CHINA LUXURY FORECAST 2023

PRESENTATION TO MACQUARIE

PREPARED BY CSG
MAY 2023

WHAT ARE THE CHINESE LUXURY CONSUMER SENTIMENTS?

The pandemic has revealed new, unique luxury mindsets in China

THE CHINA LUXURY RETAIL CUSTOMERS CHANGING VALUE:

CHANGE

My Life

Myself

My Career

My Outlook

My Style

HOW TO BE…

More Original

More Passionate

More Spontaneous

More Positive

More Fearless

More connected (Better Friend)

We Are Changing, We Are Evolving, We Are Starting Again


THE CONSUMER WANT TO BE A PART OF A
Community
THEY WANT TO BE INPSIRED
THEY WANT TO BE SUPPORTED
THEY WANT TO BE EMPOWERED


9:41
Time to Now
3 minutes left to post a Now.
Post
94K
1560
13.5K
13.5K
@cardioqueens
What do you think?
See translation
original sound - cardioqueens
Home
Now
Inbox
Me
9:41
Friends
Now
Now memories
Ellie
On time
4:11:24
Home
Now
Inbox
Me

FAST

SLOW

TRAVEL
(GOING AWAY)

STAYING CLOSE (HOME)

INDULGENCE
(FINE DINNING)

MODERATION
(HEALTH AND WELLNESS)

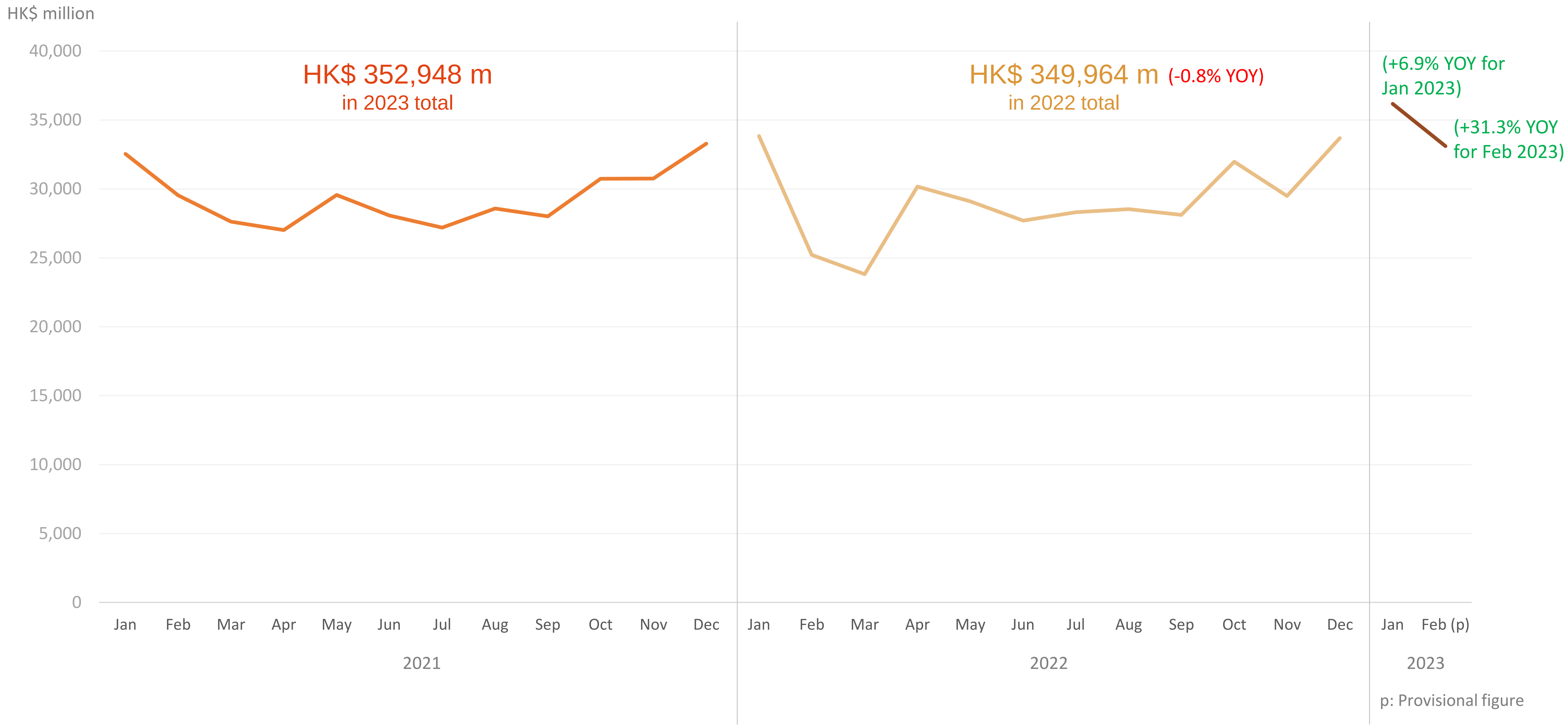
HONG KONG EFFORT TO REBUILT/ RESTARTING….

Hong Kong Retail Sales Rebound Despite Labor Shortage, Thanks To Mainland Tourism

April 7, 2023

In February, retail sales in Hong Kong rose 31.3 percent from a year earlier to $4.22 billion — the biggest percentage growth in 13 years.

Value of retail sales



Hong Kong’s retail sales jump by record 40.9 per cent in March, while total of mainland Chinese tourists for ‘golden week’ beats estimates

Hong Kong’s retail sales jumped by a record 40.9 per cent in March from a year ago, helping to pull the local economy out of recession, while the number of mainland Chinese tourists arriving over the “golden week” holiday beat estimates.

Provisional figures released by the Census and Statistics Department on Thursday showed retail sales grew to HK$33.6 billion (US$4.28 billion) in March, year on year, slightly more than February’s total of HK$33.1 billion.

While the 40.9 per cent growth was the strongest since record-keeping for retail sales began in 2005, the base of comparison is fairly low. In March last year, sales were anaemic as the city battled the fifth wave of the pandemic with rounds of lockdowns, tough social-distancing rules and travel restrictions, a regime that was only completely abandoned in February.

https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3219351/more-625000-mainland-chinese-tourists-entered-hong-kong-over-5-day-golden-week-break-better-expected

More than 310,000 visitors arrive in Hong Kong to eat, shop and play as Labour Day ‘golden week’ holiday begins

- Lo Wu crossing is most popular entry point, recording 58,251 arrivals, followed by 55,055 at Lok Ma Chau spur line
- Tourists plan to shop, eat popular snacks, including egg tarts, and visit scenic spots

More than 310,000 travellers poured into Hong Kong from mainland China and elsewhere on the first day of the Labour Day “golden week” holiday as tourists seek to take in the city’s renowned vistas and flavours.

Immigration Department figures showed that 310,874 travellers entered Hong Kong through various control points by 9pm on Saturday, with most coming via the Lo Wu checkpoint, at 58,251 arrivals, followed by 55,055 at the Lok Ma Chau spur line.

Carrying suitcases and bags, travellers of all ages queued at the Hong Kong Tourism Board’s counter to pick up welcome cards that included either discount vouchers for various shops or an all-day MTR pass. The freebies were part of the city’s “Hello Hong Kong” campaign to lure visitors back after three years of border closures.

Art Basel Hong Kong

Art Central


2023年 3月22至25日
香港會議展覽中心
ART
CENTRAL
Lead Partner 首席合作伙伴
UOB

Hong Kong Sevens

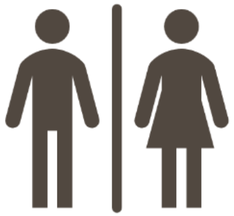
Clockenflap 2023

BEHAVIOR

DEMOGRAPHICS

Mainland China Respondents: %

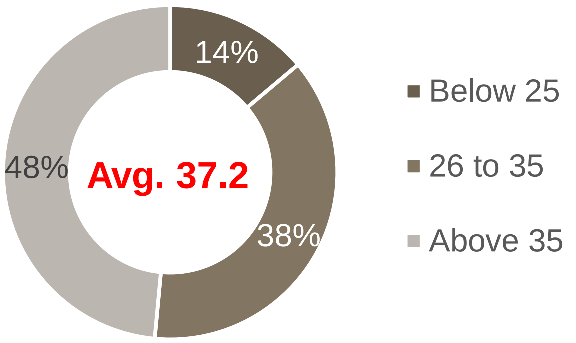
Gender

45%  55%

Geography

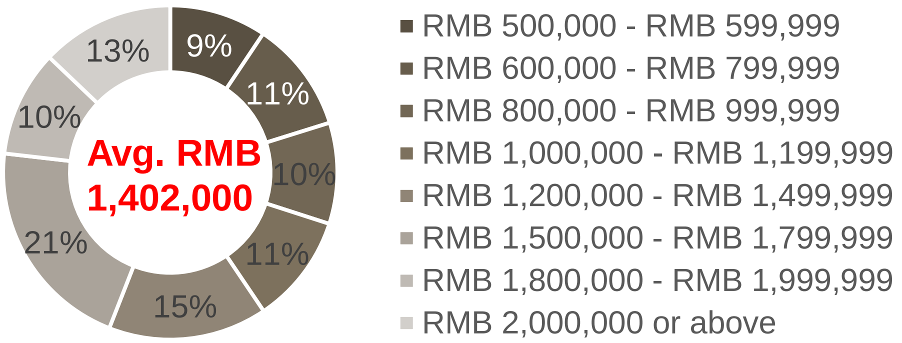
Tier 1 cities	40%
Tier 2 cities	30%
Tier 3 cities or below	30%

Age



Last year: Avg. 37.1 years old

Income



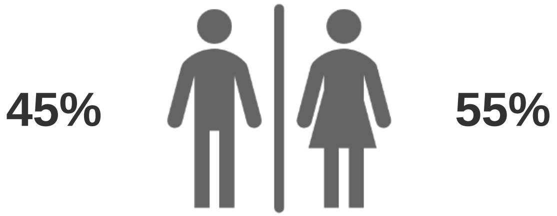
Last year: Avg. RMB 1,453,000

Respondent Profile - China

Total Sample Size: n=2,000

Hong Kong Respondents: %

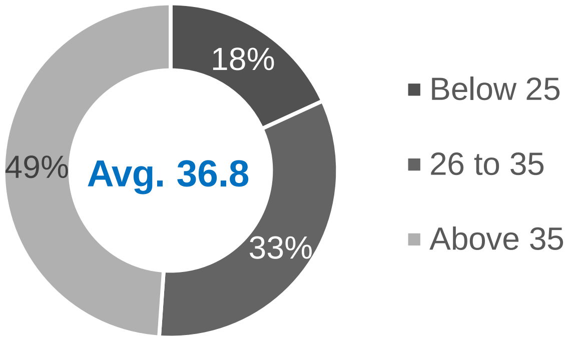
Gender



Geography

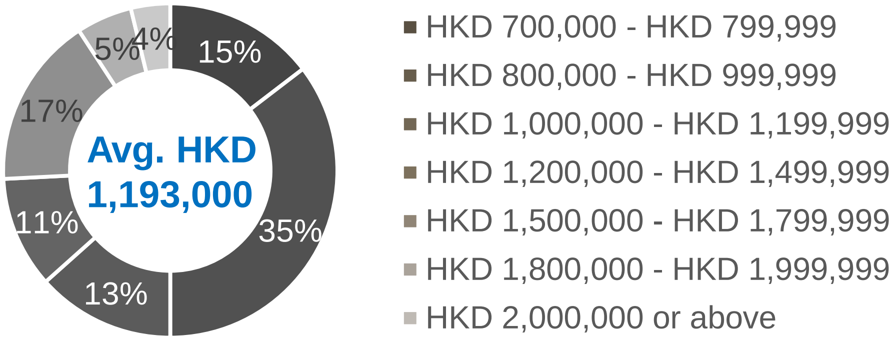
Hong Kong Island	40%
Kowloon	27%
New Territories	33%

Age



Last year: Avg. 37.5 years old

Income



Last year: Avg. HKD 1,238,000

Respondent Profile – Hong Kong

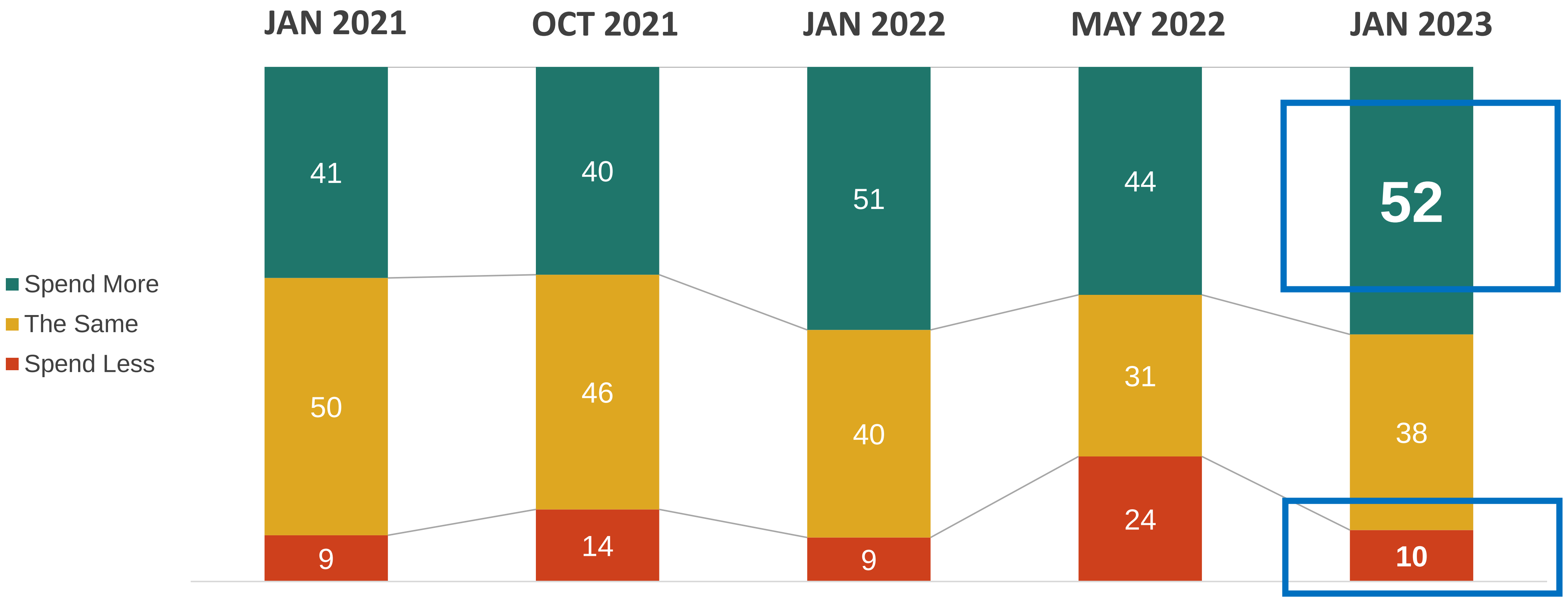
Total Sample Size: n=500

CONSUMPTION FORECAST AND PATTERN

There is a resurgence in Chinese luxury consumers' appetite on luxury.

Those who will spend more on luxury has reached a 2-year high at 52%. Meanwhile, Chinese luxury consumers who said who will spend less have bounced back from 24% in May 2022 (when COVID restrictions had been the hardest in mainland China) to 10% in Jan 2023.

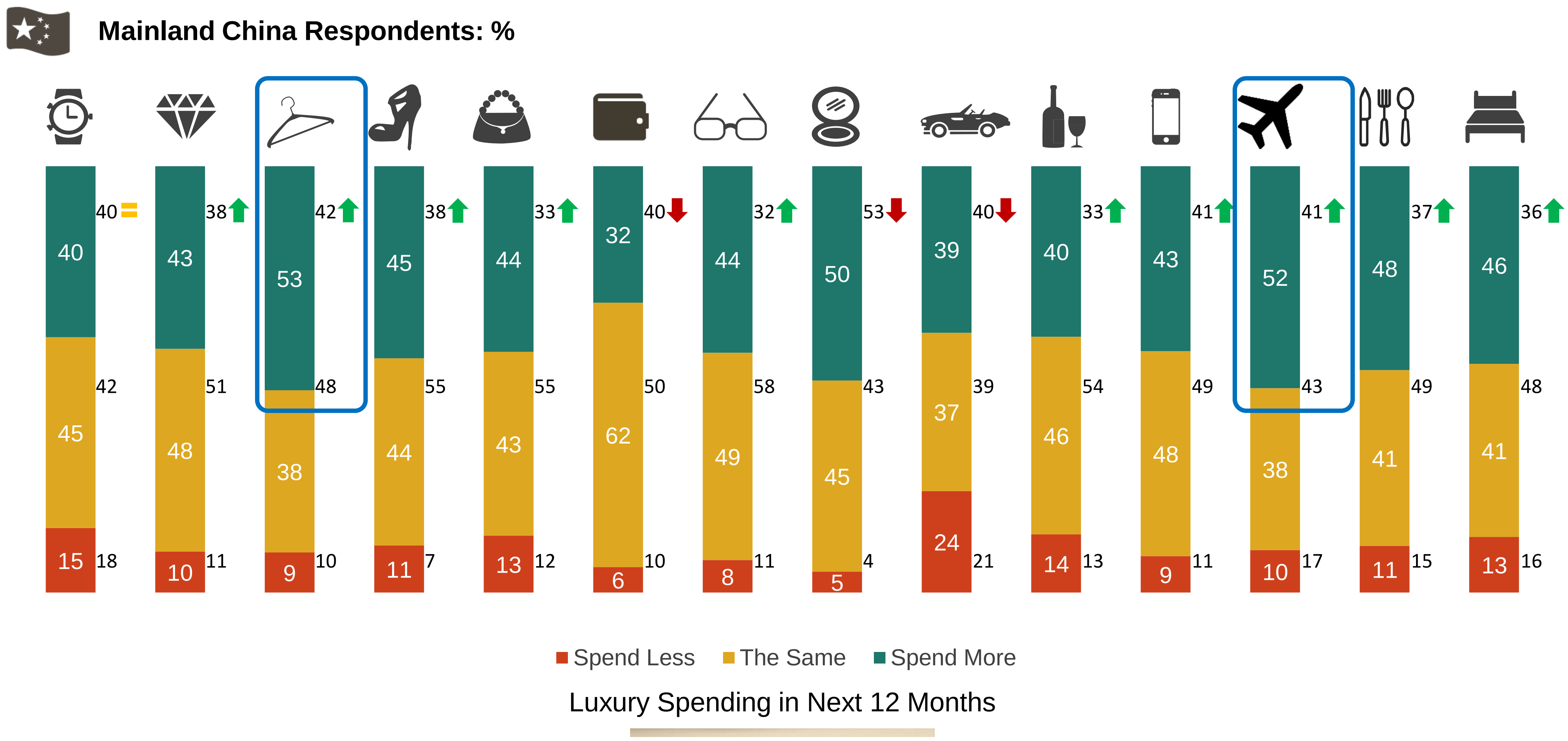
Mainland China Respondents: %



Luxury Spending in Next 12 Months (%)

There is a resurgence in Chinese luxury consumers' appetite on luxury.

There is an increase in the intention to spend across various luxury categories, from **luxury jewelry to clothing, shoes, handbags to fine wine, electronics, home décor to experiential enjoyments like travel and fine-dining.**

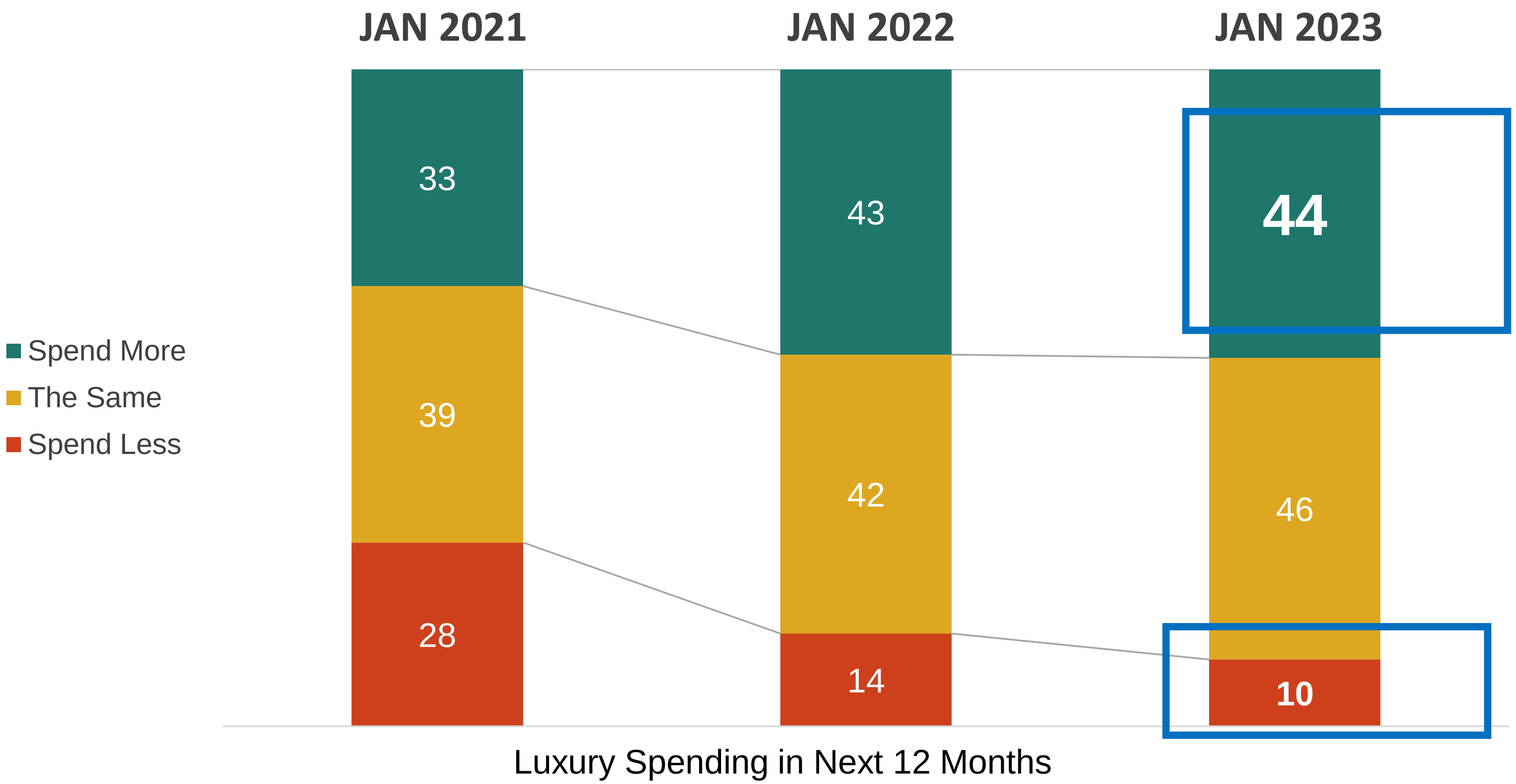


Indicate decrease/ increase in spending more
Grey = data for Jan 2022

Hong Kong luxury consumers' sentiment on luxury remains positive.

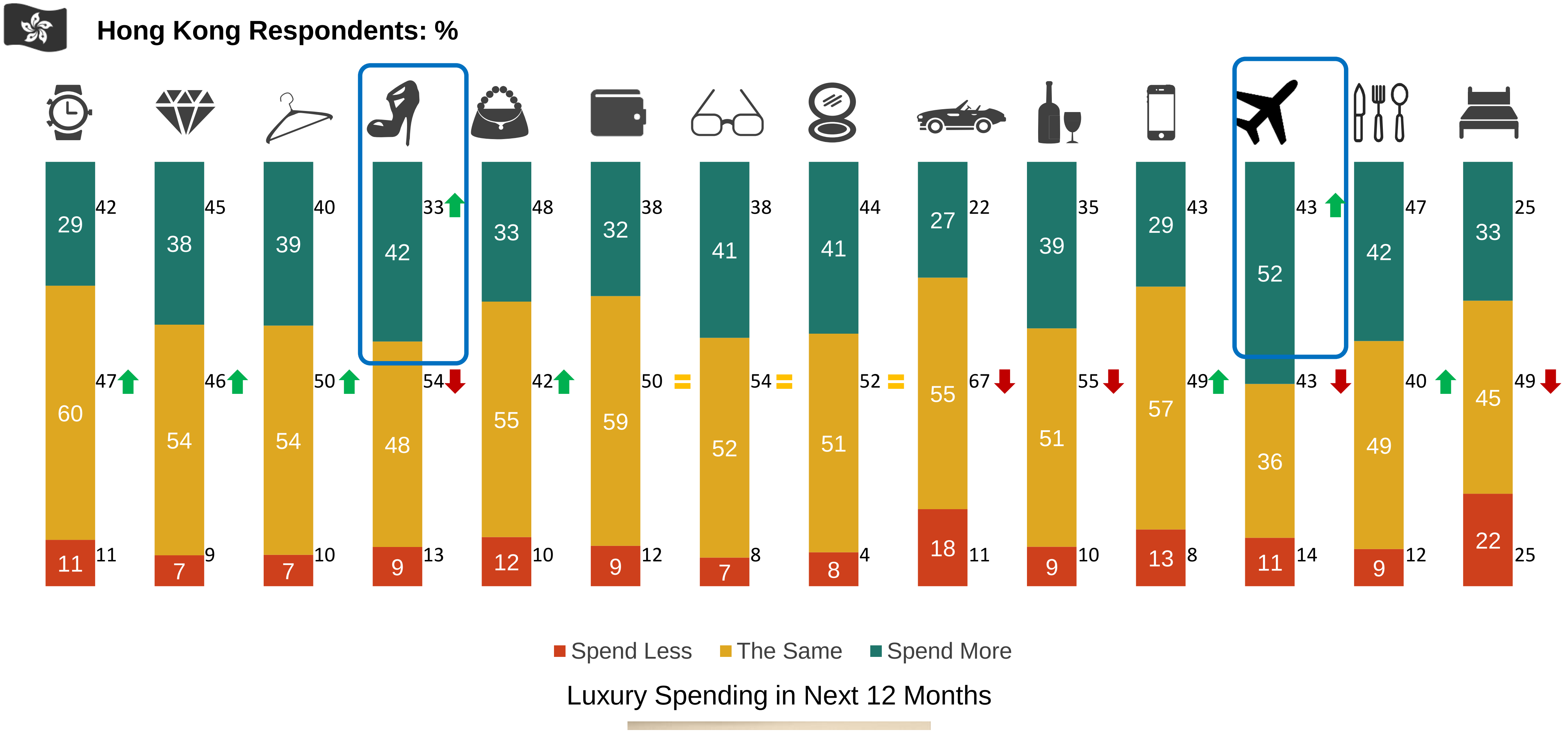
Forty-four-percent of luxury consumers in Hong Kong report that they will spend more on luxury in the next 12 months, similar to last year. Those who will spend the same increased from 42% to 46%.

Hong Kong Respondents: %



Hong Kong luxury consumers' sentiment on luxury remains positive.

Luxury consumers in Hong Kong will remain their spending levels across various luxury categories, including luxury watches, jewelry, clothing, handbags, electronics and fine-dining.



Indicate decrease/ increase

Grey = data for Jan 2022

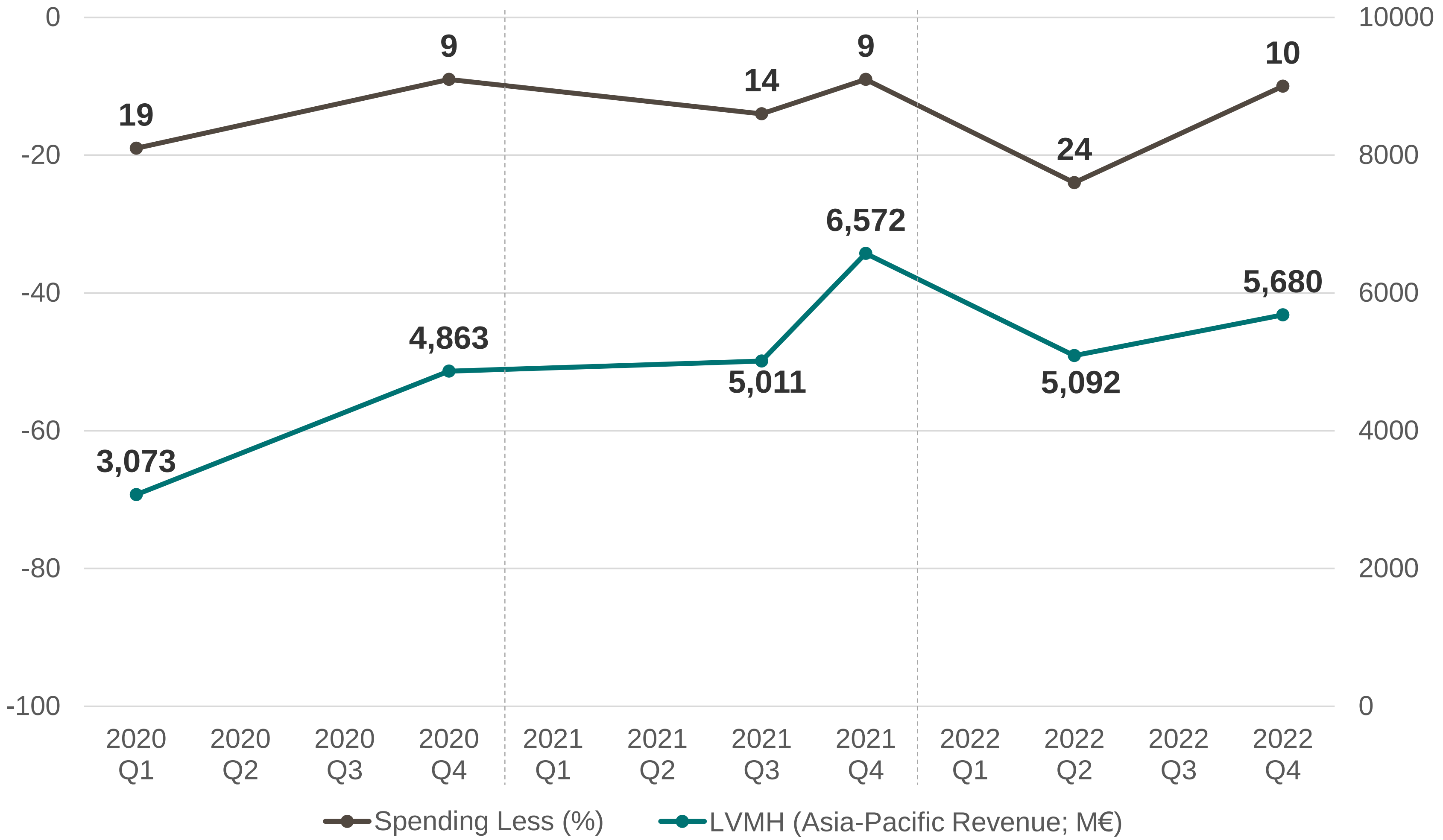
Past 12 months Overall spending on luxury dropped among Hong Kong, Tier-2 and Tier-3 cities.

Hong Kong luxury consumers have spent HKD 217,500 on luxury in the past 12 months, a decrease from previous year. Despite slight increase in overall luxury spending among Chinese consumers from 210,900 to 220,000; there is a sharp decrease among Tier 3 luxury shoppers.

2022	Hong Kong		Mainland China		1st-tier		2nd-tier		3rd-and-lower-tier	
Luxury watches	75,300	64,300	79,300	71,100	76,600	69,800	76,600	76,800	87,800	68,000
Luxury jewelry	41,800	40,500	43,400	40,400	47,900	40,200	41,100	40,300	38,900	40,700
Luxury clothing	35,700	31,800	40,000	39,800	42,400	40,100	38,600	38,600	37,600	40,900
Luxury shoes	20,300	16,600	20,600	18,600	19,400	17,800	21,200	19,000	21,700	19,100
Luxury wallets / small leather goods	25,200	19,900	27,100	26,000	27,800	24,900	26,400	27,600	26,700	25,700
Luxury handbags	54,300	53,000	61,700	59,900	56,300	63,800	59,200	57,100	68,300	56,500
Luxury accessories	20,100	17,700	23,200	20,500	23,700	19,700	21,500	20,700	24,500	21,700
Luxury beauty & cosmetics	27,800	28,000	27,300	25,800	28,700	25,300	26,200	25,700	26,000	27,000
Luxury automobiles	1,181,800	1,002,200	1,169,800	1,181,100	1,249,200	1,157,900	1,056,100	1,170,400	1,147,200	1,244,700
Fine wines, liquor & spirits	21,700	14,800	25,300	19,600	24,900	18,700	23,300	19,100	27,900	21,900
Luxury electronics	32,100	29,400	36,600	30,000	37,000	29,300	37,500	29,900	33,800	31,300
Luxury travel	35,500	31,500	36,100	33,900	37,700	32,200	36,900	36,400	29,800	33,600
Fine dining	18,300	15,800	20,900	17,900	19,900	16,700	20,800	18,400	23,800	19,400
Luxury furniture or home deco items	154,500	90,900	103,000	134,900	101,100	151,800	106,700	99,600	104,000	137,900
Total	**217,500** ↓	258,300	**220,000** ↑	210,900	**260,600** ↑	181,600	**206,900** ↓	222,400	**178,400** ↓	238,900

P12M spending on luxury items

THE CHINA LUXURY FORECAST HAD BEEN A GOOD INDICATOR OF THE PERFORMANCE OF THE LUXURY GOODS INDUSTRY…

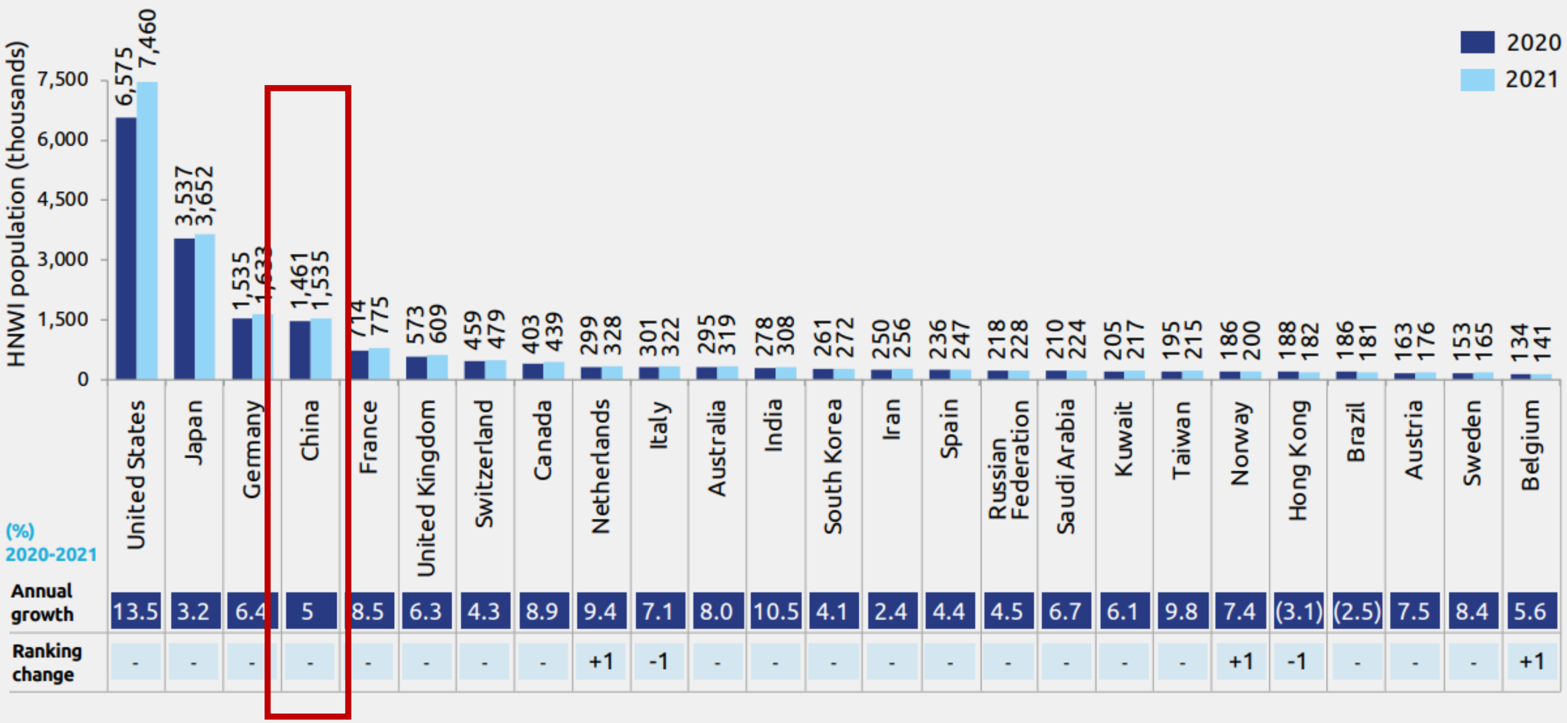


LUXURY PERFORMANCES IN Q1 2023

LVMH	HERMÈS PARIS	KERING	SWATCH GROUP	RICHEMONT
Revenue	*Revenue*	*Revenue*	*Revenue*	*Revenue*
+17%	**+23%**	**+2%**	**+3%**	**+12%**
€21.0bn in Q1 2023	*€3.4bn in Q1 2023*	*€5.1bn in Q1 2023*	*CHF7.5bn in 2022*	*€15.1bn in Apr – Dec 2022*
Operating Profit	*Operating Profit*	*Operating Profit*	*Operating Profit*	*Operating Profit*
NA	**NA**	**NA**	**+15%**	**NA**
			CHF1.2bn in 2022	

While some key markets in Asia-Pacific performed well, the biggest markets of Japan and China led to a slowdown in Asia-Pacific's HNWI population and wealth growth.

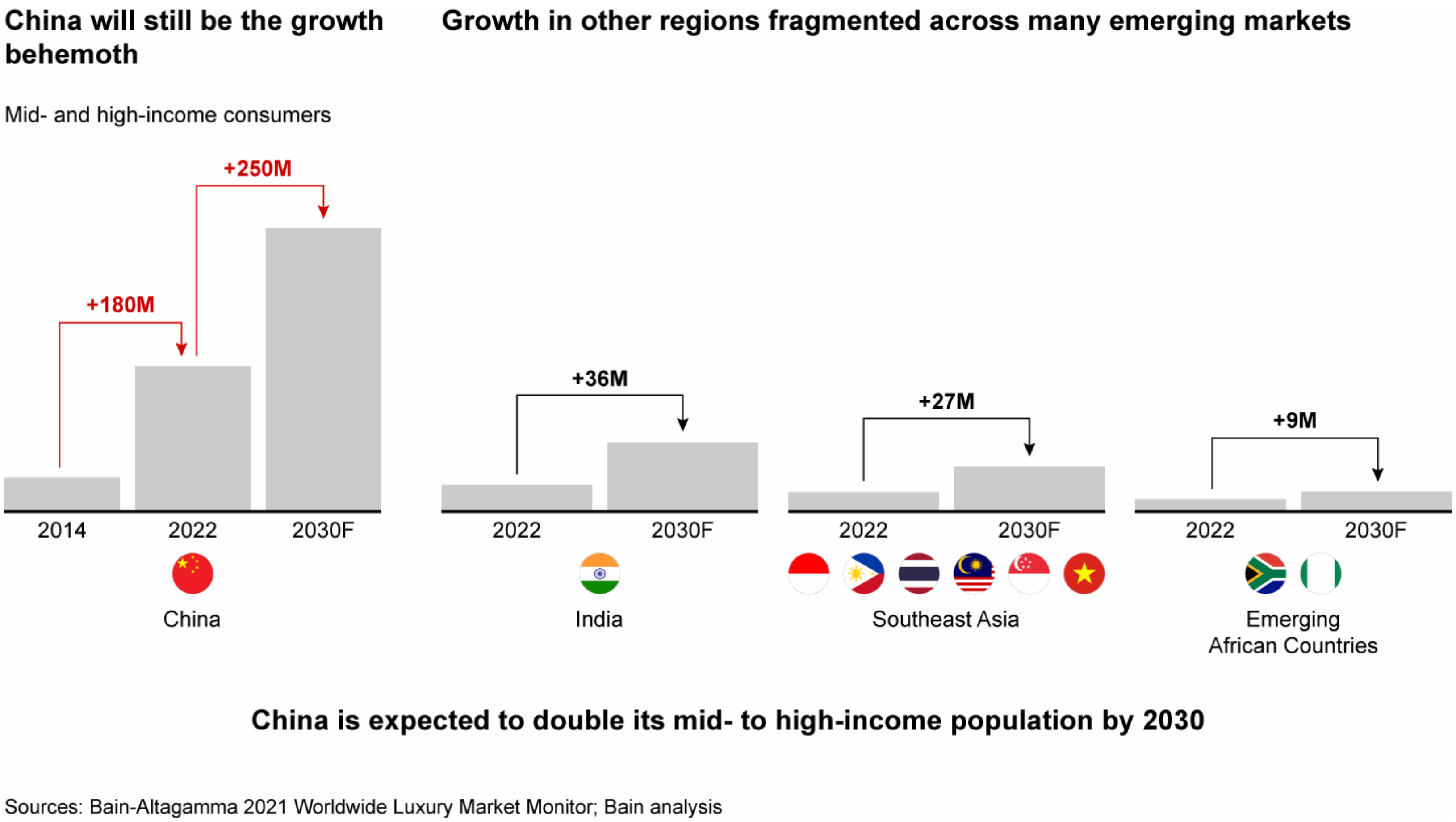
Figure 3. Top 25 markets by HNWI population



Source: Capgemini Research Institute for Financial Services Analysis, 2022.

HNWI wealth growth in China (6.2%) decelerated in 2021 compared with 2020 – when China grew by 13.5%

CHINA WEALTH GROWTH IS SIGNIFICANT



China’s economy grew 4.5% in the first quarter, the fastest pace in a year

- China’s growth has been under the spotlight as it reopens after ending most of its strict Covid restrictions that were in place for nearly three years.

- GDP grew by 4.5% in the first quarter, China’s National Bureau of Statistics said Tuesday.

- That was higher than the 4% forecast in a Reuters poll of economists and marks the highest growth since the first quarter of last year. Quarter-on-quarter, the economy grew 2.2%.

https://www.cnbc.com/2023/04/18/china-economy-q1-gdp-2023.html

PURCHASE CHANNELS/ DOMESTIC LOCATIONS

Online transactions have been steadily increasing and are now nearly on par with physical stores in terms of actual purchases realized in half of the categories surveyed.

Mainland China Respondents: %

Browse and purchase online	36	26	31	26	35	14	27	29	13	19	33	18
Browse online, purchase in physical stores	23	31	27	22	22	42	24	32	19	28	22	33
Browse in physical stores, purchase online	14	13	21	22	18	19	21	14	11	15	23	16
Browse and purchase in physical stores	27	30	21	30	25	25	28	25	57	38	22	33
Total Online	**50** 41	**39**	**52** 36	**48**	**53** 42	**33**	**48**	**43**	**24**	**34**	**56** 58	**34**
Total Offline	**50** 60	**61**	**48** 64	**52**	**47** 58	**67**	**52**	**57**	**76**	**66**	**44** 42	**66**

Preferred method to buy luxury items

Grey = Previous year data

In Hong Kong, respondents are still more likely to make their purchases offline.

Hong Kong Respondents: %

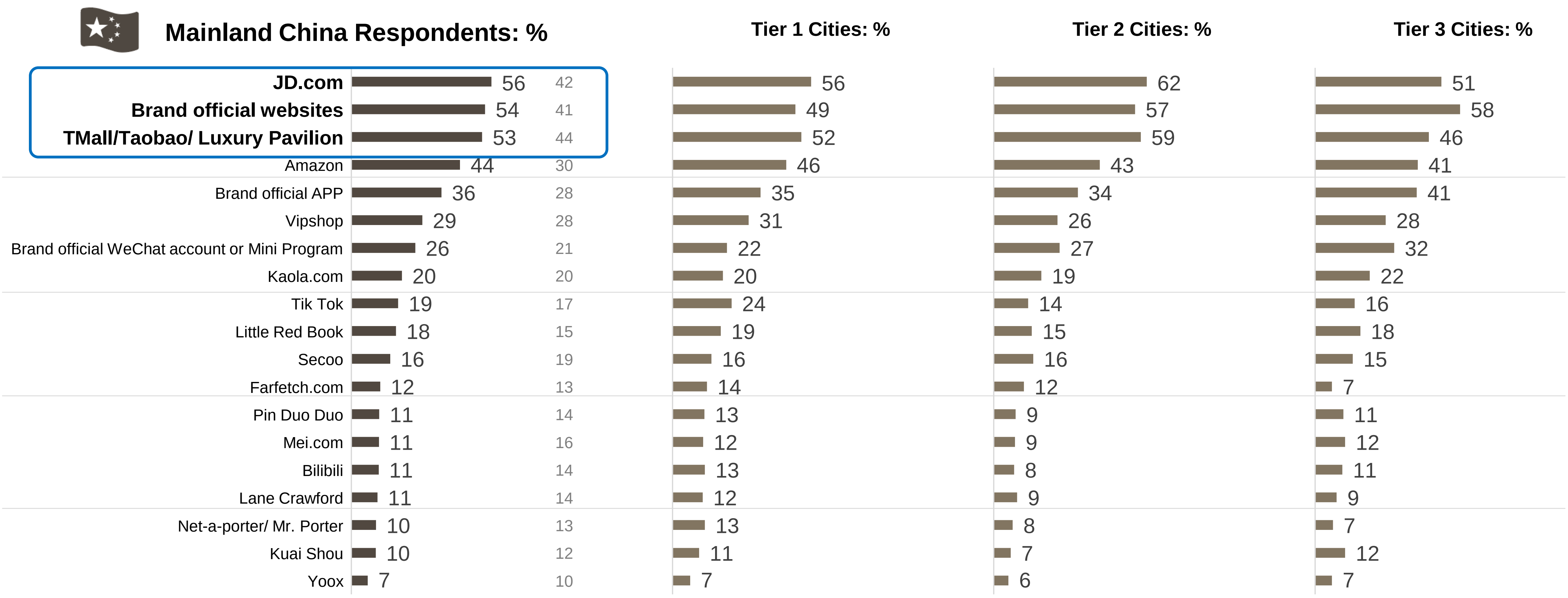
Browse and purchase online	20	26	19	22	13	14	19	19	6	22	17	10
Browse online, purchase in physical stores	32	32	40	25	34	38	34	39	31	26	38	33
Browse in physical stores, purchase online	13	11	16	29	26	17	21	19	19	21	21	33
Browse and purchase in physical stores	35	31	25	24	27	31	26	23	44	31	24	25
Total Online	**33**	**37**	**35**	**51**	**39**	**31**	**40**	**38**	**25**	**43**	**38**	**43**
Total Offline	**67** 58	**63** 49	**65** 53	**49**	**61** 56	**69** 62	**60** 50	**62** 58	**75** 69	**57** 55	**62** 58	**58** 69

Preferred method to buy luxury items

Grey = Previous year data

ONLINE SHOPPING

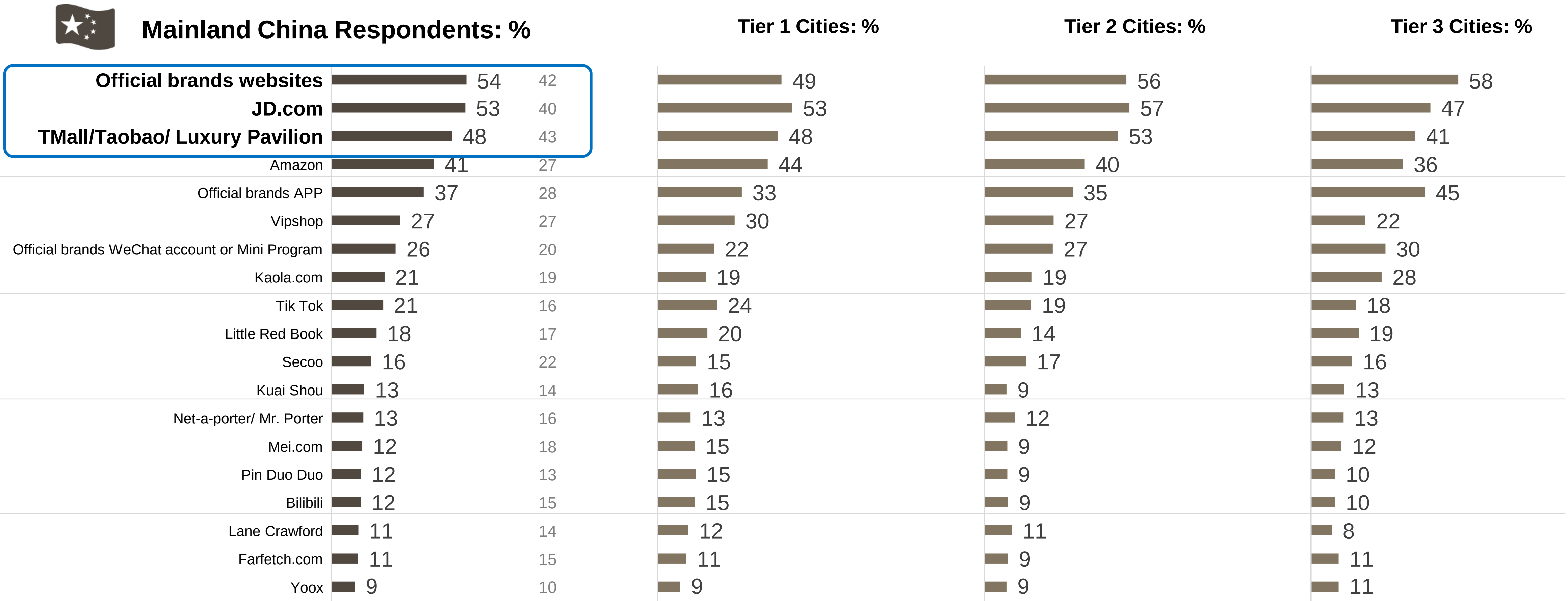
Higher concentration on top-tier platforms of JD, Tmall and brand official websites, while new comers have joined competition.



Online marketplace used (China)

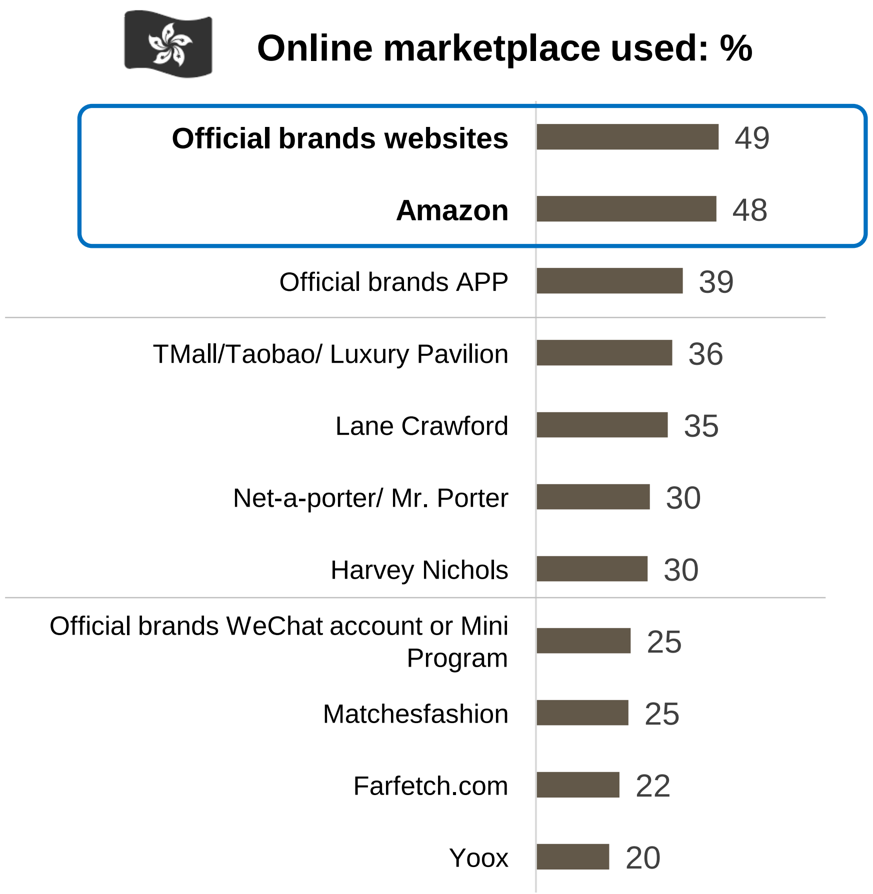
Grey = Previous year data

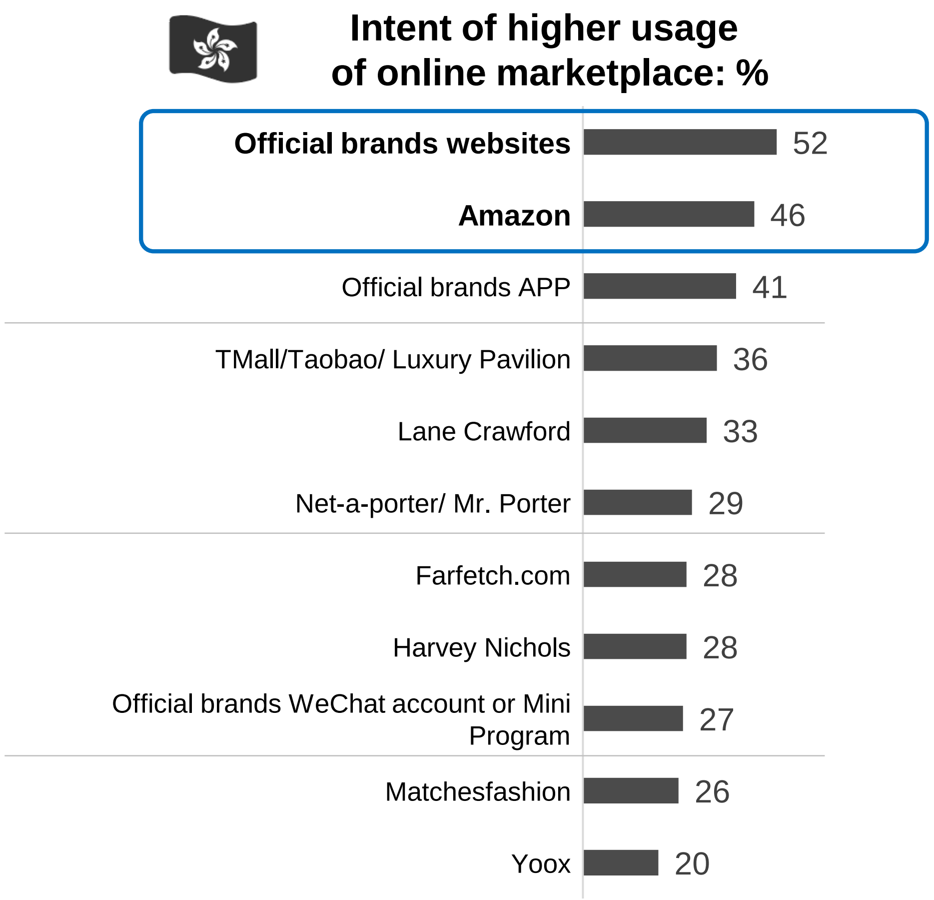
Intended online shopping destinations consistent with status quo.



Online marketplace to use more (China)

In Hong Kong, official brand website and Amazon are the two main online platforms to shop for luxury. And Hong Kong consumers intend to use more.



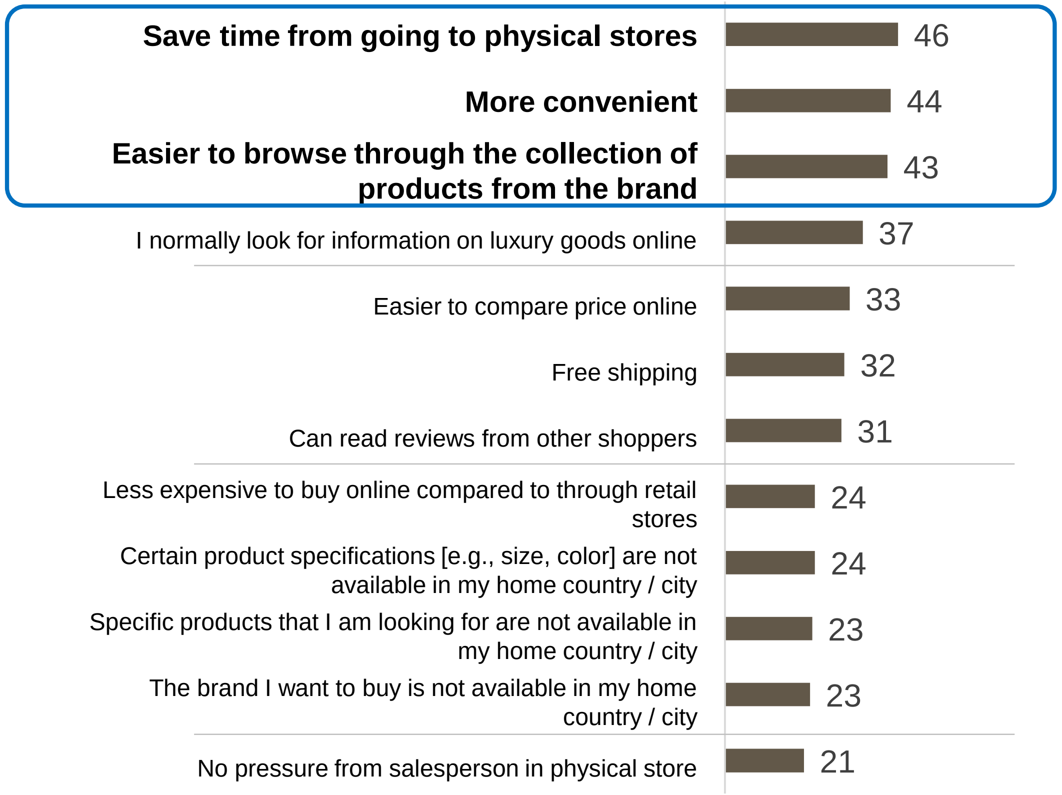


Online marketplace used (Hong Kong)

Online marketplace to use more (Hong Kong)

Efficiency and convenience are the main factors that prompted online shopping. While Hong Kong consumers are more price-conscious.

Mainland China Respondents: %

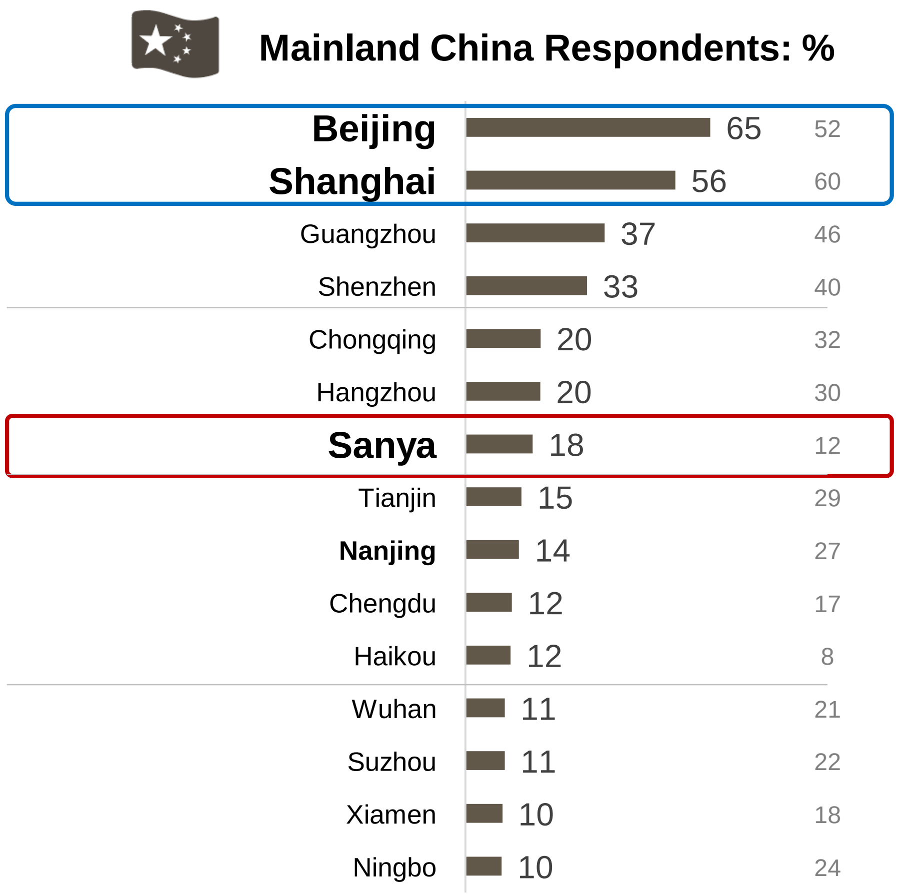


Hong Kong Respondents: %

Reason to purchase online

LOCAL SHOPPING

Beijing (65%) & Shanghai (56%) are the top two cities where people make luxury purchases offline. 18% purchase luxury from Sanya.



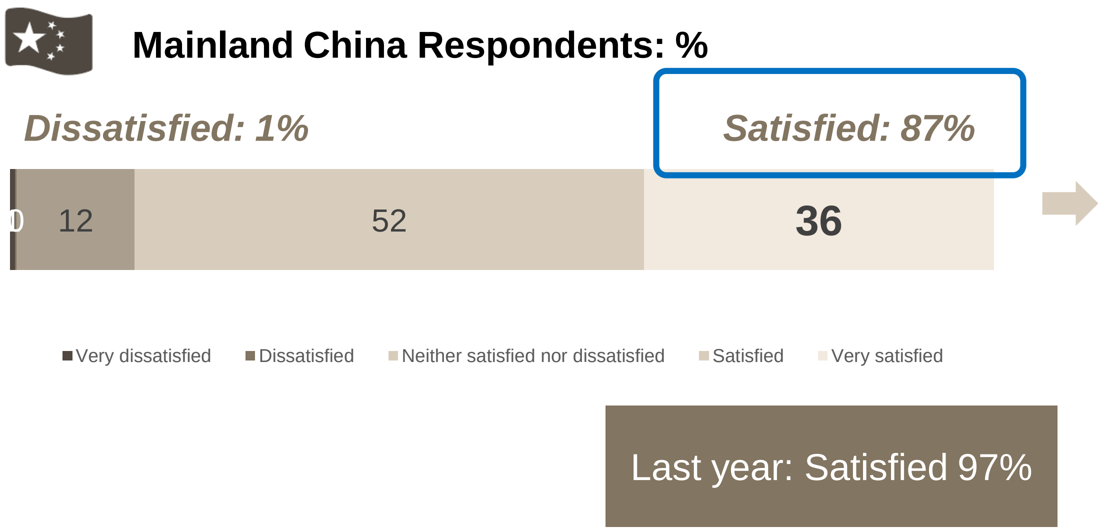
Chinese cities to purchase luxury items

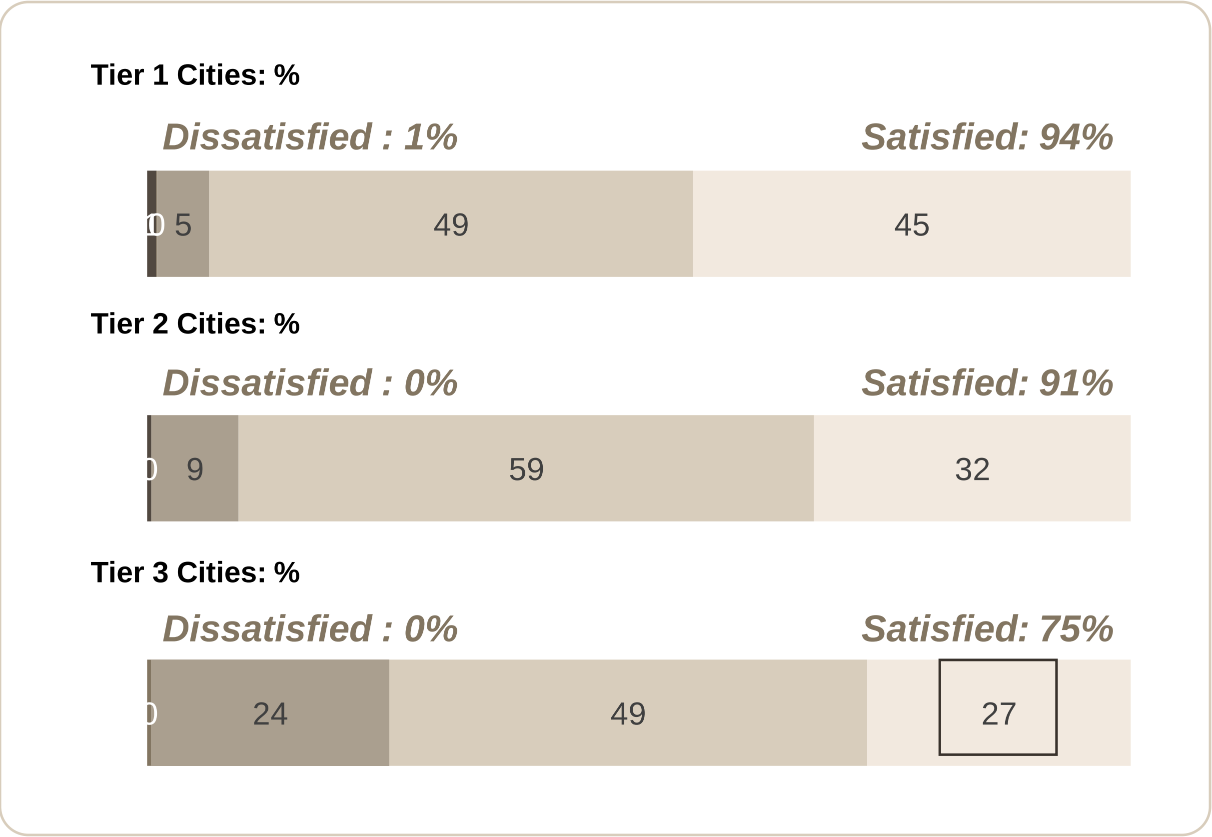
Grey = Previous year data

Nice shopping experience are crucial for offline shopping.

Reason to purchase in Mainland China

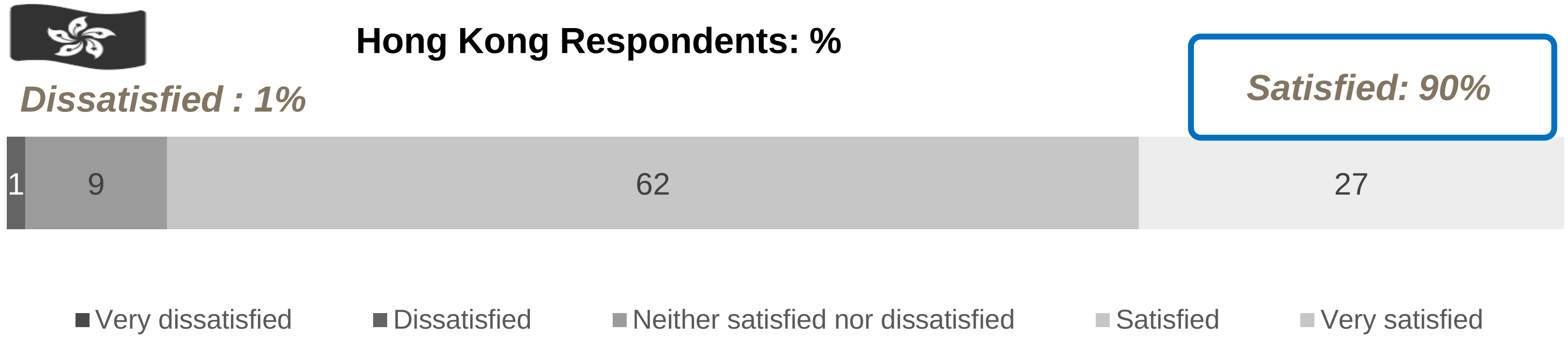
Despite satisfaction towards luxury shopping service in Mainland China remaining high, the satisfaction rate declined 10% due to low rating from tier-3 cities.





Satisfaction of service in Mainland China

Hong Kong luxury consumers are satisfied with the service in Hong Kong.

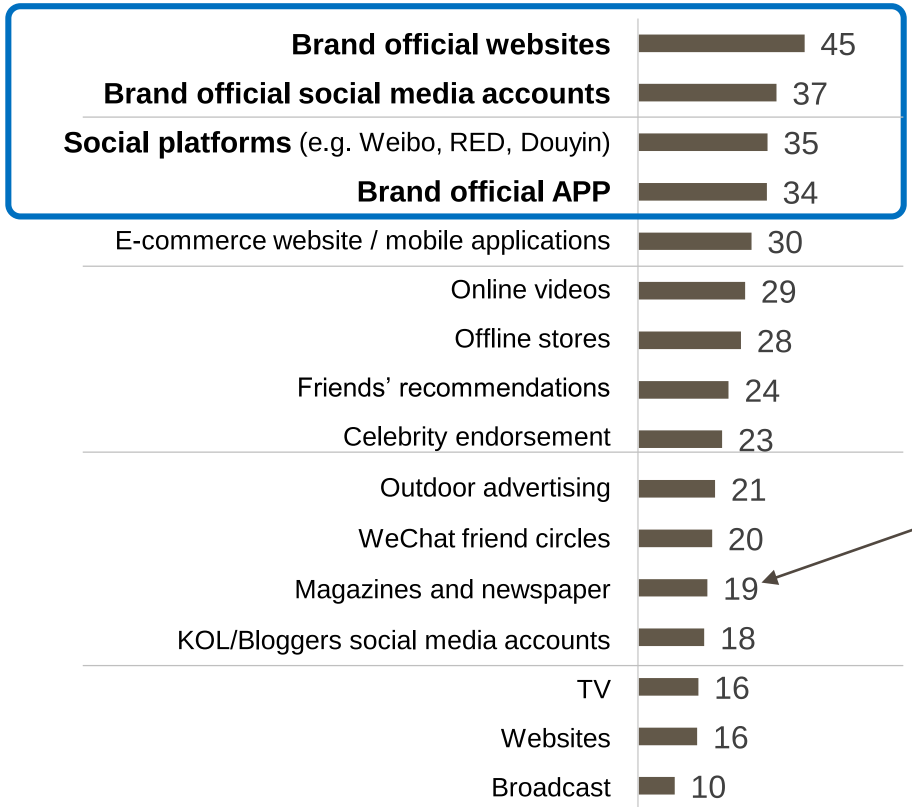


Satisfaction of service in Hong Kong

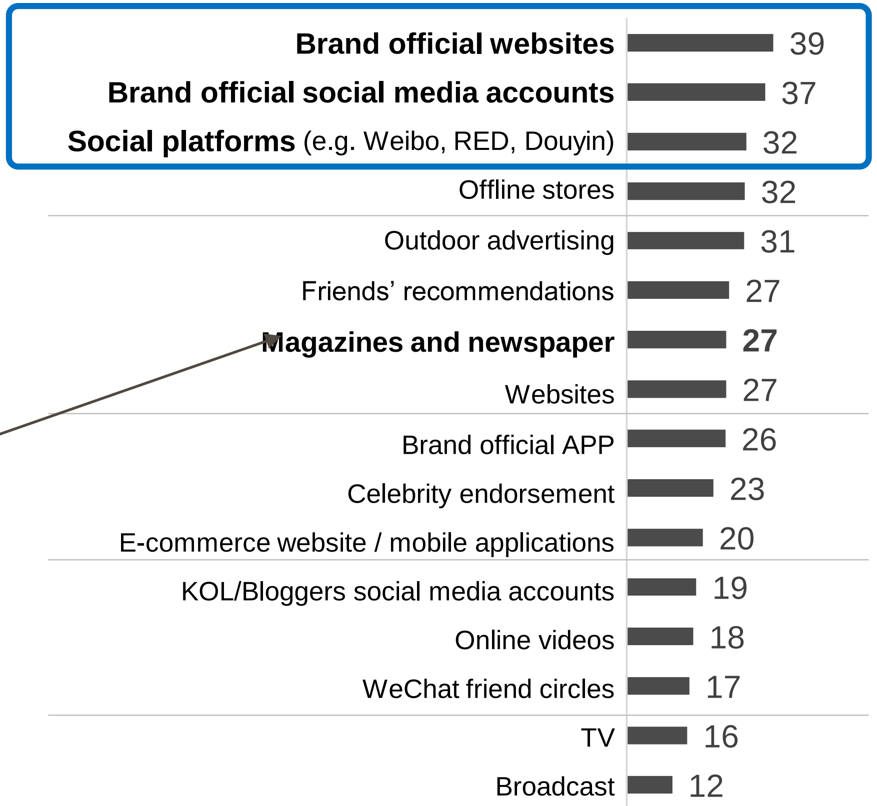
INFORMATION CONSUMPTION HABITS

Official online channels of brands dominate as top information sources, while social platforms closely follow.

Mainland China Respondents: %



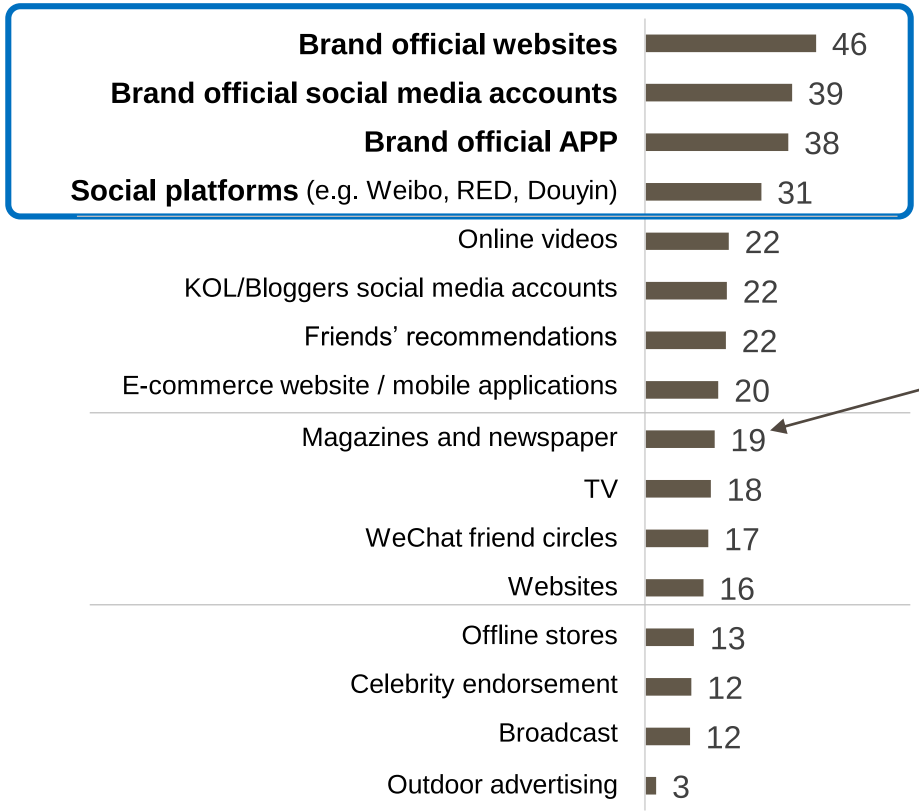
Hong Kong Respondents: %



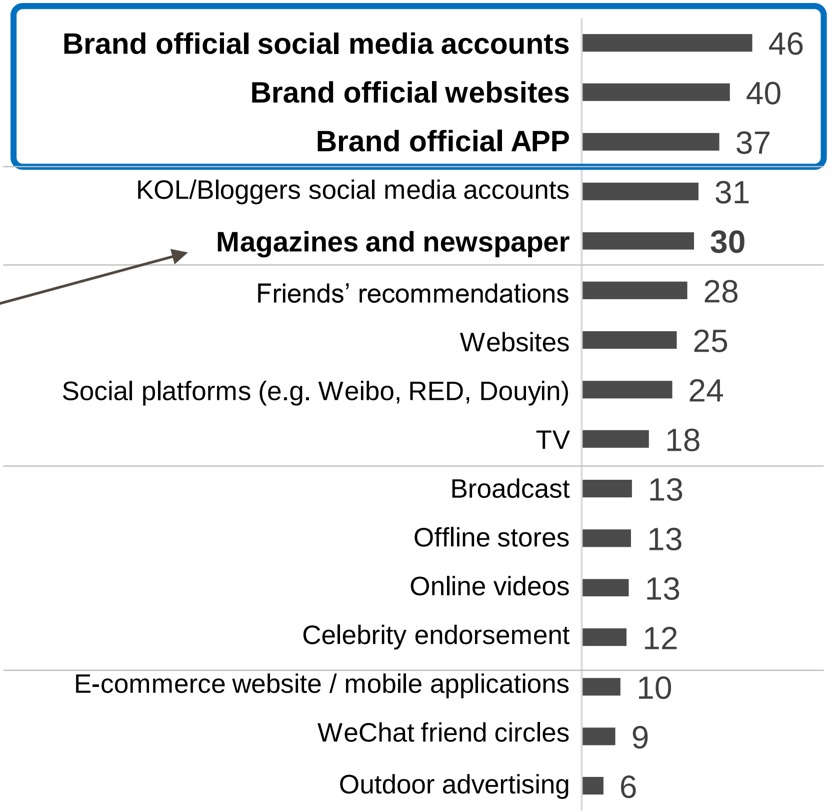
Source to obtain luxury brands information

The official voices of brands through their own online channels most influential on purchasing decisions, whereas social media platforms and KOLs also crucial.

Mainland China Respondents: %



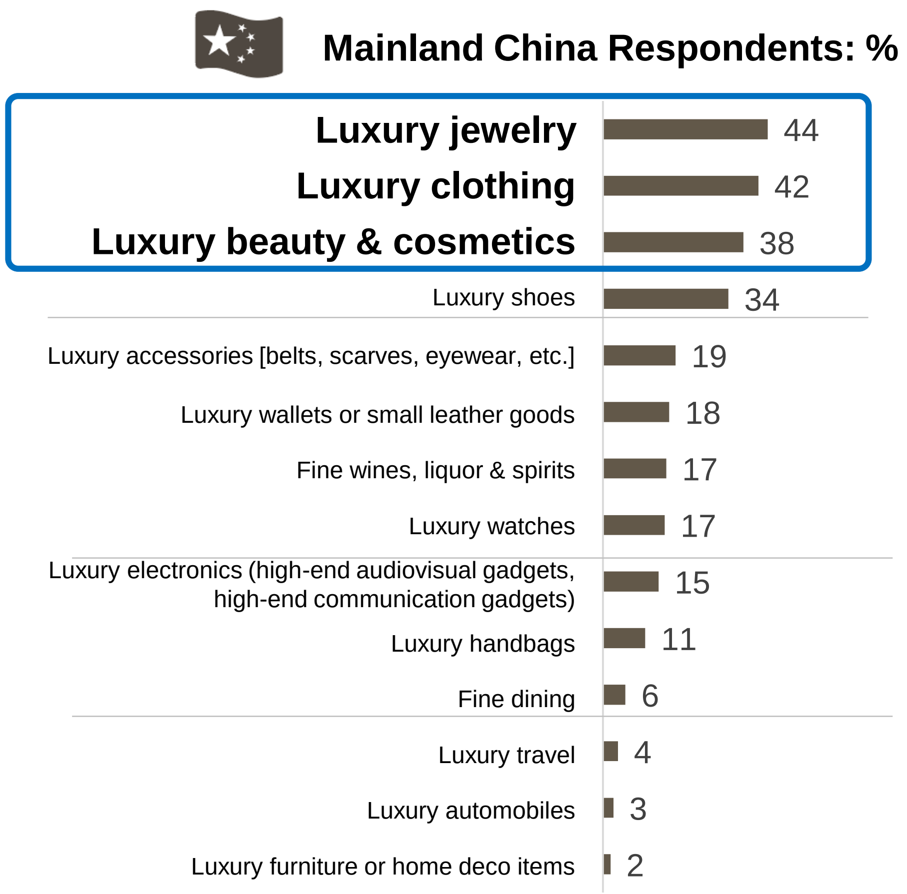
Hong Kong Respondents: %

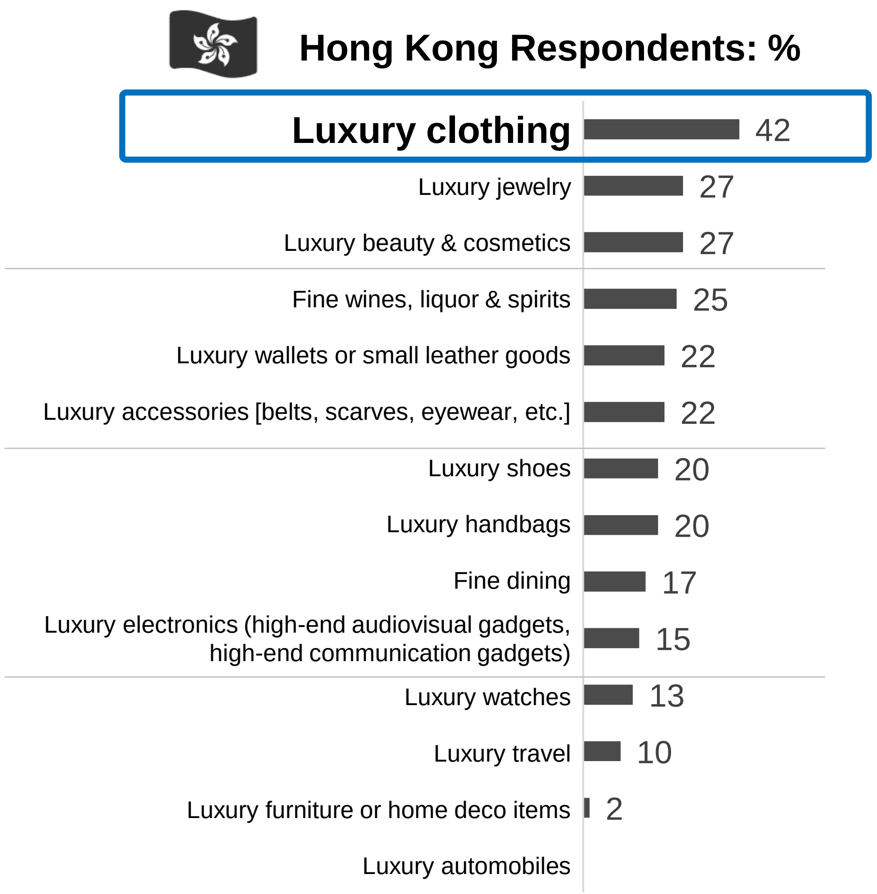


Information channel that influence purchasing decision

CELEBRITIES

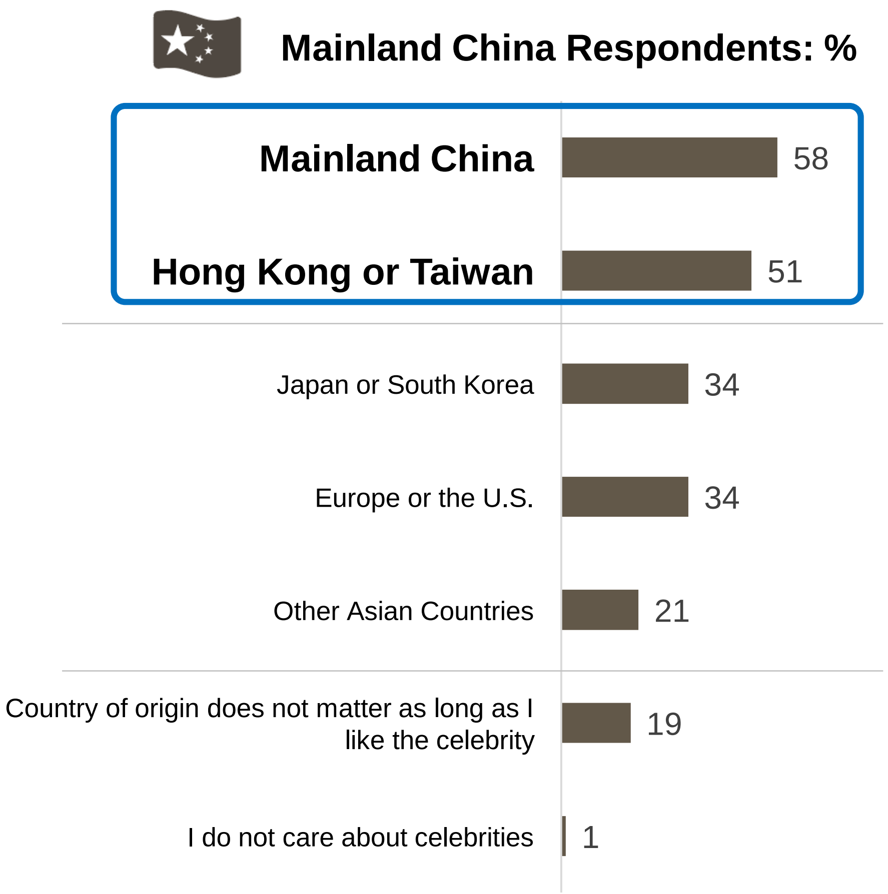
The purchases of luxury fashion, jewelry, beauty and cosmetics goods highly influenced by celebrities among Chinese luxury consumers.

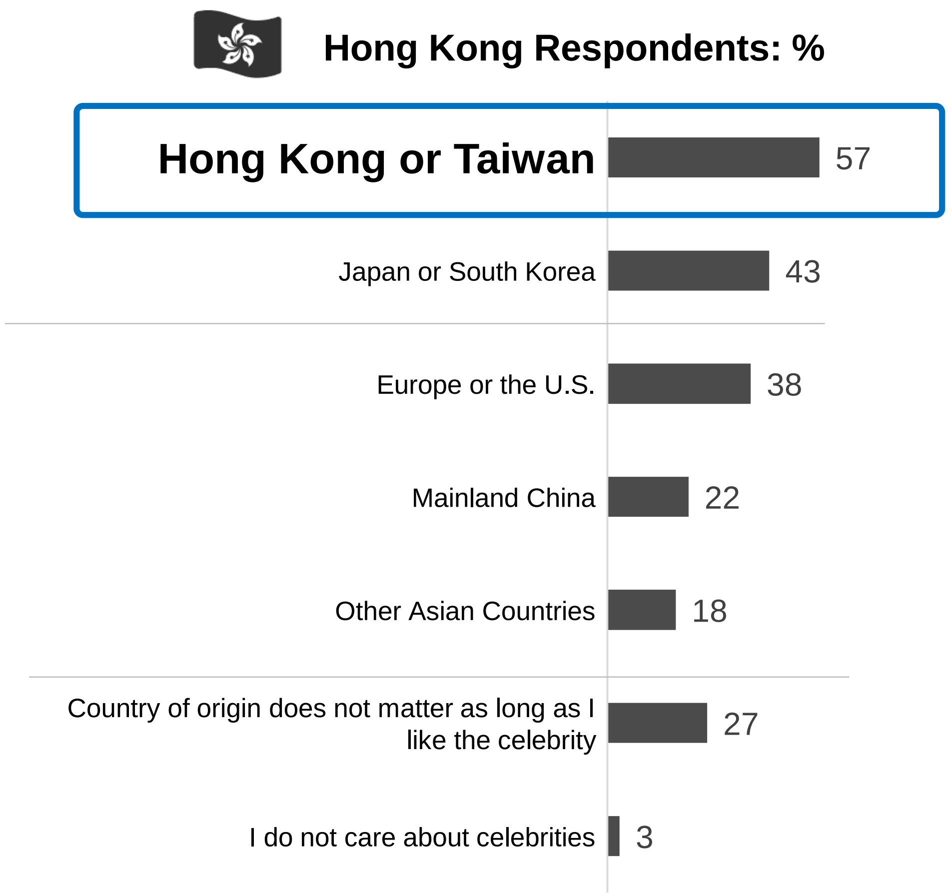




Luxury items bought because influence from celebrities

Local celebrities have the greatest influence on positively swaying purchase intentions in both Hong Kong and China.





Preferred celebrities' country of origin

FAN BINGBING AT GIAMBATISTA VALLI

Fan Bingbing attended the Giambattista Valli fall 2023 show, alongside François-Henri Pinault, Anna Wintour and Jonathan Newhouse. GETTY IMAGES

(L-R) Beth Ditto, Jodie Turner-Smith, Xiao Zhan, Marco Bizzarri and Julia Garner at the Gucci show during Milan Fashion Week Autumn/Winter 2023. (Getty Images)

Chinese VIPs like actor-singer Xiao Zhan and musician Cai Xukun made for social media gold at luxury brand events.

LIU YUXIN FOR DIOR

music artist Liu Yuxin, generated $23.6 million in Earned Media Value on Weibo, along with $693,000 on Instagram.

csg research

Liu Yifei at the Women’s Fall-Winter 2023 Fashion Show in Paris | LOUIS VUITTON

Meng Zhang and Pablo Zhang

KOLs had a slightly higher influence on fashion purchases among Chinese luxury consumers.

Mainland China Respondents: %

Hong Kong Respondents: %

Luxury items bought because influence from KOLs or bloggers

China's influencer economy is growing at lightning speed, outpacing the rest of the world. The National Bureau of Statistics estimates that the **KOL (key opinion leader) market size will surpass $1 trillion (6.7 trillion RMB) by 2025**, growing fivefold since 2020's $210 billion (1.3 trillion RMB). These numbers are impressive, considering that the US influencer market stood at only $4.14 billion in 2022.

csg research

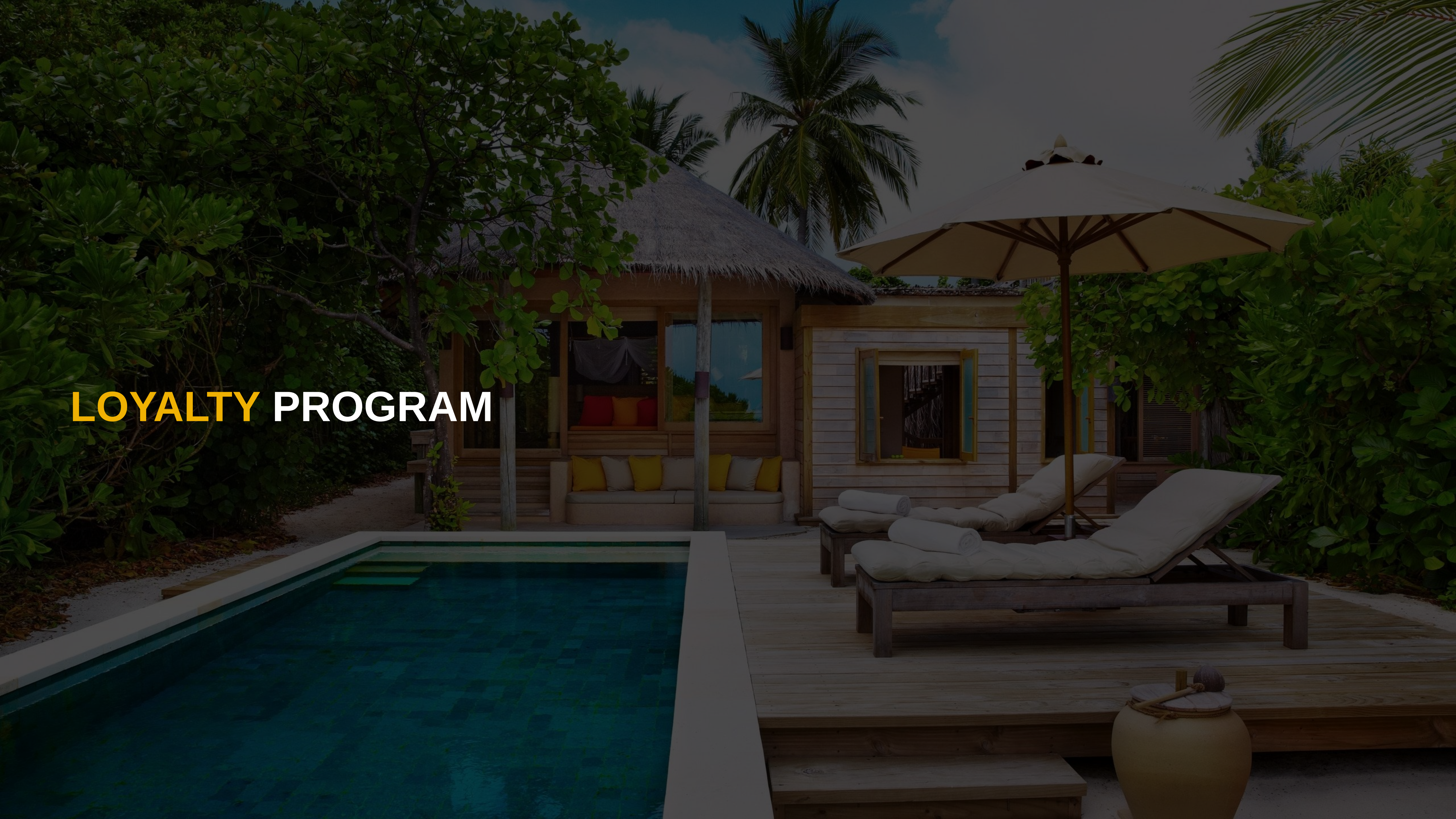
Savi Sui is best known for her vintage, effortless style

SAVI SUI
(@Savislook)

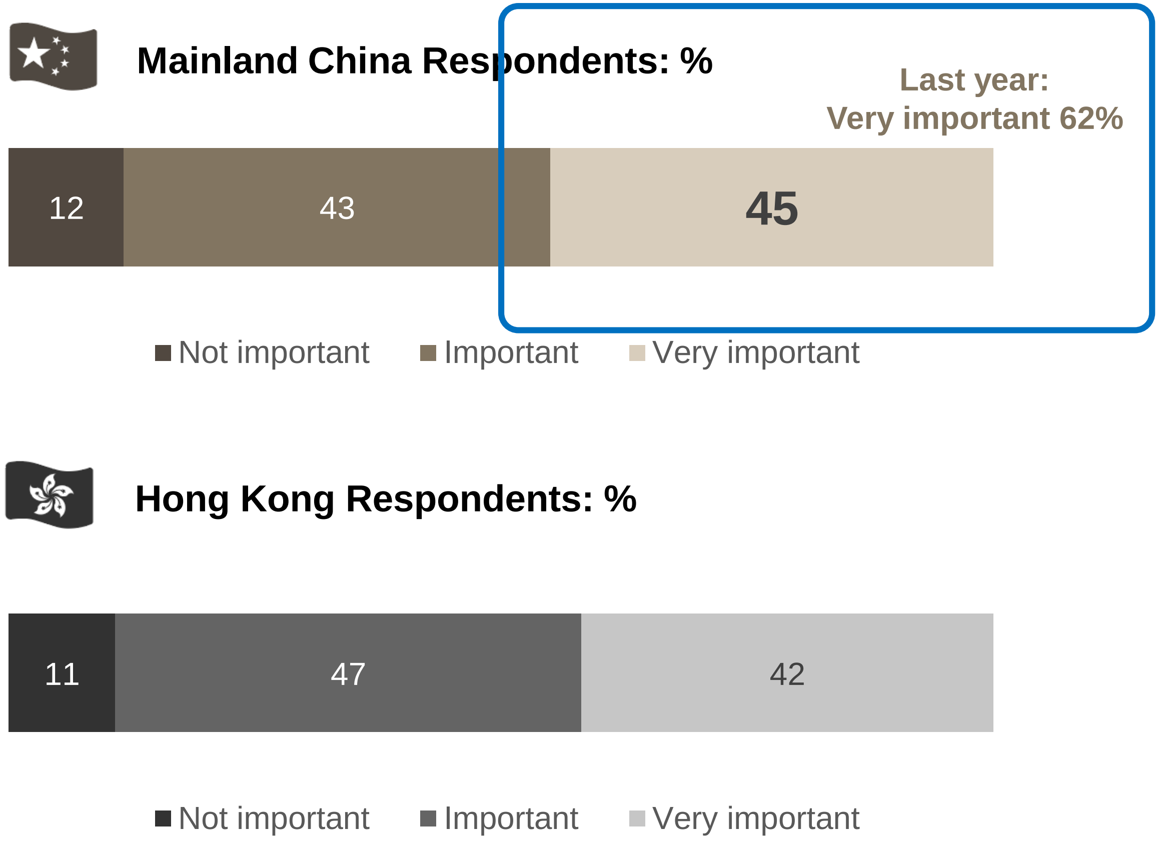
Weibo: 4.2 million followers
Xiaohongshu: 413,000 followers
Douyin: 200,000 followers
Instagram: 265,000 followers

She has also worked with Celine, Gucci, Mulberry, and Sergio Rossi on product recommendations.

LOYALTY PROGRAM

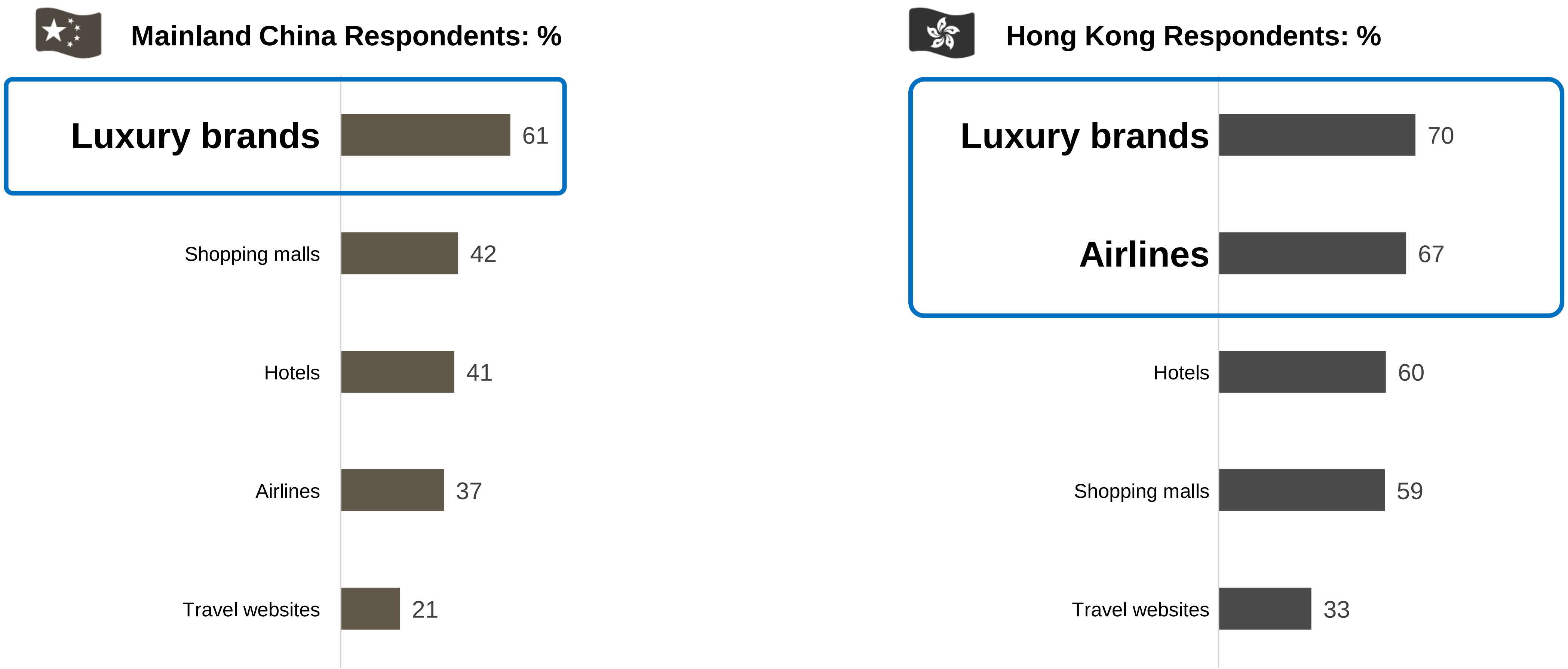


Importance of Loyalty Programs slightly decreased.



Importance to be member of loyalty program

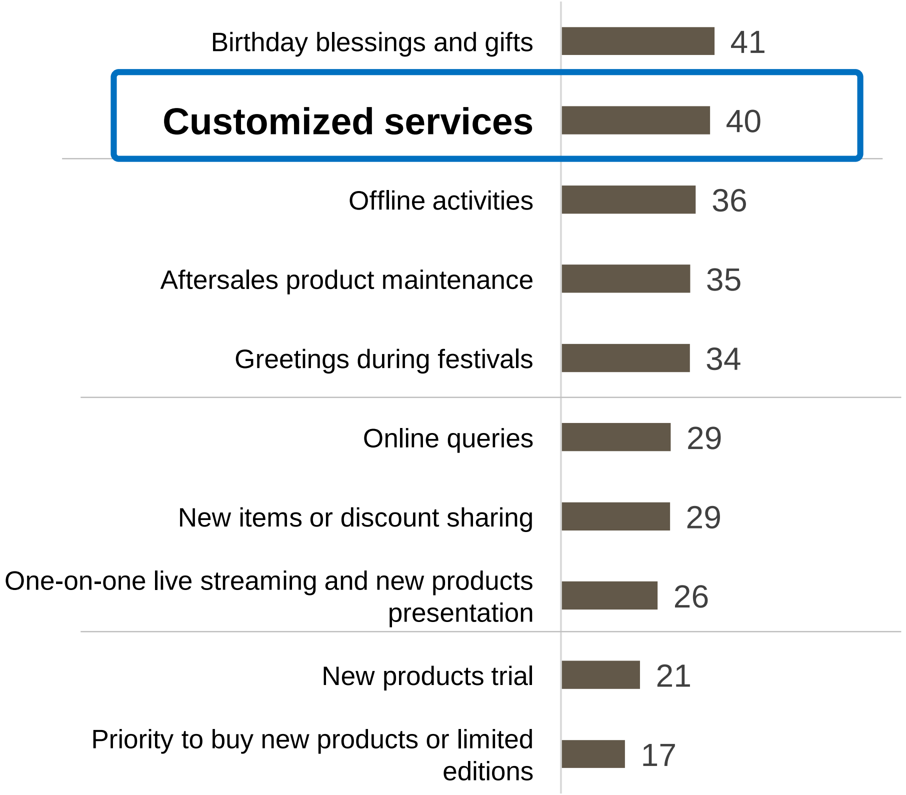
Loyalty program of luxury brands are most participated by both Chinese and Hong Kong luxury consumers, while the latter also belong to airline loyalty programs.



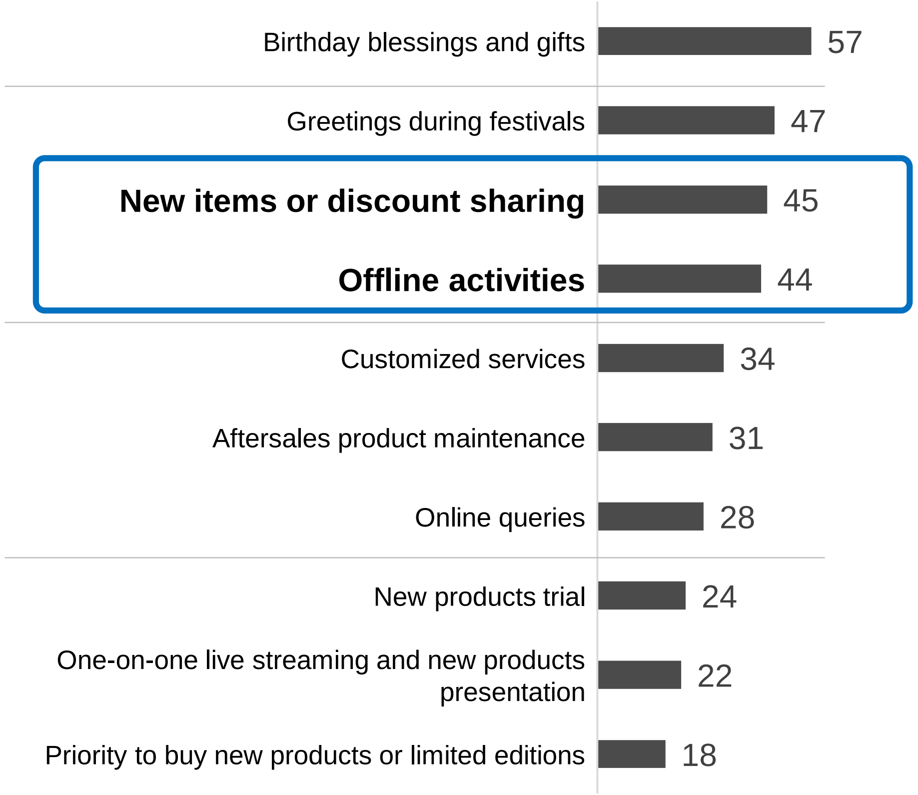
Current participation of loyalty membership program

While birthday gifts and blessings remained the most commonly received Loyalty Program perks for both Chinese and Hong Kong luxury customers.

Mainland China Respondents: %



Hong Kong Respondents: %



Customer service enjoyed in P12M

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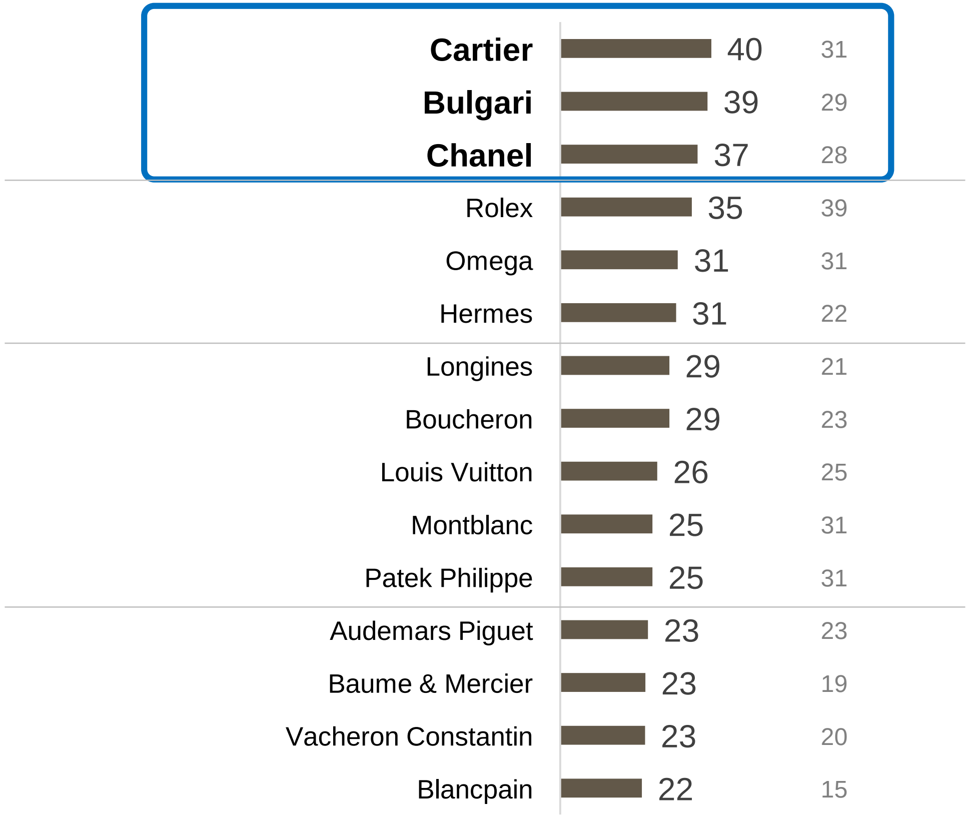
PREFERENCE

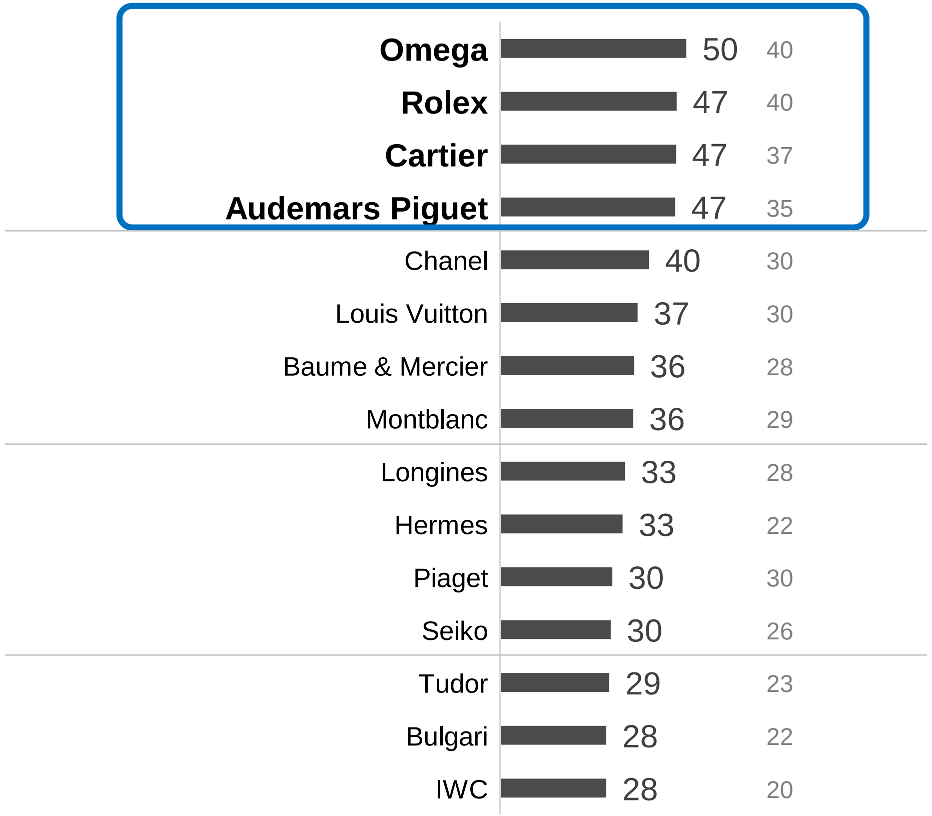
WATCHES

Cartier tops the list of awareness of luxury watches brands among Chinese luxury consumers; while for Hong Kong, topping the list is Omega.

Mainland China Respondents: %



Hong Kong Respondents: %

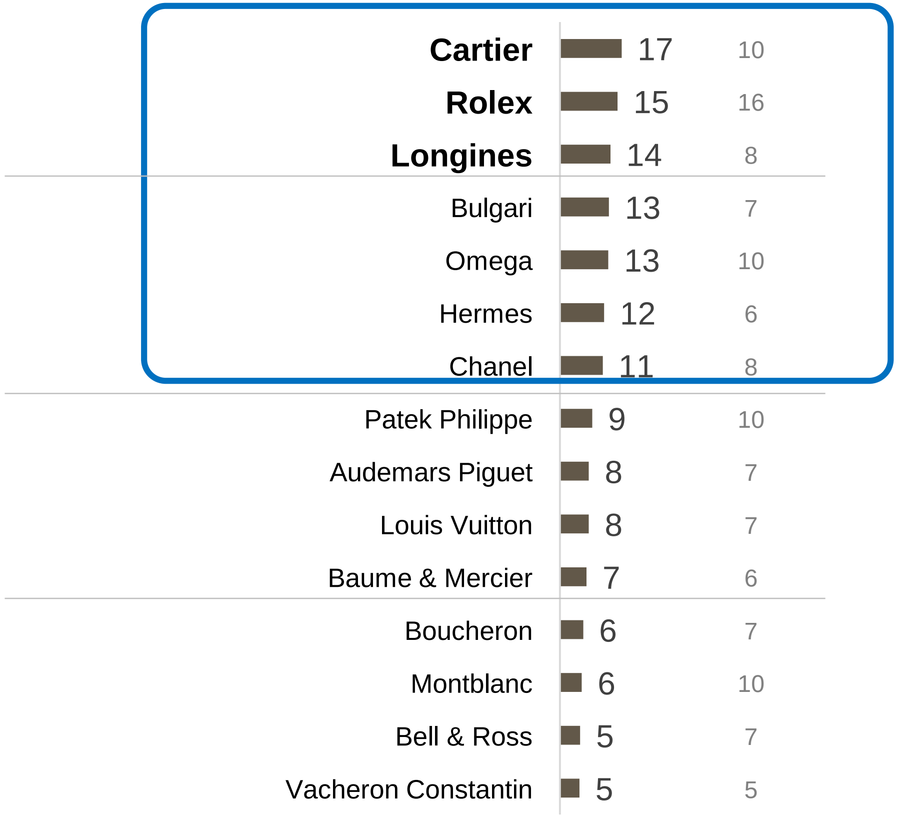


Brand awareness - watches

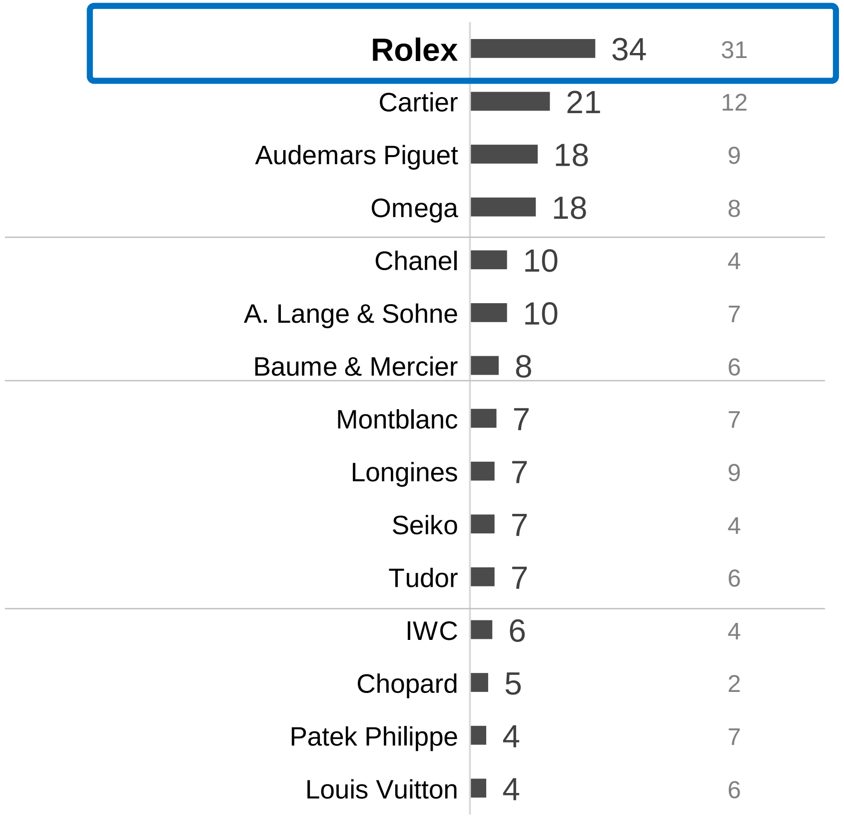
Grey = Previous year data

Cartier is the most purchased brand of luxury watches for Chinese luxury consumers; whilst Rolex is the most purchased brand among Hong Kong luxury consumers.

Mainland China Respondents: %



Hong Kong Respondents: %

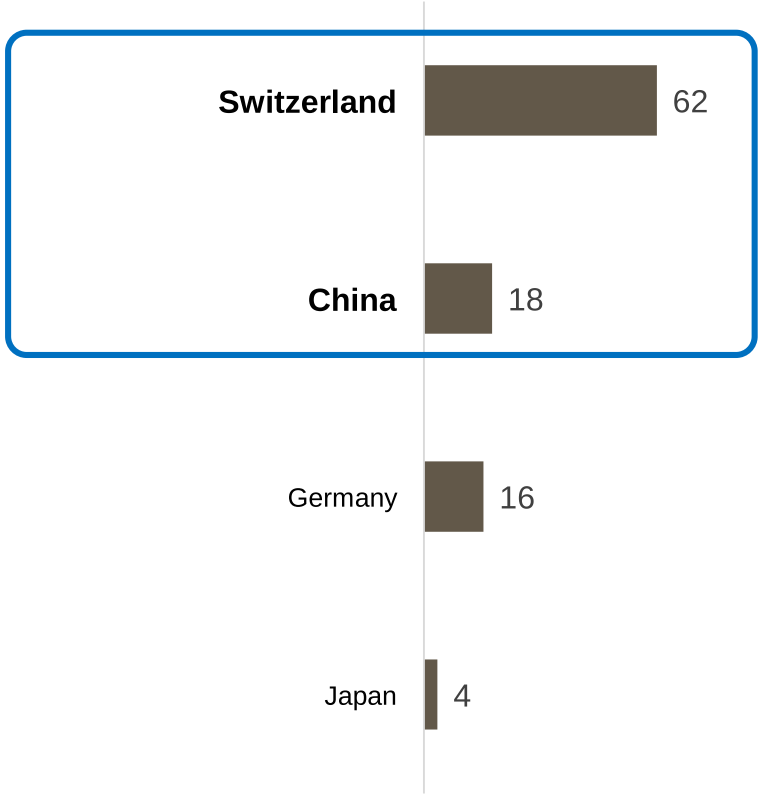


Brand purchased - watches

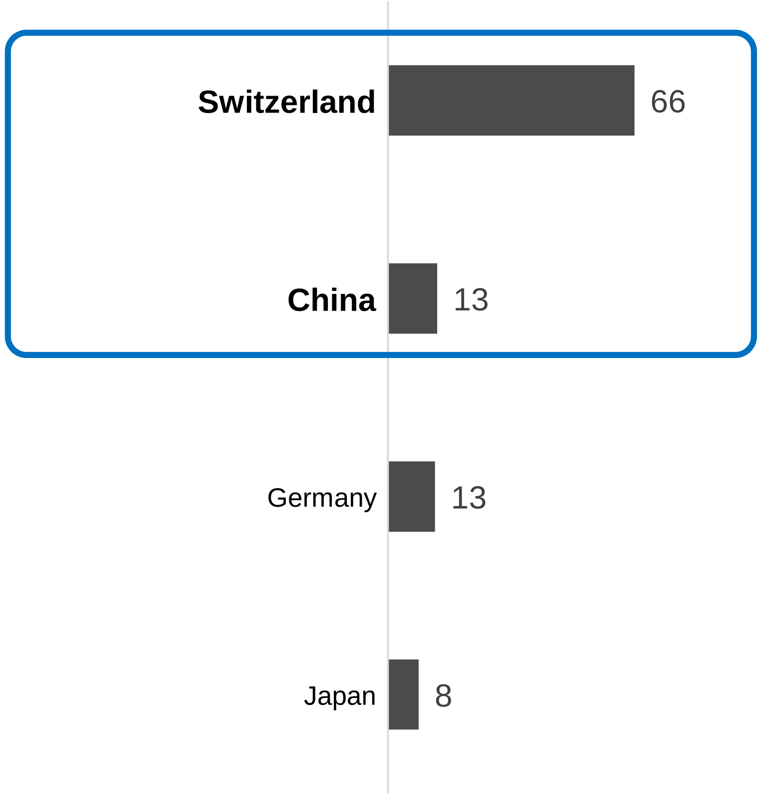
Grey = Previous year data

Swiss watches still the most sought-after among respondents; Chinese watches come second.

Mainland China Respondents: %

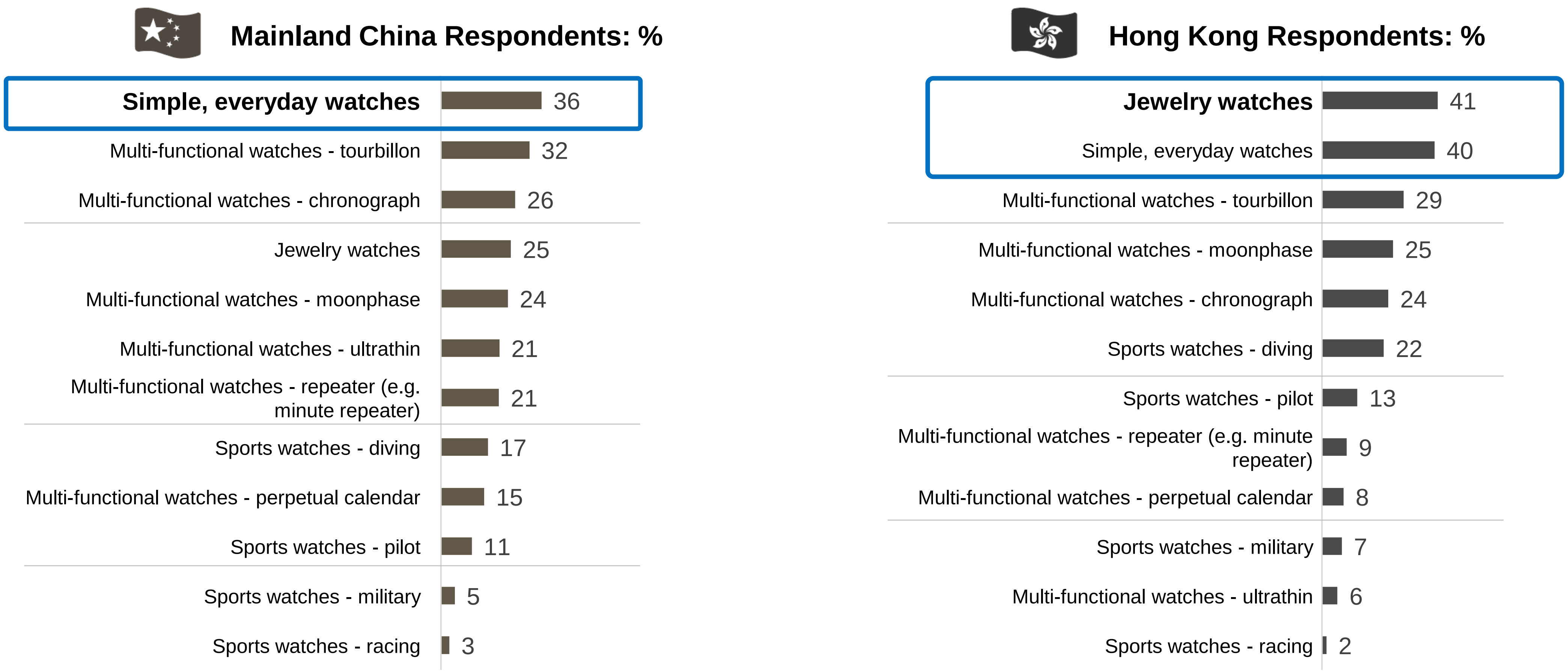


Hong Kong Respondents: %



Countries of watches inclined to buy

Simple, everyday watches the most popular in both regions, Hong Kong consumers loved jewelry watches as well.

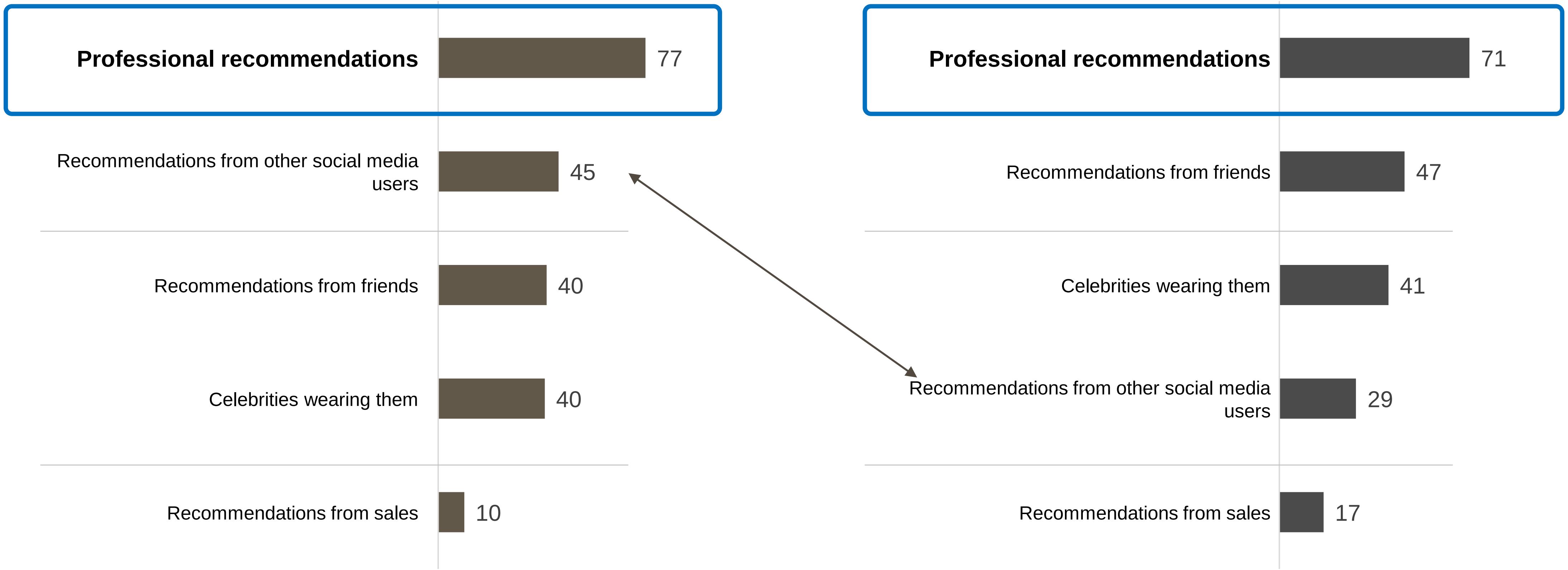


Style of watches preferred

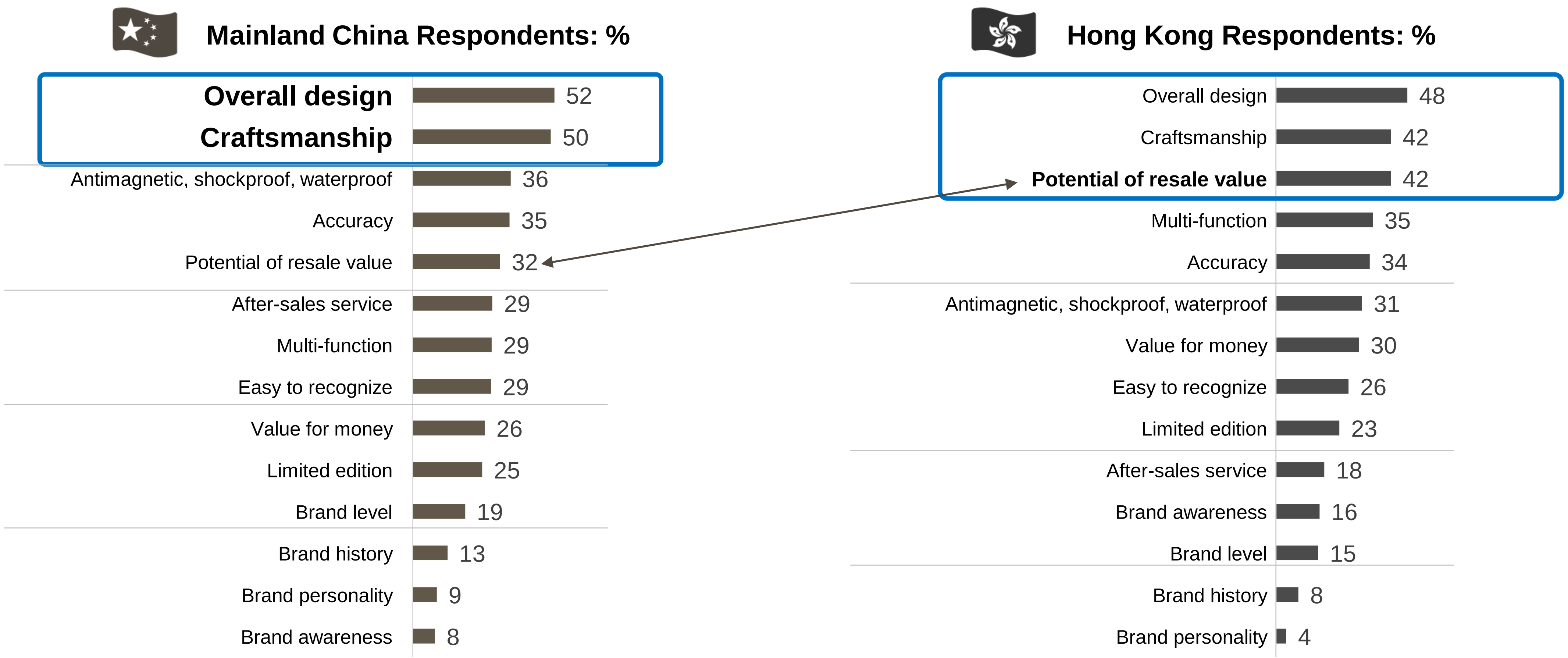
Professional recommendations most highly valued on watch selections and purchases.

Mainland China Respondents: %

Hong Kong Respondents: %

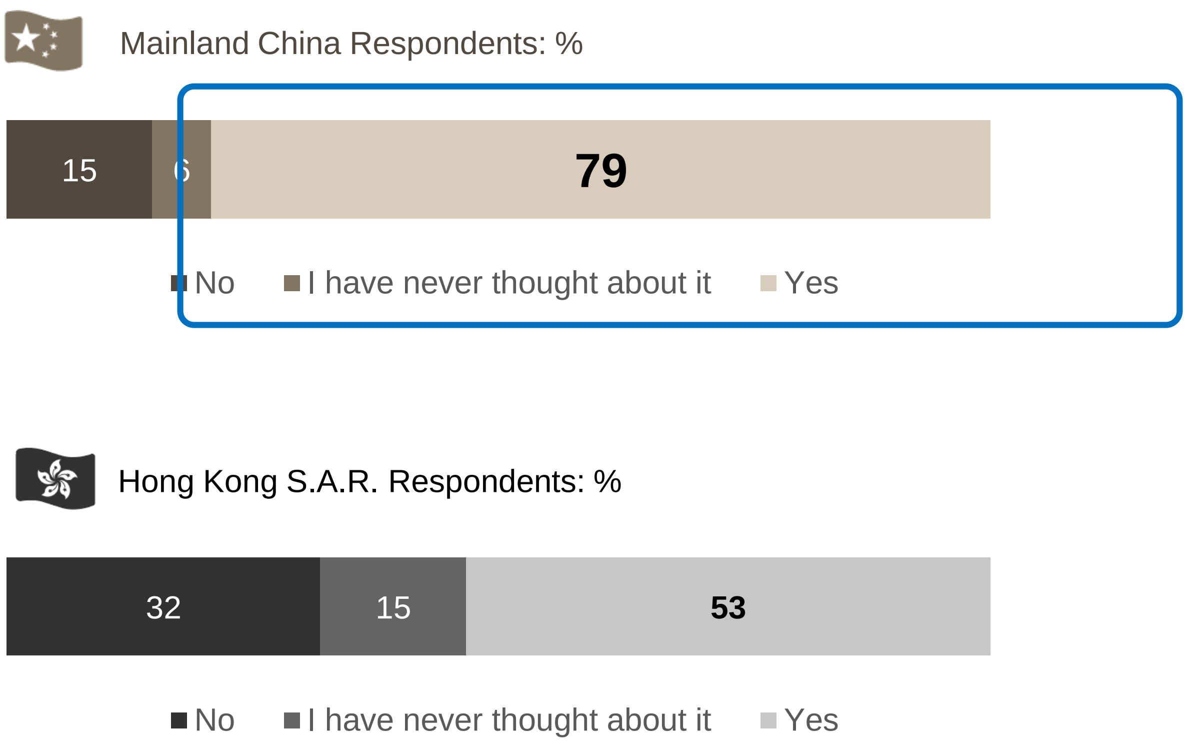


The overall design and craftsmanship deemed the most crucial in watch purchases.



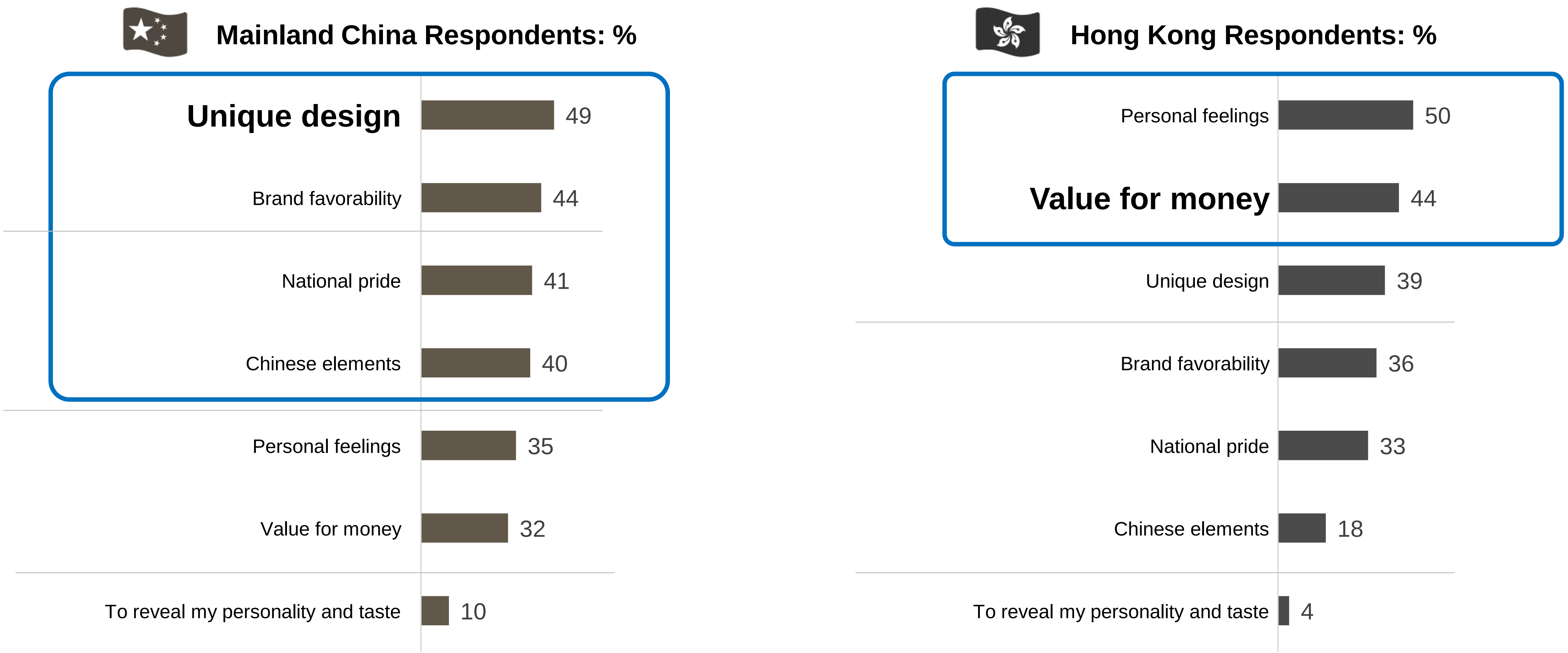
Factors to affect decision - watches

There is a high purchase intentions for Chinese brand watches. Nearly 80% of Chinese luxury watch consumers report that they are likely to purchase Chinese brand watches.



Likelihood to purchase Chinese brand watches

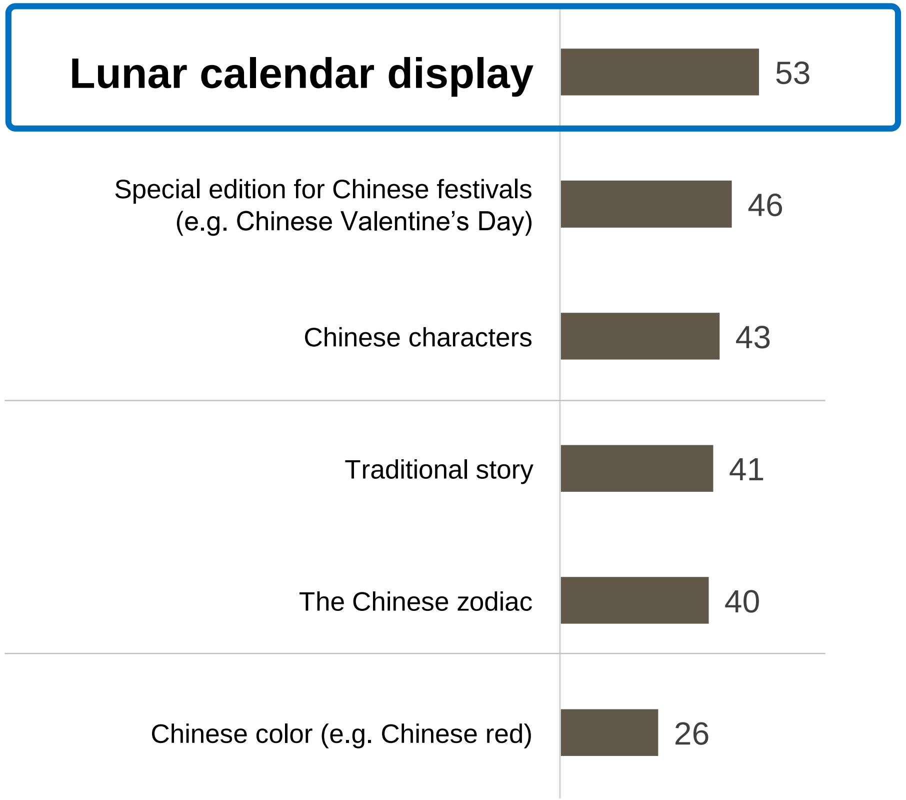
Those who are likely to purchase Chinese brand watches are intrigued by the unique design. Among Hong Kong luxury watch consumers, the value for money is another main reason.



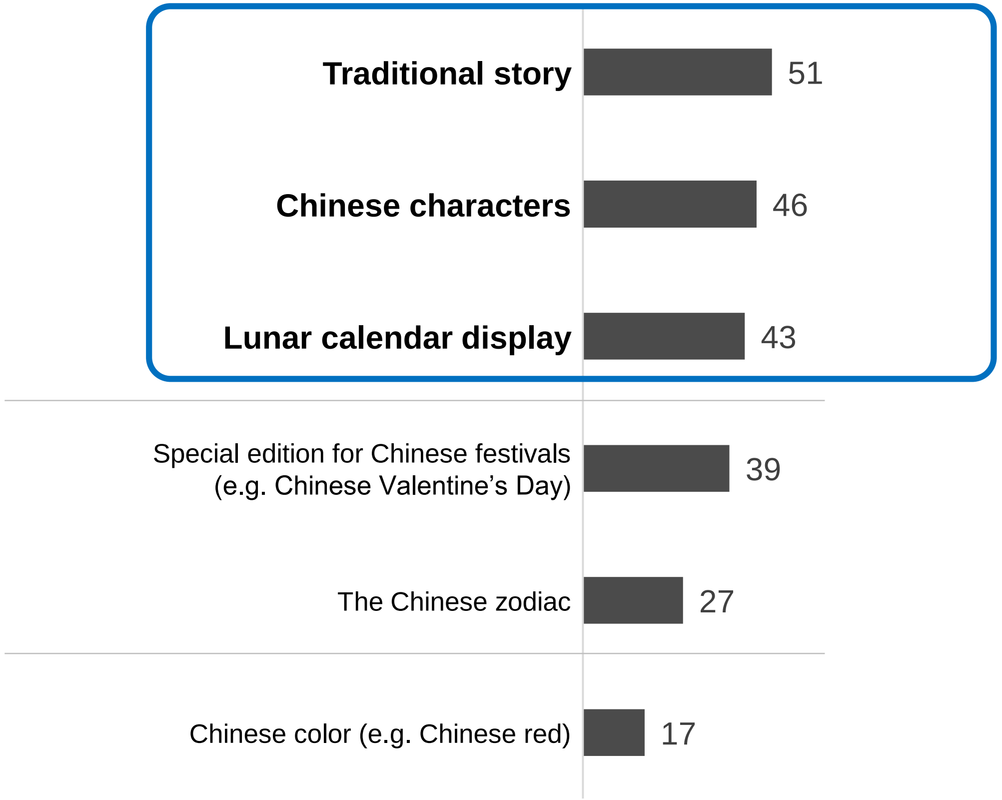
Reasons to purchase Chinese brand watches

Lunar calendar display is the most appealing Chinese elements in watches for Chinese consumers; Hong Kong consumers like the Chinese brands' traditional story the most.

Mainland China Respondents: %



Hong Kong Respondents: %



Chinese elements in watches

TOP WATCHES FROM EXPERTS

Daniel Sum: Watch collector and Shanghai Watch Gang co-founder. Sum is also the China consultant for Phillips Watches auction house.

“My top picks from Watches and Wonders fair are the Rolex Daytona collection, Rolex Day Date Jigsaw and Patek Philippe 5261R Aquanaut Luce. The Rolex Day Date Jigsaw is a completely new concept. Instantly recognizable and almost in a category of its own. I believe this watch is very forward-thinking in how we regard watches as an accessory. It is a lifestyle piece, artistic and completely within trend. Coming from one of the strongest brands within the whole industry and being a unique concept within one of its most popular lines, plus being instantly recognizable, make this piece a sure win for the brand.

“My own taste in watches doesn’t lie in modern watches, but I believe all three of these watches will prove most popular with Chinese collectors. The economy faces some tough times ahead and collectors will be drawn to the security of big brands and those watch models that retain a high value in the secondary market.”

TOP WATCHES FROM EXPERTS

Andy Zhang, Shanghai-based CEO of The WatchBox, China. He is also an avid watch collector and the co-founder of Lange Nation, a social media community dedicated to A Lange and Sohne watches.

"My top watches are **A Lange and Sohne Odysseus Chrono**, **Patek Philippe Grand Complication 5316/50P** and the **FP Journe FFP (Francis Ford Coppola)**. Lange Odysseus is the brand's first automatic steel chronograph and very well executed in terms of the overall design.

"As for the FP Journe, it is a brand that has become one of the few 'chosen ones' for collectors, globally. Also, in an auction market, every time there is a rare Journe up for sale, it always fetches a premium price. It is a brand with huge demand, yet it never stops innovating dials and movements. For me, FFP, I think along with Richard Mille 66, are the coolest hand-posture themed high-end timepieces on the planet. My top three would be in significantly high demand among high-end watch collectors in China. However, we all know that all of these pieces are only reserved for the VVIPs."

TOP WATCHES FROM EXPERTS

Johnathan Chan: Co-founder of Hong Kong-based watch club, The Horology Club.

"While other brands continue to produce good collectibles, I expect demand to be strong for all the **Rolex and Patek Phillippe** releases among Chinese collectors because right now these are still considered by many to be the two brands with the most prestigious brand equity. I believe that is one of the most important considerations for collectors in China.

"My top picks from Geneva will have to be Cartier Tank Normale, A Lange and Sohne Odysseus Chronograph and, of course, the IWC Ingenieur.

"With the hype surrounding Gerald Genta sports watches, it would have been easy for IWC to just reissue the Ingenieur without too much effort. However, it's clear they've taken their time with it to really nail the new edition. IWC has made detail-oriented improvements to make sure that the watch is a true evolution. From the checkered dial to the functional screws on the bezel; from redesigning the middle link of the bracelet to including a new modern case material — Titanium. IWC has done a smashing job with the reissue. It makes this offering one of the strongest releases this year."

TOP WATCHES FROM EXPERTS

Yan Yin Lai: A woman watch collector from Hong Kong with a collection ranging from Rolex DateJusts, Cartier Santos to independent watch brands such as FP Journe and Ressence.

“There is a return of the sautoir (long-necklace) watches this year — **Chanel, Piaget, and Jaeger-LeCoultre** have all released beautiful new takes on their sautoirs. The trend for ladies watches seems to be a take on jewels to be worn with function and I’m sure they will be a big hit with the Chinese ladies.

“For me, the **Cartier Tank Normale**, **Ressence Type 8 Sage Green** and **Chanel Premier Robot** are the winners. I am loving the Interstellar theme for 2023 from Chanel. The robot on the Premier watch is cute and quirky at the same time. I love the velvet rubber strap, too. On the other hand, Cartier Tank Normale is a classic. I have been hunting for 1970s vintage Cartiers lately and it’s very refreshing to see such a classic reiteration of the Tank watch.”

TOP WATCHES FROM EXPERTS

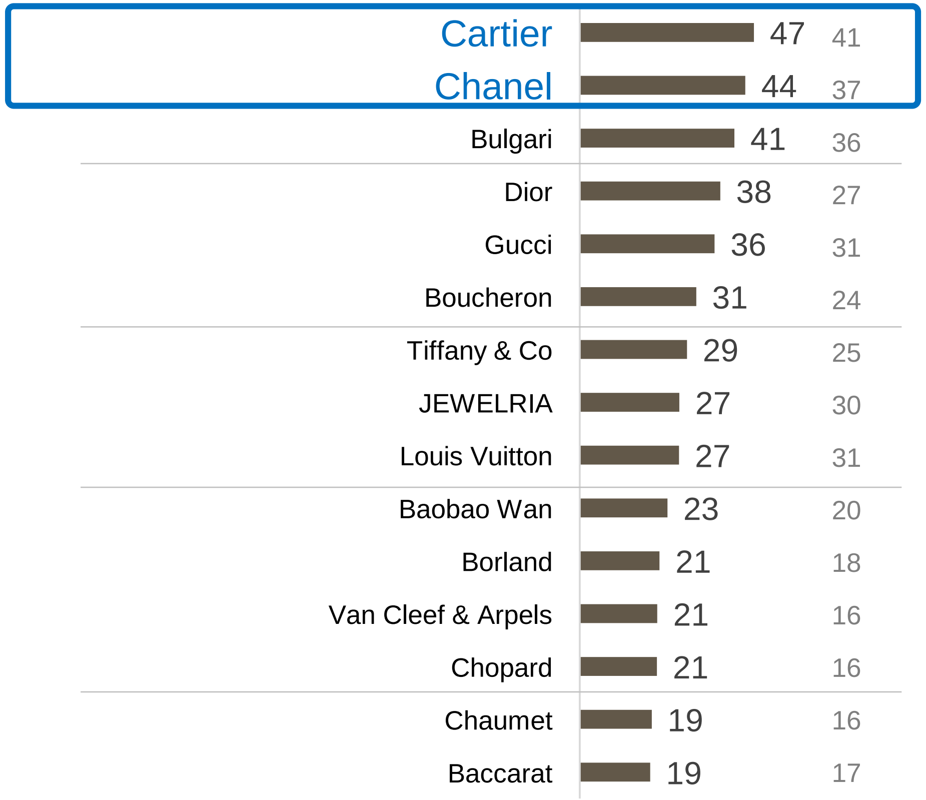
Helbert Tsang: Watch collector from Hong Kong, whose collection includes products from independent brands such as MB&F and Urwerk, and revered classics such as Cartier Baignoire Allongee and Jaeger-LeCoultre Reverso 1931.

"My top vote goes to the **Rolex Oyster Perpetual 'Celebration' dial, Cartier Baignoire Allongee Metier d'Art** and **Jaeger-LeCoultre Reverso Chronograph**. The Cartier Baignoire Allongee is one of my favorite models from Cartier so it was such a pleasant surprise to see them release a Metier d'Art version of the watch. One might assume Metier d'Art watches mainly target female collectors, but last year's Metier d'Art Crash Tigrée demonstrated that these types of watches are popular among all collectors."

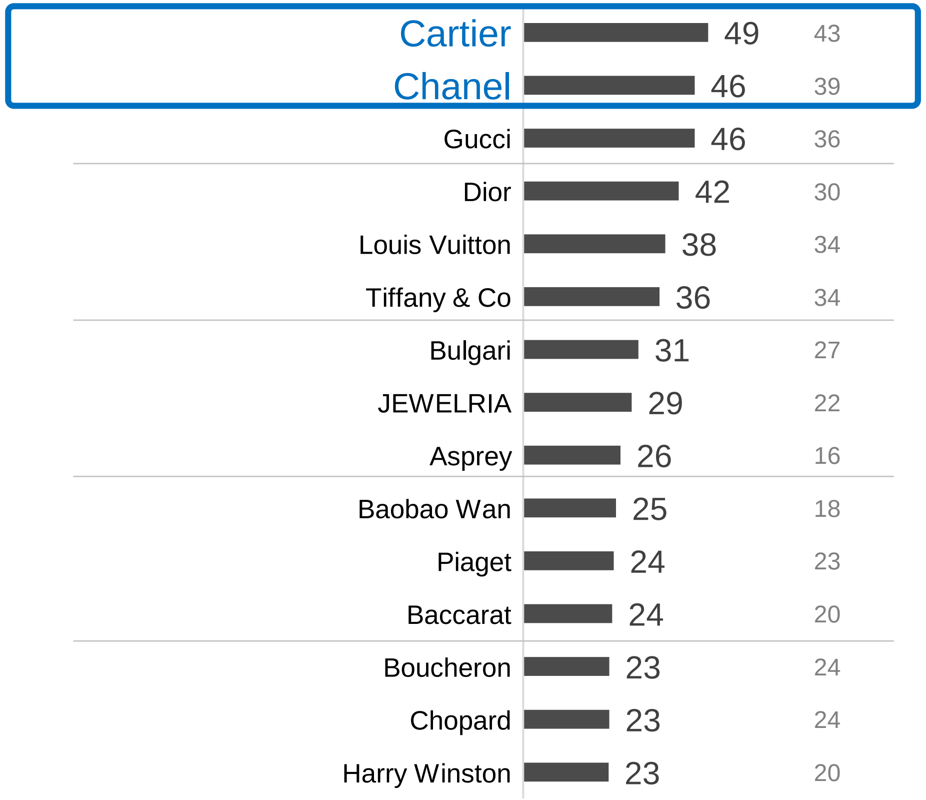
JEWELRY

Cartier and Chanel are the jewelry brands with the highest awareness among Chinese and Hong Kong respondents.

Mainland China Respondents: %



Hong Kong Respondents: %



Brand awareness - jewellery

Grey = Previous year data

Cartier and Chanel are also the top brands that both Chinese and Hong Kong luxury consumers purchase jewelry from.

Mainland China Respondents: %

Brand	%	Previous year
Cartier	24	27
Chanel	22	18
Bulgari	19	19
Dior	14	11
Gucci	12	14
Baobao Wan	11	8
JEWELRIA	10	12
Boucheron	10	10
Tiffany & Co	9	14
Borland	8	6
Buccellati	8	6
Louis Vuitton	7	13
Baccarat	6	8
Chaumet	6	4
Aster Ma	6	6

Hong Kong Respondents: %

Brand	%	Previous year
Cartier	27	23
Chanel	20	19
Dior	17	9
Gucci	17	18
Asprey	16	8
Tiffany & Co	13	15
JEWELRIA	11	10
Baobao Wan	11	7
Aster Ma	11	5
ART Madrid	10	10
Borland	9	10
Louis Vuitton	9	7
Baccarat	8	8
Bulgari	7	4
Boucheron	7	10

Brand purchased – jewellery

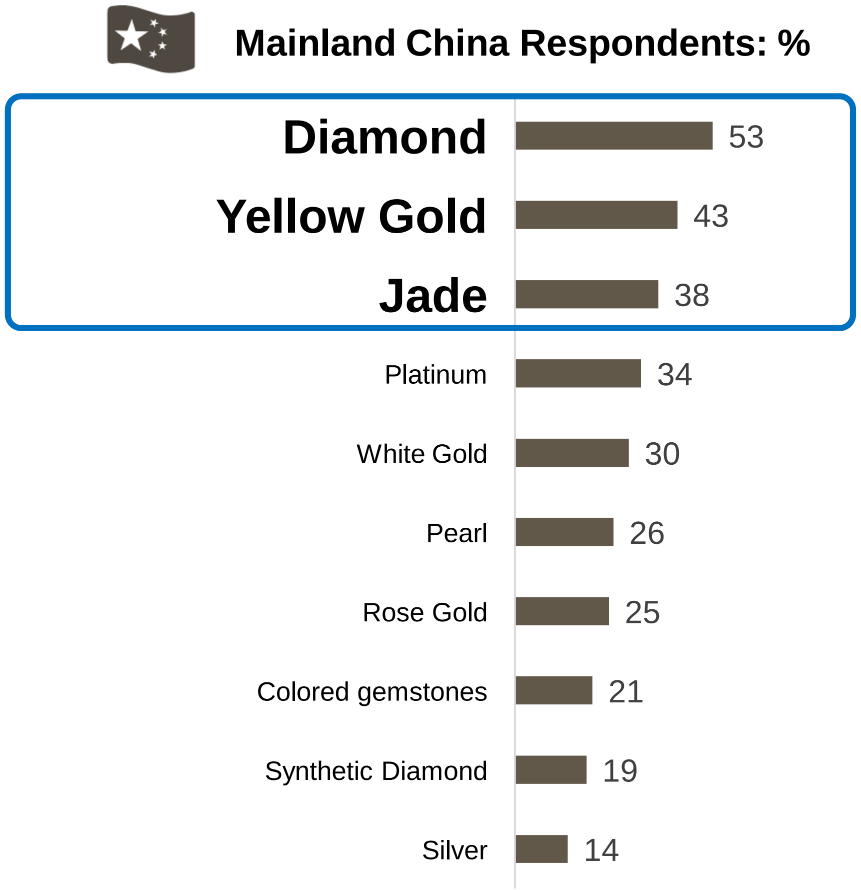
Grey = Previous year data

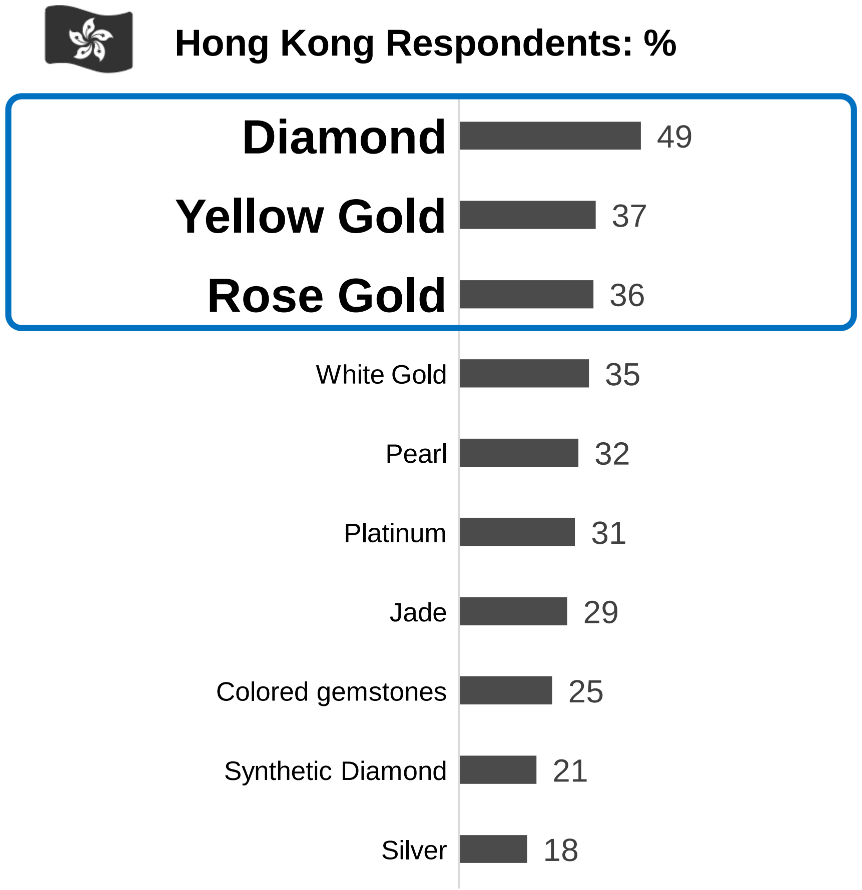

百樣玲瓏
卡地亞與女性
CARTIER
&
WOMEN
14.04
-
14.08
2023
HK
PM
香港故宮
西九文化區

CARTIER CELEBRATES BEAUTES DU MONDE

CARTIER BEAUTES DU MONDE

Diamond and yellow gold identified as the most preferred jewelry materials among both Chinese and Hong Kong luxury consumers. Following up is jade for Chinese luxury consumers and rose gold for Hong Kong.

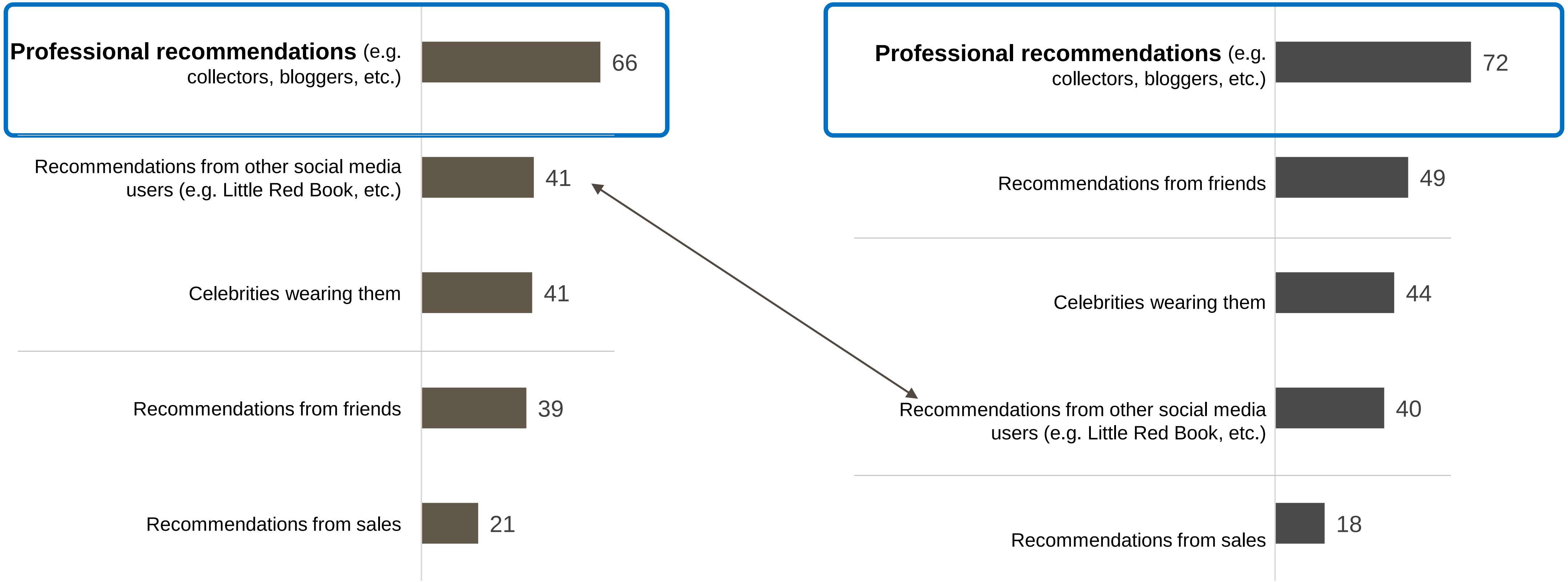




Types of jewelry materials preferred

Collectors and jewelry bloggers had the most influence on jewelry purchases.

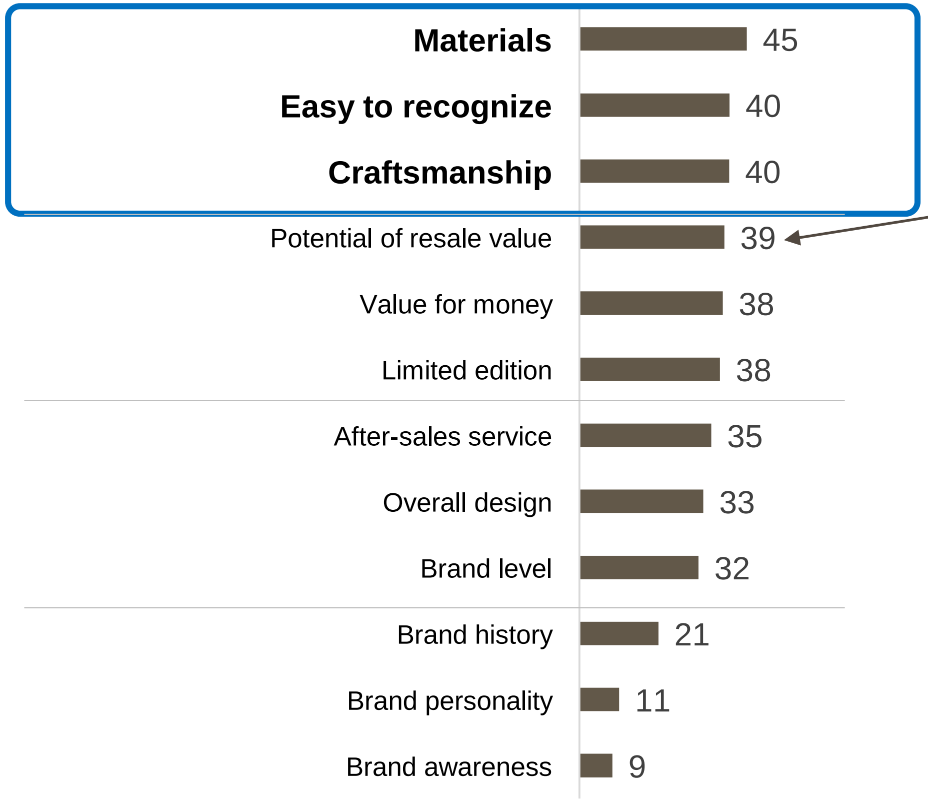
Mainland China Respondents: % | **Hong Kong Respondents: %**



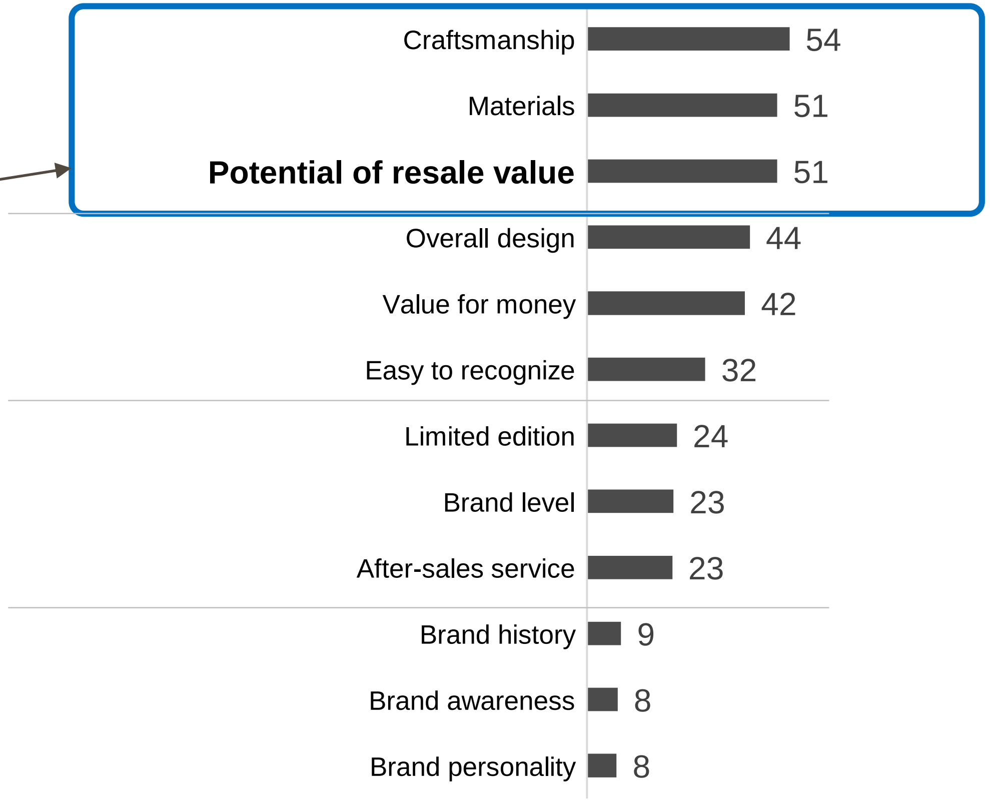
Influence - jewellery

Materials, high degree of recognizability, and craftmanship are the most crucial factors in purchasing decisions among Chinese luxury consumers; resale value is also important for their Hong Kong counterparts.

Mainland China Respondents: %



Hong Kong Respondents: %

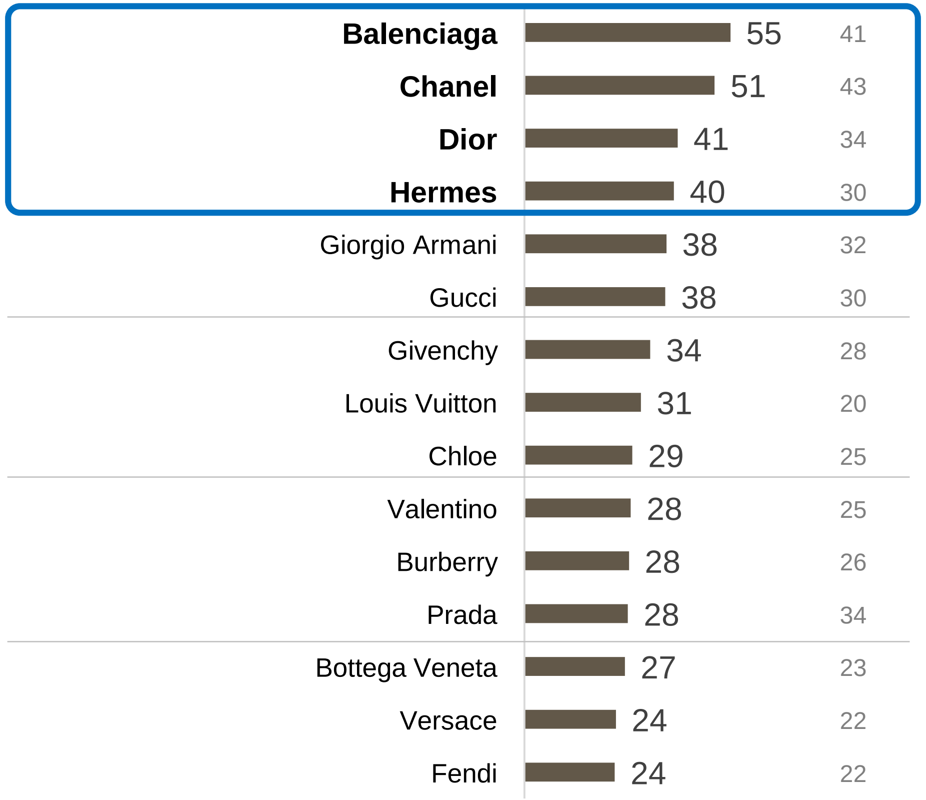


Factors to affect decision - jewellery

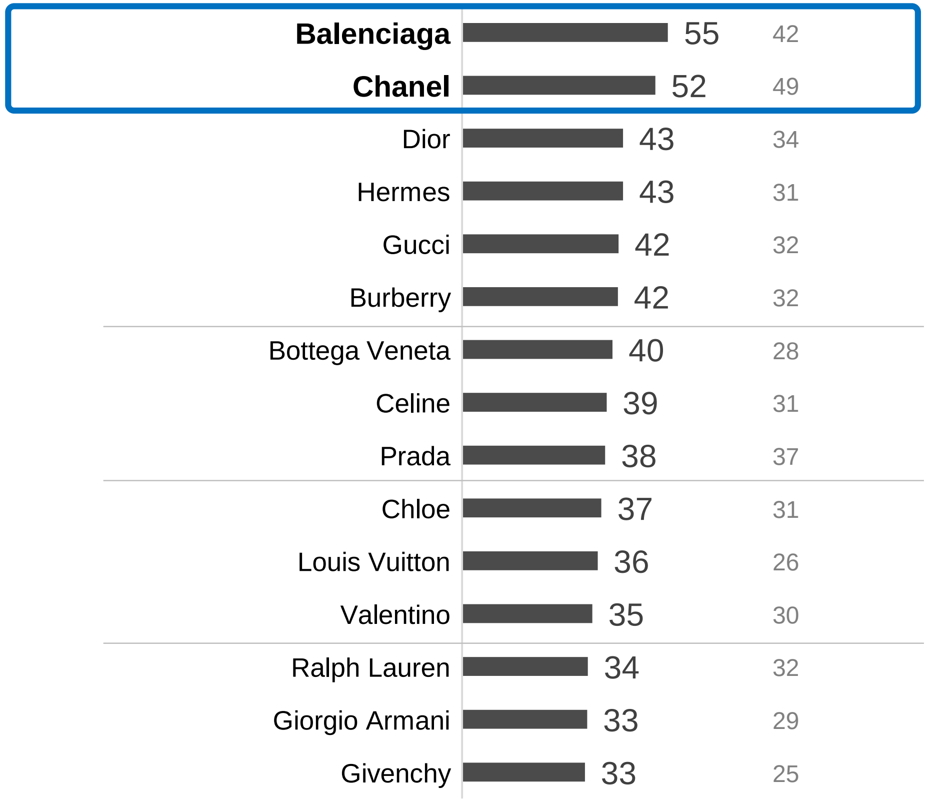
FASHION

Balenciaga, Chanel, Dior and Hermes are the top fashion brands with the highest awareness.

Mainland China Respondents: %



Hong Kong Respondents: %



Brand awareness - fashion

Grey = Previous year data

Chanel is the most purchased fashion brand, followed by Balenciaga in China and Bottega Veneta in Hong Kong.

Mainland China Respondents: %

Brand	%	Previous year
Chanel	32	26
Balenciaga	29	23
Dior	20	16
Hermes	17	12
Giorgio Armani	17	13
Gucci	16	13
Burberry	13	11
Givenchy	12	9
Louis Vuitton	12	8
Chloe	10	9
Bottega Veneta	10	10
Prada	10	14
Celine	9	7
Ralph Lauren	9	8
Valentino	8	8

Hong Kong Respondents: %

Brand	%	Previous year
Chanel	23	25
Bottega Veneta	21	10
Balenciaga	21	20
Burberry	20	17
Brunello Cucinelli	14	5
Dior	13	13
Gucci	13	10
Celine	13	8
Prada	12	13
Ralph Lauren	11	11
Louis Vuitton	11	6
Alexander McQueen	10	7
Hermes	10	13
Giorgio Armani	10	7
Chloe	8	10

Brand purchased - fashion

Grey = Previous year data

Bottega Veneta focuses on the concept of “Reunion in Motion,” inspired by the anticipation and emotion of returning home for the holidays.

Beginning November 2022, its newly validated Certificate of Craft program offers an "unlimited refresh and repair" policy for Bottega Veneta handbags: a milestone for sustainability, craftsmanship, and luxury as legacy.

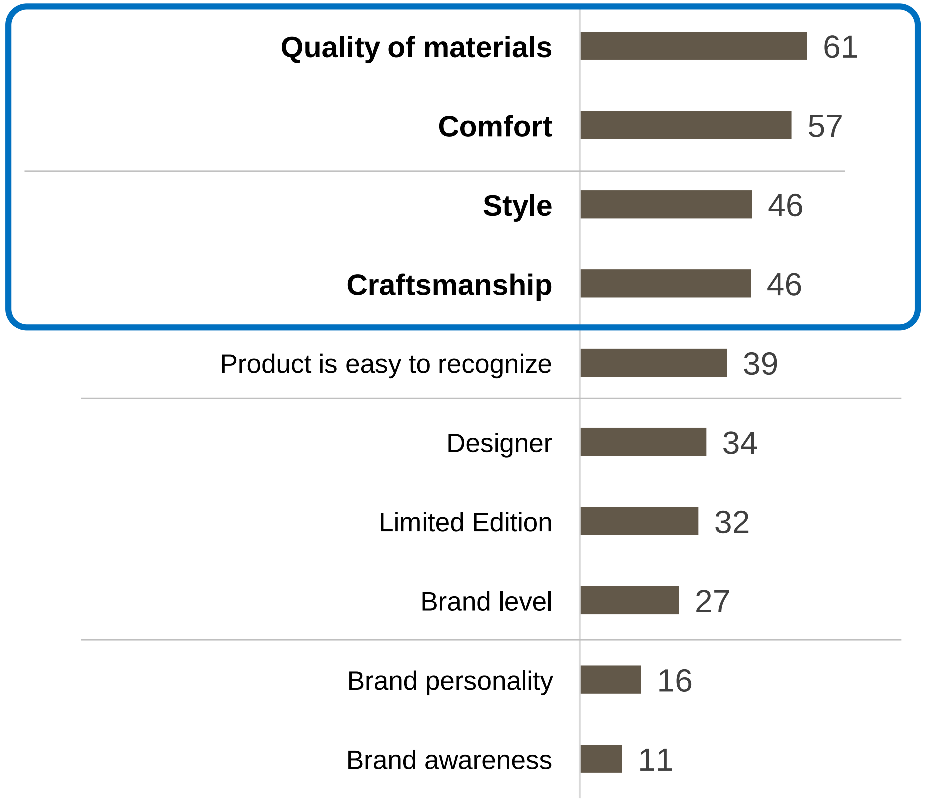
DANIEL LEE (BURBERRY)


PRORSUM


PRORSUM

Quality and comfort are most crucial, while design and craftsmanship follow.

Mainland China Respondents: %

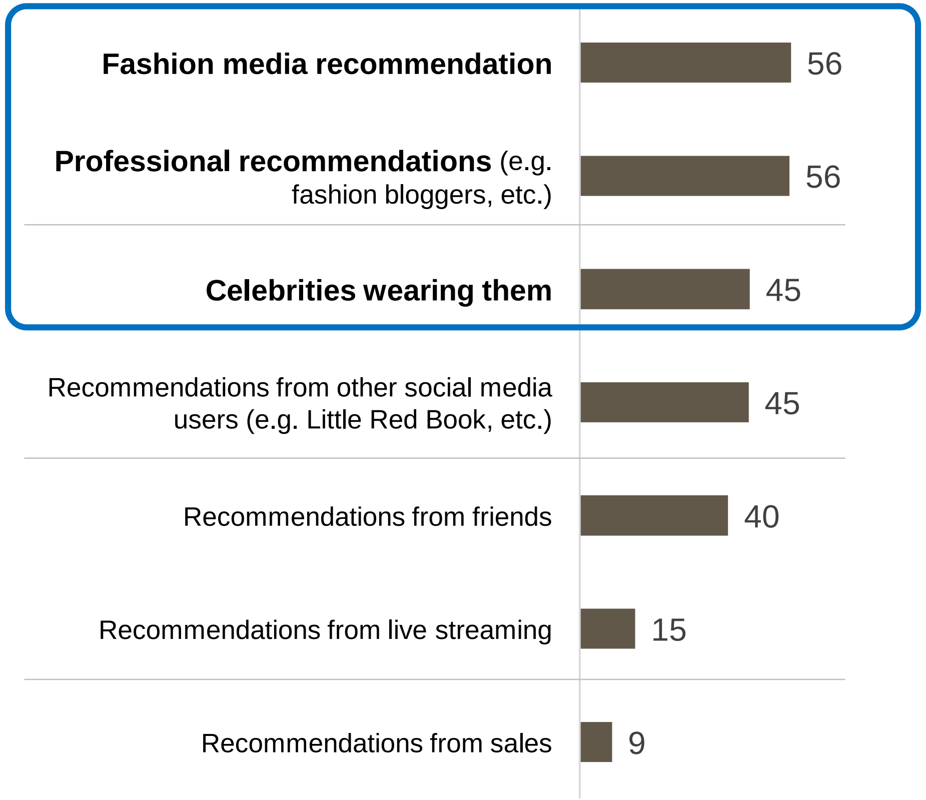


Hong Kong Respondents: %

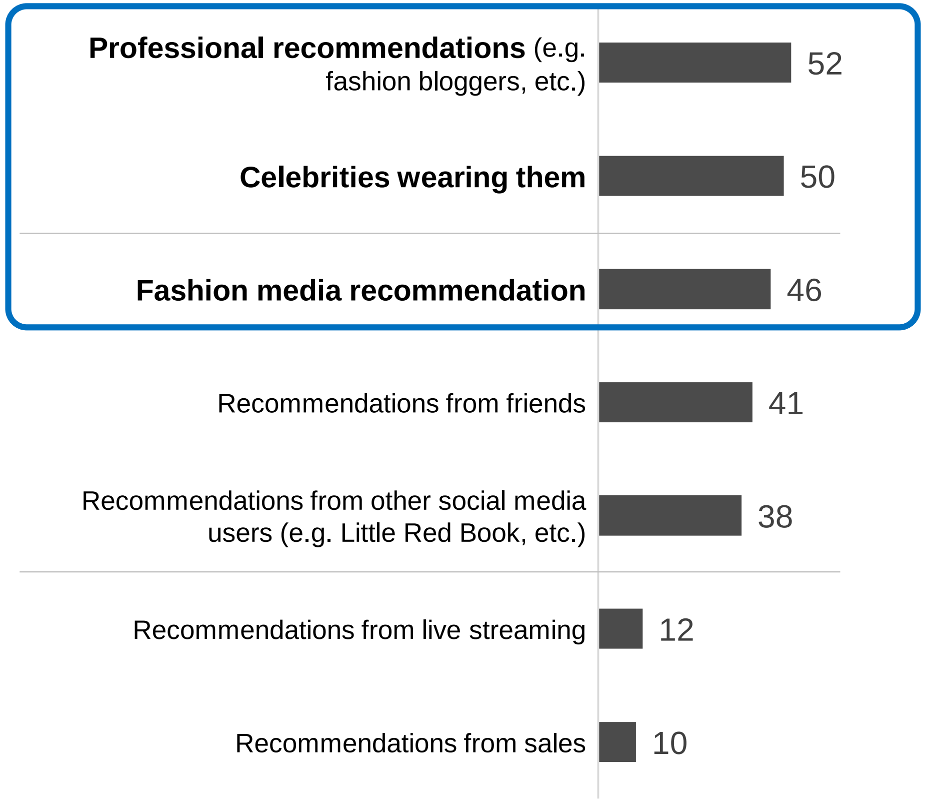
Factors to affect decision - fashion

Fashion media, KOLs and celebrities are top influencers for fashion purchases among both Hong Kong and China luxury fashion consumers.

Mainland China Respondents: %

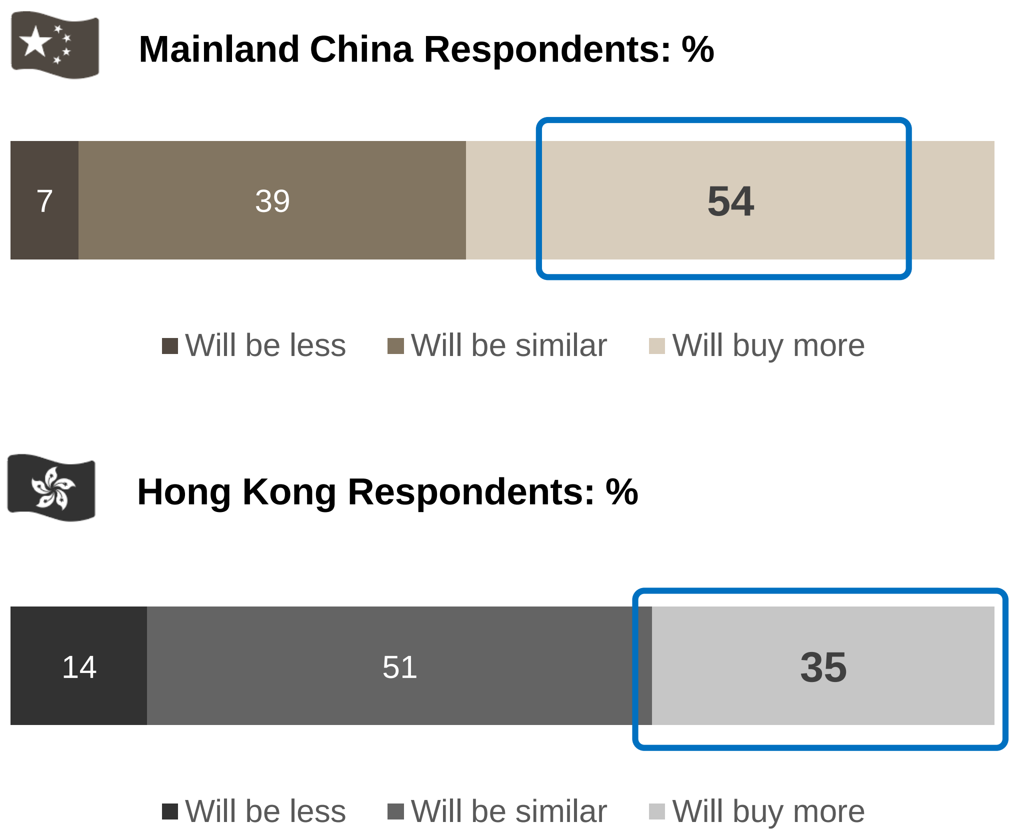


Hong Kong Respondents: %



Influence - fashion

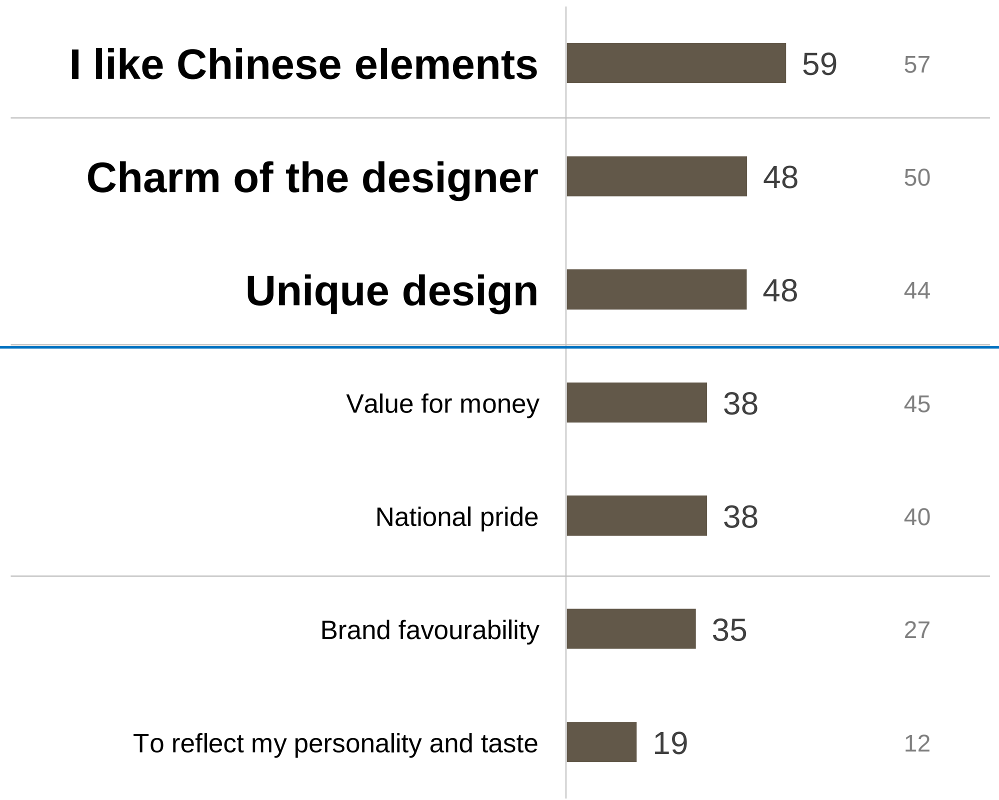
More than half of Chinese luxury consumers say that they are likely to purchase more Chinese fashion brands in the next 12 months. 35% of Hong Kong luxury consumers report the same.



Likelihood to purchase Chinese fashion brands in N12M

Chinese elements, designer charisma, unique design and value for money prompt purchases.

Mainland China Respondents: %



Hong Kong Respondents: %

Reason to purchase Chinese designer fashion brands

Grey = Previous year data

COMME MOI by Lu Yan, Feng Chen Wang, HAIZHEN WANG and SANKUANZ enjoy high awareness among Chinese designer fashion brands in mainland China and Hong Kong.

Mainland China Respondents: %

COMME MOI	34	26
HAIZHEN WANG	25	6
Feng Chen Wang	25	9
Ma Ke	23	24
Huishan Zhang	22	13
Angel Chen	22	27
Min Liu	17	24
SANKUANZ	15	18
Xander Zhou	15	28
Qiu Hao	14	19
FMACM	14	3
deepmoss	14	12
GARCON BY GCOGCN	13	3
HIDEMI	13	1
Jacques Wei	12	11

Hong Kong Respondents: %

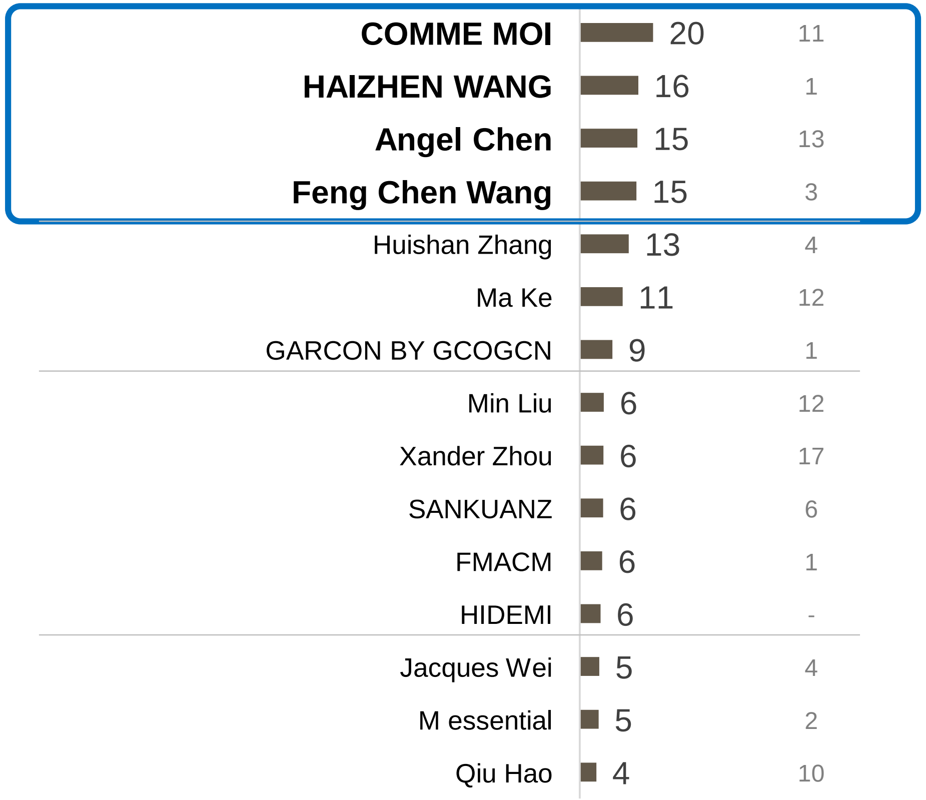
COMME MOI	32	15
Feng Chen Wang	26	7
SANKUANZ	20	14
Angel Chen	18	18
HAIZHEN WANG	17	4
Qiu Hao	14	11
deepmoss	14	8
Huishan Zhang	12	8
Min Liu	12	18
GARCON BY GCOGCN	12	4
Ma Ke	12	19
CLOT	12	8
HIDEMI	11	1
Xander Zhou	10	19
SAMUEL GUI YANG	10	7

Brand awareness - Chinese designers

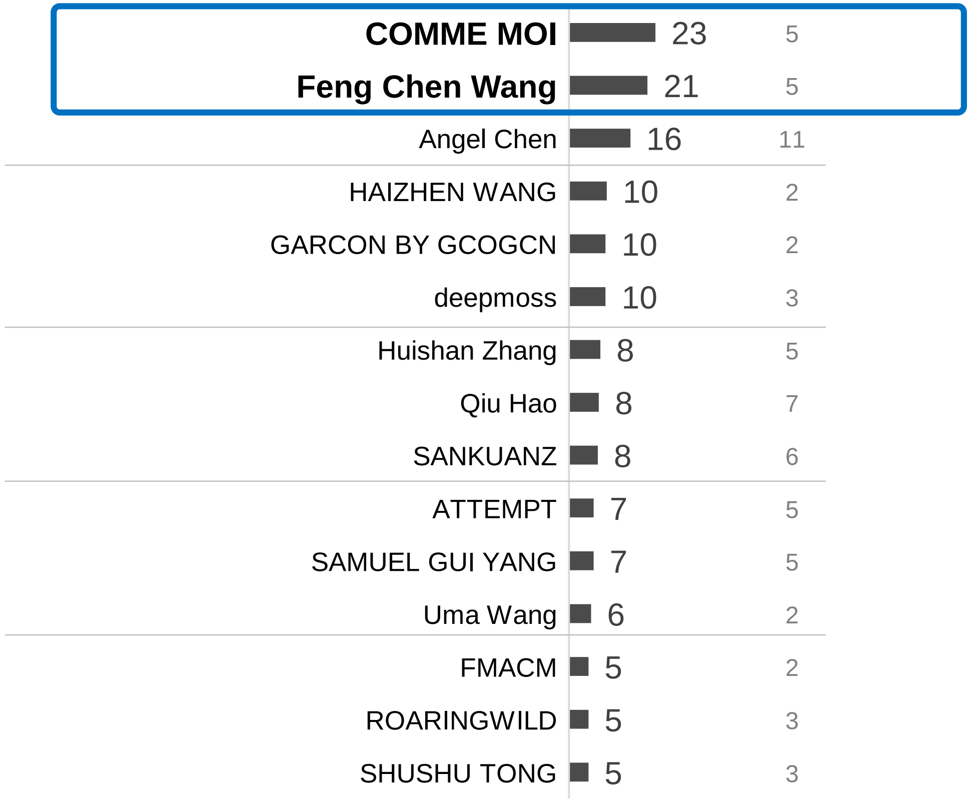
Grey = Previous year data

COMME MOI is the most purchased Chinese fashion brand, followed by HAIZHEN WANG in China and Feng Chen Wang in Hong Kong.

Mainland China Respondents: %



Hong Kong Respondents: %



Brand purchased - Chinese designers

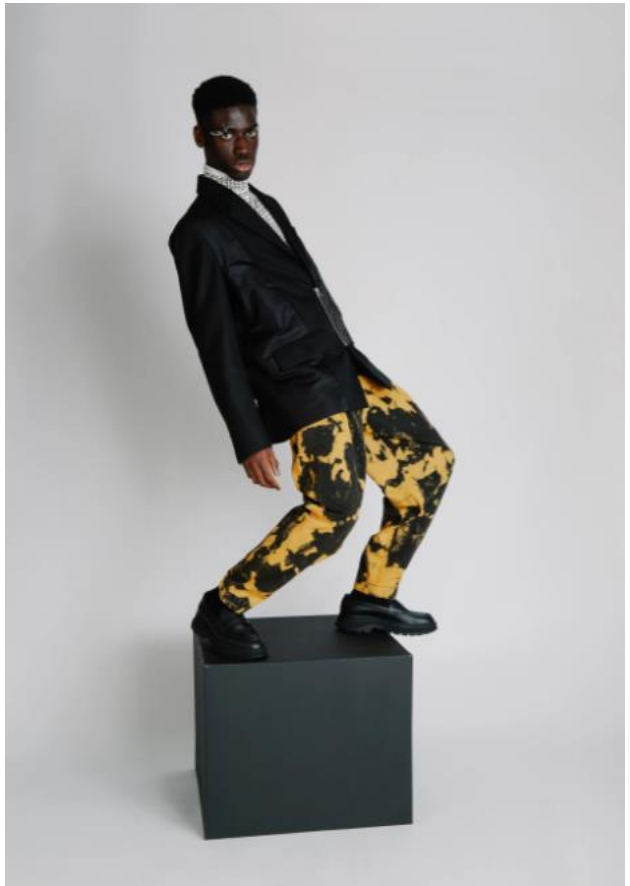
Grey = Previous year data

COMME MOI




HAIZHEN WANG

Feng Chen Wang



SANKUANZ

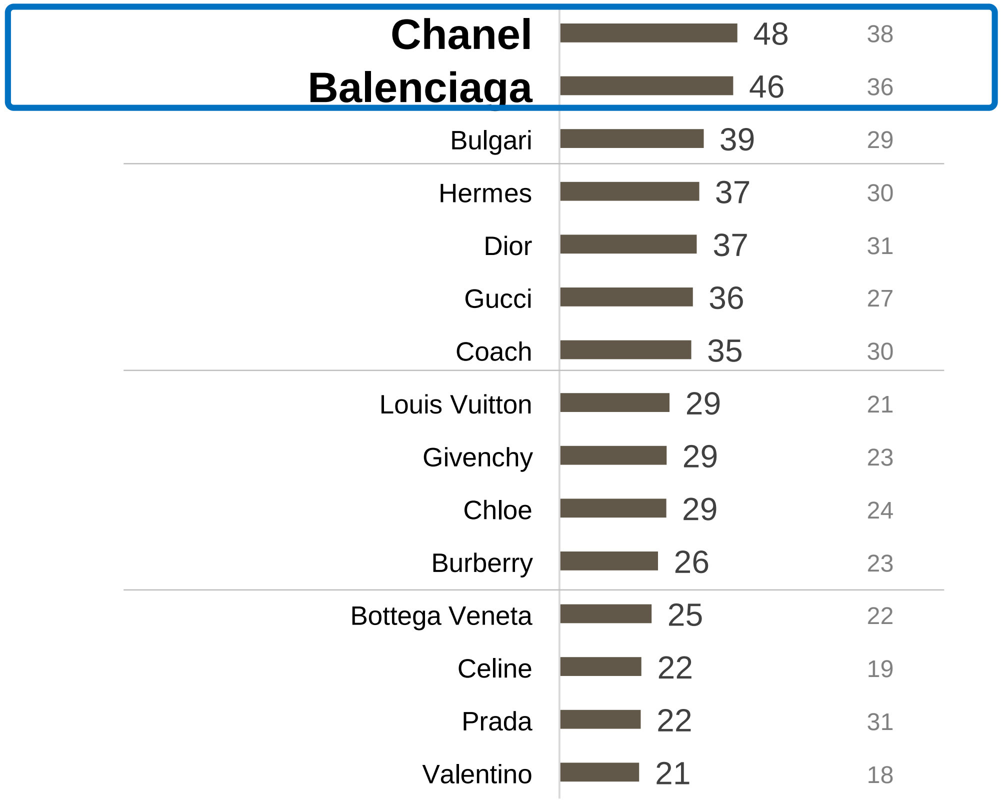



Shanghai Street Style

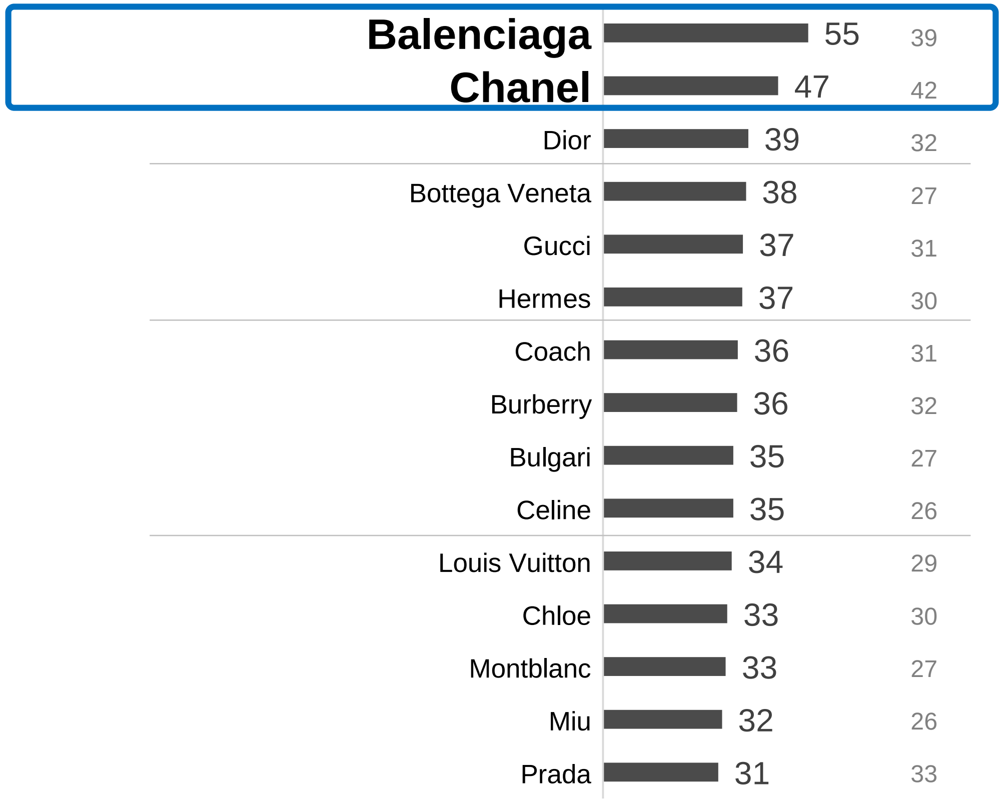
HANDBAGS AND LEATHER GOODS

Chanel and Balenciaga are the top handbags brands with the highest awareness.

Mainland China Respondents: %



Hong Kong Respondents: %

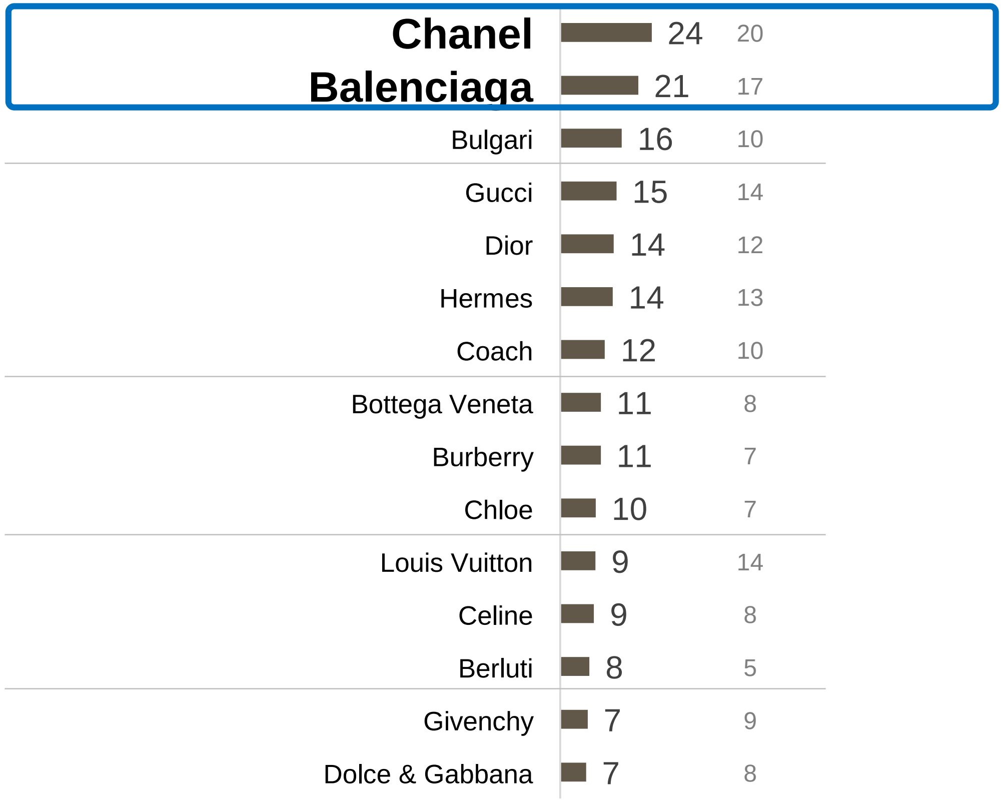


Brand awareness - handbags and leather goods

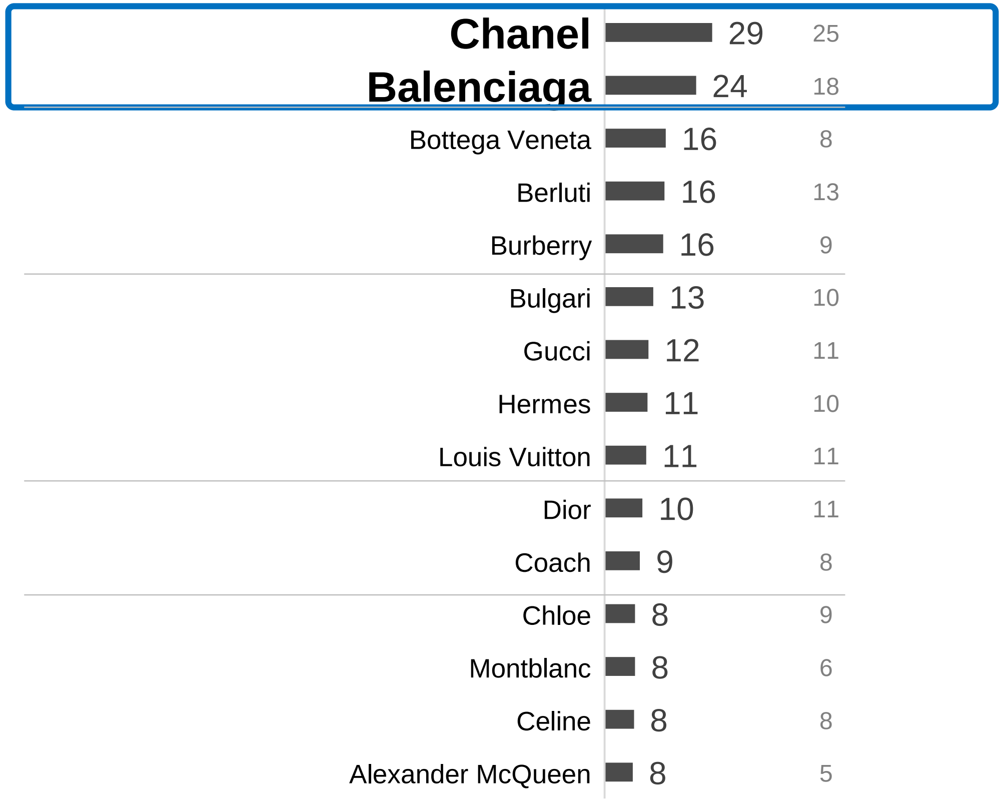
Grey = Previous year data

Chanel and Balenciaga are the top handbags brands with the highest purchase level.

Mainland China Respondents: %



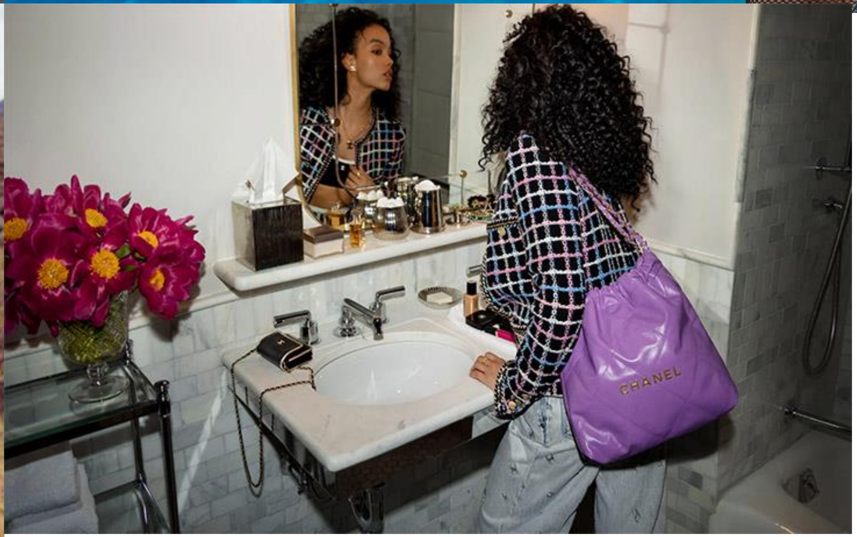
Hong Kong Respondents: %



Brand purchased - handbags and leather goods

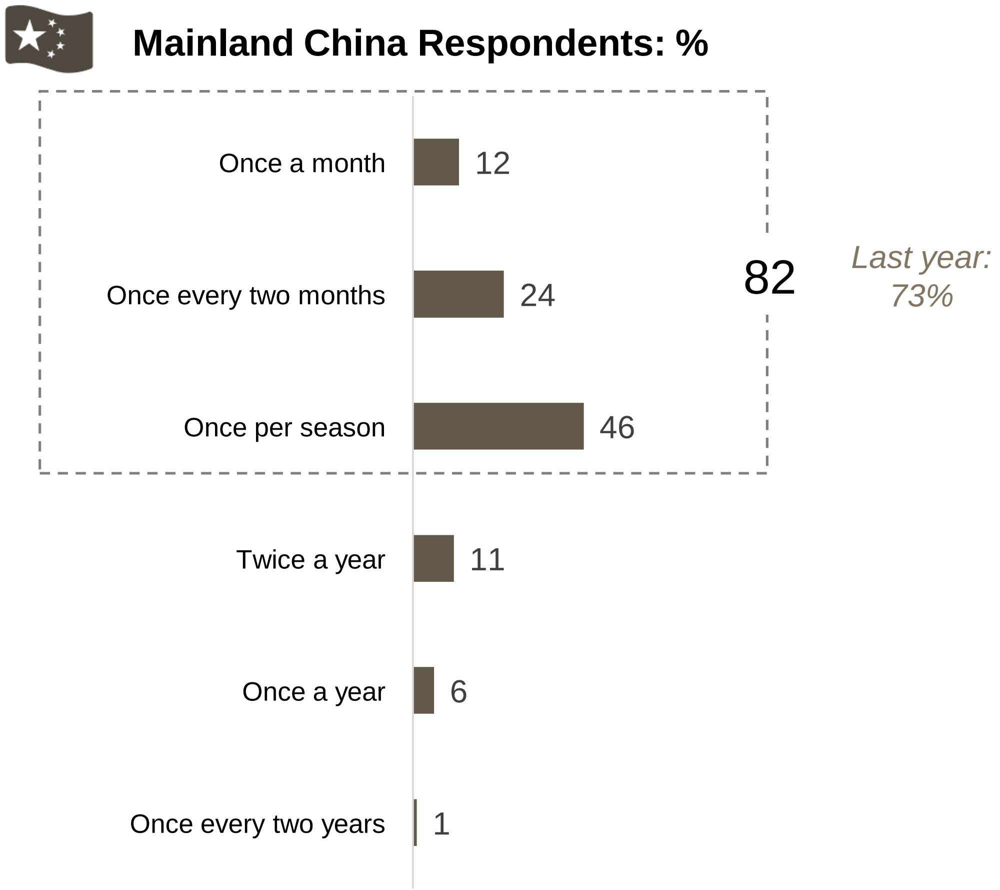
Grey = Previous year data

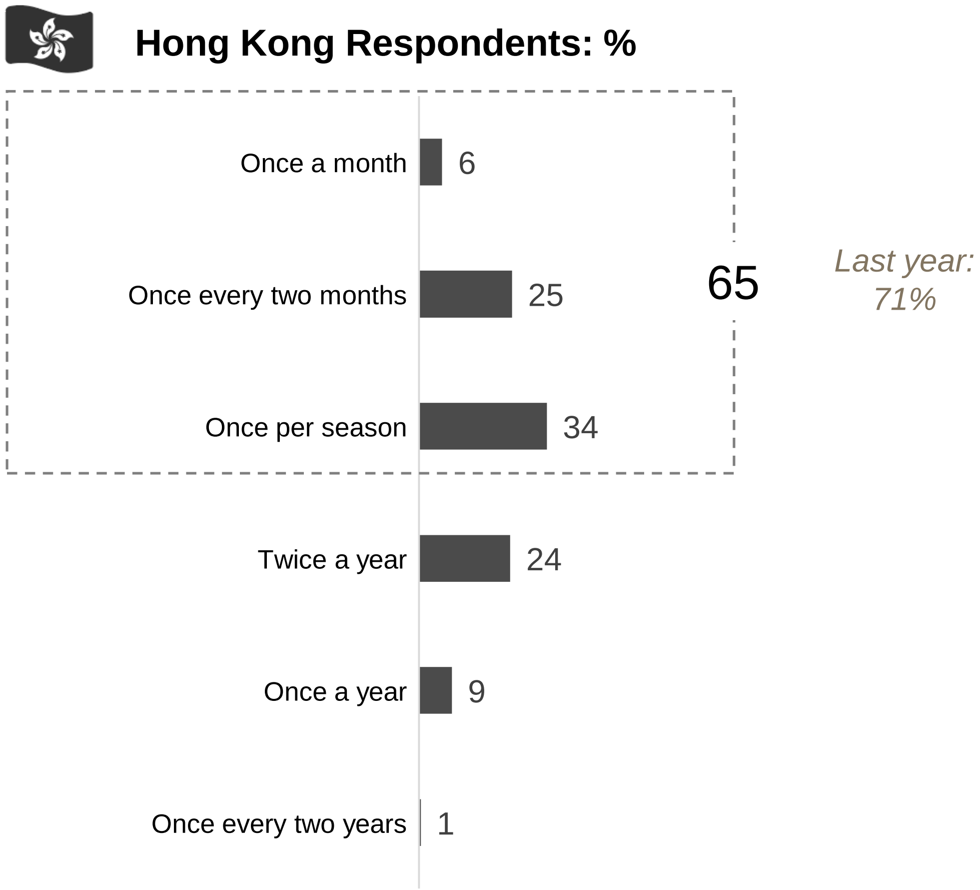
CHANEL 22



csg research

Number of respondents who bought luxury handbags at least once a season increases in mainland China and slightly decreases in Hong Kong.

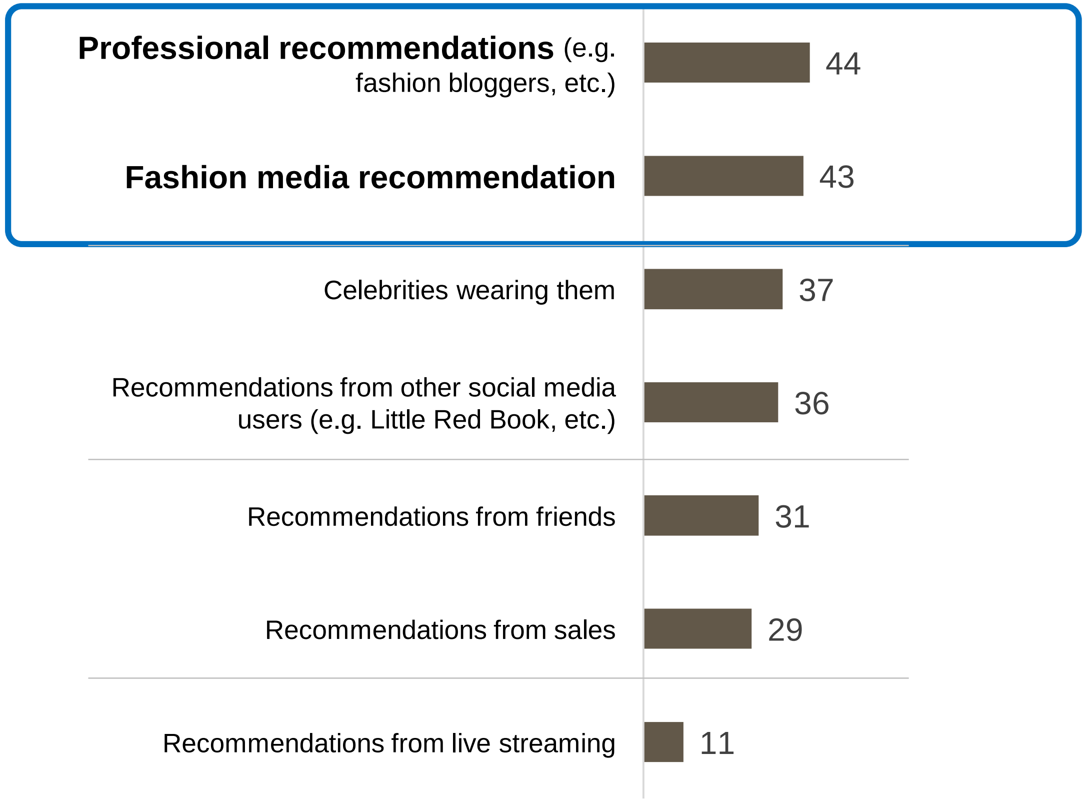




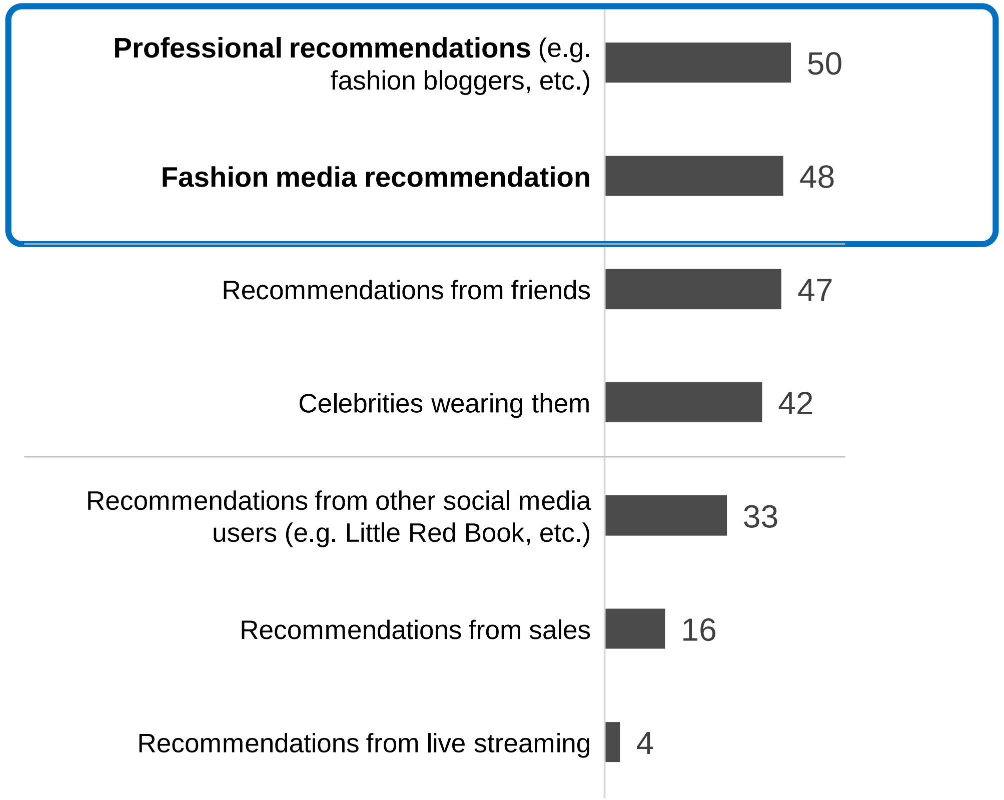
Purchase frequency - handbags and leather goods

The purchase decision of handbags are highly influenced by KOLs and fashion media.

Mainland China Respondents: %



Hong Kong Respondents: %

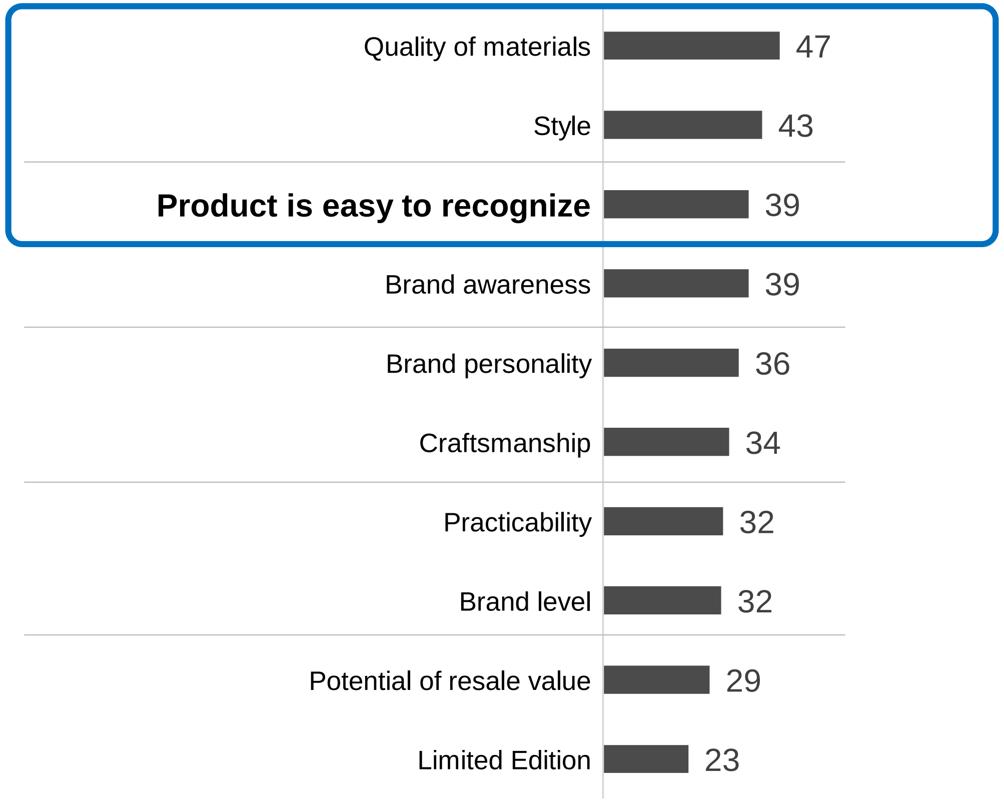


Influence - handbags and leather goods

Quality of material are design are to handbag selection, followed up that are the brand awareness among Chinese luxury consumers and product recognition among Hong Kong luxury consumers.

Mainland China Respondents: %

Hong Kong Respondents: %

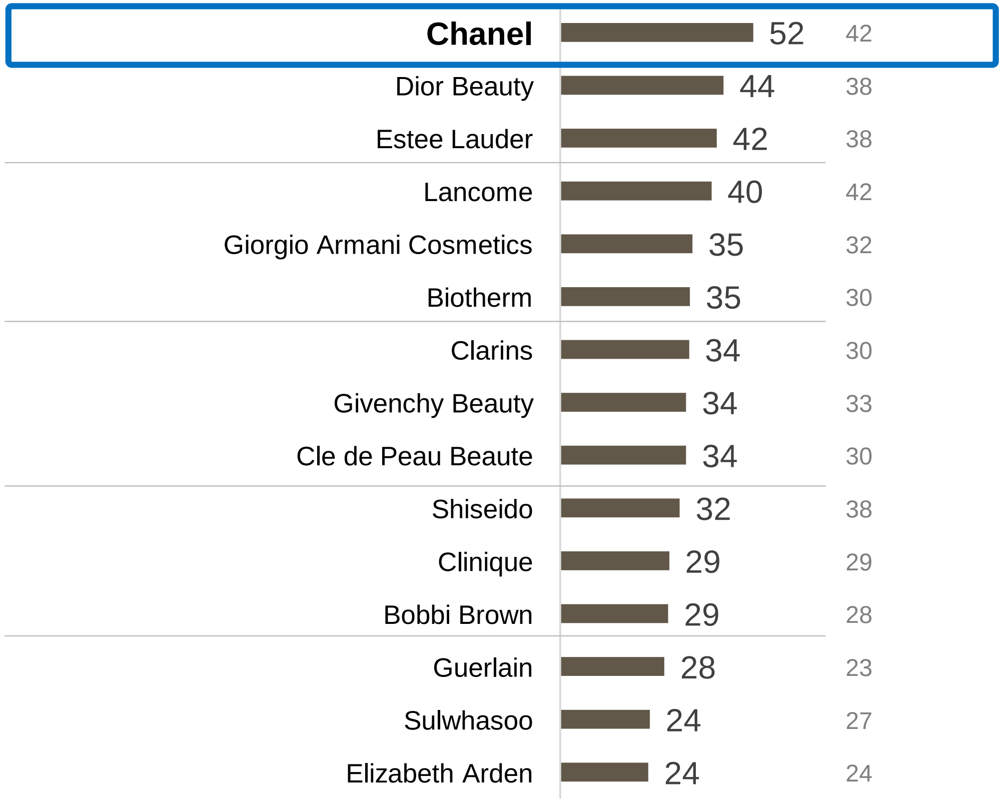


Factors to affect decision - handbags and leather goods

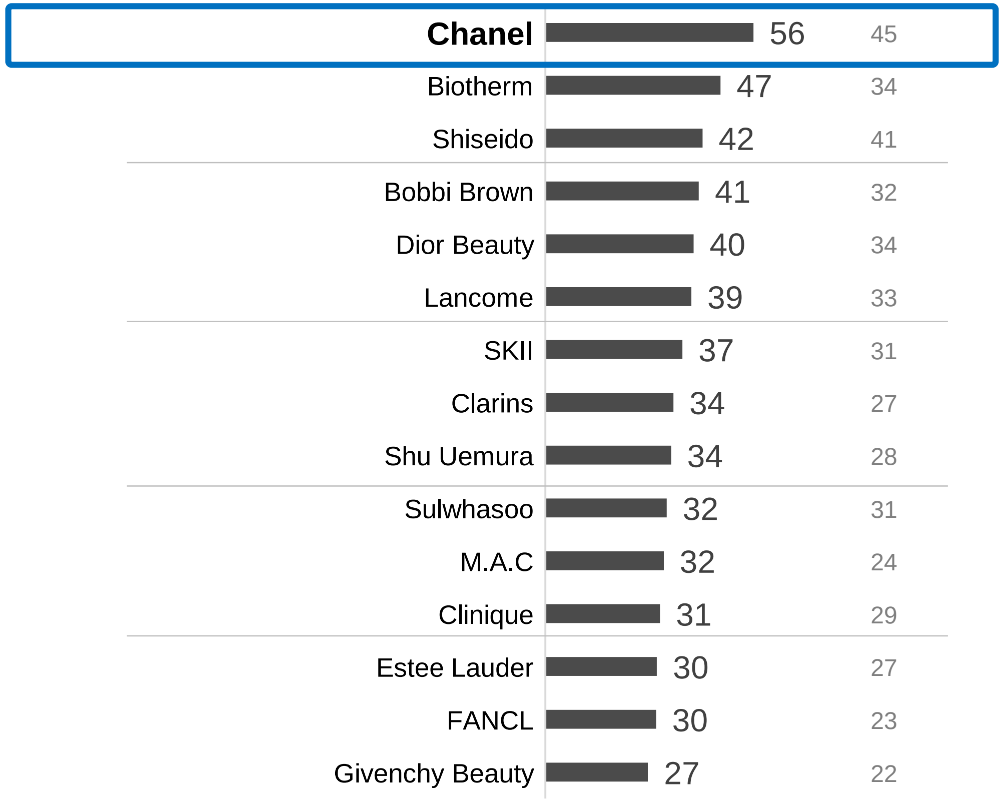
BEAUTY AND COSMETICS

Chanel is the beauty and cosmetic brand with the highest awareness.

Mainland China Respondents: %



Hong Kong Respondents: %

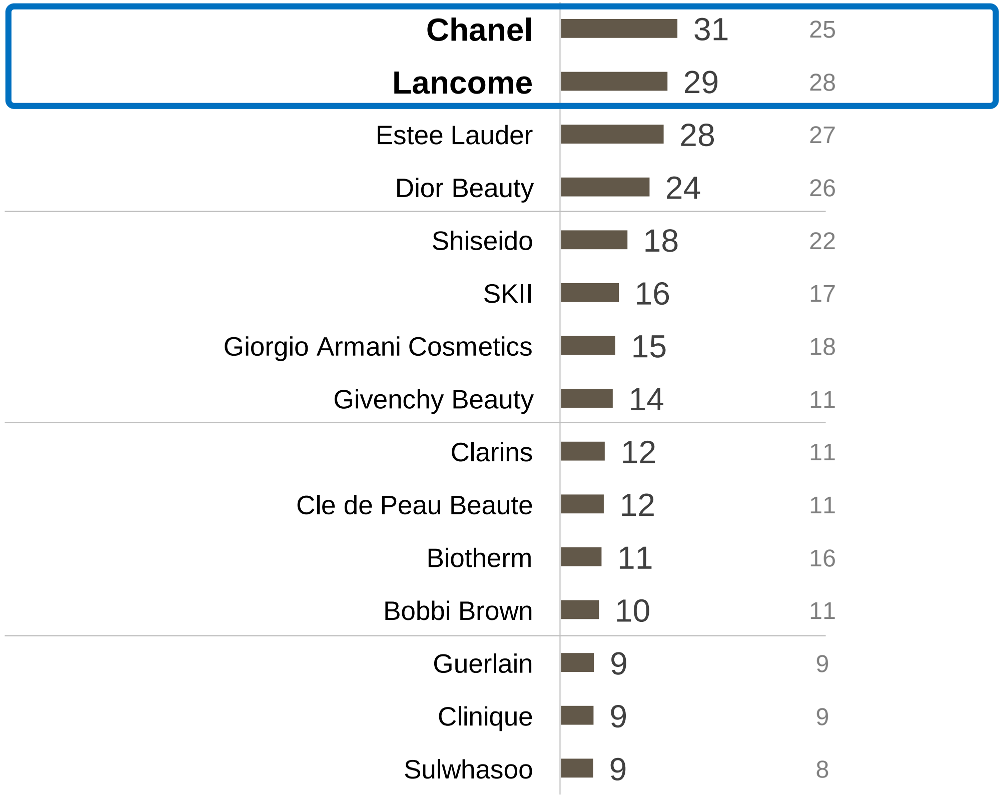


Brand awareness - beauty and cosmetics

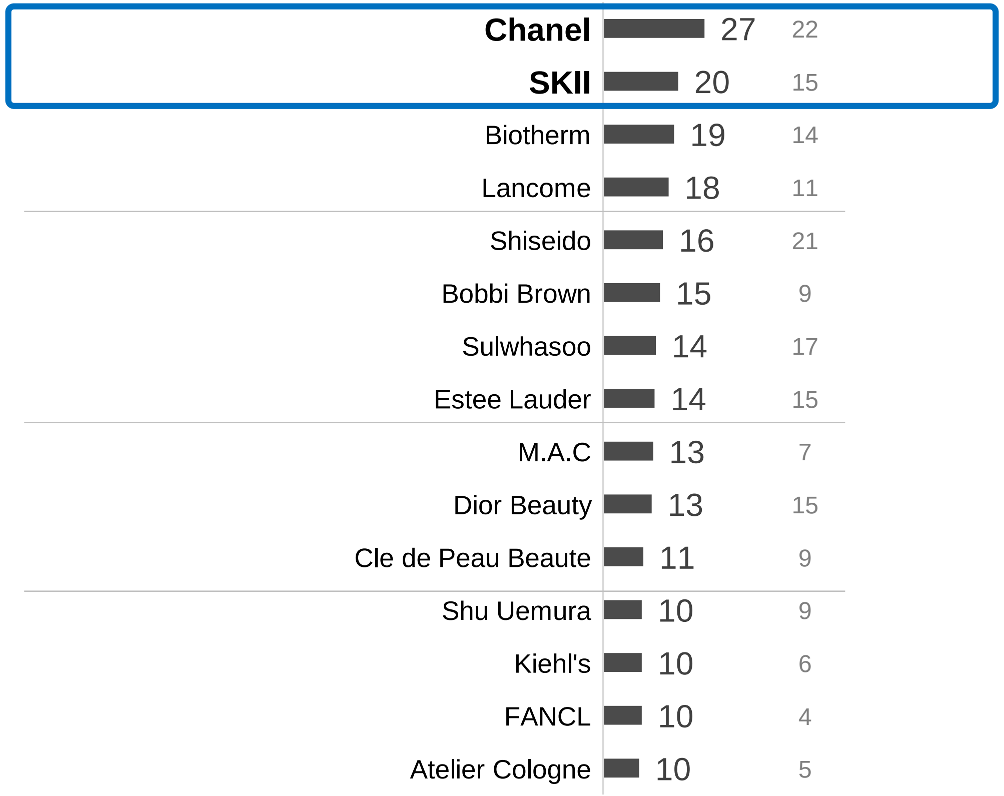
Grey = Previous year data

Chanel is the most purchased beauty brand, followed by Lancome in China and SKII in Hong Kong.

Mainland China Respondents: %



Hong Kong Respondents: %



Brand purchased - beauty and cosmetics

Grey = Previous year data

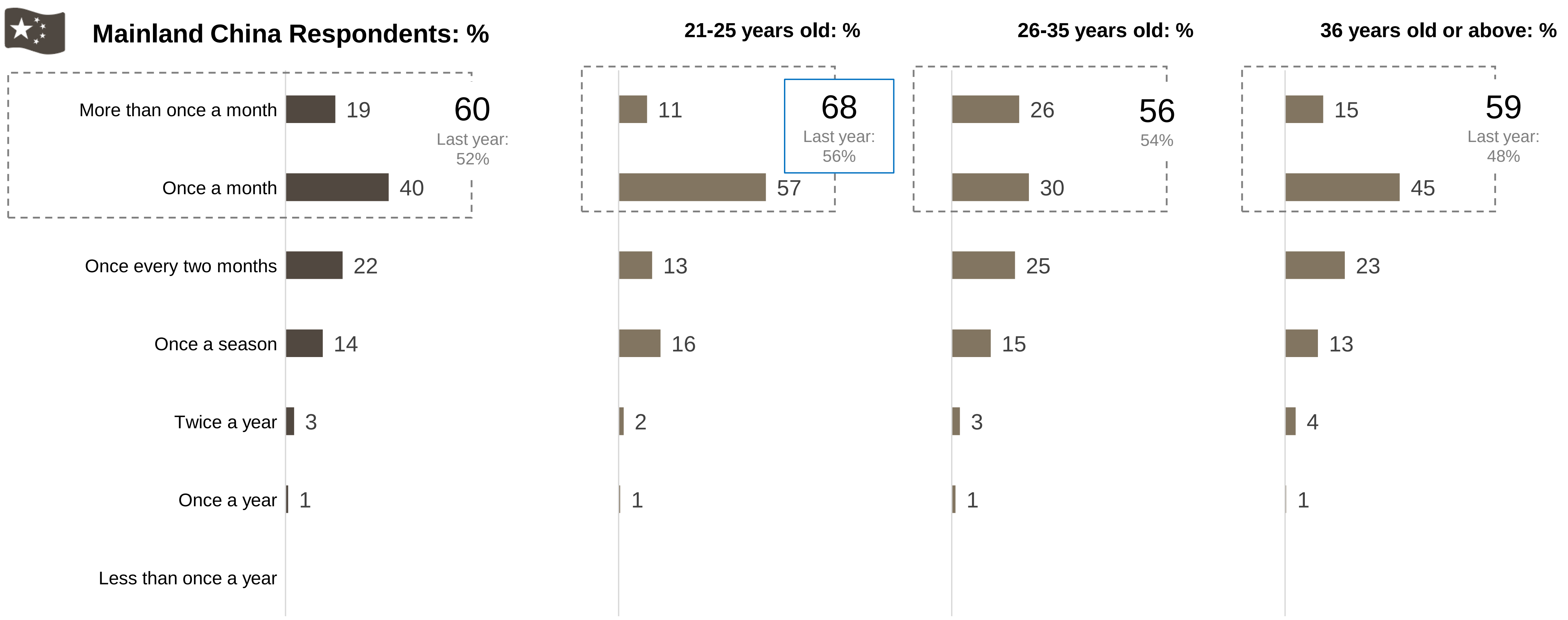
More than half of mainland China respondents purchase skin care products at least once a month. Half of Hong Kong respondents do the same.

Mainland China Respondents: %

Hong Kong Respondents: %

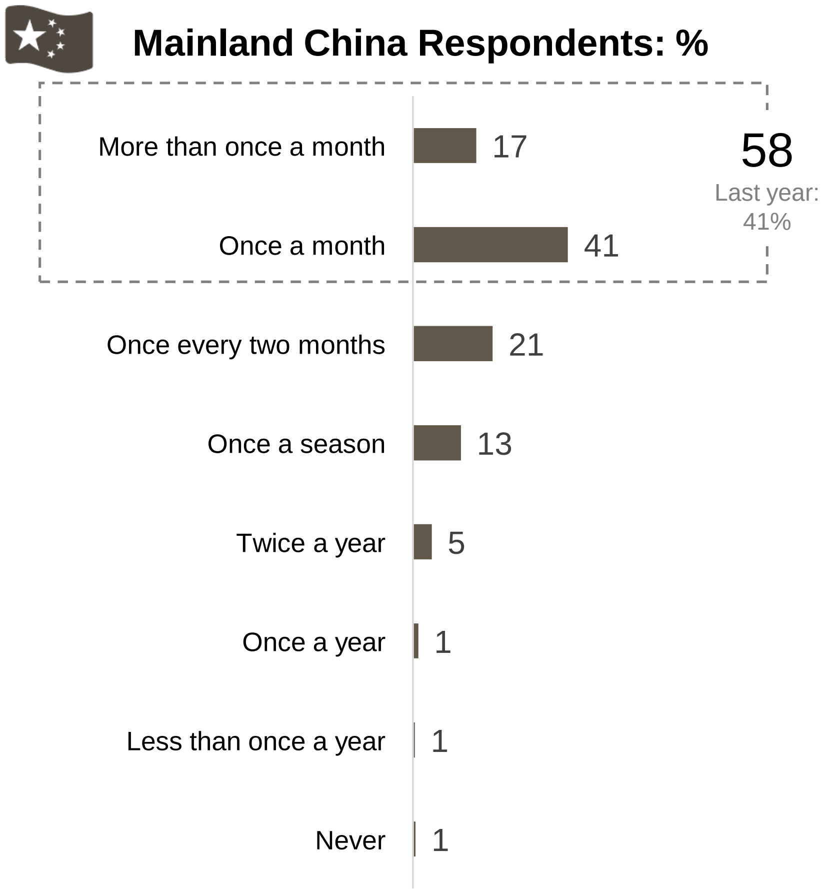
Frequency to purchase skin care products

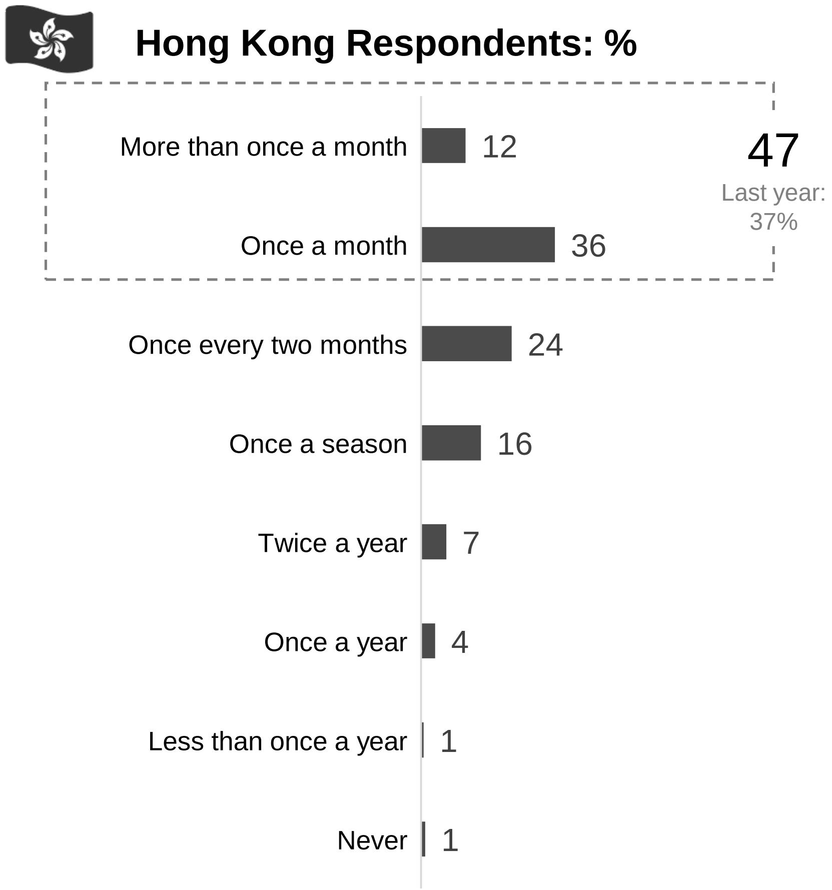
Gen Z has the highest purchase frequency of skin care products.



Frequency to purchase skin care products

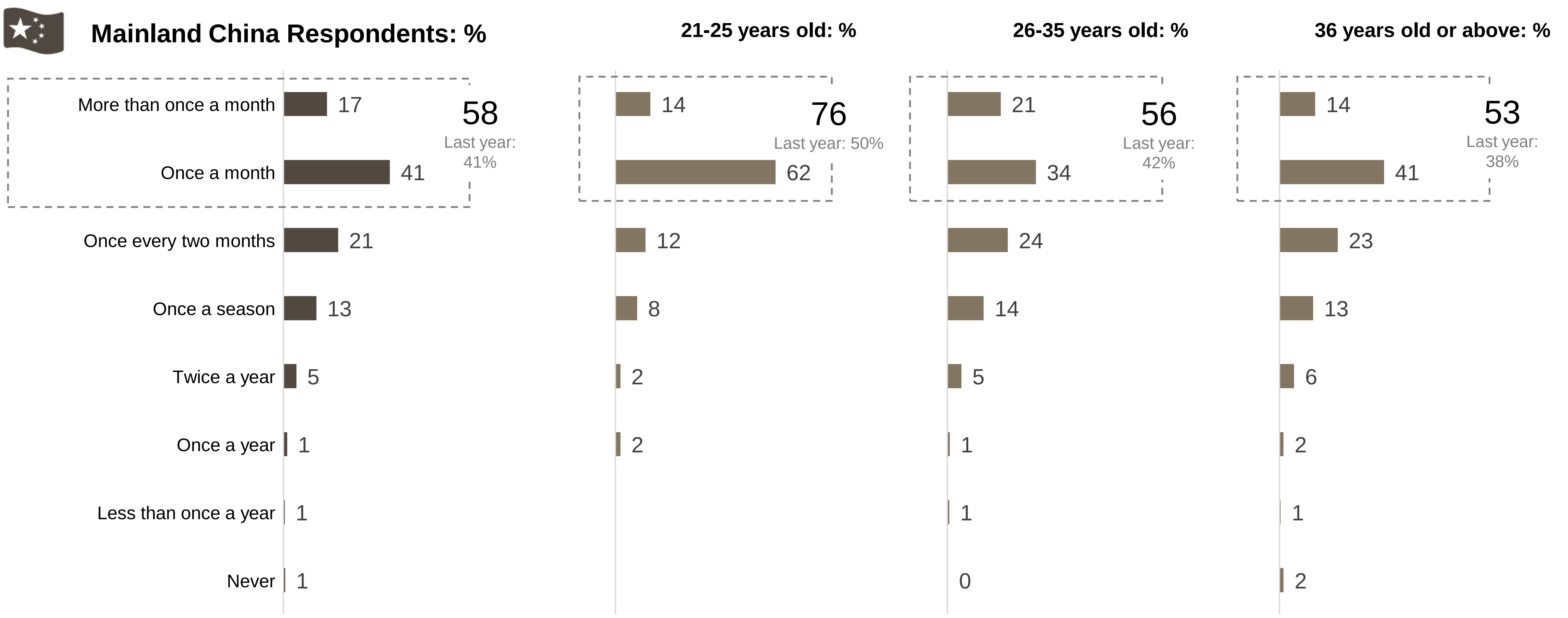
Nearly 60% of Chinese respondents make cosmetic product purchases at least once a month, compared to nearly 50% of Hong Kong respondents.





Frequency to purchase cosmetics

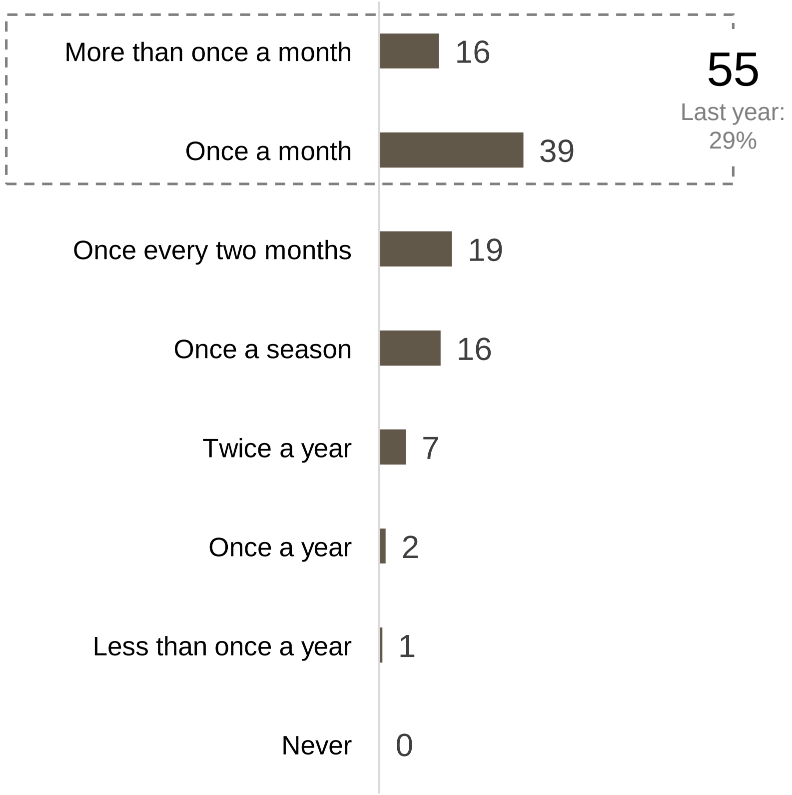
Gen Z make purchase cosmetic products the most frequently – with more than three-quarters of them make purchase at least once a month.



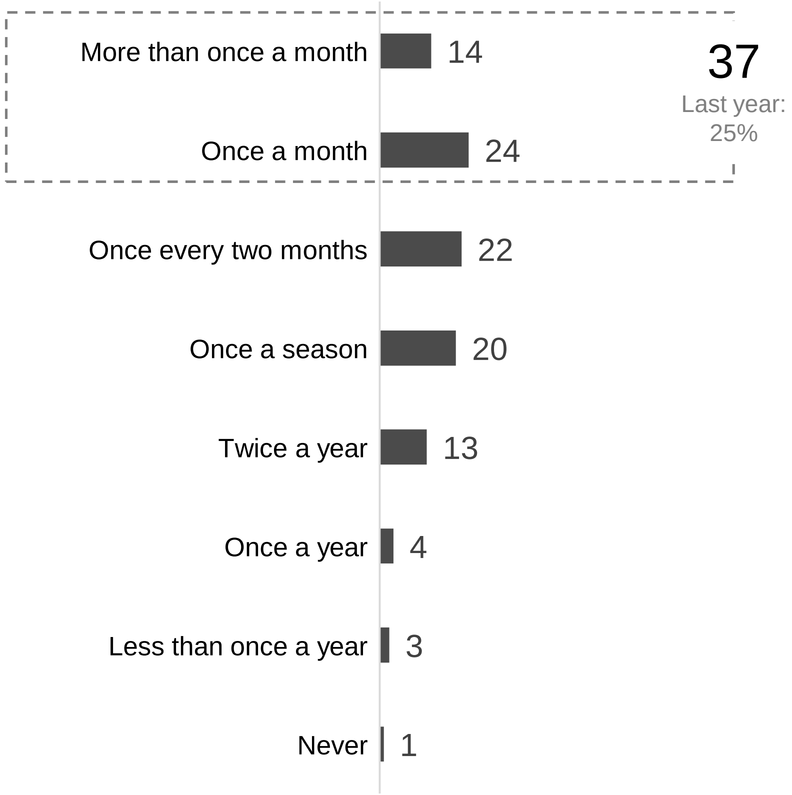
Frequency to purchase cosmetics

More than half of Chinese respondents purchase fragrance products at least once a month. Conversely less than 40% of Hong Kong respondents do the same.

Mainland China Respondents: %

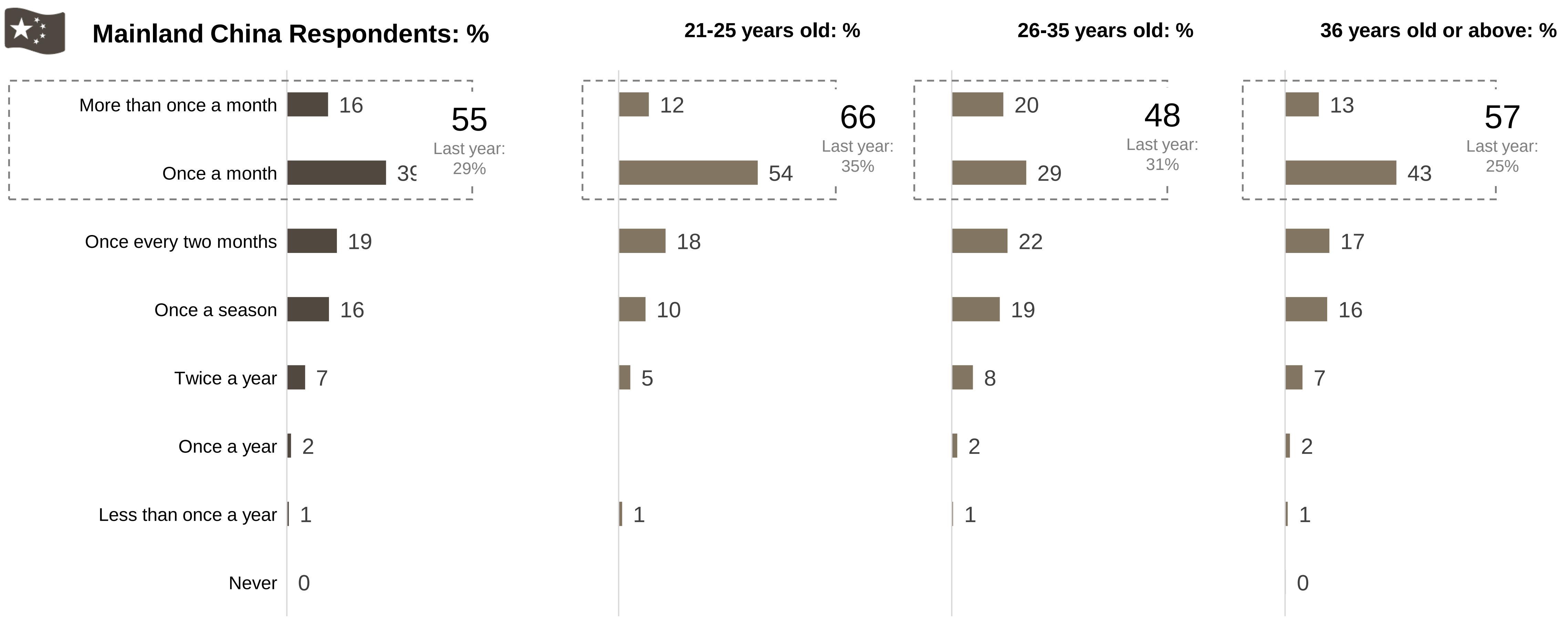


Hong Kong Respondents: %



Frequency to purchase fragrances

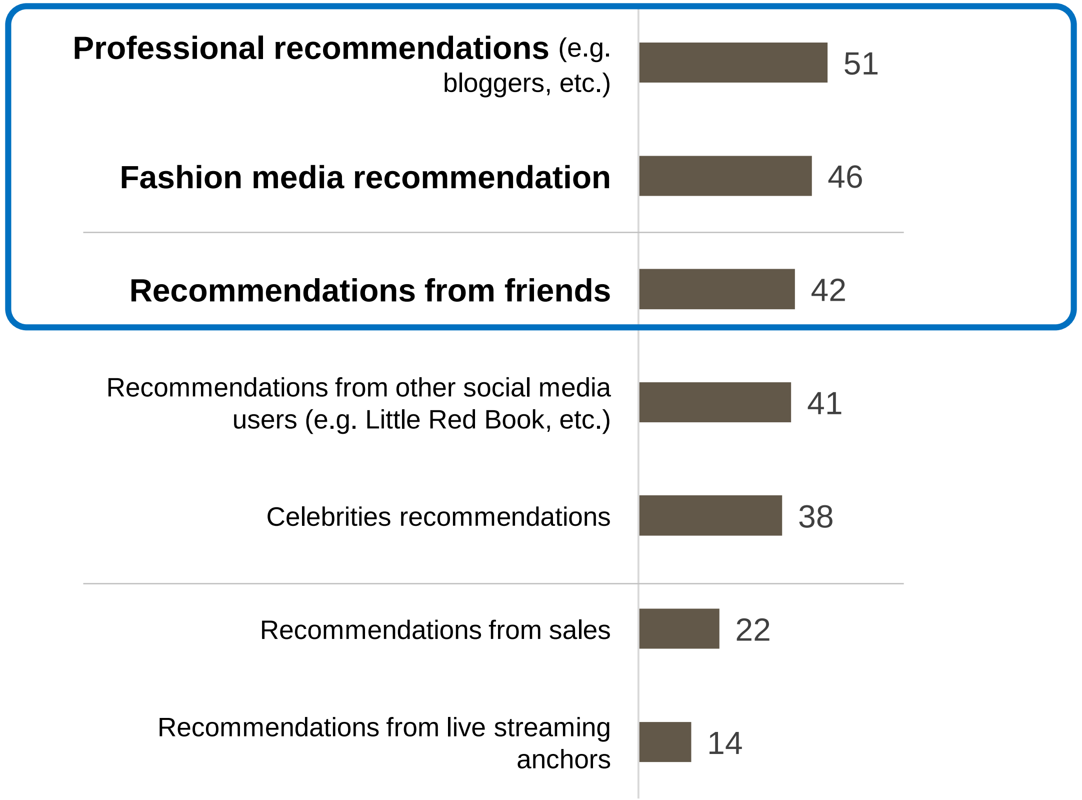
Gen Z continue to lead in the fragrance purchase frequency, with nearly two-thirds of them purchase fragrance products at least once a month.



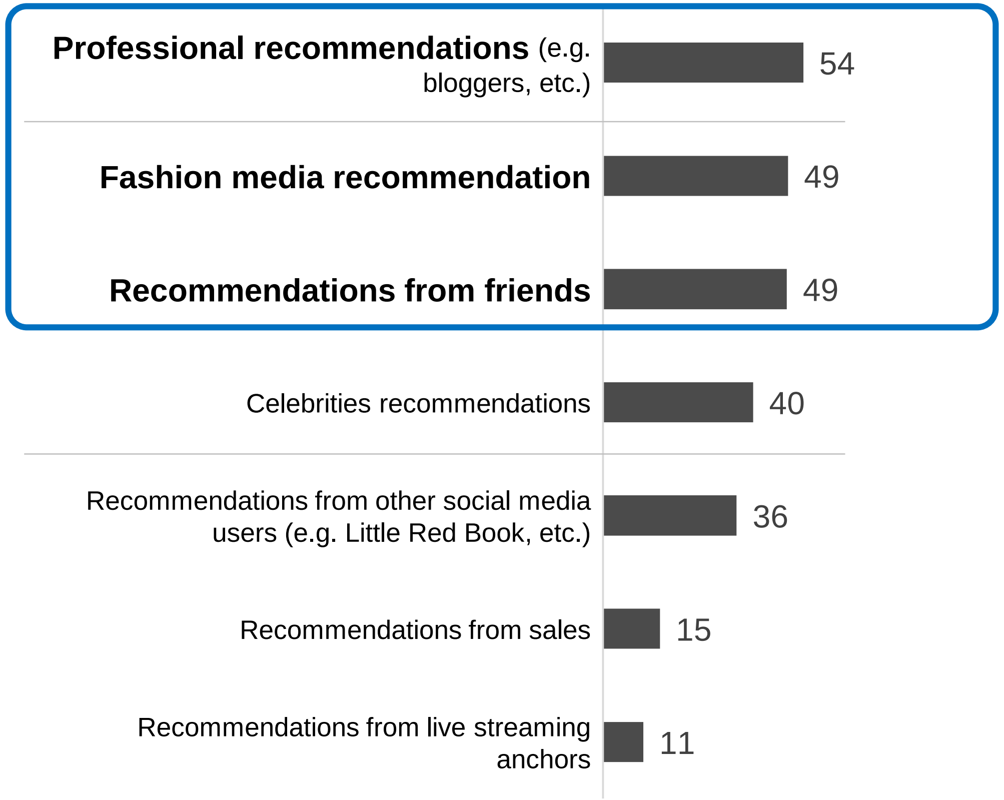
Frequency to purchase fragrances

Beauty bloggers, fashion media and friends have the most influence on beauty and cosmetics purchases.

Mainland China Respondents: %



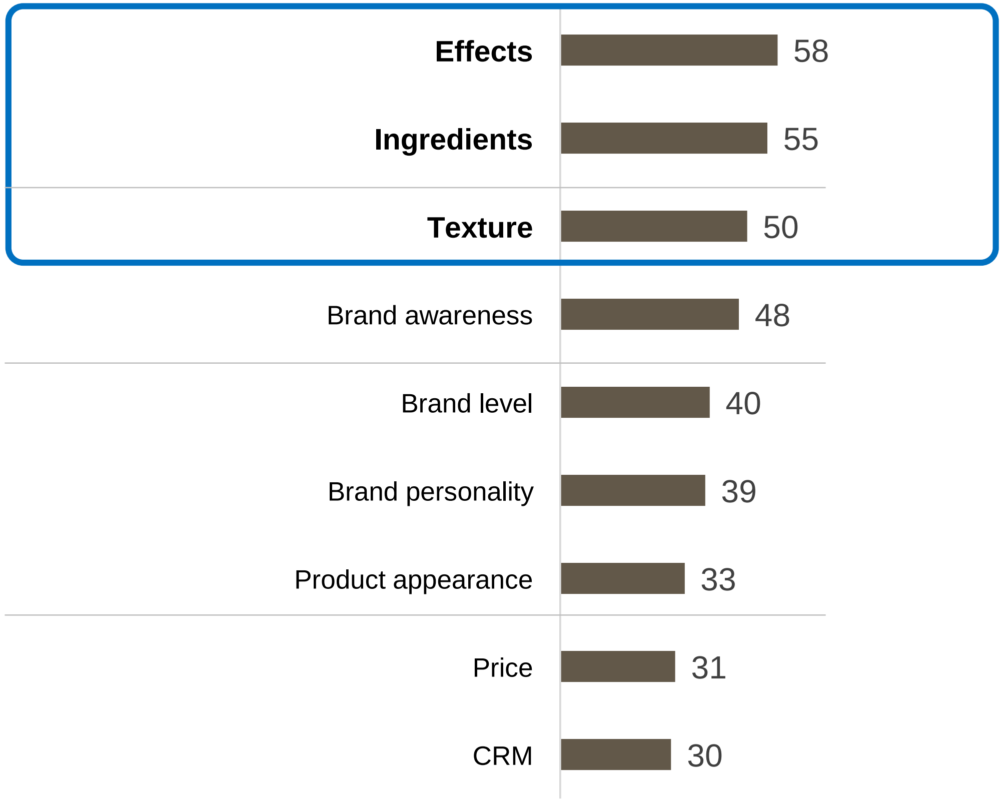
Hong Kong Respondents: %



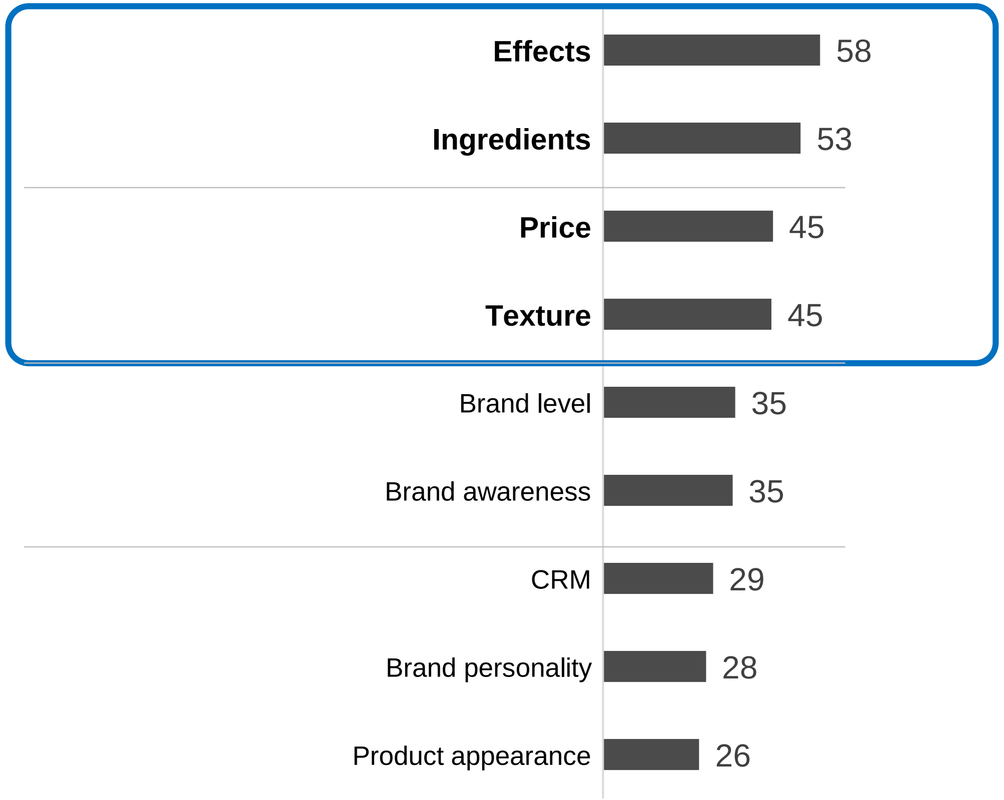
Influence - beauty and cosmetics

The effects, ingredients, and texture determine selection and purchases. Price is an important factor affecting purchase decision among Hong Kong luxury consumers.

Mainland China Respondents: %



Hong Kong Respondents: %

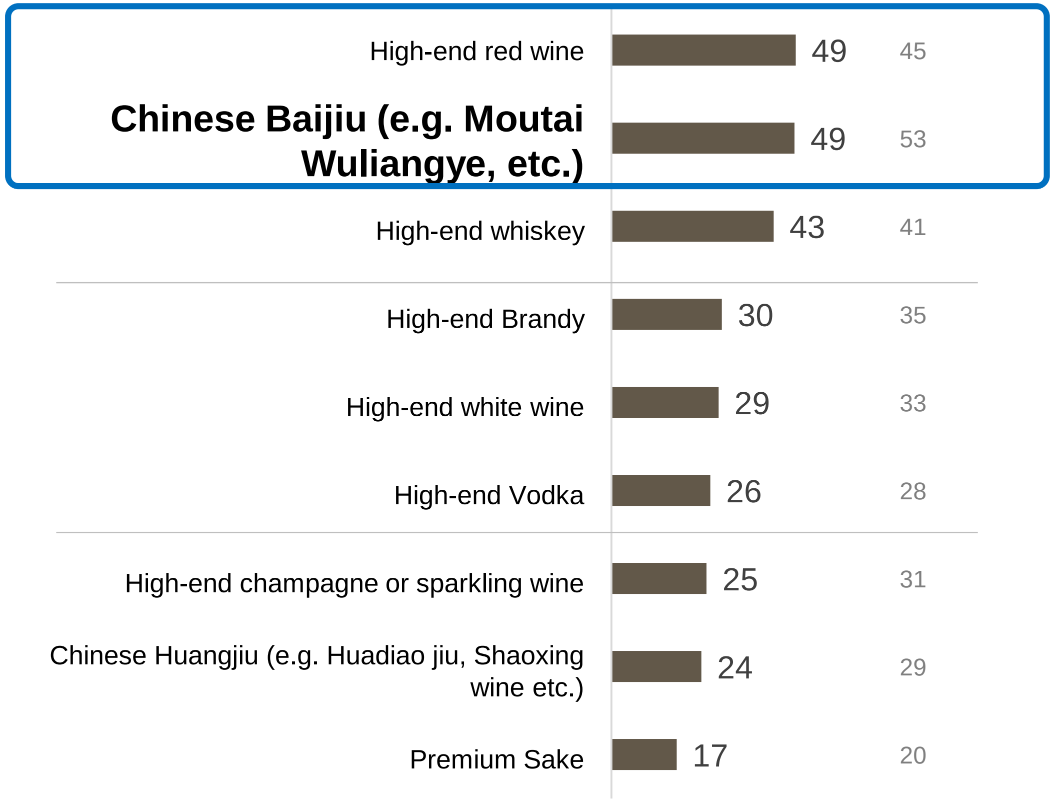


Factors to affect decision - beauty and cosmetics

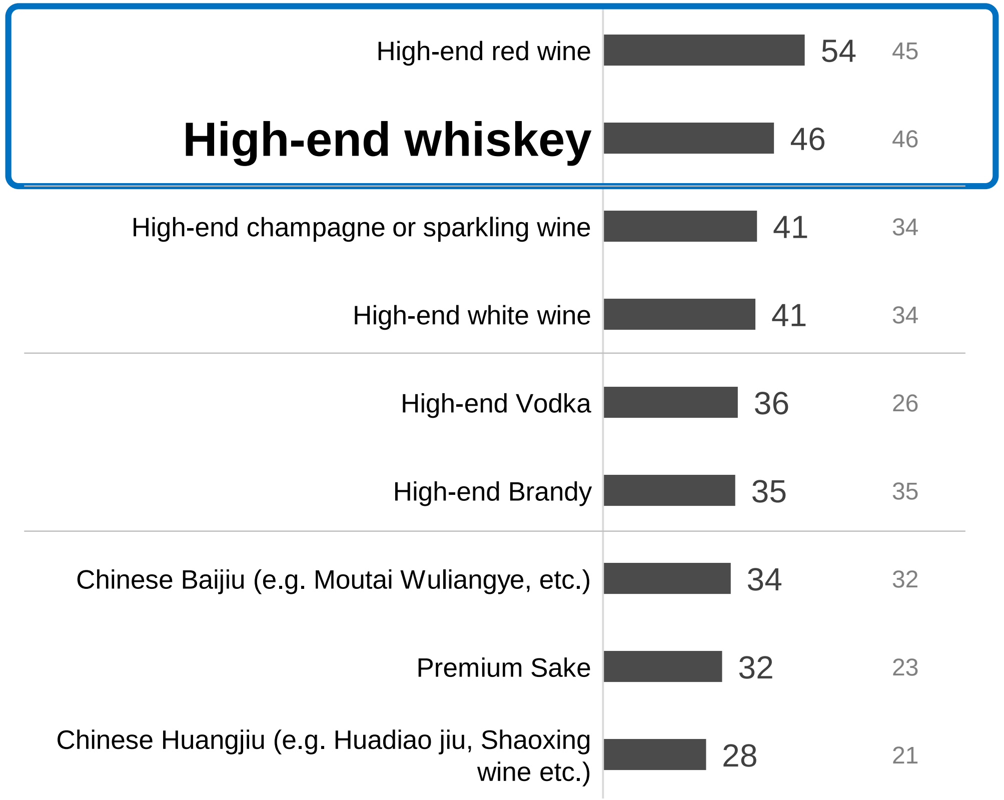
WINES AND SPIRITS

High-end red wine is favoured by both Chinese and Hong Kong luxury consumers. Chinese also like baijiu, whereas Hong Kong also like whiskey.

Mainland China Respondents: %



Hong Kong Respondents: %

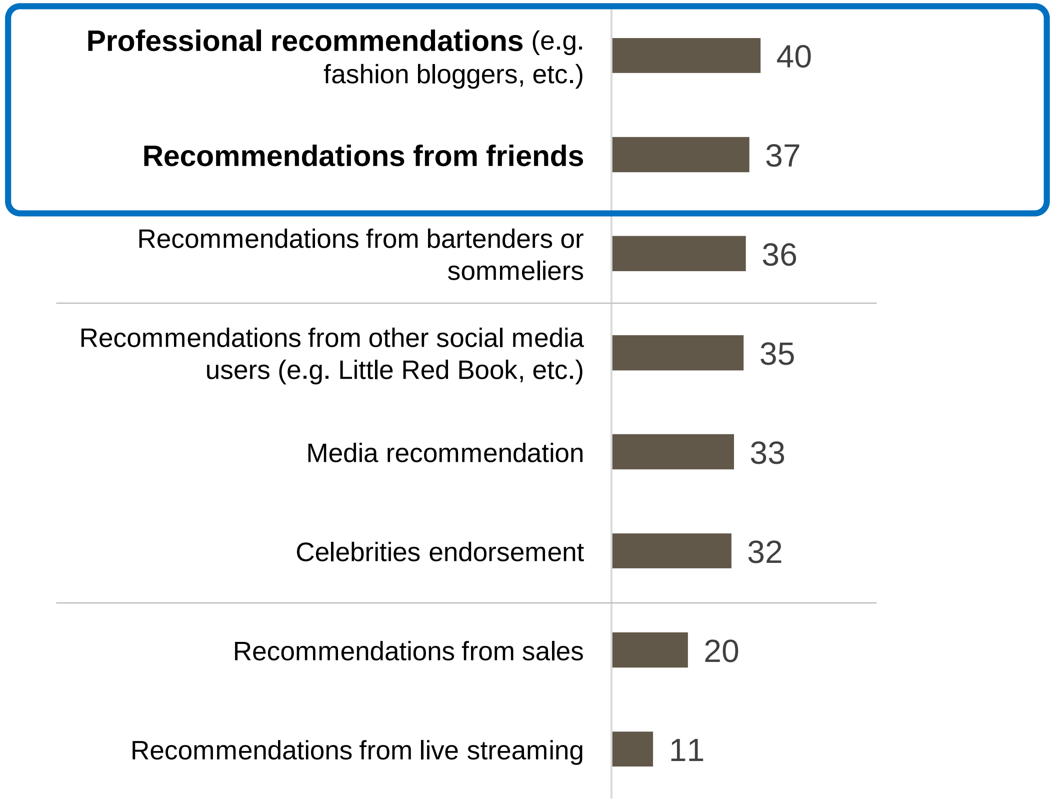


Types of wines and spirits bought

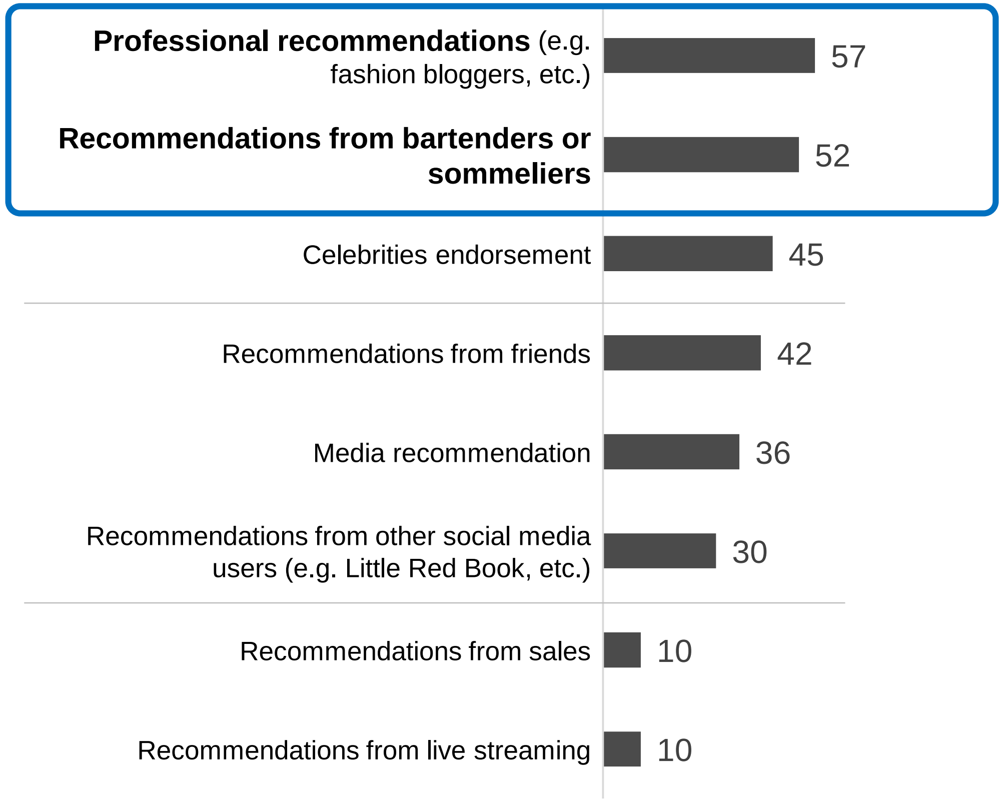
Grey = Previous year data

Bloggers, bartenders, sommeliers, and friends have the most influence in wines and spirits selection.

Mainland China Respondents: %



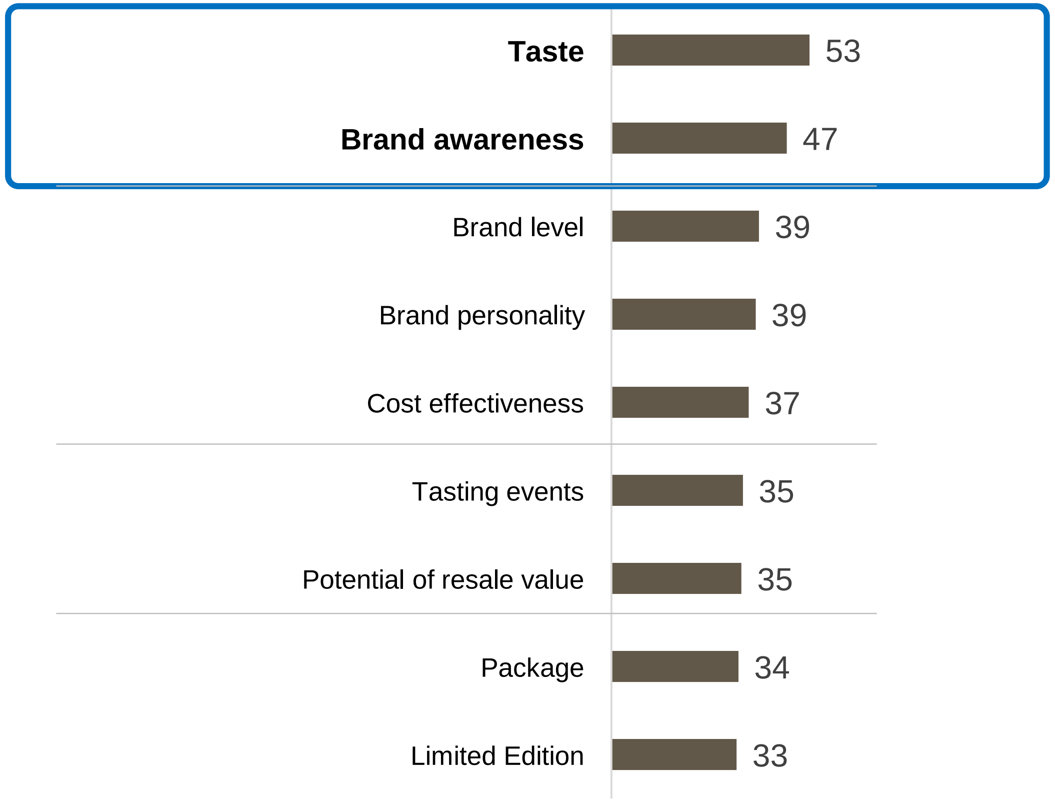
Hong Kong Respondents: %



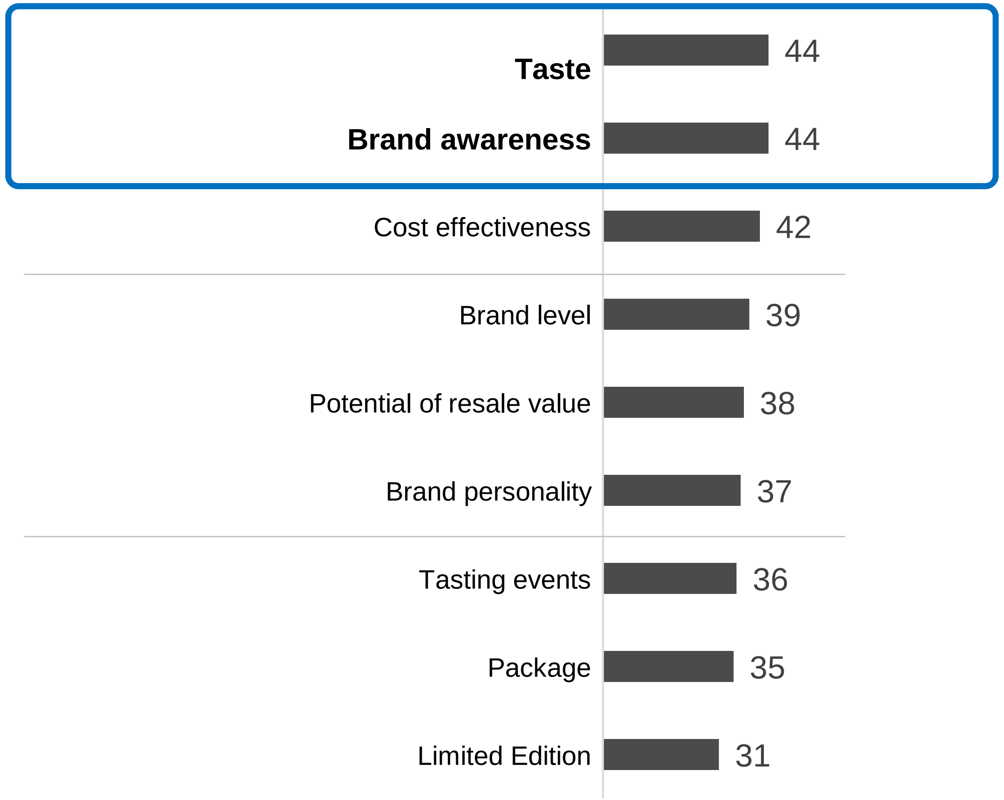
Influence - wines and spirits

Taste and brand awareness are the most important factors influencing consumer choices when it comes to wines and spirits.

Mainland China Respondents: %



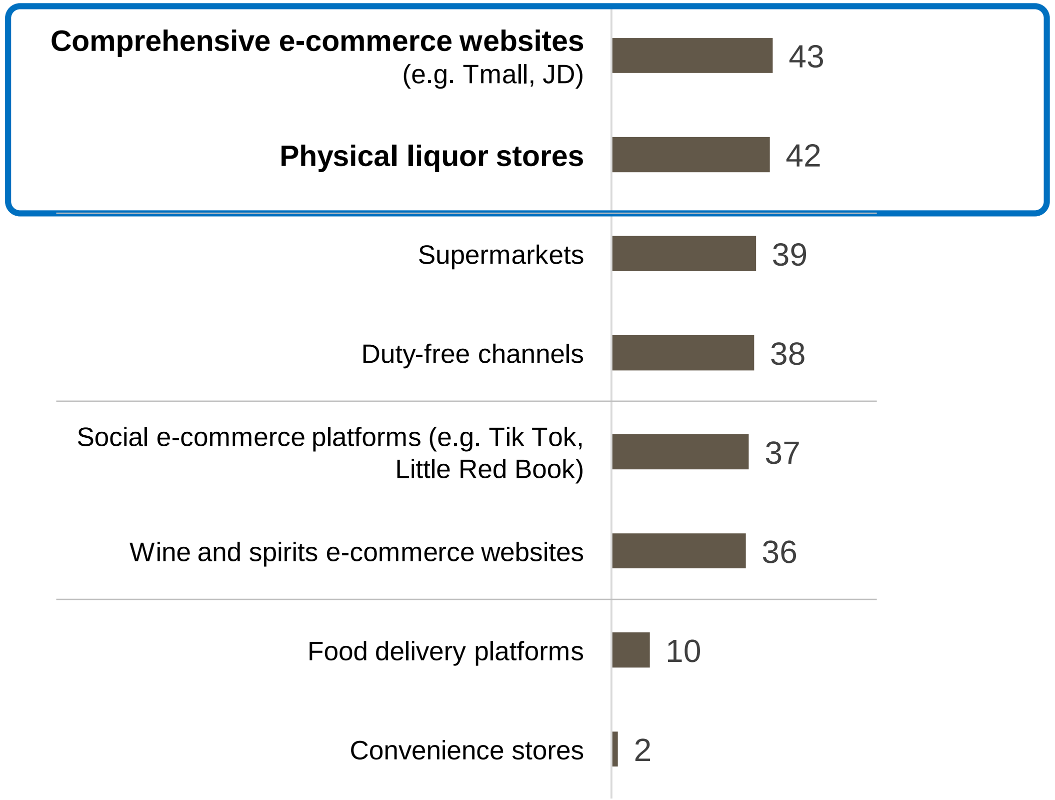
Hong Kong Respondents: %



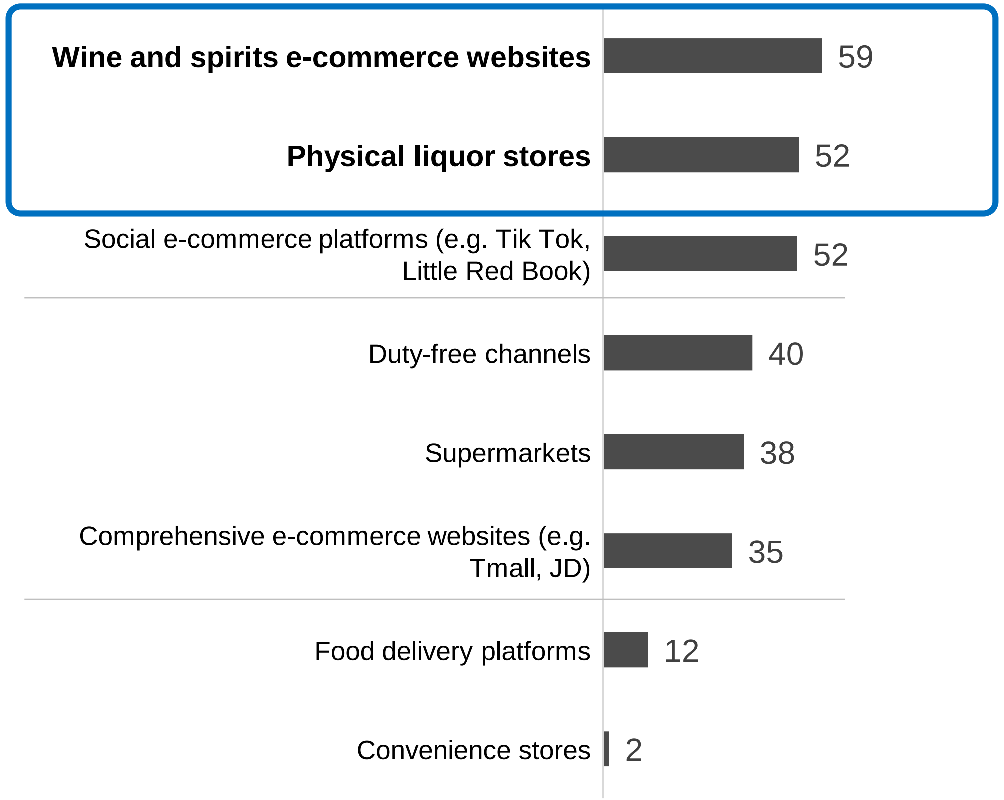
Factors to affect decision - wines and spirits

Comprehensive e-commerce websites and physical liquor stores are the most preferred channels to purchase wines and spirits.

Mainland China Respondents: %



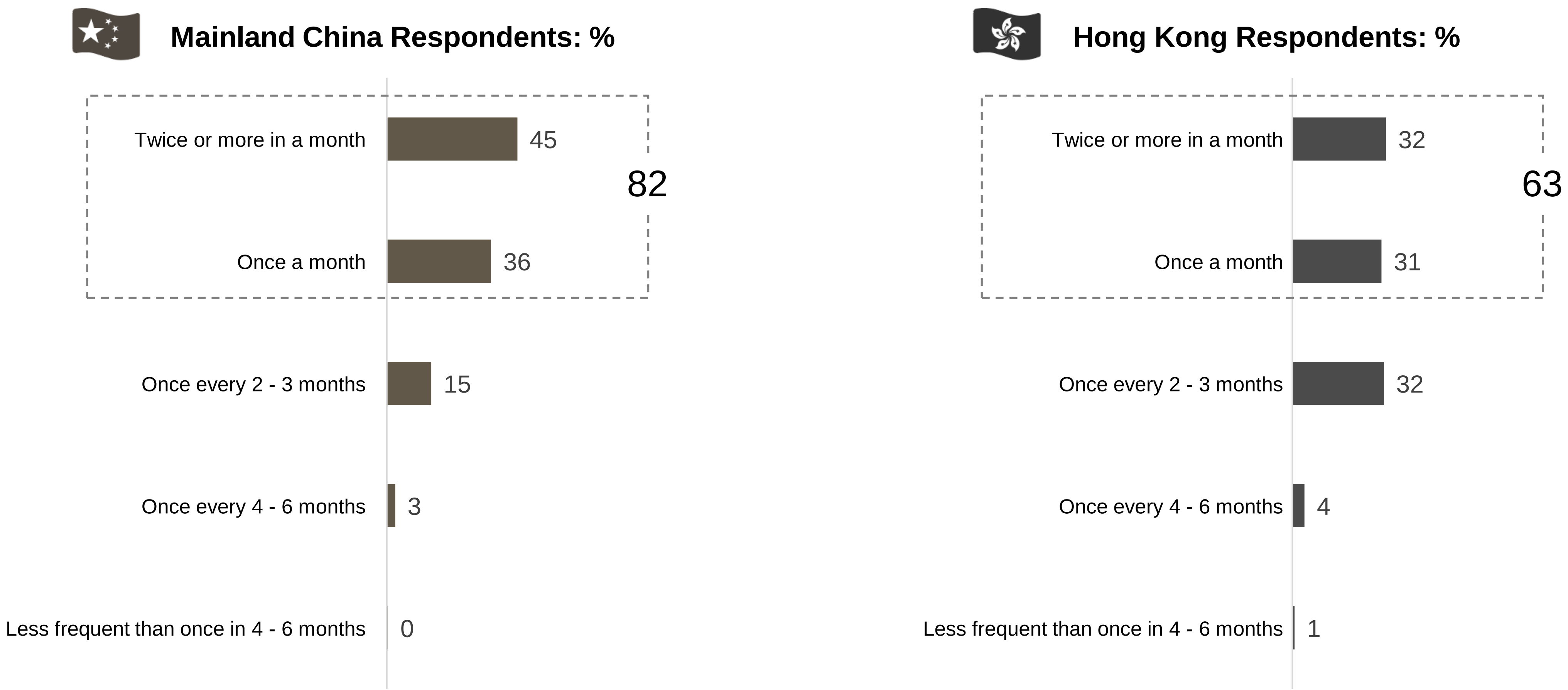
Hong Kong Respondents: %



Channels to purchase wines and spirits

FINE DINING

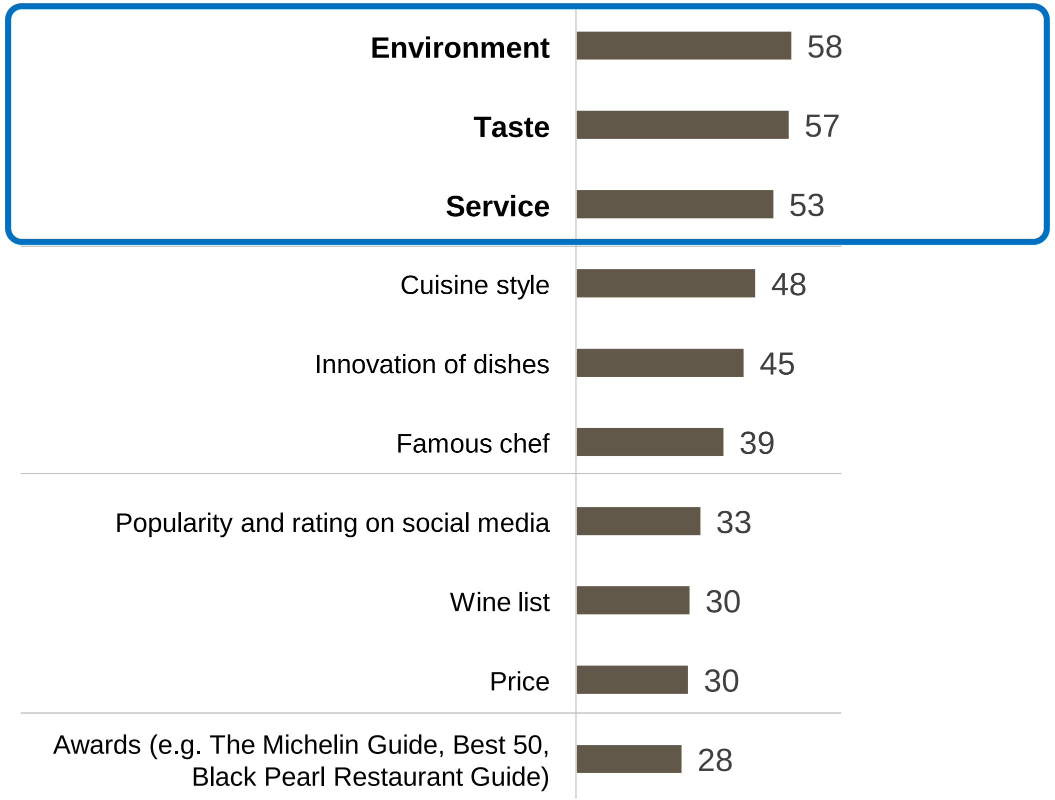
Mainland China respondents enjoy fine dining more frequently than those from Hong Kong.



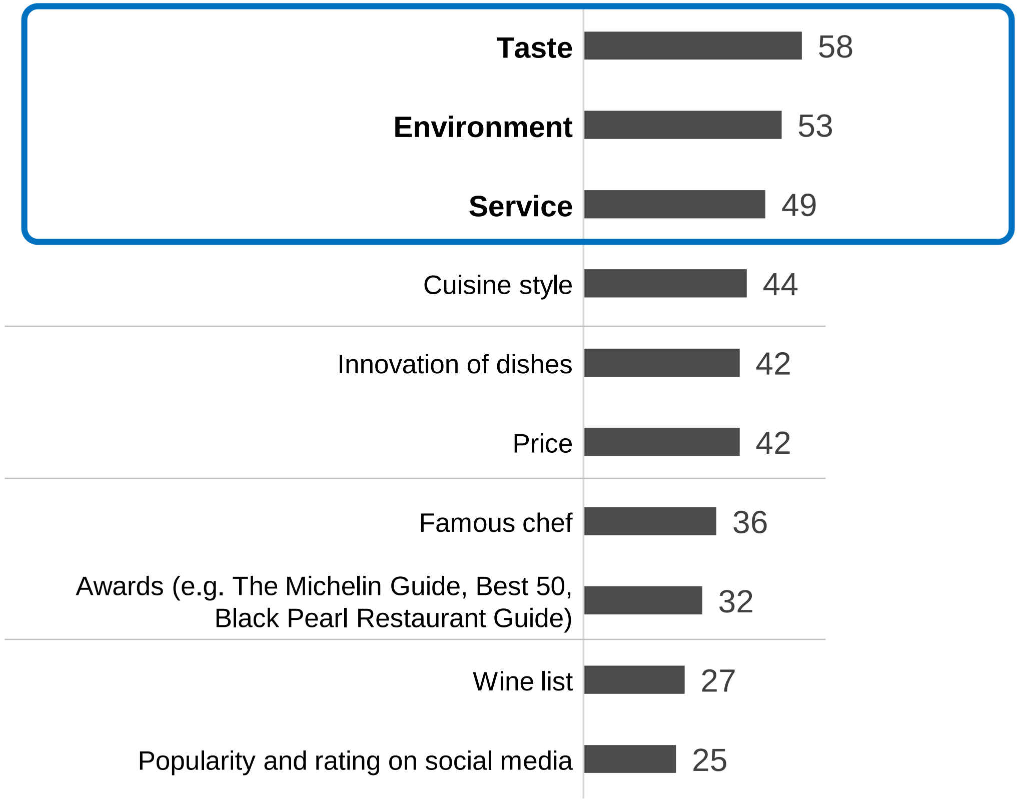
Frequency of fine-dining

Taste, environment and service are major considerations with fine dining restaurants selection.

Mainland China Respondents: %

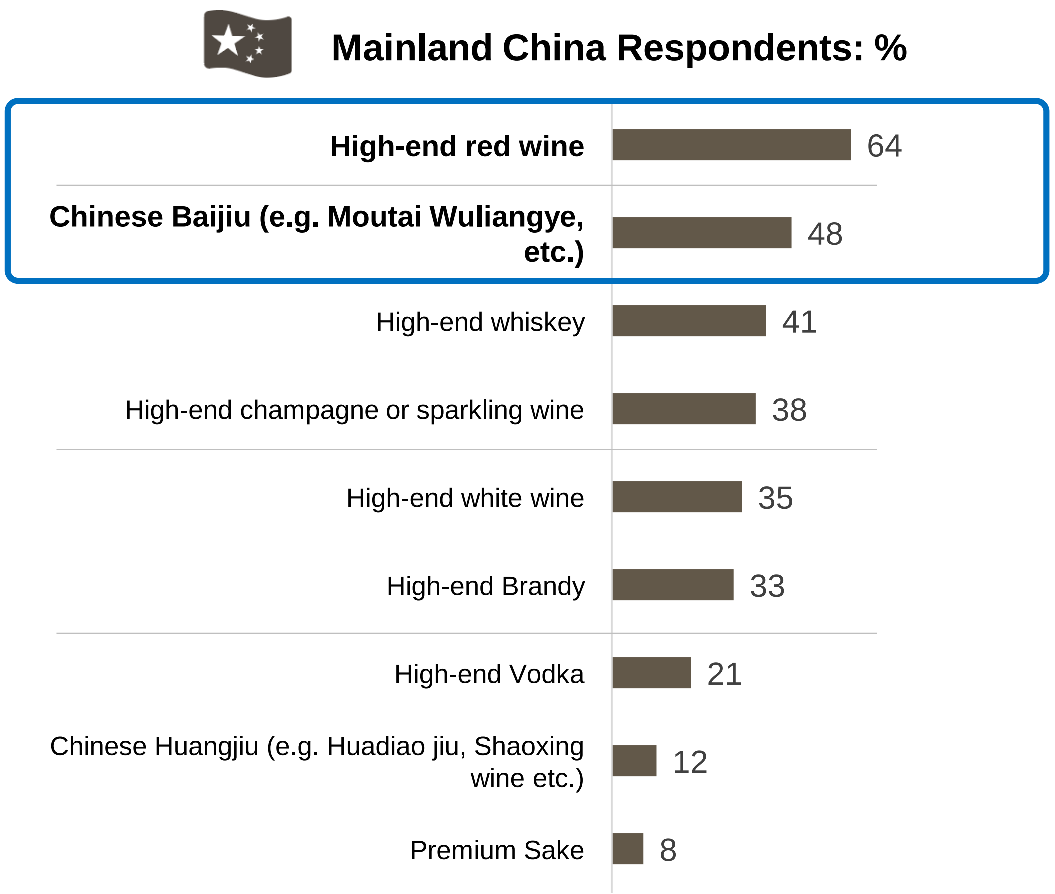


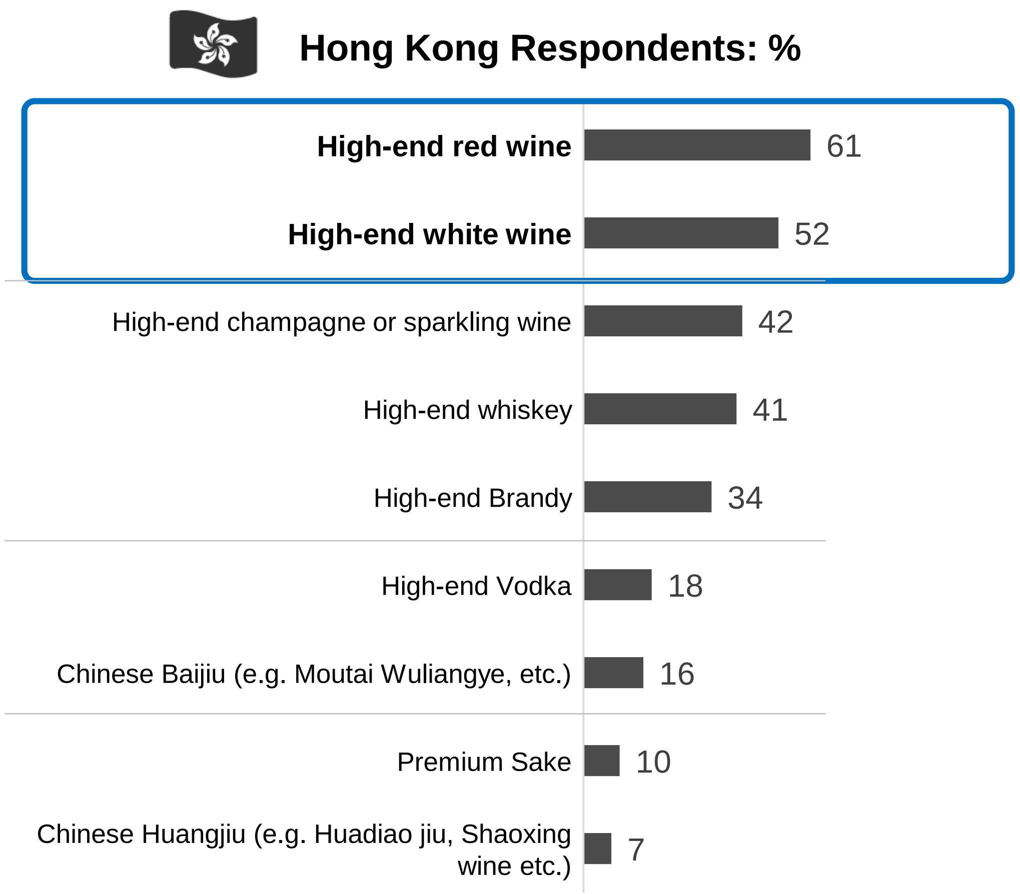
Hong Kong Respondents: %



Factors affect choice of fine-dining restaurants

More than 60% order red wine when fine-dining. Chinese luxury consumers also order Chinese baijiu when fine-dining; while Hong Kong luxury consumers also order white wine.



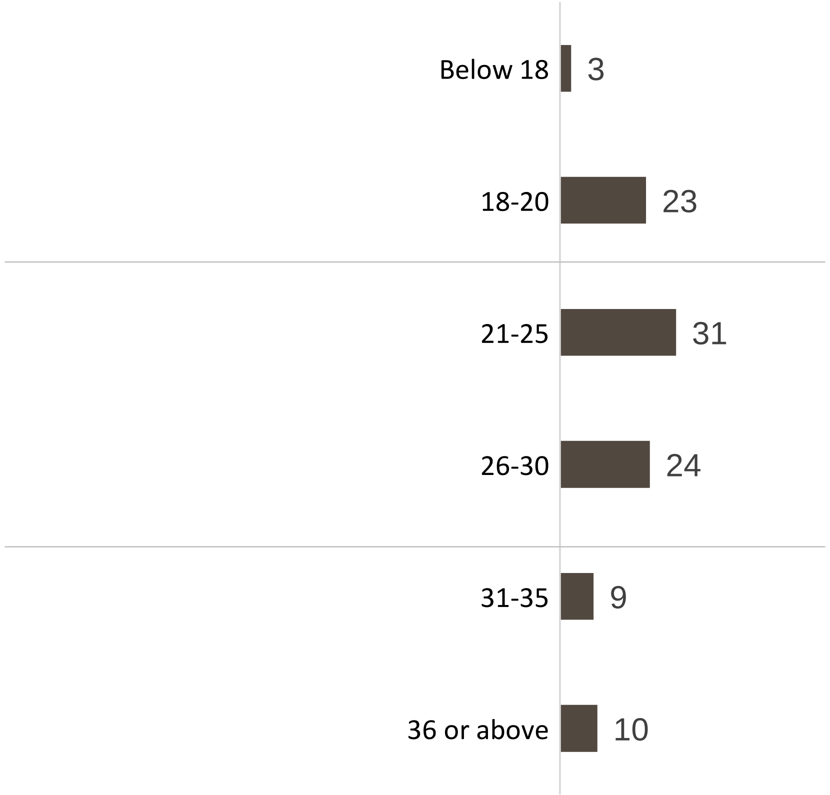


Wines and spirits ordered when fine dining

ATTITUDE TOWARDS LUXURY SHOPPING

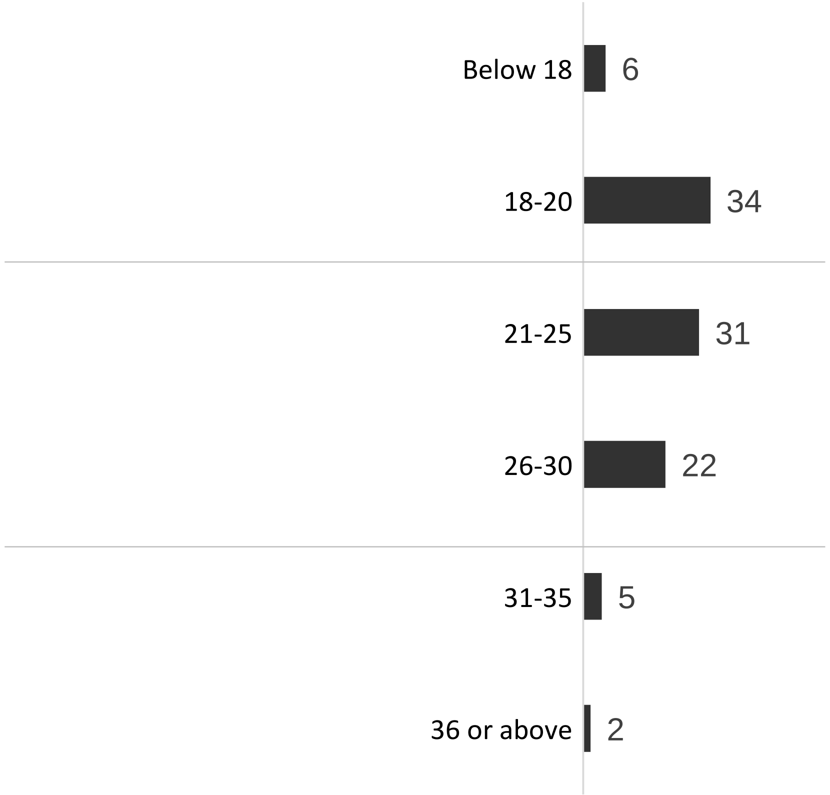
The average Chinese luxury consumer begins their luxury goods purchase at an age of 26.0; Hong Kong luxury consumers start their purchase at a younger age of 23.4.

Mainland China Respondents: %



Average (years old): 26.0

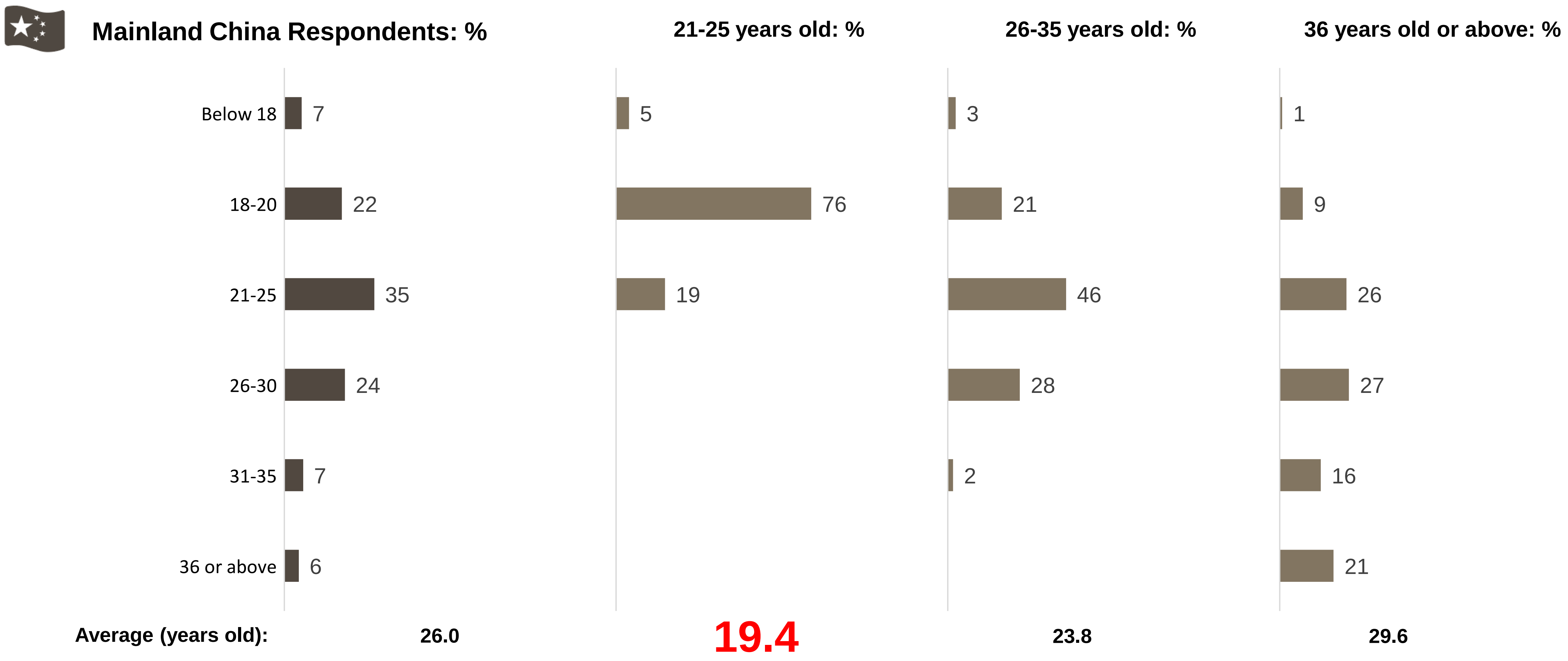
Hong Kong Respondents: %



Average (years old): 23.4

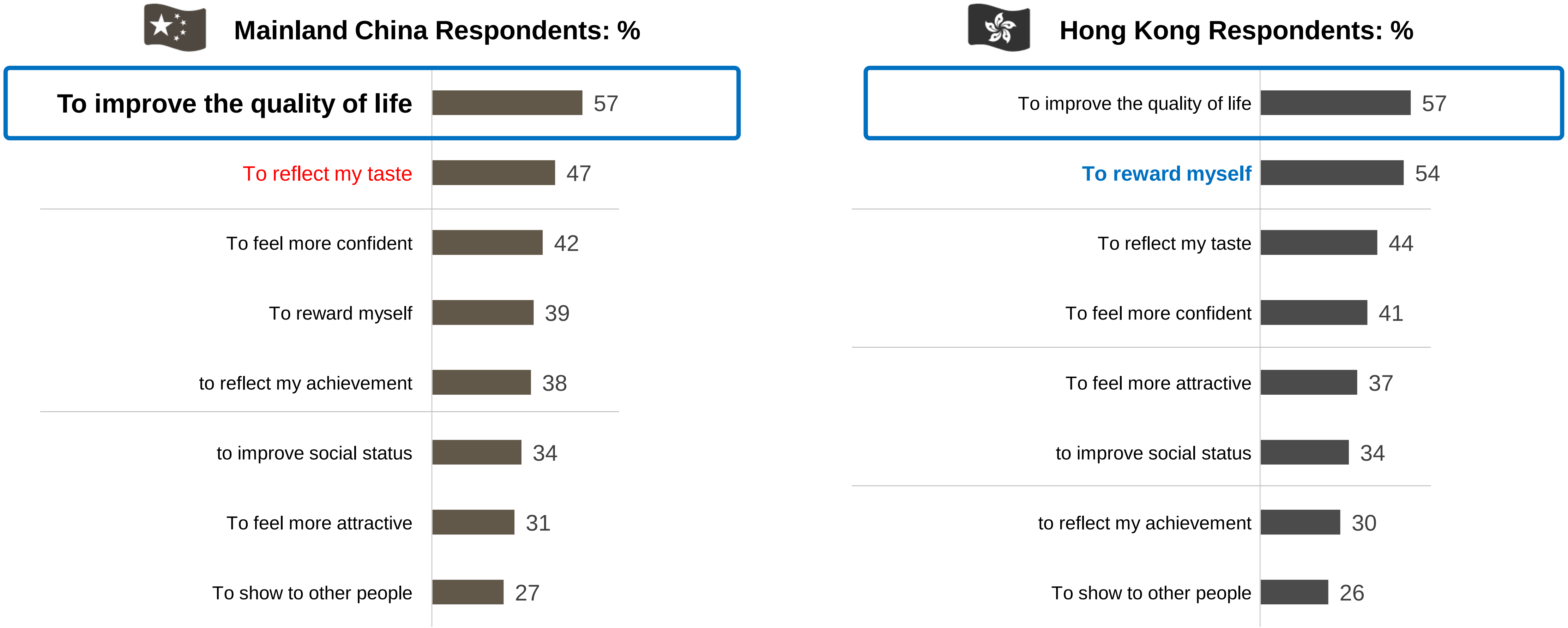
Age of first purchase of luxury goods

Gen Z begins their first purchase of luxury goods at the age of 19.4!



Age of first purchase of luxury goods

Chinese luxury consumers' attitude towards luxury consumption have reached a stable stage of rationality and maturity – they are purchasing luxury goods as a means to improve their quality of life.

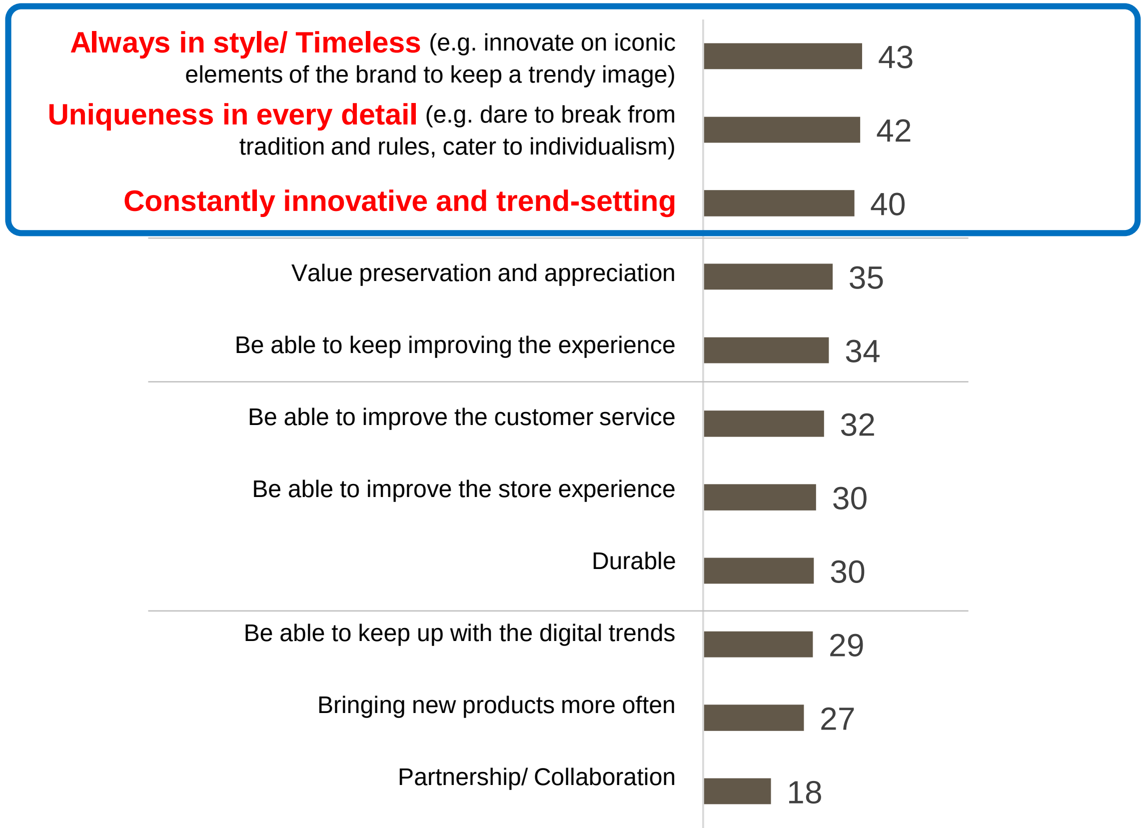


Reason to purchase luxury goods

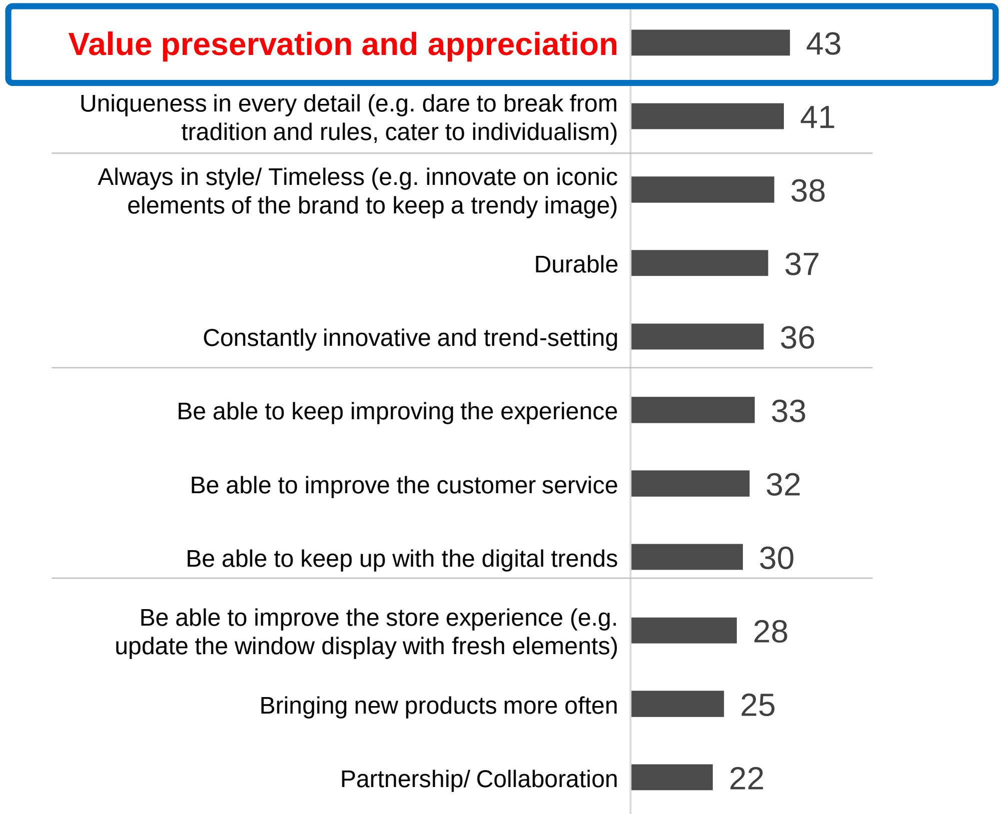
ATTRIBUTES OF WINNING BRAND

For Chinese luxury consumers, a "winning brand" is defined by timelessness, uniqueness in every detail and constant innovation; Hong Kong consumers define it by its value preservation and appreciation.

Mainland China Respondents: %



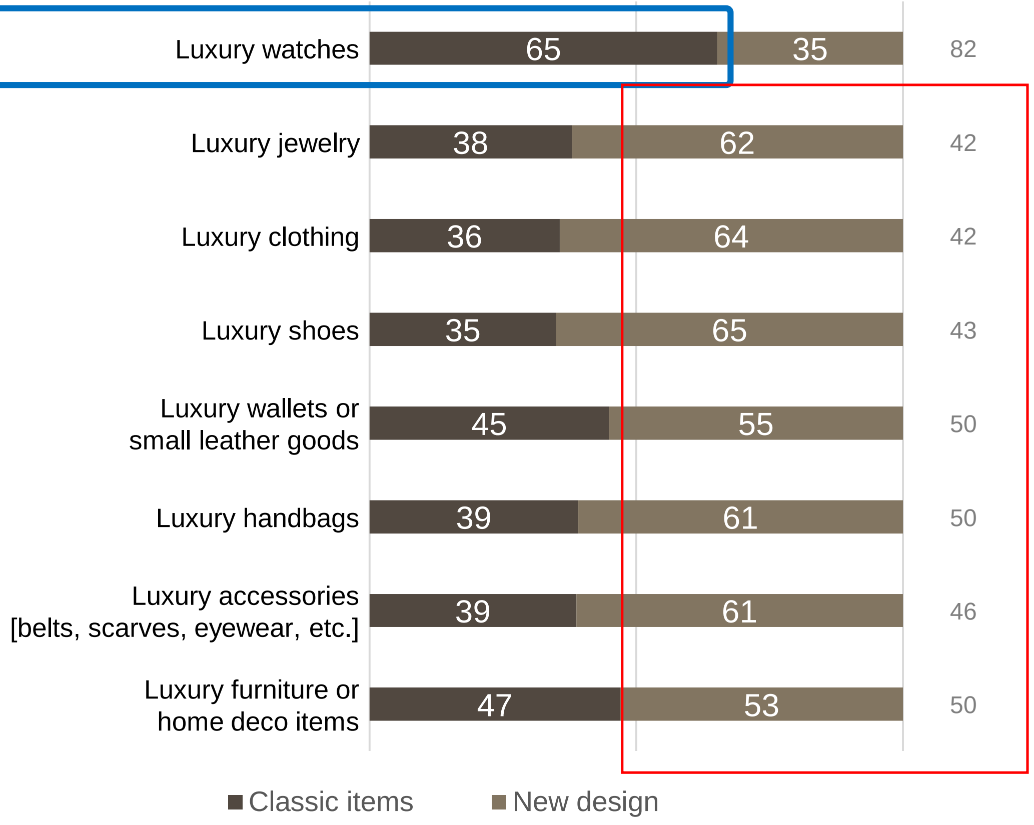
Hong Kong Respondents: %



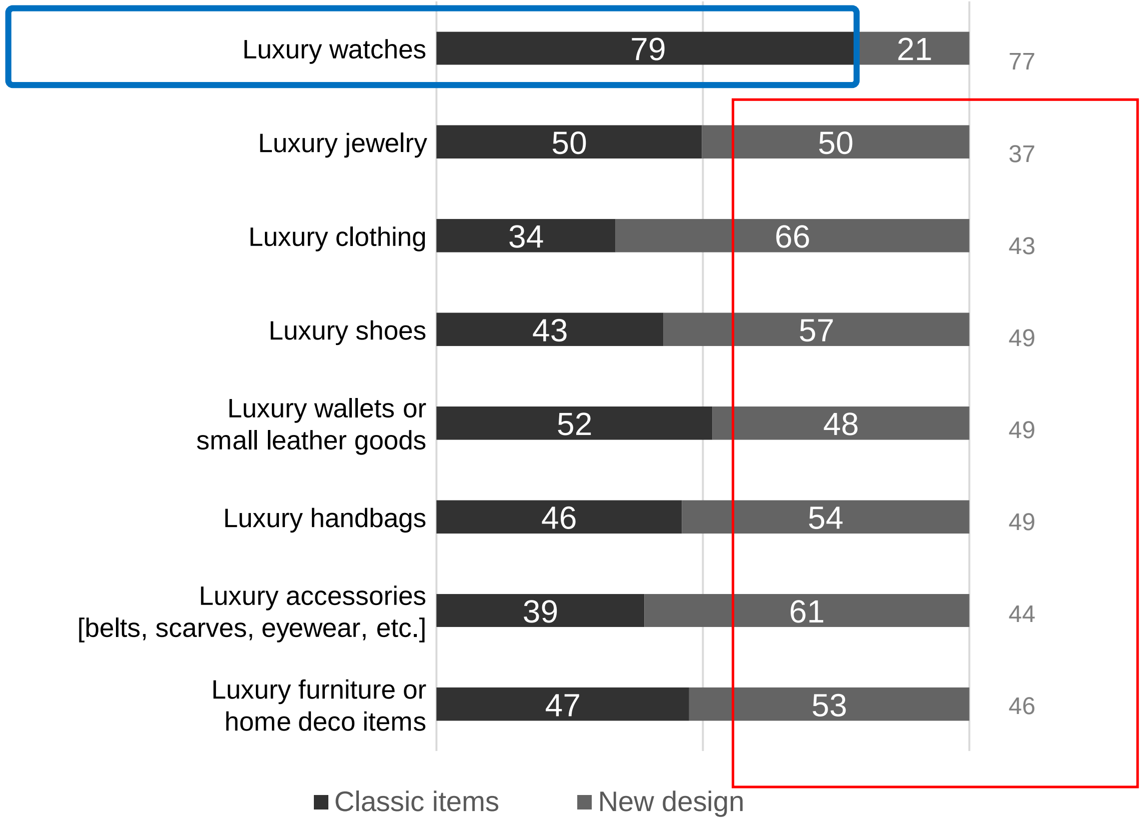
Important attributes of a winning brand

Classic watches have always been popular, while trendy new designs have dominated other luxury categories.

Mainland China Respondents: %



Hong Kong Respondents: %

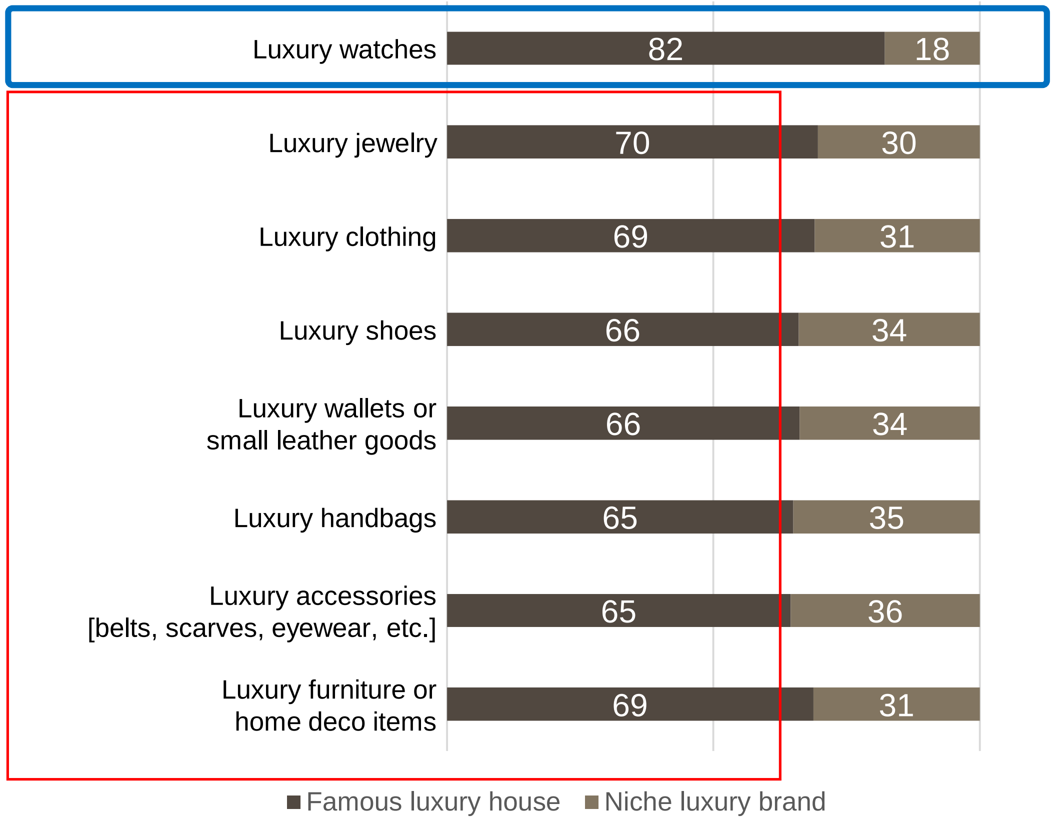


Classic item or new design

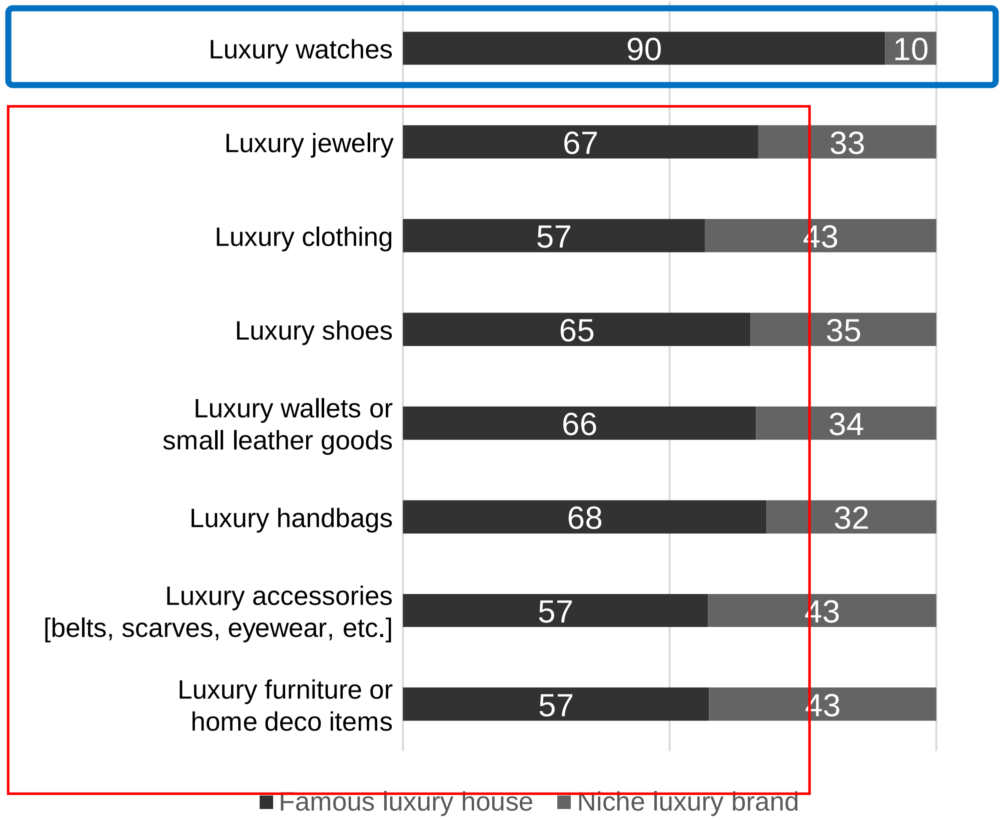
Grey = Previous year data (Classic item)

Famous luxury brands have a clear advantage in consumer preferences; niche brands gained favor with about 1/3 of respondents, and are gradually gaining ground. For watches, traditional brands still heavily dominate.

Mainland China Respondents: %



Hong Kong Respondents: %

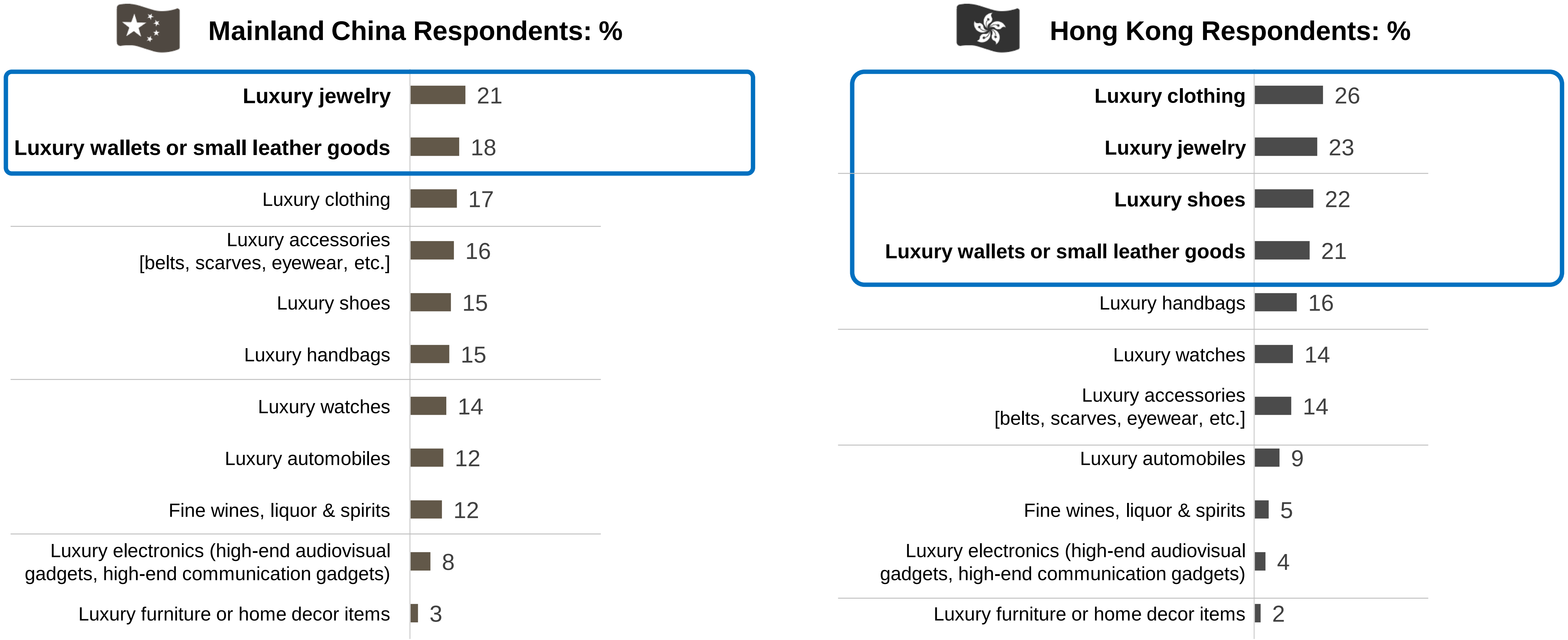


Famous or niche luxury brands

Grey = Previous year data (Famous luxury house)

VINTAGE/ USED

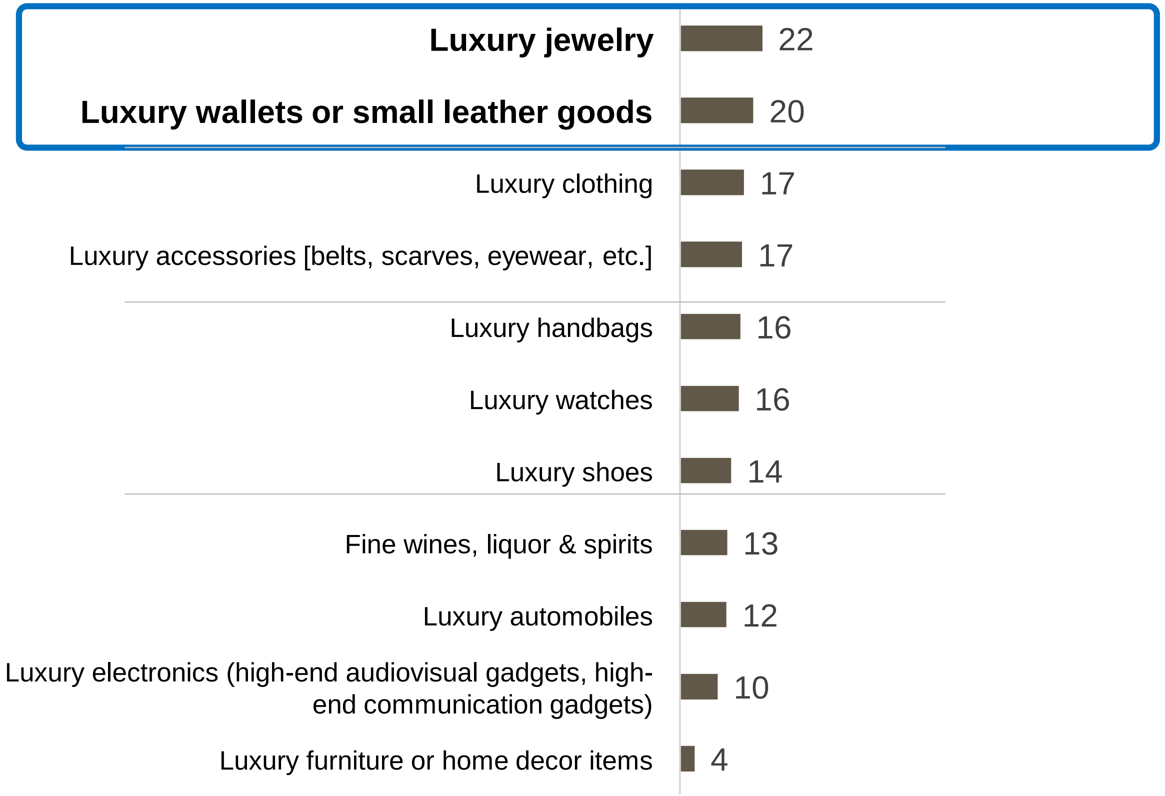
Luxury jewelry, apparel, small leather goods and accessories are the most purchased second-hand luxury items.



Category that second-hand items were purchased

The short-term purchase intentions of second-hand luxury items align with current trends.

Mainland China Respondents: %



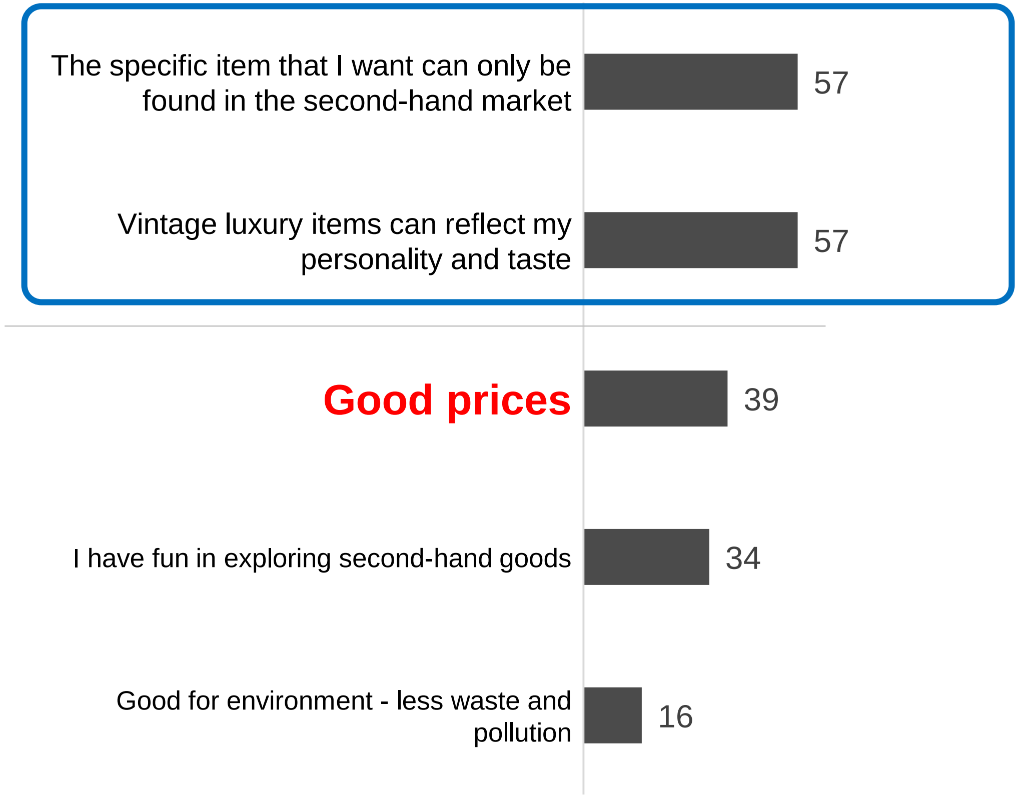
Hong Kong Respondents: %

Would purchase second-hand luxury items in N12M

Apart from the fact that specific items can only be found in the second-hand market, second-hand luxury purchases also reflect certain style preferences.

Mainland China Respondents: %

Hong Kong Respondents: %



Reason of purchasing second-hand luxury items

While on the other hand, second-hand luxury purchases are still not widely accepted in both Mainland China and Hong Kong.

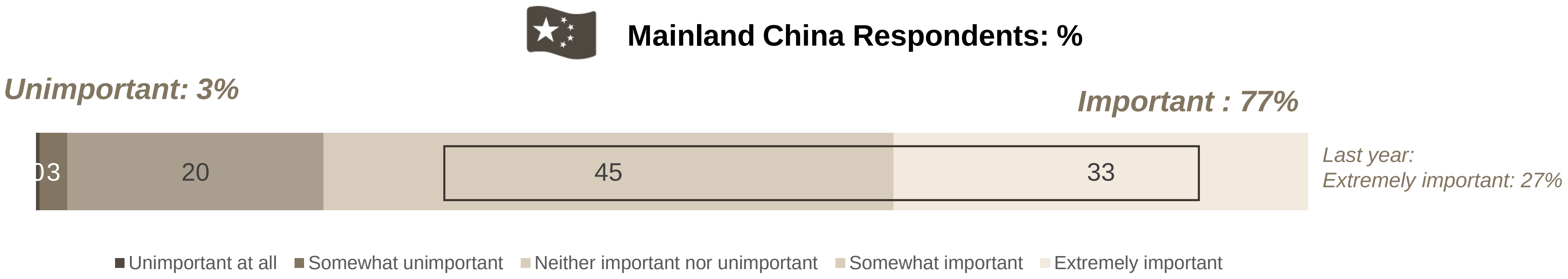
Mainland China Respondents: %

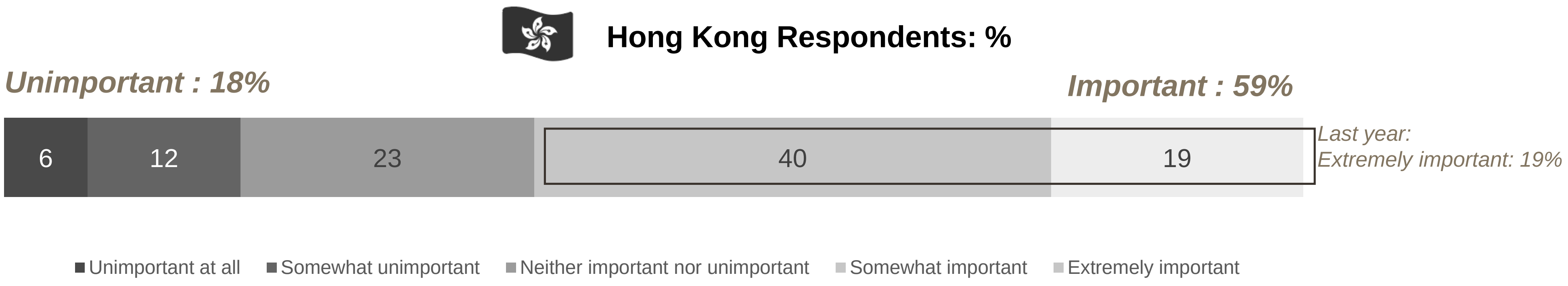
Hong Kong Respondents: %

Reason of not purchasing second-hand luxury items

IMPORTANCE OF CHINESE AESTHETICS

Chinese elements in luxury items gaining favorability.

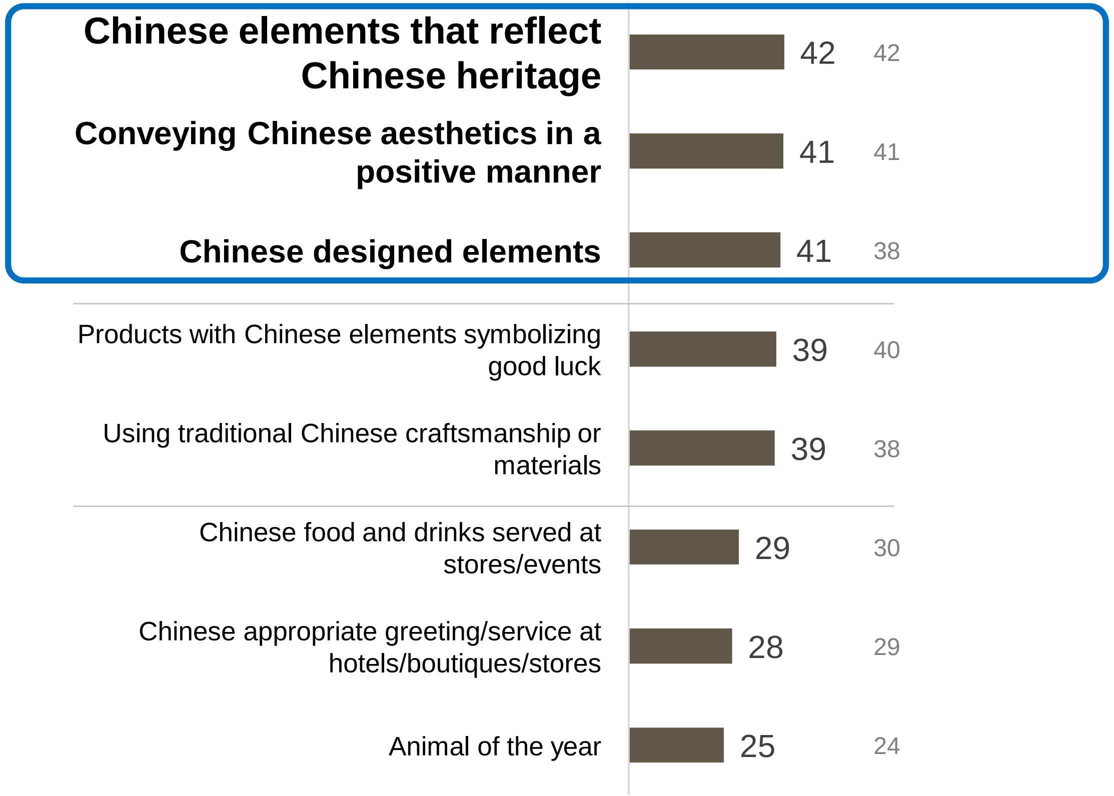




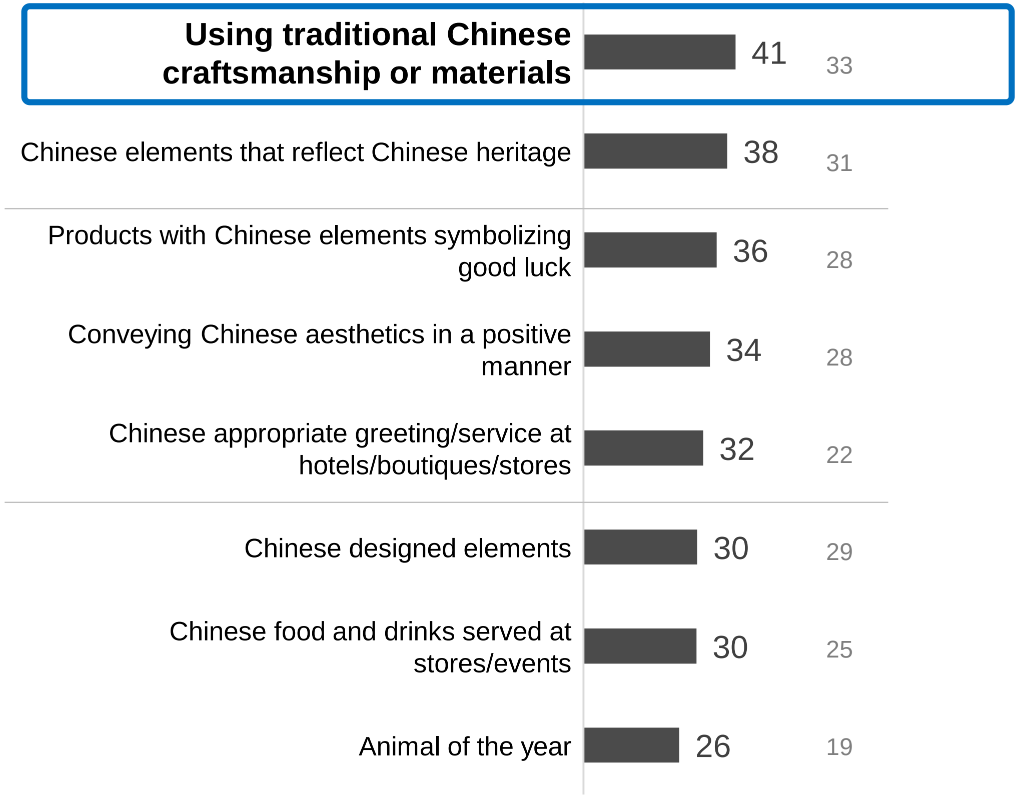
Importance of Chinese elements embedded in luxury

Chinese heritage elements are highly appreciated among Chinese luxury consumers; Hong Kong consumers appreciate using traditional Chinese craftsmanship or materials.

Mainland China Respondents: %



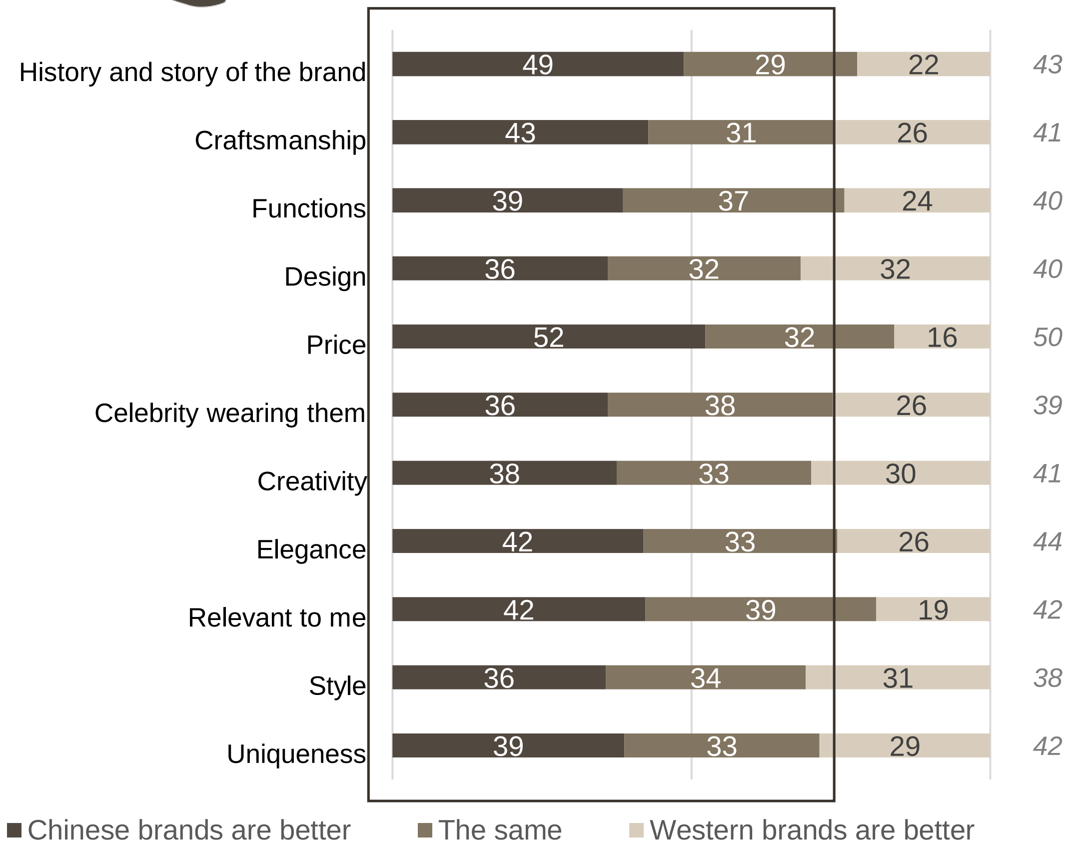
Hong Kong Respondents: %



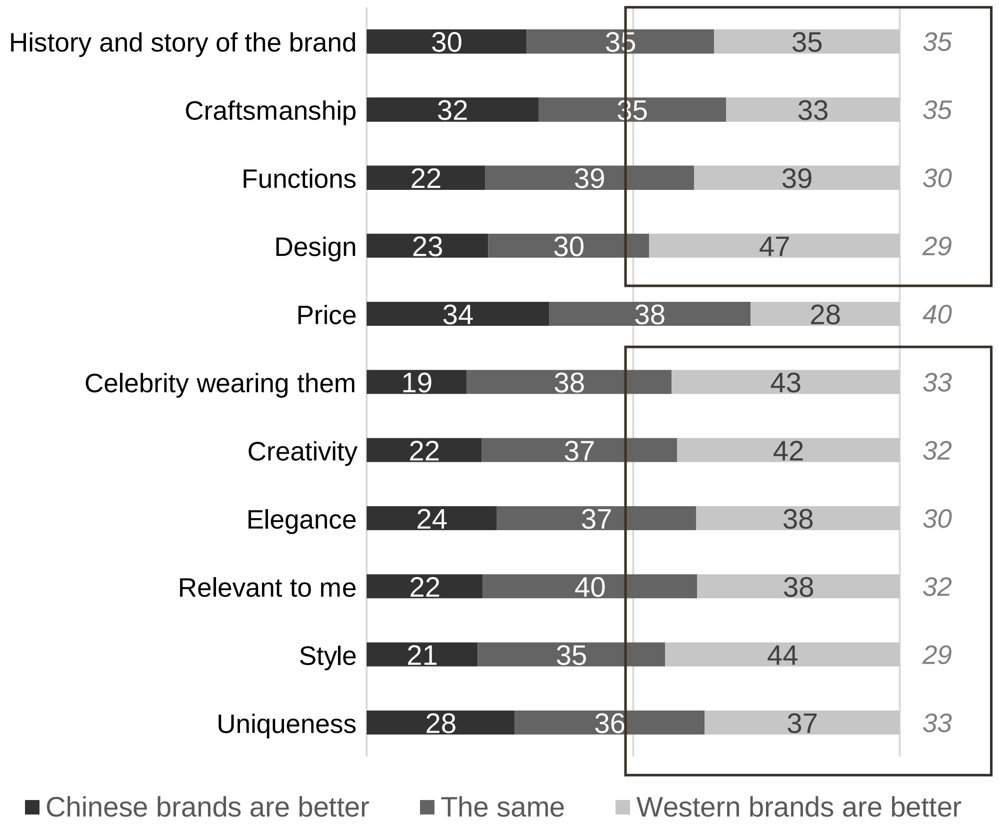
Chinese elements appreciated

Chinese luxury consumers are gaining more confidence towards Chinese brands in various elements.

Mainland China Respondents: %



Hong Kong Respondents: %

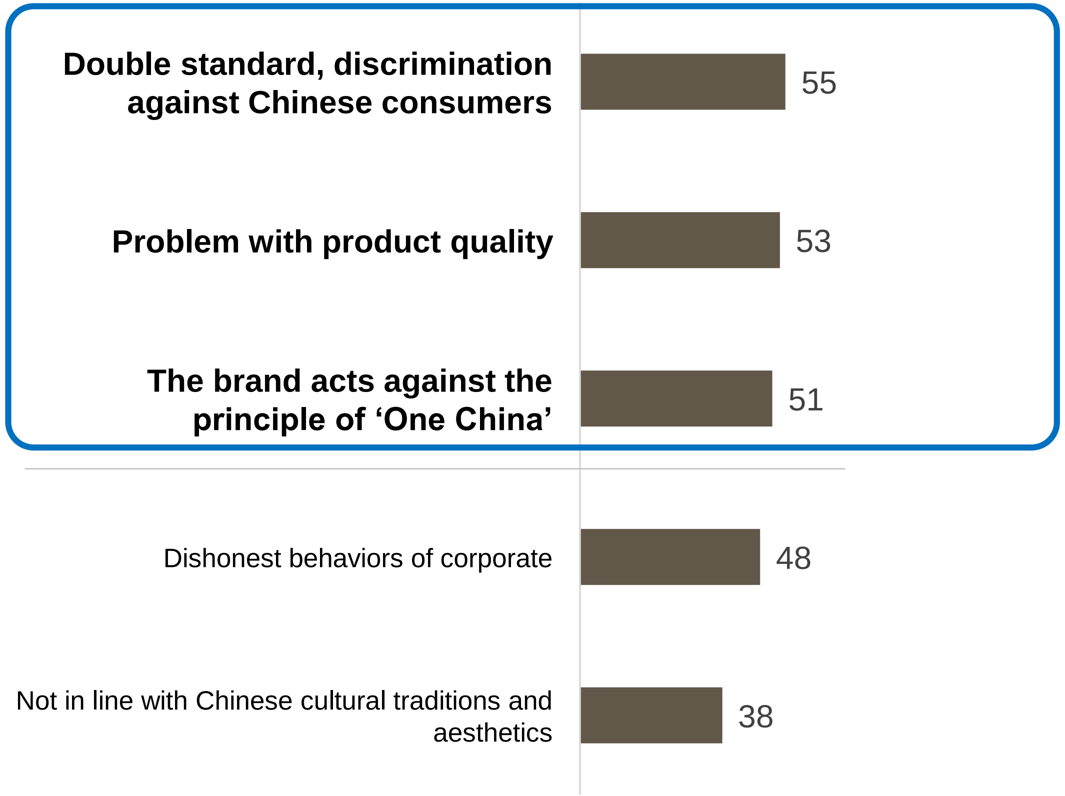


Chinese brands or western brands

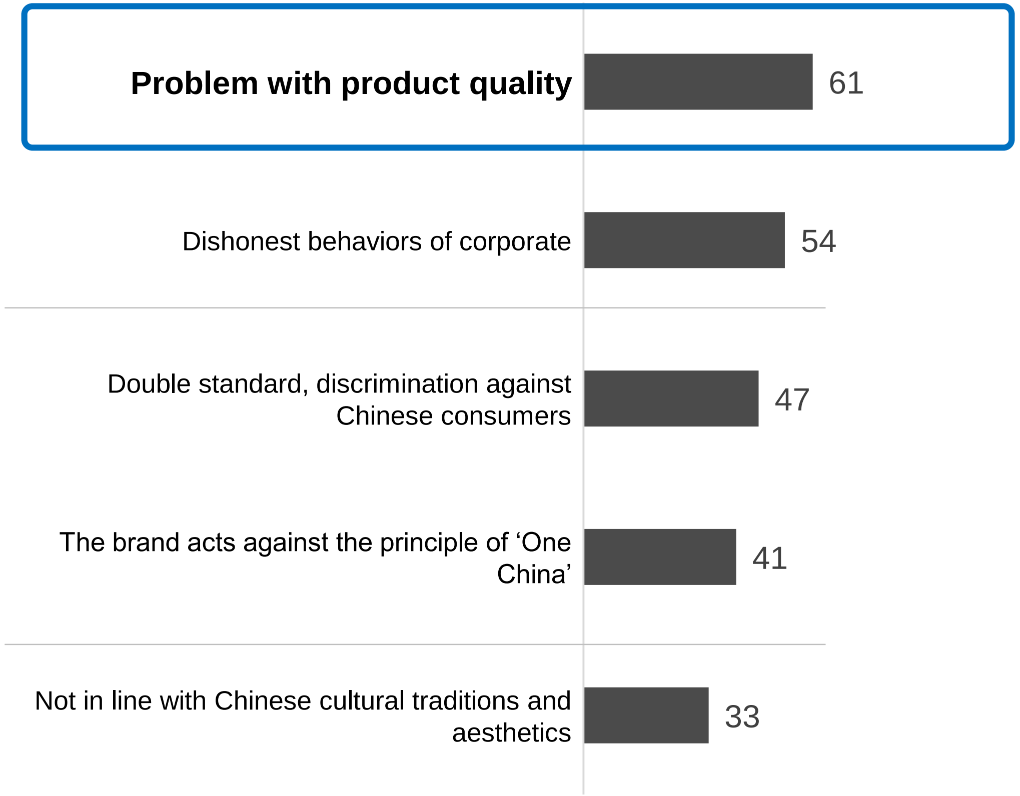
Grey = Previous year data (Chinese brands are better)

‘Double standards’ and quality problems severely harm consumers’ purchase intentions.

Mainland China Respondents: %



Hong Kong Respondents: %

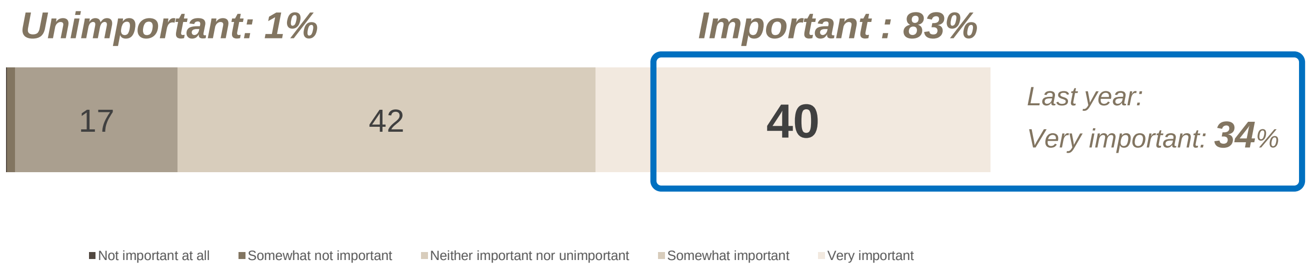


Situations that would make you like a brand less

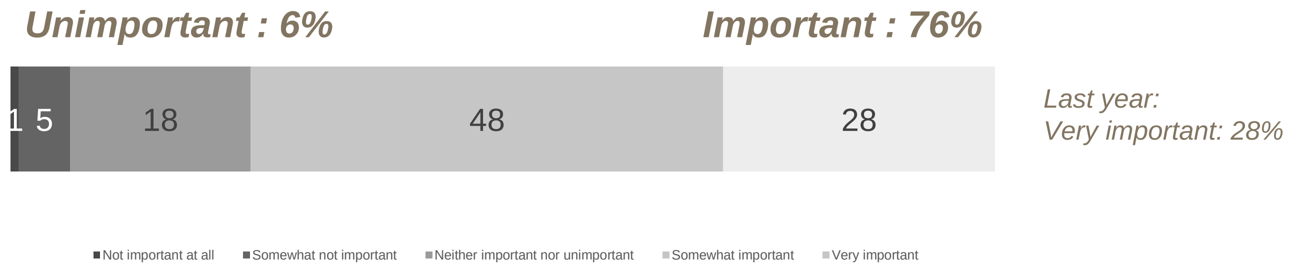

SUSTAINABILITY AND LUXURY

Sustainable development continues to have high acceptance in mainland China and gaining in popularity in Hong Kong.

Mainland China Respondents: %

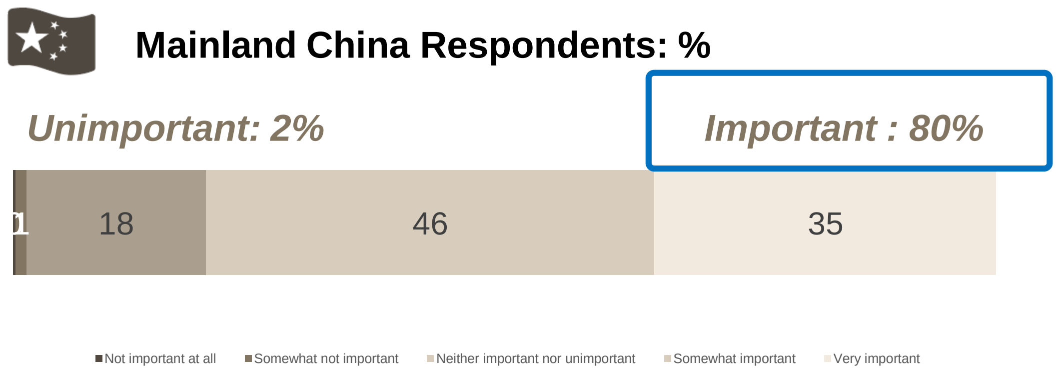


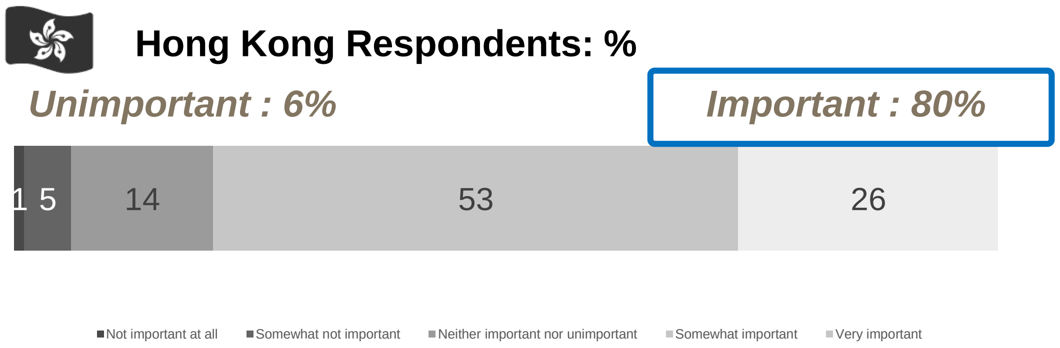
Hong Kong Respondents: %



Importance of sustainability

Luxury industry is deemed important in promoting sustainability.

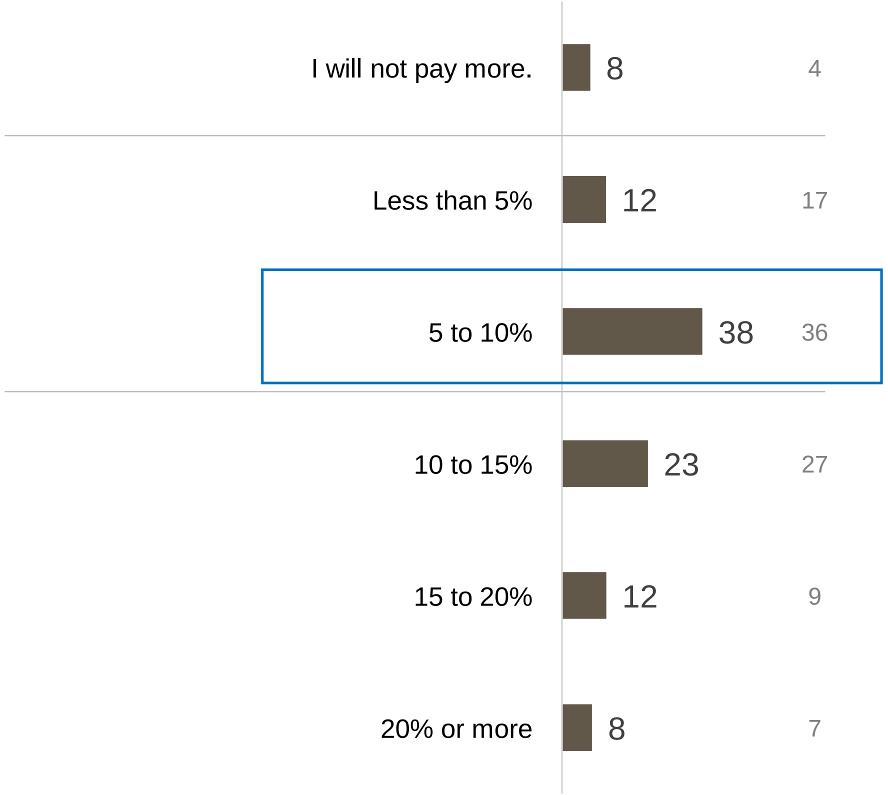




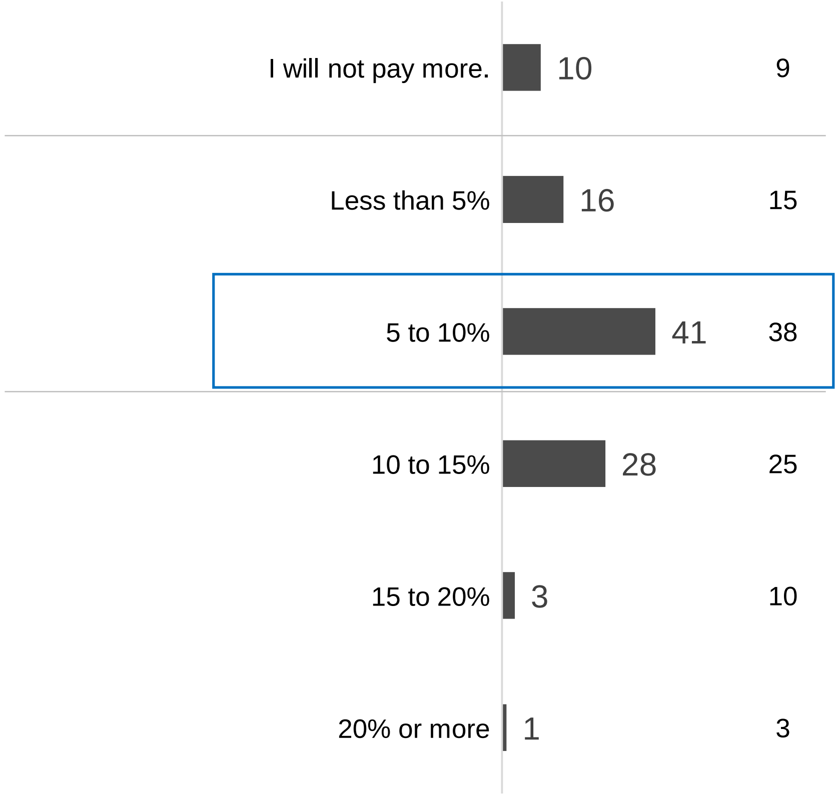
Importance of luxury companies in encouraging sustainability

Consumers are willing to pay extra for luxury brands' sustainability practices.

Mainland China Respondents: %



Hong Kong Respondents: %



Amount to pay for sustainable practices

Grey = Previous year data

Ignoring sustainability can negatively impact a luxury brand.

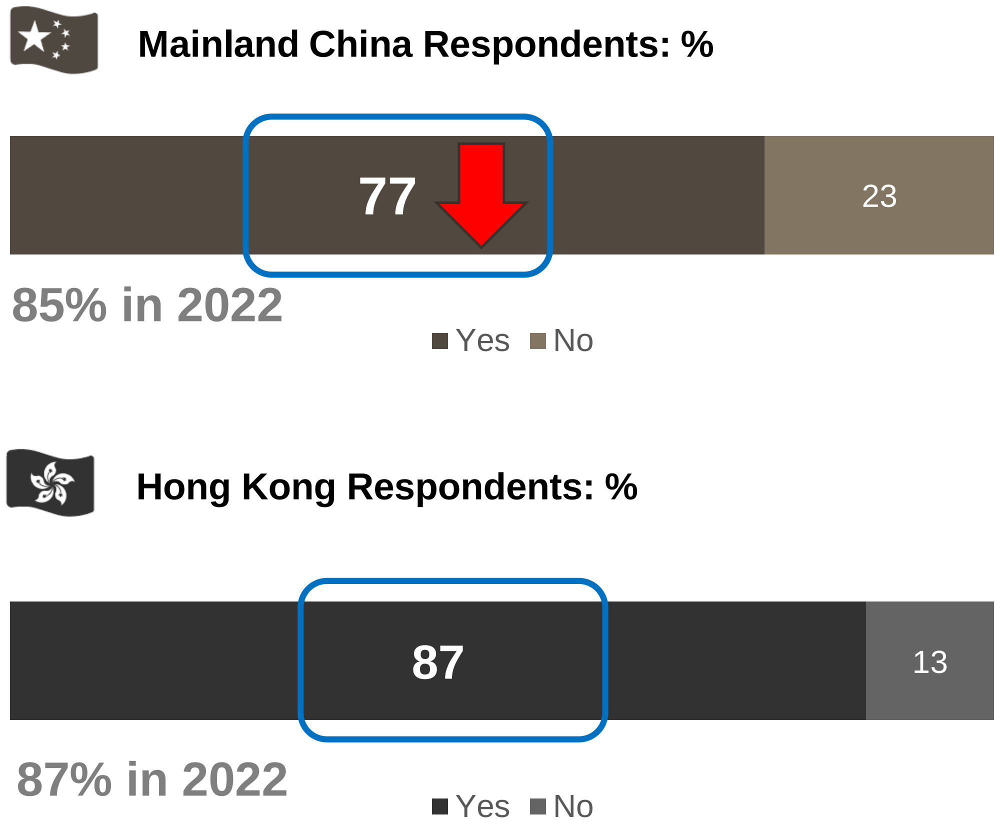
Mainland China Respondents: %

Hong Kong Respondents: %

Actions to take if a company is not making an effort towards sustainability

HONG KONG AS AN ASIAN LUXURY HUB

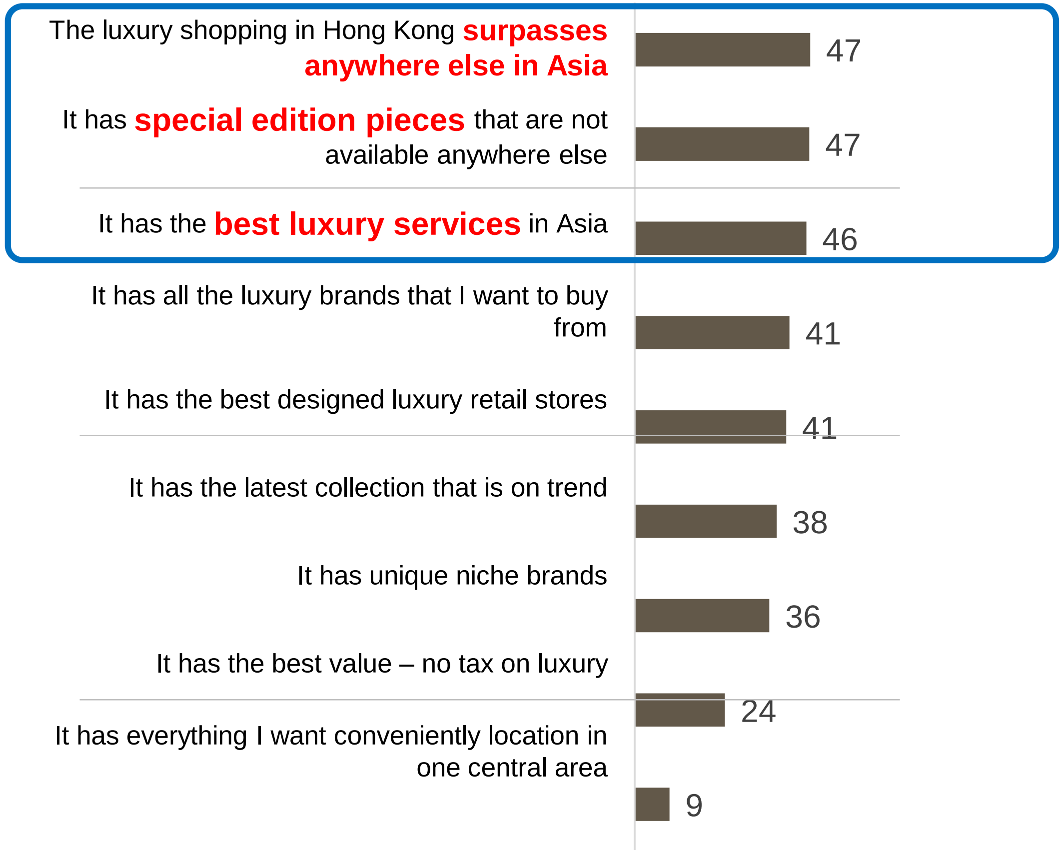
Hong Kong still perceived as a luxury hub in Asia.



Hong Kong is still an Asian luxury hub

The attraction of Hong Kong is attributed to the superior shopping experience, availability of special edition products and very high service level.

Mainland China Respondents: %

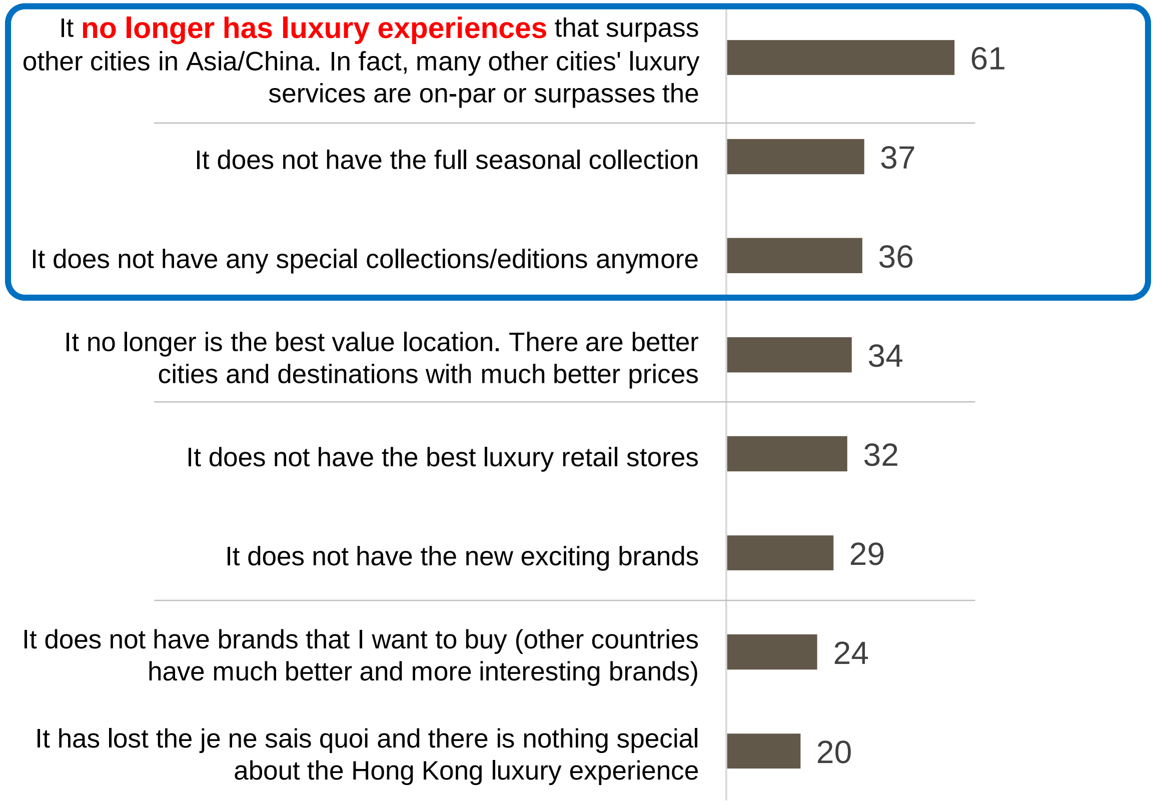


Hong Kong Respondents: %

Reason that Hong Kong is still an Asian luxury hub

Hong Kong could lose its status if it no longer offers best-in-class experiences and exciting products.

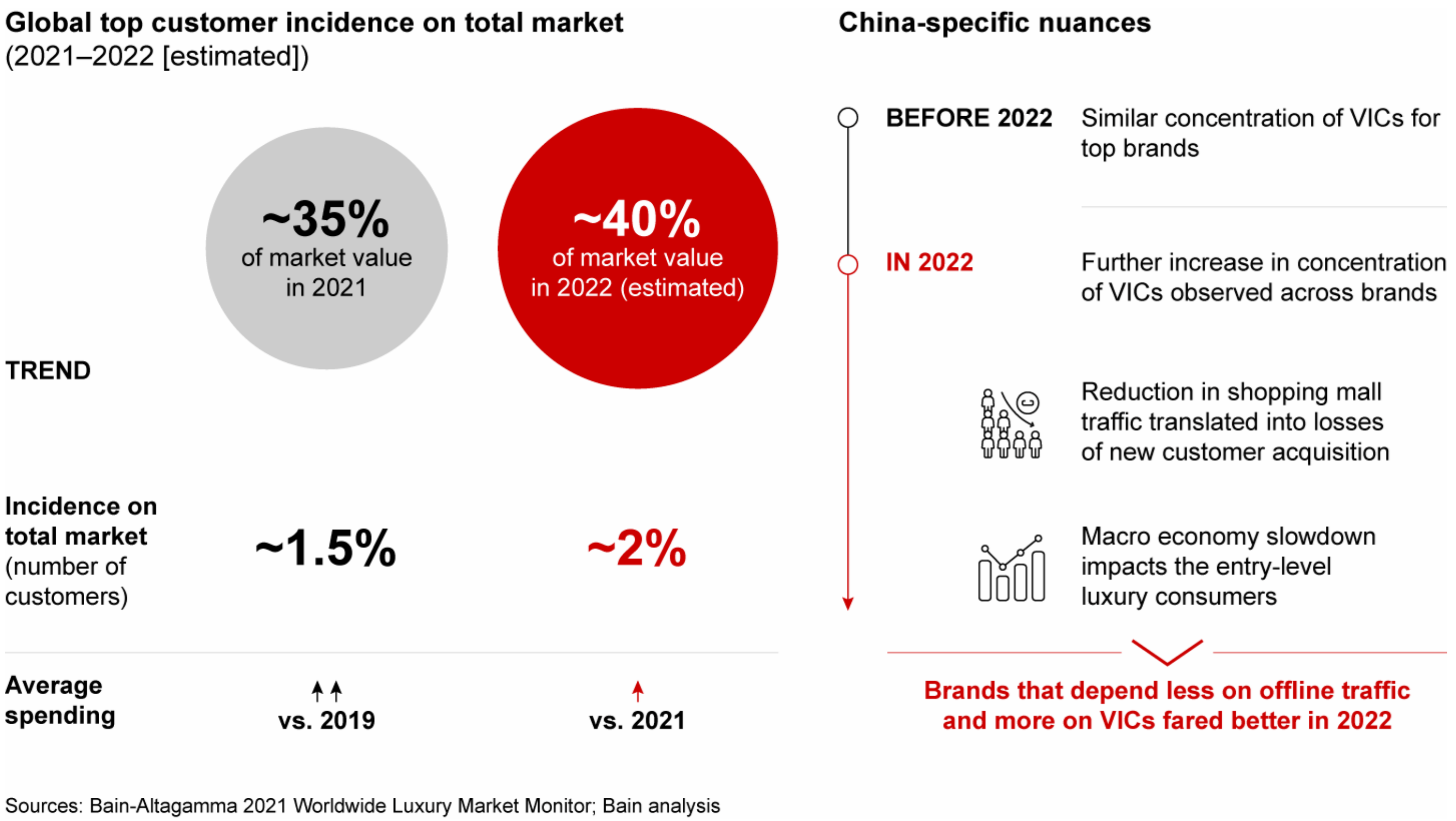
Mainland China Respondents: %



Hong Kong Respondents: %

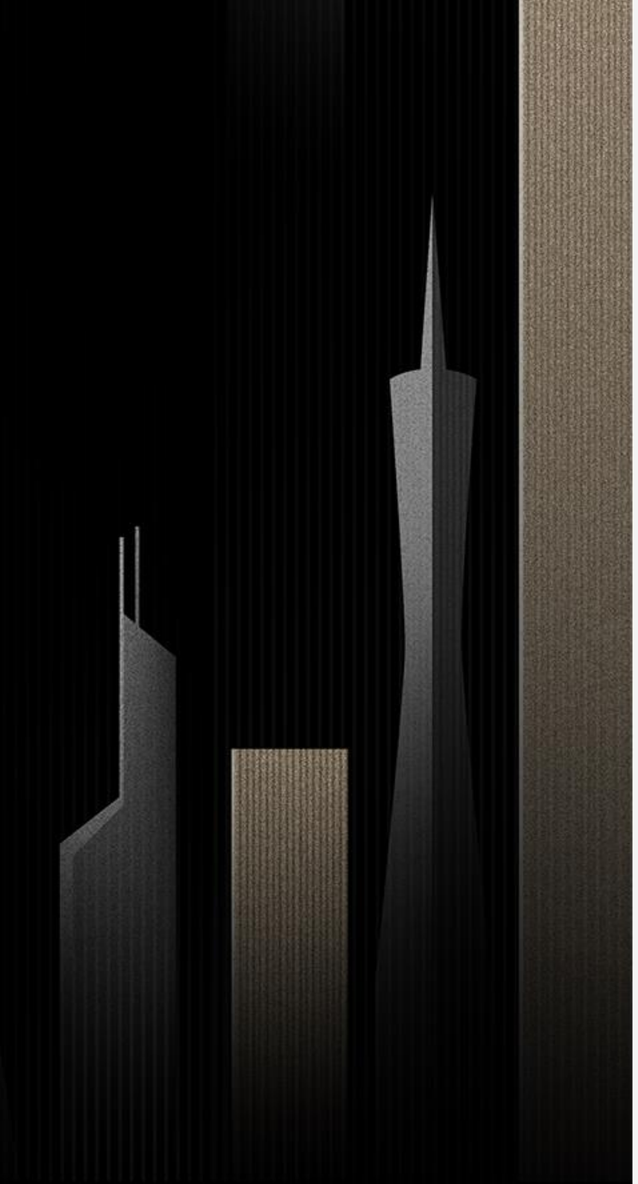
Reason that Hong Kong is not an Asian luxury hub

THE EXPANSION OF VICS



The economic slowdown affected entry-level luxury consumers, more than high-net-worth individuals (HNWIs). Coupled with a decline in mall traffic due to Covid restrictions, **sales skewed toward VICs in 2022. Some Chinese luxury brands achieved higher VIC sales than the global average of 40%.**

VICs also played an important role in online luxury sales. Those who bought more than three times a year accounted for over 50% of sales and are the fastest-growing segment, according to leaders at Tmall Luxury Pavilion.



EXECUTIVE SUMMARY

- Consumer confidence in the luxury market across Mainland China and Hong Kong has rebounded with Hong Kong’s consumer confidence reaching historical high.
- The acceptance of purchasing luxury goods online has increased significantly, and Hong Kong consumers tend to do online research before purchasing in physical stores.
- KOLs drive luxury purchases and have as much influence as celebrities.
- The importance of sustainability continues to grow, with nearly 90% of Hong Kong respondents willing to spend more on sustainable products.
- Second-hand luxury purchases are rising but still far from being widely accepted.
- Hong Kong is still perceived by most consumers as a luxury hub in Asia.

TRAVEL

Respondent Profile

Survey Period: Jan 10-24, 2023

Sample Size: n=1,524

44% | **56%**

Average Age	**33.8** years old
Annual Household Income	RMB **1,400,000** (USD **203,600**)

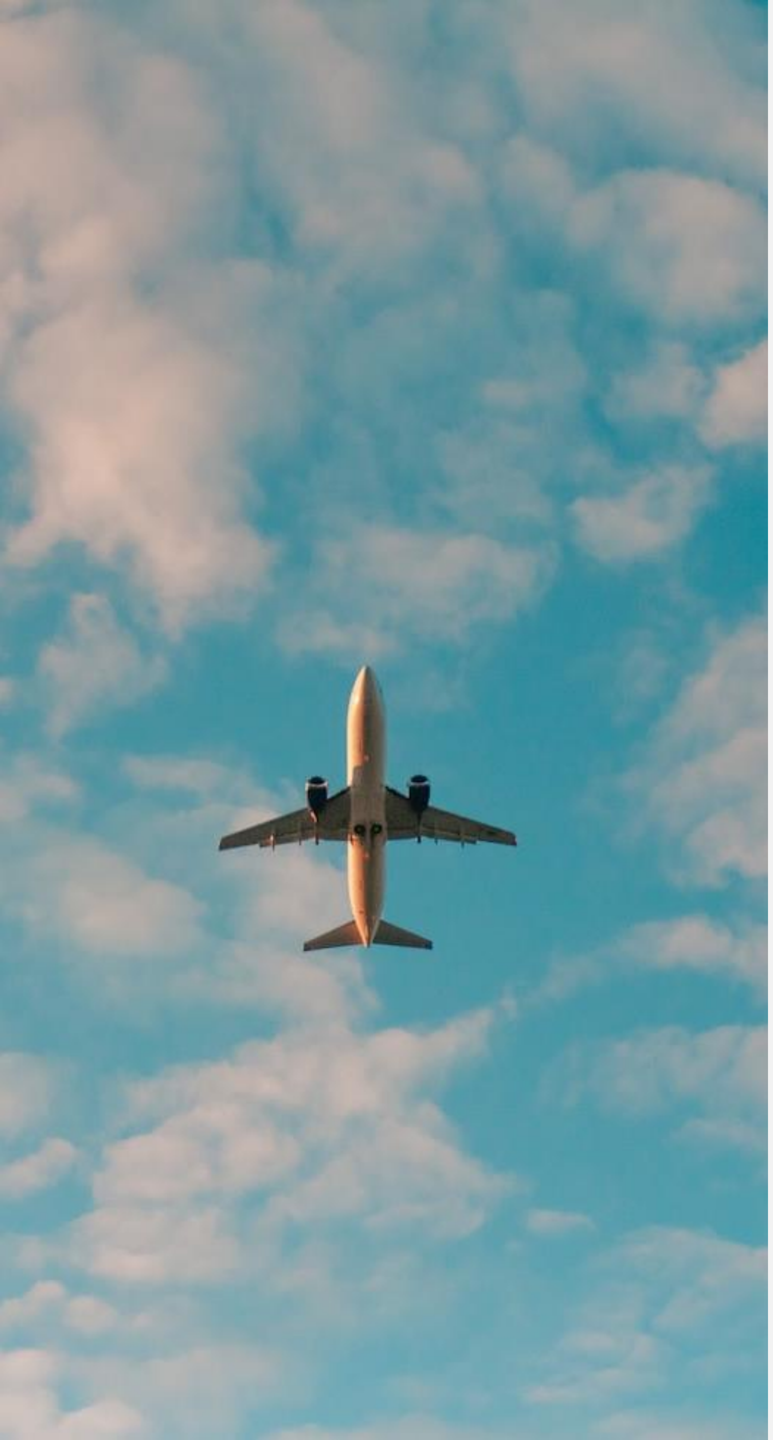
Tier 1 cities	Tier 2 cities	Tier 3 cities
43%	**33%**	**24%**

All of them

- Intend to travel in the next 12 months
- Stayed in luxury hotels (RMB 3,000+) in the past 12 months
- Spent RMB 50,000+ /USD 7,300 on luxury products

They have made **5.6 overseas trips** in 2019

They have taken **2.9 COVID-19 vaccines**



Part 01

Travel Sentiment

Chinese Travel Rebounds in An Age of Uncertainty

Go West? Not just yet….

Chinese travellers plan to make more trips compared to pre-COVID period. They are staying longer and are planning to spend more.

On average, Chinese travelers **plan to make 0.3 more trips than in 2019.**

Their **trips will be slightly longer** (from 8.4 days on average in 2019 to 8.7 days in 2023).

Their also tend to spend more money on travel, from RMB 88,800 in 2019 to **RMB 102,500 in 2023, an increment of RMB 13,700 (a 15% increase).**

Meanwhile, they are likely to make the **same number of business trips** (2.1 trips per year).

	China Travelers		
	2019 *n=1,401*	2023 *n=1,524*	Diff.
No. of Leisure Trips	3.5	3.8	+0.3
Duration of Trips	8.4 days	8.7 days	+0.3 days
Budget (RMB)	88,800	102,500	+13,700 (+15%)
No. of Business Trips	2.1	2.1	-

Among different age groups, Gen Z have the strongest desire to travel: They make the most number of leisure trips, with the longest duration.

Those aged 26-35 years old plan to spend the most on leisure travel.

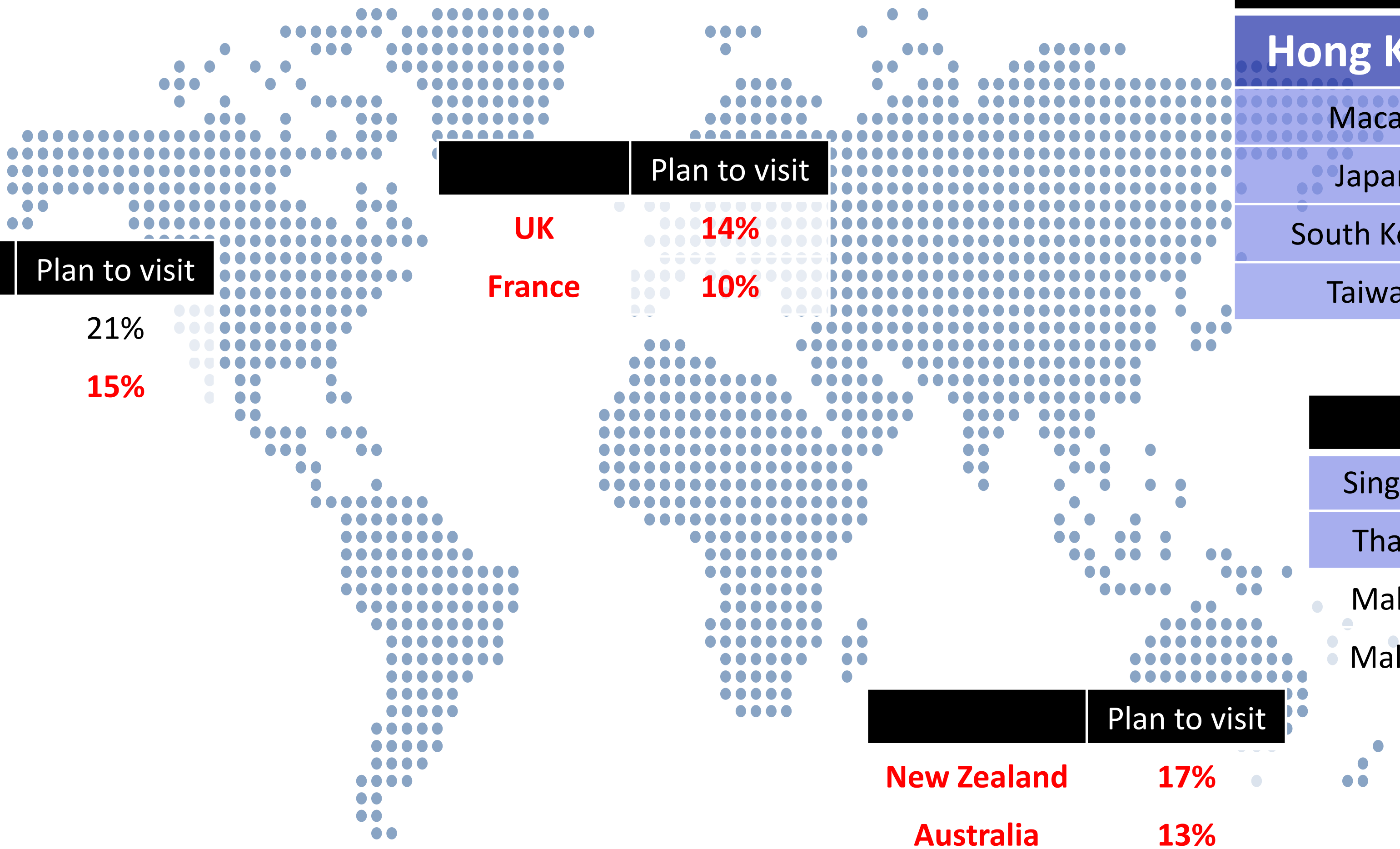
Leisure Travel in 2023

	Mainland China Travelers			
	Total *n=1,524*	21-25 y/o *n=486*	26-35 y/o *n=464*	36+ y/o *n=574*
Total No. of Trips to Make	3.8	4.1	3.9	3.5
Spending (RMB)	102,500	95,200	106,500	105,400
Average Duration	8.7 days	9.3 days	8.6 days	8.4 days

The top 5 holiday destinations Chinese travellers plan to visit are Hong Kong, Macau, Japan, Singapore and South Korea/ Thailand. All within a 6-hour flight.

They are not quite ready to visit Europe just yet.

Destinations to Visit/ Revisit in the Next 12 Months



	Plan to visit
USA	21%
Canada	**15%**

	Plan to visit
UK	**14%**
France	**10%**

	Plan to visit
Hong Kong	**53%**
Macau	39%
Japan	37%
South Korea	24%
Taiwan	23%

	Plan to visit
Singapore	26%
Thailand	24%
Malaysia	17%
Maldives	17%

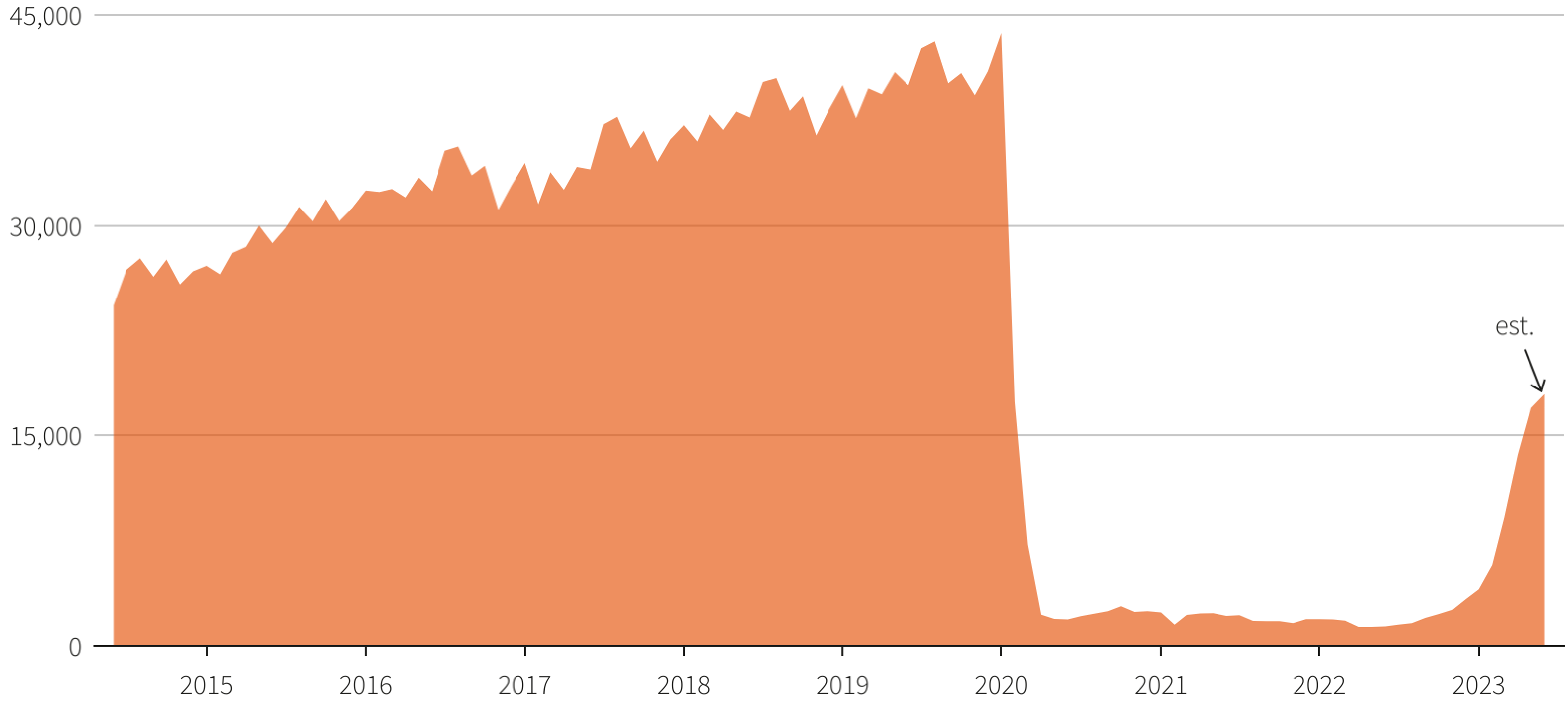
	Plan to visit
New Zealand	**17%**
Australia	**13%**

Base: N=1524

D4. Which of the following locations/ destinations will you consider visiting/ re-visiting in the next 12 months if there are no travel restrictions? Please select all that apply.

Grounded

Scheduled international flights from China are forecast to be only 45% of pre-pandemic levels in June



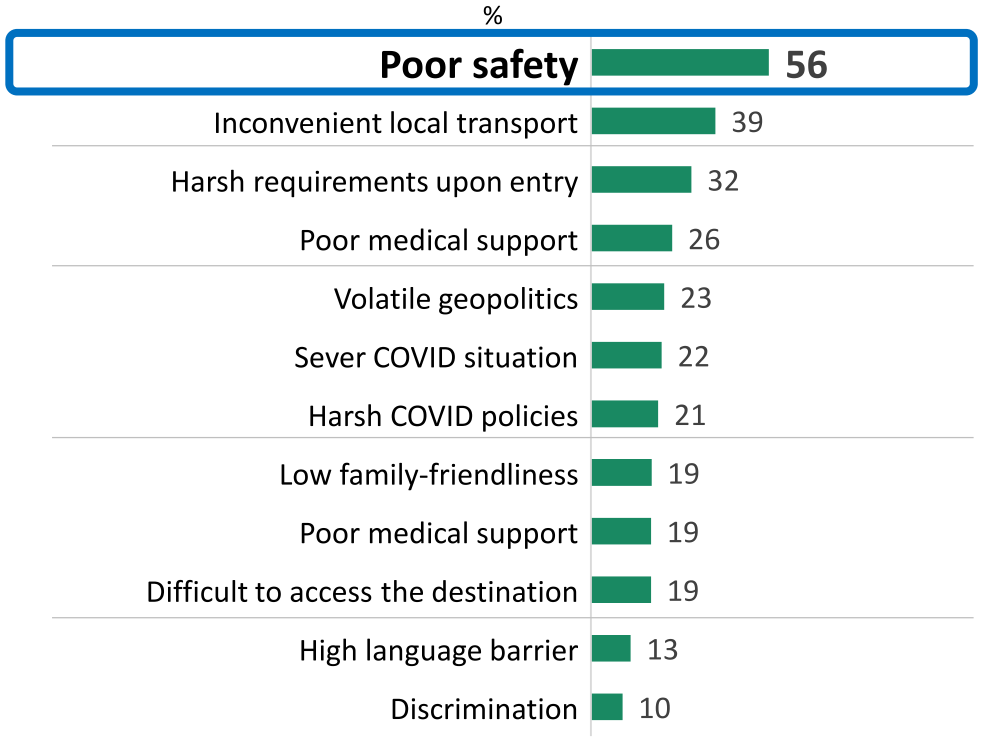
Source: Cirium | Breakingviews | T. Shum | 03/5/2023

Meanwhile poor safety or instability, as well as low accessibility are key factors that could hinder Chinese travelers’ preference of certain destinations.

Factors Negatively Impacting Preference of Travel Destinations

Mainland China Travelers

n=1,524



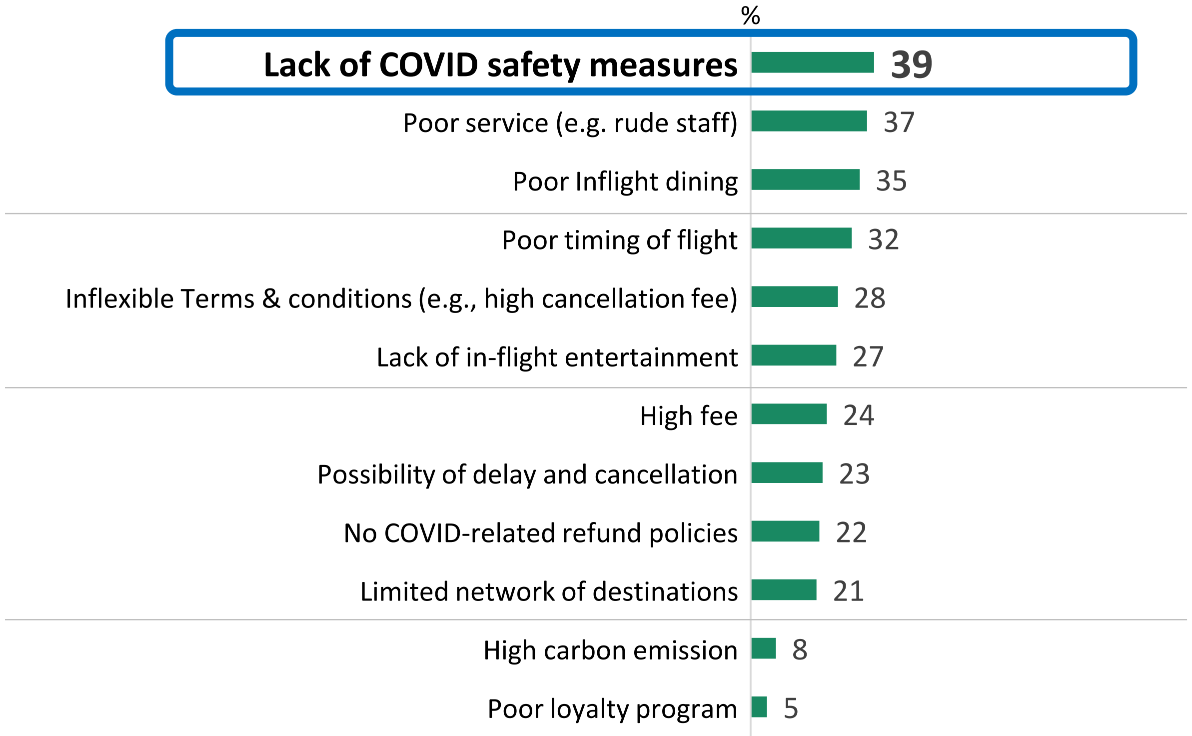
H1. Which of the following factors would negatively impact your preference of travel destinations? Please select the top 3 most important factors.

Among affluent Chinese travelers, who had just come out of a long period of 'zero-COVID policy', there are still lingering concerns over whether there are sufficient COVID-related safety measures.

Factors Negatively Impacting Preference of Airlines

Mainland China Travelers

n=1,524



H2. *Which of the following factors would negatively impact your preference of airlines?*

More Chinese travelers still prefer to make domestic trips than international ones. They also plan to make more staycations despite borders having reopened.

Mainland China Travelers

Plan to make **domestic** trips in 2023	Plan to make **international** trips in 2023
80%	**72%**
No. of Staycations made in **P12M**	No. of Staycations plan to make in **2023**
3.4	**3.8**

S16b. Among the trips you plan to make in 2023, how many will be business trips and how many will be leisure trips?
S21. How many staycations have you done in the past 12 months?
S23. How many staycations do you plan to do in the next 12 months?

csg research

Part 02

Experiential Travel

The quest for new experiences and self-indulgence

Mere materialistic enjoyment is a thing of the past.

Chinese travelers are traveling in style – more than one-third of them would travel by flying in premium economy, business or first class.

Mode of Transportation Used to Get to Destination

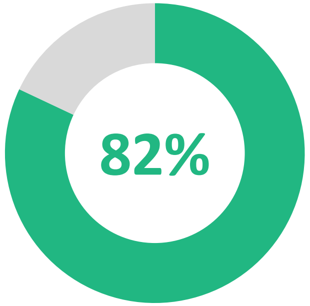
Mainland China Travelers

	2019 n=1,386 %	2023 n=1,524 %	Diff.
Premium economy class	39	35	-4%
Business class	35	34	-1%
First class	31	38	+7%
Economy class	24	22	-2%
Train	16	15	-1%
Hotel/ resort car	16	15	-1%
Public transportation	15	16	+1%
Taxi	14	12	-2%
My own car/ friends or colleagues' car	13	12	-0%
Cruise ship	11	12	+1%
Rental car	10	14	+4%
Budget airlines	5	5	-1%
Motorbike/ scooter/ bicycle	3	3	0%

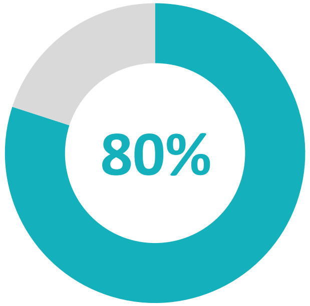
D6. *Which form of transportation do you use to get to the destinations when you travel?*

The affluent Chinese travelers are seeking experiential travelers. They also put emphasis on wellness when they plan their travels.

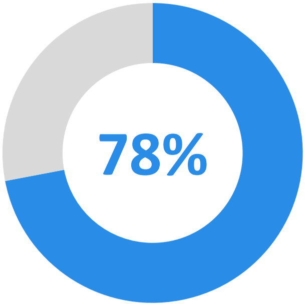
Approach to Travel



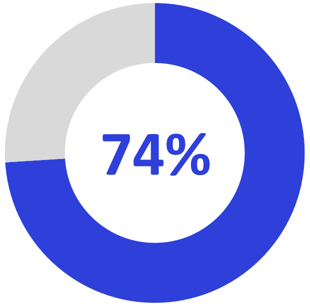
prefer **experience** over goods



agree **wellness** is a key driver in travel planning



prefer **slow recuperative** travel over schedules filled with itinerary



consider themselves an **adventurous person** and love to seek thrills in life

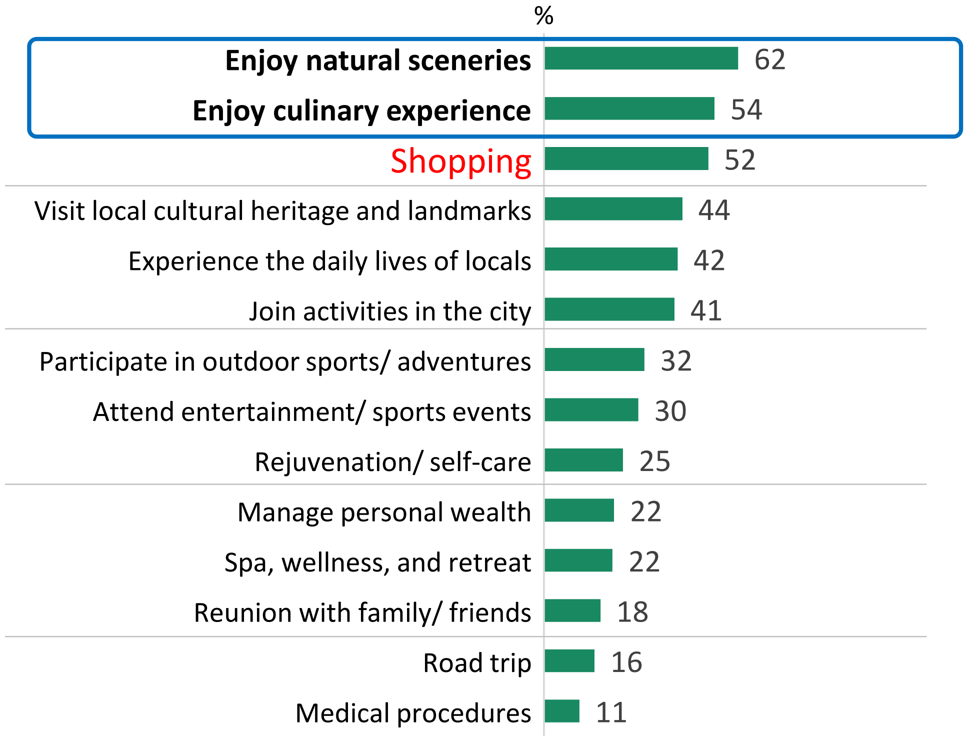
E5. To what extent the below describe your approach to travel in 2023?

Chinese travelers are seeking positive experiences. Enjoying natural sceneries and culinary experiences top the list of purpose of international travel in the coming year.

Purposes of International Travel in 2023

Mainland China Travelers

n=1,362



E1a. What will be your main purpose when you travel internationally after travel restrictions?
E1b. What other activities will you partake when you travel internationally after travel restrictions? Please select all that apply.

Natural sceneries and culinary experiences are also on the bucket list when Chinese travel domestically, whereas visiting local heritage and landmarks is more important than shopping.

Purposes of Domestic Travel in 2023

E3a. What will be your main purpose when you travel domestically after travel restrictions?
E3b. What other activities will you partake when you travel domestically after travel restrictions?

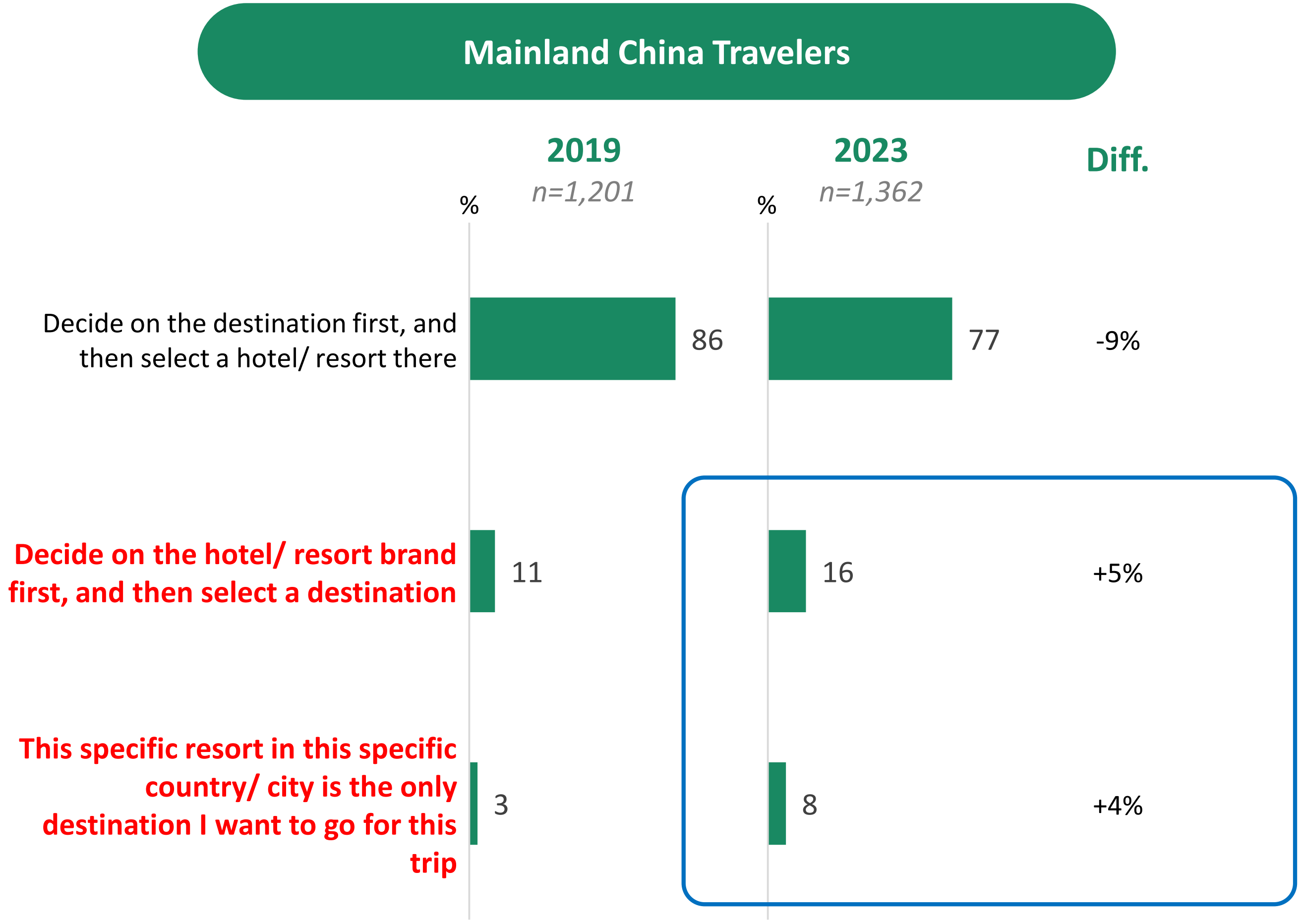
Hotels/ Resorts

Elevate, Elevate And Elevate Some More

Do you know they want (now), what they really really want?

For most Chinese travelers, destination is chosen before selecting a hotel or resort. However, we see more travelers starting to prioritize the hotel or resort brand over the destination.

Decision Process for Destination and Accommodation on International Travel in 2019 vs 2023



C4. *Which of the following best describes your decision process for destination and accommodation on international travel?*

The Elevated Chinese Travelers

Despite not fixated on a particular hotel or resort brand, they are willing to spend on accommodation. More travelers would stay in upscale and luxury hotels when they travel.

Type of Accommodations

Mainland China Travelers

	2019 (n=1,386) %	2023 (n=1,524) %	Diff.
Upscale	48	52	+4%
Luxury	44	48	+4%
Midscale	27	25	-2%
Bed-and-breakfasts	25	23	-2%
Mansions and villas	24	23	-1%
Local traditional houses	22	21	-1%
Special-themed accommodation	22	26	+4%
Beachside residences	19	19	+0%
Economy	18	17	-1%
Ski resorts	15	16	+1%
Camping/ glamping	13	14	+0%
Recreational vehicles	9	11	+2%
Private islands	9	10	+1%
Boats	7	7	+0%
Temples	5	7	+2%

F1. What type of accommodations below do you stay in when you travel?

Good experience drives loyalty

Chinese travelers will stay in hotel or resort brands that had given them good experiences in the past. It is imperative that we create memorable experiences for them in their (every) stay.

Factors Impacting Selection of Accommodation

F2. Which of the following will you consider when deciding on which accommodation to stay? Please select all that apply.

When seeking for accommodation, it is important that the place they stay in has high accessibility and can be flexible in addressing their needs or desires.

Needed Services in Hotels/ Resorts in 2023 (Top 10)

F3. Here are some aspects of services that are offered by different hotels/ resorts. Thinking about the trips you plan to make in 2023, please tell us the services that you specifically need or want. Please select all that apply.

Basic is not sufficient.

Chinese travelers are seeking a well-spec room when they travel, from sleep amenities to view of the room to mini bar.

Needed Services in Hotels/ Resorts in 2023 - Room

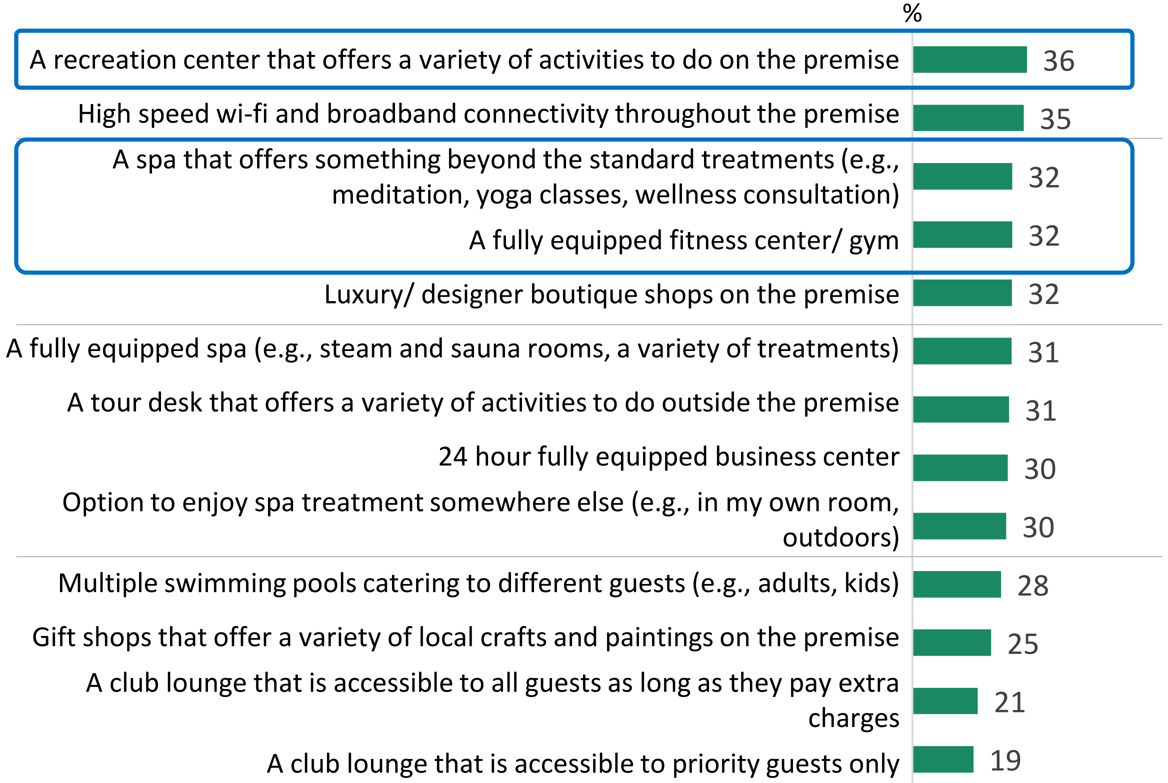
F3. *Here are some aspects of services that are offered by different hotels/ resorts. Thinking about the trips you plan to make in 2023, please tell us the services that you specifically need or want.*

Meanwhile, their yearning for experiential enjoyment are reflected in the facilities they need in hotels. Recreation center, spa, and fitness center are among the most important facilities.

Needed Services in Hotels/ Resorts in 2023 - Facilities

Mainland China Travelers

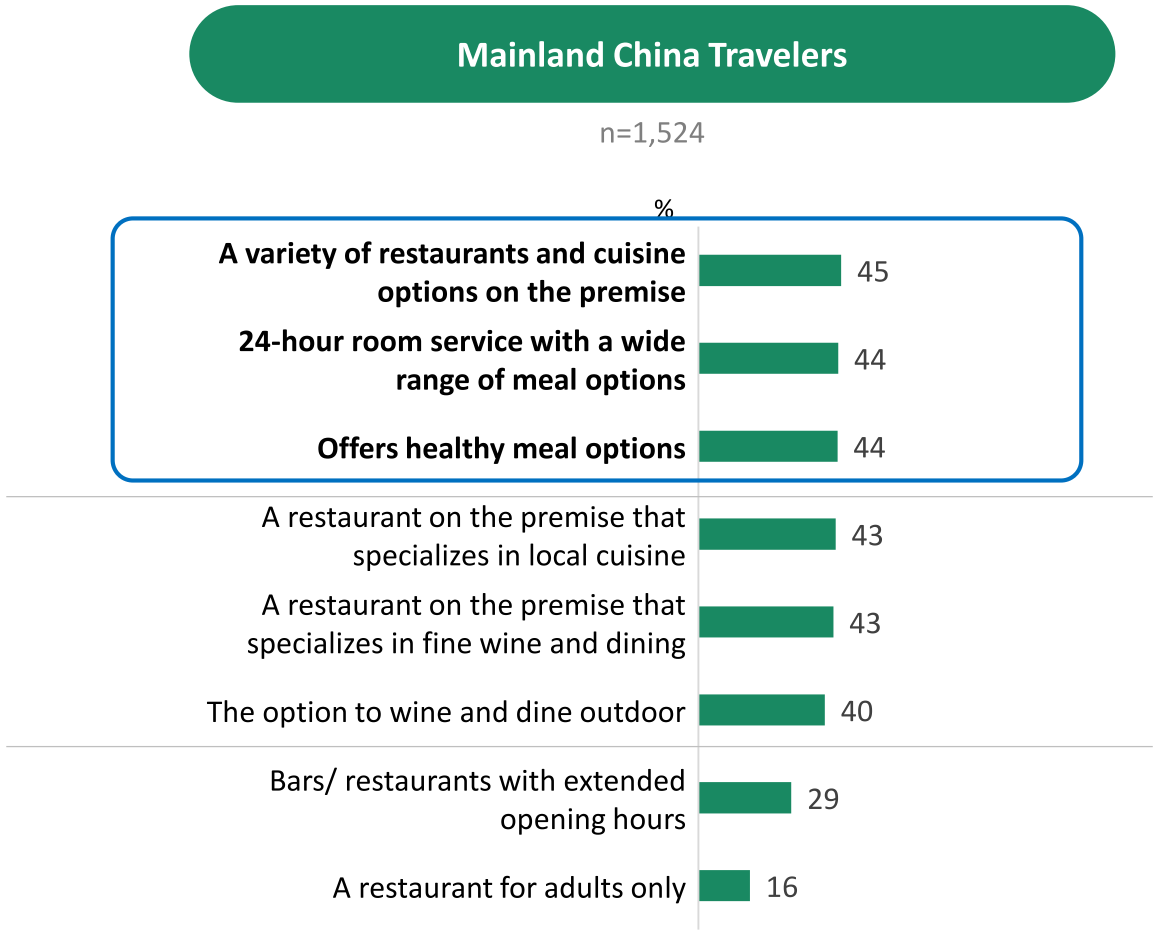
n=1,524



F3. *Here are some aspects of services that are offered by different hotels/ resorts. Thinking about the trips you plan to make in 2023, please tell us the services that you specifically need or want.*

In terms of in-hotel dining options, aside from variety of offerings, 24-hour room service, and healthy meal options are also important to affluent Chinese travellers.

Needed Services in Hotels/ Resorts in 2023 - F&B



F3. *Here are some aspects of services that are offered by different hotels/ resorts. Thinking about the trips you plan to make in 2023, please tell us the services that you specifically need or want.*

They are ready to engage and build new social connection.

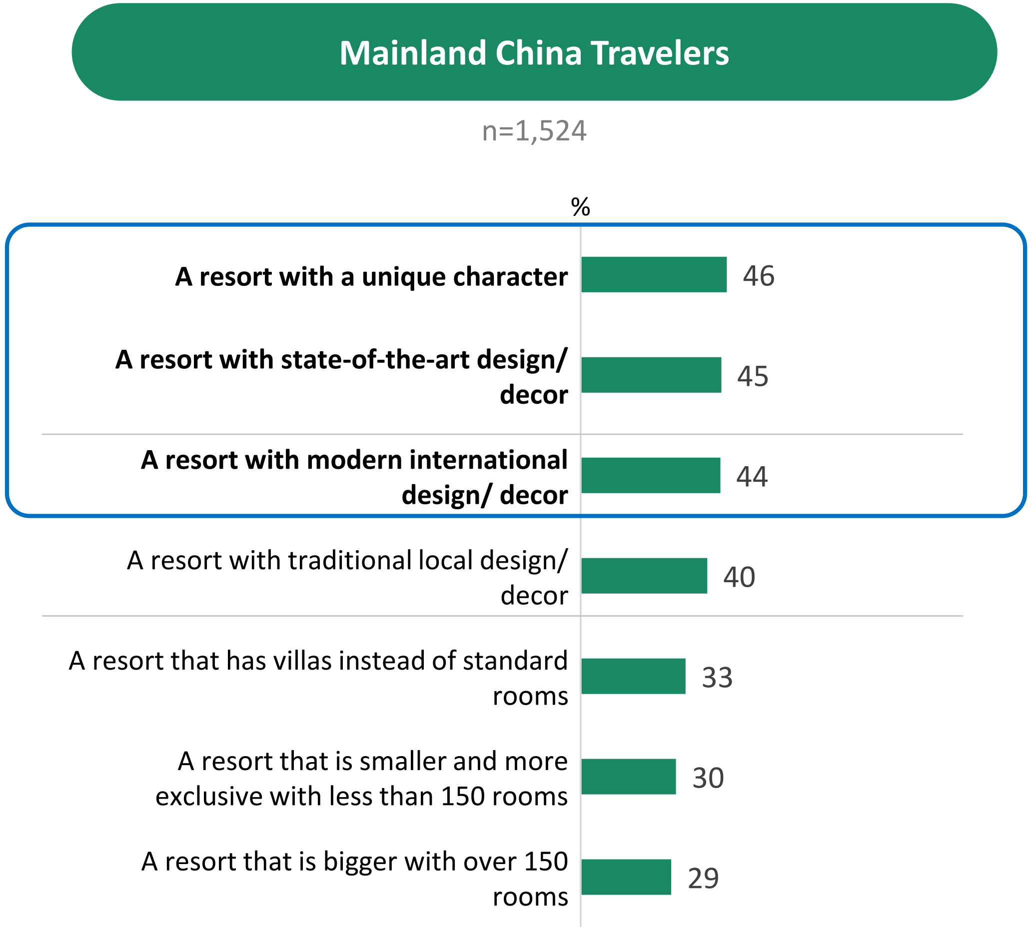
The roles of a hotel or resort has expanded among Chinese travelers – they hope that they could be able to socialize and meet new people in the accommodation they stay in.

Important Hotels/ Resorts Attributes (Top 10)

F4. Here are some of the things people think about when choosing a hotel/ resort to stay at during a leisure trip. Thinking about the trips you plan to make in 2023, please tell us the things that you specifically need or want. Please select all that apply.

Chinese traveler want to stay in hotels or resorts that are unique, modern and international – cookie-cutter hotel design will not make the cut.

Important Hotels/ Resorts Attributes - Style



F4. *Here are some of the things people think about when choosing a hotel/ resort to stay at during a leisure trip. Thinking about the trips you plan to make in 2023, please tell us the things that you specifically need or want.*

Looking and Booking

It Is Not All Digital Or Mobile

Offline booking is still strong, and they are planning in advance.

Chinese travelers will travel both more spontaneously and more well-planned through – there is an increase in the planning stage lasting less than a week and more than 3 weeks.

Duration from Planning to Making a Booking for International Trips

Mainland China Travelers

	2019 n=1,201 %	2023 n=1,362 %	Diff.
Less than a week	14	17	+4%
1 week	26	25	-1%
2 weeks	26	22	-4%
3 weeks	12	13	+<.5%
1 month	15	16	+1%
2 months or longer	7	8	+1%

37%

(34% in 2019)

C3. How long does it take from the time you start planning your international trips to finally making a booking?

The internet is the most important channel for Chinese travelers to look for information. Followed by it are social media, advertisements and recommendation or past experiences.

Channels to Research International Travel

Channels to Research Domestic Travel

B1a. Which of the following channels/ media do you use to research information about international travels (e.g., flight information, accommodation, activities)?
B2a. Which of the following channels/ media do you use to research information about domestic travel (e.g., flight information, accommodation, activities)?

Online channels are important for both looking for information and booking travels, regardless of the destinations. Offline channels are still crucial, albeit less than online channels.

Channels to Research International Travel

	LOOKING	BOOKING
ONLINE	95%	82%
OFFLINE	86%	74%

Channels to Research Domestic Travel

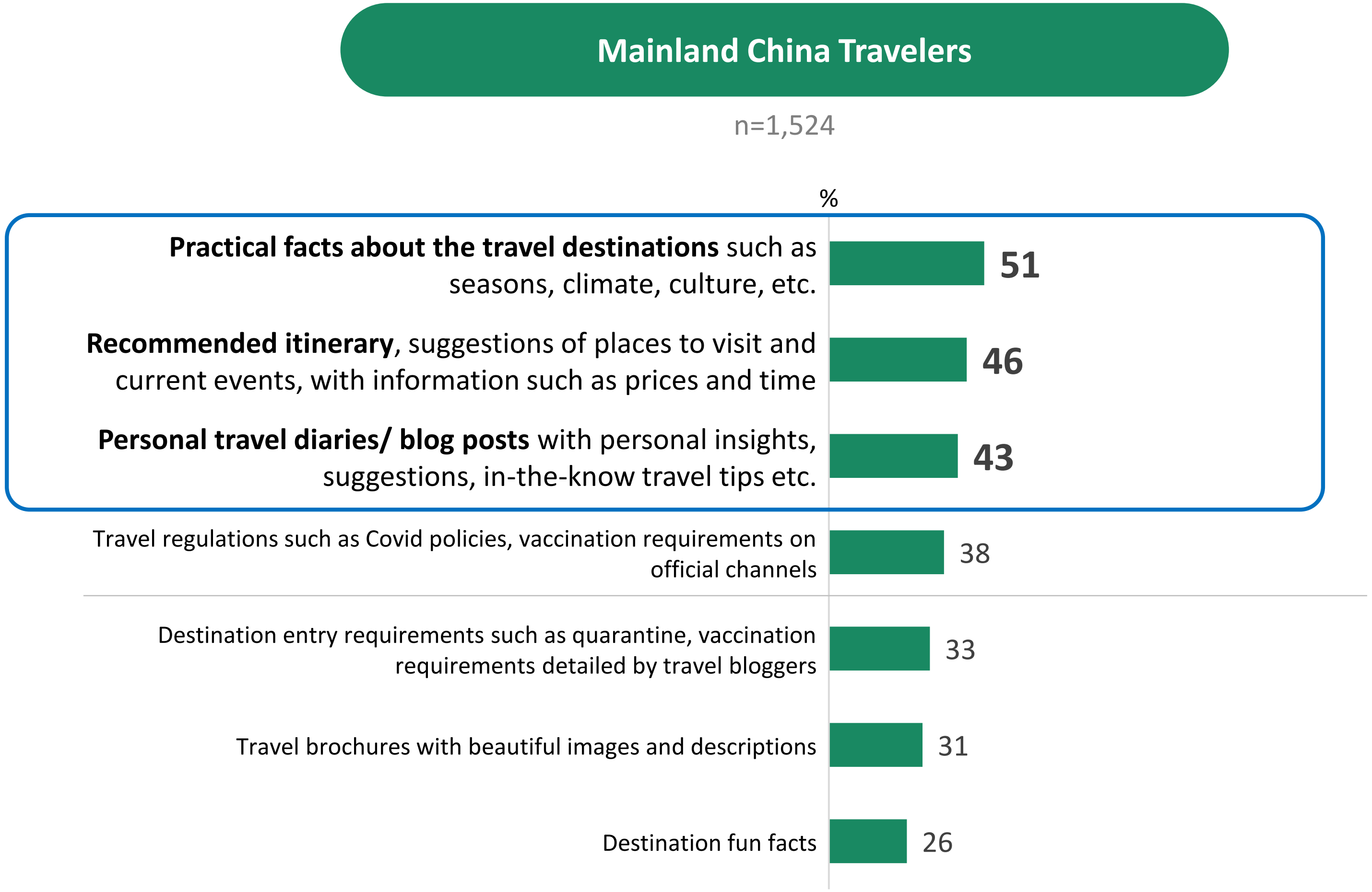
	LOOKING	BOOKING
ONLINE	94%	80%
OFFLINE	83%	75%

More than 70% of Chinese travelers are still booking offline.

B1a. Which of the following channels/ media do you use to research information about international travels (e.g., flight information, accommodation, activities)?
B2a. Which of the following channels/ media do you use to research information about domestic travel (e.g., flight information, accommodation, activities)?

Chinese affluent travelers look for practical facts, recommended itinerary and personal travel diaries when they research about international travel.

Content to Look for about International Travel



B3. *When you search information about international travels (including Hong Kong, Macau, Taiwan) (e.g., flight information, accommodation, activities), what types of content do you look for?*

Loyalty Program

A Badge of Honor

Privileges, not discounts.

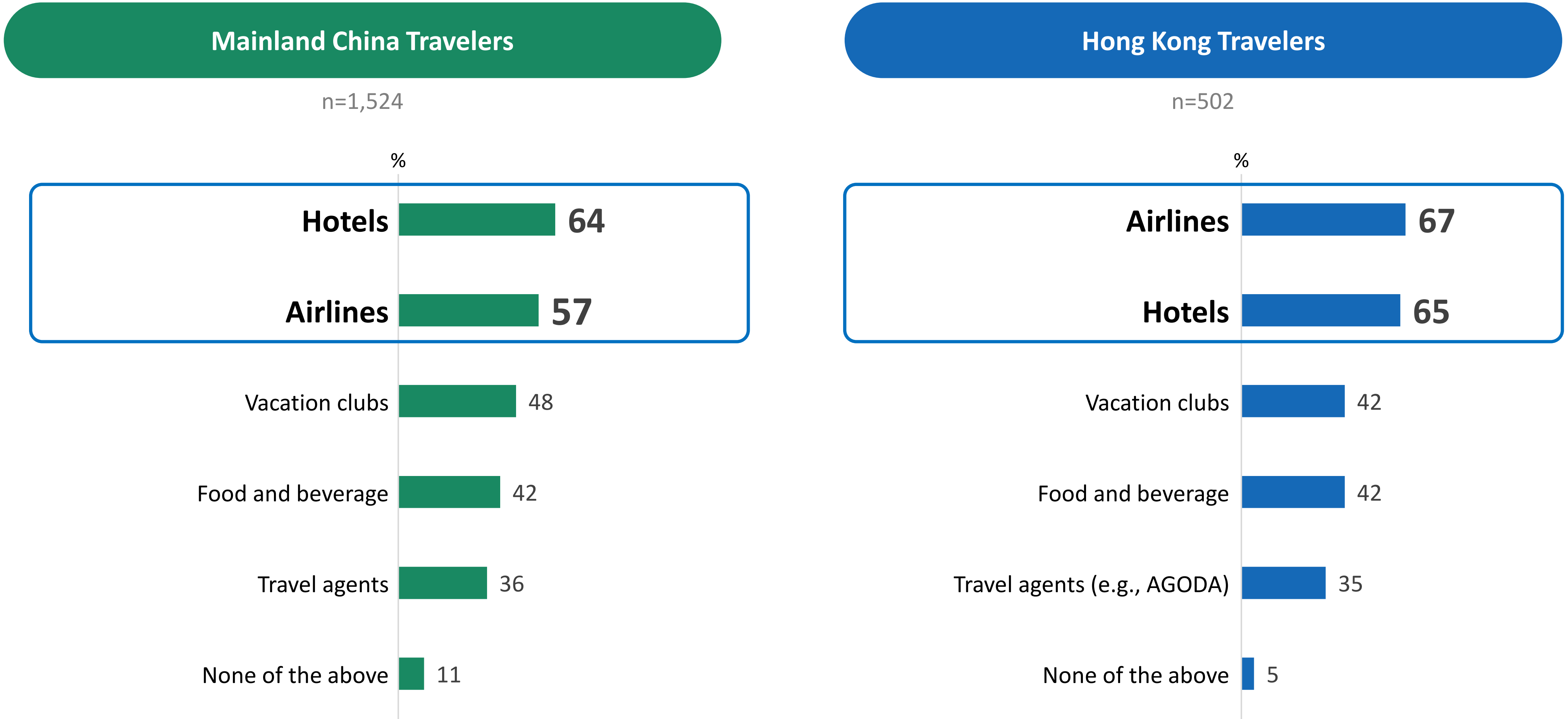
More than half of the Chinese affluent travelers belong to either a hotel or an airline loyalty program.

Membership of Loyalty Program Belonged to

G1. *Are you a member of the following loyalty programs?*

More than half of the Chinese affluent travelers belong to either a hotel or an airline loyalty program.

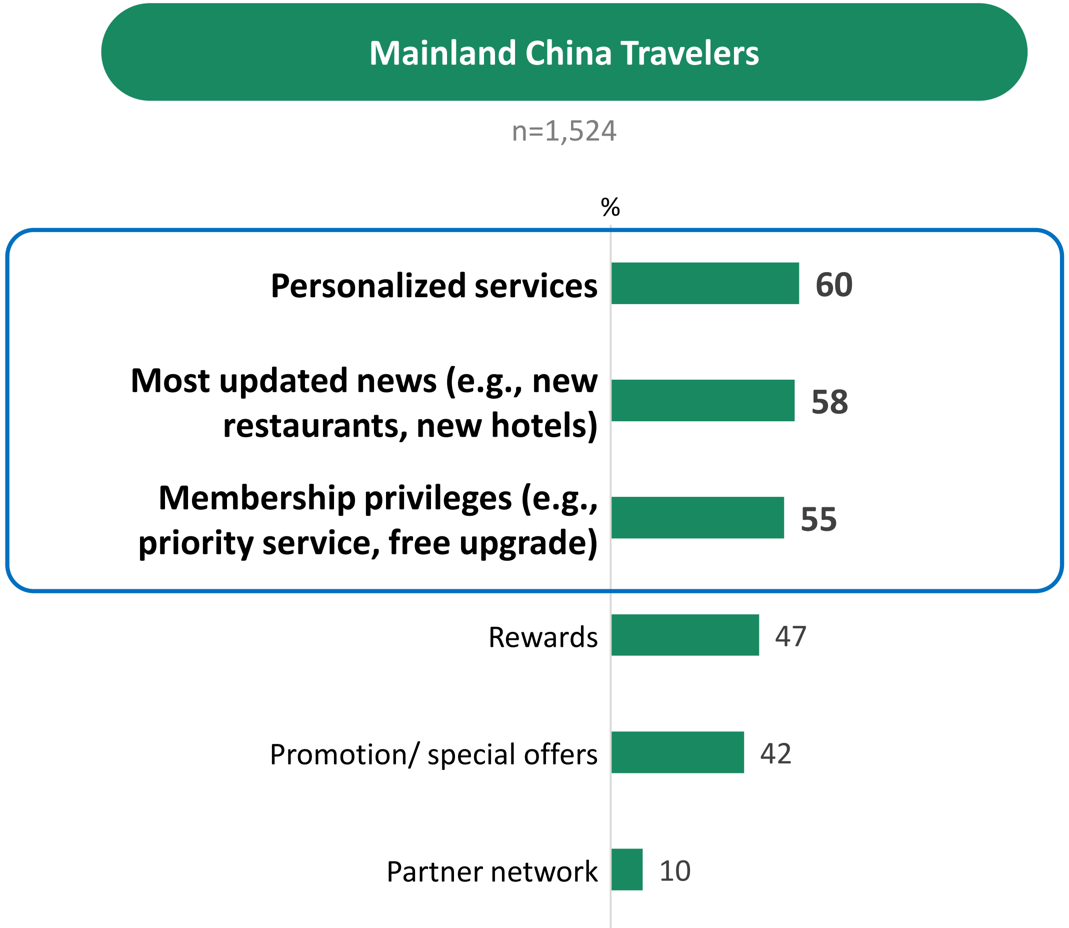
Membership of Loyalty Program Belonged to



G1. Are you a member of the following loyalty programs?

Customization is the main driver of signing up for a loyalty program – they are driven by personalized services, the latest news and privileges.

Motivation of Signing Up for A Loyalty Program



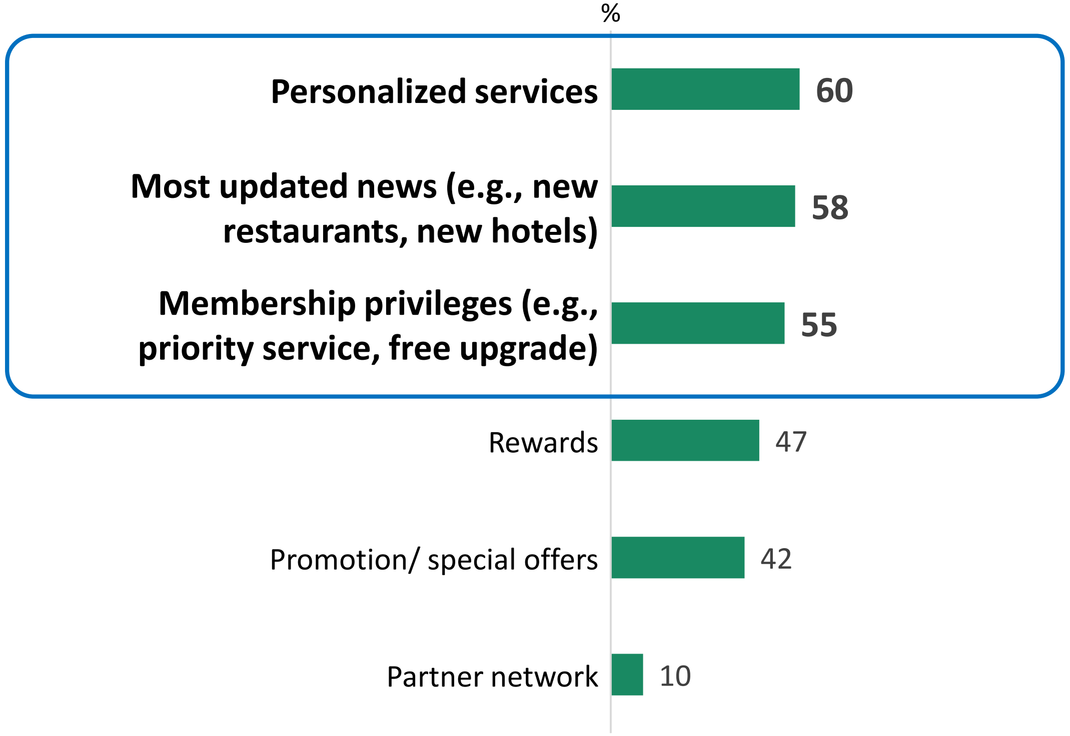
G5. *What motivates you to sign up for a loyalty program?*

Customization is the main driver of signing up for a loyalty program – they are driven by personalized services, the latest news and privileges.

Motivation of Signing Up for A Loyalty Program

Mainland China Travelers

n=1,524



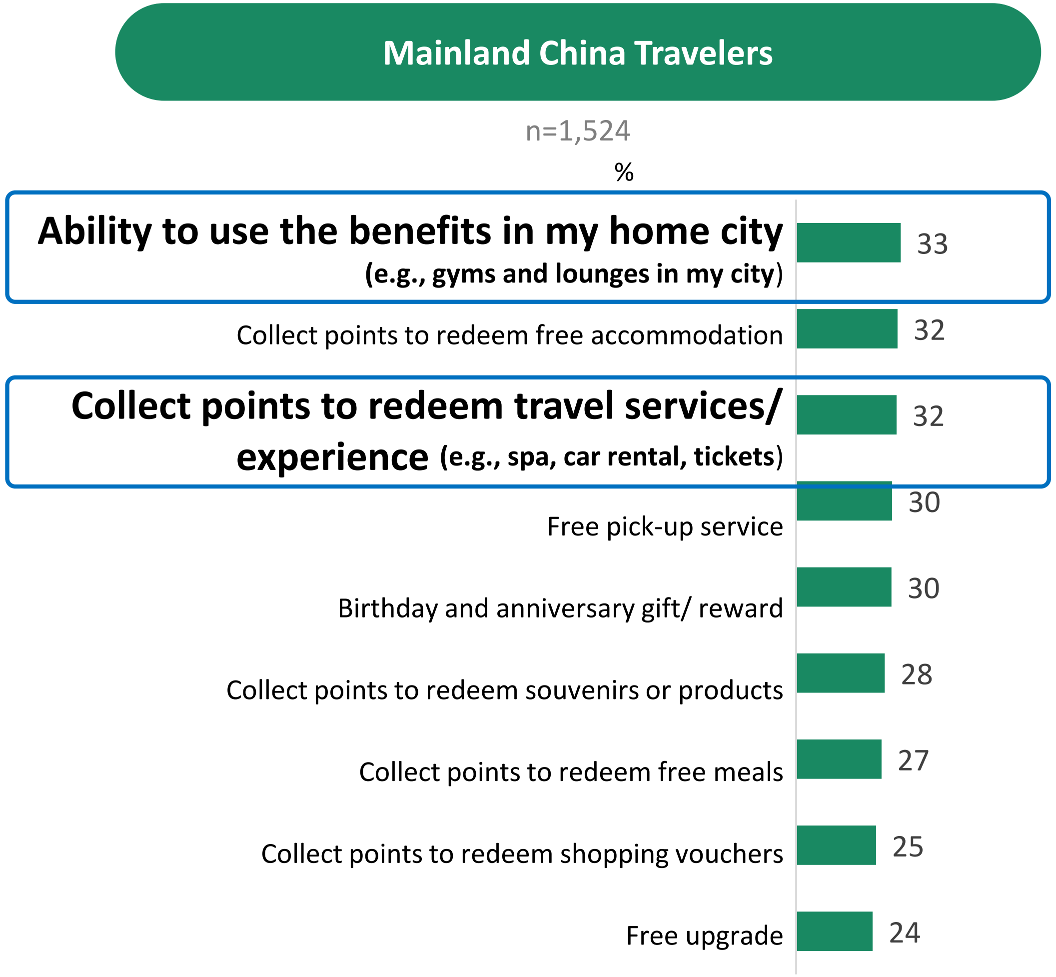
Hong Kong Travelers

n=502

G5. What motivates you to sign up for a loyalty program?

Chinese Travelers would enjoy loyalty benefits in their home city, and they want to enjoy a wider array of experiences: Spa, car rental, tickets to shows/ converts etc...

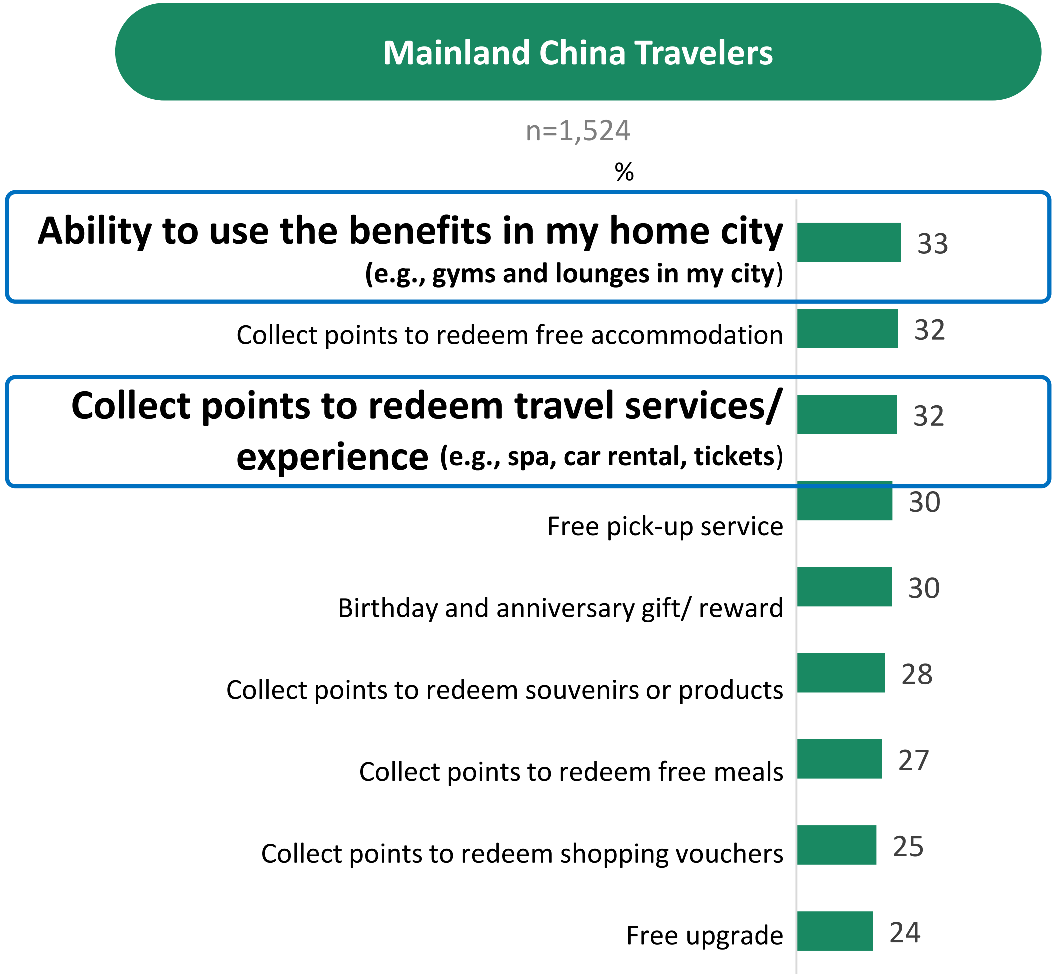
Most Attractive Membership Benefits And Rewards



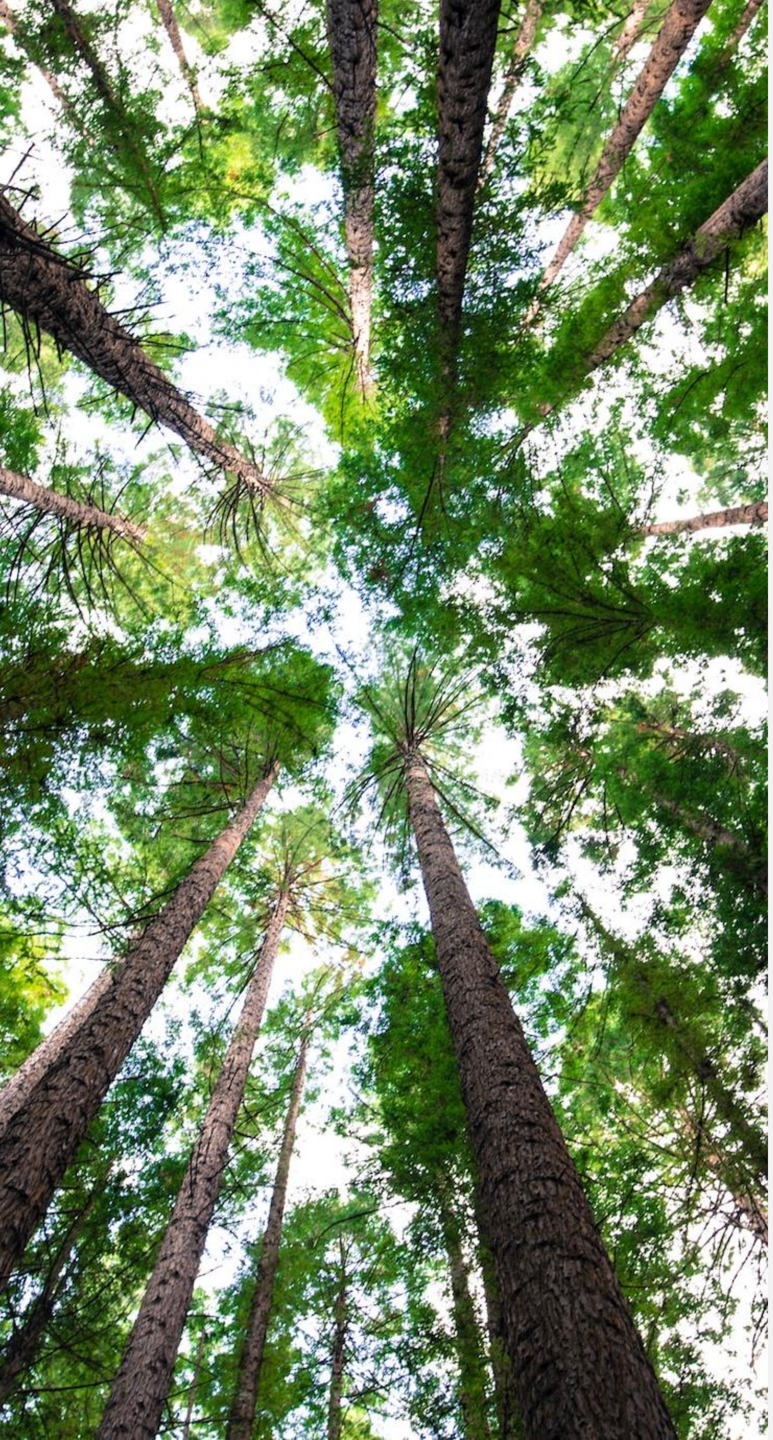
G6. *Which 3 membership benefits and reward offers are the most attractive to you?*

Customization is the main driver of signing up for a loyalty program – they are driven by personalized services, the latest news and privileges.

Most Attractive Membership Benefits And Rewards



G6. Which 3 membership benefits and reward offers are the most attractive to you?



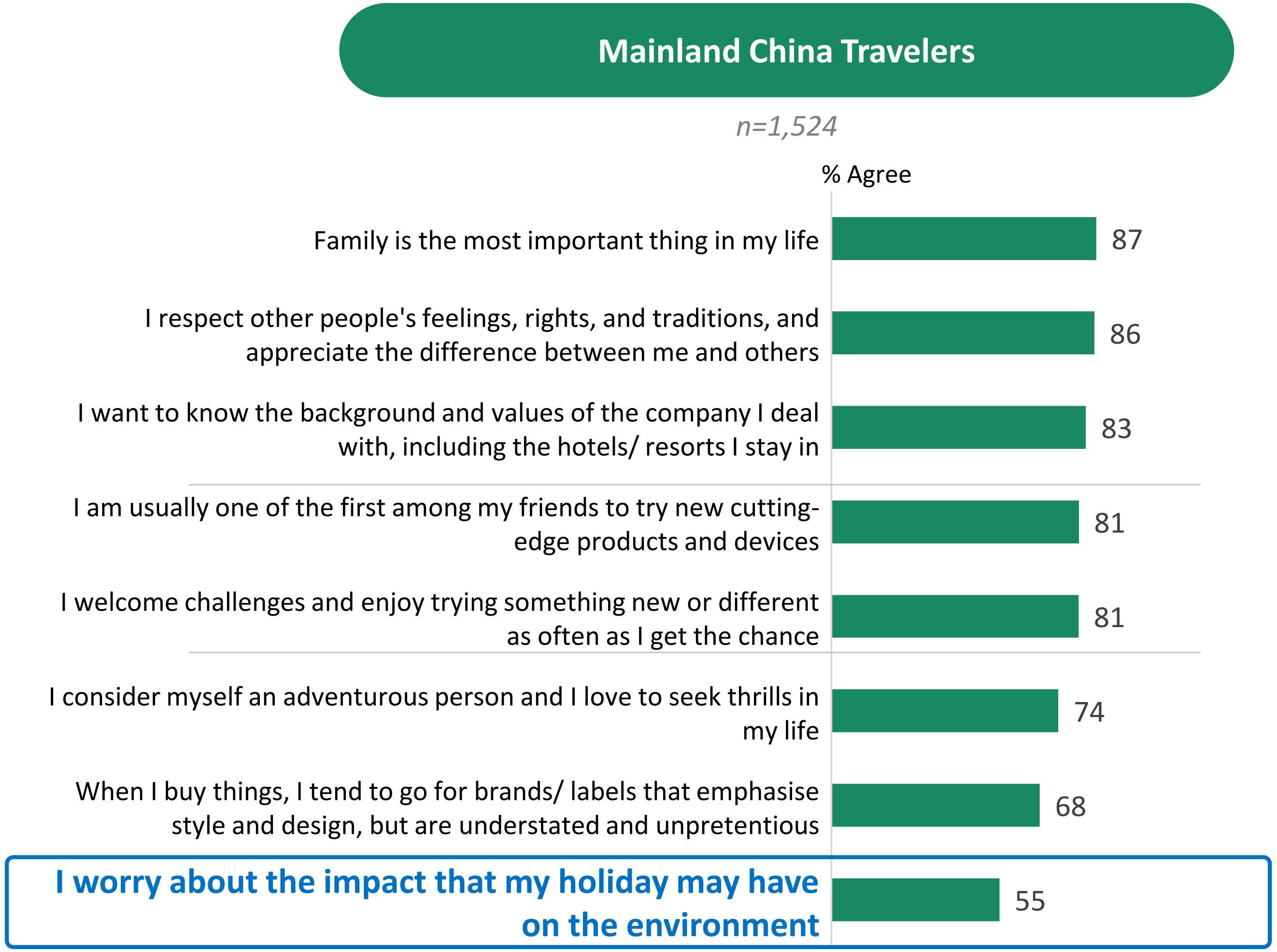
Sustainability

Not As Important for Leisure Travel Yet

They’re not really concerned about the ecological footprints from their travels.

Among different attributes, ecological footprint is of the least importance when the Chinese affluent travel.

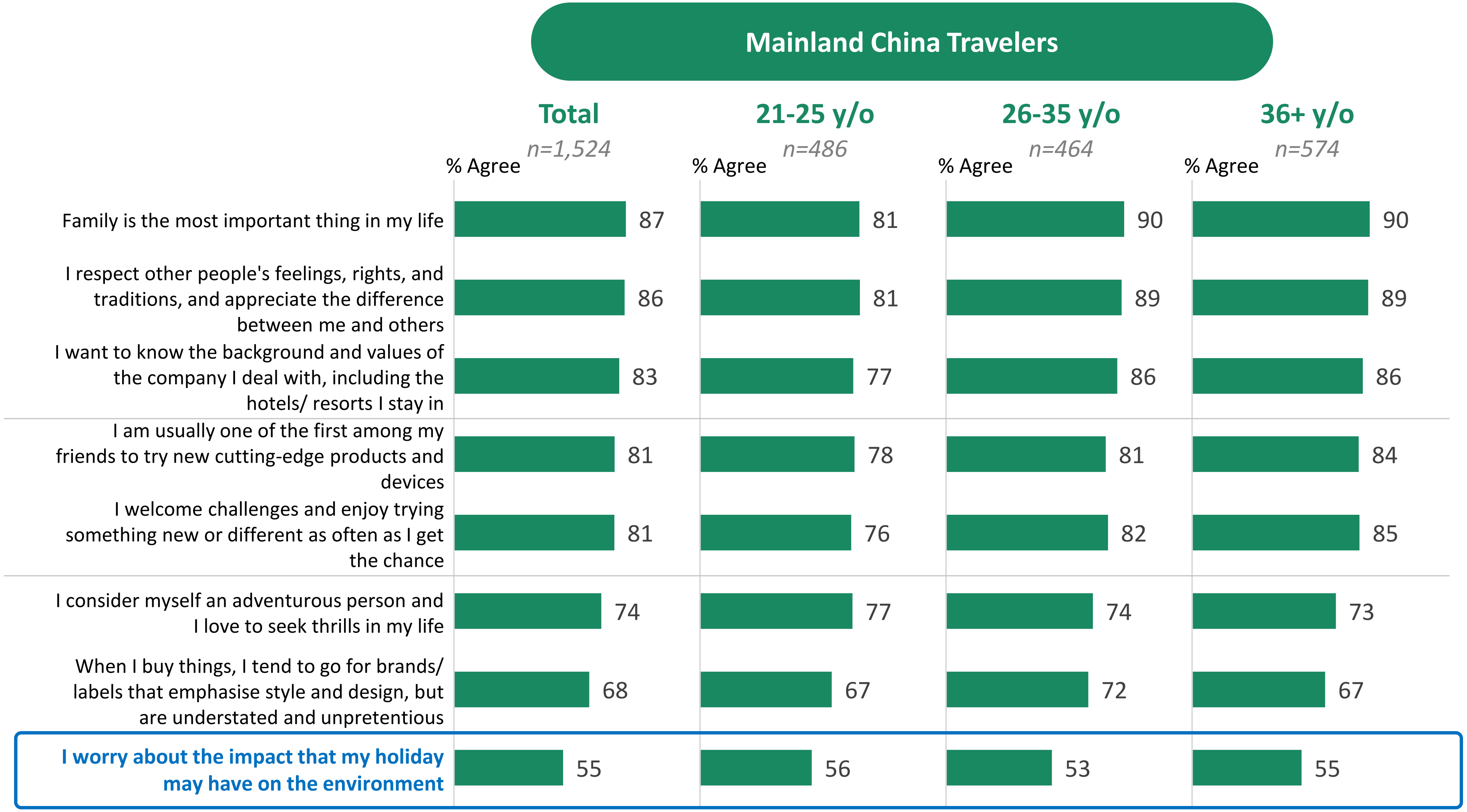
Important Attributes for Me



I1. How much do you agree with the following?

The relatively low importance of sustainability can be found across different age groups.

Important Attributes for Me



I1. How much do you agree with the following?

Travellers from different city tiers also find the importance of sustainability relatively low.

Important Attributes for Me

Mainland China Travelers

% Agree	Total (n=1,524)	Tier 1 (n=655)	Tier 2 (n=502)	Tier 3 (n=367)
Family is the most important thing in my life	87	87	85	89
I respect other people's feelings, rights, and traditions, and appreciate the difference between me and others	86	87	83	90
I want to know the background and values of the company I deal with, including the hotels/ resorts I stay in	83	81	82	89
I am usually one of the first among my friends to try new cutting-edge products and devices	81	81	79	85
I welcome challenges and enjoy trying something new or different as often as I get the chance	81	82	77	85
I consider myself an adventurous person and I love to seek thrills in my life	74	72	73	81
When I buy things, I tend to go for brands/ labels that emphasise style and design, but are understated and unpretentious	68	71	65	69
I worry about the impact that my holiday may have on the environment	55	56	57	52

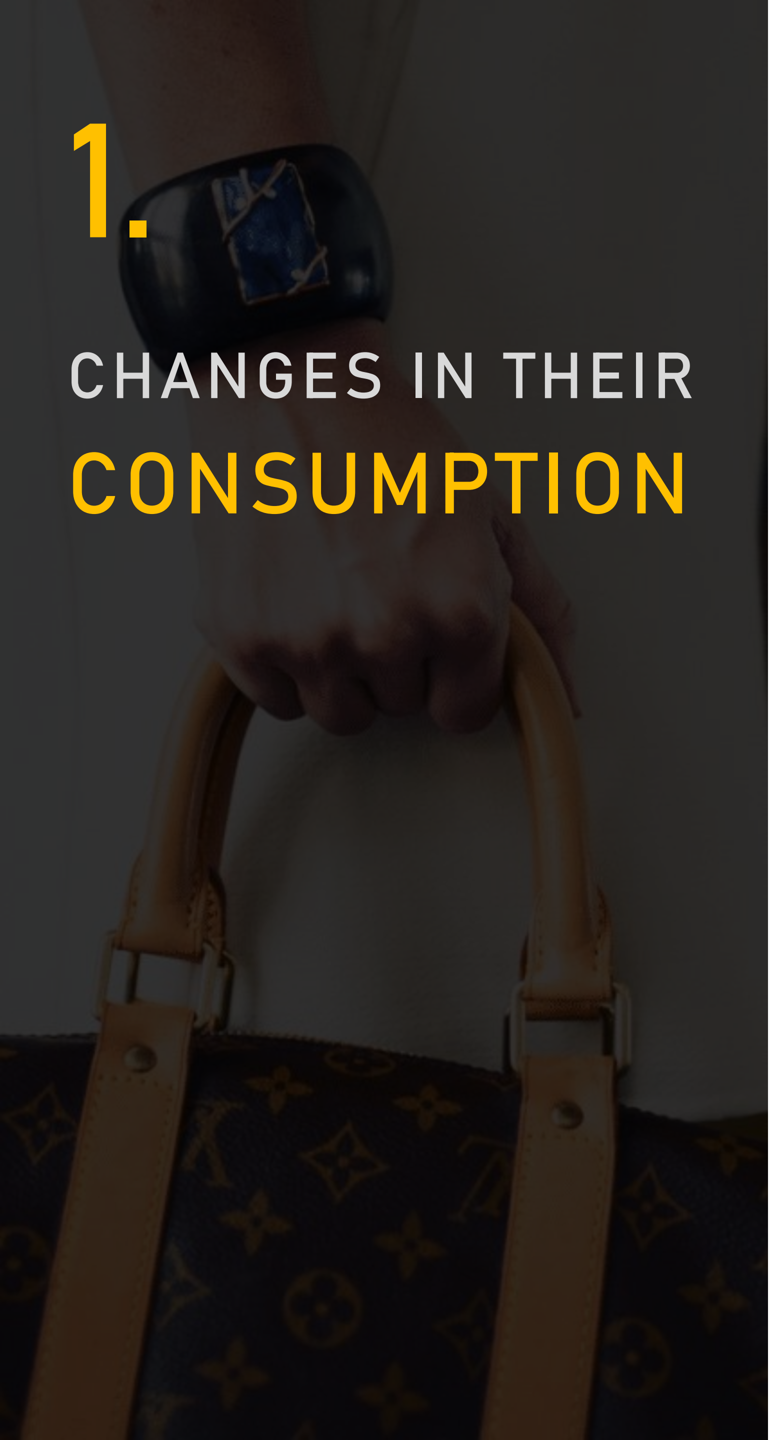
I1. How much do you agree with the following?

Summary

Chinese travelers are back, and they are looking for...

1. **MORE** domestic travel in the short to mid-term although international travel desire is strong.
2. **MORE** leisurely and experiential travel to discover new culinary experience, build new connection and uncover new destinations.
3. **MORE** indulgence (first-class and luxury hotels) and abundance (hotel room offering) to provide both style and comfort.
4. **MORE** thoughtful planning to enhance safety and overall well-being.
5. **MORE** ease, convenience and efficiency in overall service and product offerings.
6. **MORE** social networking and longer-term relationship via loyalty program.
7. **MORE** education required to generate awareness around sustainability.


CHINESE
CONSUMERS
ARE
CHANGING.
Significant changes can be seen in their
1. Consumption
2. Habits
3. Attitudes
4. Expectations
5. Preferences



1. CHANGES IN THEIR CONSUMPTION

A RESURGENCE OF LUXURY APPETITE

- Those who will spend more on luxury has reached a 2-year high at **52%**.
- There is an increase in the intention to spend across various luxury categories, from luxury jewelry to clothing, shoes, handbags to fine wine, electronics, home décor to experiential enjoyments like travel and fine-dining.

AN INCREASE IN SPENDING

- There is a slight increase in overall luxury spending among Chinese consumers from **RMB 210,900 in 2021 to RMB 220,000 in 2022**.

2.

CHANGES IN THEIR HABITS

LUXURY SHOPPING

- **The importance of online channels is now on par with physical stores** in terms of looking for information and making luxury purchases.
- **Beijing and Shanghai** are still the top 2 cities where the Chinese purchase luxury goods. 18% purchase luxury from **Sanya**, an increase from 12% last year.

TRAVEL

- They are going on **longer trips 8.7 days (vs. 8.4 before the pandemic)**
- More domestic travel- **80% domestic vs. 72% international**
- Increasing their spend on travel **(from 88K – 102K)**

3.

CHANGES IN THEIR ATTITUDES

CHINESE HERITAGE, AESTHETICS AND NATIONAL PRIDE

- 33% say it is extremely important for Chinese elements to be embedded in luxury, an increase from 27% last year.
- More than half of Chinese luxury consumers still report that they will make more purchase of Chinese fashion brands in the next 12 months, (54% this year)

SUSTAINABILITY

- 40% agree that sustainability is very important, an increase from 34% last year. 80% agree that luxury companies are important in encouraging sustainability.

3.

CHANGES IN THEIR ATTITUDES

EXPERIENTIAL TRAVEL AND SELF-INDULGENCE

- The affluent Chinese travelers are seeking experiential travels. 82% prefer experience over goods. They also put emphasis on wellness when they plan their travels. 80% agree wellness is a key driver in travel planning.
- 78% prefer slow recuperative travel over schedules filled with itinerary.
- Chinese travelers are seeking positive experiences. Enjoying natural sceneries (62%) and culinary experiences (54%) top the list of purpose of international travel in the coming year.

4.

CHANGES IN THEIR EXPECTATIONS

LOYALTY PROGRAM AND RECOGNITION

- Loyalty program remains important for luxury shopping. 45% deem being a member of loyalty program very important for luxury shopping – a slight decrease from 62% last year.

ELEVATED SERVICE LEVEL WHEN TRAVELLING

- More travelers would stay in upscale and luxury hotels when they travel (54% and 48% respectively). When seeking for accommodation, it is important that the place they stay in has high accessibility and can be flexible in addressing their needs or desires.
- The roles of accommodations expanded among Chinese travelers, who want to socialize and meet new people.

5.

CHANGES IN THEIR PREFERENCES

CHINESE BRANDS VS WESTERN BRANDS

- Chinese luxury consumers are gaining more confidence towards Chinese brands in various elements, particularly in history and story of the brand (49% this year vs 43% last year) and craftsmanship (43% this year vs 41% last year).

HONG KONG AS A LUXURY HUB

- Chinese luxury consumers still agree that Hong Kong is an Asian luxury hub (77%), despite the figure having dropped slightly (85% last year).

5.

CHANGES IN THEIR PREFERENCES

MOST PURCHASE BRANDS

- **Rolex** and are the most purchased brands of luxury watches among luxury consumers.
- Topping the list of most purchased jewelry brands are **Cartier and Chanel.**
- **Chanel** is the most purchased fashion brands, followed by Balenciaga and Dior.
- **Chanel** and Balenciaga are the most purchased brands for handbags and leather goods.
- **Chanel** and Lancome tops the list for most purchased brand for beauty and cosmetics.

THE LUXURY CHINESE CONSUMERS HAVE CHANGED

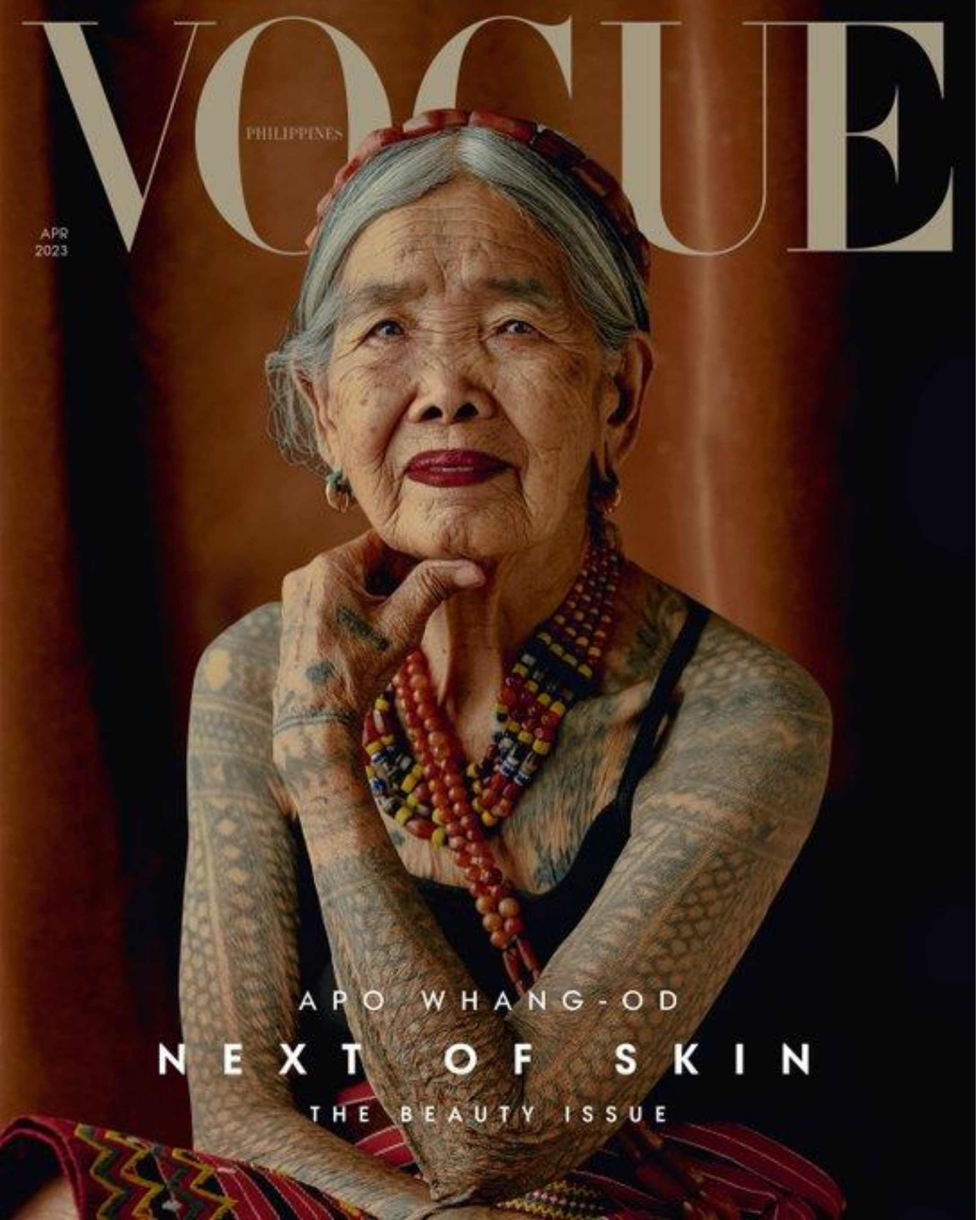
ARE WE READY FOR TO RISE TO THE EXPECTATIONS OF AN ELEVATED CHINESE LUXURY CONSUMER?

HOW DO WE CONTINUE TO INSPIRE THESE EVELUATED CHINESE LUXURY CONSUMERS?

RENAISSANCE Couture by Beyoncé x Balmain

Inspire - ORIGINAL

Inspire – DIVERSITY
Dior in Mumbai



INSPIRE: REDEFINING BEAUTY + CULTURE

Indigenous tattooist becomes Vogue's oldest ever cover star at 106

An Indigenous tattooist in the Philippines credited with helping to keep alive a form of the art known as batok has become the oldest Vogue cover star after appearing in the Philippine edition of the magazine at the age of 106.

Apo Whang-Od, who is from Buscalan, a remote, mountainous village in the Kalinga province of the northern Philippines, began tattooing at 16. Once described as the last remaining mambabatok, or traditional Kalinga tattooist, she has since inspired a new generation to learn batok, said Vogue. Batok involves tapping the tattoo into the skin by hand, using a thorn, which is dipped in soot and natural dye, and is attached to a bamboo stick.

INSPIRE BY BEING INCLUSIVE

Ten models, ten looks, one famous cat. At Paris's Grand Palais, ten designers cast Karl Lagerfeld's legacy into the future.

INSPRING:

ICONS

Pierpaolo
Piccioli,
Valentino

Thom Browne

Donatella
Versace

Jun Takahashi,
Undercover

Christopher
John Rogers

John Galliano,
Maison Margiela

Olivier Rousteing, Balmain

Chitose Abe,
Sacai

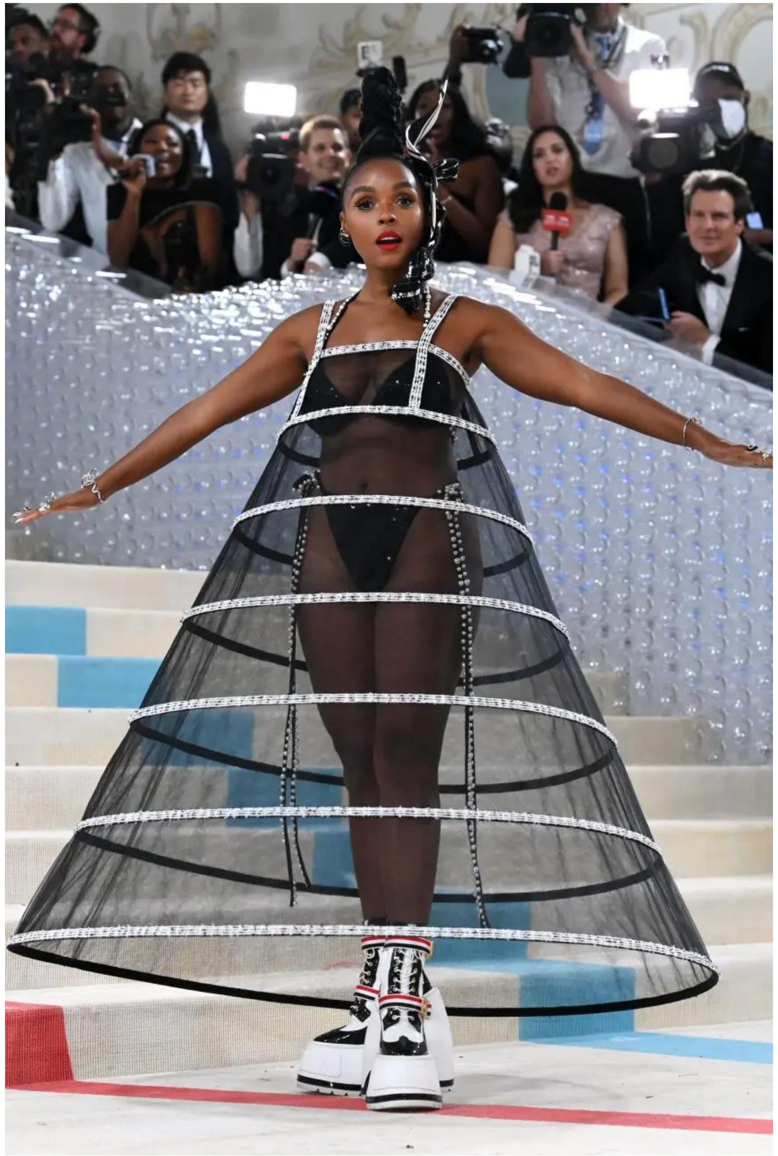
Gucci

Simone Rocha


Met Gala 2023
INSPIRE BY CELEBRATING

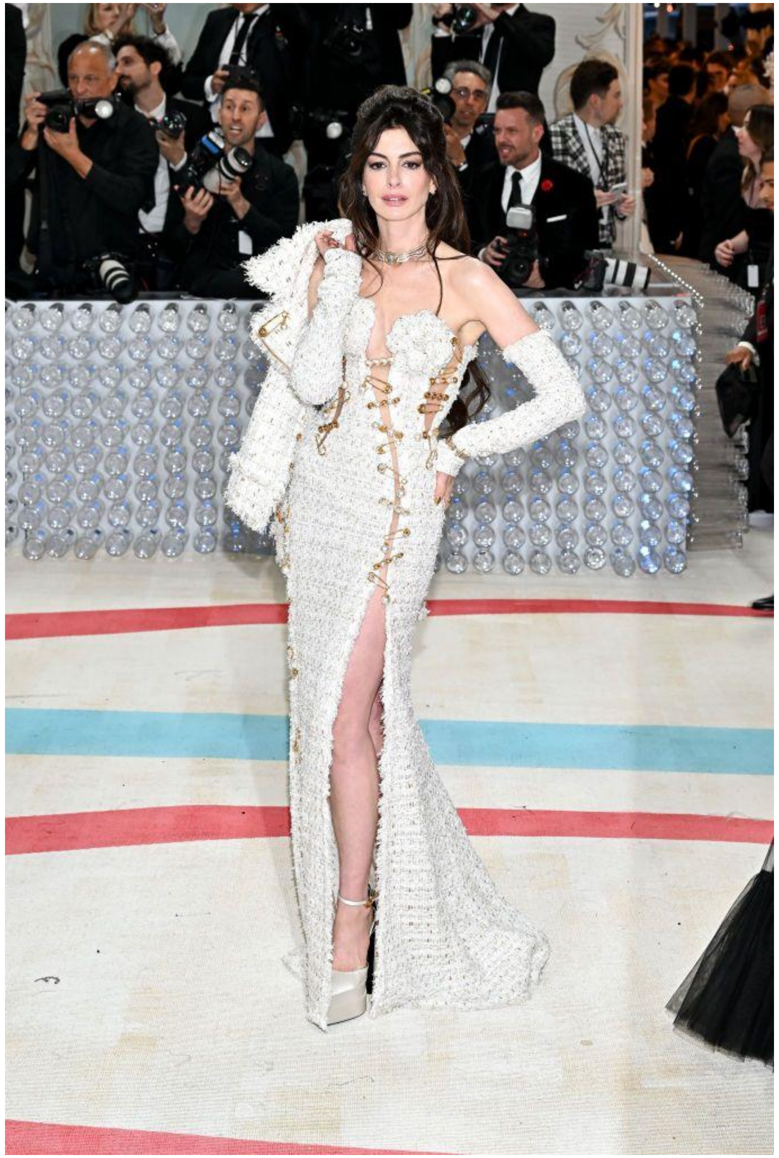
Dua Lipa in **Chanel**

Rihanna in **Valentino**



Janelle Monáe in **Thom Browne**

Nicole Kidman in **Chanel**



Anne Hathaway in **Atelier Versace**

Jessica Chastain in **Gucci**

Pedro Pascal in **Valentino**

Simu Liu in **Versace**

Bad Bunny in **Jacquemus**

Ke Huy Quan in **Dior**

Jennie in **Chanel**

Michelle Yeoh

Doja Cat in **Oscar de la Renta**

Lil Nas X

Jared Leto

INSPIRE VIA ANTICIPATION

INSPIRING THROUGH CONSISTENT STRONG OFFERING

VERSACE PRESENTING STRONG POSITIVE BEAUTIFUL PEOPLE

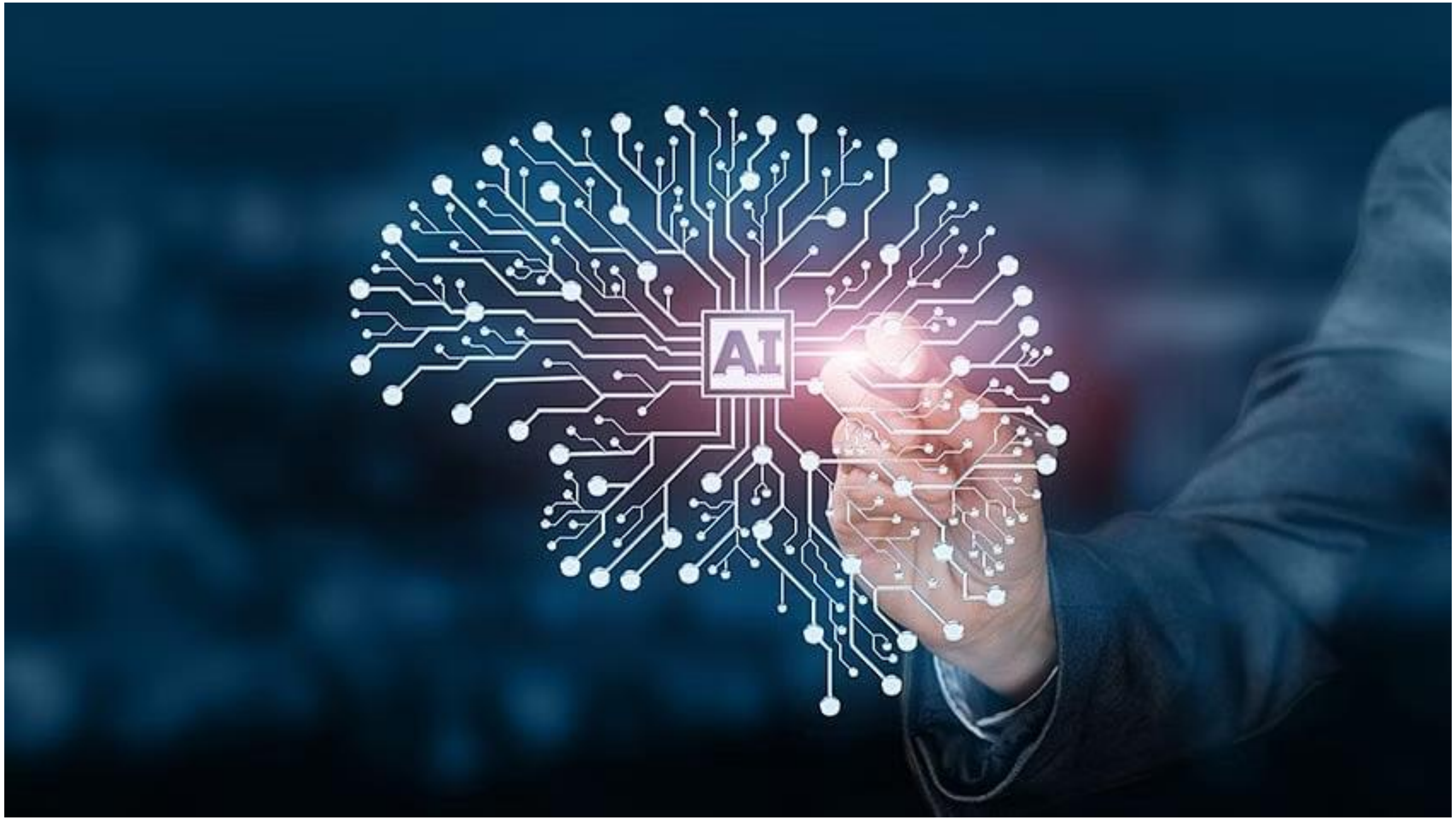
INSPIRE – BY HAVING FUN

MSCHF's big red boots, aptly named the Big Red Boot.

INSPIRE WITH A NEW SPACE

Tiffany & Co's Fifth Ave. Landmark Store

WHAT’S NEXT?


AI

INSPIRE…

Have some fun!

connecting with these evolving luxury consumer in China

&

Whatever you

DO,

do it BETTER!

THANK YOU