

# CHINA

## LUXURY FORECAST

AN IN-DEPTH ANALYSIS OF LUXURY PURCHASE  
BEHAVIORS AND TRENDS IN GREATER CHINA  
FOR 2010



# Content

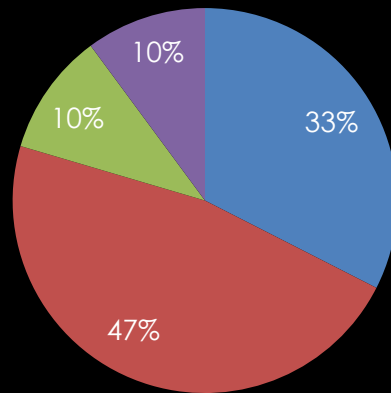
- Methodology & Scope
- China's Luxury Outlook
- Purchase Motivations
- Brand Ranking & Image
- Where To Buy Luxury
- Information Channels
- Online Strategy



# Methodology and Scope

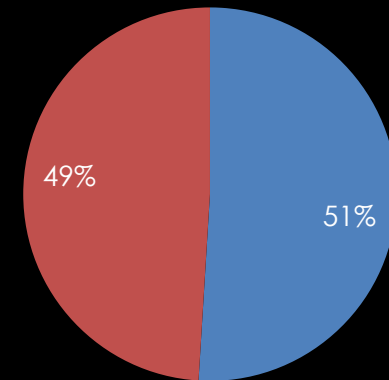
- 1,100 luxury consumers surveyed in March-April 2010
- Mainland China, Hong-Kong, Taiwan

City of residence



■ Tier 1 Cities ■ Tier 2 Cities ■ Hong-Kong ■ Taiwan

Gender



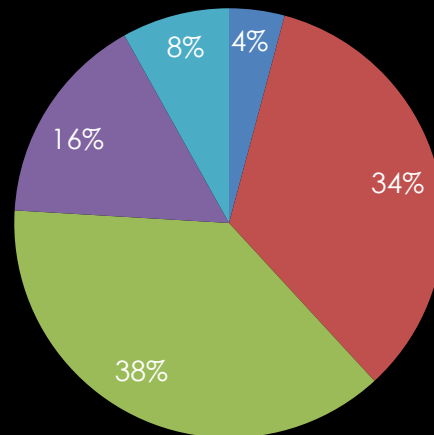
■ Female ■ Male



# Methodology and Scope

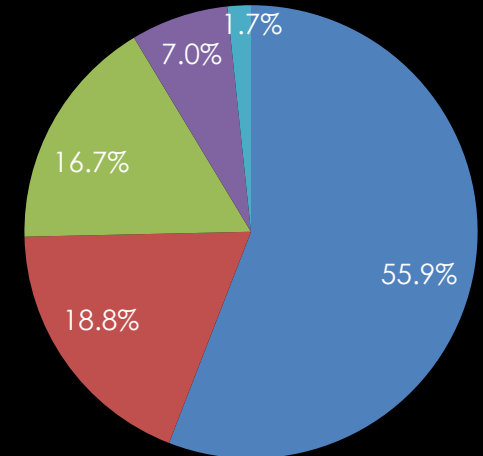
- Young respondents
- Annual income criterion:
  - More than RMB 100,000 a year
  - Average annual income around RMB 250,000

Age



■ Below 25 ■ 26-30 ■ 31-35 ■ 36-40 ■ Above 40

Yearly personal income (RMB)



■ 100-180 K ■ 180-250 K ■ 250-500 K  
■ 500-1,000 K ■ Above 1,000 K



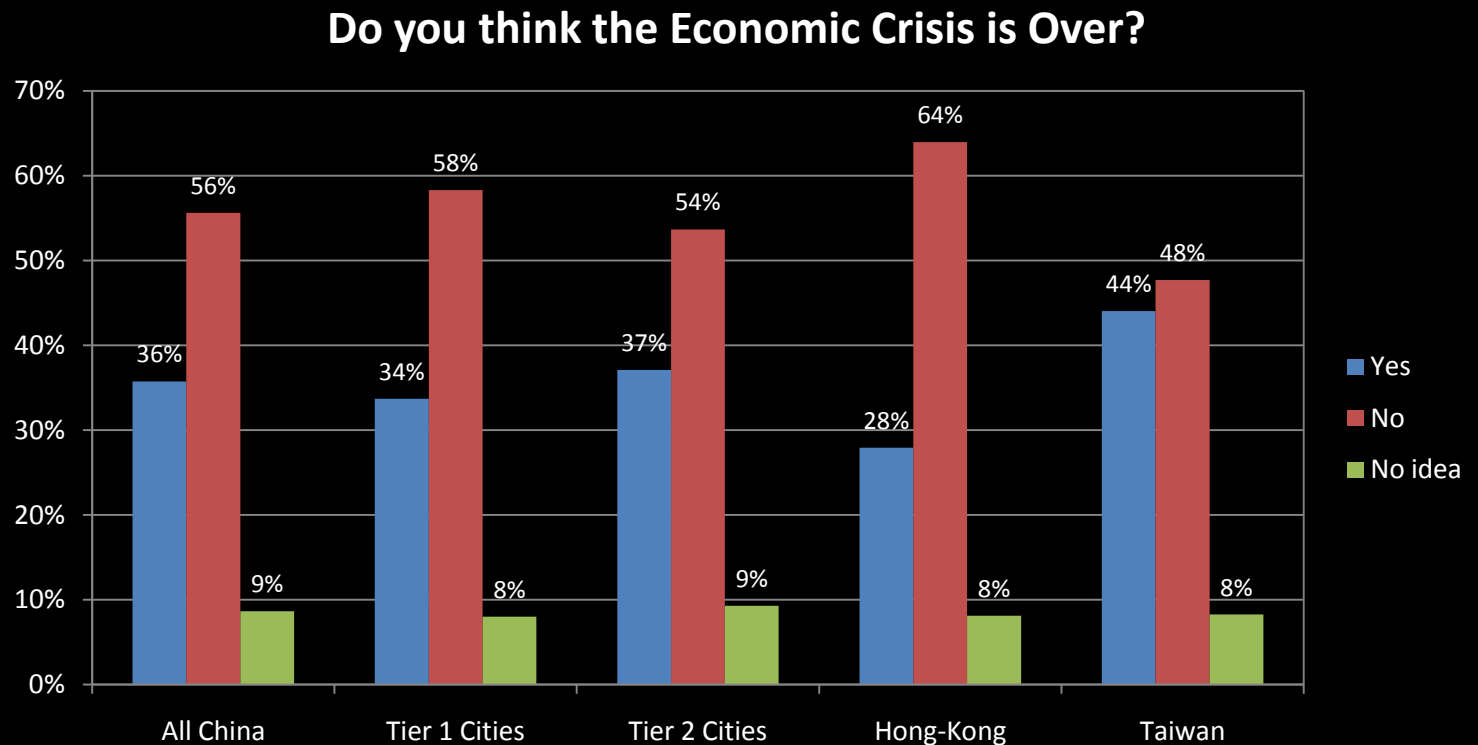
# China's Luxury Outlook

- *China's luxury market will grow in next 12 months*
- *This trend is consistent across Mainland China's first and second tier cities as well as Hong Kong*
- *Expected growth in cosmetics and apparels*



# China's Luxury Outlook

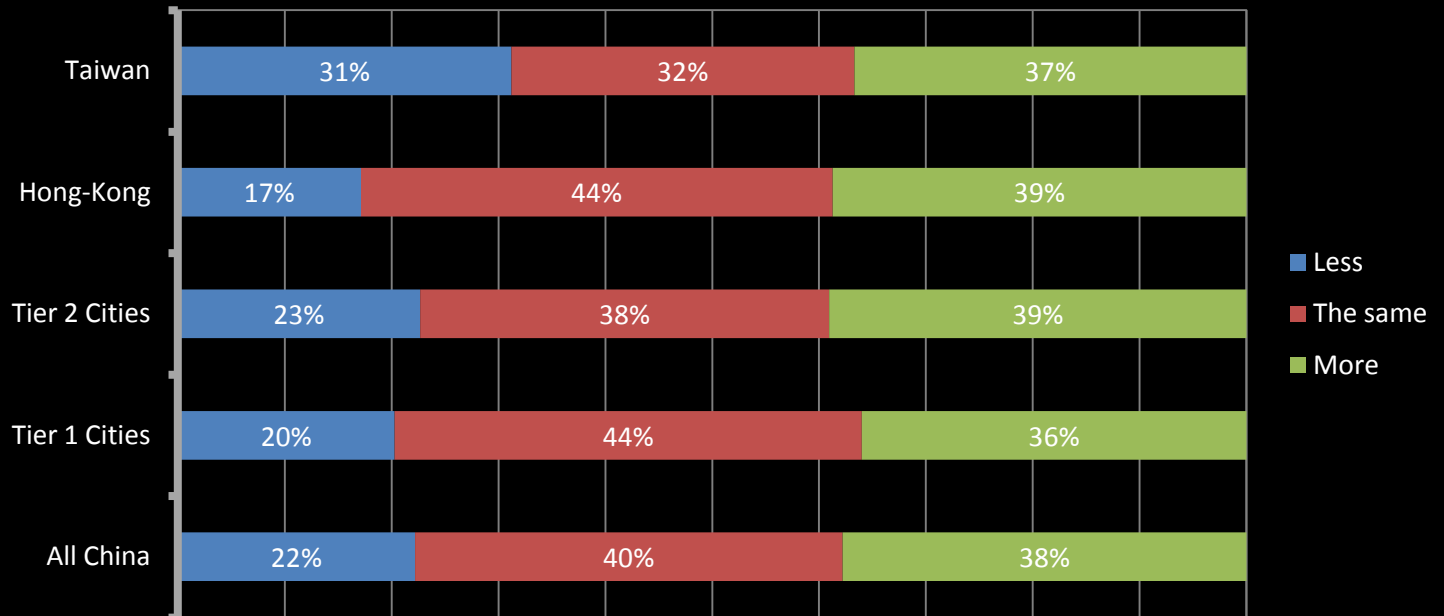
- Awareness of the economic crisis



# China's Luxury Outlook

- No impact on purchase intentions: 78% of shoppers plan to spend the same or more in the coming year

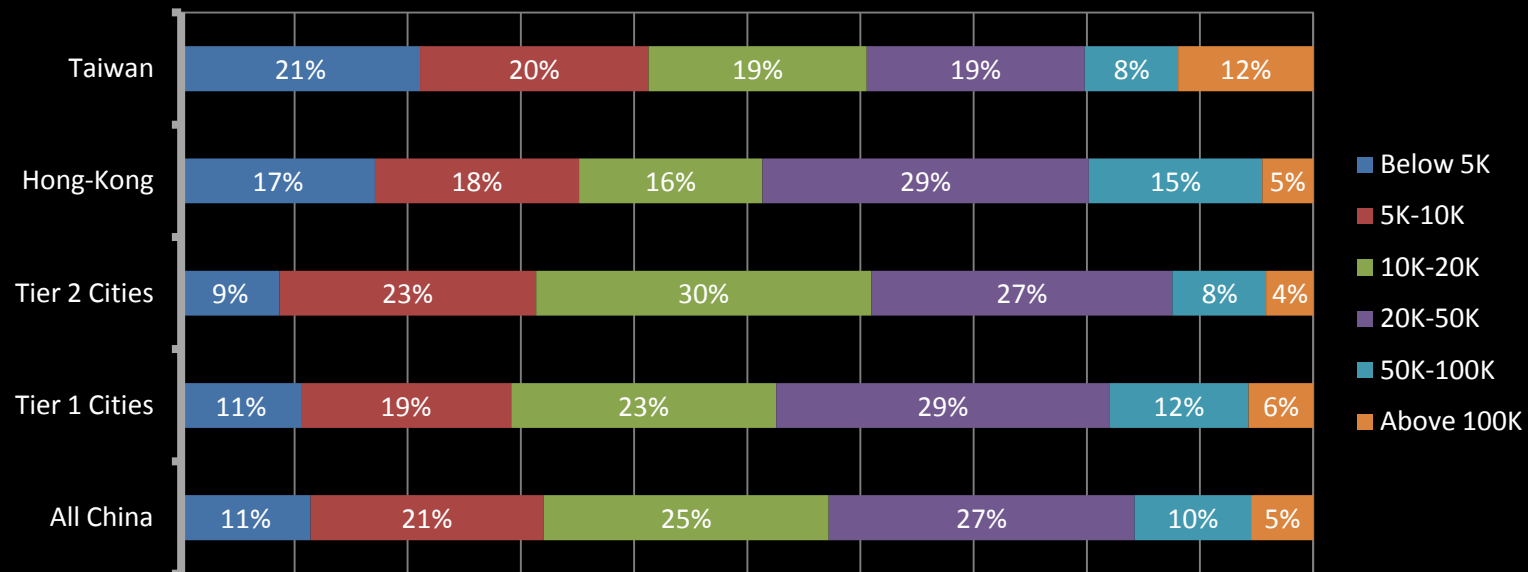
## How much do you plan to spend on luxury items in the next 12 months compared with the last 12 months?



# China's Luxury Outlook

- There are significant variations between regions

## How much did you spend in the last 12 months to buy luxury goods? (RMB)



# Purchase Motivations

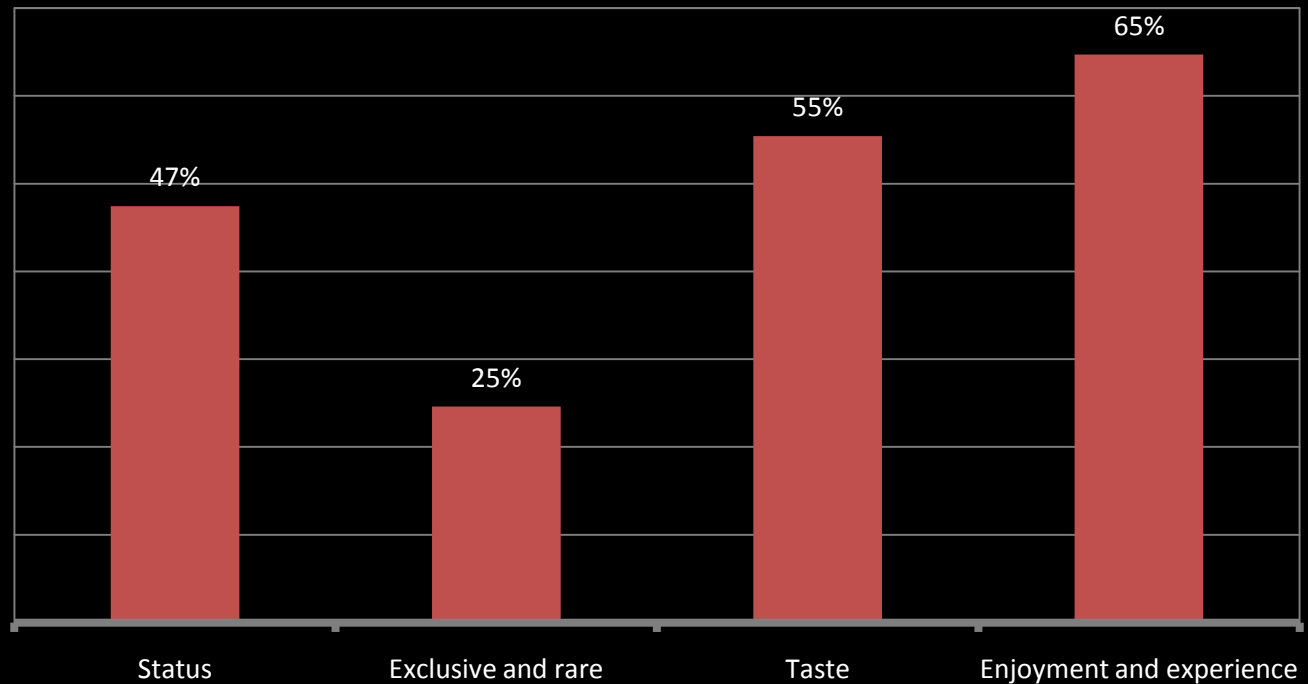
- *Consumers are driven by enjoyment and taste*
- *Gift-giving is still strong in Mainland China*
- *Men care most about brand reputation; women are attuned to store design and window display*
- *The store experience and the attitude of sales advisors are absolutely critical*



# Purchase Motivations

- Emotional purpose: enjoyment & experience first

**What is your motivation when you purchase a luxury item (emotional)?**



# Purchase Motivations

- Emotional purpose: taste and status

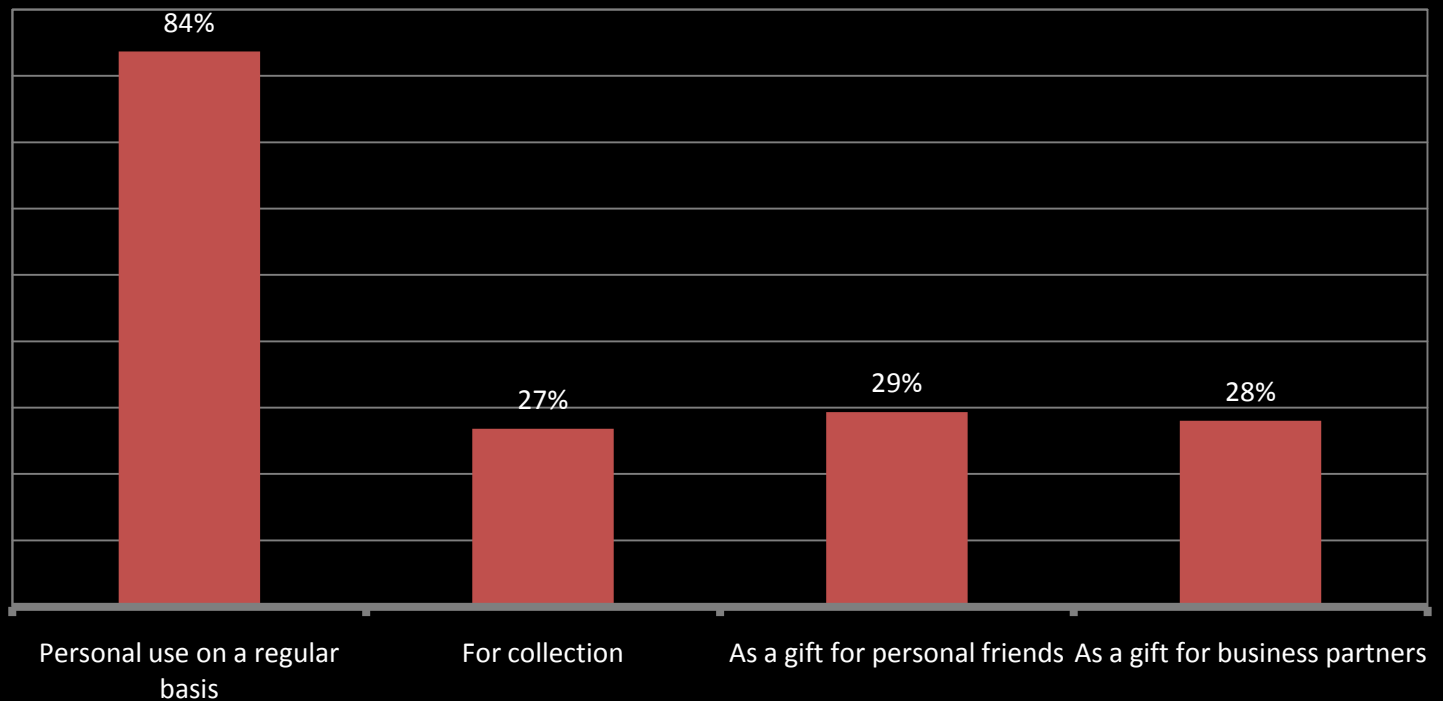
## What is your motivation when you purchase a luxury item (emotional)?



# Purchase Motivations

- Rational purpose

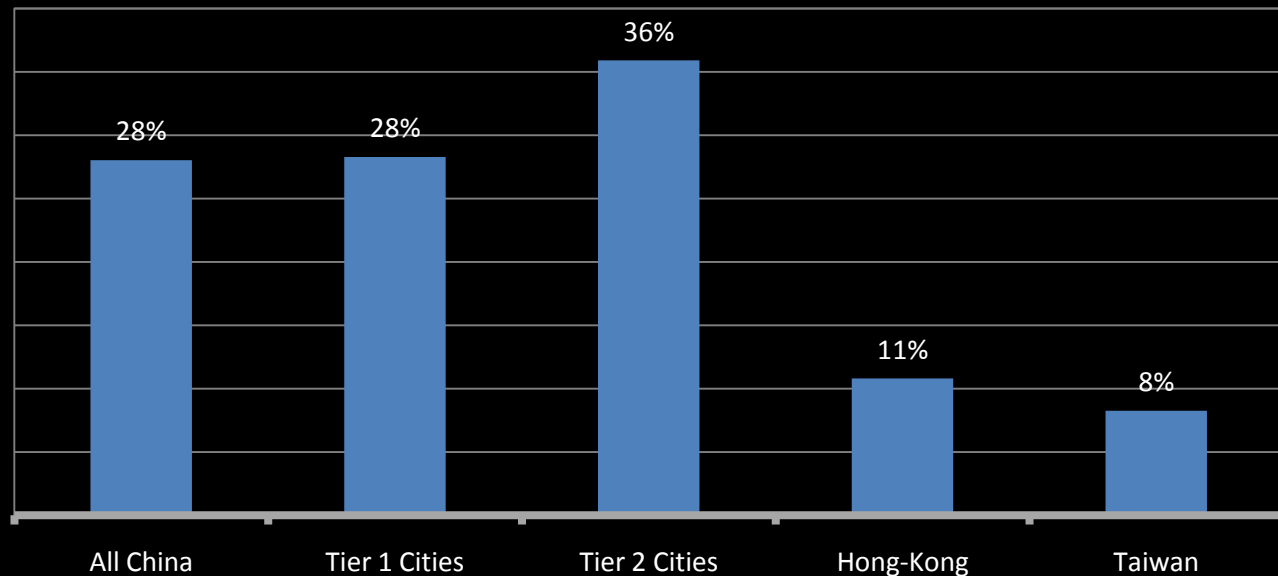
**What is your motivation when you purchase a luxury item (rational)?**



# Purchase Motivations

- Rational purpose: gift for business partners

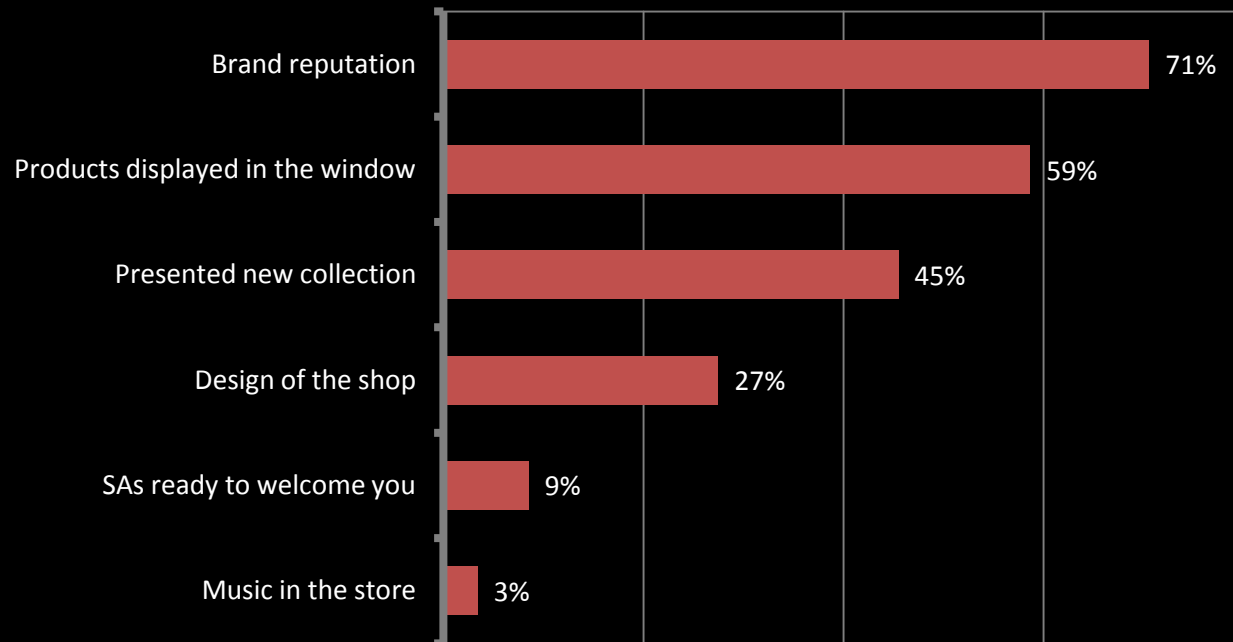
**Buying luxury as a gift for business partners**



# Purchase Motivations

- Men care most about brand reputation
- Women are attuned to store design and window display

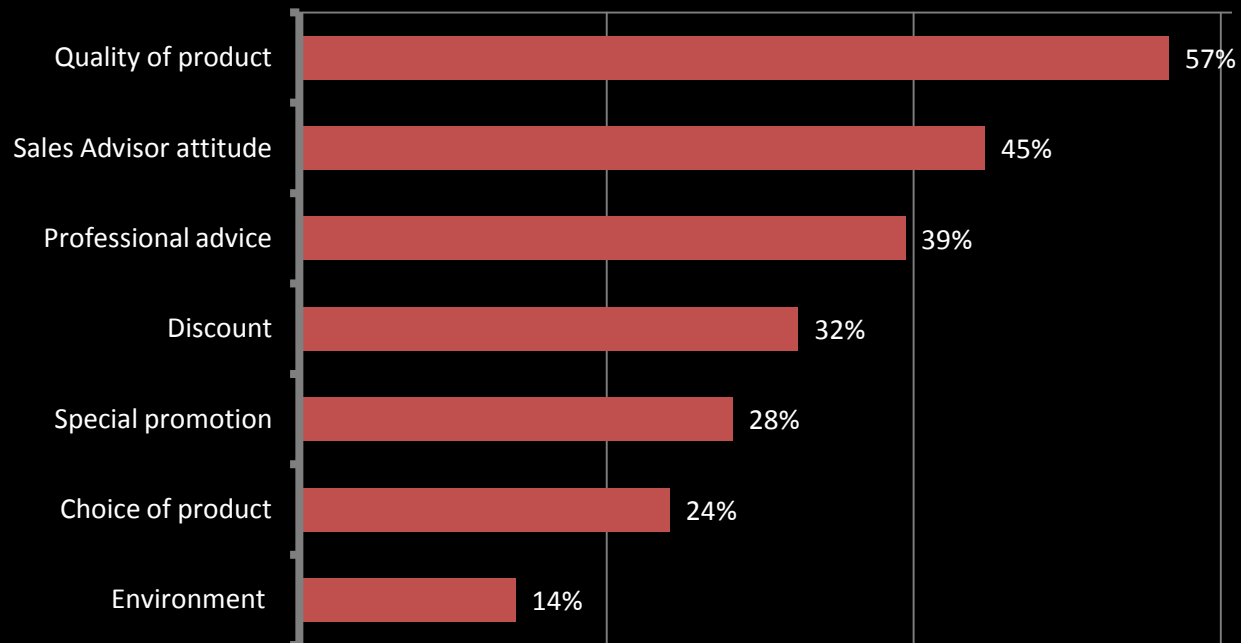
## In front of a luxury store, what elements entice you most to enter ?



# Purchase Motivations

- Store experience and the attitude of sales advisors

**Once in a store/counter, which of the following factors entice you to make a purchase?**

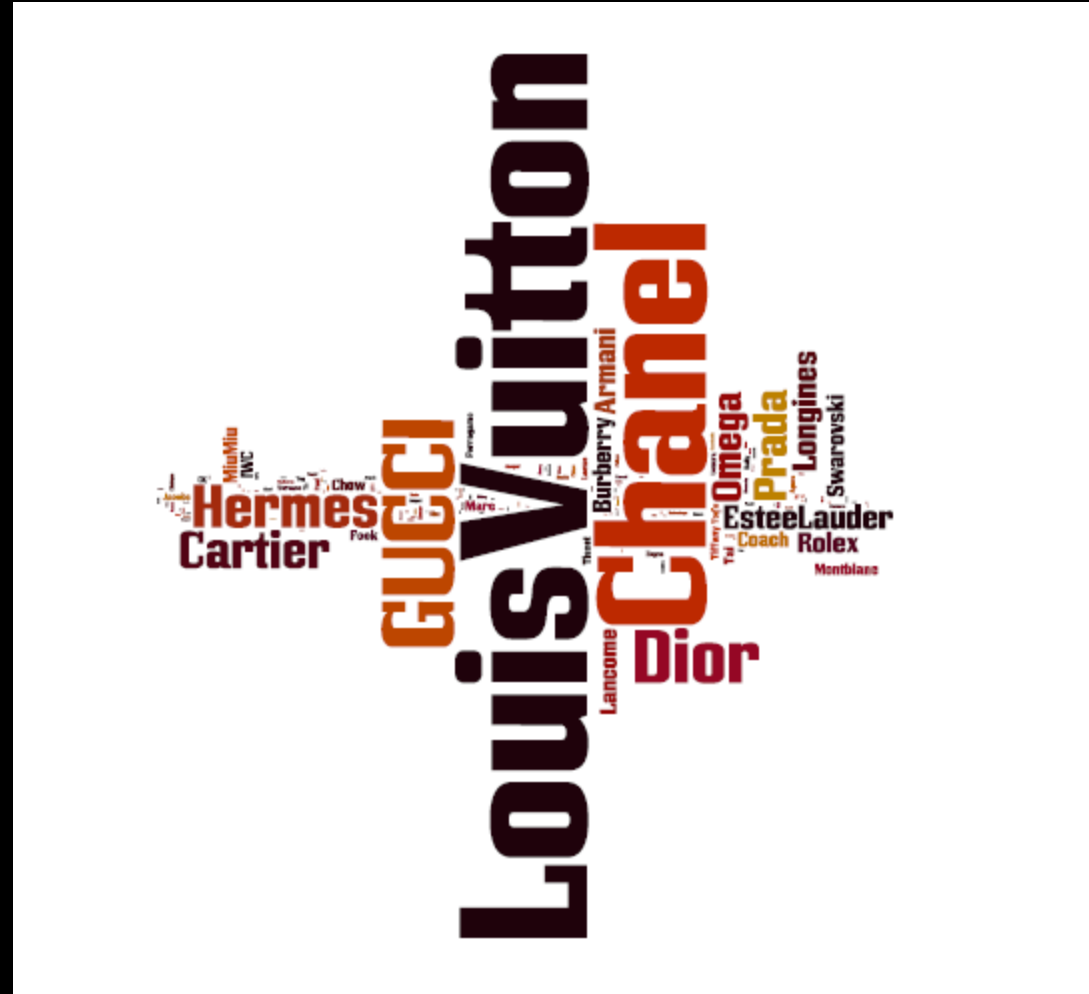


# Brand Ranking & Image

- *Louis Vuitton, Gucci and Chanel top the list of purchase intention*
- *China cares where a luxury product is made*
- *Brands are expected to be socially responsible*



# Brand Ranking & Image



# Brand Ranking & Image

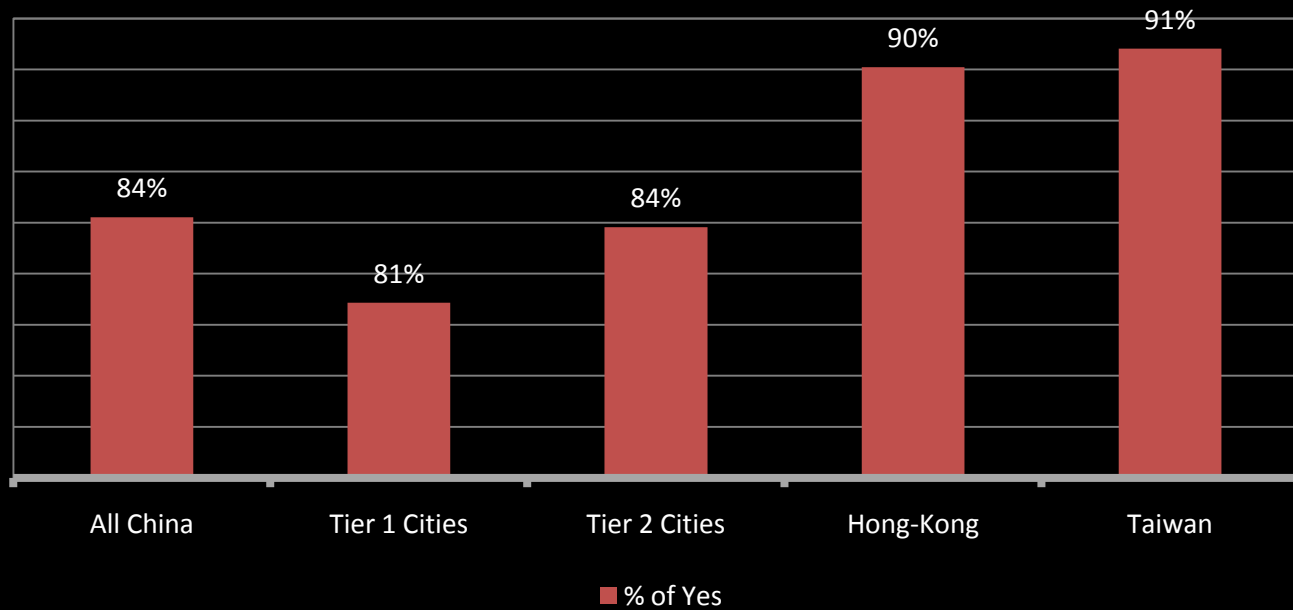
What brands do you intend to buy in 2010 ?		
Rank	Brand	Score
1	Louis Vuitton	136
2	Chanel	112
3	Gucci	71
4	Dior	52
5	Hermes	43
6	Cartier	36
7	Prada	33
8	Omega	30
9	Longines	24
10	Estee Lauder	23
11	Armani	21
12	Rolex	20
13	Burberry	18
14	Swarovski	17
15	Lancôme	17



# Brand Ranking & Image

- Importance of country of origin

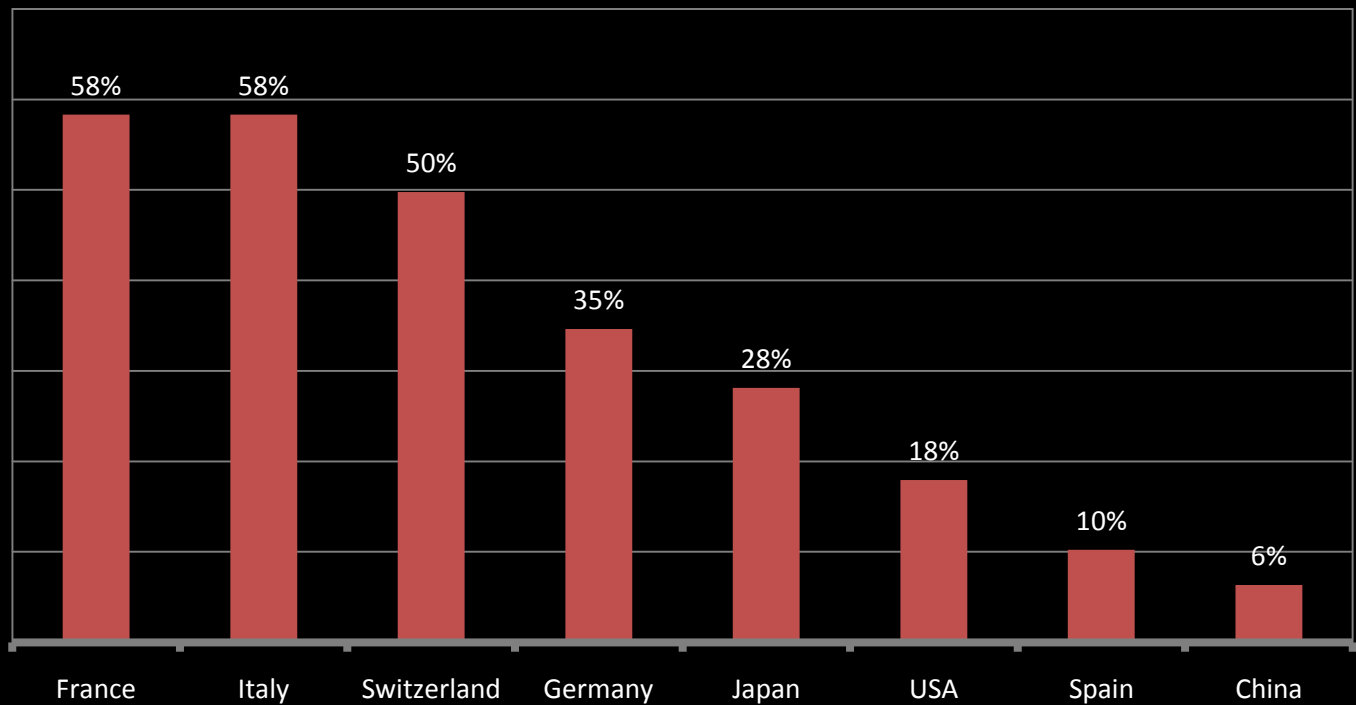
**Does the “made in...” label have an importance when buying luxury items?**



# Brand Ranking & Image

- Preferred countries

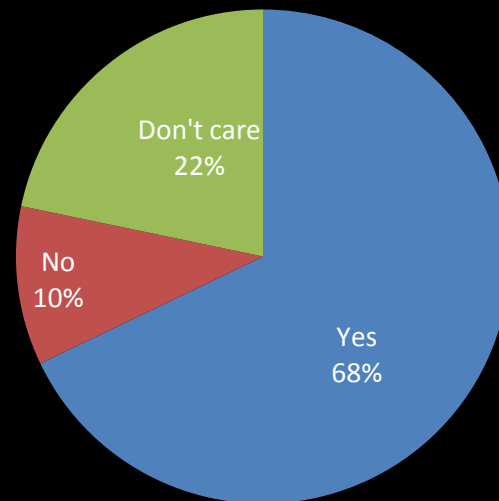
If YES, which country/countries do you favor?



# Brand Ranking & Image

- Importance of Corporate Social Responsibility

**Does the social responsibility of a luxury brand affect your purchasing decision of its products?**



# Where To Buy Luxury?

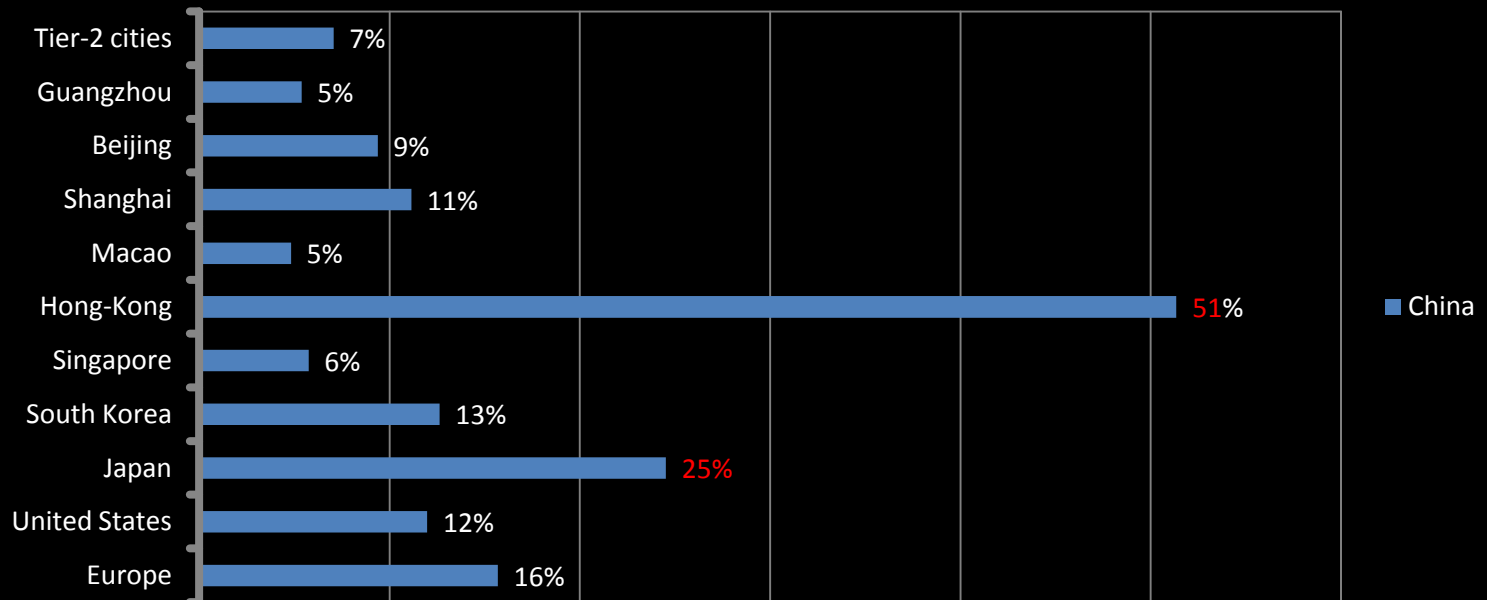
- *Hong Kong is still the “paradise” of luxury shopping for Greater China consumers*
- *Shanghai’s extensive luxury offerings and convenience have made it an especially attractive place to buy fashion and accessories*
- *Japan and Korea are becoming important destinations for people buying cosmetics*



# Where To Buy Luxury?

- Hong Kong, paradise of luxury consumption
  - **Luxury Cosmetics**

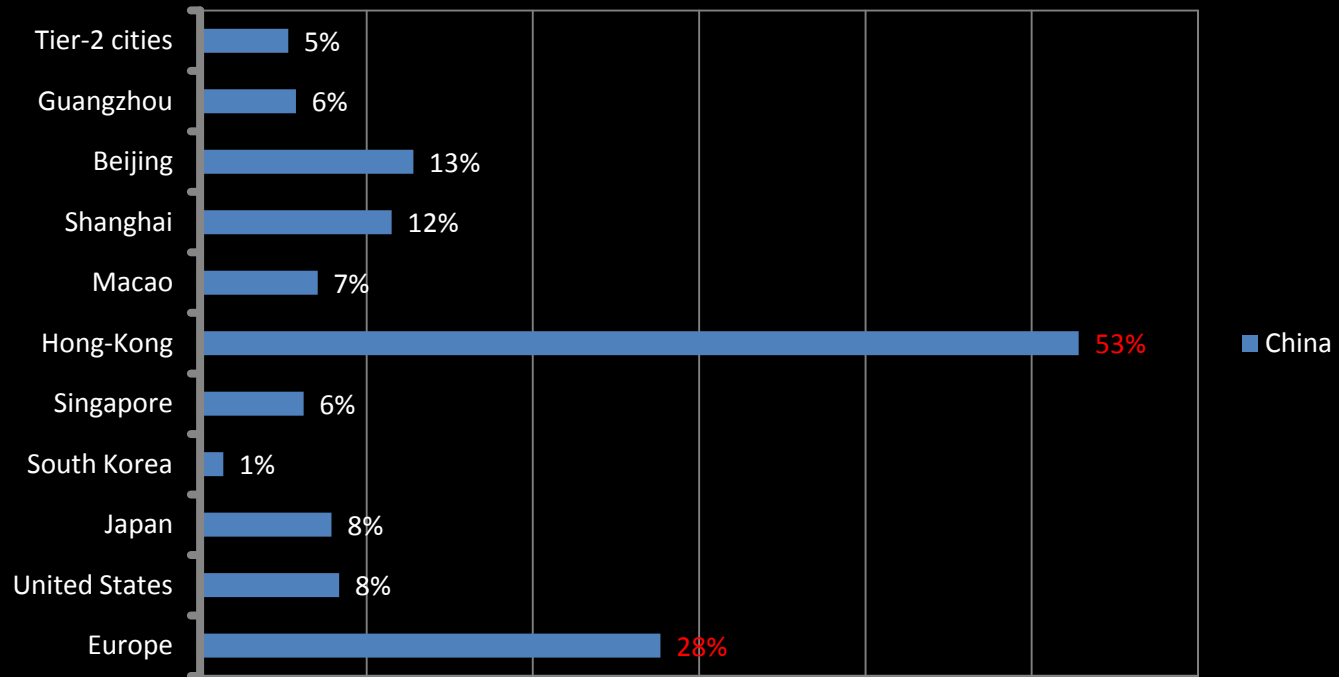
## To which country/city do you usually go to purchase luxury goods?



# Where To Buy Luxury?

- Hong Kong, paradise of luxury consumption
  - **Jewelry & Watches**

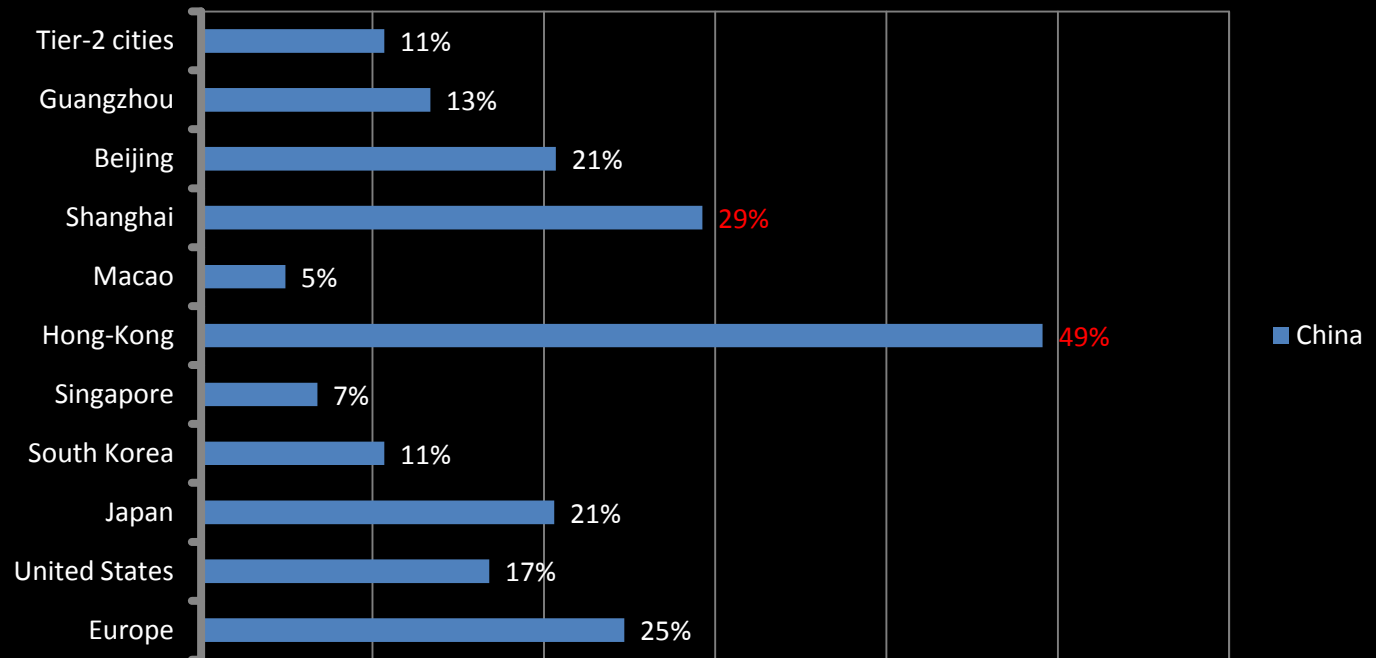
To which country/city do you usually go to purchase luxury goods?



# Where To Buy Luxury?

- Hong Kong, paradise of luxury consumption  
**Fashion and Accessories**

To which country/city do you usually go to purchase luxury goods?



# Where To Buy Luxury?

- Different purposes, different destinations

**% of respondents going to Europe to buy luxury goods  
(according to personal income)**



# Information Channels

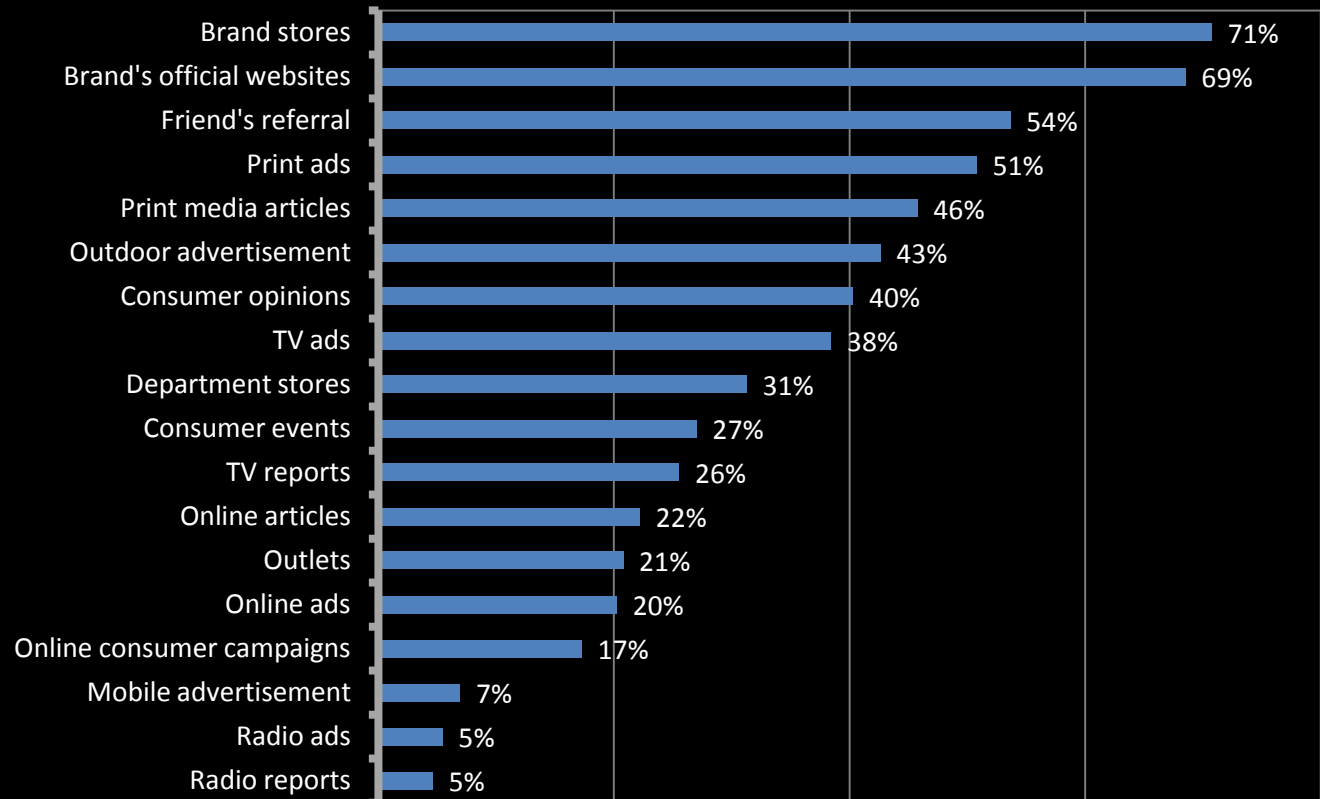
- *Brand stores and official websites are Chinese consumers' most favored channels*
- *Growing importance of online communication:*
  - *For brand generated content*
  - *For consumer opinions*
- *Traditional print media continue to be an effective channel for Chinese luxury consumers*



# Information Channels

- Brand stores and brand websites are the most efficient

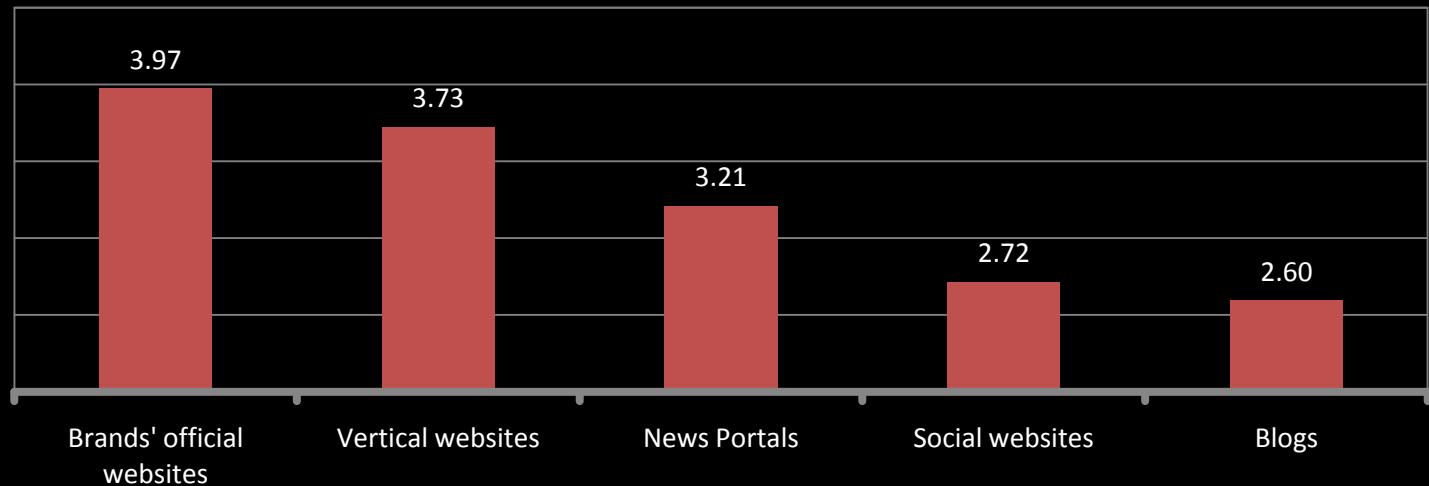
## What are your preferable ways to get information about luxury goods?



# Information Channels

- Most important online channels

**Given a full score of 5 for the most important one, what mark do you give to the following categories of websites (so as to gather information, official or not, about luxury goods)?**



# Information Channels

- Growing importance of vertical websites

Can you give the name of the website that you most regularly visit to get information about luxury goods?

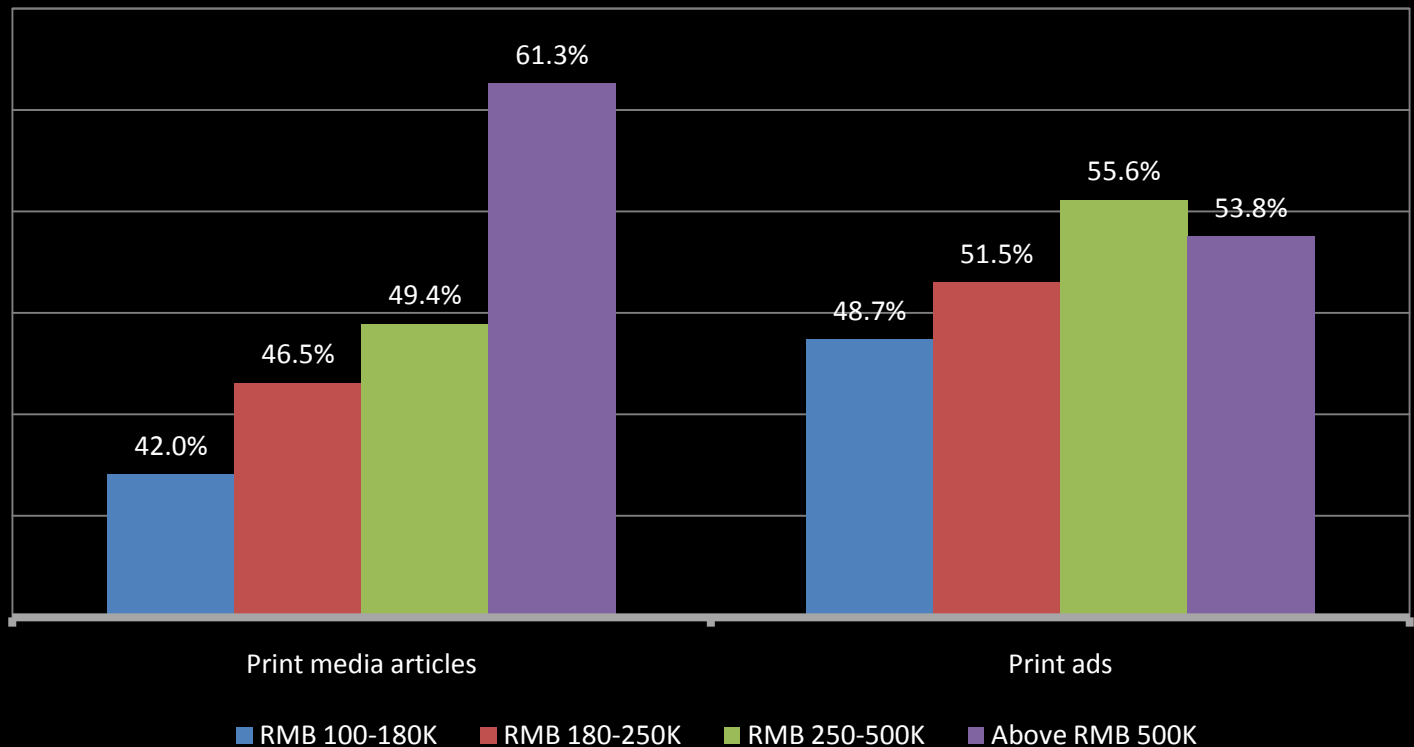
Rank	Brand	Score
1	Official brand's websites	50
2	Rayli.com	45
3	Sina.com	39
4	Yoka.com	29
5	Yahoo.cn	25
6	163.com	14
7	Sohu.com	14
8	Ellechina.com	11
9	<i>Baidu.com</i>	<i>11</i>
10	<i>Google</i>	<i>11</i>



# Information Channels

- Traditional media remain important

**What are your preferable ways to get information about luxury goods? (according to yearly personal income)**



# Online Strategy

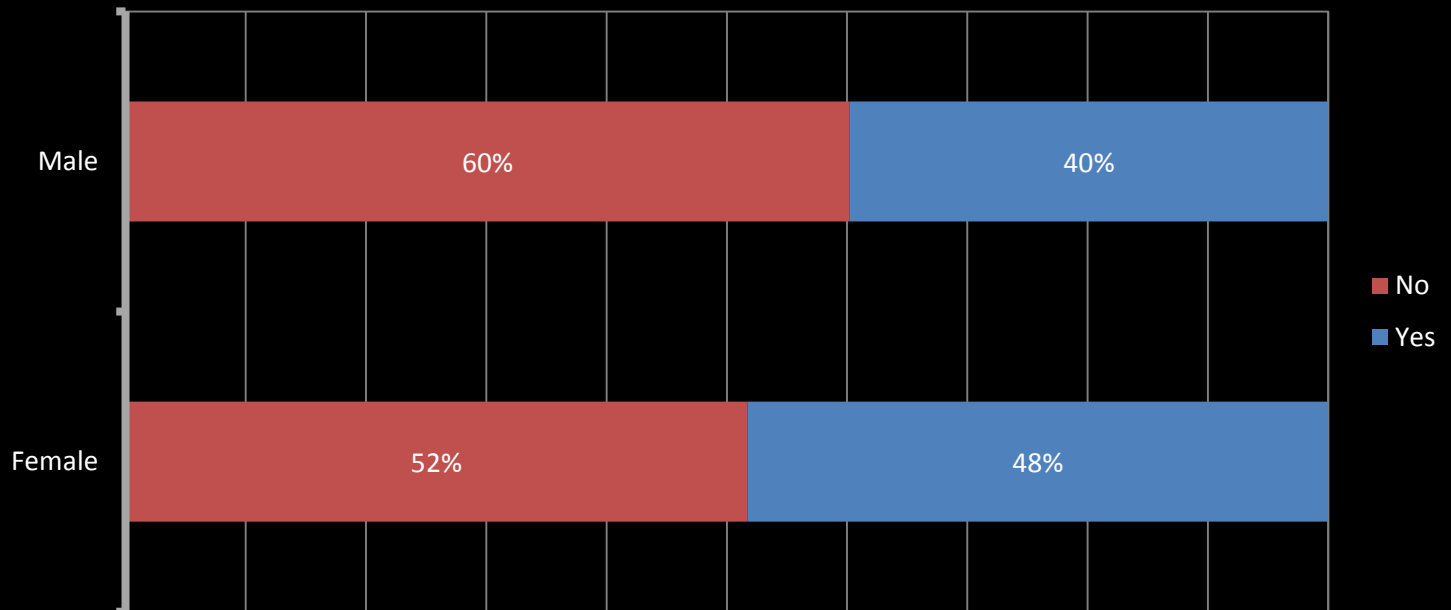
- *Chinese consumers are willing to experiment purchasing online*
- *Concern over authenticity is the biggest barrier*
- *Beijing and Shanghai are the most open to online retail*



# Online Strategy

- Almost half of respondents are willing to purchase online

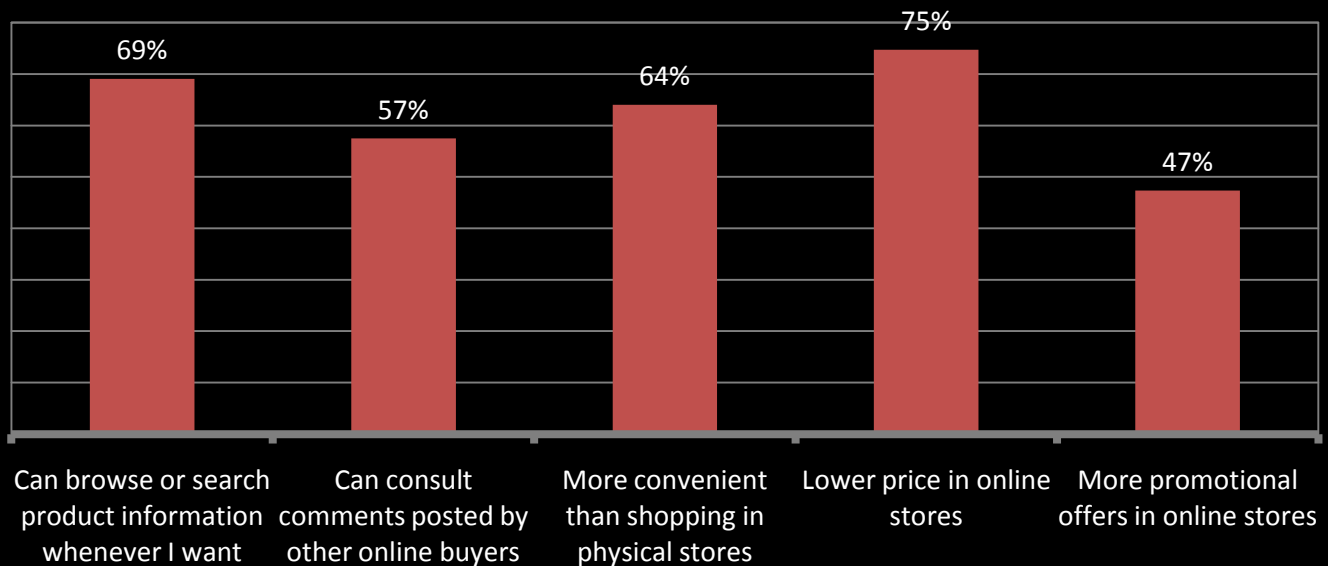
**If luxury goods go online, will you consider this way of purchasing?**



# Online Strategy

- Motivation for buying online

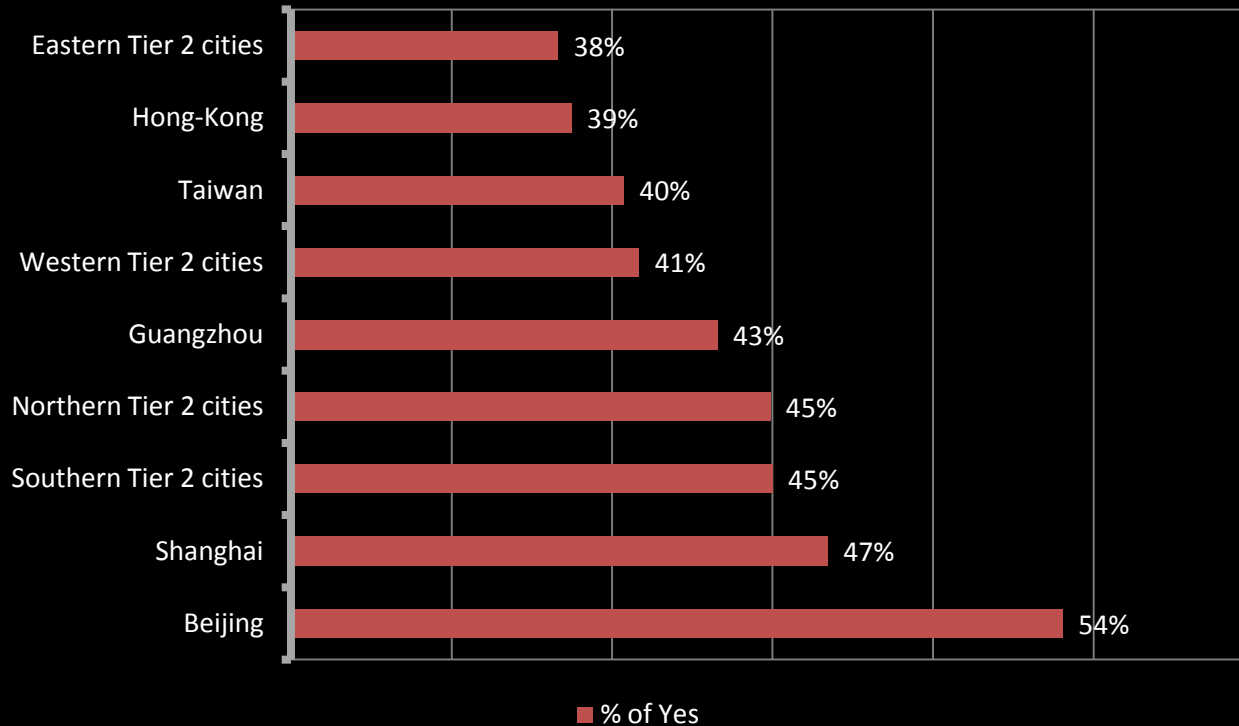
**Which of the following factors would entice you to make a luxury purchase online?**



# Online Strategy

- Regional differences

**If luxury goods go online, will you consider this way of purchasing?**



# THANK YOU!



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