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## Bain: 4 trends in China's "unstoppable" luxury market

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The global consultancy Bain & Co. and Tmall recently co-released a new luxury report on China that further validates the market's post-COVID-19 significance. Image credit: Lamborghini

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In collaboration with [Tmall](#), management consultancy [Bain & Co.](#) recently released a new luxury report on China that further validates the market's significance post-COVID-19.

Although China's GDP growth in 2020 is forecasted to be between 1.5 percent and 2 percent versus 6.1 percent in 2019 Chinese consumers are not expected to spend any less.

The luxury market in mainland China will likely see 48-percent growth in 2020, according to the report. That nearly doubles the country's overall global share, from 11 percent in 2019 to about 20 percent.

Bain anticipates continued growth, putting the country on track to claim the largest share of the world's luxury market by 2025, even after the other luxury markets bounce back from [COVID-19](#).

Here are four trends driving luxury sales in the "unstoppable" Chinese market, according to the report:

Repatriation has been boosted due to COVID-19-related travel restrictions

China's luxury market has seen increasing repatriation since 2015, which is driven by many factors, including reductions in import duties, stricter gray market controls over [daigou](#) and brand price harmonization.

[Travel restrictions](#) due to COVID-19 have further boosted the trend, and as a result, spending inside mainland China accounted for about 70 to 75 percent of Chinese citizens' global luxury purchases this year. That is more than twice the amount of 2019 (32 percent).

Millennial and Gen Z shoppers power online luxury spending

Gen Z consumers continued their emergence as both a source of market growth and a driver of increased digitization.

Millennials, meanwhile, formed the core of Tmall's luxury fashion, lifestyle and beauty consumers, the report said.

Luxury is increasingly catering to the tastes of Gen Zers with cross-brand collaborations and customized products,

and those approaches worked. When compared to millennials and older generations, Gen Zers showed a higher preference for designer editions and **cross-brand collaborations**, according to the 2020 Tmall luxury consumer survey drawn from a sample of 3,000 participants.

Driven by user habit, online luxury penetration continues to grow

With the growing influence of **younger consumers** Gen Z consumers spent an average of five hours a day on mobile in 2020, according to iResearch China's luxury brands have increased their online penetration, the report noted.

The aforementioned Tmall survey cited ecommerce, **Little Red Book** and brands' Chinese Web sites or apps as Gen Zers' top-three sources of information on luxury goods. That mostly explains luxury's continued efforts in omnichannel expansion.

Hainan duty-free shopping is the year's dark horse

**Hainan** has been allowing duty-free purchases for more than a decade, but it only really entered the public eye in 2020. The city can thank policy changes and international travel restrictions for this boost in spending.

By the end of this October, the destination's sales were growing at a rate of 98 percent, year-to-date, according to Bain's analysis of Hainan custom data.

Hainan duty-free shopping is the first step in developing a domestic duty-free channel, per Bain, adding that it expected to see more operators on the island as more licenses are granted.

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