



ASIAN INVASION

HANEL



ASIAN SHOPPERS QUEUE IN FRONT OF A CHANEL STORE AT PRINTEMPS DEPARTMENT STORE ON JANUARY 23, 2012 IN PARIS. AFP PHOTO / MARTIN BUREAU

CHINESE CONSUMERS ARE THE WORLD'S BIGGEST BUYERS OF LUXURY GOODS WITH ASIA OFTEN TAKING THE LION'S SHARE OF A BRAND'S SALES. ALEXANDRA KOHUT-COLE SAYS THE RISE OF THE ASIAN CONSUMER IS COMING OF AGE WITH COMPANIES KEEN TO RAISE THEIR PROFILES IN ASIA TO CAPITALISE ON THE REGION'S GROWING RANKS OF AFFLUENT CONSUMERS.

CONSUMERS

with buying power and expensive tastes are fueling a boom in the luxury goods industry across Asia, a natural home for high-end brands such as Prada, Gucci, Chanel, Dior, Fendi, Louis Vuitton, Zegna, and Tiffany to name a few. The Asian thirst for consuming luxury status symbols by way of handbags, jewellery and shoes at \$10,000 a pop is being happily slaked.

The world's markets were temporarily shocked last September as reports of Burberry's slide in sales followed a China slowdown. Yet, *Bloomberg* reported this January 2013 that Chinese consumers have now overtaken US shoppers to become the world's biggest buyers of luxury goods. According to a report by consultancy firm KPMG, China is "continuing its march towards becoming the largest luxury market in the world".

For many global luxury brands, their highest proportion of sales is generated out of the Asian region. According to a report by Blackstone research, for Swiss group Richemont this translates to 40% of its revenue, Hermes 28% and Prada 35%. In fact, Patrizio di Marco, Gucci's President and Chief Executive Officer, has been known to say, "If everything goes as we plan, China will become our number one market in four to five years".

As Western consumers are behaving more cautiously in terms of luxury consumerism, the Asian nouveau riche, by way of compensation, are grasping the reigns and guiding the new Asian middle-class at breakneck speed to pastures shiny with bling.

This lust for lavish labels has generated a sweep of fruitful initial public offerings (IPOs). "A base in Hong Kong is a convenient way to raise both capital and profile among this emerging consumer class," says KPMG.

Prada was the first Italian company to float on the Hong Kong stock exchange, raising \$2.5 billion in June 2011 in the process. Prada has also moved some of its production to the region. US brand Michael Kors, Italian label Salvatore Ferragamo, and Samsonite also listed on the HKEx. "When Samsonite was listed, it generated around 40% of its revenue and profits from Asia. That number will climb close to 50% in the next few years" says Kyle Gendreau, CFO, Samsonite.

Luxury brands have flocked to the region to satisfy the blatant adoration of extravagance on their own turf. And also showing the love is, surely the most aspirational department store in the world, Harrods, which is in serious discussions for choosing venues in Shanghai. Italian online fashion retailer Yoox, is planning to open up more, identifying with their customer by bringing in online stores in Mandarin with transactions in Yuan. Christian Dior Couture is opening stores in Indonesia, Thailand and Vietnam, refurbishing its stores in Hong Kong, and moving towards Taipei and Macau. And the first ever store to open in Singapore, Vivienne



A VEILED WOMAN WALKS PAST A CARTIER DESIGNER STORE IN DOWNTOWN BEIRUT ON NOVEMBER 5, 2009. BRIMMING WITH STYLE, BEIRUT IS REGAINING ITS REPUTATION AS SHOPPERS' PARADISE OF THE MIDDLE EAST, WITH NAMES LIKE DIOR AND LOUIS VUITTON AMONG A SLEW OF SHOPS OPENING IN THE CITY'S NEW SOUKS.

Westwood opened Vivienne Westwood Anglomania there last March. Vera Wang just opened her largest flagship store in Shanghai, all 850 sq mts of it.

Brands are adjusting to make themselves particularly relevant to their Asian customers. They want to synchronise with their identity with increasing sophistication. Think Fendi's 2007 Great Wall of China fashion show and Chanel holding its pre-fall show in Shanghai two years later, and Louis Vuitton transporting its stunning Fall/Winter 2012 express show from Paris to Shanghai.

Luxury houses are even creating entirely new brands for Chinese and Japanese markets. Estee Lauder's Osiao beauty brand developed in Shanghai and manufactured in Japan, scheduled to go on sale first in Hong Kong. Hermes Group has developed new brand, Shiang Xia, together with Chinese designer Jiang Qiong. Last March, even Dover Street Market, the UK Mayfair-based concept and brainchild of Rei Kawakubo of the hugely influential Comme des Garçons, has been created for the Ginza region of Tokyo.

Billionaire philanthropist, publisher and group CEO of Beaumont Publishing and the driving force behind Men's Fashion Week, Women's Fashion Week and Haute Couture Week in Singapore, Frank Cintamani explains, "Singapore boasts one of the most

sophisticated luxury retail experiences in the world. This has been as a consequence of the incredible wealth creation in the region and Singapore's attractiveness as a leading destination for investors, consumers and High Net Worth Individuals. That is a scenario that is unlikely to change, and will continue to serve to attract international luxury brands to develop and strengthen their presence here."

The Asian luxury brand ambassador is particularly hot right now. Fei Fei Sun, was the first cover model on Vogue Italia, Chinese supermodel Du Juan was the first to grace the French Vogue cover in 2011. Supermodel Liu Wen is a global fashion star and ambassador for Estee Lauder. And Ming Xi, star of many a campaign including Givenchy and Diane Von Furstenberg, has walked the runways of Christian Dior, Vivienne Westwood and Alexander Wang. Hand picked by Riccardo Tisci, Xi was the first Chinese model to achieve these feats and she was subsequently catapulted to superstardom. Designer Prabal Gurung showcased no less than five Asian models for his February 2013 show.

The biggest component of luxury consumerism in the region is the rise of the Asian middle class and their increasing affluence – their rocketing prosperity is catapulting these individuals into the stratosphere of superfluous spending.