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MARKETING

How to win in China without NFTs, KOLs or games

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Traditional VIP shopping experiences were often more rewarding than the products themselves. But today's young consumers want online VIP experiences. Fortunately, brands have options. Image credit: Shutterstock

By Adina-Laura Achim

Historically, elegant department stores and branded boutiques have attracted well-heeled customers through luxurious experiences and exclusive gifts. Remember when Vivian (played by Julia Roberts) and Edward Lewis (Richard Gere) went shopping on Los Angeles' Rodeo Drive in "Pretty Woman"?

In the film, Edward says he will spend a "really offensive amount of money" in one of the luxury boutiques, but, in return, he wants his girlfriend to have the VIP treatment. Fast as lightning, an army of retail sales associates rushes to compliment Vivian and please her. They offer her Champagne, pizza and even a tie worn by one of the sales assistants.

Growing up between Madrid and Rome, I saw similar episodes play out in Spanish and Italian luxury boutiques. And one thing I remember clearly was how certain exclusive shopping experiences were often more rewarding than owning the branded products themselves.

However, today's young consumers desire different types of experiences. The modern luxury experience has been digitally enhanced, personalized and made more convenient. Therefore, it is not surprising that brands are moving their luxury palaces into the digital space.

In China a country that has become almost synonymous with scientific and digital innovation, NFTs, livestreaming and gamification digital interactions are replacing face-to-face meetings. But can luxury brands connect with these digitally native consumers without simply following online trends? And can a luxury brand thrive in China without strategies such as NFTs, influencer marketing and gamification?

Arnold Ma, founder/CEO of Qumin, told *Jing Daily* that brands can grow without influencers. He argues that brands should "start building their own channels, leveraging content from creators or using virtual characters to represent the brand and provide audiences with a personality to connect with that is brand owned taking the risk out of working with influencers and celebrities."

Some brands have avoided the pitfalls of influencer marketing by building engaging marketing campaigns without celebrity testimonials.

For example, some brands have replaced influencers with trained sales associates in their livestreaming sessions, and some labels have preferred to feature user-generated content (UGC) to promote product campaigns.

According to a Bazaarvoice study, 84 percent of millennials and 70 percent of boomers say user-generated content impacts their purchase decisions. UGC achieves high customer-centricity and creates a more authentic relationship between shopper and brand.

Beauty brands such as Lancme and Swiss have employed user-generated content (UGC) on Xiaohongshu to connect with female consumers, drive traffic and humanize their ads.

Meanwhile, other prestige brands have turned to nostalgia marketing to connect with millennials. Chevrolet and Cartier ads captivated shoppers and engaged with them emotionally by recreating a bygone era.

At the same time, the hype around NFTs seems like another bubble that could crash and burn some luxury brands. In particular, eco-friendly and sustainability-based brands such as Stella McCartney should stay far away from non-fungible tokens as they could wipe out responsible reputations.

French artist Joanie Lemercier put things into perspective when he wrote that the release of six CryptoArt works "consumed in 10 seconds more electricity than [my] entire studio over the past two years."

Considering how much young consumers care about global warming and climate change, it is clear that they will prioritize brands that are reducing greenhouse gas emissions. And even luxury shoppers who are less receptive to climate goals are susceptible to peer influence. Therefore, brands should stay away from such endeavors that bring questionable results.

"NFTs and gamification are red herrings here no brand needs it, especially not in the present," Mr. Ma said. "Gamification is a great campaign mechanic, but it is not the only one. NFTs will be useful in the future as we become more metaverse ready."

In Mr. Ma's opinion, brands could use metaverse instances "to scale customer service for VIPs" or employ NFTs to design "unique loyalty schemes that are non-fungible for each individual customer."

However, he rightfully argues that these concepts are "very theoretical, and it is certainly not needed for success in China right now."

Herms, Goyard, Bottega Veneta, Brunello Cucinelli, Gabriela Hearst, Tom Ford and Rolls-Royce Motor Cars are just some of the luxury brands that have a more restrained, traditional marketing approach. These brands can leverage their prestige with their marketing efforts. Instead of giving in to loud marketing techniques and chasing customers in the virtual world, they engage their community on their terms.

This quiet approach to marketing does not imply that Herms will not use gamification elements or that Tom Ford will not select a celebrity such as Hyun Bin to be a brand ambassador. But it denotes how brands can be less-receptive to digital trends and still thrive in China. Essentially, these labels understand that exclusivity not overexposure and word-of-mouth work better for them than influencer marketing and gamification.

Bottega Veneta's withdrawal from social media is compelling as it shows that an alternative path is emerging in marketing.

Considering China's growing social media fatigue, luxury brands should try to define their voices without chasing digital trends.

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