The Future of Luxury

Beyond Borders: The New Lens of Luxury Epicenters

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Abstract

By 2025, 600 cities will drive 2/3 of global economic growth (McKinsey, 2014). As global economic growth becomes more and more concentrated in cities, it is imperative to rethink traditional market borders historically determined by country and region. This extensive research proposes reconstructing strategies by patterning cities with similar luxury purchasing habits and consumer values, enhancing predictive capabilities for the next Big Bet Cities. In this new framework, the new luxury epicenters will transcend geographical location, becoming boundary-less. Introducing the Dynamic Market Scorecard, a set of metrics that will help businesses assess cities on a deeper level. This scorecard provides a framework for the global patterning process and serves as a predictive model for future luxury growth. While traditional luxury powerhouses like New York, Paris, London, and Tokyo will maintain importance, the Dynamic Market Scorecard helps to identify global Big Bet cities that were previously overlooked, such as Chicago, Mexico City, Singapore, Istanbul, and Mumbai. As the world evolves into 2030, the way in which luxury companies do business will shift. Under the lens of the new luxury epicenters, the industry must restructure the business model, relocate talent and reallocate resources. Luxury companies must designate top talent and resources to Big Bet Cities to unlock the greatest potential. This approach provides a clear pathway to the future of global luxury scalability.

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"Now that the world is so small, everyone inspires each other." - Vivienne Tam

Epicenters Today

The luxury market has traditionally been defined within heritage markets such as France, Japan and the U.S. However, in recent years there has been a major shift from a sole focus on heritage markets to a new focus on emerging markets, often coined the BRICs, or Brazil, Russia, India, and China. The BRIC markets continue to become more sophisticated and powerful, accounting for 30% of consumption worldwide. Yet, many companies struggle to find the correct strategy to target these markets (Abtan et al., 2014). Moreover, beyond BRIC market borders, these newfound luxury consumers impact the globe via travel and migration into cities. Businesses must uncover ways to maximize their buying potential.

Despite the impressive growth in the emerging markets, the U.S. cannot be overlooked. In the last five years, the U.S. has contributed three times the growth in luxury consumption as China. It remains the largest personal luxury goods market by far, even bigger than the four subsequent markets of Japan, Italy, France, and China, combined.

The result of luxury market fragmentation is extreme complexity within the global market. Markets differ drastically from country to country, from city to city, and from consumer to consumer. Yet simultaneously, consumer preferences and shopping patterns are converging across the globe. In order for companies to target these diverse markets, it is imperative to strike a balance between taste convergence and cultural autonomy (Miller, 2015).

2030 and Beyond

The luxury industry has reached an evolutionary period where change is happening so rapidly that the industry must modify the way it looks at the world today. Through extensive research, it has become clear that three key factors will be the catalysts of change for the future of the global luxury market. The identified "3 T's of Change" include: Tourism, Technology, and Transmigration (Figure 1). The convergence of these factors will shift traditional luxury epicenters into a new era.

Tourism

Tourism amongst wealthy consumers has made traditional luxury market boundaries close to irrelevant. In 2013, more than one billion tourists, equivalent to 15% of the global population, traveled outside their countries' borders (Doran, 2014). This figure was a new record for international tourism, achieving an increase of 20 million since 2011 (CNN Travel Staff, 2012). By 2030, global tourism is expected to reach 1.8 billion tourists, increasing 3.3% each year (World Tourism Organization, 2014).

These travelers spent billions of dollars in various economies. "Shopping has converted into a determinant factor affecting destination choice, an important component of the overall travel experience, and in some cases, the prime travel motivation" (Doran, 2014). Sixty-eight percent of this new category of travelers, who consider shopping an integral part of their travel experience, chose a destination based on the shopping opportunities (Doran, 2014).

Chinese consumers provide a clear example of this motivational shift, as they are choosing to leave China to shop due to factors including austerity laws, comparatively high prices within the country, and seeking heightened luxury experiences. According to Bain & Company, about two-thirds of Chinese luxury spending is happening outside the country's borders (D'Aprizio, Levato, Zito, & Montgolfier, 2014) (Figure 2). Indeed, this is not a temporary phenomenon. By 2020, Chinese tourists will represent 10 percent of inbound tourists in the U.S. and 30% of tourists visiting Japan. They have already reached this level in Korea, and are soon projected to reach 50% (Abtan et al., 2014). The cross-pollination of luxury spending across borders "requires thinking about the product offerings from a more global perspective, with the concepts of seasons and national boundaries—key pillars of this industry—becoming obsolete" (D'Aprizio, Levato, Zito, & Montgolfier, 2014).

Technology

Further pushing the luxury market beyond borders, technology has shifted luxury shopping from scarcity, to on-demand availability, changing how and where luxury shoppers purchase goods and services. Only 20 years from when the first e-commerce purchase was ever recorded, consumers can now find any part of the retail experience at the touch of a button or screen (Wolf, 2014). Among luxury companies, conventional wisdom presumed that selling through retail websites was only for the lower and middle range of products. The pervasive belief was luxury shoppers, with their discriminating taste and preference for high-priced goods, would not buy expensive things online. Rather, they would opt for the personalized customer service and tactile shopping experience that brick-and-mortar stores provide (Dauriz, Remy, & Sandri, 2014).

In recent years, the luxury sector has evolved their thinking. Growth in Internet users around the globe is astounding. In the last five years alone, China has almost doubled its penetration of Internet users to 780 million (Figure 3). While overall sales of luxury goods grew by two 5 in 2013, online luxury sales increased by 20% to an estimated 10 billion dollars. The projection is this growth will continue and luxury goods online sales will more than double to approximately 23 billion dollars in the next five years (Dauriz, Remy, & Sandri, 2014). According to McKinsey's latest luxury industry research, luxury companies are now capitalizing on the increasingly important role that the Internet plays in luxury shoppers' purchasing habits and pre-purchasing decisions.

With the advancements of technology and the Internet, consumer preferences are changing and consumer patterns across various markets are emerging. Technology is leveling the globe and democratizing the sale of luxury goods. In fact, Tweets in different languages have already broken down borders. For example, the country of Belgium has dissolved entirely as a result of language crossing over borders (Figure 4). Given the consumer has newfound power to control information and distribution with the touch of a button, epicenters of luxury are more elusive than ever.

Transmigration

The world is currently undergoing one of the most significant transformations it has ever seen. According to McKinsey, "21st-century China is urbanizing on a scale 100 times that seen in 19th-century Britain and at10 times the speed." Driven by a revolution in emerging markets, there is a "growing power of cities and the extreme growth concentration in a limited number of megacities" (Kim, Remy & Schmidt, 2014).

The world's top 600 cities in GDP are "expected to drive nearly two-thirds of global economic growth by 2025." Massive urbanization will continue across emerging markets, which will envelope three-quarters of these large cities. This is a major shift from today's landscape, in which only 4 of the 25 wealthiest cities are found in the developing world. "It is projected that by

2025, there will be 60 megacities, more than double the current number of urban behemoths, where GDP will exceed $250 billion, accounting for a full one-quarter of global GDP" (Kim, Remy & Schmidt, 2014). By 2030, the world is projected to have four times more than the total number of mega-cities than existed 40 years prior (U.S. and World Population Clock, n.d.).

These city centers are becoming more affluent and more educated (Brown & Shapiro, 2015). Mega-cities are assumed to attract the educated, looking for higher wage opportunities and better standards of living (BBC, 2014). Euromonitor calculated that 24% of the world's population over 15 years of age and with the equivalent of a 2-year degree or more is concentrated in the world's 100 largest cities (Badger, 2014).

Top cities will account for growth in the luxury market (Kim, Remy, & Schmidt, 2014). "In fact, the more upscale and less "basic" products that consumers desire, the more growth will be concentrated in cities." Experts predict that 85% of the growth of luxury apparel will come from cities, versus only 40% of growth for the Consumer Packaged Goods segment (Kim, Remy, & Schmidt, 2014).

The New Lens of Luxury Epicenters

The result of the convergence of Tourism, Technology, and Transmigration is extreme complexity within the global market. It is no longer sufficient to focus solely on where a consumer is from, but rather, the consumer's preferences, socioeconomics, and experiences. With the advancements in technology and media, consumer preferences are changing and consumer patterns across various markets are emerging. Luxury consumers have tremendous parallels across the world. "Their desires, lifestyle, attitudes, and behaviors supersede traditional geographic and cultural differences." There is an opportunity to cross-pollinate these universal commonalities and management opportunities across the globe, rather than within existing regional zones (Liebmann, 2015).

The consumer now has newfound power to control product information and distribution. Therefore, the new epicenter has transcended merely geographical location, becoming boundary-less. If concrete patterns are determined across markets, businesses can target consumers in ways that transcend their geographical confines. Therefore, businesses will be able to customize offerings to larger, more relevant groupings. This concept redefines the way many businesses are structured today.

To get closer to the consumer, businesses must move from traditional country-and-zone level targeting into city-level targeting. According to the Boston Consulting Group, country-level strategies will no longer be sufficient. Rather, a city-level approach will allow companies to segment geographies more appropriately, resulting in more strategic go-to-market strategies, including "marketing, assortment, merchandising, and pricing" at a city level (Figure 5). As stated by the Boston Consulting Group, "Shanghai and Beijing have more in common with their counterparts in Paris and Tokyo than they do with those in Zhenjiang and Panjin." Conversely, while Mumbai and New Delhi share country borders, "Mumbai is more multi-lingual and cosmopolitan" (Abtan et al., 2014).

Diversity among cities is happening not only in emerging markets, but also in mature markets. For instance, New York City shoppers are vastly different than those in Albany or Buffalo. From a psychographic perspective, New York City luxury shoppers have more in common with someone in Shanghai or Beijing. Understanding deeper psychographic nuances within cities can help a business better understand and predict buying patterns on a global level. It is imperative for companies to further understand and account for consumer demographic, socioeconomic and psychographic fundamentals rather than allowing for geographic borders to dictate the strategy moving forward.

Case Study: China Market

China represents the first step towards looking beyond geographic borders. China brings to the forefront a noteworthy approach of market organization built around a city-tier model based on geography, population, and economic development (Millward Brown, 2015). China's unprecedented growth over the last two decades triggered the need for a classification system, which aimed to organize the vast, dynamic country. This city-tier approach was created by marketers, based on the idea that a white collar office worker in Guangzhou has more in common with an office worker in Shanghai than farmers with little education living nearby to Guangzhou (Madden, 2010).

The purpose of China's city-tier system is to organize a fast-growing, fast-changing and extremely active market. While the official definition of tier classification is broadly up to interpretation, it is generally agreed that four Chinese cities are included in Tier One including Shanghai, Beijing, Shenzhen, and Guangzhou. While these cities have the highest incomes, they account for only 9% of China's total population (McMillan, 2011). Thus, companies would be remiss if they did not look beyond Tier One to the opportunities within Tier Two and beyond. In fact, many China market experts indicate second and third tier cities have become increasingly attractive to investors and represent some of the fastest growing areas (McMillan, 2011). Implementation of a global tier model, inspired by China, can provide an important balance between the emerging and developed markets by allowing the consumer psychographics and demographics to come first, and geographic location to come second.

In the current model, luxury companies organize their business and link markets by geographic location to manage global complexity. However, luxury brands will need to distort traditional boundaries to succeed in the future luxury market place. “This consumer wants newness, innovation, global relevance fast” (Liebmann, 2015). Thus, the need emerges for a global tier model, which aims to shift the current geographical zones into tier zones, uncovering cross-city segments and patterns for a more efficient business model. “A connected city strategy enables fast learning and adoption and fast consistent brand story-telling that this consumer expects, and demands” (Liebmann, 2015).

The Dynamic Market Scorecard

To address this opportunity, the Dynamic Market Scorecard was developed. The Dynamic Market Scorecard, or DMS, comprises a range of quantitative and qualitative measurements related to socioeconomics, demographics, and macroeconomics. The Scorecard measurements are classified as Market Dynamics, Individual Dynamics, and City Dynamics (Figure 6). The DMS serves two main purposes: first, to provide a strategic framework for the global patterning process; and second, to serve as a predictive model for future luxury growth.

Market Dynamics

The DMS leverages an existing set of metrics developed by the Boston Consulting Group. This index aims to “measure the current luxury status and growth potential of the world’s 550 richest cities across the globe as defined by GDP per capita” (Abtan et al., 2014). The three key measurements include the following:

1. *Local Demand: Number of High-Net Worth Individuals (more than $1million in investable assets) and number of Mass-Affluent Households (more than $100,000 in annual household income).*

For example, the top three cities with high net worth and mass affluent households include New York, Los Angeles, and London (Abtan et al. 2014).

2. *Tourist Demand: Total Luxury Spend from Domestic and International Tourism by City.*

The U.S. has 12 cities among the Metroluxe Index top 50, assisted by a strong trend towards tourism. Given predictions to relax visa restrictions into the U.S. in the future, this growth is expected to continue.

3. *Supply-Side Drivers: Inclusive of Infrastructure, Distribution, Network, Logistics and Sophistication.*

This metric, when coupled with the Bernstein-BCG Store Index, helps to identify cities in which retail has been over-penetrated, like Beijing, Seoul, and Taipei.

Individual Dynamics

The Dynamic Market Scorecard includes additional indicators termed as Individual Dynamics, designed to supplement the Boston Consulting Group's index. These additional indicators serve to understand individual consumer nuances within each city.

1. *Mobile Penetration: Percentage of individuals who own and operate smartphones.*

Market experts predict 4.77 billion people globally will use mobile phones in 2015 and by 2017 the world will reach 69 percent mobile phone penetration (eMarketer, 2014). One-third of this usage will be smartphones (eMarketer, 2014). While consumers in the Asia-Pacific zone will account for more than 50% of all smartphone users this year, this market still has a long way to go to reach full penetration and also has significant variations within the market. Luxury companies must consider that technology usage and smartphone penetration is increasing but at varying rates.

Consider two cities in the Asia Pacific region, Shanghai and Mumbai, which are both well recognized for their importance in the luxury space. Shanghai, which is ranked number 16 on the BCG Metroluxe Index, reaches a 53% smart phone penetration. In comparison, Mumbai, number 43 on the Metroluxe Index, has only 16 percent smartphone penetration and has huge potential for growth. To provide a more global perspective, Shanghai's smartphone usage level is more similar to New York at 48 percent. Beyond understanding penetration level, it will be critical for brands to understand how consumers are using their technology. For example, the top two smartphone functions cited by consumers in Shanghai are "chat" and "downloading/listening to music" versus consumers in Mumbai who indicated they use their smartphone for "email" and "searching for information" (Hakuhodo, 2013).

2. *E-commerce spend: Average Order Value per e-commerce transaction*

Given projections of e-commerce spend into the future, it will be important to understand this measurement by city. Unexpectedly, India has higher e-commerce average order value than the rest of world. In 2013, the average value was $215 versus $183 for the rest of the world. Mumbai accounts for 26 % of India's Total Sales (Borderfree, 2014).

City Dynamics

Our final indicator aims to understand a city's luxury consumption maturity level. Understanding this factor is critical when determining how to proceed in that market, because a consumer's natural purchasing trajectory evolves along with the maturity of the market itself.

1. *Market Maturity: According to BCG, there are five maturity zones in which a brand can fall:*
    - *Emerge – Advent of luxury market on a small base*
    - *Takeoff – Expansion of customer base with rapid growth*

- *Accelerate – Diversification of brand assortment*
- *Thrive – Constant growth based on high penetration*
- *Mature – "Way of Life"*

Within this model, China straddles Emerge/Takeoff/Accelerate, South Korea falls under Accelerate/Thrive, and Japan is classified as Thrive/Mature (BCG definition). It can be extrapolated that Seoul would fall into 'Thrive,' given years of rapid growth and a diverse brand assortment. This city is now growing based on high penetration. Moscow could be considered an emerging market as any growth is on a very small base with limited penetration, while Tokyo fits into 'Mature,' as luxury goods consumption is a long-standing way of life in the biggest city within Japan. China can be broken down based on their city-tier system. Tier 1 cities fit into 'Accelerate,' while Tier 2 are in the 'Takeoff' phase, and Tier 3 fall within 'Emerge' (BCG, 2015).

Application of the Dynamic Market Scorecard

The Dynamic Market Scorecard challenges businesses to deconstruct traditional borders to reconstruct through the lens of cities. The DMS should be leveraged to uncover patterns and cross-city segments in order to determine new ways to model the business. The new model will promote cross-pollination of best practices and strategies to target like-minded consumers across boundaries.

Moreover, the DMS allows companies to identify current Big Bet Cities as well as future Big Bet opportunities. This takes today's linear form of management to a more advanced and comprehensive approach. Big Bet Cities are identified based on high net worth, high domestic and tourist luxury spend, high mobile penetration, and mature stage of market. Today's Big Bet cities are the usual suspects including New York, Tokyo, London, and Paris. However, the scorecard is designed to venture beyond the expected approach. Thus the scorecard helps to identify cities that are traditionally overlooked or in need of a refined focus:

- Chicago: This city has the fifth highest penetration of millionaire and mass-affluent households globally, yet is often ignored in the U.S. (Abtan et al. 2014).
- Mexico City: This city has the largest consumer spend from an emerging market city, above São Paulo, Moscow, Shanghai, Beijing, and Istanbul, and larger than the next 10 cities in Mexico combined (Boumphrey, 2014).
- Singapore: The Singapore dollar is strong, unemployment is low, and the country has the highest disposable income per household in Asia (Borderfree, 2015).
- Istanbul: Last year, Turkey's luxury market grew 15% versus only 2% in the rest of the world. Luxury as a percentage of GDP is half of developed markets, indicating major growth potential. Since 2009, there has been 26% growth in mass-affluent households. Luxury spend is concentrated in Istanbul, and Istanbul is rising in number of mass-affluent households through 2017 (Boston Consulting Group, 2013) (Abtan et al. 2014).
- Mumbai: India has higher e-commerce average order value than the rest of world; in 2013, the average value was $215 versus $183 in the rest of the world. Mumbai accounts for 26% of India's Total Sales (Borderfree, 2014).

Revolutionize Luxury Business: The 3 R's of New Management

Based on the new lens of luxury, there are three key strategies that will unlock the greatest potential for luxury companies into the world of 2030. The identified "3 R's of New Management" include: Restructure the Business, Relocate Talent, and Reallocate Resources (Figure 7).

Re-structure the Business

According to McKinsey, a company's organization is a "critical area in which the rise of megacities in emerging countries is causing new challenges. Historically, most luxury brands have structured their teams around zones, then countries, and then areas within countries where relevant." Today, most organizations focus their business around several geographic zones including the Americas, Asia Pacific (APAC), Latin America (LATAM), and so on (Figure 8). These geographical zones do not take into account the macro changes affecting the global luxury shopper, comprising the indicators identified by the Dynamic Market Scorecard. Thus, a traditional approach will not be sufficient for future success. A Big Bet City attack plan will look quite different from the traditional market-expansion road map. For instance, rather than discussing how to strategize across the APAC zone, a conversation may center on how to best capture and cross-pollinate the global Chinese shopper.

Once the Scorecard is put into action, companies will be able to define new city groups based on cross-city patterns (Figure 9). Cities align with a similar DMS, rather than in silos by region or country. Each city group will have its own strategic management team to ensure that the needs of the consumers within the group are best met. This new approach will allow marketing efforts such as product assortments, retail formats, and service models to be customized not be region but by city in a modular format. Beyond cross-pollination of best practices, this model also increases speed to market response by allowing quick strike decisions to be made across markets.

Re-locate Talent

"If Shanghai will eventually be three times the size of Switzerland, would it not require the same management focus—and the manager of Shanghai being at the same level in the organization as the country manager of Switzerland?" (Kim, Remy, & Schmidt, 2014).) Similarly, according to Bain, New York City alone is a bigger market for personal luxury goods than Japan, the second-largest country for luxury purchases (D'Aprizio, Levato, Zito, & Montgolfier, 2014). Given the scale and importance of identified Big Bet Cities, extensive research indicates that these locations deserve top talent and strategic vision.

"The allocation of human resources is…critical to ensuring impact, and it is important that the best talent is deployed where it will make the most difference" (Kim, Remy, & Schmidt, 2014). Companies must be prepared to move top talent to run the Big Bet Cities like New York, Tokyo, London and in the future the next evolution of Big Bet cities like Chicago, Istanbul. and Mumbai. Ultimately, this will assure that they can "win in the new game of city-level-focused growth" (Kim, Remy, & Schmidt, 2014). Considering this relocation model, a new career path may look something like:

LVMH Country Manager of Germany ($10.4B in personal luxury goods) – Promotion – LVMH City Manager of Paris ($11.3B) – Promotion – LVMH Zone Manager for Group 1 Cities

Re-allocate Resources

If the link between corporate strategy and resource allocation is weak, it is less likely that the full potential of the return on investment will be achieved. It is imperative that the fundamental shift from country and zone strategies to patterned city strategies, utilizing the Dynamic Market Scorecard, be marked with a concrete transformation in the way that P&Ls are managed. McKinsey's guide, *How to Put Your Money Where Your Strategy Is,* identifies the need for transparency in resource management when new strategies are established. "Identifying business opportunities where your company wants to increase its exposure can create a foundation for scrutinizing how it allocates capital, talent, and other resources" (Hall, Lovallo, & Musters, 2012).

City P&Ls

Experts predict that there will be 60 megacities where GDP will exceed $250 billion, accounting for a full one-quarter of global GDP by 2025 (Kim, Remy, & Schmidt, 2014). As cities gain the same economic power as countries, these new strategic city managers must be in charge of their own city P&Ls and be given full responsibility of strategic planning and budgeting. Given the traditional business management of today, it is not surprising there are little to no differences in the way that budgets are managed between consumer packaged goods companies and luxury companies. The "Top-Down" approach is applied in order to allocate equal funds across all doors in a present country (Patel, 2015). City specific P&Ls and city budgeting are essential in order for the patterned city approach to fully function for effective luxury management, where, without them, democratization can threaten the resonance of the initiatives.

In this fashion, cities within the same group would have complete visibility into the exact capital investment needed to fully leverage the opportunities in a given city as well as funds that could be used to develop patterned group specific innovations. For example, Big Bet Cities with the most optimized mobile connections and highest penetration of tourists might invest in the development of new targeting systems to communicate with traveling luxury consumers. Without city-specific budgets, these types of opportunities could be overshadowed due to traditional spending across a country or zone, where dramatic differences exist.

The Augment to the P&L

The example above, describing an opportunity for Big Bet Cities to invest in targeting global travelers, represents a unique occasion for the City P&Ls to reflect the full path-to-purchase of the end consumer. Business models are beginning to emerge that focus on targeting the traveling consumer while he or she plans the purchase before travelling. HiFu is the first technology company in the U.S. “that empowers cross-border mobile commerce for both consumers and merchants” (Hifu, 2014). While certainly in line with the global landscape of today, these initiatives further complicate global competition within the same company.

In establishing City P&Ls, Big Bet Cities can further unite with the addition of an “Assisted Sales” line. The “Assisted Sales” line would account for the transaction completed by a travelling consumer outside of his or her city of origin and give credit to the consumer’s city of origin, who likely invested in the consumer’s decision-making process, however, would not traditionally directly benefit. This will allow for a holistic conversation with the consumer, given the ability to drive the sale from the point of interest to the point of purchase.

Given that shopping is increasingly becoming a clear motivation for international travel, cities that align and move to an offensive position would link investment funds to efficiently target the consumer and affect each step of the path-to-purchase through the transaction, regardless of where it is made, and continue to maintain the relationship with this consumer as a global advocate.

In the reclassification of an “Assisted Sale,” an appropriate percentage of the advertising budget would be transferred from one city to the other to accurately report the full efforts of the transaction and further optimize spending within each city group. In doing so, cities would improve the accuracy of their reporting, allocate funds more efficiently, and fundamentally shift their thinking regarding the true value of every transaction.

Conclusion

The luxury industry is at a tipping point due to major shifts in Tourism, Technology, and Transmigration. It is more important than ever to strike a balance between taste convergence and cultural autonomy. In order to do so, companies must rethink traditional borders and understand consumers on a deeper level.

Now is the time to begin focusing on customers through the lens of cities. By leveraging the Dynamic Market Scorecard, businesses can create patterned city groups, allowing for a new way of sharing insights and best practices across the globe. Moreover, the DMS is an important tool to go beyond traditional luxury powerhouse cities such as New York, Paris, London and Tokyo, to identify global Big Bet Cities that were previously overlooked. This includes cities such as Chicago, Mexico City, Singapore, Istanbul, and Mumbai. This new lens will allow businesses to optimize their focus on the cities that are bringing in the majority of growth.

As an immediate result, the way in which luxury companies do business should be shifted. Leveraging the "3 R's of New Management," businesses should Restructure the Business, Relocate Talent and Reallocate Resources to achieve success in the future. This approach provides a clear pathway to the future of global luxury scalability.

Figure 1.

Figure 2.

D'Arpizio, C., Levato, F., de Montgolfier, J., F., Zito, D. (2014). *Luxury Goods Worldwide Market Study.* Bain. Retrieved from http://www.bain.com/bainweb/PDFs/Bain_Worldwide_Luxury_Goods_Report_2014.pdf

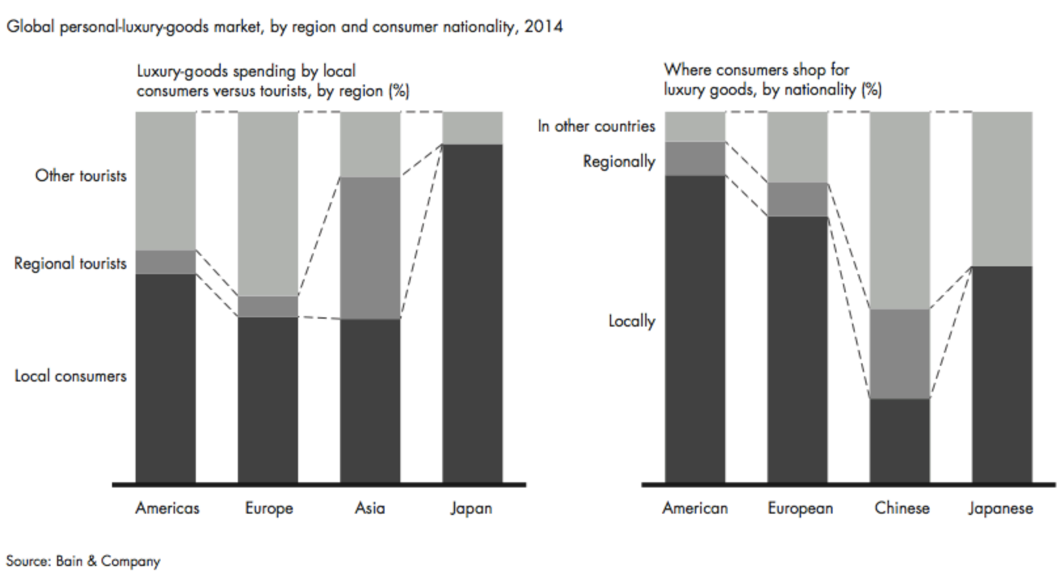


Figure 3.

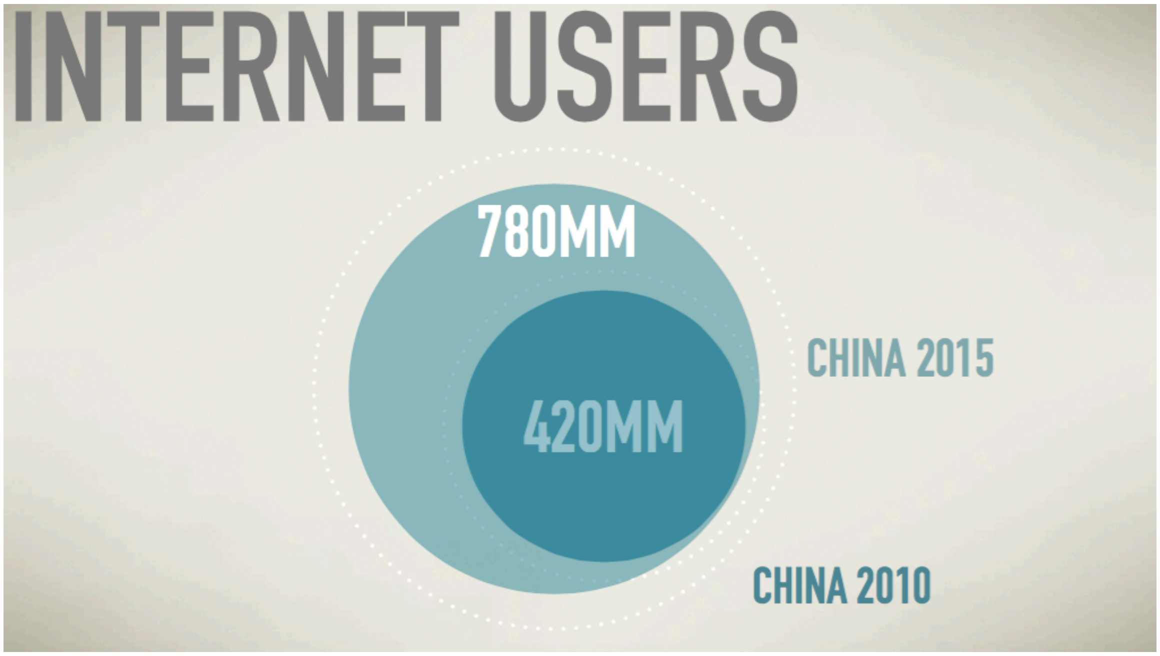


Figure 4.

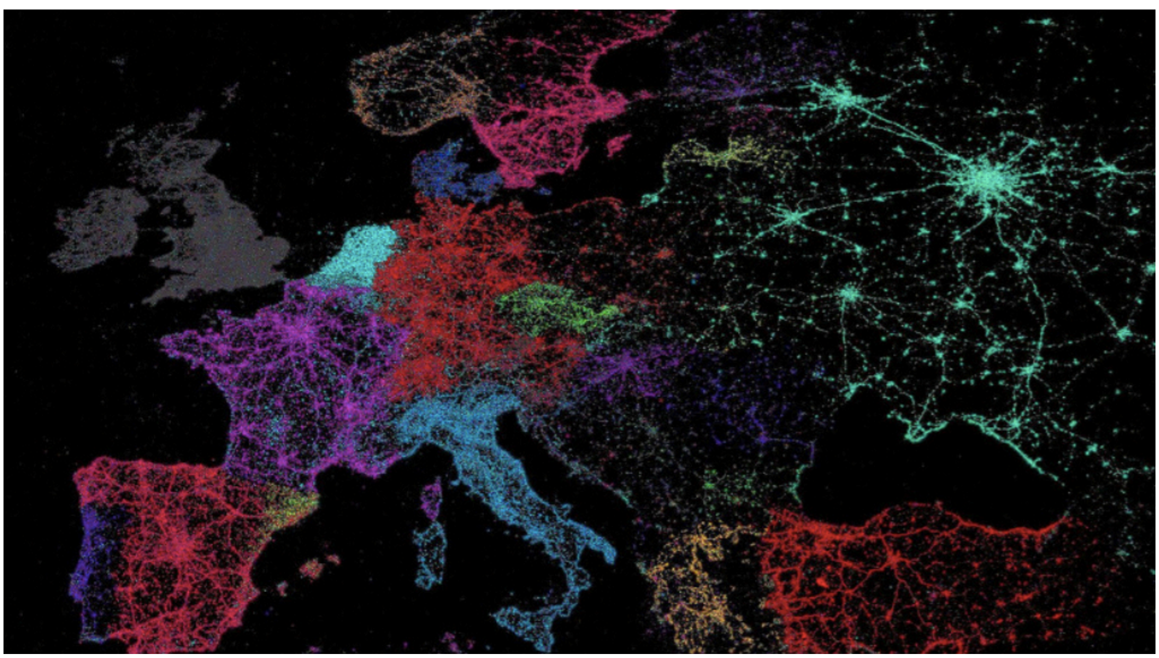


Figure 5.

Abtan, O., Achille, A., Bellaiche, J.M., Kim, Y., Lui, V., Mall, A., Mei-Pochtler, A., Willersdorf, S. (2014, January 30). *Shock of the New Chic: Dealing with New Complexity in the Luxury Business.* Boston Consulting Group. Retrieved from https://www.bcgperspectives.com/content/articles/consumer_products_retail_shock_new_chic_dealing_with_new_complexity_business_luxury/

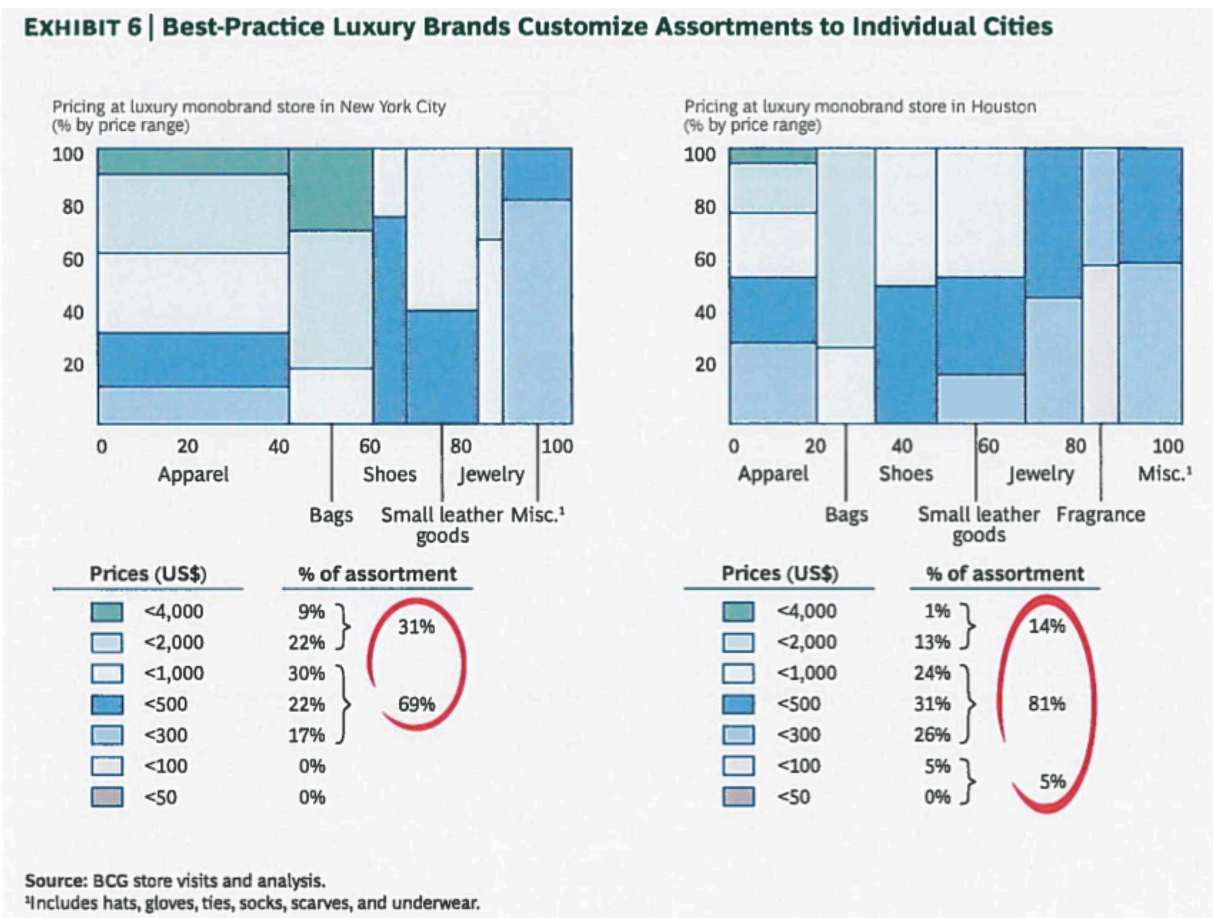
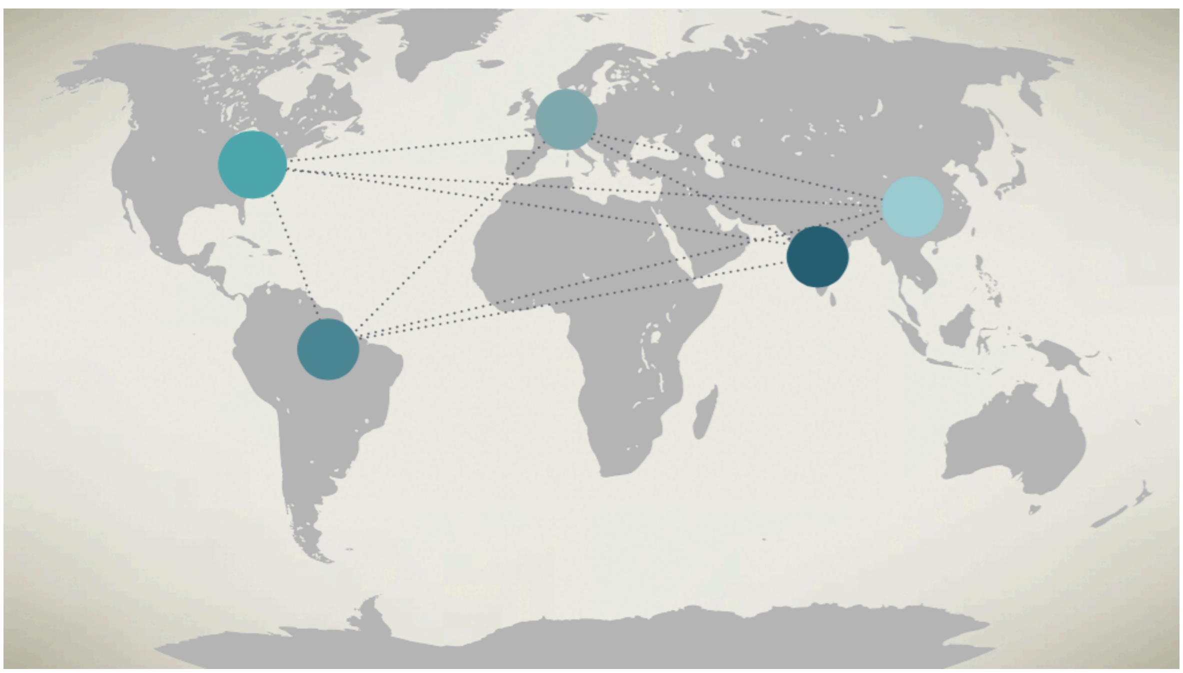


Figure 6.

Figure 7.

Figure 8.

Figure 9.



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