

Livestreaming Sets the Pace on Asian Platforms

Why Luxury Brands are Failing on Chinese Platforms ... Vietnamese Platform Set for Growth Tommy Hilfiger Bets on 'See/Buy' Strategy

GUCCI, PRADA EFFORTS MOCKED ON DOUYIN

In April Gucci opened an account on the Chinese short video platform Douyin (TikTok is the international version of Douyin). However, despite being a global brand, Gucci's Douyin current stats are comparable with a mid-tier Douyin influencer, with the most popular comments poking fun at Gucci's low-quality videos, "just because the app is called 'Shivering Sounds' (literal translation of Douyin) doesn't mean you have to shake your camera."

- Prada partnered with local singer Cai Xukun, but even then TikTok users slammed the brand saying that the only reason they discovered the Prada was by following Cai Xukun, not because of anything the brand itself did. Saint Laurent is not doing any better, with a mere 13,000 followers on TikTok.

Analysis: Even the biggest international brands overestimate their clout in China, outside of the major top tier cities. Critics say brands need a strategy that will build their DNA on e-commerce platforms.

Key Insight: Most marketers overlook how crowded the online marketplace is now - with consumers now having access to both local and international platforms and almost limitless brand options.

KOREAN PLATFORMS FACE OFF WITH FACEBOOK SHOPS

Facebook Shops has entered South Korea's crowded online landscape. It is working with partners including the Korean ecommerce platform Cafe24, which helps local online sellers take their business global.

Outlook: Competition in Korea's online shopping market is likely to intensify, with Google also poised to open its own digital commerce platform, Google Shopping, in the country this year.

Fast Fact: Korea's e-commerce market is currently dominated by domestic players, including the portal giant Naver, various e-commerce platforms such as Coupang and Gmarket, and shop-



Korean platform Coupang.com

ping mall apps run by conglomerates Lotte and Shinsegae.

JD NETS \$9.38B IN SHOPPING FESTIVAL SALES

JD.com, which launched the 6.18 shopping festival, reported that its sales during the 18-day period that began on June 18 reached a staggering \$38 billion, up 33.6 percent from \$28.46 billion a year ago.

- Alibaba Group's Tmall platform saw its accumulated sales during the shopping festival reach \$98.6 billion.
- Consumers from Beijing, Shanghai and Guangzhou were the biggest buyers.

Insight: Much of the sales were healthcare and agricultural produce (Alibaba report)

CHINA'S E-COMMERCE BANKS ON LIVESTREAMING

This year's 18-day 618 Midyear Shopping Festival became a new battlefield for major e-commerce platforms, which had beefed up efforts to harness artificial intelligence-powered technologies to enhance logistics efficiency, as well as utilize

livestreaming events for product promotions.

- Livestreaming was definitely a core pillar for this year's sales gala.
- During the festival, over 1.4 million online broadcast sessions had been held via Taobao Live, its livestreaming arm, since presales started on May 25, the company said.



Suning.com Super Show invited many superstars and celebrities to create a livestream

- Online hosts were selling everything from fine jewellery and property to local specialty products.
- Winning Formulas:** Cheaper prices exclusive to livestreaming sessions, and professional storytelling that walks viewers through the history of the brand.
- Riding the Horse:** Chinese internet search giant Baidu Inc also banked on the e-commerce and livestreaming sector during the mid-year sales promotion event. Consumers could choose express services from almost all courier companies such as JD Logistics, SF Express, ZTO Express, YTO Express, STO Express, Yunda Express and Best Express via Baidu.

• Baidu has poured cash into Youzan, another e-commerce service provider, as part of efforts to further promote the development of its mini-program ecosystem.

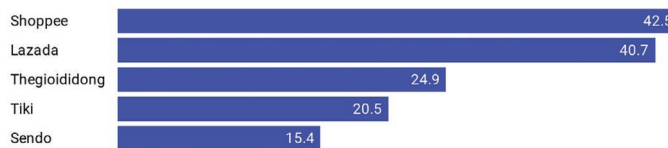
FOREVER 21 TO FOCUS ON CROSS-BORDER E-COMMERCE

Forever 21 (US) is launching new localised online stores for the UK and EU markets.

continued on page 2

Vietnam's Leading E-commerce Platforms

Shopee has moved to the top position, with 42.5 million monthly visitors. Local and regional platforms are now feeling competition from global players like Amazon and Alibaba.



In millions of visitors per month
Source: Statista, KrAsia

continued from page 17

The launch is part of the brand's new e-commerce centric global expansion strategy. Forever 21 has partnered with Global-e, a cross-border e-commerce solutions provider, who will be enabling Forever 21 to rollout localised online shopping experiences in each market.

New Strategy: Grow through online cross-border e-commerce with international shipping to key markets from its US fulfilment hub. Its online expansion to the UK and Europe follows the success in Asia-Pacific and Latin America earlier this year.

So far Forever 21 has reported a "significant uplift" in conversion rates and the number of orders across these markets.

Note: While conversion reported increases (year-on-year) in conversion rates are high (+72% in Taiwan, +133% in Australia) we can assume the growth is off a small base, since these are relatively new markets for Forever 21.

VIETNAMESE ONLINE MARKETPLACE TIKI GETS \$130M FUNDING

Tiki, a Vietnamese e-commerce platform has secured \$130 million in funding. According to Deal Street Asia, the total value of the investment, lead by Northstar Group, may increase by a further \$20 million.

Alert! Despite receiving a large amount of investment, Tiki is locally referred to as a "money-burning machine". It generated a \$60.9 million loss last year.

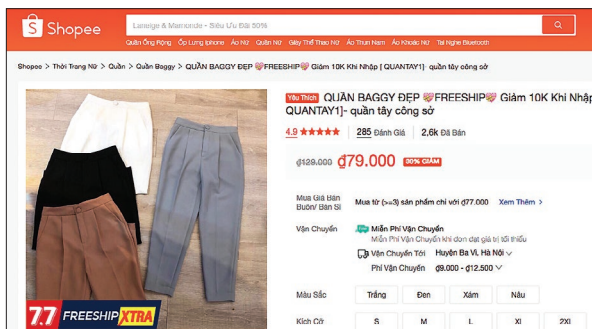
Founded in 2003, Northstar Group is a Singapore-based private equity firm, currently investing \$3 billion in more than 30 companies across Southeast Asia.

Recently, Tiki and rival platform Sendo informed authorities of a proposed merger scheme amid intense competition in Vietnam's e-commerce market, with two strong rivals Lazada and Shopee. However, neither company has commented further on the plan.

LIVESTREAMING SEES STEADY GROWTH IN VIETNAM

Vietnamese consumers, across ages, are tending to use livestream as a way to connect with sellers and gather informa-

tion about products while shopping from home, e-commerce giant Shopee said in a report.



Shopee Vietnam

"There has been growing demand for livestreaming in recent months as Vietnamese consumers live, work and shop from home more often."

"With Vietnamese spending most of their time at home in recent months, livestreaming is now an important source of entertainment and interaction for online shoppers, who use it to connect with others and discover new products online," said Tran Tuan Anh, managing director of Shopee Vietnam

Understanding the Trend: The e-commerce platform identified three popular trends in livestream activities in recent months.

- The immersive experience offered by livestreaming is particularly successful for selling fashion, jewellery and beauty products.
- Consumers see livestreaming as part shopping but part entertainment. Viewership is particularly high on Sunday.
- Consumers of all ages are watching livestreaming with strong growth in the 34-50 year-old age group.

ALIBABA SALES SURGES, BUT NOT ON APPAREL

Alibaba Group, the parent of Taobao and Tmall, said gross merchandise value

(GMV) hit \$1 trillion in annual gross merchandising value for the first time. It also reported that its overall revenue for the quarter ended March 31 rose 22 percent to \$16.1 billion.

- Tmall sales slumps in major categories like apparel and accessories, but were offset by a rise in sales of daily necessities, according to Alibaba.
- The company's Core Commerce segment, which includes Taobao, Tmall, Tmall Global, and high-end shopping mall brand Intime, accounted for 82 percent of the B2C segment's quarterly revenue of \$1.85 billion.
- The group expects to generate over \$91.1 billion in revenue by the end of the 2021 fiscal year.

Insight: For apparel and accessories retailers, the weak performance by Tmall during the national lockdown shows how important the online-to-offline (O2O) model has become and why new online opportunities like livestreaming aren't going to be catch-all solutions.

- The group listed Taobao Live as its big growth opportunity during its investor presentation last month, since it saw an 88-percent rise in merchants who were selling daily during the March quarter.

Analysis: When online is the only option, it is not surprising that online sellers saw sales grow. With many people under lockdown, and others out of work, consumers had a lot of extra time and limited entertainment options. That was the perfect storm for livestreaming.

- As lockdowns are lifted, we will come to know what the future role of physical retail will be for apparel, footwear and accessories.

"The pandemic has fundamentally altered consumer behavior and enterprise operations, making digital adoption and transformation a necessity," said Daniel Zhang, Alibaba's chairman and chief executive officer.

Note: Alibaba has stated its vision for 2036 as "Serve Two Billion Global Consumers."

TOMMY HILFIGER BANKS ON 'SEE NOW, BUY NOW' TACTIC

Tommy Hilfiger (USA) is continuing its 'see now, buy now' selling strategy, livestreaming its latest collection online.

- The brand unveiled its

Indonesia's Top 5 E-commerce Platforms

Tokopedia leads the market with a massive \$16 billion in annual revenue in 2019.



In US\$
Source: Multiple sources

Lazada is not included because it is owned by Alibaba. Alibaba does not breakout the sales for its various platforms.

proposal for Summer 2020 on its website via a 30-minute broadcast, which will remain accessible for a further two weeks.

Today we must push our 'see now-buy now' philosophy to remain relevant where, when and how consumers they live fashion," Mr. Hilfiger told WWD.

- To make the event interactive, several guests and influencers were featured in the livestream, which allowed viewers to ask questions, vote on some topics and take part in quizzes.
- Connected customers also had the opportunity to add favorite looks to a virtual shopping bag and make an immediate purchase.
- Tommy Hilfiger sees livestreaming as way to engage with consumers in a way to can drive immediate sales - and avoid the wholesale middlemen.

ZAPPOS LAUNCHES MATERNITY PLATFORM

Zappos (USA) has announced the launch of its new Zappos Maternity platform that provides a variety of clothing

choices for pregnant women.

The site includes mid tier brands including NOM, Cake Maternity and Everly Grey, as well as shop the Summer Maternity Capsule Closet.

The platform offers items ranging from sportswear and casualwear to lounge-wear and swimwear.

Marketing Strategy: Zappos Maternity was created to disprove the idea that maternity clothing is 'unstylish'.

- Zappos is additionally offering further resources for motherhood, including prenatal yoga, on its 'Beyond The Box' blog.

Tmall Throws Luxury Brands A Lifeline

Balenciaga is among the latest brands to join Alibaba Group's e-commerce site Tmall. Balenciaga's Tmall store opened last month and is the Paris-based brand's only online official flagship store on a third-party platform.

- Michael Kors also turned to Tmall to launch a new customization service ahead of a

global rollout later this year.

- Bulgarian shoe brand By Far recently opened a flagship store on Tmall's rival, JD. The brand has seen 65 percent of its products sell out after just four days, and



about 90 percent of its products sold out after a month, according to a JD news release.

Outlook: The luxury sector has "come back in a big way", said Adriel Chan, executive director of Hong Kong-based Hang Lung Properties. "April sales were basically equal to last year," said Ms. Chan. "I think that if this continues, luxury retail, at least in the Chinese mainland, will continue to do very well."

Insight: There are two particularities of Chinese consumers that are different to other markets - they are the youngest luxury consumers with a sweet spot between 25 and 35 years of age, and they are the most digital," said Daniel Langer, CEO of Equite.

ALIBABA TO RECRUIT 100K SOCIAL MEDIA STARS

AliExpress Connect, the groups recently launched platform dedicated to content influencer campaigns, is looking for hire 100,000 social media stars this year rising to 1 million by 2023.

Influencers can connect with brands selling on AliExpress, the groups international retail platform, via a matchmaking service.

Goal: Expand user base. Alibaba has used this technique to great success domestically on its platform Taobao, with the goal of accumulating users rather than creating revenue.

"As e-commerce continues to grow and 'shoppertainment' reshapes the landscape and changes the way people shop online, influencers and content creators are playing a more important role in driving retail transformation and e-commerce success," said AliExpress general manager Wang Mingqiang.

Walmart vs Amazon

Key Advantage

Amazon: The go-to platform for everything. Massive customer base of Prime members.

Walmart: Massive physical footprint. Facilitates 'click n' collect' and profitable brick n' mortar sales.

Sales

Amazon: E-commerce revenue for 2019 reached \$280.5 billion (year ended Jan 2020)

Walmart: Revenue for 2020 reached \$524 billion (year ended Mar 2020)

3rd Part Market Place

Amazon: Over 2 million sellers from around the world have joined in the past year.

Walmart: Over 33,000 sellers. Partnering with Shopify will help this grow.

57% of Amazon shoppers also shop on Walmart.com (Tinuiti)

Ad Business Revenue

Amazon: Amazon pioneered this and its proven to me immensely profitable - especially as sellers vie to get noticed on a crowded platform.

Walmart: Catching up fast. Has a 'sponsored products' feature, however Walmart selects which products are sponsored. Also has options for advertising.

Loyalty Programs

Amazon: Free shipping keeps Prime members loyal. That, plus access to video, books, music and lots of other goodies.

Walmart: No loyalty program, but offers unlimited free delivery.

Physical Locations

Amazon: 481 Whole Foods stores plus 41 other stores.

Walmart: 4,759 stores nationwide (USA)