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LVMH China sees digital transformation accelerating even with stores open

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LVMH joined eTail Connect to discuss how they are navigating through the pandemic. Image credit: eTail

By DIANNA DILWORTH

LVMH China has found that even as stores across the country have been open for several months, the rise in online shopping has continued in the world's second-largest economy.

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Digital transformations that were driven by the pandemic are likely to stick around as consumers quickly adapted to the convenience of shopping in these new ways.

"During COVID-19 you relied on the phone to do the selling on WeChat that helped sales to transform, and now people are changing their attitude and changing their behaviors," said Wendy Chan, senior vice president of LVMH Digital Asia, Shanghai, during an eTail fireside chat.

"As a consumer, I used to go to the supermarket to buy meat and vegetables but I seldom go to the supermarket anymore, because I learned that it is so convenient to shop online and everything is at your door within 30 minutes," she said.

"Ecommerce is mature in China, but it is getting to the next phase for things you think you won't buy online, but now you will."

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SVP
LVMH
Digital Asia



FIRESIDE CHAT

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VIRTUAL EVENT

Even as stores reopen in China, the digital transformation is accelerating. Image credit: eTail

Selling festivals

Selling festivals, which are specific timeframes for offering special promotions, have become a big thing in digital selling in China. The 11/11 festival is one of the biggest periods of the year in which brands sell about 30-70 percent of their online sales for the year.

"It is supposed to celebrate old people, but now it is all about single people, single people buying things to celebrate why they are single," Ms. Chan said.

It is not all about one day, it is three to four weeks of ordering that lead up to 11/11. Campaigns begin in the middle of October when customers can buy and purchase a product for a special price and get it delivered on 11/11.

"We say that there are millions and billions of dollars happening in this period," Ms. Chan said.

Alibaba's 6/18 is another midyear promotion that has huge sales triggered by discounts around 20 percent off.

Tmall actually has festivals to celebrate brands such as Este Lauder on one day. During these events the brands partner with the retail site to promote the events, which usually offer a gift with purchase.

Livestreaming is another tool that is taking off because of the pandemic, though many are having to learn new production skills to adapt to this new format.

Beauty products have done particularly well through these events on Alibaba, Tmall and TikTok. Brands often work with celebrities, or KOLs (aka influencers), and run special giveaways to encourage sales during these events. Li Jiaqi, for instance, helped drive \$145 million in sales in one day to his tens of millions of followers.

For LVMH, these livestreaming events, which typically last only a couple of minutes, are now contributing to around 10 percent of total sales of cosmetics in China.

"Usually you give an influencer a product to promote, so if you buy this lipstick right now, you might get a gift for buying it now," Ms. Chan said.

Brands are also doing exclusive livestreaming by invitation for special customers.

"For the fashion category, exclusive livestreaming makes sense, especially this year when you cannot go to Paris to see the fashion shows," Ms. Chan said.

"This is very good for the VIP orders when you only have a limited quantity of items and they feel more exclusive," she said.



Remote selling is becoming an important channel for LVMH China post-pandemic. Image credit: eTail

Remote selling

Post-COVID-19, the ecosystem changed and WeChat, which has traditionally been more consumer focused, has come up with new offerings for livestreaming for brands.

One of the major changes is the ability to talk to consumers via branded accounts, rather than having to rely on personal accounts of employees that lose customer data as soon as an employee leaves the brand.

For LVMH, even as the stores reopen, remote selling is still going strong.

"It is very easy if I know this customer wants to buy something, I can send them a cart with the item to make the

purchase," Ms. Chan said.

"At the end of the day, you actually empower your sales associate because they do not have to wait for people to come into the stores and it has increased the frequency of interactions with customers," she said. "We give them content, we give them materials and we train them how to sell."

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