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Fashion Commission

GCC Personal Luxury in 2021:

A STORY OF EARLY RECOVERY & GROWTH

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The first comprehensive report on personal luxury in the GCC

90
high-end fashion brands

750
prestige beauty brands

50
luxury watches brands

23
fine and high jewellery brands

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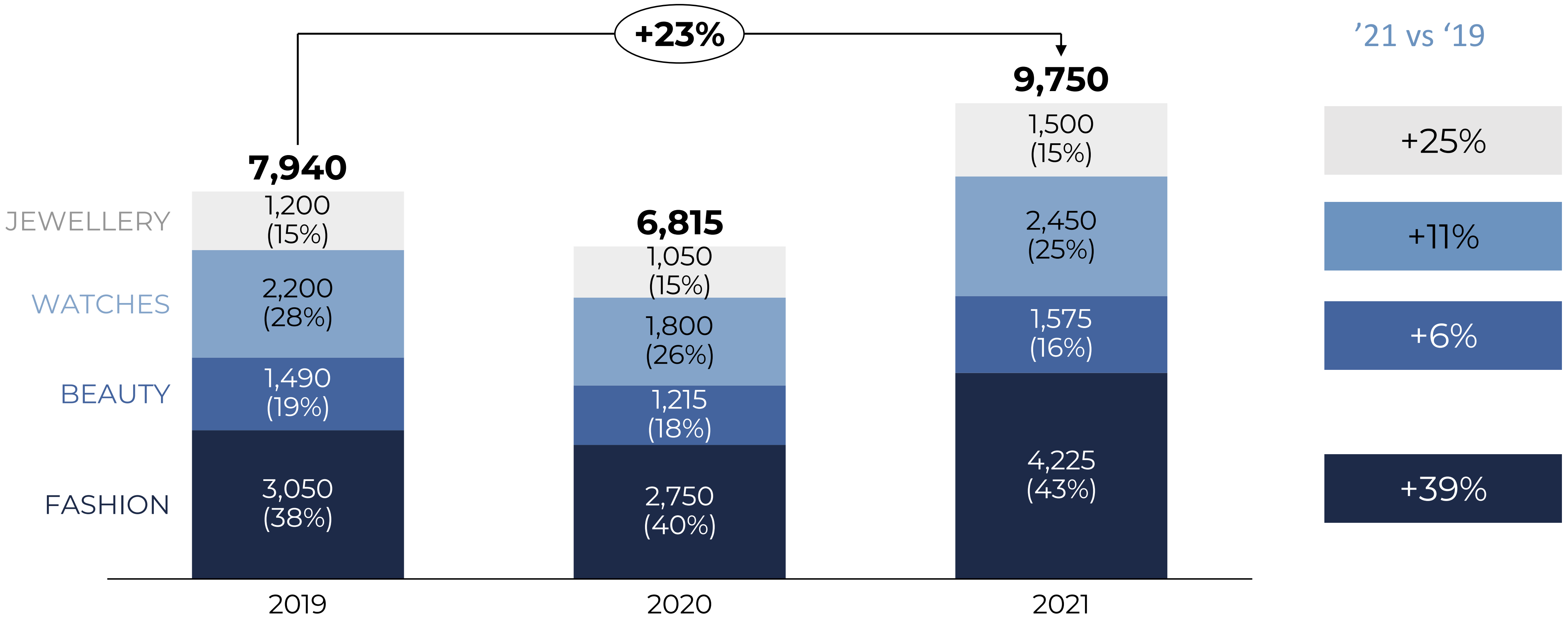
Fashion Commission

GCC luxury market in 2021 has shown an early recovery to pre-Covid levels, ending the year at $9.7Bn, an increase of 23% VS 2019

GCC personal luxury market size by category (USD million)

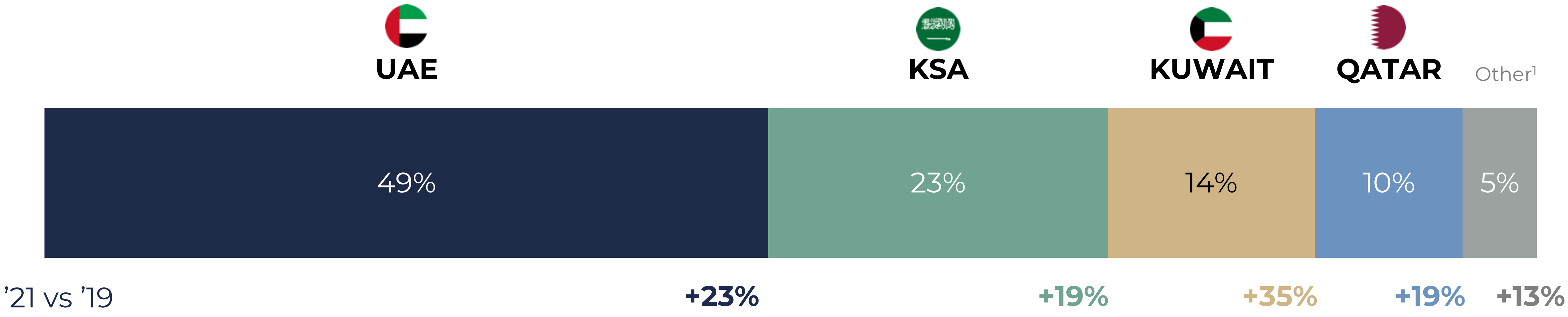


[1] Other countries include Bahrain and Oman; Numbers might not add due to rounding.

SOURCE: Chalhoub Group Intelligence

UAE represents almost half of the GCC market, followed by KSA

GCC personal luxury market size by country (USD million)



[1] Other countries include Bahrain and Oman; Numbers might not add due to rounding.

SOURCE: Chalhoub Group Intelligence

Six key drivers of market growth in 2021

1.
New luxury consumer

2.
Spend repatriation

3.
Local events

4.
Retail developments

5.
Tourism recovery

6.
e-commerce growth

SOURCE: Chalhoub Group Intelligence

GCC luxury consumers are constantly evolving – a true reflection of their surroundings

HISTORICALLY

Spontaneous shoppers
Buying here and now

Sticking to what they know
Primarily interested in global brands

Keen to fit in
Buying classic or proven pieces

Wary of e-commerce
Only 26% claimed to shop online

TODAY

Researched & informed shoppers
With 58% focusing more on reviews vs pre-pandemic

Experimenting beyond mainstream
Almost 60% interested in pre-loved

Looking to stand out
Craving limited editions & personalization

Comfortable with e-commerce
65% are buying online more than pre-covid

SOURCE: Chalhoub Group Proprietary Consumer Studies

Local consumers today spend 60% of their luxury spending in country, a significant increase compared to pre-Covid

Repatriation of spending and drivers

60%

% luxury bought
in country

40%

% luxury bought
abroad

Why have consumers been shopping more locally?

- Travel restrictions and border closures
- Improved availability of brands and stock levels
- Elevated customer service
- Strong efforts on clientelling

During the pandemic, **GCC nationals** had no options but to **shop in their countries**. Some of them even shopped their favourite brands locally for the first time.

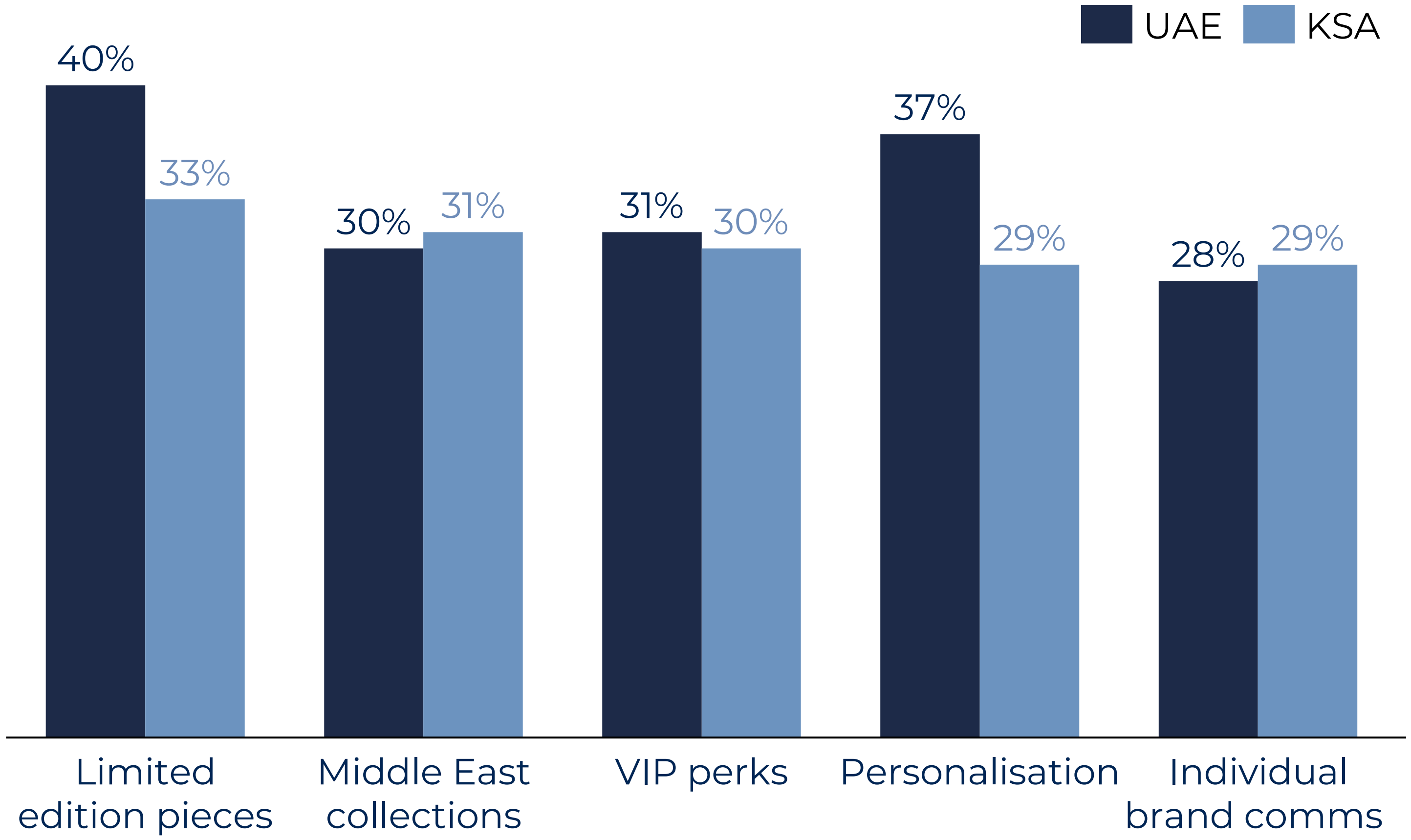
On the other hand, brands also had to adapt to survive.
As stores closed, they had to find creative way to reach out to their customers.

In the end, the pandemic helped strengthen and sometimes create a bond between brands and consumers.

SOURCE: Chalhoub Group Proprietary Consumer Studies

Consumers are keen on buying in the region, however with certain expectations from the brands

Which of the below features do you think can help a premium/luxury fashion brand differentiate itself from the rest? (Top 5)



Chaumet Hortensia Éden marvel limited edition to celebrate UAE's 50th anniversary

SOURCE: Chalhoub Group Proprietary Consumer Studies

Global brands have been focusing on the region via collaborations, dedicated collections & events

Selection of events for luxury brands across the GCC

2021

- **Chanel 'Cruise Collection 2021/2022'** – Dubai
- **Hermes 'CarreClub' Event** – Dubai
- **Louis Vuitton** Jewellery Showcase – Dubai
- **Tiffany 'Blue Book Gala'** – Dubai
- **Louis Vuitton 'Cruise 2022 Show'** – Dubai
- **Giorgio Armani 'One Night Only'** – Dubai
- **Cartier 'Pasha de Cartier'** – Riyadh
- **Dior Villa** Private Event – Riyadh
- **Dior Beauty 'Sauvage' event** – Al Ula
- **Fenty Skin 'The Island'** – Dubai
- **Hermes 'Please Check In' Event** – Dubai
- **Christian Dior 'Designer of Dreams' E** – Doha
- **Virgil Abloh 'Figures of Speech' Exhibition** – Doha

2022

- **Dolce & Gabbana 'Alta Sartoria Show'** – Al Ula
- **Louis Vuitton 'See LV Exhibition'** – Dubai
- **Fenty Beauty New Lipsticks Collection** – Dubai
- **Hugo Boss 'Be Your Own Boss' Campaign** – Dubai
- **Chaumet** "Tiara Dream" – Riyadh

Dior Sauvage event in Al Ula, Saudi Arabia

SOURCE: Chalhoub Group Intelligence

The retail scene has seen a lot of activity in 2021, and is expected to continue evolving in the next few years

Example of new retail developments in 2021 (non-exhaustive)

New Stores

Valentino Beauty - Dubai Mall

MUFE - Mall of Qatar, Doha

Chanel Beauty - Red Sea Mall, Jeddah

Dior Beauty - Yas Mall Abu, Dhabi

Off-White - Faisaliah, Riyadh

Jimmy Choo - Jeddah Boulevard

Boggi Milano - Faisaliah, Riyadh

Bvlgari - Al Khayyat, Jeddah

Stella McCartney - Dubai Mall

Versace - Salhia, Kuwait

Rolex - The Galleria, Abu Dhabi

Tiffany & Co. - Faisaliah, Riyadh

Pop-ups

Dior - Nammos Dubai

Gucci - Burj Al Arab Dubai

Amiri - Dubai Mall

Louis Vuitton - MOE Dubai

Prada - Mall of Emirates

Panerai - Dubai Mall

Fendi - Nammos Dubai

YSL - Dubai Mall

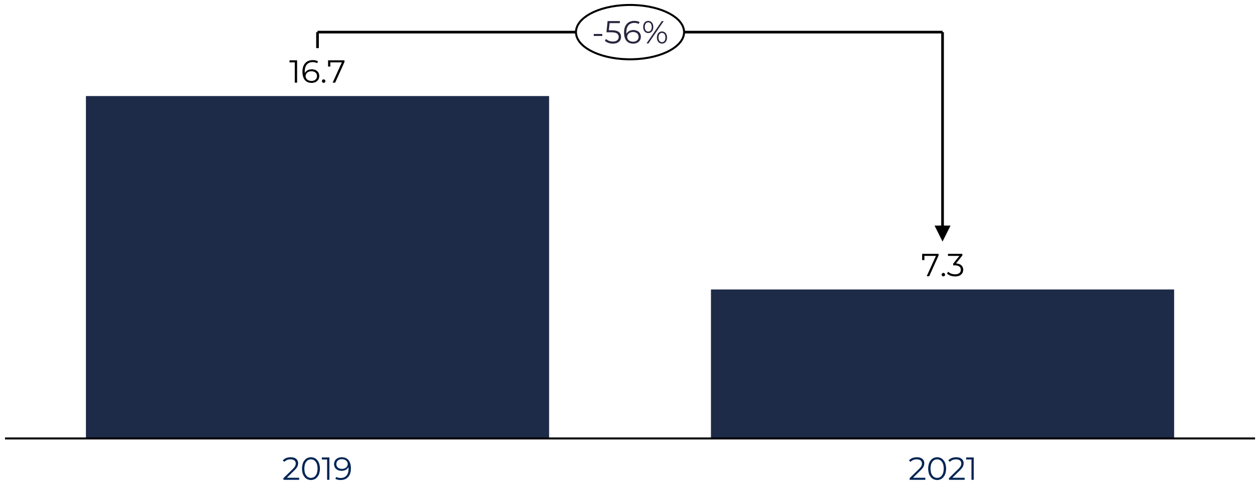
Armani - Dubai Mall

Dior store, Place Vendome mall in Qatar

SOURCE: Chalhoub Group Intelligence

In 2021, UAE tourism has not fully recovered, …

Dubai visitors (in millions) and top 5 origin countries



2019

#1	India	**12%**
#2	KSA	**9%**
#3	UK	**7%**
#4	Oman	**6%**
#5	China	**6%**

2021

#1	India	**13%**
#2	KSA	**7%**
#3	Russia	**6%**
#4	UK	**6%**
#5	USA	**4%**

#4

2019 Global destination rank

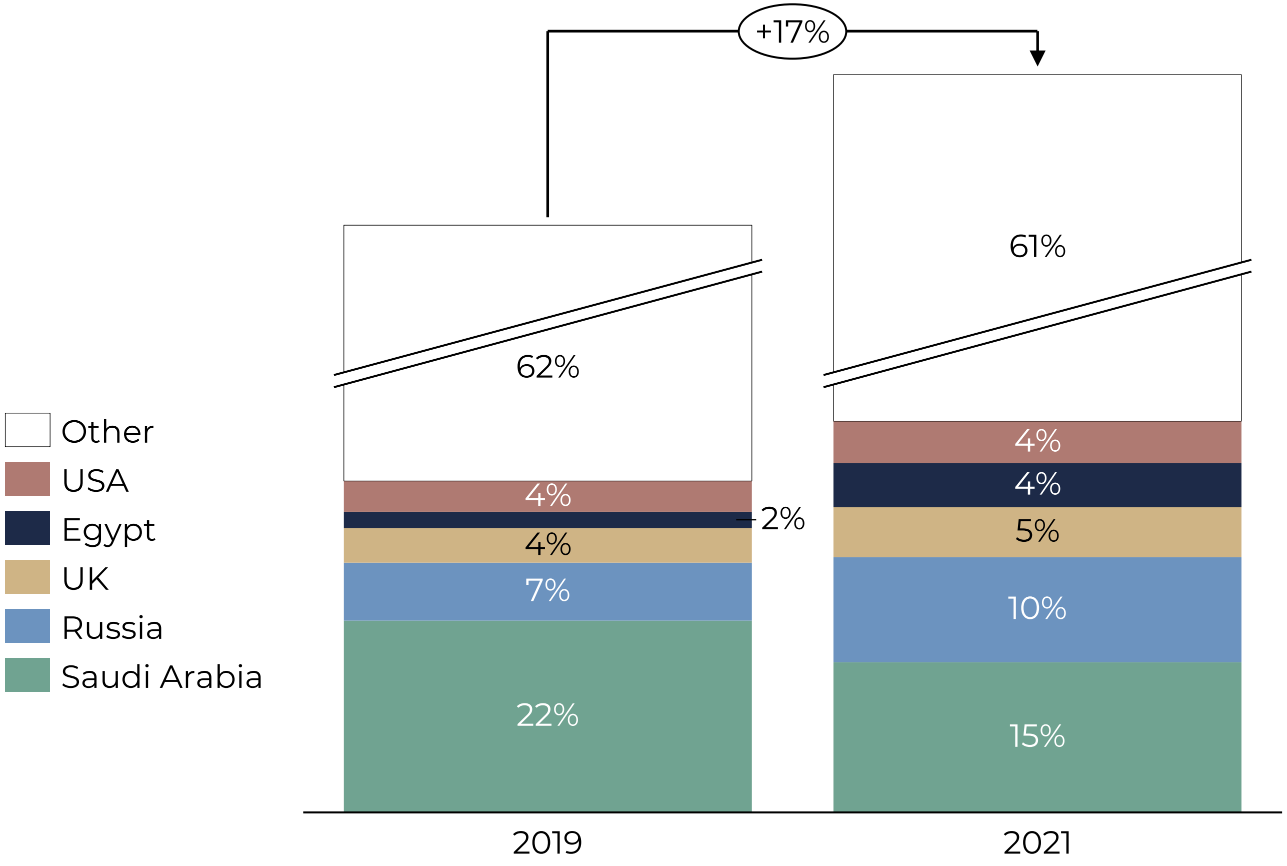
Expo 2020 has had a positive impact on attracting tourists to UAE in 2021 and beginning of 2022

We expect that region will be further boosted by the **FIFA World Cup** 2022 in Qatar

SOURCE: DTCM, Mastercard Global Destination Cities Index

… yet these fewer tourists seem to be spending more on luxury

Contribution of visitors by nationality in Chalhoub Group UAE sales

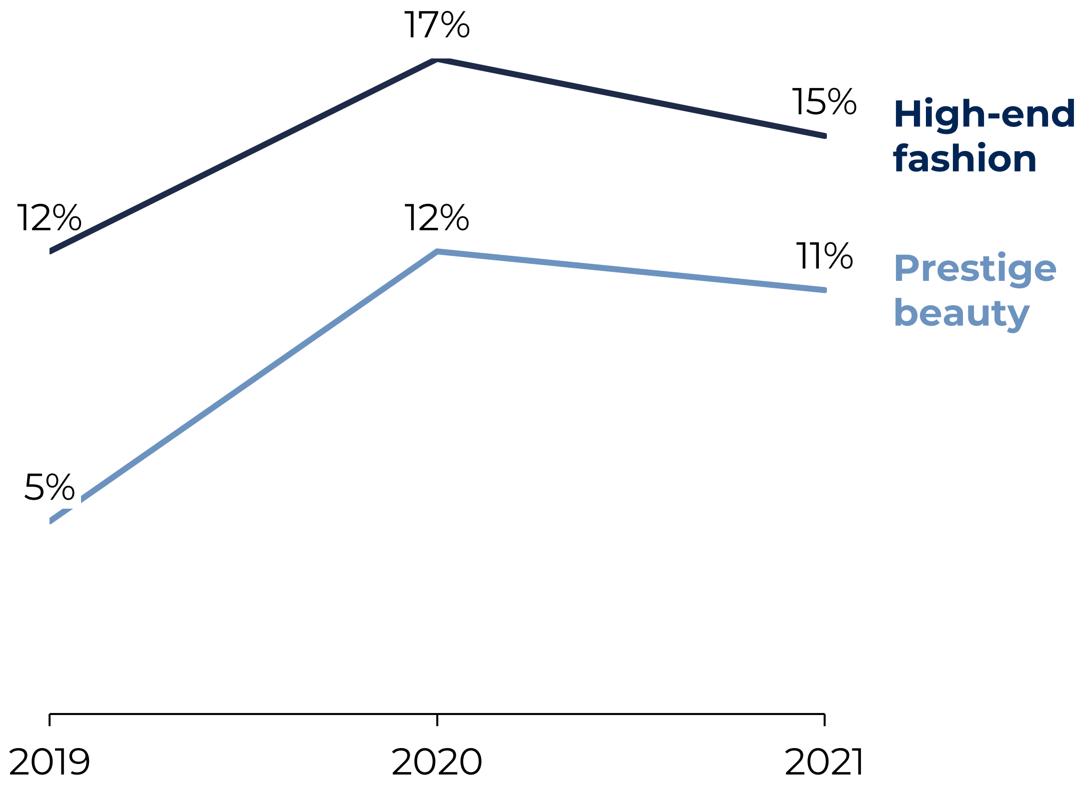


- **Top-3 nationalities:** KSA, Russia and UK on a group-level unchanged compared to 2019 and generated ~30% of our revenues
- Biggest increase in revenue comes from **Egyptian visitors** (+170%)

SOURCE: Chalhoub Group POS Data analysis (excl. e-commerce and payments in cash)

Prestige beauty and high-end fashion e-commerce remain strong at 11% and 15% share, respectively

GCC e-commerce share (%)



SOURCE: Chalhoub Group Intelligence

Pure players lead the market, with a **market share of 82%**

Brand.com represents only 6%, yet is the strongest growing segment with +132% VS 2019

Top 3 players

#1	Farfetch
#2	Ounass
#3	NAP

Pure players lead with a **market share of 63%**, showing strongest growth

Consumers responding with a strong appetite to shop more online (63% claim to buy more)

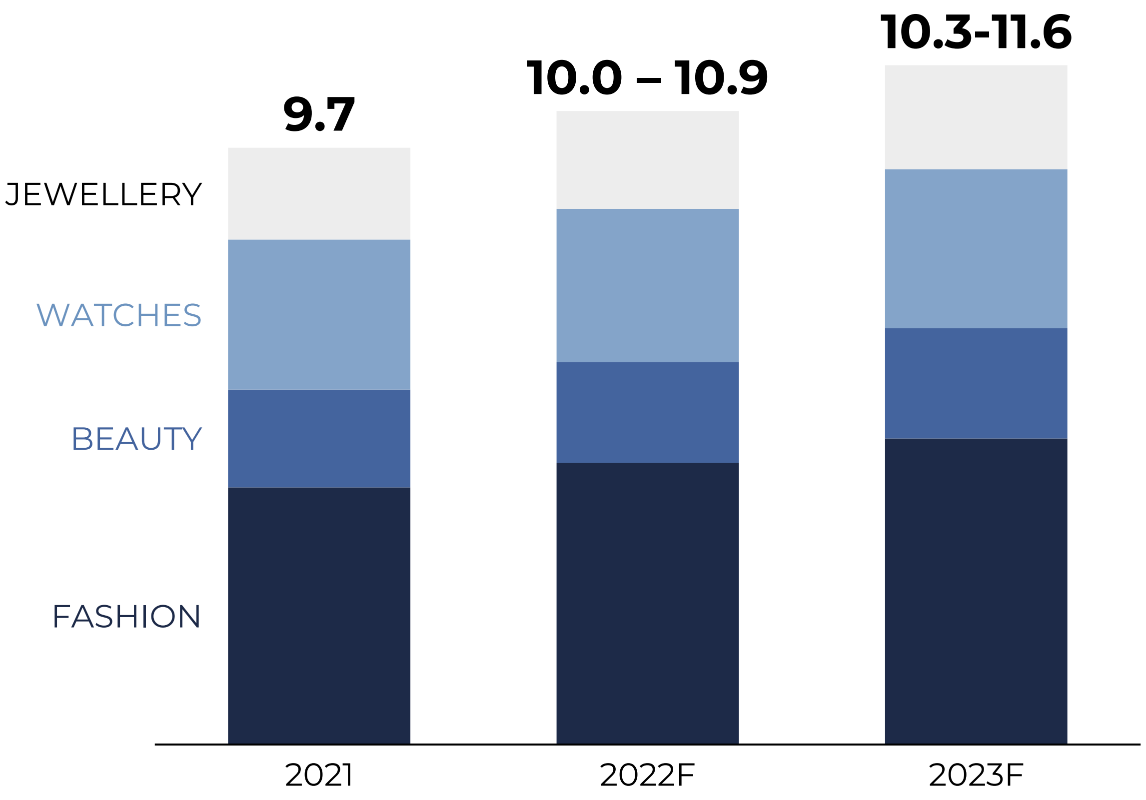
Brand.com represents less than 10% of prestige beauty e-commerce market

Top 3 players

#1	Boutiqaat
#2	Sephora
#3	Namshi

GCC luxury market is projected to reach $11Bn in 2023

GCC personal luxury market baseline forecast (USD million)



SOURCE: Chalhoub Group Intelligence

Future growth is defined by

1. Growth in KSA through local spending
2. Return of international tourists in the UAE, including Chinese & African travelers
3. New luxury consumers with growing appetite to purchase locally
4. Development of new categories, e.g. wellness & skincare
5. e-commerce acceleration, particularly brands.com

... however, with certain risks

THANK YOU!

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