RETAILX SECTOR ANALYST REPORT
LUXURY 2019

INTRODUCTION

In 2017, Chinese consumers accounted for around a third of the personal luxury goods sector, representing approximately four times the value of the total domestic luxury market in China. The global market for personal luxury goods is forecast to grow to €290bn by 2020.

Between 2008 and 2017, the personal luxury goods market grew from €167bn to €262bn (5.1% CAGR, 2008-2017), pushed by these Chinese customers. Yet in July 2018, fewer than 60% of luxury websites offered a Chinese language version.

The luxury sector has been relatively slow to adapt to digital when compared to other retail sectors. In this report, we review the digital-first startups, along with established brands, that are now embracing digital.

SHARELINES:

- Chinese consumers spend one in every three dollars spent on personal luxury goods globally
- Europe accounts for 33% of the global personal luxury market, yet only 19% of total luxury sales are attributed to Europeans!
- The pre-owned segment is a growing aspect of the luxury market
- Pureplay luxury retailers' share of all online luxury sales has declined to around 25%

Welcome to the RetailX sector analyst reports, where we combine RetailX's four years of in-depth company performance research with analysis of the sector dynamics.

Our reports provide the strategic and commercial context in which the best retailers and brands perform in their market sectors.

We have two reports each year: The first is our **Analyst Report**, focusing upon the current performance and sector dynamics. The second is our **Strategic Report**, which looks through a strategic planning lens at the 2-5 year outlook – showing glimpses of the future in the current practice of the best.

The full schedule of 2019 Sector Reports can be seen at retailx.net/reports

Let us know of sectors you'd like to see us cover – research@retailx.net

TL;DR

The internet abbrebviation 'TL;DR' means 'Too Long; Didn't Read'. In that spirit, here are some consideration points from this report:

- The luxury sector grew 5.1% CAGR (Compound Annual Growth Rate) between 2008 and 2017 (€167bn to €262bn)
- The personal luxury goods market is predicted to grow to €290bn by 2020
- Chinese consumers have become a major force and now account for one in every three luxury purchases globally. While the emergence of the online channel has increased the reach and growth prospects of luxury brands, it has also increased costs
- While Chinese luxury consumers have driven growth in the sector, it is prone to volatility based on domestic and international events (a Chinese government crackdown on graft; the cooling of US-Sino trade relations)
- Luxury brand owners have exploited their financial power (Richmond's acquisition of YNAP) and flexed IP (24sevres.com - LVMH)
- We profile the luxury groups (the Multibrands) and provide dashboards for their trading fascias
- Our 23 companies offer four languages each on average, with English, French, German and Chinese the most frequent
- Our semantic analysis shows the growing use of digital retail terms in the listed companies' Annual Reports, 2008 to 2017
- The circular economy – second-hand or 'recommerce' – is a new opportunity in luxury, covering items from luxury cars to vintage watches

OUR ANALYST THOMAS ANDERSSON

Thomas is a retail sector analyst with over a decade of experience starting and divesting a multichannel retail business. He is a grants evaluator for Vinnova, a Swedish R&D government agency.

thomas@retailx.net.

MARTIN SHAW HEAD OF RESEARCH, RETAILX

Martin devises the scope and methods of RetailX's research.

martin@retailx.net.

CEO: Ian Jindal
HEAD OF RESEARCH: Martin Shaw
SENIOR ANALYST: Thomas Andersson
COMMERCIAL DIRECTOR: Andy James
DESIGN: Marzena Zychowicz
ADDRESS: RetailX, 123 Cannon Street, London, EC4N 5AU

REPORT CONTENTS

COMPANIES AND BRANDS

Throughout this report, we analyse and compare 23 companies in order to illuminate the sector. Listed alphabetically, these companies are:

Acne Studios, Burberry, Chanel, Farfetch, Hermès, Kering, Luxottica, LVMH, Lyst, MatchesFashion.com, Moda Operandi, Moncler, Mytheresa, Polo Ralph Lauren, Prada, The RealReal, Reebonz, Richemont, Secoo, Tapestry, Vestiaire Collective, Watchfinder, Yoox-Net-a-Porter (YNAP).

CONTENTS:

FIGURES:

All of the report figures are available as PNG downloads for use in presentations – see end of report for licence and details