

# Beats of Change

DECODING THE NEW RHYTHM OF LUXURY

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CLAUDIA  
D'ARPIZIO

FEDERICA  
LEVATO

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BAIN & COMPANY 

 **ALTAGAMMA**  
CREATIVITÀ E CULTURA ITALIANA

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# Foreword on content and sources

## Content of this document

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- This document contains **an update** on the **luxury goods markets**, with particular focus on the **personal luxury goods categories**:
  - Insights on the **performance of the market** as of **mid-June 2025**, with higher emphasis on the **first quarter**, with details by region, channel, and categories
  - **Estimates** for how the luxury market will evolve **during FY 2025**, with related emerging **macrotrends**
  - Bain's **recommendations** for how luxury players can **steer the next phase of growth**

## Sources of this document

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- The **insights** are based on **Bain's** triangulation of **information** and **sources**, available as of **June 17, 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 vs. the **status quo**

# Luxury spending has always been impacted in times of **uncertainty**

## MULTIPLE ELEMENTS OF TENSIONS

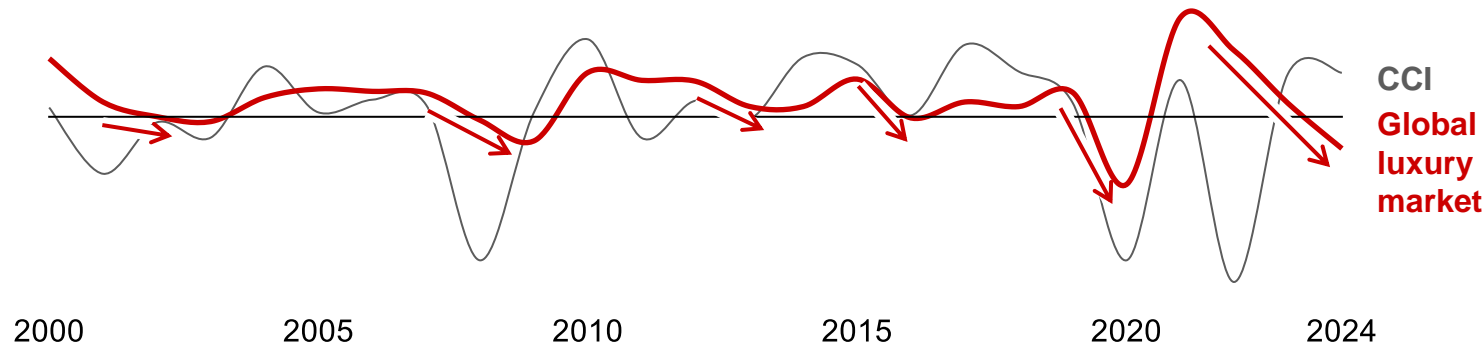
Economic downturns	Trade wars	Geopolitical tensions	Financial markets volatility
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## IMPACTING CONSUMER CONFIDENCE

→ FOR THE FIRST TIME SIMULTANEOUSLY ON A GLOBAL SCALE ←

## Global luxury market vs. consumer confidence index evolution

YoY change (percentage | 2010–2025YTD)



RESULTING IN A **MOMENTARY REDUCTION**  
IN THE **CONSUMPTION** OF LUXURY GOODS

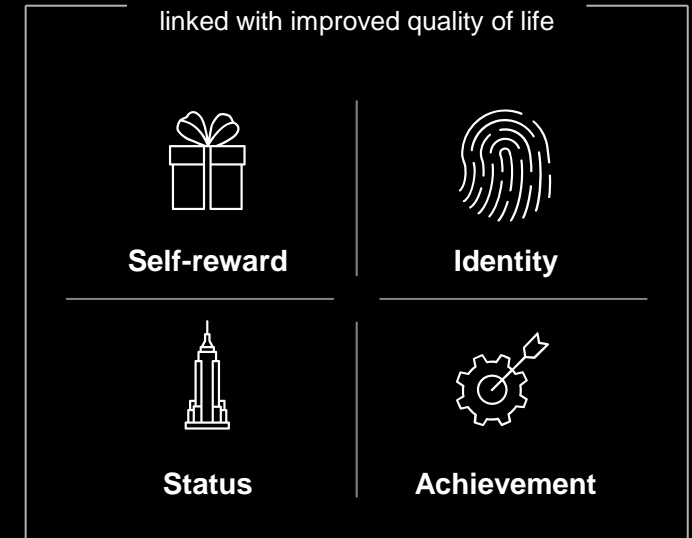
However, the market usually rebounds with **optimism and confidence**

Led by a **widening consumer base**, on account of

Growing middle class  
across regions

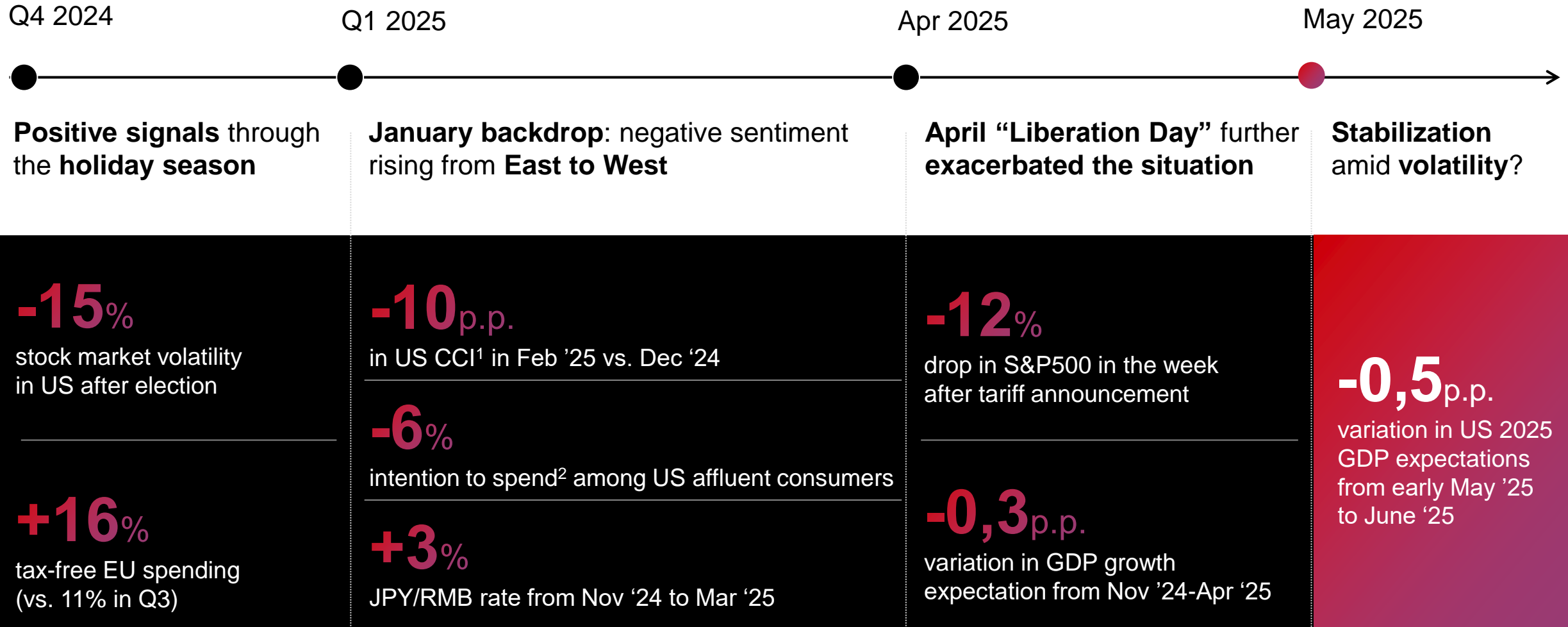


Positive emotional state  
linked with improved quality of life

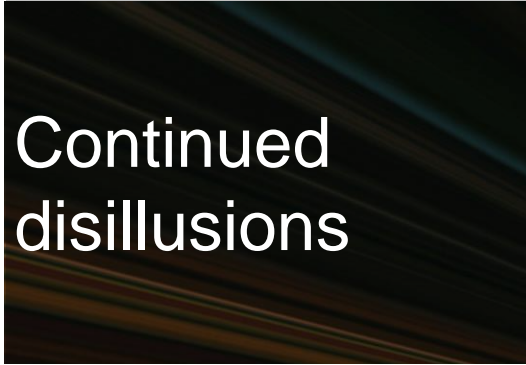


Generational nuances aside, the underlying emotional drivers **REMAIN CONSISTENT AND RELEVANT**

# After a strong(er) Q4-24, market sentiment started declining, then further worsened after “Liberation Day”




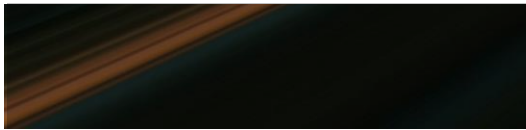
# **NOW**—Luxury market is undergoing a situation of **more complex turbulence across multiple axes**



## Continued disillusions


**Market advocacy declines**, particularly among **younger generations**

**Brands struggle** to recalibrate the **price-to-value** equation



## Pressured distribution

**Key trade players** (brick-and-mortar and online pure players) **prioritize debt stabilization and cash position** while restructuring operations




## Tougher creativity game

**Strained innovation** across industries


Ongoing **merry-go-round of creative teams**

**Shifting identities** impacting **recurring consumers**



## Growing scrutiny

News putting **luxury supply chains under tighter scrutiny**, trade wars amplifying headlines





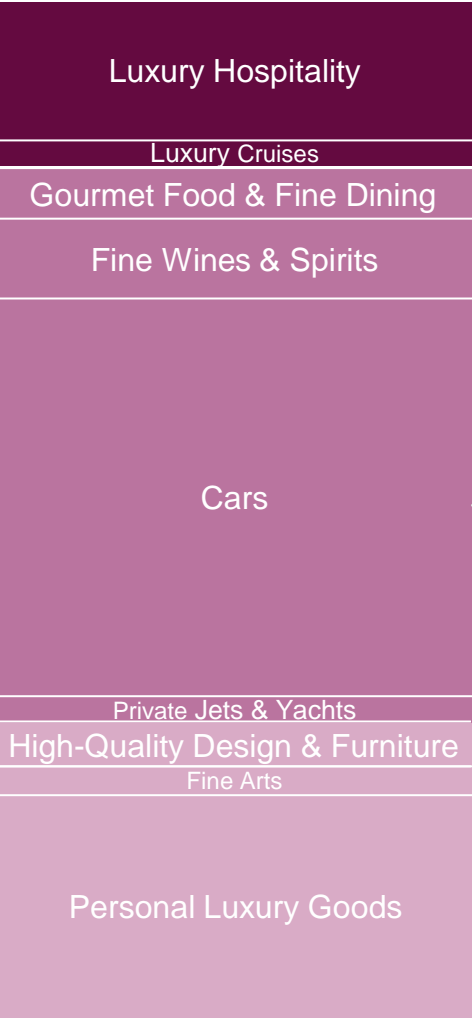
# Experiential goods continue outpacing tangibles—current trading on slight inflection

TOTAL  
(€B, 2024) ~1,478

Following a -3/-1% YoY last year (percentage | 2024 vs. 2023)

↑ → ↓ Current exch. rate trend Q1-25E vs. Q1-24

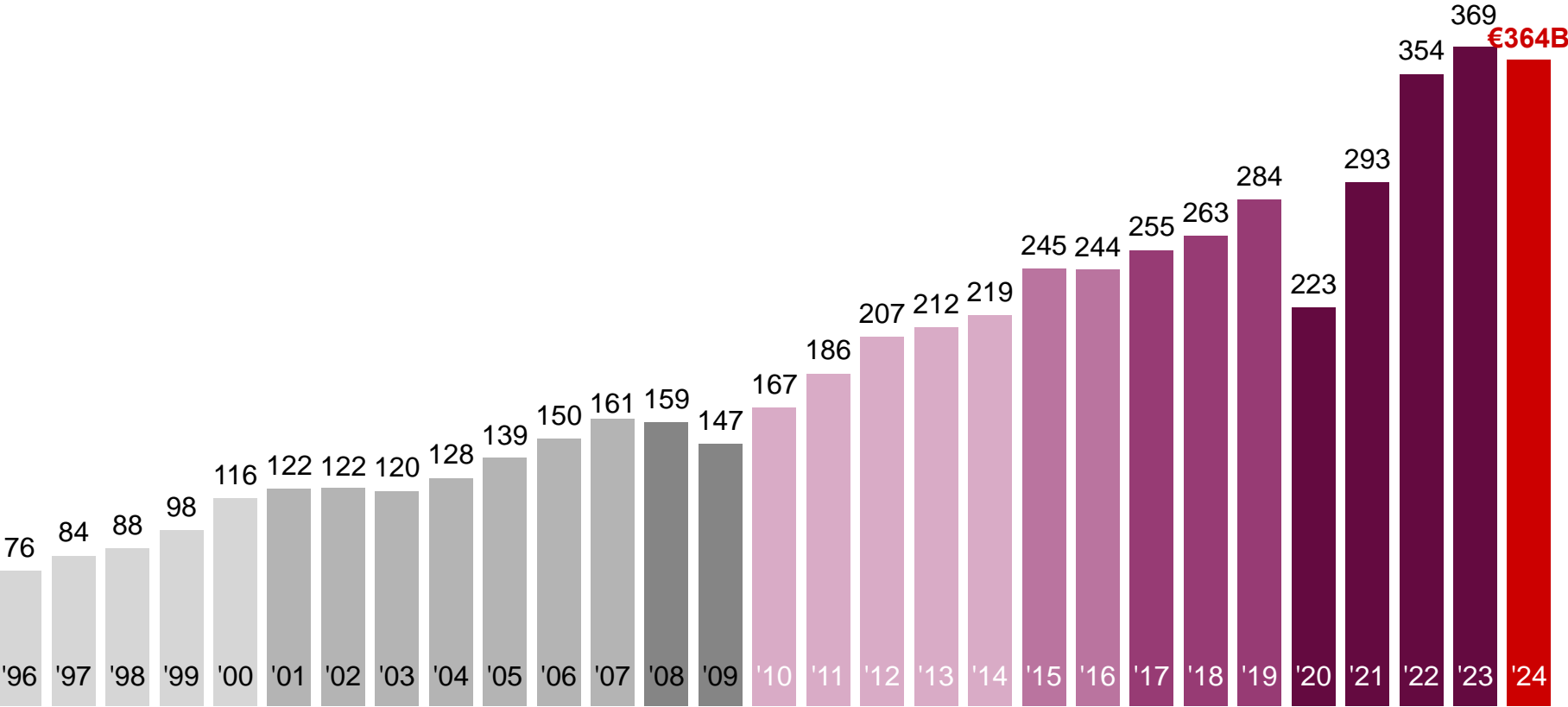
EXPERIENCES  
EXPERIENCING GOODS  
PERSONAL GOODS



LUXURY HOSPITALITY	
LUXURY CRUISES	
FINE DINING GOURMET FOOD	
FINE WINES & SPIRITS	
CARS	
PRIVATE JETS & YACHTS	
HIGH-QUALITY DESIGN & FURNITURE	
FINE ARTS	
PERSONAL LUXURY GOODS	

- Surge of **exclusive personalized experiences**, with **stabilizing occupancies** and **growing stay rate**
- Continued shift toward **slower, more immersive journeys on smaller ships**
- Lasting appeal for **curated experiences** amid new dining patterns
- Sustained** demand to re-create **restaurant experience** at home
- Overall **stagnant demand** amid **shifting drinking preferences**
- Continued differential segment-performance**: uber-luxury polarized across brands; aspirational suffering
- Strong order backlog sustaining demand**, while chartering boom nurtures new order intake
- Gradual stabilization**, sustained by **contract business** (mostly on hospitality), and favorable comparable rates
- Sluggish start of year for both auctions and private market**, though signs point to a return to normal
- Macroeconomic pressures** and **price fatigue** weighting on demand, although with **significant polarization across brands**

# Personal luxury goods: first slowdown in 15 years (excl. Covid) after the Great Recession



“Sortie du temple”

Democratization

Crisis

Chinese Acceleration

Reboot

New Normal

Covid-19 & Rebound

Elevation

2023–2024 YoY

Current  
exch. rates **-1%**

Constant  
exch. rates **0%**

1996–2019 CAGR

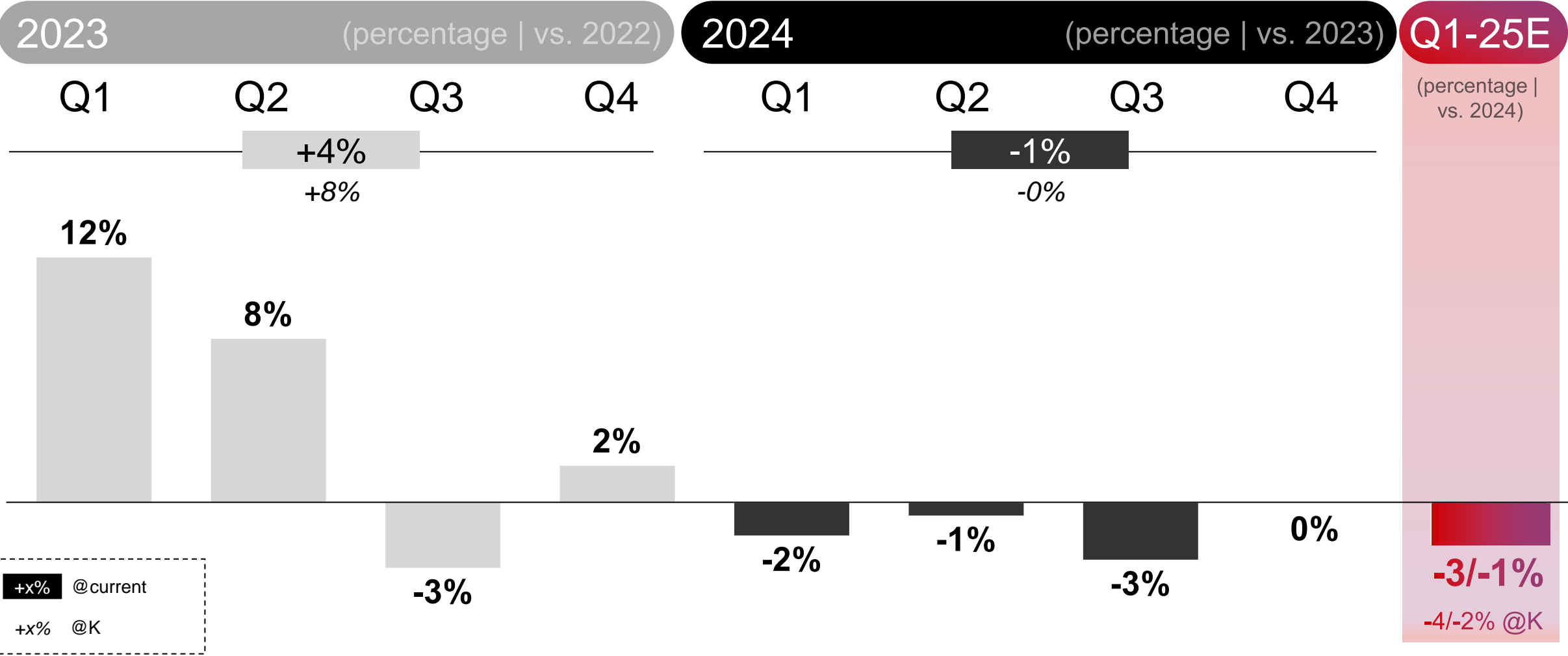
**+6%**

2019–2024 CAGR

**+5%**

# Macroeconomic pressures and price fatigue weighting on consumer demand in the first quarter of the year

Luxury goods market evolution by Quarter



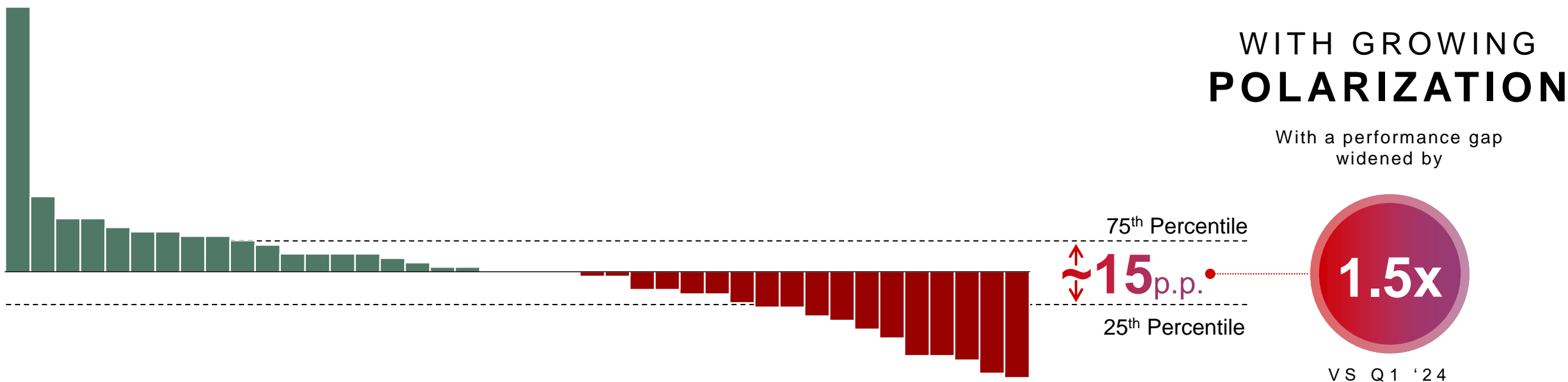


Q1-25E

# Still, market average masks a sharp (and growing) **polarization among different players' performances**

## Q1 2025 | **REVENUE GROWTH FOR SELECTED LUXURY BRANDS**

(Percentage YoY Sales growth | Q1 '24–Q1 '25 | Values @current exchange rates, in € terms)



SAME BRANDS OUTPERFORMING

**~65-70%**

WINNERS ARE THE SAME AS LAST YEAR'S

ONLY FEW SLOWING DOWN MORE

**~20-30%**

OF BRANDS REDUCING THEIR GROWTH PACE VS. Q1-24

Q1-25E

## PERSONAL LUXURY REPORTING GROWTH HEADWINDS

Q1-25E vs. Q1-24

**-3/-1%**

@K: -4/-2%

WITHIN A COMPLEX & VOLATILE  
MACROECONOMIC SCENARIO

Consumer  
confidence  
sharply down



(CCI<sup>1</sup> as of May '25  
vs. Oct '24)

GDP<sup>2</sup>  
inflecting vs.  
previous  
expectations



US and China  
slowing down



Other countries on  
different trajectories

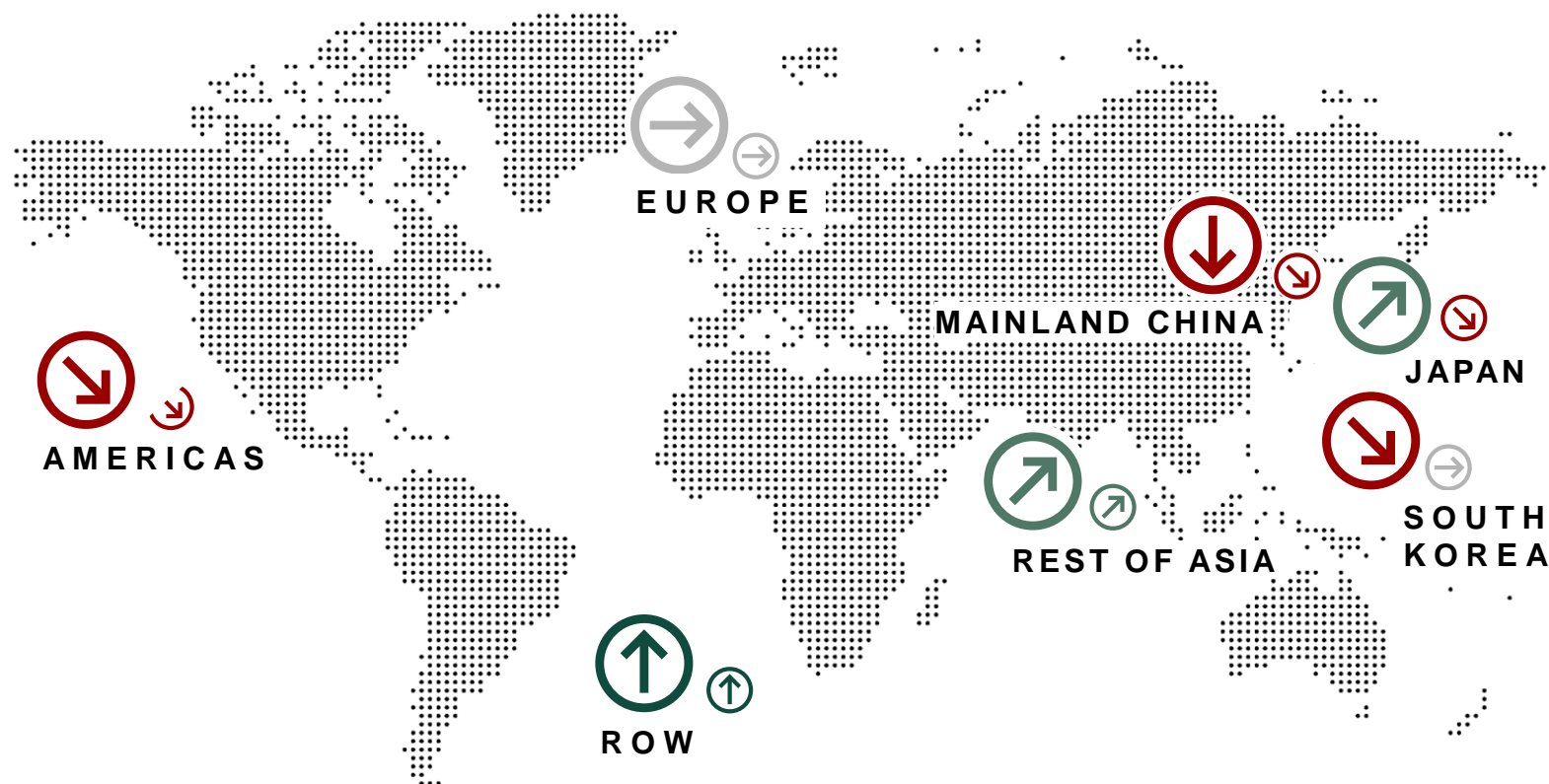


<sup>2</sup>Negative arrow indicates a slowdown in GDP growth,  
positive arrow an acceleration

## Q1-25E suffering: Mainland China under pressure, US still negative, Europe and Japan slowing down

**Personal luxury goods market**-Quarter-on-quarter growth trend by region

(Percentage growth | Q1-25E vs. Q1-24 and Q2-25F vs. Q2-24 YTD)



Real term trend Q1-25E vs. Q1-24    YTD Q2-25F (Apr/mid-Jun)

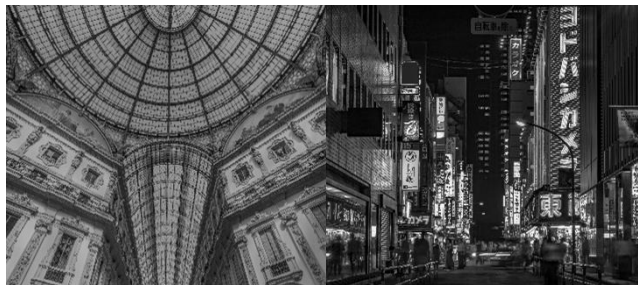
Notes: (1) CCI stands for Composite Consumer Confidence Index; (2) Data as of June 2025, referring to 2025E vs. 2024; @K = Growth at constant exchange rates  
Source: Bain elaboration on IMF, World Bank, OECD Data

# A game of pairs: waltz of regions at play



## US AND CHINA

Twin giants, parallel pains



## EUROPE AND JAPAN

Tourism slowing, locals under the spotlight



## MIDDLE EAST, LATAM & REST OF APAC

(New) luxury lifelines still holding

## SAME RULES, NEW EXPECTATIONS



**Multigenerational**  
complexities  
**skyrocketing**



A new luxury **value**  
**equation** under  
**negotiation**



Emerging **local**  
**brands** filling the  
**void**



**Multi-brand** facing  
the **edge** for  
**re-invention**

# The two giants are bruised but not broken: pressured consumption – but with glimmers of hope over the horizon

## TRANSVERSAL DYNAMICS

Continued **market headwinds** across months

### US

**US facing monthly swings**

(Percentage growth of luxury card spending in US | MoM growth '25 vs. '24 )



Facing a **complex macroeconomic** landscape

**TARIFF-INDUCED VOLATILITY IMPACTING CONSUMER WILLINGNESS TO SPEND**

But with **some bright(er) signals** over the horizon

**Accessible luxury brands** on the spot  
**Positive traction** within outlets  
**High-spending customers** still resilient

### CHINA

Momentum **still negative**

**SIX<sup>TH</sup>**

Consecutive quarter of **negative growth**

But market is **still above pre-pandemic**

**~+15€B**

Additional market value 2024 vs. 2019

**MIDDLE CLASS IN THE MIDST OF WAIT-AND-SEE STANCE**

**New local luxury brands**

**Essentials** outperforming

**Outdoor craze** and experiences

And a wide **untapped potential** to exploit

**0.5x**

Luxury buyers' penetration on addressable population vs. US market

# Tourism slowing down, resilience from locals

## TRANSVERSAL DYNAMICS

Tourism softening sharply  
through months

Global Blue

While **locals** show different levels of  
resiliency

### EUROPE

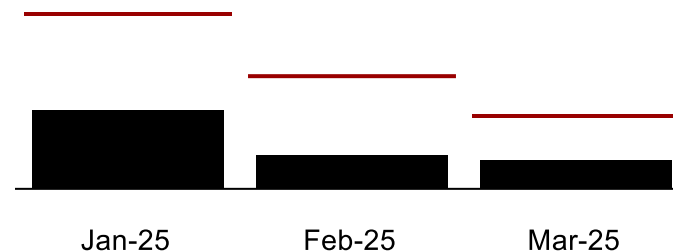
Keeping momentum  
despite USD swings

(Tourists sales growth vs. '24 | percentage)

Q1-25



■ Global ■ US American



**RTW and Jewelry** as top categories



**“Ethically priced”** items outperforming



**Destination locations** outpacing top-tier streets

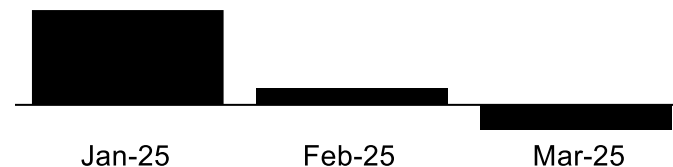
### JAPAN

On a continued  
softening path, as  
tourism slows down



**~80p.p.**

Change in YoY  
growth pace from  
Jan-25 to Mar-25



**Limited editions** keeping brand heat



Growth at the extremes: **Beauty** and **Jewelry** keeping momentum



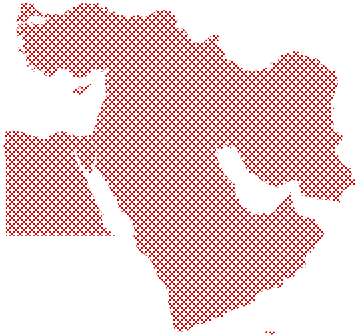
Growing interest for **secondhand luxury**



(NEW) LUXURY LIFELINES STILL HOLDING

# New markets leading growth: GCC consolidating as cross-national hub, LATAM on the verge, Southeast Asia on the right track

## MIDDLE EAST



## LATIN AMERICA



## SOUTHEAST ASIA



↑ → ↓ Real term trend Q1-25E vs. Q1-24

## STILL ROARING

**UAE outgrowing** fueled by hyper-tourism

**Positive momentum** in Qatar and Bahrain

**Unmatched growth promises** in Saudi

**Kuwait** on a more cautious path



Consumer confidence



Touristic net flows West Europeans | Americans

## GROWING LOCALS

**Growth**, supported by **widening footprint**, and **limited tourist outflows** toward US

**Mexico outperforming** throughout urban cities and **resort** locations, **Brazil following**



Consumer confidence



Touristic net flows Reduced outflows toward US

## RENEWED FLOWS

**Singapore** and **Indonesia** leading growth, **Philippines** and **Vietnam** following, **Thailand** more **polarized**

Growing inflows of (East-)European tourists driving demand hotspot in new luxury resorts



Consumer confidence



Touristic net flows Russians | Americans



# Generational complexities unfolding, seeking for emotional re-engagement

## SPENDING PATTERNS

## LEVERS TO WIN BACK

GEN Z



Shifting toward  
**contemporary**  
insurgents

**~40%**

**Creativity** injections  
and **excitement-echo**  
from new collections

GEN Y



Reducing due  
to **financial**  
concerns

**~50%**

**Refreshed** brands'  
**experientiality** and  
differentiated **value**  
**propositions**

GEN X  
and older



Pivoting  
toward  
experiences

# Dichotomous tensions within Gen Z



**>30%**

**I am my  
own muse**

NEED FOR  
**SELF-  
EXPRESSION**

NICHE-ORIENTED

INSURGENT-LED

OWN STORYTELLING

INCLUSIVITY

RECOGNIZABILITY

BRAND HEROES

SOCIAL PROOF

COMMUNITY-DRIVEN

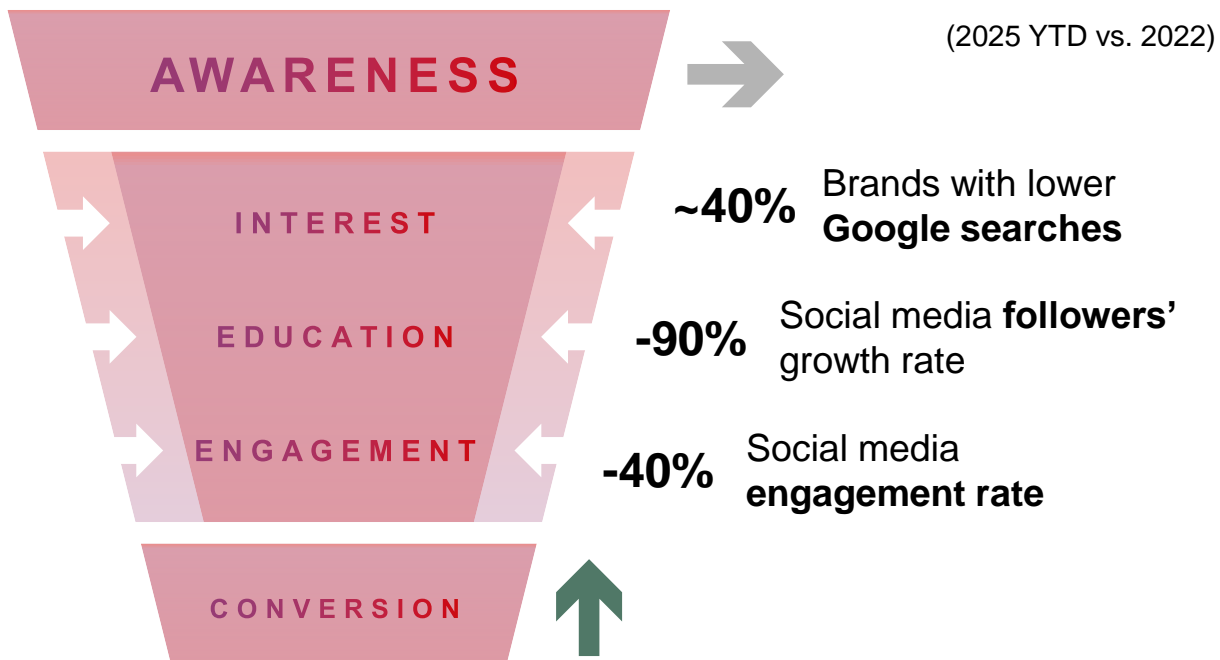
DESIRE FOR  
**CONFORMITY**



**>35%**

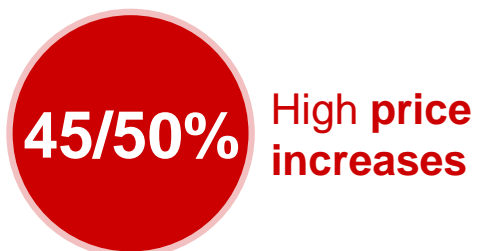
**Social media**

# Last years' strategies have **resulted** in **sharp consumer alienation**



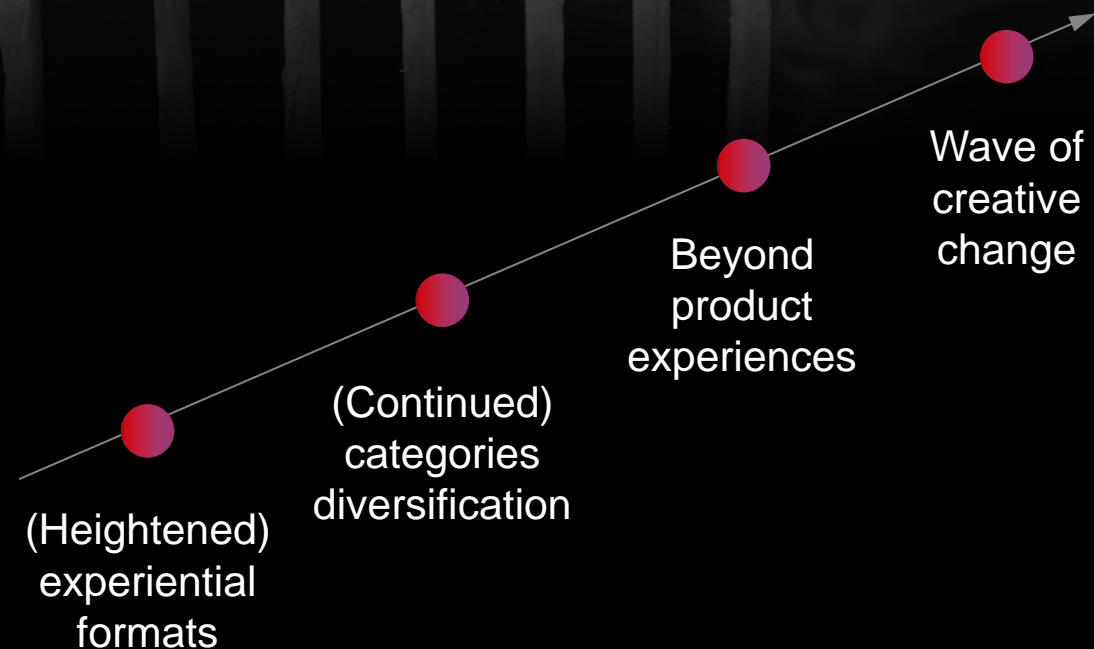
## ON ACCOUNT OF

(Percentage of consumers mentioning the reason for detachment)



# But brands have started efforts to nurture desire

Brands' actions over time



? How long will it take to see the  
**comeback?**

# Category-wide downturn, **true high-low** as a driver of **resiliency**



## KEEPING MOMENTUM



Jewelry



Apparel



Eyewear

**Polarization between aspirational and uber-luxury pieces**



## UNDER CONTRASTING FORCES



Fragrances



Skincare



Make-up

**Fragrances leading** through **premiumization**, dichotomic trends within **cosmetics**



## CONTINUED DOWNTURN



Watches



Leather

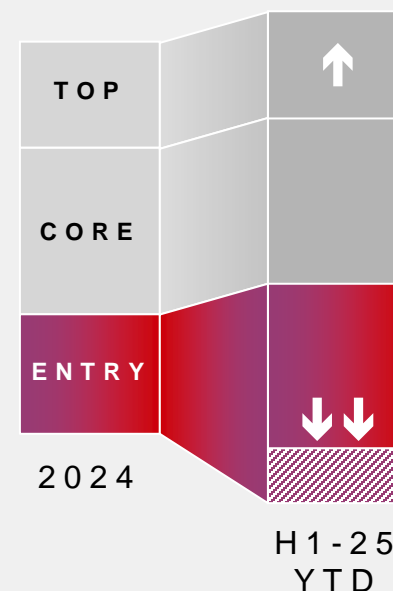


Footwear

**Diffused decline, traction only on creativity-led newness**

**A subtle entry-price downshift** is taking place, to be **supported by creativity**

## PRICE ARCHITECTURE EVOLUTION



**~2-3%**

Generalized YTD price increase across categories

**25-30%**

Of brands reinforcing entry prices

**NEW ENTRY** ITEMS CAPTURING **HIGH INTEREST** WHEN **FEATURING**

**True newness** rather than scaled-down versioning of icons  
**Unique brand point of view** rather than blend-in to trends

# Increasing competitive pressures from new (localized) entrants as market leaders' value proposition fails to intercept consumers' quests

Cross-  
generational  
reshape of  
value system

Growing local pride

Quest for authenticity

Uncovered generational needs

Weakened brand identities

Converging narrative & aesthetic

Unclear brand positioning

Brands'  
value  
proposition  
weakening

**Local luxury brands  
IN THE EAST**

←  
Blending regionally relevant aesthetics  
with global luxury playbooks

**WHITE SPACE FOR  
NEW ENTRANTS  
TO CATER TO  
UNMET SPOT OF  
DEMAND**

**New global insurgents  
IN THE WEST**

→  
Bringing strong product value  
proposition at affordable price points

# Multi-brands in need to **structurally** redefine their value proposition to better serve new consumer needs

Pressured  
mono-brand



Normalized  
direct online



**Challenged multi-  
brand environments**  
(dept. & speciality stores, e-tailers)



Growing  
outlet



Rising  
secondhand



## KEY ROLE FOR CUSTOMERS

**80+%**

Customers still willing to  
purchase within **multi-  
brand environments**  
(either physical or digital)

## BUT BRANDS ARE **MOVING AWAY**

**>70%**

Brands **capping volumes** for the  
channel  
Consensus of ~50 luxury executives

How can multi-brand players

**drive and capture demand on behalf of brands**

with a **sustained profitable formula?**

### GO-TO-CLIENT

Widen **addressable  
audiences** for **brands**

*building on deep captive and broad  
customer bases*

### OFFER ARCHITECTURE

Support (**emerging**) brands  
in building **iconicity**

*alongside established heroes of market  
leaders*

### SERVICES PORTFOLIO

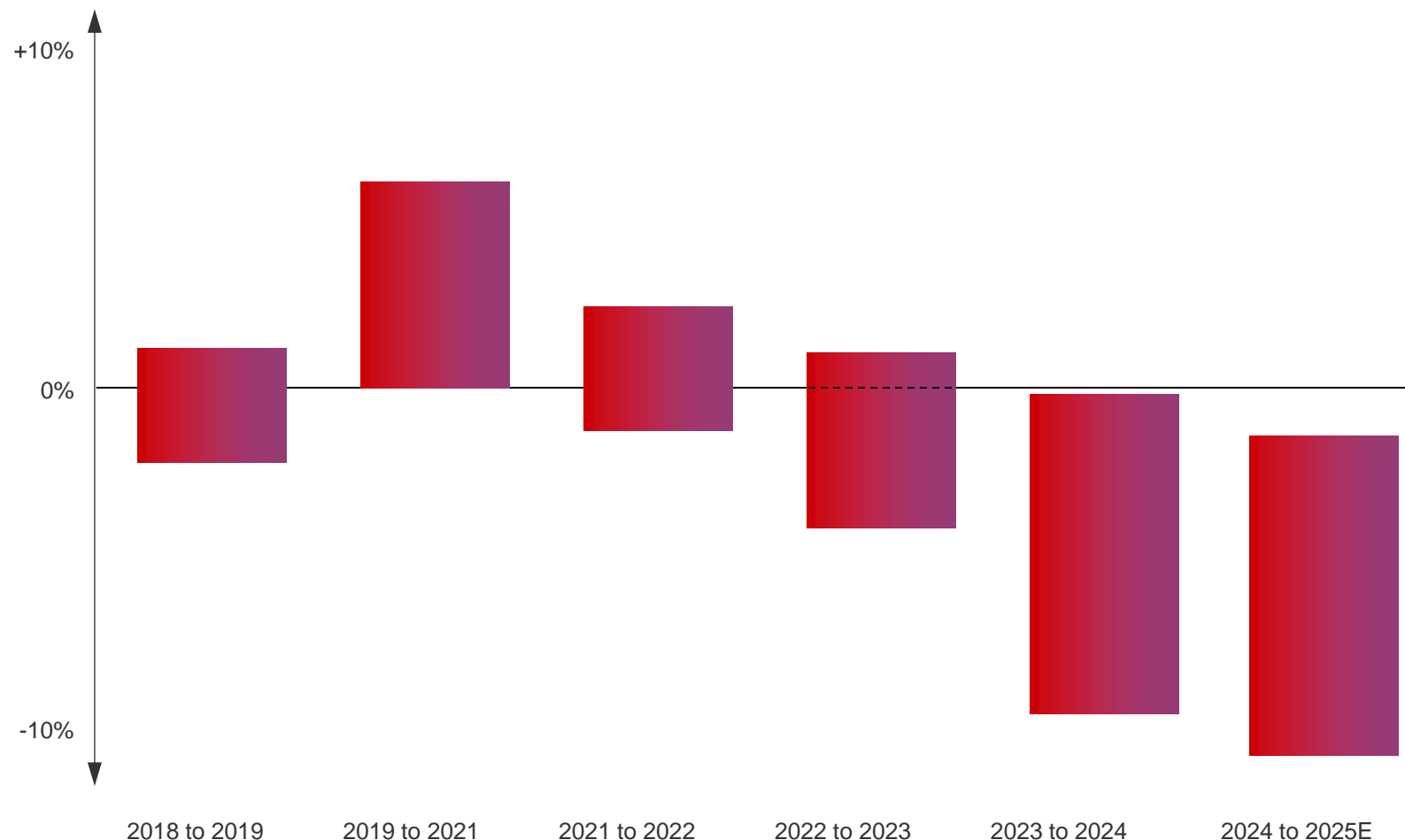
Deliver **excellence** across  
the **customer journey**

*leveraging an unparalleled service culture*



# Pressured profits across the board, for both winners and losers

EBIT MARGIN CHANGE ( $\Delta$ p.p. | 2018-2025E)



Sources: Bain elaborations on annual reports, analyst reports

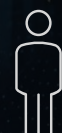
But a **long-term investment mindset** must remain a priority



Transformative tech (incl. Gen AI)



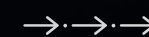
Supply chain upgrade



Clienteling 4.0



Martech and Pricetech

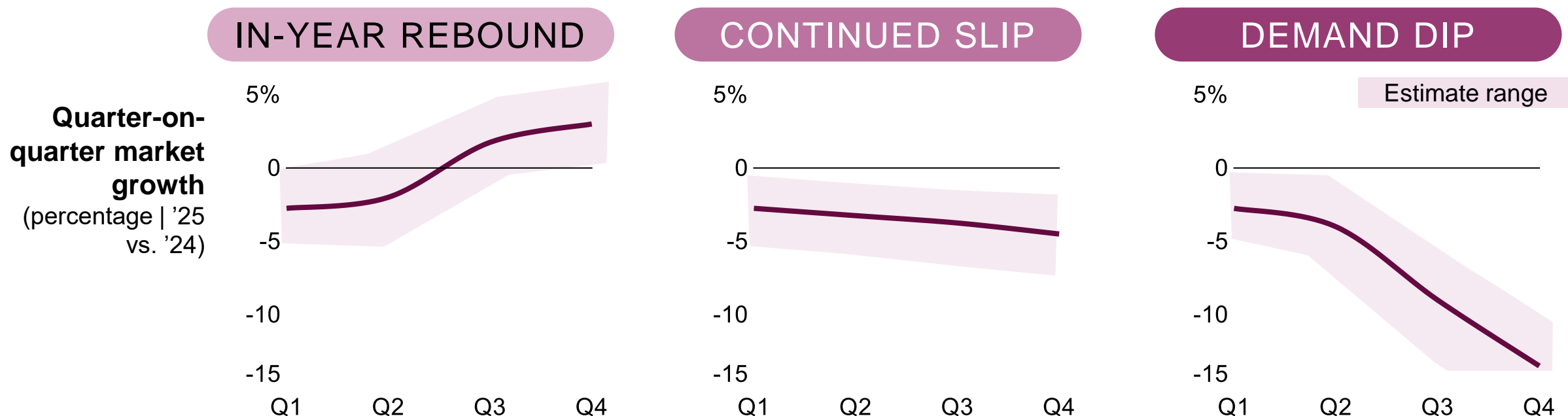


E2E process redesign



**For 2025**, we foresee three potential scenarios unfolding

## 2025 LUXURY MARKET TREND – SCENARIOS



Full-year  
market growth  
(percentage | '25 vs.  
'24)

**-2/2%**

**-5/-2%**

**-9/-5%**

Probability of  
occurrence

**~20%**

**~60%**

**~20%**

STRONG FOUNDATIONS,  
BUT RETHINK REQUIRED

# Fundamentals for long-term market growth remain strong

## GROWING ADDRESSABLE CONSUMER BASE

Growing addressable population

>300M

Additional target consumers  
in the next 5 yrs.

Next generations

>50%

O/w from Gen Z  
and Gen Alpha

## GROWING ADDRESSABLE WEALTH

Growing  
income worldwide

~3/4%

Avg. income  
growth

“New wealthy” through  
wealth transfers

~€30T

Globally

HNWIs growing  
at fastest pace

~20%

Growth in number  
of HNWIs

**But** demand needs to be addressed  
intentionally

Connect with

**EMERGING POOLS**

Reengage and build

**REASON WHY**

While avoiding incurring in  
dynamics **from the past**



**Hyper-focus on top customers**  
with cohorts **left behind**



Purchase feeling **transactional**,  
with **limited emotional connections**







STRONG FOUNDATIONS,  
BUT RETHINK REQUIRED

# Now or next

## *Where to put efforts and resources*

Some **key trade-offs** to **consider** to shape **business strategy**



VALUE PROPOSITION	 Build around <b>today's customer</b> expectations...	OR	...invest in what <b>tomorrow</b> will <b>value the most</b> ? 
CUSTOMER	 <b>Double down</b> on <b>loyal</b> audiences...	OR	...break out and <b>unlock new ones</b> waiting to be reached? 
PRODUCT	 <b>Iterate</b> recent <b>creativity</b> for <b>fast-paced</b> impact...	OR	...focus on <b>crafting the future</b> brand heroes? 

STRONG FOUNDATIONS,  
BUT RETHINK REQUIRED

In light of current volatility

# Long-term strategic guidelines are confirmed

How much is the game  
about supporting **short-term desire**, against  
shaping **long-lasting brand relevance** and  
**customer love**?



## Refocus on basics

Build lasting, high-quality products focused on content and creativity



## Foster relationships

Create meaningful connections, beyond transactional activations



## Favor reach over push

Expand toward untapped audiences, instilling desire and love over hype



## Deliver flawlessly

Create seamless end-to-end, customer-centric experiences

*Who  
ARE we?*

*What is our  
DNA?*

*Where do we  
BELONG?*

Where are we  
**legitimated** to  
play?

Who are our  
true **target**  
**personas**?

Which are the  
**untapped**  
**conversation**  
**territories** true  
to our brand?

What is our  
**differentiating**  
**value**  
**proposition**?

THANK YOU



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## Claudia D'Arpizio

**Partner, Bain & Company**

Leader, Global Fashion-Luxury Goods vertical



Claudia has spent almost 30 years advising multinational luxury and fashion clients on everything from strategy and new product development to innovation and organizational 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*.

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## 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:**

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## **Claudia D'Arpizio**

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

## **Federica Levato**

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

## **Andrea Steiner**

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

**For a copy of the study, please contact:**

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## **Press**

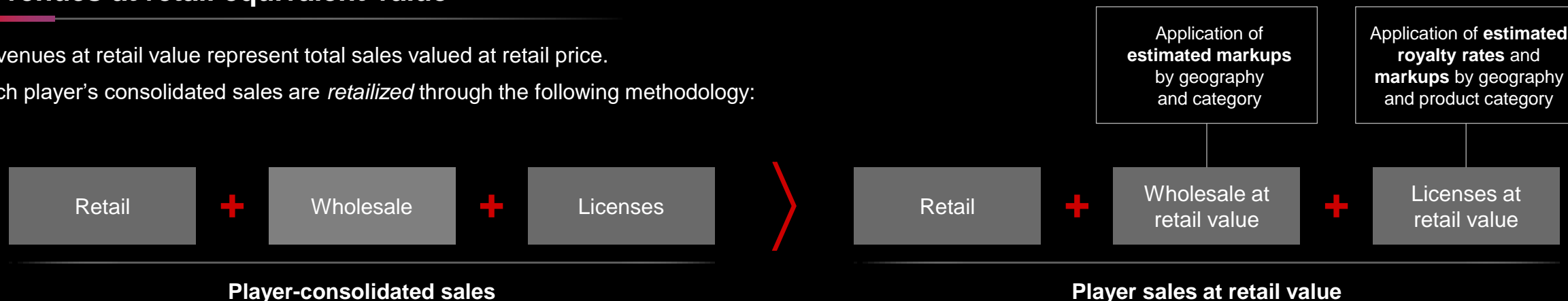
- Orsola Randi (Italy)  
[Orsola.Randi@bain.com](mailto:Orsola.Randi@bain.com) or +39 340 408 2256

# 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:



## 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

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