



A Look at Luxury Shoppers Around the World

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THE **RUNDOWN**

The internet changes how we decide what to buy, especially when it comes to expensive designer products. But to what extent? We partnered with Ipsos to discover how wealthy shoppers around the world research and buy luxury goods. Looking across three different markets in nine countries, we found that these wealthy consumers are also among the most digital-savvy: Almost all buyers are online, they use multiple devices to stay connected, and most go online to research before they purchase in-store.

THE THREE **GOLDEN MARKETS**

The internet has changed how people make purchase decisions, even in the most exclusive circles. In a study conducted with Ipsos, Google discovered that the luxury fashion, jewelry and watch industries are no exception. We compared luxury buyers across nine countries and found that three different types of markets emerged.

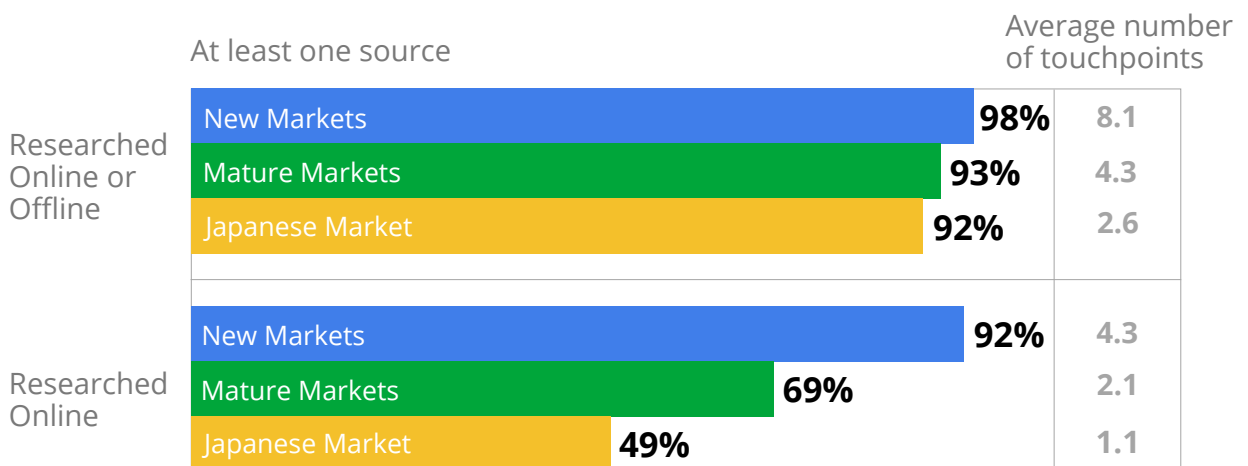
The 'new markets' of China, Brazil and Russia are luxury buyers who conduct the most research and are most reliant on digital along the path to purchase — this is important because they're also the most frequent luxury purchasers.

“The internet is the only medium that can reach almost all luxury buyers in all markets.”

The 'mature markets' of the United States, Germany, England, France and Italy consult half as many sources as the new markets, but the internet still plays an important role — more than two-thirds research online before they purchase.

Finally, we have the Japanese market. This market relies on the fewest number of sources to research their luxury purchase, but make no mistake, the internet is still a valuable channel to reach and influence Japanese luxury shoppers, as half research online before they purchase.

Offline vs. Online: where do luxury buyers search?



The study included people who made at least two luxury purchases in the past two years. It focused on the top 5-8% richest consumers, whose last luxury purchase we found had an average value of \$2,500. But to figure out how to best engage these affluent shoppers, we needed to discover exactly how digital affects the way they shop.

SOPHISTICATED **SHOPPING**

To learn more about these upscale shoppers, we looked into their media consumption and device usage. In all three markets, nearly all (98-99%) use the internet on a daily basis. Even more commonly used than magazines, the internet is the only medium that can reach almost all luxury buyers in all markets.

In new and mature markets, luxury buyers use more than three connected devices on average. In the Japanese market, they use more than two connected devices. On average, luxury buyers have two-times higher smartphone penetration than the general population and four-times higher tablet penetration. Clearly, these luxury-lovers do connect to the web using multiple devices.

TAPPING INTO **WEALTHY RESOURCES**

But if luxury buyers are extremely tech-savvy, you might not notice it when taking a first glance at luxury purchase data. Depending on the market, 81-93% of their most recent luxury purchases were done offline in a store and 7-19% of purchases are made online. This, however, doesn't mean the purchase decisions are made at the point of purchase.

We discovered that more than 90% of luxury buyers research products before purchasing — and many use the internet to do so. In the new markets, 92% of luxury buyers use the internet to search for information prior to purchase. Online research is also performed by 69% of shoppers in the mature markets and 49% in the Japanese market. Search engines are the online resources used most by all luxury buyers, in the new market (84% using search), mature market (58%) and Japanese market (41%).

PRICELESS **ENGAGEMENT**

The real power of digital is its ability to fully engage the consumer in your brand experience. Up to 70% of luxury buyers look for information from a website or app along their path to purchase, presenting brands with a great opportunity to engage these shoppers by providing them with online inspiration.

With the internet playing such a huge part in luxury buyers' decision-making, there's an equally big opportunity to explore the potential of selling more luxury goods. We looked into drivers and barriers for buying luxury online. Two clearly pop out in all markets: firstly, the desire to physically see and touch the product (mentioned by 57-69%, depending on the

market); secondly, the risk of unknowingly buying imitations instead of real products. But despite these barriers, there are also strong reasons to buy luxury online. For one, 53% of luxury buyers claim it's convenient and 49% claim it can be done anywhere, anytime. Also, about half of the respondents say purchasing online leads to better deals.

When asked how to best advertise luxury products, buyers rated video and highly graphical websites as most effective. The power of video to inspire and realistically display goods was formulated nicely by one female Japanese respondent: "I want to see videos that show Japanese models wearing products and provide coordination ideas with the products." This point was closely echoed by a US woman: "Catch my eye more, convince me of the quality. Show more 360-degree views, show me both inside and outside views [of handbags]. Make it easier to view the size of the item."

If brands succeed in gaining their shoppers' trust and find ways to use rich media to offer them a sense of the products' look and feel that's as close as possible to reality, there's strong potential for generating business. But even in the luxury market, it's brand engagement that remains priceless.



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