Gen Y Speeds Up Luxury Goods Spending

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Flash sale sites and the fashion industryâ€™s maturing web presence boost sales to young consumers

As Generation Y grows up and gains more buying power, the 18- to 34-year-old age group is increasingly purchasing luxury goods. According to a survey by American Express Business Insights, Gen Y consumers upped spending on premium, full-priced luxury goods by 31% in 2011 over the prior year.

Generation X followed Gen Y in terms of spending growthâ€”climbing 23% from 2010.

Joining the workforce and earning higher wages has surely contributed to Gen Yâ€™s purchasing appetite. Yet it can also be assumed, based on the American Express data, that online discount luxury websitesâ€”or flash salesâ€”stimulated young consumersâ€™ desire for luxury fashion products. In other words, Gen Yâ€™s early adoption of flash sale ecommerce shopping has paved the way for full-price luxury purchasing. In addition, according to the American Express study, seniors now exhibit a growing appetite for flash sale merchandise.

When shopping for luxury goods, young, digital-savvy consumers are frequently turning to ecommerce sites and other webpages for product research and purchases. A November 2011 study by customer experience management company Empathica indicates luxury goods shoppers visited company websites slightly more often than they did companiesâ€™ brick-and-mortar locations. Moreover, almost half of luxury buyers told Emphathica that they read online reviews and 14% visited social media websites prior to purchase.

The Empathica findings demonstrate that the web and ecommerce make up a significant portion of the luxury shopping experience. Partly because Gen Y consumers are demanding a digital presence among sellers, luxury retailers are steadily rising to provide one.

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