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## China luxury market to grow 20-30pc this year: BCG-Tencent

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By LUXURY DAILY NEWS SERVICE

The Chinese luxury market is set to grow from 20 percent to 30 percent this year as it becomes the main battleground for each major luxury brand to nab a piece of the only large country relatively unscathed by the COVID-19 pandemic.

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China's luxury business benefited from successful domestic control of the pandemic and has taken the lead in recovery against a depressed domestic global marketing environment, per the new 2020 BCG x Tencent Digital Luxury Report.

"The luxury market in China was the first to recover from the impact of COVID-19, and is seeing an increasing rebound in local consumption and online channel adoption," said Crystal Hao, Beijing-based managing director and partner at Boston Consulting Group, in a statement.

Digital story

The global luxury business took a major hit since earlier this year when the COVID-19 pandemic spread from China to other parts of the world.

The luxury market is expected to decline 25 percent to 45 percent worldwide compared to the previous year, per BCG.

The only bright spot for growth is China and its affluent consumers who are shopping domestically due to travel restrictions to Europe and North America.

Indeed, Chinese affluent consumers are back in bricks-and-mortar stores and online at ecommerce platforms such as Tmall Luxury Pavilion.

If anything, other than China, it is the growing importance of ecommerce and online and mobile channels that has emerged as a key conduit for luxury purchases.

"The share of pure online purchases has increased to 30 percent, indicating a shift towards an omnichannel journey," Ms. Hao said.

"In the post-COVID era, luxury brands need to re-consider the key characteristics of Chinese consumers, think about how to better leverage digitalization enablers to understand and cater to consumers' needs, and develop a truly omnichannel shopping experience that takes into account both service and experience," she said.