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## Navigating Tmall: A guide for luxury

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*If your brand is new to selling online in China, Jing Daily breaks down the different platforms on the country's largest online ecommerce site: Tmall. Image credit: Prada, Shutterstock. Composite: Haitong Zheng*

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During the **COVID-19** outbreak, online sales emerged as the most viable way for brands to weather this unprecedented crisis.

Brands that are new to China's online marketplace should opt for digital sales channels with built-in infrastructures that allow them to jump in quickly and easily.

For this, they must choose between Tmall, which is the country's largest luxury competitor; **JD.com**; and a smaller, domestic company such as Pinduoduo, the local version of TikTok. Even **WeChat** is an option.

Thanks to its size and recent acquisitions, Tmall has firmly cemented itself as the China market's luxury leader.

Alexander Wang, **Prada** and Cartier all opened official Tmall stores recently, while Bulgari announced it will open one soon.

These names further bolstered an already impressive list of brands on Tmall, and the platform's recent foray into live-streaming capabilities means it will be an ideal partner for many international companies.

Christina Fontana, the director of fashion and luxury at **Alibaba** Europe, confirmed that Tmall is China's leading customer engagement platform, from its content curation to its range of brands.

"Once a brand is on board, it has the tools to target any consumer, whether it's a Gen-Zer or an urban silver shopper," Ms. Fontana said. "Each user has different touch points, all targetable through our platform."

Unlike its rivals, Tmall has several different segments for luxury brands that can be both daunting and hard to navigate for those new to China.

Between Tmall Classic (Tmall's homesite), Tmall Global and The **Luxury Pavilion** along with its newest companion, Luxury Soho, an initiative launched in April for out-of-season items Alibaba's online landscape offers brands unique opportunities for brand-building, merchandizing, consumer traffic and sales in the country.

Now, as brands prepare to fight over China's revenge-spending consumers, picking the right store on the country's

biggest ecommerce platform becomes a crucial decision.

Here, *Jing Daily* tells you what you will need to know when choosing between Alibaba's different marketplaces so that you can make the best ecommerce choice for your luxury brand.

## Navigating Tmall: A Guide For Luxury Brands

	Tmall Classic	Tmall Global	Luxury Pavilion
<b>Description</b>	Upmarket badge within Alibaba's Taobao site.	Cross-border marketplace developed specifically for international brands.	Invite-only service for luxury brands.
<b>Brands</b>	A high volume of brands across all categories and ranges, including luxury.	Luxury brands without a Chinese entity or new to the market. Mostly beauty brands such as Fenty Beauty, Drunk Elephant, and DicieM.	180 luxury brands including Chanel, Valentino, Burberry, Cartier, and Bottega Veneta.
<b>Launch Year</b>	2008	2014	2017
<b>Partner Support</b>	Marketing tools, incentives, highlights, and campaigns.  Tmall Partner: at an additional cost, this service runs daily operations, customer service, logistics, and e-commerce.	Marketing tools, incentives, highlights, and campaigns.  Tmall Partner: at an additional cost, this service runs daily operations, customer service, logistics, and e-commerce.	Marketing tools, incentives, highlights, and campaigns.  Tmall Partner: at an additional cost, this service runs daily operations, customer service, logistics, and e-commerce.
<b>Brand Requirements</b>	Brands must have a business entity in China and products or stock already in China. Open to all brand categories.	Brands with a license in their country of origin and stock outside of China.	For selected or invited luxury brands only.
<b>Payment</b>	All payments are done through Alipay.	All payments are done through Alipay.	All payments are done through Alipay.
<b>Notable Benefits</b>	Has the most traffic.  Has various shopping festivals that are heavily promoted.  Brands can have multiple stores within the marketplace to sell different products, segments, or diffusion lines.	Easier registration process.  Testing ground for products and learning about competitors and the China market.  Beneficial for brands that are unregulated in China like beauty.  Brands can open within 30 days.  English interface for merchants.	Offers brands a safe space where they will not be overcrowded.  Expert fashion and beauty curating.  Exclusive nature.  Showcases the latest drops in its "Hey Box" section.  *Luxury Soho: The outlet version of Luxury Pavilion.
<b>Costs</b>	An annual fee plus sales commissions based on category.	An annual fee plus sales commissions based on category.	An annual fee plus sales commissions based on category.
<b>Cons</b>	While traffic is highest here, it is difficult to stand out or own a category.  Large marketing budgets are required.	Outside the Taobao/Tmall system.  Receive less traffic than the better known Tmall Classic site.  Fees are higher than Tmall Classic.	Access to the platform is limited to brands that are personally invited by Tmall.  Given China's perception of outlet shopping, it is still unclear how Luxury Soho will impact the Pavilion.
	Consumers mostly come here for mid-end brands. As the brand	Consumers come here for niche brands that have not officially launched in China's market.	Consumers come here for a premium

<p><b>Consumer Perception</b></p>	<p>As the brands themselves usually take care of the logistics, consumers expect the quality of services to be in line with their physical stores.</p>	<p>However, shipping services lag behind the brands featured on Luxury Pavilion, as these brands' warehouses are normally based in free zones or outbound areas.</p>	<p>shopping experience where in-store merchandise is highlighted on Luxury Pavilion and Luxury Soho.</p>
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*The differences between Tmall Classic, Tmall Global and Luxury Pavilion. Source: Jing Daily*

## Tmall Classic

Launched in 2008, Tmall is China's most visited business-to-consumer retail Web site and is the jewel of the Taobao marketplace crown of B2C and consumer-to-consumer (C2C) retail platforms.

To join Tmall Classic, brands must have their product or stock already in China or, at least, present in China through a physical retail space.

Tmall uses algorithms to personalize a consumer's page based on his or her previous shopping choices, while also comparing promotions and calculating the best discount prices.

Once the store is set up, brands are responsible for its operation, from design and visuals to customer care.

Brands control what products they want to show or sell, and often the brands that are "more prepared will do best," according to Ms. Fontana. They can even have multiple stores within the marketplace that sell different products, segments or diffusion lines.

There are no substantial costs to the platform, apart from running fees and an annual fee, and sales commissions depend on your category.

Ms. Fontana adds that if you reach a certain threshold, fees can even be reimbursed. Therefore, the different costs for Tmall Classic versus Global come down to taxation import duties.

Brands need to work with external Tmall Partners to run their daily operations, consumer care services, logistics, and ecommerce initiatives. They can also work as a distributor in an official capacity by opening a brand's store using its trademarks.

TPs, as Tmall Partners are called, are certified and scored every quarter by the platform.

Josh Gardner, CEO of [Kung Fu Data](#), acts as an [ecommerce](#) partner specializing in data analytics, brand control and business development inside China's biggest e-marketplaces and is a certified Tmall Partner.

According to Mr. Gardner, what makes Tmall work in China is that you can, to some extent, trust it.

"Tmall is authorized," Mr. Gardner said. "It's a status symbol of a brand's official commerce. Consumers can be sure that they have paperwork and have passed strict requirements to be on the site.

"However, Tmall is a status inside something much bigger," he said.

The larger entity, Alibaba, reached 711 million annual active consumers on its online shopping properties in China by the end of December, according to Statista, but Alibaba declined to disclose comparison figures.

Gartner urges brands to ask themselves: "Are you strong enough to launch? Ninety percent of stores do less than 5 million RMB on Tmall, while 5 percent do more than 10 million RMB. Just make sure you have the brand equity to make it viable for you."

## Tmall Global

Tmall Global is a cross-border marketplace that debuted in 2014.

The platform allows a brand to sell across borders without having to go through China's strict product registrations and, therefore, sits outside of the Tmall system. Its main competitors include VIP.com, JD.com and [Xiaohongshu](#), as well as established high-end daigou sellers.

For brands without a legal entity, Tmall Global makes trading in China possible. It is also useful for brands that do not meet China's testing criteria, as in the cosmetics sector, for example, where companies are required to test on animals.

Companies that refuse animal testing, such as recent signee Fenty Beauty, can overcome these barriers and negate

controversial regulations.

Tmall Global can also be used as a testing ground for brands to understand how products might be received.

As Ms. Fontana said, it allows companies to see how the market works and understand their competitors in China. Afterward, brands often make the jump offline or to Tmall Classic.

But regardless of the platform, companies must have a clear strategy and goals when it comes to tackling ecommerce in China.

Ms. Fontana cited the Italian brand Calzedonia as an example of how to execute an effective China vision by platform-hopping.

"They had a three-year plan to move into physical retail," Ms. Fontana said. "Tmall gave them the means to see what products worked best and where demand was coming from. They went from no presence to Global, and 1.5 years later, they opened physical retail."

The brand now operates a store on Tmall Classic, as it is more cost-effective, and it also has stock in China now.

Therefore, once a brand is established online and is thinking about offline, it becomes simpler to jump from Global to Classic, given the logistical requirements of having stock located outside of China.

So, when brands are fully operational in China, it is simply often easier to use their existing stock in the mainland via Tmall Classic.

This strategy also makes sense to Mr. Gardner, who added that the support brands get from Tmall on Global helps their stores greatly.

"Global can be a jumpstart, and then you can switch to domestic where you can do five-to-ten times the business," Mr. Gardner said. "They are very good at getting resources and routing them to stores, and they will get your free traffic. But without that support, you will die."

### Luxury Pavilion

Luxury Pavilion was launched by Alibaba in 2017 as an invite-only service, and it now features 180 luxury brands such as Chanel, Valentino, **Burberry** and Bottega Veneta. Its site redesign in 2018 introduced a new "Maison" tab an invite-only option for luxury brands meant to enhance the luxury feel of the site.

When Richemont's ecommerce platform, Net-A-Porter, launched a flagship store on the Pavilion in 2019, it also brought brands such as Balmain, Jimmy Choo, Chlo and Montblanc to the site.

This April, Alibaba added Luxury Soho to its Pavilion offerings, which notably marked China's largest ecommerce company entering into the luxury outlet business. This strategy shows the group is trying to maximize the lifecycle of products on Pavilion.

Now, marked-down seasonal items can be purchased via this new initiative, which targets newer luxury consumers from China's lower-tier cities or **Gen Z shoppers** who are "just entering the world of luxury."

This latest move is a step to help brands move surplus stock. But in a market that is just bouncing back, this latest step might prove to be challenging in the future, said Tom Griffiths, director of Verb China.

"Obviously, Alibaba operates some of the world's best programs for luxury," Mr. Griffiths said.

"However, Luxury Soho could potentially end up damaging the Pavilion brand that was supposed to be a safe home for [luxury] labels online in China," he said.

This new move does indeed place full-price items alongside discounted items from the same brands. Therefore, it will be interesting to see if this move affects how Pavilion's visitors will view the luxury industry, which has traditionally worked on a scarcity model.

Exclusive luxury items are sold in a very different way than mass-market goods, and "if a sales channel is not considered a luxury experience, it will hamper consumption," Mr. Griffiths said.

"We need to fully analyze how Alibaba will position discounted luxury and if this will work for China's savvy elite?" he said.

All platforms need a serious marketing strategy

Fifty percent of the world's online transactions take place in China, and Alibaba holds 50 percent of this half.

The advantages of the Global site for international brands might outweigh the classic site at first glance, and the Luxury Pavilion and Luxury Soho platforms might also sound like alluring ways to access a ready-made audience.

So it is not a surprise that luxury brands around the world have been working on their digital profiles so that they will be able to launch on these platforms.

But for some brands, these platforms are purely cosmetic.

Mr. Gardner focuses on how and where a consumer becomes interested in a brand.

"Tmall is not an activation platform," Mr. Gardner said. "[I need to] know how a person is being influenced to make a purchase. Is it a KOL creating demand?"

"If you track the moment of interest, or the moment from where they transact, then you will know what path to choose," he said.

But the most important thing to remember when going online is that it is about reaching Chinese consumers in China and, more specifically, the types of purchasers for which a brand is looking.

These platforms are not a case of "build it, and they will come" because Tmall is home to more than 10 million sellers. That is why brands must have a dedicated marketing strategy and a large budget.

THE TMALL PLATFORM'S reach is enormous, but it requires investment.

"We added 100 million users last year, and they need to know your brand," Ms. Fontana said.

"If you think you can invest in this market without marketing, then you are wrong," she said. "[You have to] tell [consumers] about your product and why you're special. They aren't just magically going to fall into your store."

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