

strategy&

SME China Strategy Ideation Workshop

March, 2025



Workshop agenda

Time	Activity	Objective
9:00-9:05	Opening	<ul style="list-style-type: none"> • Francéclat to welcome attendees and introduce the meeting objectives
9:05-9:30	KNOW: China Market Dynamics and Opportunities	<ul style="list-style-type: none"> • PwC China team to share prepared content for 15 mins • SME Q&A for 10 mins
9:30-10:30	UNDERSTAND: SME Status Quo and Routes-to-market Models	<ul style="list-style-type: none"> • PwC China team to share prepared content for 45 mins • SME Q&A for 15 mins
10:30-11:10	ACT: Optimal Route Selection	<ul style="list-style-type: none"> • Exercise 10 min • SME share by sector 30 mins
11:10-11:50	ACT: Action Plan and Must-wins (optional)	<ul style="list-style-type: none"> • Exercise 10 min • SME share by sector 30 mins
11:50-12:00	Summarize & Closing	<ul style="list-style-type: none"> • PwC China team to summarize alignments • Francéclat to close

A vibrant, colorful background of a crowd with hands raised and confetti falling, overlaid with the word "Welcome" in white text. The scene is filled with energy, with many hands reaching up and a shower of multi-colored confetti (red, blue, yellow, green) falling from above. The overall atmosphere is festive and celebratory.

Welcome

We are here today for...

1. Know

*China Market Dynamics
and Opportunities*

2. Understand

*Routes-to-market
SME Status quo*

3. Act

*Optimal Routes and
Action Plan*

Efforts to Date

Internal Diagnosis

We have selected and interviewed member SME brands :

- 3 watch brands
- 2 tableware brands along with their respective distributor

Additionally, we have conducted further desk research to support our diagnosis, which includes an analysis of one additional member tableware brand

Benchmarking Studies

We studied 14 benchmarks from 3 sectors who applied different models in China

watch

A | X
ARMANI EXCHANGE
EMPORIO ARMANI

LOLA ROSE
LONDON

ORIS
HÖLSTEIN 1904

BERING

Tableware

WEDGWOOD
ENGLAND 1759

WMF

Emma Bridgewater
FEELS LIKE HOME

IITTALA

Jewelry

MISSOMA MARCO BICEGO ROBERTO COIN

VETIVER

TASAKI

1. Know

*China Market Dynamics
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2. Understand

*Routes-to-market
SME Status quo*

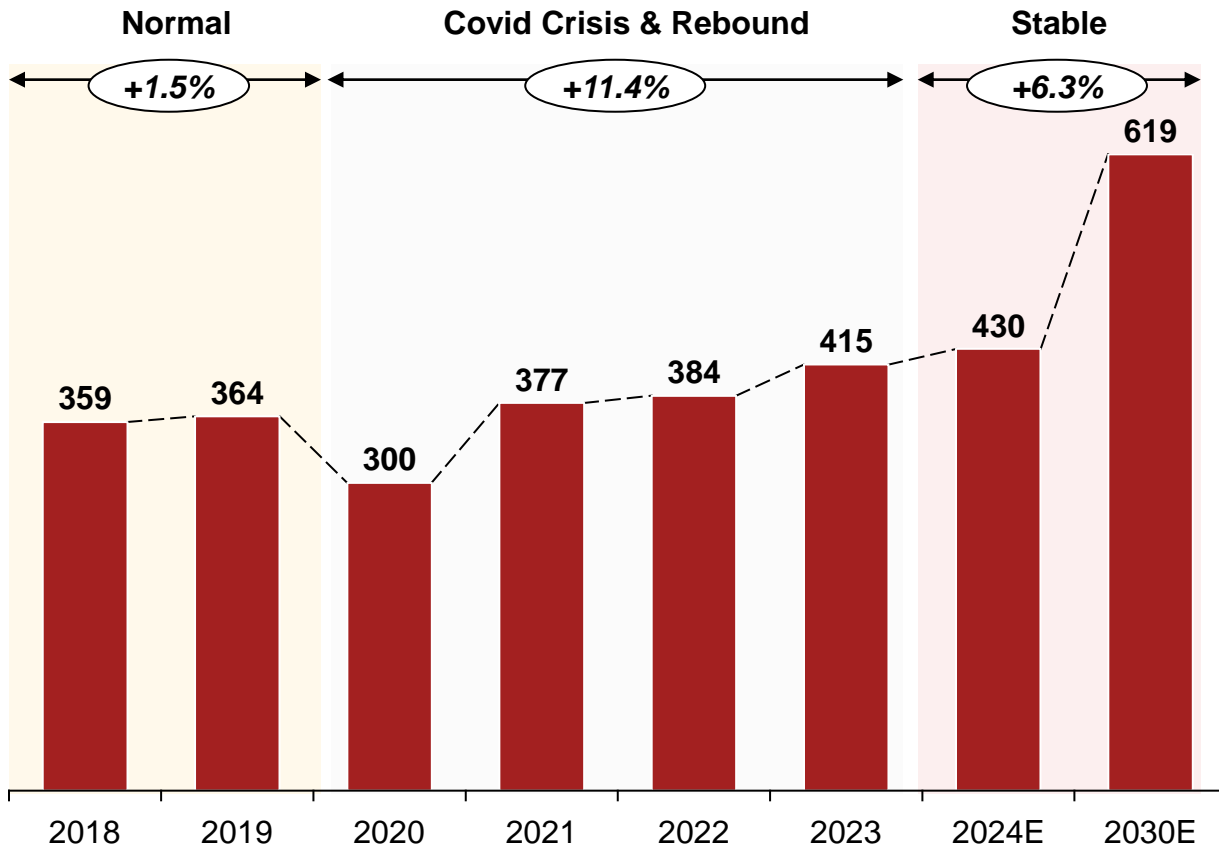
3. Act

*Optimal Routes and
Action Plan*

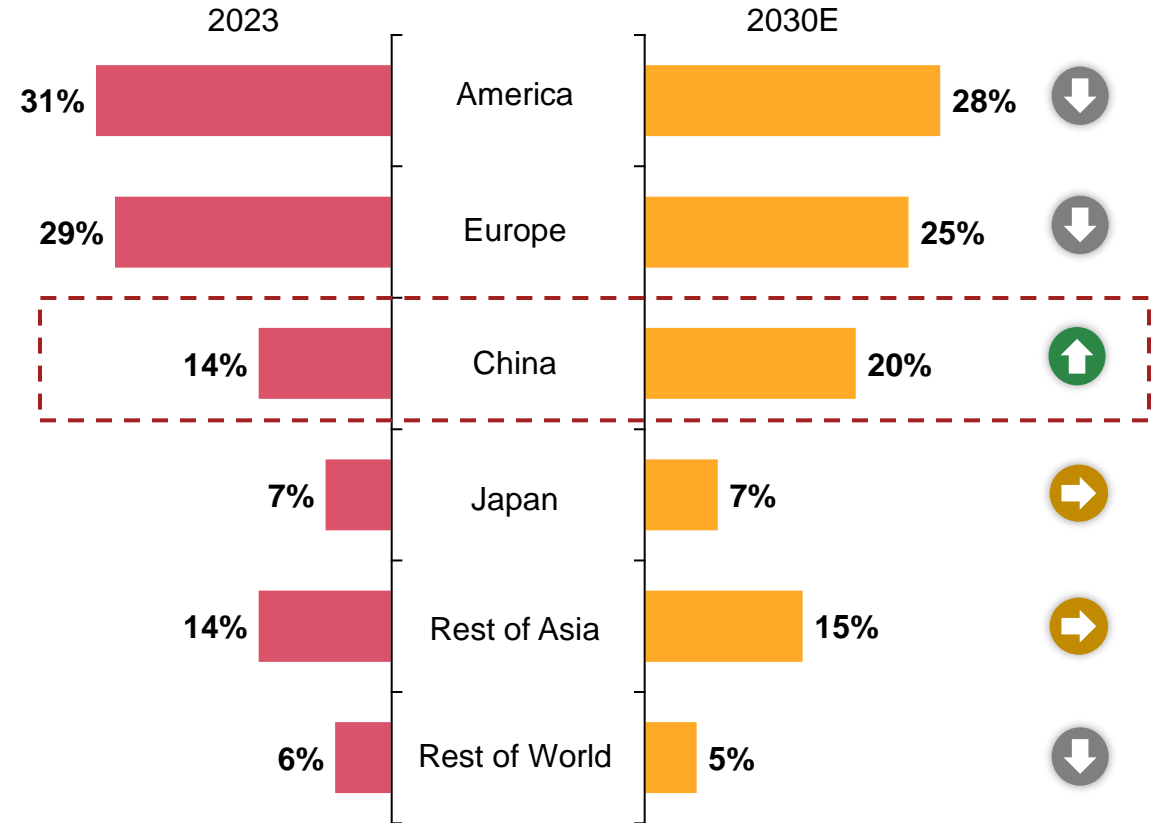
Global luxury market has recovered post-COVID and is estimated to grow steadily with China driving the most growth

Global Personal Luxury* Market Size, 2018-2030E

Unit: Bn Dollars




Personal Luxury Market Share Change by Region




Note: Personal luxury include Designer Apparel and Footwear (Ready-to-Wear), Luxury Eyewear, Luxury Jewelry, Luxury Leather Goods, Luxury Wearables Electronics, Luxury Timepieces, Luxury Writing Instruments and Stationery, Super Premium Beauty and Personal Care
 Source: Euromonitor, Desktop research, Strategy& analysis

China personal luxury market indicates a rebound of 13% CAGR, thanks to favorable policies, increasing customer base and omni-channel


Key Trend

 **Favorable policies driven**

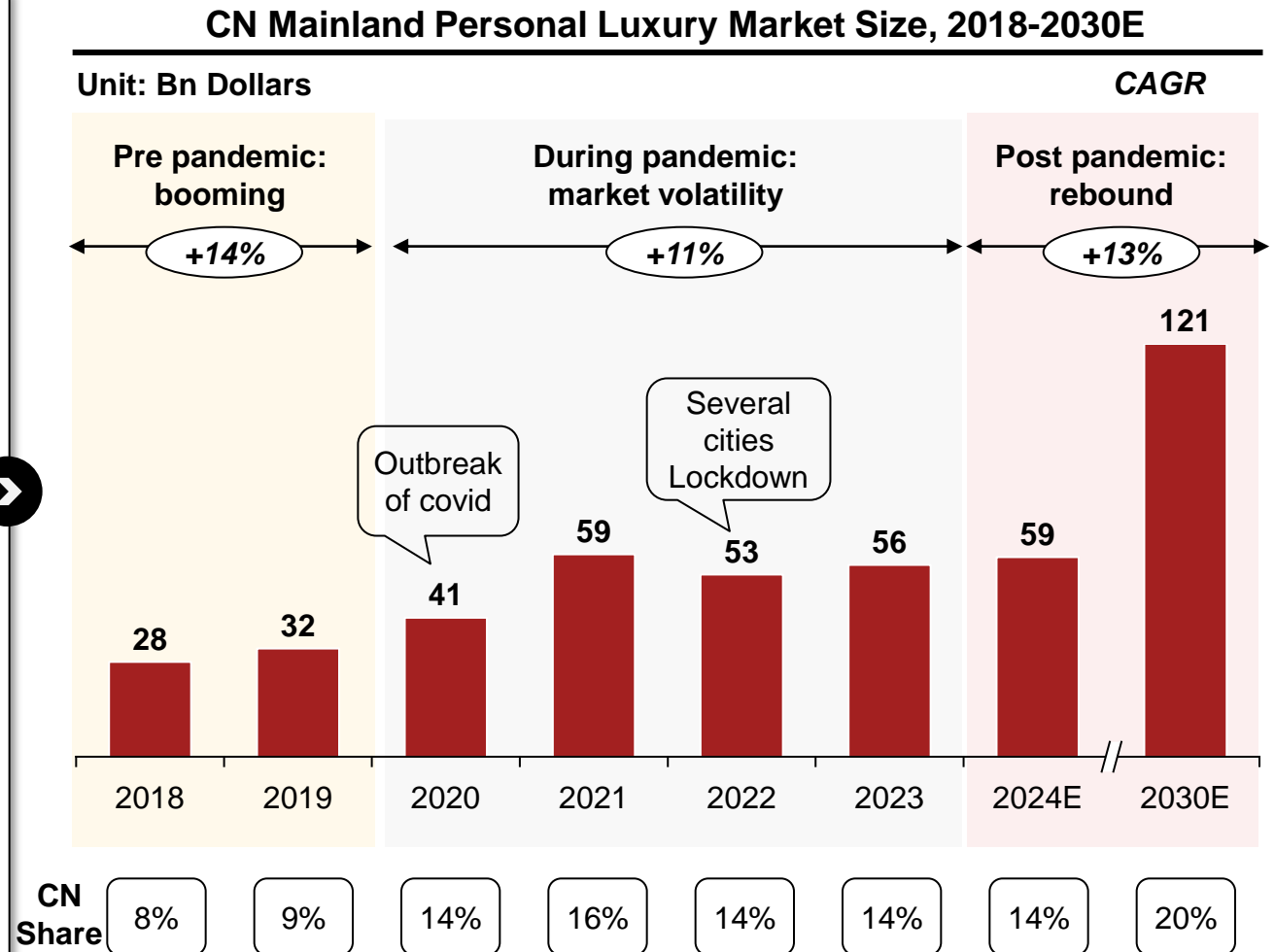
- **Promoting domestic consumption** has become a major government initiative
- **The Development of Hainan Free Trade Port** and the implementation of offshore duty-free policy

 **Increasing customer base**

- **Millennials and Gen Z** bring about new increment to luxury market
- **High-net-worth individual group** keeps stable expansion (From 2.62m in 2020 to 3.5m in 2023*)

 **Seamless Omni-channel**

- **Online channels** continuous to grow in importance, many global brands tend to increase online investment
- **Offline channel** integrate urban features and cultural heritage to improve experience



Context: Chinese government places high priority on consumer market growth, welcomes foreign investment, while also has uncertainty in regulations

Favorable Policy

Promoting Consumption

Report on the Work of the Government (March 5, 2023) at the first session of the 14th NPC

Promoting consumption became the top priority of the government work, with focus on:

Steady growth of consumption

Strengthen the consumption of residents

Cultivate new consumption growth

Improve consumers' environment

Deepening Foreign Investment

- Deepen the foreign trade structural reform
 - Further reform the management systems for inward and outward investment, improve planning for regional opening up
- 20th National third plenary session

Closer CN-FR Ties

Expanding trade cooperation





\$41.6 Bn*



\$37.3 Bn*

- CN is FR's largest trading partner in Asia

Enhancing cultural exchange




- CN & FR signing of cooperation documents on education, culture and tourism, etc.


Uncertainty Exists

Uncertainty in Regulations


- Tax reform is on the horizon**
- CN government intends to pledge consumption tax reform to increase fiscal revenue
 - Pilot firstly on high-end/luxury goods and service:



Luxury watches



Luxury Jewelry



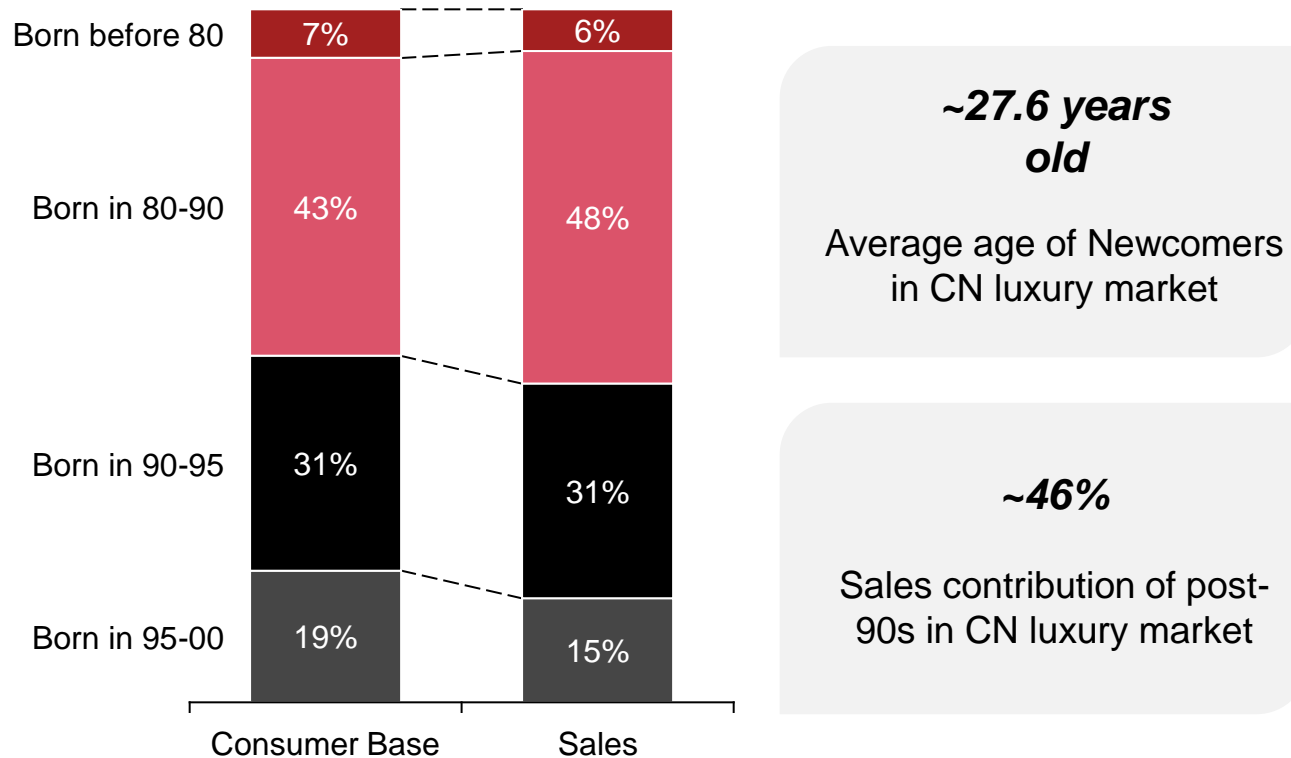
Premium cosmetics

Certain policies like quality certification are constantly changing

Consumer: The Chinese luxury market is seeing the rise of Millennials and Gen Z and high potential in low tier market

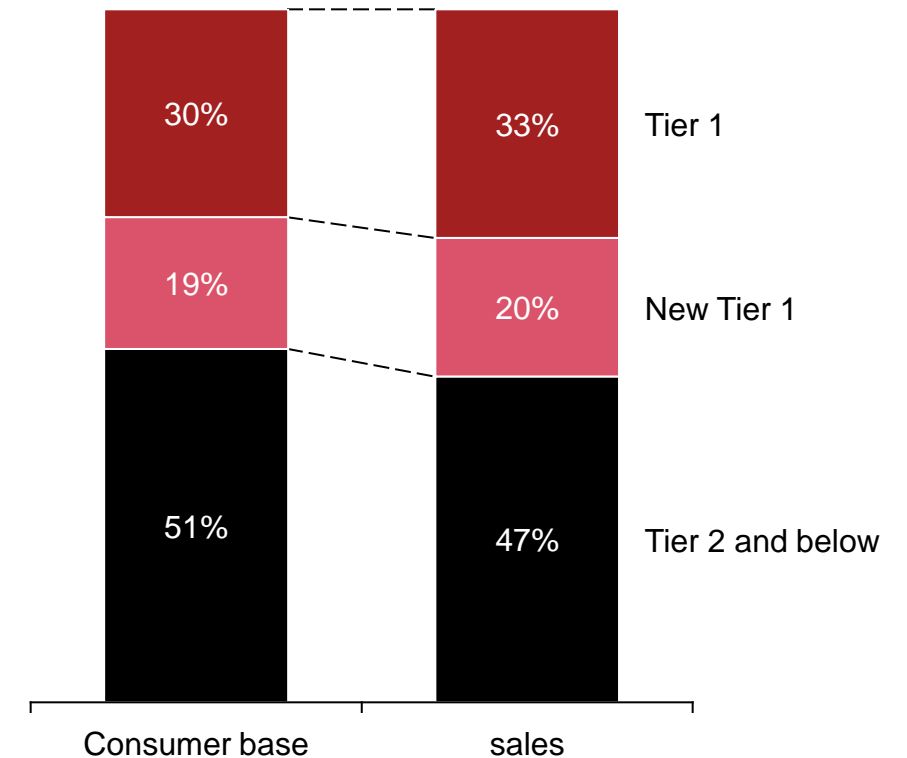
Rise of Younger Consumers

Breakdown of luxury consumer base and sales by generation



High Potential in Tier 2 & below Cities

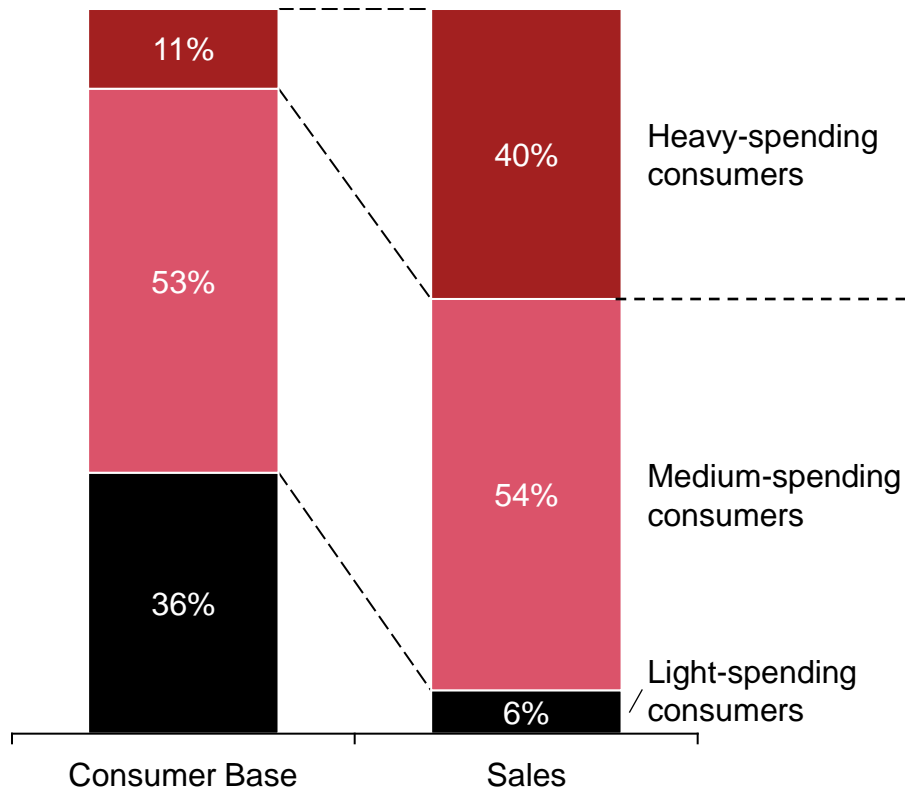
Breakdown of luxury consumer base and sales by city tier



Consumer: High spending consumers are still backbone while the whole consumption sees polarization due to more rational attitude

High Spending Consumers Contribute Half Sales

Breakdown of luxury consumer base and sales by spending power



Macroeconomic Downside Accelerates the Polarization of Luxury Consumption

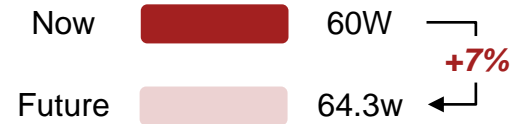
Main Segment

Spending Trend on Luxury Goods

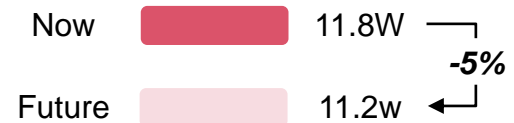
Annual expenditure per capita on luxury goods, RMB



- High-net-worth individual mainly
- Still the backbone of CN luxury market



- Ordinary middle-class
- Most affected by economic downside



- Millennial and Gen Z



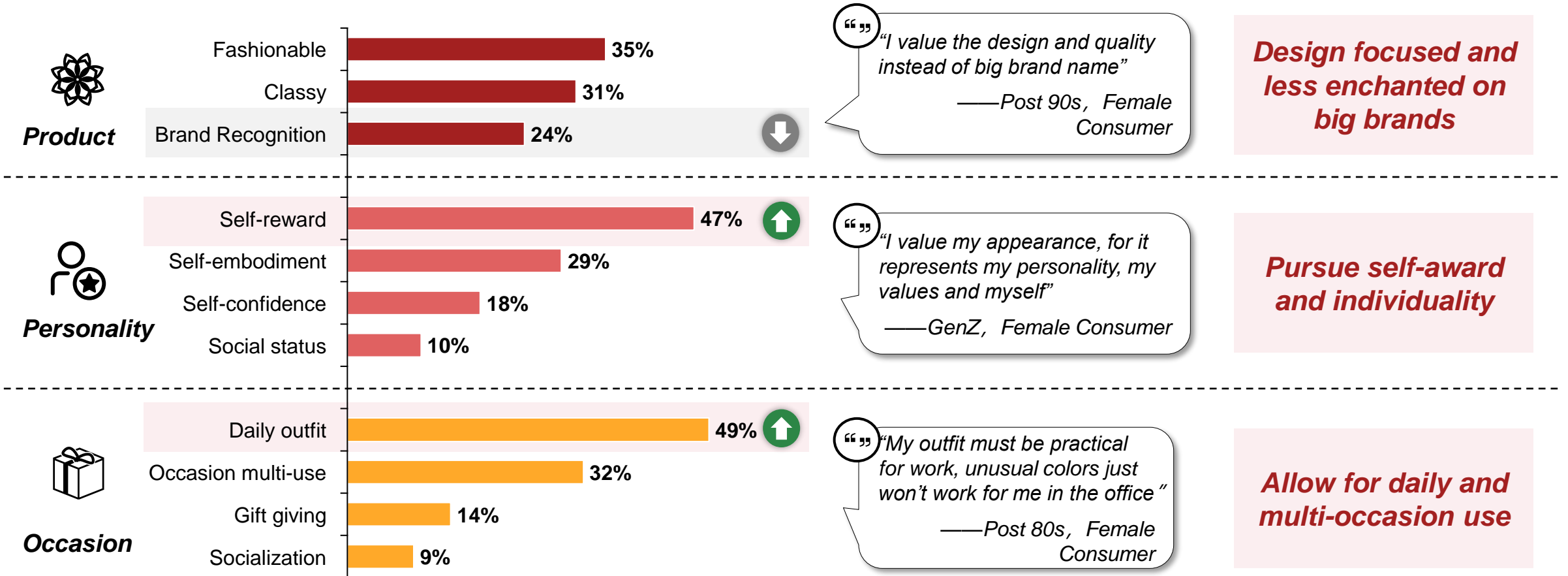
Premium Luxury



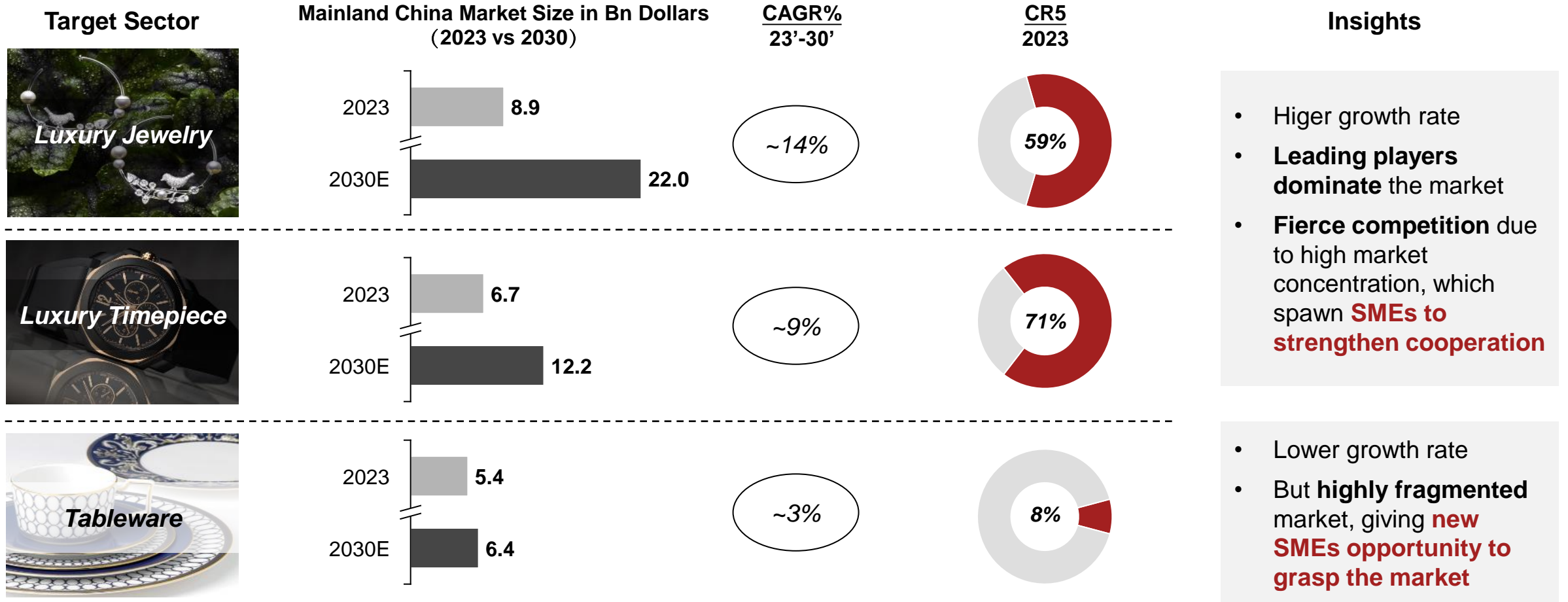
Affordable Luxury

Consumer: Consumers tend to value self-reward more, prefer daily outfit and multi-occasions and are less enchanted on big brands

Key Purchase Criteria



Category: Three target sectors in China indicate various growth patterns, which bring about SMEs both challenges and opportunities



Competition: domestic new brands are emerging with quick adaptation to consumers needs and flexible product portfolio, thus creating competition to foreign SMEs


Jewelry

Brands dialing up Chinese cultural heritage and craftsmanship

- **Brand: Laopu Gold**-Chinese heritage gold jewelry brand 
- **Product design:** adopt carving, hollowing, filigree to manufacture classic products (incl. Rose Window Series, etc.) 
- **Sales:** 4.3Bn dollars in 2023

Brands with unique brand value proposition and strong emotional connection

- **Brand: YIN**-Modern fine jewelry designed in 2014, China 
- **Brand position:** Building the fusion of Chinese philosophy and contemporary design within jewelries 


Timepiece

Brands combining with traditional aesthetics and timepiece manufacture techniques

- **Brand: Ding Tang**-Chinese high-end timepiece brand 
- **Product design:** Perfect combination with China traditional culture & aesthetics and fine timepiece manufacture techniques 

Brands rejuvenating with China-chic design and KOL marketing

- **Brand: FIYTA**-China's timepiece brand established in 1987 
- **Brand position upgrading:** Emphasize China-Chic brand, launched China-Chic "Green Dragon and White Tiger" product
- **Sales:** 0.1Bn Dollars (2023)


Tableware

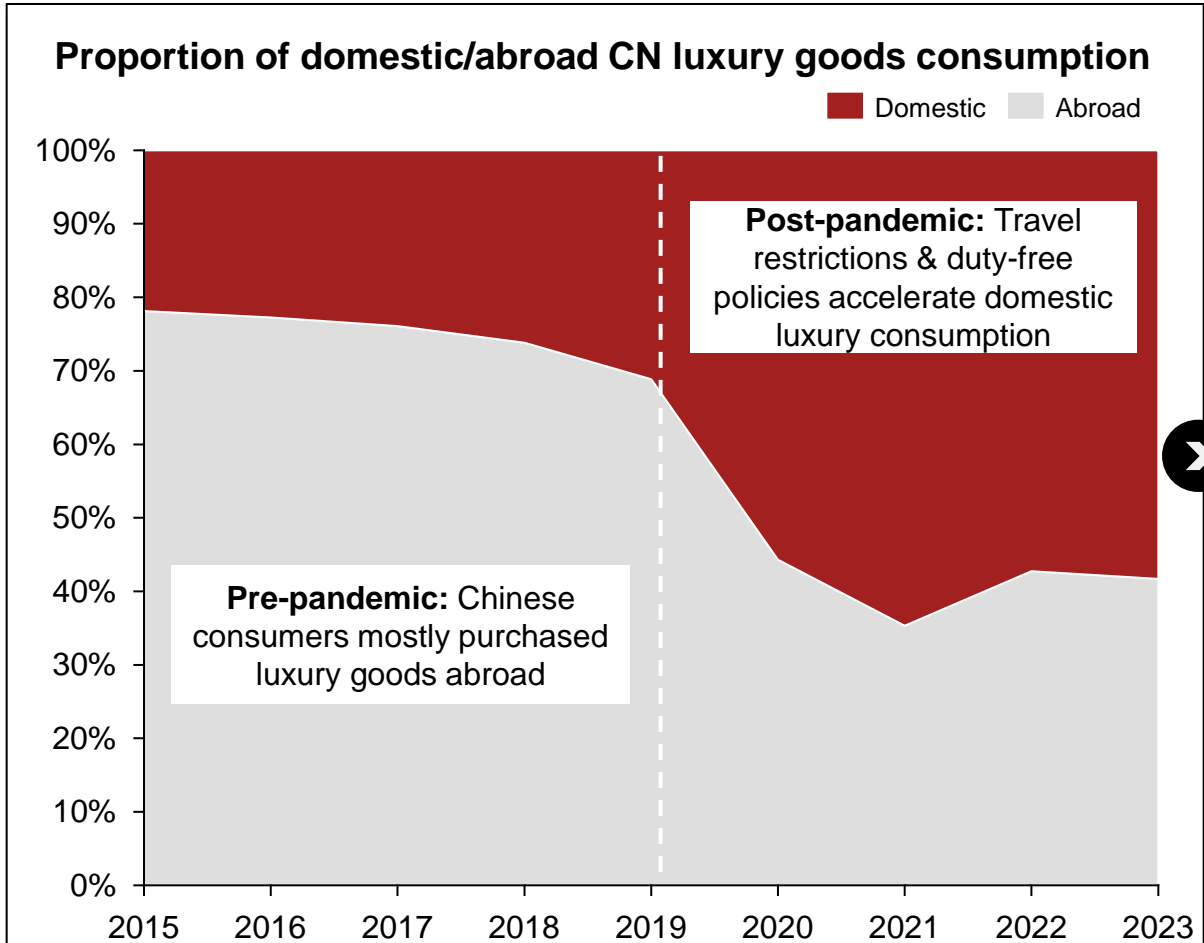
Local ceramic brands emerging with China-chic culture

- **Brand: Auratic**-Chinese traditional ceramic brand originated in 1795 
- **Product design:** continuous product innovation combining with Chinese culture heritage and western elegance 

OEM/ODM brands/products with quick adaptation to market needs

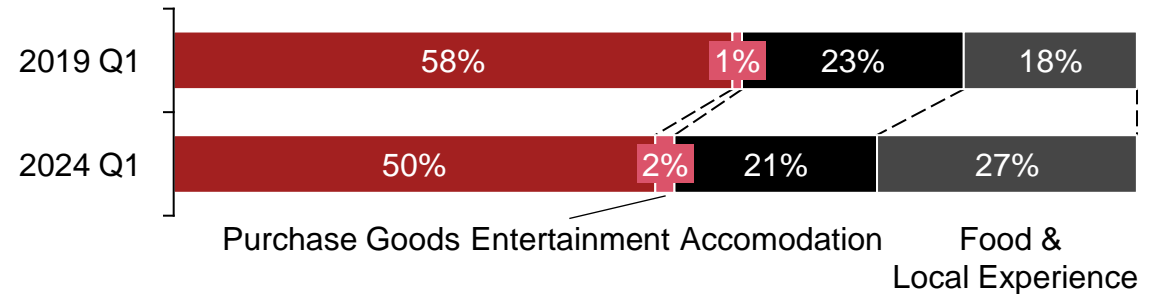
- The emergence of plagiarism due to low production barriers
- Increasing white label products offer more options to consumers 

Channel: Though COVID ends and int'l travel rises, China domestic luxury good consumption will continue to dominate, especially with the rise of duty-free channels



The growth of abroad consumption is led by experience-shopping

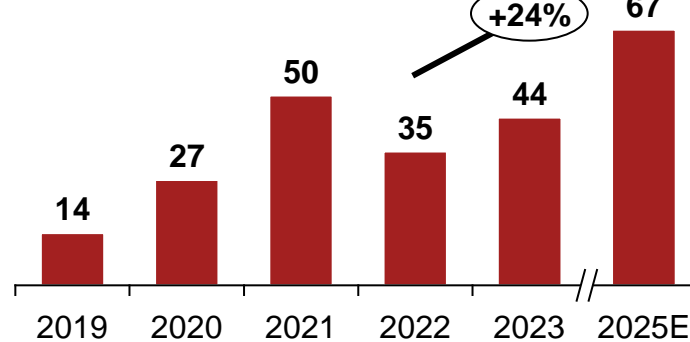
Mastercard abroad consumption distribution (offline)



Hainan Duty-free Retail Sector Growth/Boom

Hainan Duty-free Market Revenue

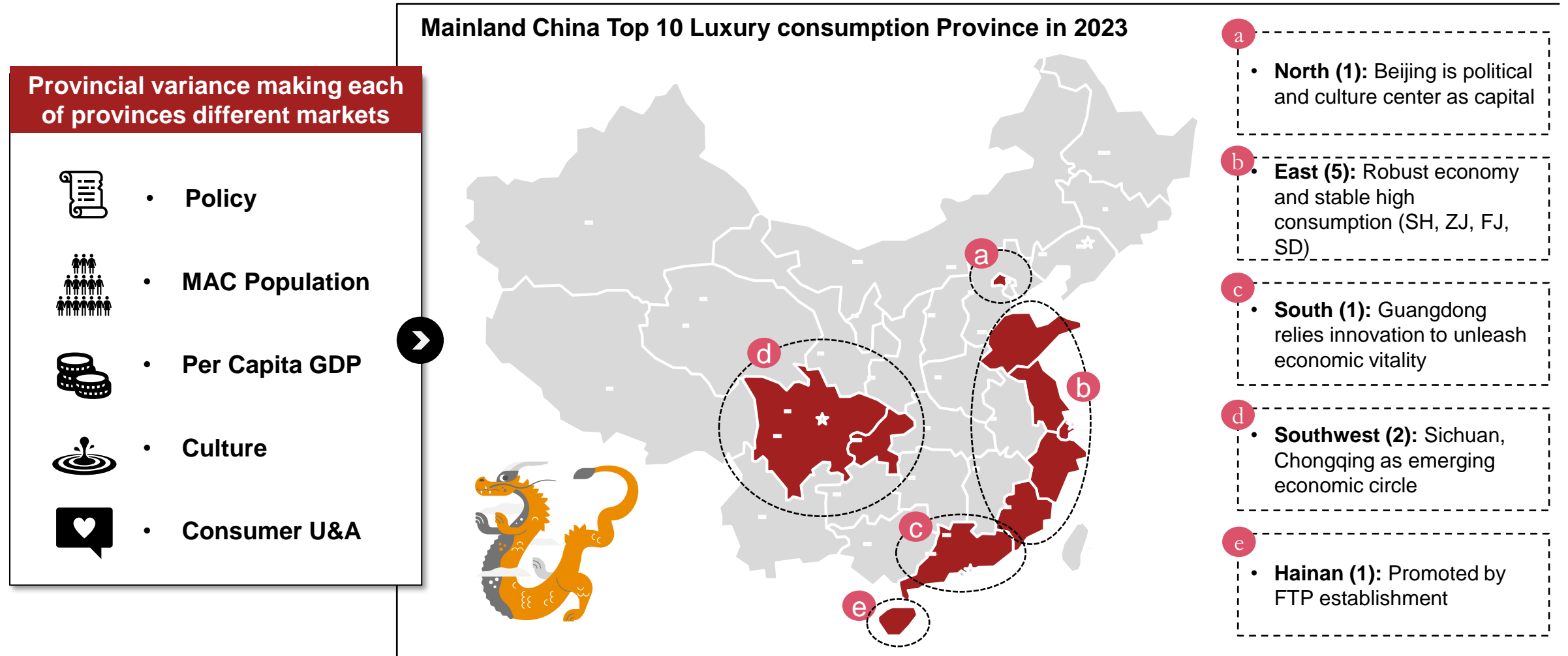
Unit: Bn RMB



Policy Driven

- Duty-free limit increase (100,000RMB/Year)
- Increase of purchasing frequency (unlimited)
- “Buy now, take now” purchasing policies
- Visa-free policy

Channel: China domestic consumption market is complex due to big provincial variances; Tailored tactics and resourceful partners are needed for SMEs to go national



Channel: Online penetration rate for luxury goods continues to grow. Online platforms start to offer one-stop experience from brand awareness to purchase



Where to know?



Where to buy?

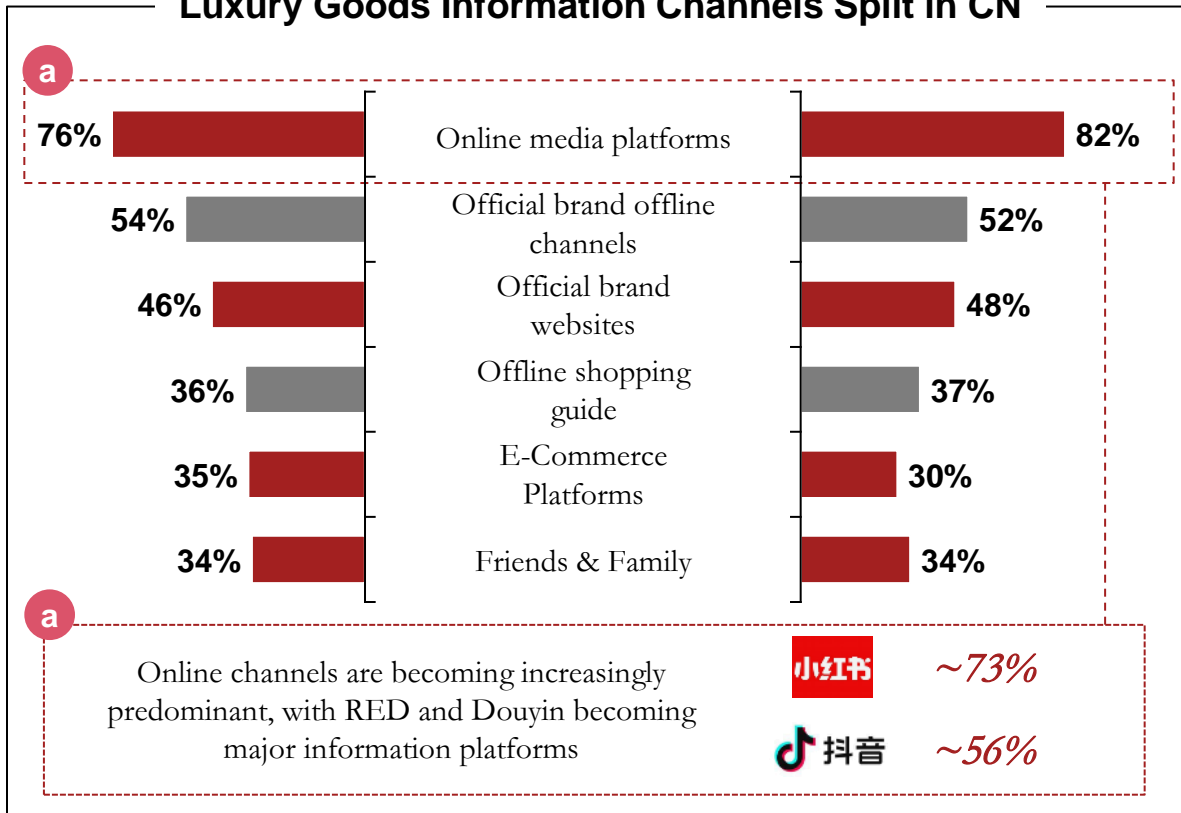


Awareness

Interest

Purchase

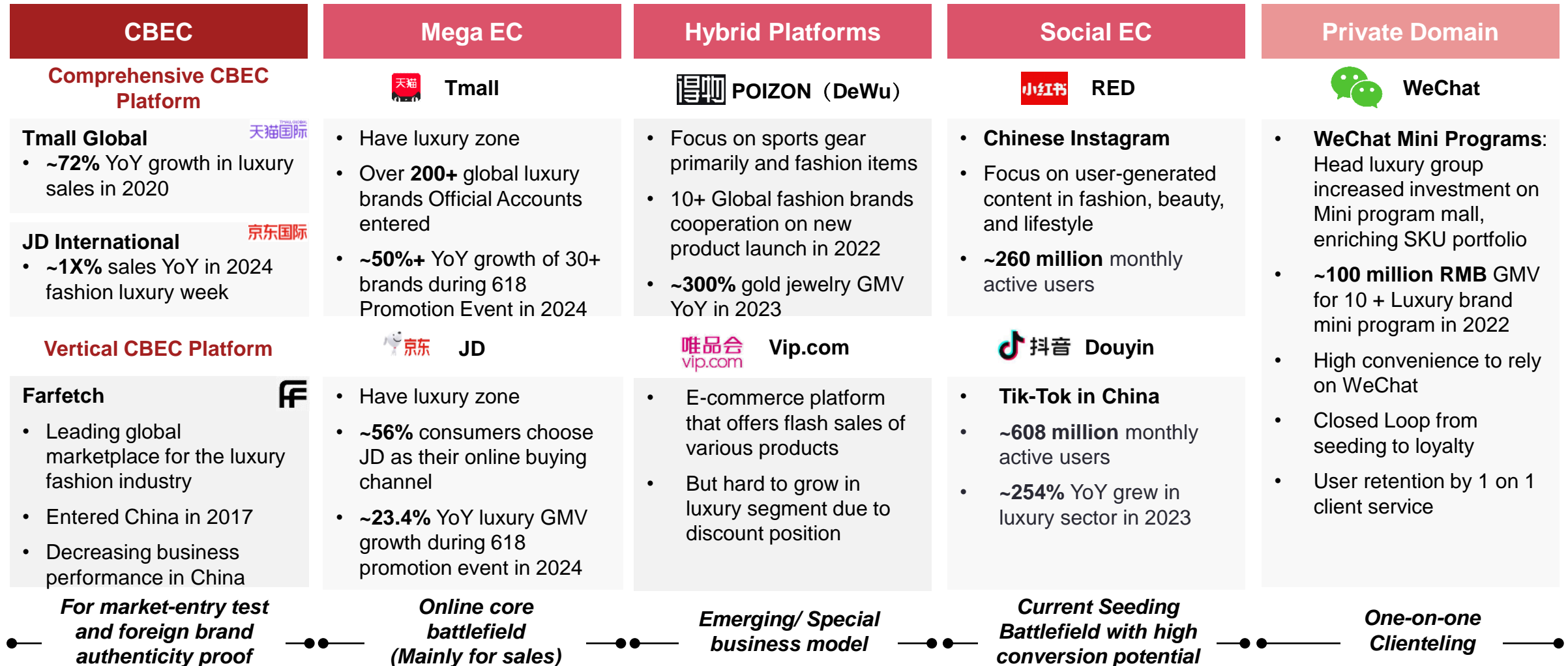
Luxury Goods Information Channels Split in CN



Luxury Goods Purchase Channel Split in CN



Channel: Online luxury channel landscape is sophisticated with various categories of platforms and operation models



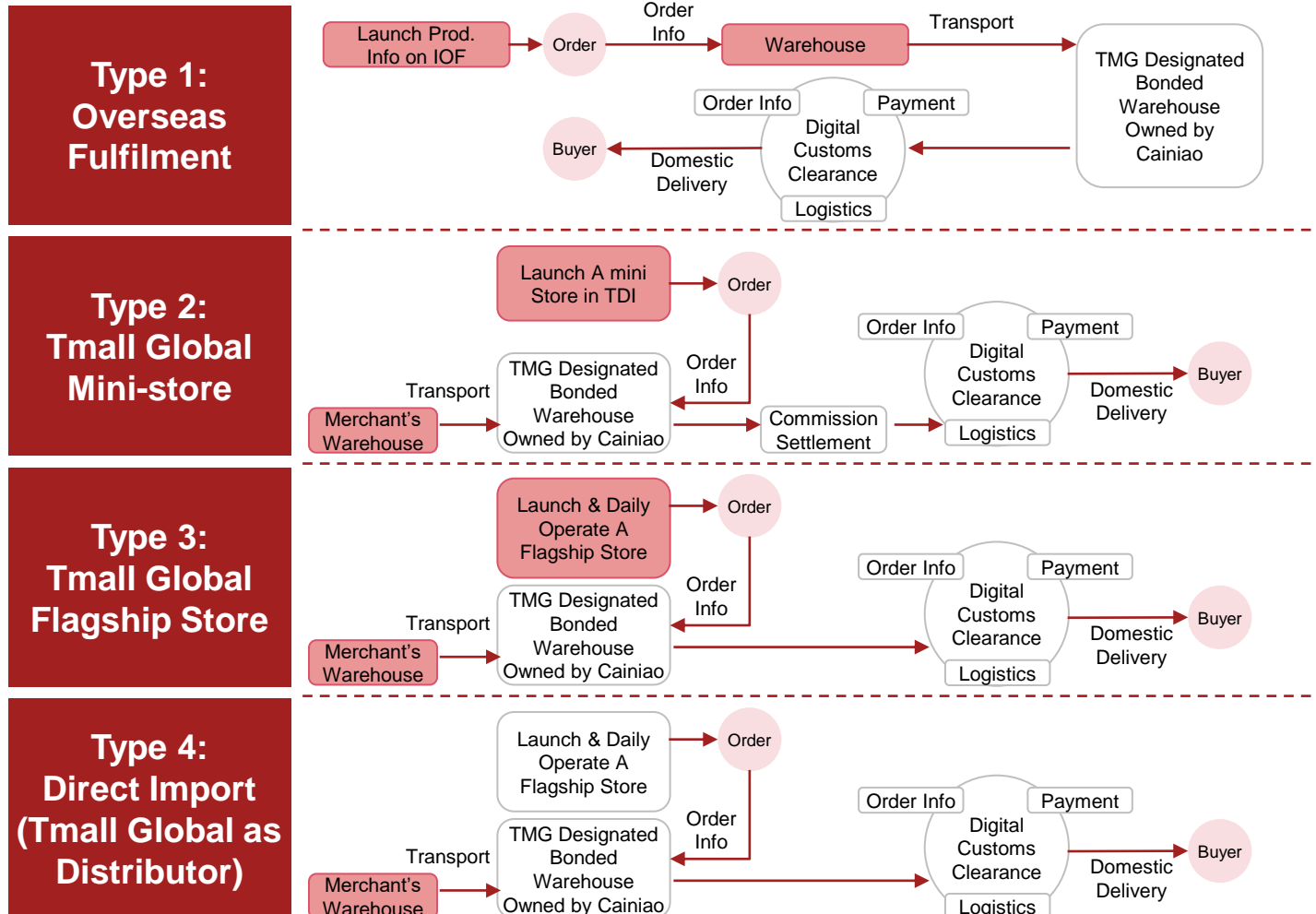
Channel: Nowadays most e-commerce platforms provide CBEC solutions to accommodate different needs of global brands...



Features	Large and Comprehensive E-commerce Platform	E-commerce platform with good product quality and shipment	Vertical platform with selected discounted brand	Emerging platform targeting young audiences with trendy & emotional needs
CBEC Type/Model	<ul style="list-style-type: none"> • Tmall Global Flagship Store: Self-operated by businesses • Direct Import: Operated by Tmall Global with direct procurement models and strong sales incubation • Tmall Global Ministore: Operated by Tmall Global with agency sales model* • Overseas Fulfillment: Operated by Tmall Global with consignment* 	<ul style="list-style-type: none"> • JD Global Self-Operation: JD is responsible for procurement, warehousing, logistics and after-sales services • JD Global Pop Store: Third-party merchants are responsible for purchasing, sales and delivery and after-sales services 	<ul style="list-style-type: none"> • Vip shop Global: Vipshop directly purchases from overseas manufacturers/suppliers 	<ul style="list-style-type: none"> • Manufacturers, distributors, retails and private individuals can list products, eliminating pre-sales, design, distribution & after-sales services and only requiring listing, price changes & delivery 'light' operations
👍	<ul style="list-style-type: none"> • Complete, worry-free support • Flexible adaptation to different needs and development stages • Reach a wider customer base 	<ul style="list-style-type: none"> • Complete, worry-free support • Strong platform reputation 	<ul style="list-style-type: none"> • Complete, worry-free support 	<ul style="list-style-type: none"> • Low cost, simplest operation • One-stop seeding to purchasing conversion
👎	<ul style="list-style-type: none"> • Many & scattered entry points • Sales-oriented • More competitive 	<ul style="list-style-type: none"> • Sales-oriented • Insufficient model flexibility 	<ul style="list-style-type: none"> • Strongly promotion-oriented, insufficient brand-building • Disadvantage for non-name brands/popular brands in China 	<ul style="list-style-type: none"> • Complex supplying, making brand control difficult • Lower sales volume (relative to other platforms)

*Locations/entry points of two stores are different
Sources: Desk research by 24 July 2024, Strategy& analysis

Channel: Leading CBEC platforms continue to extend its service along the value-chain to help SMEs test China market more easily



Pros:

- Tmall provide one-stop service/consignment and free merchants from operation in some models, which help save cost a lot
- Suitable for trial launch and starting a business in China for SME brands
- Enhance the awareness of French brands and demonstrate authenticity

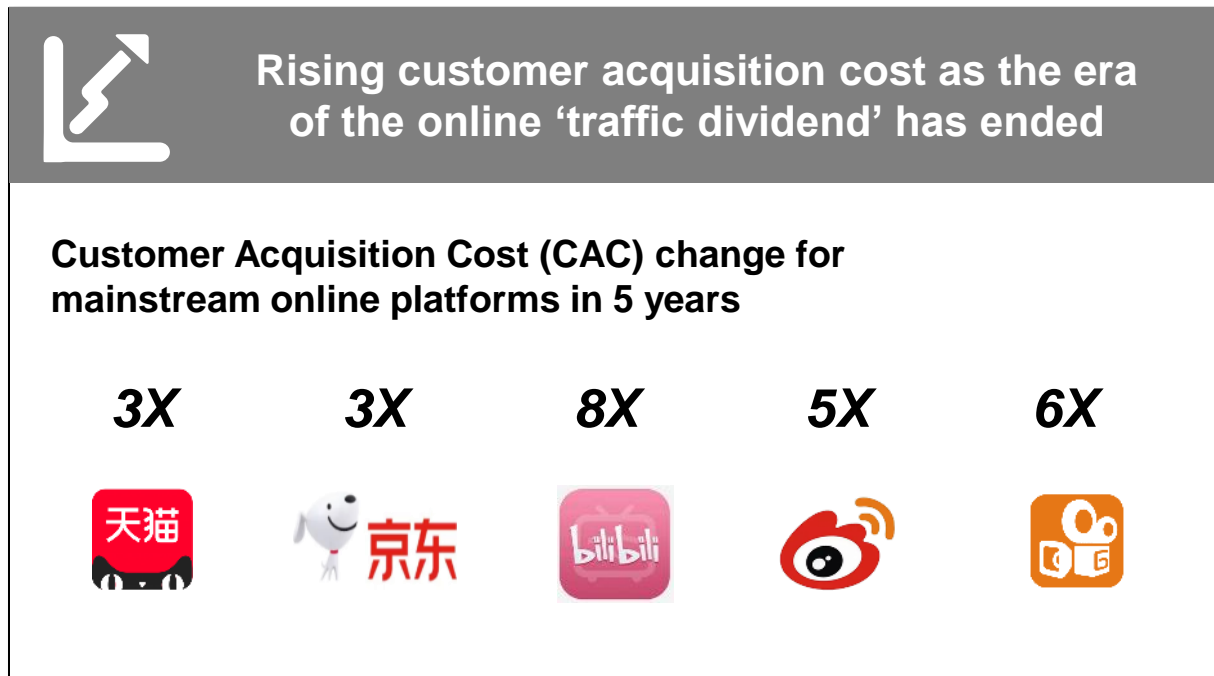
Cons:

- CBEC is merely a sales channel, and investment in advertising and marketing activities is still necessary to increase brand awareness
- Chinese government sets personal limit for CBEC at ¥5k (~€636) per transaction and an annual total of ¥26k (~€3310), which is not favorable for high-priced brands

Merchant's/TP's responsibilities

Tmall Global's responsibilities

Channel: However, increasing cost of online customer acquisition is also happening. Brands shift focus to channels with better conversion in the economic down-turn



Emerging Trend

Benefit live streaming

- Online dividends shift to live streaming, as traditional e-commerce CAC remain high, live commerce sales will increase

Value private domain operation

- Rising of private domain CAC enables brands and retailers to emphasize user retention

Channel: Additionally, offline stores in China serves a different purpose in the omni-channel experience in this new era

Offline stores

play a quite different role here in

- In China, offline stores are far more than well-selected spots in shopping malls where only purchases happen
- Traditional shops are either shutting down or seeking changes



serve as a Traffic Portal

- Offline stores reach out to a different range of consumers, increase brand exposure



Burberry Space in Shenzhen



create an Integrated Experience Eco

- offline stores still play an indispensable role on physical experience and many luxury brands tend to leverage AI/AR to empower in-store interaction



amplify Brand Identity

- Offline stores shall be more focused on brand advertising than selling goods



SKP SELECT

Experience-oriented multi-label fashion assortment



Summary of China Market Dynamics and Opportunities

Overall luxury market trend:

- Global luxury market has recovered post-COVID and is estimated to **grow mildly with China** driving the most growth
- China personal luxury market indicates a **rebound of 13% CAGR**, thanks to favorable policies, increasing customer base and omni-channel

Oxymoronic trends coexisting:

- **Context:** Chinese government places high priority on consumer market growth, welcomes foreign investment, while also has uncertainty in regulations
 - ✓ **Implication for SMEs:** need domestic partners or responsibility agents to bear some risk in a contingency
- **Consumer:** 1) The luxury market sees a polarized mix of top customers obsession, under-pressured middle-class, and broadening young and lower-tier-city audiences yet with limited spending.
 - 2) Chinese consumers are becoming more rational and price-sensitive under economic downturn, while willing to spend on design over brand and for self-rewarding/individuality purposes;
 - ✓ **Implications for SMEs:** good opportunity for design-driven SMEs, yet need domestic partners who have tailored sales and marketing channels and strategies for target segments/price tiers; Besides, it is worthwhile to consider leveraging online channel to reach out young and lower-tier-city consumers at reasonable investment
- **Category & Competition:** 1) hard-luxury (especially jewelry) has strong growth momentum, while is facing fierce competition due to high market concentration. Table-ware has lower growth rate, but is easier to enter due to highly fragmented market. 2) While foreign SMEs tend to have more brand/culture and clearer value propositions, domestic new brands in those sectors are emerging with quick adaptation to consumers needs and flexible product portfolio in the trend of national pride and cultural rejuvenation.
 - ✓ **Implications for SMEs:** No one-for-all growth strategy available. Need sharper brand positioning and stronger local adaptation (design, supply chain, etc.) that requires deep and regular local market intelligence
- **Channel:** 1) China domestic consumption dominates the luxury goods consumption after pandemic and is expected to grow further with the rise of duty-free channels. However, provincial variances are huge in China
 - 2) Online penetration rate for luxury goods continues to grow, yet with a even more complex and fast-changing e-commerce landscape and less competitive customer acquisition cost. Online platforms start to offer one-stop experience from brand awareness to purchase.
 - ✓ **Implications for SMEs:** win in domestic and in digital is a must, yet requires local partnership addressing the challenges of regional variances and O2O

Time for Q&A

1. Know

*China Market Dynamics
and Opportunities*

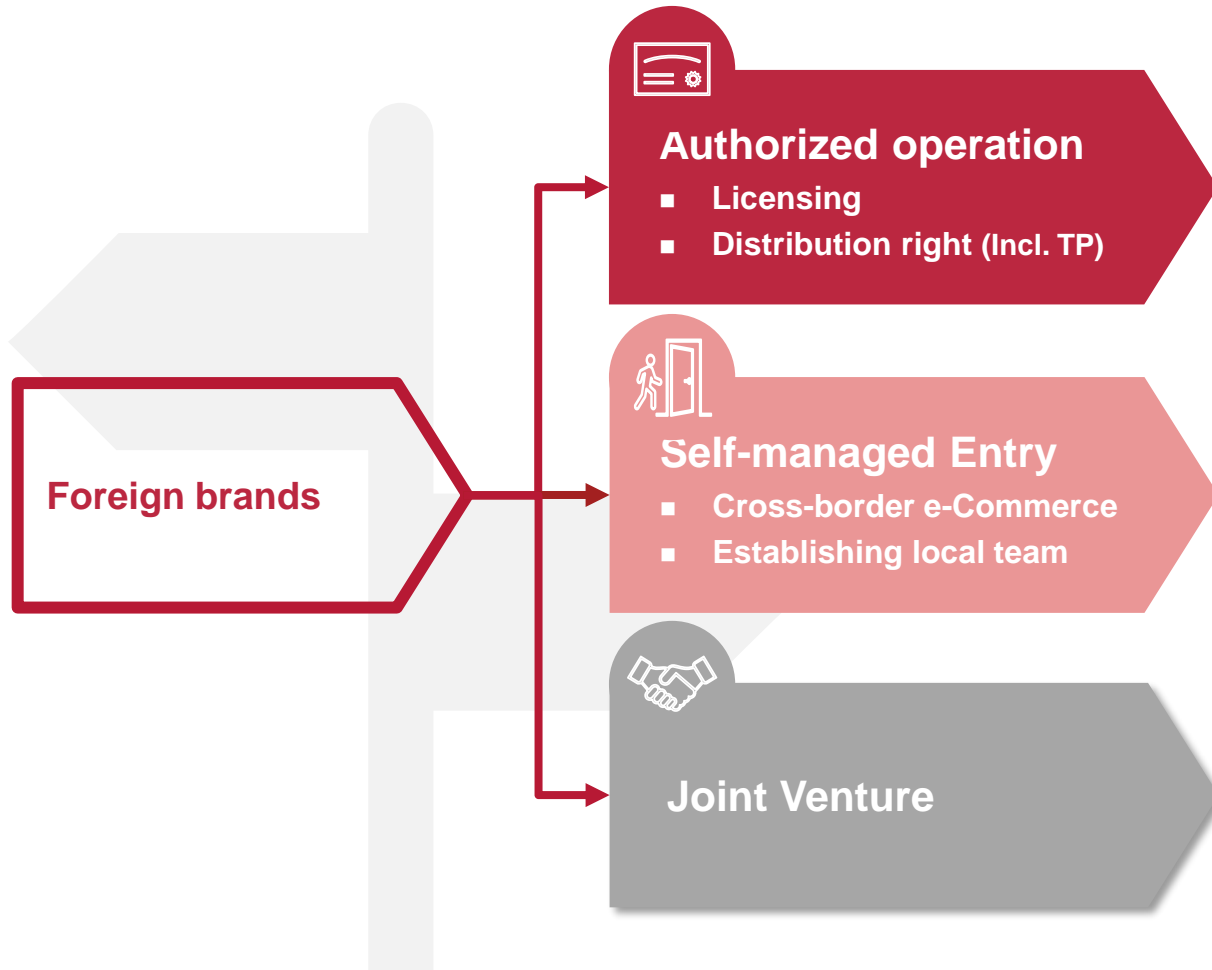
2. Understand

*Routes-to-market
SME Status quo*

3. Act

*Optimal Routes and
Action Plan*

Foreign brands normally are facing three different options when entering the China market



Characteristics

Authorized Operation

Authorized operation refers to foreign brand owners **authorizing domestic distributors** to sell their products in **designated areas** while retaining the management rights over the market and the brand.

Self-managed Entry

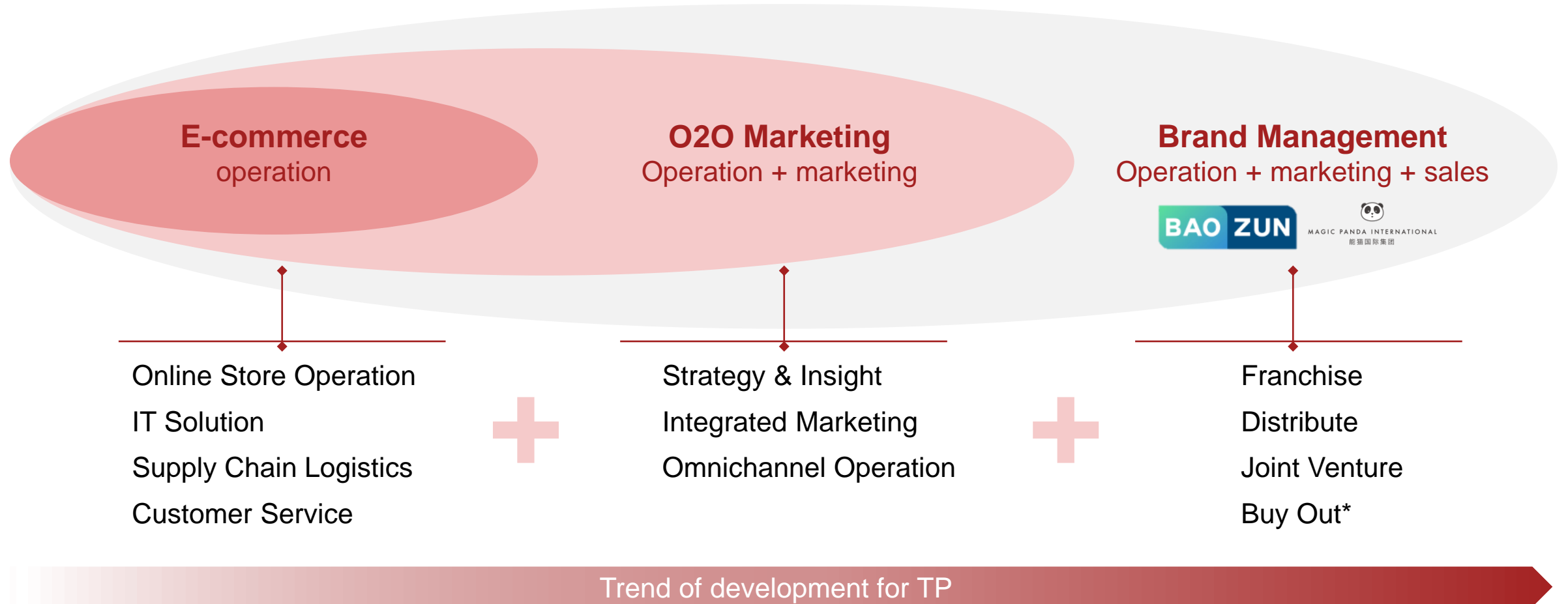
Under the independent operation approach, one way is through **cross-border e-commerce** to enter the Chinese market. Another approach is to **establish a local entity in China** and more deeply engage in the Chinese market.

Joint Venture

Joint venture in China refers to the establishment of a company **jointly invested by Chinese and foreign partners** in accordance with Chinese laws, with each party owning a portion of the equity, jointly managing the company, and sharing risks and profits in proportion to their investment.

TP introduction: Leading Trade Partners integrate operation, marketing and sales solutions to better incubate new brands or operate business independently in China

Roles and Responsibility of TP



*Only in BAOZUN
Source: Desk research by 24 July 2024, Strategy& Analysis

Sub-categories of the three major options and five routes-to-market

Authorized operation

License

- License to competitor
- License to distributor

Distribution Right

- By region(East, West, South...)
- By platform(JD, Tmall, Douyin...)
- By retailer / competitor brand / TP
- By category
- Special for duty free (CDFG...)

Self-managed Entry

Cross-border E-commerce

- Operated by brand
- Operated by TP



Establish Local Team

- Operated by brand
- Operated by TP

Joint Venture

Joint Venture

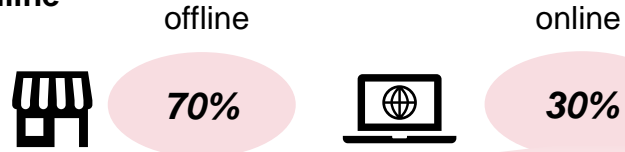
- Holding
- Buying out



Timepiece Brands

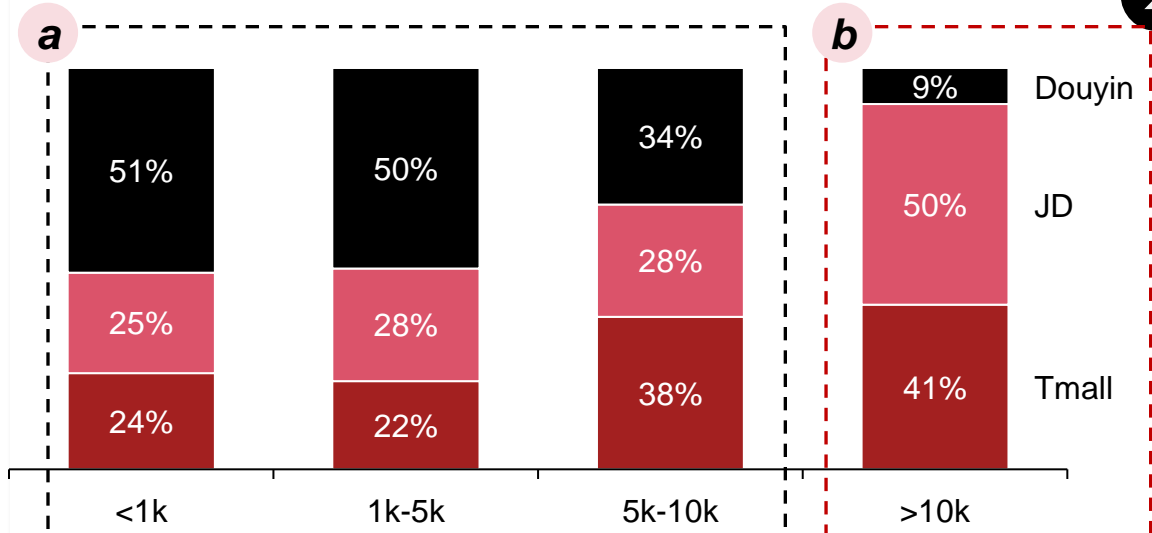
Overview of timepiece market

Offline vs Online



CN Timepiece-Platform Split by Price Range

2023, % of GMV¹



Typical Consumer Persona

a



Fashionologist

- KPC: Appearance, design, packaging
- Occasion: Gifting, self-use, accessories

• Perceive timepiece as **daily outfit accessories**, easily **influenced by KOLs seeding**

b



Aspirational Elite

- KPC: Trendy, brand, style
- Occasion: Business, leisure
- Exploring similarities with middle class

• Prefer **one-stop buying channel** via social EC platforms (e.g. Douyin)

b



Watch Connoisseur

- KPC: Branding, class
- Occasion: Business, collecting, societal status expression

• Prefer JD, Tmall traditional ECs that **offer authenticity guarantee** and **premium experience**

Timepiece SME Brands Summary

Brand	Brand A	Brand B	Brand C
Price Range	€80~200	€180~550	€1000~5000
Key Competitors	Armani, Lola Rose	Tissot, Longines, Seiko	Chanel, Dior
Route to Market	<ul style="list-style-type: none"> Distribution through the same distributor for multiple years Difficult and costly to find a new distributor in China 	<ul style="list-style-type: none"> Exclusive distribution through an omnichannel partner but the collaboration is over now Distributor operates its multi-brand stores online and offline 	<ul style="list-style-type: none"> Entered China through distribution model and then started to establish China local team/subsidiary Maintain good customer relationship and respond quickly
Sales Channel	Online~100%: JD, RED	Online 70%: Tmall, JD, Distributor's self platform Offline~30%: Multi-brand store operated by Distributor	Online: Tmall, Mini program of Multi-brand store Offline: Multi-brand store
Marketing Mix	<ul style="list-style-type: none"> N/A due to no business in 2023 	<ul style="list-style-type: none"> Mainly product display focusing on romantic, elegant features Stopped to update with the end of partnership with previous distributor 	<ul style="list-style-type: none"> Online~90%: Product display, celebrity/KOL endorsement, crossover MKT Offline~10%: Pop up store

Route-to-market benchmarks for timepiece SME brands

Distribution by Trade Partner

BERING

- A Danish wristwatch brand inspired by the Arctic beauty and minimalist design.
- Founded in 2008 and entered in China market since 2015
- **Adopt distribution model yet with trade partner and focus online sales only**

License to distributor

LOLA ROSE
LONDON

- Fashion watch and jewelry brand from the UK for women
- Established in 2000, and introduced to China in 2017
- **Started from CBEC as quick test and then determined to expand CN market through licensing**

License to competitor

EMPORIO ARMANI | A | X
ARMANI EXCHANGE

- Armani's timepiece business, licensed to Fossil globally
- Entered China market in 2006 by CBEC
- **Shifted to licensing for unlock CN potential by more professional partners**

Establishing local team + Distribution

ORIS
HÖLSTEIN 1904

- One of independent Swiss watchmakers retaining its watch-making rights, innovation and creativity.
- Founded in 1904, established Oris China in 2004 and relied heavily on distributors
- **Hire local team for better brand control**

Price range (low → high)

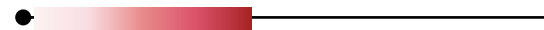
€80~350



€160~465



€74~1118



€1450~8236



>€1 Mn

2020 JD Rev

€38 Mn

Total sales of hero SKU in 2021

Top-selling Watch Brand

JD.com & Tmall in 2020&2022

€242 Mn

2021 CN Rev Watch & Glasses Brand in Tmall "618

TOP 3

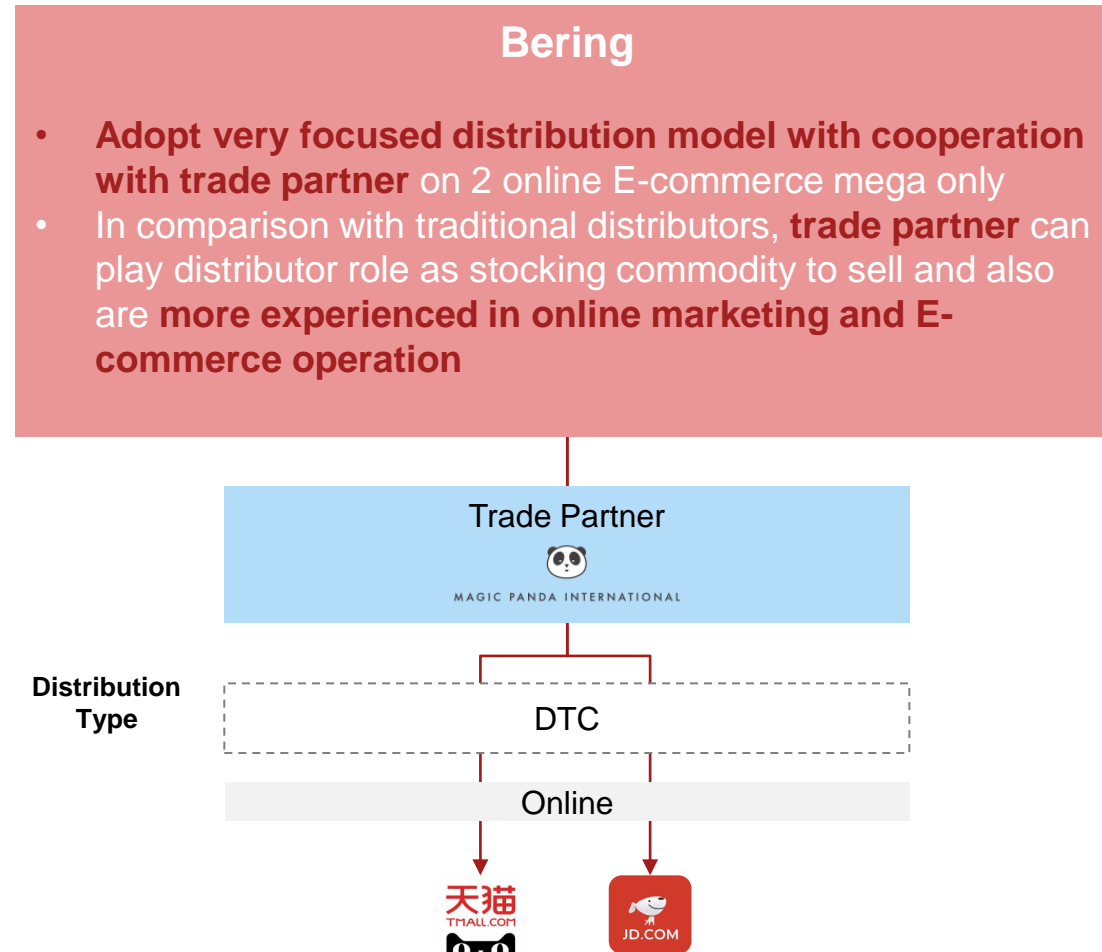
€6 Mn

2023 CN Rev

13%





CAGR from 2018-2023

Bering focuses on mega e-commerce only and cooperates with a comprehensive trade partner who is responsible for both sales and marketing



Bering focuses on online marketing, leveraging the KOL resources of its Trade Partner and occasionally posts cultural themes to promote the Northern Europe design

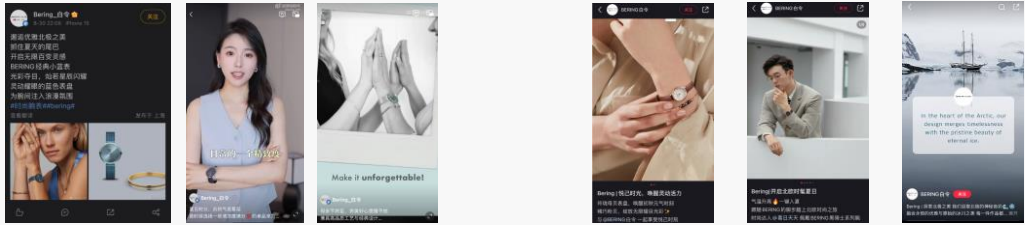
Online

	 Weibo	 RED
Type	Official Account	Official Account
Role	Marketing	Marketing
Activity ¹		
Followers ²	47k	14k

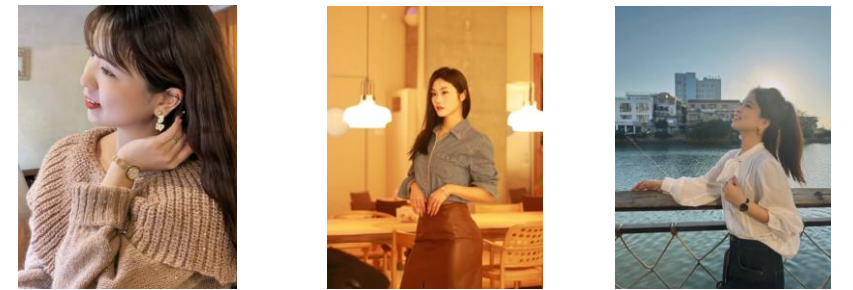
Types of marketing

Product display

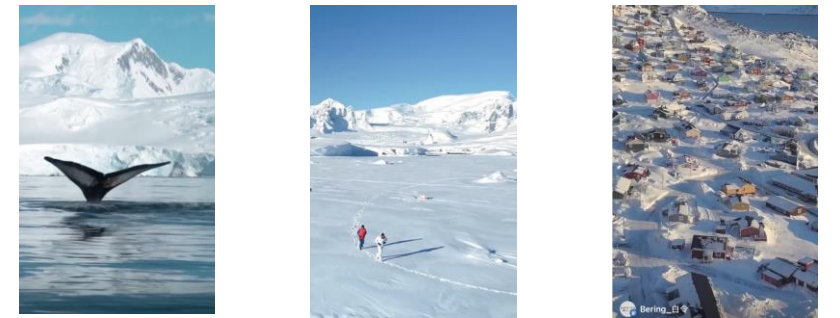
KOL MKT



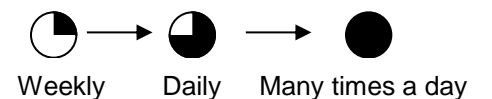
Key Marketing Feature



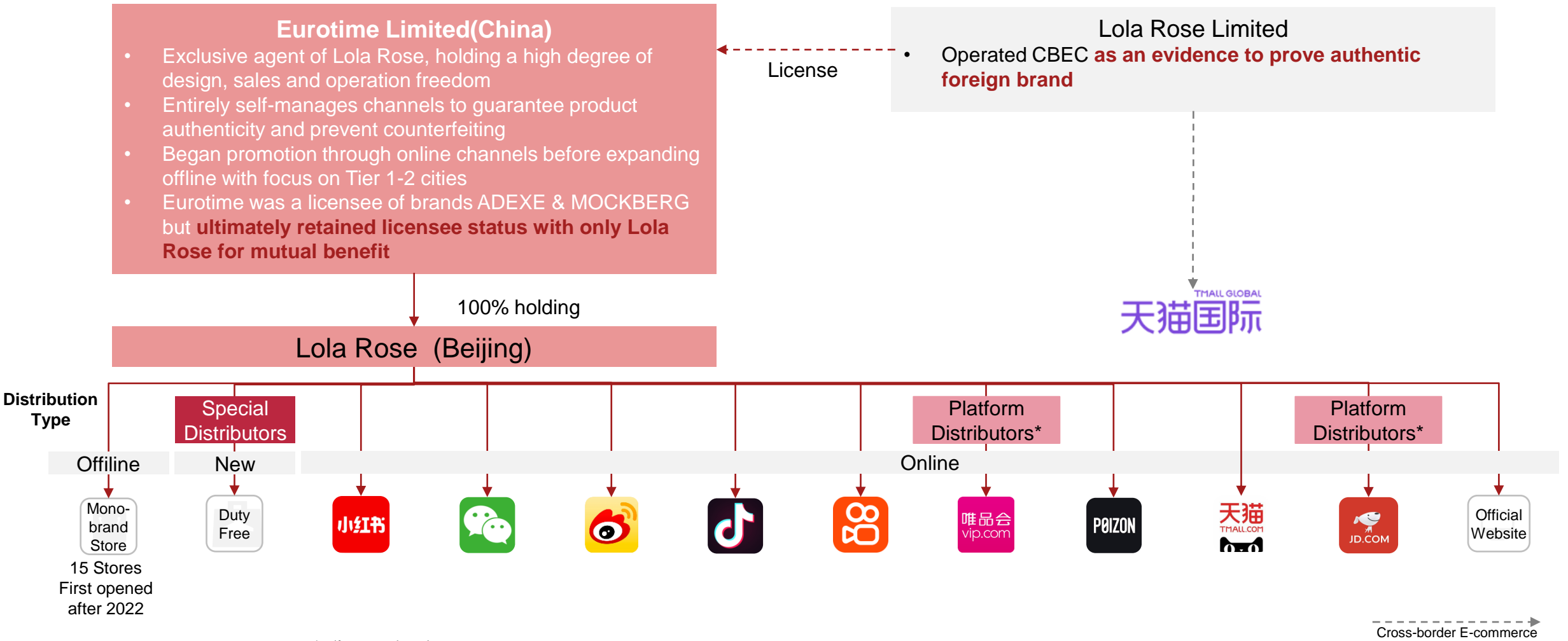
Fashion KOL MKT mainly targeting young and elegant female



Cultural themes (Arctic environment and landscapes) to promote simplicity design













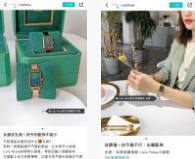


Lola Rose used both CBEC and licensing (to Eurotime Limited) for market-entry and was all-in online platforms for wider customer reach and stronger localization



*self-operated mode
Source: Desk research by 24 July 2024, Strategy& analysis

Lola Rose integrated marketing and sales functions on most online platforms to spur one-stop conversion and emphasized on hero-product and gift-giving occasions

Online					
					
	WeChat	Weibo	RED	Douyin	POIZON
Type	Official Account Shopping mini program	Official Account	Official Account	Official Account	Official Account
Role	Marketing & Sales	Marketing	Marketing & Sales	Marketing & Sales	Marketing & Sales
Activity ¹					
Followers ²	N/A	257k	87k	57k	51k
Types of marketing	Celebrity endorsement on hero product			KOL marketing & brand livestream	
					
	Product & packaging display				

Occasion-based MKT:

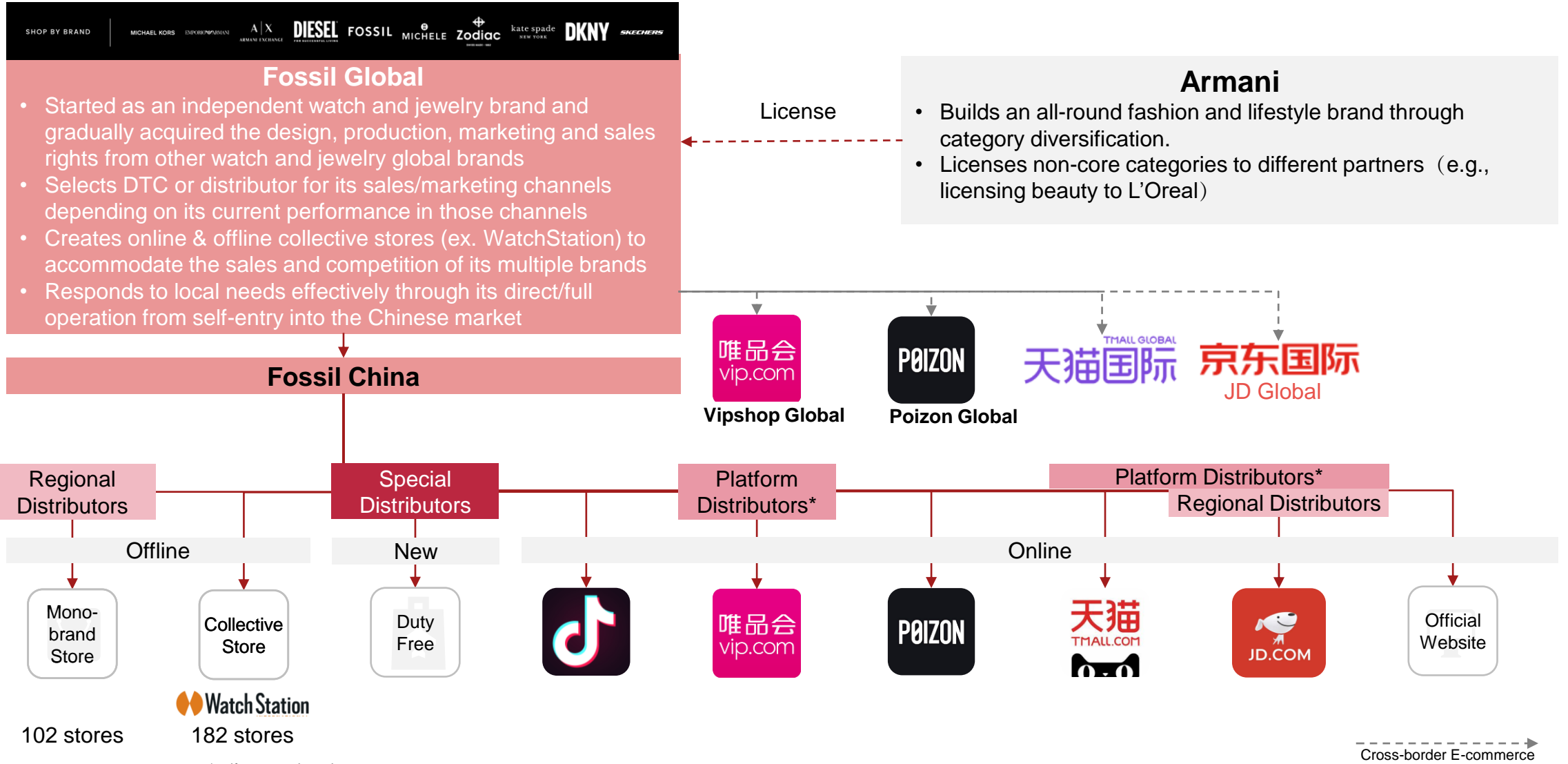
- Lola Rose's hero product "Little Green Watch" emphasizes the occasion of **gift-giving** (anniversary, mother's day etc.) and creates exquisite **gift box packaging**

Emotional & social value:

- Marketing content emphasizes the **appearance of the watch**; the exquisiteness and elegance evaluations give the watch emotional value in the eyes of consumers
- As a viral female watch, it has a **high level of discussion** through its inherent level of topics










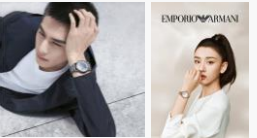


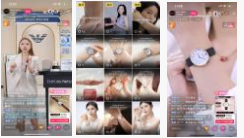

Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July,2024
Source: Brand official account on online platforms, Desktop research by 24 July 2024, Strategy& analysis

Armani entered the market by licensing its watch business to Fossil (a globally operating multi-brand licensee), ensuring its global brand consistency



*self-operated mode
Source: Desk research by 24 July 2024, Strategy& analysis



Armani highly relies on celebrity & KOL seeding for marketing. It leverages group accounts to enhance awareness/interest and creates dedicated category account to convert sales

Online					
					
	WeChat	Weibo	RED	Douyin	POIZON
Type	Group Account	Group Account	Group Account	Official Account for Watch	Official Account for Watch
Role	Marketing	Marketing	Marketing	Marketing & Sales	Marketing & Sales
Activity ¹					
Followers ²	N/A	493k	40k	43k	240k
Types of marketing	Celebrity endorsement			Brand livestream	
	Product display		Fashion KOLs	Product try-ons reviews	
					



Offline

Typical Campaign

Exhibition

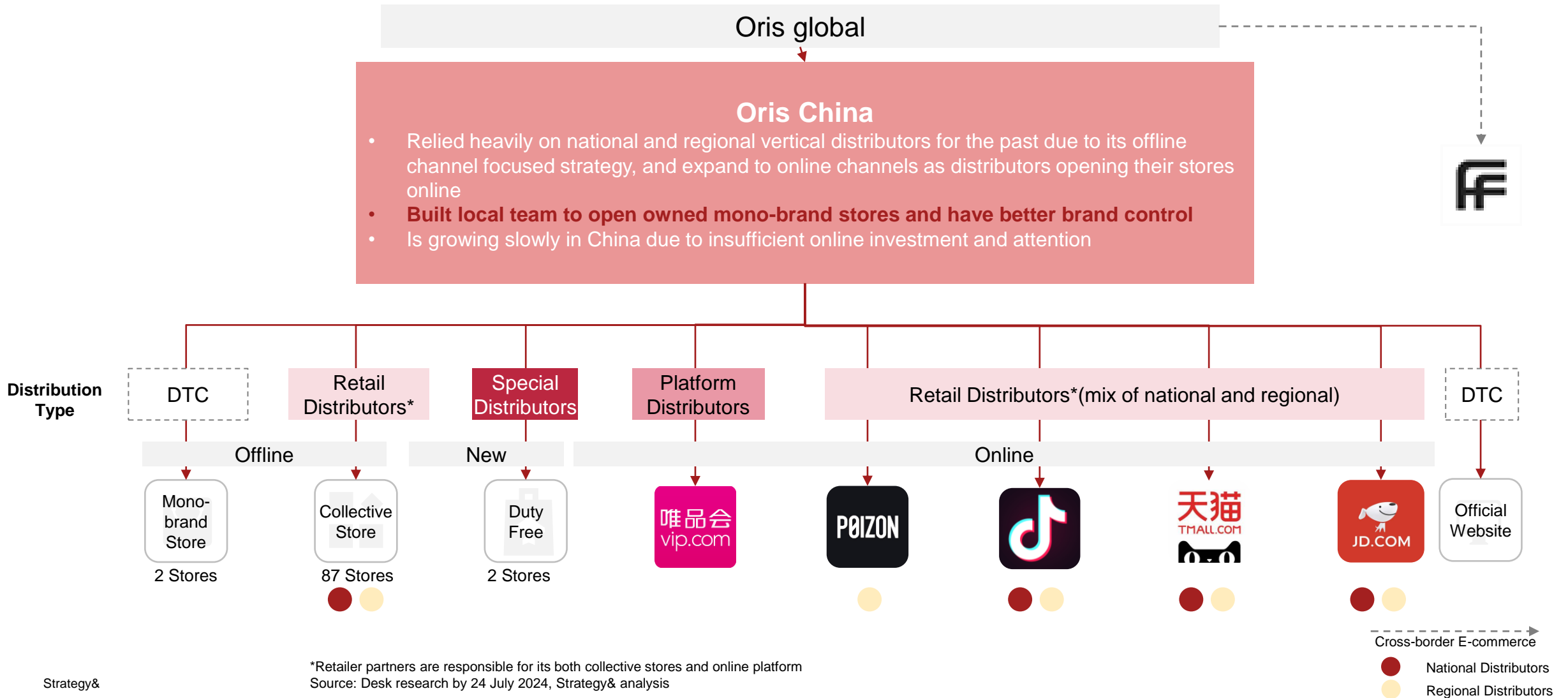
Magazine

- 40th Anniversary Exhibitions of Armani Group
- GQ, ELLE MAN, MARIE CLAIRE
- Dedicated section area for watch & jewelry



Oris worked with a wide range of national and regional watch distributors who manage both offline & online platforms, and built local team to operate owned stores



Vertical Distributors List of Oris – national and regional

Collective Store	Duty Free	vip.com	POIZON	Tik Tok	TMALL.COM	JD.COM
		VIPS self-operated			TMALL Global self-operated	
Harmony Watch (亨吉利) ●				Harmony Watch (亨吉利) ●	Harmony Watch (亨吉利) ●	Harmony Watch (亨吉利) ●
WATCHECO (万表) ●				WATCHECO (万表) ●		
Oriental Watch (东方表行) ●						
PRIME TIME (盛时集团) ●						
银川巍斯雅名表眼睛行 ●						
丹东恒兴珠宝店 ●						
鞍山慧通珠宝/表店 ●						
上海学新钟表 ●						
上海皓朗钟表 ●						
厦门豫丰贸易 ●						
鄂尔多斯爱国名表 ●						
重庆星宝名表 ●						
			武汉市中和百福贸易 ●		武汉市中和百福贸易 ●	武汉市中和百福贸易 ●
						欧瑞时光 (北京) ●
						深圳市启怡华嘉科 ●
				内蒙古艺表堂堂 ●		
			成都锦缘 ●			
	DFS					
	CNSC					

Oris's online presence is much weaker than the other three brands. It focuses on KOL marketing and themed user stories with product display.

Online				
	 WeChat	 Weibo	 RED	 Douyin
Type	Official Account Shopping mini program	Official Account	Official Account	Official Account
Role	Marketing & Sales	Marketing	Marketing	Marketing & Sales
Activity ¹				
Followers ²	N/A	76k	4.4k	5.4k
Types of marketing	Product display			
	Themed user story	KOL marketing (sport/business)		Themed user story
				

Offline Campaign



Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July, 2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis





Jewelry Brands

Date

Overview of jewelry market

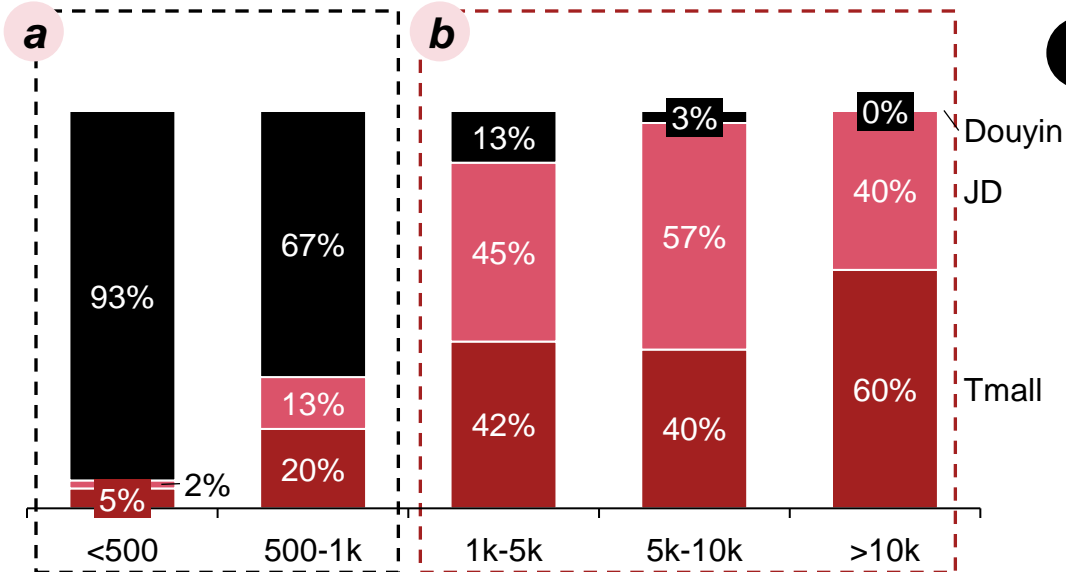
Offline vs Online



Jewelry market excluding accessories
online vs offline: 1/9

CN Jewelry-platform Split by Price Range

2023, % of GMV¹



Typical Consumer Persona

a

Trendy explorer

- KPC: Appearance, value for money
- Occasion: Leisure, dating

- **Weaker** purchasing power, less focus on brand recognition, **highly influenced by KOL seeding**

b

Fashion Chaser

- KPC: Distinctive design, personal style
- Occasion: OOTD (Daily outfit)

- Purchase within **social media platforms**

b

Identity seeker

- KPC: Brand, material, craftsmanship
- Occasion: Workplace/office

- **Stronger** purchasing power, willing to pay a premium for **more recognized, cultural brands**


b

Luxury Connoisseur

- KPC: Cultural and emotional resonate, craftsmanship
- Occasion: Business

- Prefer to buy through **official** traditional channels (e.g. offline stores, Tmall/JD Luxury)

Route-to-market benchmarks for jewelry brands

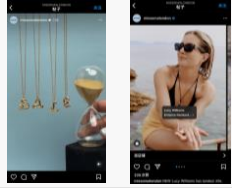
Cross-border e-commerce	Distribution	Distribution by competitor	Distribution by retailer + Establishing local team	Establishing local team
<p>MISSOMA</p> <ul style="list-style-type: none"> A British jewelry brand known for its modern designs and high-quality craftsmanship, founded in 2008 Entered China through Tmall Global CBEC with the support of Trade Partner in 2020 and focused on CBEC channel without big limitation due to its affordable price point 	<p>VETIVER</p>  <ul style="list-style-type: none"> Multiple unique & stylish SME jewelry brands sold collectively via a distributor in offline stores Distributor worked closely with foreign associations to promote and sell brands in China 	<p>MARCO BICEGO</p> <ul style="list-style-type: none"> An Italian handcrafted designer jewelry brand, has been introduced and exclusively managed by Chow Sang Sang since 2020 With limited understanding of China, it has chosen a competitor brand with strong local resources as distributor 	<p>ROBERTO COIN</p> <ul style="list-style-type: none"> An Italian designer jewelry brand, enters China in 2020 by distributing to shopping mall brand Lane Crawford who opened collective brand counters/shops by category Gradually established local team to manage online sales and marketing 	<p>TASAKI</p> <ul style="list-style-type: none"> A Japanese jewelry founded in 1954, known for unique pearl and diamond creations Entered CN market in 1996 by local team/subsidiary Worked with Trade Partner to expand online platforms
<p>Price range (low → high)</p> <p>€60~350 €60~750 €670~10300 €1100~14000 €600~18500</p>				
<p>Top 10 1396%</p> <p>2021 618 Promotion Sales in Jewelry 22 YoY</p>	<p>€192 Mn 22.57%</p> <p>2023 CN Rev 18-23 CAGR</p>	<p>No public sales data available</p> <p>Recommended by expert from FEDERORAFI</p>	<p>€124 Mn</p> <p>2023 Global Rev</p> <p>Recommended by expert from FEDERORAFI</p>	<p>€163 Mn No.1</p> <p>2023 Asia Pacific China As The Largest Overseas Market</p>

MISSOMA

As a medium-priced accessory brand, MISSOMA full utilized CBEC to enter China and worked with experienced Trade Partner for daily operations



Missoma focuses on celebrity/KOL marketing on RED and leverages crossover and product placement to enhance brand awareness

Online				
	 WeChat	 Weibo	 RED	 Instagram
Account	Official Account	Official Account	Official Account	Official Account
Role	Marketing	Marketing	Marketing	Marketing
Activity¹				
Followers²	N/A	17k	36k	617k
Typical Content	<i>Product display</i>			
	<i>Celebrity endorsement</i>			
	<i>Lifestyle/outfit female KOLs</i>			
				

Key Marketing Campaign



Pop-up Store:
Held in Gubi house, SH



Crossover:
Savi x Missoma
Co-design new product with a CN influential fashion KOL

Product Placement:
TV Drama
The Rose's Tale



Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July, 2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis

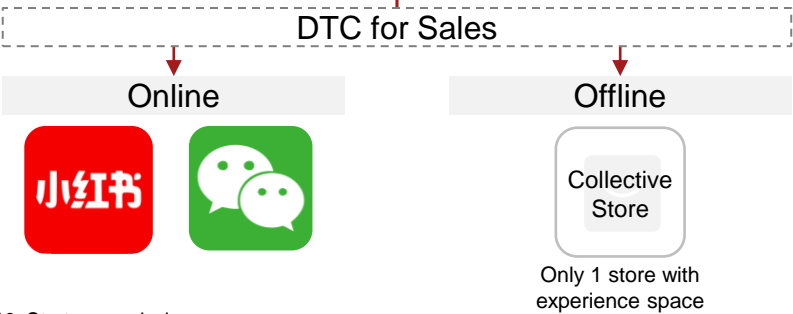
VETIVER introduced multiple overseas brands to China with focus on owned online and offline channels in the form of collective store



Import









- VETIVER**
- Introduced unique & stylish jewelry around the world, to fulfill the growing needs of mid-upper class in China
 - Collaborated with Federorarfi on brand import and marketing
 - Three founders has combined solid experiences in jewelry, luxury and digital marketing
 - Opened online and offline shops in the form of collective stores




VETIVER leverages brand product display and conveys brand DNA online. It also collaborates with Federorafafi to showcase on CIIE and organize offline VIP events

Online

	 WeChat	 Weibo	 RED
Account	Official Account	Official Account	Official Account
Role	Marketing & Sales	Marketing	Marketing & Sales
Activity¹			
Followers²	N/A	78	730

Typical Content

- Brand Product display
- Celebrity & KOLs endorsement (repost from brands)
- Jewelry knowledge
- Jewelry knowledge



Key Offline Marketing Campaign

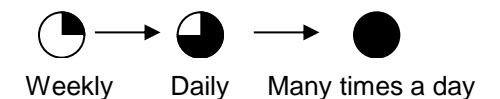


China International Import Expo-Extraordinary Italian Jewelry

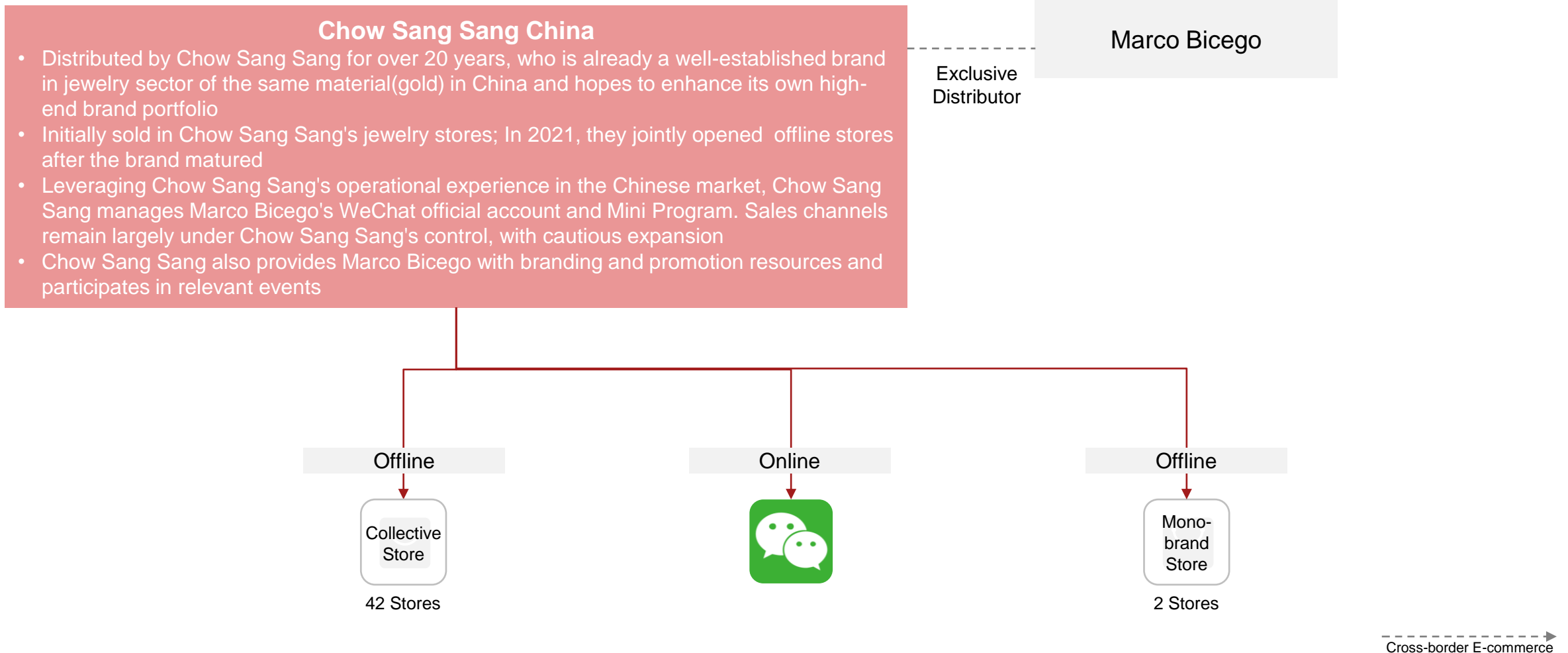


VIP events in offline VIP lounge










Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July,2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis



Marco Bicego gave distribution right to an established local competitor brand to fully leverage existing local channel resources, and started to build its own brand experience



Macro Bicego leverages distributor's media platform and KOL resources to improve brand exposure with various marketing content

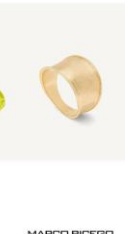
Online				
	 WeChat	 WeChat	 RED	 Weibo
Type	Official Brand Account Shopping mini program		Distributor Account (Chow Sang Sang)	
Role	Marketing & Sales	Marketing	Marketing	Marketing
Activity ¹				
Followers ²	N/A	N/A	103k	652k
Typical Content	Craftsmanship & Italian aesthetic MKT			
	Product display			
	Celebrity/KOLs Endorsement			
				
				

Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by September, 2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis

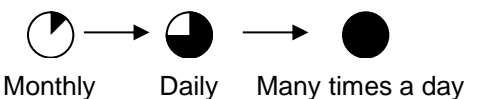
Key Marketing Campaign



SKP Private VIC Campaign



Celebrity Seeding
(Shared with Chow Sang Sang)



As established local Chinese jewelry brands go premium and diversify its brand portfolio, co-opetition relationship will be a good opportunity for SME brands

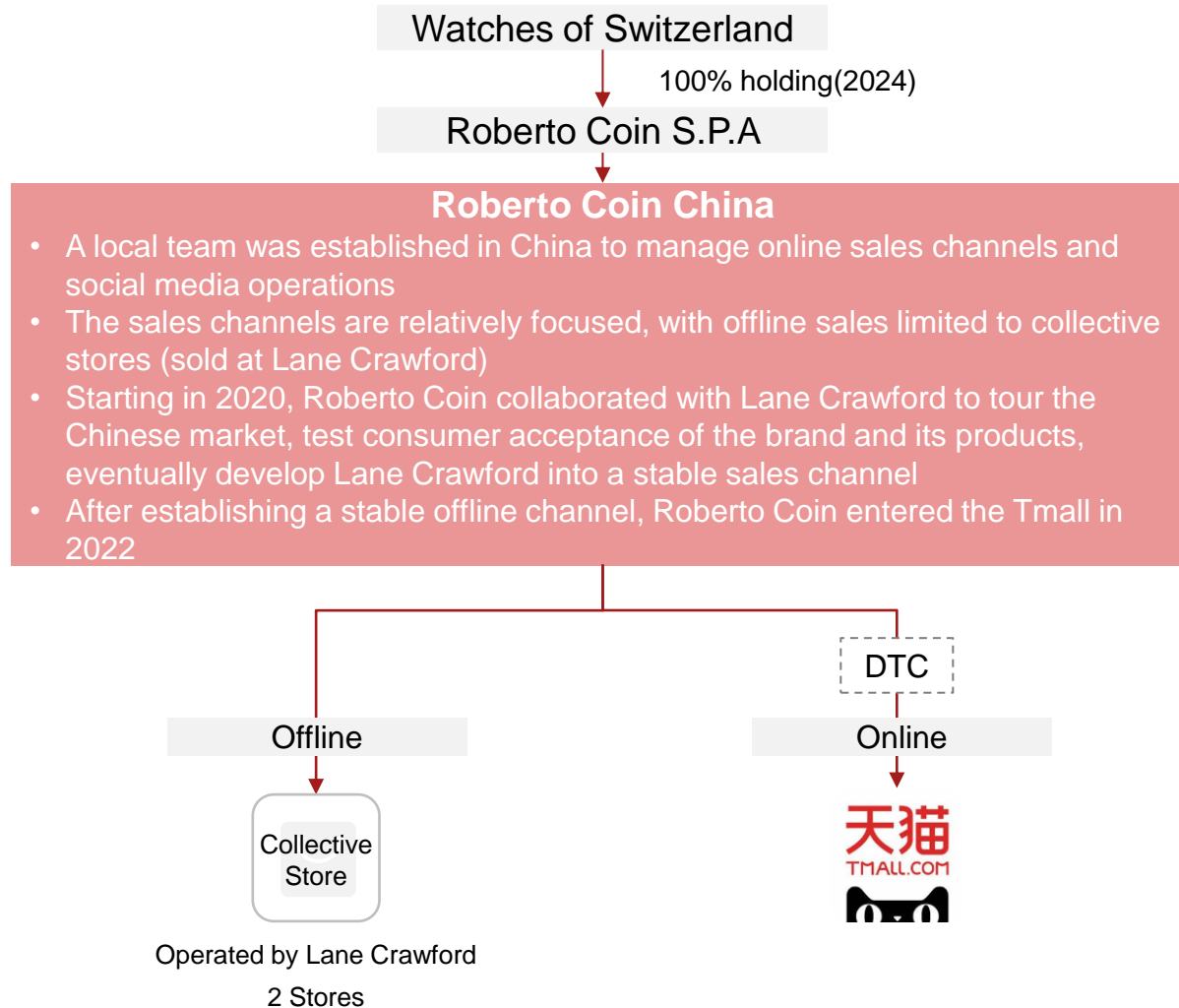


- Chow Tai Fook opened **jewelry collective store JEWELRIA** across the nation, bringing together both western and eastern jewelry designer brands
- The store provided multiple brands with market-entry test opportunities, yet with **limited marketing exposure**



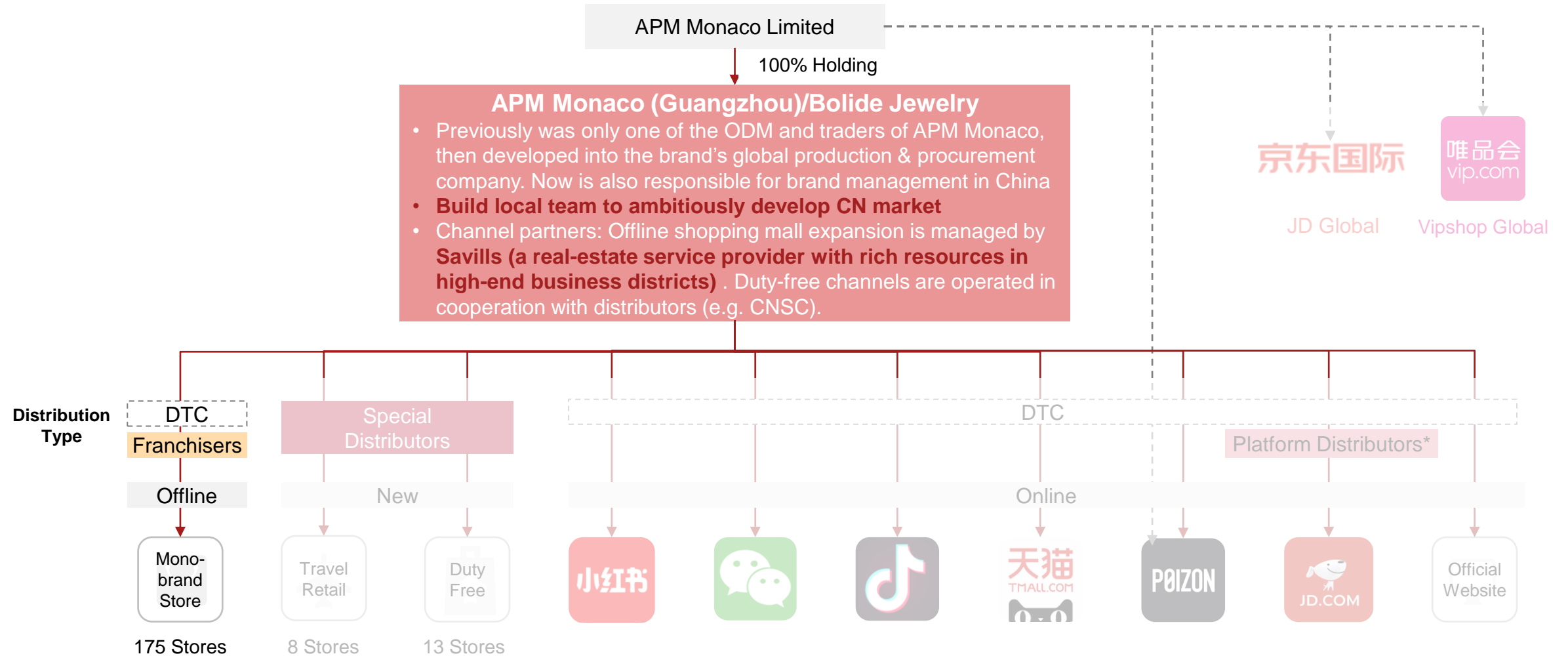
- Chow Sang Sang introduced western brands **at dedicated counter in its stores nationwide.**
- With only one brand nurtured at a time for mainland market, Chow Sang Sang offered more resources to Marco Bicego and created small success

Roberto Coin entered China by distributing to retailer Lane Crawford who opened collective jewelry brand counters, and then gradually expanded to online platforms with local team



Distribution Type







Similarly, APM Monaco entered China with the help of real-estate service provider, Savills, and expanded national coverage rapidly



*self-operated mode
Source: Desk research by 24 July 2024, Strategy& analysis

Roberto Coin mainly focuses on KOL seeding to increase brand awareness and launched localized collection for China market

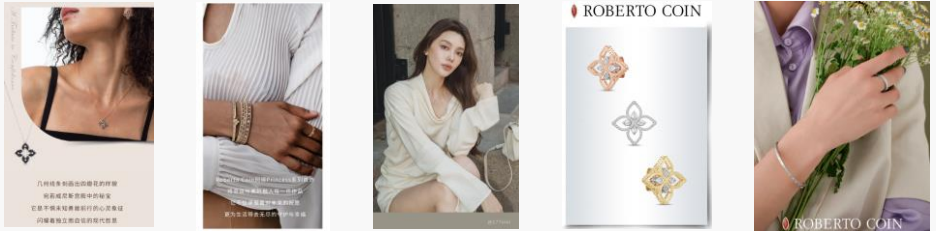
Online

	 WeChat	 Weibo	 RED
Type	Official Account	Official Account	Official Account
Role	Marketing	Marketing	Marketing
Activity ¹			
Followers ²	N/A	4k	692

KOL Endorsement

Product display

Typical Content



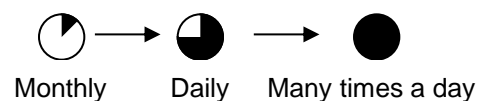
Typical Campaign



KOLs Seeding

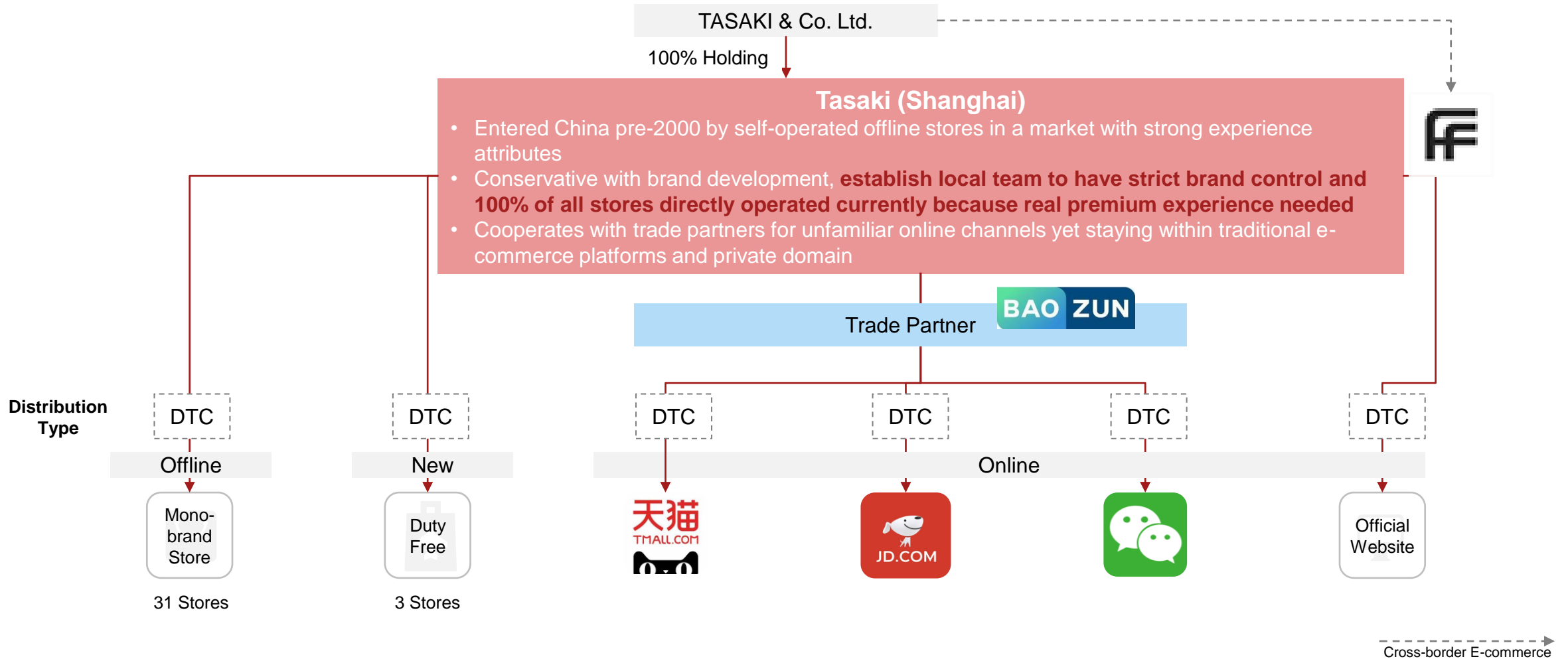


Localized collection: Dragon themed



Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by September, 2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis











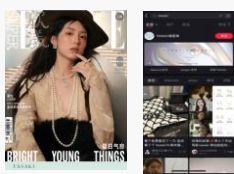

TASAKI adopted a fully self-operated model and a conservative approach for market-entry, focusing on offline channels and starting to work with TP for online expansion



Tasaki focuses on celebrity endorsement and leverages crossovers, pop-up store and brand exhibitions to reach broader audience, not yet using social EC platforms

Online

Key Marketing Campaign

	 WeChat	 Weibo	 RED	 Douyin
Type	Official Account Shopping mini program	Official Account	Official Account	Official Account
Role	Marketing & Sales	Marketing	Marketing	Marketing
Activity ¹				
Followers ²	N/A	159k	36k	14k
Types of marketing	<i>Celebrity endorsement</i>			
	<i>Product display</i>			
	<i>Brand event marketing</i>			
				



Exhibition:
70th Brand Anniversary Exhibition



Pop-up Store:
Inspired by iconic product theme



Crossover:
TASAKI x ASICS



Product Placement:
TV Drama
The Rose's Tale

Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July,2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis





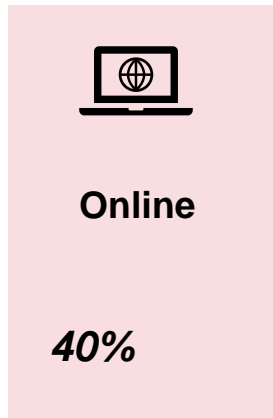
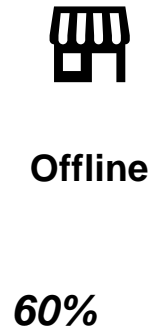
Tableware Brands

Date

Overview of tableware market

Tableware online market percentage is increasing

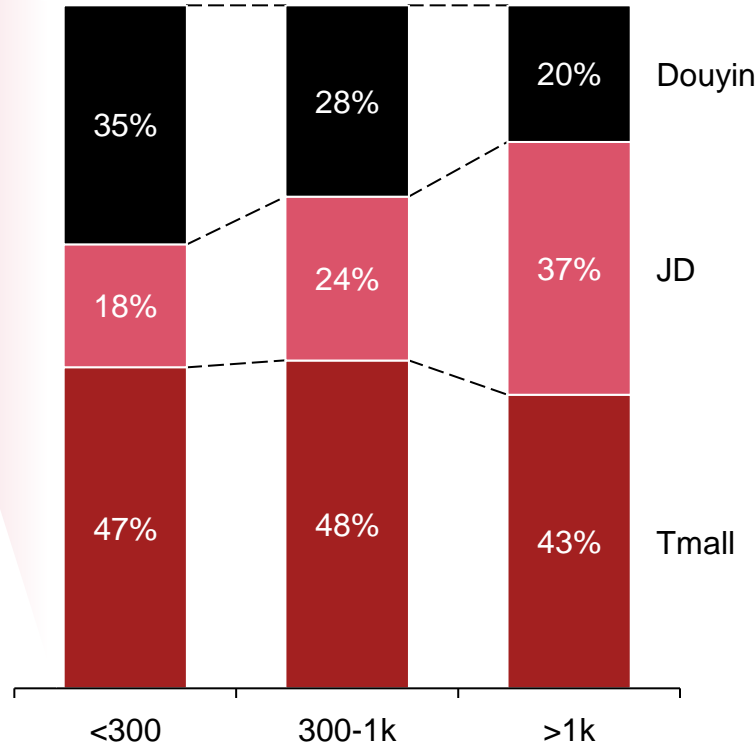
Online vs Offline



Tmall dominates online but varies across price range

Online Platform Split by Price Range*

2023, % of GMV¹



CN tableware consumer segments indicate polarization trend

Typical Consumer Persona



- Low-tier towns younger consumers that are **concerned more about practicality** and not brand or artistry
- Prefer **online platforms**



- **Highly-educated** consumers that **value aesthetics & life quality**; usually with background studying abroad
- Prefer **offline dining and shopping experience**

“ ”

This year the offline channel traffic loss is very obvious. Many tableware companies go out of business or have cash flow problems, giving up reordering”

—Brand D CN Distributor

“ ”

The Chinese tableware market is polarized. Our target customers are those who pursue French lifestyles, invoking the sense of relaxation, creativity and high-end aesthetics. Due to the weaker purchasing power and economy, they are more price sensitive. Meanwhile the counterfeiting technology is improving, it may cause low-price competition.”

—Brand D CN Distributor



Percentage decrease

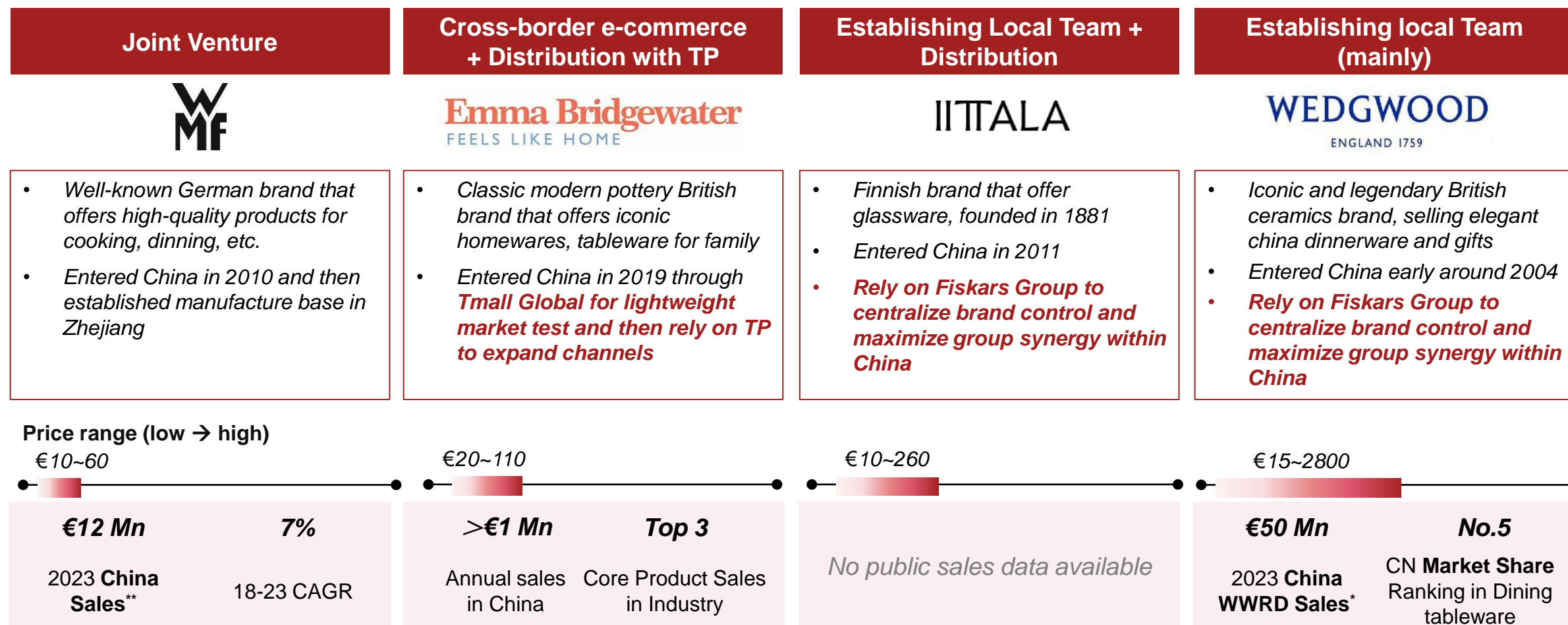


Percentage increase

Tableware SME Brands Summary

Brand	Brand D	Brand E	Brand F
Price Range	€6~65	€5~50	€20~€30k
Key Competitors	local copycats	ITTALA	NC
Route to Market	<ul style="list-style-type: none"> • Distribution through sole partner • Easier market management 	<ul style="list-style-type: none"> • Distribution through sole partner • Better control on brand image and price 	<ul style="list-style-type: none"> • Establish local team as subsidiary • Ensure premium brand customer experience
Sales Channel	<p>Online~55%: Tmall, RED Offline~45%: B2B clients</p>	<p>Online~45%: Tmall, JD, RED Offline~55%:DTC, Physical Store, B2B clients</p>	<p>Online: Tmall, JD, RED, Wechat Offline: Physical Store</p>
Marketing Mix	<ul style="list-style-type: none"> • Online~30%: Product display, brand livestream • Offline ~70%: Industry salon, exhibitions, brand store 	<ul style="list-style-type: none"> • Online~20%: Product display • Offline ~80%: Industry salon, culture events, exhibitions, brand pop-up store 	NC

Route-to-market benchmarks for tableware brands



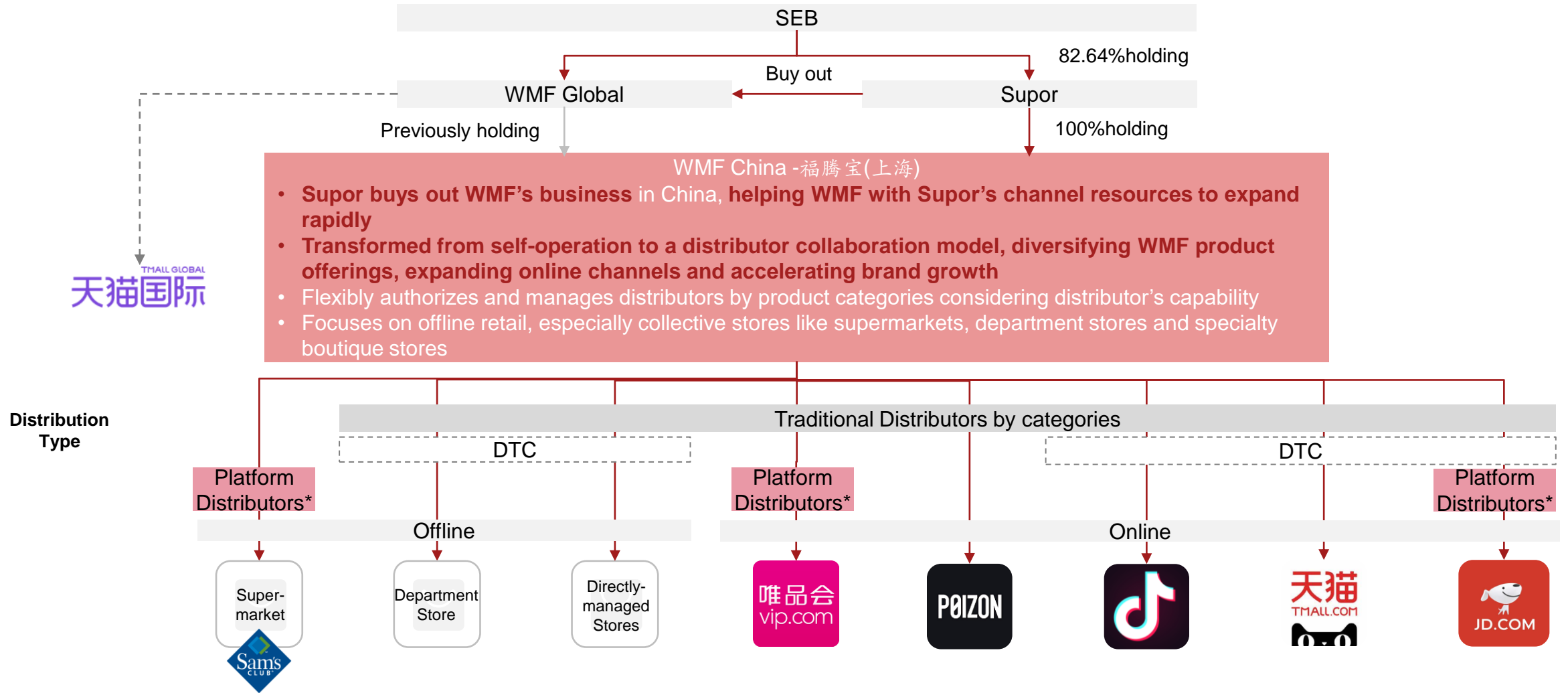
*Sales of WWRD in China

**Sales of Pacific Aisa

Source: Euromonitor, Desktop research by 24 July 2024, Strategy& analysis



WMF formed a joint venture with local enterprise to complement offline retail channel resources and authorized distributors by category











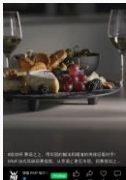



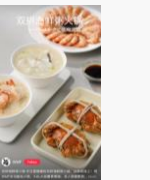
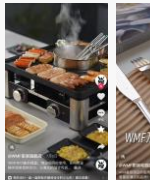
*self-operated mode
Source: Desk research by 24 July 2024, Strategy& analysis



WMF focuses on Douyin to seed and sell product through live streaming and leverages group account to improve tableware category awareness

Online

	 WeChat	 Weibo	 RED	 Douyin
Type	Group Account	Group Account	Group Account	Group Account
Role	Marketing	Marketing	Marketing	Marketing & sales
Activity ¹				
Followers ²	N/A	233k	5k	78k

Types of marketing	Product display		Chief KOLs MKT		Brand livestream	
						

Offline

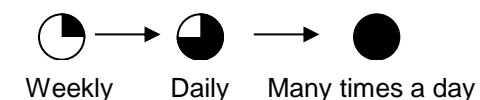


Flash Sale³

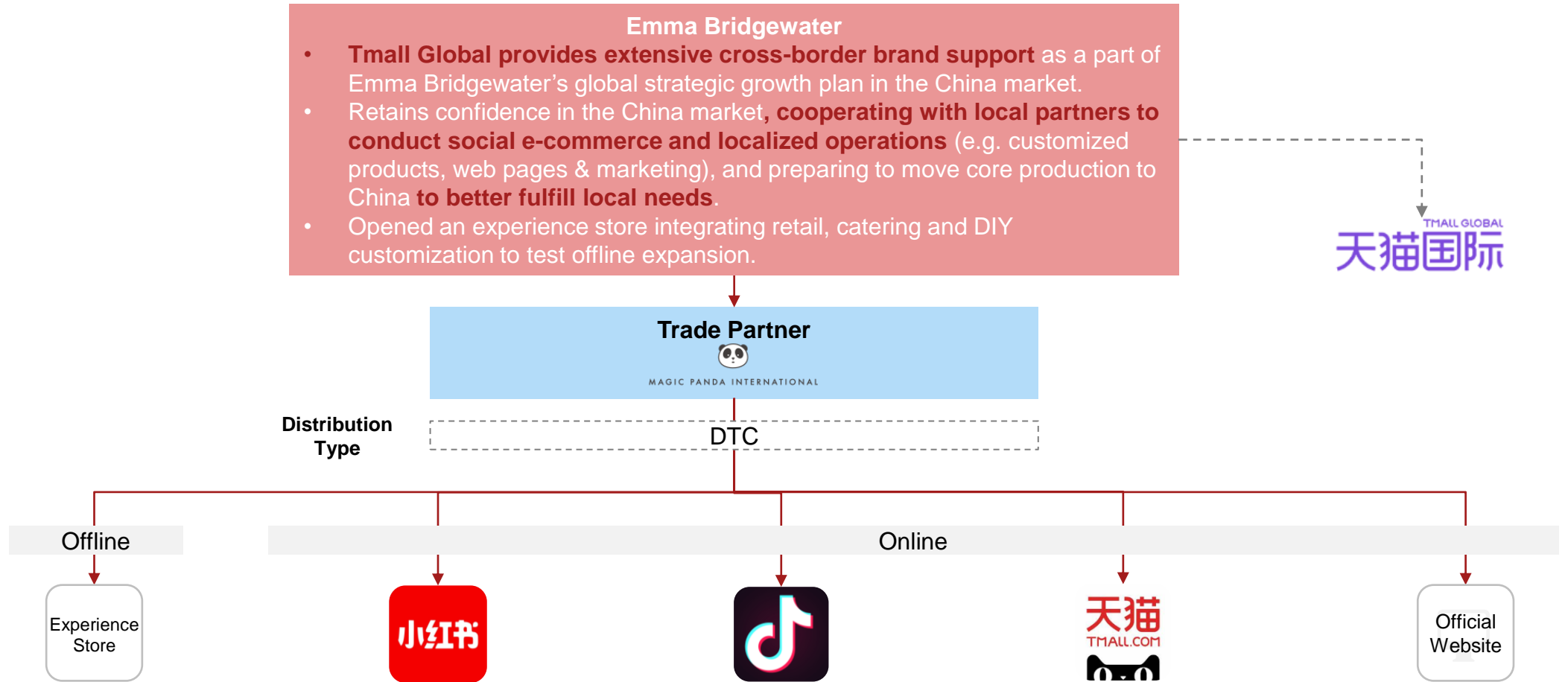


Crossover:
WMF x Minions

Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July, 2024; 3. Mainly selling kitchenware
Source: Brand official account on online platforms, Desktop research, Strategy& analysis



Emma Bridgewater started with CBEC only and now expanding into social EC and offline retail with the support of trade partner



Emma bridgewater mainly focuses on livestreaming on RED & Douyin and actively attend industry exhibitions for B2B sales. It also puts emphasis on creating a British lifestyle

Online				
	 WeChat	 Weibo	 RED	 Douyin
Account	Official Account	Official Account	Official Account	Official Account
Role	Marketing	Marketing	Marketing & Sales	Marketing & Sales
Activity ¹				
Followers ²	N/A	25k	38k	43k
Typical Content	Product display		Brand livestream	
	Promotion info post		Lifestyle MKT with peripheral products	
				

Key Marketing Campaign



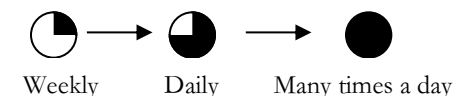
Exhibition:
Gifts & Home
Shangshai Fair



British Lifestyle
MKT

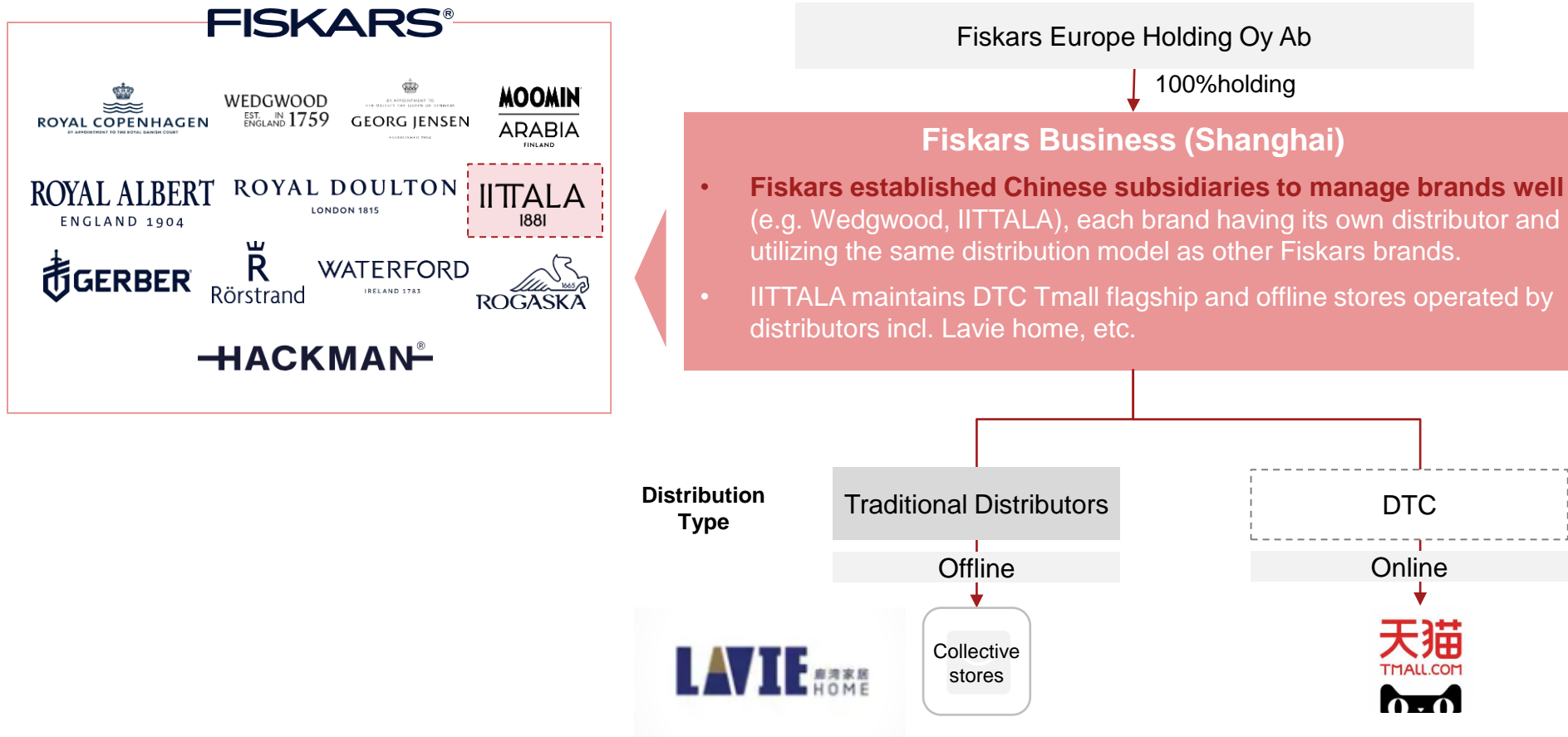


British Wallpapers
Creation



IITTALA







IITTALA (belongs to Fiskars group) distributed to traditional distributors in offline channels and operated Tmall flagship with its local team



*Directly managed stores are the main type
Source: Desk research by 24 July 2024, Strategy& analysis

IITTALA adopts same MKT content among three social platforms, focusing on themed user stories and Scandinavian design apart from product display

Online

	 WeChat	 Weibo	 RED
Type	Official Account	Official Account	Official Account
Role	Marketing	Marketing	Marketing
Activity ¹			
Followers ²	N/A	85k	12k

Product display

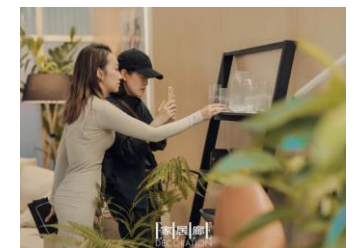
Themed user story

Northern Europe Design Culture MKT

Typical Content



Key Marketing Campaign



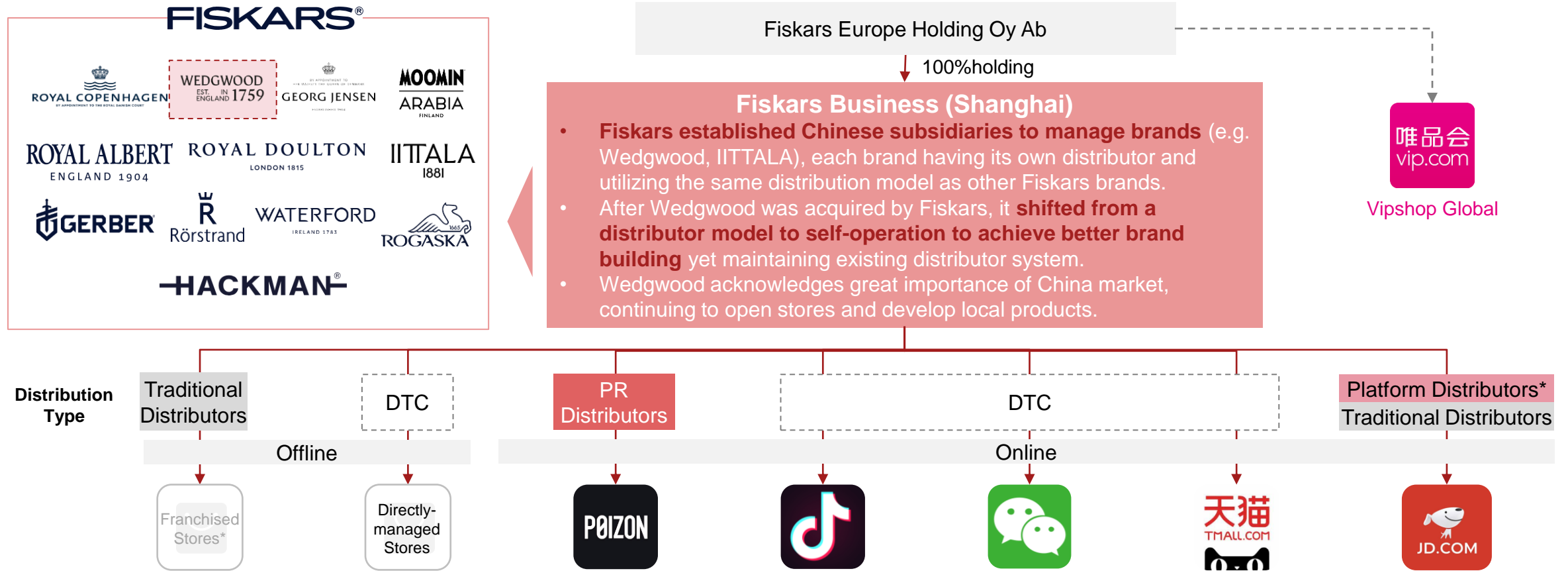
Pop-up stores collaborated with ELLE decoration



Crossover with Issey Miyake















Starting with multiple distribution, Fiskars, Wedgwood's parent company, gradually took back brand control and established local team for self-operation



*Directly managed stores are the main type
Source: Desk research by 24 July 2024, Strategy& analysis

Wedgwood relies on top traffic celebrity endorsement and various lifestyle brand crossovers to improve brand awareness and sales at the same time

Online				
	 WeChat	 Weibo	 RED	 Douyin
Type	Official Account Shopping mini program	Official Account	Official Account	Official Account
Role	Marketing & Sales	Marketing	Marketing	Marketing & Sales
Activity ¹				
Followers ²	N/A	538k	64k	91k
Typical Content	Top celebrity endorsement			
	Crossover MKT			
	Product display		Brand livestream	
				

Key Marketing Campaign



MKT ads on traffic spots



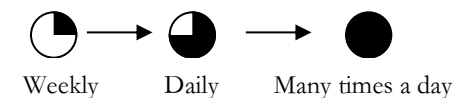
Promotional content on outdoor ads screen nearby offline stores in SH



Crossover:
Manner x Wedgwood
PARKER x Wedgwood



Occasion MKT:
Emphasize gift-giving occasions

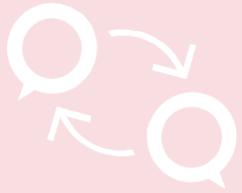


Note: 1. Frequency of posting marketing content by brands; 2. Cross-section data from brand accounts by July, 2024
Source: Brand official account on online platforms, Desktop research, Strategy& analysis

Summary of route-to-market learnings (1/3)

Key success factors

Going Online



- Going online is the trend, no matter which category
- Traditional brands gradually build online presence; new brands kick-start business online successfully

Brand Control



- Stronger brand control leads to consistent brand recognition
- Category top players gradually adopt a centralized model in China either by a subsidiary or by an exclusive distributor

Competence mix



- China sales and marketing ecosystem is very complex
- Distributors/Trade Partners with both GTM and marketing capabilities are preferred

Summary of route-to-market learnings (2/3)

Share of route-to-market by French SMEs and SME benchmarks			
Route to market	Options	5 French SMEs interviewed + Brand C	13 SME benchmarks (incl. combined)
Authorized operation	Licensing	-	15%
	Distribution right	67%	53%
Self-Managed Entry	CBEC	-	38%
	Establishing local team	33%	38%
Joint Venture	Joint Venture	-	7%

Common Characteristic of French SMEs

- Have limited knowledge about the Chinese market and consumers, highly rely on local partners
- Have limited human resources to run foreign market business on their own (even with platform service supports)
- Keep a wait-and-see attitude toward the Chinese market, thus not yet establishing local team
- Value long-term partnership and are hesitant to change current traditional partners

Common Characteristic of Benchmark SMEs

- Have limited knowledge about the Chinese market and consumers, but with some global brand assets to be leveraged for China
- Often used CBEC for market-entry test and as a proof of foreign brand authenticity
- Believe the full potential of the Chinese market and start to establish local team
- Value sole distributor, but are also open for various types of distributors, e.g., trade partner, retailer and even competitors

Summary of route-to-market learnings (3/3)

Route-to-Market Suggestions by Category (Preliminary)

	Status quo	New entrants	Existing players
Timepiece	<ul style="list-style-type: none"> Distribution is the primary approach while high-end brand requires offline presence and local team Vertical distributors with online channel operation as the baseline; with omnichannel resources are ideal; 	<ul style="list-style-type: none"> Brands with affordable price points can test the market through CBEC platform by themselves or with Trade Partners Brands with limited growth ambition can focus online channels first with distributors/trade partners who are more specialized on online operations Brands with ambitious growth plans or luxury price points can establish local team from day 1, operating marketing and offline channels on its own and online channels with trade partners 	<ul style="list-style-type: none"> Maintain distribution with qualified partner and explore possible partnerships with trade partners who are more capable for online platforms Consider establishing local team to have better control of the brand and operate mono-brand stores, especially for luxury timepiece brands
Jewelry	N/A		<ul style="list-style-type: none"> Distribute to collective stores or local competitors that own both marketing & sales resources Leverage e-comm platform operators or TP to enhance online presence Consider establishing local team and opening offline stores to build brand credibility and providing exclusive brand experiences
Tableware	<ul style="list-style-type: none"> Prefer traditional distributors who imports products first, yet open for ambitious market-entry plans The competence of distributors varies: online vs offline; sales-driven vs brand-driven 		<ul style="list-style-type: none"> Change from multiple distributors to sole distributor who operates online and offline and balances sales and brand building As investment & market importance grow, brands can establish local team that enables quicker respond to market demands (e.g., localized product design)

Time for Q&A

1. Know

*China Market Dynamics
and Opportunities*

2. Understand

*Routes-to-market
SME Status quo*

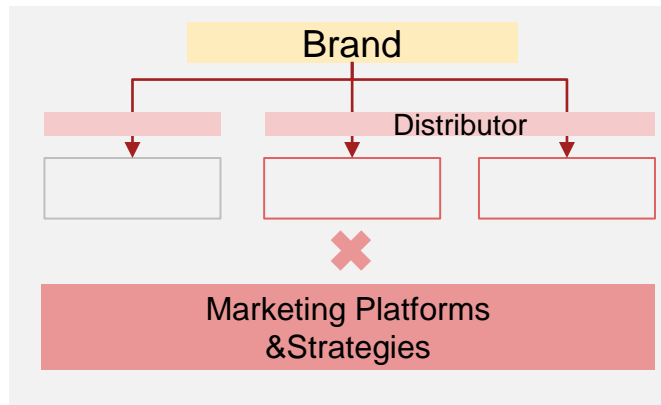
3. Act

*Optimal Routes and
Action Plan*

There will be 2 tasks here to clarify distribution landscape, marketing plan and future action in China

Task 2 is a template for internal discussion of SMEs and partners

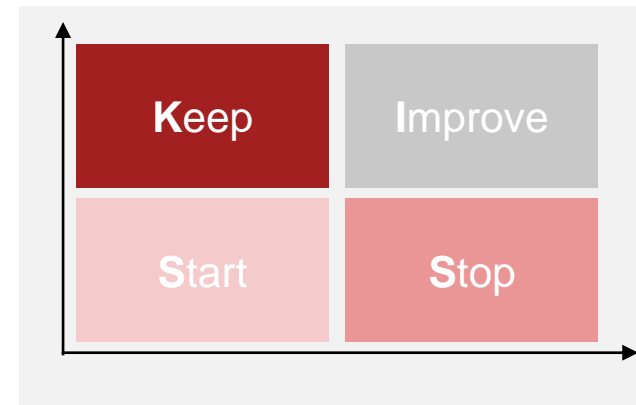
Task 1 Optimal Route Selection



Design	15mins
Discuss	15mins
Summary by Sector	5mins each
<hr/>	
	45mins

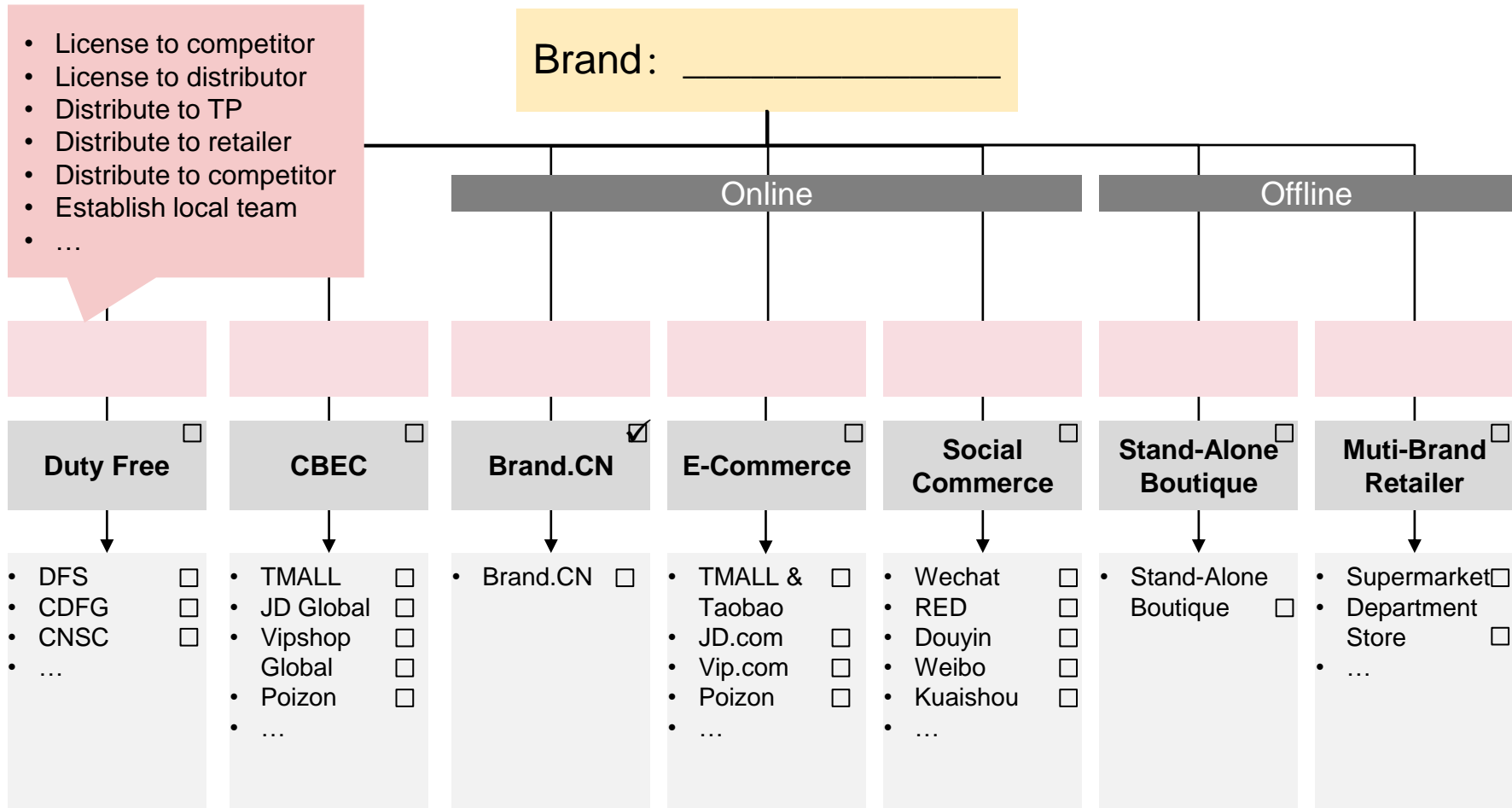
Task 2 Action Plan and Must-wins

Discussion Template



Plan	10mins
Discuss	15mins
Summary by Sector	5mins each
<hr/>	
	40mins

Task 1-1: Distribution Landscape









Key Considerations

Reference sheet

	Authorized operation		Self-managed Entry		Joint Venture
	License	Distribution	CBEC	Establish Local Team	
Control					
Ease of Investment					
Risk Averse					
Local Adaptation					
	Can realize full potential of business, yet with low control of brand	Suitable for conservative and steady market expansion and categories requiring more offline experience	Suitable for market test with low budget; also an evidence to prove authentic foreign brand	Strong brand control, high return and risk at the same time	Fully leverage resources of local partners and win-win

Task 1-2: Marketing Plan

Marketing platforms

						
Role	Marketing <input checked="" type="checkbox"/> Sales <input type="checkbox"/>	Marketing <input type="checkbox"/> Sales <input type="checkbox"/>	Marketing <input type="checkbox"/> Sales <input type="checkbox"/>	Marketing <input type="checkbox"/> Sales <input type="checkbox"/>	Marketing <input type="checkbox"/> Sales <input type="checkbox"/>	Marketing <input type="checkbox"/> Sales <input type="checkbox"/>
Content						

Marketing Strategies

Exhibition	Pop-up Store	Ads	Livestreaming Marketing	Occasion MKT
Crossover	Sponsorship	Product placement	KOL MKT	Celebrity Endorsement

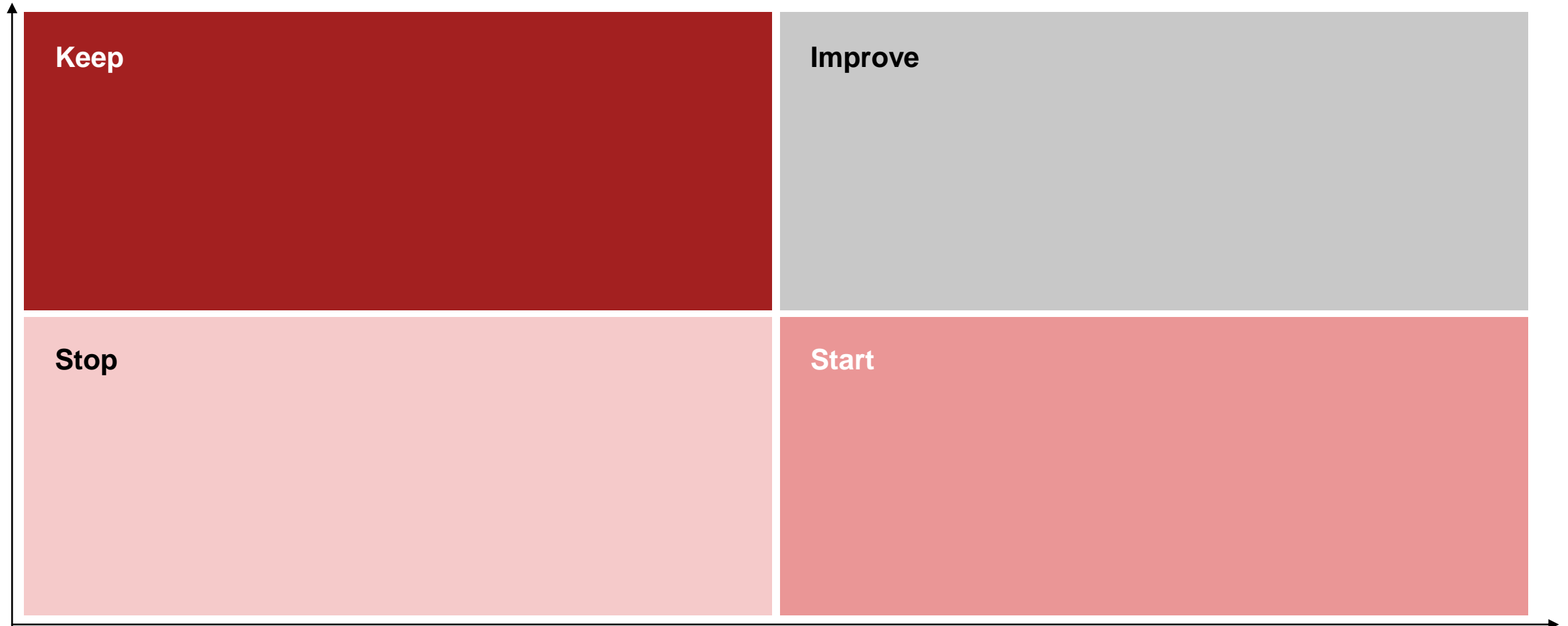
Key Considerations

Investment Distribution & Marketing by Platform

Social Media		E-commerce		Offline	
	Mini Program (Service Fee)	€6k/year		Flagship Store (Service Fee)	<div style="border: 1px solid gray; border-radius: 10px; padding: 5px; display: inline-block;"> Mono-brand Store €190k/year Incl redecoration </div>
	Official Account Operation	€26k/year		€57k/year	
	Channel Operation	€31k/year		Flagship Store (Service Fee)	<div style="border: 1px solid gray; border-radius: 10px; padding: 5px; display: inline-block;"> Pop-up Store €38k/first 2days and each additional day adds 10k </div>
	Livestream	€77k/year		-Timepiece	
	Official Account Operation	€24k/year	-Jewelry	€75k/year	
			-Tableware	€50k/year	
	Official Account Operation	€24k/year		Third-party Store (Service Fee)	
	RED Store (Service Fee)	€48k/year		-Timepiece	
	Official Account Operation	€31k/year		-Jewelry	
	Douyin Store (Service Fee)	€46k/year	-Tableware	€136k/year	
	Livestream	€77k/year		Platform Service Fee	
	Official Account Operation	€31k/year		€54k/year	
	Kuaishou Store (Service Fee)	€46k/year			
	Livestream	€77k/year			

*Excluding the labor & media costs for stores operation;
 *The service fees are calculated based on an annual sales of 1 million per platform

Task 2: Action Plan and Must-wins



Thank you

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