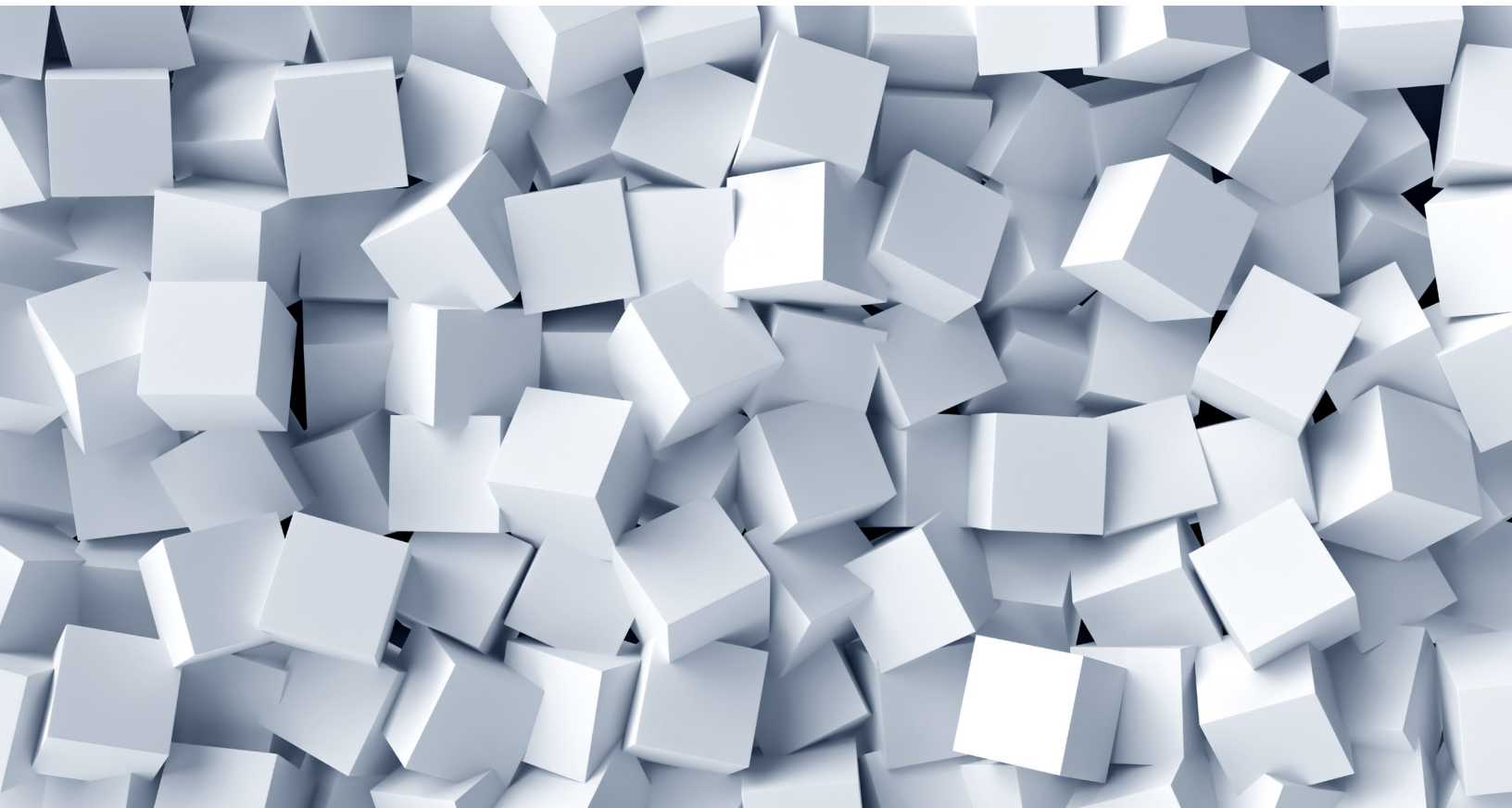


McKinsey Direct

# Why courting aspirational luxury consumers still matters

To help insulate themselves from economic headwinds, luxury brands have focused much of their attention on serving high-net-worth consumers. But aspirational luxury consumers are just as important.

*by Gemma D'Auria, Chiara Laudanna, Arianna Pileri, and Elena Pizzocaro*



**Over the past year**, the luxury fashion industry has confronted headwinds that have challenged its yearslong growth. To help offset the broader slowdown in the market, top luxury houses have raised prices and courted top clients.

While price increases and a focus on the wealthiest consumers may help buoy revenues in the short term, these strategies may impede growth in the long term if pursued in a vacuum. Instead, luxury fashion businesses should simultaneously focus their efforts on building relationships with aspirational luxury consumers (ALCs)—that is, those who spend a moderate amount on luxury goods—a market segment that is often misunderstood.

Recent interviews with industry leaders and the results of a global consumer survey suggest that although luxury fashion executives believe ALCs are an important consumer segment, their understanding of ALCs may be at odds with how those consumers view the luxury market themselves. Believing myths about ALCs may be a costly mistake, considering that the segment accounts for 18 percent of the total fashion market value—and 50 percent of the luxury market's value.

In this article, we dispel myths about ALCs and identify five ALC communities to help luxury executives better understand and target these consumers.

### **Who, what, when: Defining aspirational luxury consumers**

To better understand ALCs, McKinsey conducted a survey across seven key markets: China, France, Germany, Italy, Switzerland, the United Kingdom, and the United States. (For more on the survey methodology, see sidebar, “About the research”). The survey targeted individuals who meet the basic criteria that define ALCs:

### **About the research**

**McKinsey conducted a survey** in fourth quarter 2023 across seven key markets: China, France, Germany, Italy, Switzerland, the United Kingdom, and the United States. This survey sought to understand key traits, attitudes toward fashion, and purchasing behavior of aspirational luxury consumers. Respondents were men and women aged 18 to 65 who purchase their own apparel or fashion products, have purchased at least one item from a luxury fashion brand in the past six months, and spend €3,000 to €10,000 in fashion annually. The survey reached a total of 5,626 individuals across all markets and across ages, genders, incomes, and regions.

- ALCs purchase at least one luxury item annually.
- ALCs spend between €3,000 to €10,000 on fashion annually. Their purchases span categories such as apparel, beauty, leather goods, jewelry and watches, and accessories.<sup>1</sup>

### **Debunking myths about ALCs**

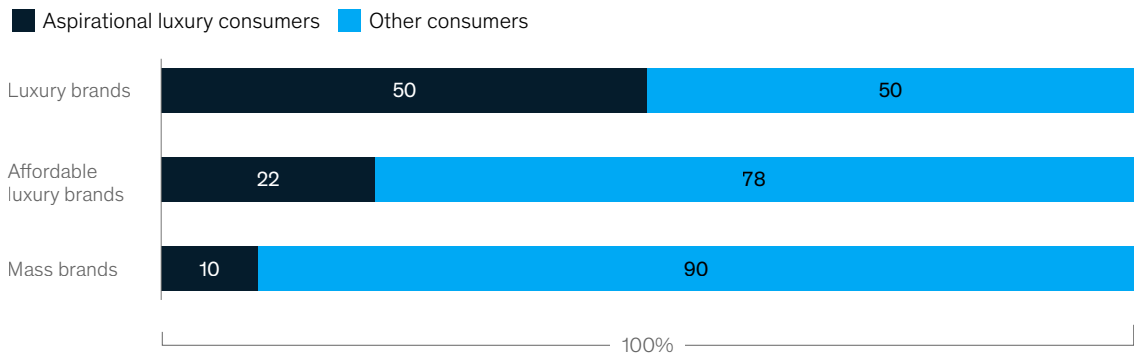
Survey results indicate that ALCs represent 18 percent of the fashion market in the seven countries studied, which translates to about \$273.5 billion in market value annually. These consumers account for half of the total revenue generated by luxury brands in those countries, demonstrating that they have significant influence over luxury brands' financial performance. By comparison, ALCs account for 22 percent of the market for affordable luxury brands (Exhibit 1).

<sup>1</sup> Consumers who spend more than €10,000 annually are classified as luxury consumers.

Exhibit 1

## Aspirational luxury consumers account for half of luxury sales.

### Market share by brand positioning,<sup>1</sup> %



<sup>1</sup>Includes the following countries: China, France, Germany, Italy, Switzerland, UK, and US.

Source: Expert interviews; Euromonitor data; McKinsey Consumer Survey 2023, n = 5,626 respondents: China (n = 908), France (n = 810), Germany (n = 807), Italy (n = 806), Switzerland (n = 584), UK (n = 809), and US (n = 902); McKinsey team analysis

McKinsey & Company

### ALCs are mostly young: False

The luxury executives interviewed for this research expressed the belief that ALCs are young (generally under 30 years old). However, the survey revealed that nearly 60 percent of ALCs are aged 35 or older. More than half of respondents live in China, a quarter live in the United States, and another 23 percent live in Europe. A deeper look at the data shows that China has more ALCs under 35 compared with other countries. While the luxury industry has long sought to court young shoppers (in order to build brand loyalty early in the consumer's lifetime), overlooking "older" ALCs means missing out on a significant segment of consumers.

### ALCs love logos: False

Fashion brand executives said they believe that ALCs are attracted to logo-centric products in categories such as apparel, leather goods, and accessories, which could help explain the so-called logo mania that dominated much of the past decade in fashion. But 70 percent of ALCs responding to the survey said they would feel comfortable wearing lesser-known brands, indicating a diminished

emphasis on conspicuous logos (which may be part of a broader industry trend away from logo-centric products). This challenges the idea that ALCs are interested in broadcasting the brands they wear and shop accordingly.

### ALCs prefer beauty, leather goods, and accessories to apparel: False

The fashion CEOs, chief marketing officers, and chief brand officers interviewed for this research said that beauty products, accessories, and leather goods were the primary categories for ALC purchases. While these categories are important revenue drivers, the survey found that apparel accounts for the bulk of ALC spending in luxury (Exhibit 2).

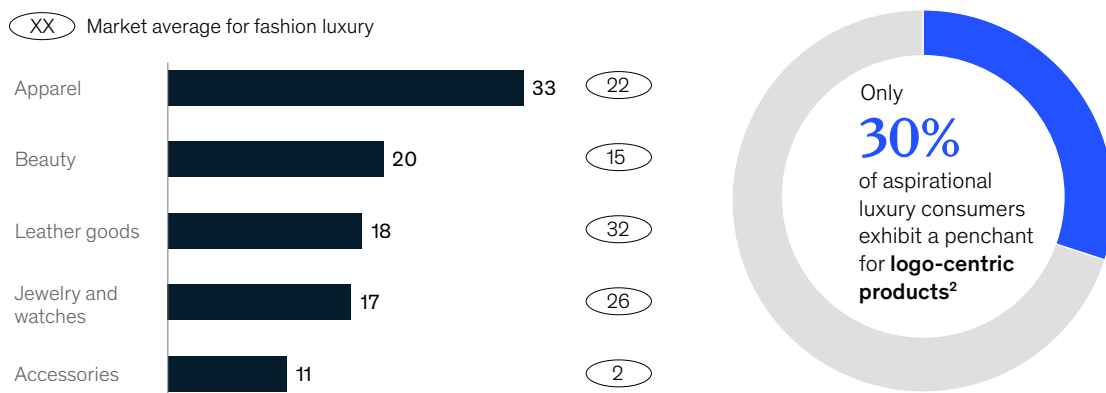
### Preloved luxury is here to stay: True

ALCs are interested in sustainable fashion and demonstrate it with their wallets. Sixty-three percent of survey respondents said that out of five pieces purchased in the past six months, at least one was a secondhand item. ALC shoppers in the United States express the highest likelihood to purchase secondhand items (75 percent), followed

Exhibit 2

## Aspirational luxury consumers' preferences lean toward apparel and footwear and away from logo-centric products.

Share of luxury purchases by product category, % of spend on luxury fashion items<sup>1</sup>



<sup>1</sup>Question: Please indicate in total, roughly how much do you personally spend per year on luxury fashion items (apparel, leather goods, accessories, beauty, and jewelry and watches)?

<sup>2</sup>Question: Please indicate how strongly you agree or disagree with each of the following statements: "I would feel comfortable wearing clothes or footwear from an unknown label" and "I would feel comfortable using fashion accessories from an unknown label."

Source: McKinsey Consumer Survey 2023, n = 5,626 respondents: China (n = 908), France (n = 810), Germany (n = 807), Italy (n = 806), Switzerland (n = 584), UK (n = 809), and US (n = 902)

McKinsey & Company

by shoppers in France (70 percent) and the United Kingdom (69 percent). Meanwhile, ALCs in Italy are less likely than average to purchase secondhand (48 percent). Tops, bags, outerwear, and bottoms account for the most frequently purchased secondhand fashion categories.

### ALCs are not loyal: False

ALCs are loyal to luxury brands: between 75 percent and 80 percent of respondents said they purchase from a maximum of four brands. But they are also willing to try new brands, particularly in the mass and affordable-luxury segments. According to the survey, 75 percent of ALCs consistently purchase from a few luxury brands in apparel, footwear, and leather goods; 73 percent of ALCs want to discover and try new brands; and 94 percent experiment with new brands every six months.

Survey respondents said they try new products primarily in search of better-quality items (46 percent), trending items (39 percent), and items that better fit their bodies (34 percent). ALCs will justify spending more on a product if they believe it is a high-quality item, and they may save up to splurge on a luxury item. Fashion brands eager to capture and retain these consumers should keep these factors in mind when marketing to ALCs.

### Sustainability and a sense of belonging matter to ALCs: True

A commitment to ethical and socially responsible business practices is a top purchase consideration for ALCs, but it's not the only one. These consumers also look for brands to communicate a compelling narrative or a purpose that resonates with them. Luxury brands that communicate on

an emotional level can forge stronger bonds than those that communicate through emotionless, anonymous transactions.<sup>2</sup>

**Social media and key opinion leaders alone influence ALCs: False**

Fashion brand executives expressed the belief that ALCs rely mostly on social media and key opinion leaders to get inspiration for their purchases. Instead, the survey shows that ALCs look to a range of sources for inspiration—suggesting that

brands should extend their marketing mix across key channels. For example, 42 percent of survey respondents said they look to fashion magazines for inspiration, and another 42 percent said they get inspiration from celebrities. Word of mouth and offers from monobrand retail stores also influenced ALC purchases, while these consumers ranked social media as the least influential source.

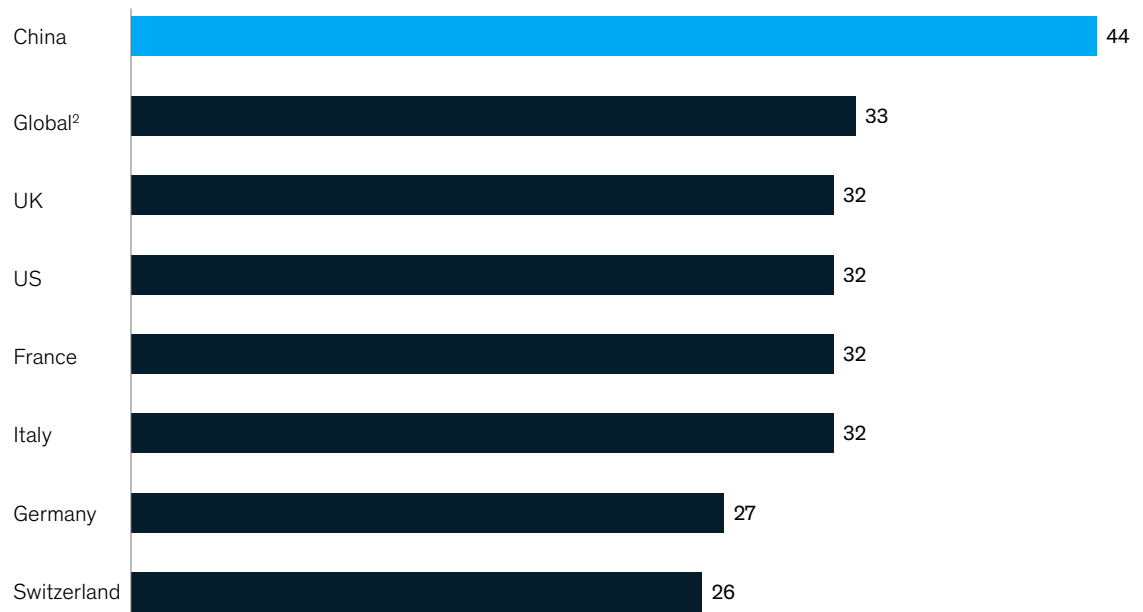
In China, fashion shows are also an important source of inspiration for ALCs (Exhibit 3).

<sup>2</sup> "Luxury retail is about 'emotions, not transactions,'" McKinsey, February 27, 2024.

Exhibit 3

**Fashion shows are among the top three sources of inspiration for aspirational luxury consumers in China.**

**Share of aspirational luxury consumers who get inspiration about new collections or fashion styles from fashion shows,<sup>1</sup> % of respondents**



<sup>1</sup> Question: Where do you normally get inspiration about new collections or fashion styles from? Fashion shows include New York Fashion Week and Paris Fashion Week.

<sup>2</sup> Global includes China, France, Germany, Italy, Switzerland, UK, and US.

Source: McKinsey Consumer Survey 2023, n = 5,626 respondents: China (n = 908), France (n = 810), Germany (n = 807), Italy (n = 806), Switzerland (n = 584), UK (n = 809), and US (n = 902)

## Identifying five ALC communities

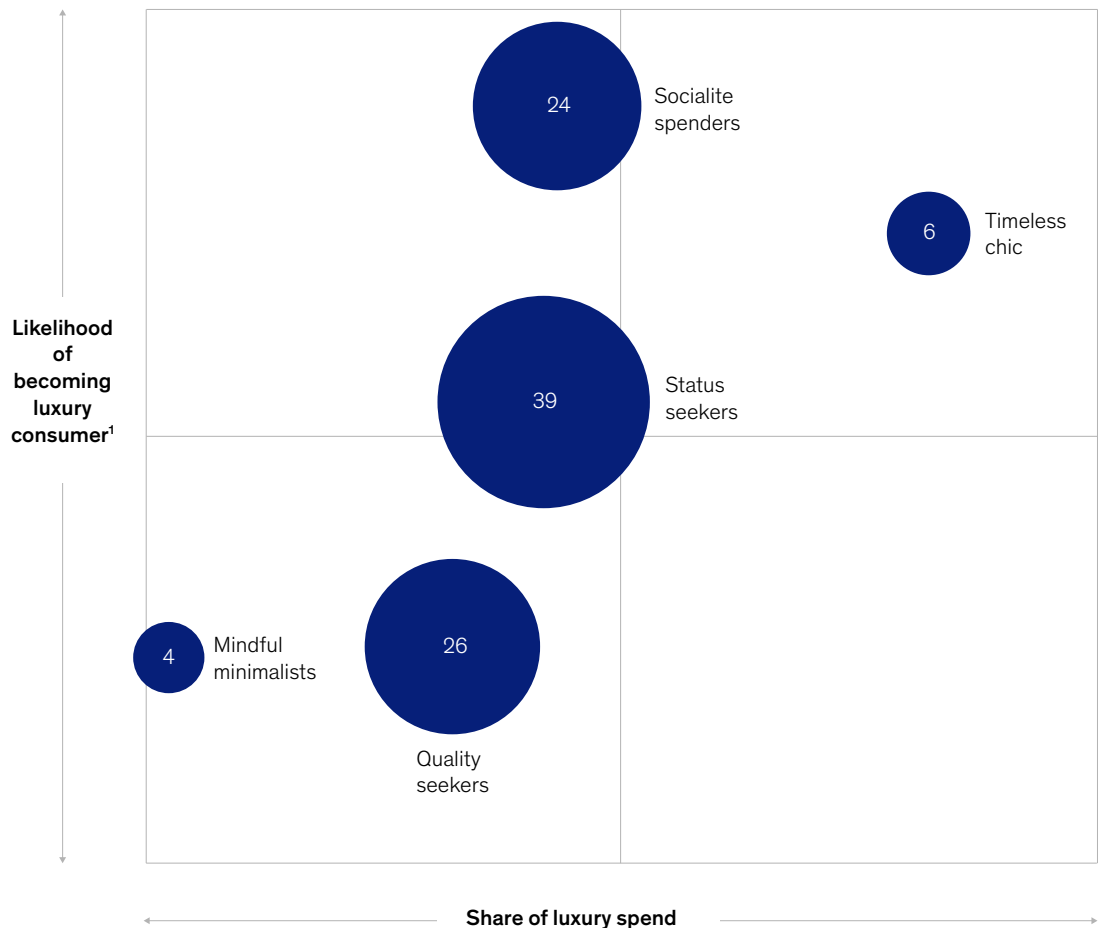
Using data from the consumer survey, we identified five ALC communities based on shared attributes and shopping behaviors. By analyzing each group in isolation, fashion brands will be able to better understand who their customers are, how best to serve them, and which are most likely to become true luxury consumers (Exhibit 4).

1. **Status seekers.** Accounting for 39 percent of total ALC spending, status seekers are primarily younger than 35 and live predominantly in China. With average personal income below €100,000 per year, these consumers typically spend around €3,500 per year on fashion. They follow fashion trends, influencers, and online blogs, and they

Exhibit 4

## Socialite spenders and status seekers are the most promising communities for luxury brands.

Aspirational luxury share of wallet, %



<sup>1</sup>Requirements for likelihood of becoming luxury consumer: annual fashion expenses >€3,000; aged 18–35; annual net income >€80,000; propensity to spend extra money (~€10,000) in fashion; and strong ambition and focus on career.  
Source: McKinsey Consumer Survey 2023, n = 5,626 respondents: China (n = 908), France (n = 810), Germany (n = 807), Italy (n = 806), Switzerland (n = 584), UK (n = 809), and US (n = 902)

may feel pressure to purchase luxury items to fit in with their peers. They make most of their purchases offline (69 percent), despite spending significant time online and on social media to find inspiration. Twenty-two percent of the luxury brand items they purchase are pre-owned.

2. **Socialite spenders.** Socialite spenders, who are typically under 35 years of age, represent 24 percent of total segment value. They earn the highest income and spend about €5,400 per year on luxury fashion across up to eight different luxury brands, making them the least loyal community. Like status seekers, these shoppers look to influencers as a source of inspiration, and visible logos and brand names are appealing to them. They spend the most time online and on social media (about six to ten hours per day on average), and 96 percent of them have purchased at least one luxury item online. Along with status seekers, socialite spenders are most likely to evolve from aspirational luxury consumers into true luxury consumers.
3. **Quality seekers.** Quality seekers are the second-largest ALC community, accounting for 26 percent of total segment value, and are particularly relevant to the US and European

markets. They typically are older than 40, own homes, and earn less than €80,000 per year. Even with additional financial obligations, they still spend around €3,000 per year on fashion. These shoppers care deeply about sustainability and quality—and they will switch brands if they perceive another brand to offer better value or quality. These consumers make luxury purchases mostly in-store, and a fifth of their total purchases are secondhand. Before they complete a purchase, they research products thoroughly.

4. **Timeless chic.** Timeless chic shoppers are the ALCs who most closely resemble the traditional luxury consumer, although they spend less than traditional luxury consumers on luxury fashion (around €4,500 per year). Timeless chic shoppers represent a minority of aspirational luxury shoppers across the geographies we surveyed (less than 6 percent of total ALC value). They primarily purchase luxury items, occasionally purchase affordable luxury products, and never purchase mass products. They earn a high income but spend a smaller portion of their income on fashion. When they do shop, they are loyal to a few luxury brands, ignoring trends in favor of classic styles. These

**Quality seekers are the second-largest ALC community, accounting for 26 percent of total segment value.**



shoppers are not influenced by their peers, and they don't care about showing off. They almost never purchase luxury online, preferring to shop at luxury brands' stores.

5. *Mindful minimalists*. Mindful minimalists account for just 4 percent of total segment spending, making them the smallest ALC community. This group consists mostly of men (75 percent) over 40 who typically spend around €3,000 per year on luxury fashion. They are not fashion conscious, don't follow influencers and fashion trends, and don't want to show off logos or brand names. In fact, these shoppers care the least about gaining status through luxury purchases (they only buy from one or two luxury brands) and are most likely to make luxury purchases online.

There is no one-size-fits-all strategy to effectively cater to the diverse communities of aspirational luxury customers. It is precisely because of how dynamic these consumers are, and how quickly they are evolving, that the key takeaway from

our findings is that fashion and luxury executives would do well to double down on tailored approaches and hyperpersonalized strategies to cater to their needs.

Such hyperpersonalization must be enabled through deep customer insights gathered from first- and third-party data to help brands better understand and anticipate these shoppers' preferences. This is important for all customer segments, but it is particularly so for aspirational luxury consumer segments, which are defined by a variety of tastes, sizes, and styles.

With the help of AI and generative AI,<sup>3</sup> brands can extract meaningful intelligence from broad data sets and connect the dots on customer behaviors in ways that would not have been possible before. Brands that invest in this deep understanding of their customers gain a competitive edge. They develop the ability to innovate and grow strategically in relevant segments, such as aspirational luxury consumers, while keeping up with an ever-changing industry.

<sup>3</sup> Holger Harreis, Theodora Koullias, Roger Roberts, and Kimberly Te, "Generative AI: Unlocking the future of fashion," McKinsey, March 8, 2023.

**Gemma D'Auria** is a senior partner in McKinsey's Milan office, where **Chiara Laudanna** and **Elena Pizzocaro** are partners and **Arianna Pileri** is an associate partner.

The authors wish to thank Camera Nazionale della Moda Italiana and Zalando for their contributions to this article.

This article was edited by Alexandra Mondalek, an editor in the New York office.

Copyright © 2024 McKinsey & Company. All rights reserved.