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CHINA

China's Hainan island to become formidable luxury retail destination with new 1,000-brand DFS Yalong Bay development

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Overview of rendering of DFS Yalong Bay in China's Hainan. Image credit: DFS

By STAFF REPORTS

The southern island of Hainan in China is on its way to becoming one of the world's leading luxury retail markets in the next five years with the 2026 launch of LVMH-controlled DFS Yalong Bay in the town of Sanya.

The seven-star luxury retail and entertainment destination will comprise 128,000 square meters housing more than 1,000 brands, including several from LVMH. The goal is to attract 16 million domestic Chinese and international visitors each year by 2030 via a combination of luxury shopping, hotel accommodation, dining and entertainment.

"DFS Yalong Bay is an incredibly exciting development for DFS and, I believe, for the Chinese travel industry," said DFS chairman/CEO Benjamin Vuchot, DFS chairman/CEO in a statement.

"Think the glamour and experience of Shanghai, Macau, Dubai and Las Vegas: now add Sanya to these dream destinations," he said.

"Yalong Bay represents a key entry point to Hainan, which the China government plans to turn into the world's largest free-trade port.

"In addition to this strong policy, Hainan also offers luxurious resorts, beautiful sandy white beaches and high-end medical facilities. Hence, we believe that Hainan is well-poised to become one of the fastest growing luxury markets in the world maximizing both domestic and international consumption."



Central River Valley Walk rendering at the planned DFS Yalong Bay development in China's Hainan island. Image credit: DFS

Bay view

Based in Hong Kong, **DFS Group** is the world's No. 1 luxury travel retailer, with a focus on duty-free at airports. It is one of several brands in Paris-based LVMH's 75-strong portfolio, which also includes storied brands such as Louis Vuitton, Dior, Tiffany & Co., Bulgari and Sephora.

LVMH plans to have several portfolio brands represented at DFS Yalong Bay, including from categories such as fashion and apparel, beauty and fragrances, watches and jewelry, wines and spirits, fine dining, food and beverages.

"With Hainan on course to become one of the world's largest luxury retail markets in the next five years, DFS Yalong Bay will be a critical addition to DFS' global portfolio," Mr. Vuchot said.

"We expect tourism to grow significantly as investments in passenger airport capacity, high speed roads and port capacity will also boost tourism potential in Hainan," he said.

"DFS Yalong Bay will be the only luxury retail property within Yalong Bay. We have tremendous excitement and optimism about this project."

DFS Group claims its objective is to lead and grow the market share of luxury in Hainan across fashion, beauty and fragrances, watches and jewelry with its new Yalong Bay development.

Indeed, DFS China president Nancy Liu said DFS Yalong Bay represented a core component of DFS' long-term expansion and investment strategy in the China market.



Rendering of DFS Circle Lounge at the DFS Yalong Bay development in China's Hainan island. Image credit: DFS

Bullish on China

Chinese consumers, through domestic and overseas purchases, account for almost one-fourth of all luxury sales worldwide. It is a key market for luxury conglomerates such as Louis Vuitton parent LVMH, Gucci owner Kering and Richemont, whose portfolio includes some of the most prestigious watches.

China is also central to Chanel and Hermès' growth strategy.

"DFS Yalong Bay is the latest in a series of commitments we are making in China," Ms. Liu said in a statement.

"Yalong Bay area is undoubtedly the most developed luxury natural cove in Sanya, where DFS will provide personalized services to our patrons," she said.

"This truly represents a substantial stride in DFS' global strategy to expand in the China market through a multi-

format, multichannel expansion in the luxury travel retail sector."



Rendering of DFS Circle Lounge at the DFS Yalong Bay development in China's Hainan island. Image credit: DFS

China is key to DFS' expansion.

Established in Hong Kong in 1960, DFS Group offers products from more than 750 brands. Its network comprises more than 50 stores in 15 major global airports and 21 downtown Galleria locations on four continents, as well as affiliate and resort locations.

The group is privately held and majority owned by LVMH, alongside DFS cofounder and shareholder Robert Miller. DFS Group employs more than 6,000 people in Hong Kong as well as in offices across Australia, China, France, Indonesia, Italy, Japan, Macau, New Zealand, Singapore, United Arab Emirates, United States and Vietnam.



Overview of rendering of DFS Yalong Bay in China's Hainan. Image credit: DFS

DFS' OCT. 1 ANNOUNCEMENT indicates its plan for the long-term development of Sanya and Hainan as well as the entire Chinese tourism market.

"Upon completion of DFS Yalong Bay, DFS will not only play a positive role in elevating Yalong Bay, but we will also secure Sanya as a top tier luxury destination on the global stage with the brand partners we bring, leveraging our DNA in luxury travel retail," Mr. Vuchot said in the statement.

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