

# Luxury: new consumption trends in the Gulf countries

**Luxury represents a significant lever for growth in the Gulf countries, and the Chalhoub group is now shaping the future of consumption trends in the region.**

By Romain Rivière

**T**here is no doubt whatsoever that the Middle East stands out as being a growth sector in luxury. Consumers from the Gulf countries - the Emirates, Saudi Arabia,

Kuwait and Qatar - are showing very high spending levels both at home and abroad: in Germany, for example, they spend seven times more than the average European consumer; in France half of them shell out nearly six thousand Euros a day, and in the UK they continue to be

the biggest buyers. But there is another reality that lies behind these figures: Chalhoub group CEO Anthony Chalhoub is the author of a new study on consumer trends in the Middle East, the purpose of which is to shed some light on the behavioural changes being



Gulf residents demonstrate a particular loyalty to brands. Les habitants du Golfe montrent une certaine fidélité aux marques.

seen. He says that "we are seeing a significant change in behaviour among luxury consumers in the Gulf countries. Twenty years ago price was the main focus point, but now the purchase centres on the choice and the selection available."

In this part of the world, consumers are demonstrating a distinctive relationship with luxury. It has to be said that "the youngest have been around wealth since they were born, and are already experienced buyers of luxury," notes Anthony Chalhoub. Having said that, not all of them have the same interests or the same habits. The group also revealed the existence of three consumer types: the gazelle, the horse and the falcon. Gazelle consumers express their individuality through luxury, and know to track down a unique piece within a well-reputed range of brands. They are bold and they will opt for lines, marques and products that are rather for a limited audience, being less widely popular. "This category takes its inspiration from bloggers and fashionistas as well as innovators in Western fashion and celebrities" emphasises the study, adding that "gazelles are distinguished by intense activity on social networks, as much to get information as to share opinions and provide advice." Horse-type consumers, however, attach considerable importance to social status. Luxury for them is a way of achieving social recognition, and they are continuously displaying a distinctive superiority through their own persona and attributes: "They prefer the best known and the most expensive brands," says the Chalhoub group, pointing out that their sphere of influence comprises their peers, Sheikhs and national celebrities. And then there are the falcon-type consumers who are only in their consumer infancy. They demonstrate some distance between themselves and the material world, though conversely they value the experiences and pleasures that luxury can procure them. Energised by the passions that they like to share, falcons more often seek specific products rather than brands. "Among their influences are, most importantly, the personal relationships that they have with their families, friends and sellers of whom they are aware," points out the study.

These three consumer types are actually a concentrated expression of the three iconic consumer trends in Gulf countries: the quest for satisfaction, the need for recognition, and the desire for connections. According to the Chalhoub group study, it would appear that the quest for satisfaction is buoyed by high spending in this region: every month, consumers spend over two thousand Euros on gifts, fashion or beauty, resulting in a high turnover in luxury articles such as watches,

jewels, bags and clothes. The novelty aspect plays a crucial part in spending choices, and 80% of consumers maintain that they closely follow trends, with the same proportion confessing that they prefer to have the most recent item wherever this is possible and where the choices are available. Finally, it would appear that impulsive purchases are the local norm, as three quarters of consumers say that they would buy a luxury article even if they had not expected to do so. The need for recognition translates itself as a powerful attachment to differentiation, prompting three quarters of buyers of luxury items to create their own

involve enhanced brand presence" says the study, going on to say that "The value placed on a person's position in society is a major cultural component. This means that external signs will remain a determining element," adding that "in contrast to the West, brands in the Gulf have to be immediately identifiable by everyone." This necessitates a sustainable presence. Over and above historic trends, the study draws attention to the likely intensification of existing habits. This should mean continued growth in online shopping, whose comfort and practicality already appeals to a large number of consumers. This situation does not however

## **The region will be seeing greater business and retail maturity that will involve enhanced brand presence**

style. In fact, nearly 90% of these consumers say that they seek out unique luxury products. Also, in a society where hospitality is extremely important, a brand's reputation stands out as being a winning criteria: 82% of people that are within the borders of Gulf countries want to impress people with their gifts, and expect to enjoy an enhanced image from this. Finally, the desire for connections manifests itself as a particular loyalty towards brands, and a third of residents choose a luxury brand because they grew up with it, with 62% choosing it because they trust it.

But present trends are likely to evolve. Given this situation, the Chalhoub group is anticipating these changes and is shaping the major trends over the next three to five years. First of all, the group is focussing on consumers that demonstrate behaviour anchored in contemporary society and who will probably endure over the next few years. "On the back of an economy that continues to be energised, the region ought to be seeing greater business and retail maturity that will

mean that stores will not prosper, insofar as "consumers, who are ever more demanding, are seeking to know about the product being bought in greater detail: its origin, its technical features, the celebrities that wear the item and so on. This advice, which they seek out from specialists, takes on cardinal importance for someone who seeks to distinguish him or herself in an acceptable and correct way," emphasises the white paper. Finally, great importance is attached to future trends that are in their infancy just now but that are expected to quickly become more pronounced. Over and above the product itself, intangible values continue to grow in significance and "from now, an experience will also be considered another luxury trend," explains the Chalhoub group. This is why stores will gradually be providing new experiences that focus on a brand by presenting innovative products. This is also why "the Middle East will no longer be content with being a rich luxury consumption territory, but will make its mark as that of its creation" points out the study. ♦