

A large, detailed image of a golden orchid flower is located on the left side of the page. The petals are intricately layered and have a metallic, shimmering texture. The flower is set against a solid black background, which makes its golden color stand out prominently.

The luxury goods market in Poland

Luxury across generations

2019

KPMG.PL

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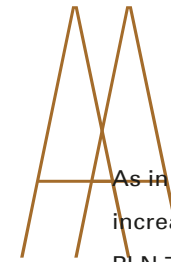
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Introduction

It is with great pleasure that we present the tenth edition of the KPMG report on the luxury goods market in Poland, marking a jubilee of this publication. We are pleased to have been able to observe the Polish luxury goods market and the changing perceptions of luxury by Poles for a decade. To highlight this round anniversary, we decided to conduct a survey to explore how luxury is perceived by three generations of Poles: Millennials, Generation X and Baby Boomers. Additionally, we have attempted to analyse how the perception of luxury in Poland has changed over the last decade, comparing the respondents' answers with previous editions of our report.



„We believe that our report will provide you with many valuable insights and inspire further research. And on the occasion of the tenth anniversary of our luxury goods market report, we would like to wish you, and ourselves, ten further editions and a touch of luxury in everyday life.”



As in previous years, we continue to observe an increasing number of wealthy people, earning over PLN 7.1 thousand gross per month. Thanks to a strong economy and dynamically rising salaries, this number exceeded 1.4 million in 2018. Interestingly, out of all groups of high earners, the fastest growth was recorded among taxpayers earning over PLN 1 million gross per year.

As Poles grow more wealthy, the luxury goods market expands: according to our estimates, it will be worth over PLN 25 billion this year. Premium and luxury cars continue to be the largest segment. Worth noting is the category of hotel and spa services, with a value potentially rising by as much as 11.7% y/y.



ANDRZEJ MARCZAK
Partner, KPMG in Poland



TOMASZ WIŚNIEWSKI
Partner, KPMG in Poland

Luxury goods

are defined as any goods (including services) bearing a brand commonly considered to be luxurious on a particular market, or ones that acquire a luxury character given their specific characteristics (uniqueness, high price).

§ HIGH-EARNING/AFFLUENT INDIVIDUALS
– earning a gross monthly income over PLN 7.1 thousand

§ RICH INDIVIDUALS – earning a gross monthly income over PLN 20 thousand

§ VERY RICH INDIVIDUALS
– earning a gross monthly income over PLN 50 thousand

MILLENNIALS – people aged 18–35

GENERATION X – people aged 36–50

BABY BOOMERS – people aged 51+

Key findings

1

In 2018, the number of affluent Poles exceeded **1.4 million** people, which is approx. 235 thousand more than in the previous year. According to our estimates, there may be **as many as 2 million** people in Poland earning over PLN 7.1 thousand gross a month in 2022.

2

The number of rich Poles in 2018 exceeded **234 thousand**, of which nearly **67 thousand** were very rich. Most people from the former group lived in the Mazowieckie, Śląskie and Wielkopolskie voivodships, while the latter group mostly inhabited the Mazowieckie, Małopolskie and Wielkopolskie voivodships.

3

In 2018, Poland had **more than 32 thousand people** earning above PLN 1 million gross per year, most of them in the following voivodships: **Mazowieckie, Wielkopolskie and Małopolskie**. This is also the fastest growing group (+38.4% y/y).

4

The total value of the luxury goods market in Poland in 2019 will amount to **approx. PLN 25 billion**. In comparison with the previous year, this marks an increase by **5.4%**.

5

As in previous years, **luxury and premium cars** continue to be the largest segment, accounting for nearly two thirds of the total market. This year, the value of this segment may reach **PLN 16.3 billion**, which means **an increase by 7.7%** compared to 2018.

6

Hotel and spa services are among the fastest growing segments of the luxury goods market. By 2024, this segment may increase by as much as 58%, reaching a value of PLN 2.2 billion.

9

Unlike Generation X and Baby Boomers, Millennials purchase luxury goods mainly over the Internet. They are more likely to follow their favourite brands in social media such as Facebook, YouTube or Instagram.

8

The youngest consumers purchase luxury goods much more often than people aged 51+. Buyers aged 18–35 are more likely than other groups to choose luxury clothes and footwear.

7

Two thirds of those surveyed with a monthly income in excess of PLN 20 thousand gross stated that they spend more than 11% of their annual income on luxury goods on average.

10

Poles perceive luxury primarily in the light of brand prestige; they also attach importance to the quality and appearance of products.

Luxury goods buyers in Poland and their financial situation

A good economic situation, low unemployment rate as well as dynamically rising salaries and wages translate into a growing number of affluent people. In 2018, the number of taxpayers earning over PLN 7.1 thousand gross per month increased by 235 thousand, i.e. up by as much as 19.6% compared to the previous year. There has been also an increase in the number of rich people, with a gross monthly income above PLN 20 thousand, and very rich Poles, earning above PLN 50 thousand gross per month.

The total gross income earned by affluent Poles in 2018 amounted to PLN 319 billion, and their number reached 1,434 thousand, of which 1,039 thousand were paying their taxes on the basis of the progressive tax scale, while 395 thousand were paying a 19% flat-rate tax. According to our estimates, the total number of affluent Poles in 2019 will amount to 1,581 thousand and their total income will increase by 12.6% to PLN 359.2 billion in comparison with 2018. We estimate that the number of affluent Poles will increase significantly also in the future: in 2022, this group might reach 2 million people, and their total income will hit the mark of PLN 512.8 billion.

Affluent Poles in facts and figures

The following definitions were introduced in this report:*

HIGH-EARNING/AFFLUENT INDIVIDUALS

– earning a gross monthly income over PLN 7.1 thousand**

RICH INDIVIDUALS – earning a gross monthly income over PLN 20 thousand

VERY RICH INDIVIDUALS – earning a gross monthly income over PLN 50 thousand

* The terms 'affluent', 'rich' and 'very rich' refer only to the monthly gross income earned and are not equivalent to the total wealth and assets owned by people classified in these categories.

** For the needs of this report, it was assumed that the affluence threshold is set at the level of annual taxable income falling into the second tax bracket in Poland (currently from PLN 85,528 per annum, pre-tax).



NUMBER OF
AFFLUENT PEOPLE
IN POLAND

(IN THOUSAND,
P – PROJECTED)



- Taxpayers earning over PLN 7.1 thousand gross per month, paying a flat-rate tax at 19%
- Taxpayers paying a progressive tax (falling into the so-called "second tax bracket" of 32%)
- Total gross income

Source: KPMG in Poland based on Polish Ministry of Finance data

The key factors for the luxury goods market include the number and the income of rich individuals, with a monthly income exceeding PLN 20 thousand gross, and those who are very rich, earning above PLN 50 thousand gross a month. Last year, the former group included 234.4 thousand taxpayers (up by 20.6% y/y), and the latter group consisted of 66.7 thousand people (up by 33.5% y/y). Their total gross income amounted to PLN 155.6 billion and PLN 93.7 billion respectively.

Following the introduction of the so-called “solidarity levy” as of 1 January 2019, we started to present data for people earning over PLN 1 million gross per year, starting from the previous edition of our report. According to the

856 thousand

AN INCREASE IN THE NUMBER OF
AFFLUENT POLES IN 2009-2018

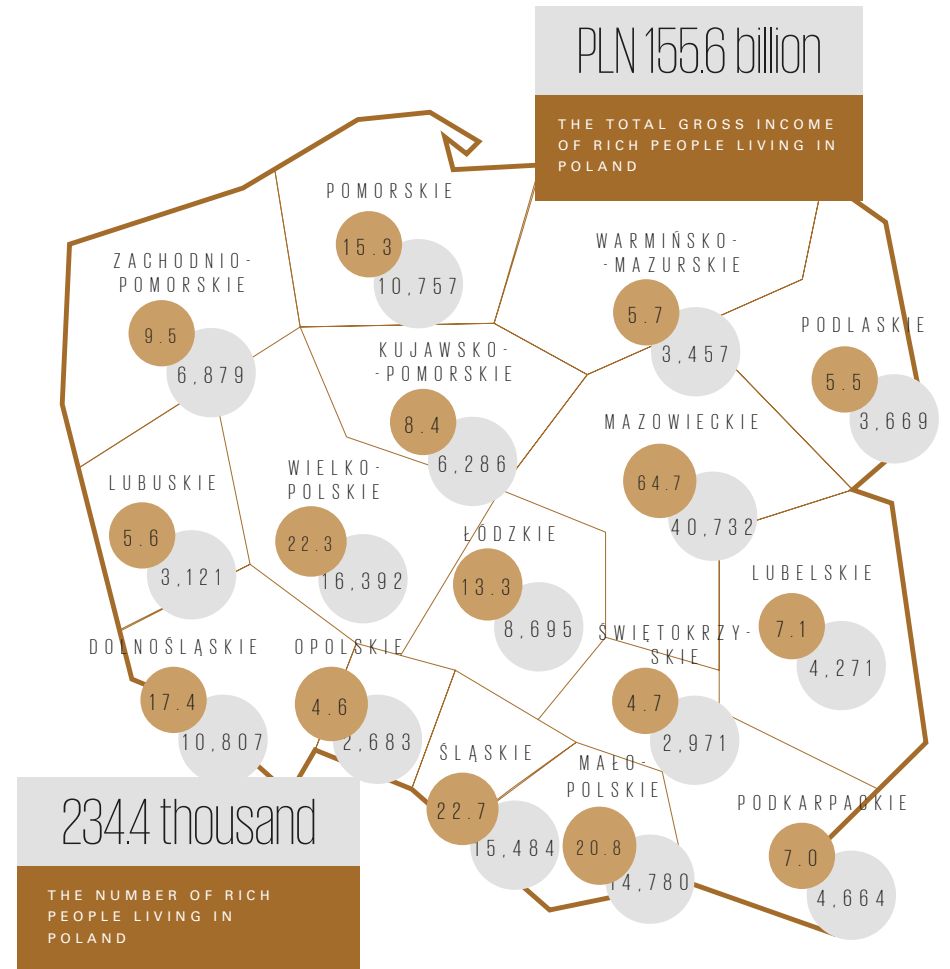
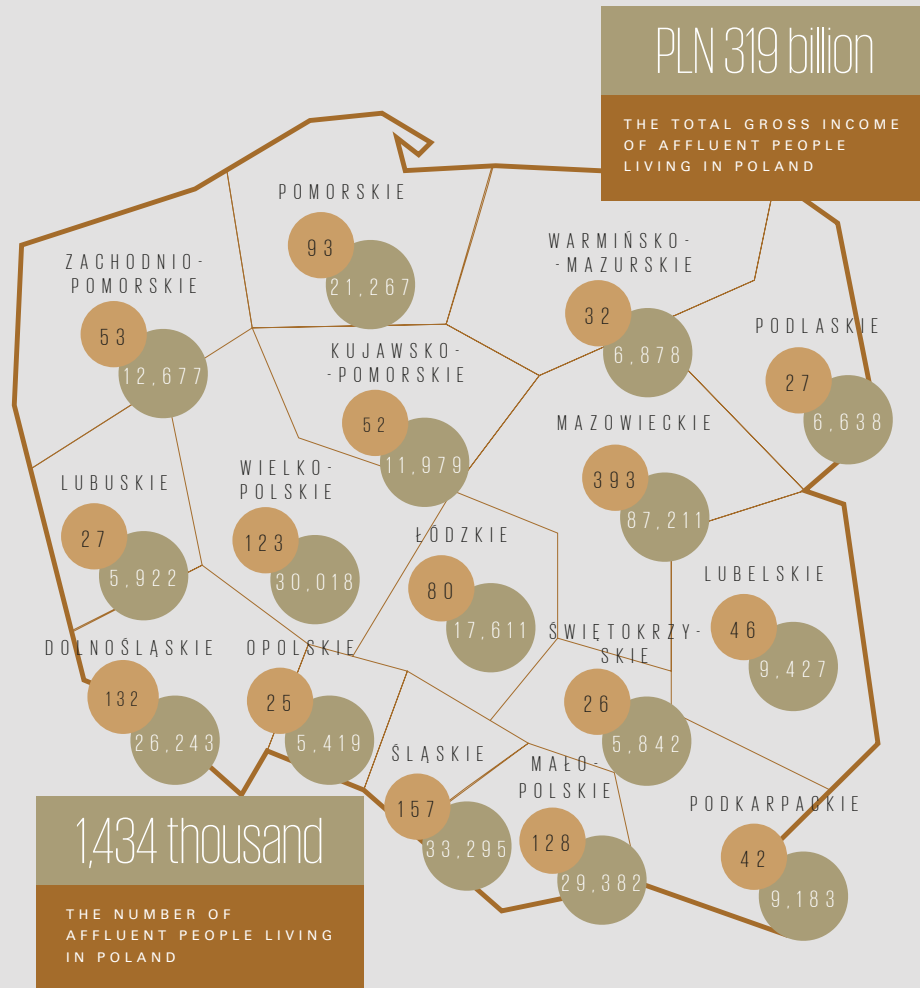
PLN 190.5 billion

AN INCREASE IN THE TOTAL GROSS INCOME OF
AFFLUENT POLES IN 2009-2018

Ministry of Finance data, there were 32.1 thousand such people in Poland in 2018 and their total income amounted to PLN 68.8 billion. The vast majority of taxpayers from this group (94%) were paying the 19% flat-rate tax. The number of people with an annual income above PLN 1 million gross increased by the largest percentage versus all other groups described in this report (by 38.4% y/y).

As in previous years, by far the largest number of affluent Poles live in the Mazowieckie voivodship since Warsaw remains the heart of the country’s business, cultural and administrative life. In total, there were 393 thousand affluent people (27.4% of the total), 64.7 thousand rich people (27.6%) and 15.5 thousand very rich people (23.2%) living in Mazowieckie in 2018. That voivodship also had the largest number of Poles (7 thousand) with an annual income above PLN 1 million gross. Interestingly, the share of the richest residents of Mazowieckie in the total population dropped from 25.4% to 21.8% compared to the previous year.

Other regions with the highest number of affluent individuals include: Śląskie (157.2 thousand people), Dolnośląskie (131.6 thousand) and Małopolskie (127.5 thousand). On the other hand, the highest increases in the number of people earning more than PLN 7.1 thousand gross per month was recorded in Mazowieckie (+52 thousand), Śląskie (+32.2 thousand) and Dolnośląskie (+23.6 thousand).



THE NUMBER OF AFFLUENT PEOPLE with a monthly gross income over 7.1 thousand and their total gross income by voivodship (2018)

- Number of affluent Poles (in thousand)
- Total gross income earned by affluent people (in PLN million)

THE NUMBER OF RICH PEOPLE with a monthly gross income over 20 thousand and their total gross income by voivodship (2018)

- Number of rich Poles (in thousand)
- Total gross income earned by rich people (in PLN million)

” The year 2018 turned out to be very positive for Poland’s economy. The second highest GDP growth rate in the EU, low unemployment and dynamically rising salaries and wages helped to boost the number of people with gross monthly earnings above PLN 7.1 thousand. Relative to 2017, the number high earners increased by nearly 20% and exceeded the threshold of 1.4 million, potentially rising further to 1.58 million this year. For the sake of comparison, a decade ago there were 578 thousand people with such levels of income living in Poland.

As in the previous year, the largest number of high earners (681.8 thousand, 47.5% of the total) lived in the Mazowieckie, Śląskie and Dolnośląskie voivodships, while the lowest number of people with this level of income lived in the Opolskie, Świętokrzyskie and Lubuskie voivodships (78.2 thousand, 5.4% of the total). We estimate that the number of affluent people in the country will increase to 2 million over the next five years, and their income will total PLN 512.8 billion. In 2018, Poland had 32.1 thousand residents obliged to pay the “solidarity levy”. The average monthly income of people with annual earnings above PLN 1 million gross was about PLN 178.8 thousand, nearly ten times higher than the average earnings of affluent Poles. The group of people with the highest income has the fastest growth rate among all groups listed in this report.

It is estimated that the number of people with net assets worth over USD 1 million (the so-called high net worth individuals, HNWI) will amount to almost 116 thousand this year. ”

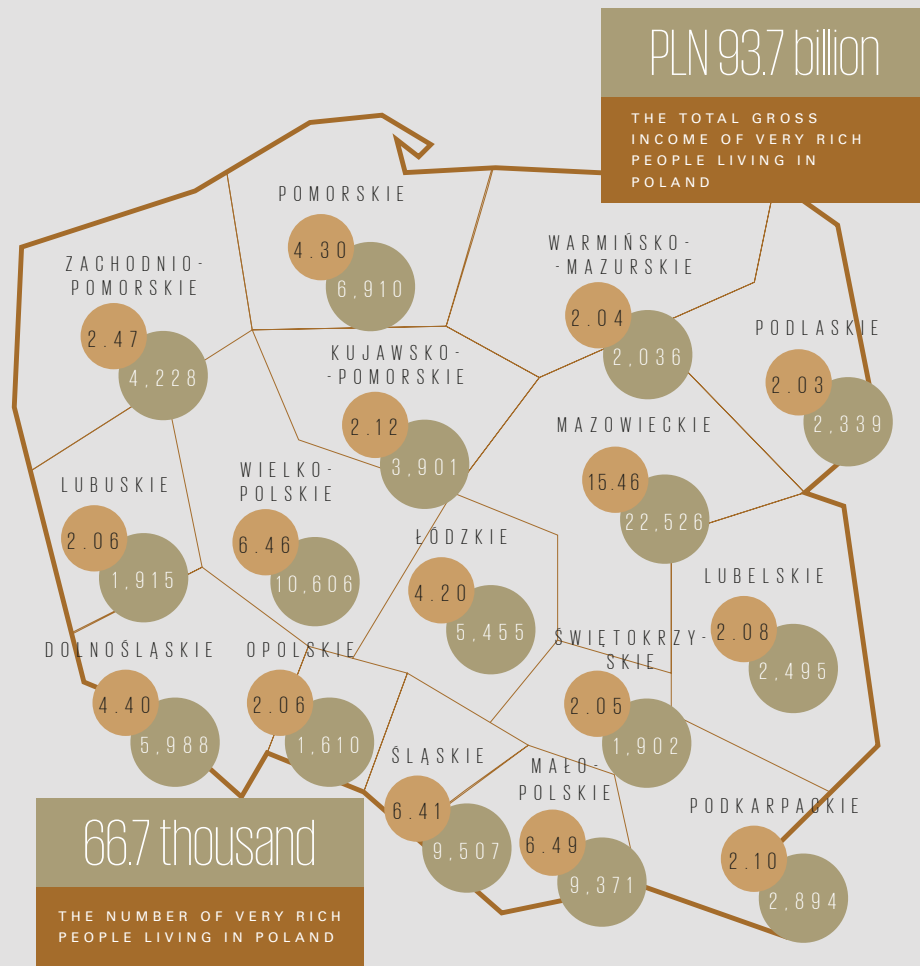
ANDRZEJ MARCZAK,
PARTNER, KPMG IN POLAND

” The total value of the luxury goods market in 2019 may reach PLN 25.2 billion, which will mean an increase of 5.4% y/y. Hotel and spa services are the fastest growing segment, estimated to expand by 11.7% y/y this year. Also worth noting is the category of spirits, which may reach the mark of PLN 1.3 billion.

The upcoming economic slowdown may trigger a slight decrease in demand, but thanks to growing wealth and lifestyle changes the luxury goods market is likely to expand anyway. In 2024, the luxury goods market may exceed PLN 38 billion, which would represent an increase of 51% compared to 2019. ”

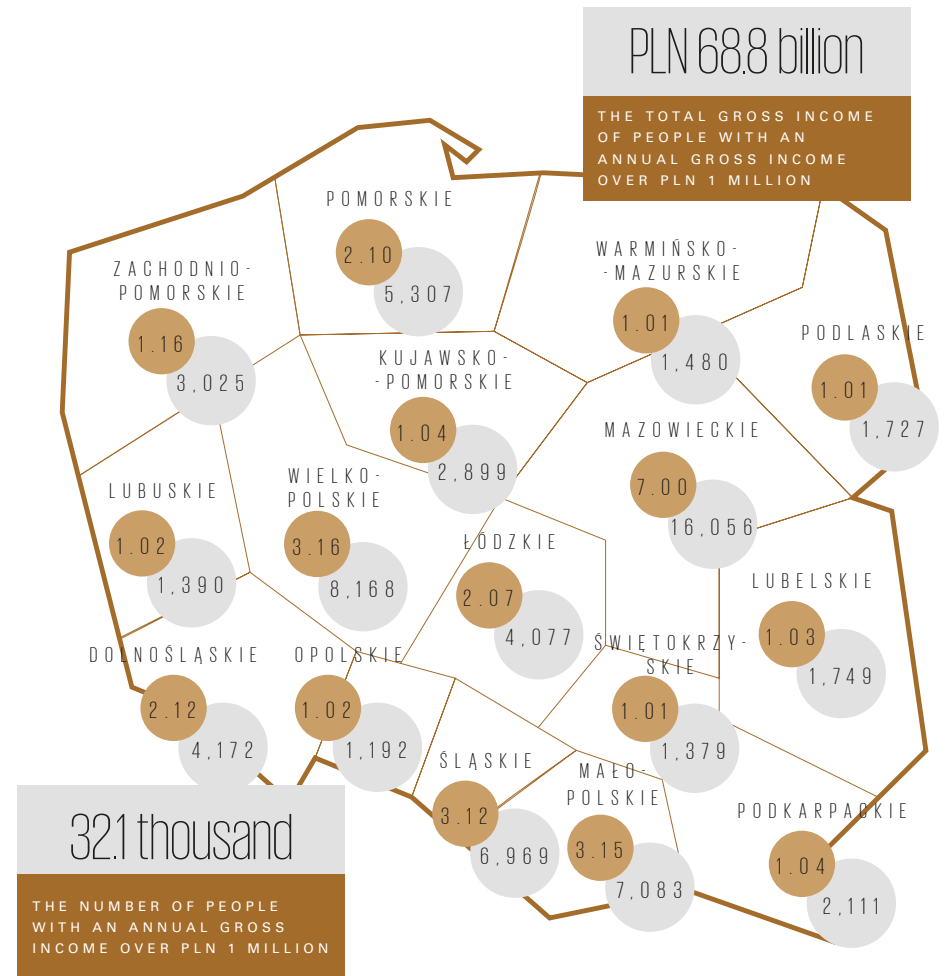
TOMASZ WIŚNIEWSKI,
PARTNER W KPMG W POLSCE





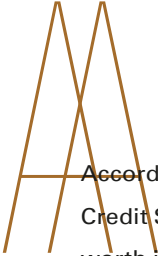
THE NUMBER OF VERY RICH PEOPLE with a monthly gross income over 50 thousand and their total gross income by voivodship (2018)

- Number of people (in thousand)
- Gross income (in PLN million)



THE NUMBER OF PEOPLE EARNING OVER PLN 1 MILLION GROSS per annum and their total gross income by voivodship (2018)

- Number of people (in thousand)
- Gross income (in PLN million)



According to the Global Wealth Databook 2019, a report prepared by Credit Suisse, there are already almost 116 thousand HNWI (high net worth individuals) living in Poland, i.e. people whose net assets exceed the value of USD 1 million. Poland has already outperformed Finland and Greece in this ranking, but still lags far behind many Western European countries. Invariably, leadership belongs to United Kingdom, with nearly 2.5 million HNWI, followed by Germany and France with more than 2 million people whose net assets are worth over USD 1 million.

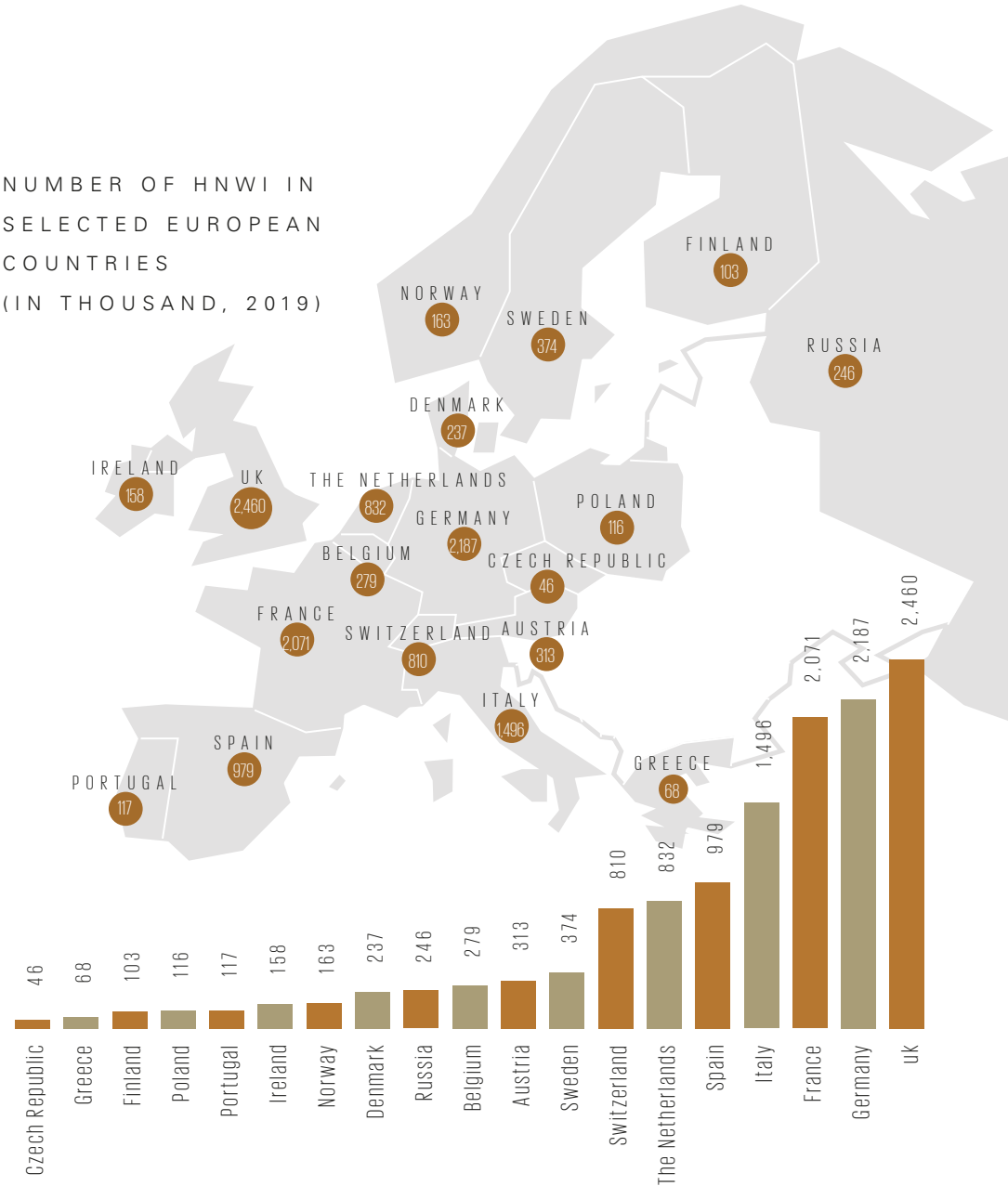
The largest group within the HNWI structure in Poland consists of people with assets between USD 1 and 5 million: there are over 104 thousand such individuals. Assets worth more than USD 100 million are owned by 147 people, and only 14 individuals in this group have accumulated assets above USD 500 million.

total number of
HNWI in Europe:
13.3 million

NUMBER OF HNWI IN POLAND BY WEALTH LEVEL (2019)	USD 1–5 MILLION	10,4369
	USD 5–10 MILLION	7,127
	USD 10–50 MILLION	3,724
	USD 50–100 MILLION	254
	OVER USD 100 MILLION	147
TOTAL HNWI		115,621

HNWI (*high net worth individuals*) – people with net assets worth over USD 1 million
Source: KPMG in Poland based on Credit Suisse data

NUMBER OF HNWI IN SELECTED EUROPEAN COUNTRIES (IN THOUSAND, 2019)



Wealth held by Poles

The total value of assets accumulated by Polish households at the end of Q2 2019 amounted to PLN 2,141 billion. This marks an increase of 7.2% compared to the same period last year. At the same time, the value of liabilities rose by 5.7% y/y to PLN 773 billion, which means that the net assets of Polish households totalled PLN 1,368 billion at the end of H1 2019. This means that the amount of assets minus liabilities rose by PLN 103 billion compared to the same period of 2018.

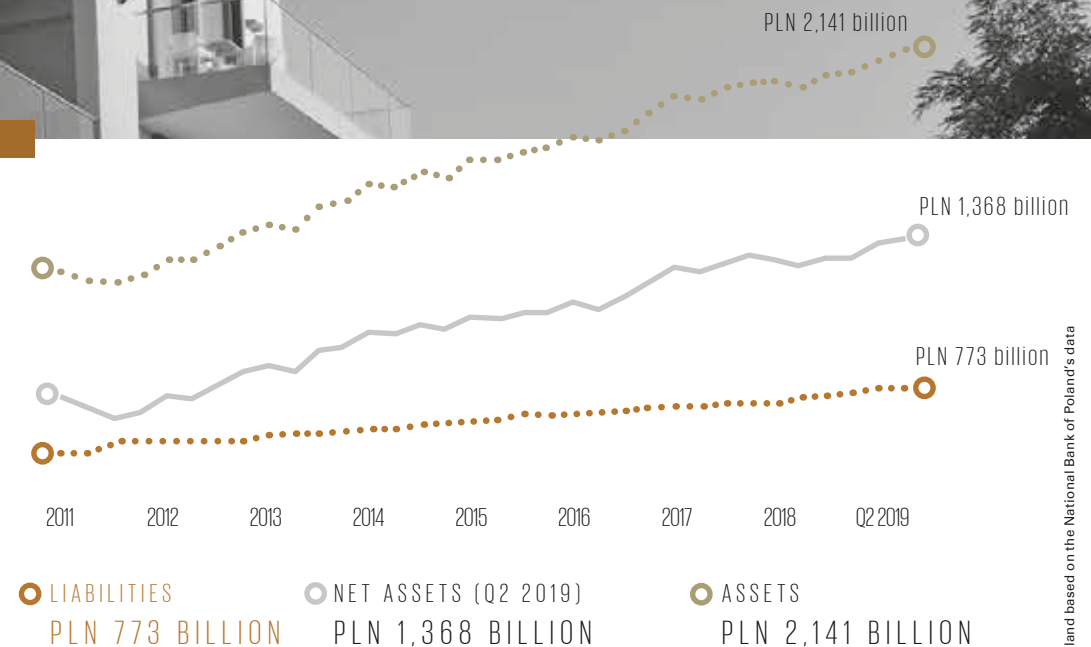
Invariably, bank deposits make up the largest part of Polish households' assets. At the end of Q2 of 2019, their value increased by 11% y/y to PLN 868 billion. The value of investments grew by 5.4% y/y, totalling PLN 558 billion at the end of that period. This category consists mostly of equity interests and

shares, followed by shares or participation units in investment funds. Since last year, the value of assets held by Poles in cash has clearly increased: by 10.7%. The amount of these assets is relatively high and stood at PLN 210 billion at the end of H1 of 2019.

FINANCIAL ASSETS AND LIABILITIES OF HOUSEHOLDS (PLN BILLION, Q2 2019)

CASH	210
DEPOSITS	868
INVESTMENTS	558
INSURANCE	304
OTHER	201
TOTAL	2,141

Source: KPMG in Poland based on the National Bank of Poland's data



Source: KPMG in Poland based on the National Bank of Poland's data



The luxury goods market in Poland

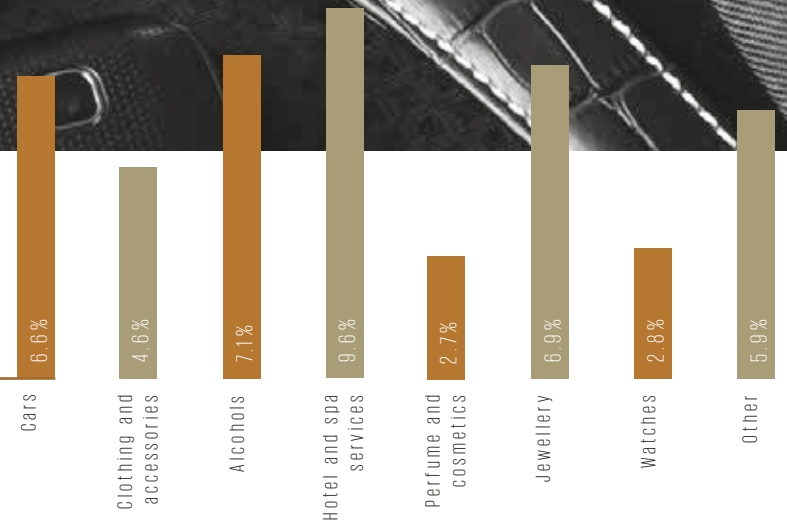
In 2019, the value of the luxury goods market may reach an estimated value of over PLN 25 billion. This would mean an increase of 5.4% compared to the preceding period. The fastest growing segments include hotel and spa services, alcohols and jewellery. Forecasts for the next five years remain optimistic: the luxury goods market in Poland may exceed PLN 38 billion.

In this report, the category of luxury goods mostly includes consumer goods (luxury clothing and accessories, watches, cosmetics and perfumes, and alcohols), luxury car makes, luxury real estate as well as hotel and spa services.



As in previous years, premium cars will continue to be the largest segment of the luxury goods market in Poland this year. In 2019, the value of this category may reach PLN 16.3 billion. Luxury clothing and accessories make up the second largest segment, potentially reaching PLN 3.1 billion this year. Those are followed by other important luxury categories: real estate, hotel and spa services, and alcohols.

PROJECTED AVERAGE ANNUAL GROWTH RATES IN SELECTED SEGMENTS IN 2019-2024



Source: KPMG in Poland based on data from Euromonitor International, desk research

Compared to the previous year, hotel and spa services are the fastest growing segment (11.7% y/y). According to estimates, this category may reach the value of PLN 2.2 billion in 2024, which will mean an increase of up to 58% compared to the current year. Alcohols are the second fastest growing segment, with a value potentially rising by 8.9% y/y in 2019. Also worth noting is jewellery, with a value possibly increasing by 8% y/y to PLN 229 million.

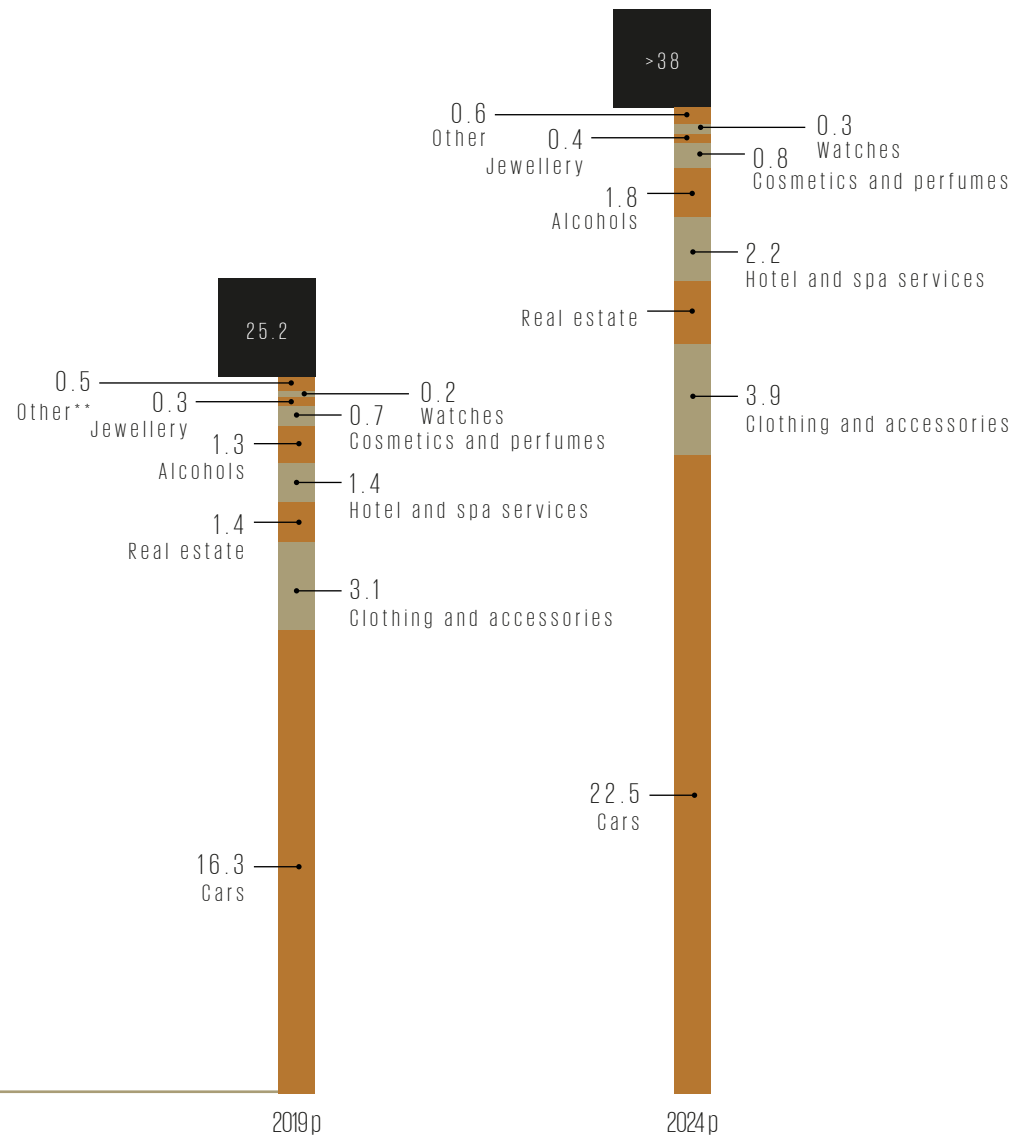
Source: KPMG in Poland based on data from Euromonitor International and desk research.

*Due to changes in the classification and naming of luxury goods segments introduced by Euromonitor International, the values of specific categories may differ from those presented in previous reports.

**The category includes: portable electronics, stationery and leather goods.

ESTIMATED
VALUE AND
STRUCTURE OF
THE LUXURY
GOODS MARKET
IN POLAND

(IN PLN BILLION,
P - PROJECTED)*



Cars

In 2018, a total of 74.8 thousand premium and luxury cars were registered, up by 14.2% compared to 2017. Based on our estimates, the number of registrations will reach approx. 79.1 thousand in 2019, with the total market value hitting PLN 16.3 billion, an increase of 7.7% y/y. This category continues to be the largest section of the luxury goods market.

For the first time in several years, it was not Mercedes that was responsible for the largest number of registered cars in the premium segment in 2019. In the first three quarters of this year, BMW sold 14.5 thousand vehicles, which

means that it represents a quarter of the entire segment. Also, BMW recorded the highest increase in new registrations: by 34.7% y/y. Mercedes came second in terms of the number of cars sold, with

Audi coming third. In total, 74.5 thousand premium vehicles were registered in 2018, while this figure may increase to 78.8 thousand in 2019. In the case of luxury brands, Maserati has retained its leadership, but the number of cars sold by this brand in the first three quarters

PLN 16.3 billion
Estimated value of the premium and luxury car segment in 2019

Source: KPMG in Poland based on data from PZPM (Polish Automotive Industry Association)

78.8 thousand
Estimated number of new car registrations for premium brands in 2019

Source: KPMG in Poland based on data from PZPM (Polish Automotive Industry Association)

of 2019 was half the size of the sales in the corresponding period of 2018 (83 vehicles in Q1–Q3 2018 vs. 44 in Q1–Q3 2019). This year, Lamborghini recorded the highest increase in registrations again: in the first three quarters, three times as many cars from this brand were registered vis-à-vis the corresponding period of 2018. This may be due to the launch of the first SUV by this brand. In addition, only Rolls-Royce and Bentley sold more vehicles than last year (by 11.1% and 7.5% respectively).

244 cars
Estimated number of new car registrations for luxury brands in 2019

Source: KPMG in Poland based on data from PZPM (Polish Automotive Industry Association)

Lamborghini recorded the largest growth in sales among luxury brands in the first three quarters of 2019 (+300% y/y)

Source: KPMG in Poland based on data from PZPM (Polish Automotive Industry Association)

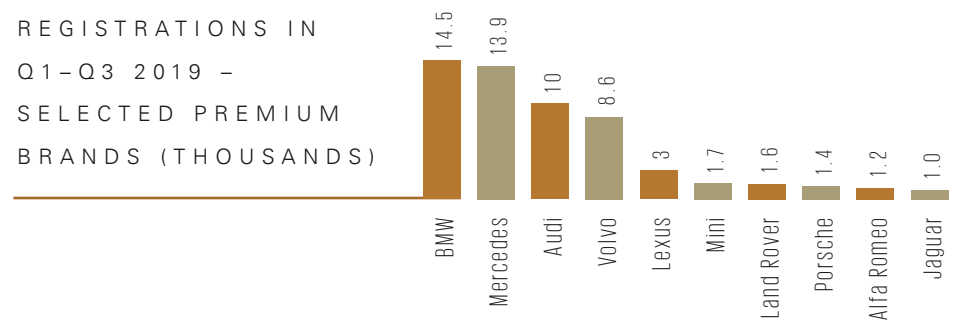
BMW, Mercedes and Audi are responsible for 67% premium car registrations (Q1–Q3 2019)

A total of 271 luxury cars were registered in Poland in 2018. However, we estimate that this number will fall to 244 at the end of this year. According to KPMG estimates, the total value of the premium and luxury car market will reach approx. PLN 16.3 billion in 2019.

NEW CAR REGISTRATIONS IN Q1–Q3 2019 – LUXURY BRANDS (VEHICLES)



NEW CAR REGISTRATIONS IN Q1–Q3 2019 – SELECTED PREMIUM BRANDS (THOUSANDS)



Source: KPMG in Poland based on data from PZPM (Polish Automotive Industry Association)

Ferrari Katowice

” Poland is a good and interesting market: the economy is growing, there are ever more people with high earnings, and there is still enough room for new suppliers of products and services in the luxury segment. As regards the Ferrari brand, which has been present in Poland since 2010, we are trying to make our presence more perceptible, for instance by investing in growth but, above all, in customer relations. We have built two new showrooms in Katowice and Warsaw, and opened an Italian restaurant by the showroom, as a place to meet our customers. This helps our relations to become closer, moving to a more friendly footing, and based on mutual trust.

The age structure of Ferrari customers in Poland has seen a slight downward trend, but this is not a very significant issue. Importantly, we see an increasing number of women among Ferrari customers. They approach shopping differently than men, paying attention to different details. Women are still not numerous, but I think this direction will become a significant part of the luxury goods market, especially in the automotive sector.

Luxury goods are a relatively stable market, which means that neither increases nor decreases are dramatic. The last few years have been very good in terms of growth, but we realise that this cannot last forever and slight volatility will occur once every few years. We are considering the possibility of a market downturn, but even if it does happen, we are prepared for it.”

KAROLINA SZULĘCKA,
MARKETING MANAGER,
FERRARI KATOWICE

Aston Martin Warsaw

” The luxury car market in Poland is constantly expanding. Over the last 10 years, most of the premium and super premium automotive brands have opened their showrooms in Poland, in appreciation of the growing potential of our market. Young consumers are increasingly buying such cars as well; their share in the luxury goods market is, and will be, increasingly significant, especially given that these generations are digital natives. They are largely responsible for the rising online sales of luxury goods. One characteristic of these young generations is their willingness to use luxury goods but not necessarily to own them. Consequently, although their share of the premium car market will continue to grow, the growth will be ever more perceptible for companies that offer use/ rental of luxury cars.

Projections for this segment are optimistic for the coming year, with manufacturers and dealers betting on further stable growth. This is also driven by the available technologies in luxury and sports cars. As a result, these models are ever more user-friendly and can be used almost all year round, even in the climate zone of Central Europe. In addition, we should mention the availability of more favourable financing options, service bundles and long warranty periods.”

MICHAŁ MASKE,
SALES & MARKETING MANAGER,
ASTON MARTIN WARSAW

Clothing and accessories

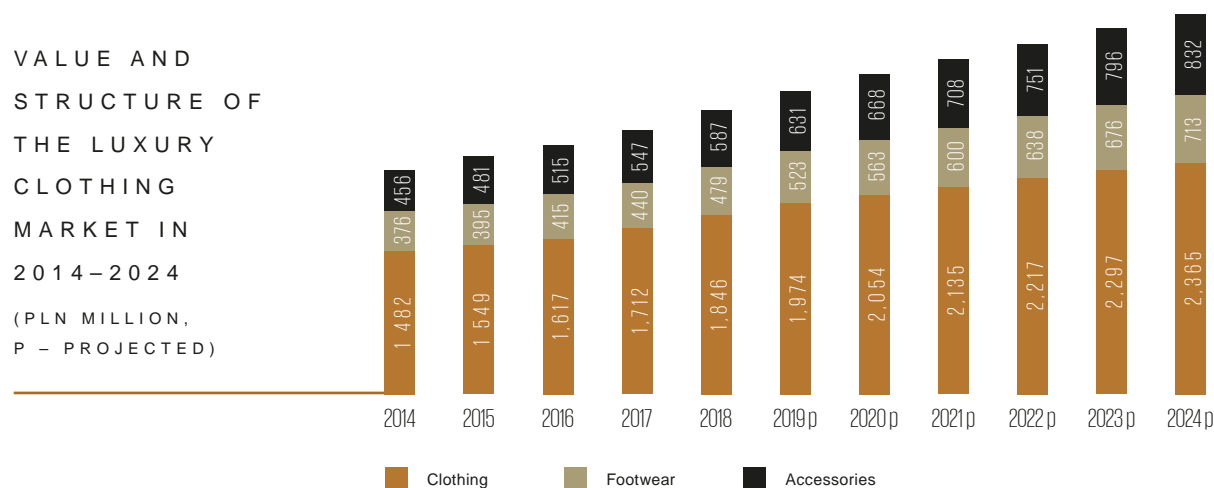
In 2019, the value of the Polish market of luxury clothing and accessories may increase by 7.4% y/y to over PLN 3.1 billion. In terms of value, this is the second largest category of luxury goods in Poland. The largest part of this segment is made up of clothing, with footwear showing the highest growth rates.

Luxury clothing and accessories (such as glasses, belts, gloves or scarves) have been characterised by stable growth rates for years. This year, the whole category is estimated to exceed the mark of PLN 3 billion. According to the projected average annual growth of 4.6% in 2019–2024, the value of the segment will approach PLN 4 billion at the end of that period. Clothing accounts for over 63% of the value of this category of luxury goods, with women’s clothing invariably representing the highest share.

9.3%
In 2019, the highest growth y/y in luxury clothing and accessories was recorded in the footwear segment.

Source: KPMG in Poland based on data from Euromonitor International

VALUE AND STRUCTURE OF THE LUXURY CLOTHING MARKET IN 2014–2024
(PLN MILLION, P – PROJECTED)



Source: KPMG in Poland based on data from Euromonitor International

Cafardini

” Over the last 10 years, we have observed a significant change in Poland in the perception of clothes made to measure. It is hard to believe that just a few years ago this service was perceived only as a solution for people who could not find the right size of clothing for themselves.

Today, using a bespoke sewing service is a luxury where customers can choose the right cut, fabric as well as the personal adviser who will be responsible for our image. From the very beginning, our brand has specialised in men’s bespoke tailoring. In recent years, we have observed a significant increase in interest in made-to-measure clothes among men aged 25–35.

This usually begins when customers are preparing for the wedding ceremony but, notably, the same customers often continue to use our services later on. On the other hand, men aged 35–50 are the most frequent buyers, many of them entrusting their entire wardrobe to a personal adviser. These consumers are conscious and appreciate a sense of comfort. For them, bespoke tailoring offers the luxury of perfectly fitting clothes and a comprehensive tailoring service.

For many decades, bespoke tailoring was restricted to highly formal suits. Over the last 5–6 years, however, there has been a clear increase in interest in made-to-measure clothes for casual occasions, also in Poland. This includes less formal jackets combined with trousers, and fabrics which are comfortable to wear, e.g. with natural stretch effect. As regards accessories, some customers order custom-tailored ties.

All this is related to the broadly defined luxury of freedom and mobility. A considerable number of companies which offer more than tailor-made suits have introduced lines of clothing designed primarily for comfortable wearing and individualised fit. This is all in line with the “travel light” philosophy.

When choosing fabrics for the Cafardini collection, we apply criteria that are currently in line with two clear European trends. The first one is the range of fabrics with widely understood wearability. This comprises fabrics that do not restrict movement, are crease-resistant and stain-resistant, with a protective sunscreen, etc. The sense of uncompromising comfort is very important for the customer. At the same time, we only work with suppliers who take real steps towards sustainability. The transparency of the production cycle, with quality improvements at each step of the process, and the optimisation of resources are the key success factors in this regard. Consumers who buy premium and luxury brands are increasingly aware of brands’ efforts to improve sustainability of their businesses.

We expect that the demand for top quality bespoke tailoring services in Poland will continue to grow steadily and we are looking at the Polish market in a long-term perspective.”

MARTA STEFAŃCZYK-CIĄPAŁA,
CEO, CAFARDINI

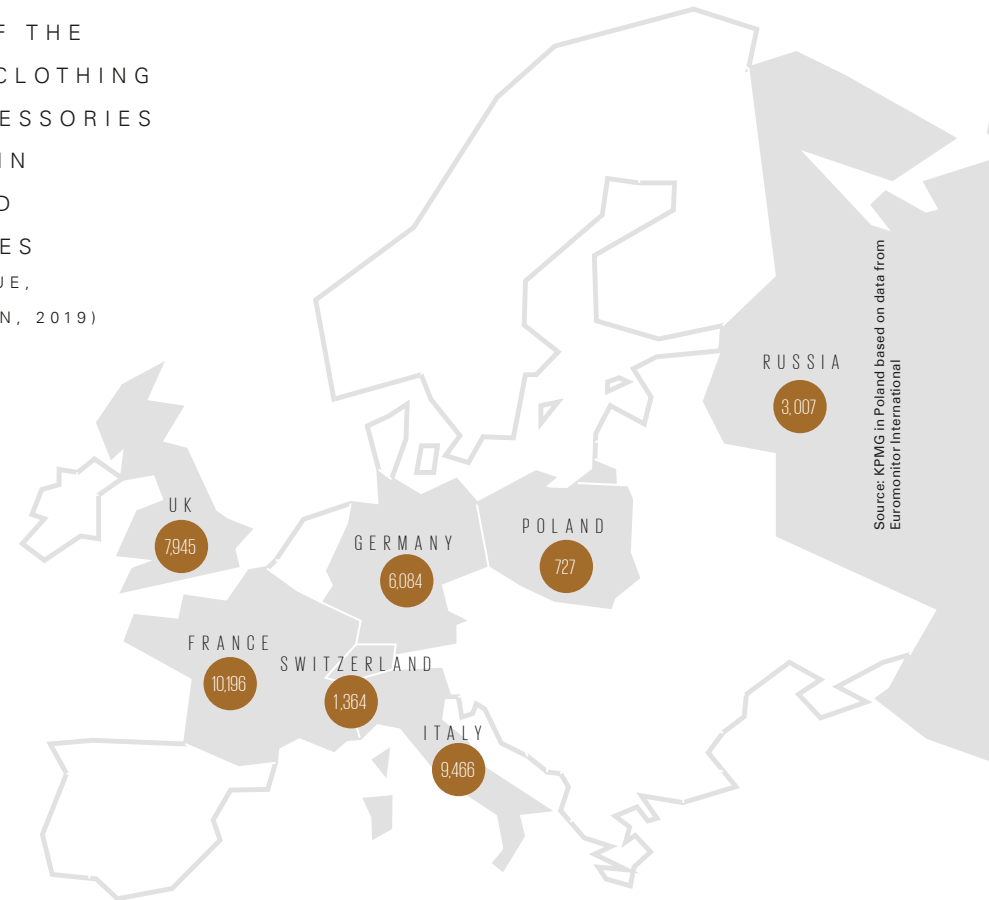


For the second year in a row, the highest growth was recorded in the luxury footwear segment, and its value is estimated to increase by 9.3% y/y in 2019. According to projections, the value of this part of the market will reach the highest average annual growth rate in the entire category over the next five years (6.4%). The share of footwear is higher here than in some Western European countries. In the UK, Switzerland and Germany, this segment represents, respectively, only 8%, 9% and 10% of the value of luxury clothing and accessories.

PLN 3.1 billion
Estimated value of
the luxury clothing
and accessories
market in 2019

Source: KPMG in Poland based on data from
Euromonitor International

VALUE OF THE
LUXURY CLOTHING
AND ACCESSORIES
MARKET IN
SELECTED
COUNTRIES
(TOTAL VALUE,
EUR MILLION, 2019)



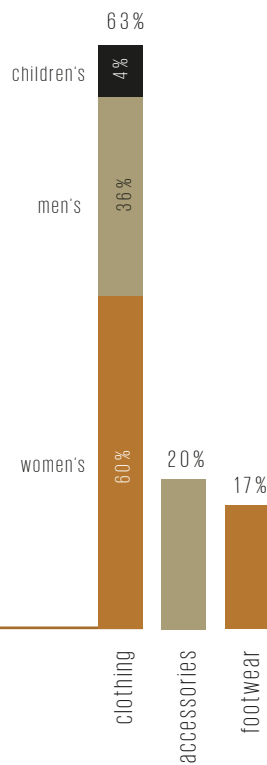
Source: KPMG in Poland based on data from Euromonitor International

4,6% - the estimated average annual growth in the market of luxury clothing and accessories in 2019-2024 in Poland

Source: KPMG in Poland based on data from Euromonitor International



SHARES OF DIFFERENT CATEGORIES OF THE LUXURY CLOTHING AND ACCESSORIES MARKET



The segment of luxury clothing and accessories in France is more than 14 times greater than in Poland

Source: KPMG in Poland based on data from Euromonitor International

Bohoboco

” The economic growth we have seen over the last decade means that Poles have been earning and spending more money. On the other hand, the potential economic crisis is looming, which means that consumers must be more reasonable in their purchasing decisions. A few years ago, they were more optimistic about the future and spent money more impulsively. Now, if they reach for a premium product, they treat it as a kind of investment rather than just a way to satisfy a whim.

This results from increasing consumer awareness in recent years. Bohoboco has been on the market for a decade and we have seen our customers growing more mature alongside the brand. The vast majority are women aged over 36, with an increasing number entering the 51+ age bracket. They are loyal to the brand and attached to our style, quality of fabrics and workmanship, as well as customer service: all these aspects are important to them. We are not the only ones to have noticed the potential of this

target group. Ever more brands are making efforts to target this group, although it remains underestimated on the Polish market in terms of its purchasing power.

On the other hand, the young generation represents a considerable challenge for brands. With a high purchasing power and virtually unlimited access to all kinds of products, they are the ones who determine the market mechanics, also in the luxury sector. That is why, in addition to having a strong presence in digital channels, we are focusing at Bohoboco on releasing short, capsule product series.

Over the years, these trends have become apparent in the behaviour of customers looking for Bohoboco clothing and the niche Bohoboco Perfume. I think that the times that are coming for the fashion and beauty industry will be highly demanding but also exciting, especially in the luxury sector. It is a good idea to monitor this highly dynamic market since flexibility might become the key to brand success.”

MICHAŁ GILBERT LACH,
CEO & CREATIVE DIRECTOR
BOHOBOCO

Vitkac

” Over the past 10 years, the luxury goods market in Poland has undergone profound changes. Consumers are growing more wealthy, with more cash in their wallets, which is particularly noticeable in the average basket value, which has doubled. Brand awareness among shoppers has also increased. This means that they attach ever more importance to the quality and ingredients of the products bought, as well as to brand policies and philosophies. As a result, they shop more boldly and are also willing to spend more to obtain high quality products which are eco-friendly, produced with respect for human rights and nature. Our observations also show that customers’ ages have become more varied. Particularly noteworthy is Generation Z, which generates an important share of turnover at DH VITKAC.

DH VITKAC sells luxury goods to customers in all age groups. There is a clear rapid growth trend in the sales of luxury and premium products among the Millennials, a generation born in the 1980s and 1990s. These consumers are

very conscious and demanding. However, they are being visibly joined and replaced by Generation Z, whose share in the sales of luxury and premium clothing and accessories has been growing at the fastest rate. This generation has been growing up in a time of prosperity and new technologies, and the first to inherit the wealth of the previous generation.

Democratisation is a strong trend in the fashion industry. With the expansion of new technologies and generational change, the fashion landscape has changed. Customers shop differently and perceive the fashion industry in a completely different way. We notice a clear mix of street style and custom tailoring. We believe that the industry will see a stable growth, without significant fluctuations. However, the market is clearly dependent on the stability of the Polish currency and any potential important macroeconomic developments that might occur in the financial markets in 2020. However, the investments we made at DH VITKAC over the past two years should guarantee stable sales even in the face of major market turbulences.”

ARKADIUSZ LIKUS,
OWNER, DH VITKAC

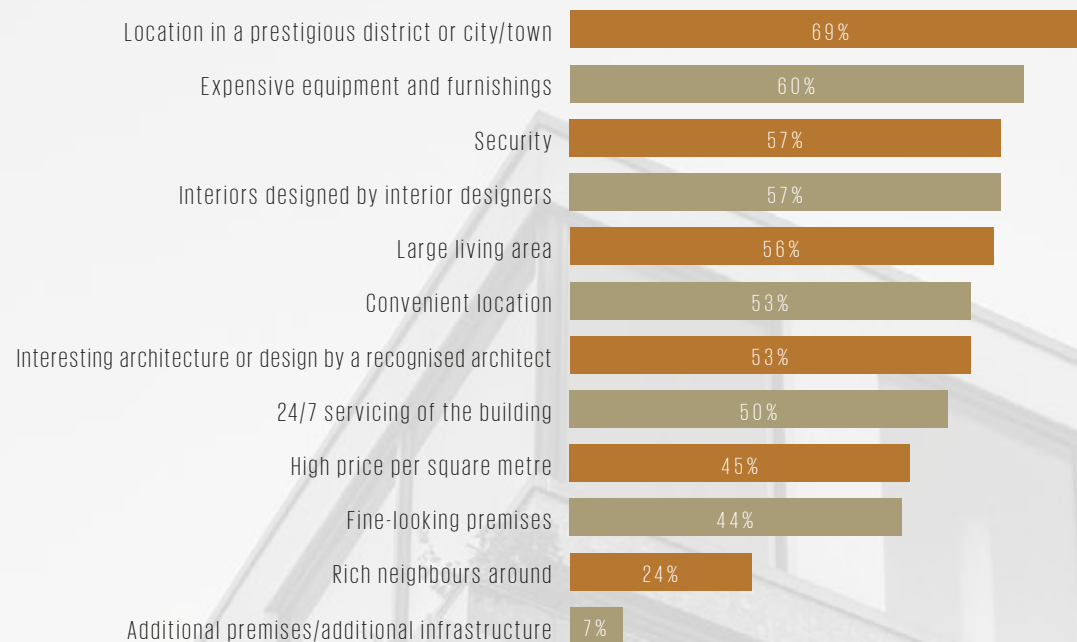
Real estate

The growing affluence of the Polish society drives the market of luxury and premium real estate. On the one hand, rich Poles are looking for opportunities to invest their capital and, on the other hand, luxury apartments and residences help them express their social status. As in previous years, Warsaw continues to be the largest market for premium real estate. Apart from the capital city, many premium apartments have been sold in Katowice, Krakow, Lodz or the Gdańsk-Gdynia-Sopot agglomeration.

When identifying the premium real estate segment, usually a price per square metre is taken into account. Prices of such apartments in Poland, even in Warsaw, remain much lower than in Western Europe or the USA. However, given the higher growth rate in prices for premium real estate, prices in Poland's capital may soon exceed those in some cities of the "old" EU. The average prices per square metre of luxury apartments in selected European cities this year are given below:

Madrid: EUR 7,000,
 Berlin: EUR 9,100,
 Paris: EUR 15,100,
 London: EUR 17,700.*

WHAT DO YOU THINK ARE THE ATTRIBUTES OF LUXURY REAL ESTATE (E.G. AN APARTMENT, A DETACHED HOUSE)?



Source: KPMG in Poland based on web survey

* Source: KPMG in Poland based on Savills Research
 ** Source: KPMG in Poland based on High Level Sales and Marketing

In Warsaw, the average price of premium apartments in the first half of 2019 stood at about PLN 28,100 per sq.m. (approx. EUR 6,534), with a record of PLN 44,900 per sq.m. (approx. EUR 10,440).

The value of the premium real estate market in Warsaw is projected to increase by 7–8% y/y in 2019, which means that the purchase of such premises may soon exceed the costs incurred by residents of some Western European cities.** Moreover, there are many other factors which drive the status of an apartment or residence.

In the KPMG survey on Poles' perception of luxury, the respondents said that the location in a prestigious district or city/town was the most important attribute allowing a property to be classified as luxurious (69% of mentions). Other attributes of luxury indicated by the respondents included expensive furnishings (60%), security (57%), interior finishing by interior designers (57%) and a large living area (56%). Presence of rich neighbours living in the vicinity was considered to be the least important factor (24%).

Younger respondents (aged 18–35) were more likely than older ones to indicate a convenient location as an important feature. On the other hand, people aged over 35 paid more attention to the presence of separate fine-looking premises. Women are clearly more likely to mention the presence of security (women: 61%, men: 53%) and finishing by interior designers (women: 60%, men: 53%) as the attributes of luxury property.

Admittedly, the luxury real estate market has been growing dynamically in recent years. According to estimates, its value in 2019 may range from PLN 1.4 to 3.8 billion, depending on definitions.

Tacit Investment

”The last decade has seen a real boom on the market of premium real estate in Poland. Using the example of Warsaw, one can show that ten years ago there were only a handful of deals per year involving a price over PLN 20 thousand per square metre. Currently, there are nearly 300 such deals at prices exceeding PLN 25 thousand per square metre. The market is stable and grows at a rate of approx. 7–8% per year. We expect further growth in the following years, and a downturn, if any, is more likely to translate into the number of transactions than drive down the capital value of the best projects. As the number of completed and successfully sold exclusive projects increases, developers' confidence in the purchasing power in this sector is growing as well. An increasing number of investors aspire to complete premium construction projects.

The largest group of buyers of such properties are aged 35–55. Those are people with an established professional position, business owners or high-

class specialists, as well as artists and athletes. Most of them might become interested in another property for their collection of best addresses.

Customers draw conclusions from their previous purchases. They pay ever more attention to the uniqueness of design, quality of workmanship, property management after sale completion and the protection of the residential function. The highest value is preserved by facilities that exclude purposes other than residential. The use for office purposes, services or short-term rental will undermine the value of even the best addresses. Good neighbourhood is the measure of success of the best projects. It is important whom the residents will meet in the lift or parking garage on the daily basis, and whom their children will spend time with. Only a community with common expectations related to their property will guarantee a constant increase in its value.”

KAROLINA KAIM,
AUTHOR OF HIGH LEVEL SALES
& MARKETING BY TACIT GROUP

Luxury hotels are among the largest and fastest-growing categories of luxury goods. The number of five-star hotels in Poland increases year after year. In 2019, this category may reach the value of PLN 1.4 billion.

Hotel and spa services

Over the past year, eight luxurious five-star hotels were opened in Poland. In total, the country already has 76 of them, with the largest number in the Małopolskie voivodship. The total number of rooms in five-star hotels increased by 12.8% over the year to nearly 9.9 thousand. At present, only in two Polish voivodships—Łódzkie and Lubuskie—have no facilities of this kind.

Nearly 3%
of all hotels in Poland are
five-star facilities

Source: KPMG in Poland based on Statistics Poland (GUS) data. *As at end of July 2019

7%
of all hotel rooms are located in
five-star hotels

Source: KPMG in Poland based on Statistics Poland (GUS) data. *As at end of July 2019

PLN 1.4 billion
is the estimated value of the
luxury hotel market in 2019

Source: KPMG in Poland based on data from Euromonitor International



POVIATS WITH THE LARGEST NUMBER OF FIVE-STAR HOTELS *



NUMBER OF HOTELS IN POLAND (2019) *

The value of the market of four- and five-star hotels in 2019 is estimated to increase by 11.7% y/y, potentially reaching a value of PLN 1.4 billion. The value of this segment may exceed PLN 2 billion as early as in 2023.

Source: KPMG in Poland based on Statistics Poland (GUS) data.
*As at end of July 2019

Source: KPMG in Poland based on Statistics Poland (GUS) data.
*As at end of July 2019
** Nominal change y/y



Raffles Europejski

” Poland is very promising for luxury brands at the moment. I think this evolution started in 2013 with the opening of na Louis Vuitton in Warsaw, followed by the publication of Vogue Polska in 2018 and the opening of Raffles Europejski Warsaw in June 2018. As you look at the trend, there are a lot of investments in the luxury market in different segments. We also know that some other luxury hotel brands will soon arrive in Warsaw. These are very important indications showing the growth of the luxury market here.

Our guests are usually between 36 and 50 years old. They travel around the world a lot and seek more than just ordinary luxury understanding. Expectations are very high and how you deliver the service is very important. At Raffles, we try to provide our guests also with emotion-based luxury.

I believe there will be growth in the luxury hotel market. We know that there are important brands in the pipeline for the opening or investment. Warsaw will be a very promising destination for luxury-seeking travelers soon. With its natural beauty, history and intellectual presence, Warsaw is waiting to be discovered by the luxury travelers from all around the world. ”

THOMAS BRUGNATELLI,
GENERAL MANAGER,
RAFFLES EUROPEJSKI WARSAW



Hotele SPA Dr Irena Eris

” Environment friendliness has become a noticeable trend in the market of luxury hotels and spa services. Nowadays, being eco-friendly is not a fad but an expression of an informed attitude, driven by the concern for the environment and the future of generations. The hotel and hospitality industry has begun to take many environmental efforts in many aspects of its business. Some solutions have already been introduced, others are in progress.

Our guests appreciate a friendly atmosphere, comfort, personalisation in our wide range of services and attention to detail. The location of the hotel partly determines the visitor profile. Wzgórze Dylewskie and Krynica Zdrój are more likely to be visited by whole families. In turn, Polanica is more popular among those who seek peace and an aura of a real mountain resort. Moreover, we attract an increasing number of foreign visitors. Dr Irena Eris spa hotels are also popular with businesspeople, who like to organise private board meetings here.

The situation on the market of luxury hotels and spas has significantly improved in recent years, which is related to the growing wealth in our society, and the growing awareness of hotel guests, which translates into increasing expectations. This has a very positive impact, driving growth in this segment. There is still very little genuine luxury in our country, although this market has been steadily expanding year after year. We are now facing a new year, with the expected economic downturn potentially causing minor problems in this market.”

HENRYK ORFINGER,
PRESIDENT OF MANAGEMENT BOARD,
HOTELE SPA DR IRENA ERIS

The market of luxury alcohols in Poland may reach the value of almost PLN 1.3 billion in 2019. Alcohols are among the fastest-growing categories of luxury goods. According to projections, the value of this market may increase by another PLN 526 million within the next five years.

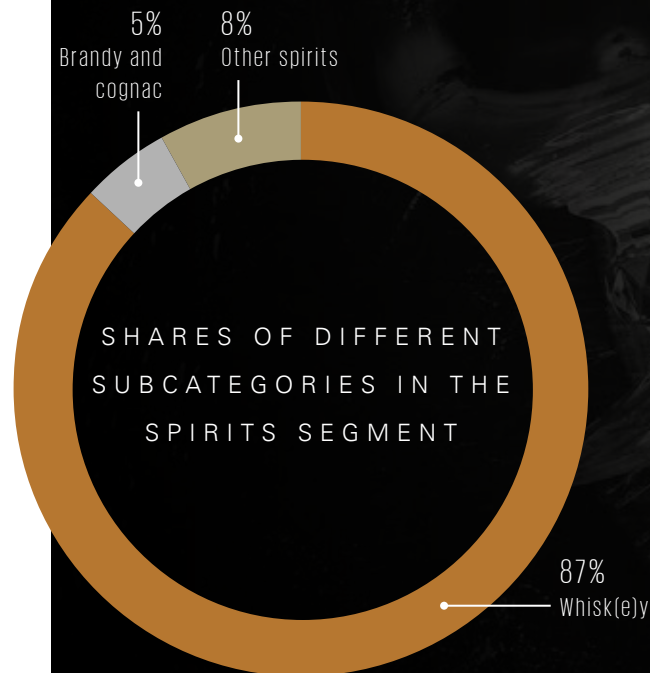
Alcohols

Rapid growth in the category of luxury alcohol beverages is not new. According to estimates, the performance of this segment will improve by 8.9% y/y in 2019, and the average annual growth rate in 2019–2024 will reach 7.1%.

Spirits are the largest and also the fastest-growing subsegment, likely to grow by 9.6% to PLN 923 million in 2019.

PLN 1.3 billion
is the estimated value of the luxury
alcohol market in 2019

Source: KPMG in Poland based on data from Euromonitor International



Worth noting is the high growth rate of whisk(e)y, which, according to forecasts, will reach almost PLN 1.2 billion in five years' time.

Wines and champagnes, which account for 28% of the market, are the second largest segment of luxury alcohols.

A slightly slowing growth rate is expected in champagne, as its sales grew faster than those of wine in previous years.

Source: KPMG in Poland based on data from Euromonitor International

Source: KPMG in Poland based on data from Euromonitor International

The latter will achieve an average annual growth rate of 6% over the next five years, by 1.4 pp higher than champagnes. The structure of the Polish market of luxury alcohols differs from that found in many European countries. The segment of wines and champagnes is responsible for as much as 75% of the market value in France and UK, and even 94% in the case of Switzerland and Italy.

THE VALUE OF THE LUXURY ALCOHOL MARKET IN SELECTED COUNTRIES

(TOTAL VALUE, EUR MILLION, 2019)



Source: KPMG in Poland based on data from Euromonitor International

10.3%

In 2019, the greatest increase y/y in the category of luxury alcohols was recorded in whisk(e)y

Source: KPMG in Poland based on data from Euromonitor International

Champagne represents 30% of the value of the wine market in Poland

Source: KPMG in Poland based on data from Euromonitor International

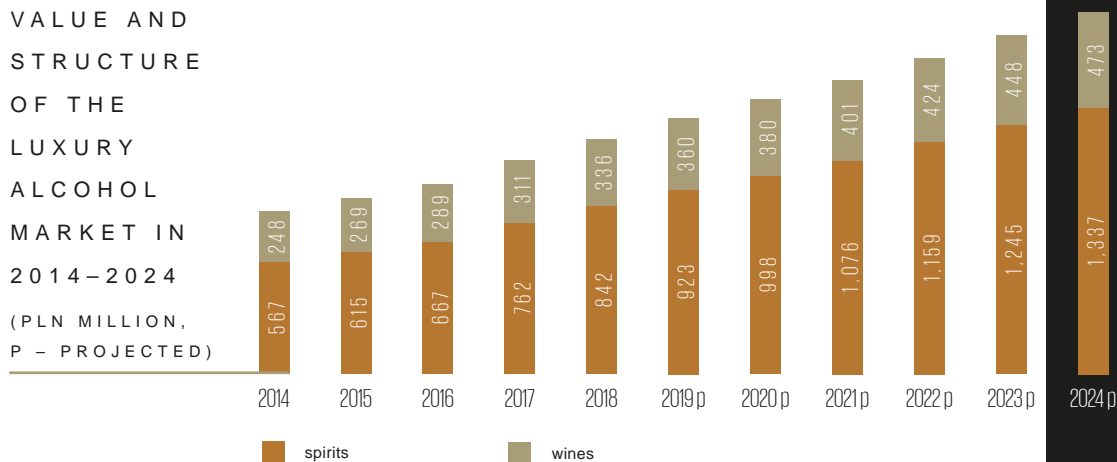
Spirits are the largest segment: PLN 923 million, 72% of the total market

Source: KPMG in Poland based on data from Euromonitor International

7.1% Estimated average annual growth rate in the luxury alcohol market in 2019-2024

Source: KPMG in Poland based on data from Euromonitor International

VALUE AND STRUCTURE OF THE LUXURY ALCOHOL MARKET IN 2014-2024 (PLN MILLION, P - PROJECTED)



Source: KPMG in Poland based on data from Euromonitor International

Diageo

” The alcohol market is developing in the right direction, i.e. premiumisation rather than increased consumption. We expect that the two-digit growth rate in the premium and de luxe segments will persist in subsequent years.

Polish consumers are moving from low-proof to high-proof alcohols. Instead of vodka, they are increasingly choosing whisk(e)y, gin or rum and, at the same time, opt for high-end products. In Diageo’s portfolio, we have seen a higher growth in the de luxe category versus premium.

Polish customers explore the universe of alcoholic beverages and buy luxury brands for home celebrations or as gifts. Also, they increasingly appreciate quality and craftsmanship. Along with the rising popularity of craft beers, which has extended onto spirits, we have seen an increasing popularity of single malt whisky, especially among consumers aged over 35.

Recruitment of new customers is aided by improved availability of luxury alcohols in modern trade and the fact that consumers spend more time in restaurants and cocktail bars. Younger consumers, in turn, get acquainted with elitist alcohols through cocktails. In 2019, our nationwide World Class Cocktail Festival was attended by as many as 15,000 visitors.”

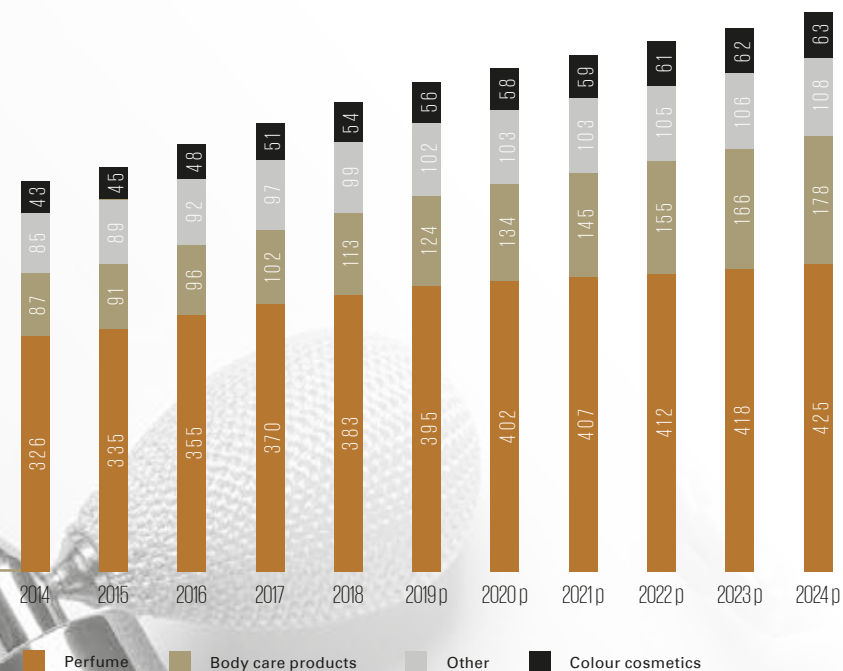
ŁUKASZ PIWOWARCZYK,
HEAD OF RESERVE POLAND DIAGEO

Perfume and cosmetics

According to estimates, the value of the luxury cosmetics and perfume market in Poland will reach PLN 677 million in 2019, up by 4.3% versus the previous year. Perfumes are responsible for over a half of this segment. A perceptible slowdown in this segment may mean that luxury perfume and cosmetics were the fastest to establish a presence in Polish homes, and the challenge for this category will be to keep up with the growth rates of the entire luxury goods market.

THE LUXURY PERFUME AND COSMETICS MARKET IN 2014-2024

(PLN MILLION, P - PROJECTED)



Source: KPMG in Poland based on data from Euromonitor International

10.1%
the highest growth in the category of luxury perfume and cosmetics was recorded in body care

Source: KPMG in Poland based on data from Euromonitor International

2,7%

Estimated average annual growth rate on the market of luxury perfume and cosmetics in 2019-2024

Source: KPMG in Poland based on data from Euromonitor International

According to market projections, the average annual growth rate in this segment between 2019 and 2024 will reach 2.7%. This means that over the next five years the value of the luxury perfume and cosmetics market will increase by nearly PLN 100 million.

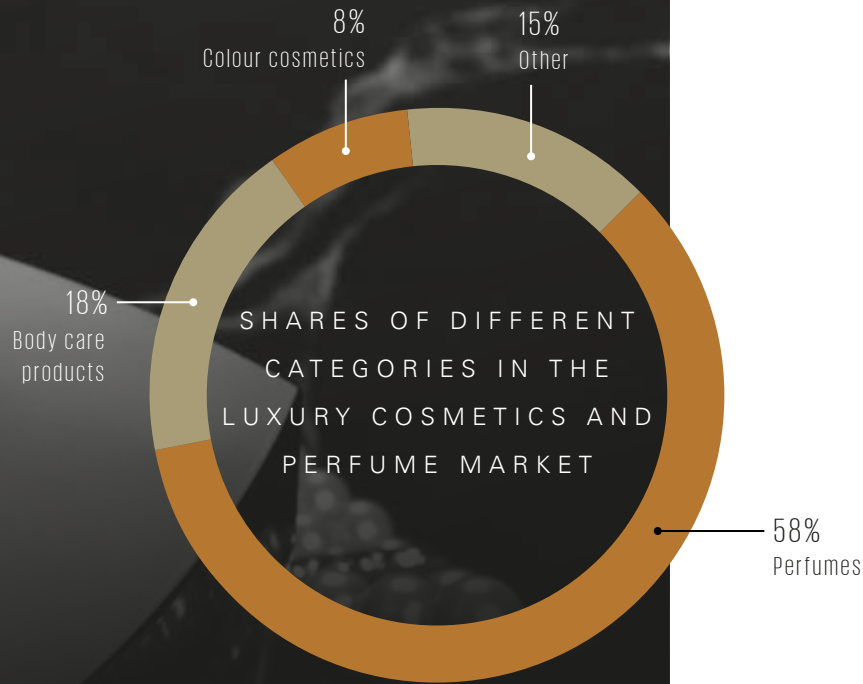
Perfume has the largest share in this category of luxury goods and accounts for 58.4% of its value. The highest growth rate is invariably recorded in luxury body care products. In 2019, their value increased by 10.1% to PLN 124 million. This segment has been increasing its market share year after year. It is estimated that it will account for 23% of the entire value of the category by the end of 2024.

In Europe, the British market holds the lead in this category of luxury goods. Its value is over 17 times higher than the value of the luxury cosmetics and perfume category in Poland.

PLN 677 million
the projected value of
the luxury perfume and
cosmetics market in 2019

Source: KPMG in Poland based on data from Euromonitor International

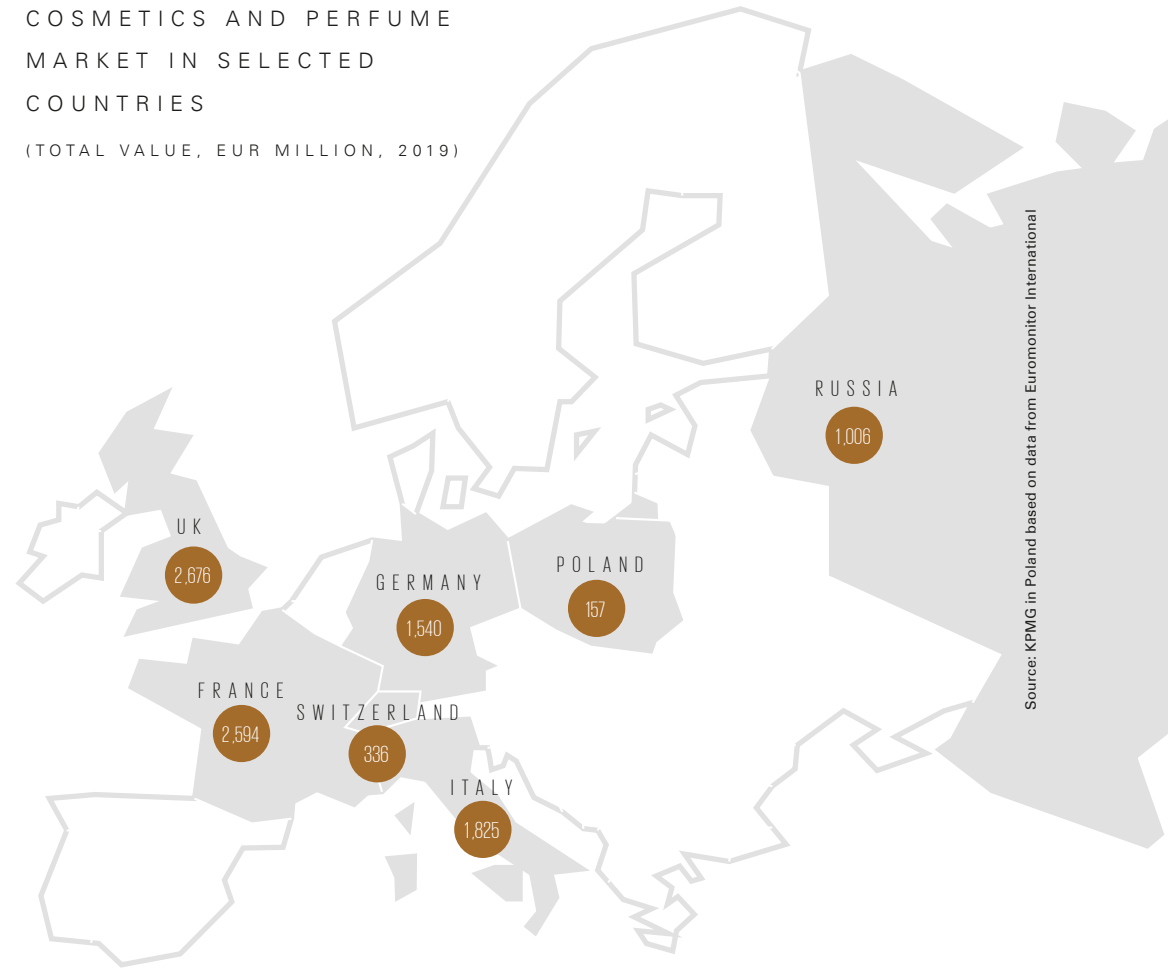
Source: KPMG in Poland based on data from Euromonitor International



Perfumes represent the largest part of the segment: PLN 395 million; a share of 58%

VALUE OF THE LUXURY COSMETICS AND PERFUME MARKET IN SELECTED COUNTRIES

(TOTAL VALUE, EUR MILLION, 2019)



Source: KPMG in Poland based on data from Euromonitor International

Dr Irena Eris

” The last decade on the Polish market of luxury goods and brands has been characterised by very strong growth. As regards the market of luxury cosmetics and perfumes, we can clearly see an influx of younger and more affluent female consumers who seek scientifically proven skin care solutions.

Colour cosmetics are also becoming increasingly important: this subcategory of the segment has recorded exceptionally rapid growth. The rising number of affluent Poles will certainly drive the demand for goods in this and other categories. The example of Dr Irena Eris brand also shows that the competitive advantage is built by innovation: we are among the few companies in Europe and worldwide with our own science & research centre.

In recent years, Polish consumers started to perceive Polish brands differently, increasingly viewing them as selective brands in the global sense of this phrase. Dr Irena Eris continues to be the only non-French beauty brand in Comité Colbert – the association of luxury brands. It is a great success to have a Polish brand admitted to the association made up by global brands, many of which have built their history in luxury for several centuries.”

JOANNA ŁODYGOWSKA,
HEAD OF COMMUNICATIONS, DR IRENA ERIS

Galilu

”Luxury shopping has taken on a new dimension: it is defined not only by an exclusive product but also by the quality of consumer experience. Customers are more aware of what is available around the world and seek a unique portfolio and an individualised approach from the staff. Price is not the only decisive factor. Customers also attach importance to manufacturers’ efforts towards sustainable development and reduced environmental impact. We continue to differentiate between consumers who purchase luxury products as a way to hike up their social status, as well as those who choose high-end products on a daily basis.

In recent years, we have seen much younger consumers, aged 18–29, joining our customer base. They no longer come for occasional purchases but regularly choose high-end products. They seek items that are in line with global trends as well as unique products that allow them to express their individuality. Customers aged 31–45 make up the

largest group. The size of their shopping basket is higher than in previous years, their purchases are made on a regular basis, satisfying either everyday needs or collectors’ passions. Customers aged 45+ are aware of their needs and count among our most loyal shoppers. A large proportion of this group have been with us for 15 years, developing alongside our brand. For them, the quality of our products and sales service is decisive for purchasing decisions. They are not interested in sales or promotions.

We have not seen any hampering in the growth of the luxury goods market. On the contrary, we expect to see constantly rising sales. We will achieve it on condition that we provide consumers with an experience of luxury and prestige at every step of their shopping journey.”

KATIA PASIOROWSKA,
FINANCIAL DIRECTOR, GALILU

Parfums Christian Dior Polska

”As in previous years, the growth prospects for the luxury goods market in Poland look optimistic. Poles are becoming more affluent, but also demanding, which is why they are more willing to buy top quality products. In the segment of luxury cosmetics and perfumes, we also expect further stable growth. As this rather small market in Poland continues to expand and mature, expectations are also growing. Today, a unique product is not enough: it is merely one element in the overall customer experience. Consumers expect an individualised approach, personalisation, consistency and a long-term relationship with the brand.

In the luxury goods market, point-of-sale experience and direct relationship remain crucial but online efforts are becoming ever more important in view of demographic changes and omni channel strategies.

In the near future, it will be important to address the needs of both traditional consumers, who are still the main target group of luxury goods, as well as Millennials and Generation Z, who will determine the strength of the segment in the future.”

KATARZYNA MILANOVIC,
GENERAL MANAGER, PARFUMS CHRISTIAN DIOR
POLAND, ROMANIA, CZECH REPUBLIC, SLOVAKIA,
EXPORT

In 2019, the Polish market of luxury jewellery will reach an estimated value of PLN 318 million. This means an 8% increase compared to the previous year. This category of luxury goods includes precious jewellery, which accounts for 84% of the market, and fashion jewellery, made without precious metals or precious stones. The latter segment has seen the highest growth rates.

Jewellery

According to forecasts, the value of the luxury jewellery market will increase by nearly PLN 24 million in 2019. This rather small segment has been characterised by high growth rates for years: the average annual growth in 2019–2024 is estimated at 6.9%. Growth forecasts for this category are among the most optimistic ones on the luxury goods market.

PLN 318 million

According to forecasts, this is the likely value of the luxury jewellery market in 2019

Source: KPMG in Poland based on data from Euromonitor International

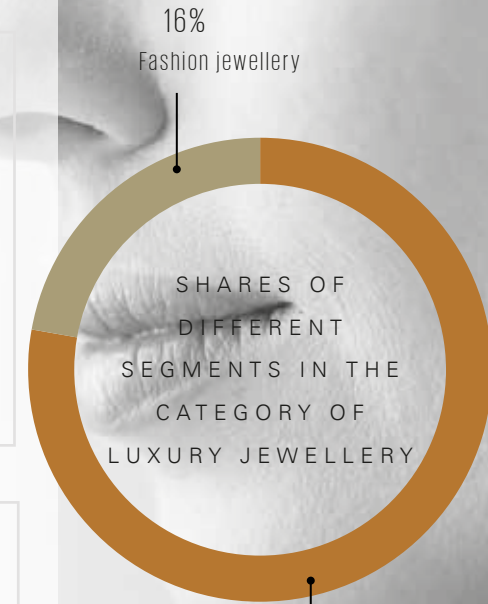
6.9%

Estimated average annual growth in the luxury jewellery market in 2019–2024

Source: KPMG in Poland based on data from Euromonitor International

Women's precious jewellery accounts for 66% of the total value of the luxury jewellery market

Source: KPMG in Poland based on data from Euromonitor International



Source: KPMG in Poland based on data from Euromonitor International

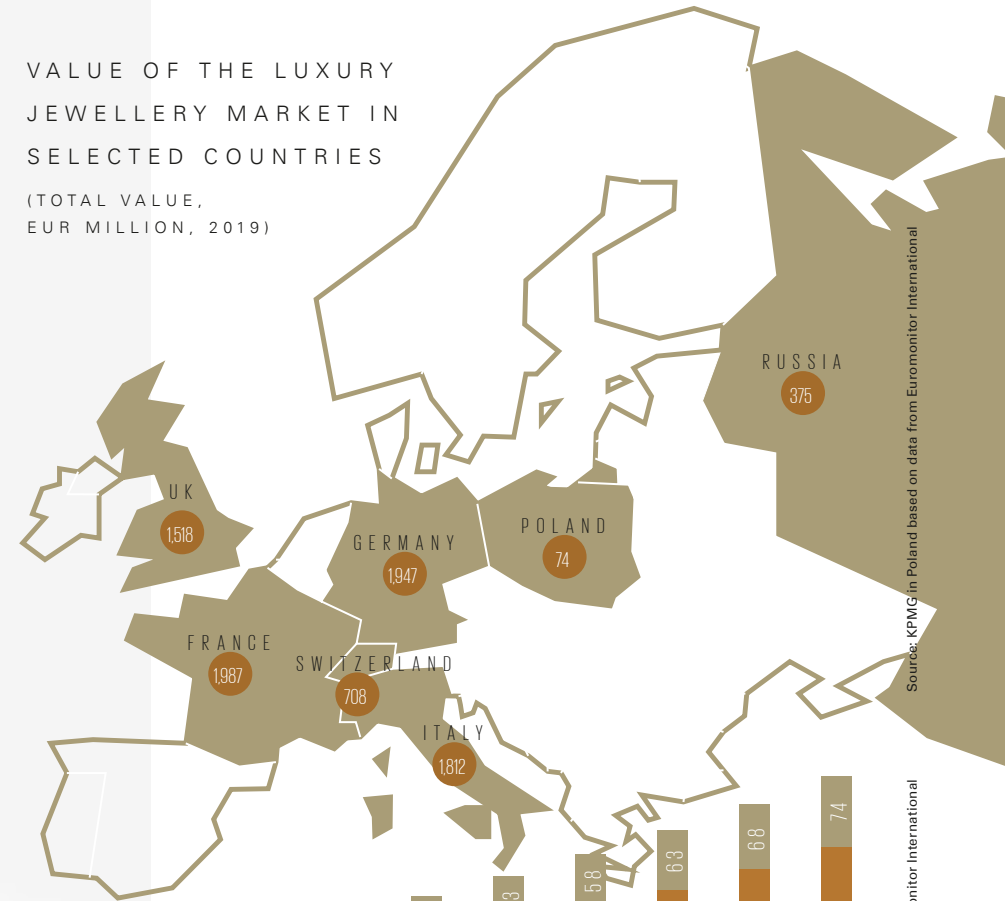
In Switzerland and Germany, the segment of men's luxury jewellery represents 28% of the total category

Source: KPMG in Poland based on data from Euromonitor International

In 2019, the value of the precious jewellery segment may exceed PLN 268 million. This segment is dominated by products intended for women (a 78% share), and their value is growing faster than that of men's jewellery. Worth noting is the segment of fashion jewellery, made of non-precious materials. In the category of luxury jewellery, this segment accounts for less than 16% of the market, but is characterised by a high growth rate, at almost 10%.

The largest markets for luxury jewellery in Europe are France and Germany: both will reach a value of nearly EUR 2 billion in 2019.

VALUE OF THE LUXURY JEWELLERY MARKET IN SELECTED COUNTRIES
(TOTAL VALUE, EUR MILLION, 2019)



Source: KPMG in Poland based on data from Euromonitor International

VALUE AND STRUCTURE OF THE LUXURY JEWELLERY MARKET IN 2014-2024

(PLN MILLION, P-PROJECTED)



Source: KPMG in Poland based on data from Euromonitor International

Watches

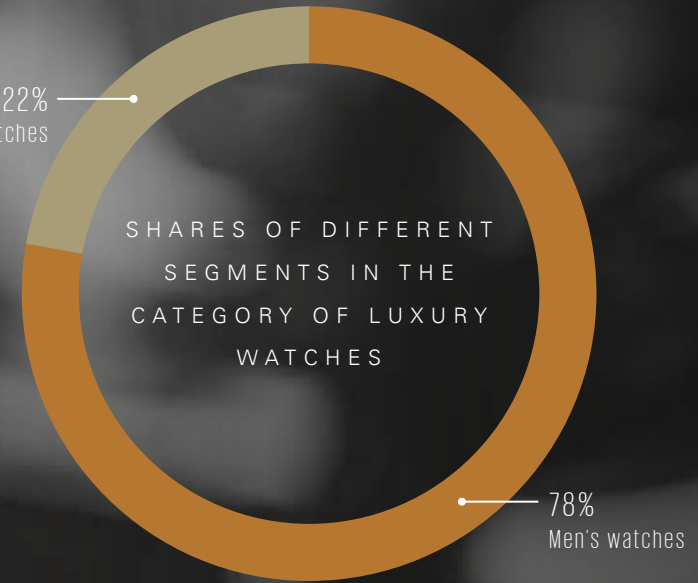
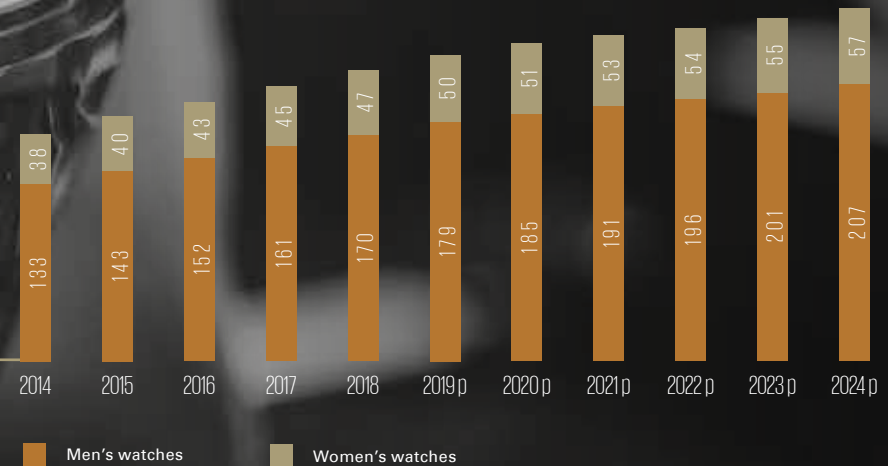
The market of exclusive watches is among the smallest segments of the luxury goods market. Its estimated value in 2019 will amount to PLN 229 million, which means an increase of 5.1% compared to the previous year. The largest share on the domestic market is held by men's watches.

According to forecasts, the value of the Polish market of luxury timepieces will increase by PLN 11 million in 2019, which will mean a slower growth rate in this category of luxury goods. The average annual growth over the next five years is estimated at 2.8%.

Unlike the luxury jewellery market, this category has a dominant share and a higher growth rate of products intended for men. They account for 78% of the value of the category of luxury watches. This is much more than in many Western European countries, where the values of men's and women's watches are more comparable.

VALUE AND STRUCTURE OF THE LUXURY WATCH MARKET IN 2014–2024

(PLN MILLION, P – PROJECTED)



Source: KPMG in Poland based on data from Euromonitor International

Source: KPMG in Poland based on data from Euromonitor International

PLN 229 million
Estimated value of the luxury watch market in 2019

Source: KPMG in Poland based on data from Euromonitor International

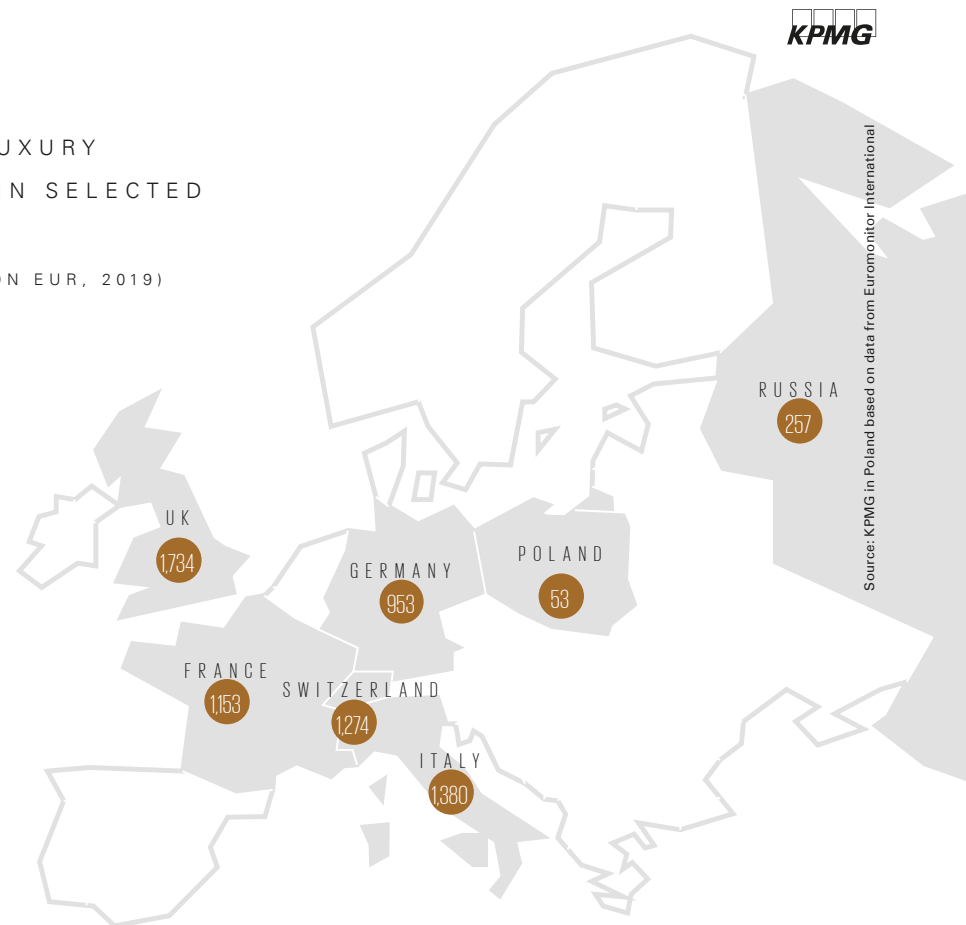
2.8%
Estimated annual average growth of the luxury watch market in 2019-2024

Source: KPMG in Poland based on data from Euromonitor International

78%
of the value of the luxury watch market in Poland is generated by men's watches

Source: KPMG in Poland based on data from Euromonitor International

VALUE OF THE LUXURY WATCH MARKET IN SELECTED COUNTRIES
(TOTAL VALUE, MILLION EUR, 2019)



The UK market is the largest luxury watch market in Europe. The top three also includes Italy and Switzerland.

The third place taken by the country believed to be the homeland of watches is impressive considering that the population of Switzerland is much smaller compared with the other countries.

In France, women's watches are responsible for 53% of the value of luxury timepieces.

Source: KPMG in Poland based on data from Euromonitor International

Novvak Jewellery

” We have been part of the jewellery industry for two generations and, over the years, we have noticed a change in customer awareness when it comes to buying jewellery. Until the end of the 1980s, access to jewellery was significantly restricted. Jewellery was associated with luxury, wealth and something inaccessible. Since the 1990s, jewellery shops have mushroomed around Poland, and the Polish market began to become saturated with domestic and foreign products. Today, the market is subdivided into mass jewellery segment (mainly produced outside Poland) and exclusive jewellery, often customised, with rare gemstones. In the last few years, customers have been more willing to buy custom-designed jewellery to accommodate family values or memories.

Customers want to wear customised, individualised jewellery that stands out in terms of design and quality. The same holds true for precious stones: customers often choose rare gemstones with unique finish, colour or cleanliness. A similar change has been observed for several years in the selection of precious metals: 18-carat gold (pink, yellow, white), platinum or palladium-gold are chosen for their colour

shades and properties. One reason for these market changes is that people want to invest capital, create exclusive personalised jewellery dedicated to their loved ones and, consequently, create generational jewellery.

The youngest group of our customers are aged 18–27, interested in permanent collections of brand-name jewellery at prices they can afford. For them, this is a way to highlight their individuality and distinguish themselves from their peers. Male customers aged 25–45 most often look for diamond jewellery for occasions such as engagements. Men often get involved in designing and personalising jewellery, wanting to create something special for their loved ones. Some people in this age group are interested in wedding jewellery (wedding rings, cufflinks, pins or necklaces), adapted to their preferences in terms of design, personalisation and precious stones. This group has shown a growing interest in jewellery to mark the birth of a baby.

The most aware customers can be found in the 40+ group: they create jewellery for birthdays or anniversaries, spending large sums on these occasions. Customers co-design individual pieces of jewellery and have plans to create entire coherent collections. In particular, women seek to make diamond

jewellery collections, while men opt coherent collections for formal styling, with cufflinks or lapel pins, as well as more casual styling: bracelets or signet rings.

In recent years, we have seen increasing interest in personalised jewellery and unique gemstones. This is an upward trend as Poles are growing more wealthy and are increasing aware of quality jewellery. Sustainable luxury is another increasing trend as customers want their precious stones to come from legal, ethical sources.

Another visible trend is that people decide to delegate the selection of stones to professionals in order to make sure that the jewellery will have the right parameters and will provide an investment for the future. We can safely say that Poles today wear the most desirable precious stones, produced in the best grinding shops worldwide, a phenomenon which was very rare more than 10 years ago. We expect the market of exclusive jewellery to continue to grow in Poland, with Polish people being ready to invest their capital in these goods in the future.”

RAJMUND NOWAK,
CO-FOUNDER OF NOVVAK JEWELLERY

W. Kruk

” The last 10 years have been a milestone in the growth of the luxury goods market. Today, customers in Poland are highly informed when buying high-end products, with strong awareness of the brands they choose.

Buying top-class jewellery or a watch is no longer the only such purchase in people’s lives. Poles know what they want, and they understand the nature of luxury products. They look for expertise from the seller. While the price is important, the brand experience also plays a significant role.

Today, luxury jewellery is within the reach of modern women, and their choices are very varied in terms of style and price. The same customer might choose earrings for PLN 99 and a necklace worth a few dozen thousand zlotys. There is a growing need for top quality customer service, and brands are expected to provide surprises, speak an interesting language and expand their range.

Jewellery with man-made diamonds is the innovation of 2019 in this segment in Poland. These are regular diamonds, created in laboratories and based on cutting-edge technologies – and this trend has been the talk of the town around the world. Sales performance shows that, much like in other market segments, Poles are open to breakthrough technologies also in jewellery, especially if this gives them products with diamonds in extremely rare colours: pink and blue.

At W.KRUK, we can observe how men in Poland build their watch collections. Starting with mid-range models, they gradually reach for legendary brands. Both classics and technological avant-garde are in demand. Younger customers begin to aspire for high-end jewellery and watches at an ever earlier age. They consciously choose products that are in line with their values, e.g. laboratory diamonds instead of those excavated in mines. Moreover, if they can buy a ring with a larger diamond at the same price because the stone was man-made, they will make this choice.

To sum up, a visible trend throughout the luxury goods market is that Poles have grown ready to buy top-notch products and are confident in their choices. Our compatriots have learnt to navigate the world of luxury brands and got used to their customer service standards. They do not seek compromise and know brand values very well. Our company estimates that the luxury goods market in Poland has great potential. This is particularly true for jewellery and watches since products from top brands are currently available in our country and people no longer need to bring them from Milan or Paris. The expected slowdown, announced by analysts, might dampen the market sentiment, but it may also encourage Poles to use locally available luxury goods more readily. ”

RADOSŁAW JAKOCIUK,
PRESIDENT OF MANAGEMENT BOARD,
W.KRUK

Although private planes are still a rare occurrence in the Polish sky, according to the data from the Civil Aviation Authority in Poland, the number of machines owned by private individuals and institutional buyers has been rising year after year. Airplanes make up 85% of all 1,631 registered aircraft.

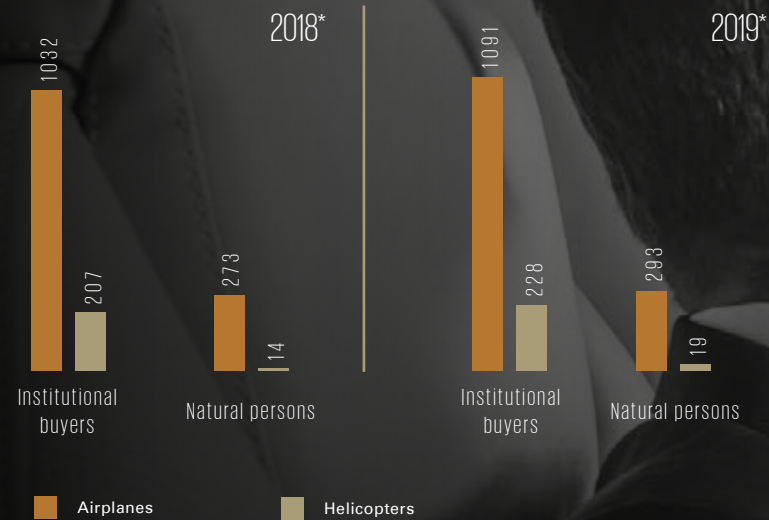
Aircraft

More than one hundred new aircraft have been registered in Poland since November last year. Individuals have purchased 20 aircraft and 5 helicopters. Worth noting within the category of institutional buyers is that 182 airplanes and 19 helicopters are registered by sole traders.

Private aircraft are not only a top-notch luxury item but also one of the fastest and safest means of transport. Their buyers often seek comfort of travel and want to save time.

Source: KPMG in Poland based on data from the Civil Aviation Authority
*As of November 2019

NUMBER OF AIRPLANES AND HELICOPTERS REGISTERED IN POLAND



The growing interest in this market is driven by the improving infrastructure and new airports, the growing number of flying schools and the broadening range of aircraft manufacturers.

293

airplanes in
Poland are
registered by
natural persons

Source: KPMG in Poland based on data
from the Civil Aviation Authority
*As of November 2019

Jet Story

” As companies and enterprises get richer and as the most luxurious and prestigious transport solutions become more widespread, the popularity of purchase and rental of private jet aircraft used for business purposes is also growing. The luxury travel segment is expanding very dynamically. In line with trends in other areas of life, Polish premium customers appreciate experience more than material goods. Hence, they seek unusual, different ways to travel, whetting their appetite for new, less frequented destinations and planning unique, unforgettable experiences. The price for such experiences is relative: it no longer represents the same barrier it used to, and it is often rationalised thanks to the enormous comfort offered by luxury travel.

The vast majority of Polish customers are aged 40+. Those are mainly entrepreneurs, owners of thriving global-scale companies. Flying a business jet is only becoming aspirational for affluent Poles. However, those who have experienced this way of travelling are coming back. The private atmosphere on board, the comfortable check-in, personalised catering and the travel time set by the passenger – these aspects of travel are most appreciated by our clients.

The growing availability of private jets, both for sale and for rental, means that prices are becoming ever more affordable. An increasing number of people are using flexible aviation services and we expect the upward trend to continue in the coming years. While 90% of our customers come from other countries, the Polish customer base is constantly growing. In 2018, the number of our Polish customers doubled vis-à-vis the previous year. This is a very good omen for the industry as a whole. Nevertheless, although the demand for private jet flights is growing, the number of Poles who use this form of travel is still small, for instance in comparison with our Czech neighbours. Based on our estimates, there are about ten times more people in Poland who could afford to rent a private jet. It turns out that the barrier does not lie in lower wealth among the Poles, but in low awareness and knowledge about the availability of such services and their benefits. Our experience shows that the benefits of travelling in luxury jets are so tangible that those who have tried them will usually return for more. ”

BARTŁOMIEJ DRYWA,
PRESIDENT OF MANAGEMENT BOARD,
JET STORY

Poland is among the leading yacht manufacturers in the world. The products from Polish shipyards are famous for their high quality, excellent workmanship and attention to detail. Most of the output is exported. By the end of October 2019, a total of 3,000 registration applications were submitted for sea-going and inland yachts.



In 2018, Poland accounted for 60% of yacht exports throughout the European Union, being the undisputed leader on this market. The value of Polish boats sold to other countries has been rising for many years, hitting nearly EUR 396 million in 2018. The growth trend of the sector shows the increasing revenues of the five* largest luxury yacht builders in Poland, which almost tripled to PLN 1.1 billion in 2014–2018. Polish shipyards specialise in motor yachts up to 9 meters long, and only the United States outperforms Poland in the production figures for such yachts.

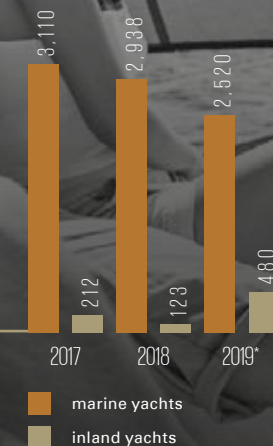
*Conrad S.A., Delphia Yachts Kot sp. j., Galeon Sp. z o.o. sp. k., Ostroda Yacht Sp. z o.o., Sunreef Venture S.A.

The revenues of the 5* largest luxury yacht builders in Poland nearly tripled in 2014-2018

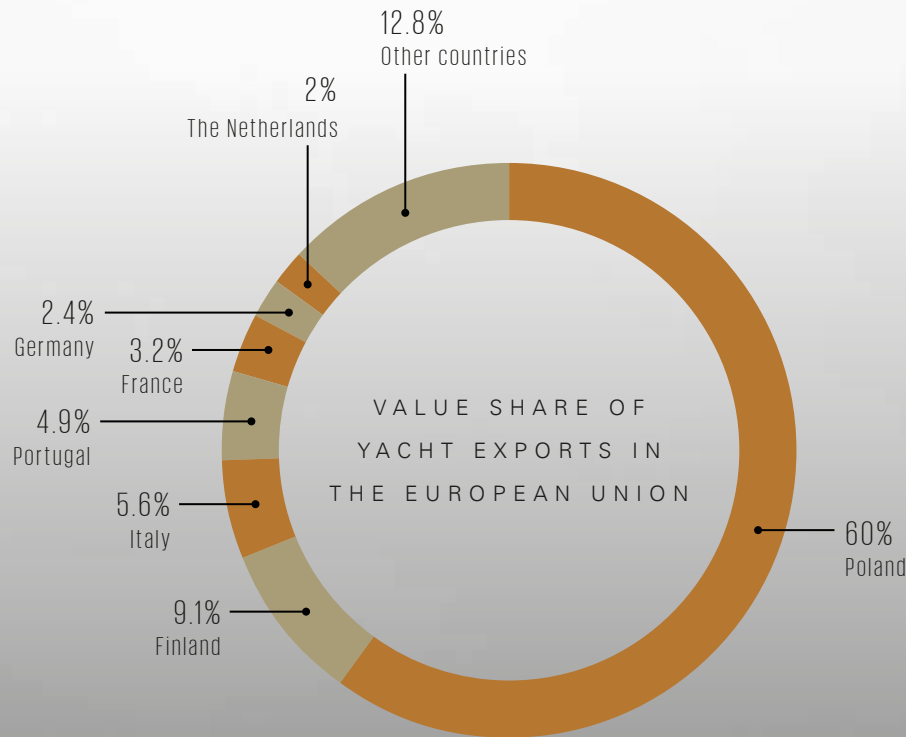
Source: KPMG in Poland based on financial statements of:

*Conrad S.A., Delphia Yachts Kot sp. j., Galeon Sp. z o.o. sp. k., Ostroda Yacht Sp. z o.o., Sunreef Venture S.A.

NUMBER OF REGISTRATION APPLICATIONS FOR MARINE AND INLAND YACHTS IN POLAND



Source: KPMG in Poland based on data from the Polish Sailing Association (PZZ)
* Data for January-October 2019



Source: KPMG in Poland based on Polish Economic Institute data.

Due to high prices, the demand for yachts in Poland is still low, which is why as much as 95% of the output is sold abroad, especially to the United States, Western Europe, Russia and the Middle East.

Polboat

” The last 10 years have seen a steadily rising number of potential customers buying luxury goods. The existing business groups are being joined by smaller entrepreneurs whose income has increased enough to afford a luxury yacht. This trend can also be noticed in Poland. There are also people who have overcome the existing barriers, such as knowledge or the ability to steer a yacht, and are also a target group of vessel manufacturers.

In turn, larger entrepreneurs, who become ever more affluent over time, make purchasing decisions more easily than before. And if they already own a yacht, they are usually interested in switching to a larger one. There has also been a change in how a yacht is viewed: not only as a symbol of prestige, but also as an investment, e.g. when owners hand it over to a charter company which sails it on warm waters.

All over the world, including Poland, the average age of statistical yacht owners has been rising. Younger people are less interested in owning a yacht (as this entails maintenance costs), and they view it more like a fun instrument and a way to spend the leisure time in an attractive way by the water, that is why they are much more likely to use yacht charter companies.

As far as trends are concerned, customers are much more likely to choose motor boats, which are easier to drive and manoeuvre, and have plenty of space. Moreover, shipbuilders are producing ever larger and more luxurious vessels each year to meet market expectations.

The luxury goods market is characterised by high growth rates. The group of affluent customers interested in purchasing or renting luxury yachts has been expanding also in Poland. In recent years, apart from the ever growing luxury motor-powered mega-yachts, catamarans have been in trend, both with sails and motors. They are highly comfortable when it comes to the amount of space on board or stability of sailing, especially on sea waters. However, a certain slowdown is expected in the near future but certainly more a stabilising trend rather than a recession. Such data are already being presented in the USA in relation to the yacht-building industry, so a similar effect can soon be expected in Europe, including Poland.”

MICHAŁ BĄK,
GENERAL SECRETARY OF POLBOAT
– THE POLISH CHAMBER OF MARINE
INDUSTRY AND WATER SPORTS

Sunreef Yachts

” The owners of Sunreef Yachts catamarans come mostly from other countries, but over the years we have seen a growing interest in our products among Polish customers. It is no longer uncommon for our fellow countrymen to visit our offices and stands at trade fairs, and we also get messages to our mailbox from people with Polish-sounding names. Worth mentioning is that the average cost of a Sunreef Yachts vessel is EUR 3.5 million.

Our buyers are mostly aged 36–50 and 51+. Their preferences are highly individualised. Everything we do is fully personalised: from purchase through the design, up to the final launch.

The so-called “eco-luxury” trend is becoming ever more noticeable. Apart from exclusivity and comfort on board, our customers also want to contribute to environment

protection by using a range of solutions such as electric drives, modern solar panels and nature-friendly interior materials.

Our observations show that Poles are not only increasingly interested in yachting, but also in products with the “made in Poland” label. For a dozen years or so, Polish shipyards have been among the world’s best when it comes to quality, design, as well as the innovations we implement. We are an indisputable leader in this sphere. Poles are increasingly willing to opt for Polish rather than French or Italian products. In the years to come, we expect the number of Polish customers to grow.”

KAROLINA
PASZKIEWICZ-KOŁACZ,
PR & MARKETING DIRECTOR,
SUNREEF YACHTS



Luxury across generations

To mark the tenth edition of our report, we decided to look closely at how different generations of Poles perceive luxury, what connotations they have around it and how they behave on the luxury goods market. This year's survey also seeks to explore how the attitudes of Polish people towards luxury have changed over the last decade.




Our survey has shown that Poles have highly varied approaches towards luxury goods and services. Nearly 1/3 of rich people, with a monthly income exceeding PLN 20 thousand gross stated that they spend more than 30% of their annual net income on luxury goods. Young people, in turn, were more likely to indicate that they intend to increase their spending on such goods in the near future. Differences between generations can be found in the way luxury products are purchased. Although online shopping is popular in all age groups, only Millennials were more likely to say that they prefer online shopping to traditional stores. They are the ones who are more likely to be attached to their favourite brands, following them in social media such as Facebook, YouTube or Instagram.

Perfumes and cosmetics are among the most commonly purchased luxury products. The respondents also often choose luxury clothing and footwear as well as alcohol. It turned out that Poles perceive luxury primarily in the light of brand prestige, paying less attention even to the quality or appearance

of the product. As regards luxury services, going to exclusive restaurants enjoys the greatest popularity, although such visits are mostly occasional. The situation is similar when it comes to accommodation in luxury hotels and stays in spas. Luxury services are regularly used by a small percentage of the respondents.

The analysis has shown that most Poles do not want to describe themselves as rich. The threshold of wealth recognised by the



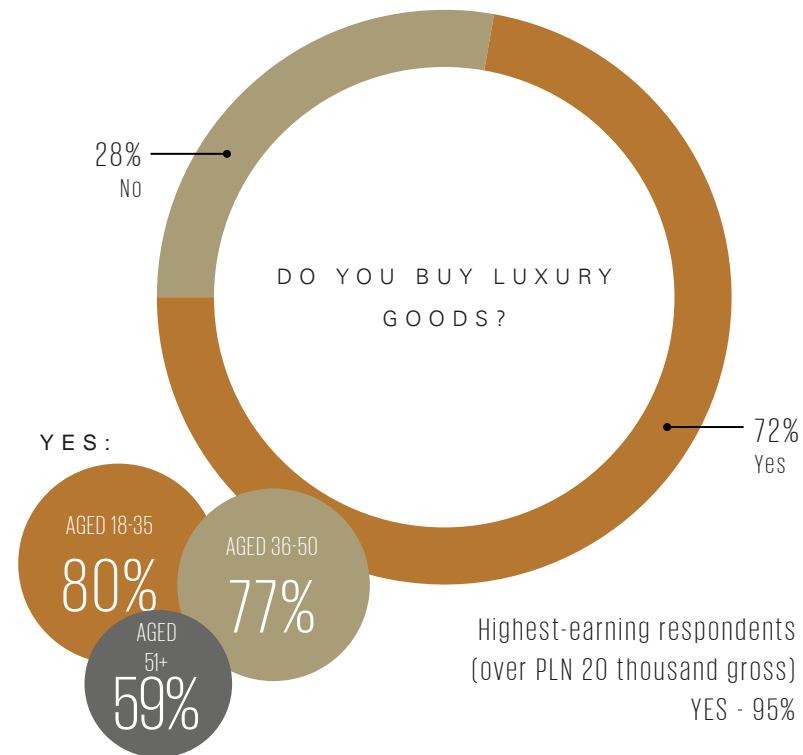
The survey covered three generations of Poles: Millennials (aged 18-35), Generation X (aged 36-50) and Baby Boomers (aged 51+).

respondents increases pro rata to their own earnings. For most of them, wealth entails, above all, independence, ability to pursue their passions and prestige. The respondents also considered it necessary to take risks in order to achieve a high income. The meritocratic approach was most often demonstrated by Millennials, who believe that wealth is within everyone's reach.

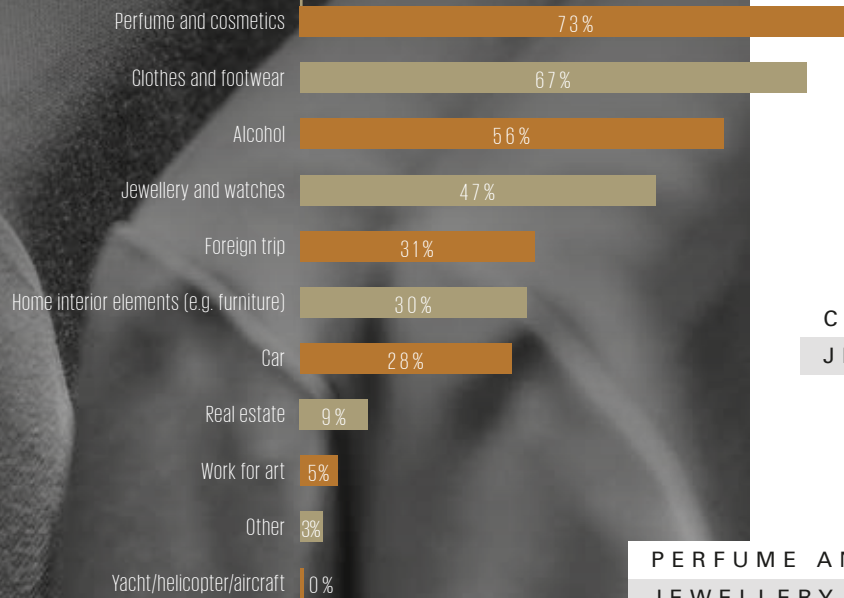
Purchases of luxury goods in Poland

Our survey has shown that Poles are happy to buy luxury products or services: nearly three quarters of the respondents declared that they buy such goods. Such a high percentage may stem from the fact that there is no universal definition of a luxury good, which means that different social groups consider different products as luxurious. Answers to subsequent survey questions, e.g. on awareness of luxury brands, seem to confirm this assumption. Interestingly, the youngest respondents, aged 18-35, are more likely to declare buying luxury goods than the other age groups.

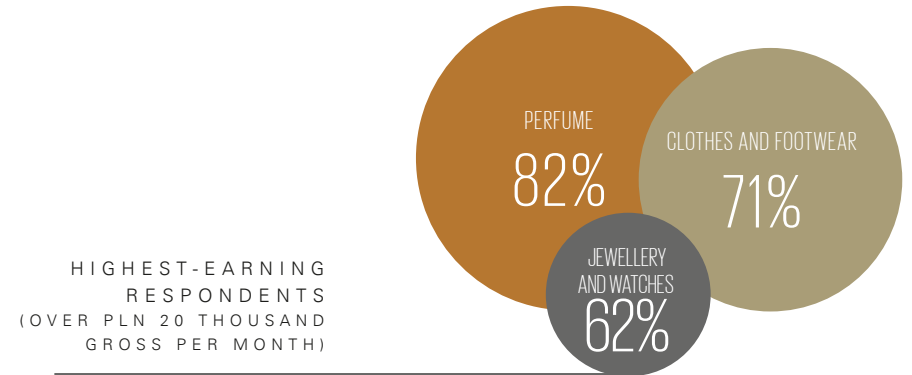
People who do not buy high-end products most often said it was because they did not have enough money. Other reasons include no need to own such goods or lack of belief that a higher price entails a higher quality.



WHAT KIND OF LUXURY GOODS DID YOU BUY DURING THE LAST YEAR?



WHAT KIND OF LUXURY GOODS DID YOU BUY DURING THE LAST YEAR?



HIGHEST-EARNING RESPONDENTS (OVER PLN 20 THOUSAND GROSS PER MONTH)

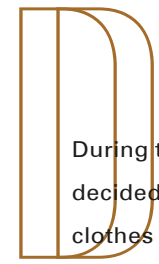
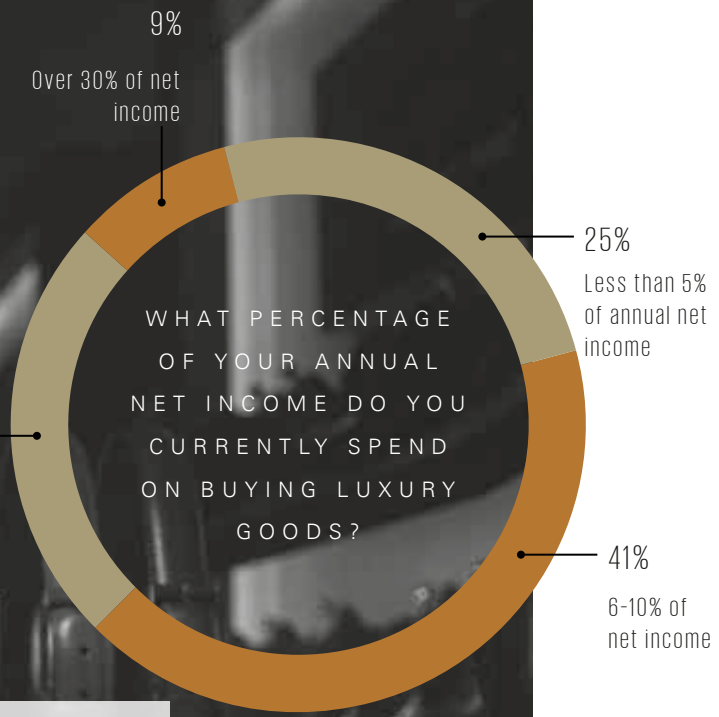
	AGE		
	18 - 35	36 - 50	51 +
CLOTHES AND FOOTWEAR	74%	65%	62%
JEWELLERY AND WATCHES	54%	47%	36%

	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
PERFUME AND COSMETICS	72%	74%	77%	66%
JEWELLERY AND WATCHES	45%	54%	48%	41%

	GENDER	
	FEMALE	MALE
PERFUME AND COSMETICS	81%	64%
ALCOHOLS	47%	65%

In the 2012 edition of our report, the respondents with monthly earnings above PLN 3.7 thousand gross* were most likely to declare the following luxury goods purchased in the last year: perfume (58%), clothing (43%) and footwear (42%). In this year's survey, the respondents from the group with similar income most often purchased perfume and cosmetics (75%), clothes and footwear (68%) and alcohol (59%).

* In the first editions of the report, we identified a group of aspiring consumers with a monthly gross income starting from PLN 3.7 thousand (one of the tax thresholds).



During the last year, the respondents most often decided to buy luxury perfume and cosmetics, clothes and footwear, as well as alcohols (73%, 67% and 56% of indications respectively), while the least frequent purchases involved yachts/helicopters/ aircraft, works of art and real estate (0%, 5% and 9% respectively).

The greatest differences in preferences across age groups were visible in purchasing luxury clothing and footwear: more Millennials (74%) than representatives of Generation X (65%) or Baby Boomers (62%) declared buying products from this segment. Intergenerational differences can also be observed in the case of jewellery and watches: in the last 12 months as many as 54% of the youngest respondents purchased products from this category, compared to 47% and 36% of the respondents from the other two age groups.

Far more women (81%) than men (64%) decide to buy luxury perfume and cosmetics. On the other hand, more men (65%) than women (47%) purchase high-end spirits. The highest percentage of the respondents (41%) spend from 6% to 10% of their annual net income on luxury goods.

Highest-earning respondents (over PLN 20 thousand gross monthly): nearly 30% of them spend over 30% of their annual net income on luxury goods

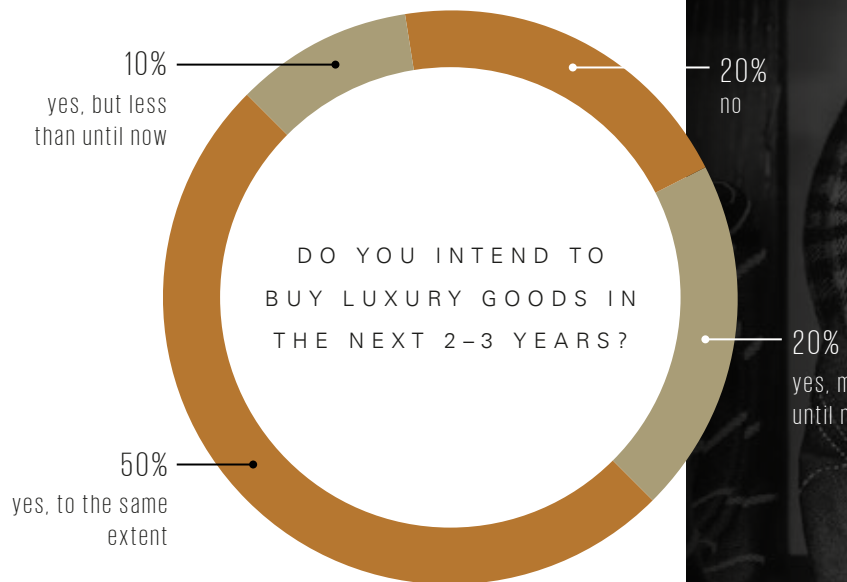
6-10% OF ANNUAL NET INCOME SPENT ON BUYING LUXURY GOODS

PLACE OF RESIDENCE			
CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
38%	41%	45%	40%

AGE		
18-35	36-50	51+
44%	40%	38%

A half of the respondents declared that they do not intend to change their shopping habits over the next 2–3 years and intend to buy as many luxury goods as before.

In the 2012 edition of our report, the respondents with gross earnings above PLN 37 thousand per month were most likely to declare that their spending on luxury goods would not change in the near future (48%). In this year's survey, the respective percentage in the group with similar income amounted to 56%.

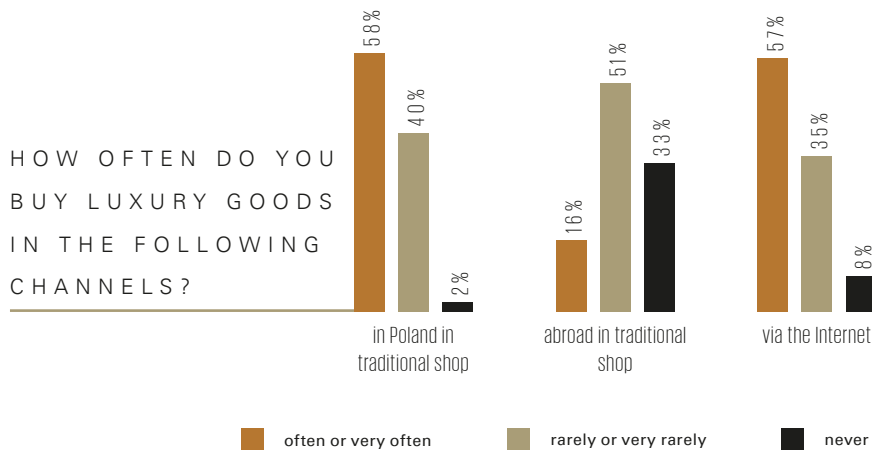


	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
YES, MORE OFTEN THAN UNTIL NOW	19%	27%	17%	19%

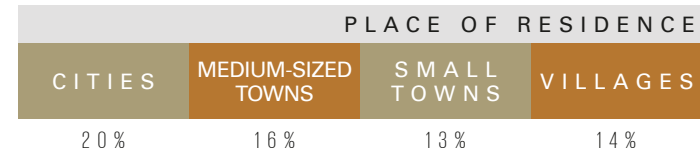
	AGE		
	18 - 35	36 - 50	51 +
YES, MORE OFTEN THAN UNTIL NOW	28%	22%	10%
NO	14%	16%	29%

The highest percentage of the respondents claim they buy luxury products most commonly in traditional stores in Poland (58%) and via the Internet (57%). On the other hand, the smallest group of the respondents decide to shop abroad, although almost a half claim that they occasionally buy luxury products in other countries. It should not come as a surprise that young consumers are much more likely to opt for online shopping: nearly twice as many Millennials declare frequent or very frequent purchases of luxury goods online compared to people from the 51+ age group.

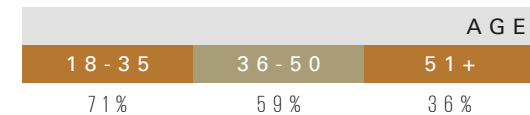
HOW OFTEN DO YOU BUY LUXURY GOODS IN THE FOLLOWING CHANNELS?



ABROAD IN TRADITIONAL SHOPS OFTEN OR VERY OFTEN

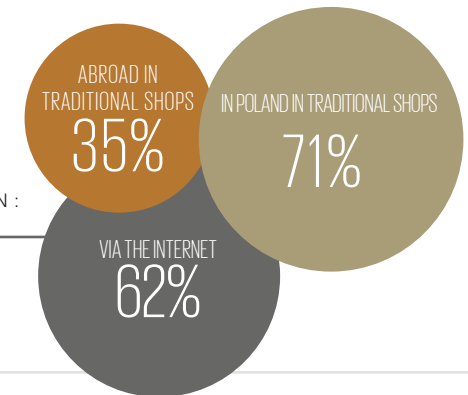


ONLINE OFTEN OR VERY OFTEN



HIGHEST-EARNING RESPONDENTS* OFTEN OR VERY OFTEN:

* OVER PLN 20 THOUSAND GROSS A MONTH



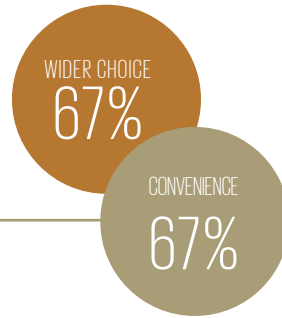
In the 2012 edition of our report, the respondents with gross earnings above PLN 37 thousand monthly admitted frequent or very frequent purchases of luxury goods in Poland (82%), followed by purchases abroad (39%) and via the Internet (37%). In this year's edition, respondents belonging to a similar income group also most often chose shops in Poland (60%), but online shopping has gained popularity (58%), and, as a category, it has outperformed traditional stores abroad.

Source: KPMG in Poland based on web survey. This question was asked to the respondents who declared buying local government online



HIGHEST-EARNING RESPONDENTS*:

* OVER PLN 20 THOUSAND GROSS A MONTH

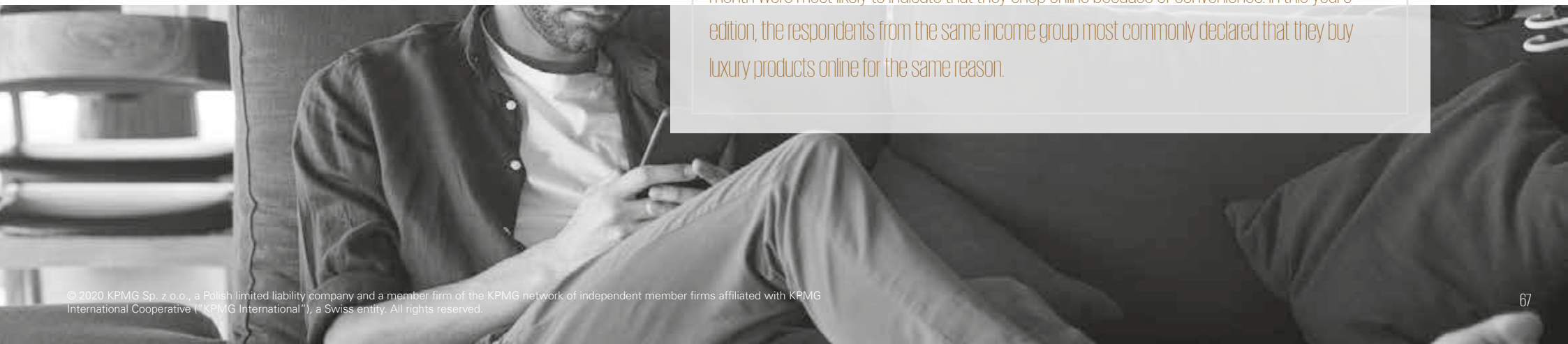


	AGE		
	18 - 35	36 - 50	51 +
WIDER CHOICE	63%	53%	57%
SOCIAL MEDIA PRESENCE	15%	10%	5%

	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
CONVENIENCE	73%	69%	74%	79%
POSSIBILITY TO RETURN THE GOODS	36%	43%	36%	36%

The respondents decide to buy luxury goods online mostly because of convenience, lower prices and a wider choice.

In the 2014 edition of our report, the respondents with gross earnings above PLN 71 thousand per month were most likely to indicate that they shop online because of convenience. In this year's edition, the respondents from the same income group most commonly declared that they buy luxury products online for the same reason.



There is no single definition of luxury goods. In order to get a better idea of what Poles understand by this concept, the respondents were asked to list brand names in specific market categories that they associate with luxury. In the car segment, the respondents were most likely to indicate Mercedes, Lexus, BMW, Porsche and Audi. In the case of clothing, footwear and accessories, Louis Vuitton, Chanel, Gucci, Adidas and Calvin Klein were mentioned. This shows that luxury can be understood very differently: brands that are usually classified as popular sports brands are classified by some respondents in the luxury segment.

Perception of luxury in Poland

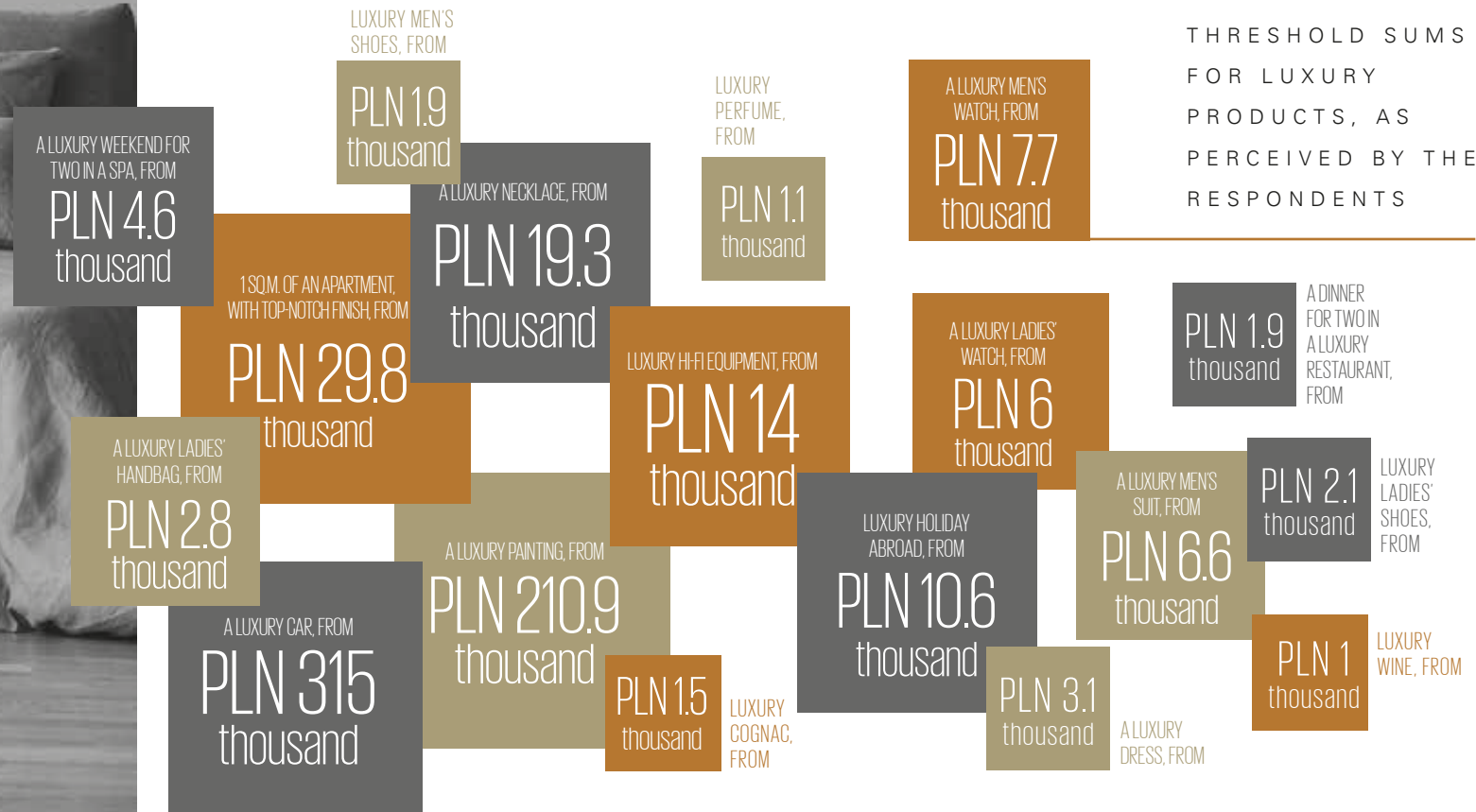
In the segment of hotels, the respondents mostly associated luxury with brands such as Gołębiewski, Hilton, Marriott, Sheraton and Dr Irena Eris. In the case of alcohols, Jack Daniel's and Johnnie Walker were the leaders. Other brands of alcoholic beverages, indicated much less frequently, included Dom Perignon, Moët & Chandon and Ballantine's. This suggests that in the case of alcoholic beverages luxury is more

In the 2012 edition of our report, the respondents with gross earnings above PLN 3.7 thousand per month were most likely to indicate Mercedes and BMW in the car segment, and, moreover, mentioned Lexus, Porsche and Audi. In turn, Armani, Gucci and Versace were mentioned among luxury clothing brands. In the case of jewellery and watches, the respondents mentioned Rolex, Omega and Apart.

closely associated in Poland with the type of alcohol (whisk(e)y, champagne) rather than with high-end brands.

In the category of jewellery and watches, Rolex, Apart, Patek Philippe, W.Kruk and Omega were among the most frequently mentioned brands.

According to those surveyed, luxury perfume and cosmetics brands include primarily Chanel, Dior, Calvin Klein, Hugo Boss and Armani. However, the respondents struggled to identify luxury brands of electronic equipment. The largest number of answers concerned Apple and Samsung, followed by LG, Phillips and Bosch. It can be concluded that most respondents identify luxury in this segment with expensive smartphones.

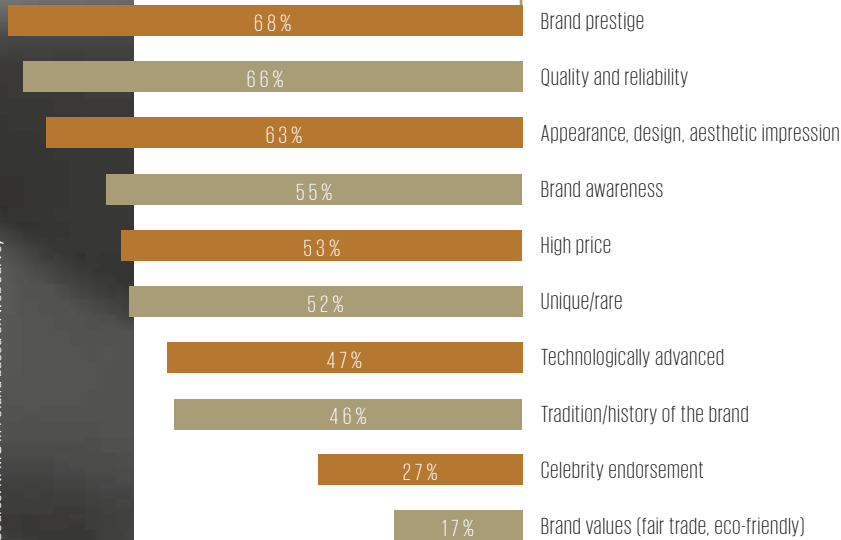




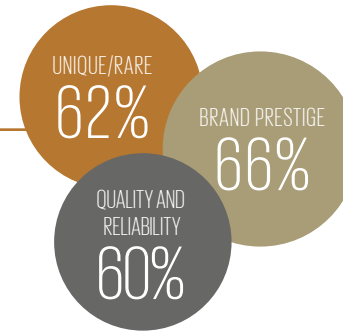
Attributes of luxury goods

When asked about the most important attributes of luxury products, the surveyed Poles chose brand prestige (68% of mentions), quality and reliability (66%) as well as appearance, design and aesthetic impression (63%) as the most important features characterising luxury products. In turn, the least commonly indicated features included the values represented by the brand (17%) and celebrity endorsements (27%). High price and brand tradition are definitely more important for both older groups (36–50 and 51+) than for people aged 18–35.

IN YOUR OPINION,
WHAT ARE THE
DISTINCTIVE
ATTRIBUTES OF
LUXURY GOODS?



HIGHEST-EARNING
RESPONDENTS*:
* OVER PLN 20 THOUSAND
GROSS A MONTH



	AGE		
	18 - 35	36 - 50	51 +
APPEARANCE, DESIGN, AESTHETIC IMPRESSION	67%	62%	59%
TRADITION/HISTORY OF THE BRAND	39%	49%	49%
HIGH PRICE	49%	51%	59%

	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
HIGH PRICE	55%	48%	51%	57%
BRAND PRESTIGE	71%	68%	68%	63%
BRAND AWARENESS	53%	50%	58%	58%
CELEBRITY ENDORSEMENT	27%	23%	25%	32%

	GENDER	
	FEMALE	MALE
APPEARANCE, DESIGN, AESTHETIC IMPRESSION	66%	60%
TRADITION/HISTORY OF THE BRAND	42%	50%

In the 2010 edition of our report, the respondents with gross earnings from PLN 3.7 thousand per month thought that a luxury brand should be characterised primarily by high quality (89%), prestige (61%) and high price (53%). In this year's survey, the respondents from a similar income group believed that quality and reliability (69%), brand prestige (68%) and appearance, design, aesthetic impression (64%) are the most important attributes of luxury goods.

Source: KPMG in Poland based on web survey



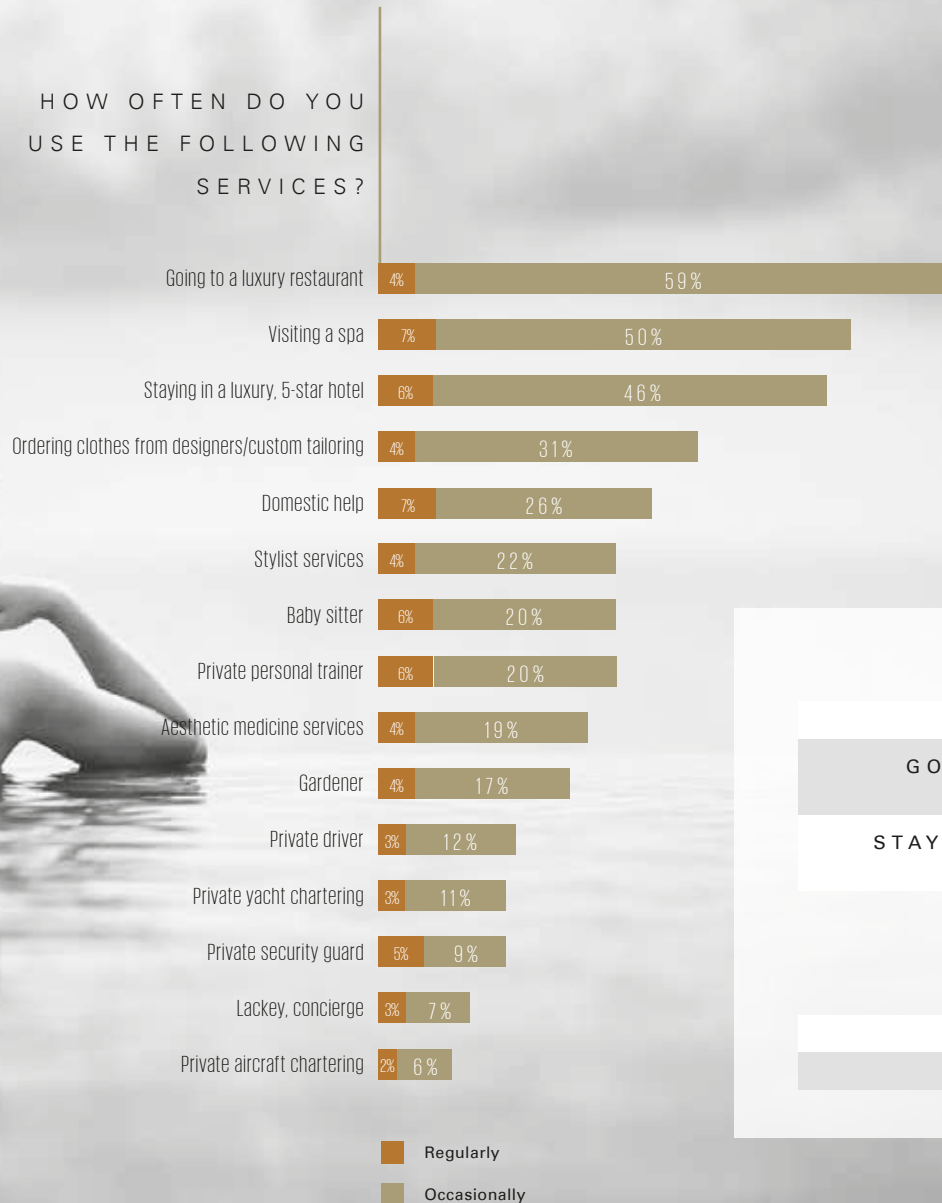
Usage of luxury services

The most popular luxury services used by Poles include visits to exclusive restaurants, with 4% of the respondents going there regularly and 59% occasionally. A half of the respondents also declared occasional visits to spas. These findings should not come as a surprise: these services do not require any constant financial commitment, and occasional use is within the financial reach of an increasing number of Poles. However, there is a clear intergenerational differentiation in this regard: visits to luxury restaurants and spas are much more often mentioned by

young respondents versus those from the oldest age group. In turn, staying in 5-star hotels is most common among people aged 36–50.

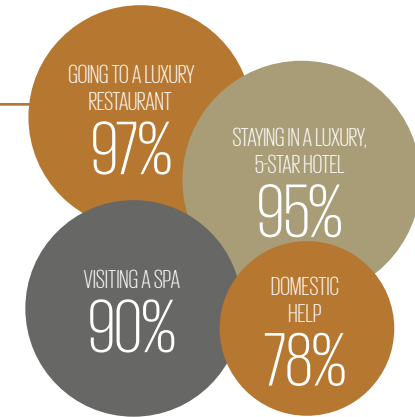
The least popular luxury services among Poles include aircraft charters (8% of mentions) or yacht charters (14%) as well as using a lackey or a concierge (10%) or private security guards (14%).

HOW OFTEN DO YOU USE THE FOLLOWING SERVICES?



HIGHEST-EARNING RESPONDENTS*:

* OVER PLN 20 THOUSAND GROSS A MONTH



AGE, REGULARLY OR OCCASIONALLY

	18 - 35	36 - 50	51 +
VISITING A SPA	60%	61%	49%
GOING TO A LUXURY RESTAURANT	72%	67%	52%
STAYING IN A LUXURY, 5-STAR HOTEL	54%	58%	47%

GENDER, REGULARLY OR OCCASIONALLY

	FEMALE	MALE
DOMESTIC HELP	30%	36%
PRIVATE YACHT CHARTERING	11%	17%

New media

The vast majority (63%) of the respondents do not follow luxury brands in social media. If they look at such profiles at all, they usually visit fanpages of brands from segments such as cosmetics and perfume (60%), jewellery and watches (59%) and fashion (58%). The most popular platforms for observing luxury brands include Facebook (80%), YouTube (56%) and Instagram (56%). Not surprisingly, younger Internet users are more likely (54%) to follow luxury brands' profiles in social media than slightly older respondents (34%) or the oldest ones (24%). Millennials prefer to follow the accounts of fashion brands while people aged 51+ are more likely to choose profiles of electronics and appliances brands. There are also intergenerational differences in terms of social platform preferences: Instagram is more popular among Millennials (68%) while YouTube is the preferred choice of Baby Boomers (77%).



HIGHEST-EARNING RESPONDENTS*:

*OVER PLN 20 THOUSAND GROSS A MONTH

JEWELLERY AND WATCHES

59%

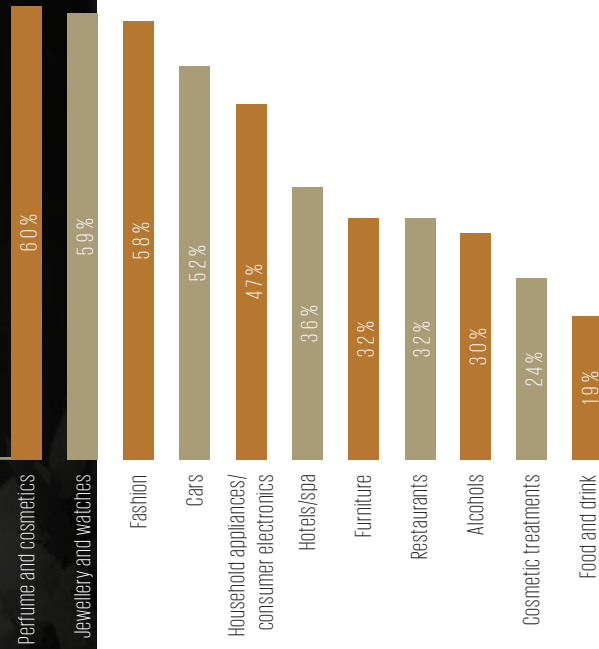
CARS

59%

Source: KPMG in Poland based on web survey

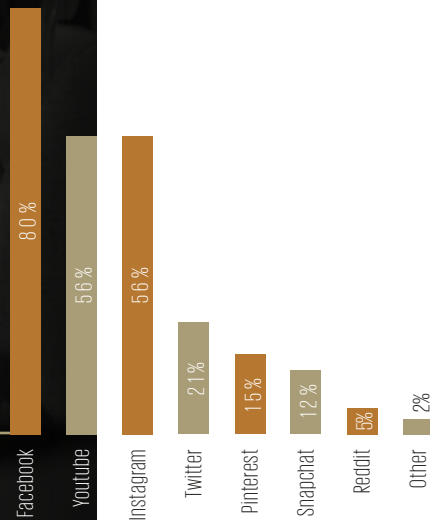
Source: KPMG in Poland based on web survey. This question was answered by the respondents who declared following fanpages of luxury brands

WHICH CATEGORIES OF LUXURY BRANDS DO YOU FOLLOW ON SOCIAL MEDIA?



Source: KPMG in Poland based on web survey. This question was answered by the respondents who declared following fanpages of luxury brands

ON WHICH SOCIAL MEDIA DO YOU FOLLOW LUXURY BRANDS?



WHICH CATEGORIES OF LUXURY BRANDS DO YOU FOLLOW ON SOCIAL MEDIA?

	GENDER	
	FEMALE	MALE
FASHION	70%	42%
CARS	38%	70%

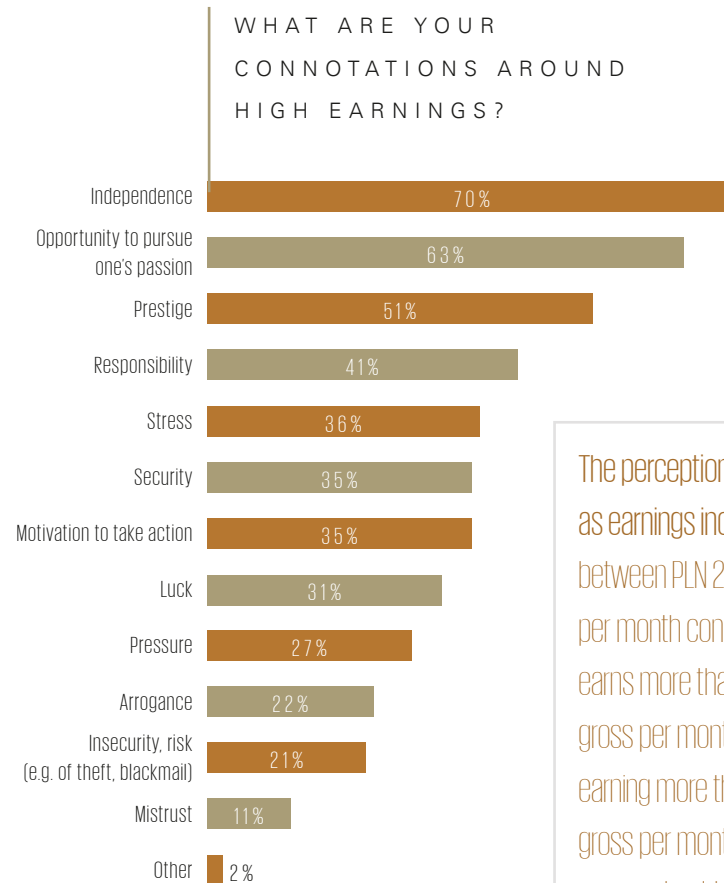
	AGE		
	18 - 35	36 - 50	51 +
FASHION	63%	58%	48%
HOUSEHOLD APPLIANCES/ CONSUMER ELECTRONICS	39%	49%	59%

	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
CARS	48%	60%	45%	59%
PERFUME AND COSMETICS	62%	58%	56%	63%
FASHION	60%	54%	54%	66%

Perception of wealth and of rich Poles

The respondents were asked to provide minimum sums of gross monthly earnings which, in their opinion, would make a person wealthy, rich or very rich. On average, the respondents said that a wealthy person should earn at least PLN 15.6 thousand gross a month, a rich person should earn PLN 45.6 thousand, and a very rich person would receive PLN 224.4 thousand. The respondents earning from PLN 20 to 50 thousand gross per month believed that those who achieve a monthly gross income of PLN 18.6 thousand, PLN 56.7 thousand and PLN 222.5 thousand were, respectively, wealthy, rich and very rich.

In turn, the richest respondents (with earnings above PLN 50 thousand gross per month) claimed that a person with an



The perception of wealth changes as earnings increase. Poles earning between PLN 20 and 50 thousand gross per month consider someone who earns more than PLN 56.7 thousand gross per month to be rich, while those earning more than PLN 50 thousand gross per month believe that a rich person should earn at least PLN 249.6 thousand per month.

income from PLN 50.1 thousand could be considered wealthy, the threshold for a rich person would be from PLN 249.6 thousand, with PLN 1.2 million for a very rich person. The responses given by people with an

above PLN 20 thousand gross show that they consider themselves to be wealthy rather than rich or very rich (they defined the wealth threshold at PLN 18.6 thousand and PLN 50.1 thousand gross per month respectively). Notably, even the respondents with the highest average income do not consider themselves to be rich.

High earnings are mainly associated with independence (70% of responses), the ability to pursue a passion (63%) and with prestige (51%). The respondents from the younger generation were more likely to mention prestige, luck and pressure, while the older ones mentioned independence in this context.




In the 2017 edition of our report, the respondents with high earnings (over PLN 20 thousand gross per month) said that high earnings were associated primarily with the possibility to pursue their passions (69%), security (64%) and independence (63%).

People from the youngest generation (aged 18-35) were most likely to associate high earnings with prestige (57% vs. 48% in the 36-50 age group, and 47% in the 51+ age group) and pressure (33% vs. 28% and 22%). Older respondents are more likely to associate high earnings with independence (72% and 73% vs. 65%).

Women (74%) were more likely than men (66%) to associate high earnings with independence.

The highest-earning respondents (above PLN 20 thousand gross per month) link high earnings with independence (66%), prestige (55%) and responsibility (53%).

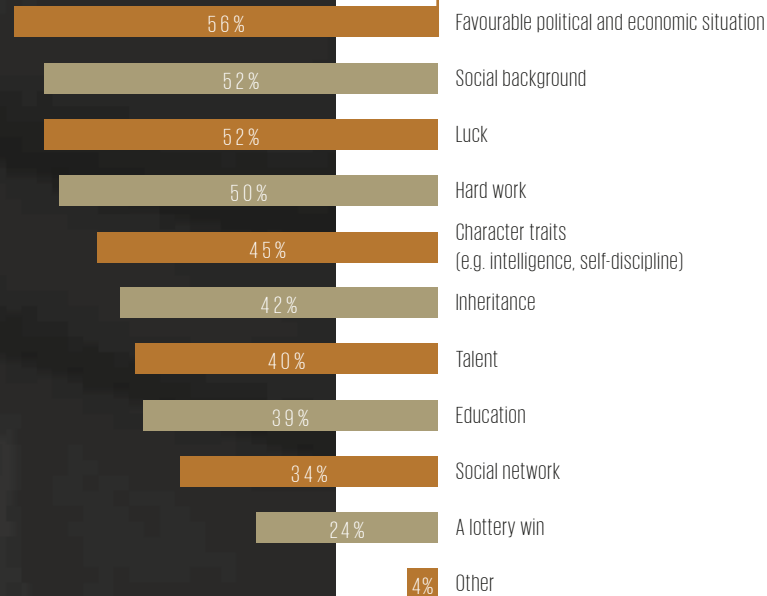


In the respondents' opinion, the high professional and social position was achieved by rich Poles mainly thanks to the favourable political and economic situation (56%), social background (52%) and luck (52%). On the other hand, a lottery win (24%), social network (34%) and education (39%) were thought to be the least likely factors.

A small proportion of the respondents (4%) indicated other reasons, mostly negative, such as slyness, wheeling and dealing, fraud, dishonest deals and nepotism. The youngest generation (18–35 years old) are more likely to believe that rich Poles owe their current position to hard work, education and social background.

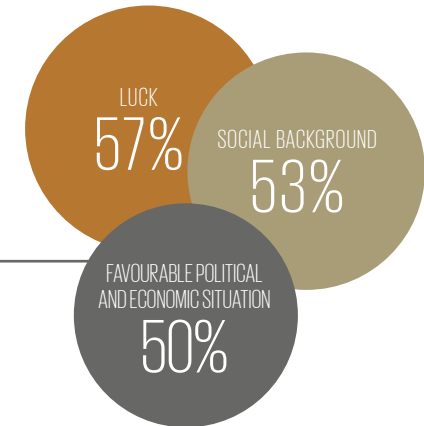
The older respondents are more likely to think that the way to wealth leads through an inheritance and a favourable social and economic situation. One reason behind this distribution of answers may be the fact that the older generations witnessed the political transformations in Poland changes and had the opportunity to watch closely how large fortunes were being made. The youngest generation, in turn, believes the richest people owe their position to merit-based factors. This may be because they grew up in a culture where founders of start-ups and technology companies became the heroes of mass imagination. The most popular of them became billionaires thanks to their ingenuity and hard work.

IN YOUR VIEW,
WHICH FACTORS
GAVE RICH POLES
THEIR CURRENT
PROFESSIONAL AND
SOCIAL STATUS?



THE HIGHEST-EARNING
RESPONDENTS* BELIEVE THAT
RICH POLES ACHIEVED THEIR
POSITION THANKS TO:

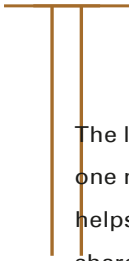
*OVER PLN 20 THOUSAND GROSS
A MONTH



	GENDER	
	FEMALE	MALE
SOCIAL BACKGROUND	55%	48%
CHARACTER TRAITS	48%	41%
EDUCATION	42%	35%

	AGE		
	18 - 35	36 - 50	51 +
FAVOURABLE POLITICAL AND ECONOMIC SITUATION	45%	55%	68%
SOCIAL BACKGROUND	57%	56%	42%
HARD WORK	59%	46%	45%
INHERITANCE	36%	46%	4%
EDUCATION	49%	34%	34%

	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
HARD WORK	52%	44%	50%	52%
A LOTTERY WIN	19%	23%	28%	28%



The largest group of respondents (81%) agreed that in order to earn a lot one needs to take risks. The respondents also often claimed that money helps people to be happy (76% of mentions) and that wealth should be shared (70%). The least appreciated opinions were those claiming that the market puts the right value on people's work (only 25% of mentions) and that the earnings correspond with the effort put (31%). The biggest differences between the generations were observed as regards the opinion that everyone has a chance to earn well if they try hard enough. As many as two thirds of Millennials agreed with this statement, while the respective percentage in the oldest group was 39%. Serious differences were revealed when it comes to taxation of the richest people: three quarters of the oldest respondents support higher taxation for those who are wealthy while the higher tax burden was appreciated only by 57% of the surveyed Millennials. Younger respondents probably hope that they still have a chance to become the highest-earning taxpayers so they look at this level of earnings as prospective for themselves. In turn, the oldest respondents, who are already retired or approaching retirement, may feel that their income depends on the contributions made by other social groups.

The respondents from the youngest generation were much more likely (68%) to agree with the statement that anyone can earn a good income if they try hard enough. Among the respondents from Generation X, 57% agreed with this statement, with only 39% of Baby Boomers supporting this view.

On the other hand, as many as 77% of the oldest respondents support higher taxation for high earners while only 65% and 57% support higher tax burdens among Generation X and Millennials respectively.

The vast majority (84%) of the highest-earning respondents (over PLN 20 thousand per month) agreed with the statement that in order to earn a lot one must take risks. In 2017, an affirmative answer was given by 81% of people from the same income group.



DO YOU AGREE WITH THE FOLLOWING STATEMENTS?



	GENDER	
	FEMALE	MALE
EVERYONE WOULD LIKE TO EARN MORE AT ANY PRICE	52%	44%

	PLACE OF RESIDENCE			
	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
THE RICH SHOULD PAY HIGHER TAXES	61%	65%	71%	69%

Source: KPMG in Poland based on web survey



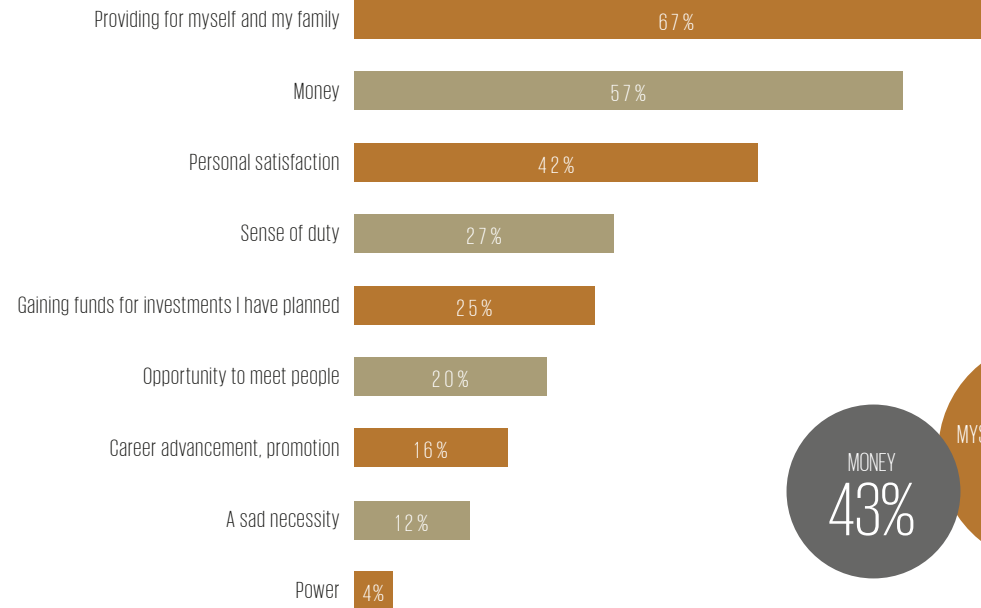
The surveyed Poles have a practical approach to work: for two thirds of them, the main motivation to work is to provide for themselves and their loved ones. Other frequently mentioned factors that motivate the respondents to get up every morning include money (57% of mentions) and personal satisfaction (42%). The latter reason was indicated more often by women (47%) than men (37%).

For the youngest generation, in turn, money is the most important motivation, indicated by only a half of the oldest respondents. In comparison with the older respondents, Millennials are more likely to perceive work as an opportunity for career advancement and promotion within the structures of an organisation. For Baby Boomers, on the other hand, work is much more likely to be seen as a necessity to provide for themselves and their families. This distribution of responses is probably due to the fact that younger respondents are less likely to be responsible for providing for others.

In the 2010 edition of our report, the respondents earning over PLN 3.7 thousand gross per month mentioned personal satisfaction, money and providing for their loved ones as their main motivations (about 70% of total mentions). In this year's survey, the respondents from a similar income group stated that their key motivations included the need to provide for their loved ones, money and personal satisfaction.

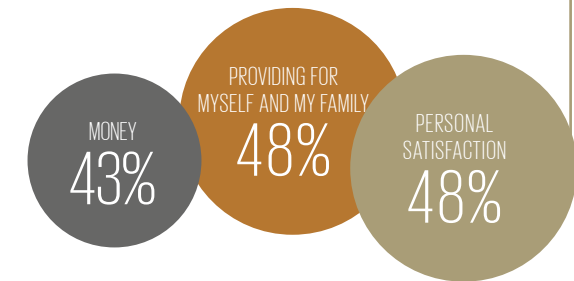
Source: KPMG in Poland based on web survey

WHAT IS YOUR MAIN MOTIVATION TO WORK?



KEY MOTIVATING FACTORS FOR THE HIGHEST-EARNING RESPONDENTS* :

* OVER PLN 20 THOUSAND GROSS A MONTH



PLACE OF RESIDENCE

	CITIES	MEDIUM-SIZED TOWNS	SMALL TOWNS	VILLAGES
PERSONAL SATISFACTION	45%	44%	42%	36%
SENSE OF DUTY	23%	26%	30%	29%
OPPORTUNITY TO MEET PEOPLE	16%	24%	21%	20%

AGE

	18 - 35	36 - 50	51 +
PROVIDING FOR MYSELF AND MY FAMILY	61%	66%	74%
CAREER ADVANCEMENT, PROMOTION	28%	12%	10%
MONEY	62%	57%	52%

GENDER

	FEMALE	MALE
PERSONAL SATISFACTION	47%	37%



When asked about the leisure activities which are associated with luxury, the respondents mainly mentioned travelling, visiting a spa, sailing or going on a cruise. Other answers included going to luxury restaurants, exclusive shopping, playing golf and participating in cultural events (opera, theatre, concerts, etc.).

In the question about making a dream come true regardless of money and work, the surveyed Poles mostly indicated

traveling (around the world, a space flight, a hot air balloon flight, a boat cruise, etc.) and buying real estate. The respondents often gave answers concerning health, not only their own but also that of their family members. Other dreams concerned the happiness of children, providing financial security for the future for the respondents and their loved ones (also in old age), buying a car, achieving peace of mind, finding a partner and making investments.

Please name 3 ways of spending time which you think are related to luxury.

TRAVELLING

VISITING A SPA

SAILING

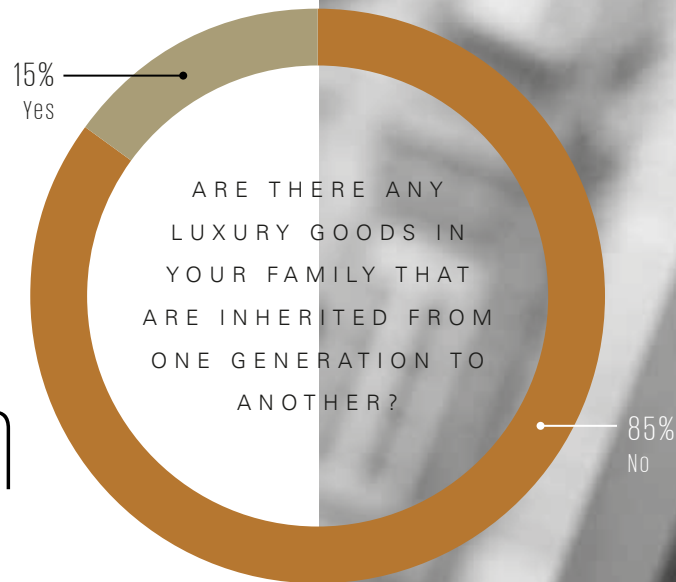
If you could fulfil one of your desires, without worrying about the money and job, what would you do?

TRAVELLING (AROUND THE WORLD;
INTO OUTER SPACE, OTHER SPECIFIC
PLACES ON EARTH; A CRUISE)

HOME

HEALTH

Luxury in Polish families



When asked about inheriting luxury goods from one generation to another, only 15% of the respondents answered to the affirmative. Real estate was the most frequently mentioned type of goods. Moreover, a large proportion of the respondents' families transfer jewellery, watches, works of art, silver goods, gold and china. Other items inherited from generation to generation include furniture, cars, books and musical instruments.

As many as one fifth of the highest-earning respondents (over PLN 20 thousand per month) declared inheriting luxury products in their families.

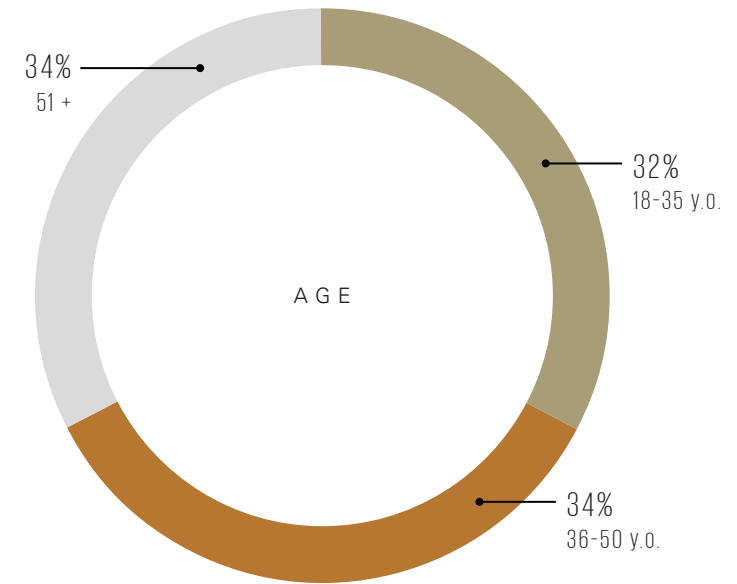
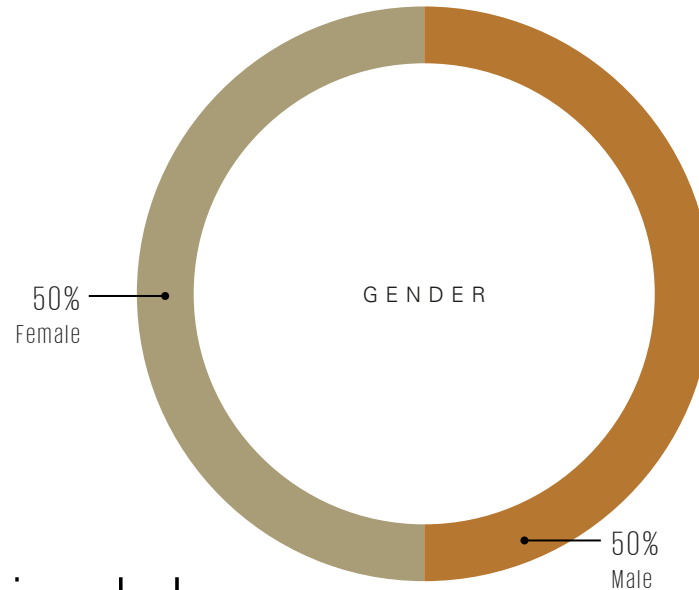
Source: KPMG in Poland based on web survey

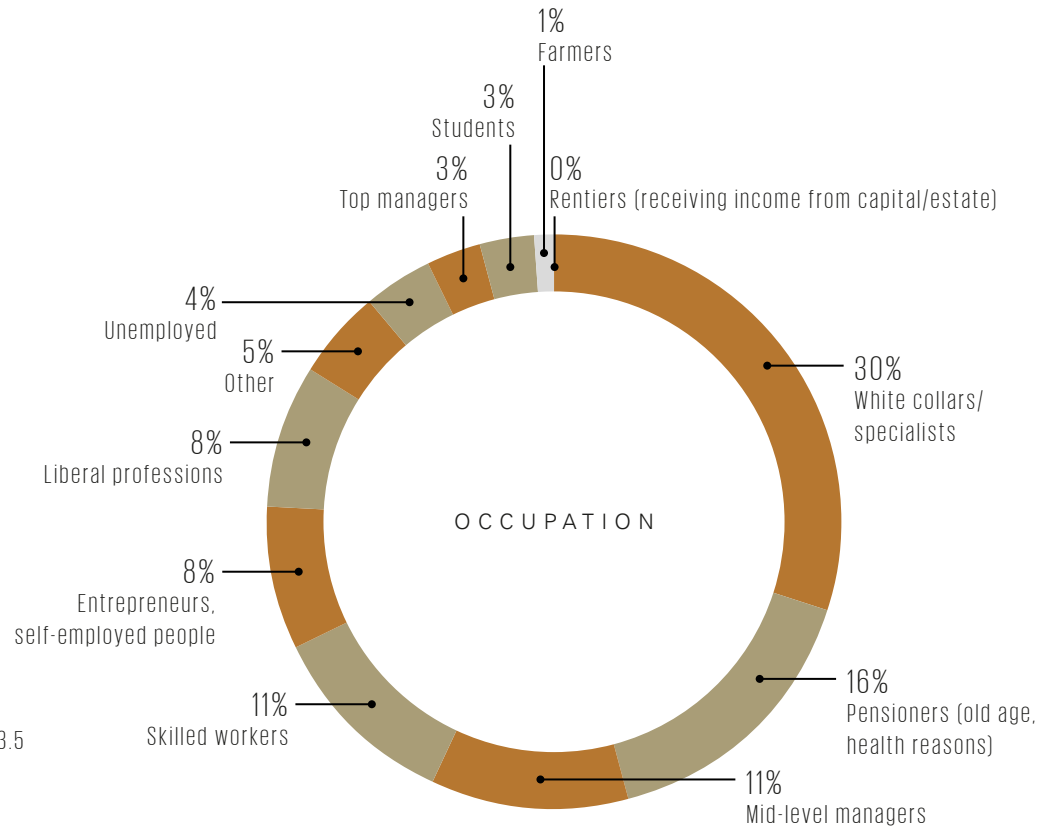
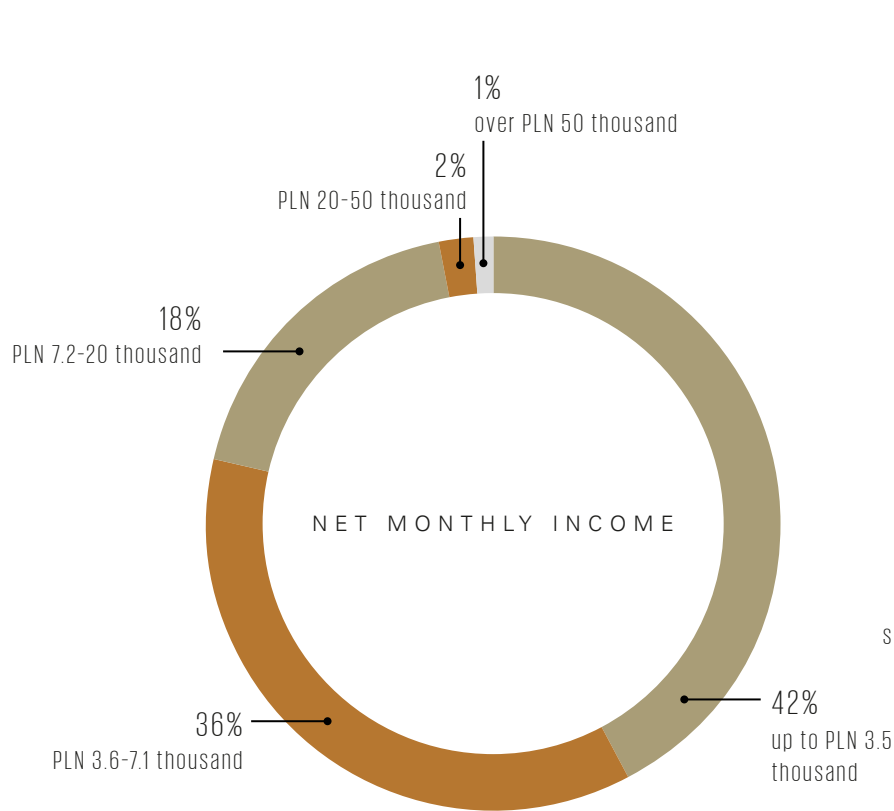
Demographic data

The data presented in the report comes from questionnaires administered by Norstat in October 2019 using the CAWI method (Computer Assisted Web Interviews). The research sample was selected to correspond to the Polish population in three approximately similar age groups: from 18 to 35 years of age, from 36 to 50 years of age and 51+ years of age. A total of 1,549 respondents were surveyed. The largest group of the respondents (42%) were those earning up to PLN 3.5 thousand gross per month. The remaining respondents

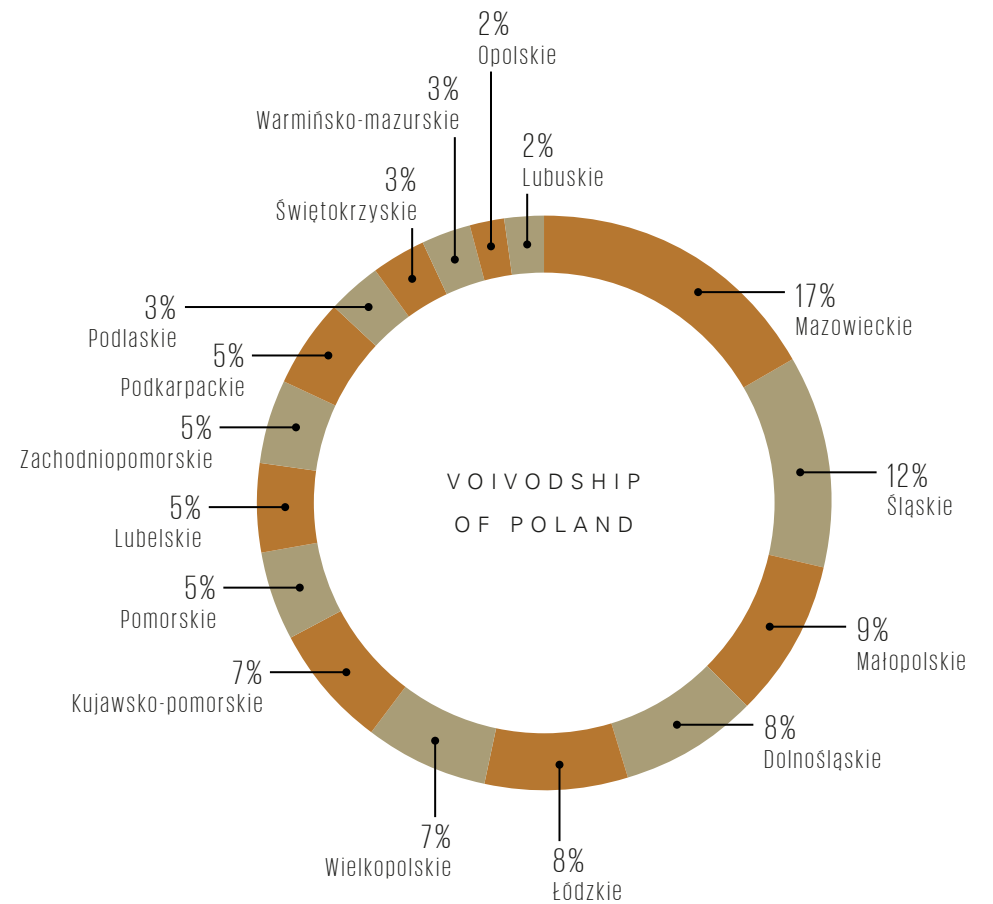
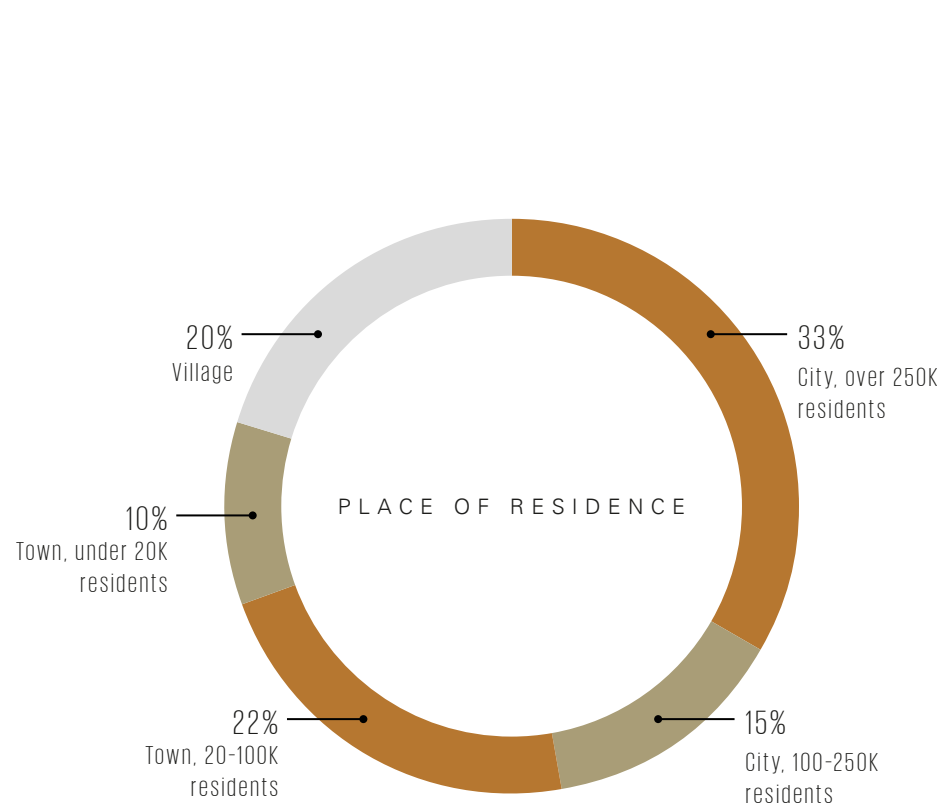
were grouped as follows: from PLN 3.6 to 7.1 thousand gross per month (36%), from PLN 7.1 to 20 thousand gross (18%), from PLN 20 to 50 thousand gross (2%) and over PLN 50 thousand gross (1%). The most numerous occupational group among the respondents were white collar workers/specialists (30%). The remaining occupational groups were as follows: pensioners (16%), mid-level managers (11%), skilled workers (11%) private entrepreneurs (8%), liberal

professions (8%), unemployed people (4%), top managers (3%), students (3%) and farmers (1%). The largest proportion of those surveyed live in cities with over than 250 thousand inhabitants (33%), followed by: towns with 20–100 thousand inhabitants (22%), villages (20%), cities with 100–250 thousand inhabitants (15%) and town with under 20 thousand inhabitants (10%). The largest group of respondents came from the Mazowieckie voivodship (17%), with the following other voivodship being also strongly represented: Śląskie (12%), Małopolskie (9%), Dolnośląskie (8%) and Łódzkie (8%).





Source: KPMG in Poland based on web survey



Source: KPMG in Poland based on web survey

Contact



KPMG SP. Z O.O.

ul. Inflancka 4A

00-189 Warsaw

T: +48 22 528 11 00

F: +48 22 528 10 09

E: kpmg@kpmg.pl

ANDRZEJ MARCZAK

Tax

Partner

E: amarczak@kpmg.pl

TOMASZ WIŚNIEWSKI

Advisory

Partner

E: twisniewski@kpmg.pl

KPMG PRESS OFFICE

E: biuroprasowe@kpmg.pl

KPMG.pl

KPMG OFFICES IN POLAND

WARSAW

ul. Inflancka 4A
00-189 Warszawa
T: +48 22 528 11 00
F: +48 22 528 10 09
E: kpmg@kpmg.pl

POZNAŃ

ul. Roosevelta 22
60-829 Poznań
T: +48 61 845 46 00
F: +48 61 845 46 01
E: poznan@kpmg.pl

GDAŃSK

al. Zwycięstwa 13A
80-219 Gdańsk
T: +48 58 772 95 00
F: +48 58 772 95 01
E: gdansk@kpmg.pl

CRACOW

ul. Opolska 114
31-323 Kraków
T: +48 12 424 94 00
F: +48 12 424 94 01
E: krakow@kpmg.pl

WROCLAW

ul. Szczytnicka 11
50-382 Wrocław
T: +48 71 370 49 00
F: +48 71 370 49 01
E: wroclaw@kpmg.pl

KATOWICE

ul. Francuska 36
40-028 Katowice
T: +48 32 778 88 00
F: +48 32 778 88 10
E: katowice@kpmg.pl

ŁÓDŹ

ul. Składowa 35
90-127 Łódź
T: +48 42 232 77 00
F: +48 42 232 77 01
E: lodz@kpmg.pl

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