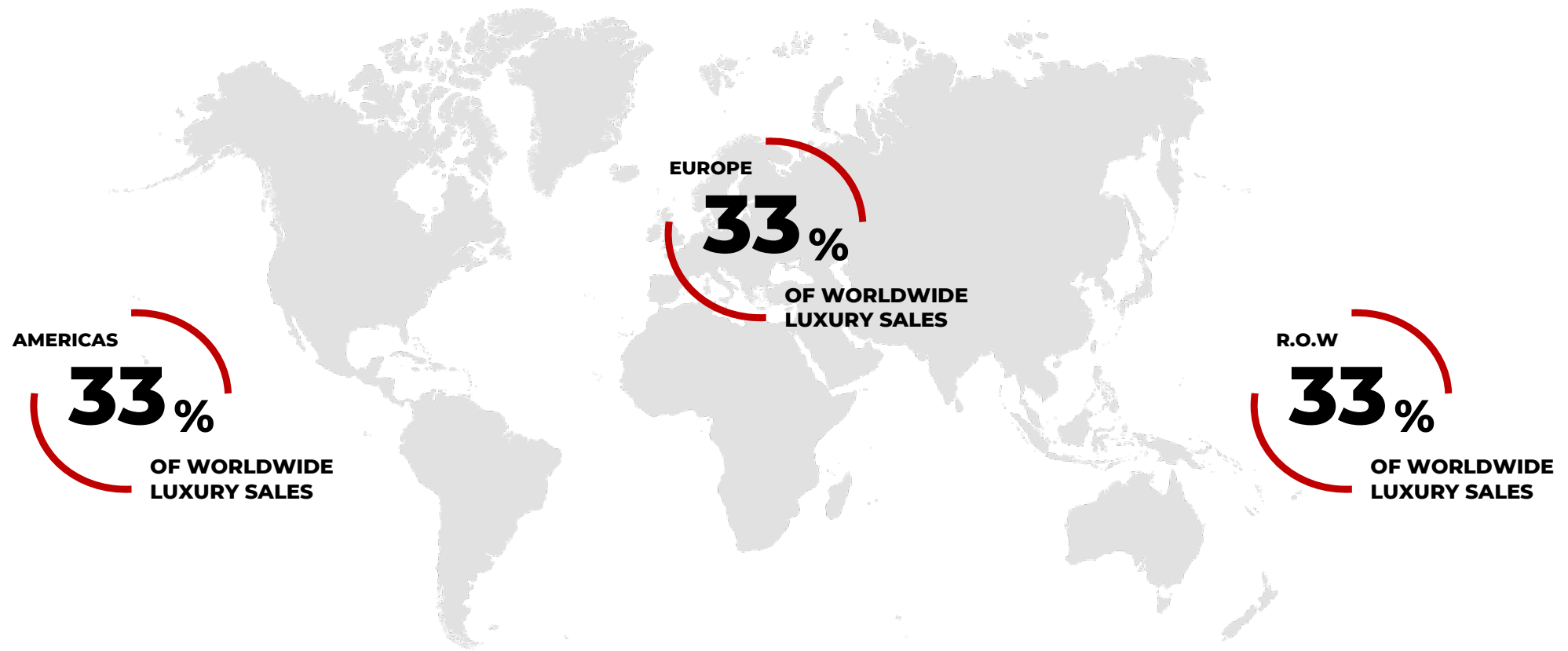


CHINA LIVE 2022

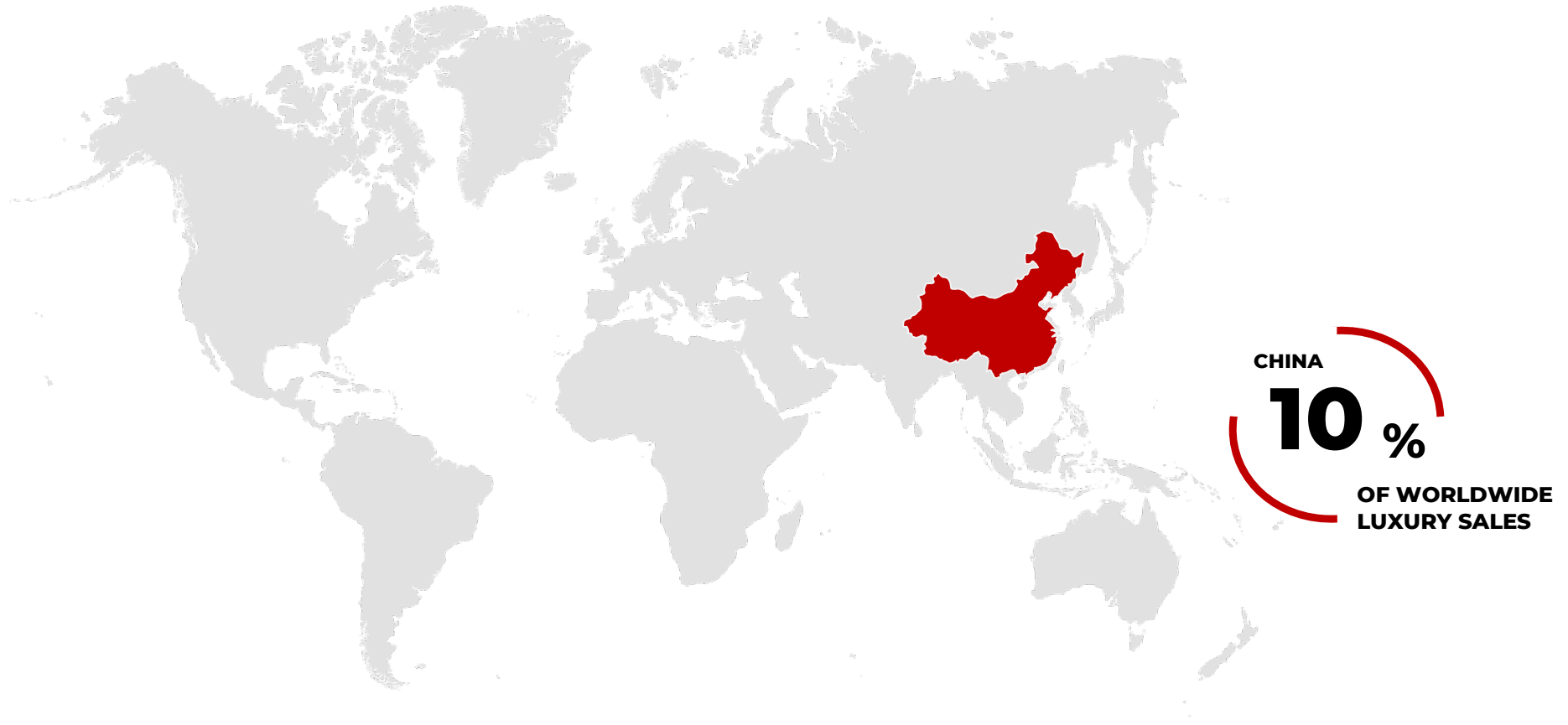
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LUXURYNSIGHT

WORLD LUXURY MARKET PRE-COVID



WORLD LUXURY MARKET PRE-COVID



WORLD LUXURY MARKET PRE-COVID



CHINESE
33%
OF WORLDWIDE
LUXURY SALES

WORLD LUXURY MARKET PRE-COVID

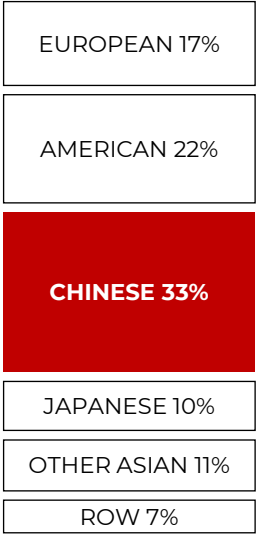
BY GEOGRAPHY

2019

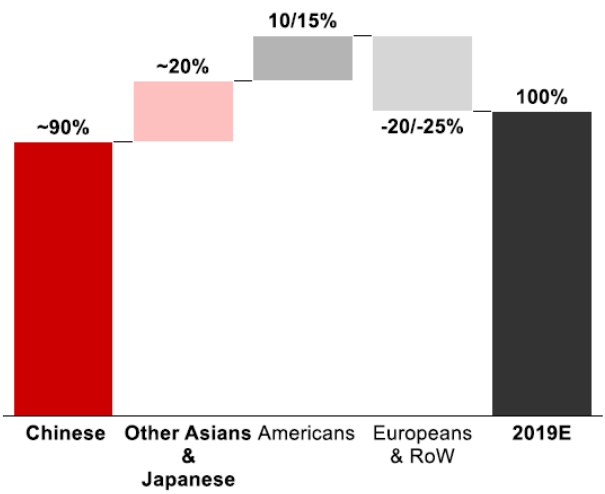


BY CONSUMER NATIONALITY

2019



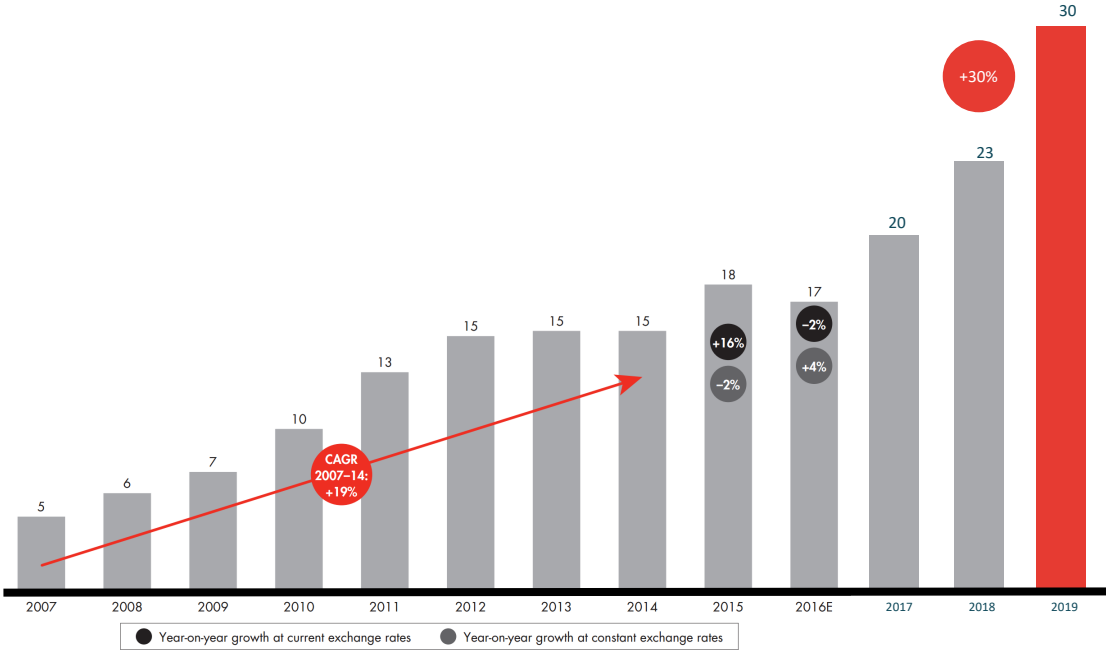
Contribution to 2019E personal luxury market growth (% | @K)



BUT MAINLAND CHINA GAINS IMPORTANCE

44

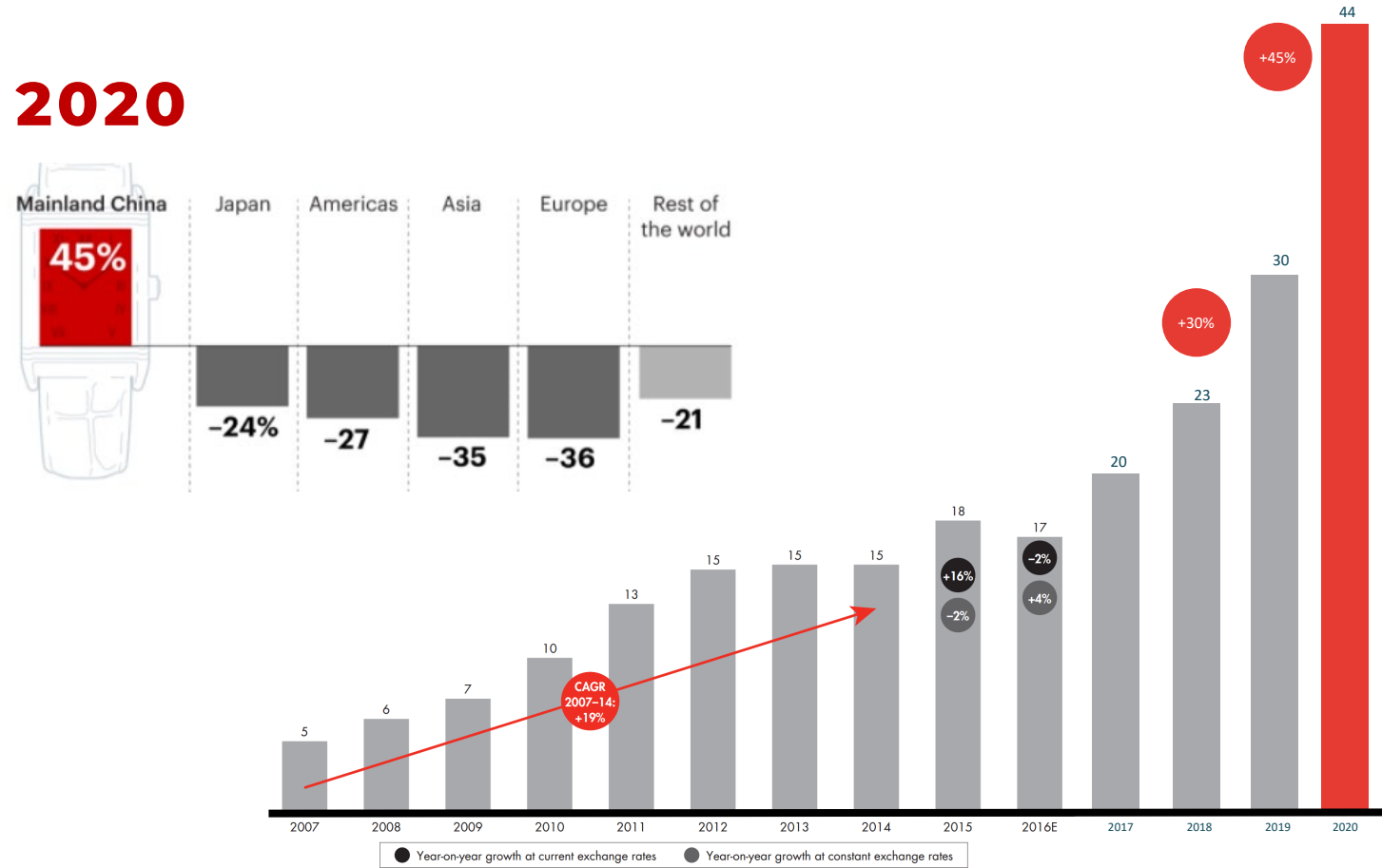
2019



CHINA
10 %
OF WORLDWIDE
LUXURY SALES

WHICH ACCELERATED DURING COVID

2020



CHINA
20%
OF WORLDWIDE
LUXURY SALES

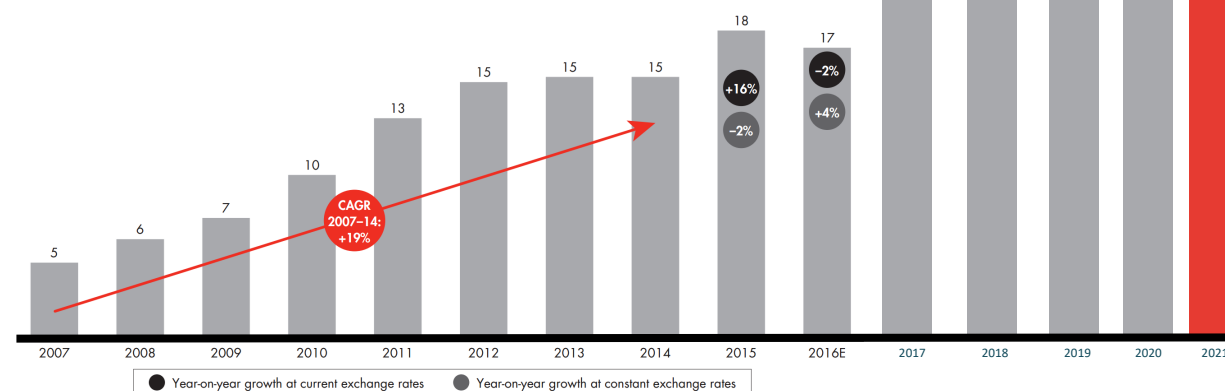
2021

20-21: +36%
Growth at constant exchange rates +97%

'21E VS. '19 (%)

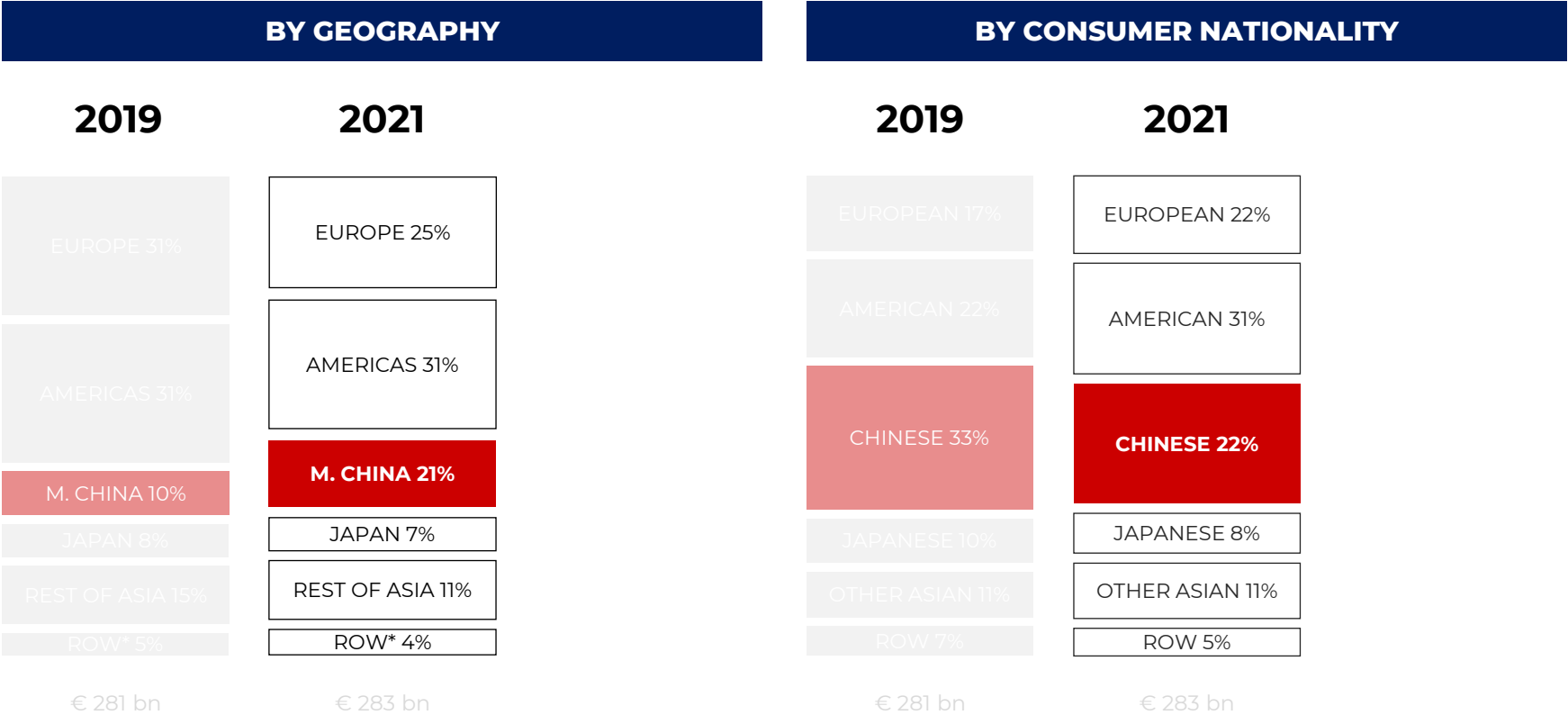
€60B

Market size 2021E (€B)

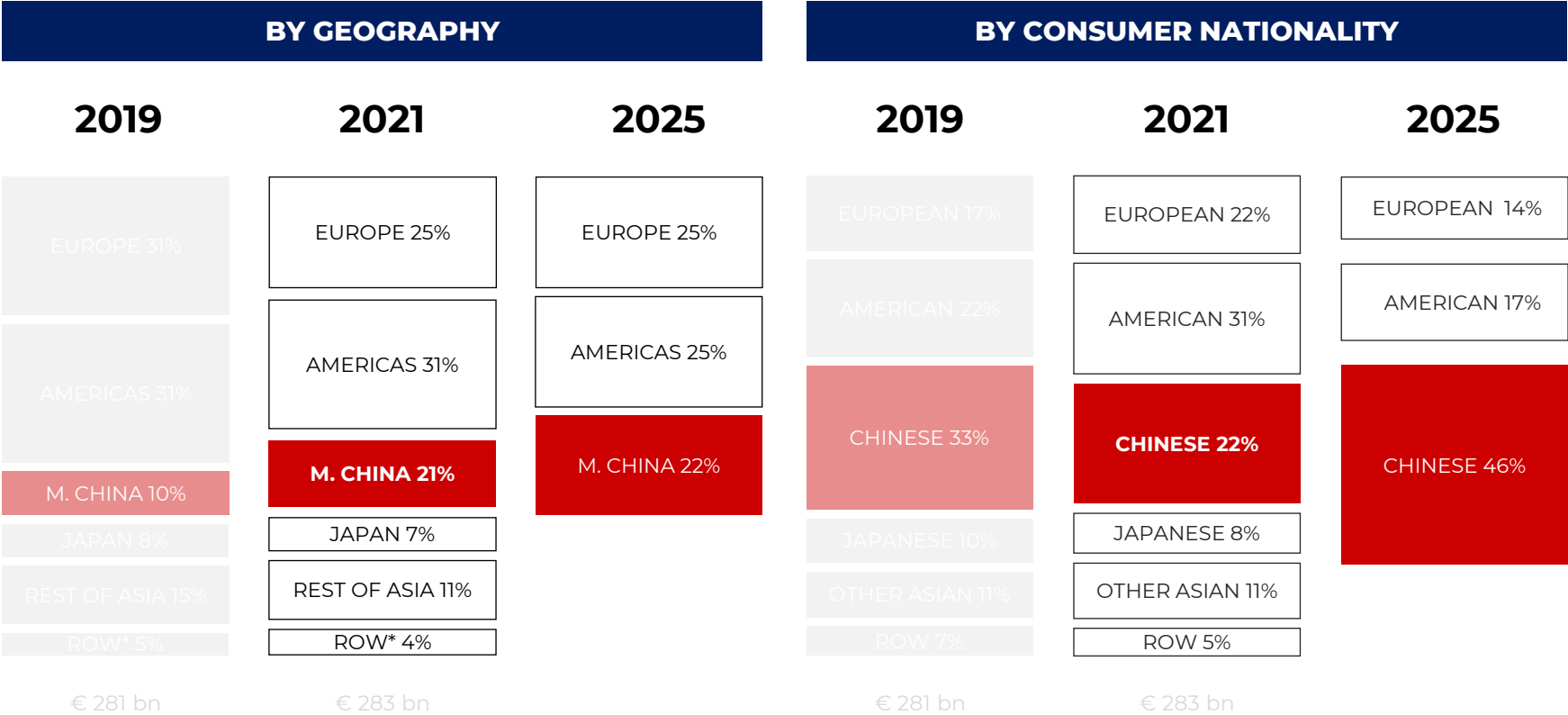


CHINA
21%
OF WORLDWIDE LUXURY SALES

LEADING TO A NEW (TRANSITION) WORLD



LEADING TO A NEW (TRANSITION) WORLD



LUXURY MARKET DYNAMICS

China's economy has rebounded rapidly since the beginning of 2021, and general consumption grew by 12.5% YoY to **€6.07 Tn**, with the jewelry sector showing an exceptional growth. The domestic **luxury consumption** rose to **€70 Bn** achieving a 36% YoY increase, with **surging duty-free sales** led by the burgeoning Hainan market.

General Consumption Highlights

€6 Tn

Total general consumption in 2021, a YoY increase of **12.5%** over 2020 and **8%** over 2019



Jewelry sector performed well with annual sales increasing by **29.8%**

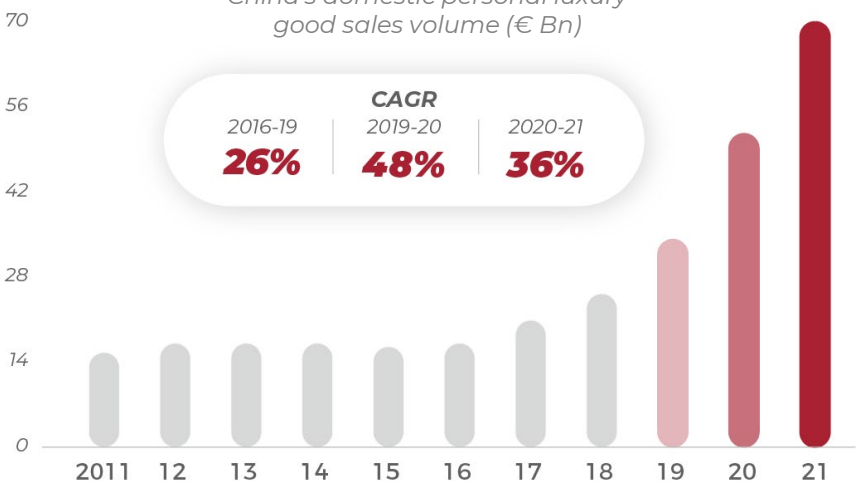
The apparel and cosmetics segments also achieved high YoY growth of **12.7%**, and **14.0%** respectively

China Personal Luxury Market Size

€60 Bn

Total luxury annual sales in China's domestic market

China's domestic personal luxury good sales volume (€ Bn)



Hainan Duty-free Performance

€7.1 Bn

Total duty-free sales in Hainan market

+80%

YoY increase

6.72 Mn

Tax-free consumers

+49.8%

YoY increase

China's 10 duty-free shopping malls in Hainan market & location



KEY PLAYERS PERFORMANCE

The Chinese market has been a **great attributer** of recovery for various players in 2021, with luxury giants generating more sales than **pre-pandemic**. Apart from remarkable financial performance, conglomerates are also actively **upgrading their strategic deployment**, bolstering their presence on the e-commerce battleground **Tmall**.

Financial Performance of Major Luxury Players, 2021



+45% YoY

sales rise in Asia, particularly driven by Greater China

PRADA

+56%

sales growth comparing to 2019 in China

L'ORÉAL GROUPE

+27.3% YoY

sales growth in North Asia market, mainly boosted by Mainland China

KERING

~100% YoY

sales rise in Mainland China vs 2019

GUCCI

+29.5% YoY

revenue growth in APAC mainly driven by Mainland China

SAINT LAURENT PARIS

+36%

sales up vs 2020 in APAC with China as the main engine

Tmall Luxury Pavilion Highlights

Tmall.COM

5

global luxury groups presented

200+

luxury brand flagship stores

+30,000

new products launched every month

It has become a norm for luxury brands to officially enter the Tmall Luxury Pavilion. By the end of 2021, Tmall is the **only e-commerce platform** in China that brings together **the 5 global luxury giants**: LVMH, Kering, Chanel, Hermès, and Richemont.

MAJOR CONSUMER EVOLUTIONS

RISING WELLNESS AWARENESS



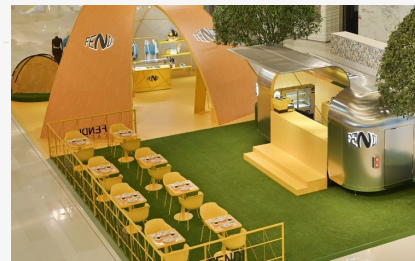
Impacted by the Covid pandemic, Chinese consumers are spending **more time outdoors** and investing in **wellness routines**, with **95%** of interviewees adopting a **healthier lifestyle**, which significantly boosts health-related industries and inspires luxury brands to **incorporate wellness elements into their offerings & marketing** to capture the expanding health-conscious shopper group.

ELEVATED CHINA PRIDE



With a widespread booming national pride, **Gen Zers**, the new luxury consumption engine, are increasingly staunchly proud of their country & culture, with **68% highly valued "China-Chic"**, such as intangible heritage, minority ethnic groups, etc., which fosters global players to **innovate designs & branding** with a wide array of **oriental & traditional elements** (e.g., ancient craftsmanship).

RICHER DEMANDS IN LEISURE & EXPERIENCE



Driven by rising desires for relaxation and work-life balance, total **consumption expenditure on leisure** is expected to climb at a **9.0% annual growth rate** (2020-2025). Today's dynamic Chinese **younger generations** are seeking **novel outdoor experiences** (e.g., camping, extreme sports, music festivals, etc.), allowing brands to explore events/concepts themed on new **entertainment trends**.

SHIFT TO INBOUND TRAVELS



Unable to travel abroad, the local public shifts to **domestic tourism** which has rebounded strongly with a revenue of **€415.9 Bn** in 2021, recording a **31% YoY growth**. Local consumers are passionate about **niche landscapes** & culture-related tours, and regard **Hainan** as an alternative spot for luxury purchasing, prompting brands to tap local **emerging travel destinations** to attract tourists.

VIRTUAL IP MANIA AMONG YOUTH



The heat of **ACG culture*** has brought the **art toy IP & virtual idols** to the fore. Furthermore, the metaverse mania not only drives the **virtual idol market** scale to reach **€15.3 Bn** by 2021, but also stimulates luxury brands to join hands with **trendy virtual IPs** or even incubate **brand-own virtual idols** to engage young audiences at an **elevated level**.

KEY PLAYERS LY BRAND INDEX METHODOLOGY

BRAND ASSESSMENT IN CHINA

IMAGE & RECOGNITION

(Weibo & Xiaohongshu followers)

PRODUCT & OFFERINGS

(China exclusive & festival adaptation)

BRANDING & INFLUENCE

(Events, exhibitions & online buzz; local artist collaboration, celebrity tier & influence)

DIGITAL INNOVATION

(Livestreams, TikTok challenges, and WeChat games)

OFFLINE/ONLINE RETAIL PRESENCE

(New store, pop-up stores, and duty-free activations, e-commerce platform activations)

LEADING PLAYERS

GUCCI LOUIS VUITTON

BRANDS WITH INSPIRING EVENTS

DIOR *Cartier*

INNOVATIVE DIGITAL PLAYERS

LANCÔME HERMÈS diptyque

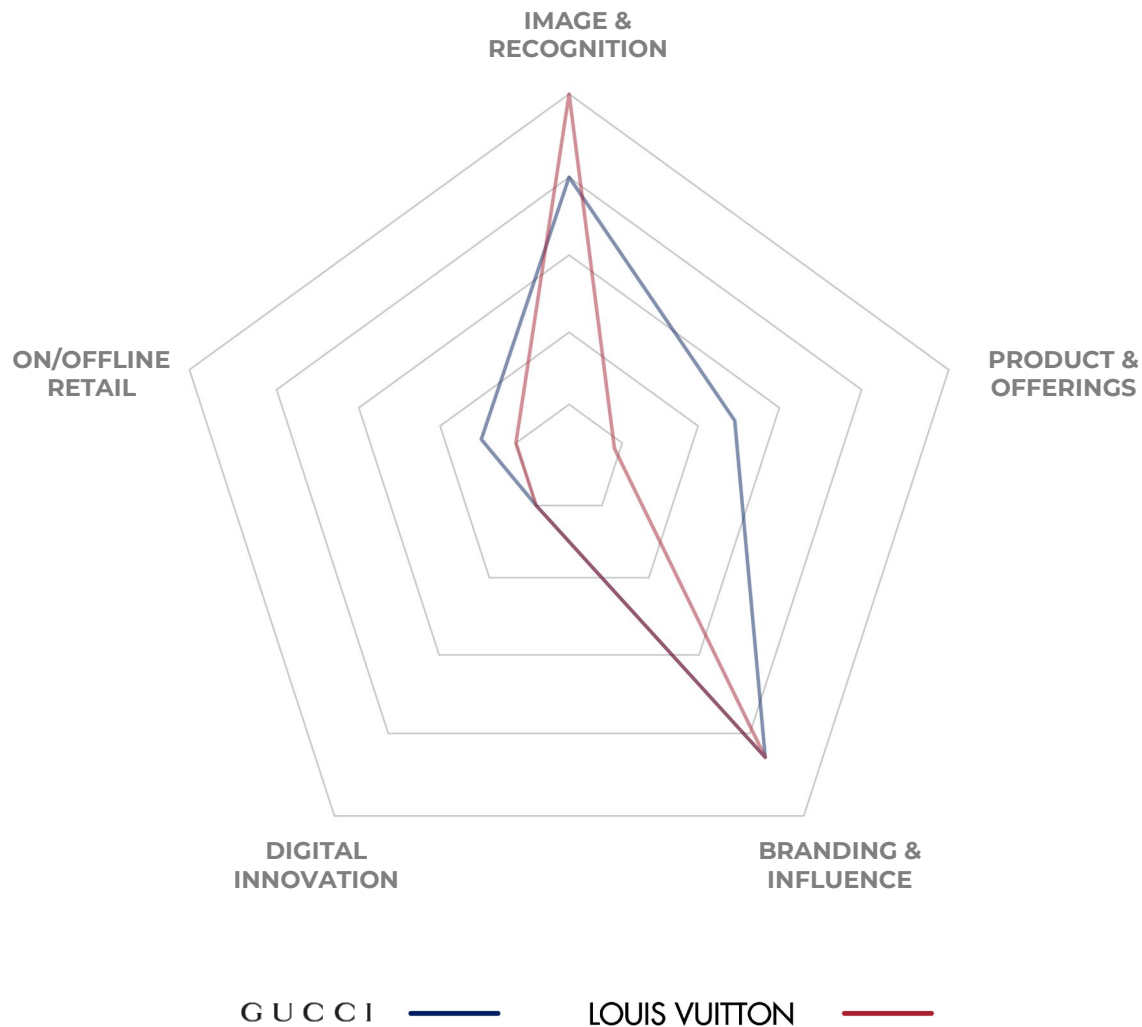
LEADERS OF LOCALIZED COLLECTIONS

qeelin SAINT LAURENT LOEWE

OFFLINE ACTIVATION PIONEERS

VALENTINO PRADA

LEADING PLAYERS



GUCCI

530 Mn

views & discuss on the buzziest event

25

pop-up stores/events in Tier-1~Tier-2 cities

LOUIS VUITTON

7.5 Mn

followers on major social media

804 Mn

views & discuss on the buzziest event

GUCCI

Remarkable Celebrity Marketing

- Vigorously engaging **top young stars** in digital campaigns on **youth-targeted trendy social media** (especially Xiaohongshu, TikTok).

Accelerated Pop-up Activations

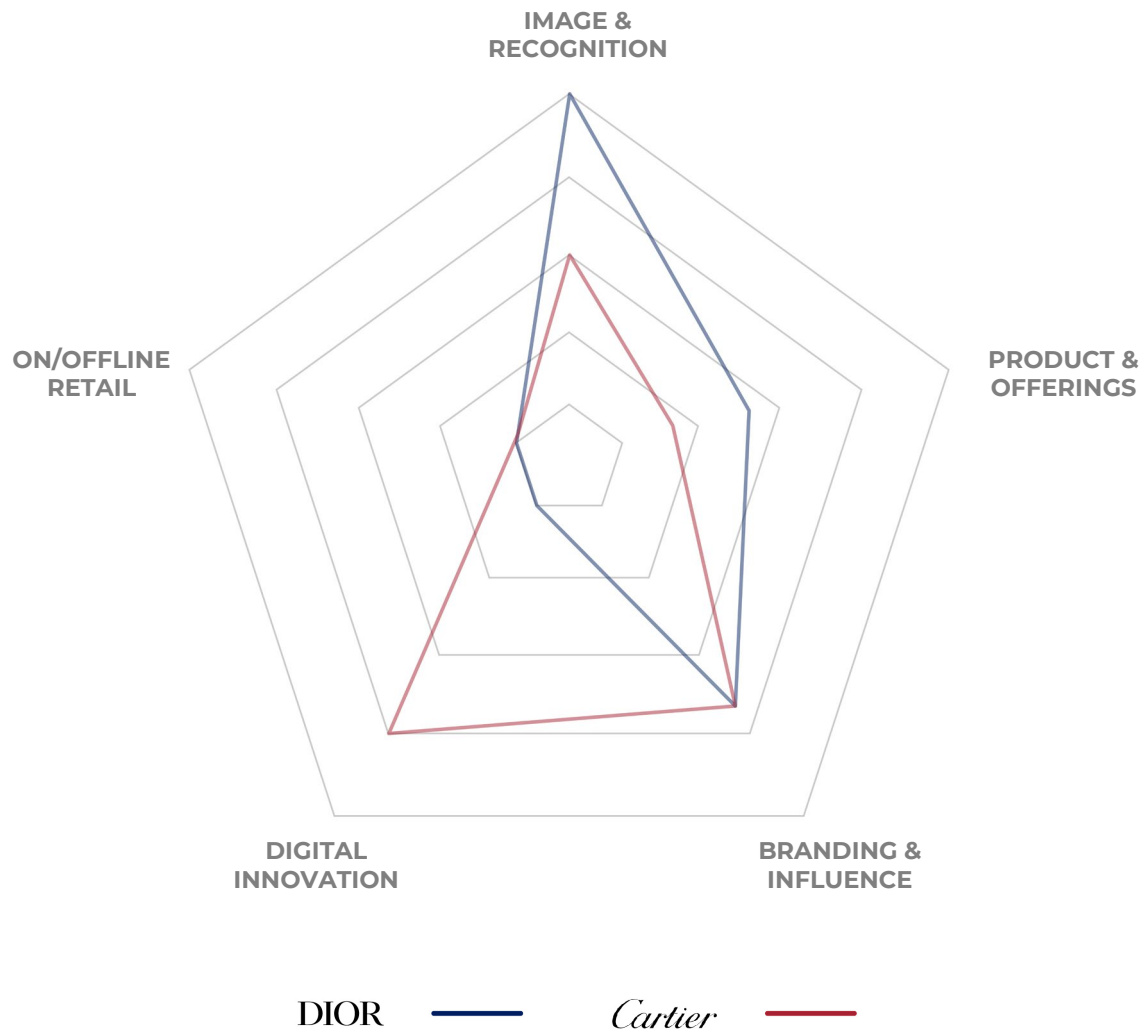
- Large city tier scope** of initiating **diverse & fun themed pop-up events/stores** (e.g., Gucci Pin stores in 7 cities).

LOUIS VUITTON

Edgy Art-centric Branding Events

- Marvelous **large-scale art exhibitions** (e.g., See LV) **merging techs** to commemorate its evolution, artistry legacy & inventiveness.

EXPERIENTIAL BRANDS



DIOR		Cartier	
7.4 Mn	12	6	5
followers on major social media	local collaborations for art branding	diverse buzz-about offline events	digital initiatives with high engagement

DIOR

Fashion & Art Collide Tapping Local Talents

- Partnering with **Chinese emergent talents** (artists, directors, etc.) to **reinterpret** time-honored **aesthetic concepts** via new designs, art shows (e.g., ART'N DIOR) & films, etc.

CARTIER

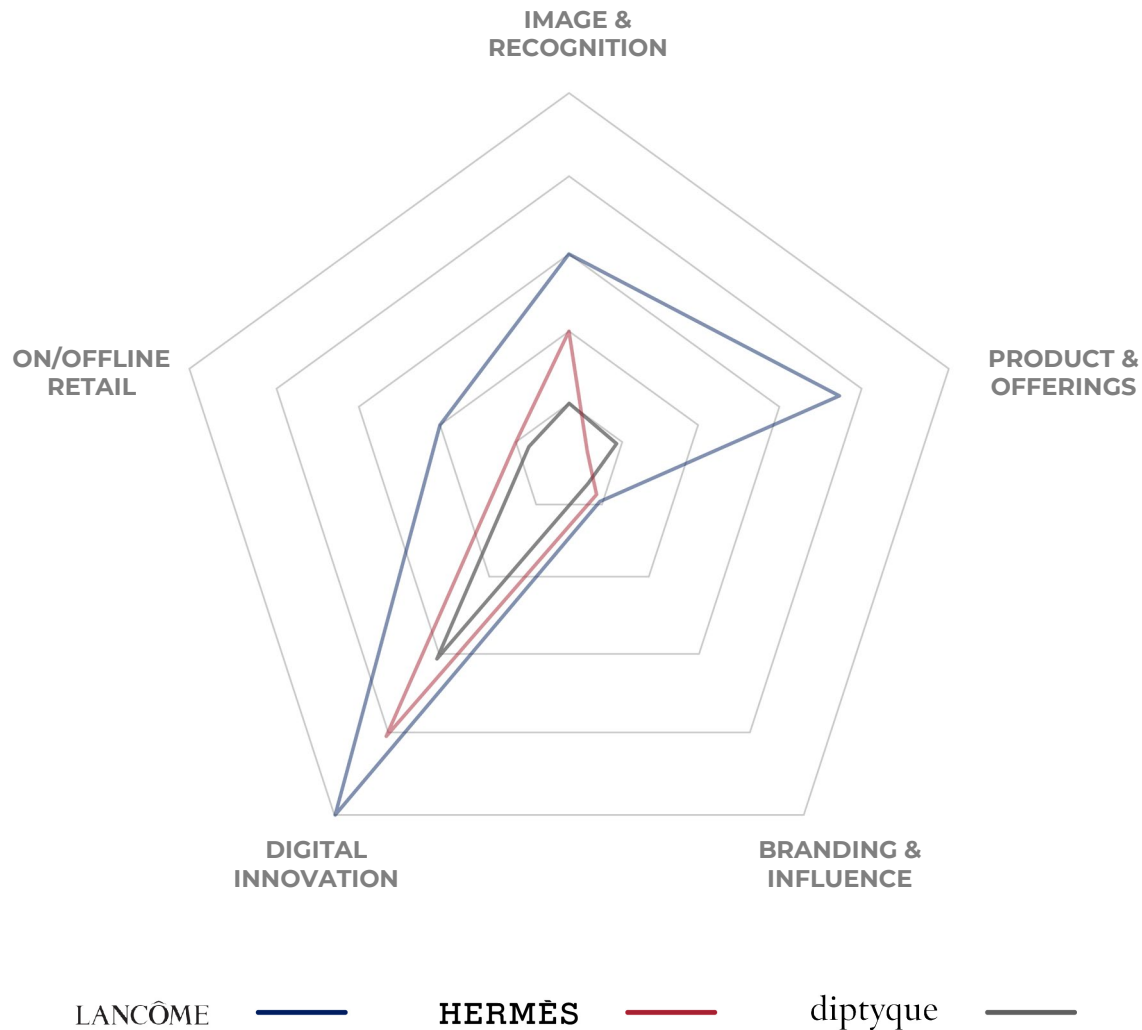
Diversified Physical Events

- Buzzy high-end events** (high jewelry events, night parties, and nature-oriented art displays).

Proactive Digital Interactions

- Interactive **livestreams** involving a wide range of local celebrities & **amusing TikTok video challenges** (e.g., #My Double Sides).

INNOVATIVE DIGITAL PLAYERS



LANCÔME

9

digital activations focusing on livestreams

HERMÈS

5

new Mini Programs with distinct functions

diptyque

4

online engagement centric to Mini Programs

LANCÔME

Embrace New Trends of Livestreaming

- Frequent sessions on Tmall & WeChat, and “**Livestreaming + Virtual Avatar**” combo infusing with **entertaining** touches.

HERMÈS

Diverse WeChat Mini Programs

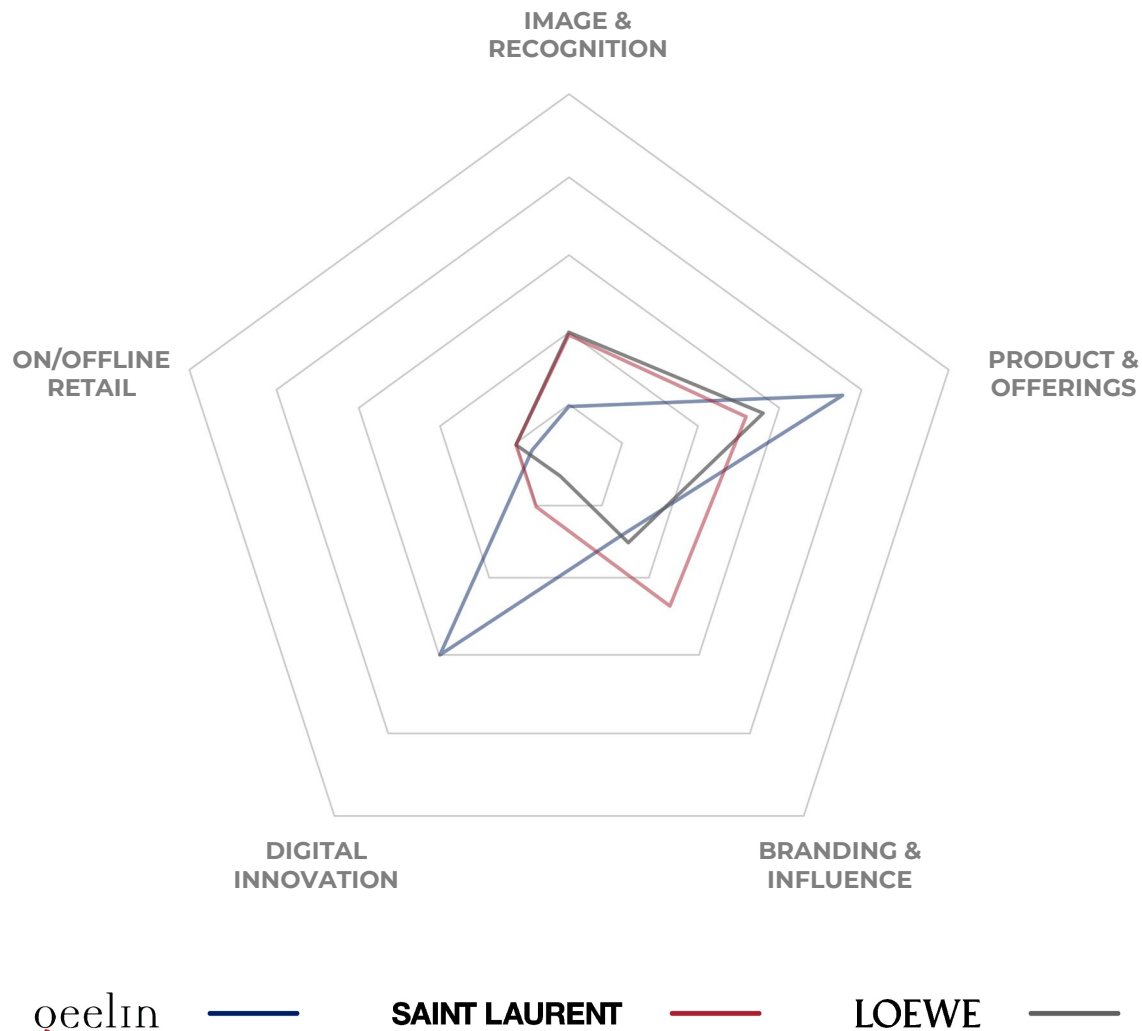
- Various Mini Programs featuring at-home training, podcasts, and **O2O activations** fusing digital tools with offline exhibits.

DIPTYQUE

Innovative Digital Storytelling

- Unveiling **60-anniversary** & Orphéon dedicated Mini Program to showcase brand history in an immersive & artistic way.

LOCALIZED LEADERS



qeelin

4

novel collections catering to youngsters' appetite

SAINT LAURENT

3

Chinese-festivals-dedicated capsules

LOEWE

2

editions embodying China art de vivre

QEELIN

New Design Dedicated to Young Groups

- Rolling out a **Gen-Z-friendly** collection dedicated to 5.20, paired with comic campaigns tapping local famous IP Xiaolan.

SAINT LAURENT

Capsules for Key Festivals' Celebration

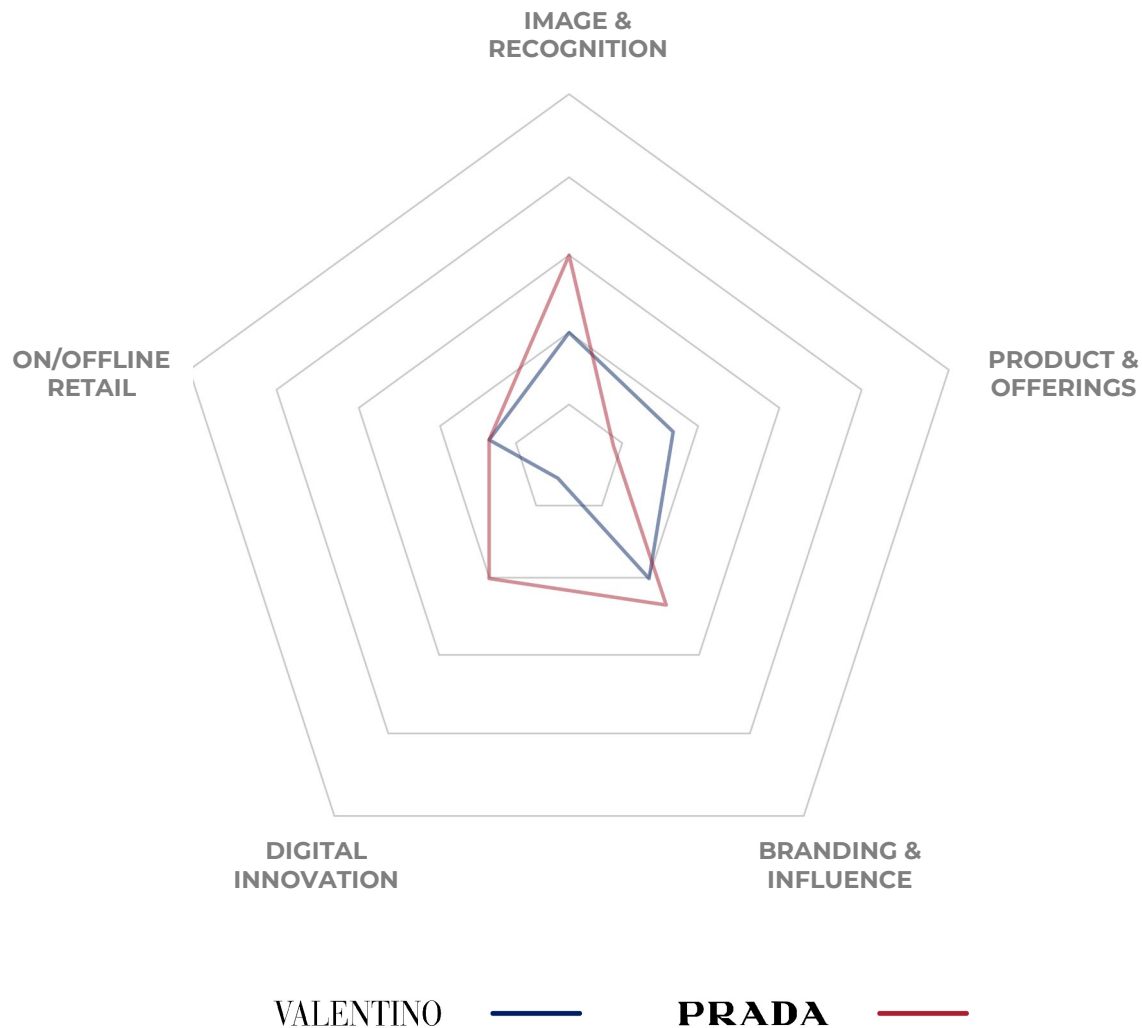
- Releasing CNY, 5.20 and Chinese Valentine's Day capsules & a special color version of "Manhattan" launched for **Double 11**.

LOEWE

Partnership with A Local Lifestyle Player

- Tying up with local **art of living label "THE BEAST"** to design an exclusive Chinese Valentine's Day gift set.

OFFLINE PIONEERS



VALENTINO

19

novel concept stores & lifestyle-oriented pop-up spaces

PRADA

16

new stores & pop-up stores marked by various outdoor themes

VALENTINO

Launching Diverse Concept Stores

- Tapping the local festival **Chinese Valentine's Day** to launch **romantic theme-based** stores in several cities. Meanwhile, Valentino also inaugurated a dedicated **bookstore & make-up** pop-ups, underlining the **lifestyle-driven** experience.

PRADA

Activities Highlighting The Outdoor Spirit

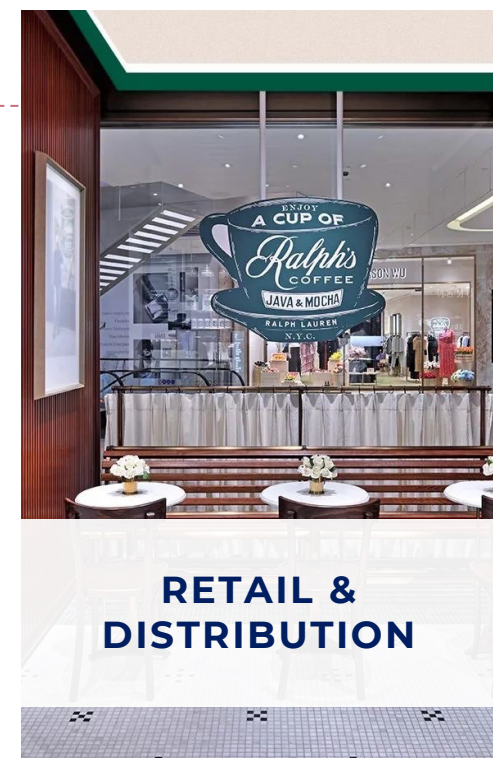
- Harnessing vivid **open-space scenarios** such as **camping, cabins, and mountain-like** facilities to debut various pop-up stores in 2021, catering to consumers' desire for outdoor activities in the **post-pandemic era**.



CHINA LIVE

CHINA LIVE

AN EXCLUSIVE **MONTHLY REPORT** CONNECTING MARKET DYNAMICS IN CHINA
FROM **4 MAJOR PERSPECTIVES**



KEY TRENDS INSIGHTS 2021



KEY TRENDS

2021



**MARKETING &
CONCEPT**



**ACTIVATION &
EXPERIENCE**



**CULTURE &
COMMUNICATION**



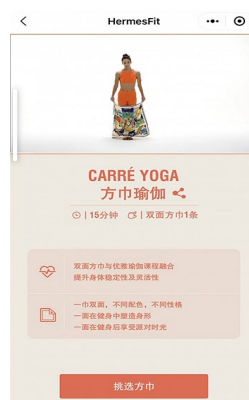
OFFLINE & RETAIL

HEALTH & WELLNESS RESONANCE



In the wake of the global pandemic, the **health & wellness** industry is booming in China - a market worth about **€62 Bn** in 2020 and estimated to rise to **€130 Bn** by 2025. In 2021, brands strived to provide local consumers with an **enjoyable & therapeutic** experience by innovative **cross-sector online & offline** approaches.

HERMÈS



- **Hermès** pioneeringly embraced the **fitness trend** in China to launch its **first-ever exercise tutorials** on **WeChat** mini program in May, engaging consumers to integrate their Hermès products (e.g., iconic carré) into the workout routine. By underlining **health & happiness**, brand remarkably enriched consumer involvement.
- Apart from the online tutorials, brand also unveiled “**Hermès Fit**” **pop-up gym** in **Chengdu**, a modern & immersive space surrounded by dedicated equipment, enabling visitors to experience a **wide array** of workout sessions.

CLARINS



- In Nov., Clarins unveiled its “**Beauty Épicerie**” in Chengdu, a pop-up store dedicated to fusing the **internal & external treatments**, advocating the importance of the **nutrition** and **healthy lifestyle**.
- Through the **restaurant-inspired** interior design and **botanical/fruit decoration**, brand created a photogenic space while inviting guests to have a skin diagnostic for a **personalized** skincare menu consisting of Clarins’ products and DIY their own **healthy food** on site, successfully providing an **enjoyable** and **interactive** experience for **well-being enthusiasts**.

TAP EMERGING TRAVEL DESTINATION



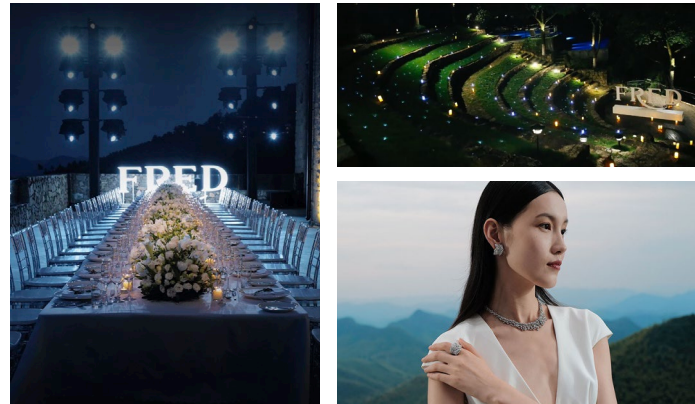
Due to restrictions on outbound travels and a strong **post-pandemic recovery of domestic tourism**, luxury players are landing in **emerging domestic travel spots** to curate **offline events**. Delicately paired with immersive & memorable experience, these destinations are gradually becoming the main lever for brands to **stay relevant** with consumers under the heat of domestic travel.

VAN CLEEF & ARPELS



- In July, Van Cleef & Arpels curated a jewelry exhibition dedicated to its new **star-themed** collection “Sous les étoiles” in the Tengger Desert in Ningxia, an emerging **traveling spot** famous for **stargazing**.
- The **star-decorated** showroom and the **Galaxy-featured** installation are associated with the **natural-based city culture** to create an immersive experience, reinforcing **brand stories** and **resonating** with the audience.

FRED



- In July, Fred held a banquet in a castle of Mount Mogan, a resort recognized for **quiet & poetic scenery**, dedicated to showcase brand's most **prestigious jewelries** (collection Force 10, Chance infinite, Pretty Women, etc.) to guests.
- Tapping **extraordinary mountain views, fine food** and **delicate decorations**, Fred provided invitees with a venue to socialize and relax, meanwhile, highlighting its **artistic legacy & unique aesthetics**.

CANADA GOOSE



- In March, **Canada Goose** launched an **outdoor festival** in Shangri-La Yunnan, inviting **Chinese KOLs**, bringing a 3-day **immersive experiential outdoor experience** of **nature & culture**.
- The team fully embraced the splendid natural landscape and traditional local culture by **hiking** on the Shika Snow Mountain, going on a **hot air balloon trip**, tasting **Tibetan hot pot**, etc., leveraging travel events to emphasize the brand's “**HumaNature**” concept.

SURF ON THE WAVE OF WINTER ECONOMY



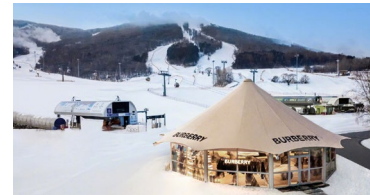
2022 Winter Olympics fever has catalyzed the heat of ski, especially for **excitement-driven young consumers**. Brands are racing to **upgrade communication approaches** by launching **thrilling winter-themed pop-ups & exhibitions** that integrate **sensorial activations** & delicate decorations, or even paired with cross-sector collaborations to upgrade the experience.

FENDI



- In Dec., Fendi launched a **pop-up store & FENDI CAFFÈ** in Changbaishan International Resort to promote the **latest winter sports capsule** & to echo the upcoming 2022 winter Olympics, tapping the prosperity of **ice-motivated tendency**.
- The conspicuous café shop was **decorated with winter tones** of baby blue and grey, and **AR interaction** based on animated **FENDIDI** family characters was also offered, absorbing customers into a **participatory world** with immersive techs.

BURBERRY



- At the end of 2021, as part of Burberry's series of **outerwear pop-ups** worldwide, the brand built a limited-time **boutique & café** landed at the winter resort Jilin Songhua Lake, tightly connected with the local **winter-related fever**.
- Merging the **snowy mountain scenery** with the tent-shaped store, this shop also served Thomas Burberry-inspired latte art coffee & ice-lolly, combining **trendy lifestyle** with **winter boom** & conveying the spirit of **vibrant outdoors style**.

THE NORTH FACE X KAWS



- Joining hands with pop artist KAWS, The North Face unveiled the **"KAWS: HOLIDAY" exhibition** at Changbai Mountain with **collaborative pop-up store**, fusing brand image with **artistic twists** and embracing **the winter sports hype**.
- Introducing the new look of KAW's remarkable character **COMPANION**, the collab also displayed the **latest ICON series** under green flashlights, incorporating **pop art style** with brand image and spotlighting the spirit of limitless exploration.

KEY TRENDS

2021



**MARKETING &
CONCEPT**



**ACTIVATION &
EXPERIENCE**



**CULTURE &
COMMUNICATION**



OFFLINE & RETAIL

REVIVE & REINVENT NATIONAL HERITAGE



To seize the booming **cultural confidence** & public's rising interests in **ancient techniques**, global brands are paying **genuine attention** to Chinese **intangible heritage** beyond mere product adaptation with common cultural symbols, attempting to bring traditional craftsmanship and designs back to relevance through **diverse & innovative expressions**.

MONTBLANC



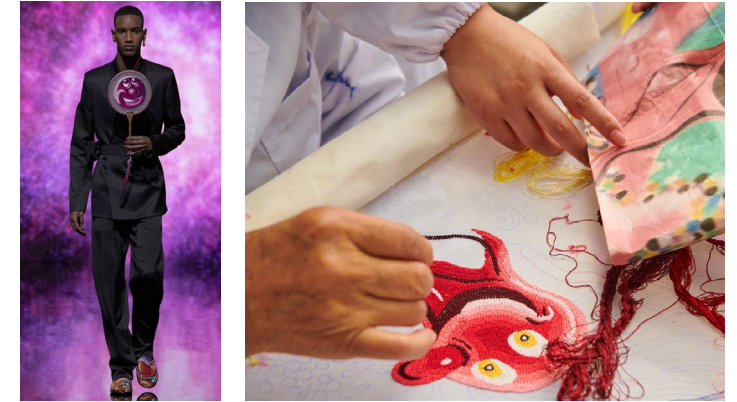
- In Feb., Montblanc launched a new **Montblanc High Artistry** limited **writing instrument** collection, capturing the grandeur of the **Great Wall**, combined with various **ancient Chinese crafts** such as lacquering, enameling, metal skeleton sculpturing, etc.
- Five distinct limited-edition fountain pens were made with masterful designs, each a testament to **important facets** of Chinese culture.

MARNI



- In collaboration with China's **Miao ethnic community** since 2019, Marni officially unveiled the **Marni Miao capsule** collection in April, for inheriting **artisanal traditions** (e.g., embroidery, lace, pleating, etc.) of the Chinese minorities.
- A "**Revival**" themed video and photographs were presented on the lifestyle magazine Wallpaper* and a **contemporary art exhibition** was held in Beijing, generating an **in-depth dialogue** with the local culture.

DIOR



- Featuring seed embroidery - the meticulous and **ancient Chinese technique**, Dior presented masterpieces of Menswear FW21 collection that collaborated with **contemporary artist Kenny Scharf**, **reinterpreting** a priceless heritage towards the future.
- Fusing **heritage** with **digital innovation**, a virtual show was staged, showcasing Dior's long-held admiration for **Chinese tradition & craft**.

KEY TRENDS

2021



**MARKETING &
CONCEPT**



**ACTIVATION &
EXPERIENCE**



**CULTURE &
COMMUNICATION**



OFFLINE & RETAIL

SUBLIMATED ACTIVATIONS AT DUTY-FREE HUB HAINAN



Thanks to the heat of **domestic travels** and the upgraded **Hainan Duty-Free** shopping experience, the revenue within this “Emerging Shopping Spot” increased by **84%** in 2021 to **€8.6 Bn**. With Hainan’s increasing strategic weight in **shopping & tourism**, luxury players are enhancing the brand experience in this new battlefield, inaugurating **tech-empowered** or **holiday-vibe pop-ups**.

SHISEIDO



- In August, Shiseido launched a pop-up for **Ultimune** in **CDF Sanya duty-free**, experimenting with **AI-empowered device** for **skin analysis** & product **knowledge Q&A** to provide upgraded & **bespoke experience**.
- The event teamed up with **skincare specialist** Li Mingze & **beauty blogger** Kakakoo to demonstrate the **efficacy** of the **new ingredient** and highlight the **duty-free-exclusive gift set** via **livestream**, increasing exposure of this store.

SK-II



- Inspired by the core concept “**Change Destiny**” of SK-II, the brand debuted its **first social retail pop-up store** in Hainan in May, providing **AR interactive** and **gamified shopping** via WeChat mini program.
- The store immersed visitors into the **AR world** based on animation series and interactions with figures to combat monsters by scanning the code, fusing **virtual & gaming** features to bring a **novel & avant-garde shopping experience**.

DIOR



- In June, Dior inaugurated a **DIORIVIERA pop-up store** in the well-known **luxury resort “Sanya Edition Hotel”** in the **duty-free shopping paradise** Hainan, aiming to interpret the **holiday tune** of the new collection.
- Under Hainan’s **vacation vibe**, the brand endeavored to connect with visitors through the **immersive consumer journey** with DIORIVIERA patterns decorating hotel’s facilities, spreading the message of **romance, vitality, and art**.

THANK YOU FOR ATTENDING!

Any Question?



THANK YOU FOR ATTENDING!

Any Question?

jonathan.siboni@luxurynsight.com

