

The Rise of High-end Luxury e-commerce in China

Part II: A deep analysis into the Ultra High-End Luxury: over 50,000 RMB price segment



August 2021

Approach

>340

Units sold of
products with price
points between
RMB 50,000 and
500,000 in June

Figure 1: Forecasted units sold in June

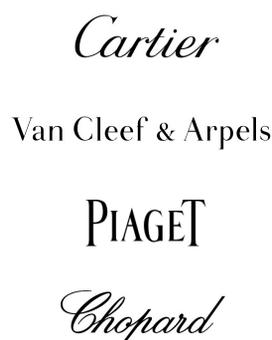
In Part I of The Rise of High-end Luxury e-commerce in China, we highlighted that in June there were over 340 units sold on Tmall of products with price points between 50,000 and 500,000 RMB.

In this second part of the analysis, we dive deeper into Ultra High-end Luxury online sales (items priced over 50,000 RMB), providing greater visibility on how the highest range of products from leading Watch and Jewelry brands perform on Tmall.

Watches



Watches & Jewelry



Jewelry



Who is selling the most?

With the market in its infancy, which brands are starting to thrive and are capturing growth on e-commerce in China?



Figure 2: Brands breakdown by total units sold

IWC and Cartier each sold around 100 units in June, representing 56% of all units sold in this price segment on Tmall. Part of their success can be attributed to the strong performance of specific hero products driving a large percentage of sales.

In the next group down, 5 brands sold between 20 to 30 units during the analyzed period. All the products sold by these brands in this price segment are watches, but our analysis shows that none of these brands has a clear front-runner hero SKU. Instead, sales are comprised by different watch models.

In the latest group (less than 20 units sold), most of the sales are driven by Vacheron Constantin with watches and Van Cleef & Arpels with jewelry products.

Who is selling the most?

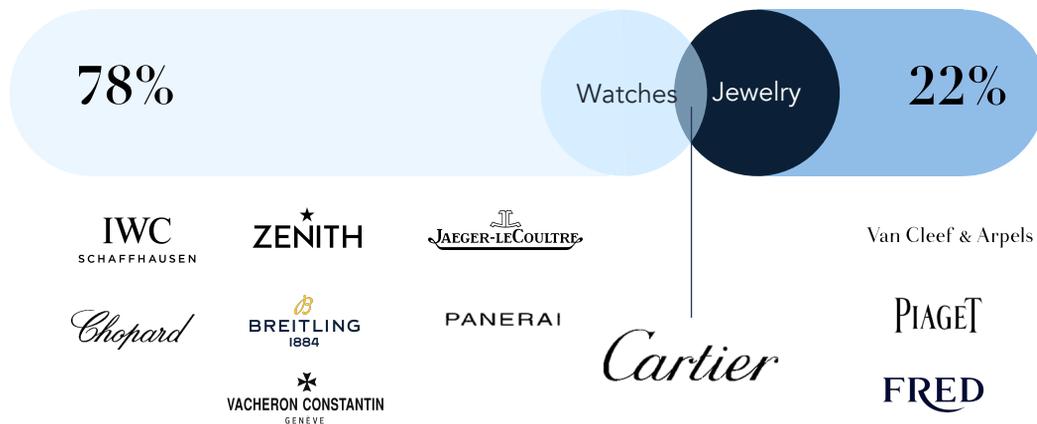


Figure 3: Units sold allocation between Watches and Jewelry

Watches were the dominant products in 50,000+ RMB price segment in June, with a total of 78% of units sold, and IWC is the absolute leader in high-end watch category on Tmall. Cartier, Zenith, Jaeger-LeCoultre, Chopard, Breitling and Panerai follow with between 20 to 30 watches over 50,000 RMB sold in June. While Vacheron Constantin sold less than 20 units, it worth mentioning that it has the highest average price of units sold in this segment, at around 180,000 RMB.

Cartier is the only brand to have sold both watches and jewelry products above 50,000 RMB, with jewelry taking a slightly higher percentage (60% of total units sold by Cartier).

Van Cleef & Arpels comes second on units sold in jewelry category, only after Cartier. Despite being one of the newest brands on Tmall it is finding early success in the upper ends of its portfolio.

Top 5 selling products

Cartier and IWC were able to sell in June significantly more units than their competition in the 50,000+ RMB price segment, as seen in Figure 2. Much of their success rests on hero products that are the focal point of the sales.

While Cartier leads the ranking with its iconic Love Bracelet, the remaining 4 products are watches, showing watches dominance in this price segment.

The top three products for IWC and Cartier represent 50% and 70% respectively of their total units sold with prices over 50,000 RMB, confirming the importance of these hero SKUs to drive sales in this price segment.



*average price of multiple SKUs

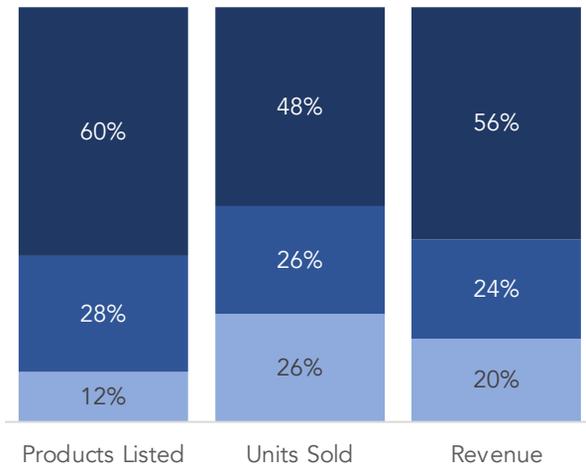
Figure 4: Top 5 products by units sold

Recipe for Success

What lies behind this success of Cartier and IWC? Unpicking the composition of their merchandising strategy we see two very different approaches to succeed on Tmall.

IWC

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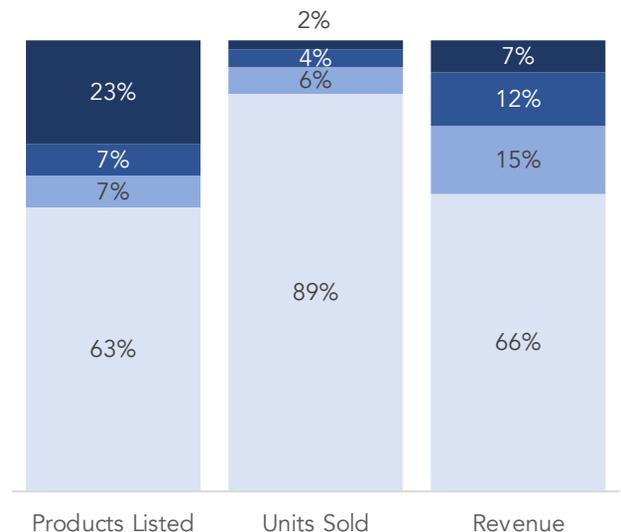


IWC have the majority of their listings, units sold and revenue generated in the 50,000+ RMB segment. With entry-level products above 30,000 RMB, they use their small, yet focused portfolio in this range to push consumers up into their 50,000+ RMB hero products.

Cartier

Cartier has a wider range of products in its portfolio, from entry level below 10,000 RMB all the way up to over 50,000 RMB. Around 60% of its portfolio on Tmall is below 30,000 RMB, representing also the largest contribution to revenue (66%) and being clearly the main revenue driver on Tmall.

Cartier highest end of its portfolio (priced over 50,000 RMB) contributes only to 7% of their sales on Tmall



Legend – Price breaks in '000 RMB



Source: Re-Hub proprietary data analysis

A look forward

The very fact that over 340 units were sold in one month in the over 50,000 RMB price category on Tmall corroborates that there is potential to sell High-end Luxury online in China.

However, Ultra High-end Luxury segment is complex, with brands opting for different merchandising strategies to address the different drivers of purchase.

As luxury brands' online presence increases, so does data availability. This offers luxury brands a unique opportunity to leverage data-driven insights and competitive intelligence to build a robust merchandising and consumer strategy to maximize the growth opportunities in this increasingly competitive segment in Chinese e-commerce.



About Re-Hub

At Re-Hub we work with luxury brands in China to generate growth opportunities using AI and data solutions.

Contact us today to understand how our on-going monitoring of luxury brands' performance across a wide array of digital channels can help drive fast, efficient and data empowered strategic decisions to unlock growth and gain a competitive advantage in China.

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