



Chinese Consumers Series – Special Report

Chinese middle class millennials' apparel shopping journey

— An exploratory study to understand their shopping behavior, digital interaction, brand preference and technology acceptance

Asia Distribution and Retail
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Key takeaways

Chinese millennials' shopping journey

Pre-shopping

- **Celebrities and KOLs** serve as important sources of inspiration
- Red (Xiao Hong Shu 小红书) is frequently mentioned by millennials, especially those in Shanghai. This app is a one-stop platform to receive new information and review others' comments; it also directs shoppers to relevant shopping websites.
- Window display and decoration of physical stores are getting higher importance these days.

Shopping

- **Trying-on is a critical factor:** Millennials will create their own style after getting inspirations from different sources, yet the buying decision will largely depend on whether the clothes look good on them, and also the price .
- **Shopping at physical stores is unexpectedly more common.** Millennials do enjoy wandering around with their friends; and they enjoy being served in the physical stores too.
- **Price will affect whether they will buy on the spot or online.** Some of them do enjoy the satisfaction feeling of buying on the spot. However, many of them are price-conscious and will check whether there's any discount offered online before making the buying decision.
- Millennials will buy basic and simple items or branded goods online. They prefer to buy on Tmall flagship stores.

Post-shopping

- **Stronger demand for after-sales services for online purchase:** After-sales services for online purchase are usually required when customers get something which is different from their expectation, and they would like to exchange for another item or get a refund. By contrast, demand for after-sales services might not be as strong for purchases made at physical stores because respondents can try on before buying.

Key takeaways (Cont'd)

Perception towards apparel

- Younger millennials like *athleisure* style of clothing. They look for clothes that can show their personality and give them a sense of satisfaction and relaxation.
- Mature millennials like *comfy and stylish* casual wear. Meanwhile, since most of them are white-collar employees, they also look for good quality smart casual clothes.

Brand perception

- Brands that the respondents like are very diverse; many of them like *niche brands* that can reflect their individual personality.
- In general, *I.T, ZARA, Nike and Adidas* are well-liked by Chinese millennials; and foreign brands are preferred because of their stylish, trendy and fashionable design.
- Winning attributes include: trendy and fashionable, value for money, high product variety and great customer experience

Demand for retail technologies

- Overall speaking, millennials think the adoption of in-store retail technologies will contribute to building a better brand image; yet sales associates are still essential in creating a good in-store shopping experience.

Key takeaways (Cont'd)

Younger millennials vs. mature millennials

		Younger millennials (Aged 18 – 25)	Mature millennials (Aged 26 – 35)
Self-identity	Who are they?	Students, and fresh graduates who have just started working for a couple of years	Mainly white-collar working class, some are married with kids
	What kind of clothes are they looking for?	Casual wear or athleisure style of clothing which show their personality and give them a sense of satisfaction and uniqueness	Comfy and stylish casual wear for non-work time, good quality smart casual clothes for working days
Shopping behavior and attitude	Will they prefer shopping online or at physical stores?	Mix of online and offline shopping; offline is still one of the options because trying-on is a critical factor affecting their buying decision.	Mix of online and offline shopping; millennials that have kids are more inclined to shop online as this fits in their hectic daily routines
	What triggers them to buy?	Offline purchase: Touch and feel the fabric Trying-on Online purchase: Deep discounts; much lower price than in physical stores	
	What's their point of view on tech elements in-store?	"Nice-to-have" elements; brands and retailers that adopt advance technologies in-store give them a young, professional, trendy, creative and caring image For apparel shopping, sales associates are more important than technology in contributing to a good in-store shopping experience	
	Which apparel brands do they prefer?	I.T, Nike, Adidas, :CHOCOLATE, BOY LONDON, C&A, GXG, GU, MUJI, Uniqlo	ZARA, H&M, Nike, Adidas, E-Land, Lily
	How do they get themselves up-to-date with fashion trends?	WeChat is the key channel to receive latest fashion information from KOLs and celebrities	
Are they satisfied with the current loyalty programs?	Not really satisfied Most of the loyalty programs offered by apparel brands are not attractive – no big discount		

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Background and Objectives

- Fung Business Intelligence has conducted a consumer research project on Chinese middle class millennials' apparel shopping journey. We aim to explore Chinese middle class millennials' (aged 18-35) pre-shopping, shopping and post-shopping experience, and their expectation from brands at different stages of their shopping journey – including brands' digital interaction, retail technologies as well as sales and customer service offerings. We also identify the key brand attributes important to millennials, and the performance gaps of apparel brands.

WHY?

- Chinese millennials have become “super consumers” – one of the most promising consumer groups and targets of many brands.
- Their upbringing, values, attitudes and lifestyles will have a significant impact on their expectation towards brands in their shopping journey.

HOW?

- Through qualitative focus group discussions in Shanghai and Wuhan and a quantitative survey covering five tier-1 and tier-2 cities in China.

Focus group research methodologies

- In late August and early September 2017, Fung Business Intelligence conducted a focus group study to explore Chinese middle class millennials' apparel shopping journey and identify the key brand attributes important to them, as well as their views towards the retail technologies. This report summarizes the major findings of the focus groups.
- Four focus group discussions were conducted in Shanghai and Wuhan; two groups per city (one younger group with respondents aged 18-25, and one older group with respondents aged 26-35). There were six respondents for each focus group.

Screening criteria for our focus group respondents

- Aged 18 – 35
- Mixed male and female (ratio: 2:4)
- Spend at least 1,000 yuan (Shanghai) and 800 yuan (Wuhan) on apparel per month
- Purchase apparel at least once per month
- Middle to high monthly household income in their city (Shanghai: 15,000 yuan; Wuhan: 10,000 yuan)
- Willing to spend on apparel and accessories
- Decision maker of apparel

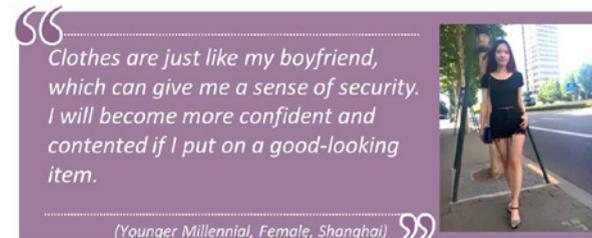
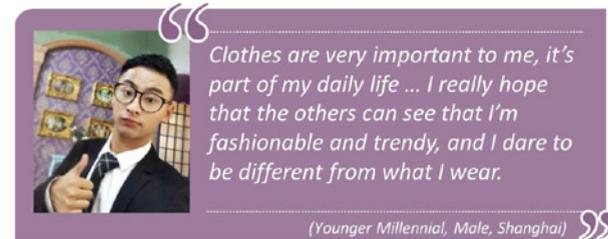


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Chinese millennials' perception towards apparel

- Most respondents stated that apparel is their good companion, and is part of their daily life.
- Stylish clothing can improve their appearance, e.g. taller and slimmer.
- The clothes they choose can represent their personality, personal taste and status.
- Different clothing styles for different occasions, e.g. business casual attire for work, more casual and sporty outfit when not working. Overall speaking, they prefer athleisure (运动休闲) and simplistic (简约) styles.



Chinese millennials' dressing style

- Younger millennials like casual wear or sportswear the most, i.e. athleisure style of clothing. They look for clothes that can show their personality and give them a sense of satisfaction and relaxation.
- Mature millennials like comfy and stylish casual wear. Meanwhile, since most of them are white-collar employees, they also look for good quality smart casual clothes.

Younger Group (18-25 y.o.)			Mature Group (26-35 y.o.)		
Style	Perception	Representative brand	Style	Perception	Representative brand
Casual/athleisure style	Relax, free, young, little sexy	Hollister, A&F, ZARA, Vans Nike, Adidas, Converse, New Balance	Casual/athleisure style	Comfortable	I.T, Uniqlo, ZARA
Formal/OL	Suit, skirt	ZARA, GXG, K-Boxing	Smart casual	A little loose, comfortable, good quality	E-Land
Sweet style/ Gentle Lady	Lovely, soft, elegant	Ochirly	Formal	Business activities, customized	Zegna, GXG
Mix & Match style	Free	Levis, Adidas Originals	Simplistic	High efficiency, simple, agile	--
Street style	American style, cool, pursue excitement,	H&M, C&A			
Hip hop	Trendy, with hoodie	AAPE, Adidas Originals, :CHOCOLATE, Boy London			

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Chinese millennials' apparel shopping journey – Overview



Pre-shopping

Chinese millennials' shopping journey



Celebrities and Internet KOLs serve as an important source of inspiration for styling

- All respondents perceived celebrities and Internet KOLs (“Wang Hong” 网红) as trendsetters. They like to follow their Weibo and WeChat public account to keep themselves up-to-date with the latest trends, as well as entertainment news.

► Search street look in Taobao of celebrities



Celebrities often post their “street look” and “airport look” on their Weibo account. Bloggers also like to post the brands that celebrities wear. I will not buy the same items that the celebrities wear and use. Instead, I will search for the brand and see if there are any similar items that I like ... clothes of the same brands usually have similar style.

(Younger Millennial, female, Shanghai)

► One of the Weibo Post from a KOL



A lot of Internet KOLs have their own brands, mainly apparel brands; some of them have even launched their own cosmetics and skincare products. The KOLs will publish styling posts on Weibo and recommend relevant products of their own brands to followers. Hot items are usually sold within seconds.

(Mature millennial, female, Wuhan)

Celebrities and Internet KOLs serve as an important source of inspiration for styling (*Cont'd*)

Celebrities

- Many respondents said they will become outdated if they don't follow the trends led by celebrities. Specifically, they will look out for celebrities' "street look" from entertainment news or search in Taobao.
- However, many of them stated that they will not copy what the celebrities wear; instead, they will be inspired by the style of the celebrities and create their own style.
- Some said that the clothes worn by celebrities are too expensive and often not suitable for their body shape or temperament.
- Actress Yang Mi (杨幂) was cited most by the respondents as a trendsetter; many said she carries items that can be worn in daily life. Other well-liked celebrities include Wu Yifan (吴亦凡) and Lu Han (鹿晗).



Yang Mi, actress

What Yang Mi wears will usually become fashionable; those are usually not very formal items but well-liked by everyone.

(Mature millennial, female, Shanghai)

Celebrities and Internet KOLs serve as an important source of inspiration for styling (Cont'd)



“I think Internet KOLs are closer to us. They will probably buy products from big brands; since many of them may have their own store (selling similar styles of clothes), they are likely to recommend (their) products to followers. The prices of these products are affordable to students or white collar”

(Mature millennial, female, Wuhan)

Internet KOLs

- Most respondents said they like to follow the Weibo or WeChat account of Internet KOLs as they can understand the latest fashion trend better because the Internet KOLs will share their styling tips and also their views on the style of celebrities. They will also recommend similar items that are more affordable for millennials.
- They prefer to buy the items recommended by Internet KOLs, which are usually good-looking and affordable.
- That said, some respondents reflected that the stance of Internet KOLs may not be neutral because some of them do have their own online shops – they may make their recommendations based on what is available in their shop instead of the truly trendy items.

Other sources of inspiration

Fashion-related WeChat and Weibo accounts

- Some respondents said they have followed WeChat and Weibo accounts that regularly provide fashion tips and styling information.

Window display of physical stores

- Window display that shows latest collection and stylish design, eye-catching sales sign, and interior design with a theme is very important, especially for those not very well-known brands

Red (Xiao Hong Shu 小红书)

- The app was mentioned by many respondents in Shanghai. It serves as a one-stop platform for millennials in the pre-shopping stage of their shopping journey.
 - It contains vast amount of information and recommendations covering different categories, such as apparel, cosmetics, and travel, etc.
 - It makes purchase easier— recommendation of Taobao shops selling the items
 - It is real – users’ experience sharing and feedback are available

Brands’ flagship stores on Tmall

- To check out the latest items and also price information (main purpose)
- Will consider buying via flagship store if discount is available

“ I love Weibo, it is like my diary and I will write my diary too... In Weibo, I like to follow Internet KOLs and also entertainment news. I also search for hot gossip news.

(Mature millennial, female, Wuhan)

”

► Weibo Fashion Account



► Red (小红书)

Other sources of inspiration (Cont'd)

TV drama

- Some respondents cited TV dramas (e.g. “Ode to Joy” 欢乐颂) as major source of styling inspiration.

Chit-chatting with friends

- Still consider as one of the main ways to exchange information, especially when shopping with peers. They will look for friends’ opinions and advice when they shop together.

Fashion/trendy magazines

- Some respondents said they like to read fashion magazines; female respondents cited Ruili (瑞丽), while male respondents cited FHM (男人装).

Ads at subway stations:

- Some respondents said they may take a look at advertisements at subway stations.

The clothes worn by both male and female celebrities in local TV drama, e.g. the popular “Ode to Joy” are appealing to me ... They give me some clothing styling tips. I also like the celebrity style in some Korean drama. I think Korean celebrities, especially male celebrities dress in a trendy and fashionable manner. I will pay attention to them.

(Mature millennial, male, Shanghai)

During shopping

Chinese millennials' shopping journey



Offline channel is the preferred shopping channel

- All respondents said that they buy from both offline and online channels, but they prefer to shop in physical stores.

Offline purchase

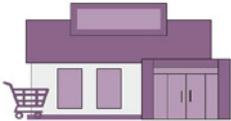
- Can see the color, touch the fabric directly
- Can try on and purchase on the spot
- Can pick up the clothes immediately
- No need to worry about fake products, especially for luxury brands
- Enjoy the in-store service and experience, e.g. free drinks, sofa, etc.
- Enjoy the sense of satisfaction and achievement when shopping in-store
- Items they buy mostly in physical stores: winter clothes such as jackets, and clothes for important occasions.

Online purchase

- Time-saving (especially for working people)
- Convenient (return and exchange policy)
- Various brands and full range of products, size, color, design, etc.
- Frequent promotions especially during shopping festivals (e.g. 11.11 Shopping Festival)
- Ease the pressure from sales associate; no hard sell from retailers
- Enjoy the pleasure of unpacking the parcels (feel like opening gifts)

Some popular shopping channels mentioned by the respondents...

Offline purchase



- Shopping malls (e.g. Wanda Plaza, Raffles City)
- Department stores (e.g. New World department store, AEON, Grand Ocean)
- Brands' own shops (e.g. ZARA, H&M, IT)
- Factory outlets

Online purchase



- Brands' flagship stores on Tmall (e.g. ZARA, IT, Nike)
- Online shop on Taobao platform
- "Daigou" (purchase agent on Taobao and WeChat)

Trying-on is a critical factor in their decision making process

- Trying-on the clothes before buying is important.
 - What look good on celebrities/models may not look good on them
 - Touch and feel of the fabric texture, especially for winter clothes
 - Solicit comments from friends
 - Enjoy the services from the sales associates
- After trying-on, if they like the style and design, they may either buy it immediately at the shop or online, depending on whether discount is offered in online shop.
- If trying-on is not available, most respondents said they will only buy basic items such as T-shirt, shirts, underwear online to avoid any risks of buying wrong items or clothes that do not fit. They will browse comments from buyers, especially comments with pictures (so-called “buyers show” (买家秀)) or from experienced buyers, e.g. Taobao diamond buyers as reference.

“ I think trying-on is necessary, especially when I visit physical stores. I sometimes buy wrong items online ... the real products looked so different from the ones I saw in the website. ”

(Mature millennial, male, Wuhan)



Impulse purchase is the norm

- Many respondents, especially female, find it easier to buy the items they want when shopping without purpose.
- They will go into any stores that look attractive to them, especially store that offer:
 - Seasonal sale/ promotions
 - Great window display that shows the latest collection and stylish design
 - Eye-catching sales sign
 - Interior design with a theme or special lighting

I like to shop impulsively. 90% of the clothes I bought were made subconsciously... If I see the clothes that I like, I will definitely try on it. If I like it and the price is acceptable, I will buy it. I seldom buy clothes on purpose.

(Mature millennial, female, Wuhan)

The size and lighting of the store, as well as the attractiveness of the clothes displayed on the mannequins are all important factors. If they are attractive to my eyeballs, I will go into the store to have a look.

(Younger millennial, female, Shanghai)

When I see new arrival clothes with stylish design, clothes on sale or clothes that are suitable for me, I will have the impulse to purchase.

(Mature millennial, female, Shanghai)

Sales associates make a difference for in-store shopping experience; while timely service is critical for online purchase

Offline shopping – provide semi-self-service

Many respondents believe that in-store sales associates will definitely help create a desirable shopping experience:

- They need a helper but not a salesperson.
 - Over-enthusiastic selling and recommendations will give them pressure, or even spoil their mood of shopping.
 - Customers want to feel at ease while doing shopping. They expect sales associates to be there when needed; but not following them all along.
- Sales associates need to be warm, friendly and customer-focused. They need to be attentive and responsive to customers' needs, e.g. to find out relevant sizes for customers almost immediately after the customers raise their requests.

Online shopping – provide more timely service

All respondents expect timely services from e-tailers:

- They expect quick responses whenever they have queries, such as checking sizes or colors, and status of delivery, etc.
- Many respondents are quite satisfied with the current return and exchange policy, but it would be better if the delivery time can be shortened, especially for goods with advance payment.

Post-shopping

Chinese millennials' shopping journey



After-sales services are particularly important for online purchase

- Compared to online purchase, demand for after-sales services might not be as strong for purchases made at physical stores because respondents can try on before buying. After-sales services for online purchase are usually required when they get something which is different from their expectation, and they would like to exchange for another item or get a refund.

Offline purchase

- After-sales services most sought-after include:
 - Exchange or refund if there are quality issues
 - Hemming pants to correct length
- Apparel brands that provide good after-sales services include ZARA, Uniqlo and GU
- Attitude of sales associate is also very important
- Some practical information are expected from sales associates e.g. the proper way to wash overcoat

Online purchase

- After-sales services for online purchases are mostly related to product exchange and refund due to wrong size, quality and style problems
- Free delivery for returning the items is expected
- Fast exchange and refund service is expected; poor service will stop them from visiting the store again

Current loyalty programs are not very attractive



- Many respondents commented that most loyalty programs offer 5% discount at most, which is not attractive to them.
- Most of them have joined the membership of some apparel brands; however, it won't motivate them to re-visit the brand's store more often.
- In general, respondents' expectation towards loyalty program include:
 - Deep discount
 - Points redemption system: Can accumulate points after each purchase and use those points to redeem gifts or deduct cost for next purchase
 - Offer some practical services like washing thick coats in winter, etc.
- At present, e-card is the norm. However, in Wuhan, some respondents mentioned that many brands still use membership card instead of e-card.
- Many respondents expect more interaction between brands and their members, such as sharing latest fashion trends and new arrivals on WeChat.

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Most preferred brands

- Most respondents prefer foreign brands to local brands. They love the stylish, trendy and fashionable design of foreign products.
- Brands in the following four categories are most favored by the respondents; these brands can reflect their lifestyles – trendy and health-conscious, mobile and technology-savvy.



Electronic Products

- ✓ *Samsung: Fashionable design*
- ✓ *Sony: Delicate design*
- ✓ *Apple: Creative and novel, high-tech*
- ✓ *Huawei: Exquisite design*



Fitness and Travel

- ✓ *Tongcheng Travel: Professional*
- ✓ *Lvmama: Good after-sales services, high satisfaction*
- ✓ *Will's: value for money, many stores*
- ✓ *Physical: Professional*



Automobile

- ✓ *Porsche: High-end*
- ✓ *Tesla: Trendy, tech*
- ✓ *Ferrari: Leading position*
- ✓ *Honda: Fashionable, good looking style*



Cosmetics

- ✓ *Tom Ford: Simple and generous, good quality*
- ✓ *YSL: Trendy and diligent*
- ✓ *Lancôme: France, romantic*
- ✓ *Estee lauder: High-end, professional*

In the apparel sector, ZARA, I.T., Nike and Adidas are the favorite brands for Chinese millennials

- Brands that the respondents like are very diverse; many of them like niche brands that can reflect their individual personality.
- Overall speaking, fashion brands I.T. and ZARA, and sportswear brands Nike, Adidas are the brands favored by the respondents. Major appealing attributes of these brands include: trendy and fashionable, value for money, high product variety and great customer experience.

I.T.

“

I think I.T. is trendy, stylish and avant-garde, suitable for young people. It provides a large variety of products under one roof.

(Mature millennial, female, Wuhan)

”

- **Trendy & stylish** (买潮流), **avant-garde** (前卫), **novel styles**
- Suitable for **young** people
- Provides a **large variety of apparel brands** under one roof

Z A R A

- Popular
- Spanish brand
- Value for money
- **Covers a wide variety of items** for different occasions; good for leisure or work
- Suitable for a large age range
- Trendy (Wuhan respondents); but Shanghai respondents thought it has become less fashionable nowadays

NIKE

“

Nike is a professional sports brand ... it is young and fashionable. The brand has frequent product refreshment cycle and its products are of good quality and are durable. Staff are responsive, providing me with good in-store experience.

(Young millennial, female, Wuhan)

”

- Professional sports brand
- **Young and fashionable** (时尚感, 走在流行的前端)
- Durable/ good quality
- Frequent product refreshment cycle
- Good in-store experience (staff are responsive)

adidas

- **Young and fashionable**
- Good design and craftsmanship
- Innovative: **Cross-over** with different brands
- Spokespersons chosen are hipsters and influential e.g. Angelababy
- Apparel items can easily be mixed and matched
- Suitable for different occasions
- A brand with elements of sports, casual and fashion
- “A brand for people like me”

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Technology-related concept testing – background

Recently, the apparel sector has become more technology-driven, e.g. Suning opened its first unmanned store equipped with RFID and AI-powered facial recognition systems in Nanjing; and Adidas launched “Knit for you”, a made-to-order pop-up store using augmented reality (AR) technology in Berlin in March, etc.



Adidas opened a pop-up shop in Berlin earlier this year (currently closed) which offers made-to-order sweaters based on the results of a body scan and AR pattern creation undertaken within the shop. (<http://adidasknitforyou.com/>)



Suning opened its first unmanned store “Suning Sports BIU” in Nanjing in August this year. The store mainly sells sportswear and sporting goods and is equipped with RFID and AI-powered facial recognition systems. In the first month of operation, nearly half of its customers were post-90s generation (48.8%); male customers accounted for 42.7% and female customers 57.3%. The facial scan would take no more than 15 seconds to complete the process under normal circumstances.

To see whether millennials are ready for all these technological innovation, we presented four technology concepts adopted by apparel brands and retailers in China and other countries. These concepts are:



Concept 1: 3D body scanning with AR technology



Concept 2: Guided shopping experience with virtual reality (VR) technology

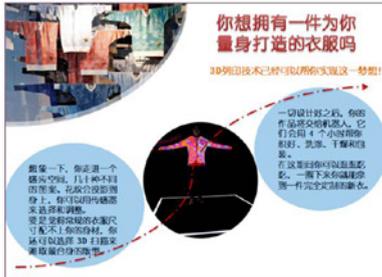


Concept 3: Shopping at unmanned store



Concept 4: Virtual mirror for trying-on

Overall speaking, millennials think in-store technological elements will contribute to building a better brand image; yet sales associates are still essential in creating a good in-store shopping experience



Concept 1: 3D body scanning with AR technology



Concept 2: Guided shopping experience with Virtual Reality (VR) technology



Concept 3: Shopping at unmanned store



Concept 4: Virtual mirror for trying-on

Overall perception of the four concepts:

- Respondents did not have strong reactions (either positive or negative) towards the concepts. That said, they expressed that brands and retailers that adopt advance technology in-store give them a young, professional, trendy, creative and caring image; and this is more relevant to sportswear brands.
- Some respondents commented that sales associates are more important than technology in contributing to a good in-store shopping experience when shopping for clothes. In-store technological elements can enrich the overall shopping experience to a certain extent and they are particularly useful for checking size and color availability, providing styling recommendation and settling payment.

Concept 1: 3D body scanning with AR technology



你想拥有一件为你量身打造的衣服吗

3D列印技术已经可以帮你实现这一梦想!

想象一下,你走进一个感应空间,几十种不同的图案、花纹会投影到身上,你可以用传感器来选择和调整。要是觉得常规的衣服尺寸配不上你的身材,你还可以选择3D扫描来测取最合身的版型。

一切设计好之后,你的作品将交给机器人,它们会用4个小时帮你织好、洗涤、干燥和包装。在这期间你可以逛逛吃吃,一圈下来你就能拿到一件完全定制的新衣。

Respondents like this made-to-order service because the clothing items are uniquely designed for them, and totally fit into their individuality mindset.

Likes:

- ✓ Body scan helps design and manufacture the clothing items which is 100% fit to any body shape
- ✓ Respondents can get an item which truly belongs to them; this helps enhance their brand loyalty

Dislikes/ Concerns:

- × Suitable only for producing basic items such as T-shirt with simple patterns
- × Selling price of the item that uses 3D body scanning service would be much higher
- × Long queues, especially when the service is first launched
- × Fewer number of sales associates because customers can do the body scan themselves

To fine-tune the concept:

- Allow some minor adjustments on design, or size of the items
- Provide delivery service

Suitable for:

- Brands: trendy brands, sportswear brands, fast fashion brands that provide simplistic clothing
- Customers: Designers, younger millennials

Concept 2: Guided shopping experience with virtual reality (VR) technology

戴上简单的 VR 纸盒眼镜

足不出户也能身临其境地购物! ?

瞬间穿越到纽约梅西商场



你可以随意在商场内自由走动, 通过简单目光注视, 就能轻松操作购物流程。

触控、凝视、点头、语音, 支付宝付款, 轻轻松松梅西商场心仪商品就到家了。

Likes:

- ✓ The virtual experience makes shopping more fun and enjoyable

Dislikes/ Concerns:

- × VR is only a gimmick; customers may only try it once
- × Can only do the shopping alone, without any companion
- × Similar to online shopping, consumers cannot touch and feel the products before buying; and product authenticity is still a concern
- × Wearing VR glasses for a long time would bring fatigue feeling

Suitable for:

- Brands: Good for designer handbag brands or fast fashion brands; it is very good for brands which do not have a lot of stores in China.
- Customers: shoppers who do not enjoy shopping or cannot go out for shopping

VR shopping is fun but it is just a gimmick, which may not provide a strong enough incentive for them to do VR shopping again.

Concept 3: Shopping at unmanned store



自助购物的时代来啦!

开开心心逛街，导购亦步亦趋，是不是好想她消失呢？

人脸识别和RFID射频技术帮你解决这一困扰!

近日，苏宁第一家无人店“苏宁体育Biu”正式对外营业：

1. 下载APP，扫描二维码绑定人脸
2. 走到门口，上方会有一台人脸识别的设备，只需抬头站立片刻，设备自动识别顾客信息，就可以进店
3. 店内商品都采用电子标签显示价格
4. 选好商品，直接拿走结算，在结算区域上方同样有人脸识别设备，手持商品，在该区域站立片刻，即可结账，走出。

怎么样，这样是不是方便自在很多呢？



Likes:

- ✓ Customers will feel more at ease while doing their shopping because there's no sales associates following them

Dislikes/ Concerns:

- × Personal service is important, especially when there are a lot of trying-on; customers may need someone to find the right size and color of clothes or similar items for them
- × Facial recognition technology is a concern if shoppers have twin siblings or there are other people who look similar to them

To fine-tune the concept:

- Still need someone to guide them through the process or quickly clear the items that they have tried on

Suitable for:

- Brands: Sportswear brands such as Adidas
- Customers: Younger millennials

This may be more applicable to non-apparel sectors; when shopping for clothes, most shoppers still want to have sales associates to standby during trying-on.

Concept 4: Virtual mirror for trying-on



Likes:

- ✓ Virtual mirror offers a fun and enjoyable experience (more to female respondents)
- ✓ It is useful, convenient and time-saving:
 - When one needs to try on a lot of items
 - Especially suitable for winter times when changing clothes is troublesome
 - Can be used as a screening tool before actual trying-on

Dislikes/ Concerns:

- × Not very attractive to male respondents because they prefer the actual experience of trying-on

The mirror can be used to screen out some of the potential items before actual trying-on, making the trying-on process more convenient and time-saving.

1 / Research background, objectives and methodologies

2 / Key findings from focus groups

a / Perception towards apparel

b / Chinese millennials' shopping journey
– Pre-shopping
– During shopping
– Post-shopping

c / Brand Perception

d / Technology-related concept testing

e / Ideal apparel shopping journey

3 / Next steps

Ideal apparel shopping journey – overview

- **Not describing the shopping experience as an entire “journey”**
 - Focus on aspects that they care most and those require more improvements
- **Prefer offline purchase to online purchase**
 - Offline purchase allow customers to try on the clothes and enjoy the sales services
 - Online purchase still have problems of poor quality products, return/exchange of products, having to wait for delivery, etc.
- **Focus on needs that are quite basic but are unmet**
 - Mostly with shopping experience at physical stores
 - Less requirements from online sites
- **Weak demand for the adoption of retail technologies**

Ideal apparel shopping journey



Pre-shopping

- **Information search:** Able to find flagship stores or overseas buying websites easily
- **Communications:** inform customers when there are new arrivals via WeChat



During/ Post-shopping

- **Prefer offline purchase to online purchase**
 - Offline purchase allows customers to try on the clothes and enjoy sales services
 - Online purchase still have problems of poor quality products, return/exchange of products, having to wait for delivery, etc.
- **Weak demand for the adoption of retail technologies**
- **Online purchase:**
 - Offer products that match with product description
 - Make it easier to compare pricing of different products within the same category
 - Have more user reviews for reference
 - Timely responses to enquiries
 - Delivery within 48 hours
 - Offer 7-day return and exchange policy
 - Offer discounts
 - Provide pick up service of return products



- **Offline purchase:**
 - Enjoy being served by the sales associates. Sales associates, as the ambassador of the shop, should be
 - Polite, not too pushy
 - Familiar with all the products and provide information on new arrivals, styling and also washing methods for different types of fabrics
 - A wide range of clothing items available for mix-and-match
 - Spacious fitting rooms with right temperature
 - Can have some self-service elements such as Internet-connected devices to check availability of sizes and colors
 - Offer promotional offers and discounts
 - Offer a variety of payment methods
 - Good packaging for goods bought

1	Research background, objectives and methodologies
2	Key findings from focus groups
a	Perception towards apparel
b	Chinese millennials' shopping journey <ul style="list-style-type: none">– Pre-shopping– During shopping– Post-shopping
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d	Technology-related concept testing
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3	Next steps

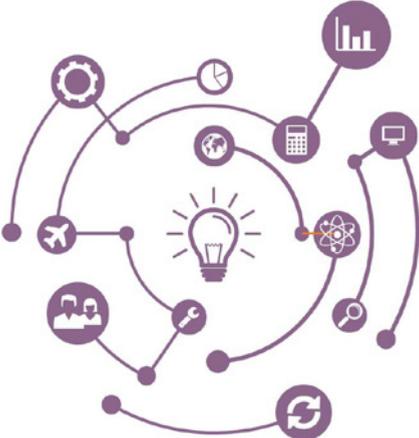
Next Steps

- After completing the qualitative phase of the consumer study, we will move on to the quantitative phase. Insights gathered from the qualitative phase will be used and also quantified to understand the potential impact on business planning and further actions.
- Please stay-tune for our final report with findings of the quantitative research and implications for business.



About Fung Business Intelligence

Fung Business Intelligence tracks, analyses and reports on developments in sourcing, supply chain, distribution and retail with a focus on China and other economies in Asia. As a market research arm and knowledge bank of the Fung Group, it also leverages unique relationships and information networks to provide the Group's companies and their clients with consulting services to assist day-to-day decision making. Headquartered in Hong Kong, Fung Business Intelligence was established in the year 2000.



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