

RETAIL

## Luxury retooled Chinese ecommerce strategy in 2017

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JD.com invests in Vipshop as Chinese ecommerce heats up. Image credit: Vipshop

By BRIELLE JAEKEL

Throughout 2017, Chinese digital retailers have implemented bullish strategies that dominated ecommerce and successfully captured the attention of luxury brands looking to build awareness in China through online efforts.

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According to eMarketer, China has accounted for almost half of global ecommerce sales this year, with its major players seeing paramount strategies online. One of China's major players, ecommerce marketplace JD.com, will likely gain even greater traction in the coming year due to its recent investment in a Chinese online discount retailer that sells high-end brands such as Michael Kors and Shiseido.

"This is a major move for the Chinese e-commerce sector, particularly the apparel category," said Josh Gartner, vice president of international corporate affairs at JD.com, New York. "Apparel and fashion are huge growing pieces of our business and this greatly strengthens JD's position by partnering with a very strong player in the flash sales category."

China's ecommerce growth

Likely due to Chinese consumers' eagerness to adapt to digital, data from the Global Ecommerce Leaders Forum shows that leading retailers are focusing on China as they modify their online strategies.

While online retail platforms such as Alibaba's Tmall are highly influential on the Chinese shopper, brands are seeking more value and deeper relationships. Brands from the United States are using these platforms to gain a better stronghold on China ([see more](#)).



*Gucci is one of the luxury brands looking to Tmall to capture the Chinese audience*

Brands such as Marc Jacobs, Chopard, Loewe, Louis Vuitton and Tag Heuer have taken digital efforts to China in 2017, looking to capitalize of the country's stronghold of ecommerce. Many have partnered with established online commerce platforms in China such as Alibaba and JD.com to ensure success, as these ecommerce retailers command significant power.

For instance, LVMH-owned apparel and accessories house Loewe partnered with ecommerce giant Alibaba to make its online retail debut in China with an exclusive handbag design on Tmall's Luxury Pavilion for just 24 hours.

Louis Vuitton launched its own ecommerce site in China this year, Louisvuitton.cn. Chopard premiered on JD.com this year in August.



*Chopard banner featured on JD.com. Image credit: Chopard*

JD.com also just launched TopLife, which is a dedicated platform for luxury brands.

The retailer is looking to gain an even stronger place in China's ecommerce industry with an \$863 million cash investment into discount online retailer Vipshop along with Chinese technology company Tencent. JD.com will own 5.5 percent of Vipshop shares, which will grow to 8 percent after a two-year lock up.

During the two-year lockup period, both Tencent and JD.com will have the right to appoint a director and observer. Once the lock-up period has ended, the two will maintain director and board observer rights.

The deal puts both JD.com and Vipshop in a position to grow in the Chinese commerce industry.

As part of the investment deal, Tencent will give Vipshop placement on its Weixin Wallet platform. Similarly, JD will let Vipshop publish listings on the homepage of its mobile application, as well as on the main page of its Weixin Discovery channel.

JD will also work with Vipshop to help it achieve gross merchandising value targets on its ecommerce platform ([see story](#)).

For Vipshop, JD.com's investment could mean stronger connections to large and luxury brands. However, they will continue operations as two separate entities with mutual beneficially partnerships.

Both Vipshop and JD.com hope to capitalize on and grow their strong female user base.

Luxury in China

While European luxury brands are investing more in digital growth in China, they are far from fully capitalizing on opportunities to meet the demands of China's online shoppers, according to a report by ContactLab and investment company Exane BNP Paribas

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 ([see more](#)).

"Both in terms of women shoppers and those in smaller cities, working with Vipshop will provide a significant boost," Mr. Gartner said.

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