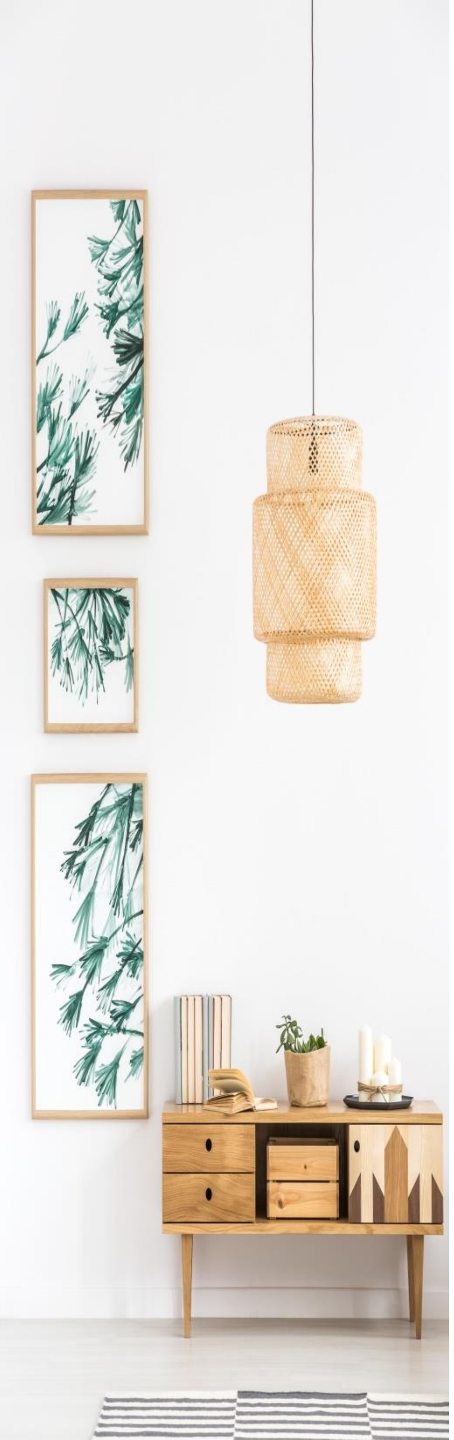
AFFLUENT CONSUMER INSIGHTS STUDY

JANUARY 2021

ifop

OVERVIEW



Objective: Identify forward looking 2021 attitudes impacting affluent women’s shopping behaviors

National Online Survey, in field January 6-12, 2021

N=500 US women (geographically dispersed), age 25-59, household income of $150K+ (mean $231K) , all online shoppers, spending $2K or more in P2Y (for themselves) on at least two of the following categories:

High end makeup/ premium skincare

Fine fragrances

Fine jewelry

Luxury watches

High end fashion clothing

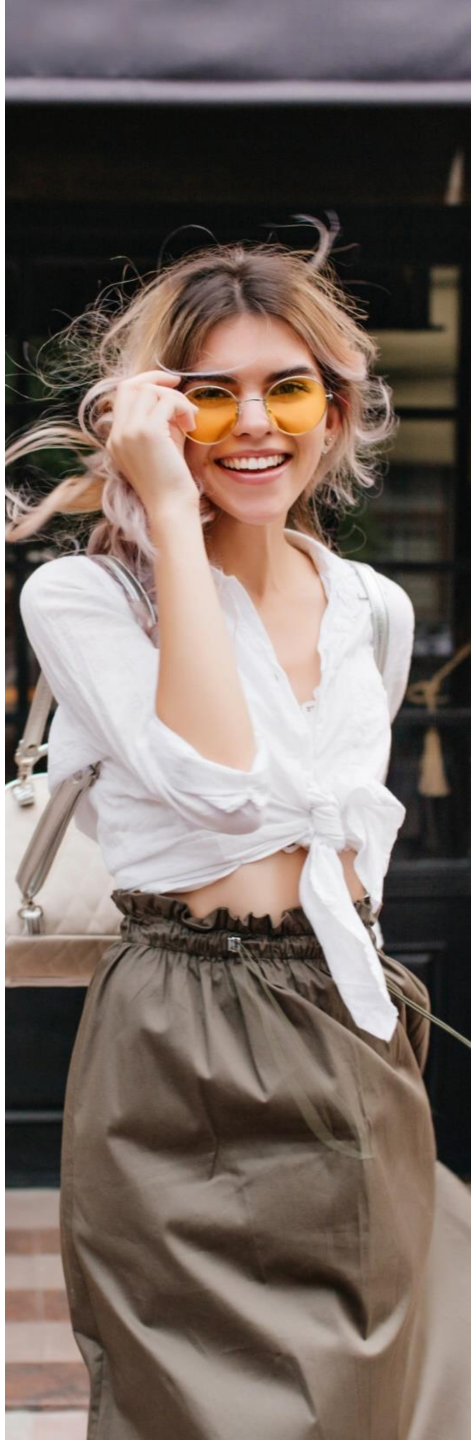
Luxury handbags

Luxury shoes & footwear

2021 OPTIMISM OUTLOOK

75%

of women are somewhat/very optimistic to shop in-store



WOMEN CAN BE EXPECTED TO GO BACK TO RETAIL STORES IN 2H21. Brands and retail should prepare for this with inventory and a differentiated experience/heightened engagement from online (as the internet fills most needs).

In-store shopping, domestic travel and socializing have at least a 50% gain in "very optimistic" for 2H outlooks vs 1H.

Comparatively less improved optimism is seen for personal financial situation and US economy from 1H to 2H.

Total N=500
5 point scale – Very optimistic to Very pessimistic

VERY OPTIMISTIC

	First Half 2021	Second Half 2021
Your own financial situation	34%	40%
Shopping in stores for fashion or beauty items	**25%**	**38%****
The US economy	20%	23%
Traveling domestically	20%	35%**
Socializing via parties, dinners and special occasion events	18%	28%**
Traveling abroad	18%	25%**

**=Significantly higher at the 95% confidence level

REASONS FOR BEING MORE LIKELY TO SHOP IN-STORE IN 2021

Motivation for returning to stores is most attributed to “rational” aspects: clothing fit, smell fragrances, return/exchange easier.

MUCH LESS MOTIVATING IS THE ADDED VALUE SALES ASSOCIATES CAN BRING TO THE IN-STORE EXPERIENCE.

(note: This aspect may be more critical for the VIP shopper who has a personal relationship with her SA)

Total N=500 5 point scale – Agree Completely to Disagree Completely	AGREE COMPLETELY
It is easier to find the best fit when I go to the store and can try on or test out items	**54%**
It is important to support stores that may be suffering during the COVID-19 pandemic	**54%**
I have seen new fragrances online but want to smell them before buying	**50%**
It is easier to return or exchange items if I am not satisfied with a purchase	**44%**
I need to get back to normal activities like shopping in-store	44%
I have seen new clothing and accessories online but want to see or try them on before buying	41%
I discover a greater variety of brands when I go shopping in-store	41%
I have seen new makeup and skincare products online but want to test them out before buying	40%
I discover a greater variety of styles when I go shopping in-store	38%
I like the activity of meeting up with others to go shopping in-store	37%
The sales associates help educate me about new styles, products, colors and trends	**30%**
The sales associates help me find the items that are right for me	**29%**
I like the personal relationships I have with the sales associates	**27%**

REASONS FOR BEING LESS LIKELY TO SHOP IN-STORE IN 2021

What's holding back some consumers from returning to stores?

THEY CAN EASILY MEET THEIR NEEDS ONLINE WITH BETTER ASSORTMENT AND DISCOUNTS. Plus safety concerns. Thus, in order to draw online consumers in-store, future retail experiences must mitigate safety concerns head-on & transcend the online shopping experience with added value, service and benefits.

Total N=500 5 point scale – Agree Completely to Disagree Completely	AGREE COMPLETELY
I feel safer shopping online or remotely rather than going into a store	**39%**
I find better sales and discounts online	**31%**
I can see a wider selection of styles and fashions online than shopping in stores	**31%**
I like the anonymity or "no judgement" of shopping online	28%
I like the new virtual shopping experiences now available so I don't have to go to a store	27%
I get helpful and fast service via online chats with sales associates	23%
I plan to be staying at home much of the year so I have less to buy	23%
There are ways to shop online to try on makeup and other categories so I don't have to be in the store	22%
I can call or text sales associates to buy items so I don't have to go to the store	21%
I don't need as much so I can manage shopping online	21%
I don't want to bother to dress up or travel to go shopping when I can shop from home	19%
I am concerned about my finances	17%
I don't want to give the impression of being indulgent or overspending	15%
I don't think there is much to see in stores of new fashions and styles	15%

DELAYED LUXURY SHOPPING? NOPE!

THE VAST MAJORITY OF WOMEN CLAIM TO HAVE NOT DELAYED SHOPPING FOR LUXURY ITEMS IN 2020.

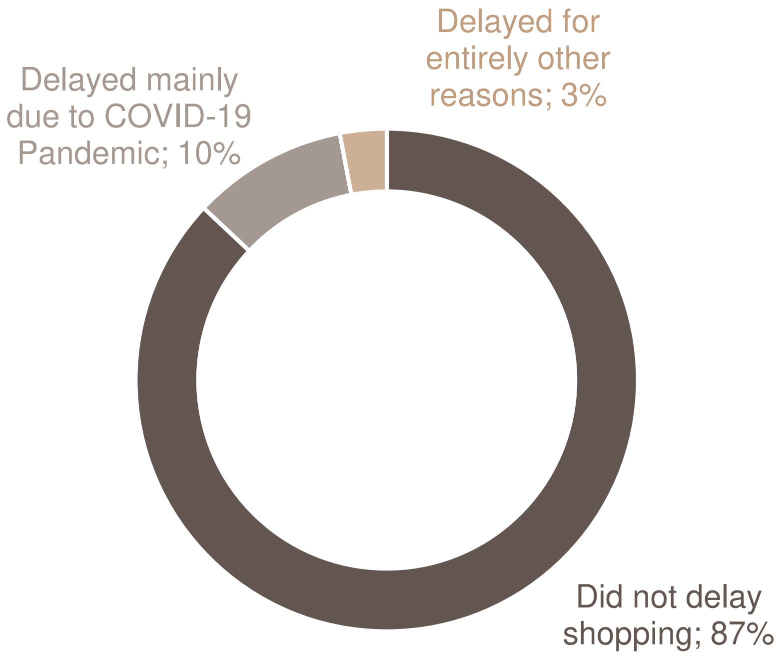
87%!

This is interesting since luxury purchases tend to be precipitated by an occasion (special event, work, social) or a trip which hasn't really been the case since lockdown.

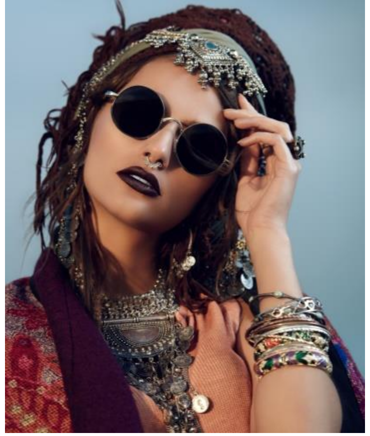
Of the few who did (13%), most cite the pandemic as the main reason for delaying purchases.

Examples of Items/Brands Delayed Shopping:

- *David Yurman bracelet*
- *Gold jewelry and silver necklace from Tiffany*
- *Cartier watch*
- *Tiffany & Bulgari*
- *Cartier watch but I need to be sensible for a moment and wait for the next market change*
- *David Yurman & Tiffany*
- *A new Chanel perfume*
- *Chanel handbags*
- *David Yurman jewelry*
- *Several Jo Malone fragrances but I can't do that until I don't need to wear a mask in the store*
- *A Tiffany bracelet. It's a gorgeous gold thick band with diamond studs all around. It's exquisite.*
- *Looking for a new gold ring and earrings*
- *Some perfumes that I want to try out at the store first*
- *Perfume and diamond earrings*
- *Opera Prima Bulgari*
- *I'm wanting a ring to go with a necklace I have*

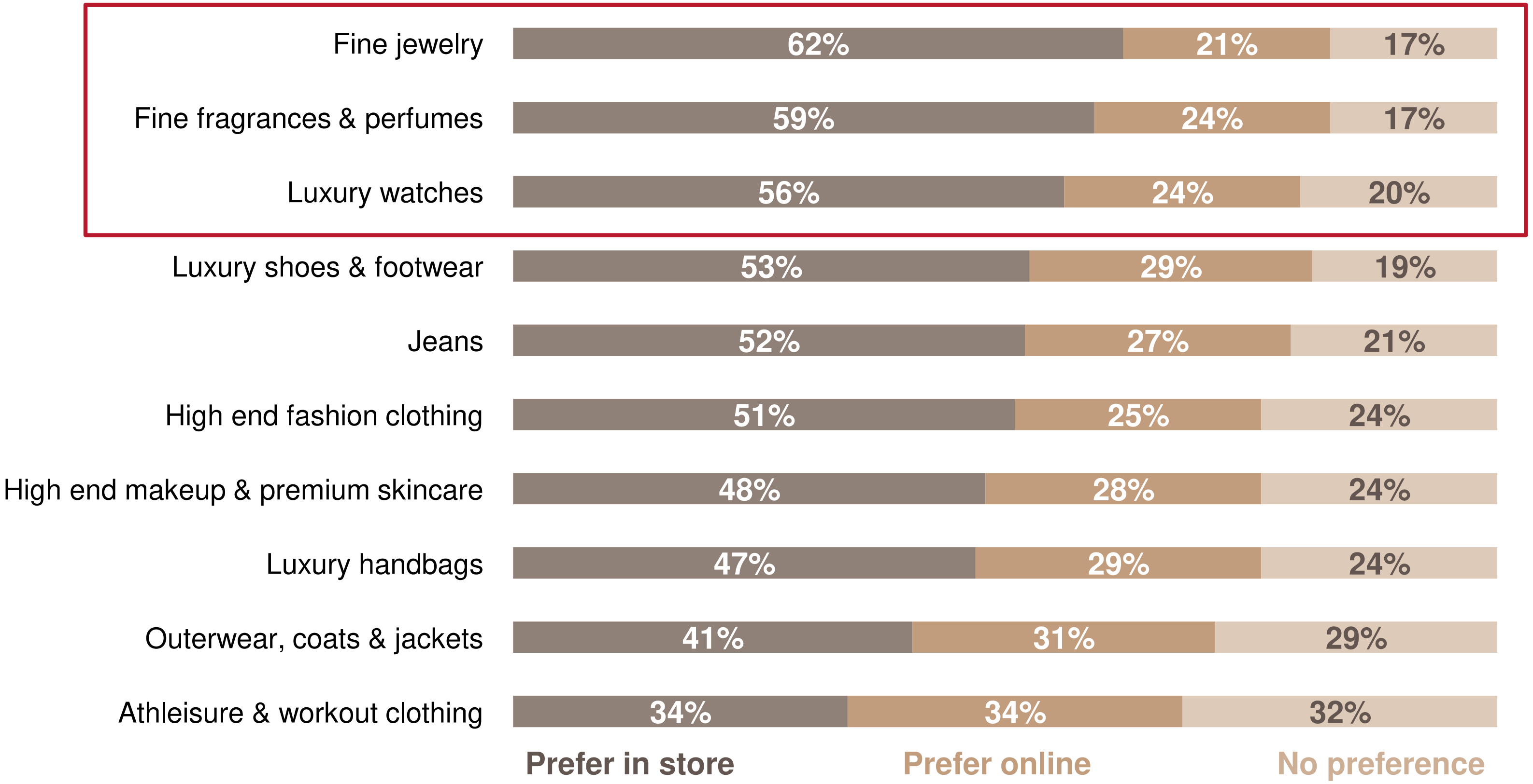


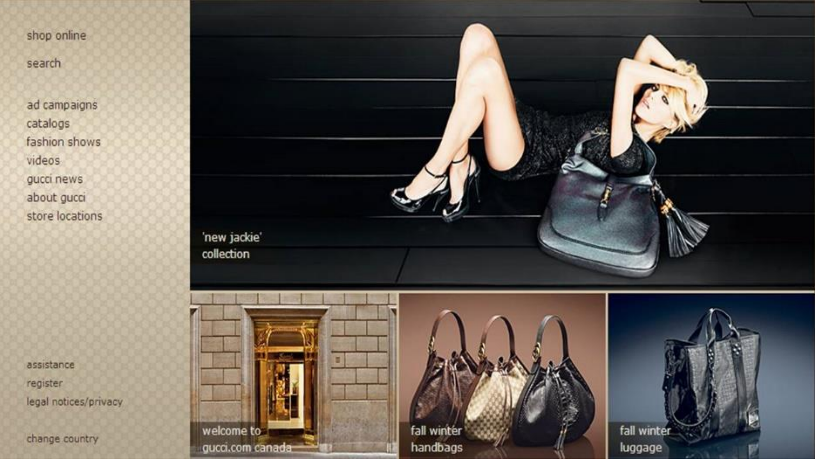
PREFERRED CHANNEL TO PURCHASE BY CATEGORY



FOR THE MOST HIGH-END OF LUXURY ITEMS, IN-STORE SHOPPING IS PREFERRED MORE THAN 2-TO-1, providing that personal touch for either the investment (jewelry, watches) or sensorial aspect (ie. ability to sample the scent).

Not surprisingly, those who prefer in-store shopping for these categories tend to be older. **HOWEVER, WHILE ONLINE SHOPPING SKEWS YOUNGER, MANY OLDER WOMEN ARE ONLINE TOO**. Websites should continue to develop efforts to bring in older shoppers (ex: enhanced support, completely intuitive experience).





PREFERRED ONLINE PURCHASE CHANNEL

For Luxury jewelry, watches and handbags, a brand's own website is at a clear advantage vs. department store or multi brand websites. Brands will need to maintain and grow their dominance here!

The department store website is NOT dead & the clear winner…at least when it comes to fragrances and high-end fashion clothing.

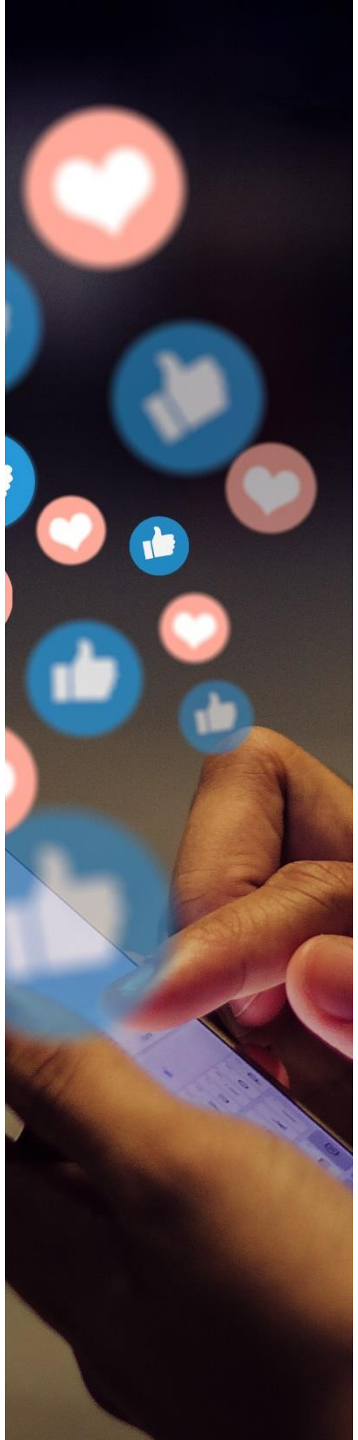
So what's up for grabs? Online shopping for luxury makeup & skincare! It is split between a brand's own site, dept stores and multi-brand specialty websites like Sephora and Ulta without a clear preference. If a brand wants these customers to buy on their site, they will need to work harder!

Other categories that are split between a brand's site and department store websites are luxury shoes/footwear, and athleisure/workout clothing.

Social media and online marketplace options have yet to catch on as <u>preferred</u> shopping venues.

Total N=500	A Brand's Own Website	A Department Store's Website (ex. Nordstrom.com, Macys.com, SaksFifthAve.com)	A Multi Brand Specialty Website (ex: Sephora, Ulta, Net-A-Porter)	Social Media Shopping (ex: Instagram ad, shoppable content)	An Online Marketplace for Brands (ex: Amazon, Farfetch)	Have no preference	Do Not Shop Online for this item
Fine jewelry	47%	20%	7%	4%	4%	9%	9%
Luxury watches	45%	21%	7%	3%	4%	9%	11%
Fine fragrances & perfumes	18%	36%	18%	3%	8%	10%	7%
High end makeup & premium skincare	23%	26%	25%	6%	5%	10%	4%
High end fashion clothing	26%	36%	8%	5%	8%	13%	5%
Luxury handbags	38%	26%	7%	5%	7%	11%	6%
Luxury shoes & footwear	31%	34%	9%	3%	6%	11%	6%
Outerwear, coats & jackets	22%	41%	8%	3%	6%	15%	4%
Athleisure & workout clothing	32%	29%	8%	4%	9%	15%	3%
Jeans	22%	37%	7%	4%	5%	16%	8%

MEDIA ENGAGEMENT KEY STATS



37%

of affluent women will use Tiktok in 2021

38%

will use Snapchat in 2021

Over **50%**

will use Pinterest and Twitter in 2021

34%

of women used live TV more in 2020 (probably due to the news)

YouTube tops the charts with increased usage during the pandemic and 74% will use it in 2021. Streaming networks like Netflix, IG and Facebook are close behind.

Brands should not forget about podcasts and music streaming sites for advertising as they will be used by

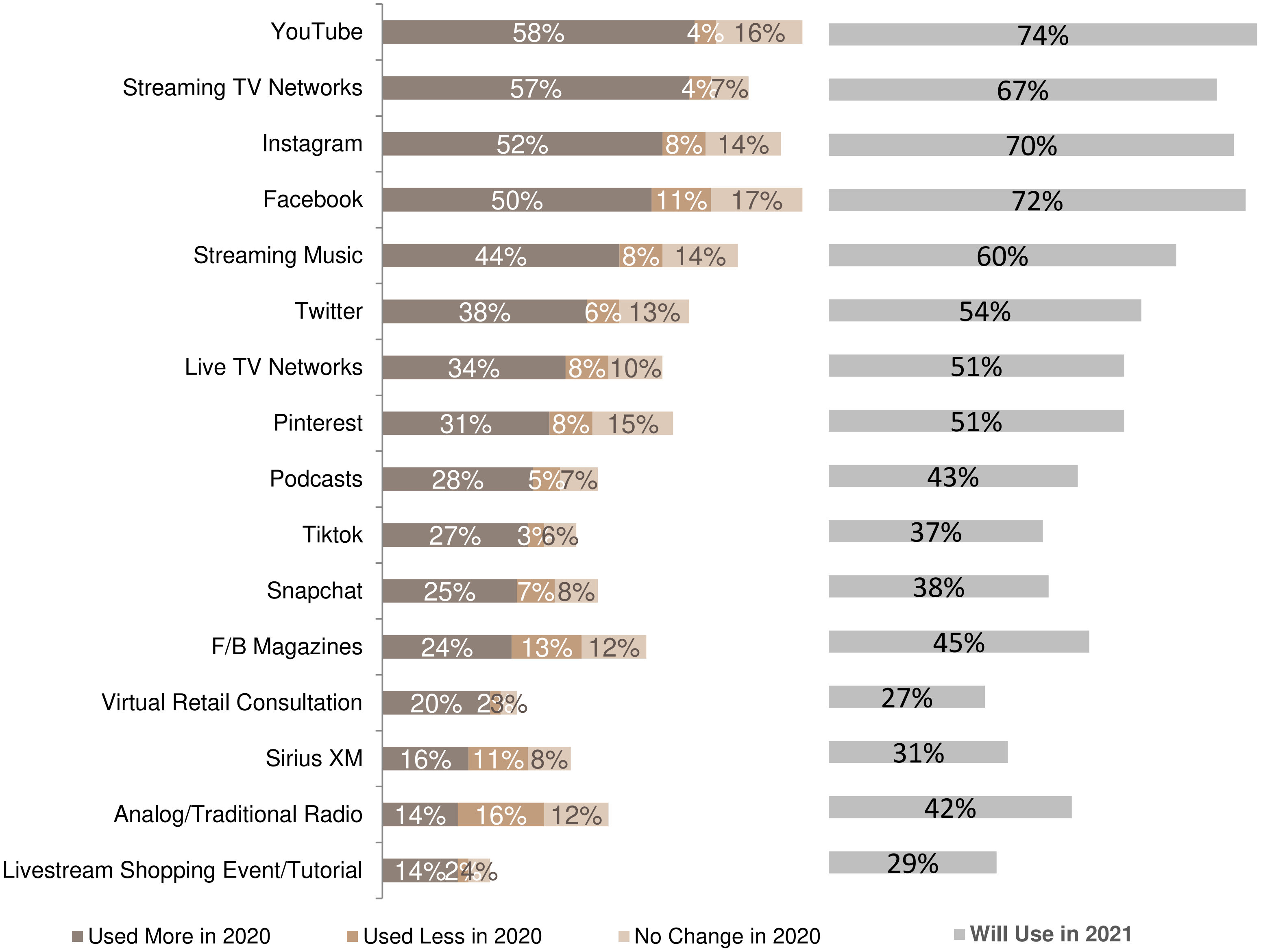
43% and **60%** of affluent women (respectively) in 2021.

LIVE

Instagram, TikTok and Snapchat engagement (current, future) skew younger. Facebook, Pinterest, Live TV and Sirius XM engagement skews older. All other media types show no age skews.

At present, virtual retail consultations and livestream shopping events have low penetration. The latter shows some growth in 2021 to 29% of women. Levels for these two activities are consistent among younger and older women.

MEDIA ENGAGEMENT BY PLATFORM



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