

MULTICHANNEL

## Chinese buying power makes big opportunity of Lunar New Year

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*Michael Kors monkey bag*

By FORREST CARDAMENIS

With Lunar New Year just around the corner, retailers realize this is a chance to establish relationships with high-value clientele.

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The Lunar New Year, which lands on Feb. 8 this year, is a big occasion for a number of countries around the world, but China is perhaps the most notable. It is no secret now that European and United States-based apparel brands and retailers rely heavily on Chinese consumers for business, so the upcoming holiday represents a major competitive opportunity.

"Chinese New Year will mark the continued evolution of the Chinese luxury buyer into a seasoned International shopper," said Brian Buchwald, CEO of Bomoda, a consumer intelligence company focused on the Chinese outbound consumer. "The three movements that have defined this Internationalization are foreign travel, Daigou, and Haitao.

"More and more purchases are emanating from abroad as the Chinese travel more," he said. "They buy increasingly through resellers located all around the world with access to the cheapest International prices ("Daigou"), and become increasingly acclimated to Western e-commerce platforms to pursue cross-border opportunities ("Haitao")."

Happy New Year

Hong Kong-based Lane Crawford is going the extra mile with its Lunar New Year celebration ([see story](#)), and while foreign retailers are not quite so elaborate, they are understandably following suit.

## FOR HER



Burberry Brit  
Raymonte Jacket  
\$295



Bloomingdale's  
Little Monkey Bag  
\$25  
\*Available exclusively at Bloomingdale's



YSL  
Chinese New Year Couture Palette  
\$90



Estée Lauder  
Limited Edition Gold Night Repair  
\$92



Furla  
Metropole Fur Mini Crossbody  
\$748



Coach  
Chinese New Year Card Case  
\$60

### *Bloomingdale's Chinese New Year products*

Beginning on Jan. 15 and lasting to March 1, Bloomingdale's is hosting unique merchandise, special events and presentations across a number of U.S. stores. The associations of the number 8 and luck in Chinese culture will manifest in Bloomingdale's participation in the red envelope tradition, where envelopes will be filled with prizes in \$8, \$88 and \$888 denominations.

Pop-up shops have limited-edition "Little Monkey Bags" in accordance with entering the Year of the Monkey, as well as similarly themed Godiva chocolates, Voluspa candles and Marc by Marc Jacobs and Rebecca Minkoff accessories.



### *Bloomingdale's "Little Monkey Bag"*

A number of brands, including Chloe, Burberry, Ferragamo, Furla, YSL Beauty and David Yurman, will also have themed products.

Across the pond, Selfridges is also selling lucky red envelopes. Purchase of the monkey-adorned envelopes comes with a personalized message with the name of the recipient and a choice of English and Chinese type.

Selfridge's London location will host exclusive goods from Anya Hindmarch and Fendi, among others, Birmingham will gift fortune cookies with a purchase and the Manchester Exchange store will host live performances ranging from music and dance to magic shows.

Hoping to leverage the promotions for long-term gain, Selfridges is encouraging consumers to follow its Weibo

account.

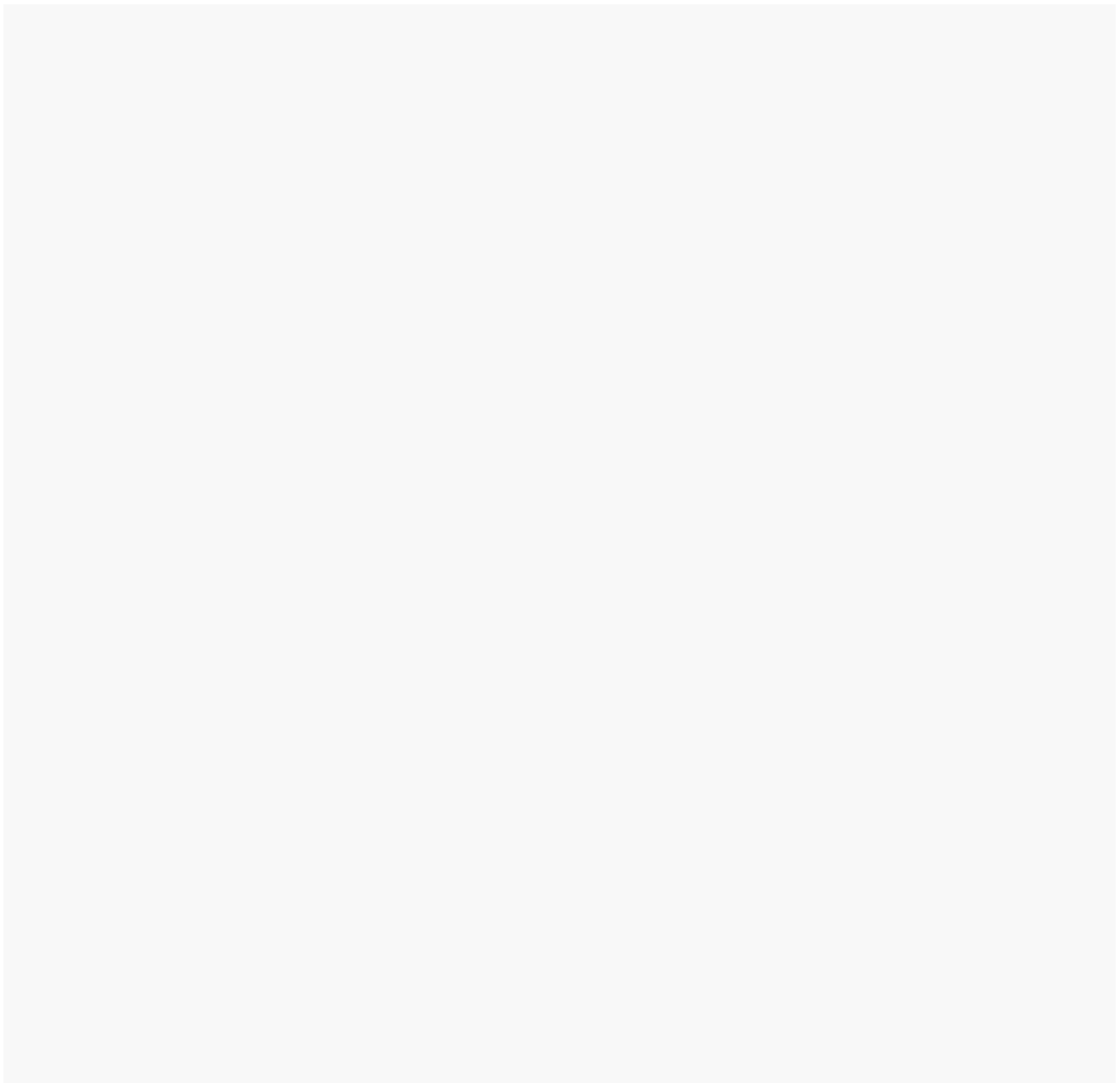


*Selfridges on Weibo*

Fashion brands are also mounting their own campaigns. Michael Kors will sell monkey charms in select stores, and its Instagram account will have videos of a monkey in various world cities highlighting particular brand products.

Chinese consumers are confronted with higher prices on products when ordering within their home country than when they purchase abroad. Consequently, holidays are often times occasions for traveling and shopping excursions.

For this reason, a number of hotel brands are also getting involved. An influx of tourists coming to Europe and America to shop means that strong Chinese New Year celebrations could convince the travelers to book a room.



In a New York state of mind. #MonkeyAround

A video posted by Michael Kors (@michaelkors) on Feb 2, 2016 at 7:19am PST

Increased travel has also spurred DFS to celebrate the holiday. The New York airport store is offering a 50 percent bonus on Loyal T points, \$20 off purchases that exceed \$300 and advertising gift giving. Other stores, including those in Hong Kong still the biggest tourist destination for mainlanders are offering similar promotions.

The strengthening dollar and the weakening euro means that Europe might see more of a holiday bump than the U.S. The proliferation of daigou, those who buy products at lower prices abroad and then mark them up upon returning to China, thereby profiting on the difference, makes the weakening euro very desirable.

Travelin' man

Western brands have seen in the past that celebrating Chinese holidays pay off extensively.

This past November, a host of retailers worked with Dealmoon.com to get in on the largest Chinese shopping day of the year.

Although lesser-known in the U.S. than Black Friday and Cyber Monday, Singles' Day's brought in over \$13 billion in revenue, making it the world's biggest shopping day for the third year in a row. Retailers who got in on the "celebration" saw spikes and sales that could help position them better to global markets ([see story](#)).

"More so than Single's Day, Chinese New Year is about gift giving to others," Mr. Buchwald said. "While the corporate gifting market remains depressed due to the anti-corruption environment in market, less business oriented categories like apparel and women's watches should continue to gain momentum."

Additionally, growth rates are already intertwined with the regions Chinese luxurians visit most.

High sales in Western Europe and Japan led to decent third quarter results for Kering, suggesting strong business from Chinese tourists.

The Kering Group saw luxury sales increase by 14 percent on a reported basis and slightly more than 3 percent on a comparable basis in the third quarter of 2015 compared to the year-ago. Much of this improvement can be attributed to a variety of economic factors taking Chinese consumers to Western Europe and Japan, where Kering's presence is relatively strong ([see story](#)).

"A minor uncertainty that has hit the market since Jan. 1 is the continued deterioration of the Yuan," Mr. Buchwald said. "However, even with a more expensive dollar, yen, and euro, purchases should continue to come from abroad most particularly Western Europe and Japan.

"Overall CNY will be up globally, with particular strength in e-commerce, driven more and more by mobile and Haitao purchasing."

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