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**Fashion China Russia  
Video Transcript**

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## Video Transcript

### Why are we focusing on emerging countries?

Over the following years, customers in emerging countries will double their expenses in comparison to the European Economy.

### Why is there a focus on China?

China is the fifth largest market for luxury goods with \$17.9 billion, following USA, Japan, Italy and France.

### Why is there a focus on Russia?

Russia is the eight largest market for luxury goods, half the size of China with \$8.8 billion, and the first largest concentration of billionaires in Europe in 2012.

According to a recent research conducted by Accenture Management Consulting on Fashion & Luxury market, there are some key issues that may hurt luxury businesses today.

Nevertheless several key levers have been identified and they will ensure that luxury has another bumper year ahead.

### What about the digital penetration?

Today in China more than 550 million people are using internet service. The eCommerce market is expanding significantly with expected growth rates of 25% until 2016.

The Russian eCommerce sales per digital shopper in Fashion and Luxury are estimated to reach a growth rate of +33% by 2016.

### What are the future customers?

70% of Chinese luxury purchases are made by increasingly sophisticated young males looking for visibly expensive brands as symbols of social status, showing a strong preference for European fashion and luxury brands.

In-store experience and after-sales service will become key success factors. While e-commerce is growing, Chinese consumers still prefer brick-and-mortar store.

People in Russia like to feel special: personalization and customer engagement will become key success factors. Russian customers like to share their brand engagement while buying and comparing online.

### Listen to shoppers in Via Montenapoleone, Milan.

#### 1. What's your name?

Sophie: Good morning, my name is Sophie.

Alisa: My name is Alisa.

#### 2. Where are you from?

Sophie: I'm from Shanghai, China.

Alisa: I'm Russian. I'm living in Moscow.

#### 3. What does Luxury mean to you?

Sophie: Luxury means to me style, experience and status.

Alisa: First of all it's high-quality, it's exclusive and in the premium class.

#### 4. Do you prefer shopping online or in a boutique/flagship?

Sophie: To tell the truth, I do like shopping in boutiques, because it gives you a different approach, a different experience, so you can smell and touch and really interact with the clothes.

Alisa: In general both, but mostly now it's online shopping.

5. Are luxury companies engaging you digitally?

Sophie: In China we do have important brands that are presented online. But not all of them are there so sometimes you find it difficult to find some brands.

Alisa: Usually I find this information through blogs or fashion magazines or, I don't know, some social networks.

6. How have you been "digitally influenced" during your purchase decision?

Sophie: Not always. Sometimes I just buy spontaneously, but sometimes I check some social media or our bloggers and celebrities: what are they wearing and what is the coolest trend... and then I go and buy something new.

Alisa: You know, I don't know about here but in Russia it's very famous, Instagram: we use it a lot, so we share a lot with the girls, friend to friend. Another is, of course, Facebook, and fashion blogs, so you have your account in Bloglines and you look at all the stuff. Or for example Polyvore, that lets you create a look. That also works. And of course it could be just magazines or their digital versions.

7. What would you expect from your favorite luxury brands to make your shopping experience "unique" and "personal"?

Sophie: I would expect, like it happened in New York, a private runway just for a closed group of people, so you can choose there the latest piece, and then you can buy it, so it's really custom and personal and close.

Alisa: Service and comfort, I can say.

8. What makes you decide to choose one luxury brand over another?

Sophie: I think it's engagement, I think it's attention, and it's the overall positive experience that gives you something additional and adds value to your shopping.

Alisa: Maybe special design, for sure, and quality. For example, if it's a style brand I expect quality first of all, or I expect something very very personalised and individual. It should be different from others.

Sophie: Bye!

Alisa: Thank you. Bye-bye!

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