

How Can Retail Brands Overcome the crisis of **COVID-19 Outbreak?**

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COSMOSE EXCLUSIVE WEBINAR

How can retail brands overcome the crisis of COVID-19 outbreak?



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Mar 26 Thur. 10AM Paris / 5PM HK

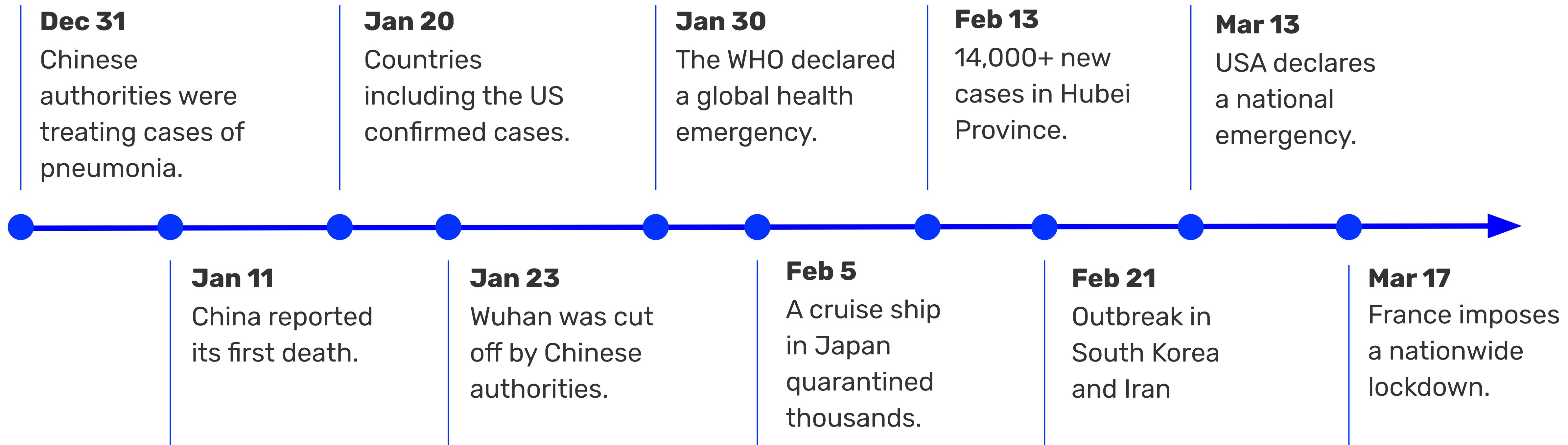


It was predicted that **200 million** Chinese tourists will prepare to hit the road in 2020 and the number of outbound tourists will surpass **7 million** during this year's Spring Festival.

While the novel coronavirus crisis triggers **a complete halt** in Chinese tourist visits and impacted global economy .

THE IMPACT

Timeline and key events



10 p.m. Jan. 23 Beijing time

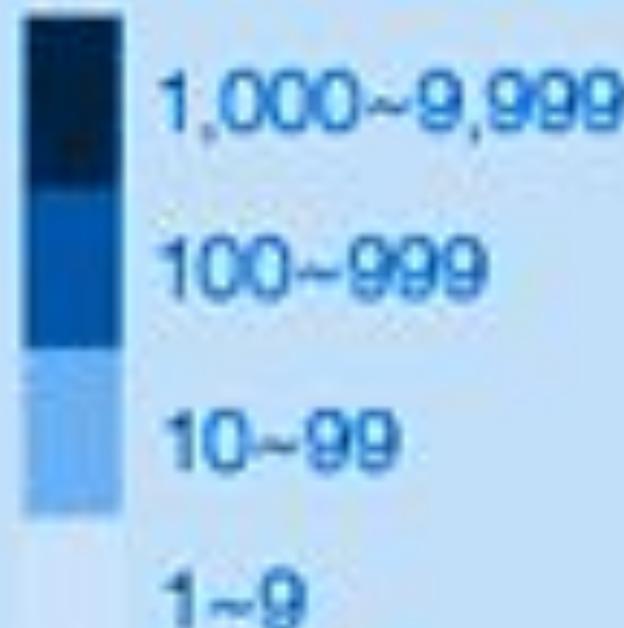
Confirmed in China

609

Deaths

17

Confirmed cases





Total Confirmed

471,518

Confirmed Cases by
Country/Region/Sovereignty

81,726 China

74,386 Italy

69,018 US

49,515 Spain

37,323 Germany

27,017 Iran

25,600 France

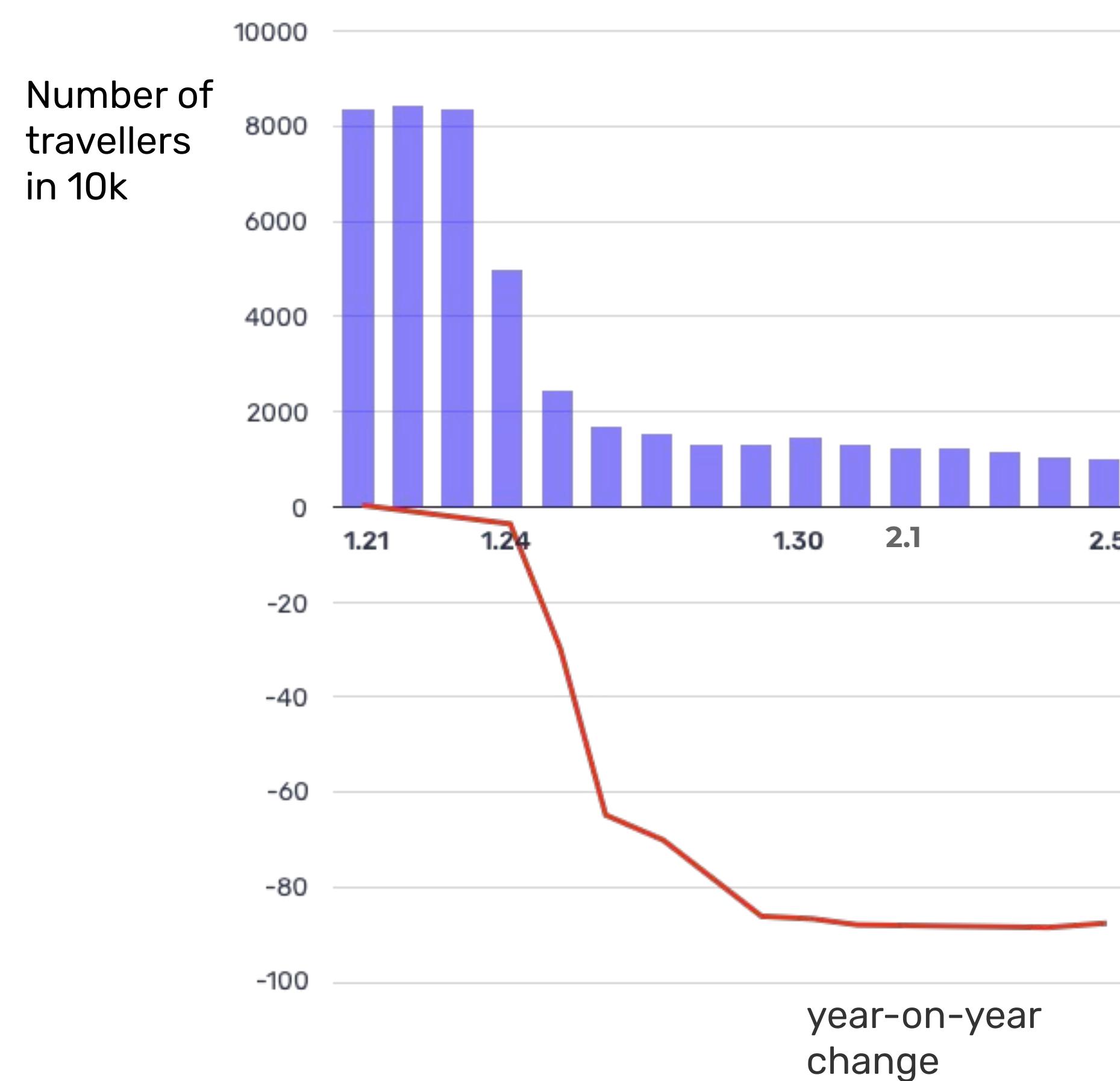
10,897 Switzerland

9,640 United Kingdom

9,137 Korea, South

Plunge in Chinese travellers domestically

Plunge in Chinese travellers during CNY



Starting from New Year's Eve (January 24), the total number of passengers sent by railways, roads, waterways and civil aviation nationwide has dropped significantly compared with the same period last year.

On February 5 (the 27th day of the Spring Festival, the 12th day of the first month), railways, roads, waterways, and civil aviation nationwide sent 11.216 million passengers, down 86.4% from the same period last year.

Chinese travellers ban

 Hong Kong

Jan 28

 Singapore
Jan 31

 Italy

Jan 31

 Australia

Feb 1

 Russia

Feb 1

 New Zealand

Feb 2

 South
Korea
Feb 2

 Philippines

Feb 2

 USA

Feb 3

 Indonesia

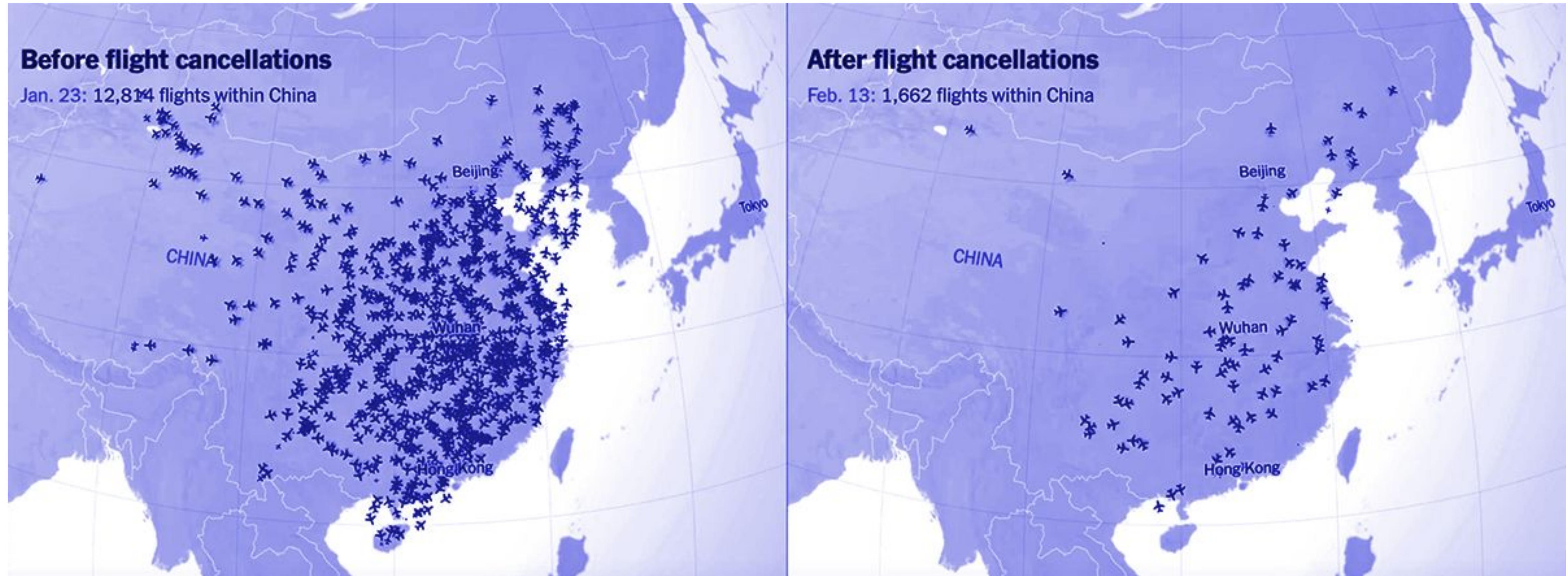
Feb 4

 Taiwan

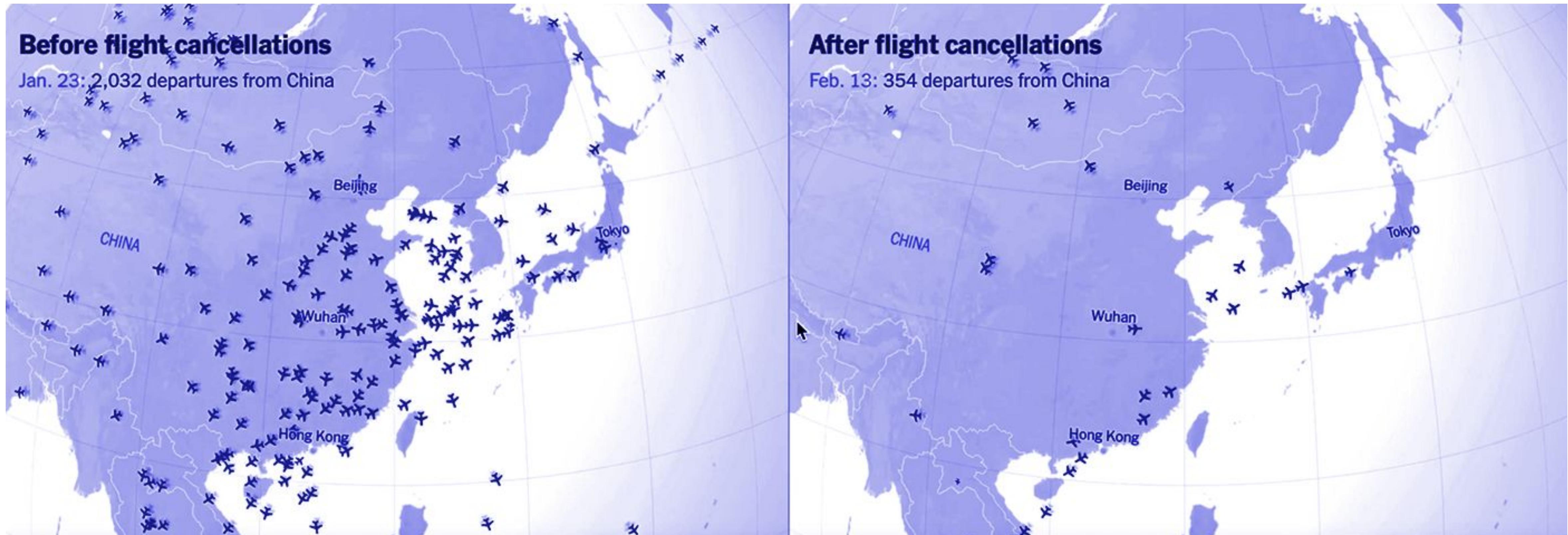
Feb 5

...

Tracking Chinese travellers overseas

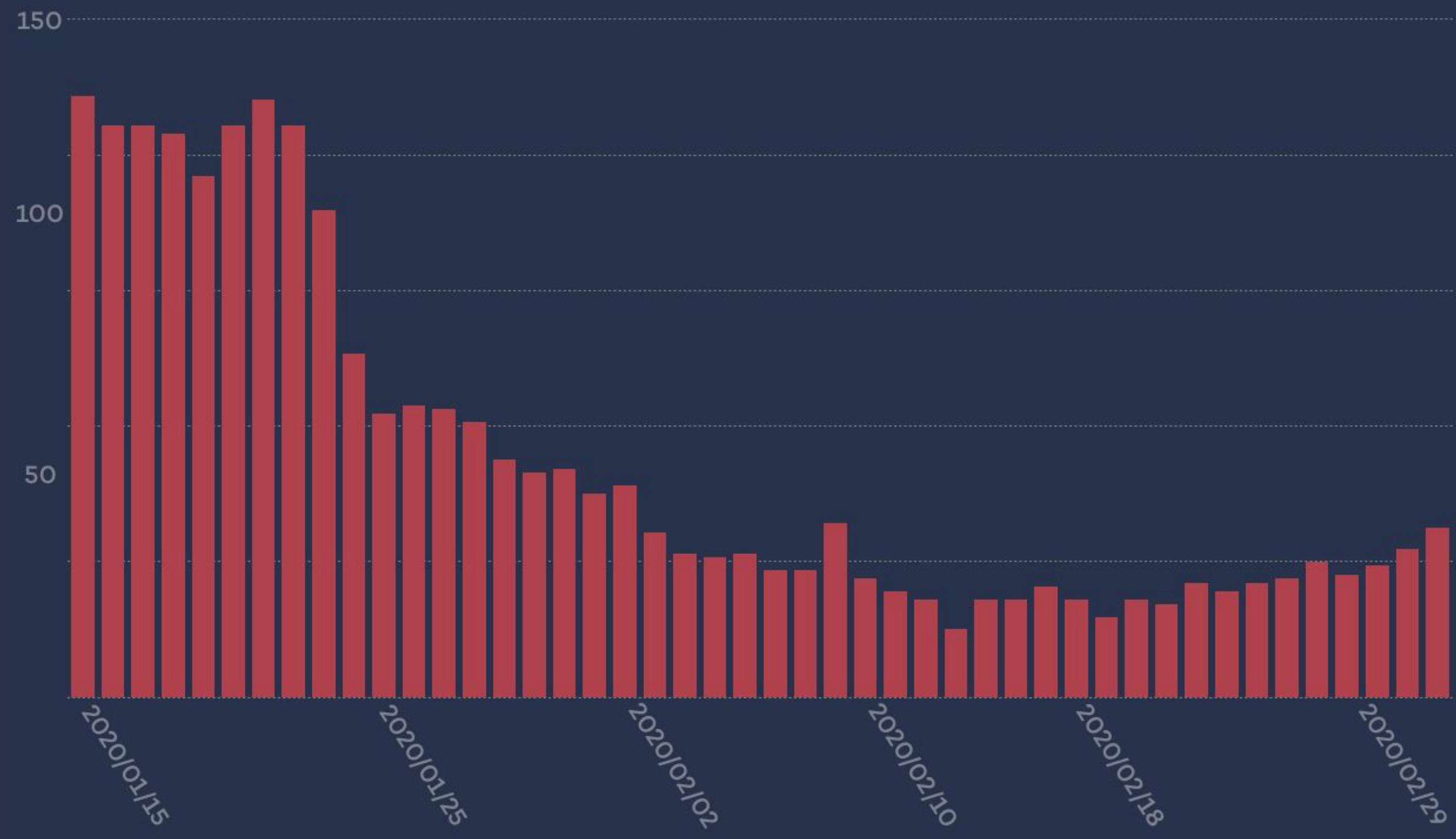


Tracking Chinese travellers overseas



Tracking Chinese consumers in China

Offline **airports** footfall index in China during Coronavirus outbreak



Based on Cosmose data, China airports have witnessed a drop of offline footfall in late Jan as travel restrictions are imposed. In early Feb, there is an upward trend due to overseas Chinese flock home.

74.63% drop in traffic comparing Jan and Feb.

China's daily international flights

International flights



The number of daily departures and arrivals for international flights dropped to less than **800**, from **3300+** from Jan.23 to Feb.13.

China's daily domestic flights

Domestic flights



The number of daily departures and arrivals for domestic flights dropped to less than 2000, from 1,2000+ from Jan.23 to Feb.13.

Daily flights to the top 4 destinations



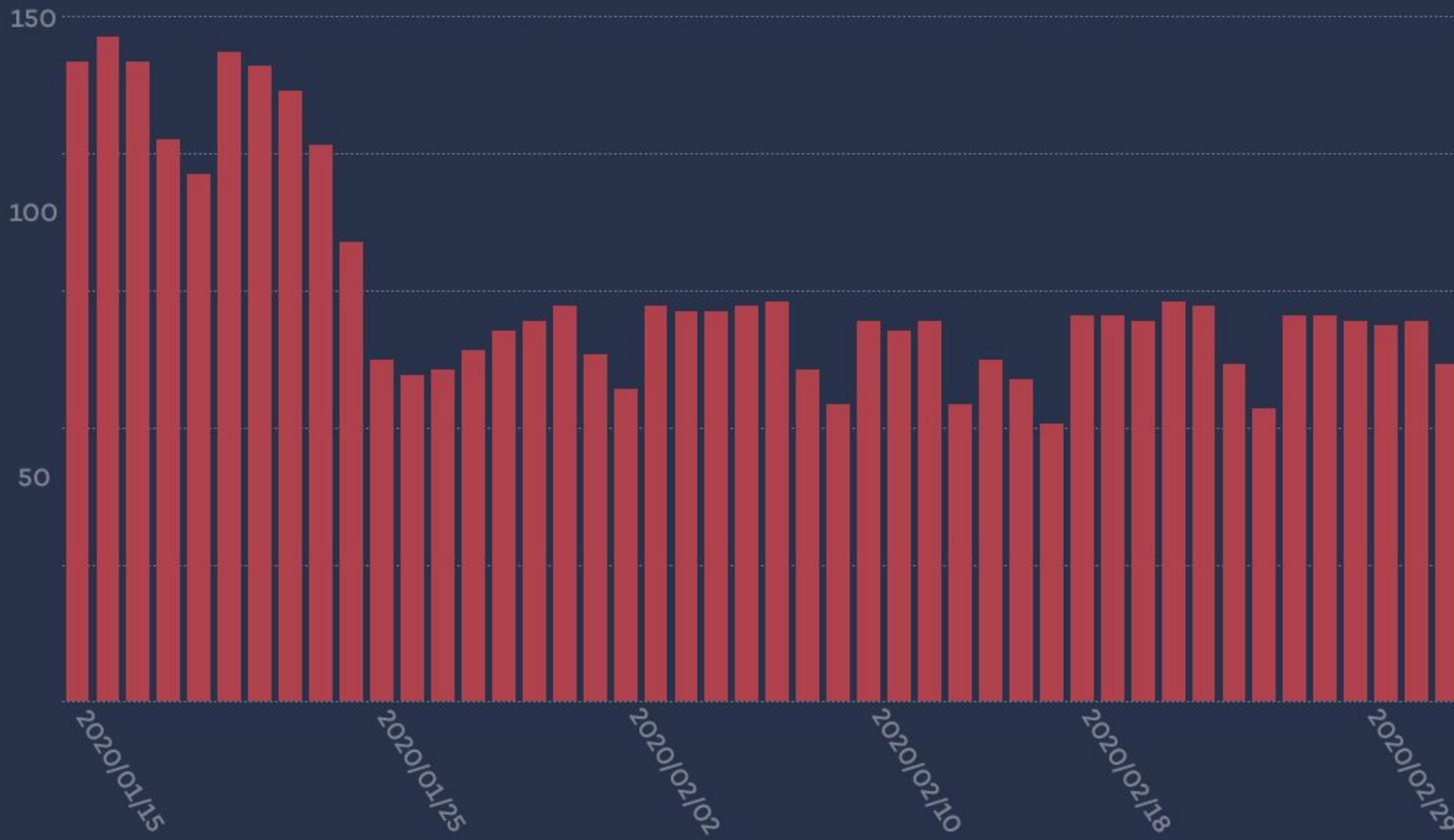
Domestic Impact -



Overall retail sales are being stripped of **\$144 billion** a week, according to China's Evergrande Think Tank

Tracking Chinese Consumers in Hong Kong

Offline **luxury footfall** index in HK during Coronavirus outbreak



Based on Cosmose data,
luxury stores in HK have
seen drop in traffic from late
Jan 2020.

58.94% drop in traffic
comparing Jan and Feb.

Domestic Impact -



Fashion

The highest percentage of stores closed by China's fashion retailers after the outbreak is **85%**



Tourism

\$2.44 billion is the daily loss suffered by China's tourism industry as it stagnates.



Food & Beverage

The estimated loss suffered by food and beverage industry leader Haidilao is average **\$11.47 billion.**

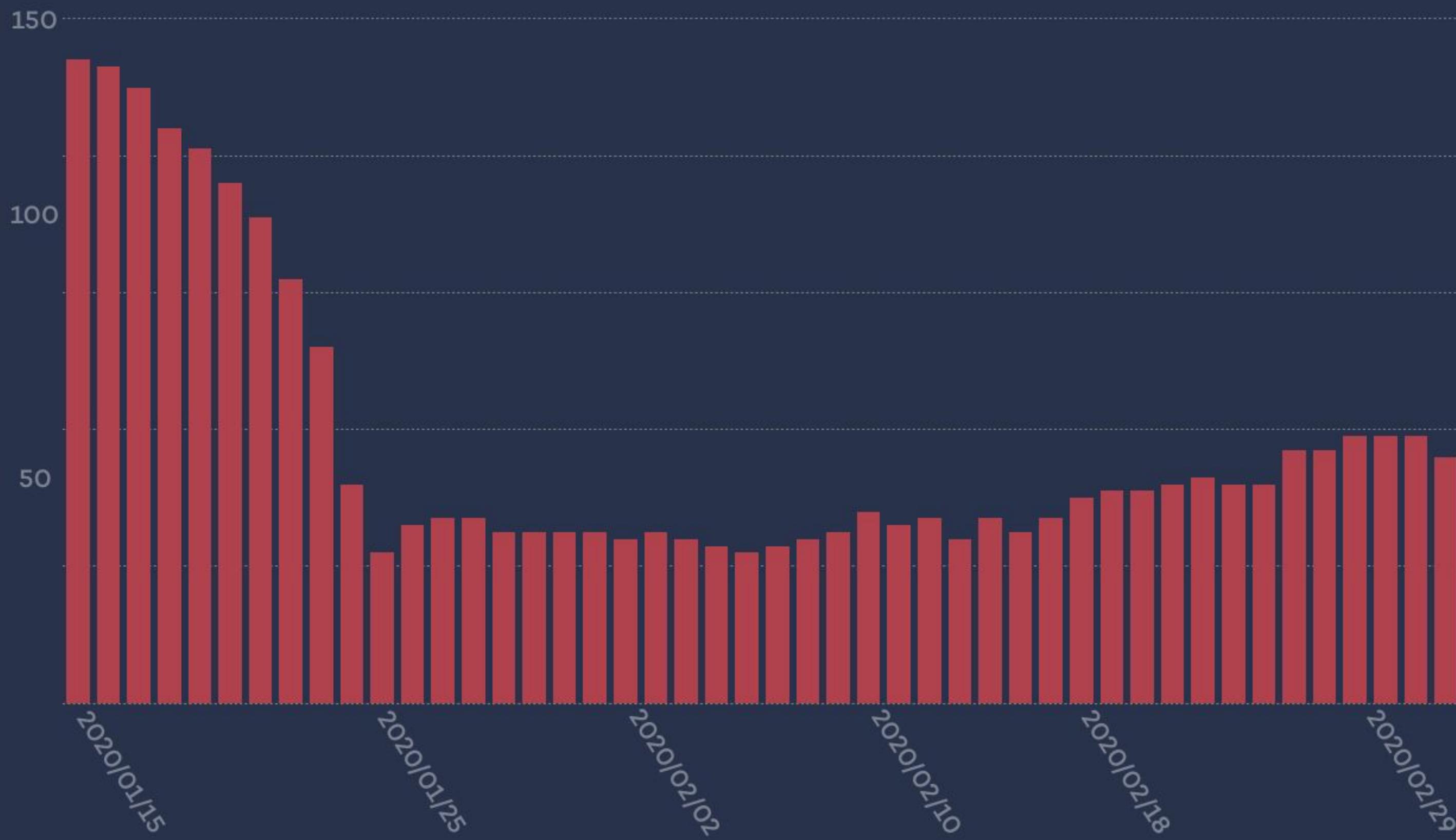


Hotels

80% decrease in occupancy for major hotels. Many hotels are at least less than 4 % occupancy, which is much lower than during the SARS outbreak in 2003.

Tracking Chinese consumers in China

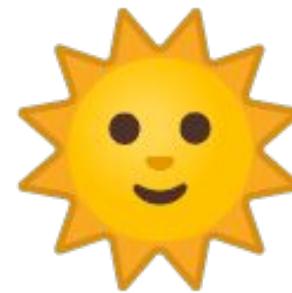
Offline **supermarkets** footfall index in China during Coronavirus outbreak



Based on Cosmose data, supermarkets of China tier 1 cities have seen drop from mid Jan 2020, while picked up continuously due to the demand to stock up.

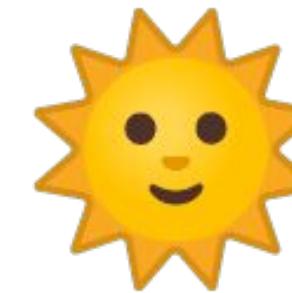
62.64% drop in traffic comparing Jan and Feb.

Domestic Impact +



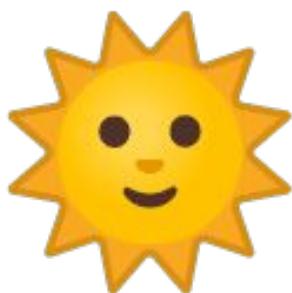
Online retail

154% Turnover increases for necessities including rice, flour, grain, oil and dairy products on JD.com, from the eve to the 9th day of this year's Lunar new year.



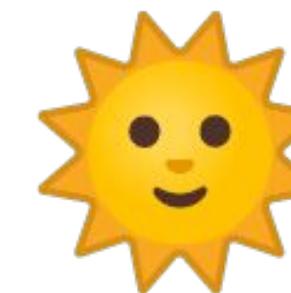
Cosmetics

68.33% Increase in transactions experienced by beauty brand Perfect Diary between 27 January and 2 February, taking the lead among domestic cosmetics products.



Live streaming

16.4 million of viewers who turned in to live streamer Li Jiaqi's first broadcast of the new year on 5 Feb.



Social Media

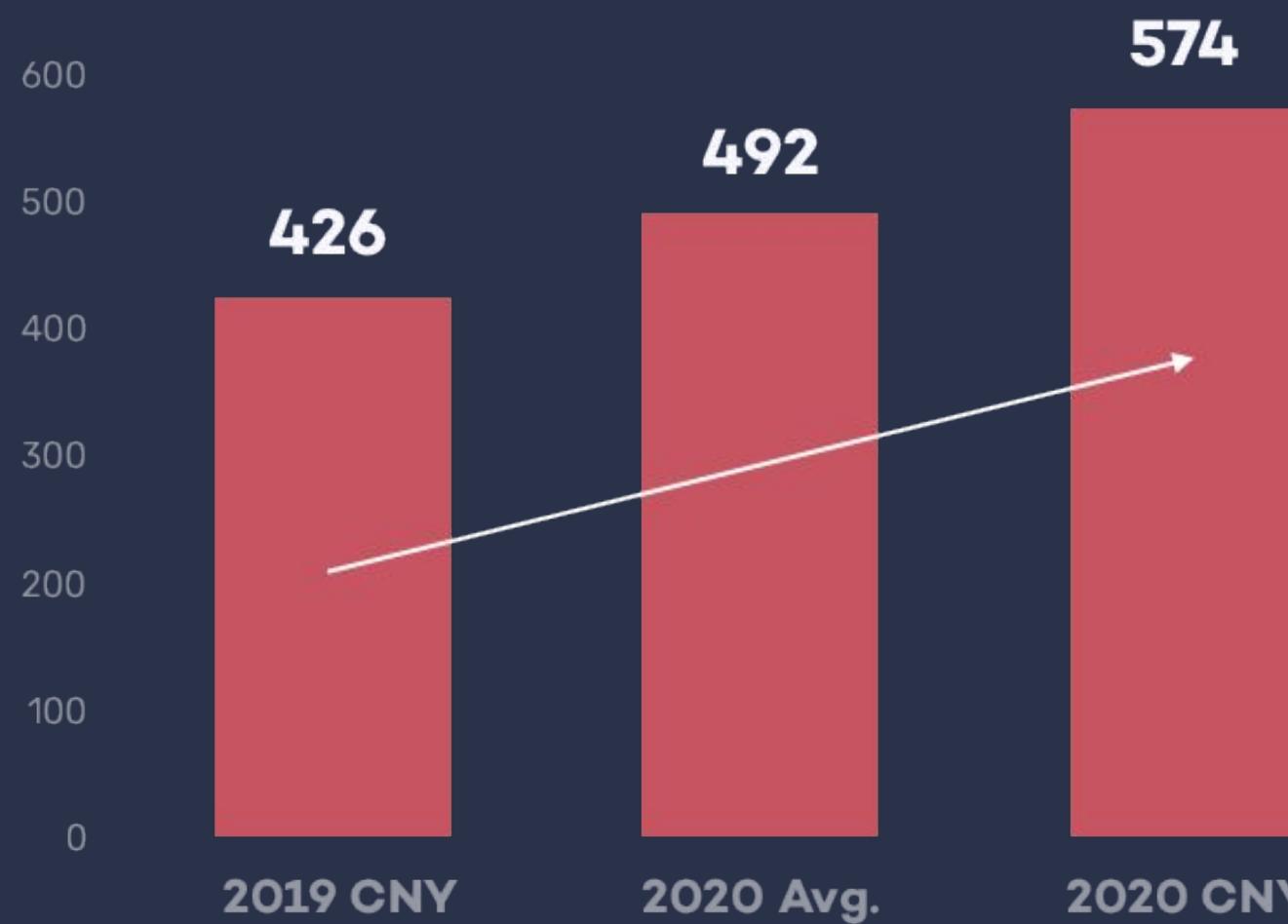
30% Growth in usage. Douyin and Kuaishou both saw increases of around 42 million DAU these few weeks. People also spent over 105 minutes on the apps per day, a 34% increase compared to last year's CNY.

e-commerce and OTO **growing robust**

Domestic Impact +

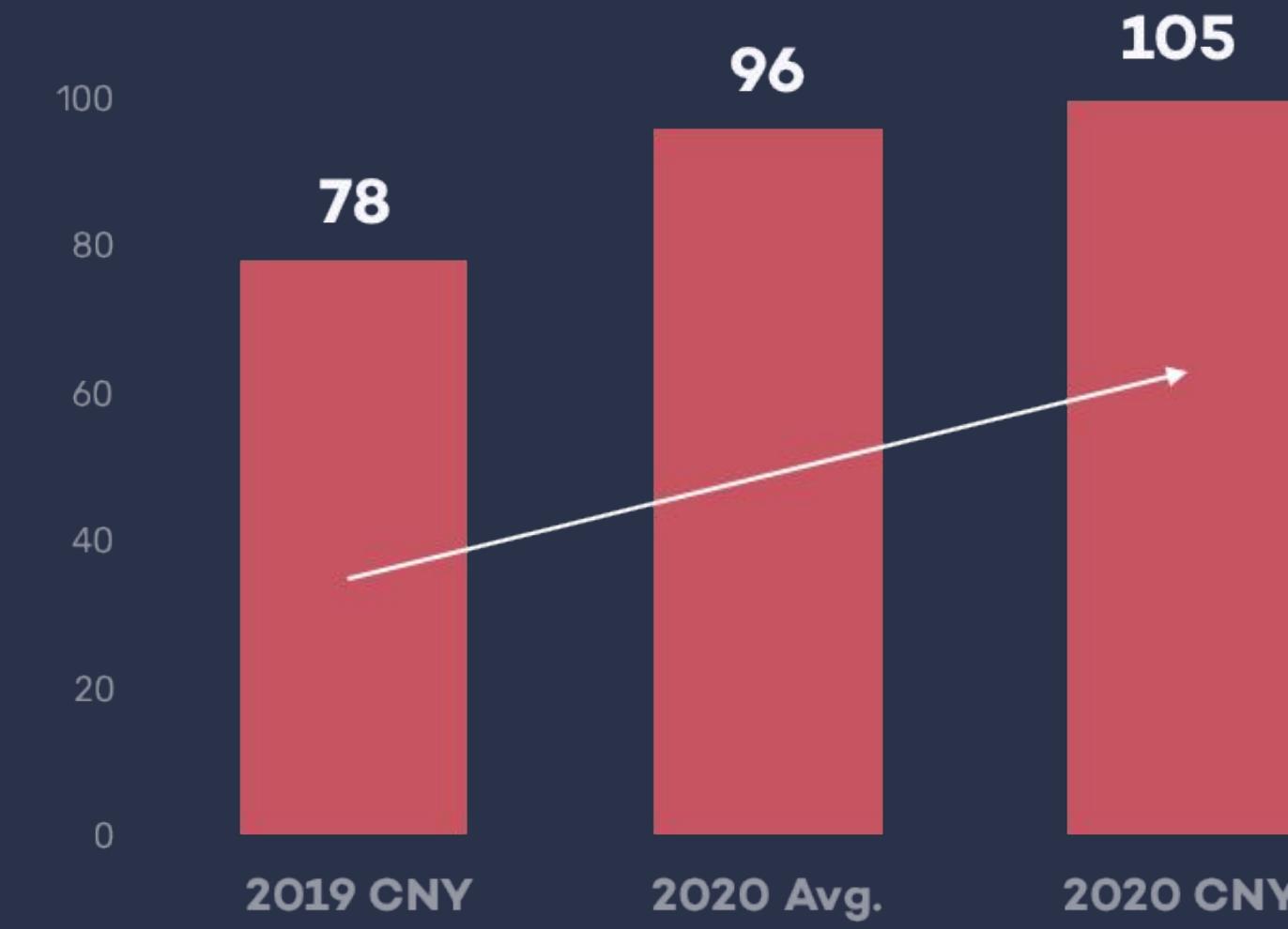
Short Video DAU Comparison

Unit: Million



Short Video Usage Duration

Unit: Minutes



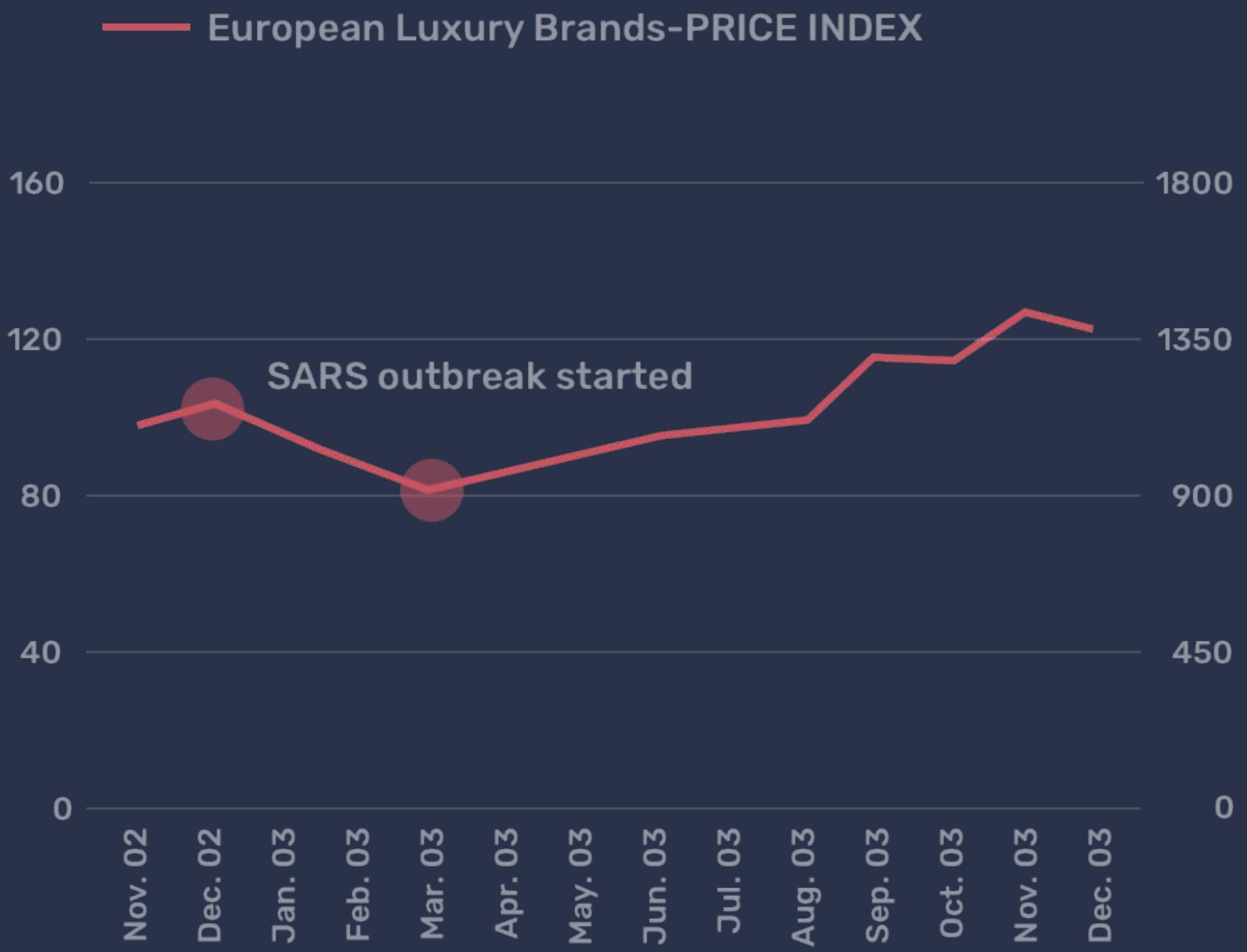
Daily active user (DAU) count of video apps in China increased by 42% during this past Chinese New Year as compared to 2019, while time spent on OTT (Over-the-Top) platforms spiked by 20%.

If this activity level continues as expected, it will become ever more important to focus on short form content creation, optimization and evaluation.

COMPARISON

Looking back to SARS in 2003

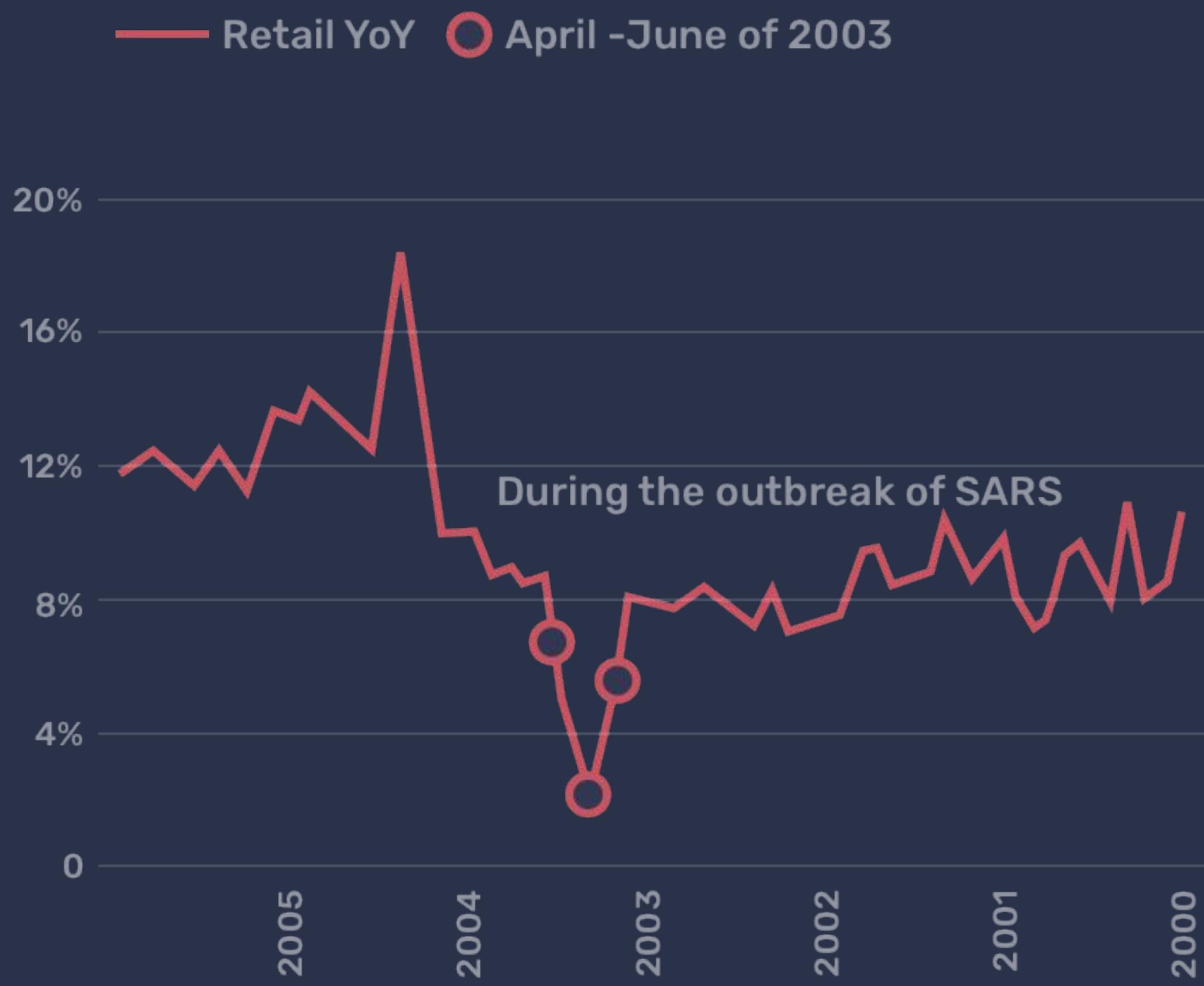
European Luxury Index performance during and after the SARS outbreak (2002.11-2003.12)



When the SARS outbreak was initially reported in Jan 2003, the luxury goods sector index fell 5%. By the time the World Health Organization (WHO) issued an alert in Mar 2003, the index had fallen by almost 17% in 5 months. When the virus reached its peak in Jun, the index started rebounding and ultimately recovered by 30% in Nov 2003 (compared to Nov 2002).

Looking back to the most recent case in 2003

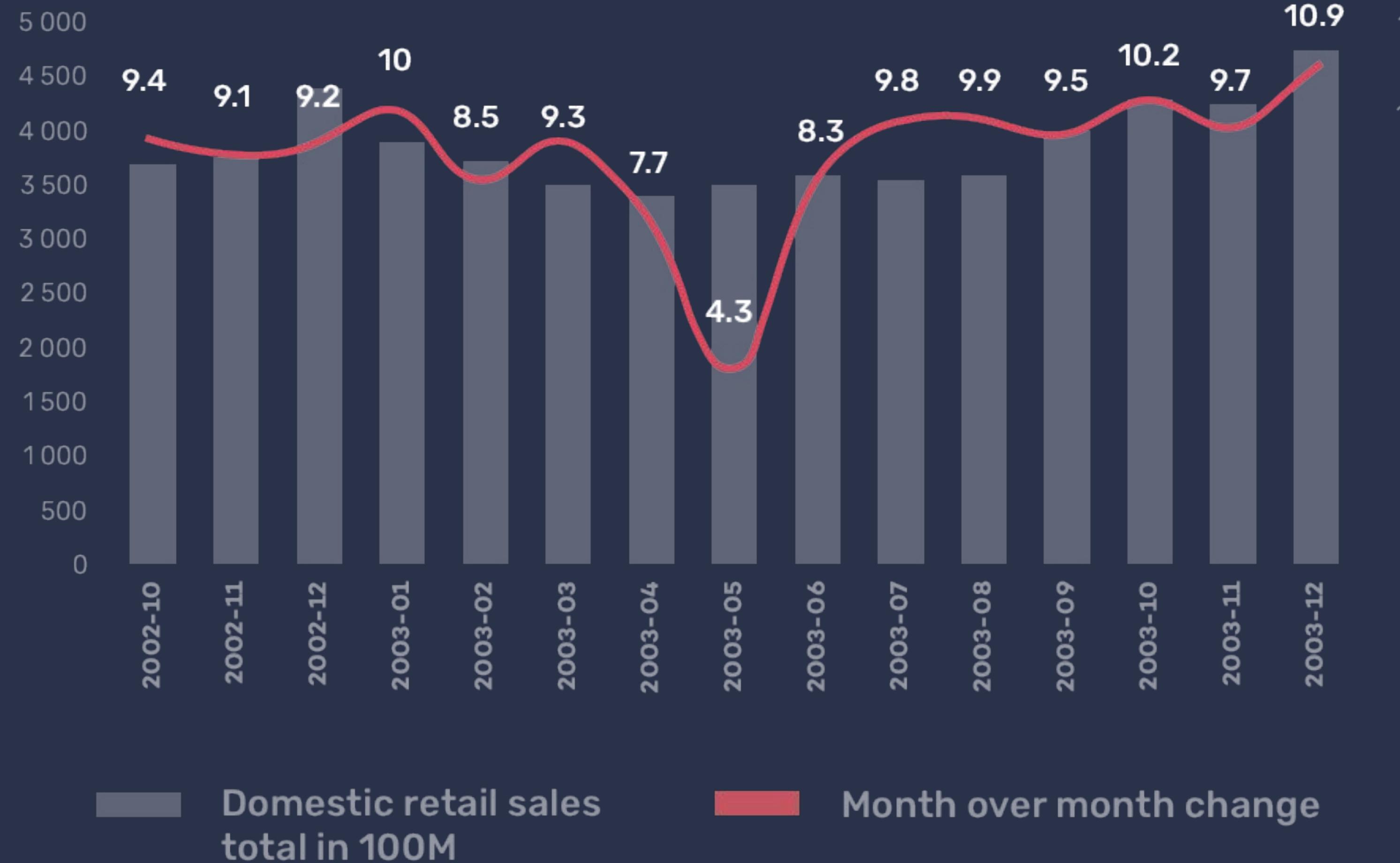
China's retail sales experienced a steep slowdown from during the SARS outbreak



Figures from 2003 also show the impact of SARS on the country's retail activities.

China experienced a sharp 6% drop in retail sales in Mar 2003, compared to data from the previous year. And surged back to the normal level in late 2003. China recovered in only 2 months after the virus was contained in June 2003.

Retail sector during SARS 2003



China retail recovered quickly after SARS 2003.

F&B and Retail affected the most during SARS in HK



Food & Catering

-18.1%

in restaurant revenue y-o-y Q2 2003

8.7-9.1%

Unemployment rate throughout 2003

Retail

-50%

in retail sales throughout SARS 2003

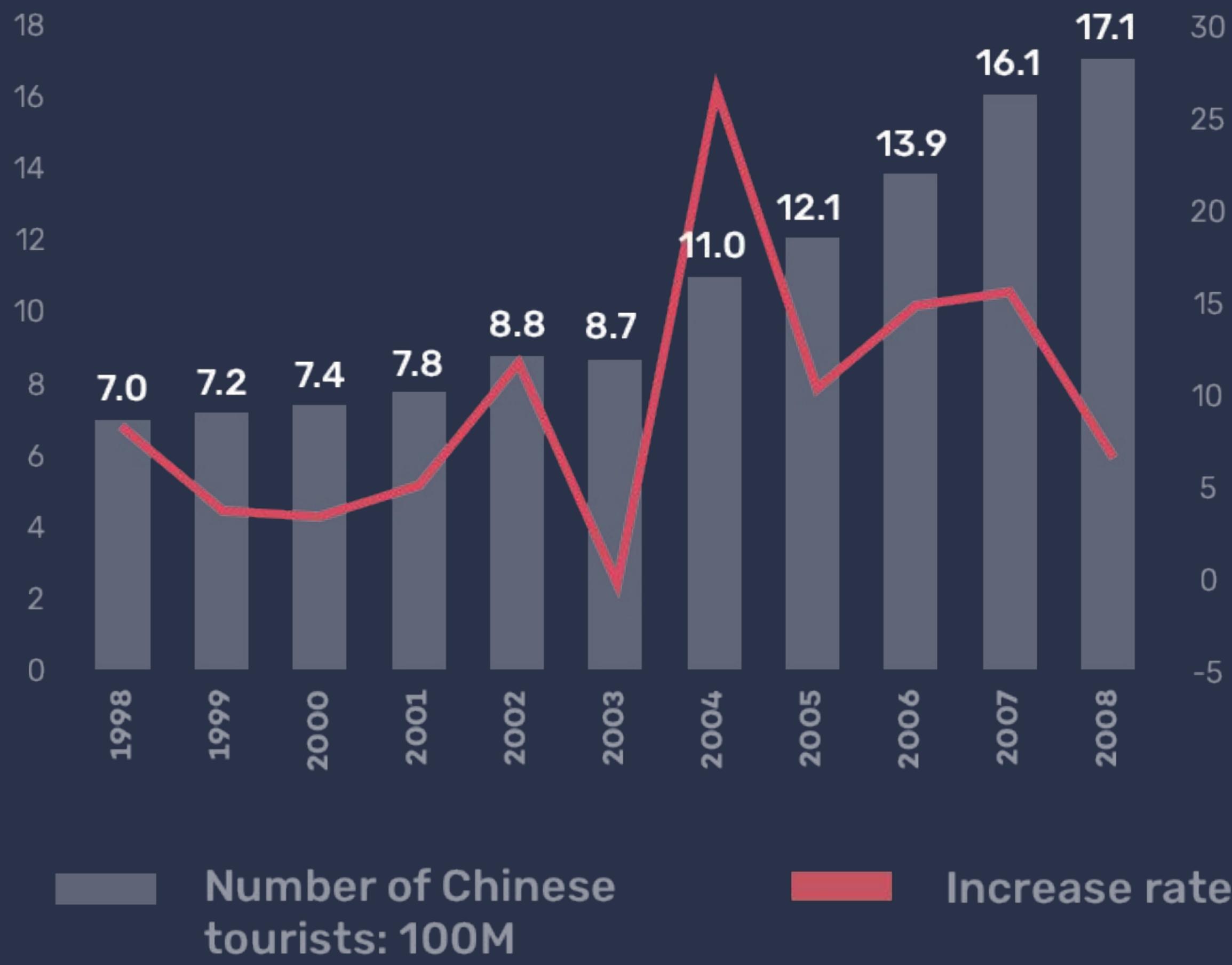
Tourism

-63%

in visitor arrivals y-o-y in between March and April 2003

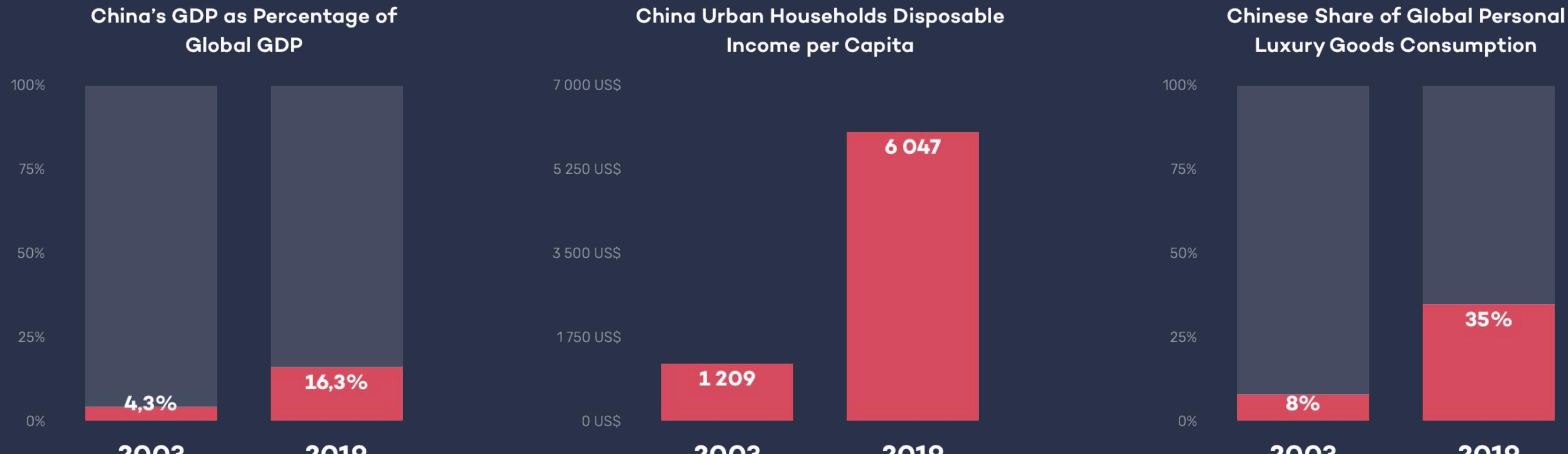
China tourism surge after SARS in 2004

Surge in Chinese travellers after SARS



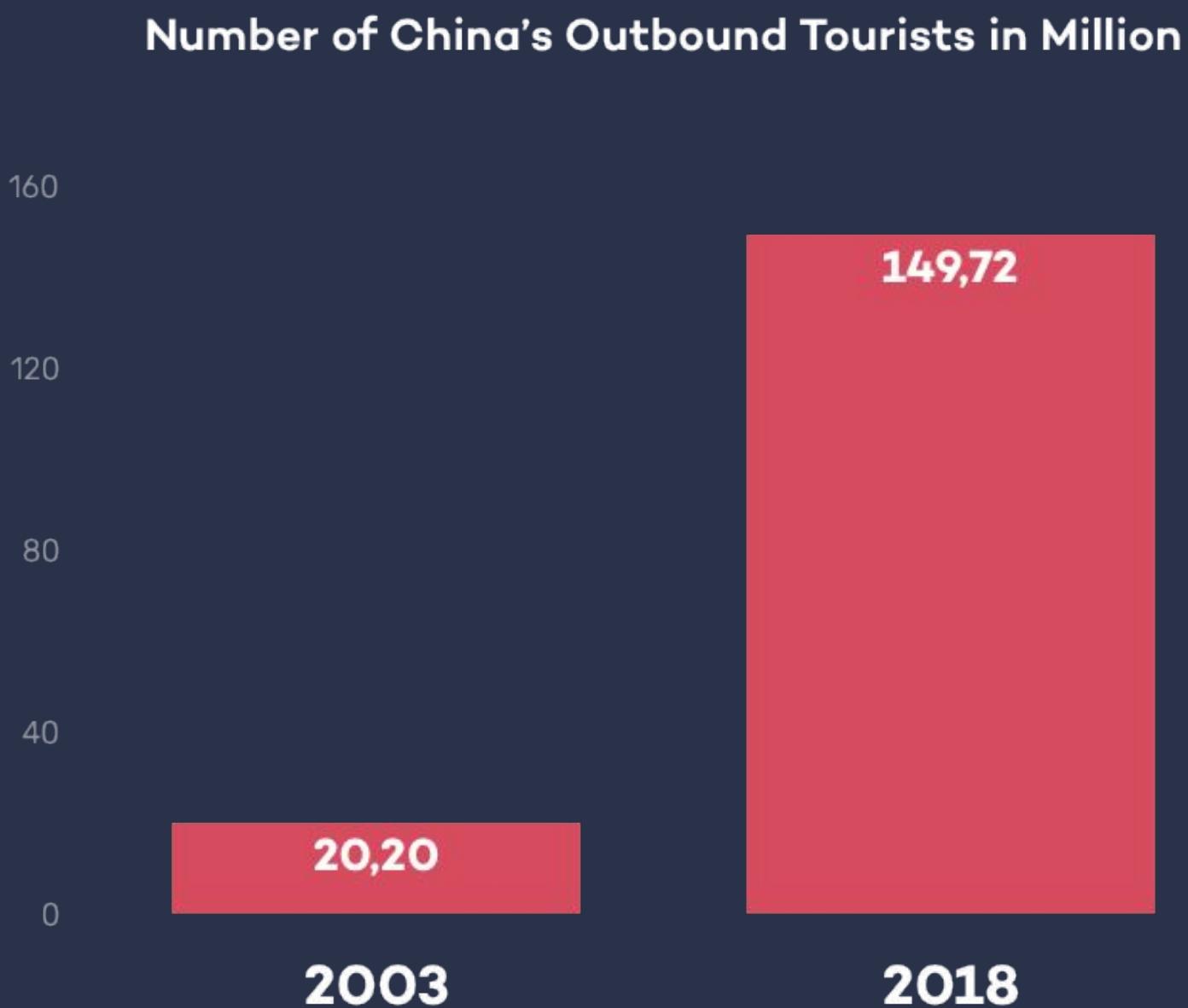
China tourism surged significantly after SARS 2003.

What has changed?

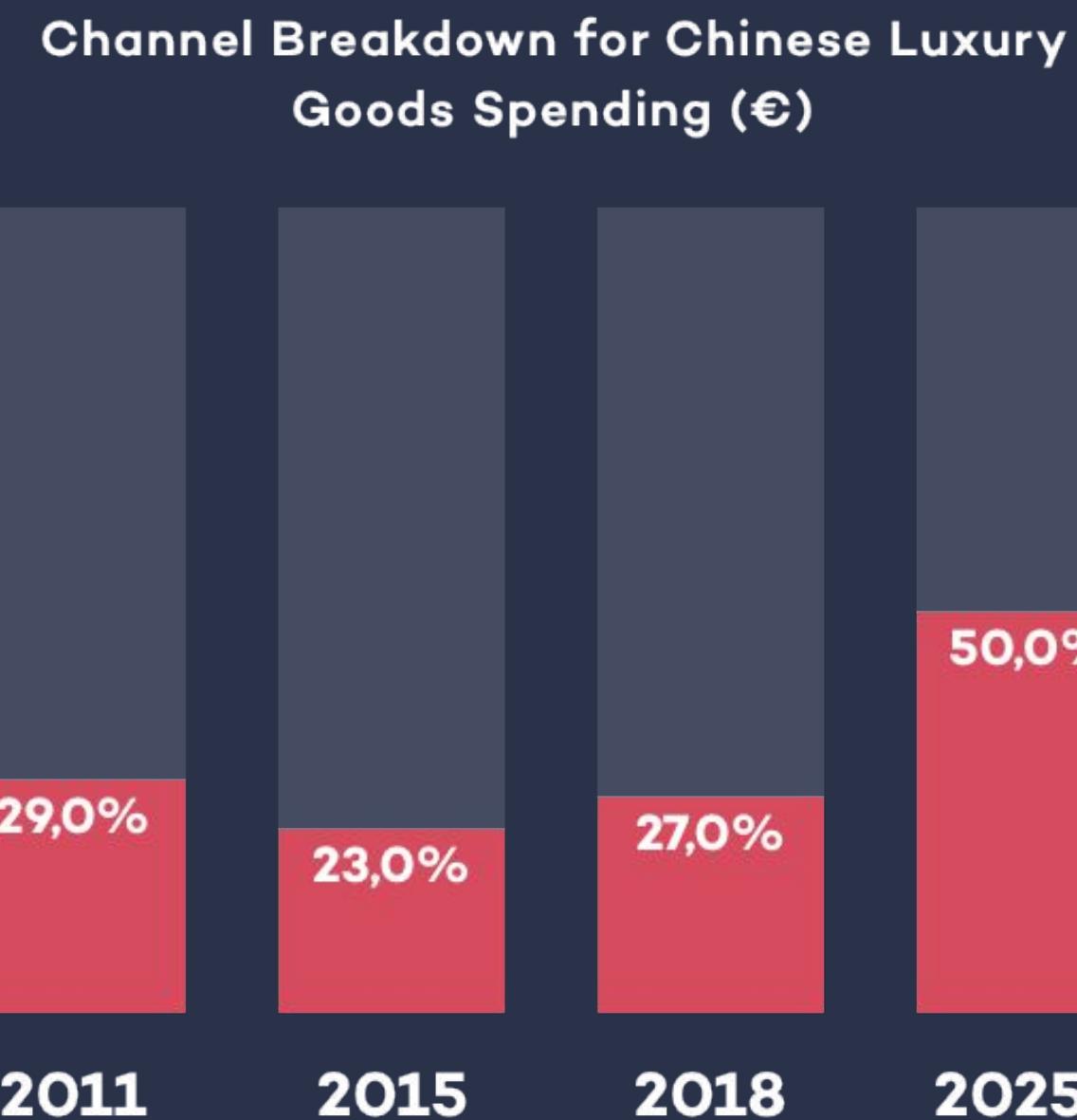


Chinese consumers are now a much bigger power spender and luxury force than they were at the time of the SARS epidemic in 2003

What has changed?



Source: CTA, ceicdata.com | Ministry of Culture and Tourism



Source: Bain Luxury Goods Worldwide Market Study, 2018 Bain analysts

Chinese outbound travelers now is more than 7 times its number in 2003, who still prefer buying luxury goods overseas than in Mainland China

Take Away

- If the recovery from this coronavirus follows a similar timeline to SARS, Chinese retailers are predicting that retail will start getting back to normal in April and May, with a full rebound in June with help from the annual 6.18 shopping festival.
- China is expected to return to "normalcy" during Q2 because of the strong measures been taken, and East Asia (Japan, Korea) around the end of Q2 under the base scenario. Impact in other regions is still uncertain, but they better brace for impact as if the infection spreads, recovery likely to happen end of Q3 or Q4.



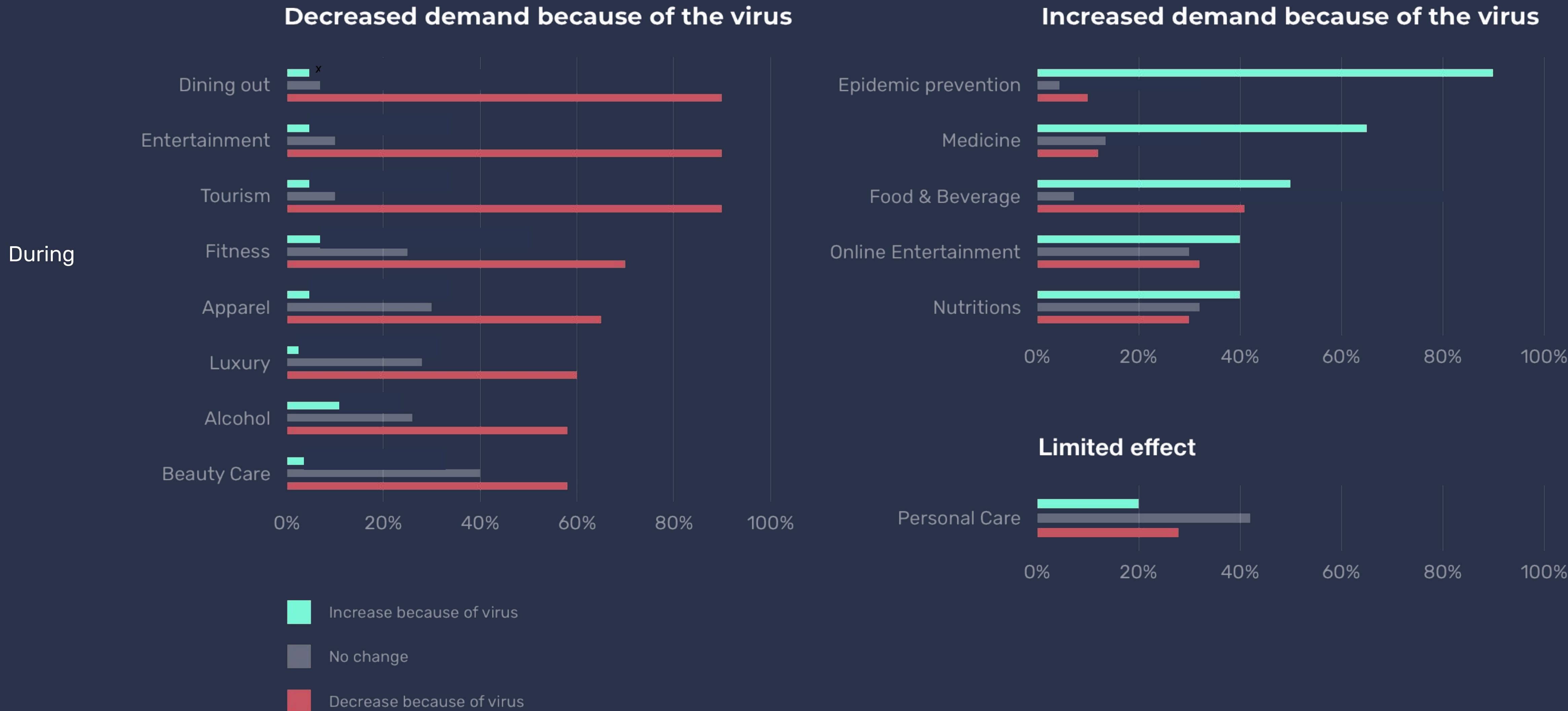
A woman in sunglasses and a dark coat walks down an escalator in a modern shopping mall. The mall has a large glass and steel structure, with various storefronts visible in the background. A potted plant is on the left side of the escalator.

How is retail affected?

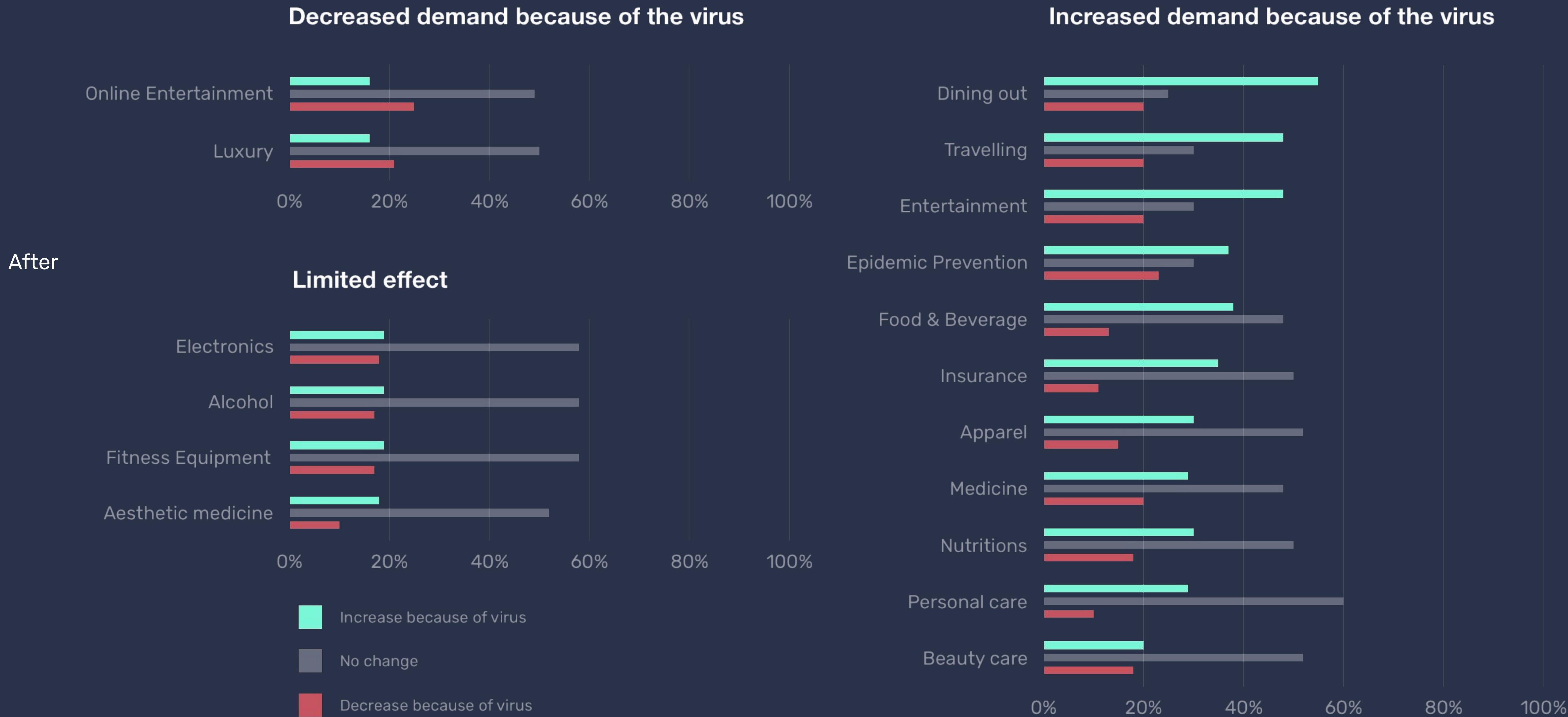
What's the overall impact to retail?

	Decrease expenditure	Limited effect	Increase expenditure		
During	Entertainment Dining Travelling Fitness Class Luxury	Luxury Apparel Alcohol Cosmetics Electronics	Personal Care	Epidemic prevention Medicine Online entertainment	Food & Beverage Nutritions Insurance
After	Online Entertainment	Electronics Alcohol Fitness equipment Luxury	Dining out Travelling Entertainment Epidemic prevention Food & Beverage Insurance	Apparel Nutritions Personal Care Medicine Fitness Beauty Care	

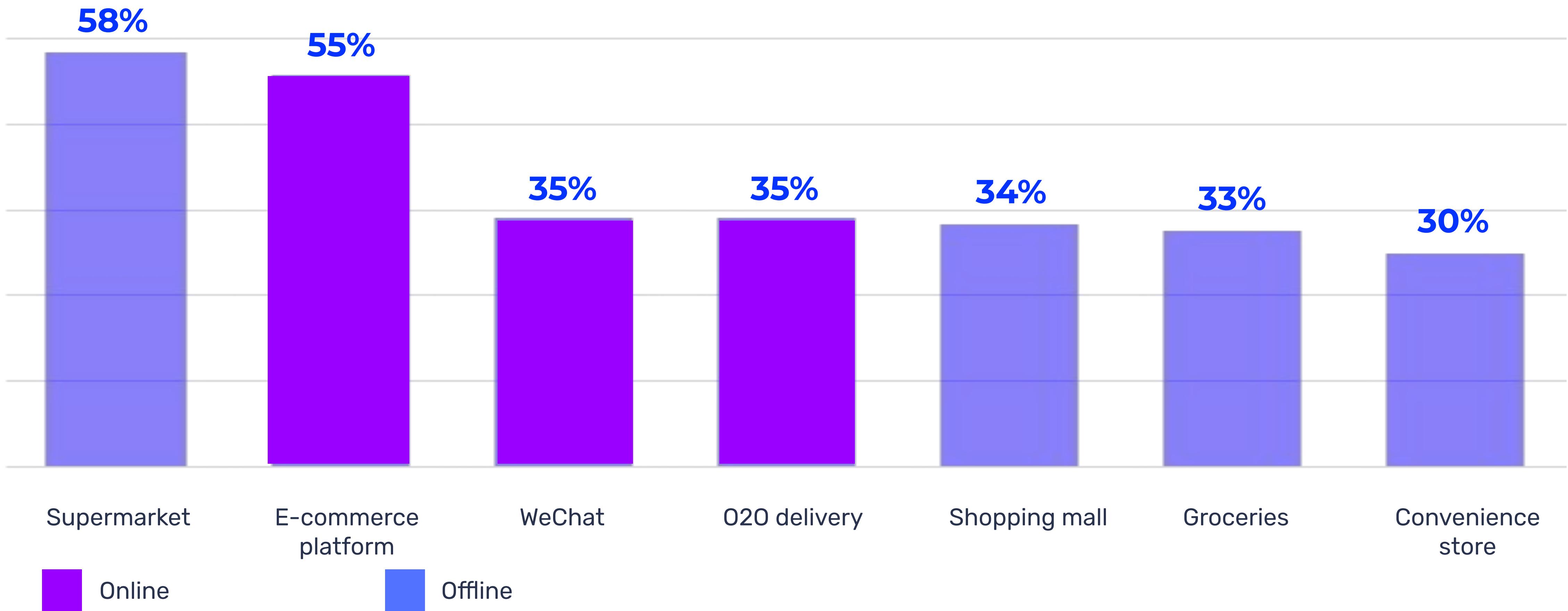
How is retail be affected now?



How is retail be affected after?

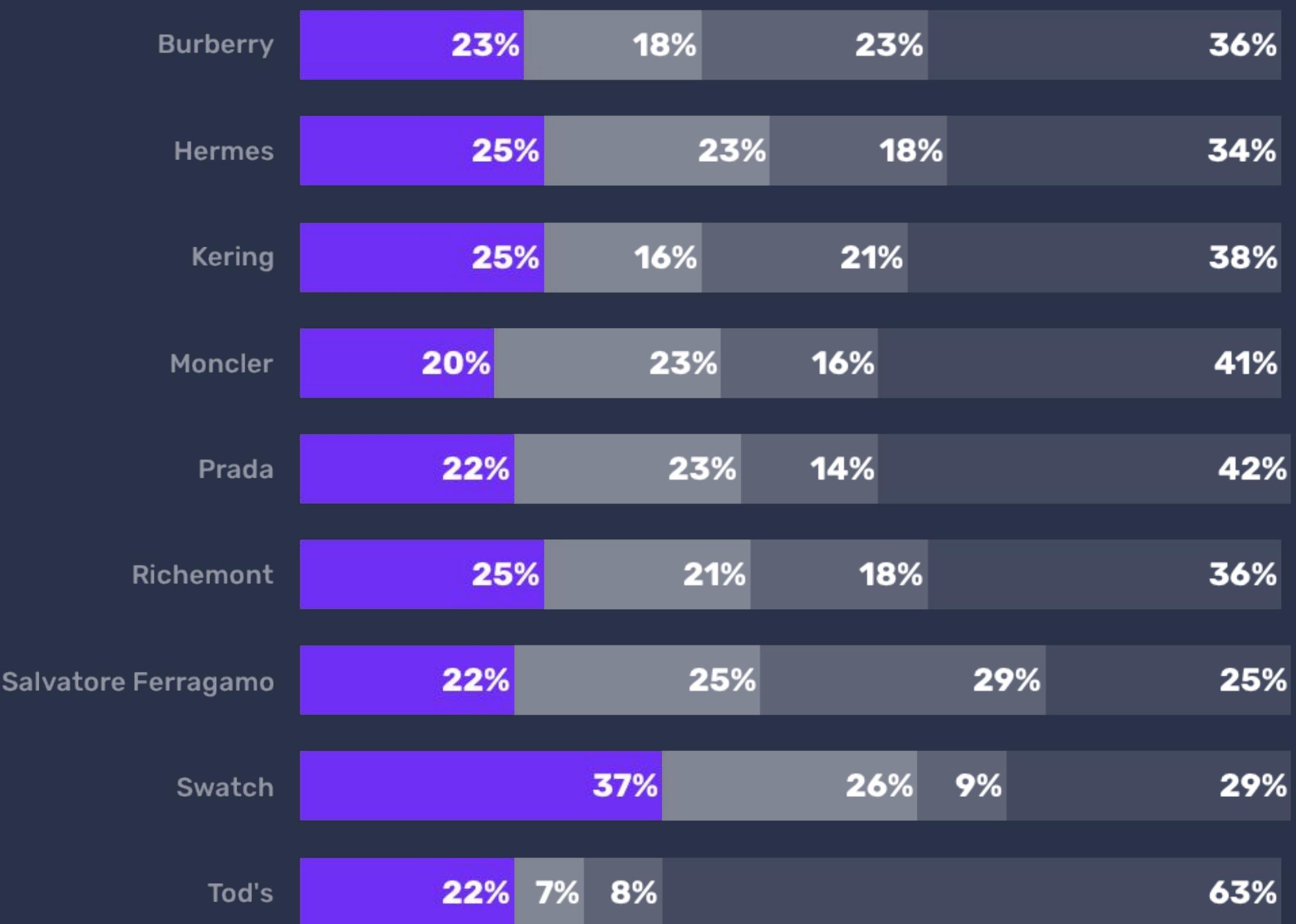


Where are Chinese shopping now?

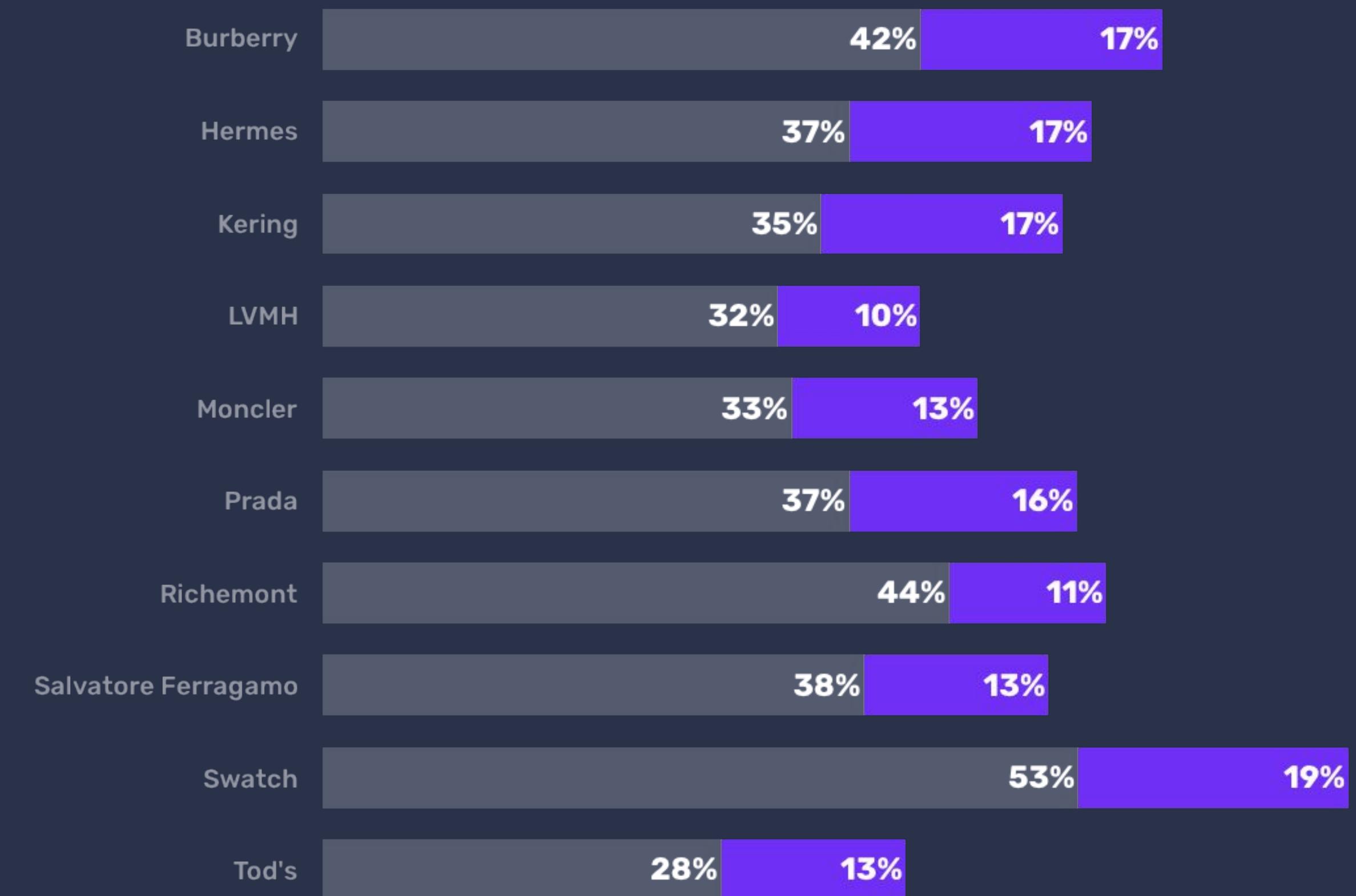


The luxury sector is not immune

**Geographical exposure of luxury goods players
2019**



**Exposure to Chinese nationals of luxury goods players
2019**



Luxury store suspension

Salvatore Ferragamo

RALPH LAUREN

 COACH
NEW YORK


MONCLER

BURBERRY

PRADA

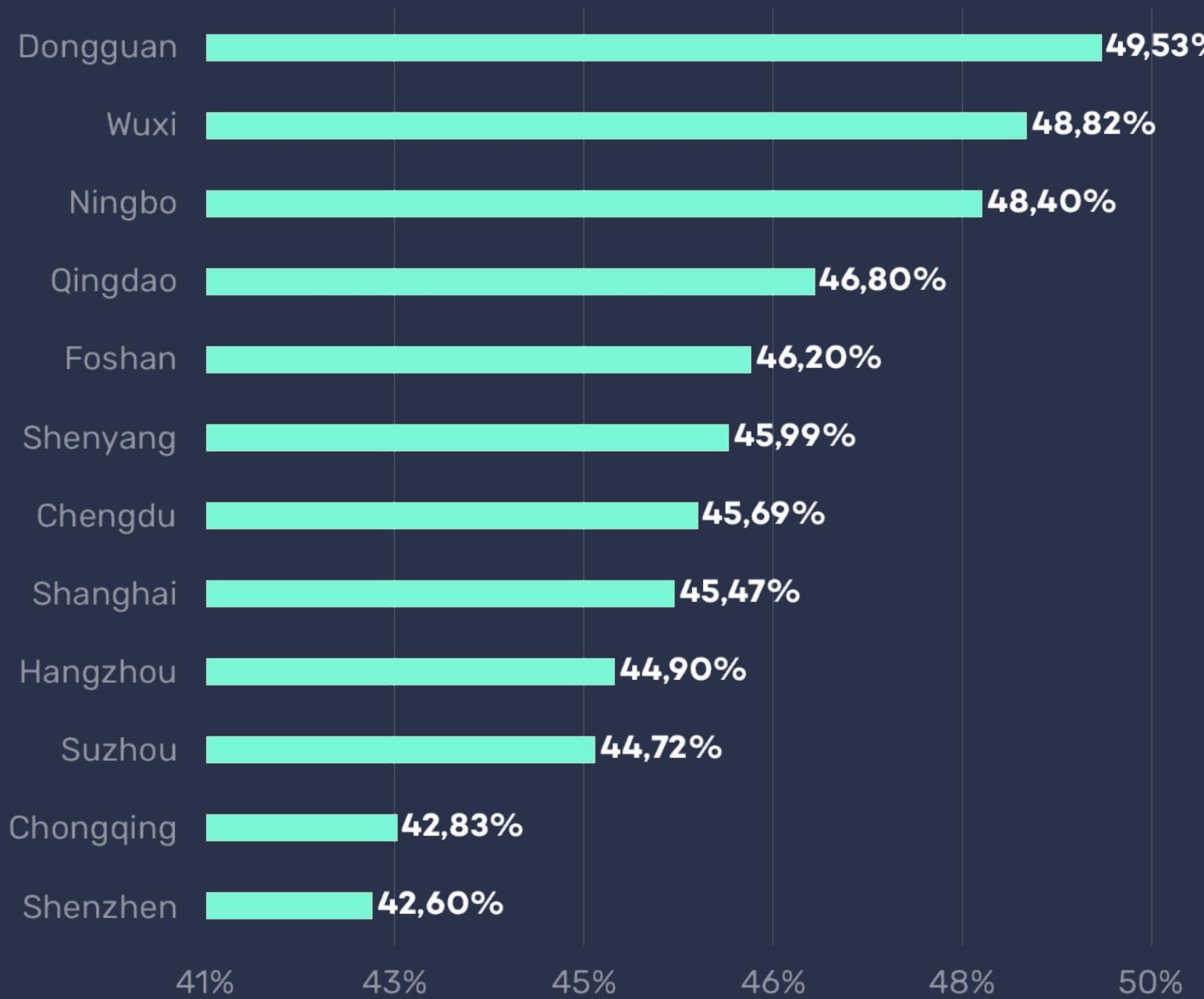

MICHAEL KORS

LVMH

Calvin Klein

Is quarantine in China coming to an end?

Resumption of work rate after Spring Festival



40%+ of Chinese on average
has resumed to work in China
as of 6th Mar.

It's far from 'business as usual'
yet. We expect more recovery
in the coming 2-3 weeks.

Long term impact remains unclear

- According to WHO, the epidemic will not turn around until April 2020, and it will only slowly decline in June.
- Chinese shoppers use online shopping platforms to buy luxury goods or postpone shopping plans and invest in medical insurance, fitness and skin care products.
- Once the virus is contained, eager Chinese luxury shoppers are likely to go back spending as much as before.



Chinese seeking online retail therapy

- Housebound citizens in China are hoping for the situation to settle down and longing for ways to release their negative sentiment.
- Advanced technologies can close the gap between a consumer and a brand, and in the process, simulate an offline-store experience.
- Social interactions act as “retail therapy” to many anxious minds looking for distractions or hope.



Revenge shopping



Feb 22nd was the first day Hangzhou Tower Shopping Center opened in Hangzhou.

Sales reached 11 million RMB in only 5 hours with a sentiment of "revenge shopping"/"delayed shopping".

The first deal is a pair of Dior earrings at the price of 6000 RMB. Armani sold 250 lipsticks in 5 hours.

Revenge shopping

- Although the business hours were shortened to 5 hours, the total sales of the first day exceeded the sales they made from 12 hours working hours on the same day in 2019.
- Since it was announced that the business would be resumed, consumer consultation has been endless, especially for brands who have begun to market online through wechat group, live streaming, etc.
- Customers coming to the mall generally have clear objectives. They leave quickly after buying the goods they want to buy, which is different from the previous "shopping".

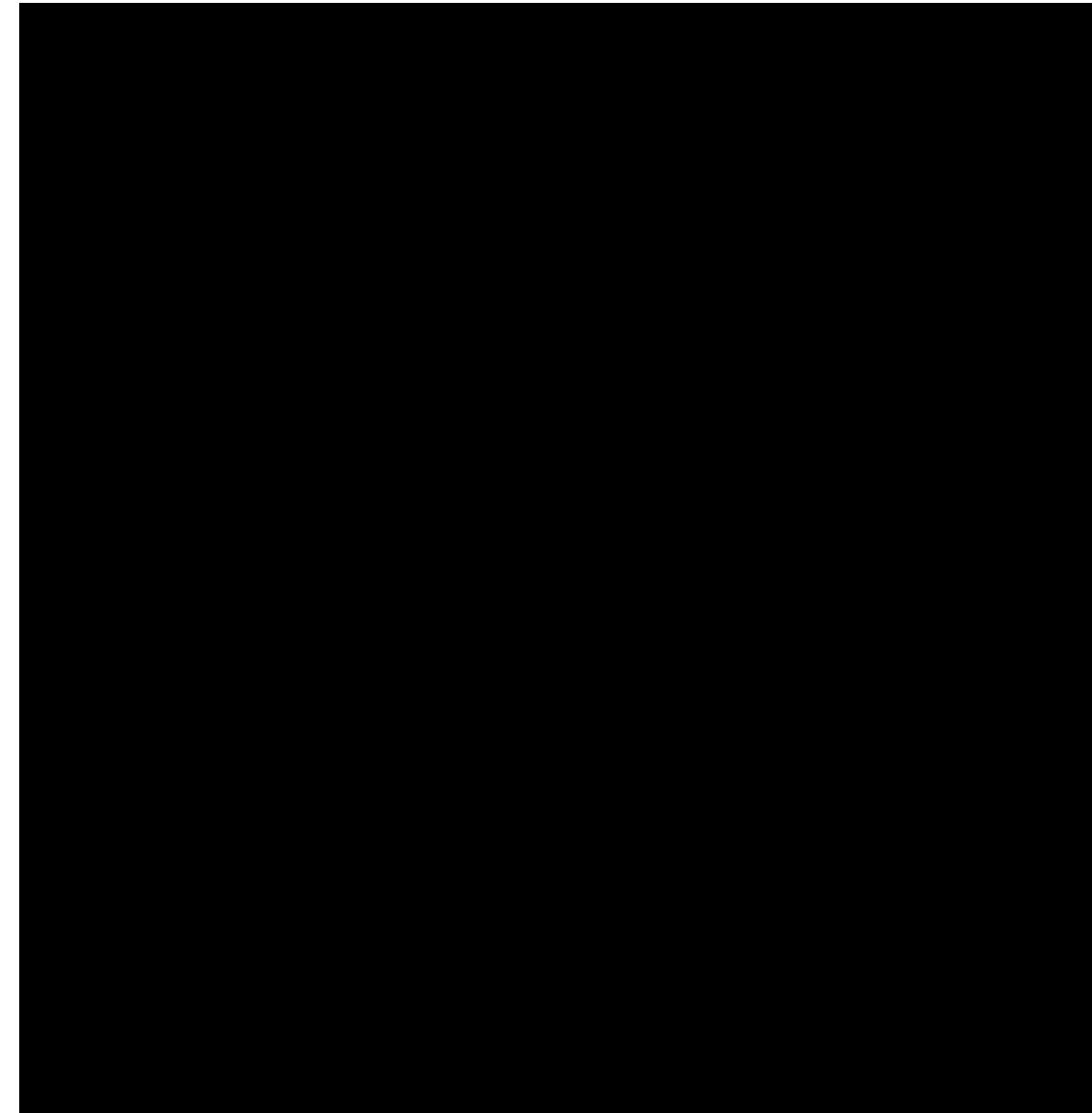


OUR RECOMMENDATIONS

Businesses are evolving



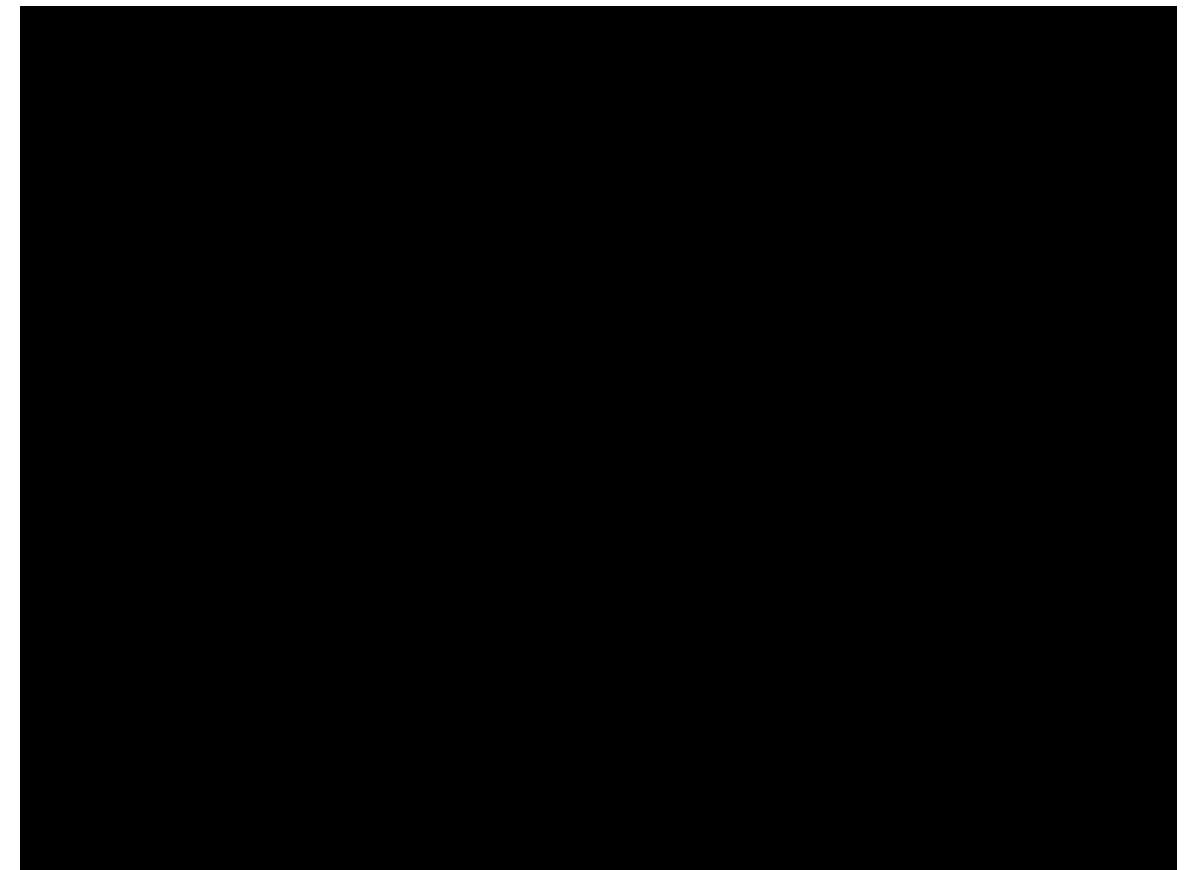
Contactless Haircut



Online Court



Online Clubbing



Contactless dog-walk

Crisis or Opportunity?

- The virus shocks tend to be short-lived and cause a V-shaped trajectory in economic activity.
- A return to consumption in the second half of the year will likely balance a more muted performance in the first half.
- As retailers will be advertising during top season and that drives prices up and effectiveness down.
- It is suggested to take opportunity and plan ahead, as you are more likely to be top of mind for consumers with lower media cost.



Go Omnichannel, be immune

- Brands should treat the crisis as an opportunity to develop omnichannel and improve immunity.
- Move quickly to online channels and make online consumer journey easier and well-rounded.
- The epidemic pushes the pause button for the flow of people, but it accelerates the flow of data. Data can spread faster than the virus and establish a digital immune system for brands.
- Leverage Cosmose offline data, apply new technologies to create an immersive online shopping experience.



Go beyond product

- How brands cope with the virus, look beyond revenue but on community building.
- Keep brand awareness and recognition, adjust marketing budget to obtain a good balance of sales & branding.
- Brands should be sensitive and demonstrate sincere empathy and care to their consumers.



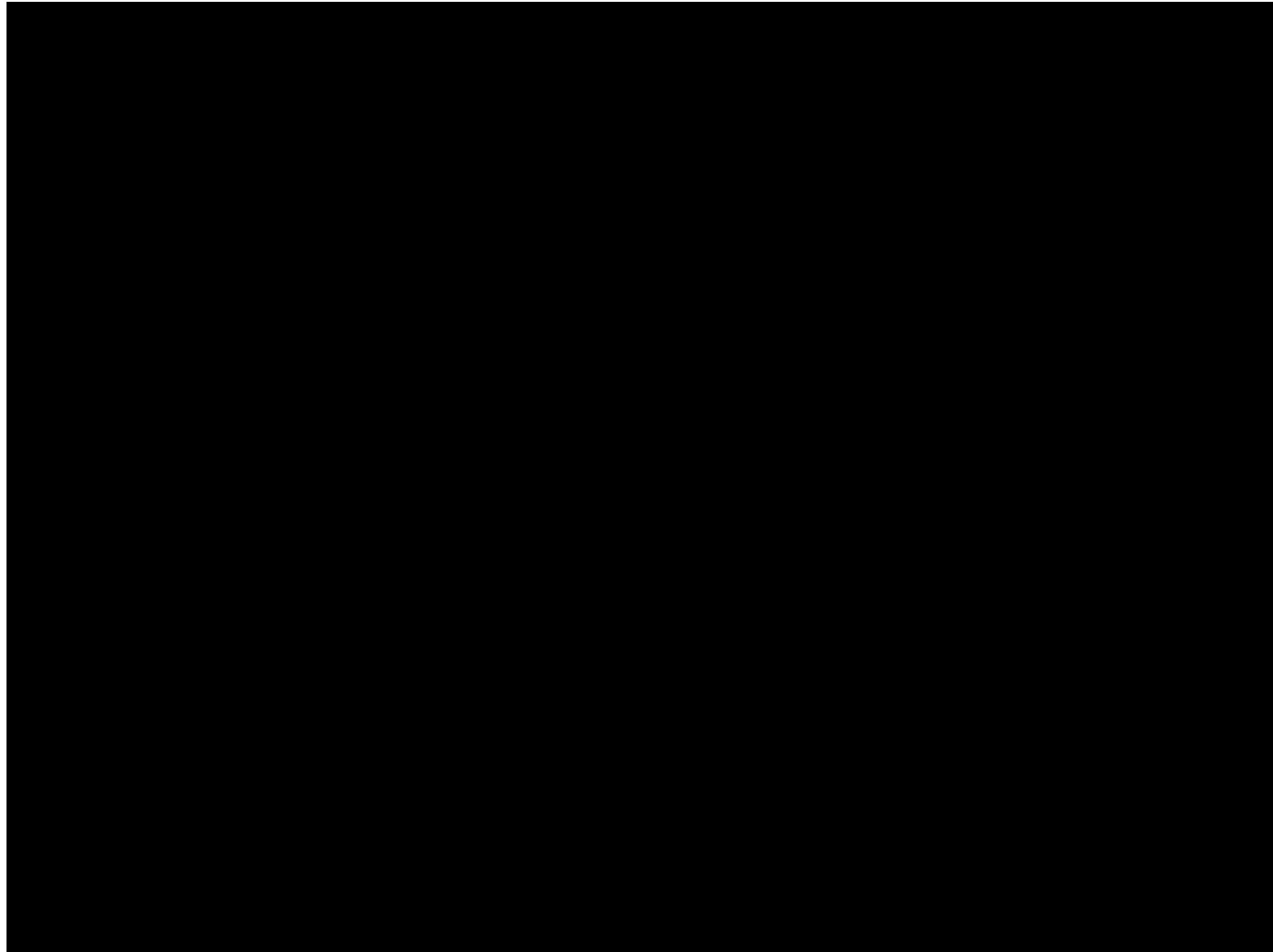
Milan Fashion Week



30+ brands broadcasted fashion show on Tecent's video platform v.qq.com as a part of "China We Are With You" campaign of Milan Fashion Show.

This campaign achieved 16 million+ views, 8 million clicks.

Support from BREITLING

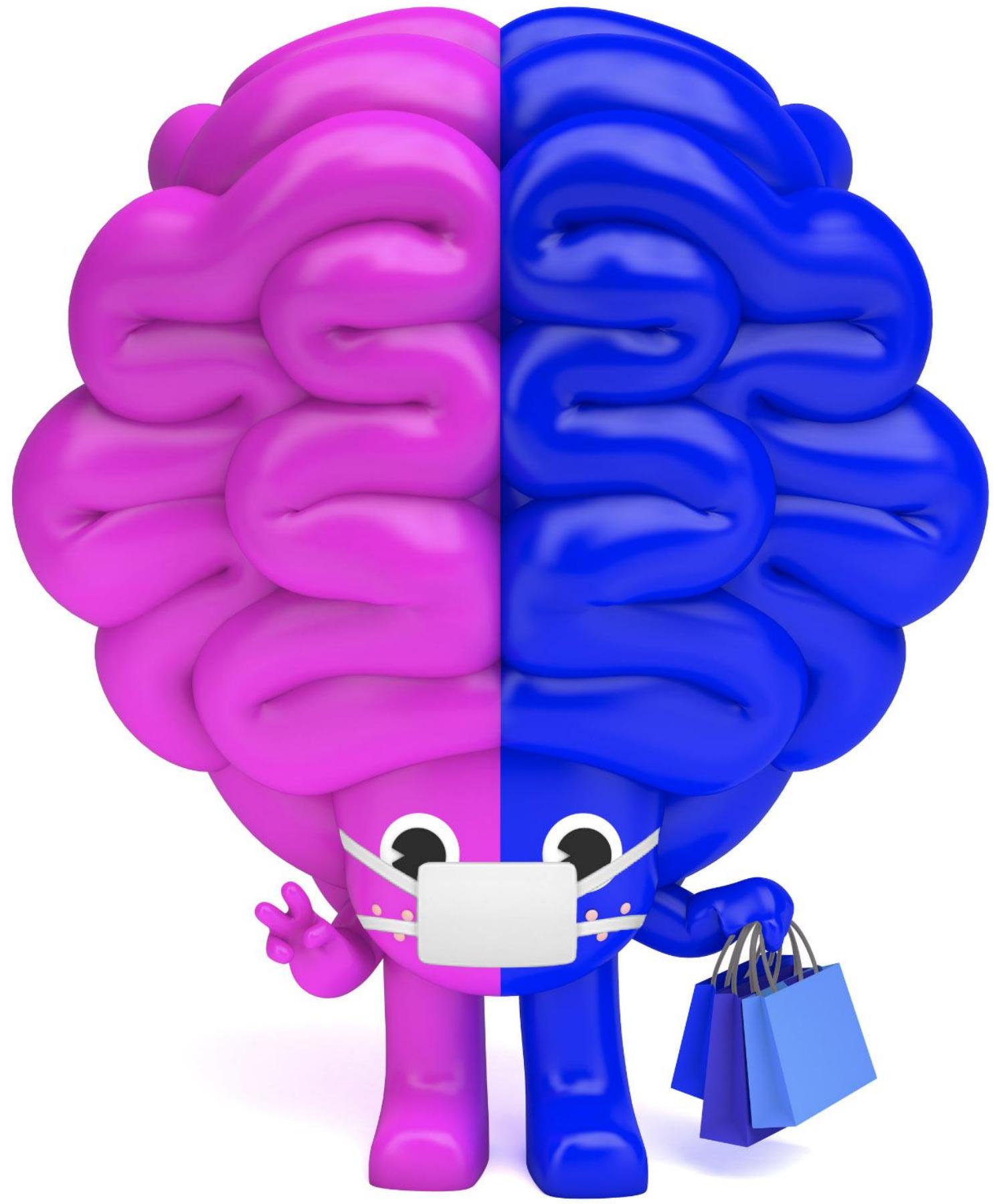


Mr. Georges Kern, the CEO of Breitling, is showing support on social media with Chinese brand ambassadors Yao Chen and Daniel Wu.

BEST PRACTICES TO SURVIVE

WHY LEVERAGE OFFLINE DATA?

- Historical offline data to act as online retargeting
- With offline behavioural data, the targeting will be more accurate than just using online data
- Find your best customers from offline to show your support or brand relevant content
- Leverage Cosmose offline data, apply new technologies to create an immersive online shopping experience.



FASHION BRAND

- How to take advantage of offline data to push online sales?

Brand and product
**FASHION
BRAND**

Audience

BRAND STORE VISITORS

People who have been visited the brand store in
the last month

COMPETITOR SHOPPERS

The potential audience who has been visited the
selected competitor store in the past 3 months

FASHION LOVERS

The frequent visitors of fashion & retail stores in
the shopping mall



HOW TO INCREASE AWARENESS AND DRIVE FOOTFALL TRAFFIC TO OFFLINE STORE?

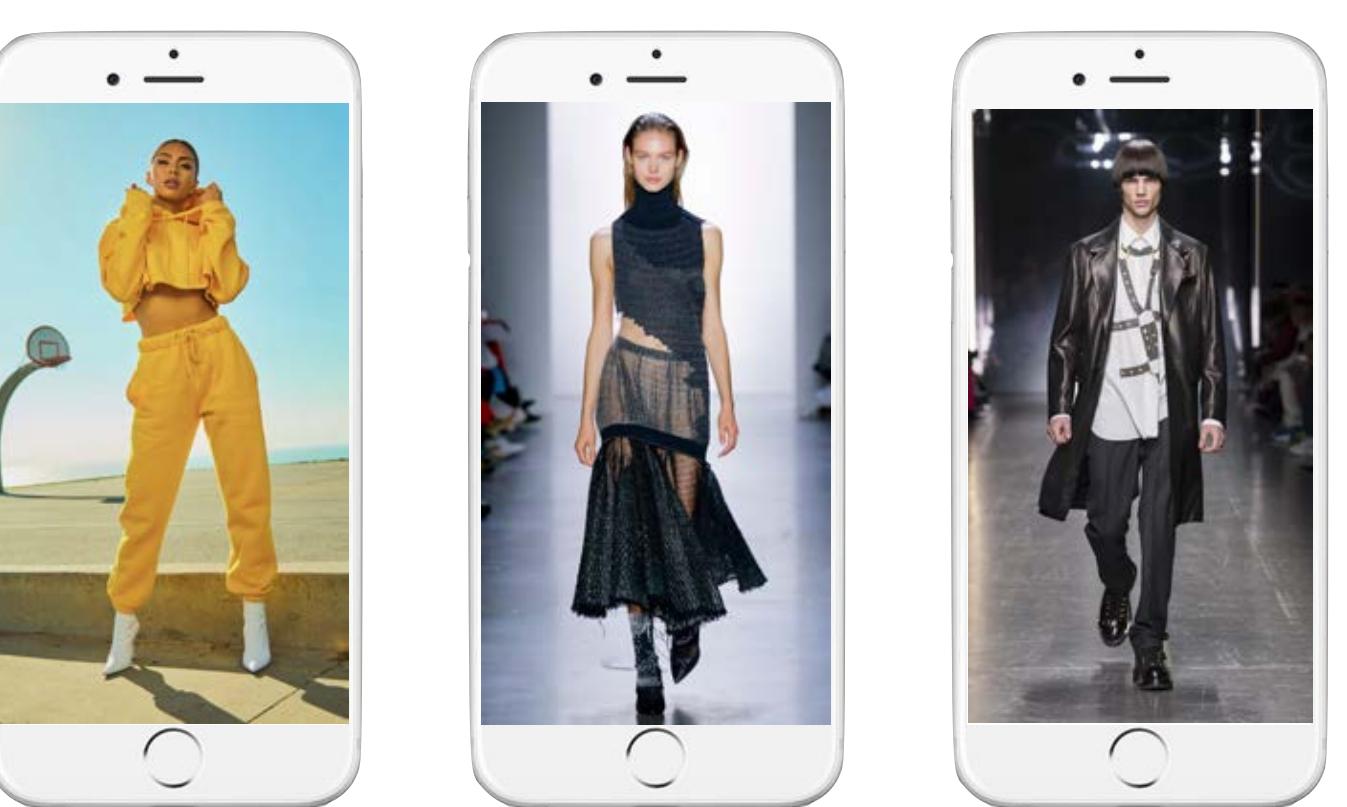
IDENTIFY THE RIGHT AUDIENCE



Using Cosmose' AI technology, we identified 600K mobile users who in the last 3 months visited brand stores, competitor stores, fashion & retail store in the selected locations (BJ/SH/GZ/.SZ/HZ)

OFFLINE

BUILD AWARENESS AND DRIVE FOOT TRAFFIC



We will connect potential audience via their favourite platform such as Meiyou, Qingting FM, 51 yund for selected people to maximize reach and enhance brand preference among our TA.

ONLINE

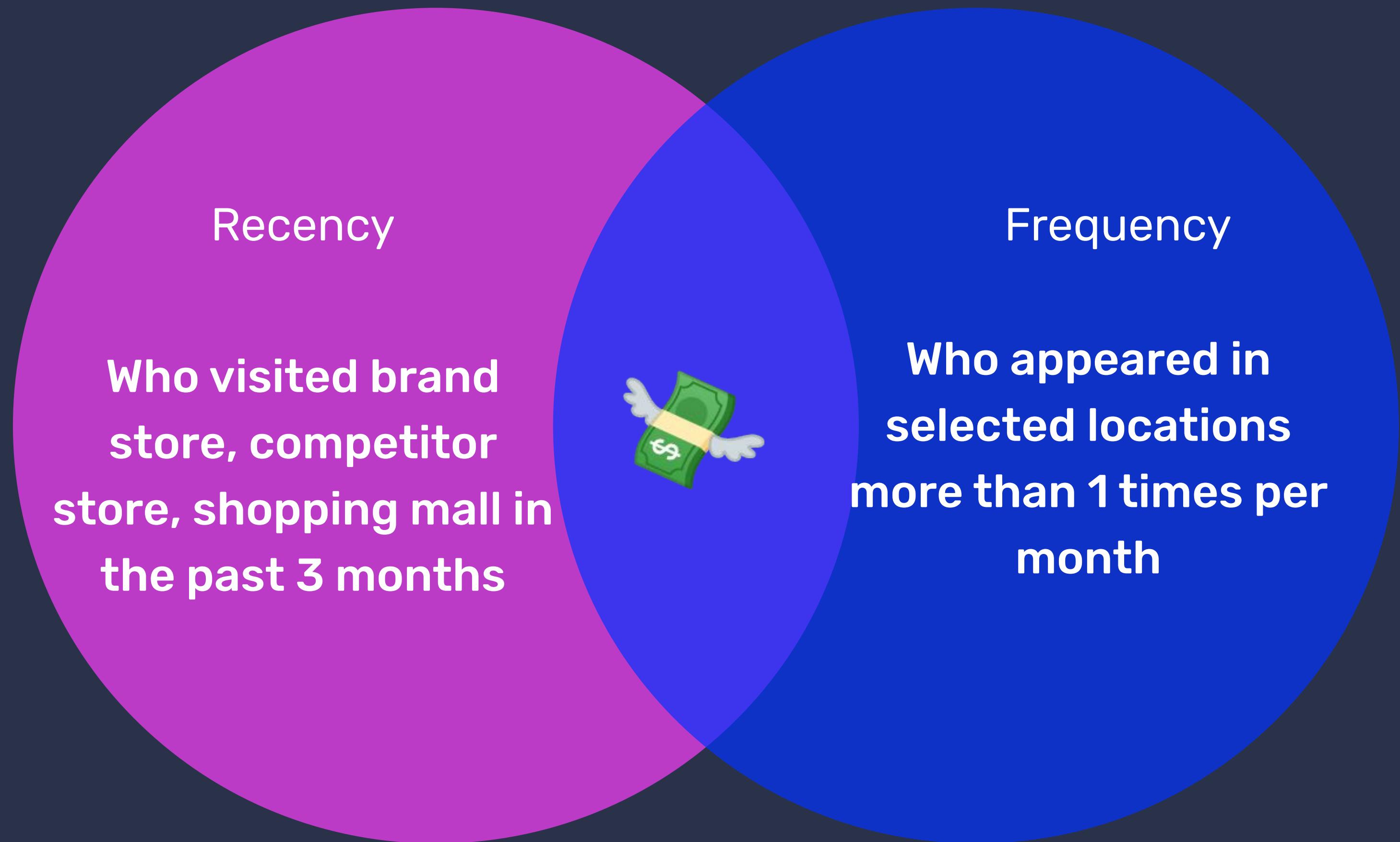
MEASURE RESULTS



We will measure how many people engaged with the campaign and as a result visited the selected offline store.

OFFLINE & ONLINE

LOCATION DATA STRATEGY TO TARGET POTENTIAL AUDIENCE FOR FASHION BRAND



Users characteristics:

- White-collar & fashion lovers who have a stable income and high spending power. Willing to pay for fashion and personality

Messages:

- Celebrity tips, guidance combined with time-limited promotions to increase sales conversions

COMPARING COSMOSE & OTHER FORM OF RETARGETING

Metric	Cosmose DaaS	Benchmark (Baidu search, Display retargeting)
CTR	1.84%	1%
Landing rate	52%	25%
Qualified landing rate*	16%	10%
Online conversion	138	3,114
Offline conversion	14,722	
Avg cost per visit	RMB 5.7	RMB 321

*Qualified landing rate = people who landed on the website and visited more than 1 page

RESULTS

ONLINE BEHAVIOUR

(People interested in fashion and lifestyle, follow the trend)

1.76%
PERFORMANCE
CTR

OFFLINE BEHAVIOUR

(Fashion shoppers defined based on historical offline behavior)

14,722
OFFLINE
CONVERSIONS

PREMIUM SHOPPING MALL



- How to react to low traffic and precisely reach the right audience?

Brand and product
**PREMIUM
SHOPPING MALL**

Audience

OFFICE WORKERS

The white-collar workers who have higher potential to order the takeaway service

HIGH GRADED RESIDENTS

Residents who live in nearby area of shopping mall and have high potential to order takeaway service

LUXURY SHOPPERS

The frequent visitors of luxury & retail stores in the shopping mall



HOW TO INCREASE AWARENESS AND DRIVE SALES OF TAKEAWAY SERVICE?

IDENTIFY THE RIGHT AUDIENCE



Using Cosmose' AI technology, we identified 200K weekdays visitors who in the last 3 months visited office buildings, luxury stores and residential area in nearby of shopping mall

OFFLINE

BUILD AWARENESS AND DRIVE FOOT TRAFFIC



We connected with our TA using popular social media platforms that are relevant to them, through native ads to target them when they are browsing online.

ONLINE

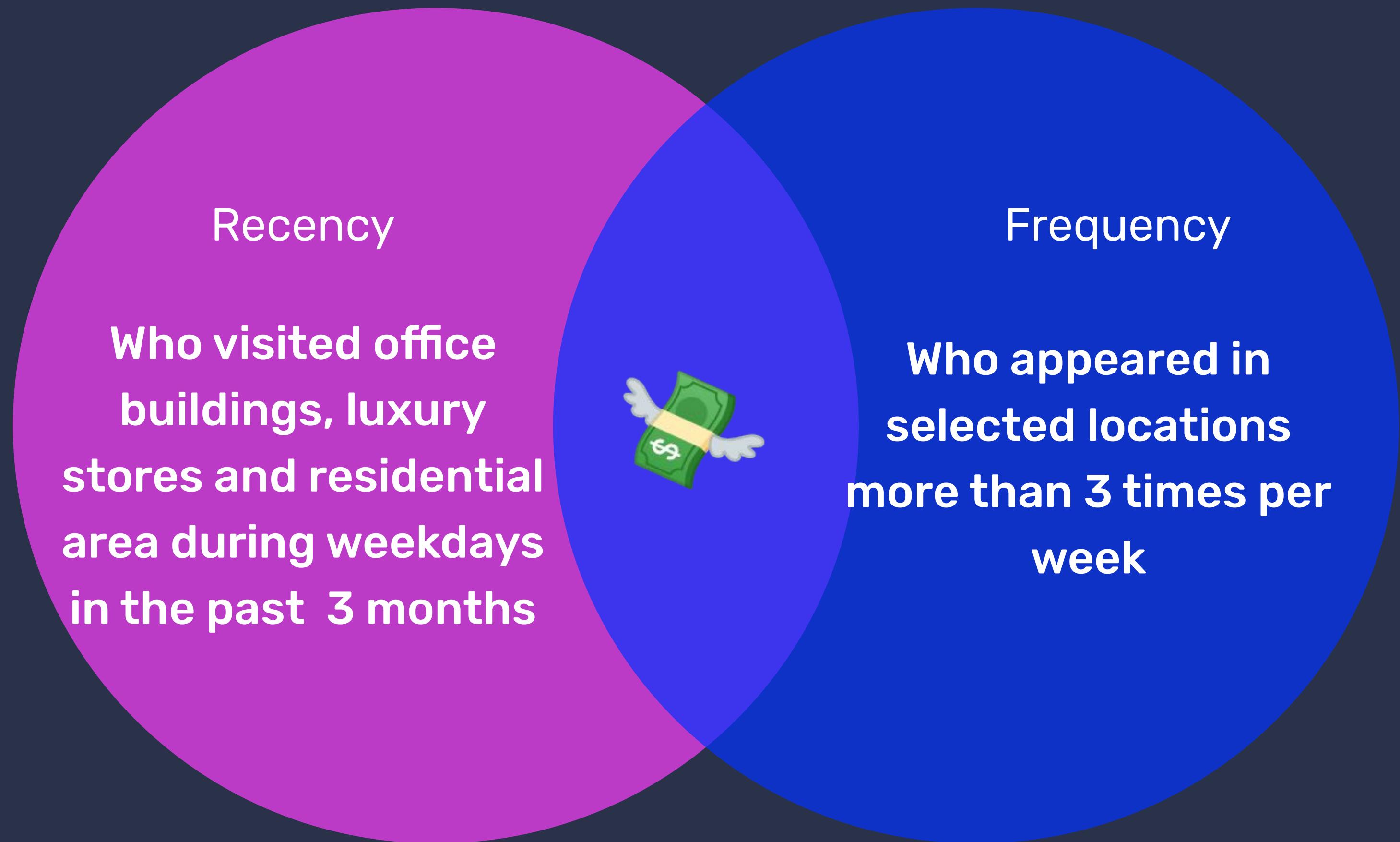
MEASURE RESULTS



We measured how many people engaged with the campaign and as a result visited to the partnered restaurants for takeaway service in the shopping mall

OFFLINE & ONLINE

LOCATION DATA STRATEGY TO TARGET HK LOCAL FOR SHOPPING MALL



Users characteristics:

- Who are work from office and home that having high potential to order takeaway service and want to away from the public

Messages:

- Encourage users to order takeaway service on partnered restaurants for cash coupons redemption

RETAIL SUPERMARKET BRAND

- How to take advantage of offline data to increase offline traffic?

Brand and product
**RETAIL
SUPERMARKET
BRAND**

Audience
BRAND CUSTOMER

Who visited or shopped at brand store in the selected markets in China, such as:
BJ/SH/GZ/SZ/HZ/NJ/WH/CS..

COMPETITOR STORE

Who visited or shopped at Competitor stores.

LOOKALIKE

Who lived or visited at Residence/International schools/supermarkets within 3km of the brand store.



IDENTIFY THE RIGHT AUDIENCE

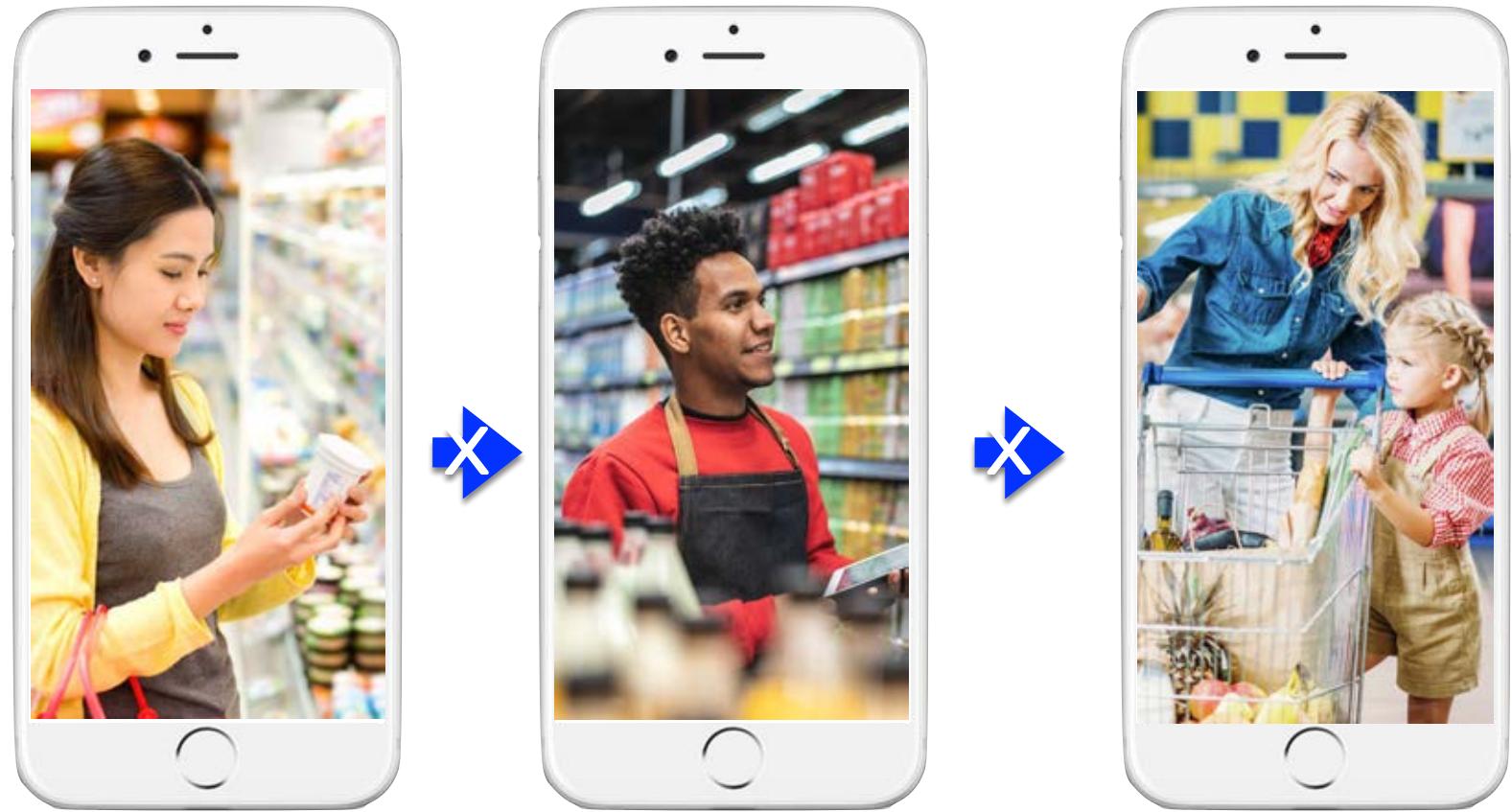


We estimate to identify a total of 3,000K mobile users who have visited below locations:

- Brand stores (The selected markets, such as: BJ/SH/GZ/SZ/NJ/HZ/WH/CS.)
- Competitor stores
- Lookalike (Residence/International schools/supermarkets within 3km of the brand store)

OFFLINE

BUILD AWARENESS AND DRIVE FOOT TRAFFIC



We will connect potential audience via their favourite Media: 今日头条/虎扑/搜狐新闻/腾讯新闻/网易新闻/新浪新闻/一点资讯/知乎/喜马拉雅 FM for select people to maximize reach and enhance brand preference among our TA.

ONLINE

MEASURE RESULTS



We will measure how many people engaged with the campaign and as a result visited the selected Brand store.

OFFLINE & ONLINE

DATA STRATEGY TO TARGET CN SHOPPERS FOR SUPERMARKET BRANDS



RESULTS

ONLINE BEHAVIOR

(People interested in lifestyle and news apps)

2.04%
CTR

OFFLINE BEHAVIOR

(Supermarket shoppers defined based on historical offline behavior)

0.16%
CONVERSION RATE

cosmose AI

COSMOSE DELIVERS RESULTS TO LEADING LUXURY COMPANIES

LVMH
MOËT HENNESSY • LOUIS VUITTON

RICHEMONT

ESTÉE LAUDER

周大福
CHOW TAI FOOK

LUXOTTICA®

BURBERRY

KERING


L'ORÉAL

AND MARKET LEADERS OF OTHER CATEGORIES

ABInBev

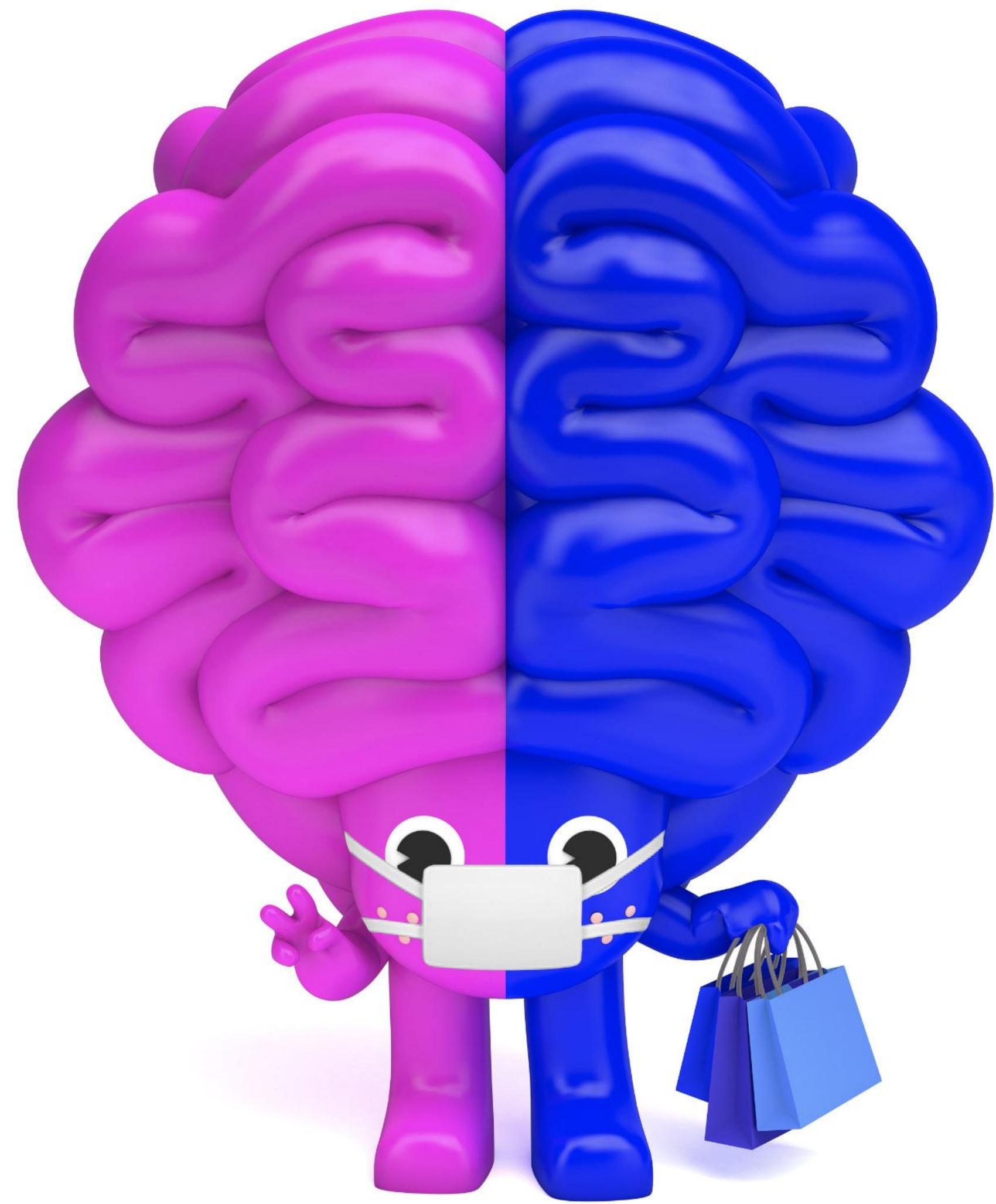

SAMSUNG

airbnb

MARINA BAY Sands®
SINGAPORE

Mercedes-Benz


Q&A





THANK YOU!

Want to learn more about what we can do for your business?

Visit cosmose.co or drop us an email at

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