

RESEARCH

The changing behavior of affluent Asia-Pacific consumers in 2018: Part 1

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By A LUXURY DAILY COLUMNIST

By **Amrita Banta**

Every January, through thousands of surveys with affluent consumers, Agility Research & Strategy distills a volume of data into insights for premium brands.

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These insights help brands unlock growth and understand the dynamics of changing consumer behavior across the region. Agility's annual Affluent Insights study also includes conversations with experts in the luxury, travel, and finance sectors to provide a holistic view of the consumer landscape for the coming year.

For this year's study, Agility interviewed close to 3,000 affluent respondents across China, Hong Kong, Japan, South Korea, Thailand, Malaysia, Singapore and Australia.

This is the first in a two-part series of our top insights for brands to look out for in 2018.

Consumers are optimistic about their future wealth and will continue spending on luxury
Looking ahead, affluent Asia-Pacific consumers are optimistic when it comes to their wealth creation in 2018. A large majority is confident that the value of their investments and properties will appreciate.

Affluent Thais, Malaysians, and Chinese are more likely to be optimistic about their future wealth compared to consumers in other markets, in contrast to the affluent Japanese, who are the least optimistic.

Many affluent Asian-Pacific consumers also aspire to purchase more luxury goods.

We found that eight out of 10 Chinese consumers cited that they are likely to spend more on luxury items the highest across all markets, followed by Thai and Malaysian consumers. Japanese and Australian consumers are the least aspirational among all eight markets.

The growth of affluent individuals in China leads to a new way of purchasing luxury goods

There is an observed growing importance of luxury outlet stores in the China market by both Chinese consumers when shopping at home and also when traveling abroad. This has emerged as one of the top purchase channels

when buying luxury fashion, watches, and jewelry among the Chinese.

Presence of outlet malls has been growing in China since 2016, attracting the more price-conscious emerging affluent.

In fact, Chinese consumers view spending the day at outlet malls as a favorite past-time activity.

We predict that department stores and high-street retail will innovate their services and customer experience to compete effectively.



Hong Kong boasts some of the most wealthy consumers in Asia Pacific and also some of the most expensive real estate. Image credit: Florian Wehde via Luxury Society

Blogs, forums, and review sites are becoming a more popular source of information on brands. Brand Web sites are no longer the main source of information for affluent Asia-Pacific consumers. These consumers are reading more blogs, forums and review sites to find out about the luxury goods and experiences they plan to purchase.

Therefore, in 2018, it is increasingly important for brands to monitor what is being said about their brands on these platforms.

Positive outlook for luxury watches in 2018, especially among millionaires

Based on our study, while purchase of luxury watches was lukewarm in the past year, consumers have expressed renewed interest in acquiring luxury watches in the immediate future.

Rolex is on the top of the list of brands consumers are planning to purchase. The most positive outlook is in China, where three out of five Chinese consumers are planning to purchase a luxury watch in the next 12 months.

In addition, millionaires have been spending and are planning to spend much more on watches compared to the general population a great insight into their planned spending behavior.

Luxury home dcor is on the rise in Asia Pacific

As consumers become increasingly more affluent and are looking for new ways to spend their money, designer luxury home dcor will increase in popularity in the region.

Since dining and hosting house parties are popular in Asian culture, we can see this as a new and emerging trend.

Some brands such as Gucci have also launched cushion covers and luxury candles priced upwards of \$300 with beautifully designed containers that can be kept as collectibles.

Other home dcor selections include throw pillows and trays such as one made by Cartier, boasting its signature burgundy color.



Few can hold a candle to Gucci. Image credit: Gucci via Luxury Society

Airbnb expected to further disrupt the luxury hotel business, and Taiwan increases in popularity as a travel destination

Airbnb properties have been on the radar of affluent consumers, and in this year's study we included the brand to see how it fares in comparison to other hotel brands.

Interestingly, Airbnb is within the top 10 brands used and planned to be used by affluent Asia-Pacific consumers across markets.

In fact, Airbnb is No.1 on the list among affluent women in China. This may be due to Airbnb rentals offering the ultra-private space and an authentic local experience that hotels cannot provide.

Airbnb recently announcing that it will start to target affluent consumers by offering more luxury properties at beautiful locations. We predict that luxury hotels will feel the impact and increased competition in 2018.

While Japan has remained the most popular international travel destination among affluent Asia-Pacific consumers except, of course, for the Japanese, for whom it is Hawaii Taiwan can be seen to increase in popularity as a future country to which to travel.

With many consumers doing some luxury shopping when they travel, alongside sightseeing and trying out local cuisine, brands should consider increasing their presence in Taipei and other tourist destinations in Taiwan to capture the tourist dollar.

This is the first in a two-part series of key insights into the behavior of affluent consumers for 2018. In part two, Amrita Banta looks at affluent Asia-Pacific consumers and their growing demand for virtual reality, artificial intelligence (AI) and how female consumers are becoming a driving force.

Amrita Banta is managing director of [Agility Research & Strategy](#), Singapore.

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