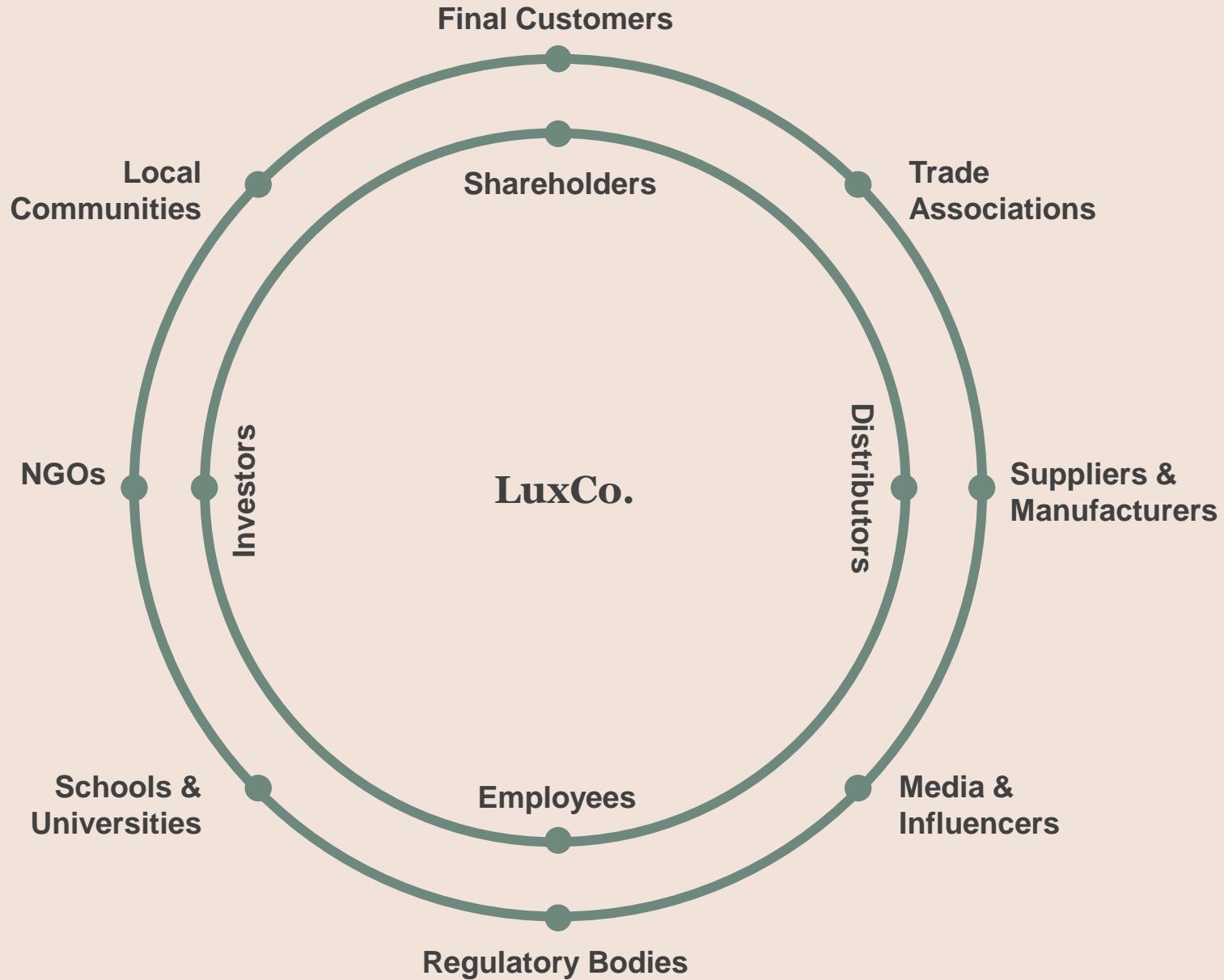




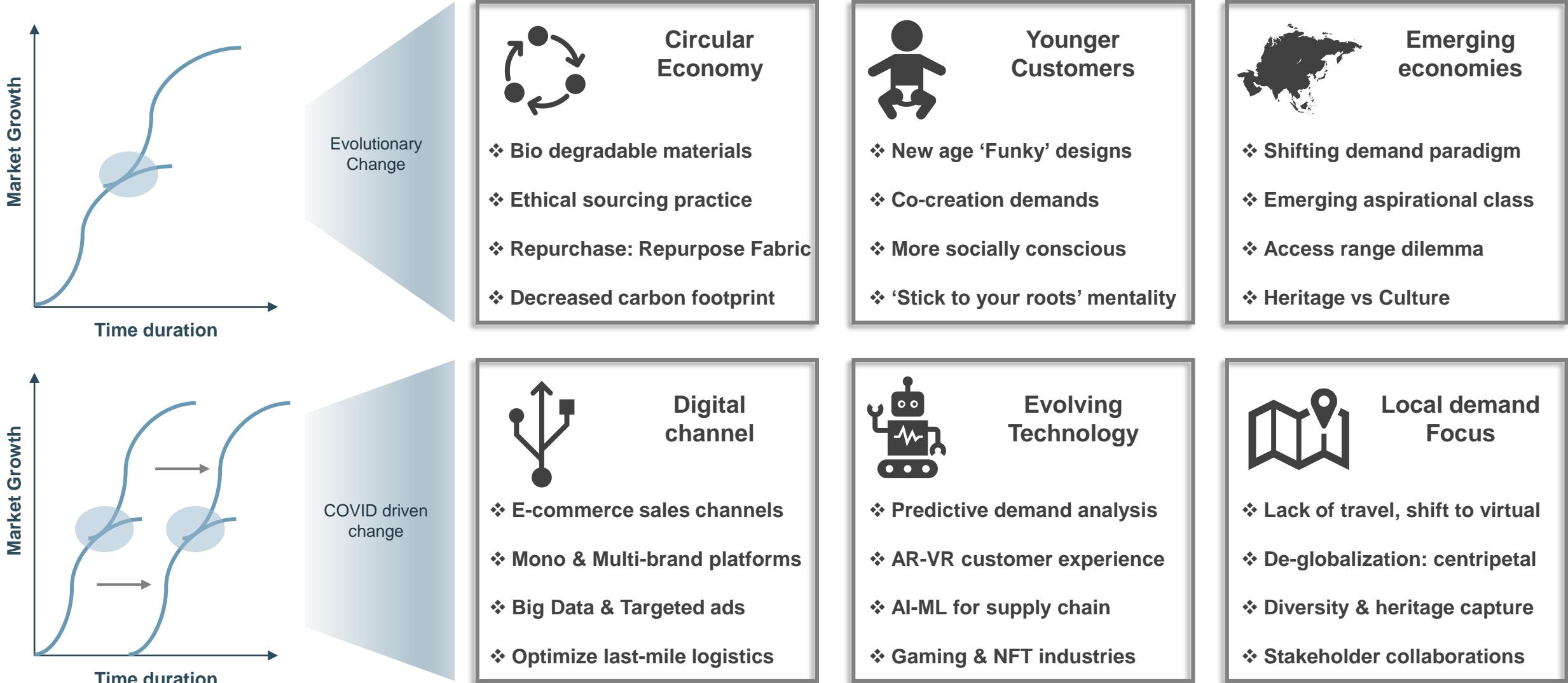
# UNTAPPED OPPORTUNITY:

Exploring local demand growth for LuxCo



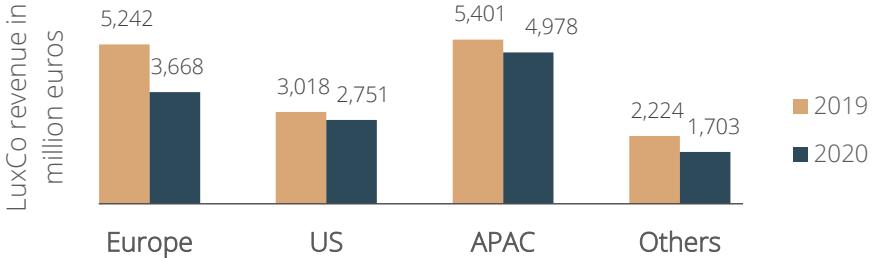
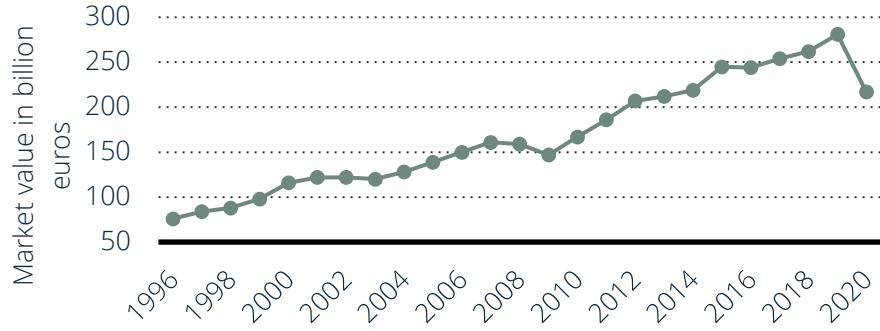
# Evolution of the Personal Goods Luxury Industry

Tracing opportunities in the industry to capture value along with new drivers of growth



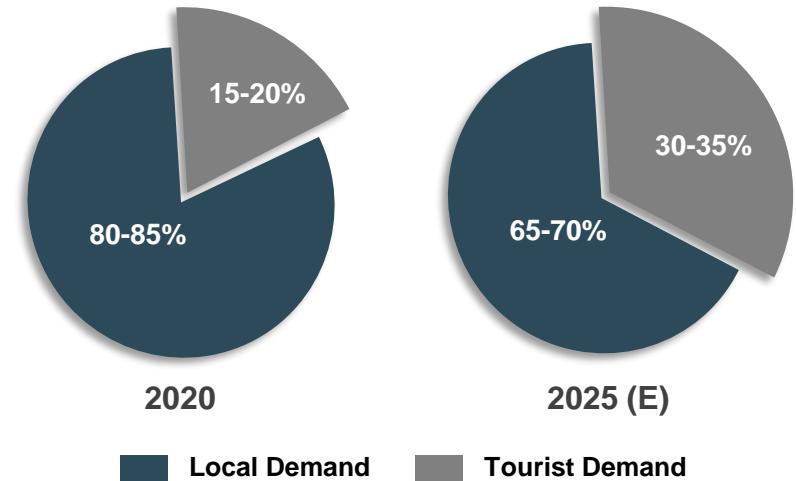
# The Local Demand Opportunity

Exploring the local demand opportunity to effectively use & build capabilities, capitalizing on new market direction



**2020:** Share of local purchases reached **80-85%**,

- ❖ Driven by curbs on international travel
- ❖ Drastic fall in the total # of intl. tourists



**2025 (E):** Share of local purchases expected to stabilize around **65-70%**,

- ❖ Driven by domestic relevance in China & the broader Asian region
- ❖ Locals expected to shift to online channels

## The Nuance of Local demand: (Opportunities & Challenges)



Connect with **regional culture & heritage**



Scope for **customization** to establish real connect



**Language & style** variances to tap diverse customer segments

Emerging preference towards **affordable 'access ranges'**



Greater emphasis on **local community & sourcing**



Require **newer ways** of messaging, less **brand loyalty**



# Local Influence in Design & Procurement

Starting at the top of the value chain to nuance ideology & operations in line with emerging needs

## Recommendations

### Implementation



Sourcing of local ethnic fabric and prints,  
**handcrafted design from SMEs**

Local themed designs, popular  
**icons/symbology in designing**

Product development focused on the  
**youngsters and boomers** separately

**Cocreation** of limited-edition designs with  
community involvement,

### Operational Steps

#### APAC:

- ❖ Strengthening supplier community in local area
- ❖ Financial and regulatory support

#### Overall:

- ❖ Two major collections of the year each focusing  
boomers and youngsters
- ❖ Digital designing competition to initiate co-  
creation

## Rationale

### Inclusion

Co-creation is a rising trend among new gen

### Sustainability focus

millennials & Gen Z focus on sustainability

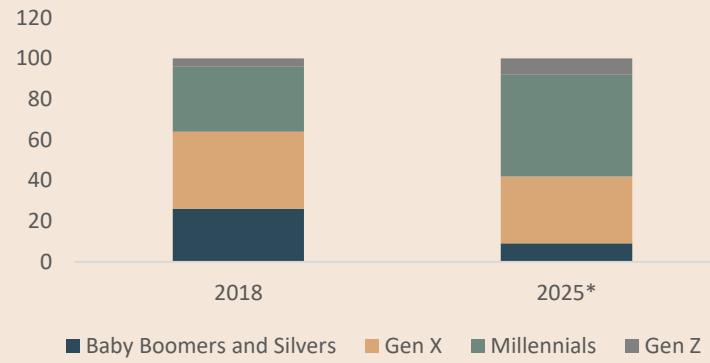
### Diverse preferences of locals

standard design vs local markets is a huge  
challenge

### APAC is major market for LuxCo

Focus on emerging local markets

### Generational Shift in Consumers



## Cost/Benefit Analysis

### Costs associated

#### Procurement Cost

Complexity in  
Supply Chain



#### Rising inefficiencies

Loss of Global  
Economies of Scale

#### R&D, Design

Increased cost of  
personnel & skillsets

#### Legal & Regulatory

Regulatory & Legal  
barriers arising in APAC

### Benefits Derived

- ❖ Growth in **Brand visibility** among new gen
- ❖ More power through **close supplier network**
- ❖ Respect in **local community** resulting in  
**higher sales**
- ❖ Possible **Regulatory / Tax benefits** in host  
countries

### KPIs to Track

- ❖ Design acceptance rate
- ❖ Collection Inventory turnover
- ❖ # Customers lost due to stock-outs
- ❖ Delivery reliability
- ❖ Employee safety & satisfaction
- ❖ Customer repurchase rate

# Exploring Digital Channels

Leveraging new age technological capabilities to successfully connect with local consumers

## Recommendations



E-Commerce platforms



Localized digital advertising



Custom social media campaign



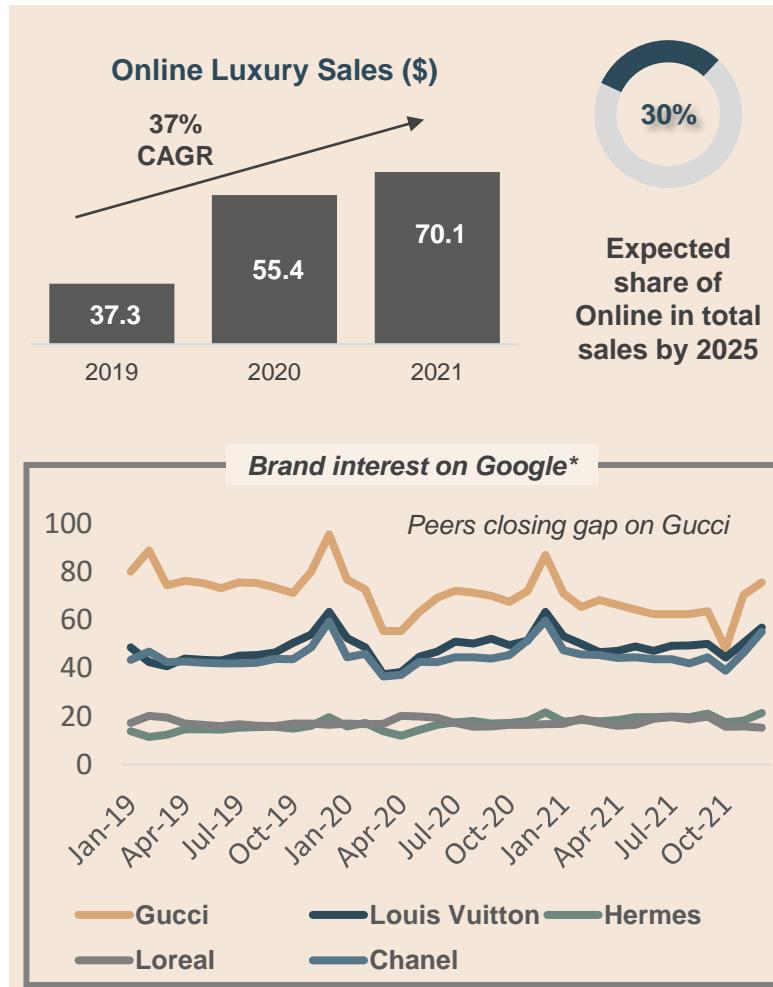
Immersive store experience - VR

## Measurement Metrics



- ❖ **Customer engagement:** Audience, Share of Voice
- ❖ **SEO-SEM:** Search rankings, # of industry keywords, Cost per Click
- ❖ **Traffic analysis:** Inorganic vs Organic split, Paid advertisement tracking, Monthly active users
- ❖ **Website performance:** Load time, pages per visit, Bounce rate (%)
- ❖ **Customer reviews:** Yelp ratings, Consumer forums

## Rationale



## Cost Benefit Analysis

Based on **Case study (Piaget in China)**

Insights from the case:

- ❖ Customers spend **6 hrs / day** on Phone
- ❖ **55%** of Luxury Shoppers ended up buying recommended products
- ❖ **9x increase** in total community observed

Assumptions:

- ❖ Initial community size taken as 100
- ❖ Increase due to online presence taken 9x
- ❖ Visibility index taken to be 25%
- ❖ Conversion rate taken 55%

Item	In € (monthly)
Incremental revenue (€)	956
Cost of advertisement program (€)	218
<b>Net monthly benefit (€)</b>	<b>738</b>

Note: \*Digital Brand Interest data pertaining to global traffic on Google

Source: Google trends; FashionAgency 2021, 5 Reasons Your Luxury Brand Must Be on Tmall Luxury Pavilion; Team Analysis

# Adaptive & Localized Collaborations to Deliver Impact

Adapting the local culture and frenzy in collaborations & marketing strategy to drive brand recall & connect

## Recommendations



Onboard **local icons** as brand ambassadors



Associate LuxCo brands with local **relished artifacts** – Tap cultural pride



Use of **Micro-influencers & social media** – Engage and activate Gen-Z



Portable points of **outreach & sale** (Kiosks)



Live stream collection **reveals & fashion shows** globally – Enhances customer's intimacy to the brand



Actively **seek & incorporate feedback** – Conduct events like design competitions



Decentralize autonomy & employ local **expertise** - Identify best routes for communicating brand identity

## Rationale

- ❖ Advent of **social media** has **shifted the power** in favor of consumers
- ❖ Luxury **no longer a one-way street** - monolithic approach not likely to work
- ❖ Customer **understanding, engagement & feedback** paramount
- ❖ Need for **Cultural marketing** to connect with customers



Increasing engagement of locals with **community groups & local bodies**



**+ve synergies** from **complementary business activities** emerging



Proven **success stories** in **emerging markets** like China

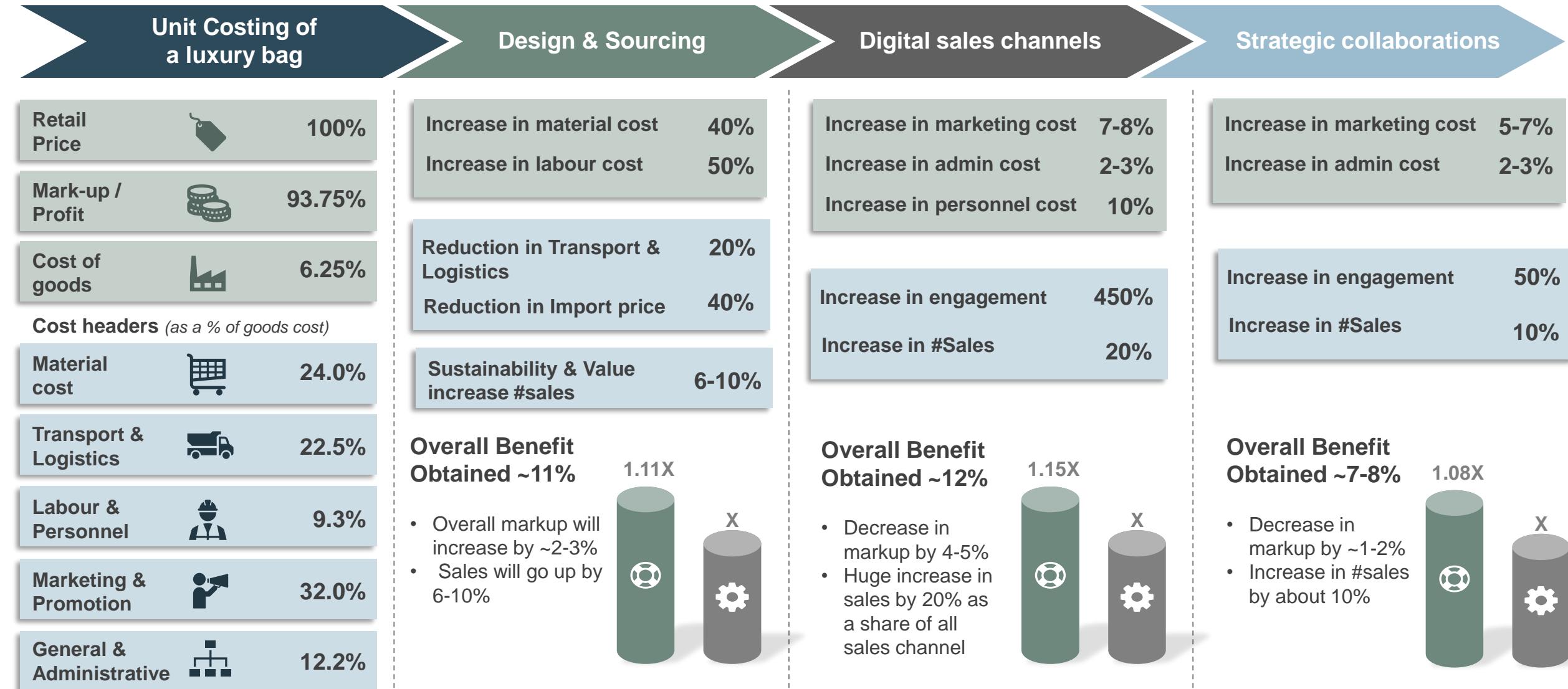
## Cost Benefit Analysis

	Cost (Annual) in € Mn	Metric impacted
Brand ambassador	5	Search index
Design competitions	0.04 * 25	Design Insights
Sponsorship of events & artifact displays	(0.5 – 0.6) * 2	Brand identity
Micro-influencers	~2 – 3	Capture Gen-Z
Virtual fashion shows	~0	Retention
Portable kiosks	0.03 * 5 * 25	Access & Visibility

- ❖ **Establish brand identity** in the local context
- ❖ **Capture the growing Gen-Z market** (~70% of 2025E demand from Gen Y & Gen Z)
- ❖ **Enhanced accessibility, visibility** and reach
- ❖ **2-way exchange** through feedback incorporation to propel popularity

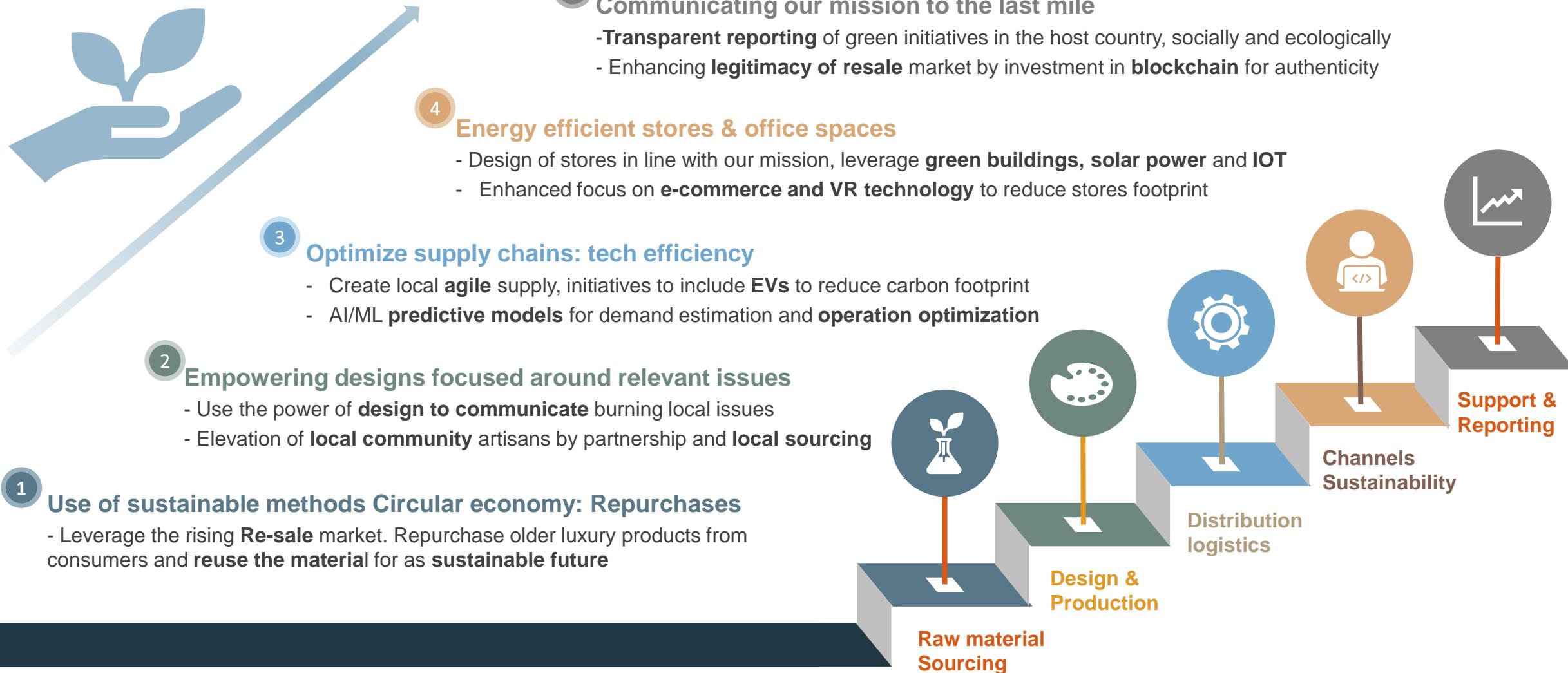
# Unit Costing & Financial Impact

Estimated impact on unit economics and financials upon implementation of suggested recommendations



# Sustainability Focus across The Value Chain

Continued focus on sustainable value creation, to stay relevant to emerging customer priorities



# Integrated Customer Strategy

Leveraging new age technological capabilities to successfully connect with local consumers

