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## The China ecommerce world: What opportunities does it offer international brands?

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By A LUXURY DAILY COLUMNIST

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*Ahead of the upcoming eTail Asia & ANZ Virtual Summit, keynote speaker Pablo Mauron of DLG (Digital Luxury Group) shares more about the Chinese ecommerce landscape and how international brands can leverage it to the fullest.*

China's ecommerce market continues to grow at an exponential rate fueled by the massive demands and high purchasing power of Chinese consumers.

Given the ubiquity of Chinese ecommerce platforms, brands are now able to reach consumers in fast growing lower-tier cities to which they would otherwise not have access.

With a plethora of domestic and international brands vying for consumer attention and market share, online retail has become a diverse and competitive space.

China, being one of the fastest expanding economies in the world, has piqued the interest of international brands seeking to enter the ecommerce market. It is hard not to be looking forward to the future of this market where opportunities are endless.

In a prelude to his keynote session for the [eTail Asia & ANZ Virtual Summit](#) happening from Sept. 7-11, Pablo Mauron, partner and managing director for China at DLG (Digital Luxury Group), shares his thoughts on how Chinese ecommerce giants are expanding their offerings and opportunities for international brands focused on tapping into China's digital ecosystem.

Why should international brands partner with domestic ecommerce giants? What kind of access do they provide? Domestic ecommerce giants have an advantage over international brands huge amounts of traffic.

In March 2020, the number of monthly active users on Alibaba's Taobao app hit 846 million, while daily active users stood at 300 million. This is a massive volume of traffic that brands can never hope to achieve on their own, with their own .cn ecommerce sites.

By working with domestic platforms and leveraging on its strong footprint, international luxury brands are able to reach a far larger group of consumers.

Secondly, Chinese consumers are more comfortable using platforms they are familiar with.

Besides having a user interface they are used to, they have grown accustomed to standard shipping and returns policies (i.e. all products can be returned and refunded, no questions asked if the request is put in within 7 days).

While brands might opt to do the same on their own ecommerce channels in China, they will still lack that trusted

relationship that consumers have built up with these Chinese platforms over years.

What kind of resources does Tmall offer brands to help them build up their digital presence on the platform?

Tmall offers brands a wide range of resources including Brand Zone (which gives brands a flagship store of their own within the ecosystem), Taobao Live (for livestreaming) and Weitao (a content marketing hub).

In addition, the platform also extends technologies like virtual showrooms and AR try-ons to those who are looking to better bridge the gap between their physical and online store experiences.

There are also performance marketing tools to help brands maximize traffic acquisition, ranging from paid search to banner ads and affiliate marketing.

In addition, there are also the big-name shopping festivals (like Singles Day), brand-specific events (like Super Brand Day), category-specific events and a wide range of other promotions that Tmall hosts on its platform. These events help drive large amounts of traffic to brands' stores on Tmall, building up their presence and generating sales.

There has been a renewed interest in livestreaming from brands, especially with COVID-19 impacting the typical consumer journey. How can luxury brands approach it to drive ecommerce sales?

While livestreaming might still be nascent in many parts of the world, it has been a part of the digital landscape in China for quite some time.

As such, most livestreaming channels are seamlessly integrated with ecommerce platforms, allowing for instantaneous shopping.

Livestreaming hosts also tend to come across as relatable, candid and authentic, often creating a stronger impact on users compared to polished brand content.

There are two ways to go about livestreaming in China.

When done on a large scale with the help of relevant KOLs and sufficient media budget, livestreaming serves in helping to generate exposure and awareness for products. This often happens on either large livestreaming platforms like YiZhiBo or Taobao/Tmall's integrated Taobao Live solution.

Some viewers might be discovering the brand and its products for the first time through such livestreams, and would only be in the early stages of the consumer journey. As such, conversion rates for such sessions tend to be moderate.

The other approach to livestreaming is far more targeted, and see brands invite their existing clients and prospects to smaller sessions typically done via WeChat. Sessions like these do not feature big-name hosts, and are more focused on the selling aspect as opposed to brand storytelling.

Given the fact that the audience tends to be made up of people who are already familiar with the brand, the reach is naturally smaller but conversion rates tend to be higher compared to large-scale livestreams.

What are some of the most important touch points that brands should pay attention to on Tmall?

Apart from the obvious transactional and fulfillment touch points, other important touch points that brands need to consider investing more on Tmall are content-related.

The average Tmall user opens the app eight times a day Tmall is not just an ecommerce platform, but a place where consumers go to discover new brands, find out on new product launches and compare prices of items to physical stores.

Tmall is a repository of all shopping-related information for consumers, and brands should think about building up their content offering to address this consumer behavior.

When a consumer enters the platform, he or she will encounter brands and products through banner ads on the homepage, item listings on their suggestion feed, searching directly for a brand or item, or through the platform's content marketing hub Weitao.

While all the former options are largely leveraged by brands with performance marketing resources provided by Tmall paid keyword or brand searches, etc. the latter is something that brands tend to utilize less. This area can be further developed, posing an opportunity for brands to provide value to the audience in their purchase decision.

Tmall also offers insights with its Brand Databank, which allows for the analysis of user behaviors across the whole

Taobao/Tmall ecosystem. This helps in the identification of key consumer segments and user profiles, which can then shape future brand communications and product strategies.

Given the proliferation of mobile commerce, are there new technologies brands can take advantage of to better reach Chinese consumers?

New technologies aside, I think what needs to be considered most is the Chinese consumer's approach to personal data and how this can be leveraged to improve the mobile shopping experience.

Chinese shoppers are very willing to give up transactional and behavioral data in exchange for a better and more tailored ecommerce experience something that would prove difficult in the West or other countries with stricter privacy laws.

Marketplaces like Tmall have made use of this well, personalizing content and experiences around all sorts of user data. This data, however, largely belongs to the platform and brands have limited visibility on these data indicators.

With the convergence of social and e-commerce platforms in China, brands are able to leverage social channels to influence purchase behaviors.

WeChat, with its commerce functions, is one such channel. Unlike third-party ecommerce marketplaces, it offers brands the opportunity to own and build up their own trove of customer data.

Coupled with the fact that many brands tend to host their loyalty programmes on WeChat, it allows for the creation of even richer consumer profiles as well.

As a result, brands are able to better customize their communications, marketing and even target selling efforts.

To scale up these efforts, brands can also consider investing in social CRM and clienteling solutions like WeChat Work, which will help their sales force to efficiently manage such tasks while offering additional automation and behavioral alerts.

In a nutshell

The China ecommerce market is brimming with opportunities, but it is not an easy one to navigate.

Brands need to be equipped with the right information, tools and partners to make their ecommerce venture in China a successful one especially given the high standards of Chinese consumers and the market's fast-evolving luxury landscape.

*Catch Pablo Mauron's session on The Tmall Transformation of Luxury Brands Leveraging E-commerce Marketplaces in China at the [eTail Asia & ANZ Virtual Summit](#) on Thursday, Sept. 10 at 3 p.m. (UTC +8) for more insights on the Chinese ecommerce market.*

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