

JEWELRY

## Will Boucheron's physical retail rally China ecommerce?

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*Boucheron continues to roll out physical retail spots in China with a lavish new Beijing flagship. But will this invigorate the house's digital strategy? Image courtesy of Boucheron*

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When Hlne Poulit-Duquesne, CEO of Boucheron, joined **Kering**'s storied fine jewelry house, China was very much at the top of her agenda. That was in 2016, and expansion into the country, while important, was far less necessary than it now is.

Still, it took many years until the brand welcomed its first flagship store at Beijing's SKP luxury mall. In fall 2020 it finally joined the other pre-existing Boucheron boutiques across China in Macau and Hong Kong, as well as in Taiwan 11 in total.

This offline rollout has also been interspersed with a WeChat **Mini Program** and other ecommerce attempts. Boucheron, like others, has had to navigate a pivot to digital.

This was first seen in July when Boucheron released its Contemplation collection, which reportedly brought "new levels of intimacy" to buyers (later on, the physical collection made it to Shanghai and Beijing).

There are big gains to be had in China's fine jewelry market. **Daxue Consulting** noted it is currently dominated by international names such as Cartier, Van Cleef & Arpels and Swarovski, which are all priced higher than domestic competitors. These luxury brands offer a longer history, and customers are willing to know the story behind them and each of their product series.

Interestingly, Boucheron straddles two niches: It is a relatively new entry to the market (and therefore novel), yet it is also steeped in tradition, having been born in Paris in 1858. Given China's fundamentals, which include the growth of the middle and upper classes, urbanization, and new fiscal policies like the government's 13th Five-Year Plan, and despite COVID-19, its jewelry market conditions are predicted to improve over the next few years, making the region a clear priority.

Poulit-Duquesne pointed out that China's consumers make up "30-50 percent of its clients." Yet, its e-commerce strategy a key to connecting with China's consumers will not officially launch until an unspecified date in 2021.

In such a dynamic market as China, why isn't Boucheron moving faster to digitally capitalize on its soft spot for jewelry? *Jing Daily* looks at how the company is tackling the post-COVID China market and asks if its new flagship can kickstart a dedicated e-commerce strategy.

#### A five year plan to create memorable shopping experiences

When Poulit-Duquesne took the reins, she immediately set about creating a physical retail footprint in the country by setting up a five-year plan that made China a priority. Nonetheless, this took time. Even her self-confessed obsession with SKP "it's a very special place, the biggest mall in china," could not expedite the process.

She explained that, in reality, no one was expecting Boucheron to enter China, and what followed was a protracted process. "It was the end of 2015 or the beginning of 2016 when I flew there," she said. "That's three years to discuss with the mall and do the work and then on to the opening. So we are late, but we are in all the most important malls in China. [Being in SKP] means you are part of the big brands and the best selection."

COVID-19 has certainly changed the playing field for consumers but it has increased the need to "experience something special." At Boucheron, retail is about entertaining clients and spending time with them ideally in the most enticing, comfortable, and immersive atmosphere possible. "They have to feel something," Poulit-Duquesne explained.

At the Beijing flagship, which shares certain details with the Paris flagship in the Vendôme, this is created by exquisite interiors full of unique objects. "I wanted all the VIP spaces to be different. I don't want clients to be bored. Antiques displayed in all our boutiques give a feeling of being at home," she noted.

A salon, as well as coffee and cakes (that feature the iconic cat of the founder, Frederick Boucheron), also add to that feeling. "It's very specific to us and very different from a retail concept." Indeed it's a soft sales strategy at its best: not one based on direct commercial relationships, rather on making customers "friends of the Boucheron family."

How does all this marry with digital?

With 90 percent of its Chinese clients searching online, digital-first impressions for Boucheron are surely a massive driving force behind sales. So, how is the brand's online experience marrying up with this lavish and dedicated in-person experience?

Not that well, says Adam Knight, co-founder of the creative agency Tong. For him, Boucheron's China digital strategy is "definitely lacking," especially in the way it uses newer platforms, such as Little Red Book or Douyin. While it doesn't have an account on these two formats, Boucheron updates its WeChat at least once a week, with an average view count between 3,000 and 6,000. The brand's Weibo account has a fairly credible following too, of 390,000.

Knight suggested that the brand's new opening should have a positive knock-on impact on digital: "The launch of their physical store in Beijing should offer a powerful opportunity to kick these channels into gear," he suggested.

"Incentivising user-generated content by making use of the beautiful store as a backdrop will help it reach the critical mass of reviews and mentions needed online, as consumers look to qualify their purchasing decisions."

And, what of the war between physical versus digital? Wasn't this settled a long time ago? Apparently, it was not even with an accelerated drive for online arising from the virus outbreak. "Physical retail in the luxury space has seen a remarkable resurgence in recent months," Knight confirmed. Indeed with its early recovery from COVID-19, many global fashion companies have credited China as the saving grace of their sales earnings this year.

Physical expansion across China is likely, but where?

In light of this, Boucheron's physical retail rollout makes sense and is planned to continue. Visitor numbers at the new store have not been made available, though they are supposed to be "not low." And, such placeholders are their own return on investment.

"Brick-and-mortar is super important these days," Poulit-Duquesne stated. "The client cannot travel, so they are staying at home, and that is why luxury retail is booming in China. Having our network is the top priority. I think we are hoping for another boutique very quickly." But where it would be exactly was not disclosed.

Could it be outside the main tier cities? The purchasing power of tier-2 and tier-3 cities have been rapidly increasing for years, and now, taste-levels are as well. Accordingly, the demand for jewelry is increasing, which has stimulated store expansions in lower-tier cities, especially with companies that implement both store franchising and self-

operating models.

Despite all the signals, labels are still wary of expanding too far into these cities. Accordingly, Knight said, "Luxury brands will increasingly need to balance priorities across greater geographies. That is nothing new. Creating a more segmented and regionally-specific marketing strategy, and tapping local communities & tastemakers will, however, be key." It is a trend that likely will be tested further into 2021.

#### Attracting China's Gen-Z and millennial spenders

Where Boucheron has fared well digitally perhaps unwittingly is by tapping China's burgeoning cat economy. Ambassador Dongyu Zhou recently reposted a cat animation video of the brand's mascot. While Wladimir the cat, is not quite at the level of Douyin cat influencer @", Zhou's post acquired an impressive 12 million views, 170,000 reposts, 10,000 comments, and 220,000 likes.

"Mascots and avatars like Wladimir have long been used by domestic Chinese competitors in a way that many European counterparts simply would not for fear of infantilizing the brand," Knight added. "It's a strategy that works particularly well among younger consumers, while also allowing companies some creative space to explore new avenues for the telling of brand stories and heritages that otherwise might seem far-removed or inaccessible."

So, from online cats to that in-person dedication. According to analysis by Daxue Consulting, younger consumers also value experience over things that's why a name like Pandora is so popular in China. On the Zoom call, Poulit-Duquesne declined to divulge sales figures but Kering's fine jewelry held up well. It reported the brand had growth in Asia-Pacific.

Instead, Poulit-Duquesne hammered home the attraction of younger shoppers. "We are appealing very well to a young generation, which now wants to differentiate a little more. For younger clients, you have the big names that their parents have been buying, but they are searching for something quite different. We are super client-centric, and we aim to make them self-express. That's our appeal."

On pain points, she did admit to one: "We can't be fast enough in this market." Something they are likely to address.

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