How Affluent Shoppers Buy Luxury Goods

A Global View
What we wanted to know

How do shoppers use digital to research and buy luxury products? And how can brands best reach them?
What we found

- **100%** use a smartphone, tablet, laptop or desktop.
- **75%** conduct research online before purchasing.
- **72%** of shoppers in new markets research online and offline, then go to a store.
- **100%** smartphone penetration more than for general population.
- **68%** use a search engine in their research.
- **65%** say they want to touch and feel a product before purchase.

Affluent luxury buyers are extremely tech savvy.
Three Luxury markets emerged based on buying habits and media habits

<table>
<thead>
<tr>
<th>New Markets</th>
<th>Mature Markets</th>
<th>Japanese Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fast-growing luxury markets, where trendiness and newness are key. Luxury purchasers are younger and they are frequent buyers</td>
<td>Historically established and traditional luxury markets where buyers skew older and purchase semi-frequently</td>
<td>Men skewing older who purchase less frequently and are driven by luxury being a symbol of sophistication and a way to boost self-esteem</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Female Buyers</th>
<th>Average Age of Buyers</th>
<th>Average Number of Luxury Items Purchased in Last Two Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>56%</td>
<td>37</td>
<td>22.7</td>
</tr>
<tr>
<td>50%</td>
<td>46</td>
<td>12.9</td>
</tr>
<tr>
<td>64%</td>
<td>49</td>
<td>5.7</td>
</tr>
</tbody>
</table>

50% men 50% women

64% male buyers

Average number of luxury items purchased in last two years:

22.7

12.9

5.7
In New Markets, luxury purchasers are more frequent shoppers, while in Japan they are more selective.

<table>
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<th></th>
<th>New Markets</th>
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<th>Japanese Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least one purchase in the last two years</td>
<td>100%</td>
<td>99%</td>
<td>98%</td>
</tr>
<tr>
<td>Five or more purchases in the past two years</td>
<td>85%</td>
<td>70%</td>
<td>48%</td>
</tr>
<tr>
<td>Average number of purchases in the past two years</td>
<td>22.4</td>
<td>13.2</td>
<td>5.6</td>
</tr>
</tbody>
</table>

And more precisely, which of the following brands did you purchase (even if just once) in the past 2 years? 
Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
On average, they spent $2,500 on their last luxury purchase.

$2,600
New Markets

$2,288
Mature Markets

$2,720
Japanese Market

How much did you spend for this purchase?
Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
Most luxury purchases happen offline, but eCommerce is still a significant sales channel, especially in New and Mature Markets.
Almost all luxury buyers do research before purchasing and the internet is an important source for them, particularly in New Markets.

Offline vs. Online: where do luxury buyers search?

<table>
<thead>
<tr>
<th>Researched Online or Offline</th>
<th>At least one source</th>
<th>Average number of touchpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Markets</td>
<td>98%</td>
<td>8.1</td>
</tr>
<tr>
<td>Mature Markets</td>
<td>93%</td>
<td>4.3</td>
</tr>
<tr>
<td>Japanese Market</td>
<td>92%</td>
<td>2.6</td>
</tr>
</tbody>
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<table>
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<th>Researched Online</th>
<th>At least one source</th>
<th>Average number of touchpoints</th>
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<tr>
<td>New Markets</td>
<td>92%</td>
<td>4.3</td>
</tr>
<tr>
<td>Mature Markets</td>
<td>69%</td>
<td>2.1</td>
</tr>
<tr>
<td>Japanese Market</td>
<td>49%</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Below you'll find several ways for people to inform themselves about a luxury product. Which sources of information, if any, did you use to help you out with your decision when you last purchased [BRAND & CATEGORY]?

Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
Wealthy luxury shoppers multi-task on digital devices

How do luxury purchasers search for information? (Online)

- Use search engines: New Markets 84%, Japanese Market 41%, Mature Markets 58%
- Look for information from a website/app: New Markets 70%, Japanese Market 27%, Mature Markets 43%
- Look on social network or watch online video: New Markets 62%, Japanese Market 7%, Mature Markets 19%
- Read online articles or professional reviews or newsletters: New Markets 59%, Japanese Market 10%, Mature Markets 29%
- Read online consumer reviews or blog & forums: New Markets 57%, Japanese Market 12%, Mature Markets 23%
- Notice/click on online advertising: New Markets 49%, Japanese Market 6%, Mature Markets 16%
- Look at price or product comparison website/app: New Markets 35%, Japanese Market 15%, Mature Markets 17%
- Search online to find a store address: New Markets 35%, Japanese Market 12%, Mature Markets 23%

Below you’ll find several ways for people to inform themselves about a luxury product. Which sources of information, if any, did you use to help you out with your decision when you last purchased [BRAND & CATEGORY]? Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
First-hand experience was the most popular way to research the product offline

How do luxury purchasers search for information? (Offline)

- **Talk to someone or see/try the product in store/event**: 82%
- **Read/hear the information in media**: 72%
- **See someone wearing the product**: 73%
- **See an advertisement in a newspaper or magazine**: 45%
- **See an ad on an outdoor billboard, in a cinema or SMS**: 37%
- **Talk to friends/family/colleagues**: 36%
- **See advertisements on television**: 30%
- **See, use or try out a friend/family product**: 23%
- **Hear an advertisement on the radio**: 10%

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The internet is the affluent shopper’s constant media companion, globally

What are their daily media habits?

<table>
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<tr>
<th></th>
<th>New Markets</th>
<th>Mature Markets</th>
<th>Japanese Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>82%</td>
<td>85%</td>
<td>89%</td>
</tr>
<tr>
<td>Magazines</td>
<td>57%</td>
<td>39%</td>
<td>22%</td>
</tr>
<tr>
<td>Radio</td>
<td>59%</td>
<td>74%</td>
<td>23%</td>
</tr>
<tr>
<td>Newspapers</td>
<td>62%</td>
<td>58%</td>
<td>65%</td>
</tr>
<tr>
<td>The internet</td>
<td>98%</td>
<td>98%</td>
<td>99%</td>
</tr>
</tbody>
</table>

How often do you do each of the activities mentioned here below? How often do you use the following devices to connect to internet?
Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
Affluent luxury buyers are more likely to use connected devices than the general population

What devices do they use?

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<tbody>
<tr>
<td></td>
<td>Luxury buyers</td>
<td>Population*</td>
<td>Luxury buyers</td>
</tr>
<tr>
<td>PC/laptop/netbook</td>
<td>95%</td>
<td>60%</td>
<td>97%</td>
</tr>
<tr>
<td>Smartphone</td>
<td>82%</td>
<td>36%</td>
<td>78%</td>
</tr>
<tr>
<td>Tablet Computer/ipad</td>
<td>73%</td>
<td>9%</td>
<td>62%</td>
</tr>
<tr>
<td>At least one digital device</td>
<td>99%</td>
<td>67%</td>
<td>100%</td>
</tr>
<tr>
<td>Average number of digital devices</td>
<td>3.6</td>
<td>1.5</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Which, if any, of the following devices do you currently use?
Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
*2013 Connected Consumer Study TNS Infratest
Wealthy luxury buyers in New Markets research using tablets and smartphones

Which devices are used to conduct online research?

- **New Markets**
  - On a computer: 81%
  - On a tablet: 53%
  - On a smartphone: 55%

- **Mature Markets**
  - On a computer: 58%
  - On a tablet: 27%
  - On a smartphone: 25%

- **Japanese Market**
  - On a computer: 47%
  - On a tablet: 7%
  - On a smartphone: 9%

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Wealthy luxury shoppers multi-task while watching TV and reading magazines

When doing a general luxury product research, do they interact with a digital device while consuming offline media?

<table>
<thead>
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<th>Multi-screen with TV</th>
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<th>Japanese Market</th>
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<th>Multitasking with magazines</th>
<th>New Markets</th>
<th>Mature Markets</th>
<th>Japanese Market</th>
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<tr>
<td></td>
<td>83%</td>
<td>53%</td>
<td>63%</td>
</tr>
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</table>
Online and offline research are complementary and influence the largest share of purchases

What type of research is done for what type of purchase?

<table>
<thead>
<tr>
<th>Research activity</th>
<th>Online and offline</th>
<th>Online and offline</th>
<th>Offline</th>
</tr>
</thead>
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<tr>
<td></td>
<td>New Markets</td>
<td>Mature Markets</td>
<td>Japanese Market</td>
</tr>
<tr>
<td></td>
<td>72%</td>
<td>55%</td>
<td>39%</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>23%</td>
<td>42%</td>
</tr>
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Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
Convenience and good deals are the key motivations for purchasing online

Main motivations for purchasing online according to the online purchasers

- Is convenient: 53%
- Can be done anywhere, anytime: 49%
- Find good deals: 48%
- Choose beyond more products: 30%
- Find limited editions: 15%
- Less impressive: 8%
- Others: 4%

Amongst the following sentences, which one(s) motivated you to purchase this [BRAND & CATEGORY] on the internet?
Base: Online buyers, average of all markets (n=507)
Lack of experiencing the product first-hand can prevent purchasing online

Barriers for online purchase as seen in the eyes of offline purchasers

- Prefer to see/touch the product: 65%
- Risk of counterfeit: 35%
- Absence of luxury customer experience: 18%
- Lack of contact with sales associates: 16%
- Items too costly to buy online: 13%
- Unsafe online payment: 8%
- Luxury brands become too accessible: 6%
- Lack of shopping experience: 5%

Amongst the following sentences, which one(s) personally kept you from purchasing this [BRAND & CATEGORY] on the internet?
Base: Offline buyers, average of all markets (n=3240)
Wealthy luxury shoppers prefer immersive advertising formats for luxury goods

What are the best online ad formats for luxury goods?

% of luxury buyers selecting at least 2 positive attributes for each ad format*

<table>
<thead>
<tr>
<th>Ad Format</th>
<th>% of luxury buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video</td>
<td>45%</td>
</tr>
<tr>
<td>Full screen</td>
<td>42%</td>
</tr>
<tr>
<td>Newsletter/emailing</td>
<td>34%</td>
</tr>
<tr>
<td>Banners</td>
<td>27%</td>
</tr>
<tr>
<td>Sponsored links</td>
<td>30%</td>
</tr>
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“I want to see videos that show Japanese models wearing products and provide coordination ideas with the products”

Female, 42, Japan

“Catch my eye more. Convince me of the quality. Show more 360-degree views. Show both inside and outside views (of handbags). Make it easier to view the size and scale of the item.”

Female, 29, USA

Positive attributes

- Suits premium content
- Maximizes the brand’s visibility
- Is innovative, modern
- Makes me want to buy/know more
- Brings something more to the traditional brand com.
- Is close to me
- Gives me relevant information
- Enhances my browsing experience

Here below, are several types of adverts you can see on the internet. Below you will find some statements about these types of online adverts. Please indicate which statement applies for each of them. You can select several statements per type of advert. Base: Luxury goods buyers (New Markets n=1225; Mature Markets n=2028; Japanese Market n=494)
What this means for marketers

Be there when luxury shoppers are looking
Create engaging online brand experiences and use search to direct consumers to them.

Adopt a multi-screen approach
Affluent shoppers rely on multiple devices, they should have a good online experience no matter which screen they are using.

Linking offline and online marketing efforts is a must
Stores should encourage customers to visit their website and the website should invite customers to visit the store.

Use engaging online formats
Video and 3D imaging bring products to life online, helping buyers assess them.

Rethink your attribution strategy
Digital marketing can lift brand metrics as well as drive online and offline sales. Evaluate its effectiveness accordingly.
Methodology

1 target, 9 countries, 2 research stages

Who?

25-65 v.o. luxury purchasers
(at least 2 luxury purchases in the past 2 years in Apparel/Accessories and Jewelry/Watches) with high household income*

- more than 100,000€ / year
- more than £85,000 / year
- more than $100,000 / year
- more than 100,000€ / year
- more than 70,000€ / year

- more than 450,000 CNY / year
- more than B$130,000 / year
- more than 2,200,000 RUB / year
- more than 100,000¥ / year

5% to 8% of the richest households

Where?

9 countries

How?

1. Qualitative stage

In home ethnography interviews

- 28 interviews overall
- 60 minutes per interview
- Interviews conducted from January 7, 2013 to January 18, 2013

2. Quantitative stage

In online interviews

- 400 interviews per country
- 20 minutes per interview
- Survey conducted from March 13, 2013 to April 28, 2013