



Tapping Chinese Travel Retail Market

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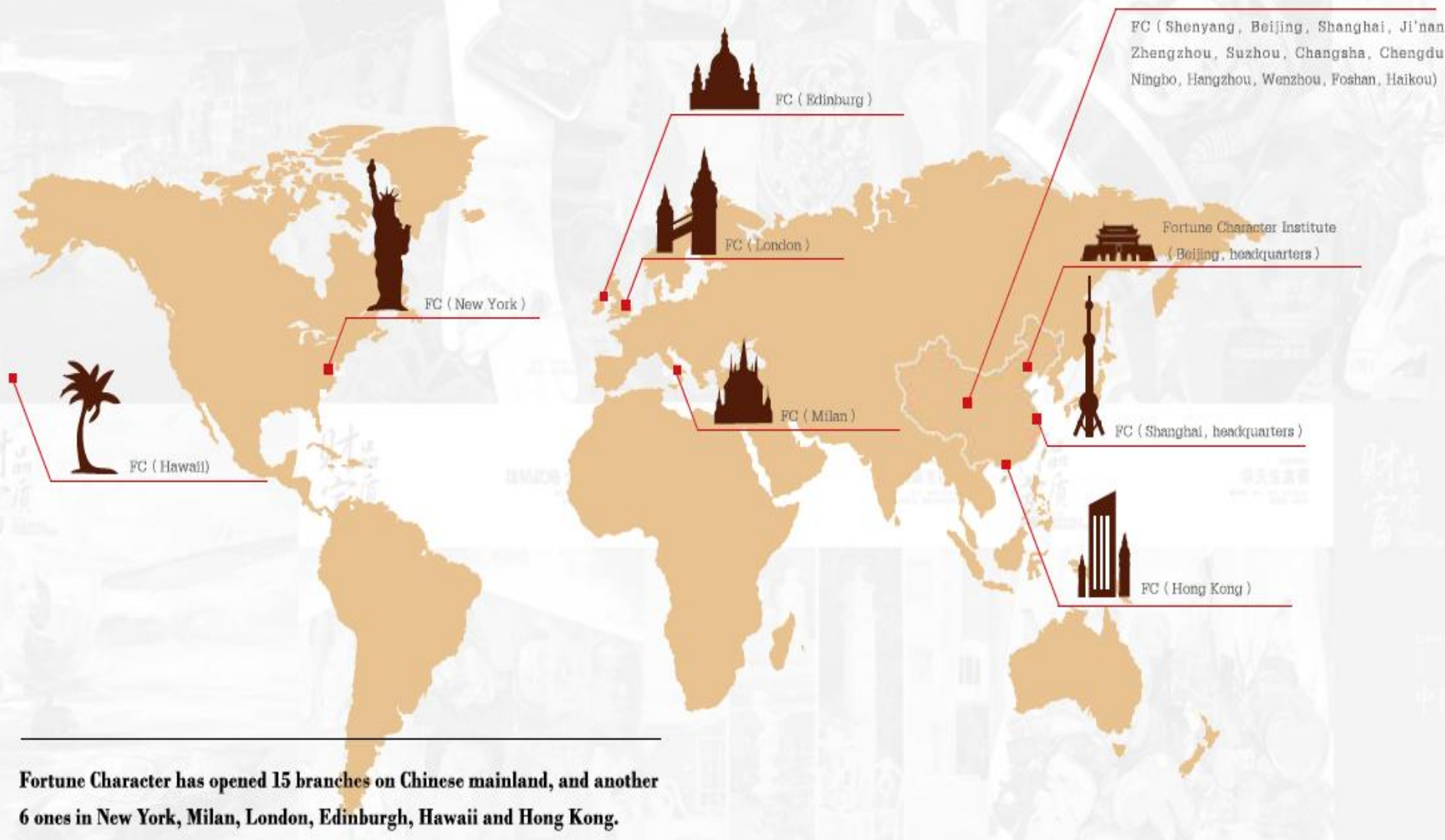


Introduction about FC

Fortune Character Group

Fortune Character Institute

2012 China Luxury Report



Leading group providing one-stop service for Chinese wealthy

Branches all over the world



Research center & Think Tank



5 luxury reports in 2012

Another 13 luxury reports in 2013

财富品质
CHINA FORTUNE CHARACTER

CHINA LUXURY REPORT
中国奢侈品报告



财富品质研究院 |
2012 中国奢侈品报告
瑞士锋：我们这五年
周婷：中国奢侈品报告

Foreword: Deeper In China
Chapter 1: 2012 Global Luxury Market
Chapter 2: Luxury Map in China
Chapter 3: Luxury Lifestyle in China
**Chapter 4: Distribution Channels of
Luxury brands in China**
**Chapter 5: Promotion of Luxury
Brands in China**
**Chapter 6 :CRM of Luxury Brands in
China**
**Chapter 7 :A Long Way to Go for
Chinese Local Luxury Brands**

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5. Fortune Character Lists

A close-up photograph of a large, faceted diamond ring, likely a solitaire or a similar high-end design. The diamond is the central focus, showing its intricate facets and how it catches the light. The background is dark, filled with numerous out-of-focus, warm-toned light circles (bokeh) in shades of orange, yellow, and red, creating a soft, glowing atmosphere. The ring is positioned in the lower right quadrant of the frame, with the diamond pointing towards the upper left.

1. Overview on Chinese luxury market

Who are your target clients?

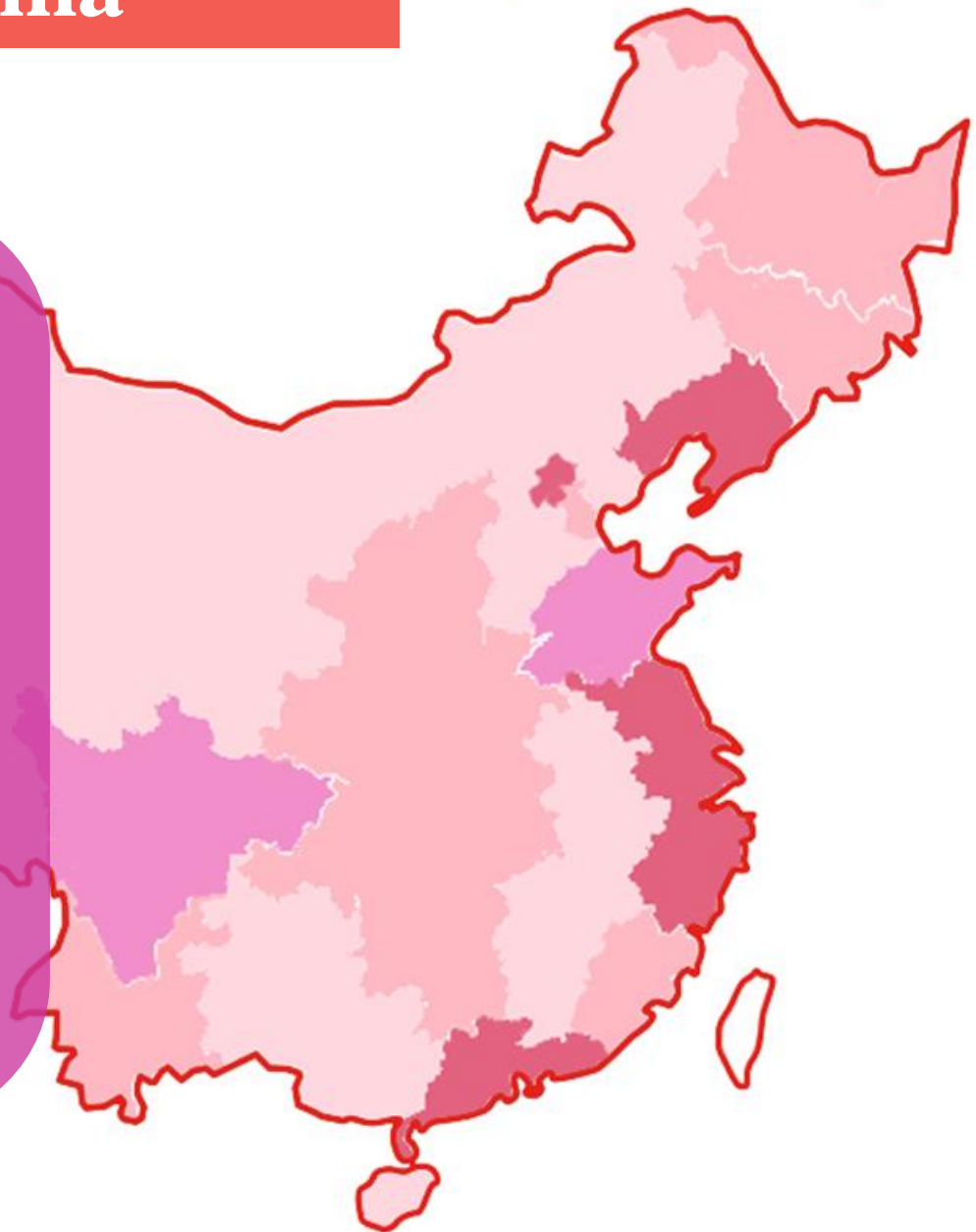


Are these people
Or these 20%
who make up
80% of the clients
80% of the clients
to 80% sales for
mix and generate
the brand?
20% of the sales?

Luxury Map in China

There are much market potential and prospect in 2/3 tier cities

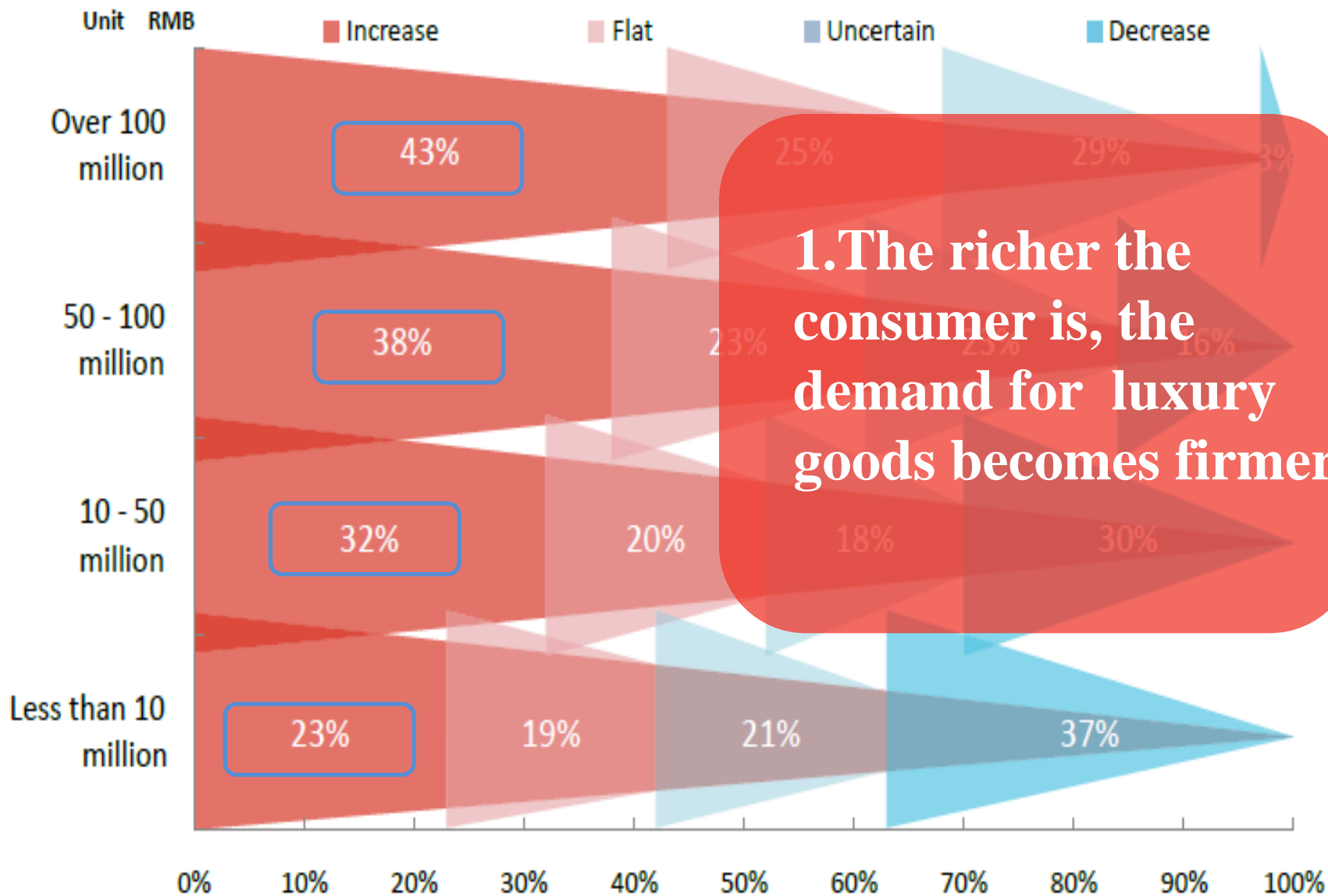
Promoting brand image and sinking the market promotion and service other than opening more stores



A night scene of a street lined with trees covered in dense, warm-toned lights, with a person walking in the distance.

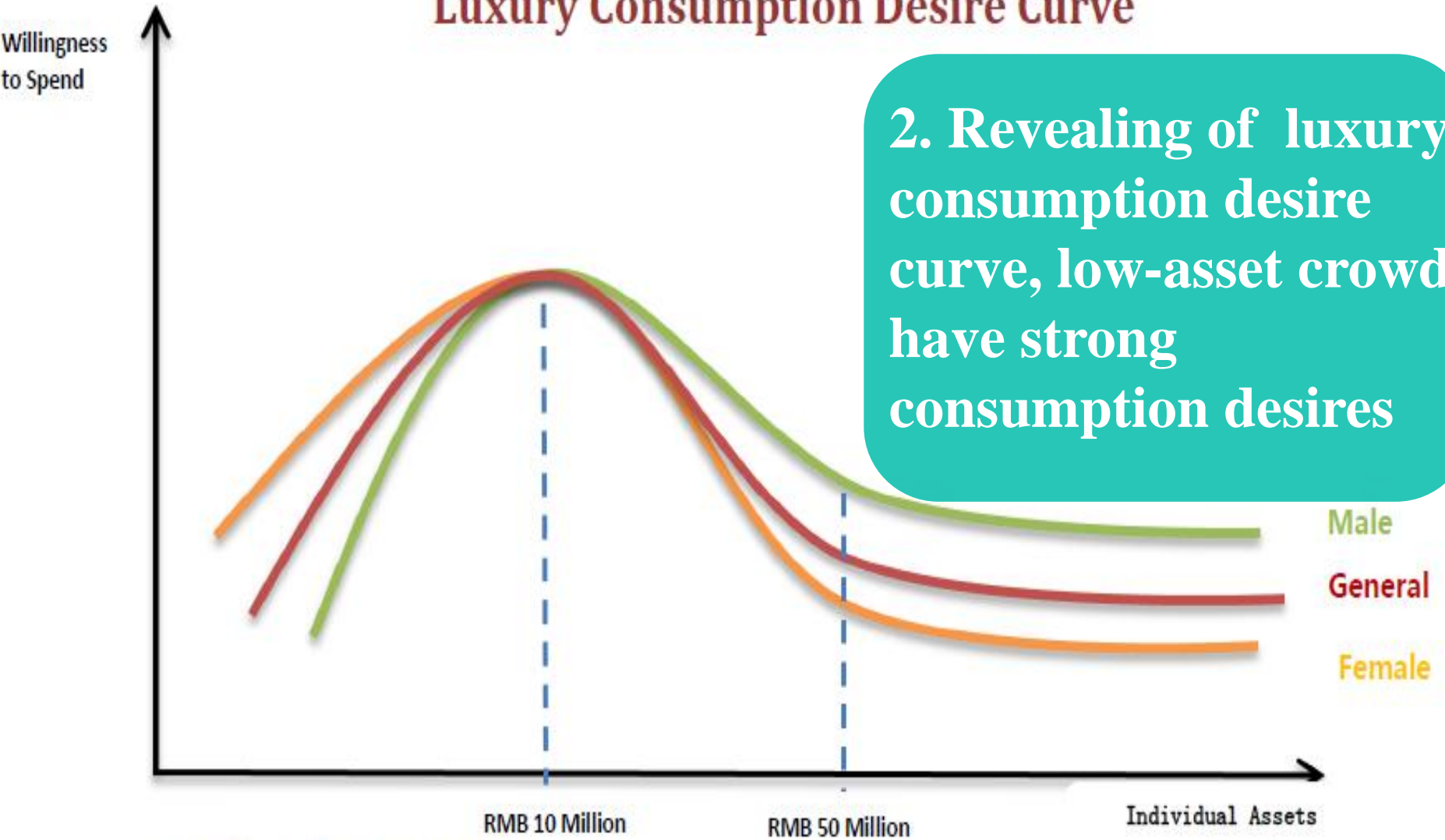
2. Consumption behaviors of Chinese luxury consumers

Consumers' willingness to buy luxury goods in the future



Luxury Consumption Desire Curve

2. Revealing of luxury consumption desire curve, low-asset crowd have strong consumption desires



Data Source: Fortune Character Group

The Most Expensive Luxury Goods Purchased by Participants are Mainly Less Than 0.5 Million RMB

Top 3 Categories are: Watches, Cars ,Bags&Luggages

Unit: RMB

Less than 0.5 million



0.5 - 1 million

19%

1 - 2 million

16%

2 - 5 million

7%

5 - 10 million

3%

More than 10 million

2%

3. The consumption of luxury goods are becoming popularized

Emerging new money from 2/3 tier cities are increasingly important

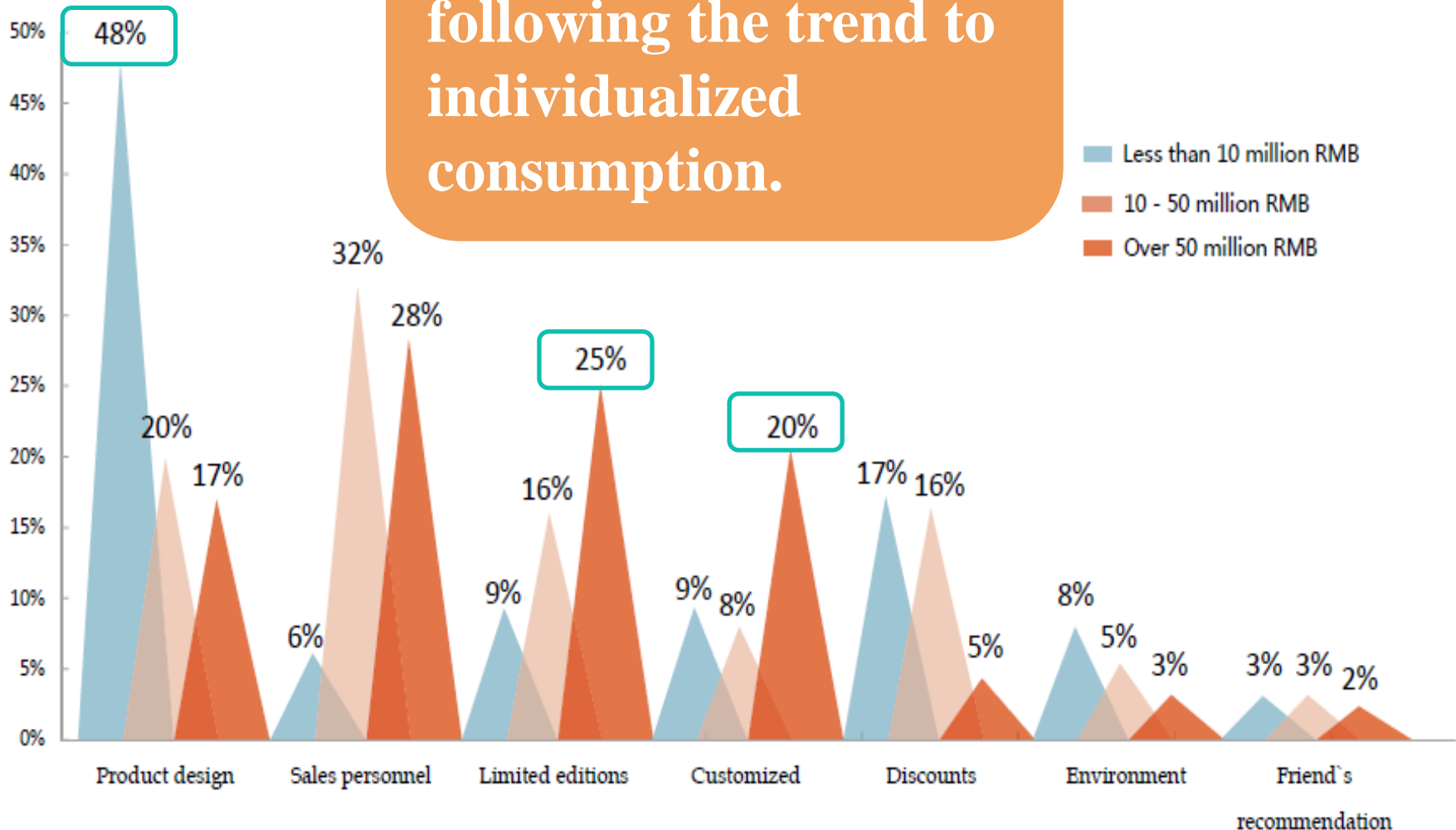


Do you love logo?

**4. Upgrading
personal taste in
luxury consumption
From other's needs
to personal needs**



Also, consumption has transferred from following the trend to individualized consumption.

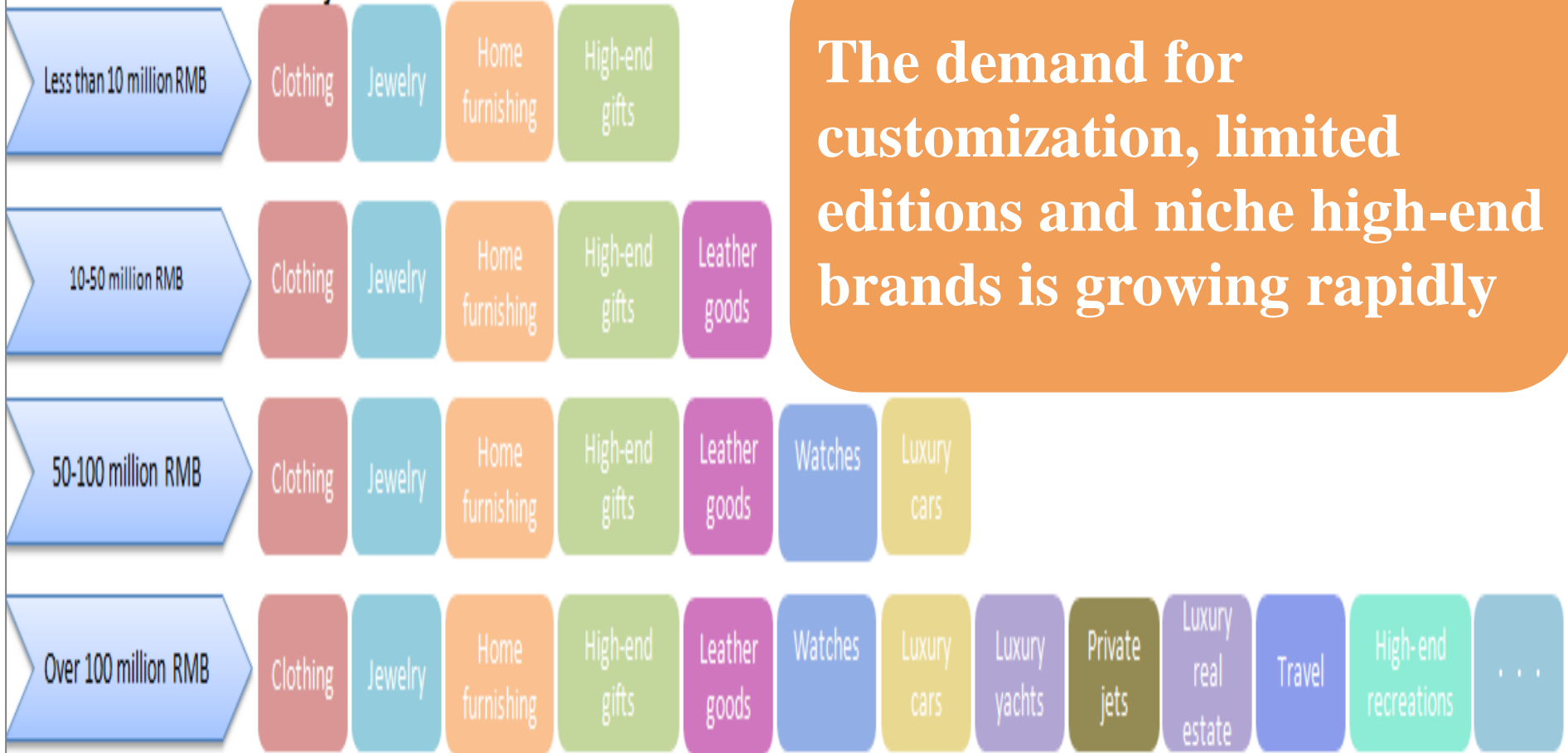


Motives for consumers to consume luxury goods

The preference of customized products for the Chinese Wealthy are: clothing, jewelry, home furnishing and high-end gifts

Billionaires have their entire lifestyle customized

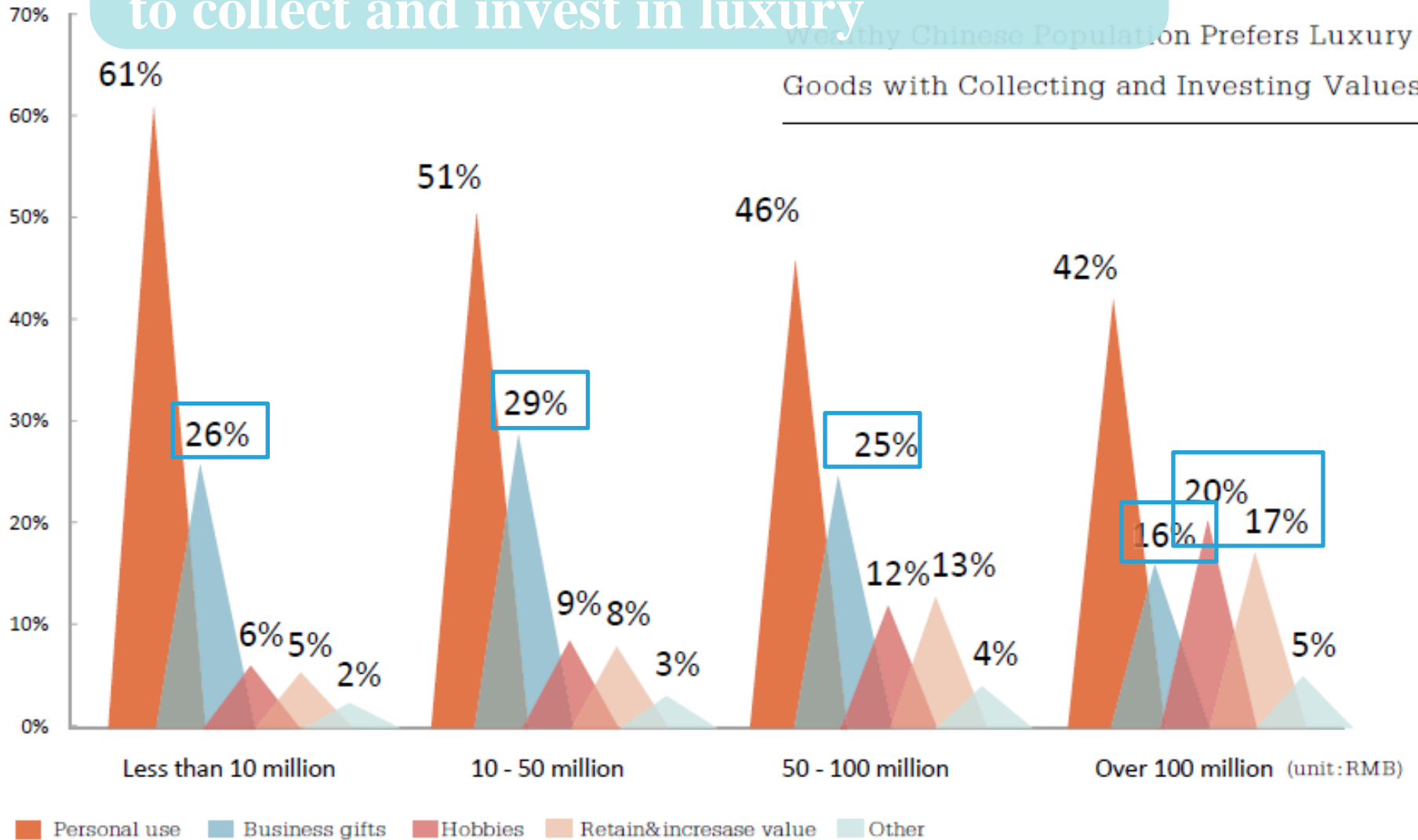
The demand for customization, limited editions and niche high-end brands is growing rapidly



Data Source: Fortune Character Group

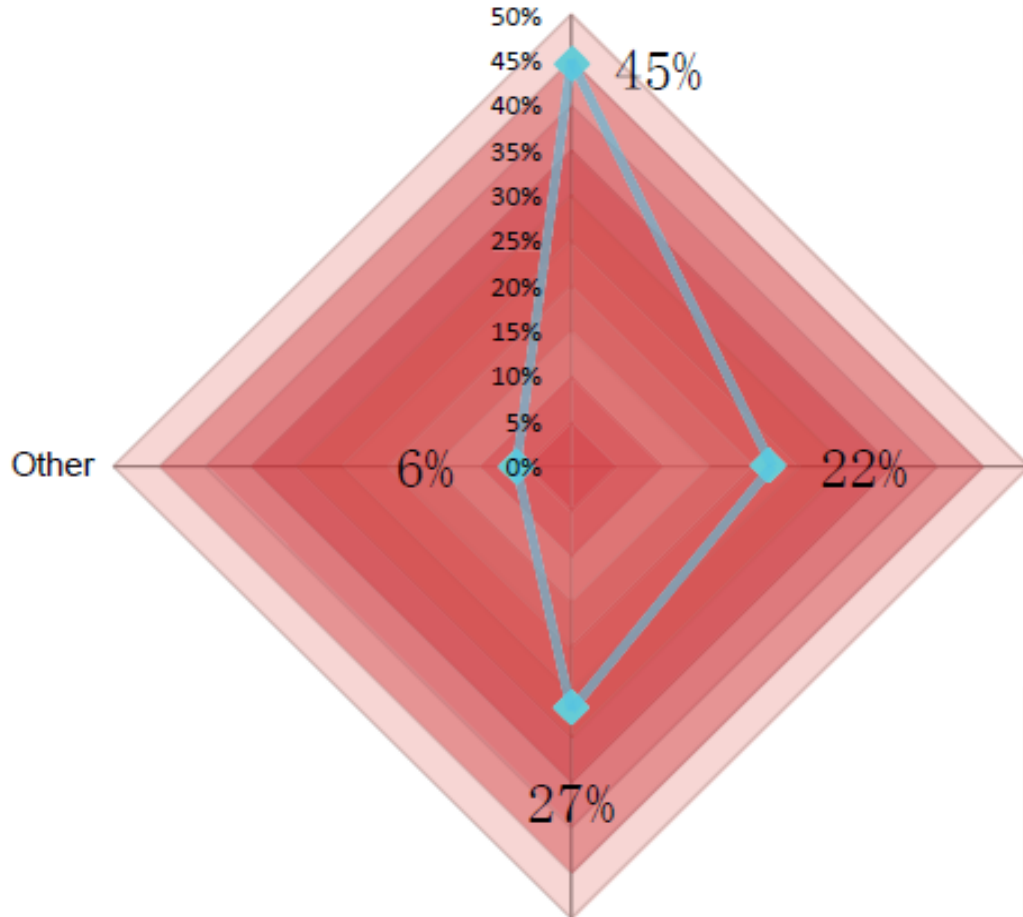
5. Social functions of luxury products are highlighted, Chinese wealthy prefer to collect and invest in luxury

Wealthy Chinese Population Prefers Luxury Goods with Collecting and Investing Values



Consuming purposes of consumers

Products and brands that friends are using and recommending



Products and brands that have high media exposure and brand recognition

6. Consuming behaviors of Chinese wealthy are easily influenced by others

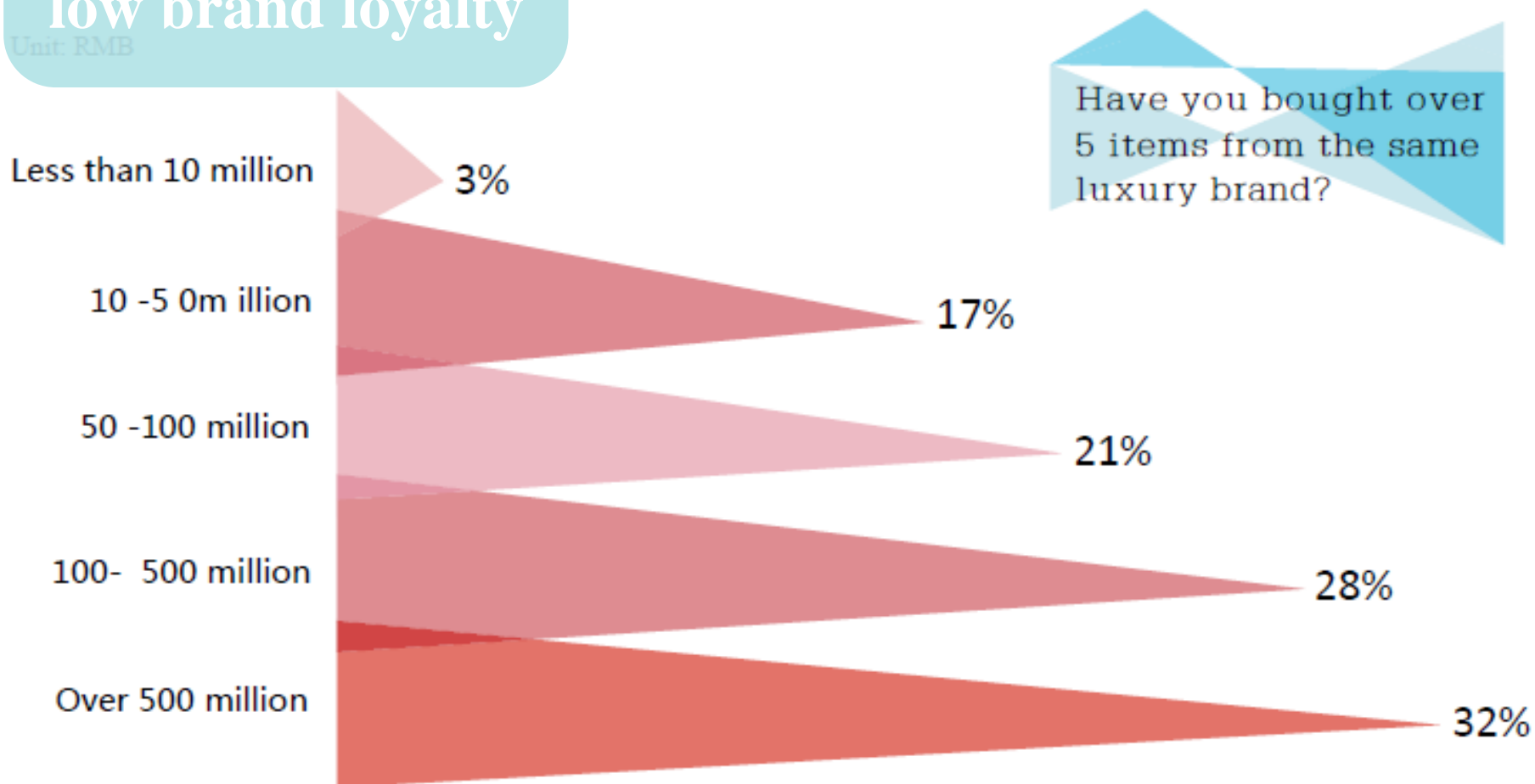
Products and brands that have personally used and experienced

Buy goods from luxury brands that everyone knows

7. Chinese consumers have low brand loyalty

Unit: RMB

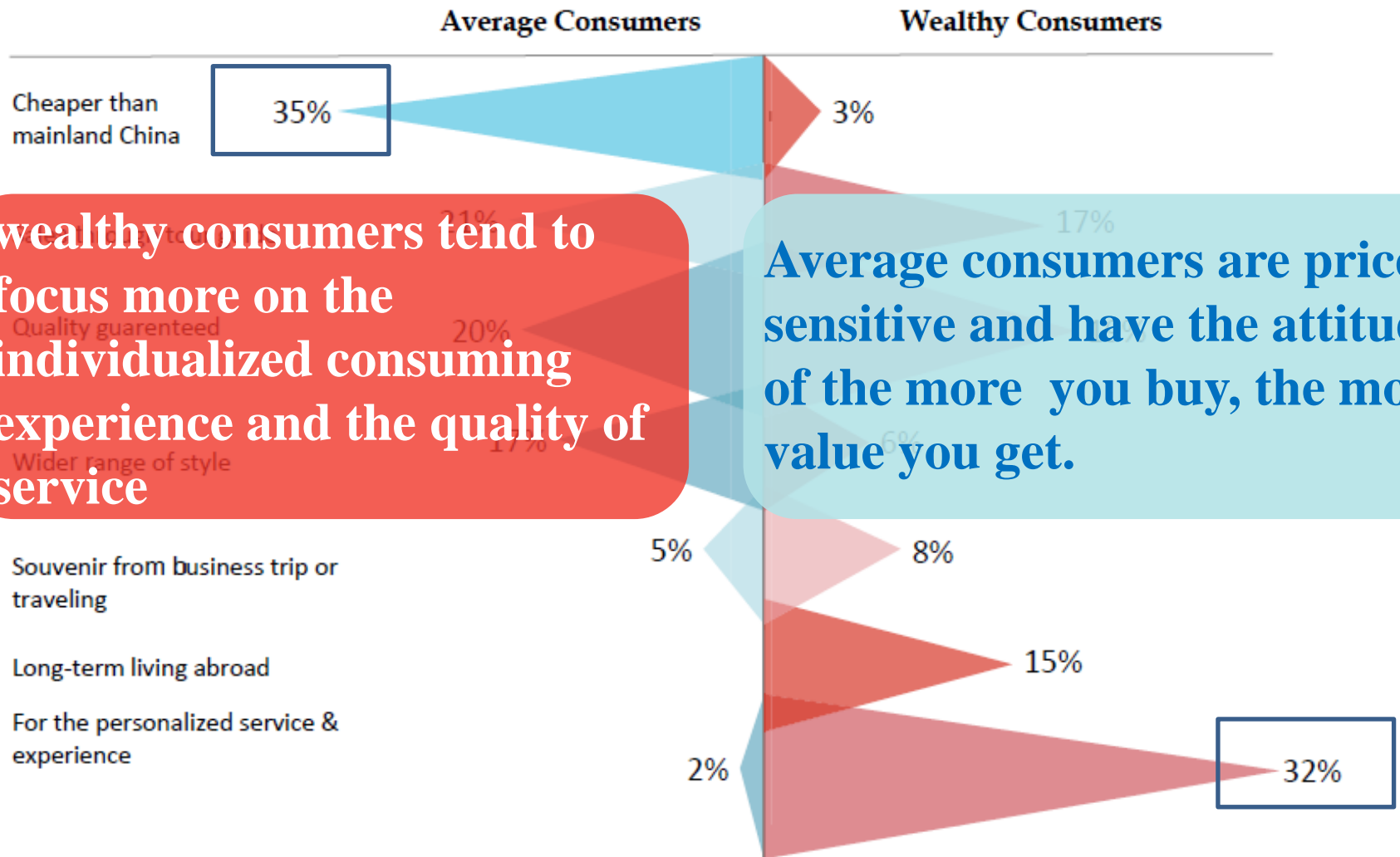
The Higher the Asset Level, the Higher Brand Loyalty is





3. Travelling Chinese

Why Chinese consumers are infatuated with overseas luxury purchasing



wealthy consumers tend to focus more on the individualized consuming experience and the quality of service

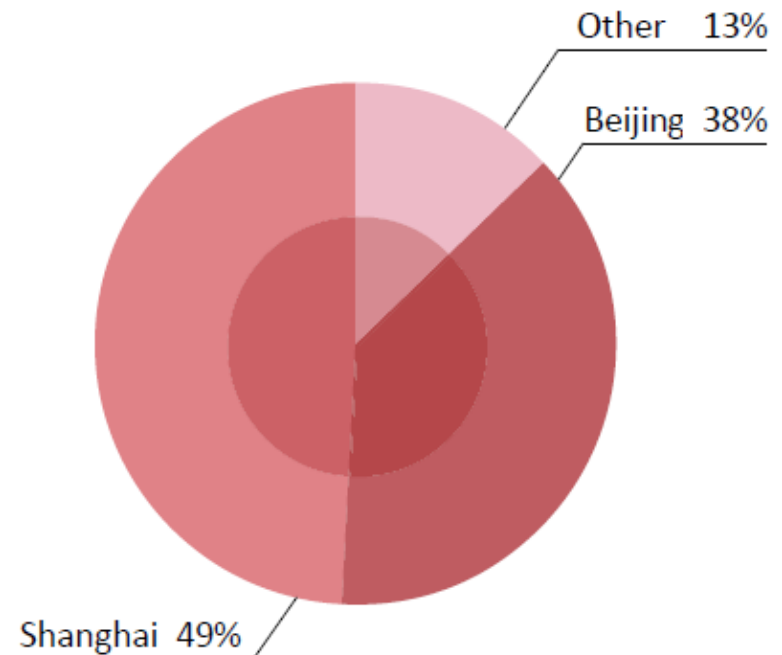
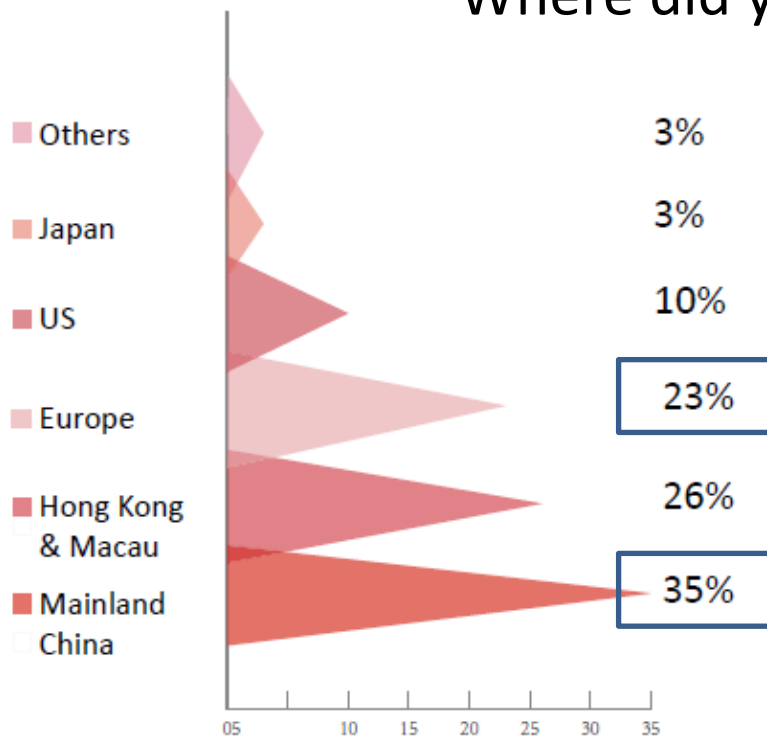
Average consumers are price-sensitive and have the attitude of the more you buy, the more value you get.

**Luxury consumption is shifting abroad,
cultural experiential consuming and
purchasing through manufactures would be
the mainstream.**

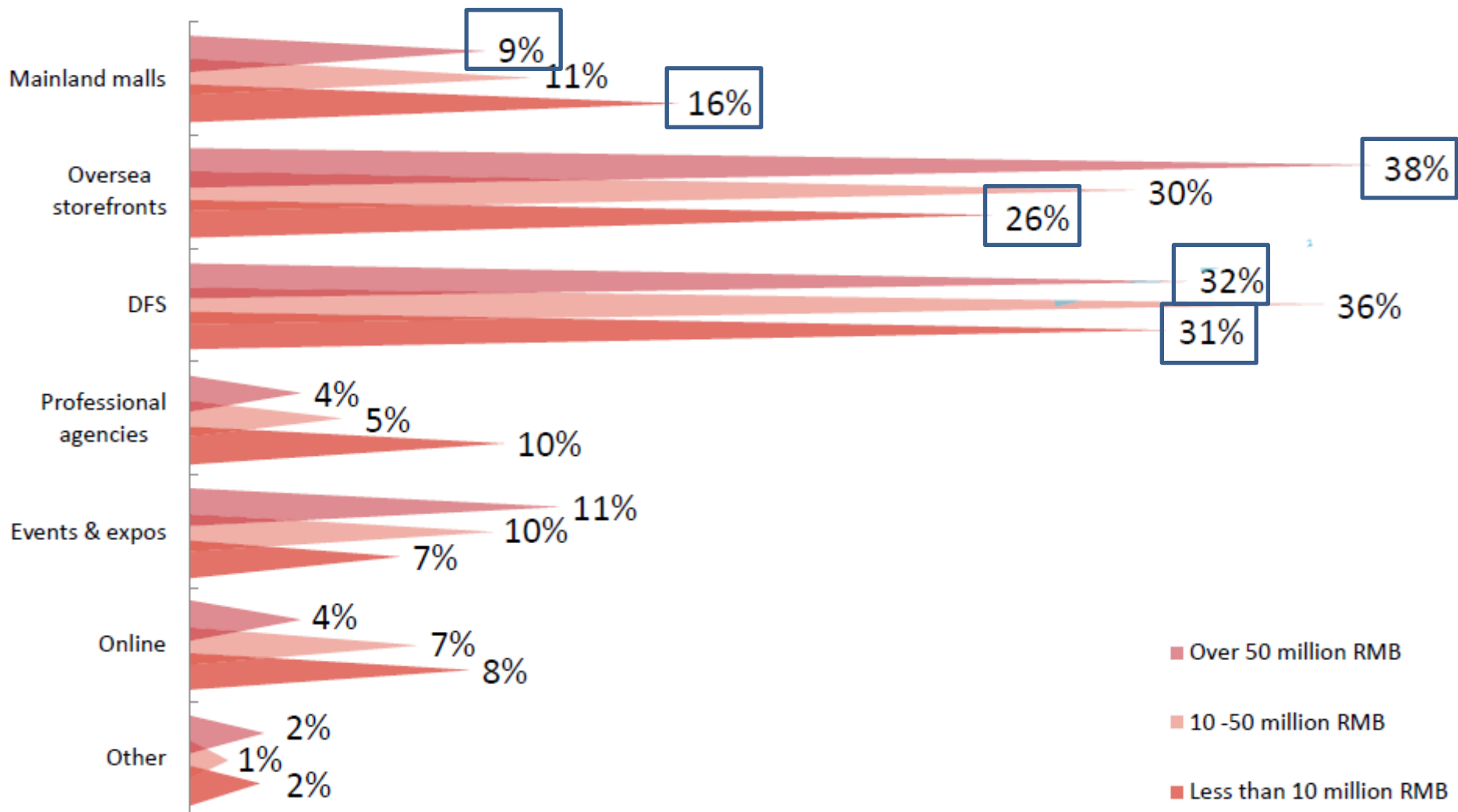


1. Luxury consumption is shifting from Hong Kong & Macao to Europe and US in 2012

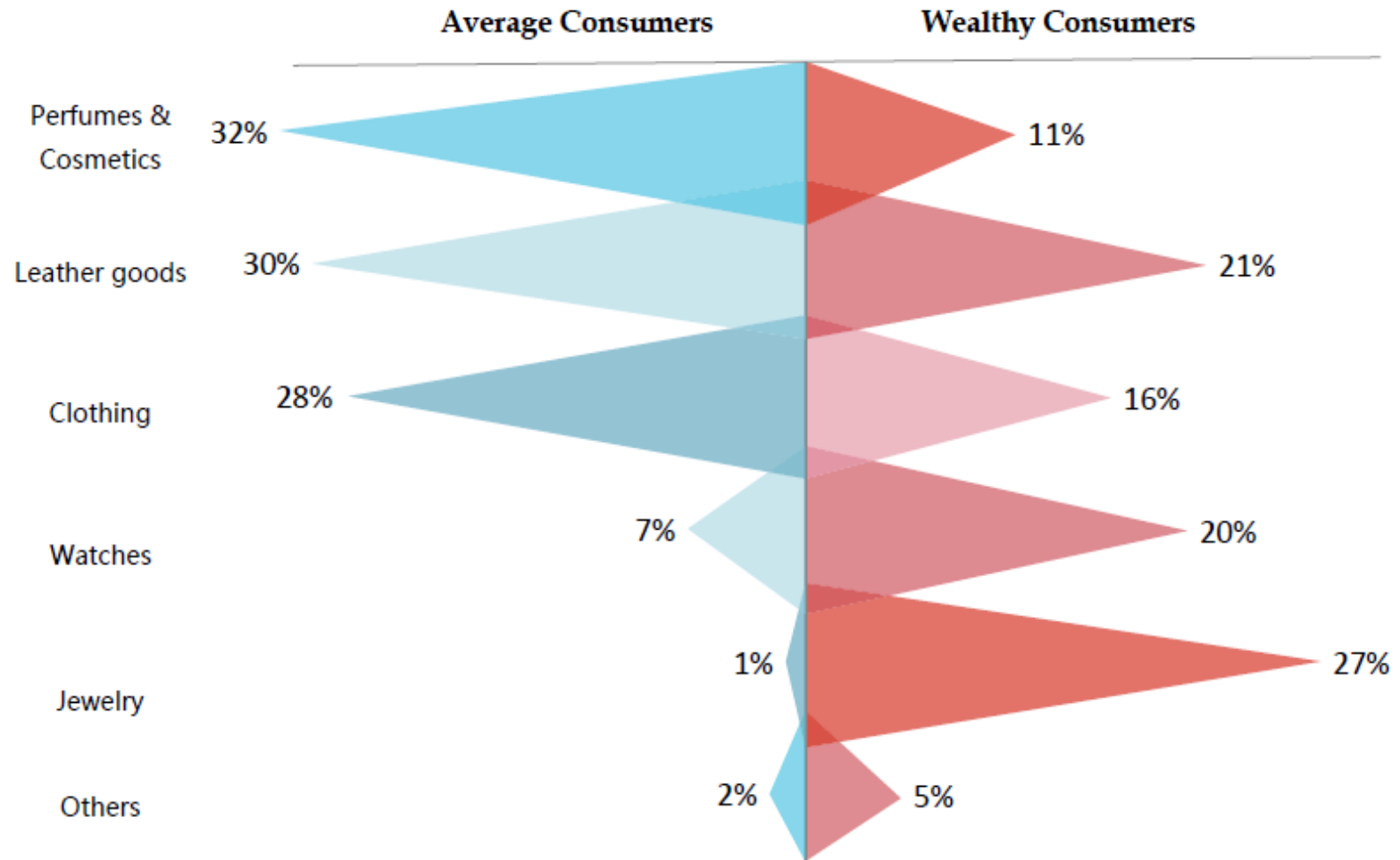
Where did you make the luxury purchase?



2. Chinese consumers prefers to buy luxury products in brand stores and Duty Free Shop



3. Chinese consumers like to buy luxury leather goods, watches and jewelry overseas





4. Look ahead for travel retail market

1. Luxury consumption shifting to overseas will soon alleviate

So far, 40% of the luxury consumption is completed overseas

In the near future, this rate will drop to 20%

They would mainly go abroad to buy those customized, limited editions and niche design brands



2. Tourism and cultural experiential purchasing will become the main trend for future overseas luxury consumption



Chinese consumers are willing to visit the birthplace of luxury brand and savor the brand heritage during the trip.



3. Main channel of overseas luxury consumption will be through overseas manufacturers



Challenges for travel retail market

Price is exerting much more influence on travel retail

1

Limited brands and categories

2

Lack of experiential consuming

3

Challenges from E-luxury

4

Challenges from Chinese government







5



5. Fortune Character Lists

Fortune Character Lists




CHANEL
Rolls-Royce Motor Cars



MONT BLANC
 LOUIS XIII <i>Rayé de la Mer</i>
BOTTEGA VENETA


Luxury Brands Favored by Chinese Wealthy



CHANEL
BOTTEGA VENETA

 PATEK PHILIPPE
 VACHERON CONSTANTIN
TIFFANY & Co.
PIAGET
<i>Cartier</i>
<i>Salvatore Ferragamo</i>
Ermenegildo Zegna

Luxury Brands Reflecting the Tastes of Chinese Wealthy






GIORGIO ARMANI

<i>Cartier</i>
PRADA

GUCCI

Dior

Luxury Brands Favored by Chinese New Money



 PATEK PHILIPPE
Rolls-Royce Motor Cars
 MONT BLANC
GIORGIO ARMANI
 HERMÈS PARIS
 LOUIS VUITTON
 ROLEX
<i>Cartier</i>
PIAGET
CHANEL







Luxury Brands Reflecting the Status of Chinese Wealthy



 PATEK PHILIPPE
CHANEL
 HERMÈS PARIS
 ROLEX
<i>Cartier</i>
 LOUIS VUITTON
PIAGET
MONT BLANC [®]
Rolls-Royce Motor Cars
Dior

Most Valuable Luxury Brands for Chinese Wealthy



 LOUIS VUITTON
Ermenegildo Zegna
Dior
GUCCI 
<i>Cartier</i>
CHANEL

 OMEGA

 HERMÈS PARIS

Most Successful Luxury Brands in Marketing



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