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Why China is a decade ahead in social-driven sales

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China is a decade ahead of Western ecommerce, thanks to social shopping. But how did it get there, and what should companies in China know? Image courtesy of Burberry

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These days, most shoppers expect to make a luxury purchase with a couple of clicks. But despite the many breakthroughs in [online shopping](#), the process is still quite complex in the West.

Until recently, if we liked an outfit worn by an influencer on Instagram, we had to go to a different platform to identify the outfit, and then go to other platforms to buy it. The process was too confusing and time-consuming.

By contrast, China is a decade ahead, thanks to social shopping. In one of the most technologically advanced economies in the world, [social commerce](#) makes up 11.6 percent of retail ecommerce sales, having totaled \$186.04 billion (1.285 trillion RMB) in 2019, according to [eMarketer](#). This mind-blowing sales number is about ten times more than the number of sales in the U.S.: a paltry \$19.42 billion over 2019.

These stellar sales are hardly surprising if we consider that Chinese [social media platforms](#) are multifunctional and have a broader purpose.

"Many of the country's most popular ecommerce platforms are heavily integrated with the most popular social networks, boasting innovative services like [Mini Programs](#) and [livestreaming commerce](#)," says [Nazmul Islam](#), an eMarketer junior forecasting analyst at Insider Intelligence.

Indeed, having sub-apps integrated within [WeChat's ecosystem](#) simplifies the entire social commerce process, making it easier for customers to purchase luxury products and interact directly with brands. In fact, the entire shopping journey is influenced by this ever-evolving WeChat environment.

Facebook-owned [Instagram](#) is playing catch-up with its new "Checkout" feature, which allows users to select products from shoppable posts and make their purchases without leaving the app. However, features similar to it are the minimum requirements in China's ecommerce space.

Chinese social media platforms actually offer multiple opportunities for shoppers to make their luxury purchases online. And with special features that allow either team or individual ones, Chinese platforms have seamlessly

connected digital multimedia content to digital commerce.

During the pandemic in the U.S., Facebook took advantage of struggling small to midsize enterprises when their bricks-and-mortar stores were going out of business by introducing Facebook Shops.

According to a Facebook post, "Facebook Shops make it easy for businesses to set up a single online store for customers to access on both Facebook and Instagram." This program has allowed businesses to set up shops for free and customize their online storefront according to stylistic preferences.

Additionally, Facebook launched Instagram Shop: an online storefront that helps customers shop products and collections showcased in photos and videos. Evidently, Facebook's new features are a welcomed change. But there is still a long way to go until the Western social media platform becomes a real competitor to prominent Chinese apps like WeChat, which popularized the app-within-an-app model.

Why is China leading the world in social-driven purchases?

Social commerce "took shape in China when the traditional e-commerce industry was facing a bottleneck," said Xiaoting Maya' Liu, a post-graduate research scholar at the Asia Pacific Foundation of Canada.

"An overly saturated market, intensified competition, and rising consumer acquisition costs were eating up profit margins. Social commerce emerged as a solution to decentralize sales and marketing channels and has been growing in popularity and variety since then."

Liu is right timing played an important role when it comes to the emergence and rapid rise of social commerce. But its development would not have been this fierce if it did not occur during a generational shift.

Indisputably, the rise of a new consumer class the affluent, sophisticated, and highly-connected millennial helped move the ecommerce revolution along. Since this demographic dislikes traditional ads, marketers had to come up with alternative ways to command engagement and build strong connections with customers.

Furthermore, brands have understood that the Digital Age has significantly changed the customer journey. Nowadays, customers engage with various digital touchpoints before making a purchase.

"Being relatively new to luxury, Chinese consumers are constantly tapping various forms of content as they strive to improve their awareness of the market," says the 2019 McKinsey China Luxury Report.

But there is also another feature that requires further attention: enhanced hedonism. Younger demographics love to be pampered and need the pleasure associated with luxury, even when they are not purchasing luxuries. Let us not forget that this is a generation that suffers under the "Little Emperor" syndrome and are highly-educated, innovative, and self-reliant but also demanding.

This rigorous nature pushes Chinese millennials to crave and demand entertaining experiences and immediate satisfaction. They prefer social-driven purchases because the platforms are more engaging than traditional shopping experiences. And innovative technologies such as VR, AR and AI-powered chatbots have pushed visual retail to the forefront.

Moreover, these new technologies have also enhanced the shopping experience, making the process more authentic, trustworthy, convenient and positive. And they created these new formats while also building large communities of engaged followers around them.

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