

Revisiting the luxury market in China

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I. Overview

1. Luxury sales remained strong in 2011; China's luxury boom is expected to continue over the next few years

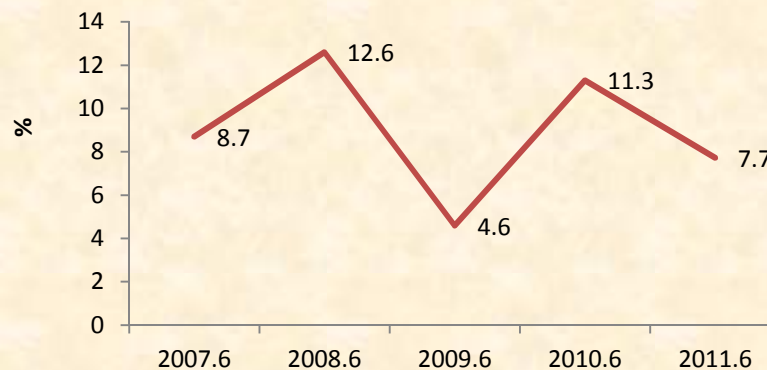
- According to the World Luxury Association (WLA), annual luxury sales (excluding private high-end jets, yachts and vehicles) in China increased more than twofold from 3.5 billion USD in 2002 to 12.6 billion USD in 2011, accounting for a 28% share of the annual sales of the global luxury market.
- Bain & Company anticipated that:
 - Global luxury sales* will reach 191 billion euros in 2011, up by 10% year-on-year (yoy).
 - Luxury sales in China are projected to reach 12.9 billion euros (~110.8 billion yuan).
- It is expected that demand for luxury goods in China will remain strong and the number of luxury consumers and dollar spent on luxury goods will continue to rise over the next few years.

** The Bain analysis on luxury sales does not include services, hotels, restaurants, alcohol, luxury cars, yachts, and private jets.*

2. Growth in luxury retail prices slightly eased in 2011

- According to Hurun, China's Luxury Living Index* was 7.7% in June 2011, down by 3.6 percentage points (ppt) yoy.
- The Luxury Living Index was 1.3 ppt higher when compared with the national consumer price index in the same period.
- Price increases in luxury goods such as yachts, private jets, cosmetics and luxury real estate were most notable.

Exhibit 1. China's luxury living index, 2007-2011



Source: Hurun, June 2011

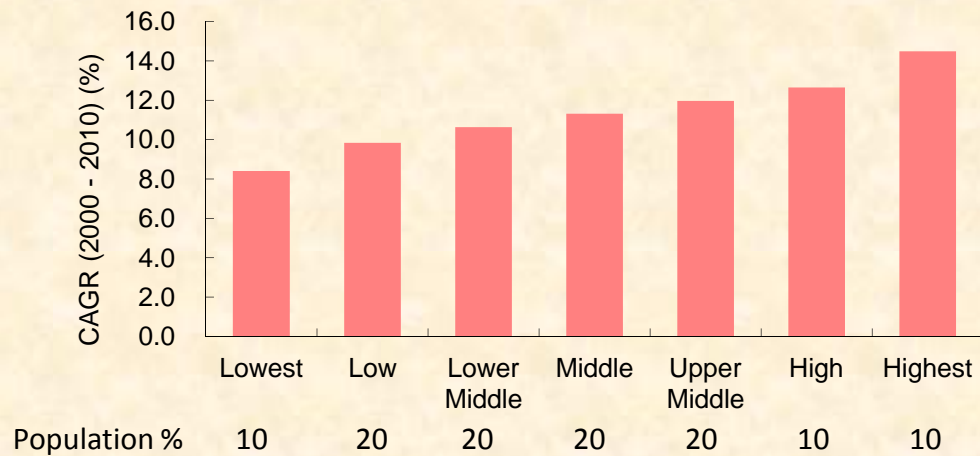
* The Luxury Living Index compares the annual price changes of a basket of 61 luxury goods and services, including real estate, automobiles, watches, jewelry, tobacco, education, clubhouse memberships, and vacations from the period between June 1, 2010 to June 1, 2011.

II. Solid fundamentals of China's luxury market

1. Rapid increase of household disposable income

- ❑ The standard of living in China has improved significantly; household disposable income has grown consistently over the years.
- ❑ Growth has been most prominent in the highest income segment, followed by the high income and upper middle income segments, all registering double-digit compound annual growth rates (CAGR) of 14.5%, 12.7% and 12.0%, respectively from 2000 to 2010.
- ❑ These groups of individuals often have a voracious appetite for luxury goods and are the biggest luxury spenders.

Exhibit 2. Growth in household disposable income, 2000 – 2010



Source: National Bureau of Statistics of China (NBS)

2. Number of rich and affluent is on the rise

- According to the *Hurun Wealth Report 2011**, there were 960,000 wealthy individuals with personal wealth of 10 million yuan or more in 2010, up by 9.7% yoy.
 - Among these, 60,000 possess personal wealth of 100 million yuan or more and 4,000 are billionaires.
 - In 2010, Beijing had the highest number of wealthy individuals, followed by Guangdong, Shanghai, Zhejiang, Jiangsu and Fujian.
- The *Asia-Pacific Wealth Report 2011* by Merrill Lynch and Capgemini reported that the number of high net worth individuals (HNWIs**) in China grew by 12.2% yoy to 535,000 in 2010.
- Among other Asia-Pacific countries and regions, China came after Japan to have the second-largest HNWIs population.

**The Hurun Wealth Report takes into account all private wealth, including privately held businesses, private residences, and art collections in addition to investable assets. The 2011 report refers to statistics from December 2010.*

***HNWIs are defined as those having investable assets of US\$1 million or more, excluding primary residence, collectibles, consumables, 8 and consumer durables.*

3. Burgeoning middle class continues to be a strong force

- ❑ The burgeoning middle class* is another major force driving the demand for luxury goods in China.
- ❑ Unlike other markets where luxury is usually reserved for the rich, China's middle class are ready to pay luxury prices with their new-found wealth and they represent a major source of growth in luxury consumption.
- ❑ Many foreign luxury companies are well aware of the huge potential of the middle class and have been keen to tap into this market. For instance:
 - In February 2012, L Capital, owned by the French luxury goods giant LVMH, acquired 10% equity interest in Ochirly (歐時力), a high-end womenswear brand targeting middle-class women in China.

**According to the definition of NBS, the middle class is categorized as a group of people with an annual income between 60,000 and 500,000 yuan.*

4. Chinese consumers have become more discerning; brands with heritage are more desirable

- ❑ Chinese consumers have become more discerning as their exposure to luxury brands increase.
- ❑ According to the report *Luxury experiences in China* published by KPMG and TNS in 2011, luxury consumers in China have started to develop a good knowledge of brands. They are beginning to appreciate the brands heritage and are making more sophisticated purchase decisions.
 - For example, the British luxury menswear brand Gieves & Hawkes is particularly appealing to Chinese customers as they come to know its long history of offering the British Royal family, British Army and Royal Navy with tailoring and ceremonial uniforms.
 - This understanding has actually triggered sales for the brand as Chinese consumers greatly appreciate the royal association and are more inclined to view the brand as high-class and high-quality.

5. Rapid urbanization generates demand for luxuries; second- and third-tier cities become the new battlegrounds for luxury brands

- According to the NBS, China's urban population stood at 690 million in 2011, representing an urbanization rate of 51.3%. In fact, this was the first time in the nation's history that the urban population surpassed the rural population.
- Frost & Sullivan projected that the urbanization rate would grow at a CAGR of 2.8% from 2009 to 2014, reaching 730 million urban dwellers by 2014.
- The accelerated process of urbanization has contributed to rapid economic growth, especially in the second- and third-tier cities. The rising consumption power in these lower-tier cities has created huge demand for luxury goods.
- The WLA forecast that second- and third-tier cities will be the major battlefields for luxury companies going forward.

6. Trend of trading up continues

- With their rising disposable income, more Chinese customers are keen to trade up and splurge on luxury goods. Meanwhile, luxury goods consumption has increasingly shifted from signs associated with wealth and social status to the pursuit of personal satisfaction and a better lifestyle.
- This trend is well reflected in motivators behind luxury purchases. According to a report by KPMG and TNS in 2011, 54% of the surveyed respondents mentioned that the major incentive to purchase luxury goods was “to reward myself”.

Exhibit 3. Motivators for purchasing luxury goods, 2010-2011



Source: KPMG & TNS, 2011

III. Distinctive features and developments of China's luxury market

1. Generally, the affluent Chinese are younger than their overseas peers

- According to the *Hurun Wealth Report 2011*, Chinese millionaires and billionaires are male-dominated and generally younger than their overseas peers.
 - In China, the average age of individuals who possess assets of more than 10 million yuan is 39, among which 70% are male. Meanwhile, the average age of individuals who own assets of more than 100 million yuan is 43.
- The WLA reported that on average, Chinese luxury consumers are 15 and 25 years younger than their European and US counterparts, respectively. 80% of wealthy individuals in China are below 45 years old, whereas the same group in the US, Europe and Japan accounted for 30%, 25% and 15%, respectively.

2. The “Post-80s and 90s” generation is becoming a strong force driving luxury consumption

- Apart from the rich and affluent, China’s younger generation, the “post-80s and 90s” is another key force driving luxury consumption in China.
- This group possesses a distinctive set of values and buying preferences. They have a strong appetite for luxury and are keen to indulge themselves.
- Although they may not be able to afford luxury goods out of their own pockets, they receive generous financial support from their well-off parents.
- Demand from this segment is strong and should not be overlooked by luxury players.

3. Gifting remains one of the key motivators for luxury purchases

- ❑ The culture of gifting is a strong tradition in China and remains one of the key drivers of luxury consumption.
- ❑ According to *2011 China Luxury Market Study* by Bain & Company, over 20% of luxury consumers purchased luxury goods as gifts in 2011.
- ❑ A survey conducted by Albatross and Ruder Finn revealed that 31% of its respondents bought luxury goods as corporate gifts, while 22% of the respondents purchased luxury goods as personal gifts.

4. Hefty taxes on importing luxury goods; Chinese consumers have a strong preference to shop abroad

- ❑ According to Bain & Company, luxury goods purchased domestically by Chinese consumers only accounted for 41.1% of total luxury spending. Meanwhile, the majority of luxury sales (58.9%) were realized abroad, in which 34.2% was realized in Hong Kong and Macau and 24.7% was realized overseas.
- ❑ Price savings is the main reason that Chinese consumers prefer shopping overseas.
 - For instance, the University of International Business and Economics in China reported that the prices of luxury watches sold in China were 161% higher than those sold abroad.
 - A survey conducted by the Ministry of Commerce (MOFCOM) also revealed that the prices of 20 luxury brands over five categories, namely watches, leather goods, apparel, liquor and electronic products, were found to be approximately 45%, 51% and 72% higher than those sold in Hong Kong, the US and France, respectively.

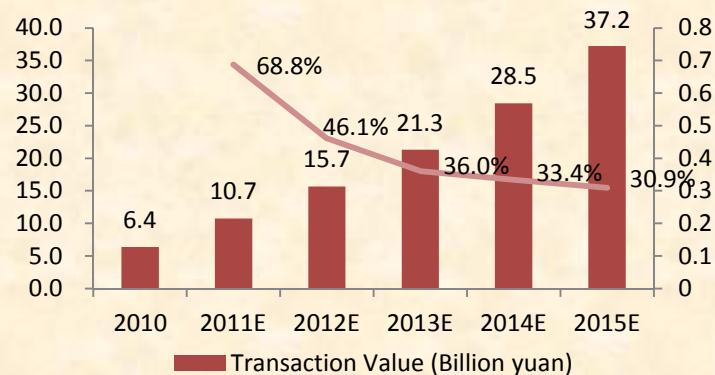
4. Hefty taxes on importing luxury goods; Chinese consumers have a strong preference to shop abroad (cont'd)

- ❑ Main reasons for the significant price differential include:
 - High import duties and consumption tax levied on the import of luxury goods
 - Increasing rental and labor costs
 - High logistics costs due to a relatively less efficient distribution and logistics system
- ❑ The massive consumption outflow due to the price difference of luxury goods has prompted some debate on whether China should reduce import duty on luxury goods.
 - MOFCOM, along with the China General Chamber of Commerce has called for a reduction in tariff rates but no general agreement or specific timetable for the reduction has been reached yet.
- ❑ While luxury brands are keen on receiving a tax cut, whether they will lower their price tag remains questionable. In fact, a number of luxury brands have actually raised their retail prices. For example:
 - The French luxury jewelry and watch manufacturer Cartier increased the prices of 300 of its products by 9% on average
 - Louis Vuitton raised the prices of its products by 6%
 - The prices of Chanel were increased by more than 20%

5. Online luxury retailing is growing fast

- ❑ Shopping for luxury goods online is gaining popularity in China, especially among the younger shoppers. According to iResearch, the transaction value of online luxury shopping (including B2C and C2C) in China is expected to surge by 68.8% yoy to reach 10.7 billion yuan in 2011.
- ❑ iResearch reported that the online sales of luxury goods accounted for 1.38% of total online sales in 2010 and the share is anticipated to reach 1.41% in 2011.
- ❑ Analysys International (易觀國際) is also upbeat about the potential of the online market for luxury goods in China, projecting the transaction value of online luxury shopping to reach 16 billion yuan in 2011.

Exhibit 4. Transaction value of online luxury shopping in China, 2010-2015



Note: The statistics exclude the online sales of luxury products in Hong Kong, Macau and Taiwan, and those realized abroad.

Source: iResearch Inc.

6. Chinese website operators are eager to tap the huge potential of the online luxury market; yet, they are facing considerable challenges

- Eying the enormous potential of China's online luxury market, a growing number of Chinese website operators have started to tap the market.
 - Sina (新浪), the largest Chinese infotainment web portal, has launched a designer brand-oriented B2C website, Sina Luxury (新浪奢品) in August 2011. The site provides an array of high-end products ranging from apparel to jewelry.
 - 360 Buy (京東商城), one of the largest B2C online retailers, also launched a B2C platform (toplife.com) specifically catering to the needs of the luxury segment.

- The growth potential of the online luxury market in China has also lured more venture capitalists pouring investments into online luxury shopping sites in recent years. Examples include:
 - Shangpin.com (尚品網) received an investment of 50 million USD in July 2011.
 - ihush (俏物俏語) and VIPshop (唯品會) also attracted capital injections of 43 million USD and 50 million USD, respectively in the same year.

6. Chinese website operators are eager to tap the huge potential of the online luxury market; yet, they are facing considerable challenges (cont'd)

- ❑ Despite the huge potential of the online luxury market, many challenges still lie ahead. Indeed, jumping on the high-end e-commerce bandwagon too fast may not always be successful.
 - For example, “L.163.com” (网易尚品), operated by one of China’s leading e-commerce companies NetEase (网易), ceased operating its luxury shopping site in December 2011 with less than a year’s operation.
 - Wooha (呼哈網) also stopped the operation of its online luxury site due to internal management issues.
- ❑ Main reasons behind the lack of success of online luxury retailers are:
 - Many luxury brands are very cautious in authorizing selling rights to online platform operators. Some prefer to sell products through their own portals.
 - Luxury shoppers tend to place a higher value on the overall shopping and customer service experience; yet the same shopping experience offered in a boutique is hard to mimic over the internet.
 - The proliferation of counterfeit products also adds to the difficulty of retailing luxury goods online.

7. Increasing influence of social media and digital marketing activities

- ❑ While many popular western social networking platforms including Facebook and Twitter have been blocked in China, similar domestic versions have emerged, examples include:
 - The Twitter-like microblogging service Sina Weibo (新浪微博)
 - Renren (人人網), the Chinese equivalent of Facebook
- ❑ These platforms have enjoyed overwhelming popularity in China and have also become major marketing tools for luxury companies to provide the latest information and updates and interact with their customers.
- ❑ The aforementioned report by Bain & Company stated that social media has become the major channel of information for luxury consumers.
- ❑ Indeed, luxury brands owners believe that digital marketing activities exert a strong influence on the purchase decisions of Chinese consumers.
 - A number of luxury brands, including Louis Vuitton, Gucci, Chanel, Bottega Veneta and Coach have already incorporated social media into their marketing strategy in recent years.

7. Increasing influence of social media and digital marketing activities (cont'd)

- ▣ Nevertheless, social media can also be a double-edged sword if not taken seriously. Brand reputation and image could be severely damaged.
 - In early 2012, the Dolce & Gabbana (D&G) incident triggered controversy in the social media in Hong Kong.
 - The retailer reportedly prevented people from taking pictures outside its store, which sparked angered locals to organize a protest on Facebook; and consequently 1,000 people were gathered outside the D&G store, forcing the brand to temporary shut down the store.

8. Chinese consumers crave luxury items beyond consumer goods; China's luxury car, business jet and yacht markets set to soar

- ❑ Fuelled by rising affluence, Chinese consumers now crave luxury items beyond consumer goods; many of them are showing increasing interest in buying luxury cars, business jets and yachts. Luxury players in these markets, therefore, view China as their main market for growth and expansion.
- ❑ For instance, luxury car manufacturers have been expanding their market share in China in recent years, and the growth momentum is expected to continue.
 - German luxury car Mercedes-Benz reported that its sales in China (including Hong Kong) soared by 112% yoy in 2010.
 - Italian luxury car maker Ferrari said its China sales jumped by approximately 50% yoy in 2010.
 - China is perceived as the largest market for Lamborghini and Rolls-Royce.
- ❑ The soaring China's business jet market is also a case in point. China's Business jet market remains virtually untouched until recently, but it is widely believed that China market will become the major growth market for many global business jet manufacturers in the next decade.
 - In 2010, Boeing sold six business jets worldwide, among which two were sold to China.
 - Airbus' business jet orders from China accounted for 25% of its total jet sales in 2010.
 - Bombardier, the third largest civil aircraft manufacturer, projected that the number of business jets in China will reach 1,100 aircraft in 2020 and 2,470 aircraft in 2030.

IV. Competitive landscape and strategies of luxury players in China

1. Luxury brands flock to list in Hong Kong to capture the growth prospects of the Chinese market

- ❑ Given the proximity to one of the biggest and fastest growing luxury markets in the world, Hong Kong has become a market of choice for global luxury players as they are making a beeline to list on the city's stock exchange.
- ❑ Clearly, luxury brands view Hong Kong as the best stepping-stone to capture a part of China's booming demand for high-end merchandise. Indeed, luxury brands that have listed in Hong Kong have expanded rapidly in China.
 - L'Occitane, the French organic cosmetics and skin-care company which listed in Hong Kong in 2009, has opened 85 retail stores covering 36 cities in China as of September 2011.
 - The US luxury handbag brand Coach has indicated that China is its third-largest market. It currently has a presence of 70 locations across China as of the end of October 2011 and plans to open 30 new stores in second- and third-tier cities over the next year.
 - Other brands that have expressed an interest in listing in Hong Kong include British luxury brands Jimmy Choo and Burberry, and the Italian luxury menswear brand Ermenegildo Zegna, according to media reports.

2. Luxury brands continue aggressive store expansion; lower-tier cities are becoming popular destinations

- ❑ Luxury brands have been rushing to China like bees drawn to honey. They are keen to develop stronger retail network in strategic locations. Today, most of the luxury retail stores operate in China's most competitive cities.
 - For instance, top-tier cities such as Shanghai and Beijing have attracted the largest number of luxury players.
- ❑ Besides stepping up expansion in top-tier cities, luxury companies are also expanding fast in the lower-tier cities, where demand and brand awareness has been growing strongly.
 - Hangzhou, Shenyang, Chengdu, Kunming and Harbin are popular destinations for luxury brands; Taiyuan and Zhengzhou are also luring a number of luxury players to open stores.
 - In fact, Kent & Curwen's new store opening in Jinjiang of Fujian province reflects the fact that luxury brands are confident of the strong purchasing power of consumers in lower-tier cities.

(See Appendix for the retail network of selected luxury retailers in China.)

3. Chinese investment in the luxury sector is on the rise

- ❑ Currently, the luxury market is still dominated by foreign players. Only a few homegrown luxury brands have gained international recognition, examples include:
 - The Chinese menswear brand Trands (创世)
 - The luxury fashion brand Shanghai Tang (上海滩)
- ❑ While domestic brands are yet to establish a strong foothold in the luxury market on its own, Chinese enterprises are now looking into alternative ways of gaining share in the market. One popular option favored by the domestic enterprises is to acquire stakes in international luxury brands.
 - For instance, Fosun International (复星国际), one of the largest privately owned conglomerates in China, acquired a 9.5% equity stake in the Greek jewellery retailer Folli Follie in May 2011, becoming one of its largest strategic investors
 - Hong Kong businessman Peter Woo (吴光正) and his family bought a 8% stake in the Italian fashionhouse Salvatore Ferragamo in March 2011.
- ❑ We foresee that Chinese investment in the luxury sector will be on the rise.

4. Luxury brands eyeing the kidswear market in China

- ❑ The kidswear market has become the next big thing to watch out for in the luxury world as renowned luxury brands have forayed into this segment.
- ❑ China's one-child policy has seen kids being treated as “little emperors and princesses” by their parents and grandparents, who are more than willing to splurge on their children. The tremendous growth potential of this segment has seen luxury brands launching kids' lines one after another.
 - A number of the ultra-premium fashion houses such as Burberry, Dior, and Armani have already tapped the huge potential of China's kidswear market.
 - Gucci also marked its entry into China's luxury kidswear market in 2011 with its kids collection launched in Shanghai.

5. The launch of “made-for-China” luxury goods catering specifically to Chinese consumers

- ❑ Luxury brands are increasingly aware of the distinctive preferences of their Chinese consumers. Many brands have launched specific products catering to the needs of their Chinese clientele.
- ❑ 2012 is the year of the Dragon in China. The dragon is traditionally viewed as a symbol of power and good fortune. Having an understanding of the symbolic connotation, many luxury brands have launched specially designed products bearing the image of the dragon in an attempt to win the hearts of Chinese customers.
 - The British luxury menswear company Dunhill added a dragon-themed design to its cufflinks.
 - The British luxury automaker Rolls Royce offered a limited edition car for the year of the Dragon.
- ❑ It can clearly be seen that luxury brands see China as one of its most important markets.

6. Custom-made products gaining in popularity as Chinese crave individuality and style

- ❑ Custom-made products, often associated with the elite, give consumers a “one-of-the-kind” feeling and are increasingly gaining popularity in China particularly among the middle-class and the “Post-80s and 90s”.
- ❑ These groups crave individuality and style, expecting to stand out from the crowd, especially in special occasions such as weddings, birthdays and parties.
- ❑ Custom-made products such as suits, watches, jewelry, automobiles and electronic products are high in demand in China.
 - Luxury menswear companies such as Gieves & Hawkes and Ermenegildo Zegna have long been providing custom-made suits to their customers.
 - Other luxury companies offering custom-made service include Louis Vuitton, Chanel, Hermès, Burberry and Cartier, just to name a few.

7. Opening flagship stores in prime locations

- ❑ Building flagship stores is a pivotal marketing tool for luxury players to establish brand presence and promote brand image.
- ❑ The defining characteristics of flagships stores are:
 - Generally located in the prime locations of key cities
 - Large-in-scale and glamorous
 - Usually showcase a comprehensive collection of the brand
- ❑ Opening flagships remained a key trend for premium luxury brands in 2011.
 - The French luxury fashion house Lanvin and the British luxury brand Burberry both opened flagships store in Beijing.
 - The Italian high-end fashion house Max Mara opened its largest Asia flagship store in Chengdu, a second-tier city in China.

V. Appendix

Sales locations of selected luxury retailers in China (as of February 29, 2012)

Rank	City	Aquascutum	Armani	Burberry	Cerruti 1881	Chanel*	Dunhill	D'Urban	Ermenegildo Zegna	Gianni Versace	Gieves & Hawkes	Givenchy	Gucci	Hermès	INTERMEZZO	Kent & Curwen	Louis Vuitton	Prada	Salvatore Ferragamo
1	Shanghai 上海	9	11	4	9	5	8	7	10	2	9	3	5	3	3	7	3	3	6
2	Beijing 北京	8	10	9	10	2	13	5	10	4	8	3	6	4		7	3	3	7
3	Shenzhen 深圳	2	2	2	5		1	3	3	1	4		1	1	1	7	1	1	2
4	Guangzhou 廣州	5	3	2	3	1	2	3	2	1	3			2	2	4	2	1	3
5	Tianjin 天津	3	1	1	2		2	1	2	2	2	1	1			2	1	1	3
6	Dalian 大連	1	1	2	1		1	1	2		1		1	1		1	1	1	2
7	Changsha 長沙	3		1					2				1			2	1		1
8	Hangzhou 杭州	1	3	2	2	1	3	2	5	1	2		2	2	1	3	2	1	3
9	Qingdao 青島	2	2	1	1				1	1		1	1	1		1	1	1	1
10	Foshan 佛山																		
11	Dongguan 東莞																		
12	Suzhou 蘇州	3	1	2	2		1	1	1	1	2	1	1	1	1	2	1		2
13	Shenyang 沈陽	3	2	3	3		3	3	5	1	3	2	1	1		3	3	2	1
14	Wuxi 無錫		1	1	1				1		1	1	1	1	1	1	1		1
15	Nanjing 南京	1	2	1	1		2		2	1		2	1	1		2	1		1
16	Wuhan 武漢	3	1	2	1		3		2		1	1	1			2	1		1
17	Ningbo 寧波	1		1	1			1	1		1		1			2	1		1
18	Xiamen 廈門	3		1	2			2	2		2		1		2	2	1		1
19	Jinan 濟南	3		1	2			1	1		1		1			2			
20	Chengdu 成都	4	3	3	2		5	3	4	1	3	1	2	1		5	1	1	1
21	Hefei 合肥	3		1	1			1	1	1	1				1	1			
22	Dongying 東營																		
23	Baotou 包頭	2			1			1			1					1			
24	Ordos 鄂爾多斯				1			1			1					1			
25	Changzhou 常州	1		1	1								1			1			1
26	Hohhot 呼和浩特	2		1	1				1		1					1	1		
27	Yantai 煙台	1			1						1					1			
28	Zhongshan 中山																		
29	Fuzhou 福州	3		1	2			2	1		2		1		2	3	1		1
30	Chongqing 重慶	4	1	1	2		3	1	1		1		1			2	1		1
31	Xi'an 西安	3	1	1	2			3	1	1	3		1			4	1	1	1
32	Changchun 長春	1	1	1	1		1	1	1				1			1	1		1

33	Zhuhai 珠海																		
34	Harbin 哈爾濱	4	1	2	3		2	2	1	1	2		2	1		2	1	1	2
35	Daqing 大慶																		
36	Zhengzhou 鄭州	2		1	1			1	1	1	2		1		1	2	1		1
37	Yangzhou 揚州															1			
38	Nantong 南通																		
39	Shijiazhuang 石家莊	2		1	1			1	1		1		1		1				1
40	Wenzhou 溫州		1	2	1				1				1				1	1	1
41	Xuzhou 徐州																		
42	Nanning 南寧	2		1	1			1	1		1				2	1			1
43	Zibo 淄博																		
44	Nanchang 南昌	1			1			1			1				1				
45	Zhenjiang 鎮江																		
46	Tangshan 唐山	1			1						1				1				
47	Quanzhou 泉州	1																	
48	Taizhou 泰州																		
49	Kunming 昆明	3	1	2	1		3	1	2	1	1	1	1	1	1	1	2		3
50	Wuhu 蕪湖																		
51	Zhoushan 舟山							1			1								
52	Huizhou 惠州	1			1			1			1				1	1			
...																			
55	Shaoxing 紹興	1					1												
56	Taizhou 台州																		
57	Taiyuan 太原	2		1	2			1	3		2		1		2	1			1
...																			
66	Yueyang 岳陽	1																	
67	Linyi 臨沂																		
68	Jining 濟寧																		
69	Urumqi 烏魯木齊	1	1	1	1			1	1		1				1	1			1
70	Yinchuan 銀川	1																	
...																			
73	Huzhou 湖州	1						1							1				
...																			
76	Haikou 海口	1																	
...																			
79	Xiangtan 湘潭	1																	
...																			
82	Changde 常德	1																	
...																			

86	Zhanjiang 湛江	1																	
87	Jinhua 金華																		1
	...																		
90	Jilin City 吉林				1														1
91	Zaozhuang 棗莊																		
92	Guiyang 貴陽	1		1	2					1	1	1						2	1
93	Lanzhou 蘭州	2			1			1		1								1	
	...																		
99	Handan 邯鄲				1			1		1								1	
100	Panjin 盤錦																		
--	Huai'an 淮安	1						1											
--	Sanya 三亞											1						1	2
--	Yichang 宜昌	1																	
--	Chenzhou 郴州	1																	
--	Dandong 丹東	1			1					1								1	
--	Hengyang 衡陽	1																	
--	Shangyu 上虞	2			1			1										1	1
--	Jinjiang 晉江																		1
	TOTAL	113	50	58	82	9	54	59	73	21	72	18	42	21	18	96	39	18	56

Source: Li & Fung Research Centre, gathered from respective company websites.

Note: The cities are ranked in the order of their respective competitiveness in the Annual Report on Urban Competitiveness compiled by the authoritative Chinese Academy of Social Sciences in May 2011. Cities higher on the list are often perceived as those with higher development potential and stronger economic influence. This table includes the most competitive 100 cities of China in 2011; cities that did not have any selected luxury retailers have been omitted.

*The outlets of Chanel under the category of "Eyewear", "Cosmetics" and "Fine jewelry/watches" are excluded.

For more information

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