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What Chinese online platform is right for your luxury brand?

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With Chinese consumer growth booming, more luxury brands are investigating China's social commerce platforms. But what are the differences between them. Image credit: Shutterstock, Gucci

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When a luxury brand enters the Chinese market, which ecommerce platform should it choose?

With Chinese consumers set to make 50 percent of all luxury purchases by 2025, more luxury brands are launching stores or expanding their presence on China's ecommerce and social commerce platforms.

However, luxury brands need to carefully consider the differences between these platforms and assess which is the best for their marketing investment. In China, all ecommerce platforms have social functions to interact with consumers, and all social media channels have ecommerce abilities.

Below are the key ecommerce and social commerce players in China's luxury market with their unique features and audiences explained.

Tmall flagship store an effective and easy way to appeal to Chinese consumers

Opening a flagship store on Tmall is not uncommon for a luxury brand, as it is still one of the most effective ways to attract Chinese consumers.

Burberry was the first high-end luxury brand to join Tmall in 2014, bringing its famous trench coats and iconic plaid products to the Chinese market. Since then, more luxury brands have realized the benefits of launching a flagship store on Tmall.

The platform offers 24-hour access to customer service consultants, plus free shipping and returns. The high quality of customer service enables brands to attract more Chinese consumers, and it has helped **Tmall** become the dominant ecommerce platform in China, holding 62.4 percent of the market, according to research firm Analysys.

Tmall Luxury Pavilion a well-established channel for luxury brands

Launched in 2017, Tmall Luxury Pavilion is now home to more than 150 luxury brands. Kenzo and Cartier were the most recent brands to join **Chanel**, Valentino, Alexander McQueen, Burberry and Michael Kors on the platform.

The Luxury Pavilion is a "safe space" for high-end luxury brands on the platform, offering them visibility in a special section on Tmall, where they can stand out separately from other categories.

Another factor that attracts high-end brands to Tmall Luxury Pavilion is its extensive features. Brands can add omnichannel promotions, livestreaming, loyalty programs, customized services and multimedia campaign launches.

For example, Cartier offers Pavilion shoppers special experiences that range from a personal shopping service to gift wrapping.

Tmall Luxury Soho discounted inventory for a value-conscious audience

Launched in 2020, Tmall Luxury Soho is a discount channel for luxury brands targeting young and value-conscious luxury consumers.

The platform mainly offers savings on seasonal luxury items and aims to attract consumers through a more accessible price point. Apart from different target audiences, Luxury Soho also differs from Luxury Pavilion in that it allows more flexibility to brands that are selling off-season products. That was particularly important during the **COVID-19** pandemic, as brands faced inventory overstocks.

Armani, Diesel, Versace, La Perla, **Coach** and Calvin Klein all have a presence on this new channel, and Coach even offers discounts as high as 70 percent on its range of products.

Luxury Soho is a perfect choice for brands that need to manage their inventory and stock and also want to appeal to a wider audience.

The key differences between Tmall's channels

Tmall's flagship stores and **Luxury Pavilion** provide luxury brands and consumers with a premium feel, whereas Tmall Luxury Soho is the answer for brands who want to target a younger audience and resolve stock issues but are not so concerned with giving off a premium, exclusive air.

Thanks to Tmall's high-quality sales services and numerous sales promotions and festivals like 618 and **Double 11**, it is an attractive option for luxury brands that want to boost their sales in China.

Whether luxury brands launch a flagship store or a store on Luxury Pavilion or Luxury Soho, Tmall will announce the opening on Weibo and provide a link to their Tmall channel.

JD Luxury a competitor to Tmall, especially among British brands

To date, more than 200 luxury brands from around the world have established partnerships with JD.

Since the beginning of January alone, approximately 20 luxury brands have opened flagship stores on the platform, including British stationery and leather goods brand Smythson, Pringle of Scotland and the world's oldest fine leather goods house, Belgium's **Delvaux**.

JD offers livestreaming and a free service to help brands develop WeChat Mini-Programs. It also plans to launch omnichannel solutions for brands soon.

Look at Canadian luxury clothes brand Ports as an example: JD enabled the brand to present their new spring-summer 2020 collections via a nine-hour fashion show livestream, which resulted in sales worth more than 10 million RMB in only one day.

JD Luxury has become easily accessible for British luxury brands that want to test out the Chinese market.

JD has signed a three-year partnership with the British Fashion Council (BFC) to enable brands, fashion suppliers and designers from the United Kingdom to expand in the Chinese market.

This year, JD worked with the BFC to launch a digital version of **London Fashion Week** for Chinese viewers. Customers were able to shop the collection on JD while watching the content online, which encouraged direct and immediate purchases. JD Luxury provides numerous attractive features for brands, and its partnership with the BFC offers unique opportunities for British brands.

JD's partnership with WeChat

Although JD has partnered with WeChat, most luxury brands prefer to use WeChat Mini Programs to promote

products directly to consumers rather than sharing the JD page via WeChat. Due to WeChat and Alibaba's rivalry, the platform does not allow links to Tmall, which is owned by **Alibaba**. That gives JD an advantage in appealing to WeChat's 1.2 billion users. It also increases ease of use for consumers as they can enter their WeChat ID to log into JD and pay via WeChat Pay.

However, WeChat does not only act as a social platform. Its Mini Store function also makes it an ecommerce platform in its own right.

Social commerce platforms user-generated content that can offer brands a wider audience

Social commerce has penetrated the daily lives of 80 percent of Chinese consumers, and its popularity has spurred luxury brands to embrace this trend.

Social commerce platforms Xiaohongshu, Douyin and Weibo are powerhouses of **ecommerce** content in China, and the newly created WeChat Mini Stores looks like it will be a more accessible platform for luxury brands.

WeChat Mini Stores a new, cheap, and accessible alternative

Launched as recently as August, WeChat Mini-Stores provides another new option for luxury brands. It acts like an online store Mini Program but varies from WeChat's Mini Program function in that it directly supports livestreaming and is quick and easy to set up.

More importantly, brands can open Mini Stores without a joining or verification fee. However, they need to upload their Chinese business license, operator information, and bank account information to launch. This feature enables smaller luxury brands or those looking for a low-cost alternative to creating a personalized store while simultaneously reducing development costs.

Also, the ease of social sharing on WeChat's integrated functions and its huge user base allows luxury brands to expand their audiences.

Xiaohongshu authentic user reviews boosting brands' trustworthiness

Luxury brands can look to Xiaohongshu also known as **Little Red Book** or RED for its trusted shopping recommendations and advice-based, user-generated content.

The platform is dominated by users sharing their lifestyles and authentic product reviews, which are designed to influence consumer opinions on a brand or product.

If used successfully, the channel can be an effective way to win over the hearts of young, fashionable consumers.

Appealing to that sentiment, Coach chose Xiaohongshu as the first Chinese social media platform to release its latest collections.

Gucci launched its Chinese New Year campaign with Disney and its pop-up stores in Chengdu and Hangzhou on Xiaohongshu.

Brands that post on the platform can encourage users to engage by sharing their offline shopping experiences, product reviews, and tagging their locations. It is an easy and cost-effective way to promote.

Many users see Xiaohongshu as a platform predominantly for social engagement and reviews, rather than for the direct purchase of luxury goods.

But having said that, Givenchy, Gucci, Coach and Dior have all launched stores on Xiaohongshu over the past year. Several of these brands underestimated the power of Xiaohongshu and quickly saw their products sell out because they didn't put enough stock on the platform.

Douyin appealing to an audience of 600 million with luxury-specific features

Douyin the Chinese version of **TikTok** is already being used by many international luxury brands, thanks to its huge user base of 600 million.

Douyin's short-form video content is best suited to brands that can develop creative campaigns that can attract user attention within seconds. The platform also offers livestreaming functions and a special section for new collections and fashion shows.

Yet Douyin does not just focus solely on video. Like Xiaohongshu, it was built upon user-generated content. That allows brands to engage with consumers in a variety of ways.

Burberry launched a campaign called "Can I play you Burberry?" on the platform's challenge section, which encouraged users to upload funny videos with special Burberry stickers. The campaign gained a whopping 1.4 billion views on Douyin and helped the designer brand reach new consumers.

Brands are not able to sell directly through Douyin, but they can redirect consumers to their official websites via a link on their profile.

Some brands also create a VIP Room for luxury audiences, where they can show off their most popular products, latest collections, limited-edition items, and fashion shows. Gucci, for example, used the VIP Room to release its latest autumn collection and host live catwalks.

Weibo brands' top choice to promote campaigns

As one of the largest social media platforms in China, Weibo is a great way to promote campaigns and new products and generate brand engagement. Luxury brands often use Weibo as a storefront for their Tmall or JD stores.

Lancme's "May I Pink You" campaign for China's love-based 520 festival in 2019 launched on Weibo with a special page and hashtag that also promoted its pop-up stores in Beijing. Through the platform, the campaign reached more than 140 million potential consumers. That did not just help sales. It also boosted the brand's following.

Although luxury brands can open stores on Weibo, this is unusual, since they prefer to directly link their profiles to their Tmall or JD stores. Weibo stores are primarily used by influencers, small businesses and startups.

A comparison of China's social channels

Xiaohongshu and Weibo are the best platforms for advertising campaigns and products, and their ability to gain high engagement can help brands reach new customers.

Brands that want to be successful with Douyin's vast user base need to develop attention-grabbing creative campaigns that will appeal to a wide audience.

However, their VIP Room also offers features that specifically target luxury consumers. Opening a store on Xiaohongshu has proven popular and successful among luxury brands recently, and it should be considered by those seeking an authentic social platform.

All channels, apart from WeChat Mini Stores, require a fee for setting up a store. Therefore, luxury brands in search of a cheap, easily developed alternative should turn to WeChat's new stores.

Setting up a store on Xiaohongshu takes just two days, while it can take up to a month on Tmall because of account verifications. These set-up times take longer if brands require additional functions or features.

China's luxury platforms tailor to different needs

The luxury industry is undergoing a new growth stage in China post-COVID-19.

So if luxury brands want to keep up with China's rapid digital transformation, they must understand and have a presence on the country's main ecommerce and social commerce platforms.

However, these platforms offer a variety of features for access to different audiences, so luxury brands should carefully choose which one to market on based on the strategies they want to pursue in China.

Brands would be best served by taking an integrated approach, combining their presence on ecommerce channels with campaigns on social platforms that boost awareness and engagement.

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