

RESEARCH

## Omnichannel strategies needed in Chinese ecommerce: report

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*Chinese consumer on mobile device*

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By KAYSORIN

The ecommerce market is booming in China, and the best way for brands to take advantage of this is to develop omnichannel marketing strategies that will appeal to the increasingly savvy Chinese consumer, according to a report by Fashionbi.

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In the past year, China has become the world leader in ecommerce, overtaking the United States and European Union as a result of its exponential economic growth. As social media and mobile devices become more common in the country, mobile marketing and omnichannel strategies are necessary to satisfy consumer demands.

“Consumers are not anymore blindly buying what's put on their plate,” said Ambika Zutshi, CEO of [Fashionbi](#), Milan. “They are well-traveled, well-informed and well-browsed.

“Social media and bloggers are giving them all the info they need, and the brands can't anymore trick their way into the customer-loyalty in this market anymore.”

The [Fashion & Luxury E-commerce in China](#) report used data from Chinese search engines and popular ecommerce sites.

Growing pains

The incredible online market growth in China can be attributed to a fast-growing middle-class that is well versed in technological and eager to spend money online. China is currently the most digitized country in the world with more than 600 million Internet users, many of whom are frequent online shoppers.

Ecommerce platforms, social media, mobile devices and digital payments will all play a role in shaping in the online market in China. It is important for brands to begin thinking about all of these aspects when considering expanding into Chinese ecommerce.



*Popular Chinese social media app WeChat*

Because of bureaucratic restrictions, it is often necessary for brands to increase their prices in the Chinese market.

In the past, some brands have used this as an excuse to take advantage of unsuspecting consumers. However, because of the prevalence of social media, Chinese consumers are becoming more knowledgeable about high-end brands and savvier about their purchases.

“For us, personally, it was quiet astonishing to see brands selling their products on TMall with about a 30 percent to 50 percent higher pricing than how they do in the E.U. or the U.S. markets,” Ms. Zutshi said.

In fact, Chinese consumers are some of the most skeptical online buyers, probably as a result of the high risk of buying fake products in the country.

Consumers reported that word-of-mouth was their most trusted source of verification when it comes to authenticating products or Web sites.



## *Michael Kors Web site in China*

One popular method to avoid scams is to use a third-party payment option when buying products online, because if the purchase is unsatisfactory then the transaction can be easily voided. This is one of the major differences between Chinese and Western online payment preferences.

The Fashionbi report also extensively analyzes the most popular online stores in China and the different forms they can take.

General ecommerce Web sites Tmall and JD are the two most successful Web sites, with Tmall cornering 52.1 percent of the market share, and JD taking another 18.3 percent.

Tmall openly states that it wants to become the “Fifth Avenue” or “Avenue des Champs-Elysees” of the online market. The site is well on its way with more than 400 million consumers and more than 50,000 vendors.



*Chinese ecommerce site Tmall*

### Fortune favors

Fortunately, the Chinese economy continues to be successful, meaning that persistent online growth can be expected.

Ninety percent of mainland Chinese consumers plan to maintain or grow their spending in 2015, according to a report by Ruder Finn and Ipsos.

Despite lots of conversation of a slowdown in spending, the market has remained largely unchanged, according to the authors. This report concludes that Chinese shoppers will continue to be a large growth factor for markets outside of China, allowing them to retain their position as “the world’s number one luxury force” ([see story](#)).

Brands can take advantage of the Chinese economy and develop strategies tailored to succeed in this market. While this report has many excellent suggestions for brands looking to expand online, other studies have also presented creative tactics for appealing to the Chinese consumer.

If marketers have learned anything from the development of emerging markets, compared to that of the United States, it is that understanding consumers’ psyches and how luxury goods are approached is essential to success, according to a new survey from

Agility Research & Strategy.

Whereas consumers in the U.S. view luxury as an overall lifestyle, their Chinese counterparts use high-end goods as a marker of status. Now that luxury consumption is slowing and the amount of attention placed on China is waning, the U.S. is returning to post-recession trends of luxury purchases ([see story](#)).

Learning more about ecommerce markets in China will give brands the opportunity to tailor their marketing strategies to be most successful. The [Fashion & Luxury E-commerce in China](#) report ends with a list of suggestions for brands to consider.

“With tons of options available online today to choose from, the brands really need to curtail their blind need of expanding the retail outlets and ignoring this media,” Ms. Zutshi said. “Already and more so in the future, omnichannel is the word.

“Brands need to integrate all their resources supporting each other,” she said. “They all need to point to the revenue scale for the brand.

“For example, implementing a well-trained team of customer-care executives who are present at the store and at the same time have their hands on the e-chat for the consumers could be very rewarding on both sides.”

Final Take

*Kay Sorin, editorial assistant on Luxury Daily, New York*

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