# The World of Luxury Shopping Will Soon Look Very Different

## *China powered the last decade's surge in luxury sales*

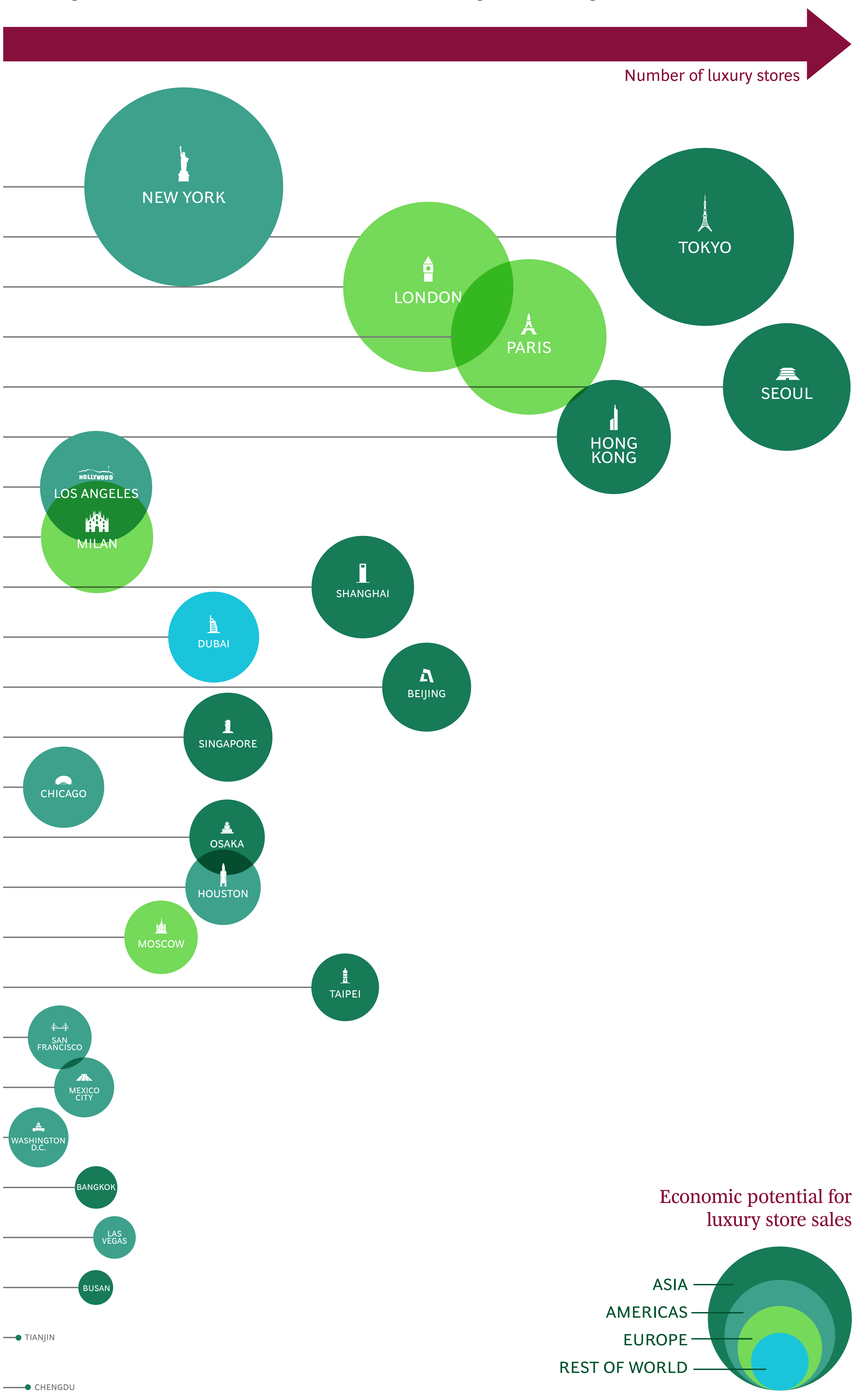
But now its slowdown is hurting growth in the

**$1.56 TRILLION**

global market for personal luxury goods

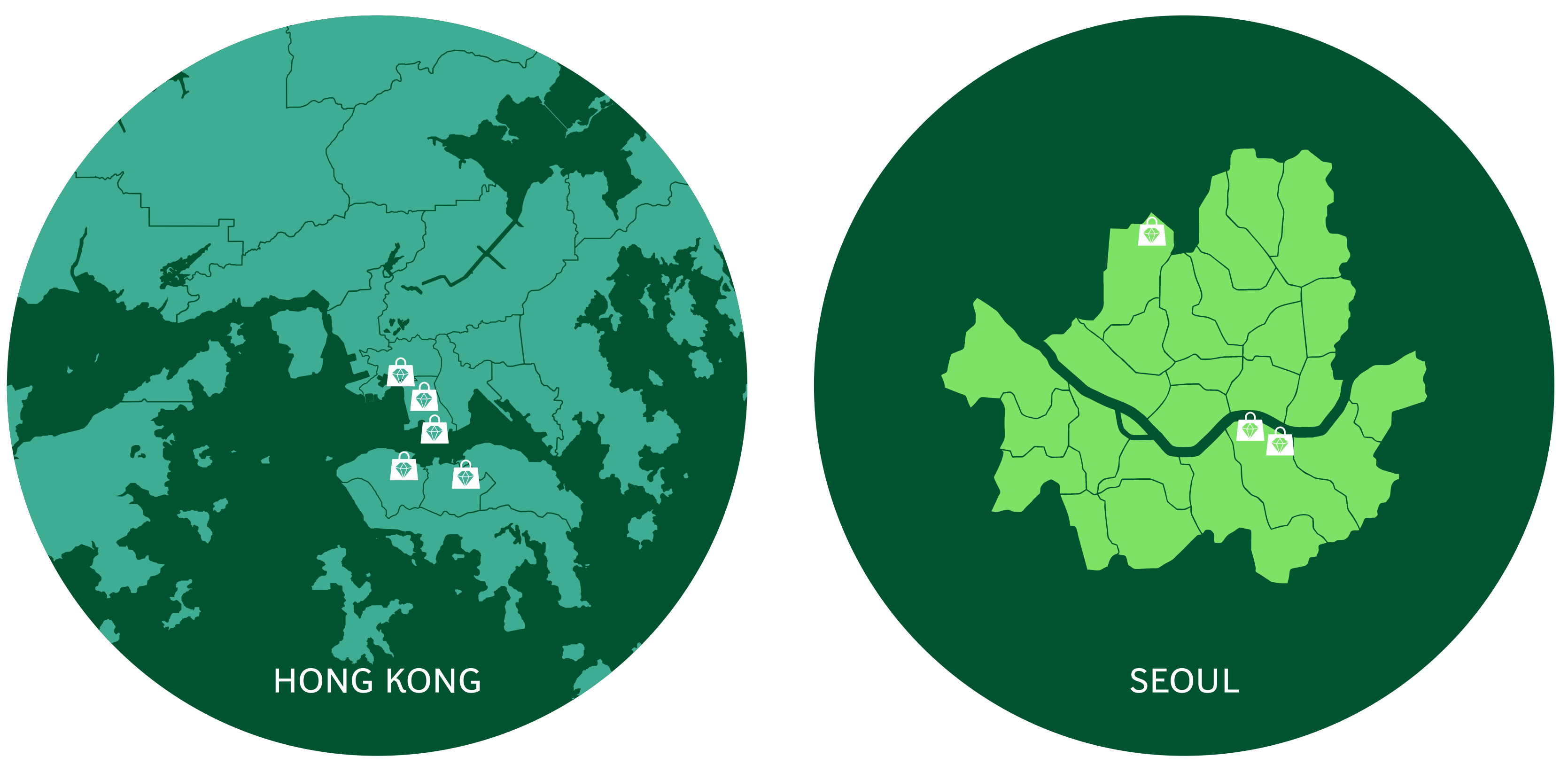

Compound annual growth rate of luxury goods spending (%)

## *Many cities now have too many luxury stores*




## *Leading brands are increasing the efficiency of their store networks rather than opening more stores**

*Greater efficiency can come from moving existing stores to better locations, renegotiating rents, or revising store footprints to maximize revenues.





## *To head off sagging growth, luxury brands face four imperatives*

Anticipate footprint reductions in select areas–especially in Asia–and get more sales per square foot from existing stores.

Look for targeted opportunities to expand the number of stores–especially in US cities such as Dallas, Boston, and Washington, DC.

Invest in the technology tools and capabilities that help brands get better at segmenting markets and uncovering pockets of demand.

Accelerate omnichannel initiatives to quickly determine the mix of physical and online channels best suited to individual markets.

**Sources:** Bernstein Sanford; Exane BNP Paribas; BCG–Altagamma luxury survey; BCG analysis.

**Note:** Data on the economic potential for luxury stores sales comes from BCG's proprietary Metroluxe Index. It is based on a proprietary analysis that examines demand for luxury goods from residents and tourists and the supply of distribution, logistics, and other infrastructure for luxury stores at the city level. Data on the number of luxury stores comes from the Bernstein Proprietary Luxury Store Database, which maps approximately 7,000 stores across 36 luxury brands. Data includes stores featured on brands' websites and may include temporary stores, such as pop-ups, which companies may exclude from their official store count.

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