



LUXURY INDUSTRIES: GLOBAL PERCEPTIONS & ATTITUDES

May 2018

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GLOBAL LUXURY OUR STUDY

The purpose of this research was to understand the perceptions and attitudes of the wealthy towards luxury industries that are central to their lifestyle. The study covers three regions and raised some interesting questions: which industry is rated higher when assessing six selected sentiments such as customer service, innovation or social responsibility? How does one industry respond and compare to another on important attributes seen as key to win the modern luxury consumer? Can these criteria's evaluation be assimilated to expectations and therefore bring luxury industries closer to their clients?

The survey was carried out in Q4 2017 and asked respondents for best performers in each of the industries. The brands which were cited most often in the qualitative responses are reflected in the 'Best in Class' graphics on the different industry pages.

The following industries were selected because they form a large part of wallet share in the High Net Worth Individual (HNWI) / Affluent household, while the attributes were selected as they were judged to encapsulate key drivers of consumer behavior.

BACKGROUND

The seven selected industries were:

- Hospitality (Luxury Hotels/Resorts for Leisure)
- Luxury Automotive
- Premium Air Travel (Business/First Class)
- Soft Luxury (eg fashion, leather goods, footwear)
- Hard Luxury (eg jewelry, watches)
- Hi-end Consumer Electronics
- Wealth Management

The six selected attributes were:

- Customer Service
- Emotional Connection
- Innovation
- Trust
- Ethical/Social Responsibility
- Value for Money








SUMMARY OF METHODOLOGY

QUOTAS & BASE SIZES

The global rankings were weighted so that each region represented 1/3 of the total rank. Each industry's regional ordinal ranks for a single attribute were added together. For example, Wealth Management's Customer Service scores are 7 in the EU, 5 in the USA, and 7 in APAC = 19. This averages out to 6.3. Next, we compared each industry's averages and re-ranked them. For the Customer Service attribute, Hi-end Consumer Electronics also scored 6.3 (19/3), so shared the last place spot. Any * in a regional or global table, indicates a perfect tie between two industries.

All tables and charts have a base size of 873 HNWLs covering Europe, APAC and North America. Normalized to Euros, the median household income of the respondents was €212,000 and median measure of assets under management (AuM) was approximately €750,000. Statistical significance reported below is conducted at a 95% confidence level.

Our panel was asked about their experiences with the different industries they had selected. Respondents who coded more than three categories were randomly assigned three industries for further investigation, with quotas aimed to be filled to approximately equal totals. Respondents were always asked about wealth management if selected; those who coded one or two industries were only asked on those specific categories. This gave the following base sizes:

						
Wealth Management	Soft Luxury	Hospitality	Hard Luxury	Electronics	Air Travel	Automotive
N=462	N=329	N=326	N=321	N=321	N=319	N=317

EXECUTIVE SUMMARY

KEY RESULTS

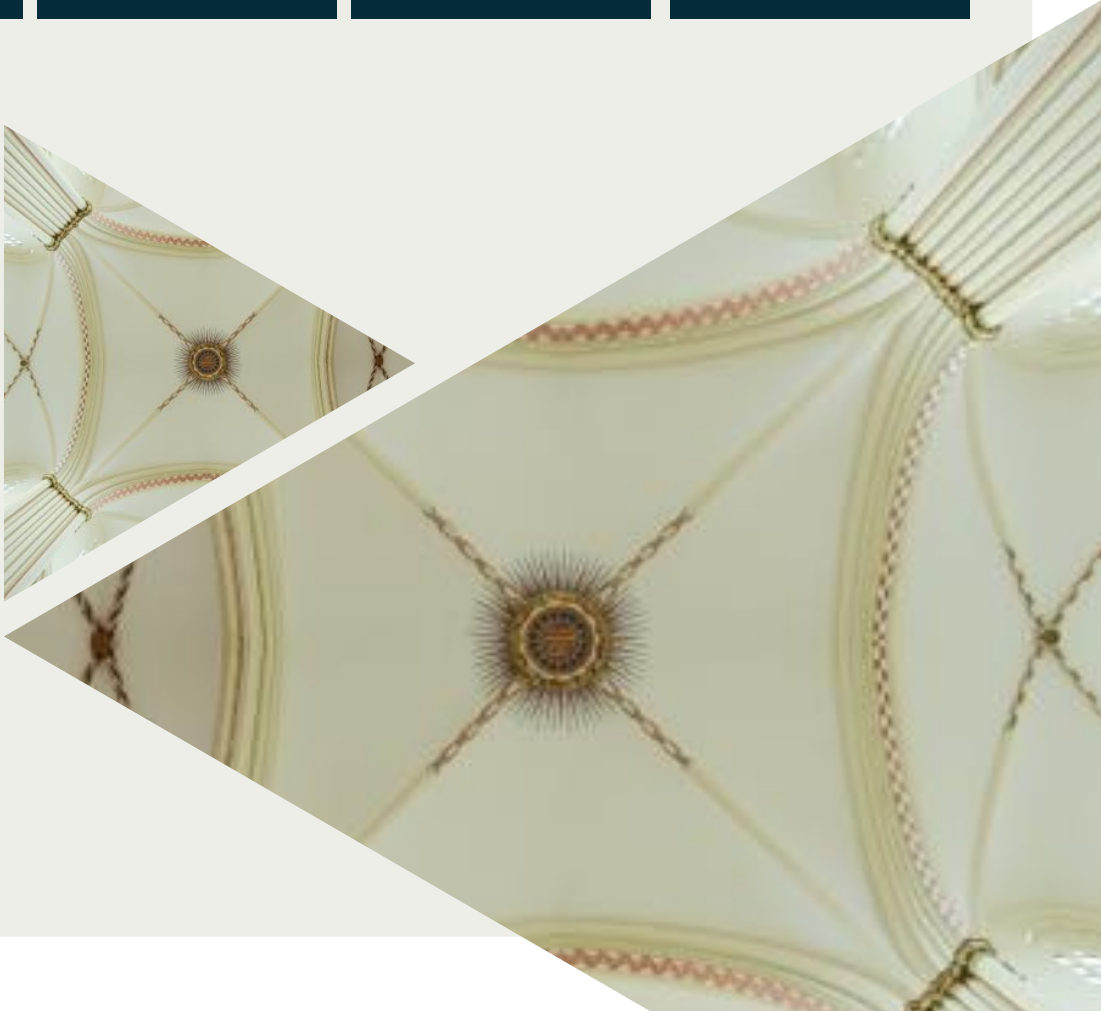
KEY FINDINGS

Hospitality is the best performing market when a cumulative total of the metrics are calculated, with wealth management the worst performer.

The summary table highlights the industries that performed the best globally across each attribute. For example, Hospitality is the best performing industry for customer service, followed by hard luxury.

	Customer Service	Emotional Connection	Innovation	Trustworthiness	Ethical / Social Responsibility	Value for Money
1	Hospitality	Air Travel	Electronics	Hospitality	Hospitality	Automotive
2	Hard Luxury	Automotive	Automotive	Air Travel	Air Travel	Electronics & Hospitality

Total Rank (lower score /42, the better)
1. Hospitality (14/42)
2. Automotive (16/42)
3. Air Travel (17/42)
4. Soft Luxury (25/42)
5. Hard Luxury (28/42)
6. Consumer Electronics (28/42)
7. Wealth Management (35/42)



EXECUTIVE SUMMARY

LUXURY CONSUMER

CONFIDENCE 2018

'Are you likely to spend more, less or the same amount on luxury goods in 2018 as in 2017?'



APAC

Europe

North America

Global

Spend more in 2018	37.9%	30.9%	44.2%	35.5%
Spend about the same in 2018	51.7%	50.9%	44.2%	49.7%
Spend less in 2018	10.4%	18.2%	11.6%	14.8%
Net Difference +/-	+27.5%	+12.7	+32.6	+20.7
Ratio More/Less	3.6x	1.7x	3.8x	2.4x

KEY TAKEAWAYS:

1

A higher share of our respondents were more bullish than bearish on their 2018 luxury spend in comparison to last year.

2

North Americans are particularly optimistic about their spending in 2018, with 44% expecting to spend more. Only 31% of Europeans believe they will make increase their spending in 2018.

3

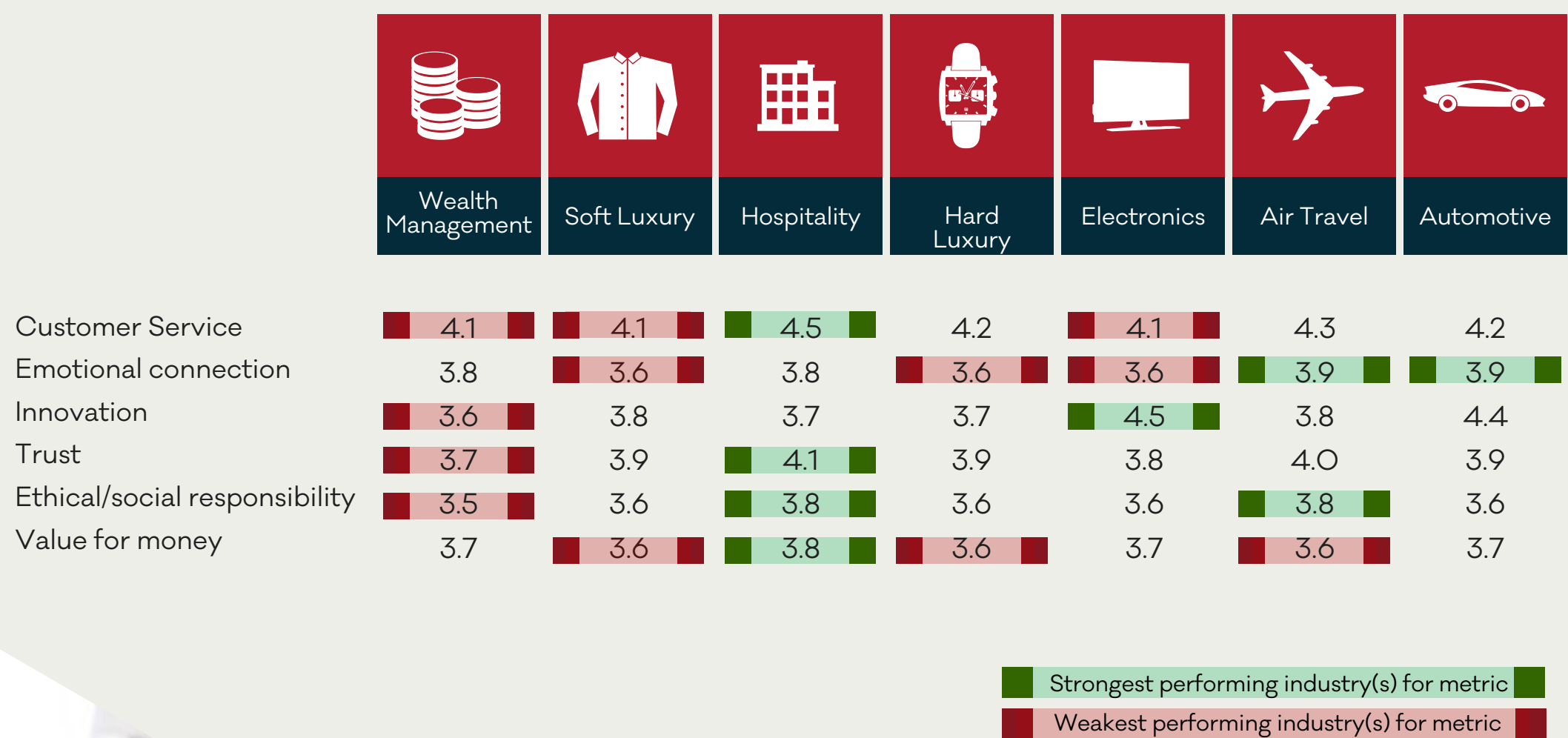
Because we did not ask for values, it is impossible to calculate if this would likely translate into real € growth for the industry.

PART ONE: FINDINGS BY SENTIMENT

SUMMARY

GLOBAL INDUSTRY RANKINGS

Most industries’ strongest suit is their customer service, which consistently scores highly. Only electronics and automotive have a different peak metric – innovation – a likely result of both categories focusing heavily on progressive technologies to drive the category forwards. All categories score relatively poorly for ethical/social responsibility, showing how this should be an area of focus to improve brand perceptions.



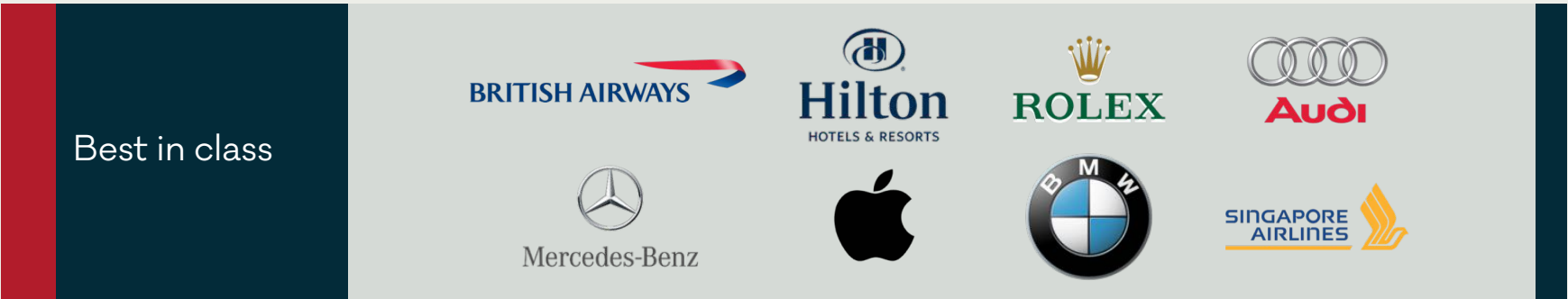
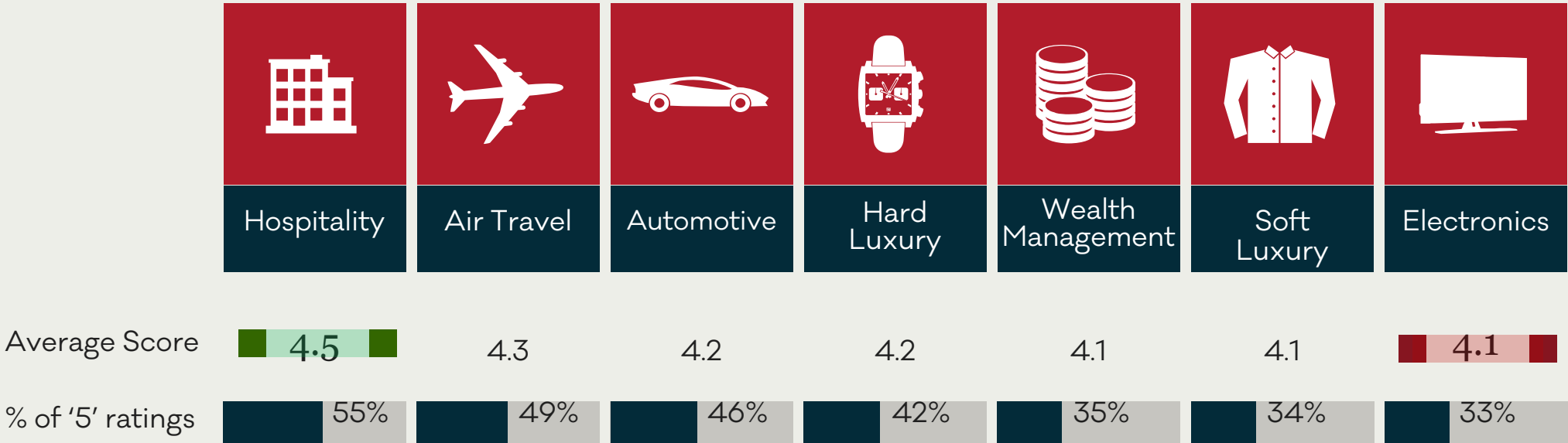
Example: Trust is highest in Hospitality (green), and lowest in Wealth Management (red).

01. CUSTOMER SERVICE

CUSTOMER SERVICE IS PERCEIVED TO BE HIGHEST IN HOSPITALITY

'How do you rate the customer service these industries provide?'
(1=Extremely poor 5=Excellent)

Unsurprisingly, the customer-oriented hospitality industry scored the strongest among the seven selected industries. Large hotel chains such as Hilton and Sheraton were cited regularly by survey respondents, with the industry also achieving 5/5 ratings among 55% of our respondents. Airlines and car manufacturers were also effective at prompting named brand responses among the panel, and scored highly for 5/5 ratings.



These are a selection of the most cited brands for this metric from the qualitative responses to the survey. Brands are shown in no particular order.

THE HOSPITALITY INDUSTRY GIVES THE BEST CUSTOMER SERVICE FOR ALL REGIONS

‘How do you rate the customer service these industries provide?’

- Hospitality scores strongly across all three regions.
- Premium air travel scores strongly in Europe and APAC, but poorly in North America.
- Wealth management struggles in all three regions.



Europe	North America	APAC	Total	
Hospitality	Hospitality	Hospitality	Hospitality	1.0
Premium Air Travel	Luxury Automotive	Premium Air Travel	Hard Luxury	3.0
Hard Luxury	Hard Luxury	Hard Luxury	Premium Air Travel	3.3
Soft Luxury	Soft Luxury	Soft Luxury	Luxury Automotive	3.7
Luxury Automotive	Wealth Management	Luxury Automotive	Soft Luxury	5.0
Hi-end Consumer Electronics	Premium Air Travel	Hi-end Consumer Electronics	Wealth Management	6.3
Wealth Management	Hi-end Consumer Electronics	Wealth Management	Hi-end Consumer Electronics	6.3

* = equal ranking
All figures out of 5

The industries were ranked based on their average score for each sentiment; the lower the total score, the better. The total rank figure below is calculated by adding up each of the three regional rankings and dividing by three. For example, hard luxury ranked third in each region, so (3+3+3)/3=3.0.

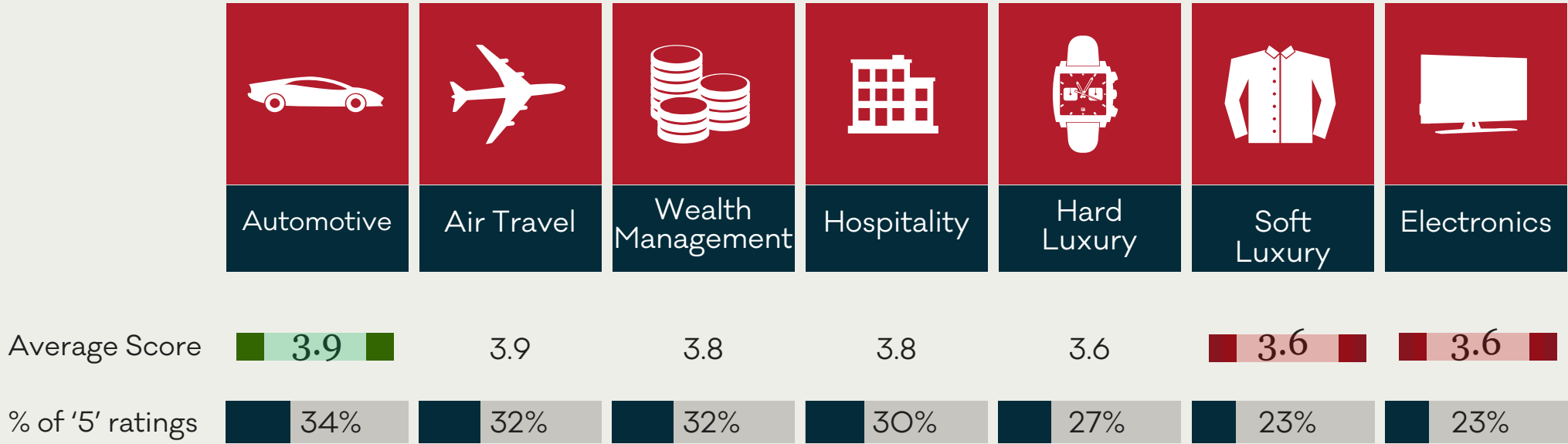
O2. EMOTIONAL CONNECTION

EMOTIONAL CONNECTIONS ARE STRONGEST IN AIR TRAVEL AND AUTOMOTIVE

'How strongly do you
feel connected
emotionally to these
industries?'
(1=Completely disconnected
5=Extremely well connected)

This attribute aimed to find how strong a bond the consumer has with each industry. Travel-oriented industries perform the best here, with consumers feeling particularly closely bonded with 'accessible luxury' brands such as British Airways, BMW and Audi. Hard and soft luxury brands could take inspiration from these markets, as they fall behind on emotional connection despite their overall popularity with consumers.

It is notable however that the share of 5/5 ratings for emotional connection is significantly lower than for customer service, showing how many operators are failing to resonate deeply. Nevertheless, brands which did fare well in this measure tended to enjoy a halo effect and enjoyed elevated perceptions for other measures such as innovation and trust.



These are a selection of the most cited brands for this metric from the qualitative responses to the survey. Brands are shown in no particular order.

PREMIUM AIR TRAVEL SOARS CLEAR FOR MAKING EMOTIONAL CONNECTIONS

‘How strongly do you feel connected emotionally to these industries?’

- Premium air travel outperforms automotive overall due to the latter’s poor score in Europe.
- Electronics fails to make deep emotional connections, particularly in Europe and North America.
- Soft and hard luxury are also seen as rather distant and fail to resonate with many consumers.



Europe		North America		APAC		Total	
Premium Air Travel		Luxury Automotive		Luxury Automotive		Premium Air Travel	1.7
Hospitality		Premium Air Travel		Premium Air Travel		Luxury Automotive	2.0
Soft Luxury		Hospitality		Wealth Management		Hospitality	3.7
Luxury Automotive		Wealth Management		Hi-end Consumer Electronics		Wealth Management	4.0
Wealth Management		Hard Luxury		Hard Luxury		Hard Luxury	5.3
Hard Luxury		Soft Luxury		Hospitality		Soft Luxury	5.3
Hi-end Consumer Electronics		Hi-end Consumer Electronics		Soft Luxury		Hi-end Consumer Electronics	6.0

* = equal ranking
All figures out of 5

The industries were then ranked based on their average score for each sentiment; the lower the total score, the better. The total rank figure below is calculated by adding up each of the three regional rankings and dividing by three. For example, premium air travel ranked first, second and second, so (1+2+2)/3=1.7.

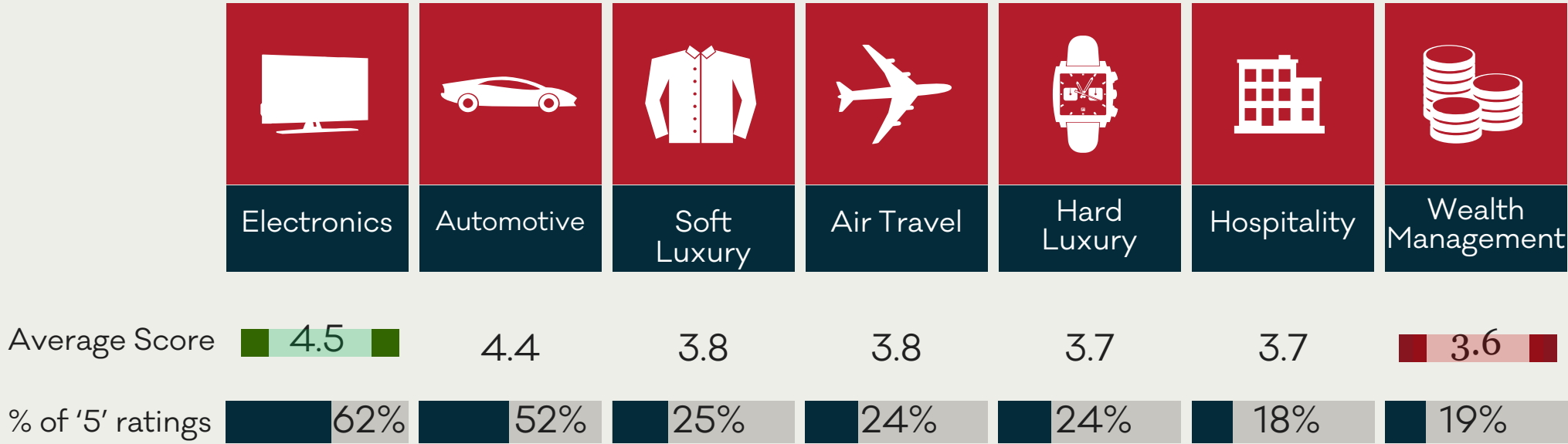
03. INNOVATION

INNOVATION RACES CLEAR IN ELECTRONICS AND AUTOMOTIVE

‘How innovative are
these industries?’
(1=Extremely un-innovative
5=Extremely innovative)

It is unsurprising that hi-end electronics dominates on this metric, as innovation is at the heart of many technology brands. Apple and Samsung are leading lights in this arena and were often cited in the qualitative research for this report. Brands such as Tesla and Mercedes-Benz are also enhancing associations within the wider luxury automotive industry by exploring new fuel sources and car designs.

Technology and automotive are well clear of all other industries for innovation, with this factor also being one of hospitality’s few overall weaknesses. Almost two thirds of respondents hold a perfect 5/5 view of electronics for innovation, showing that many brands are meeting HNWLs’ appetite for new technologies.



These are a selection of the most cited brands for this metric from the qualitative responses to the survey. Brands are shown in no particular order.

ELECTRONICS DOMINATES THE INNOVATION AGENDA

‘How innovative are these industries?’

- Electronics is the strongest performing industry across all three regions.
- Luxury automotive is also seen as a relatively innovative category.
- Wealth management falls well behind and it’s perceived lack of originality and innovation is a notable weakness.



Europe	North America	APAC	Total	
Hi-end Consumer Electronics	Hi-end Consumer Electronics	Hi-end Consumer Electronics	Hi-end Consumer Electronics	1.0
Luxury Automotive	Luxury Automotive	Luxury Automotive	Luxury Automotive	2.0
Premium Air Travel	Hard Luxury	Hospitality	Soft Luxury	4.0
Soft Luxury	Soft Luxury	Soft Luxury	Premium Air Travel	4.3
Hard Luxury	Premium Air Travel	Premium Air Travel	Hard Luxury	4.7
Hospitality	Hospitality	Hard Luxury	Hospitality	5.0
Wealth Management	Wealth Management	Wealth Management	Wealth Management	7.0

* = equal ranking
All figures out of 5

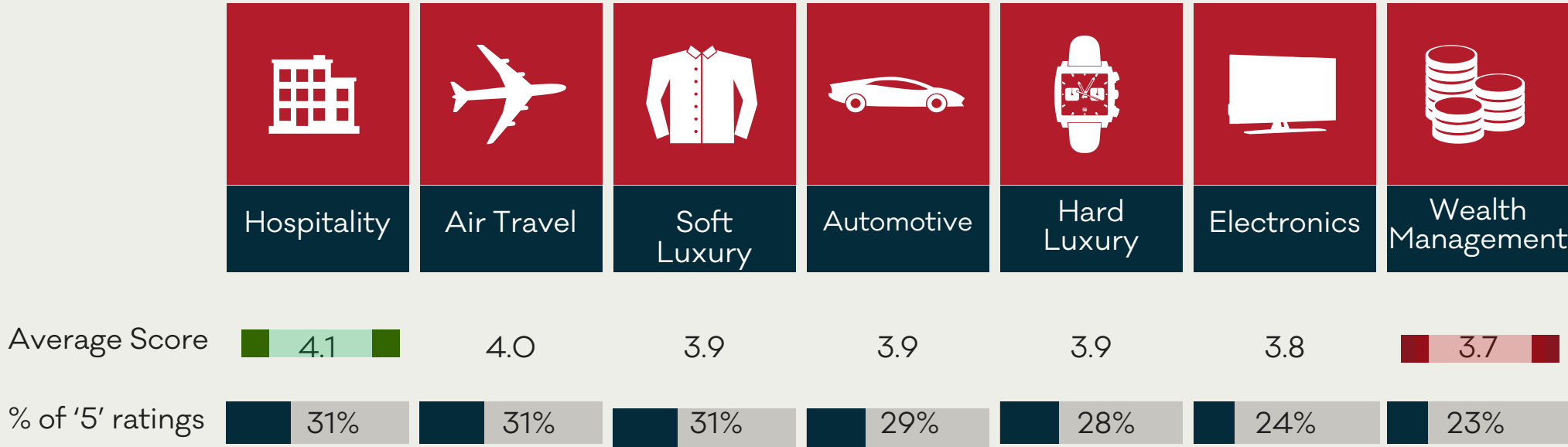
The industries were then ranked based on their average score for each sentiment; the lower the total score, the better. The total rank figure below is calculated by adding up each of the three regional rankings and dividing by three. For example, wealth management ranks seventh for all regions, so (7+7+7)/3=7.0.

04. TRUST

TRUST IS HIGHEST IN HOSPITALITY AND AIR TRAVEL

‘How trustworthy are these industries?’
(1=Completely untrustworthy
5=Completely trustworthy)

Wealth management was another relatively poor performer on this metric, a possible enduring impact of the global economic recession ten years ago which continues to blight perceptions of financial services. Hospitality companies such as Hilton and Marriott are seen as trusted brands, while a number of airlines such as Singapore Airlines and Emirates are also seen as particularly trustworthy by many consumers.



Best in class















These are a selection of the most cited brands for this metric from the qualitative responses to the survey. Brands are shown in no particular order.



HOSPITALITY IS THE BEST GLOBAL PERFORMER FOR TRUST

‘How trustworthy are these industries?’

- Hospitality is a strong performer for consumer trust across all three regions.
- Air travel falls behind hospitality due to a relatively poor image for trust in North America.
- Wealth management and financial services in general continue to suffer from trust issues globally.



Europe	North America	APAC	Total	
Hospitality	Hospitality	Premium Air Travel	Hospitality	1.3
Premium Air Travel	Soft Luxury	Hospitality	Premium Air Travel	2.3
Soft Luxury	Luxury Automotive	Luxury Automotive	Soft Luxury	3.7
Hard Luxury	Premium Air Travel	Hi-end Consumer Electronics	Luxury Automotive	4.0
Hi-end Consumer Electronics	Hard Luxury	Hard Luxury	Hard Luxury	4.7
Luxury Automotive	Wealth Management	Soft Luxury	Hi-end Consumer Electronics	5.3
Wealth Management	Hi-end Consumer Electronics	Wealth Management	Wealth Management	6.7

* = equal ranking
All figures out of 5

The industries were then ranked based on their average score for each sentiment; the lower the total score, the better. The total rank figure below is calculated by adding up each of the three regional rankings and dividing by three. For example, hospitality ranks first, first and second across the regions, so (1+1+2)/3=1.3.

O5. ETHICAL/SOCIAL RESPONSIBILITY

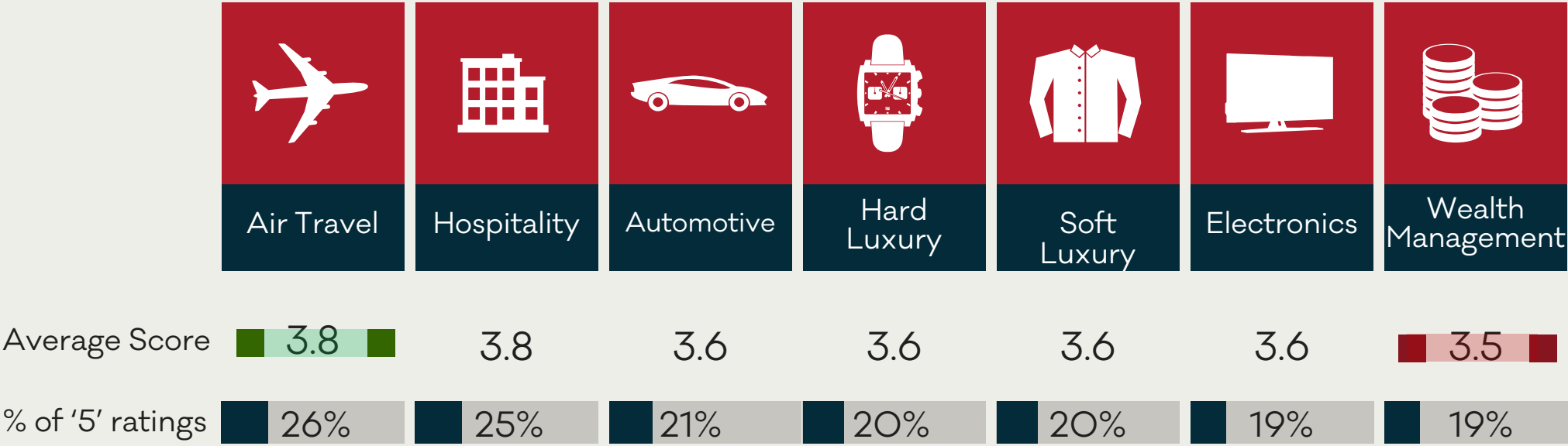
ETHICAL/SOCIAL RESPONSIBILITY ALSO HIGHEST FOR AIR TRAVEL AND HOSPITALITY

'How do you rate these industries on ethical behavior/acting socially responsibly?'
(1=Extremely unethical
5=Perfectly ethical)

Hospitality and premium air travel were again the best performing industries for being ethical and socially responsible. Consumers appear to trust that brands in these industries are transparent and are not just profit-oriented, but also have a social conscience. Meanwhile, brands such as Tesla are also strong performers on the basis of providing new technology which has a social advantage, in this case using a 'cleaner' fuel source of electric.

Interestingly, a number of survey respondents think that luxury brands cannot be truly sustainable, indicating that brands may have to work particularly hard on this front to convert sceptics. The low ratio of 5/5 ratings across all industries reflects the scepticism which many consumers hold towards brands' ethical credentials. Companies such as Kering which do make concerted efforts to be sustainable should ensure that this information can be clearly seen and understood by consumers.

"Transparency is a reflection of the authenticity of the brand and sincerity of its people. If you have a good relationship with your product, your environment and your workers, you will be sincere." Antoine Arnault, CEO of Berluti



Best in class

BRITISH AIRWAYS



TESLA



virgin atlantic



These are a selection of the most cited brands for this metric from the qualitative responses to the survey. Brands are shown in no particular order.

ETHICAL/SOCIAL RESPONSIBILITY IS HIGH FOR HOSPITALITY IN EUROPE AND APAC

‘How do you rate these industries on ethical behavior/acting socially responsibly?’

- Despite being the top two, hospitality and premium air travel both fall down for ethical perceptions in North America.
- Luxury automotive varies considerably across the regions on this measure, being the highest scoring industry in North America and the lowest in Europe.
- Wealth management is also a poor performer for perceived ethics and social responsibility.



Europe	North America	APAC	Total	
Hospitality	Luxury Automotive *	Hospitality *	Hospitality	1.7
Premium Air Travel	Soft Luxury *	Premium Air Travel *	Premium Air Travel	2.3
Hard Luxury	Hospitality	Luxury Automotive	Soft Luxury *	3.7
Soft Luxury	Premium Air Travel	Hi-end Consumer Electronics	Luxury Automotive *	3.7
Hi-end Consumer Electronics	Hard Luxury	Hard Luxury	Hard Luxury	4.3
Wealth Management	Hi-end Consumer Electronics	Soft Luxury	Hi-end Consumer Electronics	4.7
Luxury Automotive	Wealth Management	Wealth Management	Wealth Management	6.7

* = equal ranking
All figures out of 5

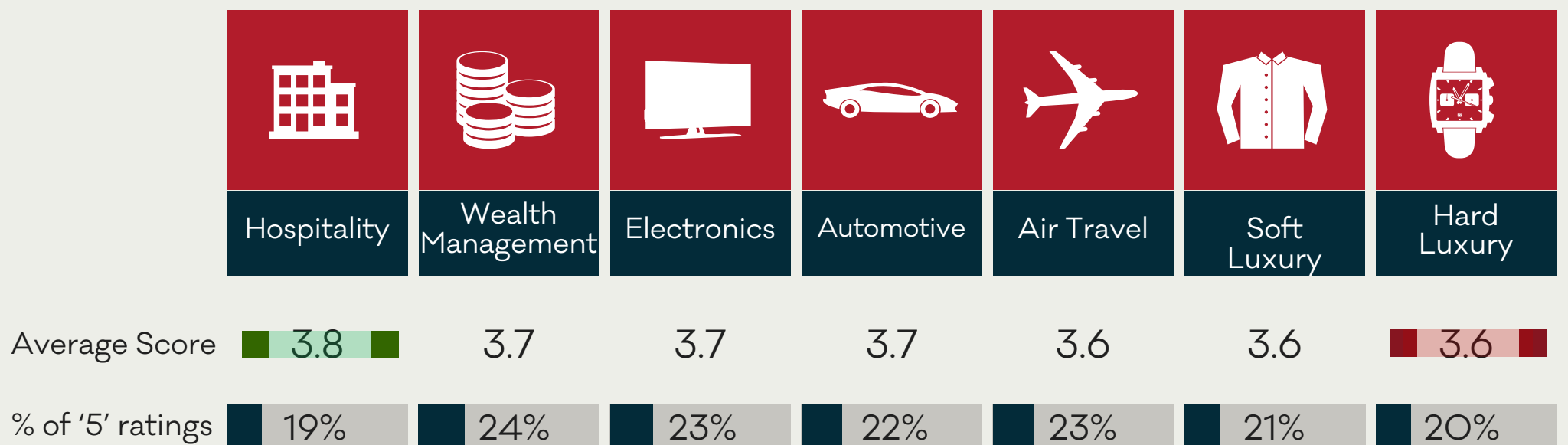
The industries were then ranked based on their average score for each sentiment; the lower the total score, the better. The total rank figure below is calculated by adding up each of the three regional rankings and dividing by three. For example, hospitality ranked first, third and first, so (1+3+1)/3=1.7.

06. VALUE FOR MONEY

VALUE FOR MONEY
IS MORE OF A LEVEL FIELD

(1=Extremely poor
5=Extremely good)

There is very little difference in perception between the seven categories for value for money. Soft and hard luxury brands need to work harder to justify their relatively high prices, with options such as customisation, exclusives/limited editions and high quality aftersales care potential selling points. Despite having the highest overall average score, only 19% of respondents identified hospitality as offering a 5/5 value. This shows that there is considerable scope for improvements in going 'above and beyond' customer expectations and justifying the price of luxury goods and services.

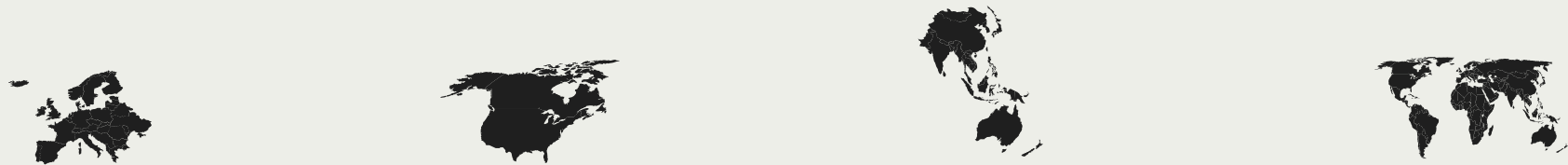


These are a selection of the most cited brands for this metric from the qualitative responses to the survey. Brands are shown in no particular order.

LUXURY AUTOMOTIVE FARES BEST FOR VALUE DESPITE EUROPEAN SCORE

‘How do you rate the value for money these industries provide?’

- Luxury automotive is seen as good value for money in North America and APAC, but very poor in Europe.
- Hospitality scores well for value for money in Europe and APAC, but poorly in North America.
- Wealth management is seen as a particularly good value investment in North America.



Europe	North America	APAC	Total	
Hospitality	Luxury Automotive	Luxury Automotive	Luxury Automotive	2.7
Hi-end Consumer Electronics	Wealth Management	Hospitality	Hi-end Consumer Electronics *	3.0
Soft Luxury	Hi-end Consumer Electronics	Premium Air Travel	Hospitality *	3.0
Premium Air Travel	Hard Luxury	Hi-end Consumer Electronics	Wealth Management	4.3
Hard Luxury	Soft Luxury	Wealth Management	Premium Air Travel	4.7
Wealth Management *	Hospitality	Hard Luxury	Soft Luxury *	5.0
Luxury Automotive *	Premium Air Travel	Soft Luxury	Hard Luxury *	5.0

* = equal ranking

All figures out of 5

The industries were then ranked based on their average score for each sentiment; the lower the total score, the better. The total rank figure below is calculated by adding up each of the three regional rankings and dividing by three. For example, soft luxury ranked third, fifth and seventh, so (3+5+7)/3=5.0.

PART TWO: FINDINGS BY INDUSTRY



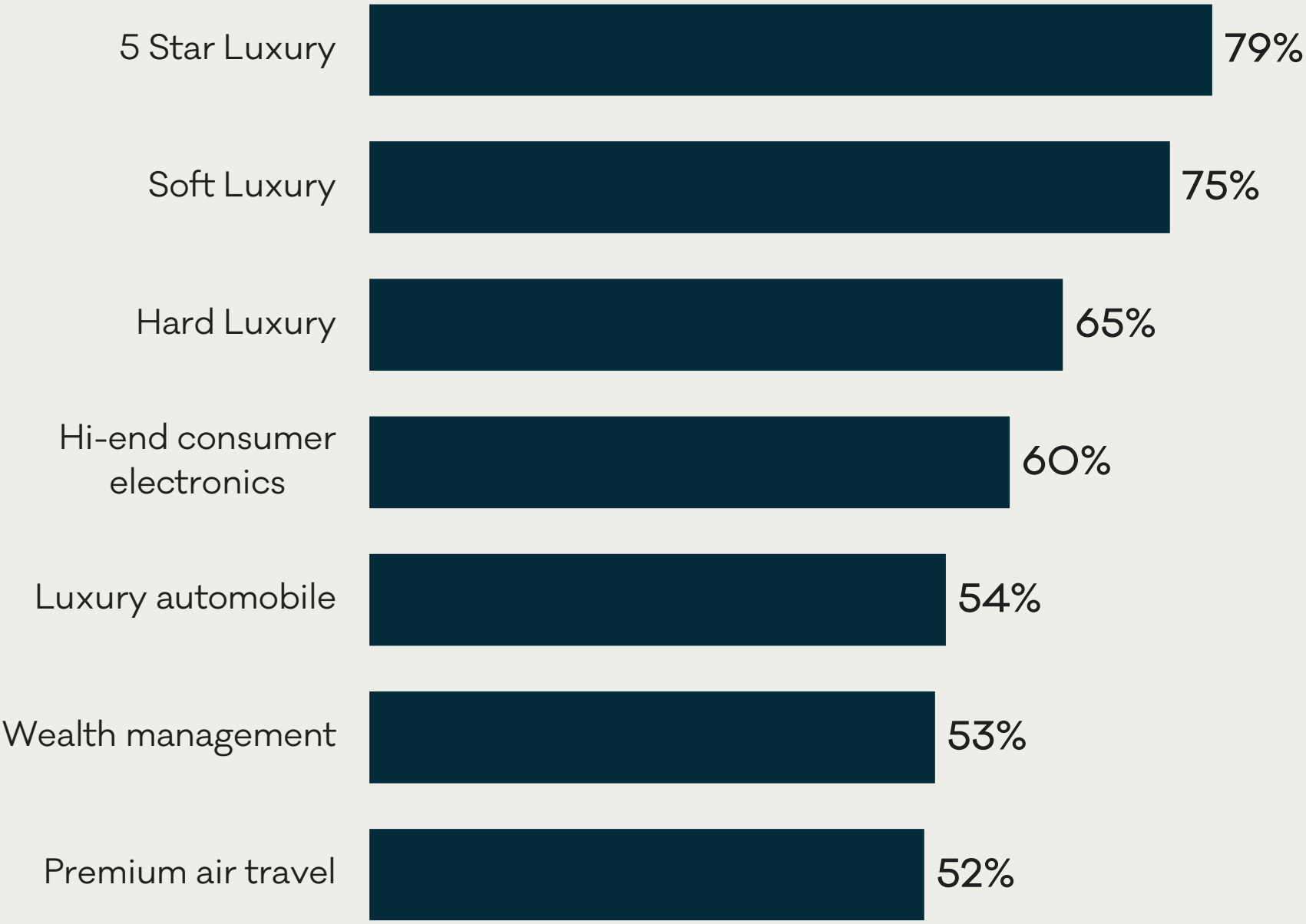
SUMMARY

HOSPITALITY IS THE MOST USED LUXURY CATEGORY

'Have you purchased or used any of the following products / services within the past 5 years?'

All categories have reasonably high penetration rates from our sample of 873 affluent/high net worth individuals. The hospitality industry is the highest scorer, with four in five respondents (79%) using a 5-star hotel or resort within the past 5 years. Soft and hard luxury products are the next most popular, while even higher ticket items such as automotive has a penetration of more than 50%.

Premium air travel was the least used category, albeit still used by 52% of our sample. This is a possible result of the wide availability of cheaper carriers, particularly in Europe, something which is likely to be an acceptable alternative for short-haul flights in particular.

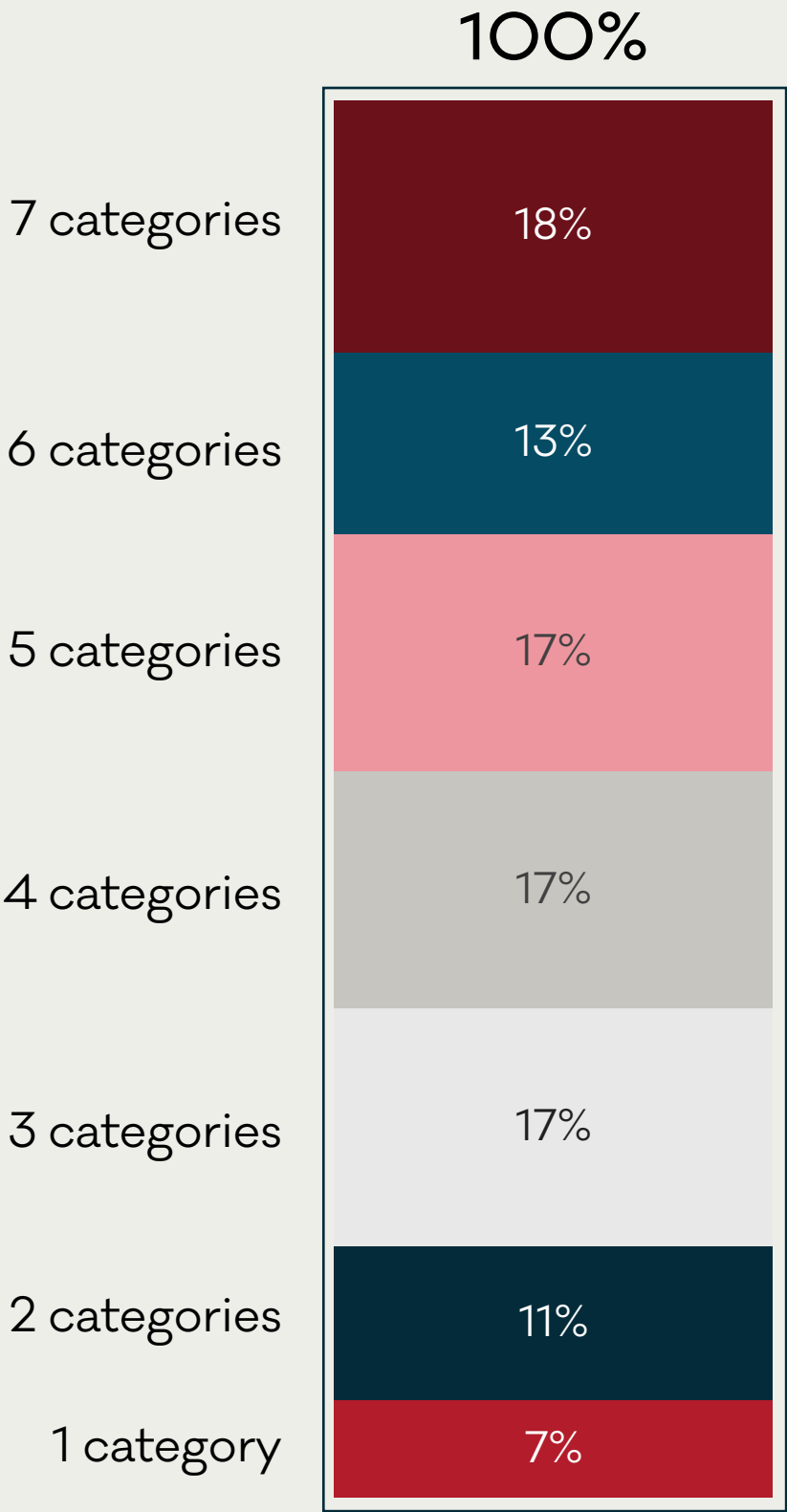


SUMMARY

ALMOST ½ ENGAGED WITH 5 OR MORE CATEGORIES

‘Have you purchased or used any of the following products / services within the past 5 years?’








18% of our panel engaged with all seven categories within the past five years, while a further 13% engaged with six categories, indicating a high degree of panel interaction with luxury services and products. Just 18% used one or two categories, indicating that it is relatively rare for shoppers to only engage with luxury sporadically, and they are more likely to look for these types of products and services in several, or all, categories.



SUMMARY

INDUSTRY MATRIX

There are clear areas of improvement for all seven categories. Value for money stands out as an area which airlines and luxury good brands could improve upon in particular, giving their consumers justification for their high prices. Hospitality performs strongly across the board but is let down by a perceived lack of innovation, while technology is seen as an exciting, innovative category but one which is ‘cold’ and distanced from resonating with consumers emotionally. Wealth management is among the weakest performing industries for many metrics, indicating that operators in this arena arguably have the most work to do.

Industry/Rank (lower score /42, the better)	Strongest metric(s)	Weakest metric(s)
 Hospitality (14/42)	= Customer service, trust, ethics/social responsibility	Innovation
 Automotive (16/42)	Value for money	= Customer service, trust
 Air Travel (17/42)	Emotional connection	Value for money
 Soft Luxury (25/42)	= Innovation, trust, ethics/social responsibility	Value for money
 Hard Luxury (28/42)	Customer service	Value for money
 Electronics (28/42)	Innovation	Emotional connection
 Wealth Management (35/42)	= Value for money, emotional connection	= Innovation, trust, ethics/social responsibility

Green shading = strongest performing metric(s) for industry
Red shading = weakest performing metric(s) for industry

O1. HOSPITALITY VIEWED POSITIVELY BUT NOT INNOVATIVE



KEY TAKEAWAY

Hospitality's weakest metric is innovation, with many brands sticking to tried and tested services and facilities. There may be opportunities for brands to prosper by being more creative and providing more unique and creative experiences – either in the hotel or the surrounding area – in order to stand out from competitors.



Unsurprisingly, hospitality ranks the highest of all seven industries for customer service, scoring highly across all three regions. Trust and ethical/social responsibility are two other metrics for which hospitality scores consistently highly, showing how an open and personal service is well received by consumers across the world. Many hotels have also been extolling their environmental credentials for well over a decade, highlighting 'green' schemes such as reusing towels and saving water whenever possible.

The industry is also seen as a strong performer in terms of value for money in Europe and APAC, a likely result of loyalty programs for top-tier guests. Conversely, it is the second-worst scoring industry in North America, indicating that many American consumers expect a better service for the money they pay. For operators which cannot lower prices, there is a need to build in additional complementary items (eg 'free' dinners, complementary upgrades) to improve perceived value for money.

The industry is also seen as rather conservative and undynamic, scoring poorly for innovation in North America and Europe. Operators could focus on innovative schemes and services, either within the hotel or the surrounding area to improve perceived value for money.

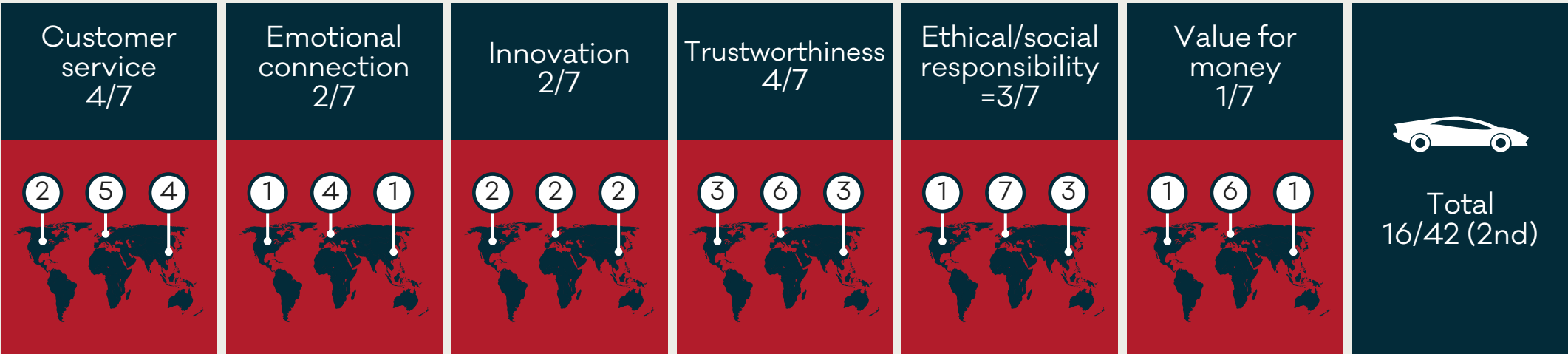
Another area for improvement is in APAC, where hospitality scores poorly for making an emotional connection. It appears that many consumers in this region see services as cold or functional, suggesting that operators could benefit with more tailored options and personalisation. The rapid growth of international properties such as the Ritz-Carlton or Fairmont hotels may have some influence on this metric.

O2. LUXURY AUTOMOTIVE PERCEIVED POORLY IN EUROPE

54%
engagement

KEY TAKEAWAY

The European automotive industry could benefit by looking at the North America and APAC markets, where perceptions are favourable. Poor recent publicity has dented consumer trust in Europe, and luxury automotive brands should promote their transparency, corporate social responsibility and customer service in order to be seen as more trustworthy and worth paying more for.



Along with consumer electronics, luxury automotive scores highly for innovation across all regions, driven by the likes of BMW and in particular, Tesla. Automotive product development and marketing could provide inspiration for other industries to follow when it comes to innovation.

Luxury automotive is a strong performer across the different metrics in North America and APAC. The old adage about Americans’ love for their cars rings true as North Americans are particularly strong advocates of luxury automotive, citing it as offering the best value for money, emotional connection and ethics of all seven industries. The only area for clear improvement in this market is in trust, indicating that brands could communicate more information such as emissions and vehicle reliability to convince further.

Luxury automotive also scores generally well across APAC, ranking the highest of all seven industries for emotional connection and value for money. Brands such as Audi and Mercedes-Benz are widely cited by Asian respondents for their high standards and aspirational appeal.

Apart from for innovation, Europeans view the luxury automotive market negatively. Unfavourable recent events such as the Volkswagen emissions scandal may have had a wider impact on perceptions within the European market. Trust and ethics/social responsibility score very poorly – possibly as a direct result of this scandal – which also appears to damage perceived value for money. Demand for luxury cars in Europe has been on the rise in recent years after being depressed for many years prior relative to North America and APAC. Luxury automotive operators could benefit by focusing on cleaner technologies such as electric and reassuring consumers about emission levels.

03. PREMIUM AIR TRAVEL CONNECTING DEEPLY WITH MANY CONSUMERS

52%
engagement

KEY TAKEAWAY

Like the automotive industry in Europe, recent negative publicity appears to have had a significant impact on consumer perceptions of air travel in North America. Luxury brands should focus on placing the customer at the heart of the experience and look to exceed expectations during, and either side of the flight itself. Innovation such as customisation could help to win over consumers, many of whom appear to doubt that airlines care about them and are instead only interested in profits.



Premium air travel performs strongly in Europe across the majority of metrics, only falling down slightly for value for money. The competitive European budget airline market has forced luxury operators to raise their game and justify higher prices. Our results suggest that they are succeeding on this front for factors such as trust, ethics and emotional connections, all of which are helping to provide a positive customer experience. Continuing to focus on these factors could help to improve perceived value for money. Initiatives such as TAM Airlines’ personalised in-flight magazines should resonate strongly with passengers and make them feel valued.

Premium air travel also performs strongly across APAC in the majority of measures, only falling down on innovation, despite the recent introduction of new features such as luxury suites on Etihad. Carriers such as Singapore Airlines and Cathay Pacific are widely cited by respondents as companies which provide a good customer service and create an emotional connection. Transparency appears to be a strength in this region, as the industry also fares well for trust and ethics/social responsibility.

Despite scoring highly among respondents for emotional connection, North American air travel struggles across all of the other metrics, with American carriers trailing Middle Eastern and European carriers. Customer service and value for money are particularly poor performers, indicating that the industry is mostly not meeting passenger expectations for the price paid. Recent high profile negative publicity such as United Airlines’ treatment of passengers on overbooked flights may have had a wider detrimental impact on the industry as a whole.

O4. SOFT LUXURY SEEN AS TRUSTWORTHY INNOVATIVE AND ETHICAL

75%
engagement

KEY TAKEAWAY

The growing affluence of APAC countries such as China and Japan means that soft luxury brands should be improving their currently poor perceptions as a priority. Soft luxury is seen as unethical, untrustworthy and distant by many APAC consumers, perceptions which will have a clear impact on sales. Luxury brands should look to alleviate consumer concerns, possibly about their production methods and materials used, by being transparent and honest with consumers, even if this may mean having to charge more or compromise profit margins.



Unlike hard luxury, soft luxury goods such as fashion and leather products show a stark variation in consumer perception across the different regions. APAC is the worst performer, with consumers in this region scoring the soft luxury industry very poorly for all metrics apart from innovation. Operators will have considerable work to do to uncover and resolve the underlying scepticism and negativity towards soft luxury.

Soft luxury’s reputation does improve somewhat in North America. However, the industry follows perceptions of hard luxury in failing to connect emotionally with North American shoppers and not offering perceived value for money. However, the industry is rated very highly for ethics/social responsibility and trustworthiness, suggesting that soft luxury campaigns running in North America could provide the blueprint for other regions to follow.

European shoppers generally rate soft luxury around the average of all seven industries studied, neither particularly excelling nor falling behind the curve. European operators could look to the North American market to improve its scores for ethics and trust, which may in turn have a halo effect on other related metrics such as value for money.

O5. HARD LUXURY GOOD CUSTOMER SERVICE, BUT OTHERWISE STRUGGLES

65%
engagement

KEY TAKEAWAY

Hard luxury is the weakest performing industry when it comes to value for money. Despite their affluence, many wealthy consumers will still be looking for value for money, and arguably even more so given the size of their investment for goods such as watches and jewelry which they could pay much less for. The onus is on luxury operators across the world to justify trading up, whether via the unique and exceptional nature of the materials used, the customer service or an innovative product/function which meets a consumer need.



Unlike soft luxury, hard luxury goods such as jewelry and watches score similarly for all metrics in each of the regions, indicating a consistent global industry perception. The industry fares quite poorly on most metrics, coming equal last with soft luxury for value for money.

Despite the overall popularity of this industry, many consumers appear to doubt the ethical and social credentials of luxury operators, and also surprisingly distrust them. Negative perceptions are enhanced by the often expensive nature of these goods and a comparative lack of product innovation.

An interesting dichotomy exists between the industry's strong score for customer service (2nd best) but low score for emotional connection (5th best). While trends such as personalisation and sales aftercare appear to resonate with hard luxury shoppers, there is an apparent failure to connect emotionally. Rewards such as prizes and limited edition/unique product access for loyal customers could help to build emotional resonance in a way that brands such as Apple, British Airways and Mercedes-Benz have in other industries.

O6. HI-END CONSUMER ELECTRONICS SEEN AS INNOVATIVE BUT HAVE AN IMAGE PROBLEM

60%
engagement

KEY TAKEAWAY

Despite being seen as innovative and relatively good value for money, hi-end consumer technology has an image problem. While Apple and Samsung are viewed positively, many other brands are seen as cold, distant and impersonal. Luxury tech brands should be trying to find ways of customising products more effectively and offering rewards and loyalty programs to repeat purchasers.



Perhaps unsurprisingly, hi-end consumer electronics score the most favourably for innovation across all regions. Innovation is one of the cornerstones of the industry as consumers constantly look for new features and functions in their tech products. Samsung and Apple emerge as two of the most cited innovators from the qualitative research, (despite many consumers being unlikely to see these as ‘true luxury’) as well as providing good customer service.

The industry also scores favourably in terms of value for money, the intense competition helping to drive down prices even at the luxury tier of the market. For example, smartphone and tablet ownership remains high in many European countries, with many consumers being enticed to trade up to higher tiers of the market via innovative features and functions which can enhance their day-to-day life.

However, hi-end consumer electronics perform poorly on the other metrics, particularly customer service, emotional connection and trust. Considering many people’s reliance on their tech devices, and their passion for brands such as Apple, this poor performance is rather surprising and possibly indicative of the inherent functionality and clinical nature of technology. Personalisation, better aftersales care and rewards for loyal users could help to improve the industry’s score for these important measures.

Operators could also be more transparent and provide clearer information about how their goods are made in order to improve their relatively poor scores for trustworthiness and social responsibility. McDonald’s ongoing ‘Ask us Anything’ marketing campaign is a good example of a brand giving significant access to behind-the-scenes functions as it looks to reassure users and dispel any negative consumer assumptions. Within luxury, Tiffany & Co. recently launched a short film ‘Journey of a Tiffany Diamond’ which showed consumers the path of the brand’s stones from unearthing to being set in the brand’s jewelry.

07. WEALTH MANAGEMENT STRUGGLES ON MOST MEASURES



KEY TAKEAWAY

Wealth Management is seen as conservative, untrustworthy and poor value for money by many consumers. Making products and services more approachable and transparent could help people to understand the industry better, as well as showing them the value for money which it can provide users.



Wealth management is the worst performing industry overall when measured across all seven metrics. This is perhaps a reflection of the formal and often complicated nature of wealth management which will be unfamiliar and even intimidating to many consumers. The industry does quite a good job in making an emotional connection with consumers across the regions, and is seen as particularly good for value for money in North America which could provide inspiration for wealth management operators in Europe and APAC.

However, the industry struggles on other measures, particularly innovation, trust and ethical/social responsibility. Even a decade on, the global financial crisis may still be impacting people’s feelings towards the industry, with scepticism remaining a prevailing attitude. Transparency and accountability are two factors which could help operators to make progress and build more trust with consumers.

Wealth management is ranked as the least innovative of the seven industries, another probable reflection on the inherent nature of the wider financial services industry. Nevertheless, operators could innovate with new initiatives and campaigns to retain current investors and try to engage new ones.

ABOUT ALTIAN

Uncovering the factors that shape affluent and High Net Worth Individuals' perceptions and decisions is not an easy endeavour.

Affluent fieldwork specialist Altiant has been building a real expertise since 2014. The company empowers agencies, researchers, insights experts and marketing teams in the luxury goods and wealth management industries to make more informed insight driven decisions.

With a combined 100+ years of experience in quantitative market research and data collection, Altiant's team members have built a strong reputation for successfully executing complex ad hoc fieldwork projects as well as for expertly powering some of the industry's largest continuous tracking projects.

The company provides highly validated affluent and high net worth sample through their proprietary panel, LuxuryOpinions® as well as a suite of fieldwork solutions.

LuxuryOpinions®
by invitation

POWERING LUXURY
& WEALTH INSIGHTS

LuxuryOpinions® is Altiant's community of affluent and high-net-worth individuals. Members are recruited by invitation only and join to voice their opinions about topics that matter to them. They help luxury companies build better, more suitable products and services while earning rewards.

Market research and survey sampling among the high-end sections of the population require precision and extreme accuracy. We only recruit people in the top 5% of their country's income earners or wealth holders.

LuxuryOpinions®' members are carefully selected before being invited to join the community. For every respondent, we conduct a manual validation to verify beyond reasonable doubt his or her identity and earning/wealth potential. While this does vary in some countries due to levels of availability of public information and regional social media usage, this forms the basis of our 8-point validation guide to confirm identity, claimed wealth and earnings.

Anyone incorrectly matching the profile will be removed from the list of candidates.

LuxuryOpinions® is present in 15 markets.

This report is an overview of Altiant's exploration of luxury markets across the globe. Please contact us for further information on any of these markets or more bespoke solutions.

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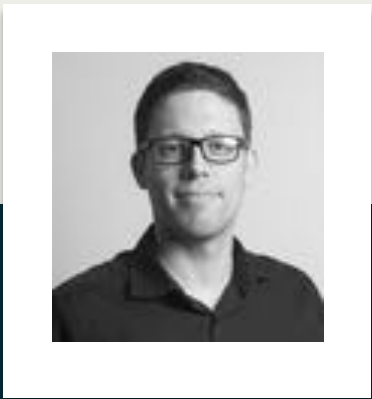


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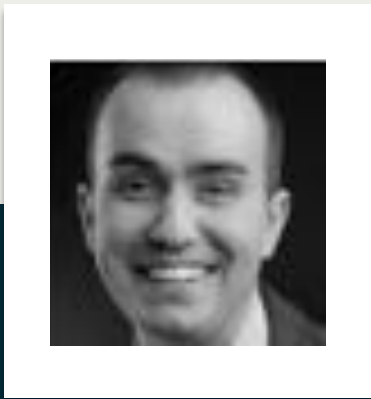
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