

RETAIL

The most prolific duty-free shoppers have a penchant for luxury goods

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Chinese consumers are the most largely represented among the biggest tax-free spenders. Image credit: Peninsula

By SARAH JONES

Four in 10 of the most valuable shopping tourists hail from China, pointing to the continued spending power and impact of Chinese consumers on the duty-free market even as many opt to shop closer to home.

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According to data from Global Blue, 0.5 percent of all tax-free shoppers account for 17 percent of the total duty-free spend. Dubbed Elite shoppers, members of this key target group tend to be frequent travelers and purchasers, with a significant portion of their traveling expenditures earmarked for luxury goods.

Big spenders

Collectively, all shopping tourists spend about 90 billion euros, or almost \$100 billion, on personal luxury goods.

Two-thirds of tax-free spending comes from the 88 percent of the population who are infrequent travelers.

Meanwhile, 21 percent of duty-free sales are attributed to frequent travelers.

While only 0.5 percent of tax-free shoppers, Elite clients punch above their weight when it comes to spending, making almost one-fifth of all purchases.

On average, Elite travelers spend 55,000 euros, or about \$61,000, per year during their journeys across about 12 purchases. They also tend to take more than three international trips per year, spending 15 days away from home.

Elite consumers seek out luxury products, with a total 74 percent of their spending going towards high-end goods.

Soft luxury purchases are 45 percent of all spending. The average expenditure on luxury is between 1,500 and 5,000 euros, or between almost \$1,700 and \$5,500.



Celebrity Silhouette's on-board shopping. Image credit: Celebrity

Twenty-nine percent of their purchases are in the hard luxury category, with an average spend that exceeds 5,000 euros.

Within Elite clients, the wealthiest 10 percent account for 36 percent of total Elite spending. For instance, compared to the global average \$55,000, clients who are in the top 10th percentile among China's Elite audience spend an average of 197,000 euros, or about \$219,000.

When they are looking to shop, Elite consumers flock to downtown stores, with high street boutiques making up three-quarters of all Elite spending. Coming in second is department stores, with a quarter of total sales.

The biggest group within Elite travelers are Chinese consumers. Making up 39 percent of the total Elite group, these shoppers also tend to be younger, with a third between the ages of 20 and 34.



Elite shoppers seek out luxury. Image credit: DFS

Comparatively, Southeast Asia and the Gulf countries are almost tied for second place within the Elite population, making up a respective 15 and 14 percent of the high spenders. These consumers are typically older than the Chinese Elite shoppers, with about half between the ages of 34 and 54.

The oldest Elite clientele hail from the United States, with half of big spenders over the age of 55. Despite the fact that the U.S. is a significant luxury market, Americans only account for 6 percent of Elite clients.

Duty-free destinations

Europe is the top destination for Elite travelers, with France coming out on top with 36 percent of tourists. Following France were Italy and the United Kingdom, tied at 31 percent.

Asia Pacific locations are also prominent, including Japan and South Korea.

According to the 2019 edition of the Bain & Company Luxury Study, Asia and particularly China will see growth this year, while other regions will be flat or decline. One of the key trends that emerged this year was spending at home,

with global spend by local consumers rising 11 percent while tourist expenditures rose 3 percent, benefitting markets that are nearby destinations for Chinese consumers ([see story](#)).

Given the interest in traveling to Europe, a number of retailers have rolled out offers and services to make shopping abroad more appealing to visitors.

French department store chain Printemps looked to make itself a prime destination for Chinese tourists through a campaign in partnership with WeChat Pay and Wirecard.

Printemps previously teamed up with Wirecard to bring Chinese mobile payments into its stores, allowing the Chinese audience to more easily and comfortably pay for merchandise ([see story](#)). A recent marketing initiative aimed to bring more Chinese shoppers in store, extending the alliance ([see story](#)).

In 2015, British department store chain Selfridges is responding to the rise of international consumers by organizing a dedicated customer service center inside its London flagship.

Located on the retailer's fourth floor, instead of the ground level where it previously was held, Selfridges has tripled the space, and prominence, of its International Service department. Acknowledging the differing needs of international consumers compared to those based locally will help instill a global sense of trust in Selfridges and its policies ([see story](#)).

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