

RETAIL

62pc of Chinese luxury shoppers are buying at home vs. in European capitals

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The days of buying in bulk in Europe are over. Image credit: Shutterstock

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The three-year-long pandemic saw Chinese nationals repatriating their luxury consumption, and now it seems there is no going back.

Even with international borders reopened, local shoppers are choosing to splurge at home.

According to sales compiled by alternative data provider Sandalwood Advisors, **62 percent** of luxury spending by Chinese consumers in April took place within the country, far surpassing the 41 percent recorded in the same period in 2019.

This trend is exemplified by the sales performance of domestic high-end retailers.

In the first quarter of 2023, Taikoo Li Qiantan in Shanghai, a commercial complex opened in 2021, posted an impressive **107.3 percent** year-on-year increase in retail sales and an occupancy rate of 94 percent.

Meanwhile, Sino-Ocean Taikoo Li mall in Chengdu posted sales exceeding \$1.15 billion (**8 billion RMB**) in the **fiscal year 2022**.

[Jonathan Siboni](#), founder/CEO of Paris-based data intelligence firm Luxurysight, believes Chinese consumers are rethinking their lifestyles post-pandemic.

"They no longer want to spend three hours queuing outside a store in Paris in the rain, but rather connect with a local sales associate who knows them and can advise them better," he said.

An increasing number of luxury stores and marketing activations in the country, as well as global price adjustments, have also dampened Chinese consumers' enthusiasm for shopping abroad.

In a report by global real estate services provider Savills, China accounted for **55 percent** of all new luxury stores openings in 2021 and 41 percent of openings in 2022.

Given this, Herms managing director [Guillaume de Seynes](#) shared that the business' top priority is boosting its brand

presence in China.

The company plans to open a boutique in a new Chinese city every year, though it has not set a timeframe for the expansion.

Last year, the French luxury house opened three stores in China in Zhengzhou, Chengdu and Shanghai and refurbished many of its existing landmark boutiques.

Another key factor that is persuading local buyers to consume at home is service.

Consulting firm Oliver Wyman revealed that **70 percent** of Chinese luxury purchases are assisted by salespeople. Luxury may further retain homegrown shoppers by providing a sophisticated shopping experience.

Big names have already sniffed out this opportunity and upgraded their retail presence in the mainland.

Hermès, Sisley and Louis Vuitton have all invested in three or four-storey **experiential flagship** stores to immerse local consumers in their brand universe.

Chanel and Dior have launched **VIP-only boutiques** in China's prestigious shopping malls, while other brands have moved their **regional headquarters** from Hong Kong to Shanghai.

Louis Vuitton is also eyeing lower-tier cities.

In 2021, the French maison revealed its plan to open a bricks-and-mortar store in each of China's regions by 2025.

As **Laura Pan**, professor of international business at SDA Bocconi School of Management, told *Jing Daily* in a previous interview, "It is difficult to imagine luxury brands making their clients travel a few hours to their closest top-tier city to enjoy personalized experiences."

As Chinese luxury consumers become increasingly sophisticated, they expect more than just a transactional shopping journey. They wish to be valued by brands for their deep-pocket spending. Thus, brands must move closer to their desired targets to better serve them.

Xiaohongshu has many trending posts by key opinion leaders (KOLs) about their very very important clients (VVIC) retail experiences, which include birthday surprises in private rooms and in-store trunk shows.

In 2023, consumer confidence is set to improve and luxury retail sales should resume steadily.

In fact, China's economic confidence index is at its highest level in a decade, according to a **2023 Hurun survey** of Chinese luxury consumers.

As luxury brands continue to roll out new stores, enrich their offerings and create localized strategies, a large proportion of Chinese consumption is expected to remain in China, even as international travel resumes.

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