

Asia Pacific travel retail pulse

A health check and
the innovation imperative | 2026



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Our research now suggests they will only account for 40% in the next decade.

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What are the reasons behind this? And what do brands and operators need to do to unlock these missing opportunities?



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Our study is grounded in deep travel-retail experience, consumer research, and executive perspectives

Our knowledge

10

years

of research on Asian traveler and luxury shopper behavior and spending

Latest survey overview

2,250

consumers

in Mainland China and India surveyed in 2026

Executive survey

40+

senior executives

surveyed and interviewed to provide market intelligence

Client coverage

10

luxury-client projects in APAC

over the past 12 months

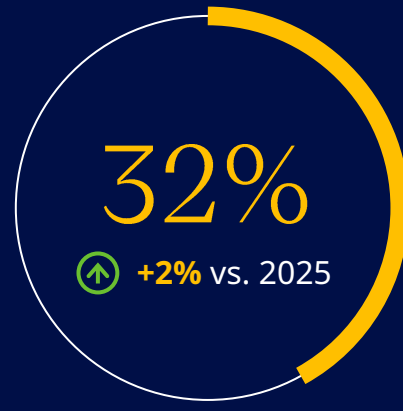
After years of volatility, we observe first signs of positivity

Consumer sentiment
is strengthening...



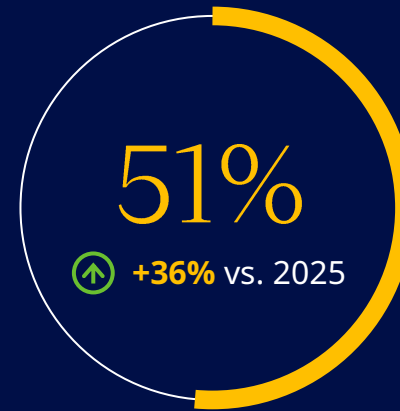
2026 vs. 2025 Chinese affluent consumer sentiment

Travel willingness
is rebounding with momentum...



2026 percentage of high-income households who plan to travel overseas

Luxury spending
is strengthening...



2026 Chinese affluent travelers expecting to spend more on personal luxury goods

Industry executives
are confirming recovery...



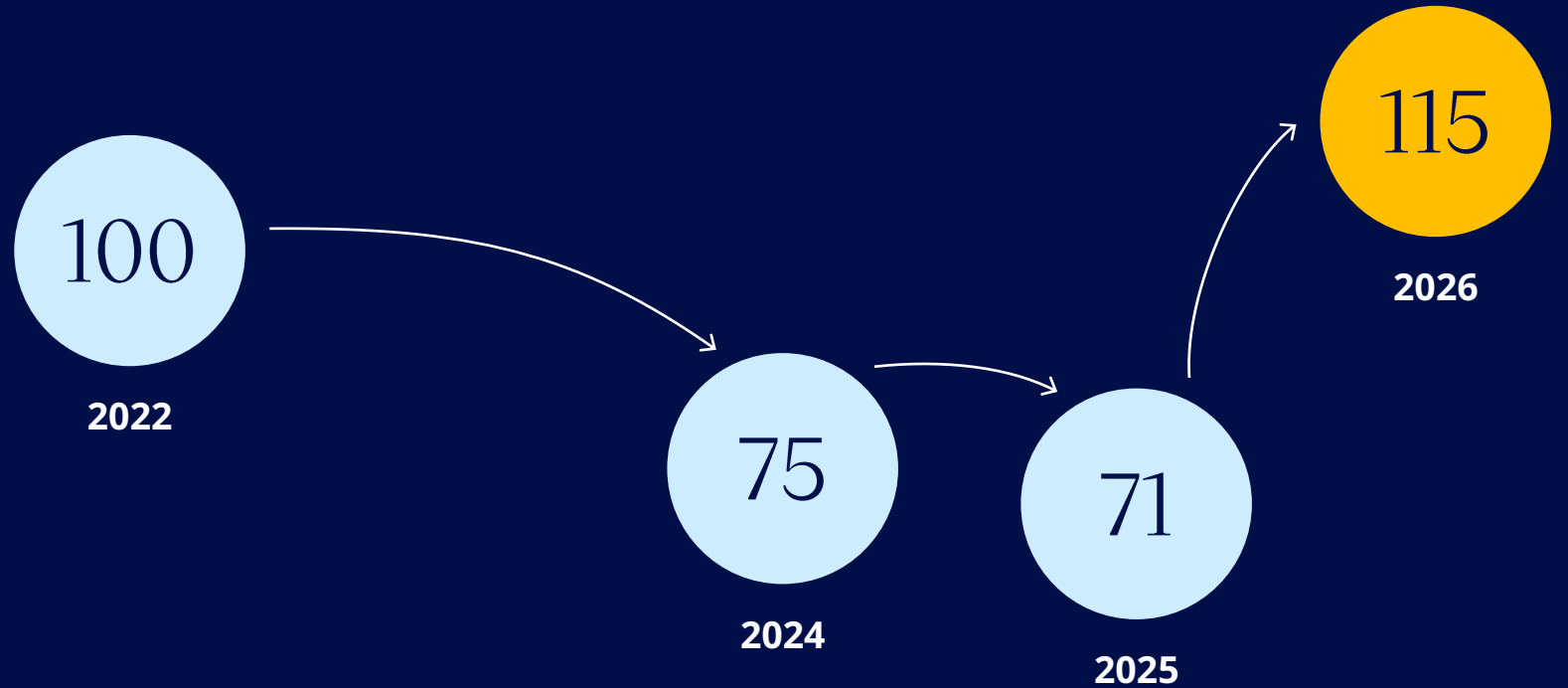
of surveyed travel retail executives expect growth in 2026

Source: Mordor Intelligence, Oliver Wyman's Chinese Traveler Survey (2024, 2025, 2026), Oliver Wyman's travel retail Executive Survey (2026), Oliver Wyman analysis



In China, affluent consumer sentiment is growing for the first time since 2022

Oliver Wyman Affluent Chinese Consumer Sentiment Index, 2022 to 2026
High-income households only (RMB 30,000+ per month)



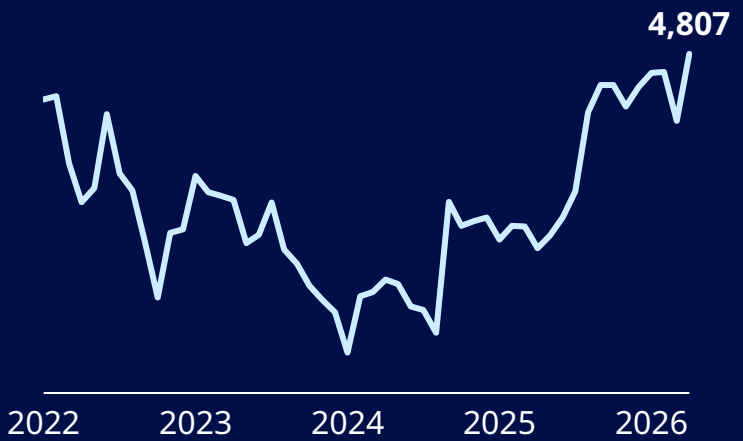
Aggregated index of current, one-year, and five-year for 2022 indexed to 100; N=4,000 (2022), 1,500 (2024), 2,000 (2025), 1,250 (2026)
Source: Oliver Wyman's Chinese Traveler Survey (2022, 2024, 2025, 2026), Oliver Wyman analysis

While macros and long-term consumer sentiment are encouraging, younger generation remains more cautious for the future

Strong stock market performance supports consumer sentiment

Strong stock market performance boosts overall wealth growth among asset-holding classes, particularly with older generations

CSI 300 index



What we like

Short-term sentiment significantly improved and is likely to drive consumptions

Oliver Wyman's Affluent Chinese Consumer Sentiment Index

	2026	Delta vs. 2025
Current	116	+47
1-year	117	+47
5-year	109	+35

What we are concerned about

Younger generation remains more cautious, especially about long term outlook

Oliver Wyman's Affluent Chinese Consumer Sentiment Index

	Delta vs. 2025
Gen Z	+44
Millennials	+38
Gen X	+43
Baby Boomers	+56

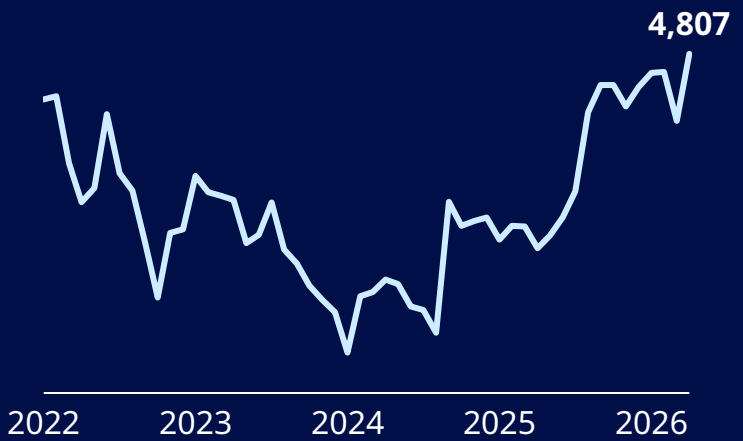
Source: Bloomberg, Oliver Wyman's Chinese Traveler Survey (2025, 2026), Oliver Wyman analysis

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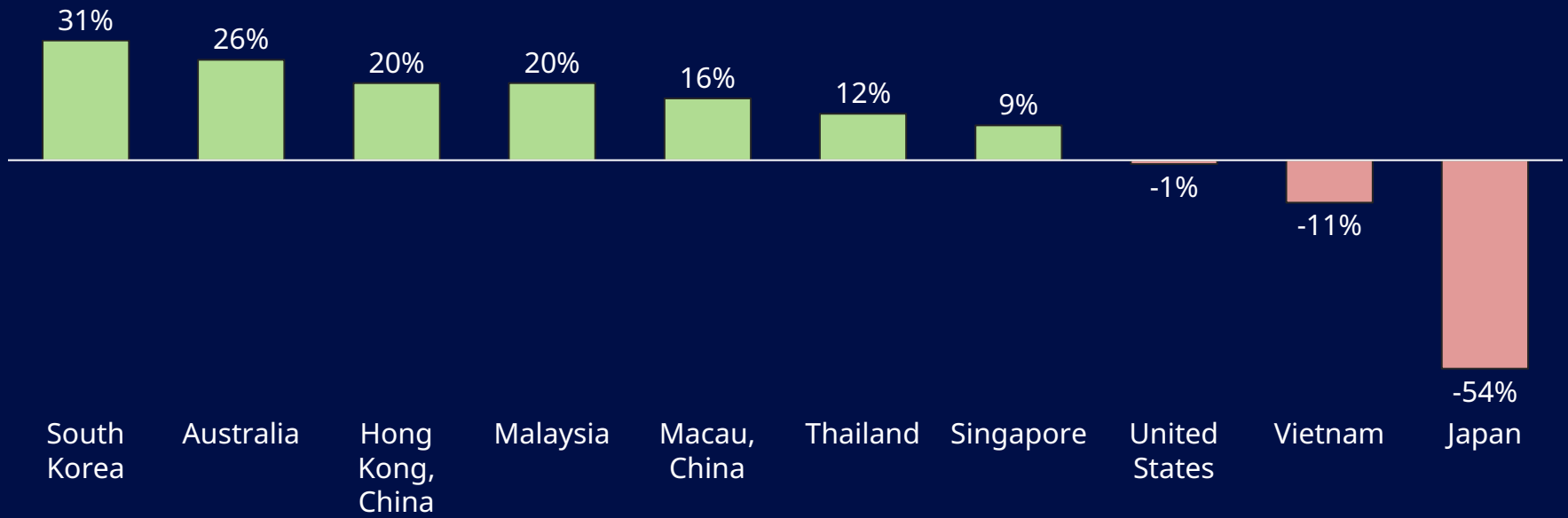
Source: Bloomberg, Oliver Wyman's Chinese Traveler Survey (2025, 2026), Oliver Wyman analysis

Traffic growth: Improved sentiments will likely translate to 15M Chinese outbound traveler growth, especially in South Korea, Australia, and Hong Kong

% of affluent¹ Chinese household traveling internationally



Year-on-year growth of year-to-date Chinese arrivals across top destinations, 2026
Percentage, latest available YTD data as of February/March 2026

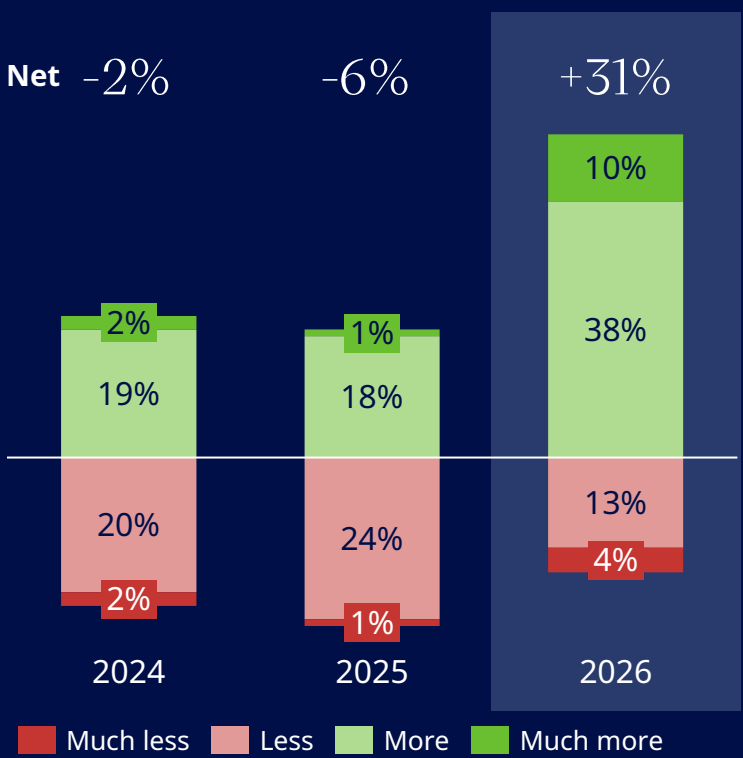


Forecasted Chinese international traveler in 2026: 155-165M (+15M versus 2025)

1. Chinese travelers with pre-tax monthly household income of RMB 30,000+
Source: Government statistics, Oliver Wyman's Chinese Traveler Survey (2023, 2026), Oliver Wyman analysis

🇨🇳 **Luxury spending:** Strong improvement in 2026 luxury spending expectations, led by prestige beauty and apparel, with baby boomers showing strongest uplift

Personal luxury goods spending
2024-2026, percentage of respondents expecting to spend more/less on personal luxury goods



By generation by category

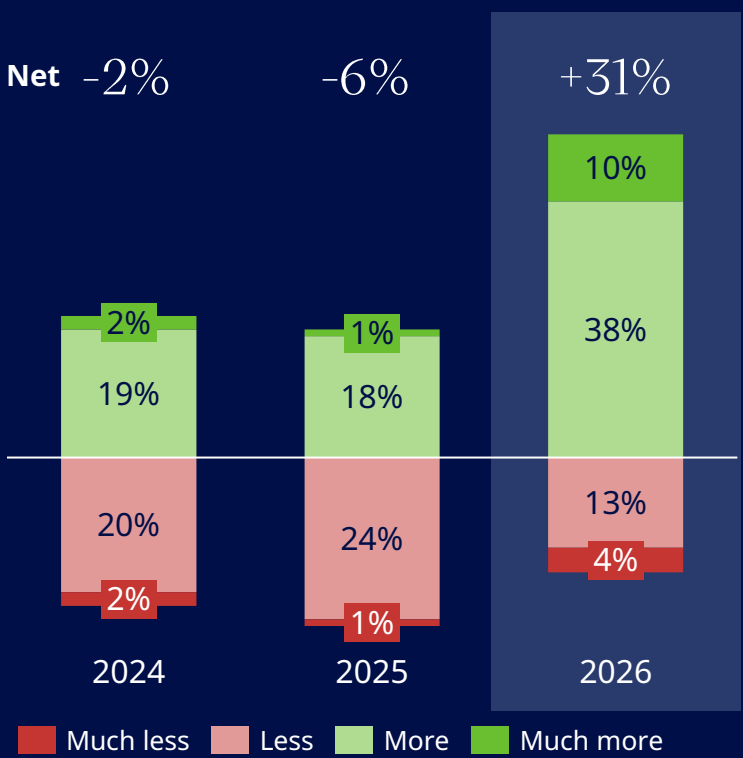
	Gen Z	Millennials	Gen X	Baby boomers
Leather Goods	+5%	+8%	+12%	+21%
Luxury Apparel and Footwear	+32%	+31%	+34%	+50%
Watches	+17%	-5%	+14%	+31%
Fine Jewelry	+35%	+12%	+41%	+45%
Prestige Beauty	+45%	+57%	+45%	+39%

Legend: Strong (Blue), Moderate (Light Blue), Weak (Yellow)

Note: Includes both domestic and travel spend
Question: Compared with 2025, how do you expect your total spending on personal luxury goods in 2026 (including purchases made at home and while traveling) to change?
Source: Oliver Wyman's Chinese Traveler Survey (2024, 2025, 2026), Oliver Wyman analysis

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● Strong
 ● Moderate
 ● Weak

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Beyond Chinese travelers:

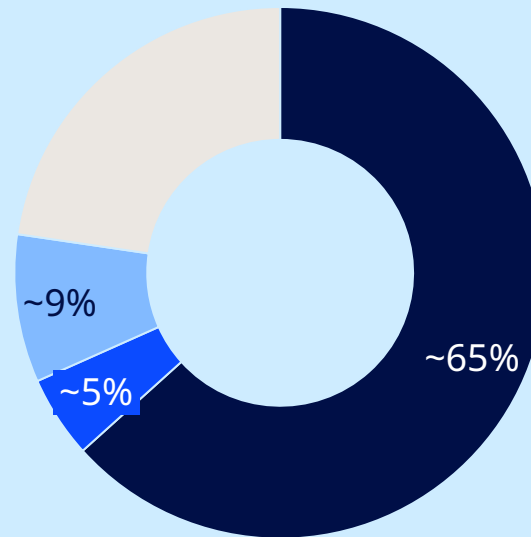
80%+

of the senior executives interviewed believe Asia's future travel growth will be fueled by a broader, more diversified traveler base

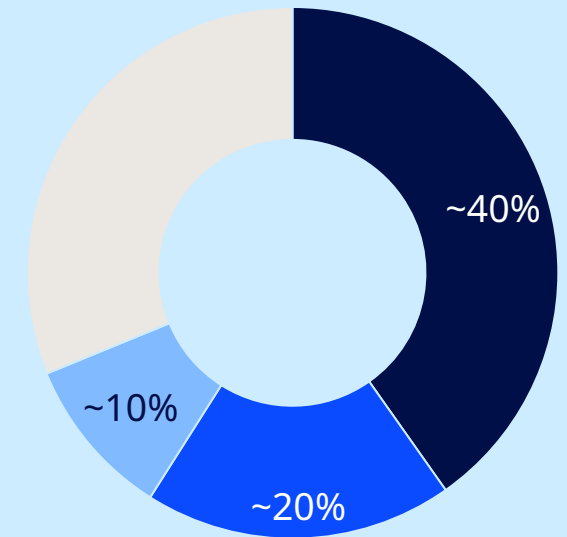
We believe Asia's next wave of growth will come from a more diverse traveler base

Growth contribution to APAC travel retail market¹, by nationality
Percentage contribution to market growth

2015-2019



2025-2035



■ Chinese travelers¹ ■ Indian travelers ■ South Korean travelers ■ Other source markets

1. The growth of Daigou is excluded
Source: Generation Research, Government statistics, UN Tourism, Oliver Wyman analysis


Snapshot: A future with diversifying traveler needs and behaviors

How upcoming travelers (e.g., Indian consumers) will be different vs. Chinese travelers today

Why the travelers are different

		
Who	Gen Z/Millennials	Older growth engine
Where	Middle East dominant (~15 MN departures vs. 8 MN to APAC)	Prefer Hong Kong, South Korea, and Singapore
What	Affordability still matters c.2x average spend gap means price-value proof remains central in conversion	Luxury must be obvious True luxury brands have clear brand visibility and premium cues
How	High-touch service , premium brand proof and social currency are key triggers	Money-can't-buy private access , pre-purchase, airport QR scan and home delivery

How this shows up in duty-free behaviors

		
Shop duty-free for gifts	41%	17%
Enter duty-free stores with clear intent	>33%	25%
Wine and spirits	58% #1 purchase category	5%
Arrival duty-free led	70-80%	25-50%

For Indian consumers, duty-free is a more intentional, value-led, and arrival-led mission

Source: Ministry of Tourism of India, TFWA, Oliver Wyman Chinese and Indian Traveler Survey (2026), Oliver Wyman analysis



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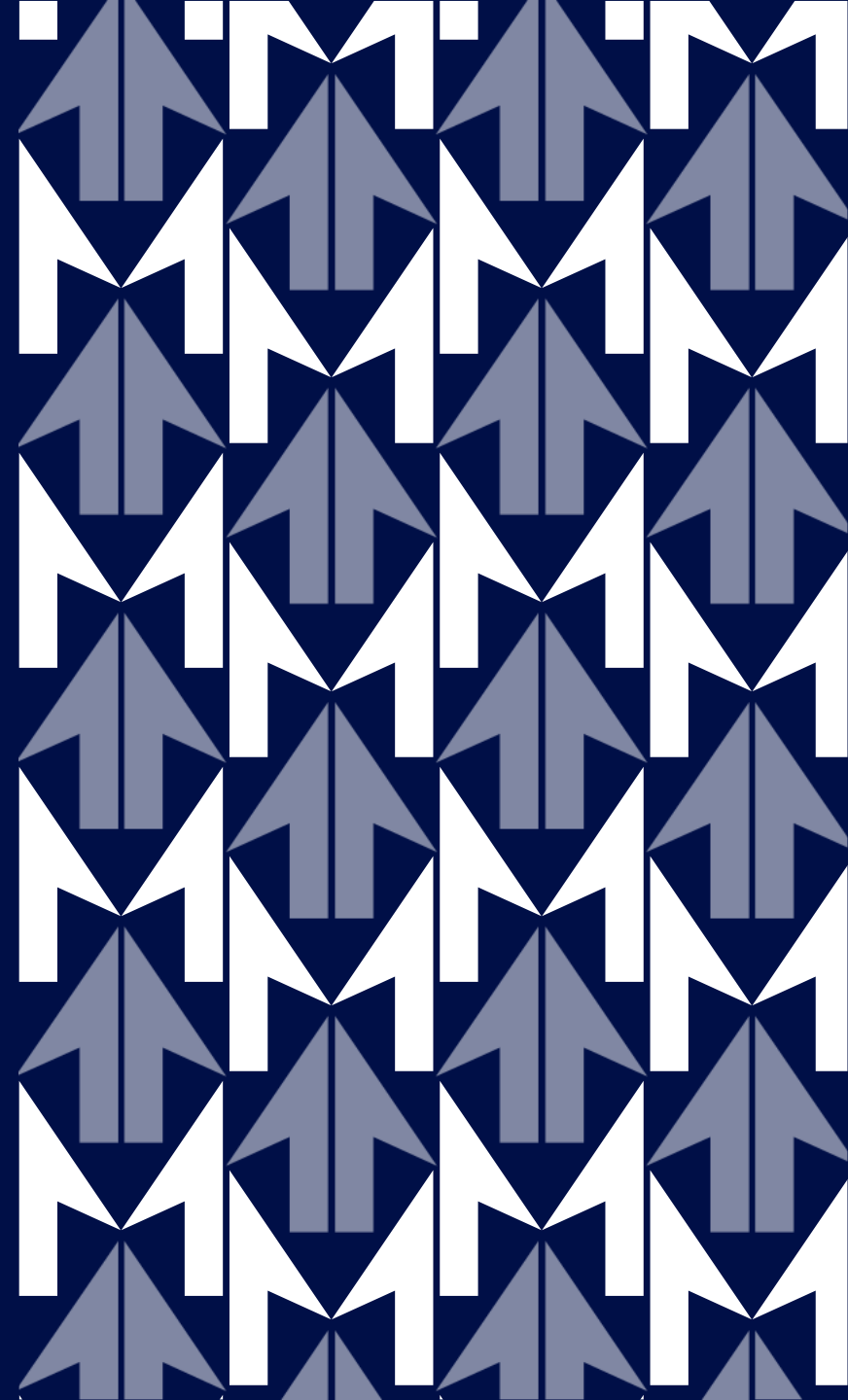
		
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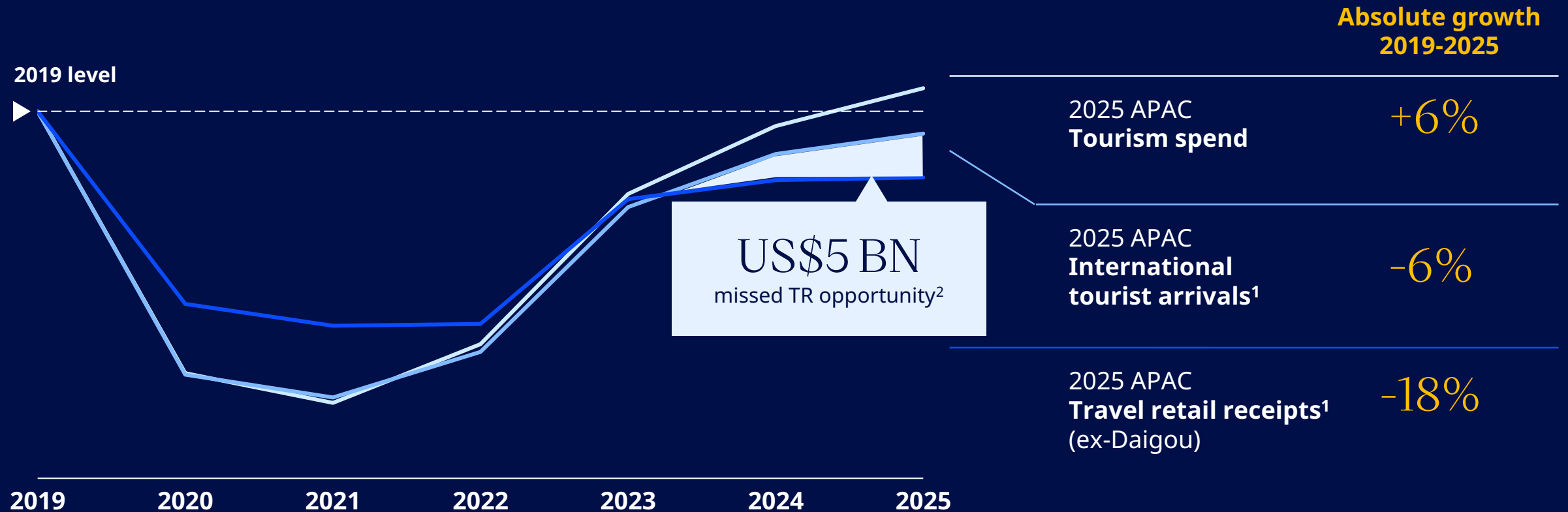
Brands and operators need to
*radically transform proposition
and operating model* to remain
competitive

02



Missed opportunity: US\$5BN potential if travel retail market has caught up with traffic and tourism spend growth in the past few years

Key travel metrics, 2019-2025



1. Includes domestic traffic and domestic duty free in Jeju (South Korea), Okinawa (Japan), and Hainan (China); 2. Estimated based on 2019 conversion and spending per customer
 Source: Generation Research, Government statistics, UN Tourism, Oliver Wyman analysis

Two reasons why travel retail spend trails traffic growth

Domestic Repatriation: Luxury spend has been redirected into domestic channels

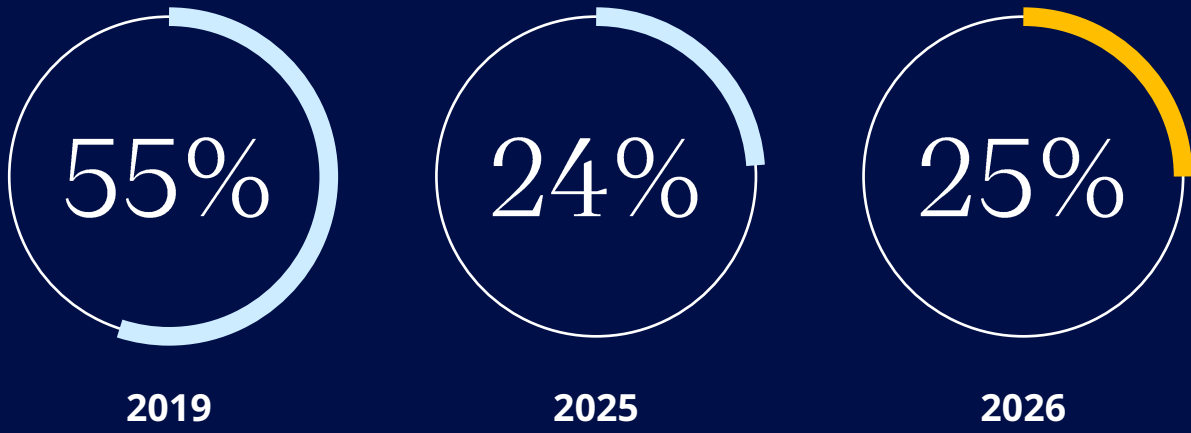


Stagnant Value Propositions: Airport retail propositions not compelling enough to drive conversion and spend growth



Chinese consumers' luxury spending has **structurally rebalanced toward the domestic market**, with the overseas share now less than half its 2019 level

Share of Chinese¹ luxury spending occurring overseas
Percentage of total Chinese luxury spending



2026 breakdown



2026 vs. 2019 trend

Domestic	Duty-paid	↑
	Daigou ²	↓
	Hainan and other duty-free	↑
Overseas	Duty-free	↓
	Duty-paid	↓

1. Chinese travelers with pre-tax monthly household income of RMB 30,000+; 2. Daigou consumption is treated as domestic based on actual purchase location of end consumer
Source: Oliver Wyman's Chinese Traveler Survey (2025, 2026), Oliver Wyman analysis

Repatriation to domestic channels is driven by **five factors**

Travel purpose shifts

Travel purpose shifts

Culture, food, and experiences are now stronger trip drivers

Shopping is now a top travel purpose for <15% of Chinese outbound travelers

Global price harmonization

Narrower China versus duty-free price gaps weaken buy-abroad incentives

Domestic market offers competitive propositions

Deepened local SA¹ relationships

>75% of luxury spenders maintain regular contact with SAs

Higher domestic service standards are shifting clients back home

Better domestic offerings

China drove ~40% of global luxury store openings in 2024

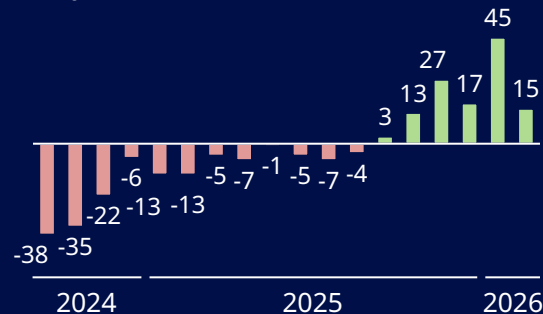
China's boutique openings rose ~10% YoY

Hainan picked up strongly

Domestic duty-free options

Strong government push to establish Hainan as a duty-free hub through policy changes and government/operator-led subsidies

Hainan offshore duty-free retail sales YoY growth, % by month, 2024-2026



1. Sales Associate
Source: Company disclosures, industry reports, Oliver Wyman Chinese Traveler Survey (2026), Oliver Wyman analysis



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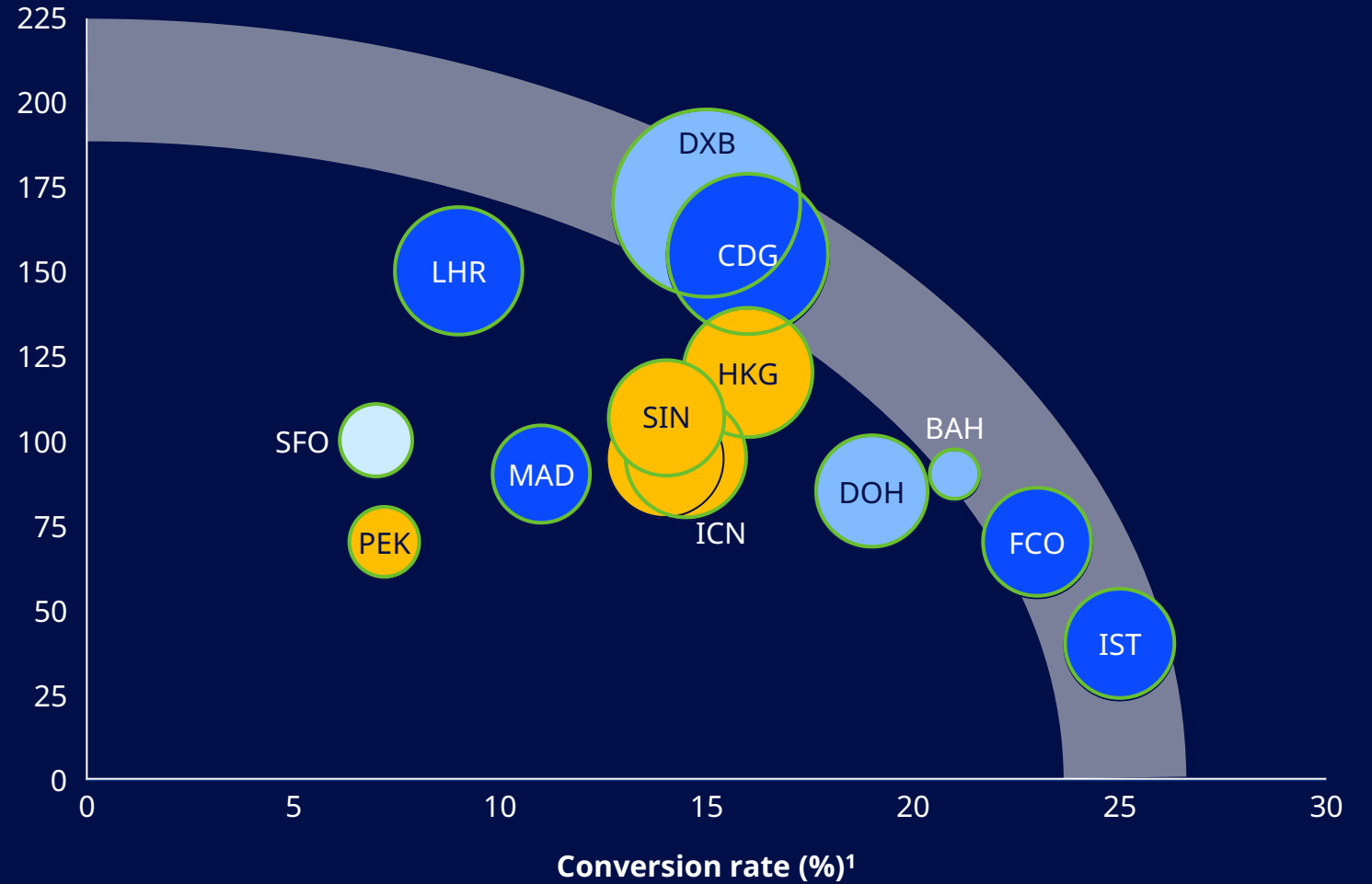
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Substantial room to grow airport conversion and spending in Asia Pacific today

Estimated conversion rate and spending per customer by airport, 2025

Spending per customer (USD/pax)



● Europe ● Middle East ● APAC ● Americas ● Duty free sales ■ Frontier

1. No. of transactions / No. of passengers
Source: Expert interviews, Oliver Wyman analysis

Our research highlights **three critical aspects** to bridge the gap

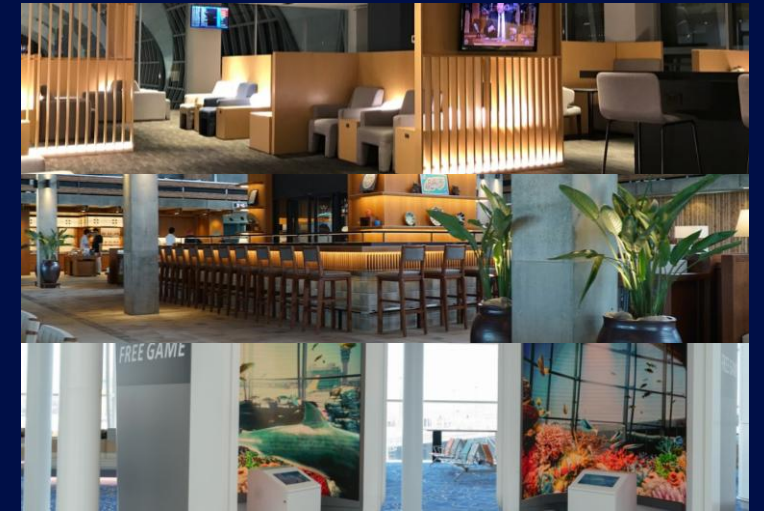
Maximize shopping and engagement time at airport



Beyond promotions, bring unique travel retail propositions



Improve agility to cater for a more diversified traveler mix

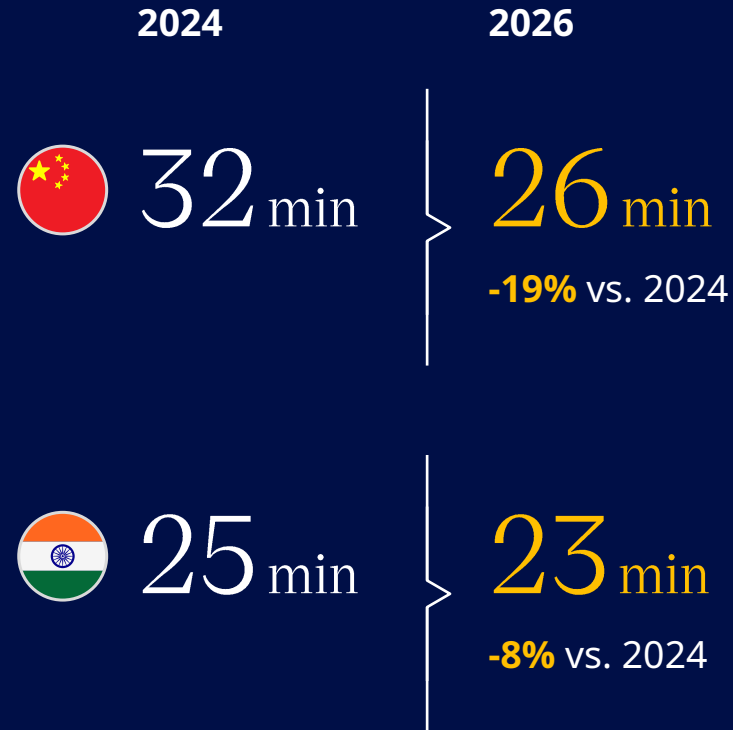


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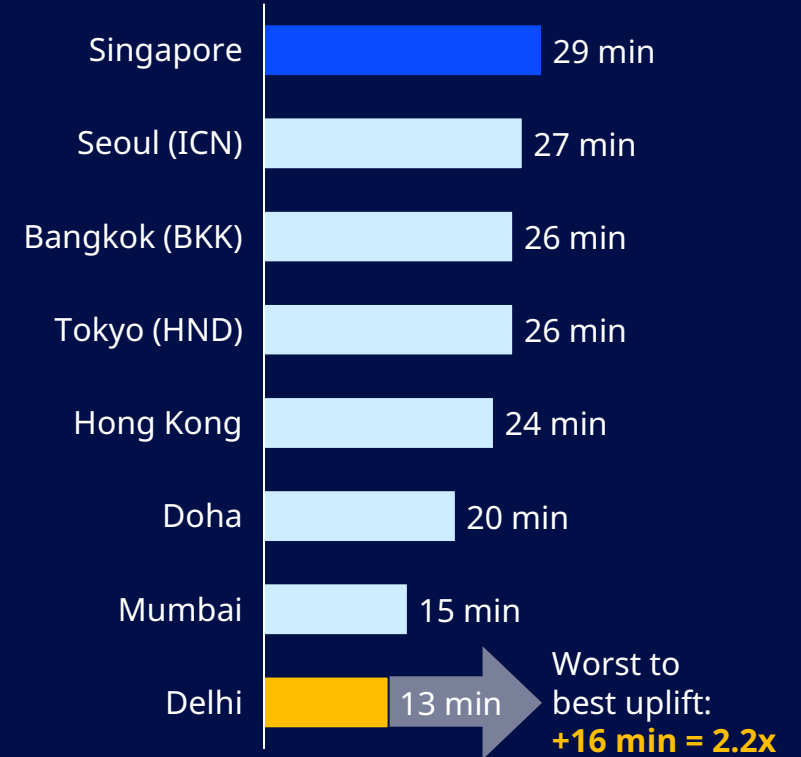
Lengthen time spent at airport duty free

Travel retail is competing harder for consumers' increasingly fragmented time, attention, and wallet

Average duty-free shopping time 2024 versus 2026, minutes per traveler



Enhanced airport experiences can unlock 2x more shopping time



“People are spending more time at the airport, but not on shopping – they are in lounges, restaurants, or working on their phones.”

Global Channel Head, Luxury group

Source: Expert interviews, Oliver Wyman's Chinese and Indian Traveler Survey (2026), Oliver Wyman analysis

#2

Move beyond price to offer unique travel retail propositions

While price remains important, transparency will challenge TR's ability to drive growth via pure promotional proposition

AI has substantially increased **pricing transparency**, making it a hygiene factor among travel retailers rather than a differentiator

Social media price comparison (duty-free versus other channels) generated by customers

AI-generated cross-channel price comparison



Prompt

I live in China and want to buy [Product]. Please compare prices across channels (retail, duty-free, and Tmall, etc.,) particularly airport duty-free options, and identify the cheapest option

[Product name sanitized] (100ml unless noted) – Price Comparison by Channel (Refined)			
Purchase Channel	Size	Price Range (CNY)	Notes
Tmall Official Flagship Store	100ml	520–620	During promotions; authentic with samples
JD.com Self-operated	100ml	550–650	Typical promotion price
Hainan Duty-Free (cdf)	100ml	650–700	Zero-tariff, can be shipped directly
[Sanitized] Duty-Free	100ml	500–570	New user coupon can bring to ~569
South Korea Duty-Free	100ml	600–700	Member discounts available
Japan Airport Duty-Free	100ml	950–1,100	Significantly more expensive
Singapore Changi Airport	100ml	800–900	Slightly cheaper than mainland retail
Hong Kong Trusted Retailers	100ml	600–720	Reputable stores like Sasa, Bonjour; avoid unusually low prices

Source: RedNote, DeepSeek

#3

Improve agility to cater for a more diversified traveler mix

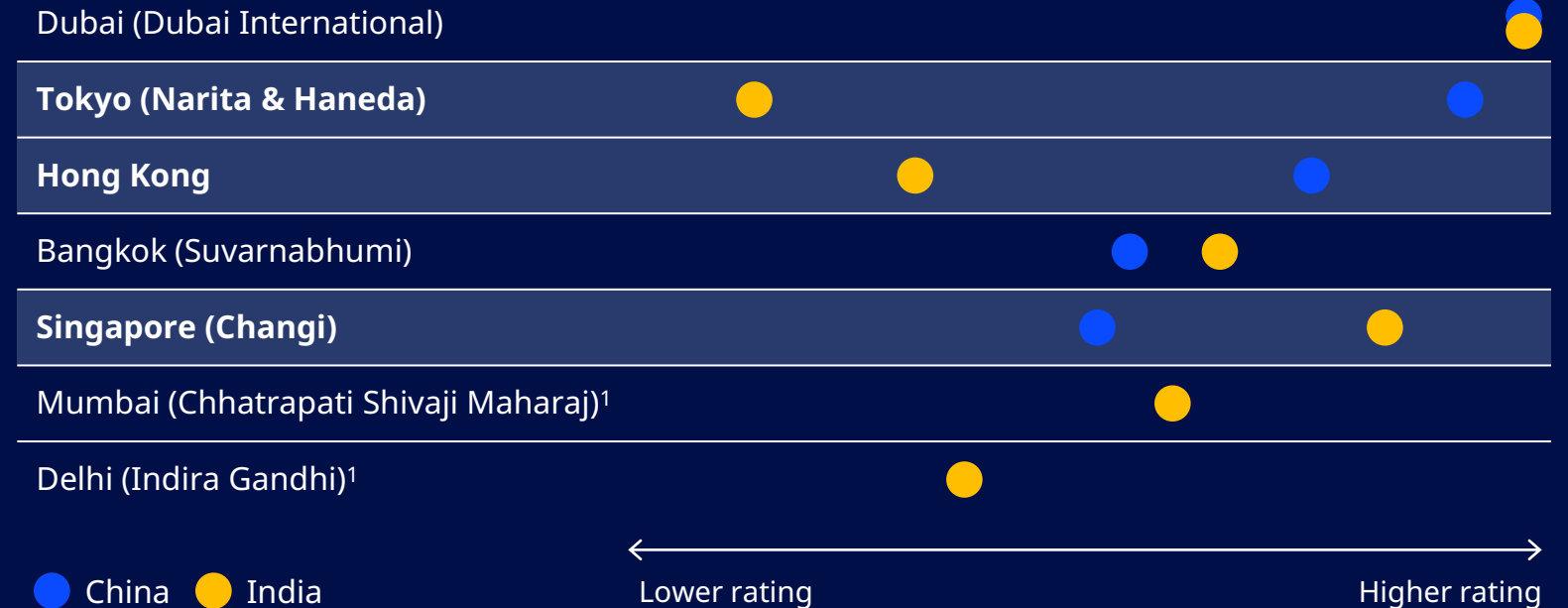
Achieve best-state performance by tailoring product, pricing, promotions, and service dynamically based on traveler mix, and not by applying one global playbook

Perception of and preferences for airports are largely different by source market

Rating of airport duty-free by Chinese and Indian travelers

Rebased to top airport duty-free rating¹

Airport duty-free



1. Ratings of Mumbai and Delhi from Chinese travelers are not shown due to limited sample size
Source: Oliver Wyman's Chinese and Indian Traveler Survey (2026), Oliver Wyman analysis

What success could look like



Use co-branding to create exclusive, locally relevant reasons to buy

Increased dwell

From airport exclusive attraction

- F1 x KitKat activation timed to Sao Paulo Grand Prix
- Sense of place through city- and race-linked merchandising
- Exclusive, occasion-driven offer with immersive racing experience



Capture value across the full airport journey, beyond the store

3x

More spending from airport-wide loyalty program

- Browse/pre-order
- Collect in terminal
- Receive benefits across duty free, convenience, F&B, lounge, local travel



Data-sharing ecosystem for joint optimization

5-15%

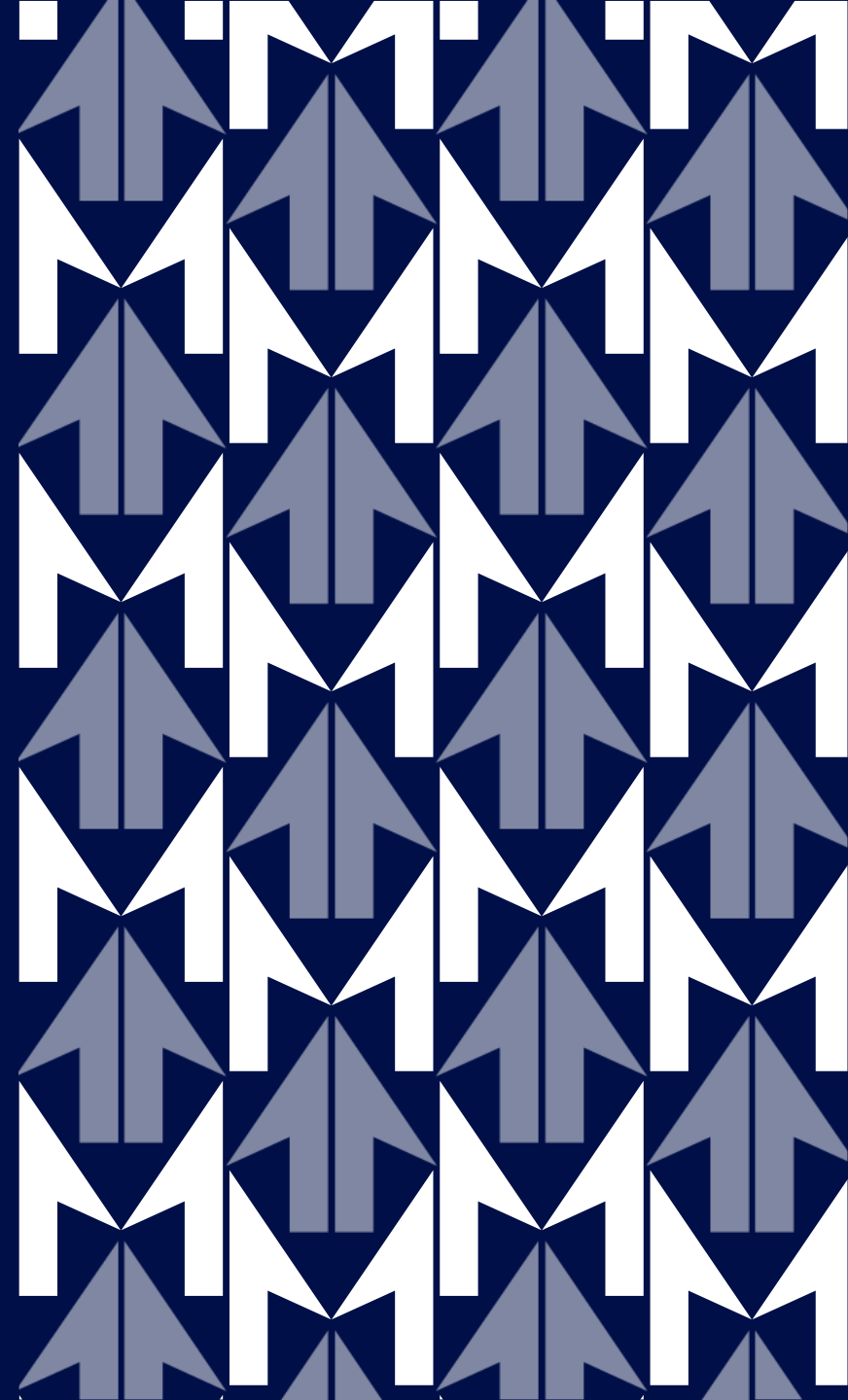
Revenue uplift from hyperpersonalization

- For example, cruise-line consumption data reveals preferences by nationality
- Tailor product, pricing, and promotions to passenger mix
- Improve forecasting, stock allocation, and activation effectiveness

Source: Expert interviews, Oliver Wyman analysis

Key enablers:
Innovation and AI are
viewed by industry leaders
as critical to success

03




Innovation is becoming more critical than ever to enable multi-pronged operations that serve a diverse customer base, yet likely remains underinvested

76%

of senior executives interviewed believe innovation is critical for continuous growth of APAC travel retail

Only 40%

of senior executives who say innovation is critical report that their business treats it as a top investment priority



AI is a key enabler for customer understanding, with the product, customer relationships, and the human touch remaining central to value creation

*Managing Director,
Head of Global travel retail,
Luxury Fashion Brand*

AI and personalization can transform customer experience

Some examples that have already been tried

Only **20%**

of surveyed businesses have adopted some form of **customer-facing AI technology**



Product recommendations based on scenarios and preferences

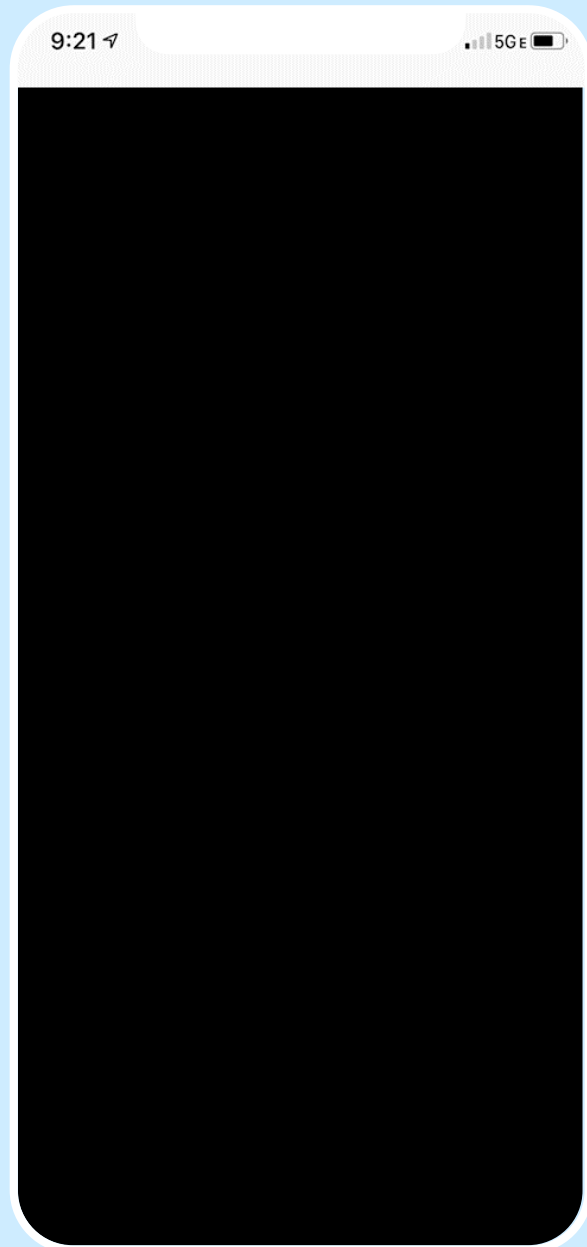


Personalized promotions



AI and camera-assisted purchasing

Source: Oliver Wyman's travel retail Executive Survey (2026), Oliver Wyman analysis



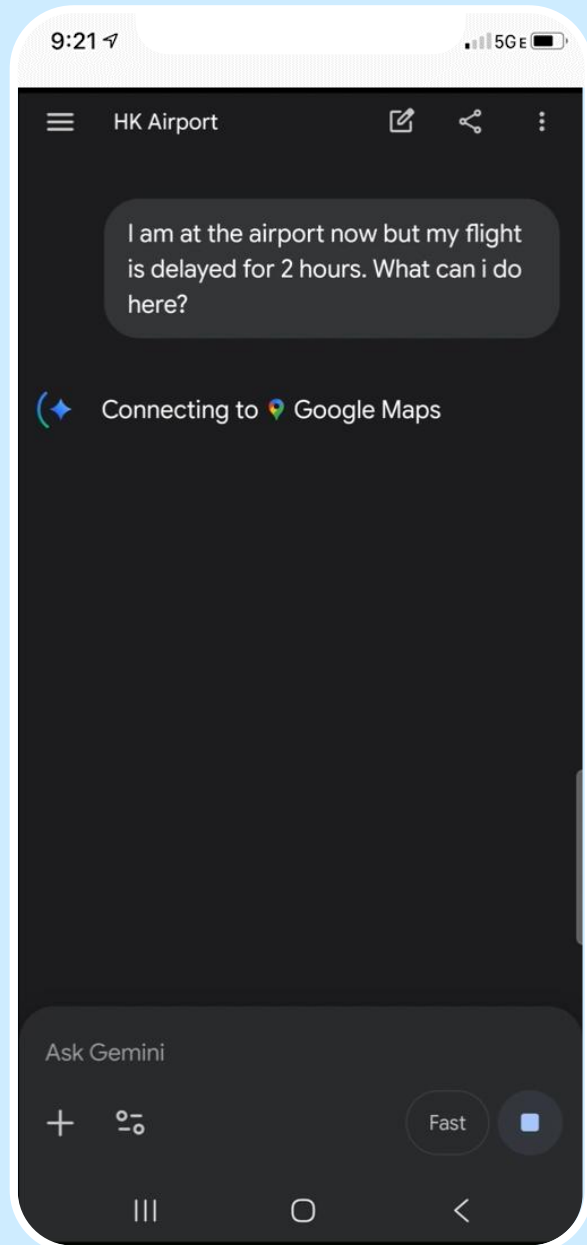
Three major dimensions travel retailers and brands need to work on to insert themselves in the AI-enabled travel and shopping journey

How to **make shopping a top priority** in the recommendation?

How to get your **brands and products** associated with a specific shopping mission?

How to ensure your **brands and products** are part of the shopping recommendation?

Source: Gemini AI, Oliver Wyman analysis



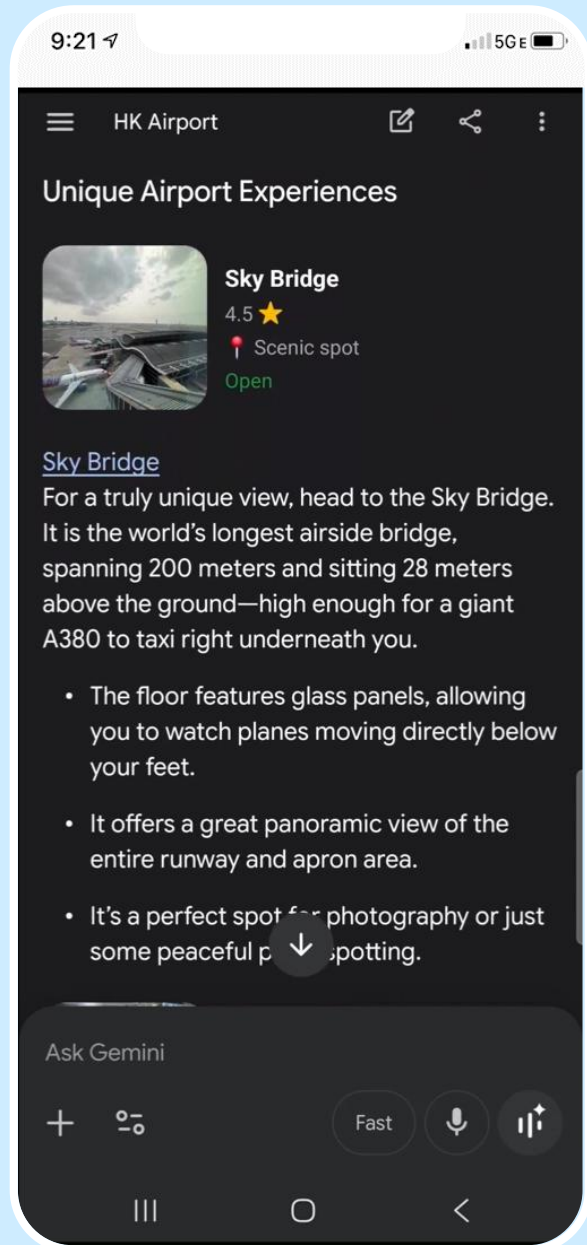
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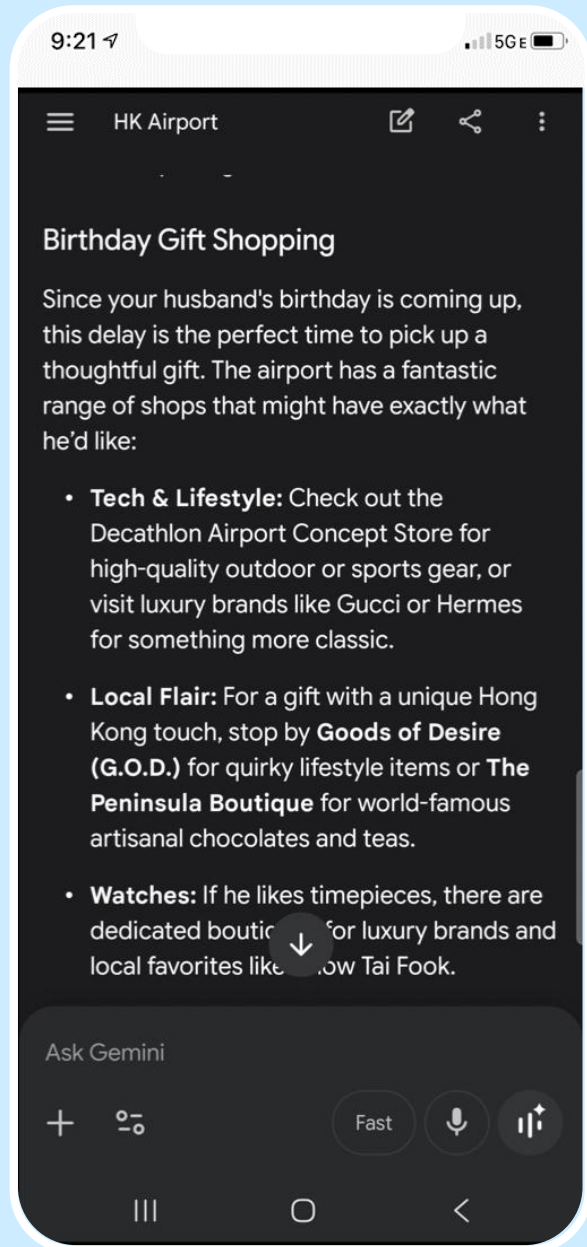
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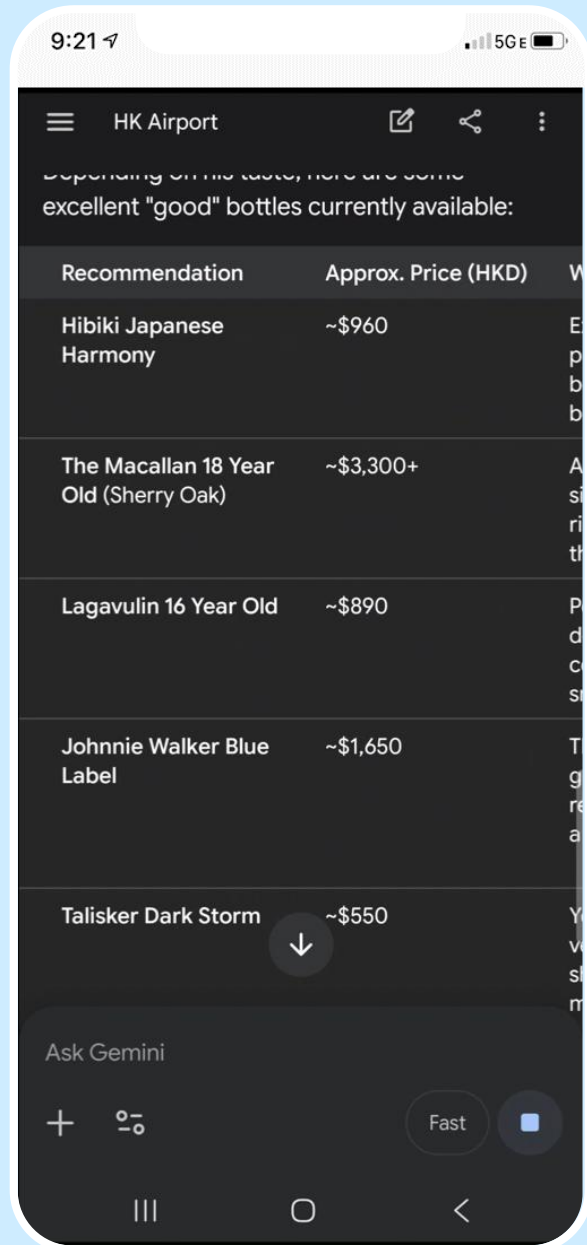
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AI can help travel retail create demand earlier, convert shoppers better, and manage sell-through more precisely

Consumer-facing (B2C)

- Pre-order recommendations
- Interactive shopper-tainment / assistants
- Guided product discovery / advice

Operational (B2B)

- Demand forecasting / inventory planning
- Sales associate training
- Dynamic offers and promotion optimization
- Customer behavior monitoring and analytics



Source: Expert interviews, Oliver Wyman project experience, Oliver Wyman analysis

Calls for *action*



Rethink the proposition

- What are the new needs of the existing and new segments of travelers? And what new propositions would appeal to them?
- How to evolve from a price-driven proposition to giving travelers a reason to buy in duty-free?

Redefine the offering

- How would you design your offering to bring new travelers “money can’t buy” values and experiences?
- How can AI and data personalize offerings and drive up conversion?

Reimagine the operating model

- How can you best engage travelers pre-arrival, in-airport, and post-trip as one connected journey?
- What capabilities, partnerships, and ways of working are needed to test, learn, and unlock the full potential of AI and innovation?

Panel discussion

OLIVER WYMAN
A MARSH BUSINESS