

CHAPTER 1: STUDY OVERVIEW 13

 Research Objectives 13

 Today’s affluent market is dominated by different generations at different life stages 13

 A generational shift in the luxury market is coming 14

Figure 1: Ages of Affluence..... 15

 Baby Boomers and older consumers represent three-fourths of today’s luxury market 15

Figure 2: Generations of Luxury 15

 In 2010 the leading edge of the Boomer generation will start to retire..... 15

 Key question for the study: What do the 40 and under luxury consumers want and how does it differ from the over 40 crowd? 16

 Luxury Marketers need insight to help them see ‘Over the Horizon’ 17

 Baby Boomers will still be an important segment of the luxury market through 2020 17

 Luxury marketers must bridge the generation gap to reach the GenXers and Millennials 17

 Qualitative Research Methodology 17

 Topics Discussed in Focus Groups..... 18

 Quantitative Research Methodology 19

Figure 3: Average Income Luxury Survey Samples 20

 Income of the Survey Sample 20

Figure 4: Income Distribution Survey Samples 21

 Younger consumers come from more prosperous family backgrounds..... 21

Figure 5: Financial Status of Family of Origin 21

 Age distribution of survey sample 22

Figure 6: Distribution of Age & Generations 22

 Income by age 22

Figure 7: Income by Age..... 23

 Gender of survey sample..... 23

 Marital status of survey sample..... 23

Figure 8: Marital Status by Age..... 24

 Number of people living in the household 24

 Home ownership 24

Figure 9: Home Ownership by Age..... 25

 Where they live 25

 Ethnic diversity 25

Educational levels	26
<i>Figure 10: Educational Levels by Age</i>	26
Generational differences not exclusive to age, but associated with age	26
Life stage plays a major part in the luxury consumer market, helping explain what luxury consumers buy and how much they spend.....	27
<i>Figure 11: Life Stage Changes by age</i>	28
Different life stages bring different priorities in spending	28
CHAPTER 2: ABOUT THE GENERATIONS & THEIR SPENDING ON LUXURY	30
Younger luxury consumers spend more on luxuries	30
<i>Figure 12: Spending on Luxury by Generations</i>	30
Equal levels of income but higher levels of spending.....	31
The young affluents out-spent the older consumers in all luxury goods categories	31
<i>Figure 13: Total Spending on Home, Personal, Automobile and Experiential Luxuries 2005 & 2006 by age</i>	32
Spending on luxury experiences is about equal for both generations	32
Younger luxury consumers are invested heavily in all aspects of their luxury lifestyle – Older luxury consumers focus more on the experiences.....	33
Younger consumers spent more on home luxuries	33
<i>Figure 14: Total Spending Home Luxuries 2005 & 2006 by age</i>	34
Younger consumers spent 31 percent more on personal luxuries in 2006.....	34
<i>Figure 15: Total Spending on Personal Luxuries & Automobiles 2005 & 2006 by age</i>	35
The generations spent about the same on experiential luxuries in 2006.....	35
<i>Figure 16: Total Spending on Experiential Luxuries 2005 & 2006 by age</i>	36
About Luxury Pleasures and Satisfactions.....	36
<i>Figure 17: Share of Luxury Budgets by age</i>	37
Older luxury consumers obtain greatest luxury pleasure from things they do, while younger consumers gain more pleasure from material things.....	37
<i>Figure 18: Where Luxury Consumers Get Greatest Satisfaction & Happiness by age</i>	37
GENERATIONAL TREND #1: TWO DEFINITIONS OF LUXURY.....	38
One word — Luxury — with two totally different meanings.....	39
<i>Figure 19: Definitions of Luxury by age</i>	39
Consumers express their definition of luxury	39
How luxury consumers define the materialistic side of luxury.....	40
How luxury consumers define luxury as an experience.....	40
The Luxury of Jewelry vs. The Luxury of Travel.....	41
Implications of Trend #1 for Luxury Marketers	42

GENERATIONAL TREND #2: ACQUISITION VS. DISPOSITION..... 43

Older Luxury Consumers Own More of the ‘Good Things’ in Life 43

Figure 20: Luxury Consumers' Luxury Toys by age..... 44

Implications of Trend #2 for Luxury Marketers 44

CHAPTER 3: ABOUT THE GENERATIONS & WHY THEY BUY LUXURY..... 47

Luxury Consumers Just Want to Have Fun, Regardless of Age..... 47

Figure 21: Why People Buy Luxury..... 47

Index where the average is 100 shows how specific motivations rank in the consumers’ value system 48

Figure 22: Index of Motivators Ranked Extremely Important 48

Putting Motivational Research Findings to Work..... 49

How Luxury Consumers Describe their Motivation for Luxury..... 50

All luxury consumers are motivated toward luxury for pleasure and enjoyment 50

What influences the generations to buy home luxuries..... 51

Influencers on home luxury purchases differ by age 52

Figure 23: Influencers of Home Luxury Purchase..... 52

Young affluents are more influenced by several key factors that home luxury marketers can control 53

What influences the generations to buy luxury automobiles 53

Figure 24: Influencers of Luxury Automobile Purchases 54

What influences the generations to buy personal luxuries 54

Figure 25: Influencers of Personal Luxury Purchases 55

 Which comes first when shopping for personal luxuries — The store or the product brand? That depends on the target consumers’ age..... 55

What influences the generations to buy experiential luxuries..... 56

Figure 26: Influencers on Experiential Luxury Purchases 57

Experiential luxury marketers have to approach the younger luxury consumers differently that the older luxury consumers 57

Role of exclusivity in the luxury market..... 57

Status and the Luxury Generations — Status Defined..... 60

Americans tend to reject the notion of ‘Status’ and take an ‘Anti-Status’ point of view 60

Luxury consumers’ attitudes about status investigated..... 61

Figure 27: Attitude Statements about Status..... 63

Personalities of Status 64

Figure 28: Personalities of Status..... 64

Consensus Connie Goes Along with the Status Quo 65

Sarah the Status Seeker Places a Priority on Prestige 66

Quality Magnet Martha Is Driven to Buy the Best 67

Anti-Status Andy Rejects the Trappings of Status..... 68

Lifecycle of Luxury Brands’ Status Tied to Consumers’ Age..... 68

Figure 29: Status Personalities by Age..... 69

Figure 30: Status Attitudes Most Associated with Younger Luxury Consumers 70

Figure 31: Anti-Status Attitudes Most Closely Associated with Older Luxury Consumers 71

GENERATIONAL TREND #3: STATUS VS. ANTI-STATUS..... 71

 Anti-Status Attitude Is Taking Hold 71

 Implications of Trend #3 for Luxury Marketers 73

 Maintaining luxury consumers’ desire for status through the acquisition of luxury is good for luxury marketers 73

CHAPTER 4: THE GENERATIONS AND HOME LUXURIES..... 75

 In 2006 young affluents purchased luxury electronics, kitchenware and cookware and tabletop more actively 75

Figure 32: Home Luxury Purchase Incidence by age 2005 & 2006..... 75

Figure 33: Spending on Home Luxuries by age, 2005 & 2006..... 76

 Why Younger Luxury Consumers Buy More Home Luxuries 77

Figure 34: Indoor Luxury Home Appointments by age..... 78

Figure 35: Outdoor Home Luxuries by age 79

 Young Affluents Undertake More Home Changes 79

Figure 36: Home Changes in Past Year by age..... 79

 Primary Influencers on Consumers’ Luxury Home Purchases 80

 Art & Antiques — Purchase Detail by Age 80

 Type of Art & Antiques Bought..... 81

Figure 37: Type of Art & Antiques Bought by age..... 81

 Where Art & Antiques Were Purchased..... 82

Figure 38: Where People Bought Art & Antiques by age 82

 Art & Antiques Brand Purchase 83

Figure 39: Art & Antiques Brand Purchase by age..... 83

 Art & Antiques Purchase Influencers..... 84

Figure 40: Art & Antiques Purchase Influencers by Age..... 84

 Electronics — Purchase Detail by Age 84

 Type of Electronics Bought..... 85

Figure 41: Type of Electronics Bought by age..... 85

 Where Electronics Were Purchased 85

Figure 42: Where People Bought Luxury Electronics by age..... 85

 Electronics Brand Purchase..... 86

Figure 43: Electronics Brand Purchase by age..... 86

Electronics Purchase Influencers.....	87
<i>Figure 44: Electronics Purchase Influencers by age.....</i>	87
What Makes Electronics Luxurious	87
Luxury Furniture, Lamps and Floor Coverings — Purchase Detail by Age.....	90
Type of Furniture, Lamps and Floor Coverings Bought	91
<i>Figure 45: Type of Furniture, Lamps and Floor Coverings Bought by age</i>	91
Where Furniture, Lamps and Floor Coverings Were Purchased	91
<i>Figure 46: Where People Bought Furniture, Lamps and Floor Coverings</i>	91
Furniture, Lamps and Floor Coverings Influencers.....	92
<i>Figure 47: Furniture, Lamps and Floor Coverings Influencers</i>	92
What Makes Home Furnishings Luxurious.....	92
Garden & Outdoor — Purchase Detail By Age	94
Type of Garden and Outdoor Luxuries Bought.....	94
<i>Figure 48: Type of Garden and Outdoor Luxuries Bought by age</i>	94
Where Garden and Outdoor Luxuries Were Purchased	95
<i>Figure 49: Where People Bought Garden & Outdoor Luxuries.....</i>	95
Garden and Outdoor Luxuries Influencers	95
<i>Figure 50: Garden & Outdoor Luxuries Influencers.....</i>	95
Luxury Home Decor Fabrics, Wall & Window Coverings — Purchase Detail by Age.....	96
Type of Home Decor Fabrics, Wall and Window Coverings Bought.....	96
<i>Figure 51: Type of Home Decor Fabrics, Wall and Window Coverings Bought by age</i>	96
Where Fabrics, Wall and Window Coverings Purchased.....	97
<i>Figure 52: Where People Bought Home Decor Fabrics, Wall and Window Coverings.....</i>	97
Fabric, Wall and Window Coverings Influencers	97
<i>Figure 53: Fabric, Wall and Window Covering Influencers</i>	97
Kitchen Appliances, Bath & Building Products — Purchase Detail by Age.....	98
Type of Kitchen Appliances, Bath & Building Products Bought.....	98
<i>Figure 54: Type of Kitchen Appliances, Bath & Building Products Bought.....</i>	98
Where Kitchen Appliances, Bath & Building Products Were Purchased	99
<i>Figure 55: Where People Bought Kitchen Appliances, Bath & Building Products.....</i>	99
Kitchen Appliance, Bath & Building Products Purchase Influencers	99
<i>Figure 56: Kitchen Appliance, Bath & Building Products Influencers</i>	99
What Makes Kitchen Appliance, Bath & Building Products Luxurious.....	100
Kitchenware, Cookware, Bakeware, Cooks’ Tools — Purchase Detail by Age.....	101
Type of Kitchenware, Cookware, Bakeware, Cooks’ Tools Bought	101
<i>Figure 57: Type of Kitchenware, Cookware, Bakeware, Cooks’ Tools Bought.....</i>	101
Where Kitchenware, Cookware, Bakeware, Cooks’ Tools Were Purchased	102
<i>Figure 58: Where People Bought Kitchenware, Cookware, Bakeware and Cooks’ Tools</i>	102
Kitchenware, Cookware, Bakeware, Cook’s Tools Purchase Influencers	102
<i>Figure 59: Kitchenware, Cookware, Bakeware, Cooks’ Tools Influencers.....</i>	102
Linens & Bedding — Purchase Detail by Age	103
Type of Linens & Bedding Bought	103
<i>Figure 60: Type of Linens & Bedding Bought by age.....</i>	103
Where Linens & Bedding Were Purchased.....	104
<i>Figure 61: Where People Bought Linens & Bedding by age</i>	104

Linens & Bedding Purchase Influencers	104
<i>Figure 62: Linens & Bedding Purchase Influencers</i>	104
Tabletop — Purchase Detail by Age.....	105
Type of Tabletop Bought.....	105
<i>Figure 63: Type of Tabletop Bought by age</i>	105
Type of Crystal/Glassware Bought by Age.....	105
<i>Figure 64: Type of Crystal/Glassware Bought by age</i>	106
Type of Dinnerware Purchased	106
<i>Figure 65: Type of Dinnerware Purchased by age</i>	106
Type of Silverware/Flatware Purchased.....	107
<i>Figure 66: Type of Silverware/Flatware Purchased by age</i>	107
Where Tabletop Products Were Purchased	107
<i>Figure 67: Where People Bought Tabletop by age</i>	107
Tabletop Brand Purchase.....	108
<i>Figure 68: Tabletop Brand Purchase by age</i>	108
Tabletop Purchase Influencers	109
<i>Figure 69: Tabletop Purchasers Index</i>	109
Overview of Home Products Favored by the Young Affluents	109
Art & Antiques	109
Electronics	110
Furniture, Lamps & Floor Coverings	110
Garden/Outdoor.....	110
Home Decor Fabrics, Wall & Window Coverings.....	110
Kitchen Appliances, Bath & Building Products.....	110
Kitchenware, Cookware, Bakeware, Cooks’ Tools.....	110
Linens & Bedding	110
Tabletop.....	111
GENERATIONAL TREND #4 — BUYING FOR HOME VS. ACQUIRING LIFE’S EXTRAS....	112
<i>Figure 70: Overview Home Luxury Purchase Incidence by age, 2006</i>	112
Implications of Trend #4 for Luxury Marketers	114
Luxury consumers perceptions of ‘luxury’ changes over time	115
Spending on Experiences and Spending on Home Luxuries Are Correlated	118
<i>Figure 71:: Spending Trends on Home & Experiences, 2006</i>	118
CHAPTER 5: THE GENERATIONS AND PERSONAL LUXURIES.....	120
In 2006 young affluents purchased luxury clothing and fashion accessories more actively	120
<i>Figure 72: Personal Luxuries Purchase Incidence by age</i>	120
<i>Figure 73: Spending on Personal Luxuries by age, 2005 & 2006</i>	121
Primary Influencers on Consumers’ Personal Luxury Purchases	122
Clothing & Apparel — Purchase Detail by Age	123
Type of Clothing & Apparel Bought.....	123
<i>Figure 74: Type of Clothing & Apparel Bought</i>	123

Generations of Luxury Report

Where Clothing & Apparel Was Purchased.....	124
<i>Figure 75: Where People Bought Clothing & Apparel by age</i>	124
Clothing & Apparel Brand Purchase	124
<i>Figure 76: Clothing & Apparel Brand Purchase by age</i>	125
Clothing & Apparel Purchase Influencers	126
<i>Figure 77: Clothing & Apparel Purchase Influencers by Age</i>	126
What Makes Clothing & Apparel Luxurious	126
Fashion Accessories — Purchase Detail by Age	129
Type of Fashion Accessories Bought	130
<i>Figure 78: Type of Fashion Accessories Bought by age</i>	130
Where Fashion Accessories Were Purchased.....	130
<i>Figure 79: Where People Bought Fashion Accessories by age</i>	130
Fashion Accessories Brand Purchase	131
<i>Figure 80: Fashion Accessories Brand Purchase by age</i>	131
Fashion Accessories Purchase Influencers	132
<i>Figure 81: Fashion Accessories Purchase Influencers by age</i>	132
What Makes Fashion Accessories Luxurious.....	133
Fragrances and Beauty Products — Purchase Detail by Age	134
Type of Fragrances and Beauty Products Bought	135
<i>Figure 82: Type of Fragrance, Beauty Products, Cosmetics Bought by age</i>	135
Where Fragrance, Beauty Products, Cosmetics Were Purchased.....	136
<i>Figure 83: Where People Bought Fragrances and Beauty Products</i>	136
Fragrances, Beauty Products, Cosmetics Influencers.....	136
<i>Figure 84: Cosmetics and Beauty Products Influencers</i>	136
What Makes Fragrance, Beauty Products and Cosmetics Luxurious.....	137
Jewelry — Purchase Detail By Age	139
Type of Jewelry Bought	140
<i>Figure 85: Type of Jewelry Bought by age</i>	140
Type of Women’s Jewelry Bought.....	140
<i>Figure 86: Type of Women's Jewelry Bought by age</i>	140
Type of Men’s Jewelry Bought	141
<i>Figure 87: Type of Men's Jewelry Bought by age</i>	141
Material & Gemstones of Women’s Jewelry	142
<i>Figure 88: Material & Gemstones of Women’s Jewelry by age</i>	142
Material & Gemstones of Men’s Jewelry.....	142
<i>Figure 89: Material and Gemstones of Men's Jewelry Bought</i>	142
Where Jewelry Was Purchased	143
<i>Figure 90: Where People Bought Jewelry</i>	143
Jewelry Brand Purchase	144
<i>Figure 91: Jewelry Brand Purchase by age</i>	144
Jewelry Influencers.....	145
<i>Figure 92: Jewelry Influencers</i>	145
What Makes Jewelry Luxurious	146
Watches — Purchase Detail by Age	149
Type of Watches Bought.....	150
<i>Figure 93: Type of Watches Bought by age</i>	150

Type of Material of Formal/Dress Watches	151
<i>Figure 94: Material of Composition of Formal/Dress Watches Bought by Age</i>	151
Where Watches Were Purchased.....	152
<i>Figure 95: Where People Bought Watches</i>	152
Watch Brand Purchase	152
<i>Figure 96: Watch Brand Purchase by age</i>	152
Watch Influencers.....	153
<i>Figure 97: Watch Influencers</i>	153
What Make Watches Luxurious	154
Pet Products — Purchase Detail by Age.....	154
Where Pet Products Were Purchased	155
<i>Figure 98: Where People Bought Pet Products</i>	155
Wine & Spirits — Purchase Detail by Age.....	155
Type of Wine & Spirits Bought.....	156
<i>Figure 99: Type of Wine & Spirits Bought</i>	156
Pens & Writing Instruments — Purchase Detail by Age.....	156
Where Pens & Writing Instruments Were Purchased	157
<i>Figure 100: Where People Bought Pens & Writing Instruments by age</i>	157
Automobile — Purchase Detail by Age	157
Luxury Automobile Brand Purchase	158
<i>Figure 101: Automobile Brand Purchase by age</i>	158
Luxury Automobile Purchase Influencers	159
<i>Figure 102: Automobile Purchase Influencers</i>	159
Overview of Personal Luxury Products and Brands Favored by the Young Affluents	
.....	159
Clothing & Apparel Products & Brands.....	159
Fashion Accessories	160
Fragrances & Beauty Products	160
Jewelry.....	160
Watches	161
Wines & Spirits	162
Automobile Brands.....	162
GENERATIONAL TREND #5: WE-THINK VS. ME-THINK.....	162
<i>Figure 103: Marital Status by age (Current Population Survey)</i>	163
<i>Figure 104: Percentage of Married Couples by Age with Children</i>	164
Implications of Trend #5 for luxury marketers	166
GENERATIONAL TREND #6: BRAND LOYALTY VS. RETAILER LOYALTY.....	167
The Question of Brands.....	168
The Store as It Relates to Brands	171
More About the Luxury Shopping Experience	173
Implications of Trend #6 for Luxury Marketers	174
CHAPTER 6: THE GENERATIONS AND EXPERIENTIAL LUXURIES	177

In 2006 young affluents purchased entertainment, spa and beauty services and travel at a higher rate than the more mature luxury consumers 177

Figure 105: Experiential Purchase Incidence by age, 2006 and 2006..... 177

Figure 106: Spending on Experiential Luxuries by age, 2005 & 2006..... 178

Primary Influencers on Consumers’ Personal Luxury Purchases 179

Dining — Purchase Detail by Age 179

 Fine Dining Purchase Influencers 180

Figure 107: Fine Dining Purchase Influencers by Age 180

 More about Luxury Fine Dining..... 180

Entertainment — Purchase Detail by Age 181

 Entertainment Purchase Influencers 182

Figure 108: Entertainment Purchase Influencers by age 182

Home Services — Purchase Detail by Age..... 182

 Home Services Purchase Influencers 183

Figure 109: Home Service Influencers 183

Spa and Beauty Services — Purchase Detail by Age 183

 Spa and Beauty Purchase Influencers..... 184

Figure 110: Spa and Beauty Treatment Influencers by age..... 184

Travel — Purchase Detail by Age..... 184

 Type of Luxury Travel Bought..... 185

Figure 111: Type of Foreign Travel Bought by age 185

Figure 112: Type of Domestic Travel Bought by age 185

 Travel Purchase Influencers 186

Figure 113: Travel Purchase Influencers..... 186

 What Makes Travel Luxurious 186

GENERATIONAL TREND #7 — TIME IS ULTIMATE LUXURY VS. LIFE-CHANGING EXPERIENCES..... 193

 Implications of Trend #7 195

 The Internet Saves Time for Busy Luxury Consumers..... 196

Figure 114: Top Three Choices for Luxury Goods Shopping, 2006..... 198

 Internet Widely Used to Research and Purchase 199

Figure 115: Luxury Consumers' Use of the Internet..... 199

 Entertainment and Recreation Lead Internet Purchases 200

Figure 116: Kinds of Products and Services Bought on the Internet, 3Q2005..... 200

 Young Affluents Take to Lead the Internet Spending Pack 200

Figure 117: Average Spending on All Goods & Services over the Internet, 3Q2005, by age .. 200

 Time Spent Online..... 200

 Convenience and Comparison Shopping Are Key to the Appeal of Internet Shopping..... 201

Figure 118: Features Luxury Shoppers Consider Very Important for Using the Internet for Shopping by age..... 201

 Shipping and Handling Charges Discourage Luxury Internet Shoppers 202

 Luxury Consumers’ Attitudes about Internet Shopping 203

Figure 120: Attitudes of Luxury Shoppers about Internet Shopping by age..... 203

Young Affluents Have a More Technically-Enhanced Lifestyle	204
<i>Figure 121: Electronic Devices Owned by Luxury Consumers by age</i>	204
CHAPTER 7: GENERATIONS AND OTHER LIFESTYLE FACTORS.....	206
Majority of Luxury Consumers Trade Down – Not Up – to Luxury	206
<i>Figure 122: Likelihood to Purchase More Luxurious Offering by age</i>	206
Differences found between the age groups in the specific luxuries they are more likely to indulge in.....	207
<i>Figure 123: Likelihood to Purchase More Luxurious Home Offering by age</i>	207
<i>Figure 124: Likelihood to Purchase more Luxurious Personal Luxury Products by age</i>	207
<i>Figure 125: Likelihood to Purchase More Luxurious Experiences by age</i>	208
Young affluents are more bargain conscious when buying experiences.....	209
<i>Figure 126: Last Luxury Bought on Sale or at Discount by age</i>	210
Young affluents collect points and redeem rewards.....	210
<i>Figure 127: Member Loyalty Reward Programs by age</i>	211
<i>Figure 128: Average Amount Spent Buying Luxury by Members in Reward Program by age</i>	211
GENERATIONAL TREND #8 — FRUGAL VS. INDULGENT.....	211
Young Affluents Are Passionate About Getting More for Less.....	212
Implications for Trend #8 for Luxury Marketers	213
GENERATIONAL TREND #9 — NEW CASUAL VS. BUSINESS CASUAL	214
Implication of Trend #9 for Luxury Marketers	216
CHAPTER 8: THE “WANT-IT-ALL” GENERATIONS AND IMPLICATIONS FOR LUXURY MARKETERS	217
Today’s Young Affluents Are the ‘Want-It-All’ Generation.....	217
Key Trends that Distinguish the Young Affluents from Older Luxury Consumers ...	218
Generational Trend #1 — Two Definitions of Luxury: Material vs. Experiential.....	218
Implications of Trend #1 for Luxury Marketers.....	219
Generational Trend #2 — Acquisition vs. Disposition	219
Implications of Trend #2 for Luxury Marketers.....	220
Generational Trend #3 — Status vs. Anti-Status	220
Implications of Trend #3 for Luxury Marketers.....	221
Generational Trend #4 — Buying for Home vs. Acquiring Life's Extras.....	221
Implications of Trend #4 for Luxury Marketers.....	222
Generational Trend #5 — Generational Trend #5: We-Think vs. Me-Think	222
Implications of Trend #5 for luxury marketers	223
Generational Trend #6: Brand Loyalty vs. Retailer Loyalty.....	224
Implications of Trend #6 for Luxury Marketers.....	224
Generational Trend #7 — Time Is Ultimate Luxury vs. Life-Changing Experiences	225
Implications of Trend #7	226

Generations of Luxury Report

Generational Trend #8 — Frugal vs. Indulgent 227
 Implications for Trend #8 for Luxury Marketers 228
Generational Trend #9 — New Casual vs. Business Casual..... 229
 Implication of Trend #9 for Luxury Marketers 230