

A woman with long dark hair, wearing a bright red long-sleeved top and beige pants, is walking outdoors. She is carrying a pink bag with a gold chain strap. The background is a blurred outdoor setting with a building and trees.

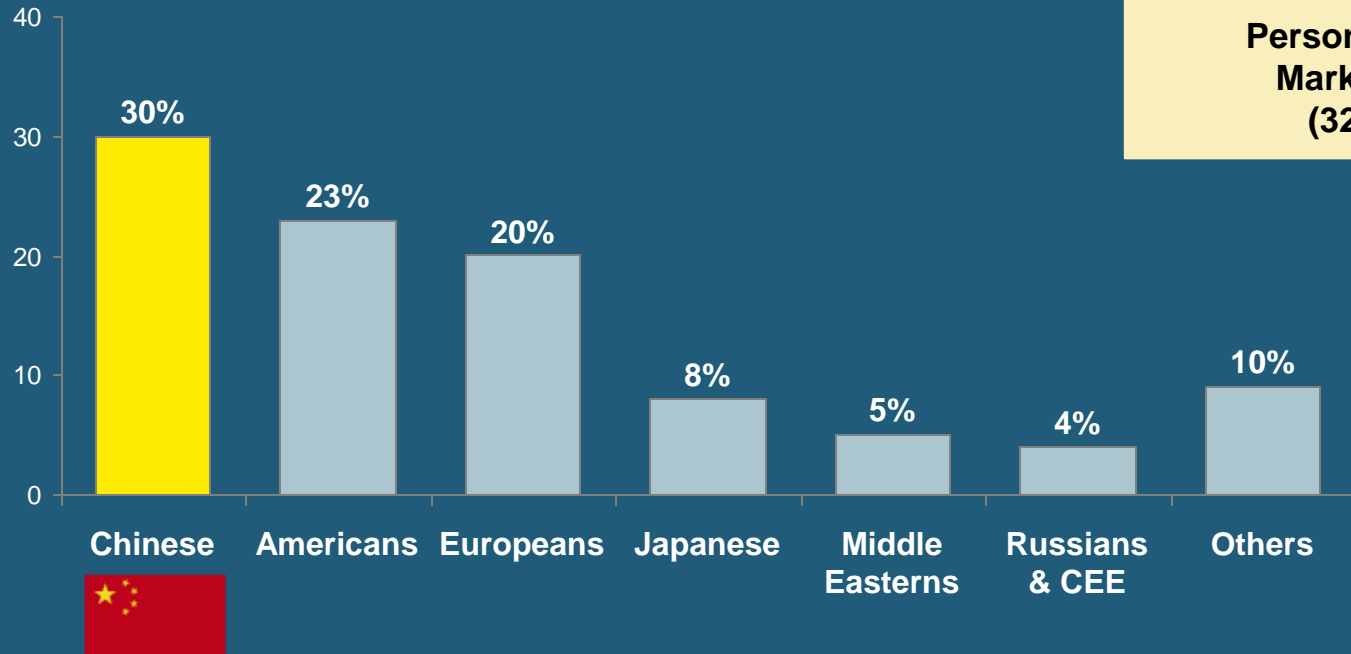
True Luxury Consumers Behavior: From China to Chinese

Luxury Summit—Il Sole 24 ore

***Nicola Pianon—Senior Partner The
Boston Consulting Group***

Chinese are the main client nationality in the Personal Luxury market

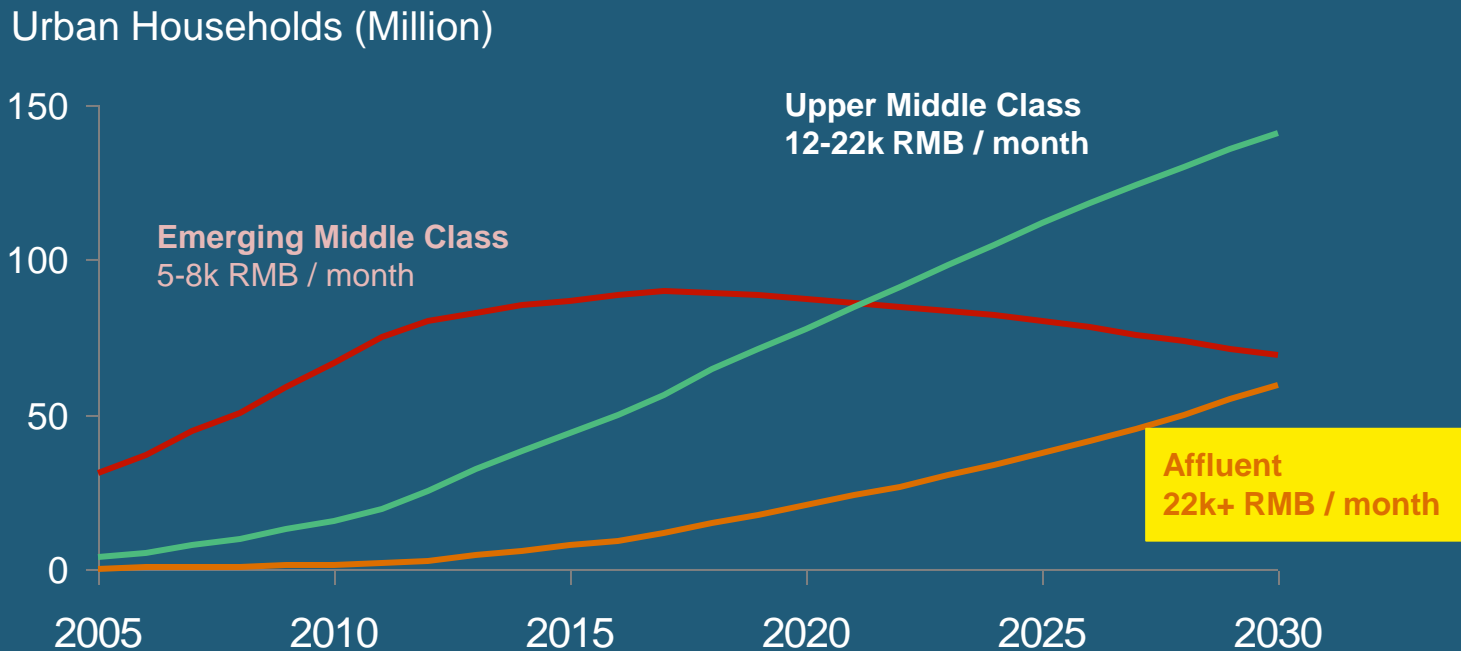
Est. Share of total Personal Luxury Goods market (%)



Note: Among Europeans, Italians 5%, Germans 5%, British 5%, French 3%
Source: BCG 2015 specific survey

China Affluents growing steadily

Upper Middle class on the rise

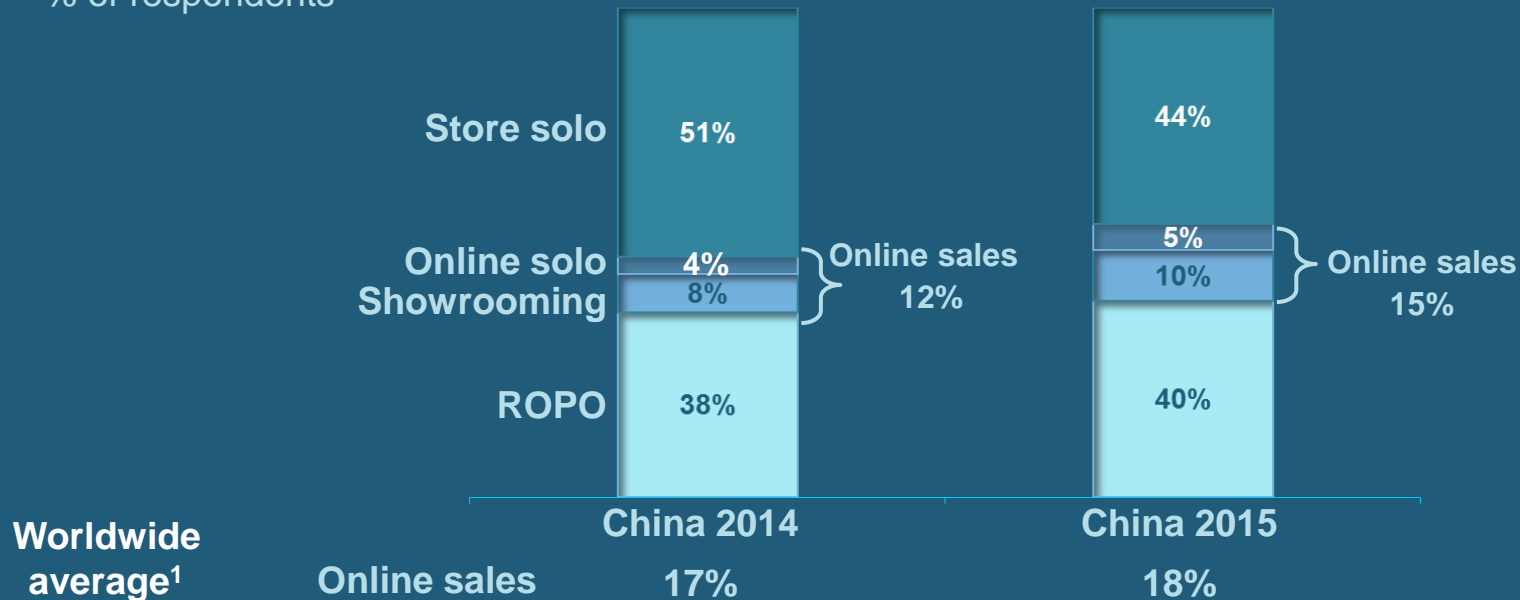


China, even slowing down to 5% a year, will generate by 2020 the WW largest GDP growth, ~ 2.5 Tn\$ (> UK or D GDP)

Chinese Luxury Consumers closing the Digital gap



% of respondents



Mobile e-commerce as a % of total e-commerce up to 51% in China, expected to climb at 74% by 2020

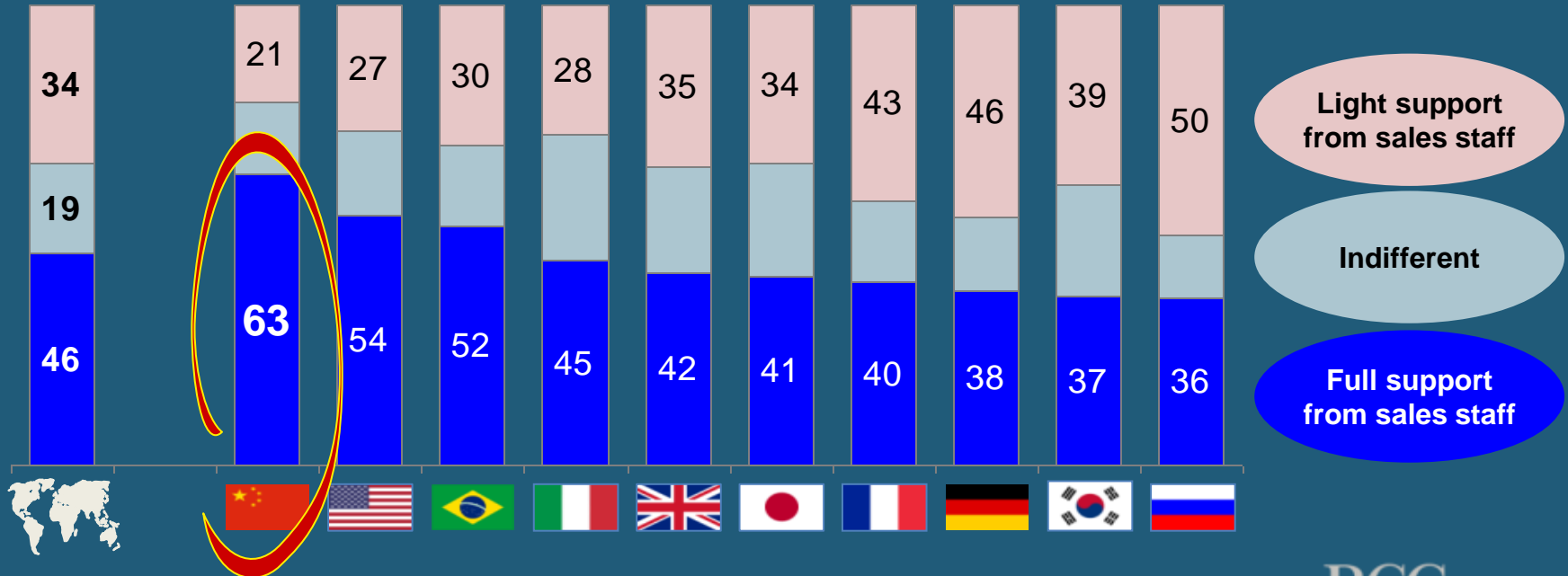
Note: "Where have you bought the last item purchased? Where have you researched it?" -- 1. China excluded
Source: BCG 2015 ad hoc study (10'000 respondents in 10 countries)

Chinese Luxury Consumers prefer a strong guidance in store



"Which characteristics should your ideal store have in terms of support from the sales staff?"

% over respondents



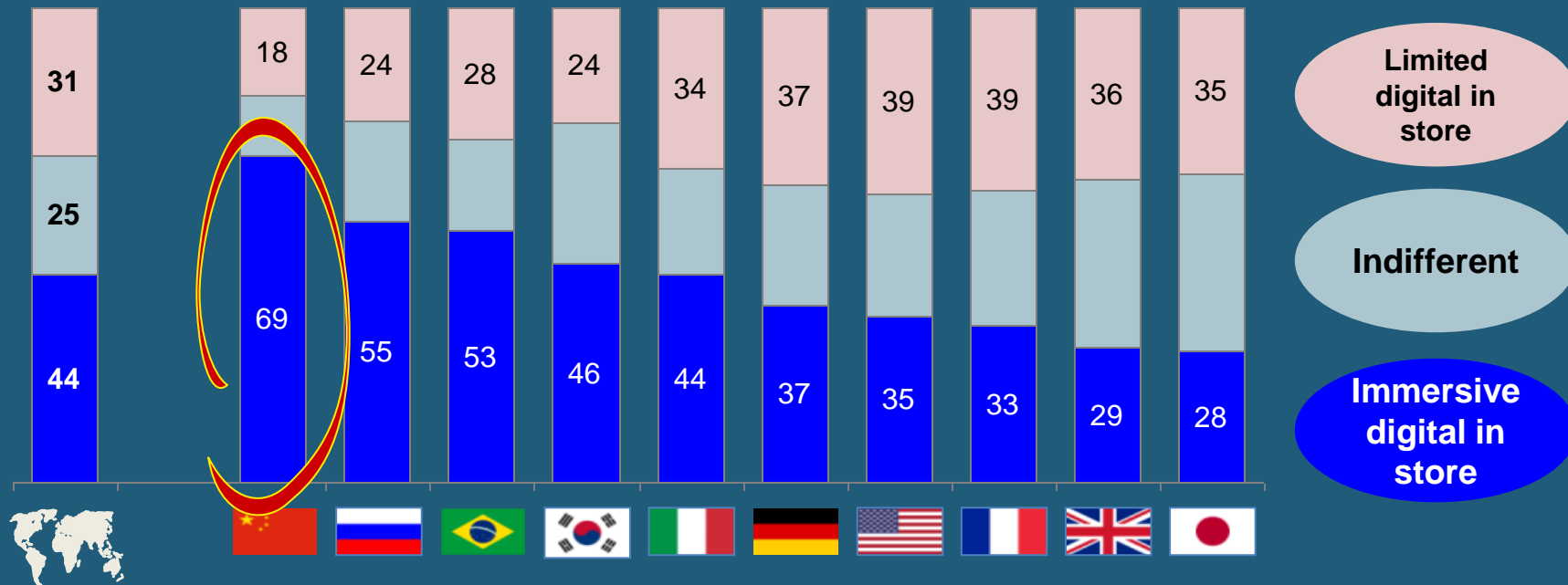
Source: BCG survey (10,000 core luxury Consumers in 10 countries)

Chinese the most attracted by intense in-store digital experience



"Should your ideal store have limited or immersive in-store digital experience?"

% over respondents

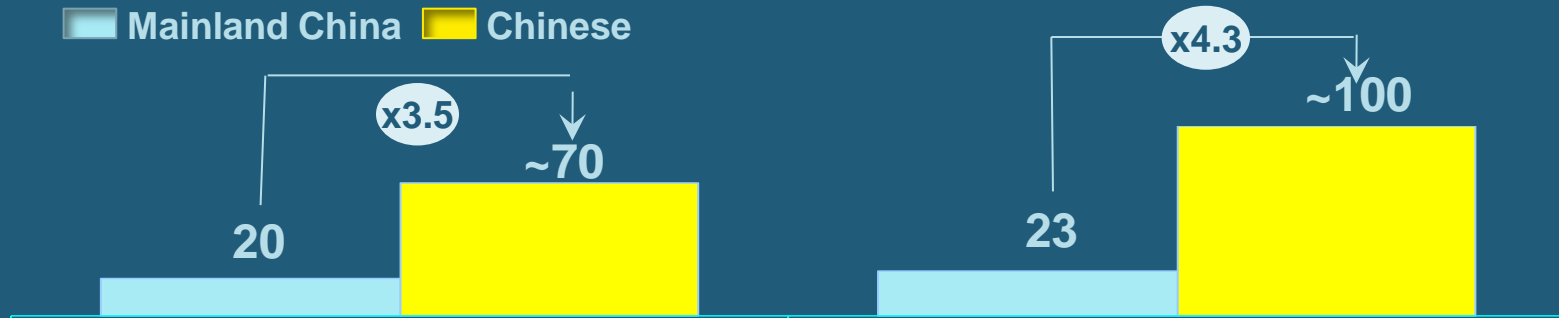


Source: BCG 2013 specific survey (10,000 core luxury Consumers in 10 countries)

Chinese are a lot more than China only



Personal Luxury market by Country and Nationality
(€B, retail value @current)



2012



2015



CAGR '12-'15

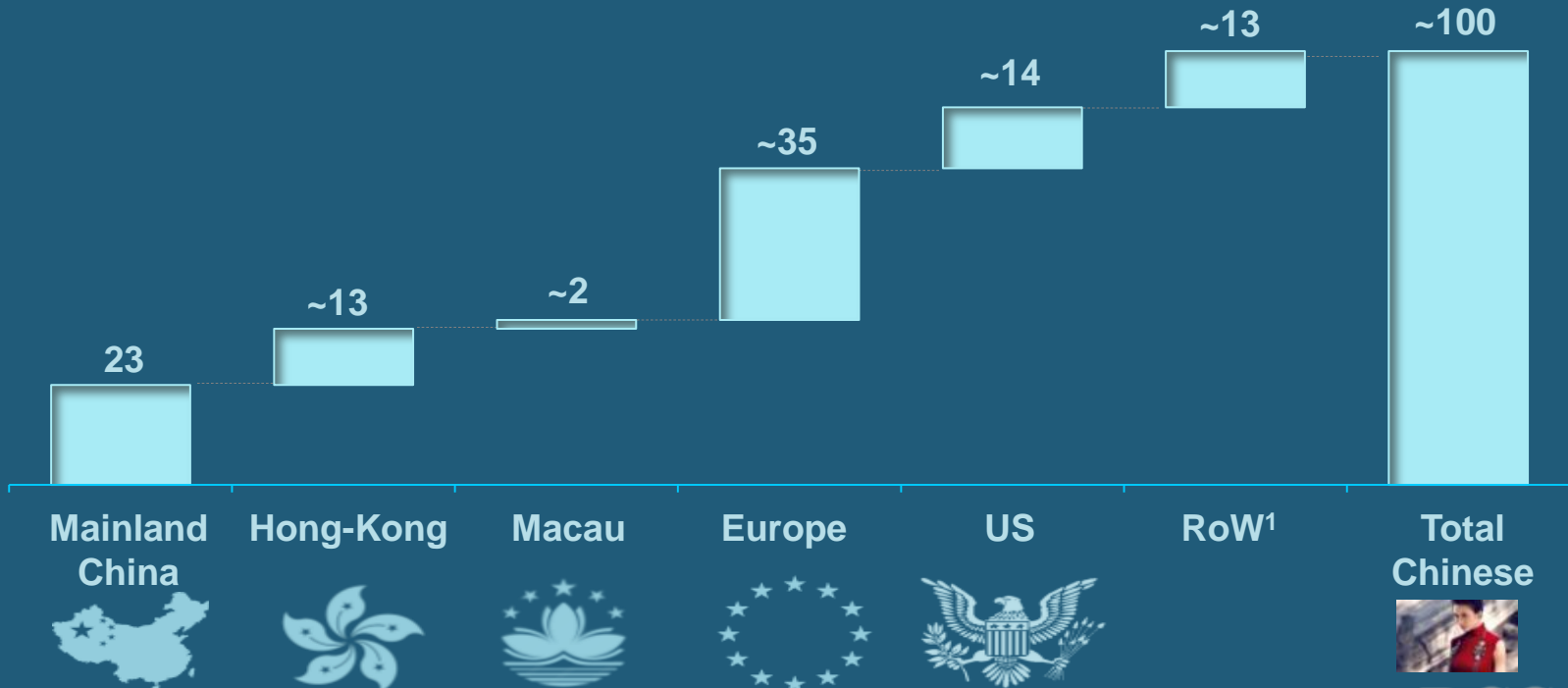
+5.5%

+12.6%

Where were Chinese purchasing in 2015?

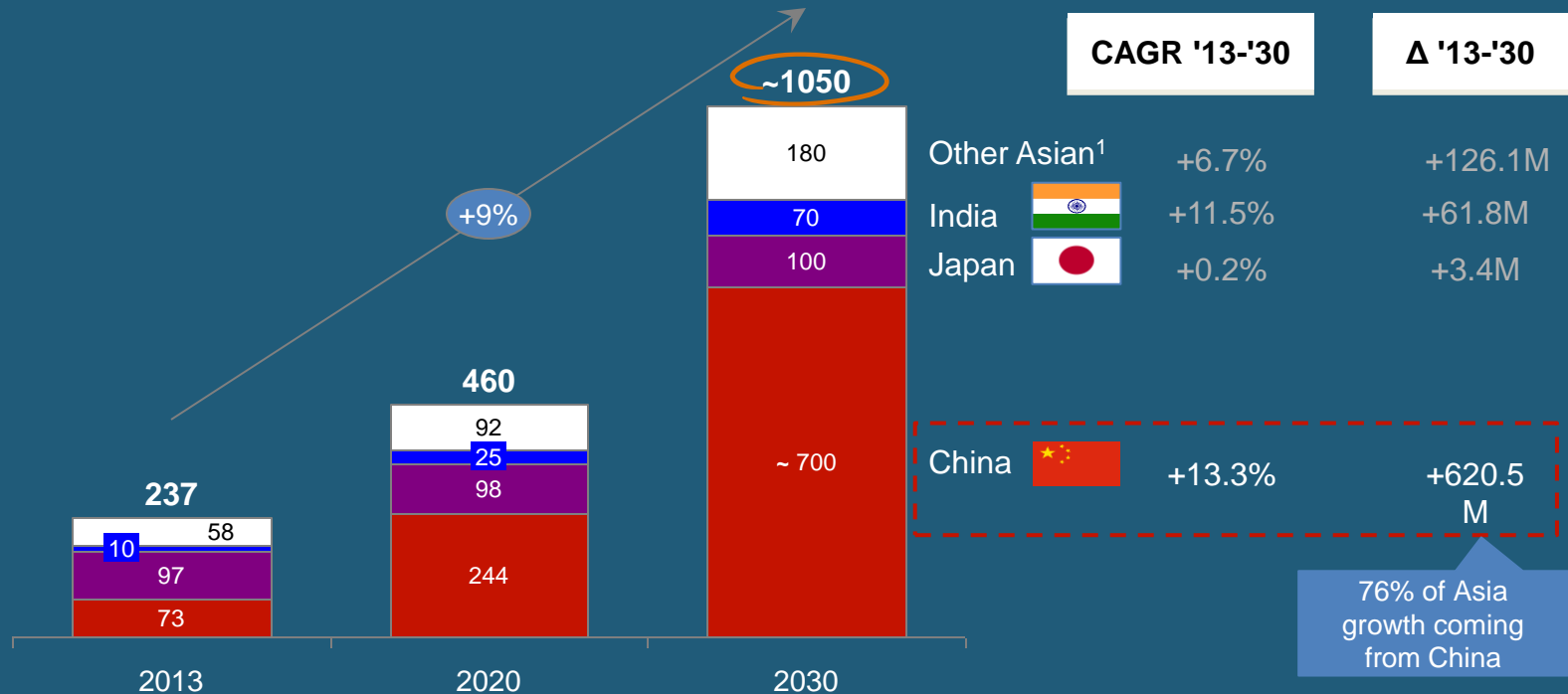


Chinese Personal Luxury market by location of purchases
(€B, 2015 retail value @current)



1. Russia, Middle East, Other APAC, Other Americas
Source: BCG analysis

By 2020 Chinese travelers will reach ~240 Mn, by 2030 ~700 Mn..

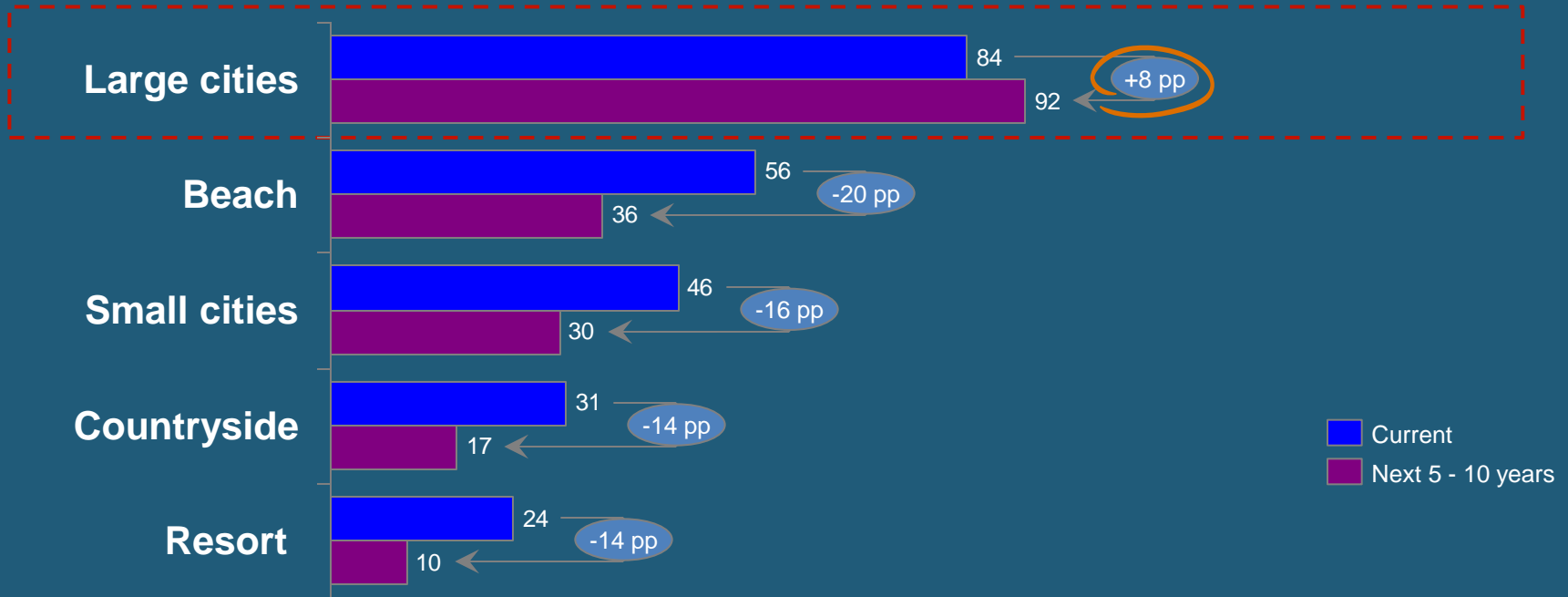


1. Others includes Philippines, Vietnam, Hong Kong, Singapore, Malaysia, Thailand, Taiwan, Indonesia and South Korea; do not include ANZ
 Note: Population figures exclude individuals under the age of 15, Million individuals in 12 major Asian countries with over USD 15k in annual income
 Source: Euromonitor, BCG analysis

Large cities are Chinese preferred destination, and growing



Changes in Chinese travel preferences



■ Current
■ Next 5 - 10 years

How to capture Chinese consumers abroad?



"What is your main reason for buying outside your home country?"

% of Chinese respondents¹



Chinese buying in EU



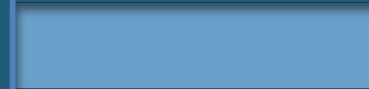
Chinese buying in US

Δ EU vs. US

Broader selection



39%



33%

+6pp

Lower prices



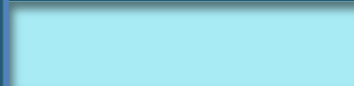
36%



37%

-1pp

Buy in the country of origin of the brand



31%



22%

+9pp

Part of travelling experience



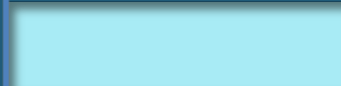
31%



31%

=

Superior customer experience



30%



20%

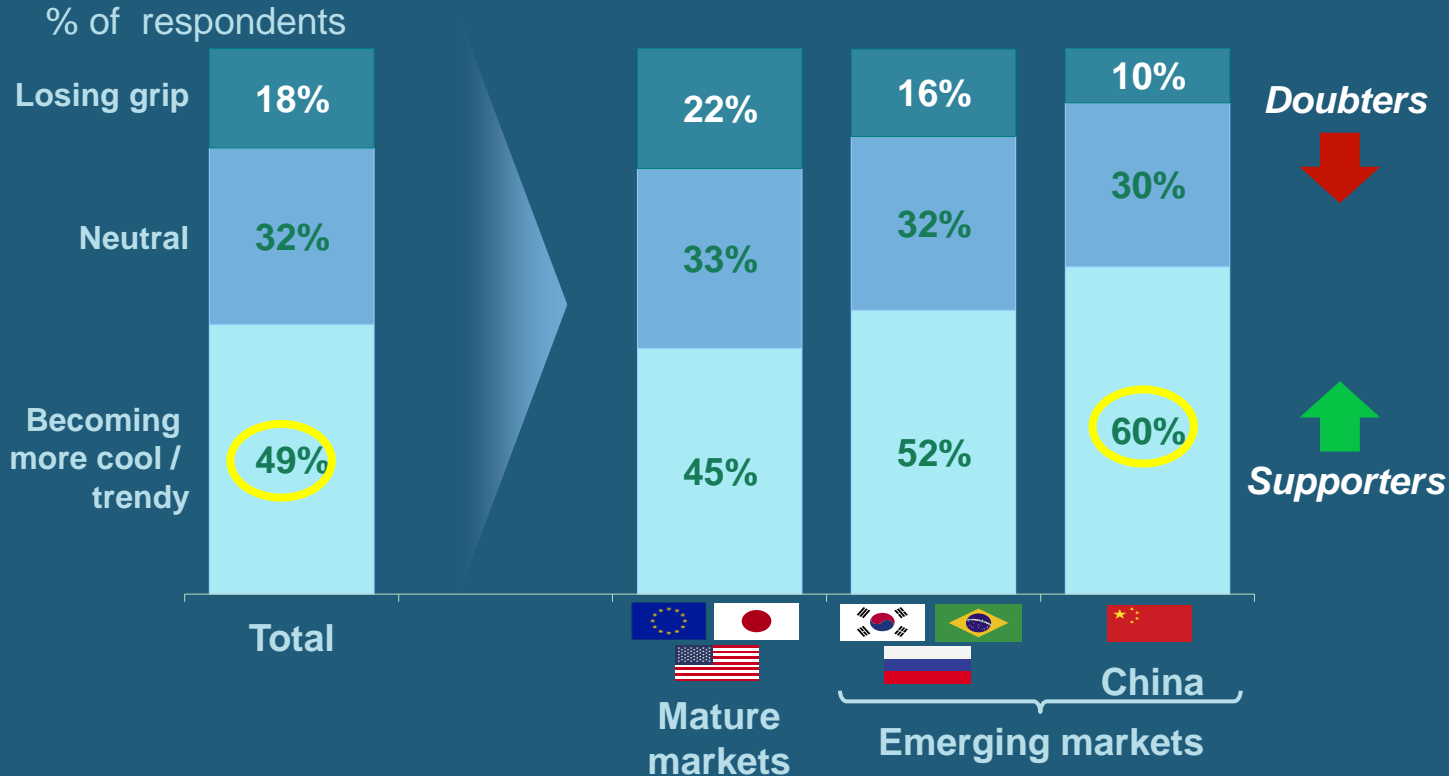
+10pp

Superior in-store experience and "made-in" are the key boosters for Chinese purchases in Europe

Note: Consumer buying both in Europe and US are excluded from the analysis
 1. Includes Chinese respondents that spend abroad at least 25% of their personal luxury expenditure
 Source: BCG 2015 specific survey (10,000 core luxury Consumers in 10 countries)

Milan becoming cooler and more trendy for Chinese Luxury consumers

"Based on your experience in Milan, do you feel that the city is:"



Source: BCG 2015 ad hoc study (10'000 respondents in 10 countries)

Key take aways on Chinese Luxury Consumers evolution



- **Chinese** representing **30%** of global Personal Luxury Goods market
- **China** will continue to create **largest GDP growth** and **new Affluent Luxury Consumers**
- **Chinese** Luxury consumers **closing the Digital gap**
- **3/4** of Chinese Luxury consumption **outside mainland China**
- **Attracting** Chinese abroad is **not only about Price** anymore:
In-store superior customer experience (full sales support, Digital, Newness,..), Made in (Buy in country of origin)
- **Milan** growing as **Luxury shopping destination** for Chinese



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Thank you

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