

Young Chinese shoppers driving expansion and sales for CNSC



Deputy General Manager of China National Service Corporation CNSC, Evita Qu, pointed out that with the difficulties this year South Korea and Japan have seen steep declines in travel retail sales to the point of store closures, whereas China had a different travel retail story.

While China used to “export” its tourism, events this year — including the pandemic, of course, but also including the new regulations and governmental decisions regarding off-shore shopping in Hainan — have created conditions where retail power has transferred to the local market. Sales of high-end consumption of luxury goods is recovering strongly, according to Qu.

She says shoppers are showing great confidence; while the number of shoppers remaining strong and stable, 75 percent have increased their shopping budget at CNSC stores.

Qu reminds listeners of the potential for business with the young and growing market. Young people aged 18-35 have now exceeded 50 percent of consumers. She says these young shoppers are more dynamic, have more imagination and allow for a new focus.

Growth in Hainan

The new duty free reality in China is that the “internal and external promote each other,” said Qu. Hainan is the perfect example, with an increased shopping allowance, more categories, and ever-growing shopping entities. The shift is from shopping abroad to shopping in Hainan, with that province quickly becoming the main shopping destination for Chinese, replacing Hong Kong and South Korea, and even other global markets to some extent. In 5 to 10 years, Hainan will represent 50% of luxury sales to mainland China.

CNSC is one of a number of companies building offshore duty free shops in Hainan. The company has won a tender to operate a large duty free store in Sanya: CNSC International Duty Free Plaza.

Qu said the location has three major benefits: First is the perfect location. High-end customer traffic is naturally formed there at the junction of major tourist, commercial and political attractions. Additionally, there are 100 high-end hotels and 100 high-end residential buildings within a few kilometers. The location is also close to a busy yacht marina.

Just across a bridge from the CSNC shopping plaza is an area with catering and entertainment facilities, and Qu says transportation to the location is extremely convenient. Work on the CNSC International Duty Free Plaza has begun and is moving full steam ahead.

New opportunities

Qu and CSNC are seeing great opportunities growing out of the pandemic. First, the shift from offline to online. Consumers expect convenience, and they will shop with a retailer they trust to provide a reliable purchase. Qu says these two reasons combined were why close to 100 percent of surveyed shoppers chose CNSC. Consumers now demand convenience and security.

The pandemic has reminded everyone of the importance of two things: family, and health. Consumption daily use items ranked second and third in CNSC's downtown stores, and Qu said health care products are entering new stage of rapid growth and turnover.

Next, the demand for luxury goods has increased. Consumers want to buy luxury bags, mobile phones and quality electronics. Big luxury fashion brands are at the forefront of sales for CNSC.