

ASIAN LOGISTICS
& MARITIME
CONFERENCE
亞洲物流及航運會議

8 November 2012

Hong Kong Convention & Exhibition Centre
www.asianlogisticsconference.com



Seizing Asia Luxury Boom and E-Commerce Opportunities

Riccardo Fuochi – President OMLOG Group

AGENDA

I. THE LUXURY MARKET IN ASIA

II. E-COMMERCE IN CHINA

III. SUPPLY CHAIN



Luxury Goods Market in Asia



- Asia's becoming a luxury consumption hub and the world's biggest market driven by China
- Asia is the world's biggest market for luxury goods with average growth of 20% per year
- Asian luxury market driven by China where Chinese consumers account for 25% consumption of the world's luxury

Luxury Goods Market in Asia



- 2.7 M High Net Worth Individuals (HNWIs) in China with personal assets of more than 6 M RMB (US\$ 950,000) and 63,500 Ultra-High Net Worth Individuals (UHNWIs) with assets of more than 100 M RMB (US\$ 15.8 M)
- 73% of individuals purchase luxury goods in Hong Kong
- 28% purchase goods in the Mainland due to high prices and high taxes
- Hong Kong first choice destination for HNWIs to buy luxury goods.

Traditional Retail vs. E-Commerce



- **TRADITIONAL RETAIL**

- ✓ Real Estate in major Asian and Chinese cities is a real estate war driven by huge demand
- ✓ High rental costs
- ✓ Low availability of top locations



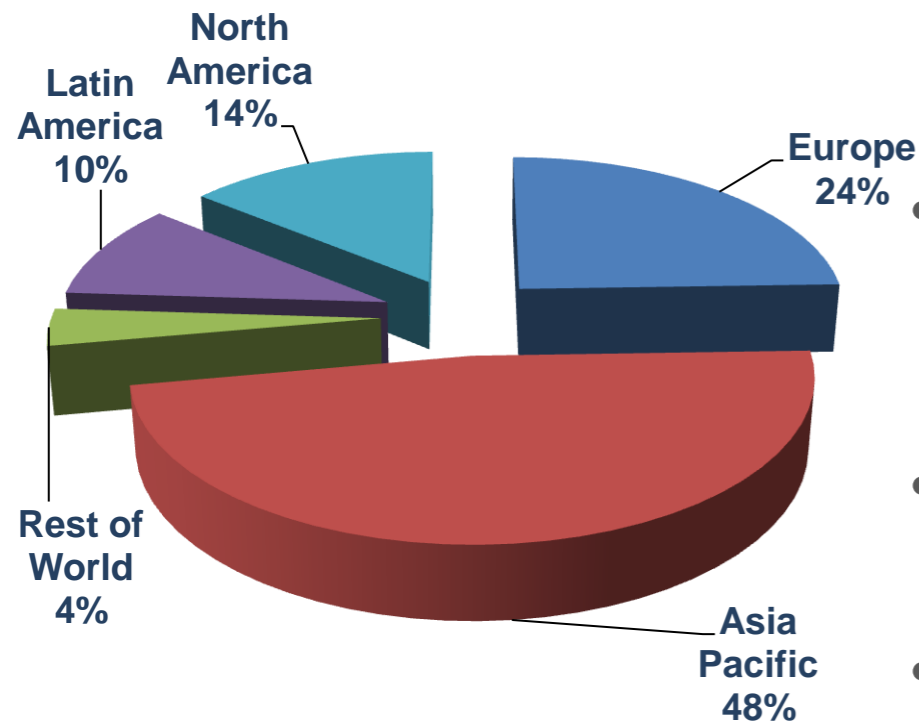
- **E-COMMERCE**

- ✓ as a complement to the traditional retail channel
- ✓ Low cost entry level
- ✓ Opportunity for SME's to access the Luxury Market



Asia E-Commerce Market

% of World Internet Users



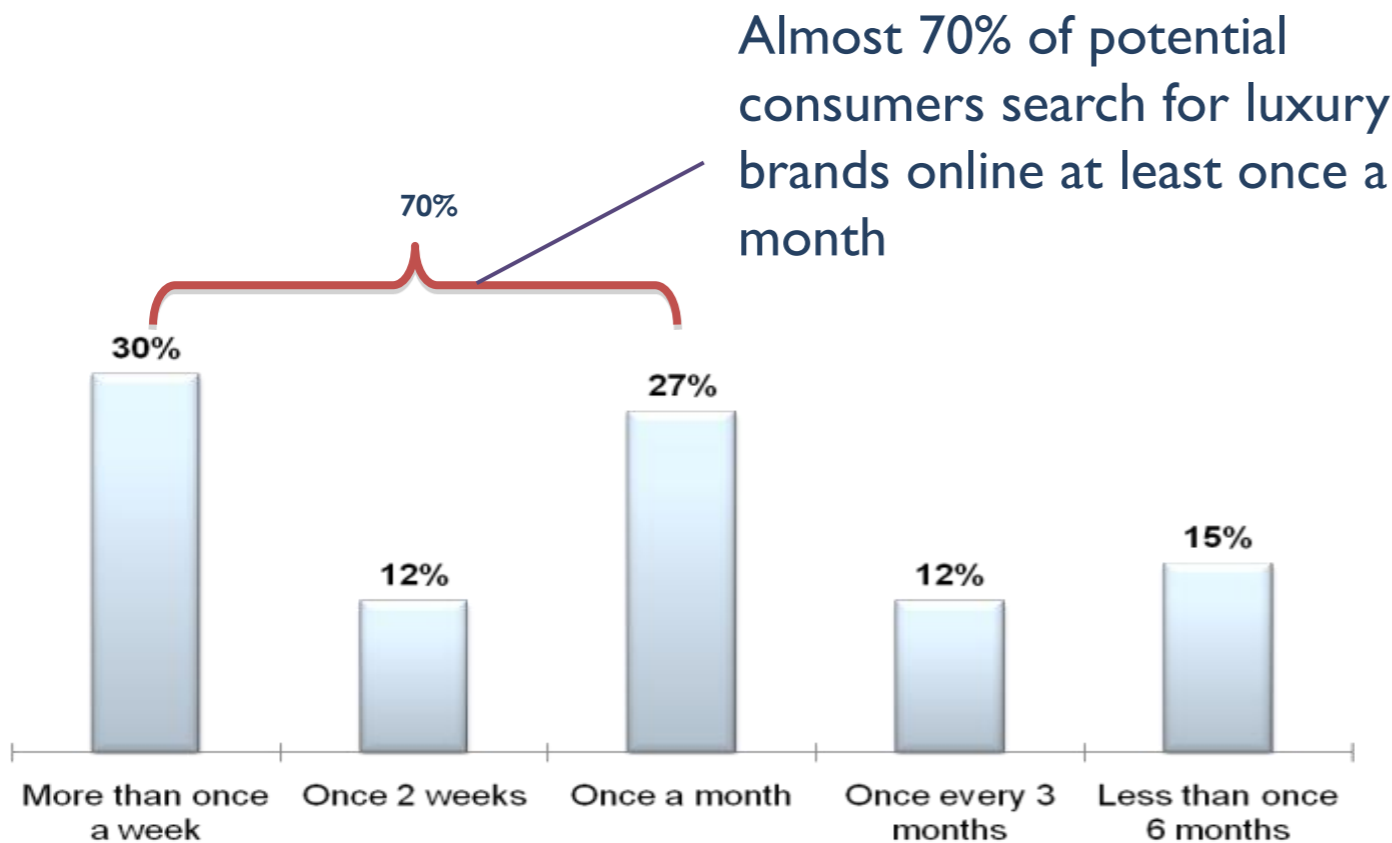
- Asia is extremely diverse economically and culturally
- Mature markets like Hong Kong, Japan and Korea
- China and India as huge developing markets
- Different legal challenges for Customs procedures, online invoicing and online payment
- Distribution challenges with vast and spread-out countries

China E-Commerce Market

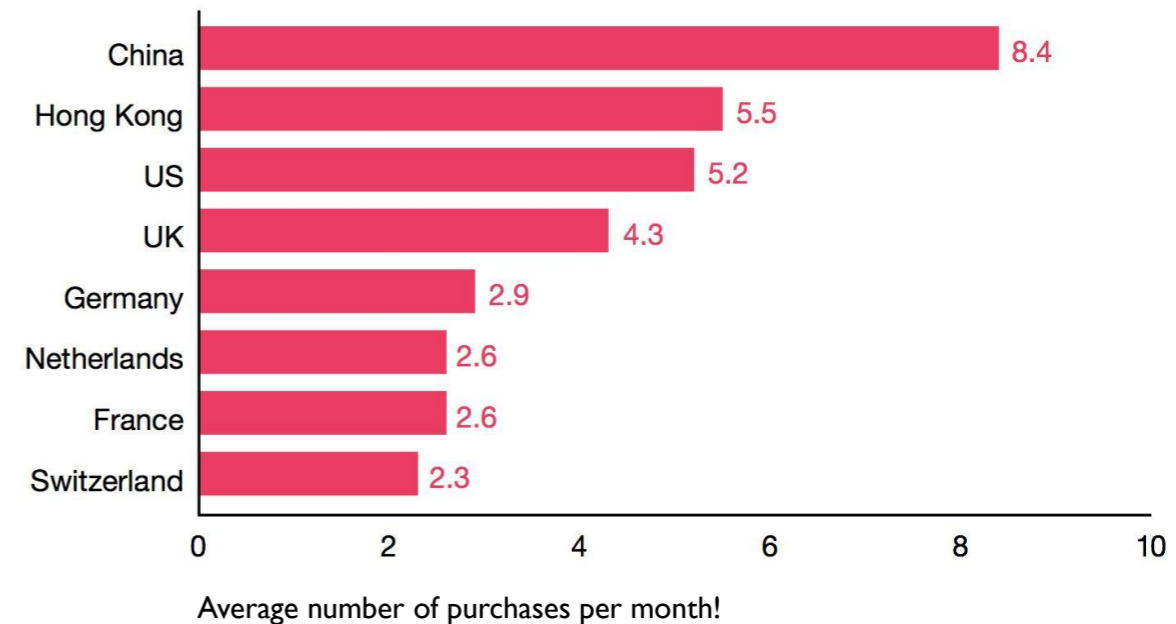
513 millions: Internet users in China

145 millions: 2011 Online Consumers in China

329 millions: 2015 Online Consumers in China



The Chinese buy online 4 times more than European



Supply Chain Impact: Asia - China



- Specialized logistics, crucial for luxury e-commerce distribution
- Governments implementing importing controls – i.e. China CIQ for apparels (China Inspection and Quarantine Department)
- Distribution challenges in a continent with a developing logistics infrastructure
- Diversified and complex import/export regulations in the region

Hong Kong E-Commerce: Hub for Asia



- Regional E-commerce Logistics Hub (Macau, Singapore, Taiwan) with easy import and re-export procedures
- Customer Service center Hub
- High connectivity and IT infrastructure
- Local Government favorable policies and IP protection
- Strategic location with excellent port and airport facilities

E-commerce challenges in China



- To understand the local requirements and the local regulations in regards to customs and DC location
- China is a very large country with a very fragmented distribution network of many different express courier providers
- Luxury Fashion with very special requirements for customized order and special gift packaging

What we have done...



- Expansion of its presence from Hong Kong to China opening DC's in the regions of Shanghai, Beijing and Guangdong where 50% of the wealthiest populations reside
- Continuous investments in its in-house Supply Chain Platform and warehousing infrastructure to supports end to end Logistics
- Strategic Alliances with internationally recognized e-commerce portals and gateways

How we address the challenges...



- Defining a Logistics model that will sustain the growth in Asia and complying with the ever changing regulations
- Asia-China Fashion Logistics Retail and E-Commerce consultancy and logistics services
- Specialized and experienced Fashion Imports and Customs in the region with China CIQ certified operations
- Quality Control & Vendor Compliance
- Fashion VAS services - China Labeling
- In House IT systems WMS, Import customs clearance
- Fashion Logistics DC's: HK, Shanghai, Beijing, Shenzhen and more than 40 pull-points in the main China cities with full distribution coverage

Thank You!

Our Mission:

“To provide a faster way to reach the retail markets, reducing the inefficiencies throughout the supply chain, focusing on timing and customer’s care; assisting our present and potential customers to broaden their boundaries in China and and Asian markets.”

Riccardo Fuochi