

MULTICHANNEL

How should luxury retailers prepare for Golden Week?

September 28, 2015



Chinese affluence

By SARAH JONES

An influx of Chinese tourists will soon be traveling overseas during Golden Week, arriving with an intent to spend.

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This year, Golden Week begins on Oct. 1, putting it close to Chinese National Day and spurring increased interest in venturing beyond nearby Hong Kong to destinations such as New York, London and Paris. Capturing sales during this important shopping holiday depends greatly on the interactions brands have with consumers, making catered customer service a top priority.

"There's a reason that the Chinese National Day is called the Golden Week as this period sees a booming increase in the consumption and travel activities of the Chinese people," said Ambika Zutshi, CEO of [Fashionbi](#), Milan. "The businesses in or with China are on a halt and the luxury industry gets alerted on to the plight of potential Chinese customers in their countries/stores.

"Even though luxury brands are dropping prices in China and around, it will only take time for the locals to get accustomed to buying 'in-house,'" she said. "Hence, the brands in the

West still have a challenge to pass - to please its ever increasing customer base of Chinese shoppers.

"They work hard the whole year, gather enough cash only to be able to take-off on these limited occasions to enjoy the beauty of the West. It is, hence, the most fertile period for the tourism industry, as well as for the luxury brands, as this is exactly what the Chinese seek going abroad. They are not going for the H&Ms or Zaras, they are going for the buying experience at Cartier in the most posh street of Milan where they're pampered with a glass of Champagne and other such gifts."

Golden opportunities

Golden Week is one of the prime times of travel for Chinese consumers, along with Chinese New Year.

"Golden Week, along with Lunar New Year, is one of the two week-long holidays celebrated in China," said Brian Buchwald, CEO of **Bomoda**, New York. "And while New Year is very much about going to spend time with family, Golden Week is all about travel.

"As the Chinese spend the majority of their travel budgets on shopping, Golden Week is for many brands the single best moment of the year to sell to the traveling Chinese tourist."



Photo courtesy of Peninsula

AsiaOne quotes a report from travel booking site Ctrip, which says that 150 percent more Chinese consumers are looking to travel overseas for Golden Week this year compared to 2014.

"There are two Golden Weeks in China," said Molly Leis, regional marketing director, **SGK Asia Pacific**, Singapore. "One during National Day and one during Chinese New Year.

"On the first of October each years, the Chinese celebrate the founding of the People's Republic of China with a national holiday," she said. "These long stretches of extended holiday afford Chinese tourists sufficient vacation time to travel further abroad.

"In recent years more than 50 percent of Chinese consumers have travelled during the October Golden Week. That's close to half a billion Chinese yearning to buy authentic luxury brands without the high price point, import and consumption taxes."

According to the [South China Morning Post](#), Chinese consumers are taking advantage of the Sept. 27 mid-autumn festival and combining holidays, using just a few vacation days to form longer trips of about 11 days. Rather than hopping over to Hong Kong, which they have likely already seen, they are preferring to venture to further destinations such as Europe.

As consumers in China have more disposable income, their friends are returning with stories of trips abroad, inspiring them to take their own long-haul vacations.

Also, with currency issues in China, southern Asia or Japan are preferable to the closer island. South Korea, once a popular choice, is also losing favor as worries about Middle East respiratory syndrome (MERS) keep Chinese travelers away.



Chinese tourists outside Louis Vuitton store

Even in the midst of economic turbulence, Chinese shopping tourism is not going anywhere, according to an executive from China Luxury Advisors at the Luxury Retail Summit: Holiday Focus 2015 on Sept. 16.

Chinese consumers are responsible for 27 percent of luxury goods sales, 80 percent of which are made outside of the mainland. While there have been some economic shifts, this important consumer base is not anticipated to change their behavior drastically.

The further the traveler journeys, the more they will spend while they are there, simply because of the length of the trip. The average spend per trip has dipped to about \$400 to \$800, but trips to the U.S. generate an average of \$2,500 in sales ([see story](#)).

Traveling targets

Chinese consumers may come to a luxury store wanting to buy, but the in-store experience needs to create a desire to shop.

First of all, brands should know what trends, wants and desires are currently on the minds of Chinese consumers, so they can cater their guided selling.

Brands can make their store welcoming to Chinese consumers by including staff that speak Mandarin to lessen any communication gaps and accepting forms of payment that they are most apt to use, such as Union Pay, Alipay or Tencent.



Students in LVMH's Chinese-American Training Program

This past holiday season, five U.S. retailers helped launch a new program on China's payment service provider Alipay that will ease the shopping experience for Chinese consumers.

Alipay ePass is used by retailers like Saks Fifth Avenue and Bloomingdale's. This online ecommerce system helps U.S. brands reach Chinese consumers on a trusted platform in the country ([see story](#)).

Fashionbi's Ms. Zutshi suggests special offers just for Golden Week as a loyalty strategy, bringing repeat travelers back to the same store or to other locations of a brand.

Bomoda's Mr. Buchwald also suggests including visuals in-store so that associates can at least communicate via imagery if a language barrier exists.

Brands can also promote culturally appropriate merchandise, according to SGK's Ms. Leis. Peak travel periods can also be a prime time to sell exclusive or limited-edition gift sets in travel retail boutiques.

Most important to remember is that the shopping tourism purchase path often begins at home.

Shopping tourism is growing, but to best reach these potential consumers, fashion brands and retailers should begin marketing to them before they leave their home country, according to a [report](#) from Fashionbi.

Just as travelers heavily research hotels, restaurants, sites and entertainment before embarking on a trip, they are also using online media to plan their shopping excursions. Brands should ensure they are catering to their potential international clientele with Web sites in their native languages and social accounts on the platforms popular in different markets ([see story](#)).



Michael Kors WeChat CRM

“Chinese consumers are extremely well researched,” Bomoda’s Mr. Buchwald said. “The majority of the purchases they will make on a trip have already been mapped out prior to travel.

“If a brand is serious about the Chinese tourist, they should already be actively engaging with the consumer on platforms like Weibo and WeChat, optimizing their search results on Baidu, listing their stores on sites like Dianping and responding to user reviews on Ctrip,” he said. “In the four to eight weeks prior to Golden Week, the brand should ideally be stepping up their targeted marketing to the tourists, perhaps engaging with tour operators, and communicating why their store is an ideal destination - perhaps by highlighting China friendly policies or deals exclusive to this consumer.”

A digital approach reaches Chinese consumers when at home, en route or in their hotel, giving a connection and insight into a brand regardless of location.

Top of the list is a Chinese translated Web site, allowing consumers to connect with a brand online in their primary language.

"The opportunities are endless," Fashionbi's Ms. Zutshi said. "Digital is the first. For instance, Galeries Lafayette helps the consumers plan their shopping excursions with a new mobile application.

So even before a consumer sets foot in the chain’s 10-story flagship Paris store, the app helps consumers pre-map out an itinerary to be able to go around Galeries Lafayette and find easily what they are looking for, thereby, acting as an extension of the customer service team," she said.

"Another great strategy that the brands are already using is doing strategic partnerships with hotel chains or retailers, whereby, a stay at hotel A can get the customer a great deal at the brand B or the brands offer exclusive benefits to the customers that stay in their own luxury suites," she said. "This could be a great win-win on both sides."

Building a relationship with Chinese consumers is most effective if treated as an ongoing

effort.

"We know from Nielsen that close to 90 percent of Chinese travelers plan their luxury purchases three to four months before they travel so this means there is a huge opportunity for brands to engage their consumer in advance of Golden Week with key item advertising and digital strategies," SGK's Ms. Leis said. "However, that being said, brands doing business in China need to have a multichannel annual strategy throughout the year, not just in advance of Golden Week.

"The development of a successful marketing plan requires keen insight on the country's numerous festive occasions and how they are celebrated nationally and regionally to develop a thoughtful approach to marketing with consistent and relevant messaging," she said. "The Chinese consumer is becoming more and more sophisticated, and if a brand reaches out exclusively with Golden Week or Chinese New Year campaigns, the consumer will question the brand's authenticity.

"Even smaller brands who want to court consumers at home, should develop campaigns with 'wow' factors that leverage the power of brand ambassadors (celebrities and bloggers), and entertainment to engage the Chinese consumer in daily dialogue about their brand."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York

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