



The Luxury Consumer in
China: 4 Insights for
Premium Brand Marketers

Why Should Luxury Brand Marketers Care About China?

Shanghai recently overtook New York City as the top buyer of luxury products. This city's high-rollers spent an average of \$1,000 on their last luxury purchase, double that of an average New Yorker, and four out of five reported purchasing a luxury product in the past year. This trend shows no signs of stopping, with 91% of luxury shoppers saying they plan on spending just as much in the next year.

Brands like Cartier, Louis Vuitton, Chanel and Gucci consistently feature at the top of the Chinese consumers' most-coveted – and these companies have taken notice. With 25% of worldwide luxury purchases being made by Chinese consumers, this market is a top priority for the global luxury sector's largest brands. Understanding their motivations, attitudes and behaviors surrounding premium product buying is key for luxury brands looking to connect with this important consumer base.

In light of this opportunity, VCN connected with Shanghai-based consumers to glean deeper insights into why they purchase luxury goods. Consumers documented their daily lives through blogs – sharing diary entries, photos and videos – then spoke with us via video chat so we could probe further into their mentality about luxury products.

Here are the profiles of a few of the Shanghai-based shoppers we spoke to:



MEET OUR SHANGHAI BLOGGERS



Jin Li Xia

Age 28, single, manager in property management. Fond of music, swimming and badminton.



Yu Jia Qi

Age 27, works in automotive sales as a sales manager. He enjoys driving and listening to music with friends.



Gao Jun Wei

Age 22, single, university student. Enjoys gardening, animation, and playing basketball.



Xie Min Ting

Age 21, single, works as a website editor and enjoys cross-stitch and going to the gym.

VIDEO CHAT NETWORK

Real Insights. Real People. Real Time.

Here are the four most interesting things we learned about why consumers in China purchase luxury goods.

1. Luxury Products Represent Pride About the Past and Hope for the Future

Chinese consumers take incredible pride in everything they do. From studying for an exam to talking to a potential client to buying a new handbag, they perform to the best of their ability and always with a hopeful attitude. A sense of pride drives the attitudes and activities of these consumers, as well as the belongings they choose to reflect that pride.

Additionally, our bloggers repeatedly discussed the hope with which

they started each day. They feel hopeful for the day when waking up and hopeful about the future as they move through their day. The items they possess and buy contribute to their feelings of pride and hope. Pride in what they can already have and hopeful that the future will bring even better things. These “life markers” show the world where they are and where they are going – these are the feelings these consumers strive for.

Yuan Jia Lin talks about a piano that her family received. She says that *“my mother hopes that my daughter to be born could play piano, and serve as a great musician in the future.”* The piano serves her family as a symbol of what could come in the future.

2. Luxury Products Are Time Capsules That Preserve Precious Memories

Have you ever walked by something in your house and been suddenly struck by a memory related to the object? This feeling is another major motivation behind the purchasing and gifting of items for this consumer. With each item, our respondents could remember dates, events, people and emotions surrounding when they got the item. These items serve the purpose of reminding consumers of a good memory and preserving those memories.

Xie Min Ting mentions two purchases she made to commemorate anniversaries at her job. She says *“I bought [a] wallet during the second year after I started work. I bought [an] ornament during the first year after I started work.”* These items serve to remind her of key professional milestones.

3. Luxury Products Turn a Home Into a Safe and Stress-Free Nest

Our Chinese respondents spoke often of the emotions evoked by the luxury products they owned. These emotions were sometimes linked to the memory surrounding a particular item, and other times – linked to a feeling of safety and success from being able to possess high-value products.

Several bloggers described their homes as their “nest,” the location of their take-off and landing for each day’s journey. At both ends of the journey, bloggers noted the importance of feeling safe. The presence of luxury items in their homes contributed to this feeling of safety, speaking to their current and future ability to be able to provide for their families.

They also stated that luxury products helped them to reduce stress in their lives. Whether winding down after a long day of work, taking care of their children, or studying for exams – the presence of premium products in their home contributed to the feeling of coming home to a happy and healthy “nest”.

Speaking of a treasured music box, respondent Wang Yi explains *“When I am at home, I will play it at night and I am immersed in my beautiful memories.”*

4. Luxury Products Possess “Badge” Value and Convey Personal Identity

Our Chinese bloggers spoke often of the “badge” value of owning luxury products. They take pride in the expense and rarity of an item or brand and display it to demonstrate their status and personal identity. They like to show their success to the world, without necessarily showing off. In other words, they don’t want to appear as though they are flaunting their wealth, rather – as showing their personality through a refined sense of style.

A fancy suit demonstrates professionalism to a client. A scarf from India presents one as a world traveler. Emotions surrounding personal identity are experienced not just by the consumer but also by the observer. Luxury items broadcast important characteristics of a person to another without words and this ability drives consumption of certain items and brands that can accomplish this.

Jin Li Xia discusses her diamond ring that she bought because *“the diamond is so cheap in South Africa but its rather expensive in China.”*

Besides, the diamond can keep the value.” The diamond serves as a status symbol that presents her as a stylish person of high purchasing power.

Key Takeaways for Luxury Marketers

By harnessing the key motivators that drive Chinese consumers to purchase luxury products, premium brand marketers can better compete for the attentions of this high-spending, status-seeking shopper.

In terms of brand messaging, companies can speak to the “pride in the past, hope for the present” philosophy. By presenting their products as tokens of success, marketers can drive demand for purchases that will serve as “time capsules” in years to come – reminding people of life’s greatest memories and milestones.

Considering the importance the Chinese consumer places on their “nest”, advertisements could position these products in light of their place in a person’s home. Showing how a product fits into a person’s life in the beginning or end of their day will help drive home the idea that this particular product will add to the feeling of safety achieved from a home full of luxury items.

Of course, the perception of a particular item as a “badge” is a necessary precondition. Marketers should communicate personal identity characteristics of those that buy their product and brand – emphasizing high-status behaviors such as world travel and, of course, the purchasing power to buy luxury goods.