



2019: THE YEAR OF
THE PIG
**NEW STRATEGIC
GUIDELINES**

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Milan, 5 February 2019



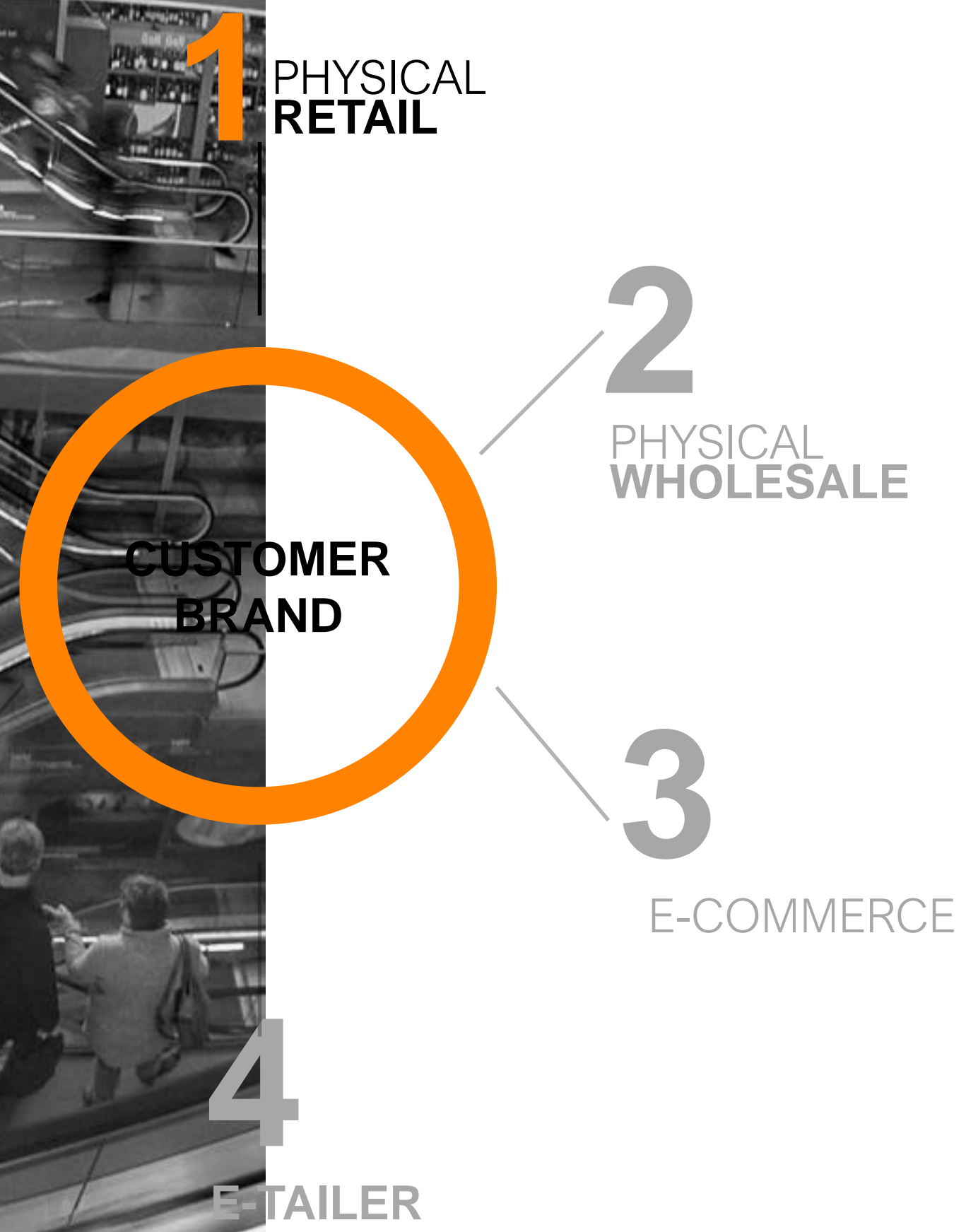
NEW STRATEGIC GUIDELINES **AND E-COMMERCE OPPORTUNITIES**



EVOLUTION OF BRAND/CLIENT RELATIONSHIP

Technological innovations enable the evolution of sales channels. Products life cycle evolves around and adapts to the client and its needs.

New business opportunities that brands must monitor



PHYSICAL RETAIL

According to our vision, physical retail is committed to strengthen the efficacy of all other sales channels, as well as being involved in additional differentiated services and functionalities (e.g. click & collect, change & return, in-store personal shopper)

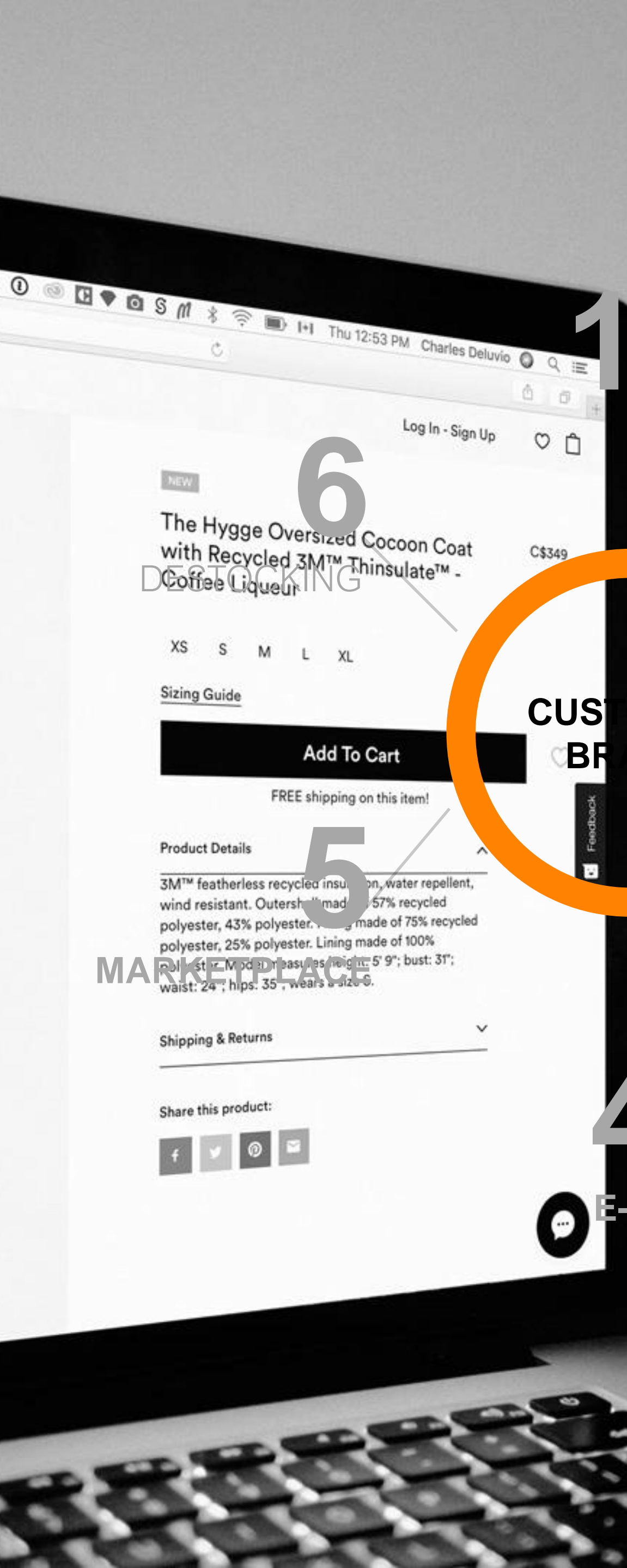
- Growth of brand database
- CRM
- Up-sell

PHYSICAL WHOLESALE

Department stores and multi-brand boutiques amplify the «physical» distribution of a brand. They represent an important meeting point between the brand and the consumer.

- Sales increase
- Brand-awareness increase
- Geographic market penetration





1
PHYSICAL
RETAIL

2
PHYSICAL
WHOLESALE

3
E-COMMERCE

CUSTOMER
BRAND

4
E-TAILER

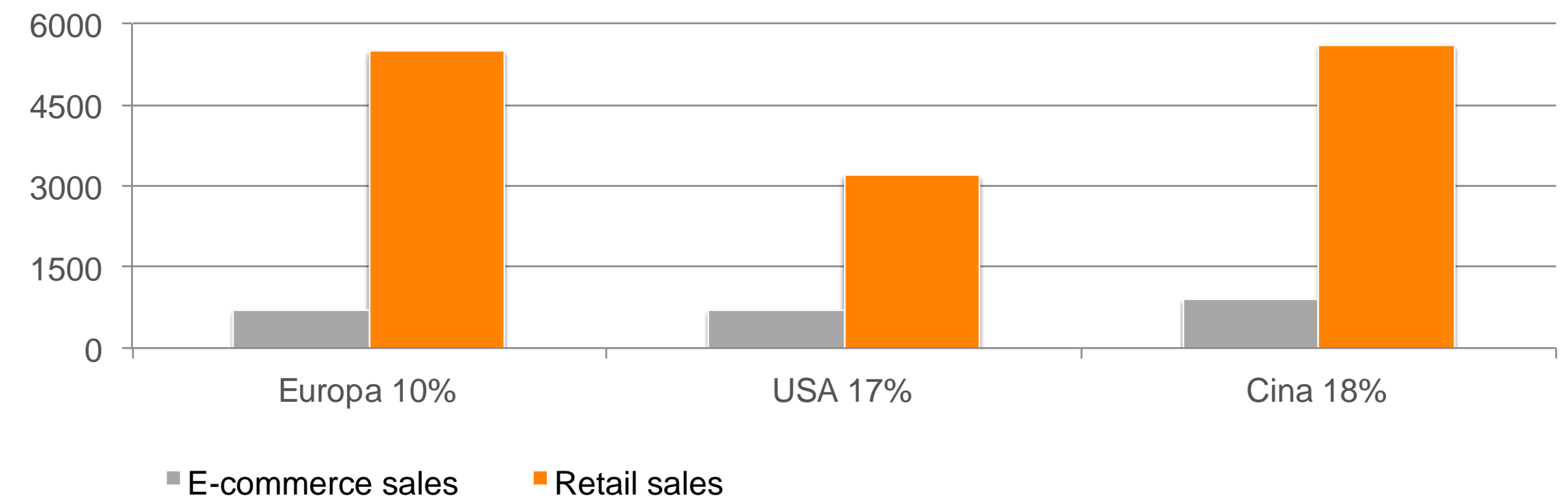
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MARKETPLACE

E-COMMERCE

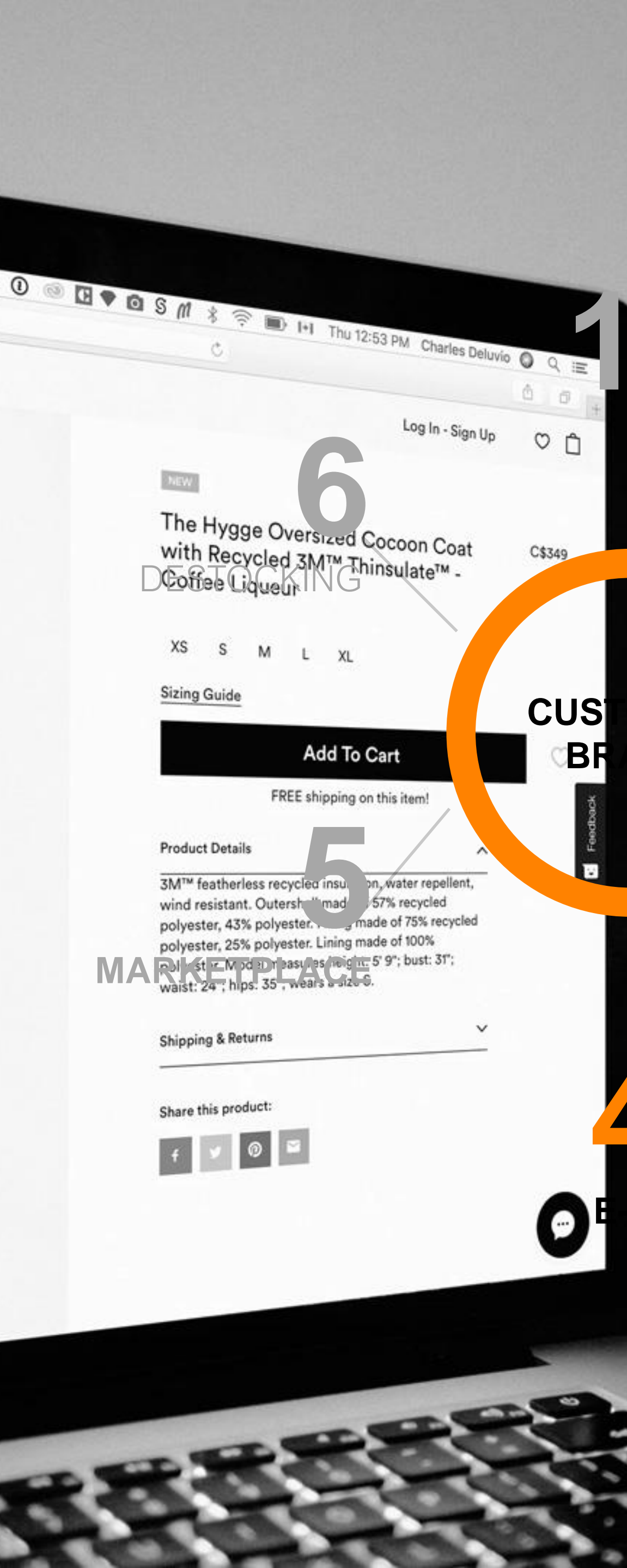
E-commerce is the first sales pillar within the online market and is capable of accounting for about 13% of a brand's total sales.

- Brand DNA
- Maximum catalogue range
- Contact personalisation
- Significant sales volumes
- Direct control of online distribution

2018 e-commerce vs. retail sales
Billions of €



Source: graphic elaboration on 2018 eCommerce B2C Observatory data (1)



1
PHYSICAL
RETAIL

2
PHYSICAL
WHOLESALE

3
E-COMMERCE

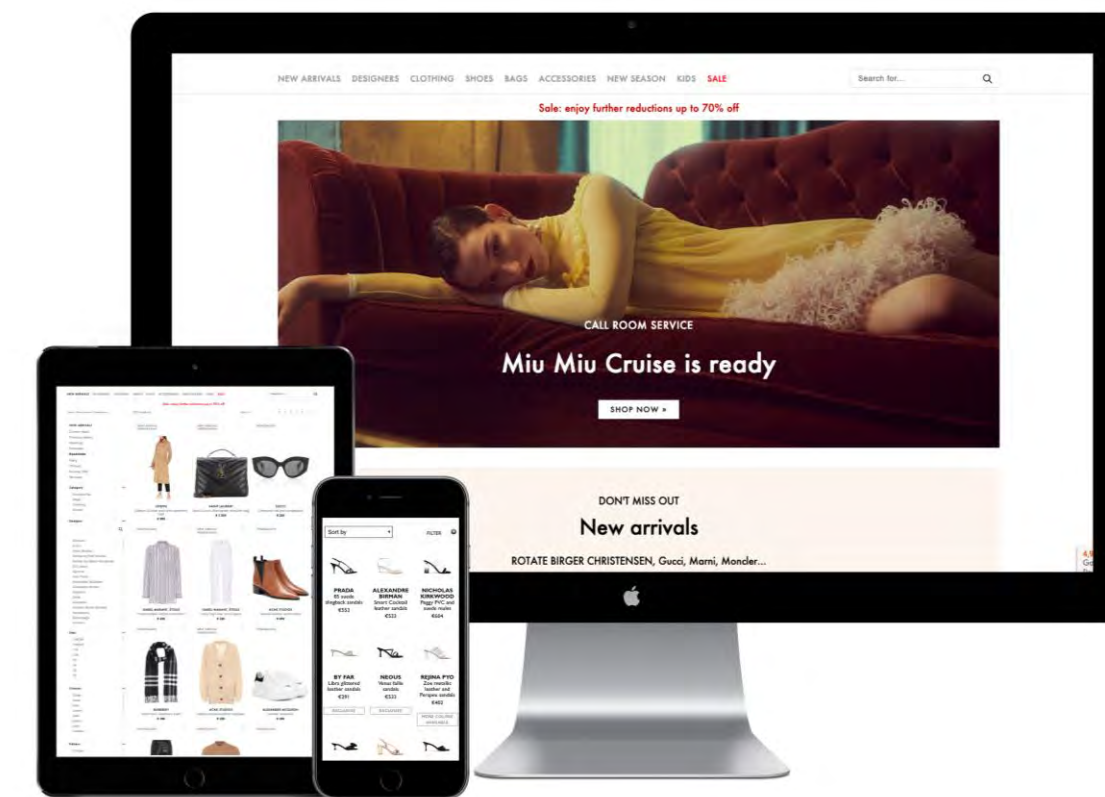
**CUSTOMER
BRAND**

4
E-TAILER

E-TAILER

E-tailers (or multi-brand stores) amplify brands' online distribution by maintaining its positioning

- Brand-awareness increase
- Digital sales increase
- Geographic market penetration





MARKETPLACE

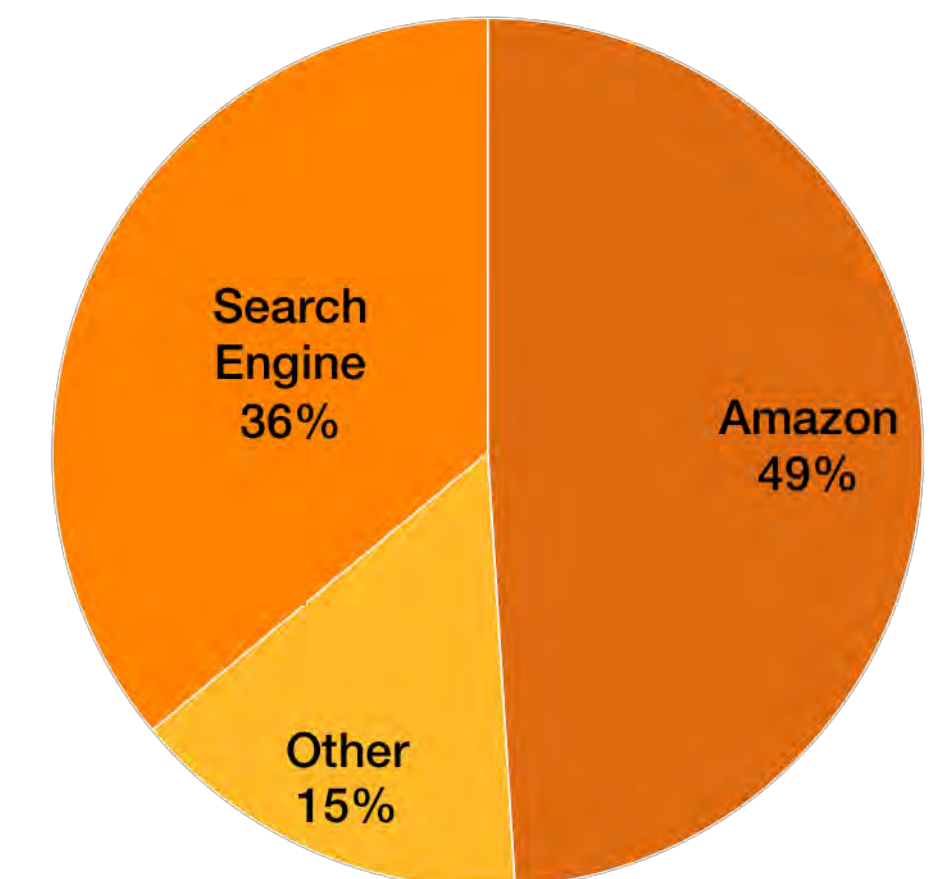
2018 was the year of marketplaces and affiliation for the fashion market thanks to the growth of giants such as Farfetch, Lyst, Amazon and Alibaba. It is estimated that 9 users out of 10 visit at least one marketplace during the purchase consideration phase.

Any brand that wishes to obtain significant incremental sales must focus on being present in a marketplace.

Where Do You Begin Your Product search? ¹³



MARKETPLACE SALES ACCOUNT FOR **50%** OF GLOBAL ONLINE RETAIL SALES ¹²



Source: graphic elaboration of 2017 BusinessWire (2) and Business Insider (3) data

DESTOCKING

Set of stock planning and distribution services. The goal is optimizing the brand's sales potential through warehouse cleaning or dedicated stock productions' sales.

- Optimisation of stock value
- Sales increase
- Geographic penetration of new markets
- Long-tail brand-awareness increase





GLOBAL DIGITAL ENABLER FOR FASHION BRANDS

- Partner for managing the whole digital life cycle of the product
- Only access point for any e-commerce solution of the brand
- 100% selling rate on supplied stock over one year

UNIQUENESS

Exclusive combination of specialistic B2B and B2C services for fashion industry and direct global experience

WIN-WIN

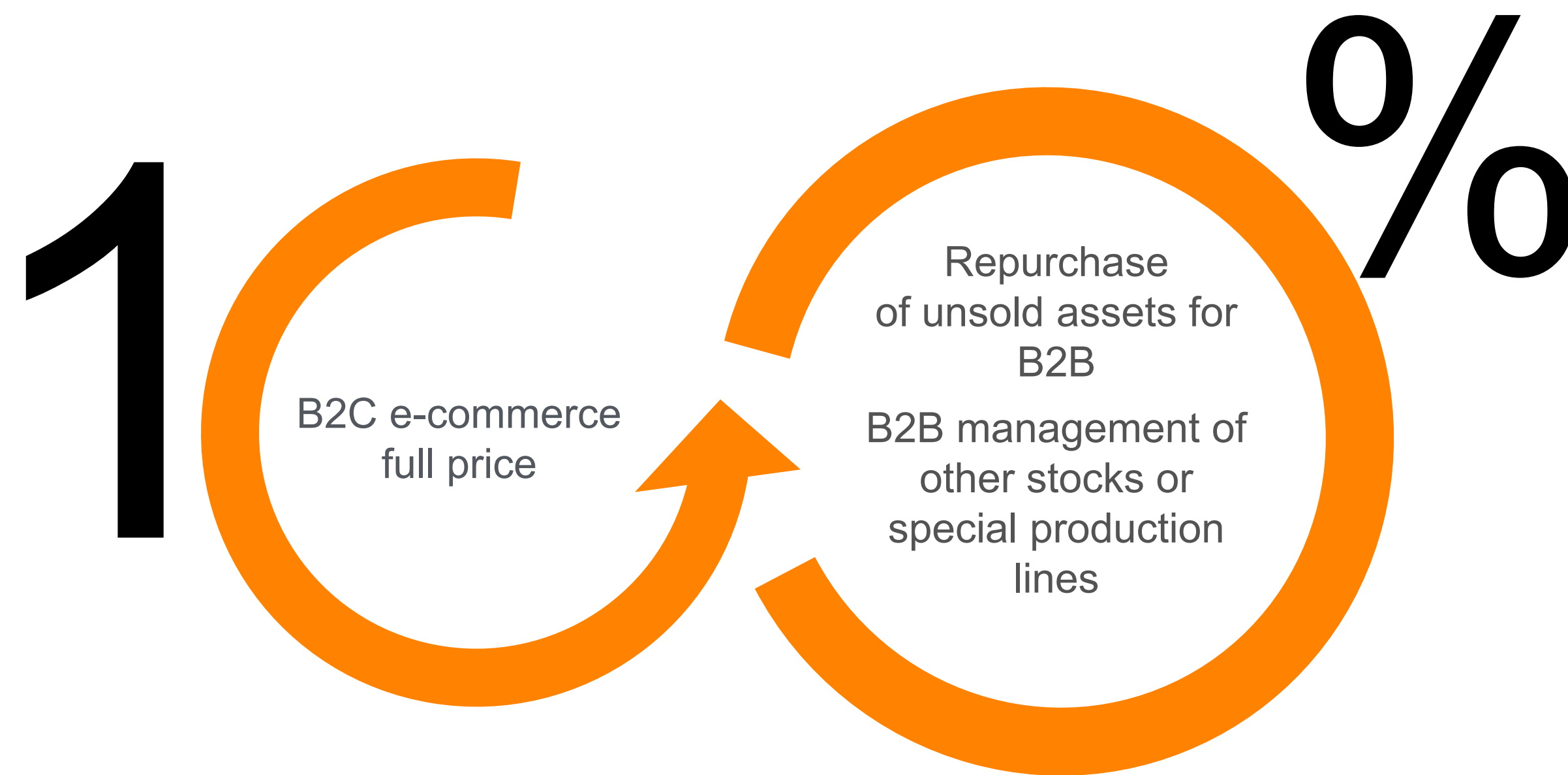
Objectives alignment, performance check and sharing of results, both in planning and managing

FLEXIBILITY

Compatible with most common e-commerce solutions, integration facilitator, customized projects

MISSION: **100% SELL THROUGH RATE**

Thanks to the combination of more sales channels and economic models, we aim at enabling a 100% sell-through rate of digital channels for our partner brands



SELL THROUGH RATE **60/75%**

B2C "in-season" product can be increased if compared to real sales forecast.

UNSOLD ASSETS **40/35%**

At the end of the season, Giglio Group ensures the repurchase of B2C e-commerce channel's unsold assets to distribute the whole stock via its own B2B channels

+ INCREMENTAL **STOCK**

Opportunity to add further off-season stock or special productions in order to further maximise the B2B sales channel and sales performances



E-COMMERCE NUMBERS



The Ibox Digital division counts on more than 100 projects for important brands, including creating and managing e-commerce platforms worldwide and developing technologies capable of supporting brands in their wholesale buying and refill activities.

280 mln

Clicked pages

115

Countries of dispatch

45 mln

Web sessions

20

Managed brands

Source: internal data



FROM SERVICE PROVIDER TO **DIGITAL ENABLER**

PEOPLE: numerical and qualitative development, recruitment of professionals with strong international experience and specific skills in digital fashion that share the brand DNA and are capable of building highly tailored strategies, create innovative and complex projects and ensure results over time, always with a win-win approach.

TECHNOLOGIES: ORACLE as preferred partner and commercial joint venture with Sopra-steria, in order to enable any e-commerce platform to brands

OPERATIONS: 3 logistic hubs to ensure clients the perfect purchase experience all around the world

MARKETS: consolidation of geographical coverage and focus on luxury markets (CHINA)

MARKETPLACE



Marketplaces' variety and quantity multiplied over the years, ranging from more fashion-oriented to more general ones, with a wide array of product categories and worldwide coverage.

FARFETCH

zalando

lyst

ASOS

Istdibs
The Most Beautiful Things On Earth

MYBESTBRANDS

HARVEY NICHOLS

Galeries
Lafayette

El Corte Inglés

ZALORA

THE ICONIC

WINKELSTRAAT.NL
FASHION. BOUTIQUE STYLE

BlingHour
闪亮时刻海淘搜索

AXES
BRAND SHOP

privalia

BUYMA

BrandAlley

Rakuten

GOXIP
SNAP SHOP WEAR

CETTIRE

La Redoute

KOMEHYO

FASHIONTAMERS

amazon

LUSTRELIFE

REEBONZ
YOUR WORLD OF LUXURY

FASHIOLA.

STYLELOUNGE

MILAN STYLE

SOUQ
an amazon company

SHOPSTYLE

Nuji

MODESENS
YOUR FASHION SHOPPING ASSISTANT

spartoo

RAFFAELLO
NETWORK

MARKETPLACES FASHION CASES



Many brands already accessed marketplaces in a direct manner. Some interesting collaborations:



From 2016 to 2017, its digital budget on Amazon went from 3% to 30% of total. (4)



Starting from 2016, Harvey Nichols launched his own marketplace to strengthen the offer of the British department store, reaching a deal with Burberry for direct distribution on the channel.

CALVIN KLEIN

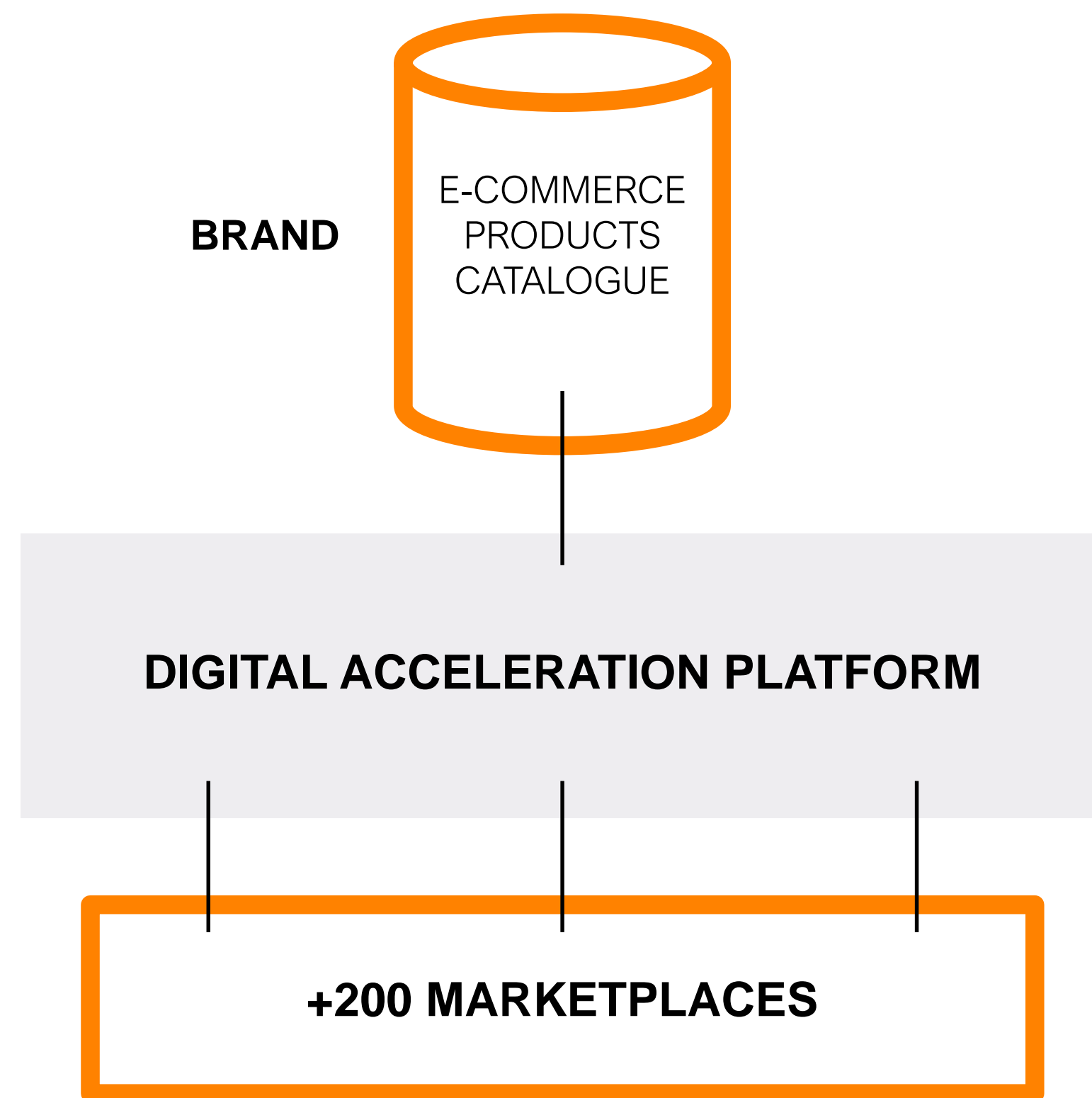
It arrived at the 3rd pop-up shop in collaboration with Amazon to experiment new shopping methods and tapping into the Generation Z.



The marketplace with 4,200 orders per minute during Black Friday announced its plan to expand its presence in the premium sector (already inside brands such as Versace, Furla, Moschino, Missoni). (6)

MARKETPLACES: THE IBOX DIGITAL TECHNOLOGY

Ibox Digital built a proprietary technology capable of connecting brands in plug-and-play mode to one or more marketplaces, drawing from more than 200 platforms worldwide.



(CURRENT) FEATURES:

- Maximum flexibility toward brand's needs

CATEGORIES

INVENTORY

COUNTRIES

0% ————— 100%

Apparel

FULL PRICE

% PRICE

IT, FR, DE

Bags and accessories

FP

%P

US, KR, CN, UK

Shoes

FP

%P

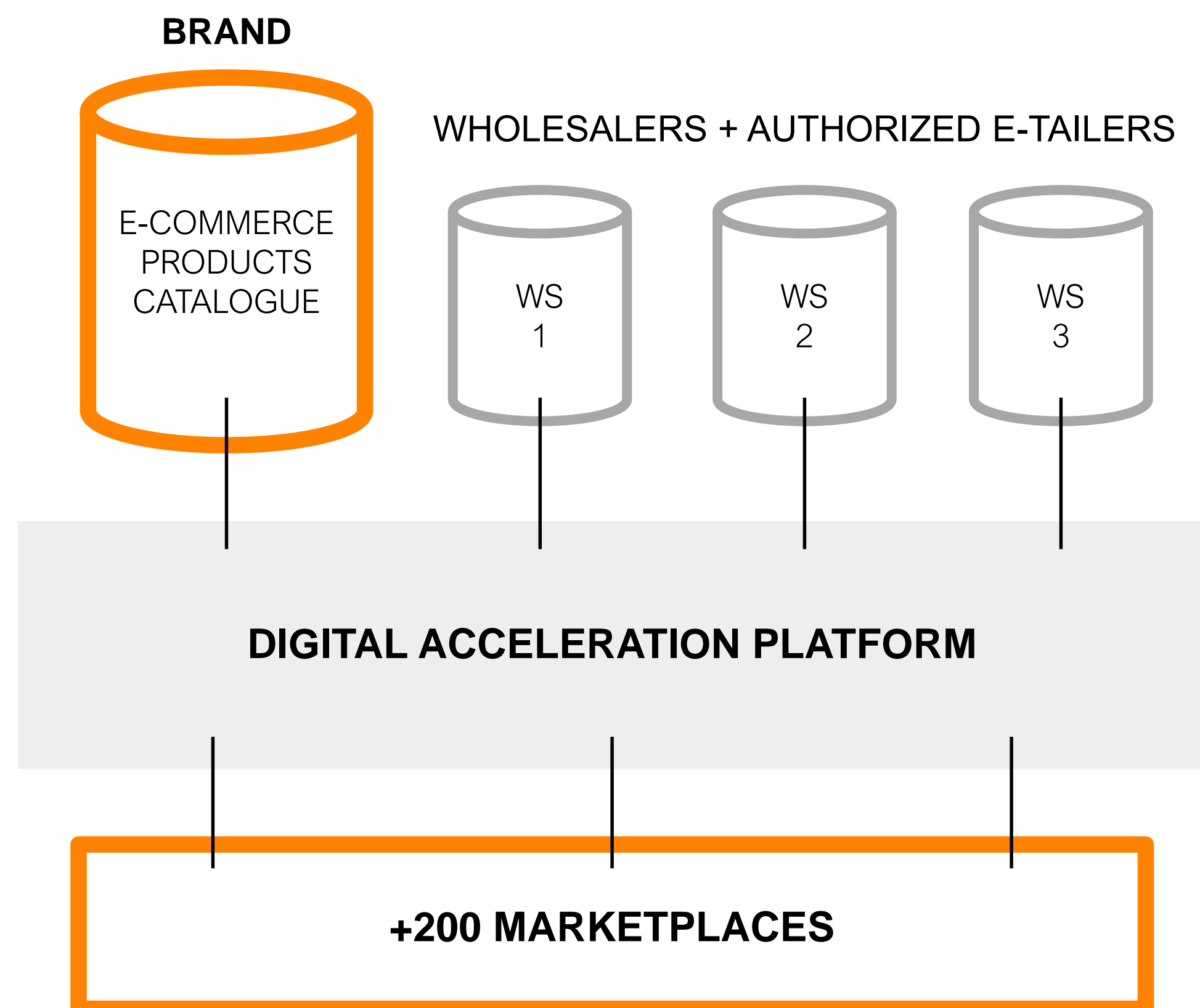
IT, US, CN, UK

- Proprietary algorithm to optimize shipment through multi-country logistics and multi-courier shipping
- 24/7 multi-language customer service
- Content adaptation and localization for every marketplace (pictures/videos/texts)

MARKETPLACES THE EVOLUTION



In order to allow further control on the brand's distribution chain, Ibox Digital will release in the coming months new features allowing online and physical wholesalers to manage their own activities on the marketplaces.



VALUE FOR BRANDS:

- Product distribution check
- Pricing and contents check
- Inventory optimization
- Markets control (geo-pricing rules + licensing)
- Localized marketing for markets and specific marketplaces

VALUE FOR WHOLESALERS:

- Quick time to market
- More choice of marketplaces platforms
- Inventory optimization
- Technological development decrease
- Use of pre-authorized contents from brands and marketplaces
- Cost optimization

MARKETPLACES THE EXPERIENCE OF IBOX DIGITAL



The results of the first quarter of activity of brands managed by Ibox Digital confirmed the online sales growth trend thanks to the marketplace channel

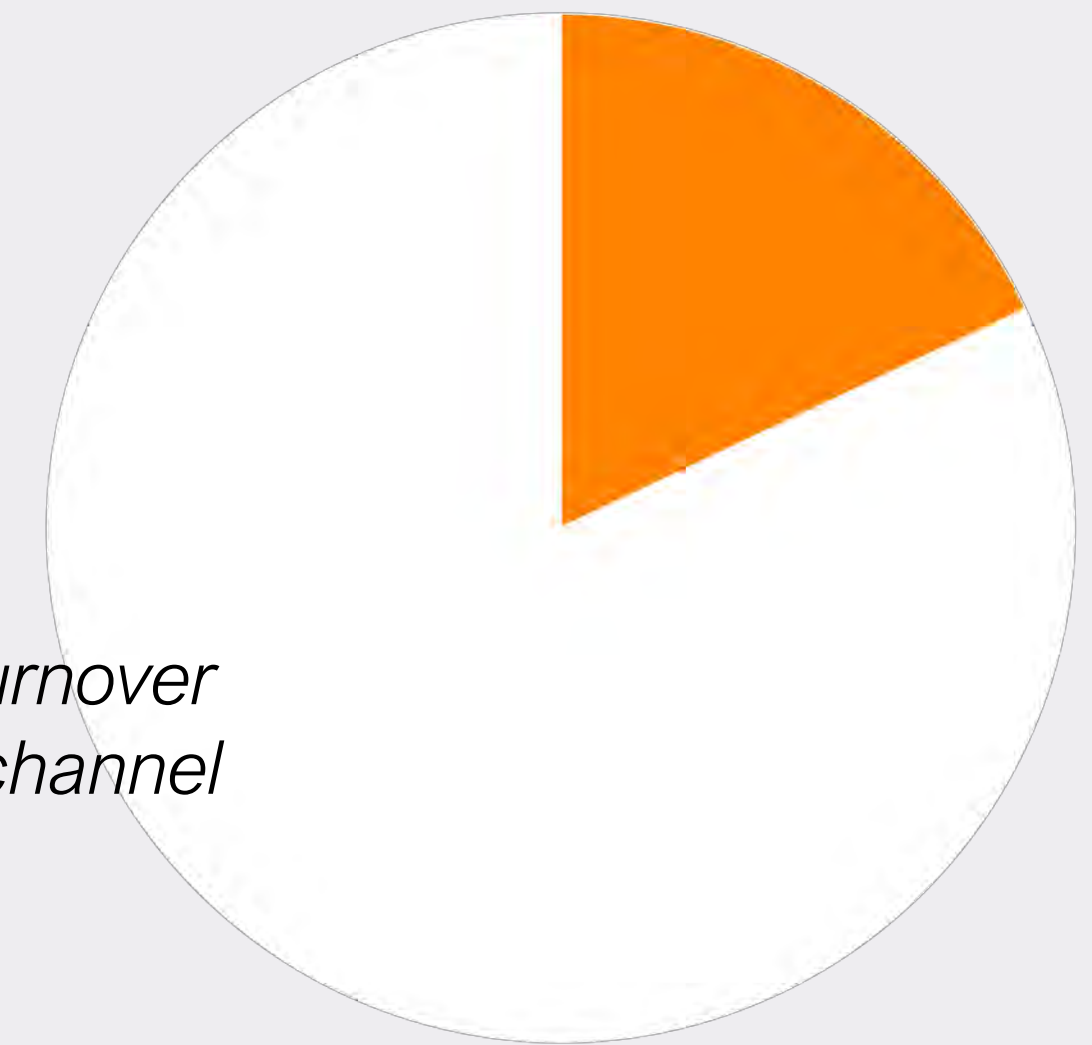
+22%

Additional turnover to online channel
from marketplaces (year 1)



18%

Share of marketplaces turnover
compared to the online channel
(year 1)



Data concerning brands with physical sales point and e-commerce with international shipping

Source: internal data

CHINA: GIANT OF THE E-COMMERCE MARKET

The biggest online market worldwide

- worth 83% of Asia-Pacific online sales and about twice of USA sales (10)
- E-commerce as purchase standard and most used method by young people and middle class in secondary cities
- 53% of Chinese population is digitalised (on 1.4 bln people) (8)

Pole of attraction for luxury companies due to its huge growth potential: from 8% of global market in 2017 to an estimated 22% in 2025 (7)

Direct online presence is fundamental

- 78% of Chinese consumers finds information on luxury goods online or from mobile apps (9)
- 50% of Chinese consumers declares having increased its online luxury goods' expenses on Chinese websites the last year and only 41% on international websites (9)

CHINA: OUR OFFER

Giglio Group, together with its subsidiary Ibox Digital, developed an important infrastructure hub with dedicated teams that allow brand to develop within a reasonable time and at a reasonable cost the e-commerce market in China.



EXPERTISE

in developing an tailor-made e-commerce for the local market

LOCAL TEAM

to effectively manage digital and e-commerce activities

ICP LICENCES

authorization from the Chinese Government to publish Internet websites

BRAND-AWARENESS ACTIVITY

through the Group's TV channels

LOGISTICAL HUB IN CHINA

in the mainland and in Shanghai's free trade zone, allowing partners to keep their stock in China without having to pay import duties

CONNECTION WITH MAIN E-COMMERCE PLAYERS

from China to ensure sales efficacy and correct brand positioning

DIGITAL MARKETING EXPERIENCE

to develop positioning and marketing plans

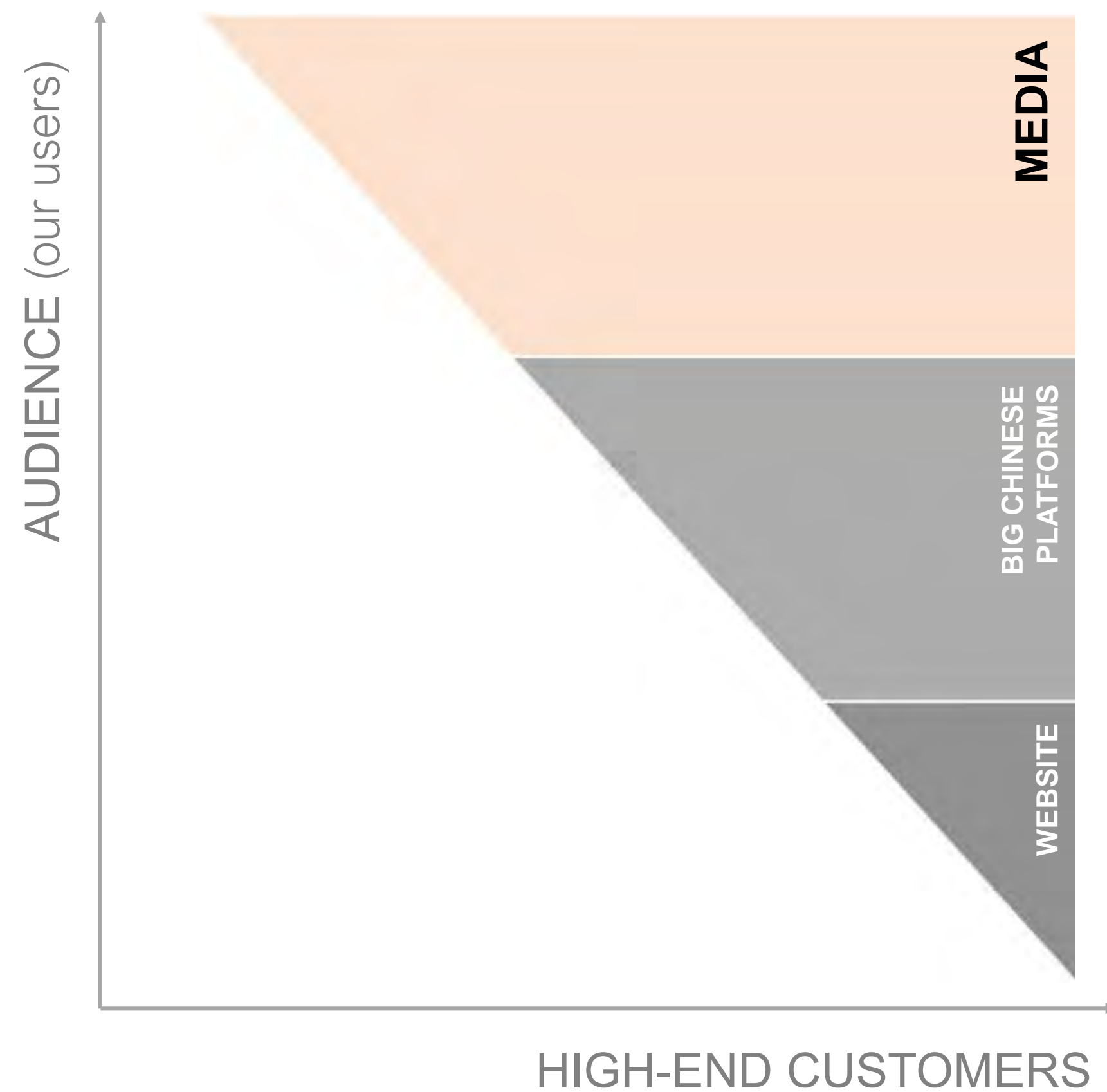
CHINA: THE PILLARS OF OUR STRATEGY



- Maximizing visibility and brand-awareness
- Sales increase
- Non-fragmented stock: orders received from platforms arrive directly to the logistic hub or in the shop - package control

CHINA: A FULL-FUNNEL STRATEGY

Brand-awareness uplift and emotional conversion through T-Commerce



MEDIA PARTNERSHIP:



MAGAZINE SETTIMANALE IN PRIME TIME

3 CANALI TELEVISIVI TEMATICI

TRASMISIONE DEI CANALI DI GIGLIO TV

TRASMISIONE DEI CANALI DI GIGLIO TV

CANALE ITALUXORY DI FASHION MADE IN ITALY

CANALE ITALUXORY DI FASHION MADE IN ITALY

CANALE 52ITALY

PRIME TIME WEEKLY MAGAZINE

3 THEMATIC TV CHANNELS

BROADCASTING GIGLIO TV CHANNELS

BROADCASTING GIGLIO TV CHANNELS

ITALUXORY CHANNEL BY FASHION MADE IN ITALY

ITALUXORY CHANNEL BY FASHION MADE IN ITALY

52ITALY CHANNEL

>180 mln

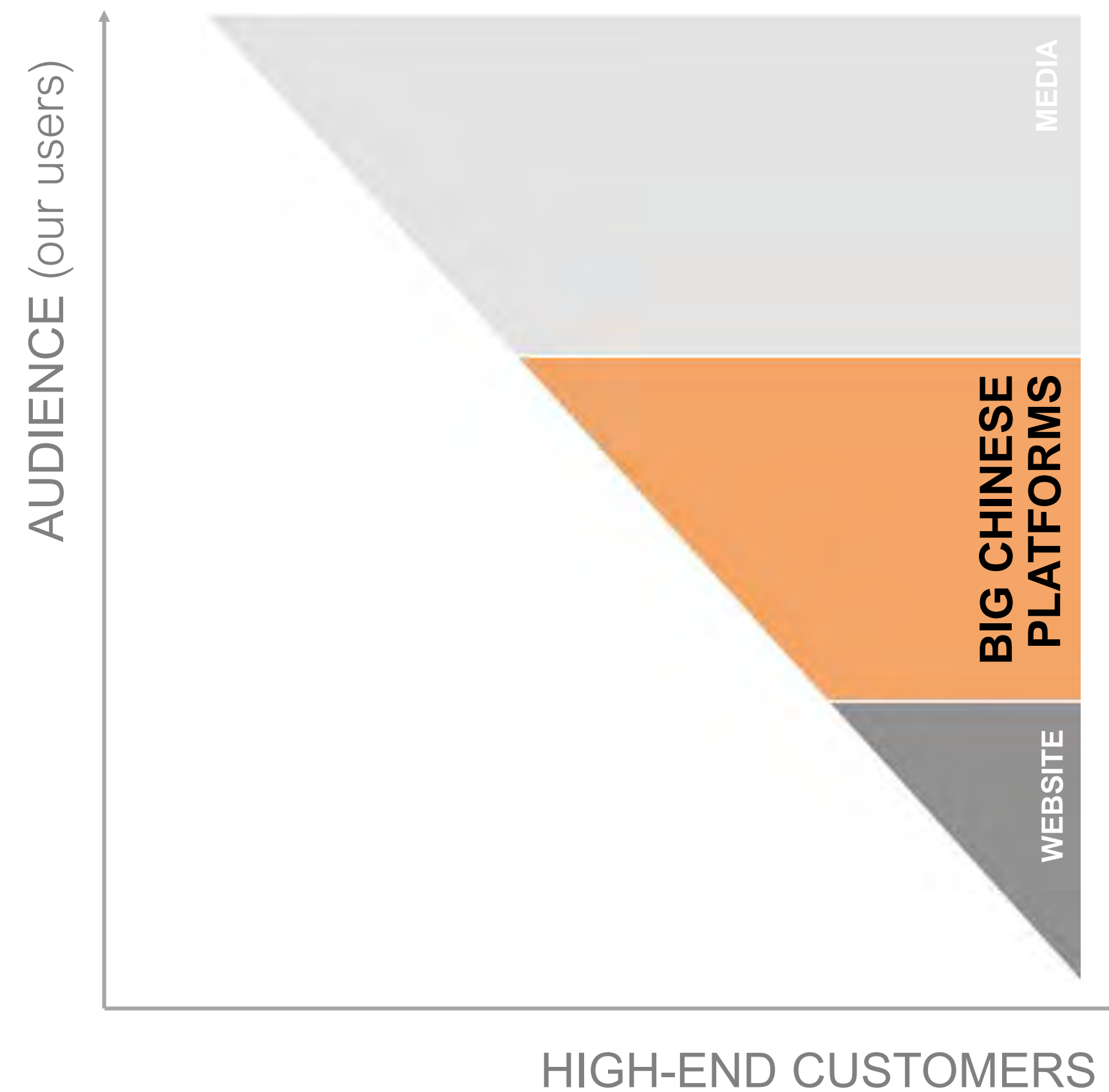
Users on social channels

100 mln

TV viewers per week

CHINA: A FULL-FUNNEL STRATEGY

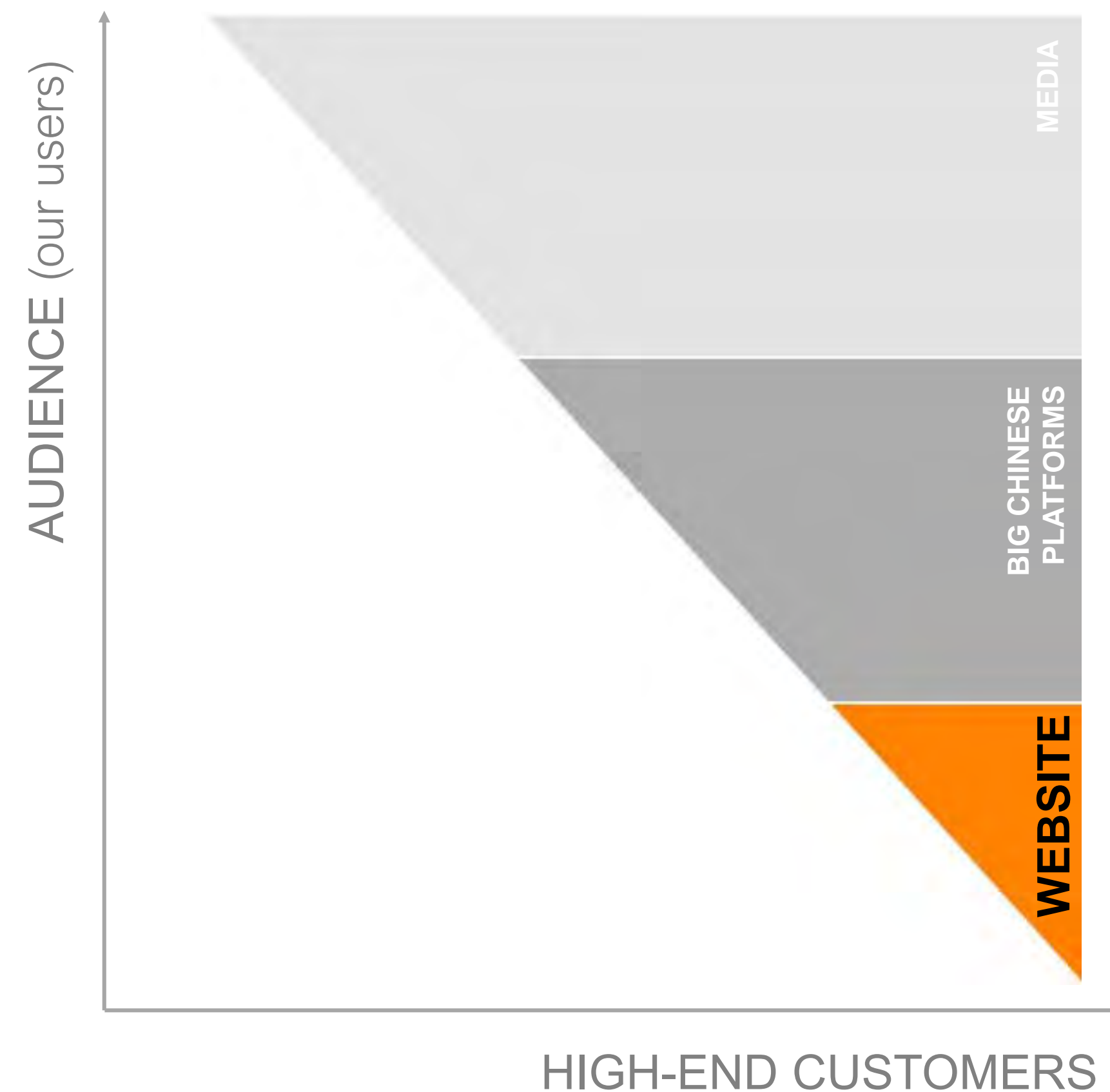
Sales, direct channel monitoring, control of grey and fake market



Source: 2019 Giglio Group elaboration

CHINA: A FULL-FUNNEL STRATEGY

Clients acquisition and retention (CRM & Loyalty), maximum catalogue range, brand DNA, local purchase experience

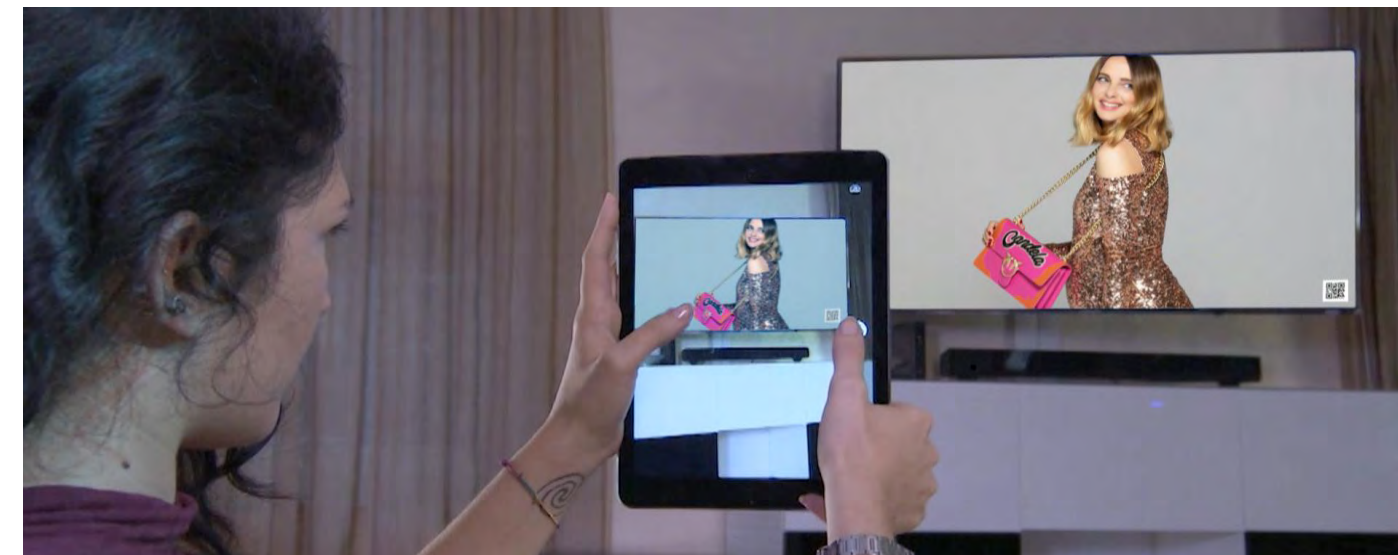


KEY ELEMENTS:

- Same look & feel worldwide so that users recognize the distinctive DNA of the brand
- Localized user-experience starting from check-out, based on the Chinese model
- Translated contents: localization of the whole website and contents adapted to the context
- Local payment methods: credit cards, Alipay, WeChat Pay
- Customer service and logistics: developed on site for maximum service to final customer

CHINA: THE INNOVATIVE T-COMMERCE MODEL

1



- TV channels
- Social
- Marketplace

2



Commercial partnership
for T-Commerce

3



Platform on
WeChat

Our strategy for the Chinese market can be strengthened and accelerated through the convergence between TV channels, media and e-commerce. Thanks to the strong TV presence of Giglio Group, the brand can be presented on the whole Chinese network (TV, social, marketplace with more than 100 mln viewers) through publishing media in target with positioning (brand-awareness increase) and through the Ibox marketplace, which can immediately convert the offer in product sales (pushing online sales).



DISTRIBUTION OUR OFFER

OPERATIONS: structure comprising 3 commercial and operational bases (logistics)

- Milan for the whole EMEA area and Russia;
- New York for North and South American area;
- Shanghai for the Pacific Asian area.

SERVICES:

- complete management of stock-in-trade, relieving companies from a major unprofitable burden.
- special productions aimed at e-commerce websites to dispose of unsold assets
- in-season orders on markets that cannot be reached directly by the brand

BUSINESS MODEL: Single client / Global Planning / Single stock

78

Platforms
worldwide

46

Brands

5 Markets

USA, Europe, Russia, China,
Australia



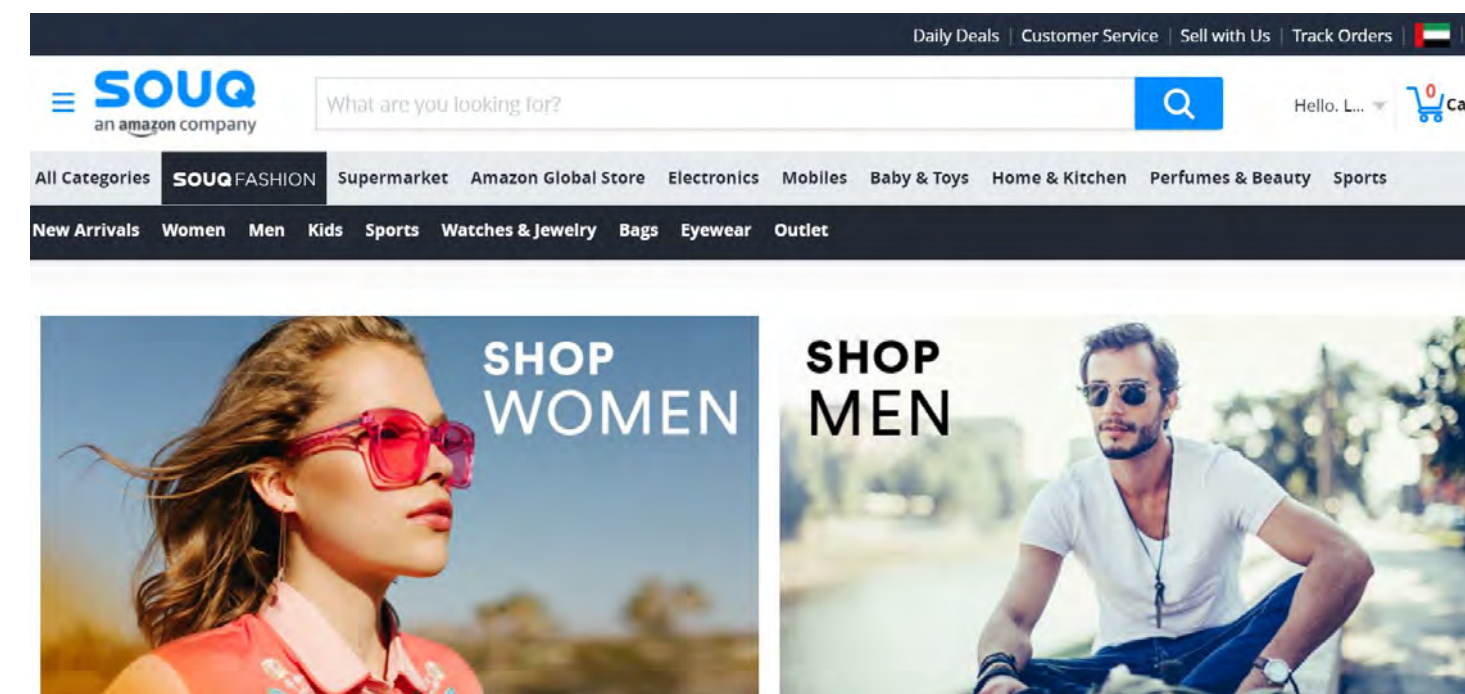
DISTRIBUTION NEXT STEPS

NEW MARKETS

During 2019 Q2 and Q3, we expect an expansion in other geographic markets

- Canada
- Latin America
- India

Starting from January 2019, the UAE market was reached thanks to the agreement signed with SOUQ distribution platform





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SOURCES IN DETAIL

| ref no. | article | source article | author, study | article url | access date |
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| 2 | <i>Global E-Commerce Marketplaces Report 2018: How much of global online retail sales was generated on marketplaces in 2017 and what is the projection for 2022? 21 marzo 2018</i> | Business Wire | Research and Markets | https://www.businesswire.com/news/home/20180321006098/en/Global-E-Commerce-Marketplaces-Report-2018-global-online | 04/02/2019 |
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