

Master Project Document

PetitLuxe Express – Fast Luxury
for China

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1. Executive summary

1.1. Background

Since its foundation at Constructor University in Bremen in 2019, Petitluxe has grown on 3 core pillars: Sustainability, exclusivity, and digital community. After its quick establishment in Europe and initial steps into the international market, PetitLuxe Express' main aim is to boost PetitLuxe's second phase of expansion into the Chinese luxury baby fashion market via Tmall Global by addressing critical challenges in the logistics speed and brand localization. For that reason, the project will implement a hybrid logistics solution with a strong contribution from a bonded warehouse near Shanghai to reduce delivery times and additionally launch a culturally digital marketing campaign, taking full advantage of Chinese Key Opinion Leaders (KOLs)

1.2. Primary Objective

To establish PetitLuxe as a recognized luxury baby fashion brand in China's Tier 1 cities (Beijing, Shanghai, Guangzhou, Shenzhen), generating sustainable long-term revenue while maintaining brand integrity and sustainability commitments. This expansion builds on the 2023 Tmall Global pilot entry and positions China as a cornerstone of PetitLuxe's global presence and IPO narrative.

Success will validate that PetitLuxe can scale internationally without compromising core values a critical proof point for investors, employees, and IPO readiness. The China operation will serve as a blueprint for future Asian market entries (Japan, South Korea, Singapore) and demonstrate PetitLuxe's ability to navigate complex cross-border logistics, regulatory environments, and consumer cultures while preserving European luxury positioning.

2. Background and Rationale

2.1. Market Overview

The luxury baby market has been evolving worldwide, mostly caused by the evolution of consumer expectations and digital innovation. A business like Petitluxe has successfully positioned itself in the European market, and now, with the information from its first launched pilot in 2023, which confirmed strong interest in European craftsmanship in China, it's time to open a new chapter in the development of a solid market penetration by combining European economic and luxurious values with Chinese consumer expectations for speed,

authenticity and digital engagement and be part of a segment that will exceed €20 billion by 2028.(IMARC Group, 2024).

2.2. Reasons for Doing the Project

2.2.1. Enhanced Operational Efficiency

PetitLuxe Express seeks to achieve operational excellence through a bonded-warehouse model near Shanghai. This integration allows fulfillment in 1–3 days domestically, while cross-border replenishment flows remain synchronized with ERP and Tmall systems. By leveraging real-time data visibility, this structure minimizes stockouts, ensures steady inventory rotation, and boosts consumer satisfaction.

2.2.2. Cost-to-Serve Reduction

A bonded CBEC model structurally lowers PetitLuxe's landed cost-to-serve versus General Trade because duties, VAT burden, and internal handling are front-loaded bulk at the bonded zone, not per parcel at customs. In practical terms, this turns cross-border luxury apparel into an industrialized logistics flow rather than a boutique export. The effect is not cosmetic -it accumulates into a structural margin advantage: every order becomes cheaper to serve from year one, and the delta widens as order density grows.

Year	Duty & VAT Savings (%)	Internal Handling & Processing Savings (%)	Last-Mile Delivery Savings (%)	Total Cost-to-Serve Reduction (%)	Cumulative Margin Impact (%)
1	5%	3%	4%	12%	12%
2	6%	3%	5%	14%	26%
3	7%	4%	6%	17%	43%
4	8%	4%	6%	18%	61%
5	8%	4%	6%	18%	79%

Table 1: Advantage Compounds

The table below shows how this advantage compounds over time. As scale increases, duty leakage reduces, the last-mile is cheaper (domestic carrier), and each order becomes more margin efficient.

Years	Costs Breakdown (In euros)							Total Annual Cost
	Warehousing Rent	Logistical Costs	Marketing & KOL Campaigns	Agency Partnerships & Compliance	ERP Integration & IT Systems	Contingency & Miscellaneous		
1	€500,000.00	€500,000.00	€300,000.00	€400,000.00	€200,000.00	€150,000.00	€2,050,000.00	
2	€500,000.00	€300,000.00	€250,000.00	€300,000.00	€100,000.00	€50,000.00	€1,500,000.00	
3	€500,000.00	€200,000.00	€200,000.00	€250,000.00	€80,000.00	€40,000.00	€1,270,000.00	
4	€500,000.00	€150,000.00	€200,000.00	€200,000.00	€60,000.00	€30,000.00	€1,140,000.00	
5	€500,000.00	€100,000.00	€175,000.00	€150,000.00	€40,000.00	€20,000.00	€985,000.00	
6	€500,000.00	€80,000.00	€150,000.00	€100,000.00	€30,000.00	€10,000.00	€870,000.00	
7	€500,000.00	€50,000.00	€100,000.00	€50,000.00	€20,000.00	€5,000.00	€725,000.00	

Table 2. Cost Breakdown Projections

Marketing carries the largest share of costs, expected to decline from Year 2 as brand awareness and audience retention reduce CAC. Other cost categories, including logistics, IT, and contingency, are front-loaded in Year 1 due to setup, ramp-up, and market activation, then decrease as operations stabilize and efficiencies scale.

2.2.3. Advantages in the market

The project focuses on expanding PetitLuxe's presence in China by leveraging efficient cross-border e-commerce operations and localized strategies. PetitLuxe differentiates itself in the Chinese market through its eco-luxury positioning, emphasis on craftsmanship, and reliable delivery. By tailoring content to local audiences and collaborating with key opinion leaders (KOLs), the brand strengthens authenticity and ensures a sustainable and competitive market entry.

2.2.4. Competitive Advantage

In China's premium children's apparel category, most foreign entrants rely heavily on resellers or TP-run storefronts, which dilutes brand equity and breaks consistency of sizing, packaging and delivery quality. Local mid-tier brands compete mainly on price, but lack trusted safety reputation and lack the European craftsmanship story that Chinese parents value. This leaves a structural positioning gap.

PetitLuxe fills that gap by combining eco-luxury positioning with verifiable European production standards, and pairs that with a logistics experience that feels premium end-to-end (bonded fulfilment, fast domestic last-mile, and uniform unboxing). This is reinforced with creator-driven social proof loops that translate craftsmanship into visible trust signals. PetitLuxe is not simply another CBEC SKU catalog -it becomes a brand with identity, operating with control, consistency and customer intimacy that most competitors lack.

2.2.5. Revenue Potential

Metric	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue	3,700,000	5,000,000	5,500,000	6,050,000	6,655,000	7,320,500	8,052,550
Cost of Goods Sold	1,110,000	1,500,000	1,650,000	1,815,000	1,996,500	2,196,150	2,415,765
Gross Profit (70% Margin)	2,590,000	3,500,000	3,850,000	4,235,000	4,658,500	5,124,350	5,636,785
Operating Expenses							
Warehousing Rent	-500,000	-500,000	-500,000	-500,000	-500,000	-500,000	-500,000
Logistical Costs	-500,000	-300,000	-200,000	-150,000	-100,000	-80,000	-50,000
Marketing & KOL	-300,000	-250,000	-200,000	-200,000	-175,000	-150,000	-100,000
Agency & Compliance	-400,000	-300,000	-250,000	-200,000	-150,000	-100,000	-50,000
ERP Integration & Contingency & Misc.	-200,000	-100,000	-80,000	-60,000	-40,000	-30,000	-20,000
Total Operating	-2,050,000	-1,500,000	-1,270,000	-1,140,000	-985,000	-870,000	-725,000
Operating Profit (EBIT)							
Taxes (25%)	135,000	-437,500	-595,000	-748,750	-912,125	-1,063,588	-1,227,946
Net Profit	405,000	1,312,500	1,785,000	2,246,250	2,736,375	3,190,762	3,683,839

Table 3. Financial Statement

Our project platformises PetitLuxe's China business into a repeatable revenue system: scalable storefronts on Tmall Global, modular KOL activation waves, and cohort-based retention loops. In the first year, revenue growth is driven by entry markets and first buyer acquisition; in the second year, profitability increases as repeat purchase share grows and marketing CAC per incremental order falls. The business reaches a €5M annualized run-rate by Month 24, with operating profit strengthening as cost-to-serve advantages accumulate.

As in the Table as mentioned earlier "Cost Breakdown Projections", Warehousing rent is modelled as a fixed €500,000 annually, in line with market rates for bonded warehouse capacity in the Shanghai region (CBRE China Logistics Report 2024). Logistics costs (local transport, last-mile delivery, warehouse labour and operations beyond rent) are higher in Year 1 because of the ramp-up and onboarding effect and then decrease as processes

stabilize, and routing becomes more efficient. Marketing and agency spending is intentionally higher in Year 1 to aggressively build brand awareness and influencer pipelines; this normalizes as organic relevance and a retained audience reduce dependency on CAC. ERP and IT integration costs peak in Year 1 as system build and integration are completed, then structurally decrease as the digital stack moves into BAU operations. Contingency is also front-loaded in Year 1 to absorb unknowns associated with Chinese market activation and compliance interpretation. Overall, the cost base declines over time as operations stabilize, utilization increases, and scale-driven efficiencies compress marginal cost per unit.

This shows the pace: revenue grows more than 2x in Year 2, but EBIT grows almost 3x because fixed operating structures do not grow proportionally. That is the strategic engine of this project.

3. Objectives

3.1. General Objectives

To establish PetitLuxe's presence in China and develop it into a sustainable, long-term business. The aim extends beyond the first pilot initiative, focusing on building a reputable brand that generates consistent revenue and achieves significant market impact in China's luxury sector. This project supports PetitLuxe's vision to become a well-known luxury baby fashion brand worldwide. Success in China will lay the groundwork for growth in Europe, North America, and Asia, and help attract investors and drive international expansion.

3.2. Technical Objectives

Quickly connect our systems so everything from inventory to customer orders flows smoothly between Europe and China. This means real-time updates, easy order processing, and making sure all the boxes are checked to comply with standards. Additionally, it fulfills consumer protection laws and data privacy requirements. Registering the trademarks and implementing monitoring for any attempt at counterfeiting against PetitLuxe.

3.3. Operational Objectives

Delivering our products to families in under 10 days, thanks to our bonded warehouse near Shanghai. Our revenue goal is to reach €5 million a year within two years of launch, growing our monthly sales by 15-20%. This puts us on track to be profitable and deliver a great return on investment.

3.4. Key Targets

Category	Target	Tolerance
Scope	Integrate Tmall Global and the bonded warehouse logistics system near Shanghai.	Minor adjustments allowed for compliance or efficiency.
Time	Complete full-scale rollout within 18 months.	Up to 2 months' delay due to external factors.
Cost	Maintain total costs within €2.5 million.	10% cost increase allowance (€250,000).
Quality	Deliver products within 10 days, <u>98%</u> order accuracy.	Slight delay acceptable if satisfaction $\geq 90\%$.
Risks	Ensure legal compliance and IP protection in China.	Zero tolerance for compliance breaches.
Benefits	Strong brand awareness and digital engagement through localized campaigns, and a revenue of €5 million within the first 2 years of full deployment	Remain with a strong brand awareness, but a minimum of €4.2 million of revenue within the first 2 years of full deployment

Table 4: Key Targets

4. Scope

The project will be working with a hybrid logistics setup with Chinese partners, and also build a strong digital network to boost the marketing of the clothing. Additionally, compliance with cross-border regulations, integration with systems for accurate real-time reporting.

5. Deliverables

5.1. In-Scope

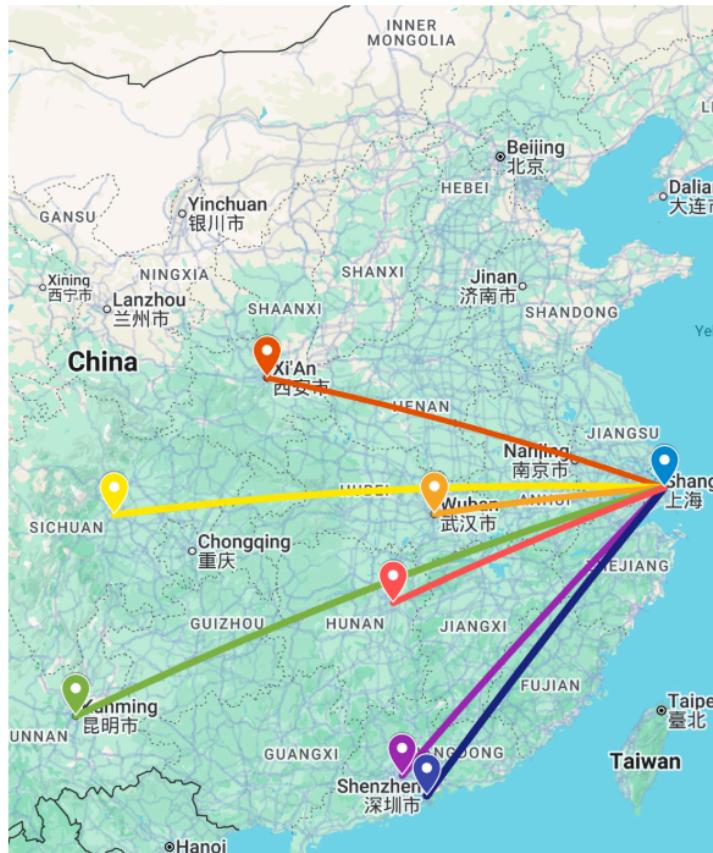
5.1.1. Logistics and Operations

We plan to set up a bonded warehouse near Shanghai to have the goods already available to improve the delivery time to reach the customers within 10 days. Also, integrate ERP and Tmall Global systems to smooth operations and enable real-time tracking to prevent any damage to the products.

PetitLuxe China Logistics Map & Route Summary

Main Routes & Estimated Delivery Times

- 📍 Shanghai Waigaoqiao Port
- 📍 Xi'an Distribution Hub
- 📍 Chengdu Distribution Hub
- 📍 Guangzhou Distribution Hub
- 📍 Shenzhen Distribution Hub
- 📍 Wuhan Distribution Hub
- 📍 Kunming Distribution Hub
- 📍 Hunan Distribution Hub
- 🕒 3 days (road)
- 🕒 3–4 days (road); 1–2 days (air)
- 🕒 3–5 days (road); 1–2 days (air)
- 🕒 3–4 days (road); 1–2 days (air)
- 🕒 2 days (road)
- 🕒 2–3 days (road); 4–5 days (air)
- 🕒 2–3 days (road); 1–2 days (air)



5.1.2. Marketing and Compliance

The marketing strategy emphasizes authentic engagement with Chinese parents by producing culturally relevant visual content and collaborating with prominent maternal influencers. The brand maintains an active presence on Weibo and Xiaohongshu, sharing updates, soliciting feedback, and fostering community. Ongoing performance analysis ensures that campaigns remain effective and resonate with the target audience.

5.1.3. Digital expansion via Tmall Global

Upgrade the digital store on Tmall Global to optimize operations and record people's purchasing options to offer personalized products. Also, integrate real-time reporting for compliance and inventory visibility to ensure transparency and interactivity between B2C.

5.1.4. Monitoring and Control

At every stage of the PetitLuxe Express project, our team—led by Diego Valer—closely monitors progress using a proven approach that relies on clear and regular reporting to catch issues early and keep everyone updated.

5.2. Out-Scope

5.2.1. Physical Store Implementation (Future Consideration)

For the next steps after full-scale launch, we evaluate the possibility of a physical retail store in China to enhance brand presence and customer engagement and plan for additional investment, partnerships, offline expansions, and broader niche markets within China.

5.2.2. Expansion into adjacent product categories

Another possibility we can evaluate is the expansion into other products like strollers, toys, and maternity wear. To ensure a correct expansion to the segment, we must develop more products that have the potential to generate extra revenue aside from clothing.

6. Project Approach and Timeline

We're rolling out PetitLuxe Express step by step over 24 months, adjusting our approach as we learn from the market and see what really works.

6.1. Phase 1 (Months 1-3): Planning and Setup

Develop and end partnership agreements, have a strategic plan of distribution logistics, and also have a well-positioned warehouse secured, for the end of Phase 1 to already have the required equipment and initial information for further development.

Budget Allocation: €600,000, representing 24% of the total budget.

Deliverables: Signed contracts with all major partners, finalized Tmall Global registration and store setup, obtained trademark certificates, completed governance documentation, and detailed operational plans for upcoming phases

6.2. Phase 2 (Months 4-8): Logistics and Systems Integration

Setting everything up, from the warehouse operations to the testing of workflows with the integration of the ERP and Tmall. By the end of month 8, a solid logistics plan and system integration, including the first batch of products that are going to be sold, will be developed for the customers.

Budget Allocation: €950,000, representing 38% of the total budget.



Deliverables: Fully functional bonded warehouse with over 5,000 units in stock, integrated ERP and Tmall Global systems that pass User Acceptance Testing, documented standard operating procedures for logistics, and established performance baselines for delivery times, order accuracy, and costs.

6.3. Phase 3 (Months 9-12): Marketing Launch and analysis

Phase 3 is focused more on marketing launch, having already identified influencers and available campaigns to develop the brand awareness inside China later to monitor initial sales and customer feedback for further consultation. At the end, we must have enough initial data to adjust strategies and shape the brand accordingly.

Budget Allocation: €400,000, representing 16% of the total budget.

Deliverables: Generating over 2 million digital impressions, achieving between €2,000,000 and €3,700,000 in sales, which achieves a stability point for fixed costs (Rent, Logistics, Marketing), collecting 1,000–2,000 customer reviews and ratings on Tmall Global, and completing a customer insights report with actionable recommendations for future improvements.

6.4. Phase 4 (Months 13-18): Full-Scale Rollout

After the initial launch, Phase 4 will scale the logistics and marketing, reaching new customers far from Shanghai, also the reporting will become regular, and the batch of products will increase to cope with the increasing demand for PetitLuxe, reaching a steady point of operations.

Budget Allocation: €400,000, representing 16% of the total budget.

Deliverables: achieving €2,500,000 to €3,000,000 in cumulative revenue by Month 18, acquiring over 10,000 active customers with a 20–30 percent repeat purchase rate, maintaining a customer acquisition cost below €50, and expanding the product catalogue to 30–50 SKUs

6.5. Phase 5 (Months 19-24) Evaluation and Future Planning

After the revenue, feedback, and monitoring, Phase 5 will be the time we fulfill our objective of reaching €5 million a year after full launch, and the possibility of planning physical stores will be considered. However, in the case that the revenue doesn't match up for physical expansion, further refinement will be made for strategies required to grow.

Budget allocation: €150,000, representing 6% of the total budget

Deliverables: A comprehensive project evaluation report with ROI analysis is completed. A physical retail expansion business case and recommendation are developed. A 5-year China market strategy document is created. Lessons learned and best practices documentation are compiled.

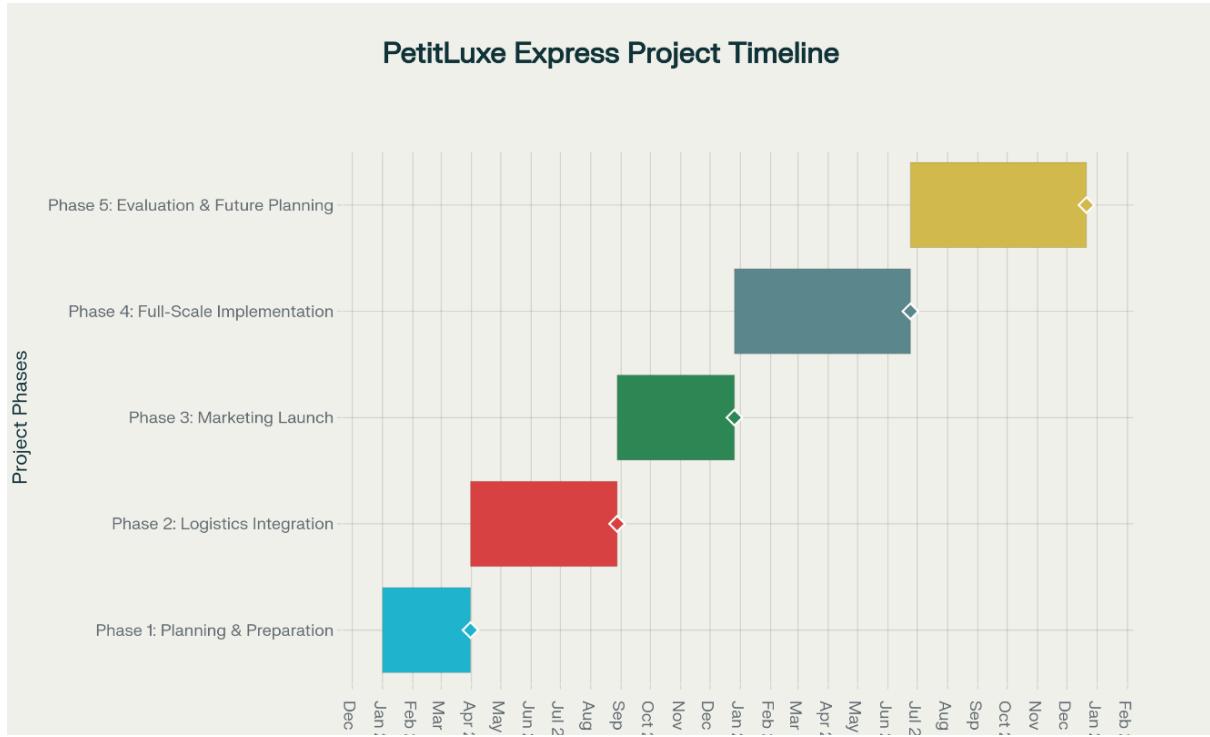


Figure 1: Petitluxe Project Timeline

7. Governance and Communication Plan

This plan outlines the communication approach, resources, and roles necessary to guarantee the "PetitLuxe Express" initiative's successful launch and expansion.

7.1. Procedures

To manage communication between the external Chinese partners and the internal European team, the project will employ a hybrid set of tools:

Communication Procedure	Software Tool	Description	Intervals
Emails	MS Outlook	Used for official communication, formal approvals, as well as issuance of the final Quarterly Performance Report to investors	As Needed
Virtual Meetings	MS Teams (Internal) WeChat (External)	Internal; For the Weekly Project Sync led by Diego External: Using it for weekly syncs with the Chinese agency (led by Mevin) and logistics partner (led by Nikoloz). Note WeChat is a standalone ecosystem (no Microsoft dependency) but supports viewing and sharing MS Office files natively.	Weekly
Reports & Dashboards	Power BI MS PowerPoint	Power BI. A live dashboard maintained by Nikoloz, which is used for real-time tracking of sales, delivery, and marketing KPIs PowerPoint Diego and Vlad will use this to prepare the formal Quarterly Performance Report Note Files sent to China are converted to PDF to ensure compatibility	Dairy (Live) Quarterly (Formal)
Instant Messaging	MS Teams (Internal) WeChat (External)	Internal; Day-to-day coordination for Diego, Nikoloz, Mevin, Vlad, and AK. External. This is the primary tool for day-to-day, real-time coordination with Chinese partners	Daily
Progress Tracking	Project Management Tool (e.g., Trello, Asana)	Internal: Daily coordination for Diego, Nikoloz, Mevin, Vlad, and AK. External this will be the main source of daily current coordination with Chinese counterparts Note: Cloud-based tool accessible via browser, requiring no specific software dependencies.	Daily

Table 5: Communication summary

7.2. Records

Overview: Communication and information logs of all projects will be documented and archived as described below.

Meeting Minutes: Key decisions and action items from all internal (Teams) and external (WeChat) weekly syncs will be documented by the meeting lead (Diego, Mevin, or Nikoloz) and stored in a central SharePoint folder.

Progress Reports: The formal Quarterly Performance Reports and all monthly KPI snapshots from Power BI will be stored in the SharePoint folder for review by the investors and board.

Communication Logs: The formal approvals regarding content by Mevin and budget by Vlad will be recorded and kept through email or SharePoint to ensure a clear audit trail of major communications.

7.3. Project Board

Board/Investors: The Board and Investors are entrusted with reviewing the comprehensive quarterly performance reports, which detail project traction, financial health, and key risks. Their role extends beyond simple oversight; they are expected to provide high-level strategic guidance, act as champions for the project's ambitious objectives, and help navigate high-level obstacles.

7.4. Project Team

Diego Valer (PMO and PM): Diego functions as the central hub for the project, overseeing the entire communication plan and its meticulous execution. He serves as the primary, consolidated point of communication to the Board/Investors, bearing the responsibility of compiling and presenting the formal quarterly reports. He also manages all project-wide risk communication, ensuring high-impact issues are escalated, and prepares ad-hoc alerts as needed.

Nikoloz Kirkitadze (Business and Operations Analyst): Nikoloz is the analytical engine of the project. He manages all critical operational communications with the Shanghai logistics partner, with a relentless focus on tracking and achieving the sub-10-day delivery goal. He is responsible for managing, interpreting, and presenting all operational and logistics KPIs to the internal team during weekly syncs. Furthermore, he oversees the complex technical communication required for the successful integration of the European ERP and the Tmall platform.

Mevin Jafar (Communications Lead): Mevin is the guardian of the PetitLuxe brand in China. He expertly coordinates and communicates with the Chinese marketing agency at all levels, including managing the vital relationships with KOLs. He holds final approval on all localized marketing content for Weibo and Xiaohongshu, ensuring every post is perfectly aligned with the brand's global standards. Internally, Mevin leads the crucial effort to educate European staff, building excitement and understanding about the Chinese market.

Vladyslav Klepikov (Risk Manager): Vladyslav ensures the project's financial integrity. He diligently monitors and reports on all project spending, meticulously tracking it against the €2.5m budget. He is responsible for providing all necessary financial data to be integrated into the quarterly investor reports, working closely with Diego to present a clear picture of the project's financial performance and burn rate.



Alexandre Kheleshvili (Finance Officer): Alexandre provides essential support to the Finance Officer. He manages the day-to-day financial operations, diligently tracking invoices, processing payments, reconciling day-to-day expenses, and assisting in the compilation of all financial reporting.

7.5. Project Governance and Leadership Stream

Overview: This internal-facing stream is focused on the core project team. It is designed for high-frequency updates and agile decision-making, acting as the project's central nervous system.

Audience: Diego (PMO/PM), Nikoloz (Business and Operations Analyst), Mevin (Comms Lead), Vladyslav (Finance Officer), Alexandre (Finance).

Purpose: The stream's purpose is threefold: to track all project KPIs, to identify and resolve blockers, and to ensure daily alignment between the interdependent logistics and marketing workstreams. Communication is essential for agile problem-solving.

Methods: The primary method for this stream is the Weekly Project Sync. This is a required, non-negotiable weekly meeting via MS Teams, led by Diego. This is a working session to review: Logistics & Ops KPIs presented by Nikoloz, such as average delivery time and warehouse processing; Marketing KPIs presented by Mevin, such as campaign impressions and Tmall traffic; and a detailed Budget & Spend update from Vlad and AK. This meeting is supplemented by a Shared Project Dashboard, a live Power BI dashboard maintained by Nikoloz and Diego, which provides real-time data on sales, delivery times, and campaign performance, allowing for data-driven decisions at any time. The primary tool for all internal chat and file sharing remains MS Teams.

7.6. External Partner and Execution Stream

Overview: This stream is the operational backbone of the project, serving as the critical bridge connecting the internal team with the external Chinese partners who are executing the daily work.

Target Group: Chinese Marketing Agency, Key Opinion Leaders (KOLs), Shanghai Logistics Partner.

Internal Leads: Nikoloz (Business/Ops Analyst), Mevin (Comms Lead).



Purpose: Manage the day-to-day execution of both the "eco-luxury" campaign and the demanding sub-10-day fulfillment model.

Methods: This stream's methods are bifurcated by function. First, a Marketing & Content Sync consists of weekly video calls via WeChat, led by Mevin. These calls are essential to coordinate with the China agency, review and approve localized content, and analyze KOL performance in near-real time. Second, a Logistics & Ops Sync involves weekly calls via WeChat, driven by Nikoloz, with the Shanghai warehouse manager. These calls are granular, focusing on inventory levels, customs clearance timelines, and fulfillment SLAs to ensure the sub-10-day delivery promise is consistently met. To ensure efficiency and agility, all external sync calls are strictly time-boxed to no more than 30 minutes; they are designed solely to explain deviations from the main plan and resolve immediate blockers rather than reviewing general status updates. WeChat is a must-have tool for this stream, as it is the standard for business relations in China and allows for the real-time feedback loop necessary in this fast-paced market.

8. Stakeholders

Major Stakeholders		Role
Internal	Project Board	<ul style="list-style-type: none">• Oversees the project scope and deliverables of Petitluxe Express.• In charge of the funding, approving deliverables and ensuring standards during the project.
	PetitLuxe Express Project Team	<ul style="list-style-type: none">• Manages first-hand the development, implementation, and progress of PetitLuxe Express• Responsible for the implementation for the expansion plan for Petitluxe, making

		arrangements and contracts with partners.
External	Investors	<ul style="list-style-type: none"> Provide funding to PetitLuxe Express, monitor ROI and project progress to ensure profitability.
	Chinese Agencies	<ul style="list-style-type: none"> Ensure that PetitLuxe Express complies with all agencies' expectations and requirements to present a complete good image of the project.
	Customers	<ul style="list-style-type: none"> End-users of PetitLuxe Express are fully focused on Parents as they will be the objective market.

Table 6: Stakeholders

9. Financial and Business Case

9.1. Budget Overview

The budget that was given constitutes 2.5 million euros, which we divided into the most important factor to invest, the logistics and Warehousing in Shanghai is going to represent approximately 1 million euros. We need to ensure a strategic place to keep the products from any damage, ensure easy access to the roads in China, and enough space to store the products. For marketing and KOL Campaigns, we expect an initial cost of 300,000 euros to have well-known influencers and campaigns inform the public about PetitLuxe. For agency Partnerships and Local Compliance, we need 400,000 euros to support the current marketing strategy that is being developed. For the IT System, we will need 200,000 euros, so the platform for purchasing the products can be on the level of a luxury baby clothing shop that Petiluxe represents. And for Contingency and other costs (If they exist), we estimate 150,000 euros.

9.2. Financial Forecasting

The graph illustrates PetitLuxe's financial growth within 2 years. Revenue starts rising sharply after month 8, representing its first revenue after initial implementation. While costs grow in steps (Especially around months 6 and 12, operating profit steadily improves, turning positive and accelerating through the first year. This represents a scalable model with increasing profitability over time.

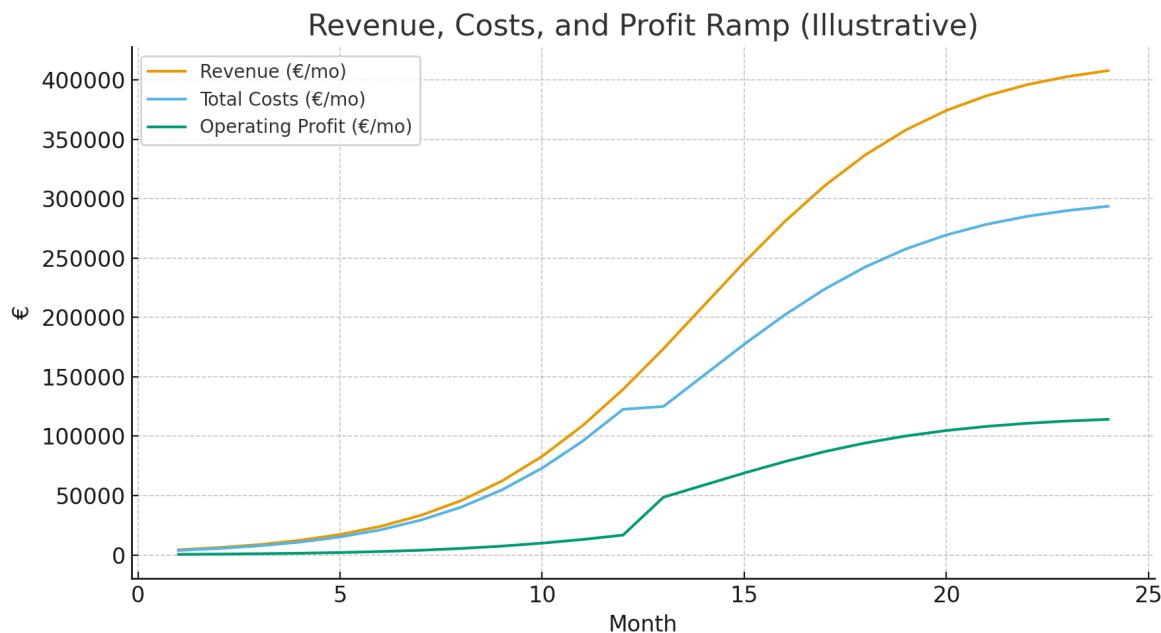


Figure 2: Revenue, Costs and Profit Graph

9.3. Return on Investment (ROI)

We expect to achieve a payback period of 3 years with projected annual revenue of 5 million euros from the Chinese market. While generating strong returns in the combination of fast deliveries, localized marketing, and local compliance, positioning PetitLuxe as a leading eco-luxury brand in China and opening doors for potential growth for physical shops and brand loyalty driven by culturally relevant campaigns.

9.4. Alternative Option (TP Outsourcing)

There is an alternative path: instead of building our own CBEC engine, we outsource our China flagship operations to a Tmall Global Partner (TP). Under this model, we do not invest

in bonded warehouse flows or direct Tmall integration. The TP controls pricing, merchandising, fulfilment routing and performance marketing. The option is attractive in the short term because it lowers entry complexity and is faster to activate -however, it turns PetitLuxe into a rent-based tenant of a TP ecosystem.

9.4.1. Comparison of Alternatives

Criterion	Description
Strategic Impact	The degree to which the option strengthens PetitLuxe's brand equity, customer ownership, and long-term competitiveness in China.
Implementation Cost	Total investment required to establish and operate the model, including logistics, compliance, and marketing expenses.
Revenue Potential	Ability to capture contribution margin and compound profitability through data-driven growth and customer retention.
Flexibility	Capacity to adjust assortment, pricing, and content in response to consumer feedback and platform dynamics.
Data & IP Risk	The extent to which customer data and operational knowledge are controlled by PetitLuxe versus external partners.

Table 7: Descriptions of Criterions

Criterion	Alternative A: Outsource to Tmall Partner (TP)	Alternative B: Build Own CBEC Operation
Strategic Impact	Low – TP controls pricing and CRM; brand acts as a SKU under TP ecosystem.	High – PetitLuxe owns customer touchpoints and accumulates data and experience.
Implementation Cost	Low – No bonded warehouse or integration; pay setup and commission fees.	High – Significant upfront setup (bonded WH, ERP integration), amortized over time.
Revenue Potential	Low – Margins reduced by TP fee stack; upside limited.	High – Higher per-order margin and scalability with volume.
Flexibility	Low – Limited control over pricing, content, and campaigns.	High – Direct control enables fast iteration and optimization.
Data & IP Risk	High – TP retains consumer and behavioral data.	Low – PetitLuxe controls and protects first-party data.

Table 8: Definition of Alternatives

Criterion	1 point	2 points	3 points
Strategic Impact	Weak brand ownership	Partial brand control	Full brand and data ownership
Implementation Cost	Very high	Moderate	Low
Revenue Potential	Minimal margin gain	Moderate	Strong margin growth
Flexibility	Highly dependent on TP	Some operational leeway	Full control and agility
Data & IP Risk	TP owns data	Shared data	PetitLuxe owns data

Table 9: Evaluation of Criteria

Criterion	Weight (%)	Rationale
Strategic Impact	35 %	Key to brand equity, margin power, and CRM ownership.
Implementation Cost	20 %	Important but short-term; offset by long-term margin gains.
Revenue Potential	25 %	Drives profitability and compounding growth.
Flexibility	10 %	Allows faster iteration and content localization.
Data & IP Risk	10 %	Critical for autonomy and compliance resilience.

Table 10: Piecewise Comparison and Weighting

Criterion	Weight	Outsource to TP (Score)	Build Own CBEC (Score)
Strategic Impact	0.35	1	3
Implementation Cost	0.20	3	1
Revenue Potential	0.25	1	3
Flexibility	0.10	1	3
Data & IP Risk	0.10	1	3
Total Weighted Score		1.40	2.65

Table 11: Total Utility Values

9.4.2. Conclusion

The outsourced option is cheaper and faster to start, but it destroys the strategic asset. If we outsource store operations, we lose CRM ownership, margin leverage, and operational learning. Therefore, building our own CBEC setup is the option that creates long-term strategic advantage and supports scalable and profitable growth in China.

10. Risk Management and Contingencies

10.1. Risk Assessment (FMEA excerpt)

We use an FMEA approach to evaluate critical risks by Probability (P), Impact (I), and Detectability (D). China CBEC is dynamic: platform policies adjust, data rules evolve, and local logistics nodes are imperfect. The highest risk areas are therefore not marketing or brand -they are compliance and logistics execution. Regulatory and cross-border data transfer risk receives the highest RPN because PIPL/CAC enforcement is fluid, changes can invalidate flows overnight if not monitored, and non-compliance can trigger high financial outcomes. Logistics delays are the second most material risk, because even short-term stockout or customs backlog erodes trust in a category where parents demand reliability and safety.

Risk evaluation uses Failure Mode and Effects Analysis (FMEA) based on Probability (P), Impact (I), and Detectability (D). The Risk Priority Number (RPN) = $P \times I \times D$.

Legend: 1–2 Low | 3 Moderate | 4–5 High

Conclusion: Compliance and logistics represent the most critical areas requiring continuous monitoring. Regular audits, data-transfer reviews, and supplier SLAs will minimize disruption and ensure sustainable operations

Risk	Description	P	Occurrence	I	Impact	D	Detection	RPN
Regulatory / Data transfer non-compliance	Changes in CBEC rules or handling of EU→CN customer data question legal conformity or interrupt flows	3	Possible but not frequent	5	High impact; could halt operations	3	Moderate detectability; requires monitoring	45
Logistics delays / stockouts	Inventory arrives late, is retained at customs, or replenishment cycles are not aligned with real demand	3	Likely during ramp-up	4	Significant impact on sales	3	Moderate detectability; tracked via supply chain KPIs	36
IP infringement / Counterfeit leakage	Product visuals, trademarks, or product specs are copied by domestic low-cost clones	4	Relatively likely in the market	4	High impact on brand and revenue	2	Detectable through monitoring & enforcement	32
KOL misalignment	Live-commerce amplification	2	Unlikely	4	Medium impact on brand	3	Detectable via social	24

Table 12: Risks and RNP

10.2. Risks Assessment

Risk Area	Mitigation Strategy
Regulatory / Data Compliance	Map all data flows end-to-end, apply CAC-compatible CBDT pathway, minimise PI collection on Tmall, use encrypted data pipelines + quarterly compliance audits.
IP Infringement / Counterfeit	Register China trademarks early, enrol in Alibaba IPP protection, implement packaging serialisation and continuous monitoring + rapid takedown protocols.
Logistics Delay / Stockouts	Maintain 2–4 weeks safety stock in bonded warehouse, enforce SLA penalties with 3PLs, and run demand-forecasting loops to stabilise replenishment.
KOL / Marketing Misalignment	Activate only audience-fit mid-tier KOLs with brand briefing + approvals, and maintain an alternative KOL bench to quickly rebalance exposure mix.
Platform Policy / Fee Changes	Operate multi-platform optionality (Tmall + Douyin + JD) and review platform cost structures annually to avoid single-platform dependency.
Payment / Fraud Risk	Use secure payment gateways, fraud detection layers, and regular reconciliation for early anomaly detection and chargeback control.
Customer Service Issues	Maintain multi-channel support (chat / email / social) and close the loop into CRM sentiment metrics to preempt complaints and improve repeat rates.

Table 13: Risk Mitigation Strategies

11. Success Metrics and KPI's

11.1. Financial Metrics

Metric	Target	Measurement Frequency
Cumulative Revenue (24 months)	€4,000,000–€5,300,000	Monthly
Average Order Value (AOV)	€120–€150	Weekly
Gross Margin	60–65%	Monthly
Customer Acquisition Cost (CAC)	<€50	Monthly
Customer Lifetime Value (CLV)	€350–€500	Quarterly
Return on Advertising Spend (ROAS)	>3:1	Monthly

Table 14: Financial Metrics

Financial KPIs monitor the project's economic condition and profitability. The Cumulative Revenue figures the total income over a 24-month period with a goal of €4.0M–€5.3M, while Average Order Value (€120–€150) and Gross Margin (60–65%) are used to show the pricing and usage of costs, respectively. By Month 6, Customer Acquisition Cost is expected to be less than €50, and Customer Lifetime Value should be around €350–€500, indicating the profitability of customers over a long-term period. Return on Advertising Spend aims at a ratio greater than 3:1 at Month 18, meaning that the result of every euro spent on ads should be at least three euros of revenue.

11.2. Operational Metrics

Metric	Target	Measurement Frequency
Average Delivery Time	<10 days to tier-1 cities	Weekly
Order Accuracy	>98%	Daily
Inventory Turnover	6-8x per year	Monthly
Stock-Out Rate	<5%	Weekly
Return Rate	<10%	Weekly
Customer Service Response Time	<2 hours during business hours	Daily

Table 15: Operational Metrics

Operational KPIs focus on the project logistics and fulfillment efficiency. The average Delivery Time to Tier 1 cities has to be less than 10 days, while Order Accuracy has to be more than 98% in order to minimize errors and returns. Inventory Turnover 6–8 times per year stands for the good rotation of stock, and a Stock-Out Rate below 5% is to avoid losing sales by stock-outs. Return Rate less than 10% is a good indicator of the quality of the product and if the customer's expectation has been met, and Customer Service Response Time of 2 business hours confirms that the customer can receive prompt support.

11.3. Marketing Metrics

Metric	Target	Measurement Frequency
Total Digital Impressions (Year 1)	2,000,000+	Monthly
Tmall Global Store Visitors	50,000-100,000/month by Month 12	Weekly
Conversion Rate	2-3%	Weekly
Social Media Engagement Rate	>5%	Weekly
KOL-Attributed Sales	30-40% of total revenue	Monthly
Net Promoter Score (NPS)	>50	Quarterly

Table 16: Marketing Metrics

Marketing KPIs measure brand visibility and the performance of sales channels. The main target of Total Digital Impressions is 2M+ for the 1st year in order to increase awareness, and the Tmall Global Store Visitors goal should be 50K–100K monthly by Month 12. A Conversion Rate of 2–3% is the number that points to the effectiveness of turning visitors into buyers, and a Social Media Engagement Rate above 5% represents the interaction of the audience. KOL-Attributed Sales, aiming at 30–40% of total revenue, is a sign of the trust in influencer cooperation, and Net Promoter Score above 50 is a measure of customer loyalty and readiness to recommend.

11.4. Customer Metrics

Metric	Target	Measurement Frequency
Total Active Customers (24 months)	10,000-15,000	Monthly
Repeat Purchase Rate	20-30% by Month 24	Monthly
Customer Satisfaction (CSAT)	>90%	Monthly
Average Products per Order	1.5-2.0	Weekly
Customer Reviews/Ratings	4.5+ stars on Tmall Global	Daily

Table 17: Customer Metrics

Customer KPIs define the main target audience that PetitLuxe Express is focusing on achieving. The main target of total active customers is between 10,000-15,000 per month after 24 months to ensure brand loyalty and increase networking between customers, and the Purchase Rate should be 20%-30% monthly by Month 24, with an average of 1.5-2.0 products per user. Lastly, A good relationship with the customers by having more than 90% of Customer Satisfaction and a 4.5+ stars on Tmall Global to ensure a good competitive advantage among other firms.

12. Strategic Decisions

Strategic Pillar	Key Components	Primary Benefit
Platform and Infrastructure Foundation	Tmall Global platform selection + €800,000 bonded warehouse near Shanghai	Eliminates independent platform development; guarantees 10-day delivery; enables quality assurance; achieves 98% order accuracy target
Community-Driven Marketing and Real-Time Operations	40% marketing budget to KOL partnerships + real-time ERP integration with Tmall Global	Builds authentic community engagement with Chinese consumers; prevents inventory discrepancies; enables dynamic pricing; supports CAC efficiency improvements

Phased Rollout and Risk Distribution	Multi-phase deployment + diversified vendor strategy (multiple 3PLs, warehouse partners, backup KOLs)	Tests and refines logistics before peak demand; gathers customer feedback; reduces single-provider dependence; mitigates catastrophic launch failure risk
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Table 18: Strategic Decisions

13. Conclusion

This comprehensive project plan for PetitLuxe Express establishes all necessary strategic, operational, and control elements for successful launch and development of the premium European baby fashion brand in the Chinese luxury children's fashion market. The structured 24-month approach with clear phases, deliverables, and success metrics provides a roadmap for achieving €5 million in annual revenue while establishing a strong brand presence in one of the world's most dynamic markets.

Opting for cheaper shortcuts might save money in the short term, but it risks destroying strategic assets that drive long-term growth. In the Chinese CBEC market, controlling the demand signal is key: it determines margin trajectory and long-term competitiveness. By building its own cross-border e-commerce operation, PetitLuxe captures brand equity, first-party data, and structural unit economics advantages that cannot be replicated by outsourcing.

The first tangible benefits emerge during Months 9–12, when pilot testing generates traction, optimizes pricing, bundles, and customer engagement. However, true value is unlocked in Months 13–24, as repeat orders, CRM-driven loyalty, and operational efficiencies start compounding, creating a self-reinforcing growth loop that strengthens margins and market position.

PetitLuxe Express is not merely a market entry; it is the creation of a scalable commercial engine for China, one that compounds margin and brand equity over time.

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