



AFFLUENT INSIGHTS™ LUXURY STUDY 2017-18

China

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Introducing Agility and Affluential

- **Agility Research & Strategy** is a World Class Research and Consulting company with a core focus on the Affluent and Luxury Consumers for premium brands. With over 30 years combined experience in understanding the affluent consumer, we are truly Fluent on the Affluent™.
- We partner with leading brands in helping to provide actionable insights through a suite of solutions that lead to growing their market share.
- **Affluential™**, powered by Agility, is a leading consumer intelligence portal helping brands engage with affluent consumers in more than 20 key economies across the United States, Europe and Asia.

We work with luxury clients around the world:



Affluent Insights™ 2017-18

Luxury Study

This report is based on findings from the Affluent Insights™ Luxury Study:

- Fielded in October/November 2017
- Covers the following markets:
China, Hong Kong, Singapore, Thailand, Malaysia, Australia, South Korea, Japan
- In each market, we surveyed 300 or 600 respondents
- All of the respondents were defined as affluent with annual household incomes as per the table below, and minimum n=100 or n=300 respondents per market were HNWI individuals, with US\$ 1 million+ in investable assets

Affluent Insights Luxury Study - China

- Overall sample size: **n=629**
- Millionaire (HNWI) sample size: **n=305**

Market	Highly Affluent Definition (HHI)
China	RMB 350,000+

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Affluent Insights™ 2017-18 Luxury Study

In this report...

we will be looking at purchasing behaviour, motivations, media channels and brand preferences of the affluent consumers when it comes to purchasing premium and luxury products and services.

PRODUCT CATEGORIES COVERED:

Affluent Insights™ 2017-18 Luxury Study covers premium brands across the following categories:

- ✓ Fashion/Accessories (105 brands)
- ✓ Watches (81 brands)
- ✓ Jewelry (66 brands)
- ✓ Alcohol (84 brands)
- ✓ Hotels / Cruise lines (82 brands)
- ✓ Skincare (54 brands)

Brand selection: For past purchase/ ownership and future purchase plan questions, we have selected brands that are well-known luxury brands and/ or are part of the competitive set of our subscribers' brands. For brand image questions, we include subscriber brands, as well as, a sub-set of high-end luxury brands that have shown to be the most popular in our research.



Affluent Insights™ 2017-18

Luxury Study

KEY LEARNINGS

China is becoming the largest consumer market in the world. Luxury, travel, and financial services brands are all increasing their presence in the Middle Kingdom, and branching outside of the Tier 1 cities of Beijing, Shanghai, Guangzhou and Shenzhen into Tier 2 and even Tier 3 cities, where China's affluent class is growing the fastest.

While many brands have relied heavily on overseas spending from outbound tourism, they are renewing their focus on their physical presence in Chinese cities, including at luxury outlets. A key takeaway from this report is the emergence of luxury outlets as an important local purchase channel for luxury – even among Chinese millionaires.

E-commerce giants JD and TMall have launched online luxury platforms catering specifically to Tier 2 and 3 cities to attract the newly affluent individuals who have more limited access to luxury stores.

This is not to say that the affluent Chinese are not buying luxury goods when they travel – far from it. In fact, 2 out of 3 affluent consumers still mainly buy luxury goods while they are abroad, with Japan being the most popular overseas shopping destination.

Interestingly, there has been a clear increase in the purchase of jewellery compared to previous years and most people are planning on purchasing more jewellery in the future. This is an interesting finding given recent questions about what effect the rise of outbound travel and interest in experiences is having on the Chinese hard luxury sector.

One thing that is more frequently found among Chinese consumers than in other markets in Asia is a closer association between luxury goods and identity. While projecting social status outwardly – i.e. influencing how others see them – remains an important function of buying luxury, luxury marques are increasingly a part of how affluent Chinese see themselves.