

A Study on the Overseas Luxury Consumption Behaviour of Chinese HNWIs from a Behavioural Economics Perspective

Zhiying Li

Politecnico di Milano

Abstract:

Allied Market Research (2023) reports that the worldwide travel retail industry was valued at \$52.7 billion in 2021 and is projected to attain \$187.1 billion by 2031. In 2020, Chinese luxury consumers, who previously accounted for approximately two-thirds of all purchases in tourist destinations such as Paris, London, Rome, New York, and Los Angeles, contributed nearly 80% of all luxury expenditures within China due to the pandemic (Schneider and Lee, 2023; Cheng, 2023). Chinese luxury buyers will resume international travel post epidemic. The evolving purchasing behaviour of affluent Chinese consumers is influenced by social dynamics and trends. High-net-worth individuals constitute a small segment of the client base, however, they have significant importance in this market sector (Keating and Kriz, 2008). High-net-worth individuals regularly influence luxury and fashion trends, representing a substantial share of luxury expenditures. Research indicates that more than 70% of high-end purchases by Chinese consumers take place overseas (Roll, 2020). The purchasing behaviours of these individuals constantly inspire others, even countries with similar economic conditions to China. Nevertheless, there is a deficiency of scholarly study about the purchasing behaviours of Chinese high-net-worth individuals overseas. This article elucidates the luxury travel sector by examining the purchase behaviour patterns of Chinese HNWIs. Furthermore, comprehensive interviews were conducted to understand HNWIs' purchasing behaviour on luxury shopping abroad and analyse the consumption behaviour from a behavioural economics perspective, therefore examining the psychological factors that impact high-net-worth individuals. Develop innovative marketing strategies, and then use this analysis to assess the suitability of these tactics for luxury businesses.

Keywords:

Luxury consumption, consumer behaviour, Chinese HNWIs, behavioural economics, travel retail.