Understanding and reaching luxury audiences

UNDERSTANDING LUXURY SHOPPERS IN THE US
The current landscape of the luxury market

With the US luxury market segment expected to witness slower growth over the next few years compared to previous years, luxury advertisers may need to be more strategic than ever when engaging with audiences. According to analytics firm GlobalData, the US luxury fashion market segment (including apparel, footwear, hard accessories and leather goods) has slowed to a compound annual growth rate (CAGR) of 4.9 per cent for 2021 to 2025, down from 10.8 per cent for 2018 to 2019. At the same time, more US consumers will be going online to make purchases, rising from 266.7 million in 2022, to 291.2 million in 2025, according to Oberlo, an ecommerce shipping company supporting Shopify. This makes it more important than ever for advertisers to understand and support audiences based on what they want, their media habits and their digital footprints.

This Vogue Business research commissioned by Amazon Ads, identifies the latest purchase trends, shopping motivations and needs of luxury shoppers. These insights help advertisers understand and foster engagement among luxury consumers throughout their luxury purchasing journeys.

Key definitions

This glossary will help you navigate the findings

Luxury shoppers
Shoppers who spent $1,000 or more on apparel, footwear, accessories and small leather goods produced from luxury brands, or purchased more than one luxury item priced over $500 in the past 12 months

High-volume luxury shoppers
Shoppers who have purchased at least five luxury fashion items priced over $500 or more in the past year

Low-volume luxury shoppers
Shoppers who have purchased fewer than five luxury fashion items priced over $500 or more in the past year

$150K+ HHI
Shoppers with a household income of $150,000 or more

$50K-149,999 HHI
Shoppers with a household income between $50,000 and $149,999

<12 months

<5

IN PARTNERSHIP WITH AMAZON ADS
In order to better support luxury shoppers’ specific purchase needs and interests throughout their purchasing journeys, advertisers need to understand how frequently customers of varying backgrounds purchase luxury items. To do this, the analysis segmented consumers by income and purchase volume. The research found the $50,000-149,999 HHI group made up both the majority of luxury consumers at 59 per cent, and the majority of high-volume purchasers, at 58 per cent. This is in contrast to those in the $150,000+ group, who comprise only 16 per cent of luxury consumers.

This suggests that a much broader group of consumers, beyond the typical “affluent” demographic, is purchasing multiple luxury items (on average every 2.4 months). Luxury brands may want to consider not limiting themselves to the highest income audiences, because regardless of income, luxury purchases can be a treat for anyone.

<table>
<thead>
<tr>
<th>HHI</th>
<th>High-volume luxury shoppers</th>
<th>Low-volume luxury shoppers</th>
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</thead>
<tbody>
<tr>
<td>$50,000-149,999</td>
<td>58 per cent</td>
<td>59 per cent</td>
</tr>
<tr>
<td>$150,000+</td>
<td>29 per cent</td>
<td>12 per cent</td>
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Total respondents = 1003
685 low-volume (1-4 purchases/year), 727 high-volume (5+ purchases/year), 46 none or not sure. Please note that we have excluded responses <$50,000.
Advertisers can help customers discover information at relevant points along their purchase journeys

Just as important as understanding who shoppers are, knowing the channels through which they discover information is also vital for advertisers looking to engage with shoppers. The research shows that, in addition to physical stores, luxury consumers are turning to the Amazon retail store and brand websites to help inform and inspire their purchase decisions. Luxury consumers are likely to research ahead of their purchase decisions, presenting luxury brands with an opportunity to reach shoppers when they’re actively looking for more information. As such, advertisers should hone their messaging to showcase their luxury brands and items at opportune moments and on channels where shoppers may be open to branded content.

Among the five most influential channels for informing and inspiring luxury apparel purchases, respondents cited recommendations from friends and family. This is even more true for female respondents, who are also more likely to seek information on Instagram, while male respondents are more likely to seek information via search engines.

The study also reveals that Amazon.com is more popular among luxury shoppers surveyed than social media platforms (e.g. Instagram, TikTok, Facebook) as a source of inspiration, recommendations, and reviews for luxury purchases. The Amazon store was also ranked as the second most popular destination for this audience.

EXHIBIT 1: Popular luxury apparel shopping touchpoints

Top five channels for informing and inspiring luxury apparel purchases, by gender

<table>
<thead>
<tr>
<th>Rank</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Physical stores</td>
<td>Physical stores</td>
</tr>
<tr>
<td>2</td>
<td>Amazon</td>
<td>Amazon</td>
</tr>
<tr>
<td>3</td>
<td>Brand websites</td>
<td>Brand websites</td>
</tr>
<tr>
<td>4</td>
<td>Friends or family recommendations</td>
<td>Search engines</td>
</tr>
<tr>
<td>5</td>
<td>Instagram</td>
<td>Friends or family recommendations</td>
</tr>
</tbody>
</table>

April 2022, n = 485 male and 485 female respondents. Q: When looking to make a purchase in each of the following luxury categories, where do you typically turn for inspiration such as specific ideas, recommendations and reviews on what to buy?

DATA: VOGUE BUSINESS  © VOGUE BUSINESS
Leverage advertising opportunities within online retailers

Online retailers including the Amazon store are one of the top key discovery channels for luxury fashion consumers. Nearly half (47 per cent) of all luxury shoppers surveyed said they had recently seen online marketplace advertising that helps them discover new luxury brands or products (Exhibit 2). Brands cannot afford to ignore this channel, as shoppers can find these ads helpful for discovering new luxury goods and products.

EXHIBIT 2: Advertising on online marketplaces among top five discovery channels for luxury fashion

Top discovery channels for luxury fashion brands

- In-store when browsing: 53%
- Advertising seen on social media: 51%
- Friends or family recommendations: 50%
- Advertising seen on online marketplaces: 47%
- Something someone has shared on social media: 47%

April 2022, n = 1,003 total respondents Q: Which of the following have helped you discover luxury fashion brands in the last 12 months?
Some purchase behaviours — such as shopping frequency and responsiveness to advertising — are more pronounced for high-volume shoppers. For instance, 76 per cent shop online at least once a week, compared to 63 per cent of low-volume shoppers; and just over half (51 per cent) are inspired by online retailer advertising, compared to only 45 per cent for low-volume luxury shoppers (Exhibit 3).4

Brands can also reach high-volume luxury audiences through different touchpoints, including entertainment; 81 per cent of high-volume luxury shoppers watch content through streaming services at least once a week. Brands may be able to bolster and increase visibility for their products by reaching shoppers through entertainment-based channels.

Among high-volume luxury shoppers who use Amazon.com, 74 per cent say they engage more than once a week. And, over half (53 per cent) of all luxury shoppers also say they have been shopping via the Amazon store for five years or more.

The study further indicates a large overlap between Amazon Prime members and high-volume luxury shoppers, with 86 per cent saying they have a Prime membership. This highlights the value of convenient offerings such as fast, free delivery, and on-demand access to content for luxury shoppers who expect seamless experiences when buying designer goods. What’s more, those who regularly use Prime’s entertainment benefits like Prime Video have a higher propensity to discover luxury products via advertising on streaming media, at 51 per cent of frequent users (once a week or more) compared to just 33 per cent of non-users. A third of frequent Prime Video users also say it helps them decide what to purchase. This shows streaming can be an effective touchpoint for advertisers to connect with this group, so including streaming services, such as Freevee, in media mixes can be an engaging format to consider.

Looking at other Amazon-owned services, 31 per cent of luxury shoppers surveyed engage with Twitch, the interactive live-streaming service, at least once a week. Looking at groups by spend, 56 per cent of high-volume luxury shoppers also frequently use Twitch (at least once a week). Males (42 per cent) also use the streaming service in significantly higher numbers compared to females (24 per cent), making it an ideal channel for reaching more male luxury shoppers.

Reach high-volume luxury consumers across popular shopping and entertainment touchpoints

EXHIBIT 3: High-volume shoppers more likely to discover luxury brands through marketplace ads

Luxury consumers who discover luxury brands via online marketplace advertising – by purchase volume

High-volume luxury shoppers (i.e., more than five items purchased within the last year)

Low-volume shoppers (i.e., fewer than five items purchased within the last year)

April 2022, n = 685 lower volume shoppers, 272 higher volume shoppers, Q: Which of the following have helped you discover luxury fashion brands in the last 12 months?
Deploy relevant messages during key moments by understanding luxury shoppers’ motivations

Luxury shoppers are consuming and engaging with a vast amount of content across many digital touchpoints, so brands may want to customise their messaging based on an understanding of shoppers’ motivations — such as those buying for bulk purchasers, shoppers who are buying for special occasions, and more.

**Motivator 1: “Treat yourself” rewards & splurging**

Luxury shoppers most often look for luxury fashion and accessories products when they want to reward or treat themselves (cited by 46 per cent of respondents). Rewards and “treating yourself” are especially powerful motivators among shoppers who purchase fewer luxury products: half (50 per cent) of low-volume shoppers also agree that they most often look for luxury fashion and accessories to reward themselves, compared to just over a third (37 per cent) of high-volume shoppers. To action on these findings, brands can use self-gifting messages to inspire action among these shoppers. Further analysis shows that this self-gifting trend is particularly true of $150K+ HHI shoppers, where over half (51 per cent) cite “to reward/treat myself” as a reason for shopping.

The survey shows that shoppers who like to save up to splurge on luxury goods are also more likely to be high-volume customers (Exhibit 4). Advertisers can engage with these shoppers by highlighting relevant brand messages that highlight a special “treat yourself” purchase. These messages can be deployed through regularly used digital touchpoints (e.g., Amazon.com, social media, streaming TV) to stay top of mind, as consumers save up for their next big purchase. Alternatively, brands can also consider remarketing strategies to reach consumers who may be expressing interest in particular items or products leading up to their final purchase.

**Motivator 2: Uniqueness**

Uniqueness of brand or item is the second-most popular purchase trigger across all respondents, regardless of income, with 42 per cent saying they shop when they find something unique that they love. To highlight uniqueness, advertisers can emphasise exclusivity, personalisation, or limited editions in their branded messaging to resonate among audiences in marketing efforts.

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**EXHIBIT 4: Predicting the likelihood to splurge**

Share of luxury consumers who agree with the following statement: “I am conscious of my shopping habits, so I can save to splurge on luxury items every once in a while.”

- Low-volume shoppers (i.e., fewer than five items purchased within the last year)
  - 42%
  - 58%

- High-volume luxury shoppers (i.e., more than five items purchased within the last year)
  - 30%
  - 70%

April 2022, n = 685 lower volume shoppers, 272 higher volume shoppers. Q: How well does the statement, “I am conscious of my shopping habits, so I can save to splurge on luxury items every once in a while,” describe you when it comes to making luxury fashion purchases?
Motivator 3: Promotions

For the $50K-149,999 HHI group, sales and discounts are the third-most popular reason to shop for luxury products, cited by 33 per cent of survey respondents. Advertisers have an opportunity to engage with these income groups by offering special promotions, and emphasising savings or value in brand messaging.

Motivator 4: Special shopping occasions and holidays

The $150K+ HHI group appears especially inspired by special occasions, making shopping for an upcoming event the third most popular driver for this cohort. Brands should therefore think about how luxury consumers like to shop for key holidays and special moments (Exhibit 6).

A higher proportion (40 per cent) of $150K+ HHI shoppers start planning for holidays early (2-3 months before). This provides advertisers with plenty of lead time to plan engagement and align calls-to-action with the pace of consumers’ decision journeys (Exhibit 5). For example, a brand could customise a branded message or experience for $150K+ HHI shoppers with relevant messaging that says: “Reward yourself by shopping early-bird specials. You deserve it.”

EXHIBIT 5: Wealthier shoppers plan holiday purchases in advance

Luxury holiday/occasion shopping planning, by income bands

- I plan to start shopping on/during the actual holiday/event
- I plan to start shopping 2-3 months before the actual holiday/event

<table>
<thead>
<tr>
<th>HHI of $50,000 - $149,999</th>
<th>HHI of $150,000+</th>
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<tbody>
<tr>
<td>21%</td>
<td>40%</td>
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<tr>
<td>33%</td>
<td>16%</td>
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</table>

April 2022, Q: When do you plan to start your holiday/celebratory shopping this year (2022)? n = 587 respondents with annual income between $50,000-149,999 and 162 respondents above $150,000

EXHIBIT 6: Holiday shopping spend

Share of respondents who spend in excess of $500 per gift on selected holidays/occasions, by incomes

<table>
<thead>
<tr>
<th>HHI of $50,000 - $149,999</th>
<th>HHI of $150,000+</th>
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<tbody>
<tr>
<td>Christmas</td>
<td>81%</td>
</tr>
<tr>
<td>Weddings</td>
<td>50%</td>
</tr>
<tr>
<td>Valentine’s Day</td>
<td>46%</td>
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<tr>
<td>Mother’s Day</td>
<td>45%</td>
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<tr>
<td>Birthdays</td>
<td>44%</td>
</tr>
<tr>
<td>Thanksgiving</td>
<td>73%</td>
</tr>
<tr>
<td>Father’s Day</td>
<td>58%</td>
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</table>

April 2022, Q: How much on average do you expect to spend on luxury gifts for holidays/occasions over the next 12 months? n = 587 respondents with annual HHI between $50,000-149,999 and 162 respondents with annual HHI $150,000
Engage with relevant audience groups

In addition to customising messaging to feel more relevant based on motivations of different luxury shoppers, brands should refine their digital strategies depending on the type of content that different groups engage with. When surveyed about the types of content that motivate them to find out more about a luxury product or brand, consumers fall into three distinct groups.

The first group are “novelty” shoppers who want newness; the second is driven by “heritage” messaging; and the third group, the “celebrity” shoppers, are influenced by the styles of high-profile individuals. The data also shows that consumers are increasingly aligning their values with purchase decisions (Exhibit 7).

With 41 per cent of shoppers falling into the novelty cohort, brands may want to consider prioritising content that highlights newness and exclusivity in categories, e.g. capsule collections, that often see infrequent, impulse buys.

However, nearly a third (30 per cent) of consumers surveyed are driven by content that focuses on heritage. Within this group, 85 per cent were driven by content centred on the brands themselves. To resonate with these shoppers, marketers need to provide strong brand narratives that zoom in on brand values and history when creating content.

Finally, with nearly a quarter (24 per cent) of luxury shoppers looking for celebrity endorsements, brands should incorporate ambassadors and influencers into campaign imagery — using lifestyle-oriented messages in slogans to activate this group. A combination of new drops and celebrity influencers could address the preferences of multiple groups at the same time.

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**EXHIBIT 7: Targeting new cohorts by content type**

<table>
<thead>
<tr>
<th>Novelty</th>
<th>Heritage</th>
<th>Celebrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the hunt for new products and collections</td>
<td>Attracted to brand history</td>
<td>Seeks product collabs with celebs, influencers and brand ambassadors</td>
</tr>
<tr>
<td>Look for exclusive or limited-edition drops</td>
<td>Consumes values-related content</td>
<td>Gravitates towards lifestyle-driven trends</td>
</tr>
<tr>
<td>Prefer innovation around materials</td>
<td>Enjoys collabs with other brands</td>
<td></td>
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<tr>
<td>Value sustainability</td>
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</tbody>
</table>

Luxury brand advertising content preferences, by frequency of luxury shopping

- **Novelty**: 41%
- **Heritage**: 30%
- **Celebrity**: 24%

April 2022, Q: When it comes to promotional/advertising materials from luxury fashion brands, which of the following types of content/info usually pique your interest in/encourage you to look into the product or brand? n = 685 lower volume shoppers, 272 higher volume shoppers.
A content-driven strategy should entertain audiences as well provide useful information along the purchase journey. Advertisers can engage consumers with interactive, shoppable live streams to drive consideration in real time. By doing so, prospective consumers can imagine the ways in which brands can help them create the lifestyle they aspire to have. In fact, fashion brands who sponsored an Amazon Live series saw on average 67 per cent of their direct sales come from shoppers who had not purchased anything from the brand portfolio in the last 12 months.5

Endnotes

1. GlobalData internal research, August 2022
2. How many people shop in 2022? Oberlo, 2022
3. Shoppers who had spent $1,000 or more on apparel, footwear, accessories, and small leather goods products produced by luxury brands, or purchased more than one luxury item priced over $500 in the past 12 months
4. High-volume luxury shoppers: High-volume luxury shoppers purchase at least five luxury fashion items priced over $500 or more in the past year
5. Amazon Internal, US, Feb 2021-Mar 2022
To maximise the effectiveness of marketing and advertising activity, as well as audience reach, luxury brand owners and retailers may want to consider these best practices:

**Engage both low-and high-volume luxury customers throughout their cross-channel journeys.**

By understanding how different groups are using a variety of entertainment touchpoints (such as streaming services), brands can boost visibility even when consumers aren’t actively shopping.

**Engage with $150K+ HHI luxury shoppers early.**

Consider adding online retailer ads at the discovery stage of luxury shopping journeys, especially for holiday occasions, when $150K+ HHI shoppers plan purchases in advance. This boosts visibility to a wider audience over a longer period of time, helping to increase return on ad spend.

**Create “treat yourself” campaigns for consumers who want to self-reward.**

Broaden the reach of key marketing messages around self-gifting moments and treating yourself. Remember that consumers aren’t just looking for gifts during the holidays; they’re looking to spoil themselves too, so tailor promotions accordingly.

**Don’t forget impulse shoppers.**

Understand the motive behind impulse purchases. Tailor always-on messaging to highlight urgency and newness and align ads with brands and products in categories with a high prevalence for infrequent, impulse buys to engage low-volume groups.

**Time messaging for shopping occasions and holidays properly.**

Prioritise early messaging (about 2-3 months ahead of the occasion or holiday) among $150K+ HHI luxury shoppers.

**Customise content and messaging.**

One way to encourage audiences to “lean in” and listen to brand messages is by leveraging personalised content consumers want to see. Consider overlap across novelty, heritage, and celebrity content to touch on as many preferences as possible.

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**Key recommendations**

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Boilerplate: *Vogue Business surveyed 1,003 luxury consumers in the US, aged 18-65+ in April 2022. Consumers were evenly split across male and female and by age group (18-24, 25-34, 35-44, 45-54, 55-64, and 65+). Respondents were luxury shoppers with either a minimum spend of $1,000 on luxury products or a minimum spend of $500 on a single product over the last 12 months. Respondents were asked about their luxury shopping habits and their engagement with luxury brands and products across shopping channels and digital touchpoints.**

**The term “luxury fashion” used in the survey comprised apparel, footwear, accessories and small leather goods produced by luxury brands such as Gucci, Hermès, Saint Laurent, Louis Vuitton, Chanel, Tiffany, Cartier.**