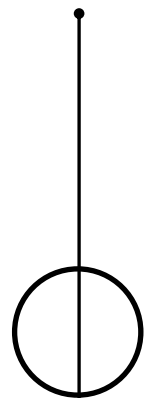
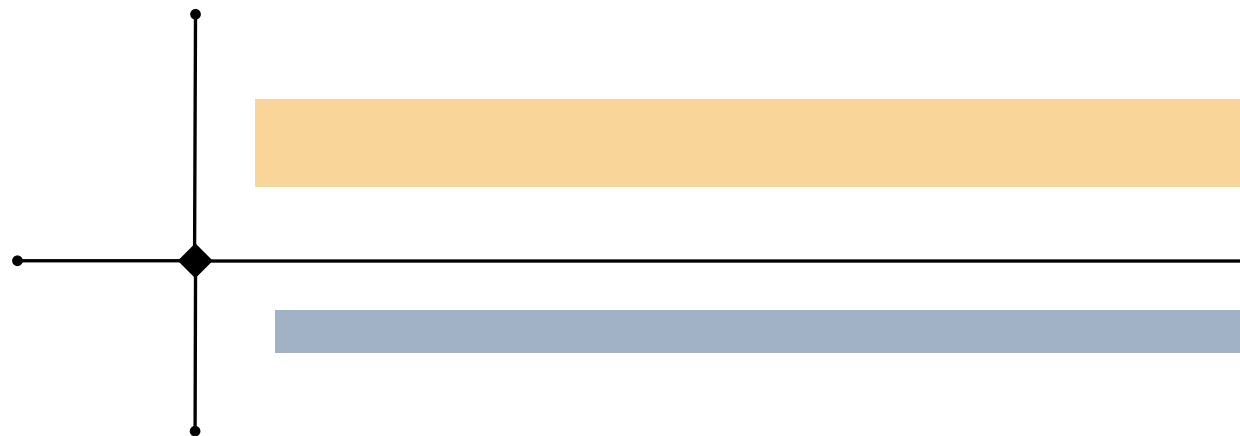




# THE NEW AGE OF DIGITAL

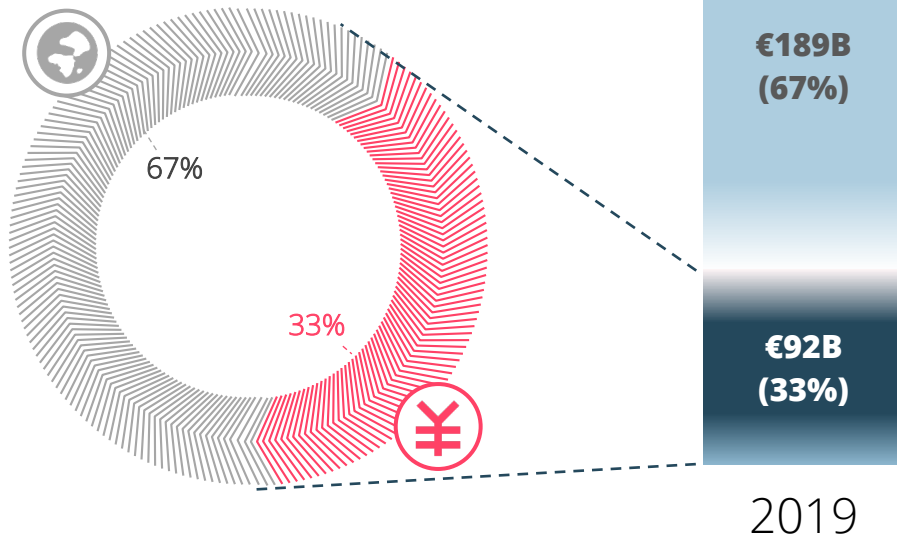


# Introduction



# Luxury Market Overview

**67%** of luxury spending from Chinese consumers happened outside of China in 2019.



Global Luxury Market Total

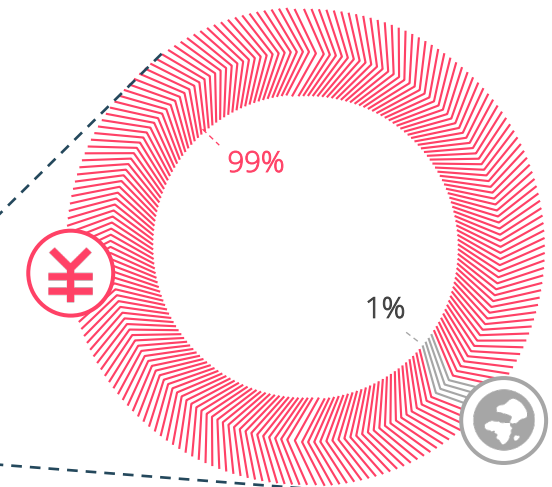
**€345B**

[ Rest of the World ]

[ Chinese Consumers ]



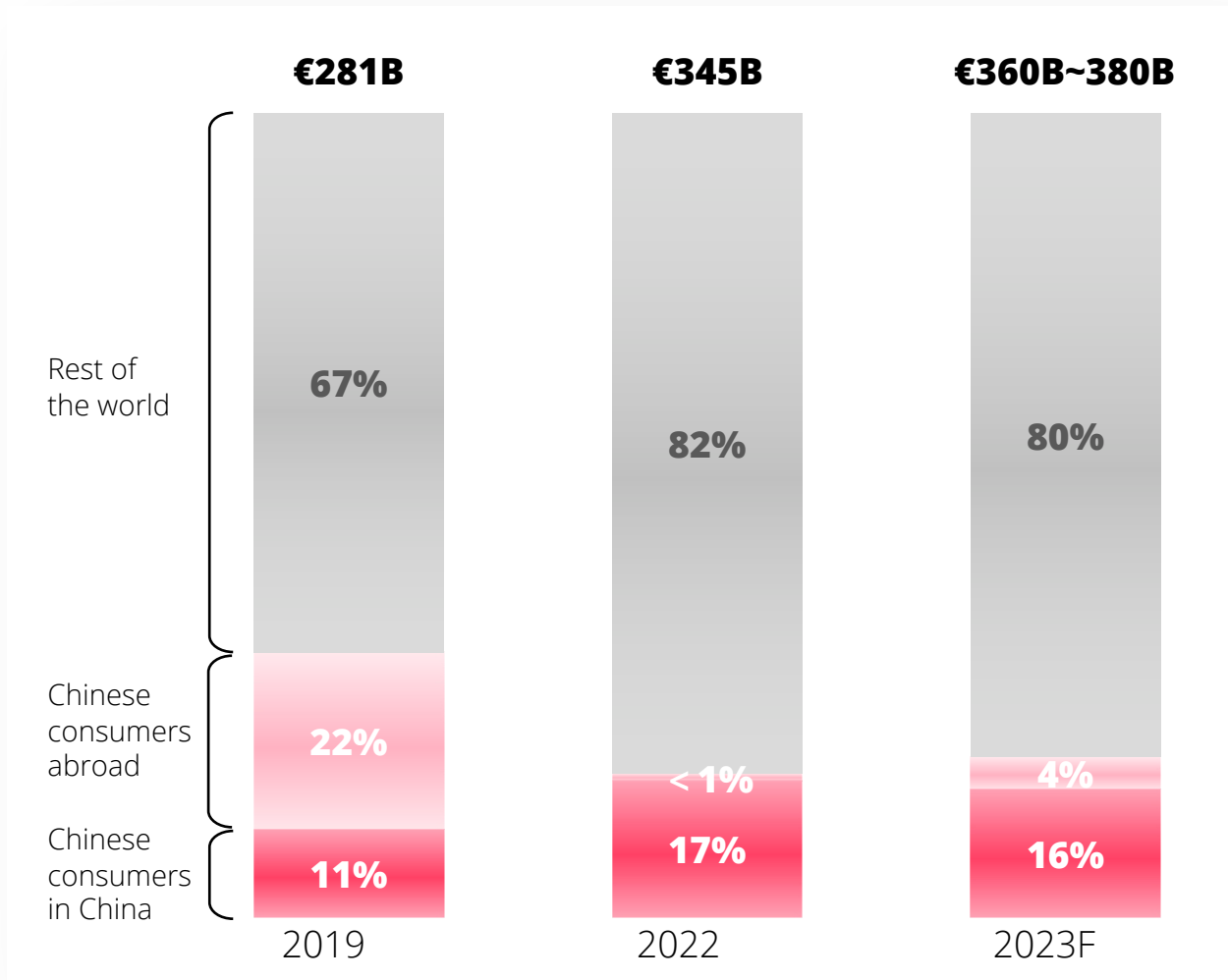
In 2022, Chinese consumer spent almost **100%** of their luxury expenditures in China.





In three years,  
China's luxury market  
**doubled in size,**  
but total Chinese consumer  
luxury spending  
**fell by 30%.**

# Luxury Market Outlook 2023



## TAILWIND

- Chinese consumer market is back to normal
- Consumers are able to travel again internationally
- (U)HNWI are very resilient, and willing to spend on luxury products

## HEADWIND

- Consumer confidence has been impacted by macroeconomic uncertainties
- Post-pandemic consumption rebound is not making up for the full drop of 2022
- The expectation for experience is very high





Will Chinese shoppers go back  
to drive spending **elsewhere**,  
or is local consumption **‘here-to-stay’**?

To embrace the “New Normal” of Chinese luxury consumers,  
luxury companies should focus on three “new” obsessions.

1

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**E-commerce**  
**Obsession**

2

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**Customer Loyalty**  
**Obsession**

3

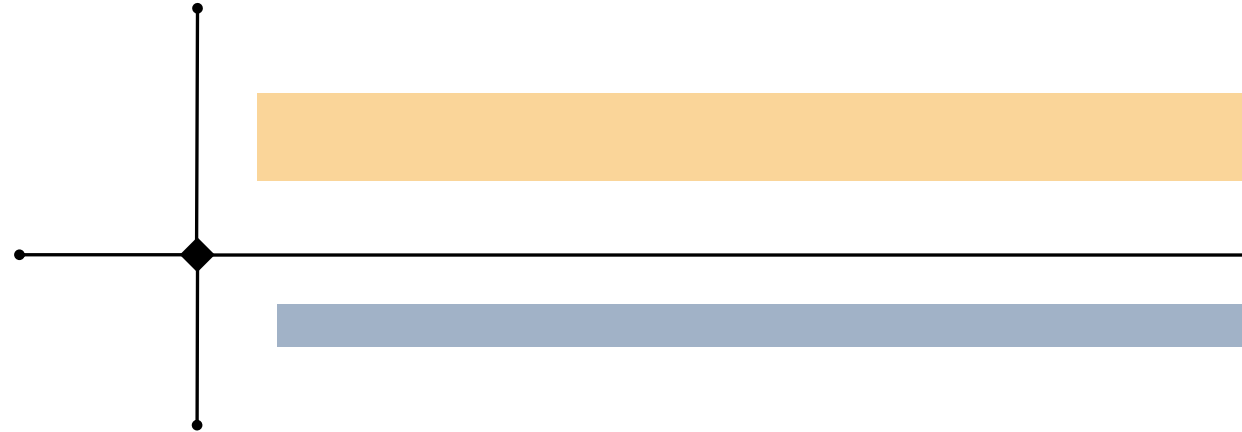
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**Chinese Travellers**  
**Obsession**



1

# E-commerce Obsession

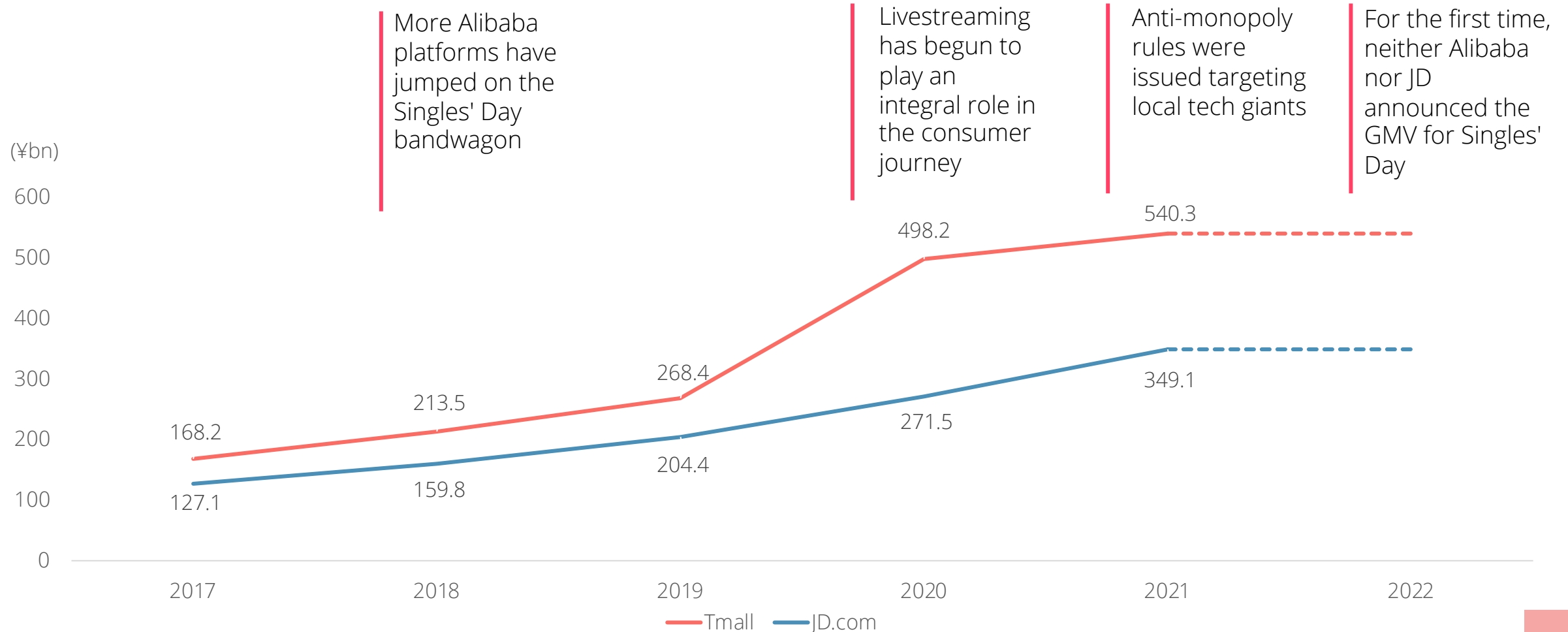






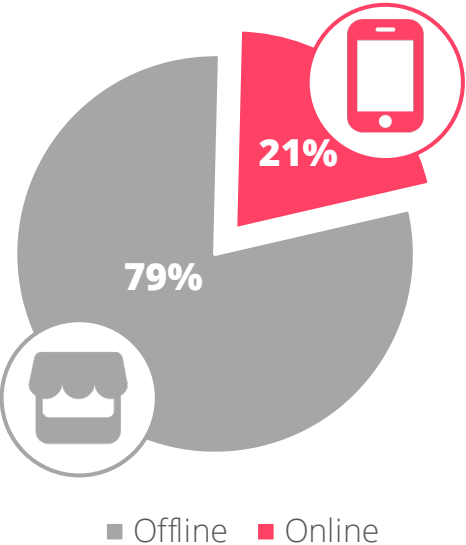
**Marketplaces are no longer just about  
fuelling GMV growth  
for established brands.**

# Muted Singles' Day Shopping Festival



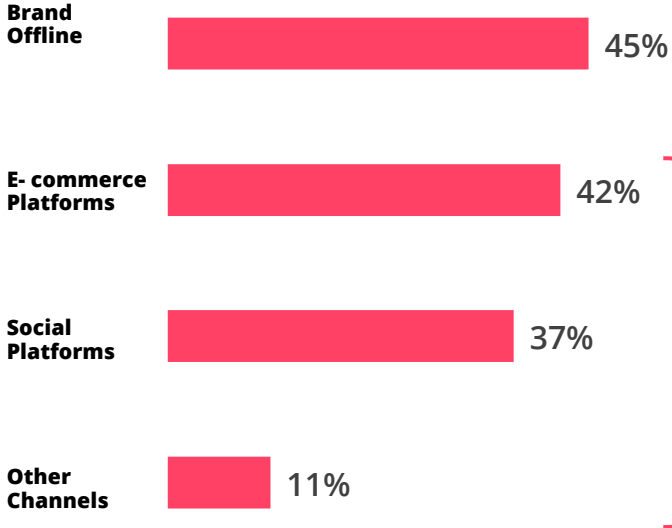
# Share Of Revenue

Share of Revenue between Online and Offline



Only **21%**  
of brands' revenue  
come from  
e-commerce

Influence channels for luxury consumers



**92%**  
customers will  
be influenced  
by online  
channels  
before their  
purchases

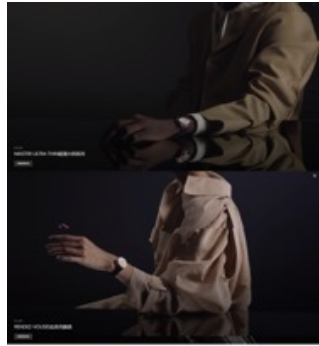
Source: Statista; 2023 Luxury Consumer Research (N~2,700) by Tencent Marketing Insight(TMI) & BCG, BCG analysis.





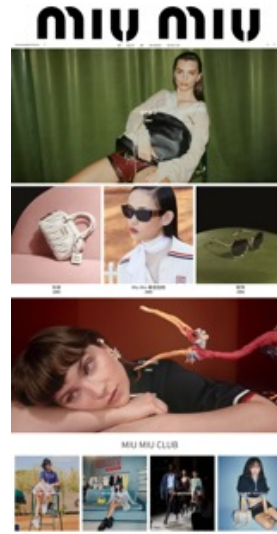
Marketplaces objectives need to evolve from  
sole **GMV** growth focus to **brand building**.





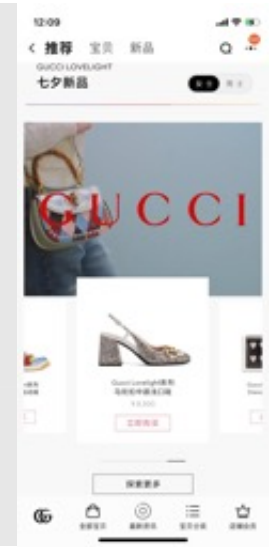
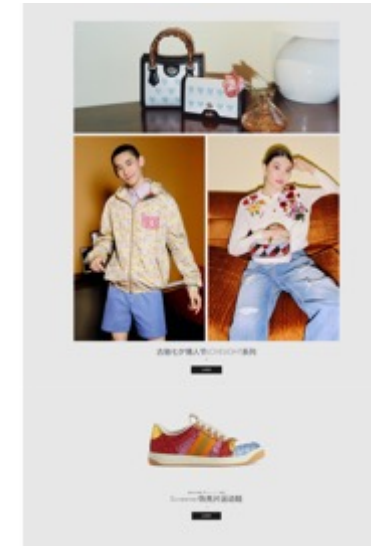
## Product showcase

- Product category focus
- Extensiveness of product selection
- Presence of iconic and top tier assortment



## Brand DNA & values

- Focus in terms of brand values highlighted
- Elements of storytelling
- Quality and craftsmanship



## User Experience

- Store functions & digital products
- Product descriptions and imagery used

# The Implication



# 2

## Customer Loyalty Obsession



The growing attractiveness of travel coupled with the macro-economic environment makes it more crucial than ever to **win the loyalty of existing customers.**

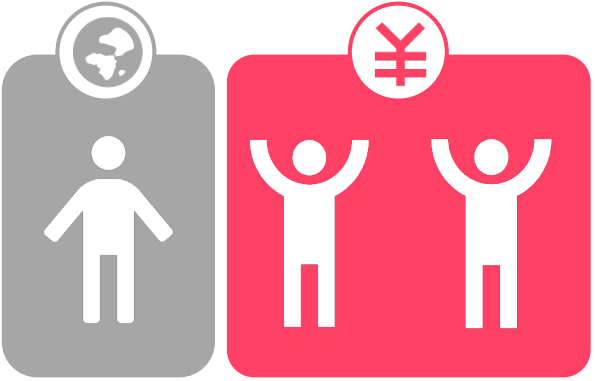
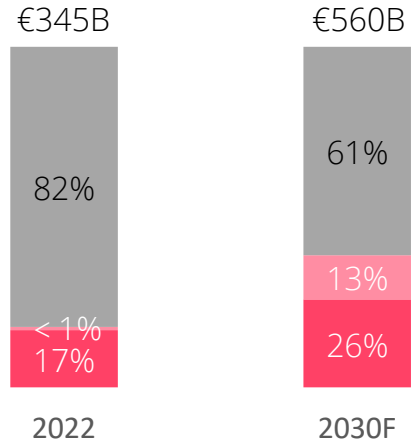
# Luxury Expenditure Distribution

## Global Luxury Market

## Chinese Expenditure Distribution

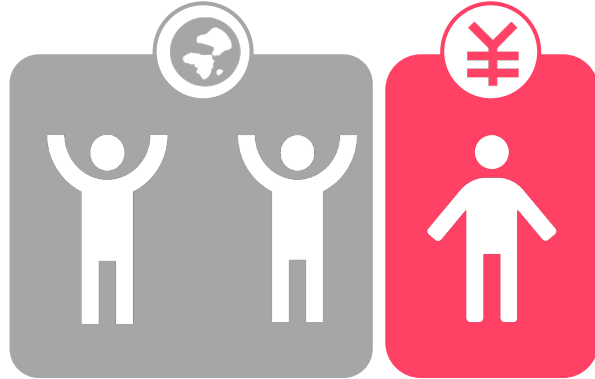
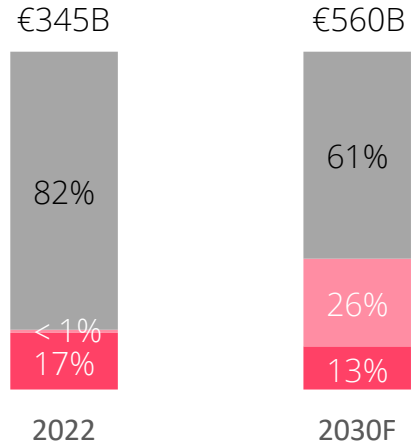
## Implications for Luxury companies

### SCENARIO 1



- Local luxury market will grow at a CAGR of 12%
- Continue to expand into lower-tier cities and attract new generations
- The online and offline shopping experience will continue to evolve

### SCENARIO 2



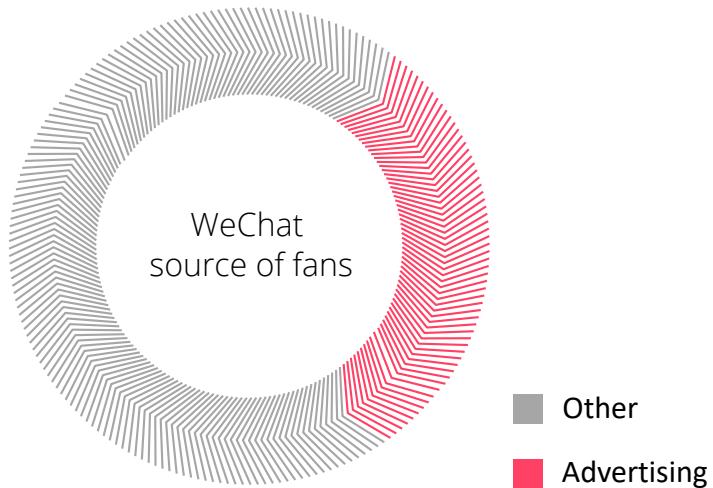
- Local luxury market will grow at a CAGR of 2%
- Consumers continue to prefer to shop for a better price and assortment
- Following the post-pandemic boom, local demand will remain stagnant

■ Shopping in China ■ Shopping Abroad ■ RoW



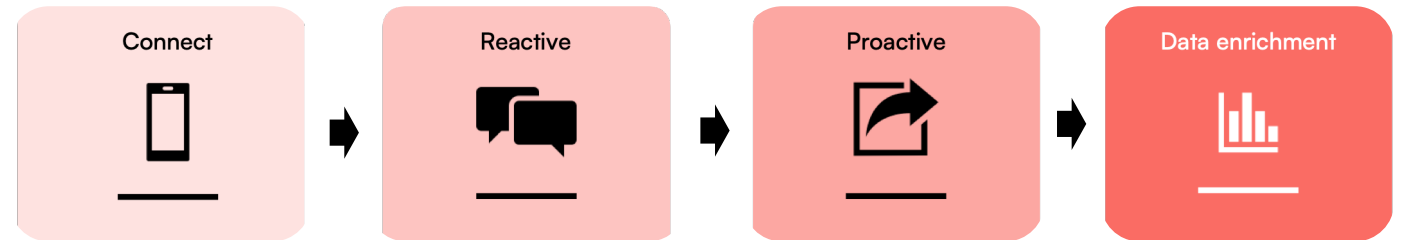
# The Truths

## PRIVATE DOMAIN STRATEGIES STILL EXPERIENCE GAPS



WeChat Official Account growth still highly relies on advertising and opportunities are missed in terms of customers / prospects capture

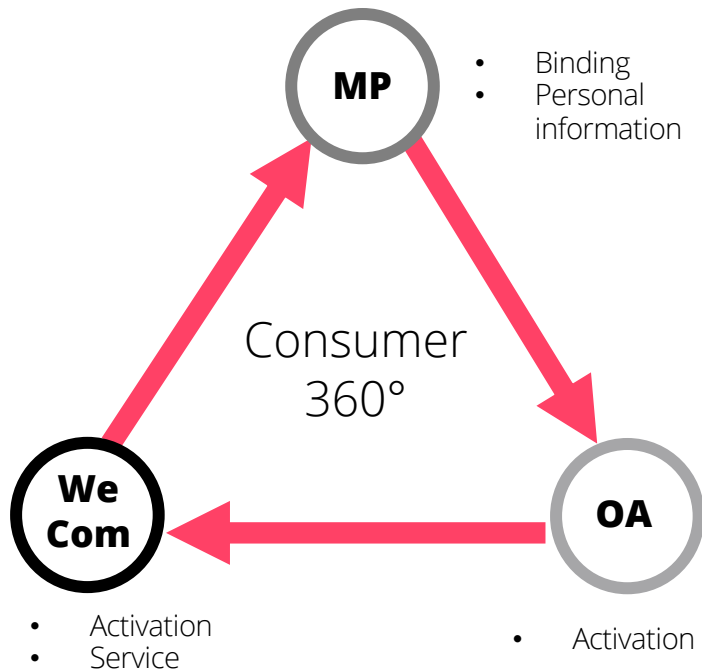
While WeCom efficiently addressed the “capture” gap, the way brands use it to properly nurture the audience is still limited.





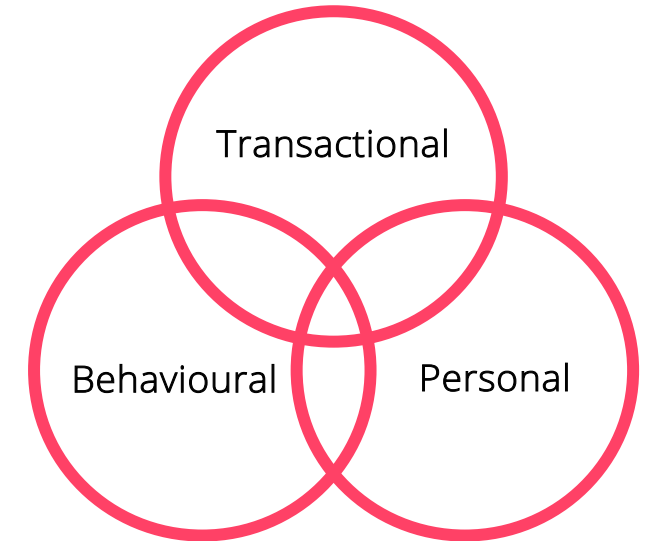
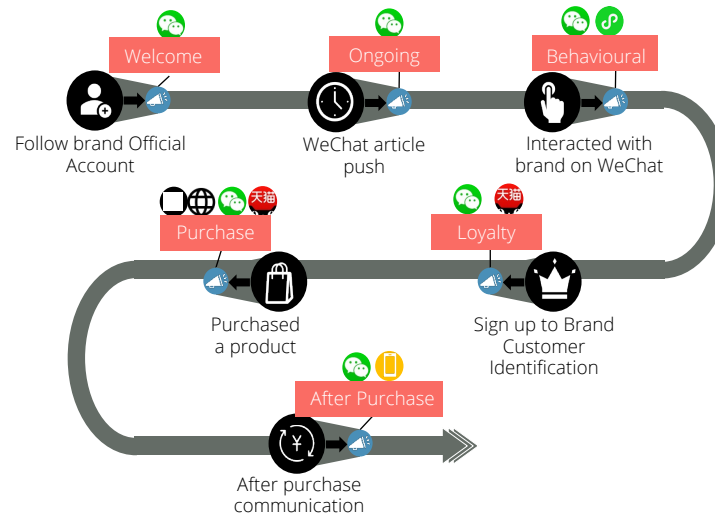
Private domain **recruitment** is not the end goal, its  
**activation** is where the real journey starts...

## CONSUMER JOURNEY



## LIFECYCLE COMMUNICATIONS

Omni-channel lifecycle communications developed for various scenarios and taking advantage of channels available



- Data must be integrated and at the service of the various channels
- Clienteling is ALSO a data source

# The Implication



# 3

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## Chinese Travellers Obsession





The travel shopping user experience is not delivering and  
**very few brands** have focused on it.

# The Truth

Brands are unable to deliver abroad at each stage of the journey



# The Fact

LIKE IT OR NOT, IT WILL HAPPEN

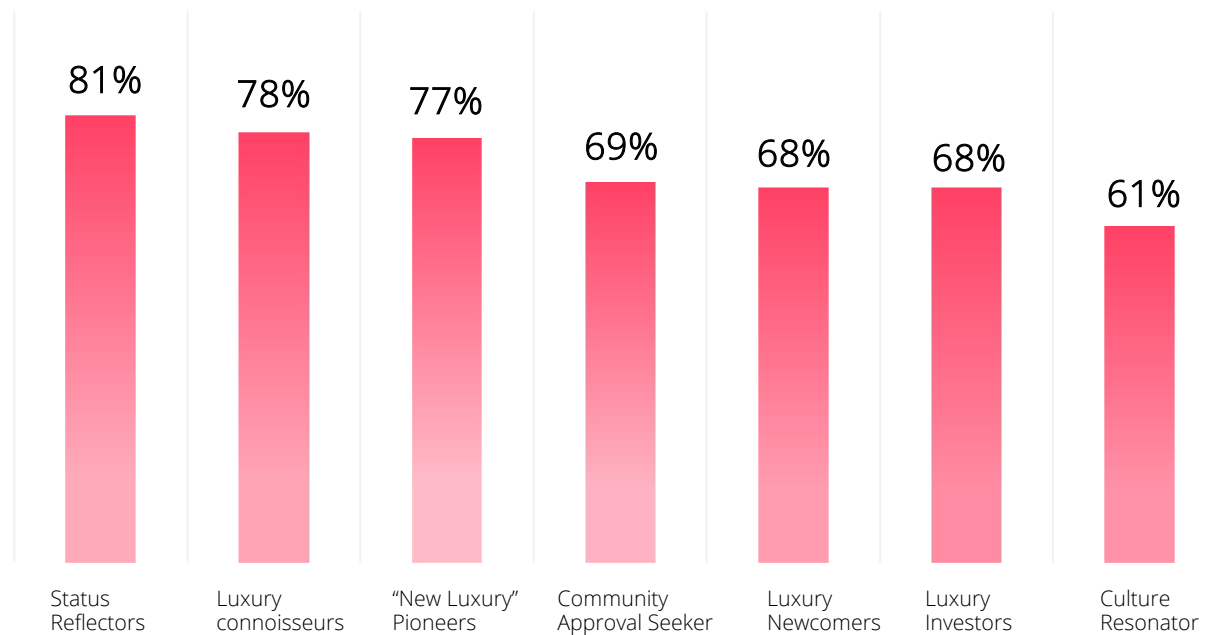
70% 

More than 70% of the luxury consumers are willing to travel abroad

TOP 3 

Shopping is a Top 3 motivation for every personas

Willingness to travel overseas post-COVID-19







Brands should look at how to **take advantage** of travel  
retail, rather than passively **resisting** to it.





## CAPTURE

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Official Account capture  
through the QR code strategy



## ON-BOARD

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Segmented communication  
inviting to register on loyalty  
program and connect with  
local SAs



## REACTIVATE

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Invitation to local store  
with various benefits  
associated (events,  
warranty extension, CRM  
benefits transfer)



# The Implication

# KEY TAKEAWAYS

1

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From  
Sole GMV Growth  
To  
Brand Building

2

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From  
Private Domain  
Recruitment  
To  
Private Domain  
Activations

3

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From  
Resisting Travel Retail  
To  
Taking Advantage Of It