

Study: Hope for US boost pushes global luxury goods recovery

May 17 2021, by Colleen Barry



In this April 12, 2021 file photo, people queue outside a Hermès store in Mayfair in London. The rapidly rebounding U.S. economy is helping to accelerate recovery in the luxury goods market, which could reach pre-pandemic sales as early as this year, according to a new study by Bain & Co. consultancy released on Monday, May 17, 2021. (AP Photo/Alberto Pezzali)

Luxury brands are already cashing in on promises of a 21st-century version of the "Roaring '20s" in the United States, where hefty stimulus packages and an advanced vaccine campaign are accelerating post-pandemic recovery in high-end sales, according to a new study by Bain & Co. consultancy released on Monday.

The rapidly rebounding U.S. economy together with China—already on an established growth trajectory—could push the [global market](#) for personal luxury goods back to or even beyond pre-pandemic sales levels as early as this year, Bain partner Claudia D'Arpizio said.

"We expect a very positive cycle that is just starting in the United States, where [luxury brands](#) can really take advantage," D'Arpizio told The Associated Press, citing the stimulus and positive stock market reaction.

"This together with the fact that probably consumers are already back to normal in terms of traveling, is pushing the recovery of luxury goods."

In its most optimistic outlook, Bain forecasts a full recovery and even growth to as much as 295 billion euros (\$358 billion) as soon as this year. A more cautious scenario puts recovery to 2019 levels off until 2022.

Sales of luxury apparel, jewelry, leather goods and [beauty products](#) plunged to 217 billion euros in the pandemic year of 2020, from 281 billion euros in 2019, shedding six years of growth.



In this Nov. 6, 2020 file photo, the Prada store is shut down because of lockdown measures, at the Vittorio Emanuele shopping arcade in Milan, Italy. The rapidly rebounding U.S. economy is helping to accelerate recovery in the luxury goods market, which could reach pre-pandemic sales as early as this year, according to a new study by Bain & Co. consultancy released on Monday, May 17, 2021. (Gian Mattia D'Alberto/LaPresse via AP)

Europe remains the laggard, with tourism flows from abroad still suppressed by a vaccine campaign that is behind that of the U.S.

Other bright spots include the Middle East, in particular Dubai, which attracted high net worth individuals during the pandemic. "They did vaccinations very quickly and many [wealthy people](#) during the winter moved to working remotely from Dubai," D'Arpizio said.

The pandemic is proving to be an accelerator in trends that were already happening, including more [e-commerce](#), an emphasis on greater inclusivity, a push toward sustainability and embrace of the second-hand market, she noted.

E-commerce grew to 23% percent of sales in 2020 from 12% in 2019, a bit more than a decade into the phenomenon. It is expected to reach 30% by 2025.

The result is likely to be a rethink of retail footprints, with some reductions, but also emphasis on customer experience to support the on-line presence, both in terms of social media and retailing,' D'Arpizio said.

The second-hand market helps brands emphasize the longevity and value of their products, she noted, qualities that are especially attractive for younger consumers who are starting to power the market. Collectible sneakers, vintage bags by such brands as Prada or Hermes and even second-hand watches are developing a cachet all their own.

"There is a [brand](#) equity element," D'Arpizio said. "This is a space where some brands were skeptical and scared, but now they are trying to understand the consumer dynamic and partner with players or develop second-hand platforms themselves."

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