

RETAIL

How to build a luxury fashion brand in China

April 2, 2021



Brands can no longer simply sell to Chinese customers, rather they must communicate with them. Image credit: Alibaba

By NORA HOWE

As China continues to grow its global consumption economy, it is imperative for brands to understand how to leverage the right tools to communicate effectively with Chinese consumers.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

During a keynote session at [Luxury Briefing](#) and the [British School of Fashion's Technology in Luxury 2021](#) virtual conference on March 31, an Alibaba executive shared insights on how to utilize certain innovations and technologies to successfully build a brand that is relevant to the Chinese consumer. She advised that brands should listen to and engage with customers, tell a unique story and get the right message to the right people.

"It's not just about selling," said Mei Chen, head of fashion and luxury U.K, Iberia and Northern Europe at [Alibaba Group](#), London. "It's about engaging and using new technologies to tap into the right consumer base.

"While we provide massive opportunities for brands with more than 900 million consumers across our platforms, brands must remember to project the right message to the right consumer."

Branding in China

At the core of the Alibaba ecosystem is ecommerce, which includes business to consumer platforms such as Tmall, Lazada, AliExpress and TaoBao.

Through Alibaba's Tmall platform, brands can access more than 900 million consumers in China while operating like a direct-to-consumer business. Tmall aims to give brands full control of their marketplace, story, price points, merchandise and social media strategy.

According to Ms. Chen, the social element of Tmall is extremely important, as users utilize comment features and spend a considerable amount of time on the platform.

"Alibaba can offer advice and best practices, but, ultimately, brands own themselves," Ms. Chen said. "You must think of Tmall as a luxury mall operator, rather than a retailer."



Valentino's pop up digital experience in collaboration with Alibaba. Image credit: Alibaba

Ms. Chen also touched on how the Chinese consumer luxury market has recovered from COVID-19 by leveraging new technologies and new ways of selling to consumers to better engage their audiences.

Timing is also important for Chinese consumers, and brands should know when to leverage certain holidays and celebrations in the region. For example, Ms. Chen referenced how Cartier designed unique products during Chinese New Year and Burberry designed tote bags in theme for Chinese consumers.

By examining a case study of sneaker brand **Allbirds**, Ms. Chen expressed the importance of the customer and how platforms like Tmall encourage brands to put customers at the center of their strategies.

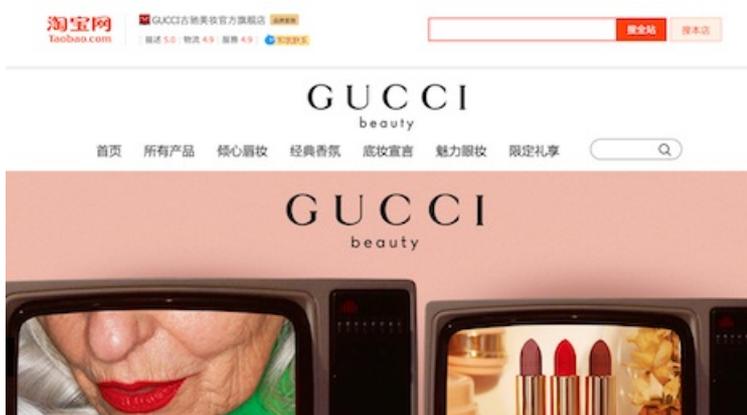
"We started at the very beginning with literally no brand awareness when we entered the Chinese market, so a lot of what we did in China was education and getting people to understand the Allbirds brand," said Erick Haskell, presidents of Allbirds International, in the presentation. "We launched from day one in China as a fully omnichannel brand, and like to think that our retail and online are completely integrated.

"Alibaba has been a great partner, as they've allowed us to access the Chinese consumer in a way that we otherwise wouldn't have been able to," he said. "Being on Tmall works for two important reasons: that's where the consumers are and it allows us to operate like a direct-to-consumer brand we control the look and feel of the site and all interactions with consumers."

China is becoming a consumption economy, surpassing the United States's retail market in 2020 with sales exceeding \$5 trillion.

According to a report by Bain & Company, travel restrictions due to the pandemic boosted local luxury spending, and, as a result, mainland China accounted for 70 to 75 percent of Chinese consumers' global luxury purchases in 2020 more than double in 2019 ([see story](#)).

Of Alibaba's luxury consumers, Chinese millennials make up about 75 percent. Alibaba defined a millennial as any individual between 18 and 39 years of age.



Gucci Beauty on Tmall Luxury Pavilion. Image credit: Tmall

These consumers are socially engaged, technologically savvy and considerably younger than luxury consumers in the West.

How do brands connect with these consumers?

Ms. Chen suggested that the most important tool for communicating with young consumers is through engagement technology. For example, Alibaba's Hey, Box provides consumers with information and access to new arrivals, 88VIP is the company's loyalty program and Super Brand Day is an integrated marketing program.

British apparel and accessories house Dunhill partnered with Alibaba for a livestreaming event, featuring popular influencer, or KOL, Mr. Bags. After garnering more than 120,000 viewers and 320,000 likes and interactions, the brand's Lock Bag sold out immediately.

KOL marketing or brand collaborations with influencers who are experts in their field is a powerful tool in China because consumers tend to trust recommendations from third parties over the brands themselves ([see story](#)).

Italian fashion house Valentino teamed up with Alibaba for a virtual reality retail experience to promote its line of Garavani Candystud bags. The joint effort took the form of a virtual store, a representation of a physical Valentino pop-up shop that customers could explore in virtual reality.

Both Valentino and Alibaba hoped that the mirrored virtual and physical pop-up shops would help create a cohesive and immersive retail experience online and offline ([see story](#)).

"When you can't travel to certain places, this is a great way to engage with consumers in China," Ms. Chen said.

© 2021 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.