

30% OF LUXURY GOODS WORLDWIDE IS BOUGHT BY CHINESE



Luxury goods are back in popularity. China, for instance, takes advantage of the increased purchasing power of the population to create a niche in the high-end products market.

According to the latest Ernst & Young report "The Luxury and Cosmetics Financial Factbook", **Chinese consumers buy three out of every ten luxury products sold worldwide, followed by American (24%) and European consumers (18%).** In addition, only one fifth of the purchases made by Chinese tourists are produced in their country; most of them are made in Europe.

"The luxury sector has demonstrated its growth potential even in times of geopolitical instability and slower growth in emerging markets like China, that are so important to the industry. The attraction of shopping tourism and awareness of the importance of new technologies in this business will be key in consolidating the development of the industry in the next few years," said a statement by Llorenç López Carrascosa, EY's Leading Partner for the Consumer Products and Retail Sector in Spain, Italy and Portugal.

From a more general point of view, the EY report shows that in 2015 the luxury goods industry yielded a 1% increase in its turnover, with sales revenue of 253,000 million euros. The study, which analyzes the overall financial situation of the 30 leading listed companies in the sector - 23 of which belong to luxury goods and the remaining 7 to cosmetics - also reveals that the cosmetics industry grew by 3.9% to US\$203 billion, with Asia-Pacific (36% of sales) and North America (24%) being the most important markets.

Online shopping is also an opportunity that more and more companies are taking advantage of in this segment. Last year it accounted for 7% of total sales, which translates into ten times more than in 2005.

The combined market value of both sectors (luxury and cosmetics) stood at 440.2 billion euros at the end of the first quarter of 2016. In the last eight years, these 30 companies have had a cumulative stock increase of 83%, above the performance of the S&P 500 and the Stoxx Europe 600 over the same period.

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