

China's luxury products

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China is the 3rd largest market in the world for luxury products. It's growing rapidly as more and more people join the middle class and have enough disposable income to afford such goods. The first tier cities of Shanghai, Beijing, and Guangzhou have seen the most investment of retail luxury goods. Many analysts believe that the second tier cities of China should not be neglected by luxury retailers. In addition to the increased wealth in China, changing cultural attitudes are helping drive the demand for luxury products. In past generations it would be embarrassing to spend too much on a particular product. Now, it is seen by many as fashionable to spend freely to display your wealth and success. Young professionals earning \$350 USD per month are often willing to spend more than one month's salary on their cell phone. It's becoming a very image conscious society and people often feel pressure to buy luxury goods to avoid losing face. The increase in buying on credit and the reduction in savings rate will also help fuel the growth of luxury goods sales.