

2023

SOCIAL COMMERCE: HOW TO BUILD THE FUTURE OF RETAIL.

LESSONS FOR AND FROM CHINA



ALARICE

BY ASHLEY DUDARENOK

CHATLABS

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ALARICE & CHOZAN SOLUTIONS



● MARKETING RESEARCH AND STRATEGY

Our China marketing research and strategy team gives you a detailed framework that will allow you to start and grow your business in mainland China.

● SOCIAL MEDIA MARKETING

We help you to localize messages, strengthen your brand image and reach out to target audiences through Chinese social media.

● INFLUENCER MARKETING AND CAMPAIGNS

We help you to establish goal-specific social marketing campaigns and fruitful collaborations with Chinese KOLs and influencers.

● CORPORATE TRAINING

We can increase your expertise about the Chinese market, Chinese consumers and Chinese social media with tailor-made masterclasses that put your team at the forefront. We run courses around the world and we can also create custom corporate training programs for your team.

● KEYNOTE SPEECHES

Our founder, Ashley, is a well-known speaker and can deliver keynotes full of energy, insight and inspiration that will transform your event, motivate you and help you achieve your goals.

● CHINA TRENDWATCHING

We specialize in illuminating trends in China. We dig deep to see what's happening, the obvious and the subtle, and through training, consulting, reports and regular newsletter updates, help brands turn these trends into meaningful business opportunities

● CONSULTING CALLS

The quickest way to get your specific, urgent China marketing questions answered. Speak with Ashley or her team if you're under time pressure and need to get on the right track fast.

**HAVE QUESTIONS? CONTACT
ALARICE'S TEAM FOR
ASSISTANCE. SCAN HERE.**



CHATLABS SOLUTIONS

CHATLABS

ChatLabs won the prestigious 2023 LVMH Innovation Award for Data & AI!

● SOCIAL EXPERIENCES PLATFORM (SXP)

ChatLabs' generative journeys, takes in the context of Social Media and the behavior of the customer and then uses the power of AI to allow brands to tell their stories and share their values in a hyper-personalized manner. Brands can now direct their traffic, to an elevated contextual consumer experience, that engages them in a creative and more meaningful manner and puts them on a tailored path towards a particular brand goal.

● SOCIAL SERVICE

Use your Salesforce data in combination with WeCom to provide efficient and personalized customer service that fosters brand trust and loyalty.

● SOCIAL MARKETING

Attract, engage, segment, target, convert, and build brand loyalty through 360° view of customer profiles that powers automated hyper-personalized journeys on any major social channel.

● DATAFLOW

Real-time China 360° data across marketing, commerce, sales and service, captures user consent at every touch point and ensures systems to adhere to the provided consent using privacy-based access controller.



**CHATLABS
WEBSITE**



**CHATLABS
WECHAT**



**CHATLABS
LINKEDIN**



**CHATLABS
NEWSLETTER**

ChatLabs works with several leading global brands in the luxury, retail, financial services, tourism industries including Richemont, Chopard, Shiseido, LVMH, La Prairie, Shangri-La, United Airlines, HSBC, and more.

INTRODUCTION

WHAT IS SOCIAL COMMERCE?

1

THE BASICS OF SOCIAL COMMERCE



CREATOR'S BITE

Q: HOW HAS THE RISE OF SOCIAL COMMERCE IMPACTED MARKETS WORLDWIDE, AND WHAT ROLE DOES CHINA PLAY IN THIS LANDSCAPE?

Social commerce has experienced rapid growth in both developing and developed markets, with regions like Africa **skipping the traditional PC and smartphone-based e-commerce stages**. China, as a key player in this emerging landscape, **benefits from a well-established, advanced, and reliable supply chain**. Furthermore, the country's unique advantages, including a skilled workforce and competitive business environment, set it apart from other nations and make it an influential force in the global social commerce sphere.



LOOKING FOR AN INSIGHTFUL AND
ENERGETIC SPEAKER FOR YOUR NEXT
LEADERSHIP EVENT OR CONFERENCE?
CONTACT US TO BOOK ASHLEY AS A KEYNOTE
SPEAKER.



Follow my LinkedIn for daily China insights

A DEFINITION OF SOCIAL COMMERCE

SOCIAL COMMERCE IS E-COMMERCE DONE THROUGH SOCIAL MEDIA PLATFORMS

Social commerce integrates **social interactions** and **e-commerce**, creating a **seamless** shopping and social experience.

With personalized content recommendations, user-generated content, and influencer endorsements, social commerce platforms facilitate purchases and **emotional connections** between customers.

CONCERTS



Jay Chou's concert
on Kuaishou on
Nov. 19th, 2022
got **1.05 billion** likes

SHORT DRAMAS



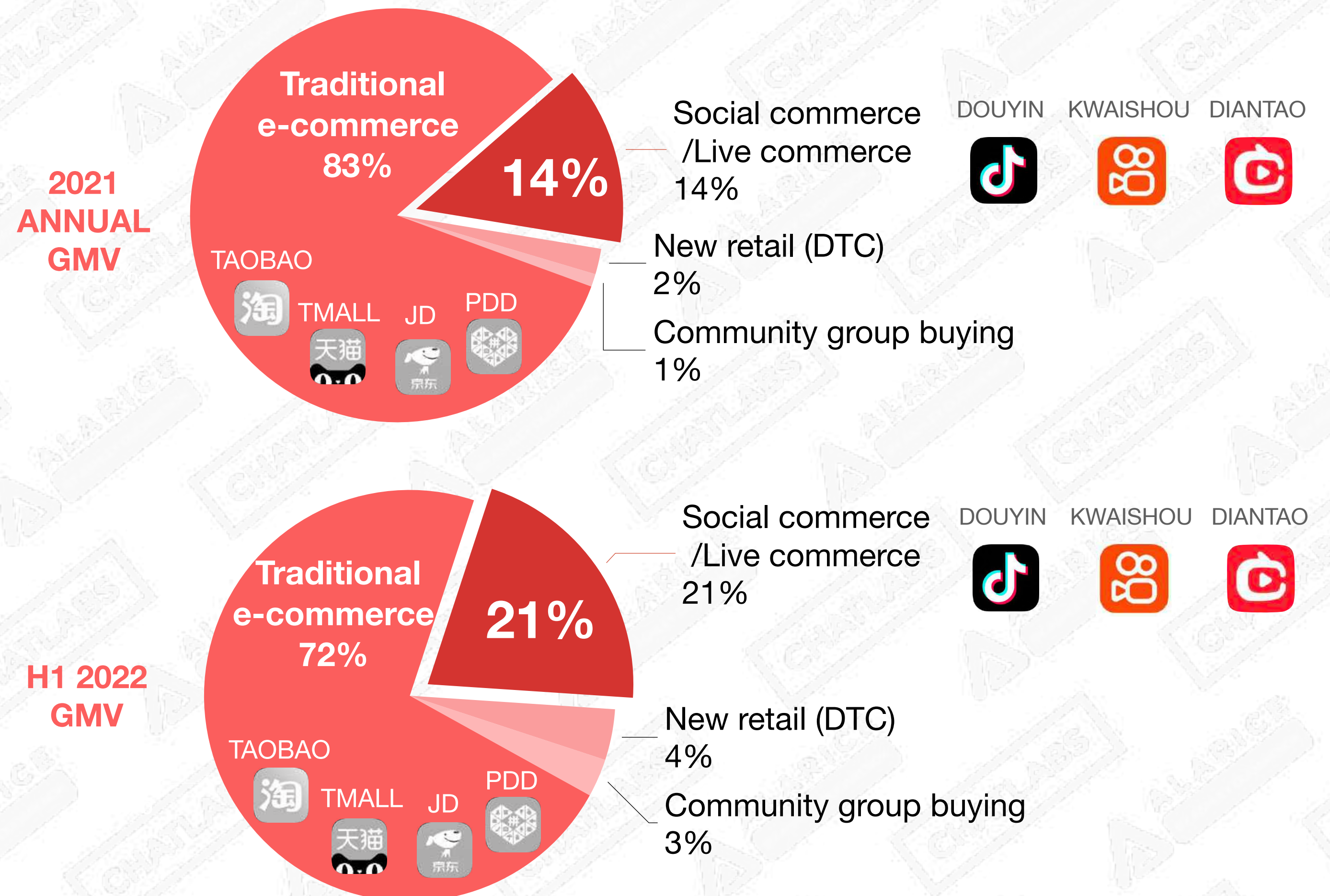
Crazy Xiǎo Yáng's (@疯狂小杨哥)
short comedy drama
99.99 million Douyin followers
with **870 million** likes

THE FUTURE OF SHOPPING IS ALREADY HAPPENING

TRADITIONAL AND SOCIAL COMMERCE INTEGRATE TO DRIVE CONVERSIONS

Traditional e-commerce channels remain dominant with **72%** market share in **H1 2022**, but **social** commerce is rapidly gaining popularity, growing from 14% in 2021 to **21%** in **H1 2022**.

New sales channels are changing the way businesses approach e-commerce, and they're **adapting** their **strategies** to stay competitive.



COMPARING E-COMMERCE AND SOCIAL COMMERCE

DIFFERENT GROWTH LOGIC

Funnel growth logic is used by **traditional** e-commerce platforms such as **Taobao**, **Tmall**, and **JD** to **attract new traffic** and guide users through the purchasing process.

Social commerce platforms like **Douyin**, **Kuaishou**, **Wechat**, and **Red** rely on **snowball growth logic**, where a product or service gains popularity through social sharing and word-of-mouth recommendations.

E-COMMERCE AND SOCIAL COMMERCE: KEY PLAYERS AND GROWTH LOGIC

	Traditional e-commerce	Social commerce
Key players	TAOBAO TMALL JD   	DOUYIN KUAISHOU WECHAT RED    
Growth logic	Funnel logic	Snowball logic

COMPARING E-COMMERCE AND SOCIAL COMMERCE

THE TRADITIONAL E-COMMERCE CUSTOMER JOURNEY

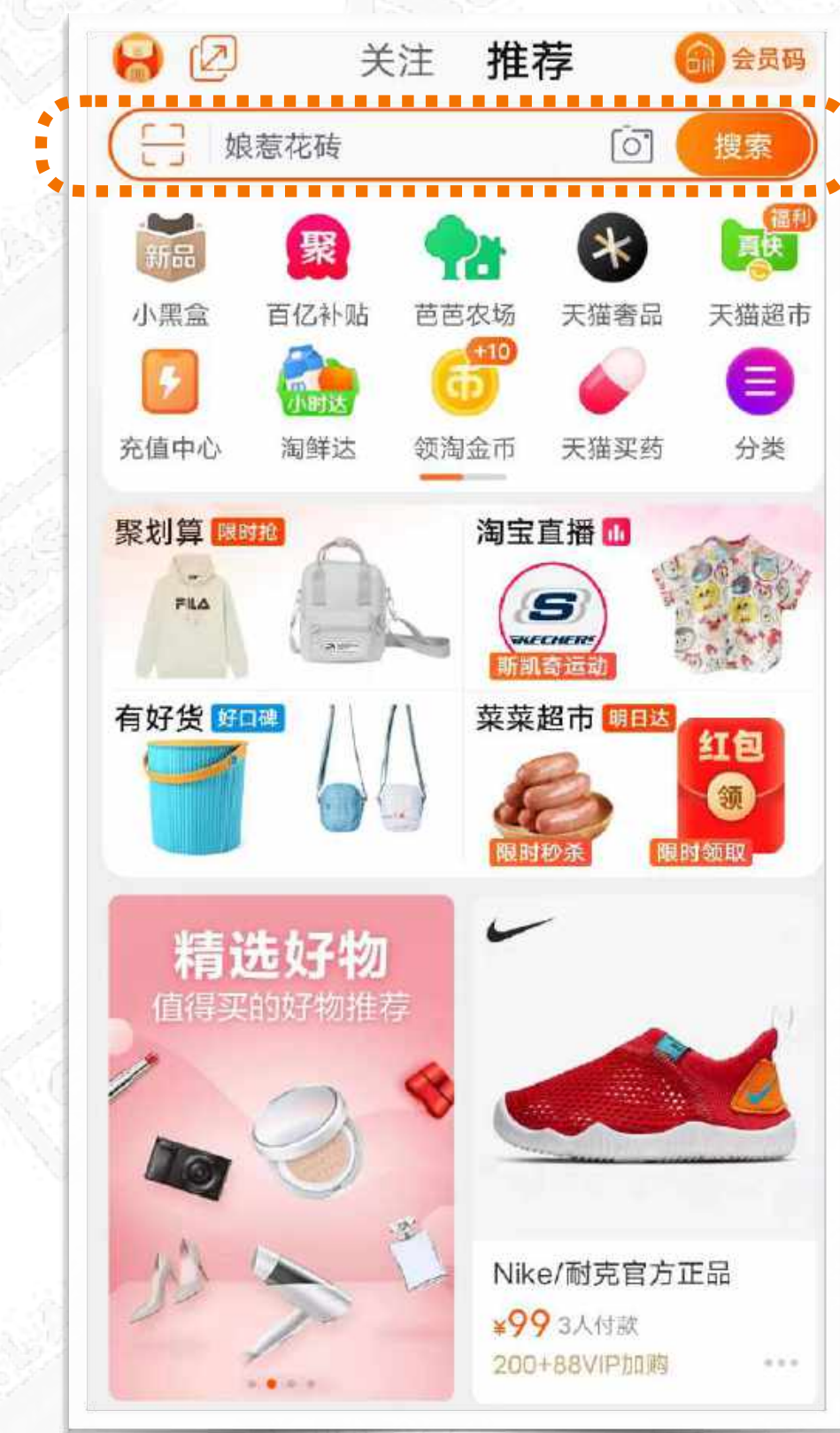
The path for **traditional e-commerce platforms** like **Taobao** starts with consumers searching for specific products they want to purchase. The journey begins at the **search stage**.

TRADITIONAL E-COMMERCE:
YOU KNOW WHAT YOU WANT

THE CONSUMER JOURNEY
STARTS AT THE **SEARCH STAGE**



TAOBAO



COMPARING E-COMMERCE AND SOCIAL COMMERCE

THE SOCIAL COMMERCE CUSTOMER JOURNEY

Consumers who use social commerce, like **Douyin**, receive customized product recommendations based on their interests and behaviour. The journey starts from the **content recommendation** stage.

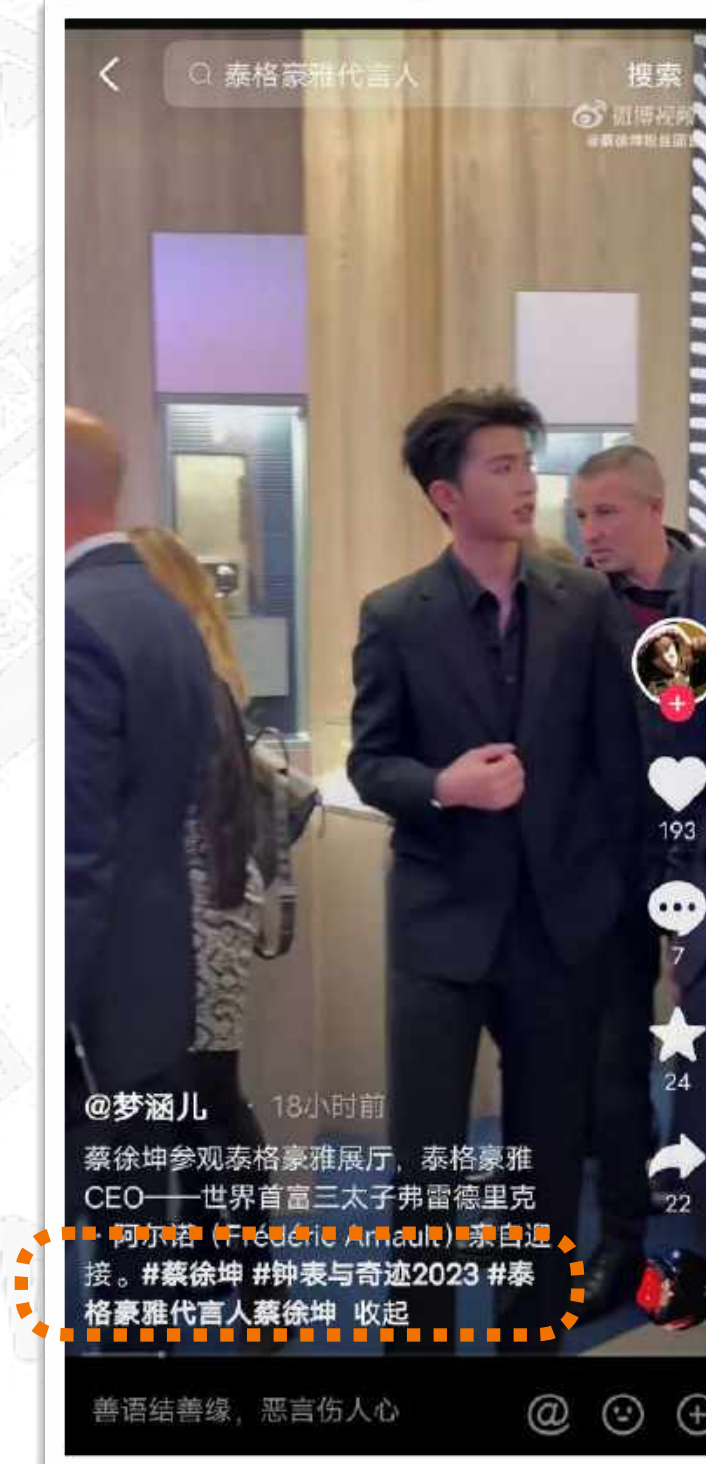
Engaging content is a key factor for success in social commerce.

SOCIAL COMMERCE:
IT KNOWS WHAT YOU WANT

THE CONSUMER JOURNEY
STARTS WITH **CONTENT RECOMMENDATIONS**



DOUYIN



1. RECOMMENDS
CONTENT YOU'RE
INTERESTED IN



2. LINKS TO RELATED
ITEMS BASED ON POST
HASHTAGS

THE BASICS OF SOCIAL COMMERCE

INSIGHTS

REVAMPING YOUR CHINA
MARKETING STRATEGY? GET IN
TOUCH WITH ALARICE TO HELP
YOU SUCCEED. SCAN HERE.



GET READY FOR THE POPULARITY OF SOCIAL COMMERCE

For businesses to remain competitive in China's evolving market, they must embrace social commerce and invest in it to capitalize on this growing trend.



CONDUCT MARKET RESEARCH TO IDENTIFY YOUR OPPORTUNITIES AND CHALLENGES

To assess social commerce opportunities and challenges, it's vital to do market research to get insight into customer behaviour, assess market potential, test product concepts and more.



TAILOR YOUR SOCIAL COMMERCE MARKETING STRATEGY

It's essential that businesses tailor their social commerce marketing strategy to create content that resonates with their target audience and encourages social sharing.

EXPERT BITES

Q: WHAT CAN FOREIGN FIRMS LEARN FROM CHINA'S SOCIAL COMMERCE CUSTOMER SERVICE AND USER EXPERIENCE APPROACHES?

Social commerce isn't just gamified online shopping, or buying recommendations from your favourite influencer on instagram here - **it's a full stack go-to-market sales strategy** for many brands, and brands who are doing it successfully leverage highly localised, highly gamified physical Brand Experiences - with scannable integrations, that take shoppers straight back online - so they are able to make regular, repeat contact through social platforms. It's a very exciting space.



RONEN SIMHI

Vice President Sales & Strategy
Of Outform

EXPERT BITES

Q: WHAT SOCIAL COMMERCE TRENDS DO YOU SEE IN CHINA TODAY THAT WILL BOOM IN 2023/24?

The recent 6.18 shopping festival highlighted the significance of content in China, where short videos, influencers, and livestreaming gained traction on Alibaba's marketplaces. **Generative AI tech is also being explored to reduce content costs and drive further sales.**

Apple product experts conducted their first livestream during 618, offering filmmaking tips and demonstrating the use of the Apple Watch for workouts. The livestream garnered impressive engagement with **1.3 million viewers and 300,000 likes within just one hour**. Content played a pivotal role for many retailers during the 6.18 event.



MEI CHEN

General Manager Lifestyle &
Luxury of International Business,
Alibaba Group

EXPERT BITES

Q: WHAT ARE THE KEY FEATURES OF SOCIAL COMMERCE IN CHINA? ARE THEY DIFFERENT TO THE REST OF THE WORLD, IF SO, HOW?

China's social commerce features integration with social media, live-stream sales, group buying, influencer marketing, and a mobile-first approach. Platforms like WeChat enable product discussion, recommendations, and in-app purchases. Live-streaming e-commerce on platforms like Taobao Live provides interactive, engaging shopping experiences.

Group buying on platforms like Pinduoduo offers bulk discounts, creating a community feel. Influencers significantly influence consumer choices, and activities are predominantly mobile-based. This model contrasts with Western social commerce, **more linked to platforms like Facebook and Instagram, and less integrated with messaging and live-streaming.**



RAND HAN

Founder of Resonance

2

THE KEY FEATURES OF SOCIAL COMMERCE

SOCIAL MEDIA PROVIDES EXCELLENT CONTEXT

QUALITY CONTENT REACHES TARGET AUDIENCES WHEN THEY'RE READY TO BUY

Consumers on social media are often more open to high-quality brand narratives and **content** because the platforms are where they connect with friends and family and where they look for recommendations. They can also see purchases made by KOLs and friends so their purchase **motivation** is higher.

Businesses need content that showcases their **unique selling points**, **encourages social sharing**, **connects emotionally** and demonstrates **scenarios** that **resonate** with consumers.

#沉浸式
34.33 billion
views*

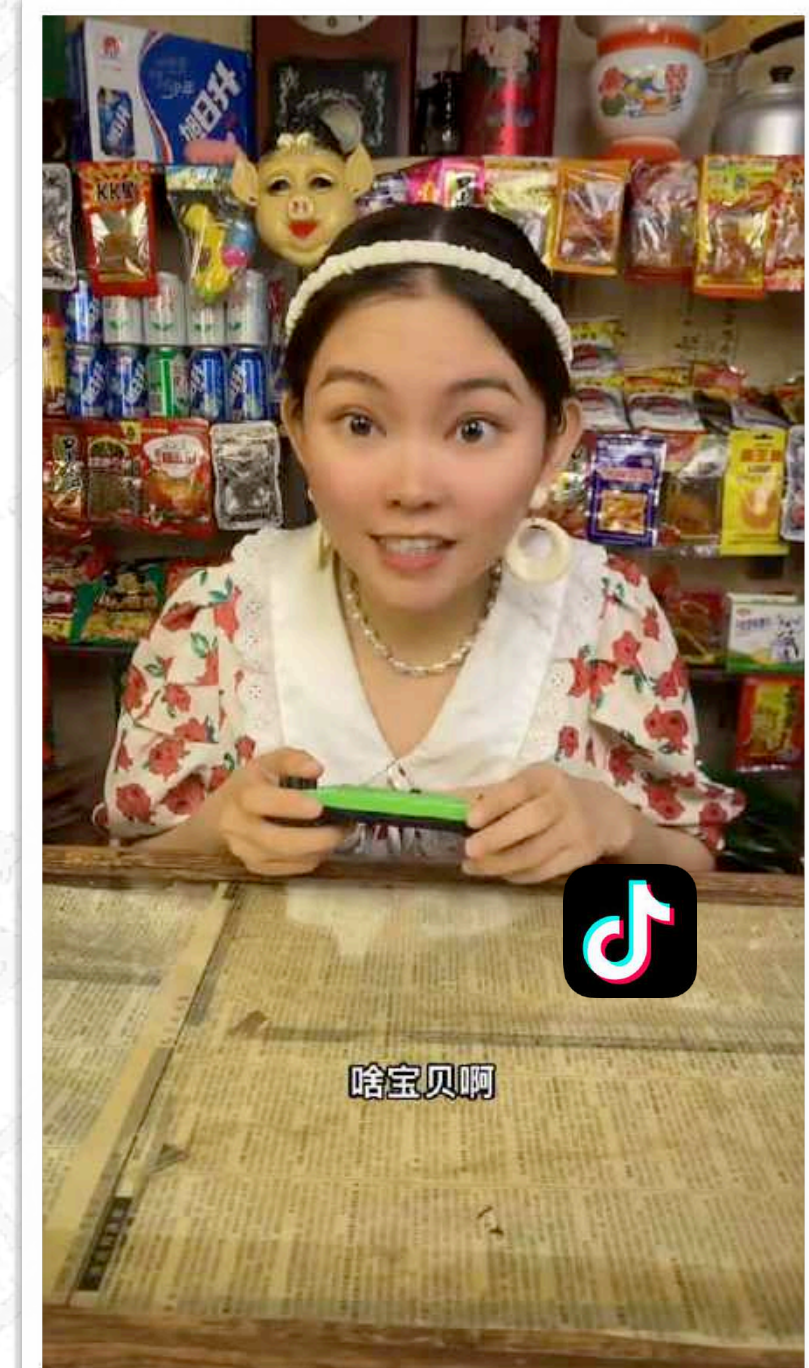


雅萌 Ya-Man facial device X @胡兵

3.5 million followers

This ad targets the senses and the product's user experience.

#怀旧
86.88 billion
views*



晨光 M&G Marker pen X @丫丫小卖铺

1.08 million followers

Nostalgia and emotion are at the core of this ad.

*Douyin views were checked on March 27, 2023

Videos: Douyin @胡兵, @丫丫小卖铺

INTERACTIVE FORMATS THRIVE ON SOCIAL MEDIA

INTERACTIVE, METAVERSE AND WEB3 MARKETING DO WELL ON SOCIAL COMMERCE SITES

Social media's **interactive** nature is a critical driver for social commerce.

Brands that smartly leverage social media's **highly visual, participatory** qualities and create engaging content make their mark on social commerce platforms.

For example, Douyin and Burberry's metaverse marketing campaign, which incorporated Douyin's Zaizai feature that allows users to create avatars, got **150 million** views.

DOUYIN X BURBERRY METAVERSE MARKETING



Burberry created 18 items of virtual clothing for Douyin's Zaizai (仔仔) avatars in August 2022.

DOUYIN X BURBERRY AVATARS



Users could create their own avatars.

BURBERRY'S DOUYIN ACCOUNT



A link to the official Burberry website is attached to their Douyin account.

BURBERRY'S OFFICIAL WEBSITE



From Douyin, traffic is directed to Burberry's website.

SOCIAL COMMERCE FACILITATES COMMUNITIES

USE PRIVATE TRAFFIC TO CONNECT YOUR TARGET AUDIENCE

POP MART'S OMNICHANNEL MEMBER STRATEGY

On WeChat, **Pop Mart** has more than **800** official groups with over **100,000** users. On top of this, there are more than 150,000 unofficial groups that have been created by fans.

The brand does UGC campaigns through WeChat mini programs to encourage consumers to post their purchases.

On Douyin, it has 22.34 million followers with 8 chat groups.

By **building a sense of community and trust** on social media platforms, **Pop Mart** (泡泡玛特) expands their network, fosters customer engagement, and increases sales.



WECHAT GROUPS



WECHAT
MINI PROGRAMS



DOUYIN

ACTIVE COMMUNITIES IMPACT SALES

MARKETING DIRECTLY TO FANS AND FOLLOWERS AND GOOD SERVICE DRIVES SALES

Brands that manage **private traffic** well to market directly to their fans and provide good customer service on social networks see results in improved sales.

On top of that, people are often influenced in their buying decisions by communities, friends and family. This can also prompt them to make recommendations to others in their wider network as well.

Chinese toy giant **Pop Mart** (泡泡玛特) has grown rapidly as a result of the **continuous expansion of its member groups**, customer service and IP portfolio enhancement.

2.359 BILLION RMB
(+33.1% YoY)

Pop Mart's revenue in H1 2022

23.05 MILLION

Pop Mart's registered members
as of June 30, 2022

93.1%

Member sales made up
93.1% of their gross sales

47.9%

Members' repeat
purchase rate

INSIGHTS

THE KEY FEATURES OF SOCIAL COMMERCE



HIGH-QUALITY CONTENT INFLUENCES PURCHASING DECISIONS

To deliver high-quality content, it's important to understand your audience's needs, preferences, and pain points. Then create content featuring scenarios that resonate with them and show your unique selling points.



INTERACTIVE EXPERIENCES ENHANCE ENGAGEMENT AND SATISFACTION

Provide unique interactive experiences that enhance consumer engagement. This includes highly visual, participatory, collectable and gamified experiences.



PRIVATE TRAFFIC IS IMPORTANT TO CONNECT WITH YOUR AUDIENCE

After creating communities for your private traffic and members, give them a reason to stay. Offer members special access, discounts and great customer service. Make sure that your communication is consistent with your brand identity and values.

INTERESTED IN LEARNING FROM
CHINA FOR YOUR GLOBAL
OPERATIONS? ALARICE CAN HELP.
SCAN HERE.



EXPERT BITES

Q: HOW DOES CHINA'S SOCIAL COMMERCE COMPARE TO TRADITIONAL COMMERCE, AND WHAT ARE THE REASONS FOR ITS CURRENT STATE?

Traditional commerce is still the main sales channel, but social commerce is growing very fast. It's giving an opportunity to young brands in the Chinese market, which don't have big budgets for huge promo campaigns, but use creative approaches to reach their TA.

The main difference: Traditional Commerce - "Give me what I want" v. Social Commerce "Tell me what to buy".

So if you know how to present your product and create demand you will win on Douyin and RED, which also will increase your sales on traditional platforms such as Tmall or JD.



ARTEM ZHDANOV

Founder and CEO of EKD Group

EXPERT BITES

Q: HOW HAS SOCIAL COMMERCE AFFECTED CHINA SALES, AND IS IT A VIABLE OPTION FOR BRANDS TARGETING THE CHINESE MARKET?

Back in 2018, I've seen many sales staff in stores creating WeChat groups of customers and using those groups to bring a more personal feel to sales. China is a country of huge numbers and so this kind of **quasi-personalisation was a way to gain loyalty and push sales**. Live-streaming had already started, but it wasn't a must-have, but more of a way to gain a unique position as a foreign brand. Since then the trend to livestreaming had accelerated. The "edutainment" aspect is a completely different way to look at the consumer journey than the "functional" approach more favoured in Europe & it's hard for brands to adjust and train their staff accordingly. This aspect of branding is always a difficult line to walk for overseas brands: to keep the core messaging whilst also being relevant for Chinese consumers.

If brands want to work with KOLs or KOCs it's actually quite hard to make the choice of who truly fits to the brand values, when you are on the other side of the planet and don't understand the language well enough to pick up on nuances. I believe that social commerce is a good opportunity for brands looking to explore the Chinese market, however they have **to be careful to choose the right collaboration partners and channels as the market is so fragmented**.



KATHRYN READ

International Sales and Marketing
Consultant

EXPERT BITES

Q: WHAT ARE CHINA'S TOP SOCIAL COMMERCE BRANDS, AND WHAT ARE THEIR SUCCESSFUL AND UNSUCCESSFUL STRATEGIES?

Florasis has a long term focus on leveraging Douyin's social commerce system. Initially, Li Jiaqi played a significant role in establishing Florasis as a popular internet brand. However, in recent years, **the brand has shifted its focus to hosting live sessions on its own, aiming to enhance its brand image.**

It's important to note that the brand is currently in the process of reducing its reliance on top-tier influencers like Li Jiaqi. This shift is driven partly by **the high costs associated with such influencers and the uncertainty surrounding their long-term impact.** To facilitate this transition and enhance the development of its private customer base, the brand should consider leveraging other platforms such as the WeChat ecosystem.



ARNOLD MA

Founder and CEO of Qumin

3

THE BENEFITS OF EMBRACING SOCIAL COMMERCE

SOCIAL COMMERCE PLATFORMS INCREASE VISIBILITY

USERS CAN SEE BRAND ACCOUNTS, ADS, KOL RECOMMENDATIONS AND FRIENDS SHARING

Using social media platforms with large user bases, active influencer marketing, and e-commerce options increases brand visibility and allows brands to connect with new and existing customers easily.

Pepsi, for example, showcased its celebrity endorsements and posts and gained 1.35 billion views on Douyin on March 24th, 2023.

**1.35
BILLION
VIEWS**

on Douyin for the topic
#Pepsi-Cola
(百事可乐)

BRANDING AND SELLING PEPSI ON DOUYIN



PEPSI'S BRANDING
ACCOUNT



PEPSI'S SALES
ACCOUNT



LIVESTREAMING

SOCIAL COMMERCE SITES INCREASE ENGAGEMENT

AND THAT ENGAGEMENT IS MORE PERSONAL AND ACTIVE

Brands can interact with vast audiences on social platforms in more interactive and personal ways than through traditional e-commerce channels.

This can be through influencer marketing, user-generated content campaigns, celebrity endorsements, creative campaigns, gamification, giveaways, lucky draws and other effective engagement techniques.

POPULAR MODES OF ENGAGEMENT ON CHINESE SOCIAL MEDIA AND SOCIAL COMMERCE PLATFORMS

KOL MARKETING CAMPAIGNS

USER-GENERATED CONTENT

LIVESTREAMING

QUIZZES, POLLS, GAMES, LUCKY DRAWS

GROUP BUYING DEALS

A BETTER CUSTOMER EXPERIENCE

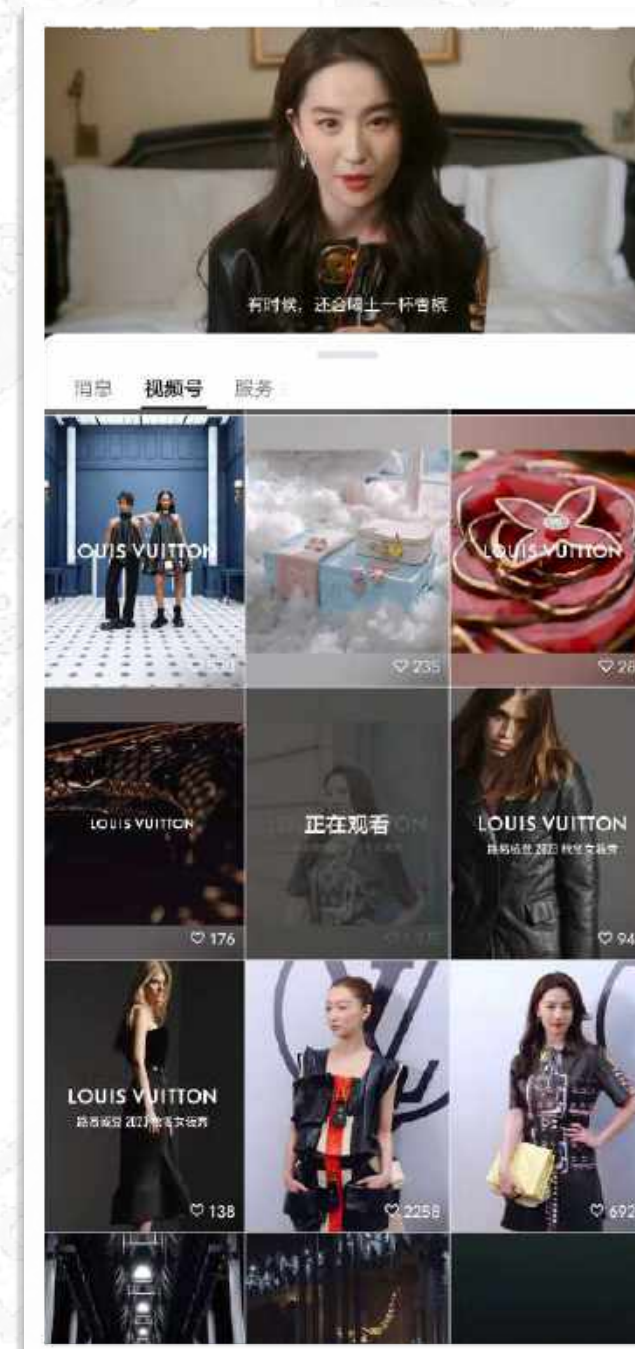
SOCIAL COMMERCE PLATFORMS ALLOW A SEAMLESS CUSTOMER JOURNEY

LOUIS VUITTON'S CUSTOMER-FRIENDLY WECHAT MINI PROGRAM

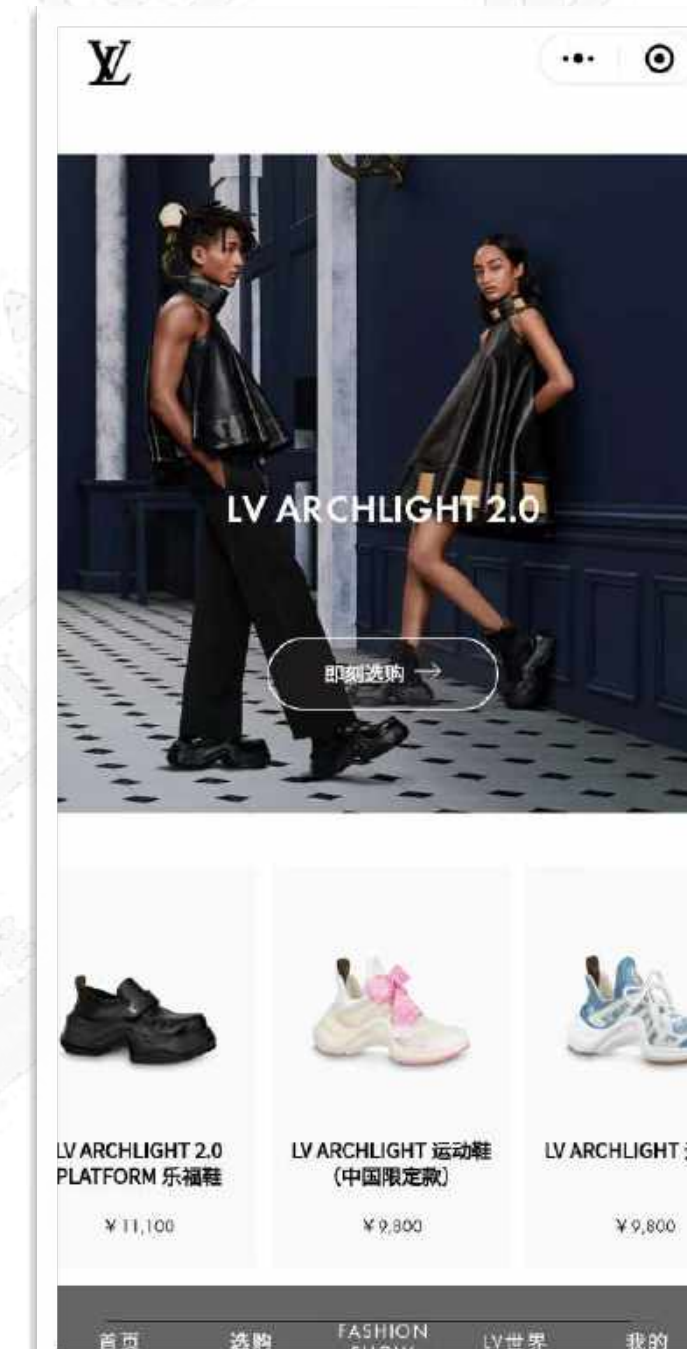
Customer loyalty and **satisfaction** can be improved on social commerce platforms because they provide **seamless, personalized** shopping experiences.

For example, to increase traffic and improve customer communication, Louis Vuitton uses its **WeChat mini program** as a primary touchpoint.

Businesses can create a memorable shopping experience by providing **interactive** features and prompt customer service, thereby encouraging loyalty and repeat purchases.



FASHION SHOWS



SHOP



VIRTUAL TRY ONS



1 TO 1 CUSTOMER SERVICE

SOCIAL COMMERCE INCREASES SALES AND REVENUE

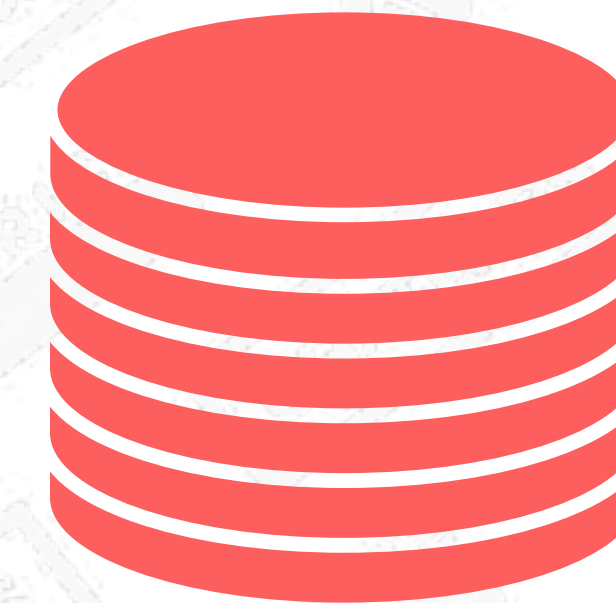
SALES AND REPURCHASE RATES ARE HIGHER ON SOCIAL COMMERCE SITES

Social commerce platforms let brands simplify the checkout process, provide interactive engagement and leverage social proof to drive sales and revenue.

To increase sales, brands should **identify the product's core selling points** based on understanding consumer needs, including pain points, frustrations and pleasure points.

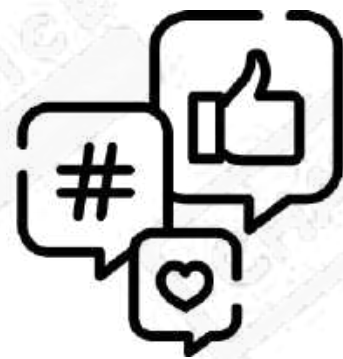
4.84
TRILLION RMB

**ESTIMATED SOCIAL COMMERCE TRANSACTION VALUE IN CHINA
(2022)**



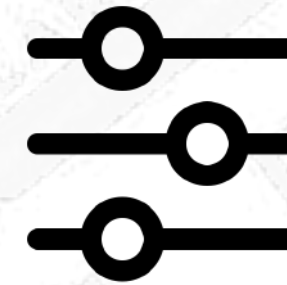
INSIGHTS

THE BENEFITS OF EMBRACING SOCIAL COMMERCE



SOCIAL COMMERCE INCREASES YOUR BRAND'S VISIBILITY

Large social media platforms can increase brand visibility and enable brands to connect easily with their target audience as well as new customers with the right marketing strategy.



CUSTOMERS ENGAGE MORE ON SOCIAL PLATFORMS

Build stronger customer relationships through interactive social commerce features, such as livestreaming, shoppable posts, gamification and more.



CREATE A SMOOTH CUSTOMER JOURNEY TO DRIVE CONVERSIONS

Use mini programs, direct links to your brand's store, easy online payment options, virtual try-ons, livestream sales, and exclusive offers for members to increase sales and customer loyalty.

**STAY AHEAD WITH ALARICE ON THE
LATEST TRENDS IN CHINA AND THE
CHINESE MARKET. GET IN TOUCH TO
LEARN MORE.**



EXPERT BITES

Q: WHAT ARE KEY DIFFERENCES BETWEEN CHINESE SOCIAL COMMERCE AND OTHER REGIONS, AND HOW CAN FOREIGN FIRMS ADAPT THEIR STRATEGIES ACCORDINGLY?

China's social commerce differs from other regions due to **mobile-first consumers, deep integration of social media and e-commerce**, and the popularity of live-streaming sales. In the west, shopping shares a 50-50 split with PC and usually one of the big social media giants such as Facebook, Instagram, Pinterest or TikTok. Facebook had expanded from being a social networking site to include Marketplace, where individuals can buy and sell items locally.

Instagram introduced shopping features that allow businesses to tag products in their posts with links that lead directly to their online store. Pinterest has "Buyable Pins" that allow users to make purchases without leaving the platform.



SHARON GAI

Director of Global Key Accounts,
Alibaba Group

EXPERT BITES

Q: WHAT ARE THE MOST IMPORTANT TRENDS FOR CHINA IN 2023 IN TERMS OF CONSUMPTION AND COMMERCE?

Consumers are definitely more cautious this year than in past years and we are seeing this reflected in much more careful purchasing behaviour. Consumers are still spending but they are becoming **much more intentional in their purchases**, are doing more research, and are trading down when possible.

We are also seeing an ongoing shift towards more searches for specific brands rather than searches tied to product function. This means that it is more important than ever for **brands to be leveraging social platforms in China to educate consumers about brand history and heritage, to build awareness, and to build engagement.**



BENJAMIN CAVENDER

Managing Director and Head of
Strategy of China Market
Research Group

EXPERT BITES

Q: HOW DO CHINESE COMPANIES UTILISE SOCIAL MEDIA PLATFORMS FOR SOCIAL COMMERCE, AND WHAT CAN FOREIGN FIRMS LEARN FROM THEIR STRATEGIES?

Chinese brands, in general, exhibit a fearless willingness to **explore new formats and take unconventional approaches**, unburdened by the need for a proven methodology. They embrace a test-and-learn mindset, even if it means deviating from their established brand image. This mindset is deeply rooted in a fast-paced culture that embraces rapid change.

Foreign companies can learn from this by adopting a similar mindset of brand exploration, **avoiding excessive overthinking and reliance on data**.



ELISA HARCA

Co-Founder of Red Ant Asia

4

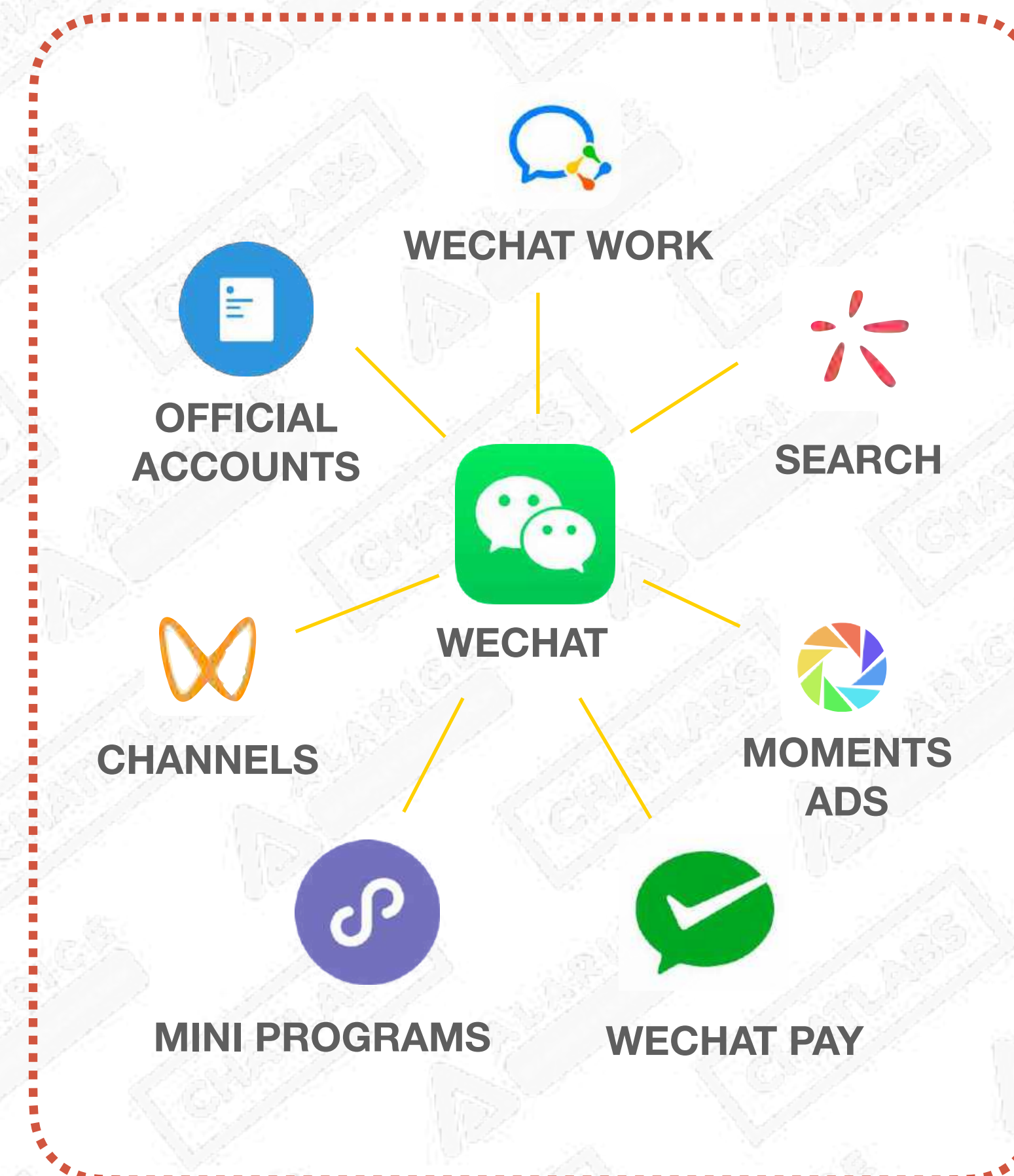
CHINESE AND WESTERN SOCIAL COMMERCE PLATFORMS COMPARED

WECHAT AND FACEBOOK

ECOSYSTEMS THAT FOCUS ON SLIGHTLY DIFFERENT THINGS

WeChat in China (Weixin) is different from the international version of the app. It's an **integrated ecosystem** with messaging, personal and brand accounts, search, ads, video (WeChat Channels), mini programs that brands can use as stores and an **in-app payment option** that is widely trusted.

WECHAT'S SOCIAL COMMERCE

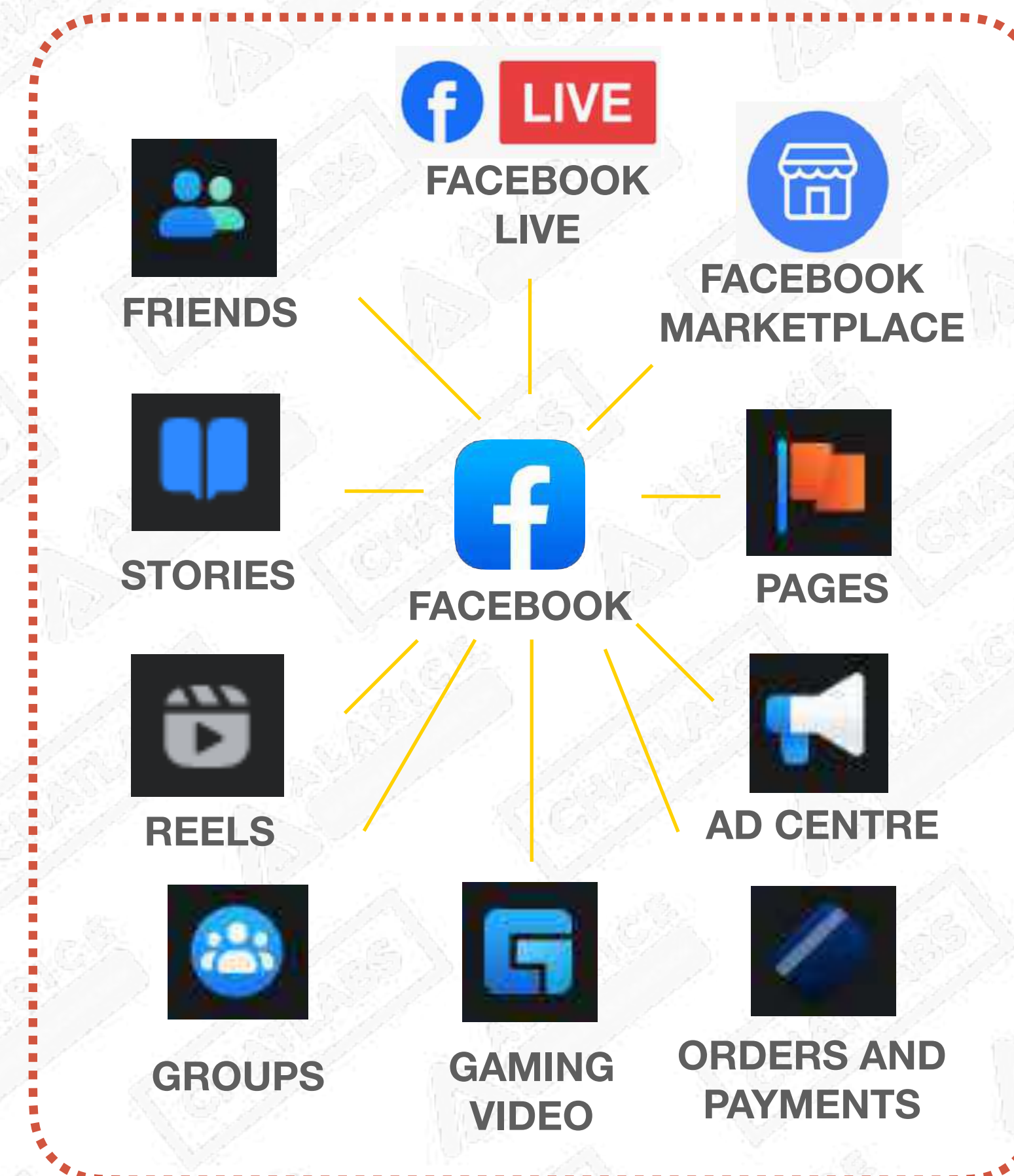


WECHAT AND FACEBOOK

ECOSYSTEMS THAT FOCUS ON SLIGHTLY DIFFERENT THINGS

Facebook focuses on posts, messaging, short videos, livestreams and groups. Businesses can create **pages and ads but not stores**. Facebook's marketplace is mostly for sales between people locally. Meta Pay can be used within the app after linking a debit card, credit card, Paypal or Shop Pay account. On October 1st, 2022, Facebook **shut down its livestreaming shopping feature** to focus on short video.

FACEBOOK'S SOCIAL COMMERCE



DIFFERENT CONTENT STANDARDS ON DOUYIN AND TIKTOK

CONTENT CONTROL IS STRONGER ON THE DOMESTIC VERSION OF THE APP

DOUYIN

There are **strong restrictions** on what can be sold and promoted on Chinese social commerce platforms and how people can present themselves. This is **monitored** on Douyin by **AI and algorithms**.

Before prohibited content alert



After prohibited content alert



Fitness celebrity Will Liu@ 刘耕宏 was banned from livestreaming due to his muscular chest. Doyen's AI content detection determined that he was nursing.

DIFFERENT CONTENT STANDARDS ON DOUYIN AND TIKTOK

CONTENT CONTROL IS STRONGER ON THE DOMESTIC VERSION OF THE APP

TIKTOK

In the West, particularly in Europe, there are strong **concerns** about **inappropriate content and advertising to young people** on TikTok, the international version of Douyin, where **25% of users are under 19 years old**.

In June, 2022, TikTok changed its policies around branded content to **prohibit** the promotion of **alcohol, cigarettes and get-rich-quick schemes**. Paid ads must also be identified with a label. In July, 2022, the app added options to help filter out topics, words and hashtags people don't want to see in their feeds.



A post featuring a UK influencer dancing with cans of alcohol claiming they were low calorie and “actually get you drunk” was banned for contravening alcohol ad rules.

GROUPON AND PINDUODUO

GROUP BUYING IS STILL THRIVING IN CHINA

GROUPON

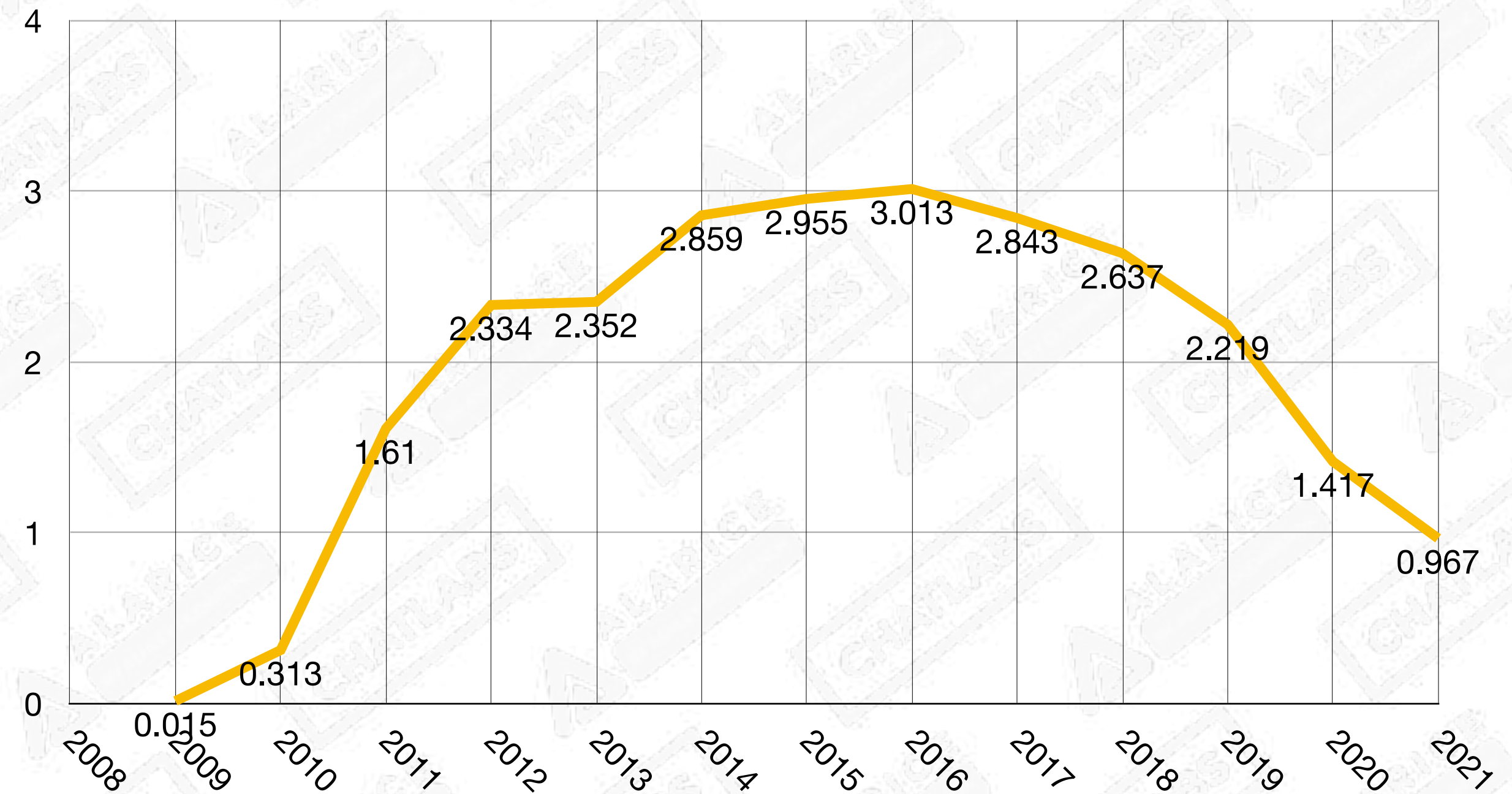
Groupon was **founded** in the United States **in 2008** and It filed for an IPO in 2011. It was focussed on group discount deals of 50-90% at local businesses. It had a large user base and was extremely popular from around 2010 to 2016 with **record-breaking sales in 2014**, its most successful year. **Alibaba Group acquired a 5.6% stake in 2016**.

Although the company still exists today, its group-buying user base is **much smaller** and the company is a very different entity after acquiring many of its competitors and companies in other sectors.

The company cut 500 jobs in August, 2022 and another 500 in January, 2023.

GROUPON'S GLOBAL REVENUE 2008-2021

(In Billions of US dollars)



GROUPON AND PINDUODUO

GROUP BUYING IS STILL THRIVING IN CHINA

PINDUODUO

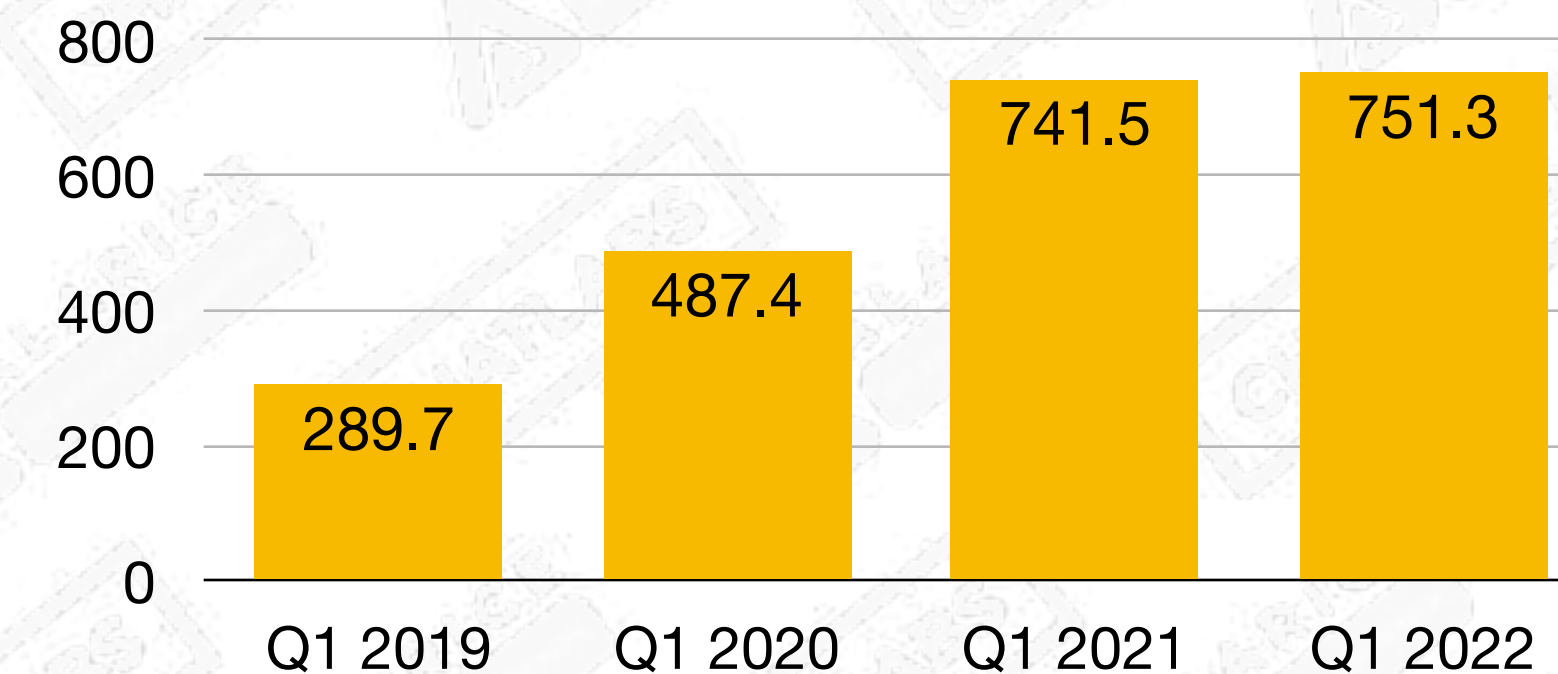
Pinduoduo was **founded** in China **in 2015** as an **agricultural retailer** and later pivoted to connect customers with merchants in additional categories including **clothing, electronics and home appliances**. It also has its own logistics system.

The platform has 2 prices, one for solo purchases and one for group purchases. **The bigger the group, the bigger the discount** and you can earn free shipping, free products and other rewards through games and competitions that incentivize referrals and social sharing.

It began trading on the Nasdaq in 2018 and **by 2020 it had its first quarterly net profit** as a publicly traded company.

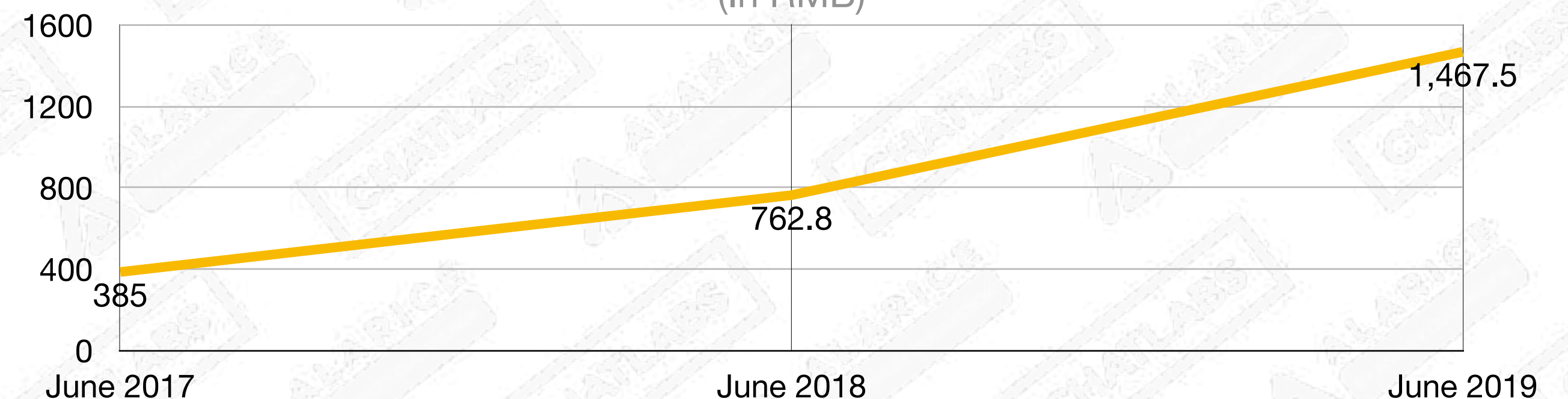
MONTHLY ACTIVE USERS ON PINDUODUO

(In millions)



ANNUAL SPENDING PER ACTIVE BUYER ON PINDUODUO

(In RMB)



INSIGHTS

SOCIAL COMMERCE PLATFORMS COMPARED



CHINESE SOCIAL COMMERCE PLATFORMS HAVE HIGHLY INTEGRATED ECOSYSTEMS

When comparing China's WeChat (Weixin) to Facebook, it has a more tightly integrated ecosystem that enables smooth payment options and in-app shops for brands. Facebook's ecosystem is more centred on messaging and sharing video and images.



CONTENT CONTROL AND STANDARDS ARE DIFFERENT ON DOUYIN AND TIKTOK

Douyin has strict controls on presentation on the app as well as on the items that can be sold and promoted. AI and algorithms play a big role in enforcing its standards. TikTok has a very young user base so there are regulations to restrict advertising to them.



GROUP BUYING APP PINDUODUO IS GROWING IN CHINA BUT Groupon HAS FADED IN THE WEST

The original group buying app Groupon reached its peak in 2014 and has been shrinking ever since. Meanwhile in China, Pinduoduo is still growing in terms of users and profit.

NEED HELP WITH YOUR CHINA SOCIAL MEDIA MARKETING? ALARICE CAN HELP. SCAN HERE TO TALK TO US.



EXPERT BITES

Q: WHAT ARE THE KEY FEATURES OF SOCIAL COMMERCE IN CHINA? ARE THEY DIFFERENT TO THE REST OF THE WORLD, IF SO, HOW?

The Chinese model of social commerce boasts a unique set of characteristics, such as group buying, livestreaming, mini-programs, private traffic, and influencers, which have not yet been fully incorporated into global social commerce models.

However, there's one core feature that underlies China's remarkable success and distinctiveness in social commerce: **the blurring line between social media and e-commerce platforms**. In China today, the demarcation between the two is extremely thin as social media applications have integrated e-commerce functionalities and vice versa, leading to the creation of synergistic social-shopping ecosystems.



RAY VERAS

Co-Founder & CEO of Pjdaren

EXPERT BITES

Q: WHICH TOP CHINESE AND INTERNATIONAL FMCG BRANDS EXCEL AT SOCIAL COMMERCE?

My favourite example is probably HeyTea, who have succeeded in transforming that most Chinese of products into an experience. I love the way they combine online and offline touch-points to enhance their brand awareness e.g. hiring experts to talk about their products, **creating a sense of scarcity and popularity** by lots of new launches, collabs with popular IP shows such as Meng Hua Lu a few months back, supporting their premium price positioning with sustainable packaging and straws.

For global brands, Lays had a successful approach in 2021 when they jumped on the “guochao” wagon and collaborated with 3 local brands to produce crisps with distinctly Chinese flavours. The products **provoked a viral response** from consumers who were encouraged to share pictures and opinions online. This kind of co-branding has worked pretty well for many brands.



KATHRYN READ

International Sales and Marketing
Consultant

EXPERT BITES

Q: IN YOUR VIEW, HOW'S SOCIAL COMMERCE IN CHINA DIFFERENT FROM THE REST OF THE WORLD?

Well, the needs in China are far different from other markets and it's mainly due to its size. You can't easily go to do offline shopping, too time consuming and needs (variety) are far much more bigger than other countries. **Therefore e-commerce has been the solution to solve those issues.** It made local players much more innovative and stronger to reach the current digital level of China market.

Social commerce has been the latest step to catch Chinese consumers by bringing the so-called social link to the purchase. Live-streamers or KOL have been replacing the offline Sales Assistant. **They could bring a proximity that you don't have in traditional e-commerce.**

Rest of the world can, most of time, go downstairs their home to find what they need. In China, you can't.



OLIVIER PICHON

Founder of PRIVET

CONSUMER INSIGHTS

UNDERSTANDING CHINESE CONSUMERS

CREATOR'S BITE

Q: HOW ARE SOCIAL COMMERCE PLATFORMS RESHAPING SHOPPING EXPERIENCES IN CHINA?

As traditional e-commerce growth slows in China, social commerce platforms like Douyin, Kuaishou, WeChat, and Pinduoduo have driven **most of the country's online retail growth**. Social commerce sales increased from \$352 billion in 2021 to \$406 billion in 2022, driven by livestreaming.

Live commerce, which accounted for over a third of social commerce, has continued to grow, with categories like fashion on Douyin outselling Tmall. **This shift highlights Chinese consumers' desire for entertaining shopping experiences, leading to higher conversion rates on livestreams compared to traditional channels.**



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SPEAKER.



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THE KEY SOCIAL COMMERCE CONSUMER GROUPS

GEN Z, WOMEN AND THE NEW MIDDLE CLASS ARE PRIMARY USER GROUPS

Gen Z
34%

by Age

Women
58%

by Gender

The
New Middle
Class
65%

by Income Group

EXPERT BITES

Q: WHAT IS THE 2023 STATUS OF CHINESE CONSUMERS? IS CONSUMPTION RECOVERING OR SLOWING, AND WHAT CAN WE EXPECT IN H2 2023 AND H1 2024?

Consumers are on a **slow and cautious recovery**, but the recovery is not as quick and robust as people would like or expect. China's youth unemployment rate hit a new high of 20.8% in May (those aged between 16 to 24).

These uncertain economic conditions are making people **more cautious and selective with their purchases and money**. Official data also show slowing sentiment.

I expect the recovery to continue for the second half of 2023, but still at a slower pace. Geopolitical tensions and weak global demand will continue to depress China's recovery, but the country is likely to remain a key driver of global growth this year.



QIN CHEN

Managing Editor of TechNode

EXPERT BITES

Q: WHAT ARE SOME OF THE CHALLENGES THAT FOREIGN COMPANIES MAY FACE WHEN ENTERING THE CHINESE SOCIAL COMMERCE MARKET, AND HOW CAN THESE BE OVERCOME?

Many foreign companies find that there is already a conversation taking place in China about their brand. The only question is, should they be part of that conversation or not?

International brands typically engage in one-way communication in their home market. **The social media conversation is two-way marketing.** The consumer is empowered and has a voice in the process. So foreign companies need to get their game up and engage the shopping public on their terms.



FRANK LAVIN

Chairman & CEO of Export Now

EXPERT BITES

Q: WHAT IS THE STATE OF LUXURY TECH IN CHINA IN 2023, AND WHAT ARE THE MAJOR AREAS OF GROWTH?

In 2023, **China continues to be a key player in the luxury tech space** and China has witnessed significant development in various areas, including a comprehensive update in Digital and EC experience, diversified digital experience & personalised online shopping experience are always valued by big technology companies.

Luxury brands in China are leveraging AI and big data to analyse consumer behaviour, personalise marketing campaigns, and improve customer experience. AI-powered chatbots and virtual assistants are being used to provide personalised recommendations and assist customers.



MELLISA LIM

Omni channel Marketing Director
for Vacheron Constantin

1 GEN Z

Gen Z, usually referring to those born from 1995-2009, is spending more money online every month than they used to. They're very dependent on the mobile Internet and their favorite platforms are Kuaishou and Douyin.

New forms of entertainment, such as scripted role-plays and problem solving games, capture their interest as much as animation and video games, and Gen Z is most concerned about product quality when shopping.

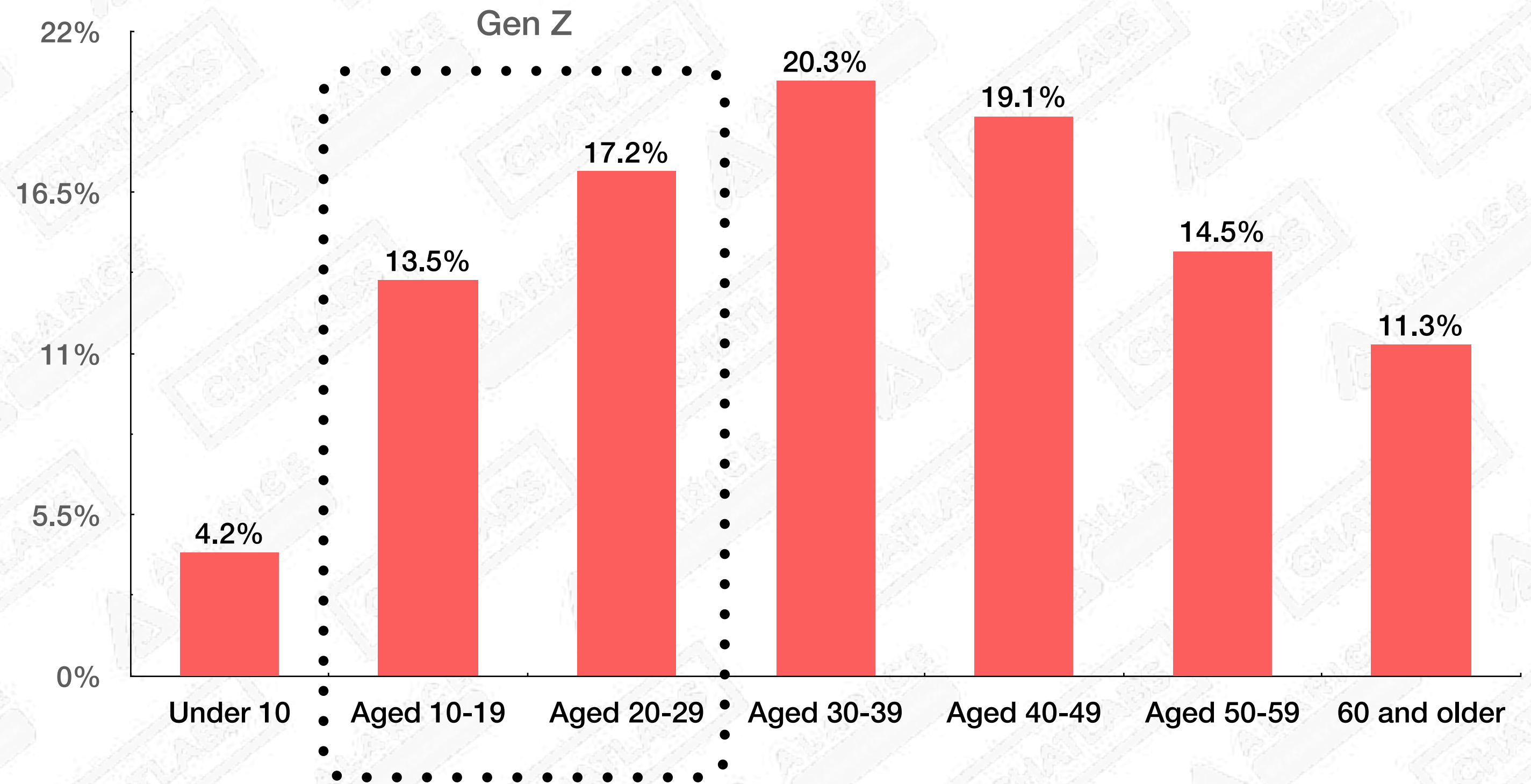


GEN Z USER PROFILE

342 MILLION GEN Z USERS ARE ACTIVE ONLINE

Young people are a key internet user and consumer group in China. There are an estimated **342 million** of them active online. They're often **tech-savvy** and highly connected, making them more likely to shop online and use mobile payment methods.

CHINESE INTERNET USERS BY AGE GROUP (2022)

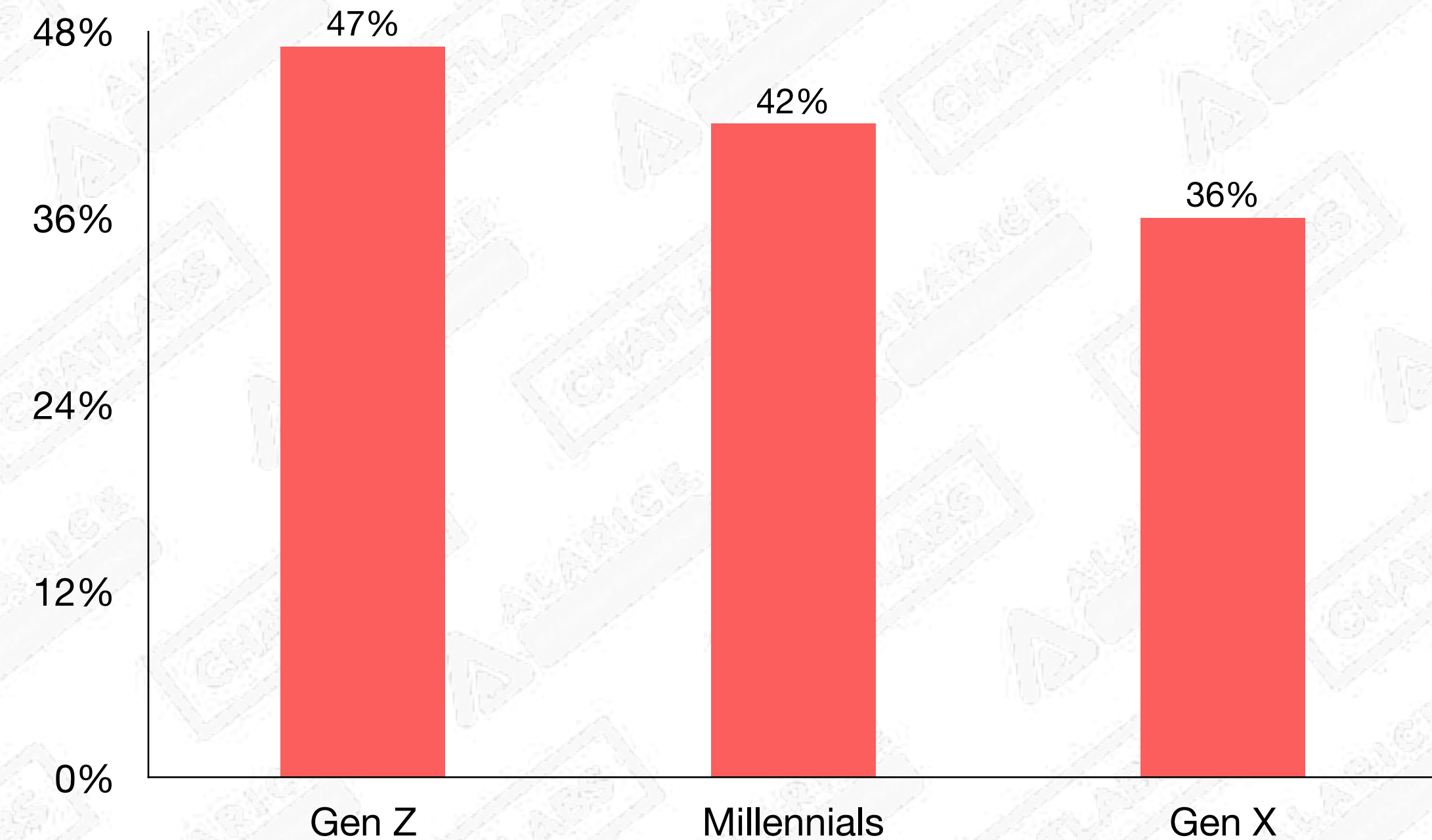


GEN Z USER PROFILE

GEN Z IS MORE LIKELY TO BUY ON IMPULSE

Before the pandemic, Gen Z was the age group most likely to buy products **spontaneously**. What's even more interesting is that this was also true when compared to their Gen Z counterparts in Australia (29%), Japan (27%) and South Korea (21%).

RATIO OF RESPONDENTS IN CHINA
WHO STRONGLY AGREE THAT THEY
"BUY PRODUCTS ON THE GO"



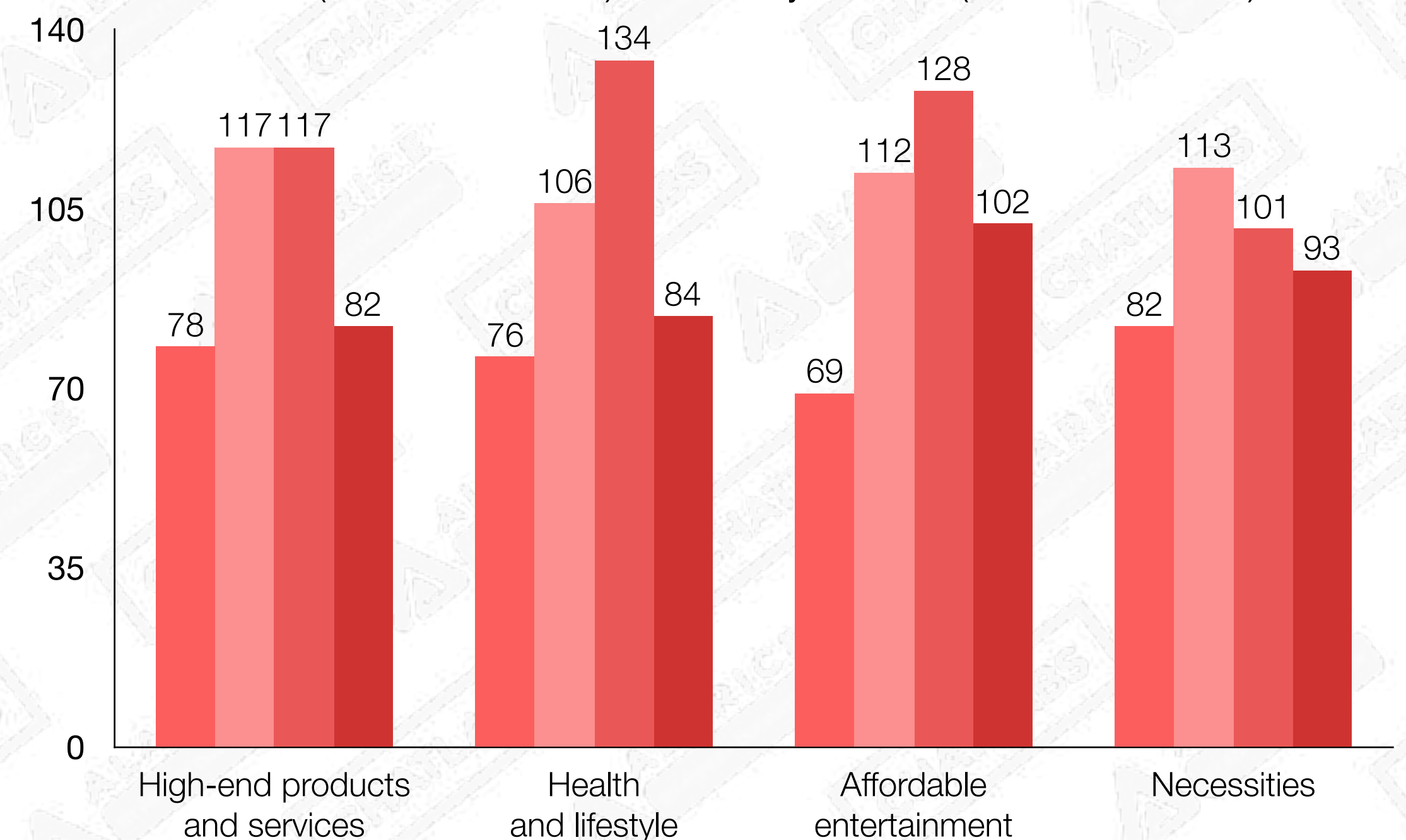
GEN Z USER PROFILE

GEN Z IS LESS SURE ABOUT THEIR FUTURE CONSUMPTION

FUTURE EXPECTATIONS OF DIFFERENT TYPES OF CONSUMPTION BY AGE GROUP (OCTOBER 2022)

(100 is the mean across age groups)

Gen Z (Born in 1995-2009) Gen Y (Born in 1980-1994)
Gen X (Born in 1965-1979) Baby Boomers (Born in 1950-1964)



Because Gen Z consumers tend to live in the moment and buy on impulse, when asked about their future expectations for purchases, they scored **lower than all other age** groups. They're also at an age where they are only starting to understand what kinds of purchases are necessary and what categories they will select from in the future. Given this, and the fact that many **still rely on their parents for money**, it makes sense that the category of items they seem to understand best is necessities.

GEN Z USER PROFILE

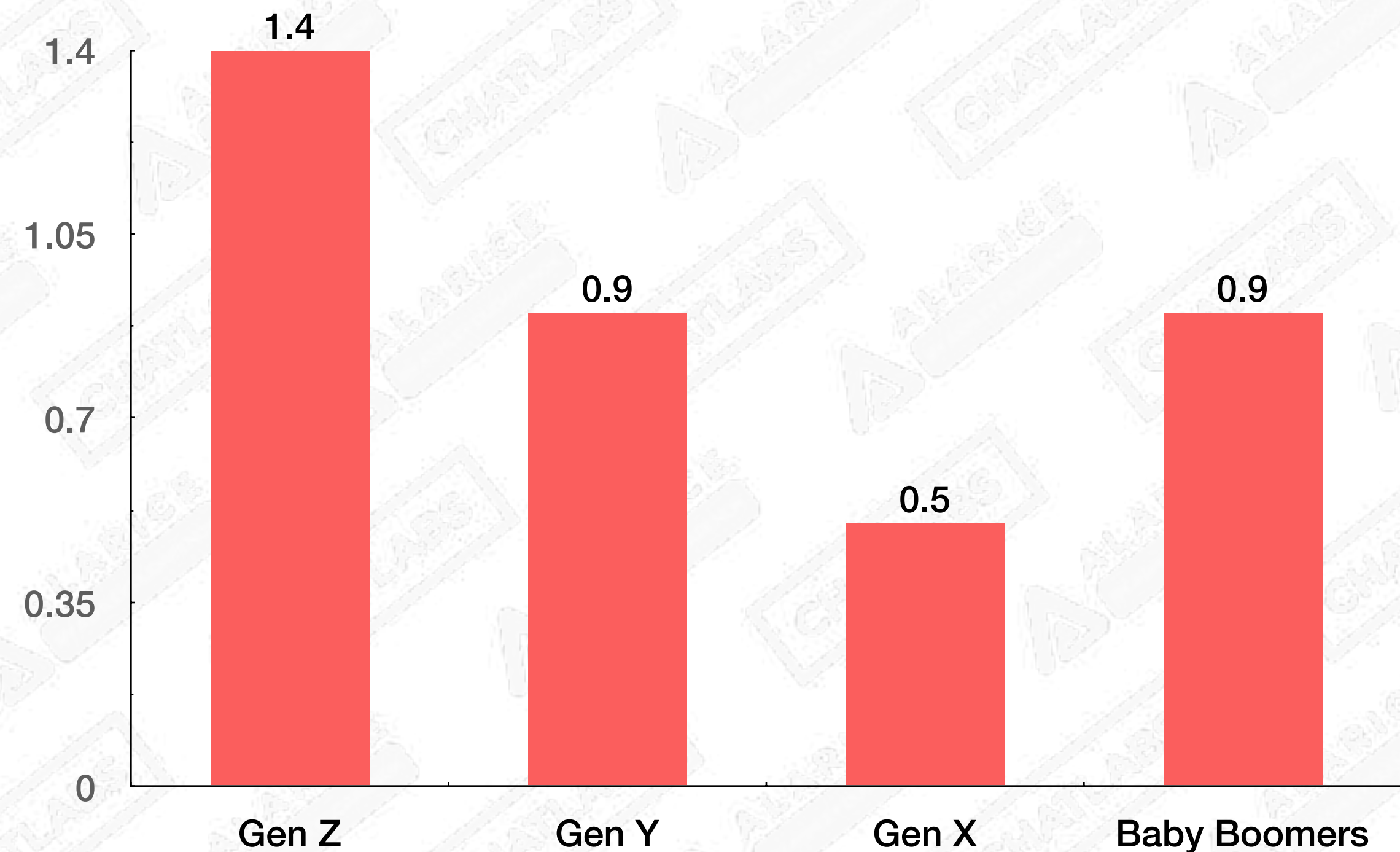
GEN Z CONSUMERS ARE MORE LIKELY TO HAVE PETS

The pandemic and environmental concerns have increased consumers' desires to **stay home** and **decompress**, especially Gen Z.

Compared with other age groups, Gen Z's preference for **pets** is higher and their attitude toward pets is that they generally see them as companions or family members.

INTEREST IN PETS BY GENERATION

Index = $\frac{\text{Proportion of this group who see having pets as important}}{\text{Proportion of the general population who see having pets as important}}$



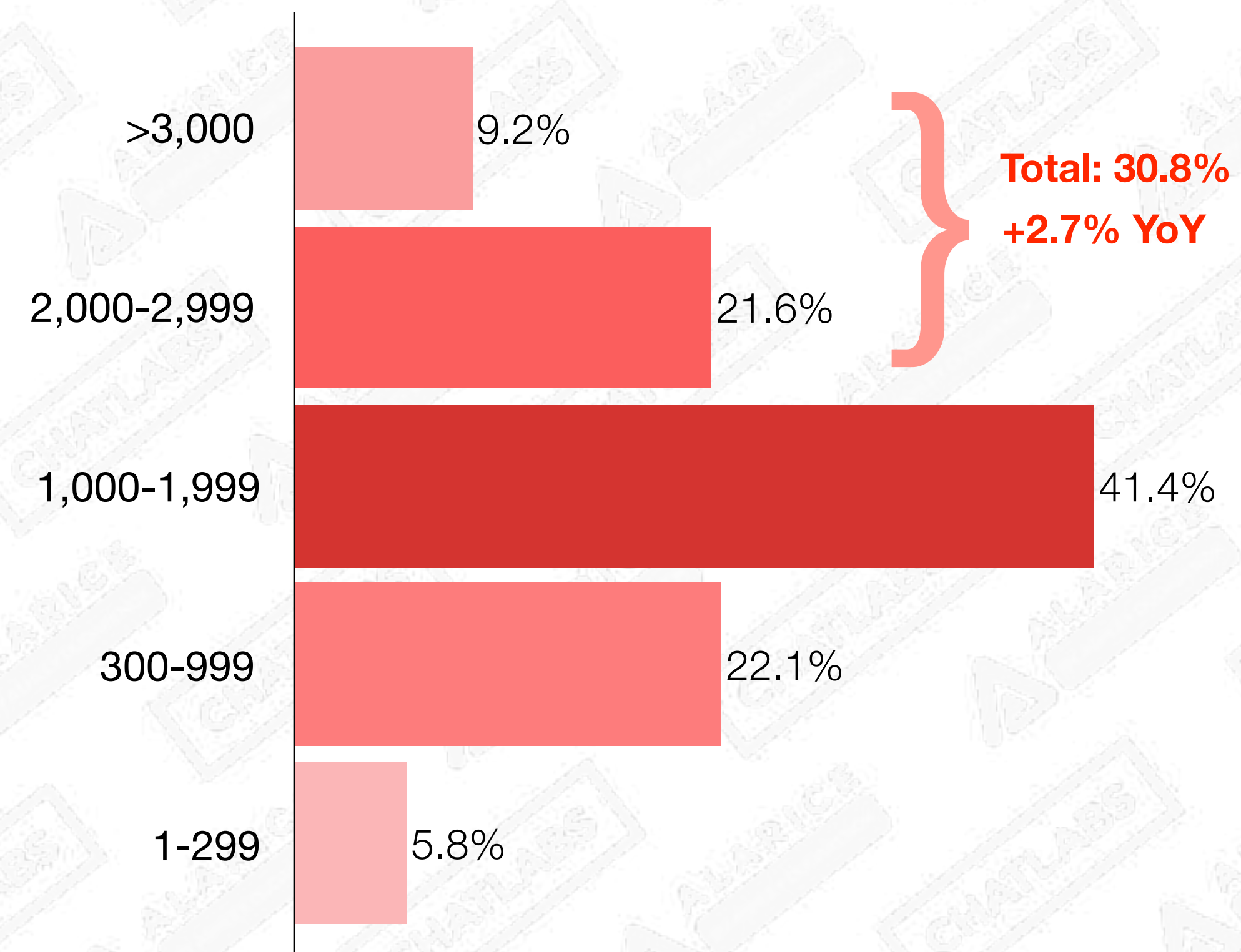
GEN Z'S SPENDING POWER

THEIR CONSUMPTION POWER IS INCREASING

30.8% of Gen Z consumers will sometimes spend more than **2,000 RMB** online, up **2.7%** from last year. As members of this age group grow older and enter the workforce, they will have more disposable income to spend on products and services.

GEN Z ONLINE SPENDING POWER (JUNE 2022)

Unit: RMB



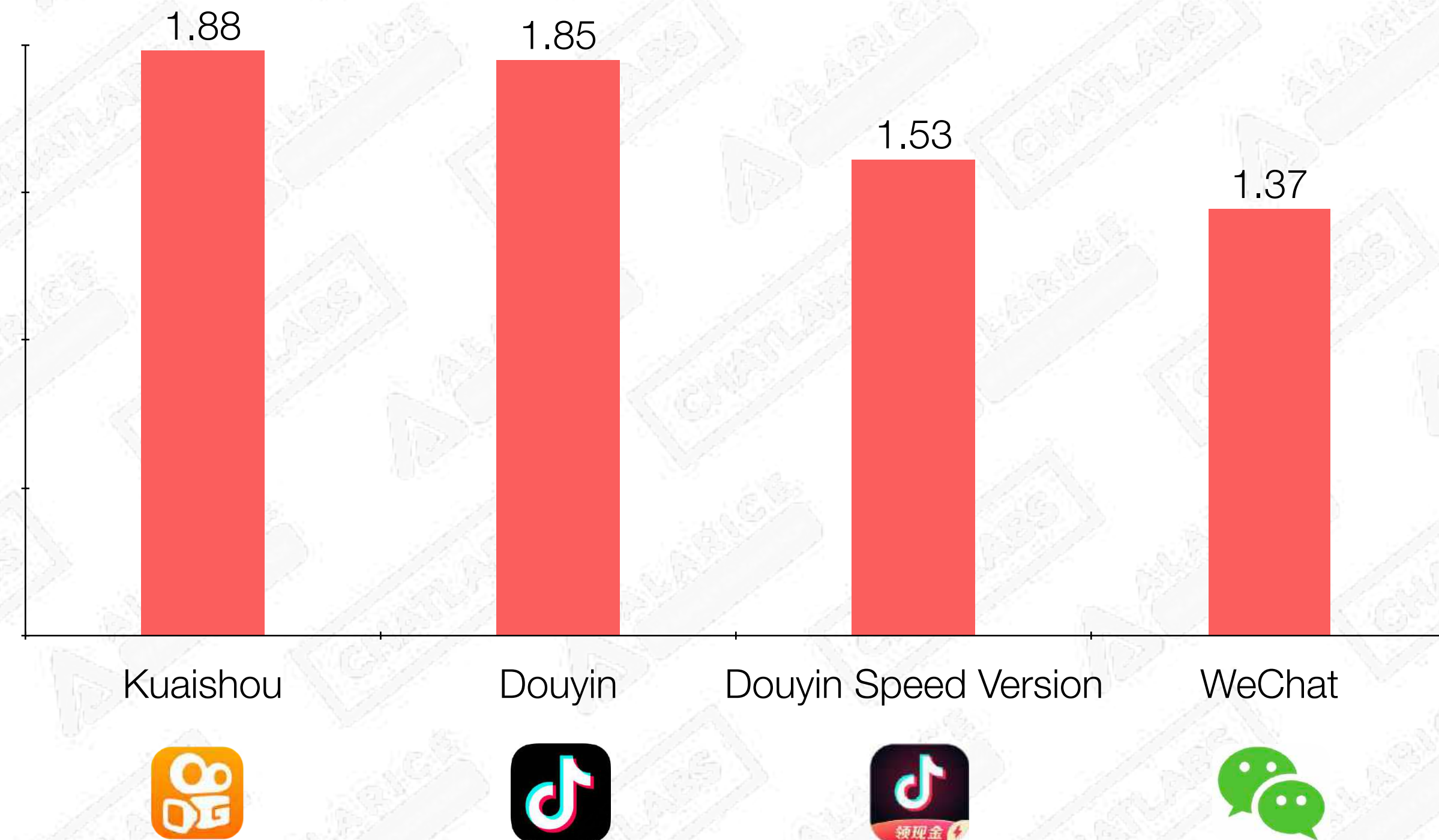
GEN Z PLATFORM PREFERENCES

MOST GEN Z USERS PREFER KUAISHOU

Video, social networking, gaming and entertainment apps are the most popular among Gen Z. **Kuaishou and Douyin** are social commerce apps with large Gen Z user bases.

AVERAGE DAILY TIME SPENT ON SOCIAL COMMERCE APPS USED BY GEN Z (JUNE 2022)

Unit: hours/ per day



GEN Z TOPIC PREFERENCES

4 BIG AREAS OF INTEREST FOR GEN Z

OTAKU DANCING



@十一酱
(Shí Yī Jiàng)
Douyin followers:
3.05 million

CONSOLE GAMES



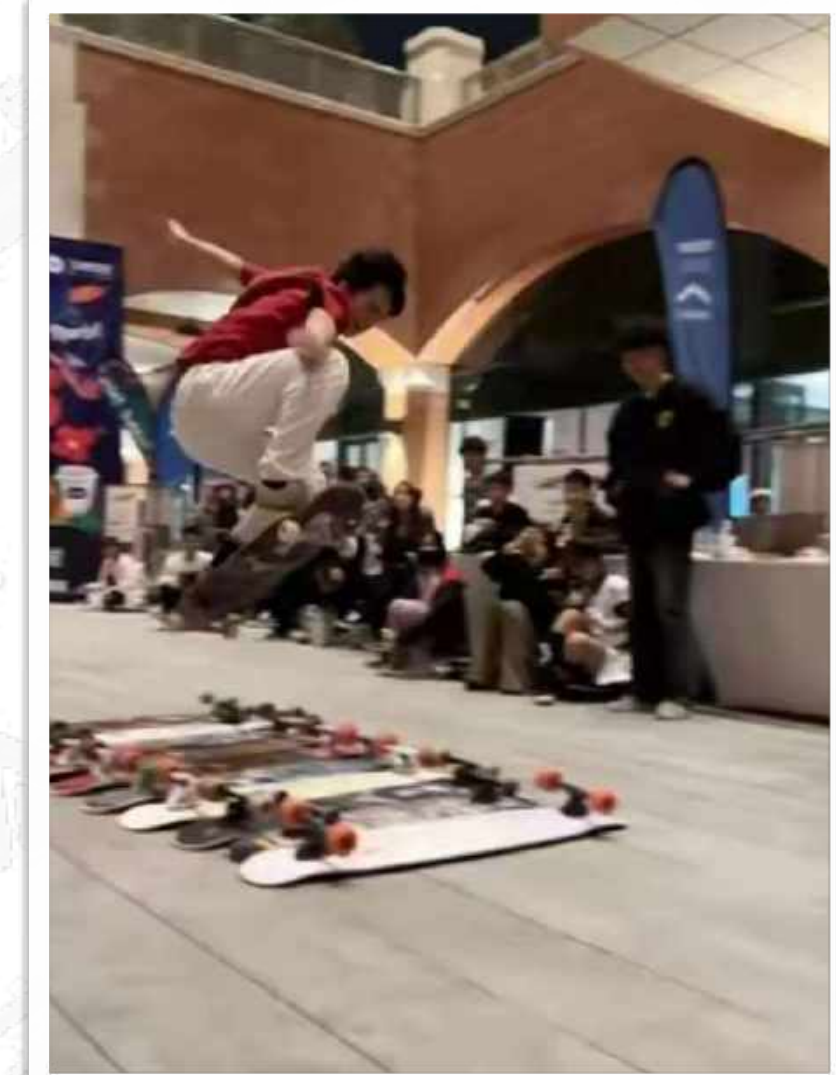
@女流
(Nǚ Liú)
Douyin followers:
1.46 million

MANGA



@漫展保安王大爷
(Màn Zhǎn Bǎo'ān Wáng Dà Yé)
Douyin followers:
438,000

NICHE SPORTS



@子康
(Zi Kāng)
Douyin followers:
825,000

GEN Z KOL PREFERENCES

GEN Z'S FAVORITE KOL CATEGORIES

ANIMATION



@猪屁登 (Zhū Pì Dēng)
Douyin followers:
23.7 million

GAME



@张大仙 (Zhāng Dà Xiān)
Douyin followers:
42.2 million

MODELS



@彭十六elf (Péng Shí Liù elf)
Douyin followers:
33.4 million

CUTE PETS



@果冻是只可爱猫
(Guǒ Dòng Shì Zhī Kě ài Māo)
Douyin followers: 14.1 million

BEAUTY AND SKINCARE



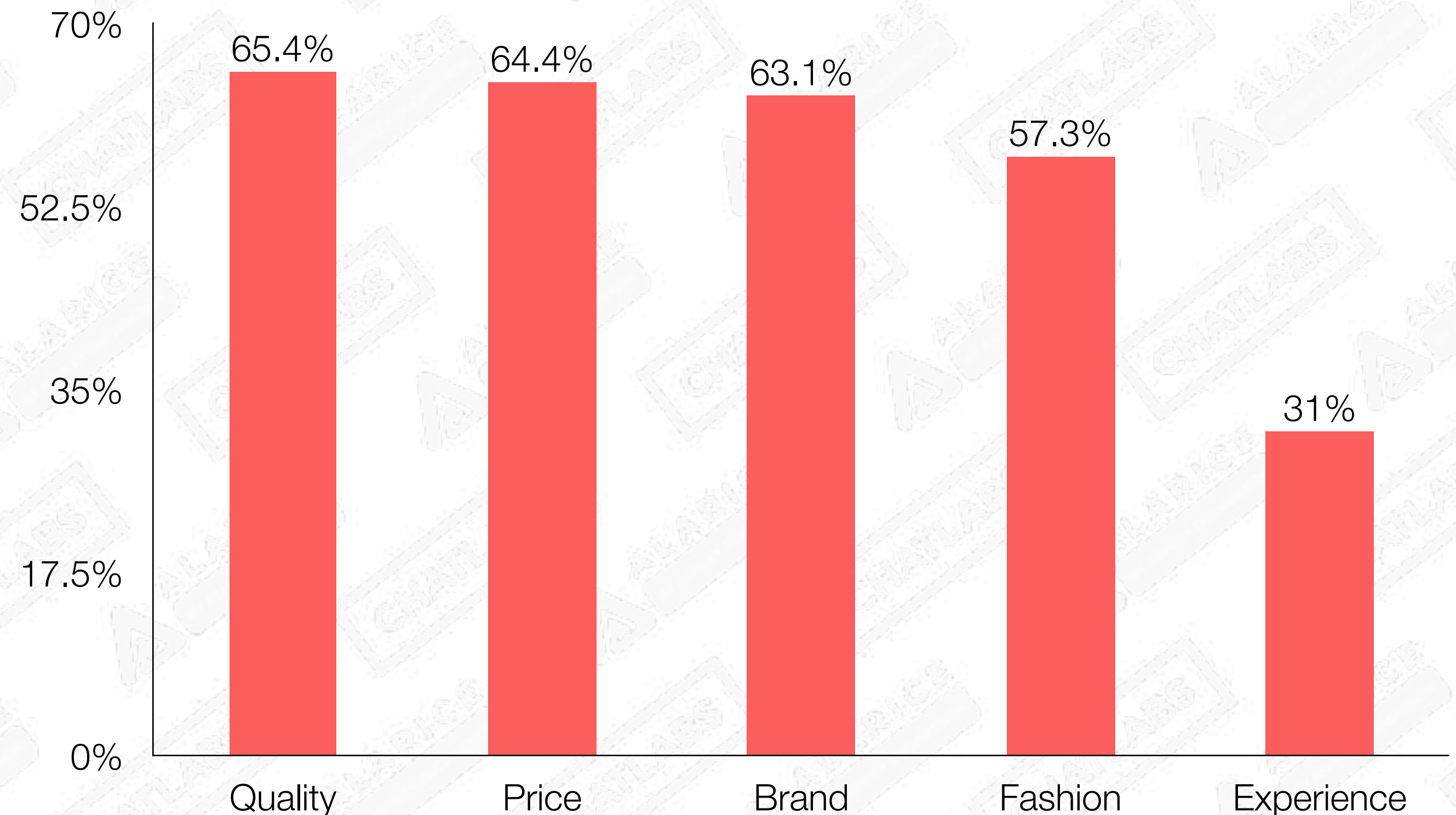
@程十安an
(Chéng Shí ān an)
Douyin followers: 29.4 million

GEN Z PURCHASE PREFERENCES

THE TOP 5 FACTORS AFFECTING GEN Z'S ONLINE PURCHASES

THE TOP 5 ONLINE CONSUMPTION CONCERNS FOR GEN Z (JUNE 2022)

Gen Z is interested in cost effective purchases. They want the best **quality** they can get for the **price**. They're also very interested in **brands and fashion** trends but are more forgiving when it comes to the shopping experience.



EXPERT BITES

Q: WHAT ARE THE PREVALENT TRENDS IN CHINA'S PRIVATE DOMAINS FOR MARKETING, SALES, AND CUSTOMER SERVICE?

A lot of **customer service and CRM is happening on social media, especially through private communications** like WeChat chats. This delivers the communication where customers are, i.e. WeChat. Brands used to have private group chats for their (potential) customers which creates a sense of community. I see **more brands and companies have 1-on-1 chats with their customers with tailored messaging and personalised vouchers.** It's great for engaging with customers and driving sales.



TISHA WANG

Co-founder of Half A World

EXPERT BITES

Q: WHAT ARE SIGNIFICANT BARRIERS OR THREATS TO SOCIAL COMMERCE DEVELOPMENT IN CHINA, THE USA, EUROPE, AND BEYOND?

The foundations were laid for e-commerce between 2004 and 2014, the “New Retail Model” evolved in the years that followed and social commerce was/is the perfect evolution of digital commerce. Consumer demands will drive the new forms it takes in China. **The only threat is the view that the government takes towards social commerce, influencers, cross border and data.**

In the rest of the world the only barriers to growth right now are **lack of information about what social commerce (that actually focuses on native commerce) is and how it is a cornerstone of “Immersive Commerce”**. e-commerce in the West is flagging and is in need of evolution and rejuvenation. Social commerce is an important new cornerstone for digital. Consumers are fatigued with an e-commerce model that hasn’t changed much in ten years. Interactive and immersive commerce based on the China model is being employed well by some brands and retailers but it must, and I believe will, see mass adoption in the next two years.



MICHAEL ZAKKOUR

Founder of 5 New Digital and
China BrightStar

EXPERT BITES

Q: WHAT TRENDS AND INNOVATIONS WILL SHAPE CHINA'S SOCIAL COMMERCE FUTURE, AND HOW CAN FOREIGN COMPANIES ADAPT?

Trend 1: Content is key.

The surge in content-driven purchases on social media stems from engaging, compelling content. For social commerce success, businesses need to create captivating content that drives conversions.

Trend 2: It's all about community building.

Community building is crucial in social commerce as it enables direct two-way communication between brands and consumers.

Trend 3: Closed loop consumer journey from search to transaction.

Social media platforms play a significant role beyond driving traffic to traditional e-commerce websites. Chinese consumers increasingly rely on social media for product searches, bypassing search engines.



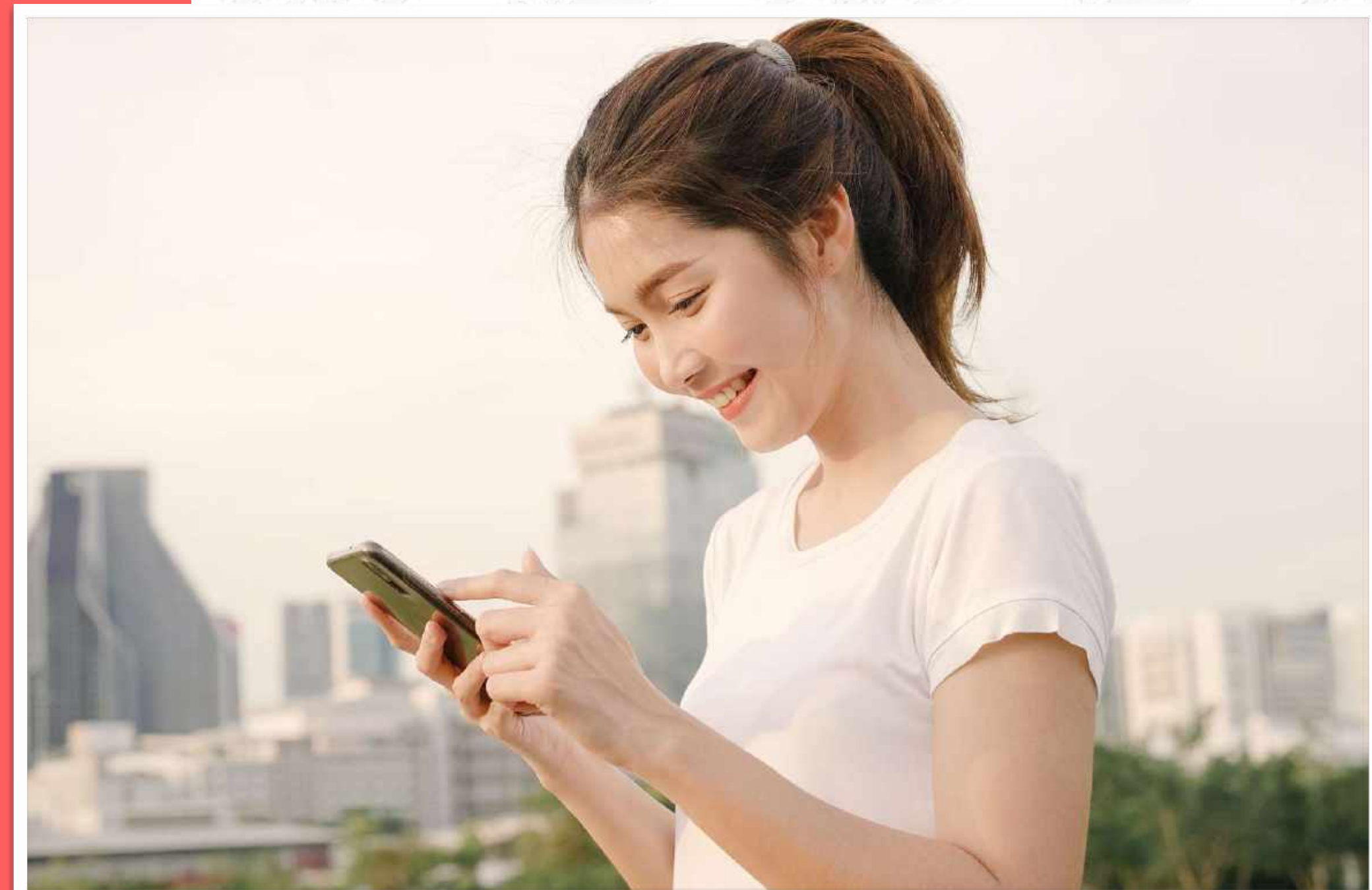
MOONIE ZHU

Managing Director of eTOC
GmbH

2 WOMEN

Female consumers, particularly those in third-tier cities, are major social commerce consumers. In terms of age, the biggest groups are under 24 or over 50.

Women are most interested in photography, variety shows, and short videos. For short videos, they love to watch beauty and skin care content. Douyin is still their most used platform, but their time spent on Red is increasing significantly.



FEMALE INTERNET USER PROFILE

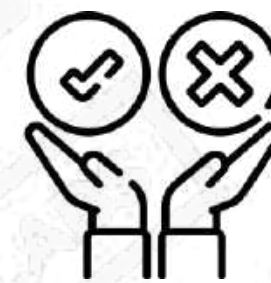
WOMEN ARE CONTRIBUTING MORE TO CONSUMPTION



SPENDING POWER

10 trillion yuan

of consumer spending is contributed by 400 million female consumers aged 20 to 60



DECISION-MAKING POWER

70+%

of female consumers help their families make consumption decisions and choose brands and products to buy



TRANSACTION RATIO

60+%

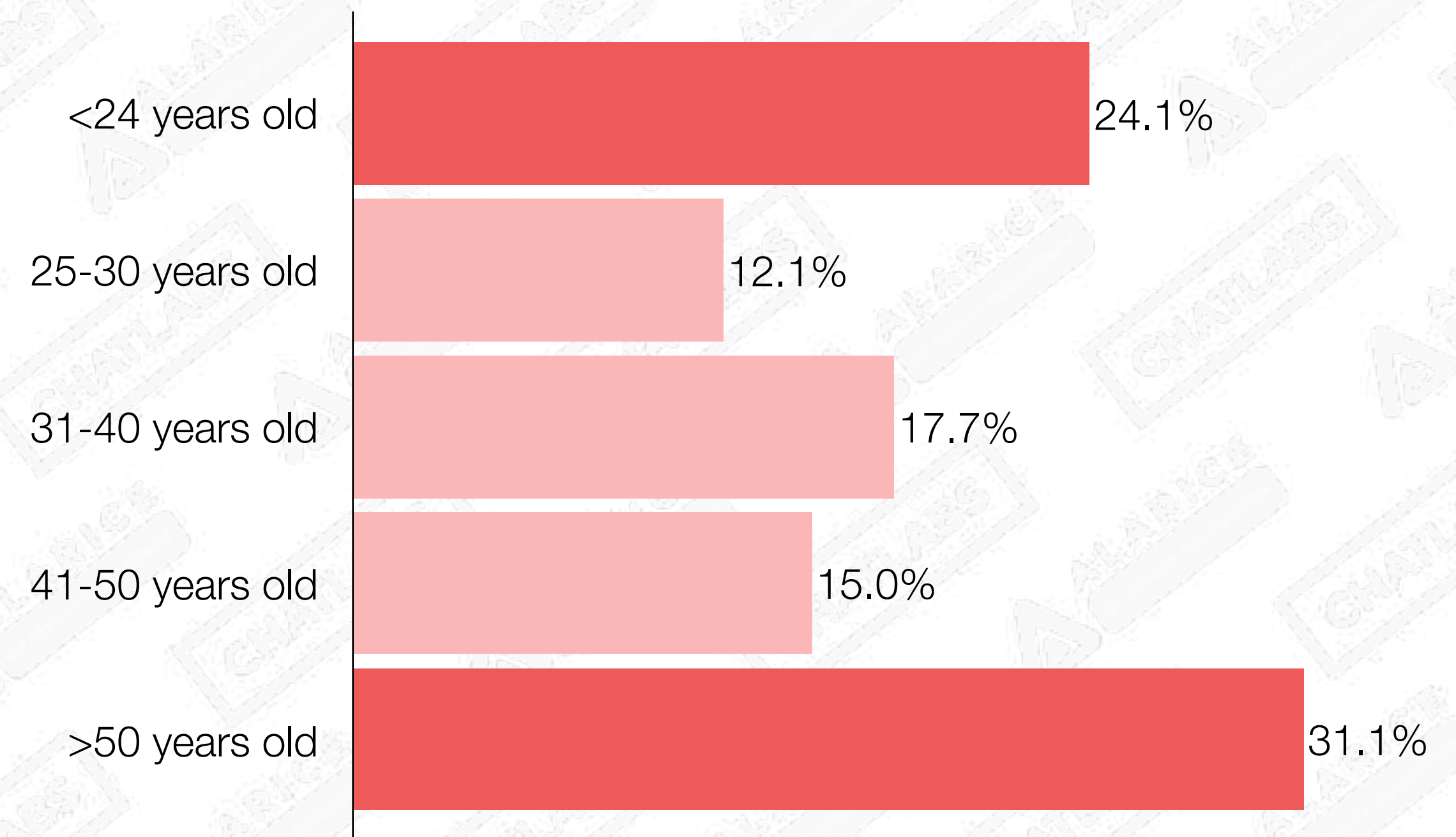
of transactions on Taobao-related platforms (Taobao, Tmall, etc.) are done by female consumers

FEMALE INTERNET USER DEMOGRAPHICS

KEY FEMALE USERS ARE IN GEN Z AND THE SILVER-HAIRED GENERATION

Female social commerce users are most represented in the **under 24 and the over 50** age groups. Social commerce is an effective way to reach these target audiences with tailored strategies.

AGE DISTRIBUTION OF FEMALE USERS (JANUARY 2023)



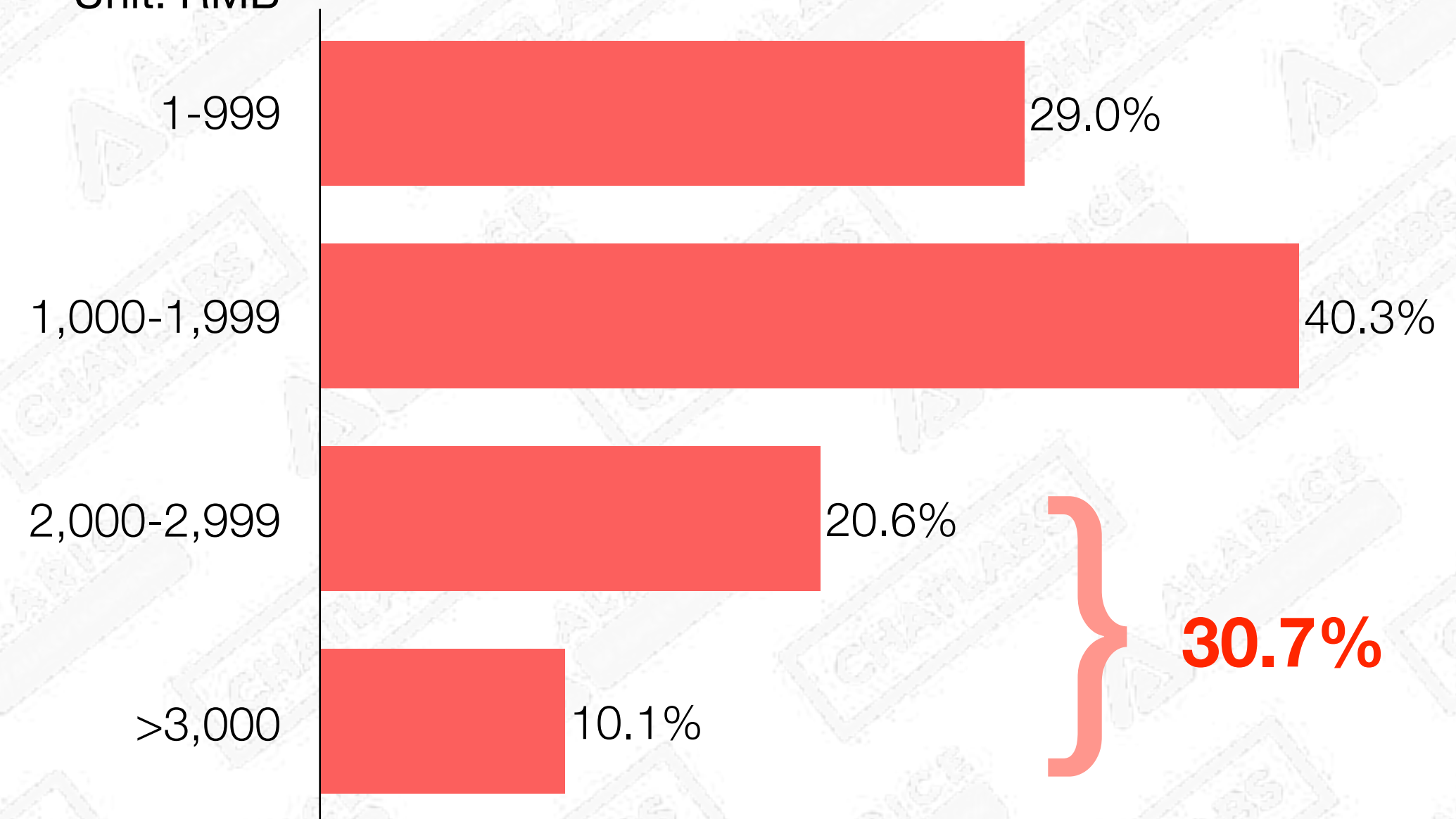
FEMALE USER SPENDING POWER

WOMEN'S ONLINE CONSUMPTION POWER IS STRONG

Given that **30.7%** of female consumers have online spending power of more than **2,000 RMB**, brands should invest in **high-quality, value-driven products and services** and marketing campaigns that address the needs and preferences of this demographic.

ONLINE SPENDING POWER OF FEMALE USERS
(JANUARY 2023)

Unit: RMB



FEMALE USER SPENDING POWER

WOMEN'S ONLINE CONSUMPTION POWER IS STRONG

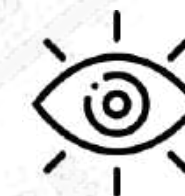
DOUYIN'S PERFORMANCE AT THE 2023 WOMEN'S DAY FESTIVAL (MARCH 1 - 8, 2023)

The GMV of the 2023 Women's Day Festival on Douyin increased by **276%** over last year. This significant increase in GMV highlights the growing purchasing power of women in China.



45.5 BILLION

Total exposures for goods in Douyin Mall



16.1 BILLION

Views for videos with purchase links



276%

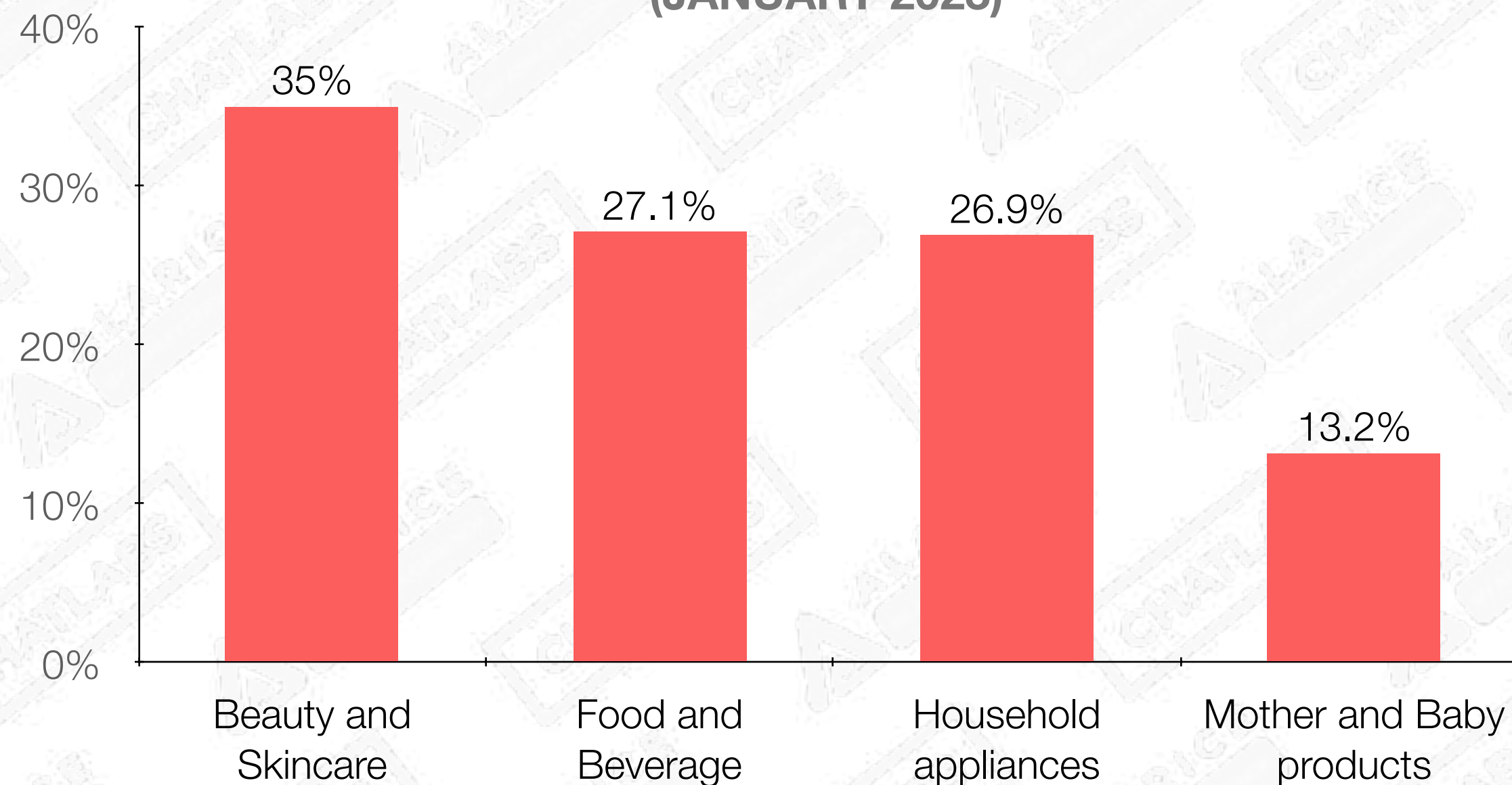
YoY increase in average GMV

FEMALE USER PRODUCT PREFERENCES

WOMEN CONSUME THE MOST BEAUTY PRODUCTS

Women in general are strongly interest in beauty and skincare content. This includes makeup tutorials, fashion tips, and beauty routine videos on social commerce platforms.

**THE TOP 4 CATEGORIES VIEWED ONLINE BY WOMEN
(JANUARY 2023)**



22.83 BILLION VIEWS
DOUYIN #SKINCARE SHARING



8.3 BILLION VIEWS
DOUYIN #MAKEUP



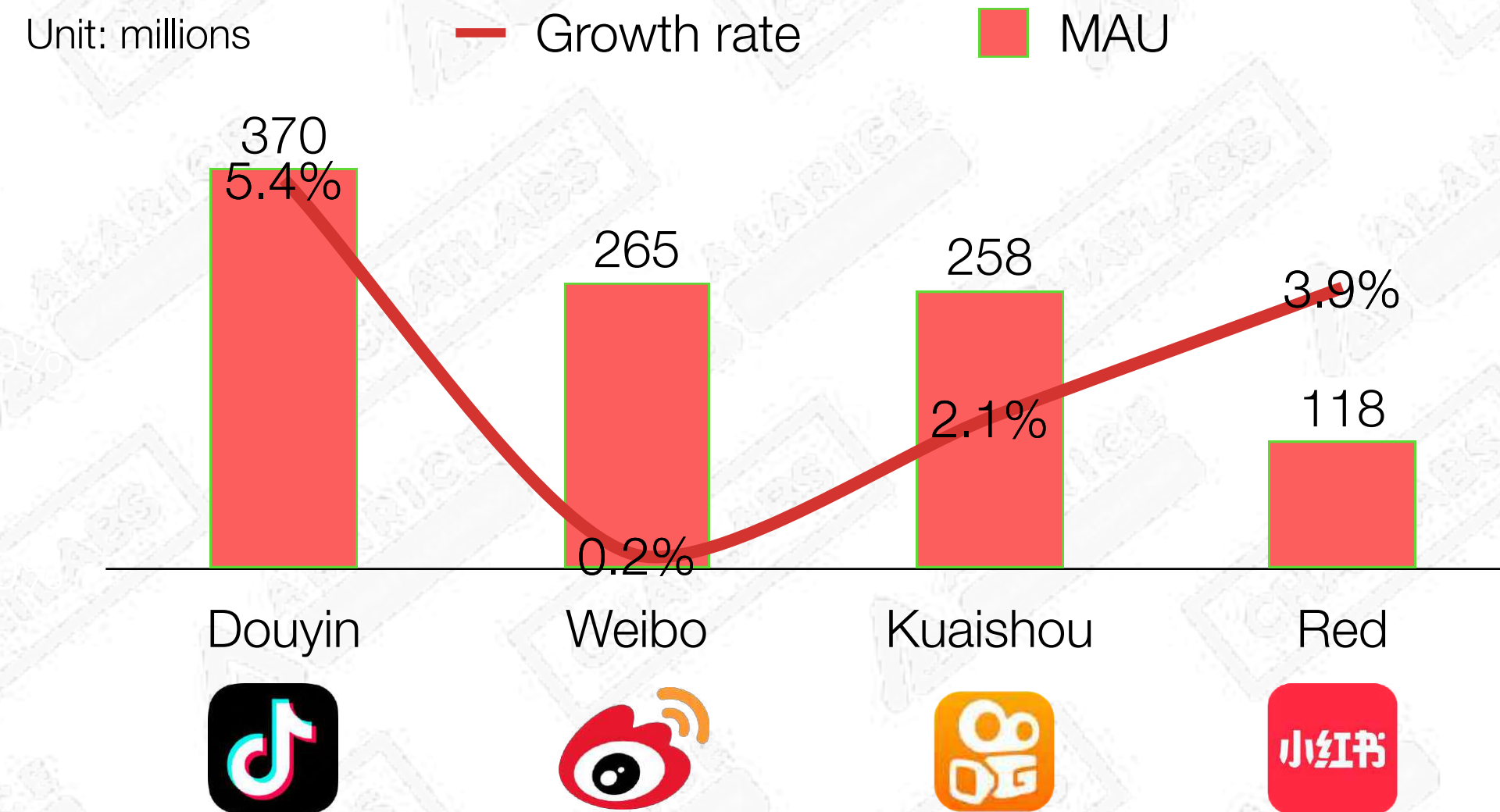
Data from April 4th, 2023

FEMALE USER PLATFORM PREFERENCES

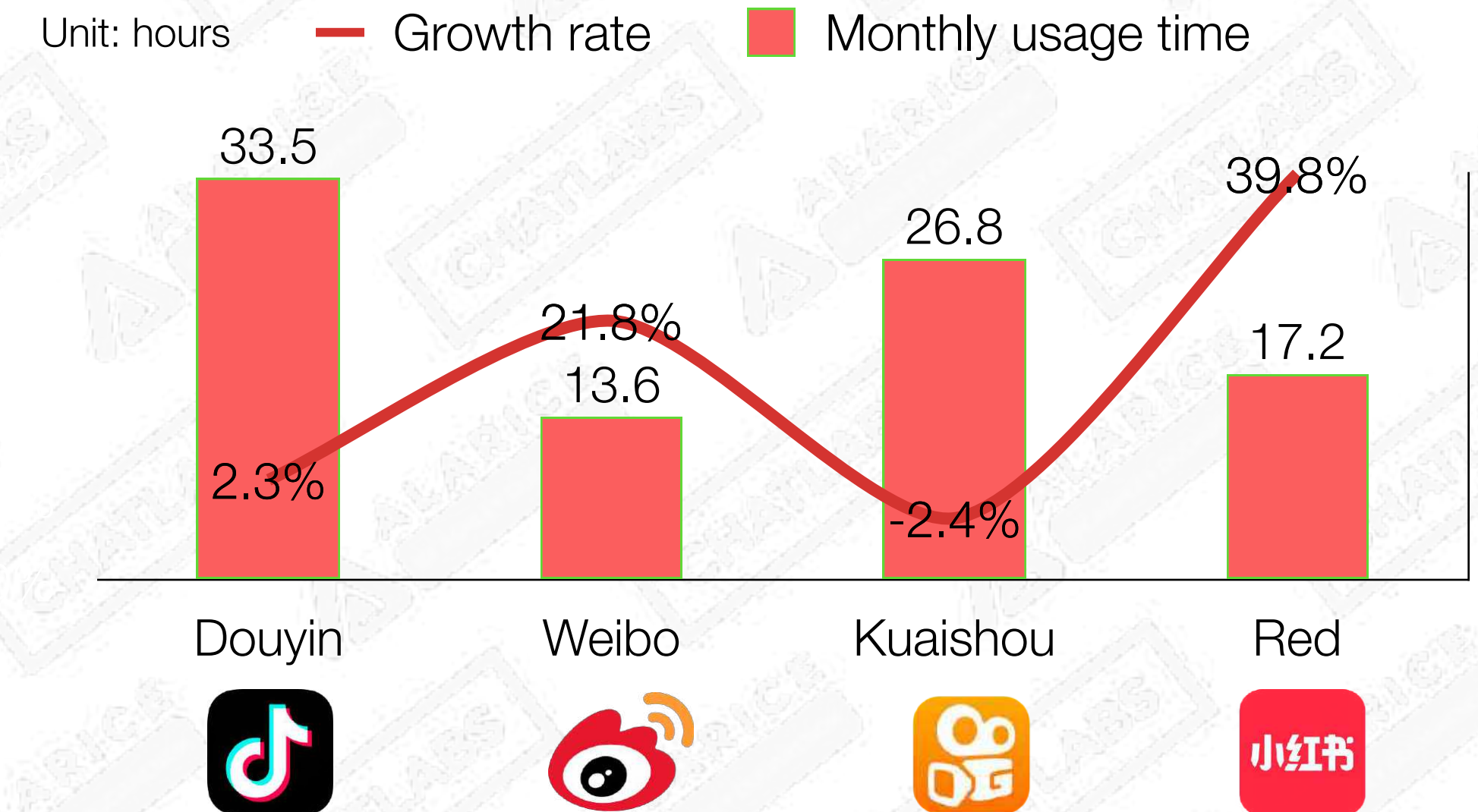
MOST PREFER DOUYIN

Douyin has the highest rate of female users and growth. Women are more likely to stick with Douyin, but the time they spend on Red has increased significantly over time.

FEMALE MAU AND YEAR-ON-YEAR GROWTH RATE
(JANUARY 2023)



USAGE TIME AND FEMALE USER YOY GROWTH RATE
(JANUARY 2023)



FEMALE USER CONTENT PREFERENCES

THESE CATEGORIES ARE POPULAR WITH FEMALE USERS ON DOUYIN AND RED

PHOTOGRAPHY



@摄影讲师李小龙
(Shè Yǐng Jiǎng Shī
Zhāng Xiǎo Lóng)
Red followers: 1.3 million

TV SERIES AND VARIETY SHOWS



@毒舌电影
(Dú Shé Diàn Yǐng)
Douyin followers:
62.8 million

SHORT VIDEOS



@疯狂小杨哥
(Fēng Kuáng Xiǎo Yáng Gē)
Douyin followers: 99.9+ million

INFO ABOUT USEFUL PRODUCTS



@Winnie文
(Winnie Wén)
Red followers:
5.7 million

KOL CONTENT



@李佳琦Austin
(Lǐ Jiā Qí Austin)
Douyin followers:
45.1 million

FEMALE USER KOL PREFERENCES

FEMALE USERS' TOP 5 KOL CATEGORIES ON DOUYIN

1 TRAVEL



Active female followers
+ 164.7% YoY
@房琪kiki (Fáng Qí kiki)
Douyin followers:
22.8 million

2 THE WORK WORLD



Active female followers
+ 147.5% YoY
@崔磊-为思考点赞 (Cui Lei)
Douyin followers:
14.3 million

3 LITERATURE



Active female followers
+ 122.7% YoY
@都靓读书 (Dōu Liàng Dú Shū)
Douyin followers:
5.3 million

4 PHOTOGRAPHY



Active female followers
+ 116.8 % YoY
@神州摄影
(Shén Zhōu Shè Yǐng)
Douyin followers:
8.9 million

5 CUTE PETS



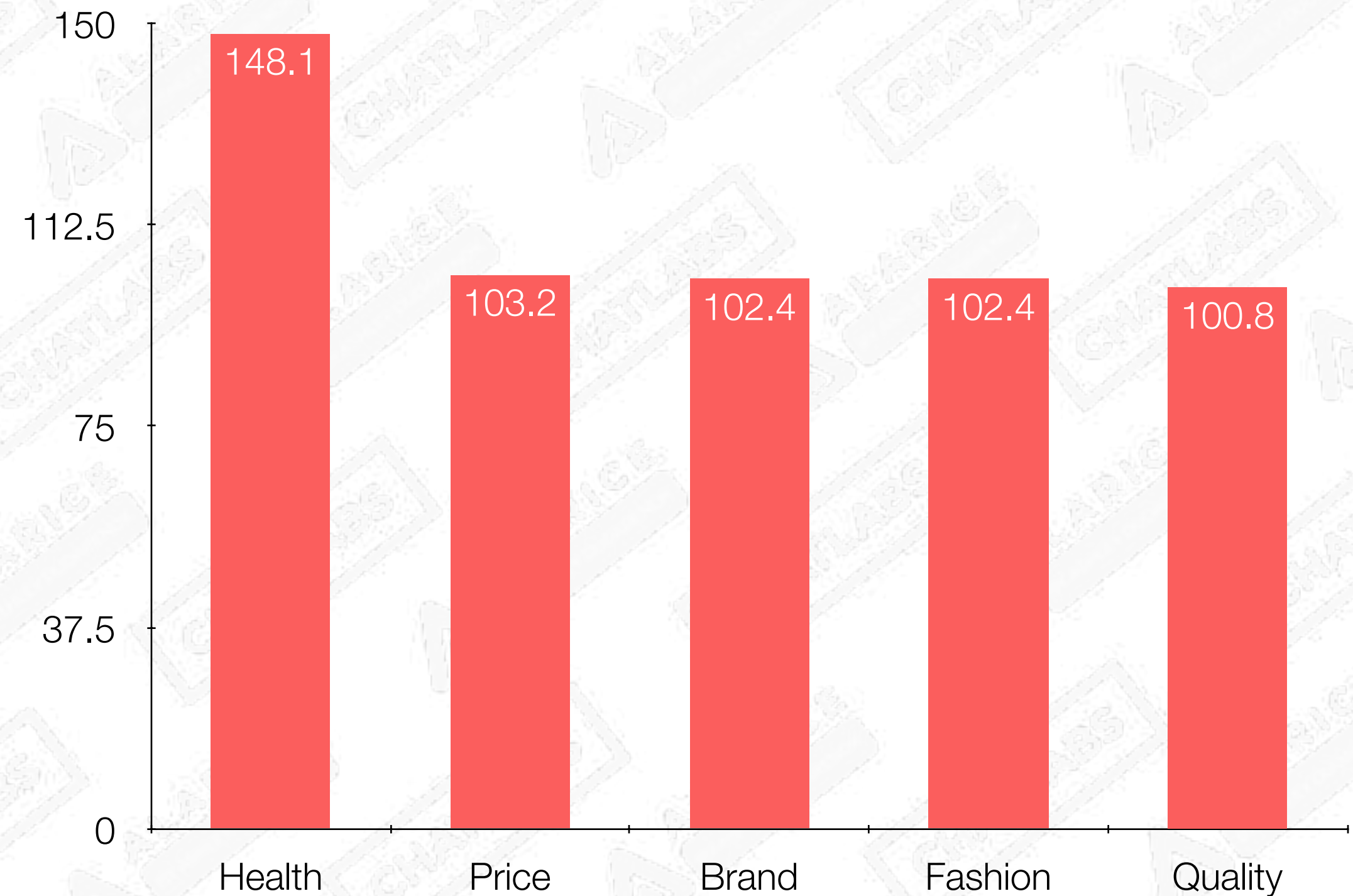
Active female followers
+ 113.7 % YoY
@金毛多多的成长
(Jīn Máo Duō Duō De
Chéng Zhǎng)
Douyin followers:
8.3 million

FEMALE USER PURCHASE PREFERENCES

THE TOP 5 FACTORS AFFECTING WOMEN'S ONLINE PURCHASING DECISIONS

Health is the most important aspect for women when shopping online. Low-price promotions are attractive and they also pay attention to fashion, design and product quality.

**FACTORS AFFECTING WOMEN'S ONLINE SHOPPING DECISIONS
BY TGI (TARGET GROUP INDEX)
(JANUARY 2023)**



EXPERT BITES

Q: WHAT ARE KEY TRENDS SHAPING CHINA'S SOCIAL COMMERCE FUTURE, AND HOW CAN FOREIGN FIRMS PREPARE FOR THESE CHANGES?

The overall cost of e-commerce is increasing, including expenses related to channel advertising and working with MCN (KOLs). For mature and resourceful leading brands, integrating Experiential marketing is crucial. This involves **connecting with the target audience through a combination of classical social EC methods** (e.g., live-streaming, platform algorithms (Tmall, Douyin), and KOLs selections) and providing attractive real-life experiences.

Currently, many brands seem to overlook the importance of the latter (e.g., how to select & set up a right & creative pop-up store's location? it's a good concept, but fewer succeed). **People share their experiences on social media, create social buzz, and good photos/vlogs matter for social.**



YUWAN HU

VP at Daxue Consulting

EXPERT BITES

Q: HOW HAVE CHINESE FIRMS LEVERAGED INFLUENCERS FOR SOCIAL COMMERCE, AND WHAT CAN FOREIGN COMPANIES LEARN?

Chinese companies will use different types of KOLs to achieve three stages of goals on different functional social platforms:

1. Use those KOLs with good looking or good influence to **establish brand awareness** on the Weibo platform.
2. Use those KOLs with high-quality lifestyle tastes to **establish brand perception and do seeding** on the RED/BiliBili platform.
3. Use those KOLs who are good at sales to conduct live streaming on Taobao, Tmall, and JD platforms to **achieve sales conversion**.

Different types of KOLs and social commerce platforms with other functions have different missions, and the best-validated execution step is from step one to step three, which cannot be skipped. This is a valuable experience to learn and learn from.



FOLKE ENGHOLM

Ceo Of Viral Access

EXPERT BITES

Q: WHAT ARE KEY DISTINCTIONS IN CHINA'S SOCIAL COMMERCE, AND HOW CAN FOREIGN FIRMS ADAPT?

In China, **there is no social without e-commerce and visa versa.** They are so intrinsically integrated that brands cannot afford to develop a strategy that doesn't account for this unique, commerce-driven journey. And it's only growing.

China's social e-commerce market was projected to reach 2,854.28 billion yuan in 2022, growing at a rate of 20%, far surpassing the 4% growth of national online retail sales. As the integration of social traffic and e-commerce deepens, the industry is expected to **achieve a transaction scale of 3,416.58 billion yuan in 2023.**



OLIVIA PLOTNICK

Founder Of Wai Social

3 THE NEW MIDDLE CLASS

Young residents in third-tier cities and above with high online consumption ability and the willingness to consume are the new middle class. The proportion of Post-90s in this group is increasing.

They love watching KOL content, listening to music and they're particularly interested in smart home products and automobiles. Apart from price, they're also looking for excellent shopping experiences.



USER PROFILE OF THE NEW MIDDLE CLASS

THIS GROUP CONTINUES TO GROW

There's been a slight increase in the proportion and total number of middle-class people on the internet. Online spending and consumption may increase as more middle-class people shop online.

DEFINING THE NEW MIDDLE CLASS



25-40 years old



**1,000 RMB or more per month in
online spending power**

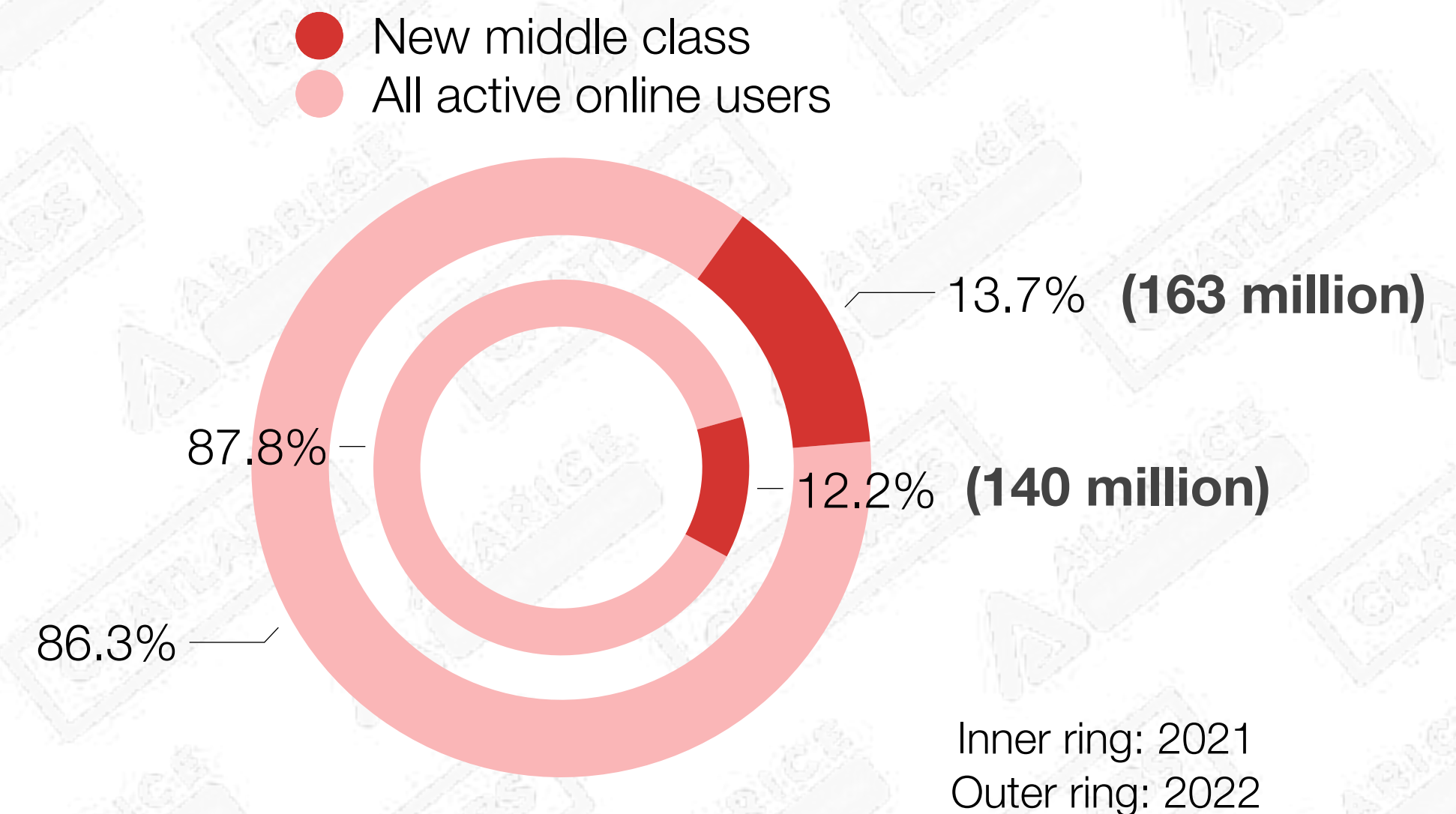


Live in Tier 1 - Tier 3 cities



Medium to high willingness to spend

PROPORTION OF NEW MIDDLE-CLASS ACTIVE ONLINE USERS (JULY 2022)



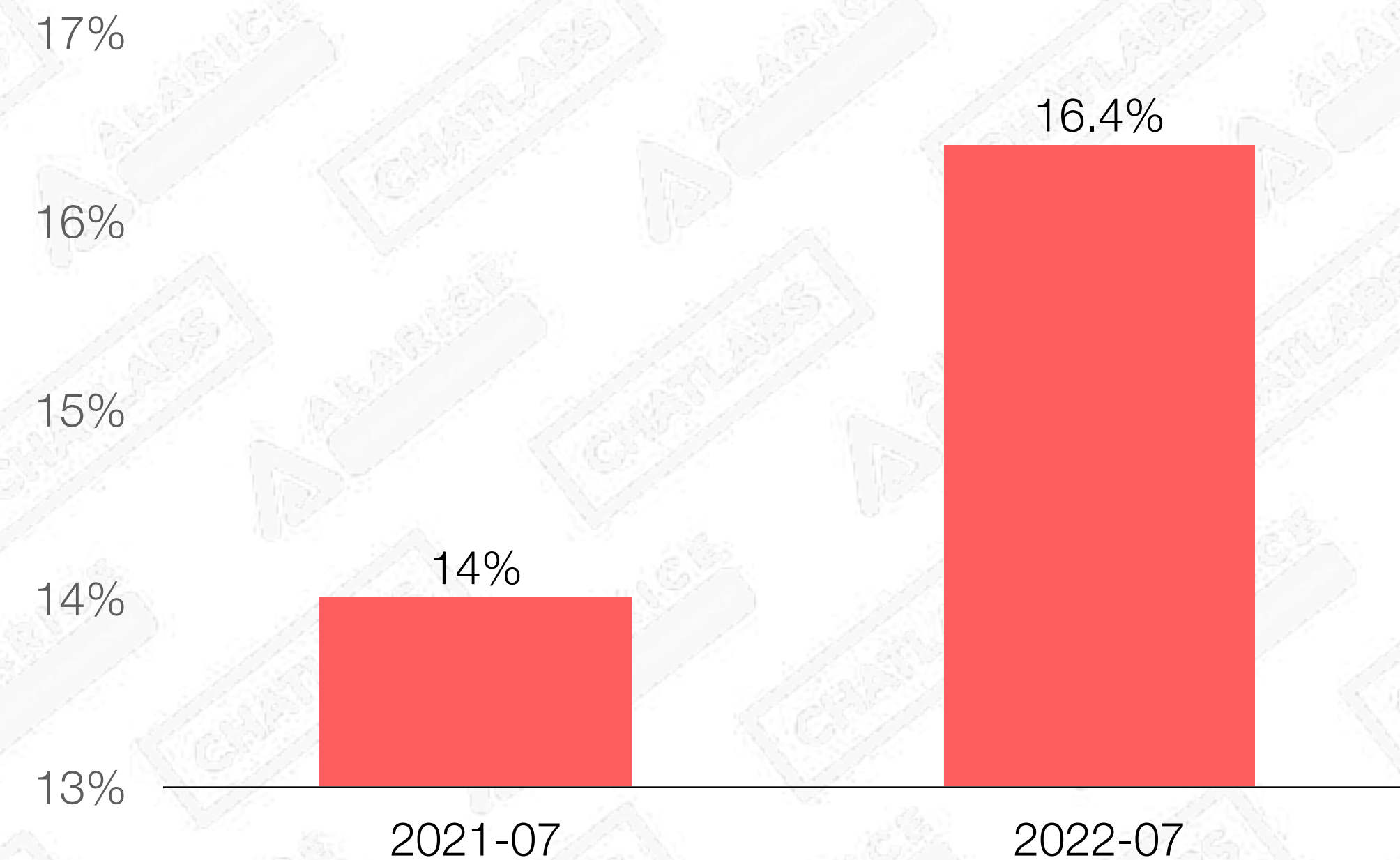
USER PROFILE OF THE NEW MIDDLE CLASS

MORE POST-90S REACH MIDDLE-CLASS LIVING STANDARDS

Online users with high spending power have increased from **14.5%** in July 2021 to **16.4%** in July 2022.

Brands need to be aware of the changing behaviour and preferences of middle class online consumers to stay relevant and competitive in the market.

PROPORTION OF ONLINE USERS WITH HIGH SPENDING POWER AMONG THE NEW MIDDLE CLASS



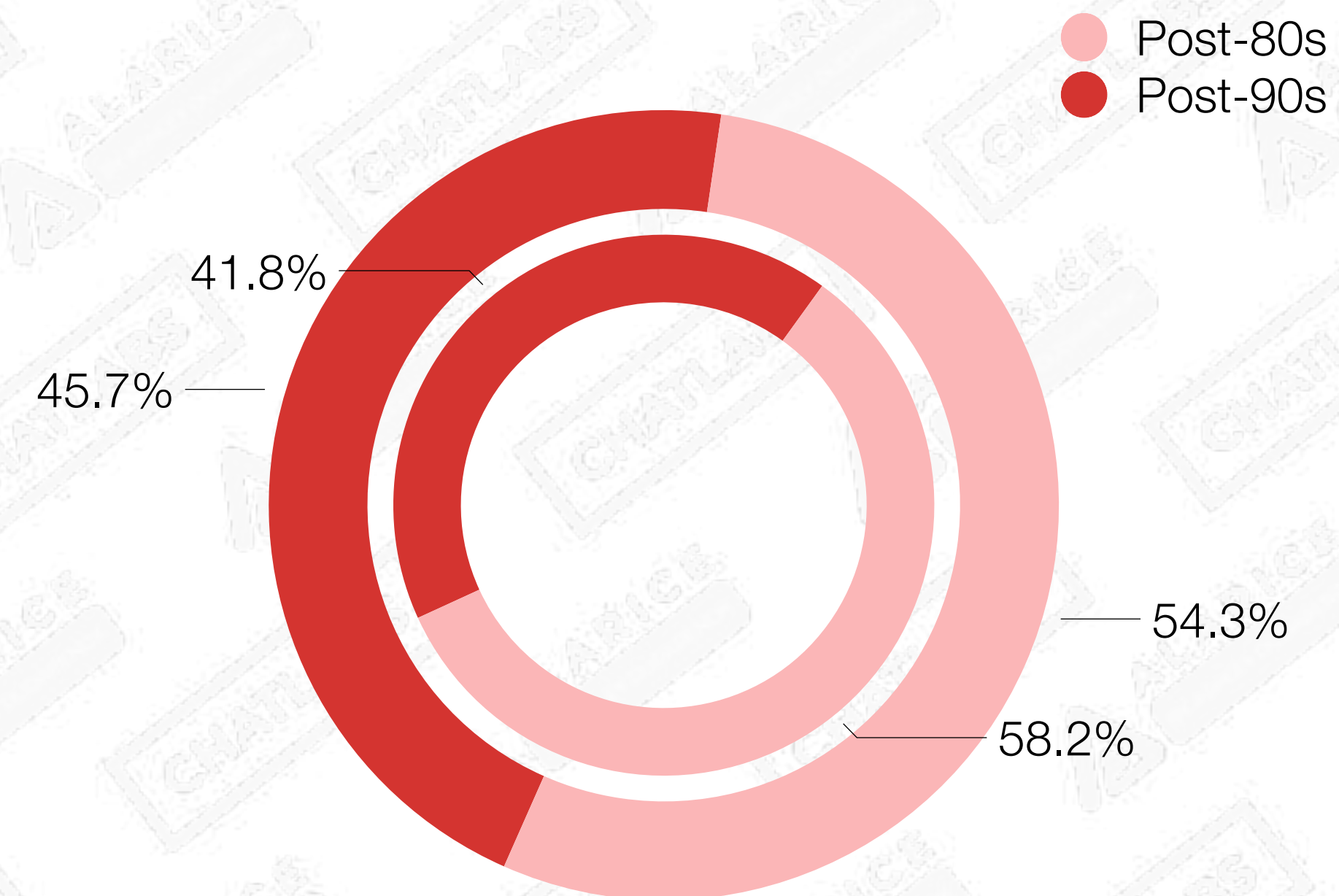
(High spending power = online spending power higher than 3,000 RMB per month)

USER PROFILE OF THE NEW MIDDLE CLASS

MORE POST-90S ARE ACHIEVING MIDDLE CLASS LIVING STANDARDS

GENERATIONAL DISTRIBUTION OF THE NEW MIDDLE CLASS

As the Post-90s middle-class consumer segment continues to grow from **41.8%** in July 2021 to **45.7%** in July 2022, mid-range and high-level brands should focus on developing **newer, more innovative** strategies to effectively reach this audience online.



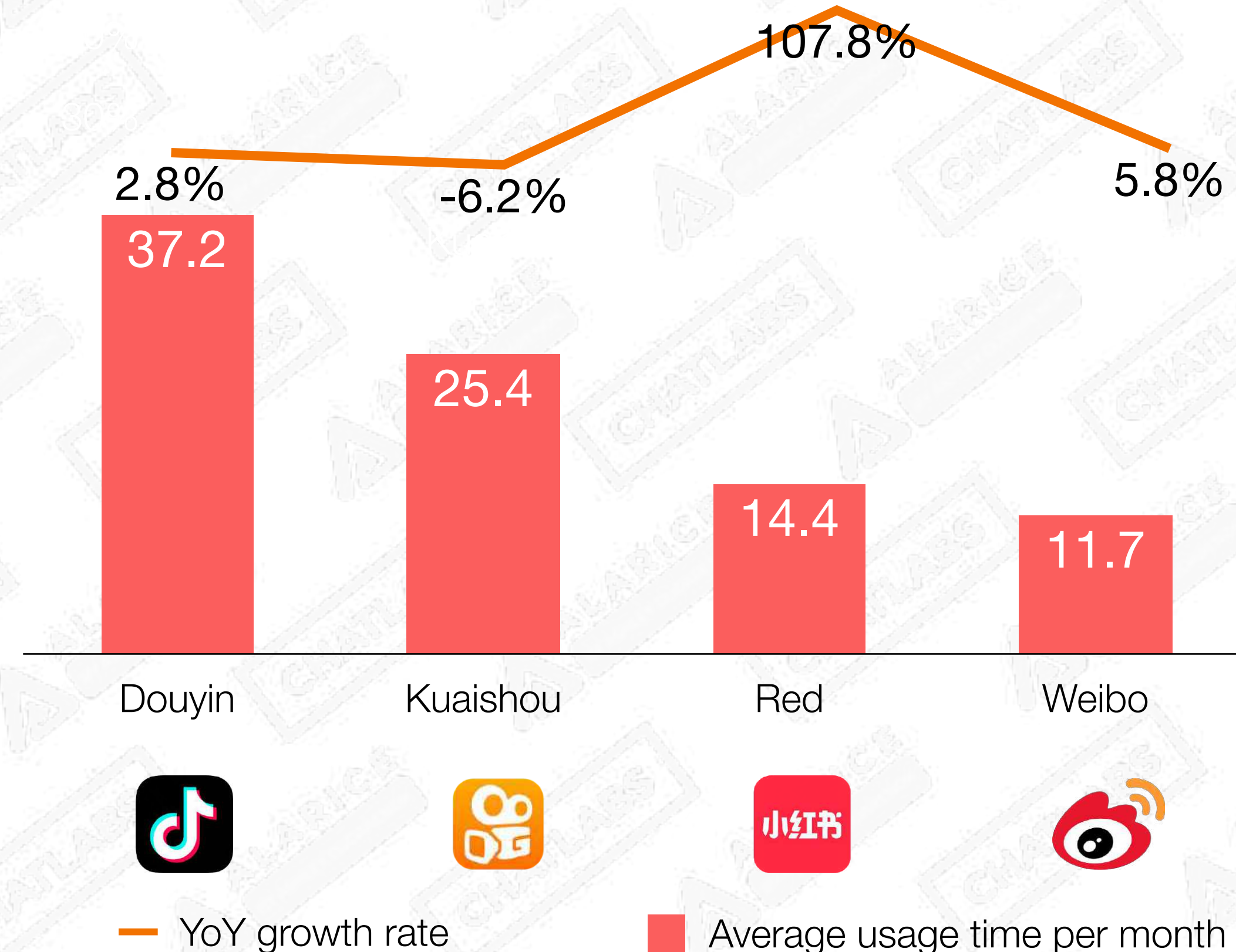
Inner ring: 2021
Outer ring: 2022

PLATFORM PREFERENCES OF THE NEW MIDDLE CLASS

MOST USERS PREFER DOUYIN

Douyin's high usage time and **Red's increased usage time** indicate that these platforms are particularly attractive to this consumer group. Marketers should think about increasing their marketing resources on these two channels for **products and services** that are attractive to new middle class customers.

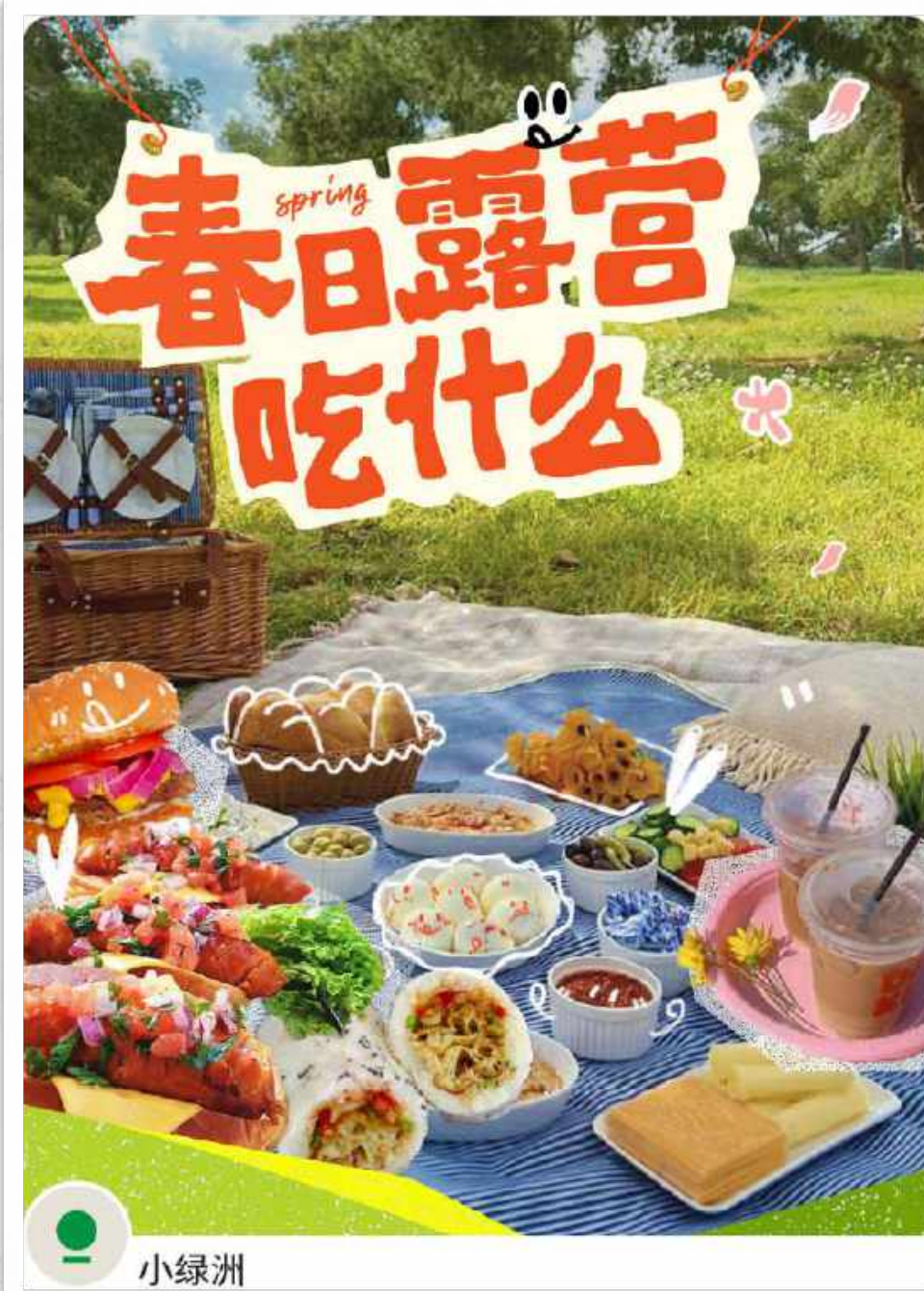
THE USAGE TIME AND YOY GROWTH IN MIDDLE CLASS USERS
(JULY 2022)



CONTENT PREFERENCES OF THE NEW MIDDLE CLASS

THE TOP 4 OFFLINE DRAWS FOR THE NEW MIDDLE CLASS

CAMPING (73.6%)



@小绿洲
(Xiǎo Lǜ Zhōu)
Red followers:
285,000

FITNESS (39.5%)



@ssserena hu
Red followers:
717,000

COMEDY (38.6%)



@Norah脱口秀
(Norah Tuō Kǒu Xiù)
Red followers:
890,000

MASSAGE (30.9%)



@南瓜花花
(Nán Guā Huā Huā)
Red followers:
170,000

KOL PREFERENCES OF THE NEW MIDDLE CLASS

MIDDLE CLASS USERS' FAVORITE KOL CATEGORIES

CURRENT AFFAIRS



@长江说法

(Cháng Jiāng Shuō Fǎ)

Douyin followers: 10.14 million

TRADITIONAL CULTURE



@京剧吴昊

(Jīng Jù Wú Hào)

Douyin followers: 0.87 million

DAILY LIFE TIPS



@生活小妙招

(Shēn Ghuó Xiǎo Miào Zhāo)

Douyin followers: 1.14 million

LEGAL KNOWLEDGE



@何青阳律师

(Hé Qīng Yáng Lǜ Shī)

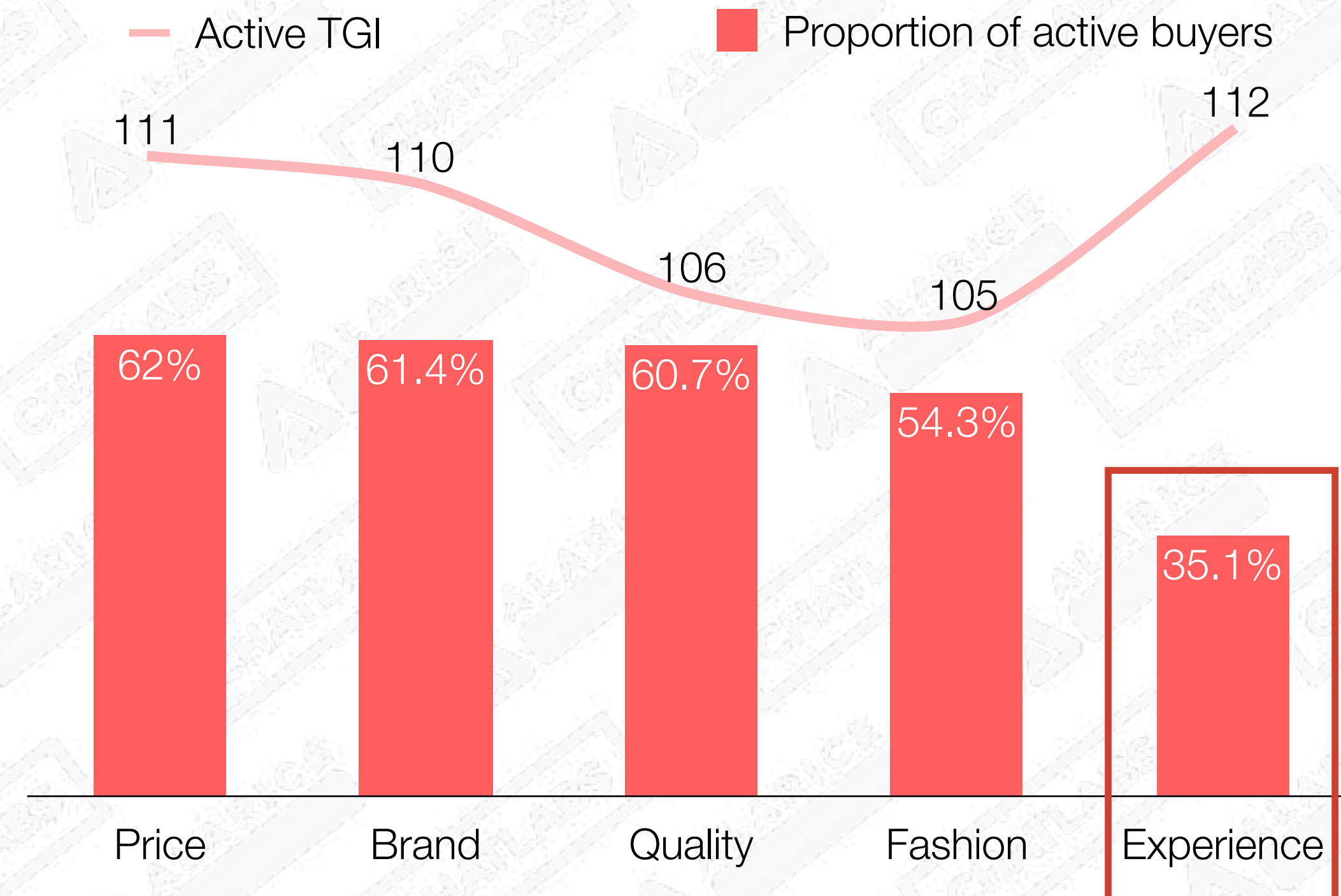
Douyin followers: 2.09 million

PURCHASE PREFERENCES OF THE NEW MIDDLE CLASS

THE TOP 5 FACTORS AFFECTING ONLINE PURCHASES BY THE NEW MIDDLE CLASS

Price, brand awareness, quality and fashion are fundamental and growing in importance to new middle class online shoppers. Consumption trends among the middle class are shifting from **owning something** to **owning something excellent**. The shopping experience is not top of mind now but it's becoming more influential.

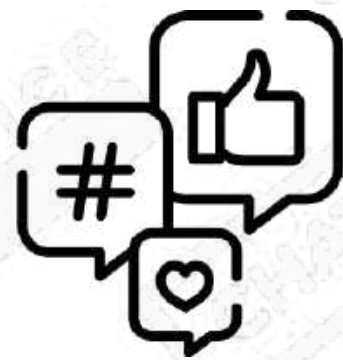
FACTORS AFFECTING THE ONLINE SHOPPING DECISIONS
OF THE NEW MIDDLE CLASS BY TGI
(JULY 2023)



Note: TGI (Target group index)

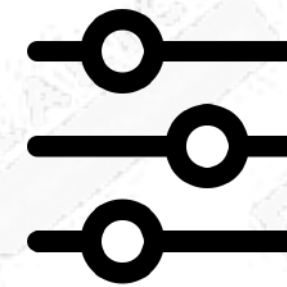
INSIGHTS

THE KEY SOCIAL COMMERCE CONSUMER GROUPS



GEN Z'S ONLINE CONSUMPTION IS GROWING

For brands with a Gen Z target audience, marketing and social commerce, especially on Kuaishou and Douyin, that addresses their needs and interests is essential.



WOMEN ARE OFTEN HOUSEHOLD PURCHASE DECISION MAKERS

For family and household purchases, women have a lot of the decision-making power. Household and beauty brands are wise to connect with this group, especially those under 24 and those over 50, online.



THE NEW MIDDLE CLASS IS GROWING

People with increasing amounts of disposable income in Tier 1 to Tier 3 cities are becoming a social commerce force. Brands need to offer affordable, quality goods that serve their needs for services and products.

REVAMPING YOUR CHINA MARKETING STRATEGY? GET IN TOUCH WITH ALARICE TO HELP YOU SUCCEED. SCAN HERE.



EXPERT BITES

Q: HOW DO CHINESE COMPANIES MANAGE SOCIAL COMMERCE PRIVACY AND SECURITY, AND WHAT CAN FOREIGN FIRMS LEARN?

Chinese companies in the social commerce space still implement some typical measures (which foreign companies are also using) to address privacy and security concerns, including transparent privacy policies, secure data storage, user consent and control, regular security audits, secure payment systems and enhanced account security. **It's challenging to compare the ways and claim that foreign companies can learn from Chinese platforms' approaches.**

Some new techs Chinese social commerce platforms are adopting include **blockchain, zero-knowledge proofs, homomorphic encryption, multi-factor authentication and privacy-preserving machine learning.**



SUNNY ZHENG

Research Analyst at Coresight

EXPERT BITES

Q: WHAT BENEFITS DOES SOCIAL COMMERCE OFFER IN CHINA, AND WILL ALL COMMERCE BECOME SOCIAL? IF SO, WHEN AND HOW?

As a TP, we've focused on conversion for our brand partners. Years ago, this meant mastering organic and paid traffic management on marketplaces. **Social commerce often lacks a strong buying intention**, but private traffic management makes a difference. Increased competition and unsustainable paid traffic led to a surge in customer retention operations.

The key benefit in social commerce is a robust private traffic strategy, connecting social media and e-commerce sales through a customer-centric CRM.

Traditional search-based commerce won't disappear, especially during economic uncertainty, affecting live-streaming and product-linked content performance.



MICHAEL SIMONET

Founder of Alea E-Commerce Co.Ltd.

EXPERT BITES

Q: WHAT LEGAL AND REGULATORY FACTORS SHOULD FOREIGN FIRMS CONSIDER IN CHINA'S SOCIAL COMMERCE MARKET, AND HOW TO NAVIGATE THEM?

Foreign companies seeking to enter the Chinese social commerce market must understand that **the operational requirements of China's social e-commerce are not set in stone**. To successfully navigate this market, it is crucial to set realistic expectations and evaluate whether and how they can meet the differences in operational management.

Being agile and flexible in operating China's social commerce is increasingly important in the future years. This will test foreign companies' ability to detect new changes quickly and deploy different people with the relevant skill set to meet and manage new requirements.



SARAH YAM

Co-Founder of Red Digital China

EXPERT BITES

Q: HOW DO CHINESE BUSINESSES UTILISE SOCIAL MEDIA FOR SOCIAL COMMERCE, AND WHAT LESSONS CAN INTERNATIONAL FIRMS LEARN?

Chinese companies focus on a **differentiated product mix**, consumer user experience (UX), integrated marketing, and pricing promotion. Brands are emphasising immersive experiences, newness, and segmentation. They incorporate trends such as nature, space, wellness, hip hop, and street culture, using digital technologies like virtual humans, digital collectibles, and gamification to make their communications stand out as new and fresh.

Foreign companies can learn from these strategies by adopting a customer-centric approach, creating immersive experiences, staying updated on trends, incorporating influencers, and **strategically utilising different social media platforms to drive reach, validation, engagement, and conversions.**



THOMAS NIXON

Co-founder of Qumin

**CHATLABS SXP WON THE
2023 LVMH INNOVATION
AWARD FOR DATA & AI.
SCAN TO LEARN MORE**



SOCIAL COMMERCE JOURNEYS AND TECH

WHAT'S BEHIND SOCIAL COMMERCE?

CREATOR'S BITE



MICHEL TJOENG

SVP of Sales and Marketing at ChatLabs

Follow my LinkedIn for insights on
AI / Social Commerce / Luxury



Q: HOW DOES DATA & AI SOLUTION HELP BRANDS DELIVER EXCEPTIONAL CUSTOMER EXPERIENCES AND ELEVATE SOCIAL COMMERCE STANDARDS?

At ChatLabs, we're always looking for innovative ways to help brands deliver exceptional customer experiences. We have developed a new solution, SXP, the winner of the LVMH Innovation Award for Data & AI, that uses **AI to create hyper-personalized journeys for each customer.**

SXP raises the standards of social commerce and take personalized experiences to the next level. **It allows brands to combine social media and e-commerce, and effectively communicate their stories and values.**

LOOKING TO TAKE YOUR BRAND'S SOCIAL EXPERIENCES TO THE NEXT LEVEL? CONTACT US NOW AND LEARN HOW YOU CAN DO IT WITH AI →



1

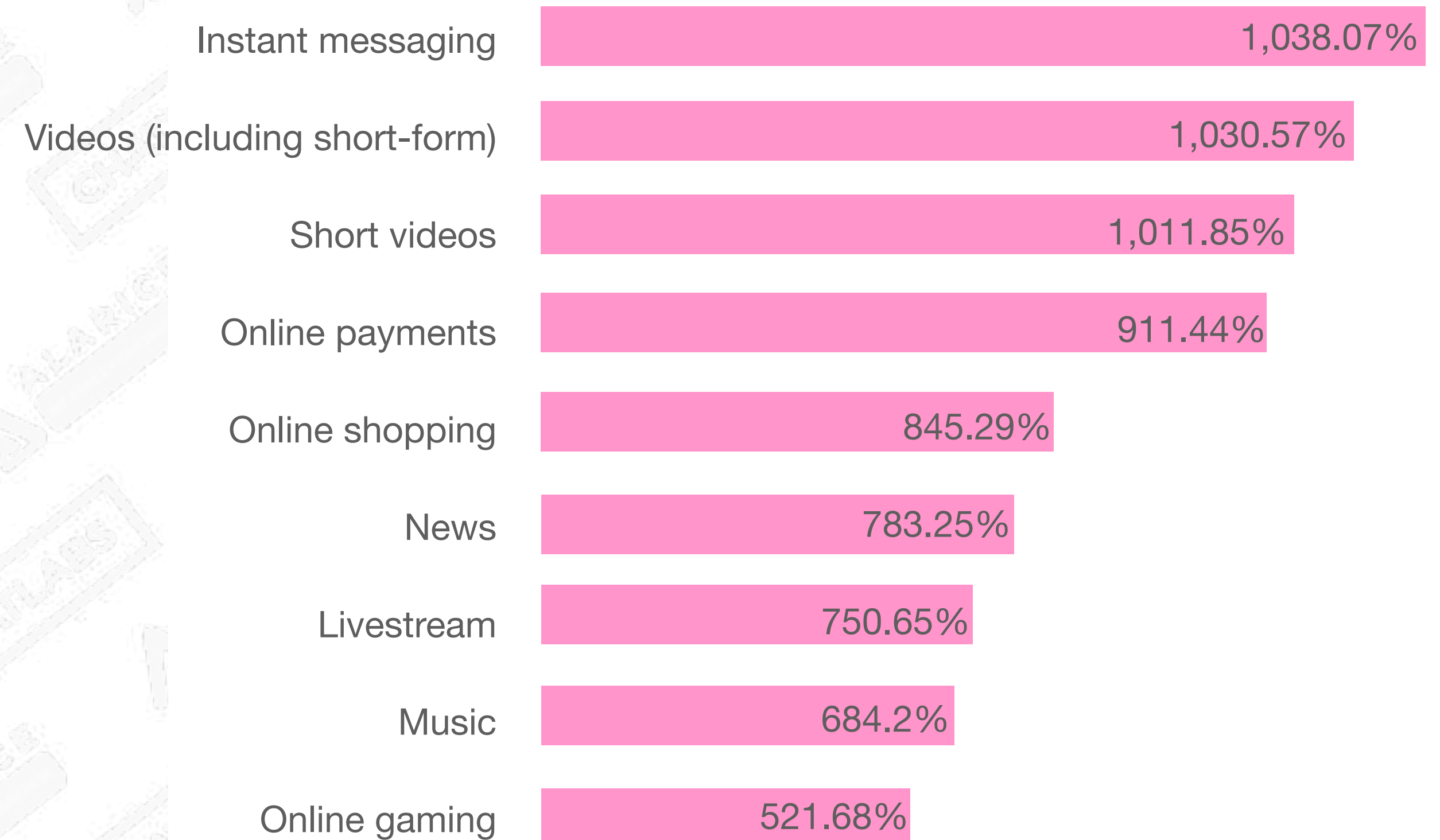
CUSTOMER JOURNEY ELEMENTS UNIQUE TO SOCIAL COMMERCE

SOCIAL COMMERCE CONSUMER JOURNEYS

The National Bureau of Statistics of China has reported that these are the most popular internet interests and engagement modes in China as of June 2022.

This highlights the importance of content in driving sales on social commerce platforms.

NUMBER OF INTERNET USERS IN CHINA AS OF DECEMBER 2022, BY ACTIVITY (IN MILLIONS)



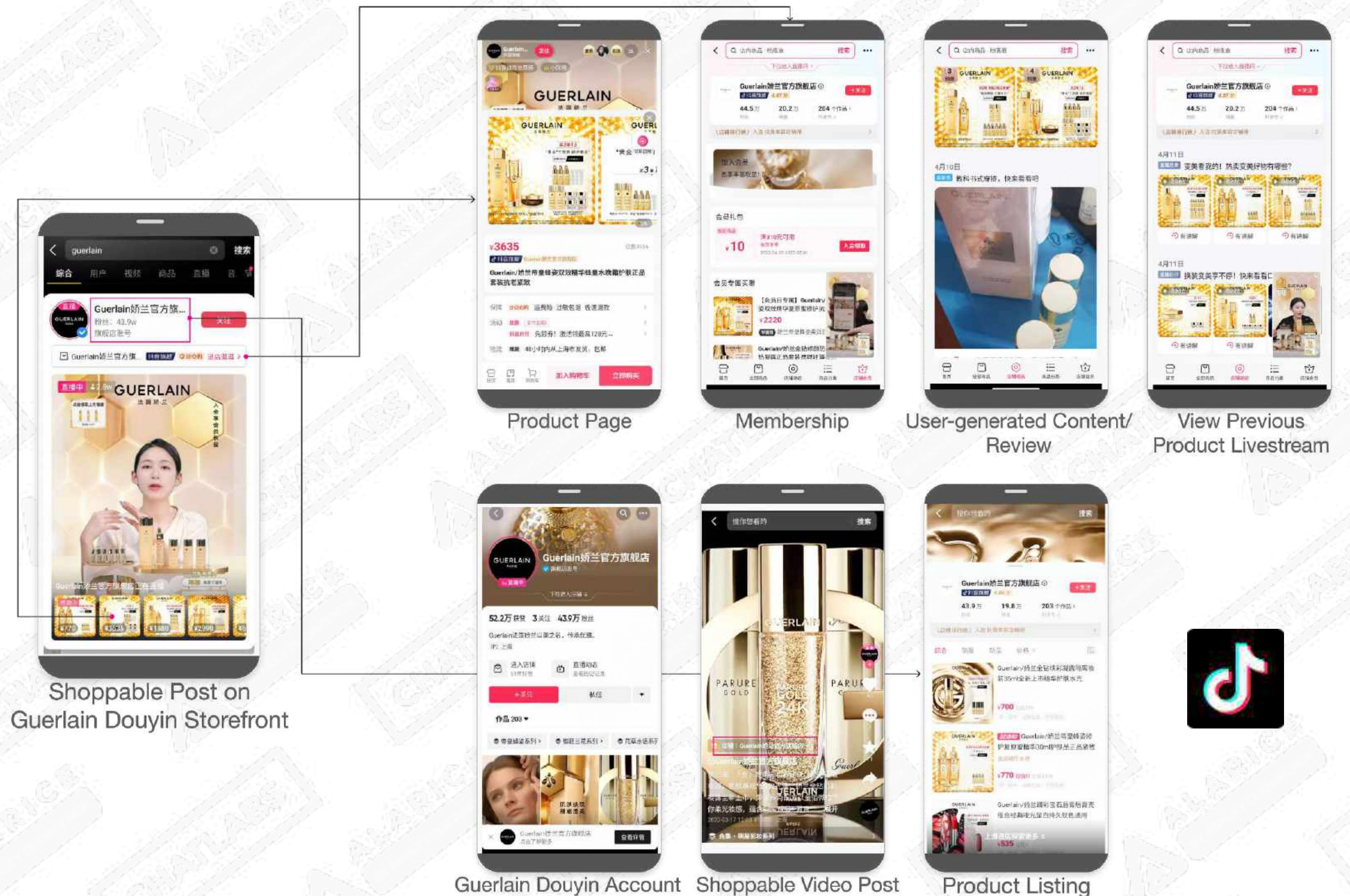
SOCIAL COMMERCE CONSUMER JOURNEYS

SHOPPABLE CONTENT ON DOUYIN

Guerlain's Douyin storefront places shoppable content strategically throughout the user experience.

From the entry point of the storefront, Guerlain highlights:

- Livestreams
- Shoppable content
- Membership registration with special deals
- Following the official account with short videos and embedded product links



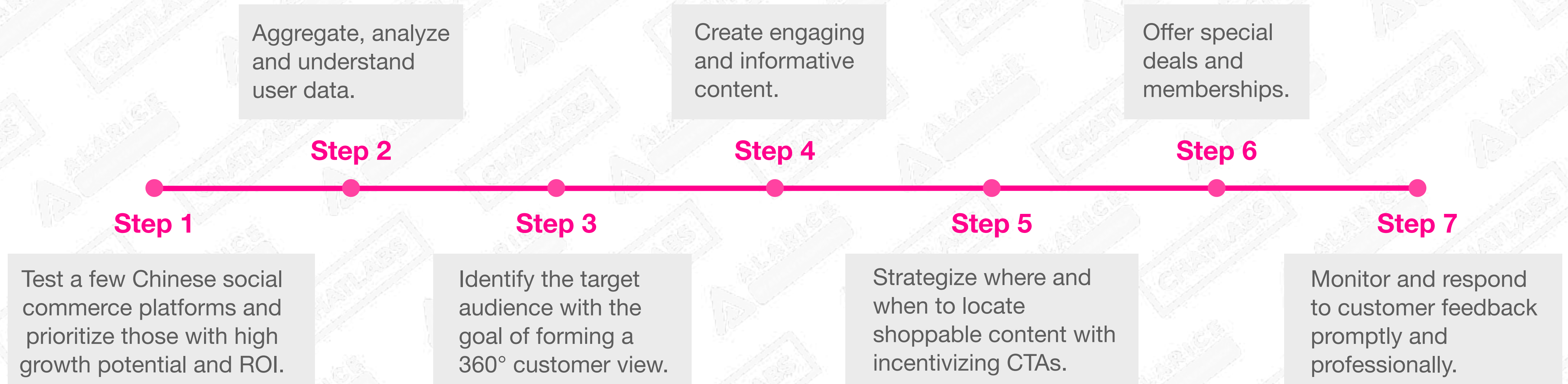
SOCIAL COMMERCE CONSUMER JOURNEYS

SHOPPABLE CONTENT

CHATLABS SXP WON THE 2023 LVMH
INNOVATION AWARD FOR DATA & AI.
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A Shoppable Content Guide for Brands on Chinese Social Commerce





SOCIAL COMMERCE CONSUMER JOURNEYS

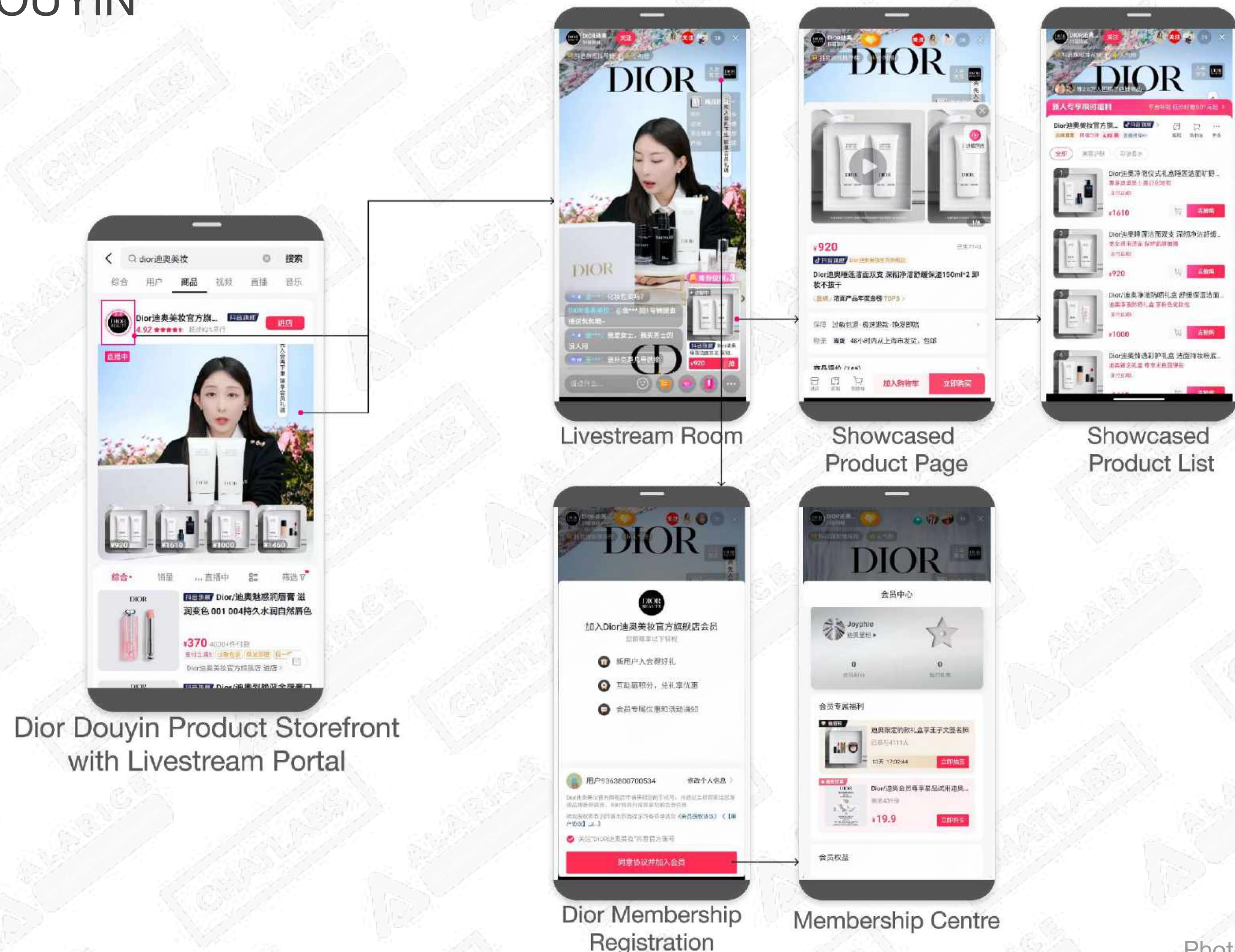
LIVESTREAM SHOPPING ON DOUYIN

Livestreaming commerce in China is expected to continue its rapid expansion, with the market size projected to reach 4.9 trillion yuan (US\$ 753 billion) by 2023, according to Statista. **Creatively interacting with customers during livestreams** is key to driving engagement and sales.

Dior embedded livestreaming at the start of their brand zone on Douyin.

During a livestream, these features are all 1 to 2 clicks away.

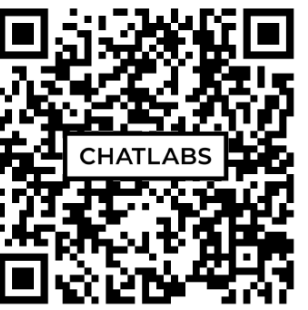
- Product pages
- A list of all showcased products
- Membership registration
- Special offers



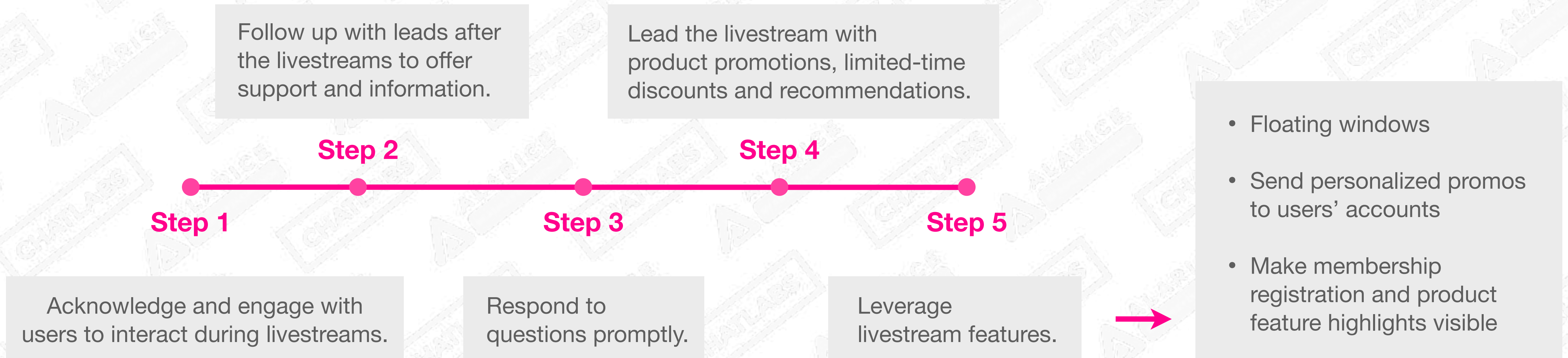
SOCIAL COMMERCE CONSUMER JOURNEYS

LIVESTREAM SHOPPING

CHATLABS SXP WON THE 2023 LVMH
INNOVATION AWARD FOR DATA & AI.
SCAN TO LEARN MORE



A Livestream Shopping Guide for Brands on Chinese Social Commerce





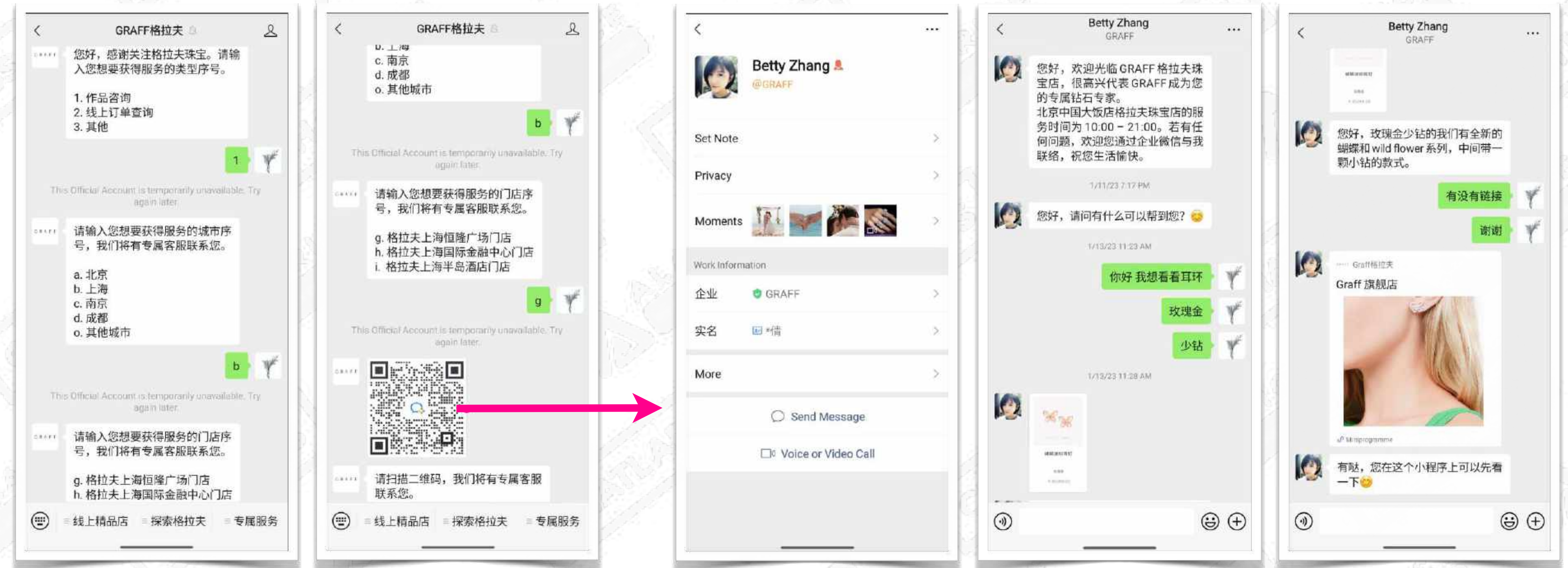
SOCIAL COMMERCE CONSUMER JOURNEYS

SHOPPABLE CHATS IN WECHAT

Graff's Official WeChat Account (OA)

WeCom Clienteling, WeChat, Weibo, and Douyin are vital for businesses in China to engage with customers, increase sales, and offer personalized services based on a 360° customer view.

Graff uses WeChat questionnaires for customers to book appointments and gather preferences for tailored experiences.



Connects users with a sales agent based on users' location.

Receive product recommendations in chat from the assigned sales agent.

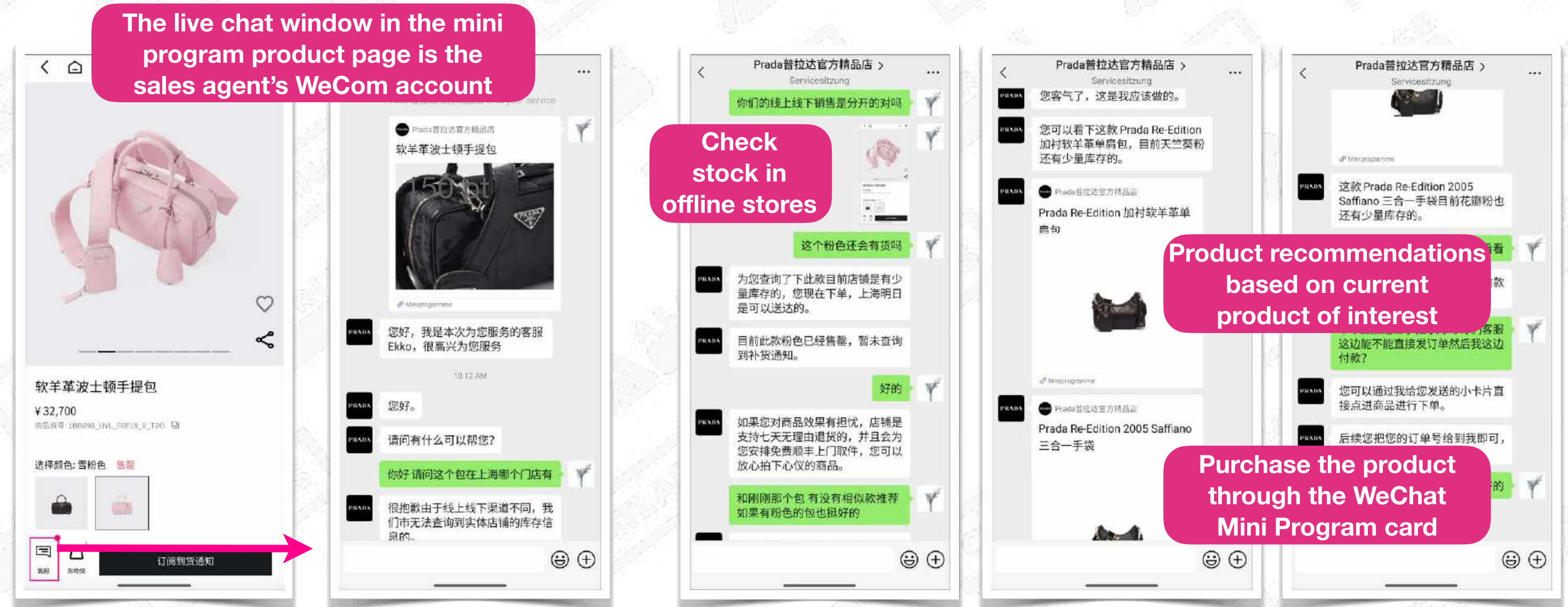


SOCIAL COMMERCE CONSUMER JOURNEYS

SHOPPABLE CHATS IN WECHAT

Prada offers live customer support through its WeChat Mini Program for personalized advice and recommendations.

Prada's Official WeChat Account



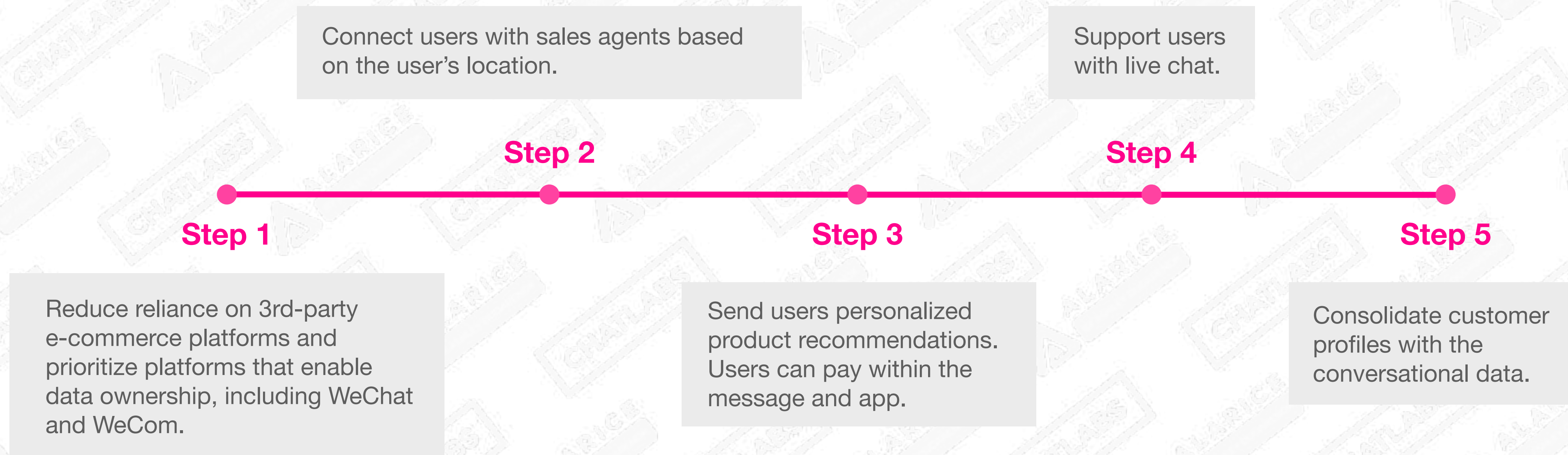
Connect users with a sales agent in customer support live chat

Receive product recommendations in chats with the assigned sales agent

SOCIAL COMMERCE CONSUMER JOURNEYS

SHOPPABLE CHAT

Shoppable Chat Guide for Brands on Chinese Social Commerce



EXPERT BITES

Q: WHAT DO YOU FORESEE FOR THE FUTURE OF SOCIAL COMMERCE IN CHINA?

Most live-streaming sessions currently adopt a **"sell at all cost" way**, with little focus on proximity.

However, a new trend in social e-commerce, called **"quiet selling" live-streaming**, offers a more refined way to showcase goods, resembling an offline experience and promoting premium products.

Brands should consider presenting their products within a lifestyle context. Advanced technology, such as AR, could be the next step to enhance proximity further.



OLIVIER PICHON

Founder of PRIVET

EXPERT BITES

Q: DOES BEAUTY FIT SOCIAL COMMERCE? WHAT'S CHINA'S 2023 BEAUTY TECH STATUS AND MAIN GROWTH AREAS?

The state of the Chinese beauty industry when it comes to social commerce is that it has high potential. The Chinese beauty market is projected to **reach USD96 billion by 2027, with 38.7% of 2021 sales online. In 2022, Tmall/Taobao, Douyin, and Jingdong held 68.8%, 21%, and 11% of GMV.**

We can see that Douyin's beauty sales are rising (+491% in 2022) while Tmall/TaoBao declines (-8.6%). **Livestreaming drives sales**, and categories like medical beauty apparel, sunscreen, body care, hair care, and fragrances grow. The He-economy and silver economy have also expanded.



DAO NGUYEN

Founder of Essenzia By Dao

EXPERT BITES

Q: HOW DOES SOCIAL COMMERCE IN CHINA CONTRAST WITH CONVENTIONAL E-COMMERCE, AND WHICH PLAYERS DOMINATE PARTICULAR CATEGORIES AND FOR WHAT REASONS?

All commerce in China is social. Traditional marketplaces like Taobao / Tmall already transformed into community-driven entertainment and engagement platforms many years ago. The rise of interactive livestream as a mega channel, for example, was pioneered by Alibaba with Taobao Live.

But the biggest single shift we see post-Covid is a genuine preference for brand and product discovery through pure play short video and livestream platforms Douyin and Kuaishou and China's community review engine Little Red Book.



JOSH GARDNER

CEO of Kung Fu Data

EXPERT BITES

Q: WHAT DO YOU ANTICIPATE FOR THE FUTURE OF SOCIAL COMMERCE IN CHINA?

Social new retail, combining social media, e-commerce, and offline retail, is predicted to be a major trend in China. It provides seamless consumer experiences and growth opportunities for retailers. AI's role in social new retail will grow, enabling personalized recommendations and others. **As AI progresses, it will further improve the social new retail experience in China.**

Ensuring seamless integration between online and offline channels, cultivating collaborations and partnerships, and staying agile and adaptive to emerging trends, consumer preferences, and technological advancements will help brands **remain competitive and relevant in the rapidly evolving social new retail landscape.**



SANDRINE ZERBIB

Founder & Chairwoman of Full Jet & President of Baozun Brand Management

2 | THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CREATOR'S BITE



MICHEL TJOENG

SVP of Sales and Marketing at ChatLabs

Follow my LinkedIn for insights on
AI / Social Commerce / Luxury



Q: HOW CAN BRANDS EFFECTIVELY FUTURE-PROOF THEIR PRESENCE IN CHINA'S SOCIAL COMMERCE CHANNELS?

1. **Ensure compliance** with China's Personal Information Protection Law (PIPL) to avoid penalties while conducting personalized marketing.
2. **Unify social follower data** from China channels, .cn website, and Salesforce for comprehensive customer profiles.
3. **Track customer behaviors**, segment users, and automate hyper-personalized experiences across China channels.
4. **Establish loyalty programs** to reward brand-user interactions, building trust and nurturing loyalty while shortening conversion time.
5. **Boost organic reach** among similar shoppers by leveraging customers' social networks with engaging social campaigns.

LOOKING TO TAKE YOUR BRAND'S SOCIAL EXPERIENCES TO THE NEXT LEVEL? CONTACT US NOW AND LEARN HOW YOU CAN DO IT WITH AI →



THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

SOCIAL CHANNEL INTEGRATION

To deliver a seamless and personalized customer experience and inform effective business strategies, international brands must use the integral, compliant data from China's social commerce channels, including WeChat, WeCom, Weibo, Douyin, Xiaohongshu, and Tmall.

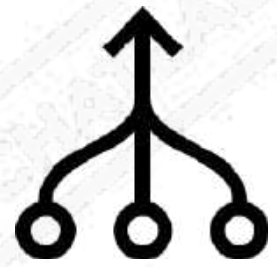
Capturing real-time, 360°, compliant data while obtaining user consent with privacy-based access controllers is crucial.



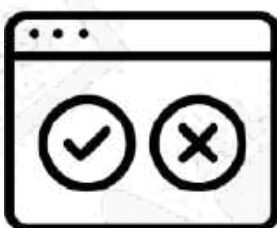
THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

SOCIAL CHANNEL INTEGRATION

Social Channel Integration Strategies



Data unification and activation: Linking customer profiles with a single personal information identifier allows for effective personalization and targeted marketing.



Consent management: Chinese privacy regulations require transparent data gathering, ethical data use, and consumer consent. Consent management is crucial for cross-border data transfer and sensitive data storage.



Break down silos between marketing, sales, and service: Collect, unify, segment, and activate data from all touch-points for a 360° customer view.



Integrate Chinese social data with owned systems and CRM.

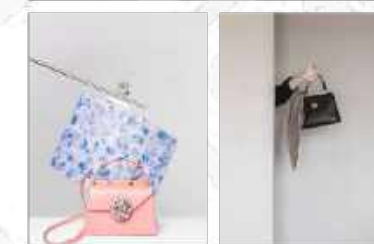


Orchestrate data for personalized content and generative customer journeys.

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CONTENT CURATION

Content curation is critical for social commerce in China. Your brand must curate real-time, personalized content based on consumer intent vectors to resonate with the target audience.



Shoppable Look



Digital Gift



Campaign Video



Livestream



Games



Look Image



Campaign Video



Collect in Store

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CONTENT CURATION

CHATLABS SXP WON THE 2023 LVMH
INNOVATION AWARD FOR DATA & AI.
SCAN TO LEARN MORE



Curating Content Based on Consumer Intent Vectors



Identify key user preferences using keyword research, social listening, analyzing search queries, online behavior tracking, and user segmentation across social commerce channels.



Create user-specific CTAs for different leads to enhance the personalized experience.



Curate dynamic and real-time content using generative journeys, product reviews, user-generated content, and influencer collaborations.



Consider format and distribution channels, such as WeChat, to ensure content that resonates with the target audience.



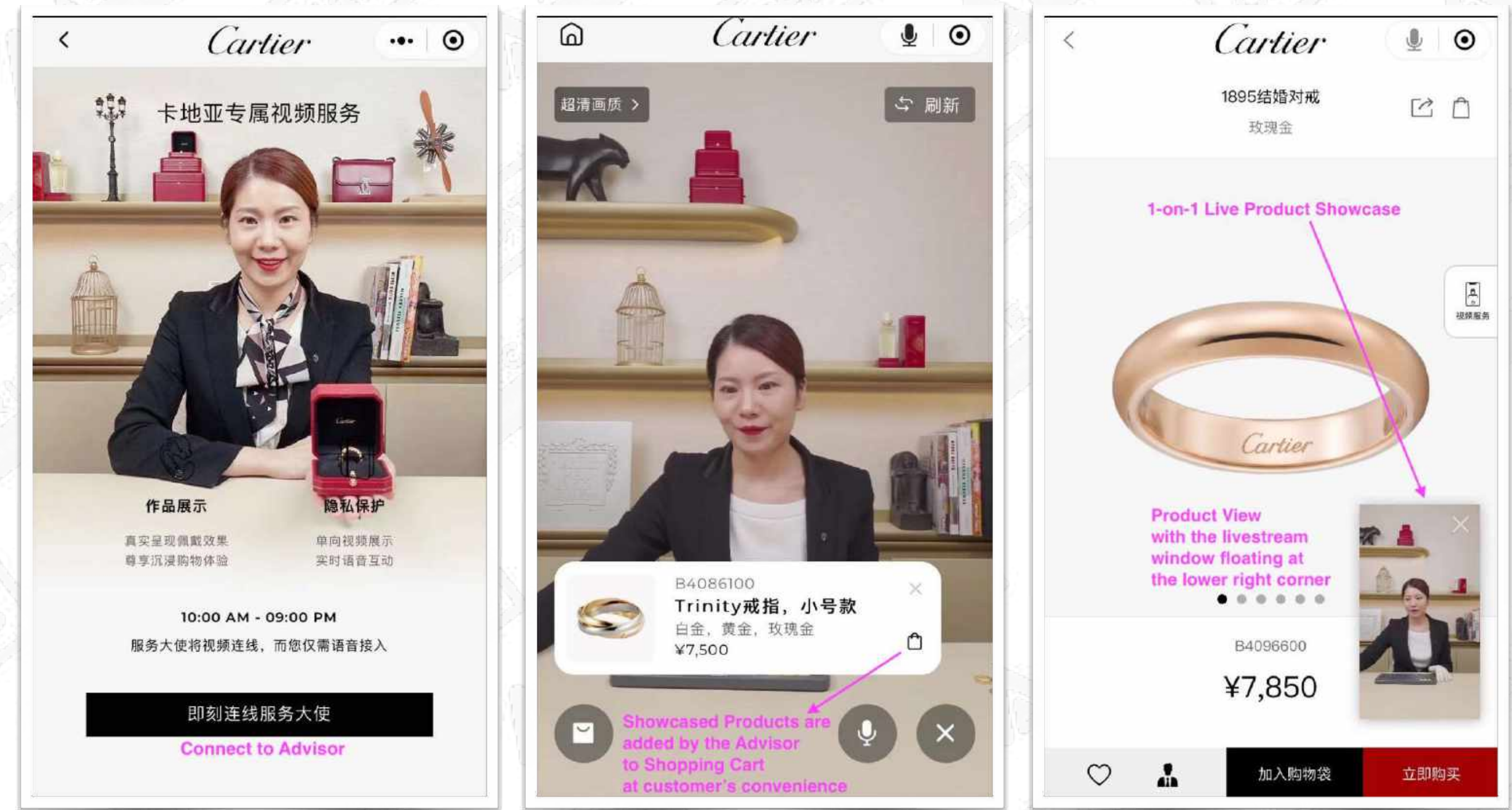
THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

LIVESTREAMING ON WECHAT

1-on-1 livestreams in China offer engaging, personalized experiences. Brands can showcase products, answer questions, build trust, and foster community, ultimately increasing the likelihood of a purchase.

Cartier offers personal 1-on-1 livestream product showcase service. Users can book a livestream showcase session on the product page.

- Before the showcase starts, a reminder is sent to the users' WeChat.
- During the meeting, users can browse product pages without leaving the livestream.
- After the meeting, the sales agent sends a list of products the user is interested to their personal account.



THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

LIVESTREAMING

Strategies For 1-on-1 Product Showcase Livestreams



Provide a personalized 1-on-1 livestream product showcase service upon request, where customers can book an appointment with a product expert to showcase specific products and answer any questions.



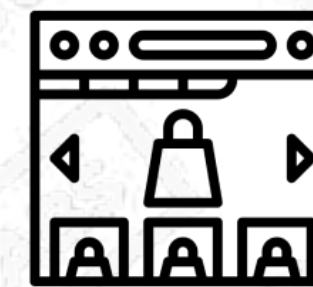
Customers can join without opening their own camera but with audio open to ask questions or request other product showcases.



Allow customers to view the product page without leaving the livestream session. The livestream window can be floating at the bottom right corner while the customer is browsing the product page.



Send a template message reminder before the appointment to ensure customers remember and arrive on time.



Archive all the products that the customer is interested in, regardless of whether they were showcased or not. Send the list to the customer for further reference.

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CUSTOMER DATA PLATFORM (CDP)

A CDP for social commerce is a technological solution that collects, unifies, and analyzes customer data from various sources for marketing, sales, and service purposes.

International brands can orchestrate the data that's important for the Chinese market, such as:

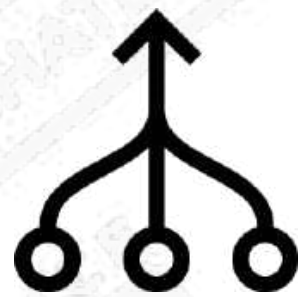
- user location information
- conversion path data
- purchase history
- wishlists
- app activity
- click data
- data from private traffic, such as conversational data



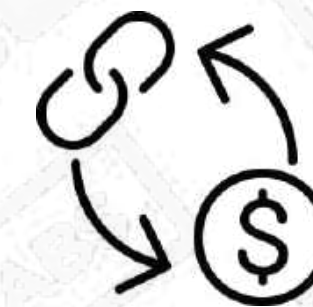
THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CUSTOMER DATA PLATFORM (CDP)

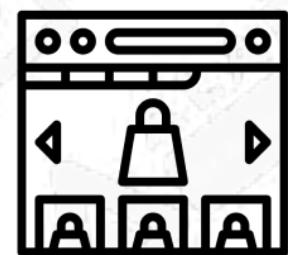
Strategies for Using CDP For Social Commerce



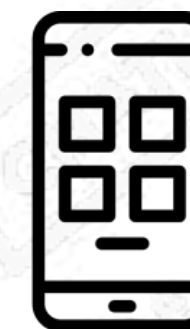
Consolidate customer data from multiple platforms using CDP to get a unified view of the customer and deepen understanding of their behavior and preferences.



Collaborate with local brands to gain a better understanding of the Chinese market and create more effective marketing strategies.



Leverage insights gained from CDP to personalize marketing campaigns and stand out from the competition in the growing social commerce space.



Break down silos between channels by using CDP to enable more personalized or AI-powered generative customer journeys.

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

AI PERSONALIZATION ENGINES

Strategies for Using CDP for Social Commerce in China

**US\$ 22.6 billion
by 2023**

AI's market share
in China's
social commerce market
(eMarketer)

**AI-powered
chatbots,
recommendation
engines,
personalized
marketing
campaigns**

Key drivers of China's
AI market growth
(eMarketer)

**84% of
Chinese
consumers**

Are willing to share
their data for
personalized experiences
(PwC)

**CAGR of
48.4% from
2018 to 2023**

Growth of
E-commerce AI
in China
(PwC)

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

AI PERSONALIZATION ENGINES

A UNIQUE EXPERIENCE FOR EVERY SINGLE CUSTOMER

Social commerce platforms use artificial intelligence and machine learning to enhance the customer experience. Sophisticated algorithms examine user behavior, including browsing history and social media activity.

They employ generative AI to create customized customer journeys with tailored content and dynamic CTAs, leading to increased conversion rates.

The goal is to transform the social commerce landscape through innovative AI technology, delivering a personalized, engaging, high conversion experience.

**CREATIVE
CONTEXT**

SOCIAL POST

SOCIAL AD

QR CODE

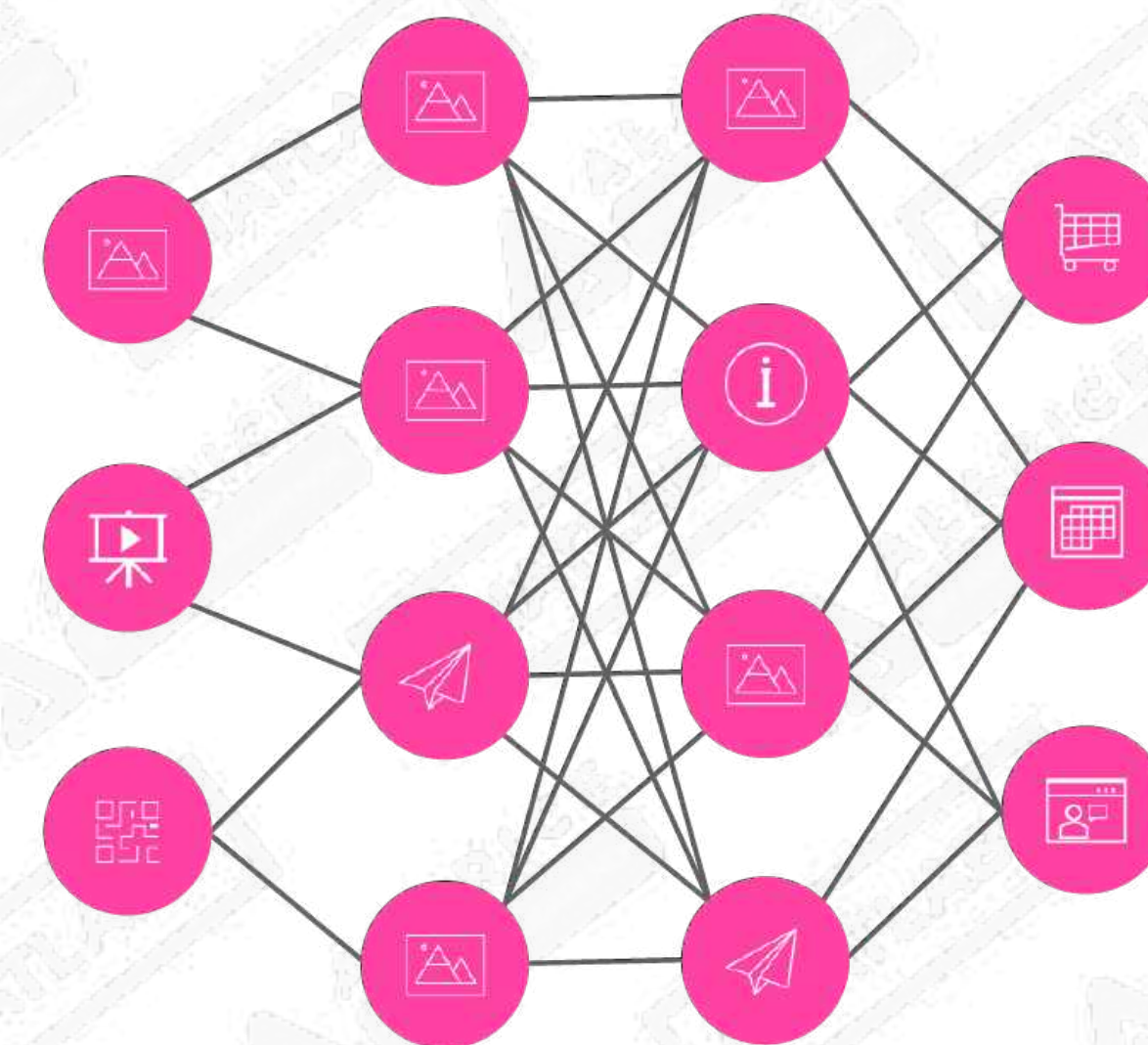
GENERATIVE JOURNEYS

PURCHASE ONLINE

BOOK
APPOINTMENT

SPEAK TO ADVISOR

GOALS



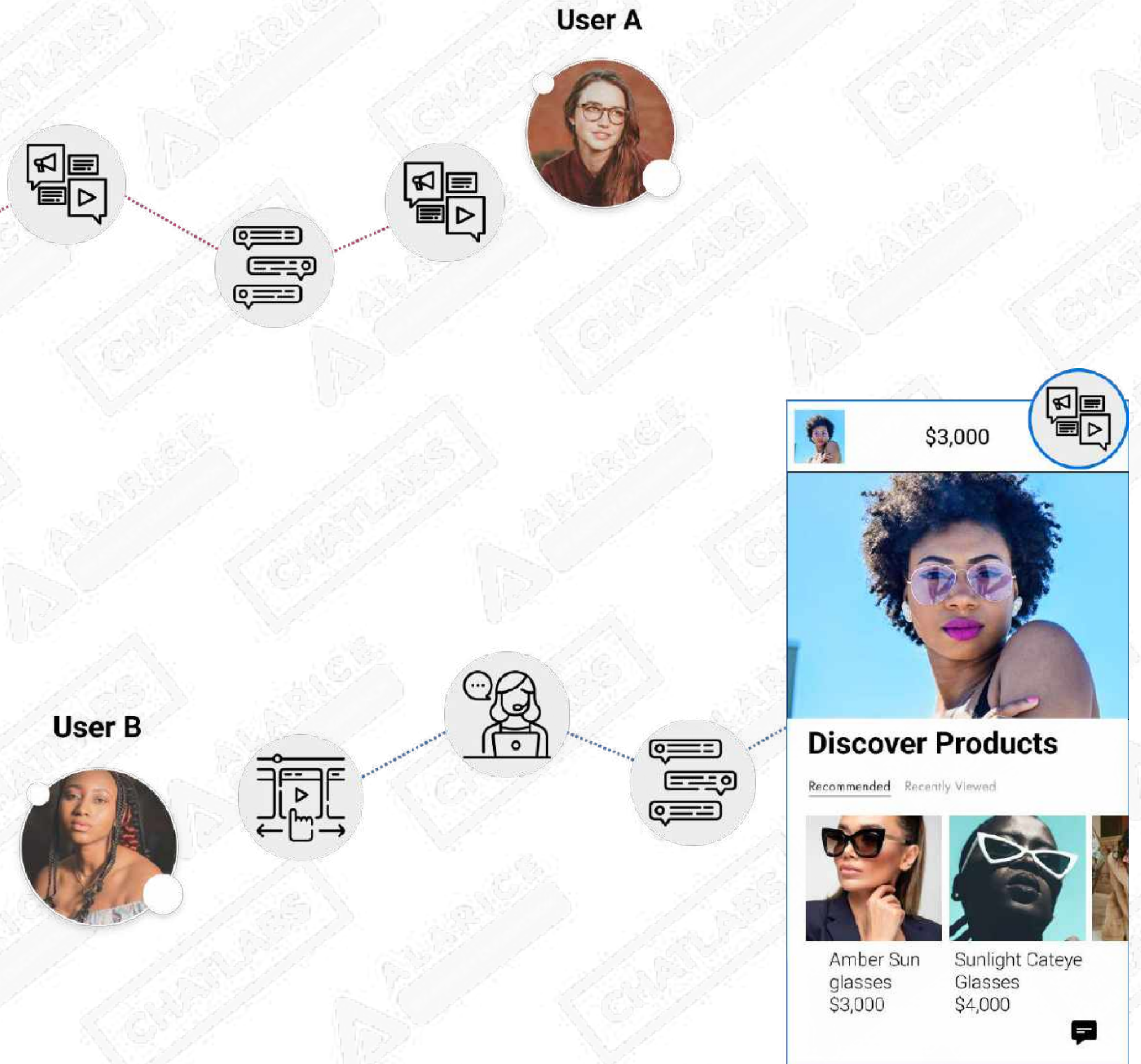
THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

AI PERSONALIZATION ENGINES

Social experience platforms with AI personalization engines can automate a personalized experience for every customer with minimal setup and operational effort. Here are some advanced features:

- Hyper-personal content feeds
- Generative customer journeys
- Real-time behavioral data collection
- Machine learning

These features allow your brand to tailor their marketing efforts, optimize engagement and conversion rates, continually learn and provide the most relevant and engaging content possible.



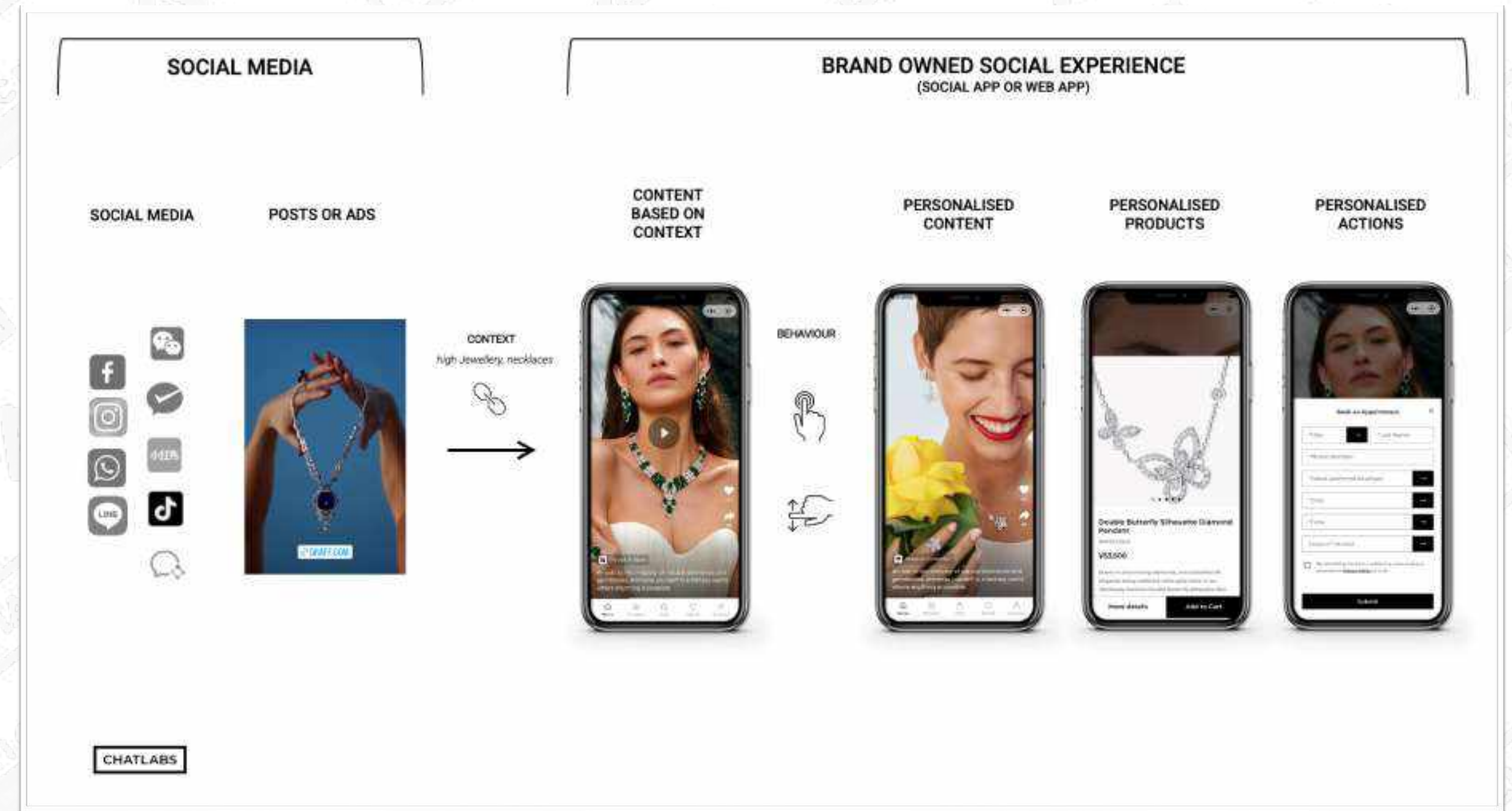
THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

AI PERSONALIZATION ENGINES

**CHATLABS SXP WON THE 2023 LVMH
INNOVATION AWARD FOR DATA & AI.
SCAN TO LEARN MORE**



Consumers can explore a brand-owned and controlled experience that resembles social media, with personalized content feeds and tailored interactions based on their preferences.



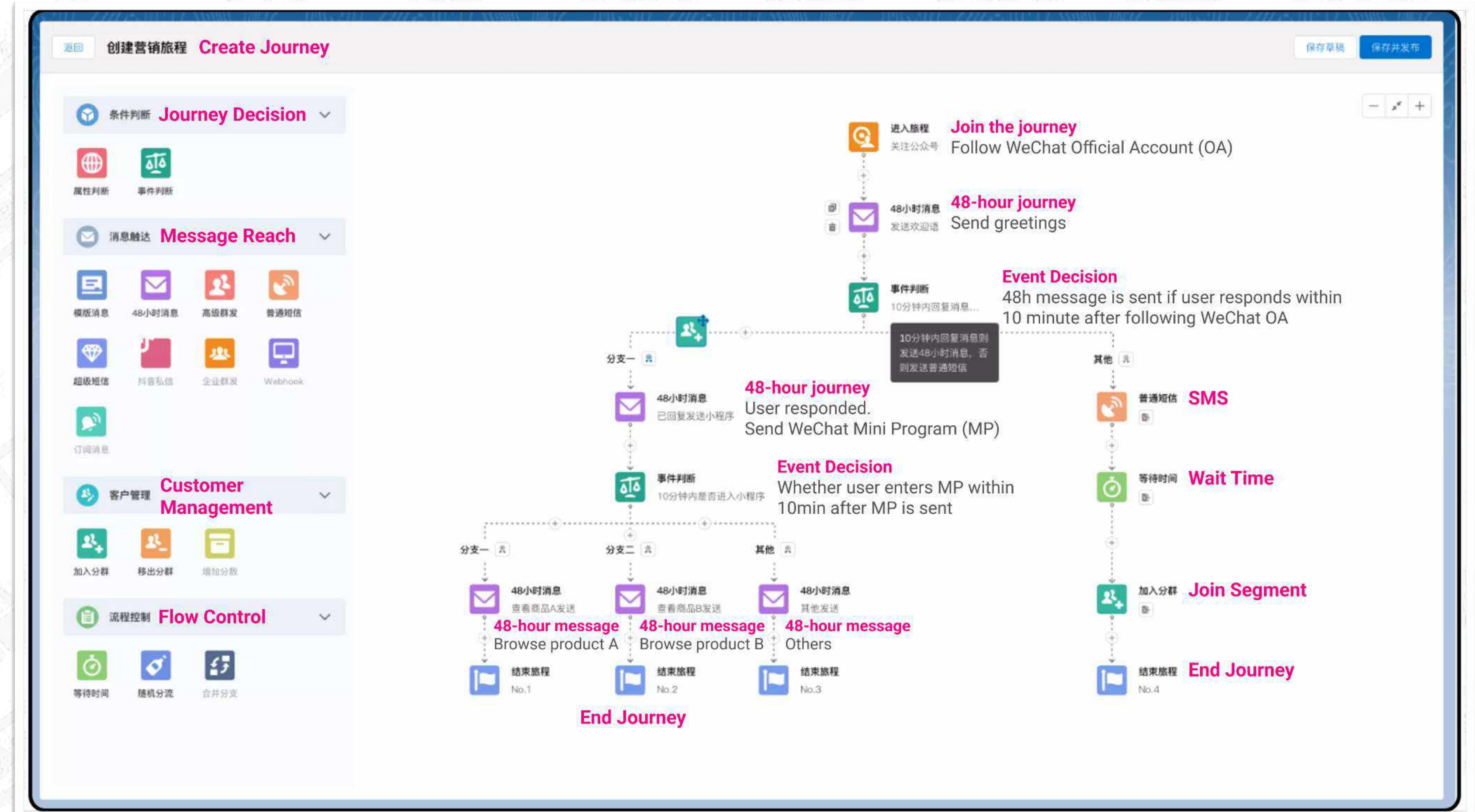
THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

PERSONALIZED DECISION JOURNEYS

International brands in China use personalized journey decision processes to recommend products based on customer interests, target ads and messages to cart abandoners.

The journey decision process is driven by:

- **Data analysis** using real-time customer data to identify patterns and trends.
- **Business rules** dictating what content or action to present to customers at each stage of the journey.



THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CHAT ORCHESTRATION

**GOT A QUESTION?
SCAN THE QR CODE AND
LEAVE US A MESSAGE!**



WeCom Clienteling Service Tools



WeCom Clienteling is a WeChat-based CRM tool for businesses in China, offering personalized recommendations, customer interaction tracking, and enhanced engagement with messaging, voice and video call integration.

It also provides customer profiling, purchase history tracking, and inventory management for personalized recommendations and offers.



Business card sharing



Quick customer profile access



Quick reply templates



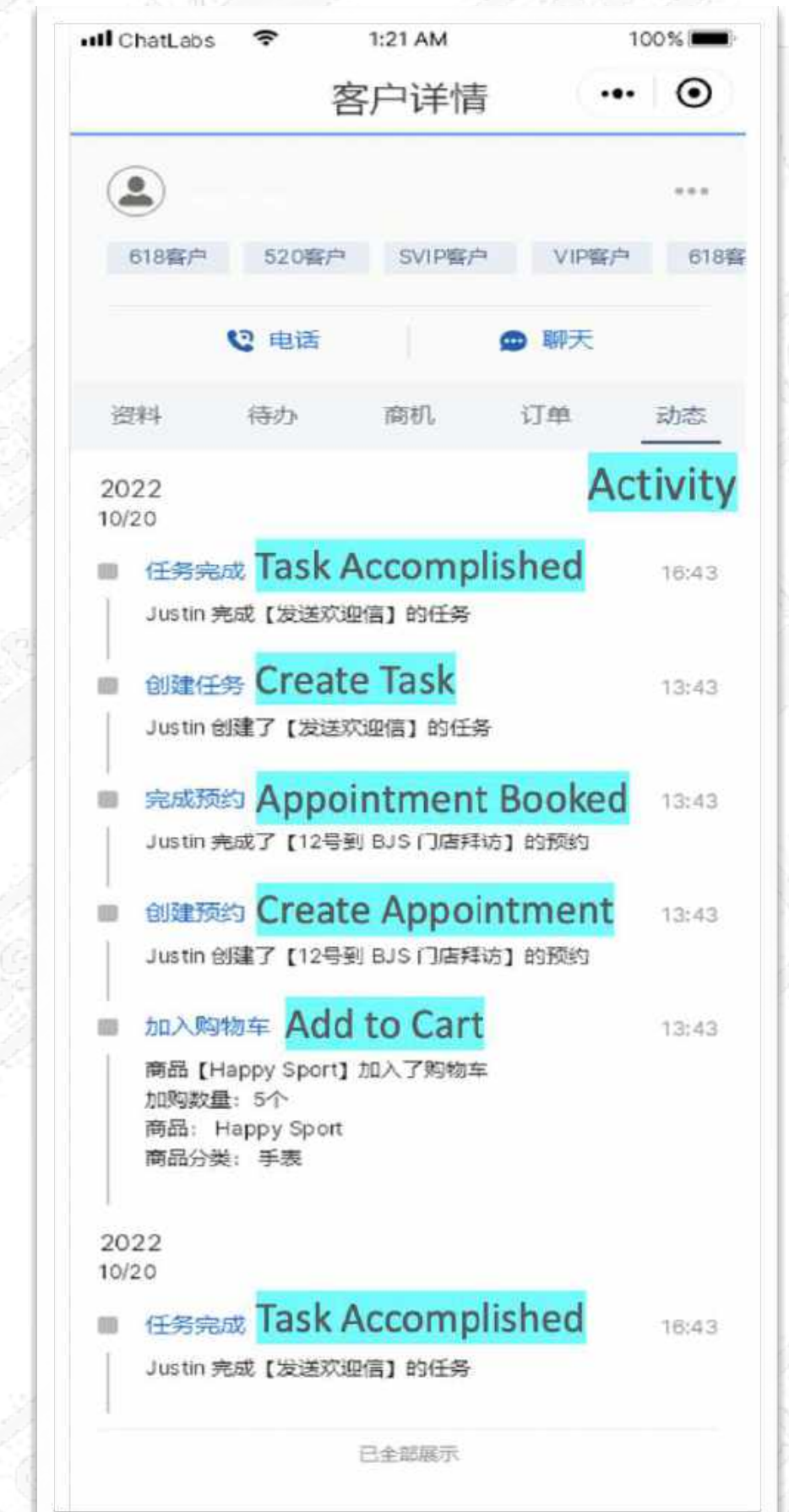
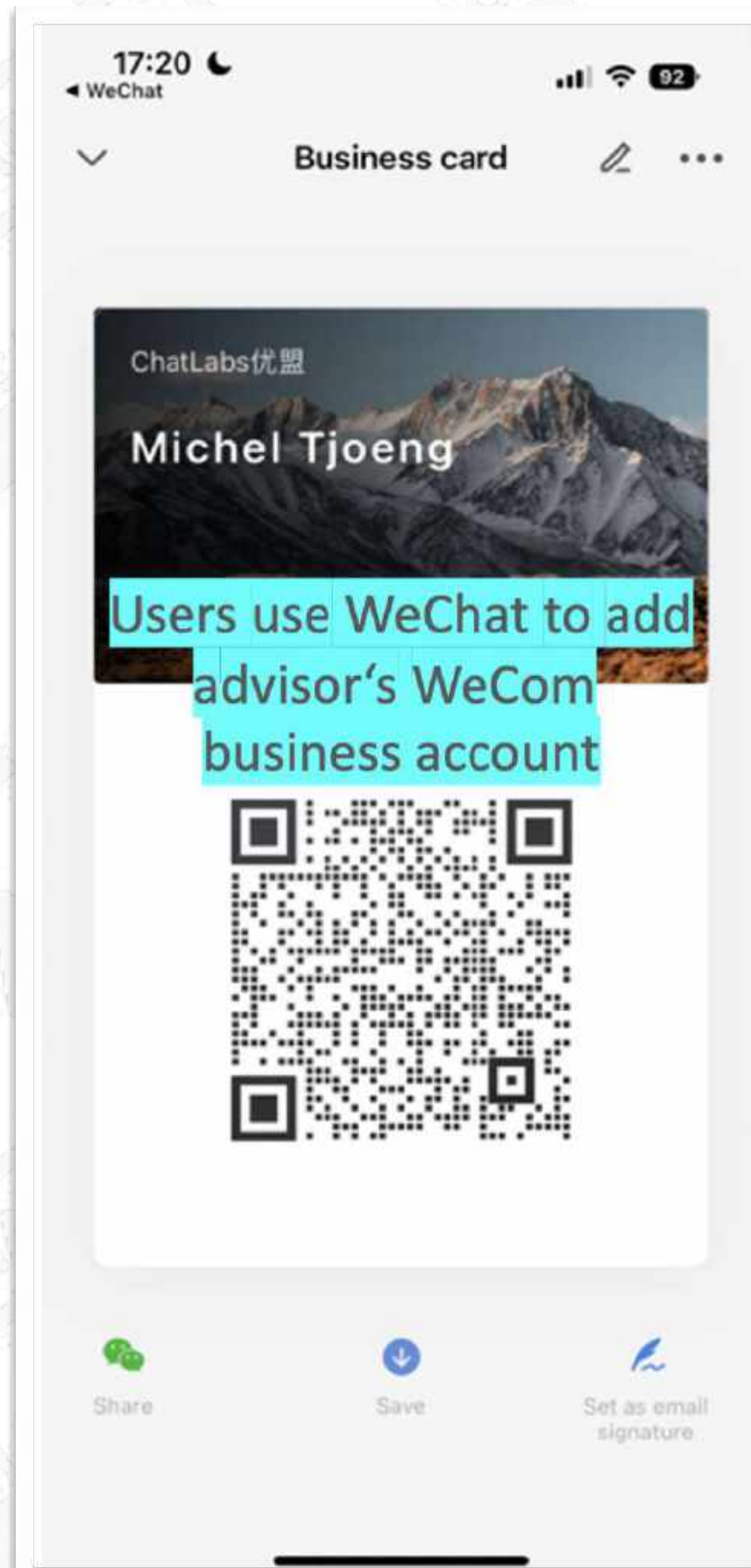
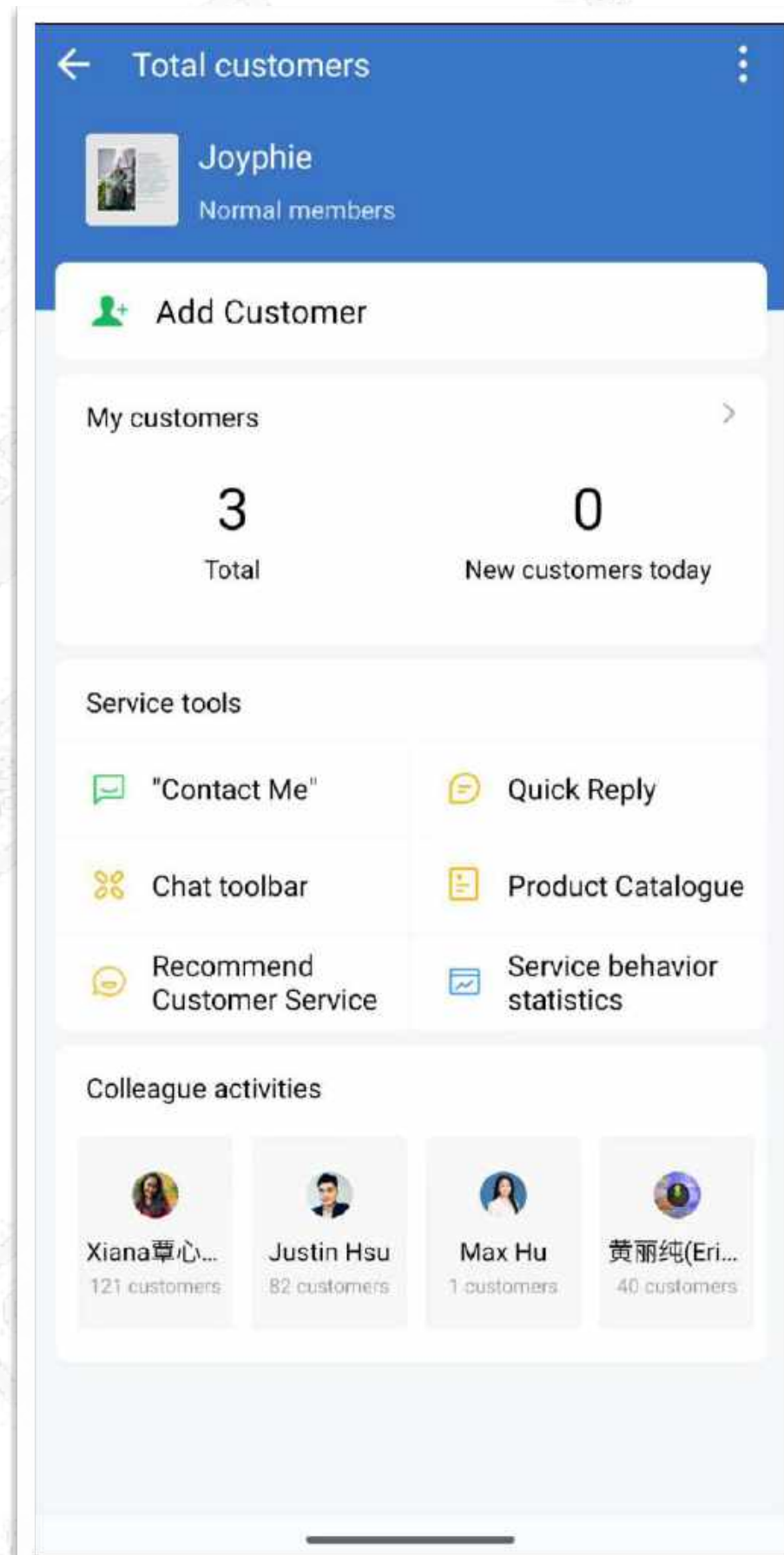
1:1 customer service



Analytics and reporting tools

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CHAT ORCHESTRATION

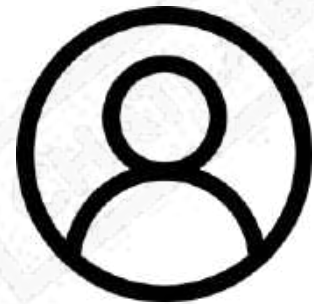


THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

CHAT ORCHESTRATION



Ways to Use WeCom Clienteling to Orchestrate Personalized Social Commerce Sales



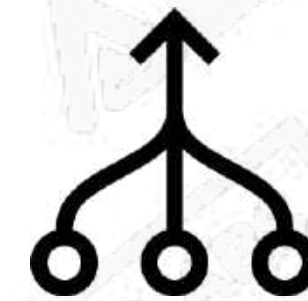
Create customer profiles that include purchase history, preferences, and contact information.



Use messaging and communication tools to start personalized social commerce sales chats with customers.



Offer real-time assistance and recommendations.



Streamline social commerce sales chats and answer common customer queries using chatbots and automation, allowing sales agents to focus on more complex inquiries.



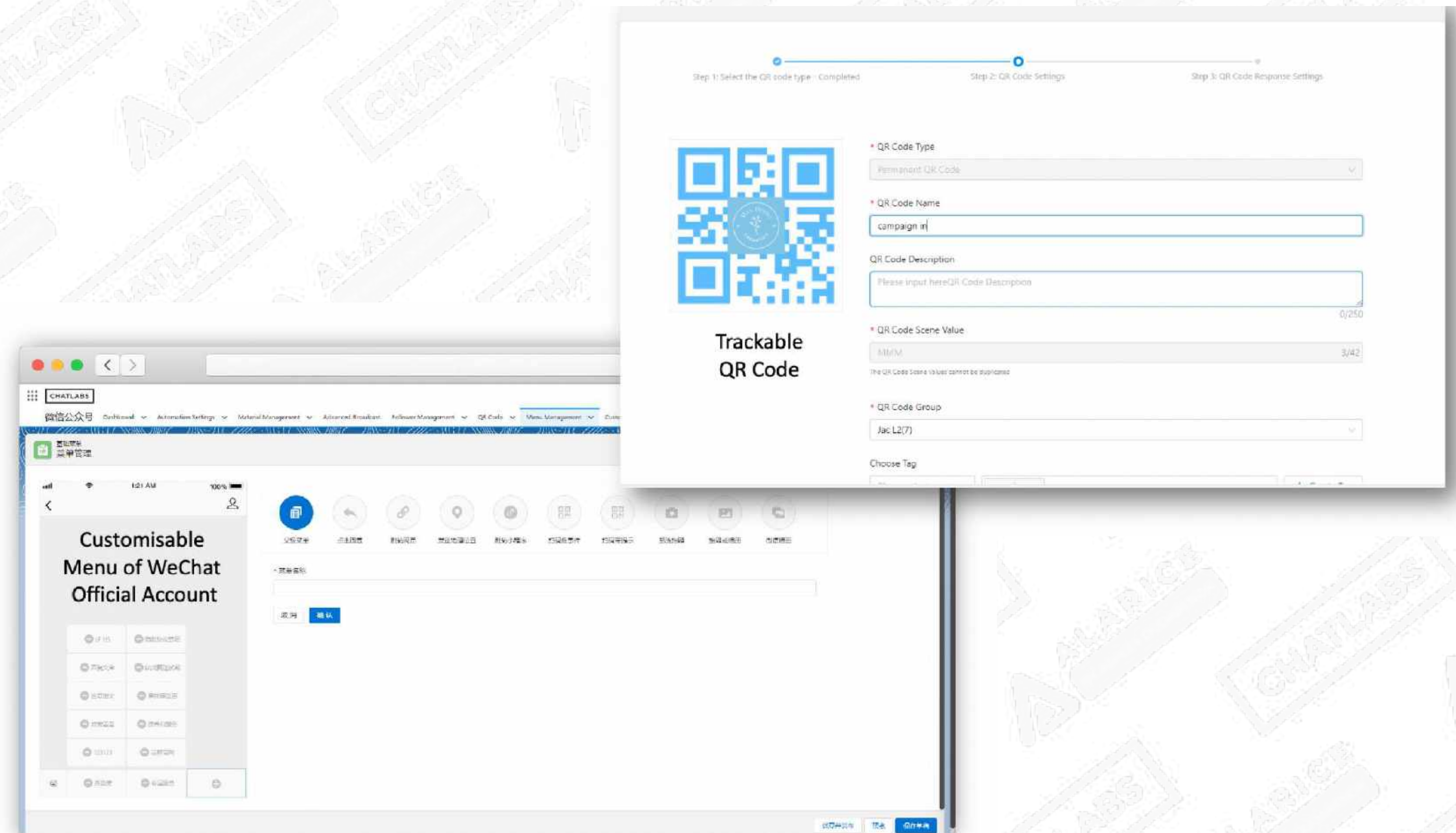
Monitor engagement metrics such as open rates, click-through rates, and conversion rates. Refine social commerce sales chat strategies over time based on the data collected.

THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

REAL-TIME TRACKING

Real-time tracking is critical on Chinese social commerce platforms. These are key features:

- **Event tracking** monitors specific customer actions in real-time, recording data such as time, location, device, adding it to a basket, making a purchase, or sharing a product on social media.
- **Trackable QR codes** track customer interactions and behavior, providing data for refining marketing strategies and offering personalized recommendations.
- **Customizable menus** are usually adjusted in real-time based on customer behavior data.



THE TECHNOLOGIES THAT POWER SOCIAL COMMERCE

REAL-TIME TRACKING

GOT A QUESTION?
SCAN THE QR CODE AND
LEAVE US A MESSAGE!



Events That Businesses May Record With Event Tracking on Chinese Social Commerce Analyzing Platforms



Product views: Tracking the number of times a product is viewed by customers on the platform.



Add-to-cart: Tracking when customers add a product to their cart.



Checkout: Tracking when customers go through the checkout process to make a purchase.



Wishlist: Tracking when customers add a product to their wish list for later purchase.



Social sharing: Tracking when customers share a product or promotion on social media.

EXPERT BITES

Q: WHAT ARE YOUR PREDICTIONS FOR THE FUTURE OF SOCIAL COMMERCE IN CHINA?

I predict that social commerce will continue to thrive, especially for smaller niche brands where they often get lost among the masses of large traditional e-commerce platforms. Brands need to understand the connection between interest, content and sales in order to best understand how to convert consumers into loyal customers. Due to lower repeat purchase rates, **social commerce will not replace the likes of Tmall and JD, but will become the first point of discovery for consumers.**



RYAN MOLLOY

CEO of RedFern Digital

EXPERT BITES

Q: WHAT'S CHINA'S SOCIAL COMMERCE LANDSCAPE, AND WHICH CHANNELS EXCEL AND WHY?

Influencer marketing, livestream commerce, social sharing, user-generated content, and integrated payments contribute to the success of Chinese social commerce.

For example, **WeChat**, facilitates content sharing, product sales, and advanced customer service. **WeChat Pay** ensures seamless payments. **Douyin**, which emphasizes social interaction and live-streaming, has become a major player in social commerce. **Kuaishou** relies on domestic e-commerce platforms like **Taobao and JD.com**, while **Xiaohongshu** is famous for influencer cooperation, especially in disseminating ideas and creating trends.



OLIVIA PLOTNICK

Founder Of Wai Social

EXPERT BITES

Q: WHAT ESSENTIAL TECHNOLOGIES DRIVE SOCIAL COMMERCE SUCCESS, AND WHERE IS FURTHER DEVELOPMENT NEEDED?

All commerce in China is social. Traditional marketplaces like Taobao / Tmall already transformed into community-driven entertainment and engagement platforms many years ago. The rise of interactive livestream as a mega channel, for example, was pioneered by Alibaba with Taobao Live.

But the biggest single shift we see post-Covid is a genuine preference for brand and product discovery through pure play short video and livestream platforms Douyin and Kuaishou and China's community review engine Little Red Book.



JOSH GARDNER

CEO of Kung Fu Data

THE CURRENT SOCIAL COMMERCE SITUATION IN CHINA

WHAT'S HAPPENING NOW?

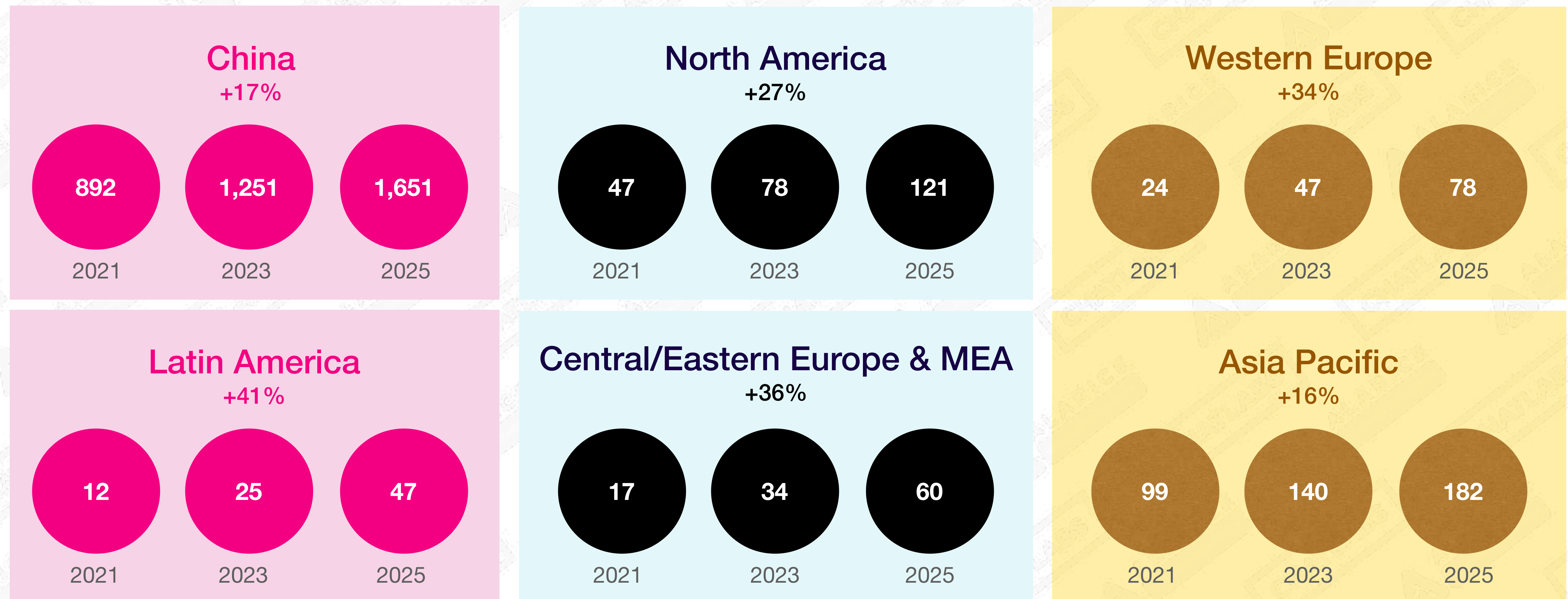
1 | MARKETING DATA

THE SOCIAL COMMERCE SITUATION WORLDWIDE

MARKET STATS

Social Commerce Market Size

● Total retail social commerce sales in 2021, 2023 and 2025 (in billions of USD)
+X% Expected annual growth rate 2021-2025



Source: [Deloitte](#)

Note: Estimates do not include community commerce. For social media commerce, purchases made within apps as well as redirected purchases are included. In China, social e-commerce encompasses livestreaming and group buying. Additionally, virtual stores include socially-driven gaming platforms like Roblox.

THE SOCIAL COMMERCE SITUATION IN CHINA

MARKET STATS

**GOT A QUESTION?
SCAN THE QR CODE AND
LEAVE US A MESSAGE!**



The Current State of Social Commerce in China by Journey Type



Livestreaming e-commerce:

Statista predicts that in China the market for livestreaming commerce will continue to experience significant growth, with a projected market size of 4.9 trillion yuan (equivalent to US\$ 753 billion) by 2023.



Influencer e-commerce:

eMarketer predicts that the GMV of social commerce influencers in China will reach US\$ 23.96 billion by 2023.



Short video e-commerce:

Goldman Sachs predicts that the global short video sector will be valued at nearly US\$ 180 billion by 2026. Chinese online users spent more time watching short videos than any other form of entertainment, comprising 31% of their online time on average.

THE SOCIAL COMMERCE SITUATION IN CHINA

MARKET STATS

Performance Metrics For China's Most Popular Social Commerce Platforms

	WECHAT	PINDUODUO	KUAISHOU	DOUYIN	XIAOHONGSHU (RED)	WEIBO
Estimated 2023 GMV	US\$ 2.02 trillion (eMarketer)	US\$ 309.43 billion (eMarketer)	US\$ 137.11 billion (eMarketer)	US\$ 22.2 billion (36Kr)	US\$ 17.16 billion (eMarketer)	US\$ 13.14 billion (eMarketer)
User Traffic Value (Sept. 2022), MoonFox	RMB 78 billion	-	RMB 24 billion	RMB 55 billion	RMB 24 billion	RMB 27 billion
Monthly Active Users	1.67 billion (2023)	751.3 million (2022)	586.7 million (2023)	730 million (2023)	200 million (2022)	573 million (2023)
Marketing Methods	articles, games, short videos, pictures with links	articles, pictures, short videos with links, livestream	short videos, livestreams	articles, pictures, livestreams with links	product guidance, reviews, recommendations	topic discussion
Popular Content Types	- brand mini programs - brand livestreams - official brand accounts for marketing campaigns	beauty, baby care	games, entertainment, e-commerce campaigns	professional knowledge videos	- food, household and clothing content (by engagement) - healthcare, skin care and cosmetics (by increasing short video content)	hot topics/influencer topics

EXPERT BITES

Q: IS THE LUXURY INDUSTRY SUITED FOR SOCIAL COMMERCE? WHAT IS CHINA'S 2023 LUXURY TECH LANDSCAPE, AND WHERE ARE THE PRIMARY GROWTH AREAS?

It is no surprise that in the largest market in the world for Social Commerce (China), we've seen such **extensive and transformational changes in the last 5 years**. From a tool primarily suited to lower price point items, lower tier cities and group buying, social commerce has evolved into an attractive format also for brands operating in the luxury space.

Rather than seeing social commerce exclusively as a sales generator and promotional tool, **treating it as a hybrid between community-building, engagement driver and an additional sales medium** is often the best way for luxury brands to reap the benefits without damaging brand status & positioning.



JOHN DANZI

Head of Brand Partnerships at
APAC Farfetch

EXPERT BITES

Q: HOW HAS CHINA'S SOCIAL COMMERCE EVOLVED RECENTLY AND WHAT KEY TRENDS AND INNOVATIONS HAVE SURFACED?

One noteworthy trend is the shift in KOLS who were primarily regarded as "branding KOLs." **Some are now recognizing their commercial influence and offering brands a comprehensive social commerce package.**

For example, we collaborated with lu.meng, a prominent RED KOL, to host a livestream on RED for Réalisation Par. During the livestream, she expertly styled 35 looks and provided valuable insights on design and styling, **resulting in sales surpassing the target by 400%.**



ELISA HARCA

Co-Founder and CEO Asia of
Red Ant Asia

EXPERT BITES

Q: WHAT ARE THE FUTURE PREDICTIONS FOR CHINA'S SOCIAL COMMERCE, INCLUDING TRENDS, TECHNOLOGIES, AND BRAND PREPARATION?

WeCom is undoubtedly the primary disruptor in China's social commerce.

In today's increasingly competitive landscape, capturing users' attention has become exorbitantly expensive, especially from Public Traffic platforms. WeCom presents a unique opportunity for brands to not only capture attention but also to provide users with an exceptional 5-star level concierge service.

The true power of WeCom lies in its remarkable ability to **seamlessly connect all touchpoints, online and offline.** Looking ahead, the next two years will be pivotal in leveraging these advancements.



AURELIEN RIGART

Co-Founder and VP of IT
Consultis

2 | WECHAT



THE SOCIAL COMMERCE SITUATION IN CHINA

WECHAT MINI PROGRAMS

WeChat mini programs (MPs) are e-commerce outlets within WeChat's ecosystem.

On the 28th of March, 2023, Tencent announced important information about MPs at its *WeChat Master Class*:

1. The usage time for mini programs had doubled compared to the previous year, becoming one of China's leading transaction platforms with trillions of yuan in transaction volume.
2. MPs had continuous growth in transaction volume, accounting for more than 10% of all WeChat commercial payments by Q4 2022.
3. The MP team plans to improve the user experience, support service providers, and help developers provide more valuable products in 2023.



THE SOCIAL COMMERCE SITUATION IN CHINA

WECHAT MINI PROGRAMS

GOT A QUESTION?
SCAN THE QR CODE AND
LEAVE US A MESSAGE!



What Can WeChat Mini Programs (MP) Do?

For Brands



Can be linked
in official WeChat accounts



Can be linked in
template messages



MP cards with links can be
shared in WeChat groups



Can use
location-based search

For Users



Previously used
MPs and the MPs of nearby
businesses are stored in a list



Scan a QR code to
a MP store



Search MPs



Share a MP
with friends



THE SOCIAL COMMERCE SITUATION IN CHINA

WECHAT MINI SHOPS

WeChat's new feature, mini shops, simplifies the process of setting up an online store for businesses and aims to expand its online shopping division.

WeChat users can earn commissions by partnering with third-party e-commerce sites to sell products, with Tencent receiving a small payment for transaction processing.





THE SOCIAL COMMERCE SITUATION IN CHINA

WECHAT PAY

WeChat Pay Performance

**1.133 billion
in 2023**

WeChat Pay
active users
(Business of Apps)

**More than
40 million
stores**

Where WeChat Pay is
accepted in China
([PYMNTS.com](https://pymnts.com))

**More than
1 million
transactions
daily**

How often WeChat Pay
is used in China
([PYMNTS.com](https://pymnts.com))



THE SOCIAL COMMERCE SITUATION IN CHINA

WECHAT CHANNELS: A SHORT VIDEO PLATFORM

WeChat Channels (Short Video Feed) Performance I, 2022

In 2022, WeChat Channels experienced rapid growth, with its total user engagement reaching 80% of that of its Moments feed (which is similar to Facebook's newsfeed). Video views based on recommendation algorithms increased by 400% YoY, according to Tencent's *WeChat Master Class 2023* report.

**Over 100%
compared to
2021**

Growth in daily active creators and daily video uploads

**308%
increase**

Growth in the number of creators with over 10,000 followers

**186%
increase**

Growth in popular content with over 100,000 likes

**185%
increase
YoY**

Growth in plays of entertainment content

**291%
increase**

Growth in lifestyle content

**109%
increase**

Growth in knowledge content

**273%
increase**

Growth in news content



THE SOCIAL COMMERCE SITUATION IN CHINA

WECHAT CHANNELS: A SHORT VIDEO PLATFORM

WeChat Channels (Short Video Feed) Performance II, 2022

Private domain transactions and alliance distribution on WeChat Channels

Private domain transactions on WeChat Channels refers to sales transactions between creators and their followers, without the involvement of third-party retailers or marketplaces.

Alliance distribution on WeChat Channels refers to creators partnering with brands or retailers to promote their products to their followers and receive a commission for any resulting sales.

**800% YoY
increase**

Growth in
WeChat Channels
payment GMV

**Over 15%
of total
payment
GMV**

Private domain and alliance
distribution transactions
(Top 3 categories: clothing,
food and beauty)

**Over 200
RMB**

The average order
value of products sold
through livestreaming

**Over 60%
of consumers**

Are from
Tier 1- 3 cities

**80% of
consumers**

Are female

EXPERT BITES

Q: WHAT STRATEGIES DO CHINESE COMPANIES EMPLOY ON SOCIAL MEDIA PLATFORMS FOR SOCIAL COMMERCE, AND WHAT INSIGHTS CAN FOREIGN BUSINESSES GAIN FROM THEM?

The Chinese fragrance market has seen remarkable growth, with homegrown brand To Summer making a significant impact since its inception in 2018. Unique for its success in a domain dominated by foreign luxury brands, To Summer's strategy hinged on three factors. **It positioned itself as an upscale, thoroughly Chinese brand, incorporating oriental elements into its branding and product design.**

Finally, the brand boldly adopted an online-only sales strategy, using its DTC platform to drive consumer engagement and sales rather than just product promotion. By 2019, To Summer added retail experience stores as a supplementary part of its DTC approach.



VLADIMIR DJUROVIC

CEO of Labbrand Group

EXPERT BITES

Q: HOW IS SOCIAL COMMERCE IN CHINA (WECHAT, DOUYIN, RED) FARING COMPARED TO TRADITIONAL COMMERCE, AND WHY?

Content and social commerce apps are diversifying China's online retail landscape. I think these platforms are offering different shopping moods compared to traditional shopping apps, making the process more entertaining and impulsive, suitable for certain types of products and one-off purchases.

Douyin is more experienced in converting short video watchers to consumers on their platforms, reaping rewards from their e-commerce investment in the recent few years. WeChat Channels and Xiaohongshu are expanding their e-commerce offerings this year.

This year is the first year that WeChat is seriously pushing for commercialization on its video section WeChat channels.



QIN CHEN

Managing Editor of TechNode

EXPERT BITES

Q: HOW CAN AI AND DATA ENHANCE SOCIAL COMMERCE, SUCH AS DECISION-MAKING AND TASK AUTOMATION FOR EFFICIENCY?

As AI becomes more sophisticated new tools are being developed to **automate social listening and social commerce**, wherein the AI tool can parse through the latest comments or reviews left by customers and provide insights on preferences, trends, and directions for new product development.

For brands to run their own livestreaming channels it takes a vast amount of time and energy, placing a lot of power in the hands of the employees running the stream. With the advancement of AI livestreaming, this new technology will **allow for brands to run 24/7 character streams where they own the IP.**



RYAN MOLLOY

CEO of RedFern Digital

3 | DOUYIN



THE SOCIAL COMMERCE SITUATION IN CHINA

DOUYIN LIVESTREAMING

Douyin Performance (2022)

Popular short video platform
Douyin has become a go-to platform for brands looking to drive direct sales through livestream feature, which, according to Douyin, have conversion rates of 10-20%.

Projected to have 835 million users by 2025

Douyin in China
(Statista)

60% of users in China

Access Douyin via the mobile Internet
(Statista)

25 brand livestreams made a combined total of US\$ 15.5 million in sales

6.18 (2022)
(Feigua Data)

Douyin prices are 10-20% lower than Tmall flagship stores

Due to different user behavior Douyin prioritizes entertainment. Tmall prioritizes purchasing.
(meritco-group.com)



THE SOCIAL COMMERCE SITUATION IN CHINA

DOUYIN LIVESTREAMING

Douyin Livestreaming

Brands can use Douyin livestreaming for:

- Product launches
- Influencer collaborations
- Showcasing products
- Real-time product recommendations
- Limited-time special offers

Douyin also offers these features to enhance the livestream experience:

- Multiple Douyin accounts under one brand for livestream purposes for different targeted audiences
- Product links
- Virtual gifts/Red packets
- Brand membership benefits



THE SOCIAL COMMERCE SITUATION IN CHINA

DOUYIN LIVESTREAMING

Strategies to Optimize Douyin Livestreaming

Focus on the top-selling items, which account for over 20% of sales (June 2022, [meritco-group.com](https://www.meritco-group.com))

Use livestreaming as the final step in the Douyin conversion funnel

Highlight content quantity to drive traffic towards your livestream account (<500k Douyin followers)

Create a separate account for livestreaming (>500k Douyin followers)

Create display adverts (premium brands)

Set lower prices and creative promotions specifically for Douyin

Offer Douyin-specific products

Offer limited-time Douyin livestream offers, discounts, and easy membership entry

Encourage user engagement with incentives such as lucky draws for commenters

4 | XIAOHONGSHU (RED)

THE SOCIAL COMMERCE SITUATION IN CHINA

XIAOHONGSHU

小红书

Little Red Book Active Users

200
million

Monthly active users

43
million

Content creators

50%

Of users are from Tier
1 and Tier 2 cities

72%

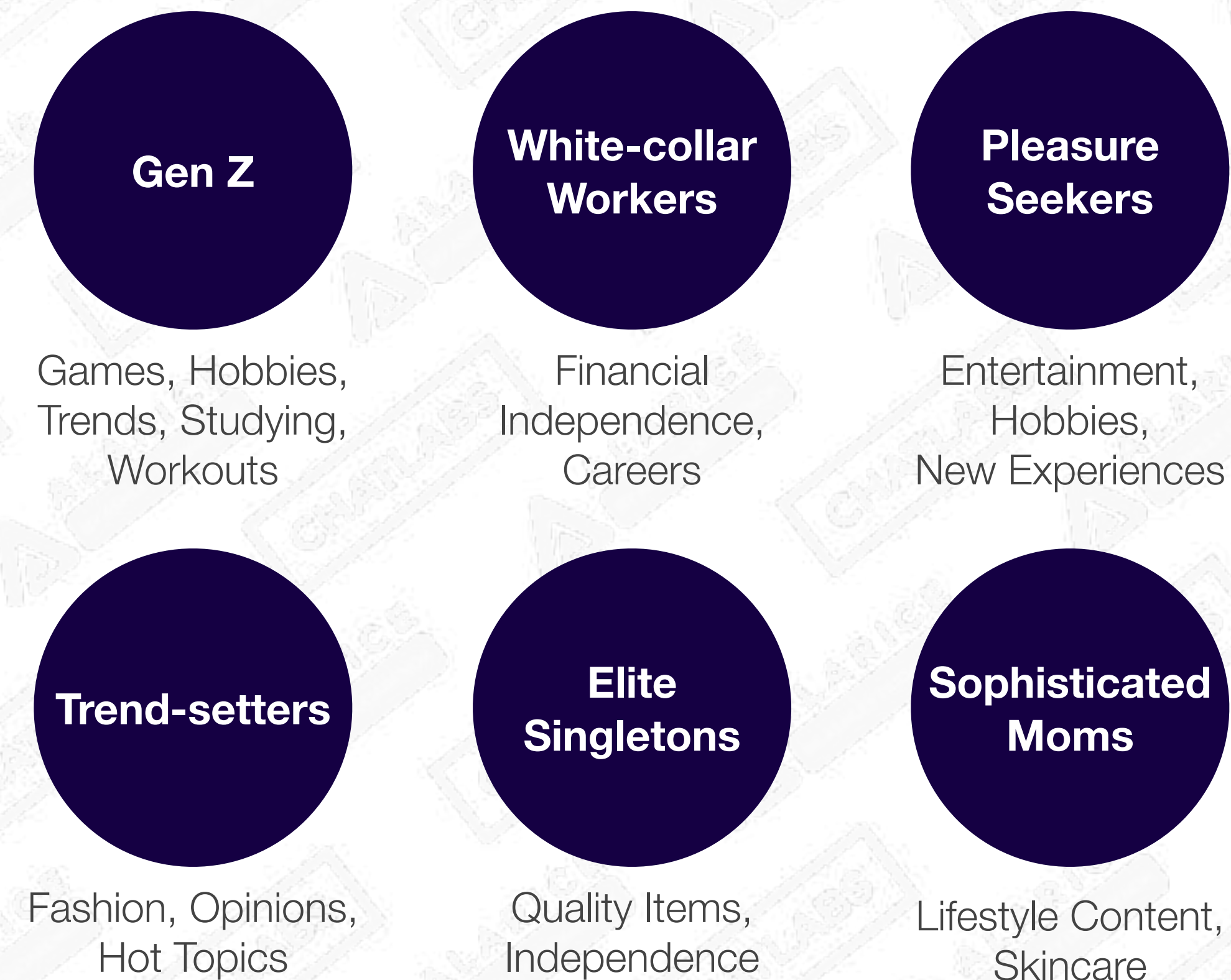
Of users are in the
Post-90s age
group

THE SOCIAL COMMERCE SITUATION IN CHINA

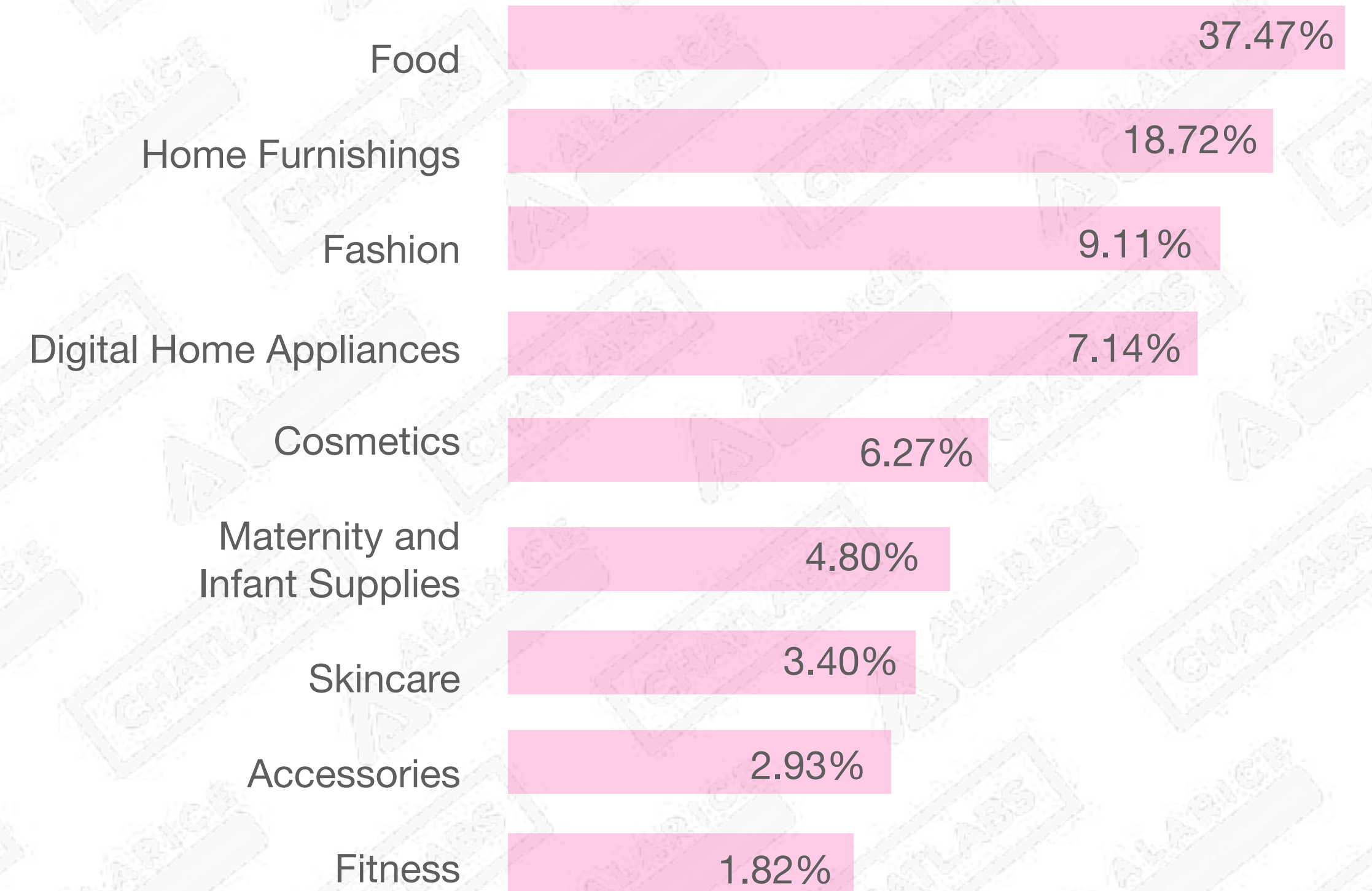
XIAOHONGSHU

小红书

6 Key Consumer Groups



Engagement by Content Category, 2022



THE SOCIAL COMMERCE SITUATION IN CHINA

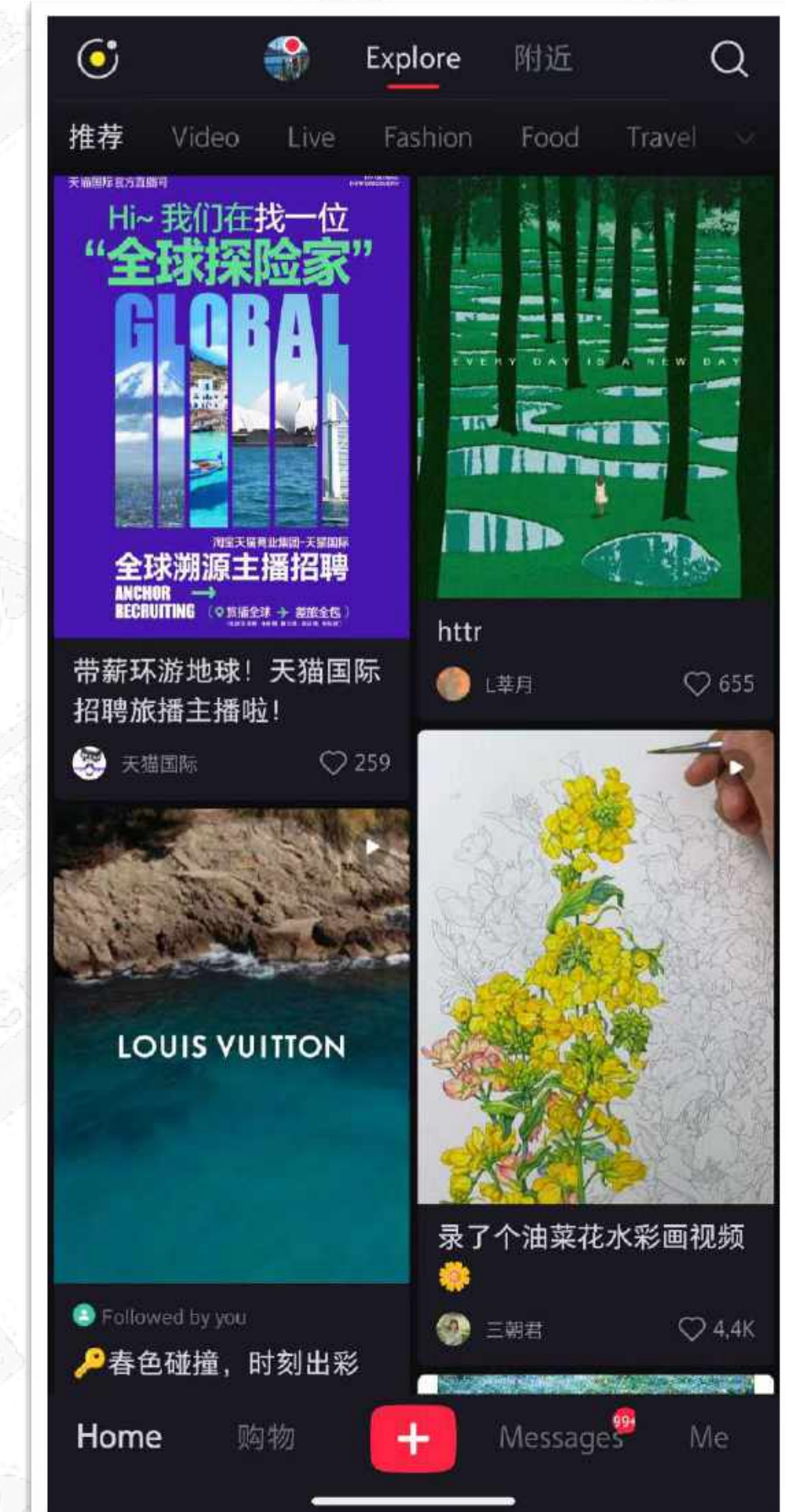
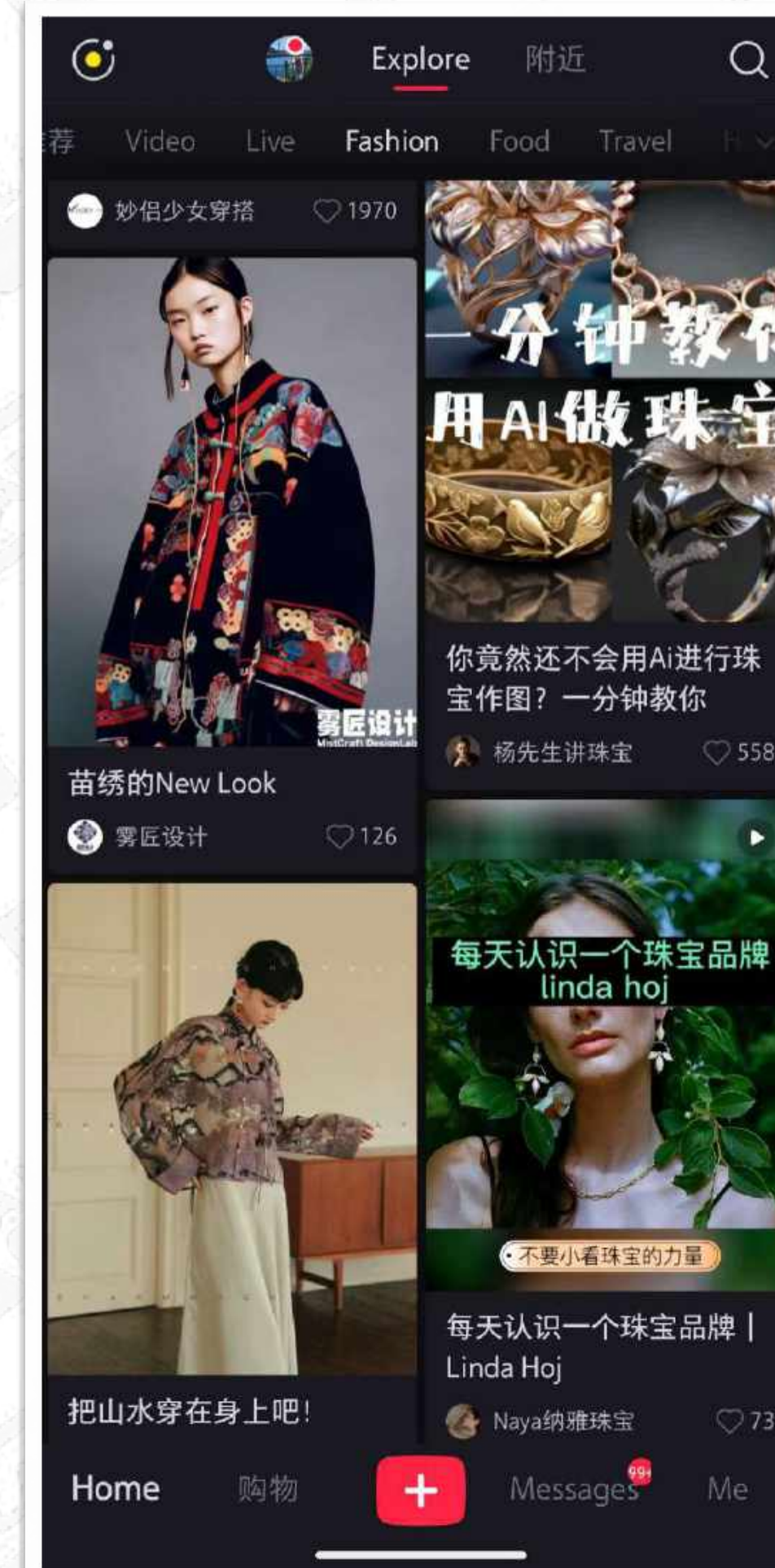
XIAOHONGSHU

Xiaohongshu is particularly popular among young urban women and has become an important platform for cross-border e-commerce, enabling Chinese consumers to purchase foreign products.

The value of Xiaohongshu:

Xiaohongshu's social commerce platform is highly valued by Chinese consumers. It combines features of social media and e-commerce, enabling users to **discover and purchase products while sharing experiences and recommendations.**

Its user-generated content has created a trusted community, especially among young **urban females, who rely on it for product reviews and purchasing decisions.**



THE SOCIAL COMMERCE SITUATION IN CHINA

XIAOHONGSHU



Is Xiaohongshu suitable for promoting your brand in China?

- Xiaohongshu's user base is mostly young, affluent women in urban areas, with increasing usage in low-tier cities.
- User-generated content is highly trusted, making Xiaohongshu valuable for smaller or lesser-known brands to increase brand awareness and word of mouth.
- Xiaohongshu is ideal for niche and lesser-known brands as users actively search for content on unknown brands and products there.
- Choosing the right KOL based on their content and audience is crucial for effective collaboration.
- Brands should exercise caution with celebrity endorsements as Chinese consumers are more skeptical of overly commercial recommendations.



Images: Screenshots from Olay's official Xiaohongshu account

EXPERT BITES

Q: HOW HAVE CHINESE COMPANIES APPROACHED CUSTOMER SERVICE AND USER EXPERIENCE IN SOCIAL COMMERCE?

Chinese companies are continually closing the gap with consumers through social e-commerce, **making C2M (Customer-to-Manufacturer) flexible production increasingly a reality.** This will give Chinese companies a **competitive advantage over foreign counterparts in the digital economy era.**



YUANPU HUANG

Founder of EqualOcean

EXPERT BITES

Q: WHAT CAN FOREIGN FIRMS LEARN FROM CHINESE COMPANIES' APPROACH TO CUSTOMER SERVICE AND USER EXPERIENCE IN SOCIAL COMMERCE?

Douyin has recently announced a new system that will evaluate customer service speed and efficiency, product quality, and delivery efficiency factors, with different weights assigned to each sector. Moreover, **customers' complaints and dispute resolution response efficiency** will also play a key factor in determining a brand's customer service score.

Western companies interested in the China market must understand the **increasing emphasis on Chinese customers' interest protection**, such as customer service and operational management efficiency. These factors can make or break the marketing traffic and impact their long-term success in operating social commerce in China.



SARAH YAM

Co-Founder of Red Digital China

EXPERT BITES

Q: WHAT KEY TRENDS WILL SHAPE CHINA'S SOCIAL COMMERCE FUTURE, AND HOW CAN FOREIGN COMPANIES ADAPT?

One thing to be looking at right now would be the adoption of AI into the marketing and sales process. In a bid to lower costs and improve speed to market we are seeing more and more brands and retailers leveraging AI for different parts of the retail experience including **modeling of products/clothing, livestreaming, and customer service**. China will likely be the global trend setter in developing this technology so this will be an interesting space to watch.



BENJAMIN CAVENDER

Managing Director and Head of
Strategy of China Market
Research Group

SOCIAL COMMERCE TRENDS IN CHINA

WHAT'S INFLUENCING SOCIAL COMMERCE NOW?

1 | GENERATIVE AI

SOCIAL COMMERCE TRENDS IN CHINA

THE IMPACT OF GENERATIVE AI



Baidu launched Ernie Bot (Wenxin Yiyan), the first domestic generative AI product, in March, 2023. It supports various functions such as literary creation, copywriting, mathematical calculation, and multimodal generation.



Tencent's Hunyuan AI chatbot will be integrated into QQ and WeChat, serving users through Tencent Cloud. It broke three records in May 2022, topping CLUE (Chinese Language Understanding Evaluation) for reading comprehension and a large-scale knowledge graph, which organizes and represents knowledge using a graph structure for a domain or subject. It's currently used in WeChat search and Tencent advertising to enhance the search experience and ad recommendations.



Alibaba released the **Tongyi (Universal) large model** in September 2022. Based on the Tongyi large model system. It can handle various cross-modal tasks, including

- Image captioning
- Answering visual questions
- Audio-visual scene understanding
- Cross-lingual image-text retrieval
- Emotion and gesture recognition
- Sentiment analysis
- Cross-modal recommendations
- Multimodal dialogue



JD Cloud will launch an industry chatbot called **ChatJD** with a focus on retail and finance. The ChatJD platform will include five applications:

- Content generation
- Human-machine dialogue
- User intent understanding
- Information extraction
- Emotion classification

SOCIAL COMMERCE TRENDS IN CHINA

THE IMPACT OF GENERATIVE AI

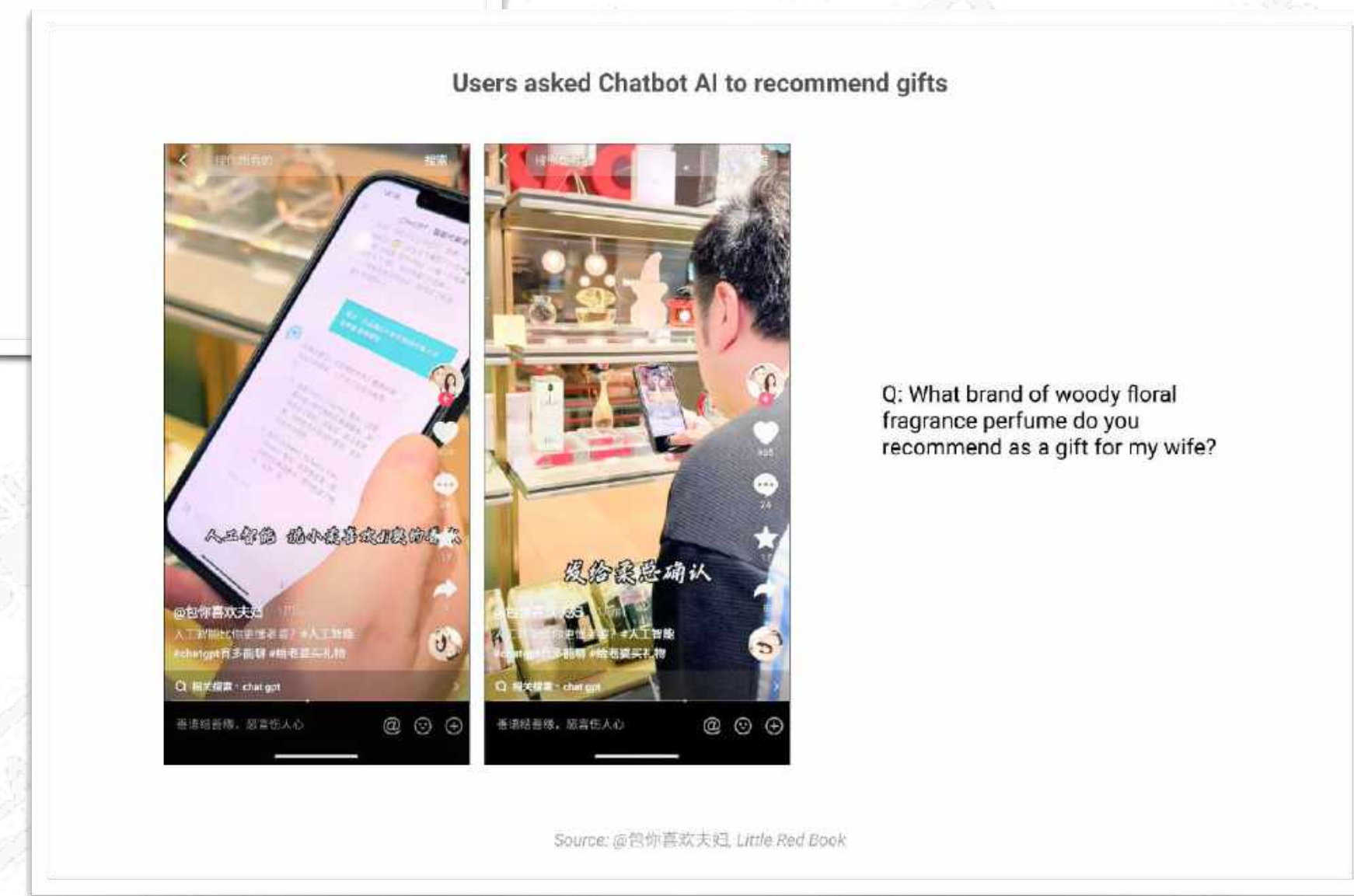
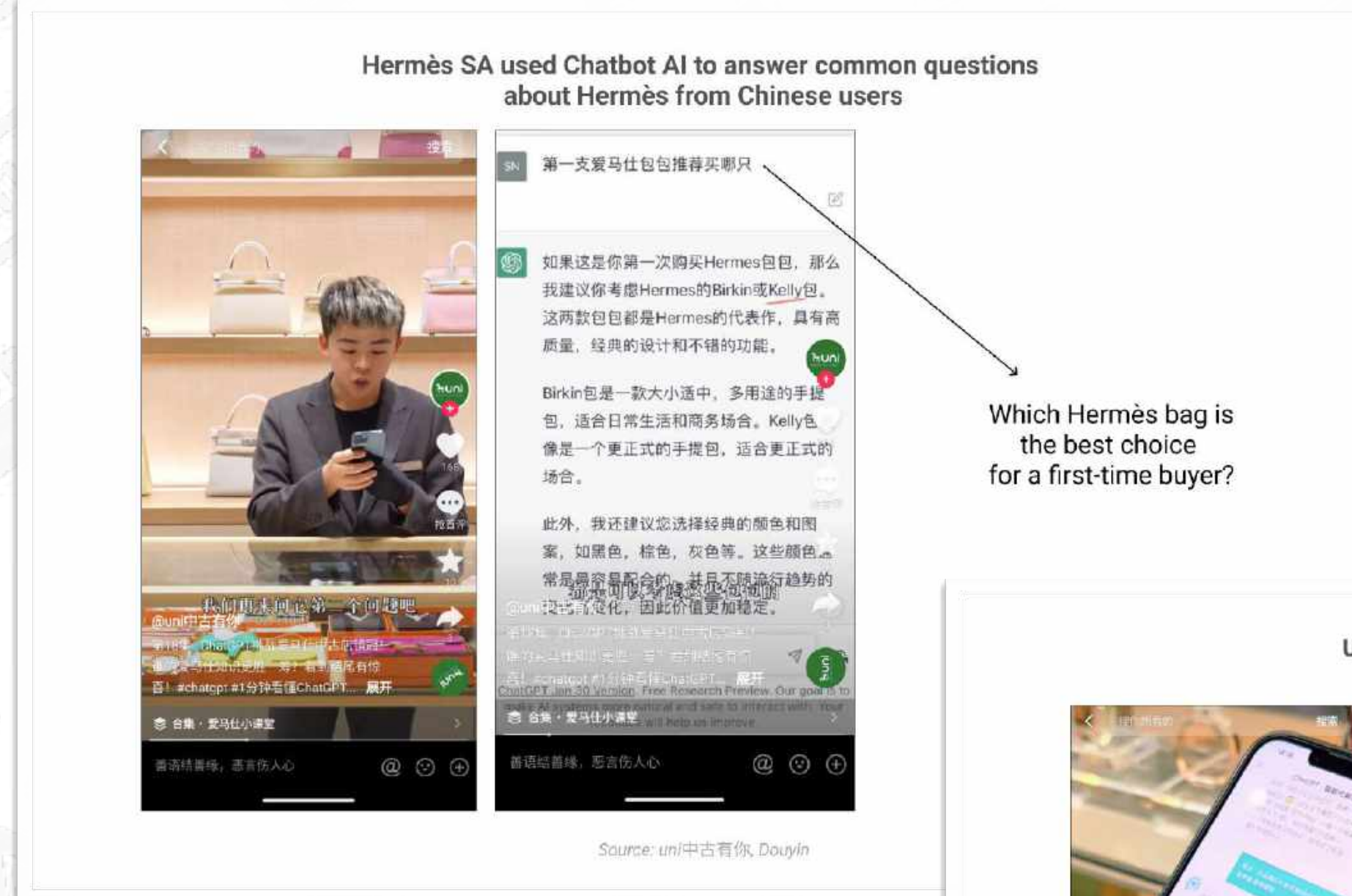
AI is being used in Chinese social commerce to **analyze customer data** and **generate personalized product recommendations, content, and marketing campaigns**.

Brands are using **AI-powered chatbots, virtual try-ons, and content** to enhance the customer experience and increase sales.

How do Chinese retailers leverage Chatbot AI?

Sales Advisor: AI is used by chatbots to answer common questions about Hermès bags from Chinese users:

1. Which Hermès bag is best for a first-time buyer?
2. Which Hermès bag color retains the most value?
3. Which color is the most popular for Hermès bags?
4. Which Hermès bag has the highest potential for value appreciation?



SOCIAL COMMERCE TRENDS IN CHINA

THE IMPACT OF GENERATIVE AI

Users often ask AI chatbots to recommend gifts

How do Chinese users leverage AI Chat?



Q: What brand of woody floral fragrance perfume do you recommend as a gift for my wife?

EXPERT BITES

Q: WHAT DISTINGUISHES CHINA'S SOCIAL COMMERCE FEATURES FROM THE REST OF THE WORLD?

It's funny if you think that we spent the last 10 years building and optimizing our marketplace presence [Tmall], compared to private domains, newsletters, and SEO in the West, but suddenly realize that if you haven't engaged in the Chinese social commerce ecosystem in the past years, where private traffic/domain is an important part, you are missing out.

In the past years, private traffic got much attention from brands, which focuses on customer retention and customer lifetime value CLV. **WeChat and WeCom are leading the way and bound with a strong CRM a really interesting tool to deliver a service as a competitive advantage.**



MICHAEL SIMONET

Founder of Alea E-Commerce
Co.Ltd.

EXPERT BITES

Q: WHICH PATTERNS ARE EMERGING WITHIN CHINA'S PRIVATE MARKETING, SALES, AND SERVICE DOMAINS?

I think there are four trends happening. First, in the field of livestreaming (a form of online marketing and sales), **an increasing number of brand owners/ambassadors are engaging in live selling by themselves** (instead of using KOLs) due to issues like KOLs' inappropriate brand marketing. Second, **brands that possess attributes related to health and outdoor have strong sales opportunities**. Third, **livestreaming will not only focus on recommending purchases but also provide content**, such as a down jacket brand live streaming from Mount Everest or an English teacher from New Oriental Education telling history or travel stories. Fourth, personalization matters.



SUNNY ZHENG

Research Analyst at Coresight

EXPERT BITES

Q: HOW IS CHINA'S 2023 CONSUMERISM? ARE EXPECTATIONS FOR H2 2023 AND H1 2024 POSITIVE OR NEGATIVE?

Shopping malls and restaurants are full of people, everyone is buying something. **But don't be distracted by this visual illusion.** If we check the numbers of the latest 618 shopping festival, which is typically a barometer of consumption in China, we can see that **Chinese consumer confidence still remains weak.** This happening despite the biggest discounts ever and billions of subsidies offered by Alibaba, JD, and Pinduoduo.

So as we see consumption is still recovering after the pandemic, and **it probably will take another 6 months.** But the positive trend is here, sales are growing month by month and I'm very optimistic about 2024.



ARTEM ZHDANOV

Founder and CEO of EKD Group

2 | VIRTUAL INFLUENCERS

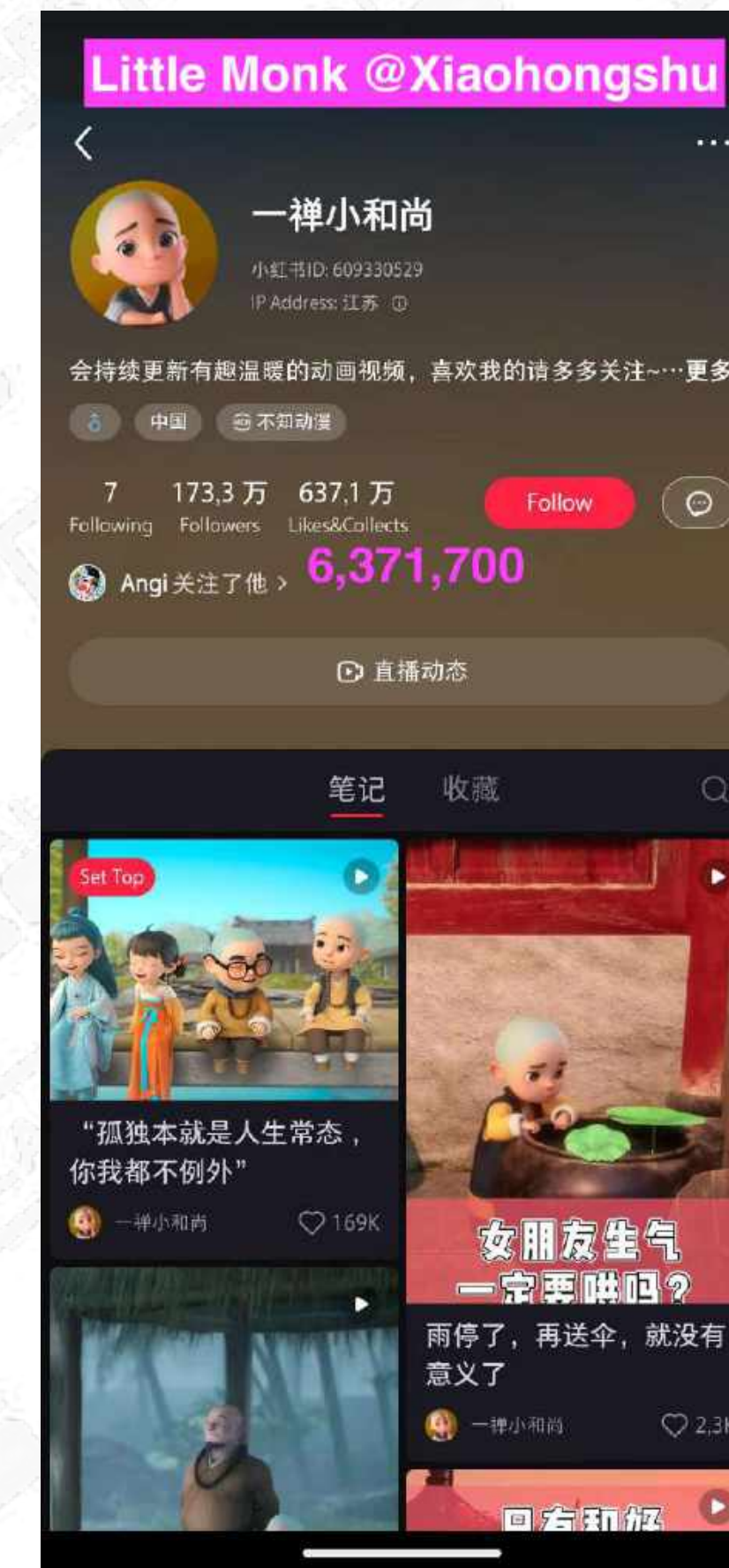
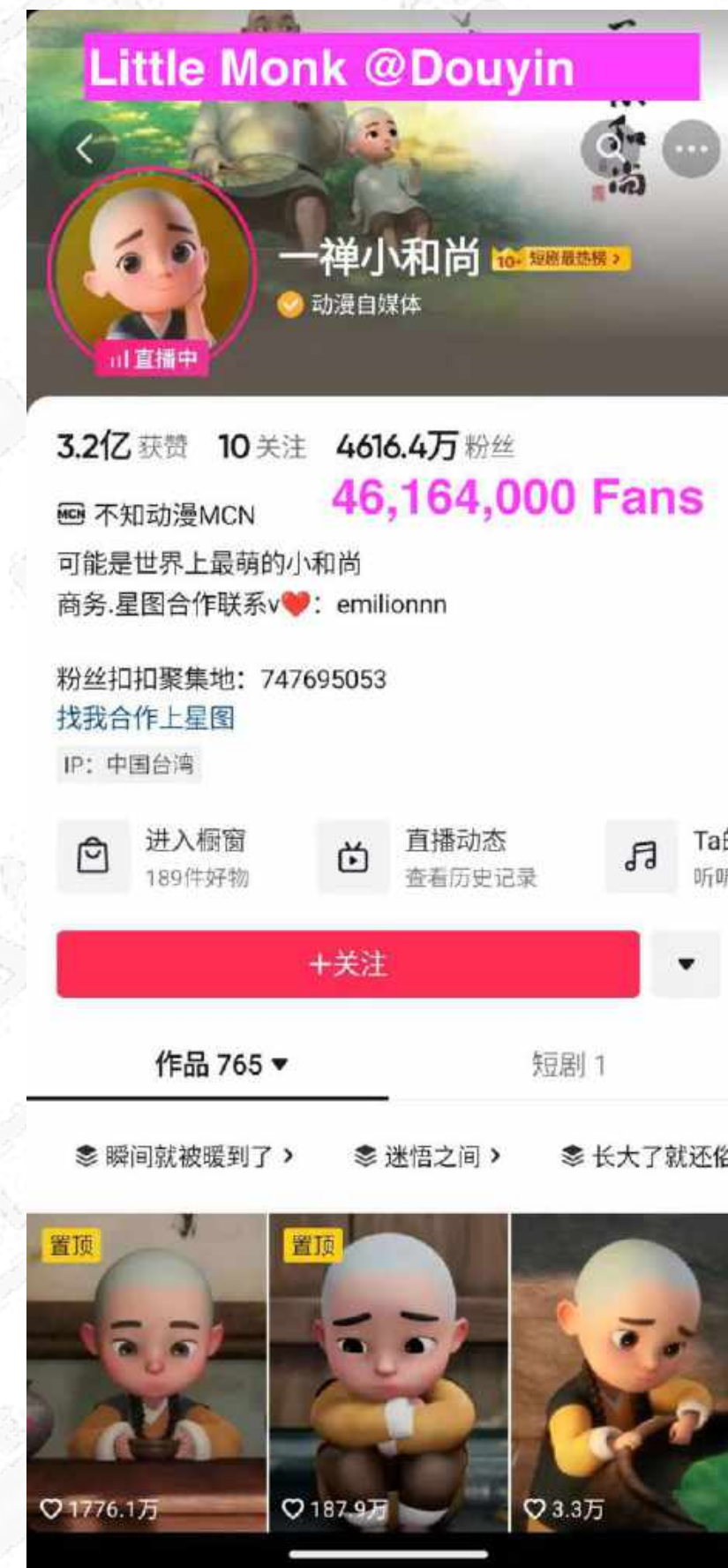
SOCIAL COMMERCE TRENDS IN CHINA

VIRTUAL INFLUENCERS

Tencent, Alibaba, iFLYTEK, SenseTime, and new entrants like XMOV, Cocohub, Virtro, UneeQ, FaceUnity, and Xiaoice (Microsoft) are the companies leading the Virtual Human market. They enhance technology and collaborate in different industries, such as advertising, education, and entertainment, leading to higher demand and commercialization.

According to Statista:

- The size of China's virtual human sector is estimated to reach US\$ 5.56b in 2023
- In February 2023, the virtual human Little Monk had the highest number of active users and followers. He has 46,164,000 fans on Douyin.



SOCIAL COMMERCE TRENDS IN CHINA

VIRTUAL INFLUENCERS

Virtual Celebrity Avatars Revolutionize Lancôme's Beauty Experience

L'Oréal Travel Retail Asia Pacific used virtual celebrity avatars to engage with travelers and showcase products. Successful campaigns for Viktor&Rolf and Lancôme featured **avatars of Angelababy and Ling**.

Virtual KOLs helped L'Oréal establish emotional connections with customers and differentiate them from their competitors. Brands must embrace digital innovation and the metaverse to stay competitive.



SOCIAL COMMERCE TRENDS IN CHINA

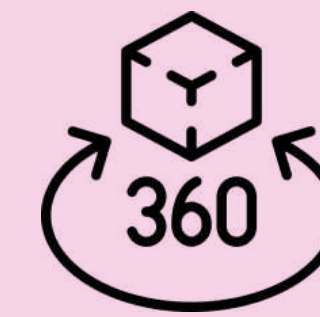
VIRTUAL INFLUENCERS

Learning from Lancôme's virtual celebrity campaign

What can international brands learn from Lancôme's virtual celebrity campaign?



Interactive animation featuring digital influencers is a powerful way to give recommendations to younger audiences



Virtual try-ons and virtual images of the final results influence purchase decisions by helping the audience understand the effects of Lancôme's products



Lancôme's innovative marketing approach blends physical and digital practices shows their understanding of their target audience and market trends and improves conversion rates



Locations, virtual KOLs, and interactive animation power Lancôme's marketing, amplifying reach and providing an unforgettable customer experience

EXPERT BITES

Q: WHAT CHALLENGES MIGHT FOREIGN FIRMS ENCOUNTER IN CHINA'S SOCIAL COMMERCE MARKET, AND HOW CAN THEY BE ADDRESSED?

Foreign companies entering the Chinese social commerce market face challenges including **cultural differences, a complex regulatory environment, stiff competition, and a unique digital landscape**. Cultural differences may lead to ineffective marketing, regulatory changes can introduce risk, established local competition is tough to beat, and technological adaptations are necessary due to platforms like WeChat.

To overcome these, companies should invest in understanding local culture and consumer behavior, potentially hiring local experts. Adapting digital strategies to fit within China's unique online environment, building relationships with government bodies to navigate regulations, and partnering with local companies can help.



RAND HAN

Founder of Resonance

EXPERT BITES

Q: WHAT SOCIAL COMMERCE TRENDS DO YOU SEE IN CHINA TODAY THAT WILL BOOM IN 2023/24?

The recent 6.18 shopping festival highlighted the significance of content in China, where short videos, influencers, and livestreaming gained traction on Alibaba's marketplaces. **Generative AI tech is also being explored to reduce content costs and drive further sales.**

Apple product experts conducted their first livestream during 618, offering filmmaking tips and demonstrating the use of the Apple Watch for workouts. The livestream garnered impressive engagement with **1.3 million viewers and 300,000 likes within just one hour**. Content played a pivotal role for many retailers during the 6.18 event.



MEI CHEN

General Manager Lifestyle &
Luxury of International Business,
Alibaba Group

EXPERT BITES

Q: WHAT KEY TRENDS WILL SHAPE CHINA'S SOCIAL COMMERCE FUTURE, AND HOW CAN FOREIGN COMPANIES ADAPT?

One key trend clearly continues to be **video live streaming as a part of a wider social commerce expansion** and Douyin has established itself as the dominant stand-alone player in this vertical. It is therefore a must for almost any brand from every conceivable category to be present on the platform, be it purely for branding and content marketing or actually using Douyin as a sales channel.

The biggest challenge for the latter is that the platform is highly discount driven and secondly customer loyalty and repurchase rate is comparatively low. This is why it is important to use Douyin as a customer acquisition channel, but at the same time implement a wider strategy of **a brand-owned CRM & loyalty platform.**



GEORGE GODULA

Chairman of Web2Asia

3 | DATA OWNERSHIP

SOCIAL COMMERCE TRENDS IN CHINA

DATA OWNERSHIP

GOT A QUESTION?
SCAN THE QR CODE AND
LEAVE US A MESSAGE!



To improve personalized experiences on social commerce channels and increase conversions, **international brands in China should rely less on major e-commerce marketplaces like Tmall and JD** and instead collect more first-party data through WeChat and WeCom.

Third-party data can cause issues with inconsistency, transparency, and incomplete performance metrics.

What is first-party data in China?

First-party data in China can be obtained and consolidated from **WeChat Mini Programs** and **official brand accounts**.



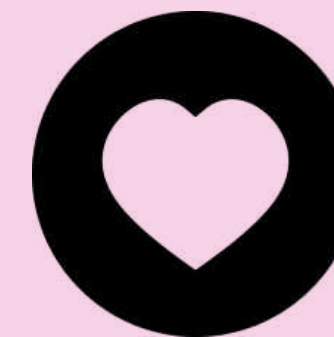
User location information



Conversion path data



Purchase history



Wish lists



App activity



Click data

SOCIAL COMMERCE TRENDS IN CHINA

DATA OWNERSHIP



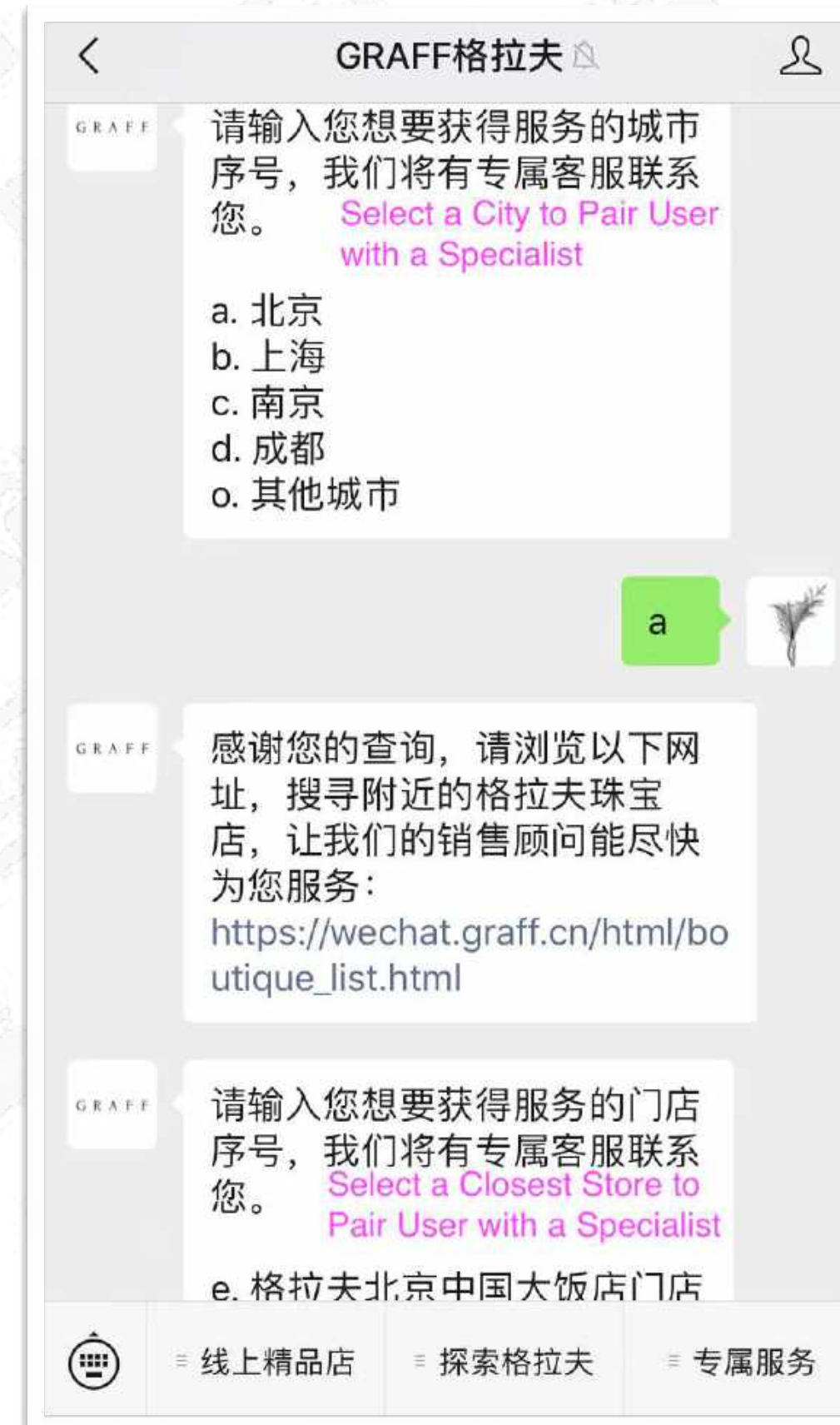
How can brands collect first-party data?

1. Get user consent through 1-on-1 online customer support

Graff's official WeChat account enables customers to book appointments and provide location and preference information.

Graff also provides a WeCom contact for a 1:1 relationship, an industry standard in China.

Chat archiving and WeCom data integration into CRM systems helps track opportunities and improve performance.



SOCIAL COMMERCE TRENDS IN CHINA

DATA OWNERSHIP



How can brands collect first-party data?

2. Get consent with the right incentives at the right time

Brands must handle user information carefully under China's tightened PIPL (Personal Information Privacy Law) with varying consent levels.

Montblanc requests consent via pop-up windows at key user journey stages, offering member or visitor browsing options.

Incentives offered at checkout and wish list additions encourage users to give consent and log in to their accounts.



EXPERT BITES

Q: HOW CAN AI AND DATA ENHANCE SOCIAL COMMERCE, INCLUDING DECISION-MAKING, PERSONALIZATION, AND TASK AUTOMATION FOR EFFICIENCY?

With the increasing maturity and affordability of technologies, AI can play an increasingly vital role in **boosting brand conversion rates by enhancing personalization.**

Imagine Sales Associates receiving real-time guidance empowered by AI insights when leveraging WeCom for clienteling. This would **streamline tailored message pushes to the right audience in a more automated and efficient manner.**



AURELIEN RIGART

Co-Founder and VP of IT
Consultis

EXPERT BITES

Q: WHICH TOP CHINESE SOCIAL COMMERCE BRANDS EXCEL, AND WHAT ARE THEIR STRENGTHS AND WEAKNESSES?

Perfect Diary effectively utilize WeChat groups and mini-programs, which contribute to approximately 25% of their sales. Perfect Diary has successfully employed social media campaigns, collaborating with KOLs and **being an early adopter of RED to enhance brand awareness.**

However, their heavy focus on marketing, allocating 60% of total investment to social media marketing, has **led to a decline in attraction over time.**

Social commerce alone is insufficient for long-term success. Brands need to focus on developing a captivating brand story and continuously innovating their products to keep customers engaged and loyal. Social commerce should complement these core elements rather than being relied upon as a standalone solution.



MOONIE ZHU

Managing Director of eTOC
GmbH

EXPERT BITES

Q: WHAT SOCIAL COMMERCE TRENDS IN CHINA DO YOU FORESEE GAINING SIGNIFICANT TRACTION IN 2023?

Social media is really a utility. Messenger and newsfeeds don't change that much. **It's why we see 1-2 dominant players per region.** E-commerce is the area that changes more and gives greater opportunity for differentiation.

We see lots of creativity here and I expect that to continue. More and more we should see a shift from offering everything in one giant store (Amazon, Taobao), to curated and differentiated news feeds (Pinduoduo and TikTok Shop).



JEFFREY TOWSON

Founder of TechMoat Consulting

4 | METAVERSE SHOPPING

SOCIAL COMMERCE TRENDS IN CHINA

METaverse SHOPPING

Hurun Research Institute released a report called *China Metaverse Companies with the Greatest Potential 2022* in Guangzhou. It lists top companies in the metaverse space.

The report also features "Hurun Metaverse Future Stars 2022" with a current value of less than US\$ 1 billion.

Citibank predicts the metaverse will have up to 5 billion users by 2030 and a potential market size of up to US\$ 10 trillion.

Beijing, Guangdong, Shanghai, and Zhejiang excel in different areas of metaverse technology and services



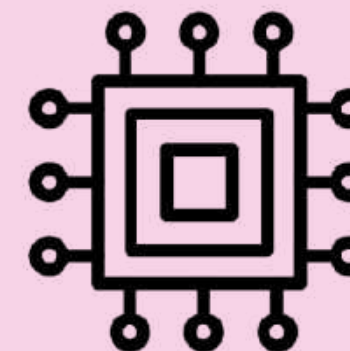
BEIJING - Platform technology

Baidu, Egova, and Glodon



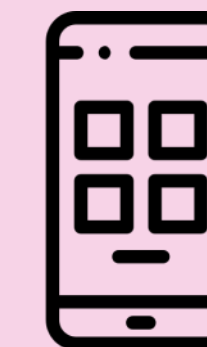
GUANGDONG - Smart hardware

Huawei, OPPO, and Ubtech



SHANGHAI - Essential technology

Will Semiconductor, SenseTime, and Semiconductor Manufacturing International



ZHEJIANG - Application companies

Huayi Brothers, Songcheng Performance, and Jinke Culture.

SOCIAL COMMERCE TRENDS IN CHINA

METaverse SHOPPING

Industry Distribution

	Main Business	% of Top 200	Representative Companies
1	Software and Data	17%	Bluefocus Intelligent Communications, Aofei Data, Shunwang Technology
2	Semiconductors	16%	MediaTek, Wi II Semiconductor , Rockchip Electronics
3	Media and Entertainment	15%	Tencent Holdings, ByteDance, NetEase
4	Electronic Components	14%	BOE, Sunny Optical, Luxshare Precision Industry
5	Consumer Electronics	10%	Huawei, Xiaomi, Haier
6	AI	8%	Baidu, SenseTime, iFlytek
7	Telecommunications	6%	China Mobile, China Telecom, China Unicom
8	Retail	5%	Alibaba , JD Group, Vipshop
9	Financial Service	3%	Ant Group, East Money Information, Hithink Royalflush Information Network
10	Hospitality	3%	Trip.com Group, Songcheng Performance, Shanghai Oriental Pearl
11	Healthcare	1.4%	WeDoctor, Medlinker, Ping An Healthcare And Technology
12	Education	0.9%	Offen Education Technology, Century Tai Education
13	Professional Services	0.9%	Baton Technology, Jetsen Technology
14	Real Estate	0.5%	Ke Holdings
15	Robot	0.5%	Ubtech

SOCIAL COMMERCE TRENDS IN CHINA

METaverse SHOPPING

Alibaba leads in creating metaverse experiences in China's Web 3.0 luxury marketing landscape, as exemplified in their Taolive City app for the Double 11 Shopping Festival. What do Alibaba's metaverse experience look like?

- The app allows users to explore a commercial street and enter digital stores owned by luxury brands
- There are advertising billboards, integrated displays, and rotating ad screens

Major brands such as Estée Lauder, La Mer, and Tissot have their own stores. The app integrates video content, socializing, and custom avatars for an immersive experience. Virtual shopping districts showcase local specialties and promote cultural understanding.



Screenshot from Tmall Pavillion

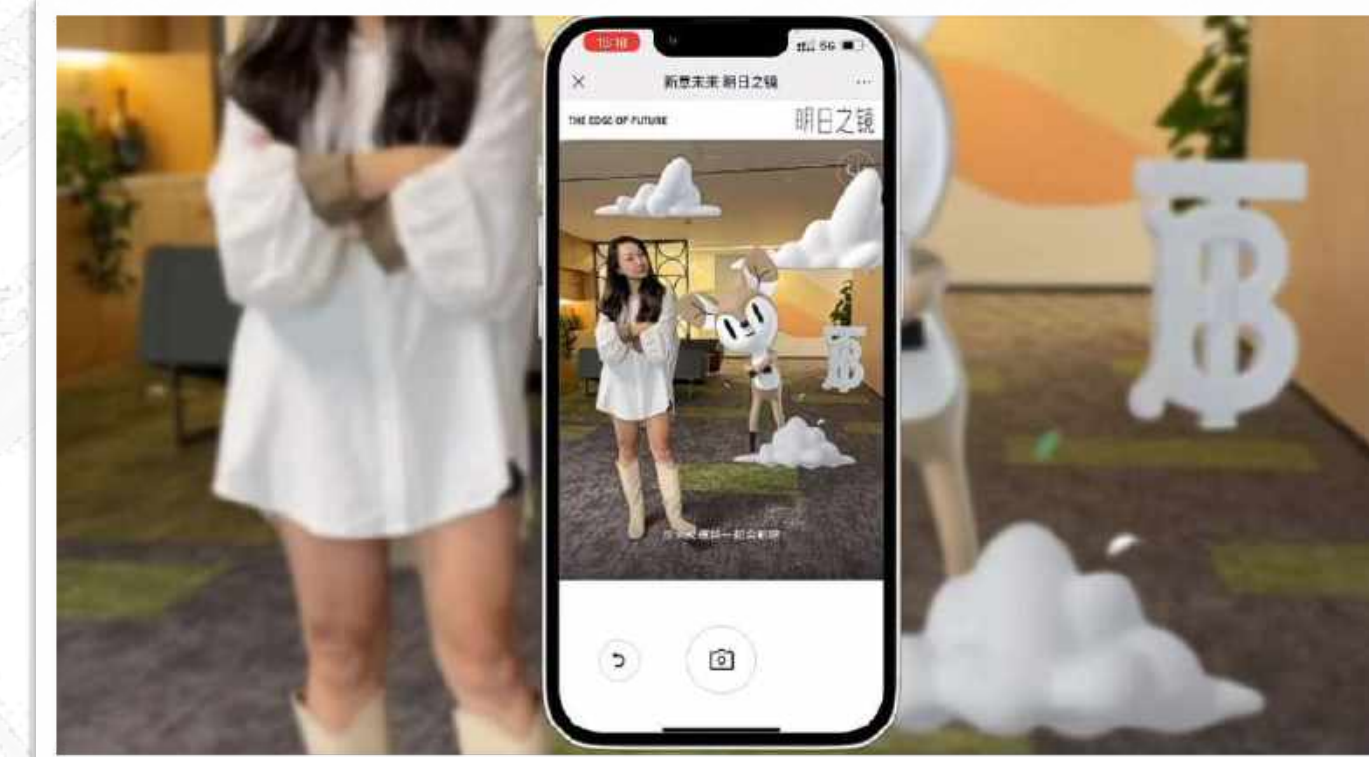
SOCIAL COMMERCE TRENDS IN CHINA

METaverse SHOPPING



What can brands learn from Alibaba's Taolive metaverse?

- Mission-based games and lucky draws increase online interaction and customer engagement.
- Interactive features, cultural elements, and entertainment offer immersive shopping experiences, setting a new luxury marketing standard.
- Video content, socializing, and immersive features in a metaverse-like space take online shopping to the next level.
- Digital avatars, virtual storefronts, and interactive games personalize the experience and connect customers with brands, promoting community and cultural exchange.



EXPERT BITES

Q: WHAT CAN FOREIGN FIRMS LEARN FROM CHINESE COMPANIES' CROSS-BORDER SOCIAL COMMERCE APPROACHES FOR GLOBAL EXPANSION?

“Everything towards overseas” is MINISO’s new global strategy in 2023, the brand is rapidly expanding its presence outside China.

Big part of the success come from a focus on partnership with global IPs. Through its partnerships with over 80 popular global IPs, **MINISO has successfully developed numerous licensed products, established an emotional connection with its international consumers**, and engaged with young people all over the world.

The power of collaboration and focus on Social Media virality is still king in marketing. And these are the fundamental strategies that will work whether it’s Western brands going into China, or Chinese brands expanding into western markets.



ARNOLD MA

Founder and CEO of Qumin

EXPERT BITES

Q: IS CHINA'S SOCIAL COMMERCE BUZZ JUSTIFIED? HOW DO SOCIAL PLATFORMS COMPARE TO E-COMMERCE, AND WHAT ARE THE TRENDS?

Widespread mobile internet usage, dominant social media platforms like WeChat and Douyin, a mature e-commerce market, influencer marketing, KOL culture, and a willingness to adopt new technologies have all contributed to the rise of social commerce in China. This enables consumers to discover and purchase products while being entertained on-the-go.

Social commerce platforms are competing with traditional e-commerce.

Douyin e-commerce announced expansion plans for Douyin Supermarket and Douyin Takeaway in early 2023 to increase supply, develop the shelf mall, cultivate user habits, and boost repurchase rates.



SANDRINE ZERBIB

Founder & Chairwoman of Full Jet & President of Baozun Brand Management

EXPERT BITES

Q: HOW DO CHINESE FIRMS TACKLE PRIVACY AND SECURITY IN SOCIAL COMMERCE, AND WHAT CAN FOREIGN COMPANIES LEARN?

China has the world's most successful, largest and safest two payment intermediary platforms - **WeChat Pay and AliPay**. These two largest and most successful payment platforms have successfully managed nearly **200 million daily order transactions and information security**. After more than 10 years of development and verification, they are extremely secure and reliable, and so far there have been no privacy breaches or payment security issues.

Therefore, 99.99% of Chinese people use these two payment platforms for transactions, while other international transaction payment platforms, such as credit card payment, PayPal payment, etc., are not widely accepted payment methods in the Chinese market.



FOLKE ENGHOLM

Ceo Of Viral Access

SOCIAL COMMERCE STRATEGIES IN CHINA

CHECKLISTS AND BEST PRACTICES

CREATOR'S BITE

Q: HOW ARE CHINESE SOCIAL COMMERCE FIRMS ADAPTING TO GLOBAL MARKETS AND CAPITALISING ON THE GROWING LIVE COMMERCE TREND?

Some foreign social commerce companies are trying to get China's live commerce trend to gain traction overseas. As a result, Chinese firms like SuperOrdinary and Kuaishou are expanding their reach. **SuperOrdinary**, a social commerce company, links brands and influencers, targeting the US market with its creator-focused platforms. **Kuaishou**, in competition with market leader TikTok, is extending its presence to Brazil, adopting localization strategies for its video-sharing app. As the demand for innovative social commerce experiences grows, **many startups are emerging worldwide and seeking funding to boost their growth** and scale their operations in this dynamic, expanding market.



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SOCIAL COMMERCE STRATEGIES

CHECKLIST

Step 1

Choose the right social media platforms

China has lots of social media platforms, each with its own unique features and audience. It's essential to choose the platform(s) that align with your brand, your target audience and your marketing goals.

Step 2

Optimize your content

Chinese consumers prefer engaging, visually appealing content. Ensure your content is optimized for the platform you're using and resonates with your target audience.

Step 3

Use social commerce features

Social commerce features like KOL marketing, group buying, and livestreaming are popular in China. Utilize these features to drive sales and engagement.

Step 4

Monitor and analyze your performance

Keep track of your performance metrics and adjust your strategy accordingly. Use data analytics to optimize your campaigns and improve your ROI.

1

FOOD & BEVERAGE SOCIAL COMMERCE STRATEGIES AND BEST PRACTICES

F&B PLATFORMS

1.1 DOUYIN IS THE BEST CHOICE FOR F&B BRANDS



Platform Features

54.1% of consumers got recommendations through social media (**Douyin, Weibo, Red**), and **44.3%** of consumers would like to buy products on **livestreaming**.

The Proportion of F&B Consumers Who Got Recommendations on Different Platforms

(As of Dec, 2022)



DOUYIN

66.01%



WEIBO

44.84%



RED

36.45%

F&B PRODUCT FEATURES

1.2 HEALTHY, ATTRACTIVE, REASONABLY PRICED PRODUCTS ARE POPULAR



Product Features

The three most important things consumers are looking for are **healthy products, good-looking packaging** and **good value for money**.

Healthy Philosophy

300 Billion Views

Sugar-free, low sugar and low fat F&B products are highly popular. On Douyin, topics with the hashtag **#Fat loss snacks (减脂零食)** were viewed more than **300 billion times**.



Good Packaging

8.47 Million Views

In March, 2023, Holiland and Barbie **co-branded** desserts. After 3 days, related topics on Douyin got more than **8.47 million plays**.



Cost Effective

36.45%

36.45% of consumers said they would **increase their spending** during **shopping festivals** on social commerce platforms.



F&B CONTENT FEATURES

1.3 SHOWCASING IS THE EASIEST WAY FOR BRANDS TO DO CONTENT MARKETING



Content Features

Social media discussions in the food and beverage sector are dominated by **showcases**, **tutorials**, and **culinary adventures**.



Showcases
28%



Culinary Adventures
17%



Tutorials
19%



Testing and Tasting
9%

F&B BEST PRACTICE ANALYSIS

1.4 YILI: INVITING CONSUMERS TO CO-CREATE INCREASED ENGAGEMENT AND SALES



Product + Content:

- Healthy Philosophy - 0 Carbon, Organic**

Yili milk comes from organic farms with high nutritional value. The company is promoting a "0 Carbon" transition to reduce carbon emissions.

- Attractive Packaging - Fan Designs**

Consumers were invited to design packaging that would be attractive to football fans

- Additional Highlight - User Engagement**

Customers who spent a certain amount in purchases were entered into a lottery



Soccer stars on Yili milk cartons



The lottery was run through a WeChat mini program



Platforms:



On Weibo, the brand garnered more than

27.24 billion reads

During the World Cup, sales increased

12.1%

EXPERT BITES

Q: WHAT ARE CHINA'S TOP SOCIAL COMMERCE CONSUMER JOURNEYS AND TRENDS IN 2023/24?

Fuelled by the increasing trust and democratisation of KOLs and KOCs, the **'Shop from Content' and 'Shop from Livestream' pathways continue to be the most prominent consumer journeys** in China's social commerce landscape.

The widespread popularity of short video content on platforms such as Douyin and Kuaishou significantly bolsters the 'Shop from Content' model. With recent enhancements rolled out by Xiaohongshu, including the ability for brands to embed direct product page links within sponsored content, the 'Shop from Content' approach is anticipated to retain its status as one of the preferred social commerce pathways in China.



RAY VERAS

Co-Founder & CEO of Pjdaren

EXPERT BITES

Q: WHAT CAN FOREIGN FIRMS LEARN FROM CHINESE COMPANIES' APPROACH TO SOCIAL COMMERCE CUSTOMER SERVICE AND USER EXPERIENCE?

The introduction of private groups a few years ago was a significant move to leverage and push O2O sales. But as the practice tends to become mainstream, **consumers now tend to enter these groups mostly/only lured by immediate benefits** (samples, lottery) and then mute or stay low in these groups.

Some Chinese brands -like To Summer- are now operating in a more subtle way, inviting 体验官 “product experience officers” to add the brand by themselves, rather than massively and in-distinctively trying to pull in consumers. I believe it creates **stronger and more durable kind of connections**, going much beyond the mere promotional sales push. This could inspire Western brands willing to build communities rather than groups.



DAO NGUYEN

Founder of Essenzia By Dao

EXPERT BITES

Q: WHAT ARE KEY DIFFERENCES IN CHINA'S SOCIAL COMMERCE, AND HOW CAN FOREIGN FIRMS ADAPT?

1. Chinese consumers skipped desktop social and shopping platforms almost entirely - **so a far wider demographic of Chinese consumers access social platforms**, on their mobiles, for a much larger proportion of their day. This means they are accustomed to heavily gamified, or social shopping experiences - and it's easier to push for conversation, from tech-savvy gen-z-ers, all the way to Chinese baby boomers.

2. Guanxi culture still permeates Chinese shopper behaviour - **"it's not what you know, but who"**, which is why influencers, and micro influencers are exceptionally effective in social commerce spaces at building the feeling of a personal connection, and upping valuable trust points, when building a brand here.



RONEN SIMHI

Vice President Sales & Strategy
Of Outform

2

MOTHER AND BABY SOCIAL COMMERCE STRATEGIES AND BEST PRACTICES

MOTHER AND BABY PLATFORMS

2.1 WEIBO AND WECHAT HAVE ALWAYS BEEN KEY, RED AND DOUYIN ARE A NEW FOCUS

Major Platforms for Brand Investment

(As of Dec. 2022)

Category
KOLs

Platform Features



Weibo, WeChat, Red and Douyin are the main channels for mother and baby brands. Brands change their **focus** from one platform to another depending on the **timing of platform shopping festivals**.

Active Mother and Baby Shoppers



WEIBO

210 Million



WECHAT

90 Million



RED

22 Million



DOUYIN

90k

MOTHER AND BABY PRODUCT FEATURES

2.2 PARENTING TECHNIQUES AND SELF-CARE ARE THE BIGGEST CATEGORY TRENDS



Product Features

Mother and baby online shoppers are **upgrading** their **consumption** and prefer high-quality products. Mothers are also dealing with their pregnancy and postpartum needs and feelings of **self-consciousness**. They have multiple consumption needs for **health, beauty and fashion items**.

Positive Parenting

Search term increases in the mother and baby category (2022)

Travel / Tools

+440%

Bedding / Household Products

+370%

Mother and Baby Care

+294%

Daily Use Items / Feeding

+2,052%

Self-Care for Mothers

Search Growth

87%-122%

In Red, as of August 2022, **#maternity photos** (孕妇照) searches grew **87%** and **#postpartum care centre** (月子中心) searches grew **122%**.



MOTHER AND BABY CONTENT FEATURES

2.3 PARENTS ARE MOST CONCERNED ABOUT BABY FOOD AND SUPPLIES ON SOCIAL MEDIA



Content Features

Consumers share their warm family moments on social platforms. They also want to **learn about parenting experiences**, get **evidence-based knowledge** about **pregnancy** and get information about **popular brands and products**.



Baby Food
And Supplies
58%



Pregnancy And
Childbirth Experiences
15%



Guide for
New Moms
17%



Early Learning
10%

MOTHER AND BABY BEST PRACTICE ANALYSIS

2.4 BIOSTIME: DRIVE CONSUMER REPURCHASES THROUGH PROFESSIONAL SERVICES



Product + Content:

- Positive Parenting - Premium Products and Professional Services**

Ingredients added for sensitive and delicate babies to prevent allergies.

1-on-1 customer service and consultations to recommend products.

- Self-Care For Mothers - Mental Health**

Hershey's holds a "Mom Class" to provide emotional support and focus on the mental health of new mothers.



The brand campaign on Douyin emphasizes ingredient safety



Platforms:



Participants in the brand challenge campaign on Douyin

Over 800,000

Monthly sales

Over 4 Billion RMB

EXPERT BITES

Q: IS LUXURY SUITABLE FOR SOCIAL COMMERCE, AND ARE THERE NOTABLE EXAMPLES IN THE PAST YEAR?

Social commerce is evolving to a **consumer centred, experience oriented and innovation engineered ecosystem** and would be the future of e-commerce. Social commerce focus on specific communities, with all the events/campaigns launched in the market, contents/ads released are precisely targeting the interests, needs and experience of certain audiences, deepen their connection with the community as well as the brand.

Keep in mind that **affluent consumers are also on social commerce**. The key is to strike a balance between maintaining the brand's exclusivity and desirability while adapting to the digital landscape and consumer preferences.



MELLISA LIM

Omni channel Marketing Director
for Vacheron Constantin

EXPERT BITES

Q: WHAT CHALLENGES MIGHT FOREIGN COMPANIES FACE IN CHINA'S SOCIAL COMMERCE MARKET, AND HOW CAN THEY OVERCOME THEM?

Pressured by brand launch timeline, often times new brand might work with a TP (Tmall partner) to get launched first before fully defining the brand platform or brand identity (including localised messaging, story, tagline, communication guidelines etc), and **TP is mostly sales driven in brand objectives**. This might damage brand image in the long term with un-localised brand elements not resonating with local consumers, or **messy assets that's not true to the brand essence**.



VLADIMIR DJUROVIC

CEO of Labbrand Group

EXPERT BITES

Q: WHAT TRENDS DO YOU SEE IN PRIVATE DOMAINS FOR MARKETING, SALES, AND SERVICE IN CHINA?

I believe the emergence of **value-based community & experiential marketing is reshaping the concept of "private domains"**. Driven by the growing personal interests and awareness of different values & lifestyle (instead of discounting).

Value-based communities are mentally connected and highly engaged, but not yet centralised at mass scale. This shift goes beyond traditional platform groups, and traffic-driven approaches.

Experiential marketing has to be immersive, localised and up-to-date, to let users feel comfortable, easier and happier to connect and engage with. This trend is evident through various activities and topics such as IP collaborations, interests-based groups & activities.



YUWAN HU

VP at Daxue Consulting

3

APPAREL SOCIAL COMMERCE STRATEGIES AND BEST PRACTICES

APPAREL PLATFORMS

3.1 RED IS THE MOST POPULAR OPTION FOR APPAREL BRANDS



Platform Features

Clothing and shoe brands often market across three platforms, such as Red, Douyin and Weibo.

Red has **3.5 times** more affiliated clothing brands than other platforms.

The Proportion of Brand Investment in Different Platforms

(As of Dec. 2022)



RED

48.6%



DOUYIN

22.3%



WEIBO

12.8%

APPAREL PRODUCT FEATURES

3.2 CONSUMERS WANT BOTH SOCIAL AND SUSTAINABLE FASHION

Product Features

Consumers are looking for apparel that can be used in different **social situations** and love trendy items. At the same time, sustainable fashion is a strong trend.

Social Situations

63.96%

of consumers say they value dressing well, with varying degrees of importance in different social situations.



Travel
62%



Business
49%



Dating
41%



Daily Work
36%

Sustainable Fashion

75% of consumers are increasingly looking for versatile, classic items.

Second-hand markets for retailed clothes where hipsters gather have become trendy. On Red, in 2022, user searches for the hashtag #Remake (旧衣改造) #DIY increased **36%**



+36%

APPAREL CONTENT FEATURES

3.3 SOCIAL PLATFORMS PLAY A GUIDING ROLE FOR APPAREL CONSUMERS



Content Features

Consumers see social platforms as **a dressing guide**, especially on **Red**.

81% of users have a desire to buy after browsing products on social media.



Find Outfit
Inspiration



Learn About
Brand Trends



Help Making
Decisions

APPAREL BEST PRACTICE ANALYSIS

3.4 FILA: USE A PLATFORM'S POWER TO HOLD EVENTS AND INCREASE SALES



Product + Content:

- Social Attributes - Solidifying A Young, Energetic Image**

Positioned as a premium Italian sports fashion brand, it has a trendy attitude as represented by a spokesman with a sunny disposition, famous idol Cai Xukun.

- Sustainable Fashion - Versatile And Eco-friendly**

FILA emphasizes versatility, and their clothing suits a variety of occasions. The newly launched Originale series is also manufactured using environmentally friendly technology.



FILA invited skateboarders to participate in a brand event to warm up for its new product promotion



Platforms:



On Douyin, content with the hashtag #filafashion was viewed over

92.03 Million Times

Sports Apparel Brand Sales Ranking

#1

EXPERT BITES

Q: WHAT KEY TRENDS AND INNOVATIONS WILL SHAPE CHINA'S SOCIAL COMMERCE FUTURE, AND HOW CAN FOREIGN COMPANIES ADAPT?

Overall, we are seeing **a merger of commerce, content, and social media**. These worlds are colliding and creating a better consumer experience.

So the e-commerce leaders are all adding entertainment and content. That's Taobao Live. The entertainment and attention leaders are all moving into commerce. That's TikTok and Kuaishou. **And the social media companies are moving into both commerce and content from a position of strength.**

That's Tencent Mini Programs.



JEFFREY TOWSON

Founder of TechMoat Consulting

EXPERT BITES

Q: HOW DO CHINESE COMPANIES EMPLOY BIG DATA AND AI IN SOCIAL COMMERCE, AND WHAT BEST PRACTICES CAN FOREIGN FIRMS LEARN TO UTILISE THESE TECHNOLOGIES?

Chinese companies like Alibaba and JD.com have pioneered the integration of big data and AI to fuel social commerce. They've **personalised shopping experiences by analysing user behaviour and preferences, resulting in targeted product recommendations**. AI-driven chatbots provide efficient customer service, while platforms like Pinduoduo have initiated social shopping experiences by offering group buying options.

Foreign companies can adopt these strategies by investing in big data and AI capabilities, promoting social interactions around shopping, and enhancing customer service with AI.



SHARON GAI

Director of Global Key Accounts,
Alibaba Group

EXPERT BITES

Q: IN YOUR OPINION, WHAT FACTORS CONTRIBUTE TO SOCIAL COMMERCE'S SUCCESS IN CHINA, AND WHAT SETS IT APART?

Before we cover the social and technology driven factors that make social commerce massive in China, we have to start with the primary economic driver. Consumer acquisition costs have skyrocketed. The amount of expected GMV that brand and retailers have to spend on marketplace, social media and digital marketing to drive traffic and conversions has become unsustainable and unprofitable for many merchants. **Social commerce has emerged not only as an entertaining, personal, and frictionless set of channels, but a cost effective one as well.**



MICHAEL ZAKKOUR

Founder of 5 New Digital and
China BrightStar

4

HOUSEHOLD PRODUCT SOCIAL COMMERCE STRATEGIES AND BEST PRACTICES

HOUSEHOLD PRODUCT PLATFORMS

4.1 THE POPULARITY OF CONTENT MARKETING ON RED AND DOUYIN REMAINS HIGH



Platform Features

Household product posts on Red are increasing and ordinary consumers and KOCs regularly share them.

Both livestreams and videos about household products on Douyin **grew by nearly 90%**.

Major Platforms for Brand Investment

(As of Dec. 2022)

Post Engagement

In 2022



RED

12 Million

Video Plays



DOUYIN

610 Million

HOUSEHOLD PRODUCT FEATURES

4.2 CONSUMERS HAVE MULTIPLE DEMANDS FOR PRODUCT QUALITY AND QUANTITY



Product Features

Household product marketing describes **multiple effects** with a focus on new technology and ingredients.

Due to fierce competition, there are often **price wars**.

Multiple Effects In One Product



35% of top products promote multiple effects

Winning With Quantity



90% of top products are sold in larger sizes

HOUSEHOLD PRODUCT CONTENT FEATURES

4.3 BRANDS ARE EXPANDING THEIR REACH WITH CONTENT MARKETING STRATEGIES



Content Features

By injecting marketing with **emotional value**, brands are creating resonance with larger groups of current and potential consumers.

Brands also use formats such as holiday marketing and co-branding to enhance their messaging reach.



Co-Branding and
IP Cooperations



Scenario-based
Marketing



Holiday Event
Marketing

HOUSEHOLD PRODUCT BEST PRACTICE ANALYSIS

4.4 HOMEAEGIS: HIGHLIGHT EFFECTS AND VARIOUS CONSUMPTION SCENARIOS



Product + Content:

- Multiple Safe Product Uses**

The brand claims its soap is so safe that it can be used to clean dishes as well as fruit and vegetables. It also claims that it's mild enough that it doesn't make your hands dry after using it.

- Winning with Quantity - Bonus Packs**

- Showed a Variety of Real Scenarios and Uses for Different Customer Groups**

KOLs shared product placement posts with a **chill vibe** that featured them using the soap during their daily routines to attract the attention of **Gen Z**. The brand focussed on **white collar workers** with fast, easy food prep tutorials that focussed on the soap's safety claims and its ease of use and showed people using the soap to wash fruit and vegetables. The product's **safe and mild ingredients** were also emphasized to win the attention of busy **mothers**.



Post that highlights the product's effects



The soap was featured in a food preparation scenario.



Platforms:



On Red, it got
36 Million
exposures

Product GMV growth YoY
+350%

EXPERT BITES

Q: HOW DOES CHINA'S SOCIAL COMMERCE COMPARE TO TRADITIONAL E-COMMERCE, AND WHO EXCELS IN SPECIFIC CATEGORIES AND WHY?

In a strict definition the consensus is that currently approx. 20% of all e-commerce sales are generated through social live commerce channels, meaning via video streaming. This matches data for this year's 2023 618 campaign, for which third-party monitoring providers reported that 184.4 billion RMB, or 23%, out of a total volume of 798.7 billion RMB GMV were **generated by livestreaming e-commerce platforms**, with Douyin being by far the largest channel. Likewise, Alibaba reported that the daily average number of people watching short videos on the consumer-to-consumer marketplace Taobao during the 6.18 festival surged 113% from last year.



GEORGE GODULA

Chairman of Web2Asia

EXPERT BITES

Q: WHAT ARE THE MAJOR OPPORTUNITIES AND THREATS IN SOCIAL COMMERCE SPACE FOR FMCG BRANDS IN 2023/24 IN CHINA?

In the post-traffic era, brands that are unable to cater to the extreme price-sensitive audience or create and convey great values tapping into the new middle-class generations will vanish in the next five to ten years.

The post-traffic era refers to the time when **traffic is no longer the primary source of revenue for businesses**. Brands that are unable to cater to the extreme price-sensitive audience may lose out on potential customers who are looking for cheaper alternatives. Similarly, brands that are unable to create and convey great values tapping into the new middle-class generations may lose out on potential customers who are looking for brands that align with their values and beliefs.



RICCA HUANG

China E-commerce Specialist
and Observer

EXPERT BITES

Q: WHAT ARE KEY SUCCESS FACTORS FOR CHINESE SOCIAL COMMERCE, AND HOW CAN FOREIGN FIRMS APPLY THEM IN THEIR MARKETS?

Chinese consumers typically want a relationship with a brand that is **deeper than that sought by Western customers**. Many Western consumers are only seeking a transaction; they want the product. **Chinese consumers are seeking a conversation.**

They want to engage with the brand, to **understand the nuances of the product, and to explore questions in a controlled setting**. Social media facilitates this journey and also allows brands to blend in examples of success, celebrity endorsements, and other brand strengths into the conversation.



FRANK LAVIN

Chairman & CEO of Export Now

5

3C PRODUCT SOCIAL COMMERCE STRATEGIES AND BEST PRACTICES

3C PLATFORMS

5.1 INVESTMENT IN WEIBO AND WECHAT IS SLOWING WHILE RED AND DOUYIN SPEED UP



Platform Features

There are big differences in the types of KOLs used by 3C brands on different social platforms.

They work with **first-tier KOLs** on **Weibo** and **WeChat**, **mid-level and small KOLs** on **Douyin**, and they work with **KOCs** on **RED**.

The Proportion of 3C Brand Investment in Different Platforms

(As of Dec. 2022)



WEIBO

45.1%



WECHAT

33.2%



DOUYIN

36.7%



RED

12.8%

3C PRODUCT FEATURE

5.2 DOMESTIC 3C BRANDS ARE NOW MORE ADVANCED WITH ADDITIONAL FUNCTIONS



Product Features

Domestic 3C brands have mastered core technologies and **gained consumer recognition**.

With this digital tech development, the degree of sophistication of 3C products is rapidly increasing.

The Rise of Domestic Products

1.8 Million Views

More and more consumers are choosing 3C products made in China. On Douyin, the hashtag **#Support domestic cell phones (支持国产手机)** has been viewed more than **1.8 million times**.



High Tech With A Focus On Consumer Experience

50.2%

50.2% of consumers said they prefer 3C digital products with a **sense of technology** and **novel functions that enhance convenience**.



3C CONTENT FEATURES

5.3 CONVENTIONAL MARKETING MIXED WITH SOFT PROMOTION AND PRODUCT PLACEMENT



Content Features

3C brands' marketing formats include demos for smart home products, fashion and photography content, unboxings, reviews, and soft advertising in educational videos.



Unboxings and
Product Reviews



Home Demos and
Recommendations



Sharing Digital Tips

3C PRODUCT BEST PRACTICE ANALYSIS

5.4 XIAOMI: DEEP COLLABORATION WITH RETAILERS TO ATTRACT TARGET AUDIENCES



Product + Content:

- Additional Highlights: Cross-promotion With King's Glory**

The video game King's Glory had a new map test that was limited to machines at Xiaomi stores.

- The Rise of Domestic Products and Brands**

Xiaomi is ranked among the top 5 national brands liked by Chinese people.

- High Tech With a Focus on the Consumer Experience**

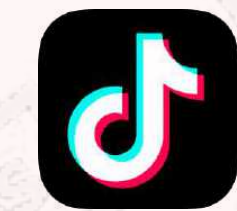
Advanced hardware and processors makes game play very smooth on Xiaomi products.



Xiaomi phone unboxing and evaluation video



Platforms:



Store traffic during the campaign

+14%

Xiaomi's game community and App Store exposure

2 Million

EXPERT BITES

Q: WHAT CAN FOREIGN FIRMS LEARN FROM CHINESE COMPANIES' CROSS-BORDER SOCIAL COMMERCE STRATEGIES FOR GLOBAL EXPANSION?

China has been open to cross-border platforms and social commerce for some time now, and **brands of all shapes and sizes have taken this chance to approach the Chinese market without the strict need for a physical presence - or stockpoint - in the country.**

Navigating cross-border social commerce in China requires companies to be predictive & responsive to constantly evolving market and consumer trends, and agile enough to pivot, shift, or transition to respond to said trends.



JOHN DANZI

Head of Brand Partnerships at
APAC Farfetch

EXPERT BITES

Q: WHAT CAN FOREIGN TECH LEARN FROM CHINA'S CUSTOMER-CENTRIC DIGITAL JOURNEY AND SOCIAL COMMERCE, AND WHAT CAN CHINA LEARN FROM THE GLOBAL LANDSCAPE?

Tech/digital products in China focus on customer needs but also dare to lead the customers to a vision that the companies believe in. They solve people's problems and also deliver more. There is a belief that customers can and are willing to learn and adapt to new ideas, which leads to innovations in the tech industry. Foreign firms could adopt this attitude - **having more faith in customers' ability to adapt while helping them adjust.**

Digital journeys in China could use better UX design. This is something I think companies in China should learn from others. **Tech firms in China need to be better at fine-tuning their UX to better deliver products and services.**



TISHA WANG

Co-founder & Director of Half A World

EXPERT BITES

Q: WHICH CHALLENGES DO FOREIGN FIRMS FACE IN CHINA'S SOCIAL COMMERCE MARKET, AND HOW CAN THEY OVERCOME THEM?

Firstly, foreign companies need to understand the numerous and diverse social commerce platforms that **incorporate social video, livestreaming, and community purchasing.**

Secondly, social commerce relies on being social to drive sales. Foreign brands must **create compelling content that attracts consumer interest.**

Thirdly, social commerce requires strategic content planning and tactics to deliver on the brand's story while satisfying consumers' desire for newness. **It's important to adapt to the high frequency of Chinese shopping festivals.**



THOMAS NIXON

Co-founder of Qumin

KEY TAKEAWAYS

WHAT CAN WE LEARN FROM
SOCIAL COMMERCE IN CHINA?

MERGING MARKETING AND TRANSACTIONS

**TO ENGAGE WITH
CUSTOMERS AND
DRIVE SALES,
BRANDS CAN
LEVERAGE SOCIAL
MEDIA PLATFORMS
TO SELL PRODUCTS
DIRECTLY.**

1. MERGING MARKETING AND TRANSACTIONS

ACTIONABLE TIPS

In China, social media platforms such as WeChat, Weibo, and Douyin are not just used for socializing, but also for shopping.

Utilizing social media platforms, Western brands have the opportunity to interact with their customers and boost sales by directly selling products through these channels.

This can be done through shoppable posts or by integrating buy buttons or links to online stores into social media ads.

By making it easy for customers to make a purchase directly from social media, businesses can increase conversion rates and drive sales.



TVB X TAOBAO LIVE-STREAMING

100 MILLION RMB

TVB's live-streaming on Taboo revenue on 31 May, 2023

10 MILLION + VIEW

on 31 May, 2023

+47.63% STOCK PRICE

June 2, Hong Kong Television Broadcasting Co., Ltd. (00511.HK) 's stock price rose by 47.63%, with a total market value of 3.136 billion Hong Kong dollars.



TVB X TAOBAO LIVE-STREAMING

Miss Hong Kong Special Show

2

OFFER PERSONALIZATION

**TRACK CUSTOMER
BEHAVIORS ACROSS
ALL CHANNELS AND
SEGMENT USERS
BASED ON THEIR
PREFERENCES.**

2. OFFER PERSONALIZATION

ACTIONABLE TIPS

For crafting highly personalized experiences, it is advised to monitor customer actions across all touchpoints and categorize users according to their preferences. This facilitates the development of customized pathways and the automation of bespoke experiences.

For example, use consumer-preferred platforms and relevant content to attract and engage with customers. By meeting customers where they are and providing content that resonates with their interests, businesses can build stronger relationships with their audience and create a more positive brand image.

By segmenting our target audience and developing personalized marketing strategies, we can create more meaningful connections with our customers, improve customer engagement, and ultimately increase sales and revenue.



STARBUCKS X MBTI GAME



CUSTOMIZED LABEL



3

**UNIFY YOUR
DATA**

**TO BUILD
COMPREHENSIVE
PROFILES OF YOUR
CUSTOMERS, IT'S
BEST TO UNIFY THE
DATA OF YOUR SOCIAL
FOLLOWERS AND
YOUR SALES
CHANNEL
CUSTOMERS.**

3. UNIFY YOUR DATA

ACTIONABLE TIPS

For the creation of all-encompassing 360-degree customer profiles, it is best to merge the information from both your social media followers and your sales channel clientele.

This provides a complete view of your customers' interactions and behaviors across various channels, enabling you to personalize the customer experience and improve engagement.

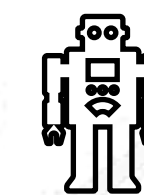
Unified membership code (ID) integration has been achieved for offline channels, Tmall platform, and WeChat mini program, enabling seamless integration of membership levels and loyalty points, and achieving omnichannel management.

POP MART

ONLINE TOUCHPOINTS



OFFLINE TOUCHPOINTS



1900 robot stores



360+ Physical stores

MEET THE CREATORS AT ALARICE & CHATLABS



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Founder of Alarice and ChoZan



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ALARICE & CHOZAN SOLUTIONS



● MARKETING RESEARCH AND STRATEGY

Our China marketing research and strategy team gives you a detailed framework that will allow you to start and grow your business in mainland China.

● SOCIAL MEDIA MARKETING

We help you to localize messages, strengthen your brand image and reach out to target audiences through Chinese social media.

● INFLUENCER MARKETING AND CAMPAIGNS

We help you to establish goal-specific social marketing campaigns and fruitful collaborations with Chinese KOLs and influencers.

● CORPORATE TRAINING

We can increase your expertise about the Chinese market, Chinese consumers and Chinese social media with tailor-made masterclasses that put your team at the forefront. We run courses around the world and we can also create custom corporate training programs for your team.

● KEYNOTE SPEECHES

Our founder, Ashley, is a well-known speaker and can deliver keynotes full of energy, insight and inspiration that will transform your event, motivate you and help you achieve your goals.

● CHINA TRENDWATCHING

We specialize in illuminating trends in China. We dig deep to see what's happening, the obvious and the subtle, and through training, consulting, reports and regular newsletter updates, help brands turn these trends into meaningful business opportunities

● CONSULTING CALLS

The quickest way to get your specific, urgent China marketing questions answered. Speak with Ashley or her team if you're under time pressure and need to get on the right track fast.

**HAVE QUESTIONS? CONTACT
ALARICE'S TEAM FOR
ASSISTANCE. SCAN HERE.**



CHATLABS SOLUTIONS

CHATLABS

ChatLabs won the prestigious 2023 LVMH Innovation Award's Data & AI Award!

● SOCIAL EXPERIENCES PLATFORM (SXP)

ChatLabs' generative journeys, takes in the context of Social Media and the behavior of the customer and then uses the power of AI to allow brands to tell their stories and share their values in a hyper-personalized manner. Brands can now direct their traffic, to an elevated contextual consumer experience, that engages them in a creative and more meaningful manner and puts them on a tailored path towards a particular brand goal.

● SOCIAL SERVICE

Use your Salesforce data in combination with WeCom to provide efficient and personalised customer service that fosters brand trust and loyalty.

● SOCIAL MARKETING

Attract, engage, segment, target, convert, and build brand loyalty through 360° view of customer profiles that powers automated hyper-personalised journeys on any major social channel.

● DATAFLOW

Real-time China 360° data across marketing, commerce, sales and service, captures user consent at every touch point and ensures systems to adhere to the provided consent using privacy-based access controller.



**CHATLABS
WEBSITE**



**CHATLABS
WECHAT**



**CHATLABS
LINKEDIN**



**CHATLABS
NEWSLETTER**

ChatLabs works with several leading global brands in the luxury, retail, financial services, tourism industries including Richemont, Chopard, Shiseido, LVMH, La Prairie, Shangri-La, United Airlines, HSBC, and more.

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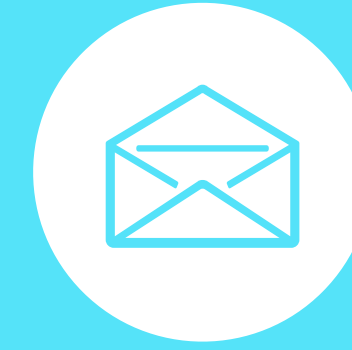


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FOR ASSISTANCE. SCAN HERE.



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