



SET FAIR Yacht sales are on the rise

Almost a third of respondents to *The Wealth Report's Attitudes Survey* expect their wealthy clients to spend more on luxury goods in 2015

LUXURY SPENDING TRENDS

Drawing on extensive monitoring of luxury markets around the world, Ledbury Research picks out interesting developments within the main luxury goods categories

APPAREL

Wearable technology and luxury overlap

With the wearable tech trend continuing, fashion brands have been collaborating with tech companies to help break into the market. But fashion brands are also choosing to make their own wearable, style-conscious tech. Ralph Lauren is pioneering this strategy through its newly unveiled line of smart clothes dubbed Polo Tech. Embedded technology in the clothes allows users to monitor their bodies on their smartphones.

ACCESSORIES

Pre-owned luxury

Pre-owned luxury goods sales are booming. The second-hand market for luxury apparel, accessories, watches and jewellery is valued at some \$19bn (Bain & Altagamma). Leather goods and clothing make up \$4bn of that, and the segment is growing faster than the luxury industry overall (Bloomberg). Some products sold on these marketplaces achieve prices higher than retail, as customers bypass waiting lists for items such as new Hermès bags.

WATCHES AND JEWELLERY

Women's watches boom

Women have traditionally been more interested in smaller, unobtrusive styles unable to accommodate the complexity and multifunctionality of traditional men's watches. But a fashion for slightly larger watches and jewellery, combined with the growing purchasing power of women, particularly in luxury strongholds such as China, is helping drive sales. The share of female watches in the market has risen to around 35% from 20% in 1995 (Bain & Altagamma).

FINE WINES AND SPIRITS

China's slowdown particularly affects Cognac sales

French wine and spirits exports fell 7.3% to €4.8bn in the first half of 2014, hit by a 28% fall in sales to China. Cognac exports to China fell 12% (Fédération des Exportateurs de Vins & Spiritueux de France). The Chinese government's continued austerity campaign is thought to be part of the explanation for the drop in Cognac sales as the spirit is associated with gifting. Scottish whisky sales are, however, reporting an uptick in other emerging Asian markets as the spirit is associated with status.

CARS

India lags

Manufacturers had been hoping that India would follow in China's footsteps for luxury car demand, but most have seen disappointing sales and sluggish demand. Only 250 supercars are estimated to have been sold in the country in 2014 (HIS). Import duty hikes and currency declines aren't helping, but a more fundamental obstruction comes from India's roads. However, manufacturers could benefit from impending releases of luxury SUVs.

YACHTS

Market recovers

At the 2014 Monaco Yacht Show, shipbuilders, brokers and outfitters all said that the market was improving – 35% more superyachts were sold in the first half of the year compared with the same period in 2013 (Camper & Nicholsons International). This is despite some caution in the industry because of the political uncertainty within Russia and the Middle East, traditionally seen as the strongest markets for superyachts.