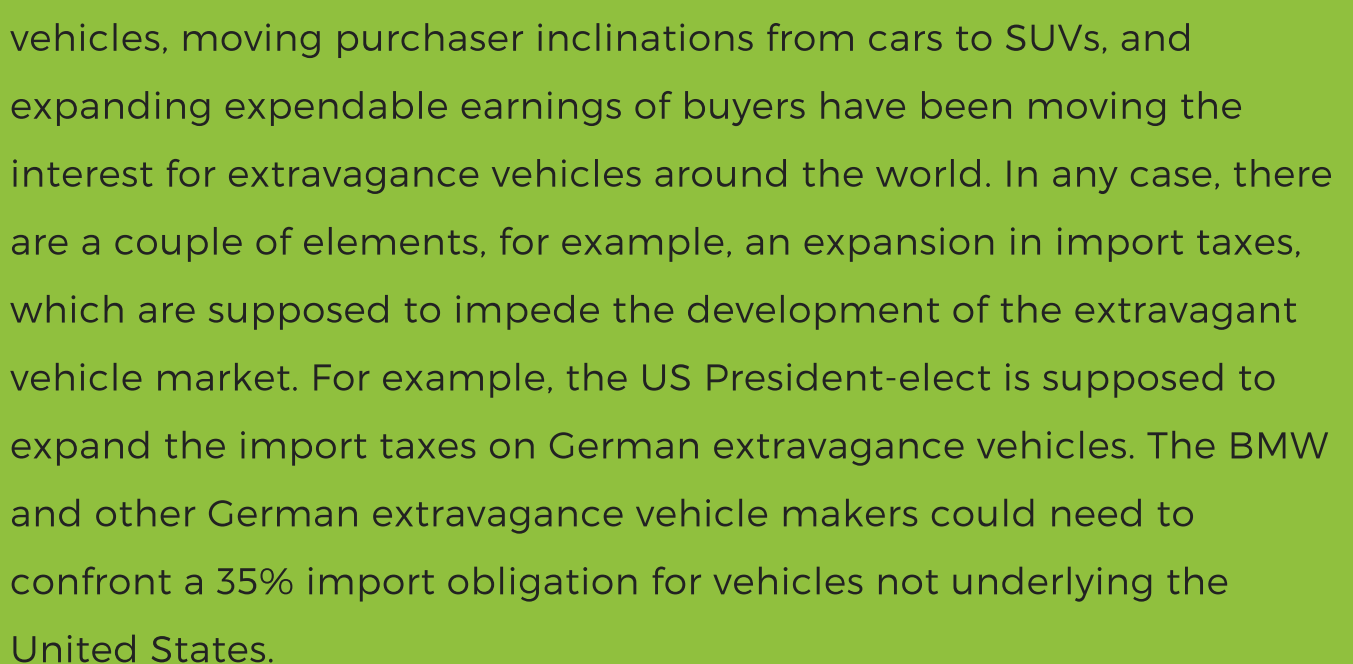
# MARKET OVERVIEW

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The worldwide extravagance vehicle market was estimated at around USD 440 billion every 2021. The market is projected to develop to USD 600 billion by 2027, with a CAGR of around 5% during the gauge time frame (2022-2027).

The COVID-19 pandemic significantly affected the extravagant vehicle market straightforwardly in the present moment as the deals and creation saw a decrease in 2020. Moreover, the pandemic has significantly impacted the spending force of each person. After the limitations were lifted, the market steadily began acquiring its lost energy.

A critical development of unmistakable extravagance contributions in vehicles, moving purchaser inclinations from cars to SUVs, and expanding expendable earnings of buyers have been moving the interest for extravagance vehicles around the world. In any case, there are a couple of elements, for example, an expansion in import taxes, which are supposed to impede the development of the extravagant vehicle market. For example, the US President-elect is supposed to expand the import taxes on German extravagance vehicles. The BMW and other German extravagance vehicle makers could need to confront a 35% import obligation for vehicles not underlying the United States.





Extravagance vehicles give an elevated degree of solace and security highlights, setting out open doors for the market.

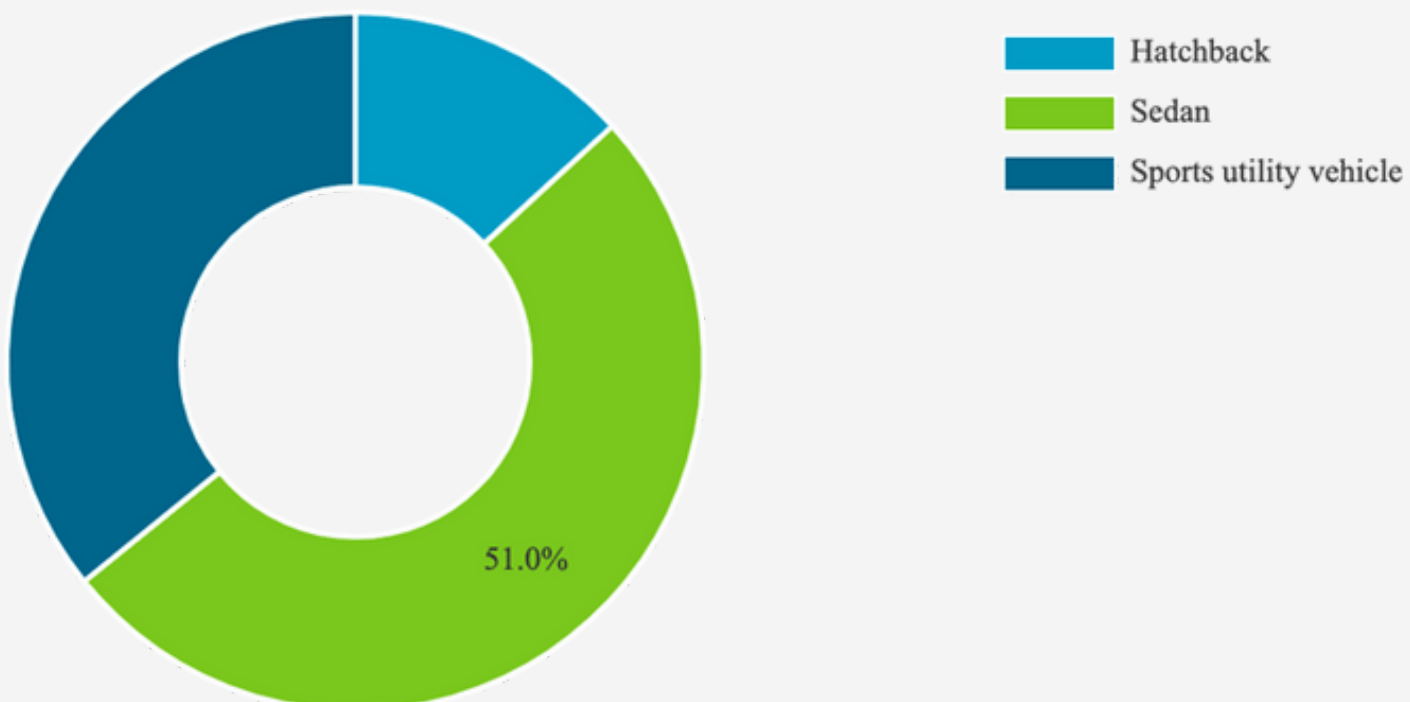
Besides, the developing pattern of electric extravagance vehicles overall is energising the interest in extravagance vehicles. Significant extravagance vehicle makers are sending off electric variations of their vehicles, because of developing natural worries and expanding fuel costs. This is likewise liable to speed up the development of the extravagance vehicle market over the gauge time frame.

A portion of the key part in the market is Mercedes-Benz, BMW, Lexus, Audi, Volvo, Land Rover, Jaguar, and Tesla. Different players in the market incorporate Ferrari, Lamborghini, and Porsche, among others.

# SCOPE AND SEGMENTATION

The Luxury Car Market has been fragmented by Vehicle Type (Hatchback, Sedan, and SUV), By Drive Type (IC Engine and Electric), and by Geography (North America, Europe, Asia-Pacific, and the Rest of the World). The report offers market size and gauge for Luxury Car regarding esteem (USD Billion) for all the above fragments.

**Global Luxury Car Market Share, By Vehicle Type, 2019**



Vehicle Type  
Hatchback  
Sedan  
Sports Utility Vehicle

Drive Type  
IC Engine  
Electric

Geography  
North America  
United States  
Canada  
Rest of North America

Europe  
Germany  
United Kingdom  
France  
Spain  
Rest of Europe

Asia-Pacific  
China  
Japan  
India  
South Korea  
Rest of Asia-Pacific

Rest of the World  
South America  
Middle-East and Africa



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# KEY MARKET TRENDS

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## **IC Engines Expected to Witness Slow Growth Rate**

The IC motor fragment is presently driving the market. Notwithstanding, it is guessed that the interest for IC motor vehicles will dial back over the gauge time frame. As of now, key parts, like Mercedes-Benz, BMW, and Audi, cover a critical level of the offer in the drive type market division in the worldwide extravagance vehicle market.

With the developing ecological worries, inferable from rising exhaust discharges, legislatures and natural relationships across the world are fixing emanation standards. Therefore, the interest for economic and climate cordial transportation, like EVs, is expanding, with state-run administrations offering higher motivators and endowments to these vehicle proprietors. For example, China enrolled the biggest number of new EV enrollments in 2020. Nonetheless, North America is supposed to lead the extravagance of EV deals, inferable from higher dispensable salaries and EV foundation accessibility in the district.

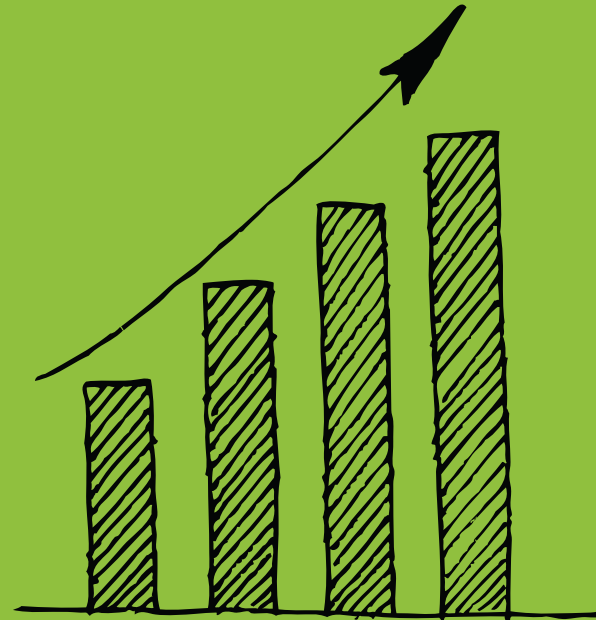
Automakers are sending off EVs even in creating markets. For example, in August 2020, Mercedes-Benz reported the beginning of deals of its first electric vehicle EQC 400, in Brazil, at its seller organisation. The developing interest for and centre around style, power, and progressed telematics, are supposed to keep on impelling the interest for extravagance EVs.





# KEY MARKET TRENDS

Moreover, extravagance vehicle part producers are zeroing in on the advancement of cutting-edge shrewd portability advances, like independent driving, individual voice help, and retina acknowledgement, which are additionally expected to support the deals of extravagance EVs over the gauge time frame.



Luxury Car Market - Revenue Share (%), by Drive Type, 2021



- IC Engine
- Electric

## **Asia-Pacific is Expected to Lead the Market**

As of now, China has the most elevated development potential among every one of the non-industrial nations in the extravagant vehicle market. Premium carmakers, like Audi, Mercedes-Benz, BMW, Lexus, and Volvo, have generally kept up with positive development in the Chinese extravagant vehicle market. As indicated by the China Automobile Dealers Association, the country's extravagant vehicle vendors sold 277,000 vehicles in April 2020, an 11.1% expansion over April 2019. Extravagance vehicle deals represented 18.7% of the market in April 2020, addressing a 3.6% ascent over April 2019 and a 0.4% expansion over the piece of the pie in March.

During the pinnacle of the pandemic, when significant European carmakers confronted a break in the inventory network, it set out freedom for the nearby organisations to present their extravagance models. For example, the 2020 Hongqi H9 was by Rolls-Royce ex-planner Giles Taylor and another beautician Dinh Yanfeng. In China, Hongqi vehicles are just accessible to high-positioning government authorities. China is likewise one of the greatest business sectors for Mercedes-Maybach. In 2019, Mercedes-Benz sold around 12,000 extravagant Maybachs in the country.

India is additionally one of the developing business sectors in Asia-Pacific. Nonetheless, inferable from COVID-19, the market saw its most reduced figure.



For example, as indicated by the Federation of Automobile Dealers Associations (FADA), the information for new vehicle enlistment in July 2020 uncovered that the general portion of extravagance vehicle players in the absolute traveller vehicle market contracted to 0.50% in the month, contrasted with 1.11% for that very month last year. July 2020 marketing projections of the ten extravagance carmakers in India showed that requests dropped by 59%.

Mercedes and BMW overwhelmed the extravagance car portion of the Indian market. As of the initial three months of 2020, Mercedes sold 2,386 units, trailed by BMW India which sold 2,365 units. Following a decrease in the second quarter because of the pandemic, the market gradually began acquiring force in the last quarter. In addition, in 2020, Mercedes-Benz India sold more than 7,893 new vehicles during the January-December period.

Luxury Car Market, Growth Rate (%), by Region, 2022 - 2027.



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# COMPETITIVE LANDSCAPE

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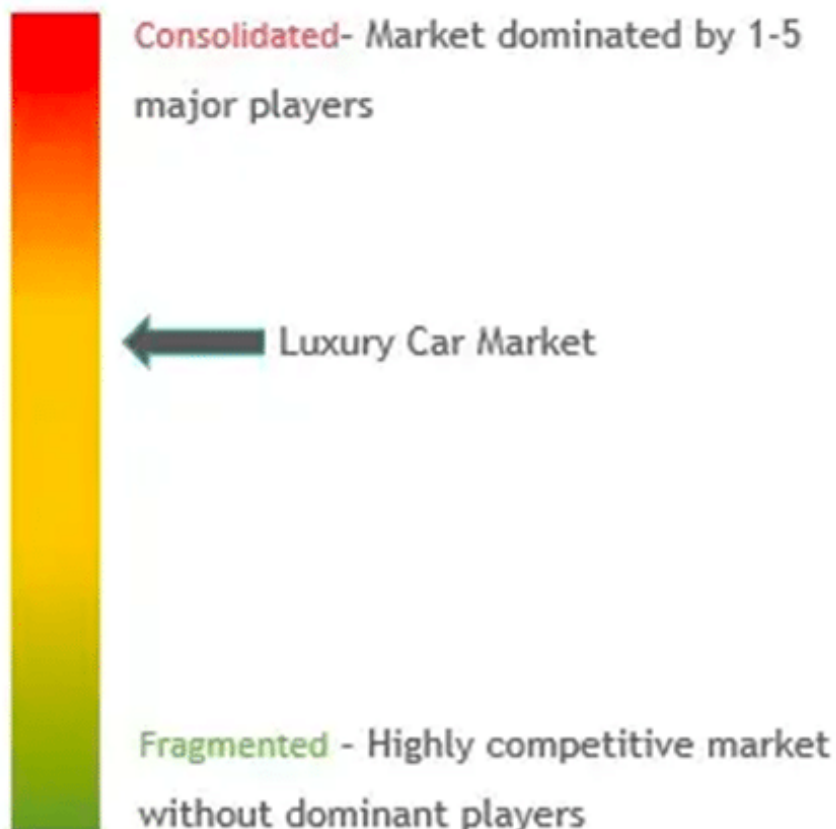
A portion of the central participants of the extravagance vehicle market is Mercedes-Benz, BMW, Volkswagen Group, and Tesla. The market is profoundly determined by factors like cutting-edge innovation, more solace, developing interest in EV innovation, and developing expectations for the everyday comforts of individuals all over the planet. To give a more rich encounter to individuals, significant extravagance vehicle producers are putting resources into other extravagance vehicle organisations to acquire a portion of the overall industry. For example, in 2020, Mercedes Benz expanded its stake in Aston Martin from 5% to 20%. Aston Martin, as its drawn-out system, is wanting to build its income to GBP 2 billion and achieve a profit of about GBP 500 million in the following five-year time frame.



# MAJOR PLAYERS

- 1 Daimler AG
- 2 Bayerische Motoren Werke AG (BMW)
- 3 Jaguar Land Rover Automotive PLC
- 4 Tesla, Inc.
- 5 Volkswagen Group

## Market Concentration



# RECENT DEVELOPMENTS

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In January 2021, Mercedes-Benz India declared that it intended to present 15 items in the Indian market. A-Class Limousine, new GLA, AMG GT Black Series are a portion of the vehicle models that are arranged for a 2021 introduction.

In January 2021, Hongqi sent off its three models H9, H5, and HS5 in Kuwait. The organisation will sell its vehicles in collaboration with Kuwait vendor Al Khalid Auto.

In January 2021, Bentley presented its hybrid model following the send-offs of the new Bentayga V8 and Bentayga Speed. The new Bentayga Hybrid is the organisation's third model in the extravagance SUV portfolio.





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# SECTOR 4

# MAKEUP & COSMETICS

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LUXURY INDUSTRY X SECTORS

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# HOW MUCH IS THE COSMETICS AND MAKEUP INDUSTRY WORTH?

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The industry is a behemoth that shows no sign of slowing in growth. Up from \$483B in 2020 to \$511B in 2021 – and with an annual compounded growth rate of 4.75% worldwide – it's predicted to exceed \$716B by 2025. And \$784.6B by 2027.

Presently, along with women, there is a rise in the use of cosmetics among men in their daily routine, which complements the growth of the global cosmetics market demand. Hence, such changing lifestyles have led to the growth of the global cosmetics market.







# SEGMENTATION

## **By Category**

- Skin and Sun Care Products
- Hair Care Products
- Deodorants & Fragrances
- Makeup & Colour Cosmetics

## **By Gender**

- Men
- Women
- Unisex

## **By Distribution Channel**

- Hypermarkets
- Supermarkets
- Speciality stores
- Pharmacies
- Online sales channels and others

## **By Region**

- North America: US, Canada, Mexico
- Europe: UK, Germany, France, Russia, Italy, Spain, Rest of Europe
- Asia-Pacific: China, Japan, India, Australia and New Zealand, South Korea, ASEAN, Rest of Asia-Pacific
- LAMEA: Brazil, South Africa, Turkey, Saudi Arabia, Rest of LAMEA

# SOCIAL MEDIA INFLUENCE

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The makeup industry has profited from the rising fame of social media channels like Instagram and YouTube. These stages are exceptionally compelling among specific demographic groups.

Moreover, create a demand for beauty products and help fill the gap between cosmetics brands and consumers. As of September 2021, Mexican beauty blogger Yuya was the most popular beauty content creator on the video platform YouTube with 24.9 million subscribers to her channel.



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# COVID IMPACT ANALYSIS

## NEGATIVE IMPACT SUMMARY

01

The global Cosmetics and Makeup industry has been shocked by the COVID-19 pandemic. The pandemic led to widespread store closures of many brands. The first-quarter sales of many brands fell during the pandemic. Nonetheless, the industry has responded emphatically to the situation with many brands changing their strategies to manufacturing hand sanitizers and cleaning agents and offering free beauty services for frontline response workers.

## POSITIVE IMPACT SUMMARY

At-Home Beauty Regimens and Our Cosmetic Raw Materials were promoted due to COVID-19. What happens when most salons and magnificent shops need to close down for a really long time due to the pandemic? Many individuals wound up entrusted with their own magnificent schedules and regimens. From grooming and trimming hair to taking exceptional care of their own skin as opposed to having the option to depend on additional assistance from dermatologists. COVID created an e-commerce boom on top of an already existing e-commerce boom. Online shopping somehow turned out to be considerably more famous than it previously was, and beauty products were no exception to this pattern. Many individuals made that one stride further and decided to go directly to the source.

02

Let us look at the major market players and how covid-19 affected them.

## 1. L'ORÉAL - €27.99BN (\$33.93BN)

French cosmetics company L'Oréal is the world's largest cosmetics group with a presence in 150 countries. The company creates and develops cosmetic products across skincare, haircare, make-up and perfumes. It has 36 brands in its portfolio, including L'Oréal Paris, Vichy, Garnier, Yves Saint Laurent Beauté, Giorgio Armani Beauty, Ralph Lauren, Maybelline New York, and Biotherm.

The sharp decline in profits was triggered by the supply chain disruptions due to the Covid-19 pandemic. The personal care giant was back on the growth track with a 4.8% like-for-like acceleration in sales in the fourth quarter of 2020.



## 2. UNILEVER - €21.1BN (\$25.38BN)

British multinational consumer goods company Unilever has an operational footprint in more than 190 countries, Unilever supplies products such as food, confections, soft drinks, tea, ice cream, energy drinks, coffee, laundry and household cleaning products, beauty and personal care, toothpaste, and healthcare products.

Strict lockdowns in India and China impacted the market environment in the first half of 2020 and the revenues fell 2.4% year-on-year to €50.7bn (\$60.99bn). However, the relaxation of Covid-19 lockdowns and restrictions in the two countries lead the company to return to the growth path.

### 3. P&G - \$19.41BN

Procter & Gamble operates through Fabric & Home Care, Beauty, Health Care, Grooming, as well as Baby, Feminine & Family Care segments. Major brands of the company include Head & Shoulders, Ariel, Old Spice, Pantene, Safeguard, Olay, Tide, Vicks, and Gain.

P&G's diversity in terms of both geography and product range has helped it to deal with the coronavirus crisis, as it witnessed a 6% increase in organic sales in 2020. All its businesses are projected to witness rise in CAGR during 2020-2025 and are thereby expected to perform well in the future as well.



### 4. ESTÉE LAUDER - \$14.29BN

Estée Lauder owns more than 25 brands that are available in 150 countries. The company deals majorly in skincare, makeup, haircare, and fragrance categories.

Temporary retail store closures due to the coronavirus pandemic triggered a 4% year-on-year fall in Estée Lauder's net sales to \$14.29bn. It was partially offset by an increase in sales through online channels.

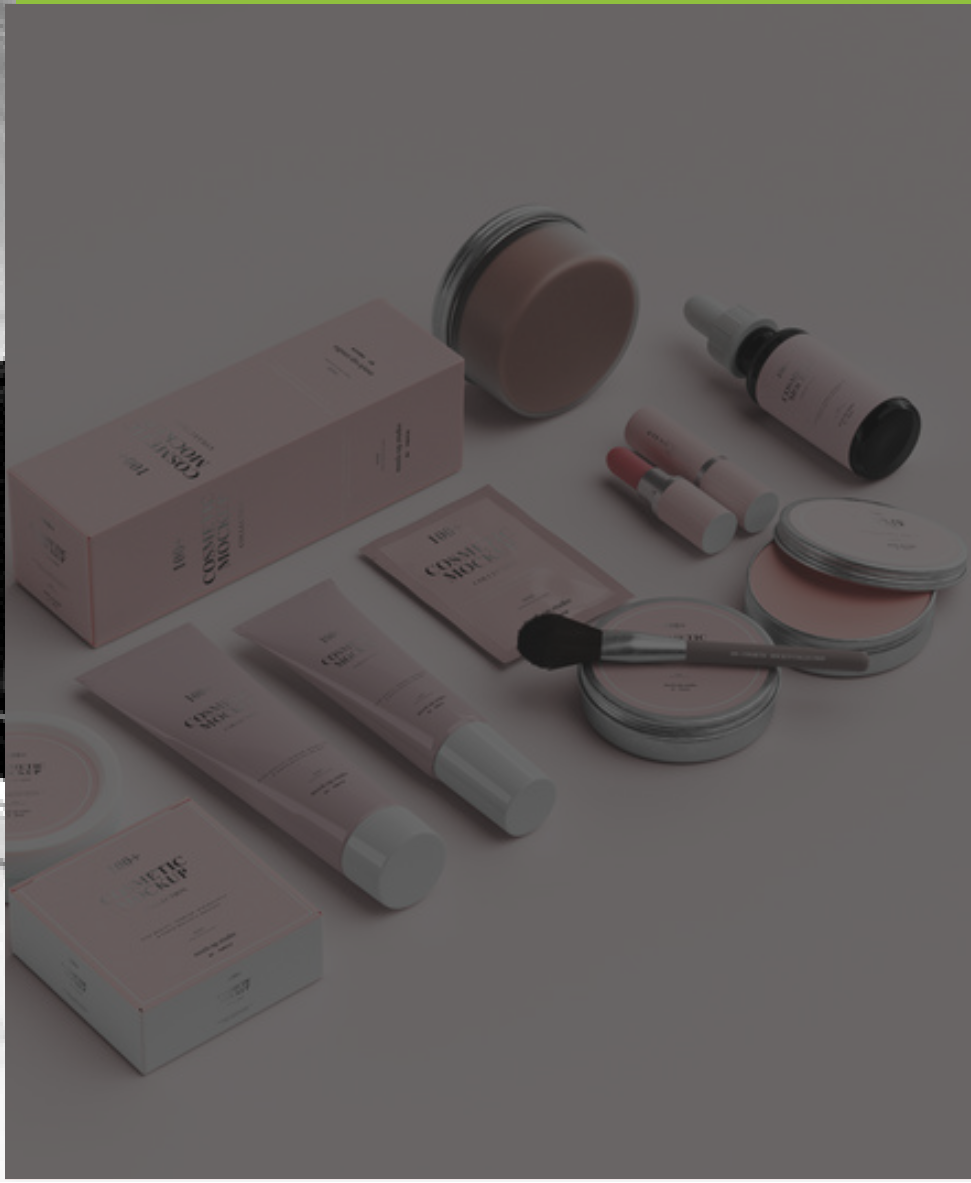




## 5. SHISEIDO - JPY920.88BN (\$8.73BN)

Japanese multinational personal care company Shiseido has five brand categories, namely Prestige, Cosmetics, Personal Care, Fragrance, and Professional.

The company witnessed an 18.6% year-on-year fall in net sales to JPY920.88bn (\$8.73bn) due to the covid pandemic.



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# SECTOR 5

# ART

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LUXURY INDUSTRY X SECTORS

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The global art market is a marketplace of customers and suppliers trading in the services, articles, and works of art commonly associated with the arts and culture sector. It comprises the primary market – concerning artworks that are sold for the first time – and the secondary market, dealing with re-sales.

The global art market was previously valued at 50 billion U.S. dollars in 2020, dropping by roughly 14 billion over the previous year, due to the pandemic.

This decrease is also shown in the volume of global art sales which stretched to approximately 31 million transactions in 2020, down from over 40 million in 2019. By comparison, as the pandemic urged auction houses and art dealers to strengthen their digital departments, total sales of the online art and antiques market doubled in 2020 compared to the previous year.





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# LEADING ART MARKETS AND AUCTION HOUSES WORLDWIDE

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]In 2020, the United States, United Kingdom, and China were leading the global art market, collectively holding over 80 per cent of the total market value, while the U.S. generated the highest overall sales value, China retained the biggest share of fine art auction revenue worldwide.

In terms of auction sales, two auction houses, both founded in London during the 18th century, dominate the global market: Christie's and Sotheby's. In 2020, total sales of Christie's from auctions worldwide amounted to 4.4 billion U.S. dollars, declining from nearly six billion in 2019. Meanwhile, Sotheby's global auction sales rose in 2020, reaching five billion U.S. dollars.

## DEMAND FOR LUXURY ART

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Luxury Art is demanded by the rich for a variety of reasons such as their own pleasure of art, as a means of a lifestyle or even as an investment or to evade taxes. Nonetheless, luxury art is a fascinating space to dive deep in.



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# ONLINE ART MARKET

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While the art market remains primarily offline, the online art market grew in importance during the last few years, causing a sharp rise in online sales during the pandemic in 2020, and a boom in the crypto art market in 2021.

Crypto art refers to the digital artworks that can be authenticated, and therefore sold, once they are turned into NFTs - unique digital assets stored in blockchain. In April 2021, total monthly sales of NFTs on the online platform Nifty Gateway, including both the primary and secondary market, added up to a whopping 51 million U.S. dollars.



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# SECTOR 6

# TOURISM

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LUXURY INDUSTRY X SECTORS

We know that luxury refers to everything that can be found separately, unique and special. It does not respond to a request, does not satisfy the wishes of the masses, and does not seek prominence; is a product or service offered to all but not all can be accessed.

Likewise, luxury in the tourism industry is shaped in such a way that, instead of price, it emphasises value, diversity and the uniqueness of the experience and personalization of services, measured by the consumer experience.

When shopping, high-profile travellers first choose a destination and then a local service, preferably a hotel speciality hotel, followed by overseas hotels. For the holidays, these clients look for relaxation and luxury and love to taste delicious food, experience local culture and take nature walks. In any case, they are also travellers who are more sensitive to the value of money and its value, rather than its price.

Certainly one of the most important activities that have been at the forefront of luxury travel in recent decades is the shopping tour.

Shopping opportunities have always been an important part of tourism activities where tourists often buy new goods that they can also in their home countries, or in some cases, be able to get the same benefits at a higher price in their destination countries, or are.



Luxury tourism will open up a new field in which special and unique means the untested, untouched, where not everyone can reach, away from the masses and the ability to share unique information. This visitor will explore the emotional journey, exploring and, if possible, non-Google search, departing from what everyone wants and using new trends that allow them to have less space to enjoy. It is here that the magnificent visitor resumes his search and commitment to unique natural environments, products and services that have a sustainable response (green planes and solid hotels, environmentally-friendly vehicles, etc.) and with the intention of consuming unnecessary goods and services.



At the same time, we find the visitor of this era, a millennium, who appreciates all the experience and technology is an important part of it, because although they want independence, they want to have fun and connect with others. Earth. They wish to give importance to the unity of time and tell their story, looking for unusual but natural places that are also tech-friendly and make life easier, allowing them to connect all their emotions to the experience, completing the "little more" principle, providing all kinds of transactions from mobile phones. (payments, searches, photos, videos, hotel registrations) and, most importantly, keep them connected at all times. Communicating their experiences through social media, these same users are the ones who build and strengthen brand awareness, promoters and bloggers who became the most powerful voice in the field of luxury.

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Here is the industry challenge for the next few years: to follow the pace of these changes but even more so to have something unique, easy, unique and technologically advanced to capture customer attention, and to customise multiple channels that allow client customization. A good example of this, the most sought-after today, personal concierge, which breaks common barriers to time and space, thanks to the resources specialist needed to meet any special customer requirement, anytime and anywhere, transforms seemingly impossible. something unique and memorable.



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# FIVE TRENDS TO UNDERSTAND AND ANALYSE FUTURE EVOLUTION OF THIS SEGMENT ARE:

## Egocentrism par excellence

01

People are constantly searching for their own specific translation in their minds. In the future, self-centred luxury lovers will continue to look for experiences without a hit-and-run track, as well as products that enhance their well-being.

## Without the luxury of luxury

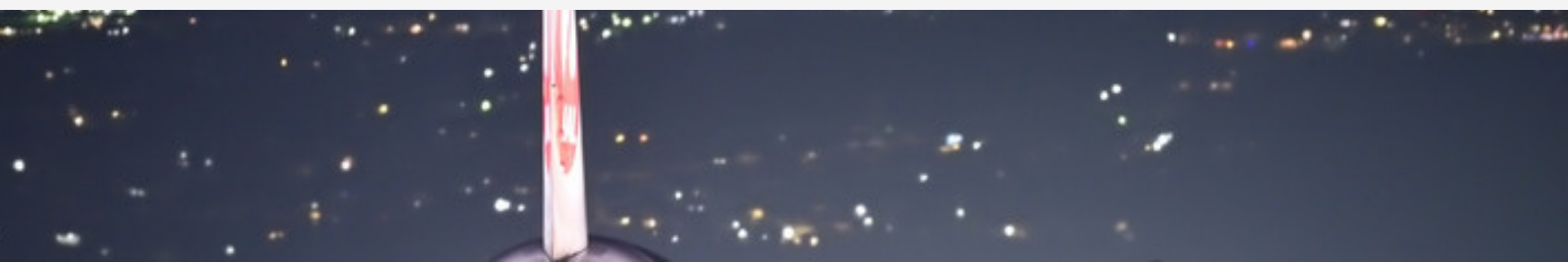
A growing number of experienced, and sometimes happy, elaborate tourists see themselves as consumers of the past who are attracted to brands and products with quality, beauty and purpose. Therefore, many of them opt for goods and services that are not fat, but that give them an opportunity to express their identity rather than that of the brand.

02

## Premium used

03

Because of the growing concern about the impact of their actions, many travellers are increasingly aware of the negative effects of their use on the environment, community and health. This concern was emphasised by the 2017 appointment as the International Year of Sustainable Tourism Development. There is a growing demand for products that include luxury and commitment.



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## Search for Extravaganza

In their quest to differentiate themselves from multiple products, travellers with greater purchasing power have raised their expectations to new levels of use to reach greater demand.

04

Looking to the future, experts point out that this much-needed type of service, driven by the growing use of mobile phones, has re-connected with customer expectations and there are endless opportunities to offer new ways to the practice, such as integration. with a premium released and offers luxurious behavioural services when needed.

## Seamless tailor

The elite travellers have been searching for in-depth and authentic connections with the places they visit; personal experiences and shared creations provide stories that should be shared to build their repository, but above all help them to isolate themselves from the crowd. Now, however, many of them want to create an experience that is in line with their unique interests, needs and values; a journey that allows them to tell the world who they are and what they stand for.

05

In the near future, only those brands that focus on more individualised and transforming forms of luxury consumption will be capable of benefiting from this attractive growing sector.





# BLACK TOMATO

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Founded in 2005, Black Tomato is an award-winning tour company that brings thoughtful and advanced travel information around the world. They build inspiring travel destinations in the near and far, recommend the best-designed hotels and give their customers an in-between track wherever they are. Black Tomato has offices in the UK and USA.

It has been voted the Best Specialist Tour Operator in the world at the Condé Nast Traveller Readers 'Choice Awards 2021.

The world is big. It contains a lot of surprises. But with the advent of the internet, thousands of guides and listicles have emerged to tell you how to experience it. They may be strong, or tired. In addition, they rarely ask you how you want to feel. But for us, the planned journey begins with feeling.

Like a well-arranged suit, each trip is different; just as each traveller is different. And that's why they're here: to help us feel the world on our own terms. Be careful and reassuring. We are here to put the whole world in the palm of your hand; and just like anyone else in the world.





So what is Black Tomato actually? Well, it is a group of people who know (about travel). They also like details and service. Combine that, and come up with our one simple goal - the only one - to promote and satisfy our curiosity about the world and ensure that our time is not wasted.

They know that it is very important to use our time well. They have been there for a long time. It is, therefore, safe to say that our precious leisure time is safe in their hands because they understand how important each minute is. They know they do not want to miss a single thing - down to the last song before sunset, played on the piano at our favourite cave bar in Puglia.



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# INTER-SECTORAL COLLABORATIONS

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LUXURY INDUSTRY X SECTORS

# INTERSECTORAL COLLABORATIONS

***“To remain relevant, brands will have to move away from their usual path.”***

Always the founding value of the streetwear world, which later became the prerogative of the luxury sector, in the last fifteen years the concept of collaboration has always taken on new aspects, until it became empty of its original value. After decades of collaborations that have left an indelible mark on the fashion industry - and on the perception of the same by the public - as well as many partnerships of questionable value, partnerships that were without meaning or a real reason to justify their existence, the path to follow for many fashion brands to remain relevant and to open up to a new public goes beyond industry, and it consists on experimenting in areas and territories that were once unexplored.



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# PARTNERSHIP TO REACH NEW AUDIENCES

Exclusivity has always been the bedrock of the luxury experience, but in an age when digital rules commercial and personal interactions, brands can find it difficult to maintain control over how their products are discovered, marketed and purchased.

Covid-19 offers a stark example of the need for change: under normal circumstances luxury brands sell a limited number of products online, reserving their main retail operations and VIP customer experiences for traditional bricks and mortar settings. However, lockdowns and social distancing have meant brands faced falling revenues if they did not transition to sophisticated, comprehensive online offerings.

Brands have begun gravitating towards not just selling more on their own websites, but also on other platforms. Net-a-Porter founder Natalie Massenet, in the 2010s, was able to convince luxury labels to appear on the site by offering luxury presentations of the brands and their products, including a new digital format via glossy magazine Porter. Brands were also sold on Net-a-Porter's commitment to replicating some level of exclusivity – including VIC-level services such as personal shopping and support available 24/7, 365 days a year at the click of a button.

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While the digital trend is not new, online collaborations have offered new spaces for customers to experience luxury despite lockdowns. In 2020, Valentino designer Pierpaolo Piccioli received praise for his digital autumn/winter collection, to which he responded, “Digital is not really my world, but it can be a new tool as long as the human is at the centre.”

The technological transformation in luxury fashion is changing more than how brands interact with their customers: it is shaping new and enhanced business models all while enabling brands to stay true to their heritage.

## PARTNERSHIP TO GUARANTEE AUTHENTICITY

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Partnerships are also helping with the industry’s long-waged battle against counterfeiting. Fake luxury merchandise is estimated to account for 60 to 70% of the €3.8 trillion reported in annual counterfeit trade flows. Brands are litigating, tightening their supply chains and pressuring governments for more forceful implementation of existing laws to boost authenticity. One solution is the Arianee project consortium, which has developed a protocol for an open-source, blockchain-based technology that generates digital passports for products.

Other examples of brands working together in the name of authenticity include De Beers Group, the global diamond specialist, partnering with Ethereum to create Tracr, which uses digital technologies to trace and authenticate products. The project has welcomed the participation of other diamond suppliers, including the world’s largest diamond mining company, Alrosa, and retailers like Signet Jewellers.

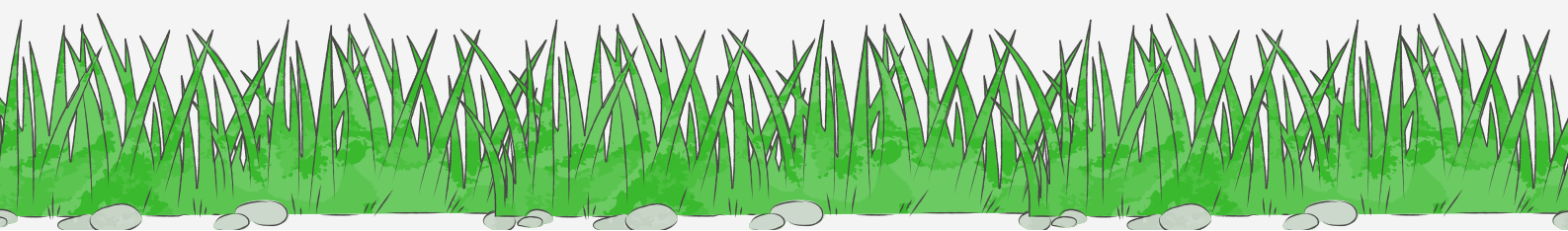
# PARTNERSHIP TO MEET GROWING SUSTAINABILITY DEMANDS

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Consumers are increasingly conscious of the environmental impact of their purchases and are demanding brands offer more sustainable solutions. The global second-hand goods market alone is worth more than €30bn.

Gen Z, the industry's youngest cohort, is leading the change by voicing demands for strong ethical brand behaviour and making it clear they are ready to boycott brands they do not consider ethical and sustainable. In 2020 Gucci responded by partnering with the second-hand retailer, RealReal, to create a Gucci portal, where the brand can sell on products used in campaigns and photoshoots that may otherwise have never made it to retail.

This has led to another series of unlikely partnerships, including The Fashion Pact, a global coalition of companies within the industry that are committed to a series of environmental goals. It promotes brand-to-brand exchanges to enable the circularity that customers want, such as the use of more sustainable materials. Through the pact, Adidas, Stella McCartney, Lululemon and Kering joined forces to invest in an emerging material known as Mylo, which is made from mycelium, a mushroom that looks and feels like an animal leather. In creating a joint supply chain for vegan leather, these companies were able to manufacture the product at a commercially viable scale.



# ARE PARTNERSHIPS THE FUTURE OF FASHION?

The culture of the fashion industry is changing rapidly: major brands and companies that consider themselves competitors are starting to realise the power of partnership to meet customer demands for greater experiences, services and sustainability.

Through partnerships, companies are able to go further and faster to accomplish common goals. In doing so they stand to not only surpass modern customer demands but evolve culturally and organisationally to ensure they are on-trend for generations to come.





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# CONCLUSION

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LUXURY INDUSTRY X SECTORS



# CONCLUSION

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This concludes the second report of the four - part mini report series titled “Global Power of Luxury Goods”. The purpose of this report was to delve deeper into the various sectors the luxury goods industry is divided into and obtain a deeper understanding of the same.

The luxury goods industry is widespread and has a hold in almost every broad industry that exists be it makeup and cosmetics, fashion, accessories, automobiles, real estate, tourism or art. The report extensively covers the various aspects of the luxury goods industry in these sectors.

The third report of this series talks about how the coronavirus pandemic and the ongoing Ukraine Russia war have impacted the luxury goods industry globally.

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LUXURY INDUSTRY X SECTORS

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