



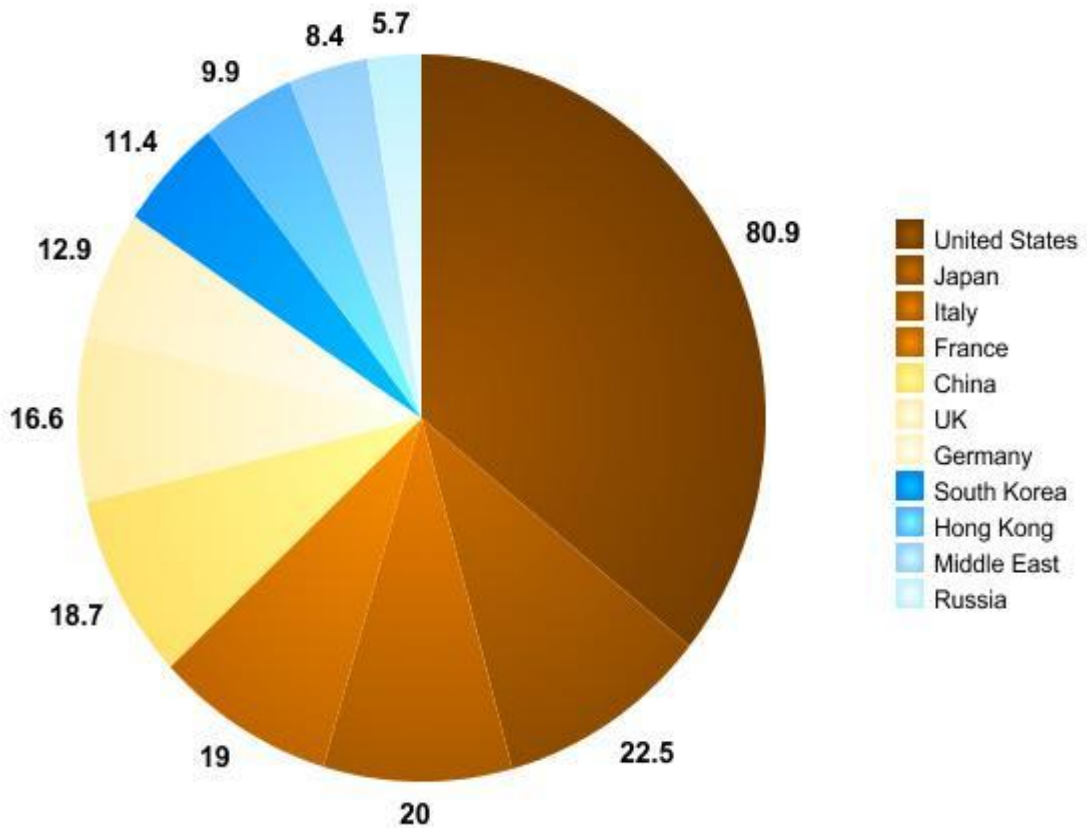
The Luxe Avenue Charter:

10 Key Pillars to The New Frontier of Luxury: America

LEADING AHEAD

Officially - The US is the #1 Market for Luxury goods in the world. Prestigious fashion houses such as Saint Laurent, Moncler, Hermès and Gucci alongside other luxury retailers saw significant sales growth in the last-quarter of 2014 projecting for an optimistic 2015. The Americas count for 32% or \$80.9 Billion dollars of the Luxury Goods Market approximately at \$223 Billion.

Size of Luxury Goods Market | 2014 Estimate in billions of dollars



Bain & Co. Dollars converted from Euros at Current Exchange

UNIQUENESS

Consumers in emerging countries such as China and Brazil tend to spend more than three times abroad on Luxury retail in comparison to what they spend at home. Tourists who visit the U.S are consistently looking to buy luxury goods at cheaper price points overseas to avoid import taxes and duties. The distinctiveness of the American market lies in its consumer base which is 90% domestic (people who live in America).

X-FACTOR

The “Feel-good” Factor: The U.S economy enters 2015 with the strongest momentum in at least a decade. Collectively, the population is young and there is an upsurge of minorities with plenty of disposable income. Rebounding domestic stock markets, property prices, and falling oil cost at the pump make the population feel confident to splurge their income on Luxury goods. On the contrary in Asia, growth is stumbling and asset prices are declining - damaging the feel-good factor in Chinese customers and therefore making them less inclined to purchase luxury goods.

E-COMMERCE

E-commerce in Luxury retail has rose 8% in the last year and is forecasted to double in the next 5 years. In Digital Customer Experience Proficiency & E-commerce strategic reach, Burberry is the luxury leader in the US. The British fashion house devotes an annual 60% of its marketing budget to digital, three times more than the market average. Also there are 3.5 million households with more than \$1 million value assets in the US; 2 millions of those Americans live outside of luxury retail markets such as New York, Miami or Los Angeles. By increasing the level of ecommerce luxury brands make it all the more possible to outreach these potential customers.

REAL ESTATE

There are 4 first-tier retail markets in the US – New York , Miami, Las Vegas, Los Angeles, and 6 second- tier retail markets - San Francisco, Chicago, Atlanta, Houston/Dallas, Boston, D.C. To illustrate the dynamism of luxury retail estate developments - in New York - undergoing projects include - Westfield and Brookfield Place (Downtown) & Hudson Yards (Midtown) - in Miami - Design District and Brickell City Centre. These key locations enable brands to collectively gain access to both domestic & travelling traffic of consumers all over America.

VISA

The US accommodates over 900,000 international students per year, 275,000 of which are of Chinese descent. American retailers have often envied the immeasurable Chinese tourists that graze the shopping streets of London, Paris and Milan. Therefore, Chinese President Xi Jinping and President Obama have agreed to increase the number of tourist visas for Chinese visitors. Premium U.S Brands such as Theory, Vince, James Perse, Cole Haan, Tory Burch, Michael Kors and Coach are cheaper In the USA than internationally.

CONSUMER PATTERN

America is home to 40% of the millionaires in the planet. After the tough economic crisis of 2008, the luxury market in the US rebounded with force and experienced a growth higher than that observed in China and Europe. If the Chinese bubble deflated, especially for Luxury groups Richemont, LVMH and Kering, the United States remains a key strong market. As of 2015, the luxury clientele in the U.S are in their 3rd generation as consumers of European luxury brands as opposed to the Chinese who are presently in the 1st generation.

N_AFTA

North American Luxury department stores such as Saks & Nordstrom have set strides to open new locations in both Canada and Mexico. Canada’s number of high-net worth individuals is on the rise, with a projected combined wealth of \$2 trillion by 2018. Luxury brands perceive Canada and Mexico as the new key markets for luxury with attractive growth opportunities.

POWERHOUSE

America, more so than other regions in the world is more responsive to new luxury products and innovation than Europe and Asia. Creative brands such as Proenza Schouler and Alexander Wang have successfully taken off in the US and it is hard to ignore the triumph of Tory Burch, Coach, Marc Jacobs and Michael Kors in the last five years. These powerhouse brands are becoming rightful competitors to their respective premium European counterparts.

MAD_E IN AMERICA

After the last American watchmaker, Hamilton, was bought by Swiss watchmaker in 1971, Shinola is redefining American luxury through American quality. The Detroit based watchmaker is projected to sell 500,000 watches in 2014 and open 6 new stores in 2015. In the automotive industry Tesla overtook Ford as the most “Made in America” vehicle as 90% of materials used in Tesla car is sourced and manufactured in America. Initiatives are being taken across the country to ensure this trend is here to last. Recently, NY State has approved a \$3.5 million investment in a Manufacturing Innovation Hub for Apparel Textiles & Wearable Tech to provide research, development, design and manufacturing resources to New York’s upcoming designers and apparel manufacturers.

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