

RETAIL

Young Chinese consumers embrace positive future outlook

June 1, 2023



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Earlier in June, China witnessed one of its strongest rebounds in travel during the five-day Labor Day holiday.

According to China's [Ministry of Culture and Tourism](#), a total of 274 million domestic trips were made during the long weekend, marking a year-on-year increase of 70.83 percent. These numbers exceeded pre-pandemic levels in 2019 by over 119 percent.

Revenue from domestic tourism also reached 148 billion RMB, reflecting a year-on-year increase of 128.9 percent and portraying positive consumer confidence and gradual economic recovery.

These findings align with RTG Consulting Group's [recent study](#) on young Chinese consumers ahead of the highly anticipated May Day holiday.

On the move

Following three years of near-isolation due to strict COVID-19 policies, more than 64 percent of young consumers polled indicated their plans to travel, both domestically and internationally, during the break.

However, interest in international travel remained subdued, with only 15 percent of consumers citing plans to travel outside of China. This is likely due to ongoing travel restrictions, challenges in obtaining relevant travel documentation such as passport renewals and visas, and limited international flight routes, resulting in increased travel costs.

Nevertheless, demand for domestic travel was strong, with nearly half of the surveyed consumers expressing plans to travel within China during the holiday. This was evidenced by the overwhelming number of Chinese travelers who took domestic trips during the Labor Day holiday period.

This trend is expected to continue gaining momentum, as more than 43 percent of consumers studied also expressed their likelihood to spend more on travel and leisure in the coming months.

Shop talk

Amidst a changing landscape, young Chinese consumers are demonstrating a growing sense of optimism and confidence in the country's future.

Despite some lingering pessimism, the overall inclination reflects promising growth in optimism and belief in the nation's trajectory.

As of March, consumer confidence levels reached a six-month high, with more than 62.4 percent of young Chinese expressing optimism about the future.

While recent media reports have taken a more conservative stance on China's outlook, we maintain a bullish about the China market and its consumers, particularly in the luxury sector.

Given its sheer size, Chinese shoppers are projected to account for more than 40 percent of global luxury consumption by 2030, making this market impossible to ignore.

Although consumers may remain cautious, luxury spending is likely to be buoyed by the growing middle class in China.

Data from the National Bureau of Statistics revealed China's per capita disposable income to be 36,883 RMB (approximately 5,487 U.S. dollars) in 2022, marking a 5 percent year-on-year increase in nominal terms.

Furthermore, a redistribution of Chinese luxury consumer spending across global markets can be expected once international travel resumes, and smart brands today should be strategizing on how to reach and convert tomorrow's global Chinese luxury travelers.

The optimism of young Chinese consumers about their future is not unfounded.

Having finally emerged from the shadows of the pandemic, the China market has proven to not only be resilient, but also ahead of the curve largely due to the power of its market demand, as well as production capabilities.

This is something that will continue to be felt profoundly by brands as the country reopens its doors to the world and ramps up activities across all sectors.

WITH THE PANDEMIC finally behind us and the world's focus on China, I anticipate significant shifts in Chinese consumption patterns.

International brands that do not want to be left behind need to truly understand the Chinese consumer and what drives him or her in this current day and age, to stay relevant.

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