

MARKETING

Millionaires in US, China share optimism, differ in spending habits

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While American millionaires are looking at experiences for luxury purchases, Chinese millionaires are more focused on apparel and accessories. Image credit: Agility Research & Strategy

By KATIE TAMOLA

Millionaires in the United States and China are continuing to spend their money in disparate ways, according to new research from Agility Research & Strategy.

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While millionaires in the U.S. are more likely to spend money across all luxury categories, those in China are more likely to increase spending on tangible luxury goods such as clothes and handbags. However, both American and Chinese millionaires share an optimism and certain anxieties regarding the future, and are expecting to spend more on luxury in the next year.

"I think the major commonality [between Chinese and American millionaires] is that both want to spend more on luxury products and experiences going into 2022 and will remain the major markets for luxury brands to focus on," said Amrita Banta, managing director at [Agility Research & Strategy](#), Singapore.

Shared optimism, different purchases

U.S. millionaires are reporting being more optimistic for the next 12 months compared to early this year, with more disposable incomes being a contributing factor.

Meanwhile, Chinese millionaires are also optimistic about their increasing income, but both groups note being apprehensive about things like the future and the health of their loved ones.



Most countries have reopened since COVID-19 began, but China's zero-tolerance pandemic policy remains in place. Image credit: Prada

Last month, China which is following a zero-COVID strategy dealt with outbreaks in 19 of its 31 provinces ([see story](#)).

In September, as part of a strict six-point plan to combat the COVID-19 virus and its rampant delta variant, U.S. President Biden issued an executive order requiring businesses with more than 100 employees to mandate vaccines or weekly testing ([see story](#)).

When U.S. millionaires do feel comfortable shopping, they are especially likely to make purchases on experiences such as travel, spas and fine dining, a reflection of their eagerness to return to in-person experiences after more than 18 months of pandemic restrictions.

Millionaires in the U.S. are also becoming increasingly concerned with sustainability, vying for secondhand and vintage luxury products. The affinity for vintage has not gone unnoticed, as several luxury brands continue introducing secondhand partnerships and services.

Chinese millionaires continue prioritizing gifting, as 80 percent report buying luxury items as gifts, with alcohol being the strongest gifting category.



Many millionaires are eager to return to in-store shopping. Image credit: Bloomingdale's

U.S. millionaires are also vying for in-person shopping, noting that they enjoy the experience, while the luxury brands that are proving most successful are the ones that are working to bridge their online and in-person offerings.

Millionaires in China notably prefer official brand media over those they follow on social media, an indication that ambassadorships can be fruitful but that staying true to one's brand is crucial.

Navigating COVID-19 uncertainties

As the future remains uncertain, luxury brands across the globe will have to continue providing both attractive in-person and online experiences.

With new variants of the COVID-19 virus in mind, global markets continue to be affected, which could affect millionaires' shopping habits.

U.S. stocks fell drastically on Nov. 30, with the Dow Jones Industrial Average dropping more than 650 points amid growing fears of the rapidly spreading Omicron variant.

The S&P 500 fell 1.9 percent with a 88 point loss, while Nasdaq fell 1.6 percent with a 245 point dip. In addition to fears regarding the new COVID-19 Omicron variant, stocks began dropping after Federal Reserve chairman Jerome

Powell made comments about accelerating the bond-buying taper at the December meeting amid continued inflation ([see story](#)).

Traditional consumer behavior has completely shifted, and certain strategies may or may not work, so brands and retailers must adapt to dynamic customer journeys.

In its Business Insights report sponsored by American Express, fashion publication *Women's Wear Daily* pulled insights from industry leaders and found that to be successful, merchants must leverage data to increase personalization, foster deeper connections with customers and emphasize sustainability and social responsibility across the value chain ([see story](#)).

"I think trends like being avid travelers, spending more money on their homes, being more open to hand and vintage products are all going to remain," Ms. Banta said. "Besides buying luxury for themselves, [these millionaires] have also been gifting luxury products, much more than the other nationalities, which is another big opportunity for luxury brands."

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