



GLOBAL FORESIGHT OUTLOOK IN LUXURY 2020

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LUX
LUXELLENCE CENTER



Luxellence Seminar Series

WHAT'S NEW IN THE LUXURY WORLD 2020?

Wednesday
22 Jan 2020

13:00 - 16:00

GLOBAL FORESIGHT OUTLOOK IN LUXURY 2020

GLOBAL ECONOMY

- 01: Normal Growth
- 02: Beyond China

CONSUMER SHIFTS

- 03. Next-Gen Social Media and Brand Communities
- 04. Sustainability First
- 05. Catch me in second
- 06. Private Personalization

LUXURY

- 07. Existential Luxury
- 08. Cool-laborations
- 09. Consolidation
- 10. Phygital Pop-ups
- 11. Unboxing the New Storefront

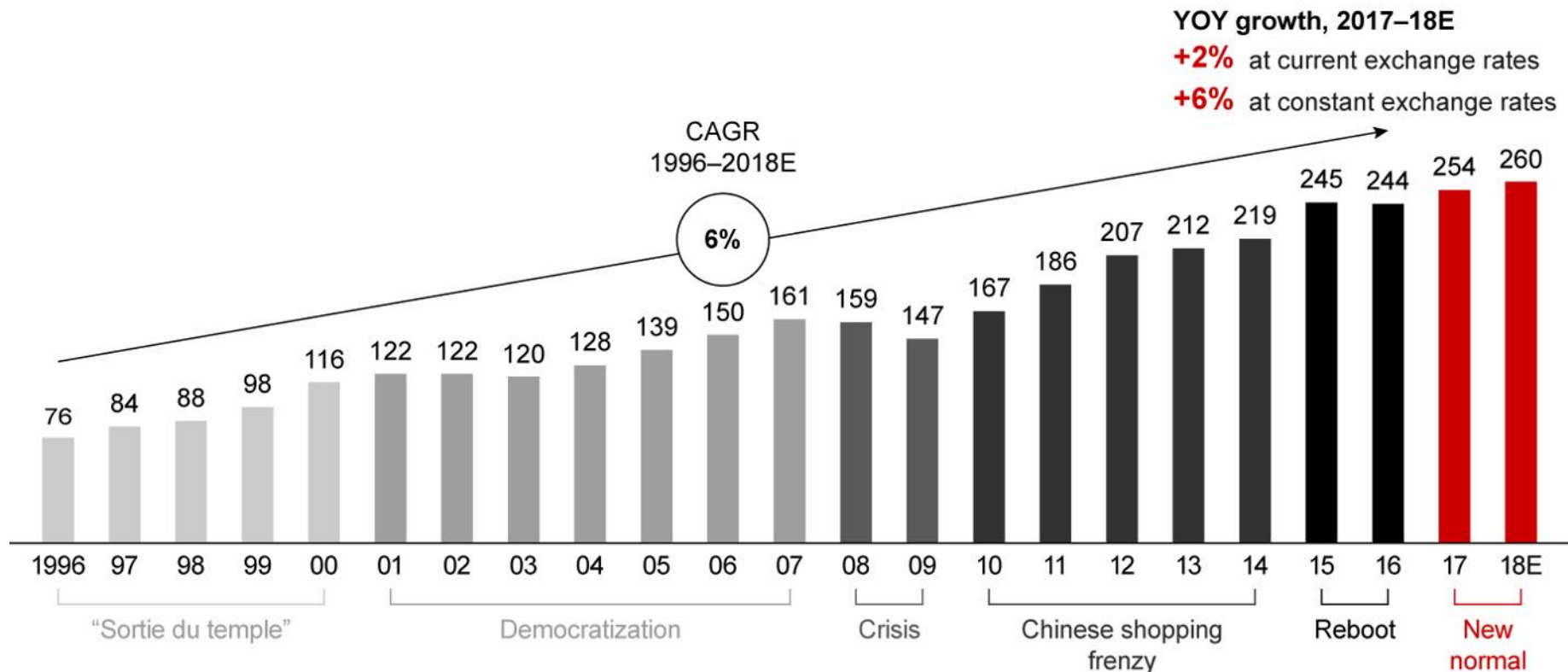
GLOBAL ECONOMY

O1: NORMAL GROWTH



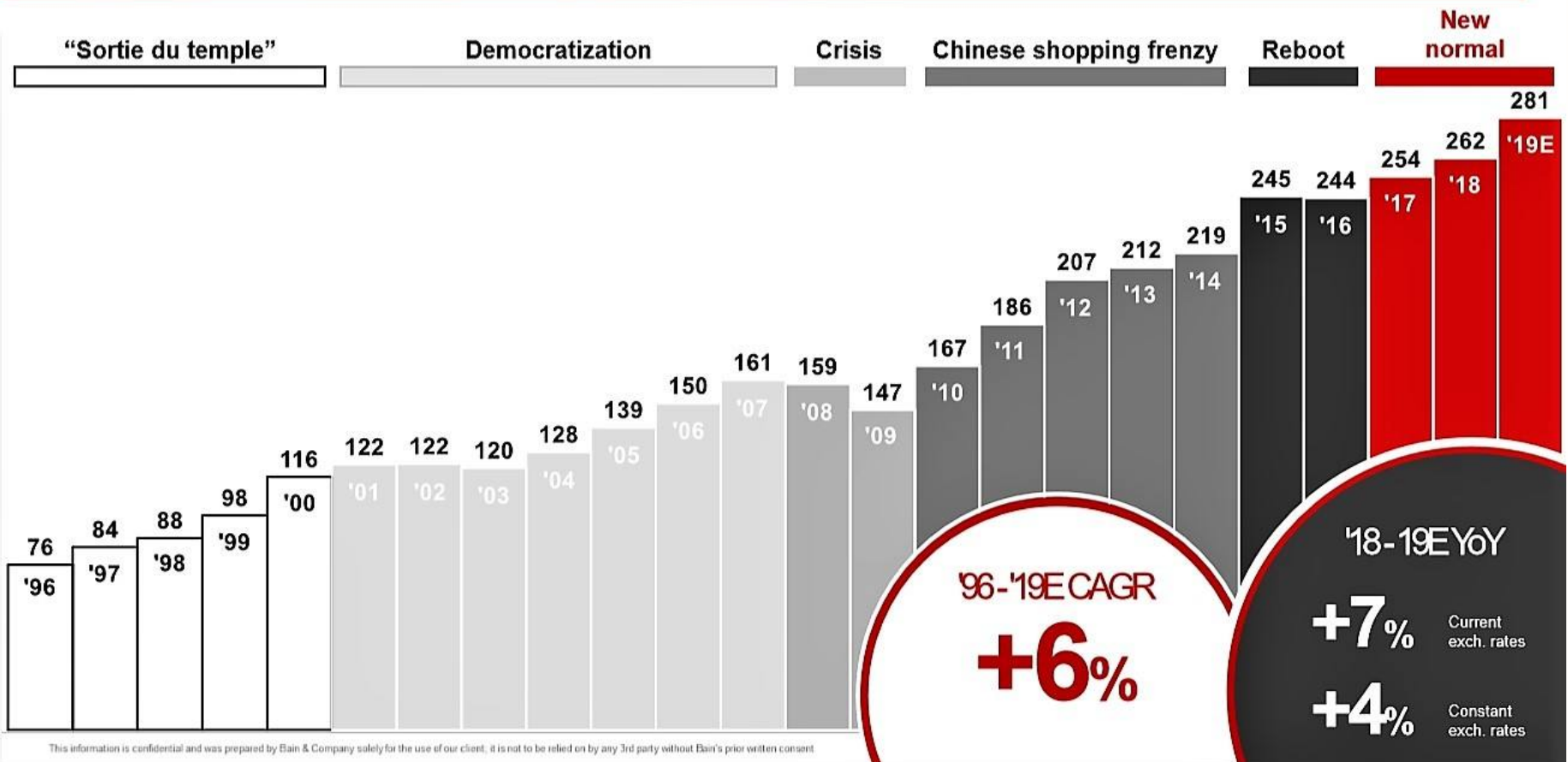
01. “NORMAL” GROWTH FORECAST FOR THE LUXURY INDUSTRY

Global personal luxury goods market
(€ billions)



01. "NORMAL" GROWTH FORECAST FOR THE LUXURY INDUSTRY

THE PERSONAL LUXURY GOODS MARKET IS EXPECTED TO CONTINUE ITS GROWTH TRAJECTORY IN 2019



CHINESE CONSUMERS REMAIN THE BACKBONE OF THE GLOBAL LUXURY INDUSTRY



AMERICAS

+2/+4%

EUROPE

+1/+3%

**MAINLAND
CHINA**

+18/+20%

JAPAN

+2/+4%

**REST
OF THE
WORLD**

-2/±0%

**REST OF
ASIA
(EXCLUDING
M. CHINA)**

+10/+12%

**2019F GLOBAL PERSONAL
LUXURY GOODS MARKET**

Note: Figures refer to growth ranges at constant exchange rate

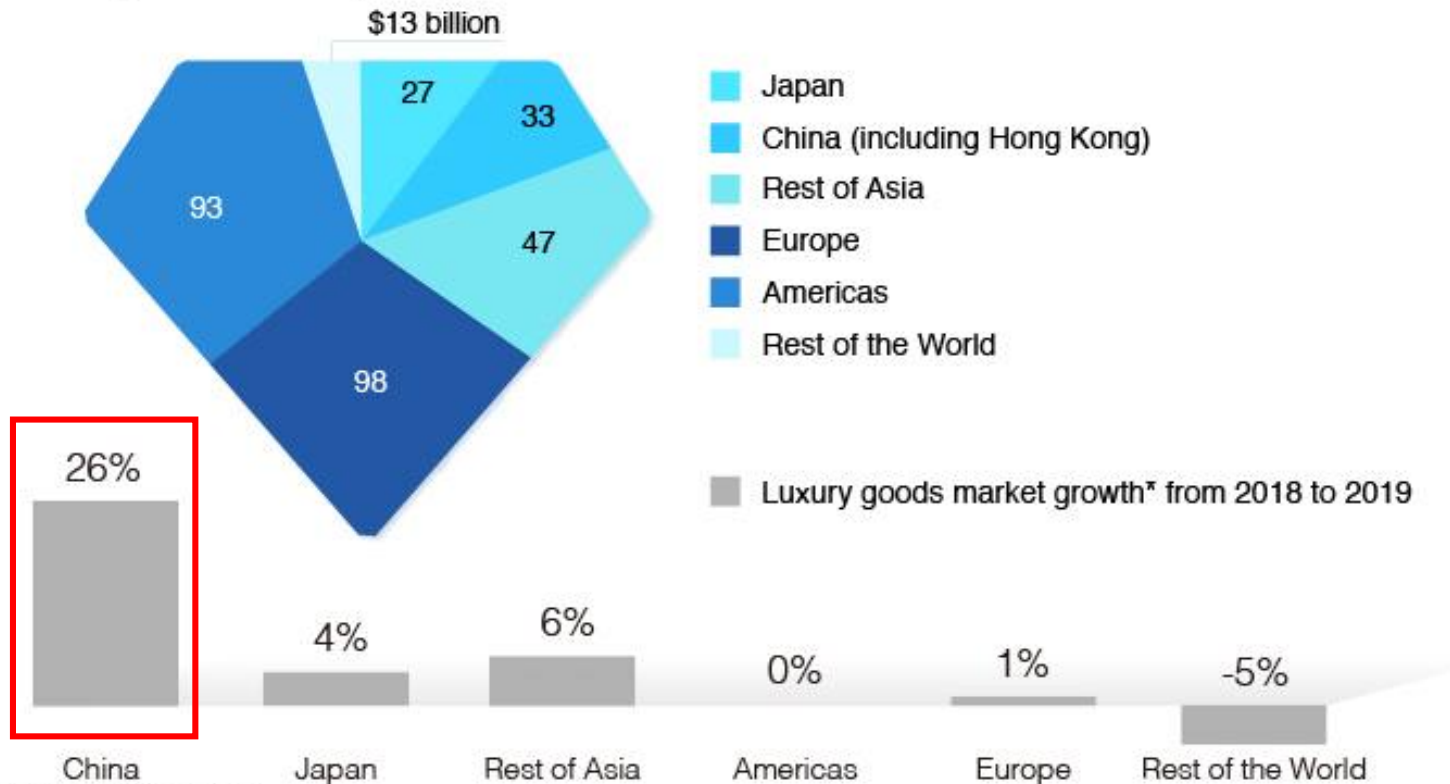
+4/+6% AT CONSTANT
EXCHANGE
RATES

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CHINA LUXURY MARKET BOOMS ON BETTER PRICING

China Leads World in Growing Appetite for Luxury Goods

Global Luxury Goods Consumption by Market



Note: *Growth at constant exchange rates.
Source: Bain & Company

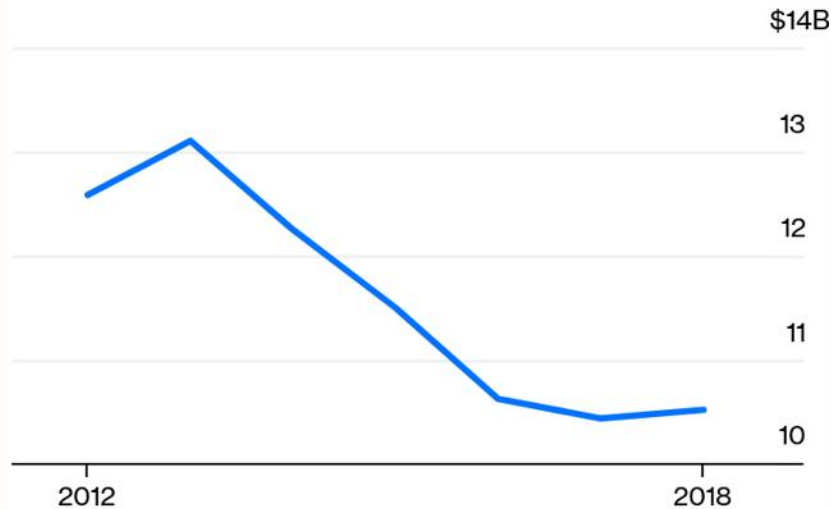
HONG KONG LOSING ITS LUSTER AS LUXURY SHOPPING DESTINATION



HONG KONG LOSING ITS LUSTER AS LUXURY SHOPPING DESTINATION

Losing Its Bling

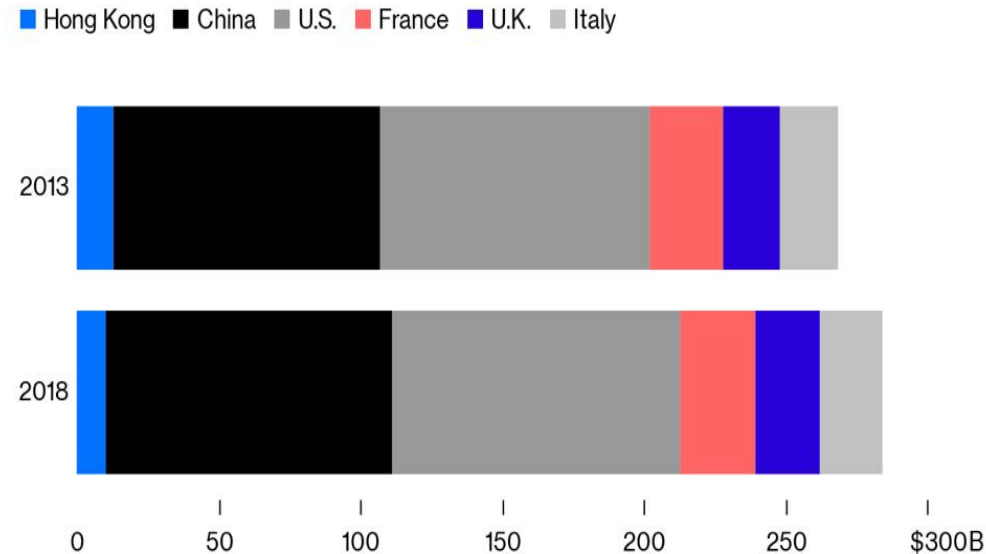
Sales of luxury goods in Hong Kong have been falling since their \$13 billion peak in 2013



Source: Euromonitor International
Note: Luxury car sales not included.

Everywhere but Here

Luxury goods sales have been soaring in most countries, led by China, but have fallen in Hong Kong.



Source: Euromonitor International
Note: Luxury car sales not included.

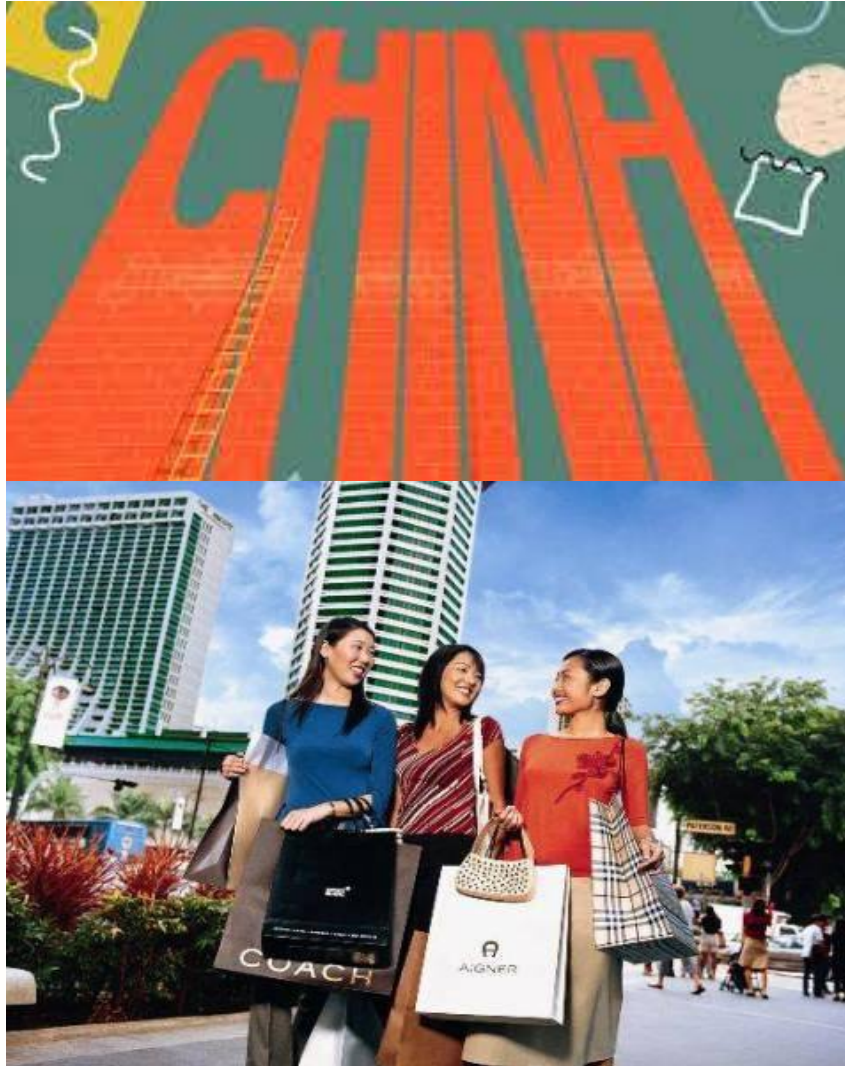
GLOBAL ECONOMY

O1: NORMAL GROWTH

O2: BEYOND CHINA



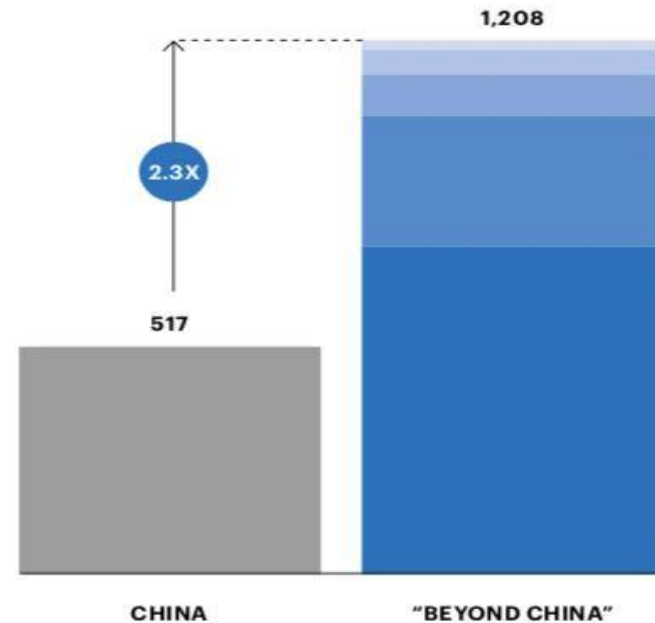
02. LOOK “BEYOND CHINA”



There is a large market of young consumers “Beyond China,” more than double the size of that in China

POPULATION AGED 30 OR BELOW, MILLIONS
2025 FORECAST

UAE & Saudi Arabia Russia Brazil Southeast Asia India



SOURCE: UNITED NATIONS, POPULATION DIVISION, WORLD POPULATION PROSPECTS 2019

WHERE ARE LUXURY BRANDS HEADED TO NEXT?

Southeast Asia's Mass Affluent Are the Next Megamarket

To find growth opportunities for premium and "masstige" brands, look beyond the "crazy rich" Asians

Southeast Asia's mass-affluent class—a group of consumers whose incomes correlate with sharply higher spending on premium goods and services—will comprise 137 million people by 2030

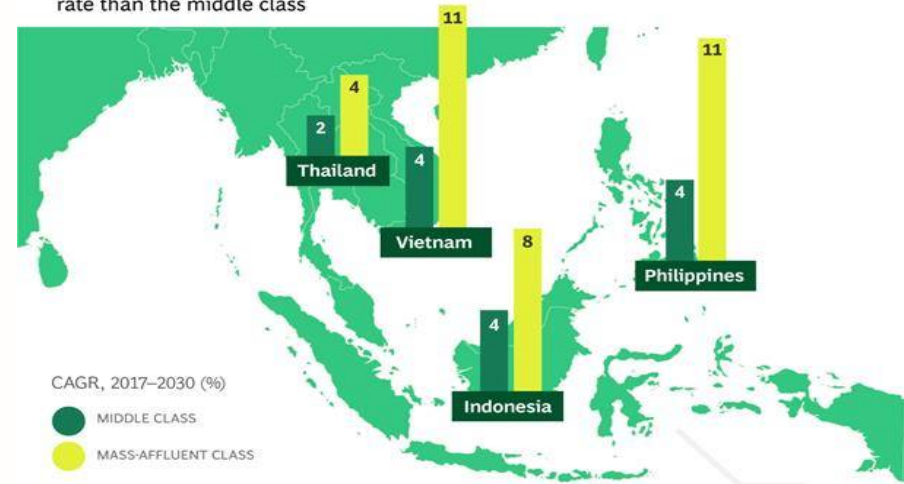
SIZE OF THE MASS-AFFLUENT CLASS



MASS-AFFLUENT CONSUMERS AS A PERCENTAGE OF SOUTHEAST ASIA'S POPULATION



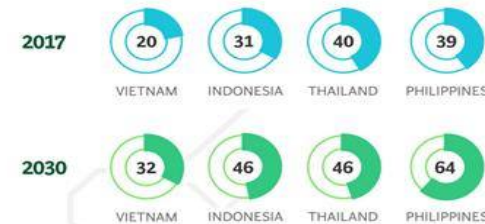
The mass-affluent class is growing at a far faster rate than the middle class



WHY THE MASS AFFLUENT ARE SO IMPORTANT

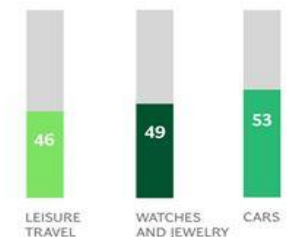
The mass affluent control a disproportionate share of the wealth—and their share is growing

HOUSEHOLD WEALTH HELD BY THE MASS AFFLUENT (%)



The mass affluent also account for about half of consumer spending in certain categories

CONSUMER SPENDING (%)



WHERE ARE LUXURY BRANDS HEADED TO NEXT?

WHO ARE THE MASS AFFLUENT OF SOUTHEAST ASIA?

Most are millennials who earned their wealth

90%+

ACQUIRED THEIR WEALTH AS SALARIED PROFESSIONALS OR BY OPERATING BUSINESSES

64%

ARE UNDER THE AGE OF 40

56%

ROSE UP FROM THE MIDDLE CLASS WITHIN THE PAST FIVE YEARS



They are highly engaged with digital media...

SHARE OF AFFLUENT THAIS, FOR EXAMPLE, WHO USE DIGITAL CHANNELS TO SHOP (%)

59

...and they are frequent overseas travelers and shoppers

NUMBER OF INTERNATIONAL TRIPS TAKEN PER YEAR, ON AVERAGE

12

SHARE OF COSMETICS, WATCHES, AND SKIN CARE PRODUCTS PURCHASED WHILE TRAVELING (%)

40

A CHANGING CONSUMER MARKET

As the mass-affluent class replaces the middle class as the driver of growth, demand will heat up in new product categories



● HIGH-GROWTH CATEGORIES AMONG THE MIDDLE CLASS

● HIGH-GROWTH CATEGORIES AMONG THE MASS AFFLUENT

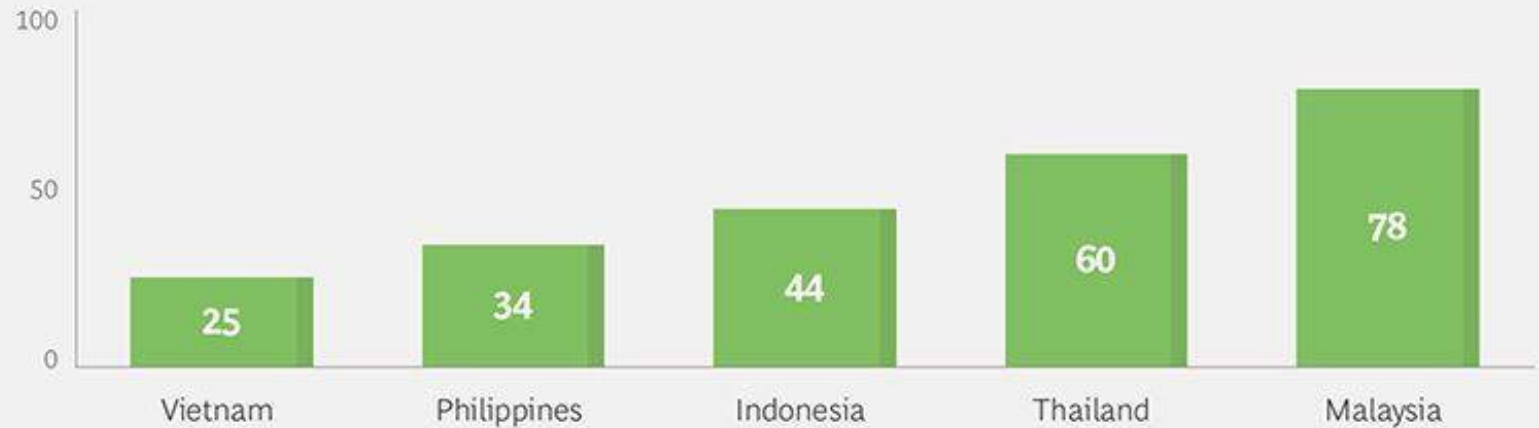
VIETNAM: LUXURY'S NEXT GOLDMINE?



THE GROWING UPPER WEALTH CLASSES OF ASEAN

Southeast Asia's Middle-Class and Affluent Consumers

MAC share of the population, 2017 (%)



Estimated CAGR
2017–2030

5.5%

5.5%

5.2%

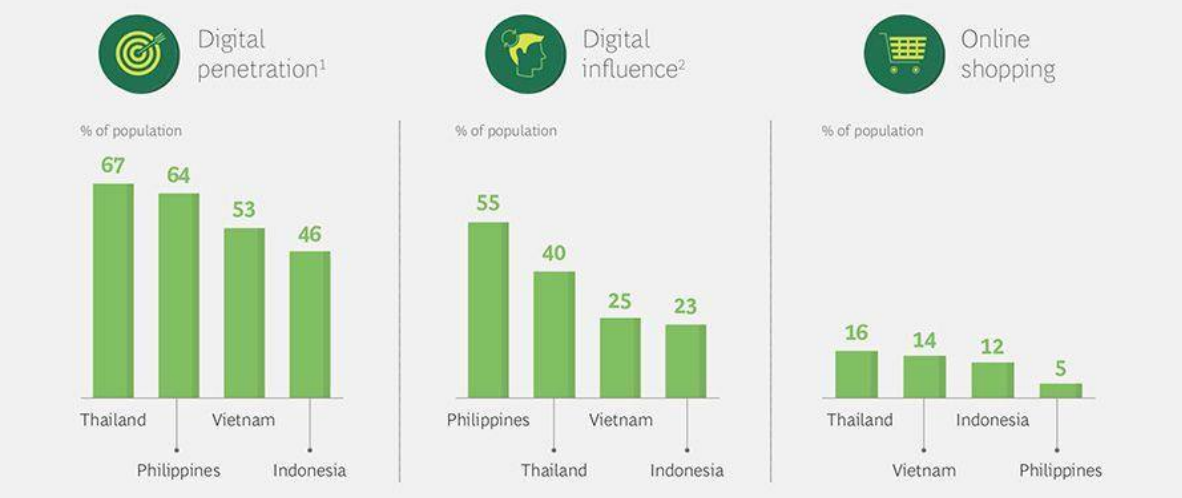
2.2%

2.9%

Affluent Consumers Are Proliferating Faster Than the Middle Class



Digital Influence and Engagement Among ASEAN Consumers





CONSUMER SHIFTS

03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES

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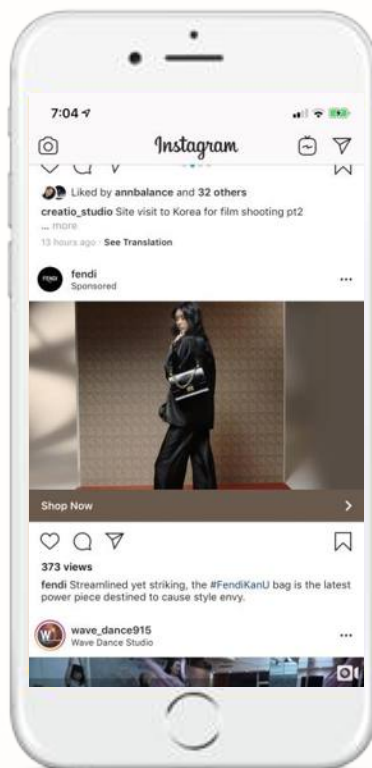




03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



SOCIAL STORES AS DIRECT SALES CHANNEL



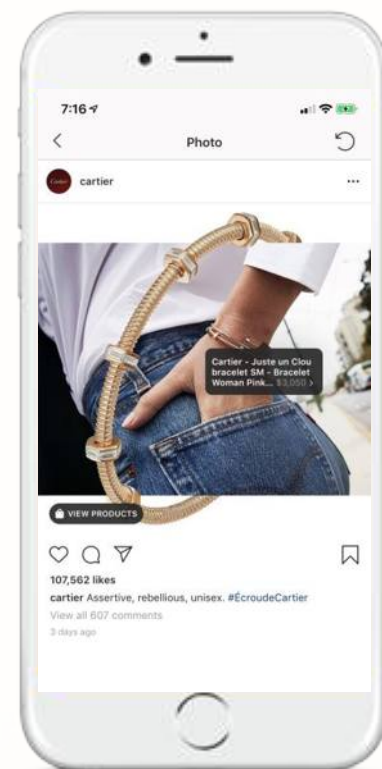
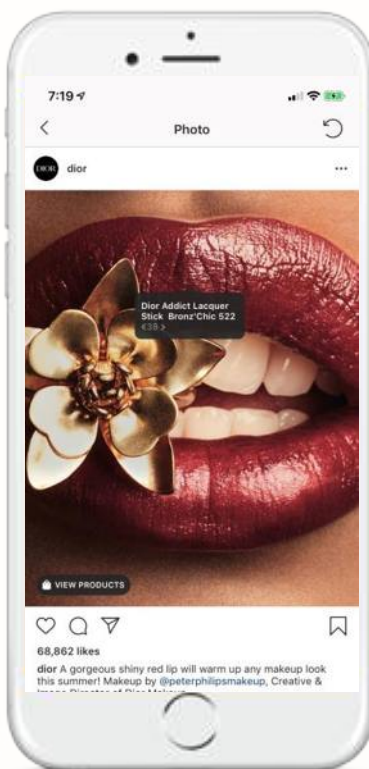
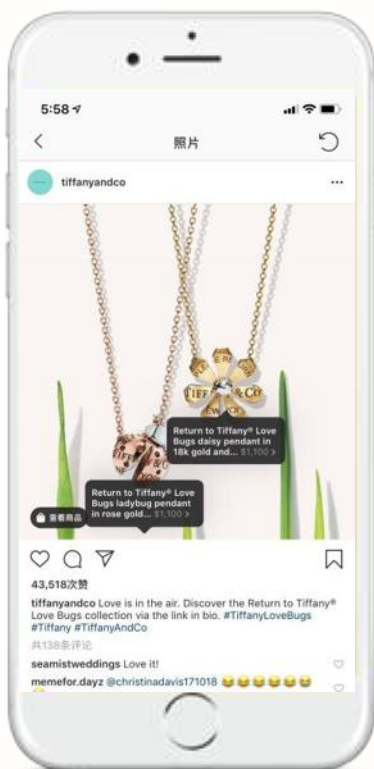
Purchase buttons within post



03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



BRANDS EXAMPLES



Shoppable Posts

03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES

OCT
2019

SOCIAL MEDIA OVERVIEW

BASED ON MONTHLY ACTIVE USERS OF THE MOST ACTIVE SOCIAL MEDIA PLATFORMS IN EACH COUNTRY / TERRITORY

 CHANGES IN DATA PROVIDER METHODOLOGIES MEAN THAT DATA ON THIS SLIDE IS NOT DIRECTLY COMPARABLE TO DATA IN OUR PREVIOUS REPORTS

TOTAL NUMBER
OF ACTIVE SOCIAL
MEDIA USERS



3.725
BILLION

ACTIVE SOCIAL MEDIA
USERS AS A PERCENTAGE
OF TOTAL POPULATION



48%

TOTAL NUMBER OF ACTIVE
SOCIAL USERS ACCESSING
VIA MOBILE DEVICES



3.660
BILLION

ACTIVE MOBILE SOCIAL
USERS AS A PERCENTAGE
OF TOTAL POPULATION



47%

we
are
social

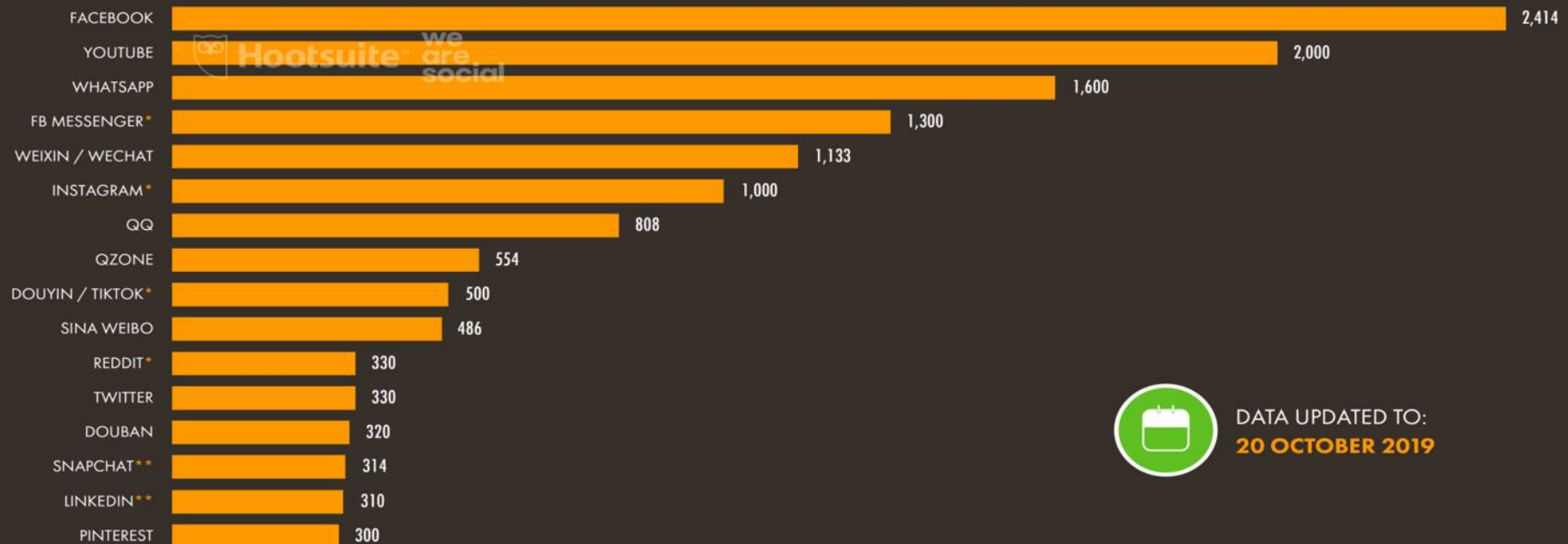


O3: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES

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2019

ACTIVE USERS OF TOP SOCIAL PLATFORMS

BASED ON MONTHLY ACTIVE USERS, ACTIVE USER ACCOUNTS, OR UNIQUE MONTHLY VISITORS TO EACH PLATFORM, IN MILLIONS



DATA UPDATED TO:
20 OCTOBER 2019

O3: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES

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2019

MOBILE APP RANKINGS: Q3 MONTHLY ACTIVE USERS

RANKINGS OF TOP MOBILE APPS AND GAMES BY THE AVERAGE NUMBER OF **MONTHLY ACTIVE USERS** BETWEEN 01 JULY AND 30 SEPTEMBER 2019

RANKING OF MOBILE APPS BY MONTHLY ACTIVE USERS

#	APP NAME	DEVELOPER
01	WHATSAPP	FACEBOOK
02	FACEBOOK	FACEBOOK
03	FACEBOOK MESSENGER	FACEBOOK
04	WECHAT	TENCENT
05	INSTAGRAM	FACEBOOK
06	TIKTOK	BYTEDANCE
07	ALIPAY	ALIBABA
08	QQ	TENCENT
09	TAOBAO	ALIBABA
10	BAIDU	BAIDU

RANKING OF MOBILE GAMES BY MONTHLY ACTIVE USERS

#	GAME NAME	DEVELOPER
01	PUBG MOBILE	TENCENT
02	CANDY CRUSH SAGA	ACTIVISION
03	HONOUR OF KINGS	TENCENT
04	GAME FOR PEACE	TENCENT
05	ANIPOP	HAPPY ELEMENTS
06	POKÉMON GO	NIANTIC
07	CLASH OF CLANS	SUPERCELL
09	SUBWAY SURFERS	KILOO
09	CLASH ROYALE	SUPERCELL
10	MINECRAFT POCKET EDITION	MICROSOFT

67

SOURCE: APP ANNIE (OCTOBER 2019). BASED ON COMBINED DATA FOR THE GOOGLE PLAY AND APPLE IOS APP STORES.
NOTE: DOES NOT INCLUDE DATA FOR APPS DOWNLOADED FROM THIRD-PARTY ANDROID STORES.

O3: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



DOUYIN (TIK TOK)



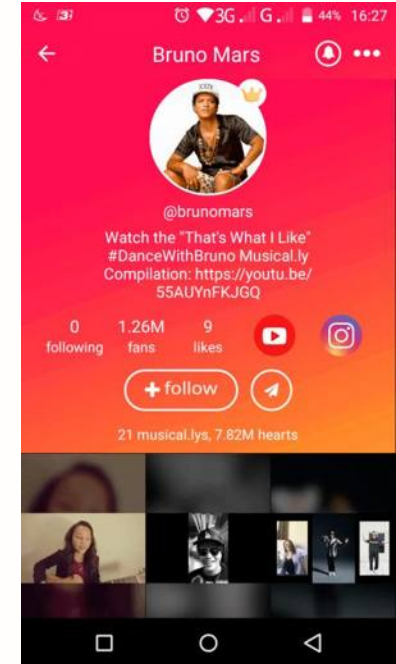
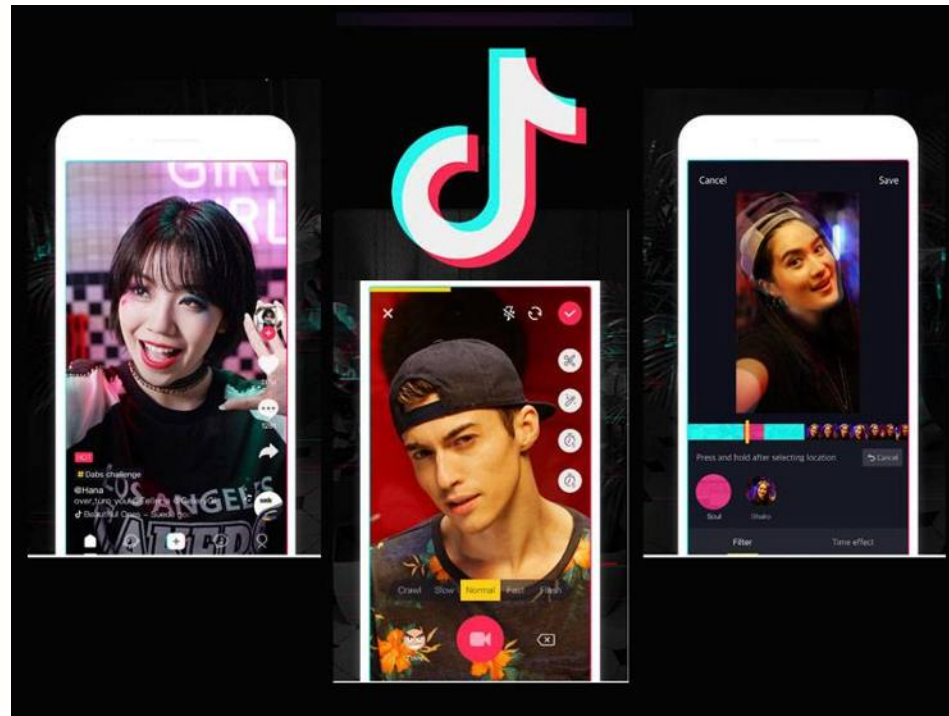
Year Launched: 2017
(Founded in 2016)

Number of Users: 500 million+ monthly active users

Douyin (named Tik Tok overseas, where the platform has also expanded rapidly)

Douyin is a Chinese mini-music-video social network combine funny and interesting short clips, an immersive full-screen interface and powerful AI for its sticky magic.

O3: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



Jimmy Fallon, the Tonight Show, #tumbleweed Challenge

03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



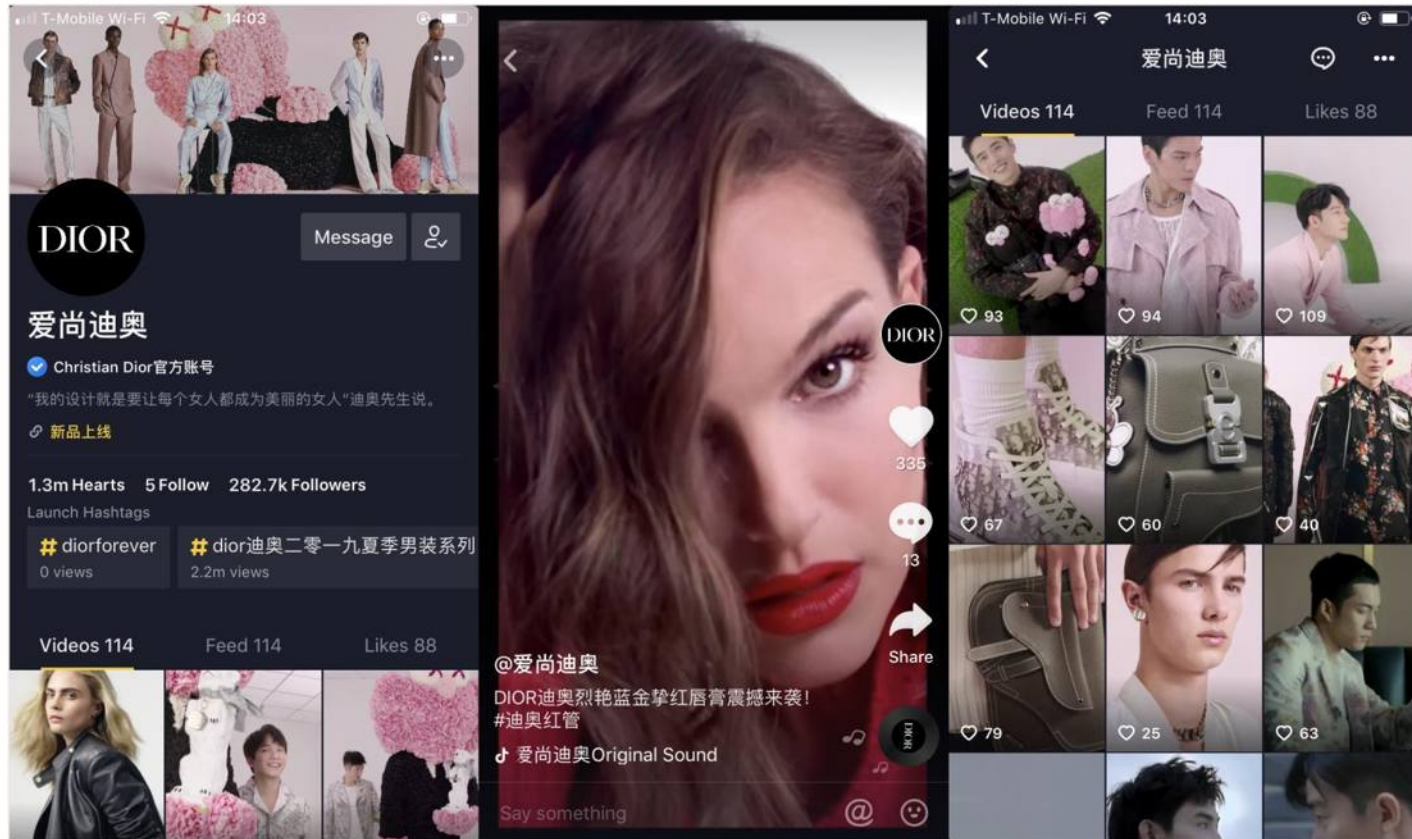
IS DOUYIN A PLACE FOR LUXURY BRANDS?



03: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



CASE STUDY: DIOR OFFICAL ACCOUNT ON DOUYIN



Christian Dior has official presence on Douyin with a posting schedule in sync with the brand's movements in China. Since its launch last August, the French luxury powerhouse has attracted approximately **282,700 followers**.

O3: NEXT GEN SOCIAL MEDIA AND BRAND COMMUNITIES



CASE STUDY: DIOR OFFICAL ACCOUNT ON DOUYIN

WHO IS ANGELABABY?

- A famous Chinese model and actress who became a household name in 2014 as a hostess of a reality TV game show called Hurry Up, Brother.
- She attracted more than 100 million followers on Weibo who adore her fashion attitude and lifestyle. One of the most popular topics is that her wedding which cost \$31 million became the most luxurious wedding in 2015.

ANGELABABY x DIOR

- At the end of April, 2017, she was appointed as Dior's first-ever Chinese brand ambassador.
- Dior's best-performing video on Douyin, featuring Chinese actresses including Angelababy, Wang Ziwon and Wang Luodan posing with Saddle Bags, was liked 183,500 times and commented on by 4,100 users.



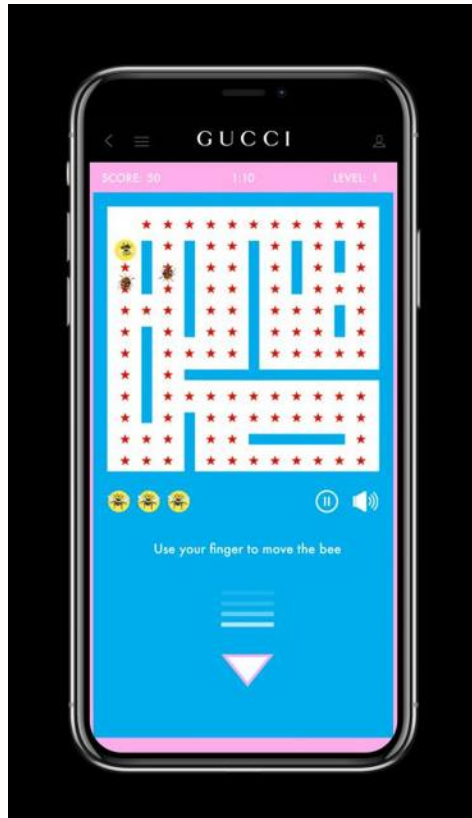
BRAND-TERTAINMENT IS THE NEW LUXURY GAME



LOUIS VUITTON MADE A VIDEO GAME

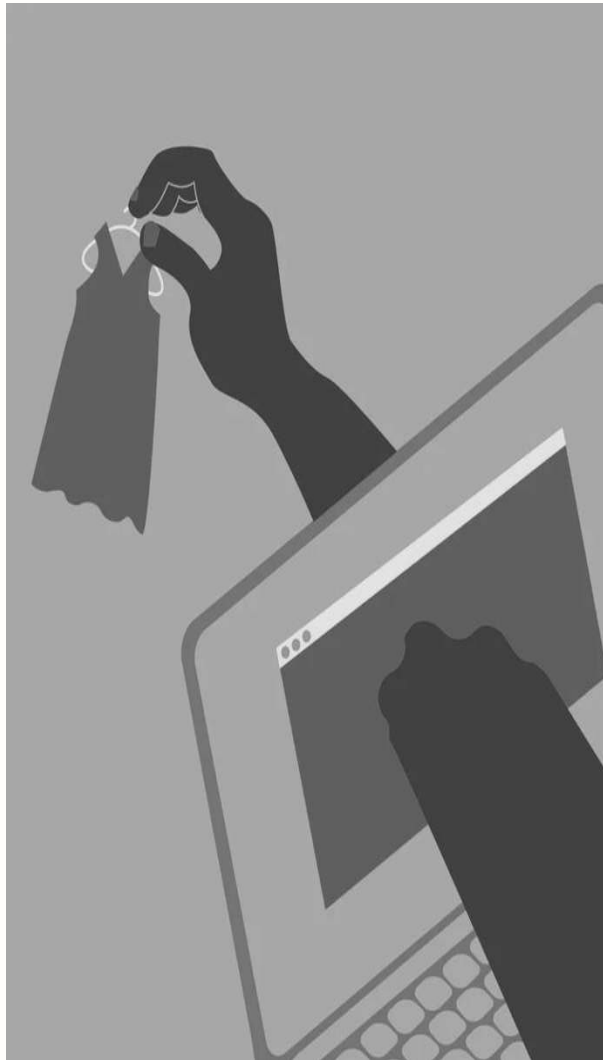


How GUCCI IS USING AUGMENTED REALITY AND GAMING TO STAY AHEAD OF THE CURVE



How GUCCI IS USING AUGMENTED REALITY AND GAMING TO STAY AHEAD OF THE CURVE





CONSUMER SHIFTS

03: NEXT GEN SOCIAL MEDIA AND
BRAND COMMUNITIES

04: SUSTAINABILITY FIRST

04. SUSTAINABILITY FIRST

CEO AGENDA 2019

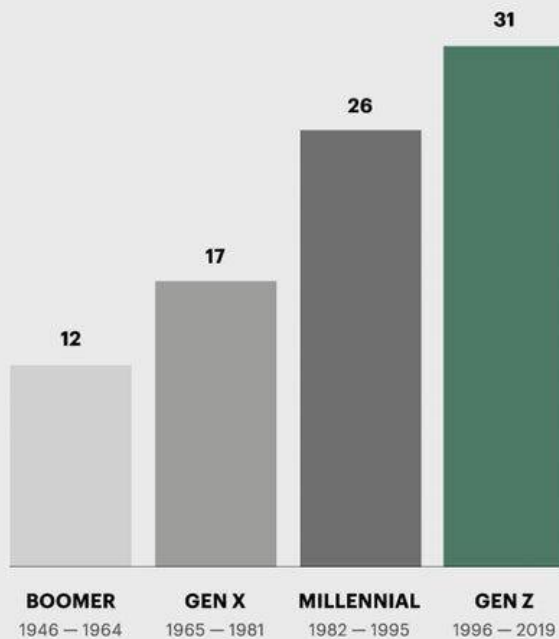
EIGHT SUSTAINABILITY
PRIORITIES FOR THE
FASHION INDUSTRY



O4. SUSTAINABILITY FIRST

Younger generations increasingly state that they will pay more for products that have the least negative impact on the environment

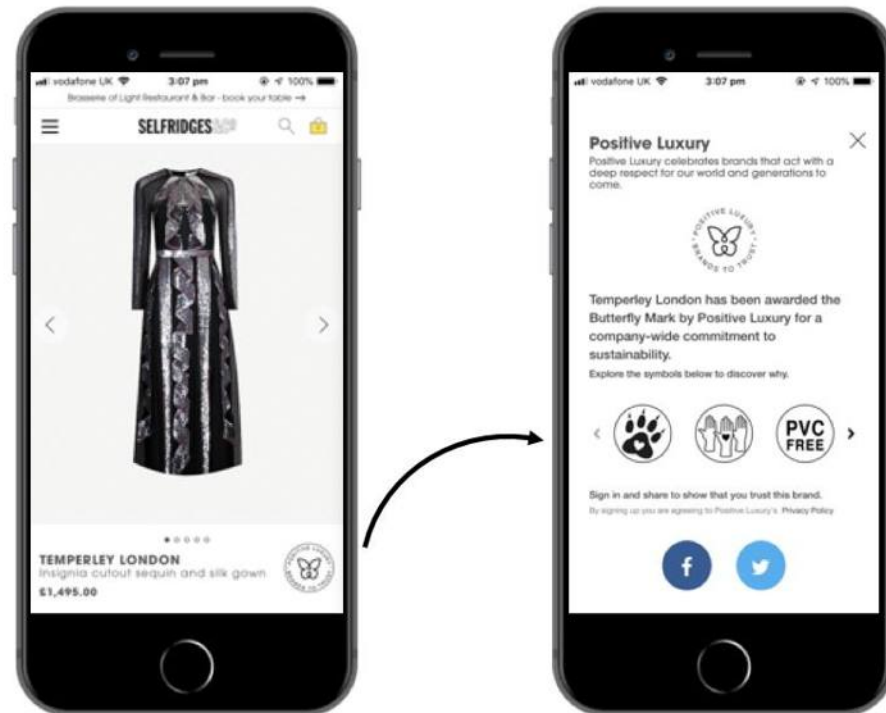
% OF US CONSUMERS IN 2019 WHO WOULD PAY MORE



SOURCE: MCKINSEY NEW AGE OF THE CONSUMER US SURVEY 2019



O4. SUSTAINABILITY FIRST



1

Positive Luxury – A Butterfly Mark to Engage Brands in Sustainability

O4. SUSTAINABILITY FIRST

LOLA'S APOTHECARY

T

TRINNY LONDON

V

VALEUR ABSOLUE
VIRGINIA STONE

W

WELEDA

Y

YVES SAINT LAURENT



JEWELLERY & WATCHES

Explore sustainable accessory labels that are designing with people and the planet in mind

A

ALEXANDRA MOR
ALINA ABEGG JEWELS
ARGYLE PINK DIAMONDS

B

BAUME

E

ELI-O

F

FOREVERMARK
FRANK DARLING

G

GARRARD

I

IWC SCHAFFHAUSEN

K

KBH JEWELS
KUKKA JEWELRY

M

MYRIAMOS

N

NOOR FARES

S

STEPHEN WEBSTER

T

TAG HEUER
THEISIS GEMS AND JEWELRY

W

WASHED ASHORE
WEARING MEMORIES



O4. SUSTAINABILITY FIRST



CONSUMER SHIFTS

03: NEXT GEN SOCIAL MEDIA AND
BRAND COMMUNITIES

04: SUSTAINABILITY FIRST

05: CATCH ME IN SECONDS

05. CATCH ME IN SECONDS

OCT
2019

INTERNET CONNECTION SPEEDS

AVERAGE DOWNLOAD SPEEDS FOR MOBILE AND FIXED INTERNET CONNECTIONS, WITH YEAR-ON-YEAR COMPARISON

AVERAGE SPEED OF
MOBILE INTERNET
CONNECTIONS



29.5
MBPS

YEAR-ON-YEAR CHANGE IN
AVERAGE SPEED OF MOBILE
INTERNET CONNECTIONS



+25%

AVERAGE SPEED OF
FIXED INTERNET
CONNECTIONS



69.1
MBPS

YEAR-ON-YEAR CHANGE IN
AVERAGE SPEED OF FIXED
INTERNET CONNECTIONS



+40%

we
are
social

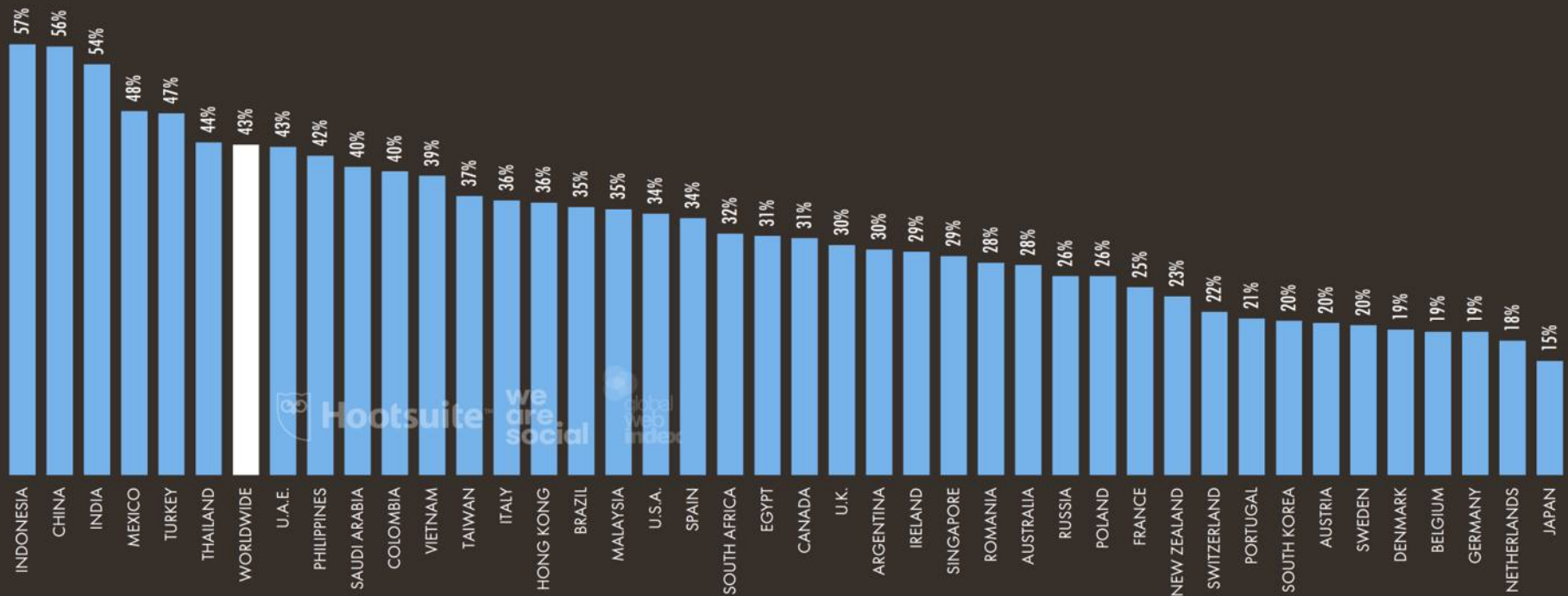


05. CATCH ME IN SECONDS

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2019

USE OF VOICE SEARCH & VOICE COMMANDS

PERCENTAGE OF INTERNET USERS AGED 16 TO 64 WHO REPORT USING VOICE-CONTROLLED FUNCTIONALITY (ANY DEVICE)



05. CATCH ME IN SECONDS

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2019

USE OF VOICE SEARCH & VOICE COMMANDS

PERCENTAGE OF **INTERNET USERS** IN EACH AGE GROUP WHO REPORT USING VOICE SEARCH OR VOICE COMMANDS IN THE PAST 30 DAYS

USE OF VOICE SEARCH
OR VOICE COMMANDS
IN THE PAST 30 DAYS:
16-24 YEAR OLDS



50%



USE OF VOICE SEARCH
OR VOICE COMMANDS
IN THE PAST 30 DAYS:
25-34 YEAR OLDS



50%



USE OF VOICE SEARCH
OR VOICE COMMANDS
IN THE PAST 30 DAYS:
35-44 YEAR OLDS



43%



USE OF VOICE SEARCH
OR VOICE COMMANDS
IN THE PAST 30 DAYS:
45-54 YEAR OLDS



31%



USE OF VOICE SEARCH
OR VOICE COMMANDS
IN THE PAST 30 DAYS:
55-64 YEAR OLDS



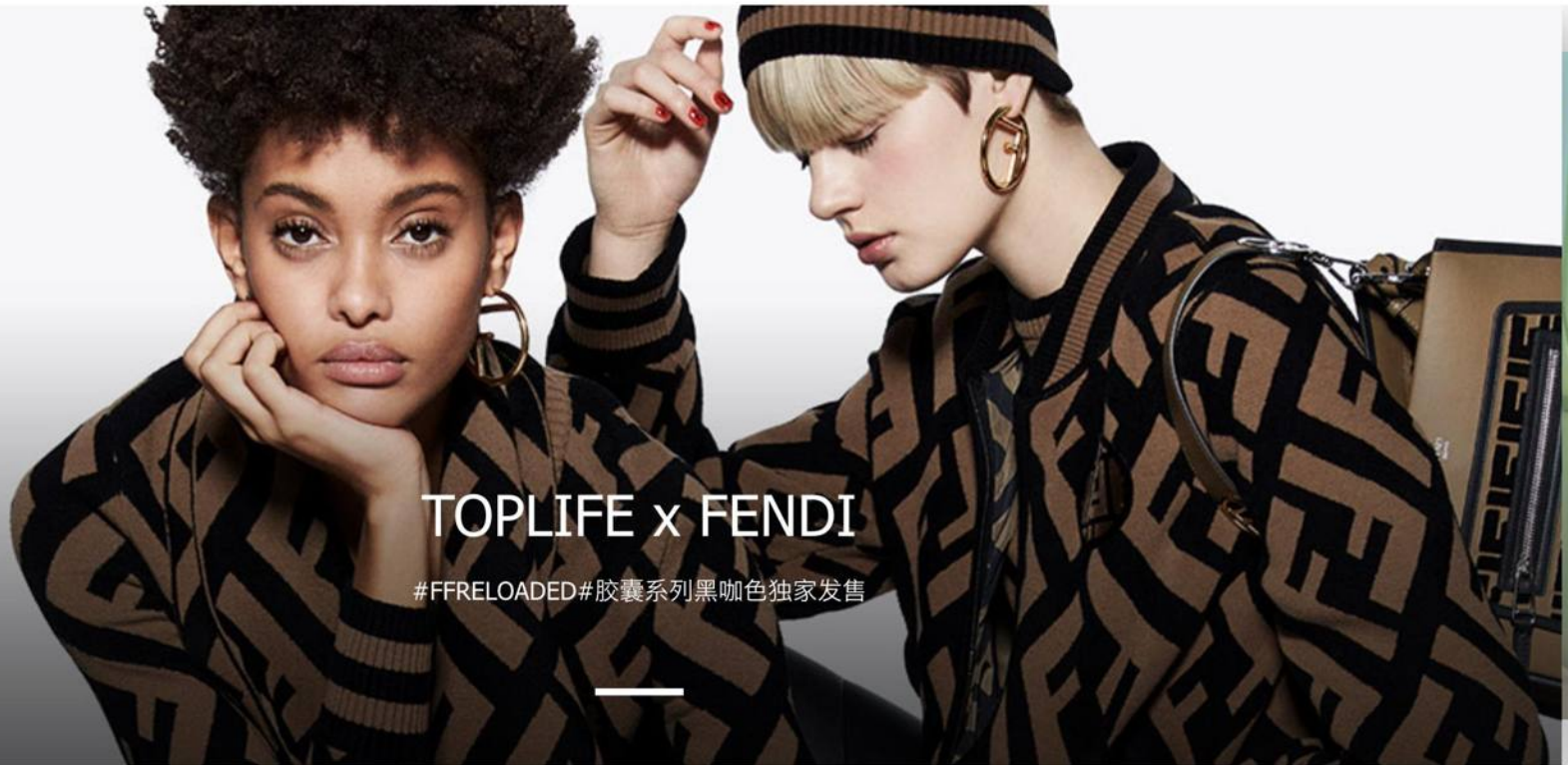
21%

05. CATCH ME IN SECONDS


[登录 / 注册](#)


 TOPLIFE



Fendi with Toplife China



CONSUMER SHIFTS

03: NEXT GEN SOCIAL MEDIA AND
BRAND COMMUNITIES

04: SUSTAINABLY FIRST

05: CATCH ME IN SECONDS

06: PRIVATE PERSONALIZATION

O6. PRIVATE PERSONALIZATION

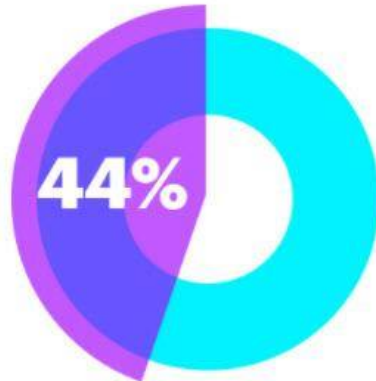


Can personalization and privacy coexist?

O6. PRIVATE PERSONALIZATION

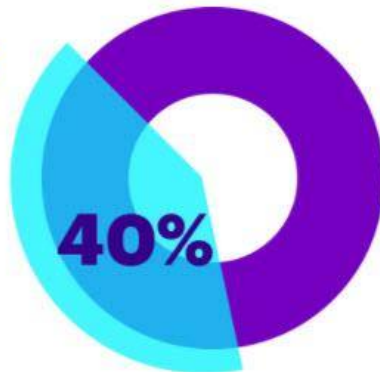
IN ADVERTISING SERVICES

44% think getting **personalized advertising** based on past online searches **is useful**.



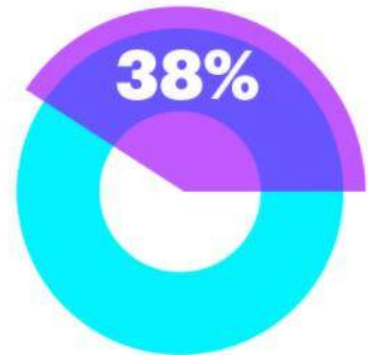
IN INTERACTING WITH THEIR DEVICES

4 in 10 consumers want **voice control** to further personalize their interaction with their devices.



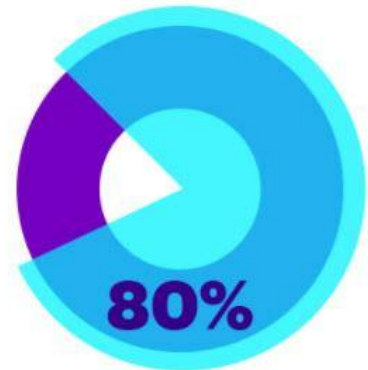
IN THE CONNECTED HOME

38% believe **digital assistants** using personal information **are useful** in providing a more personalized experience.



IN CUSTOMER SERVICE

8 in 10 consumers wish they received an **authentic response** from a customer service representative that didn't feel standardized or automated.



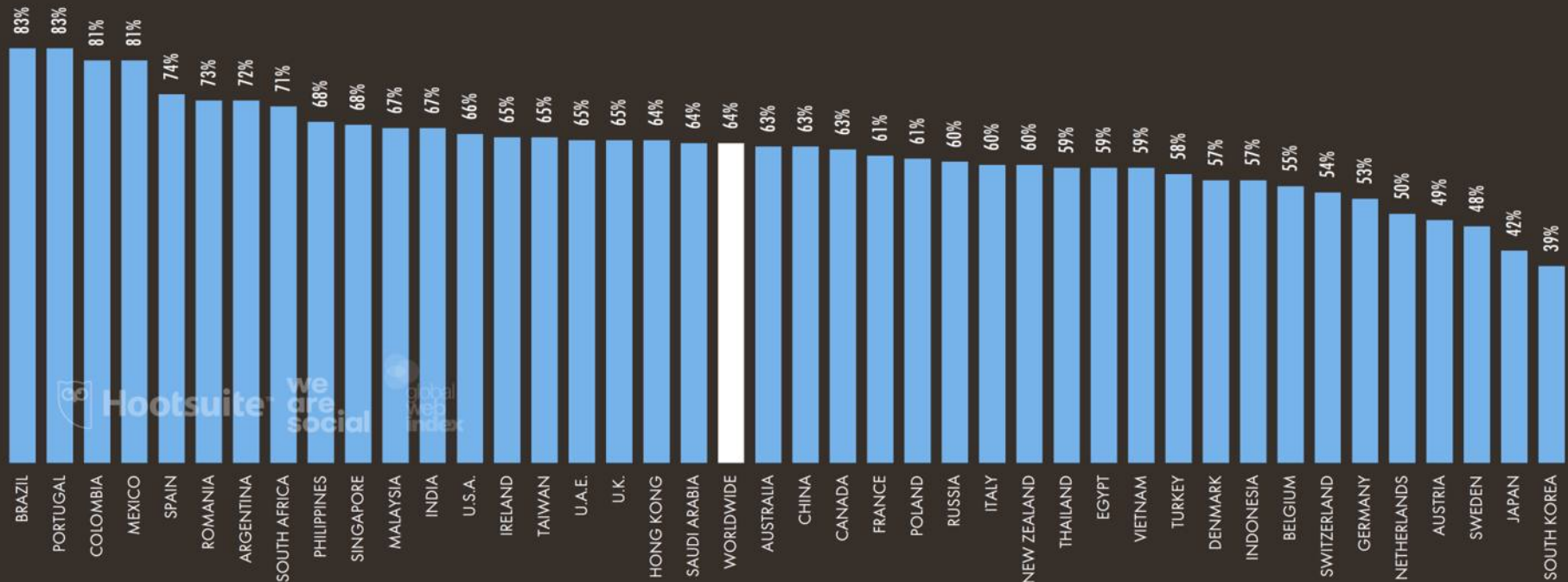
The Growing Popularity of Digital and Personalization

O6. PRIVATE PERSONALIZATION

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2019

CONCERNS ABOUT MISUSE OF PERSONAL DATA

PERCENTAGE OF **INTERNET USERS** WHO SAY THEY'RE WORRIED ABOUT HOW COMPANIES USE THEIR PERSONAL DATA





LUXURY

07: EXISTENTIAL LUXURY

07. EXISTENTIAL LUXURY



07. EXISTENTIAL LUXURY



Brand equity and storytelling is no joke in the China market, and ten years from now, it will be standard for successful luxury brands. Photo: Louis Vuitton.

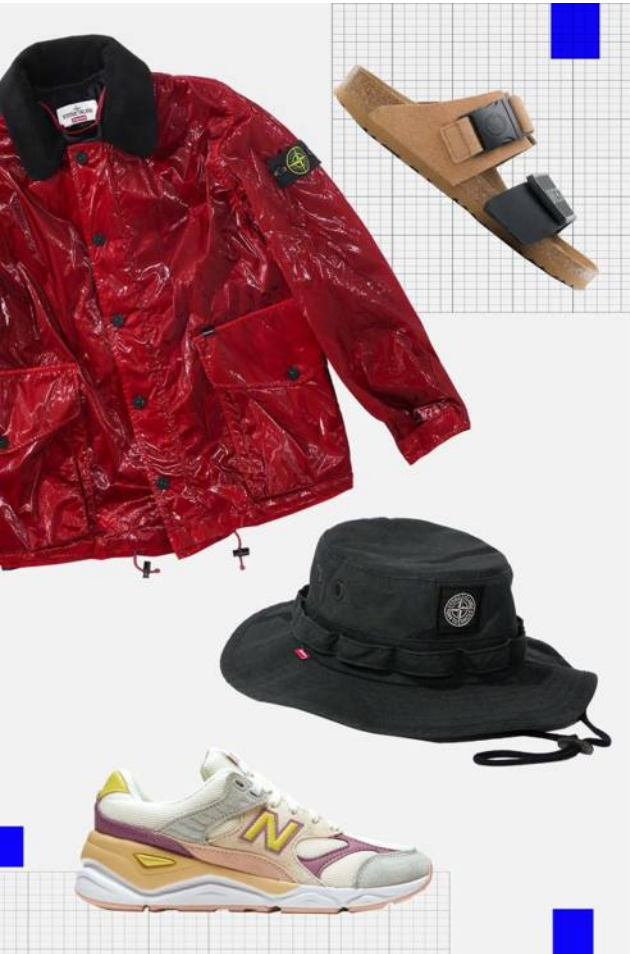


LUXURY

07: EXISTENTIAL LUXURY

08: COOL-LABORATIONS

08. COOL-LABORATIONS BECOME MAINSTREAM



Collaborations are a now-common tactic for brands looking to generate hype and access new customers.

The best collaborations of 2019 merged high fashion with streetwear and sportswear.

Others succeeded by bringing unexpected labels together, including Reformation x New Balance and Virgil Abloh x Ikea.

08. COOL-LABORATIONS BECOME MAINSTREAM

MARKERAD IKEA x VIRGIL ABLOH



08. COOL-LABORATIONS BECOME MAINSTREAM



08. COOL-LABORATIONS BECOME MAINSTREAM



08. COOL-LABORATIONS BECOME MAINSTREAM



Rick Owens x Birkenstock,
Spring/Summer 2019

LUXURY

07: EXISTENTIAL LUXURY

08: COOL-LABORATIONS

09: CONSOLIDATION



09. CONSOLIDATION TO DIVERSIFY AND BROADEN APPEAL



09. CONSOLIDATION TO DIVERSIFY AND BROADEN APPEAL

Jewel Encrusted

Acquiring Tiffany would catapult LVMH to global luxury jewelry leader

■ Share of global luxury jewelry market

LVMH + Tiffany



Richemont



Swarovsky



Kering



Swatch



Chanel



Source: Bloomberg Intelligence

BloombergOpinion



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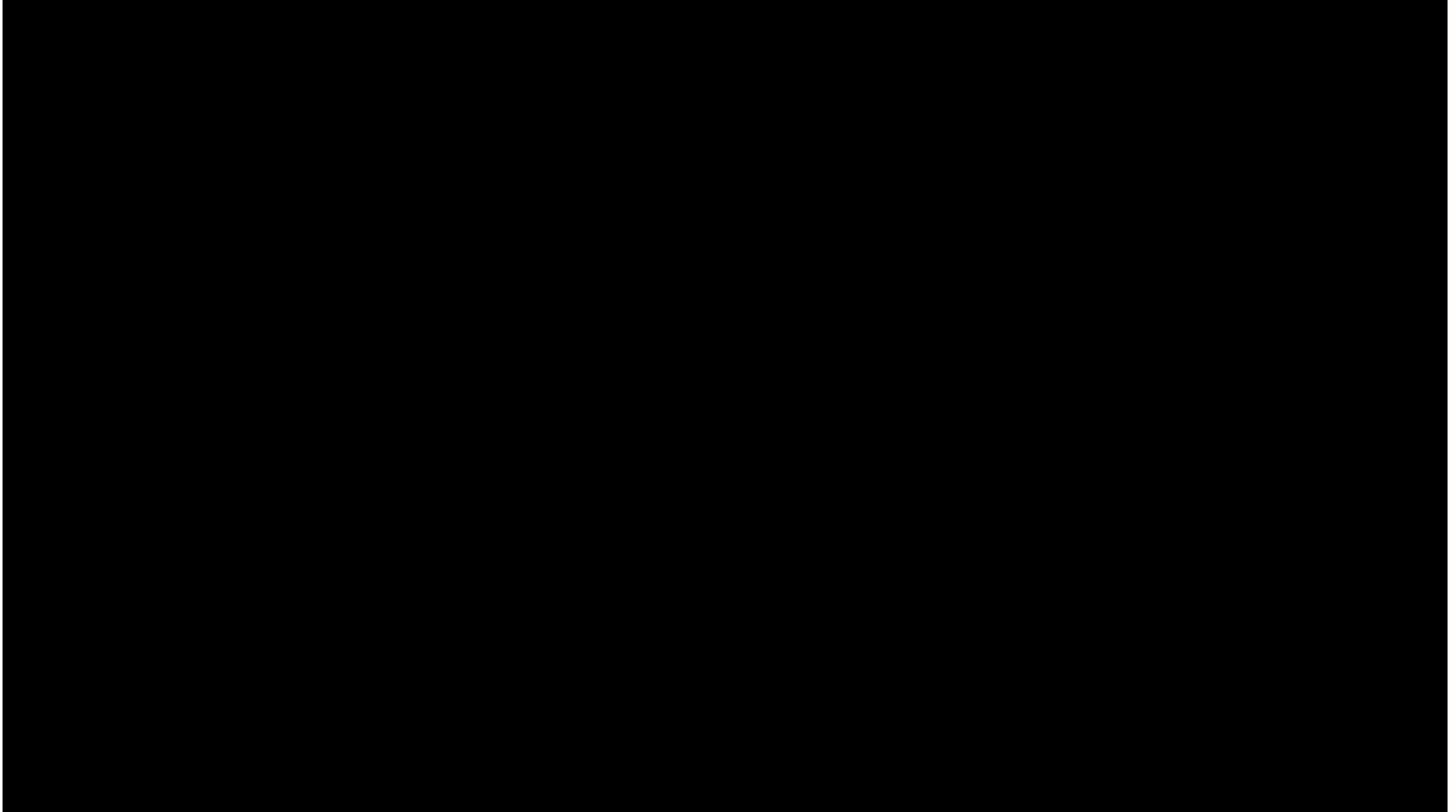
10: PSYGITAL POP-UPS

10. PHYGITAL POP-UPS RISING: DIGITAL PERSONALISATION MEETS NEW RETAIL FORMATS



SK-II's Future X Smart Store is designed to create a pressure-free shopping experience for time-pressed travellers

10. PHYGITAL POP-UPS RISING: DIGITAL PERSONALISATION MEETS NEW RETAIL FORMATS





LUXURY

07: EXISTENTIAL LUXURY

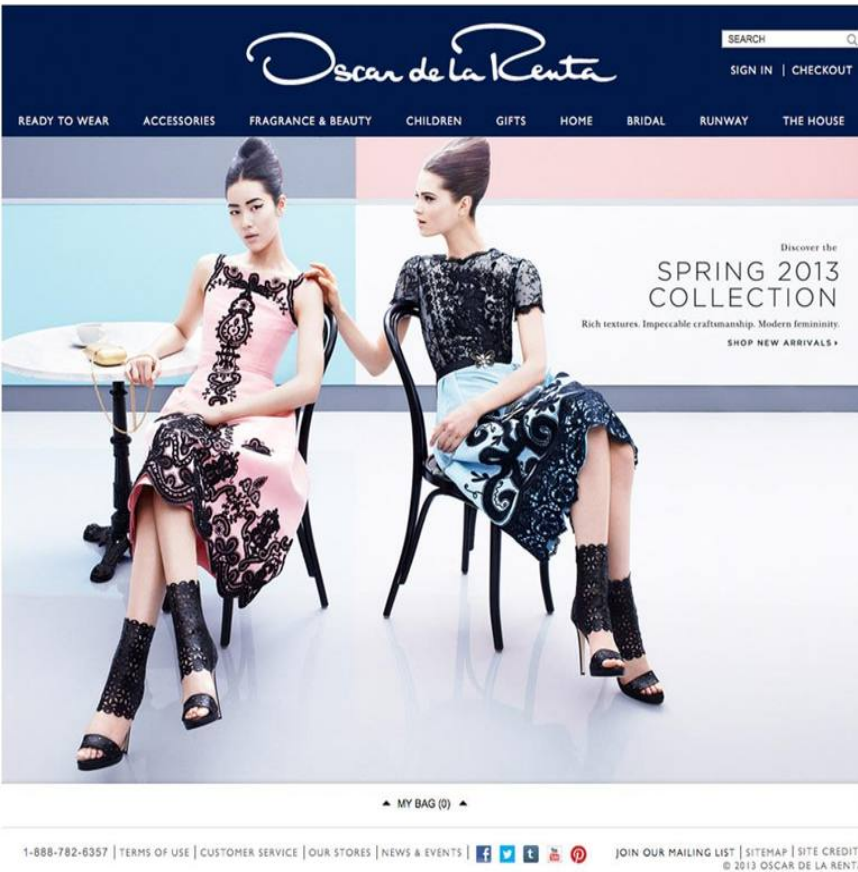
08: COOL-LABORATIONS

09: CONSOLIDATION

10: PSYGITAL POP-UPS

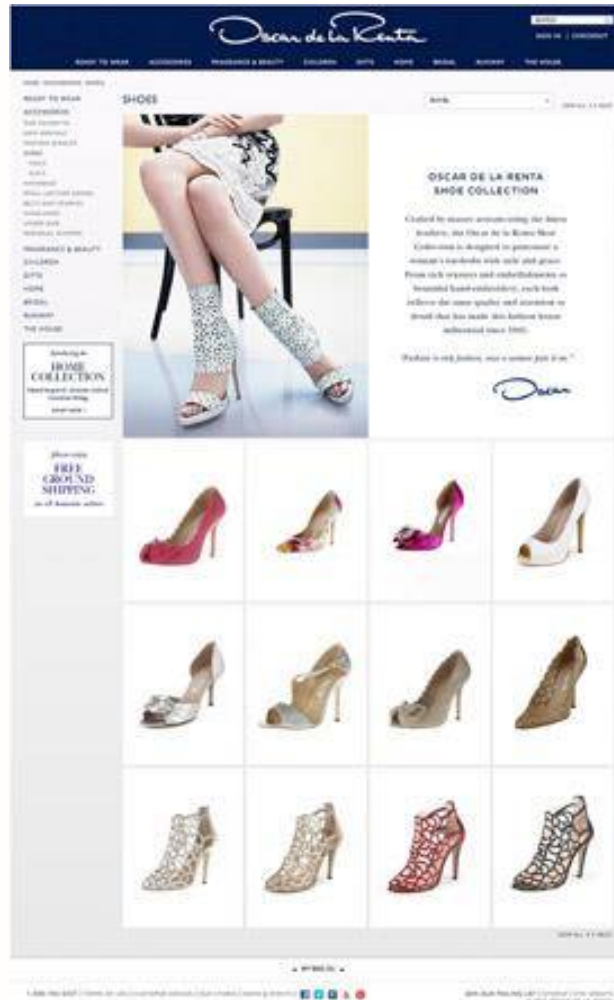
11: UNBOXING IS THE NEW
STOREFRONT

11: UNBOXING IS THE NEW STOREFRONT



The problem with ecommerce packaging

11: UNBOXING IS THE NEW STOREFRONT



11: UNBOXING IS THE NEW STOREFRONT

Burberry



Burberry via Tmall



Burberry via JD.com



Burberry via Secoo



Burberry via Yintai



11: UNBOXING IS THE NEW STOREFRONT



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LUX

LUXELLENCER CENTER