

TRAVEL AND HOSPITALITY

Alipay's Souheil Badran on how to court Chinese travelers for luxury retail

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Alipay is the world's largest mobile and online payment platform with more than 520 million active Chinese users. Image credit: Alipay

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The Chinese New Year or Spring Festival begins Friday, Feb. 16 and, increasingly, Chinese tourists are looking abroad to celebrate.

According to ForwardKeys, international departures are up 11 percent year over year, and while Asia Pacific is the top destination region, capturing 76 percent of outbound Chinese tourists, the Americas and Europe will capture 10 percent and 11 percent, respectively, as Chinese look to distant regions to celebrate the Year of the Dog.

When money is no object, the United States, followed by France are the countries of choice for Chinese tourists (CLSA Chinese Tourists Report July 2017).

To delve into the mindset of Chinese travelers, *Luxury Daily* spoke with Souheil Badran, president of Americas at Alipay, the world's largest mobile and online payment platform with more than 520 million active Chinese users. Alipay has evolved from a digital wallet to a lifestyle enabler. Users can hail a taxi, book a hotel, buy movie tickets, pay utility bills, make medical appointments with doctors, or purchase wealth management products directly from within the application.



Mr. Badran said Alipay is focused on enhancing the buying experience for the millions of Chinese consumers who shop at U.S. and Canadian merchants. In this interview, Mr. Badran shares his perspective on the opportunities that Chinese luxury shoppers bring to North America.

Why are Chinese consumers who are traveling to North America so important to the luxury retail community? What cities are they visiting?

Chinese tourists love to shop when they're abroad and many are looking to find luxury items, styles and brands they can't find at home.

The Chinese economy is booming right now, and North America is set to see an influx of Chinese travelers this year, particularly during the Chinese New Year.

Luxury retailers that can effectively target these tourist shoppers and bring them into their stores are likely to benefit from significantly increased sales.

Chinese travelers are visiting many cities across North America, including New York, Los Angeles, San Francisco and Las Vegas, to name a few.

As the Chinese New Year approaches, how should luxury retailers prepare for the influx of Chinese tourists shopping their stores?

Many Chinese travelers visiting North America face significant cultural and language barriers while they're here.

Chinese shoppers value convenience and access to the specific brands that they're seeking, and if they feel at home in a store, they'll likely feel confident in selecting more items.

To make their stores China-ready, luxury retailers should consider adding signage with Chinese characters to their mainstream locations and even hiring Chinese-speaking staff to help these shoppers on the store floor.

Also, since many Chinese tourists come with a specific brand or item in mind, luxury retailers should consider their inventory and stock up on those of-the-moment products that appeal to Chinese consumers to ensure that they have enough of them available.

It's also smart to market to these travelers before they even leave China.

For example, retailers can partner with Chinese social media influencers to make sure their stores are on Chinese tourists' must-visit lists before those travelers ever get on a plane.

Another key consideration for many Chinese travelers shopping abroad is the payment experience at the register.

Paying for items can be a stressful, critical moment when language and payment differences complicate what was otherwise a positive in-store experience.

Luxury retailers that accept payment methods that are familiar and easy for Chinese travelers to access methods that work with their own currency and that provide information in their own language can make the checkout experience more pleasant for both shoppers and staff.

What kind of in-store experiences do Chinese consumers traveling to North America expect from luxury brands? When Chinese travelers visit a luxury retailer, they are ready to spend and they expect a simple, personalized, high-quality experience. That might include being able to talk with a Chinese-speaking sales associate or being offered exclusive deals.

Luxury retailers should consider how they might incentivize these shoppers to visit their stores by offering Chinese New Year special price discounts.

Also, Chinese tourists expect luxury retailers to accept their preferred payment method, which typically enables them to transact seamlessly in their own currency and language. Offering familiar payment options reiterates Chinese shoppers' importance as customers.

How is Alipay's in-store technology enhancing the luxury shopping experience for Chinese travelers? Alipay is the most popular payment platform in China, with more than 520 million registered users.

By enabling Chinese consumers traveling in North America to use their Alipay Wallet to make purchases at their favorite luxury stores, we're simplifying the in-store experience for both the Chinese consumer and the retailers.

Alipay allows the Chinese consumer to pay in RMB while the merchants receive it in their local currency. It eliminates significant language and payment barriers at the register.

Chinese travelers can also use the Alipay app to make their entire travel experience easier. They can use it to transfer money, call an Uber, pay for a taxi, book a hotel, buy movie tickets, and discover nearby shops and restaurants without having to download any additional apps.

And Alipay's geo-location based "Discover" function that acts like a chief marketing officer for the establishment can send users promotions, coupons and push notifications when an establishment that accepts Alipay is nearby.

What influences how and where Chinese travelers shop?

Chinese consumers pay close attention to social media influencers while at home, and they're easily influenced by celebrities, social media culture and brand ambassadors. They watch for the hottest brands and items that celebrities and influencers are wearing, and then search for them while traveling to find a better price point than they can find in China.

So, it's important for luxury retailers to consider how to best work with influencers to educate Chinese consumers about their brands.

Do Chinese travelers prefer mono-brand stores, department stores or trips to outlets?

In the U.S., Chinese travelers prefer trips to outlets because those don't exist for the most part in China.

Chinese tourists' main pain points are access, convenience and price. Therefore, most Chinese shoppers would definitely plan a day trip to an outlet mall if they're visiting a city that has one nearby, such as New York, Los Angeles or San Francisco.

Chinese travelers also tend to visit a mix of department stores particularly those with high brand awareness in China, such as Macy's and mono-brand stores when both are located in a high-traffic retail environment.

How much time or many days do Chinese luxury travelers plan for shopping?

The average trip length is one to two weeks, according to our data, and Chinese tourists spend much of their time abroad shopping and finding brands that they researched before they left home.

Luxury shoppers will typically spend at least one day visiting an outlet mall like Woodbury Common, if they're in New York.

Is there any luxury brand that is new to the must-visit list?

With Chinese luxury consumers doing a significant amount of research on brands before they go abroad, it follows that many global, well-known brands currently sit at the top across all buying categories.



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