

RESEARCH

80pc of Shanghai consumers made a luxury purchase within the last year: study

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By SARAH JONES

Four out of five Shanghai residents have purchased at least one luxury item within the past 12 months, and most say they will be ready to purchase another luxury item within the next six months, according to a new report.

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The study, which surveyed residents of both New York and Shanghai, found that residents of the Chinese city surveyed are also planning to outspend their New York counterparts for similar items by 66 percent when they buy their next luxury item. Seventy-seven percent of the New Yorkers surveyed say they plan to purchase in the next six months, compared to 91 percent of Shanghai respondents.

"We wanted to compare and contrast these two cities, because they tell us a lot about upcoming trends in other markets," said Arianna Galante, director of the agency department at ContactLab, Milan, Italy.

"It was interesting to see that all the indicators were positive," she said. "It's a clear indicator of potential market growth. It gives us an idea of how people plan to spend their money in the coming months."

ContactLab's "[Luxury Digital Behavior Study](#)" surveyed individuals between the ages of 25 and 54 living in Shanghai and New York. Of the 922 New Yorkers interviewed, 26 percent were in the most upmarket area, Manhattan. Nineteen percent of the 975 respondents from Shanghai live in Shanghai Inner Core, the most upscale area in the city.

On the rise

The study focused on apparel, handbag and shoe purchasing behavior, and found that while apparel and accessories will see a growth in spending from consumers in each city, shoe purchases are expected to remain stable.



The interior of Valentino's Shanghai flagship

For example, 69 percent Shanghai respondents said they had purchased luxury apparel in the past year, at an average price of \$1,010. The percent of potential luxury consumers is 86 percent, with this group expecting to spend an average of \$1,759.

Meanwhile, the average luxury shoe purchase of Shanghai respondents is only expected to grow \$18, to \$469. In New York, the difference between the potential purchases and the previous shoes bought is \$15, bringing it to \$330.

For the majority of consumers surveyed in both cities, the next intended luxury purchase will be for themselves rather than a gift. There is a slight bump in gifting for handbags, with 30 percent of New Yorkers and 25 percent of Shanghai consumers saying they were going to purchase them as a gift.

Reaching out

The biggest difference between the two markets is in their shopping habits, particularly the percentage of consumers who shop in only one channel.

In New York, 46 percent of respondents said they shop only offline, while 13 percent said they shop only online. For those surveyed in Shanghai, the number of offline-only shoppers is much higher at 53 percent, while online-only shoppers only account for 4 percent of those surveyed.

The percentage of consumers who shop both online and offline is very close for both

Shanghai and New York, with 41 percent of New York respondents shopping in both channels and 43 percent of Shanghai consumers saying they do the same.

Consumers who shop in multiple channels tend to spend more than those who shop in only one.

The similarities continue in researching behavior, where both sets of consumers look into apparel and accessories before committing to a purchase.

On average, the Shanghai consumer refers to five sources before making a luxury purchase, while the New York consumer looks at four.

Those surveyed from both cities rated the official brand Web site second in their list of sources they consult before making a clothing purchase decision, with 52 percent of New York consumers and 66 percent of Shanghai consumers saying they referred to the brand's site.

This research process crosses channels, with the advice of friends, family and colleagues and magazines rounding out the top three for both cities. The rankings differed slightly, with Shanghai consumers placing human advice at the top, the spot that New York consumers gave to magazines.

Email had similar responses from both sets of consumers, with 35 percent of New Yorkers and 31 percent of Shanghai respondents saying they look at emailed newsletters from brands before shopping.

"We see that, in general, a third of consumers choose to keep in touch with brands via email marketing," Ms. Galante said. "This is something we see on a daily basis when we match sales with the recipients who have opened an email.

"Email has to be huge by brands," she said. "The luxury industry for a long time did not consider email a strategic channel, but we're seeing it more and more as we can map the consumer journey.

"Brands should localize email, having a clear editorial plan on a global basis but at the same time catering to the tastes of different cultures.

"For luxury brands it means not using email to just push sales, but really communicate the brand story, talking about heritage, craftsmanship, history, making email marketing programs more intricate and more relevant to each consumer, because that's what luxury is."

Final Take

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