

Chapter 1: The Luxury Drought..... 7
 Study's Objectives: How Luxury Consumers Have Changed in the Current Economy 8
 Qualitative and quantitative research methodologies 9
Chapter 2: What the Data Tells about the Present – And Future – of the Luxury Market..... 10
 This Is the Luxury Drought..... 10
 Causes of the Luxury Drought..... 12
 The recession has had wide spread negative impacts on affluent consumers' incomes and lifestyles 13
 Figure 1: How current recession impacted one's financial situation 13
 Figure 2: Changes to personal financial situation 14
 Impact of economic crisis on affluents' wealth 15
 Figure 3: Changes in wealth past 12 months..... 15
 Affluent Consumer Confidence on the Rise and Luxury Consumer Spending Was Up Over Same Period Last Year 16
 Figure 4: Luxury Consumption Index..... 16
 LCI and its statistical correlation to luxury consumer spending 18
 Figure 5: LCI & Average Luxury Consumer Spending plus Correlation 18
 Luxury Consumers' Feelings of Financial Well-Being..... 21
 Figure 6: Feelings of Financial Well-Being 21
 Spending Trends on Luxury In Past Twelve Months 22
 Figure 7: Trends on Spending on Luxury in the Past Twelve Months..... 22
 Luxury Consumers' Future Spending Expectation 23
 Figure 8: Trends in Spending on Luxury in the Coming Twelve Months..... 23
 >> Luxury Marketers: Take Action..... 23
 Confidence in Financial Health of Country..... 24
 Figure 9: Financial Health of the Country 24
 Financial Prospects in Next Twelve Months..... 25
 Figure 10: Financial Prospects Next Twelve Months 25
 Investments and Savings in the Current Quarter..... 26
 Figure 11: Trends in Saving and Investing Now Compared with Twelve Months Ago..... 26
 Investments and Savings in the Coming Year..... 27
 Figure 12: Trends in Saving and Investing in Coming Twelve Months..... 27
 >> Luxury Marketers: Take Action..... 27
 Figure 13: Personal Consumption as Percentage of Overall Economy 28
 Total Luxury Purchase Incidence 29

Figure 14: Overall Luxury Purchase Incidence (All Affluent Consumers)..... 29

>>Luxury Marketers: Take Action..... 30

Luxury Consumers' Average Spending on Luxuries 31

Figure 15: Average Spending on Luxuries..... 31

>>Luxury Marketers: Take Action..... 34

Trends in Spending by Key Demographic Segments 35

Figure 16: Trends in Spending on Luxury by Demographic Segment (Age, Gender, Income)..... 35

Trends in Spending by Demographic Segments in Major Luxury Categories..... 36

Home spending by demographic segment 36

Figure 17: Home Luxury Spending Trends by Demographic Segment..... 36

Personal spending by demographic segment 37

Figure 18: Personal Luxury Spending Trends by Demographic Segment..... 37

Experiential spending by demographic segments..... 38

Figure 19: Experiential Luxury Spending Trends by Demographic Segment 38

Prospects for the Luxury Market in Future 39

Chapter 3: Luxury Consumers and their Attitudes about the Recession **41**

What the word "Luxury" means to affluents 41

Luxury costs more 42

Luxury's exclusivity motivates some, but not all 43

>>Luxury Marketers: Take Action..... 43

Luxury is both material and experiential 44

>>Luxury Marketers: Take Action..... 45

Role of luxury in the affluent's lifestyle..... 46

>>Luxury Marketers: Take Action..... 47

Affluents are being more careful about their spending 48

>>Luxury Marketers: Take Action..... 49

Status is out, anti-status is in 50

>>Luxury Marketers: Take Action..... 51

Luxury brands have to deliver exceptional quality -- They can't rest solely upon brand name or reputation 52

>>Luxury Marketers: Take Action..... 54

The Good-The Bad- The Ugly in the current recession 56

Figure 20: Changes made in shopping due to recession..... 59

>>Luxury Marketers: Take Action..... 61

>>>Luxury Marketers: Take Action..... 63
 >>>Luxury Marketers: Take Action..... 64
 >>>Luxury Marketers: Take Action..... 65
 >>>Luxury Marketers: Take Action..... 66
 >>>Luxury Marketers: Take Action..... 68
 Overview Attitude Statements 71
 Figure 21: Attitudes Statements Agreement..... 72
Chapter 4: Luxury Consumers and their Changing Attitudes toward their Luxury Lifestyles..... 73
 How affluents get their biggest luxury kicks – From luxuries for their homes, their person or those they experience . 75
 Figure 22: Source of Greatest Luxury Satisfaction (2009 & 2006)..... 75
 Demographic distinctive 76
 Figure 23: Source of Greatest Luxury Satisfaction by Age (2009) 76
 Figure 24: Experience as Source of Greatest Personal Satisfaction by Generation (2009)..... 77
 >>>Luxury Marketers: Take Action..... 78
 Attributes that Most Influence Affluents in their Luxury Purchases..... 80
 Figure 25: Attributes of High-End Purchases that Most Influence Purchasers to Buy..... 80
 >>>Luxury Marketers: Take Action..... 81
 Demographic distinctive in what influences consumer in their luxury purchases 85
 Figure 26: Attributes of High-End Purchases that Most Influence Purchasers to Buy by Gender 85
 >>>Luxury Marketers: Take Action..... 86
 Attitudes about Affluent's Luxury Lifestyles 87
 Figure 27: Attitudes about Luxury Lifestyles -- Level of Agreement 87
 >>>Luxury Marketers: Take Action..... 89
 Experiential value of the luxury lifestyle increases with age 90
 Materialistic pursuit of luxury linked to income 91
 Figure 28: Attitudes about Luxury Lifestyles -- Strongly Agree by Income 91
 >>>Luxury Marketers: Take Action..... 92
 Figure 29: Number of Affluent Households 2008 Census..... 93
 Figure 30: Coach Purchase Incidence 1Q07-2Q09..... 96
Chapter 5: Personalities of Luxury 97
 Luxury Marketers: Meet Your Customers 99
 Figure 31: Five Personalities of Luxury 99
 X-Fluents Grow in Share of the Luxury Consumer Market..... 105

Figure 32: Personalities of Luxury, 2009, 2007 & 2003..... 105

>>>Luxury Marketers: Take Action..... 106

New Luxury Consumer Personality Emerged in 2007 and Remains a Force in the Current Market..... 106

Personalities' Attitudes toward Luxury..... 107

Figure 33: Attitudes about Luxury by Personality Segment..... 109

Luxury Personalities and Trends in Spending on Luxuries..... 110

Figure 34: Index of Average Spending on Luxury by Personality Types..... 110

Personalities' feelings about their current financial status and future status 111

Demographics that define the personalities..... 111

Figure 35: Average Income by Personality..... 112

Field Guide to the Five Luxury Personalities..... 113

Figure 36: Field Guide to the Luxury Personalities..... 114

>>>Luxury Marketers: Take Action..... 115

How to Sell to the Different Luxury Personalities..... 115

Selling to X-Fluents..... 115

Selling to Aspirers 117

Selling to Butterflies 118

Selling to Cocooners..... 119

Selling to Temperate Pragmatists 120

Chapter 6: Maximizing Opportunities in the Luxury Drought 122

Trend #1— Change in Consumers' Mindset Dramatic, Lasting 122

Figure 37: Makeup of Luxury Market by Generation 124

Far reaching impact of affluents on the American economy 128

>>>Luxury Marketers: Take Action..... 128

Trend #2—Luxury Purchase Behavior In Transition 129

>>> Luxury Marketers: Take Action..... 131

Trend #3 – Luxury Consumers Are Putting Themselves into a Holding Pattern..... 135

>>> Luxury Marketers: Take Action..... 136

>>> Luxury Marketers: Take Action..... 137

Trend #4 – Status and Image Don't Count for Much Anymore 137

>>> Luxury Marketers: Take Action..... 139

Trend #5 – Value Is the New Currency in the Luxury Market 143

>>> Luxury Marketers: Take Action..... 144

Trend #6 – Align Brands with New Psychology and New Issues that Drive Luxury Consumers..... 146
 >> Luxury Marketers: Take Action..... 147
 Doing Good Is Good Business 150
 >> Luxury Marketers: Take Action..... 151
Trend #7 – Reward Affluent Customers with Loyalty Programs 151
 >> Luxury Marketers: Take Action..... 153
Trend #8 – The Internet is a Shopping Solution for the Time-Poor Affluent Shopper..... 157
 >> Luxury Marketers: Take Action..... 158
Conclusion – We All are Looking for a Crystal Ball that Helps Us See the Future of our Business and our Market . 160