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## How can brands leverage WeChat to build DTC ecommerce in China?

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*While things have been at an almost normal state in China for almost a year now, brands have not lost sight of the importance of building up their ecommerce channels in the world's most populous nation. Image credit: Unsplash*

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Given the penetration of WeChat among Chinese consumers, leveraging WeChat Mini Program Stores has become a pivotal approach for luxury brands to develop a direct-to-consumer ecommerce business in China.

DLG's (Digital Luxury Group) latest white paper on developing DTC ecommerce on WeChat in China analyses how brands can optimize this channel to deliver sustainable growth.

Over the past year or so, ecommerce has become a top priority for brands as the pandemic continues to prolong lockdowns and store closures of varying degrees in countries around the world.

While things have been at an almost normal state in China for almost a year now, brands have not lost sight of the importance of building up their ecommerce channels in the world's most populous nation especially with [China's share of the luxury market doubling in 2020](#) and its online luxury sales penetration reaching over 23 per cent.

This is in part the reason why over the past year, luxury brands have been expanding their sales channels in China and trying out new tactics such as social selling and livestream shopping.

Tmall Luxury a dedicated section for luxury brands on Tmall now has more than 200 international luxury brands on board.

### Why develop DTC on WeChat?

While ecommerce marketplaces such as Tmall drive massive amounts of consumer traffic and continue to form a significant portion of a brand's ecommerce revenues, brands should also not overlook the development of brand-owned direct-to-consumer ecommerce in China. But how can they go about this?

In the West, a DTC ecommerce channel is typically established on the brand's .com website. However, shopping on Web sites does not come naturally to Chinese consumers.

This is where WeChat, the country's most ubiquitous social platform, comes into the picture. The platform has been

building up its ecommerce legitimacy since the introduction of its Mini Programs in 2017 mini applets within the platform that can be developed and run independently by brands and now presents a very interesting opportunity for brands to develop an alternative DTC ecommerce channel in China apart from its official Web site.

"A WeChat DTC business offers brands multiple touch points to engage with consumers proactively and repeatedly, maximizing the lifetime value of a single brand," says George Xie, planning head of CPG industry at Tencent Marketing Solution.

As one of the few digital platforms in China that has touch points spanning the entire consumer journey from awareness to loyalty, brands have a greater opportunity to engage with and reactivate client profiles once they are part of the brand's WeChat database.

"All data assets and business initiatives belong to the brand, in the private domain," Mr. Xie said. "It also functions as a brand owned business, just like the brand.com model in Western countries, which helps to drive more profitable and sustainable growth [as well]."

#### Activating WeChat Stores

Ecommerce marketplaces such as Tmall regularly host shopping festivals and events, actively driving consumer shopping impulses. Brand-operated WeChat Stores, however, do not have such marketing activities to rely on and have to be individually activated by brands.

One way that brands can go about this is by creating scarcity through campaigns or initiatives. By limiting access to products, brands can generate a sense of urgency for consumers to shop on the platform.

For example, each time that Burberry launches a new B Series collection, the brand makes it available on its WeChat Store for 24 hours only, giving users a reason to visit and shop directly via this channel.

Brands also need to ensure that the quality of content on their WeChat Stores is up to par to interest and excite consumers. Besides making sure that the store is constantly updated with the latest campaign assets, brands should leverage visually enticing rich media formats such as videos or animations on this channel as well.

Also, given that the channel primarily targets Chinese shoppers, local marketing milestone milestones e.g. Chinese Valentine's Day or Lunar New Year should be highlighted and local celebrity resources used wherever relevant and possible, so as to better resonate with consumers.

#### Differentiating Assortments Across Channels

Product assortments on Tmall tend to be kept more streamlined, containing mostly entry-level products or signature pieces, for both store image and performance purposes. This is especially so since a significant proportion of a brand's customers on Tmall tend to be first-time clients of the brand.

Users who visit a brand's WeChat Store, on the other hand, are likely already customers or followers of the brand, or consumers that are already familiar with it.

As such, brands can afford to have a wider and more complete assortment of products on its WeChat Store, without the same considerations as it would on Tmall, to appeal to a broader spectrum of consumers.

Brands can also further differentiate its WeChat merchandise from other ecommerce channels by launching exclusive collections for WeChat or by offering early access to new products via its WeChat Store.

Some brands, such as Louis Vuitton, have turned this into a long-term strategy with its SneakersStore Mini Program, which taps into the drop retail model and elements of exclusivity.

The brand's sneaker collections are made available to consumers through occasional product drops through this WeChat Store only. This also helps motivate consumers to constantly revisit the store so as to keep up with the latest updates.

"Luxury clients on different digital platforms, i.e. Tmall, JD.com, WeChat, have proven to be quite different, and we customise merchandising plans accordingly," said Wei Chong Khor, head of e-business and digital strategy at LVMH Group.

"A merchandising strategy within WeChat should be derived from the understanding of a matrix of customer journeys, with each of these journeys forming the overall brand experience on WeChat," he said.

## Enhancing the shopping experience

As the digital landscape matures and grows more sophisticated, consumers no longer turn to ecommerce channels purely for transactional reasons but also use it as a channel to discover new brands and products.

Brands need to find ways to enrich the shopping and discovery experience for consumers on these platforms such as enhancing interactivity through entertaining experiences or introducing convenient features to help them make their purchase decisions.

In addition to the more commonly seen AR/VR try-on features or personalization engines on ecommerce platforms, brands are also starting to explore other entertaining methods of shopping within the WeChat ecosystem, such as organizing raffles to give consumers a chance to purchase limited edition products.

Some brands have also launched functions on WeChat to help guide consumer purchase decisions.

For example, skincare brand IPSA developed an online skin test that poses consumers a series of questions about their skin conditions and lifestyle habits, before recommending them suitable products within its skincare range. Such features can elevate the user shopping experience and bring it closer to the level of service provided by offline points of sale.

## Driving traffic to WeChat Stores

One of the most effective ways a brand can drive traffic to its WeChat Store is through content published on its Official Account.

A brand can push content directly to its followers' WeChat inboxes up to four times a month, and these content pushes should be fully leveraged with relevant product links and calls-to-actions embedded within articles to drive consumers to the WeChat Store.

To better identify the types of content that generate higher clickthrough rates, brands should make use of A/B Testing and isolate the parameters that make a difference.

Brands can also drive traffic to their WeChat Stores by designing specific user journeys. DLG's SCRM and data strategist Mario Juarez said: "Welcome messages with relevant product or store links; trigger messages to reactivate idle consumers; or even chatbots, are all very useful marketing automation tools that can help drive consumers down the funnel and closer to that act of purchase."

CRM or clienteling tools, such as WeChat's enterprise solution WeCom, can also help to channel a brand's existing prospects and clients to WeChat Store.

Brand sales associates can share WeChat Store links with clients and prospects they are connected with typically offline store walk-in customers via one-on-one communication, broadcast it to a larger group of clients, or even share it on his or her WeChat Moments feed.

"While developing DTC ecommerce on WeChat is not going to magically transform a brand's online business in China, it is an important piece of the ecommerce puzzle that brands need to start thinking about," said Pablo Mauron, partner and managing director of China at DLG.

"Ecommerce in China is a long game, and only brands that are constantly evolving and adapting stay relevant," he said.

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