

2023

China luxury sales: How fast and far?

Who is DLG?

A *forward-looking* digital partner with a *luxury* and *innovation* DNA.

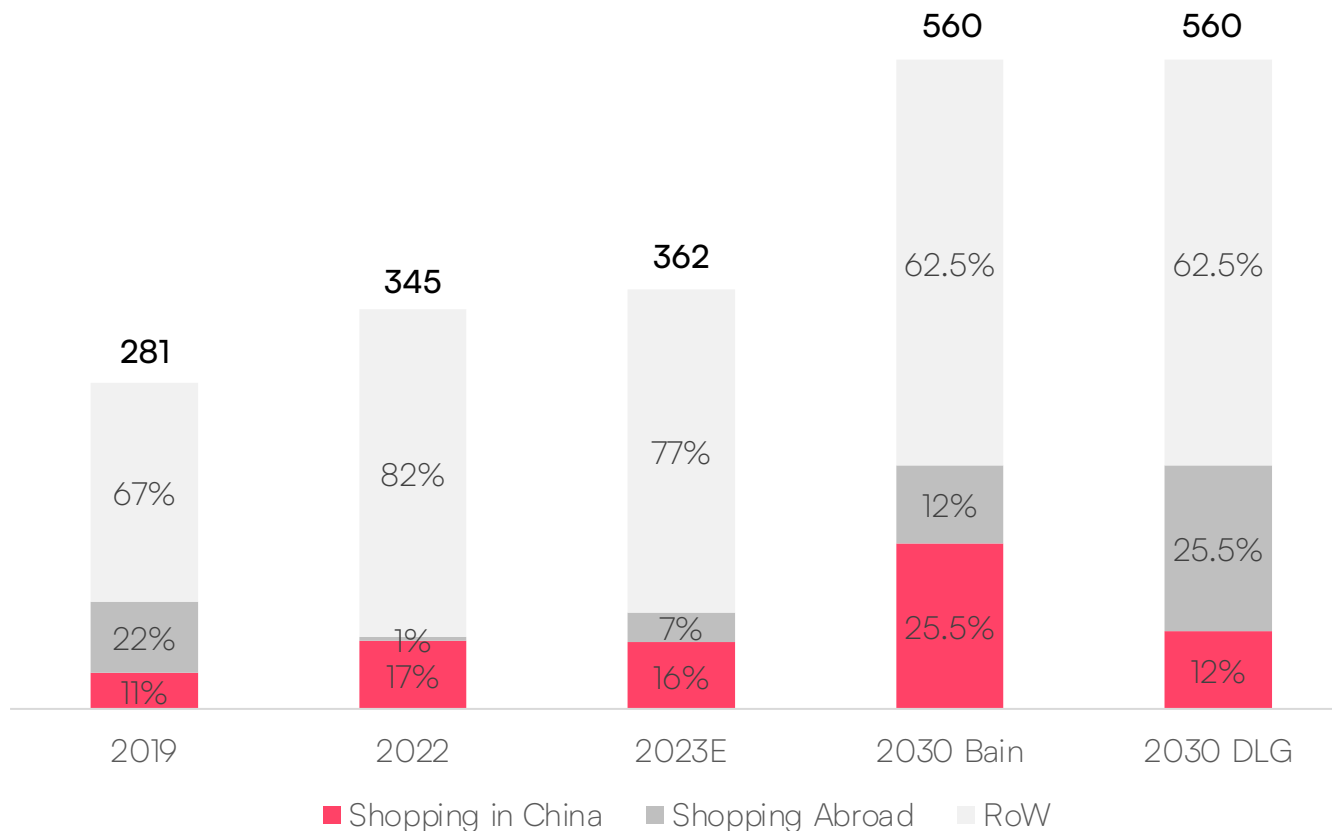
With over 10 years of experience in **China**, DLG **bridges the gap** between China and global headquarters, by facilitating productive collaboration and improving brand performance.

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Impact of travel on onshore consumption.




Personal luxury goods market (2019-2030F, € bn)

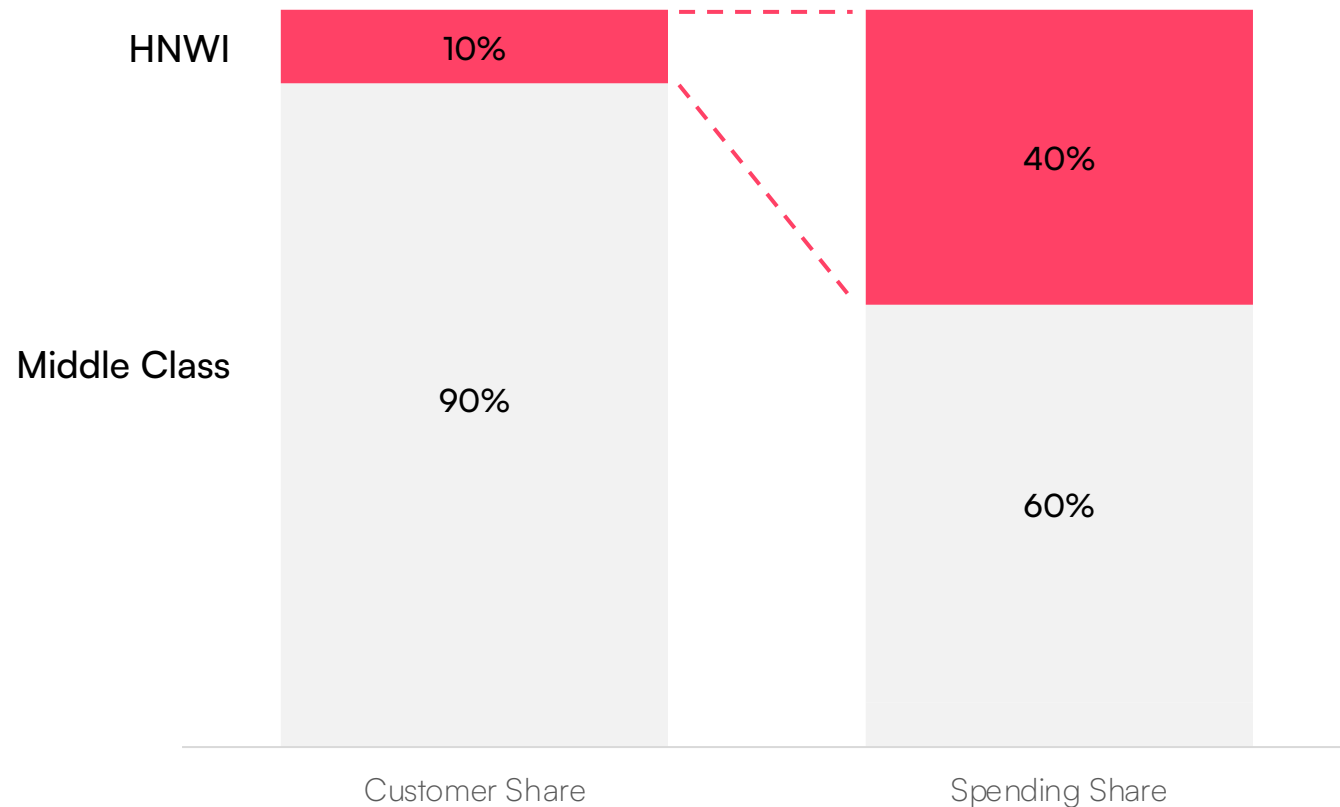


- Slowly reverting to pre-covid habits
- Chinese expenditure to fuel future growth outside China
- Modest growth in China

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Luxury faces 2 very different segments.

 Market segmentation by consumer spending level



- HNWI have and will continue to generate a large portion of luxury consumption in China
- Middle class fuelled luxury growth in the last two decades, but this trend changed in 2023

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What will it take for luxury brands.

Brand profile

Scarcity and exceptional prestige brands



Strategic focus

Focus on providing VICs with exceptional experiences and leverage scarcity to stimulate occasional luxury consumers

Exceptional brands with strong focus on HNWI



Strengthen intimacy with VICs and protect scarcity

Luxury brands with higher dependency on middle class



Elevate all touchpoints: focus on VICs and most exclusive products. Avoid alienating VICs with mass marketing

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Chinese travellers have changed radically.

Travellers are no longer bargain seekers:



The rise of Hainan
duty-free market



Price harmonisation



International airline
ticket price +80%

Local luxury distribution has been upgraded:



China accounts for
50% of new stores



Massive marketing
investment in China



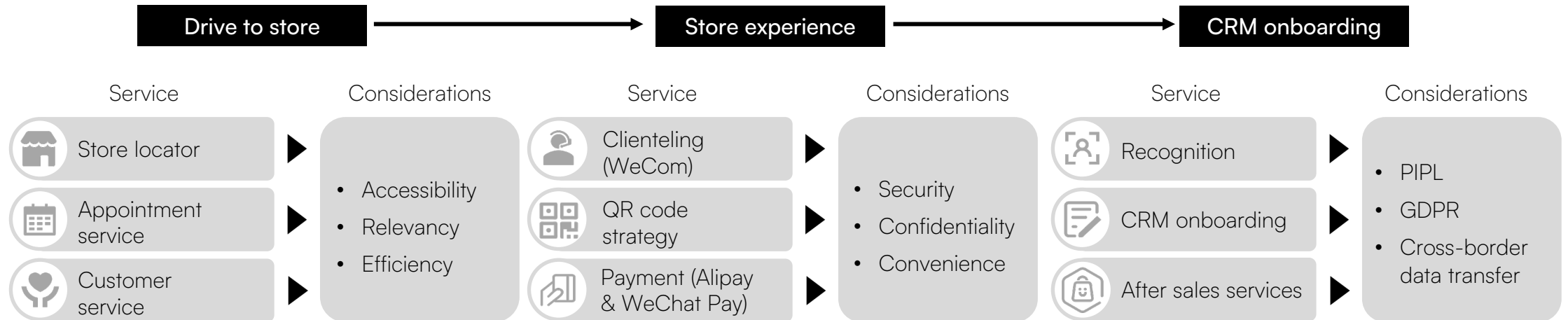
Availability of iconic
products

- Luxury stores in Europe and North America are meeting new Chinese consumers — they spend 30 - 50 % more per transaction versus 2019.
- They expect exceptional service and experiences, beyond what they can access in China.

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Best practices and current challenges.

Consumer Journey



Challenges

- These three core functions often don't work for Chinese consumers outside China

- Many of these functions are not available outside of China.

- The global CRM infrastructure often excludes Chinese travellers.

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DLG (Digital Luxury Group) is the leading independent digital agency for luxury brands, and offers consulting, social media, e-commerce, creative and CRM services. With offices in Geneva, Shanghai and New York, it has developed a unique expertise in defining and implementing impactful digital strategies that target sophisticated consumers through a combination of technological know-how, creativity and luxury savoir-faire.