

The contribution of the high-end  
cultural and creative sectors  
*to the European economy*

IN COLLABORATION WITH

*The European Cultural and Creative Industries Alliance (ECCIA), established in 2010, is composed of seven European cultural and creative industries organisations - Altagamma (Italy), Circulo Fortuny (Spain), Comité Colbert (France), Gustaf III Kommitté (Sweden), Laurel (Portugal), Meisterkreis (Germany) and Walpole (UK) - who between them represent 750 brands and cultural institutions.*

Based on art, culture and creativity, our work is underpinned by continuous innovation, a relentless focus on quality, highly skilled employment and strong exports abroad. Our members strive for the highest quality in all they do, from products and services all the way to the experience offered to consumers.

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# *Key* findings

## *Key findings*

### **High-end cultural and creative industries are key drivers of growth, job creation, and ambassadors of European values worldwide:**

- Business generated by European high-end and luxury brands<sup>1</sup>: €986 billion, accounting for around 5% of European GDP.
- European high-end and luxury industries contribute approximately 2% (€410 billion) of the EU gross value added (GVA).
- European high-end and luxury industries as a share of the global market in 2024E (estimate): 70%.
- Exports supported by the European high-end industries as a share of total European exports: 11.5%.
- Total employment generated by European high-end and luxury brands: 2 million people<sup>2</sup> in 2024E with 160,000 new jobs created since 2019.
- The European high-end and luxury sector acts as a catalyst of high-spending tourists, representing up to 25% of total tourism generated value.
- ESG lies at the core of operations for European luxury and high-end companies, with leading firms investing up to 3% of their annual revenues in sustainability innovation and up to 5% in education and training.
- The luxury and high-end sector plays a crucial role in fostering the growth of European financial markets, with luxury stocks overperforming by four to six times the broader market over the long-term in Italy and France.
- Over the next five years, the global high-end and luxury market growth is expected to continue growing and reach €2,000–2,500 billion by 2030F (forecast).

(1) Estimate of the retail value generated by European companies net of the distribution margin outside of Europe.

(2) Considering both Direct and Indirect Employment.

**Table 1: Contribution to the EU GDP<sup>3</sup>**

INDICATOR	2019 VALUE	2024E VALUE
Global high-end and luxury market (retail equivalent value at current prices)	€1,214bn	€1,417bn
Business generated by European high-end and luxury brands (retail equivalent value at current prices)	€856bn	€986bn
Business generated by European high-end and luxury brands <sup>4</sup> as a share of European <sup>5</sup> GDP	4%	5%

This report follows the publication of the first ECCIA report on the contribution of the high-end cultural and creative industries to the European economy in 2012, and the following report in 2019, both of which demonstrated the robust growth that the sector has enjoyed, and the high potential for future growth. This newly updated study demonstrates that this growth, job creation, and overall contribution to the European economy have continued despite considerable international economic headwinds. The industry's business model, based on culture and creativity, production in Europe and strong exports abroad, has enabled European high-end and luxury businesses to develop and maintain a unique leadership on the world stage.

European brands continue to maintain their leadership position in the global high-end and luxury industries, capturing 70% of a market projected to grow to €1,417 billion in 2024E. This enduring leadership highlights the ability of European brands to not only retain their strong market share but also capitalise on the growth of the luxury

**Table 2: Contribution to EU exports<sup>6</sup>**

INDICATOR	2019 VALUE	2024E VALUE
Exports generated by European high-end and luxury industries <sup>7</sup>	€240bn	€306bn
Exports generated by European high-end and luxury industries as a share of total European exports	11.3%	11.5%

sector worldwide. The competitive advantages of the European high-end and luxury business model – rooted in its distinctive craftsmanship, heritage, and innovation – ensure its ongoing global desirability, setting it apart from both mass-market offerings and luxury industries in other regions.

However, the assessment of the contribution to the European economy presented in this study occurred within a stable geopolitical and commercial environment – an assumption that no longer holds true following the April announcements regarding tightened tariff regulations in the United States. On one hand, this scenario still serves as a valuable benchmark for illustrating the significant role these industries play in the European economic system. On the other hand, the sustainability of such economic impact must now be reconsidered, as the imposition of tariffs can substantially affect global demand, disrupt trade and production balances between Europe and the rest of the world, and influence the strategic decisions of individual firms.

(3) Based on EU27 data with UK and Switzerland.

(4) Estimate of the retail value generated by European companies net of the distribution margin outside of Europe.

(5) Based on EU27 data with UK and Switzerland.

(6) Exports figures have been restated owing to the different methodology used, which: a) excludes hospitality and restaurants, b) applies wholesale multipliers by sector (which are fundamental to the calculation of FOB), and c) assumes that production of cars (by European brands) occurs partly outside Europe so sales cannot be used as a proxy for exports. Source: Elaborations on Altgamma-Bain Luxury Study, expert interviews & Eurostat.

(7) Wholesale FOB (Free On Board) value of extra-European retail sales at current prices.

**Table 3: Contribution to employment in Europe<sup>8</sup>**

INDICATOR	2019 VALUE	2024E VALUE
Total direct employment generated by European high-end and luxury brands	~1.4mn directly employed	~1.5mn directly employed
Total indirect employment generated by European high-end and luxury brands	~560,000 indirect jobs	~520,000 indirect jobs
Total employment generated by European high-end and luxury brands	~1.9mn employees	~2.0mn employees

*European high-end and luxury brands generate €986 billion, accounting for around 5% of European GDP.*

The European high-end and luxury industries generate overall value that goes far beyond their direct economic contribution. The aforementioned figures underestimate the broader impact of the cultural and creative sectors on the European economy, as they do not account for indirect economic, social, cultural, and financial spillovers. For example, these industries support the preservation and development of production clusters and centres of excellence which create both direct and indirect employment while preserving unique skills and expertise that might otherwise be lost. They also enhance the attractiveness of urban ecosystems by attracting business, retail, education, tourism, and investment activities. Finally, the high-end and luxury sectors serve as ambassadors of Europe’s social and cultural values, strengthening European soft power around the world.

Tourism, for example, has a strong connection to the brand power of luxury in Europe. Notably, up to 30–40% of travellers, and to a greater extent from Asian countries, view luxury shopping as a key factor in selecting their travel destination. Additionally, more than 50% of the total direct contribution generated by tourism stems from spending on shopping or cultural activities.

While this report highlights the high-end and luxury industries’ continuous growth and reinforced competitiveness, it also aims to highlight the substantial investments that these industries are making in order to further improve the quality of customer experiences and the contribution to conversations and social change, as well as minimise the environmental impact of activities.

<sup>(8)</sup> Source: Elaborations on Altagamma–Bain Luxury Study, analyst reports, company annual reports, industry association reports & Eurostat.  
<sup>(9)</sup> “*Matières nobles*” (French for “finest materials”) refers to high-quality, often rare and natural raw materials characterised by their exceptional purity, refinement, and value. Commonly used in industries such as fashion, perfumery, cosmetics, and design, it emphasises the premium nature and origin of these materials, often associated with artisanal craftsmanship and sustainability.



*In 2024E, European high-end and luxury companies accounted for 70% of the global market.*

For instance, sustainability and corporate responsibility have always been at the heart of cultural and creative industries' businesses, not only because it is what their customers expect, but also because it is in their DNA to be here for the long run and to strive for excellence. As a result, they have focused on supporting the complex environmental and social ecosystems from which they source the *matières nobles*<sup>9</sup> for their products.

The high-end and luxury industries persistently make significant investments in research and development (R&D) to reduce their impact along the value chain, among others in terms of carbon emissions, water and land use, and material sourcing and waste. These industries are also

working hard to build a more sustainable retail model and exploring circular design and recycling of their sales and promotional materials. Moreover, high-end and luxury industries remain steadfast in their commitment to promoting the values they represent – such as inclusivity, diversity, gender equality, education, entrepreneurship, and culture – to foster social change. Tangible examples will be presented throughout this document.

Over the past decade, high-end and luxury brands have made significant progress in advancing technology and digitalisation, positioning themselves at the forefront of innovation and investment. This encompasses online platforms to connect with consumers, e-commerce as a distribution channel, and digital technologies as enablers of improved productivity throughout the supply chain and improved customer experience in boutiques. While high-end and luxury brands and their ambassadors are today among the largest creators of online content and the most liked and shared brands on social networks, virtually all brands have developed their e-commerce activities, either directly or through their network of authorised resellers. Several brands have gone one step further, developing “omnichannel” networks in which online and offline work together seamlessly, allowing their customers to engage with their brand at anytime, anywhere, and in whichever way they wish.

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€306bn

*Exports generated by European high-end and luxury industries.*



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# Foreword, scope *and methodology*



# Foreword, scope *and methodology*

## 1.1 Foreword

### **The interconnected backbone of Europe's luxury economy**

The high-end and luxury sector is a cornerstone of the European economy, making significant contributions to GDP, employment, and Europe's global reputation.

On the one side, the supply chain of this sector is a testament to Europe's rich artisanal traditions. Specialised clusters of artisans and craftspeople are spread across the continent, from the porcelain of Aveiro in Portugal to the lace artisans of Calais in France, passing through the cashmere district of Elgin in Scotland, from the cutlery specialists of Solingen in Germany to the leather tanners of Tuscany in Italy, and from the leatherworkers of Ubrique in Spain to the master designers and furniture craftspeople of Småland in Sweden. These localised clusters ensure the preservation of traditional craftsmanship while fostering innovation, enabling European luxury products to remain synonymous with excellence and authenticity.

Moreover, this industry operates seamlessly across borders, with creative and business hubs in cities such as Paris, London, Milan, Berlin, Madrid, and Geneva. These urban centres are not only commercial powerhouses but also magnets for millions of visitors annually, drawn by the opportunity to experience the heritage and iconic allure of European luxury. This deep connection between urban luxury hubs and the travel sector underscores the growing appeal of emerging destinations within Europe, such as the Mediterranean region and the Nordics, which are increasingly sought after by high-

end travellers seeking unique and culturally rich experiences.

Equally significant is the industry's reliance on a highly mobile and international talent pool. Designers, creative directors, business leaders, and managers frequently cross borders, enriching the sector with diverse perspectives. Many of these professionals refine their skills at globally renowned institutions such as the ESSEC Business School in France or Central St Martins in the UK. This movement of talent ensures that expertise and innovation are shared across the continent, further strengthening the sector's collaborative foundation.

The distribution networks that underpin the luxury industry are equally interconnected and sophisticated. Luxury goods flow seamlessly across Europe's capitals through an intricate web of logistics, ensuring products reach both physical stores and digital platforms with precision. The network of European capitals plays a crucial role in the high-end and luxury sector, attracting visitors from around the world to immerse themselves in the culture, and heritage of luxury brands in their places of origin.

This sector's integration across Europe is unparalleled, relying on the European political model of harmonisation and integration to maintain a robust network of suppliers, artisans, distributors, talent, and customers that transcends national boundaries. Deeply European in its essence, this sector will undoubtedly continue to define and exemplify Europe's collaborative strength on a global stage.

*Deeply European in its essence, this sector will undoubtedly continue to define and exemplify Europe's collaborative strength on a global stage.*

## 1.2 Scope of the study

The high-end and luxury industries encompass a horizontal market that includes both personal goods (such as apparel, accessories, watches, jewellery, perfumes, and cosmetics) and non-personal goods (including automotive, yachts, hospitality, gastronomy, wine and spirits, and interior design).

These industries are defined by unique business models underpinned by a set of core principles and features that have driven their enduring success.

- **Aura** refers to the combination of perceived cultural and creative authenticity, exclusivity and emotional content associated with the brand, heritage and quality of high-end and luxury products and services.
- **Craftsmanship and technical excellence** associated with both supply and manufacturing: manufacturers typically value long-term relationships with trusted and tested suppliers, which ensures quality – born of a particular *savoir-faire* – over low costs, and invest heavily in training to safeguard their own know-how. Particularly in some industries, craftsmanship in manufacturing is also combined with excellence in engineering and technical competence in industrial production. Modern technologies such as artificial intelligence (AI), augmented reality (AR) and blockchain are increasingly integrated into manufacturing. These tools enable the creation of flexible, small-series production runs and highly personalised products tailored to individual customer preferences.
- **Creativity and innovation** associated with design, manufacturing quality, digital content, and intellectual property related to branding, materials, skills and R&D.
- **Sustainability and responsibility** associated with materials, practices, and social responsibility, as

well as the longevity of relationships with artisans and attachment to the local territory, all of which ensure the endurance of high-end and luxury European products and brands over time.

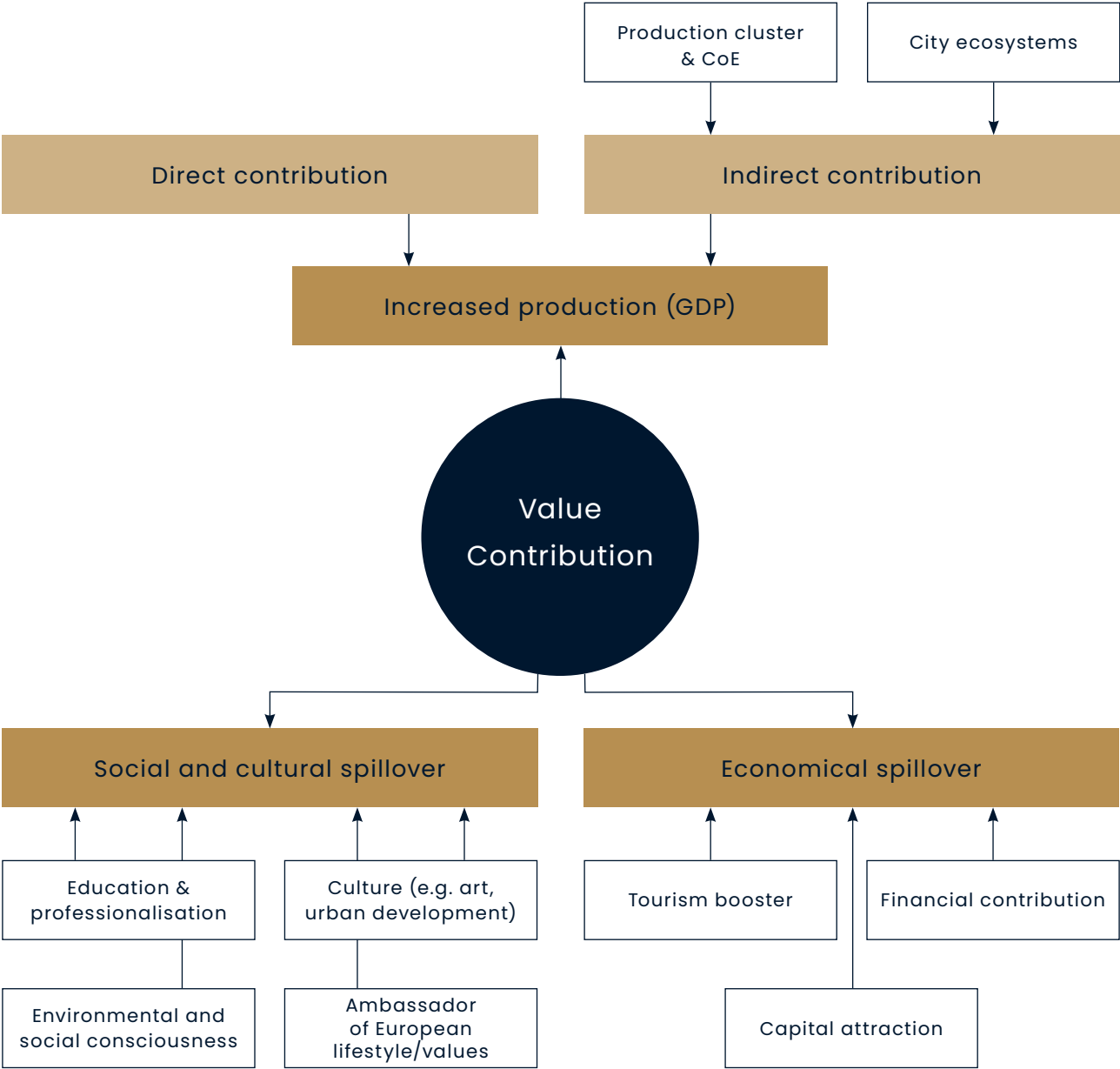
- **Service and experience** refers to the quality and expediency of service, advice and emotional experience uniquely associated with high-end and luxury products.
- **Selective and integrated distribution** involves a carefully controlled network designed to uphold the exclusivity and prestige of high-end goods, ensuring exceptional and seamless customer experiences across online and offline channels.
- **Global recognition and appeal** stemming from the global footprint of European high-end and luxury companies as well as the global appeal of European high-end and luxury industries (for example, affluent and aspirational customers in the US and Asia).

## 1.3 Framework

The assessment of the overall value of the high-end and luxury industries takes into account:

- Direct and indirect economic value related to the production, commercialisation and consumption of goods and services.
- Social and cultural value of spill-over effects on European knowledge-based competitiveness and soft power throughout the world.
- Economic spill-over effects capturing the significant contributions of European luxury brands to financial markets growth and stability, boosting shareholder value, attracting international capitals toward Europe, and supporting economic growth in ancillary industries closely tied to luxury.

**Diagram 1: Value contribution of the high-end and luxury industries to the European economy and society.**  
The box size does not reflect the relative size or value of contribution.



1.4 Methodology

Market size estimates refer to the cumulated revenues at retail equivalent value of brands (by sector) recognised as belonging to the high-end and luxury industries by reputation and in compliance with high-end and luxury marketing standards and selective distribution, not just by price positioning (sales at retail price net of VAT,

using the methodology of the Altagamma-Bain Worldwide Luxury Market Monitor). The size of the European high-end and luxury industries refers to the retail equivalent value generated by European companies or brands only. If a brand is originally from Europe and still based in Europe, it is considered European even if its holding is based

outside of Europe. For hospitality, the location of the HQ of the holding company determines the geographical categorisation.

The Gross Domestic Product (GDP) proxy refers to the retail value generated by European companies net of the distribution margin outside of Europe. Gross Value Added (GVA) is used as a measure of the contribution of European high-end and luxury companies to the European economy. GVA is estimated as the value of the products and services sold minus intermediate inputs at purchased cost (such as raw materials).

**Export** figures<sup>10</sup> refer to the Wholesale FOB<sup>11</sup> value of extra-European (European Union, UK and Switzerland) retail sales generated by European high-end and luxury brands. Such figures have been estimated by applying wholesale multipliers by sector, and account for sector specificities: for instance, the hospitality sector does not generate

exports, while automotive companies typically leverage global manufacturing platforms such that they do not export all products sold outside Europe (European Union, UK and Switzerland).

**Employment** figures<sup>12</sup> refer to employment generated by European high-end and luxury brands in Europe, adjusted for the evolution of three factors: productivity (by sector), salary increases (in Europe) and retail prices of finished goods. Core activities employment is estimated on consolidated revenue; upstream employment is estimated on cost of goods sold (COGS), and downstream employment is estimated on sales generated in Europe at retail equivalent value using ad-hoc industry KPIs. These KPIs are derived through triangulation of multiple sources, including annual reports, analyst reports, press releases, expert interviews, and surveys conducted with members of the various organisations that are part of ECCIA over time.

## Glossary

**Luxury and high-end sector** Luxury and high-end industries encompass a horizontal market that includes both personal goods (apparel, accessories, watches, jewellery, perfumes, and cosmetics) and non-personal goods (automotive, yachts, hospitality, gastronomy, wine and spirits, and interior design). These industries are defined by unique business models underpinned by a set of core principles and features – such as aura, creativity, craftsmanship, innovation, exclusivity and heritage – that have driven their enduring success.

**GDP (Gross Domestic Product)** Total monetary value of all finished goods and services produced within a country's borders over a specific period, usually measured annually. It serves as a key indicator of a nation's economic performance.

**GVA (Gross Value Added)** Measure of the value of goods and services produced in a specific area, industry, or sector of an economy. It represents the contribution of labour and capital to the production

process and is used to calculate GDP by adding taxes and subtracting subsidies.

**CAGR (Compound Annual Growth Rate)** Rate at which an investment, revenue, or market grows annually over a given period, assuming steady growth.

**Projection Expected (e.g. 2024E)** Short-term estimate based on the current year's market performance, based on real-time trends for the data already made available by industry players (e.g. quarterly reports, annual reports, etc.) and triangulated from expert interviews.

**Projection Forecasted (e.g. 2030F)** Medium-term projection that reflects the view on the future expected performance of the market based on information available as of publishing; projection is developed considering foreseeable events, market trends, historical performance, and econometric modelling. The forecast does not account for unexpected disruptions or external shocks.

(10) Source: Elaborations on Bain Luxury Study, expert interviews & Eurostat.

(11) FOB refers to Free On Board.

(12) Source: Elaborations on Bain Luxury Study, analyst reports, company annual reports, industry association reports & Eurostat.





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# European high-end cultural and *creative* *industries overview*



# European high-end cultural and *creative industries* overview

## 2.1 Size of European cultural and creative industries within high-end and luxury market

### Global high-end and luxury industries

In 2024E, the global high-end and luxury market was valued at €1,417 billion, reflecting a 3% compound annual growth rate (CAGR) since 2019 but marking a slight deceleration, with a decline of approximately -1% compared to 2023. This figure refers to the retail equivalent value<sup>(13)</sup> of the sales generated by the brands that are positioned and perceived as high-end and luxury across all products and channels.

Although the sectors included in this high-end and luxury perimeter share common traits, each should be considered in terms of their unique characteristics, which result from differences between sectors as well as between segments within in each sector. Indeed, the high-end and luxury market includes large sectors (and segments) with wide and varied consumer bases,

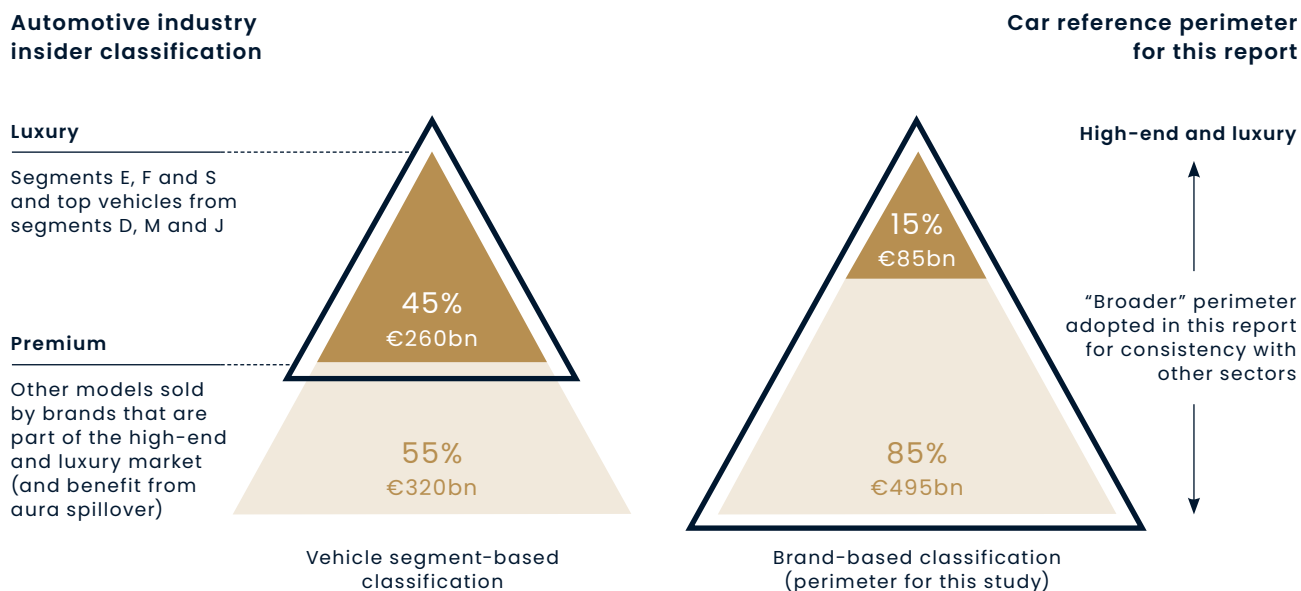
as well as niche sectors with smaller and more homogenous consumer bases (e.g., yachts, high-end homeware, luxury food). Within each high-end and luxury sector, different segments may exhibit different growth trends, due to differing interdependencies with socioeconomic, cultural and regulatory systems.

It is also worth noticing that smaller segments, e.g. yachts, can have a powerful and large impact on the employment of those communities that are strictly tied to them. As an example, the overall yachting industry in Italy, for which the luxury segment represents more than 65% of total output, has an overall economic impact of ~3x its market value, and a spillover effect on employment, both direct and indirect, of up to six times<sup>(14)</sup>.

(13) Net of VAT and consumption taxes.

(14) Based on Fondazione Altagamma study on Italian yachting industry.

**Diagram 2: Vehicle segment-based and model-based framework for evaluation of the automotive sector**



For the automotive sector, it is critical to mention that there is an existing model segmentation that is widely recognised by business experts and recognised by the European Commission (A: mini cars, B: small cars, C: medium cars, D: large cars, E: executive cars, F: luxury cars, S: sport coupés, M: multipurpose cars, J: sport utility cars) and determines a different perimeter than the one based on the approach adopted for the other sectors in this report (such as Personal Luxury Goods, and Design).

The vehicles in E, F and S segments and the top vehicles from D, M and J segments – named as 'high-end' or 'luxury' by business insiders – represent the excellence in the offer of the industry and have a market value estimated around 15% of total luxury cars market<sup>(15)</sup> (45% when considering the share of high-end and luxury models).

Some of these high-end and luxury automotive brands also sell models in other segments, which benefit from the aura of their top vehicles – in other words, from the spillover of positioning and reputation from the perspective of global consumers. The total market value for this more broadly defined car sector was estimated at €579 billion in 2024E (this figure includes both the 'true' high-end and luxury as well as 'premium' vehicles, according to manufacturer terminology).

While this method of calculation is widely used among experts, it has to be noted for the purpose of this paper that the members of the European Cultural and Creative Industries Alliance (ECCIA) usually operate within the "high-end and luxury" segment of the automotive industry. Consequently, the considerations and recommendations issued in this paper will focus on this segment of the market.

(15) The automotive sector includes the sales of all models (i.e., vehicles in E, F, S, D, M, J, but also A, B, C and D) of car-brands positioned and reputed as high-end and luxury automotive brands.

(16) Percentage calculated based classification of high-end and luxury brands.

**Table 4: Global high-end and luxury industries market size and growth by sector**

GLOBAL HIGH-END AND LUXURY INDUSTRIES	2024E VALUE	YOY 23-24E	CAGR 2019-24E
Automotive <sup>15</sup>	€579bn	-5%	+1%
Personal goods	€363bn	-2%	+5%
Hospitality	€242bn	+4%	+3%
Wine and spirits	€99bn	+0%	+5%
Food	€72bn	+8%	+6%
Design and furniture	€51bn	-2%	+6%
Yachts	€11bn	+13%	+8%
<b>Total</b>	<b>€1,417bn</b>	<b>-1%</b>	<b>+3%</b>

### High-end and luxury market update

From 2019 to 2024E, the high-end and luxury **automotive** market grew at a modest pace, with a CAGR of approximately 1%. Following strong growth between 2022 and 2023, the market is now experiencing a slowdown, with a -5% decline expected year-on-year in 2024. Performance varies across segments, with the absolute luxury category demonstrating slight growth, while high-end and accessible brands face more significant challenges. Brands are focusing on strengthening direct relationships with consumers to enhance the purchasing journey and after-sales experience. Digital channels are expanding their role and are increasingly positioning themselves as an independent and integral part of the purchasing process. Regional trends reflect a nuanced picture.

The **personal luxury goods** market, representing approximately one-quarter of the total luxury goods sector, has shown robust growth over the past five years, with a 5% CAGR from 2019 to 2024E. However, in 2024E, the market is expected to face its first slowdown since the Great Recession (2008-2009), excluding the impact of COVID-19, with a

projected -2% contraction at current exchange rates compared to the previous year. Global luxury consumers, grappling with macroeconomic uncertainties, high inflationary environments in the last two years not reflected within salary growths, and continued price elevation among brands, have reduced their spending on discretionary items. However, performance across the sector is highly polarised by geography, segment, and brand. Growth in Japan and Europe contrasts sharply with significant declines in the Chinese market. Similarly, the beauty and eyewear segments continue to expand, while watches and footwear are experiencing a noticeable slowdown.

The **luxury hospitality** market continues to grow in 2024E, with a projected +4% YoY increase, sustaining the positive momentum established post-COVID-19 benefitting from the broader shift in consumer preferences towards experience-driven goods. Wellness tourism and demand for experience-led travel are reshaping the industry, driving a move towards more holistic and integrated offerings that cater to both physical and emotional well-being. Additionally, there is an intensified focus on (hyper)-personalised experiences, as luxury

*The global high-end and luxury market was valued at €1,417bn in 2024E, and European high-end and luxury companies accounted for 70% of the global market.*

hospitality providers strive to meet the ever-increasing expectations of discerning travellers seeking unique and tailored services.

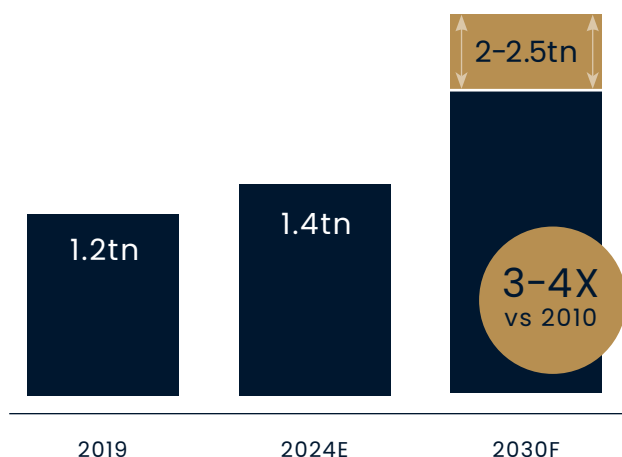
Meanwhile, the **luxury wine and spirits** market is in a phase of normalisation in 2024E, after five years of steady growth, with a CAGR of 5% from 2019 to 2024E. Consumer preferences are gradually shifting, and the wine and spirits industry may also need to explore new avenues of innovation to adapt to these evolving tastes. At the same time, gourmet food and fine dining are outperforming, with a projected +8% YoY growth in 2024E compared to 2023, maintaining a strong upward trajectory. Fine dining is outpacing at-home food consumption, driven by increasing demand for immersive, entertainment-oriented experiences that blend elements from diverse fields such as art, perfumery, and design, catering to the growing desire for uniqueness.

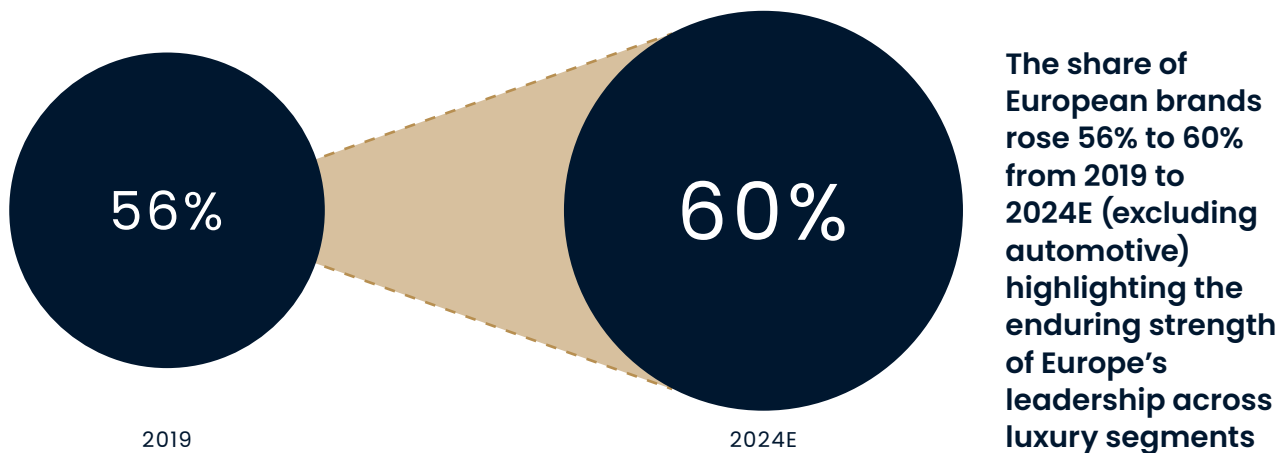
The **high-quality design furniture** market is continuing the phase of normalisation that started in 2023 (+0% YoY 2023-2024E), following the post-pandemic surge (+6% CAGR 19-24E), as broad real estate market cools down. However, high-end residential projects remain notably resilient, continuing to support demand within the luxury design sector.

Despite the recent normalisation in the luxury market, solid fundamentals continue to support a positive long-term outlook, despite the growing macro-economic volatility and uncertainty. Over the next five years, the addressable population is expected to grow by 300 million new consumers, and addressable wealth too, especially within new potential hubs (Latin America, India, South East Asia).

However, the macroeconomic uncertainty following recent tariff announcements makes it difficult to define a single, clear evolutionary scenario. In a baseline case where the current turmoil gradually subsides, the luxury sector is projected to reach a market size of between €2 trillion and €2.5 trillion by 2030 — relentlessly adapting to shifting consumer preferences, demographic expansion, and ongoing wealth creation in key markets.

**Graph 1: Scenarios of future global high-end and luxury market growth (2024E-2030F)**





### European high-end and luxury companies' size and penetration of the global market

In 2024E, European high-end and luxury companies accounted for 70% of the global market, a share that has remained relatively stable in recent years, with only a one percentage point decline since 2019 due to increasing competition from local brands. Despite challenges in certain areas, Europe has strengthened its leadership in segments such as personal luxury goods and yachts, solidifying its pivotal role as a global leader.

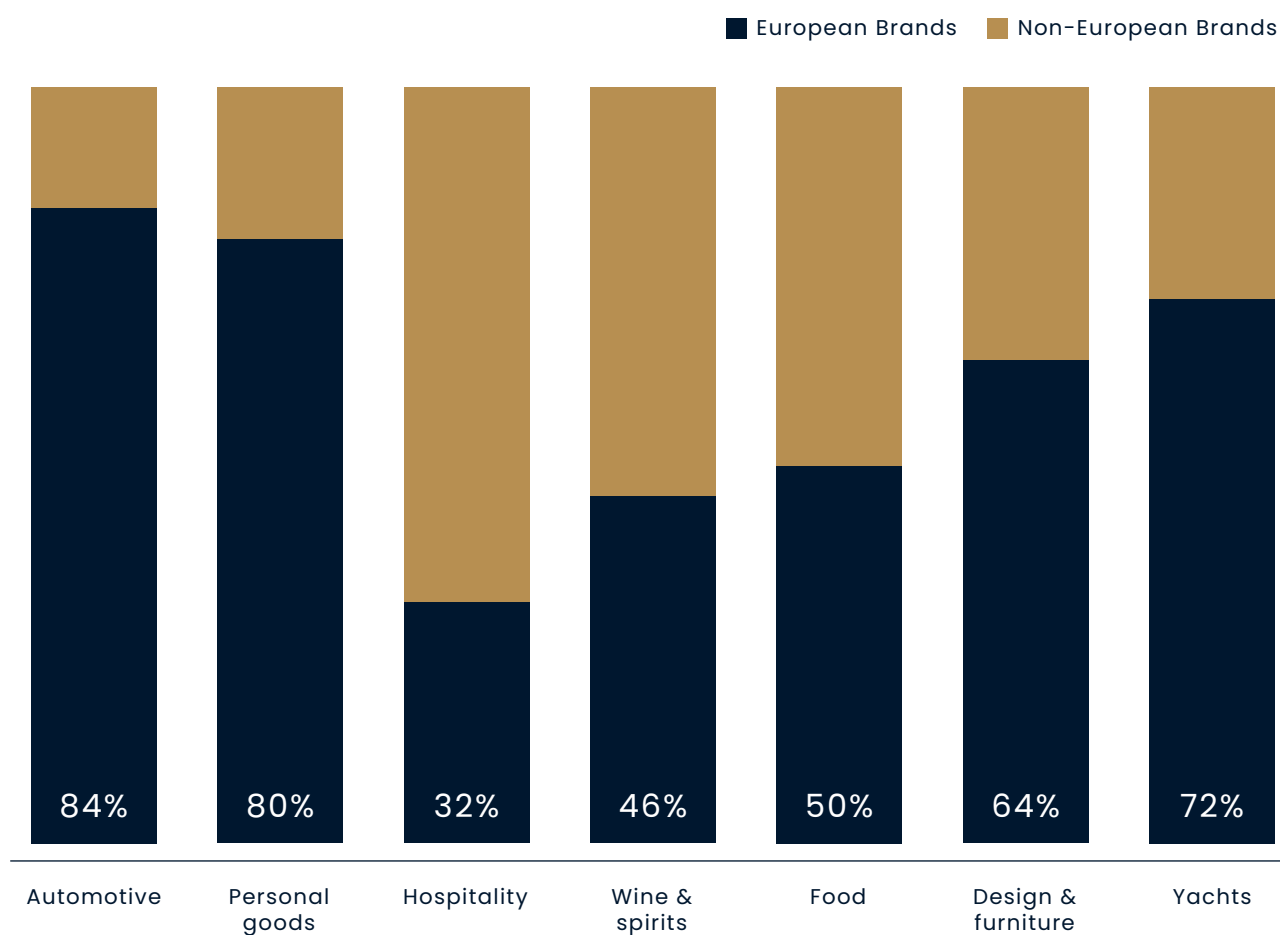
In contrast, the **automotive** – the largest within the luxury market – sector faces intensified competition from foreign brands, particularly in the electric vehicle segment, where their prominence continues to grow. Notably, when excluding this sector, the share of European brands rose from 56% in 2019 to 60% in 2024E, further highlighting the enduring strength of Europe's leadership across other luxury segments.

Similarly, while the **high-quality design furniture** market remains largely dominated by European brands, the influence of American and Asian players, particularly Japanese, has increased in recent years, diversifying the competitive landscape.

*The luxury sector is projected to reach a market size of between €2 trillion and €2.5 trillion by 2030, driven by a steady compound annual growth rate (CAGR) of 4-6%. This sustained growth reflects the sector's resilience and its ability to adapt to evolving consumer preferences, expanding demographics, and rising wealth in key markets.*

**Table 5: European high-end and luxury industries market size and growth by sector**

EUROPEAN HIGH-END AND LUXURY INDUSTRIES	2024E VALUE	EUROPEAN SHARE OF GLOBAL SECTOR	CAGR 2019-24E
Automotive	€486 billion	84%	0%
Personal goods	€289 billion	80%	+6%
Hospitality	€79 billion	32%	+3%
Wine and spirits	€45 billion	46% (76% for wine)	+4%
Food	€36 billion	50%	+6%
Design and furniture	€33 billion	64%	+6%
Yachts	€9 billion	72%	+11%
<b>Totals</b>	<b>€986 billion</b>	<b>70%</b>	<b>+3%</b>

**Graph 2: European share of global high-end and luxury industries by sector (2024E)**

## 2.2 Key business model pillars

The key value enablers of high-end and luxury brands each play a distinct and critical part in constructing the overall high-end and luxury value proposition and derive in large part from the high-end and luxury features detailed previously. The key high-end and luxury value enablers are detailed below.

### Aura

Aura is perhaps the most composite value enabler since it encapsulates the creative authorship, emotional content and exclusivity associated with a brand and its heritage. To fully comprehend aura as a value enabler, it is necessary to break it down into its components.

- A high-end or luxury brand embodies both a past (its heritage) and a present (its current narrative). As such, luxury brands are uniquely able to carefully manage this duality, at the same time being valued for their rich history and current identity, by their (wide or niche) consumer base.
- Creative perspective refers to the way in which a high-end or luxury good or service is designed with an aesthetic, material and functional point of view, within a given socio-cultural context.
- Emotional content refers to the psychology of a high-end or luxury product stemming from the way in which it informs the consumer's: a) connection with the brand history and narrative, b) perception of self in relation to the product's particular creative authorship, and c) experience of the exclusivity good or service.
- Aura is an intangible by-product of the former factors, associated with the tangible object or experience, which thus transcends a mere price tag.

Aura is the cumulative result of storytelling, design and human subjectivity. Yet, how does aura evolve in an age in which mass companies try to reproduce high-end and luxury creativity at lightning speed? Consumers have both a virtual and

physical identity, and creative authenticity oscillates between inimitable design and repurposing – even subversion – of the cultural zeitgeist.

The most successful European high-end and luxury brands have fine-tuned the main components of aura to meet and anticipate today's consumer values (in light of the trends detailed in this report).

- Regarding the communication of brand heritage, European high-end and luxury brands continue to adapt to evolving consumer expectations by engaging in meaningful and dynamic dialogues. This includes utilising storytelling across digital and physical platforms to connect with consumers on a deeper cultural and emotional level, ensuring their heritage remains relevant to contemporary lifestyles.
- Creative perspective has become increasingly interdisciplinary and collaborative, as brands embrace hybrid approaches that merge traditional craftsmanship with cutting-edge technology and diverse cultural influences. With rising consumer expectations and the rapid integration of AI into creative processes, the focus on human creativity remains crucial in differentiating luxury products within an ever-more competitive and saturated market.
- Consumers now seek brands that engage deeply with notions of identity, belonging, and shared values. Increasingly, luxury brands are expected to address social and cultural issues authentically, reflecting a world where the personal intersects with global concerns, and where the political resonates through the personal.
- The concept of exclusivity has evolved significantly, with luxury brands redefining it to include emotional resonance and meaningful experiences. This shift is driven by a broader social context that prioritises inclusivity and recognises the diversity of consumer identities, challenging brands to balance exclusivity with accessibility in ways that celebrate individuality.



## Craftsmanship and technical excellence

Craftsmanship and technical excellence are fundamental enablers of European luxury companies, allowing them to maintain their global leadership and differentiate themselves through unparalleled quality and innovation. Rooted in centuries-old traditions, European luxury brands rely on skilled artisans and state-of-the-art technology to create products that blend heritage with modernity. This dual commitment ensures not only exceptional quality but also the preservation of artisanal know-how, which remains a cornerstone of the sector's identity.

The historic Europe-centric nature of the supply chains for European high-end and luxury brands, rooted in their commitment to preserving craftsmanship and artisanal expertise, has been a key factor in ensuring the industry's resilience, even amidst the significant disruptions to global production networks that have affected various markets in recent years.

*Craftsmanship and technical excellence are fundamental enablers of European luxury companies, allowing them to maintain their global leadership and differentiate themselves through unparalleled quality and innovation.*

The growing demand for luxury goods in emerging markets, combined with an increasing preference for homegrown brands, has accelerated the development of local expertise and specialisation in segments dominated by European brands. This presents a potential long-term challenge on the horizon, making it crucial for European brands to strategically manage this shift while safeguarding their distinctive network of suppliers and centres of excellence that underpin their global leadership.

Adding to this challenge is the increasingly strained pool of highly specialised artisans and skilled talent in the European market. This pressure stems from the rising complexity of these roles, which demand specific skills, and from a generational shift as younger workers turn to other career paths. To tackle this, many European luxury brands have taken steps in recent years to safeguard their production chains for the long term amid upcoming challenges. They have invested in workshops and academies aimed at preserving craftsmanship and passing down artisanal traditions to future generations. These initiatives focus on building expertise in specific fields of craftsmanship, ensuring that these essential skills not only survive but continue to thrive.

Moreover, many brands and production clusters have undertaken efforts to make these métiers better known and more attractive to younger generations. This includes initiatives such as public workshops, collaborations with design schools, and competitions that showcase the creativity and skills behind artisanal trades. For instance, in sectors like jewellery and design, manufacturers have opened their doors to families, students, and local communities to demonstrate the value and artistry of their work. Such initiatives not only promote awareness but also help shift perceptions of these professions, positioning them as viable and rewarding career paths. By doing so, brands and clusters are not only securing the future of their supply chains but also fostering a renewed appreciation for craftsmanship among the next generation.

## Creativity and innovation

Creativity and innovation are essential pillars of the high-end sector, reflected in every aspect of product development. From design and manufacturing to digital content and intellectual property, these industries continually push the boundaries of excellence. Investments in R&D, advanced materials (such as lab-grown diamonds and bioengineered fabrics), and sustainable techniques ensure a seamless blend of tradition and modernity, reinforcing the uniqueness and desirability of high-end products.

Each European high-end or luxury brand possesses a unique and invaluable archive of intellectual property, encompassing generations of knowledge, expertise, and creative innovation. This spans creativity, product development, manufacturing, marketing, and distribution – key domains that intersect to shape the high-end and luxury value proposition. Safeguarding and continuously innovating this IP is central to maintaining a competitive edge, as it underpins the authenticity and exclusivity that define these brands. More than a legal asset, IP is a prime driver of consumer trust, ensuring that every product embodies the heritage, quality, and innovation expected of high-end and luxury offerings. Ultimately, the strategic management of intellectual property distinguishes top-performing brands, reinforcing their market leadership and setting them apart in a competitive landscape.

## Sustainability and social responsibility

Sustainability and social responsibility are defining features of high-end and luxury brands, deeply intertwined with their heritage and commitment to the future. European luxury brands are uniquely rooted in their connection to heritage, craftsmanship, and the land – precious and delicate resources that must be protected and nurtured to ensure their long-term preservation. At the same time, these brands have seamlessly integrated sustainability into their operating models, not merely as a strategic advantage to enhance value generation, reduce costs, and mitigate risks, but as a reflection of their leadership and responsibility to society and the planet.

*Sustainability and social responsibility are defining features of high-end and luxury brands, deeply intertwined with their heritage and commitment to the future.*

This commitment goes beyond business imperatives. By taking a proactive leadership role, luxury brands set a standard for ethical practices, environmentally friendly materials, and decarbonisation, ensuring that their operations align with the values of integrity and stewardship. A growing emphasis on traceability further reinforces these efforts, providing transparency on the origins of materials, production processes, and supply chain practices. Traceability not only strengthens consumer trust through accountability but also ensures ethical and environmental standards are upheld across every step of production.

While the European Union has placed sustainability at the top of its policy agenda, its tendency to legislate horizontally may prevent high-end industries from reflecting their sectoral specificities and long-term visions in their sustainability strategies, as well as from properly communicating with their customers.

## Service and experience

The high-end and luxury industries are distinguished by their unparalleled focus on customer service and experience. This includes personalised advice, attention to detail, and emotional engagement that elevates the purchasing journey into something far more meaningful than a transaction.

However, especially in the luxury sector, the relationship between brands and consumers has evolved significantly, extending well beyond the traditional in-store experience. Brands are

increasingly expected to connect with consumers more holistically, fostering deeper emotional ties. This has given rise to experiences outside the store – such as concerts, cultural events, immersive exhibitions, and exclusive gatherings – designed to create unique moments that resonate with customers' passions and values.

By curating memorable experiences and fostering authentic connections, luxury brands embed themselves into the social and cultural fabric of their clientele and establish themselves as integral to their customers' lifestyles.

### Selective and integrated distribution

A tightly controlled and highly selective distribution network is central to maintaining the exclusivity and prestige of high-end goods. By ensuring superior customer experiences at every touchpoint – both online and offline – brands safeguard their authenticity, quality, and traceability. As mentioned above, central to this is the cultivation of strong customer relationships, which transform transactional interactions into personalised, meaningful engagements. High-end brands go beyond simply offering superior products; they create bespoke experiences that resonate with individual customers, making them feel recognised and valued. Through attentive service, tailored recommendations, and consistent follow-ups, these brands foster a deep emotional connection, reinforcing the sense of exclusivity and belonging that is intrinsic to luxury. This not only differentiates their offerings from the mass market but also strengthens customer trust and loyalty, ensuring that each interaction enhances the overall perception of value and sustains long-term relationships.

The breadth of these networks, spanning both physical and digital platforms, is a testament to the scale and sophistication of luxury distribution. Europe alone is home to more than 20,000 mono-brand luxury stores and an additional more than 2–3,000 top-quality multi-brand locations, forming a vast network that ensures accessibility while preserving exclusivity. These physical networks are complemented by carefully curated e-commerce

platforms, where the digital experience mirrors the premium nature of the in-store journey, offering personalised recommendations, exclusive products, and seamless service. This integrated approach enables brands to meet diverse consumer needs while maintaining the integrity of their value proposition.

In this scenario, a tightly controlled distribution strategy plays a crucial role in mitigating the risks associated with the proliferation of parallel markets and grey market sales. By strictly regulating the availability of products and limiting distribution to authorised channels, brands can minimise unauthorised reselling, which often compromises the perceived value and exclusivity of luxury goods.

### Global recognition and appeal

European high-end and luxury industries enjoy unparalleled international visibility, driven by their export orientation, global footprint, investment in international marketing and universal appeal. These industries resonate with affluent and aspirational consumers across key markets, including the US, ME and Asia. The continued importance of sales outside the EU across the various luxury segments further reaffirms Europe's reputation as a leader in craftsmanship, creativity, and excellence, solidifying its position at the forefront of the global luxury market.

*European high-end and luxury industries enjoy unparalleled international visibility, driven by their export orientation, global footprint, investment in international marketing and universal appeal.*



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# Main economic *impact*



# Main economic *impact*

The European high-end and luxury industries are key drivers of economic growth, employment, and international trade, representing a cornerstone of Europe's global competitiveness. This section explores their multifaceted contributions to GDP, exports, and employment, underscoring their integral role in sustaining Europe's economic and cultural leadership.

When interpreting the following considerations, it is important to acknowledge that the rise in tariff barriers entails a disruption of the established geopolitical and commercial landscape, with the potential to profoundly reshape existing balances. The imposition of tariffs entails effects that extend well beyond the commonly cited increase in consumer prices. These repercussions often begin to emerge even before the measures take formal effect, contributing to a climate of uncertainty, weakening consumer confidence, and undermining key macroeconomic fundamentals, thereby exerting downward pressure on demand.

Furthermore, once tariffs will be eventually enforced, firms are often compelled to respond to rising costs by increasing prices, adjusting production structures, or ultimately reassessing their sourcing strategies. Such responses, however, risk amplifying the pressure on demand and further compromising corporate profitability, thereby creating an environment that challenges the pursuit of sustained growth and economic stability.

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5%

*European high-end and  
luxury brands account for  
5% of European GDP*

## 3.1 Contribution to the economy

### Contribution to GDP and GVA

The global market value generated by European high-end and luxury industries, excluding distribution margins earned outside Europe, was equivalent to 5% of European GDP in 2024E, with the share remaining stable in recent years. The market itself grew at a 3% CAGR between 2019 and 2024E, contributing approximately 2% (€410 billion) to the EU gross value added (GVA).

The growth observed in the last 2-3 years was significantly impacted by the COVID-19 pandemic, which disrupted tourism flows in 2020-21, and elevated airline fares – particularly from Asia, where fares surged up to 70% above 2019 levels before gradually normalising. These factors have constrained the ability of certain aspirational consumer groups to travel to Europe affecting consumption and revenues.

Over the past 5 years, the high-end and luxury market has increased its contribution to GVA by approximately 20-30 basis points. This improvement has been driven by efforts from industry brands to enhance profitability through greater operational efficiency and a strategic shift towards higher-margin direct-to-consumer channels.

### Contribution to exports<sup>17</sup>

In 2024E, the luxury sector contributed 11.5% (~€306bn) to overall European exports, with a compound annual growth rate (CAGR) of 5% over the 2019-2024E period. Among the sectors most reliant on exports are personal luxury goods, yachts, and automotive. In contrast, the wine, spirits, and food sectors show export shares of around 30-40% of their total market, reflecting their enduring connection to local

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# 3%

*European high-end and luxury brands generated €986bn in 2024E growing at 3% compound annual growth rate between 2019 and 2024E.*

tastes and preferences. The global orientation of European luxury brands is particularly evident in the significant proportion of sales driven by non-European consumers. For example, in the personal luxury goods market, approximately 70% of European brands' sales are exported outside Europe, while almost 80% of total sales are generated by non-European buyers. This global appeal also bolsters tourism, with high-end international visitors contributing substantially to luxury spending across Europe.

Nonetheless, sustaining this impressive export performance could face significant challenges from rising tariffs and evolving trade policies. China and the United States account for as much as 35-40% of revenues in the personal luxury goods market for many European brands. The possibility of increased tariffs on key categories like luxury goods, vehicles, and wines – along with escalating trade tensions – risks eroding profitability and undermining their competitive position in these crucial markets. In addition, the broader uncertainty surrounding global trade agreements adds another layer of vulnerability. Moreover, it should be taken into account that also the relative strength of currencies against the Euro can play a role in influencing exports of luxury goods and tourist inflows within Europe.

To address these challenges, European luxury brands must adopt proactive strategies. Expanding their market footprint, increasing investments in emerging economies, and deepening engagement with local consumers will be key to mitigating the impact of restrictive trade measures. By embracing these approaches, the sector can safeguard its resilience and continue to uphold its reputation as one of Europe's most globally admired and economically significant industries.

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# 11.5%

*The high-end and luxury sector accounted for 11.5% of European exports, with a compound annual growth rate of 5% over the 2019-2024E*

Diagram 3: Global high-end and luxury goods market by geography, consumer nationality and brand nationality (2024E)



Graph 4: Global personal luxury goods market by consumer nationality (2024E)

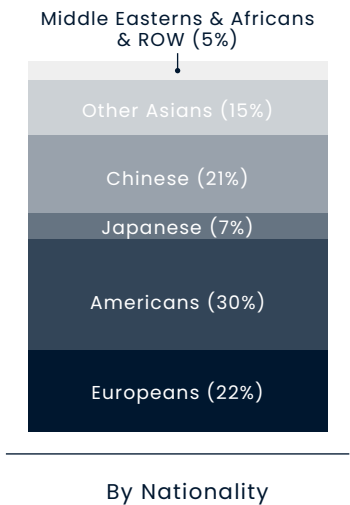
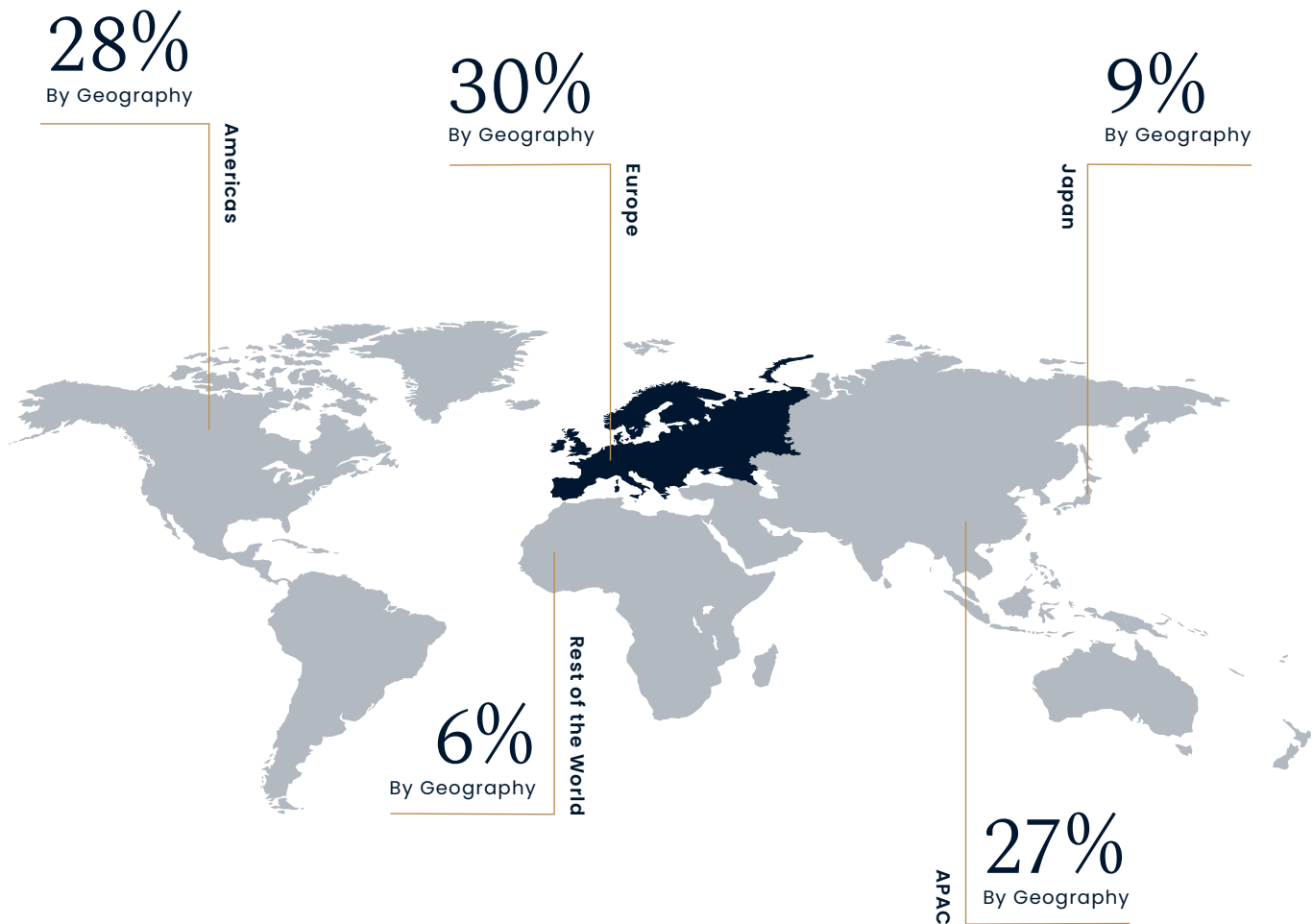


Diagram 4: Global personal luxury goods market by geography (2024E)





*European high-end and luxury industries created 160,000 new jobs in 2024 - approximately 2-2.2% of total employment created in the European Union, the United Kingdom, and Switzerland during the same timeframe.*

### 3.2 Contribution to employment

As the European Union continues to prioritise the creation of high-value, sustainable jobs, high-end and luxury industries stand out as one of Europe's strongest contributors to employment and job creation, steadily expanding in an otherwise stagnant labour market. In 2024E, European high-end and luxury brands employed approximately 2 million people<sup>18</sup>, both directly and indirectly, across the value chain. This accounts for nearly 1% of the total European workforce<sup>19</sup>, underscoring the sector's critical role in sustaining employment.

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2mn

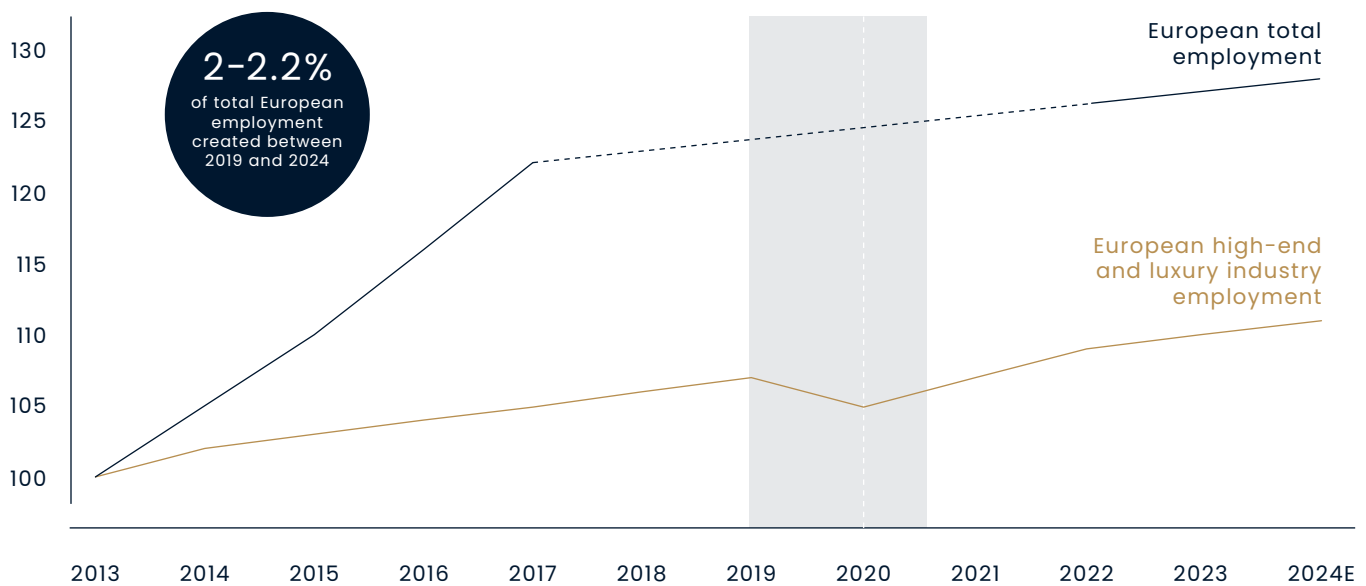
*In 2024E, European high-end and luxury brands employed approximately 2 million people*

Employment growth within the high-end and luxury industries has consistently outperformed the broader European labour market. Between 2019 and 2024E, the sector achieved a compound annual growth rate (CAGR) of 1.3%, compared to 0.7% across the overall labour market. During this period, European high-end and luxury industries created nearly 160,000 new direct jobs (120,000 if netting the figure from jobs that transitioned from direct to indirect following integration), even amidst efforts to optimise productivity through significant investments in efficiency across the value chain. These figures represent approximately 2–2.2% of total employment created in the European Union, the United Kingdom, and Switzerland during the same timeframe – a proportion more than double the overall penetration of luxury employment within total employment. These figures highlight the unique ability of the sector to generate roles requiring a high degree of human ingenuity and craftsmanship, which is deeply rooted in EU regions but also resistant to automation, even in times of economic uncertainty and global crises.

(18) The total employment figure for the high-end and luxury industries includes core activities plus upstream and downstream activities, but excludes enabling ecosystems, which will be discussed in the following chapters.

(19) Based on EU27 data with UK and Switzerland.

**Graph 5: Comparative performance of European high-end and luxury industries employment and European total employment (Index = 2013)**

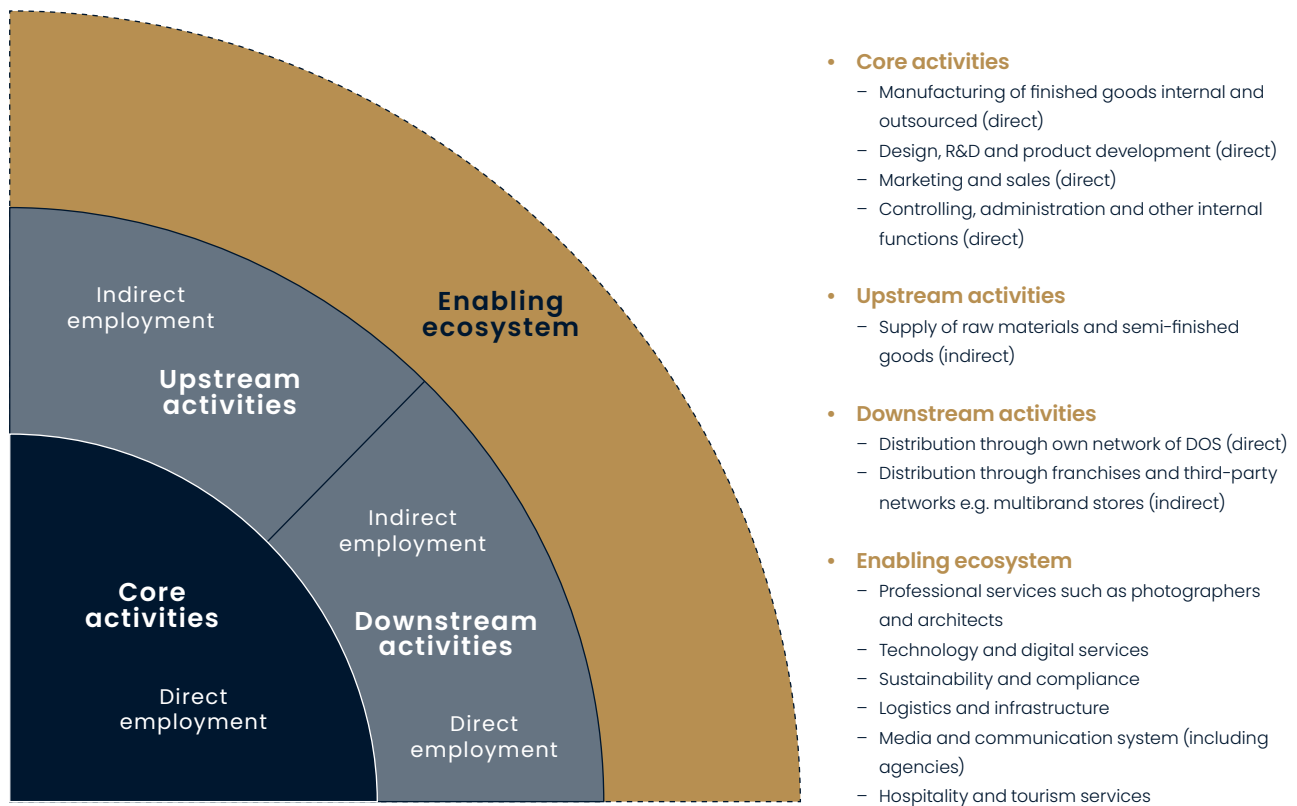


A key factor in this resilience is the centrality of a highly skilled workforce to the luxury business model. High-end and luxury brands invest heavily in training and professional development, both for their own employees and for those of partner companies. These efforts are integral to safeguarding the unique skills and expertise that define the industry, ensuring that its artisanal and technical know-how is passed on to future generations.

Moreover, given the long-term growth forecast for the sector, industry leaders recognise the untapped potential for sustained job creation. High-end and luxury companies often report a demand for a significant number of skilled professionals,

reflecting both the growth of the sector and its enduring emphasis on quality and craftsmanship. This reinforces the role of high-end and luxury industries not just as economic drivers, but as keepers of European heritage and a source of sustainable, high-value employment. However, luxury companies are increasingly confronted with the growing challenge of talent scarcity, spanning both traditional heritage skills and emerging areas such as technology, leading to heightened competition for the limited pool of available talent. According to Altagamma, Italian luxury companies will seek around 250,000–300,000 workers in the next 4 years, half of which could be not found in the job market.

**Diagram 5: Scope of employment generated by the European high-end and luxury industries<sup>20</sup>**



In terms of direct employment, the European high-end and luxury industries have created over 160,000 jobs in Europe since 2019, bringing the total to 1.5 million in 2024E. This figure encompasses internal employees of European high-end and luxury brands, as well as outsourced personnel engaged in core activities and distribution through directly operated points of sale or hotels.

Indirect employment, which includes roles related to the supply of raw materials, semi-finished goods, and product distribution through franchises and third-party networks, has experienced a partial decline in recent years. Yet, it is worth noticing how this reduction, amounting to approximately 40,000

jobs, has been fully compensated by the vertical integration trend, that has characterised the luxury market, with several luxury brands integrating their key suppliers within their Group's perimeter to secure access to talent, production capacity, and critical resources. As a result, the total number of indirect employees is expected to reach 0.5 million in 2024E, with many roles transitioning into direct employment.

(20) Since distribution can occur directly or indirectly, it is not necessarily a core activity in the same way as functions such as merchandising or design.



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Wider economic  
*impact and spillovers*



# Wider economic *impact and spillovers*

The high-end and luxury industries not only serve as significant economic engines but also contribute positively to cultural, social, and regional development. Their impact extends far beyond direct economic benefits, fostering innovation, preserving unique craftsmanship, and supporting diverse ecosystems that are vital to local and global communities. This section delves into the broader contributions of these industries by examining the role of upstream production clusters, centres of excellence, and high-end and luxury city ecosystems. It highlights how these interconnected networks create specialised expertise, drive economic value, and sustain the competitive edge of the high-end and luxury sectors, while also providing tangible examples of their significance across Europe.

Indirect employment is one of the many ripple effects generated by the high-end and luxury industries. Another significant contributor to their broader economic impact is the presence of upstream production clusters, centres of excellence, and high-end and luxury city ecosystems, including shopping tourism. These elements are fundamental to the high-end and luxury business model, underpinning its operational framework and competitive edge.

Production clusters refer to geographically concentrated networks of interconnected businesses within a specific sector, where resources and expertise reach a critical mass that provides a sustainable competitive advantage over firms outside the cluster. These clusters, alongside centres of excellence and city ecosystems, play a vital role in driving economic value and industry leadership.

Production clusters encompass businesses involved in manufacturing and the supply of raw materials, semi-finished, and finished goods for high-end and luxury brands. Centres of excellence are regions globally recognised for their specialised expertise in a particular industry, often with deep historical roots, and are home to some of the world's most prominent companies in their field. High-end and luxury city ecosystems, on the other hand, are characterised by retail hubs and clusters of brand headquarters or subsidiaries, which encourage the co-location of interrelated businesses such as tourism, hospitality, and professional services, including educational institutions, media outlets, architects, and photographers.

While production clusters and centres of excellence are defined by mono-industry specialisation, city

ecosystems encompass direct and indirect activities spanning multiple industries, such as fashion and design retail, hotels, and fine dining establishments. Together, these interconnected networks represent critical drivers of economic activity and reinforce the distinctive competitive advantage of the high-end and luxury industries.

The significance of European upstream production clusters, centres of excellence, and city ecosystems lies in both their economic output and the employment they generate, as well as the highly specialised expertise they provide to high-end and luxury brands. This expertise, in turn, creates additional value through:

- The development of unique knowledge and skills.
- Continuous investment in innovation, which is essential to maintaining competitive advantage.
- The distribution of specialised expertise across multiple centres along the value chain, rather than its concentration in a handful of companies, thereby enabling a broader dissemination of value.

This equitable distribution of capital and profits serves as a cornerstone of economic value for many regions and communities across Europe.

The resilience of these production clusters and centres of excellence is intrinsically tied to the sourcing and manufacturing strategies of major luxury brands, as well as to the evolution of final consumer demand. As such, any escalation in

geopolitical tension or the tightening of trade barriers could significantly endanger their sustainability and continuity, placing at risk the wider economic and social ecosystems in which they operate.













The sections that follow explore the role and importance of production clusters and centres of excellence in Europe, followed by examples highlighting the significance of key high-end and luxury city ecosystems.

## 4.1 Production clusters and centres of excellence

Production clusters and centres of excellence related to the high-end and luxury industries are widespread throughout Europe. Examples of such economic ecosystems are present extensively across European regions and industries. For instance, automotive clusters can be found in Modena in Italy, Bavaria and Stuttgart in Germany, and from multiple areas, among which Midlands, in the UK; perfume and cosmetic clusters can be found in Lombardy in Italy, as well as Cosmetic Valley or Grasse in France; and glassware clusters can be found in Småland in Sweden, Bohemia in the Czech Republic, Eastern France, and Murano in Italy. The following is a non-exhaustive illustration of the distribution and variety of high-end and luxury production clusters and centres of excellence in Europe.











*The impact of the high-end and luxury industries extends far beyond direct economic benefits, fostering innovation, preserving unique craftsmanship, and supporting diverse ecosystems that are vital to local and global communities.*

**Table 6: Illustrative examples of production clusters and centres of excellence<sup>21</sup>**













CLUSTER TYPE	TOWN/REGION	COUNTRY
 Automotive	Bavaria	Germany
	Turin and Piedmont	Italy
	Emilia Romagna	Italy
	Motorsport Valley (Midlands)	UK
	Stuttgart	Germany
	Gothenburg	Sweden
 Ceramics	Stoke-on-Trent	UK
	Aveiro	Portugal
	Talavera de la Reina	Spain
 Classic instruments/pianos	Spread across the country	Germany
 Design and furniture	Bielefeld & spread across the country	Germany
	Monza-Brianza, Veneto and across the country	Italy
	Turku	Finland
	Vienna	Austria
	Småland	Sweden
	Bohemia	Czech Republic
 Glass and crystal	Lorraine	France
	Murano	Italy
	Segovia	Spain
 Home electronics	Spread across the country	Germany
	Pforzheim	Germany
 Jewellery	Arezzo-Valenza-Vicenza	Italy
	Marinha Grande (Leiria District)	Portugal
	Gondomar (Porto District)	Portugal
	Paris	France
 Eyewear	Belluno	Italy
 Kitchens & kitchen equipment	Spread across the country	Germany
	Lombardy	Italy
 Lacemaking	Calais	France
	Lepoglava	Croatia
	Brenta	Italy
 Leather goods and shoes	Marche	Italy
	Florence	Italy
	Igualada	Spain
	Northamptonshire	UK
	Santa Croce (Florence)	Italy
	Ubrique	Spain
	São João da Madeira (Aveiro District)	Portugal
	Felgueiras (Porto District)	Portugal
	Elda	Spain
	Spread across the country	France
 Leather goods	Solingen	Germany
 Cutlery (knives, forks, scissors etc.)	Albacete	Spain
	Cosmetic Valley	France
	Grasse	France
	Lombardy	Italy
	Tuscany	Italy
 Perfume and cosmetics	Grasse	France
	Lombardy	Italy
	Tuscany	Italy
	Tuscany	Italy

(21) Sources: elaborations on "ECCIA Manifesto: Securing the leadership of the European high-end and luxury industries in the digital era" (October 2017), information provided by ECCIA associations, expert interviews, cluster websites, online literature research.

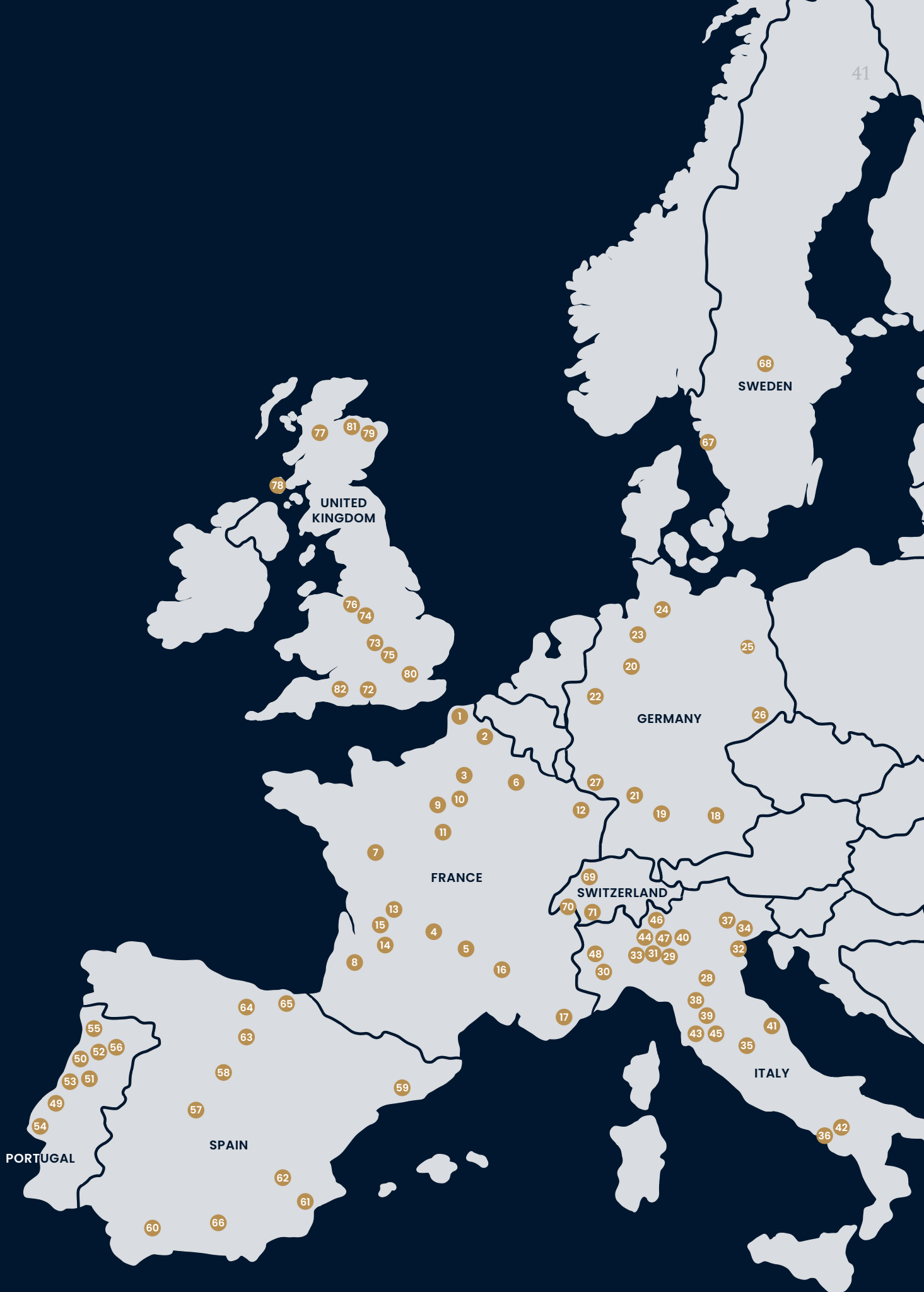


CLUSTER TYPE	TOWN/REGION	COUNTRY
 Porcelain	Herend	Hungary
	Limoges	France
	Spread across the country	Germany
	Tuscany and across country	Italy
 Silverware	Bremen / Hamburg	Germany
	Highlands	UK
	Cognac	France
 Spirits	Islay	UK
	Speyside	UK
	Bassano del Grappa and across country	Italy
	Lourinhã	Portugal
 Tech	Silicon Allee (Berlin)	Germany
	Station F (Paris)	France
	Tech City (London)	UK
	Lombardy & Piedmont	Italy
	Biella	Italy
 Textiles	Brianza	Italy
	Como	Italy
	Elgin	UK
	Outer Hebrides	UK
	Guimarães (Braga District)	Portugal
 Haute Couture	Paris	France
 Watches	Glashütte	Germany
	Watch Valley	Switzerland
 Wine	Bordeaux	France
	Champagne	France
	Burgundy	France
	Mosel	Germany
	Jerez	Spain
	Ribera del Duero	Spain
	Rioja	Spain
	Kent	UK
	Tuscany	Italy
	Veneto	Italy
	Franciacorta Lombardy	Italy
	Canton Valais	Switzerland
	Lavaux (Canton Vaud)	Switzerland
	Piedmont	Italy
 Writing instruments	Douro Valley	Portugal
	Spread across the country	Germany
 Yachts	Bremen	Germany
	Dorset	UK
	Tuscany	Italy

## Illustrative examples of some high-end and luxury clusters of excellence in Europe by country

FRANCE		
	Lacemaking	1 Calais 2 Caudry 3 Chantilly 4 Tulle 5 Puy-en-Valay
	Wine	6 Champagne 7 Loire 8 Bordeaux
	Cosmetics	9 Cosmetic Valley 10 Paris 11 Orléans
	Glass & Crystal	12 Lorraine
	Ceramic & Porcelain	13 Limoges
	Leather	14 Nantron 15 Haute Vienne 16 Romans-Sur-Isère
	Perfume	17 Grasse
GERMANY		
	Automotive	18 Bavaria 19 Stuttgart
	Classical instruments	<i>Spread across the country</i>
	Design & Furniture	20 Bielefeld
	Home Electronics	<i>Spread across the country</i>
	Jewellery	21 Pforzheim
	Kitchens & Kitchen equipment	<i>Spread across the country</i>
	Cutlery	22 Solingen
	Porcelain	<i>Spread across the country</i>
	Silverware	23 Bremen 24 Hamburg
	Tech	25 Silicon Allee
	Watches	26 Glashütte
	Wine	27 Mosel
	Writing Instruments	<i>Spread across the country</i>
	Yachts	23 Bremen
ITALY		
	Automotive	28 Modena and Reggio 29 Emilia 30 Turin and Piedmont
	Design & Furniture	31 Monza-Brianza
	Glass & Crystal	32 Murano
	Jewellery	33 Valenza 34 Vicenza 35 Arezzo 36 Marcanise
	Kitchens	37 Lombardy
	Leather goods & shoes	38 Santa Croce 39 Florence 40 Brenta 41 Marche 42 Solofra
	Perfume & Cosmetics	37 Lombardy 43 Tuscany
	Porcelain	43 Tuscany
	Spirits	44 Bassano Del Grappa

ITALY CONT...		
	Tech	37 Lombardy
	Textiles	45 Biella 46 Brianza
	Wine	43 Tuscany 47 Franciacorta, 48 Piedmont
	Yachts	43 Tuscany
PORTUGAL		
	Jewellery	49 Marinha Grande (Leiria District) 50 Gondomar (Porto District)
	Leather goods & shoes	51 São João da Madeira (Aveiro District) 52 Felgueiras (Porto District)
	Ceramics	53 Aveiro
	Spirits	54 Lourinhã
	Textile	55 Guimaraes (Braga District)
	Wine	56 Douro Valley
SPAIN		
	Ceramics	57 Talavera de la Reina
	Glass & Crystal	58 Segovia
	Leather goods & shoes	59 Igualada 60 Ubrique 61 Elda
	Cutlery	62 Albacete
	Wine	63 Ribera Del Duero 64 Rioja
	Fine Dining	65 Donostia / San Sebastián
	Food	66 Jaén
SWEDEN		
	Automotive	67 Gothenburg
	Design & Furniture	68 Småland
SWITZERLAND		
	Watches	69 Watch Valley (Geneva to Basel)
	Wine	70 Canton Vaud 71 Canton Valais
UNITED KINGDOM		
	Automotive	72 South Coast 73 Midlands 74 Cheshire
	Leather goods & shoes	75 Midlands
	Ceramics	76 Cheshire
	Spirits	77 Highlands 78 Islay 79 Speyside
	Tech	80 Tech City (London)
	Textile	81 Elgin
	Yachts	82 Dorset



# Case studies from interviews

To understand the wider impact of high-end centres of excellence, Bain & Co. interviewed representatives from various countries, chosen in close collaboration with ECCIA.



## Arezzo-Valenza-Vicenza, Italy Jewellery

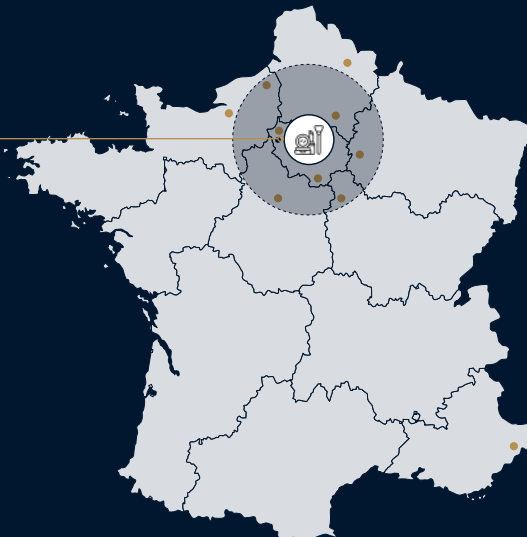
### KEY STRENGTHS OF ITALIAN GOLDSMITHING INDUSTRY

1. Leverage strong 'Made in'
2. Respect and protect workers
3. Pursue a circular mindset

### MAGNET FOR TALENT

"We have built our relevance, today, universities invite our companies to speak about the industry, and specialised academies naturally attract a great number of talented individuals."

*Representative of Jewellery Cluster, Italy*



## Cosmetic Valley, France Perfume and cosmetics

Start-up acceleration programmes

Temporary workers training



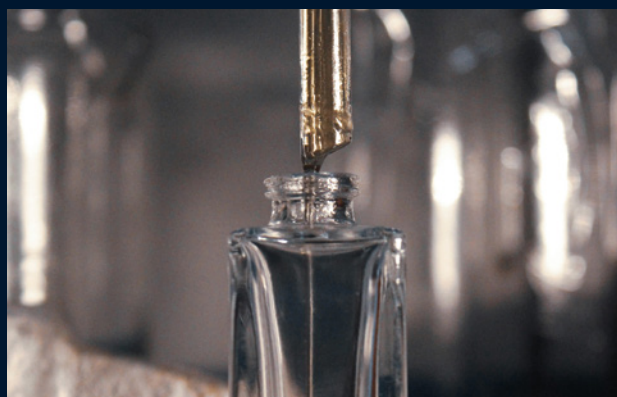
University training

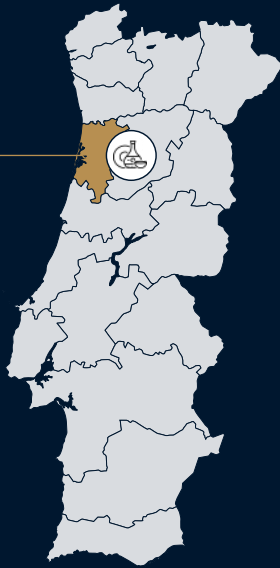
100K students  
8K researchers

### SUPPORT BUSINESS GROWTH AND DEVELOPMENT SKILLS

"It's rare for young people to aspire to work in cosmetics, as it's not a field they often consider. We have a programme to raise awareness about careers in cosmetics among young people."

*Representative of Perfume & Cosmetics Cluster, France*





## Aveiro, Portugal Porcelain

### CATALYST FOR TOURISM

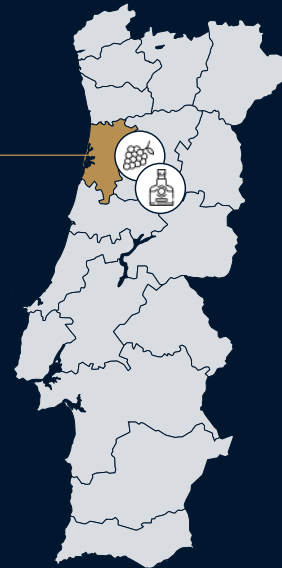
~ **2X** boost in district overnight stays since opening of Porcelain Museum

~ **3K** participants to ceramics workshops among students and tourists

### CATALYST FOR EMPLOYMENT

"Employing over 2,500 workers, our company is not only one of the largest employers in the sector but also a custodian of handmade quality that defines Europe."

*Representative of Porcelain Cluster, Portugal*



## Porto, Portugal Wine and spirits

### PARTNER TO INNOVATE

> **5mn**

Joint venture fund to invest in start-ups and early stage projects with a positive approach to ESG and innovative products or business models

> **50**

Partners involved worldwide to foster innovation, ensures access to cutting-edge advancements, knowledge

### FOSTERING INNOVATION

"Collaboration is essential for continued evolution and innovation; it must take place not only with industry associations but also across the entire supply chain."

*Representative of Douro Wine District, Portugal*





## Småland, Sweden Design and furniture

### DESIGNING A BETTER PLANET

>300mn

Kronor donated to research leading to discoveries within sustainable city planning, environmentally fish farming and conservation effort

### PROMOTING THE 'MADE IN'

"There is a rising pride in 'Made In Sweden', especially among younger generations. They value sustainability, authenticity, and knowing the story behind the products they buy – and Swedish design embodies all of that."

*Representative of Design Cluster, Sweden*



## South Coast, Midlands and Cheshire, UK Automotive

### PRESERVING OUR PLANET

£3mn

donated for environmental projects worldwide as journey kickstart

> 100,000

partner charities in 100+ countries to ensure high impact countries

### AT THE FOREFRONT OF DE&I

"A strong commitment to inclusion is a hallmark of leading organisations. Collaboration raises the bar for environmental and social responsibility, proving that shared best practices lead to collective progress."

*Representative of High-end and Luxury Automotive Industry Cluster, United Kingdom*







## Ribera del Duero, Spain Wine

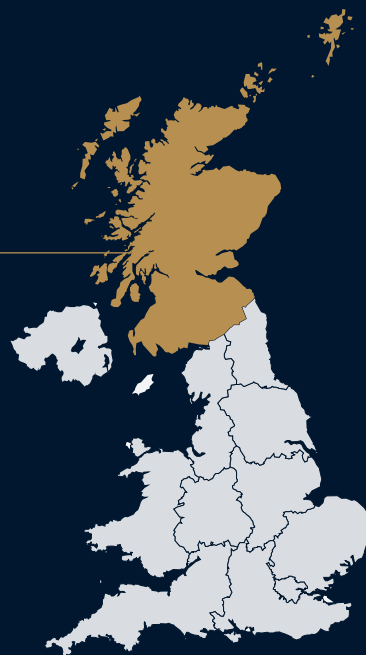
### WINEMAKING CULTURE

1. Collaboration with museums
2. Temporary in-house exhibitions
3. Permanent collection of 120+ masterpieces

### BEYOND PRODUCT, EMBRACING ART

"What we strive to do is go beyond the product and elevate the experience. Our location is a place to live and experience, not merely to consume a product – from relaxation to tasting, and even art which is crucial for us."

*Representative of Wine and Spirits Industry Cluster, Spain*



## Scotland, UK Whisky

### SCOTCH WHISKY IS AN ANCHOR FOR ECONOMIC GROWTH

~4bn

Scotch Whisky  
exports outside  
Europe

3%

Scotch Whisky  
industry share on  
Scotland's GVA

~150

Scottish  
Distilleries  
across Scotland

### REGIONAL HERITAGE AT ITS BEST

"Scotch Whisky represents the quintessence of our land, one of the most prominent symbols of Scotland worldwide. Its production is widespread across the country, making it not only a renowned product but also a powerful emblem of national identity."

*Representative of Scottish Whisky Association*



The following table illustrates a selection of KPIs that illustrate the economic relevance of high-end and luxury production clusters in terms of employment

and output. This is only a part of the long-term value created far to express the critical importance of these ecosystems in the fabric of Europe.

**Table 7: KPIs for select production clusters to the latest updates**

CLUSTER TYPE	TOWN/REGION	COUNTRY	EMPLOYMENT	OUTPUT	COMPANIES
 Automotive	Bavaria	Germany	208K	~32% industrial sales of Bavaria	1.1K
	Stuttgart	Germany	220K	~17% automotive industry sales	n/a
	Modena and Reggio Emilia	Italy	90K	€7bn in export	16.5K
	Gothenburg	Sweden	36K	~65% of total Sweden private R&D expenditure	n/a
 Design and furniture	Monza-Brianza <sup>22</sup>	Italy	9.8K	€2.2bn	~1.3K
 Glass and crystal	Murano	Italy	1.2K	n/a	151
 Cutlery <sup>23</sup>	Solingen	Germany	4755	€1.3bn	~35
 Leather goods and shoes	Brenta	Italy	6K	€1.8bn	~500
	Santa Croce	Italy	6K	€2.5bn	~250 Tanneries
 Eyewear	Belluno	Italy	~13k	70% of global high-end eyewear production	~485
	Cosmetic Valley	France	250K	€45bn	up to 3.2K
 Perfume and cosmetics	Grasse <sup>24</sup>	France	5K	€3.2bn	70
	Lombardy	Italy	n/a	€9bn	~55% of companies based in Italy
	Aveiro	Portugal	3.8K	€470mn	23
 Spirits	Speyside	UK	n/a	60% of all scotch whisky production	51
	Cognac	France	14.5K direct	€3.1bn	253 companies
 Textiles	Biella	Italy	12K	€1.5bn	~800
	Como	Italy	~15K	~80% of European silk production	1.3K
 Watches	Watch Valley	Switzerland	n/a	CHF25.5bn in export	~30
 Jewellery	Gondomar	Portugal	800	€50mn	~450; 35% of whole industry
	Arezzo-Valenza-Vicenza	Italy	~20K	€7bn of export	~2.3K
 Wine	Champagne	France	16K winegrowers	€6bn and ~300mn bottles	370
	Bordeaux	France	6.1K winegrowers	3.8mn hectolitres	n/a
	Ribera del Duero	Spain	~7.5K winegrowers	90mn bottles	~350
	Rioja	Spain	14K	~37% of total wine export in Spain	>600

(22) Numbers related with furniture production

(23) Including razor blades

(24) Already included in Cosmetic Valley cluster



*The proximity of clusters to luxury brands fosters continuous exchanges of ideas, creativity, and skills, enabling these ecosystems to drive innovation.*

The business models and competitive advantages underpinning the success of European high-end and luxury production clusters make them exceptionally difficult, if not impossible, to replicate elsewhere within or outside Europe. These clusters are defined by several distinctive characteristics, explored in detail below:

- **Deep cultural roots and expertise:** European production clusters are deeply embedded in the history and culture of their respective regions. This heritage provides an unmatched level of knowledge and dedication, which is inherently difficult to recreate without a historical foundation.
- **Access to exceptional raw materials:** whether sourced locally or through historical relationships with global suppliers, the raw materials available to these clusters are of unparalleled quality.
- **Proximity to high-end and luxury brands:** close geographical and relational ties between clusters and “downstream” luxury brands enable dynamic exchanges of creativity, expertise, and innovation. Trust-based relationships, cultivated over decades, are a cornerstone of this ecosystem.
- **Adaptability through specialised excellence:** the mid-scale, customisable capabilities of European clusters allow for agility and innovation that cannot be replicated in large-scale industrial settings.
- **Entrepreneurial spirit and long-term vision:** passion and entrepreneurship drive cluster participants to prioritise sustainable investments over short-term profits, ensuring the longevity and competitiveness of their industries.
- **Relentless focus on quality:** European clusters are distinguished by their uncompromising commitment to quality at every stage of production. This focus ensures products meet the most exacting standards, reflecting the craftsmanship and precision that define luxury.

The proximity of clusters to luxury brands fosters continuous exchanges of ideas, creativity, and skills, enabling these ecosystems to drive innovation. For example, in the Emilia-Romagna automotive cluster, manufacturers, designers, and research institutions collaborate to develop cutting-edge performance technologies for luxury sports cars; in Grasse, perfume makers work alongside chemists and botanists to refine fragrances that define global olfactory trends. Similarly, Brianza in Italy stands out as a hub for wooden design excellence, where companies uphold the “Made in Italy” brand through innovative infrastructure development, such as highway projects and enhanced public transport integration with Milan. This dynamic cluster also contributes to social well-being, with businesses supporting charitable initiatives, including donations to breast cancer research and humanitarian projects through auctions of limited-edition pieces.

European high-end and luxury production clusters are deeply rooted in historical and cultural traditions, with knowledge and skills passed down through generations. Iconic examples include Valenza’s jewellery craftsmanship, which dates back to the late 19th century and is renowned for producing

*European high-end and luxury production clusters are deeply rooted in historical and cultural traditions, with knowledge and skills passed down through generations.*

some of the world's finest goldsmiths, and La Chaux-de-Fonds in Switzerland, recognised as a cradle of watchmaking since the 18th century. Germany's Solingen is celebrated for its centuries-old cutlery production, producing high-quality knives and blades that are globally renowned. In Sweden, Gothenburg plays a key role as a hub for private R&D expenditure, driving innovation in automotive manufacturing. Further south, Portugal's Aveiro region excels in porcelain craftsmanship, blending tradition with modern production techniques. Across the United Kingdom, Scotland's whisky-producing regions, such as Speyside and Islay, are synonymous with artisanal excellence, where centuries-old techniques meet local heritage to produce some of the world's finest single malts. In Spain, Ubrique, located in Andalusia, is celebrated for its artisanal leatherworking, supplying high-quality leather goods for leading luxury brands. This shared cultural heritage is preserved through formal apprenticeships and the collective identity of the communities where these industries thrive.

Clusters also benefit from access to raw materials that are either intrinsic to their geographical location, such as the marble quarries of Carrara, or secured through long-standing partnerships, as seen in Florence's leather industry, which sources premium cattle hides globally to create world-class products.

*Clusters serve as engines of employment, knowledge transfer, and community development, fostering opportunities that extend well beyond the businesses operating within them.*

This collaborative spirit is matched by a strong commitment to innovation, with significant investments in R&D. For instance, the textiles cluster in Prato is pioneering sustainable fabric production using recycled materials, while the Haut-Savoie cutlery cluster in France invests heavily in R&D to maintain its leadership in precision tools. In Spain, the Ribera del Duero wine cluster exemplifies sustainability in action, with renewable energy initiatives like solar panel installations and efforts to preserve biodiversity, historic winery architecture, and fertile landscapes. This approach blends tradition and innovation, ensuring the vitality of the region while promoting environmental care and community education.

However, beyond their contribution to the luxury sector, the true strength of the production clusters and centres of excellence lies in their substantial spillovers into the local economy and social fabric. Given the strong interrelationship between clusters and the luxury industry as a whole, some of the elements discussed in the following paragraphs will be explored in greater detail in Section 4.

Clusters serve as engines of employment, knowledge transfer, and community development, fostering opportunities that extend well beyond the businesses operating within them. Moreover, the physical proximity of small - and medium-sized enterprises catering to the same upstream and downstream businesses and consumers nurtures a constructive spirit of competition. This, in turn, stimulates innovation and drives technological advancement.

As an example, in Italy's jewellery districts of Arezzo and Valenza, the close geographical proximity of suppliers and manufacturers not only ensures production efficiency but also supports ancillary industries, such as equipment manufacturing and logistics, creating a ripple effect of job opportunities across the region. As evidence, in 2024 jewellery districts in Italy counted more than 30,000 employees altogether, an increase of nearly 3,000 jobs with respect to 2019.

*By stimulating infrastructure, supporting ancillary industries, and fostering cultural initiatives, clusters serve as vital engines of economic and social vitality.*

In addition, the impact of these clusters on their surrounding communities is diverse and far-reaching, manifesting across multiple dimensions. Across the different countries and clusters, companies within design and furniture clusters foster community engagement by partnering with local design schools to hold competitions and collaborate on sustainable material research. These initiatives promote innovation while providing platforms for young talent to contribute to the industry, ensuring the preservation of craftsmanship in a modern context. Companies also actively engage auction houses and antique stores to extend product lifecycles, reinforcing the economic and environmental sustainability of these regions' industries.

Similarly, the Italian, French and Spanish leather goods and shoes districts foster collaboration between companies, giving rise to shared resources for training, sustainability, and innovation, enabling smaller businesses to overcome challenges such as digitalisation and skill shortages. This interconnected approach not only boosts productivity but also strengthens the broader economic ecosystem by making skills and services widely accessible across the cluster.

In Midlands (UK) and Emilia Romagna (Italy) Motors' valley, cars' manufacturing hubs, the presence of large employers specialised within drives both direct and indirect job creation while contributing to social and environmental – well-being. Initiatives to support

diversity, inclusion, and environmental projects – such as cleaning local rivers or promoting workforce equity – reflect a broader investment in the region, with strong collaboration among different players aimed to exchange best practices and advance new objectives. Similarly, in London's Savile Row, the Savile Row Bespoke Association unites tailors to preserve craftsmanship, promote sustainability, and mentor new talent through apprenticeships. These collective efforts ensure the sustainability of their heritage while driving community engagement and supporting local economies. The ripple effects of these efforts extend to community development projects and sustainability goals that benefit local and global ecosystems alike.

Clusters also play a pivotal role in fostering social and cultural enrichment. In Arezzo, jewellery makers support community-focused initiatives such as scholarships for young opera singers, strengthening ties between industry and cultural preservation. Similarly, porcelain companies in Portugal leverage their heritage to boost industrial tourism, combining factory tours, cultural workshops, and museum visits to engage visitors while stimulating local economies. Porcelain cluster exemplifies the intersection of heritage and community development through initiatives like the "Bom Dia Cerâmica" festival and educational projects such as "Cerâmica com Natureza," which foster creativity and sustainability while celebrating ancient craftsmanship. In Stoke-on-Trent, visitors can enjoy immersive experiences, including guided factory tours that reveal the intricate processes behind ceramic production, hands-on creative studios for crafting pottery, and a collection showcasing over 250 years of ceramic history. These initiatives not only generate revenue but also reinforce the identity and pride of the communities surrounding these clusters.

By stimulating infrastructure, supporting ancillary industries, and fostering cultural initiatives, clusters serve as vital engines of economic and social vitality. Their spillover effects ensure that the benefits of industrial excellence extend well beyond production, enriching the lives of workers, families, and broader communities while preserving the traditions that define these regions.

## 4.2 High-end and luxury cities and tourism ecosystems

The high-end and luxury industry wields a profound influence on the ecosystems surrounding it, driving development and growth on multiple fronts.

Acting as both a catalyst for local economic ecosystems and a magnet for global tourism, the industry not only fosters the advancement of interconnected sectors – such as retail, hospitality, and cultural services – but also amplifies the visibility and appeal of its host regions. By seamlessly integrating economic dynamism with the cultural allure of luxury, it serves as a powerful driver of innovation, talent attraction, and global visitor flows, enhancing the vitality and global standing of the communities it inhabits.

### Catalyst for the local economic ecosystem

The high-end and luxury industry has a transformative impact on urban economic ecosystems, particularly in cities hosting flagship stores, corporate headquarters, and creative hubs. These cities benefit from a multifaceted impact, including:

- **Urban elevation:** high-end brands often make significant investments in public assets such as iconic architecture, cultural landmarks, and urban infrastructure. These enhancements, from avant-garde buildings to revitalised cultural spaces, deliver value that transcends the brands themselves, enriching the city's identity and appeal. Furthermore, the luxury sector indirectly elevates urban ecosystems by reviving surrounding areas and enhancing services aimed at high-end tourism, such as luxury hotels and fine dining. For instance, initiatives like Fondazione Prada in Milan, Fondation Louis Vuitton and The Bourse de Commerce-Pinault Collection in Paris, not only transform their immediate environments but also foster cultural vibrancy and economic uplift.

- **World-class education and talent development:** luxury ecosystems thrive on a continuous infusion of creative and managerial talent, supported by first-class educational institutions and specialised training programmes. Cities like London and Milan, for instance, host globally renowned schools, such as Central Saint Martins and Bocconi University, which attract students from across the world.
- **Diverse professional services:** high-end projects demand a sophisticated ecosystem of professional expertise, encompassing architects, designers, consultants, and artisans. This network sustains a pool of highly specialised skills, ensuring that luxury brands can execute bespoke projects that set global benchmarks for excellence and creativity.
- **Expansive media and communications networks:** luxury-centric urban hubs amplify their global influence through robust media and digital platforms. These cities serve as the nerve centres for publishers, content creators, and communications agencies that craft compelling narratives for affluent audiences worldwide.
- **Resonant cultural and sector events:** iconic events, such as fashion weeks in Paris, Milan, and London, and design exhibitions like Salone del Mobile in Milan, solidify these cities' reputations on the global stage.

London, Paris, Milan, and Madrid stand as some of the most iconic European hubs for high-end and luxury ecosystems, chosen here to illustrate the remarkable economic and cultural spillovers these cities generate. Each of these metropolises far exceeds its proportional share of the national population in key luxury metrics, serving as dynamic epicentres of value creation and influence within their respective countries. London exemplifies this trend, hosting nearly three times the UK's share of five-star hotels and Michelin-starred restaurants compared to the city's 13% share of the national population. This reflects its unparalleled status as a

global luxury destination, drawing high-net-worth individuals, international investors, and affluent tourists. Similarly, Milan reinforces its reputation as Italy's luxury capital by concentrating twice the number of the country's Michelin-starred restaurants and an impressive fourfold share of five-star hotels relative to its modest 2% of the Italian population. Paris, the quintessential symbol of luxury, exhibits an extraordinary overperformance. The city boasts six times the number of Michelin-starred restaurants and

a staggering tenfold share of five-star hotels compared to its 3% share of the French population. Meanwhile, Madrid, while still emerging on the global luxury stage, is carving out a prominent position within Spain's high-end ecosystem. The city accounts for 10% of Spain's five-star hotels and Michelin-starred restaurants, significantly outpacing its 7% share of the national population. This underscores Madrid's growing importance as a destination for both luxury business and experiential high-end tourism.

**Table 8: KPIs for selected European high-end and luxury city ecosystems**

SELECTED KPIS (2023)	LONDON	PARIS	MILAN	BARCELONA
Population – city centre [Population – metropolitan area]	~8.8mn (13% of UK) [~12-13mn]	~2.1mn (3% of France) [~11.3mn]	~1.4 (2% of Italy) [~4mn]	~1.6 (3.5% of Spain) [~5.5mn]
Number of high-end and luxury personal goods monobrand stores <sup>25</sup>	~530	~760	~325	~200
Number of five-star hotels <sup>26</sup>	~160 (~35% of UK)	~125 (~35% of France)	~31 (~5% of Italy)	~43 (~10% of Spain)
Number of Michelin-starred restaurants <sup>27</sup>	78 (>40% of UK)	131 (~20% of France)	22 (~5% of Italy)	31 (~12% of Spain)

(25) Source: Bain Luxury Study (2024)

(26) Source: All listing available on Booking.com for May 2025, as of 29/11/2024

(27) Source: Michelin-starred restaurants 2024, announced during the year. Includes one-, two- and three-starred restaurants  
Source: Guide Michelin

*In these cities, top-tier educational institutions play a pivotal role in sustaining and advancing the high-end and luxury industry.*

In these cities, top-tier educational institutions play a pivotal role in sustaining and advancing the high-end and luxury industry. In London, Central Saint Martins is a beacon for creative education, producing graduates who go on to define the future of fashion, design, and art. Its emphasis on innovation, sustainability, and interdisciplinary collaboration aligns closely with the evolving priorities of the luxury sector. Meanwhile, Milan's Bocconi University stands out as a global leader in business and management education, with specialised programmes tailored to the demands of the high-end industry. Bocconi's strategic location within Italy's luxury capital provides students with direct access to leading brands, fostering unique opportunities for hands-on learning and professional growth. The presence of highly relevant institutions dedicated to luxury extends beyond Milan, with notable examples in Florence, such as Polimoda, recognised as a global leader in fashion education. Similarly, in Spain, the Istituto Europeo di Design (IED) in Barcelona stands out as a prestigious institution offering specialised programmes in fashion and luxury design, contributing significantly to the education of professionals in the luxury sector. Additionally, IE Business School in Madrid and IESE, both renowned business schools, play a pivotal role

in shaping the next generation of leaders in the luxury industry through their advanced business and management programmes.

These institutions are more than just creative and academic hubs; they are incubators of global talent and drivers of innovation. Through partnerships with luxury brands, they enable real-world collaborations that influence both educational and industry practices. Moreover, they act as magnets for international students, reinforcing the cosmopolitan and dynamic character of their host cities.

*These institutions are more than just creative and academic hubs; they are incubators of global talent and drivers of innovation.*

**Table 9: Globally ranked educational institutions with programmes and courses dedicated to the formation of high-end and luxury managerial and creative talent in Berlin / Munich, London, Milan and Paris.**

BERLIN / MUNICH	LONDON	MILAN	PARIS
ESMT Berlin (European School of Management and Technology)	Central Saint Martins	Accademia Costume & Moda (ACM)	École Internationale de Mode et Luxe (EIDM)
Freie Universität Berlin	Chelsea College of Arts	Accademia del Lusso	École Nationale Supérieure des Arts Appliqués et des Métiers d'Art (ENSAAMA)
Humboldt-Universität zu Berlin	Goldsmiths, University of London	Domus Academy	École nationale supérieure des Arts Décoratifs
ISM (International School of Management)	Imperial College London (Imperial)	Istituto Europeo di Design (IED)	École supérieure des arts appliqués Duperré (École Duperré)
Munich Business School (MBS)	Istituto Marangoni London	Istituto Marangoni	ESMOD
Technische Universität München (TUM)	London Business School (LBS)	Italian Fashion & Design Academy (IFDA)	ESSEC Business School
Universität der Künste Berlin	London College of Fashion	Nuova Accademia delle Belle Arti (NABA)	HEC Paris
Weißensee Academy of Art Berlin	Regent's University London	Politecnico di Milano	IFA Paris
	Royal College of Art (RCA)	Scuola Orafa Ambrosiana	Institut Français de la Mode (IFM)
		SDA Bocconi	L'Institut Supérieur des Arts Appliqués (LISSA)
		Università Cattolica del Sacro Cuore	MODART International
		Università IULM	Studio Berçot



*The rich, seasonal calendar of global high-end and luxury events and fairs is a driver of culture, economic influence and Europe's international reputation.*

The inherent multidimensionality of these urban luxury ecosystems is amplified by the cultural dynamism of a rich, 'seasonal' calendar packed with global high-end and luxury events and fairs. These include three of the renowned 'big four' fashion weeks – Paris, Milan, and London – which serve as flagships for their respective cities' cultural and economic influence. Additionally, events like Salone del Mobile in Milan, the world's largest furniture and design trade fair, and other high-profile gatherings such as Maison & Objet in Paris and the London Design Festival, showcase the diversity of creativity across design and craftsmanship. These are complemented by global motor shows, jewellery exhibitions, and numerous food and wine fairs that elevate the prestige of these cities – and other locations too (e.g., Geneva, Genova, Monaco, ...) as luxury epicentres and hubs. Madrid, while still carving out its place on the global luxury events stage, is gaining increasing recognition for its vibrant contributions. Madrid Fashion Week has become a significant platform for Spanish designers, steadily attracting an international audience and raising the city's profile within the fashion world. Additionally, Madrid hosts the renowned Madrid Fusión culinary summit, which places the city at the forefront of global gastronomy, as well as ARCO Madrid, one of

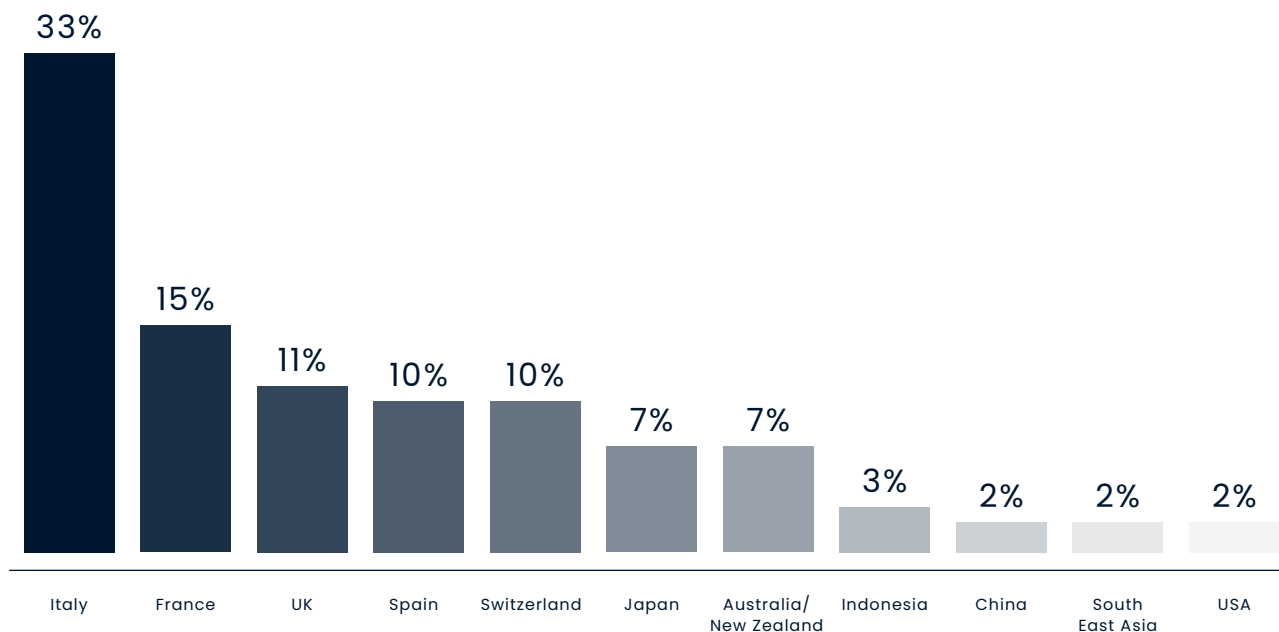
Europe's most celebrated contemporary art fairs, attracting collectors, artists, and connoisseurs from around the globe.

European high-end and luxury city ecosystems are thriving centres of creativity and innovation, reshaping how we perceive human connection, value, and emotion in today's multicultural and digital landscape. The high-end and luxury industries serve as vital catalysts for this dynamism. Beyond their measurable contributions to business and employment, luxury brands invest in and invigorate every facet of these complex ecosystems. They influence and enhance not only the visible and tangible aspects but also the subtle, long-term elements that sustain the cultural and economic vibrancy of these cities.

From direct economic impact to indirect cultural enrichment, the luxury sector weaves itself into the very fabric of urban identity, becoming inseparable from what defines these cities. It is impossible to imagine London without its luxury character, Paris without its haute couture, Milan without its design prowess, or Madrid without its growing prominence in gastronomy and art. These industries are not just participants in the life of these cities—they are foundational to their essence and global appeal.



**Graph 6: Top countries considered best to visit by high-spending shoppers**  
(% of respondent 2021<sup>29</sup>)



### A magnet for global tourism

Europe stands among the world's most visited regions<sup>28</sup>, with its Southern and Mediterranean areas leading the charge in driving tourism growth. Within this landscape, the high-end and luxury sector plays a pivotal role, drawing millions of international visitors each year. Iconic shopping destinations such as Milan's Via Montenapoleone, Paris's Rue Saint-Honoré, and London's Bond Street serve as global landmarks for exclusive retail experiences. Beyond the major European metropolises, resort destinations are experiencing a surge in prominence within the luxury hospitality sector. Both established (e.g., St. Tropez, Capri, Porto Cervo), as well as emerging hubs such as Bodrum and Mykonos, alongside iconic locations, are captivating affluent travellers with tailored experiences, blending cultural authenticity, sustainability, and cutting-edge luxury amenities.

*Europe stands among the world's most visited regions with the high-end and luxury sector playing a pivotal role, drawing millions of international visitors each year.*

(28) Source: High-end Tourism report, published from ECCIA in collaboration with Bain & Company in 2022

(29) Survey conducted on US, Russian and Chinese international "high-spending shoppers", defined as tourists with €55,000 average tax free spend, ~12 transactions per year and >3 trips made on average, ~15 days abroad in a year  
Source: Guide Michelin

These locations are not merely commercial hubs but destinations in their own right, with up to 40%<sup>28</sup> of travellers – particularly from Asia – citing luxury shopping as a primary factor in choosing their holiday destination. Notably, over half of tourism's direct economic contribution in Europe is generated through expenditures on shopping and cultural activities, underscoring the sector's profound economic significance.

Beyond the allure of luxury shopping, Europe also excels in hosting internationally renowned events that attract enthusiasts and professionals from around the world. These gatherings celebrate the craftsmanship and innovation synonymous with European brands. For example, the Salone del Mobile, a cornerstone of Milan's high-end events calendar, achieved unprecedented success in 2024, drawing 370,824 attendees<sup>30</sup> – a 20.2% increase from the previous year. Remarkably, 65.6% of these visitors were international, highlighting the global appeal of the event and its significant contribution to Milan's burgeoning tourism economy. In 2023 alone, Milan welcomed 8.5 million visitors, surpassing pre-pandemic levels and solidifying its reputation as a premier destination for high-end events. During the Salone del Mobile, visitor numbers in Milan surged to two to four times the weekly average, reflecting the event's extraordinary impact on local tourism.

Similarly, Madrid has established itself as a key hub for high-profile events. Every year, the city hosts FITUR, the most visited International Tourism Trade Fair, which welcomed over 250,000 attendees in 2024, including 9,500 participating companies from 156 countries and 884 exhibitors. These large-scale events significantly bolster Madrid's tourism

*Up to 40% of travellers, particularly from Asia, cite luxury shopping as a primary factor in choosing their holiday destination.*

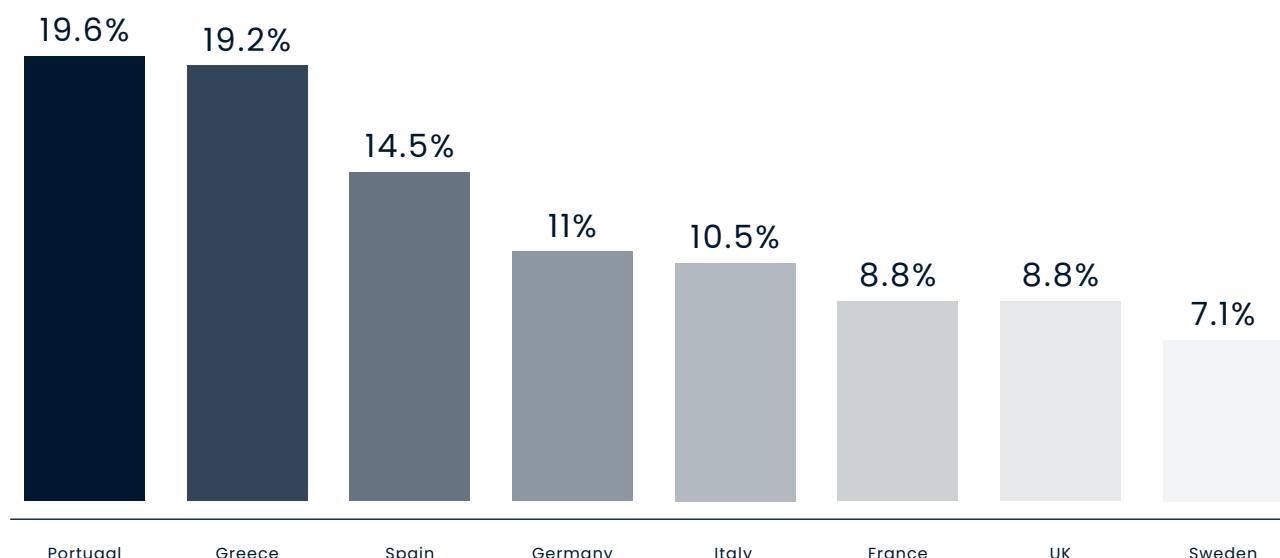
industry, attracting visitors from across the globe and amplifying its status as one of Europe's most dynamic cities for business and culture.

The influence of tourism on economic stability and growth is particularly pronounced in certain European countries. In 2024, tourism's overall contribution to GDP – both direct and indirect – ranged between 15% and 20% in nations such as Greece and Portugal. The luxury segment accounted for a substantial portion of this figure, representing up to 25% of total tourism revenue.

Luxury tourism's influence extends beyond metropolitan centres, drawing visitors to regions celebrated for their artisanal heritage. Destinations like Tuscany, renowned for its leather craftsmanship, and Douro Valley, renowned for its wine craftsmanship, offer travellers an opportunity to connect with the roots of the products they admire. This fusion of luxury and cultural tourism not only amplifies the sector's economic contributions but also strengthens the emotional and cultural ties between Europe and its global audience.

*The European high-end and luxury sector acts as a catalyst of high-spending visitors, representing up to 25% of total tourism generated value.*

(30) Source: Salone del Mobile Milano

**Graph 7: Travel and Tourism total contribution to GDP by country (2023)<sup>(31)</sup>**

The high-end tourism sector exhibits unique characteristics that distinguish it as a resilient and dynamic force within the broader tourism industry under two main axes.

Firstly, it demonstrates remarkable resilience to crises, being less affected by downturns than general tourism and rebounding more quickly as the economy recovers. This is due to its foundation in a high-income, affluent demographic segment, a segment that is also projected to grow by approximately 6% over the next 5–7 years. Secondly, it exerts a significant halo effect and spillover impact on other elements of the city and tourism ecosystem, with spending generating a multiplier effect that enhances the value of the stay by up to 12 times through culture, entertainment, and shopping activities<sup>(32)</sup>.

The untapped potential of many European destinations presents a significant opportunity for aligning value propositions with the expectations of high-end tourists. Greece exemplifies this approach, leveraging its identity as a “wellness and retreat” destination to appeal to affluent travellers. Tourism contributes approximately 20% of Greece’s GDP, and the country has invested in enhancing its

luxury offerings. By 2024, Greece boasted a higher proportion of five-star hotels—over 10% on the total country hotel stock—compared to Italy, France, and Spain, where the figure stands at 5–7%<sup>(33)</sup>.

Exclusive destinations like Mykonos demonstrate even greater concentrations, with roughly 25% of accommodations classified as five-star. Between 2012 and 2022, Greece experienced a ~115/120%<sup>(34)</sup> increase in luxury properties, with 400 new high-end hotels opening in the past decade. This investment has successfully attracted high-net-worth individuals (HNWIs) and high-spending tourists from across the globe.

Beyond Greece, other European regions are emerging as desirable destinations for high-end travellers. The Nordics, for instance, have witnessed a marked increase in both summer and winter demand, with locations such as Norway and Copenhagen reflecting the expanding appeal of lesser-explored destinations.

This vibrant interplay between commerce, culture, and tourism highlights the sector’s importance not only as an economic force but also as a promoter of European heritage, and as accelerator of new areas development within Europe.

(31) Note: figures are in constant 2023 prices and exchange rates as of March 2024; Source: WTTC, Oxford Economics

(32) Proxy considering the sum of tourism economies in France, Germany, Italy, Spain and UK

(33) Source: All listing available on Booking.com for May 2025, as of 29/11/2024

(34) Source: “Greek Hospitality Market” Study, Kentriki and Savills



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Social and cultural  
*contribution*

5

# Social and cultural *contribution*

European high-end and luxury companies, as detailed earlier, generate profound economic value both directly and indirectly, anchoring Europe's position as a global leader in these industries. They form the backbone of numerous economic centres, from specialised production hubs to thriving urban ecosystems. Beyond these core contributions, the influence of European high-end and luxury companies extends far beyond the traditional scope of commerce, as the following section explores.

Notably, luxury brands frequently dedicate significant resources — sometimes as much as 6 to 10%<sup>35</sup> of their annual revenues — to initiatives that transcend their immediate business objectives. As an example, over the past five years, five among the leading European luxury brands have collectively allocated over half a billion euros to social and cultural initiatives, with comparable amounts invested in training programmes and sustainability-related projects.

Substantial investments in employee training, in particular, as well as collaborations with premier educational institutions, are evidence of a deep commitment to developing and nurturing talent. Such initiatives ensure a steady pipeline of expertise and creativity, fostering long-term innovation.

The transformation of Saint-Pourçain-sur-Sioule began with the establishment of a luxury brand's first manufacturing site in the village. This investment not only created local jobs but also acted as a catalyst for regional development, attracting new businesses and fostering economic growth. Over time, the area evolved into a vibrant hub, with improved infrastructure, expanded housing, and enhanced services, making it a more attractive destination for skilled professionals and families alike.

Moreover, the cultural DNA of high-end brands, rooted in their relationship with local communities, translates into significant investment in cultural patronage. By supporting arts and heritage projects, they enrich urban and regional ecosystems, stimulate tourism, and provide tangible benefits to local populations. These efforts enhance their host cities and regions, creating environments where tradition and modernity flourish side by side.

Luxury brands also contribute meaningfully to societal discourse, engaging with pressing global issues such as sustainability, diversity, and inclusion. Their proactive stance amplifies their role as not just economic actors but also cultural and ethical leaders, thus resonating with a wide and increasingly conscious audience, driving positive change.

(35) Source: Average of respondents in survey sent to members of ECCIA associations (2024)

*Recognising the critical role of expertise, European high-end and luxury companies invest extensively in education and training, encompassing employees, suppliers, and distributors alike, with spending reaching up to 4-5%<sup>37</sup> of annual revenues.*

Finally, and crucially, these brands serve as ambassadors of “Made in Europe” to the wider world. Through their global presence and storytelling, they celebrate European craftsmanship, artistry, and cultural heritage, cultivating admiration and demand for European values and lifestyles. By embodying the essence of European excellence, they not only extend their influence abroad but also reinforce Europe’s cultural and economic identity on a global stage. This enduring role, as further sections will detail, underscores their significance as cultural and economic torchbearers for Europe.

## 5.1 Education and professionalisation

Human talent and education are the lifeblood of European high-end and luxury industries. This sector thrives on exceptional craftsmanship, boundless creativity, and forward-looking innovation, which collectively underpin their global prestige and set them apart from mass-market competitors. The intricate *savoir-faire* of skilled artisans, the visionary designs of creators, and the meticulous attention to production are all cultivated through comprehensive education and training. Investment in human talent ensures that heritage skills are not only preserved across generations but also enriched with modern competencies, such as digital expertise and sustainable practices. Education in this realm is both a guardian of tradition and a driving force for excellence, enabling these brands to deliver the unparalleled quality, authenticity, and emotional resonance that define European luxury.

Recognising the critical role of expertise throughout their ecosystems, European high-end and luxury

companies invest extensively in education and training, encompassing employees, suppliers, and distributors alike, with spending reaching up to 4-5%<sup>36</sup> of annual revenues in most virtuous cases. These investments go beyond safeguarding traditional skills to address the demands of the modern era, integrating sustainability, digital transformation, and advanced production techniques. Formal initiatives — ranging from certifications and tailored workshops to bespoke academies — are complemented by informal knowledge-sharing, ensuring every element of the value chain adheres to the uncompromising standards of luxury. Increasingly, these efforts reflect broader societal imperatives, including fostering inclusivity, advancing environmental stewardship, and embedding ethical practices.

To advance education, research, and innovation, European luxury brands have forged strategic partnerships with leading universities and institutes. Over the past four to five years, major European high-end groups and players have started collaborating with over 15 leading universities and institutions in Europe, resulting in the creation of more than 10 specialised programmes among postgraduate degrees and executive courses.

*High-end and luxury brands serve as ambassadors of ‘Made in Europe’ to the wider world.*

(36) & (37) Source: Average of respondents in survey sent to members of ECCIA associations (2024)

According to a survey conducted by European Fashion Alliance, around 40% of companies in the European fashion sector have previously worked with educational or research institutes for business development<sup>38</sup>. These collaborations span engineering programmes, advancements in hospitality management, expertise in viticulture and oenology, as well as fashion design and sustainable fashion research. As an example, one among the leading European luxury groups has launched in collaboration with London College of Fashion the Massive Open Online Course (MOOC) named “*Fashion and Sustainability: Understanding Luxury Fashion in a Changing World*” aimed to explore the integration of sustainable practices throughout the value chain. Alternatively, Regent’s University in London offers its MA in Luxury Hospitality Management, a programme co-curated with an advisory council comprising leading hoteliers, prominent hospitality chains, and Walpole.

Notably, these collaborations are underpinned by a commitment to nurturing talent and preserving heritage. European high-end and luxury brands have allocated funds for scholarships, offered competitive grants to support young creatives, contributed to national cultural funds, and launched programmes designed to safeguard and teach traditional craftsmanship, ensuring these skills endure for future generations. In 2024, a standout development was the heightened investment by leading jewellery brands in Valenza, the historic centre of excellence for Italian high jewellery craftsmanship. This initiative has been instrumental in generating new employment opportunities, further cementing the region’s reputation for excellence.

By uniting academic expertise with practical application, these partnerships cultivate a new generation of talent capable of innovating while honouring tradition. This approach enables European luxury brands to seamlessly blend their heritage of craftsmanship with the transformative potential of modern technology, preserving their authenticity while driving progress. Increasingly, companies focus on preparing teams for the future, ensuring that employees are equipped to navigate technological disruption and shifting consumer expectations. A key example lies in the automotive sector, where the shift toward electric and autonomous vehicles has driven significant investment in re-skilling and up-skilling programmes. Luxury carmakers across Europe and UK have pioneered training initiatives to ensure their workforce remains adept at cutting-edge technologies, from battery production and advanced software systems to AI-driven manufacturing processes. Such programmes combine traditional engineering excellence with emerging digital skills, enabling teams to adapt to the evolving demands of the automotive industry without compromising the precision and quality synonymous with luxury.

As artificial intelligence becomes central to operations, brands are carefully balancing their opportunities and risks. While some companies have pioneered dedicated ‘AI Factories’ to develop modular algorithms that enhance, rather than replace, human capabilities, others are investing in preserving unique artisanal skills. These approaches are not mutually exclusive. Many brands are actively testing approaches and ways to integrate AI into their processes while

*To advance education, research, and innovation, European luxury brands have forged strategic partnerships with leading universities and institutes to nurture talent and preserve heritage.*

(38) Source: The Status of European Fashion Report (2024), European Fashion Alliance



simultaneously safeguarding craftsmanship, creating internal academies to cultivate future craftspeople. Training programmes within these academies focus on integrating AI into design and production, equipping employees and suppliers with the tools to harness cutting-edge technology

alongside time-honoured craftsmanship. These efforts reflect the sector's unwavering commitment to excellence, creativity and innovation, as well as a broader industry shift toward harmonising innovation with tradition to elevate customer experiences and refine product offerings.

## Monza-Brianza

### Design and Furniture

#### Artwood Academy

"The Artwood Academy in Seveso is a cornerstone of design tradition, nurturing the next generation of talent while preserving a unique Italian craftsmanship that attracts great talents from everywhere. Architects from around the world come to Italy not just for inspiration, but to find the skilled hands that bring their designs to life."

*Representative Design and Furniture Industry cluster, Italy.*



## Burgundy

### Wine

#### École Des Vins De Bourgogne 1974 Bourgogne Wine Board (BIBV) establish the École des Vins de Bourgogne

Pioneering institution in France dedicated to wine education. Located in Beaune, at the heart of Burgundy's renowned wine region, offers training courses in viticulture and oenology, fostering artisanal skills tied to local wine production.



## San Sebastián

### Fine Dining

#### Basque Culinary Center Founded in 2011, based in Donostia - San Sebastián

**Training:** >100K students from 36 countries, 12 master programmes.

**Innovation and research:** Research projects across multiple areas (eg. health, sustainability, digitalisation etc.) within its own technological centre where chefs and researchers collaborate.

**Entrepreneurship:** International programmes financing promising start-ups.



## Preservation of European heritage and cultural sites

Europe's cultural heritage is a cornerstone of its identity, embodying centuries of artistry, craftsmanship, and architectural excellence. Recognising the importance of preserving this legacy, European high-end and luxury companies have become key contributors to safeguarding historic landmarks and cultural sites, allocating significant resources to artistic and cultural patronage. Through substantial investments and carefully designed initiatives, these brands are not only protecting Europe's heritage but also revitalising it for future generations.

To mention some examples, their efforts include the restoration of iconic structures such as the Santa Trinità bridge in Florence, where €1 million was allocated to restore its sculptures and surroundings, and Milan's Duomo, with €8 million raised collectively for its preservation through collaborative initiatives. Rome's Ara Pacis has also benefited from these endeavours, with companies funding the enhancement of its lighting system to elevate its visibility and appreciation. Multi-million-euro contributions to cultural funds and collaborative efforts to restore Renaissance gardens, Gothic cathedrals, and Baroque fountains further underscore this dedication. On an even larger scale, €30 million has been committed to the ongoing restoration of Paris's Grand Palais, enabling the implementation of an innovative cultural programme set to run from 2024 to 2028. These large-scale projects reflect a profound dedication to preserving Europe's architectural and cultural legacies.

A particularly noteworthy example is the restoration of Notre-Dame de Paris, a symbol of European heritage that suffered devastating damage in the 2019 fire. Luxury brands were among the first to pledge substantial support for its reconstruction. Leading conglomerates committed hundreds of millions of euros to the restoration, while a prominent foundation supported by another leading group pledged another €200 million, demonstrating the depth of engagement from luxury companies in this

critical cultural effort. Collectively, these contributions have facilitated not only the reconstruction of the cathedral's iconic spire but also the broader restoration of its intricate interior details, stained glass windows, and surrounding heritage.

Beyond landmark and architectural restoration, luxury brands have forged close ties with cultural organisations and art institutions, amplifying their impact on the creative landscape and its broad audiences. Collaborations with prestigious museums such as the National Portrait Gallery in London and the Centre Pompidou in Paris have resulted in groundbreaking exhibitions, innovative educational programmes, and large-scale cultural impact. These partnerships often facilitate the organisation of temporary and permanent exhibitions that celebrate the intersections of art, craftsmanship, and contemporary culture. For example, some brands have supported the curation of exhibitions showcasing historic artefacts and artisanal traditions, while others have enabled the development of avant-garde installations that reinterpret cultural legacies for modern audiences. These efforts also extend to sponsoring cultural events and festivals, funding artistic prizes, and supporting the revitalisation of heritage-rich venues as spaces for public engagement.

By intertwining their resources with cultural preservation, these companies not only honour Europe's rich past but position themselves as guardians of its enduring legacy, ensuring that history and tradition resonate with contemporary and future audiences alike.

*Collaborations with prestigious museums have resulted in groundbreaking exhibitions, innovative educational programmes, and large-scale cultural impact.*

*ESG lies at the core of operations for European luxury and high-end companies, with leading firms investing up to 3% of their annual revenues in sustainability innovation.*

## 5.2 Social responsibility and sustainability

Social consciousness and sustainability are now intrinsic to the business models of European high-end and luxury brands, shaping their strategies and operations on multiple levels. These industries not only craft products of exceptional quality but also contribute meaningfully to social consciousness, sustainability, and cultural evolution. Sustainability has become a cornerstone of their operations, with leading companies at the forefront of the ESG curve allocating on average 1–3%<sup>39</sup> of annual revenue to sustainability innovation. While the direct environmental impact on behalf of luxury fashion companies is lower compared to mass market ones as per materials more sustainably sourced, lower transport intensity and longer product lifecycle, these brands amplify their influence by setting standards for sustainable practices, shaping consumer behaviours, and advocating for systemic change across supply chains and industries.

Luxury brands have intensified their efforts in climate resilience, moving beyond traditional reductions in carbon footprints to focus on climate-positive strategies. These include restoring degraded ecosystems and implementing regenerative practices in the sourcing of raw materials. New approaches have also emerged to mitigate resource scarcity, with a noticeable emphasis on renewable energy integration across manufacturing and distribution networks. Supply chain traceability has progressed to incorporate digital twin technology, enabling a fully transparent and traceable journey for every product, from origin to end-of-life.

This innovation not only bolsters ethical sourcing but also empowers consumers with greater confidence in the products they purchase.

The conversation around biodiversity has taken on a renewed urgency, with companies investing in collaborative ecosystem restoration projects. These initiatives, often undertaken in partnership with conservation organisations, aim to revitalise critical habitats affected by climate change and industrial activity. Recent programmes focus not only on protecting wildlife but also on enhancing the resilience of communities that rely on these ecosystems, aligning environmental efforts with social impact.

In parallel, there has been a marked shift towards designing for permanence and circularity. Many luxury brands are rethinking retail spaces as dynamic environments that extend beyond traditional shopping. Rather than focusing solely on the transactional aspect, these spaces are being transformed into platforms for restoration and repair services, encouraging consumers to maintain and rejuvenate their luxury items instead of replacing them. Pop-up ateliers and in-store workshops now feature prominently, inviting customers to participate in activities such as monogramming, product care sessions, or bespoke tailoring. Furthermore, initiatives like Atelier des Matières and Cèdre have emerged, aiming to give a second life to unused materials, production scraps, and unsold goods by repurposing them into new creations, thereby reducing waste.

(39) Source: Average of respondents in survey sent to members of ECCIA associations (2024)

and closing the material loop. Several brands are also creating multipurpose spaces that combine retail with community initiatives, such as urban greening projects or exhibitions on sustainability and craftsmanship. These efforts reframe luxury as an experience rooted in longevity, creativity, and environmental awareness, aligning retail strategies with contemporary consumer values while fostering deeper connections and reducing environmental impact.

Beyond sustainability, the luxury sector is delving into new dimensions of social responsibility, exemplified by partnerships with global organisations and community empowerment initiatives. For instance, several high-end brands have partnered with UNESCO to run educational projects focusing on gender equality and cultural awareness. Other brands have initiated programmes aimed at empowering underserved communities, particularly in regions where they source raw materials. For example, some companies have launched women's cooperatives in rural areas, providing training in sustainable farming techniques and enabling access to fair trade markets. These initiatives often include financial education and entrepreneurial support, helping to foster economic independence and long-term stability for local communities.

Intergenerational knowledge exchange is another key focus, with companies creating platforms that bring traditional artisans and emerging designers together. One such initiative involved a series of global workshops where experienced craftspeople taught their techniques to the next generation, fostering a dialogue between heritage and innovation. These programmes often culminate in exclusive collections that highlight the fusion of traditional craftsmanship with contemporary design, while also generating revenue streams that directly benefit the artisan communities.

Diversity and inclusion initiatives are undergoing significant transformation, with brands adopting a more holistic approach that addresses multiple facets of inclusivity, including neurodiversity, gender identity, cultural and ethnic diversity, socioeconomic backgrounds, and accessibility.

For instance, some companies have launched recruitment campaigns tailored to neurodiverse individuals, offering workplace adjustments and training programmes designed to harness their unique strengths. Similarly, many brands are implementing policies to support gender equity, such as mentorship programmes for women and non-binary employees, parental leave policies that support all caregivers, and leadership development initiatives aimed at breaking the glass ceiling.

Cultural diversity is also a growing focus, with efforts to increase the representation of underrepresented groups in decision-making roles, promote cultural competency through training, and celebrate diverse perspectives in marketing and product design. On the accessibility front, brands are incorporating universal design principles to ensure their products, physical spaces, and digital platforms are usable by individuals with disabilities, while also fostering inclusive customer experiences. Some are going further by creating community-focused programmes that support education and career development for marginalised groups, helping to level the playing field across industries.

In the realm of digital inclusivity, European high-end and luxury companies are using their influence to bridge the digital divide. One notable initiative involves equipping schools in underprivileged areas with technology and internet access, accompanied by tailored educational programmes to prepare young learners for a digital future. Similarly, brands have collaborated with NGOs to establish technology hubs in remote areas, creating spaces where local communities can access resources, learn digital skills, and develop innovative solutions to local challenges.

Through such initiatives, the luxury sector demonstrates its ability to integrate social responsibility and sustainability with creativity and business innovation, addressing global challenges while redefining what it means to lead with purpose. These efforts not only resonate with contemporary consumer values but also reinforce the sector's role as a force for meaningful and enduring change.

*“Being part of an industrial district means you’re not just a part of an industry – you become part of a country, a symbol of its identity. It also becomes easier to gain recognition and communicate a compelling storytelling when you are part of something larger.”*

*Representative of Wine and Spirits Industry Cluster, Spain*

### 5.3 Europe’s global signature of excellence

The European high-end and luxury sector plays a pivotal role in shaping and promoting the continent’s global brand. European high-end and luxury products labelled “Made in ...” are more than just goods; they are symbols of exceptional craftsmanship, timeless design, and innovative avant-garde in their respective field of excellence. These labels resonate worldwide, standing as cultural ambassadors that elevate Europe’s prestige and influence on the global stage.

Luxury goods act as tangible representations of Europe’s heritage and creativity. Whether it is a leather handbag, a haute couture dress, or a luxury watch, each item embodies a legacy of skill and artistry that defines the continent’s identity. Beyond commerce, these products build a narrative of European sophistication and authenticity, strengthening the emotional connection between the region and its global consumers. In today’s world, European luxury brands also lead in integrating sustainability and ethical practices into their production processes. By aligning traditional values of quality with modern principles

of responsibility, the sector not only enhances its appeal but also reinforces Europe’s reputation as a leader in shaping the future of conscious luxury. This blend of heritage and innovation ensures that Europe remains a beacon of refinement, artistry, and progressive values in the global market. Through this unique combination of tradition, craftsmanship, and innovation, the European luxury industry continually reinforces the continent’s position as the epitome of refinement, artistry, and progressive excellence.

*The European high-end and luxury sector plays a pivotal role in shaping and promoting the continent’s global brand.*



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Financial and  
*investment contribution*



# Financial and *investment contribution*

High-end European luxury brands play a significant role in contributing to the development and performance of the European financial systems, representing among key contributors to its growth. The (still few) high-end luxury companies listed represent a significant share of main European Index markets capitalisation in some countries, accounting for ~30-35% of Euronext Paris capitalisation, and ~15% of Borsa Italiana one.

The contribution is particularly observable under two main axes:

- Luxury represents a cornerstone of European financial market performance: High-end and luxury companies significantly contribute to the robust financial performance of European stock indexes; as some of the most valuable publicly traded companies, they deliver consistent shareholder value and attract global capital from foreign investors.
- Luxury represents a catalyst for foreign investment and infrastructure development: Luxury brands are instrumental in attracting foreign direct investment (FDI); their presence stimulates the development of local infrastructure, from luxury retail spaces and hospitality venues to transportation networks.

By leveraging these pillars, the European luxury industry establishes itself not only as a cultural and creative powerhouse but also as a pivotal contributor to economic stability and growth across the continent.

## **A cornerstone of financial market performance**

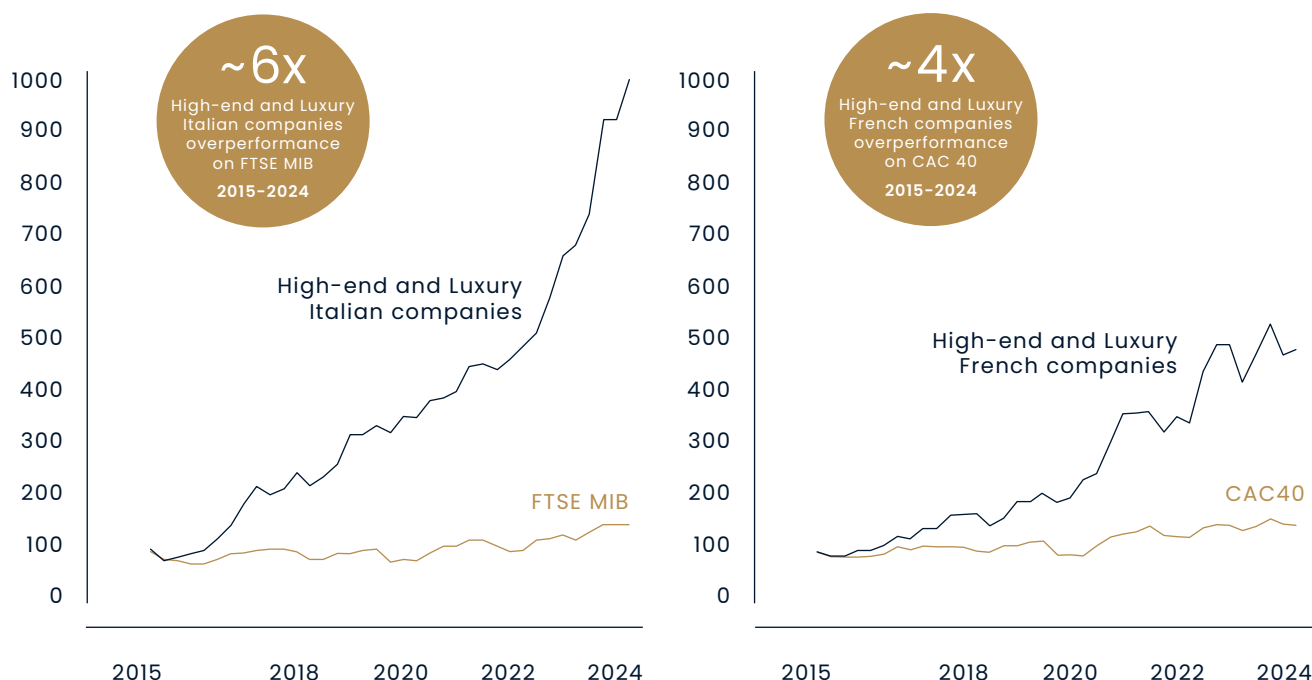
The high-end and luxury sector stands as one of Europe's most valuable assets, contributing substantially to the continent's international positioning, economic growth and innovation.

European high-end and luxury companies form an integral pillar of the continent's financial markets, contributing significantly to the robust performance of major stock indices. Luxury firms rank among the most valuable publicly traded entities on European exchanges, particularly on flagship indices such as the CAC 40, FTSE MIB, and EURO STOXX 50. As said, their market capitalisations frequently overshadow those of other retail and consumer products sectors, rendering their financial performance a key determinant of index movements. As an example, in France the four luxury groups part of CAC40 represent more than 40% of total market capitalisation.

*The high-end and luxury sector plays a crucial role in fostering the growth of European financial markets, with luxury stocks over-performing by four to six times the broader market over the long-term in Italy and France.*



**Graph 8: CAC 40 and FTSE MIB Index performance against key luxury players (2015–2024)**



These companies consistently deliver strong returns, bolstered by their ability to sustain high margins, adapt to shifting global demand, and navigate economic downturns with resilience. This dynamic not only enhances the indices on which they are listed but also reinforces the perception of European markets as robust and reliable.

Over the past decade, from 2015 to 2024, high-end French and Italian companies have outperformed their benchmark indices — such as the CAC 40 and FTSE MIB —, both in the years preceding the pandemic and in its aftermath, by a notable margin of 4 to 6 times, with average yearly return in excess of 20–30% since 2015, compared to a more modest 3–7% yearly growth for the reference indexes.

This remarkable performance during challenging times has significantly bolstered the returns of investment and pension funds that hold these stocks in their portfolios, fostering their stability and growth. The resulting positive spillovers have

*Luxury firms rank among the most valuable publicly traded entities on European exchanges.*

contributed to the (future) financial well-being of European employees leveraging complementary pension funds, as well as today's investors.

However, it is needed to consider that the evaluation on the impact and significance of these results on financial markets has been conducted prior to the turmoil triggered by the announcement of new trade tariffs. As already evidenced in the initial days following the declaration, such events exert a substantial influence on the performance of stock markets. A changing scenario of this kind could potentially affect current stock dynamics as well.

*A defining characteristic of Europe's high-end luxury sector is its ability to attract foreign investment on a significant scale.*

Additionally, the strategic decisions of these companies – ranging from global expansion to mergers and acquisitions – often create ripple effects that enhance the reputation of European financial markets. Their capacity to generate consistent shareholder value through dividends, share buybacks, and stock price appreciation further solidifies their role as indispensable components of stock index performance.

A defining characteristic of Europe's high-end luxury sector is its ability to attract foreign investment on a significant scale. A large proportion of the shareholders in these companies are foreign institutional investors, sovereign wealth funds, or has transitioned previously through the portfolio of international private equity groups, reflecting the global appetite for exposure to this profitable and prestigious industry. Among a group of leading high-end European luxury companies, foreign investors ranked among the top 10 shareholders collectively hold an average of 10% of overall capital value, amounting to a market capitalisation of over €80 billion<sup>(40)</sup>. This international investment not only enhances liquidity but also integrates European stock markets into the global financial ecosystem, reinforcing the importance of these markets in global capital flows.

Foreign investors are drawn to European luxury companies for several reasons:

- Consistent profitability: Luxury brands often deliver stable earnings due to their pricing power, strong margins, and broad geographic diversification.
- Resilience to economic shocks: The sector has historically demonstrated an ability to weather economic downturns, as luxury consumers are less sensitive to market volatility.
- Attractive valuation and growth: European luxury companies consistently outperform benchmarks, providing reliable returns for investors seeking both growth and stability.

*The high-end and luxury sector stands as one of Europe's most valuable assets, contributing substantially to the continent's international positioning, economic growth and innovation.*

(40) Source: Analysis conducted on market capitalization held by largest foreign investors of ten selected European luxury companies

For instance, some of the largest sovereign wealth funds and institutional investors from North America, the Middle East, and Asia hold significant stakes in European luxury conglomerates. Their involvement not only underscores the global confidence in these companies but also ensures that foreign capital continues to play a critical role in sustaining the strength of European stock indexes.

Beyond their direct contribution to financial metrics, the presence of high-end luxury companies within stock indexes also attracts investors who view these firms as proxies for stability and growth. The reputational prestige associated with these companies lends an air of reliability to the broader market, making European indexes a preferred destination for global investors.

The dominance of foreign investors in European luxury companies reflects a broader trend of globalisation in the financial markets. European luxury brands, with their global customer bases, align naturally with the interests of international investors seeking exposure to growth in emerging and established economies. Wealthy consumers in Asia and North America contribute significantly to the revenue streams of European luxury brands, strengthening the appeal of these companies to investors worldwide. Foreign institutional investors often play an active role in shaping the strategic direction of luxury firms, such as encouraging investments in sustainability or digital innovation, further enhancing their global competitiveness.

Moreover, the substantial foreign ownership of these companies underscores a critical point: the financial health of European stock indexes is no longer purely

a domestic matter. The performance of high-end luxury companies directly ties Europe's financial markets to global economic trends, making these indexes an integral part of the global capital network.

High-end luxury companies are far more than symbols of Europe's cultural heritage — they are indispensable engines of financial performance and global capital attraction. Their dominance in European stock indexes underscores their importance, not only as contributors to market capitalisation but also as magnets for foreign investment. By consistently delivering shareholder value and leveraging their global appeal, these companies strengthen the position of European financial markets on the global stage. However, their prominence also highlights the interconnectedness of Europe's financial systems with international economic trends, reinforcing the need for strategic foresight to sustain their impact in the years to come.

### Hotspot for foreign investment

European luxury brands have emerged as powerful drivers of foreign direct investment (FDI), positioning themselves as pivotal assets within the region's economic landscape. Their global reputation and influence attract substantial foreign capital, generating a cascade of financial benefits across multiple sectors. This section examines the ways in which European luxury brands catalyse FDI, underpinned by real-world examples, and explores the broader implications of their activities for Europe's economic ecosystem.

The prestige of European luxury brands functions as a magnet for FDI, drawing international investors who

*High-end and luxury companies are far more than symbols of Europe's cultural heritage — they are indispensable engines of financial performance and global capital attraction.*

are eager to associate with the strength and stability these brands represent. The decision of a luxury brand to establish a flagship location in a major city signals confidence in the market's growth potential, often triggering foreign investment in adjacent sectors. For instance, international developers might purchase and renovate properties in proximity to a flagship store, banking on the economic uplift that follows the arrival of a globally recognised brand.

Foreign investors are particularly drawn to high-profile luxury districts. The presence of a luxury brand in a prominent European city can transform the surrounding area, attracting investment from sovereign wealth funds, private equity firms, and international property developers. These investments went beyond retail to encompass the development of office spaces, hospitality venues, and residential properties tailored to affluent buyers.

Moreover, the association between luxury brands and high-profile events such as fashion shows and product launches amplify their investment appeal. These events draw global attention, enticing foreign investors to finance the refurbishment of event spaces, the expansion of luxury accommodation, and the development of associated services, such

as private transportation and fine dining.

Many European luxury brands actively engage in joint ventures and strategic partnerships with foreign entities, further cementing their role as conduits for FDI. These collaborations often involve the development of flagship stores, production facilities, or brand-specific experiences. For example, a partnership between a European luxury house and a foreign investment group led to the creation of an impressive flagship store in a major capital city, blending the brand's heritage with modern design. Such projects typically involve significant foreign financing, both in the initial construction phase and in ongoing operational partnerships.

Luxury brands also attract foreign investment by integrating international stakeholders into their supply chains. From sourcing rare materials to partnering with specialised manufacturers, these collaborations often bring foreign capital into Europe's luxury ecosystems. For instance, a luxury brand's commitment to ethical and sustainable sourcing prompted a partnership with a foreign supplier, resulting in the establishment of a new processing facility in Europe. Such initiatives not only boost investment inflows but also reinforce Europe's leadership in high-quality production

standards. Additionally, luxury brands' reliance on global marketing and distribution networks draws investments into logistics, advertising, and digital platforms. Foreign investors see these auxiliary sectors as high-growth areas closely tied to the luxury market, further increasing the flow of FDI into Europe.

Finally, luxury brands also play a role in modernising Europe's transportation networks, particularly in locations that cater to affluent international visitors. Airports, for instance, have increasingly integrated luxury retail zones as part of their offerings. These zones, funded by partnerships between airport authorities and global investors, cater to high-net-

worth travellers and elevate the status of the facilities as gateways to luxury experiences. Enhancements to airport infrastructure, such as terminal upgrades and expanded lounge spaces, often follow the introduction of such premium offerings. Some luxury-driven regions — such as exclusive ski resorts or coastal retreats — have witnessed significant upgrades to transport connectivity. Investments in private airports, expanded rail networks, and improved road access have followed increased activity from high-end tourists drawn to these locations by their association with luxury lifestyles. These improvements benefit not only the clientele but also the broader local economy.

*Foreign investors are particularly drawn to high profile luxury districts. The presence of a luxury brand in a prominent European city can transform the surrounding area, attracting investment.*



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Deep connections  
*between art and luxury*



# Deep connections *between art and luxury*

Luxury represents the pinnacle of creativity, craftsmanship, and innovation, transcending traditional categories and embodying Europe's long-standing tradition of excellence. At its core, luxury reflects a commitment to excellence and creativity that extends beyond commercial brands into the very fabric of European culture, art, and intellectual achievement.

Far from existing in isolation, luxury, art, and culture in Europe form a deeply interwoven ecosystem that thrives on mutual influence and collaboration. This ecosystem is built on shared principles of creativity and innovation, where cultural heritage informs luxury craftsmanship, and artistic expression drives both cultural and commercial aspirations. Luxury brands draw inspiration from Europe's rich artistic traditions, while art and culture benefit from the global reach and patronage of the high-end sector. Together, they attract culturally-inclined individuals — designers, creative directors, artists, and intellectuals — who find inspiration and opportunity within Europe's unmatched legacy and forward-looking spirit. This synergy not only celebrates Europe's leadership but ensures its continued influence on the global stage.

*In 2023, European museums attracted 60 million visitors, representing 54% of global museum attendance.*

As a result, Europe's museums are among the most iconic and visited in the world, underscoring the continent's unparalleled cultural influence. In 2023, European museums attracted 60 million visitors, representing 54% of global museum attendance. Four of the five most visited museums worldwide were European, including the Louvre in Paris (8.9 million visitors), the Vatican Museums (6.8 million), the British Museum (4.1 million), and Tate Modern (3.9 million)<sup>(41)</sup>. Collectively, these institutions drew 23.7 million visitors — roughly 21% of global museum visits — cementing Europe's leadership in cultural tourism and its ability to showcase both heritage and modernity on an unprecedented scale.

Europe is also a global powerhouse in the art auction market, accounting for 24% of total auction sales by value in 2023, with the UK leading at \$3.1 billion, followed by France at \$2.2 billion, and Germany at \$778 million. European auction houses also facilitated 22% of global transactions, highlighting their influence across a broad range of market segments. Most notably, 59%<sup>(42)</sup> of Europe's \$1 million-plus auction sales took place in the UK, including the sale of Gustav Klimt's *Dame mit Fächer* at Sotheby's London for \$108.7 million, the second highest price achieved globally in 2023.

In the realm of film, Cannes, Berlin, and Venice remain the three most prestigious international film festivals, and European filmmakers continue to excel, having won 15 out of 20 major awards in 2023, a testament to the region's enduring cultural influence. At Cannes, European films took home five of the six top awards. Similarly, at the Berlin

(41) Source: Museum websites and publications, editorials and newspaper press

(42) Source: "Art Market Report 2024", The Art Basel and UBS



*Europe's high-end and luxury sector represents much more than products or services; it is a holistic ecosystem that interweaves culture, art and intellect.*

International Film Festival, European films won six of seven major categories. Beyond Europe, the relevance of European cinema extends to other internationally renowned festivals such as the Sundance Film Festival and the Toronto International Film Festival (TIFF). For instance, the Danish animated documentary *Flee* garnered the Grand Jury Prize in the World Cinema Documentary Competition at Sundance in 2021, and the Swedish satire *The Square* by Ruben Östlund won the People's Choice Award at TIFF in 2017. Overall, Europe claimed 75% of the most prestigious awards across these festivals, solidifying its position as a global leader in the cinematic arts.

Europe's performing arts scene is a defining element of its cultural excellence, hosting some of the world's most prestigious opera houses, orchestras, and dance companies. Milan's Teatro alla Scala stands as one of the most renowned, often considered the epitome of operatic achievement. In 2023, its acclaimed production of Verdi's *Don Carlo* received international recognition and won the "Best Opera Production" award at the International Opera Awards. A few years earlier, Teatro Real was awarded Best Opera Company of the Year at the 2021 International Opera Awards. Similarly, Vienna's Staatsoper (Vienna State Opera), London's Royal Ballet and Opera House, and the Opéra Garnier (Paris Opera House) remain at the forefront of the global performing arts scene, attracting top talent and setting the gold standard for productions.

Europe is also home to some of the most revered ballet companies, including The Royal Ballet in London, the Paris Opera Ballet, and the Vienna State

Ballet. Known for their technical precision and artistic innovation, these companies have presented the best in dance for centuries. Meanwhile, Europe's orchestras, such as the Vienna Philharmonic, the Berlin Philharmonic, and the Royal Concertgebouw Orchestra, are celebrated worldwide, frequently headlining the most prestigious music festivals and earning accolades such as *Gramophone's* "Orchestra of the Year." These institutions are not just cultural treasures – they are ambassadors of Europe's rich artistic heritage and creativity.

Europe's high-end and luxury sector represents much more than products or services; it is a holistic ecosystem that interweaves culture, art and intellect. Events like Milan's Salone del Mobile, Paris's Maison & Objet, but also Frieze London and ArtBasel in Paris, and other international fairs illustrate the seamless connection between commerce and creativity. Moreover, Europe's world-class universities, creative colleges and art institutions nurture talent and foster innovation across disciplines, ensuring a continuous evolution of excellence. Through this expanded lens, European luxury emerges not as an industry but as a celebration of human achievement. Whether through iconic art exhibitions and collections, captivating performances, or groundbreaking architecture and design, European luxury reflects the continent's unparalleled ability to inspire, lead, and define global aspirations. It is a testament to the timeless and universal nature of true excellence.



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Future trends  
*and pillars for growth*



# Future trends *and pillars for growth*

European high-end and luxury companies excel in harmonising timeless tradition with cutting-edge innovation, embodying a creative legacy rooted in an unparalleled combination of tangible and intangible assets. This distinctive fusion has long provided these industries with a remarkable advantage, enabling them to stand out in an ever-changing industry landscape. Their ability to recognise early shifts in macro trends and evolve in response to these changes has consistently driven their success.

The following section adopts a 'future-back' perspective to explore how high-end and luxury brands are already positioning themselves to meet the challenges and opportunities of the future. What will the market landscape resemble five to ten years from now? How are today's developments shaping this trajectory? And how are luxury brands proactively responding to and anticipating these shifts?

In particular, the discussion will delve into the following dynamics:

- The broadening of the luxury consumer base driven by middle-class expansion and the emergence of new nationalities and generations as key industry stakeholders.
- Increasing environmental responsibility, with the industry adapting voluntary sustainability initiatives to new regulatory frameworks.
- A profound shift in consumer preferences, prioritising experiences over tangible luxury goods,

alongside the rise of alternative and sustainable consumption models, which are already capturing market share from traditional first-hand luxury and reshaping consumer priorities.

- The evolution of high-end and luxury brands' role, as they shift from product-focused communicators to cultural curators and entertainers, expanding their reach through purpose-driven narratives and immersive experiences.
- The integration of AI and advanced technologies across the value chain, transforming multiple areas of the business and reshaping how companies operate.
- The transformation of the channel ecosystem, with seamless integration of physical and digital touchpoints, the rising importance of experiential retail, and the evolving role of multi-brand environments in delivering curated, community-driven, and technology-enhanced luxury experiences.

## Broadening consumer base

Global luxury consumer base steadily expanded over the past decade, peaking at ~400mn in 2022 for personal high-end and luxury goods<sup>(43)</sup>. Despite slightly declining this year, the industry draws from a broader pool of mid- and high-income individuals worldwide, varying across sectors and product categories. Over the next 10 years, the potential addressable consumer base is forecasted to account for ~1bn individuals, with the main evolutionary drivers represented by the growing

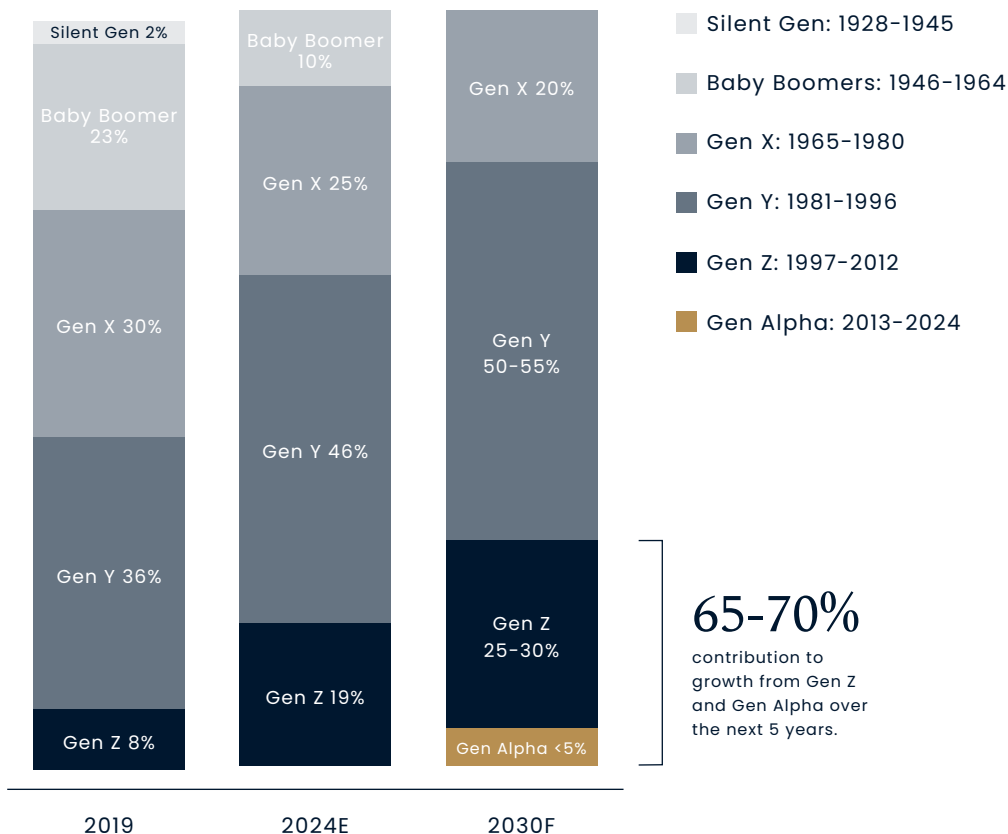
(43) Source: Elaborations on Bain Luxury Study (2024)

middle class in new markets, expected wealth transfer in mature ones, and affirmation of new generations (Gen Z and Gen Alpha). Successfully converting this potential audience into active luxury consumers will require European high-end and luxury brands to adopt innovative and inclusive strategies. This includes extending their global presence and building deeper connections with diverse customer segments across geographies, cultural backgrounds, and demographic dimensions such as ethnicity, race, gender identity, sexual orientation, and age.

*Gen Z and Gen Alpha, are set to deliver approximately 65-70% of total personal luxury goods growth over the next 5 years.*

New generations, particularly Gen Z and Gen Alpha, are set to deliver approximately 65-70% of total personal luxury goods growth over the next 5 years, redefining the luxury market with values and behaviours that significantly differ from their predecessors<sup>44</sup>. Deeply shaped by their eco-anxiety and awareness of global challenges such as climate change, these generations demand tangible environmental accountability from brands, favouring those with active ESG engagement and a clear purpose. Their digital nativity, combined with a need for genuine human connection, drives them to engage almost exclusively through digital platforms while seeking brands that foster authentic and meaningful interactions. Moreover, an obsession with novelty and personal freedom compels these younger consumers to prioritise brands that can constantly innovate and deliver immersive experiences. The pursuit of well-being, encompassing holistic health and spirituality, further directs their preferences toward experiences over material goods, valuing those that fulfil inner self-discovery and personal growth

**Graph 9: Personal high-end and luxury goods market by generation (€bn | 2019-2030F)**



(44) Source: Elaborations on Bain Luxury Study (2024)

*European high-end and luxury companies are already well-positioned to successfully engage with an expanding and increasingly diverse customer base, drawing on their longstanding reputation for excellence, heritage, and innovation.*

Moreover, emerging economies such as India, Thailand, Vietnam, Africa, and Latin America, alongside China and GCC, are poised to contribute the largest share to the growth of the addressable consumer base. This expansion is fuelled by accelerated urbanisation and increasing wealth, with the middle-upper income classes in these regions expected to grow at nearly twice the rate of those in mature markets in the next decade. In China, the rising purchasing power of consumers is further bolstered by the “common prosperity” policy, which aims to promote a more equitable distribution of wealth, broadening access to luxury for a larger portion of the population. Meanwhile, other Asian markets are benefiting from the outflow of wealthy Chinese individuals seeking investment opportunities and stability abroad, a trend driven by tightening capital controls and geopolitical concerns within China.

European high-end and luxury companies are already well-positioned to successfully engage with an expanding and increasingly diverse customer base, drawing on their longstanding reputation for excellence, heritage, and innovation. However, to fully capitalise on this opportunity and maintain competitiveness as well as relevance, these brands must continuously adapt their offerings and capabilities to craft inclusive narratives and ensure their messaging reflects transparency, cultural awareness, and sensitivity. Adapting offerings to meet local preferences, refining omnichannel approaches for digitally savvy consumers, and deepening their presence in key urban hubs across these regions will be crucial.

Achieving these goals necessitates a comprehensive reassessment of product development, communication, and organisational strategies. Initiatives such as the establishment of diversity committees, the recruitment of culturally diverse talent, and the creation of region-specific collections exemplify the importance of integrating multidimensional perspectives into brand strategy. By making these strategic investments, European high-end and luxury brands can forge enduring connections with emerging consumer groups in new markets, while retaining their leadership in established economies

### **Sustainability shifting from choice to mandate**

Sustainability is core to future-proofing businesses, and over the past decade, the industry has invested significantly in developing and committing to sustainability goals and accelerating the pace of change. In this context, European high-end and luxury companies are poised to spark significant contributions to the sector and the wider economy, affirming as pioneers in embedding sustainability and science-based targets deeply into their core business practices.

High-end and luxury companies made substantial progress toward building a sustainable supply chain that is both compliant with existing regulations while also capable of preparing for new standards as per traceability, transparency, and reduction of environmental impact. Indeed, given rising consumer awareness of environmental issues

and upcoming tightening regulations, high-end European brands have been placing ESG topics at the centre of CEO agenda, already putting in place hundreds of millions of dollars of investments into key levers to reach decarbonisation.

Such levers involve:

- Optimising sales planning and logistics: reducing overproduction through sales forecasting, planning, and product allocation optimisation and optimise inbound/outbound logistics to favour low-impact transportation means.
- Enhancing manufacturing efficiency, through the streamlining of manufacturing flows and double-down on electrification and green(er) sources of energy.
- Optimising upstream procurement, by revisiting the raw material mix and increasing low-carbon alternatives.
- Embracing circular business model, as net-zero trajectory requires a greater share of business from second hand, as well as investments and innovation in new materials with high(er) recyclability and performance.

Certain measures can, in some cases, enhance profitability by delivering a positive return on investment. This is particularly true when sustainability initiatives are linked to optimizing production volumes through improved demand and inventory planning, streamlining logistics,

*Over the past decade, the industry has invested significantly in developing and committing to sustainability goals in order to accelerate the pace of change.*

and adopting energy-efficient manufacturing processes, which collectively reduce costs and improve efficiency. However, the most significant breakthrough in decarbonisation stems from greater control over the end-of-life phase of products and the implementation of circular business models.

These models are critical for ensuring profitability across the entire value chain, reducing per-unit emissions on the one hand, and making the investment either profitable or manageable within current financial frameworks on the other.

As part of this broader shift, ESG reporting has emerged as a critical tool for accountability, transparency, and investor confidence. The implementation of the European Union's Corporate Sustainability Reporting Directive (CSRD) represents a transformative change in the regulatory landscape. Under this directive, high-end and luxury companies operating within the EU are now required to publish detailed, standardised sustainability disclosures alongside their financial reporting. This includes quantifiable data on environmental impacts, social responsibility efforts, and governance practices, such as supply chain transparency, carbon emissions, and circularity initiatives. The CSRD's rigorous framework ensures that companies can no longer treat ESG initiatives as ancillary efforts but must integrate them holistically into their corporate strategies.

By aligning with the CSRD and other international standards, European high-end and luxury brands are strengthening their position as trailblazers in the ESG space. This move not only enhances transparency and accountability but also supports long-term value creation, reinforcing consumer and investor trust.

Furthermore, social factors such as human rights, living wages, and DE&I are set to take centre stage within corporate agendas. While historically social efforts were centred on workforce welfare and philanthropy, today's heightened regulatory scrutiny, mandatory directives, and rising consumer expectations are reshaping the landscape.

According to a survey conducted by the European Fashion Alliance, more than 90% of companies in the fashion sector already address one or more aspects of social sustainability, with a focus on preserving crafts and skills, ensuring living wages, and maintaining safety and health standards. However, only 27% of these companies measure their own organisation's social sustainability impact, highlighting a significant gap in accountability<sup>45</sup>. Moving forward, addressing these issues will require more than compliance with frameworks like the CSRD; businesses must, alongside making social impact reporting as rigorous and transparent as environmental reporting, adopt a proactive approach that embeds social sustainability into core strategies, fosters innovation in accountability, and ensures meaningful and measurable impact across the value chain.

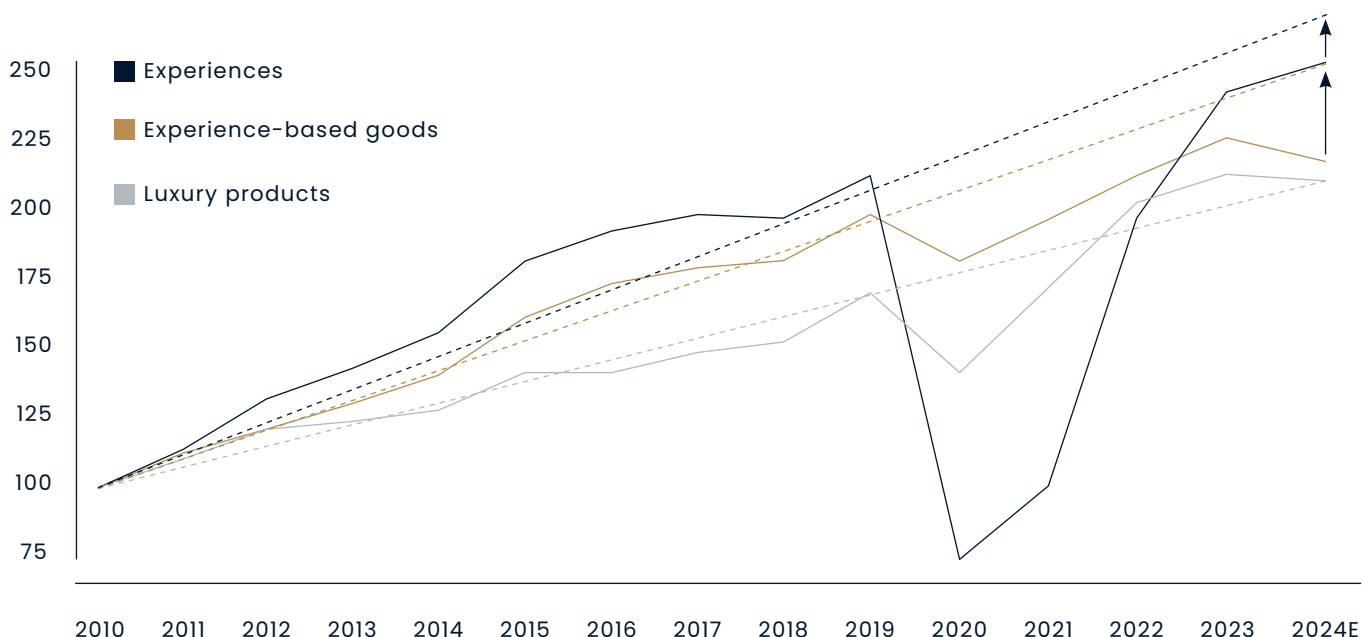
For European high-end brands, these initiatives also strengthen their legacy of excellence and craftsmanship, ensuring that their operations not only meet modern consumer expectations but also uphold the traditions and values that define the region's luxury heritage. By integrating bold and well-defined targets seamlessly into the core business

strategy, rather than treating them as standalone efforts, European high-end and luxury companies are uniquely equipped to achieve these goals while continuing to set the standard for leadership in sustainability.

### Redefining luxury: shifting consumption patterns

The luxury industry is experiencing a profound shift, with consumer preferences increasingly favouring experiences over tangible luxury goods. New consumer habits and innovative business models are indeed poised to break into the luxury landscape, compelling traditional brands to reimagine how they engage with customers. Experiences are now at the forefront, as evidenced by recent global high-end market trends: last year, high-end and luxury experiences, including services such as hotels and restaurants, as well as experiencing goods like cars, wine, and fine food, have significantly outpaced luxury products such as apparel, leather goods, and furniture, posting growth rates of 15%, 10%, and 3% respectively from 2022 to 2023. This momentum has continued into 2024, with the experience sector being the sole area posting growth

**Graph 10: Growth of global luxury goods segments (2010–2024E), indexed to 2010**





*The luxury industry is experiencing a profound shift, with consumer preferences increasingly favouring experiences as well as tangible luxury goods.*

The shift has been driven by a growing emphasis on travel, social events, and wellness, reflecting a prioritisation of personal enrichment over material possessions. Demand for bespoke driving experiences, wellness tourism, and experiential travel, as well as fine dining, continues to rise. This trend is closely linked to sociological changes as well as the desire for identity and association, particularly among younger generations. The “age of healing” as a post-materialism wave is reshaping priorities focusing on well-being, mental health, and culturally meaningful experiences shared with loved ones. The evolution is also particularly pronounced among ultra-wealthy customers in developed markets, with strong traction among European and western consumers.

European high-end and luxury brands are uniquely positioned to convey a deeper sense of purpose and mission, forging lasting emotional connections with customers. Recognising the growing demand for meaningful experiences, these brands have embraced experiential luxury, reshaping their offerings to engage consumers on a deeper, more immersive level. This evolution is not only transforming the luxury landscape but also driving a convergence of markets, where once-distinct segments such as fashion, hospitality, gastronomy, and wellness are increasingly intermingling and influencing one another. To meet this demand, making significant investments in

luxury hotels, resorts, and fine dining establishments, creating holistic experiences that go beyond traditional product offerings, while expanding their communication strategies to engage with consumers through richer narratives.

In parallel, alternative and sustainable consumption models are rapidly gaining market share from traditional first-hand luxury products, reshaping consumer priorities and fuelling a shift toward rental models. In Europe, the second-hand luxury market has outpaced the first-hand market over the past five years, growing approximately twice as fast<sup>45</sup>. Private luxury vehicles have also seen a rise in fractional ownership and subscription models, offering greater flexibility and accessibility to a broader audience. These trends are driven by heightened environmental awareness and crave for constant change and novelty, compelling European high-end and luxury brands to actively manage, monitor, and orchestrate their strategies around these emerging habits.

European companies are at the forefront of adopting circular economy-inspired business models, actively contributing to broadening the accessibility of luxury products to a more diverse consumer base. These efforts underscore their adaptability and commitment to evolving consumer expectations, ensuring their relevance in a rapidly changing market.

(45) Source: The Status of European Fashion Report (2024), European Fashion Alliance

(46) Source: Elaborations on Bain Altagamma-Luxury Study (2024)

### Broadening meaning and reach

Alongside the profound shift toward experiences, European high-end and luxury companies are undergoing a remarkable evolution, redefining their roles from mere creators and purveyors of products to sophisticated narrators and curators of culture. No longer content to simply promote their heritage or craftsmanship, these brands are embracing a broader mission: to inspire through purpose, foster a sense of belonging, and immerse audiences in experiences that transcend the physical product. They are becoming curators of socio-cultural narratives, producing editorial content, cinematic masterpieces, and even entering the realms of gaming, live streaming, and the virtual worlds to engage with diverse and increasingly dynamic audiences.

The traditional luxury ethos of “delighting through product” is being reimagined as “inspiring through mission and emotion”, creating profound connections that extend well beyond transactional relationships. Brands are not just selling products – they are shaping lifestyles, aspirations, and cultural relevance. This transition is complemented by their ability to widen their audience reach, moving from a core base of luxury aficionados to engaging broader demographics through innovative partnerships.

Collaborations in sports, music, wellness, and e-gaming are not meant just to be a diversification of their offering (and revenue streams), but rather as a statement of inclusivity, cultural relevance and agility. By aligning themselves with passions that resonate deeply with modern consumers – such as tennis, Formula One, or immersive virtual worlds – they are capturing new opportunities while maintaining the integrity of their luxury positioning.

Moreover, this transformation reflects a deeper commitment to interaction and participation. Luxury brands are moving from one-way communication to two-way engagement, where users interact with marketing content. This increase in experiential collaborations highlights their ability to evoke emotional resonance while fostering a sense of shared community. By leaning into this dual role of entertainer and cultural leader, luxury brands are not only amplifying their relevance but also positioning themselves as indispensable arbiters of modern lifestyles in an increasingly connected and demanding world.

This bold redefinition underscores the shift of European high-end brands from heritage keepers to avant-garde innovators, proving that the essence of luxury today lies in its ability to inspire, engage, and lead cultural change.

*By leaning into this dual role of entertainer and cultural leader, luxury brands are not only amplifying their relevance but also positioning themselves as indispensable arbiters of modern lifestyles in an increasingly connected and demanding world.*

## *The intersection of artificial intelligence and intellectual property rights (IPR) poses new opportunities and challenges for the sector.*

### **Artificial Intelligence & technology across the value chain**

The advent of artificial intelligence marks a transformative moment for industries across the globe, promising to revolutionise nearly every sector and business function. From retail to manufacturing, and beyond, the integration of AI is redefining operations, enhancing creativity, and unlocking unprecedented opportunities for efficiency and personalisation. This technological leap will affect all worker categories, from knowledge and creative professionals to developers and operations teams, while transforming activities such as content management, product innovation, and customer engagement.

Across industries, the profound impact of AI extends to all facets of the value chain, driving new levels of innovation and competitiveness. From creativity and product development to customer care, its applications are enabling companies to innovate and deliver at an extraordinary scale. Brands are actively piloting additional use cases, and most of them are ranking AI among the top 10 priorities for the next three years<sup>47</sup>.

AI is already yielding tangible impact in multiple areas, with over half of surveyed brands adopting or testing tools in key domains, such as:

- Creativity and product development: Higher support in idea generation, and automated detailed product design leverage mass data analysis to predict trends and offer scalable, micro-customised solutions.
- Merchandising and buying: Predictive and automated tools optimise assortment planning, ensuring responsiveness to fluctuating market demands.
- Operations and supply chain: Advanced predictive procurement models, enhanced quality control, and automated documentation processes streamline operations, while logistics benefit from improved return management and re-assortment models.
- Marketing: Generative AI enables hyper-personalised direct marketing and refined customer segmentation, ensuring precision in ad targeting and optimised engagement strategies.
- Sales and distribution: AI supports geo-pricing, real-time product recommendations, and blockchain-enabled product authentication, while virtual showrooms, intelligent assistants, and automated layout optimisation enhance both physical and online channels.
- Customer care: High-quality virtual chat functions, automated feedback analysis, and tools for personalised client interactions are redefining the luxury customer experience.

(47) Source: Artificial Intelligence: The Quiet Revolution (2024), Bain & Company and Comité Colbert

*Stores now serve as theatres for brand storytelling, spaces for hosting exclusive events, or even as hybrid hubs integrating technology and human connection to create deeper relationships with customers.*

Customer experience: AI enhances the overall customer journey by integrating personalised touchpoints across all channels, from predictive recommendations and immersive virtual experiences to seamless post-purchase engagement and loyalty programmes tailored to individual preferences.

However, the intersection of artificial intelligence and intellectual property rights (IPR) poses new challenges and opportunities for the sector. The use of AI in generating designs and refining production raises questions around ownership, authenticity, and the protection of creative outputs. Companies are increasingly navigating this complex terrain by adopting robust IPR frameworks that safeguard their innovations while ensuring that human creativity remains at the heart of their operations. These frameworks not only secure proprietary advancements but also set ethical boundaries for the use of AI, maintaining the integrity and exclusivity that define European luxury.

Moreover, within the evolving industry landscape, European high-end luxury companies face a critical opportunity to leverage the unparalleled amount of both structured and unstructured data. Structured data – such as transaction histories and CRM statistics – provides clear and actionable insights for optimising operations and enhancing customer

segmentation. However, the rapid proliferation of unstructured data, including social media content, consumer reviews, and geospatial patterns, is proving to be an untapped goldmine for brands seeking to personalise customer experiences and refine their strategies. Integrating these diverse data sources requires not only advanced technological capabilities but also a commitment to data quality and governance. For European high-end and luxury brands, mastering this interplay is vital to delivering the bespoke, high-touch experiences that define their identity while unlocking the full power of artificial intelligence and predictive analytics to remain competitive.

### **Redefining channel ecosystems**

The luxury channel ecosystem, which encompasses the diverse touchpoints through which brands interact with consumers – from physical stores to online platforms, to multi-brand retailers – is also undergoing a profound transformation, reshaping how consumers engage with high-end and luxury companies. No longer confined to siloed physical or digital environments, the challenge for players lies in creating an interconnected ecosystem that seamlessly integrates the tactile allure of physical spaces with the expansive reach and convenience of digital platforms.

This shift reflects evolving consumer expectations for a consistent, immersive, and personalised journey across every touchpoint, whether in-store, online, or through experiential activations. As a result of the shifts in consumption patterns mentioned before, physical retail spaces are being redefined as hubs of experiential engagement, designed to immerse customers in the brand's narrative and deliver unique, memorable interactions. Stores now serve as theatres for brand storytelling, spaces for hosting exclusive events, or even as hybrid hubs integrating technology and human connection to create deeper relationships with customers. This evolution reflects the broader trend toward experiential luxury, where the store is no longer a transactional endpoint but a critical touchpoint in building loyalty and brand affinity.

Central to this evolution is the role of multi-brand environments, which have historically been pivotal in main European markets. These spaces are now under significant pressure as brands increasingly move towards direct-to-consumer channels and tighter control over distribution. To remain relevant within this new landscape, multi-brand environments must redefine their value proposition, aiming to become curated hubs of discovery and engagement, and offering consumers access to a diverse range of brands, a sense of community, and elevated service experiences enhanced by

technology. For high-end and luxury European brands, these environments serve as a platform to extend their reach, engage broader customer demographics, and strengthen brand visibility in a competitive and fragmented marketplace.

This reimagined channel ecosystem demands a holistic approach, where brands transition from operating isolated channels to building a cohesive network that prioritises curation, cultural resonance, and emotional connection. As the lines between channels blur, luxury brands must act as architects of this ecosystem, curating environments that reflect both their heritage and their ability to innovate, fostering loyalty and relevance in an ever-evolving market.



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# Potential *constraints*



# Potential *constraints*

In a rapidly evolving economic and geopolitical landscape, marked by technological advancements, trembling global balances, and environmental imperatives, the future success of these industries hinges critically on their ability to navigate and adapt to an array of potential disruptions. These disruptions are poised to impact businesses not only from an operational perspective but also in their capacity to deliver value to end consumers and contribute meaningfully to the broader European economy. The luxury sector is projected to grow at a compound annual growth rate (CAGR) of 4–6%, reaching €2–2.5 trillion by 2030, under a base-case scenario. However, the assumption behind this potential growth rate does not foresee major disruptions happening in market fundamentals, neither from a geopolitical and macro-economic perspective, underscoring the need for brands to build resilience and adaptability into their strategies.

*Escalating geopolitical tensions, and consequent surge of tariffs and protectionist policies, can significantly impact European high-end and luxury companies.*

A pressing challenge for European high-end and luxury companies is the need to attract a new generation of talent. While the heritage and traditional craftsmanship of these brands are central to their value proposition, finding young people willing to engage in craftsmanship jobs is becoming increasingly difficult. With many skilled artisans retiring and fewer younger workers pursuing these professions, a talent gap threatens the sustainability of the craftsmanship expertise that underpins these industries. Luxury brands must continue actively investing in education, apprenticeships, and professional training to make craftsmanship roles more appealing to the younger workforce, fostering a renewed interest in these careers. These efforts are critical not only to preserving the heritage and artistry that define the sector but also to ensuring the continued relevance and excellence of European high-end and luxury goods.

The rapid increase in both the number and scope of stricter ESG regulations is spreading across industries, driving up prices from volume cuts and raising costs of doing business. Heightened pressure on businesses and governments for sustainable reforms will significantly disrupt high-end and luxury industry operations, with expectations of further emission reduction mandates to trigger far-reaching impacts on the whole supply chain. This would put pressure on high-end and luxury companies to reassess their overall strategy to protect margins, reflected by higher window prices and lower accessibility for end-customers.



*A pressing challenge for European high-end and luxury companies is the need to attract a new generation of talent.*

Escalating geopolitical tensions, and consequent surge of tariffs, trade wars, and protectionist policies on behalf of international economies, can also significantly impact European high-end and luxury companies, compelling them to reassess sourcing operations, cost structure and pricing mechanisms. The destabilisation of political and commercial relations across economies ultimately hits consumers and their ability to access high-end and luxury products, resulting in the potential alienation of certain clusters of consumers – but, ultimately – of a large share of the overall ecosystem described in this report and that is rooted on the sale of luxury goods.

Shifts in global demographics and economic patterns are challenging the traditional craftsmanship and expertise that lie at the heart of the high-end and luxury industries, built upon human skill and creativity. To safeguard this heritage, luxury businesses dedicate significant resources

to nurturing talent and advancing professional training. These efforts are vital to ensuring their standards of excellence endure, while also supporting the livelihoods, structures, and communities that have grown around these industries.

Finally, the adoption of Artificial Intelligence is already transforming industries worldwide, delivering significant macroeconomic benefits, including job creation, enhanced productivity, and cost savings. However, without timely and proactive intervention, the workforce is likely to face considerable upheaval. Repetitive roles are particularly vulnerable, with an accelerated risk of displacement potentially leading to a surge in layoffs, especially within production and data processing sectors. As AI adoption continues to expand, a concerted effort to implement widespread reskilling initiatives will be crucial – not only in fashion but across all markets. Such measures would prepare the industry for any potential impact on the job market, and mitigate risks across key value-creation levers.

As the luxury industry moves toward its projected market potential of €2-2.5 trillion by 2030, it must leverage these disruptions as catalysts for innovation. By investing in their workforce, adopting sustainable practices, navigating geopolitical complexities, and embracing technological advancements, European high-end and luxury brands can ensure their continued leadership on the global stage, delivering value to consumers and communities alike while upholding the legacy of craftsmanship and creativity that defines them.

*By investing in their workforce, adopting sustainable practices, navigating geopolitical complexities, and embracing technological advancements, European high-end and luxury brands can ensure their continued leadership on the global stage.*

## *With thanks*

The European Cultural and Creative Industries Alliance (ECCIA) would like to extend its thanks to Bain & Co., as well as all the individuals who participated, for their invaluable contributions to the production of this report. ECCIA would also like to thank all of the companies that were interviewed for the report and the businesses that contributed to the European luxury brand survey.

## *About ECCIA*

The European Cultural and Creative Industries Alliance (ECCIA), established in 2010, is composed of seven European cultural and creative industries organisations – Altagamma (Italy), Circulo Fortuny (Spain), Comité Colbert (France), Gustaf III Kommité (Sweden), Laurel (Portugal), Meisterkreis (Germany) and Walpole (UK) – who between them represent 750 brands and cultural institutions.

Based on art, culture and creativity, our work is underpinned by continuous innovation, a relentless focus on quality, highly skilled employment and strong exports abroad. Our members strive for the highest quality in all they do, from products and services all the way to the experience offered to consumers.

Contact: [eccia@eccia.eu](mailto:eccia@eccia.eu)

## *About Bain & Company*

Bain & Company is a global consultancy that helps the world's most ambitious changemakers define the future.

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### **Key contacts in Bain's Luxury Goods practice**

#### **CLAUDIA D'ARPIZIO**

[claudia.d'arpizio@bain.com](mailto:claudia.d'arpizio@bain.com)

Bain & Company partner based in Milan and the leader of the firm's Global Luxury and Fashion vertical.

#### **FEDERICA LEVATO**

[federica.levato@bain.com](mailto:federica.levato@bain.com)

Bain & Company partner and the leader of the firm's EMEA Luxury and Fashion vertical.

#### **ANDREA STEINER**

[andrea.steiner@bain.com](mailto:andrea.steiner@bain.com)

Senior Manager in Bain & Company. He also works with the firm's Luxury and Fashion vertical.

