

China's luxury market in 2024: VICs, omnichannel & CRM strategies



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CONTENT OUTLINE

1. China's luxury market revival 03
2. Into the co-branding hype 13
3. Luxury goes omnichannel 22
4. Crafting experiences through CRM 28
5. About VO2 42
6. About Daxue Consulting 49



1

China's luxury market revival

China's luxury market seeks steady recovery amidst challenges

The economic challenges in 2022 led to over half of Chinese consumers wanting to save more in 2023. Despite this, China's luxury market rebounded in 2023, as the market is driven by core luxury consumers who are less financially impacted by a slowing GDP.

Q2 2023 urban depositor survey report (N= 20,000)

+0.7% YoY

24.5% of surveyed people are willing to consume more

+0.3% YoY

58% of respondents are planning to save more

-0.4% YoY

17.5% of surveyees are keen to invest more

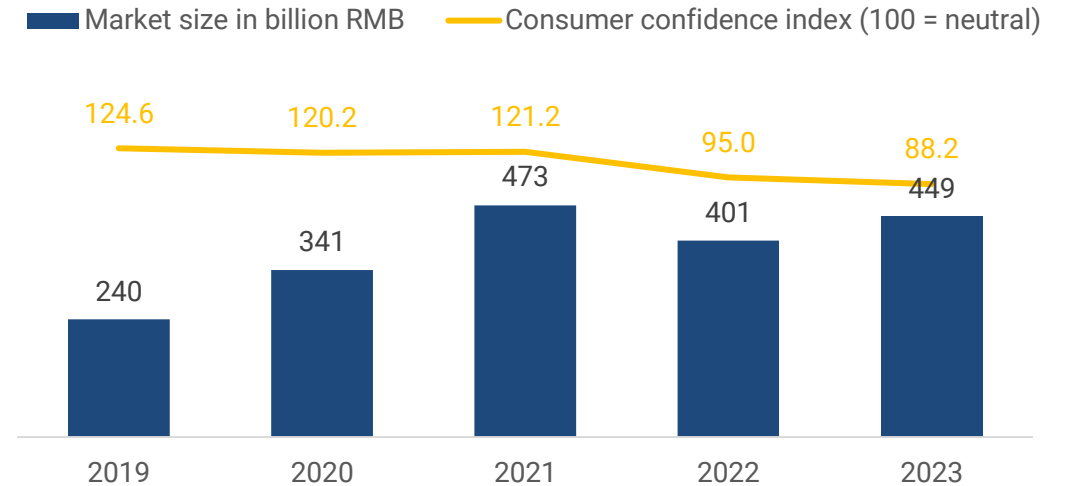
Source: People's Bank of China

- Consumers **born in the 90s** accounted for **61%** of total luxury shoppers in 2022.
- Youth unemployment has hit a record high during 2023H1, **peaking at 21.3% in June**.
- Rising uncertainty triggered by both domestic and international factors is inducing consumers to save money, leading to **fewer first-time luxury consumers**.

Source: TMIxBCG (2022), National Bureau of Statistics

Despite a slight dip in consumer confidence, luxury spending by Chinese consumers experienced a **growth of 12% year-on-year (yoy)**, reaching RMB 449 billion in 2023.

2019-2023 size of the personal luxury market in China and consumer confidence index



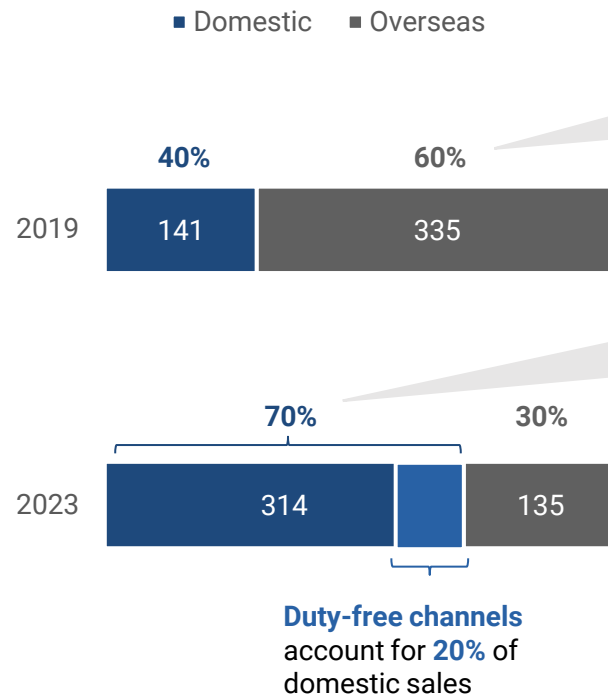
Source: BainxAltagamma (2024), EastMoney

This rebound is primarily driven by core luxury shoppers, who exhibit less elastic demand and are expected to contribute significantly to the expansion of the luxury market.

Domestic luxury purchases are part of the new normal

Despite a resurgence in overseas luxury spending, the appeal of the domestic market persists due to product availability and a narrowing price gap in duty-free offerings, making Hainan a continuing focal point. In 2023, Hainan's duty-free sales reached RMB 43.8 billion, attracting 6.7 million shoppers.

2019 vs 2023 Chinese consumers' domestic & overseas luxury consumption (in billion RMB)



In 2019, 60% of Chinese luxury buyers made their purchases abroad. Despite a rebound in travel, this figure has not returned to pre-pandemic levels in 2023.

Amid the pandemic, 90%-95% of luxury goods were locally purchased in China. Despite a drop in 2023, domestic purchases are expected to play a more significant role than before COVID-19 in the next few years.

The narrowing price gap between duty-free luxury in China and France is boosting the allure of the domestic luxury market for Chinese consumers.

Official China website vs. Hainan vs. France duty-free prices as of January 2024 (in USD)

	China website	Hainan	France
Camus VSOP Borderies 1l	77.8	70.2	83.4
Clarins Double Serum 50 ml	144.6	110.9	108.6
Bulgari Pour Homme EdT 100 ml	150.2	79.4	104.2
Swarovski Sparkling Dance Round	175.4	91.2	136.2

Source: TMixBCG (2023), BainxAltagamma (2024)

Sources: Official China websites, CDF Hainan, Extime, Duty Free Toulouse, Aelia Duty Free

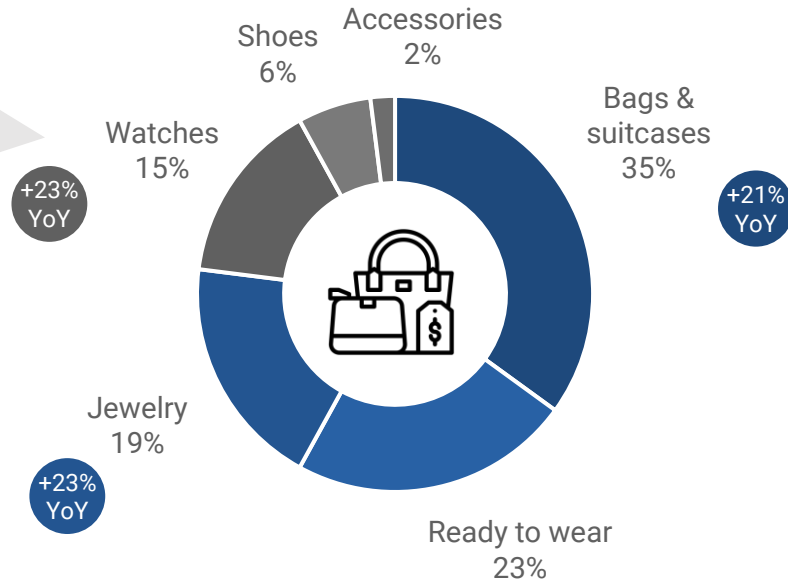
Luxury spenders to spend more on hard luxury

In 2023, watches, jewelry, and iconic bags saw significant growth as consumers sought higher-value investments, with 31% emphasizing the importance of goods retaining value. This trend is particularly pronounced among medium luxury spenders.

Chinese mainland personal luxury market size by category 2023 H1

Growth in luxury-related short video views on Douyin from 2021H1 to 2023H1

Consumers with an annual luxury spending of RMB 50k-300k plan to cut overall expenditure by 5%, yet increase watch purchases by 3% to account for 18% of their spending.



	Jewelry	+93%
	Watches	+25%
	Bags & suitcases	+20%
	Accessories	+4%
	Shoes & ready-to-wear	+0%

This growth also aligns with the increasing importance of gifting and collecting purposes as drivers for luxury purchases, as these items are deemed particularly suitable for both purposes.

Source: DeloitteOceanEngine (2023), Hurun (2023)

Premium luxury bags lead Tmall sales across brands

During 520 (Chinese Cyber Valentine's Day) in 2023, two of the top three best-selling luxury bags on Tmall were premium (RMB >10k). Between October 15th and November 15th, premium luxury bags continued to dominate the top 3 highest selling bags for Saint Laurent and Balenciaga, with Gucci featuring one premium bag, signaling sustained demand for high-end items.

Best selling products on Tmall during 520 2023, by revenue



Source: DLGxRe-Hub (2023)

The shift towards prioritizing "It Bags" and mid-premium-priced pieces reflects a consumer emphasis on timeless items, coinciding with a decline in the number of low luxury spenders, a group significantly affected by the pandemic, as consumers adopt a more cautious approach to consumption.

Gucci, Saint Laurent, and Balenciaga's top 3 best selling bags on Tmall between Oct 15th and Nov 15th 2023, by orders



Source: Tmall

Gen Z consumers go beyond the physical attributes of luxury items

Unlike their younger counterparts, Millennials and Gen X prioritize the tangible features of luxury goods, emphasizing brand name, heritage, and product quality. Their preference for recognizable major brands reflects a collective appreciation for luxury pieces that endure as valuable investments over time.

Gen Z




Purpose

- Gain recognition from their peers
- Keeping up with the trend
- Expressing their values

Value

- Brand values, culture and history
- Unique design

Other characteristics

-  Favor trendy or “hot” brands
-  More likely to go for niche brands
-  More prone to buy vintage/second-hand luxury

Preferred luxury categories



Apparel & footwear



Perfumes & cosmetics



Accessories

Millennials



Purpose

- Showcasing social status and wealth
- Investment value

Value

- Brand name and heritage
- Unique design

Other characteristics

-  Favor recognizable major brands
-  Seek out limited-edition products

Preferred luxury categories



Bags



Apparel



Perfumes & cosmetics

Gen X




Purpose

- Quality assurance
- Showcasing social status and wealth

Value

- Product quality and fine craftsmanship

Other characteristics

-  Favor recognizable major brands
-  Often opt for international brands
-  Less likely to grasp brand nuances

Preferred luxury categories



Bags



Watches & jewelry



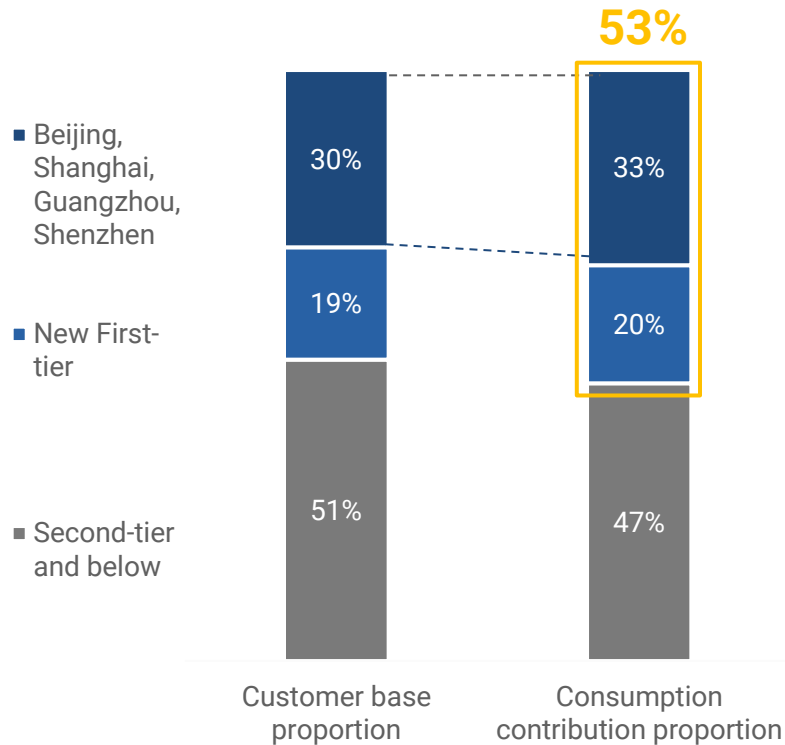
Skincare & cosmetics

Sources: Deloitte (2023), KPMG (2023), PwC (2023), Mazars (2021)

Uniqueness, sophistication, and values define spending in higher-tier cities

Purchasing luxury items for investment purposes is a significant motivator in both higher and lower-tier cities. However, consumers in higher-tier cities, accounting for 53% of total spending, exhibit greater openness to niche or emerging labels and are less price-sensitive compared to their counterparts in lower-tier cities.

Luxury goods consumers in China in 2022 by city tier



Sources: TMIxBCG (2023)

Higher-tier cities

(1st – 2nd)

Purpose

- Keeping up with the trend
- Rewarding and expressing themselves
- Investment purpose

Value

- Brand values, culture and history
- Unique design

Other characteristics

- Niche or new labels in low-key luxury
- More willing to pay a premium for uniqueness and for brands that align with their values

Preferred luxury categories

- Perfumes & cosmetics
- Apparel & footwear
- Bags
- Watches & jewelry

Lower-tier cities

(3rd and below)

Purpose

- Showcasing social status and wealth
- Investment purpose

Value

- Brand name and origin
- Product quality

Other characteristics

- Prefer classic, high-profile, and recognizable luxury brands
- More receptive to promotions and discounts

Preferred luxury categories

- Apparel & footwear
- Bags
- Skincare & cosmetics

Sources: KPMG (2023), Mazars (2021), TMIxBCG (2023)

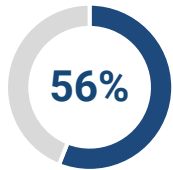
VICs propel luxury in the midst of China's economic chill

As China's economy faces a slowdown, the pivotal role of HNWI's in driving luxury consumption is poised to increase. Brands shifting focus from entry-level consumers to Very Important Customers (VICs) are positioned for better performance in this evolving economic landscape.



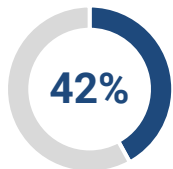
As of the end of 2022, China **ranked 3rd** globally in the number of HNWI's, boasting approximately **780,000 people** with investable assets > USD 1 million.

HNWI's typically navigate economic downturns with resilience



of them plan to up their spending on personal luxury goods in the next three years.

HNWI's account for a big chunk of luxury sales



of luxury sales were driven by Chinese consumers with a net worth of > RMB 10 million.

The primary luxury categories expected to witness a surge in spending include:



Watches



Jewelry



Clothes and accessories

The ongoing Common Prosperity campaign is likely to prompt them to adopt a more low-key attitude, steering away from blatant displays of wealth.

Sources: Henley & Partners (2023), Hurun (2023), PwC (2023)

Luxury brands' tactics to delight VICs

Luxury brands deploy a myriad of strategies to engage, retain, and pamper their VICs. These initiatives are meticulously crafted to instill a profound sense of exclusivity, privilege, and an elevated customer experience, ensuring VICs feel uniquely connected to the brand.

1 Exclusive/early access

Granting early access to new launches, and limited editions, including exclusive products only for VICs.



Gucci's customized jacket

I ordered the earliest batch of this VIC item at the beginning of February. It was supposed to take 5 months to be customized in Italy and then sent back to China.

To my surprise, it arrived a month ahead of schedule. The SA said I should be the first one in China to get it. In late May, I received the item, and the craftsmanship is really amazing. I chose to have the capital letter "Y" from my name printed on the front of my jacket. The lining features my name, making it very special.

2 Gifts

Providing gifts for birthdays, festivals, and special occasions.



4 VIP Lounge

Invitations to exclusive events, fashion shows, or behind-the-scenes.



3 Private events and shows

Invitations to exclusive events, fashion shows, or behind-the-scenes.



Images source: Xiaohongshu

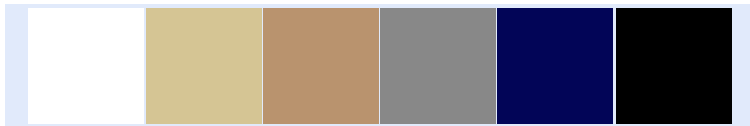
“Old money,” “Clean fit,” and “Maillard style” are boosting the rise of quiet luxury

The blend of these trends, alongside a maturing luxury market and the economic downturn, is steering consumers, especially in higher-tier cities, towards understated, logo-free luxury. This shift signifies a move from conspicuous displays to more subtle expressions of sophistication.

Old money style (老钱风)



- Characterized by timeless elegance, this style prioritizes enduring fashion choices over fads.
- Rooted in heritage and tradition, it embodies sophistication and a connection to the past.
- Prioritizes meticulously crafted pieces with superior materials and attention to detail.



Related hashtags on XHS

#老钱风 (oldmoneystyle)
 #老钱风穿搭 (oldmoneystyleoutfit)
 #loropiana
 #拉夫劳伦 (ralphlauren)
 #brunellocucinelli

Clean fit



- Clean Fit combines a minimalist design with a focus on simplicity, favoring straightforward and uncluttered clothing styles.
- Precision and quality craftsmanship are key, with a focus on superior materials.



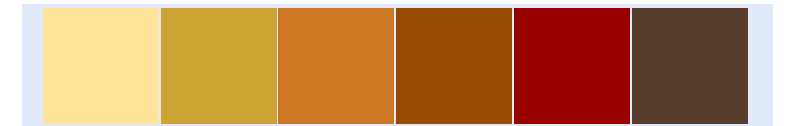
Related hashtags on XHS

#cleanfit
 #都市极简 (cityminimalism)
 #cleanfit品牌 (cleanfitbrands)
 #Zegna杰尼亚

Maillard style (美拉德风)



- Popularized on Douyin, the trend rapidly gained momentum, with over 6 billion views.
- Embraced by Chinese celebrities like Zhang Xiaofei and Yang Mi, Maillard style extends beyond clothing to makeup, setting trends in the beauty industry.



Related hashtags on XHS

#美拉德风 (maillardstyle)
 #美拉德色系 (maillardcolorpalette)
 #美拉德美甲 (maillardstylemanicure)
 #美拉德老钱风 (maillardoldmoneystyle)
 #miumiu

2

Into the co-branding hype



Luxury brands take collaborations to the next level

Luxury co-branding in China takes various forms, involving a range of brands and industries. This includes local F&B consumer brands, homegrown designer brands, and other sectors like ACGN (Anime, Comics, Games, and Novels), institutions, and independent artists representing China's cultural heritage.

F&B



ACGN



Cultural heritage



Hotspots



Source: Xiaohongshu, Weibo

Typical drivers for luxury co-branding in China

Branding

Consumer acquisition

Product development

Often used by luxury brands

Re-shape brand image



Luxury brands can adopt aspects of the other brand's image, such as a youthful appeal or understanding of Chinese culture.

Gain validity in new market



Co-branding with a reputable brand can help a newer brand jump-start their reputation in the Chinese market.

Expand services provided



Rather than investing in adding more services, a brand can collaborate with entities that already provide those services.

Raise perceived brand value




Luxury brands already have a high perceived brand value, however the collaboration partners' goal is often to leverage the luxury brand's reputation to raise their own perceived value.

Showcase brand values



Co-branding is one way to showcase values like sustainability, charity, and cultural heritage (which is especially relevant in China).

Tap into new consumer base



Luxury brands can gain awareness in their partners' audiences, such as Gen Z, through co-branding.

Inject inspiration into R&D



Co-creating a product can bring fresh perspectives to R&D, such as new designs that are limited edition.

Types of co-branding methods leveraged by luxury brands in China

Often used by luxury brands

R&D Heavy

R&D Light

Co-branding type	Co-manufacturing / ingredient	Design co-branding	Complementary co-branding	Value-signaling co-branding	Sponsorship co-branding	Promotional co-branding
What is it?	The final product is a new item using elements of both, often sensory-focused.	A brand seeks the expertise of another brand for design, incorporating their elements.	Brands use their own services or products to compliment the product or service of another.	The focus is not a new product created but an emphasis on the brands' shared value. Often with charities.	One brand supplies resources for another brand, often times an event, in exchange for brand awareness.	Brands release a campaign or promotion together.
What's unique in China	Chinese co-manufacturing is often sensory-focused, and Chinese consumers are welcoming to exotic combinations.	Often focused on traditional culture, nostalgia or ACG.	In China these collaborations are often more adventurous in crossing industry borders.	The charities in China differ from the west: more focus on culture, arts, and wildlife preservation.	Often for government events and brands often need to build stronger relationships (关系) with event organizers.	Previously dominated by celebrity co-branding which is now high-risk. Moving more towards virtual influencer or organizations.
Buzz potential	■■■■■□	■■■■■	■■■■□□	■■■■□□	■□□□□	■■■■■
ROI potential	■■■■■	■■■■■	■■■■□	■□□□□	■□□□□	■■■■■
Risk	■■■■■	■■■■■	■■□□□	■■□□□	■□□□□	■■■■□
Repeated players	VERSACE	LOEWE	JO MALONE LONDON	PRADA	LVMH	GUERLAIN

Surfing the coffee craze: LV x MANNER x Metal Hands x PlusOne



Campaign

Louis Vuitton opened three pop-up bookstores in collaboration with local Chinese coffee brands, MANNER, Metal Hands, and Plusone. Each store featured a unique colored theme.



Source: Xiaohongshu

Buzz produced:



High, #LVShanghaiBookstoreCanvasBag garnered 140M views on Weibo

ROI potential:



High, substantial organic social media traffic and consumer engagement

Risk:



Medium, possible dilution of the brand's exclusivity and privileged aura

"The LV city-exclusive canvas bag redeemed with Manner points looks so good! I especially like the blue color! Also, I really love Shanghai! Finally received the LV city-exclusive canvas bag redeemed with Manner coffee points, and it looks truly fantastic!"

- 小诗瓜真是个小机灵鬼, Xiaohongshu

Type of co-branding utilized

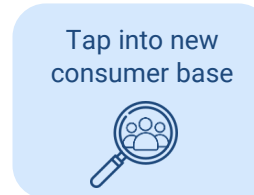


The campaign sparked a collectibles craze among Chinese consumers, offering a complimentary Canvas bag exclusively with the purchase of at least 2 LV city guides, each starting at RMB 290.

Goals satisfied



Enhancing its association with lifestyle and consumer engagement.



Creating a craving for the brand among middle-income Gen Z consumers, extending beyond the high-income demographic.

Type or partnership

- Brand x Brand x Brand x Brand
- Across Industry Horizontal
- France x China



Source: Weibo, Xiaohongshu

Preserving an high-end image: Valentino x Venchi x Cova



Campaign

Valentino is promoting its iconic Pink PP color through collaborations with Cova, offering a Pink PP-themed afternoon tea set exclusively at its Plaza 66 store in Shanghai, and with Venchi for a Pink PP-themed pitaya-flavored gelato available at 43 boutiques in China.



Source: Cova

Buzz produced:



High, #SweetVCollab (甜蜜V联盟) has gained over 162,000 views on Weibo

ROI potential:



Relatively high

Risk:



Relatively low, collaborating with premium F&B enables to preserve brand exclusivity

"I went to have the dragon fruit gelato from the collaboration between Venchi and Valentino at noon. The color is really beautiful, haha! It's paired with my favorite pistachio flavor, and with the dragon fruit sorbet, it's really delicious."

- Hyesung, Xiaohongshu

Type of co-branding utilized

Co-manufacturing



Inspired by Valentino's signature "pitaya pink," Venchi crafted a new gelato flavor in the natural hues of pitaya, unveiling a dreamy world bathed in pink named "Pink PP Dragon Fruit Sorbet" in collaboration with Valentino.

Goals satisfied

Raised brand perceived value



Crafted an exclusive and limited-time experience through a cross-category collaboration, providing a unique and premium offering.

Type or partnership

- Brand x Brand x Brand
- Across Industry Horizontal
- Italian x Italian x Italian



Source: Facebook

Bridging luxury and pop culture: Fendi x FRAGMENT x Pokémon



Campaign

Fendi, Fragment, the Japanese design firm founded by Hiroshi Fujiwara, and Pokémon have forged a collaborative alliance to commemorate the Year of the Dragon. The anticipated launch is scheduled for January 2024, yet it is already generating significant online buzz.



Source: Xiaohongshu

Buzz produced:



High on both media and social media

ROI potential:



High, increased brand visibility and consumer engagement

Risk:



Relatively low risk, potential brand misalignment and dilution if not executed carefully

"FENDI's joint ventures always give me a bit of excitement. Looking forward to the next collaboration. Rumor has it there will be a flash event in TaiKoo Li, Chengdu, on January 4th. Pokémon enthusiasts are in for a treat!"

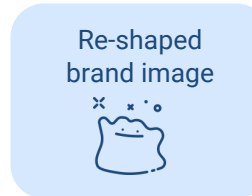
- 凯蒂中古箱包, Xiaohongshu

Type of co-branding utilized

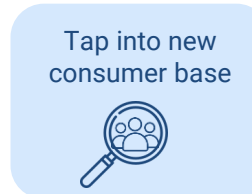


The collaboration encompasses a varied selection, spanning small leather goods, key charms, textile accessories, brass jewelry, and distinctive apparel. In an exciting partnership with Pokémon GO, players can explore and capture Pokémon while acquiring digital avatar items featuring unique designs.

Goals satisfied



This collaboration with Pokémon infuses Fendi and Fragment Design with a youthful and playful appeal.



The brands establish emotional connections with Chinese youth, leveraging their fondness for cuteness to reach a broader audience.

Type of partnership

- Brand x Brand x IP
- Across Industry Horizontal
- Italian x Japan x Japan



Source: Xiaohongshu

Cultural appreciation: Loewe x Chinese monochrome porcelain

Campaign

In early spring 2023, Loewe introduced a series of Chinese monochrome glazed. The launch was complemented by a documentary that paid homage to Chinese porcelain art and an exhibition themed around monochrome ceramics scheduled for November 2023 in Shanghai. Moreover, the brand revealed its sponsorship of a new educational program on monochrome ceramics at the Jingdezhen Ceramic University.



Source: Xiaohongshu

Buzz produced:



Medium, garnered 58k likes on Xiaohongshu

ROI potential:



High, due to increasing popularity of "Guochao"

Risk:

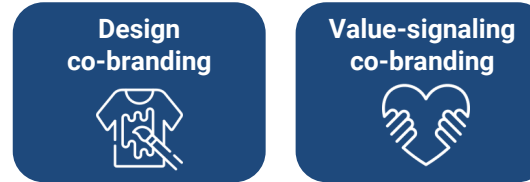


High risk, co-branding with Chinese heritage poses backlash from cultural misinterpretation and appropriation

"Both production and promotion respect Chinese culture. When you buy the card pack, there will be a card attached with detailed records on which dynasty in China this color was inspired by. For better publicity, LOEWE also donated money to Jingdezhen Ceramics University."

- 念汐slog, Xiaohongshu

Type of co-branding utilized

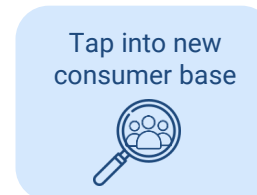


Loewe's monochromatic collection pays homage to the minimalist ceramic aesthetics of the Ming and Qing dynasties. This collection features iconic Puzzle, Hammock, and Flamenco handbags.

Goals satisfied



The brand respectfully honors Chinese culture by infusing the essence of monochromatic porcelain into its products.



With the rising "Guochao" trend, especially among Gen Z, Loewe's move holds the potential to engage a broader consumer base.

Type or partnership

- Brand x Cultural Heritage
- Across Industry Horizontal
- Spain x China



Source: Loewe

Combining luxury and cultural identity: LV x Shanghai lifestyle



Campaign

Louis Vuitton's "Nóng Hó, Shanghai" pop-up at Fotografiska Shanghai Museum (Oct 12 to Nov 12) embodies the city's culture with curated collections, including the latest LV City Guide Shanghai edition. The event, named in the local dialect, captures the essence of being Shanghainese. Notable attendees include LV brand ambassador Jackson Wang, Chinese boy group TNT, actor Wang Chuanjun, footballer Zhao Lina, and model Wang Wenqin.



Source: Xiaohongshu

Buzz produced:



High on both media and social media

ROI potential:



High, low investment but high consumer engagement

Risk:



Low, ensure cultural initiatives are well-received and not perceived as insensitive or inappropriate

"Highly recommend everyone to listen to the Louis Vuitton [Extended] podcast, whether you are in Shanghai or not. In the narrations of teachers Jin Yucheng and Mian Mian, you will gain a fresh and nostalgic understanding of Yangjingbang Creek. I really like it, and I strongly recommend giving it a listen."

- Jas在上海, Xiaohongshu

Type of co-branding utilized



Throughout the month-long event, LV engaged audiences through offline activities, such as book clubs, cultural talks, and children's workshops. Concurrently, the brand introduced its first Chinese podcast series, "Louis Vuitton [EXTENDED]," on Xiaoyuzhou (小宇宙), exploring topics like Shanghainese street breakfast and the transformation of the Suzhou River area.

Goals satisfied



LV reshapes its brand image by positioning itself as not just a luxury fashion label but also a cultural and lifestyle curator.



This campaign deepens LV's ties with Shanghai luxury consumers, redefining the essence of being Shanghainese and drawing from local culture.

Type or partnership

- Brand x Hotspot
- Across Industry Horizontal
- France x China



Source: Xiaohongshu

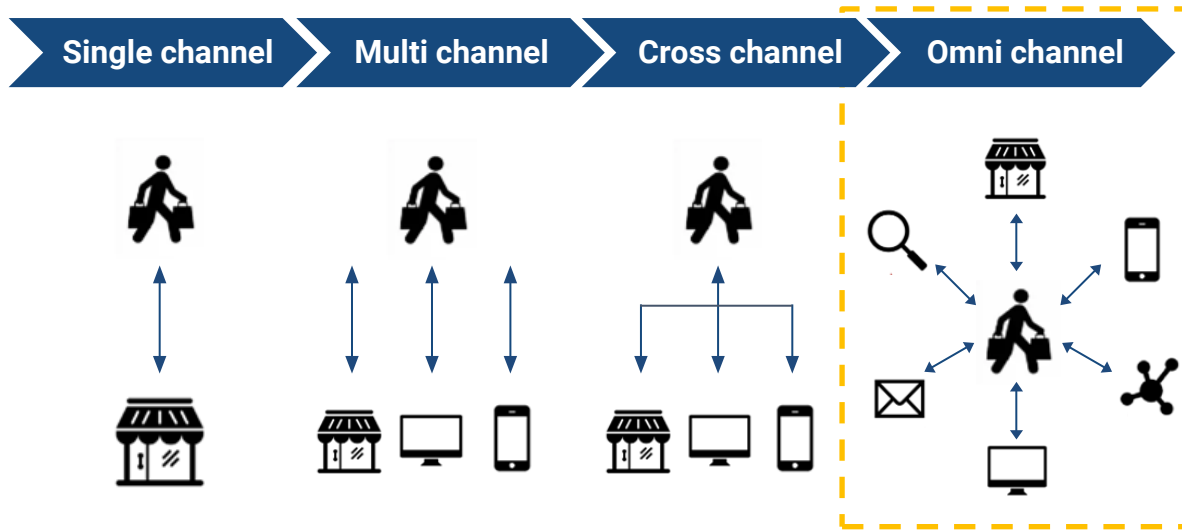
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Luxury goes omni-channel



China's luxury market is omni-channel, multiplying consumer touch-points

Luxury brands are adapting to digitally-savvy Gen Z preferences by employing digital innovations that enable instant communication with consumers across online and offline platforms, recognizing the demand for immersive in-person experiences alongside digital interactions.



Source: Optimizely

A focus on the integration of all channels & touchpoints of a brand to build a global, frictionless and customer-centric customer experience.

What does omni-channel in luxury entail?

► Holistic customer profiles

Brands create centralized customer profiles that consolidate data from all channels, and employ AI & analytics to identify patterns.

► Personalized shopping journeys

From product recommendations to content and in-store experiences, brands provide tailored service by accessing customers' previous interactions at all touch points.

► Servicescape 2.0

Brands are able to offer the same level of service online as they could in the physical store, but enhance the experience with personalized interactions.

How luxury brands incorporate hybrid commerce & phygital experiences

The boundaries between digital & physical are starting to blur – with omni-channel strategies altering the old practices of retail management while reimagining online sites to mimic live retail experiences that's frictionless, immersive and highly personalized.

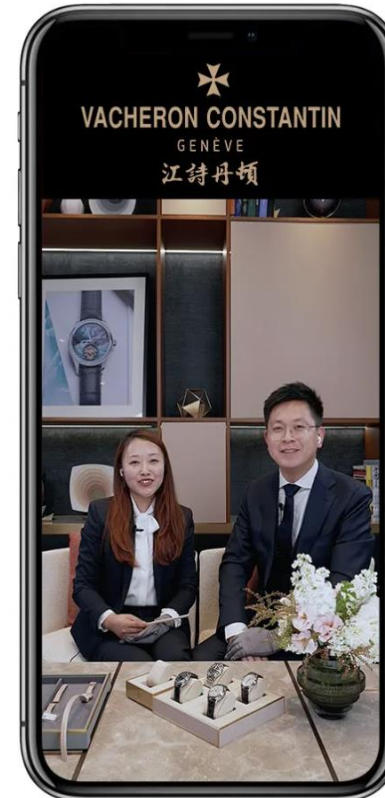
Traditional methods of product discovery that relied on editorials, videos and attractive visuals are now being complemented by cutting-edge technologies.



Creating immersive shopping experiences using digital technologies

3D visualization allows customers to closely examine & virtually try-on items in multiple dimensions with no special glasses or additional app required.

- ◀ Consumers can zoom in for detailed viewing of items from every angle on Bottega Veneta's Tmall store.



Replicate the exclusive experience through private consultation

Tmall Luxury Pavilion innovates a one-on-one video customer consultation feature that allows sales associates to engage with customers in private sessions.

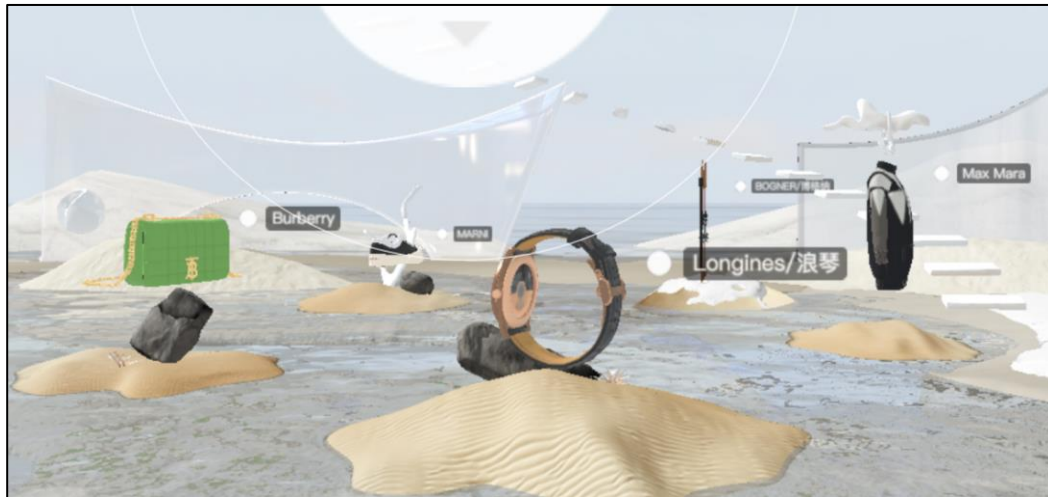
- ◀ Vacheron Constantin leverages Tmall Luxury Pavilion's one-on-one video consultation to create a salon VIP experience.

Source: WeChat mini-programs

'Retailtainment' is transforming luxury shopping

Experiential marketing has become a trend, with luxury shoppers beginning to embrace sophisticated "retailtainment" featuring interactive displays, voice-activated and AR-enabled mirrors, and smart dressing rooms for unique experiences.

Multisensory shopping journey & customer engagement through smart technologies



Marking Tmall Pavilion's 5th anniversary, Alibaba rolled out a range of metaverse upgrades, featuring technologies including an AR fashion show, a Meta Pass that confers priority digital access to brands' products, from Burberry to Bogner, as well as an immersive extended reality (XR) exhibition to catch a glimpse of retail's future.

Stores turning into creative & experimental centers where immersive retail experiences create strong emotional connections

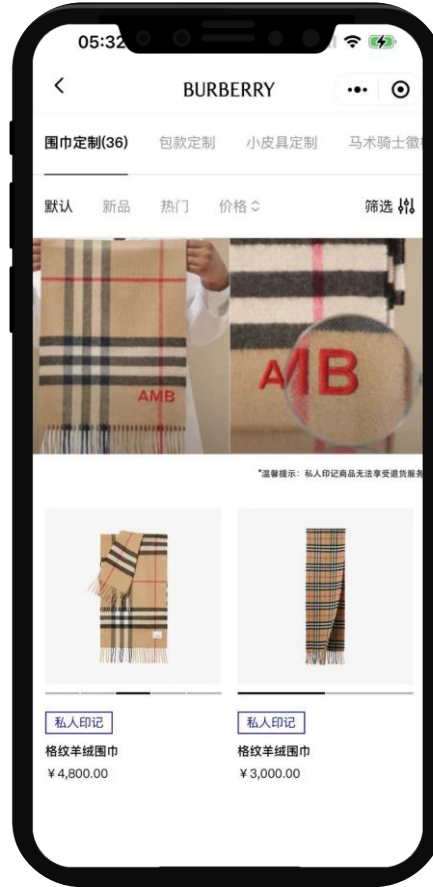


(Left) Dior's Zhangjia Garden in Shanghai operates as a pop-up store with evolving themes; (Right) Beauty label Sisley opened its first Asia-Pacific Maison Sisley, which includes in-store coffee shops and beauty salons, in Shanghai Zhang Yuan.

How luxury brands create personalized shopping experiences

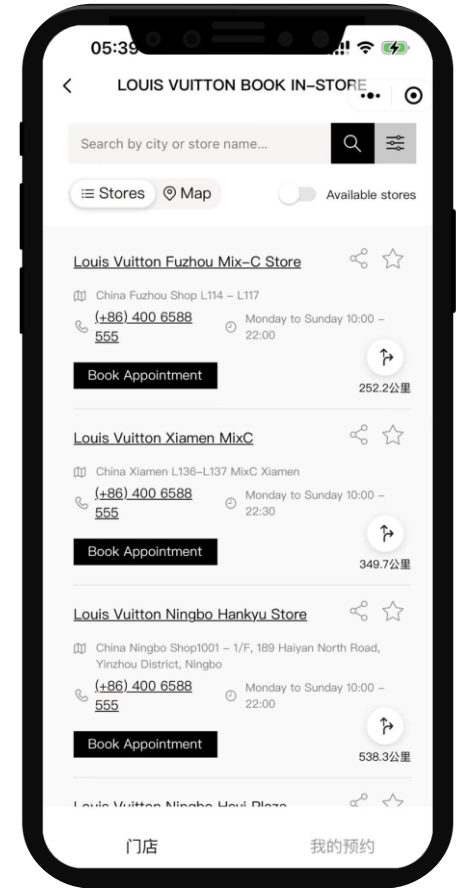
In China's dynamic market, a customer-centric approach is crucial for businesses to navigate evolving preferences and foster loyalty through personalized interactions, ensuring long-term relevance.

From pre-ordering to finding items in-store, e-reservations, as well as scheduled or same-day delivery services, the diverse set of personalization offerings empowers customers to tailor their purchasing journey to their unique preferences and needs.



◀ Burberry offers a bespoke product customization service that allows consumers to personalize items such as scarves, bags, and leather goods by embroidering their initials onto them.

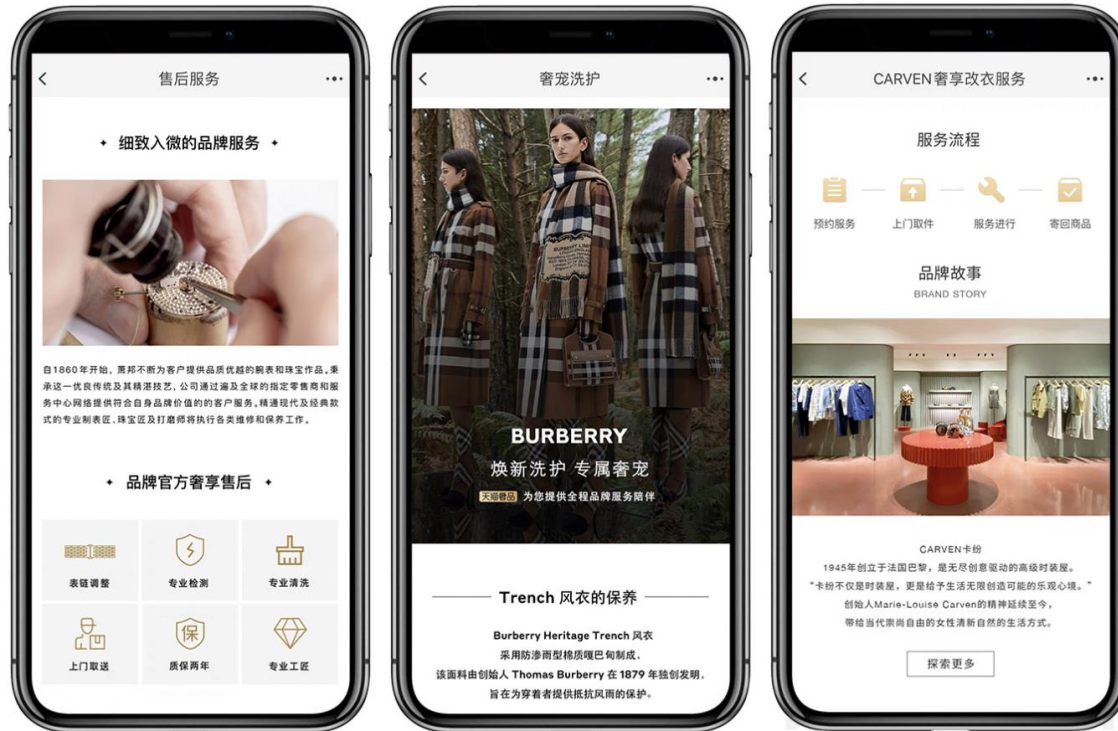
▶ Louis Vuitton's WeChat mini-program enables customers to seamlessly schedule appointments with nearby stores by utilizing location pins.



Source: WeChat mini-program

Brands leverage omnichannel to streamline post-purchase services

The convenience of digital navigation has been brought to the services that historically required an in-person visit to a physical store, which reinvent the scope of luxury services and the way consumers engage with luxury brands in an omnichannel digital world.



— “One-stop shop” luxury experience

Brands are launching post-purchase services ranging from items cleaning & maintenance to product exchanges, adjustment, and replacement to give customers the ability to easily schedule whenever they need.

Chopard Watches (Left), Burberry (Middle) & Carven (Right) integrated post-purchase care such as cleaning, tailoring & maintenance on Tmall Luxury Pavilion where consumers can receive the same quality of service online as they do at physical stores.

Source: WeChat mini-program

4

Crafting experiences through CRM



Personal Information Protection Law (PIPL) Compliance

Enacted on Nov 1st 2021, China's Personal Information Protection Law (PIPL) is the first law specifically regulating the protection of information in China. Companies must fulfill specific requirements & undergo security assessment to transfer or process the data of Chinese users and customers in their CRM systems.

Where



Mainland China

excluding HK, Macao, Taiwan regions

**traveling Chinese residents -
so far no data transfer planned for such case

What



Regulates the processing of Personal Information (PI) & protects an individual's rights & interests

PII: usual name, phone, ID, as well as biometrics & technical IDs allowing to pinpoint to an individual (IP address, login, client ID...)

Who



All residents in China

not only citizens, but also everyone residing in China



All brands targeting subjects in China have to comply

even brands operating from overseas

Regulatory requirements enforced by PIPL

China's PIPL establishes standards for data residency and the use of personal data, ensuring transparency, consent, and accountability in data processing practices.

Data residency



Personal Information should be stored in Mainland China first

in China one cannot collect Client's Personal Identifiable Information (PII) in a Salesforce client service hosted in Europe

A legitimate purposes

must be provided with clear and concise information about the purpose for which their personal information is being collected or used

International data transfer



1. Individual consent








PIPL requires consent to be obtained in a way that is clear, informed, and voluntary. For the collection or use of sensitive PI, consent is required to be obtained separately from consent for the use of general PI

2. Validation of authorities

notifies the Cyberspace Administration of China (CAC) of the transfer of personal information outside of China

China proposes easing of cross-border data controls

CAC has published the draft Provisions on Regulating and Promoting Cross-Border Data Transfers (the Draft Provisions) on September 28th, 2023, to ease rules on the export of personal information and “important” data overseas, which will benefit multinational companies operating in China.

Required cross-border data transfer mechanisms	Current regulations	Draft regulations
No mechanism required	N/A	Expected within a year: ≤ 1,000,000 
PI protection certification by CAC approved third-party institution OR Standard contract with a foreign data recipient in accordance with SCCs	Cumulative since Jan 1st of previous year: Normal PI ≤ 1,000,000  Sensitive PI ≤ 10,000 	Expected within a year: 10,000 ≤  < 1,000,000
Security assessment by Cyberspace Administration of China	Cumulative since Jan 1st of previous year: Normal PI ≥ 1,000,000  Sensitive PI ≥ 10,000 	Expected within a year: ≥ 1,000,000 

Source: Dezan Shira and Associates

Adapting to local requirements

Establishing local partnerships to seamlessly integrate a CRM system with the local market could help to avoid compliance risks, aiding in data management, customer engagement, and regulatory compliance.

Leverage data localization strategies to address variations in channel distribution.

In China, brands opt for alternative channels such as WeChat, RED, and Douyin to align with the consumer behaviors prevalent in the region, ensuring more impactful engagement with the local audience.

Partner with International actors like Salesforce & Alibaba for tailored solutions.

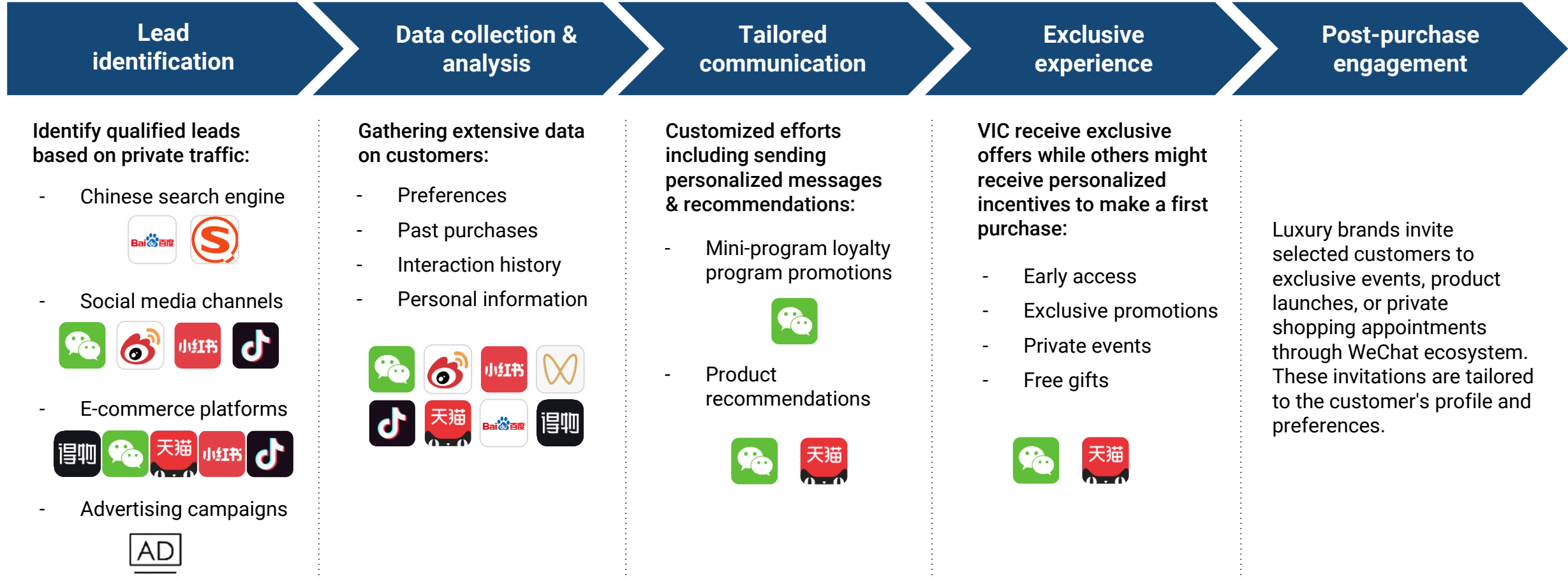
Partner with local expertise with a deep understanding of the Chinese market who can help navigate complex regulations, cultural differences, and unfamiliar business practices.



Source: Salesforce

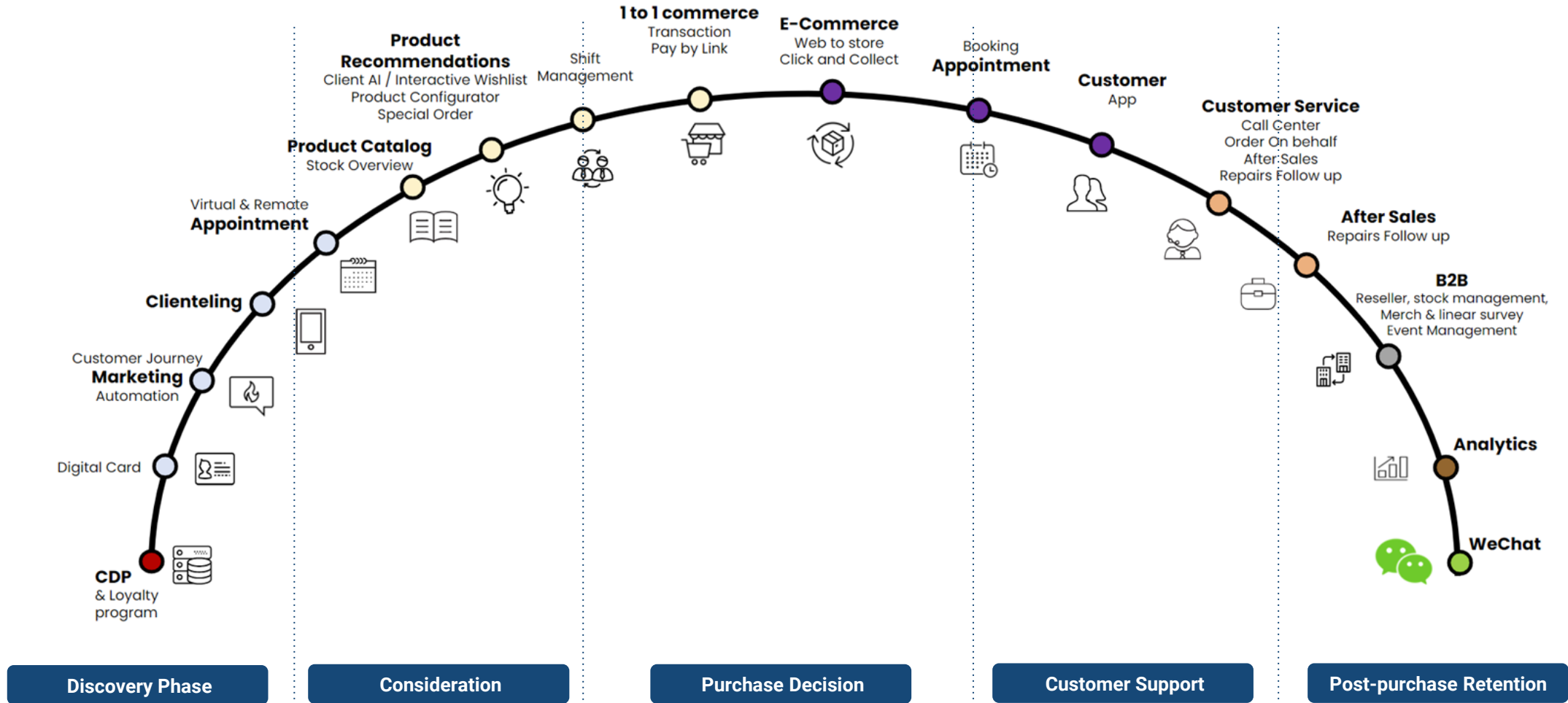
How CRM enhances customer experience in China

CRM systems provide luxury brands in China with the tools and data needed to create highly personalized customer experiences. By leveraging customer data & building applications on top, luxury brands can tailor their marketing, communication, and offerings to meet the unique preferences and expectations of their high-end clientele.



Cultivate customer relationship across each stage of the lifecycle

Seamless integration across all touchpoints throughout the entire consumer lifecycle is essential to ensure a cohesive and personalized experience at each step of the customer's purchasing journey.



China's CRM landscape & ecosystem

Given WeChat's central role for many businesses, brands frequently channel traffic from other social platforms to WeChat, leveraging personalized customer service on WeChat to enrich the customer experience and effectively guides them towards making purchases on e-commerce sites.

Lead acquisition

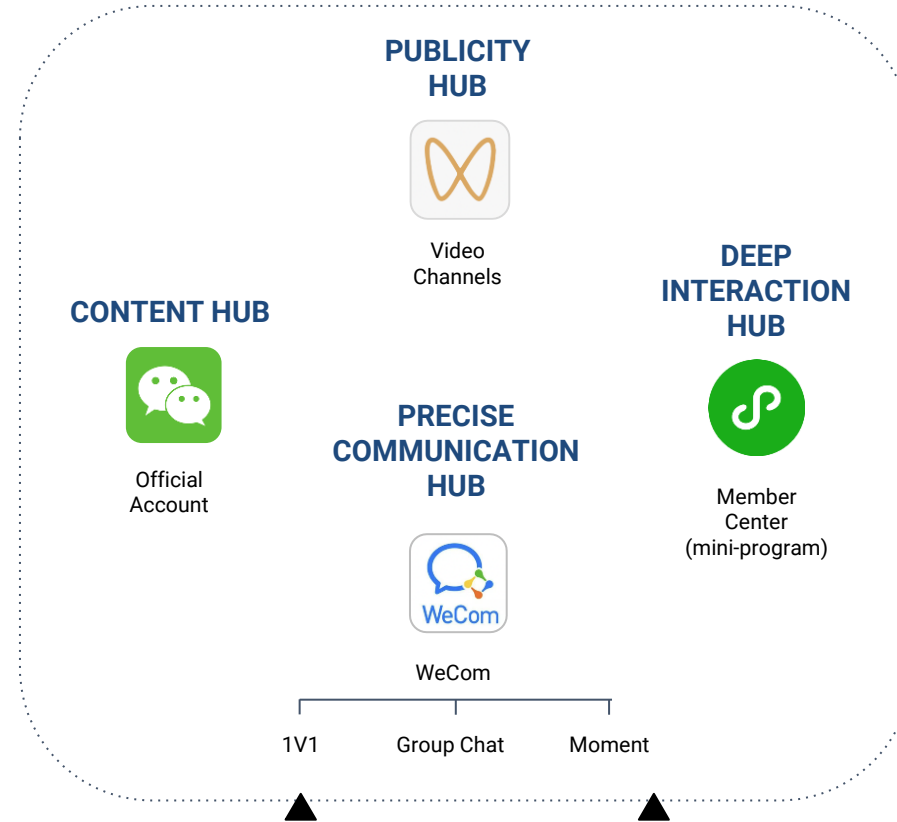


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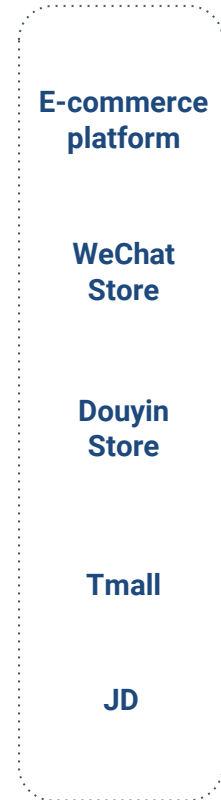
Drive traffic

Recruit new members to private domain

Main social CRM



Sales



◀ ▶

E-commerce cooperation

Increase customer retention

Sales conversion

Drive to Private domain

Omni CRM operation



The primary social CRM in China: WeChat

WeChat's ability to aggregate data from various channels, including WeChat MP, Video channels, and Official account, solidify its position as the primary Social CRM in China.

Why WeChat is a robust sCRM platform?

▶ ALL-IN-ONE PLATFORM

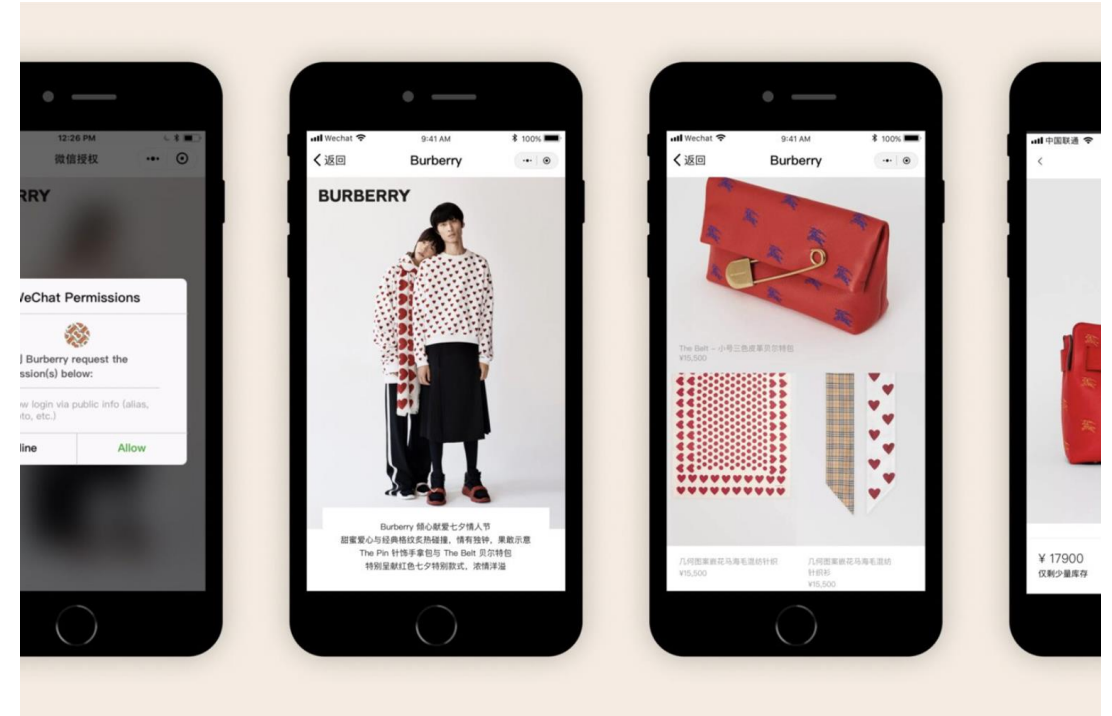
Combines messaging, social media, payments, and business services within a single app, providing users with a seamless experience, making it a powerful tool for CRM.

▶ DATA AGGREGATION

As an all-in-one platform, WeChat aggregates data from various channels (MP, video channels, OA) for comprehensive customer insights, facilitating personalized communication.

▶ OFFICIAL SOCIAL CHANNEL

Official accounts, stores, and groups empower brands to cultivate direct interactions by leveraging their owned social followings, drawing from past interactions and user activities.

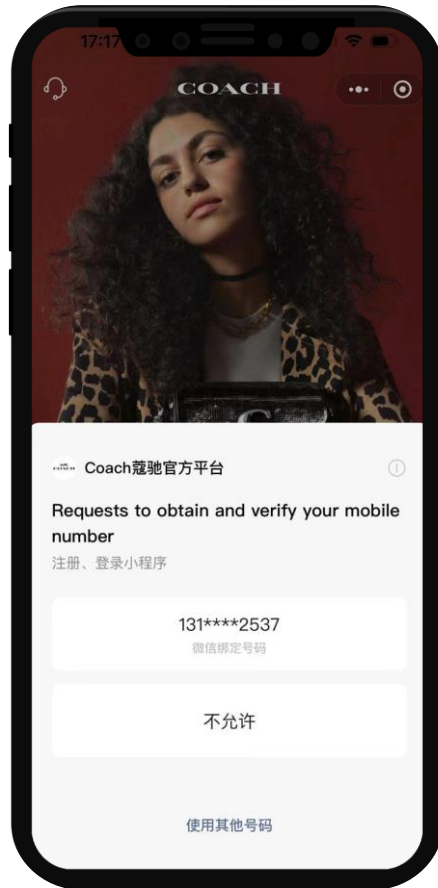


Luxury brands strategically use WeChat as a central platform to foster personalized digital relationships. Leveraging features such as Moments, video channels, official accounts, and Mini Programs, they create a seamless and tailored experience across multiple touchpoints.

Source: WeChat mini-program

Creating a frictionless WeChat commerce journey

The platform's comprehensive, diverse features enable brands to offer a streamlined, end-to-end shopping experience encompassing the complete customer journey, which also helps foster stronger customer relationships and loyalty.



◀ COACH's WeChat official account exemplifies a fundamental yet cohesive social CRM system that facilitates a smooth customer journey.

Upon subscribing to the account, each customer receives a welcome message guiding them to the brand's WeChat Store, linked to the member center to bind their account with basic information registered on WeChat, and engage with personalized 1V1 customer service.

Most luxury brands, including COACH, have employed chatbots for personal customer service roles to interact with their customers, answer questions, give advice, or handle complaints instantly.



Source: WeChat

Enhancing customer engagement through WeChat

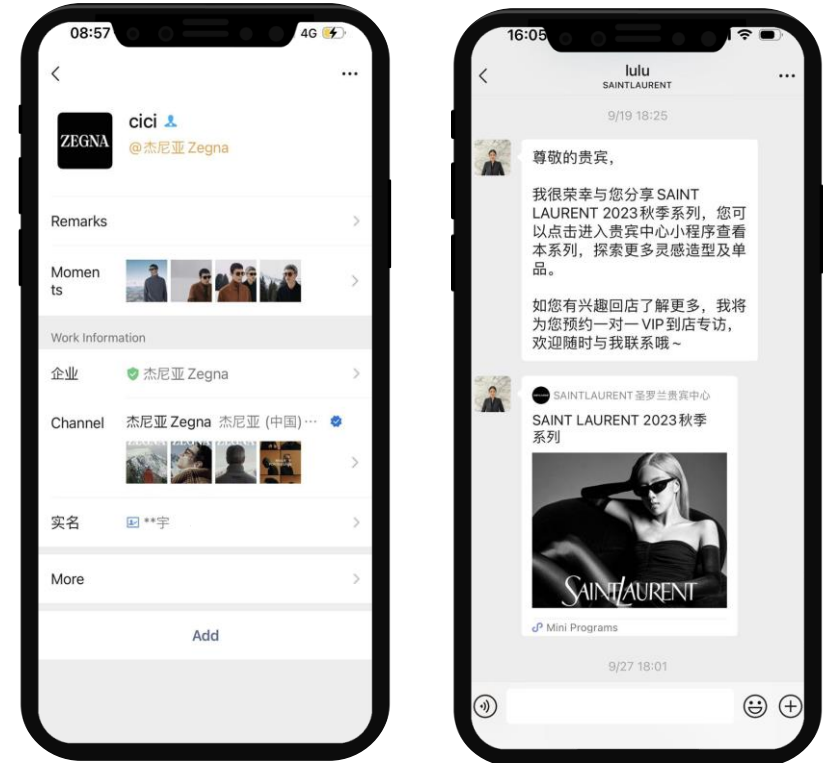
The WeChat ecosystem offers versatile clienteling features and facilitates seamless interconnection, guiding users effortlessly to different touchpoints.

Integration with WeCom unlocks personalized customer engagements.

WeCom (or WeChat Work), often referred to as a professional version of WeChat, facilitates personalized customer engagement by creating a unified and interactive ecosystem.

Weave tailored connections through Sales Assistants (SA).

Brands tailor one-on-one interactions with customers through sales assistants, offering personalized content, promotions, and assistance based on individual preferences.



Source: WeChat

(Left) Specific SAs can be assigned to assist customers;

(Right) WeCom allows brands to customize a professional Welcome Journey that guides users to engage with SA as well as explore other provided entry points for more information and services.

Maintaining consumer relationships with WeCom

WeCom not only bridges the gap between communicating with clients on private traffic channels and offline retail stores but also streamlines personalized one-on-one engagement, enhancing efficiency towards achieving conversion goals.



Source: WeChat

WeCom Moments allow employees to add personal touches on branded promotional content.

Luxury brands cultivate **personalized digital relationships** through tailored messaging, exclusive content sharing, and targeted promotions, engaging customers one-on-one while offering bespoke recommendations based on individual preferences.

Key Performance Indicators (KPIs) now extend beyond traditional metrics, encompassing factors such as:

- Number of customers on the sales assistants' WeChat
- Message volumes
- Responsiveness of both customers and SA
- Transaction records (amount, total performance)

Key CRM features for customer retention

Through the integration of personalized features, brands can craft a highly customized & responsive approach to customer engagement, which not only enhances the overall customer experience but also fosters lasting loyalty, aligning seamlessly with the discerning preferences of luxury clientele.

Personalized recommendation



By analyzing the audience demographic data, interests, and behavior patterns on WeChat, customized campaigns can be developed to speak directly to them.

Source: WeChat mini-programs

Private consultation



Zegna offers a personalized service by providing newly subscribed users with a QR code for a dedicated personal consultant.

Loyalty program



Exclusive discounts

Priority customer care

Birthday reward

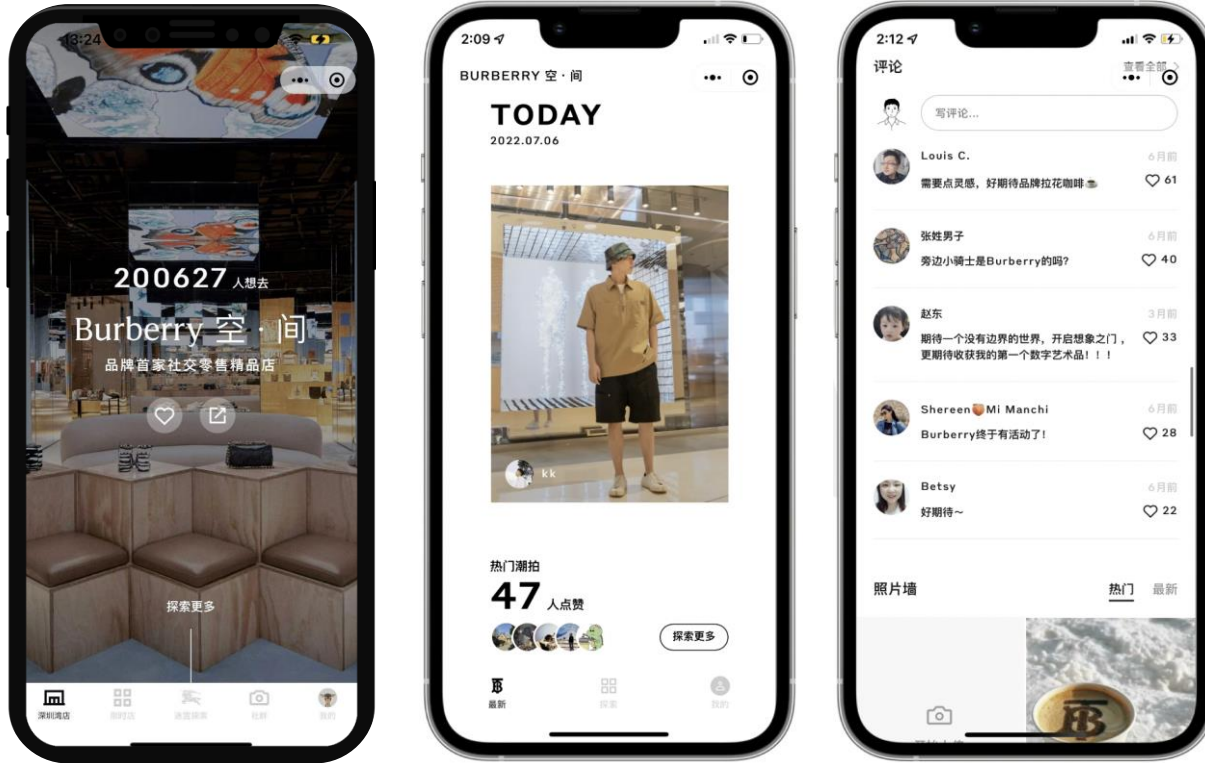
Extended returns

Personal styling

Farfetch offers a standard tier-based loyalty program with membership tiers that differ by monetary spending, the higher the tier, the more access to exclusivity and personalization.

Fostering CRM through WeChat digital communities

By effectively harnessing the power of digital communities, brands can foster stronger customer relationships and gain valuable insights into customer behavior and preferences.



Source: WeChat mini-program

Burberry leverages WeChat's mini-program to establish a digital community, enhancing engagement through **social sharing**.

This initiative targets younger digitally native luxury customers, fostering social interactions, sharing Burberry-related content within the program. The community space allows users to share any Burberry-related experiences, promoting brand loyalty and market positioning.

ABOUT VO2 ASIA PACIFIC.



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SIDE
OF TECH.**



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REVENUE 22

70%

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EXPERIENCE

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PROJECTS
DELIVERED

WHY VO2 GROUP

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- DIGITAL STRATEGY
- INNOVATION ROADMAP
- IA LAB / WEB3 STRATEGY
- TECH FOR SERVICES & PRODUCTS

BRAND EXPERIENCE

- INTEGRATED DIGITAL AGENCY
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- INTEGRATING THE MOST ADVANCED TECHNOLOGICAL SOLUTIONS

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- DATA ARCHITECTURE
- DATA MARKETING
- COMPLEX API DEVELOPMENT

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- SALESFORCE SPECIALIST
- CRM OPERATIONS
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- SOCIAL CAMPAIGNS
- TRADE ACTIVATIONS

SUCCESS MANAGEMENT

- INTERNATIONAL TRANSFORMATION PROGRAMS
- CHANGE / GOVERNANCE / ADVISORY TEAMS
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- LEARNING EXPEDITIONS

LOVED CLIENTS

INTERNATIONAL BRANDS

DIOR

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Cartier



sanofi



Van Cleef & Arpels

LOEWE

GIVENCHY
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SOFITEL
LUXURY HOTELS



RIMOWA



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**We help companies uncover and harness
hidden opportunities in uncharted territory**

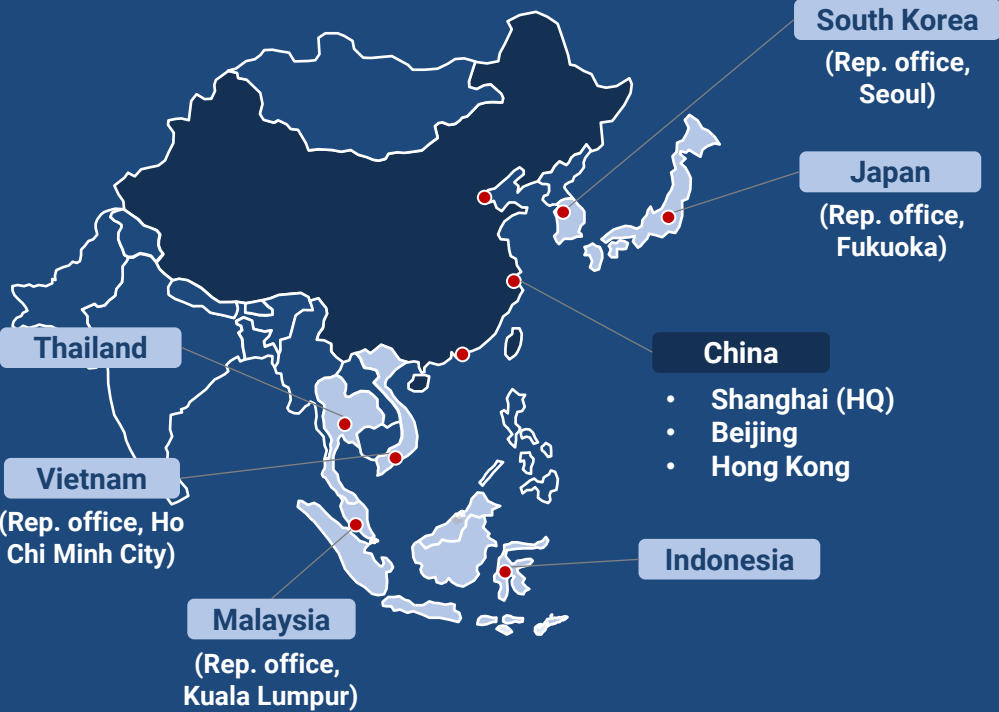
Through our market research and strategy consulting, we equip businesses with the knowledge and guidance to achieve growth in APAC and beyond

Originally from China, covering APAC

CHINA PRESENCE



APAC PRESENCE



Who we are

A China-based strategic research firm, specializing in client-centric solutions from market exploration to operational expansion. With offices in Shanghai, Beijing, and Hong Kong, along with representation in Singapore, South Korea, and France, our diverse team ensures comprehensive coverage for data collection and research across China and beyond.

What we do

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Alternative data
Consumer understanding

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Brand book
Brand positioning
Brand activation toolkit

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Open innovation
Learning exhibition
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BURBERRY

LACOSTE

swatch

BOBBI BROWN

ESTÉE
LAUDER

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SINCE 1904

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EN PROVENCE

KENZO

Pernod Ricard

PRADA

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DIESEL

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