

China Hi-End Retail 2009

By Jitka Odehnalova, Ph. D. Candidate, European Retail Academy, University of Economics, Prague

China HI-END RETAIL 2009, May 26th -27th, 2009, was held in the Chinese metropolis - Shanghai. This retail conference offered a unique view into the China retail industry (consumption outlook, consumer behaviour, supply chains, logistics, B2B, B2C, HR, entry and expand strategies), while pointing out luxury products retailing. Particular topics defining luxury and service, brand building, cost reducing strategies, brand equity, store design, online retail opportunities and data mining were fringed by challenges and opportunities brought by the current world economic situation. Speakers represented domestic as well as foreign retail experts. The event was run in an interactive atmosphere as individual presentations were complemented by panel discussions and additional questions.

Talking about luxury exclusivity (high price, limited distribution and prestige product range), brand power (brand status and prestige), technology (to excel, to be superior) and aesthetic- art are the defining criteria. While European and American luxury demand are products oriented, the Chinese one is service oriented. China, the only market where men consume more luxury than women has a significantly younger wealthy consumer - 1) younger than a wealthy consumer in other countries, 2) younger in comparison to the average age in China. However the luxury goods' purchase is moving from abroad to the domestic market and People's Republic of China became the second largest consumer of luxury goods in the world, concerning the brand loyalty, due to the short modern luxury brands' consumption history preferences are not developed yet (83% do not plan to shop in a specific unit), while customer service and convenience represent the most important factors influencing the shopping choice. In other words, customer experience is critical to achieve loyalty to the brand. Although luxury in China is not new (since ancient times, precious materials and objects have been used to signify status), the luxury brands are. The luxury brand awareness is significantly low: "Brand differentiation is in its infancy, everyone is still learning," said Tom Doctoroff, JWT. "While being a retailer, China is currently the best place to be right now," pointed out Aaron Lo, KPMG China. Vinay Dixit, McKinsey & Company summarised: "It's good time to start to attract consumers."

The relationship between the brand and consumer must be unique. According to the willingness to pay for the best and showiness, consumers in China can be divided into 6 following groups: 1) down to earth, 2) climber, 3) Urban, 4) Luxury, 5) flashy and 6) enthusiastic. Purchasing luxury goods must bring and external benefit, it is a way to touch the dream and smoothly simultaneously strongly without explicit words using non-verbal communication express: "My husband is rich."; "I am sophisticated."; "We are the elite."; "I am successful too."

Online retail activities are being challenged by the fact that Chinese consumers do love the event of shopping on its own however the potential of consumers of actively using Internet is very large as there are 298 million Internet users in China. "Internet users spend more time on the Internet than watching TV," explained Sam Flammig, CIC.

While dividing luxury consumers into 4 groups - 1)super rich, 2) upper-middle class, 3)lower-middle class and 1)low income, first and second groups luxury spending are expected not to be influenced by the economic crisis. The Chinese character for financial crisis 危机 "wei ji", expressing simultaneously a danger and an opportunity, is reflecting the Chinese approach to the current economic situation. However a decrease in manufacturing might be unavoidable, a decrease in sales of luxury goods is not expected. „People are lining in the queues," commented Fred Lam, Oracle Corporation. Local competition is growing as retailers are coming to China to balance other sources.

List of speakers: Vinay Dixit, Michael Klibaner, Alessandro Paparelli, Tom Doctoroff, Anson Bailey, Andrew Wu, Peter Knapp, Stone Gong, Aaron Lo, Frank Zhang, Tony Chen, Sandy Chen, Terry Normann, Charles de Brabant, Clifton Leung, Fredric Lam, Yolanda Wang, Alexandre Misseri, Robin Lu, Ben Cavender, Vladimir Djurovic, Sam Flemming, Pei Wen and Olivier Maugain. Among sponsors we could find Rinpak & FEC, Apl logistics, Intertec, Oracle, TNT, Toshiba & Raymark, Avery Dennison, Hisense, Vogue & Vogue Mens, Schawk, Sinodis, Racenergy, 88BRANDS.

China Hi-End Retail 2010 Speaker call up

Brands, Retailer & Wholesaler are welcome to contribute the speech relating to the theme of the conference. Please contact the organizing committee for detail.

Terry KIM
Production Director
t.kim@opplandcorp.com

Photo Gallery

