

RETAIL

WeChat Pay, Alipay North American expansion presents golden opportunity for retailers

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Swarovski's Mother's Day WeChat campaign. Image credit: Luxury Society

By DANNY PARISI

With Chinese travelers being one of the most valuable customer bases for luxury goods, negotiations are underway to make mobile payment solutions WeChat Pay and Alipay acceptable in North America.

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The move comes at the behest of Citcon, a cross-border commerce company, China Luxury Advisors and The Momentum Group, a marketing agency that works with WeChat. Together, the three are hoping that Chinese travelers will soon be able to use WeChat Pay and Alipay while abroad in the United States, easing the purchase of international luxury goods.

"Chinese arrivals into the United States are expected to grow by 121 percent by 2020 to reach more than 5 million travelers, making it the third largest international market and the largest overseas market for the United States," said Renee Hartman, co-founder of [China Luxury Advisors](#), Los Angeles.

"Chinese travelers are already the highest spending international tourists in the United States having spent more than \$27 billion in the U.S. in 2015, and this number is expected to continue to grow rapidly," she said. "This tremendous growth brings new possibilities for American retailers and destinations to continue to grow their share of visitation and spending from Chinese tourists."

WeChat Pay

Chinese consumers are the largest single base of customers driving the luxury market today.

But what makes Chinese luxury consumers so interesting is that few are actually purchasing their luxury goods in China. Due to China's strict laws on imports and what stores can open shops within its borders, many affluent Chinese get their luxury goods while abroad.

The other important factor to understand about this announcement is that for many Chinese consumers, they use an entirely different ecosystem of digital platforms than many other nations.

For example, WeChat is one of the most popular platforms in China. It combines messaging with social media, ecommerce and many other diverse functions.



A WeChat campaign featuring luxury retailer Bally

Most notably, WeChat Pay lets Chinese customers make mobile payments, something that is extremely popular in China.

Along with Alipay, Chinese online retailer Alibaba's mobile payment system, the two make up a majority of Chinese mobile payments. Almost three-quarters of purchases made in China are made through mobile ([see story](#)).

Now, WeChat, TMG and Citcon are working to make WeChat more usable outside of China and specifically in the U.S.

When the plan comes through, Chinese consumers will be able to more readily make in-store retail purchases at luxury boutiques through the use of WeChat and Alipay.

International luxury

Many luxury brands already have heavy presences on WeChat. A recent campaign from Swarovski illustrated some of the ways WeChat can be used by luxury brands.

Collaborating with Tencent, the parent company of WeChat, and DLG China, Swarovski was the first watch and jewelry brand to leverage mini programs to innovate on social commerce, highlighting its recent Mother's Day campaign.

Since launching in early January, WeChat mini programs offer brands an alternate avenue to develop advanced functionalities, whether it is making purchases, finding up-to-the-minute information or editing photos ([see story](#)).



DFS' Alipay campaign

Alipay has also seen integration with international luxury retailers.

LVMH-owned travel retailer DFS Group is furthering its partnership with Ant Financial's Alipay by giving exclusive promotions to customers checking out with the mobile payment method ([see story](#)).

With an already built-in integration with many luxury brands, bringing these two China-centric mobile payment platforms to North America will be an obvious boon for American luxury retailers looking to capture more of the lucrative Chinese traveling customer base.

"Payment assurances and acceptance of locally trusted and preferred Chinese providers are one of the top ways for retailers and destinations alike to capture this growing market," China Luxury Advisors' Ms. Hartmann said.

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