

Hey, big spender

The results of a new index compiled for *The Wealth Report* by Ledbury Research's Luxury Analysis team

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The general outlook for luxury spending continues to be positive. Almost a third of respondents to *The Wealth Report's* Attitudes Survey expect their wealthy clients to spend more on luxury goods in 2015, compared with just 8% who expect it to decline.

But how does the short-to-medium-term outlook compare for individual countries, and where in the world might luxury brands look to expand? The new Big Spenders Index, compiled exclusively for *The Wealth Report*, provides some of the answers by identifying the locations likely to see strong growth in big-ticket spending by their own ultra-wealthy populations and visiting UHNWIs.

Topping the list for 2015 is a very well-established centre of wealth, the UK. The country scores well, in terms of both the fortunes of its domestic UHNWI population, thanks to the relative strength of the UK economy, and our tracking of the drivers and indicators of high-end spending. The finding underlines the importance of the UK for luxury brands, which sold over £8bn of goods in the country last year, according to Ledbury's estimates.

China fills the second slot in our ranking table. The Chinese are already the single biggest consumers of luxury goods around the world, accounting for some 29% of the global luxury spend, according to consultants Bain & Altagamma.

Although recently much has been said about the impact of the Chinese government's anti-graft measures on luxury demand, Ledbury has consistently argued that the fundamentals of the Chinese luxury market remain very attractive, given the burgeoning wealthy population and rapidly growing middle class. China's high ranking in the Big Spenders Index reflects the underlying robustness of its UHNWI population.

While overall sales performance of luxury goods in the Greater China region has been muted over the past year, there is no denying that there is still a strong demand for luxury brands, which isn't going to change.

However, what is certainly changing is where Chinese consumers are choosing to buy luxury (the vast majority of Chinese luxury spend is outside mainland China), the selection of luxury brands they are buying, and the profiles of the consumers themselves, which are rapidly evolving because of the varying attitudes that

The Big Spenders Index 2015

Top 10 highest-scoring countries according to the Big Spenders Index, based on scores in the following categories



Luxury store footprint



Premium travel and spending



Big-ticket luxury goods spending



Wealth growth



Spending on luxury imported items



UHNWI population

RANK	COUNTRY						
1	UK	9/10	5/10	8/10	7/10	5/10	5/10
2	China	10/10	7/10	2/10	6/10	7/10	7/10
3	Qatar	7/10	10/10	9/10	10/10	2/10	2/10
4	Canada	9/10	8/10	5/10	10/10	3/10	4/10
5	India	8/10	10/10	10/10	5/10	1/10	4/10
6	Saudi Arabia	8/10	5/10	9/10	10/10	4/10	3/10
7	Switzerland	10/10	8/10	6/10	6/10	3/10	4/10
8	Mexico	9/10	8/10	6/10	9/10	1/10	4/10
9	Hong Kong	9/10	9/10	9/10	2/10	2/10	3/10
10	Kuwait	6/10	7/10	8/10	10/10	2/10	2/10

Source: Ledbury Research

exist towards luxury within the different Chinese cities.

India, one of the lower-profile BRIC economies, is in fifth place in our rankings. Over the past year the rise in wealth and the number of wealthy has been impressive – the number of UHNWIs is increasing rapidly, according to our Wealth Model. Aligned to this wealth growth is an equally substantial increase in luxury consumption: the value of champagne imports rose 19% year on year, according to the most recent data from Le Comité Interprofessionnel du Vin de Champagne, despite total exports being flat.

We expect international luxury goods to be particular beneficiaries of this new wealth in India, rather than more traditional, local brands. For example, research by the Kotak Mahindra bank has shown that among the wealthy, the traditional

Indian wedding gift is fast evolving away from silver plates towards top Western designer brands.

We also anticipate that wealth creation, and luxury consumption, will be neither quite as controversial nor quite as hampered by social inequality or austerity agendas as has been the case in Brazil and indeed, latterly, China. With India's long-standing caste system, wide gaps in incomes and wealth are an accepted norm in the country, according to Kotak Mahindra.

Reflecting on the regional make-up of the top countries, it is interesting to see Europe, Asia and the Middle East all well represented. Africa is noticeably absent this year, reflecting some weakening on the continent, notably in commodity-fuelled wealth, which had propelled the success of a number of countries.