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Global Powers of Luxury 2026

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Foreword

For ten editions, the Global Powers of Luxury report has mapped the industry through the lens of financial statements, an essential compass to understand who performed, where, and why.

But financial statements, by definition, tell us what happened.

This year, we felt the need to innovate and decided that a different lens could add more value for leaders by helping them sense the moment, not just audit the past.

We have therefore changed the methodology and moved to a forward-looking study grounded in a survey involving 420 C-suite and senior executives across ten countries. All respondents were directly responsible for or exerted significant influence on major strategic initiatives within their organizations spanning key Luxury sectors: Apparel and footwear, Bags and accessories, Jewelry, Watches, Beauty and Hospitality. Their perspectives, on consumers, growth, risk, technology advancements, sustainability, form the backbone of this edition.

We also broadened the study scope to include hospitality as luxury today lives as much in the experience as in the product. The boundaries between personal goods, places, and platforms are dissolving; value is often created where they meet.

Luxury has long been about more than products. It is about connection: between brands and people, craft and technology, heritage and reinvention. In a world that feels faster and more demanding, luxury is being asked to do something harder than ever: create intimacy and build significance, not just scale.

The past few quarters have been complicated. After the post-pandemic surge, the industry has navigated a pullback of aspirational consumers under cost-of-living pressures and a series of headwinds: normalizing tourist flows, global tensions and tariff impacts shaping supply chains, tightening regulation, and uneven demand in China.

Against this backdrop, the executive interviews highlight a new phase for luxury: stabilization. The months ahead are expected to be about rebuilding stability and trust with consumers, favoring productivity, loyalty, and durable value over short-term volume.

Luxury's future is anticipated to be won by being truer: clearer in purpose, sharper in execution, closer to the people you serve.

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Executive Summary

Luxury executives expect 2026 to be driven less by volume and more by value. Two-thirds of executives expect revenues to hold or rise and an even larger share anticipate stable or improving margins, signaling a year where pricing power, product mix, and operational discipline drive the performance. This outlook translates directly into expected investment choices concentrating where brand appeal builds and returns accelerate: **brand and market expansion, digital acceleration, and omnichannel and customer experience**, with talent and sustainability positioned as enabling drivers. The focus now stretches well beyond just developing e-commerce to the enterprise integration of data, artificial intelligence (AI), and automation, turning physical flagships into theatrical, insight-driven destinations that aim to convert traffic into loyalty and content.

The emphasis on value over volume is directly driving the re-evaluation of store footprint and expected returns. Companies are raising the bar on capital deployment and prioritizing flagship quality and unit productivity ahead of additional openings: more than one-third of executives surveyed plan to reduce capital expenditure and 39.3% expect store network optimization, while the majority plan price adjustments, suggesting pricing as the primary stabilizer of profitability in a slower-demand environment. The growth agenda follows naturally: **reengage the customer**. Customer experience and loyalty lead as the top opportunities, ahead of mergers and acquisitions (M&A)/adjacencies expansion and research and development (R&D) innovation. The emphasis shifts on expanding value per customer—frequency, basket, and lifetime value—anchored in high-touch service, access, and community.

Use of **Generative AI (GenAI)** moves from initial stages of curiosity and exploration to execution. Adoption splits between assessment and selective implementation, with roughly one in ten executives already embedding the technology in core functions. Expected

impact of AI is balanced across **product/design, marketing/advertising, customer engagement and personalization, and supply/demand and inventory intelligence**, signaling integration across the value chain.

Demand continues to move **from products to experiences**: travel, hospitality, and immersive retail. In parallel, **pre-owned** has matured from a side market to a business to monitor closely: certified programs and platform alliances now support acquisition, loyalty, and circularity, aligning value consciousness with responsible consumption.

Looking five years out, growth re-configures around channels and ecosystems: **mainstream e-commerce and direct-to-consumer** as first-party data infrastructure; **social/shoppable commerce** to fuse culture and transaction; **lifestyle adjacencies** to extend the brand's emotional perimeter; and **co-branding** to refresh codes and unlock new demand pools, with conversational commerce emerging as a credible accelerator as AI matures.

Sustainability shifts **from reporting and governance to redesign the value chain**. Executives prioritize **R&D and innovation and circularity and lifecycle management** ahead of compliance. **Transparency** is the enabling substratum that makes everything else investable and scalable, with **Digital Product Passports** and blockchain enabled traceability moving from pilots to infrastructure.

2026 Luxury outlook



Consumer trends shaping luxury

Executives across the luxury industry agree on a clear hierarchy of consumer trends defining the next 12 months. Foremost is a surge in demand for **hyper-personalization and data enabled services**, as luxury clientele seek tailor-made experiences at every touchpoint. This is matched by the continuing **rise of experiential luxury**, an elevation of immersive experiences over simple transactions. Equally prominent is a growing **pre-owned and value-conscious mindset** among consumers that reflects both sustainability values and economic pragmatism. Overlaying these trends is a tone of **macroeconomic caution**. High inflation, tariff uncertainties, and other headwinds have tempered the industry's

exuberance over the past few years. The post-pandemic euphoria of 2021–2022 has given way to a more measured reality in which executives anticipate a cautious consumer buffeted by persistent inflation, rate hikes, and global uncertainty.

These structural factors, alongside the expectations of Gen Z, who demand authenticity, sustainability, and seamless digital-to-physical engagement¹, are fundamentally reshaping how brands engage their global audiences across major markets, from Europe to Asia.

Expected consumer behaviours influencing Fashion & Luxury industry over the next 12-18 months

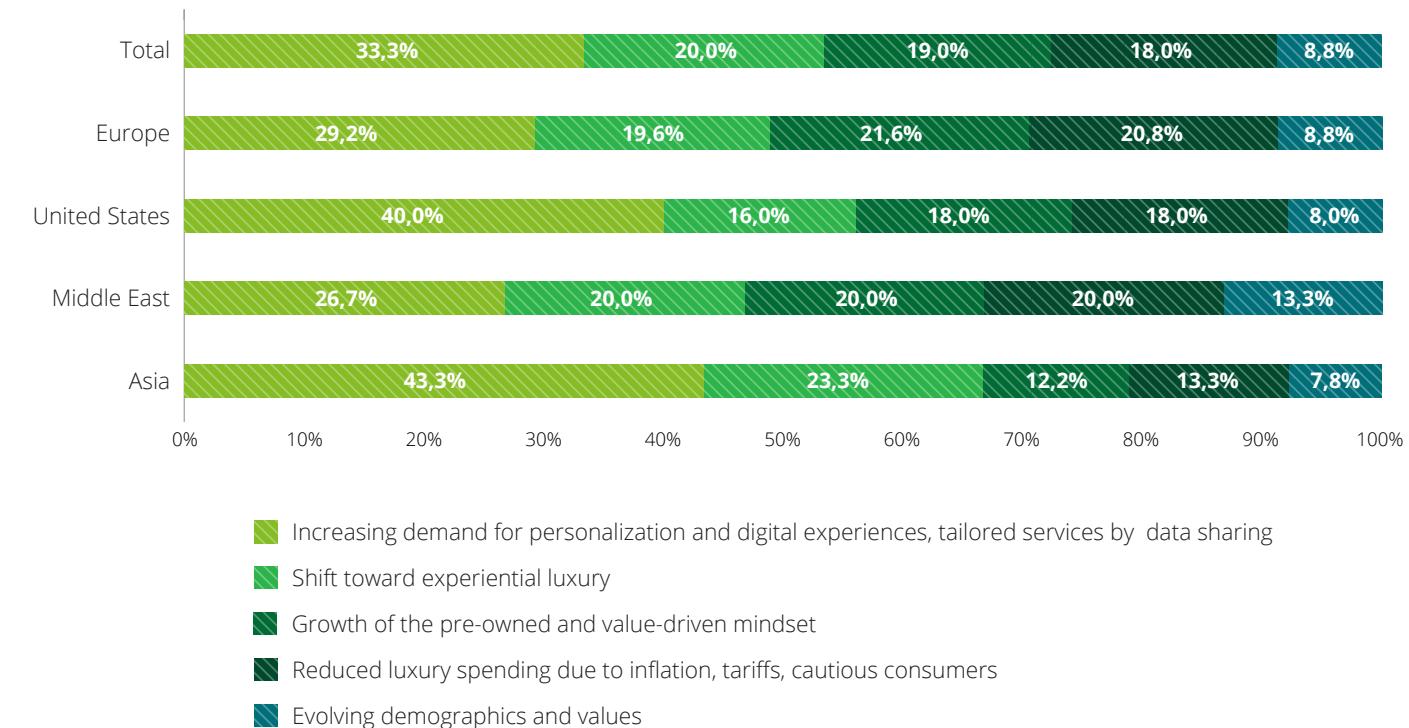


Figure 1 | Source: Deloitte Global Powers of Luxury 2026

Personalization in the data-driven age

Luxury executives almost universally point to personalization as the top consumer trend. In an age of AI and algorithmic recommendations, high-end consumers have come to expect services and products finely tuned to their personal tastes. A recent Deloitte Italy survey on Brand Connection² showed that in luxury, most consumers expect tailored products, services, and communications (57.9%) and feel more connected to a brand when content matches their interests (56.0%). The trend is stronger in the UAE (personalization 80.2%; connection 76.8%), followed by China (69.9%; 69.5%). Europe is more moderate but engaged (54% expect personalization; 51.4% link it to higher engagement). Personalized ads positively influence perceptions and purchase choices for 56.3% globally – peaking in the United Arab Emirates (77.2%) and the United States (67.3%), versus 50.7% in Europe. Interest in in-store personalized ads is highest where omnichannel is advanced: UAE 70.6%, US 55.2%, Europe 40.9%. Consumers crave tangible benefits from sharing their preferences.

Companies are responding by weaving data-enabled personalization into both digital and physical realms. Luxury brands are rebuilding relevance with younger audiences by doubling down on data-driven personalization. Beyond classic services (monogramming, made-to-order, bespoke styling), they're integrating customer data platforms and AI models to anticipate tastes and contexts, orchestrate 1:1 communication, and suggest product combinations aligned to each shopper's style. In-store, clienteling apps, QR codes, Near Field Communication (NFC), and real-time inventory enable tailored experiences (e.g., appointments, pick-up, repairs, personalized capsules), while online, Augmented Reality (AR) try-ons and configurators bring craftsmanship into digital channels. Research shows that experience-driven businesses report higher retention, repeat purchase rates, average order values. Higher customer lifetime value³ and higher loyalty⁴.

Across the industry, similar moves are common: AI chatbots suggest just-right products in online boutiques, and sales associates armed with Customer Relationship Management (CRM) tablets recall a customer's preferences. In the Middle East, personal shopping lounges in department stores use data about past purchases to layout selections tailored to each VIP customer. This deep level of personalization not only drives sales but can help build trust, a critical factor as privacy-conscious customers weigh the pros and cons of sharing personal data, and to what extent. When done right, personalization can become a virtuous circle: data-driven tailoring makes customers feel seen and valued, which in turn fosters loyalty and higher lifetime value.

Experiential luxury is here to stay

Executives from Parisian maisons to Asian luxury malls describe an experience imperative. Today's consumers – especially younger, globally minded ones – seek immersion, storytelling, and interaction. This has led to a wave of experiential concepts in luxury retail and hospitality.

Luxury houses are therefore shifting from transactional retail to immersive brand experiences, focusing investment on theatrical flagships and experience-led formats such as galleries, cafés, museums, traveling pop-ups, and photo-friendly installations that turn visits into cultural events. In China and elsewhere, this often coincides with pruning underperforming stores while elevating a few iconic locations that anchor the brand narrative and draw higher value traffic⁵. Experiential luxury now extends beyond fashion stores. Brands are opening refined dining spaces and cafés to project a curated lifestyle; staging interactive exhibitions with AR try-ons and digital mirrors; and creating alliances with complementary brands on hybrid retail-entertainment hubs in high-traffic venues to surprise and delight. Even high watchmaking and fine jewelry are embracing invitation-only ateliers, masterclasses, and gallery-style previews that spotlight craft and culture rather than focusing just on transactions. The common thread: memorable, shareable moments that deepen engagement and convert curiosity into long-term loyalty.

These efforts recognize that modern luxury consumers seek *emotions* and *enrichment* from brands. After the post-pandemic boom, personal luxury products sales are normalizing, while experiential categories, including travel and hospitality, grew by 8% to \$103.4 billion in 2025⁶. Consumers did not stop spending; they shifted what they spent on. Leaders in the industry appear to see this as a long-term evolution.

Pre-Owned Luxury and the Value Mindset

Over the next year, luxury executives envision the normalization of the second-hand market, acknowledging that consumers now freely mix new purchases with pre-owned luxury items.

This trend is driven by strong demand for sustainability, product longevity and tangible investment value, and is powered by growth that outpaces the primary global apparel market by 2.7 times (reaching \$367 billion by 2029)⁷.

Companies are responding on two fronts:

- In-house control and authentication: brands are increasingly bringing resale in-house with repair, refurbishment, product care services (68.3%) and certified pre-owned programs (53.8%). By authenticating and offering guarantees, they transform resale into a controlled, premium channel. As demand accelerates, expanding eligibility to newer pieces helps create a steady trade-in loop, preserving brand quality, pricing discipline, and the direct customer relationship.
- Strategic alliances and acquisition: major groups are actively collaborating with, or investing in, resale platforms (44.5%). This suggests that younger, sustainability-minded shoppers often begin their luxury journeys on these apps, making the strategic alliance route a crucial strategic touchpoint for new customer acquisition, loyalty building, and circularity.

These two approaches are not competing and form complementary layers of a new circular ecosystem. Brands are fundamentally shifting their role from simple sellers to curators of the entire product lifecycle.

This transformation is supported by consumer attitudes: pre-owned is viewed as smart and value-conscious, elevating the appreciation for timeless design, craftsmanship, and durability over fast-turnover trends.

The growth of resale has the potential to redefine product ownership from a one-time, linear sale to a managed, circular lifecycle. Luxury brands must embrace this opportunity by treating

their heritages as living, circulating assets. The strategic challenge is to move beyond mere acknowledgment and structurally commit to end-to-end product responsibility. This action helps ensure the brand's promise of timelessness genuinely connects with and serves multiple generations of consumers.

Type of second-hand or pre-owned strategies luxury companies have in place

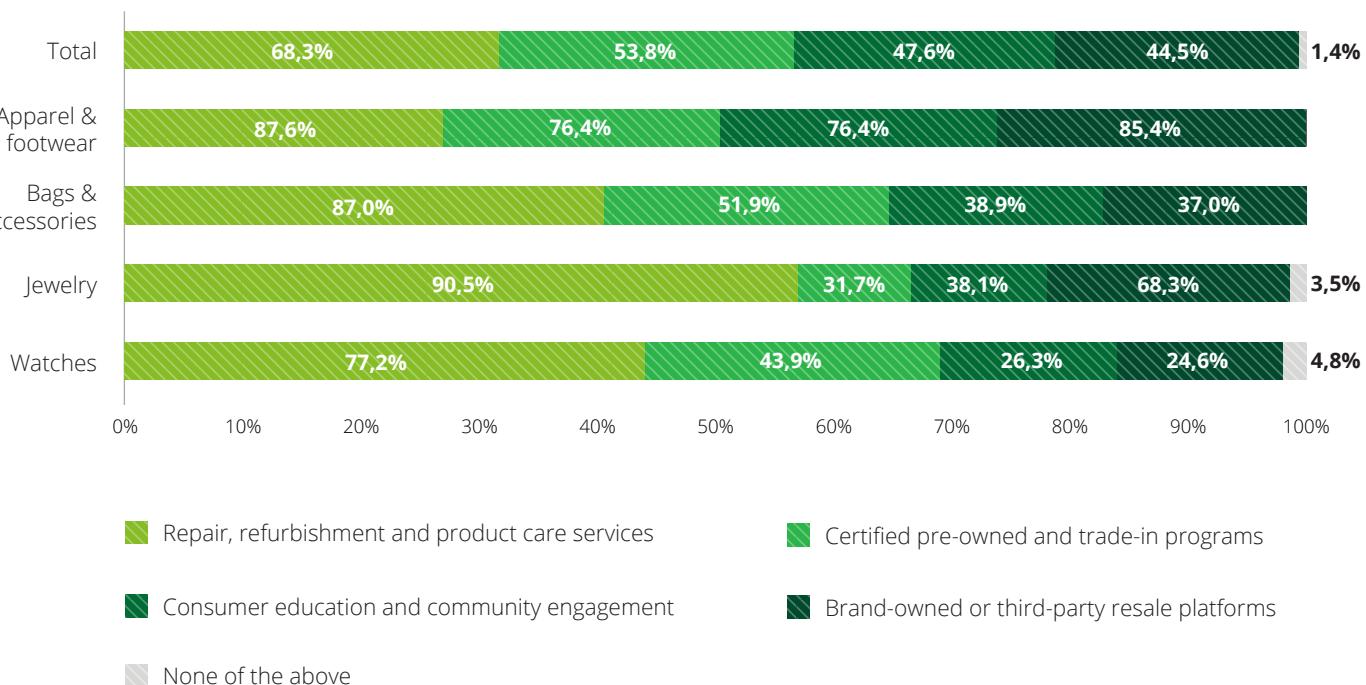


Figure 2 | Source: Deloitte Global Powers of Luxury 2026



Luxury outlook

According to the survey results, despite the slowdown in domestic growth witnessed in the past couple of years, **China** maintains a pivotal role in the global luxury market and luxury executives still expect it to be the main driver of luxury consumption in 2026 globally. Its influence stems not only from its current sales volume but from its anticipated structural role as the major future growth engine and the increasing sophistication of its consumers.

Regions that are expected to drive the strongest growth in luxury consumption over the next 12 months



Figure 3 | Source: Deloitte Global Powers of Luxury 2026

Japan is expected to be the second most relevant country contributing to the growth in luxury consumption. A weak yen is drawing foreign shoppers, especially Chinese who find significant price advantages. This external growth is reinforced by a discerning domestic consumer base that values exquisite craftsmanship and heritage, helping to ensure high resilience and sustained demand.

The **Middle East** is expected to be the third-largest engine for luxury consumption growth globally, a momentum that appears substantially influenced by the repatriation of high-end spending as major capitals like Dubai and Riyadh invest heavily in elevating their local retail and luxury hospitality ecosystems. This expanding market may be viewed as a clear manifestation of a young, wealthy, and digitally engaged consumer base that increasingly appears to prefer shopping domestically rather than traveling abroad, cementing the region's structural importance to global luxury brands.

India's luxury market is poised for growth thanks in part to its booming population of High-Net-Worth Individuals and a large, aspirational youth demographic. This expansion is also fueled by strong economic growth, increasing global exposure, and the rapid development of local luxury retail and e-commerce infrastructure that helps makes high-end products more accessible across the country.

Europe successfully capitalizes on its position as the modern homeland of luxury brands, attracting high-spending tourists who seek both the genuine brand experience and the financial advantage of buying directly at the source. Market growth is strongly fueled by this international tourist spending, which benefits from price arbitrage compared to buyers' home markets, such as North America and Asia. This dynamic reinforces Europe, not only as a guardian of heritage and high-end craftsmanship, but also as a global focal point for purchasing experiential and high-end luxury.

North America is a mature market where high-net-worth consumers are increasingly doing their luxury goods shopping abroad, particularly in Europe, due to favorable exchange rates and Value-Added Tax (VAT) refunds. This spend is largely captured by European markets, not North American retail.

South America and **Africa** account for a minimal share of the global luxury market, with the region's wealthy consumers more engaged in "luxury tourism," purchasing goods abroad rather than spending domestically.

Luxury category with the strongest expected growth over the next 12 months

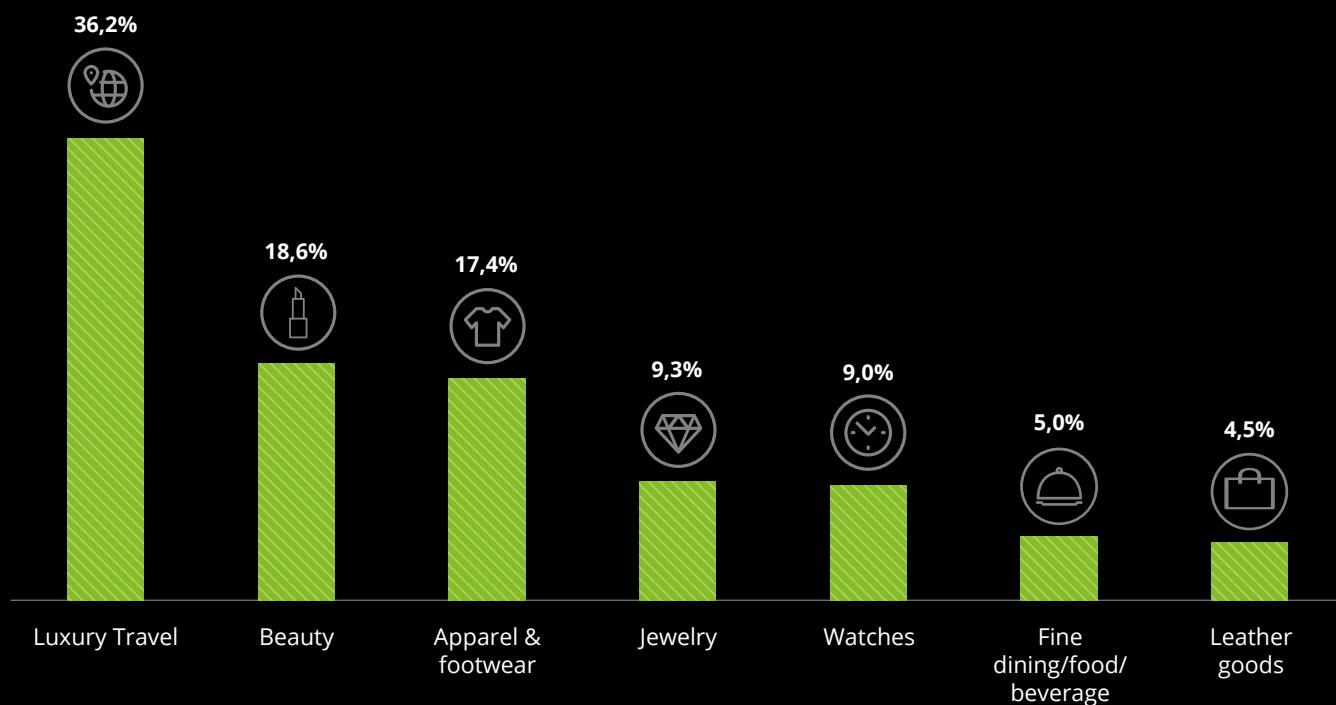


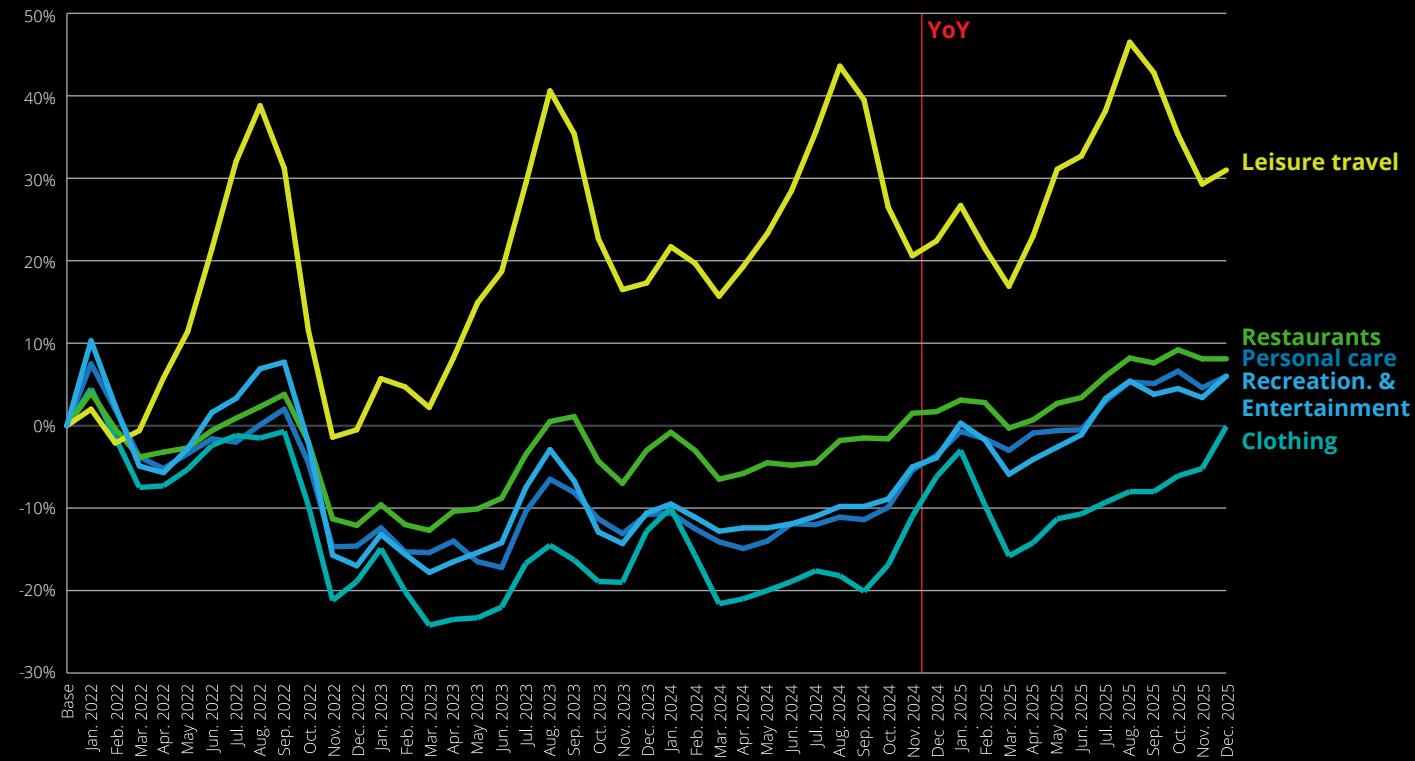
Figure 4 | Deloitte Global Powers of Luxury 2026

When asked about the luxury segment that will grow the most over the next 12 months the survey respondents paint a picture that points to a continued shift toward experiences over products, with responses that cluster around Travel. More moderate expectations for Beauty and Apparel and footwear, while lower shares are expected for Fine dining/food/beverage and Leather goods.

The pattern is consistent with Deloitte ConsumerSignals⁸ global data that have highlighted since 2023 a continued shift toward experiences and services over products (as shown in figure 5). Global consumers have been showing greater willingness to spend on travel and hospitality rather than other product categories.

Spending Intentions Index

Estimated monthly spending amount (% change, EMA) (Oct/Nov/Dec 2021 = 0)



Note: For groceries, personal care, restaurants, and recreation, study respondents estimate spending for the next 2 weeks.

Figure 5 | Source: Deloitte Consumer Industry Center, ConsumerSignals. November 2025





Companies' expectations

Over the next twelve months, the global luxury industry expects to navigate a delicate equilibrium, pursuing **growth through strategic pragmatism**. C-level sentiment reveals an industry that is **confident yet cautious**, with companies prioritizing pricing discipline, operational efficiency and selective investments across

resources, workforce and retail footprint. The outlook frames **2026 as a year of profitable resilience rather than exuberant growth**, as the industry adapts to a structurally slower macro environment while positioning for a new cycle of selective, quality-driven expansion.

2026 companies' expectations



Figure 6 | Source: Deloitte Global Powers of Luxury 2026

At the macro-regional level, expectations for 2026 reveal four distinct visions:

- With strong confidence in revenue stability (68.8%) and margins (70.8%), European luxury houses are leveraging their pricing power and selective retail rationalization to preserve premium positioning and profitability.
- Sentiment in the US is slightly below the global average, with 60% expecting revenue stability and 64% confidence in margins, reflecting subdued consumer confidence and rising operational costs. The primary driver appears to be challenging macroeconomic factors, including high interest rates and persistent consumer debt, which pressure aspirational luxury purchases.

- Representing the most ambitious outlook, the Middle East reports 66.7% revenue optimism and the highest margin of confidence at 80.0%. This vision is fueled by concentrated affluent demand, massive government-driven infrastructure investment (as stated by the Saudi Vision 2030⁹ and the United Arab Emirates Tourism Strategy 2030¹⁰) and sustained tourism-driven retail flows.
- Asia reports 65.6% revenue stability and 71.1% margin confidence. This positive outlook is primarily driven by the dual engine of resilience in Japan and South Korea, where robust domestic demand is amplified by strong inbound tourism. However, the overall enthusiasm is tempered by the continued uneven recovery and softer consumer sentiment in Mainland China.

A cautiously optimistic year, with margins as the North Star

Overall, two-thirds (66.9%) of executives expect stable or growing revenues despite headwinds, and an even higher 70.7% anticipate maintaining or improving operating margins, driven by pricing power, portfolio rationalization, and tighter cost control. This combination signals the possibility of a strategic shift: near-term growth is expected to come from value optimization rather than sales volume.

Confidence, however, varies significantly by geography.

Italian executives (84% revenue and 70% operating margins stability/growth) are the most confident about revenue resilience. Italian luxury houses have demonstrated a notable resilience and growth trajectory in recent periods. Their strength lies in a blend of impeccable craftsmanship (a significant portion of global luxury goods production occurs in Italy) and adaptive strategies that have captured diverse consumer segments, boosting confidence in their ability to maintain sales.

France (72% revenue and 78% operating margins stability/growth) follows closely. Home to the world's largest and most powerful luxury conglomerates, which possess unparalleled brand portfolios and pricing discipline, French executives have confidence in their ability to sustain revenues through price increases and the enduring desire for their iconic products, even if volume growth is constrained. The strong tourism engine also supports in-store sales.

Switzerland (56% revenue, 72% operating margins stability/growth) and India (50% revenue and 73.3% operating margins stability/growth) display more moderate confidence.

Optimism in key Asian markets. Japan (70% revenue and 60% operating margins stability/growth) and South Korea (76.7% revenue and 80% operating margins stability/growth) are built on resilient domestic bases, amplified by post-pandemic travel shifts. A relatively weak Japanese Yen makes luxury goods purchases highly attractive for foreign tourists, particularly those from mainland China and other affluent Asian nations. This provides a major revenue boost, especially for products like watches and jewelry. Moreover, both countries show strong domestic demand. Japan has benefited from renewed interest and spending among its local customers. South Korea leverages its massive cultural influence (e.g., K-pop, K-drama) to drive robust domestic demand and sustain its position as a trend-setting hub in fashion and beauty. This dual engine (local spending coupled with tourist spending) makes its outlook more resilient than markets relying primarily on domestic consumption.

In the Middle East (66.7% revenue and 80% operating margins stability/growth), confidence is primarily driven by expanding high-income segments and government-driven luxury investments in Saudi Arabia and the United Arab Emirates. On the one hand, major investments in non-oil sectors, like Tourism and Entertainment (such as Saudi Arabia's Vision 2030, UAE's focus on luxury retail infrastructure), are attracting global wealth and driving high-net-worth individual (HNWI) tourism. On the other, the region's wealth concentration helps ensure a continuous, high-spending local customer base whose consumption patterns are generally insulated from global macroeconomic pressures. This structural stability supports the highest margin confidence, as luxury pricing elasticity remains low for this affluent segment.

By sector, Bags and accessories (75.9%), Jewelry (73%), and Hospitality (66.7%) stand out as the segments most likely to protect or enhance margins. In Bags and Jewelry, strong pricing resilience and limited discounting continue to offset slower volume growth; in Beauty, consolidation and efficiency programs support profitability even as input costs rise.

Pricing power as the main stabilizer

A large majority (81.2%) plan price adjustments, confirming price recalibration as the main stabilizer against softer demand. The shift is most pronounced in Europe, where houses in Italy (94%), France (84%), and Switzerland (82%) are leveraging their deep brand heritages to justify continuous premiumization. The most resilient categories, Bags and accessories (81.5%) and Jewelry (81%), lead this alignment, as their strong intangible value makes them less susceptible to customer price sensitivity.

Rationalization underway: capital expenditure

36.2% of companies plan to reduce capital expenditures, a share that rises above 40% in France (42%), Switzerland (42%), and Saudi Arabia/UAE (46.7%). This indicates a widespread recalibration toward stricter ROI criteria and a preference for incremental efficiency investments (automation, data infrastructure, supply chain visibility) over new capacity building. Similarly, 39.3% of respondents expect store closures or network optimization, focusing on key locations and high-margin hubs, reflecting a clear focus on quality over quantity in physical retail – a trend most pronounced by Apparel and footwear (57.3%) and Bags and accessories (53.7%) executives, where omnichannel integration allows brands to downsize physical footprints without losing proximity to customers.

2026 companies' expectations, by category

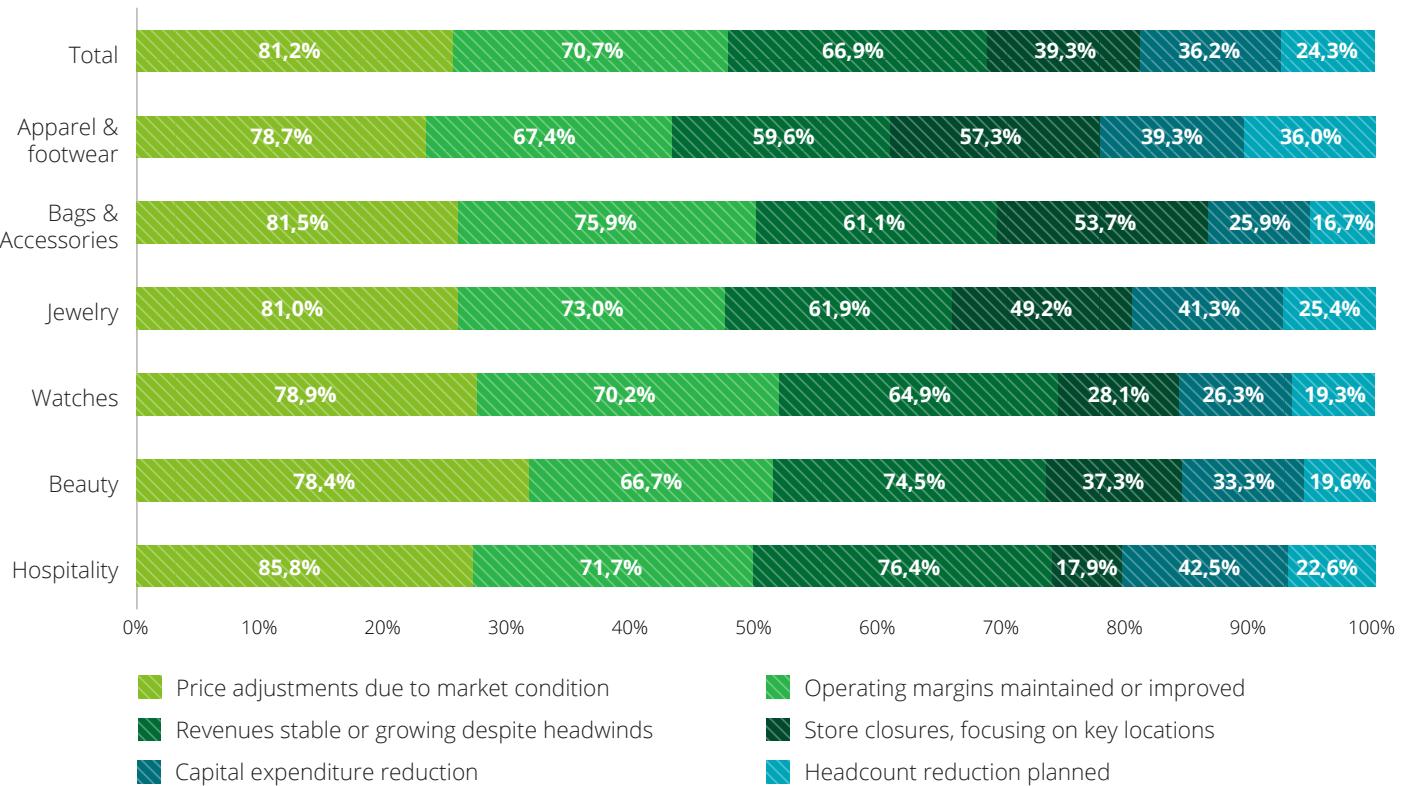


Figure 7 | Source: Deloitte Global Powers of Luxury 2026



Top priorities

Surveyed executives reveal a duality in priorities amid macro uncertainty: **the push to drive growth** (35.7%) **and the need to reinforce financial resilience** (30.5%). This signals **a shift toward a slower, smarter, more consumer-anchored growth model**. The best positioned companies are not necessarily those expanding fastest, but those that align ambition with authenticity, translating financial resilience into durable cultural relevance.

The strategic picture varies significantly by macro-region based on these priorities:

- Europe and the US balance cautious expansion and rigorous cost control;
- The Middle East is in an expansionary phase, placing a greater focus on customer centricity;
- Asia shows the highest share of executives prioritizing sustainability goals, driven mainly by respondents in Japan and Korea.

2026 companies' top priorities

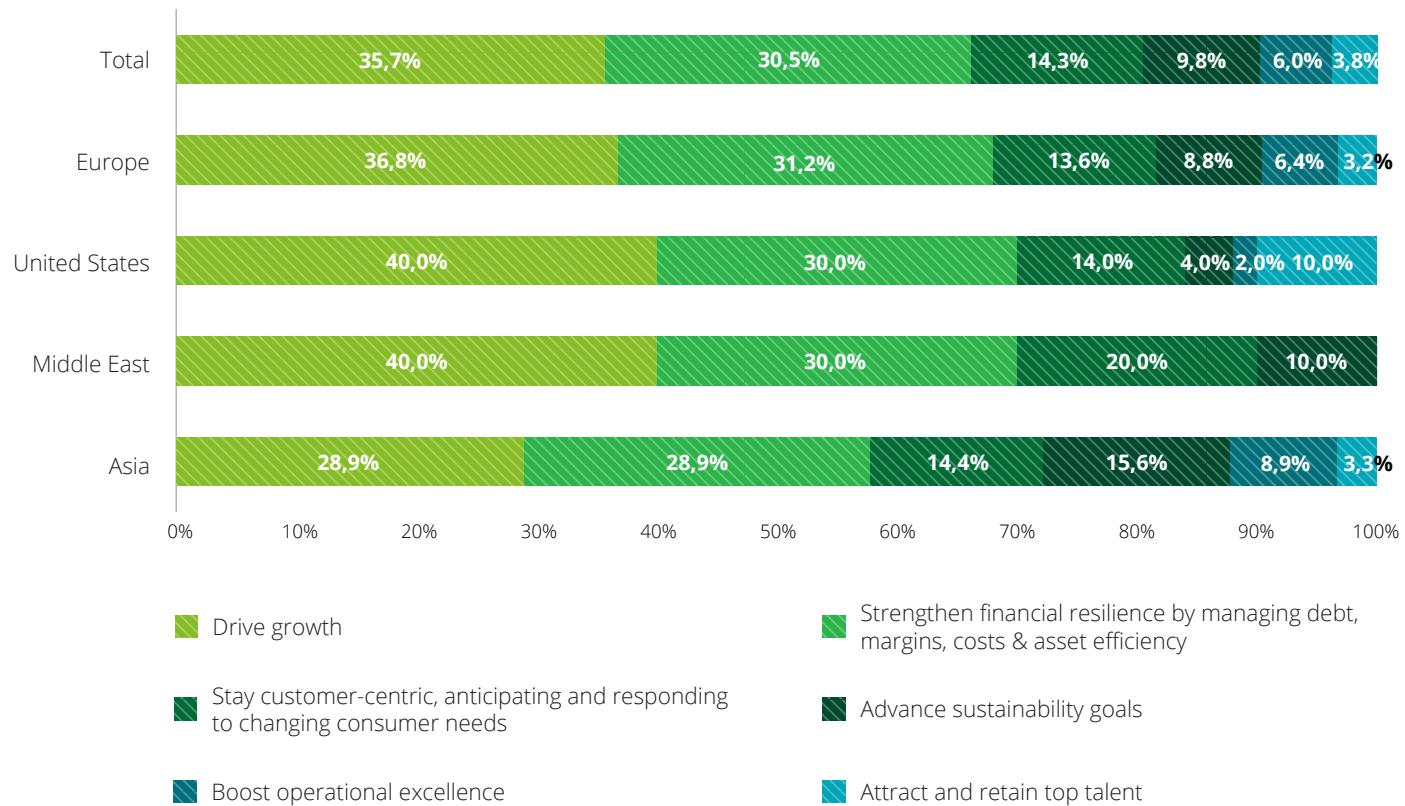


Figure 8 | Source: Deloitte Global Powers of Luxury 2026

Growth with discipline, keeping an eye on financial resilience

Globally, driving growth (35.7%) is the top priority for more than one in three executives for the coming year. This is not the unrestrained expansion of the market that happened post-pandemic; it is a form of curated growth, anchored in pricing power, market selectivity, and digital activation.

The geographies most focused on growth are the United Kingdom (42%), France (40%), the US (40%), and the Middle East (40%). These are markets where consumer appetite for premium goods remains resilient, enabling luxury houses to continue category and experience expansion. India (23.3%) stands out as the exception: despite its demographic potential, executives prioritize financial stability over aggressive expansion, acknowledging infrastructure and supply chain limitations.

Financial resilience (30.5%) ranks almost on par with growth as a primary priority, underscoring that the industry is still adjusting to inflationary costs, shifting consumer sentiment, and global uncertainty.

The most finance-oriented executives come from India (40%), Saudi Arabia/UAE (40%), Italy (38%), and Switzerland (32%). Although the luxury industry remains profitable, executives are bracing for volatility by tightening control over balance sheets and operational costs.

Customer centricity: back to the emotional core of luxury

In a context of constrained growth and cost vigilance, customer centricity (14.3%) retains its role as a strategic anchor, particularly in geographies like India and the Middle East where consumer sentiment is evolving rapidly.

Customer centricity is critical: staying close to consumers provides early signals on preference changes, allows brands to pivot assortments and messaging before competitors, reduces forecasting and inventory risk, and improves price realization by matching value to local elasticity. By category, Jewelry (22.2%) shows a strong focus, as its high-involvement purchases and after-sales relationships amplify the returns to trust, personalization, and continuity.



Top growth opportunities

Over the next 12 months, luxury companies are orienting growth around **desirability and customer intimacy** rather than capacity-led expansion. Survey evidence points to a measured consolidation phase in which **experience and loyalty** emerge as the primary growth vector, supported by **portfolio expansion (M&A/**

adjacencies), innovation, and selective market capture. Digital and omnichannel capabilities operate as the enabling backbone. In 2026, the emphasis shifts from building scale to **building significance.**

2026 Top Growth Opportunities

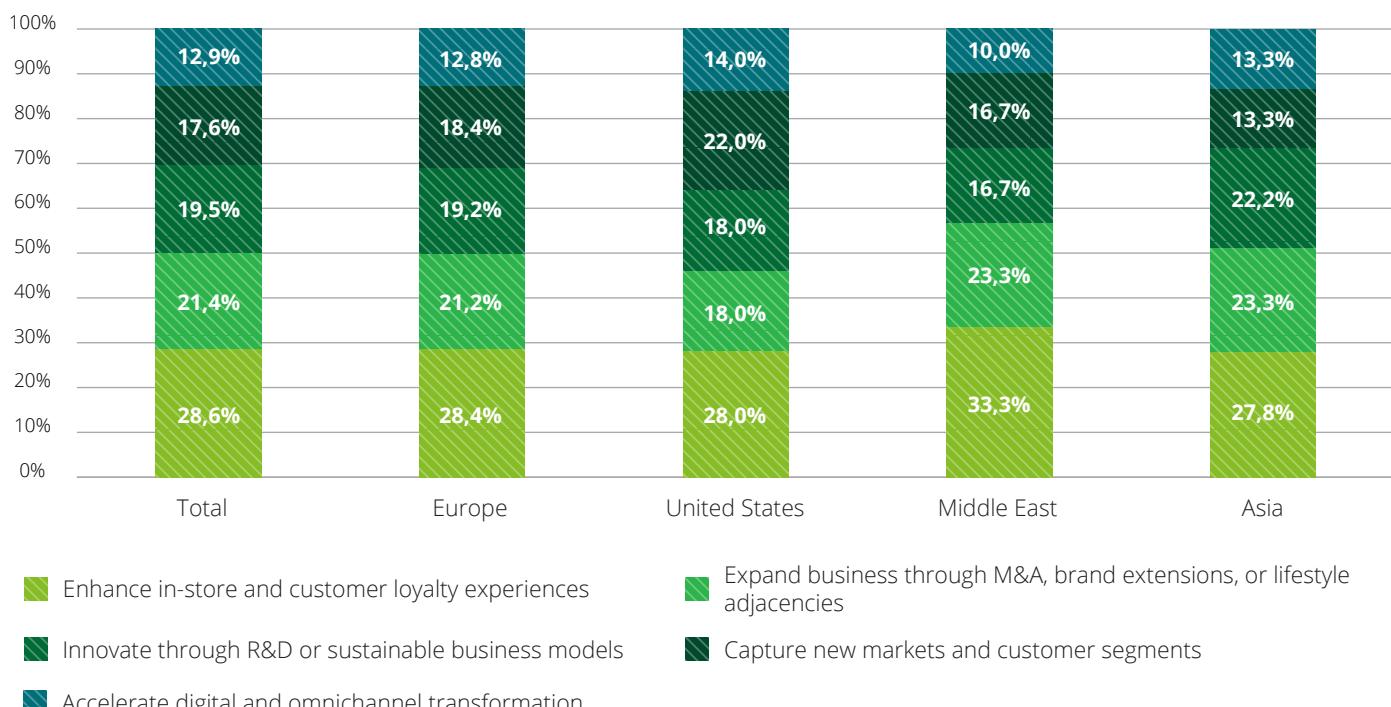


Figure 9 | Source: Deloitte Global Powers of Luxury 2026

Customer experience and loyalty is cited as the top opportunity (28.6%), ahead of M&A/adjacencies (21.4%), innovation (19.5%), new markets/segments (17.6%), and digital acceleration (12.9%). This distribution indicates an industry-wide focus on deepening relationships with existing customers, elevating in-store journeys, and reinforcing brand communities, with technology connecting touchpoints and insights. Crucially, the pivot to personalization and loyalty also reflects a re-engagement agenda: after months and, in some markets, years of softer demand and waning confidence, brands are using tailored service, meaningful access, and consistent quality to win back trust and rekindle participation.

The prioritization of loyalty signals a strategic shift: growth is expected to come from expanding value per customer: higher frequency, higher basket, and higher lifetime value, but also to

migrate existing high-net-worth customers up the loyalty ladder through exclusive access and bespoke services to unlock higher margin value. In luxury, loyalty denotes a status-and-service-led model that scales intimacy without eroding brand equity.

Taken together, these patterns describe a year of measured confidence and selective investment. Luxury players are concentrating resources where brand significance grows, prioritizing in-store experience and loyalty, complementing them with portfolio actions and innovation, and threading everything through digital foundations. Expansion continues, but with greater attention to the quality of growth, coherently aligned with brand equity, customer intimacy, operational reliability, and the need to re-activate consumers who had drifted from the category.



Major financial investments

2026 is not expected to be a year of aggressive expansion, but one of focused investments. Over the next 12 months, luxury companies are likely going to prioritize investments that strengthen brand equity and accelerate digital transformation rather than expanding production or logistics capacity. C-level responses point to a strategic consolidation phase in which technology, brand, and experience become essential to sustain desirability and resilience in a more selective global market.

After a decade of geographic and retail roll-out, luxury players are concentrating resources on innovation, AI-enabled operations, customer experience, and reputation, acknowledging that desirability and credibility are likely to define competitiveness.

2026 Major expected financial investments, by category

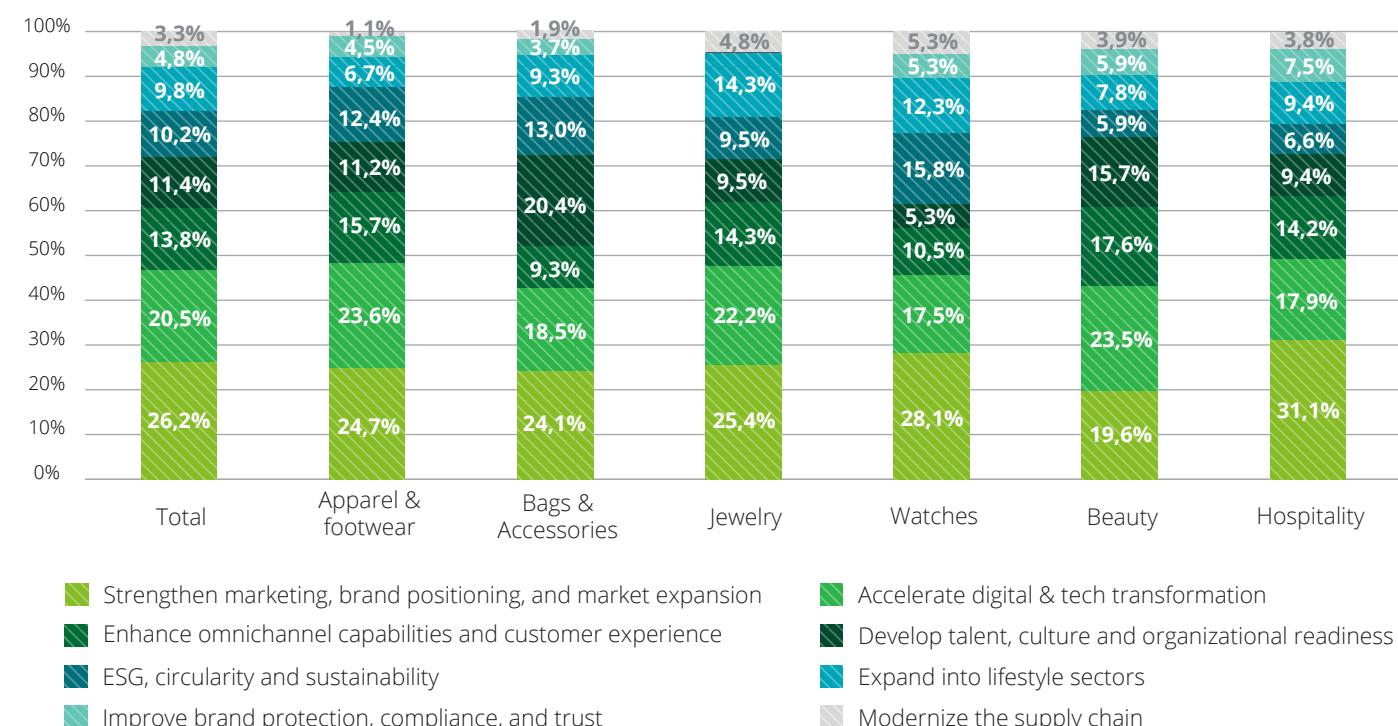


Figure 10 | Source: Deloitte Global Powers of Luxury 2026

Brand and market expansion: the dominant investment horizon

With 26.2% of respondents identifying marketing, brand positioning, and market expansion as their top investment priority, luxury companies reaffirm that brand equity remains the ultimate growth asset.

Across all regions, the industry's leading companies are directing capital toward strengthening brand distinctiveness, reactivating desirability, and deepening cultural relevance across markets.

The US (34%) and the Middle East (26.7%) stand out as the most focused on these type of investments.

By category, Watches (28.1%), Jewelry (25.4%) and Apparel and footwear (24.7%) allocate the highest share of financial resources to marketing and expansion, sectors where desirability and cultural storytelling are core to value creation.

Digital acceleration: the technological backbone of modern luxury and customer experience as a priority

20.5% of executives mention digital and technology as their top investment priority, evidence that an industry once known for relatively slow digital uptake is now leaning into innovation to lift performance. The focus extends well beyond e-commerce to the integration of data, AI, and automation across operations and customer engagement, from predictive merchandising to personalized storytelling. The strongest focus on digital

acceleration is given by Japan (33.3%), the UK (30%), and France (24%), markets marked by high consumer tech literacy, mature digital ecosystems, and large luxury players scaling technology to reinforce global operations.

By category, Apparel and footwear (23.6%), Beauty (23.5%), and Watches (22.2%) lead tech spending, reflecting needs around personalization, sizing accuracy, and omnichannel integration.

These digital investments are tightly linked to the third investment priority: omnichannel and customer experience (13.8%), a recognition that the physical store remains central but must evolve into a truly experiential flagship. Executives are funding hybrid models that fuse digital intelligence with in-store intimacy, moving beyond transactional e-commerce toward experience orchestration. On omnichannel specifically, Beauty (17.6%), Apparel and footwear (15.7%), and Hospitality (14.2%) lead, aiming to personalize journeys seamlessly across digital and physical touchpoints.

Human capital and organizational readiness: talent as strategic infrastructure

11.4% of executives cite talent, culture, and organizational readiness as their top investment priority, an essential complement to the industry's digital acceleration. As companies deploy new technologies, equipping people to use them becomes decisive for value capture. Italy (24%) leads, signaling a push on professionalization, managerial depth, and generational transition. Switzerland (14%), Spain (14%), and the US (12%) follow, channeling resources into leadership renewal and AI/data upskilling. By contrast, the Middle East reports no primary focus on talent this year, likely reflecting a phase where many firms prioritize importing specialized skill over building it locally.

Sustainability, and circularity: from narrative to measurable action

10.2% of executives plan to prioritize ESG and circularity investments. Overall, in Europe, enthusiasm is lower (9.6%), reflecting perhaps a sense of maturity: many European players see sustainability as already embedded in their strategies. Watches (15.8%) and Bags and accessories (13%) are the most sustainability-active sectors, focusing on material traceability, low-impact production, and energy transition.

Lifestyle diversification: controlled exploration beyond core categories

Executives see lifestyle as a major growth vector over the next five years and for 2026. 9.8% plan moderate-to-major investment in extending brand universes and emotional reach into sectors like hospitality, wellness, design, and home. Momentum is strongest in Japan (20%), France (14%) and the Middle East (13.3%) where lifestyle ecosystems are strategic to deepening relevance. By category, Jewelry (14.3%) and Watches (12.3%) view lifestyle adjacencies as a route to broaden appeal beyond exclusivity.

Secondary fronts: supply chain, compliance, and trust

Only 3.3% of executives plan to prioritize supply chain modernization, confirming that most post-pandemic transformations are already in place. However, India (6.7%) and the Middle East (6.7%), still see potential for improvement, especially in integrating sustainability and traceability technologies.

Similarly, 4.8% highlight brand protection and compliance: counterfeiting and intellectual property (IP) regulation remain top concerns for luxury, with slightly higher focus in South Korea (10%) and Switzerland (8%).

Swiss watch industry study – Time under pressure

The 11th Deloitte Switzerland Swiss Watch Industry Study¹¹, conducted in 2025, depicts a sector under pressure yet still investing in innovation. Executive sentiment is net-negative for key export markets in 2025, after a 2024 pullback (export value ~3% vs 2023; volumes -10%), with weakness concentrated below the CHF 3,000 export-price tier while higher price bands proved more resilient.

Despite headwinds, brands prioritize novelty: plan new product introductions, and AI use is shifting from efficiency and content tasks to creative product development. Distribution remains physical-first: about two-thirds of brands/retailers see only ~10% of sales online, and 16% still sell exclusively in stores; however, consumers prefer multi-brand retail.

Pre-owned is a structural growth vector especially for Millennials and Gen Z.





GenAI adoption in Luxury: poised between assessment and implementation

Over the next year, luxury executives **foresee a shift from an initial stage of curiosity and interest to execution** on GenAI, **while acknowledging that enterprise-scale adoption is still limited**. Survey data show that companies are split between those **assessing adoption** (40.7%) and those **implementing GenAI in**

selected areas (41.2%). Only **one in eight** (11.9%) report GenAI is already embedded in their most relevant functions, while a **small minority** (6.2%) do not consider GenAI a priority. Data show that **GenAI is on the management agenda** but requires further investment in data, governance, and integration to reach scale.

State of adoption of Generative AI

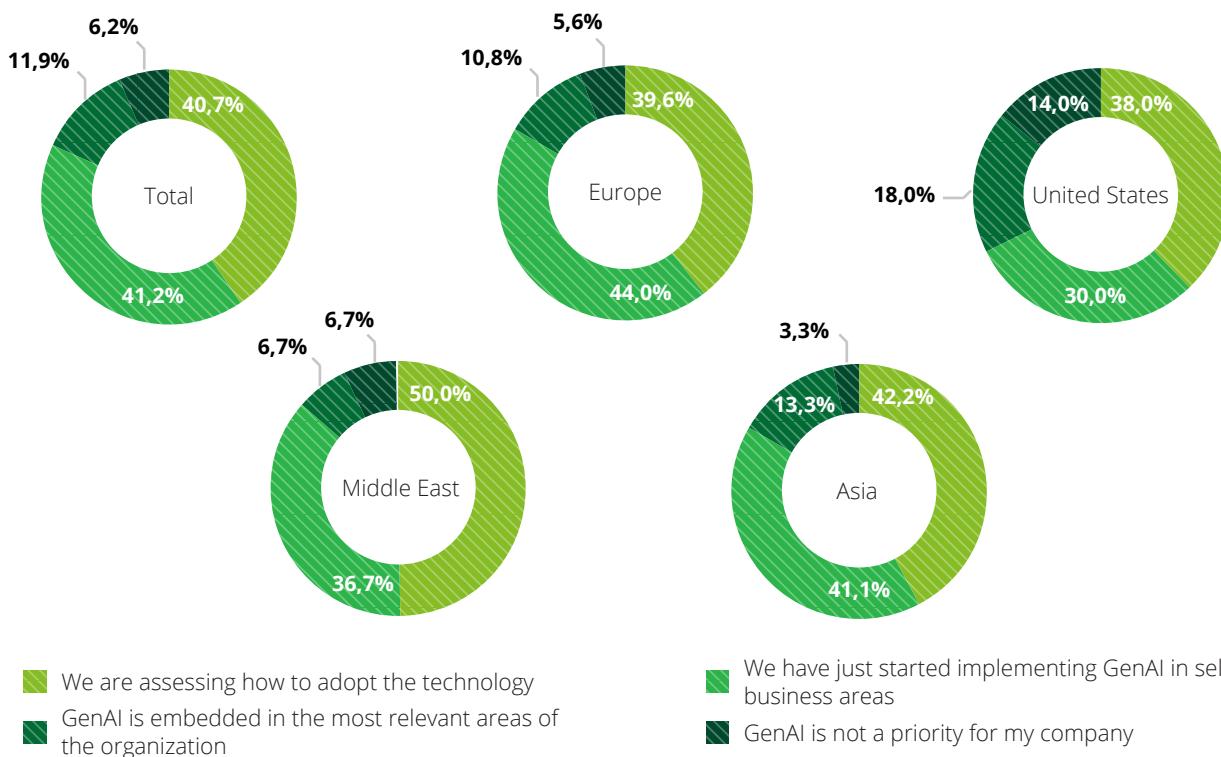


Figure 11 | Source: Deloitte Global Powers of Luxury 2026

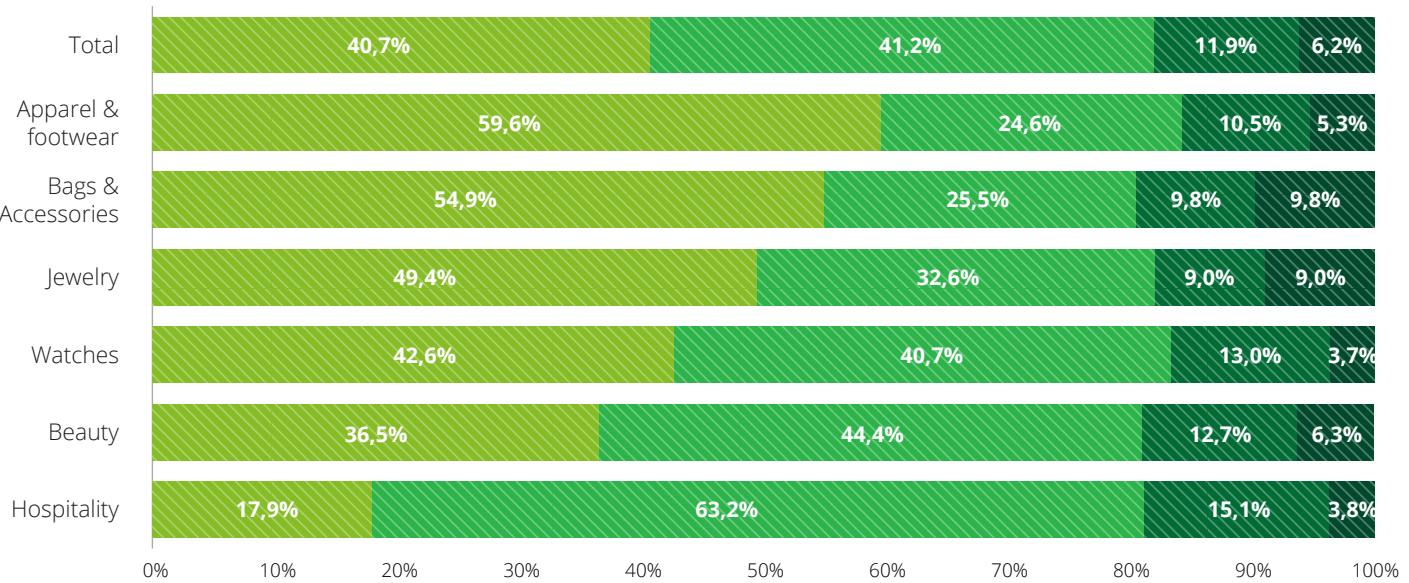
European companies are tilting toward early implementation, with a modest advanced cohort while the US combines the largest share of advanced adopters (18%) with the highest “not a priority” response (14%), reflecting heterogeneous business models and risk postures.

In Asia, South Korea reports strong advancement (20%) consistent with fast-cycle, tech-forward consumer markets. The majority of Indian companies are in the initial phase (46.7%) with a notable advanced share (16.7%).

The Middle East shows the highest share of companies assessing adoption (50%) with pilots underway, aligned to capability building in experiential retail.

The data underscores that while GenAI is firmly established on the global luxury management agenda, its operating model remains emergent. The current landscape is defined by fragmented progress. Crucially, the immediate challenge is not adoption itself but scalability. The next phase requires moving from isolated proof-of-concept projects toward strategically embedding GenAI across companies’ value chains.

State of adoption of Generative AI, by category



- We are assessing how to adopt the technology
- GenAI is embedded in the most relevant areas of the organization

- We have just started implementing GenAI in selected business areas
- GenAI is not a priority for my company

Figure 12 | Source: Deloitte Global Powers of Luxury 2026







Areas with greatest potential of AI implementation

Over the next year, expectations for **AI adoption are broadly balanced** across four domains, each cited by roughly one in five executives: **product innovation and design** (21.3%), **marketing and advertising** (21.3%), **customer engagement and personalization** (21.1%), and **supply chain, demand, and**

inventory intelligence (20.6%). This equilibrium indicates that leaders view AI as permeating the enterprise, linking front-end emotional engagement to back-end operational precision.

Areas with greatest potential for AI to generate value for Fashion & Luxury companies

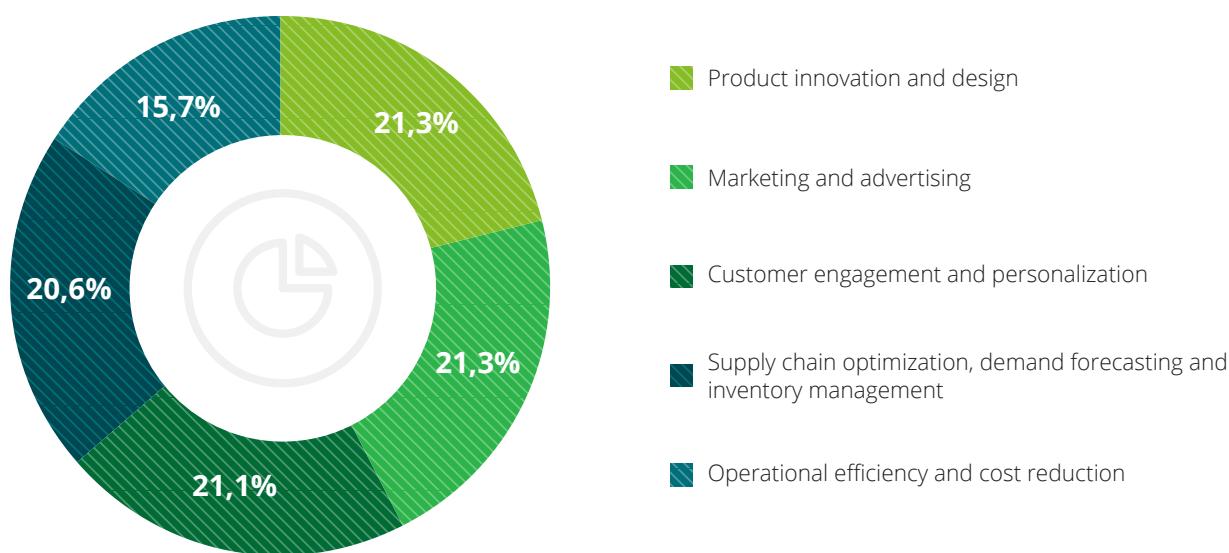


Figure 13 | Source: Deloitte Global Powers of Luxury 2026

Middle East (28.6%), Asia (24.1%) - particularly India (28.6%) - and Europe (21.2%) show the highest interest in AI use in product innovation and design while the US (11.6%) shows a greater focus on marketing and data-driven personalization rather than product design innovation.

By sector, the emphasis on product design is strongest in Jewelry (28.8%), Watches (27.8%), and Apparel and footwear (25.9%), where the balance between speed-to-market and technical constraints is most acute. Beauty (23.9%) is catching up, using AI to expand shade ranges, support ingredient/formulation exploration, and develop packaging concepts.

In product development, AI (including simulation, generative-design tools, computer vision, and materials modeling) is used to accelerate prototyping, compress iteration cycles, and reduce waste, augmenting rather than replacing artisanal know-how. It is important to remember that the use of **AI in design enhances, rather than replaces, human creativity**, enabling more iterative,

sustainable, and inclusive workflows. "Digital craftsmanship" is likely to emerge as a complementary pillar of brand storytelling.

Marketing and advertising are expected to be among the most advanced areas for AI deployment, with higher anticipated use in Europe (23.3%) and Asia (20.7%), with strong signals from South Korea (23.3%) and Japan (24.2%). Hospitality stands out, with 48% of executives expecting to use AI in marketing, reflecting the industry's need for dynamic demand generation and content-led engagement. Priority applications of AI in this domain include media-mix optimization and incremental measurement, creative performance analytics, and streamlined content operations, with selective pilots of virtual creators where brand safety can be maintained. As adoption scales, differentiation will depend on narrative coherence: orchestrating many AI-assisted outputs into a consistent brand story across markets and channels.

Customer engagement and personalization are expected to advance most rapidly in France (29.2%), the UK (26.5%), and the US (23.3%), where mature CRM foundations and high digital expectations create favorable conditions. By category, Beauty (37.0%) leads, followed by Apparel and footwear (23.5%) and Bags and accessories (23.1%).

The cross-sector challenge is emotional calibration: ensuring personalization feels curated and exclusive so that AI strengthens, rather than dilutes, the brand-consumer relationship.

Supply chain, demand, and inventory intelligence is a further area where AI can deliver measurable efficiency. Adoption is expected to be higher in the US (32.6%), followed by the Middle East (25.0%) and in Watches (35.2%), Apparel and footwear (25.9%), and Jewelry (25.4%). In supply chain, AI is being leveraged to forecast demand

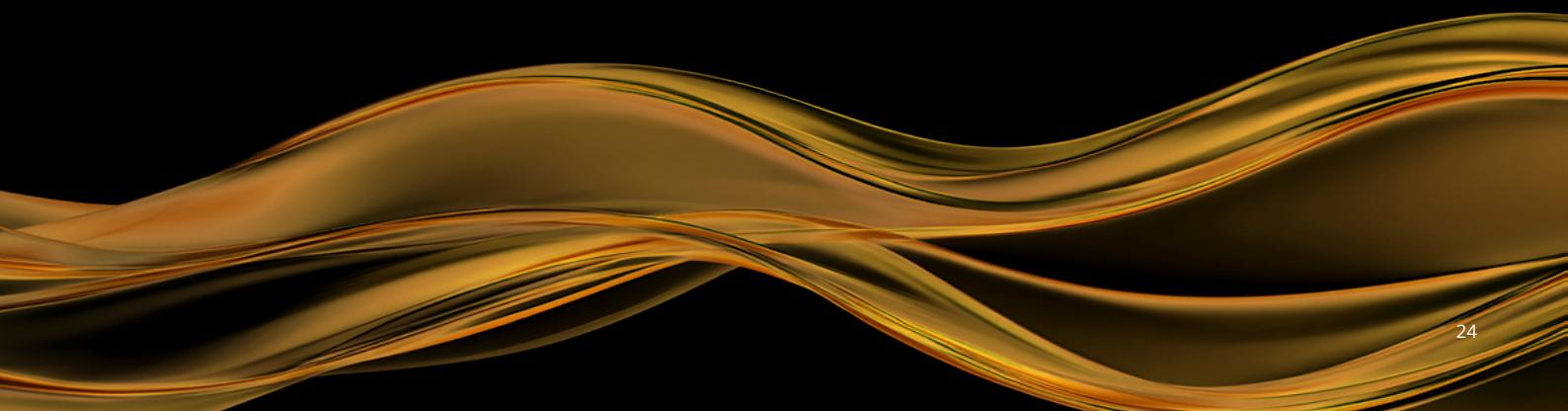
and allocate stock, optimize planning and set size curves to reduce returns. Furthermore, it is supporting essential operations like replenishing stores and distribution centers and detecting anomalies/predicting maintenance needs. Improvements in forecast accuracy, product availability, and markdown avoidance translate into tangible ROI, while smarter replenishment and reverse flows reduce overproduction and waste.

Finally, operational efficiency remains a meaningful focus, with 15.7% of leaders citing AI as a possible generator of cost reduction and productivity. Automation is expanding across back-office functions, namely procurement, finance, and legal/knowledge operations, alongside workload routing and quality checks.

The importance of humanizing artificial intelligence

Organizations feel the “AI paradox” in customer experience: leaders are confident that AI can improve customer experience (CX), yet only a minority deploy it today¹². The gap stems less from skepticism than from uncertainty about where AI adds value and how to introduce it without eroding trust. A humanized approach can help resolve this tension by using AI as a complement while protecting empathy and credibility. Notably, customers’ trust can drop sharply when they know AI is involved, making transparency and intent central design constraints rather than afterthoughts.

Humanizing AI means pairing efficiency with deeper humanity. In practice, that looks like: equipping frontline teams with assistive AI so interactions become more informed and empathetic (not merely faster); personalizing help in plain language, especially for complex, jargon-heavy products; and choosing channels deliberately, keep sensitive moments human, automate low-sensitivity friction. Leaders also find that adoption sticks when CX and workforce experience move in lockstep: employees’ creativity rises when AI is used to facilitate first drafts and they do the meaning-making, and job-security worries are reduced through clear training, upskilling, and trust-building.





Focus on India

India is not just an emerging market; it's a rapidly transforming luxury landscape. A confluence of robust macroeconomic tailwinds and a young, digitally enabled, and aspirational consumer base, the country presents an opportunity for global luxury brands. Success is expected to hinge on a strategy that is hyper-local, digitally integrated, and focused on delivering culturally resonant, personalized experiences that speak to the new Indian elite.

Macroeconomic scenario

India is one of the fastest-growing large economies worldwide, with a resilient macro-economic outlook for the next years (GDP ~6.6% in 2025)¹³, supported by strong domestic demand. Indian private consumption has shown strong growth, reaching the highest share in the country's GDP in the past twenty years¹⁴, demonstrating a robust increase in consumer purchasing power. Also, the number of high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs) is growing significantly. For instance, the population of affluent Indians is expected to grow from around 60 million in 2023 to 100 million by 2027¹⁵. This expanding base forms the core market for luxury.

Retail potential

India's retail market, valued at US\$1.06T in 2024, is projected to nearly double to US\$1.93T by 2030 (10% CAGR), supported by robust domestic demand, rising purchasing power and accelerating digital adoption¹⁶.

Online retail is expected to grow from US\$75B in 2024 to US\$260B by 2030, raising e-commerce's share of total retail from 7% to 14%. Tier II/III cities now generate 60%+ of e-commerce transactions, while quick commerce is operating in 80+ cities and expanding at a 70–80% CAGR¹⁷.

On the policy side, evolving FTAs and tariff realignments—are boosting export competitiveness for "Made in India" goods. The sector contributes 10%+ of GDP and employs ~8% of the workforce¹⁸. Strategic growth levers highlighted include omnichannel models, localized production, private labels, hyper-personalization, and circular/sustainable offerings.

The physical retail infrastructure is also strengthening flagship-grade destinations such as Mumbai's Jio World Plaza¹⁹ or Galeries Lafayette²⁰ allow full-price, full-experience execution for leading maisons, creating the stage luxury needs to scale.

Growth driving sectors

Gold continues to underwrite luxury spend. In 2024 India reconfirms its position as the world's largest gold-jewellery market: volumes were resilient at 563 tonnes (~-2% year on year) despite prices rose²¹, pushing value to record levels and supporting premiumisation across adjacent categories²². In parallel, India's fast-maturing lab-grown diamond ecosystem, strengthened by the removal of import duty on lab-grown diamond seeds and dedicated R&D incentives, has began to reshape supply narratives²³. Also, in 2025 demand has been resilient, with many exchanging old jewellery for new

for festivals and weddings²⁴. Reflecting jewellery's centrality to Indian luxury, the country's biggest home-grown global players are jewellers: Titan Company, Malabar Gold & Diamonds, and Joyalukkas, the lead Indian Jewellery retailer with a strong international and innovation driven footprint²⁵.

Beauty is the next luxury engine. Global beauty players also frame India as a "last bastion" of growth; the luxury segment: ~US\$0.8B today—is projected to reach ~US\$4B by 2035, driven by young, digital consumers and expanding premium distribution²⁶.

What Indian luxury executives plan for 2026

Executives in India see their market as the most likely near-term engine of luxury growth (40%), with personalization and high-quality digital experiences are the dominant consumer demand driver (57%). In other words, growth is expected to come from better, more tailored journeys across touchpoints.

On the corporate side, management teams plan to defend value while remaining selective on expansion. Most expect to hold or improve margins (73%) and to execute price adjustments (77%). Network decisions are pragmatic: footprint rationalization (63%) favors concentration in key locations over broad roll-outs. This caution is mirrored in capital and operating choices: meaningful shares plan to reduce capex (43%) and headcount (43%) as firms prioritize financial resilience (40%) ahead of pure growth (23%). Revenues are nonetheless expected to be stable or growing for half of respondents (50%).

Investment priorities track the consumer expectations. The top growth opportunity is to enhance in-store and loyalty experiences (33%), followed by innovation via R&D and sustainable models (23%) and entry into new markets or segments (20%). Correspondingly, spending is channeled to omnichannel and customer experience (33%), brand/marketing and market expansion (23%), and selective digital and tech acceleration (10%). ESG/circularity (7%) and supply chain modernization (7%) receive targeted increases, while talent and culture remain supporting enablers.

GenAI is moving from exploration to deployment: 30% are assessing, 47% are in early implementation, and 17% report advanced use; only 7% say it is not a priority. Over the next 12 months, leaders expect AI to create tangible value first in product innovation and design (29%), then in customer engagement/personalization (21%) and in supply chain, demand, and inventory planning (18%). Looking three to five years out, sustainability strategies skew decisively toward innovation, with executives prioritizing R&D and collaborations (57%) and circularity/product-lifecycle management (20%).

Taken together, India's luxury market is set for disciplined, margin-aware growth, powered by personalization, loyalty-led retail, and targeted tech deployment.

Next 5 years trends and growth prospects



Major transformative impacts

Over the next five years, the luxury industry is poised for profound transformation driven by a convergence of **technological acceleration, materials innovation, sustainability imperatives, and geopolitical reconfiguration**. This transformation does not occur in isolation but reflects deeper forces reshaping consumer behavior, production ecosystems, and global trade flows. The views expressed by C-level executives across major markets and sectors suggest that while **artificial intelligence** will be the most powerful and pervasive force of change, the **pathways and pace of transformation** will vary significantly across regions and product categories.

At a global level, executives see the future of luxury as increasingly defined by the integration of technology and craftsmanship. **Artificial intelligence** (31.7%) emerges as the top transformative driver of change, seen as the key to unlocking efficiency, personalization, and creativity at scale.

AI's full potential depends on its integration with **advanced data analytics** (14.8%), which provide the transparency, reliability, and explainability that can make AI trustworthy, commercially valuable and understood by consumers. Together, these technologies form the **digital axis** of transformation, a new operating system for the luxury ecosystem, where data and algorithms enhance rather than replace human judgment and artisanal know-how.

Running parallel is the **sustainability axis**, encompassing both material innovation and supply chain transparency. **Innovations in materials and production** (22.6%) stand out as the second great frontier of change. Executives – particularly in France (30%), Spain (30%), and India (30%) – envision a phase of new conscious luxury grounded in new low-impact materials, bio-fabricated textiles, recycled metals, and on-demand micro-manufacturing. Category-wise, Apparel (27.0%), Watches (28.1%), and Jewelry (27.0%) show the highest expectations for innovation in materials and production. In these market segments, material innovation

bridges tradition and technology to appeal to the next generation of conscious consumers.

Sustainability and supply chain transparency (15.7%) are no longer seen as differentiators but have become pillars of the strategies of major luxury groups. This evolution is driven by a dual pressure: consumer demand for ethical products and the tightening of international regulation²⁷. The emphasis is shifting from aspiration to accountability: transparency is no longer optional, but a legal and reputational necessity. European directives such as the Corporate Sustainability Reporting Directive (CSRD) and the Ecodesign for Sustainable Products Regulation (ESPR), along with global traceability mandates, compel companies to document, certify, and digitalize their value chains. As a direct result of these regulations, luxury brands will be expected to map their suppliers, certify sourcing origins, and make digital product passports a standard feature²⁸.

Supply chain transparency is particularly relevant for respondents in the US (24%), South Korea (23.3%), India (20%) and Japan (20%).

Executives' responses confirm how **technology and sustainability evolve in mutual reinforcement** rather than isolation. AI and data accelerate sustainability through traceability, predictive resource management, and circular design, while sustainability can anchor digital transformation in purpose. This synergy defines the emerging model of "**conscious intelligence**" in luxury, where innovation is meaningful because it is responsible.

Two contextual factors are expected to further influence how this transformation unfolds. The first is **virtual commerce** (8.1%), which is developing asymmetrically across regions. In the Middle East (16.7%) and South Korea (13.3%), executives express higher confidence in the revolutionary power of immersive retail formats experiences, while Western markets remain more cautious, emphasizing functionality and convenience. Category-wise,

Watches (12.3%) and Jewelry (11.1%) show the highest perceived opportunity for virtual commerce, as immersive storytelling and digital display enhance desirability in high-engagement, high-value purchases.

The second factor is **geopolitical in nature**, particularly the impact of tariffs and the resulting **diversification of supply chains** (7.1%). For the luxury industry, this marks the emergence of a new model in which production, sourcing, and market access are being reshaped around regional clusters rather than global networks.

Executives based in India (20%) and Italy (10%) stand out in recognizing this shift as a **phase of evolution in the global luxury production**. In Italy, where luxury manufacturing depends heavily on complex, export-oriented supply chains (especially in fashion, leather goods, and high-end automotive components) tariffs are

seen as both a constraint and a catalyst, driving rethinking of sourcing strategies, nearshoring, and vertical integration.

In India, executives see geopolitical diversification as an opening to strengthen the country's role as a manufacturing hub and emerging market, particularly in textiles, jewelry, and craftsmanship-intensive categories.

In both cases, supply chain reconfiguration is evolving from being a reactive adjustment to a **strategic lever**, a means to enhance autonomy, improve responsiveness, and unlock new regional markets. Over the coming years, the global luxury supply landscape is **likely to evolve toward greater regional resilience**, combining local specialization with a globally coordinated footprint.



Major transformative impact in the luxury industry in the next 5 years

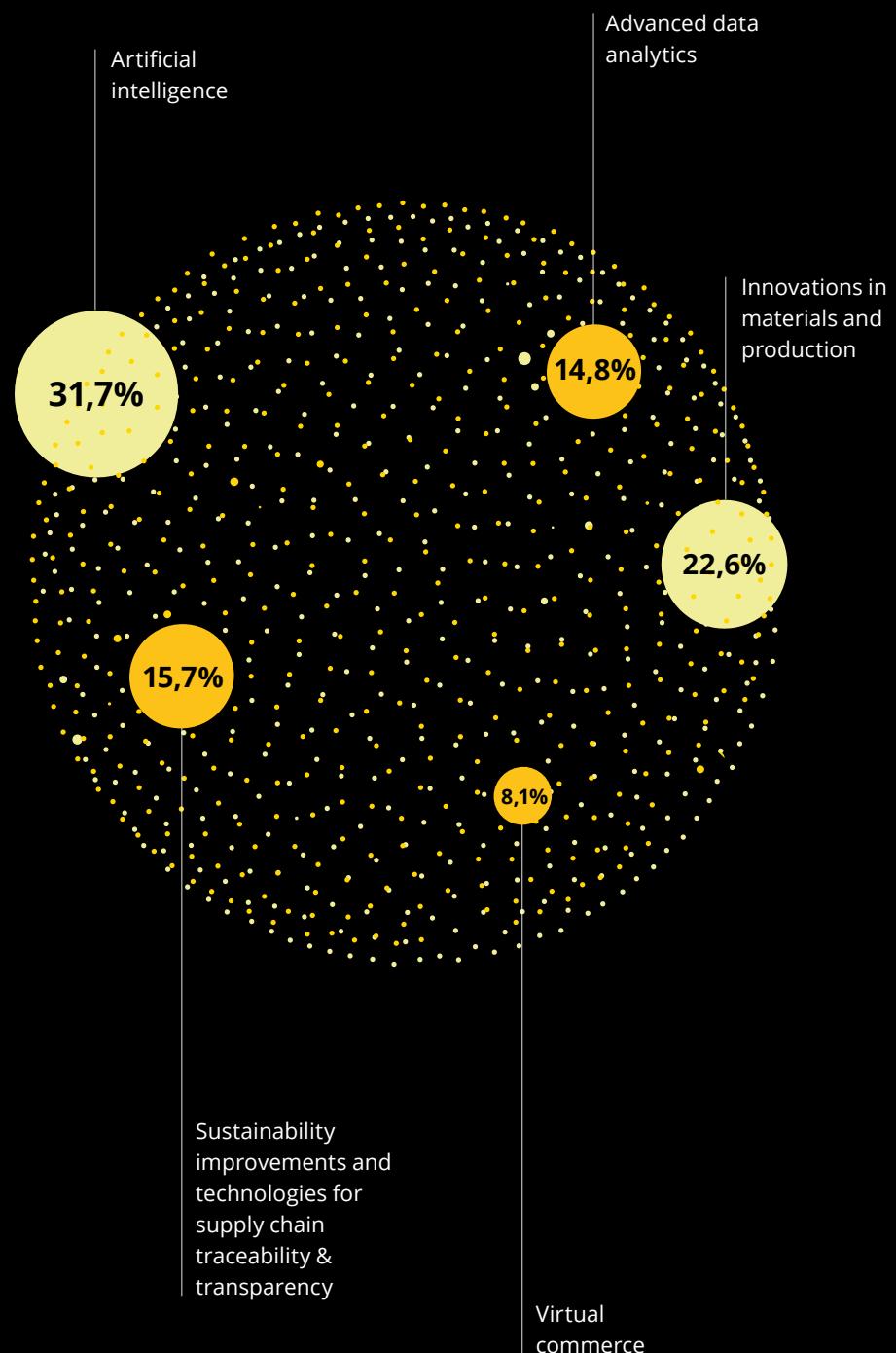


Figure 14 | Source: Deloitte Global Powers of Luxury 2026

Major transformative impact in the luxury industry in the next 5 years, by category

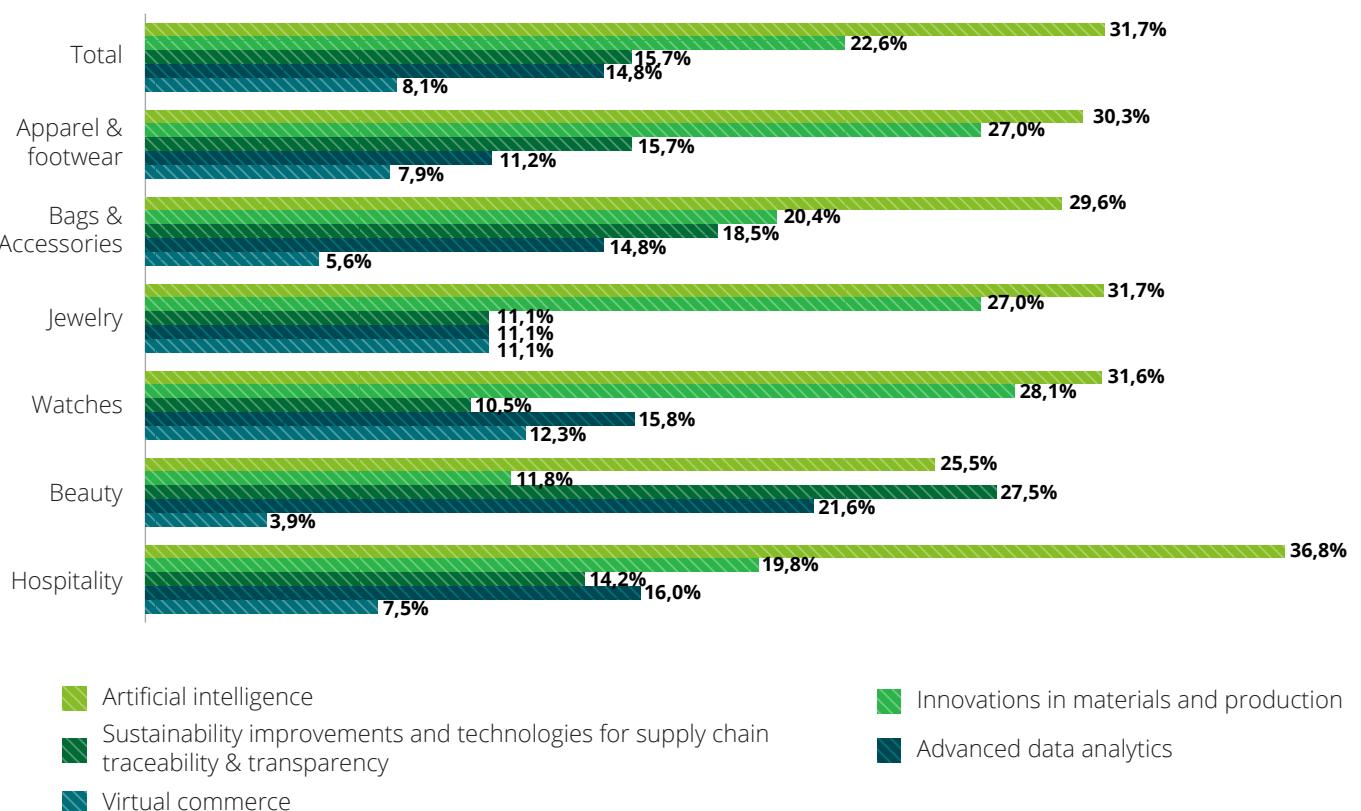


Figure 15 | Source: Deloitte Global Powers of Luxury 2026



Future growth levers: from transaction to relationship

Over the next five years, luxury executives expect growth to be reshaped across channels, experiences, and categories. This transition demands leadership navigate the critical space where **commerce, content, and culture** seamlessly intersect.

The data outline a luxury market evolving toward a **relationship economy**, one defined less by units sold and more by the depth, intimacy, and fluidity of brand-consumer connections.

While **mainstream e-commerce and direct-to-consumer (D2C)** channels are expected to underpin global expansion, leaders also highlight key growth accelerators: **social commerce, lifestyle diversification, and collaborative ecosystems**. These touchpoints will progressively redefine how value is created and captured, demanding a fluid, integrated strategy that adapts rapidly across different geographies.

Areas that are expected to grow the most in the next 5 years



Figure 16 | Source: Deloitte Global Powers of Luxury 2026

Digital commerce as the growth engine

Mainstream e-commerce and direct-to-consumer channels are identified by 25.7% executives as the most promising growth area. The direct relationship with consumers, once cultivated only in the exclusivity of brick-and-mortar boutiques, is now central to brand strategy. Executives view e-commerce as a strategic infrastructure: the foundation for capturing first-party data, enabling CRM integration, and delivering seamless personalized omnichannel experiences.

This growth is driven by two distinct market dynamics:

- Mature markets refining sophistication: high prioritization in markets like the UK (32%), France (32%), and the US (26%) reflects regions where existing digital maturity and strong logistics infrastructure already support high online luxury engagement. The strategic focus here is on refining D2C sophistication through advanced technology and deep personalization.
- Emerging markets accelerating adoption: the Middle East (26.7%) and Asia (33.3%), led strongly by India (53.3%), signal significant acceleration. In these regions, digital channels are rapidly scaling among younger luxury buyers. The strategy is to embrace digital-first luxury ecosystems to capture rapid market expansion.

The social media layer: shoppable media as the next frontier

The second engine of growth is social and shoppable commerce (prioritized by 20% of executives), which represents the convergence of storytelling, community, and transaction.

The rise of shoppable formats on platforms like TikTok, Instagram, and Asian super-apps is reshaping the consumer funnel, turning initial content discovery directly into a purchase event. Social platforms are now dual environments, operating simultaneously as both cultural hubs and commercial channels.

Executives in South Korea (30%), Spain (24%), Switzerland (24%), France (22%), and the US (22%) anticipate that social and shoppable commerce will become increasingly relevant for their customer bases, both domestically and cross-border.

Beyond transaction: the experiential broadening of luxury

Executives identify lifestyle extensions (17.9%) – including hospitality, wellness, home, and design – as a growth lever that is increasingly blurring traditional category boundaries. The value proposition is shifting from product ownership toward experience, with the goal of increasing relevance and share of wallet by being present in daily routines and high-intent moments. The UK (32%) and Switzerland (26%) executives lead this trend. The strategic logic for investing in these immersive extensions rests on three interconnected levers:

- Revenue diversification and recurrence: extensions, such as Food and Beverage, spa/wellness, and branded-residence fees, provide new revenue streams that help moderate seasonality and product-cycle volatility, helping ensure a more stable, recurring financial profile.
- Advanced data and insight generation: frequent, identity-verified interactions within these new environments generate high-quality data. This significantly improves propensity models and customer lifetime value (CLV) by providing a deeper, real-time

understanding of consumer behavior.

- Brand reinforcement and distinctiveness: immersive environments create powerful physical touchpoints that sustain brand distinctiveness and pricing power without relying on excessive new product proliferation.

Lifestyle extensions are evolving from adjunct initiatives to platform plays that increase customer lifetime value and embed brands in lived experience, securing loyalty beyond the transaction.

Co-branding and cross-industry collaborations: luxury as cultural platform

Co-branding and strategic alliances with non-luxury industries (13.3%) are viewed by executives as a relevant growth lever, enabling cultural renewal, access to additional demand pools, and selective capability testing without the cost of full in-house development.

When properly governed, these relationships can effectively bridge luxury's symbolic equity with dynamic domains like automotive, technology, culture, sports, and entertainment, reaching younger and more diverse audiences.

This expectation is more pronounced in Italy (24%) and France (18%). In Italy, the depth of industrial districts – Motor Valley, leather, eyewear, and nautical – facilitates rapid prototyping (e.g., leather with carbon fiber; couture with performance textiles) and high-quality, small-batch scaling allowing for quick, innovative product execution. French maisons benefit from mature internal ecosystems (couture, spirits, jewelry) and extensive experience in licensing and IP management, which significantly reduces execution risk in complex global deals.

By category, Watches (24.6%), Bags and accessories (18.5%), and Apparel and footwear (16.9%) show the highest engagement. These categories offer ideal, modular product "canvases" that translate cultural and sports tie-ins directly into tangible products (e.g., team colorways, artist collaborations) with viable economics for limited runs.

Collaborations extend far beyond simple brand visibility. They serve four core strategic functions:

- Capability Acquisition: Supporting the measured acquisition of new technical capabilities (e.g., connectivity, advanced materials, sustainability features).
- Market Access: Broadening market reach by leveraging collaborators' audiences and distribution channels.
- Revenue Stabilization: Bridging gaps between major seasonal peaks with lower capital exposure through tightly managed, full-price limited editions.
- Customer Nurturing: Creating novel experiential touchpoints (co-retail moments, festival activations) that introduce new, younger customers to CRM systems so that the brands can nurture them into core luxury lines over time.

Organizational readiness is the key differentiator in successful collaborations as they require established governance, clear legal

guardrails on design authority and IP usage, and a disciplined approach to execution.

Commerce reimagined: from digital and virtual goods to speed, dialogue, and immediacy

While no longer a new trend digital and virtual goods retain relevance as part of the e-commerce and clienteling toolkit. Though globally niche (11.7%), the traction is significantly higher in digitally mature markets like South Korea (26.7%) and Japan (20%). In these markets, executives view virtual fashion, gaming skins, and Non-Fungible-Token (NFT) style collectibles as additional expressions of identity and community with potential to drive traffic, increase conversion rates, and enhance CRM capture across traditional brand channels.

The concept of the "luxury metaverse" has evolved, with the underlying logic intact: digital ownership functions as cultural signaling and community currency. Categories showing greater openness include Beauty (15.7%) and Jewelry (14.3%), where virtual try-on and augmented storytelling can enhance desire, support scarcity narratives, and create phygital purchase paths.

In Middle Eastern markets, the digital-virtual frontier aligns with regional ambitions to become a technological luxury hub, integrating digital assets into physical retail.

Finally, a smaller but meaningful share of executives (11.4%) identify fast and conversational commerce as a growth model, with higher interest in Middle East (16.7%) Spain (16%), and the UK (14%). This model centers on real-time, personalized selling across chat and messaging surfaces (e.g., WhatsApp, social media direct messaging, clienteling platforms). It strategically bridges e-commerce convenience with high-touch engagement.

Categories most receptive to this model are Jewelry (17.5%), Beauty (15.7%), and Hospitality (14.2%), where service immediacy and one-to-one dialogue significantly influence conversion and repeat purchase frequency.

Conversational commerce is not yet a primary engine, but it is a credible trajectory for future scaling. As AI capabilities mature and integrate with core systems, this model is poised to position brands to capture incremental demand by providing a human-like sales experience.

Areas that are expected to grow the most in the next 5 years, by category

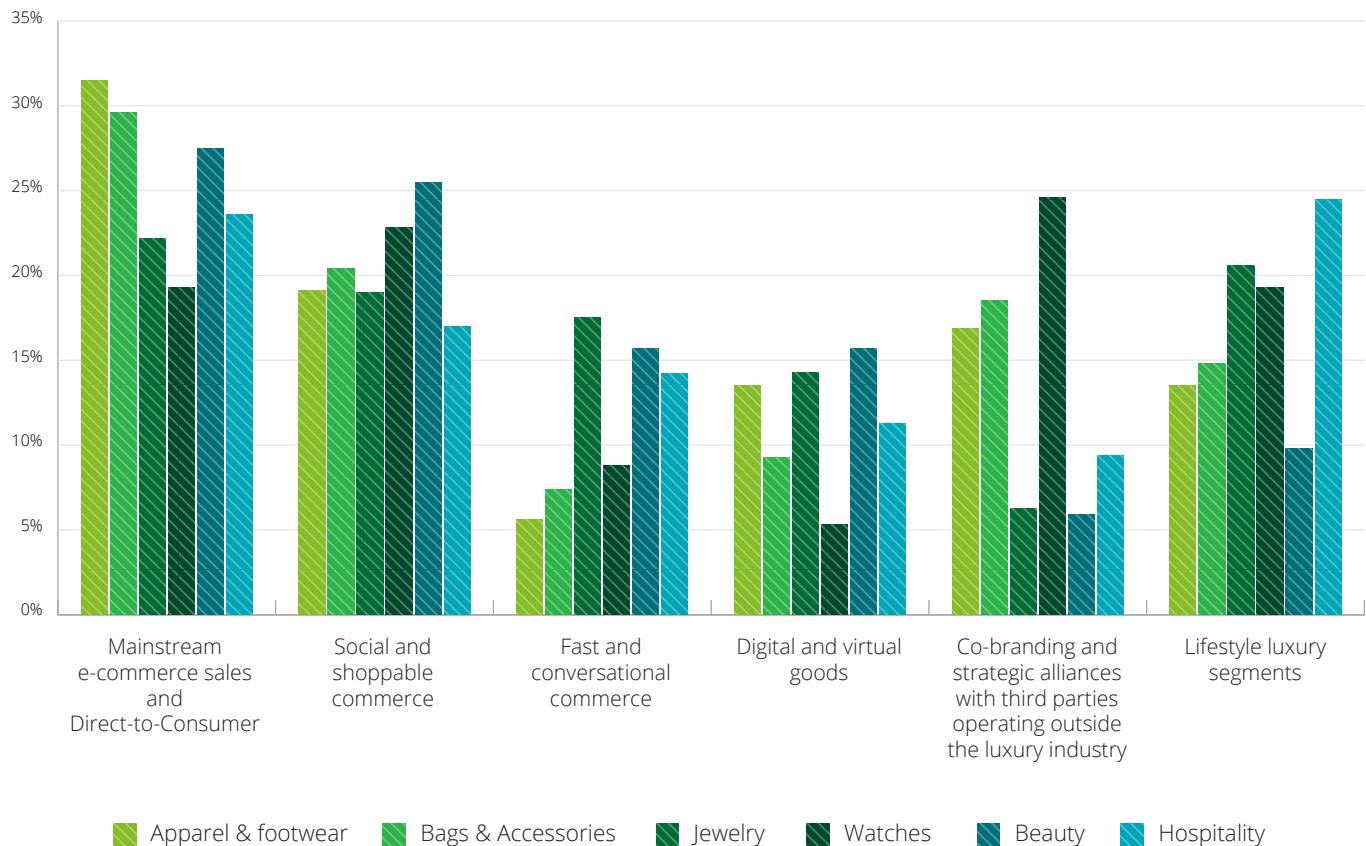


Figure 17 | Source: Deloitte Global Powers of Luxury 2026



Sustainability

The next three to five years could mark a **turning point** in the luxury industry's sustainability agenda.

C-level executives across global markets now view sustainability not only as a compliance exercise but as a **driver of innovation, competitiveness, and brand meaning**.

The pathways, however, still diverge by geography and sector. While some regions are pioneering sustainability as a field of **creative R&D and circular innovation**, others continue to frame it predominantly through regulatory or reputational lenses.

Overall, the data signal that the industry's next sustainability chapter will be defined by **proactive transformation**. This involves a convergence of innovation, circularity, and social inclusion into a new model of **responsible luxury**. This marks a fundamental transition from simply *managing* sustainability risks to *designing* sustainability into the core of the business model.

In this context, the definition of product ownership and longevity is being rewritten. Second-hand, pre-owned, and broader circular strategies have structurally moved from the margins to the core. They are now recognized as important levers for sustainability delivery, new customer loyalty, and revenue diversification.

Some of the most successful houses will no longer compete only on craftsmanship or brand aura, but on their ability to transform innovation, transparency, and inclusion into enduring cultural and economic value.

Moving forward, the key to industry leadership is to move beyond mere acknowledgment and focusing on principles of innovation, transparency, and social inclusion.

Fashion and Luxury companies' sustainability agenda priorities

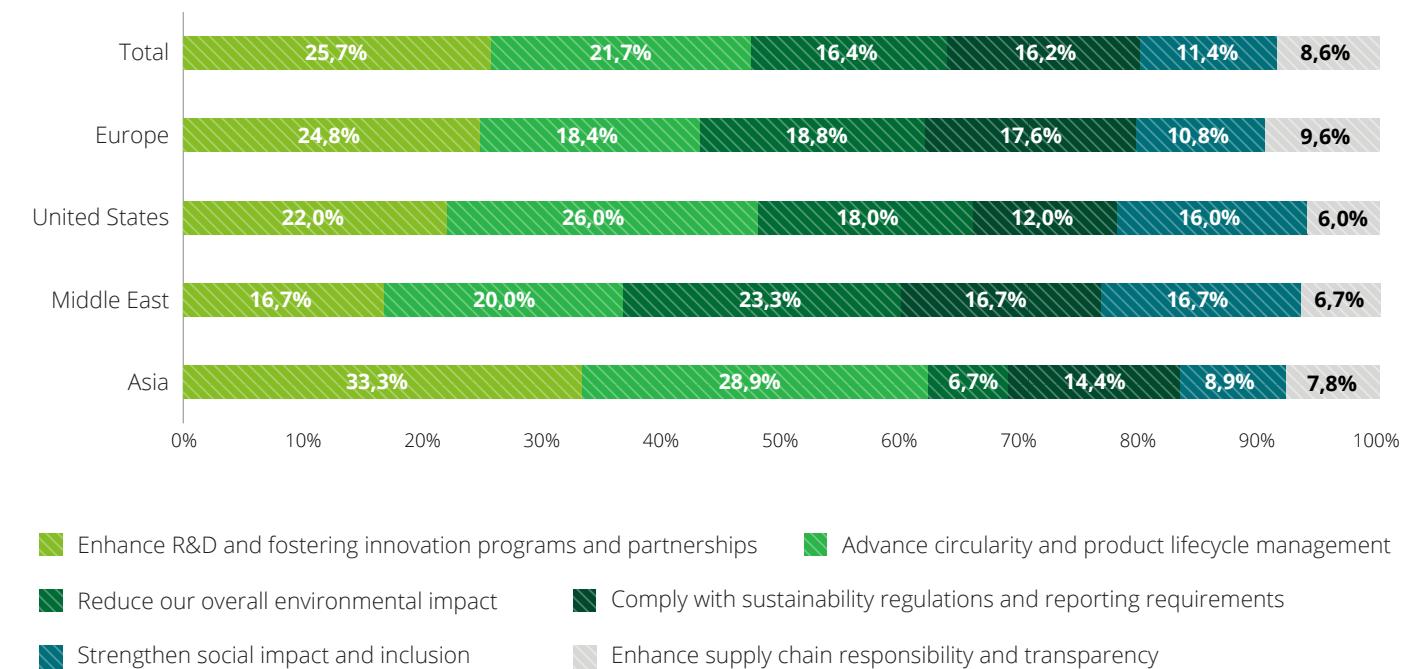


Figure 18 | Source: Deloitte Global Powers of Luxury 2026

Innovation as the new sustainability frontier

The data reveals that enhancing R&D, innovation programs, and strategic collaborations (25.7%) has emerged as the most important sustainability priority for luxury leadership globally according to survey respondents. The path to sustainability is now viewed through the lens of science, materials technology, and collaboration, moving beyond offsetting measures or reporting.

Innovation is becoming the connective tissue between luxury's creative DNA and sustainability imperatives.

This priority manifests differently across countries. In France (38%), innovation is supported by big luxury conglomerates and driven by regulatory directives while India's remarkable 56.7% reflects a massive investment by an emerging manufacturing hub, focused on scaling sustainable materials and regenerative production to meet global brand demand while elevating local craftsmanship.

At a regional level, Asia (33.3%) is the most innovation-driven, followed by Europe (24.8%), which continues to evolve legacy craftsmanship through new materials, bio-fabrics, and traceability technology.

Across sectors, Apparel and footwear (30.3%) and Watches (29.8%) are driving investments in innovations, such as sustainable biomaterials, low-impact finishing, and eco-engineered packaging.

Circularity and lifecycle management

Advancing circularity and product lifecycle management is the second-highest sustainability priority for luxury executives (21.7%), a figure that indicates the industry is transitioning toward fundamental systems-level redesign. This structural focus is most pronounced among executives in Japan (43.3%), Switzerland (26%), and the US (26%), where mature brands are actively building the necessary infrastructure for repair, resale, and recycling.

Compliance and reporting: Europe's priority

Compliance with sustainability regulations and reporting requirements (16.2%) remains a notable but uneven priority. It ranks higher in the United Kingdom (24%), Italy (20%), and Spain (22%) —the latter two reflecting the regulatory push of the EU Green Deal and Corporate Sustainability Reporting Directive (CSRD).

For European brands, compliance is not optional, it's foundational. The focus is on integrating sustainability metrics into financial reporting and supply chain monitoring, turning governance into a competitive advantage.

Environmental impact reduction

Reducing environmental impact (16.4%) remains central in luxury companies' strategies and the focus is shifting from incremental footprint reduction to structural emissions and materials transformation. France (26%), Italy (24%), and the United Kingdom (22%) executives show the highest share of focus on this priority reflecting markets with strong consumer awareness and environmental policy enforcement.

The Middle East (23.3%) also stands out, particularly in Saudi Arabia and the UAE, regenerative luxury tourism and greener retail real estate are core to national diversification agendas embedded in Vision 2030²⁹ and the United Arab Emirates' Tourism Strategy 2031³⁰, supported by sustainable building codes and developer-led Net Positive commitments³¹. In contrast, Japan (3.3%) and India (6.7%) show limited prioritization.

By category, Bags and accessories (20.4%) and Apparel and footwear (19.1%) are leading emission and waste reduction, with strong alignment to textile recycling and low-impact packaging.

Social sustainability

Strengthening social impact and inclusion (11.4%) reflects growing recognition that luxury's social footprint must match its environmental ambition and should have the ability to create cultural and economic value for the communities behind its products. Further Deloitte Italy research shows that social sustainability is a growing lever of brand trust for consumers³² and social is gaining importance as a driver for brand connection especially for consumers in Asia, the US and the United Arab Emirates.

Consumer attitudes are mirrored by executive sentiment in the US (16%) and the Middle East (16.7%), where inclusion and local job creation are increasingly tied to corporate reputation. Beauty (19.6%), Watches (14.5%) and Apparel and footwear (13.5%) lead here, translating inclusion into brand experience through representation, local relationships, and workforce inclusion.

Supply chain transparency: closing the traceability gap

Many luxury brands have already established a baseline for transparency leading to a relatively lower prioritization of supply chain transparency as a top focus (cited by only 8.6% of executives). Transparency remains an important substratum upon which other sustainability ambitions are built; it is foundational. The focus is highest in Japan (16.7%), the United Kingdom (14%) and Italy (12%). A further push to transparency will be fueled by the maturation of blockchain-enabled traceability and the enforcement of requirements like the EU Digital Product Passport (DPP) in Europe. These forces are expected to make digitized transparency a non-negotiable operating requirement across the industry.

Fashion and Luxury companies' sustainability agenda priorities, by category

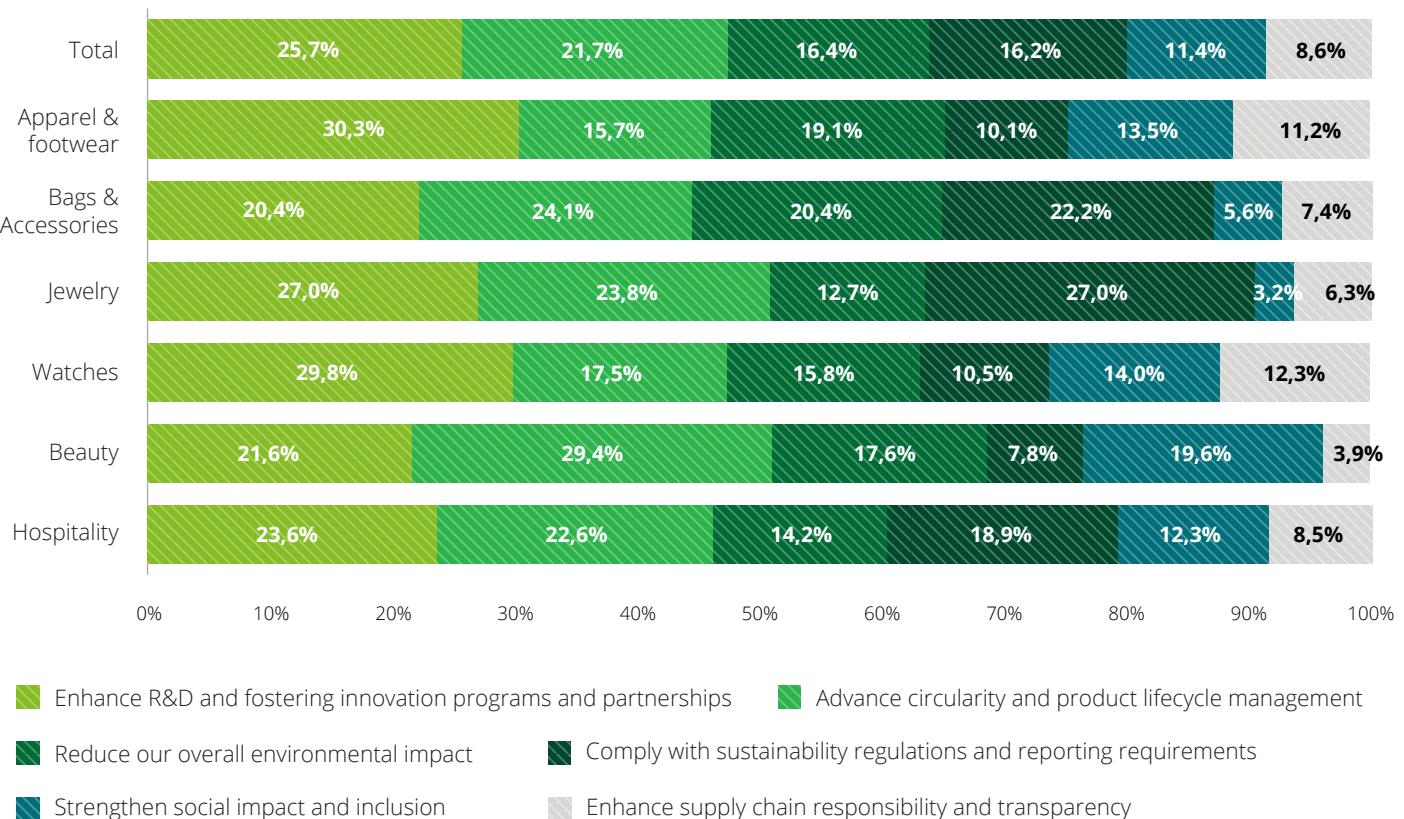


Figure 19 | Source: Deloitte Global Powers of Luxury 2026

Managing transformation across the textile value chain

To remain competitive in an era of sustainability concerns and the imperative for economic transformation, the textile, clothing, and footwear (TCF) sector should adopt more sustainable and inclusive production models. The TCF's inherently complex value chain poses a significant challenge, making sustainability impacts difficult to trace and thus underscoring the necessity of collaborative solutions.

To help address this complexity and drive fundamental change, the **Fashion Impact Toolkit**³³, developed by Deloitte Global and Global Fashion Agenda, offers an interactive resource to help companies identify key sustainability concerns and improve decision-making. It supports integrating impact data into business strategies, fosters supplier collaboration for transparency, and drives innovation to help reduce impacts and create shared value.

Methodology

The study develops a forward-looking view of how current market conditions, near-term projections, and evolving consumer preferences might shape strategies in the fashion and luxury industry over the next year and beyond. Commissioned by Deloitte Global, the study is based on a survey conducted through telephone interviews by an independent research company from August to September 2025.

The study surveyed 420 luxury industry executives from companies operating across 10 countries: Italy, France, Spain, the United Kingdom, Switzerland and the United States (50 respondents each), and India, Saudi Arabia/United Arab Emirates, South Korea and Japan (30 each). The respondents included C-suite and senior executives who were directly responsible or exerted significant influence on major strategic initiatives in their organizations (18.6% C-suite role; 25.2% Director/Senior Director; 15.5% Board of directors/Advisory board; 40.7% Assistant Vice President/Associate Vice President/Vice President) and represented key luxury sectors, including Apparel and footwear, Bags and accessories, Jewelry, Watches, Beauty and Hospitality.

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