

MARKETING

How Asian millionaires are rethinking their approach to luxury

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Asian millionaires are changing their mindsets around luxury. Image credit: Agility Research & Strategy

By SARAH RAMIREZ

Increased financial confidence among millionaires in Asia is fueling their spending on luxury goods and experiences, according to new insights from Agility Research & Strategy.

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According to Agility's [2021 Asian Millionaire report](#), countries in the region are seeing higher luxury spending as economies continue recovering from the COVID-19 pandemic. Many Asian millionaires are also embracing a more personal view of luxury and are gravitating towards more sustainable brands.

"Asian millionaires have weathered the pandemic better than many, yet they are not unaffected" said Amrita Banta, managing director at [Agility Research & Strategy](#), Singapore. "The most relevant impact is not on their wealth, which they expect will continue to grow now that the pandemic is mostly under control in this part of the world; it is rather on their mindset and lifestyle.

"Luxury is now something that make life enjoyable and comfortable again, in a world where simple pleasures like dining out with friends seem a luxury few can afford," she said.

The report is based on interviews with millionaires in six of Asia's wealthiest markets: China, Japan, India, South Korea, Singapore and Taiwan.

Redefining luxury

A large share of millionaires in Asia are confident their disposal income will stay the same or increase in the coming year, with millionaires in China, India and Taiwan showing the highest rates of optimism.

There is even more confidence that financial and real estate investment portfolios will continue growing. For instance, 48 percent of respondents in South Korea expect their investment value will grow but only 31 percent believe their income will grow.



Millionaires in South Korea are among the most discerning luxury consumers. Image credit: Valentino

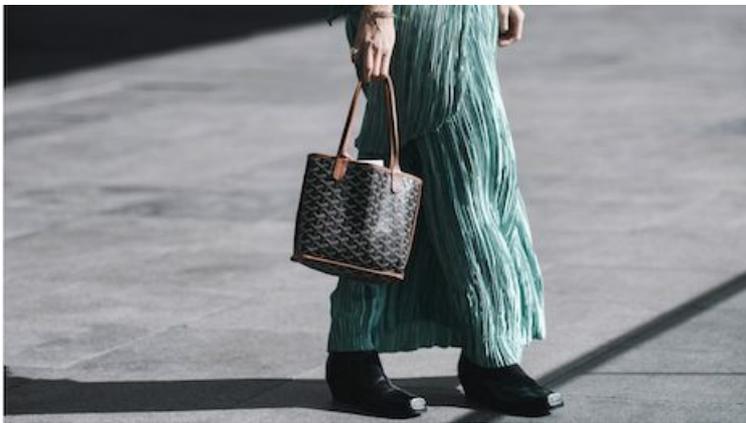
China and Taiwan, which generally have limited the impact of COVID-19 on the economy, lead the markets in higher luxury spending. However, all six markets are seeing stronger and higher luxury spending, according to Agility.

Pent-up demand for travel continues to build, as many international travel restrictions remain in place. Millionaires in India have been the most likely to spend on leisure travel.

Millionaires are more financially resilient than their affluent counterparts when economies stall. For instance, millionaires in China continued to buy apparel, handbags and jewelry at much higher rates than affluent consumers while millionaires in Japan outspent affluents on travel and travel experiences.

Generally, millionaires have been less impacted financially by the pandemic than other consumers, but they have found new appreciation for comfort, travel and socialization. As described by Agility, this "back to basics" approach to luxury is also a response to flaunting wealth as a status falling out of favor after the widespread suffering during the pandemic.

Two out of three Asian millionaires are more interested in purchasing from brands that are ethically responsible, including more than 80 percent of those in China and Taiwan. More millionaires are also willing to pay a premium on sustainable goods.



Young Chinese consumers have been demanding brands step up their efforts surrounding mindfulness, health, and discretion, but COVID-19 has accelerated this process. Image credit: Shutterstock

However, price increases that seem excessive or unjustified can be off-putting for some millionaires, particularly those in mature markets such as Japan and South Korea. Millionaires in China and India are most willing to pay a premium for luxury goods or services and are the least worried about price.

Chinese and Indian millionaires are also the most likely to purchase luxury gifts for loved ones. Less than half of millionaires in Japan, South Korea and Singapore buy luxury gifts, opting for a more discerning view of luxury.

Chanel, Dior and Hermès are among the most desirable and strongest performing luxury brands, per Agility's China Luxury Brand Affinity Rankings,

Buy better, feel better

Across Asia, sustainability is becoming a more important consideration when it comes to revenge spending.

Recent research from Agility showed that interest in secondhand and sustainable luxury is on the rise in China, with

29 percent of consumers interested in buying secondhand luxury goods in the next six months compared to 23 percent in 2020. Shoppers likely to purchase from a brand that is more expensive but sustainable is also up from 77 percent in 2020 to 88 percent in 2021 ([see story](#)).

According to online retailer Farfetch's first annual Conscious Luxury Trends Report, countries in Asia often adopt emerging sustainable brands before other regions.

China and South Korea saw gross merchandise value in "conscious shopping" grow by 188 and 127 percent y-o-y, respectively. Japan and Hong Kong saw conscious spending increase by a respective 55 and 50 percent ([see story](#)).

"While pre-pandemic, luxury shopping was something many millionaires did routinely and often out of boredom, now they do it to feel good again, to feel human," Agility's Ms. Banta said. "There is a new meaning and sensibility luxury brands need to grasp to be attuned with the mindset and needs of this key customer segment."

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