

RETAIL

## How is JD's 618 Grand Promotion faring?

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*JD.com's 618 Grand Promotion event is seeing big spending on essential products but also luxury investment pieces. Image credit: JD.com.*

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According to a JD.com press release, on the first day of the 618 Grand Promotion event, transaction volume increased 74 percent year-on-year, and sales of luxury products increased by 400 percent year-on-year. Meanwhile, 40 brands individually reached sales of RMB 100 million.

These impressive results emphasize the unique role the 618 Grand Promotion event has had in the [post-epidemic consumption](#).

Based on the JD Big Data report, younger consumers have matured since the epidemic and have turned toward "value-protected goods which can pay for tomorrow."

This trend is in line with the preference for unique, customized luxury accessories and premium watches or gold jewelry.

For instance, personalized, limited-edition accessories, such as five [Delvaux](#) Tempete bags that required early reservations, were all sold in less than an hour. Meanwhile, sales of [Ferragamo](#), Hugo Boss, Lancel and [Miu Miu](#) all increased by over 300 percent year-on-year.

JD PLUS members also took advantage of a special offer for China's own "national liquor," Feitian Moutai, which is distilled from fermented sorghum. In total, 118 times more Moutai was sold this year as compared to the corresponding period last year.

Additionally, the appeal of gold as an investment was on full display, and the transaction volume of gold bars and gold jewelry jumped 54 percent in May compared with a month earlier.

Even insurance sales grew, with the JD.com-backed insurance company, JD-Allianz, surpassing \$635 million (4.5 billion yuan).

JD.com highlighted that global brands were also in high demand.

[Apple](#), for instance, used a successful price-reduction strategy for its latest iPhones during the 618 event. CNBC pointed out that the iPhone 11 Pro Max at its promotional price is 21 percent less than its original price on [JD.com](#).

But it was the cosmetic heavyweights **L'Oral**, **Lancme** and SK-II that ranked in the top-three sales positions. And surprisingly, sales of leading watch brands registered an increase of 50 percent year-on-year.

Now, let us look at the factors that are fueling demand for these unique luxury items:

#### "White glove" services

Understanding the expectations, desires and needs of shoppers is the first step toward building a successful customer experience strategy, and **JD.com** has anticipated all these needs, from full-price trade-in services to "white glove delivery."

Personalized services were already part of the luxury experience, but now they are starting to successfully catch on in the ecommerce sector.

During the **618 event**, JD offered next-day and same-day delivery services, as well as a unique service used for high-end product deliveries called the JD Luxury Express, also known as "white glove delivery."

For the JD Luxury Express, **specialized trained JD employees arrive dressed in elegant uniforms**, including white gloves, to deliver luxury purchases directly to buyers' homes.

"Customers who buy premium products online deserve a premium service," said **Zhenhui Wang**, CEO of JD Logistics. "JD is raising the bar for what consumers and brands will come to expect from a luxury ecommerce experience."

The **ecommerce** giant's trade-in service users sell back old products for discounts on eligible new items and full-price trade-in service users can acquire a product and switch it for a newer one at a later date also attracted interest and was especially popular with Apple fans.

For instance, JD emphasized that more than 80 percent of consumers who bought iPhone 11s used JD's full-price trade-in program.

#### Shopping as an investment

The price of gold around the world is volatile. This is understandable since the value of gold depends on its perceived value.

But as a general rule, gold is considered a reasonable long-term investment in times of economic uncertainty.

For example, Barrick CEO Mark Bristow told **CNBC's "Squawk Box"** that gold is "a self-funded insurance policy" during a global crisis.

The expansion of gold bars and gold jewelry transactions during the 618 Grand Promotion event shows that Bristow is not the only person thinking this way. But this should not be surprising since the price of gold reaches all-time highs during economic downturns, as it did even during **the recent Great Recession**.

In short, shopping is no longer just a pastime activity, and purchases have become long-term investments. Thus, gold jewelry, luxury items and customized goods have seen impressive growth despite a challenging economic environment.

#### Revenge spending

China's "revenge spending" phenomenon is being heavily debated right now.

While some argue that it should single-handedly save most luxury sectors, some critics insist that **post-epidemic** Chinese consumers are more inclined toward **rational consumption**.

The facts show that China was prone to consumption for this 618 Grand Promotion event.

Nevertheless, the big-spending rule did apply primarily to "essential" products as well as investment pieces.

For example, electronic appliances, fresh food and household products saw incredible growth, and products used for cooking or in the kitchen were also in high demand.

Staple pieces with a timeless appeal such as jewelry, watches and unique designer accessories were also on the list of highly desired products.

But it is too early to be sure that revenge spending could become more than a short-lived occurrence, particularly for the luxury sector.

In the end, many of the best-selling products have been necessities that we cannot consider indulgences.

In other words, a return to conspicuous consumption is still far from certain.

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