

RETAIL

Most retailers understand China's importance, but few feel confident navigating it

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Chinese consumers are hungry for western luxury brands. Image credit: JD.com

By DANNY PARISI

China has increasingly become one of the most important markets in the world for retailers.

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According to a new report from Frost & Sullivan, more than 80 percent of retailers in the United States and elsewhere believe that China is a lucrative market to explore. However, many of those retailers feel overwhelmed with the prospect of doing business in China due to the extreme difference in culture and law between western nations and China.

"This is the first report globally to review the Chinese cross-border ecommerce market from both consumer and retailer perspectives," said Mark Dougan, consulting director, Asia-Pacific, at [Frost & Sullivan](#), New York. "By understanding consumers' behavior and needs, and retailers' current situation, the report provides new insights and strategy guidance for international retailers who want to succeed in the online shopping market in China."

Chinese confidence

China is increasingly important to the world of luxury.

Retailers are intimately aware of this fact, according to Frost & Sullivan. The vast majority of retailers know that China will be important to their future, yet many are hesitant to begin doing business there.

Only 20 percent of Frost & Sullivan's surveyed retailers said they feel confident in their capability to succeed in China's ecommerce market.

Retailers tend to sell on cross-border Chinese websites

Popular platforms when an overseas retailer chooses to sell online in China



Cross-border retail. Image credit: Frost & Sullivan

Ecommerce in China is hugely popular, and consequently immensely competitive. There are 500 million online shoppers in China, more than the total population of the United States.

China is on track to exceed \$1 trillion in online sales this year, meaning that retailers will have to work extra hard to stand out from the crowd.

Luxury retailers in particular should take notice of this trend. Frost & Sullivan notes that fashion is the most popular online shopping category for Chinese consumers, with 22 percent of the online shopping population in China, followed by beauty and cosmetics.

Chinese shoppers are hungry for international brands as well, giving luxury fashion and beauty brands an edge.

Full commitment

China is an increasingly enticing target for many Western luxury brands, but they must understand that Chinese culture can change rapidly and be prepared to handle its variations.

Speaking at the Cond Nast International Luxury Conference on April 19, the editorial director of Vogue China explained the particular strategies luxury brands must adopt to be competitive in China. The number one piece of advice she had was that brands need employees who are fluent in Chinese culture.

Angelica Cheung emphasized that it is impossible to effectively operate a Chinese branch of a brand from outside the country. Chinese culture morphs quickly and consumers are frequently influenced by ephemeral trends that can rapidly change ([see story](#)).



Chinese ecommerce. Image credit: Frost & Sullivan

But collaborations can help with bridging the culture gap. For example, luxury brands have begun working with Chinese ecommerce platforms to help sell Western products to Chinese consumers.

Kering Eyewear is hoping to capture the Asian market with a new ecommerce partnership.

JD.com will now be working with Kering Eyewear to host its first official flagship store, touting designs from the

group's brands such as Gucci, Saint Laurent and more. The online retailer is a major force in China and should allow Kering's two-year-old eyewear division to flourish ([see story](#)).

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