

Chinese consumers will account for more than 20 percent of the global luxury market

“By **2015**, China is expected to surpass Japan as the world's number one luxury market, accounting for more than 20% of the global demand.” -----
McKinsey Insights China, 2012

China will account for about **20 percent**, or 180 billion RMB (**\$27 billion**), of global luxury sales in 2015. As Chinese consumers increasingly travel further afield, their tastes and knowledge of products continues to widen. China continues to play a very important role for global luxury brands.

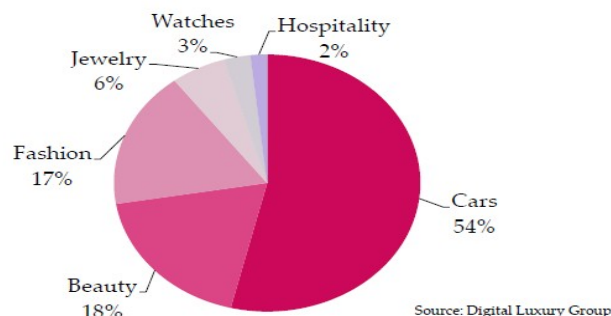
Key one: Researched luxury brands segment in China

Overall, Chinese consumers show a strong interest for brands originating from Europe, comprising of **78%** of the total brand lists and automobile searches lead the segment. Cars make up an impressive **54%** of total searches for luxury brands in China, followed by beauty 18%, Fashion 17% as well as jewellery 6%.

TOP 5 COUNTRIES OF ORIGIN



BREAKDOWN BY SEGMENT



Key Two: Luxury brands in Chinese E- Commerce Market.

In 2011, China's luxury e-commerce market was 15 billionRMB (**2.4 billion USD**) and reached to 20 billion RMB(**US\$3.2 billion**) in 2012. Among all the luxury brands, 5% watches and jewelry, 41% Fashion brands, and 89% of beauty brands, and almost 100% hospitality brands are involving in the E commerce. The Beauty category continues to lead in site sophistication.

All but two Beauty brands (**Elizabeth Arden** and **Guerlain**) sell through their Chinese brand sites. In the pastyear, Bobbi Brown and Shiseido launched native e-commerce.**Lancome** and **Herborist**removed links to Chinese third-party e-tailers, focusing efforts on their direct business.

The Fashion category is gaining momentum. In November2012, **Coach** launched e-commerce following a month-longtrial store on **Tmall** in December 2011. Bally, Dolce &Gabbana,and Armani are selling through brand sites powered byYOOX. Other brands rely on third-party partners.

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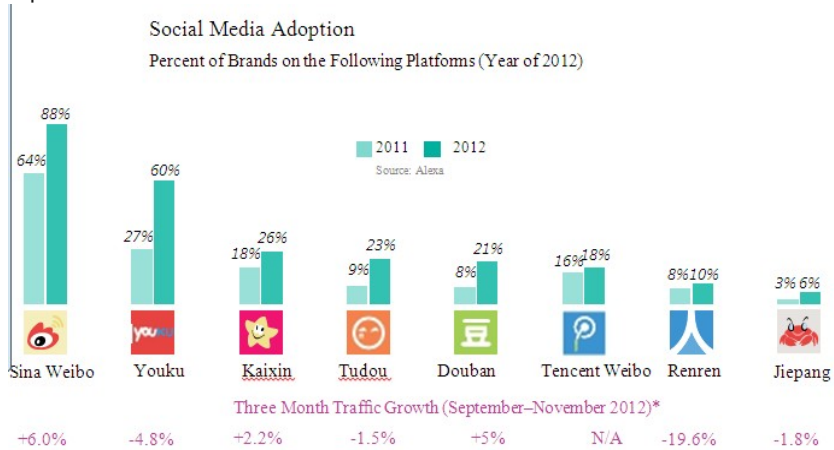
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Ermenegildo Zegna (until recently) and Salvatore Ferragamo partnered with thecorner.com, the latter diversifying its consumer reaches by partnering with Chinese local third-party e-tailer, Xiu.com.



Key three: Social medium platform adoption

China is home to the world’s most socially active online population. Ninety-five percent of Internet users in Tier 1, 2 and 3 cities are registered on at least one social media site and more than half use micro blogs. **40%** have either read or posted a product review, and nearly **80%** use social media to learn more about luxury brands and products. Social media adoption by prestige brands is now ubiquitous. Brands like Dior, Hermes etc are present on more than **five** platforms. The social media ecosystem in China remains fragmented and increasingly competitive with a plethora of new entrants



Aside from things like search engine optimization for Baidu, luxury brands in China are getting themselves on the right social platforms. Per research conducted, by the end of year 2012, **Sina weibo** is the main platform that generates brand traffic and video site Youku has the largest growth. Initially proclaimed as “China’s Twitter”, **Sina Weibo** has rapidly evolved to more than one a micro blogging platform, increasing its commercial focus with an investment from e-commerce giant **Alibaba** and its mobile focus to address increased competition from new social darling **WeChat**. Weibo recently announced it would incorporate online banking services- “**WeiBank**,” from parent company Sina- allowing the platform to capture more of the purchase experience.

Key Four : The top 3 searchable brands in China overall and top 10 brands in sina weibo fanbase

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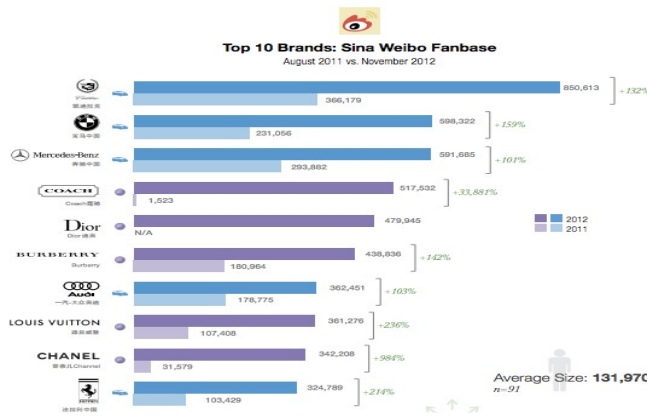
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Per a report from the luxury group, the most researched brands in different category. Among which, Audi, LV, Esteem Lander, Sheraton, Longines, Chow Taifook are the top brand in each category.

	CARS	FASHION	BEAUTY	HOSPITALITY	WATCHES	JEWELRY
#1	Audi	LOUIS VUITTON	ESTEE LAUDER	Sheraton HOTELS & RESORTS	LONGINES	周大福 CHOW TAI FOOK
#2	BMW	CHANEL	Dior	Hilton	OMEGA	Cartier
#3	Mercedes-Benz	HERMÈS PARIS	LANCÔME PARIS	INTERCONTINENTAL HOTELS & RESORTS	ROLEX	SWAROVSKI

The top 10 brands in Sina weibo fanbase are Audi, BMW, Mercedes-Benz, followed by Coach, Dior, and Burberry.



Source:

http://www.mckinsey.com/insights/marketing_sales/tapping_chinas_luxury_goods_market

<http://www.forbes.com/sites/china/2012/12/21/which-luxury-brands-really-get-digital-marketing-in-china/>

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