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The new trends in the luxury market in the 21st century[1]

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Abstract
The main aim of this article is to present and analyse changes in the global luxury goods market in the 21st century, with particular emphasis on the effects of the supply shock caused by the COVID-19 pandemic. In the part devoted to the period before the pandemic, the following market trends will be described: the democratisation of luxury, brand consolidation process, the emergence of *Generation Alpha*, the evolution of *masstige* goods relied on fast-fashion processes, "Chinese bulimia", market "retailization" processes, the growing importance of mono-brand stores, rejection of online sales by European brands, e-commerce development, and growing environmental awareness. The article's part, dedicated to the period of the pandemic and the changes immediately after it, presents trends such as the emergence of non-fungible tokens (NFTs) and gaming goods (metaverse gaming), the rebirth of the vintage market and secondhand stores, an increase in sales of casual goods, new multi-brand sales platforms, and the growing importance of local markets. The article is based on literature query and comparative analysis of industry reports prepared by *Deloitte*, *Bain & Company*, and *Luxe Digital*.
Keywords: luxury, market analysis, luxury market, COVID-19

Nowe trendy na rynku dóbr luksusowych w XXI wieku

Streszczenie
Celem artykułu jest przedstawienie i analiza zmian na światowym rynku dóbr luksusowych mających miejsce w XXI wieku, ze szczególnym uwzględnieniem skutków szoku podażowego wywołanego pandemią COVID-19. W części poświęconej okresowi przed pandemią COVID-19 zostały omówione

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takie trendy rynkowe jak: demokratyzacja luksusu, proces konsolidacji marek, pojawienie się kolejnych generacji klientów (ang. *Generation Alpha*), zaistnienie masowych dóbr luksusowych (ang. *masstige*) wraz z procesami *fast-fashion*, „chińska bulimia", „retailizacja" rynku i wzrost znaczenia sklepów monobrandowych, odrzucenie przez marki europejskie sprzedaży internetowej, wzrost znaczenia *e-commerce* oraz rosnąca świadomość ochrony środowiska. W części artykułu poświęconej okresowi pandemii i zmianom bezpośrednio po niej przedstawiono takie trendy jak: pojawienie się niewymiennych tokenów (NFTs) i towarów do gier (ang. *metaverse gaming*), odrodzenie się rynku *vintage* i sklepów z dobrami używanymi, wzrost sprzedaży dóbr typu *casual*, powstanie wielobrandowych platform sprzedażowych oraz wzrost znaczenia rynków lokalnych. Artykuł powstał na podstawie przeprowadzonej kwerendy literatury oraz przy wykorzystaniu analizy porównawczej raportów branżowych, przygotowanych przez firmy *Deloitte*, *Bain & Company* oraz *Luxe Digital*.
Słowa kluczowe: luksus, analiza rynku, rynek dóbr luksusowych, COVID-19

The luxury market has experienced huge changes in the 21st century. It started at the beginning of this century with processes of market democratisation, then the market was hit by the 2009 crisis, but the COVID-19 pandemic changed everything. Both the demand and supply sides of the market experienced rapid and unpredicted variability, which forced urgent changes in the short-term and the long-term market conditions and strategies, as all market agents had to adapt to the new reality. Consumers and firms had to adjust quickly to the new way of living and their outlook on luxury goods was shifted. The two pandemic years financially devastated the €283 billion luxury goods sector (Financial Times 2022). Many of the usual triggers for high discretionary demand, such as international travel, confidence in the economy, and social occasions suddenly disappeared. Stores were closed, reopened, and closed again. Fashion shows and other key marketing events moved to the Internet, supply chains were broken or experienced significant delays, and prices of materials and labour increased (Financial Times 2022). The overall luxury market shrank by 20% to 22% at current exchange rates between 2019 and 2020 (D'Arpizio et al. 2021b).

Each market has to adapt to changes in the environment. If the environment is changing suddenly and unexpectedly, these changes can be both positive and negative. The future of the market depends on how well and quickly the market reacts. It might seem that some markets, of a more traditional and static nature, will be particularly vulnerable to sudden changes. Nevertheless, the luxury goods market surprised and delighted all commentators with its adaptability and flexibility to change and create new trends. The main aim of this research is to identify the main determinants, which shaped and reshaped the luxury market in the 21st century, with putting special attention to the supply shock caused by the Covid-19 pandemic. The most specific and unique trends that occurred before the pandemic and after it will be mentioned and shortly described.

Materials and methods

The economics literature dedicated to theoretical aspects of luxury is relatively narrow and limited. Among the most influential and cited papers concerning theoretical aspects of luxury are: Heine (2012), Vigneron & Johnson (1999), Jung Choo et al. (2012), Dubois & Laurent (1994), and Ko et al. (2019). The conceptual model of luxury is presented by Gurzki & Woisetschläger (2017), and the theoretical dimension of luxury products is deliberated by Vickers & Renand (2003). The economic aspect of conspicuous consumption and bandwagon paradox is described, *inter alia*, by Memushi (2013), and Bronner & de Hoog (2018).

The analysis of trends and changes in the luxury market can be found in publications: Agrawal et al. (2021), Holmqvist et al. (2020), and Kapferer & Michaut (2015). Sustainable aspects of the luxury market are analysed by Li & Leonas (2019), and Kapferer & Michaut (2015). However, most of the papers are based on annual reports on the luxury goods market published yearly by *Bain & Company*, *Deloitte*, and KPMG, which present overall overviews of the market changes and future trends.

Research results

Luxury is "constantly on the move" (Kapferer 2008: p. 96), which means that this economic concept remains subject to a constant process of change and improvement (Heine 2012). Traditional luxury goods can be defined by very high prices, scarcity and uniqueness, excellent quality, ancestral heritage (Dubois et al. 2001: p. 8), and superfluousness (Bearden, Etzel 1982). Moreover, they are usually characterised by symbolism, timelessness, and honesty. Luxury goods are tailored, bespoke, and often irrational and emotional, they sell "dreams and well-crafted emotional benefits to relatively affluent consumers" (D'Arpizio et al. 2005).

The luxury market before the pandemic

For many decades, the golden rule of the luxury business model was "to be elegant, consistent, and effective". The market motto of that time was: „Don't ask consumers what they want, tell them what they should have" (D'Arpizio et al. 2005).

Democratisation of luxury

At the beginning of the XXI century the traditional perception of luxury had changed, the existing luxury market called *sortie du temple* was replaced by the *new luxury*, so-called *neo-luxury*. It "offers high-quality products and services at a more affordable price to the majority of middle-class consumers" (Cabigiosu 2020). The luxury business experienced impressive growth resulting from a process called *democratisation of luxury* – the "movement, in which goods formerly reserved to the elite are now consumed by a large public, even if only occasionally" (Dubois et al. 2001: p. 5). The democratisation of luxury, according to Anna Wintour, "means more people are going to get better fashion. And the more people who can have fashion, the better" (qtd. in: Salter Reynolds 2018).

Silverstein et al. (2008) described this as the phenomenon of trading-up: people desire and intend "to pay a premium price for goods that have a high degree of quality and aesthetic taste" (qtd. in: Cabigoisu 2020). New customers were inclined to spend more money on the product categories they were interested in some selected brands (trading up) and less – on less interesting product classes (trading down) "to be able to invest savings in new luxury products". This process changed the traditional recognition of luxury, which became perceived "as social identity, search for experiences and emotions, the desire to be satisfied with oneself, and gratification" (Cabigiosu 2020). Luxury became pleasure, beauty, dream, and it involved customers' multiplicity of the senses.

The process of luxury democratisation led to the major phenomenon that took place in the luxury market (Cabigiosu 2020). Individual fashion brands were bought by luxury conglomerates that expected immediate results. For example, LVMH acquired *Givenchy* in 1988, *Berluti* – in 1993, *Kenzo* – in 1993, *Guerlain* – in 1994, *Céline* and *Loewe* – in 1996, *Marc Jacobs* and *Sephora* – in 1997, *Thomas Pink* and 50.1% ownership of *Tag Heuer* – in 1999, *Emilio Pucci* and *Rossimoda* – in 2000, *La Samaritaine* and *Fendi* – in 2001. In 2001, LVMH acquired 89% stake in the New York-based brand DKNY and acquired an initial stake in *Hermès* of 4.9% through subsidiaries (raised its stake to 23.1% as of 2013). The name LVMH itself was generated from the merger between Louis Vuitton and Moët Hennessy in 1987.

The 1999 was the first year when *Pinault–Printemps–Redoute* (PPR) first entered the luxury sector via the acquisition of 42% stake in *Gucci Group NV* for $3 billion, then *Yves Saint Laurent* (now *Saint Laurent Paris*), *Sergio Rossi*, and *YSL Beauty.* In 2001, through the *Gucci Group*, PPR bought *Balenciaga* and *Bottega Veneta,* as well as signed partnerships with Alexander McQueen and Stella McCartney. The PPR was renamed *Kering* in 2013 (Donzé, Fujioka 2018).

In 2012 took place the acquisition of *Valentino* for €858 million by *Mayhoola* (a company owned by a leading investor in Qatar, see: Sowray 2012), in 2017 – the acquisition of *Christian Dior* for $13.7 billion by the Arnault family, in 2018 – the acquisition of *Versace* for €1.83 billion Michael Kors (see: Euronews 2018). The study *Fashion Luxury Private Equity and Investors Survey 2019,* published by *Deloitte*, highlighted precisely "this race for consolidation in the luxury market and the growing interest of investors in this sector". A total of 265 merger and acquisition transactions in the luxury market "were recorded in 2018, of which 73 focused on luxury fashion and took place mainly in Europe" (Cabigiosu 2020; Deloitte 2019a). To raise capital, the global companies were entering the stock exchange. The consequence of this situation was additional investors' pressure to improve financial indicators. Therefore the luxury companies and brands were forced to get to the widest possible number of customers with the tremendous number of products.

Simultaneously, the new, more aware, less loyal, young, and open-minded consumer appeared. During that time, market experienced a reshaping of traditional social patterns in societies: growing financial and social independence of women, new family patterns with the growing role of children, often the only child, and changes in attitudes towards life. The increasing financial capability of households, lower maintenance costs, and the unprecedented access to consumer credit allowed to generate a surplus ready to be spent on luxuries. This profile of customers became more attractive for luxury producers and sellers. Therefore the new brands called subbrands appeared (such as *Baldessarini* created by *Hugo Boss*, *Variazione* – subbrand created by *Yves Saint Laurent*, *Versus* – by *Versace*, and *Fendissime* created by *Fendi*), and a new type of discount stores, facilitating the purchase of luxury goods for relatively small, often discounted prices, emerged. It resulted in the appearance of a new category of goods called: accessible superpremium or masstige[2]. These changes imposed a redefinition of the luxury market and its customers.

The *Bain & Company* defined four rules for luxury companies:

1) "strive to know your consumer, not just be known by them";
2) "think merchandising, not just creativity";
3) "offer a tailored customer experience, not just exclusive stores";
4) "refresh, refresh, refresh" (D'Arpizio et al. 2005).

The additional market pattern was "fast fashion". Stores were equipped with collections of new designs several times during the season, "achieving a new and different kind of exclusivity by putting customer value, commercial appeal, individualisation, and variety at the centre of their strategies" (D'Arpizio et al. 2005). The new high-end fashion phenomena appeared responding to consumers' needs.

"Chinese acceleration", or "Chinese bulimia"

The „democratisation of luxury" was stopped by the 2009 crisis, then between 2009 and 2014 market experienced „Chinese acceleration" (D'Arpizio, Levato 2021b), so-called „Chinese bulimia" (Francone 2017/2018). In 2008 and 2009, luxury sales continued to grow despite the global financial crisis on the background of dramatic growth in Asia. Sales in that region grew at over 8% a year (starting from 2008), that is 80% of revenue growth for the industry. Tourism accelerated by Chinese consumers and increased tenfold, with a large proportion of Chinese consumers. Their luxury goods purchases occurred mainly during a vacation as buyers take advantage of reimbursements of value-added tax. In 2015 "Chinese consumers played a primary role in the growth of luxury spending worldwide. They account for the largest portion of global purchases (31%), followed by Americans (24%) and Europeans (18%)" (D'Arpizio et al. 2015: p. 2).

The changes were observed also in selling channels. Wholesale was still dominant in the personal luxury goods market, capturing 66% of the total market. However, retail continued to gain share, driven by network expansion and the growth of mono-brand stores. The wholesale channel's slower performance was stemmed from three factors:

1) the ongoing "retailization" of luxury (converting franchised locations into company-owned stores or joint ventures),
2) the performance of US department stores across product categories (particularly in leather goods),
3) the decreasing sales of Asian watch retailers (D'Arpizio et al. 2015: p. 2).

E-commerce grew to a 7% market share in 2015, and then nearly doubled its penetration since 2012. Specialised e-commerce players outperformed the global market as

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[2] „Accessible superpremium" is s group of goods that are priced at or near the top of their category but they are still affordable to the middle-market consumer. „Masstige" is a neologism for "mass prestige". Most luxury brands sell „masstige" products directed to a wider group of consumers.

Chinese e-tailers progressively extended their geographic reach and gained share on a global basis. The e-commerce websites of American and European retailers (mainly department stores) continued to grow, as "a response to customer demand for an omnichannel experience" (D'Arpizio et al. 2015: p. 2). Luxury brands, especially European monobrands, were losing online share. Some brands refused to sell online relying on the physical networks of their boutiques or third-party multi-brand retailers. Brands believed in traditional shops promoting exclusivity, craftsmanship, authenticity, and excellent consumer service that influenced consumer experience.

The role of airport retail remained high and accounted for 29% growth rate (in current exchange rates) and 18% in constant exchange rates. In 2015 airport retail accounted for 6% of the global luxury market. From 20% to 30% of industry revenues were generated by consumers making luxury purchases outside their home countries. "In 2018, Chinese consumers took more than 150 million trips abroad; […] purchases outside the mainland accounted for more than half of China's luxury spending that year" (Kim et al. 2019; qtd. in: Achille, Zipser 2020: p. 2). Asian shoppers bought "luxury goods outside their home countries not only to benefit from lower prices in Europe, but also because shopping became an integral part of the travel experience: buying a brand in its country of origin come with a sense of authenticity and excitement" (Achille, Zipser 2020: p. 2).

"Reboot" and "New Normal"

After the period of „Chinese Acceleration" the luxury market experienced periods called „Reboot" and then „the New Normal" (D'Arpizio, Levato 2021b). Improvement was based on new generations, higher volumes, and changes in the types of clients. Another special feature of the luxury market of that time was growing awareness of environmental concerns, mainly focused on sustainable production (circular fashion: recycling, upcycling, thrifting; ethical fashion: production methods, working conditions, fair trade; conscious fashion: eco-friendly and green fashion), offsetting carbon emission, searching for environment-friendly materials, mainly biomaterials (biomaterials are any natural or synthetic materials that are created through interaction with biological systems, they are biological in origin, circular by design). The customer became more ecologically aware and eco-oriented.

To sum up, before the COVID-19 pandemic, luxury market grew based on traditional values and slowly changing supply chains. The changes in the geographical structure of the market reflected the overall worldwide economic and social changes: the growing role of the middle-class and women in economies, changes in social stratification, the slow process of digitalisation, and the increasing importance of Chinese customers and globetrotters.

Luxury market during the pandemic

During the two years 2019–2020, COVID-19 created huge challenges for all companies and markets across the globe, and the luxury goods market was no exception. Once the pandemic started, demand for luxury items dropped sharply as consumers changed their purchasing behaviour, stores were closed under lockdown regulations, and international travel was dramatically curtailed. "Over 80% of the *Top 100* companies reported lower sales" in 2020 (Deloitte 2021: p. 26). Moreover, market experienced a reduction in production due to temporary factory closures (supply-constrained industries) and supply-chained disruptions. Especially supply chains caused problems as luxury companies traditionally limited their suppliers as they wanted to maintain product control, ensure minimum threshold volumes, and avoid the possibility of counterfeiting. Many luxury markets were characterised by significant regional concentrations of skilled craftsmen. This process also limited the diversification of suppliers because the geographical concentration of suppliers made it difficult to mitigate problems in the supply chain (del Mar 2020).

The pandemic changed the luxury market forever. The character of the majority of alternations is long-term, and it is no longer possible to return to the past. Some of the trends occurred earlier, the others were deepened during the pandemic, e.g. the processes of digitisation. Additionally, during the pandemic, new processes emerged that made the modern luxury market redesigned and renovated. Among many emerging trends were: the emergence of new types of products, secondhand market development, a decrease in wholesale, and a parallel rise of e-commerce.

The emergence of non-fungible tokens (NFTs) and gaming goods

Nowadays among the new types of luxury products are *non-fungible tokens* (NFT) and gaming products. The NFTs "represent the ownership of a digital (cryptographic) item or asset". They are created through blockchain technology. Each token is a unique good that "cannot be replaced with something else". Additionally, its holder also is "the unique owner of the digital assets" (Deloitte 2021: p. 7). The process of certification takes place via *blockchain* (the system, which regulates, and records transactions and tracking).

Another new type of luxury product are gaming products. *Financial Times* reported in January 2022 that to find new customers among *Generation Z*, luxury brands will invest further in gaming partnerships (e.g. *Honor of Kings, Fortnite*). The developmental prospects and possible profits seem to be surprisingly abundant, for instance, *Dolce & Gabbana* "auctioned off a nine-piece collection of NFTs for $6 million in September 2021" (Financial Times 2022).

The *Morgan Stanley report* claims that NFTs and social gaming (online games and concerts attended by people's avatars) represent two near-term opportunities for luxury brands, allowing them to monetise their IP (intellectual property) built over decades. The report predicts that NFTs and metaverse gaming are €50 billion annual revenue opportunity for luxury companies, and could offer 25% uplift to industry profits by 2030 (Morgan Stanley 2021).

Rebirth of the vintage and secondhand market

The resurgence of the vintage and secondhand market is another trend in the luxury market that fosters future growth based on circularity and reuse. This market segment was formerly ignored by the luxury industry. Nowadays luxury brands prefer more circular business models and serve the niche dedicated to customers who no longer want to buy new products. Many luxury brands cooperate "with secondhand platforms such as *Vestiaire Collective* and *The RealReal* to offer authentication services and incentivise customers to consign their past purchases via store credit" (Financial Times 2022). There is noted that "some smaller brands, including *Rachel Comey* and *Marques' Almeida*, are using their websites to facilitate secondhand sales directly" (Financial Times 2022), and it is expected that larger brands will follow that trend.

Bain & Company claims that the secondhand luxury market reached €33 billion in 2021, and the "secondhand luxury market grew by 65% between 2017 and 2021" (D'Arpizio et al. 2021b). During that period „firsthand" product growth accounted for 12%. This trend is driven by growing demand and an increasingly competitive offer and is described by many new economic terms: resale, re-commerce, luxury consignment, or pre-loved. *ThredUp* in 2021 noted that 50% of people were cleaning out their wardrobes more often than they had done during pre-Covid times. ThredUp's president Anthony Marino noticed: "We've seen a strong uptick in supply, with many people spending more time at home staring at their full closets and looking to earn some extra cash." (D'Arpizio et al. 2021b; ThredUp 2021).

Growing social responsibility and environmental awareness

Ongoing changes were also connected with growing social responsibility and environmental awareness among customers and firms, which were both trendy and objectively justified. Luxury and sustainability were not always aligned. Sustainability practices attract customers but involve huge financial outlays. In 2017 Aybaly et al. claimed that the shift to sustainability in the case of well-established reputable brands was very difficult. It wasn't surprising that "the true trendsetting in the sustainability" sphere was more frequently seen in specialised, smaller, and often independent luxury brands with a higher propensity of risk-taking and having less to lose (Aybaly et al. 2017: p. 546). Pandemic changed that feeling. For example, big brands (including *Chanel, Prada*, and *Zegna*) began to acquire more suppliers, because "access to the best materials and manufacturers [became] more difficult and costly, and customers demanded greater transparency about where and how products were made" (Financial Times 2022).

Additionally, the lockdowns forced changes in types of preferred goods, consumer profiles, and selling channels. People who were closed at home preferred more comfort and relaxed fashion. Therefore the growing role of the casual luxury fashion sector was noticed. As the new *Generation Alpha* entered this market, new consumer behaviour and habits were created mainly influenced by constant living in a digitalised economy.

New selling channels

During the pandemic, many selling channels were destroyed and new players in the luxury market, especially in e-commerce, appeared. Among them were *Farfetch* and *YOOX NET-A-PORTER Group* (owned by Richmond) in Western markets and *Alibaba's*

Tmall Luxury Pavillion in Asia (including China). These companies offered multi-brand marketplaces, hosted mono-brand e-commerce sites, and offered such innovations as reselling and buyback.

The new trends in the post-pandemic luxury market limited the role of wholesale channels (so-called „wholesale Darwinism") and increased the importance of mono-brand and online stores. The retail channel accounted for almost half the market (49% in 2021). Online and mono-brand stores were the key channels after the COVID-19 recovery. After a 50% increase from 2019 to 2020, the online market continued to grow by 27% from 2020 to 2021, and it reached €62 billion in market value in 2021. Websites dedicated to a single brand controlled 40% of the online segment, up from 30% in 2019 (D'Arpizio et al. 2021b). The „wholesale Darwinism" described the process of exclusion from vertical integration. This process was experienced by many independent luxury wholesalers in Europe (usually small, family-owned boutiques) and some of the large North American luxury department stores. It was accomplished with the growth of e-commerce, which might force some of them out of business (Achille, Zipser 2020).

Traditional luxury shop owners tried to attract potential customers by opening new, experimental shops. Luxury retailers used mixed reality, such as virtual reality (VR) and augmented reality (AR), as well as AI technology. *LS Retail* in 2018 indicated some examples of mixed reality: „In London, *Tissot* allows shoppers to try on their luxury watches virtually at Selfridges and Harrods' windows. *Christian Dior* developed VR glasses called "Dior Eyes" that give visitors a sneak peek behind the scenes at their ready-to-wear fashion shows. In New York City, the flagship *Rebecca Minkoff* store features a smart video wall that suggests new styles when people pass by or enter" (LS Retail 2018).

The modern fitting rooms were equipped with interactive mirrors allowing consumers to set the light mode: to see their new outfit on a sunny day or in a club. Additionally, clients could "order a different size or color, or find an item that complements their purchases, straight on from the fitting room mirror" (LS Retail 2018). Market analysts believed that these attempts would increase the attractiveness of modern and innovative solutions online which would soon surpass all other luxury sales channels (Luxe Digital 2022).

Luxe Digital in 2022 noticed that global lockdowns in 2020 and 2021 were the perfect times for online luxury sales channels to prove their worth and the possibility to grow and generate profits. Early digital adopters experienced exponential growth, and latecomers were forced to adapt and embrace digital. Even the luxury car category experienced online sales growth. The growing role of luxury e-commerce reshaped marketing tools. Digital marketing and usage of social media became global strategies across multiple platforms and in social media. These trends started before 2019, but during the pandemic their importance became crucial for maintaining brand awareness among customers and their long-term loyalty.

The pandemic has nonetheless changed the global map of luxury and changes had several dimensions. The luxury market noticed the shift from goods experience to experience-based goods (such as fine art, luxury cars, and yachts). As tourism collapsed, consumer spending on personal luxury goods in their home markets increased from 50% to 60% between 2019 and 2021 (D'Arpizio et al. 2021b).

„Luxury went local", most dramatically in mainland China. Dynamic local consumption revived personal luxury goods, particularly in China and the US, which created a dual-engine for this market. "Purchases made locally have grown by 50%–60% since 2019, and tourist purchases declined by 80%–90%" in 2021 versus 2019 (D'Arpizio et al. 2021b). Mainland China experienced remarkable momentum, due to the "repatriation" of Chinese purchases from abroad. Also in the USA secondary cities and suburban areas experienced solid growth. The USA "accounted for €89 billion in annual sales (31% of the global market), while sales in mainland China amount to €60 billion (21% of the global market)" (D'Arpizio et al. 2021b). Despite the growing importance of Asian markets, the headquarters of luxury brands remained in Europe.

The post-pandemic luxury market still evolves and many other trends can be noticed and shown in the future. These described above trends seem to be new but typical for that particular time, and additionally solid, durable, and long-term. The COVID-19 pandemic has not finished yet, and the future epidemic situation is unknown, therefore it is not possible to predict the future of the luxury market.

Conclusions

The main aim of this article was to present and analyse changes in the global luxury goods market that took place at the beginning of the 21st century. Among the major determinants of these changes were the effects of the supply shock caused by the COVID-19 pandemic. However, the process of market transformation started much earlier, in the pre-pandemic period. Among the new market trends which appeared in a pre-pandemic era were: the process of luxury democratisation, processes of brands consolidation around huge conglomerates (through mergers and acquisitions), the emergence of a new, unique generation (so-called *Generation Alpha*), the evolution of *masstige* goods relied on fast-fashion processes, fast development of Chinese market fueled by skyrocketed demand called the "Chinese bulimia", market "retailization" processes, the growing importance of mono-brand stores, e-commerce development along with the rejection of online sales by European luxury brands, and growing environmental awareness both among consumers and producers. The further impact of these trends was sharply stopped by the pandemic and the sudden supply and demand shock it caused.

Despite these unexpected problems, the luxury goods market demonstrated its resilience in the face of widespread pandemic-related disruption and its flexibility to implement changes, which helped to survive and be reborn. Among the main trends that shaped the after-pandemic luxury market were: the emergence of non-fungible tokens (NFTs) and gaming goods (metaverse gaming), the rebirth of the vintage market and secondhand stores, an increase in sales of casual luxury goods, new multi-brand sales platforms along with e-commerce development, and the growing importance of local markets.

All of these trends, both individually and in conjunction with each other, have resulted in the contemporary luxury goods market being even in better economic condition than at the end of the XX century. The prospects for further development are also very optimistic. Many well-known brands experienced their sales figures rebounding relatively rapidly to pre-pandemic levels, and in some cases, even surpassing them. The growing young working-class population, rising consumer awareness about the benefits of using quality products, the surge in purchasing power, and the process of market digitalisation are the primary factors driving and determining the future demand for the luxury market.

In 2020 luxury industry analyst Erwan Rambourg interviewed CEOs from the largest luxury brands and groups (including *Kering, Puma, Cartier,* and *Moncler*) and asked them to enlist the major forces and trends that can reshape luxury over the next decade. Rambourg concluded their opinions with some main points:

- the outlook for the luxury market was better than expected;
- local empowerment was crucial for recovering luxury markets, especially in Europe;
- the new customers were mainly young women;
- major brands were still waiting for luxury e-commerce financial results;
- the success of luxury stores relied on great customer experience, and amazing customer experience relied on great experiential retail brought by talented and empowered sales associates (Rambourg 2020).

Many questions arise during the analysis of the luxury goods market. Which of the trends are permanent, and which are only temporary? How do discussed trends influence each other and, as a result, the entire market? Will the luxury market experience its defragmentation as a result of the diversification of luxury goods and their mass production and sales? Will traditional "brick-and-mortar" stores survive? As luxury goes local, will future markets be defragmented, and each will have its specialty and unique group of customers? What is the profile of the future customer of luxury goods? The answers to these questions require further research.

Despite all these challenges and uncertainties, it seems that the luxury goods market managed to survive the most difficult period and build the foundations for stable further development. Luxury goods have gained a new image, they are no longer perceived as just useless extravagance, but have become a symbol of youth, modernity, technology, quality, care for the environment and the planet, and a good investment.

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