

RESEARCH

# Beyond Money' consumers spending 230 times above aspirational average: BCG

July 8, 2024



*"Beyond Money" consumers, or those with an annual personal expenditure of more than 50,000 euros, have doubled their relevance compared to 10 years ago. Image credit: BCG*

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By EMILY IRIS DEGN

Revealed in Milan at an annual dedicated event, the [Altagamma Consumer and Retail Insights](#) survey digs into the latest trends in the sector.

A qualitative analysis by Boston Consulting Group (BCG) and Italian luxury brands association Altagamma Foundation points out a key demographic to watch: "Beyond Money" consumers. This top 1 percent has a yearly personal expenditure of more than 50,000 euros, or just over \$54,095 at current exchange, and accounts for 21 percent of the category's spending.

"Even in a period of extreme uncertainty and market volatility and low consumer confidence, the high-end sector shows a growth outlook, albeit moderate," said Matteo Lunelli, president of [Altagamma Foundation](#), in a statement.

"The stability of consumption is supported by top clients, who are pushing companies to refine and improve their entire offering, from services to the excellence of their creations," Mr. Lunelli said. "It is significant that 1 percent of customers account for 21 percent of spending and that their relevance has doubled in the last 10 years.

"To meet the expectations of this increasingly demanding clientele, companies will have to continue to invest in technology and in attracting talent with new skills."

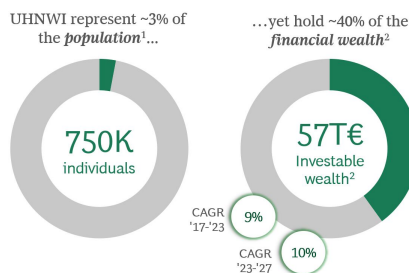
For the survey, 12,000 respondents across 12 top luxury markets participated, 7 percent of whom spend more than 100,000 euros annually on the category, or \$108,190 at current exchange. Interviews with top customers, c-suite executives, client advisors, experts and focus groups add to the analyses.

## Above and beyond

The Altagamma Consumer and Retail Insight release includes 20 one-on-one interviews with "Very Important Customers" (VICs).

The same number of interviews and content discussion sessions were conducted with luxury CEOs, client advisors and other executives. Originating from China, the United States and various European countries, the focus group responses of an additional 15 VICs are also represented.

# 1 Global wealth has never been as concentrated as it is today, with UHNWIs weight growing at 10% CAGR



...roughly two thirds of these individuals are the **core of our Beyond Money** segment

1. Of adult population 2. Among individuals with net worth >1m (Affluent, and UHNWIs); Affluent, adult individuals with financial wealth 1M-20M€, UHNWIs, adult individuals with financial wealth >20M€. Segments growth includes the shift of individuals between segments; Growth rates incl. currency effects. 2. Including cash and deposits, bond, equities & investment fund shares, life insurance and pensions and other assets. Source: BCG Global Wealth Report 2024; BCG analysis

The wealth of the top percentile groups is growing, leading to a rise in demand for client advisors. Image credit: BCG

Data is drawn from BCG's Global Wealth Report 2024, July 2024 Fashion and Luxury Market Model, and analyses from research partners and experts as well.

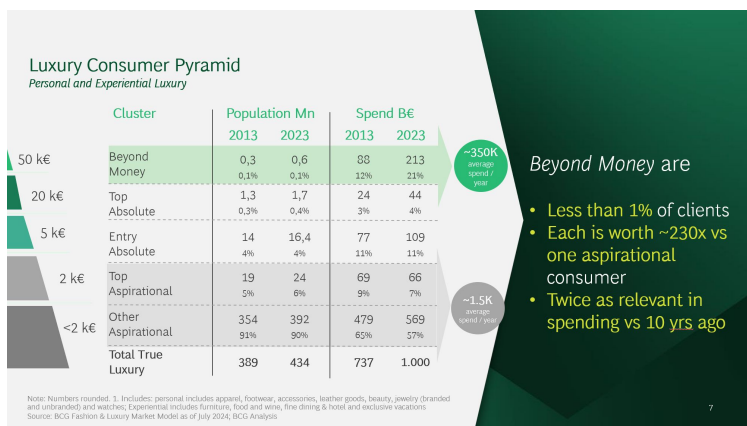
Their conclusions indicate that VICs account for the highest segment of shoppers. Responsible for 30 percent of houses' revenues, they are now a key area of focus in marketing.

Exclusivity, quality, hyper-personalization, convenience, a sense of community and the availability of client advisors are all selling points for this important demographic.

"Beyond Money" consumers are another driving force behind the business. Hailed as the "most resilient and fastest-growing segment," their annual personal expenditure on luxury is 230 times that of aspirational clients.

Per year, this top-earning population grows 10 percent thanks to the wealth gains of high-net-worth individuals. They are less affected by geopolitical and economic turbulence and have spending power that is five times less volatile than those who are aspirational.

Yet the survey shows that "Beyond Money" shoppers are not being identified by companies properly. Therefore, many luxury names are missing out on financial gains.



The "Beyond Money" segment of customers is in need of more attention. Image credit: BCG

Localizing the purchasing experience, platforming unique products, forging an emotional connection with audiences and adapting to evolving trends are potential ways to fix this costly pattern.

## What lies in store

To attract the attention of major spenders, labels are increasingly escalating their retail expansion efforts.

Distinctive and entertainment-filled stores are boosting profits. Like last year (see story), brands continue their hunt for properties that allow for the needed space and have access to spend-happy foot traffic.

Main luxury avenues in Milan, London, New York and Paris are seen as golden tickets in this respect. Despite the steep leasing costs, competition for these social media-friendly addresses remains high (see story).

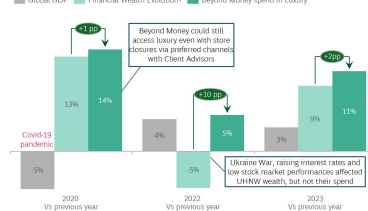
"Over the past five years, the major luxury groups have spent around 10 billion euros on retail, with a strong acceleration in investment in the past 18 months," said Luca Solca, senior research analyst of global luxury goods at Bernstein, in a statement.

### 3 Beyond Money is a Balance Sheet game, kind of immune to the economic cycle

For *Beyond Money*, Luxury spend is a primary need, uncorrelated to macroeconomic trends or fluctuations in financial wealth...

% evolution vs previous year

■ Global GDP ■ Financial Wealth Evolution? ■ Beyond Money spend in Luxury



1. Financial Wealth of UHNW Source: BCG Wealth Report 2024, BCG True Luxury Market Model as of July 2024, Oxford Economics, BCG Analysis

...resulting in extremely low spend volatility...

"If I like a lot a product or a brand, and quality is justified, I buy it even if prices increase"

- USA VIC, 38 y.o.

...as opposed to the aspirational, occasional buyer

"Prices of luxury bags have increased so much recently, I don't think it's worthy anymore... I prefer to spend in experiences rather than personal goods"

- EU aspirational consumer, 31 y.o.

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To attract the valuable "Beyond Money" consumer segment, brands are working to drive in-store traffic. Image credit: BCG

"The main streets have seen the highest concentration of these investments [are]: Via Montenapoleone in Milan, 5th Avenue in New York, Champs Elysees and Avenue Montaigne in Paris, Bond Street in London," Mr. Solca said. "The topography of luxury retail in these cities is changing investments by the most important groups are generating a domino effect, leading those who can afford it to head in the same direction.

"The perceived risk is that of being excluded from the most important locations, in the same way that this is happening in the best shopping malls in China."

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