

RESEARCH

90pc of product-related online activity in China used to educate: BCG

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Louis Vuitton ad featuring actress Fan Bingbing

By JOE MCCARTHY

A new report by Boston Consulting Group explores the online shopping tendencies of Chinese consumers such as a widely-held penchant for researching products at length.

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Luxury Daily

"The Chinese Digital Consumer in a Multichannel World" report explains that the number of Chinese online shoppers is expected to reach 380 million by 2016, which presents brands with huge swaths of potential customers. Any giddiness marketers feel at such a prospect should be tempered by the fact that only .5 percent of online activity is conducted on brand or company Web sites.

"It's well known that many Chinese consumers are spending more time online than consuming any other type of media," said Jeff Walters, BCG partner and co-author of the report, Beijing. "But it's remarkable how online shopping, specifically Taobao/Tmall, has become a major source of 'entertainment' for the online consumer given the amount of time they spend doing it."

"Any individual spends 50-80 percent of their online time on just a handful of websites," he said. "What are those websites? The top was Youku, which is understandable as users

"We confirmed that the Chinese online shopper does not trust official sources of information," Mr. Walters said.



User-generated content on Lancome's Chinese Web site

Brands have to act cautiously when looking for ways to boost the reach of a campaign.

BCG notes that "grassroots" advocates are more effective and far cheaper than celebrities, and about 60 percent of surveyed shoppers post product-related comments often or occasionally, so plenty of candidates are available.

Vanishing distinctions

Sixty to 80 percent of consumers across a range of product categories expressed no preference for online or offline. Most consumers prefer a blend of the two and will traverse both when making purchases.

Brands must ensure that online and offline efforts mesh so that consumers do not experience a disconnect when going between the two.

Today's customers are not just already omnichannel, but smartphones have completely changed their behavior and expectations.

Consumers now expect to engage at any time and from anywhere with your brand. They expect to engage before, during and after transactions with a brand. They will jump between online, in-store and mobile touch points and expect a brand to stay consistent with information, offers and service (*see story*).

Evidence of the convergence of channels can be seen in the experiential nature of online activity.

"Online shopping in China is all about browsing and discovery," Mr. Walters said.

Final Take

Joe McCarthy, editorial assistant on Luxury Daily, New York

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