

RETAIL

Businesses need to funnel Chinese strategy into worldwide points of sale

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Launching WeChat mini program platform, building advertising campaigns, and starring KOLs are three strategies Gucci and others are using to promote sales in China. Image credit: Shutterstock

By BRIELLE JAEKEL

NEW YORK Retailers and brands in the United States need to work in tandem with their divisions in China to create a seamless strategy that allows the Chinese consumer to be targeted everywhere, especially while on vacation.

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Experts with a keen eye can see that China is a vital market segment, but the audience often takes its buying power overseas. During the panel "China: The Love for Luxury Endures?" at Luxury FirstLook 2018: Exclusivity Redefined held on Jan. 17, the cofounder of China Luxury Advisors explained that U.S. stores are seeking more Mandarin-speaking sales associates and are increasingly leveraging WeChat to better cater to Chinese visitors.

"In the U.S. there are a few Mandarin-speaking sales associates and I know most of the sales associates are constantly on WeChat talking to customers," said Renee Hartmann, cofounder, [China Luxury Advisors](#). "I think also some of the Chinese media is getting more sophisticated with location-specific marketing.

"China is a huge market, but only two million are coming to the U.S.," she said. "So how do we market to both of them?"

Luxury FirstLook 2018: Exclusivity Redefined was produced by Luxury Daily

Important growth in China

China can be an untapped mine for luxury brands and retailers and needs to be incorporated into strategies. With the millennial segment in China growing, the market is more important than ever.



Any retailer with the capacity should be expanding into China. Image courtesy of Alibaba

The notion of China evolving from being the "factory of the world" to the consumer of the world has also been supported by an executive from Chinese ecommerce giant Alibaba.

Alibaba's North American vice president Lee McCabe laid out some of the impressive data on China's massive growth as a global importer that the country will account for 45 percent of global luxury sales by 2025 ([see more](#)).

Millennial Chinese consumers are looking for luxury experiences, and they are willing to spend money to get the high level of dining and hotel stays they want, China Luxury Advisor's Ms. Hartmann said.

Travelers in general are changing the way they spend on trips. Other sectors outside of shopping are growing significantly as consumers change what they do on vacation.

The CEO of Bomoda, Brian Buchwald, also explained that Chinese luxury buyers interact with brands in a myriad of ways.

With the growth of Alibaba, WeChat and other online or mobile platforms, Chinese buyers can exist all around the world. There are also Chinese consumers who purchase inside of the country as well as those who buy from other countries on these platforms.



LVMH's Rimova luggage showcased at the Tmall Collection 2017 Global Fashion Show Oct. 20. Image courtesy of Alibaba

It can be difficult to track these consumers because of these different silos, so many brands will just ignore the market as a whole.

National versus global

Chinese consumers are also very savvy at finding cheaper products overseas. There is a prominent business in which Chinese buyers will find products 30 to 40 percent cheaper in different countries and ship them back to China.

Ms. Hartmann warns that local retailers are at a disadvantage if they are unaware of what their prices are in other markets, because Chinese consumers do know.

While retailers may think in a local mindset, consumers think on a global scale.

Many retailers and brands may not have interest in helping their counterparts overseas, since they will not get credit for that sale. But at a corporate level, brands need to be thinking about how to create a seamless strategy between markets down to local retail.

Larry Warsh, publisher of *Jing Daily*, stressed that retailers at the store level need the training to cater to non-local shoppers and make them comfortable to purchase.

The overall global luxury business is finishing 2017 with a healthy 4 percent growth, but the year ahead is teeming with risks and potential pitfalls for brands, according to Euromonitor's annual luxury goods data research, which shows that last year's growth was pushed by China ([see more](#)).

"Look at all the marketing expenses used to get these individuals to your stores," said Larry Warsh, publisher of *Jing Daily* "But what about training.

"How can we deal with this shopper in the store," he said. "How are we going to make them feel comfortable to shop and buy?

"This is another area that is vastly under developed."

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