



Geopolitical challenges

Brands face significant challenges and disruptions due to geopolitical tensions and trade wars. This situation necessitates strategic reviews of supply chains, manufacturing processes, and distribution channels.



Gray markets

The growth of the luxury gray market, especially in Asia, has prompted brands to implement stricter controls over distribution and reselling, as well as to reassess their global pricing strategies.



Biotech opportunities

Biotechnology merges sustainability and technology trends, enabling lab-based replication and mass production of beauty ingredients, which is more sustainable than large-scale cultivation. It is also becoming a hotbed for M&A opportunities.



Dupes

Dupes, or replica products that compare themselves to established brands without using the same name, pose new challenges for these brands. These dupes, often widely advertised on social media, attempt to evade traditional trademark infringement, leading to diluted brand value, challenges consumer loyalty, and reduced sales of genuine products.



Pre-owned luxury goods

The second-hand or pre-loved luxury market is rapidly expanding, driven by sustainability and cost-conscious consumers. This presents new challenges for brands, including diluted brand value, higher counterfeit risk, disrupted distribution channels, and the need to explore new business models like partnering with secondhand sites or new pre-loved ventures.



Sustainability

Although sustainability continues to be a major concern for both consumers and brands, recent policy reversals in the US and the introduction of the new European Omnibus package have added complexities for companies trying to navigate the sustainability landscape.



Leveraging AI

Brands are using AI in all areas of the product and service lifecycle, from improving business processes, authenticity verification, product design and customer engagement. The increasing use of AI necessitates investment in new policies, talent, and technology to ensure security and compliance.



Cosmeceuticals

Cosmeceuticals, also known as medical and functional cosmetics, provide both cosmetic and therapeutic benefits. Their popularity is increasing due to growing consumer awareness of the relationship between beauty and wellness and the demand for multi-functional products. In response, brands are investing in research and development, forming strategic partnerships, and launching innovative products that cater to this growing market.



Antitrust scrutiny in employment practices

Heightened scrutiny and legal action from competition authorities against restrictive labor market agreements for practices such as non-poaching and wage-fixing are a growing concern. This is especially true for brands who rely on such clauses to safeguard their competitive edge and maintain their creative talent pool.



Taxes targeting luxury goods spending

Tax reforms on luxury goods are expected to impact pricing strategies, consumer demand, and purchasing habits. Brands are reevaluating their pricing models to ensure profitability while still attracting their target audience.



Luxury lifestyles

The shift towards luxury lifestyle offerings is gaining momentum as affluent consumers increasingly seek exclusive, unique and personalized experiences. Luxury brands are expanding their portfolios to include curated lifestyle experiences, such as flagship stores with cafes and art galleries, premium drinks, unique dining experiences, and partnerships with hotels and resorts.



Social media consumerism

Social commerce, driven by social media platforms, continues to gain popularity. It has revolutionized the retail landscape, providing innovative ways to connect with consumers and boost sales. However, this dynamic environment also demands that brands remain vigilant and address emerging issues and challenges.



Customization

Customization is a major trend permeating the entire lifecycle of luxury, fashion, and cosmetic products. It allows brands to create unique and meaningful experiences for their customers, enhancing brand loyalty and engagement. From designing bespoke products that resonate with local cultures and markets to personalizing marketing and advertising campaigns, customization is a key trend for 2025.