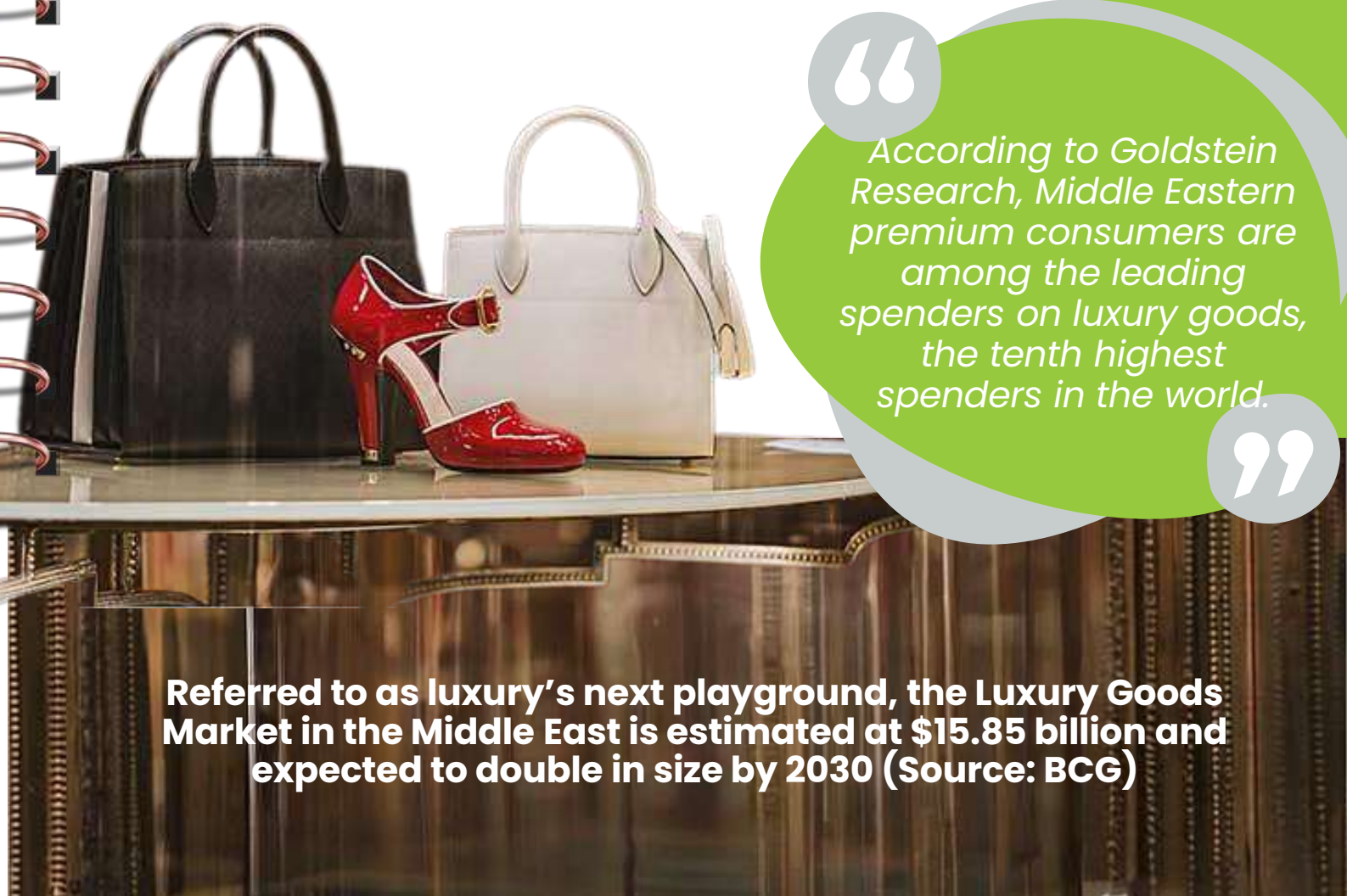
SIGHT for GROWTH

– a monthly series

JULY | 2024

Amid global financial volatility and geopolitical tensions, the Middle East remains a significant opportunity for luxury brands, as affluent consumers in the region demonstrate a growing appetite for luxury goods. The rapid growth of luxury brands across the Middle East is indicative of a global shift of wealth.

The Middle East is expected to become one of the fastest-growing markets for luxury retail. With continued efforts to understand their consumers, reinvent the retail game and embrace technology, luxury brands have the opportunity to push the boundaries.



According to Goldstein Research, Middle Eastern premium consumers are among the leading spenders on luxury goods, the tenth highest spenders in the world.

Referred to as luxury's next playground, the Luxury Goods Market in the Middle East is estimated at $15.85 billion and expected to double in size by 2030 (Source: BCG)

Factors impacting growth of the Luxury Goods market in the Middle East

Increased spends thanks to economic stability & growth in the region

Saudi Arabia's and UAE's Vision are boosting industries like tourism, entertainment, and retail, driving growth in the luxury market. Also, a growing population with high disposable income valuing luxury products and status symbols is advancing the sector.

Luxury retail boosted by Tourism & International appeal for the region

Luxury tourism thrives in cities like Dubai and Doha, with high-profile events and luxury hotels attracting affluent tourists. Global luxury brands and flagship stores increase the accessibility of luxury products for residents and tourists.

Emerging younger demographics with spending power

Around 50% of the region's population is under 25 with higher disposable incomes, creating a strong market for luxury brands.

Emerging sustainable & ethical consumption

Demand rising for sustainable luxury products in the Middle East. Brands focusing on transparency, ethics, and sustainability are gaining popularity.

Saudi Arabia is booming

Luxury retail in the Middle East, particularly in Saudi Arabia, has grown significantly post-pandemic, with forecasts indicating sales could reach $22.4 billion by 2025.

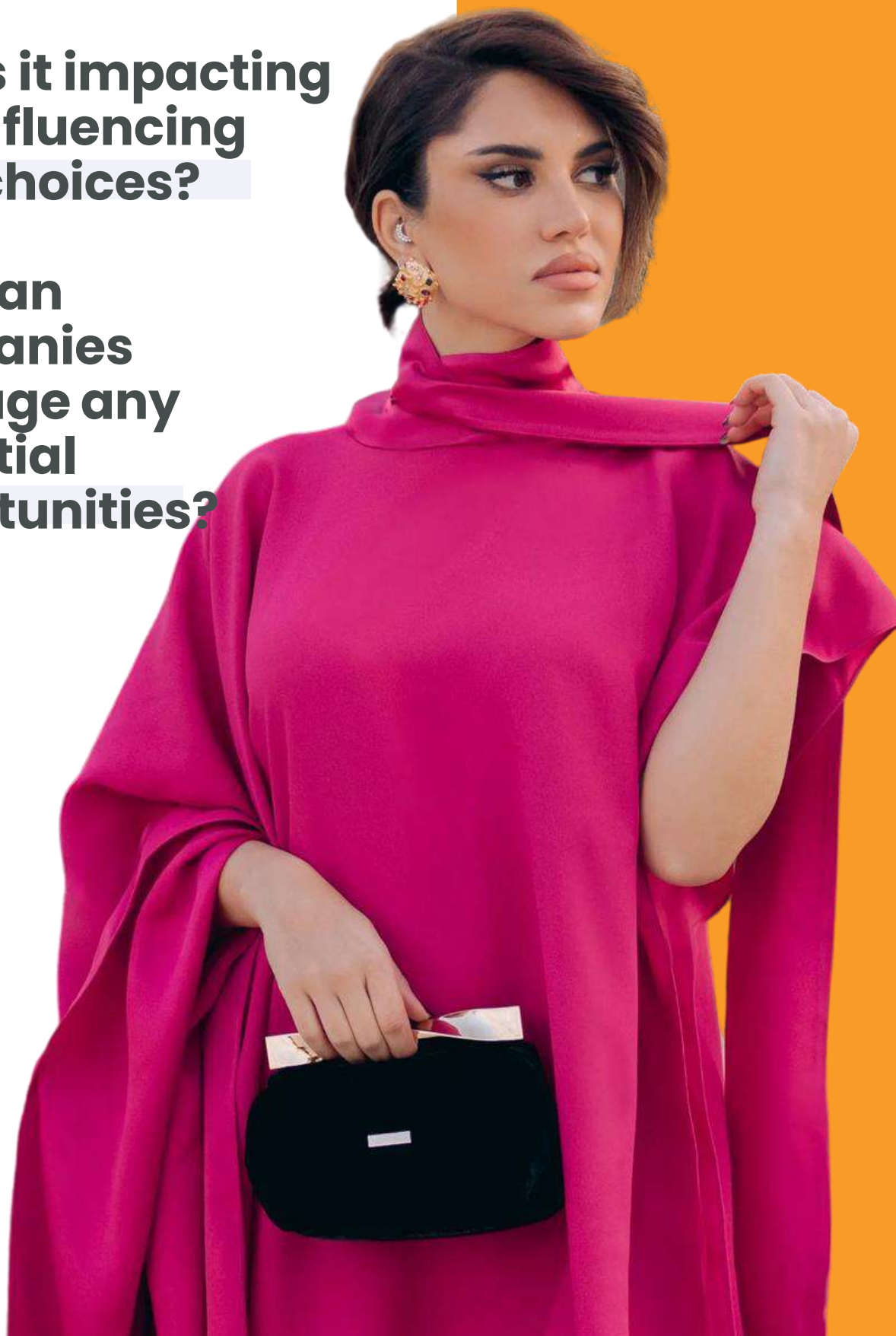
Consumers are re-defining codes of the category

Today's customers are well-informed, expect authentic experiences, and compelling storytelling. This dynamic is also opening up the sector to a larger audience.

Let’s take a look at how the codes of Luxury have evolved over time

How is it impacting and influencing their choices?

How can companies leverage any potential opportunities?



A look at the evergreen codes of luxury

EXCLUSIVITY: RESERVED FOR A WEALTHY ELITE | LIMITING AVAILABILITY OF THEIR PRODUCTS

Example: Brands such as Rolex, with its iconic watches embody exclusivity by limiting the availability of their products.

CRAFTSMANSHIP: EXCEPTIONAL WORKMANSHIP | EYE FOR DETAIL

Example: Hermès high-quality leather handbags symbolizes their commitment to traditional artistry.

RARITY: RARE & EXCLUSIVE PRODUCTS

Example: Louis Vuitton, with its collections of limited edition handbags, embodied this notion of coveted rarity.

PREMIUM CUSTOMER EXPERIENCE: PERSONALIZED & EXCEPTIONAL CUSTOMER EXPERIENCE

Example: Ritz-Carlton hotels, with their impeccable service and attention to detail

A look at how these evergreen codes of luxury manifest in today's context

Today **Luxury is more fluid** and difficult to pin down.

Social media has demystified luxury by providing **behind-the-scenes access and facilitating direct communication** with previously unreachable brands.

The luxury sector has been impacted by shifts in consumer values, particularly the **emphasis on knowledge, wellbeing, and self-actualization over material goods**.

By 2025, **Millennials and Gen Z will make up 45% of the luxury market**. These consumers **prioritize principles and purpose** over traditional consumer behavior, with a **focus on self-optimization**. This has led to a **trend of casualization in luxury**, especially in fashion. Streetwear brands have brought a new level of cool.

Such trends are leading to **homogenization of the sector**.

So, what does new age luxury look like?

Interactive personalization

is becoming a new luxury code, allowing consumers to **actively participate in the creation** of their product. Brands such as Nike allow customers to design their own trainers online, offering a unique and bespoke experience.

Virtual access to exclusive locations

While luxury was once associated with exclusive physical locations, the **digital age now allows virtual access to these coveted destinations**. Fashion houses such as Chanel are organizing catwalk shows online, opening the doors of exclusivity to a global audience.

Commitment on social networks

Luxury brands are increasingly engaging on social networks to create an **authentic connection with their audience**. Cartier, for example, shares jewelry creation stories on Instagram, offering a transparent window into the creative process..

Luxury and digital: the alliance of the future

This blend of luxury and digital helps brands **stay relevant while maintaining exclusivity and elegance**.

Integration of augmented reality

is **revolutionizing the online shopping experience**. Brands such as Louis Vuitton are using AR to allow customers to virtually visualize products in their own environment.

In essence, it's about being, not buying.

*"The paradigm is shifting from **exclusivity to inclusivity**: once a form of de facto elitism, **luxury today is more democratic**. While it still comes at a cost, that cost is now more closely aligned with knowledge and access as opposed to cold, hard cash" (Highsnobiety 2018)*

*"New luxury isn't just about what you wear, **it's about what you know**. The luxury consumer is looking to **brands to help unlock their inner genius**... to be the **hero of their own story**, to feel exceptional, individual." (Stylus 2017)*

Key Trends shaping the Luxury industry in the Middle East

Trend 1

Digital Luxury facilitates accessibility

Trend 2

Demand for Ethical Luxury

Trend 3

Hyper Personalization & Curated experience

Trend 4

Integrating Cultural Nuances & Local Influence

Trend 5

Focus on Experiential Luxury

Trend 6

Technology Integration

Trend 7

Health & Wellness are the New Luxury

Trend 8

Rise of High-end real estate

Trend 1

Digital Luxury facilitates Accessibility

Luxury brands are embracing digital channels like e-commerce, omni-channel retailing, augmented reality (AR), and virtual stores to cater to tech-savvy consumers.

This shift **enhances accessibility, allowing seamless and personalized shopping experiences,** and creates new ways to engage customers.

Bloomingdale's (UAE & Kuwait): Bloomingdale's has embraced omni-channel retailing by offering services like click-and-collect, virtual shopping appointments, and AR-based virtual try-ons, ensuring a seamless customer experience across digital and physical channels.

Level Shoes (UAE): Level Shoes combines an immersive online experience with their flagship store, offering AR try-ons and a personalized shopping journey through their app and website.

The Luxury Closet is revolutionizing the circular fashion game and inspiring a new generation of shoppers to adopt more sustainable shopping habits

Trend 2

Demand for Ethical Luxury

There's a growing **demand for products made from sustainable and ethically sourced materials**, pushing brands to **adopt eco-conscious practices throughout their production and packaging processes**.

Additionally, brands are utilizing **blockchain technology to enhance transparency and traceability** in their supply chains, allowing **consumers to verify the origin and authenticity** of their products.

Abadia (KSA): A Saudi Arabian luxury brand that incorporates sustainability into its designs by working with local artisans and using ethically sourced materials. They focus on preserving cultural heritage while adhering to sustainable practices.

Azza Fahmy (Egypt): A luxury jewelry brand that emphasizes ethical sourcing of materials and transparent practices. They are committed to sustainability and social responsibility, ensuring their products are made with care for the environment and communities involved in production.

The Giving Movement (UAE): A homegrown brand that focuses on sustainability, using recycled and eco-friendly materials for their clothing. They are transparent about their supply chain and emphasize ethical practices in manufacturing.

Trend 3

Hyper Personalization and Curated Experiences

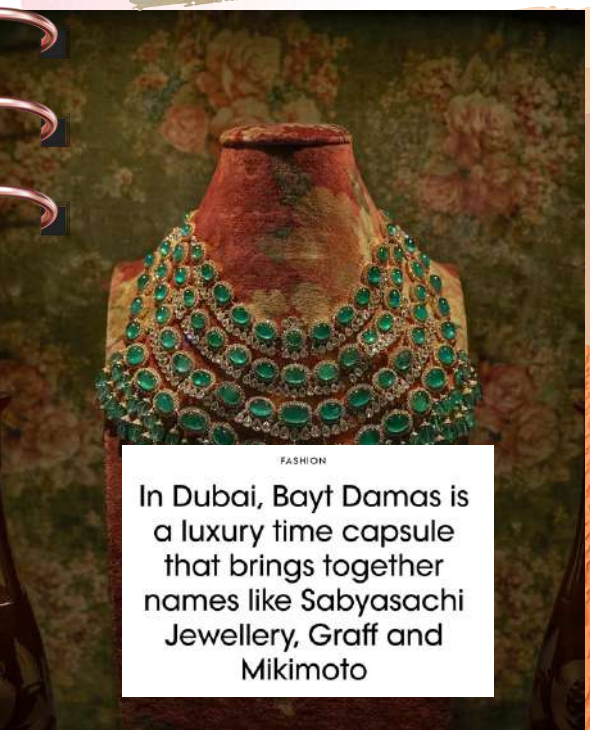
Luxury brands are **dialing up the allure of exclusivity by embracing hyper personalization**.

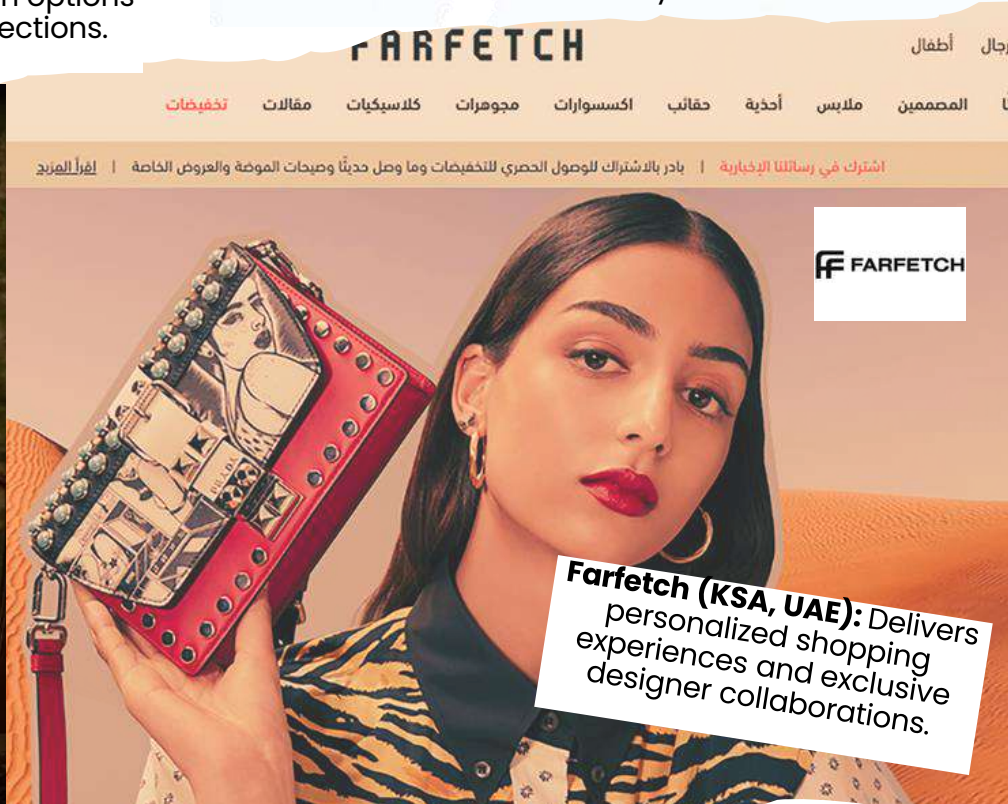
Bespoke services allow customers to **tailor products to their exact tastes**, while **data-driven marketing delivers spot-on recommendations**.

Limited-edition collections and high-profile collaborations with artists are also on the rise, offering that **coveted sense of uniqueness.**

Rami Al Ali (UAE): Provides couture fashion with customization options and limited-edition collections.

The House of Oud (UAE): A niche luxury perfume brand that offers customized perfume experiences, allowing customers to create their own unique scent profiles. Their perfumes often come in intricately designed bottles, adding to the exclusivity.





Farfetch (KSA, UAE): Delivers personalized shopping experiences and exclusive designer collaborations.

Trend 4

Integrating Cultural Nuance & Local Influence

Luxury brands are drawing on Middle Eastern culture, **incorporating traditional designs, motifs, and craftsmanship** into their products.

This trend reflects a deep respect for local heritage and **a commitment to cultural sensitivity**, with brands tailoring their offerings to align with regional preferences and values.

Authenticity and **respect for local heritage** are key to building strong connections with consumers in the region.

Anfasic Dokhoon (UAE): A fragrance brand that draws on traditional Middle Eastern perfumery techniques and ingredients, offering products that celebrate regional heritage and culture.

Chopard (UAE, I Chopard has launched collections inspired by Arabian architecture and culture, tailoring their designs to appeal to Middle Eastern tastes and preferences.

Van Cleef & Arpels Collaborates With Emirati Artist Fatima Alketbi To Celebrate Ramadan

Louboutin (UAE): Christian Louboutin has created special collections for the Middle East, incorporating traditional motifs and designs that resonate with local aesthetics.

Gucci brings its high jewellery to the UAE for the first time

Trend 5

Focus on Experiential Luxury

Luxury brands are offering **more than just products—they're creating exclusive experiences** that cater to the desires **of high-end consumers.**

This includes **curating bespoke travel itineraries, integrating wellness into luxury tourism, hosting exclusive events, and using pop-up stores to generate excitement and engagement.** The focus is on delivering **immersive, memorable moments** for its elite customers.

Emirates Airlines (UAE): Offers exclusive, high-end travel experiences with luxury suites, personalized services, and bespoke itineraries for premium travelers, embodying the essence of experiential luxury.

Louis Vuitton (KSA): Has launched experiential pop-up stores in Riyadh, creating buzz and offering exclusive, immersive shopping experiences that go beyond traditional retail.

Anantara Resorts (Oman, UAE, Qatar): Combines luxury with wellness tourism, offering spa retreats, health-focused programs, and immersive cultural experiences in breathtaking locations across the Middle East.

Trend 6

Technology Integration

Luxury brands are **incorporating advanced technology** into their offerings, from wearable tech and connected devices **to digital collectibles like NFTs and virtual real estate in the metaverse**.

This trend reflects a **fusion of luxury and cutting-edge innovation**, appealing to tech-savvy consumers seeking both style and substance.

TAG Heuer (UAE, KSA): The luxury watchmaker has embraced wearable technology with its Connected series of smartwatches, blending traditional luxury with advanced features like fitness tracking and customization.

Decentraland (Middle East Participation): Various luxury brands and investors from the Middle East are exploring virtual real estate in the metaverse through platforms like Decentraland, where they can create exclusive digital experiences and assets.

Samsung Bespoke (UAE, KSA): Samsung offers high-end, customizable smart home devices that cater to luxury consumers, allowing them to integrate advanced technology seamlessly into their homes.

Trend 7

Health & Wellness are the New Luxury

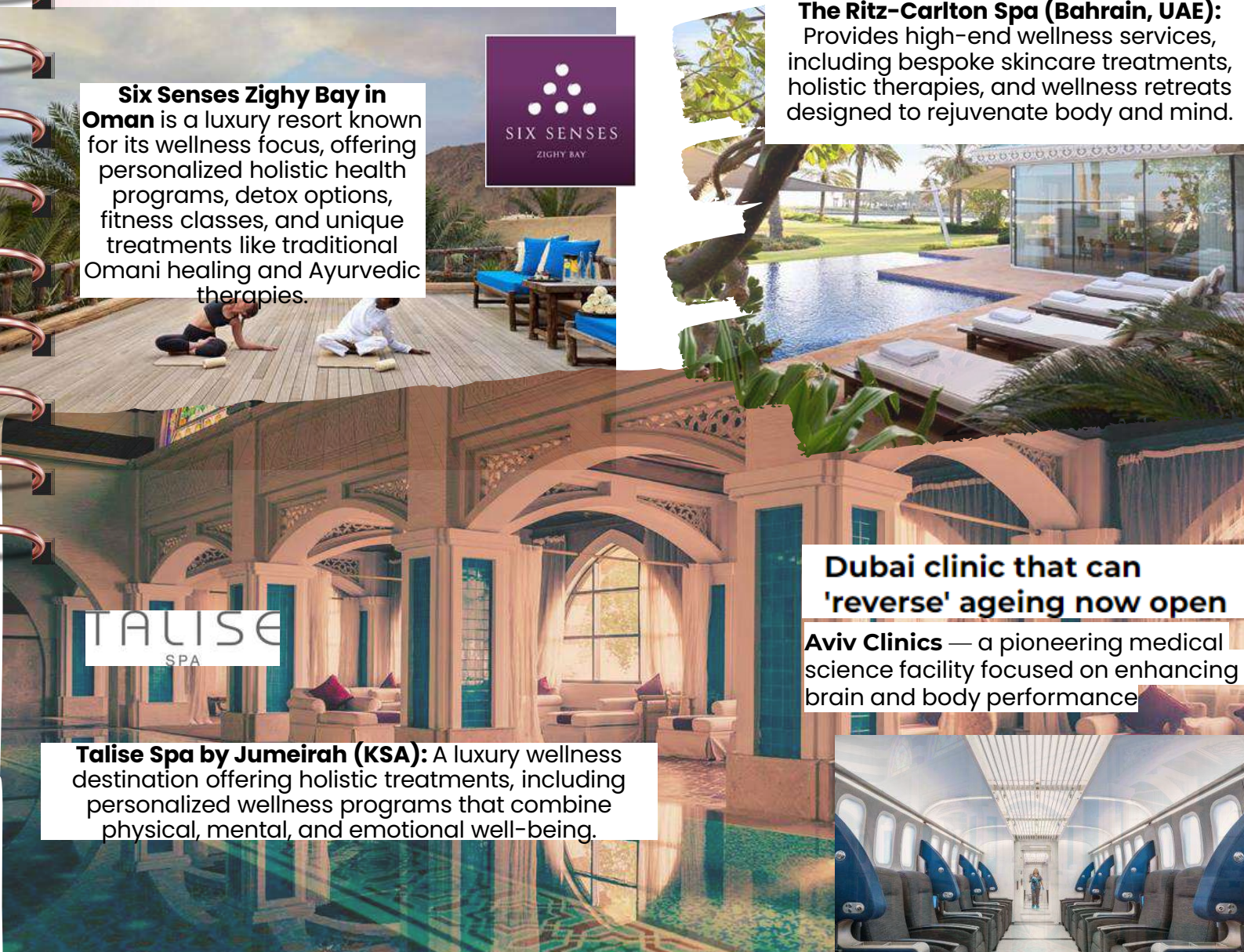
Luxury brands are **prioritizing health and wellness**, offering high-end products and services that cater to holistic well-being.

This trend encompasses **luxury wellness offerings like skincare, nutrition, and fitness**, with a growing emphasis on holistic health that integrates physical, mental, and emotional well-being.

Additionally, innovative therapies, including **anti-aging treatments and regenerative medicine**, are becoming key components of luxury health services.

Six Senses Zighy Bay in Oman is a luxury resort known for its wellness focus, offering personalized holistic health programs, detox options, fitness classes, and unique treatments like traditional Omani healing and Ayurvedic therapies.

The Ritz-Carlton Spa (Bahrain, UAE): Provides high-end wellness services, including bespoke skincare treatments, holistic therapies, and wellness retreats designed to rejuvenate body and mind.



Dubai clinic that can 'reverse' ageing now open

Aviv Clinics — a pioneering medical science facility focused on enhancing brain and body performance

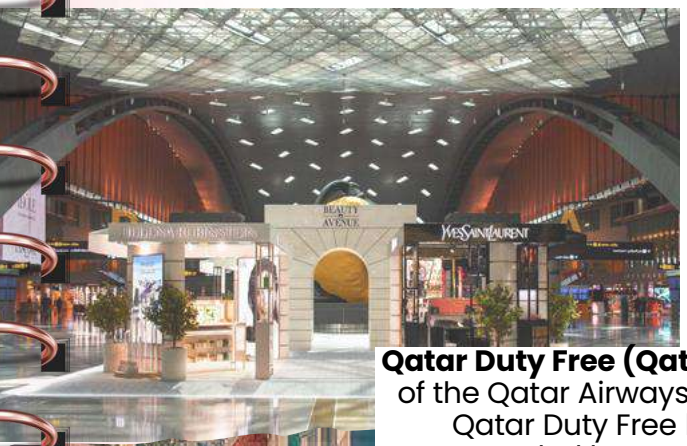
Talise Spa by Jumeirah (KSA): A luxury wellness destination offering holistic treatments, including personalized wellness programs that combine physical, mental, and emotional well-being.

Trend 8

Rise of High-end real estate

As urbanization accelerates in emerging markets, **luxury brands are focusing on developing high-end residential properties, exclusive gated communities**, and **flagship stores** in key urban areas.

This trend also extends to **expanding luxury offerings in airports and travel hubs, catering to the growing demand for premium experiences** in these rapidly developing regions.



Qatar Duty Free (Qatar): Part of the Qatar Airways Group, Qatar Duty Free has expanded luxury retail offerings in Hamad International Airport, providing travelers with access to high-end brands and exclusive products.

Emaar Properties (UAE): A leader in luxury real estate, Emaar has developed iconic properties like the Burj Khalifa Residences and Dubai Marina, offering unparalleled amenities and services in key urban areas.

LUXHABITAT

LUXHABITAT: a leading curated marketplace featuring Dubai's finest properties offering a unique blend of home expertise, customer-centric focus and quality-first approach.

Mind-the-Gap

Here is a snapshot of the generational mindsets to help better connect with them...

GEN ALPHA *(2012 onwards)*	GEN Z *(1997 - 2012)*	GEN Y *(1981 - 1996)*	GEN X *(1965 - 1980)*	BABY BOOMERS *(1946 - 1964)*
GENERATIONAL CHARACTERISTICS				
Digital Natives	**Digitally Savvy Socially Conscious**	**Experience-Oriented Value-Conscious**	**Practical and Skeptical Brand Loyal**	**Affluent Traditional Values**
CODES OF LUXURY				
Preference for **tech-enhanced luxury items** like advanced gadgets and educational tech toys.	High demand for **eco-friendly and socially responsible** luxury brands.	Invest in **travel, dining, and unique experiences** for memorable and **story-worthy moments.**	Prefer **well-crafted, high-quality products for long-term value**.	Preference for **brands with heritage and legacy**.
Seek **immersive, gamified experiences** in digital or virtual reality settings.	Prefer **personalized products reflecting their unique identities.**	Prefer sustainable and ethical brands with **transparency and strong sustainability practices.**	Prefer to **remain loyal to heritage luxury brands** with established reputation.	**Value exclusive and rare products** as symbols of status and success.
Influenced by their parents' values, they prefer **sustainable and ethically produced products**.	**Influencer-Driven -** Influenced by social media trends and endorsements from influencers.	Prefer brands with **seamless digital integration** and advanced technology.	Choose **understated luxury** over flashy displays for a **discreet touch of elegance.**	Preference for in-store shopping with **personalized customer service in physical retail.**
	Value experiences like travel and exclusive events over material possessions.	**Invest in luxury wellness products and services** like fitness programs and health retreats.	**Invest in luxury goods** like art, real estate, and high-end watches **as financial investments.**	**Invest in luxury travel** for **premium comfort and services.**

OUR

4SiGHT Live Suite

4SiGHT Live

PANEL UAE | KSA

Our pre-recruited ahead-of-the-curve panel for quick, cost-efficient research needs, offering a window into live data.

4SiGHT Live

COMMUNITIES

Designed to build an agile system to conduct research while keeping the customer at the heart of the business.
Enables clients to make consumer relevant decisions by testing on the go.

4SiGHT Live

CONSUMER CONNECTS

4SiGHT's solution to curate and build a customized calendar of immersive interviews for client teams to get the pulse of the consumer.
Available as ad-hoc & annual programs.

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OUR

Research Tools

INSIGHT EXPRESS

Enables swift and efficient innovation testing, minimizing the risks linked to a comprehensive launch - allowing you to explore, experiment, and fail cheap.

AASMA | CHATBOT

Facilitates interactive conversations with consumers, streamlining the process of filling consumption/usage diaries. Leading to improved efficiency and quality of data collection.

SPRINT+

Provides an innovative boost to your iterative process by making it more AGILE through co-creation workshops, giving wings to potential ideas/improvements.

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OUR

Calendar

JANUARY

TRENDS SHAPING OUR REGION

FEBRUARY

RAMADAN IN THE POST PANDEMIC ERA

MARCH

EVOLVING LANDSCAPE OF LEISURE & ENTERTAINMENT

APRIL

CHANGING FACE OF CUSTOMER EXPERIENCE

MAY

EVOLVING RETAIL LANDSCAPE

JUNE

THE THRIVING GAMING INDUSTRY

JULY

EVOLVING CODES OF LUXURY

AUGUST (COMING NEXT)

THE FUTURE OF HEALTH, WELLNESS & SPORTS

SEPTEMBER

COMING SOON

OCTOBER

COMING SOON

NOVEMBER

COMING SOON

DECEMBER

COMING SOON