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AT YOUR SERVICE

How brands are evolving to better serve Asia's consumers

Market Insights by bluebell

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Foreword

Human interaction has always been a key component of the relationship between brand and customer. Traditionally, salespeople in retail stores have been entrusted to fulfil and build this relationship, but as brands expand the channels through which they engage with their customers, and offer ever more services and products not available offline, empowering the sales team to deliver on the full brand experience remains paramount to competing in a retail environment.

As brands shift from raising brand awareness and visibility to focus on engaging with consumers on a more personal – and cultural – level, the sales team are no longer facilitators of transactions but are becoming 'Key Opinion Staff', or 'KOS', as we have labelled them in this paper. Always seen as an integral part of the consumer journey, the time has come for salespeople to step into new exciting roles within the retail ecosystem. With a focus on sales teams to upskill, continuous training of these 'KOS' is more important than ever. With a strong shift in mindset, and smart compensation schemes essential, brands need to keep their important 'client connections' or their 'KOS' happy all round.

With stores closed during Covid, and many brands substituting in-store personalised interactions, this spurred sales teams to go the extra mile. Today's technology enabled enhanced sustained communication between store staff and customers, but it is up to the staff to maintain that connection through cultural resonance and sensitivity. The technology is only as good as the people behind it and enhancing it.

It is essential that salespeople have the skills to communicate with their customers through various online channels, and to go beyond their traditional in-store roles to retain their customer base. Our own sales teams understand the tools, and relate through cultural relevance, creating an emotional connection with the customer at a whole new level.

Simply put, salespeople remain key to improving the customer journey for local consumers and are at the centre of customer centric retail innovation, creating value and providing differentiation to make the experience more compelling and locally relevant. This is especially true in Asia, where consumers are much more willing to share their personal details and have a relationship with sales teams of their favourite brands; or also discover new brands through creating these new relationships, which of course takes us back to the importance of the KOS.

A physical space with an empowered sales team is still a core component of the omni-channel journey, one that allows luxury customers to feel special.

Nothing's different, but everything has changed.

Ashley J. Micklewright
President & CEO, Bluebell Group

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What makes Asia stand apart?

In the years to come, the retail world will look at 2020 as the greatest watershed moment in its modern history. As the global pandemic forever changed the way we live and work, the industry, too, had to reassess its operating practices and learn to adjust, while also undergoing its worst year on record.

In the midst of the crisis, a series of pivotal shifts began to take place. With lockdowns becoming the new normal across countries, many businesses accelerated their digital transformation and marketing approaches, providing more goods and services online and raising e-commerce's share of global retail trade from 14% in 2019 to about 17% in 2020.1

In Asia, as in the rest of the world, we have seen marked differences in government measures across countries, adding another layer of complexity to brands' value chain, from managing stocks to maintaining sales and engagement channels with consumers. From lockdowns severely limiting physical retail to travel bans all but putting a pause on travel retail, never before have brands had to harness their agility and creativity more in order to grow – or indeed survive – in an unpredictable environment.

The temporary and intermittent closures of brick-and-mortar stores acted as a catalyst for the growth of 'phygital' retail: the convenience of digital communications with the human service experience of physical retail. Rather than taking refuge in pure ecommerce, many premium and luxury brands recognised the need to maintain relationships between sales staff and their local communities, and invested in staff trainings on digital messaging platforms (WeChat, Facebook, Line) (Bluebell Group's Asia Luxury & Lifestyle Retail Barometer 2020 in review, 2021).²

Bluebell Group, in the study Redefining Online Marketplaces in Asia, had envisioned a new retail in which brick-and-mortar was fully integrated with digital solutions whose driving force would have been the interaction between store staff and consumers through digital tools. In the same study, marketplaces appeared to be already moving from B2C platforms to B2B service providers to support the development of brands in the region. The pandemic only accelerated the process through which boundaries between the online and offline world blurred into one whole ecosystem (Redefining Online Marketplaces in Asia, 2020).³

Alongside this digital shift, brands also had to listen and adapt more than ever to the wants, needs and fears of their customers. As three out of the four retail principles – Product, Place and Promotion – slipped largely out of their control, brands recognised the importance of customer service as their saving grace, and scrambled to use the tools at their disposal to honour the ageold wisdom that customer is king.

As a region, Asia has long been at the forefront of retail disruption, embracing innovative ways to shop, engage and consume years before the US and Europe, in what is essentially been a window into the future.

Now, a mix of consumer data, evolving generational attitudes and social media platforms have placed the continent at the forefront of this re-imagined customer experience.

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1 / Consumer data: a currency for better service

As in the rest of the world, the majority of Asian markets abide by strong data protection laws. Where they often differ, however, is in the dynamic between those who need data – brands – and those who can provide it – consumers.

Social media platforms lie at the core of that dynamic.

That Asia is ahead of the pack when it comes to social media is now common knowledge. Asian consumers use integrated apps for anything from hailing a taxi to order food delivery, buy cinema tickets, and even book a doctor's appointment. They have also embraced 'super apps' (China's WeChat, South Korea's KakaoTalk, Indonesia's Gojek or Japan's Line) – multifunctional mobile apps combining features such as communication, lifestyle, social, financial and retail in a single platform, which offer a seamless, integrated, contextualised and efficient experience.

To many users and consumers, these services are often worth trading-in their data. China is the poster hero of this phenomenon. According to a 2018 survey by KPMG, 9 out of 10 consumers in mainland China are willing to share personal data in return for a better experience and personalised services, a much higher number than the global average of 76%.⁴

Social apps and shopping platforms have taken notice of such openness. WeChat, in particular, which handles some 30,000 transactions per second, accounts for over a third (34%) of all data information traffic in the country, as it has built an extensive network of related products to the main messaging app, such as WePay and mini-programmes. In comparison, Facebook accounts for 23.6% of data information traffic in Latin America and only 14.1% in the United States.⁵

Meanwhile, Alibaba's Tmall hosts more than 10 million retailers – that is an incredible amount of data – and uses customer-centric data to

understand assortment productivity and identify new trends and products for specific customer segments, while also helping retail partners optimise assortment at a local level using location-based data. Alibaba's Taobao follows similar strategies.

And so do single brands.

"On a monthly basis our Davidoff retail team, supported by Bluebell Bon software system, will review thousands of customers transactions from the past 24 months and highlight which customers, due to a change in spending behaviours, should need a call for action," says Laurent de Rougemont Managing Director, Davidoff of Geneva Asia.

Accessing these insights can empower brands to develop new tailored products and services, as well as personalise advertising and marketing in the region, and create a service experience that better suits consumers' preferences – which retailers could then potentially replicate in other markets.

However, this does not mean a free-for-all approach to consumers' personal information.

A Euromonitor survey of consumer behaviour in Japan, for example, showed a certain reservation about non-essential data sharing, with 50.1% of respondents saying they would not share their personal information with a brand.⁶

In a region where consumers have come to expect better services on the basis of their data, it will become increasingly difficult for brands to compete with players who put data at the core of their retail-strategies.

2 / Social commerce: a channel optimised for engagement

The deep roots of social media in the region have allowed brands to better engage with consumers, build more genuine relationships with local markets, and extend the reach of their brand messaging. As a result, the continent has been one of the first places where social has converged with commerce.

In the post-pandemic era, the trend is only bound to grow stronger: According to a study by Al-based tech solutions provider iKala, total social commerce orders in the first half of 2020 more than doubled in Southeast Asia, while gross merchandise value (GMV) grew three-fold across the region, as compared to the same period the previous year.

The number of live-sales in the region also increased, from nearly 13% to 67%, thanks in part to shoppers in Singapore and Thailand who spent more time engaging with merchants and buying through live-streams. Across the region, Southeast Asian audiences have turned to Bigo Live, TikTok and Tango, while Japan relied heavily on Pococha Live. In China, YY.com, Inke, Huajiao and Yizhibo continued to emerge as just some of the contenders, while giants like Alibaba's Taobao, Tencent's WeChat and Xiaohongshu have all optimised their apps with live-stream.⁷

"In a market like Hong Kong, where e-commerce never seemed to be a growing channel due to the city's natural convenience and habits, we have seen a huge acceleration of sales in social commerce over the last 12 months," says Wendy Ng, Fashion Director, Bluebell Hong Kong, Macao & Taiwan.

She continues: "Social commerce is really morphing into a blend of sales and support, giving brands an opportunity to connect with customers on a more personalised level than ever before. This can help to build rapport, boost brand awareness, increase loyalty and even help guide business decisions from merchandising choices to advertising and marketing strategies."

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Brands that recognise how deeply Asian consumers' lives are rooted in social media can reap immediate benefits – and increase sales – by developing social commerce strategies focused around these multi-functional channels.

"A Millennial that is more career-oriented wants a brand with a product that allows them to affirm themselves. A Gen Zer wants a brand that allows them to have new experiences. The difference is huge."

- Jacopo Pesavento, Founder & CEO, Branding Records

3 / From Millenials to Gen Zers: a clear generational shift

In parallel to greater data accessibility and a more sophisticated social commerce environment, generational shifts in consumer behaviours are pushing brands to innovate faster than in other parts of the world.

According to Mckinsey, Gen Zers born between 1996 and 2012 will account for 25% of Asia's population – the same share as Millenials (born between 1980 and 1995).8

Both mobile-savvy and familiar with technology (not just as an enabler of commerce but also as a platform for communication and entertainment), the region's Gen Zers – the first generation of digital natives in many Asian countries – are setting the region apart from other markets globally.

In recent years, Gen Zers have shown a strong desire for unique products and services as well as a high level of brand loyalty, while also expecting seamless interaction with brands across the entire digitally integrated enterprise.

While their parents were after opulent consumption, these young shoppers demand more from brands than simple logos and new seasonal collections. They want their purchases to represent access, express individual identity and reflect ethical choices.

In high-growth markets like China, Gen Zers are also increasingly different from their adjacent generation – Millennials.

One key trend behind this shift, according to Jacopo Pesavento, Founder & CEO of Branding Records, is an entirely different mentality: "From our research, we have found that Gen Zers are less career aspirational than Millenials. While a Millennial at age 25 might have thought about creating a start-up, a Gen Zer at age 18 is more likely to think about where they can have the best life experiences."

This difference in priorities is driving a shift in consumer 's needs and wants:

"A Millennial that is more career-oriented wants a brand with a product that allows them to affirm themselves. A Gen Zer wants a brand that allows them to have new experiences. The difference is huge."

He concludes: "You could say that brands have to engage Gen Zers, while they have to entertain Millennials." It is within this unique environment that we find brand priorities shifting into a new age of radical, tech-enabled customer centricity.



Asia's Gen Zers seek engagement rather than entertainment, according to Jacopo Pesavento, Founder & CEO of Branding Records

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The evolution of brand priorities

Within Asia's fast-evolving retail landscape, brands looking to stay ahead of the game are redefining their priorities, and creating business strategies that revolve around more than just a singular retail product or hospitality experience: **service 2.0.**

In Asia, this transition is happening in three distinct ways:

First, brands are investing in **technology** to better understand their customers and deliver seamless offline/online services.

Second, advances in technology are highlighting once more the importance of **human connection** in retail and heralding the age of the Key Opinion Staff.

Last, companies are shifting from traditional models of marketing to engaging consumers on the basis of their own **cultural interests**.

Technological Innovation

Deliver radical convenience and accessibility

Cultural

Relevance

Become immersed in the cultural languages of local consumers

Service 2.0:
Connecting the dots
with data to deliver a
higher quality of
retail service

Human Connection

Build stronger customer relationships through emotional engagement From
Retailing
to
'Re-tailing'

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Bringing customer relevance back into the retail equation

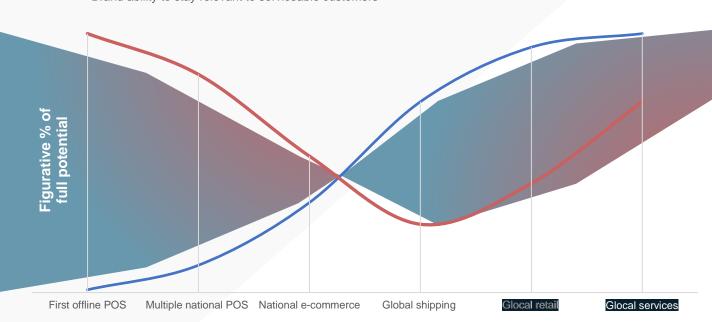
As brands gain global visibility through global POS and marketing campaigns, maintaining true relevance among local consumers becomes increasingly challenging.

The solution? 'Re-tailing': combining all the wisdom of how we used to interact with our customers – when brands had only a few stores globally and took the time to cater to their customers' every wish, referring back to their little black books to ensure relevance and customer excellence – together with the new digital tools and data infrastructures at brands' disposal in Asia.

In an age where even new players can instantly reach global consumers through established e-commerce providers, 're-tailing' is the acknowledgement that accessibility must be balanced with relevance to deliver the best retail experience possible.

Brand visibility (POS and marketing channels)

Brand ability to stay relevant to serviceable customers



Brand Growth Milestones

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"What we are seeing is an upgrade of the 'little black book' – a typically boutique-level record of customer preferences used to offer better service and increase sales opportunities."

- Jacky Leung, Chief Information Officer, Bluebell Group

Old wisdom, new methods

Over the past decades, more and more premium and luxury brands have achieved their ambitions of global visibility.

They have done so by pushing global POS and marketing campaigns, but also, increasingly, by embracing e-commerce and social media.

In the process, however, many in the sector have lost the ability to relate to their customers in a direct, personal way. The why is easy to grasp: while a small boutique or flagship allows for personalisation and one-on-one engagement, the more shops a brand opens – the more international it becomes – the less it is capable to retain that engagement in a genuine way.

Which is why now, in order to stay relevant and competitive, retailers are developing new ways to marry their global visibility with the needs and wants of local consumers, essentially developing a glocal approach to retail and services to close the gap between these two aspects – relevance and visibility – of retail.

"What we are seeing is an upgrade of the 'little black book' – a typically boutique-level record of customer preferences used to offer better service and increase sales opportunities," says Jacky Leung, Chief Information Officer at Bluebell Group.

He adds: "Brands who have spent years developing client databases both from physical stores and e-commerce operations are now able to use sophisticated CRM systems to seamlessly merge offline with online experiences for their customers – often with a

long-term view of customer service rather than as a means to increase direct sales."

Indeed, retailers are investing to better understand the customer journey – and transform the entire customer experience. To do so, they are drawing from old wisdom but adopting innovative new methods of engagement to create intimate experiences through a complex landscape that includes inperson-to-online and online-to-in-person and even online-while-in-person commerce.

One method to help them fulfil this task is of course data analytics.

"Data analytics has already become a critical tool used by businesses all around the world in every decision-making process, including how businesses better engage with their consumers," says Sabrina Sakhrani, General Manager Hong Hong at Euromonitor. "Way before the rise of the internet and social media sites, brick-and-mortar retailers used to collect customers' consumption behaviour patterns by hiring people to record and observe those customers' in-store shopping patterns. With the advancement of the internet, social media and e-commerce, companies are now able to collect this data online, and process it using AI technology in order to help decisionmakers better understand the rationale behind their customers' shopping behaviour."

The necessity to better understand and manage data has given rise to specialised companies like Insider, a technology company with a proprietary AI-powered platform that enables brand marketers to connect customer data across channels and systems, predict their future behaviour with an AI-powered intent engine, and orchestrate and deliver individualised experiences to customers.

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"In Asia, we are seeing many companies ramping their digital transformation projects and exploring marketing segmentation, AI, personalisation, and targeting to increase their ROI and drive growth across the entire funnel," says Ankesh Sagar, VP of Marketing at Insider.

"When we talk about predicting customer journeys, creating consistent customer experiences is what we strive to support across multiple touchpoints. The main issue in the market is that most of the channels are siloed. This contributes to scattered communication that leads to a very mediocre customer experience, therefore companies need to be prepared and willing to go above and beyond on their channels and invest on this to foresee future success."

A leader in digital innovation for decades, Korea is also offering new ways to approach data analysis. There, Bluebell Korea has partnered with the country's top-ranking crowdfunding platform Wadiz on several new brands looking to enter the market, gathering invaluable data to feel the pulse of Korean consumers' needs and wants.

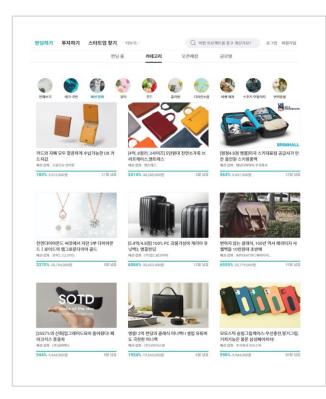
"The consumer being part of the brand's integral journey kicks off at the brand's market entry point today," explains Nicolas Sitbon, President & CEO of Bluebell Korea. "The point here is to make sure we reach the early adaptors to understand their desire and preferences for certain brands or products. This will enable us to better develop our market entry strategy by reaching consumers on platforms and through fun ways that they prefer and choose."

Naturally, digital and marketing agencies are also in the front-row of this data revolution. Influencer marketing agency Ykone uses analytics to help traditional luxury clients transform the way they connect, interact and service new luxury consumers in Asia.

"Our proprietary tool Campaygn provides us data-driven insights like audience profiling and interests from brands' social databases, that then help us to better craft their content strategy," shares Julien Gaubert-Molina, Partner & CEO Asia, Ykone. For instance, when

supporting Cartier's Hong Kong retail approach, Ykone noted that despite the brand being well known locally, a more innovative retail approach was needed to engage younger consumers.

While the type of data available and the means of obtaining it are constantly evolving, the objective behind its use has remained a constant since the earliest days of retailing: understanding the consumer well enough to make the brand – both its products and its message – relevant to their life.



South Korea's Wadiz crowd funding platform
Through Wadiz, Bluebell Korea analyses consumption
data to help brands fine-tune their brand and product
strategy as the first step in their market entry.

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Loyalty programmes: a gateway to higher customer relevance

Not all data is created equal.

For many premium and luxury brands, loyalty programmes represent one of the most reliable – and accessible – opportunities to gather important data about their customers. These programmes have become all the more important now that tech platforms like Apple and Google and browsers like Firefox are blocking third-party cookies. In a sea of GDPR, privacy laws and regulatory influences, they offer a straightforward way to get consumer consent to interact with them.

As the growing strategic value of loyalty programmes becomes clear, brands are driven to innovate and scale up their loyalty operations, while taking care not to lose sight of loyalty's core aim: creating long-term relationships with their customers.

In today's retail landscape, loyalty programmes typically associated with points-based tiers and points redemption for discounts, cashback or freebies no longer cut it.

Instead, luxury retailers wanting to stay ahead of the pack are creating interactions with their customers that play on intimacy and exclusivity, turning their clients into VIC – 'Very Important Customers' – and brand ambassadors in the process.

Just as importantly, loyalty programmes help build a sense of community and belonging.

"Joining a VIP programme allows our customers to feel part of something special," says Ivan Perra, Moschino General Manager Asia. "For them it's like being part of a journey, one that corresponds to their aspirations."

This has been especially true in Asia where the growing number of high-spenders – the region's share of global personal luxury goods increased from 32% in 2019 to 37% in 2020, according to

"Joining a VIP programme allows our customers to feel part of something special. For them it's like being part of a journey, one that corresponds to their aspirations."

- Ivan Perra, General Manager Asia, Moschino

Euromonitor – has meant retailers have been incentivised to perfect their VIP-programmes and highly tailored customer offerings.⁹

Technology has come extremely handy to the task.

In a China, platforms like Taobao Live, Alibaba's livestream commerce channel, have proven popular tools for brands to provide premium and exclusive services to their VIP customers, and to keep on refining their approaches.

In 2020, Christian Dior's flagship store on Tmall livestreamed the brand's offline Designer of Dreams exhibition at Shanghai Long Museum. During the livestream, online consumers were able to discover unique pieces, including more than 275 haute couture dresses. La Mer, on the other hand, launched private livestreaming rooms that were only accessible to VIP members. In doing so, the brand ensured that its VIPs enjoyed a high-quality service that strengthened La Mer's position as a high-end label.

And when it comes to sharing insights with brands, Alibaba's Taobao Live has greater ambitions still: "In the coming year, we will introduce new tools for customer engagement and content marketing," says Zhao Lidong, Head of Product at Taobao Live.

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"One of them will be a CRM to better support sellers and livestreamers in managing content, sales, products and fan engagement. Another one will be an open and centralised portal to efficiently connect and match products, merchants and livestreamers to increase business opportunities. We are also developing an intelligent livestreaming camera that will enable real-time statistics and viewer feedback for anchors."

In Japan, Bluebell Group and Manolo Blahnik invited VIP customers that were unable to attend Paris Fashion Week in March 2021 due to travel restrictions to an online showroom, where they had an exclusive preview of the new collection, as well as pre-ordering opportunities.

Capturing customers' aspirations through these online experiences allows for targeted marketing aimed at helping them to achieve their dreams, which in turn increases trust, loyalty and engagement.

Ultimately, all of these approaches – exclusive digital access, intimate in-person experiences, community-building initiatives – have one vital thing in common: recognising the fact that luxury customers want to feel special.

In Asia's next phase of retail, personalisation, data analytics, a keen knowledge of the territory and a commitment to cross-channel delivery all work together to engender a VIP atmosphere, facilitated by the customers' preferred channels of communication.

From
Salespeople
to
Key Opinion Staff
(KOS)

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Human centricity works on both sides of the sales counter

In a very short period of time, the world has witnessed the rise of the 'Key Opinion Leader' or Influencer. More recently, in Asia – and particularly China – 'Very Important Consumers' with growing visibility have become influencers in their own right and evolved into 'Key Opinion Customers'. Today, sales teams are being recognised as an integral part of the transformed consumer journey. The time has come, then, for the age of 'Key Opinion Staff' or KOS.

With a focus on sales teams to upskill, continuous training of these KOS' is more important than ever. Together with that, a strong shift in mindset and smart compensation schemes are essential for brands to keep their very important 'client connections' or their KOS' happy all round.



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"The quality of service from retail staff is more important than ever. Just like in the early days of retail – when brands would own only one flagship boutique – salespeople have the power to create hyper-relevance for consumers."

- Chad Lee, Head of Marketing and E-Commerce South East Asia, Bluebell Group

All hands on the human connection

From fulfilment to marketing and analytics, premium and luxury brands are constantly strengthening their global operations through smart and innovative technologies. However, as consumer communities are growing more diverse in ethnicity, wealth, lifestyle, and values, and smart retailers are increasingly moving from standardisation to localisation, much of the benefit of these technologies is wasted if players do not empower their salespeople with the right training and tools to implement them.

Simply put, salespeople are key to improving the customer journey for local consumers – all the more so in the post-Covid-19 era – and are at the centre of customer centric retail innovation. The technology is only as good as the people behind it and enhancing it.

"The quality of service from retail staff is more important than ever," says Chad Lee, Head of Marketing and E-Commerce South-East Asia at Bluebell Group. "Just like in the early days of retail – when brands would own only one flagship boutique – salespeople have the power to create hyper-relevance for consumers."

To that end, he continues, "successful retailers have been heavily investing in their sales team,

so they can engage with their customers at a level of sophistication where the customer will want to proactively create a relationship with them. Today, it is essential that salespeople have the skills to communicate with their customers through various online channels, and go beyond their traditional in-store roles to retain their customer base. Our own sales teams understand the tools, and also relate through cultural relevance, creating an emotional connection with the customer at yet another level."

The pandemic has created plenty of opportunities to experiment in that respect.

With stores closed, many brands substituted instore personalised interaction with offerings such as virtual appointments, where sales associates used video-conferencing platforms to advise consumers directly, and meet their needs while learning to better serve them online. The sales teams go the extra mile. The technology has enabled enhanced sustained communication between store staff and customers, but it is up to the staff to maintain that connection through cultural resonance and sensitivity.

One of the most difficult parts of this shift is achieving consistency in the delivery of high-level service.

To meet this standard, Bluebell Korea has its own Quality of Service department. Training is ongoing, as are quality of service checks. "The sophistication of the human exchange between sales staff and customer needs to be constantly up to standard," says Nicolas Sitbon, President & CEO Bluebell Korea.

"The Bluebell teams who monitor this for our brands not only have to monitor the quality of service, but at the same time motivate the sales teams to strive for high levels of service and reward them. Mystery shopping is a large part of this exercise, both by internal and external parties, to assess the performance of the teams. Today when a team wins our QoS award of the year, it is almost like an Oscar celebration. Everyone awaits this prize, and is well rewarded for it."

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First comes the mindset, then come the tools

Customer relationship management systems allowing brands to maintain an ongoing dialogue with individual clients are now part and parcel of customer service in Asia.

Human interaction has always been a key component of the relationship between brand and customer. Traditionally, sales teams have been entrusted to fulfil and build this relationship in store. But as brands expand the channels through which they engage with their customers, and offer ever more services and products not available offline, empowering staff to deliver on the full brand experience is key to competing in Asia's retail environment.

"Linking the e-commerce to the physical store has meant changing the mindset of the sales teams." says Jacky Leung, Chief Information Officer Bluebell Group.

"Also making sure we are tracking that so that the sales teams are still getting their commissions on sales that they are making that are coming from other channels, like ecommerce. If the sales teams drive those sales, it is easier than marketing to the whole web. This type of retail innovation means a change in human behaviour on the part of the sales teams and also strong infrastructure systems to ensure that each point of the marketing to the customer is consistent, as well as linking inventory channels."

More and more brands are empowering staff through software to communicate with customers, access inventories and actually close sales, essentially turning sales associates into self-standing store managers, able to offer round-the-clock service and answer to clients' every whim and query. Much like hospitality professionals, they are adopting a concierge-style way of working within the retail landscape, while also creating content that addressed customer challenges in an entertaining way and promoted current products and new launches.

Venchi is one such brand empowering its staff to make the best of technology.

"Through WeChat Work we are building store communities directly managed by store managers. Store managers can set up groups based on our customer database and engage top spending customers within their stores. They can introduce them to novelties, invite them to events, introduce special promotions, offer exclusive discounts and more."

-Marco Galimberti, Managing Director Asia-Pacific, Venchi

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"Through WeChat Work we are building store communities directly managed by store managers," says Marco Galimberti, Managing Director Asia-Pacific at Venchi. "Store managers can set up groups based on our customer database and engage top spending customers within their stores. They can introduce them to novelties, invite them to events, introduce special promotions, offer exclusive discounts and more."

From a customer's perspective, the shift towards a client-centric, information-rich service is beneficial because it makes them feel that a brand values them and helps them save time and money finding the products they want to buy.

From a retailer's perspective, it helps cement brand positioning, as customers who feel valued are more likely to stay loyal to a brand. Loyal customers, of course, make more loyal customers through classic word-of-mouth advertising, which in turn results in strong customer retention. So retail personalisation is purely win-win, benefiting business and consumers.

That is, of course, as long as retailers can ensure they recruit and retain top talent, as well as develop an environment of ongoing education and training.

Companies now need to equip salespeople with broader skills, while embracing data and technology models that relate to customer experience and adapting to staffing requirements quickly and efficiently.

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Enter the 'Key Opinion Staff'

As salespeople have stepped into an allencompassing service role that's no longer limited to helping customers find what they're looking for in store, they've also started wearing the hat of relationship managers, or KOS.

Brands today are hiring 'Client Engagement' management positions, essentially a position to lead 'clienteling', to work hand in hand with the CRM management teams – showing a real shift in mindset on the part of the brand, from just focusing on product and competing on the quality or design, to a focus on the delivery of a high quality of service and experience for their ever more discerning customers.

"The differentiator of a truly successful luxury retailer today is their ability to deliver a very high level of personalised service to their customers." says Rachel Kwon, President of the Luxury Business Institute Korea.

She continues: "To this end, the majority of the training programmes we have been creating are around 'clienteling', for sales people to emotionally connect and create a bond with their customer. The only way to keep up with such demand of hyper personalised customer experiences is to empower the teams who are in a relationship with the clients. Our trainings combine people skills, brand and product knowledge, together with the important digital tools to deliver personalised videos or messages to clients."

From clienteling to managing contact details through brands' apps to staying in touch with clients throughout lockdowns, sales associates were tasked to attend to customers in a whole new personalised way, upgrading CRM practices to meet changing needs, and the shift towards online transactions.

While consumers moved their shopping online, in fact, they continued to prefer interacting with a human agent to solve any problem they might encounter during their shopping experience.

This means retailers had to expand their omnichannel customer service and improve brand stickiness through a seamless "The differentiator of a truly successful luxury retailer today is their ability to deliver a very high level of personalised service to their customers."

- Rachel Kwon, President, Luxury Business Institute Korea

experience, as well as promote contextual and intelligent interactions from their staff, to thereby enhance the overall buyer experience across channels.

With the massive shift to digital, video and live chat emerged as the predominant ways to engage and close sales with customers (inperson meetings and related sales activities, on the other hand, drastically declined) in Asia. From WeChat to Line, Kakao, WhatsApp and, increasingly in Southeast Asia, Telegram, salespeople focused on using personal exchanges to build relationships, and drive sales.

In the longer-term, this new role of the KOS will be crucial to improve, not just sustain, the overall brand experience – creating value and providing differentiation to make the whole experience more compelling and locally relevant.



Bluebell Bvlgari Training

From promotion to cultural engagement

by bluebell

Wiser and bolder: data is helping brands explore new ways to engage customers

Armed with a new wealth of customer data, retailers are departing from communicating solely on the basis of their own assets – products, heritage, persona – and exploring new avenues to speak the cultural language of their target audiences, to make their customer journey and satisfaction all the more personal, and begin to draw in younger generations.

Types of braces experiences entertainment services	s /	Brand Heritage	Brand Persona	Customer cultures and sub cultures
Examples	Fashion showcase	Brand exhibitionAtelier visitThemed lunch	 Influencer collaborations Ambassador workshops Micro-films 	 Cross lifestyle collaborations and activations, including concerts, gaming, sports and community events, etc.

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Experiences: the backbone of lifestyle retail

According to a 2020 study by Culture Co-Op and YouGov of 3,000 Gen Zers and Millennials in Singapore, Malaysia, the Philippines, Indonesia, Thailand and Taiwan, an average 70% of consumers believe that brands have the power to create communities based on common interest and passion.¹⁰

Leaning on such sentiments to offer shoppers mindful retail experiences that veer away from materialistic models should be a top priority for brands looking to create meaningful customer connections.

"Consumers in Asia have become an active part of the retail experience, rather than an end point, and they are being listened to more than ever before," says Jacopo Pesavento, Founder & CEO Branding Records. "As a consequence, the relationship between brands and their customers has evolved. It's become more demanding, in a way, because it requires real dedication. Retailers have to always think about how to make it special, memorable, shareable."

Laurent de Rougemont, Managing Director at Davidoff of Geneva Asia, agrees. "At Davidoff most of our customer engagement activities are related to emotions and experiences such as tailor-made trips to the Dominican Republic, where guests can enjoy breakfast in the middle of the tobacco fields or create their own cigar blend based on their specific tastes with the help of master blenders," he says. "Pre-pandemic, we also offered experiences related to fine gastronomy, travel and arts."

In 2020, global research company Bain predicted a global reassessment of the luxury industry: "We will not talk about luxury industry anymore, but of the market for insurgent cultural and creative excellence," said Federica Levato, a Bain & Company partner and co-author of the study, at the time.¹¹

For many retailers, this has meant setting aside traditional ads to shift instead towards styling games, fitness classes, cooking tutorials and even drawing challenges as new, exciting ways to keep consumers' attention strong, and make them feel part of a community. It has also entailed understanding how to best use new social media channels and functions available in the market.

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In Asia, where brands have access to more data and consumers are paying close attention, cultural sensitivity has already become a backbone of customer engagement. And when brands get it right, the whole industry pays attention.

Such was the case of Prada. In 2020, the brand partnered with renowned Chinese director Jia Zhangke for the Shanghai stop of its travelling social club Prada Mode. For two days, the brand's iconic Rongzhai villa transformed into a cultural centre hosting a multi-sensorial exhibition exploring the various meanings of the Chinese word "MIÀN" (e.g. noodles, surface, meeting etc). The exhibition content itself focused on elements of Chinese ordinary life. Offline, VIP guests could enjoy noodles, listen to panel discussions, watch interview movies and join a disco party. Online, 200,000 viewers tuned-in a continuous live-stream on a dedicated WeChat mini-programme.¹²

The same year, Loewe and Paula's Ibiza jointly tapped into China's music culture, hosting a "Club Paula" concert in partnership with influential rock and indie label Modern Sky. For the occasion, Loewe and Modern Sky launched an exclusive WeChat mini-programme to broadcast live-streamed performances by popular young rappers from television show 'Rap of China' (中国新说唱), against a Loewe backdrop and outfitted in Paula's Ibiza.¹³

During the pandemic, brands like Chanel, Marc Jacobs and Alexander McQueen expanded their online marketing strategies to include musical performances, Spotify playlists and guided drawing sessions. Bottega Veneta launched a "virtual residency" that spanned across Instagram, YouTube, Weibo, WeChat, Line, Kakao, Spotify, Apple Music and SoundCloud, featuring live performances, cooking and recipes, as well as Sunday movie night recommendations.

From global tone setting to locally relevant tactics, brands are taking experiences to the consumers directly.

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Gaming and the age of interactive entertainment

The gamification of retail – a trend that has been on the rise globally over the past five years – has also accelerated in the region, with a rising number of high-fashion and make-up brands vying for young consumers' attention through collaborations with video games and e-sports.

The cross-partnership is not surprising. According to a report by market insights and analytics company Newzoo, the games market generated \$177.8 billion in 2020, up +23.1% year on year, the highest growth since the firm began tracking revenues in 2012. Overall, the global games market is predicted to surpass \$200 billion by the end of 2023.¹⁴

Leading this growth is a new generation of gamers who also happen to hold big spending power. According to research by Kantar, almost 90% of Gen Zers are gamers, compared to 59% of the total population. 15 Most of them are in Asia-Pacific – 1.5 billion users to be exact – with China accounting for some 720 million. 16

With such potential for big revenues, it's little wonder brands outside of the gaming world now want a slice of the pie, with the luxury fashion industry in particular seizing the opportunity to target consumers. From gaming-inspired fashion designs, to brands creating their own games — and even a new category of virtual (and shoppable) styling games targeted at fashion consumers — there has indeed been a lot of activity in this space of late.

In China, Italian brand Moschino partnered with creative agency Branding Records to create the brand's first WeChat game on the occasion of the Chinese New Year: the MOOschino RUNway. Aimed at gaining the attention of targeted segments of consumers and cultivate curiosity, especially amongst younger generations, the game offered real-world prizes for high scores online. On successfully completing the levels, set in the locations of the brand's most iconic fashion shows, the top 30

players nationwide won an exclusively designed Moschino mahjong set.

With 200 million registered players, of whom more than half are female, the widely popular online mobile game Honour of Kings has itself entered various partnerships with global brands such as Mac Cosmetics, L'Oréal and Hong Kong jeweller Chow Sang Sang.¹⁷

In Korea, during Paris Fashion week 2020 Louboutin partnered with the Korean app Zepeto – a social media app that lets users create 3D characters of themselves – where people could interact with a tri-dimensional avatar created from their selfies. More recently, for the presentation of the spring/summer 21 Collection, the brand created the "Loubi World" where users could try on shoes and clothes, attend the show of the singer-avatar King Princess and virtually meet the designer's avatar.

These game marketing strategies represent a great opportunity for brands to experiment with new channels for product discovery, while also positioning gaming companies as more culturally relevant, and part of the mainstream.

Moving forward, taking the time to understand how gaming can be smartly integrated within a wider marketing plan will be key for retail players looking to continue or start branching into video games collaborations. It is worth noting however that whilst engaging, this form of marketing is largely a channel – not a driver – to increase brand awareness and engagement.

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Amping up the sensory pay-off in physical retail

Simply put, the pandemic has forced many businesses to get creative with how they can blur the lines between online and in-store shopping, and add entertainment value to the 'IRL' ('in real life') retail experience. Rather than completely new innovations, however, the health crisis has triggered an acceleration of existing trends, such as live-streaming, experiential services, seamless in-store technology and social engagement.

Retailers across Asia have indeed doubled their efforts towards maintaining the relevance of physical stores by investing into technology like cashless payments, click-and-collect, unmanned stores such as South Korea's telcos and Japan's robot deliveries, and 5G internet connectivity to further enhance and power the automation of one's shopping journey. A number of companies, from Burberry to Nike, have invested in hybrid flagship spaces, tapping demand for digitisation, localisation and personalisation.

Taking advantage of banned travel and increased domestic spending in Asia, many retailers also positioned physical stores as substitutions for far-away adventures. A prime example was seen in Tokyo over summer 2020, with a handful of unique and grand flagships setting foot on the streets of Ginza and Harajuku. Though originally intended for the Olympics, these openings were evidence of international retailers spreading their investments to reach a diversified consumer base with promising markets, and improved growth.

Similarly, in Hong Kong, retailers amped their local marketing strategies with in-store events, pop-ups and promotions during the pandemic. During Christmas 2020, for instance, K11 MUSEA held a series of events that included the Asia debut of an immersive light showcase from France, plus artistic happenings throughout the department store. Harbour City followed suit with online and offline activities across its shops, virtual tours of the mall and Santa's meet & greet.

In Korea, the much-anticipated Hyundai Seoul department store opened in February 2021, setting a new benchmark as a lifestyle destination. Besides being the biggest mall in the city, it quickly became a key attraction with a large-scale Andy Warhol's exhibition. More than entertainment, the mall aims to deliver on the idea of "retail therapy," with large areas for resting and recreational spaces for customers.

As the isolation created by the pandemic lockdowns has only reinforced the need to attract young Asian shoppers with a new approach, retailers in the region are now considering technologies like consumer-facing displays with enhanced augmented reality applications that layer personalised pricing, or operations-enabled devices like thermal imaging technology that automatically detects replenishment needs while determining patterns in customer movement through space.

"There is about to be this massive influx of sensory engagement in retail," Ciara Larkin of Crowd DNA, a cultural insights and strategy consultancy that specialises in youth culture, told Vogue Business in May 2021. "People are craving tactile and immersive experiences as a push back against the excessive screen fatigue they experienced during the pandemic." 18

Far from being replaced by digital, physical stores still represent a crucial touchpoint to educate consumers on product offerings, to reinforce their brand's positioning, and support e-commerce sales. Indeed, research before the pandemic found that opening a new location increases traffic to the retailer's website by 37% the following quarter. Retailers in Asia that have their eyes on these strategic aspects will be likely to experiment with promising new models of offline retailing in years to come, giving way to the store of the future: a physical space that's also a core component of the omni-channel journey.

What's next?

For some years, retailers across Asia have been working on data infrastructures, innovative social media channels and formats, to cope with the generational shifts in consumer expectations. The pandemic working as a catalyst for digital transformation, only emphasized the strategic opportunities in each of these trends, spurring brands to get more creative – and take more risks – in engaging consumers.

While consumer data in Asia is comparatively abundant and accessible, consumers often expect a higher quality of service in exchange for their trust. And as brands are pushed to harness data-insights within these markets, a key challenge will naturally arise: in a techempowered retail world, what is the next customer experience?

More than enabling consumer insights, technology is being used to empower the human dimension of retail: the interaction between sales staff and consumers. New specialist roles are likely to become commonplace as salespeople become KOS (Key Opinion Staff) in their own right: Clienteling Manager? Community Coordinator? Cultural Ambassador?

Acknowledgements

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Ankesh Sagar, VP of Marketing, Insider

Chad Lee, Head of Marketing and E-Commerce South East Asia, Bluebell Group

Ivan Perra, General Manager Asia, Moschino

Jacky Leung, Chief Information Officer, Bluebell Group

Jacopo Pesavento, Founder & CEO, Branding Records

Julien Gaubert-Molina, Partner & CEO Asia, Ykone

Laurent de Rougemont, Managing Director, Davidoff of Geneva Asia

Marco Galimberti, Managing Director Asia-Pacific, Venchi

Nicolas Sitbon, President & CEO, Bluebell Korea

Rachel Kwon, President, Luxury Business Institute Korea

Sabrina Sakhrani, General Manager Hong Hong, Euromonitor

Wendy Ng, Fashion Director, Bluebell Hong Kong, Macao & Taiwan

Zhao Lidong, Head of Product, Taobao Live

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