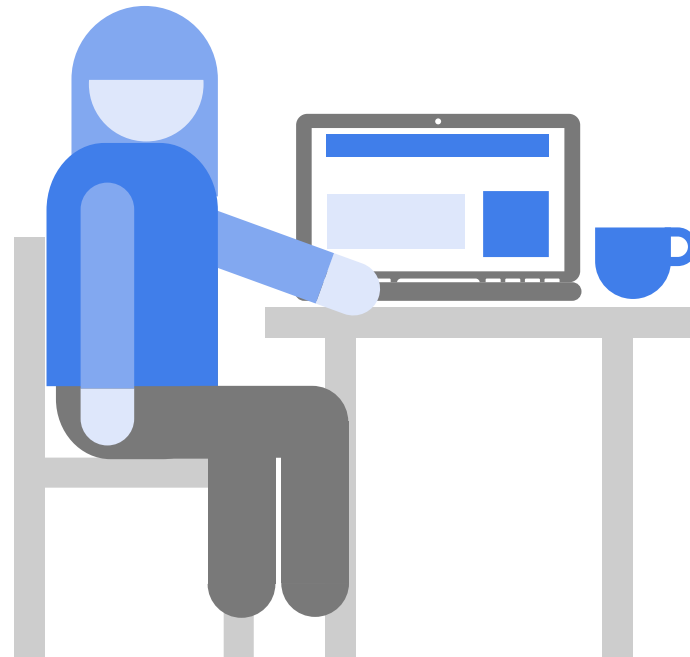# Google™

Fashion Online

How Affluent Shoppers Buy Luxury Goods

September 2013

What we wanted to know

How do shoppers use digital to research and buy luxury products? And how can brands reach and engage them?

What we found

Luxury buyers are multi-screen consumers

On average, they own

3.1

connected devices

When making purchase decisions, they use the internet more than any other medium

78%

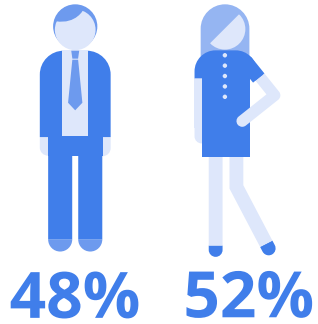do online research before buying luxury items

Some buy online, but most will go to a store

69%

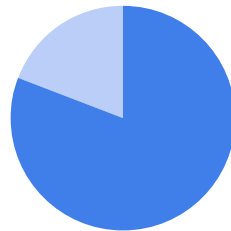say they want to touch and feel a product before purchase

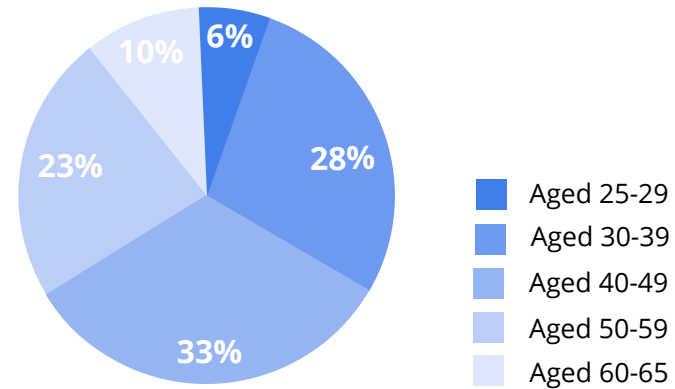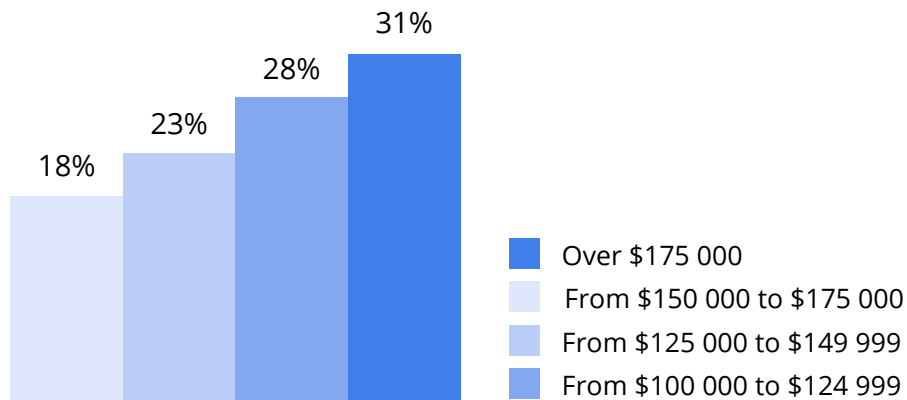# Who are America's affluent luxury fashion shoppers?

Gender

48% 52%

Occupation

81%
Working

Age

6%
28%
33%
23%
10%

- Aged 25-29
- Aged 30-39
- Aged 40-49
- Aged 50-59
- Aged 60-65

Household income

31%
28%
23%
18%

- Over $175 000
- From $150 000 to $175 000
- From $125 000 to $149 999
- From $100 000 to $124 999

Source of wealth

58%
23%
19%

- Family inheritance
- Situation built all by themselves
- Don't consider themselves especially wealthy

Across Adults 25+ who made at least 2 luxury purchases in the last 2 years and have a HHI of $100K+

Why do they buy?

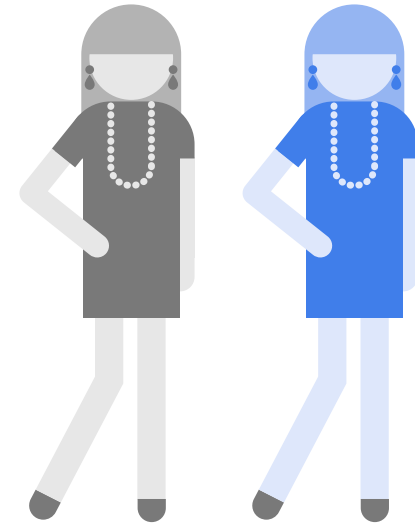## 62%
To own superior quality products

39%
To enjoy a customized, made-to-fit srvice

33%
To distinguish yourself from others

Why do people buy luxury products? (% refers to respondents who said the statement corresponds very well with their personal opinion)
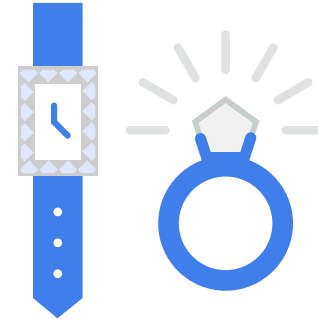
What are they buying?

More apparel & accessories than jewelry & watches, shoppers under the age of 40 buy more of both

Apparel and accessories

14.6

This number jumps to 23.9 for respondents under the age of 40

Jewelry and watches

5.2

This number jumps to 9.0 for respondents under the age of 40

Average number of luxury purchases in the past two years

And more precisely, *which of the following brands did you purchase (even if just once) in the past 2 years?*
Base: Luxury goods buyers (n=410)

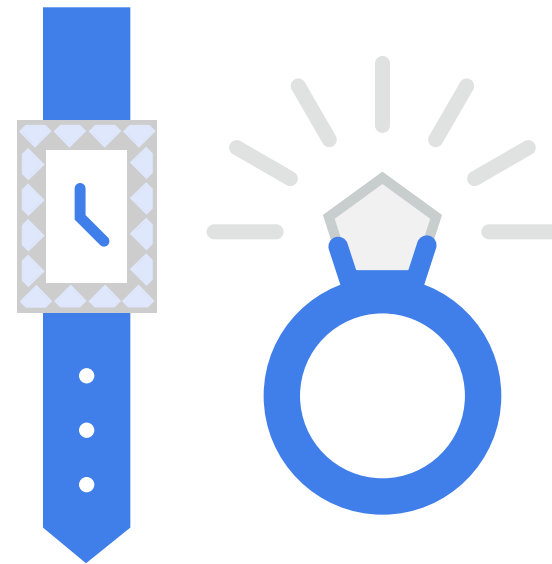# How much do they spend?

Three times as much on jewelry & watches

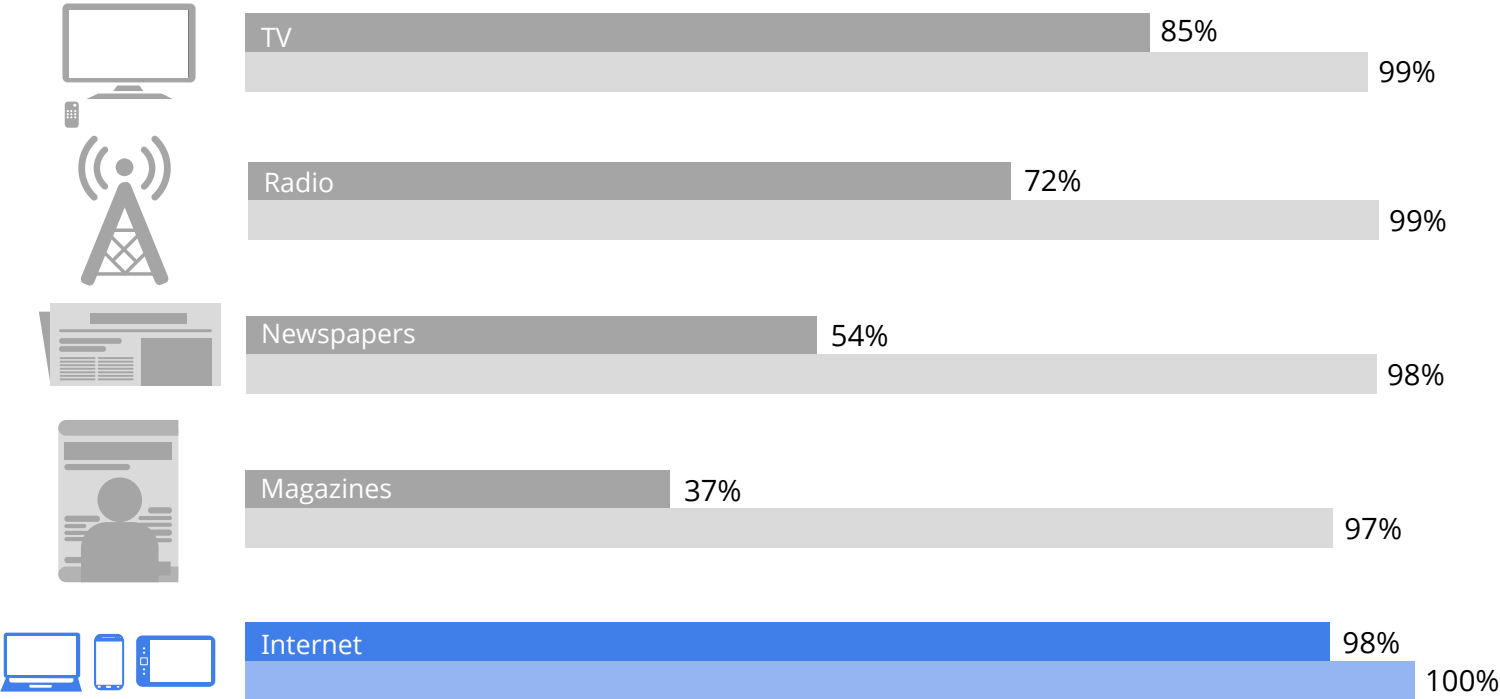## $902

on apparel and accessories (on average)

$3,835

on jewelry and watches (on average)

The internet is the affluent shopper's constant companion

TV — 85% / 99%

Radio — 72% / 99%

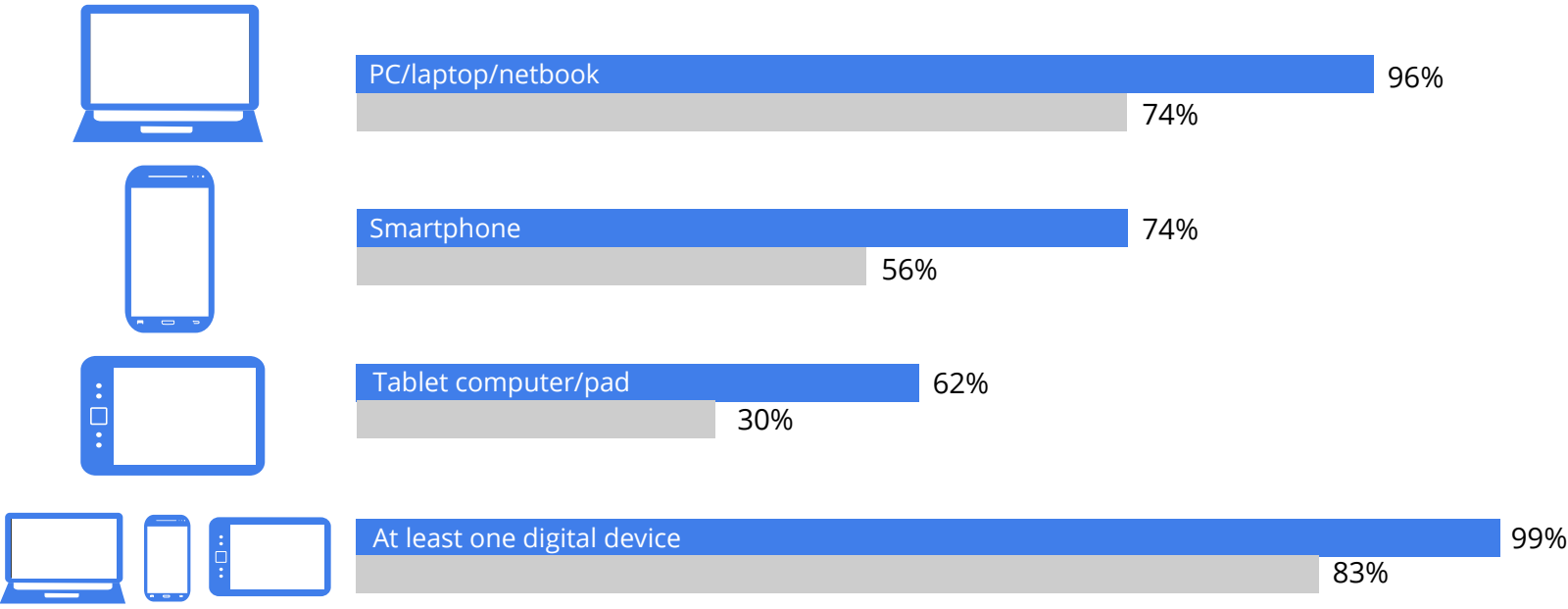Newspapers — 54% / 98%

Magazines — 37% / 97%

Internet — 98% / 100%

98% of luxury buyers use the internet daily, vs only 37% who read magazines daily

What are their favorite types of media?

Daily usage
Total usage

How often do you do each of the activities mentioned here below? How often do you use the following devices to connect to internet?
Base: Luxury goods buyers (n=410)

And they use more devices than most people

PC/laptop/netbook
96%
74%

Smartphone
74%
56%

Tablet computer/pad
62%
30%

At least one digital device
99%
83%

What devices do they use?

*Average number
of digital devices*

3.1
Luxury Buyers

2.9
General
Population*

■ Luxury Buyers
■ Population*

Which, if any, of the following devices do you currently use?
Base: Luxury goods buyers (n=410)
* 2013 Connected Consumer Study TNS Infratest

Google | Think Insights

google.com/think

Before buying, they do their homework

Relying heavily on the web

94%

of all luxury buyers research either online or offline before making a luxury purchase decision
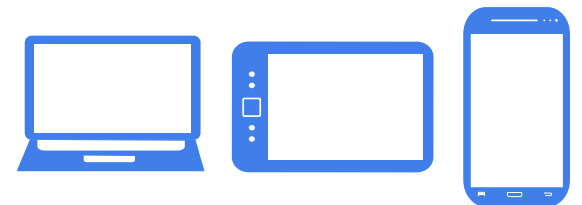
They used an average of 4.6

resources before making a purchase decision, and

50%

of these were online resources (2.3 of 4.6)

78%

of all luxury buyers reported using at least 1 online resource before making a luxury purchase decision
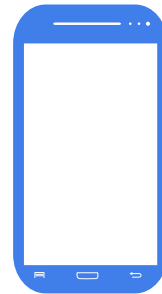
Below you'll find several ways for people to inform themselves about a luxury product. *Which sources of information, if any, did you use to help you out with your decision when you last purchased [BRAND & CATEGORY]?* Base: Luxury goods buyers (n=410)
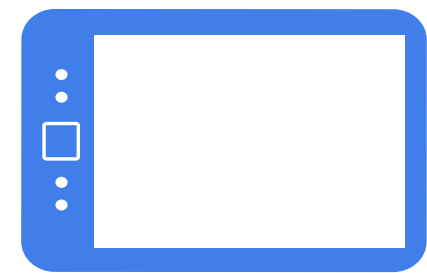
They do research across screens

Of the 78% who use at least 1 online resource...

67%
use a computer
to research their
luxury products

29%
use a smartphone
to research their
luxury products

29%
use a tablet
to research their
luxury products

Which devices are used to research online?

When we look just at luxury buyers under the age of 40, computer usage rises
nominally to 70%, but smartphone and tablet usages jumps from 39% — a 34%
lift in usage vs the total affluent shopper population

Going online, even when they are "offline"

68%
of all luxury buyers are using their digital devices while watching TV. This number jumps to 82% for buyers under the age of 40

57%
of all luxury buyers are using their digital devices while reading a magazine. This number jumps to 71% for luxury buyers under the age of 40

How many luxury buyers use a digital device for research while also using offline media?

And now please think how you also interact with TV/Magazines when you get informed about luxury products in general. Do you watch something on TV / read magazines and look for information ...
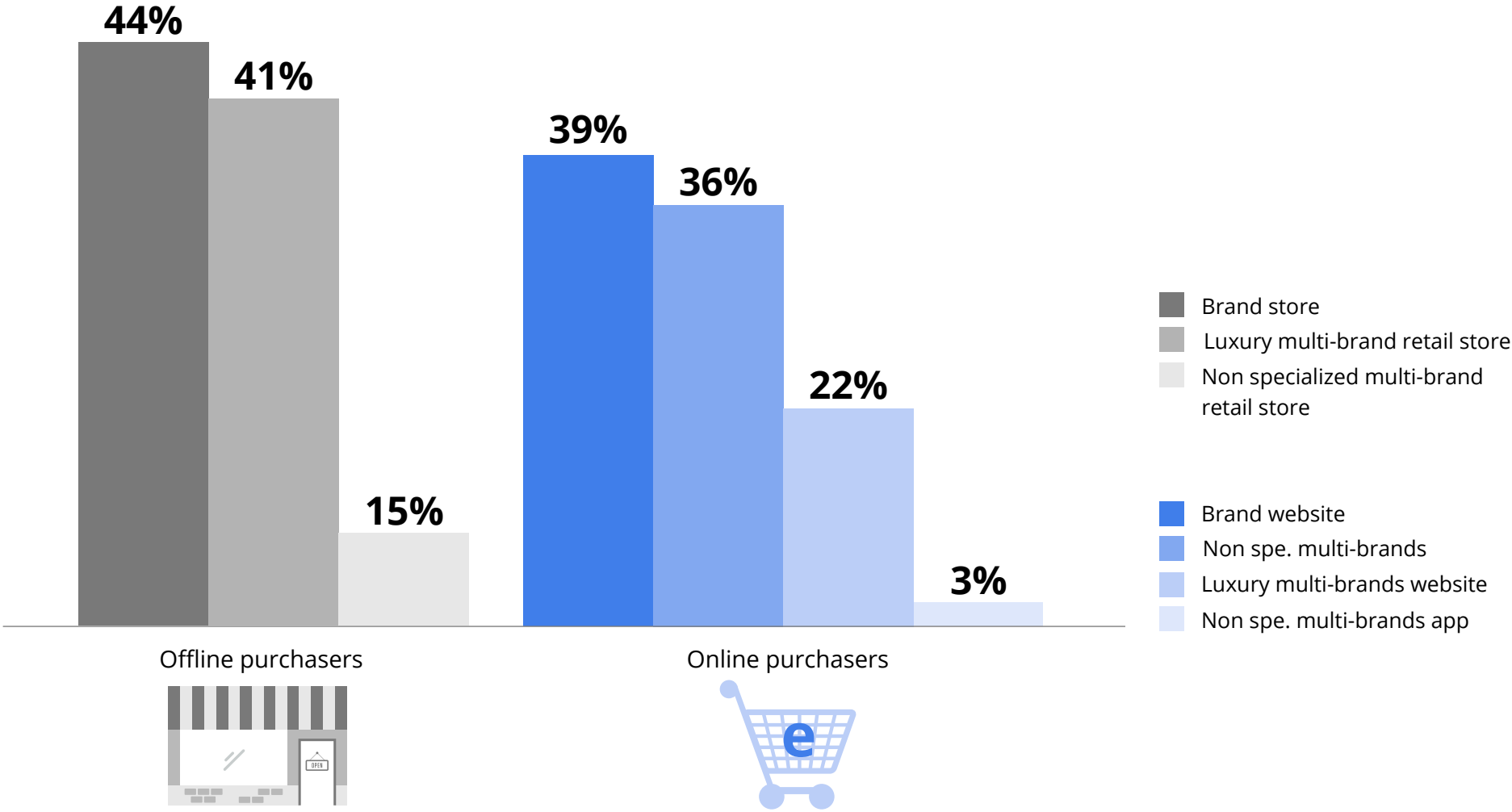*Base: Luxury goods buyers (n=410)*

Most luxury purchases are made after both online and offline research

Research activity	Online and offline	Online and offline	Online	Online	Offline	Offline
	58%	13%	3%	3%	1%	15%
Purchase Location	Offline	Online	Online	Offline	Online	Offline

Where do they research and purchase luxury goods?

Below you'll find several ways for people to inform themselves about a luxury product. *Which sources of information, if any, did you use to help you out with your decision when you last purchased [BRAND & CATEGORY]?* Where did you actually purchase your [BRAND & CATEGORY]? Base: Luxury goods buyers (n=410)

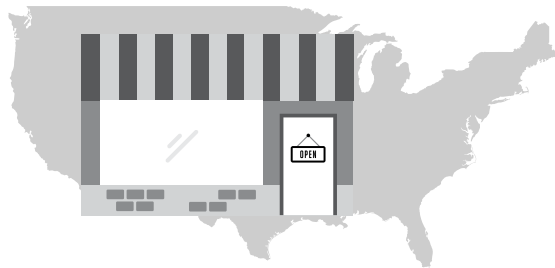# About 4 in 10 affluent shoppers buy directly from the brand

44%

41%

39%

36%

22%

15%

3%

Offline purchasers

Online purchasers

Where do people buy luxury goods?

■ Brand store
■ Luxury multi-brand retail store
■ Non specialized multi-brand retail store

■ Brand website
■ Non spe. multi-brands
■ Luxury multi-brands website
■ Non spe. multi-brands app

Almost 1 in 5 luxury purchases happen online
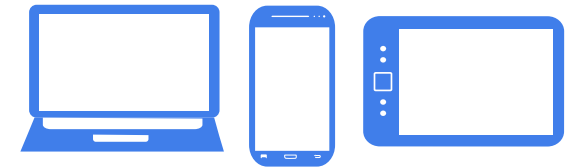
74%
In store in my own country

8%
In store abroad/ while travelling

18%
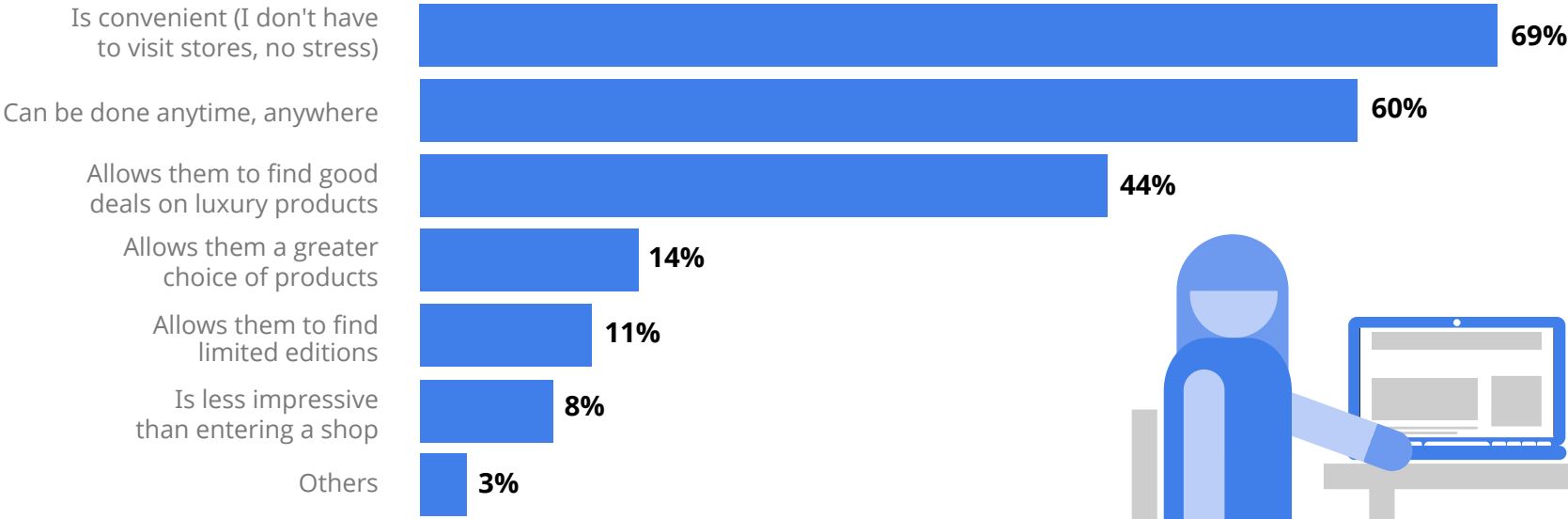*Online*

Where do people buy luxury products?

Where did you actually purchase your [BRAND & CATEGORY]?
Base: Luxury goods buyers (n=410)

Google | Think Insights

google.com/think

Thanks to online's convenience and flexibility

Is convenient (I don't have to visit stores, no stress)	69%
Can be done anytime, anywhere	60%
Allows them to find good deals on luxury products	44%
Allows them a greater choice of products	14%
Allows them to find limited editions	11%
Is less impressive than entering a shop	8%
Others	3%

Why do luxury shoppers buy online?

But many still buy in stores

Preferring to experience the product in real life

I prefer to see/touch the product	69%
The risk of counterfeit items	28%
I don't get the luxury customer experience on the internet...	19%
These items are too costly to buy online	15%
The lack of contact with sales associates	15%
I don't trust payment on the internet	8%
The idea that luxury brands could become accessible	8%
This type of product cannot be bought online	7%
I don't have enough experience with online shopping	5%
I would feel guilty if I received a luxury product	5%
Others	7%

Why do luxury shoppers buy offline?

Immersive online formats can help to bridge this gap

Format	%
Full screen	45%
Video	43%
Newsletters/emailing	34%
Sponsored links	29%
Banners	27%

*"Catch my eye more. Convince me of the quality. Show more **360-degree views**. Show both inside and outside views (of handbags). Make it **easier to view the size and scale** of the item."*
Female shopper, 29, USA

% of luxury buyers selecting at least two positive attributes for each format

What they like about online formats

- Suits premium content
- Maximizes the brand's visibility
- Is innovative, modern
- Makes me want to buy/know more

- Brings something more to the traditional brand com
- Is close to me
- Gives me relevant information
- Enhances my browsing experience

What this means for marketers

Be there when luxury shoppers are looking
Create engaging online brand experiences and use search to direct consumers to them.

Adopt a multi-screen approach
Affluent shoppers rely on multiple devices, they should have a good online experience no matter which screen they are using.

Linking offline and online marketing efforts is a must
Stores should encourage customers to visit their website and the website should invite customers to visit the store.

Use engaging online formats
Video and 3D imaging bring products to life online, helping buyers assess them.

Rethink your attribution strategy
Digital marketing can lift brand metrics as well as drive online and offline sales. Evaluate its effectiveness accordingly.

Methodology

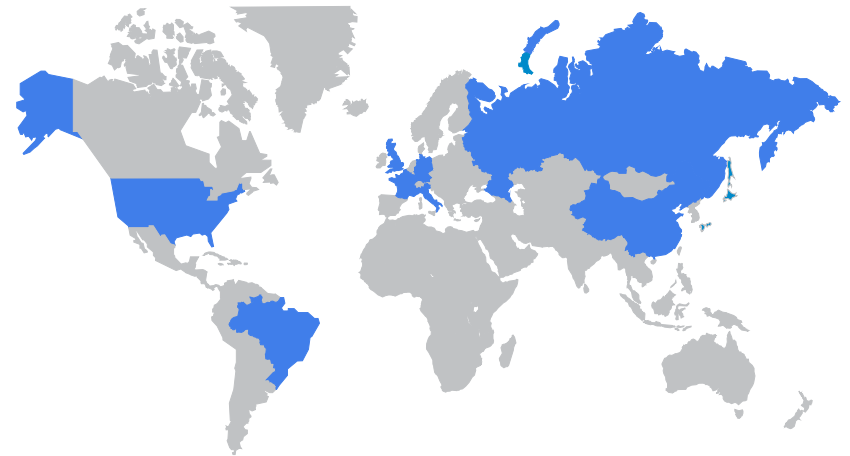1 target, 9 countries, 2 research stages

Who?

25-65 v.o. luxury purchasers
(at least 2 luxury purchases in the past 2 years
in Apparel/Accessories and Jewelry/Watches)
with high household income*

- more than 100,000€ / year
- more than £85,000 / year
- more than $100,000 / year
- more than 100,000€ / year
- more than 70,000€ / year

- more than 450,000 CNY / year
- more than B$130,000 / year
- more than 2,200,000 RUB / year
- more than 100,000¥ / year
- ➞ 5% to 8% of the richest households

Where?

9 countries

How?

1. Qualitative stage

In home ethnography interviews

- 28 interviews overall
- 60 minutes per interview
- Interviews conucted from January 7, 2013 to January 18, 2013

2. Quantitative stage

In online interviews

- 400 interviews per country
- 20 minutes per interview
- Survey conducted from March 13, 2013 to April 28, 2013