



LUXURY^YNSIGHT

REBOUND

Inspiration for the future, from China

THE WORLD IS CHANGING

CRISIS IS NEVER FOREVER

1929, 1954, 2008. Luxury brands have always known how to anticipate and adapt to changes

A NEW WORLD IS EMERGING

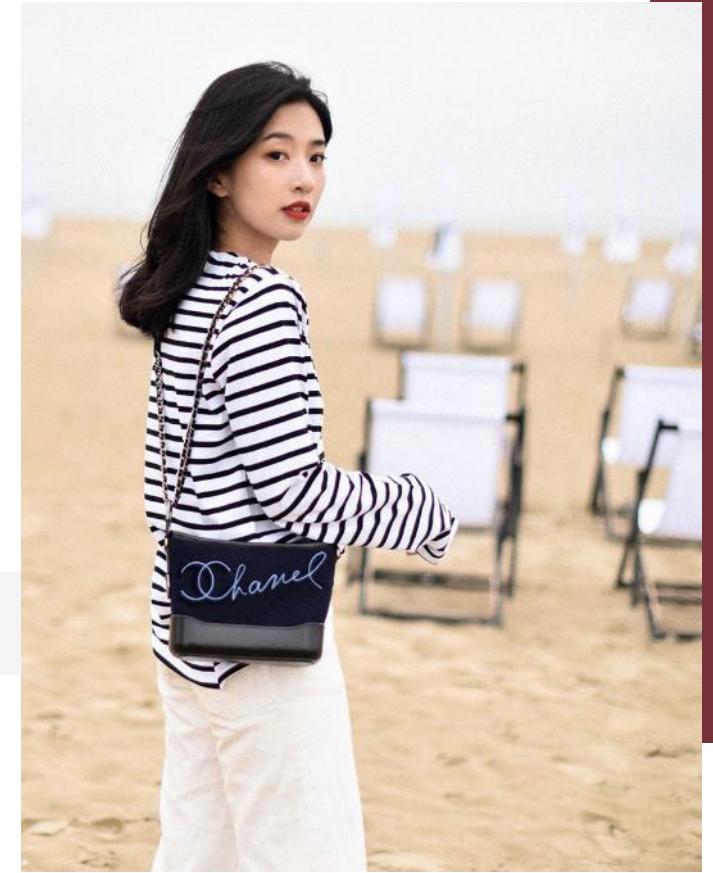
With new norms calling for constant adaptation to *changing consumers and markets*.



The world will change more in the next three months than over the past five years

CHINA WILL LEAD THE WAY

China has gone through the crisis first and is the first one to emerge from it, paving the way for brands on how to embrace, revive and win in the post-pandemic period.



REBOUND

A unique program developed for industry leaders to get inspired and prepared to the *new world*. Today more than ever, Luxurysight puts data at the heart of your vision and decisions.

TOMORROW'S REBOUND HAS TO BE PREPARED TODAY



LEVERAGE NEW OPPORTUNITIES



LISTEN

To the **market**, competitors
best practices, and innovations



BENCHMARK

Previous **paradigms** and business
strategies via data-driven approaches



TRANSFORM

Your business to leverage
trends and new **opportunities**

ALL CHANGES ON

NEW **CONSUMERS BEHAVIORS**

NEW **BRANDS AND CONCEPTS**

INNOVATIVE **COMMUNICATION** STRATEGIES

INNOVATIVE **DISTRIBUTION** CONCEPTS & CHANNELS



TO DESIGN

NEW **OFFERS**

NEW **BUSINESS IDEAS**

NEW **BUSINESS MODELS** AND SEGMENTS

LUXURY **INSIGHT**
YOUR DATA PARTNER

Our 14-nationality data team deploys proprietary data collection process analyzed by our luxury specialists

DATA-DRIVEN TECHNOLOGY SOLUTIONS + **UNIQUE EXPERTISE ON THE LUXURY MARKET**

LUXURY x CHINA SPECIALISTS AT YOUR SERVICE IN SHANGHAI / PARIS



OFFER

	REBOUND	REBOUND CUSTOMIZED
Monthly strategic report	•	•
Bi-monthly newsletter	•	•
24/7 personalized cloud	•	•
Impact Monitoring with tailor made Insights analysis		•
Opportunities Call call every 2 weeks with China experts		•

MONTHLY REPORTS

Strategic insights on 3 key trends in Consumers, Brands & Concepts, Communication, Distribution

SESSION WITH CHINA EXPERTS

Monthly call with our specialists to evaluate the impact of latest trends on your business

24/7 PERSONALIZED CLOUD

Best news and reports curated and organized by experts to help you monitor latest trends

POST-COVID REBOUND

Dear subscriber:

Welcome to subscribe the Luxurysight Post-Covid Rebound Program, bi-monthly newsletter. Here we present the selected news which are closely related with current luxury market recovering situation in China.

Explore the challenges in China market, and transform your business to seize the rebounding trend with us.

-- Luxurysight team

BRAND



Louis Vuitton Extends WeChat Presence

"Live-n-pels", the short-video function of WeChat platform, was launched last month to benchmark Douyin. Louis Vuitton promptly grasped the new communication opportunity and became the very first luxury brand to leverage the function on March 26th.

The luxury house took immediate action to further enrich its presence in the WeChat ecosystem. Its first video post received more than 100k views.

Luxuryinsight, 10/05/20

CONSUMER

Consumption Confidence After Coronavirus

Latest research indicates that 66% of Chinese remain optimistic about the epidemic's impact. Despite the economic slowdown in the first half of 2020, they believe the rebound in the second half will constitute the same or faster growth than 2019. In terms of future consumption attitudes, 59% of Chinese consumers expressed their confidence, planning to maintain or increase personal expenditure after the epidemic.

luxuryinsight, 02/02/20



LUXURYINSIGHT

GET READY FOR SUCCESS



APRIL 2020

LUXURY^YNSIGHT

REBOUND

Extract

1

GRADUAL ECONOMIC RECOVERY



Amid China's gradual recovery, the luxury sector sees strong **resilience** as well as **challenges at all levels**.

2

CONSUMPTION BACK ON TRACK



With restriction lifted, domestic tourism **bounces back**, and consumption is stimulated by **government support**.

3

CHANGING CONSUMER BEHAVIORS



While consumers remain **cautiously optimistic**, consumption focus is shifting to **well-being** and **social responsibility**.

1 GRADUAL ECONOMIC RECOVERY

INSIGHT

Amid China's **gradual recovery**, the luxury sector sees **strong resilience** as well as **challenges at all levels**.

FIRST SIGNS OF RECOVERY

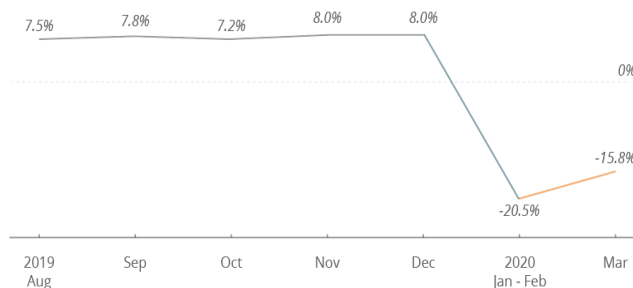
PRODUCTION RESTARTS^{1,2}

- In March, total production value of enterprises above designated size* reported **-1.1% yoy** growth, the decline narrowed for **12.4%** from January to February.
- **90%** of investigated industries saw positive month-on-month growth with **32.13%** on average.

CONSUMPTION RETURNS^{1,2,3,4}

- Total sales volume of **physical goods** increased **4.7%** compared with January and February, showing the sign of recovery.
- **Beauty** was **less influenced**, which saw a **13%** decrease in Q1 compared with **apparel** and **jewelry** which declined **32.3%** and **37.7%** respectively.
- In Q2, various sectors are predicted to see cheering growths, with **cosmetics** and **sportswear** are expected to recover at even **faster pace**.

PHYSICAL GOODS SALES EVOLUTION, APR, 2020



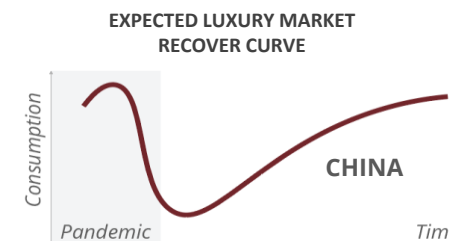
"Given the improvement in March, we should be able to continue with the positive momentum. So it will definitely be better."

-- Mao Shengyong,
spokesperson of
National Bureau of Statistics²

LUXURY SECTOR FOCUS

SHOWS STRONG RESILIENCE^{5,6,7}

- Luxury sales in China were down by **80-90%** in January and February.
- Since then, a roughly **10% sales increase** was seen each week and even healthier performance is expected in **May and June**.



- Apr 11th: **Hermès** reported a **record-breaking** single-day sales of **\$2.7 million** of reopening its Guangzhou flagship store.
- Apr 15th: Since mid-March, sales of major brands under **LVMH Group** have been recovering rapidly, seeing a **50%** increase in the past month.

MORE CHALLENGES AHEAD^{6,8}

- Though the sales is recovering, luxury market will remain **under-performing**, with a predicted **15-35%** decline in 2020. Besides, brands are facing more challenges from **supply chain strengthen** to **cashflow management**:
- **Shift of selling model**: Due to the **wholesale disruption**, brands are forced to tap to **Direct-to-Consumer** model while inventory pressure will be more evident.
- **Digitalization speed-up**: E-commerce expansion is far from enough as it is more crucial to **accelerate the digitalization at all levels** from the collection development cycle to commercial campaigns.
- **Global shopping restriction**: Buying overseas is suspended as top shopping destination countries undergo pandemic and see **steep fall** of tourists.

(1) National Bureau of Statistics, 17/04/20; (2) National Bureau of Statistics, 04/2020; (3) Sina, 03/05/20; (4) Baogao, 21/04/20; (5) Bof, 21/04/20; (6) Bain, 10/04/20; (7) Fashion Network, 27/04/20; (8) Fashion Network, 30/04/20

*"Enterprise above designated size" refers to national or private enterprises with annual income above 20 million RMB, which are included in national statistics.

2 CONSUMPTION BACK ON TRACK

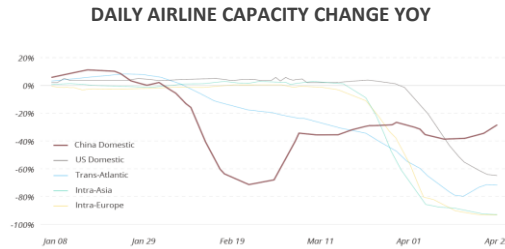
INSIGHT

With restriction lifted, domestic tourism **bounces back**, and consumption is stimulated by **government support**.

DOMESTIC TOURISM BACK IN FULL SWING

“REVENGE TRAVELING” SURGE^{1,2,3,4}

- As China lifts restrictions, during the first week of April, China's domestic group tourism reported a **366%** growth, with transport & hotel reservations rose by **50%** and **60%** respectively.
- By April, China domestic airline capacity change yoy has increased to **-33%** from **-71%** in Feb.



Source: Cirium, Apr. 2020

LABOR DAY PEAK^{5,6}

- According to China's largest online travel agency Trip.com, the upcoming Labor Day festival is expected to mark **2020's first travel boom**. But rather than travel long distances, many across the country are taking **shorter trips**, going places **closer to home**, and having fun just the same.
- Over **50 million** trips were made in the first two days of the 5-day holiday and generated **€2.93 billion** revenue, as state media reports said, adding that an estimated 90 million trips are expected to be completed by the end of holidays.

INTERNATIONAL TRAVEL STILL SUSPENDED⁷

- Though many Chinese cities reopened, most of overseas travels were still halted due to the worldwide pandemic situation and strong border control.
- Comparing to SARS crisis in 2003, outbound tourism could expect a gradual recovery in next 3-6 months. Yet, a large-scale growth will have to wait till 2021.

ADDITIONAL BOOST FROM GOVERNMENT STIMULUS

TAX REDUCTION⁸

- To further stimulate economic recovery and support small and medium enterprises, Chinese government reduced **€96.4 billion** tax cumulatively in the first quarter of 2020.

CONSUMPTION VOUCHER^{9,10}

- By Apr 8th, governments of over 50 cities have released online and offline **vouchers**, covering food, beauty, retail and travel, to stimulate the purchasing intention of citizens.
- Till Apr 26th, Hangzhou has delivered 5 rounds of vouchers, mainly in digital version via Alipay. **€48.7 million** of voucher have been redeemed, boosting in total **€532 million** of consumption.



ONLINE SHOPPING FESTIVAL¹¹

- Shanghai City Hall** is introducing “**5.5 Shopping Festival**”, a 4-hour livestream shopping program in collaboration with major online platforms including Weibo, TikTok, and Taobao, to boost the online shopping.
- Many physical stores in Shanghai, including renowned premium shopping malls, will also participate.



(1) *Travel Daily*, 29/04/20; (2) *Bof*, 21/04/20; (3) *SCMP*, 08/04/20; (4) *Cirium*, 28/04/20; (5) *Xinhua Net*, 30/04/20; (6) *Xinhua Net*, 03/05/20; (7) *Sohu*, 02/05/20; (8) *GOV.cn*, 29/04/20; (9) *Xinhua Net*, 14/04/20; (10) *36Kr*, 29/04/20; (11) *Xinhua Net*, 03/05/20

3 CHANGING CONSUMER BEHAVIORS

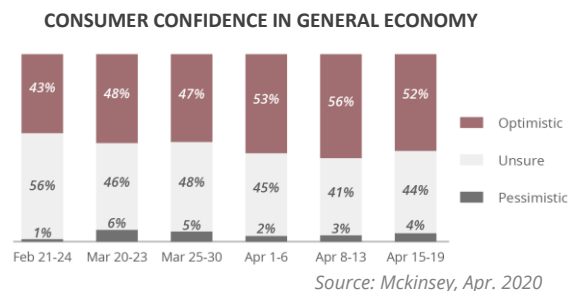
INSIGHT

While consumers remain **cautiously optimistic**, consumption focus is shifting to **well-being** and **social responsibility**.

CAUTIOUSLY OPTIMISTIC

POSITIVE TOWARDS FUTURE^{1,2,3,4}

- As per **Consumer Confidence Index** issued by National Bureau of Statistics, the figure representing Chinese consumers' confidence towards the future rose from **118** in February to **122** in March, and it is expected to grow continuously.
- According to Ipsos, **66%** of surveyed Chinese consumers hold optimistic attitude about the future economy and consumption growth, while **31.2%** of female respondents are willing to increase future expenses on **clothing, shoes** and **handbags**.



MORE RATIONAL DECISIONS^{5,6,7}

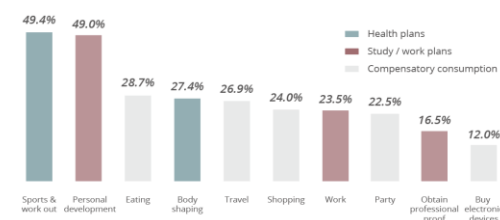
- The pandemic surely exerts pressure on most consumers. Based on surveys executed by iiMedia, approximately **70%** respondents indicated the decrease of income, while **64%** still expect personal financial strain after the crisis.
- With concerns over the potential second outbreak, Chinese young consumers are becoming more rational. Among those interviewees, **40.2%** are in support of the idea "buy less, buy better", while **39.6%** plan to be more cautious in future purchase **decision** making.

FUTURE TRENDS

RIISING BUDGET FOR WELL-BEING^{8,9}

- The growing attention for well-being is leading to a boost in related industries. Sneaker sales saw a **three times** increase on Pinduoduo before Labor Day, while the willingness to pay for "gyms" has increased by **39.3%**.

MOST PREFERRED ACTIVITIES AFTER PANDEMIC



Source: CTR x Netease Dingwei Research, Mar. 2020

HIGHER DEMAND FOR REASSURING SHOPPING EXPERIENCE¹⁰

- After a long period of quarantine, consumers are keen to have **offline shopping** experience while in a **safer environment** with **stricter hygiene control**, such as disinfection work, touch-less payment methods, etc.

GREATER ATTENTION TO SOCIAL RESPONSIBILITY^{9,10}

- Chinese consumers have become more sensitive about **social issues**, as well as actions and messages delivered by brands during the pandemic, which will further impact their shopping behaviors.
- Reported by CBN Data, **60%** of millennial females from first-tier cities have shown preferences for brands that are actively taking on social responsibility during this special period.

(1) Mckinsey, 04/2020; (2) CEIC, 03/2020; (3) Ipsos, 03/2020; (4) CTR, 13/03/20; (5) iiMedia Research, 04/2020; (6) Xinhua Net, 07/04/20; (7) Lexin Research, 28/04/20; (8) 36Kr, 09/04/20; (9) CTR x Netease Dingwei Research, 03/2020; (10) Unqlo x Fudan University, 04/2020

AGENDA

APRIL 2020



MARKET & CONSUMER
BEHAVIOR



BRANDS &
CONCEPTS



COMMUNICATION



RETAIL &
DISTRIBUTION

1

SPREADING POSITIVITY



With consumers stranded at home, brands endeavor to disperse the gloom by bringing **positive messages**.

2

INSPIRATION IN CRISIS



The epidemic gives rise to products that cater to consumers' **practical & emotional needs** related to the period.

3

ADOPT THE NEW NORMAL



As **stay-at-home** becomes the new normal, brands launch more **home-centered initiatives** to reach, empathize & engage.

1 SPREADING POSITIVITY

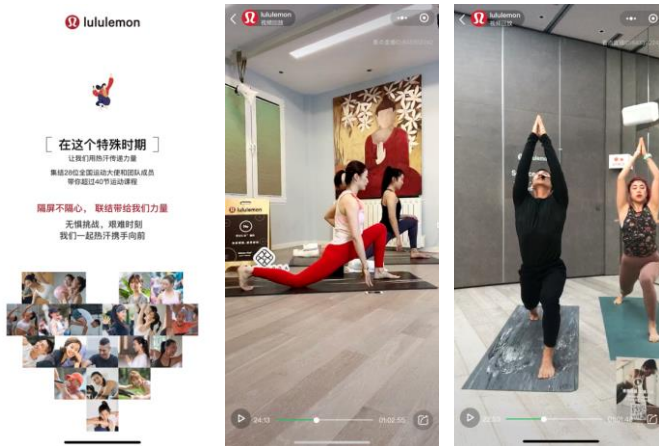
INSIGHT

With consumers stranded at home, brands endeavor to disperse the gloom by bringing **positive messages**.

LULULEMON^{1,2,3}

ONLINE FITNESS CLASS

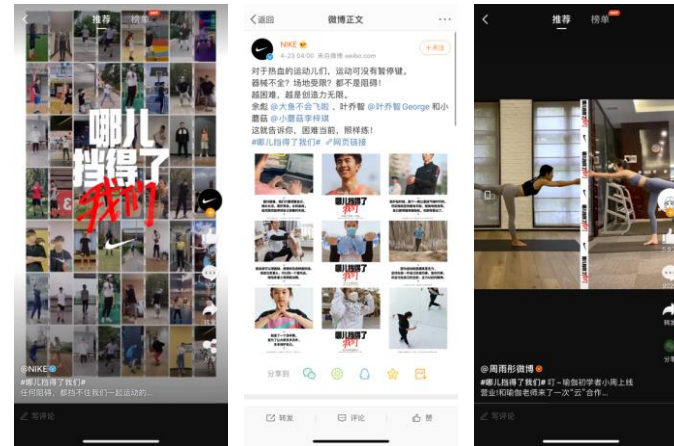
- Starting from early February, Lululemon has invited their in-house trainers to offer **250+ livestream classes** in fitness, yoga, meditation, healthy habits, etc. to Chinese audience on various platforms, including WeChat mini program, Keep and TikTok.
- The online classes encouraged consumers to work out and **overcome the difficult period** together, as well as to **restart life** and **spark new potential** after the long pause of lockdown.



NIKE⁴

VIRTUAL JOINT TRAINING

- Under the hashtag **#Nothing-impedes-us**, Nike posted campaign series in April featuring celebrity athletes, e-sport players, sport influencers as well as ordinary people training at home on Weibo.
- The brand also initiated the **virtual training challenge**, encouraging followers to **stay active** at home and post videos of them and their friends virtually working out together on short video app.



HILTON⁵

DIVERSE LIFESTYLE TUTORIAL

- During the epidemic hit, Hilton mobilized its teams across China to post daily **video tutorial sessions** of various themes on Weibo, including fitness, cooking and flower arrangement.
- With the hashtag **#Hoping-for-good-life**, the videos advocate the idea of leading a **healthy and flavorful lifestyle** even when stranded at home.



(1) *Jing Daily*, 23/04/20; (2) *Lululemon Official Weibo*, 08/04/20; (3) *Lululemon Official WeChat*, 04/03/20; (4) *Nike Official Weibo*, 27/04/20; (5) *Hilton official Weibo*

2 INSPIRATION IN CRISIS

INSIGHT

The epidemic gives rise to products that cater to consumers' **practical** and **emotional needs** related to the period.

SISLEY¹

BLUE LIGHT SHIELD YOUTH PROTECTOR

- Mar. 2020: Sisley launched the **Sisleyouth Anti-Pollution** cream, featuring protection against the omnipresent **blue light** mainly generated by electronic devices.
- The brand released product campaigns together with the hashtag **#Fear-not-blue-light-Move-on-with-love&care** on Weibo, which received 18M views on Weibo, targeting consumers who are forced to stay in amid **lockdown**, and affected by blue light due to even **longer time** facing computers and mobile devices.



"As I stay longer **indoors** because of the pandemic and expose myself to strong blue light, Sisleyouth Anti-Pollution is the skincare product I use **most frequently**."

Sisley consumer on Weibo²

"**Working from home** during the pandemic, I always forget time and stay up late. I find the Sisleyouth Anti-Pollution a **good fit** for people who face computer and phone screens for long time like I do."

Sisley consumer on Xiaohongshu³

NIKE x DOE SHANGHAI x ELEME⁴

COLLABORATIVE SNEAKER COLLECTION

- Apr. 2020: Nike launched a limited drop of Air Max 90 City Pack Shanghai edition sneaker in collaboration with Eleme, one of the **largest food delivery networks** in China.
- The sneaker design adopts elements of Eleme food delivery service such as receipts and 5-star rating, paying **tribute** to the **frontline professionals** amid the lockdown while resonating strongly with the Chinese young generations who are **fanatics of conveniences food delivery**.
- The sneakers were dropped in an online pop-up store of DOE, a local streetwear retailer, inside the Eleme app, and would be delivered to the consumers by Eleme food delivery workers within 2 hours after ordering.



"努力奋斗"
是属于他们的"超能力"

"五星好评"
也不足以表达我们的感谢



(1) Sisley Official Weibo, 09/03/20; (2) Weibo, 17/04/20; (3) Xiaohongshu, 16/03/20; (4) Jing Daily, 23/04/20

3 ADOPT THE NEW NORMAL

INSIGHT

As **stay-at-home** becomes the new normal, brands launch more **home-centered initiatives** to reach, empathize & engage.

THE BEAST^{1,2}

STAY-IN OUTFIT CONTEST

- Amid the lockdown period, **stay-in lifestyles** and **home-leisure** became the new viral topics.
- Apart from its routine communication, the homegrown lifestyle brand "The Beast" also encouraged its followers to **generate content** and share stay-in outfit through initiating the **#share-your-pajama contest** on Weibo.
- Relevant hashtag **#One-pajama-for-the-whole-CNY** has generated **180M+** views and **20K+** discussion.



DODOCOCO^{1,3}

WORK-FROM-HOME LOOK CHALLENGE

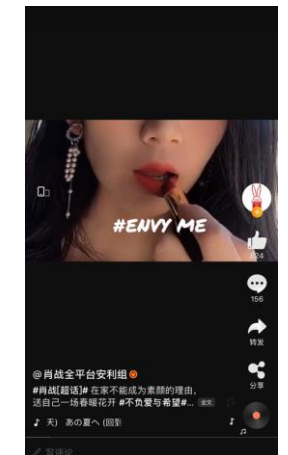
- Local premium loungewear brand Dodococo leveraged the **work-from-home scenario** and hosted a "Work from Home Look" contest in its Tmall flagship in February.
- Consumers are encouraged to publish photos of them wearing Dodococo products while working at home, winners would be awarded cash back.
- Tapping on the new norm of home office, the initiative helped the brand **connect** and **create strong bonds** with its clientele.



ESTÉE LAUDER⁴

MAKEUP-AT-HOME INITIATIVE

- Estée Lauder hosted the "Lipstick Short film with Xiao Zhan" initiative on Weibo in February, calling for video submissions that record consumers putting on the Pure Color Envy lipstick at home. Selected videos would be compiled into a **short film** starring the brand ambassador Xiao Zhan (@X玖少年团肖战DAYTOY).
- The virtual event offers consumers a chance to **showcase confidence, hope and beauty**, even when staying at home.



(1) *Jing Daily*, 31/03/20; (2) *The Beast Weibo Account*, 26/01/20; (3) *Dodococo Weibo Account*, 07/02/20; (4) *Estée Lauder Weibo Account*, 18/02/20

AGENDA

APRIL 2020



MARKET & CONSUMER
BEHAVIOR



BRANDS &
CONCEPTS



COMMUNICATION



RETAIL &
DISTRIBUTION

1

CSR MESSAGING

STORYTELLING, NARRATIVE
AND FASHION POST CORONAVIRUS

ARIANNE PHILLIPS
AND OLIVIA WILDE

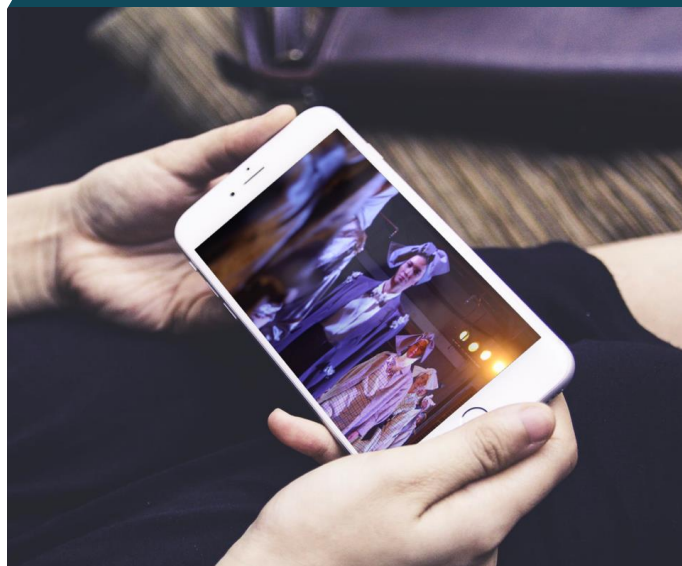
MAY 5TH, 2020
6PM CET/12 PM ET
@PRADA IGLIVE



Under the shadow of pandemic, brands take on **social responsibilities** to showcase support for vulnerable groups.

2

CREATIVE DIGITAL ENGAGEMENT



Brands are tapping various **digital tools** and **advanced technologies** to communicate **creatively**.

3

GAMIFICATION



As **mobile-addiction** even intensified during quarantine, brands and platforms leverage **games** to **interact & engage**.

1 CSR MESSAGING

INSIGHT

Under the shadow of pandemic, brands take on **social responsibilities** to showcase support for vulnerable groups.

LOUIS VUITTON X UNICEF*

VULNERABLE CHILDREN PROTECTION^{1,2,3}

- Apr. 2020: Louis Vuitton launched the limited collection of Silver Lockit Color bracelets as part of the **Louis Vuitton for UNICEF** initiative issued since 2016, calling for protection for the **children affected by the pandemic**.
- Brand tapped various A-list stars including **Zhu Yilong** (@朱一龙) and **Dilraba** (@Dear-迪丽热巴) to spread the message of **love, compassion, and care**.
- The hashtag #Make-a-Promise generated **300M+** views and **1.52M+** discussions on Weibo.



PRADA*

PANDEMIC CHARITY SUPPORT^{4,5,6}

- Apr. 2020: During the lockdown, Prada carried out the **"Possible Conversations"** project, live digital talk series reflecting on culture, fashion, art and life with practitioners, experts, directors and creatives from various fields.
- The initiative aims to raise funds for **UNESCO** to support 1.5 billion students worldwide affected by school closure due to coronavirus.
- The hashtag #Prada-possible-conversations had in total **1.7M+** views on Weibo.



🇨🇳 BOSIDENG

MATERIAL DONATION ACROSS CHINA^{7,8}

- Feb. 2020: To fight against the **freezing weather**, Chinese apparel brand Bosideng donated 150K jackets to **frontline workers** in various provinces.
- By March, more than **430 hospitals, medical institutions and communities** have received the donation, and the process of donations can be **tracked** through brand's official Weibo to ensure the **transparency**.
- The Weibo hashtag #Bosideng-for-frontline-heros gained in total **5.3M+** views.



🇨🇳 CHANDO

TRIBUTE TO FEMALE FRONTLINE PROFESSIONALS^{9,10,11}

- Mar. 2020: Chando **pays tribute** to the **heroines** who fight against COVID-19 in different fields with its anime campaign series **"Contemporary Mulan"** inspired by the **legendary Chinese female figure Hua Mulan**.
- Chando also donated skincare and hand-care products to frontline female **medical workers**, showing their care and support while passing along **positive energy**.
- The Weibo hashtag #Contemporary-Mulan-each-one-is-very-beautiful gained **120M+** views and **160K+** discussions.



(1) China Grazia, 30/04/20; (2) ELLE, 17/02/20; (3) Weibo, 29/04/20; (4) WWD, 10/04/20; (5) Luxe.co, 17/04/20; (6) Weibo, 28/04/20; (7) Bosideng Press, 18/02/20; (8) Bosideng Official Weibo, 06/03/20; (9) Sohu, 09/03/20; (10) Content Commerce Insider, 18/03/20; (11) Weibo, 17/03/20

*Global initiatives which receive high interest of Chinese Consumers

2 CREATIVE DIGITAL ENGAGEMENT

INSIGHT

Brands are tapping various digital tools and advanced technologies to communicate creatively.

LANVIN

VIRTUAL RUNWAY^{1,2,3}

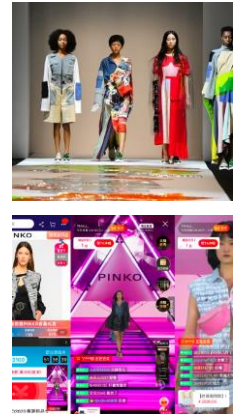
- Feb. 2020: Lanvin worked with numerous Chinese digital platforms and carried out a **cloud-based VR fashion show** amid the pandemic.
- The brand collaborated with **iQiyi** and leveraged the platform's VR technology to offer audience an **immersive front-row view**.
- The runway gained huge exposures on Weibo with **5M+** views and **3M+** discussions.



SHANGHAI FASHION WEEK

CLOUD FASHION WEEK^{4,5,6}

- Mar. 2020: Shanghai Fashion Week took a pioneering digital approach and partnered with **Tmall** to create the **world's first "cloud fashion week"** due to the lockdown.
- The fashion week integrated **VR & AR technologies** to offer upgraded virtual experience, as well as the **"see now buy now"** function to enable the audience to purchase products of the season and pre-order part of the runway looks.
- The fashion week gained **11M+** views and generated **€2.6M+** in gross merchandise value.



LOUIS VUITTON

INTERACTIVE LIVESTREAMING^{7,8,9,10,11}

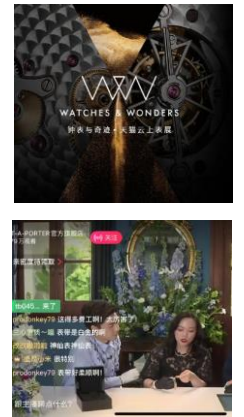
- Mar. 2020: Regarded as a pioneer of digital transformation, Louis Vuitton was the first luxury brand to debut **livestreaming session** on **Xiaohongshu**, together with celebrity Zhong Chuxi (@钟楚曦) and influencer Yvonne Ching (@程晓玥YvonneChing) to showcase its summer 2020 collection.
- The brand's first ever livestream in China resulted in **10K+** views within an hour. The interaction rate reached **33%**, while followers of brand's official account grew by **20K+**.



WATCH & WONDERS

HARD LUXURY ONLINE TRADESHOW^{12,13,14}

- Apr. 2020: Watches & Wonders (formerly called SIHH) collaborated with **Net-a-Porter** and **Luxury Pavilion** to launch the fair's **first global digital watch show** that included latest rare models from **Richemont** labels.
- Watches were displayed in different themes at **Shanghai Richemont Twin Villas** to bring a **high-end & exclusive** experience to the audience.
- The hashtag **#Discover-unlimited-mirror-world** appealed **97M+** views and **170K+** discussions on Weibo.



(1) *Jing Daily*, 02/04/20; (2) *Spring Wise*, 10/04/20; (3) *Weibo*, 26/02/20; (4) *Shanghai Fashion Week*; (5) *Alizila*, 06/04/20; (6) *Now Fashion*; (7) *WWD*, 25/03/20; (8) *Medium*, 27/03/20; (9) *Jing Daily*, 26/03/20; (10) *Global Cosmetics News*, 03/04/20; (11) *ADQUAN*, 31/03/20; (12) *Jing Daily*, 30/04/20; (13) *Tech Sina*, 29/04/20; (14) *Weibo*, 25/04/20

3 GAMIFICATION

INSIGHT

As **mobile-addiction** even intensified during quarantine, brands and platforms leverage **games** to **interact & engage**.

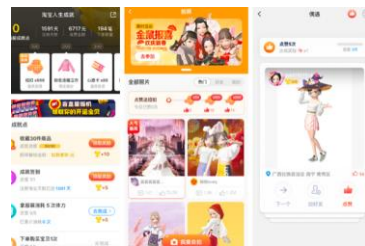
TAOBAO

VIRTUAL AVATAR GAME^{1,2,3}

- Feb. 2020: **Alibaba** launched an **interactive personalized** 3D avatar game, "**Taobao Life**", together with Valentine's Day campaign that featured several luxury brands, such as Burberry and Canada Goose, to attract China's **mobile game-loving Gen Zers**, who were reported to have contributed **270% Y-o-Y** game consumption growth during January to April in 2020.
- Couples could create **virtual couple looks** with their personalized avatars dressed in **limited-edition items** even when they were unable to celebrate the **festival** together due to the lockdown.
- The hashtag **#Taobao-life** generated **17M+** views and **10K+** discussions on Weibo.



Appearance customization page



Daily task page & game's feeds



2020 Valentine's Day campaign

L'ORÉAL x TMALL

BEAUTY PARKOUR THEME GAME^{4,5}

- Mar. 2020: L'Oréal collaborated with **Tmall** to release a mini Parkour game featuring the brand's beauty products. Winners were able to receive **exclusive giftsets** and **vouchers**.
- Through the innovative game, the brand aimed to seize the **increased mobile usage time** during the lockdown period and better engage with its clientele.
- The posts attracted **2K+** likes on brand's official account on Weibo.



VALENTINO x ANIMAL CROSSING

DIGITAL FASHION PLAYGROUND^{6,7,8,9,10}

- May. 2020: Under the hype of tie-up between brands and the gaming industry, **Valentino** unveiled 20 looks inspired by **SS20/PF20 collection** for characters in **Animal Crossing**, the most popular **social-simulation** game launched by Nintendo during the pandemic.
- The brand released the virtual look catalogue and codes on Weibo, allowing players to download the outfits and **experience** the new styles in advance in the game.
- The topic **#Trendy-islander-OOTD** gained **200K+** views on Weibo.



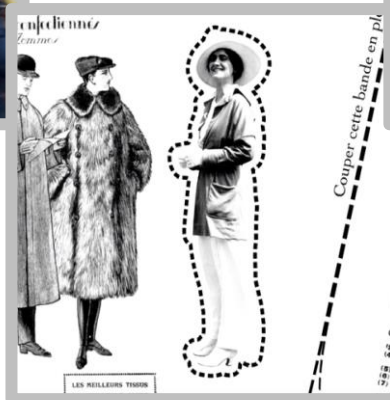
(1) Tech Sina, 04/05/20; (2) Jing Daily, 17/03/20; (3) Weibo, 07/05/20; (4) 36KR, 20/03/20; (5) L'Oréal's Official Weibo, 03/03/20; (6) WWD, 06/05/20; (7) ELLE, 04/05/20; (8) News EFU, 07/05/20; (9) OZY, 15/01/20; (10) Weibo, 07/05/20

AGENDA

APRIL 2020



MARKET & CONSUMER
BEHAVIOR



BRANDS &
CONCEPTS



COMMUNICATION



RETAIL &
DISTRIBUTION

1

RETAIL REVIVAL



China's offline retail started to resume since March with **luxury & beauty** show fast rebound.

2

LIVESTREAMING BOOM



Livestreaming has become the **indispensable tool** to reach out to customers during the lockdown.

3

NEW RETAIL EVOLUTIONS



Retailers are moving faster to **e-tail development, digitalization** and **new retail** due to crisis-related changes.

1 RETAIL REVIVAL

INSIGHT

China's offline retail started to resume since March with **luxury & beauty** show fast rebound.

OFFLINE RETAIL

RECOVERING WITH MORE CHALLENGES AHEAD^{1,2,3}

- Retail sales of shopping malls and specialty stores declined drastically for **34.9%** and **24.7%** respectively in Q1. As the situation ameliorated, offline retail started recovering in March as **90%** of malls have reopened.
- Regionally, **Mainland China** is recovering **faster** than Hong Kong and Macau, while **tier-1.5 cities** such as Hangzhou, and Chengdu show **stronger rebound** than first-tier cities.
- However, struggling large-scale offline retailers still face **elevated pressure** of shifting to **digital channels**, which may be one of the first **permanent changes** in China's economy resulted from the coronavirus.

LUXURY & BEAUTY SECTORS SHOW FAST REBOUND^{2,4}

- The traffic for both luxury and beauty retailers has resumed to **60%** of pre-pandemic levels by the end of March, among which, high-end shopping malls are regaining their consumers rapidly.

STORE CLOSURE & OPENING
TIMELINE
CHINA V.S. U.S.

CHINESE STORES
START TO CLOSE
Jan 19 - 25

Jan 26 - Feb 29

REOPENING
PEAK
Mar 1 - 7

Mar 8 - 21

90% OF MALL
REOPENED
Mar 22

US STORES
START TO CLOSE
Mar 15 - 21

Mar 22 - May 9

REOPENINGS
MAY START
May 10 - May 16

RECOVERY OF MAJOR HIGH-END SHOPPING MALLS, FEB/MAR. 2020

Shopping mall	Performance
Hangzhou Tower, Hangzhou	Hit €1.42M sales in the first 5 hours of reopening in late February
Plaza 66, Shanghai	Reached 70.4% of its pre-COVID-19 traffic in March
IFS, Chengdu	Traffic bounced back to 58.3% in March

ONLINE RETAIL

ONLINE CHANNELS BECOME MORE CRUCIAL^{1,5,6}

- The crisis has made online channels the preferred shopping destination. The online retail of physical goods increased by **5.9%** and reached **€240 billion** in Q1, accounting for 23.6% of the total retail sales of social consumer goods.
- Besides products for essential needs, **discretionary categories** have also seen strong growth online:
- Sales of **beauty** dropped by 13% in January and February, yet online channels climbed for **7%**. **Online-focused** local brand, such as **Perfect Diary**, has recorded remarkable **170%** yoy growth on its Taobao flagship store.
- Luxury** sales also reported a stunning **140%** yoy increase on Tmall for the first day of Women's Day Shopping Festival.

MIXED IMPACT ON E-COMMERCE PLATFORMS⁶

- The coronavirus has had a **mixed impact** on e-commerce platforms, which have seen sales increase mainly in essentials, however the temporary **supply-chain disruption** also negatively affected online business, especially for platforms without direct control of the logistic.

MOST USED E-COMMERCE PLATFORMS IN Q1, 2020

Platforms	Model	MAU Feb	Remarks
Taobao	C2C	645M	Disrupted by delayed logistic
Pinduoduo	B2C	315M	Disrupted by delayed logistic & Q1 sales shrank
JD.com	B2C/C2C	248M	Showed more resilience , thanks to its self-operated logistics network

(1) National Bureau of Statistics of China, 20/04/20; (2) New York Times, 07/04/20; (3) Gartner, 27/04/20; (4) Jing Daily, 01/05/20; (5) 21jingji, 16/04/20; (6) Southern Metropolis Daily, 06/05/20; (7) Coresight, 29/04/20

2 LIVESTREAMING BOOM

INSIGHT

Livestreaming has become the **indispensable** tool to reach out to customers during the lockdown.

KEY FACTS

PROSPERING LIVESTREAMING MARKET^{1,2}

- Originated from the gaming industry and boosted by the "See Now Buy Now" initiative, livestreaming turns mainstream and has become a **lucrative market** with **€4.1 billion** value and **500 million** users in 2019, **mostly young generations**, representing over 50% of total 854 million netizens.
- Many e-commerce platforms such as **Taobao** have already developed their own tools for livestreaming, other platforms including **TikTok**, **Yizhibo**, and **Bilibili** are also frequently tapped by brands to enter the battlefield.



Taobao Live
Largest e-commerce live platform, 682M MAU



TikTok
All sectors, 473M MAU



Yizhibo
Fashion & Beauty focus



Bilibili
All sectors, **Young user** base, 48% users are <30 yrs

INDISPENSABLE TOOL DURING THE OUTBREAK³

- Brands and offline shopping malls increasingly leverage livestreaming as a **better alternative** to reach out to customers during the lockdown. In Q1 2020, **4 million** e-commerce livestreaming sessions have taken place.
- On Taobao Live, growth in new streamers in March was **8 times higher** than the previous month, while transactions saw **160% yoy** growth.
- During the crisis, luxury brands and retailers, such as Louis Vuitton and Net-a-Porter, have unveiled its **first-ever livestreaming** to sustain exposure and boost sales.

SHOPPING MALL'S O2O ACTIVATION⁴

- Feb. 2020: Intime Department Store launched collective livestreaming programs via Taobao Live with its **5000 sales associates** across various branches.
- In less than a week, Intime livestreamed for over **166 hours** and attracted **100K+** views, while many sales associates hit **one-week sales target** via one single session.



*"Not only for the crisis, livestreaming will be part of our **long-term strategy** for offline to online activation and all of our 65 branches will have their own channel in the future."*

Xiaodong Chen, CEO of Intime

JOINING FORCES WITH A-LIST LIVESTREAMER³

- Mar. 2020: Barcelona-based skincare brand ISDIN collaborated with **Li Jiaqi (@李佳琦 Austin)**, China's **legendary livestreamer** who used to drive **€129 million** sales in 2019 "Single's Day" shopping festival, for its Foto Ultra Suncream's promotion on Tmall.
- The livestreaming session has generated **15 million** views and sold out tens of thousands products in a few minutes.
- The **continuing buzz** on social media strongly propelled the brand awareness, with an astonishing **€12.9 million** monthly sales on brand's Tmall flagship.

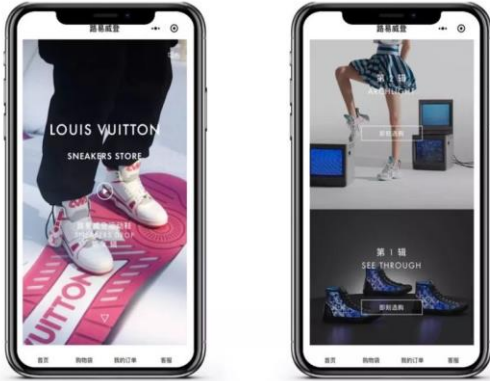


(1) *Vogue Business*, 05/03/20; (2) *Technode*, 09/03/20; (3) *CNBC*, 29/04/20; (4) *iwshang*, 05/03/20

3 NEW RETAIL EVOLUTIONS

INSIGHT

Retailers are moving faster to **e-tail development**, **digitalization** and **new retail** due to crisis-related changes.



FASTER E-TAIL DEVELOPMENT

- E-commerce platforms will become the main sale channel, brands that were in a wait-and-see attitude towards e-tail in the past will have to **accelerate the speed of entering e-shopping**.
- Online channels accounted for **20.7%** of total retail sales in China in 2019. The penetration rate will further grow as more **elderly group** and **lower-tier citizens** started e-shopping during the pandemic.



ACCELERATED DIGITALIZATION

- The outbreak has further reinforced the need for companies to embrace **digital transformation**, which now becomes a matter of survival in the digital-era.
- Brands are required to **rethink** their long-term **retail strategy** and **selling model** to increase flexibility and adapt to the '**new normalcy**'. For example, **Livestreaming** is predicted to be more mainstream for post-pandemic sales and marketing.



NOVEL SHOPPING EXPERIENCE

- With on-going **social distancing** mandates, brands are increasingly tapping '**new retail**', in response to rising demands for **redefined physical experience** and **customer journey**.
- Besides the adoption of **omni-channel strategies**, to catch up with pioneers who integrated **advanced technologies** to make shopping more **feasible** and **experiential**, retailers are facing more challenges to upgrade their offers.

CONSUMPTION IS CREEPING BACK



China market has **started to resume**, boosted by the recovery of **production & retail**, however becoming more **challenging**.

BE OPTIMISTIC ABOUT FUTURE



Chinese consumers are showing **optimistic attitude** towards the future while becoming more **rational** and **sophisticated**.

ADOPT THE NEW NORMAL



"**Stay-at-home**" has become the **new normal**, which pushed brands to be more home-centered & interactive creatively.

STAY RELEVANT

—— 全球首个全程边看边买的时装周 ——



In the post-crisis period, brands need to **adjust promptly** and **incubate concepts** catering to the ongoing **social context**.

EMBRACE DIGITAL TRANSFORMATION



Adaptability & flexibility are crucial. More players will tap "**going virtual**" for marketing, selling and offline activations.

RETAIL'S TECH FUTURE IS NOW



Tech-savvy retailers are more likely to thrive, while omni-channel & **digital-driven strategies** will become the must after the crisis.

LUXURY^YNSIGHT

YOUR DATA PARTNER



MANON HU

Head of China Business

manon.hu@luxuryinsight.com

225-227 Rue Saint-Denis, 75002 Paris

www.luxuryinsight.com

