



ALTAGAMMA
CREATIVITÀ E CULTURA ITALIANA

ALTAGAMMA CONSENSUS 2024

Forecasts for the global consumption of
personal luxury goods in 2024

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ALTAGAMMA CONSENSUS 15[^] EDITION

Altagamma Consensus offers an overall forecast for consumption in the **personal luxury goods industry in 2023**.

The figures are based on the work of some of the sector's leading analysts, our consulting partners, and Altagamma.

Forecasts show growth/decrease from 2022 by:

- 1. Markets**
- 2. Consumers by nationality**
- 3. Distribution channels**
- 4. Product categories**
- 5. Profit margin by industry (EBITDA)**

The estimates represent a combination of interpretations of official data and personal perceptions.

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21 ANALYSTS

The following partners contributed this year to Altagamma Consensus:



The estimates are based on **constant currency**, enabling performance to be compared to previous years, as if exchange rates remained constant over time.

MARKETS	Consensus 2024
Europe	+4%
North America	+2,5%
Latin America	+3%
Japan	+6%
Asia	+8%
Middle East	+7%
ROW	+4,5%

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MARKETS

International macroeconomic uncertainty and volatility - rising inflation, high interest rates, geopolitical tensions, price increases and a decline in the purchasing power of middle-high end consumers - point to **moderate market growth for 2024**.

EUROPE

In Europe, international tourists will compensate for weaker domestic demand and help support the market, which is expected to grow by **4%**. Thanks to visa restrictions being lifted and travel firmly back on the agenda, Chinese tourists are now returning to European cities.

AMERICA

Growth in the **USA** is slowing to **+2.5%**, due to the effects of inflation and the customary Election Year uncertainties. For **Latin America**, better growth is estimated at **3%** with Mexico benefiting from exports due to the favorable exchange rate.

JAPAN

Positive growth continues (**+6%**) fueled by local demand and Chinese visitors. Japan, which is a premier luxury market, is destined to benefit from the increase in tourism.

CHINA and ASIA

Growth of **8%** is estimated, lower than in previous years, due to lower demand from the upper-middle class who are more cautious in spending and due to the "daigou" threat, i.e. the purchase of luxury goods on external markets with resale on the domestic market at lower prices. The Chinese have started traveling again: their flows could be decisive in the second half of the year.

MIDDLE EAST

An excellent **+7%** is expected, despite the tensions and political instability in the area. The Gulf area and in particular Saudi Arabia remains an important market thanks also to continuous and huge investments in real estate which are opening up new areas.

MARKETS	Consensus 2024
Europe	+4%
North America	+2,5%
Latin America	+3%
Japan	+6%
Asia	+8%
Middle East	+7%
ROW	+4,5%

CONSUMERS	Consensus 2024
China	+10%
Japan	+5%
Europe	+0%
North America	+3%
Asia Pacific (Australia &Co)	+7%
ROW	+5,5%

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CONSUMERS

The global macroeconomic situation is set to augment the polarization between wealthier and less affluent segments of the population. Worldwide, the middle classes are showing lower purchasing power. Consumers are opting for experiences over physical products. Gen Z and Millennial UHNWI (Ultra High Net Worth Individuals) are driving luxury consumption, at an increasingly young age.

Chinese remain the best performers even if at lower levels compared to pre-Covid-19 years, with a **+10%**. The Chinese consumers have started traveling again and prefer to buy abroad. The upper middle class is more cautious in spending, but the wealthier segment does not slow down its purchases of luxury goods.

Asian and Japanese consumers will see an increase of **7%** and **5%** respectively. The Japanese will be less impacted by the global macroeconomic situation.

American spending will only grow by **3%**, due to the unfavorable economic situation and rising inflation. Geopolitical tensions could also slow down travel

Europeans will be the most affected by the macroeconomic context: high interest rates, inflation, recessionary winds, and two wars in neighboring regions will undermine consumption. European consumers have always been the most cautious when it comes to luxury goods, and no growth is expected in 2024 (**0%**).

CONSUMERS	Consensus 2024
China	+10%
Japan	+5%
Europe	+0%
North America	+3%
Asia Pacific (no China and Japan)	+7%
ROW	+5,5%

DISTRIBUTION CHANNELS	Consensus 2024
Physical Retail	+7,5%
Digital Retail	+4,5%
Physical wholesale	+0%
Digital Wholesale	-1%

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DISTRIBUTION CHANNELS

The retail channel - both physical and digital - continues to grow and is the preferred channel for Personal Luxury Goods. The wholesale channel is heavily penalized, and the impact of online (previously boosted by Covid-19) is lessening. The direct relationship with consumers, control of all touchpoints and the offer of a 360-degree purchasing experience prove fundamental to improve consumer loyalty.

PHYSICAL RETAIL

It will perform with **+7.5%** and continues to be a strategic channel for the sector thanks to increasingly personalized and phygital approaches that improve consumer involvement. Ad hoc offers for high-spending consumers, dedicated showrooms, exclusive sales methods, entertainment and experience areas such as cafés and restaurants allow the consumer to be better involved, increasing their loyalty.

DIGITAL RETAIL

Digital retail (forecast **+4.5%** for 2024) continues to grow, but less vigorously than previous years.

WHOLESALE

Both physical and digital wholesale are suffering and losing their luster: they will not see growth in 2024 (**-1%**). The low propensity to purchase and the high stocks of 2023 will lead wholesalers to reduce orders for the next seasons. High-end consumers seek exceptional experiences: wholesalers need to collaborate with brands to offer enhanced experiences through pop-up stores, events and special products.

DISTRIBUTION CHANNELS	Consensus 2024
Physical Retail	+7,5%
Digital Retail	+4,5%
Physical Wholesale	+0%
Digital Wholesale	-1%

PRODUCTS	Consensus 2024
Apparel	+4%
Leather Goods	+6,5%
Footwear	+5%
Jewellery	+5,5%
Watches	+3,5%
Cosmetics	+5%

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PRODUCTS

2023 saw a growth in sales, above all in value, due to significant increases in the prices of luxury products. In 2024, the increase in sales is expected to be mainly in terms of volume.

ACCESSORIES

Accessories continue their positive trend: **+6.5% for leather goods and +5% for footwear**. Entry-price products are struggling, and demand for aspirational items is weaker.

COSMETICS

+5% driven by skin care, make up and niche perfumes especially in the United States. The recovery of travel retail could support cosmetics. Among the markets with the most potential for this product category is India.

APPAREL

A growth of **4%** is estimated with the recovery of less casual clothing. It is the category that is most affected by the decrease in spending by consumers who prefer to purchase experiential luxury. Possible impacts related to global climate change.

HARD LUXURY

The positive trend continues especially in **jewelery** with a **+5.5%**: jewelery remains a safe haven and investment asset. Fashion Jewelry is also growing positively.

The growth of **watches** is stable and will mark a **+3.5%**, continuing to strengthen the search for unique pieces. Iconic watches that are difficult to find and, like jewellery, perceived as an investment.

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EBITDA

+4%

In 2023, companies raised prices to compensate for the increase in costs, leading at higher margins. For 2024, "normalized" growth is estimated and therefore a more limited growth in EBITDA. Due to the uncertainty and volatility of the economic and geopolitical context, analysts' estimates are diversified and in many cases divergent this year. Revenues, however, will maintain a positive trend estimated at a low single digit of 5 or 6%.

THE BRANDS PERSPECTIVE

And here, for the first time, the sentiment of the Altagamma brands in the various sectors for 2024.

SECTORS	Sentiment 2024 on Turnover
Fashion	+6%
Design Furniture	+5%
Food&Wine	+5%
Jewellery	+5%
Automotive	+8%
Yachts	+2%
Hospitality	+9%

THE BRANDS PERSPECTIVE

The 3 TOP MARKETS for Italian luxury companies: homogeneous for all sectors

EUROPE
NORTH AMERICA
CHINA AND ASIA

Which is the market with the highest potential?

USA for FOOD&WINE
ASIA and MIDDLE EAST for FASHION and DESIGN FURNITURE
INDIA for HOSPITALITY

THANK YOU

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