

MARKETING

## Gamification opening to engage next generations of luxury buyers

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*Amarium is one of the companies that C Ventures has invested in. Image credit: Amarium*

By SARAH JONES

MADRID – Luxury brands have an opportunity to engage their future alpha gen consumers through virtual worlds, since this youngest age group is living a life centered on gaming.

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Younger than Gen Z, alpha gens are growing up with social media and digital channels as a given. During a panel at the FT Business of Luxury Summit on May 20, an executive from C Ventures discussed the potential for selling digital goods to buyers who have not yet entered into luxury buying ages.

"The paradigm shift now in Asia right is how the online gaming experience will influence experience in consumer," said Adrian Cheng, founding partner of **C Ventures** and founder of **K11**. "Think about virtual reality—why not that you can have your own virtual pet, your own virtual identity or avatar online and you can dress him or her in a luxury brand and you can sell it?"

"Because for online gaming, it's the same thing," he said. "You go to online gaming, and you can buy tools so that you can win."

China connection

Mr. Cheng and fellow founding partner Clive Ng launched C Ventures to be a millennial-focused incubator for brands.

There is a huge potential for luxury brands in China. The market has 556 million millennials, who account for about 80 percent of total luxury spending in the nation.

C Ventures has made a number of investments in companies that it feels can make inroads in China and Asia, including Moda Operandi, Threads and Amarium.



*Moda Operandi Men's will offer fashion from the runway. Image courtesy of Moda Operandi*

According to Mr. Ng, Moda Operandi had a unique value proposition for the Chinese market because of its presale offerings. Meanwhile, Threads offers Chinese buyers the chance to order via social media, and Armarium plays in the growing rental space.

Mr. Cheng noted that China moves fast, making it difficult for brands to keep up. For instance, video platforms in the Western world might go through a major update every 10 years, while in China the changes happen in about three years.

There is also a challenge of localizing content. While brands' strategy used to be broadcasting their global campaign to China, today a more targeted approach is needed.

Chinese consumers are highly proud of their heritage, and brand missteps have had an impact.

For instance, following a campaign that promoted a fashion show in China that consumers found offensive, Dolce & Gabbana has lost some of its celebrity relationships, according to Mr. Cheng.

China is also highly competitive, particularly in the tier 1 cities. As everyone courts millennials in cities such as Shanghai or Beijing, it becomes more difficult for brands to enter these markets.

According to Mr. Cheng, one untapped opportunity is in the elderly, since these consumers still have a lot of money to spend.

Luxury brands can also look beyond millennials at the future. Generation alpha, now under the age of 10, are heavily invested in virtual reality.

These young consumers have money from their parents to spend on gaming, so there could be opportunities for luxury brands to sell fashion for virtual avatars.

For instance, Gucci tapped into the popularity of personalized avatars and mobile communication by being the first brand to partner with a new platform.

Users of the mobile application Genies, which integrates avatar-to-avatar communication with artificial intelligence, will be able to dress their avatars with luxury apparel from Gucci. The label is among the most digitally savvy in the luxury world, as proven by its enthusiasm to discover new, mobile-first advertising avenues ([see story](#)).

In China, there is also an opportunity in lower tier cities.

As brands look to enter China, they should be mining data to figure out what consumers want.

Mr. Cheng's K11 is opening a new retail and cultural complex in Hong Kong later this year at Victoria Dockside in the city's Tsim Sha Tsui neighborhood. At 3 million square feet, the development is set to open later this year with stores including Fortnum & Mason's first Asian location.



*Rendering of K11 Musea. Image courtesy of K11 Group*

K11 Musea is aimed at a millennial audience with a blend of art, design and craftsmanship. In addition to shopping, the district includes luxury apartments, biodiversity and art projects. Mr. Cheng expects about 30 to 40 percent of the audience to be local, with the remainder of visitors made up of tourists.

#### Heritage focus

As Chinese consumers embrace heritage, they are turning their attention to local brands.

As the Chinese government and retailers push customers to buy from local brands, C-beauty is on the rise, according to research from Gartner L2.

Chinese beauty labels are leveraging national pride in their marketing, helping them gain traction with consumers, particularly around cultural holidays such as Lunar New Year. Following the wave of K-beauty and J-beauty brands from South Korea and Japan, C-beauty is finding an audience, particularly in digital channels such as Alibaba's Tmall ([see story](#)).

"China is very proud of its culture right now, amongst millennials," Mr. Cheng said. "Eighty percent of people are buying their own localized smartphones, 70 percent want to buy localized brands.

"So this is a trend that is very popular in greater China right now," he said. "It doesn't mean that they don't like luxury brands abroad—they still want to buy the best, most beautiful luxury physical objects around the world.

"But the thing is, they are very proud of their own—they want to see new incubation of these kinds of brands. So localized content is emerging, which means the marketing and the branding team locally will know what the local customer wants."