Luxury Apparel Market - Growth, Trends, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 130 pages | Mordor Intelligence

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Report description:

The global luxury apparel market is projected to register a CAGR of 4.02% during the forecast period.

Key Highlights
Increasing communication between consumers and key players through social media platforms and online retail stores drives the latest trendy luxury apparel sales. The rise in online transactions has supported the market growth of luxury apparel over the last few years. Consumer-specific attractive promotions and advertising through magazines and social media influence the sales of luxury apparel, as nearly half of the buying decisions are majorly influenced by what consumers see or hear from offline and online platforms.
Luxury apparel is mainly considered a status symbol for individuals and drives discretionary spending among consumers with high purchasing power. The increasing popularity of luxury apparel among millennials is driving market growth as they are more likely to be caused by the latest fashion trends than other consumer groups. Improvement in digital marketing and a rise in the use of digital media in developing economies for product marketing has been playing a pivotal role in driving the luxury apparel market's growth over the last few years.
The improving supply chain and distribution of luxury apparel have also been driving the market studied. For example, in December 2021, Saudi Arabia's General Authority for Competition approved the joint venture between G Distribution B.V and Al Rubaiyat Co. for Industry & Trade Holding to sell and distribute Gucci products in the Kingdom. During the review period, LVHM also launched its multi-brand website to increase its accessibility among consumers.
Moreover, premium brands are also tapping into the growing demand for modest wear across countries like the United Arab Emirates, Saudi Arabia, and others which are gaining traction among consumers willing to address both spiritual and stylistic requirements. Globally, the modest fashion industry has reached to USD 277 billion mark (State of the Global Islamic Economy Report 2020/21), with Saudi Arabia representing one of the significant market shares. This is aided by the country's robust modern retailing, the demand for global brands, and the growing Muslim population, creating a lucrative space for luxury brands. Recently, in 2022, Gucci launched its Nojum - a modest collection explicitly designed for the unostentatious needs of the Middle East, including Saudi Arabia. Such innovations have been driving the market studied.

Luxury Apparels Market Trends

Rise in E-commerce Boosting the Market

The main reason behind the rise in sales through e-commerce retailing is the level of convenience that it provides consumers. Consumers can browse and shop for products 24x7. Additionally, they find it easy to choose their preferred brands and get a wide variety of apparel and related accessories per their needs and preferences. Online platforms provide more options to choose from and are convenient for consumers.

Marketing strategies, such as the involvement of celebrities for brand endorsement, are helping key players attract more consumers from different financial backgrounds. As offline retail stores have limited growth potential over online retail stores, they will likely influence sales of luxury apparel in online retail stores over the coming years.

Moreover, the growth of online shopping portals that can deliver high-quality products right to customers' doorsteps is another factor responsible for the rapid growth of the global luxury apparel market. The growth opportunity for apparel sales through online channels forced online vendors to improve purchase processes in terms of security and reliability, which propelled the demand for apparel products.

There is a growing prevalence of direct-to-consumer (D2C) platforms in luxury retailing owing to consumer demand for authentic products amid counterfeiting risk. As a result, key players are increasingly launching their own websites to improve consumers' online shopping experience and provide them with the reassurance of authenticity and quality products.

In October 2020, Hermes launched its first flagship digital store in Saudi Arabia. Soon after, the next month, the Italian brand Loro Pianaalso came up with its e-commerce platform for Saudi Arabians. Players are also introducing the concept of exclusivity via online stores by featuring online-only products, which is expected to bring greater sales through the channel.

Europe and North America Regions Leading the Global Market

Europe is likely to hold a significant share of the luxury apparel market, followed by North America, due to the increased demand for luxury goods, including luxury apparel, in the region. The increase in the attraction of luxury lifestyles, purchasing power, and the influence of celebrity endorsement is driving market growth in Europe and North America.

The leading global luxury apparel brands have originated from European countries, such as France and Italy, which significantly contribute to the market across the region. The European apparel industry has a reputation for its premium fashion products.

According to Italy's fashion industry association Sistema ModaItalia (SMI), the women's ready-to-wear industry had its consecutive growth rate in the past decade due to the growing demand for convenient and comfortable clothing. Thus, womenswear is dominating Italy's market due to the excess availability of fashionable outfits.

Key players such as Calzedonia, Miroglio, Versace, and Prada Group operate in Italy's apparel market. With increasing consumer purchasing power for clothing, the leading players are expanding their stores to meet consumer needs. According to Kering Group Financial Document, in 2021, Gucci had 107 stores in operation across Western Europe, an increase from 99 stores in 2018.

Luxury Apparels Market Competitor Analysis

Some key players operating in the global luxury apparel market are Prada S.p.A., LVMH Moet Hennessy Louis Vuitton, Hermes International S.A., Capri Holdings Limited, and Kering. These players hold a dominant share of the overall market. The other prominent players in the market are Ralph Lauren Corporation, and Burberry Group PLC, among others. Manufacturers are mainly concentrated in Europe and North America. High entry barriers, since most consumers are loyal to certain brands only, create difficulty for small players to enter this market. With a relatively fragmented and competitive landscape, robust marketing campaigning is key in retaining consumer interest.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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