

STATE OF LUXURY SURVEY 2023

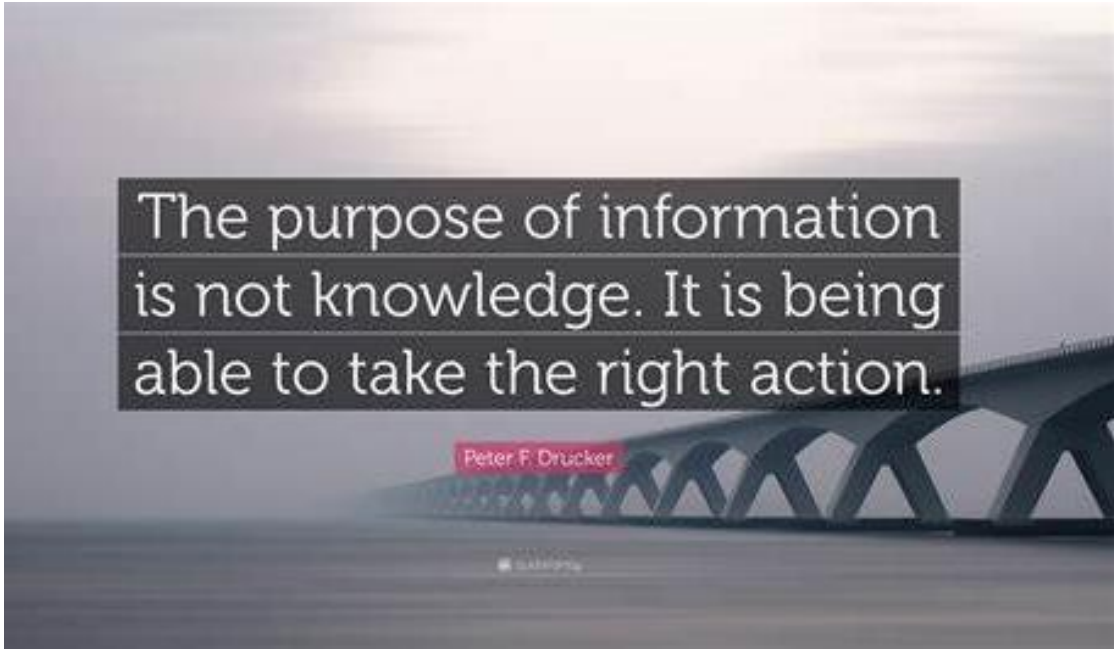
EXECUTIVE SUMMARY

Presented by:



Luxury Daily[®]

THE HOME TRUST[™]
Arbiters of Refined Taste



The purpose of information
is not knowledge. It is being
able to take the right action.

Peter F. Drucker

LUXURY INSIDER SURVEY RESULTS FOR 2023

Peter Drucker is considered the father of modern corporate management. He began teaching at Bennington College in 1942, moved to New York University in 1950 then onto Claremont Graduate University in 1971 where he established one of the country's first M.B.A. programs.

In the 1940s, Drucker started applying his management principles working with Alfred Sloan and General Motors. Sloan ultimately rejected Drucker's recommendations, but they continued a lifelong relationship. And each held the other in high esteem with subsequent GM management finally adopting many of Drucker's management practices and principles which were considered too revolutionary when first introduced.

One of the lessons Sloan took away from working with Drucker was, "Real leaders are swayed by facts, not personalities." Sloan and Drucker both believed in the value of data and information to drive decision making.

And providing data, information and insights to use in your decision making is the purpose of the *State of Luxury 2023* report. It summarizes the findings from the latest survey among over 400 luxury industry executives and advertising and marketing agencies and consultants that serve the luxury industry and includes historical trends from 2019.

The following executive summary provides the topline results of the latest survey. It is a snapshot of how your colleagues – and competitors – view current prospects, opportunities and challenges of the year ahead in luxury 2023.

After reviewing this executive summary, we invite you to subscribe to the complete *State of Luxury 2023* report – offered at a significant discount price for survey responders – to benefit from the full historical trend analysis and actionable takeaways.

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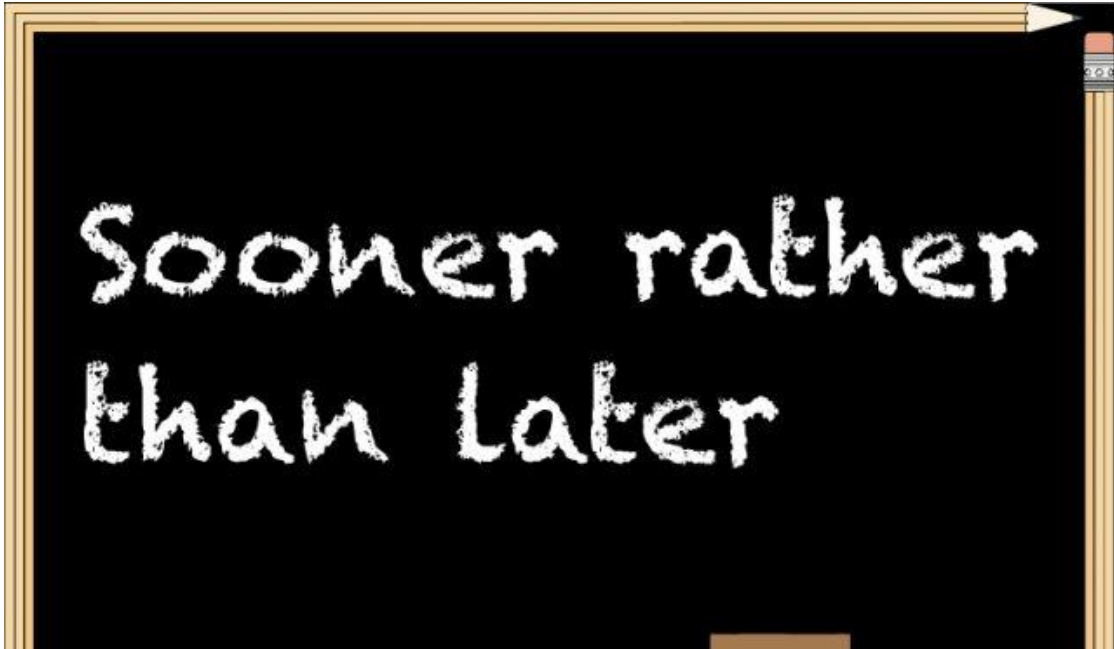
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RECESSION WATCH



Sooner rather
than later

RECESSION COMING SOONER OR
LATER

About one-third of luxury insiders surveyed believe the economy already has entered a recession, with some 42% expecting it to hit within the next six months.

Regarding their company's readiness for when the economy's other shoe drops, most surveyed said their companies are prepared but only 25% believe their companies are "well prepared" for a recession. On the other hand, the largest share of insiders (60%) said their companies are "somewhat prepared" for it.

In predicting a recession's impact on the luxury market as a whole, the luxury insiders surveyed are pretty well divided in their assessment.

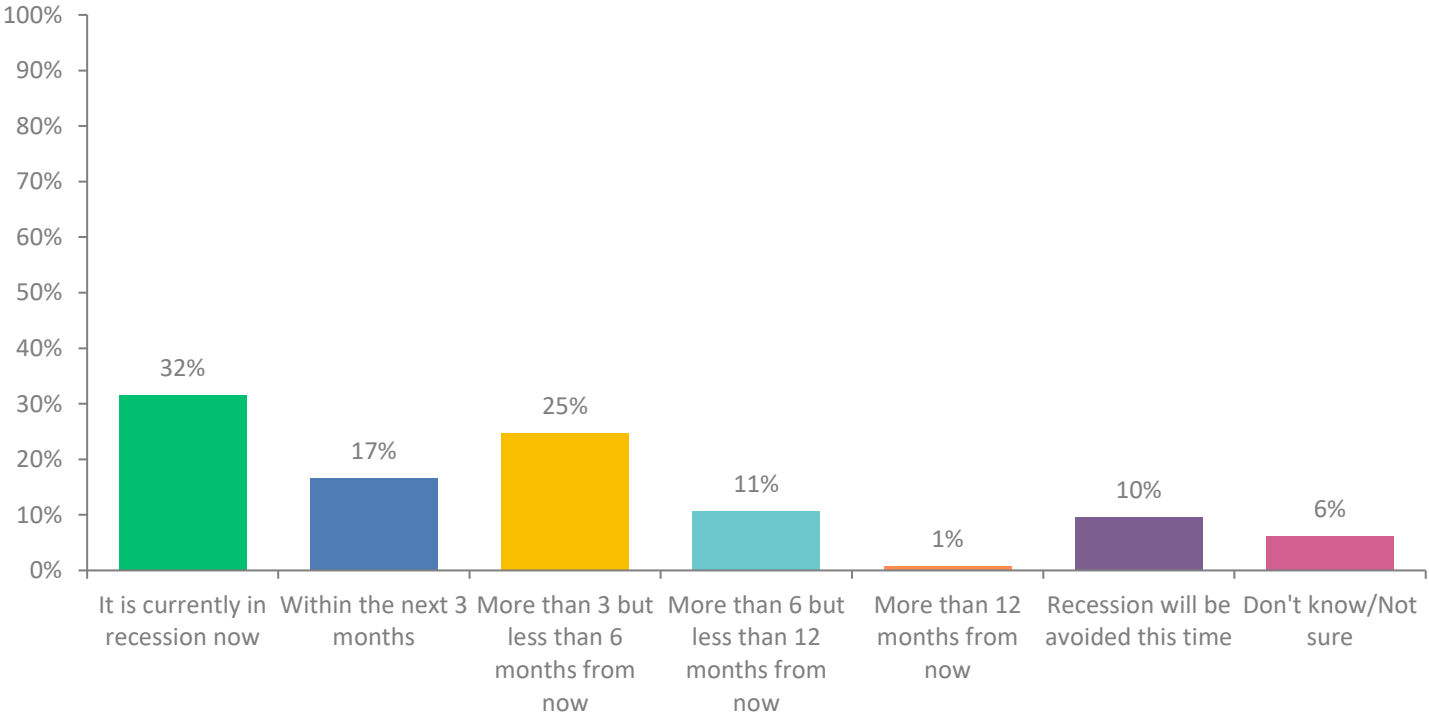
Some 34% said the luxury market will recover quickly as it did in 2008-2009, while an equal number (34%) believe the industry is better prepared for a downturn so 2008-2009's dip won't be as deep.

However, about one-fourth believe that when the recession comes, the luxury market this time will make a slower recovery than last time.

Time will tell which view is right, but the best advice is all should get ready because a downturn is headed our way and the luxury market won't be immune.

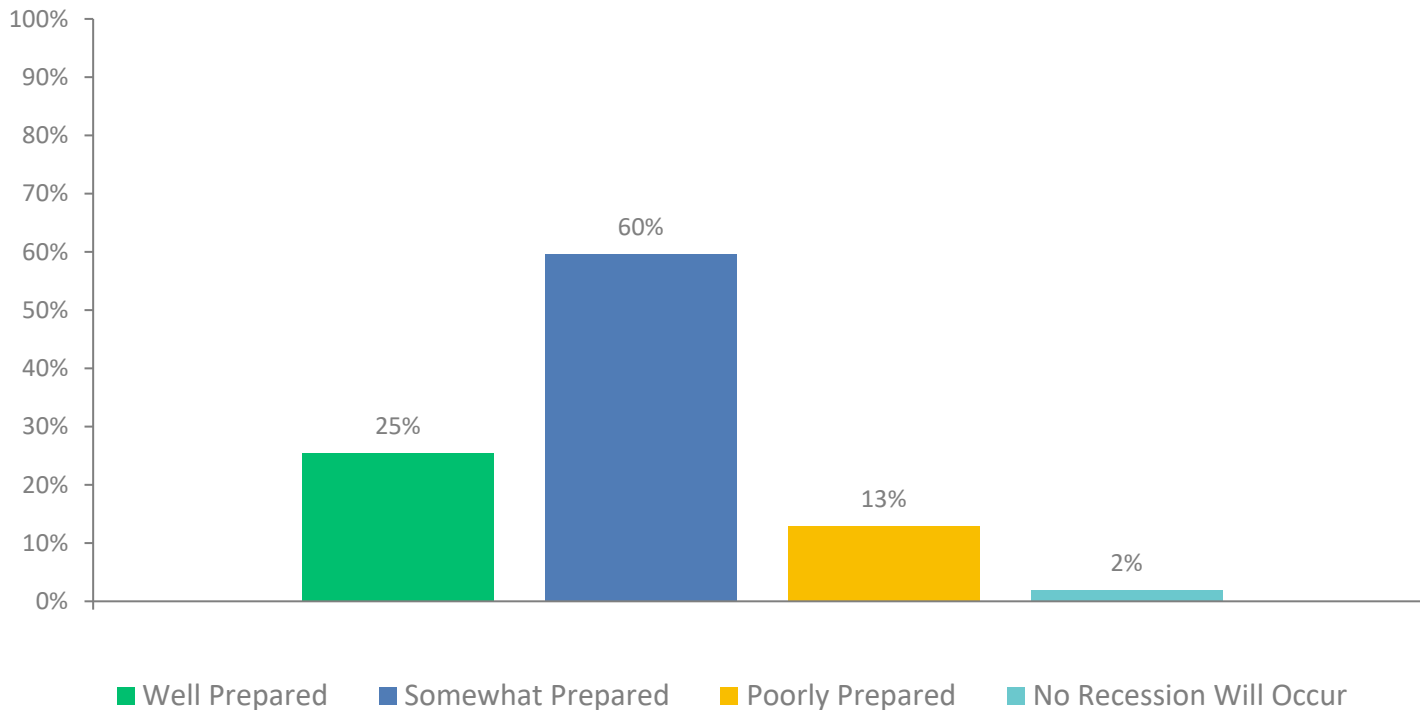
Q1: In what timeframe, if any, do you believe the economy will enter a recession? (Check the one best option)

Answered: 409 Skipped: 0



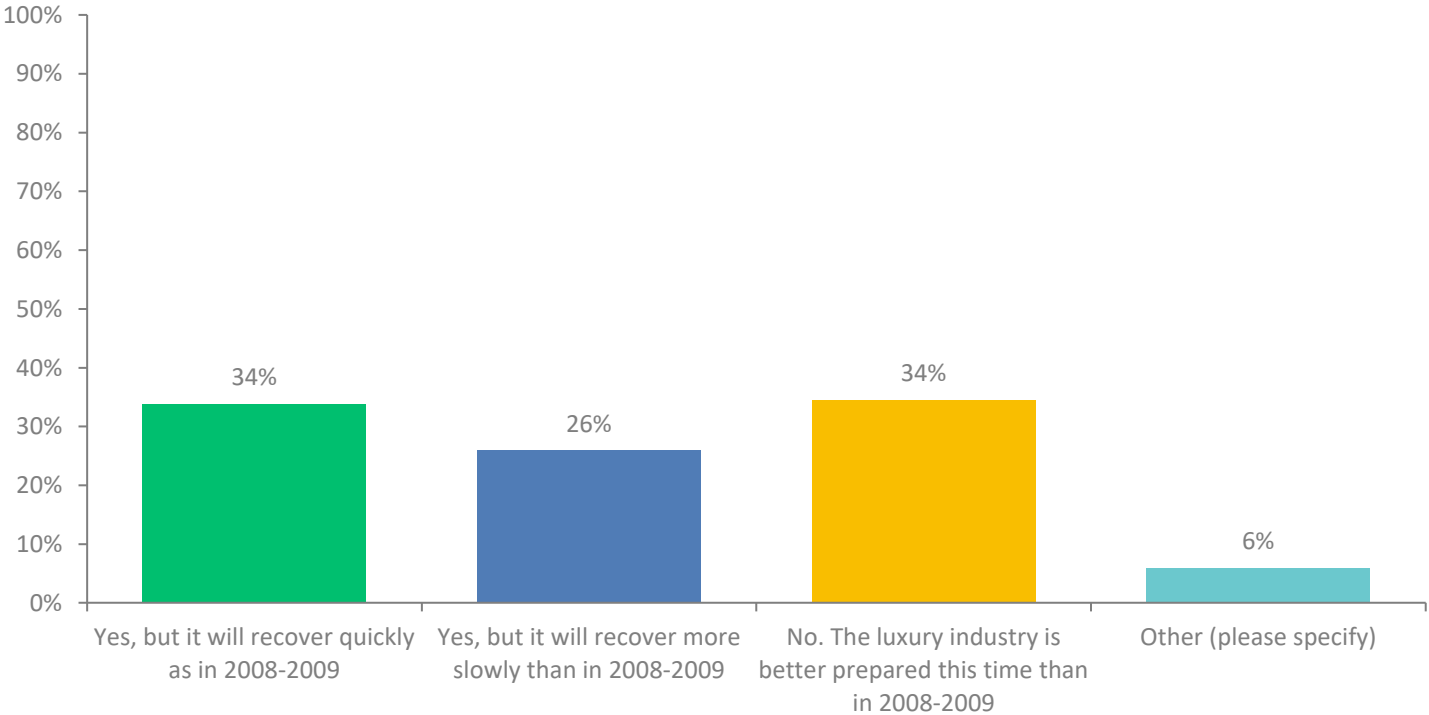
Q2: If a recession occurs, how prepared do you believe your company?

Answered: 409 Skipped: 0



Q32: Would a recession in 2023 result in a luxury industry decline as it did in 2008-2009? (Select the one best answer)

Answered: 409 Skipped: 0



Salvatore Ferragamo



Cartier



FENDI



MOSCHINO



Chloé

DOLCE & GABBANA

BVLGARI

GUCCI



ABOUT THE SURVEY RESPONDENTS

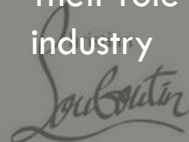


Mercedes-Benz



GIVENCHY

Their role in the luxury
industry



LOUIS VUITTON



ROLLS
ROYCE



TIFFANY & CO

HERMÈS
PARIS



BENTLEY



Ferrari



RALPH LAUREN

PRADA



JAGUAR

Harrods



MONT
BLANC

AZIMUT
YACHTS



VERSACE



Lamborghini

BOSS
HUGO BOSS

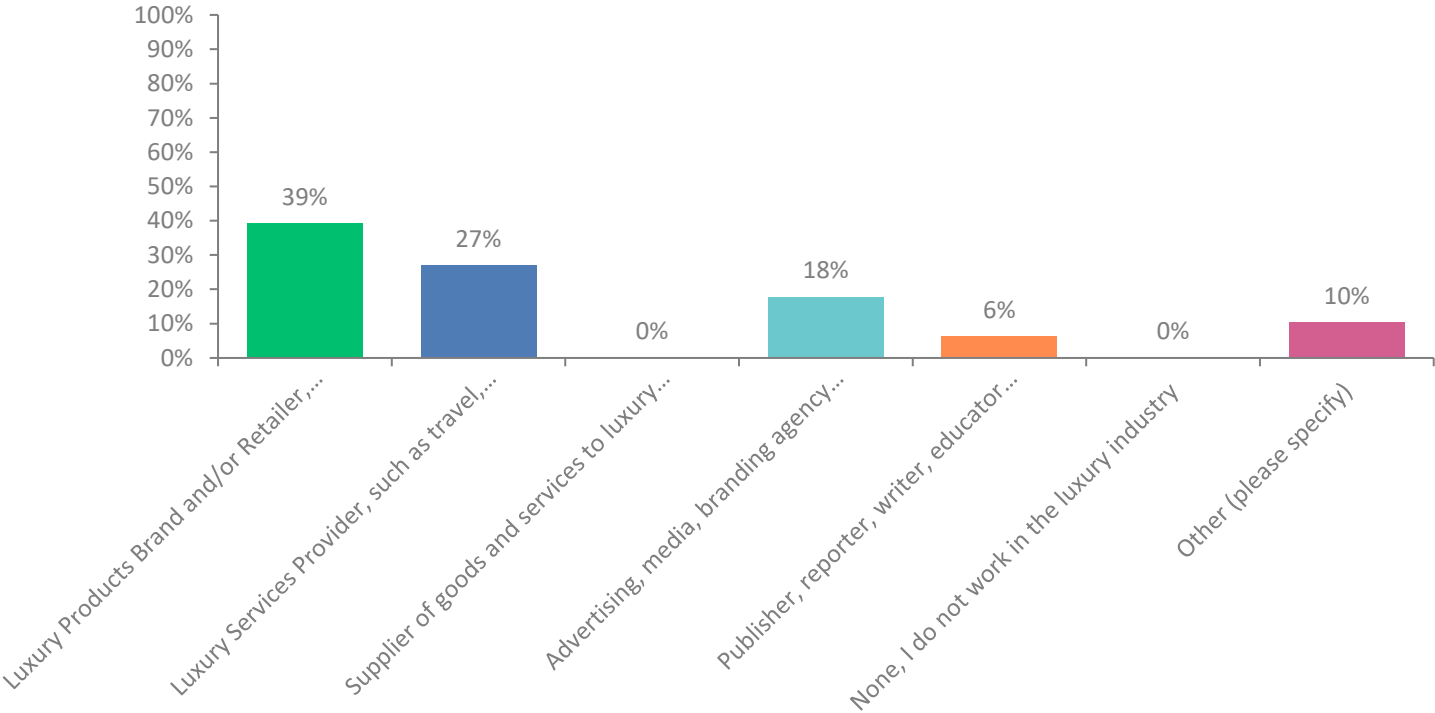


OUR RESPONDENTS COME FOR ALL
SECTORS OF THE LUXURY INDUSTRY

The largest share of respondents come from the luxury goods sector (39%), followed by luxury service providers (27%) and about one-fifth of respondents are providers of services to luxury companies, such as advertising and marketing agencies and consultants.

Q3: What is your company's role in the luxury industry? (Select only one)

Answered: 409 Skipped: 0





LUXURY GOODS SPECIFICS

The following questions were asked only insiders working for luxury goods companies.



ABOUT LUXURY GOODS INSIDERS

Our luxury goods insiders come from a wide range of product verticals, including home, fashion jewelry, beauty, art, wine and spirits and more.

The majority of luxury goods insiders (53%) reported their company's sales increased in 2022 compared with 2021. Another 19% said sales were basically flat or varied between a 1% to 4% change on either side of zero. But one-fourth reported revenues were down 5% or more.

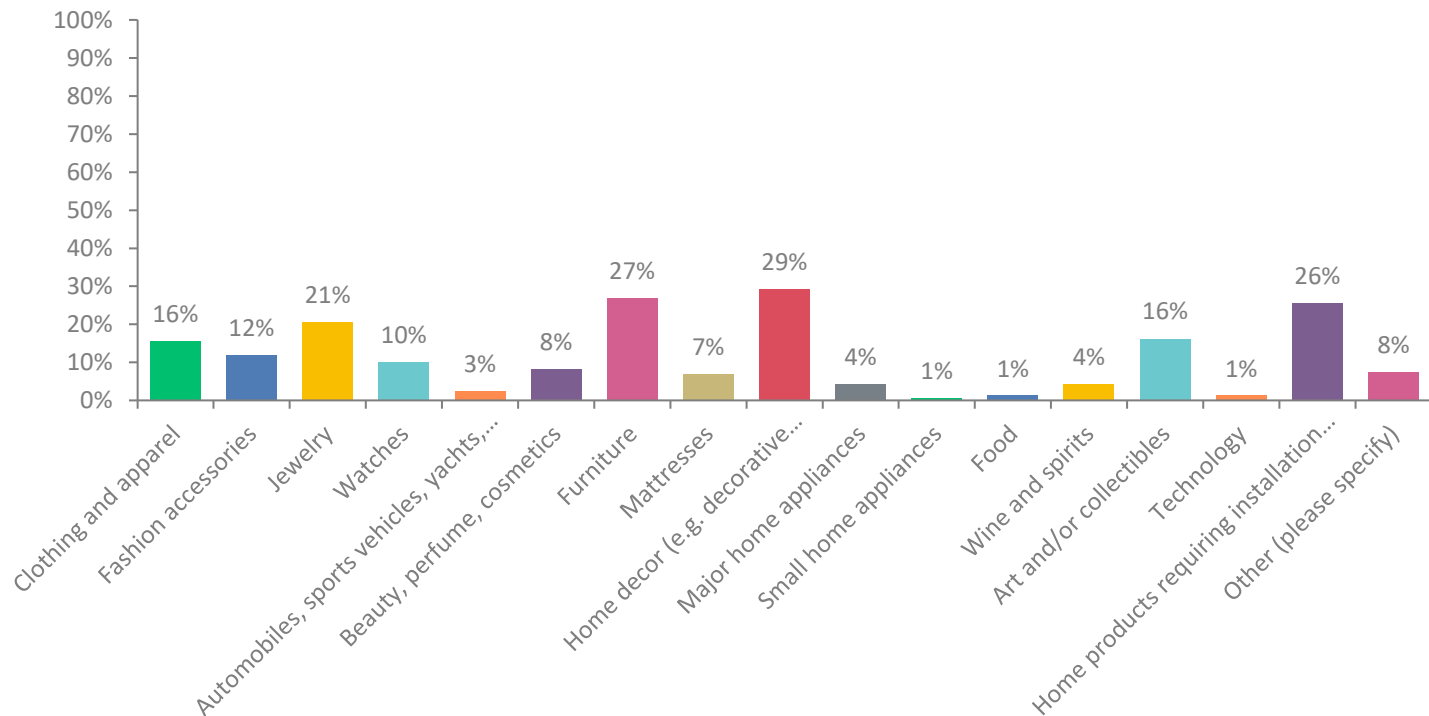
In a new question, luxury goods insiders were asked about the price points for their products. The largest share (25%) said their company offers a mix with more aspirational than true luxury goods, while nearly the same (23%) said their company's price points skew toward true luxury with some aspirational price levels added. And some 20% reported their price points were mostly at the true luxury level.

A majority (53%) sell direct-to-consumer via a company website, however 38% said their companies offer no online sales. This may reflect the number of home-based goods companies included in the sample.

Other channels of distribution luxury goods companies use include independent retailers (47%), through interior designers (39%), branded company stores (28%) and distribution through major national/international retailing partners (26%).

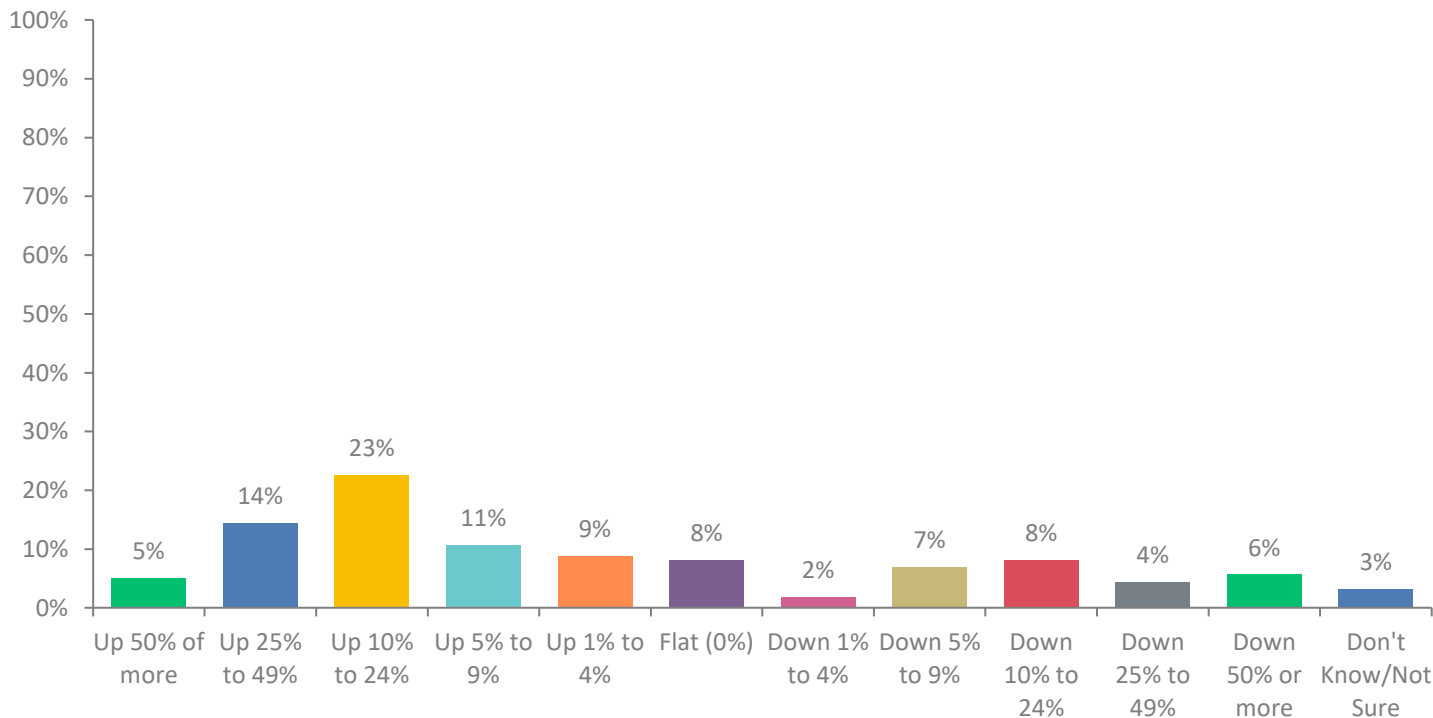
Q4: What categories of the luxury goods market do you compete in? (Check all that apply)

Answered: 160 Skipped: 249



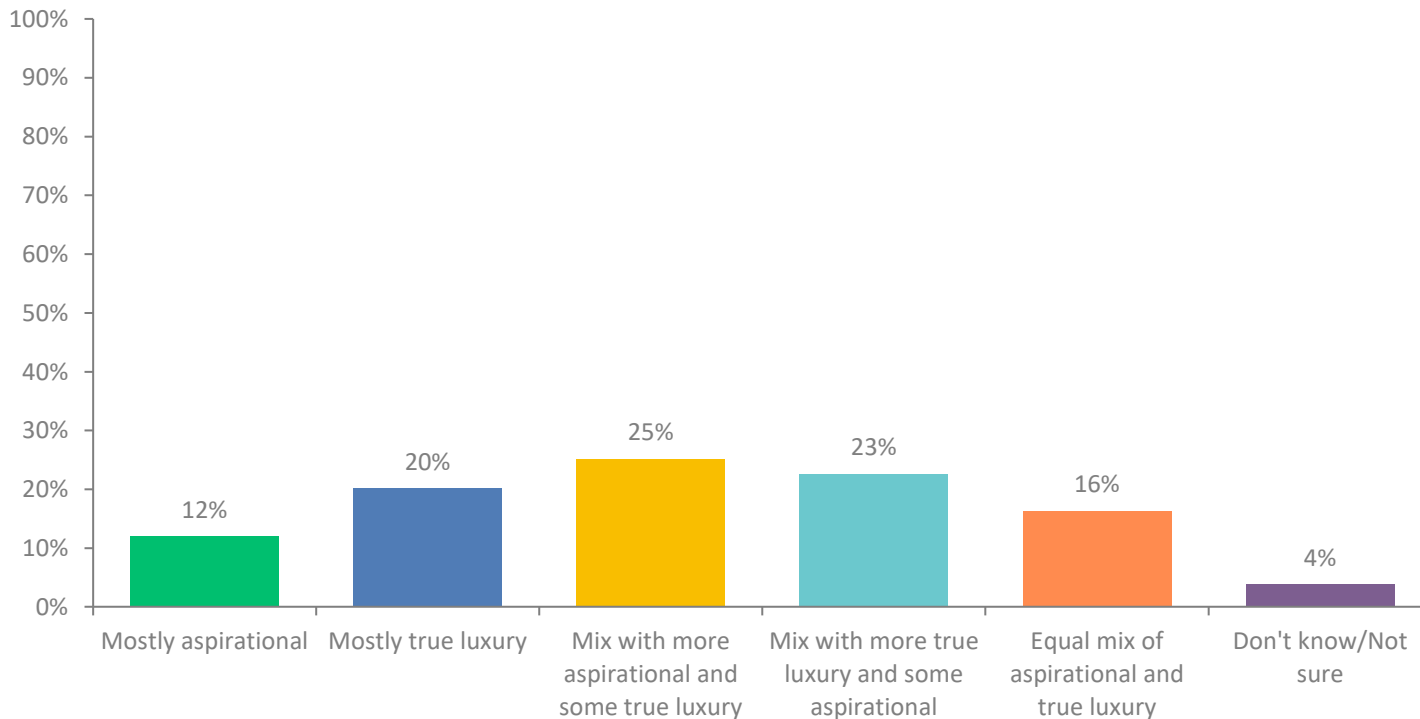
Q5: Year-to-date, how much have your company's sales changed compared to last year?

Answered: 159 Skipped: 250



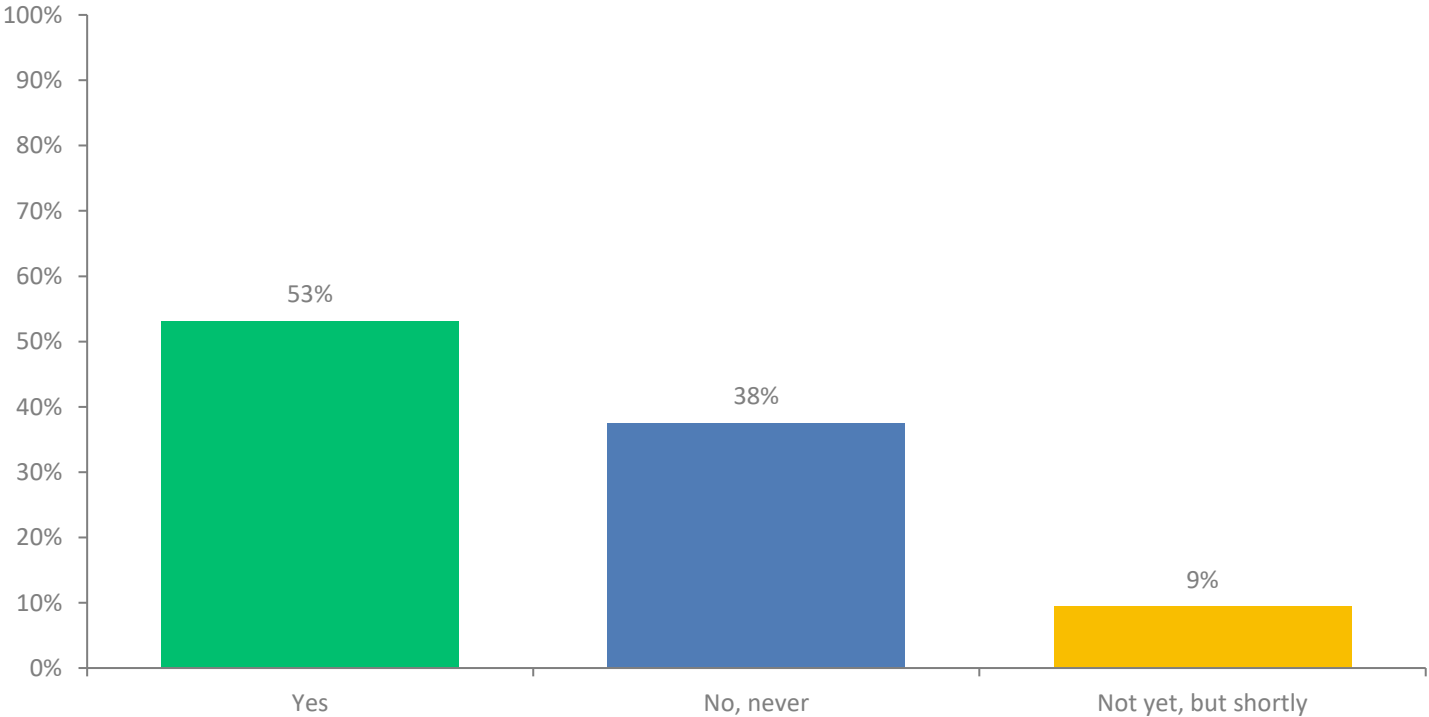
Q6: How would you describe the price points of your products? (Check the one best option)

Answered: 159 Skipped: 250



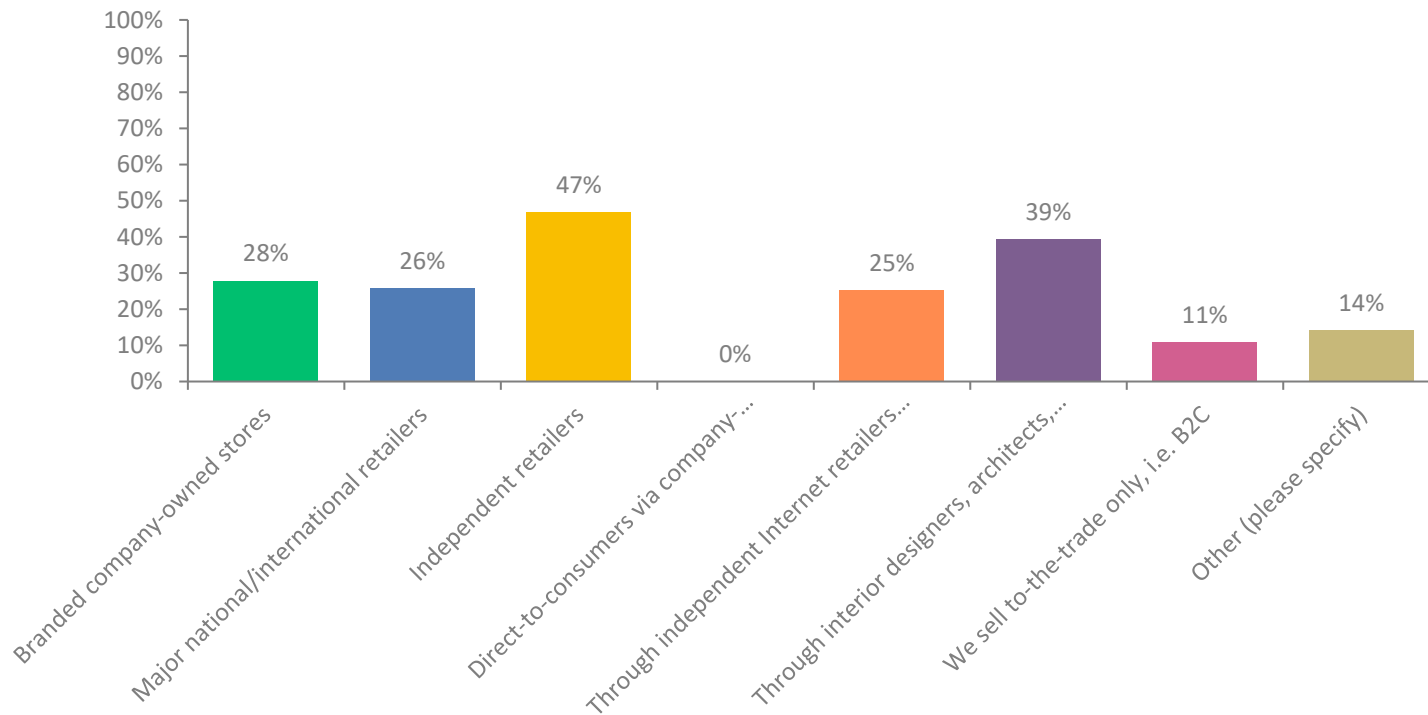
Q7: Does your company sell products direct-to-consumers through a company-operated B2C web site?

Answered: 160 Skipped: 249



Q8: In addition, does your company distribute its luxury goods to consumers through any of these other channels? (Check all that apply)

Answered: 147 Skipped: 262



A grayscale photograph of a hand holding a silver tray. On the tray is a white card with the word 'SERVICE' written on it in a serif font. The background is a solid dark gray.

SERVICE

LUXURY SERVICES & EXPERIENCES SPECIFICS

The following questions were asked only of insiders working for luxury service and experiential companies.



ABOUT LUXURY SERVICES AND EXPERIENTIAL INSIDERS

Our luxury services and experiential insiders participate in a wide range of services, including home-related services such as architects, interior designers and real estate, along with hospitality, restaurants and travel.

The majority of luxury services and experiential insiders (58%) reported their company's sales increased in 2022 compared with 2021. Another 20% said sales were basically flat or varied between a 1% to 4% change on either side of zero. But 22% reported revenues were down 5% or more.

In a new question, luxury services and experiential insiders were asked about the price points for their services. The largest share (34%) said their company offers a mix with more aspirational than true luxury goods, while 22% said their company's price points skew toward true luxury with some aspirational price levels added and 18% said they had an equal mix of aspirational and true luxury prices.

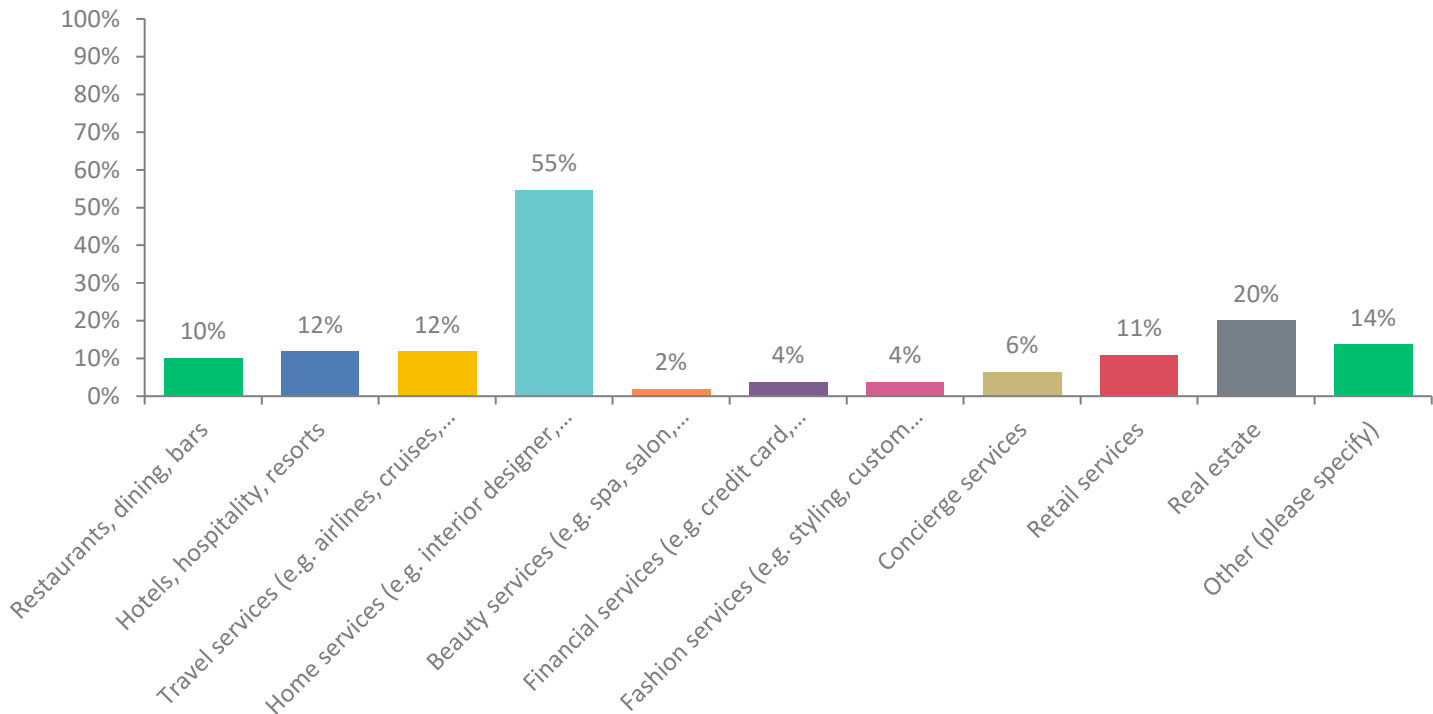
However, if we combine those that offer mostly true luxury services (17%) with those that lean toward the true luxury side (22%), that represents nearly 40% of the total.

Some 80% of service providers revenues come from local/regional/national clients with the other 20% from international clientele.

In addition, over half (54%) also generate company revenues from the sale of luxury goods, though services account for a majority of total revenues.

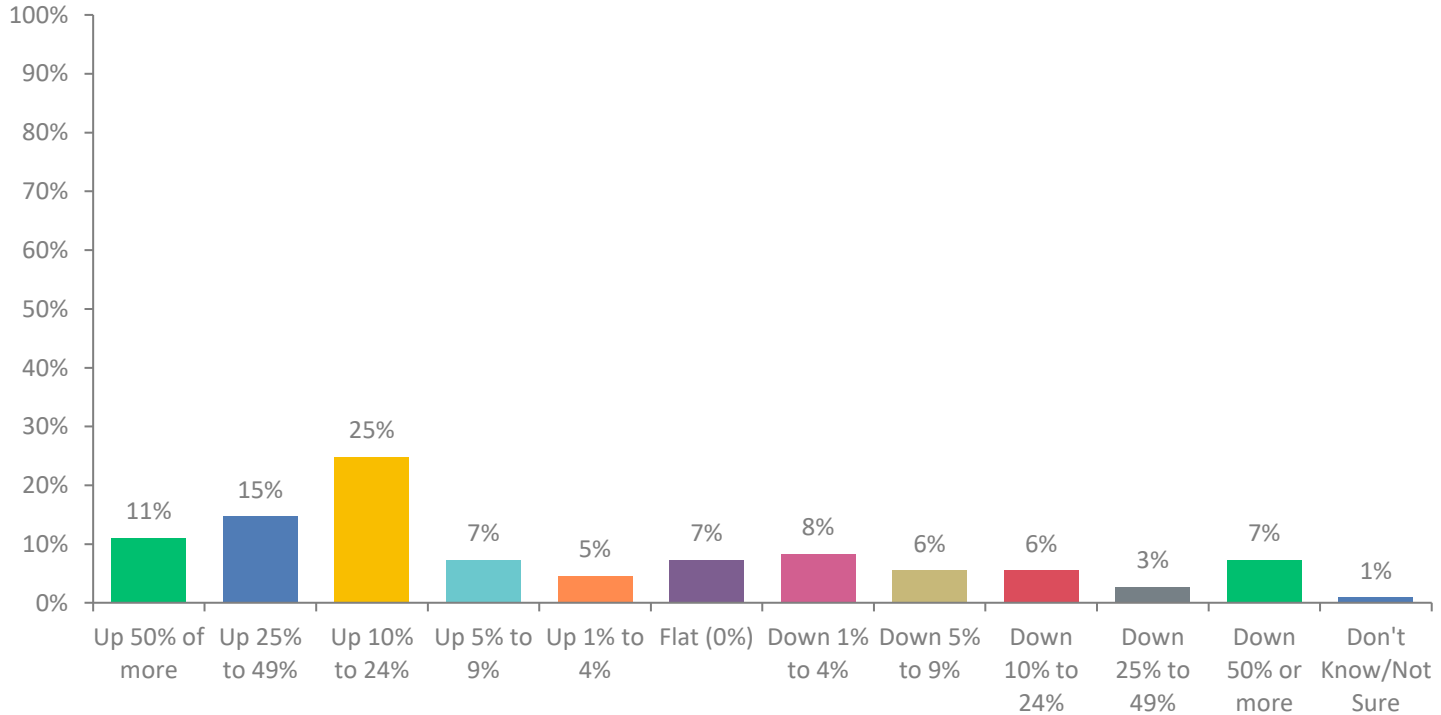
Q10: What categories of the luxury services market do you compete in? (Check all that apply)

Answered: 110 Skipped: 299



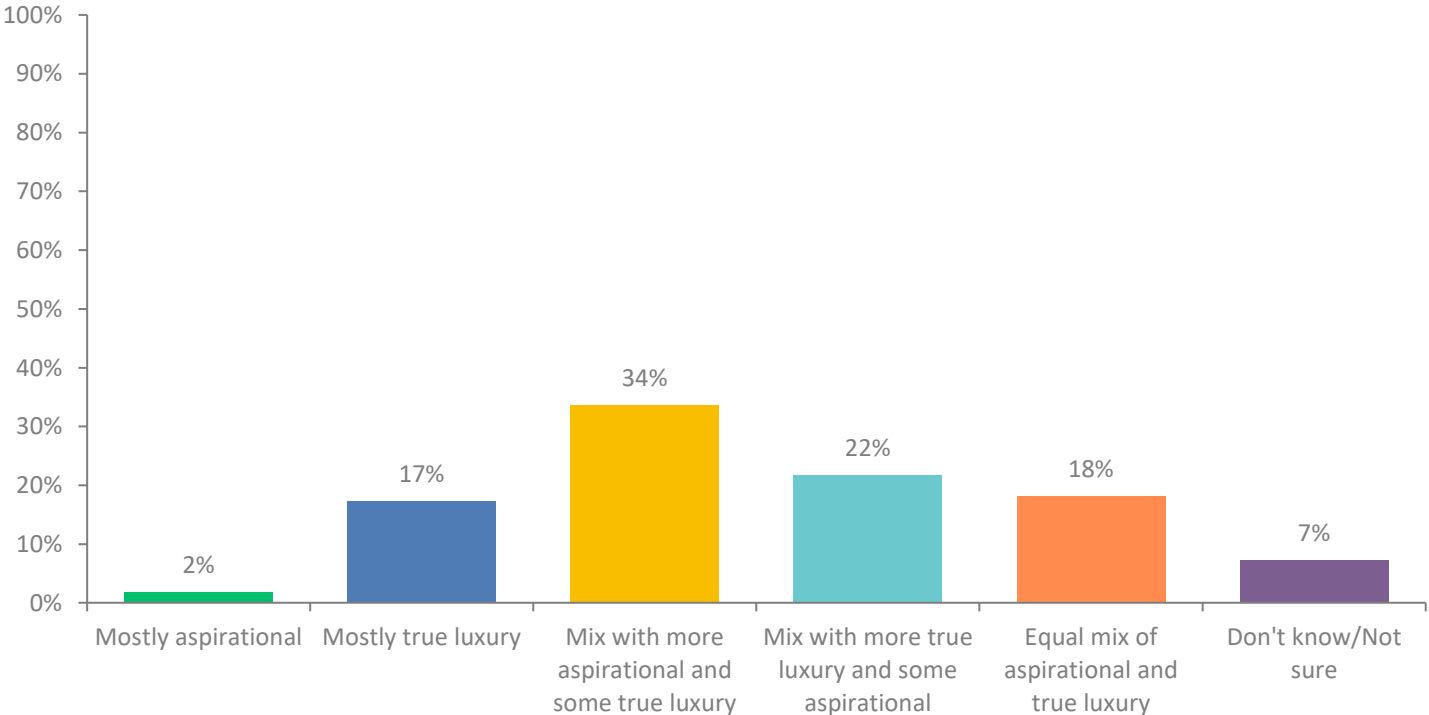
Q11: Year-to-date, how much have your company's sales changed compared to last year?

Answered: 109 Skipped: 300



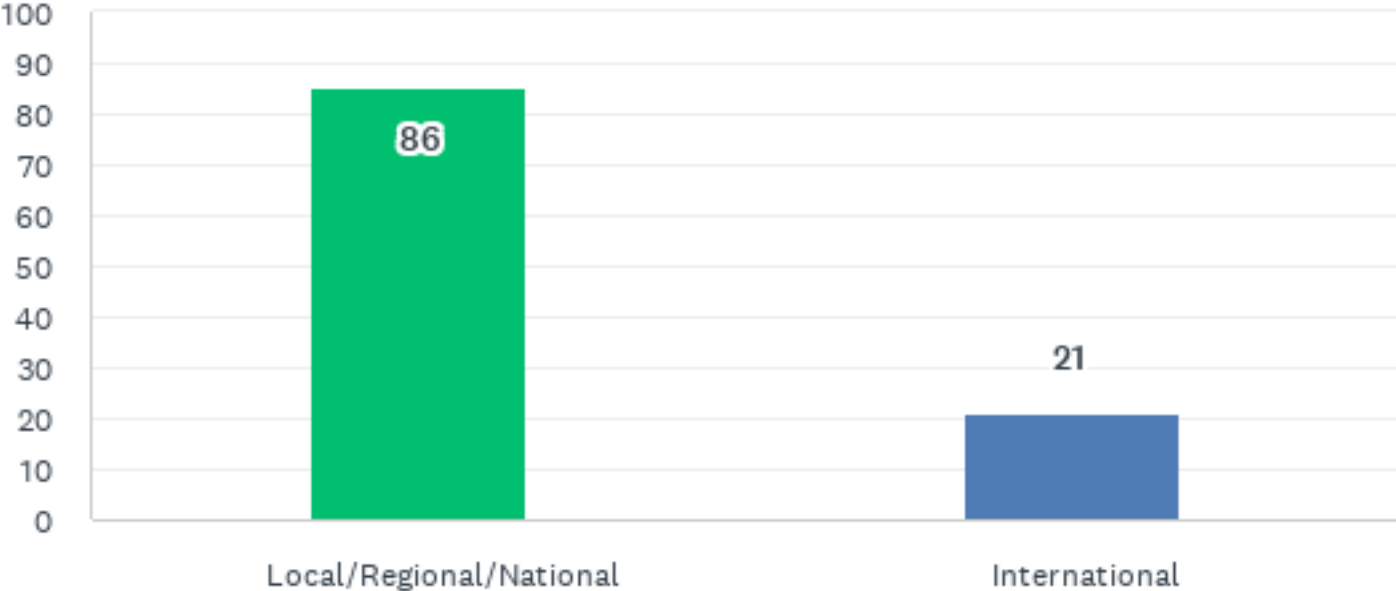
Q12: How would you describe the price points of your services? (Check the one best option)

Answered: 110 Skipped: 299



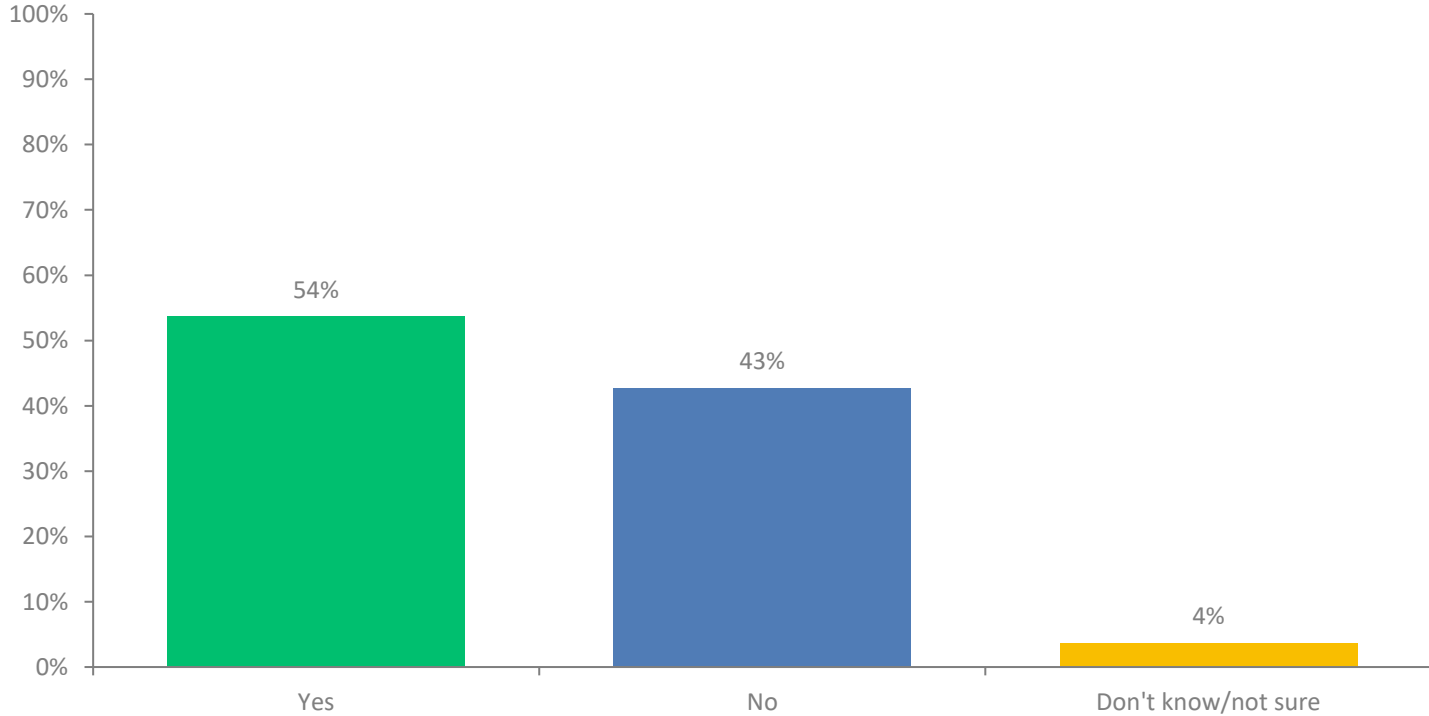
Q13: What percentage of total company revenues are attributed to Local/Regional/National and International clientele? (Total should add to 100)

Answered: 110 Skipped: 299



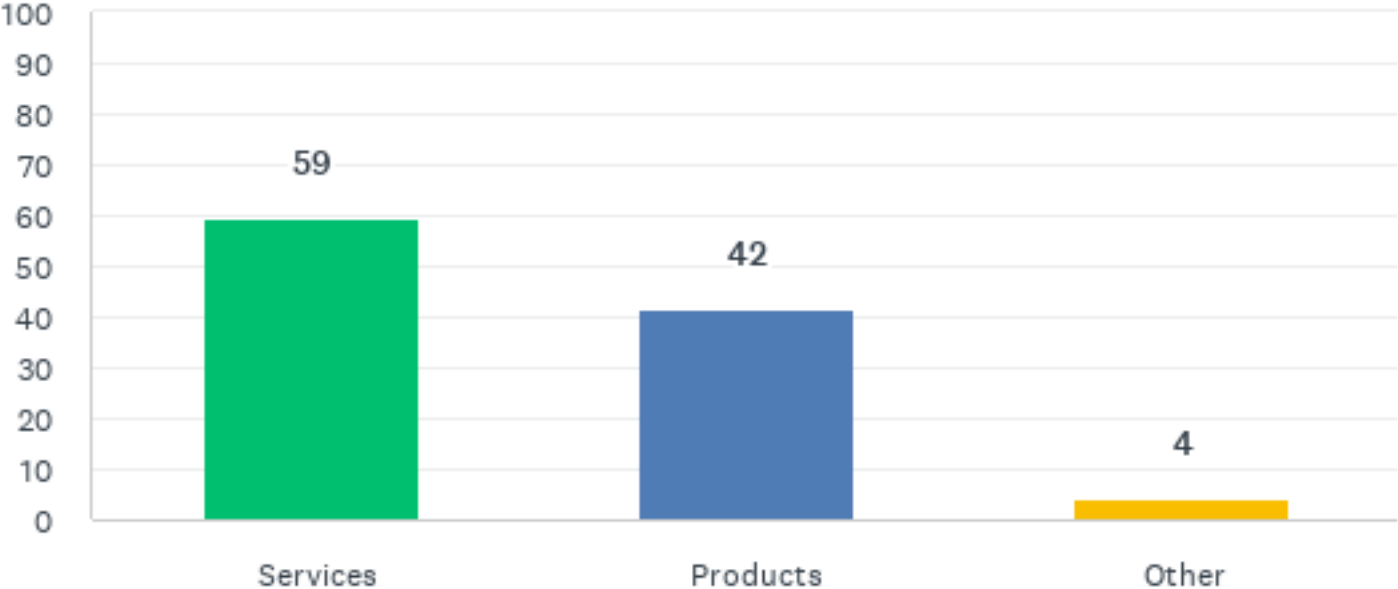
Q14: Does your luxury services company also generate revenues from sales of products to its clients?

Answered: 110 Skipped: 299



Q15: What percentage of total company revenues are attributed to Services and Products? (Total should add to 100)

Answered: 58 Skipped: 351





MORE ABOUT LUXURY COMPANIES

These questions were asked
of all luxury goods and
services insiders.



MARKETS AND INNOVATION

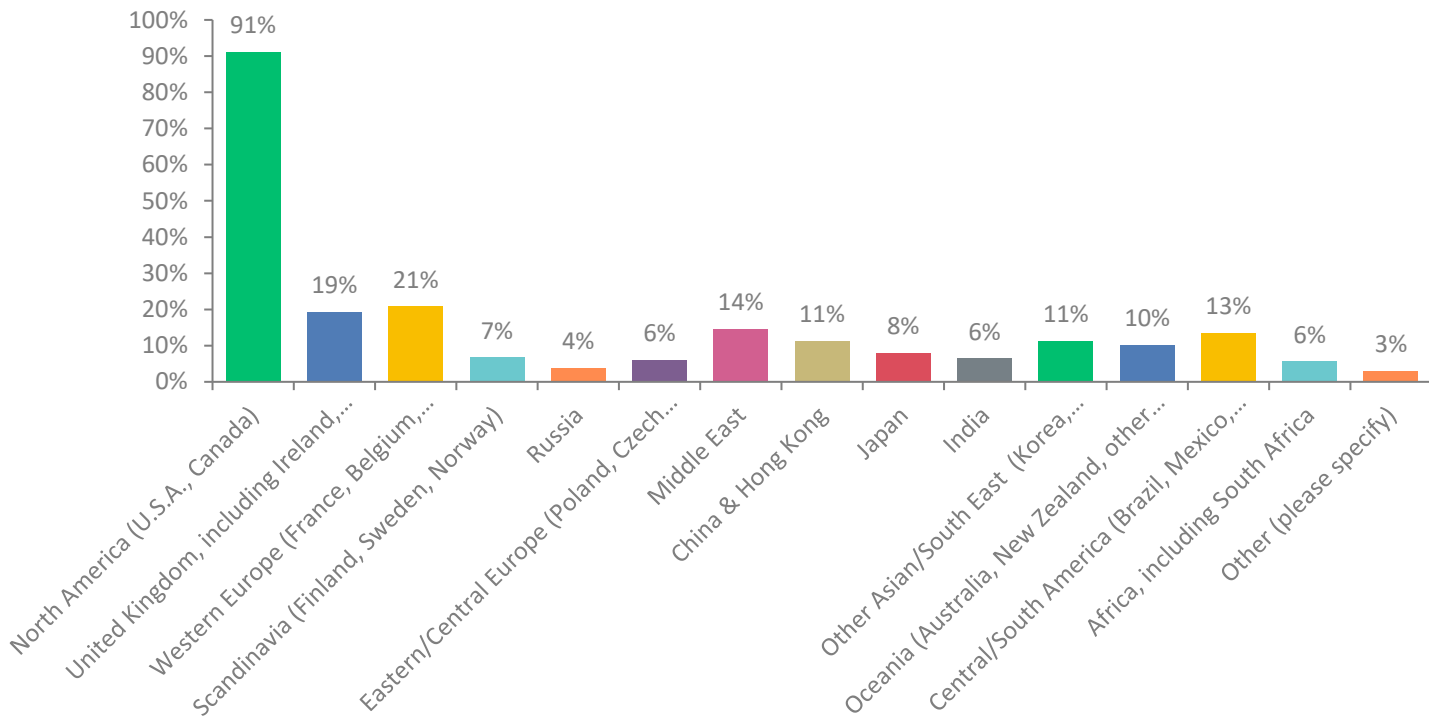
Over 90% of luxury insiders compete in the U.S. market, followed by Western Europe, United Kingdom, Middle East, Central/South America and China/Hong Kong, in that order.

A majority of luxury companies innovate primarily by listening to customers, persistent gathering of industry news, monitoring the voice of the consumer via social media and attending conferences and seminars.

On the other hand, insiders report their companies are less likely to use other formal processes to drive innovation such as competitive tracking and analysis, consumer research, formal R&D, engaging with consultants, recruiting staff to bring new perspectives to the business or using Big Data/AI to power innovation.

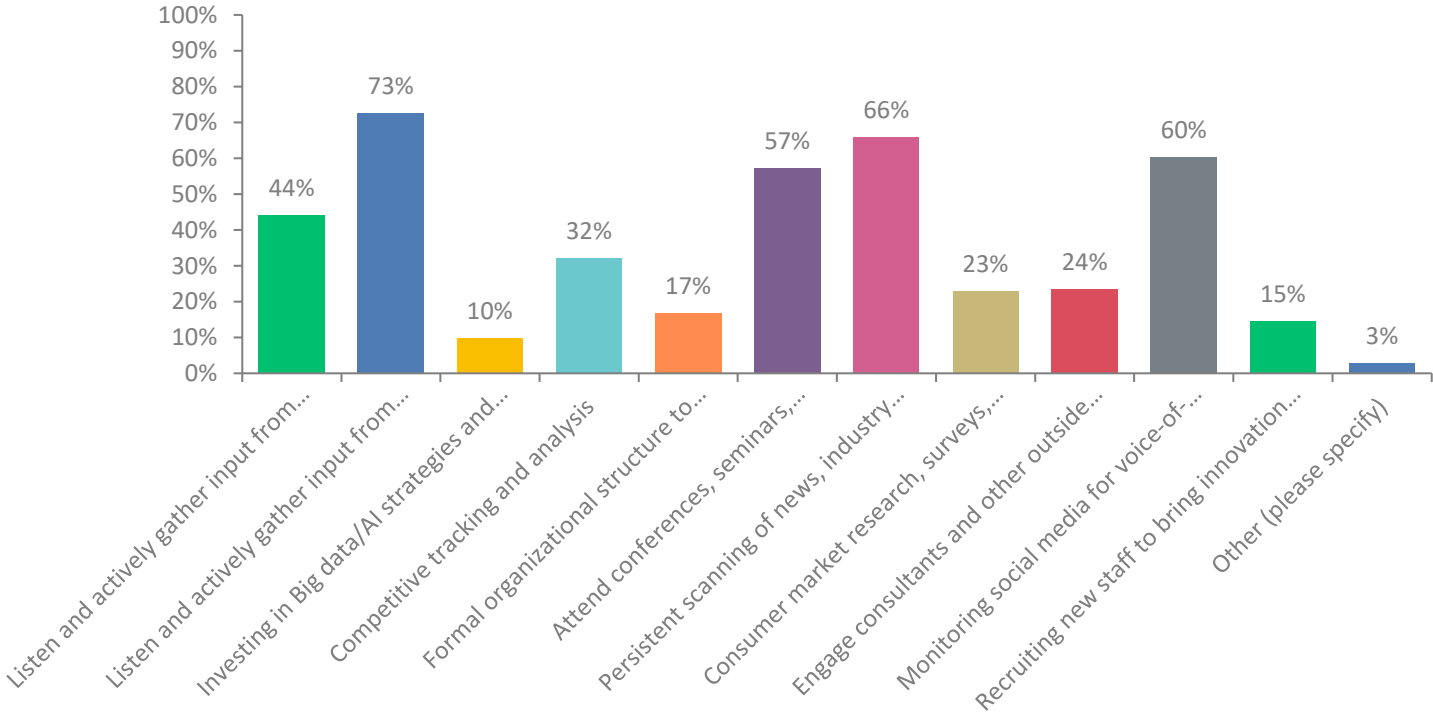
Q16: In which markets does your company compete? (Check all that apply)

Answered: 270 Skipped: 139



Q17: What efforts does your company make to innovate in the luxury market today? (Check all that apply)

Answered: 267 Skipped: 142



ABOUT ADVERTISING & MARKETING



These questions were asked of all luxury goods and services insiders.



ADVERTISING EXPENDITURES AND SOCIAL MEDIA

Overall luxury goods and services/experiential companies will lean into more, not less marketing and advertising in 2023. While just over half (52%) said their companies will invest the same this year, over one-third will spend more, while only 12% expect advertising and marketing expenditures to drop.

Of the media used, luxury goods and services/experiential companies are more likely to invest more on internet/digital, social media, email and special events. On the other hand, print and digital publications and direct mail/catalogs are more likely to get less of their advertising dollars in 2023.

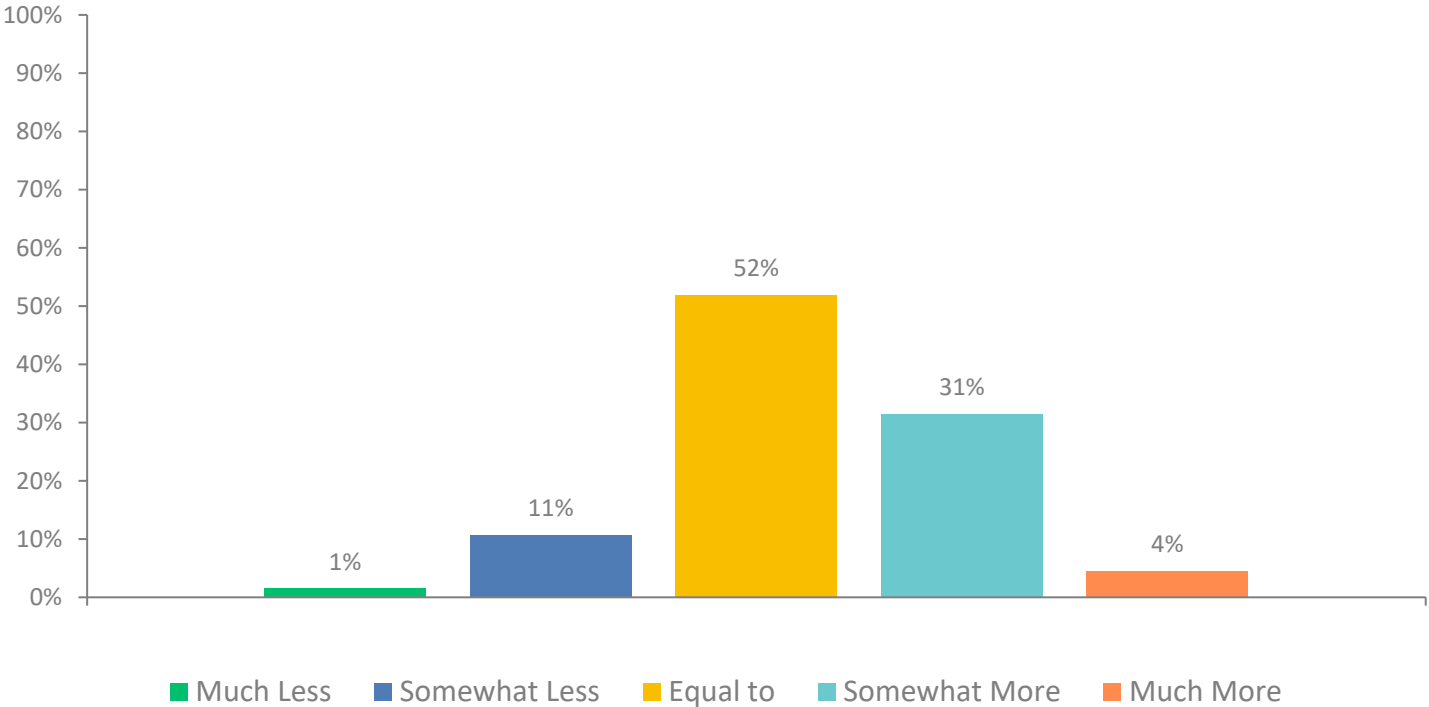
Other areas of investment in the coming year include website enhancements, special events, content marketing, collaborations and video.

Instagram, Facebook and LinkedIn are these insiders most popular social media channels, however few rate these as very effective. Instagram gets the highest marks with 24% that use it finding it effective, while only about 10% rate Facebook or LinkedIn as very effective.

This shows a persistent challenge for luxury companies to make social media work to drive sales.

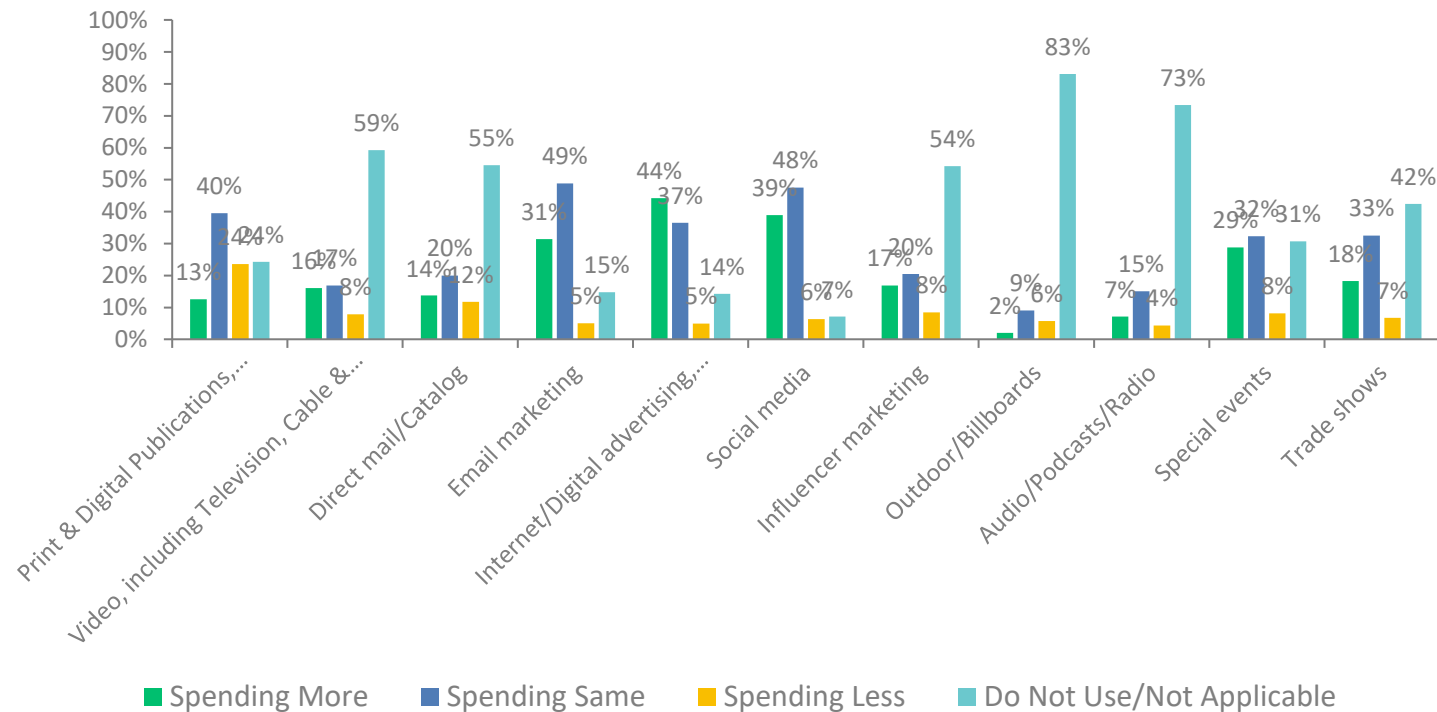
Q19: In the coming year, will your company spend more, less or the same on marketing and advertising?

Answered: 270 Skipped: 139



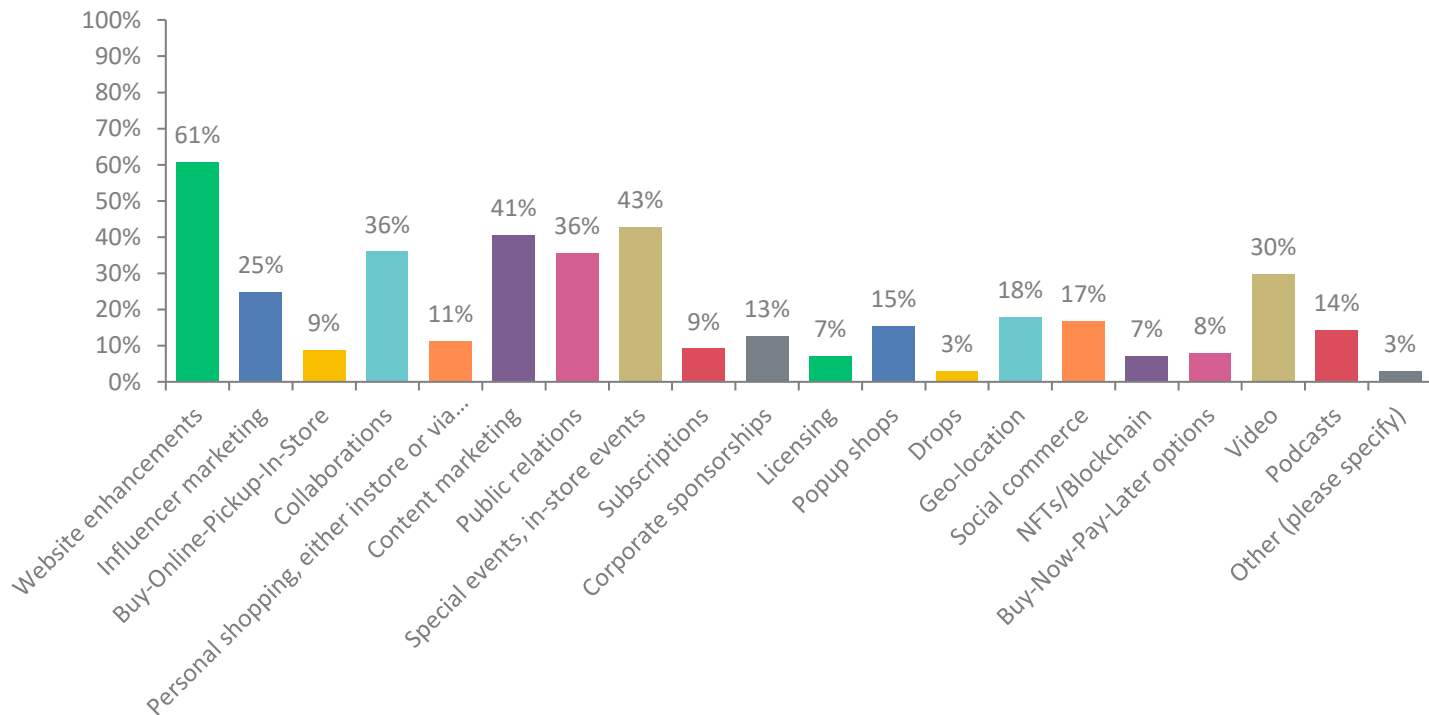
Q21: Thinking of the different advertising media used, will your company invest more, less or the same in each in the coming year? (Check appropriate box)

Answered: 270 Skipped: 139



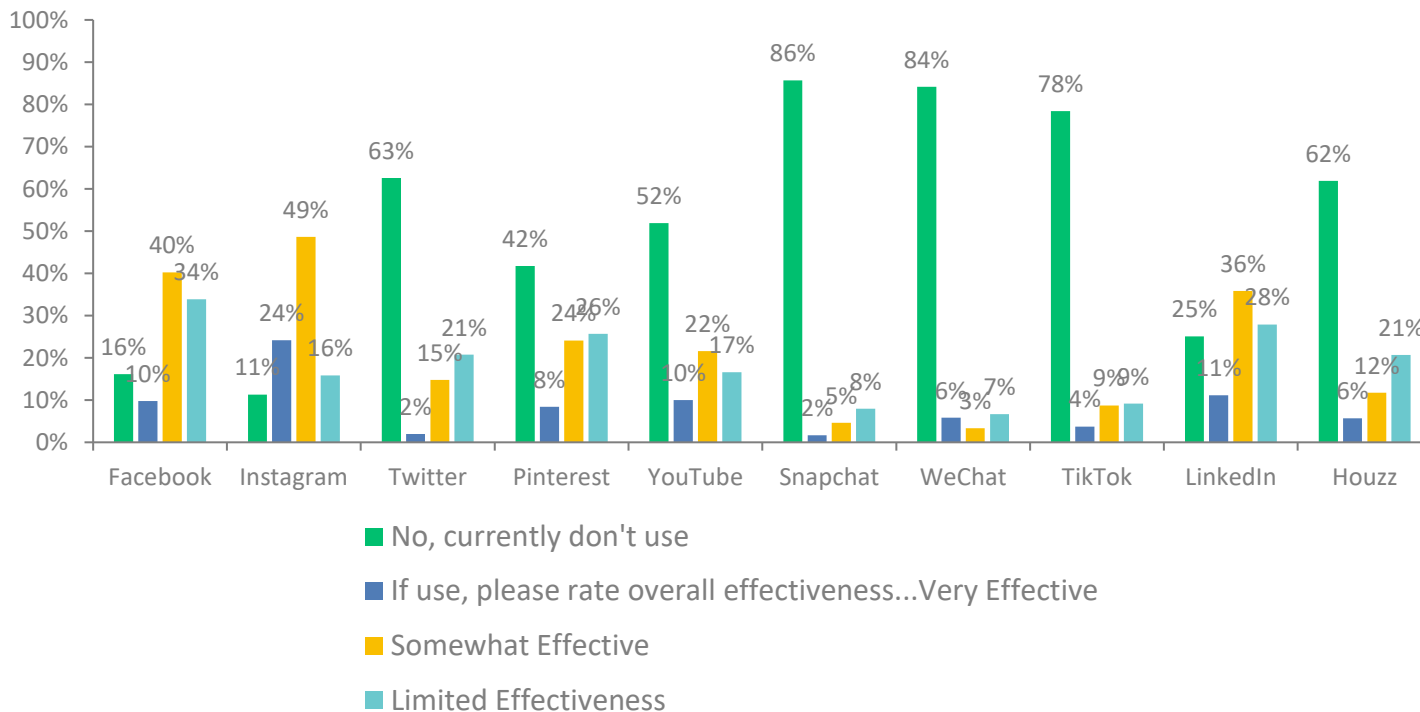
Q22: Thinking of other promotional and marketing strategies, are any of these areas planned for more investment in the coming year? (Check all that apply)

Answered: 239 Skipped: 170



Q23: Does your company use any of these social media channels? If you use any of these, please rate their overall effectiveness.

Answered: 270 Skipped: 139



The background features a hand pointing towards the center, overlaid on a dark blue hexagonal grid. Various business-related terms are scattered across the grid in a light blue, sans-serif font. The central focus is the title 'AGENCY PERSPECTIVE' in large, white, bold, sans-serif capital letters.

AGENCY PERSPECTIVE

These questions were asked only of insiders working for advertising and market agencies, industry consultants and others that support luxury companies in marketing and advertising.



AGENCY PERSPECTIVE ON ADVERTISING EXPENDITURES AND SOCIAL MEDIA

While luxury goods and services/experiential companies reported they will lean into marketing and advertising, agencies that serve these companies expect their clients to hold steady (43%) or spend less (34%) in 2023. However, about one-fourth expect clients' expenditures to increase, but only by a bit.

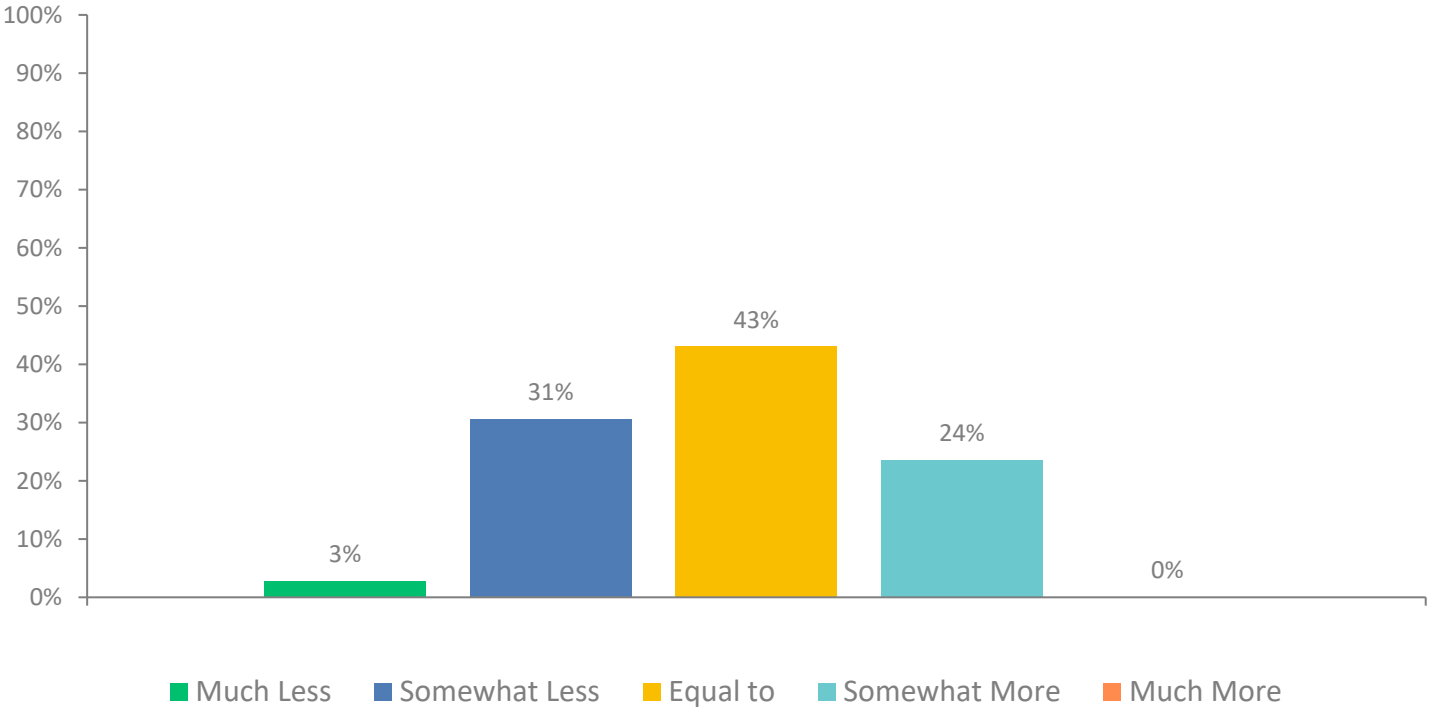
Agencies expect to see their clients invest more in social media, internet/digital, influencer and email marketing. But print and digital publications and outdoor billboards will see reduced expenditures.

They also expect to provide more content marketing, video production and website enhancement services in 2023 along with supporting their clients in special events and collaborations.

In social media, their clients are most active on Instagram, Facebook, YouTube and LinkedIn but only Instagram (43%) and YouTube (35%) are rated very effective for their clients. The others are less so, like Facebook where only 13% of agencies rate it very effective for their clients.

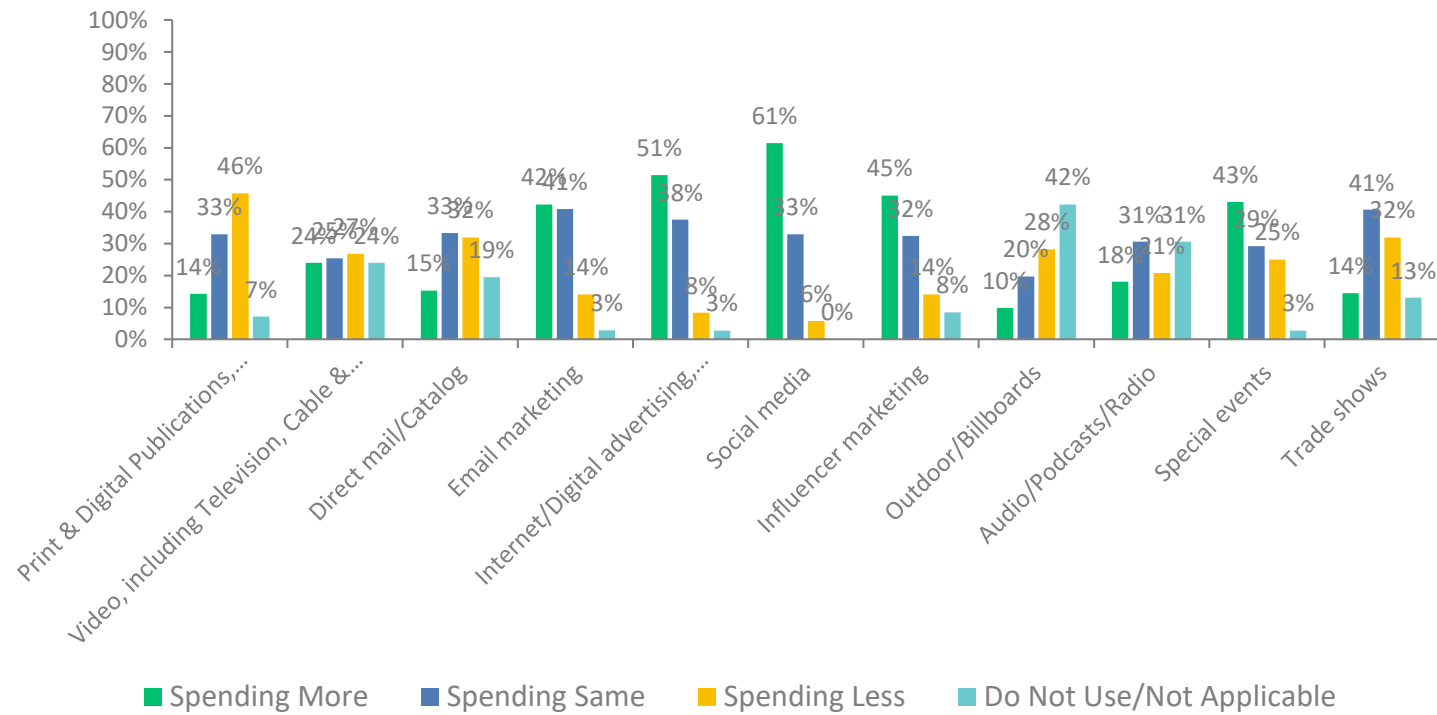
Q25: In the coming year, will your luxury clients spend more, less or the same on marketing and advertising?

Answered: 72 Skipped: 337



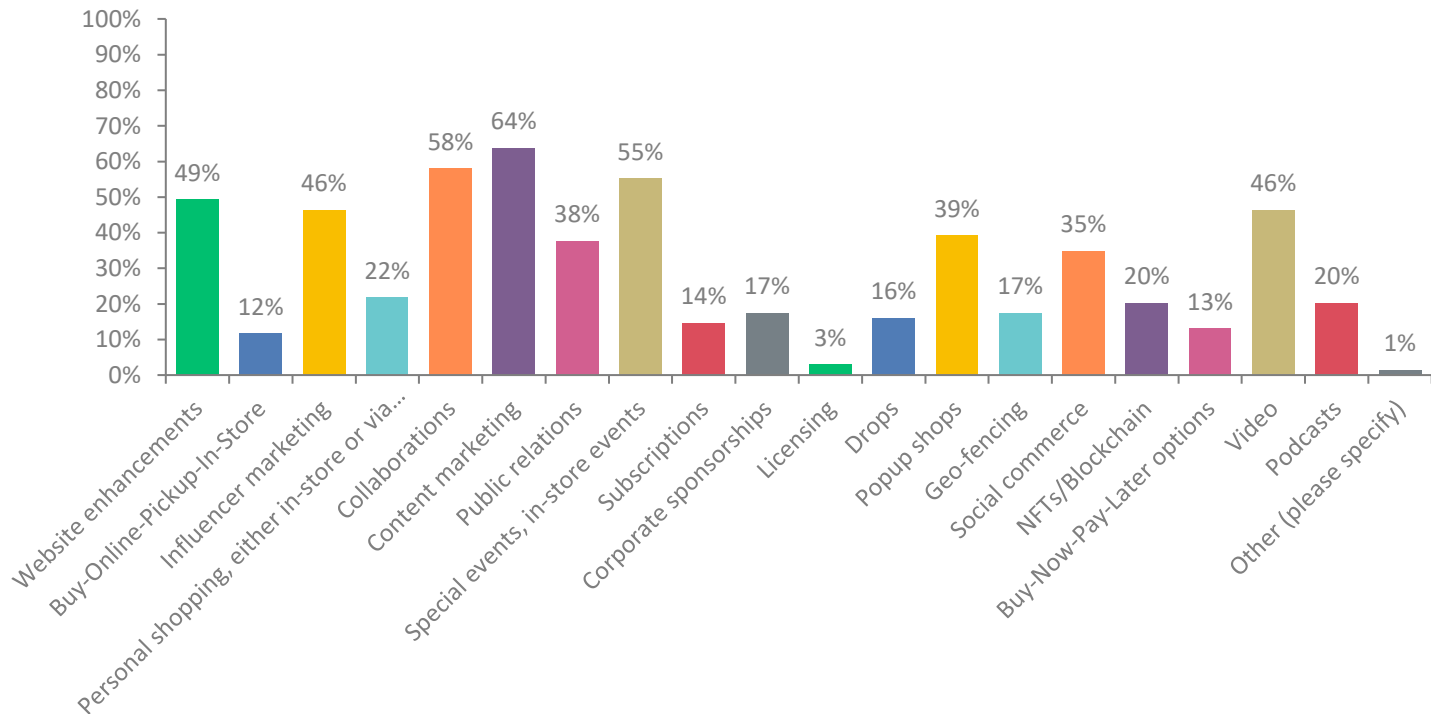
Q27: Thinking of the different advertising media your luxury clients use, will your clients invest more, less or the same in each in the coming year? (Check appropriate box)

Answered: 72 Skipped: 337



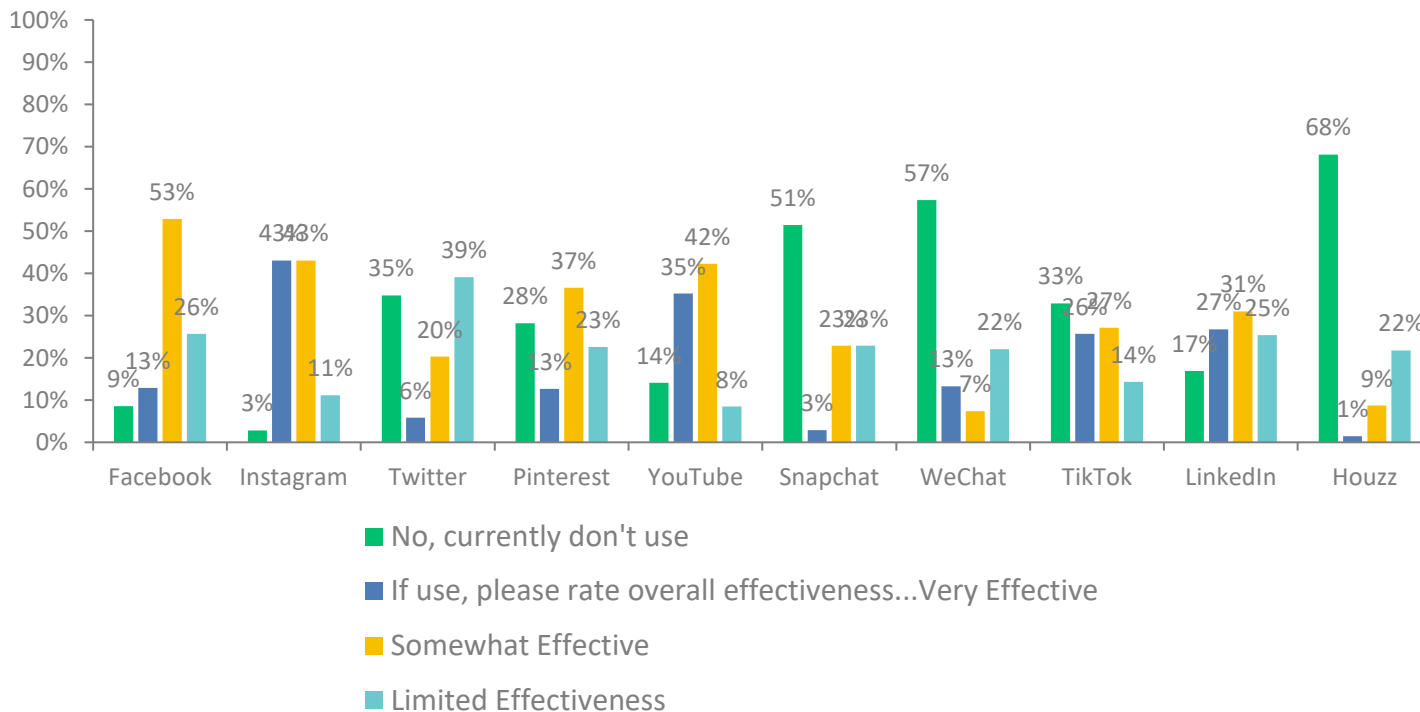
Q28: Thinking of other promotional and marketing strategies, are any of these areas planned for more investment by your luxury clients in the coming year? (Check all that apply)

Answered: 69 Skipped: 340



Q29: Do your luxury clients use any of these social media channels? If you use any of these, please rate their overall effectiveness.

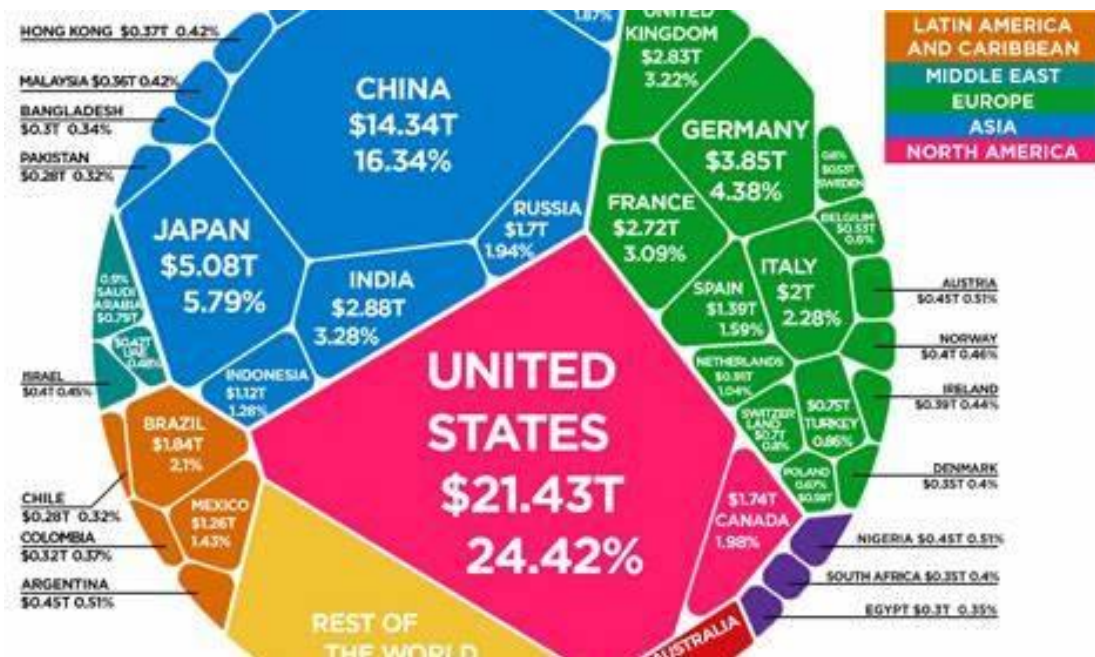
Answered: 72 Skipped: 337





ECONOMIC PERSPECTIVE ON THE LUXURY MARKET

How all luxury insiders view
the economic perspective
for the luxury market.



Luxury insiders, including those who work for goods and services/experiential companies as well as agencies, are most concerned about the slowing economy and attracting next generation consumers in 2023. They also are keen on maintaining the right price/value relationship for the goods and services provided, finding good quality candidates to fill vacant jobs, geo-political turmoil, the trend toward less effective advertising and more competitors vying for the same or shrinking customer base.

Overall, during the third quarter when this survey was conducted, the largest percentage (42%) reported that business conditions in the luxury market has taken a turn for the worse. And a majority (56%) expect business conditions to get bad before the they get better in the New Year.

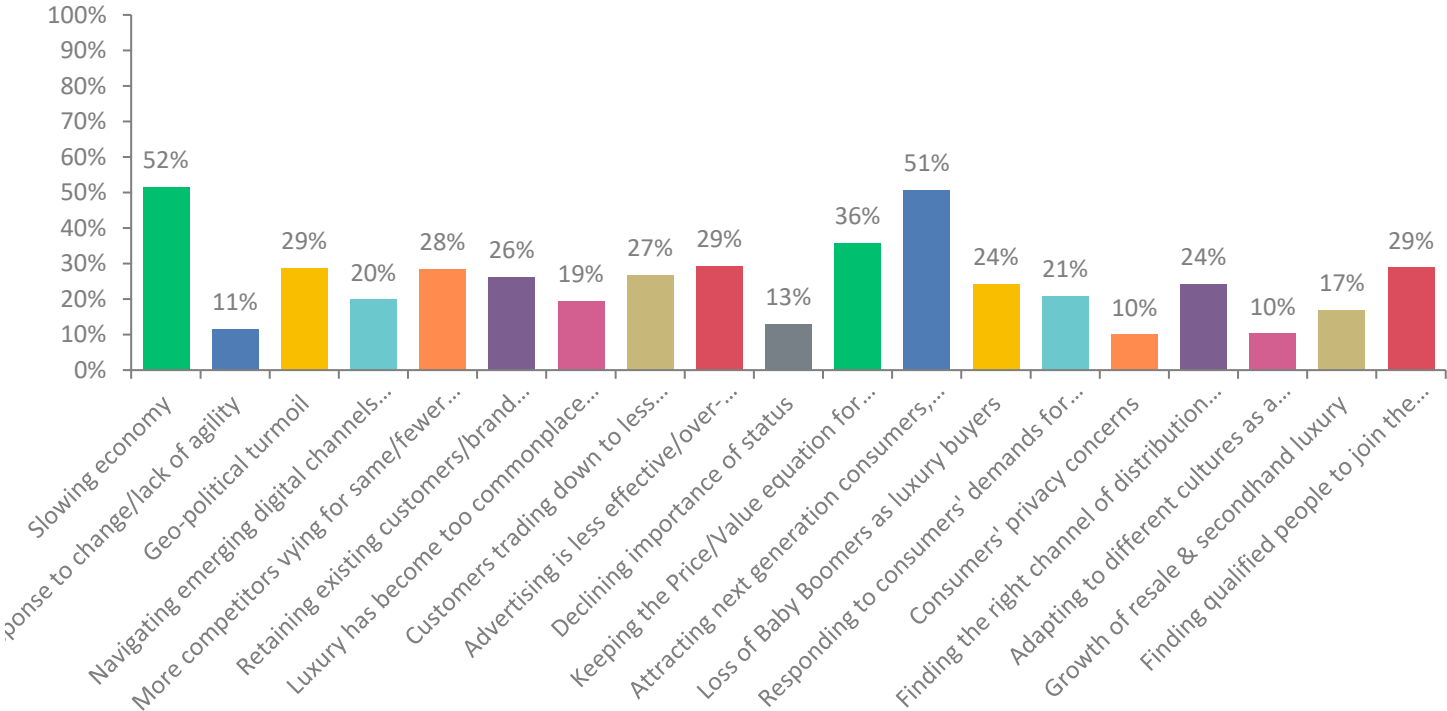
On the other hand, they are more positive about business conditions affecting their own companies. More (38%) see their companies as doing better in the current market compared with 30% who see business conditions having taken a turn for the worse.

And slightly more (35%) expect business conditions for their companies to improve in 2023 as believe business conditions will take a turn for the worse (31%).

LUXURY INSIDERS' ECONOMIC OUTLOOK

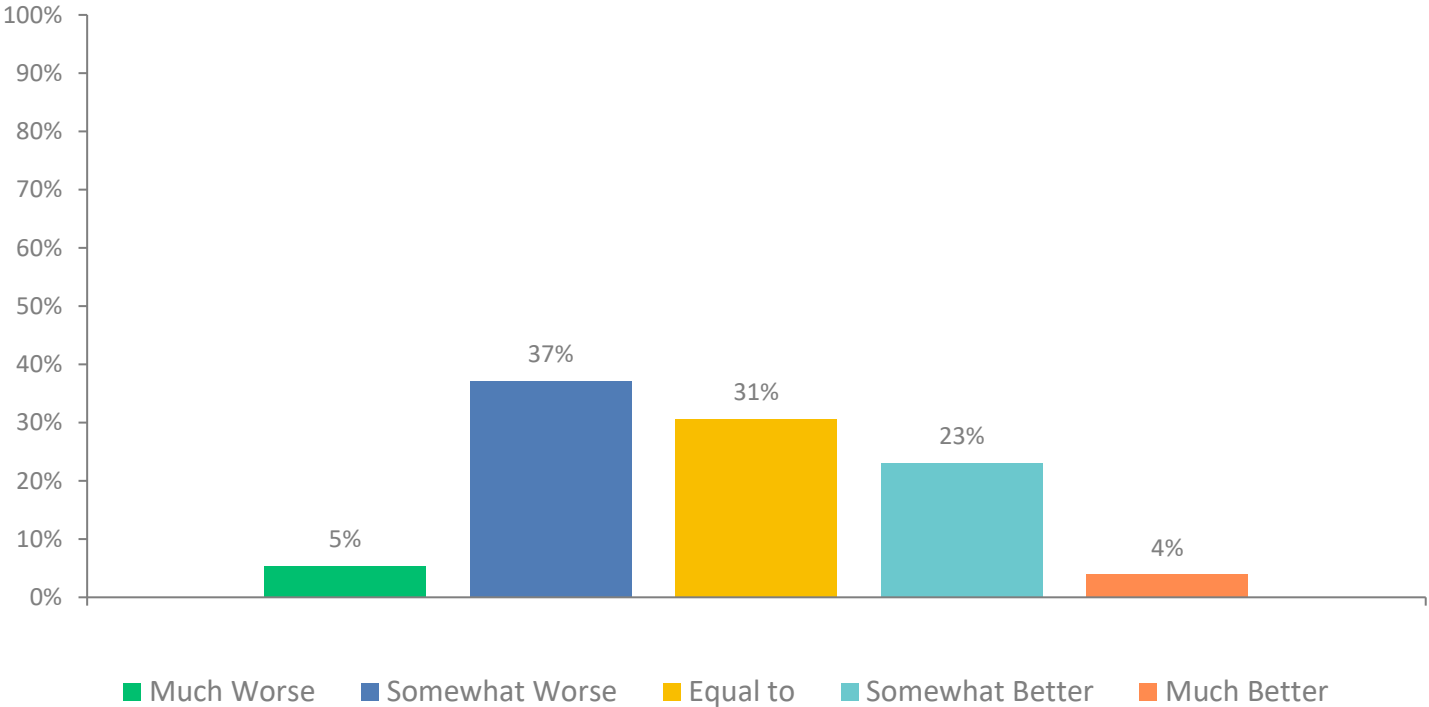
Q31: What are the biggest challenge/s to growth in the luxury market overall? (Check all that apply)

Answered: 409 Skipped: 0



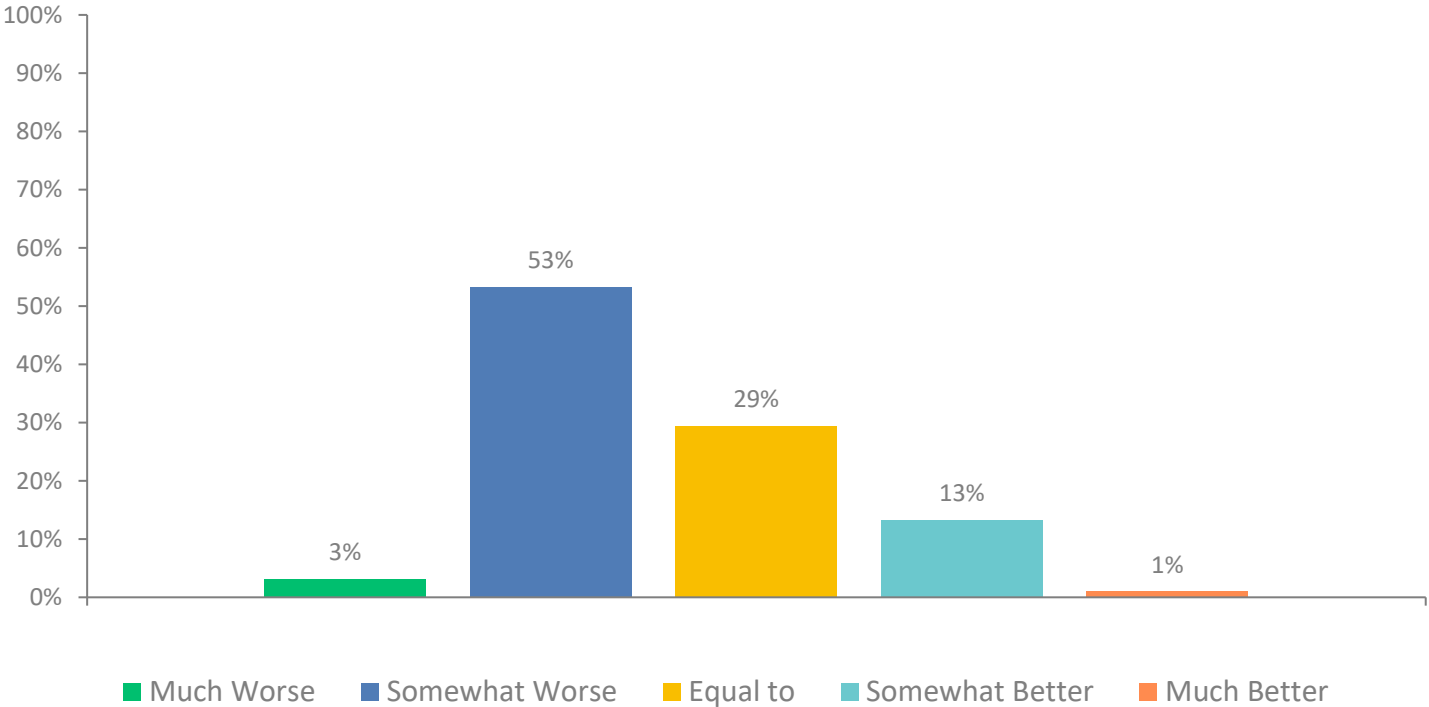
Q34: How do you feel business conditions in the luxury market overall are now compared to a year ago?

Answered: 409 Skipped: 0



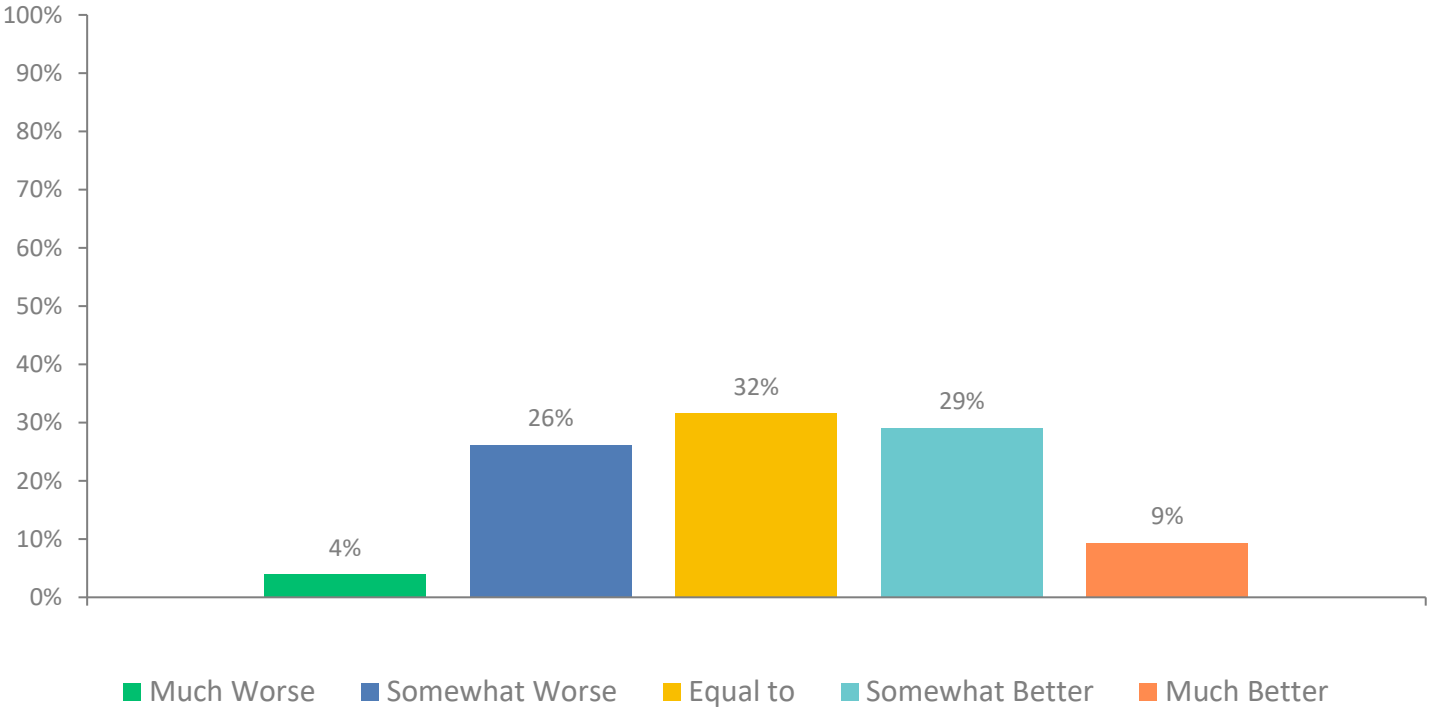
Q35: How you feel business conditions in the luxury market overall will change over the next year compared to now?

Answered: 409 Skipped: 0



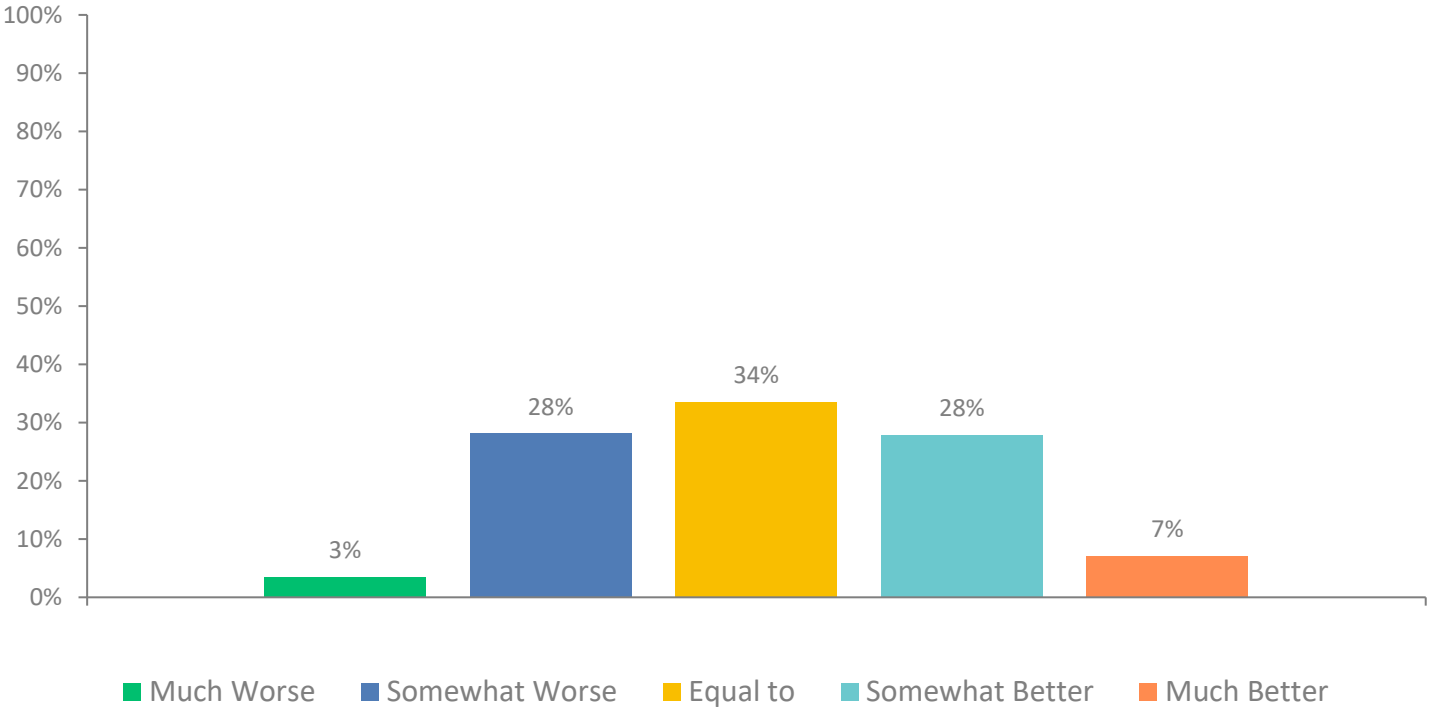
Q36: How do you feel business conditions are for your company now compared to a year ago?

Answered: 409 Skipped: 0



Q37: How do you feel business conditions for your company will change over the next year compared to now?

Answered: 409 Skipped: 0



GET YOUR COPY OF THE *STATE OF LUXURY 2023* REPORT

Thank you for responding to our survey and we invite you to subscribe to the final *State of Luxury 2023* report which will include a complete analysis of the results and historical trend tracking from 2019. The final report will provide actionable takeaways to help your company compete more effectively in 2023, which promises to be a turbulent year in the luxury market.

As our thank you, the final *State of Luxury 2023* report will be available exclusively to you – our respondents – for \$99, a significant discount off the published price of \$349. I will send you a link to order your exclusive copy as soon as it is published.

In the meantime, follow me on [Facebook](#), [LinkedIn](#), [Forbes.com](#) and [The Robin Report](#) for luxury market news and analysis.