

An abstract sculpture composed of several overlapping, semi-circular and rectangular segments. The segments are made of different materials: a polished gold metal, a deep red leather with a pebbled texture, a white marble with grey veining, and a dark green marble with white veining. The sculpture is set against a background of warm, golden-brown light rays filtering through, creating a sense of depth and luxury. The entire scene is reflected on a polished surface below.

The New Luxury Equation:

*Achieving Long-Term
Growth in Luxury*

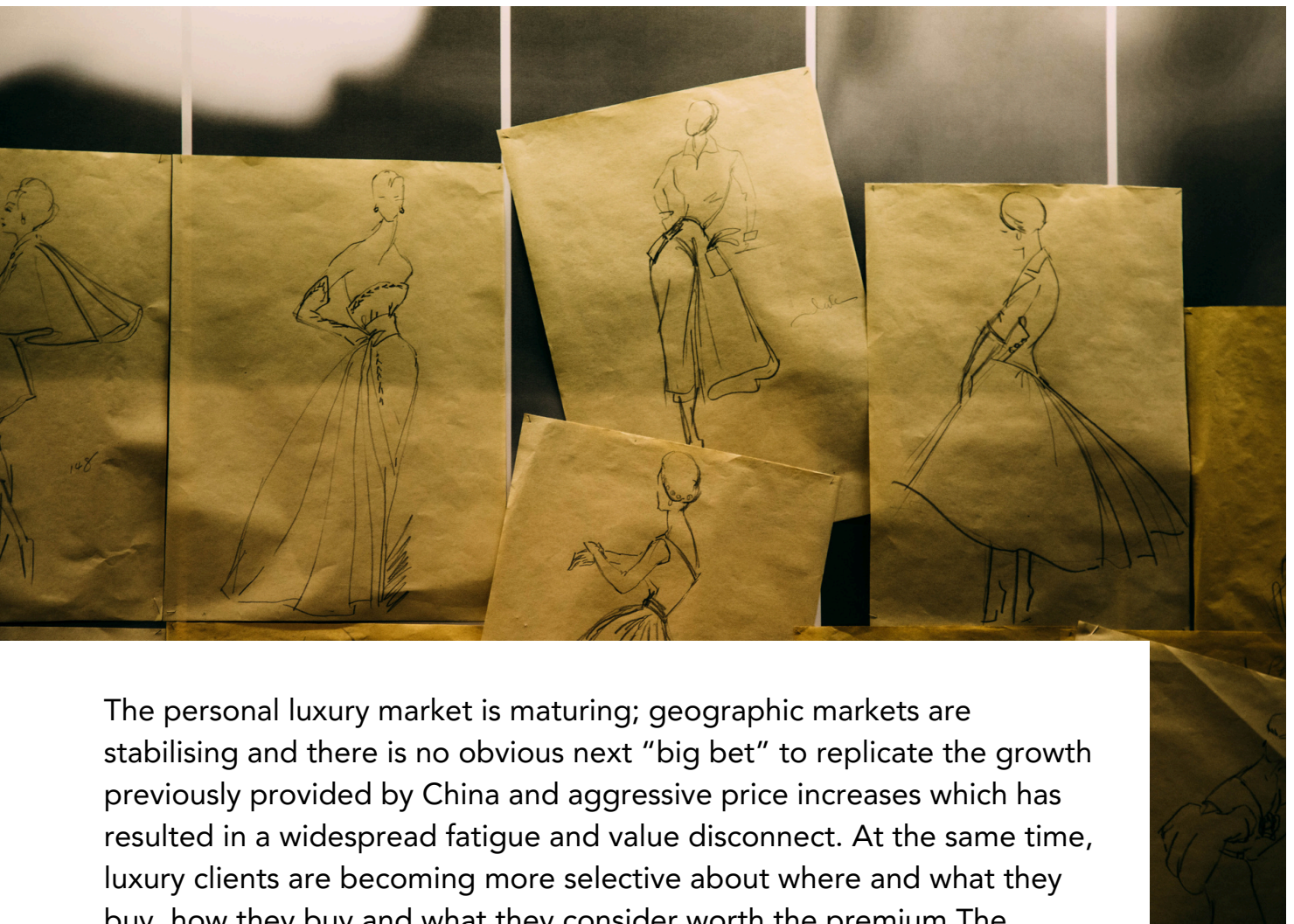


OC&C
Strategy consultants



For decades, luxury benefited from powerful structural tailwinds: rising global wealth, geographic expansion and a growing aspirational client base.

That era is changing.



The personal luxury market is maturing; geographic markets are stabilising and there is no obvious next “big bet” to replicate the growth previously provided by China and aggressive price increases which has resulted in a widespread fatigue and value disconnect. At the same time, luxury clients are becoming more selective about where and what they buy, how they buy and what they consider worth the premium. The landscape is more complex than ever before.

Luxury spend is increasingly concentrated among top clients. In 2025, top clients accounted for almost half (c.47%) of luxury spend, up from c.30% in 2019. At the same time, clients more broadly are scrutinising value: around 70% of luxury clients have declined a purchase because they felt the price was unjustified, while around half consult the second-hand market before purchasing new. Design, craftsmanship and enduring appeal increasingly matter.

Clients are also shifting where and how they spend, with fine jewellery and beauty proving relatively resilient and experiences such as hospitality, wellness, dining and travel continuing to gain share of wallet.

Luxury is therefore entering a new growth paradigm: winning will be less about expanding reach and more about earning a greater share of desire and trust from the clients within it.



Against this backdrop, luxury brands need to make clearer choices about where and how they will win

We see a New Luxury Equation built around four priorities:

1. **Build desirability – make it wanted and worth it**

Luxury brands need to combine distinctive creative identity and product excitement with exceptional craftsmanship and lasting value. Scarcity, personalisation and cultural relevance can create desire, but the product must ultimately justify its premium.

2. **Get closer to the client**

As spend becomes more concentrated, brands need to build deeper and more personal relationships. That means understanding individual tastes and interests, personalising the purchase and aftercare, and creating privileged access, experiences and communities that build lifelong emotional engagement.

3. **Build one connected relationship**

Stores, advisors, digital channels, experiences and emerging AI interfaces should contribute to a single client relationship, with every interaction building on the last. Technology and AI offer powerful opportunities to enhance clienteling and personalisation, but should ultimately make luxury more personal, not less human. As digital interactions become more prevalent, the role of people in building trust, emotional connection and long-term relationships becomes even more important.

4. **Protect the foundations of luxury**

Craftsmanship, quality and specialist skills remain fundamental, but brands also need the flexibility to respond to changing demand and enable innovation. The imperative is to protect what makes the brand distinctive while building greater agility around it.

Reflections from *the industry*

In discussion with leaders from across the luxury industry, there is broad recognition that the market has entered a genuinely different and more complex phase.

Three themes in particular stand out:

Clarity and simplicity

As the market and client needs become more complex, trying to do everything exceptionally well is increasingly unrealistic. Winning will require greater clarity on what really matters: focusing on fewer things and doing them better. That means making deliberate choices about where to focus, what to prioritise and, critically, what not to do.

Finding the right balance

Luxury leaders are navigating a growing number of competing tensions: global scale versus local relevance; creativity and innovation versus efficiency and commercial discipline; exclusivity versus inclusivity. There is no single answer. The challenge for each brand is to understand where it should sit across these tensions and align the organisation behind those choices.

Reconnect with People

As technology becomes more prevalent and interactions increasingly digital, the human side of luxury becomes more, not less, important. Personal engagement builds trust, emotional connection and a sense of belonging that technology alone cannot replicate. Brands need to think carefully about where human interaction matters most, and empower their people to build genuine, long-term client relationships.

As the industry enters this next chapter, leadership teams should be asking themselves:

- 1. Where do we need to focus?**
What are the few things that will really make a difference to our clients and our business, and are we clear enough about what we will not prioritise?
- 2. Are we striking the right balance?**
Where should our brand sit across the key tensions shaping the industry e.g. global vs local, innovation and efficiency, exclusivity and inclusivity, and is the organisation aligned around those choices?
- 3. How do we keep luxury human?**
Where does personal interaction create the greatest value for our clients, and how do we empower our people and use technology to strengthen rather than replace those relationships?

The next era of luxury may offer fewer easy sources of growth and greater complexity, but the opportunity remains significant. Success will require brands to make clearer strategic choices, align behind the right priorities and translate them into a business model that can deliver.

At OC&C, we work with luxury businesses across the challenges - from defining where to focus and how to win, to designing the customer proposition, operating model and capabilities needed to execute successfully.

For more insight, contact our experts



Mairi Fairley, Partner
Mairi.Fairley@occstrategy.com



Olivia May, Partner
Olivia.May@occstrategy.com



Caterina Sanson, Partner
Caterina.Sanson@occstrategy.com



AnneLine Hansen, Senior Adviser
AnneLine.Hansen@occstrategy.com

OFFICES

Belo Horizonte ¹

Boston

Düsseldorf

Hong Kong

London

Melbourne

Milan

Munich

New York

Paris

Rotterdam

São Paulo ¹

Shanghai

Sydney

Warsaw

uncommon sense™

www.occstrategy.com



OC&C
Strategy consultants



1. The B Corp certification does not extend to our alliance with Advisia OC&C Strategy Consultants in Brazil.