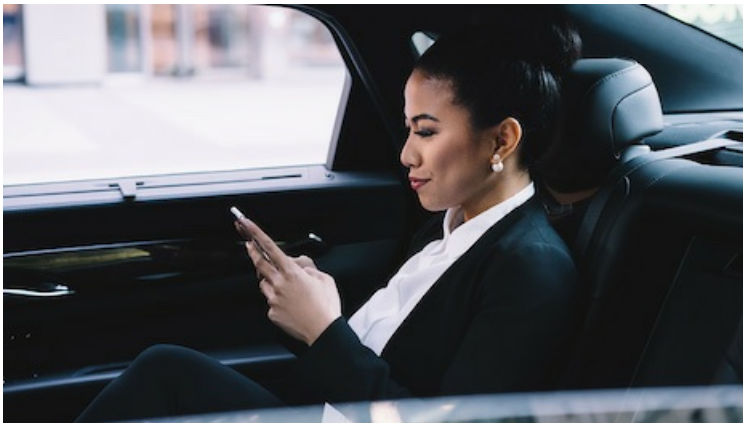


MARKETING

Luxury market in Asia will remain resilient in 2021: Agility

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The affluent Asian consumer is more optimistic, more resilient and more loyal to brands that showed genuine concern. Image courtesy of Agility Research & Strategy

By SARAH RAMIREZ

As Asia continues to steadily recover from the coronavirus pandemic, luxury brands that continue to invest in the market should be cautiously optimistic about these efforts paying off into 2021.

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During a Luxury Consumer Outlook 2021 webinar hosted by [Agility Research & Strategy](#), managing director Amrita Banta shared what the luxury sector can expect from high-net-worth individuals across Asia. While international travel remains restricted, those budgets have been diverted to luxury goods purchases, particularly in beauty, jewelry, automotive and consumer technology.

"What we're looking at as we're going forward is a cautious optimism going into 2021," Ms. Banta said. "There is a lot of hope in a lot of categories and we've seen certain markets do much better than others.

"We've seen that the high-net-worth and the ultra-high-net-worth consumers are actually the most resilient," she said. "But there is no doubt the toll that COVID has had on all of us."

Recovery in Asia

Nearly a year after the COVID-19 outbreak began in China, the world's largest luxury market has experienced a V-shaped recovery.

Other markets in Asia including Korea, Taiwan and Japan are doing well due to managing spread of the coronavirus and having large domestic markets for luxury goods.

Well-known iconic and trusted luxury brands saw the quickest recoveries, according to Ms. Banta. Some brands appear to be facing shortages because goods are selling out faster than pre-pandemic.



The first country to face widespread lockdowns, China is now the first to return to something resembling normalcy. Image credit: Farfetch

Some HWNI seem to be motivated to buy less, but more expensive, luxury goods, further putting smaller and emerging high-end brands at risk. The consumers who continue to shop in-store are the most brand loyal and will spend more than aspirational luxury shoppers.

Affluents in Asia are also fueling ecommerce growth. According to research from Agility, more than half of respondents from India and more than a third of respondents from China now preferring to buy luxury goods online because of the added convenience.

As the pace of life slowed down, consumers also found themselves with more to think through purchases. Affluents have been able to reassess their perception of brands and sustainability has become more of a priority since the start of the pandemic.

"There's a willingness to pay a premium for brands that are sustainable, for ethical brands or brands that are conscious of the world around them," Ms. Banta said. "There is definitely luxury with a purpose and a more responsible consumer."

Earlier research from Agility also showed that due to lockdowns, affluents in Asia have also been choosing to spend more on cars, art and electronics, in addition to wellness offerings. Interest has rebounded in goods that are high-quality and improve quality of life ([see story](#)).

Looking ahead

The strength of the recovery in Asia, particularly mainland China, has contributed to luxury groups' stronger sales in recent months.

For Kerings's directly-operated stores, revenues were up 44.1 percent in North America and up 18.5 percent in Asia-Pacific during Q3 2020 buoyed by revenue growth of 80 percent in mainland China ([see story](#)).

Ecommerce marketplace Farfetch, Alibaba Group and Richemont have recently announced a global partnership, capitalizing on the strengthen of the luxury market in China market as well as accelerating the digitization of the industry ([see story](#)).

"As we plan 2021, one thing that's been very strong for our industry is timeless luxury," Ms. Banta said. "Respect for craftsmanship, for creativity, has been key in the recovery of art and luxury.

"Pampering yourself with some of the things that you love has also been a way that people have dealt with this crisis," she said. "That's obviously helped with, the entire industry and how the recovery has been."