

TRAVEL AND HOSPITALITY

What brands need to know about Chinese airport travelers

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By driving sales and improving brand relevance, airports have become a sweet spot in luxury retail. Image credit: Shutterstock. Illustration: Haitong Zheng/Jing Daily

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For Chinese passengers, international airports have evolved from mere transportation hubs to the ultimate shopping destinations, thanks to their appealing duty-free policies.

In fact, Chinese shoppers are splurging on luxury goods in airports more than any other group, [topping the charts of the 2018 global duty-free sales market with a 13.2 percent share](#), according to the Swiss travel market research agency MInd-set's report on the global duty-free market.

As the passenger group with the most buying power in the world, Chinese travelers' swelling traffic and consumer demands offer a lot of potential revenue. And to reach relevant Chinese consumers, worldwide airports, duty-free companies and Chinese tech giants have collaboratively prepared an organic retail ecosystem for luxury brands.

By driving sales and improving brand relevance, airports have become a sweet spot in luxury retail. But faced with thousands of airports around the world, what should brands look for when deciding to set up shop in one of them?

A common misconception is that shopping is a top priority for Chinese outbound travelers during their travels. But [McKinsey & Company's report on China's Outbound Tourist Market](#) has dispelled that myth, showing that experiences now matter more to them.

Thus, how brands partner with airports to capitalize on in-store shopping experiences is the key to winning over consumers.

Singapore Changi Airport is among the few airports that have been ambitious about redefining retail experiences with unique attractions, an array of brands and warm service.

The new Jewel Changi Airport, which opened in April 2019 as a nature-themed entertainment and retail complex that links three different airport terminals, exemplifies this new style of "[experiential shopping experience](#)."

The mixture of gardens, attractions, retail, dining, a hotel and facilities enriches the environment in a way that goes

beyond shopping.

Featuring an indoor oasis with a gigantic waterfall, the mall has become a must-see stop at the Changi Airport.

Aside from the stunning interactive scenery, the mall also collaborates with brands on individualized offerings that are only available at the Changi Airport. This further heightens the relevance to targeted consumers, particularly families and millennials.

The mall's YSL beauty pop-up station, for instance, includes both a gaming program and a beauty "refuel" machine, and the brand even invites bands to perform for consumers on weekends.

Mall attractions help to diversify the functionality of the airport, transforming it into a tourist attraction and shopping destination.

For travelers who usually spend limited time inside airports, these unique experiences will impress and motivate them to go back to the airport more than marginal duty-free discounts.

Convenience also constitutes an important element of a remarkable shopping experience for Chinese consumers.

China's local tech giants [Alibaba](#) and [Tencent](#) have infiltrated everyday Chinese life, and Chinese travelers expect the same convenient forms of mobile payment when traveling abroad that they get at home.

Therefore, Alipay and [WeChat](#) have extended their payment systems into many other countries.

To optimize Chinese consumers' shopping experiences, shops and retailers at international airports are now coming equipped with China-friendly support facilities.

Furthering this initiative, [Amsterdam Schiphol Airport became WeChat Pay's first "smart flagship airport" this past May.](#)

By partnering with WeChat, the airport is now able to provide Chinese consumers a range of bespoke services including WeChat official account, WeChat Mini Program and WeChat Pay.

The airport has also set up a WeChat pick-up point specifically for Chinese consumers who shop through WeChat, saving them time at checkout.

WeChat has also launched a similar program aimed at improving the efficiency and convenience of duty-free shopping through a WeChat Mini Program called "Wetaxrefund." Chinese consumers can get a tax refund sent directly to their WeChat Pay account, allowing them to skip the long process of checking shopping receipts and processing refunds.

According to the partner list shown on the Mini Program, 85 international airports have supported this immediate tax refund service provided by WeChat.

On top of these services, many airports are also trying to take advantage of the enormous opportunity "daigou" (cross-border exporters) offers them.

South Korean duty-free sales have been heavily propelled by Chinese daigou over the past two years, especially in the beauty sector.

China's new ecommerce law, which was put into effect at the beginning of 2019, was supposed to reshape the daigou business and the duty-free market, but [there has been minimal impact on the field thus far.](#)

Incheon International Airport will set up a duty-free pickup area for Chinese daigou next year, as reported by South Korean media outlet *JTBC*.

One of the most critical considerations of operating airport retail is store location, and this remains true for attracting Chinese tourists.

Brands can accentuate a travel retail opportunity by striving for an ideal storefront inside the airport while tracking ever-shifting travel trends.

At the end of 2018, [The Moodie Davitt Report revealed that Louis Vuitton would open its duplex store in late 2020 at Hong Kong International Airport.](#)

Louis Vuitton and fellow iconic retailer Chanel are expected to elevate the airport's profile for luxury lovers. [Chanel](#) will move into the place currently occupied by Rolex, while the new Louis Vuitton storefront will replace the Chanel

position.

Hong Kong, Macau, Japan and South Korea are all destinations with easy visa applications that are a short distance for Chinese travelers that prefer a shopping-oriented travel experience.

But given the current protests in **Hong Kong**, passengers are flowing into other options.

As has been **widely reported by *Jing Daily* and *Luxury Daily***, luxury brands are losing money in Hong Kong, which had been a global retail center and a stepping stone to China's market.

The damage to local retail has also been felt in travel retail, thanks to the chaos triggered by **anti-government protesters at Hong Kong International Airport**.

Though it is promising that **Louis Vuitton** has taken over the golden location in Hong Kong International Airport, its future in Hong Kong's market is gloomy if tourism is threatened. Still, it seems to have found alternatives.

Louis Vuitton Mansion Seoul opened on Oct. 31, 2019, dropping a hint that **LVMH** is betting on the transition of Chinese luxury visitors from Hong Kong to Seoul.

The Fashion Law has predicted that **Chinese luxury consumers will spend \$29 billion at South Korean luxury retailers by 2020**, and if the country becomes the next big shopping haven in Asia, luxury brands must start targeting its international airports.

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