



Mountain Glory

set to reach new heights

Earlier this year, The Moodie Davitt Report broke the story of Mountain Glory [卓甄虽鑽], a pioneering retail proposition that is targeting surging interest among Chinese consumers in winter/summer and alpine sports, a dynamic spurred by the successful Beijing Winter Olympics and Paralympics held earlier this year.

Mountain Glory has attracted heavyweight Hainan government backing as well as the involvement of some of the most-respected names in travel retail worldwide.

The company behind the concept is Hainan Zhihuo United Culture & Sports Industry Co, an entity founded in March 2021. **Martin Moodie** reports on the latest developments and how an exciting and highly innovative new retail concept is taking shape.

“*If you want to create happy customers, don't start with telling people about brands and products and prices. Seduce them with the beauty of the mountains – rouse their yearning for living outdoors.*” – Inspired by French pilot and poet Antoine de Saint-Exupéry

So runs the highly impactful promotional tagline for Mountain Glory, a new sports-related retail and experiential concept set to make its debut in Hainan province in coming months. The Moodie Davitt Report broke the story in July in the launch edition of our China Travel Retail Report and the project has gained considerable momentum since.

Hainan Zhihuo United Culture & Sports Industry Co, the company behind the concept, has been established under the guidance and support of relevant government departments of Hainan. It is focused on the development of sports resources in the island province – a key tenet of the province's far-reaching Free Trade Port Programme. Key focus areas for Mountain Glory will eventually include an Expo dedicated to imported sports goods, sporting-themed duty free retail, a sports industrial park and even a sports town.

In its latest promotional material for the duty free retail concept – for which the company is in advanced talks to open the first store in Hainan – Hainan Zhihuo United Culture & Sports Industry Co describes an imaginary conversation between two friends who meet in Haikou's Xixiu Beach Park.

A: I've missed you yesterday. Where were you?

B: Me? In the mountains. I've been skiing.

A: What!?!?

B: And I bought myself a wonderful snowboard!

A: What are you talking about!?!?

B: Personalised!!!

A: You had too much sun already!

B: No no! Listen. Ever heard of Mountain Glory?

A: !?!

B: It's in the fantastic Hainan Duty Free Sport Shopping Mall. When you enter there, you are immediately transported into the mountains, the European Alps – the snow! The peaks! Wow!! I tell you: It's so beautiful! It's so cool. Literally! And then – you find all these amazing products. All the famous sports brands!

A: You know that I am not into sports.

B: But I know you're into sports fashion! Didn't you almost drool when you saw that white down jacket from this amazing luxury brand?

A: OMG, yes! Can I find that in Mountain Glory?!?

B: Of course! They have everything! But first let me tell you about the Mountain Glory experience. It is really, really fascinating!

A: Ok – go ahead.

Such conversations will become both real and frequent, Hainan Zhihuo United Culture & Sports Industry Co believes. The Hainan Duty Free Sport Shopping Mall, it says, will bring together the two worlds of luxury brands and sophisticated sports equipment.

“We want to attract the serious customer. So right from the entrance we communicate the uniqueness of the mall with stylish elements and we express our dedication to the customer,” says Zhihuo Culture & Sports Technology (Hainan) Co General Manager Jessica Lan.

From the mountain experience, which offers sports equipment, sportswear, accessories and skincare within an upscale ambience, visitors traverse the store to the “Top of the World” on the top floor. This is likened to Swiss luxury alpine resort town St. Moritz, representing the mountain sports hot spot through a combination of lifestyle, glamour and elegance.

Check-in/Check-out Desks

Ideally, the customer signs in on ground floor at the check-in desk for all floors. This zone also serves as the check-out desk for central payment. Here customers decide whether to take the purchased

goods with them or have them sent home. Customers also enjoy a drink in a bar replete with lounge in this area.

Mixing categories

In order to achieve an intense and engaging shopping experience, the concept's creators strongly recommend the mixing of product categories. For example, perfumes can stand next to fashion, and accessories next to sun cream.

In essence, fashion and lifestyle products and accessories will mix freely – with the exception of technical sports goods such as skis, boards, bindings and shoes. This not only suits customers with different interests but also encourages families that still want to spend time together. It effectively caters for a unique shopping experience that surpasses a more segmented specialist market approach.

Discovery islands for storytelling

Storytelling is key to making a difference – and to making sales – the Hainan Zhihuo United Culture & Sports Industry Co spokesperson says. The customer will then not only take a product home but also bring with them an interesting and emotional story about their purchase. “Throughout the main product hall we will build special places, where products from lesser-known small brands are exhibited – together with the story of their origin and special meaning,” Lan comments.

Here we examine two key components of Mountain Glory, World of Sports and World of Luxury.

How the staging of the exciting Mountain Glory concept is imagined for Hainan



World of Sports

The World of Sports embraces a series of innovative and experiential concepts: Ice Tunnel, Discovery Island Winter and Discovery Island Summer.

Ice Tunnel: Glaciers are true marvels of nature. They are the 'eternal ice' of the Alps and exert a mystical fascination over the observer. The walk through the ice tunnel puts visitors in a mood that makes them forget their everyday life. They are thus transported into the world of the Alps and can immerse themselves completely into the Mountain Glory experience

Discover Island Winter and Summer: The sheer size and beauty of display makes the big hall a real product paradise. Here customers can try on and order their products – and pay for them on the way out on the ground floor, collect them or have them sent home – duty free.

In the main hall the customer is offered three types of experience: First, they find all the exquisite sports goods their heart desires. These products are sorted cross-category by country (island), where possible according to geographic logic. So the customer finds fashion, accessories and lifestyle products made in France, products made in Italy and so on.

Second – and again sorted by country – the customer will find 'Discovery Islands', described as inspiring unique small brands that come with a rich story.

Third, wherever possible, there will be stations for personal activity. The customers can try their climbing skills on an indoor bouldering wall, test their hiking boots on rocky ground or experience the feeling of standing on a snowboard, among other examples.

World of Luxury

Reception: At the entrance, visitors will be greeted by the concierge. What a new customer doesn't know yet, the concierge does know – the functioning of the mall. The services of a concierge are indispensable to the whole concept of personalised serve. They are the both the point of selection and of direction. Since the mall has different zones, the concierge is on hand to direct them as appropriate.

Stage and Luxury Retail Zone: This floor is the space for luxury brands. In a surrounding akin to the lobby of an alpine Grand Hotel, visitors enter the dazzling world of luxury sports and fashion brands. Animation in respect showtime is key. Fashion shows take place on a daily basis. Customers can book a table – with the concierge or in advance online.

Bar: The Champagne Bar is the place where luxury can be experienced first-hand. Once seated in the hall or at the bar, the visitors can take it all in. In the far corner somebody is playing at the piano. In the centre – serving as a catwalk – waiters are busily moving around. And from the slightly elevated place the guest sees all the luxury brands in their unique booths.

The innovative idea neatly blends sports and luxury



“We believe that we can meet the requirements of the top luxury brands and also the top sports brands. We will combine them in a very nice way.”

– Jessica Lan



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Since last December, things have moved fast. An agreement has already been signed with Shenzhen Duty Free Group to open a four-floor standalone 4,000sq m store in a new building at the retailer's acclaimed operation at Mission Hills, Haikou, in time for Chinese New Year in 2023.

The company showcased the Mountain Glory concept in a 60sq m exhibition area at the China International Consumer Products Expo (Hainan Expo) that was held from 26-30 July. The event was an ideal high-profile opportunity to promote the sports retail concept together with Shenzhen Duty Free Group. Discussions are also well-advanced with other Hainan duty free retailers.

The stakeholders involved in the project believe it has huge potential. Today, some 50% of Chinese people regularly take some form of regular exercise while an estimated 100 million serious sports enthusiasts generate an estimated consumption value of RMB60 billion (US\$8.9 billion). And that is where Mountain Glory enters the scene.

“The boundary between sport and fashion has been broken,” says Jessica Lan, a highly experienced travel retail executive and formerly Operations/Marketing Director of HTDF, who also held several senior positions with the Hainan Duty Free company.

“Luxury brands and high-end sport brands are pursuing this key opportunity. Ice and snow sports, and camping and hiking are becoming more and more popular in China and camping's upsurge will turn into a more representative 'mountainous' lifestyle.

This evolving consumer dynamic is creating big opportunities both for famous international brands and more niche labels which are reaching out to a fast-emerging customer base.

“Last year the government hosted an exhibition for imported sports merchandise. It was the first one in China and it was held in Hainan,” says Lan. “The Hainan government wanted to attract all the international sports brands to come to China. Following the exhibition they had the idea to develop this sports duty free shopping concept. And after a lot of research, we realised that this category could be a 'blue sea' – there is a lot of potential.

“Today, the middle class people and the rich in China care much more about their health. This trend

had started earlier but then we had the Winter Olympics which accelerated things and winter sports became really popular in China. Also, since COVID, outdoor activities have become very popular and people want to show others that they are using or wearing some internationally famous brand. So, for example, very expensive camping equipment has become popular while a lot of businessman and middle-class people are now much more into these sport activities and they want the most professional equipment.

“That's why we realised that imported sport brands have a very high demand in China,” she adds, noting that duty free retail can also benefit from consumer faith in the integrity of the channel – in contrast to a high degree of fakes on the local market. “Duty free is a very good channel because everybody knows there is no fake product in it.”

Lan points out that many luxury brands have begun to focus more in recent years on the casual wear market, identifying a big incremental growth opportunity in China. “Another interesting phenomenon is that a lot of high-end sport brands want to become a luxury brand – they want to be the next Lululemon or next Canada Goose,” she says. “There are a lot of sports retail companies but we believe we have the only team with such a luxury retail background. We know how to protect and promote the image of luxury brands and also how to help high-end sports brands come luxury brands.”

So far, reaction from the island's duty free retailers has been extremely encouraging, says Lan. “The retailers on the island are realising that there is not enough differentiation. Everyone is selling the same products and competing on price. But since we approached them with this new concept, they have realised that high-end sports merchandise has a future in China, so the response has been very positive.”

Lan says that while many luxury brands have sports-focused lines, such ranges do not tend to command much space in local market shopping malls and tend to be bunched with other sports brands in less prime positions.

“So we want to create an environment where we put the spotlight on the sports brands. We don't want to be like a normal store and just put the merchandise on the rack – we want to elevate the environment and experience to show the character of different sports merchandise from different luxury brands. They cannot get this kind of opportunity downtown.



“Sport has a very big future in China, but I don’t think the luxury brands have such an opportunity in their flagship shops because they cannot make their stores too sporty. Whereas we can help position these lines to a Chinese audience and in a different kind of retail environment.”

Excitingly, Mountain Glory won’t simply be about selling merchandise. “We are not just creating a shop but a place where you can experience the real sports activity,” says Lan. “You will be able to gain knowledge of the various sports and also have fun exploring the whole concept.”

“We believe that we can meet the requirements of the top luxury brands and also the top sports brands. We will combine them in a very nice way.”

There will be two key aspects to the multi-level store experience. For example, one will showcase mountain sport activities while another will showcase sports luxury items – translated as Sports, Luxury Space Other categories such as golf and yoga will be served from the remaining two floors.

Zhihuo Culture & Sports Technology (Hainan) Co. says that its retail proposition is a first for Hainan’s burgeoning offshore duty free industry and an ideal way for retailers to diversify their product offer and increase revenues.

Sporting goods, including professional equipment, require considerable retailing space, something that Hainan’s sizable duty free stores certainly offer – on top of their significant advantage in offering a home-delivery service. The company will also sell via the duty free retailers’ apps, including pre-order and cross-border ecommerce.

Respected international partners

Zhihuo Culture & Sports Technology (Hainan) Co and Mountain Glory are benefiting from the involvement of psc development, a Swiss company which supports investors and entrepreneurs in developing and executing new concepts with a particular focus on the duty free sector.

The company is headed by René Dafflon, the long-time head of what was then the world’s second-biggest duty free retailer, The Nuance Group, and a much-respected figure in the travel retail community. “We dream and deliver ambitious concepts, courageous brand purpose, guiding values and a sustainable brand mission,” says Dafflon of psc development’s philosophy. “All members of the psc development team are united by one vision: They want to contribute to the success of visionary

Why choose the duty free channel to launch a sports retail business?

The Trend & Prospect of Hainan Offshore Duty-Free Retail (2012-2025)



“Customers deserve better products than they so often see in the monotony of this retail age” –René Dafflon

How the new-look sports retail centre will look





Voices of experience: (Left to right) Lorance Dutreux, Michael Egloff and Michel Mignot bring enormous travel retail credibility and contacts to psc development

concepts and are willing to invest their rich know-how, experience, and enthusiasm in every project.”

The psc development team combines over 100 years of experience in the global duty free business, covering the brand side from a purchasing and product range design perspective, while also helping their clients with operational, financial, communications and other services.

Dafflon is supported by Michel Mignot, a renowned figure in the travel retail beauty sector who spent over 40 years with Dior and Chanel, much of it focused on the duty free market. Their colleague Lorance Dutreux Filler has held influential senior roles with Benetton, Nuance and others during a long and successful career (including guiding the launch of a 22-strong shop opening at Hong Kong International Airport in a partnership with A.S. Watson).

The company also includes Michael Egloff, a seasoned expert in brand management and corporate communications. Pertinently, he is also a sinologist, well-versed in the study of Chinese language, literature, history, and culture.

Dafflon is hugely enthusiastic about the Mountain Glory concept, one which adheres closely to a principle he holds dear. “Customers should leave the store with a smile, even if they have not bought anything,” is how he sums it up. While full details are still under wraps, when the customer visits Mountain Glory, “they will experience a trip to the world of the Alps, be it in Europe, the Americas, Japan or Korea”, he pledges.

“He or she can not only consume passively but be actively involved in the events – be it through a ski and snowboard simulator, a climbing wall, a snow tunnel which stimulates the senses or simply through the surrounding images.

“Customers deserve better products than they so often see in the monotony of this retail age,” Dafflon contends. “The concept is that while some 30 to 40% of the brands that we show might have a lower initial consumer awareness value, we compensate for this by showing the brands with their stories. That might be the basic idea of the founder, the history of the brand, a special recipe, an original application, details about their production quality or effectiveness.

“In the field of skincare – a useful complement to sports activities in the Alps, whether summer or winter – we emphasise sustainability, organic and the avoidance of animal testing.”

Dafflon adds, “With Hainan Sports Tourism Development Center and especially Zhihuo Culture & Sport Technology (Hainan) Company led by General Manager Jessica Lan, I and my comrades-in-arms at psc development have found a partner who shares and supports our vision and strategy.”

Dafflon says that contrary to the traditional approach of many international duty free retailers, the Mountain Glory approach is customer-driven rather than margin-driven. Given his lengthy experience in one of travel retail’s most senior roles, his overview of the duty free sector carries particular weight.

Dafflon believes that a traditional duty free store

makes its sales based on three pillars – liquor, tobacco [not a factor in Hainan downtown -Ed] and perfume & cosmetics. “A significant increase in alcohol and tobacco is difficult,” he says. “These are usually habitual customers and it is more a matter of convenience and saving money and are subject to increasing restrictions.

“In perfumes and cosmetics, the power of money dominates the assortment. The business models are such that only the big groups can afford to have a strong presence with the result that all stores around the globe are alike and have more or less the same offer. And shop-penetration is globally around 15-20%. That means around 80% of departing passengers do not see any interest in the offering.”

Which is where Mountain Glory offers a huge opportunity for retailers, Dafflon argues. “The concept has something unique. In our terminology, we don’t just talk about a store, but about a world of experience. The customer experience is to the forefront, then we present the goods. All this is coordinated with the design and decoration of the store space.”

Dafflon talks insightfully and respectfully about an “enlightened, informed and financially potent customer in Hainan”. Those customers have very specific expectations in terms of information about

the manufacturer, its history, vision, manufacturing process and sustainability credentials, he contends. Mountain Glory identifies with all those principles, he says.

While holding some details back for now, both Lan and Dafflon promise that the consumer experience will bring a new dimension to Hainan duty free shopping. Customers will enter through a fog wall, for example, navigate an ice tunnel, view some stunning panoramas, enjoy ski and snowboard simulators, and be able to browse an eclectic range of goods.

The luxury sports brands on display there are supported by appropriate design and merchandising and an almost intimate environment. The luxury floor will feature a dedicated reception area, a catwalk where the brands on display can hold their own fashion shows, a podium with piano, bar and semi-open but separated stores – all set amid appropriate alpine ambience and decoration.

All of this, says Jessica Lan, will create a shopping and experiential zone that is unique not only in Hainan but worldwide. “Hainan is the best place to develop duty free sports retail,” she insists. And based on the calibre and commitment of the stakeholders that may well turn out to be a prophetic remark.

China’s sports retail industry is growing rapidly

