



Insights into the Luxury Consumer in 2016

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Trends to Watch

A Focus on Mainland China and Hong Kong

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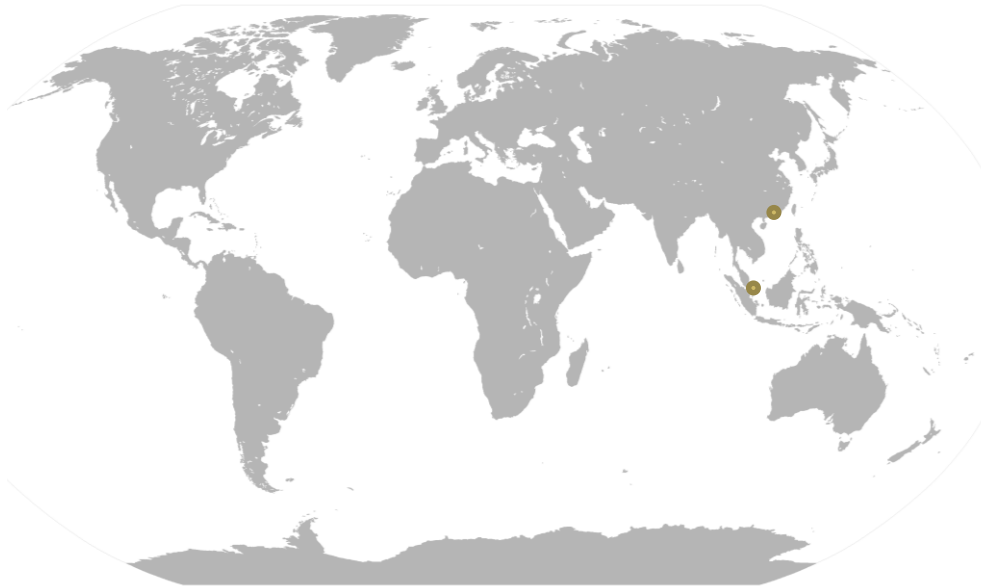
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INTRODUCING AGILITY

Introducing Agility Research & Strategy

Who is Agility?



Agility Research & Strategy is Asia's fastest growing research company, ranked Globally as a Top 10 research firm in the Luxury and Premium brand research space. As Agency of the Year nominee and with over 30 years combined experience in understanding the Affluent consumer, we are truly *Fluent on the Affluent™*.

We partner with leading brands to provide actionable insights through a suite of data, research and intelligence solutions to boost their market share.

LOOKING AT THE LUXURY CONSUMER IN 2016
-
TRENDS TO WATCH

FINDINGS FROM AGILITY AFFLUENT INSIGHTS™

Research Methodology

- Fielded in December 2015
- Covers a total of 14 APAC markets - A total of **2,402 respondents**

Countries	Sample Size (n)		
China	454	Thailand	227
Hong Kong	147	Malaysia	129
Japan	114	Taiwan	114
Korea	154	Philippines	164
India	414	Indonesia	103
Singapore	161	Vietnam	221

- For this presentation we are looking at **luxury consumers*** among the general online population across these markets, with a focus on **China** and **Hong Kong**

*Respondents who indicate going to websites of clothing and accessory retailers for premium and luxury goods.

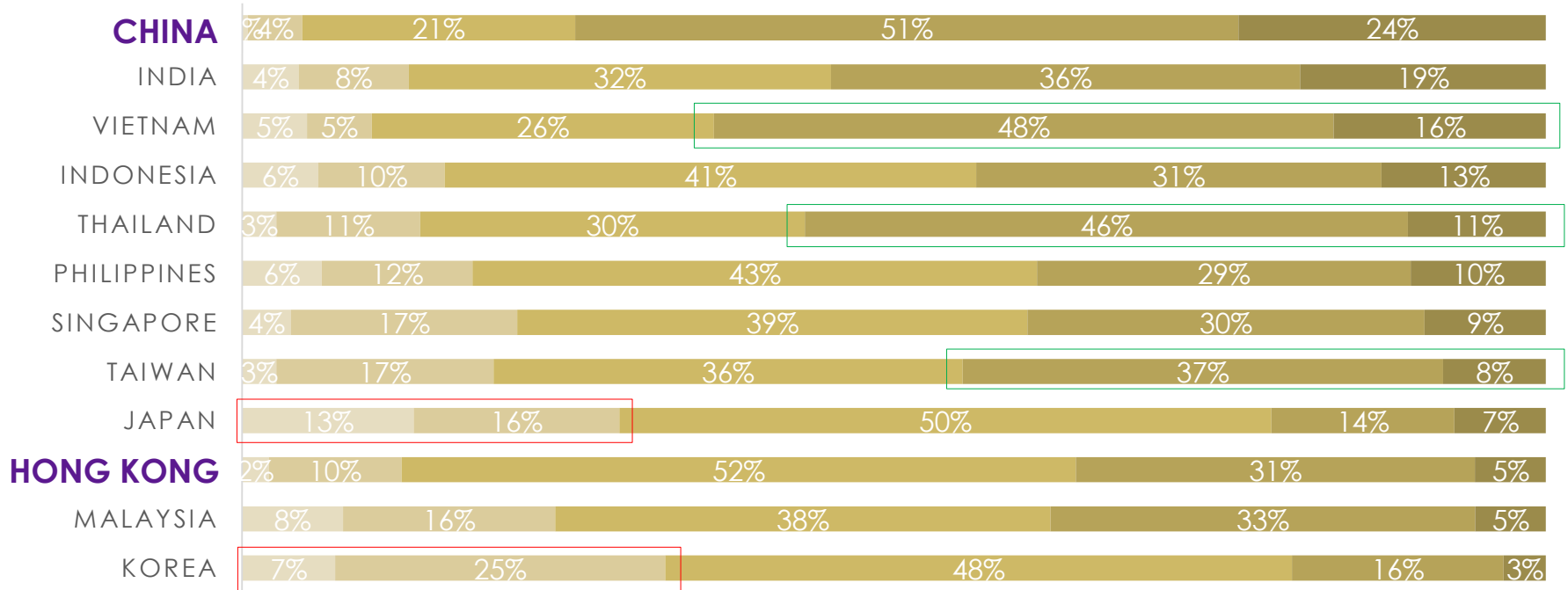
FUTURE OUTLOOK FOR LUXURY CONSUMERS

Will consumers have Money to Spend in 2016?

Chinese consumers, followed by Indian and Vietnamese, are most optimistic about having more money to spend in 2016, compared to 2015. HK consumers are not as optimistic and come in at the same level as Singaporeans

WILL HAVE MORE DISPOSABLE INCOME

■ Do not agree at all ■ Somewhat disagree ■ Neutral ■ Somewhat agree ■ Completely agree



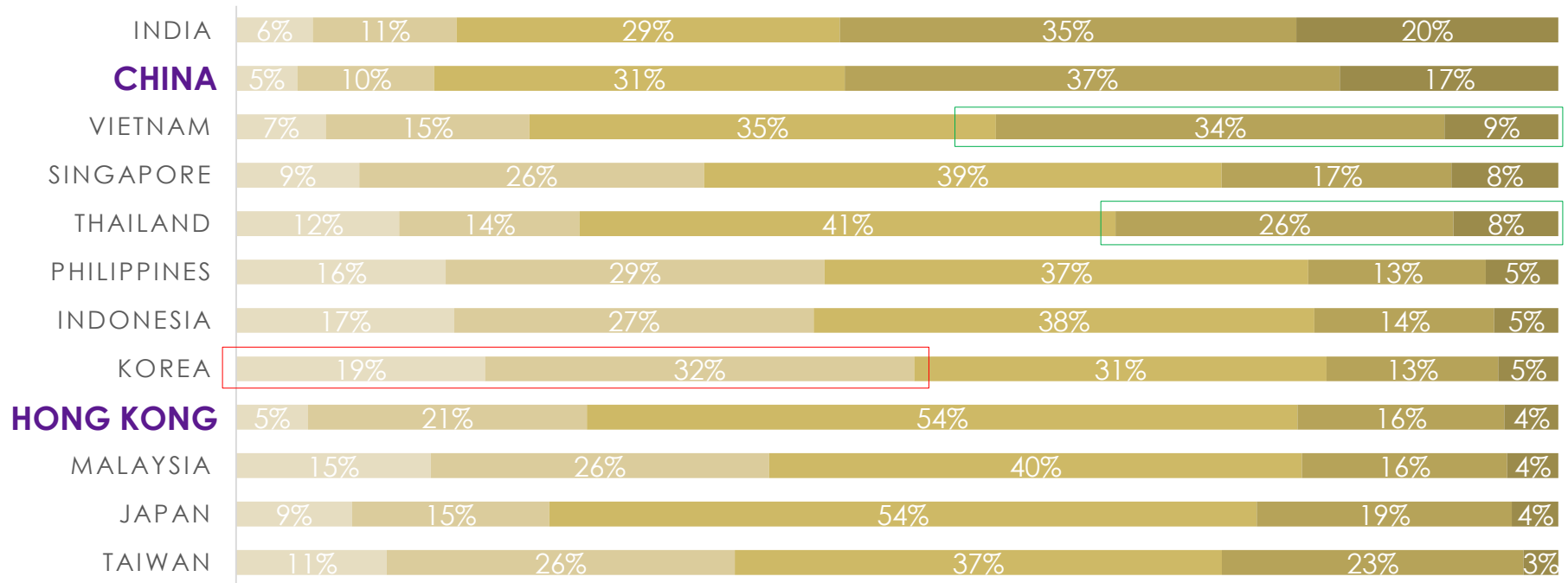
Source: Agility Affluent Insights 2015. Q: Looking ahead to 2016, and comparing it to 2015, please rate how strongly you agree with each of the following statements Base: All respondents, n=2,402

What is the outlook for Luxury Spending?

Consumers in India and China are most likely to increase luxury spending. Vietnam and Thailand are also upbeat. In HK they are not likely to spend more.

WILL SPEND MORE ON LUXURY ITEMS

■ Do not agree at all ■ Somewhat disagree ■ Neutral ■ Somewhat agree ■ Completely agree



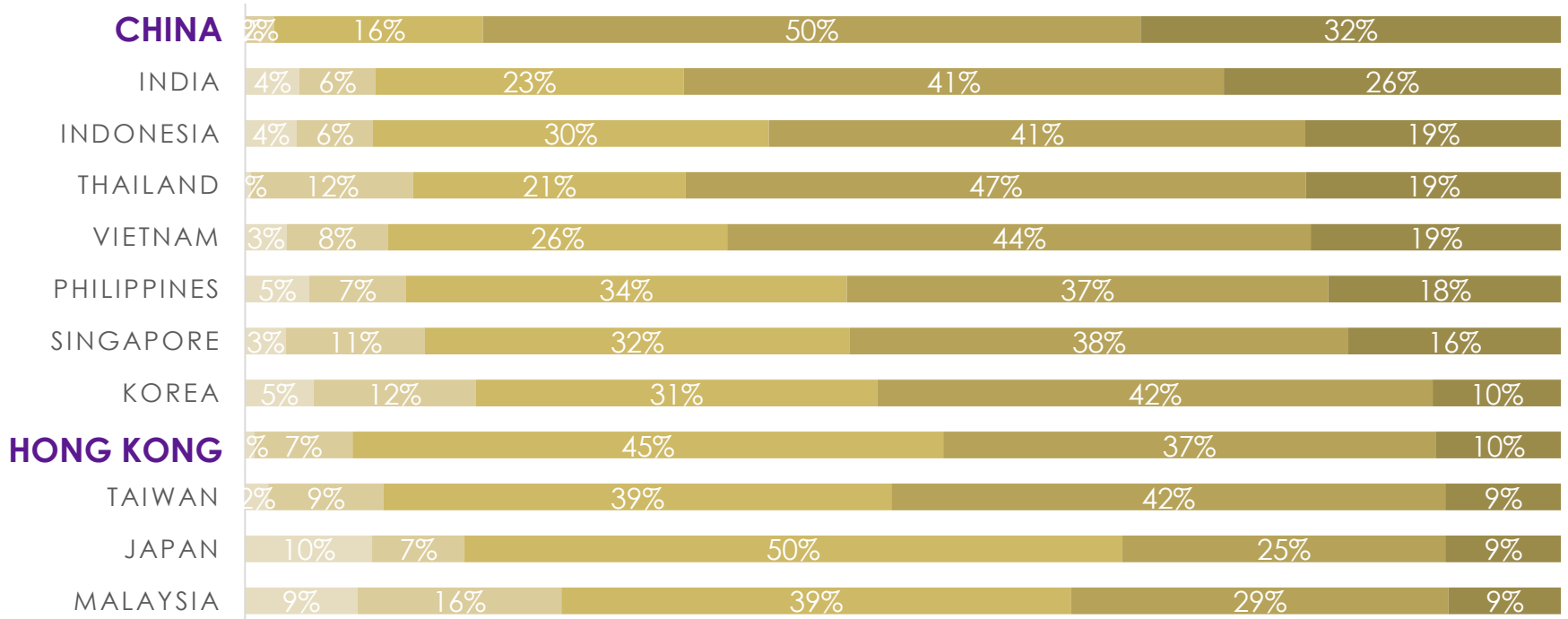
Source: Agility Affluent Insights 2015. Q: Looking ahead to 2016, and comparing it to 2015, please rate how strongly you agree with each of the following statements Base: All respondents, n=2,402

Will luxury consumers continue to travel in 2016?

The majority are looking to increase the amount of leisure travel in 2016, with the exception of Japan and Malaysia, and also HK. Few in any market expect to travel less, with China showing the biggest potential for growth.

WILL DO MORE LEISURE TRAVELS

■ Do not agree at all ■ Somewhat disagree ■ Neutral ■ Somewhat agree ■ Completely agree



Source: Agility Affluent Insights 2015. Q: Looking ahead to 2016, and comparing it to 2015, please rate how strongly you agree with each of the following statements Base: All respondents, n=2,402

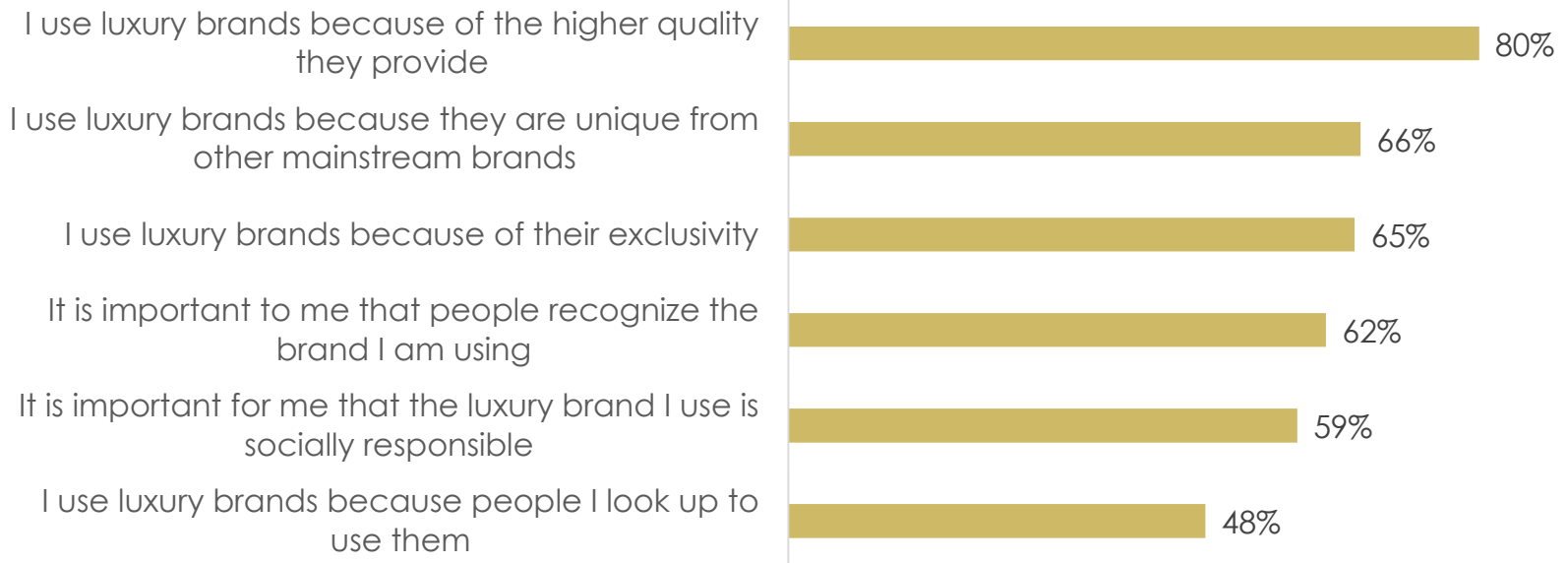
Wrap-Up: Future Outlook for Luxury Consumers

- Asian luxury consumers expect to have more disposable income, with the exception of Japan and Korea, where there are many who are much more cautious.
- Luxury spending is growing fast in China and India, but also in Vietnam and Thailand. HK luxury spending growth prospects remain stagnant.
- We can expect leisure travel to continue growing at a fast pace across most of Asia, and especially from consumers in China and India.

HOW DO CONSUMERS PERCEIVE LUXURY?

What do Chinese consumers expect from luxury?

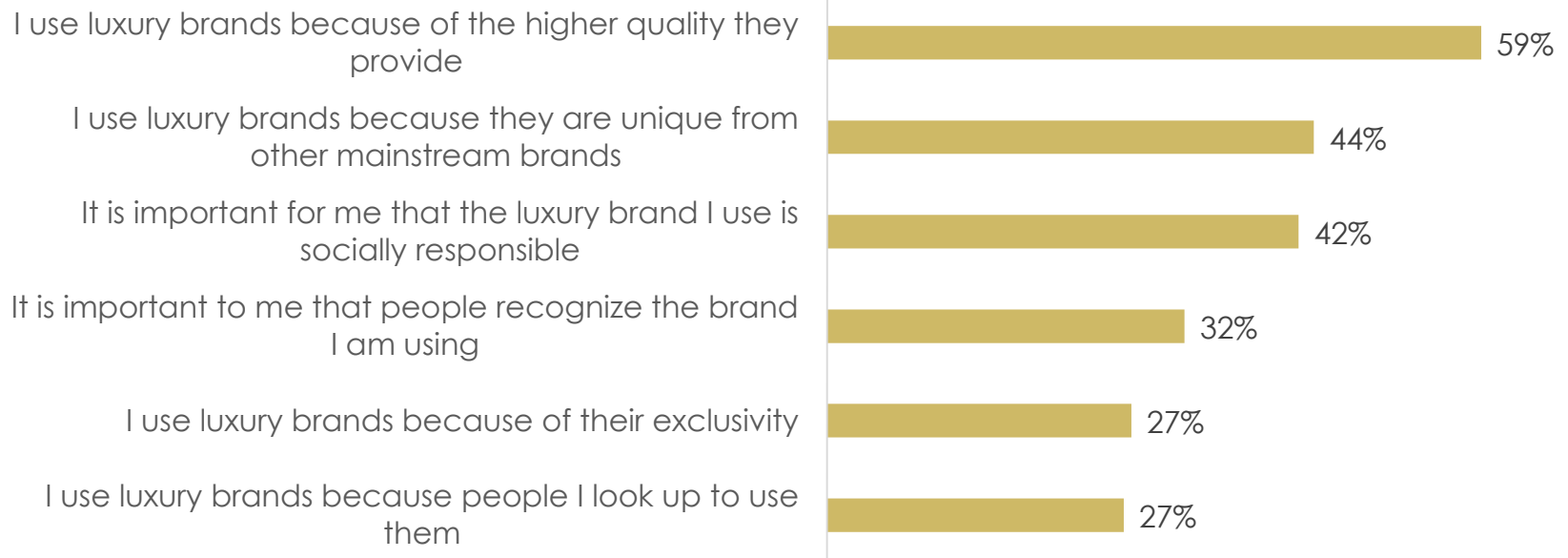
Quality is clearly the most important expectation from luxury brands for the Chinese consumer.



Source: Agility Affluent Insights 2015. Q: Please rate how strongly you agree with each of the following statements – top-2. Base: China, n=454

How do Hongkongers view luxury?

Similar to the Chinese, quality is the most important expectation from luxury brands in Hong Kong. Luxury brands are also expected to be unique and socially responsible. Unlike in China, exclusivity is not that important.



Source: Agility Affluent Insights 2015. Q: Please rate how strongly you agree with each of the following statements – top-2.
Base: Hong Kong, n=147

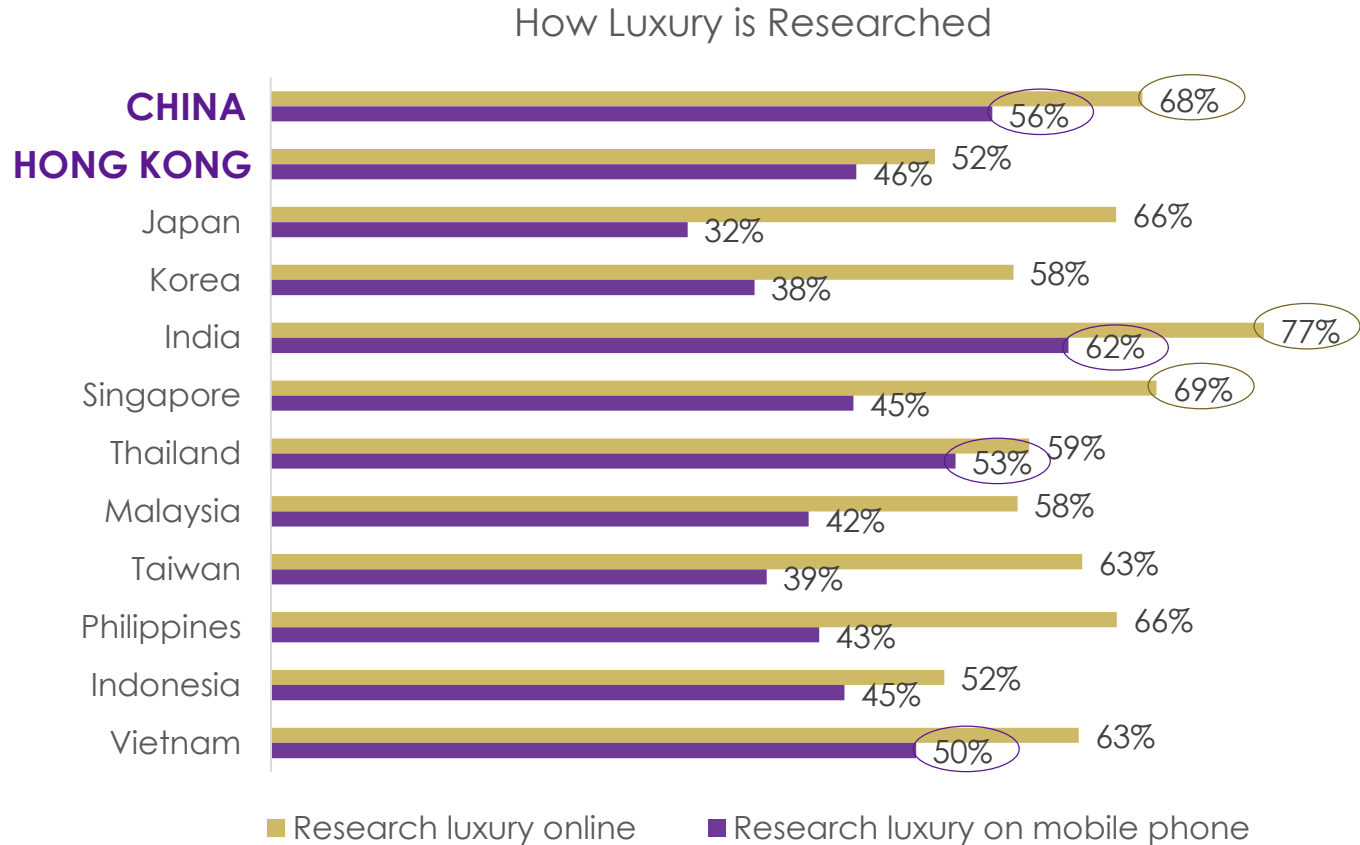
Wrap-Up: What motivates luxury consumption?

- In greater China (PRC, Taiwan, HK) consumers appear highly practical in their consumption habits and are driven to buy luxury primarily because of quality.
- It is important for luxury brands to be socially responsible in Hong Kong.
- A focus on the HK domestic consumer is key in order for brands who have often overlooked the local consumer in favour of the mainland Chinese.

HOW DO THESE CONSUMERS BUY LUXURY?

What is the role of online and mobile for luxury research?

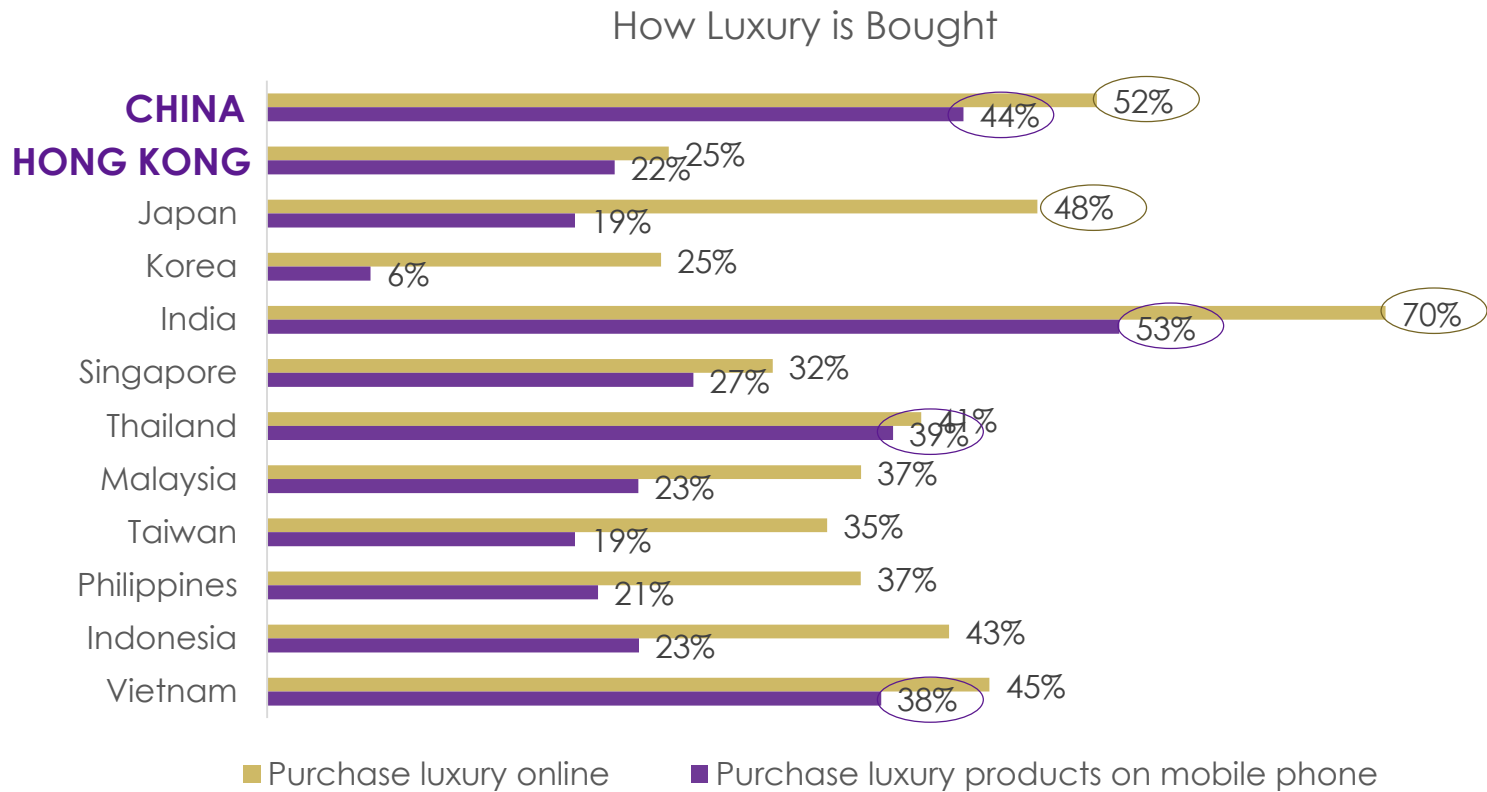
Researching luxury online and on mobile phones is particularly popular in India and China. Singaporeans are likely to also go online, while Hongkongers are one of the slowest adopters of online luxury research. Consumers from Vietnam and Thailand are likely to research on their phones.



Source: Agility Affluent Insights 2015. Q: Please rate how strongly you agree with each of the following statements – top-2.
Base: All respondents, n=2,402

What is the role of online and mobile for buying luxury?

India, followed by China and Japan are leading markets in terms of purchasing luxury online. Thailand and Vietnam are following India and China in buying luxury on mobiles. HK is also a laggard in online purchases.



Source: Agility Affluent Insights 2015. Q: Please rate how strongly you agree with each of the following statements – top-2.
Base: All respondents, n=2,402

Is a physical store still needed?

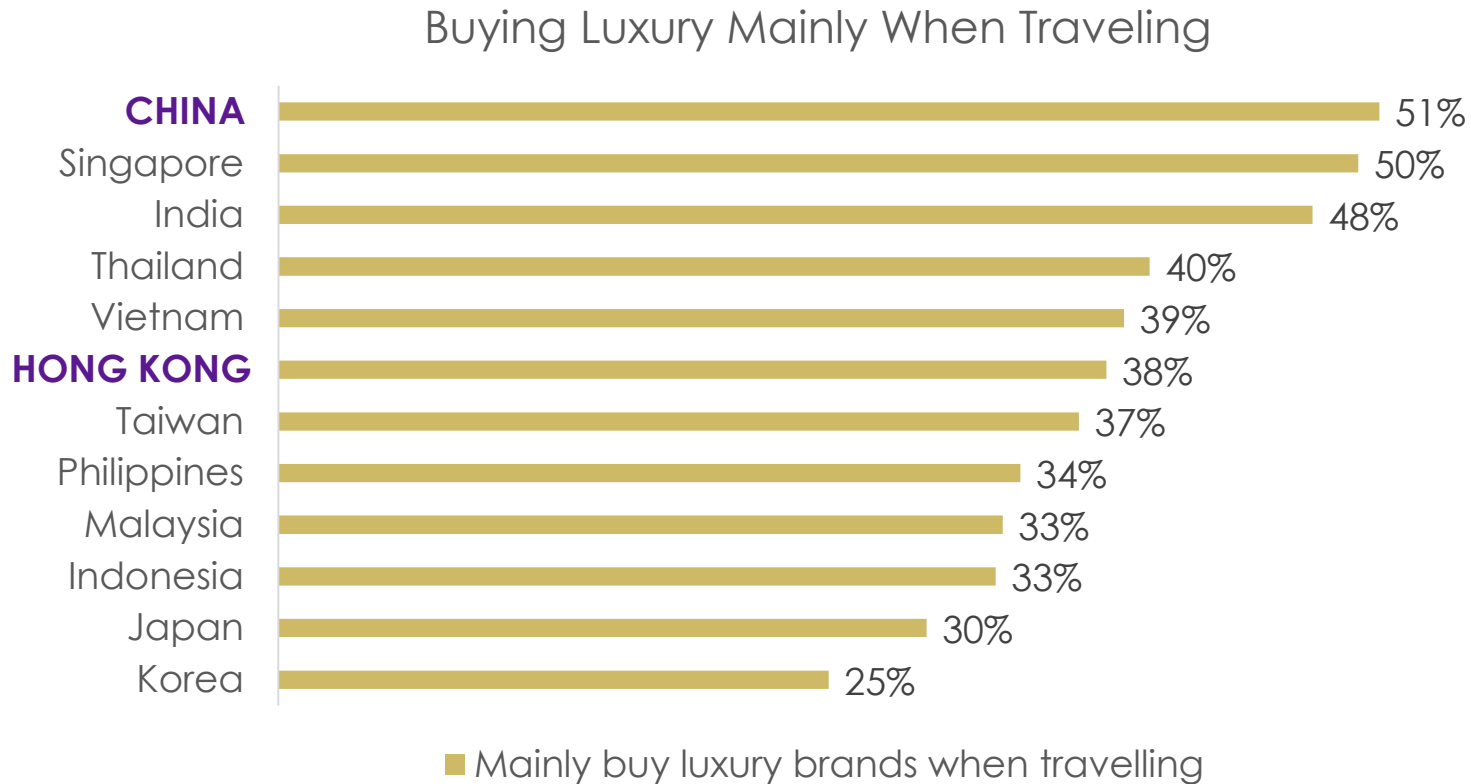
Singaporeans show a very high preference to purchase luxury in store rather than online. Also, roughly half indicate the same sentiment in Vietnam, Hong Kong, India, and China.



Source: Agility Affluent Insights 2015. Q: Please rate how strongly you agree with each of the following statements – top-2.
Base: All respondents, n=2,402

What is the role of buying luxury when traveling?

1 in 2 Chinese, Singaporean and Indian consumers mainly buy luxury when travelling, and more than 1 in 3 do so in most markets, including HK.



Source: Agility Affluent Insights 2015. Q: Please rate how strongly you agree with each of the following statements – top-2.
Base: All respondents, n=2,402

What are the top websites for luxury fashion?

Top sites for luxury fashion vary by market. However, the most popular across the region appear to be Amazon, Lazada and Zalora. Tmall and Taobao are leaders in China and HK, respectively.

	CHINA	HK	Japan	Korea	India	Singapore
Top 1	Tmall	Taobao	Rakuten	Lotte	Flipkart	Reebonz
Top 2	Vipshop	Amazon	Amazon	Shinsegae	Amazon	Zalora
Top 3	Amazon	Zalora	Zozo	Naver	Jabong	Lazada

	Thailand	Malaysia	Taiwan	Philippines	Indonesia	Vietnam
Top 1	Lazada	Zalora	Yahoo	Zalora	Lazada	Lazada
Top 2	Facebook	Lazada	Momo	Lazada	Zalora	Zalora
Top 3	Zalora	eBay	Tmall	Amazon	Tokopedia	Amazon

Source: Agility Affluent Insights 2015. Q: What is your favourite website to browse for luxury or high-end clothing and accessories? – top-2. Base: All respondents, n=2,402

Wrap-Up: How is luxury bought?

- India and China are front runners in terms of researching and buying luxury online and using mobile phones.
- Vietnam and Thailand have been quick to adopt online into luxury purchasing, but they are especially ahead of most markets in terms of using mobile phones to both research and purchase luxury products.
- Buying luxury in stores rather than online is still preferred by almost half in HK and China.
- There is a large proportion of consumers who prefer to buy luxury only when they travel, especially in China, Singapore and India.
- There are a number of regional websites that are popular for browsing luxury products, but local brands are popular in individual markets.

WHERE DO THEY LEARN ABOUT LUXURY PRODUCTS?

Where specifically do you reach them?

Beyond broader categories, specific media choices vary greatly by market:

	China	HK	Japan	Korea	Taiwan	India
Social Media NET	55%	65%	36%	42%	67%	76%
Shopping malls	57%	27%	38%	50%	56%	52%
Online search	31%	38%	35%	58%	39%	49%
Brand Website	54%	38%	44%	31%	54%	44%
Television	37%	20%	24%	39%	32%	40%
Recommendation from friends/family	27%	25%	22%	35%	25%	31%
Website ads	35%	19%	24%	21%	31%	26%
Online video	31%	27%	13%	18%	30%	31%
Magazines (printed)	25%	27%	26%	21%	22%	33%
Celebrity Endorsement	35%	22%	9%	19%	27%	25%
Newspaper (printed)	13%	22%	16%	13%	10%	45%
Write-ups on blogs/forums/review sites	24%	16%	12%	34%	20%	15%
Outdoor advertising	29%	20%	14%	14%	23%	22%
Articles/stories in print/websites/ TV	21%	25%	19%	18%	25%	20%
Airport	31%	8%	6%	15%	20%	26%
Mobile apps	17%	8%	6%	19%	12%	34%
Emailed subscriptions	13%	16%	25%	26%	13%	22%
Websites specific to the category	19%	9%	16%	13%	14%	24%
Placement of a brand in movie?/TV	24%	11%	8%	16%	8%	26%
Sponsorship Event	22%	16%	10%	5%	15%	16%
Cinema advertising	20%	10%	8%	12%	11%	23%
Leaflets in magazines/newspapers	9%	22%	13%	18%	11%	20%
Sponsored links on a search engine	20%	14%	13%	14%	15%	17%
SMS/text message ads on mobile	15%	15%	8%	15%	13%	21%
Letter/ brochure / mailing	9%	13%	15%	16%	11%	15%
Bus, taxis, and other transit ads	13%	10%	1%	6%	9%	17%
Online version of magazines	13%	6%	13%	5%	9%	14%
Online version of newspapers	9%	5%	4%	5%	7%	19%
Radio	4%	4%	6%	9%	3%	15%

Source: Agility Affluent Insights 2015. Q: In which of the following places, venues, or media do you look for or pay attention to information or advertising of luxury products and services. Base: All respondents, n=2,402

What are the top social media sources for luxury?

Social media space is also fragmented.

	China	Hong Kong	Japan	Korea	Taiwan	India
Facebook	16%	59%	19%	21%	59%	62%
Google+	17%	14%	10%	20%	15%	36%
Instagram	5%	24%	9%	18%	12%	21%
Twitter	12%	10%	23%	11%	3%	31%
Sina Weibo	42%	6%	0%	1%	3%	3%
LinkedIn	5%	3%	1%	2%	6%	24%
Pinterest	4%	3%	1%	3%	5%	13%
Tumblr	4%	4%	2%	3%	2%	6%
Qzone	11%	6%	0%	0%	3%	4%
Reddit	2%	3%	3%	1%	1%	5%
Pengyou	4%	3%	0%	1%	6%	3%
Renren	5%	4%	1%	1%	2%	2%
Mixi	2%	3%	2%	1%	2%	3%
Other social media	10%	4%	3%	8%	8%	12%

Source: Agility Affluent Insights 2015. Q: In which of the following places, venues, or media do you look for or pay attention to information or advertising of luxury products and services. Base: All respondents, n=2,402

Wrap-Up: How do you reach them?

- Online media has overtaken traditional media as a source of information for luxury in most markets in the region.
- Social media is almost at par with other online and traditional media as a platform for luxury brands to reach consumers.
- Shopping malls are an important place to learn about luxury for the Chinese, while Hongkongers are influenced strongly on social media,

LUXURY CONSUMER SEGMENTS

How do I connect with luxury consumers?

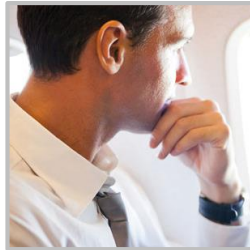
We have identified **four** distinct Asian luxury consumer **segments** based on their behaviour and psychographic attitudes in relation to purchasing luxury products from different categories.



The Exclusivity Seeker

"Exclusivity is a luxury only a premium brand can deliver."

A key segment for many high-end brands as they have considerable disposable income and spend liberally across multiple luxury categories.



The Indulgent Traveler

"Luxury products I buy on my travels elevate my social status."

Buys luxury predominantly at airports or destination cities. Spends on high-end accessories such as premium/ luxury watches and jewellery.



The Virtual Shopper

"Online luxury does not phase me; I research and buy on the web."

Does not have an issue with luxury converging with the virtual world. Values luxury goods for their higher quality and uniqueness.



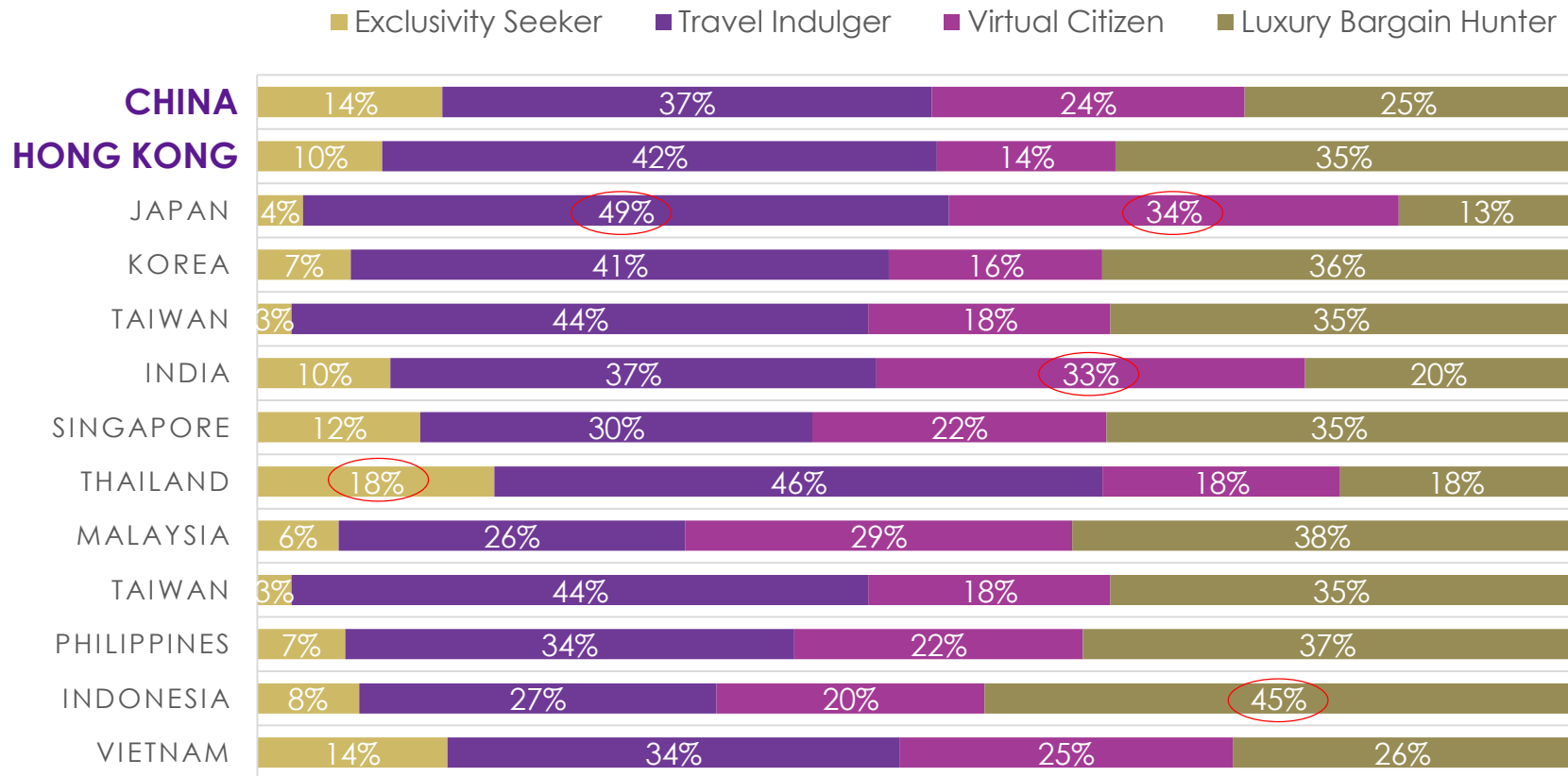
The Luxury Bargain Hunter

"Luxury is great, but only at the right price"

Prefers to buy products tax free. Least spending power out of all the segments, but spends more than others on electronic gadgets and on their car.

What segments are prominent in each market?

China has relatively many 'exclusivity seekers', while HK has a lack of 'virtual citizens'. Indonesia has the highest proportions of 'luxury bargain hunters'. Japan and India have the most 'virtual citizens', while you will find the most 'exclusivity seekers' in Thailand and 'travel indulgers' in Japan.



Source: Agility Affluent Insights 2015. Base: All respondents, n=2,402

WHAT DOES THIS MEAN FOR ME IN 2016?

What does this mean going into 2016?

- Consumers will likely travel more in all markets and expect to have more money to spend in most markets, but expansion of luxury is concentrated in China and India, with Vietnam and Thailand also deserving attention, and HK remaining stagnant.
- Luxury brands need to attract and be ready to cater to tourist shoppers coming from multiple source markets.
- Marketers need to harness the full potential of mobile platforms to engage with consumers and drive sales, especially in markets like China.
- Retail stores are here to stay, a brand's online and mobile offering must converge with and support its brick and mortar presence.
- Online seems to be gaining popularity over traditional media for luxury brands in most markets.
- Social media is a key communication channel. When building a social media presence a single platform approach does not cut it.

We look forward to working with you!



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