



要客研究院
Yaok Institute

Transformation and New Growth

**YAO K Insights on China Luxury Market
and Luxury Consumer**

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Founder of High end Brand Evaluation Standards

Founder of Brand High end Series Methodology

Founder of China's first luxury goods major university education system

Founder of China's first luxury research center

Editor of China's first set of luxury textbooks for universities

Chief Researcher of 'China Luxury Report', the first professional luxury market research monograph in China



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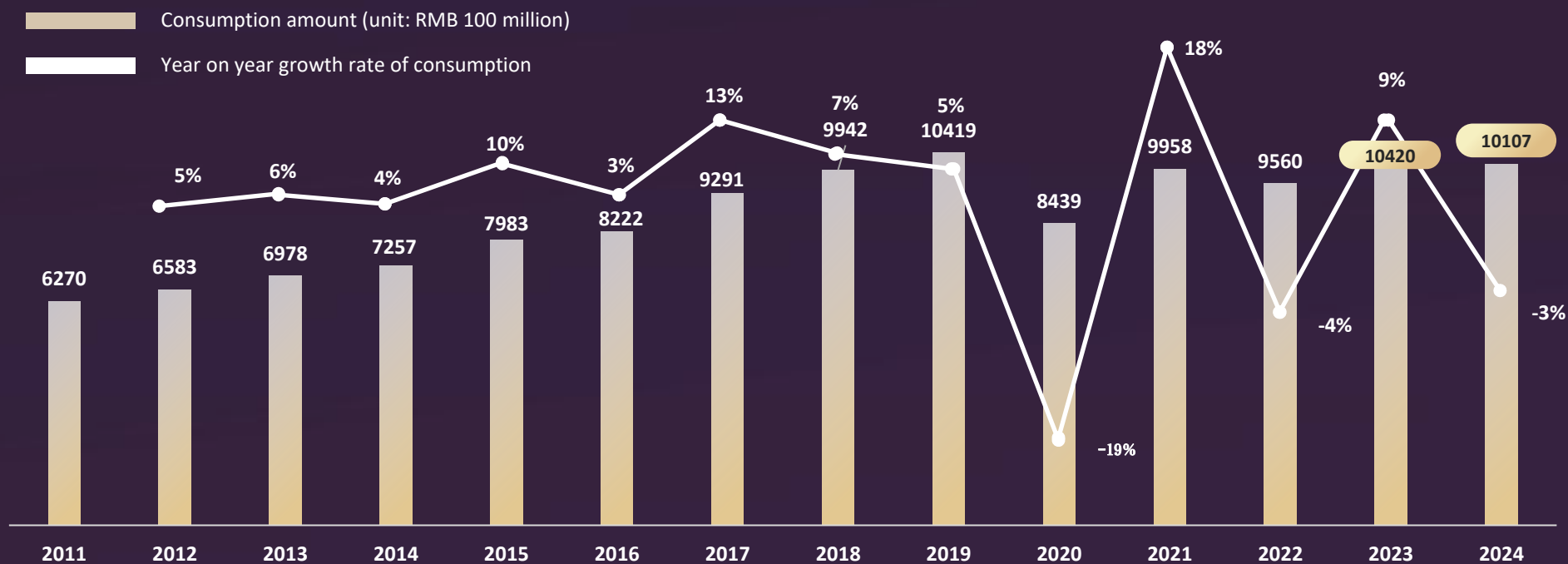


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01 Overview of China's Luxury Market in 2024

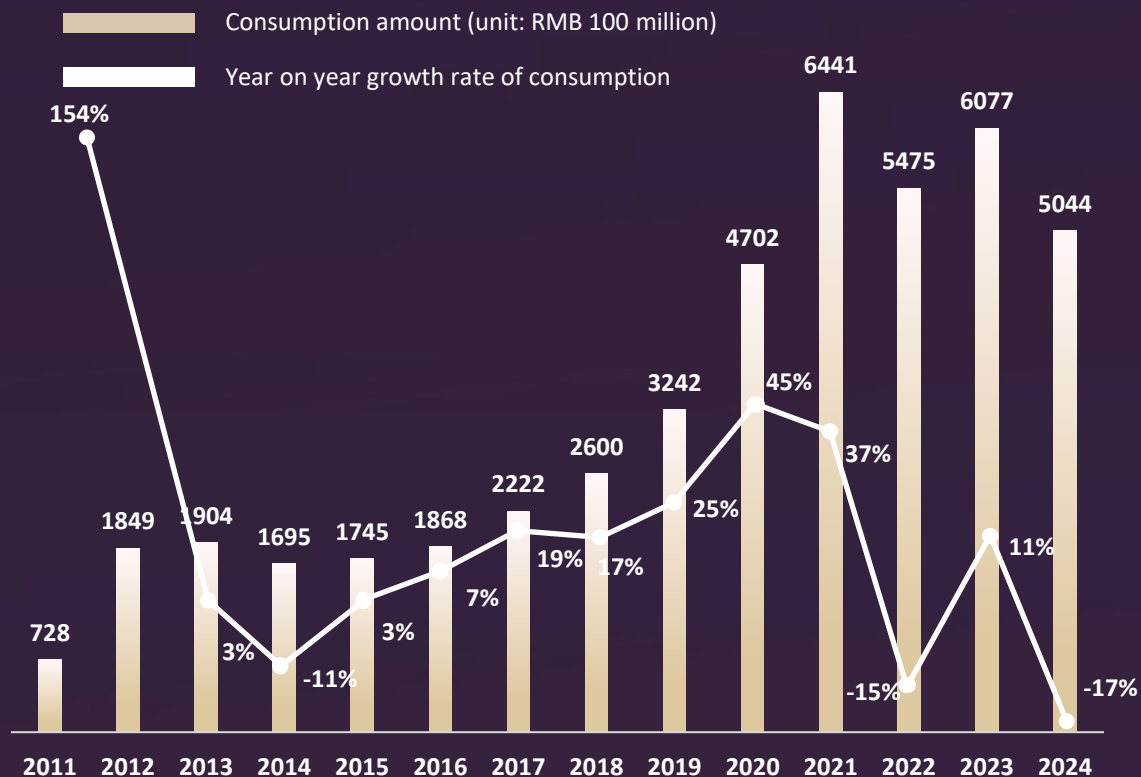
2024 is the first truly post pandemic year for the complete luxury market. Despite more global political and economic uncertainties and overall weak consumption, the global luxury industry still achieved a **3%** growth, with a market size of 2804.9 billion yuan.

① Global luxury consumption and growth rate of Chinese consumers in 2011-2024



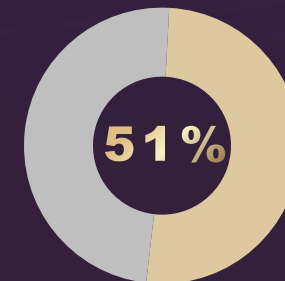
01 Overview of China's Luxury Market in 2024

② Consumption and growth rate of luxury goods in China from 2011 to 2024



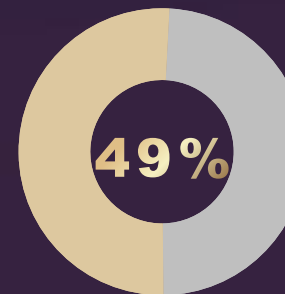
The proportion of Chinese domestic luxury consumption in Chinese global luxury consumption in 2024

Proportion in 2023: 54%



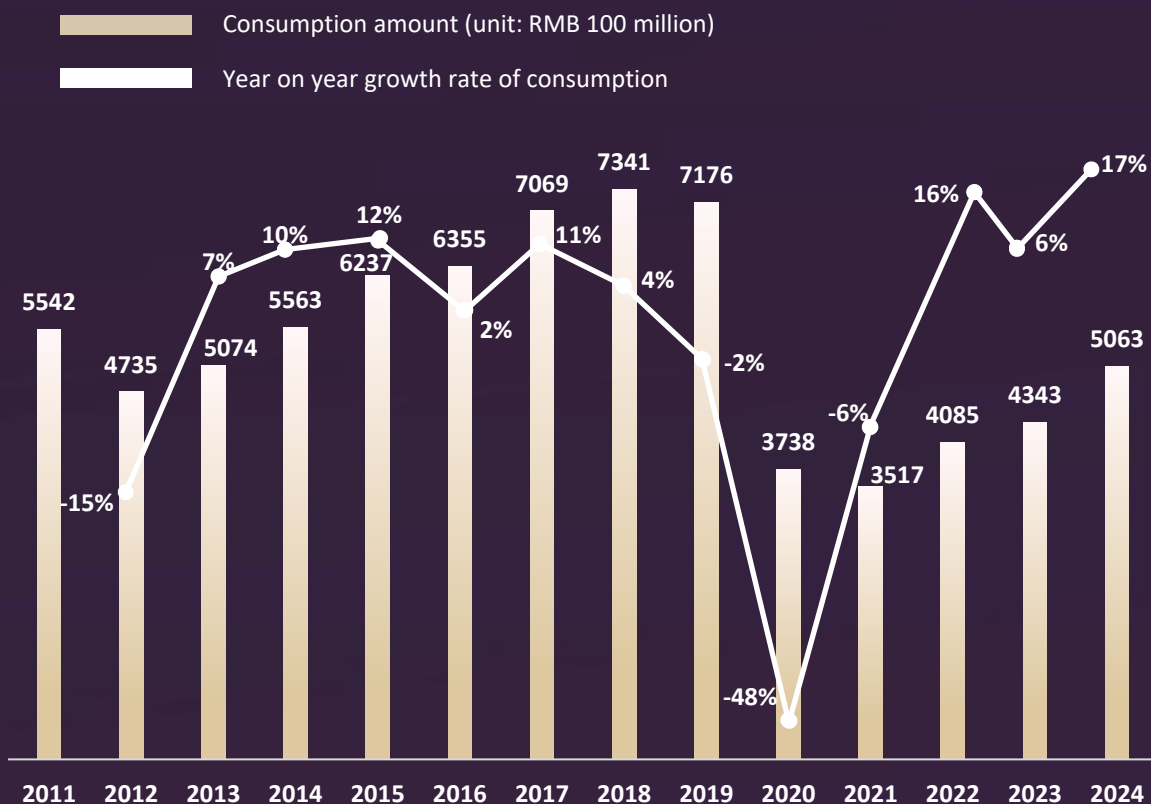
The proportion of overseas luxury consumption of Chinese people in the global luxury consumption of Chinese people in 2024

Proportion in 2023: 42%

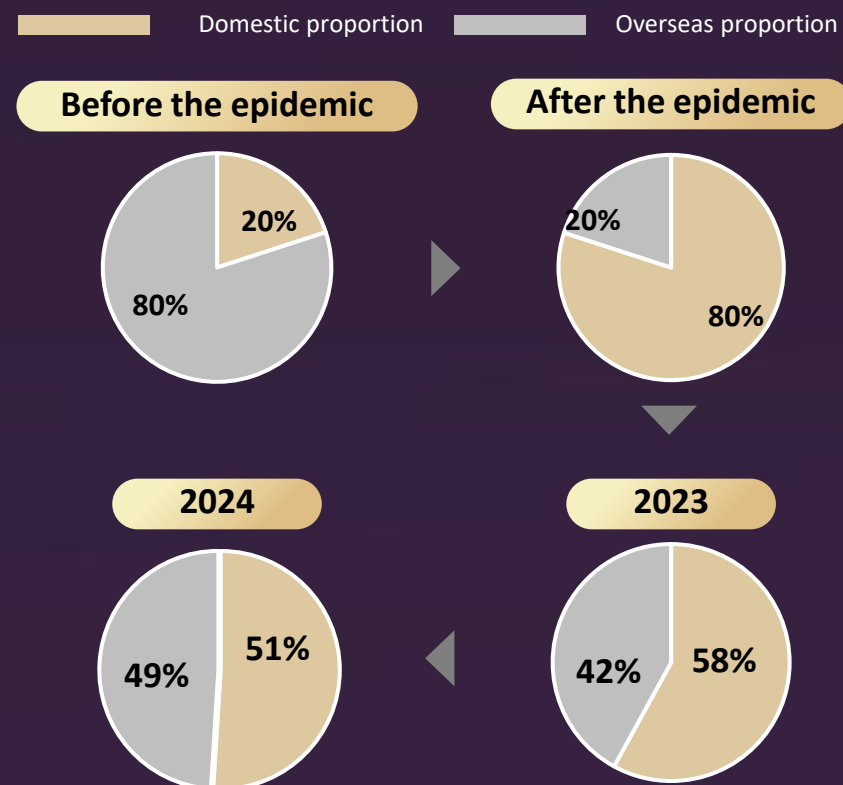


01 Overview of China's Luxury Market in 2024

③ Overseas luxury consumption and growth rate of Chinese in 2011-2024



Changes in the proportion of Chinese luxury consumption at home and abroad



02 The Evolution of China's Consumption Pattern in 2024

① Decomposition of Consumption Structure in the Chinese Market in 2024

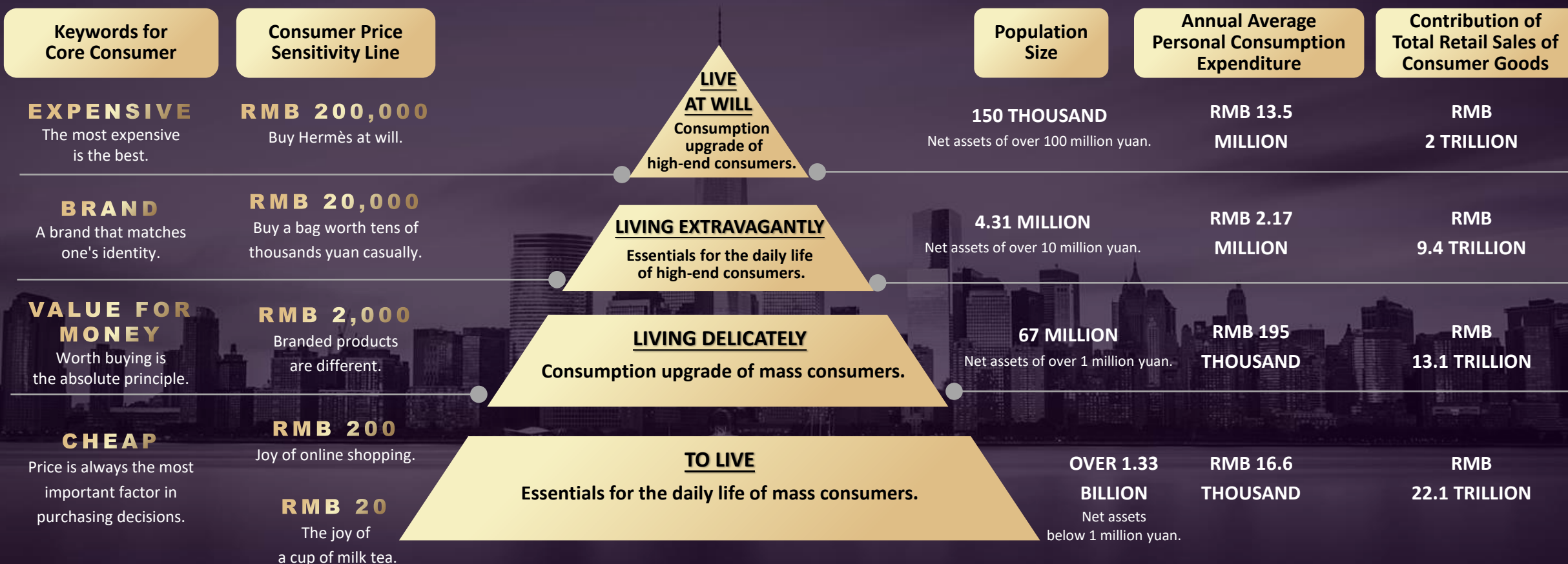
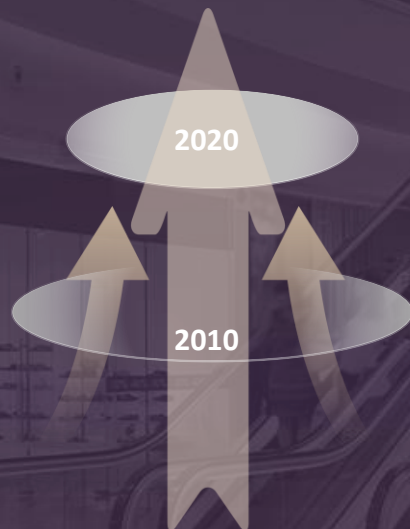


Chart source: Yaok Institute

02 The Evolution of China's Consumption Pattern in 2024

② Changes in Consumption Dynamics and Structure in the Chinese Market

Source of incremental customers in China's luxury market at different time periods



Drive:
Back to high net worth consumers

Drive:
The consumption upgrade of mass consumers

Drive:
High net worth consumers

The consumption structure of Chinese society has transformed from an olive to a spindle shape

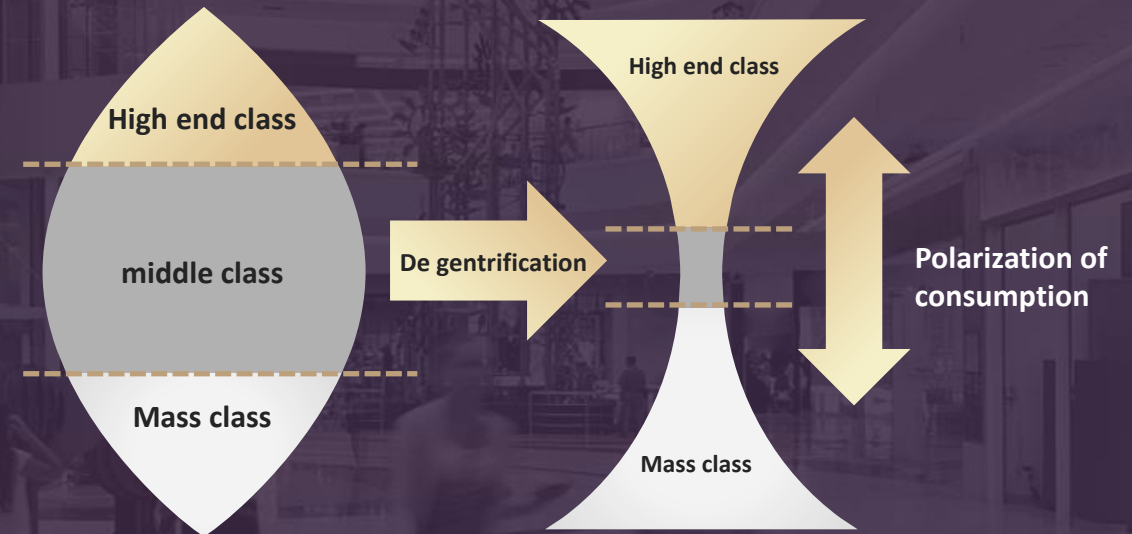


Chart source: Yaok Institute

03 Strategies for Brands and Retailers to Attract Chinese Tourism Consumers

① How can brands and retailers capture the attention and loyalty of the Chinese consumer?

01

Shift your mindset from selling products to selling services, from managing products to becoming a business operator, and reconstruct your business model based on the mindset of the operator;

02

Emphasize digitalization and utilize it to improve operational efficiency and customer experience;

03

Emphasizing lifestyle education, upgrading concepts is the core of consumption upgrading, and consumption upgrading is the core driving force of consumption growth;

04

Strive to pursue a high-end development strategy, enhance brand image, and provide customers with more non product value;

05

Strive to provide customers with more localized services, close to consumers, and convenient for consumers.



03 Strategies for Brands and Retailers to Attract Chinese Tourism Consumers

② What are the nuances of China's diverse traveller base and how can brands and retailers appeal to the different priorities of Gen Z, Millennials and Generation X?

01

The number of trips and travel expenses of high-end Chinese customers continues to increase, but safety has become one of the most important destination selection criteria;



02

Chinese mass customers have significantly reduced their travel frequency and are enthusiastic about low-cost group tours in Southeast Asia;



03

Consumers of different age groups have certain differences in the channels for obtaining tourism information. The younger the age, the more dependent they are on the internet and trust online evaluations; The older you are, the more you believe in the reputation of your friends' circle, and believe in the cultivation and recommendation



04

All consumers have poor satisfaction with the paid travel experience, and the demand for independent travel is gradually increasing. The more high-end customers prefer independent travel.



03 Strategies for Brands and Retailers to Attract Chinese Tourism Consumers

③ How important are digital experiences and personalisation in appealing to the Chinese travelling consumer?

01

Mobile phones have become one of the most important lifestyles of Chinese people;

02

Based on digitization and big data, personalized recommendations and customization can be achieved, which is an important means to meet the personalized and diversified needs of consumers in the future;

03

Through digitization, consumers can achieve planned consumption, and brand owners can provide customers with more intimate and targeted services by offering appointment booking services;

04

Digitization is an important means of lifestyle education and a crucial tool for marketing and communication for all brands currently;

05

Digitalization can provide customers with a better customer experience than traditional offline stores, and the Internet and high-tech are changing people's lifestyle.

04 New Growth of Duty-free Industry

① The trend towards Sinicization.

Chinese consumers will continue to dominate the global tourism retail market, and Chinese goods will become the biggest growth point of the global tourism retail market in the next decade.

Chinese sports brands, intangible cultural heritage products, health products and smart products will enrich the product supply in the international duty-free market.



04 New Growth of Duty-free Industry

10 Future Growth Points of China's Luxury Market

01	Expansion into lower-tier markets	Especially in cities with developed economies but few luxury brands settling in, such as Quanzhou, Foshan, Wenzhou, etc.
02	New consumer groups	A group that has purchasing power but has not yet become a heavy consumer of luxury goods, 73% of Chinese billionaires are not yet heavy consumers of luxury goods. (Lifestyle education, social activities driven. Inspire new demands with scenarios, and create new demands with new products.)
03	New product categories	Clothing and accessories still have huge development potential, while lifestyle categories such as furniture and home appliances have even greater space.
04	New scenario consumption	The consumption scenario gives rise to new consumer demands. Sports scenes, travel scenes, and home scenes all have huge potential for exploration.
05	Official second-hand market	The official second-hand market can not only better serve key customers and expand new customers, but also effectively combat counterfeit goods.
06	Digitization	One city, one store, one network is the future trend, which can improve store operation efficiency by 100% and increase activity conversion rate by 300% .
07	Customized service	Everything can be customized, and the proportion of luxury customization business will reach 30% in the next 10 years.
08	Cross border products	Cross border products have enormous potential for development, with tea, wine, porcelain, silk, electric vehicles, smartphones and smart watches are the best types.
09	Sustainable development	More than 75% of consumers are willing to purchase sustainable development concept products, and over 45% are willing to pay a higher premium for it.
10	Elderly care related products	The average age of Chinese billionaires on the list is 61 years old, and they have already reached the age of retirement. There is a huge space for luxury elderly care products.

04 New Growth of Duty-free Industry

② Downtown duty-free has huge opportunities.

In the next decade, China will vigorously develop the downtown duty-free industry, forming a tripartite situation of port duty-free, offshore duty-free, and downtown duty-free.



04 New Growth of Duty-free Industry

③ The trend towards service-oriented tourism retail is evident.

In the future, traditional tourism retail stores will break through online and offline limitations, and functions such as experience centers, reservation centers, and customization centers will become the direction for the transformation of existing stores. The service value will be greater than the retail value in the future.

④ The trend towards high-end customers is evident.

The cost of overseas tourism is increasing, the number of outbound tourists is decreasing, and the trend of high-end customers is becoming more apparent. This will lead to a change in the importance of tourism retail related categories, an increase in boutique retail, and a decrease in the proportion of mass or low-priced products.

**Let global brands understand the real Chinese market
and Chinese consumers.**

**Enable Chinese consumers to enjoy more and better
products and services from around the world.**



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Interpreting China with data and presenting a real market

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