

# Luxury retail execs bullish about rising revenues

The rising number of high-net-worth individuals globally is a key driver behind the expansion of the luxury retail market, new global research by communication technology company Communications Specialist Ltd shows.



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Its study with senior executives at luxury retailers with total annual turnover of \$3.1bn across Asia, Africa, Europe, the US and South America found they are forecasting annual growth of more than 5.6% for the luxury retail sector over the next three years. The research by Communications Specialist Ltd found growing confidence about rising revenues at their firms and for the market as a whole.

The senior executives questioned for the research highlighted the growth in high-net-worth individuals and mass affluent people across the world as the biggest reason for rising sales.

## Sales and margin growth

Around 80% of executives said growing wealth globally is boosting sales while more than half (53%) pointed to improved performance by luxury retailers and pent-up demand following the Covid-19 pandemic. Around a third (31%) say increased sales are down to more personalised offers from luxury retailers for clients.

The combination of factors is translating into higher sales – almost all (96%) questioned believe revenues at their firm will be higher this year than in 2022. More than a fifth (22%) expect revenues to be 50% higher this year.

It is a similar story when comparing revenues to pre-Covid results from 2019 – 96% say revenues this year will be higher with just 4% predicting sales will still be down on pre-Covid levels. They are slightly less optimistic about the market as a whole – 92% say it will perform better this year than last while 98% say revenues this year will beat pre-Covid levels.



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Rising revenues are not down to price-cutting, the research found. Around 94% say margins this year will be higher than last year while 90% say margins will be higher than pre-Covid levels. Up to 40% say margins will be significantly higher than pre-Covid levels.

Kevin Buchler, chief marketing officer at Communications Specialist Ltd, said: “The luxury retail sector globally is firmly on a growth path with the market set to expand by 5.6% a year for the next four years. It is not simply a case of the post-Covid recovery, as executives point to the rising number of wealthy individuals worldwide as well as increasing sophistication and personalisation of offers from retailers.”

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