

MARKETING

## Chinese consumers' reliance on digital should lead luxury brand strategies

January 31, 2017



*Affluent consumer*

By BRIELLE JAEKEL

Western brands should pay attention to consumer behavior in China, which represents 15 percent of the luxury market, and focus on strategies such as chat assistance, online reviews, multi-pay, mobile communication and fast delivery.

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Chinese consumers rely heavily on mobile and digital for brand and retailer interactions, and its strong presence as a luxury consumer demographic means this is crucial for luxury marketers. However, in terms of in-store experience in China, European brands such as Tod's, Armani and Burberry are leading the way.

"What really matters in the online purchasing experience in China is very different to in Europe/U.S., and Western players should pay more attention because China represents ca. 15 percent of the global luxury market, and Chinese customers ca. 30 percent including overseas shopping," said Marco Pozzi from [ContactLab](#). "For example in China it is very important to provide online chat assistance, product/service reviews, multiple payment options (beyond Alipay and WeChat Pay, also Cash on Delivery and Installment Payments), standard delivery in one to two days, ordering and return communications mostly via mobile.

"One very clear example of the different culture in Europe/U.S. is that the Gift Option' is very relevant," he said. "Contrastingly in China local players offer the pay by someone else' option."

### Chinese habits

China marketing habits are extremely mobile, but not in the same way as Western markets. For instance, delivery within two days is not just preferred, it is expected, as is mobile performance.

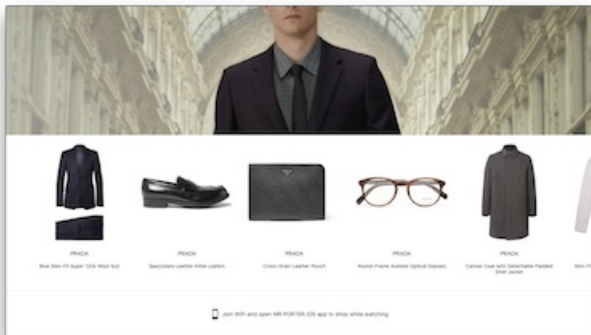
Western luxury brands are lagging behind in China, compared to their local competitors who have a much better understanding on the market. Companies such as Tmall, WeChat and JD are leading the way with a better grasp on touch points for consumer engagements.



### *Roger Dubuis Moments Excalibur WeChat*

WeChat and Alipay are crucial to connecting with the Chinese market. A strategy without these factors would be detrimental.

As a surprise to many since its history is rooted in digital, Mr Porter is trailing significantly in China.



### *Mr Porter on Apple TV*

#### Additional insight

Emigration from China is now the lowest the country has seen in five years, and 90 percent of Chinese millionaires are more confident in the nation's economic development, according to a new report from Hurun.

The report, Chinese Luxury Consumer Survey and Hurun Best of the Best Awards 2017, shows that Apple, Cartier, Chanel and L.V. Moutai are the top five gifts for the Chinese New Year. Real estate moves into the most popular spot for favored investment because of the booming housing market in China ([see more](#)).

The United Kingdom's European Union referendum vote caused the pound to decline in value and, as a result, affluent Chinese are finding the country an attractive travel destination, according to a report by Hurun.

In its "UK Luxury Brands in China" report, a focused summary based of the "Best of the Best Awards 2017" survey and the "Chinese Luxury Consumer 2017" study, Hurun explored the impact British brands are having on China's luxury consumer. British brands and culture, in many ways, represent the old guard of luxury due to dedication to heritage, quality and craftsmanship, concepts that align with Chinese sentiment ([see more](#)).

"Chinese e-tailers Tmall, JD, Secoo online shopping experience are superior as far as the digital touch points go, while European brands tested (Tod's, Armani and Burberry) are superior on the physical touch points," Mr. Pozzi said. "Surprisingly Mr Porter is trailing both on the digital and physical sides.

"The WeChat shopping experience is still pretty basic: limited features on the digital side, although native integration with WeChat Pay really helps, while the physical experience depends on the brand distributed: in our test Chanel and Montblanc were very 'luxury' both on the packaging and documentation sides," he said. "Chinese e-tailers seem to give a lot of attention to the authenticity and "made in" aspects (even if some minor doubts on what is actually received remain).

"MrPorter very strangely completely neglects the two topics."

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