



## AGILITY RESEARCH & STRATEGY

### CONTACT INFORMATION:

Luca Deplano

[jason@agility-research.com](mailto:jason@agility-research.com)

For a full list of topics covered and media inquiries, contact Jason at [jason@agility-research.com](mailto:jason@agility-research.com)

## IS CHINA'S LUXURY RECOVERY FLATTENING?

### CHINA OUTLOOK FOR 2022

[04 NOV 2021 – SINGAPORE] – **China's affluent remain optimistic and willing to spend, but their road to recovery to pre-pandemic levels appears to be leveling off**, according to Agility's latest TrendLens™ study.

#### - TRENDLENS™ CHINA 2021 -

The newest report was released as part of Agility's TrendLens™ data subscription programme which monitors the outlook, spending habits, and lifestyles of affluent and high-net worth consumers. This is the second wave of the consumer study for 2021 in TrendLens™, which covers more than 12 key markets globally and leverages respondents across the world from Agility's LuxeTalk™ affluent & HNWI community.

The China study is based on interviews with 1,000 affluent consumers\* in each wave across the country, including a sample of 300 USD millionaires.

#### - KEY TAKEAWAYS -

**1**

**China's recovering optimism is leveling off.** After experiencing a sharp drop in the months following the lockdown of Wuhan in 2020, affluent consumers' outlook – in terms of expectations regarding their own economic well-being, disposable incomes, investment returns, and likelihood of spending on luxuries – had rebounded significantly as of March 2021. However, in the latest wave, the recovery trend appears to have paused, with consumers' luxury spend expectations remaining at similar levels to Q1 2021.

This comes as China's GDP growth slowed significantly in Q3 2021, to 4.9% year-on-year and only 0.2% compared with the previous quarter, impacted by energy shortages, worries surrounding the property sector and bond market, and localized shutdowns prompted by small Covid outbreaks.

**2**

***Millionaires remain more bullish and resilient spenders.*** While sentiment has remained level at an overall level, looking deeper into the data we see a diverging trend between the Affluent and high-net worth (HNW) groups in the study in this wave. HNW consumers' optimism is continuing to trend upwards from the last wave (a net of 55% HNWs expect to increase luxury spend in the next 6 months, up from 43% in Q1 2021), while Affluent consumers' outlook has stayed level in the last six months (41% vs. 39% in Q1).

In particular, Chinese USD millionaires expect to increase spend the most on fashion, jewellery, and cosmetics. Cars and watches are also categories where HNWs show significantly higher willingness to increase spend than Affluent consumers.

**3**

***Consumers are becoming more rational and are looking for value.*** Since the pandemic, we've frequently heard the term "baozhi" or "keeping value" in interviews with consumers when talking about how they evaluate potential luxury purchases. The focus isn't on lower price, but on getting something that will stand the test of time rather than of-the-moment. In our TrendLens™ data, we see them becoming more sensitive to value and looking for timeless products. For Gen-Z consumers especially, those agreeing with the statement "I prefer buying items that are classic and timeless" (over the alternative option, "I prefer buying luxury items that are new and trendy") jumped from 26% earlier in the year to 44% in the current wave. We also see increasing interest in secondhand luxury goods, renting luxury, and vintage luxury among the full sample.

**4**

***The luxury brand experience still matters.*** That they are becoming more rational is not to say that the Affluent are making purchases based on cold, bloodless calculations; on the contrary, there is a strong desire for immersion in luxury brands and to be treated specially, as an honored client. Affluent and HNW consumers rated brand experiences (encompassing online, in-store, and brand events) as the top factor influencing luxury purchase decisions, with 89% saying it influences them a lot or somewhat. The in-store experience and direct brand "touch" is particularly critical for big-ticket purchases or buying a brand for the first time. In our work with luxury brands we have helped them dial these experiences in to make sure they are addressing real customer needs, delighting them, and creating affinity and loyalty.

5

**Sustainability is not just an abstract concern for the Affluent.** Many people might

be tempted to think that sustainability is a concept that consumers think of passively, and state concerns about it more or less as mere lip service. However, in our latest wave sustainability

does stand out as a salient

luxury considerations - especially for the younger

generation. Over half of Gen-Z consumers in our study say that sustainability influences

luxury purchase decisions “a lot” and a further 44% say it influences them “somewhat”.

We also increasingly hear consumers

define sustainability in more urgent

terms, describing it as something that is “everyone’s responsibility” where in the past a more common view was that it is important but mainly the job of government to address it.



How affluent consumers define “sustainability”

*\* Affluent definition: Min. 400,000 RMB in annual household income. HNWI definition: Min. 1 mln USD in assets under management (excluding primary residence)*

These are a selection of the takeaways from the latest TrendLens™. There are many more insights and data points in the programme, including on category spending, purchase channels, travel behaviours, and more.

For additional details on the TrendLens™ and how to subscribe, please contact [jason@agility-research.com](mailto:jason@agility-research.com)

## **ABOUT AGILITY RESEARCH & STRATEGY**

Agility Research & Strategy is a top ten globally ranked Insights & Strategy Consultancy with a core focus on affluent consumers for luxury and premium brands. Our team of experts come from a variety of backgrounds, nationalities and professional disciplines. We share a common purpose to help our clients win by unlocking growth from insights on affluent consumers around the world. With a wide range of solutions and methodologies and over 1000 client success user cases we determine the best way to extract key insights and deliver actionable recommendations to brands looking to capture market share.

### **AGILITY'S STUDIES ON THE AFFLUENT AND HNWIS**

#### **AGILITY'S TRENDLENS™ 2021/22**

TrendLens™ is Agility Research & Strategy signature syndicated research. Published twice per year, it is a complete insights and research program designed for marketing and insights teams and C-level executives to understand the latest trends on affluent and HNW consumers, across luxury shopping behavior (fashion, cosmetics, jewelry, watches, alcohol), travel and their finances in key markets Asian and global markets.

#### **The AFFLUENTIAL™ Wealth Report 2021/22**

The AFFLUENTIAL Wealth Report is a strategic insights study on the financial behavior of the affluent & HNW individuals, designed for senior and C-suite executives of wealth management, banking, insurance and credit cards firms which target this coveted segment. Profiling respondents by age, gender, occupation, financial savviness and risk attitude, the report aims to map out financial aspirations, needs and outlook across banking, wealth management, insurance, credit cards.

**Media Contact:** For phone enquiries, please contact our regional contact center: **+65-6396 6832** or by email reach out to Jason at [jason@agility-research.com](mailto:jason@agility-research.com)