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How China's ecommerce giants are catering to online shoppers at every step

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Knock knock, Hu's there

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Ecommerce is dominating in the luxury industry in China, and brands are increasingly diversifying their points of purchase. They are reaching Chinese shoppers via not only the country's major e-tailers, such as Tmall, Secoo and JD.com, but also through their own online shopping platforms, such as Web site and WeChat stores. However, European luxury brands are far from fully capitalizing on opportunities to meet the demands of China's online shoppers, according to a new report by ContactLab and investment company Exane BNP Paribas.

Their joint study, "The Online Purchase Experience China 2016," explores how brands are handling ecommerce processes, from communication and ordering, to return policies and procedures. To collect the data, they tracked purchases and deliveries in Xiamen in August 2016 from 10 different purchasing points: three monobrand (Armani, Tod's and Burberry), four e-tailers (Mr. Porter, Burberry on Tmall, Burberry on JD.com and Burberry on Secoo), one department store (Yintai.com) and two WeChat stores (Montblanc and Chanel).

The report reveals that the European luxury brands in the study do not always adapt their ecommerce strategy to Chinese consumers' needs. Instead, in many cases, their China operations are similar to that of their Western ones. For example, Armani and Tod's standalone Web site's designs are nearly the same in China as they are for their U.S. sites, according to the report. Burberry, meanwhile, "makes an extra effort to personalize Web content" by featuring collaborations with Chinese celebrities and KOLs, as well as China-exclusive campaigns on their homepage.

One of the most significant highlights of the study revolves around the fact that a large majority of China's online shoppers are making purchases on their phones. Brands that are more in tune with this trend are adopting mobile communications services as part of their purchasing experience. This is apparent with China's major ecommerce giants, who use WeChat and SMS to message shoppers purchase confirmations and returns information.

The monobrand in the study, meanwhile, still heavily use email as a primary form of communication, all requiring shoppers to supply their email address for logging in to make a purchase. Burberry, for example, while having "the most complete set of communications," does every step via email, aside from a phone call before delivery. In contrast, JD.com also has a similar in-depth communications strategy, but all steps are conducted via SMS and

phone calls.

When it comes to the ordering itself, Chinese consumers have different expectations than online shoppers in the West: They expect the delivery to arrive in under two days and returns to be free. To satisfy this, Burberry's online site promises delivery within one to five days, as well as the option for in-store pickup. During the period studied, Burberry actually delivered their products within two days. Armani and Secoo delivered within four, while the average delivery time for the remaining shopping platforms was two days.

Aside from tailoring the purchasing process, brands selling to Chinese consumers via online shops need to be aware of how the industry's counterfeit and daigou cultures impact their digital strategies. Issues with counterfeit products have already prompted many major luxury brands to avoid Tmall, Alibaba's ecommerce site notorious for its ongoing issues with fake luxury goods. In fact, only four out of 30 major luxury brands had official stores on Tmall at the time of the study, with Coach abandoning its Tmall store last year.

JD.com, Secoo and Yintai.com, as well as Tmall, are finding ways to showcase a "guarantee of authenticity" on their product pages to win consumers' trust. Ways of doing this include disclosing where the product is made, product reviews and featuring detailed images that give shoppers a sense of what to expect when they receive the product. Overall, local players are doing more to show shoppers they are paying "significant attention to authenticity on product pages." There is still room for progress, however those conducting the study ordered a Burberry cardholder on Yintai.com and discovered that the real product did not have the embossed logo that was shown on the purchasing page.

OVERALL, CHINA'S E-TAILERS are still ahead of Western brands when it comes to meeting Chinese luxury online shoppers' demands. Brands from the West will benefit by finding ways to better tailor their online purchasing experience they provide to satisfy a Chinese digital audience.

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