

Global Economic Insight



Luxury shopping is no longer just for the affluent

As the holiday season approaches, banks and premium luxury brands face a pivotal moment in a market defined by contradiction. While the glamour and allure of luxury goods remain, Visa data shows the pace of buying has slowed amid global economic uncertainty: In the first half of 2025, participation in luxury retail spending decelerated across major global centers (Fig. 1). This marks the first decline in the luxury industry since the financial crisis of 2008, excluding the COVID-19 shock in 2020.

However, a recent **Visa Business and Economic Insights (VBEI)** analysis of domestic cardholder activity in luxury shopping hotspots including Dubai, London, Paris, Singapore, and New York City reveals a complicated spending picture. Despite the recent slowdown, consumers across spending tiers are still engaging with high-end goods, indicating that luxury retail is no longer just for the top 1 percent of spenders. VBEI found that those among the top 5, 10, and even 20 percent of spenders are indulging in these purchases. With 300 million Gen Z and Gen Alpha consumers poised to enter the market and digital shopping reshaping how luxury goods are discovered and purchased, brands that embrace innovation and personalization can attract this expanding universe of luxury retail shoppers. We also anticipate an uptick in participation leading up to the holiday season—a critical window of opportunity for capturing consumer attention and loyalty.

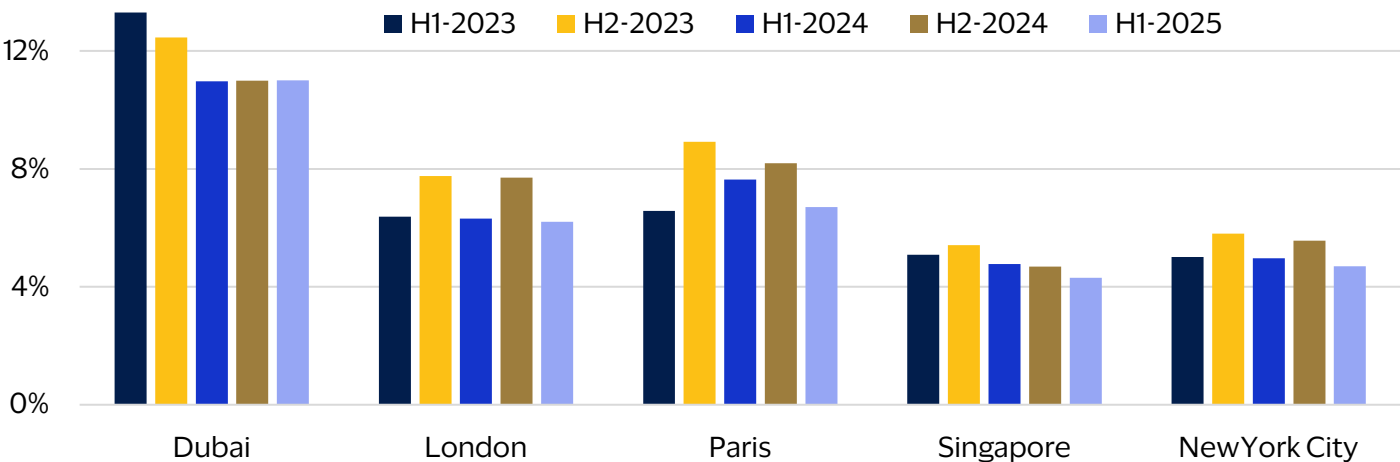
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Key Points:

- Economic headwinds have caused a minor pullback in luxury spend in 2025
- Premium luxury spend is broad-based, extending beyond the top 1 percent of spenders
- Luxury e-commerce is on the rise as consumers grow increasingly comfortable purchasing high-ticket items online

Fig. 1: Consumer participation* in luxury retail spending slowed in H1-2025
Percentage of resident cardholders making premium luxury retail purchases, by city



*For purposes of this study, the consumer participation rate is defined as the share of domestic cards with at least one transaction within a three-month window among the top 22 global consumer luxury brands.

Source: Visa Business and Economic Insights analysis of VisaNet data

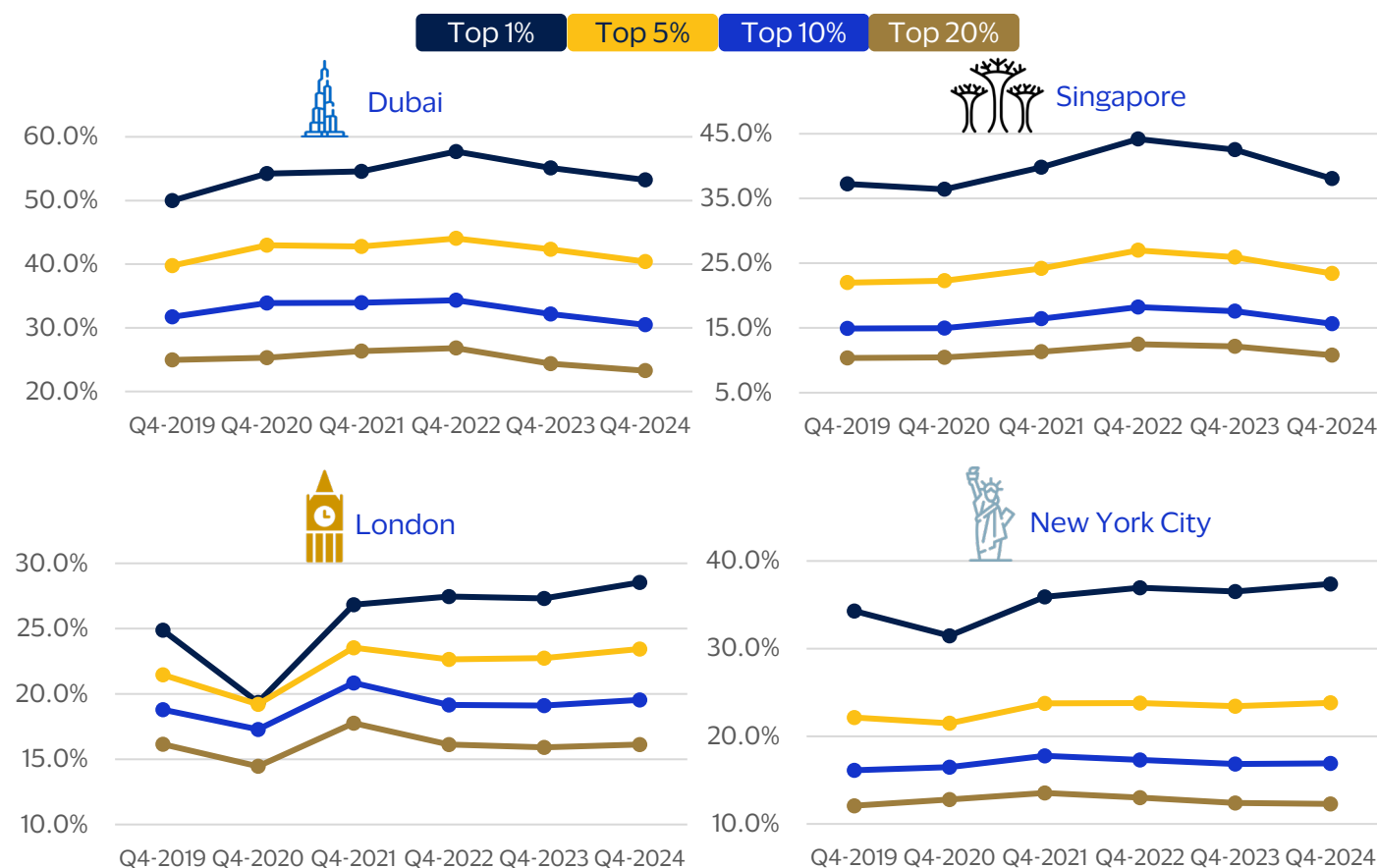


Luxury spending extends beyond just the top 1 percent

While premium luxury spending is often associated with the ultra-wealthy, it is not solely the domain of the top 1 percent of spenders. In fact, the top 5 percent, 10 percent, and even 20 percent of spenders also indulge in luxury purchases, albeit at lower rates than the top 1 percent (Fig. 2). For many in the middle class, premium luxury goods are an aspirational goal, representing both achievement and self-expression.

Fig. 2: The appeal of premium luxury extends beyond the top 1 percent, attracting a more diverse group of spenders

Percentage of cardholders making premium luxury purchases, by cardholder spend band



Sources: Visa Business and Economic Insights analysis of VisaNet data, Flaticons

A better-than-expected global economic outturn in 2023 led to wider participation in luxury spending in Q4-2023, as more consumers across different spending segments engaged with high-end brands. However, escalating tariff threats and heightened trade uncertainty contributed to a general pullback in participation rates across all segments in Q4-2024 in Dubai and Singapore. In London and New York, participation rates in luxury spending for the top 1 percent and top 5 percent rose, while other segments remained somewhat flat. Despite this general slowdown, participation rates remained broadly in line with Q4-2019 levels, indicating that the Q4-2024 pullback was modest and luxury spending continues to be broad-based. After all, participation in spending is the most important factor behind sales growth. It's not about a few people spending more, but about more people choosing to buy. In fact, around 80 percent of sales growth comes from an increase in customers, not transaction sizes.¹

Looking ahead, the long-term outlook for the luxury industry remains robust despite current volatility. Over the next five years, more than 300 million new consumers—many from Gen Z and Gen Alpha—are expected to enter the market, fueling fresh demand. This expansion will be underpinned by rising global incomes, generational wealth transfers, and a projected 20 percent increase in high-net-worth individuals, all of which are set to further broaden the base of potential luxury buyers and reinforce the industry's growth prospects.²

Capturing this diverse client base may require bank issuers to look beyond the ultra-wealthy and to develop card products, rewards, and marketing campaigns that appeal to the top 5–20 percent of spenders and aspirational middle-class consumers. By leveraging transaction data, issuers can identify emerging luxury buyers and deliver personalized offers—such as invitations to exclusive events, tailored concierge services, or unique brand collaborations—to deepen engagement and loyalty.

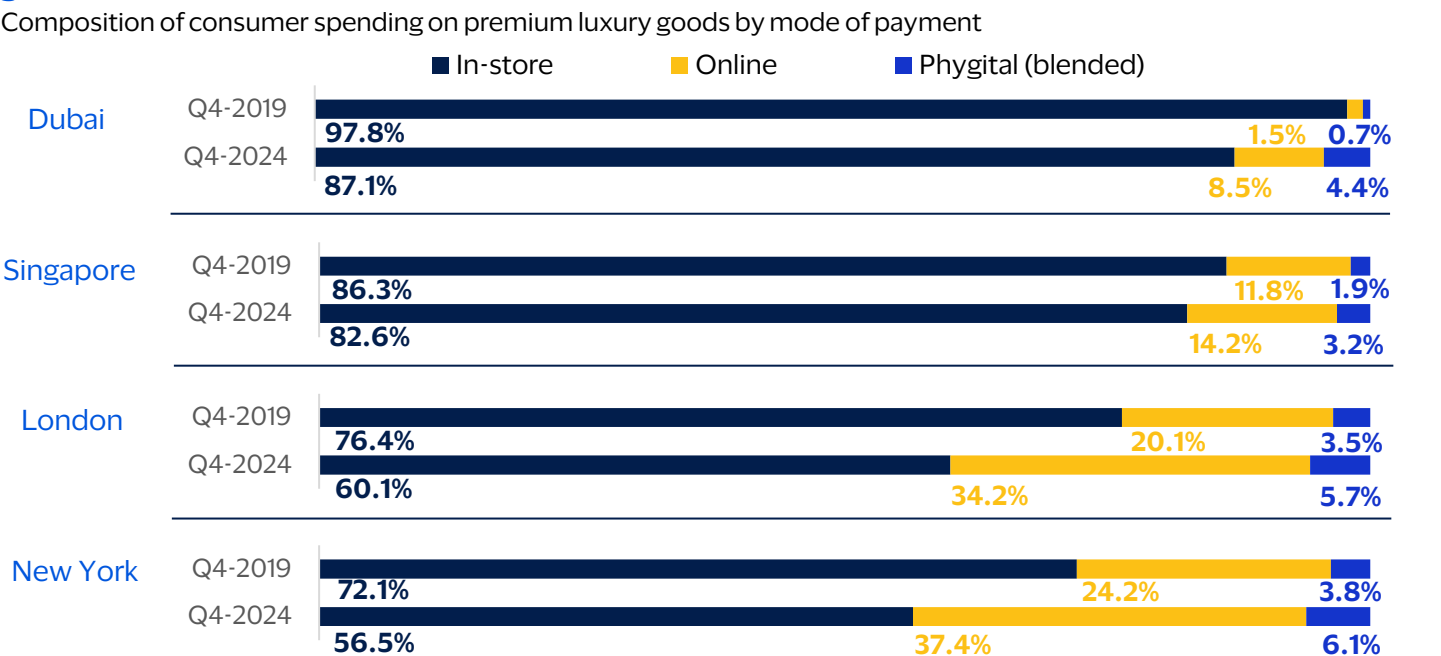
Brands have an opportunity to capture the broadening luxury audience by developing marketing strategies and product offerings that appeal to aspirational middle-class consumers, such as entry-level luxury items or limited editions, while maintaining brand exclusivity. Inclusive, tiered loyalty programs can help reward both established high spenders and those new to luxury, fostering long-term relationships.

Luxury retail spending goes digital

Luxury consumer goods remain dominated by in-store spending. Affluent shoppers continue to seek out the in-person shopping experience, with personalized service and the exclusive atmosphere that physical boutiques offer. Flagship stores serve not just as points of sale, but as a fully immersive brand destinations. Having said that, however, consumers are becoming more comfortable spending online on premium luxury goods globally. Online premium luxury sales have picked up in recent years, while ‘phygital’ experiences that combine e-commerce and in-store have also increased. Luxury brands are leading the way in phygital innovation by blending immersive in-store experiences with digital enhancements such as interactive boutiques, live online shopping, integrated social media apps for personalized rewards, AR virtual try-ons and connected store technology. Such enhancements all exemplify how the sector is redefining luxury retail for the digital age.^(3, 4, 5)

An analysis of the composition of cardholder spending on luxury goods reflects a notable shift in the past five years. The cardholders were classified into three major groups: cardholders who only spend on luxury in-store, cardholders who only spend online, and cardholders who spend on a combination of in-store and online (a proxy for blended shopping experiences). Across the five major cities, online and blended shopping experiences gained ground – though overall in-store spending still dominates (Fig. 3). Most notably, London, New York City and Dubai saw the combined share of e-commerce and blended luxury spending from Q4-2019 to Q4-2024 rise by 16.3, 15.6 and 10.7 percentage points, respectively. This reflects a profound shift in luxury consumers’ willingness to embrace digital channels and phygital retail experiences, driven by evolving shopping preferences, greater digital engagement, and the pandemic’s lasting impact on purchasing behavior.

Fig. 3: While in-store luxury experiences still dominate, share of online and phygital spending have gained ground



Source: Visa Business and Economic Insights analysis of VisaNet data
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Given the growing importance of digital and blended (phygital) luxury shopping, issuers have an opportunity to incentivize online and omni-channel luxury transactions by offering bonus points or cashback for e-commerce purchases and collaborating with luxury brands on exclusive digital experiences for cardholders, such as early access to online events or augmented reality (AR) try-on features.

For merchants, investing in phygital retail innovations can blend the best of in-store and online experiences for luxury shoppers. This includes deploying AR/VR try-ons, digital concierge services, and in-store digital kiosks to create seamless and immersive journeys for shoppers. Harnessing customer data across channels will enable brands to deliver highly personalized offers, recommendations, and loyalty rewards, strengthening the emotional connection with clients.

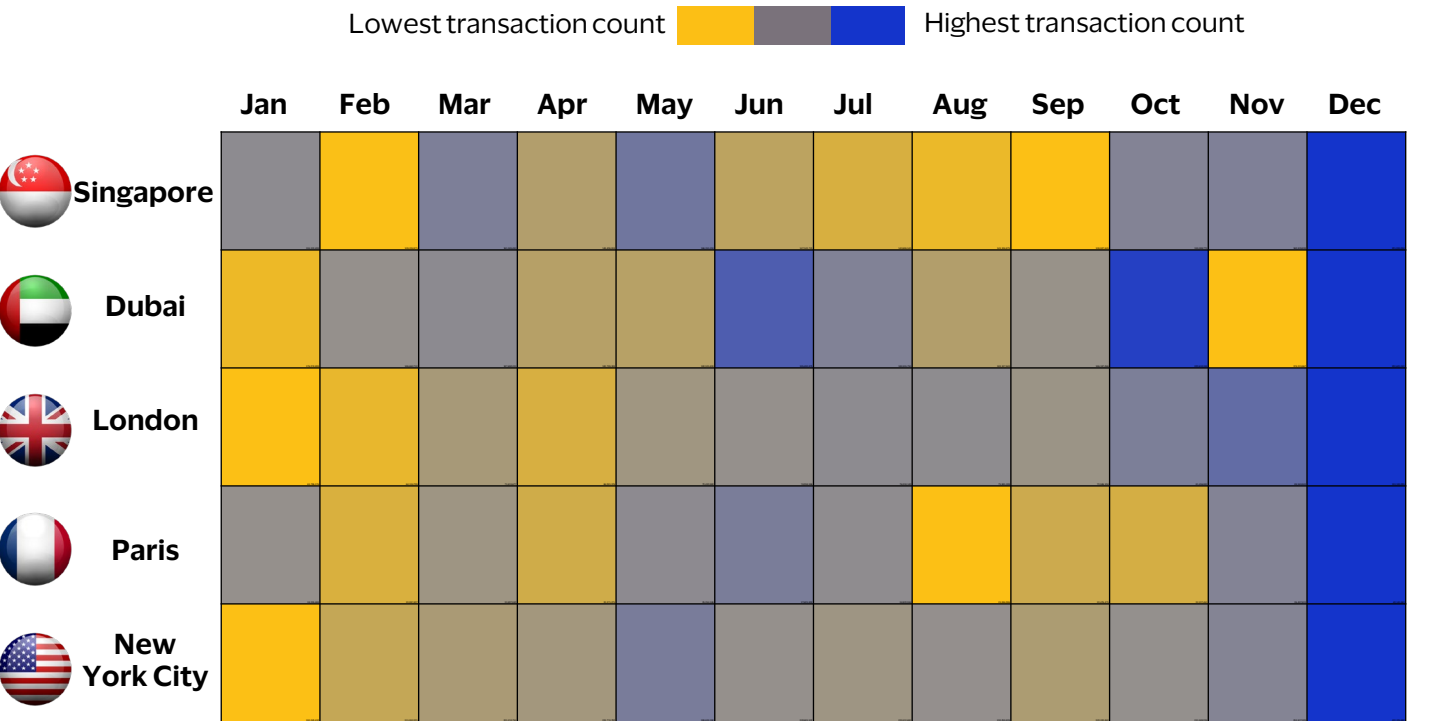
Luxury spending peaks in December

December is traditionally the busiest month for premium luxury goods spending due to the convergence of several influential factors. The holiday season, marked by Christmas and New Year celebrations, drives a surge in gift-giving, prompting consumers to purchase high-end items for themselves and loved ones. This seasonal uptick is observed globally—from Singapore to Dubai, London, Paris, and New York City—making December a peak period for both foot traffic and the number of transactions in luxury boutiques and online stores worldwide (Fig. 4).

Retailers capitalize on this festive spirit by launching exclusive collections, seasonal campaigns, and limited-edition products, which create a sense of exclusivity. Many shoppers also take advantage of year-end bonuses and promotions, further boosting their purchasing power. Issuers could launch targeted holiday promotions and enhanced rewards for luxury purchases during this period to capture the surge in high-value transactions. Flexible payment solutions, such as installments or pre-booking options for big-ticket luxury gifts, can also help boost transaction values.

Fig. 4: December is universally the busiest month for premium luxury spend

Heatmap of busiest months in 2024 by transaction count for consumer cardholders in premium luxury spending



Footnotes

1. Einav, Liran, Klenow, Peter J., Levin, Jonathan D., & Murciano-Goroff, Raviv. (2022). Customers and Retail Growth. Stanford University.
2. Bain & Company. (2025, June 20). [Luxury confronts slowdown amid economic headwinds and market disruptions, while industry resilience and strong fundamentals underpin future prospects](#)
3. LUX XU. (2020, June 18). [Gucci Live: A new luxury shopping experience](#)
4. TheIndustry.fashion. (2020, August 5). [Inside Burberry's trailblazing social retail store](#)
5. WANNA. (2022, November 30). [Virtual try-on technology for luxury industry](#)

Accessibility notes

Fig. 1: This line chart shows the percentage of resident cardholders making premium luxury retail purchases across five cities—Dubai, London, Paris, Singapore, and New York City—from H1-2023 to H1-2025. In Dubai, participation started at 13.30% in H1-2023, dropped to a low of 10.97% in H1-2024, and ended at 11.00% in H1-2025. London began at 6.38%, peaked at 7.75% in H2-2023, and declined to 6.20% in H1-2025. Paris started at 6.57%, reached a high of 8.92% in H2-2023, and ended at 6.70%. Singapore began at 5.09%, peaked at 5.41% in H2-2023, and dropped to 4.30%. New York City started at 5.01%, peaked at 5.80% in H2-2023, and ended at 4.70%.

Fig. 2: A group of four line charts shows the percentage of cardholders making premium luxury purchases from Q4-2019 to Q4-2024 across four cities—Dubai, Singapore, London, and New York City—segmented by spend bands.

- **Dubai:** Top 1%: Starts at 50.0% in Q4-2019 and ends at 53.2% in Q4-2024. Highest value is 57.7% in Q4-2022. Lowest value is 50.0% in Q4-2019. Top 5%: Starts at 39.8%, ends at 40.4%. Highest is 44.0% in Q4-2022. Lowest is 39.8% in Q4-2019. Top 10%: Starts at 31.7%, ends at 30.5%. Highest is 34.3% in Q4-2022. Lowest is 30.5% in Q4-2024. Top 20%: Starts at 25.0%, ends at 23.3%. Highest is 26.8% in Q4-2022. Lowest is 23.3% in Q4-2024.
- **Singapore:** Top 1%: Starts at 37.2% in Q4-2019 and ends at 38.1% in Q4-2024. Highest value is 44.2% in Q4-2022. Lowest is 36.4% in Q4-2020. Top 5%: Starts at 22.0%, ends at 23.4%. Highest is 27.0% in Q4-2022. Lowest is 21.99% in Q4-2019. Top 10%: Starts at 14.9%, ends at 15.7%. Highest is 18.2% in Q4-2022. Lowest is 14.9% in Q4-2019. Top 20%: Starts at 10.4%, ends at 10.8%. Highest is 12.5% in Q4-2022. Lowest is 10.4% in Q4-2019.
- **London:** Top 1%: Starts at 24.9% in Q4-2019 and ends at 28.5% in Q4-2024. Highest value is 28.5% in Q4-2024. Lowest is 19.4% in Q4-2020. Top 5%: Starts at 21.5%, ends at 23.4%. Highest is 23.5% in Q4-2023. Lowest is 19.2% in Q4-2020. Top 10%: Starts at 18.8%, ends at 19.5%. Highest is 20.8% in Q4-2021. Lowest is 17.3% in Q4-2020. Top 20%: Starts at 16.1%, ends at 16.1%. Highest is 17.8% in Q4-2021. Lowest is 14.5% in Q4-2020.
- **New York City:** Top 1%: Starts at 34.3% in Q4-2019 and ends at 37.4% in Q4-2024. Highest value is 36.9% in Q4-2022. Lowest is 31.5% in Q4-2020. Top 5%: Starts at 22.2%, ends at 23.8%. Highest is 23.8% in Q4-2024. Lowest is 21.5% in Q4-2020. Top 10%: Starts at 16.1%, ends at 16.9%. Highest is 17.8% in Q4-2021. Lowest is 16.1% in Q4-2019. Top 20%: Starts at 12.1%, ends at 12.3%. Highest is 13.5% in Q4-2021. Lowest is 12.1% in Q4-2019.

Fig. 3: A bar chart compares the share of luxury spending across Dubai, London, Singapore and Paris by mode—in-store, online, and phygital (blended)—between Q4-2019 and Q4-2024. City-level breakdowns include:

- **Dubai:** In-store spending declined from 97.80% in Q4-2019 to 87.13% in Q4-2024. Online spending increased from 1.50% to 8.5%. Phygital spending rose from 0.70% to 4.42%.
- **New York:** In-store dropped from 72.08% to 56.48%; online rose from 24.15% to 37.41%; phygital increased from 3.77% to 6.11%.
- **London:** In-store dropped from 76.37% to 60.06%; online rose from 20.09% to 34.20%; phygital increased from 3.54% to 5.74%.
- **Singapore:** In-store dropped from 86.32% to 82.58%; online rose from 11.81% to 14.22%; phygital increased from 1.88% to 3.19%.

Fig. 4: A heatmap displays monthly transaction counts for premium luxury purchases across five cities—Singapore, Dubai, London, Paris, and New York City—for the year 2024. December shows the highest transaction count across all cities, with New York City reaching 410,306,688 transactions. The lowest transaction counts are generally observed in January, February and April. For example, April in Paris had 22,371,275 transactions, and February in Singapore had 22,087,407 transactions.

Forward Looking Statements

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