

MARKETING

Asian millionaires looking to spend on travel, hard luxury goods

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Asian affluents continue to diversify their travel interests. Image courtesy of Taj Hotels Resorts and Palaces

By SARAH RAMIREZ

As the population of high-net-worth individuals in Asia continues to climb, these affluents are changing their perspective on luxury consumption.

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Asian affluents want more high-quality services and privileges than the general HNW population, according to Agility Research's [2019 Affluent Insights study](#). While some nationalities define luxury as quality goods and services, others seek out a luxurious quality of life.

"Except for some more mature markets like Japan, the bulk of the luxury consumers in the region tend to be quite young and are still forming their opinions about luxury," said Ali Mirza, CEO of [Affluential](#), Hong Kong. "As they become better acquainted with luxury brands and have more disposable income, they start looking for new ways to enjoy luxury and connect with luxury brands.

"We have seen luxury evolve beyond product and brand to a quality of life and a lifestyle," he said.

Affluential is Agility's sister company. Agility's 2019 Affluent Insights Millionaire Report is based on a survey of more than 900 millionaires from China, Hong Kong, Singapore, South Korea, Japan and India.

Asian affluents

Traditionally, millionaires have been drawn to luxury goods because of craftsmanship, design and exclusivity. But these ideals are starting to shift.

Hong Kong millionaires are most motivated by the uniqueness of high-end goods, while Indian millionaires are most drawn to the in-store experience. Among Chinese millionaires, heritage and exclusivity are tied for the second biggest motivators when shopping luxury brands.



Japan is a popular destination among Asian HNWI. Image credit: Ritz-Carlton

A significant number of respondents are looking to increase their spending across several categories, including travel and hospitality.

In 2018, travel and travel-related experiences accounted for as much as a third of discretionary spending among Asian millionaires.

“We see travel growing because of two things,” Mr. Mirza said. “Access and availability of more destinations, resorts, hotels and experiences, and how social media and other digital channels like travel and booking sites and apps are fueling this demand.”

Japan and Australia were named as two of the most popular destinations for millionaire travelers.

Asian affluents have long been drawn to Japan because of its strong heritage, a diversity of destinations across the country and the low yen ([see story](#)).

Travelers from Asia continue to diversify their interests, beyond shopping and general sightseeing. Respondents listed activities such as urban exploration, swimming, skiing, hiking and skydiving among their preferred travel interests.

Along with travel, premium cars and hard luxury goods are also projected to see strong growth.

Chinese millionaires see jewelry as a “big ticket” purchase, especially around special occasions such as engagements and anniversaries. They are also expected to spend more on watches and fashion.

Millionaires in Hong Kong and Singapore want to spend on cars and watches, as well as making real estate investments.

Property investments are more appealing to millionaires in Hong Kong, Singapore, Japan and South Korea than they are to Chinese and Indian affluents.



Real estate investments are popular among Asian affluents, including those in Hong Kong. Image credit: Sotheby's

Around 80 percent of Asian millionaires have money invested in equities and properties, while keeping a portion in cash and liquid deposits.

Most wealth in Asian markets is self-made, and this is reflected in how affluents turn to their peers for recommendations regarding banking and insurance.

India insights

According to Agility, Indian millionaires in particular showed interest in increasing spending in multiple areas.

India is set to experience the steepest increase in ultra-affluent individuals, as the wealthy population climbs 39 percent, according to Knight Frank's annual Wealth Report. Asia is expected to see a 24 percent uptick in ultra-affluent individuals over the next five years, outpacing Europe and North America ([see story](#)).

India's luxury market continues to evolve as affluents become more sophisticated.

The Indian luxury market is about 42 times smaller than China. India also typically has a more local approach to luxury, with consumers seeking out goods that reflect their culture and styles ([see story](#)).

"Indian HNWI consumers have a strong connection with luxury," Affluential's Mr. Mirza said. "The market there resembles China when we started doing research there years ago."

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