

SE Money
HD **When only the best will do**
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Some retailers are doing it tough but luxury stores, especially those in Melbourne and Sydney, are flourishing. Emily Chantiri reports.

Consumers around the world are seeking to **buy** a slice of the good life, according to a report by corporate advisory **firm** the Boston Consulting **Group**.

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The study found that consumers spend more than \$1.8 trillion worldwide annually on items defined as luxury goods and services, such as dining, apparel, cosmetics, watches and jewellery.

On a global scale, Melbourne and Sydney are in the top 25 of the **firm**'s list of 550 growth cities for luxury, ahead of shopping destinations such as Abu Dhabi and hedonistic locations such as Miami and Rome.

There is plenty of evidence to support that ranking, looking at the number of luxury brands opening stores across the nation, says Sarah Willersdorf, a principal at the Boston Consulting **Group**.

"Since 2011, luxury stores such as Chanel, Canali, Louis Vuitton, Prada, Miu Miu, Zegna, Tiffany & Co, Salvatore Ferragamo and Gucci have either set up or are opening up for the first time in Australia, with more locations across the country," says Willersdorf. "Much of this is driven by **Chinese** tourists. Our report forecasts the number of **Chinese** tourists visiting Australia each year is set to rise from 900,000 in 2012 to 2.2 **million** in 2020."

The executive director of the Australian Retailers Association, Russell Zimmerman, is not surprised by the findings.

"You only have to look at the 2013 Boxing Day sales to see the number of people lining up to get into the high-end stores," he says.

"Interestingly, luxury brands don't necessarily offer the big discount sales like Myers and David Jones during this period. They do have discounts on some items, but it is considerably smaller than other retailers.

"Tourism from Asia is also driving the trend for branded items. It's an opportunity for Australian retailers to meet these demands."

With the appetite for luxury purchases set to continue, he warns consumers to be aware of faux products when shopping online.

"Sometimes you will see luxury-branded items selling for an exceptionally cheap price. Consumers need to be aware that the Gucci or Louis Vuitton item they are buying could be a knock-off," he says.

For some items, no matter where in the world they are bought, the price remains consistent, Zimmerman says, but some brands are extending to offer more affordable product lines for consumers with leaner wallets.

"Take Apple computers. The price seems to be fairly well controlled regardless of where in the world it is purchased. It is much more difficult to find discounts with high-end brands," he says.

However, "not so long ago, luxury European cars were only for the wealthy. Now, brands such as Mercedes, BMW offer entry-class model vehicles, which is not far off the reach of an average wage earner".

In February, 2014, CommSec's luxury vehicle index reported a surge in the market share of luxury cars. The index rose by 16 per cent in the 12 months to January, compared with just a 1.4 per cent rise in the sales of all passenger cars and sports utility vehicles. Luxury cars now represent a record 7.9 per cent of all sales of passenger cars.

Along with the general craving for luxury, consumers' taste for eating out is also increasing. The restaurant, cafe and catering industry has recorded significant growth in turnover. According to the Australian Bureau of Statistics, sales increased 11.4 per cent from April 2013 to April 2014.

Restaurants, cafes and catering services were the star performers of this growth, while takeaway shops were falling behind, says John Hart, head of industry body Restaurant and Catering Australia.

"Since 1998, there has been a swing from takeaway and fast meal options to eating in or full-service dining. This shows a dramatic shift in the way Australians are dining," he says.

The change could be attributed to a number of factors, Hart says. The first is demographics, with many older Australians preferring to dine out rather than take home a pizza or pad thai. There is also a trend to go out for breakfast or brunch, or eat outside the traditional meal times, which is helping.

"Today, there are a number of dining options that are more affordable than the traditional lunch or dinner service," Hart says.

"Consumers are looking for savings and they are doing this increasingly by sharing entrees and desserts and sticking to one glass of **wine** per meal.

"This gives diners the restaurant experience, without the high-end cost of a full-serviced meal."

Enjoying the good life without the big price tag - that too can be luxury, Hart says.

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