



Data Demons

Mastercard China Advisors Case Competition 2023

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Case Situation

- Your client is a global high-end department store chain called MasterStore. Headquartered in the UK, MasterStore now operates in 9 countries with 15 stores.
- It offers Designer Clothing, Luxury Leather Goods, Jewelry and Watches, High-end Beauty Products, and Accessories.
- While around half of their revenue was contributed by Chinese tourists pre-covid, their revenue dropped significantly since 2020. The leadership team is highly ambitious for this year's growth target and wants to capture the China travel recovery as much as possible.





Our Solution

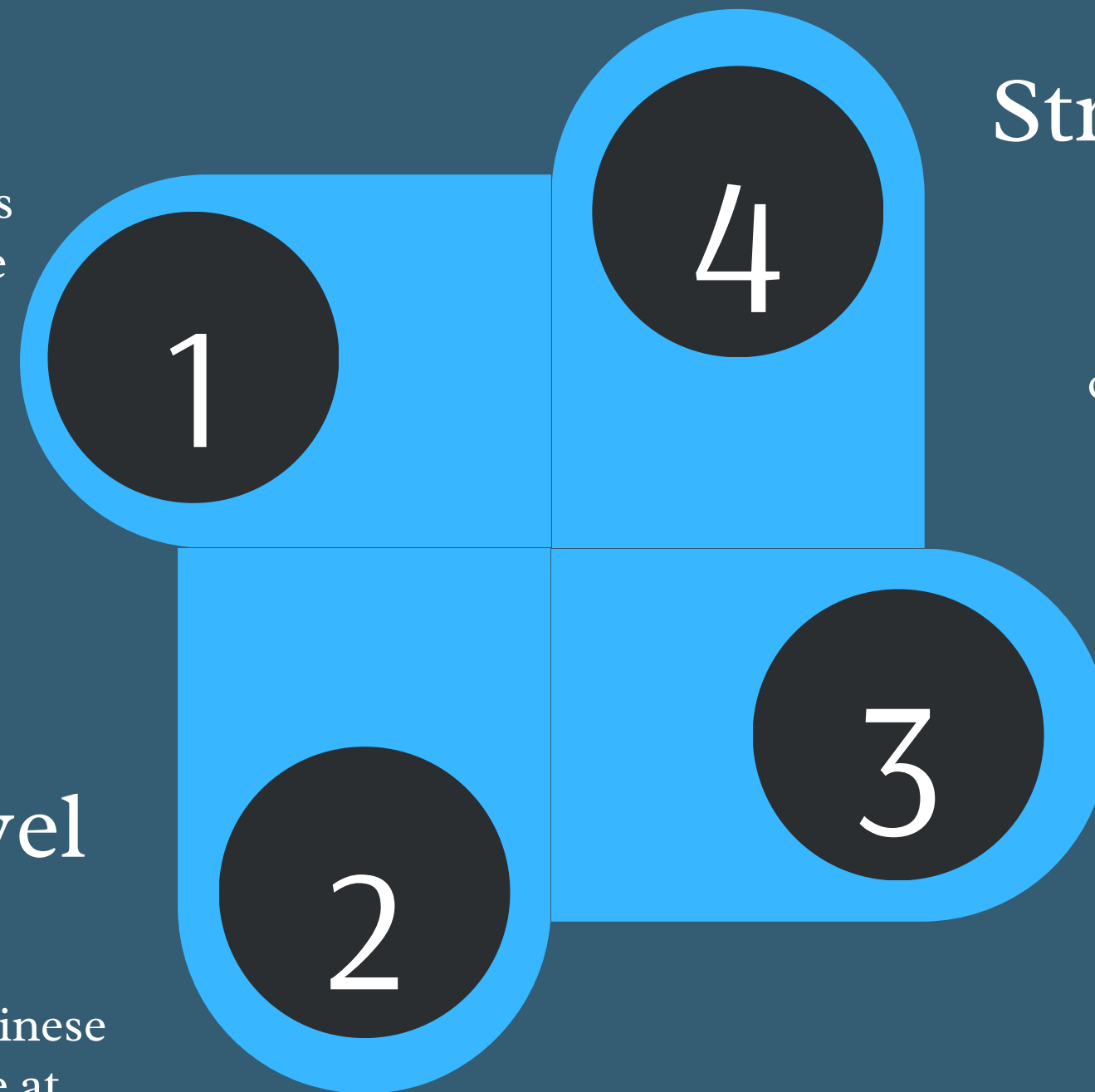
Targetted marketing

The campaign should highlight MasterStore's high-end products and emphasize the unique experience that customers can have by shopping at their stores

The campaign can be promoted on social media platforms like WeChat, Weibo, and Douyin, which are popular in China.

Collaboration with travel agencies

To create customized travel packages for Chinese tourists that include a shopping experience at MasterStore. This can help attract more Chinese tourists to the store and increase sales revenue.



Strategically located stores

Consider opening new stores in strategic locations in China to capture the growing demand for luxury goods. This can help the company expand its presence in the Chinese market and increase revenue from Chinese consumers.










Customer experience

Invest in improving the customer experience at MasterStore by hiring bilingual staff and providing Chinese language signage and product information. This can help create a more welcoming environment for Chinese customers and improve their shopping experience.



Countries in focus

- China: Given the significant drop in revenue from Chinese tourists in the past year, MasterStore should prioritize capturing the domestic Chinese market as well as attracting Chinese tourists to its stores.
- Europe: Europe is a popular destination for Chinese tourists, particularly for luxury shopping. MasterStore should consider opening new stores or expanding its presence in cities like Paris, London, and Milan to capture this demand.
- United States: Chinese tourists are one of the biggest spenders in the US. MasterStore should consider expanding its presence in key cities like New York, Los Angeles, and San Francisco to capture this market.

	 Clothing, shoes, and accessories	 Watches and jewelry	 Skin care and cosmetics	 Experiences and travel	 Intention to spend more money over the next 12 months
 Germany	€1,200	€1,000	€1,000	€1,100	
 China	€5,900	€6,700	€4,700	€3,000	
 USA	€1,800	€2,000	€1,300	€1,800	

When asked about their purchasing plans for the post covid months, luxury consumers in all three countries say they intend to spend roughly the same amount of money on luxury goods as they did in the past 12 months, pointing to little change in spending patterns. But It is very important to observe that Chinese travellers in general spend more on luxury goods than USA and Germany.



Strategy for China

- Preference for domestic travel: Due to travel restrictions and safety concerns, Chinese travellers are likely to prioritize domestic travel over international travel in the near term. This means that MasterStore should focus on attracting domestic Chinese tourists to its stores by developing targeted marketing campaigns and enhancing the customer experience.
- Increased focus on health and safety: Chinese travellers are likely to prioritize health and safety when making travel decisions. MasterStore should ensure that its stores and products are perceived as safe and hygienic by implementing proper health and safety measures.
- Shift towards independent travel: Chinese travellers are increasingly choosing to travel independently rather than with tour groups. This means that MasterStore should focus on developing relationships with airlines and travel agencies to create customized travel packages that include a shopping experience at their stores.
- Focus on experience-based tourism: Chinese travellers are increasingly looking for unique experiences when they travel. MasterStore should consider developing experiential retail concepts that offer a unique and memorable shopping experience for Chinese travellers.





Strategy for Foreign markets

Let's take the example of Europe, specifically the high-end department store market in Paris, France.

- **Competitive Landscape:** Paris is a well-known destination for luxury shopping, and as such, the high-end department store market is quite competitive. The primary competitors for MasterStore in Paris include Galeries Lafayette, Printemps, and Le Bon Marché. These stores offer a range of luxury products and have a strong presence in the market, making it important for MasterStore to differentiate itself.
- **Key Success Factors:** To win over global tourists and succeed in the competitive high-end department store market in Paris, MasterStore will need to focus on the following key success factors:
- **Localization:** To attract global tourists, it is important for MasterStore to create a localized experience. This can involve hiring bilingual staff and providing information in multiple languages, offering products that cater to local tastes and preferences, and creating a store environment that is welcoming to international visitors.
- **Product Differentiation:** MasterStore will need to differentiate itself from competitors by offering unique products that cannot be found elsewhere. This can involve sourcing exclusive merchandise from luxury brands or developing its own private-label products that are unique to the store.





Strategy for Foreign markets

Omnichannel Experience: In today's retail environment, customers expect a seamless shopping experience across all channels, including in-store, online, and mobile. MasterStore should invest in developing an omnichannel strategy that allows customers to browse and purchase products across multiple channels.

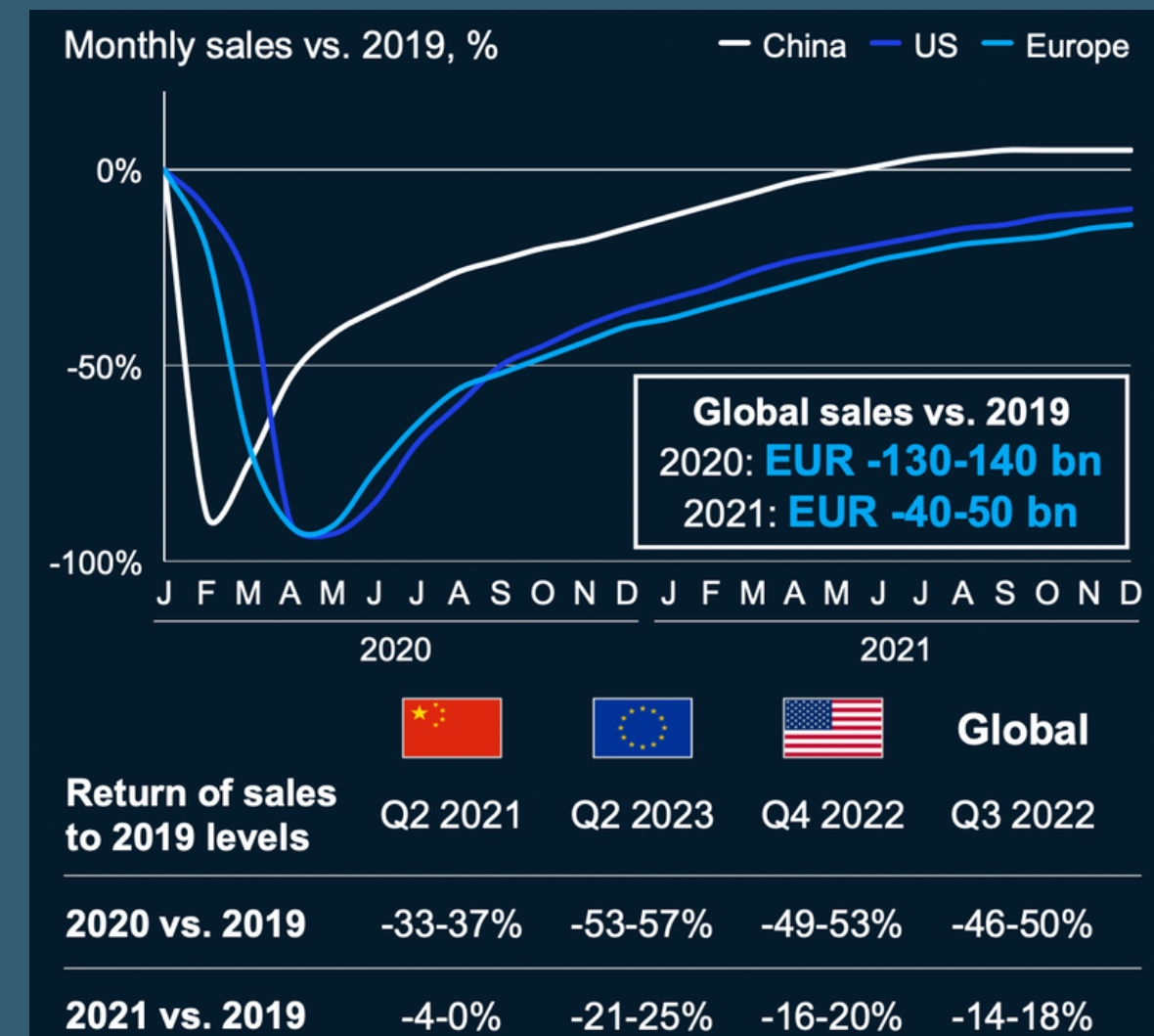
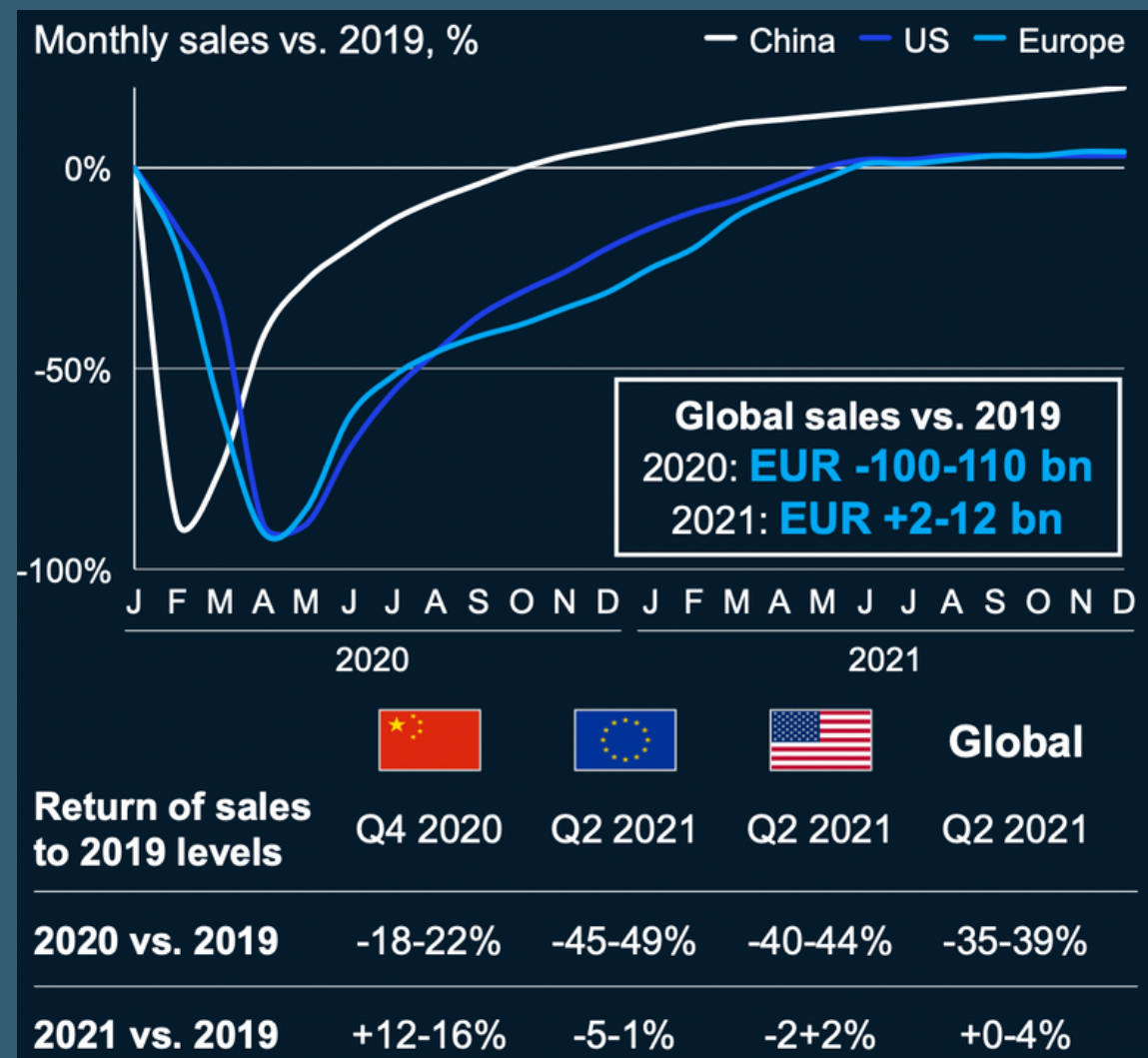
Customer Experience: Providing an exceptional customer experience is crucial for winning over global tourists. This can involve offering personalized service, creating a luxurious store environment, and providing unique experiences like fashion shows or events.

Marketing: To attract global tourists, MasterStore will need to invest in targeted marketing campaigns that reach international audiences. This can involve partnering with airlines or travel agencies to promote the store, leveraging social media to reach a global audience, and creating marketing campaigns that highlight the unique shopping experience at MasterStore.





Strategy for Foreign markets



Global luxury sales could drop by EUR 100-110 bn in 2020,
while 2021 sees a return to 2019 levels.

Source: McKinsey Analysis



How to attract Chinese tourists?

To best attract Chinese travellers during the travel surge, MasterStore should enhance its marketing strategy and shopping experience in the following ways:

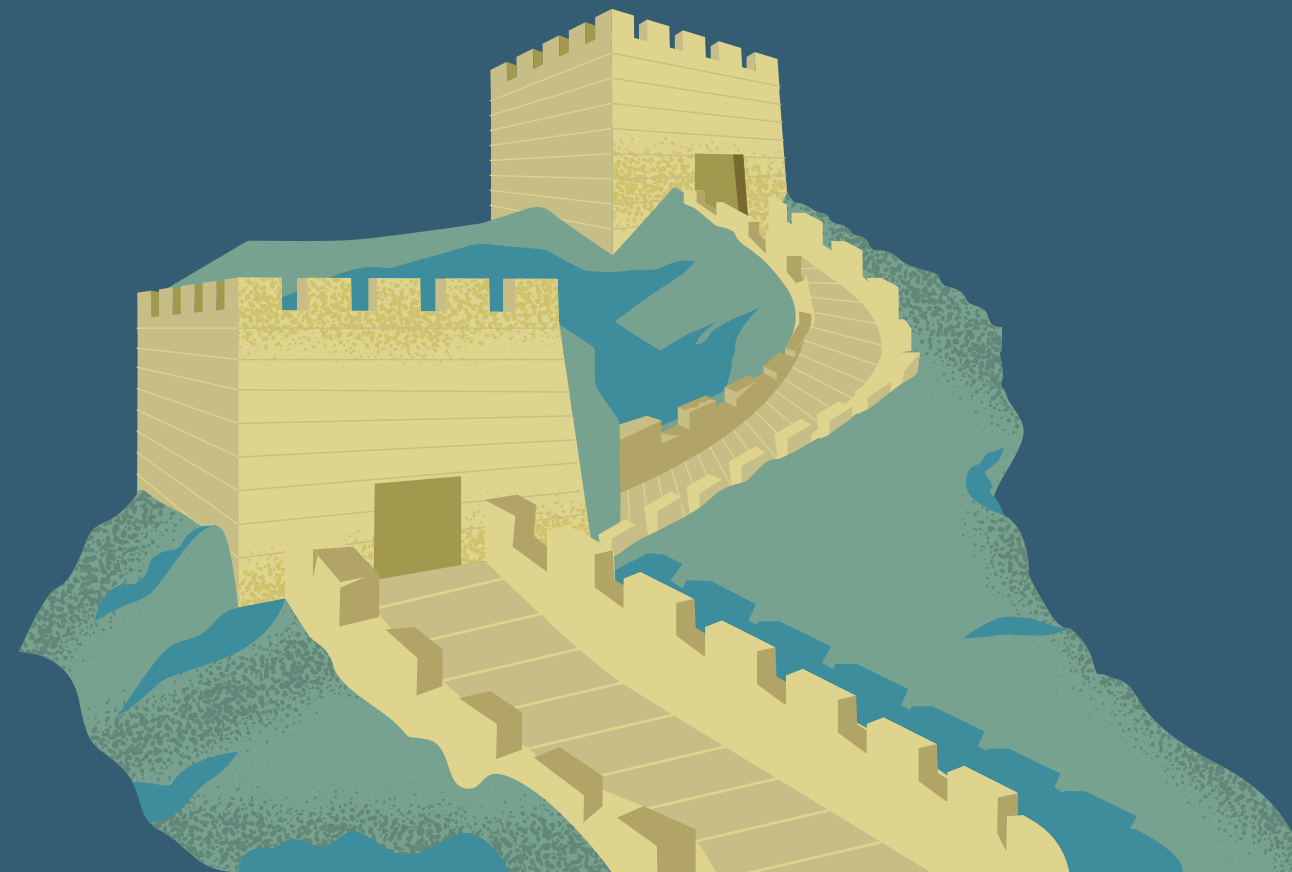
- **Digital Marketing:** Chinese tourists are increasingly using digital channels to plan and book their travel. MasterStore should invest in targeted digital marketing campaigns that reach Chinese travellers through popular platforms like WeChat, Weibo, and Douyin. These campaigns should highlight the unique shopping experience at MasterStore, with a focus on luxury products and personalized service.
- **Personalized Experience:** Chinese travellers value personalized service and a unique shopping experience. MasterStore should train its staff to provide exceptional customer service, including language support, cultural sensitivity, and knowledge of local trends and preferences. Additionally, MasterStore could offer personalized services like personal shopping, styling sessions, or exclusive access to new product launches.





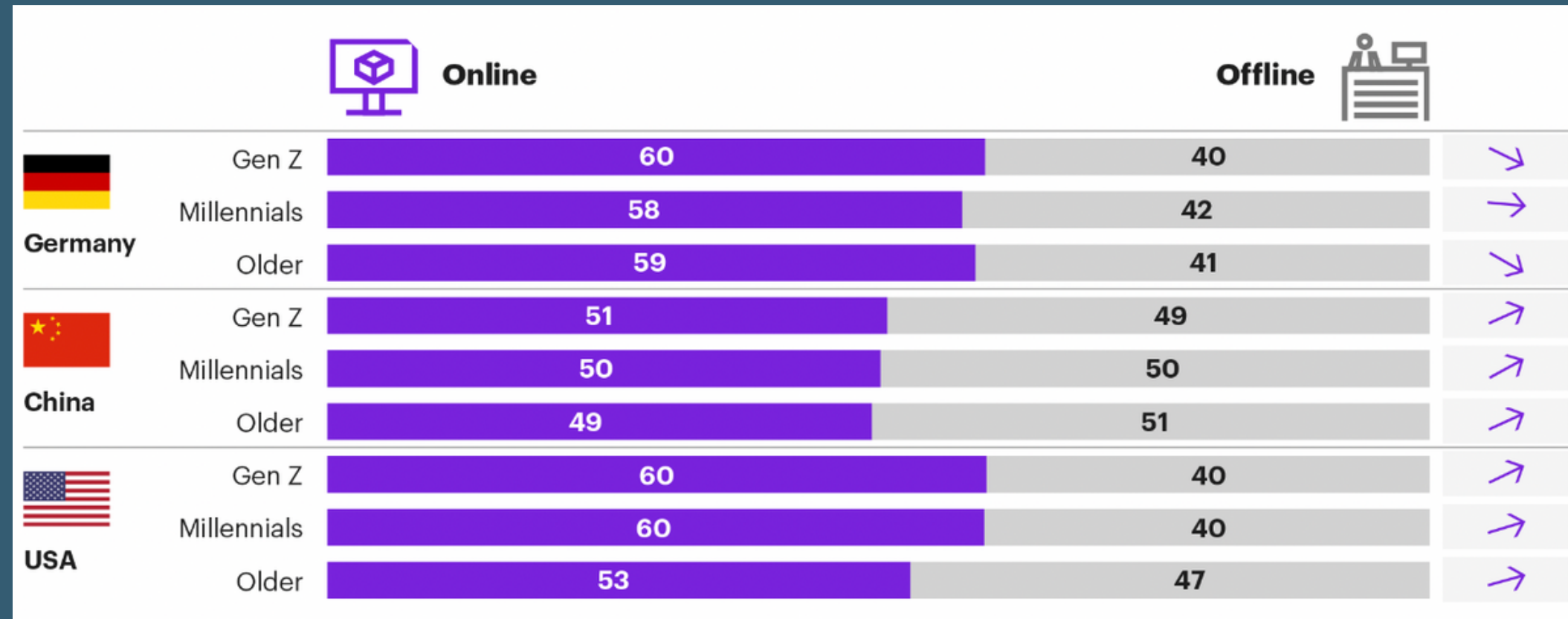
How to attract Chinese tourists?

- **Payment Options:** Chinese travellers prefer to use mobile payment options like Alipay and WeChat Pay. MasterStore should ensure that its stores accept these payment methods to cater to the needs of Chinese travellers.
- **Cultural Sensitivity:** Chinese travellers have specific cultural norms and expectations when travelling abroad. MasterStore should be sensitive to these cultural differences and create a welcoming environment for Chinese travellers. This could involve providing Chinese-language signage and promotional materials, offering Chinese-language customer service, and incorporating Chinese cultural elements into the store design.
- **Unique Experiences:** Chinese travellers are increasingly looking for unique experiences when they travel. MasterStore could offer exclusive experiences like fashion shows, private shopping events, or behind-the-scenes tours of the store. These experiences can help differentiate MasterStore from competitors and create a memorable shopping experience for Chinese travellers.





Role of Online presence



- In all three countries, Gen Z had the highest online consumption across all age groups. German and Chinese consumers across all age groups appreciated the convenience of online shopping, whereas US consumers appreciated the better product availability online.
- One important question is whether the pandemic will have a lasting effect on the channel shift. Although German consumers say they prefer to buy more in physical stores over the post covid months (interestingly, online-savvy Gen Z had the highest propensity), Chinese and US consumers say they want to shop online more, with Millennials leading this sentiment.



Co-Branding strategy

When choosing a co-brand partner for a credit card, MasterStore should consider the following key criteria:

- **Brand Fit:** The co-brand partner should be a good fit for MasterStore's brand and target audience. The partner should share similar values and target a similar customer base to ensure that the co-branded credit card will resonate with customers.
- **Financial Stability:** The co-brand partner should be financially stable and have a strong reputation in the market. This will help ensure that customers have confidence in the co-branded credit card and that it will be accepted widely.
- **Customer Base:** The co-brand partner should have a large and loyal customer base that overlaps with MasterStore's target audience. This will help ensure that the co-branded credit card is attractive to a wide range of customers and has the potential to drive significant revenue growth.
- **Marketing Capabilities:** The co-brand partner should have strong marketing capabilities and be willing to invest in promoting the co-branded credit card. This will help ensure that the card is widely marketed and that customers are aware of the benefits of using it.





Co-Branding strategy

- **Card Features:** The co-branded credit card should offer attractive features and benefits that are relevant to MasterStore's target audience. This could include discounts on purchases at MasterStore, exclusive access to events or promotions, or rewards points that can be redeemed for MasterStore products.
- **Fees and Charges:** The co-branded credit card should have reasonable fees and charges that are competitive with other credit cards in the market. This will help ensure that customers are willing to use the card and that it is not perceived as being too expensive or burdensome.
- **Legal and Regulatory Compliance:** The co-brand partner should be compliant with all relevant legal and regulatory requirements in China and in other jurisdictions where the card will be offered. This will help ensure that the co-branded credit card is accepted widely and that customers have confidence in its security and reliability.





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Thank You

Feel free to approach us if you
have any questions!