The Longevity Issue

NAVIGATING THE TWIN CHALLENGES OF
IMMEDIATE RELEVANCE AND LASTING VALUE

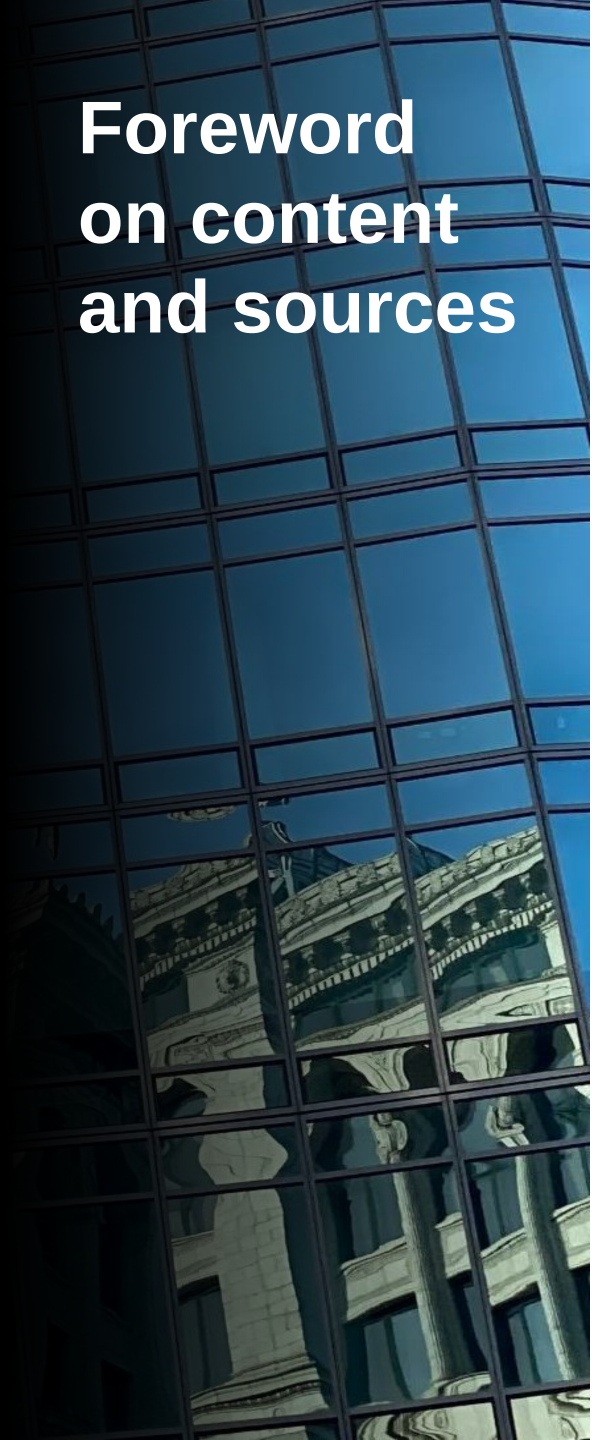
CLAUDIA D'ARPIZIO

FEDERICA LEVATO

NOVEMBER 20, 2025

BAIN & COMPANY

ALTAGAMMA
CREATIVITÀ E CULTURA ITALIANA



Foreword on content and sources

Content of this document

- This document contains **an update** on the **luxury goods market,** in particular:
  - Insights into the **performance of the market** for the **first three quarters of 2025**, with expectations for the last quarter
  - **Estimates** for how the luxury market will evolve **beyond 2025,** with related emerging **macro trends**
  - Bain's **recommendations** for how luxury players can **steer the next phase of growth**

Sources of this document

- The **insights** are based on **Bain's** triangulation of **information** and **sources**, available as of **November 18, 2025,** and include:
  - **Macroeconomic data** (e.g., GDP, consumer confidence index) and the latest **forecasts**
  - **Current trading performance** from relevant luxury industry players
  - Annual **reports**, quarterly **results**, and analyst reports
  - **Consensus of 100+ expert interviews**
- Outlooks **do not consider disruptive changes** in the **global sociopolitical** situation versus the **status quo**

Note: Please refer to backup for study methodology

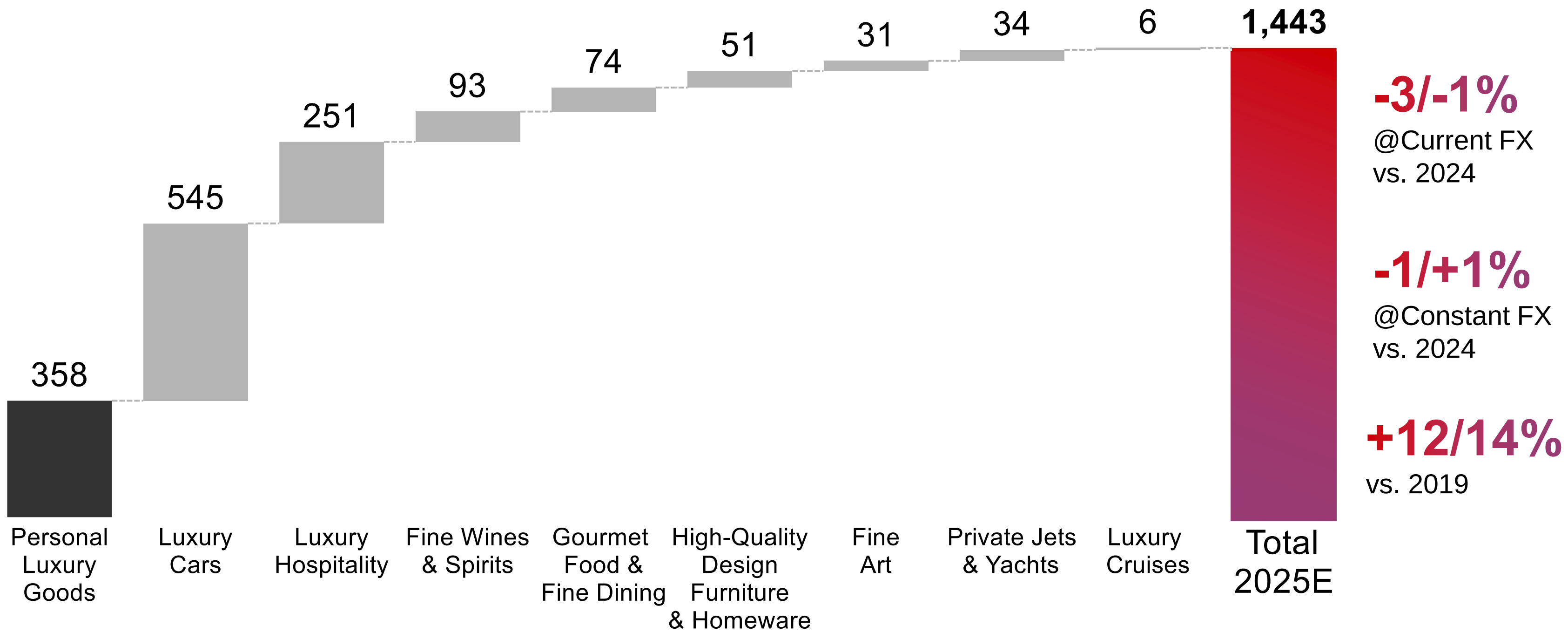
RECAP

Luxury markets 2025: Tectonic shifts under the surface of stable performance

Experiences sustaining momentum amid goods decline

Global luxury markets

€B | 2025E



YoY (2024–25E) growth									
@CURRENT FX	(-2%)	(-6%)	+3%	(-5%)	+5%	+1%	(-9%)	+9%	+10%
@CONSTANT FX	0%	(-4%)	+5%	(-2%)	+7%	+3%	(-7%)	+11%	+12%
VS. 2019	**+25/27%**	**-2/0%**	**+21/23%**	**+22/24%**	**+39/41%**	**+21/23%**	**-17/-15%**	**+43/45%**	**+150/160%**

Luxury vehicles

Luxury cars

Polarization deepens; aspirational segment under pressure from weak consumer demand and intensifying competition from lower tiers; absolute split between **positive trajectory** of **performance-oriented segment** and lackluster demand in **comfort-oriented one**

Luxury yachts

Sustaining **positive growth in deliveries** favored by strong order backlog, though new orders slow, mainly for smaller vessels; trend **toward wider**, **more efficient yachts**, as owners favor space, comfort, and lower emissions

Private jets

Maintaining growth, supported by strong **business aviation demand**, despite ongoing supply chain delays; **aftermarket activity expands** and market shifts toward **"mobility-as-a-service"** through fractional ownership and subscription models enhancing flexibility

Fine art & design furniture

Fine art

Market in structural standstill; auctions remain **more resilient**, with private and invitation-only sales gaining traction among UHNWI collectors; **dealer segment under strain**, facing closures amid rising costs and weak demand; Middle East affirming as a new hub

High-quality design furniture & homeware

Showing **slight rebound** led by **American players** after two years of decline, while EMEA and Asia remain softer; upper-end contract **projects in residential, hospitality, and marine driving growth**, partly offset by **slower** luxury retail development and **consumer retail sales** on account of troubled multibrand distribution

Food & beverage experiences

Fine wines

Showing polarized trends: French bubbles leading the way, sustained by hedonist consumption; **Italian reds outperforming** in export as symbol of **self-oriented luxury;** rosé gaining share in resort locations to the detriment of whites; rising interest for **smaller** formats in **out-of-home settings** not to compromise on quality

Spirits

Facing mid-single-digit decline, obstructed by **Chinese austerity measures impacting local spirits;** Whisky proves more resilient, while Cognac continues to slow amid trade tensions; **Agave-based spirits** continuing to grow within mixology; **RTDs and No-Low** alcohol alternatives keep expanding rapidly, capturing younger consumers

Gourmet food and fine dining

On sustained **growth trajectory** across occasions, fueled by expanding **luxury food hubs** in the **Middle East and Southeast Asia** and **longer resort seasons** extending activity; new polished casual dining gaining share among younger audiences

Out-of-home experiences

Luxury hotels

Showing **performance consolidation**, supported by **higher daily rates** and **expanding luxury corridors across new emerging luxury destinations;** demand reshaped by new affluent travellers prioritizing experience, personalization, and purpose, redirecting spending from other categories toward travel

Luxury cruises

Consolidating as **one of the fastest-expanding luxury pillars,** driven by **experiential demand** and **fleet expansion in the ultra-luxury segment;** progressively rising interest (although limited) beyond historical North American core consumer

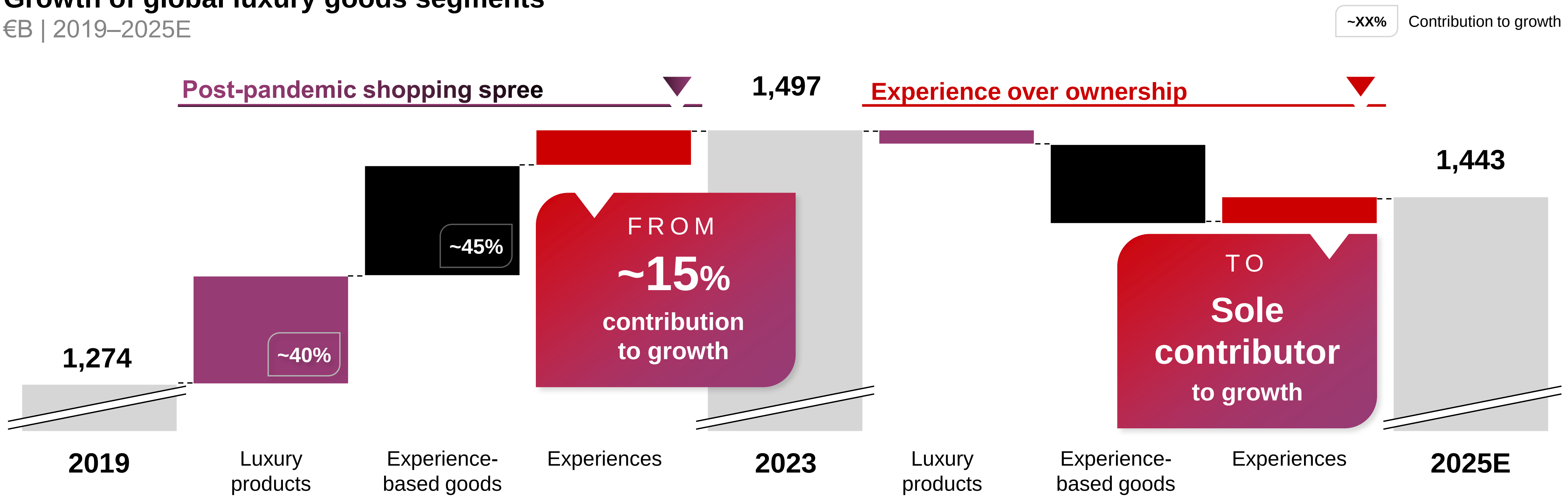
Other experiences

Beyond hospitality and cruises, new luxury experiences — from sport big events (F1, Tennis, Golf, etc.) to trip activities (Theme Parks, Safaris, Eno-gastronomic tours, etc.) — are gaining traction, blending leisure, status and exclusivity across formats

Experiences and emotions become the primary driver of market growth after the shopping-spree era

Growth of global luxury goods segments

€B | 2019–2025E



With clear differences in spending patterns

Top customers
Expanding

Aspirational customers
Shifting

Note: Experience-based goods include fine art, luxury cars, private jets and yachts, fine wines and spirits, and gourmet food; luxury products include high-end furniture/housewares and personal luxury goods; experiences include luxury hospitality, cruises, and fine dining.

A market in motion: **Tectonic shifts** and **multidirectional polarization** across luxury segments

HIGH-END

~40% of luxury market

-3/-1% CAGR 2023–25E

ACCESSIBLE

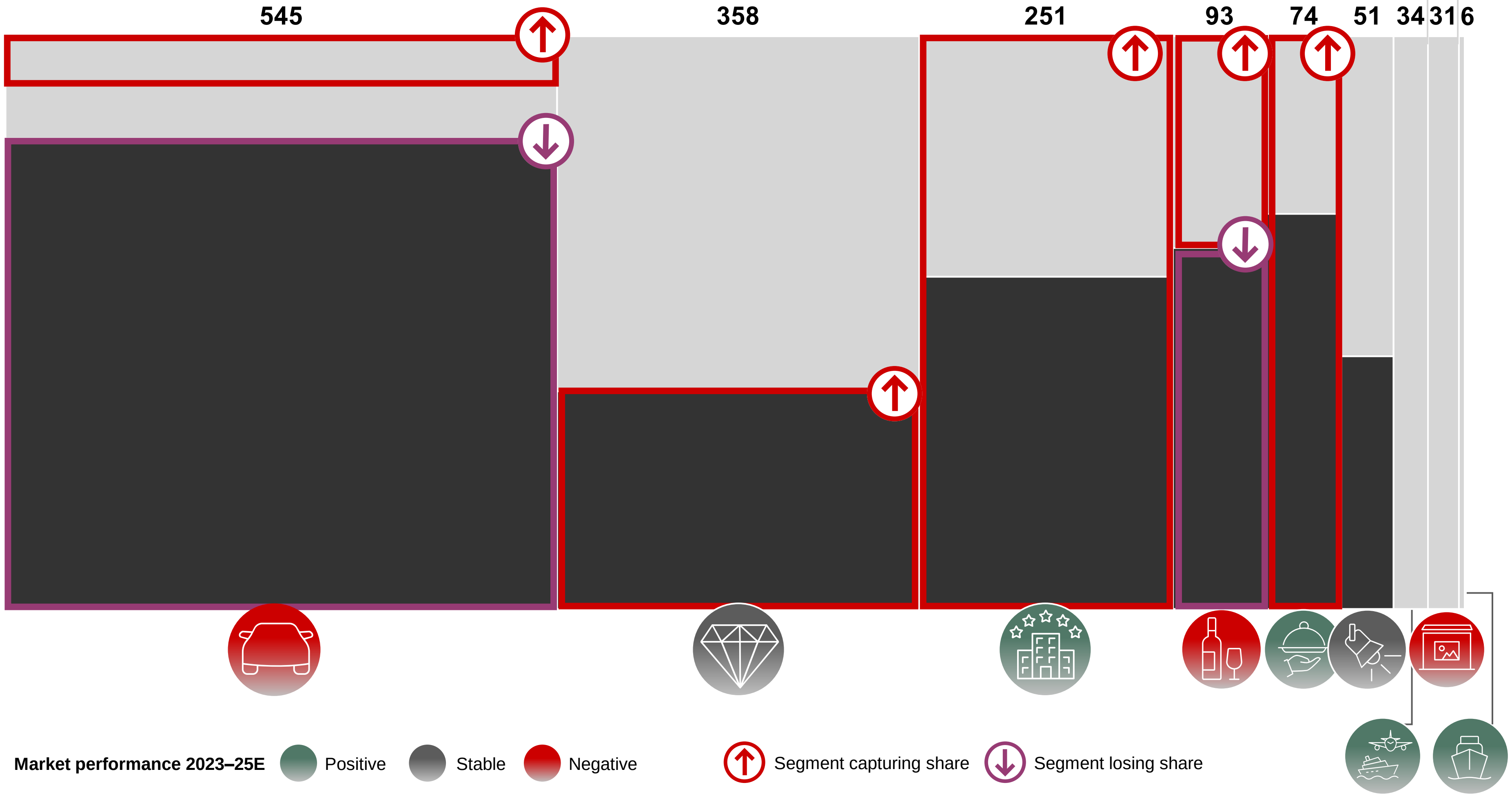
~60% of luxury market

-2/0% CAGR 2023–25E

Note: High-end segment includes absolute and aspirational luxury.

Global luxury goods market by market segment

€B | 2025E



China **competitive landscape intensifying,** as local players step into luxury

Local brands
taking share led by

Better understanding
of local tastes

Product aesthetic, brand values, marketing conversations

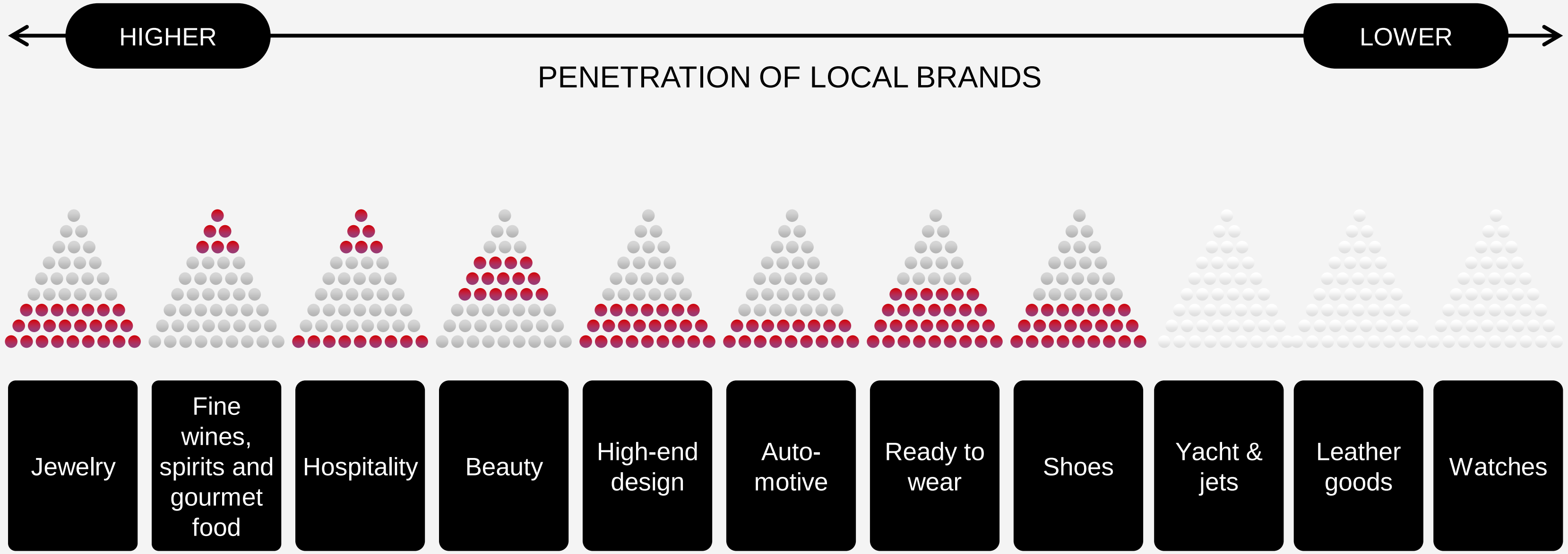
Tailored (Chinese-first)
go-to-customer

Digital-first, chat-native, engagement-oriented

Increased access
to **relevant inputs**

Key components and raw materials, assembled and adapted locally

With **competitive pressure rising** beyond **historically penetrated segments,** although **mostly** within the **entry-to-luxury range**

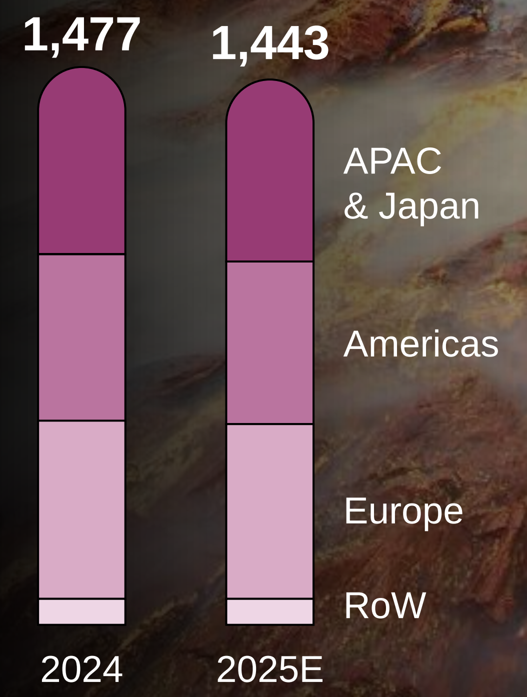


HISTORICALLY PENETRATED	RECENT BATTLEFIELD	YET TO COME
Historical high penetration of local luxury brands	Rising share of wallet from local premium and luxury brands	Still Western-led, given high craftsmanship requirements, yet to monitor for the long term

Distinct **regional nuances**
in global market trends

Global luxury market evolution by region

€B | 2024–2025E



APAC & Japan

-5/-3%

YoY 2024–25E

- **China's negative trend** (although with signs of stabilization) **offsets SEA; Japan** and **South Korea** resilient, but **highly polarized** across markets
- **Local, accessible players gain share,** especially in China, diverting spending from historical luxury players

Americas

-2/0%

YoY 2024–25E

- **Polarized performance,** with traction **at the top end** and **accessible segments,** while **aspirational luxury** weakens amid **downtrading**
- **LATAM** continues to rise as **emerging luxury hub,** fueled by **local demand** and **expanding brand presence;** Mexico **standing out**

Europe

-3/-1%

YoY 2024–25E

- Scattered **Southern Europe: performance anchored around Tier-1** and **resort locations**, driven by touristic experience-led spending, while **automotive, fine wines,** and **spirits suffer**
- **Northern Europe countries soften** amid lower traffic, especially within DACH area

RoW

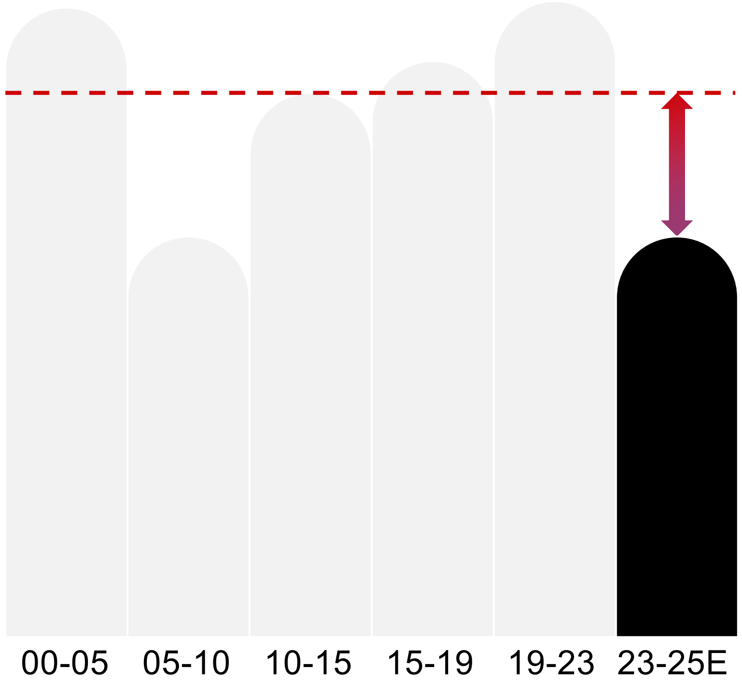
+2/4%

YoY 2024–25E

- **Middle East maintains strong(er) momentum,** with Dubai and Abu Dhabi leading growth; **Saudi Arabia** positive**,** although with growth equation still to crack
- Cultural & mega-projects **investments broaden luxury beyond goods**

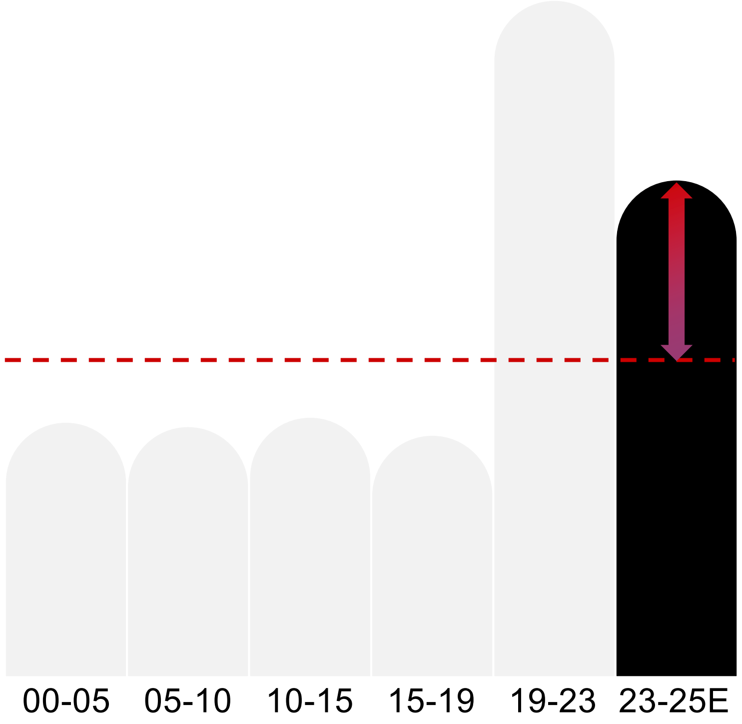
Persistent macroeconomic headwinds mark a strained global cycle

Real GDP evolution
CAGR %, 2000–2025E



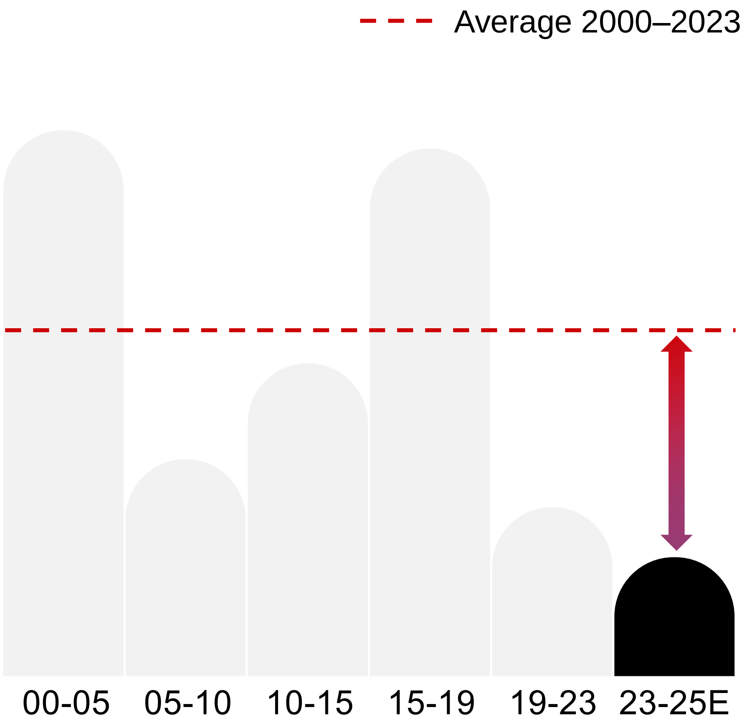
Global GDP growth mirroring levels seen during **Global Financial Crisis**

Inflation evolution
CAGR %, 2000–2025E



Inflationary pressure cutting into disposable income

Consumer Confidence Index evolution
Index, 2000–2025E



Subdued consumer confidence, across the world

Luxury market is still **resilient** but **not immune**

MACROECONOMIC ENVIRONMENT

2025 is no exception to macroeconomic cycle
High volatility defines a year of fragile balance

JAN 25 — Trump's inauguration

MAR 25 — ECB cuts deposit facility rates

APR 25 — US tariffs announcement

MAY 25 — Israel's strike on Iran lifts oil prices

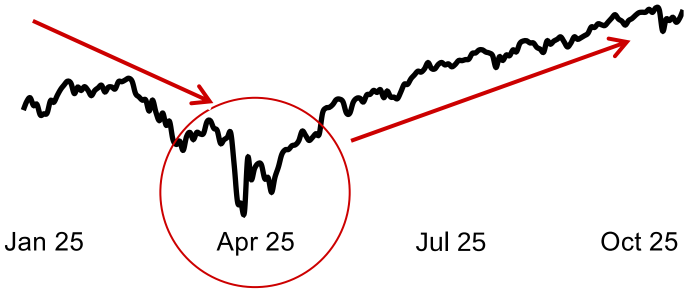
AUG 25 — Subsidy policy plan announcement in China

SEP 25 — Tensions in Gaza further deepen

OCT 25 — Gaza ceasefire agreement

Stock market volatility

S&P 500
Indexed 100 | Jan-Nov 2025 YTD



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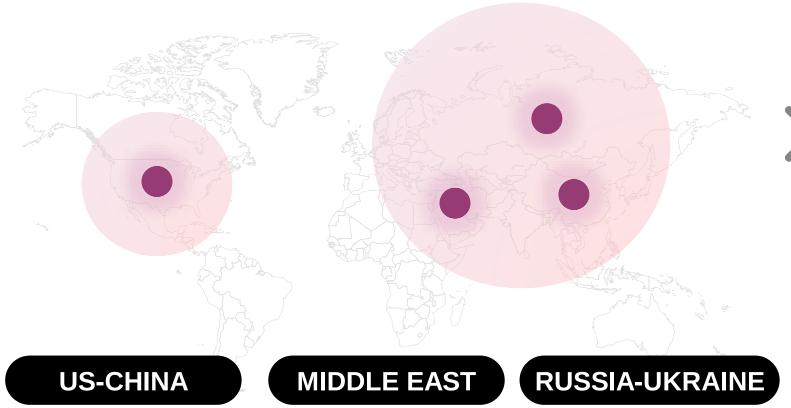
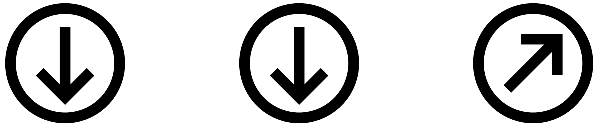
Ongoing geopolitical tensions and instability



Hampered consumer confidence

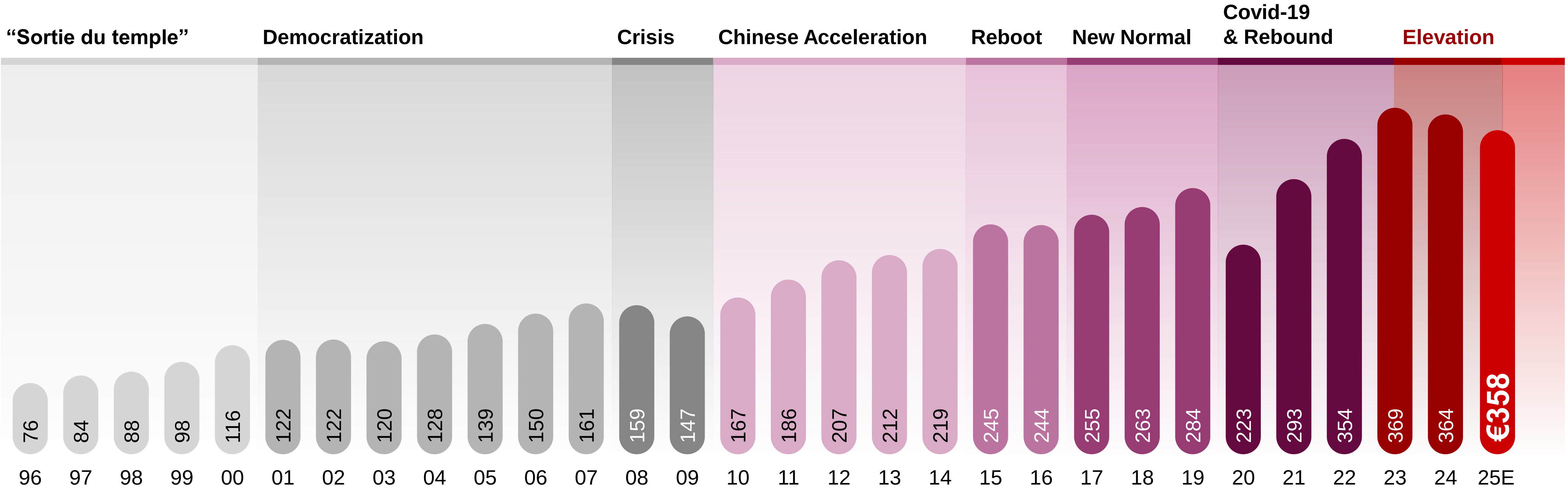
as result of both **geopolitical tensions** and **stock market volatility**
Yet with **progressive uptick** happening in **Q3**

OECD CCI growth vs. previous quarter



~3% Real GDP growth	In line with 2024 and 2023, growth supported by Middle East and Japan; Americas decreasing	
-1.5p.p. Inflation vs. 2024	Following a downward trajectory started in 2022; European still among the highest rates	
Swinging FX vs. 2024	USD leading in Q1, EUR getting progressively stronger afterward	

Personal luxury goods: Recalibration continues as global uncertainty persists



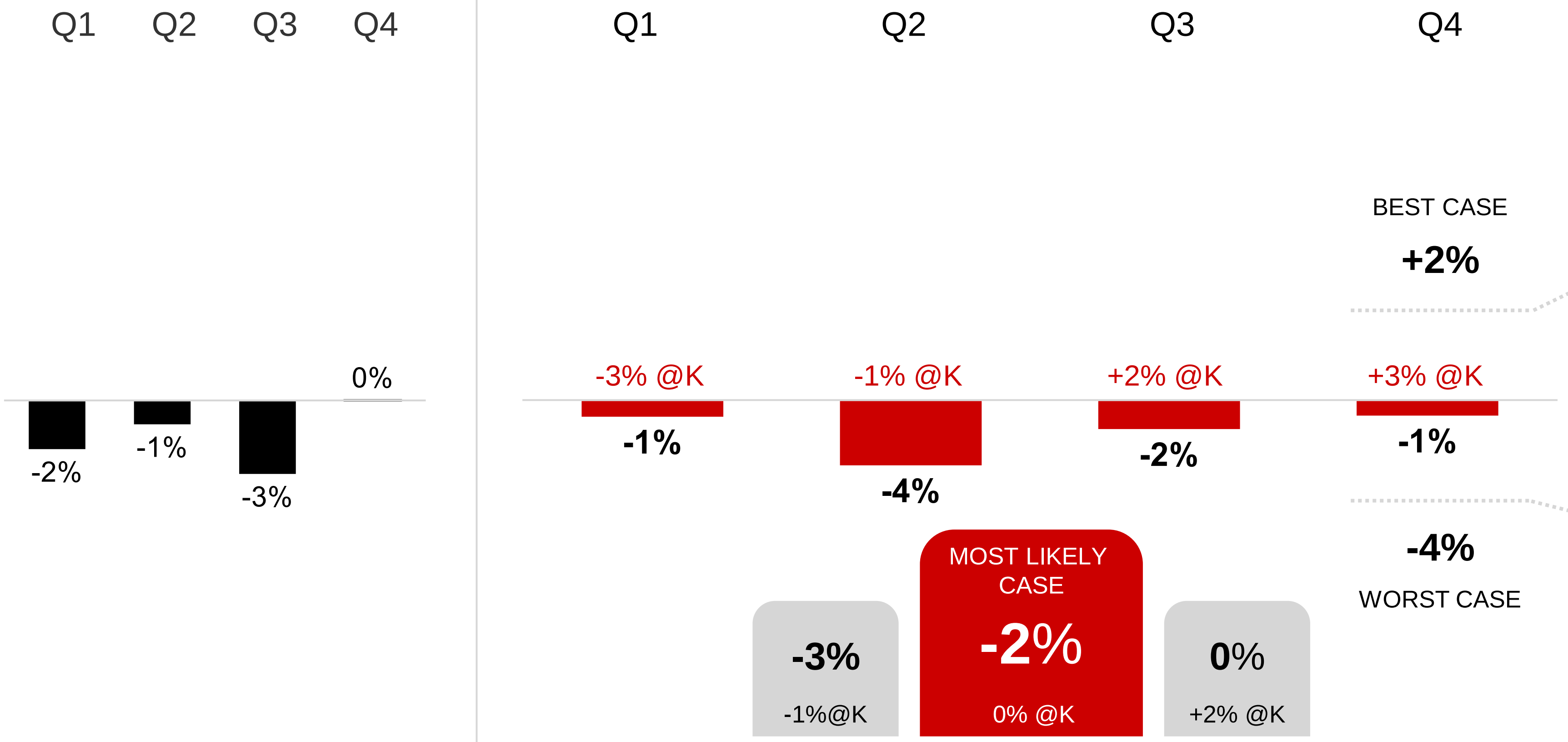
1996–2019 CAGR	2019–2024 CAGR	2024–2025E YoY	
+6%	+5%	-2% Current exch. rates	0% Constant exch. rates

Quarterly swings, with **sequential improvements** toward Q3; **Q4 becomes the moment of truth**

Personal luxury goods market evolution by quarter

2024 % | vs. 2023

2025E % | vs. 2024



Full-year market growth 2025E vs. 2024

- Stable holiday season in US & Europe, sustained by resilient high-end spend
- China spending rebounds on **policy support and post–Golden Week momentum**
- Japan recovers, as FX volatility eases and tourism resumes, softening prior headwinds

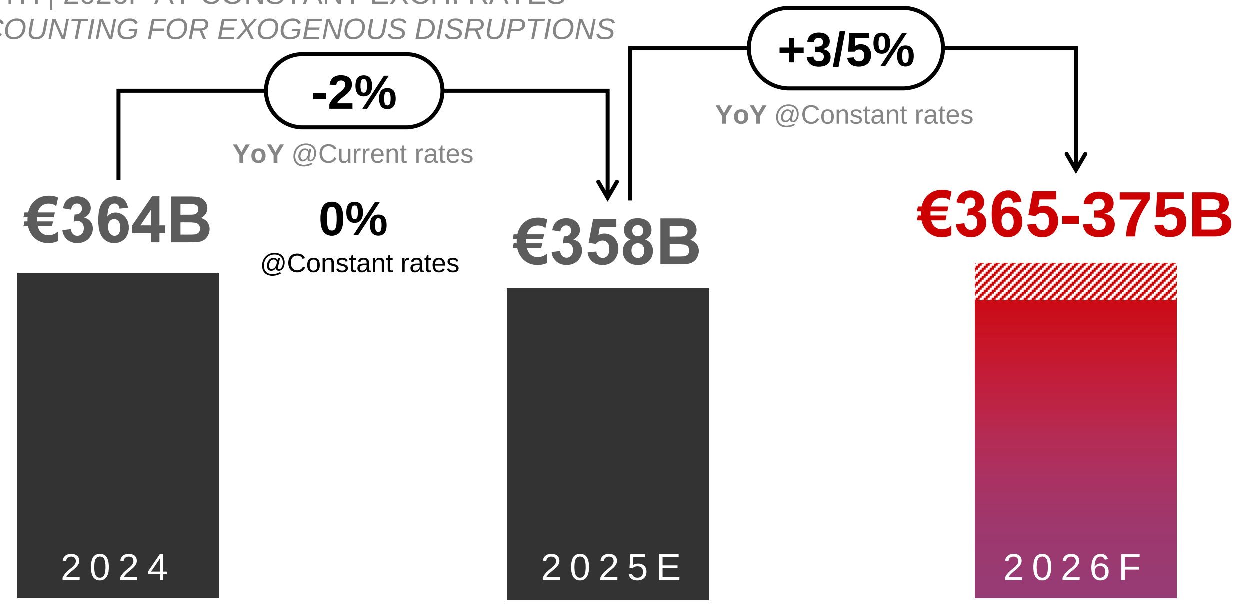
- **Mild US in Q4** amid tough comparisons
- **China still stagnating**, with muted Tier-2/Tier-3 city contribution
- **Europe holding; Japan sustained by locals** yet still held back by lower inbound tourism

- China weakens post–Golden Week amid fragile macro backdrop
- **US fails** to sustain holiday season, as instability fears **limit discretionary spend**
- Heightened volatility curbs travel and demand in Japan and EU
- Escalating tensions between China and Japan

Note: @K = growth at constant exchange rates.

Personal luxury goods market back to growth in 2026F

% GROWTH | 2026F AT CONSTANT EXCH. RATES
NOT ACCOUNTING FOR EXOGENOUS DISRUPTIONS



Real GDP growth
2026F VS. 2025E

+1.3% Europe	**+2.3%** North America
+4.3% China[1]	**+0.6%** Japan
+3.6% Asia (excl. China & Japan)	**+4.1%** Middle East

Worse scenario — 0/+3% YoY @Constant rates

- China's **recovery stalling**, curbing domestic spending
- **Heightened geopolitical frictions** further exacerbating uncertainty and consumer confidence
- **Trade wars** restart inflationary pressure, cutting into Western consumers' spending levels
- **Escalating tensions** between **China and Japan**

Realistic scenario — +3/5% YoY @Constant rates

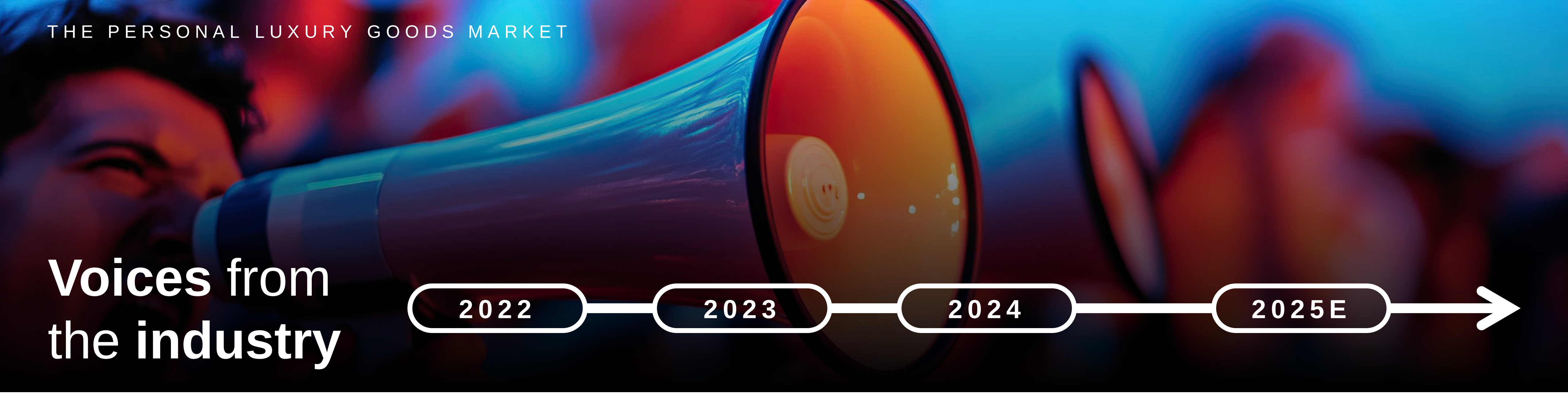
- Continued **US momentum,** supported by robust financial markets
- **EU & JP locals demonstrating continued resilience**
- **China progressing on** steady **recovery**

Better scenario — +5/7% YoY @Constant rates

- **China regaining momentum**, with renewed consumer appetite on the wave of new (solid) macroeconomic fundamentals
- **Tourist flows rebounding** across regions, coupled with **strong local consumption** sustaining growth

LIKELIHOOD	Worse scenario	Realistic scenario	Better scenario
	~10%	~70%	~20%

Note: (1) Referring to People's Republic of China.



Voices from the industry

How brands have been **describing the years**

2022	2023	2024	2025E
Communities	Elevation		**Sequential improvement**
Robust growth	Price-mix management	Normalization	**Value strategy**
Customer recruitment	Experiential	Polarization	**Discipline**
Brand energy	Omnichannel execution	Rebalancing	**Newness pipeline**
Renovations	Efficiency	Refocusing	**Fewer but higher-quality locations**

2025E

A new moment of truth for the market

When **Timelessness** meets **Time:**

Testing the **longevity** of luxury

Navigating uncertainties
Reshuffling market drivers

Recalibration among regions, potential **new engines** emerging

Markdown pressure questioning channels' role, while footprint shrinks

Post-elevation, **accessible luxury** striking back

Reframing consumer landscape
Fragmented audiences with larger expectations

Consumer **base shrinking**

Intricate consumer **map**

Top customers stalling, sign of broader alienation

A new deal with **Gen Z**

The three current Elements of Value: **Entertainment, Emotions, Ethics**

Rising urgency, calling for ethics
Time is **now** … or **never?**

New **creativity** meets customer **values**: time to reestablish **ethics** aligning interest with advocacy

Profitability under pressure: time for profit hunt

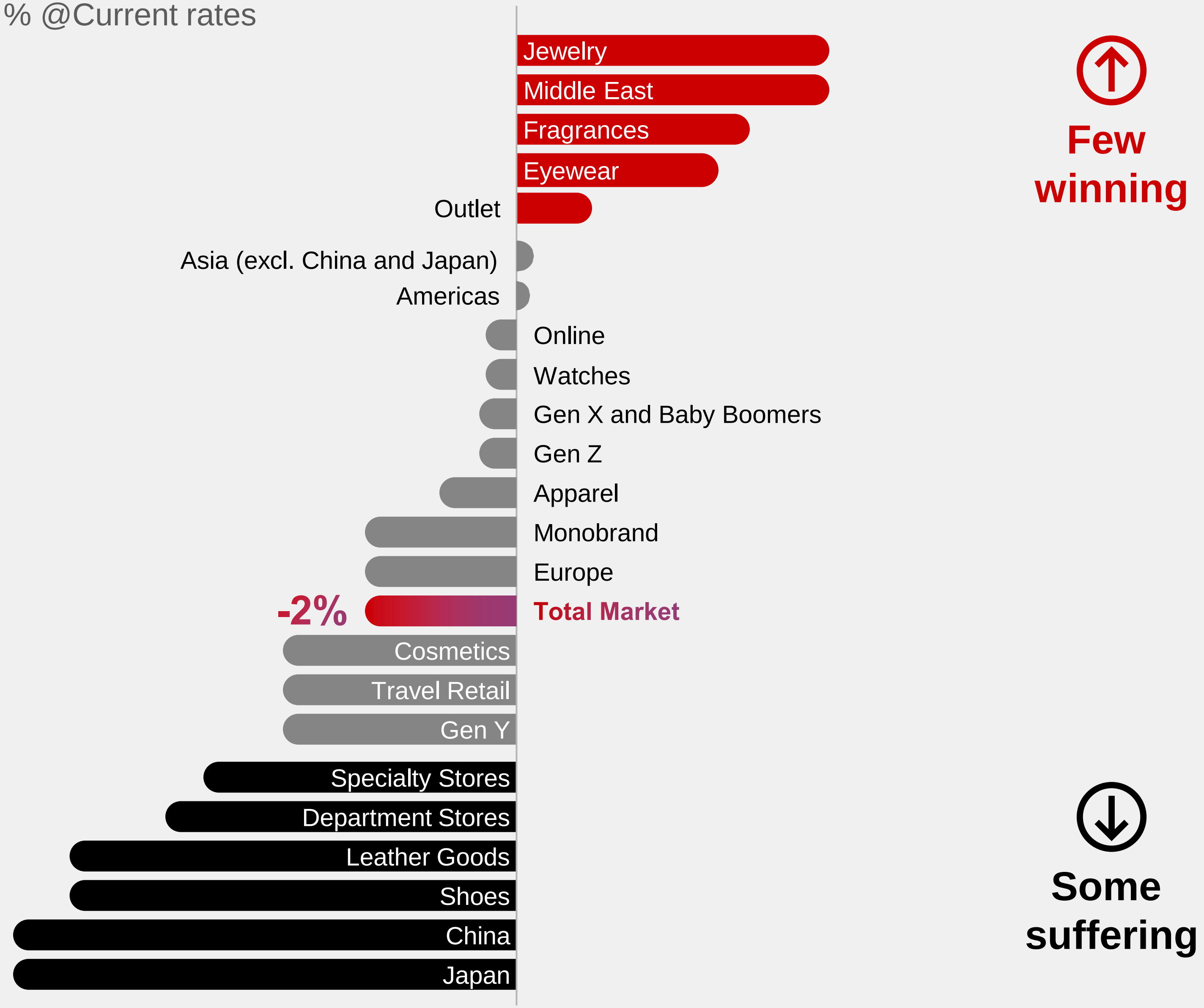
New heights of **performance polarization**: time to define future winning formula

2025E

Unfolding this year's trend

YoY growth 2024–2025E

% @Current rates



From rebound to recalibration: Americas stabilizing, Europe suffering lack of tourism, China and Japan seeking long-term stability

Middle East (and RoW)

Dubai and Abu Dhabi holding steady, supported by **diversified tourism flows** and **resilient local demand**

Saudi Arabia remains a market of **unmatched promise**, with **strategic potential** still largely **untapped despite growing brand interest**

Mixed signals from other **GCC areas**, with **polarization across cities, malls,** and **brands**

Australia suffering from **lackluster Chinese tourism**

Americas

Year **marked by volatility**: first half slowdown driven by **financial uncertainty**; rebound in H2 thanks to stock market recovery and **rising confidence**

Local customers repatriating spending due to favorable FX, with **high-end clientele somewhat resilient** and aspirational cohorts increasingly seeking value across categories

LATAM sees stable growth, particularly in Mexico and Brazil, fueled by **retail expansion and sound tourist inflows;** Panama a rising spot on the map

Asia (excl. China & Japan)

South Korea showing some green shoots amid strains, driven by **currency advantage** and **regional Chinese inflows**; however, **domestic sentiment remains cautious**

Hong Kong gradually back on the map for young Chinese travelers and soaring UHNWIs

Southeast Asia sees mixed performance: **Thailand** lagging behind**, Singapore** and Indonesia on stable path while **Vietnam and Philippines** showing promise with rising luxury awareness

Europe

Tourist inflows impacted by **strong euro and geopolitical tensions**, though Middle Eastern sustaining **high-ticket purchases**

Domestic consumption challenged, especially **outside of Tier-1 locations**

UK remains **penalized by lack of tax-free shopping,** with only GCC and Indian consumers holding up

Southern Europe (Greece, Spain) buoyed by **tourism** and **UHNWI**; France and Italy **more volatile** across brands

Mainland China

Still challenged overall, yet **signs of stabilization from Q3 onward**, supported by **positive stock market signals** and **renewed confidence in Tier-1 hubs**

Consumers increasingly favoring **experiences, wellness, and food over products**

Incumbent brands challenged by intensified **local competition** within key categories and heightened **cultural confidence,** especially among younger generations

Japan

Decelerating after 2024 peak, with Q2 marking lowest point amid **cooling tourism**

Local demand softening, yet resilient in top-tier categories (RTW, jewelry), with partial **redirection toward luxury experiences**

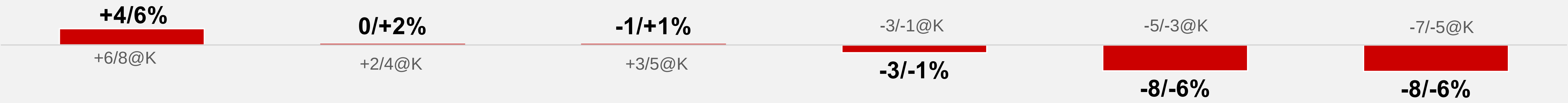
Some attempts to intensify engagement of **younger customers** via **entry-level offers** (i.e., charms, gifting)

Preloved segment continues robust growth, reinforcing Japan's role as **secondhand leader in Asia**

Market size 2025E | in €B

Middle East (and RoW)	Americas	Asia	Europe	Mainland China	Japan
~€23B	~€101B	~€53B	~€108B	~€42B	~€31B

2025E vs. 24 | in %



Note: @K = growth at constant exchange rates.

RECALIBRATION AMONG REGIONS

Europe under pressure: Tourism swinging, locals showing signs of fatigue

Real-term European luxury market trend
2025E vs. 2024

Q1	Q2	Q3	Q4E

South growing, North suffering

Local demand in Tier-1 cities remains **solid**

Affluent holding

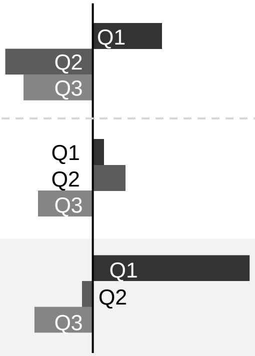
While **aspirational** buyers, pressured by inflation, **delay purchases**

Value-conscious mindset

Outlet surging; full-price in need of **strong(er) value proposition**

Tourism sales remain flat as visitor numbers stabilize

TOURISM DATA VS. 2024 @YTD | Global Blue



	% QoQ shoppers flow[1]	% Sales change (YTD)	# Shoppers (YTD)
Slight recovery after CNY-driven decline		-15%	
GCC: Q3 downturn due to regional tensions		+5/10%	
Progressive decline amid euro strength and volatility		+5%	

Stable # of **tourists** but **pivoting spending** toward **experiences**

Evolving cities' landscape

Top 10 EU cities ranking by tourist sales weight | Trend vs. 2019

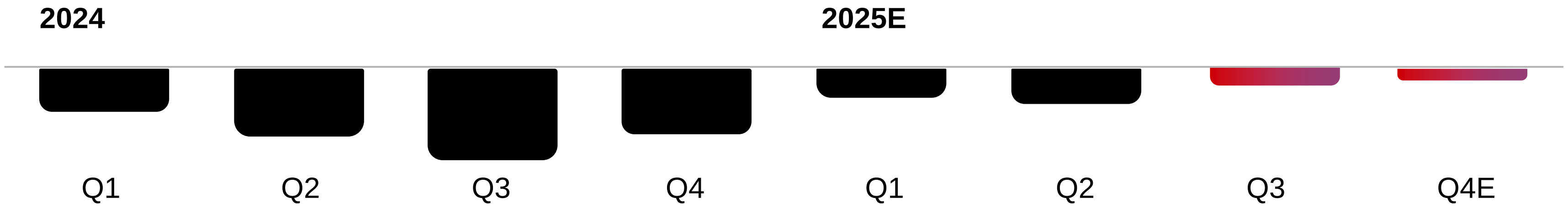
Global Blue

UNDISPUTED CHAMPIONS		RISING STARS		LOSING TRACTION		
Paris	Milan	Madrid	Barcelona	Frankfurt	Munich	Vienna

(1) International tax-free shoppers.

Softness persists in China, yet early signs of recovery emerging

Real-term Chinese luxury market Quarter-over-Quarter growth



Multiple consecutive negative quarters in a **challenging scenario**

Pressured real estate market

Swinging touristic flows

Normalizing real GDP growth

Rising local players

Signs of stabilization emerging in H2 2025

EXTERNAL DRIVERS

Soaring stock market
+25%
SSE index @YTD

Surging UHNWIs
+30%
Billionaires vs. LY

Accelerating confidence
+5%
Chinese CCI

INTERNAL DYNAMICS

Selective resilience

Accessible luxury, **outdoor,** and **jewelry holding up**

Silver economy gaining relevance

Amid customer shift from **celebrating heritage** to **owning identity**

CULTURAL PRIDE

"Where tradition meets trend"

+

CULTURAL CONFIDENCE

"Where identity becomes strength"

How to thrive?

Cultural **relevance**

Emotional **engagement**

Powerful **narrative**

True **value**

Affordable **indulgence**

New markets affirming as emerging growth engines, with untapped potential waiting to be unlocked

	Middle East	LATAM	SEA	Africa	India
	United Arab Emirates on upward growth trajectory **Saudi Arabia** outlook turning mixed	**Mexico** and **Brazil maintaining momentum** Locals favoring **domestic purchases** for cultural affinity, niche fragrances booming in Mexico	**Accessible brands** fueling Gen Z's entry into luxury ***"Kawaii"*** aesthetics driving emotional resonance	New **local players** on the scene Yet **distribution infrastructure** remains underdeveloped	Demand rising abroad; **local market still nascent** Global brands expanding amid **surging middle class**
Total # of monobrand stores @2025E	~1,000	~900	~840	~150	~175

With a total market value of €40-45B equal to Mainland China 2025E size

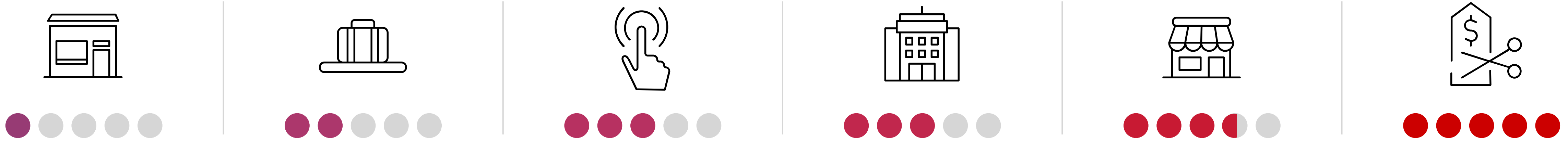
as of 2025E

QUESTIONED CHANNELS' ROLE

Markdown pressure increasingly intensifying across channels

Raising trade-offs between stock monetization and markdown management

Monobrand	Travel retail	Online	Department store	Specialty store	Outlet



Markdown exposure by channel

BRANDS UNDER GROWING PRESSURE BETWEEN

Manage increasing
stock levels

Stock/revenues | %

+3/4 p.p.
vs. 2019

+5/6 p.p.
vs. 2016

Avoid excessive
discounts

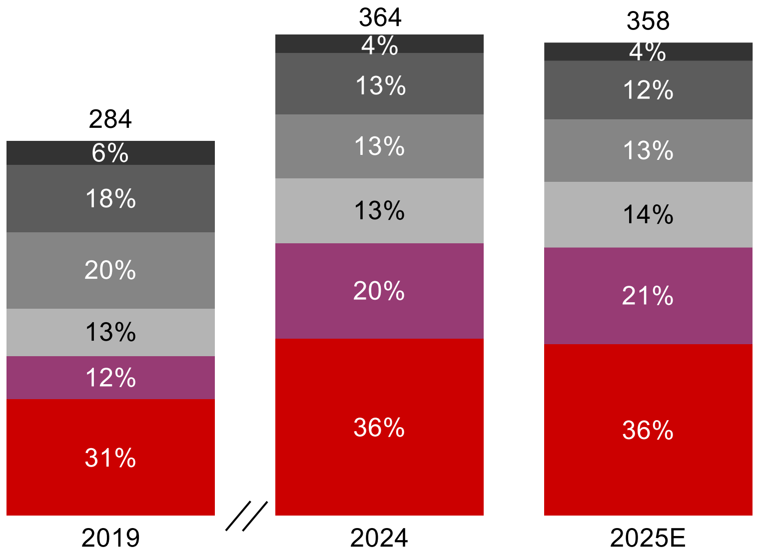
35/40%
industry sales at discount
up ~5p.p. from 10 years ago

Outlet outperforming, **online** keeping pace, **monobrand** under **scrutiny**

Personal luxury goods market by channel

€B | 2019–2030F

↑ → ↓ Real-term trend



	Delta 24–25E	CAGR 25E–30F
Travel retail	-4/-2%	↗
Department store	-6/-4%	→
Specialty	-5/-3%	↗
Outlet	+1/3%	↗
Online	-1/+1%	↑
Monobrand	-2/0%	↑

	2019	2024	2025E
Wholesale %	60%	47%	46%
Retail %	40%	53%	54%

In an environment in which **luxury footprint** is **contracting** across the board

(US) Dept. stores restructuring footprint

~-10%
SQM since 2024

Brands narrowing their reach

~25KSQM
Monobrand SQM lost in past six months

Monobrand

Foot traffic remains subdued, except for spikes linked to new creative waves or brand capsules; flagship stores continue their upsizing trajectory

Online

Direct showing positive signals from aspirational clientele, with GenAI enhancing UX/UI and engagement; multibrand platforms still strained, with few winners

Outlet

Continued overperformance, fueled by consumer demand for value for money; continued network rationalization and elevation from high-end players

Department and specialty stores

Still underperforming, growing reliance on discounts and loyalty programs; traffic pressured despite brands' attempts with experiential formats

Travel retail

Growth slows amid currency volatility and geopolitical headwinds; strength concentrated in tax-free hubs with high-conversion rates

Jewelry shining bright, Eyewear and **Beauty** following, **Bags and Shoes** remain fragile

Jewelry

Category remains **robust across regions,** with top players sustaining growth through refined **clienteling and experiential activations**

Rising **competitive pressure** in Asia and from new entrants scaling up in **high jewelry**

Increased relevance as **emotional asset,** beyond **traditional gifting**

Customizable and modular pieces gaining ground among **younger cohorts**

Eyewear

Eyewear **maintains solid momentum,** driven by **design-led differentiation** and **high versatility,** gaining traction as a platform for identity expression, especially among **younger consumers**

Continuing to perform as an **accessory-category hybrid,** enabling both **uptrading and entry-level access**

Innovation focusing on **custom fit, personalization,** and **digital integration**

Beauty

Beauty **slows down**, with **sell-out** sustained by **last years' stock availability**

High-end brands outperform, while mid- and low-end face intense **discount pressure**

Fragrances as the most dynamic subcategory, with masculine scents leading growth; **skincare** and **makeup** performance differing by brand, with positive **signs of comeback** from **key winning players**

AI increasingly used to power **personalization**

Watches

Polarization persisting both **across players— major brands** leading growth—and **price points**, with **resilient entry prices** alongside **high-end pieces for collectors**

High-end watches post strong **performance for jewelry players**

Secondary market remains active, as tariffs and retail prices push **some consumers to pre-owned alternatives**

Apparel

Holding steady especially among top customers, with **occasion-driven subcategories—** eveningwear, resort-wear—and **statement pieces** supporting **value perception**

Positive traction of more **accessible players** among younger gens

Brands accelerating **capsule**, **limited drops and novelty-driven storytelling** to respond to rapid shifts in customer trends and cultural signals

Leather

Perceived as category with least innovation injection, with rising **demand for newness and playful alternatives**, especially from Gen Z

Category highly **exposed to volatility linked to aspirational consumers**, who increasingly turn toward insurgent brands' value propositions

Top-tier icons remain resilient, yet **new hero bags struggling to emerge**

Shoes

Still **underperforming** vs. **other fashion**, pressured by **price sensitivity** and **sportswear** competition

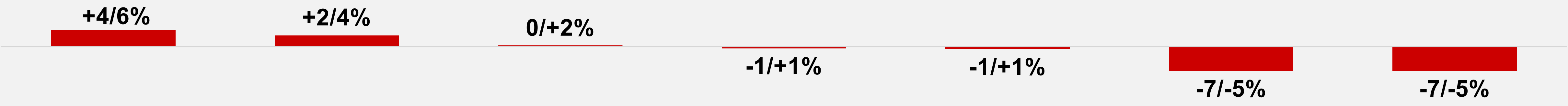
Brands experiment with **entry-level products, notably sneakers**, and **capsules/collaborations** to **drive traffic and volume**

Heels and statement shoes show early signs of recovery in selected markets

Market size 2025E | in €B

Jewelry	Eyewear	Beauty	Watches	Apparel	Leather	Shoes
~€32B	~€17B	~€78B	~€52B	~€75B	~€74B	~€24B

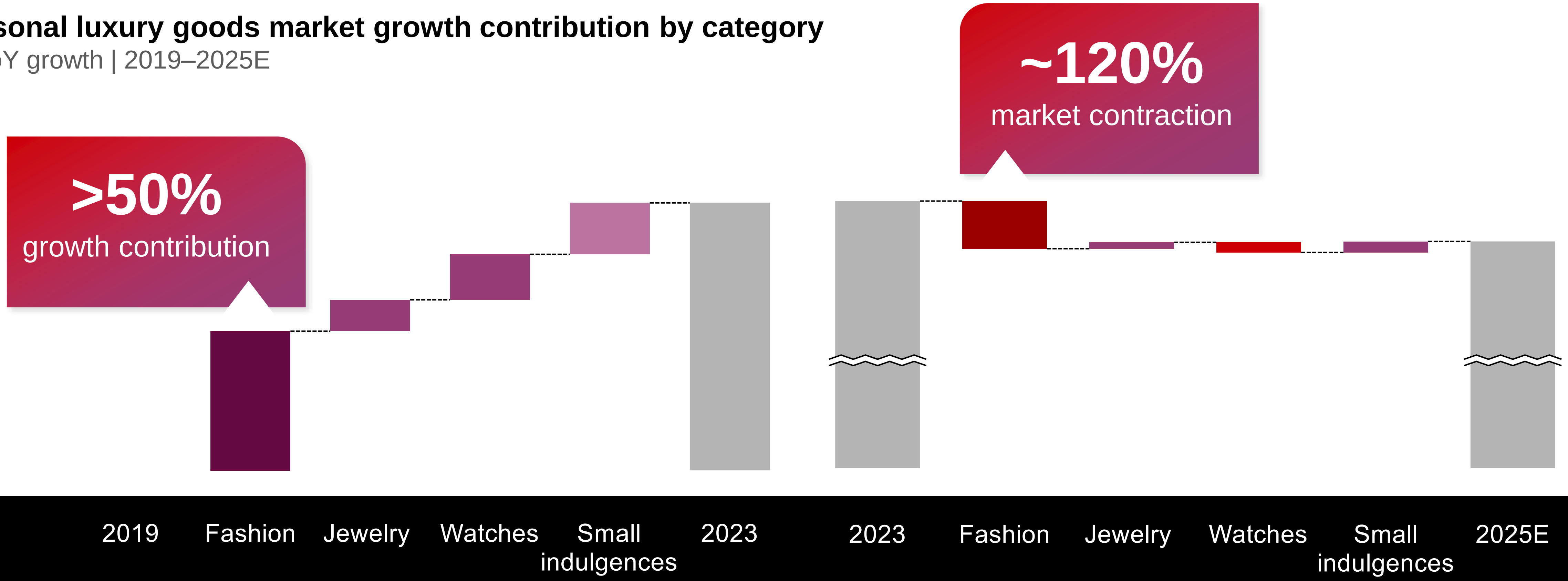
2025E vs. 2024 | %



Trend reversal in soft luxury:
From growth engine to source of slowdown

Personal luxury goods market growth contribution by category

% YoY growth | 2019–2025E



Market value (€B)

€284B — €369B — €358B

Note: Small indulgences includes Beauty and Eyewear; Fashion includes Shoes, Leather, Apparel

After years of **elevation, accessible luxury strikes back**

Evolution of Soft Luxury Goods market by positioning

Real term trend 2024–2025E

~35% WINNERS	**Absolute**	**Anchoring** on top customers	**Cohering** with their brand DNA	**Preserving** unmatched product value
<25% WINNERS	**Aspirational**	**Losing** to downtrading	**Squeezing** between eroded creativity & high prices	**Drifting** losing distinctiveness in offer or purpose
>50% WINNERS	**Accessible**	**Recruiting** from aspirational brands	**Reactivating** historical consumers cohorts	**Hooking** Gen-Z inflows through affordable relevance

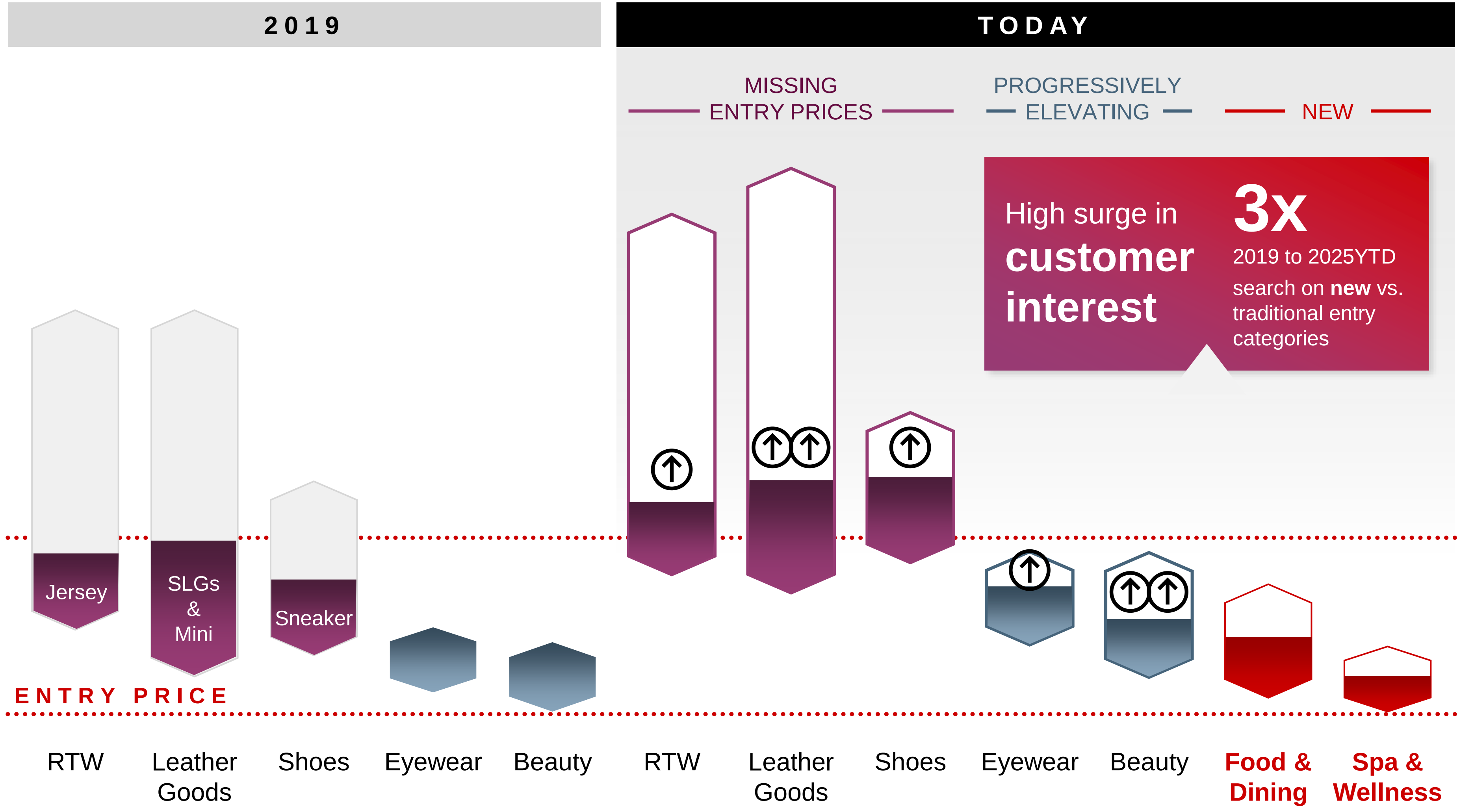
WINNING PLAYERS SHARING COMMON TRAITS ACROSS SEGMENTS

- Product innovation
- Timelessness with edge
- Cultural relevance
- Ethical pricing

Brands are **redefining reach** through adjacent and lower-entry categories

Price architectures for personal luxury goods brands

Range Category entry items



But two key questions remain

01

WILL IT BE ENOUGH?

To win back consumers, especially within the aspirational segment

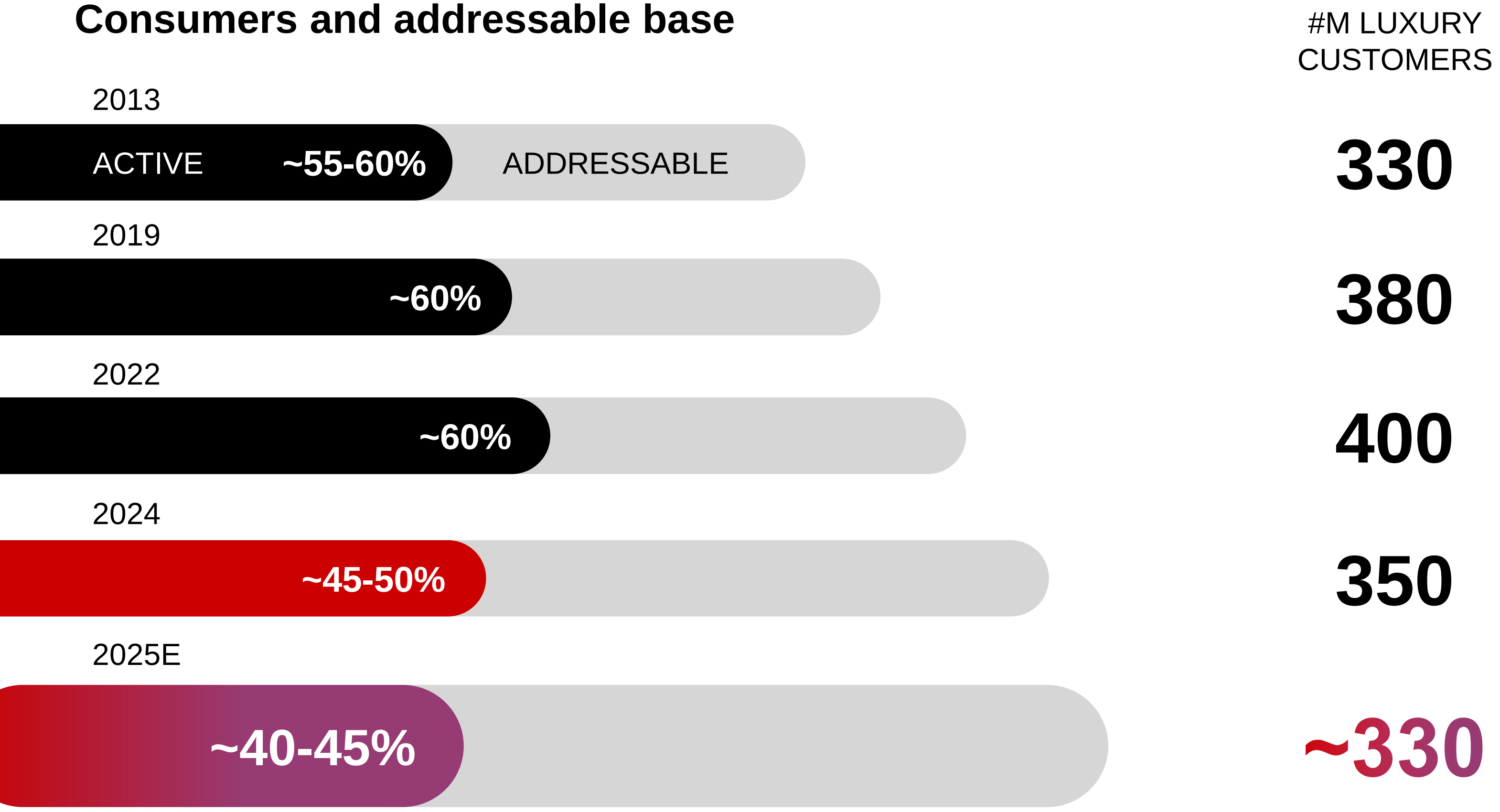
02

HOW TO MAKE IT LEGITIMATE?

For brands, to play within expanded product arenas, maintaining authenticity and coherency

Luxury **consumer base contracting further**, and **decoupling** from **addressable population**

Consumers and addressable base



~-5%
YoY % | 2024-25E

New customer recruiting at brand level

With spending flowing away in different paths

WITHIN **Personal luxury**

Cutting purchase **volumes**

Reducing shopping **frequency**

Shifting to small indulgences

Prioritizing markdown channels

OUTSIDE **Personal luxury**

Redirecting to luxury experiences

Downtrading **outside of** luxury

Pivoting toward **pre-loved** luxury

Client maps growing ever more intricate, woven from multiplying:

_personas

10 years ago

5 years ago

Today

_consumer journeys

Navigating countless paths, blending **digital, physical, and social** experiences

_zeitgeist & purposes

Diverse addressable base driving **layered motives behind luxury purchases**

_demographics

New demographic tapestry emerging, redefining who luxury speaks to

Starting younger

Digital-savvy, entry-price oriented

Older but healthier

With high wealth and free time, shifting and diversifying needs & behaviors

Diverse phenotypes

Broadening cultural & aesthetic representation

Longevity conscious

Upgrading wellness, beauty, and fitness into status symbols

More knowledgeable

Increasingly scrutinizing over brands

IMPLICATIONS

- Adaptive products
- Holistic engagement
- Localized assortment
- Increased transparency
- Cultural relevance

TOP CUSTOMERS STALLING

Top customers **stabilizing** spending

Top customers' value and incidence on personal luxury goods market
2019–2024–2025E

2019	~30%	~€88B
2024	~45%	~€165B
2025E	**~46/47%**	**~€165B**

Signs of a broader **customer alienation**

As the meaning of **exclusivity** is redefined, every **consumer resets their standards**

What **consumers look for** ACROSS ALL TIERS

Longevity
True, long-lasting relationship

Uniqueness
Access to special moments

Understanding
Feeling that their passions matter

Tailoring
Crafted *"for and by"* them

How to WIN THEM BACK

Winning with **All customers**

- @Scale 1-to-1 personalization
- Curated experience
- Continuous conversations
- Flawless execution across the journey

Winning with **Top customers**

Money-can't-buy
Unlock once-in-a-lifetime moments relevant for each individual, from culture to sport events

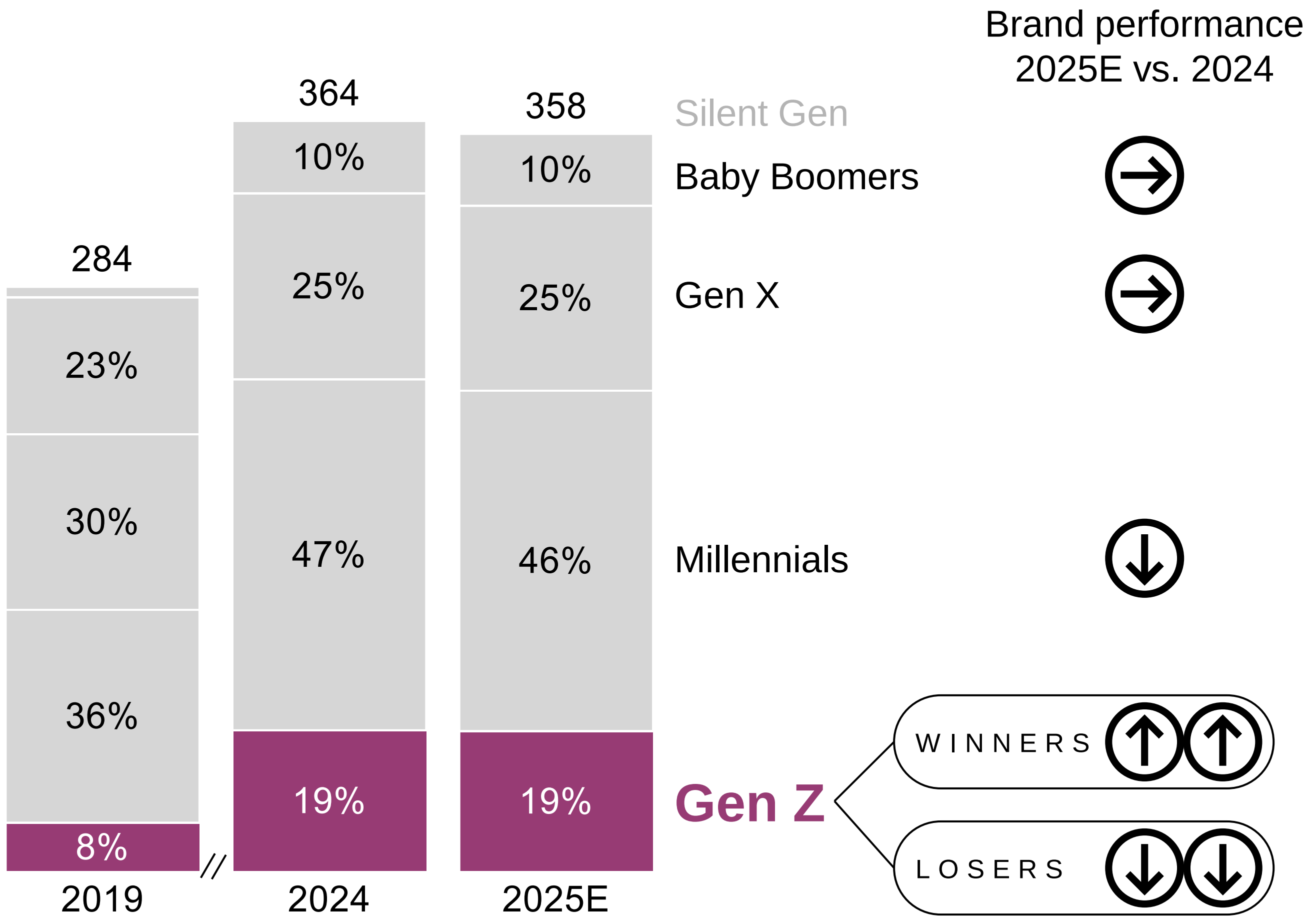
360-degree innovation
Creating "wow" effect across all business levers and touchpoints to deliver unmatched satisfaction

Intimacy
Empowering client advisers to build emotional connections & elevate brand experience

Gen Z polarizing across brands, rewarding the few that resonate

Personal luxury goods market by generation

€B | 2019–2025E



Winning Gen Z unlocks growth, but brings **new complexities to manage**

Sweet factors	**Bitter factors**
Heightened awareness	More discerning
Stronger engagement	More critical
Greater openness	More fluid
Identity over community	Relevance over status

Gen Z setting the tone for a **new deal**: **renewed purpose of participation**

THE THREE CURRENT ELEMENTS OF VALUE

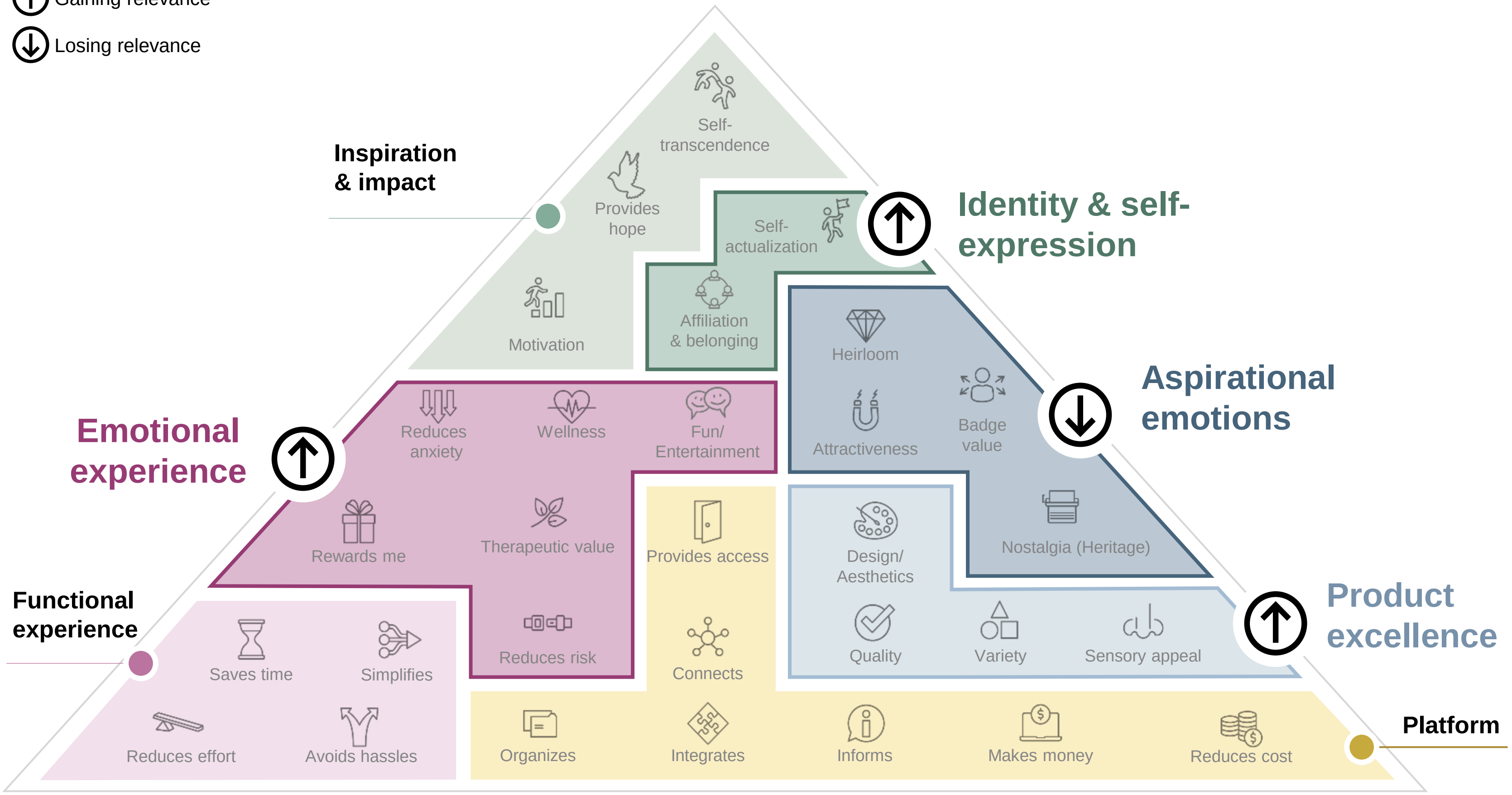
Entertainment, Emotions and Ethics affirming as central **Elements of Value** for consumers

Key purchase criteria evolution

Perceived relevance

↑ Gaining relevance

↓ Losing relevance



(1) Bain Luxury Study 2025 consumer survey, October 2025

BUT **BRANDS FALL SHORT** IN

delivering the expected value

% of luxury customers who[1]

70% — **Lack satisfaction** with current **in-store experience**

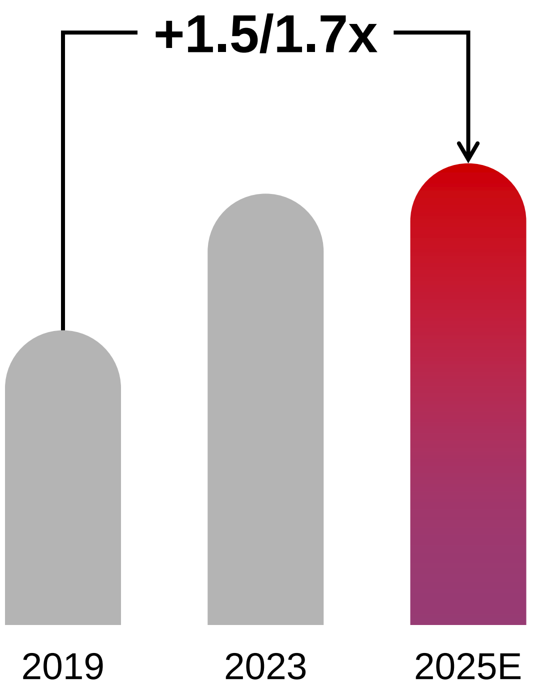
90% — **Deem** experiences **comparable** across brands

85% — Feel brands do **not match their true purpose**

Traditional price-to-value equation broken by lack of trust & ethics

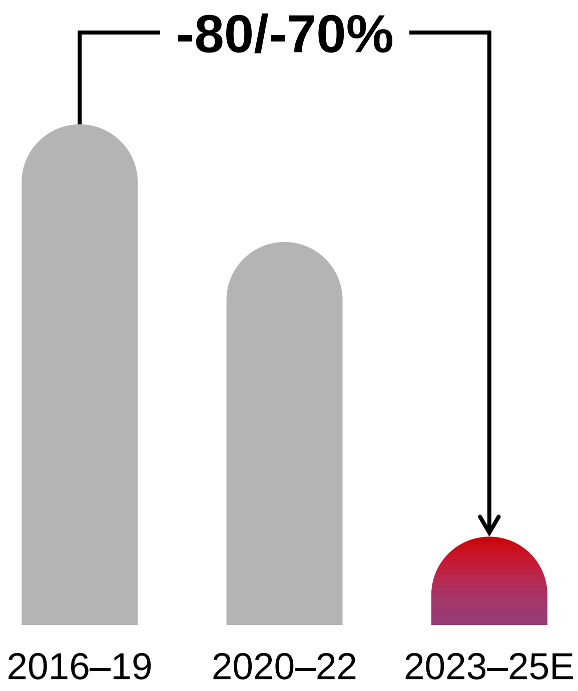
Same-item elevation breaking **consumer trust**

Iconic bags like-for-like price evolution
Indexed, 2019=100



Creativity stall jeopardizing industry **true purpose**

# of hero bags launches
Cumulative, by period

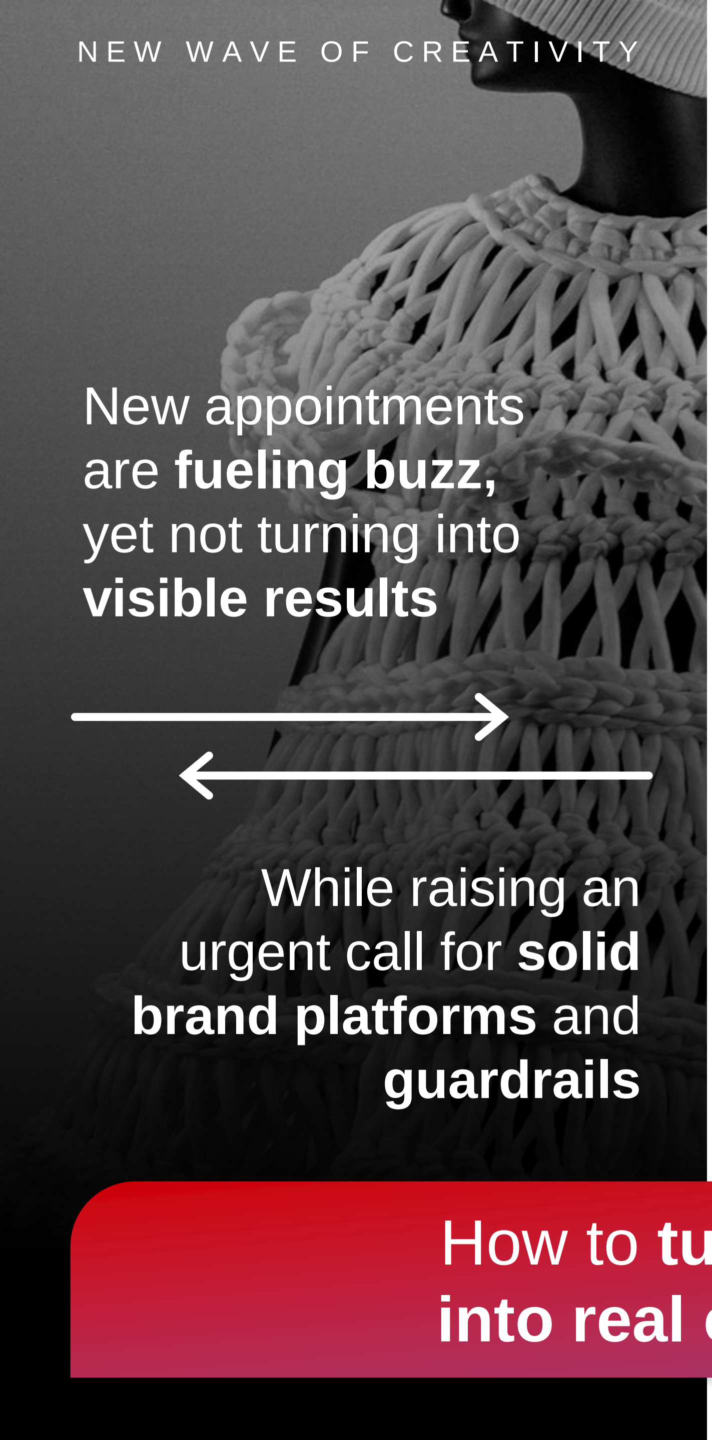


With **consumers voicing** clearly **what they look for**

to **make luxury relevant again** to them

CONSUMER DEMAND →	BRAND IMPERATIVE
Consistency	Restore **price integrity**
Purposeful **ethics**	Reclaim **relevance & social conduct**
Innovation	Reignite **creativity**
True **quality**	Rebuild **craftmanship & trust**

Trust is not a given, and brands must **earn it back** through **fairness**, **clarity**, and **conscious creativity**



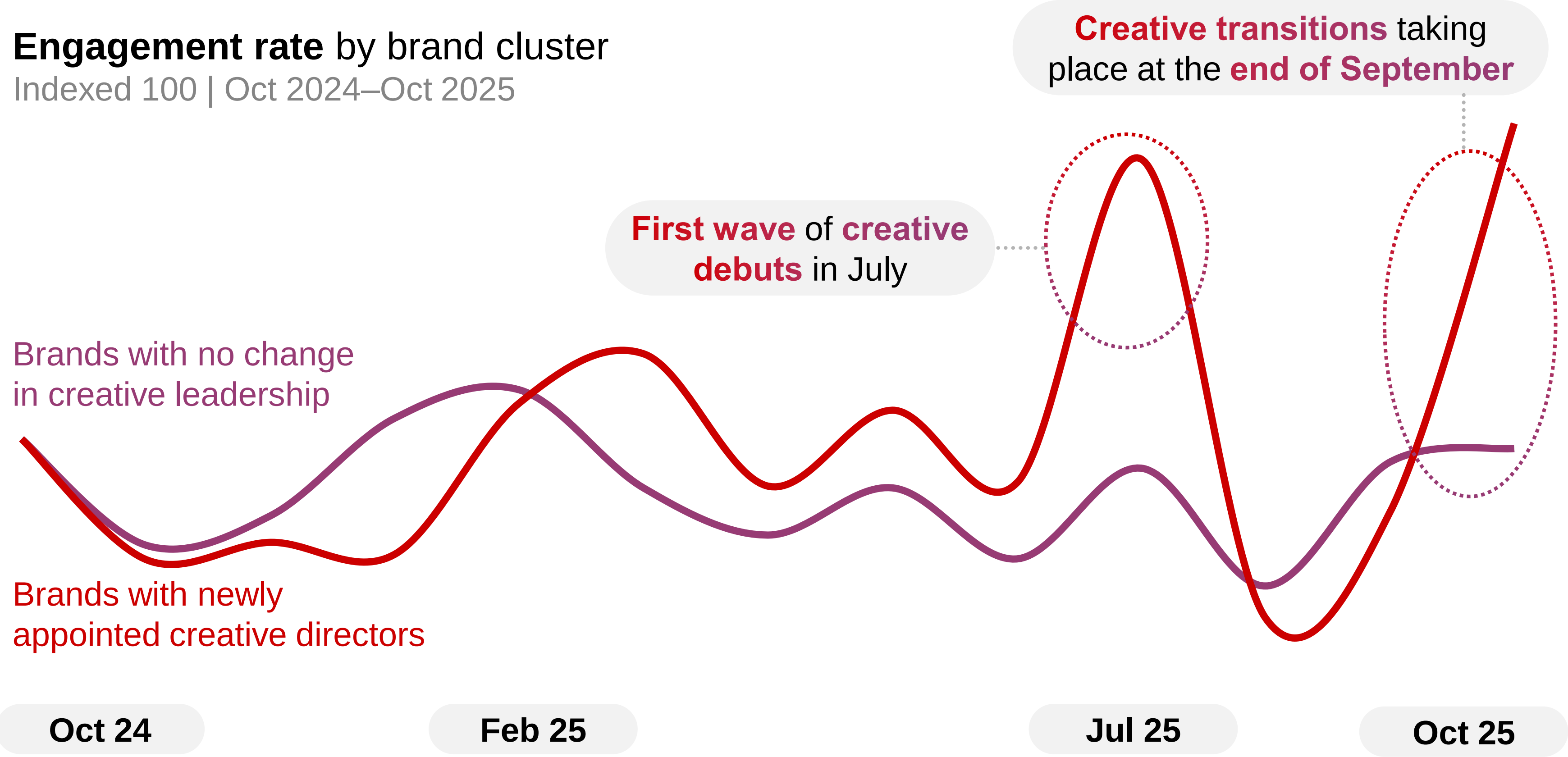
Creative transitions appear to have ignited a spark of interest in the market

New appointments are **fueling buzz,** yet not turning into **visible results**

While raising an urgent call for **solid brand platforms** and **guardrails**

Engagement rate by brand cluster

Indexed 100 | Oct 2024–Oct 2025

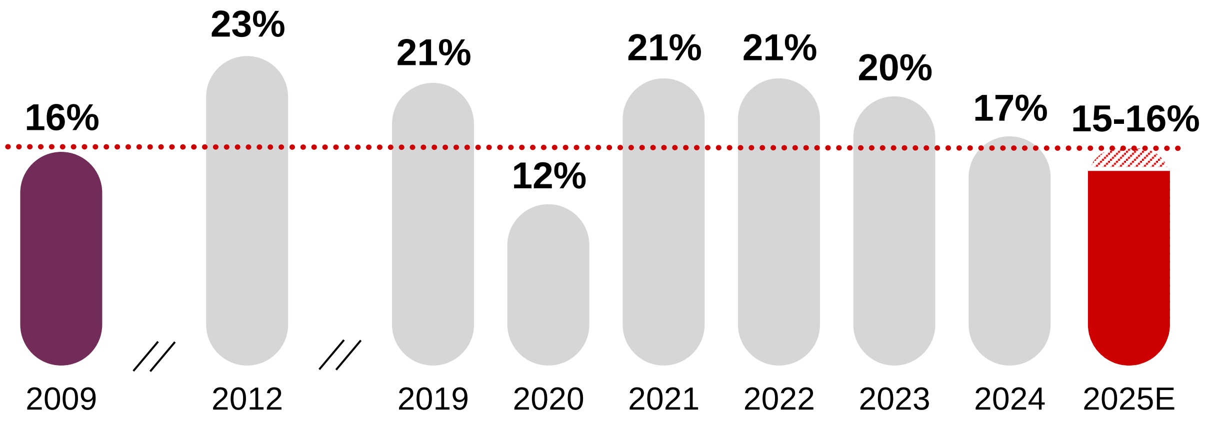


How to **turn increased visibility**, consideration, and traffic **into real conversion** and **win back consumer advocacy**?

Margins back to 2009 levels, pressured by higher operating costs and top-line strains

EBIT evolution of selected personal luxury goods brands

% | 2009–2025E



~20%
Total
Profit lost
in the last 24 months

Shrinking **gross margin**

Inflation, tariffs, and markdowns **pressuring product margin**

Rising **opex**

Pressuring **war for talent**

Increasing **marketing intensity**

Stable **capex**

Reduced **retail expansion**

Growing **supply chain** and **digital** needs

Setting new baselines for luxury profitability in the post-expansion era

Performance improvement as key lever to drive long-term sustainable growth

Uncover True Business Demand

Focus on **business-critical priorities**
Challenge even the most efficient cost areas

Gear for Best-in-Class

Protect **brand building** and competitive advantage **levers**
Drive spending where it **creates value**

Drive to Best-in-Cost

Streamline cost in **low-value areas,** exploring simplification and automation to **achieve structural efficiency**

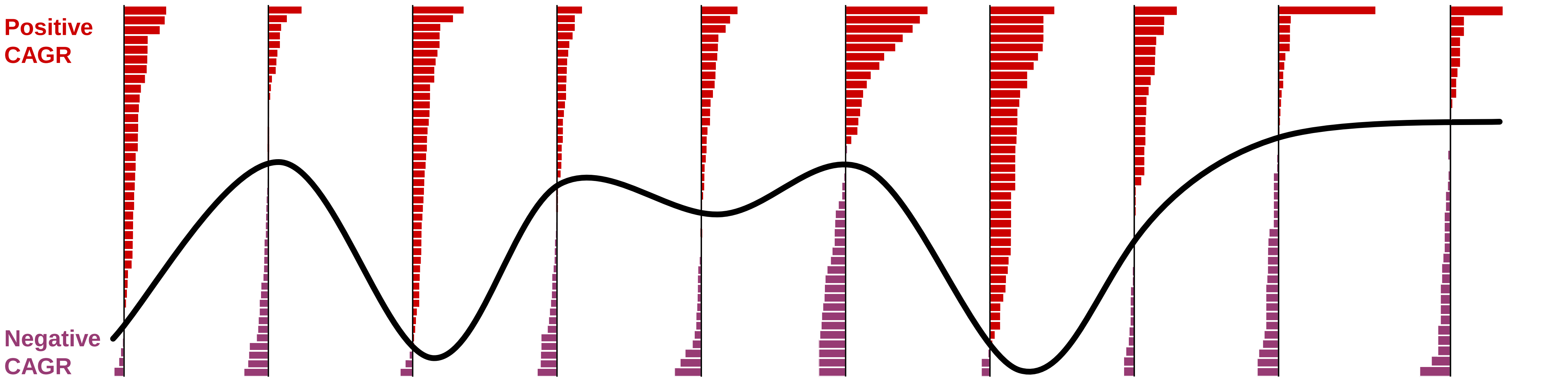
Retool the Business Model

Shape a **fit-for-purpose organization**, through **tech-enabled process redesign** and **enhancement**

2025E to mark a **new peak in performance polarization**

Fewer winners, broader stagnation, deeper tail

Sortie du temple democratization	Crisis	Chinese acceleration	Reboot	New normal	Covid-19 & rebound			Elevation	
1994–2007	2008–2009	2010–2014	2015–2016	2017–2019	2019–2021	2021–2022	2022–2023	2023–2024	2024–2025E



~85%	~35%	~95%	~50%	~60%	~40%	~95%	~65%	~45%	~40/45%	% winners

Global personal luxury goods market
% | CAGR

+7%	-5%	+9%	-1%	+5%	+1%	+22%	+4%	-1%	-2%

SPECIALISTS WINNING

>70%

Winners are specialist brands

POLARIZED GIANTS

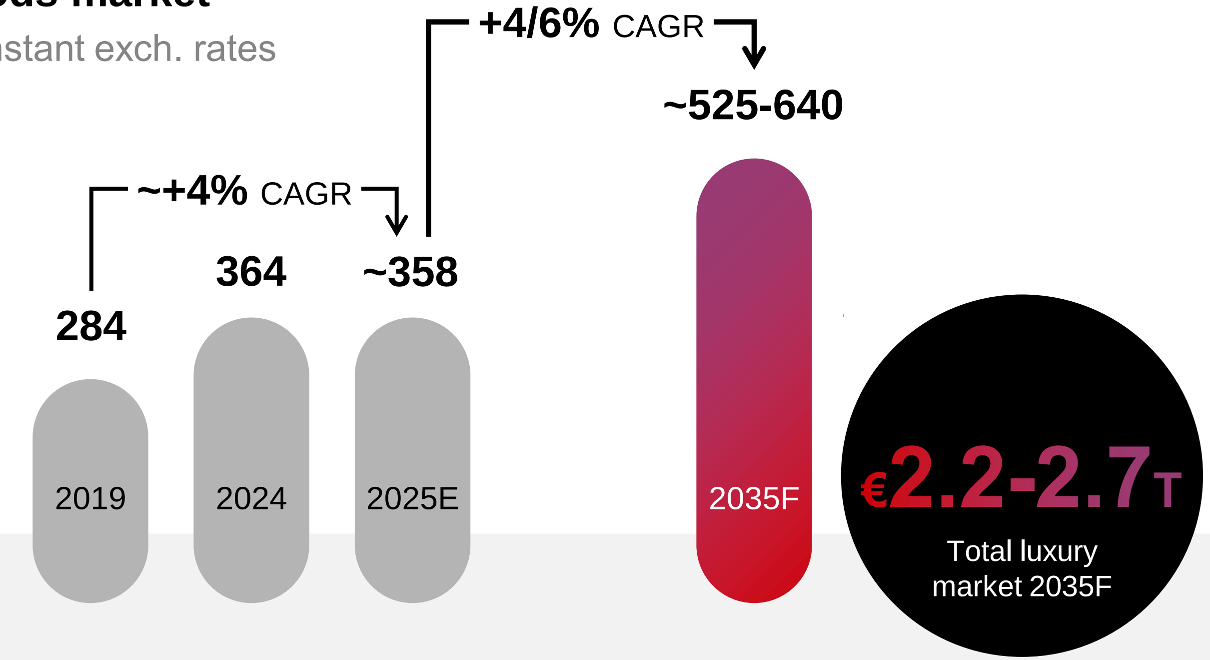
50%

Players above €5B are losing revenues

Long-term growth ahead, anchored in customer base expansion and lasting appetite

Personal luxury goods market

€B | future growth at constant exch. rates



Enduring customer base

Generations of **lifelong customers**

New generations set to enter market earlier

Older cohorts engaged **longer**

Timeless desire

70%+

of **alienated customers** intend to **resume purchasing within next three years**[1]

~90%

of **currently active buyers** plan to continue spending, especially among **Gen Z and HNWI**[1]

(1) Bain Luxury Study 2025 consumer survey, October 2025

Yet market **longevity** calls for a dose of brand **cryotherapy**

TIME FOR STRATEGIC RESET

- Recalibrate to thrive—not just survive—for the next decade(s)
- Rebalance growth ambitions with evolving consumer expectations
- Rethink retail formats, client engagement, and cultural relevance
- Build a future-proof ecosystem that blends tech, talent, and timeless brand codes

Luxury brands stand at a **crossroad**
Time to **realign values** and **shape the next chapter** of the industry

The age of…	Status	Desire	Exploration	Connection	Elevation	_ _ _ _
	1995–2004	2005–2009	2010–2016	2017–2021	2022–2024	2025E–?
	Status	Accessibility	Digital	Collaboration	Pricing	_ _ _
	Heritage	Icons	Immersion	Inclusivity	Experience	_ _ _
	Exclusivity	Lifestyle	Storytelling	Subcultures	Top customers	_ _ _

What will the next chapter be about?

Self-empowerment
Inclusivity
Social progress
Purpose

ETHICS vs. **ELITISM**

Power
Exclusivity
Status
Prestige

Drive forward

to actively define the longevity formula for the luxury market

D	R	I	V	E
Decide who you want to serve	**Reinject the essentials**	**Invest in what sets you apart**	**Value precision, over scale**	**Empower teams to lead**
Identify and crystallize future target customers	Think of creativity, quality, and purpose as non-negotiable pillars of value proposition	Prioritize excellence across quality, merchandising, talent, and marketing	Sharpen targeting, understanding, forecasting, and operational discipline	Build capabilities, trust talent, and enable local and frontline decision making

ETHICS

INTEGRITY

EMOTIONS

LOVE

THANK YOU

Claudia D'Arpizio

Partner, Bain & Company

Leader, Global Fashion-Luxury Goods vertical

Claudia has spent more than 30 years advising multinational luxury and fashion clients on everything relating to corporate and brand strategy, new product development and innovation, distribution and marketing excellence and organizational and cultural change.

She is the lead author of the Bain Luxury Study, one of the most cited sources of market information in the luxury industry.

In 2009, Claudia was also recognized as one of the Top 25 Consultants in the World by *Consulting Magazine*.

Federica Levato

Partner, Bain & Company

Leader, EMEA Fashion-Luxury Goods vertical

Over the last 20 years, Federica has led more than 300 assignments in the fashion and luxury industry on issues relating to corporate and brand strategy, portfolio management, merchandising, retail and wholesale excellence, digital acceleration, millennial strategies, marketing and communication, and more.

Alongside Claudia D'Arpizio, Federica is the coauthor of the Bain Luxury Study, one of the most cited sources of market information in the luxury industry.

Bain contacts

For any questions or further discussion, please contact:

Claudia D’Arpizio

- Partner (Milan)
- Email: claudia.darpizio@bain.com

Federica Levato

- Partner (Milan)
- Email: federica.levato@bain.com

Andrea Steiner

- Senior Manager (Milan)
- Email: andrea.steiner@bain.com

For a copy of the study, please contact:

Press

- Orsola Randi (Italy)
  Orsola.Randi@bain.com or +39 340 408 2256

Methodology of the study

Revenues at retail equivalent value

Revenues at retail value represent total sales valued at retail price.

Each player's consolidated sales are *retailized* through the following methodology:

Retail + Wholesale + Licenses

Player-consolidated sales

Application of **estimated markups** by geography and category

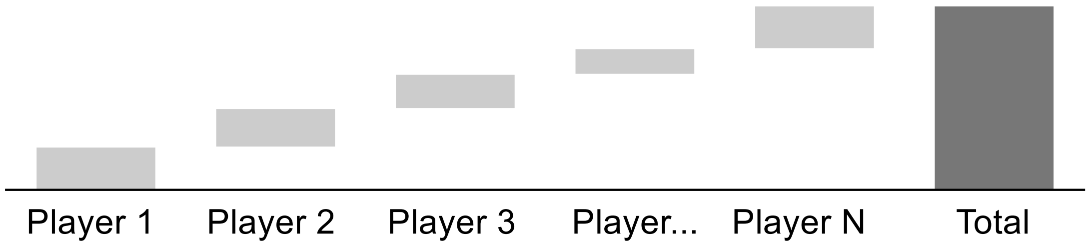
Application of **estimated royalty rates** and **markups** by geography and product category

Retail + Wholesale at retail value + Licenses at retail value

Player sales at retail value

Bottom-up and top-down estimates

Bottom-up



We add brands' individual retail values...

Top-down

- Industry-specific (e.g., watches vs. beauty) data in the main geographical markets
- Comparison between market breakdown and turnover breakdown for key players
- Interviews with industry experts (top management of brands, distributors, department stores, etc.)
- Consistency check on the data and fine-tuning

...we cross-check results

BAIN & COMPANY