

# GLOBALISATION WITH LOCALISATION

## How Luxury and High-end Brands are Succeeding in China

With UK retail sales remaining flat, it's unsurprising that luxury and high-end brands are looking to expand their overseas offering, with the lucrative Asian markets remaining particularly attractive.



In a recent poll for Drapers\* 79% of the brands consulted already sell in international markets, accounting for 31% of their overall sales; a figure likely to rise to 39.8% in the next five years.

Furthermore of all the brands consulted 72.7% see the most potential for growth in Asia.

With spending by Chinese consumers on luxury products now exceeding that of any other country according to McKinsey's Chinese Luxury Consumer Survey\*, and luxury purchases by Chinese people both at home and abroad accounting for over one quarter of the global total, China continues to remain an attractive proposition for UK and European retailers.

## CHALLENGES TO OVERSEAS EXPANSION

But expansion into international markets is not without its difficulties, of course. Of those brands surveyed by Drapers, 48.1% stated that finding a route to market was an 'uphill struggle'. And the Asian territory particularly has a unique set of challenges including legal requirements, working practices, language barriers, and cultural and social differences, to name a few.

For those UK and European companies expanding into China with little knowledge of the territory or no understanding of what the customer wants, many choose to go down the franchise route. It's left to the franchisee then to select local partners including software and hardware suppliers.

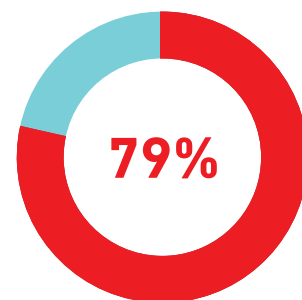
But for those brands choosing to open stand-alone stores, an in-depth knowledge of the customs and culture of the region is essential.

"Those retailers who open their own stores need an international software partner who has a retail management solution that not only works in that territory, but has the infrastructure in place to implement and support it too," says Emmanuel Costa, the Localisation Manager for Cegid, a specialist retail software company which partners luxury and high-end brands worldwide.

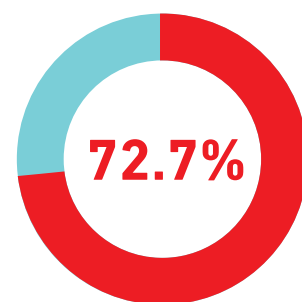
But it's not as simple as supplying the same software and hardware that's available in the UK. "It's about understanding the business and legal requirements of a region," says Costa. "And then adapting the software to meet those requirements. We've localised our software solution specifically for the Chinese market".

"We have an exceptionally good network of retail experts and local resources, and offices in both Shanghai and Shenzhen. So we don't glean all our intelligence from one source. This gives us a great overview of the territory." With Cegid's web-based retail solution, Yourcegid Retail, available in 28 languages - including Mandarin - across 70 countries worldwide, and with a network of international support teams, there can't be many software companies better placed to assist retailers in their international growth strategy.

"For us, at Cegid, it's about helping brands who are expanding into the region gain a competitive advantage," adds Costa.



ALREADY SELL IN INTERNATIONAL MARKETS



MOST POTENTIAL FOR GROWTH IN ASIA



70  
COUNTRIES  
WORLDWIDE



28  
LANGUAGES  
[INCLUDING MANDARIN]

\* World Domination Brand Market Report, Drapers, March 2013 / Chinese Luxury Consumer Survey, McKinsey & Company, 2012

## A WORLDWIDE SERVICE

"For companies to succeed in overseas markets, it's essential there is brand consistency around the world and across distribution channels," says Vassili Daronnat, Cegid's Retail Consultant. "But they must also adapt to local and cultural differences."

"Luxury and high-end brands must guarantee an impeccable service for international, often demanding, customers who expect recognition regardless of the country or continent where they make a purchase," says Daronnat. It's why Yourcegid Retail has advanced CRM capability updated in real-time. This means an international customer shopping at her favourite store on London's Bond Street can expect the same level of service and knowledge about her purchasing preferences, when she shops at the same store on Beijing's Wangfujing Street the next day.

"But centralised management doesn't mean standardised management," adds Daronnat. "Brand and distribution channels need to be managed centrally from a single IT system, of course. But we ensure every region has enough flexibility to adapt to local tax, functional and legal constraints, as well as to local customs for managing customer relationships."

## REWARDING LOYALTY

Unlike Europe, incentive programs are common across Asia. "For Chinese customers loyalty programs, benefits and incentives are hugely important," says Costa. "So an advanced loyalty feature is just one of the adaptations we make to our software for this region."

It's not unusual for a customer in China to carry around 10 or 15 credit cards from different banks. Each bank organises promotions with the retailer, which then encourages the customer to pay using a certain card.

In return the customer receives a discount on their purchase. A retailer may say to a customer 'you can pay with that card, but if you pay with that one instead you'll get an additional 10% off'.

"So we've made sure that Yourcegid Retail is adapted to be compatible with a range of card payment devices."

## REGIONAL EXPERIENCE

Cegid has a wealth of expertise partnering luxury and high-end retailers and currently works with three of the world's largest luxury goods groups as well as prestigious brands such as L'Occitane, Longchamp, Ted Baker, Barbour and GANT.

"Cegid is present in all the local markets we operate in and the software is highly flexible," says Dustan Steer, Ted Baker's IT Director. "They give local support in the relevant languages and lots of specific tools already configured for each region. Following local regulations is one of the greatest challenges in Asia, so Cegid proved to be a 'one-stop shop' for our overseas activity."

**Yourcegid** | RETAIL  
Software for Business



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**L'OCCITANE**  
EN PROVENCE

**LONGCHAMP**  
PARIS

**TED BAKER**  
LONDON

**Barbour.**

**GANT**

**LONGCHAMP**  
PARIS



“For Longchamp it was key to partner with a software provider able to support us in the zones where we’re already present but also in the areas where we plan to grow i.e. Asia,” says Andre Louit, Longchamp’s CFO. “It has helped us improve customer relationship management and service.”

For luxury and high-ends brands thinking about expanding their offering internationally, careful relationship management, a thorough understanding of the customer and the ability to reward loyalty are key to a brand’s success, especially in the Asian market, and particularly in China. A view confirmed in the McKinsey report: “Maintaining loyalty requires well-crafted customer relationship management programs, which include intensive efforts to understand individual consumers’ preferences, conveying information to them about new products they are most likely to fancy, and rewarding their patronage with special perks.”

To do this brands must choose a software partner that enables them to offer a consistent experience to their international customers, no matter where they shop but also the ability to adapt the software to meet local and business requirements. “It’s what we call striking a balance between globalisation and localisation.” says Costa. “The brands that commit to this principle are the ones that are the most successful.”

 This was brought to you by Cegid Retail Insight Team. Cegid is a global provider of enterprise and vertical business solutions with revenues of more than €258.1M and 2,000 employees worldwide.

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more about how Cegid can  
support your expansion  
into Asia or worldwide**  
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