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**Generation Z in China:
Their importance in Chinese market and how to
reach them through social media**

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前言

本文的目的是深入分析，以解释当今被称为 Z 世代的一代对于中国市场的重要性，以及不同的公司该如何运用电子商务进行营销并通过社交媒体来接近他们，吸引其消费。在当代，互联网对于零售商和想要出售其产品或服务的企业起着非常重要的作用，尤其对于那些把目标群体设为年轻人的公司，因为年轻人总是与手机密不可分，形影不离。因此，本文的重点是了解 Z 世代消费者是谁，了解其特征以及公司该如何建立合适的营销渠道，以激起 Z 世代对其产品的兴趣与购买欲。为了在这个日益数字化的世界中取得成功，公司必须了解 Z 世代的期望和想法，了解他们的影响圈和购买行为，重中之重是明确他们使用社交媒体的习惯。

本文分为三章，细分为以下几部分：

- 第一章：本章详细介绍了中国的 Z 世代，中国的 Z 世代包括 90 年代中期至 2000 年后，精确来说即 2010 年左右出生的所有人口。这些年轻人对公司来说非常重要，尤其是对于奢侈品品牌，因为它们是当前市场的目标人群。这一代人中年龄最大的现已成年而最小的还只是孩童。Z 世代的消费者年龄虽然很小，但他们是市场上非常活跃的消费者群体，具有很高的购买力，同时他们会给家庭储蓄情况带来巨大的影响。他们是上一代独生子女所生唯一的孩子，因此他们的亲戚和祖父母愿意花钱为他们提供最好的教育，满足他们的愿望。在经济繁荣的时代中成长，中国的 Z 世代青年们对未来充满信心，且正因此他们从不为钱财而担忧。这一代人也被称为“数字原生代”，因为他们出生于一个创新的年代，在这个时代，科技和互联网是人们日常生活中不可或缺的一部分。此外，本章还解释了 Z 世代和千禧一代（上一代，包括 1981 年至 1995 年出生的人在内）以及 Z 世代中国消费者与西方同龄人之间的主要区别，着眼于研究他们的购买行为和特征以及解释为什么他们会影响奢侈品牌的营销策略。因此，本章简要介绍了中国的电子商务及阐释了为什么吸引 Z 世代消费者对于公司来说十分重要。

- 第二章：如前所述，中国的 Z 世代消费者对公司的销售收入起着至关重要的作用。本节思考并阐释了为什么这些年轻消费者是企业兴衰的根本。如今，他们已成为本土和国外奢侈品牌的主要目标市场人物。因为由于他们是强迫型购买者，所以它们具有强大的购买力。他们不为未来做打算，因为有了父母的信用卡，他们可以随心所欲、随时随地的购买心仪的产品。本章分析了这些年轻消费者的购买行为，而这些行为会影响品牌的营销策略。Z 世代消费者是对于商品有着高度了解和认识的买家，他们寻找的是高质量的产品。他们总是探寻着独一无二的产品，通过购买和使用此类商品以向他人证明自己的个性。在这种情况下，例如“限量版”产品会对其有非凡的吸引力。尽管如此，他们仍关心诸如社会责任，人权和环境等问题。因此，最主要的难题是：公司该如何吸引中国的 Z 世代消费者从而引导其消费？而答案很简单：通过社交媒体！这一代人总是如此的依赖智能手机，手机营销的价值与意义不言而喻。
- 第三章：最后一章详细说明了品牌如何利用社交媒体进行营销，如果他们想引起 Z 世代中国人的关注，最好能考虑关于手机的“特别的”解决方案。这意味着企业应考虑在中国最受欢迎的社交媒体上展示与表达自己的想法。社交媒体众多，可供选择的品牌不胜枚举，但如果他们想吸引 Z 世代，就应该在以下主流应用程序上进行营销：微信，微博，天猫，淘宝，抖音，小红书都是可取的。本章探讨了这些社交媒体的功能以及品牌该如何物尽其用。如果想要成功的营销，那品牌与 KOLs，博主，名人之间的合作也是绝对不能被低估和忽视的。

我之所以选择这个主题，是因为在阅读文章时，我深深着迷于 Z 世代的独特特质，以及惊讶于尽管他们年龄很小，但对于品牌，尤其是奢侈品品牌有巨大的经济影响。如今，这种论点对于想要在中国进行销售并想要以正确的方式吸引 Z 世代消费者的公司而言是非常重要的。因此，我决定研究此主题，以深入了解此营销机制的工作原理。

ABSTRACT

The pursue of this thesis is to deeply analyze and explain the importance of the nowadays generation, called Generation Z, in the Chinese market and how different companies use E-Commerce to do marketing and reach them through social media. In the modern era, Internet has a very important role for retailers and for companies that want to sell their products or services, especially to young people, who always have a smartphone in one hand. So, the main point of this thesis is to understand who Generation Z consumers are, understand their features and how companies can create a suitable marketing to make members of Gen Z interested in their products and buy them. To succeed in this increasingly digital world, companies must understand expectations and attitudes of Generation Z, their circles of influence and their purchasing behavior, especially their social-media habits.

This thesis is divided in three chapters subdivides as follows:

- Chapter one: this chapter is composed of a detailed description of Generation Z in China. Chinese Generation Z includes all people who were born between the mid-1990s to after 2000, precisely around 2010. These young people are very important for companies, especially for luxury brands, because they are the nowadays target segment. The oldest members of this generation enter now in adulthood, and the youngest are just child. Although their young age, Z-lennials are very active consumers in the market, having a high purchasing power and heavily influencing household's income. They are only child and were born from a previous generation of unique son, so their relatives and grandparents will spend money to provide them the best education and to satisfy their desires. Growing up in an era of economic boom, Chinese Zers are positive about the future, and for this reason they are not worried to save money. This generation is also labelled as "Digital native", because they were born in an innovative period, where technologies and the Internet are integral part of daily life. Moreover, in this chapter are explained the main differences between Generation Z and Millennials (the previous generation that include people born between 1981 and 1995) and between Chinese Generation Z consumers and their Western peers, focusing on their purchasing behaviors

and their features, and why these influence luxury brands' marketing strategy. Therefore, there is a brief introduction about China's E-commerce and why this is important to reach Generation Z consumers.

- Chapter two: as introduced previously, Chinese Generation Z consumers are very important for companies' sales revenue. This section considers and explains why these young consumers are fundamental. Nowadays, they are the main target market of local and foreign luxury brands. These because they have a strong purchasing power, due to the fact that they are compulsive shoppers. They don't care about the future, and thanks to their availability to parents' credit cards they can buy when and where they want. This chapter analyze the purchasing behaviors of these young consumers, which influence brands' marketing strategy. Z-lennials are particular conscious and highly informed buyers looking for high quality products. They always ask for unique and singular items, that can proof to others their individuality. For example, "Limited Edition" products are very attractive in this context. Despite this, they take to heart issues like social responsibility, human rights and environmental sensitivity. So, the question is: how companies can reach Generation Z consumers in China? This generation always uses and depends on smartphones, so the answer is easy: social media!
- Chapter three: the last chapter illustrate in detail how brands exploit social media to do marketing, and if they want to attract the attention of Chinese Generation Z, it is good that they think of "ad hoc" solutions for mobile phones. This mean companies should take into consideration the idea to be present on the most popular social media in China. There are so many social media that brands are spoiled for choice, but if they want to be certain of attracting Generation Z, they should do marketing on the following apps: WeChat (微信 *Wēixìn*), Weibo (微博 *Wēibó*), TMall (天貓 *Tiānmāo*), Taobao (淘寶 *Tàobāo*), TikTok (抖音 *Dǒuyīn*), Little Red Book (小紅書 *Xiǎohóngshū*). This chapter explores the functions of these social media and how they are used by brands. Not to underestimate for doing a successful marketing, are the collaborations between brands and KOLs, bloggers, celebrities and influencers.

I chose this topic because, while reading an article, I was fascinated by the unique features of Generation Z, and how its members have a huge impact on brands' economy, in particular on luxury brands despite their young age. Nowadays this argument is very relevant for companies if they want to sell in China and reach Generation Z consumers in the right way. So, the main purpose of this thesis is to examine this topic to deeply understand how this marketing mechanism works.

CHAPTER 1

GENERATION Z CONSUMERS IN CHINA

1.1 Who are Generation Z consumers

After the Millennial Generation, or Gen Y, Generation Z, in Chinese Z 世代 (*Z shìdài*) or 00 后 (*00hòu*), has become the generation of new consumers' group. According to different research, this generation has different characteristics and preferences from the previous one, and retailers and companies should pay high attention to this if they want to succeed in the market. The question is who are the people belong to the so-called Generation Z? Demographers say that Generation Z refers generally to the generation born between the mid-1990's to after 2000, but marketers, who point to a more precise and clear definition, have defined Generation Z as those people born between 1997 until 2010. According to the OC&C Strategy Consultants, the population of Generation Z is between 2 billion and 2.52 billion in the world, this means 30% of the global population, and only in China they make up 20% of 260 million of China's population. ¹Young people that belonging to this generation are the nowadays teenagers and the oldest member of this generation are those people who now enter adulthood and the workplace.

Looking at Generation Z all around the world, it's visible that there are some similarities and some differences between them, especially between Western Gen Zers and Chinese Gen Zers, but I will argument this later.

Some people of this generation in China are also "Second Generation of Only Child", because after the launch of the one-child policy in 1980, many Gen Zers were born as the only child in their family from a first generation of only child. Being the only child, this generation is more likely to receive generous financial supports from their parents and gain more freedom to enjoy life attitude. Opposite to many of their global peers, who are born during economic recessions and political instability, Chinese Gen Zers also grew up in

¹ According to a study conducted by OC&C Strategy Consultants on Generation Z in China. Data available from "China's Generation Z - an emerging borderless tribe" (2019). Available from the following link: <https://www.occstrategy.com/cn/%E5%85%B3%E4%BA%8Eocc/%E6%96%B0%E9%97%BB%E5%8F%8A%E5%AA%92%E4%BD%93%E6%8A%A5%E9%81%93/article/id/3460/2019/03/chinas-generation-z-an-emerging-borderless-tribe> accessed 2nd October 2019

an environment of economic growth, in an already strong and prosperous motherland, where the material conditions are more abundant and social classes are relatively more consolidate.² With the continuous urbanization, Chinese Gen Zers have become more optimistic about the future, which reducing their willingness to save money. There are the “son of tomorrow”, where the future world is their stage, waiting for them to show their big talents.

Generation Z is not only creative, passionate and proficient in technology, but they also rely on their own entrepreneurial skills, develop innovation and they will create their own new world in the digital world. For this reason, Generation Z’s youths are also known as “Digital Native Generation” because they grew up with the Internet, smartphones, instant messaging, SMS, MP3, computers and tablets and they constantly socializing, learning and entertaining in the mobile digital world; it is almost impossible for them to separate their online and offline lives because they are always connected to the Web and to applications such as Weibo, WeChat, TikTok, Taobao, TMall, YouTube, Snapchat, Facebook... always and everywhere.

As an IBM chief marketing officer, retailer of household and household goods says *“They’re ‘always online’ and want everything ‘on demand’ because they’re used to taking control of everything anytime, anywhere.”*³

Due to this “obsession” for technologies, Generation Z will affect household expenses, in fact the consumption ratio of computers, mobile phones, mobile TV has increased greatly, and they like to buy online everything, such as clothes, toys, games, movies, cosmetics... Growing up with these social media, it’s not surprise that this generation are professional social media users: expert at manipulating the medias to build influence, make money, discover brands and new ideas.

So, it is possible to say that Internet and social contact are very important for them, in fact usually spend their leisure time, almost 75% choose to go online as first option, and as second choice they give importance to spending time with friends and family.

² Western Generation Z were experienced the financial crisis of 2008 and its consequences, in particular for United State Z-lennials because they face up a huge student debt. For these reasons they are pessimistic about the future and tend to save money.

³ An IBM chief marketing, in the survey “独特的 Z 世代: 品牌应该了解年轻一代的消费者 *Dútè de Z shìdài: Pǐnpái yīnggāi liǎojiě niánqīng yīdài de xiāofèi zhě*” conducting by IBM Business Value institute in 2017. Accessed 30th September 2019

As already mentioned before, Generation Z doesn't use the smartphone only for socialize, but to do a lot of different things. In fact, on their mobile devices there are different kinds of applications, for entertaining, learning, keeping in health and purchasing. In the process of growing up, they are also used smartphones to getting answers to any kinds of questions immediately by a few clicks, which makes them more independent. For example, when they are interested to buy a product or a service, they just pick up their smartphone, search on the Web, and having easy access to products and services information, such as line reviews, product specifications and supplier ratings. This because Generation Z consumers are more serious and intelligent when they purchase, compared to previous generations.

Thanks to the development of technologies and the advent of Internet, it's become very essential for retailers and companies to do their business and marketing through E-Commerce. In this way they can reach customers all around the world, especially consumers belonging to Generation Z that use mobile devices to purchase every kind of products or services.

Due to their constant presence on the Web, it is not a surprise that they are the biggest digital consumer in every market. For this reason, in order to attract this growing generation of consumers groups, companies and retailers urgently need to understand how Generation Z consumers spend their time, what devices they use more and what they expect from the brand experience.

So, to better understand how this generation expects to interact with brands and how to make appropriate purchase decisions, IBM Business Value Institute conducted a global survey of 15.600 Generation Z consumers between the ages of 13 and 21 and interviewed 20 senior executives about Generation Z's technological preferences and economic influence. Other part of this survey will search for how to build strong brand relationships in both growing and mature markets, and how to create a real all-channel shopping experience for Generation Z consumers. This survey underline that 60% of Generation Z interviewees will not use applications or websites that load too slowly, less than 30% of its are willing to share medical and health, location, personal life or payment information and more than 70% of Generation Z interviewees said they would influence

family decision-making about furniture, involving the purchase of furniture, household products and food and beverage purchases.⁴

1.1.1 Generation Z vs. Millennials

Marketers often tend to group Millennials and Gen Zers into one indistinct group, but this is wrong because they are two separate groups composed by two different categories of people, with different age range, and each segment has its own features, distinct routines, different buying habits, needs and priorities, so it's important for retailers to understand and focus on all these aspects.

Without a right market segmentation, retailers will not be able to determine the exact needs and characteristics of these different buyer groups and it's more difficult for them to satisfy consumers. Both generations are composed of young people, who are digitally savvy, but while the members of Millennials are now in their thirties, the others are college students, teenagers and the youngest just children. If enterprises are unable to satisfy the high expectations of consumers, especially of Gen Zers, they will quickly "fall into disfavor" and then leave opportunities for competitors. Therefore, most brands need to clearly understand the pragmatic spirit of Generation Z and their consumption maturity, therefore taking corresponding countermeasures.

It makes sense that consumers between 15 and 23 years old would understand luxury differently than somebody elder, for this reason luxury brands aim at Generations Z consumers. Different market segmentations have a different perception about products and services. Also, if we compare streetwear trends (for example brands like Supreme and Off-Whit) to the elegance of Chanel or Gucci products, we can comprehend why generational marketing strategies are important and help retailers to better understand the consumption habits of their customers.

Therefore, there is a new generation of consumers, whose habits, behaviors and expectations are influenced by the rapid changing of technological innovation, economic environment and the complex and changeable global politics. Although this generation is young and it has influence on family purchase decision-making, they are also more

⁴ Data available from the survey “独特的 Z 世代: 品牌应该了解年轻一代的消费者 *Dútè de Z shìdài: Pǐnpái yīnggāi liǎojiě niánqīng yīdài de xiāofèi zhě*” conducting by Cheung Jane, Glass Simon, McCarty David and Wong Chistopher K. for IBM Business Value institute in 2017. Accessed 30th September 2019

independent, so its own consumption power is also very huge. In order to realize the future development, retailers and consumer goods industry brands must vigorously attract current Generation Z consumers.

Let's take a look at the different features of Generation Z and Millennials, focused on the Chinese one, and see what make them unique. (See Figure 1. Differences between Millennial and Generation Z)

Today's young people differ from yesterday's.

	 Gen Y (millennial) 1980-1995	 Gen Z 1996-2010
Context	<ul style="list-style-type: none"> • Globalization • Economic stability • Emergence of internet 	<ul style="list-style-type: none"> • Mobility and multiple realities • Social networks • Digital natives
Behavior	<ul style="list-style-type: none"> • Globalist • Questioning • Oriented to self 	<ul style="list-style-type: none"> • Undefined ID • "Communaholic" • "Dialoguer" • Realistic
Consumption	<ul style="list-style-type: none"> • Experience • Festivals and travel • Flagships 	<ul style="list-style-type: none"> • Uniqueness • Unlimited • Ethical

McKinsey&Company

Figure 1. Differences between Millennials and Generation Z (McKinsey&Company 2018)

About Generation Z, as I already mentioned, is the demographic segment born between mid-1990s and mid-2000s. Chinese Gers are the product of the one-child policy, in fact they are also called "Second generation of only child", growing up without siblings and enjoy the full attention of their parents and grandparents. Chinese Z-lennials also were luckier than their predecessor, because they were born and live during China's economic growth and came of age in an environment full of opportunities. A more lighthearted lifestyle and different approach to parenting gave them different values and beliefs from the generation that preceded them, and this made them to be more optimistic and self-

confident. A research conducted by OC&C Strategy Consultants shows that 41% of Chinese Generation Z interviewees are optimistic about the future versus only 26% of globally. This because of the different context in which they grew up. Moreover, these youngsters have an impact on household's income, in fact they spend 15% of it. According to Adam Xu, a partner at OC&C Strategy Consultants, *"This is a generation that has never known worry, so they spend more and save less. They are also willing to take on debt in order to fund their purchases"*, this means that Generation Z customers tend to spend more money than they have, and this can partially explain why Generation Z is more inclined to buy luxury products than Millennials. In fact, the survey also shows that over 50% of Chinese Gen-Z buyers spent over 50.000 yuan on luxury goods in 2018, compared to just 32% of Chinese millennials.⁵ Then Adam Xu also said that these well-informed digital natives are also *"willing to share their feeling and their experiences about products and services purchased through online reviews, blog posts and other means of self-expression. This is a path that offers great marketing potential because this method implies information sharing extends even further beyond their immediate circles for Chinese Generation Z"*.⁶

Even so, Generation Z has already understood the importance of privacy and security and is able to "restrain" themselves. Therefore, Gen Z is still very careful when

sharing sensitive personal information online. According to the survey of IBM above mentioned,⁷ and like Figure 1 show, although 62% of respondents are ready to share detailed personal purchase history with the brand, only 21% said they would share more sensitive personal data. What merit attention is that only 18% of respondents said they would like to share personal payment information. In addition, they will be careful to deal with online personal relationships. Social media is an important tool for Gen Z; however, their personal posts are limited to close family and friends scan.

⁵ Survey conducted by Adam Xu for OC&C Strategy Consultant in 2018 and available on Jingdaily.com at the following link: <https://jingdaily.com/gen-zers-vs-millennials-how-and-why-brands-must-know-the-difference/> accessed 4th October 2019

⁶ According to Adam Xu, partner of OC&C Strategy Consultants on "China's Generation Z - an emerging borderless tribe" (2019) accessed 2nd October 2019

⁷ Data available from the paper "独特的 Z 世代: 品牌应该了解年轻一代的消费者 *Dútè de Z shìdài: Pǐnpái yīnggāi liǎojiě niánqīng yīdài de xiāofèi zhě*" writing by Cheung Jane, Glass Simon, McCarty David and Wong Chistopher K. for IBM Business Value institute in 2017. Accessed 30th September 2019

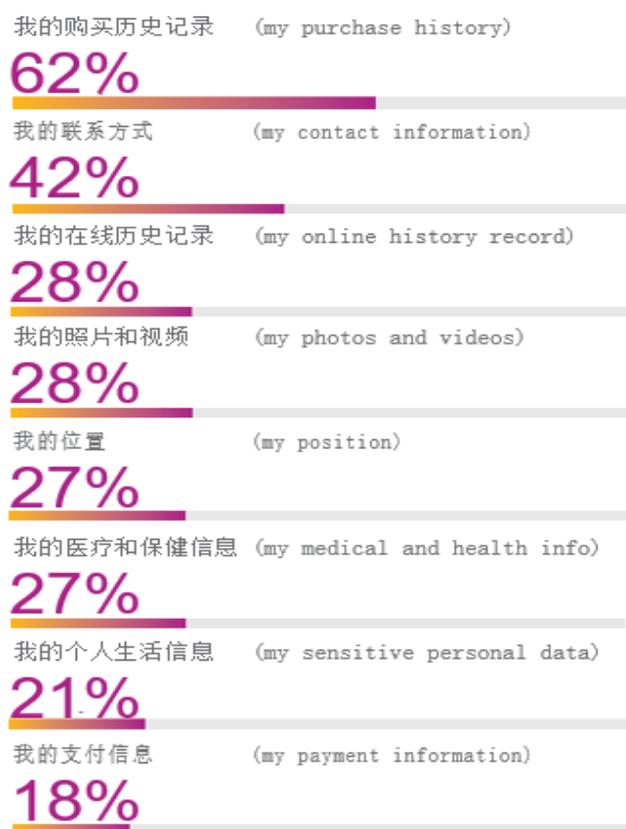


Figure 2. Information Generation Z are willing to share. Percentage expresses the agree (IBM Business Value Research 2017)

So, how can marketers advertise their products and services, especially luxury brands, to these frugal, optimistic and tech-savvy consumers?

It is very important for companies to understand Generation Z consumers' needs and attitudes. This group tends to focus on basic retail information, giving importance and having very high expectations about product quality, availability and value when choosing brand. In the process of brand interaction, it's very important for brands to win Generation Z consumers' trust.

For companies is important to use lean value-added services, such as personalized messages with appropriate scenarios, to attract consumers of this generation. However, if the basic retail information is not provided, the brand cannot obtain the continuous loyalty and purchasing power of Generation Z consumers. They expect brands to be able to clearly and transparently explain how to store and use their personal data. By understanding and responding to the evolving behaviors and preferences of these consumers, including their favorite devices and social media channels, consumer goods and retail managers dedicate themselves to build long-term, stable and mutually beneficial customer relationships. If

the brand fails to demonstrate enough efforts to protect sensitive personal information, they will miss the customer data needed to provide personalized shopping experience, which is the key factor for brands to stand out in the fierce competition.

The most important thing for this group of costumers is that brands sell high quality products and they expect that products never be out of stock. When they must choose which brands to buy, families' and friends' suggestions and opinions are very important, and they are inclined to choose brands with environmental protection concept and social responsibility. They also expect goods that companies have enough quality-price ratio, and at the same time expect to receive offer discount, coupons and incentives. Gen Z costumers also desire fun and interesting shopping experiences in stores, not to let's people getting bored.

This consumers group grew up in a technological world and they know how to take advantages from the Internet, social networks, and apps at an early age. They have been broadening their knowledge on the Web, constantly interacting with each other on social media and purchasing products and services online by using apps instead of offline. For this reason, Generation Z is subject to higher levels of influence from celebrities. That is why nowadays, not only celebrities such as actors, actresses, singers, but also the so-called "influencers" or in China "KOLs" can affect customers opinions and decisions when they are purchasing goods. These influencers involve with their audience naturally, make short video or live streaming by recommending and reviewing products. In this way, their message seems more sincere and the interaction between KOLs and followers is friendly and kindly. Therefore, to have a wider and successful marketing campaign, and to sell more products, many brands, especially luxury ones, must partners with KOLs who engage with Gen Zers, but this is different if companies want to engage with Millennials because they have different idols and champions.

An example of a successful influencer marketing campaign is the one did by Louis Vuitton in 2016, selecting Final Fantasy character Lightning as a brand ambassador. Louis Vuitton creative director Nicolas Ghesquière explained that the collection "she" models was predominantly inspired by video games. He said *"Lightning is the perfect avatar for a global, heroic woman and for a world where social networks and communications are now seamlessly woven into our life. She is also the symbol of new pictorial processes. How can*

you create an image that goes beyond the classic principles of photography and design? Lightning heralds a new era of expression.”⁸

Moreover, also Chloè did a successful influencer marketing campaign when the brand decided to partner with Mr. Bags-包先生 for Chinese Valentine’s Day to create, in the first collaboration a Bagfan exclusive foggy blue Fay Day handbag and in 2019 limited-edition Aby Lock handbags. These bags were sold out in about 10 minutes, thanks to the big influence of Mr. Bags brand in China. Tao Liang 梁韬 is a young and power bag influencer, owner of this brand, who only focuses on the bag category since it is considered a high profitability market. He reviews every luxury brand’s bag collections on his WeChat and Weibo blog where consumers give instant feedback on a bag, saying how much they want it, hate it or love it and this data has become the strength of Tao Liang business plan. These feedbacks are very important for brands, because those followers are part of the vast and loyal fan club of Tao Liang and they serve as an important focus group, as they represent the massed voice for a specific bag in China. Then Mr. Bags can deliver these suggestions to global brand executives and helps them to understand consumers’ needs and wants. This has made Mr. Bags a super salesman, helping brands to sell and consumers to buy. More importantly, he has gained a lot of experience and this has convinced luxury brands to co-create collections with him.⁹

Another important element to which the young people of Generation Z give importance is transparency. An honest and transparent advertising has great value for this generation. Integrity, righteousness and dependability should become top priorities for the retailers if they want to build trust and want to connect with Gen Zers. Therefore, they will not be attracted from photoshopped images of perfect-looking models, so retailers that promote fake standards of beauty or false marketing messages will be ignored. An example of a successful marketing campaign due to transparency is The Fenty line, the cosmetic line created by singer Rihanna. She launched Fenty in China on July 2019, with retail distribution at Sephora, Harvey Nicholas, Beauty Avenue. The first campaign video

⁸ Nicolas Ghesquière, creative director of Louis Vuitton said during an interview for the launch of LV bags. Available from <https://www.telegraph.co.uk/fashion/people/final-fantasy-character-lightning-on-starring-in-louis-vuitton-c/> accessed 5th October 2019

⁹Mr.Bags is one of the most popular KOLs in China and has collaborated with many Western luxury brands. His website is available here: <http://www.mrbags.com/index.php/2019/07/15/mr-bags-x-chloe/> accessed on 7th October 2019

of the brand was launched on Weibo, featuring a host of Chinese celebrities and influencers that are known to challenge the traditional Chinese beauty standard, such as singer Wang Ju, the Chinese Beyoncé. She has dark-toned skin color and her height and weight do not exactly reflect the canons of Chinese beauty, but she has developed a lot of followers who find her both relatable and inspirational. Once Fenty Beauty was launched in China, a photo of Rihanna and Wang Ju surfaced online and became one of the most popular in the trending list of Weibo and have attracted a lot of fans also on other social media platforms as WeChat and Little Red Book. This collaboration had a great impact and was very appreciated by these young consumers because supporting diversity in beauty standards. By embracing a review marketing strategy, Fenty doesn't give off the appearance of a brand that's only interested in a fast sale, but it has demonstrated a willingness to send a strong message.¹⁰

For this segment of young customers is important also personalization and customization. Bespoke experiences, made-to-order designs and limited-edition collections will be more attractive for Chinese Gen Z consumers. For them it is very important to have a unique view on style and creativity, to demonstrate their individuality and uniqueness. In fact, in 2015 Deloitte company wrote a consumer review paper shows that 1 Gen Zers in 4 "*is happy for businesses to use their personal information to offer them more personalized products or services*".¹¹ Individuality and diversity are their core value.

An example of a successful customized marketing is the one launched by Longchamp's personalized Le Pliage bag, which allowed Chinese consumers to purchase simply by scanning the QR code of the brand, which was available both online and offline. Sophie Delafontaine, creative director of this company, and she said "*nowadays people are looking for something special, something which really reflects who they are*"¹² and this claim is particularly true when Chinese Gen Z customers are willing to buy luxury products.

¹⁰Rihanna did a successful marketing campaign in China, by giving importance to transparency and taking into consideration the importance that this generation gives to certain topics. Campaign available from <https://jingdaily.com/fenty-beauty-by-rihanna-officially-lands-in-china/> accessed on 5th October 2019

¹¹ Consumer review paper wrote by Deloitte company in 2015 entitled "Made-to-order: the rise of mass personalization" available from <https://www2.deloitte.com/content/dam/Deloitte/ch/Documents/consumer-business/ch-en-consumer-business-made-to-order-consumer-review.pdf>

¹² Sophie Delafontaine, creative director of Longchamp, told in an interview to Jing Daily in 2019, related to the expectation of Chinese consumers about products' personalization. Available from <http://blog.else-corp.com/2019/09/china-market-expectation-for-mass-customization-product-personalization-and-made-to-order/> accessed 4th October 2019

For Chinese young customers is very important individuality and self-expression, so Millennials and Gen-Zers tend to choose luxury brands that respect these characteristics and respond to their needs.

Finally, Chinese Gen-Z consumers are inclined to socially conscious consumption. In China, this demographic segment really takes to heart environmentally friendly consumption (25% versus 13% for Gen Zers across the globe.)¹³ These youngsters are well-informed and socially conscious consumers that ask for transparency and sustainability, they fight climate change, come up with incredible new technologies, can invent life-saving apps and can become entrepreneurs who can change the world, and retailers have to learn how to deal with this generation. This means they are willing to support brands that adhere to high ethical standards. In fact, a marketing campaign that enjoyed huge success among Chinese Gen Zers, was the one made by JD.com, which faced up the question of environment. JD.com is one of the main Chinese e-commerce platforms which sell all kinds of products, from electronic products, cosmetics, to fresh food, clothes, etc., and the purpose of the campaign was to allow customers to return boxes for re-use and recycling. This new reusable package initiative was launched in 2018, and the company is expanding its eco-friendly packaging program to include customers, part of the company's ongoing efforts to promote sustainable consumption. This service allows JD's customers to easily select a free reusable packaging, a "green box" that can be used approximately 10 times, on the billing page. Those opting to do so will return the "green" packaging to delivery personnel after receiving their order. *"By using this packaging and taking part in other innovative recycling programs, JD's customers can enjoy the convenience of e-commerce while knowing that their purchases have involved minimal carbon emissions"* said Bing Fu, Head of Planning and Development, JD Logistics.¹⁴ The company has also set the target for 80% of packaging materials to be recyclable, over 50% of plastic packages to be replaced by biodegradable material, and 100% of logistics packaging to be composed of recyclable or reusable materials. Meanwhile the company also introduced hydrogen

¹³ Data available from OC&C Strategy Consultant, according to a research conducted in 2019 <https://www.occstrategy.com/cn/%E5%85%B3%E4%BA%8Eocc/%E6%96%B0%E9%97%BB%E5%8F%8A%E5%AA%92%E4%BD%93%E6%8A%A5%E9%81%93/article/id/3460/2019/03/chinas-generation-z-an-emerging-borderless-tribe> accessed 2nd October 2019

¹⁴ Bing Fu, Head of Planning and Development of JD Logistics, when the new eco-friendly campaign was launched. Available from <https://jdcorporateblog.com/jd-com-launches-new-reusable-package-initiative/>

energy delivery trucks and a fleet of solar-powered delivery vehicles.¹⁵ For all these innovative campaigns, and also for its competitive prices, very short delivery times and the wide range of products offered, JD.com have very good reputation in China, especially among Generation Z and Millennials.

It's possible to say that transparency, socially conscious consumption, influencer marketing, personalization and customization are the main characteristics that Generation Z consumers expect from brands, but what about Millennials? Which are the main features and what they expect from brands?

Millennials, or Generation Y, are those people born between 1981 and 1996. They are also known with the name "baby-boomers" due to a major surge in birth rates in the 1980s and 1990s. Millennials can be described in different ways, on the negative side they have been described as lazy, narcissistic and inclined to jump job to job. They also prioritize their desires instead of their needs. An article on Time Magazine described them as more civically and politically disengaged, more focused on materialistic value and more individualistic because they don't concern about helping the community. But they also have positive characteristics such as they are more open-minded than the previous generation and more supportive of gay rights and equal rights for minority. Others positive characteristics are self- acceptance, liberal and confident.¹⁶

Nowadays the oldest Millennials are well in the adulthood, and most of them came of age and entered the workforce facing an economic recession. Life choices, future earnings and entrance to adulthood of Millennials have been strongly influenced by this recession, as it caused record unemployment, affecting young people joining the workplace, as well as a period of economic instability. This Baby-boomers also grew up during the rapid evolution of technologies, during the change in how people communicate and interact, as for example the dramatic expansion of television and the internet explosion that changing their lifestyles and connection to the world. If Gen Zers were born and raised with smartphone, social media, on demand entertainment and communication, on the contrary Millennials adopted them when they were already of age.

¹⁵ Data available on JD.com website, link: <https://jdcorporateblog.com/jd-com-launches-new-reusable-package-initiative/> accessed 6th October 2019

¹⁶ Millennial features according to <https://www.livescience.com/38061-millennials-generation-y.html> accessed 7th October 2019

In China, Millennials were the group that not only has reshaped the image of the actual country but has also transformed the country's entire retail ecosystem. This generation is more educated, open minded and tech-savvy than the previous one, in fact 1 in 4 holding a bachelor's degree or higher. Like the generation that follows them, more than 90% of this segmentation possess a smartphone and is highly connected. Every sector of the economy, from travel to education, was be transforming from this generation. Chinese millennials visitors in global travel were a lot in comparison to the previous Generation X, this thanks to the economic growth so better life condition and the introduction of technologies. Also, the education field was changed, one in three foreign students in the US is Chinese.

Chinese millennials share many characteristics with their Western peers, but they were born in different conditions, and these conditions have influences Chinese millennials thoughts and behavior. They were born during the one-child policy, so all the attention of parents and grandparents are directed towards them, they were the center of the universe. This means their families spend a lot of efforts in proving them the best education possible, opportunity to study abroad, and take care of their financial situation. They were born in a period of exponential growth, endless opportunities and optimism. For these reasons, Chinese Millennials are not afraid to risk; a lot of students once graduated they become entrepreneurs.

Being an only child doesn't have only advantages, because families have high expectations from the children when considering academic performance, careers and also according to find the perfect spouse.

Another challenge that Millennials have to face is entering in a highly competitive economy, and this have consequences on their personal life. The divorce rate increase, couple decide to delay the decision to have children, and tension levels are rising, all because they prefer to focus on the job, but the pursuit of personal wealth come first.¹⁷ Millennials are also worried about the future, for this reason they are looking for a place where they could be working well into their old age. Chinese Millennials are patriotic, they are optimistic and believe in China, so after studying abroad, they return home because

¹⁷ According to a recent report that analyzed Millennials behaviors and features. Available from <http://www.chinadaily.com.cn/a/201901/16/WS5c3ea92ba3106c65c34e4ca5.html> accessed 6th October 2019

they know their future is in China. This generation loves to travel abroad, study abroad, but they go back to China because there are more opportunities, so they want to bring back all the experiences gained abroad and apply them in their homeland.

From a marketing point of view, companies have to clearly distinguish their target when they sell products or services, so if they want to focus on Millennials customers, they must adopt a series of strategies, which are different if they want to approach to Generation Z. A market research and management consulting firm called Daxue Consulting, conducted a research which indicate that young Chinese consumers have shown themselves to be confident, frugal and less price sensitive with luxury and high-quality goods.

First, Chinese millennials demand for uniqueness. Considering that Chinese Generation Y were born and raise in a period of economic growth and reforms, they love to spend money for luxury goods and demand premium services and unique products to enhance a personal sense of well-being. They tend to dress for their inner selves, not to impress other people. Originality and uniqueness communicate a sense of superiority and authenticity, for this reason this generation enjoy niche brands and bespoke retail solutions. A successful marketing campaign that direct the attention on the demand of uniqueness by Generation Y is the one did by Nike in 2017, which also obtained a huge success among Generation Z consumers. The brand has introduced a service called NIKE iD, which allows customers to design their own Nike shoes. This service has been a huge success in Chinese market, because suits perfectly the request of uniqueness and provide a fun shopping experience to customers. This service is available both online and offline, allowing customers to check their options and ordering online while providing an in-person experience. So, consumers actively participate to the design of their shoes, they can decide the style, color, fabrics and design details, then they order them online, or if customers prefer, they can go to Nike retail stores and check the material in person. This marketing campaign was very successful in China market because it gives customers plenty of options, and this create a real customization experience, allowing them to express their ideas and come up with unique personal design. This also encourage them to share their design and

experience on social media, attracting new customers who will probably try this service, increasing the company's turnover.¹⁸

Second, luxury brands that want to reach Millennials, must focus on the concept of women's empowerment and understand women spending habits, because the so-called "leftover women" belong to the Chinese Millennial generation and they are the product of the one-child policy. These women are educated, urban and highly skilled, they try to challenge traditional concepts and reshaping previous notions of womanhood. Taking into consideration this market segment, brands can increase sales and stay ahead of competitors. An example of marketing ads that take into account women's empowerment is the advertisement campaign promoted by luxury cosmetics brand SK-II, which focus attention on the delicate topic of "leftover women" or in Chinese 生女 *sheng nu*. They are twenty something women who still be single and decide to focus on their career. Leftover women are put under an incredible amount of social pressure to get married, and their relatives try in any way to find them a husband. The brand SK-II did a four-minute-long video begins with a montage of photographs of young girls with audio phrases from their parents, explaining who are these "leftover women" by interviewing them. According to these girls, and also their relatives, don't be married is very disappointing for the family. For this reason, parents decide to bring they daughter "resumes" to the "Marriage Market" to find them a husband. But in this ad video, when parents arrive in the park, they find beautiful photos of their daughters and other "leftovers" women with phrases like "I don't want to get married just for the sake of marriage. I won't live happily that way". This film was produced by SK-II for the global #changedestiny campaign, which encourages women to "change their DNA" to take control of their future.¹⁹

Last strategy companies can use to reach Millennials consumers is loyalty programs. As the one-child generation, they want a personal interaction with their favorite brands, and they love being rewarded for their purchases and fidelity to brands. Luxury brands should have an untraditional reward approach to their Millennial customers, they should

¹⁸ Nike's Customizable Sneaker Service has been a huge success in China, not only among Millennials but also among Generation Z customers. For this reason, other luxury and non-luxury brands such as Adidas, Louis Vuitton, Michael Kors, ecc.. has adopted the "designed by you" option both online and offline. About Nike personalization service on <https://iingdaily.com/3-reasons-why-nike-ids-customizable-sneakers-are-more-crucial-than-ever/>

¹⁹ Video and of the advertising available here <https://www.sk-ii.com/luxury-skin-care-tips/marriage-market-takeover.html>

aim to originality, personalization and creative customer loyalty programs.

In conclusion, it's possible to understand that Chinese Millennials and Generation Z are quite different, although they may look similar in some aspect.

Millennials have higher expectations for customer experience, and they will pay extra for it, instead of Generation Z customers who expects more innovation from companies because they grew up in an age of rapid innovation. According to a research, Millennials are more likely to trust companies and are comfortable with how companies use their personal information, but Generation Z says they are more trustful to companies demonstrating social responsibility strengthens. Gen Z consumers are an optimistic generation and are more focused on spend money to satisfy their needs, unlike Millennials who prefers to save money.

At last, Generation Z doesn't want to be defined by any brand other than their own, for this reason they want to show off their independence and they use social media to find a community where they feel they belong. So, the best marketing approach brands can use to attract Gen Z consumers is to celebrate individual and telling them they can be whatever and whoever they want.

1.1.2 The distinction between Western and Chinese Generation Z

As oldest members of Generation Z are turning to 24 this years, retailers and brands should focus on understand the differences between this generation and the previous one because they are the new consumer segment. It's also very important for companies to make a distinction between China's Generation Z and its Western counterparts in other part of the world.

Different surveys of 15.500 young people belonging to the new generation in nine countries (China, Britain, USA, Italy, Germany, Poland, France, Brazil and Turkey) show that China's Generation Z is more carefree, spend more and save less than its peers in the West.

Comparing West and Chinese Generation Z, it's possible to say that 75% of Chinese Generation Z are saving money compared to 85% of Gen-Zers globally.²⁰

²⁰ According to a survey conducted by OC&C strategic Consultants in 2019. Available from <https://www.occstrategy.com/cn/%E5%85%B3%E4%BA%8Eocc/%E6%96%B0%E9%97%BB%E5%8F%8A%E5%AA%92%E4%BD%93%E6%8A%A5%E9%81%93/article/id/3460/2019/03/chinas-generation-z-an-emerging-borderless-tribe> accessed 6th October 2019

This because Chinese Gen-Zers are more optimistic for the future and they were born during the one child policy from a previous generation of only child, so they receive financial supports from parents and relatives. They also live during an exponential economic growth and live in wealthier conditions than any other generation in China. In contrast, Gen Zers who live in Europe or in the United States experienced the 2008 financial crisis and its brutal consequences, so they have less opportunities to spend money. For this reason, in the West, this generation of young consumers are more prudent.

Furthermore, these Chinese young buyers are less inclined to save money to purchase a home, so they spend more and they also don't be worried about their career prospects and want to become entrepreneurs. But Chinese Generation Z grew up under an economic boom, so they are less frugal. This has also made Chinese youth more patriotic when it comes to fashion than Millennials, and this make them bypassing brands that focus their marketing on European and American heritage and they are looking for Made in China products; they are highly involved in the nationalist outrage doing by foreign brands, like for example the advertising did last year by Dolce & Gabbana.

For Western luxury brands China market are very important because most of their consumers are represented by Chinese consumers, in particular Gen-Zers, so they have to pay attention to their advertising messages.

This generation has never known worry, so they spend more and save less. They are already a significant spending force that consumer brands must pivot towards.

According some data China's Gen Z expenditure accounts for a higher proportion of household income than the Western world: Chinese spend 15% of household income compared with 5% in France, 4% in USA and 3% in UK. Although most people haven't started working and earning an own wage yet, they spend a lot of families' money.²¹

For example, the most common ways Chinese Generation Z use parents' moneys are free use of their bank card and the so-called "red packets", or cash gift, which are given from grandparents. In West countries the situation is harder because families have to spend large parts of their income for university fees which are quite expensive, and usually Western families have more than one kid.

²¹ According to a survey conducted by DaxueConsulting last year available from <https://daxueconsulting.com/gen-z-consumers-china/> accessed 10th October 2019

This inclination of Chinese youngsters to spend money, make them willing to take on debt in order to fund their purchases and also ask money to friends and family.

In countries as Italy, Generation Z are more pessimist about their future because of the economic crisis, and also in other countries such as Mexico, Great Britain, South Korea, Spain, Belgium and France they are pessimistic about young people's future. In China, on the contrary, this generation think they will have a better future comparing with their parents.

Veronica Wang, an associate partner of OC&C strategy Consultants says data reveals also that Chinese young people are spending more in the categories on clothes and technology products (including mobile phones and media subscriptions) compared to their Western peers.

Another different between Chinese Gen-Zers and Western Gen-Zers is that in China for young people social issues like human rights and protecting the environment are very important, while for Western country like U.S. are more committed to solving diversity issues such as racism because this generation is the most racially and ethnically diverse generation in the country.

Western Gen Zers doesn't like reusable products and preferring to buy the latest trends and buy in excess.

It's possible to say that Chinese Generation Z and Western Generation Z have something in common, both of them pretend transparency from the firms, in particular from fashion companies. Reports also show that Gen-Z shoppers, Chinese or Western, around the world want to know the origin of the products, in particular of clothes, where these products have been manufactured and with what materials.

Because of the popularity of social media all around the world, this generation is all influenced by influencers and VIPs; according to a research, young people say there are first of all influenced by their family and friends, second by their teachers and then from influencers and VIPs.

At the end, the most important quality of this generation, never mind if they are Chinese or Western, they want to change the world. They are more sensible to civil rights, as equality between genders, gay rights, no racial discrimination, but they fear war and terrorism and ecological disaster.

1.1.3 A generation without borders

As said before, Generation Z is become the largest consumer segment, account for 33% of all consumers worldwide, and this means a vast opportunity for companies. Members of this generation were born and grew up in a fully digital and technological world, so they use smartphones, tablet, and social media all the time. They are more subject to influence from friends and online advertising, but they also want to be distinguished as individuals. This generation is frequently labelled at “the stay at home generation”, means that they prefer to live with parents and spend money for buying their interested products or services than spend money to buy an own house, and they prefer to use streaming, online communities and instant communication to socializes instead then go outside and meet new people.

This young generation are more likely to share their feelings and experiences online thought blog posts, online reviews, photos, videos and other means of self-expression. This means that information is sharing to everyone, not only to their immediate circle of followers, and this represent a huge marketing opportunity for companies if it is managed appropriately.

Generation Z shoppers have different spending attitudes and behaviors, and these differences are particularly evident between Chinese Generation Z and their global peers.

As I said in the previous chapter, Chinese Gen-Zers are more optimistic about the future and they depend strongly on family, so they spend more than their Western peers.

What does it mean “generation without borders”? Compared with Millennial generation, Generation Z is more global, more open and Chinese generation Z said they are more western then the previous generation (see Figure 3). They are also more focused on innovation and uniqueness, and very important for them are social responsibilities.



Figure 3. What it means "Generation without borders" (OC&C Strategy Consultant, 2019)

Compared with older generations, Generation Z across the globe are very similar. This thanks to technology and increasing accessibility of low-cost travel.

These youngsters have an extraordinary sense of global awareness, travel and seeing the world are a priority for them and is the most important way to spend their money, so they move comfortably across borders and above all. For this reason, Generation Z are also changing and challenging the future of the travel market. In contrast with the Millennials travelers, this generation are socially and environmentally conscious, they want a mobile-first approach, and they desire authentic local experience. For Gen Zers environmental impact it is very important, especially when it related to traveling. According a survey, travelers of this generation are more likely to stay in green or eco-friendly accommodations. Their global awareness and their passion for travelling are the reasons why there are labeled as “generation without borders”, and this represent a big opportunity for travel and hospitality brands.

They are also more open mind then the older generations, they are very active on Internet and on the social channels, and this make easier for this generation to share ideas, feedbacks, opinions and have access to the same information and media all over the world.

They also like to socialize with people from other countries and want to learn new languages, not only English, but also Italian, France, Spanish, Korean, Japanese....

Brands and celebrities playing an important role. A lot of western brands expand their market also in China, and to reach this generation the power of celebrities and influencers are very important. As a result, online and in the media at least, the world can look similar for Generation Z.

Most of life choices of members of this generation are under online influence, but the curious thing is they are not only under the influence of celebrities, but also of their friends and they peer all over the globe despite their young age. Over than 20% of Gen Zers frequently interact with brands via online media, including following brands on social media, watching online video, and follow influencers’ advice. So, thanks to social media, brands can shorten the distances between them and consumers in every part of the world.²²

²² OC&C Strategy Consultant, in collaboration with Viga company, has conducted a research about Generation Z characteristics and behaviors, by comparing Western and Chinese Gen Zers. The paper title is “A generation without borders” (2019). Available from <https://www.occstrategy.com/media/1806/a-generation-without-borders.pdf>

1.1.4 Unique features of Generation Z in China



Figure 4. Unique features of Generation Z (Daxue Consulting 2019)

Generation Z is now one of the most important segments of consumers all over the world, and it is estimated will be almost 40% of all consumers by 2020.

Chinese Generation Z is the largest group in the world, and they are also nicknamed as “Internet Generation” because there are widely influenced by what they see on Internet and on social media. In the growth process of Generation Z, they can learn always and everywhere about global events. Gen

Zers are passionate about social network and they are less sensitive to the real circumstances. Since childhood, their social behavior has been shaped in the network environment. Therefore, they also consider Internet not only the stage of “showing themselves”, but they also see technologies as an extension of their lives and personalities. Their creed is “not being shared is equivalent to not happening”.

Although they share everything on social media, this generation also understands the importance of privacy and security and is able to “restrain” themselves. Even so, they are still very careful when sharing sensitive information online. These consumers are ready to share more detailed personal purchase history and preferences with brands, but not to share personal sensitive data such as payment information. In addition, they will be careful to deal with online personal relationship.

China’s generation Z is also growing up in an era of fake news and false events, so they have a sophisticated sense of truth and quality; they know they can’t believe to everything they see and hear on social media.

Even though they have a lot of followers on their social media accounts, Generation Z is the loneliest generation in the world. They spend most of their time online and prefer virtual relationships instead of going out and meet new friends.

According to a research the duration of their attention is very short, it lasts for 8 seconds, but the brain can process information more quickly and be more flexible in dealing with higher degree of mental challenges. So, they implement an apparent multitasking skill that allows them to see a series, consult a screen, write a document, talk via WeChat, publishing photos and videos on social media...all at the same time. Due to their short attention, if brands want to give a message when they advertise a product or a service, it's better they use images and videos to capture Chinese consumers' attention, because images came before words.

China's Z-lennials are also very curious, they use their phone for "news and fresh knowledge", they are highly independent in learning, they use Internet for find any information and watch tutorials to learn how to do anything, as cooking, make up, dressing, exercising, keep in health, skincare, etc.....

Also for this reason short-video and live streaming makers become Generation Z guru. During these videos they show, recommend their audience and influence their lifestyle: way of dressing, brands, products' consumption, opinions and feedbacks about products, cosmetics, restaurants, politics, travel....

If somebody asks to members of China's Generation Z to describe themselves with a sentence, they will answer "independent and brave", "the lucky ones", "the revolutionary generation", "loving freedom", "lonely but extraordinary", and also "living for ourselves". For this generation freedom and independence are very important, unlike the previous generations, they are conscious to be luckier and privileged, free to pursue their dreams and to spend.²³ For this they are also labelled as "moonlight clan", a play on the Chinese words 月光族 *yu ègu āngzú*, which means they are free spenders who empty their wallets each month.²⁴

Their curiosity extends also to the outside worlds. Travel is one of their favorite hobbies and they are extremely well-travelled. The most popular places are Japan,

²³ During an interview made by the team of Agility Research & Strategy company, Generation Z interviewer defined themselves as more empowered, luckier and freer than their parents' generation, belonging to Millennials or Generation X. Available from <https://agility-research.com/5-things-you-might-not-know-about-the-affluent-generation-z-in-china/> accessed 16th October 2019

²⁴ The Chinese words 月光族 *yu ègu āngzú* literally means "moonlight clan" and it refers to a large group of people who spend their entire salary before the end of each month. This term refers to Chinese Generation Z consumers, who spend money, also if they don't have it, without care about the future, very different from their parents'. For this reason, this generation has a very strong purchasing power.

Thailand, Europe (in particular Italy, France and London), United States, Australia.... When travelling, for Chinese Z-lennials is also very important to live the local experience, so not only to visit museums, see the most important monuments or art galleries, but they want a full immersion in the culture of the country they are visiting (see Figure 5)²⁵. Likes going to restaurants, cafes, bars and booking accommodation that allow them to make a more immersive experience, using homestay apps, as Airbnb (Chinese competitors are 小猪 *XiǎoZhū* and 途家 *Tújiā*).

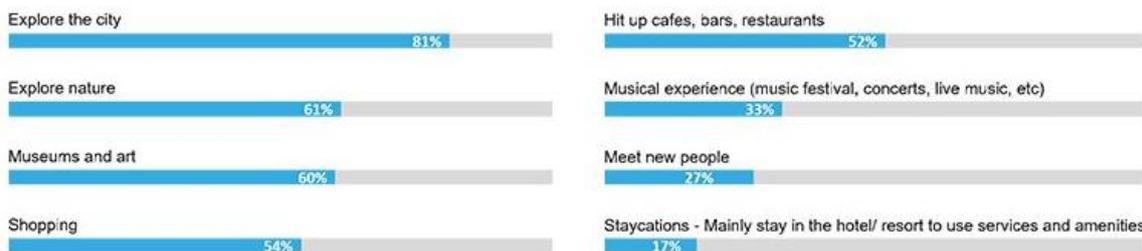


Figure 5. Chinese Gen Zers what an immersive experience (AgilityResearch&Strategy 2019)

Furthermore, most of these young travelers prefer to travel with friends on self-planned trips rather than alone or with their family. They want an authentic experience not just to enrich their knowledge, but also to have spectacular pictures and videos to post on their social media.

Not only when they travel, but also when they buy products and services online or at the shop, they are very sensitive to environmental problems. They prefer brands which are eco-friendly and give importance to sustainability and also to social responsibility.

Gen Zers are individualistic and want to express themselves on social media, and they do this showing their experiences and their point of views. They don't like to be labeled as people who are following the mass but like to feel as an individual who makes choices based on their own tastes. For doing this, they get ideas and advice from social media likes Little Red Book (小红书 *xiǎohóngshū*), TikTok (抖音 *Dǒuyīn*), Bilibili (哔哩哔哩 *Bilibili*), WeChat Mini-programs (微信小程序 *Wēixìn xiǎochéngxù*) and from others social media by following their favorite bloggers, but they not be limited to this, because they also want to share their opinions and contribute to the conversation.

²⁵ |vi

Despite Western social media platforms are blocked in China, Chinese Gen-Zers using VPNs to sign up to Instagram, Snapchat, Pinterest, Facebook, and to used foreign apps such as Google News, YouTube, CNN, BBC to gain more information and getting inspiration from Western influencers and bloggers, who also influenced Chinese KOLs and bloggers.

Although Chinese Generation Z also consults Western social media and are open minded, they have a strong sense of Chinese pride because they grew up in an era where China had already become a strong global power. This patriotism is reflected also in consumptions. Generation Z are more likely to buy “Made in China” products than the older generations, but foreign brands still have a huge impact on Chinese consumptions. But for foreign brands enter in Chinese market is not so easy, because they have to take into consideration and give a huge importance to cultural, linguistics and generational diversity.

Generation Z's members are also very passionate, creative and proficient in technology, and they know how to take advantages from these. They have very strong entrepreneurial skills and have the ability to develop innovations. In fact, there are different young entrepreneurs that start their own business online and some of these people, even at a young age, have also achieved remarkable results. For example, an 8-year-old child established his own YouTube channel to release his comments about new children's toys and video games. Since the channel's debut, the number of visitors has reached 75 million times, with an annual income of \$1.3 million. Or an 11-year-old child is the CEO and owner of an online boutique that specializes in eco-friendly accessories. Another example is a girl who started blogging about fashion information when she was 8 years old; now she is 15 years old and runs her own online magazine. Another case is a young application developer developed “Summly” at the age of 15, which uses natural language processing and machine learning function to generate news summaries from web pages; the young man sold the app at the age of 18 for \$30 million.

What else it's possible to say about this unique generation? For companies and brands there are a very important consumers target, even for luxury goods, because nowadays they have a huge purchasing power. They are free spenders, although if they don't have a work, they use family money, or they also ask money from friends, pay for or even take out loans from banks. They are compulsive spenders because thanks to online shopping, just with a click they can buy products and services quickly and easily.

Fast purchasing doesn't mean not conscious consumers. Chinese generation Z consumers are very picky. They want that brands be loyal and inform them about the manufacturing process of the products: corporate responsibility, origin of raw materials, respect for the environment, and so on.... They read the labels carefully and give good or bad opinions online about any services.

All these features can well defined Chinese Generation Z, and for certain aspects also global members of this generation, but all Gen-Z young people don't like to be defined and be treated as a "phenomenon" observed under the microscope, besides their distinctive personality. They are fast-changing and unpredictable, and they will continue to exceed marketers and researchers understanding.

1.2 Generation Z and E-Commerce in China

Members of Generation Z grew up in a technological world, and this have some advantages but also disadvantages. They always have a smartphone in their hands and do everything with it, not only write messages, chatting, use social media, call, play games, but in China, is also possible to use the mobile phone to pay in shops, restaurants, cinemas... everywhere! And a very important Internet's function is that they can also purchase products and services online. For example, with just one click on 外卖 (*wàimài*) app, they can also order foods online in any moment, waiting comfortably at home for meal to arrive.

Therefore, E-Commerce has become very important for retailers and brands to reach consumers and reduce distance across countries in a sustainable way; like this it's easier for companies to acquire new customers around the world, in particular to reach this new generation of "connected customers".

What is E-commerce? It is also defined as Electronic commerce or Internet commerce, and it refers to the buying and selling of products or services using Internet and the transfer of money and data to execute these transactions. E-commerce is not only a commercial tool in China but is has become a model of economic development.²⁶

²⁶ Definition gives by Shopify encyclopedia available from <https://www.shopify.com/encyclopedia/what-is-ecommerce> accessed 20th October 2019

There are different types of E-Commerce models: Business to Consumers (B2C) means business sells goods or services to an individual consumer, Business to Business (B2B) means business sells goods or services to another business, Consumer to Consumer (C2C) when consumer sells goods or services to another consumer and Consumer to Business (C2B) is when a consumer sells its own products or services to a business, like when an influencer offers exposure to their online audience in exchange for a fee.²⁷

Internet and E-commerce are particularly important in Chinese market and they become part of this new consumer's culture. These new technologies have revolutionized people's life and become essential tools for fast growing emerging market companies.

But these tools can't be identical in Western countries and China. Chinese applications have been adapted for Chinese Gen Z consumers because they are more digitally sophisticated than Western. The application had to be adapted to Chinese needs and specifications. In China, Internet is the mainly form of entertainment, so Chinese E-Commerce has to amuse and entertain customers, while in Western countries Internet is just used to search information and learn about things. For example, very famous application in China are WeChat, which has also mini-programs created by different brands and restaurants to entertain their costumers, with games, news, videos and it is also possible to share photos and chatting with your circle of friend and give personal opinions.

The most popular applications used by Chinese Generation Z to shop online are TaoBao (淘宝 *TáoBǎo*), TikTok (抖音 *Dǒuyīn*), Kuaishou (快手 *Kuàishǒu*) and Little Red Book (小红书 *XiǎoHóngShū*), but don't believe these are the only ones!

1.2.1 Why E-Commerce is important to reach Generation Z in China

Not all consumers are similar all over the world, in particular Chinese Generation Z consumers buy in a unique way and use specific sites and applications tailored to the Chinese market.

Foreigner brands that want to enter in the Chinese market cannot simply reproduce the market strategy used in their market, but they have to adapt it according to Chinese

²⁷ Ibidem

consumers' needs and want, taking into consideration also cultural and generational diversity. For example, companies can't just translate their original Website contents in Chinese, adding "Asian" faces or changing the design of it.

Researchers demonstrate that China E-Commerce is based on three characteristics:

- First, it's promoted bottom-up growth, which means it has created a super connected world enable companies to create new products and services and made them more revolutionary and more technologically sophisticated.
- The second feature is the creation of a connected world, where people are becoming unable to distinguish online and offline world. Chinese E-commerce is so efficient that people use it also in their "offline" life. So, in China O2O Commerce is already part of China's present and it's one of the most common way companies do commerce in China. O2O Commerce (Online to Offline) is a business strategy that identifies potential customers online through internet advertising and emails, then use a variety of tools to approaches with them and induce them to make purchases in physical stores.
- At last, Chinese E-Commerce has turned shopping into a social experience, this is a fundamental characteristic for Generation Z consumers. Z-lennials love to chat, share pictures and videos and give their opinions and feedback on products or services and by doing these they make it become a social experience.

Combined together, these three features make an E-Commerce model, which unify chatting, and experience to online shopping. ²⁸

The two basic models of E-commerce in China are: the marketplace of "Alibaba" model, and the direct sales system of "JD.com" model, which is part of Tencent Group. These companies are two of the biggest e-commerce platforms used by Generation Z to purchase products online, and the e-commerce models of these sites have been so successful that competitors have taken them as an example. ²⁹

Taobao, the most iconic Alibaba's C2C platform, is based on a huge assortment of products, the prices are very elastic, and this has made it one of the cheapest sites. Chinese

²⁸ Gervasi Marco, in "East commerce: a journey through China E-Commerce and the Internet of things" (2016) has identified these characteristics about Chinese E-Commerce.

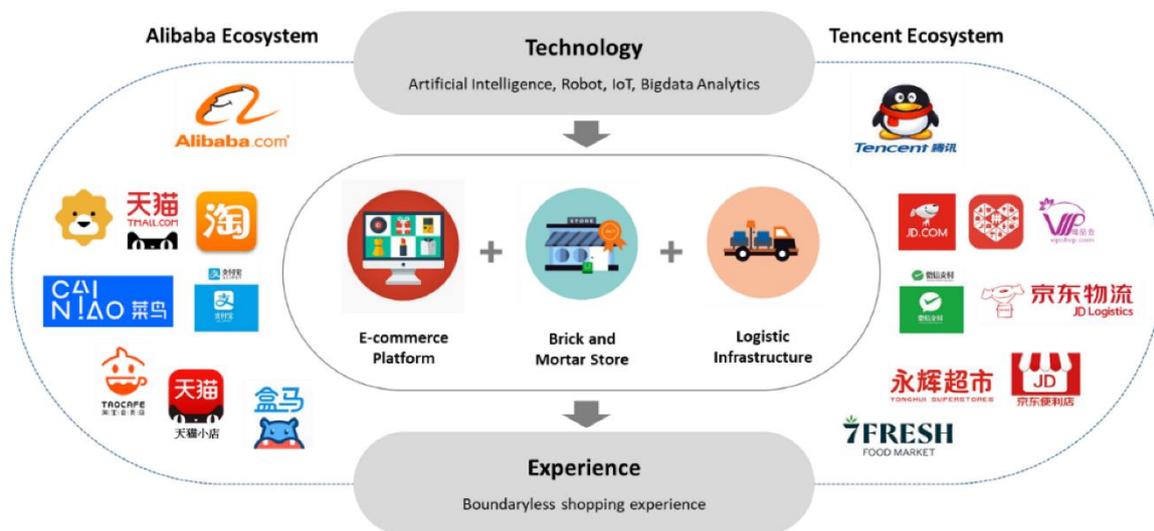
²⁹ Ibidem

Gen-Zers are very price sensitive, and getting the best price is their first goal. For this reason, Taobao catch the eyes of this generation.

Instead, JD.com E-commerce model is based on a direct-sales system, where the platform owns the goods and the logistics are integrated into the services. The strong point of this site is that it stands behind the products it sells and it's willing to accept return in case the product doesn't satisfy consumers' needs.

These two different models are important to reach new emerging consumers of Gen-Z because they ensure both a consistent user experience and products that suit these young costumers. See Figure 6 which illustrate these two models of Chinese E-Commerce ecosystem.

Figure 6. New retail and E-Commerce ecosystem in China (mdpi.com 2019)



In addition, E-commerce also helps companies' businesses thanks to data collection and analysis. Brands can monitor what people search in the website, understand their preferences, see which products their visualize the most, in this way companies can know what consumers want and allow them to build a new line of products or services more suitable to the client's needs and taste. This is not possible in a physical store, because the reaction of client's is much longer than on the Internet.

Very important is that platforms have made more convenient and easier the way people doing shopping. For this young generation purchasing what they want can be also a stressful experience. They are very meticulous about all the aspects of the product, like

the provenience of raw material, manufacturing, price, delivery time, and sale's conditions. Therefore, Web site can give them better information to understand the product.

It is possible to say that E-Commerce empowered individuals by giving them the opportunity to put in practice their entrepreneurial skills and create their own successful businesses.

Today, one of the main peculiarities of Chinese E-commerce is that individuals and private entrepreneurship direct more and more innovations, rather than by government organizations and this is a huge progress for China.

CHAPTER 2

THE IMPORTANCE OF GENERATION Z IN CHINESE MARKET

2.1 Chinese Generation Z and luxury market

Chinese Gen-Z shoppers are now an increasing powerful force in the luxury industry. This because they grew up as lonely child in a one-child family during a period of economic boom for China, in a world overrun by technologies, and their families have great disposable income, so they have been surrounded by luxury brands' products throughout their life.

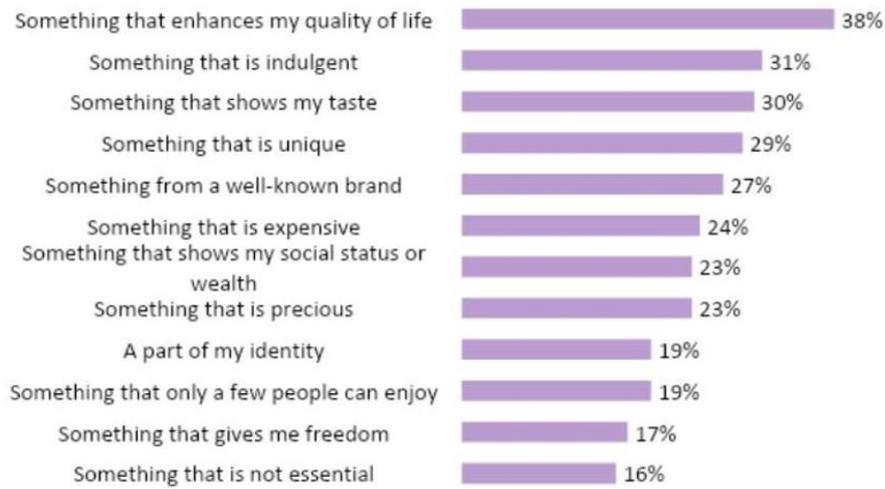
Nowadays, luxury brands have to deeply understand Generation Z needs and behaviors if they want to reach this market segment. As said in the previous chapter, this generation's features are completely different from Millennials: there are more open-minded, more nationalistic, easier to influence and they care about social responsibility and environment sustainability. They still living with parents and have more income to spend and are impulsive buyers. They want to work hard just for earn money to spend.

Because of these motives, brands have to work out to capture the attention of these young spenders and succeed in luxury market.

This generation of Chinese clients are looking for the latest in-season products and give great importance to personality, individualism, character and unique design because they want to be recognized as individuals with their own identity, characteristics and own opinions, not as all "cookie-cutter" people.

Luxury means for them an expression of quality life and self-expression. According a survey (see figure 7), "luxury" means for Generation Z a way to enhance their quality life, something that is indulgent and showing their personal taste, something unique, showing social status and wealth. This perception of luxury is positive for brands because it means that consumers become more affluent.

What does "luxury" mean to you?



Q: What does "luxury" mean to you? Please select up to 3 statements below that fit your definition the most closely.

Figure 7. What does "luxury" mean for Gen Z? (South China Morning Posts 2019)

Luxury brands can also take advantages from Chinese Generation Z spenders. Having regard their obsession to publishing anything on social media or on blogs, and exhibiting luxury products, brands can gain more visibility and reach new potential customers. Members of China's Generation Z have a massive consumption capability and their appreciation for luxury goods make them become a new driving force for the growth of the luxury industry in China.

2.1.1 The relevance of Generation Z consumers for luxury brands

Generation Z consumers have a huge impact on luxury industries sales all over the world. If Western Gen-Zers still have to make much of a mark on the fashion industry, Chinese Gen-Zers shoppers are already a significantly market segment for luxury brands, and these Chinese consumers are younger than anywhere else in the world.

Z-lennials consumers, who follow the Millennials, are become the driver of the Chinese economy, because of their free spending nature and their robust willing to purchase luxury goods. Thanks to increasing disposable income levels and their optimism about the futures, China's younger consumers were responsible for about 60% of growth in total spending in 2018, according to consultancy McKinsey & Company. It was estimated that this young generation of buyers would make up 40% of consumers in China by 2020.

Sales of luxury goods in China last years has increased of 13,6% over 2018, and the forecast for 2020 is a slower 10.5% years-on-years growth, but sales are expected to grow in 2024.

30

*“Most of them are only children, meaning they have typically been the center of attention from older generation and this is reflected in their taste for luxury and generous attitude toward spending” says Teresa Lam, vice president of Asia distribution and retail for the Hong Kong-based Fung Business Intelligence Centre (FBIC).*³¹

Carina Lau Kar-ling, a Hong Kong actress, recently told during an interview for the launch of a new handbag collection *“It is quite scary how the younger generation in China is so willing to spend”*.³²

It is possible to identify this generation of luxury big spenders in China as young, trendy and not so rich, but their desire to always be fashionable and to show off the latest trends, makes them buy compulsively. Chinese young shoppers are also more educated and less conformist, and this means they are less inclined to purchase low-costs brand and go straight for luxury brands that are overdeveloped.

*“Chinese Gen Z consumers are the new frontier of tomorrow's luxury market and they represent already a growing part of consumption in Asian markets. They see themselves as central actors in creative processes and in dialogue with luxury brands and they are relying on products, stores and physical interactions for a true connection and emotional involvement with these brands ”*says Federica Levato, Partner of Bain & Company.³³

³⁰ According to an estimate by research firm Euromonitor International, sales of personal luxury goods in China in 2019 were expected to touch US\$28.47 billion, and in 2024 sales are expected to reach US\$43.6 billion. Available from <https://www.warc.com/newsandopinion/news/chinas-millennials-and-gen-z-are-keeping-luxury-brands-buoyant/43088> accessed 10th November 2019

³¹ Teresa Lam, vice president of Asia distribution and retail for the Hong Kong-based Fung Business Intelligence Centre (FBIC) affirmed Available from <https://www.eastwestbank.com/ReachFurther/en/News/Article/China-New-Generation-Z-Consumers> accessed 11th November 2019

³² The famous actress Carina Lau Kar-ling recently told South China Morning Post during the launch of a new handbag collection by French luxury house Christian Dior. Available from <https://www.warc.com/newsandopinion/news/chinas-millennials-and-gen-z-are-keeping-luxury-brands-buoyant/43088> accessed 10th November 2019

³³ Federica Levato, Partner of Bain & Company, is the co-author of the research entitled “IL MERCATO DEI BENI DI LUSSO NEL 2019 CRESCE DEL 4% E RAGGIUNGE I 281 MILIARDI DI EURO” in cooperation with Altgamma 2019 Worldwide Luxury market monitor. The survey is available from https://altgamma.it/img/osservatorio-2019/4-Comunicato_Altgamma_2019_Worldwide_Luxury_Market_Monitor.pdf accessed 11th November 2019

Due to their relevance for luxury brands, not only Chinese luxury companies, but also American and European companies are trying to do their best to capture Chinese Generation Z attention and trends by using digital marketing campaigns and enrolling famous individuals or influencers to sponsor their products. An example, Italian brand Prada named a famous 20-year-old Chinese singer and actor, Cai Xukun 蔡徐坤 *Cài Xúkūn*, as the brand ambassador in China to increase its visibility. American's luxury brands are also gambling on these Chinese young consumers, despite a temporary blip linked to changes in U.S tax policy and lower rebates.³⁴ These drop-in sales have hit some big companies like Tiffany jewelry, which has experienced a decline in sales among Chinese consumers. For companies, especially Western brands, is very difficult to meet consumers' needs and behaviors, and if they are not able to understand, they will fail.

Moreover, Generation Z are relevant for luxury companies because they brought new ideas into streetwear culture³⁵, helping classic brands like Gucci, Chanel, Saint Laurent, Burberry, Louis Vuitton to modernize themselves and adapt their style to Generation Z consumers. In fact, all of luxury brands that collaborated with other designers, brands, celebrities, or influencers, it turned out that streetwear label was the most effective partners for generating business relations with Chinese consumers.³⁶ Therefore, to have better success in Chinese market, most of the top global luxury brands decide to cooperate with Chinese celebrities or KOLs for streetwear collaborations. For example, Fendi decide to work together with Jackson Wang 王嘉爾 *Wáng Jiā'ěr*, a singer of a boy band idol that became a hip-hop star and very famous through Z-lennials. This collaboration earned more than 101 views on Weibo, thanks also to a promotional concert made by the singer.

³⁴ China is locked in a trade war with the United States, which has led to retaliatory tariffs on hundreds of billions of dollars of each other's goods. Increased export tax rebates will help lower costs for China-based exporters, many of whom have been hit by US tariffs and significant economic uncertainty. <https://www.china-briefing.com/news/export-tax-rebates-in-china-to-increase-november-1/> accessed 4th November 2019

³⁵ Streetwear is a new style of casual clothing, which became global in the 1990s. It refers to a distinctive "urban style", which has its roots in America. It is a mix of skate culture, hip-hop fashion, modern high fashion and haute couture. This new way of dressing is very popular among Generation Z consumers. The advent of "bling" culture is also responsible for the increase of luxury brands, which decide to collaborate with streetwear label to reach this new generation of consumers. <https://www.rebelsmarket.com/blog/posts/the-origins-of-streetwear-what-is-it-and-how-do-i-wear-it>

³⁶ According to the new "Luxury China Streetwear Insight report, luxury streetwear label also served as the main source of social engagement in China. In Cina market, Generation Z and Millennial consumers make 42% of luxury purchases.

In addition, Burberry has also collaborated with a famous Chinese hip-hop star Kris Wu 吴亦凡 *Wú Yifán*, who became also the new brand ambassador of Louis Vuitton.

These young sophisticated shoppers could also help revitalize the distribution sector and save shopping malls, where many luxury brands have their physical stores. Although most of this generation live and buy online, the majority of them still want to visit a physical store before make purchasing. This because they want to understand better the product and have a good shopping experience, which is very important for them. If luxury brands are able to give buyers an unforgettable experience, they are more likely to purchase again those brands' products.

One of the main reasons why Generation Z shoppers are important for the success of luxury companies is their ability to use social media. With the rise and the popularity of E-Commerce, online retailers and social media, these young consumers, through different applications, can indirectly help brands to do marketing, by exploiting their popularity on social media to promote companies' products or services. As Daxue Consulting's Vinkenborg says *"The ongoing drive for individuality, self-expression and authenticity means Chinese Z-lennial consumers are becoming more and more discerning. We could soon see the strategy of having many ordinary consumers as brand ambassadors generating more sales than endorsement by one or two celebrity singers or bloggers."*³⁷ This means that any common person can become a huge resource for luxury brands.

Therefore, if luxury companies want to succeed in China, they have to shape their marketing on Generation Z desires, attitudes and behaviors. In particular, Western companies have to pay high attention, and use all their efforts to adapt their business model to the local market, and understand the culture, which influence consumers' behaviors. By doing an efficiently marketing to China's Gen Z, foreign luxury companies can increase their profits and win the fame in Chinese market.

In conclusion, Millennials spenders were an important market segment for the previous decade, but now Generation Z, with their 143 billion dollars of annual spend, are becoming the main luxury brands' consumers.³⁸ They can also offer companies something

³⁷ These were the words pronounced by Mike Vinkenborg, project leader of Daxue Consulting during an interview for East West Bank. <https://www.eastwestbank.com/ReachFurther/en/News/Article/China-New-Generation-Z-Consumers> accessed 11th November 2019

³⁸ According to a survey conducted in 2018 by Barkleyus.com and Millennialmarketing.com. they take into consideration Generation Z earnings from allowance (based on Mintel estimates) and Generation Z earned

more precious than simple disposable income for consumption: they can make companies able to give a forecast about what they will have to produce for the future shelves. Therefore, they will have an important impact on companies merchandising.

2.1.2 The strong purchasing power of Generation Z: how it is driving China's consumer trend

Members of China's Generation Z are the first to be grown up in a fully technological and modern world. The majority of them, as only child, have a well-informed worldview, with a bilingual domestic or overseas education, so they have a different view of the world compared the previous generations. They are highly connected, switching from online and offline life and willing to share their feelings and opinions through social media. They are willing to spend money on any whim, also if they do not have personal earnings, and this means that they have a strong purchasing power. Retailers and brands are still trying to figure out how to appeal to Gen Z, the generation that currently includes consumers from 7 to 24 years old and has a spending power of \$143 billion.

Claudia D'Arpizio, partner of Bain & Company affirms: *"The luxury Chinese Z-lennials consumer is present and increasingly active and is rewriting the rules of the industry in an important way. Brands will have to adopt a new model to respond to consumer needs in terms of products, consumer trends and communication languages."*³⁹

This generation of young consumers are ready to redraw luxury sector: according to a recent estimate by Bain & Company, Chinese Gen Z consumers made 27% of their luxury purchases in China last year, and this share is projected to increase to 50% by 2025. They could represent 40% of the luxury market by 2035, with purchasing behaviors that substantially differentiate them from previous generations.

Chinese Generation Z consumers is driving most of the luxury market growth and the online channel continues to revolutionize the logic of this industry.

income (based on BLS data). The result of 143 billion dollars indicate the direct spending of Generation Z per years.http://www.millennialmarketing.com/wp-content/uploads/2018/01/Barkley_WP_GenZMarketSpend_Final.pdf accessed 11th November 2019

³⁹ Claudia D'Arpizio, partner of Bain & Company and the main author of the survey entitled "Il mercato dei beni di lusso nel 2019 cresce del 4% e raggiunge i 281 miliardi di euro" (2019) in cooperation with Federica Levato, Partner di Bain & Company and Altagamma 2019 Worldwide Luxury market monitor. The survey is available from https://altagamma.it/img/osservatorio-2019/4-Comunicato_Altagamma_2019_Worldwide_Luxury_Market_Monitor.pdf accessed 11th November 2019

In 2019, luxury market grew by 26% at constant rates reaching 30 billion euro. Chinese consumers are responsible for 90% of the real growth in 2019, reaching 35% of luxury goods' value. Meanwhile, Chinese buyers have also given a positive boost to the performance of Asian markets, because they are looking for products and services from Asian destinations. For example, Japanese markets grew to 24 billion euros, while the rest of Asia grew by 6% reaching 42 billion euros.⁴⁰

Their strong purchasing power is due to their high impact on household decision making, because parents and grandparents do as well as they can to buy the best products and services to satisfy their only child.

With the advent of E-commerce, it was easier for luxury brands to reach Generation Z shoppers, who have the strongest spending power on the Net although they prefer to visit store before purchasing online, and companies are able to provide more of an intimate and personalized experience. The popularity of social media makes them be interested to buy products directly through its, and this influence companies marketing, because retailers have to understand their behaviour, social-media habits and their circles of influence. Companies has also to take into consideration, the oldest members of this generation move into workforce and start families so their spending habits could change, influencing their future spending and so affecting companies' revenue.

Generation Z are driving new consumer trends in China, such as the increasing demand for prize giving in everything from mobile digital purchase to cosmetics and the need for ethical, social and environmental positioning in products. *"Luxury goods producers try their best to enrich their product lines, targeting younger consumers with premium, personalized and affordable luxury goods to cater to their individual needs and tastes."* says Stephanie Yao, research analyst at Euromonitor International.⁴¹

China's Generation Z buyers not only have a strong impact on luxury brands' sales growth in their motherland, but also globally. For this reason, Harrods, the most iconic UK

⁴⁰ Data adapted from to the survey "Il mercato dei beni di lusso nel 2019 cresce del 4% e raggiunge i 281 miliardi di euro" (2019) quoted before.

⁴¹ Euromonitor International, a global market research company, released a new white paper, "Cracking Chinese Consumer Codes – identifying and analyzing six key consumer trends in today's China". According this paper Generation Z are driving new consumers trends in China. "The luxury goods market in China is expected to register 10 percent Compound Annual Growth Rate (CAGR) to reach USD415.78 billion in 2022, as the Chinese luxury goods market is embracing ever-younger consumer groups." This white paper, is available from <https://blog.euromonitor.com/top-chinese-consumer-trends-driven-by-millennials-and-generation-z/> accessed 12th November 2019

department, plans to open its first standalone in Shanghai to increase their sales revenue due to the continued growth of Chinese Z-lennials consumers' purchasing power.

2.2 Behaviors and purchasing tools: the importance of social media

When it comes to marketing and retailing, Chinese Z-lennials are frequently mass together with Millennials as a young, tech-savvy generation of fast consumers. However, this is not true, because they are born in different eras and in different social and economic contexts, and these have a huge influence on their way to act and their way to make decisions.

If brands and retailers want to succeed in Chinese markets, they must understand the habits, tastes, aspirations, expectations and the behaviors of Z-lennials consumers, because compared to Millennials and Generation X, they purchase in different ways, following also different criteria (see Figure 8).

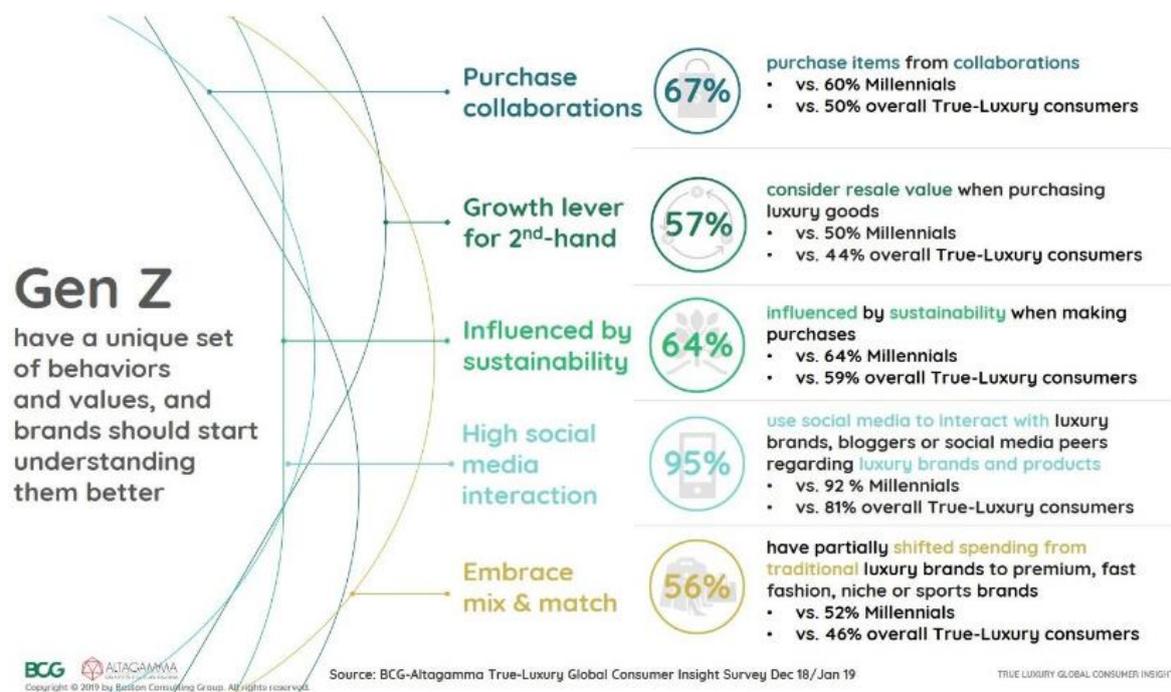


Figure 8. Gen Z's purchasing behavior (BCG- Boston Consulting Group 2019)

What are the behaviors of this young generation of consumers? What are they looking for? Chinese Generation Z's members are particularly attracted from two rapidly

growing phenomena: the collaborations created by the brands and the purchase of second-hand products. Collaborations between different brands, between brands and celebrities or influencers, have a huge success among young consumers because they perceived them as “cool” and “unique”. According to a research, one in two consumers cannot resist it! In particular when purchasing concerns sneakers or bags. Young consumers have also stated that they are aware of and know all about the collaborations launched by the brands with artists, stylists or streetwear brands.

Therefore, to meet and to satisfy Chinese Generation Z's expectations, many luxury brands have decided to make collaborations. For example, the partnership between Louis Vuitton and Supreme was the most successful and appreciated cooperation, not only in China, but also in Europe and America. This cooperation between the French luxury brand par excellence and the brand for punk skater is certainly curious, but it totally makes sense if you go to see how much the young luxury consumers of today want something more fun and fresher than classic brands. Other triumphant collaborations are Adidas & Yeezy and Chanel & Pharrell. What it is possible to see is that all of these collaborations are between luxury and a streetwear brands. Why? Because nowadays streetwear style is the most popular among Generation Z consumers, in particular among Chinese ones, so to be able to conquer this young market segment, classic luxury brands decided to modernize themselves and to adapt to the test of the new generation.

Another phenomenon in full explosion, especially among young luxury customers, is the second-hand product market. This market includes everything old that is “new again”, and this trend has welcomed by Chinese Generation Z consumer because it reflects and meets their idea of sustainability and environment protection. In addition, this resale market is very active on the Web, and for certain aspect can mirroring the concept on uniqueness and individuality. Nicola Pianon has declared *“Prima di tutto il Web ha permesso di limitare i rischi, offrendo una maggiore trasparenza e delle garanzie di autenticità, generando così una maggiore fiducia rispetto a questo tipo di acquisto. Il fenomeno ha anche la caratteristica di diventare parte di un approccio sostenibile, perché il prodotto continua a vivere invece di essere gettato. Il mercato delle occasioni consente*

anche di recuperare prodotti introvabili, quelli usciti dal mercato che avremmo perso. Infine, l'offerta è meno costosa rispetto ai negozi.”⁴²

This market is now worth 22 billion euros and is expected to grow by 12% per year, to reach 31 billion euros in 2021, fueled mainly from digital platforms and it represents 7% of the luxury goods market. One in five or six products is second-hand purchased. ⁴³

Chanel, Louis Vuitton and Gucci are the first companies in the sales ranking of second-hand products, followed by Burberry, Dior, Balenciaga and Alexander McQueen. To make possible the purchasing of second-hand products, companies use Recommerce platforms, such as Idle Fish, or 闲鱼 xiányú, belonging to Alibaba Group's.⁴⁴

Also the famous fast-fashion brand H&M, not belonging to luxury brands companies, has subscribed a program of “recycling and reward”, partnering with Idle Fish to give shoppers credit to spend on its TMall.

As repeated several times, Chinese Generation Z are sophisticated “digital natives”, who were born in a technological and modern world. Mobile devices have become an integral part of their daily life, so it is no surprise that about 74% of these tech-savvy consumers spend their leisure time going online, around five or more hours a day. In fact, China is a mobile-first nation accounted more than 80% of total Chinese, and most of them are belonging to Generation Z. ⁴⁵

⁴² After numerous researches, Nicola Pianon, senior partner and managing director of Boston Consulting Group, has understand why Chinese Generation Z gives so much important to this kind of market. This phenomenon is more interesting considering the high purchasing power of the new generation, who can purchase anything they want. <https://it.fashionnetwork.com/news/Il-lusso-di-fronte-alla-generazione-z-smaniosa-di-collaborazioni-e-prodotti-d-occasione,1090627.html> accessed 15th November 2019

⁴³ According a survey made by Nicola Pianon of Boston Consulting Group, which take into consideration the tendency of Generation Z to this market and making a forecast. Explanation available from the [link](#) also mentioned above.

⁴⁴ Idle Fish, or 闲鱼 xiányú, was originally launched by Vern Chen as Taobao marketplace's in 2012 and got independent in 2014, is now the marketplace of Alibaba for second-hand goods, which aims to increase recycling and repurposing by rewarding users. It represents China's largest second-hand trading platform in terms of monthly active users, belonging most to Millennials and Generation Z. Idle Fish also partners with big luxury firms and recycling firms to reselling recycled clothes.

⁴⁵ Data accounted by IBM Institute of Business Value (IBM 商业价值研究院) in the research entitled “独特的 Z 世代: 品牌应该了解年轻一代的消费者”. IBM provides professional knowledge for enterprises and helping them to succeed in the market. This research describes and analyzes Generation Z, describing their behaviors and unique features, and taking into consideration the differences between Western Generation Z and Chinese Z-lennials. The document, in Mandarin, is available from <https://www.ibm.com/downloads/cas/Y3WLYQMM> Accessed 30th September 2019

Their use mobile phones for chatting, texting, make research and learn new things, playing game, shopping and access to social media.

Social media are also an integral part of Chinese Z-lennials consumers and are becoming important purchasing tools. Applications like Instagram and Snapchat in Western countries, and 抖音 Douyin, 小红书 Xiaohongshu, 淘宝 Taobao, 天猫 Tmall, 微博 Weibo, 微信 WeChat in China play a significant role for brands' and retailers' sales.

Why social media are so important? Because they are popular purchasing tools, but more important they are the main channel through which brands do marketing to approach young consumers. Images and videos are the best way to capture the attention of this generation. If companies want to send a certain message with their advertising; they must communicate as effectively as possible, just with few captivating words or one or two sentences that have an immediate impact on consumers' attention. This because the duration of their attention lasts for 8 seconds. Through social media, these young buyers discover brands, find inspiration and identity by follow friends and celebrities. This generation is easily persuadable, and for this reason, influencers and KOLs (Key Opinion leaders) are becoming very important guru of style. Therefore, companies, in particular luxury brands, decide to take advantages from the popularity of these new icons to promote their products.

Samantha Dover, explains how they are connected to luxury fashion, *"Apps have enabled celebrities and reality stars to share their day-to-day lives with their largely young fan base which has normalized luxury fashion for Gen Z."* Having such an intimate relationship, luxury houses are becoming increasingly influenced by Gen Z desires.⁴⁶

Furthermore, new media such as WeChat, blog and the Internet have won favor and trust with the young generation of social media users. Thanks to social media, Chinese Generation Z consumers are more inclined to consult online information before making any kind of life choices.

"As China's first cohort born in a digital era, members of Generation Z are specialist in information technology and willing to share insights and experiences through online

⁴⁶ Samantha Dover, senior retail analyst at market intelligence agency Mintel, explains in an interview made by ORDRE how Chinese Generation Z is connected to luxury brands and why apps are very important. Interview available on <https://www.ordre.com/en/news/how-generation-z-is-shaping-a-new-luxury-1258> accessed 17th November 2019

commenting and blogging, and such enthusiasm for information sharing will release enormous marketing potential." said Xu Jin, a partner with OC&C.⁴⁷

Chinese Gen Zers love to document their personal life on social media and receiving huge amount of stimuli and pressure and give huge importance to appearance. Although they use Internet to find inspiration, they believe it is important to have a unique view on style and creativity. Because of this, they create online community in which it is possible for them to give their opinions and feedbacks about products and services and share their experiences to demonstrate their individuality.

About online shopping, through mobile apps Chinese Generation Z consumers can purchase any kind of products or services in any time. Therefore, using smartphone devices is faster and easier to buy. This is one of the reasons why these young buyers are compulsive-shopper (in addition to having "illimited" access to relatives' money). Moreover, while shopping online, ease and speed of navigating a website or an app is important, if Z-lennials consumers can quickly find products' information on brands' websites, they are more likely to shop online.

Despite the constant use of social media, Chinese Generation Z prefers to shop in physical stores or to visit them before purchasing online. They confess that they have purchased items in stores as a direct result of seeing them on social media. According a research conducted by ICSC demonstrate that 4 of 5 Chinese shoppers, during buying in stores use mobile devices both to stay in touch with online community, to compare prices and searching of discounts and the best price. Chinese Gen-Zers shoppers are obsessed by "experiences" in physical stores, because they have to deeply understand the history of the brands and why products are shaped in a certain way. However, convenience and flexibility are also very important dimensions, thus if luxury brands are able to provide these online, customers are willing to purchase online after getting back from the stores.

⁴⁸ They are also more inclined to acquire online if there are convenient after-sales services,

⁴⁷ Xu Adam Jin is partner of OC&C Strategy Consultants based in Shanghai. His personal goal is to apply the best ideas and theories in management science and resolve the business problems in China, helping clients to successful. To do this, his studies are focused on digital strategy and go-to-market, taking into consideration the new generation of consumers.

<https://www.chinadaily.com.cn/a/201901/30/WS5c516e21a3106c65c34e760f.html> accessed 19th November 2019

⁴⁸ These data are the result of a survey entitled "Gen Z Shopping Behaviours Support Retail Real Estate" made by ICSC in 2018. This research explains how Generation Z behaviours affect physical retailers and why these

such as, flexible payment options, return or exchange policy possibility of better choices of products and services. Retailers have to take into considerations all these behaviors to be able to integrate better the use of smartphones in physical stores, and to guide purchase intentions through social media advertisements.

Chinese Generation Z wants to shop with brands that allow them to interact with them and expect them to build human connections. They want personalized and interactive purchasing experiences that physical stores are not able to provide. For example, some brands have added on their website product customization service, where customers can personalize products according to their personal tastes.

Compared to previous generations, many Chinese Z-lennials are willing to pay more for fast delivery.

"In short, these guys are both technology and convenience-driven and have unprecedentedly high expectations of their shopping experience. They use whatever channel best suits their needs, be it online or offline, mobile or social." says Teresa Lam from FBCI.⁴⁹

2.2.1 How companies do marketing to reach Generation Z consumers

After understanding Chinese Generation Z consumers' behaviours, needs, attitudes and preferences, retailers and luxury brands can shape their marketing mix.

Recapping Chinese Generation Z's behaviours and features:

- They have a strong sense of individualism;
- Likes to mix and match;
- Particularly patriotic;
- Tend to value experiences;
- They are compulsive-shoppers and will pay extra for fast delivery;

consumers have a huge purchasing power. Available from https://www.icsc.com/uploads/t07-subpage/Gen_Z_2018_Consumer_Series.pdf accessed 17th November 2019

⁴⁹ Teresa Lam, vice president of Asia distribution and retail for the Hong Kong-based Fung Business Intelligence Centre (FBCI). Fung Group be engaged in import and export trading and global supply chain management. <https://www.eastwestbank.com/ReachFurther/en/News/Article/China-New-Generation-Z-Consumers> accessed 11th November 2019

- Z-lennials are conscious consumers: they take to heart social responsibilities, inspiration, life-meaning and environmental protection and sustainability;
- People in this group are “tech-savvy” so love mobile, and interact with others online more than offline by using social media, blog...etc.;
- Highly impressionable.

To win the heart and the trust of Chinese Generation Z shoppers, companies and retailers must draw up a marketing strategy that best reflects and satisfies all these characteristics.

Starting from the concept of individualism, members of this generation want to be recognised for their uniqueness and they are willing to express themselves. To reach this generation of consumers, companies and brands that offer personalized products are the most appreciated. For example, sports brands like Adidas and Nike, give to customers the possibility to personalize their sneakers or clothes when purchasing online, by choosing colours, design, style, fabrics.....⁵⁰ Also luxury brands such as Louis Vuitton, Gucci, Burberry, Longchamp, Chanel, and now even Dior currently have a variety of customized accessories, and this are empowering high-value customers by transforming them into the designers of their exclusive products. Taking Louis Vuitton as example, this luxury brand allowed shoppers to customize their classic bags with a broad range of custom patches, inspired by the travel stickers. They can choose between classic Heritage travel stickers, playful Pop icons, patches from the world's great cosmopolitan cities from Miami to Paris, etc.⁵¹ From the end of 2019, also Dior also decide to customization services, by giving to customers the opportunity to have their name, initials, or another word embroidered on Dior's bags.

Personalization go hand in hand with mix and match. When luxury brands decide to make partnership with other brands or with celebrities for limited edition products' lines, it means they are “mixing” different styles to “match” the desire of Chinese Z-lennials to

⁵⁰ Nike and Adidas customization are available from companies' personal website. <https://www.nike.com/cn/nike-by-you> and <https://www.adidas.com.cn/personalization>

⁵¹ Louis Vuitton personalization service available <https://eu.louisvuitton.com/eng-e1/articles/make-it-yours>

have unique products. As I said in the previous chapter, nowadays are very common collaboration between classic luxury brands and streetwear labels.⁵²

China's Generation Z has a stronger sense of Chinese pride than previous generation because they grew up in an era when China has already become a strong economic power. This patriotism is one of the main driving forces for young consumers. When Western brands, including already well-known luxury brands, want to enter the Chinese market, they have to adjust their business strategy. Companies have to understand the local market, local culture and traditions, which influenced consumers' purchasing behaviours. It is not enough to "slap" Chinese characters on their marketing. Foreign brands have to adapt their name to the Chinese culture. In choosing their Chinese name, brands should consider something that is memorable and at the same time convey a sense of the brand's DNA. There are few types of adaptation⁵³:

- Sound adaptation, which means brands just follow the sound of original brand name. Like Gucci (古琦 *Gǔqí*), Dior (迪奥 *Díào*), Adidas (阿迪达斯 *Ādídásī*), Nike (耐克 *Nàikè*), Louis Vuitton (路易威登 *Lùyì Wēidēng*), Armani (阿玛尼 *Āmǎnī*)
- Meaning adaptation, by translating the exact meaning of the brand name, but this method has the limitation of the brand name sounding that it is totally different in Chinese. As Apple (苹果 *Píngguǒ*), Chanel (香奈儿 *Xiāngnàier*), IKEA (宜家 *Yíjiā*)
- Dual adaptation, where brands keep the sound and the meaning of the original brand. As Coca-Cola (可口可乐 *Kěkǒukělè*), Mercedes Benz (奔驰 *Bēnchí*)
- New name, when companies have no way to adapt their brand name. For example, Marriott Hotel (万豪 *Wànháo*)

⁵² As I mentioned before one of the most successful partnerships was Louis Vuitton's collaboration with Supreme in 2017. Also pop culture icons such as Madonna, Lady Gaga and Justin Bieber were all spotted wearing these clothes. In China, among Gen Zers consumers, they also have a huge success and it has also increased Louis Vuitton sales in China. <https://www.scmp.com/lifestyle/fashion-luxury/article/2105790/why-hong-kong-store-louis-vuittons-most-amazing-world>

⁵³ Other examples of brands adaptation available from <https://www.fluentu.com/blog/chinese/2015/07/29/chinese-brand-names/>

Generation Z also consider “Made in China” products not so bad, in fact they are more willing to buy local brands instead of western. Nowadays, Huawei (华为 *Huáwéi*) and Xiaomi (小米 *Xiǎomǐ*) mobile phone and electronic devices are very popular between Chinese Generation Z consumers).

Offer a top customer experience make brands more considered by Chinese Generation Z shoppers. Let’s them shape their own experience, explore their entrepreneurial spirit. This generation enjoys visiting luxury brands physical store to touch and feel products before acquiring online. Store design, brands history, unique merchandise, particular care from sales assistants, displays showing products in use and having ways to try out products are the top motivations for getting Gen Z shoppers into stores.

Differently from previous generations, and also from Western peers, Chinese Gen-Zers are growing up in a period of economic boom and are only child, so relatives will provide them all they want. These young Z-lennials did not face up with economic crisis and have free access to parents’ credit cards, so they tend to buy compulsively, and they are willing to pay extra fee for daily delivery. Don’t keep them waiting! Comparing to their American and European counterparts, Chinese Z-lennials are those who spend more on luxury products.

Generation Z can be also defined as conscious consumers, because they aware of the world around them, and consider very important topics as sustainability, climate exchange and environmental care. Issues connected to equality, human rights, animal welfare are also significant for them. Brands and retailers that offers environment-friendly products or services are more considered from these young consumers. Example, JD.com launches new reusable package initiative.⁵⁴

“Transparency is one of the great challenges that fashion companies are going to face in order to win over these new clients” says Carla Buzani, WGSN.⁵⁵

⁵⁴ Directly from company’s website, it is possible to deeply understand this initiative. Or in Chapter 1, in Generation Z vs Millennials. Available from <https://jdcorporateblog.com/jd-com-launches-new-reusable-package-initiative/> accessed 6th October 2019

⁵⁵ Carla Buzani, Managing Director of the professional trends’ portal, WGSN, has individuated key tips to win over this new generation of buyers. Transparency is one of that. Available from <https://www.scmp.com/lifestyle/fashion-beauty/article/3031560/generation-z-china-new-focus-luxury-fashion-brands-which> and <https://fashionunited.com/news/retail/what-generation-z-wants-from-the-retail-industry/2018042020774>

They want brands to be honest and transparent publication of data collection and use. Although this generation likes to share everything online, they give importance to privacy when concerning personal data. Let them autonomously choose when, how and what content to share.

Being a generation surrounded by technologies and Internet, Chinese Gen-Zers are handle smartphones 24/24. They spend most of their time chatting with friends and family and using different social media to gain information and read feedbacks about products or services they are willing to buy, see what influencers, KOLs and celebrities think about a particular product, and so on. Omni channel is also the best approach to reach them, because Z-lennials are present on quite all the social media available. Therefore, these young spenders expect a lot from brands and retailers, and to have success and to reach this market segment, brands must be prepared to make transparent connections and build relationships with customers, by establishing a brand presence on social media- especially on Weibo, WeChat, and TikTok. They want to interact directly with brands, and when shopping online, they are looking for advantages purchasing conditions, as for example product recommendations, appealing photos, free return shipping, discounts and unique products. By providing enhance mobile functions (such as shopping, problem solving, gaming, social interaction) and building interactive functions to capture the ideas of Generation Z consumers, brands create the opportunity to promotes their sales.

Finally, Chinese Generation Z is highly impressionable. Brands should not underestimate “celebrity factor”, because these young consumers follow celebrities and influencers on social media. The designer Angel Chen said *“It will be vitally important to be part of the Celebrity and KOL Economy that allows brands to increase sales exponentially”*. However, this loyalty to Key Opinion Leaders or influencers should not be generalized. Chinese Generation Z gives much more importance to local celebrities with whom it can relate, especially as regards the appearance and image of themselves.

This generation is not only impressionable by influencers and celebrities, but also by their friends, family, and peers present on social media. So, brands should not underestimated Generation Z’s ability to influence others.

“The best performing luxury brands have adjusted their strategies to reflect the growing importance of youth fashion consumers, and a number are seeing incredible

success from proactively courting them.” has declared Samantha Dover, Senior Retail Analyst at Mintel Group.⁵⁶

Furthermore, companies have to keep an eye on current trends, if they want to have success. According to a statistic, in 2020 beauty and cosmetics companies, sportswear and health products will be the most popular among Chinese Generation Z.⁵⁷

Members of Chinese Generation Z are smart, innovative and proactive. Brands and retailers must pay high attention to their opinion and seek their help. For brands, Gen-Zers consumers are both Consumers and Curators. They should provide to these young customers interactive tools based on real cross-generational products and messages services, which integrates the physical worlds with the digit one.

Brands do not have to force them or order them to do something. They just have to make plans and measures to support Generation Z to shape their preferences and make companies better understand consumers' behaviours. Moreover, companies must forget the concept of “brand loyalty”, just focusing on the online and offline consistency of brand experience and the maintenance and management of “weak relationships”. Finally, companies have to use the “speaking mode” used by this generation. Emoji expressions, stickers with words, videos, and image are the secret weapon to reach their attention.⁵⁸

If companies and luxury brands want to win the trust of Chinese Generation Z buyers, they have to focus on authenticity and brand honesty and follows the marketing tips just mentioned.

⁵⁶ Samantha Dover, Senior Retail Analyst at Mintel Group, is specialized in the identification and analyses of emerging retail trends. Available from <https://www.ordre.com/en/news/how-generation-z-is-shaping-a-new-luxury-1258> accessed 20th November 2020

⁵⁷ Available from “VENDITE ONLINE IN CINA: I TREND 2020 DA TENERE D'OCCHIO” by East Media srl <http://www.east-media.net/cina-trend-2020-ecommerce/> accessed 20th November 2020

⁵⁸ LeMore 营销实验室, “关于 Z 世代, 你了解多少 *Guānyú Z shìdài, nǐ liǎojiě duōshǎo* (How do you know about Generation Z?)” (2016) available in Mandarin from <https://www.topys.cn/article/19994.html>

CHAPTER 3

MARKETING TO GENERATION Z CONSUMERS IN CHINA

3.1 Marketing via WeChat, Weibo, TMall and diverse marketing platforms

Once brands and retailers identify Chinese Generation Z consumers behaviours and needs, they have to select the right business strategy to use and the right tool to approach and catching this generation consumers' attention. If companies choose the wrong way to do marketing, they will fail.

Taking into consideration that Chinese Z-lennials spend around 30 hours a week using their mobile phone, the best way for brands to reach their attention is through social media.

What are social media? Social media, in Chinese 社会媒体 *Shèhuìméitǐ*, are online media (website and applications) that are designed to allow people to share content quickly, in real-time and efficiently.⁵⁹ Social media are also defined as apps on people smartphones. Though social media users can share photos, videos, events, submit their personal opinions and feedbacks in real time, and this has influenced and has transformed people's lives and also the way to doing business. There are different kinds of social media: some involve online conversation among people about subjects of mutual interest; some are just social media used to chat with others; others involves online games where you can also interact with others players and still others, called social network, are used to share photos, videos, opinions, feedbacks... like for example Facebook, YouTube, Instagram in Western countries and WeChat, Weibo, TikTok, Little Red Book in China.⁶⁰

⁵⁹ Definition of Hudson Matthew, a former writer for The Balance Small Business and chief experience officer for Work Wear Safety Shoes in Dalla/Fort Worth. Available from <https://www.thebalancesmb.com/what-is-social-media-2890301> accessed 3rd December 2019

⁶⁰ Source: Vescovi Tiziano, "International Marketing to China" (2018)

Companies and retailers who use social media as an integral part of their marketing strategy usually see tangible and successful results. Social media became the perfect place to meet Chinese Generation Z consumers taste and to communicate with them. The key to successful social media is to treat it with the same care, respect, and attention to do all marketing efforts.

The main purpose of social media is to send a message or a content and ensure that it reaches as many people as possible. Therefore, brands and retailers should take advantage of popular media themes to interact and enrich their image. A good brand manager should be able to use social media to gain viewers' attention for a few extra seconds. But a good brand manager, in particular when Western companies want to promote their products or services in China, must also be smart to comprehend Chinese culture and adapt the differences of this culture to their marketing strategy. If taking these cultural differences for granted, it will face a huge disaster. An example of a marketing epic-fail was the one did last year in China by Dolce&Gabbana, a famous Italian luxury brand. In occasion of an important fashion parade of D&G Shanghai Maison, the fashion label had created a series of videos that immortalize a Chinese model while using the traditional Chinese chopsticks to eat some typical Italian dishes (pizza, cannoli and spaghetti). The intent of these videos was to be fun, but they actually offended Chinese people.⁶¹ Why? Because these videos show a stereotyped version of China, with typical Chinese music in the background, a Chinese girl, who still laughs for no reason and uses chopsticks to eat any kind of dishes, likes Italian foods. If D&G marketers had been able to learn more about Chinese culture, they would have known that chopsticks play a very important role in China's tradition. China's reaction was to cancel these videos and withdraw their products from all Chinese social media and online platforms such as 微博 Weibo, 天猫 TMall (Alibaba's Group), 京东购物 JD.com, 小红书 Little Red Book (social-commerce platform) and 微信 WeChat mini-marketplace.

So, Western brands that decide to enter in Chinese market have to be very careful. They also should understand Chinese social media if they want to reach correctly Generation Z consumers. While members of Westerner Generation Z use Facebook, Google, Twitter, WhatsApp, YouTube, Instagram, China is unique and has unique social

⁶¹ Videos available from <https://www.youtube.com/watch?v=TBFC5isQuYA>

media system. The panorama of marketplaces in China is wide and characterized by numerous platforms with peculiar characteristics. Chinese people use WeChat, Weibo, Little Red Book, and Baidu. These social media are very similar to each other, but Chinese ones are not the carbon copy of Western ones. Consumption habits are different, Chinese Gen-Zers want to engage and communicate with brands and individuals. Brand's e-commerce platforms and their presence on different social media are very important to build brand awareness.

According a report made by Kantar Social Media, people in China are using social media more than ever before, not only by Generation Z, but also by Millennials. 61% of Chinese people feel positive about social media, while 15% feel negative towards social media and the rest 24% feel social media has a neutral impact.

Li Yan, General Manager of the Media and Consumption Behavior Research department of CTR, notes that people are use social media more frequently and with their expansion, the credibility of other media platforms is changing: *"The trust of traditional media, such as television, newspapers, radio, etc. among social media users, especially those born in the '90s, is lower than the general population. Instead, new media such as WeChat and the internet have won favor and trust with the young generation of social media users."*⁶²

China has a lot of different social media, with different functions, but the most dominant social media platforms are 微信 WeChat and 微博 Weibo, in terms users, followed by 抖音 TikTok and 小红书 Little Red Book.

Let's make a brief introduction of Chinese most used social media platforms. At the top of the classification there is 微信 WeChat, which is a hybrid platform that hides within it many loved functions, which attract more than 1 billion and 130 million active users every month. WeChat is not only one of the best social communication software in China, but also a powerful KOL marketing tool. Thinking that WeChat can only be used to send text messages, is completely wrong! Through WeChat, people can also use financial functions such as transfer money, exchange foreign currency, WeChat payment, and red

⁶² Li Yan, General Manager of the Media and Consumption Behavior Research department of CTR together with Kantar Media CIC carried out a research to understand the impact of social media in China. Available from <https://cn-en.kantar.com/media/social/2016/kantar-china-social-media-impact-report-2016/> accessed 12th December 2019

packet, etc. In addition, more and more users through WeChat manage various kinds of personal financial management, call take-away, group purchase, buy movie tickets and other fancy games.

About 微博 Weibo, is considered the Chinese version of Twitter. However, there are many features that Twitter does not have: first, Weibo's convenient direct comment function has advantages for the interaction of its user groups and establishes a long-term stable fan group relationship in the later stage. Secondly, the interface of Weibo is very user-friendly and has a smooth and easy sense of use. As their wishes, users can browse various topics and activities.

Using these two platforms in the right way, Chinese and Western brands can launch their products or services and reaching Chinese Z-lennials buyers. Through WeChat, they can use incentives like discounts or giveaways to attract consumers, while through Weibo is possible to launch different types of campaigns. I will go into these topics in the following chapters.

Others popular social media used by Chinese young consumers are: 淘宝网 Taobao, an online platform where companies sell their products. Taobao is a good starting point for those who are outside of China and want to sell their products because it works just like eBay. It counts millions of users, but it has does not have an excellent reputation due to the presence of numerous cheap counterfeit products. 天猫 TMall, also owned by Alibaba's Group, likes Taobao, is an online platform where brands sell their products and it was created to counterbalance Taobao's bad reputation. It requires a registration fee, so a lot of luxury brands sell on this platform. In addition, there is Alibaba Group 阿里巴巴集团, the owner of the two previous online social media. Alibaba, as I said, is one of the biggest Chinese E-commerce platforms. Founded by Jack Ma in 1999, Alibaba has the purpose to connect Chinese manufacturers and trading companies with foreign buyers, by offering a digital marketplace where consumers and merchants can connect, buy and sell from each other.⁶³

⁶³ Definition of Johnston Matthew, available from <https://www.investopedia.com/articles/investing/121714/how-does-alibaba-make-money-simple-guide.asp>

Because of these unique and powerful functions, Chinese social media and networking platforms are very useful for brands and retailers to do marketing and to reach Generation Z consumers' attention. Let's analyze these different social media further.

3.1.1 微信: What is WeChat and how companies do marketing though it

WeChat, in Chinese Mandarin 微信 *Wēixìn*, is the most popular messaging app in China, launched in 2011 by Tencent and counting more than 1 billion of users. It was born as a messaging platform, but over the years several innovative and advanced features were introduced, transforming it in more than a simple online chat. Today, WeChat has become an essential tool in the life of every Chinese. It allows them to create a circle of contacts, publish content on the bulletin board and stay informed in real time about any topics, from fashion to the news. In addition, it also allows you to make reservations (taxis, restaurants, flights and much more), shop online and offline, order food, pay via mobile and transfer money to other contacts. By doing this WeChat helps to connect the digital world with the physical one, and this is maybe the strength of this social media.

Messaging is the primary function of Weixin, there is a list of conversations like the "Western" app WhatsApp. People chatting, send stickers and figures, videos and photos. To add new contact, people just scan the unique QR code that any WeChat users has. It's very easy, try to believe! Then, like Facebook, people can share their "Moments" and followers can like the post or comment it. Another very useful and comfy function, in my opinion the best thing ever, is payments. First, by scanning QR codes in supermarkets, restaurants, taxis or by making them scan your unique WeChat barcode it is possible to pay in less than 5 seconds. This function is available only for people who has a Chinese bank account, so passing foreigners cannot enjoy it. Second, users can transfer money to others instantly via the messaging function, in this way it is easy to split bill or pay off debts.

Since Chinese Generation Z use their mobile devices to entertain themselves, also WeChat has games and top-up functions, such as wealth management applications, utilities, public services apps.

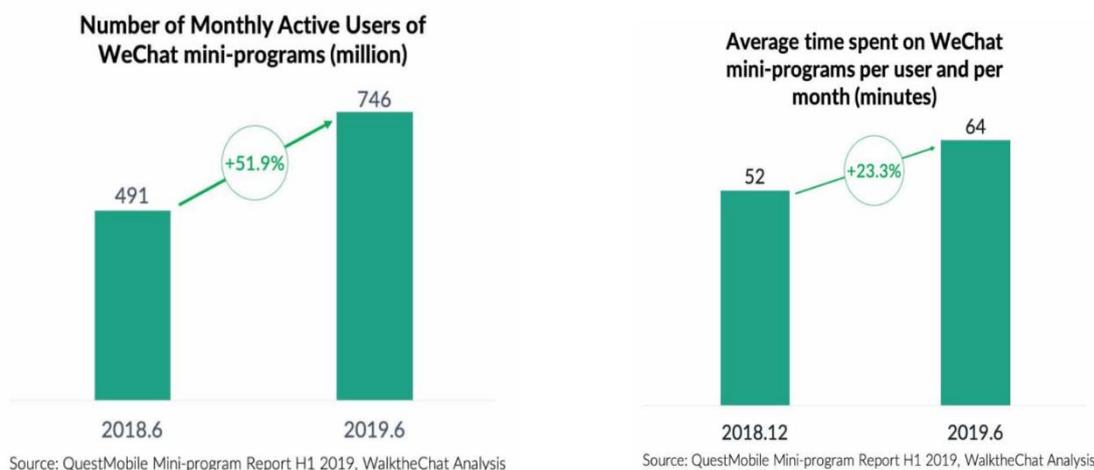
In addition, WeChat can also offer a lot of benefits to companies. In fact, the app gives the possibility to create verified official accounts and it offers the so-called "mini-

programs”, in Chinese 微信小程序 *Wēixìn Xiǎochéngxù*, which are apps within the WeChat ecosystem. Both services are very useful for brands because allow them to interact with followers and keep them updated on brand news. It is the most effective way to increase users’ engagement.

However, for companies is not so easy to open a WeChat Official Account, because they need a series of certifications and documents to get the Business License and have to wait 3 or 4 months. But for brands, a verified account is the priority, because can affect their credibility, since there are a lot of “fake account”.

WeChat “mini-programs” cover various functions, such as e-commerce, online games, task management and much more. Businesses that decide to use this program, can send promotional messages directly to their followers on WeChat, and this facilitate customers relationship management and O2O engagement for offline events. Moreover, through these mini-app, brands can create and reinforce brand awareness, can introduce their new products or services, build an online store, take care of their customers. How WeChat users can access to these “mini-programs”? It is very easy! Via WeChat Official Account menu, discover tab of WeChat, scanning the QR code, sharing card of WeChat groups, drop-down menu on homepages and more one. As show in figure 9 and figure 10, WeChat Mini Program’s monthly active users grown 51.9% in just 1 years and in just 6 months, the average time the user spends on Mini Program grows by 23.3%, from 52 min to 64 min.⁶⁴

Figure 9. Monthly Active users of WeChat mini programs Figure 10. Average time spent on WeChat per user per month



⁶⁴ Data available from <https://walkthechat.com/wechat-mini-programs-simple-introduction/> accessed 22nd November 2019

To reach the attention of customers, in particular to attract Generation Z, brands have to create the perfect digital marketing strategy. For Western companies, it's more difficult to create the right contents of mini-apps to reach Chinese Z-lennials customers, because of different cultures and habits. If companies decide to use WeChat mini-programs to do business, they have to take into considerations some precautions: to communicate with Chinese consumers, companies should use specific tones and styles taking into consideration the target's age and geographic area; the content of the advertising should be unique, captivating and have an immediate impact, on consumers' attention, but also have to explain information about the product or the service.⁶⁵

What is the actual role of WeChat in businesses' marketing strategy? Brands by doing marketing through WeChat and its mini-apps (like mini-programs or mini-games) can create a strong and tenable brand awareness by publishing contents regularly. In addition, through these platforms, companies can give attentions to their followers and reach potential customers. For example, through sponsorships brands can increase the followers of their posts; through promotions, e-coupons, VIP cards can attract buyers; positioning a business' QR codes in strategic places, likes in shops, malls, subway, etc... can also reach new potential customers. Moreover, and very important nowadays to reach Chinese young consumers are the collaboration of brands' with KOLs (Key Opinion Leaders) or influencers. Brands should adopt a distinctive style or work with them to leverage the power of social for brand benefits on WeChat. More and more KOLs and influencers started developing their own e-commerce and content mini-programs. They started by giving opinions and feedbacks of products or services and showing what they are doing and want they prefer, like their preferred restaurants, brands, places. Their followers try to imitate them or just take a leaf from them. So, these KOLs and influencers become real icons and companies have to look their accounts to understand the current trends. Their ability to convert WeChat content into E-commerce make them a powerful tool for brands, especially in an ecosystem where influencers play such as crucial role.

Therefore, WeChat is a very important marketing tool for companies, but this app's mini-programs could present some problems for brands compared to open a companies' original website: for example brands' cannot sent out push notifications to customers,

⁶⁵ According to a study made by East Media srl. Available from <http://www.east-media.net/social-media-cina-wechat/> Accessed 15th December 2019

mini-programs work only within WeChat app, and users can't share on their WeChat Moments.⁶⁶ WeChat Moments is a function of WeChat where users can share pictures, video, opinions and all their followers can read it (as Facebook timeline). WeChat Moments also have an advertising function for companies, which involve both advertisers and users. But WeChat Moment ads have a price: around 50.000 Yuan minimum due to the geographic target (metropolis like Beijing and Shanghai) and the type of advertisement used (images, videos...). Users can 48 hours visualize a WeChat Moment advertisement each 48 hours and it will disappear after 6 hours if users don't interact with it.

But these issues don't discourage brands to open their own WeChat mini-programs. However, it is better that companies follow some little tips that marketing experts in China suggest to better master WeChat in all its aspects and do a successful marketing campaign.⁶⁷ On WeChat brands should:

- Determine its goal and have a clear focus objective to increase brand awareness;
- Be innovative;
- Invest in quality content and having a verified account to attracts followers;
- Choose a suitable duration for the campaign;
- Develop loyalty programs for WeChat users, by promotions, gift, e-coupons, VIP cards;
- O2O (online to offline) via QR codes putted on brands' products;
- During festivals, special events launch special tailored campaigns, for example for Chinese New Year, Valentine Day, Mid-Autumn Festivals, the Dragon boat festival etc....

Following these suggestions, companies can use WeChat in a correct way. In figure 11, the steps that companies should follow to do a strategic marketing on WeChat.

⁶⁶ Walkthechat is a WeChat agency developing tailored solutions for companies' WeChat public accounts. Available from <https://walkthechat.com/wechat-mini-programs-simple-introduction/> accessed 22nd November 2019

⁶⁷ Verot Oliver wrote "Tips for WeChat marketing campaigns", in collaboration with Neal Schaffer, popular social media speaker, founded PDCA Social to help companies to use social media in the right way to do business. Available from https://nealschaffer.com/social-media-speaker-neal-schaffer/#Who_is_Neal_Schaffer.

And also from Hallanan Laurel and Dudarenok Ashley Galina in "Digital China: Working with bloggers, influencers and KOLs" (2018), Alarice International, Hong Kong

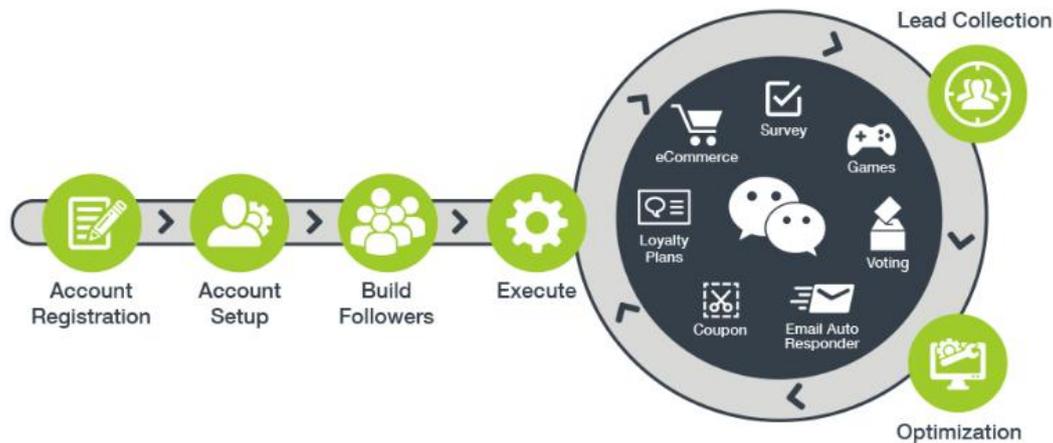


Figure 11. Steps to do a strategic marketing on WeChat (EastMedia Srl)

An example of successful marketing campaign on WeChat is one launched by luxury brand Burberry, one of the most appreciated brands in China. Burberry used WeChat for their London runway show, and audio commentary was given by Chinese celebrities. They sent a virtual plaque engraved with the names of all people who sent them a message. It was a way to make followers feel unique and to feel they have a relation with the brand they love ⁶⁸. Very important also to reach Chinese Generation Z, who want to sell part of the brands by giving personal opinion. This is a way brands can develop loyalty. Another example about this famous brand, is the advertising made this year (2020) for the Chinese New Year (or Spring Festival, 春节 *Chūnjié*). Burberry had decided to develop an online mini-game through WeChat mini-app. The game is very easy: there is a mouse (because 2020 it's the mouse's year) that have to collect coins and Chinese red lanterns within a traditional Chinese location. ⁶⁹

Also other luxury brand like Louis Vuitton has recently used WeChat mini-programs to make its campaign and having a big success. It has launched the mini-game "trunk in the sand" by Louis Vuitton during an exhibition in Shanghai. The game consists in a "treasure hunting" where the treasure chests contain Louis Vuitton's products.

It is possible to say that WeChat and its mini-programs play a significant role both for brands and for users. Marketing on WeChat means many things: launch of new

⁶⁸ Case study by Neal Schaffer on his web site <https://nealschaffer.com/wechat-marketing/>

Video of Burberry's campaign available here

<https://www.youtube.com/watch?v=0sjEsFXl9kc&feature=youtu.be>

⁶⁹ Burberry case study, by Value China company, available on <https://valuechina.net/2020/01/23/publicita-capodanno-cinese-burberry/>

products and new promotions, create exclusive competitions and games to interact with users and allow them to gain information about products. WeChat is a relevant tool to win Chinese Generation Z consumers' attention and make them appreciate the brands. Himself Allen Zhang, WeChat founder, affirm *"mini-programs are now the priority and represent a huge advantage for brands"*.

3.1.2 天貓 TMall: how companies can sell their products on this online platform

WeChat is not the only social media brands use to sell their products or services and to look for new customers.

TMall, in Mandarin 天貓 *Tiānmāo*, dominates 57% of China's market and it is the largest business-to-consumer (B2C) ⁷⁰ retail open platform authorizing world-wide businesses to sell directly to millions China's market consumers. There are two different TMall according from where companies are domiciled: TMall.com for Chinese companies that a Chinese license and have products located in China for quick delivery, and TMall.global for foreigner companies that have a business license in their own country, and these two together with Taobao are owned by Alibaba Groups. TMall is essential for foreign companies that want to enter in Chinese market. Nowadays, a lot of Western brands operating on TMall.com and TMall.global, such as Zara, Calvin Klein, Apple, Mango, Puma, NBA, Levi's, New Balance, Vans, Mini, Lee, Ray-Ban, Nokia, Adidas etc.... ⁷¹

To sell on TMall, brands have to be a legal entity (registered brand, organization, or official manufacturer) that offer their products or services to the final consumers. TMall requires all appropriate documentations, a registration fee for the service, a deposit for the opening of an online store on its platform, payment of an annual fee and sales commission for every transition made. All sellers have the certificate of quality and compliance on their page. In doing so, it guarantees that all products sold on the platform are authentic and official. For this reason, TMall also attracts Chinese Z-lennials customers, who are interested in luxury goods and know this e-commerce site is reliable. Buyers can

⁷⁰ Business to consumers (B2C) is an E-commerce business model where businesses directly sell products and services to consumers who are the end-users of these products or services.

⁷¹ From the original site of TMall.com <https://about.tmall.com/>

find any kind of products on TMall, and the top categories are fashion, and personal care. As said before, luxury imported goods are available on this platform, not only clothing and accessories but also cars, such as Lamborghini and Mercedes. Imported and local packaged foods are also available.

Therefore, for brands opening an own online store on TMall is a huge investment, but it brings enormous benefits to the companies:⁷²

- TMall accepts only verified and original products and this build consumer trust;
- TMall uses an already familiar payment system for Chinese customers, Alipay (支付宝 Zhīfùbǎo), and this mean they are more willing to use it because they already know how it works;
- TMall has exceptional analytic tools, with sales reports and analytics to help sellers take strategic decisions;
- Taobao promotes TMall stores in various ways, and the result is higher converting traffic coming from China Mainland and other countries.

So, it is possible to say TMall is becoming the first online platform for luxury brands to make marketing in China. Luxury brands that now sell on TMall include Valentino, Tod's, Versace, Isabel Marant, Stella McCartney, Coach, Bottega Veneta, Givenchy, Maserati and Burberry, and the number of brands that decide to subscribe to this platform still increase. As figure 12 shows, this number is drastically increased from 2018 to 2019.

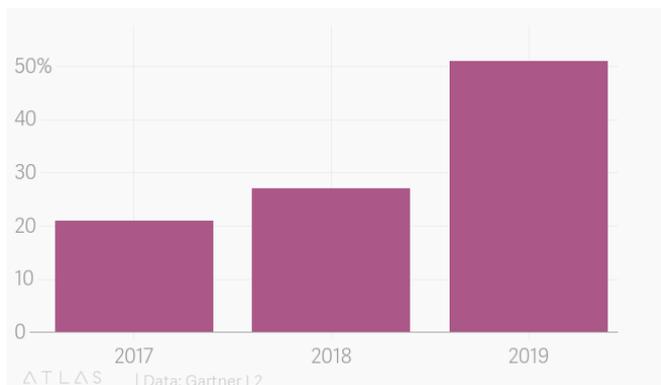


Figure 12. Share of brands selling on TMall (Gartner L2, 2019)

⁷² According to Maruma Misha, who wrote the article “China’s TMall Global: Everything You Need To Know” by Webretailer company. Available from <https://www.webretailer.com/b/tmall-global/> accessed 15th December 2019

If companies opt for using this platform as their springboard for do marketing in China, they should take into consideration some elements. TMall is a Chinese online marketplace and Chinese Generation Z are nationalistic, so buying from a domestic platform is very important. Moreover, this young generation of consumers start to buy more and more “Made in China” products because turn out these products are not of such poor quality, so TMall could be a positive showcase for foreign products. In fact, reputation is everything for a brand.

Reputation = Trust = Sales = Reputation = More Sales = Big Success⁷³

Some tips for companies to build up a good reputation on TMall? Make sure people know your brand, in this way they can understand which products are fake. Chinese consumers of Gen Z are very suspicious customers, so they will verify products provenience, quality and brands history before finalizing the purchase. Visibility is important in China, so is good brands use multiple channel to reach customers, like WeChat, TikTok, collaborate with KOLs and celebrities.

Example of Western brand that successfully launched on TMall their products is Moschino. The famous brand has to create a “flagship” store on TMall Luxury Pavillon platform (suitable created for this occasion) where selling Moschino’s latest range and an exclusive ‘Moschino x Tmall’ range of ready-to-wear items, designed by Moschino creative director Jeremy Scott. In 2017 Gabriele Maggio, general manager of Moschino, said: *“To win in the China luxury market, you need to win over millennials. We already see quite a bit of brand love among this powerful consumer group which we plan to grow in partnership with Tmall. There is no better partner to engage millennial luxury shoppers in China than Tmall’s Luxury Pavilion. We are building an exclusive, social and digital experience with Tmall, designed for Millennial shoppers, to build our brand and expand Moschino’s presence in the Chinese market.”*⁷⁴

⁷³ MarketingToChina agency did a Marketing research to understand how to sell products on TMall. <https://www.marketingtochina.com/new-tips-to-sell-on-tmall/> accessed 20th December 2019

⁷⁴ Gabriele Maggio, general manager of Moschino, during the launch of Moschino’s products on TMall Luxury Pavillon in 2017. Available from <https://www.thedrum.com/news/2018/06/29/moschino-partners-with-alibaba-s-tmall-china-launch> accessed 20th December 2019

From 2017 Luxury Pavilion, the platform for luxury brands outside China to sell their goods to Chinese was joined also by others famous brands such as Valentino, Bottega Veneta. Nowadays, the target of this brands is Generation Z consumers because they have a higher purchasing power than Millennials.

Another example is of huge success on TMall is the one of Estée Lauder. The first day this company has launched its TMall platform has reached 3 million yuan. In just one day of sales on TMall it has gained more than a whole month of sales in a shop.

Summing up, TMall is a very powerful tool for luxury brands, especially foreigner ones, to enter in Chinese market and reach Chinese consumers. But if companies don't promote well their products, it will be useless and although it is a huge investment for them, in the long-term brands will see good result if they do excellent advertising.

3.1.3 淘宝网 Taobao

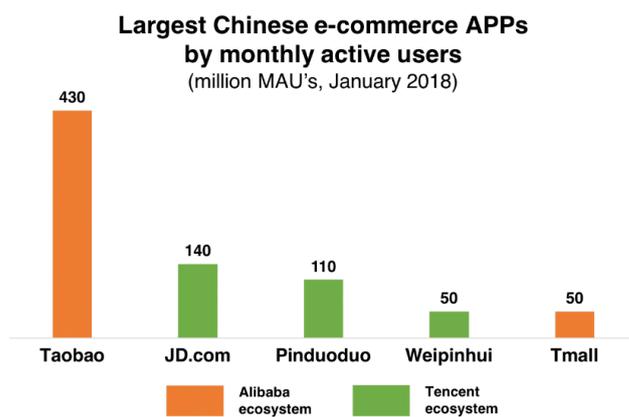


Figure 13. Most used Chinese E-commerce APPs by monthly active users (WalktheChat Analysis 2018)

Source: Jiguang data (jiguang.cn), WalktheChat Analysis

Taobao, 淘宝网 *Táobǎo wǎng*, is an online C2C marketplace⁷⁵, created by Alibaba group in 2003. It is not a cross-border e-commerce platform, just a China's domestic market where Chinese consumers, individuals and small business owners, can trade with each other at a low initial cost. It acts as an intermediary in sales between private parties. Taobao was initially structured following eBay model, but tailored to satisfy Chinese users' tastes, and it was created by Jack Ma to contrast eBay on Chinese market. Taobao, with

⁷⁵ Consumer to consumer (C2C), is an E-Commerce business model, whereby customers can sell and buy products with each other.

over 1 billion products listed, as figure 13 shows is the most popular E-commerce app in the whole country, accounting nearly 60% of the total E-commerce sales in China. It is not by chance that in Chinese Taobao means “digging for treasure” (a form of playing) and this is the most successful e-commerce platform. Why? Because shopping is a “game”, an “entertainment” for Chinese consumers, just something to do as killing time.⁷⁶

Taobao has also an important tool to promote rural economic reality across China. There is the so-called “Taobao Villages”, which refers to any place where at least 10% of population is involved in online retailing. On this “Taobao village” are sold local products and local handicrafts.

For its similarity with the Western eBay platform, Taobao is a good starting point for those individuals and small businesses that are outside of China and want to sell their products in this country. Consumers can open their own shop and start selling immediately with each other.

As the founder Jack Ma said *“Our proposition is simple: we want to help small businesses grow by solving their problems through Internet technology. We fight for the little guy. Since our founding in 1999, we have helped millions of small businesses to achieve a brighter future.”*⁷⁷

However, the ease of access to this platform make Taobao not be very “safe”, in fact Taobao does not have an excellent reputation due to the presence of numerous cheap counterfeit products.

If brands are a non-Chinese company, they cannot open a Taobao store, but if they register the company in China, rent an office in Mainland China and open a Chinese bank account, for brands that sell some category of products, it is possible to do retailing on this platform. For companies that are allowed to open a Taobao store, the steps to follow to launch the store are: set up an account as “seller”, connect the Alipay account of the company, authentication, create and design the store, upload products, make promotions to advertise products and to succeed among Chinese Generation Z customers, make collaboration with KOLs, influencers, celebrities and bloggers to introduce the products.

⁷⁶ Taken from “East Commerce: A journey through China E-Commerce and the internet of things” by Gervasi Marco (2016), John Wiley & Sons Ltd, United Kingdom

⁷⁷ Jack Ma, founder of Alibaba group, Taobao and TMall. <https://www.marketingtochina.com/full-guide-to-selling-on-taobao-foreigner-merchants-or-small-businesses/> accessed 5th January 2020

Taobao is a Chinese E-commerce platform used mainly by Chinese, so the site is completely written in Chinese characters, and it is quite complicated for those companies that are not practice with Chinese language.

Taobao and TMall are E-commerce platforms both belonging to Alibaba Group, so what is the different between them? First of all, it must be specified that they are not competitors. They just focus and satisfy different shopping needs. On TMall, consumers can find authentic branded goods and have the guaranty of official sellers, besides they can also find foreigners brands. On the other side, Taobao is about domestic brands, the quality of the products is less goods, so it is not secure if they want to buy certain kind of products, but it possible to find anything. However, if brands require that their products have a high degree of trust from buyers who want to be assured of quality and willing to pay a little extra, TMall may be the place to sell, but it has a significant start-up cost. For companies Taobao has relatively low start-up costs, faster registration times and easier application bureaucracy than TMall, and with initial input and effective marketing, sellers can achieve high sales volumes than in stores. According to the quality and the origin of the products, prices on TMall are higher than Taobao. But if customers want to save money when buying on TMall, they can check out special sales and various promotion events. However, even without special discounts, the prices on TMall are much lower than in physical shops. Compared to TMall, Taobao sellers offer a much wider choice of goods.

To shop on Taobao, a few things should be taken into consideration. On Taobao, not all private sellers have a stock of goods, so this could cause some problems with exchanges or refund of nonconforming items. Therefore, making purchases with them buyers could undertake the risk of delayed purchase time, ship-out period, and delivery period.

These two platforms are becoming the dominant E-commerce programs used in China, and every day they become more and more significant competitors for Western sales leaders Amazon and eBay.

Taobao is also a significant application used by Chinese Generation Z, in particular when they want to purchase foolish low-quality things, or everyday life products at lower price.

Thus, when brands have to decide between Taobao and TMall, they just need to answer these simple questions: what do I want from shopping? What are my opportunities, and do I have enough experience to work with Chinese marketplaces?⁷⁸

3.1.4 微博 Sina Weibo: what is and how it works

In Chinese 微博 *Wēibó* means microblogging, in fact, it could be defined as a micro-blogging platforms where users can open personal accounts, follow and be followed by others users, post textual and visual content, stay up to date on the last news by following the so-called “hot-topic” and watch direct streaming. Weibo is a Chinese social media and it can be considered a sort of mix between Facebook, Twitter and Instagram. It owned by Sina, the largest information portal in China, and the second biggest platform after WeChat. Weibo’s audience is mainly composed by Chinese Generation Z young users, so it is a very useful tool for companies that want to reach their attention. What do users can do on Weibo? They can set up data sharing groups, transfer and develop data in 140-character posts, publicly sharing their thoughts, photos, videos, links and often ecommerce links such as Alibaba. Moreover, they can search information, promotions, follow brands, KOLs and trends, play games.

Furthermore, Weibo, like WeChat, can also prove to be a valuable tool for companies. This social media is a platform that allows users to communicate to the mass (one-to-many).

With more than 350 million of monthly active users, Weibo is one of the biggest social media in China, after WeChat.⁷⁹

If companies, or individuals, decide to open an official account they have to obtain the verification and authentication from the Web page. This is very important, in particular for brands and KOLs, because this is useful to create awareness in Chinese consumers and increase audience.

When users, in particular brands, decide to publish contents, they have to follow some practices: the linguistic style must reflect the brand image, but it must also be aligned

⁷⁸ TaobaoFOCUS, specialized in marketing in China through Taobao since 2009. Available from <https://tbfocus.com/blog/what-is-the-difference-between-taobao-and-tmall> Accessed 22nd January 2020

⁷⁹ EastMedia Srl is an Italian company specialized in digital marketing in China. Available from <https://www.east-media.net/social-media-cina-weibo/> accessed 8th February 2020

with the target customers to which it is addressed; short, clear and interesting posts with photos, videos, meme and GIFT are more attractive for Chinese Generation Z consumers and, to make posts more viral using #hashtag#.

Another function recently introduced in Weibo is the app 秒拍 *Miǎopāi*, which allow people to share live streaming videos. This program is very used by brands to make know themselves, to interact with own community or with target consumers. Live streaming video are also called VLOG, which means Video Blog, a new format to do marketing.

Sina Weibo is particularly exploited by luxury and fashion brands because they have realized the advantages provided by this social media. Weibo allows them to reach a much wider target very fast then WeChat, which has a one-to-one communication. In fact, as Emanuele Vitali, marketing manager in East Media srl, said: *“Weibo ha la capacità di arrivare al grande pubblico in maniera più rapida e questo spiega i numeri importanti di follower mentre WeChat è assolutamente fondamentale per una comunicazione verticale, meno numeri di follower, ma un impatto ed un influenza assolutamente inarrivabile”* inoltre le piattaforme sono utilizzate diversamente anche per aspetti culturali cinesi *“con Weibo l’utente cinese si espone a tutti e quindi, per la sua cultura collettivista di fondo, lo fa con più ritrosia e più attenzione, si espone meno mentre con WeChat la privacy è più stretta perché nasce e si sviluppa da una messaggi app”*⁸⁰

On a marketing level, through Weibo companies can increase their brand awareness, they can carry out to promote their brand, convert users into customers and loyalize those already acquired. There are different strategies brands can use to promotes themselves and gain visibility on Weibo: Weibo lottery, Weibo advertising, cross-promotion, organic growth and Weibo Influencers campaigns. Let’s make a brief introduction about these strategies.⁸¹

- Weibo lottery is a system that enable to design transparent lotteries for users to win prizes. Users can take actions, as shares, likes... and be rewarded in transparent way with a prize;

⁸⁰ Emanuele Vitali, marketing manager of East Media srl. Available from <http://www.east-media.net/cose-weibo-e-come-funziona/>

⁸¹ Marketing strategies that companies use on Weibo explained by the staff of Walkthechat.com available from <https://walkthechat.com/is-weibo-still-popular-in-china/>

- Weibo advertising is a service where companies paid to advertise their products on Weibo. There are three types of paid ads: Fensi Tong (粉丝通) which allows more specific targeting options, Sponsored posts that promotes content to Weibo users and Weibo tasks, which help to increment followers by paying other accounts to repost;
- Cross-promotion means that Weibo is a very powerful channel not only for B2C promotion, but also for B2B promotion. By cross-promotion companies can build high-quality following;
- Organic growth means that contents with high engagement rate will be shown to more users, so it is therefore essential to continually refine content quality if companies want higher visibility;
- Weibo Influencers campaigns are the most efficient way to carry promotions on Weibo. Brands work together with Chinese influencers, Internet celebrities (网红 *wǎnghóng*) and KOLs (Key Opinion Leaders) to reach consumers, in particular Generation Z. Who are they? Chinese influencers are those people who have the power to influence potential customers of a product or a service by promoting or recommending the items on social media. They are native to social media platforms. The motivation why they do this is just for increase their community of followers. Internet celebrities (网红 *wǎnghóng*) are those people who leverage their popularity and influence to get their fans to purchase goods or services that they have endorsed. KOLS are those people who are able to influence others, but they have also parallel professions, such as journalists, entrepreneurs, writers. They are famous on social media, but these are not their main means of communication. Unlike influencers, KOLs don't sponsor products just to gain followers and sponsorship is not their main job, but it is just as complementary to their day-to-day activities. All these partnerships are essential for brands marketing campaigns, so brands have to pay high attention to choose the perfect partner to sponsor their products. Top KOLs on Weibo are Zhang Dayi and Jian Yilei. This topic will be deeply examined later.

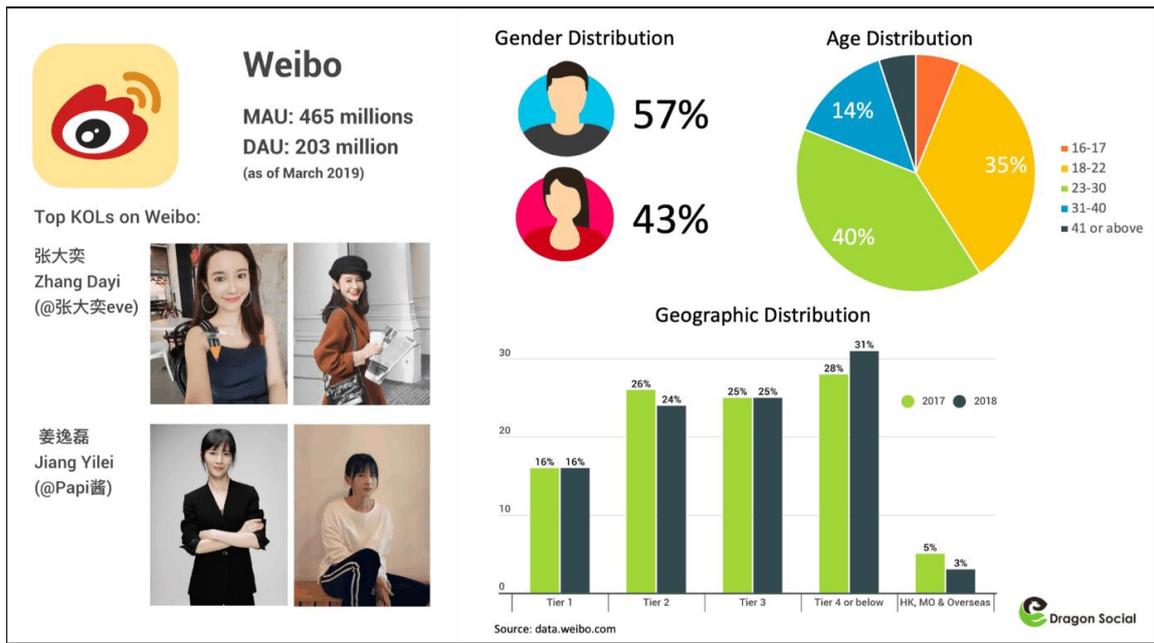


Figure 14. Weibo data at March 2019 available from <https://wechattraining.com/newsfeed/kol-marketing-the-key-to-success-on-chinese-social-media/>

In figure 14, 4 Astonishing Weibo KOL Marketing Trends To Know (2019).

So, it possible to say that Weibo brings a lot of advantages for companies which use this platform. The main advantage is its pioneer in the industry, it has a well-established ecosystem, is popular among Chinese internet users and largely recognized in China. Therefore, in 2013 18% of Sina Weibo has been acquired by Alibaba Group, and this is a strategic cooperation for Weibo platform because allowed both parties' date exchange, integration of online payment and online marketing. For the first years of this collaboration Alibaba represented nearly a half of the overall ads revenues.⁸²

In order to be successful on Weibo, brands have to find the best moment for publishing content and has to identify who are their audience (likes gender, age range, cities) to better optimize it.

Competition is growing, but the continued innovation from Weibo will likely enable this social media to stay on top, and likely surpass its Western equivalent Twitter. Recently, Weibo has developed also an English version, this means it will be moving toward internationalization.

⁸² Data available from <https://walkthechat.com/is-weibo-still-popular-in-china/> accessed 8th February 2020

3.2 VLOG- The new trend for marketing in China

In the last few years in China, VLOG has captured Chinese users' attention. But what this word means? VLOG derives from "Video blog", in Chinese 视频博客 *Shìpínbókè* (视频 *Shìpín* means video and 博客 *bókè* means blog) and it refers to a new type of blog where contents are in video form. These videos are a record of thoughts, experiences and opinions of people, a sort of multimedia diaries, which are posted online. People who create VLOG are called "Vlogger" or 视频博客作者 *Shìpínbókè xuèzhě* in Mandarin. There are several types of VLOGs on the Internet, travel updates, culinary experiences, personal commentaries, fashion opinions, instructional videos, which differ according to the main topic of the video. The term VLOG is also used to indicate live broadcasts, tutorial, or self-made videos... it is like a mix between blogging and streaming. To create a VLOG, a connection to Internet, a video camera or a smartphone with a good camera and a good idea are needed. These kinds of videos should be interesting, funny, but very important they must to be passionate and tell a story. If these video blogs are accurate and true, they will attract a lot of followers. The main elements present in a VLOG are alternation of music-dialog, stickers and subtitle or superimposed texts to make concepts clearer.

The main purpose of vloggers is to create a community of users who follow their video on the platform and subscribe to their web channel. To gain more and more visibility, Vloggers can publish videos at consistent intervals like once a day or one a week. This helps viewers know when new videos will be posted, which makes them more likely to continue visiting vlogs and create also a little suspense.

VLOGs are becoming very successful among Chinese Generation Z consumes, so they are a very important tool for brands, in particular luxury brands which want to reach the consumers of this young generation. The estimate of a survey shows that 75% of internet users in China will watch digital video at least once per month in 2019, and over 80% of them will use their smartphones to stream videos. As chapter in figure 15 shows, these digital video viewers in China will grow 97,6% year over year to reach 249 million

viewers in 2019 and it is forecast 368 million viewers in 2020 and 488 million viewers in 2021.⁸³

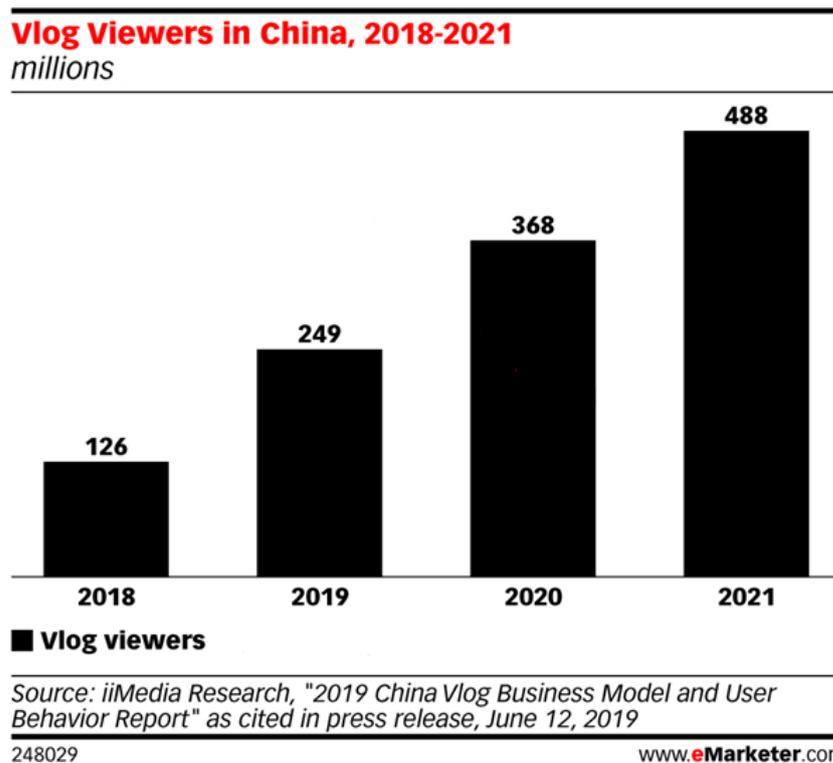


Figure 15. Vlog Viewers in China 2018-2021 (eMarketer 2019)

The most popular platform used by Western bloggers is YouTube, which offers free video hosting and it is easy to find contents. In China, the most renowned social media among Chinese Generation Z are TikTok (抖音 *Dǒuyīn*), which is became famous also in Western countries in the last three years, and Little Red Book (小红书 *Xiǎohóngshū*). Moreover, Chinese Generation Z are also subscribed to other popular VLOG apps like Bilibili (哔哩哔哩 *Bìlǐbìlǐ*) and Kuaishou (快手 *kuàishǒu*), and as explained in the previous chapters, also WeChat and Weibo have this function of “Video blog”. Let’s introduce in short Bilibili (哔哩哔哩 *Bìlǐbìlǐ*) and Kuaishou (快手 *kuàishǒu*) applications.

Bilibili, 哔哩哔哩 *Bìlǐbìlǐ*, was founded in 2009 began as an animation-oriented digital video sharing platform, and it is considering the “Chinese YouTube”. Over the course of 10 years, the company introduced a lot of new categories including advertising, music, lifestyle, fashion, mobile gaming, and E-commerce. Most users are members of Generation

⁸³ Data are reported in a survey entitled “China Digital Video 2019” conducted by eMarketer in collaboration with iiMobile Research company in 2019. Available from <https://www.emarketer.com/content/china-digital-video-2019> accessed 9th February 2020

Z, for this reason luxury brands' marketers decide to use this platform in collaboration with KOLs and live streamers to grab the attention of these youths. The platform's most celebrated feature allows users to post "bullet" messages in response to live videos. The chat posts scroll horizontally across the screen in real time, and this make Generation Z users feel part of the video. Whatever is the field of a brand, there is a way to engage China's Generation Z consumers by publishing content on Bilibili platform.

Kuaishou, in Mandarin 快手 *kuàishǒu* which means "Quick Hand", was founded in 2011 by the entrepreneur Xu Hua, and originally launched to make and share GIFs. In 2013 it changed to short video-sharing and live-streaming platform that has developed a reputation for featuring users who do stunts and prank, like for example people performing acts such as eating sharp objects or playing with fireworks.⁸⁴ Kuaishou gained popularity with a young audience, which are members of Generation Z consumers. The total number of viewers recorded exceeded 1.1million and total sales recorded from the streaming was as high as 4 million.⁸⁵ On this platform it is possible to find any kind of content, but the most popular are about food and drink, so Kuaishou usually features brands and KOLs who are "specialized" in this kind of contents. For example, a famous Kuaishou blogger is 深圳小老虎 ShenZhen Xiao Laohu, a food blogger who interact with his followers by sharing videos while he is discovering the best Shenzhen and Hong Kong restaurants.

For brands marketing VLOGs are very important, for example when Apple was launched iPad Pro and Apple Pencil, people used VLOGs to present their experience of the conference. Another example is when Louis Vuitton has held an exhibition and invited some top Chinese vloggers. The brand also provides vloggers with branded products, such as clothing, shoes, handbags, and ornaments, to advertise its items.

So, this new trend for marketing in China is became very important to reach the attention of Chinese Generation Z buyers, for this reason luxury brands have to adopt this tool in their marketing strategy. Thanks to VLOGs, companies can put into effect the

⁸⁴ Definition of TodayOnline, available from "China's Generation Z is hooked on these short video apps" (2018)

Read more at <https://www.todayonline.com/world/chinas-generation-z-hooked-these-short-video-apps>

⁸⁵ According to the website WeChatTraining, available from <https://wechattraining.com/newsfeed/kol-marketing-the-key-to-success-on-chinese-social-media/> accessed 9th February 2020

strategy of video marketing, and by collaborating with KOLs, they can advance contents in a different way. The important is to gain consumers' trust.

In the following chapters, I will examine the most famous VLOG apps 抖音 *Dǒuyīn* and 小红书 *Xiǎohóngshū*.

3.2.1 抖音 *Dǒuyīn* (TikTok)

Douyin 抖音, better known as TikTok internationally, is a Chinese social network launched in 2016. This app is the Chinese version of Snapchat and allows users to create short videos to share with community. These videos are 15-second-long, and contents are usually focused on fashion, style, pranks, pets, stunts, dance and music. The peculiarity of this application is the so-called “Douyin challenges”, which are issued by a post showing the challenge along with the related hashtag. In this way users record and tag video with the challenging hashtag for fun and entertainment. Contents is shown to viewers based on their age, gender, personal interests, hobbies. Often brands decide to launch these challenges, being mentioned in millions of posts within a few hours.

TikTok is became very famous, since 2018 when it became famous also outside China, it counts 300 million monthly active users, 150 million daily active users just in China and 500 million global monthly active users.⁸⁶

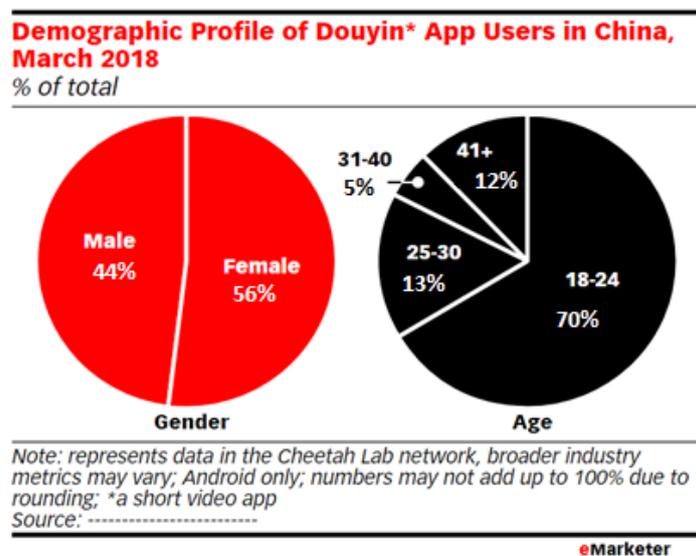


Figure 16. Demographic Profile of Douyin Users in China in 2018 (eMarketer 2018)

⁸⁶ Data available on “Digital China: working with bloggers, influencers and KOLs”, authors Hallanan Lauren and Dudarenok Ashley Galina, 2018, Hong Kong

Looking at the pie charts in figure 16⁸⁷, it is possible to understand that in 2018, this app reach in particular young people under 24 years old, this means the users are mostly Generation Z's members and both female and male spend almost the same time on this app.

Why TikTok attracts so many users and why did it grow so fast? The first reason is because it is created for ordinary people, allowing them to show their creativity and talents. Secondly, because due to the hashtags, contents quickly go viral. Furthermore, Douyin is very easy to use, and include various filters and a large library of background music, which make contents more interesting.

Douyin represents a big opportunity for brands to do marketing, especially for international brands that want to enter and be known in Chinese market. In particular for luxury brands, which has to adapt their digital marketing strategies to target their new big potential consumers, Generation Z spenders. Thanks to its original contents and direct communication, it captures users' attention and keep them in front of the screen longer than any others application. This helps brands to create and increase brand awareness, promoting events, driving sales and to gain consumer confidence. TikTok is also advantageous for brands because it is a global app, so can reach a wide range of customers all around the world.

Today's Chinese Generation Z consumers want to feel involved in the process of marketing, and they don't simply want to buy a product, so by allowing them to create content for brands can help to find a longer and deeper relationship with customers.

"The luxury industry is undergoing a new stage of growth and if brands want to keep up with that and ride the next wave, Douyin is the platform to look out for," says Pablo Mauron, Partner and Managing Director China at DLG.⁸⁸

For a company, publishing content aligned with the "Douyin" style can involve many efforts: short-videos just must be captivating and fun.

⁸⁷ Demographic Profile of Douyin Users in China in 2018. Available from <https://www.emarketer.com/chart/218358/demographic-profile-of-douyin-app-users-china-march-2018-of-total> accessed 10th February 2020

⁸⁸ Pablo Mauron, Partner and Managing Director China at DLG (Digital Luxury Group) – one of the strategic Service Providers recently appointed by Douyin. Available on <https://www.luxurysociety.com/en/articles/2019/03/how-douyin-changing-face-luxury-marketing-china/>

To succeed, also on TikTok, brands can cooperate with KOLs to increase the popularity of their products. For example, the popular hot pot restaurant chain in China called HaiDiLao 海底捞 has promoted a challenge, by inviting users to create videos showing how they made their unique hot pot. This was very profitable for the restaurant chain because it had increased not only massive online exposure, but also offline sales, as users had to go to the restaurant in order to record videos.

In 2017, the famous American luxury brand Michael Kors had also used this app to promote “The Walk Shanghai”, a digitally-driven experiential event it was hosting in China. The brand launched the hashtag #korsshanghai and challenged customers to create and post their own fashion catwalk videos wearing Michael Kors items. In addition, it had hired also fashion influencers as Yang Mi and Mark Chao to promote the brand through Douyin challenge.

The constant innovation and improvement of this app capabilities, reassuring luxury brands that want to approach digital marketing and require to target young consumers.

3.2.1 The growing influence of 小红书 Xiaohongshu (Little Red Book)

Another popular VLOG and social E-commerce platform in China is Little Red Book, or RED, or in Chinese language 小红书 *Xiǎohóngshū*. Founded in 2013 by Miranda Qu and Charlwin Mao, it is an information sharing community and social E-commerce app where people can buy products, posting lifestyles stories, sharing photos, reviews and opinions. In 2019, RED introduced also live streaming contents to keep up with other social media. Nowadays, the most popular topics are beauty, fashion, travel and foods.

At the moment, Little Red Book is the most interesting Chinese E-commerce platform, due to its innovative business model, becoming the most appreciated for the shopping online.

Thanks to the practical “link-to-buy”, customers can directly purchase with a click the products shown on the screen. This perfect mix makes it unique compared to other apps

on the web in China. In 2019 this app counted over than 200 million registered users, and over 70% of the audience are young people belonging to Generation Z consumers.⁸⁹

RED was designed to allow users to submit their reviews, recommendations or opinions and share overseas shopping tips with others. So, the platform is also considered a cross-border E-commerce store, because it connects Chinese customers to global brands. This app is different from the others above mentioned because people use it to find detailed information and advices from other users about products or services they are interested to acquire. In fact, consumers after seeing a product or a brand on Douyin, they usually will learn about them on Xiaohongshu platform.

Contents are served on app's homepages to users according to what they frequently visualized, what they are searching for, their previous likes... in brief by analyzing users' purchasing behaviors. RED has also a good reputation and it is a trusted site where users go to get word of mouth recommendations and where they can buy high quality and unique products. In fact, as the chart in figure 17 demonstrate more than 90% of Chinese Generation Z consumes verify first if the brands has a good reputation by trusting first of all word of mouth and only feedbacks and the opinions of KOLs.

Fonti di informazione per i Brand del lusso sul mercato cinese

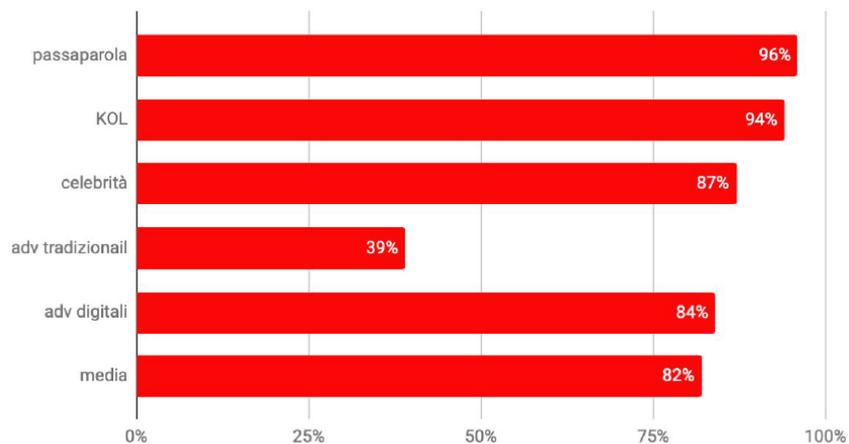


Figure 17. Sources of information about luxury brands in Chinese market (EastMedia srl 2019)

For all these reasons Xiaohongshu is a good springboard for companies, in particular for global luxury brands that want to create a good reputation among Chinese

⁸⁹ Data available on DragonSocial.net and referring to 2019. Available from <https://www.dragonsocial.net/blog/xiaohongshu-marketing-for-business/> accessed 10th February 2020

Generation Z buyers. To do this, companies have to create an official and verified account on Little Red Book, which also make possible for brands to directly interact with users through comments and posts. Since users' interested contents are shown on their homepage, this allows companies to get more visibility. Companies can use Little red Book to do marketing in different ways:

- Managing brands official account and store to improve the brand experience and build connections with customers, by promotions campaigns, posting contents, replying to costumers';
- Exploiting traditional paid advertisements, likes pop-up or ads integrated with the explore page feed;
- Setting up a tailored topic page or trending research, by focusing on special topics, such as International Women's Day;
- Customizing sticker packs about a specific topic;
- Collaborating with KOLs, who mostly share testimonials, personal stories, product review, short videos or live-streams. KOLs are essential for brands because they are considered reliable by Chinese Generation Z customers, increase brands audience, they confer credibility and increase desirability of the brands and know which is the perfect content to create. This makes it a suitable platform for building brand awareness, trust, and increasing sales. Actresses like Fan Bingbing and Lin Yun are celebrities with an official account on RED and often collaborate with brands to sponsor their products. Usually KOLs can decide to record videos in which they make tutorial, compare similar products of different brands giving personal opinions, share "before and after" pics, tell a personal experience that can educate users or post photos where comments on clothes they are try in the dressing room.

An example on luxury brand that exploit this social media to launch its official account is Louis Vuitton. The purpose of the brand is to be able to better catch the attention of Z-lennials consumers, and for this reason it featured Chinese influencer such as Tao Liang, owner of Mr. Bags, or Baiyang Chen.

In conclusion, RED is now a fast-growing online marketplace in China. Different from others social media, its content-driven model attracts young consumers who value quality and authenticity, which provides great opportunities for global high-quality brands.

3.3 Role of influencers in China: the impact of KOLs and influencers on Chinese Generation Z

By analyzing Chinese Generation Z consumers behaviors and the different social media exploit by companies to do marketing in China to reach Z-lennials attention, it is possible to understand that this generation of consumers are easily influenceable and highly addicted to smartphone. For this reason, brands decide to use social network and collaborate with KOLs and influencers to advertise their products and services. KOLs and influencers are becoming really effective and dynamic media in Chinese fashion world, and for businesses they are not just a necessity for entering the market, but also a key component of their marketing strategy.

*“Mega-influencers like Chiara Ferragni and Kylie Jenner might be magnetic on Instagram, but China’s most powerful KOLs (key opinion leaders) are new-wave media magnates. Constructing multifaceted empires across China’s diversely developed digital scene, they run their brands with flourishing features and compelling storytelling on Weibo (Chinese Twitter), WeChat (the most versatile chat app in the world) and Tik Tok (China’s Snapchat)” – Vogue UK, August 31, 2018.*⁹⁰

From these words it is possible to understand the impact of influencers in China, which is different from the impact of influencers in Western countries. Chinese customers, especially the young members of Gen Z, are strongly influenced by them. Chinese society is based on the value of collectivism, which leads to a greater propension to share and compare everything with the group, and this is also reflected in the so-called online communities. Here Chinese buyers exchange their opinions and experiences, they search for information about a brand and its products, or they are looking for an inspiration. So KOLs and influencers are playing an important role in these community in China. They are community leaders and they are considered as points of references for niche market and can strongly influence the impact of a product or a brand in the market. If brands collaborate with KOLs, it is easier for them to reach all the difference kind of consumers in China, according to regional diversity, gender, age. As already said, KOLs are the perfect tool for luxury brands (and non) to get Gen Zers’ attention, given that they are the main users of social media and new segment of potential customers. Moreover, Chinese shoppers are overwhelmed with choice. They have access not only to domestic brands, but also by international brands. Having a so wide range of products and services to select from, before purchasing Chinese Gen Z buyers inquire about everything about the product and the brand, and for luxury shopping, they need to touch and see physically the product before acquiring it. KOLs’ advices are also very useful to

⁹⁰ Vogue UK 2018 available from <https://www.vogue.co.uk/article/chinese-influencers-to-know-now> accessed 10th February 2020

increase brand awareness and to make a decision in order to not make the wrong choice. For companies, the integration between social media and E-commerce platform makes KOLs be able to direct drive traffic to product listing.

The boom in popularity of live streaming and short-videos in 2018 makes KOLs and influencers becoming more important for companies, because of their role. To be successful for both, their collaboration must be based on trust. Brands need to communicate clearly all the standards they expect from KOLs and put some red lines to avoid misunderstanding. The upshot of all this is that by giving the task of sponsoring to KOLs, brands themselves has decentralized its power, their reputation is in influencers' hands. Brands don't have any more a direct control of how consumers perceive the brand: it doesn't matter what brands say about themselves, but it is important what everyone else says about the brand.

What is the impact on Chinese Generation Z? What they really think about KOLs and influencers? Chinese Z-lennials are becoming the biggest cluster of consumers nowadays. They grew up with Internet and so they have access to all sorts of information. They want to be considered independent and unique, so they don't want to admit they are influencing by KOLs, but according a study, before purchasing they always do a look to KOLs' opinions about a product. Gen Zers are very critical about KOLs and they trust only those one who advertise products or services that they really used and have to prove it, and do not trust those who promote a product just to increase followers and gain profits. Trust will always be the main factor in China.

In China, working with KOLs it is the best marketing method for domestic and international brands, but they have to take into consideration the evolving attitudes of consumers and pay attention to choose the right KOLs for promoting their brands.

3.3.1 Who are KOLs

Nowadays this term is recurring on all Chinese social media and in any topics related to marketing in China. What is mean KOLs? Or better... who are KOLs?

KOLs is the acronym for Key Opinions Leaders and it refers to someone who is expert in a certain topic and provides value related to their area of expertise, giving them credibility, authenticity and influence when they promote products or services. KOLs are someone who has been able to build an audience around their topic and have loyal following. KOLs opinions' and point of view are very important and respected by their followers, thanks to their reputation within their field and this is why partnering with them is particularly successful and powerful for a brand reputation.

Good reputation means high quality KOLs that consumers trust. The characteristics of high quality KOLs are:

- Focusing on a specific topic and has professional experience related to that. They want to collaborate only with brands related to their field;
- Be able to create a personal and unique brand, which leads to personal expression and individualism (important value for Gen Zers);
- Developing their audience gradually by building a relationship with their followers over time by interacting with them;
- Giving more importance to their reputation more than gain profits.

These characteristics distinguish KOLs from influencers. Although people think these words can be interchangeable, in reality it is important to understand the differences between the two.

As figure 18⁹¹ shows it is possible to say that KOLs can be subdivided into categories: influencers, bloggers and celebrities/stars.

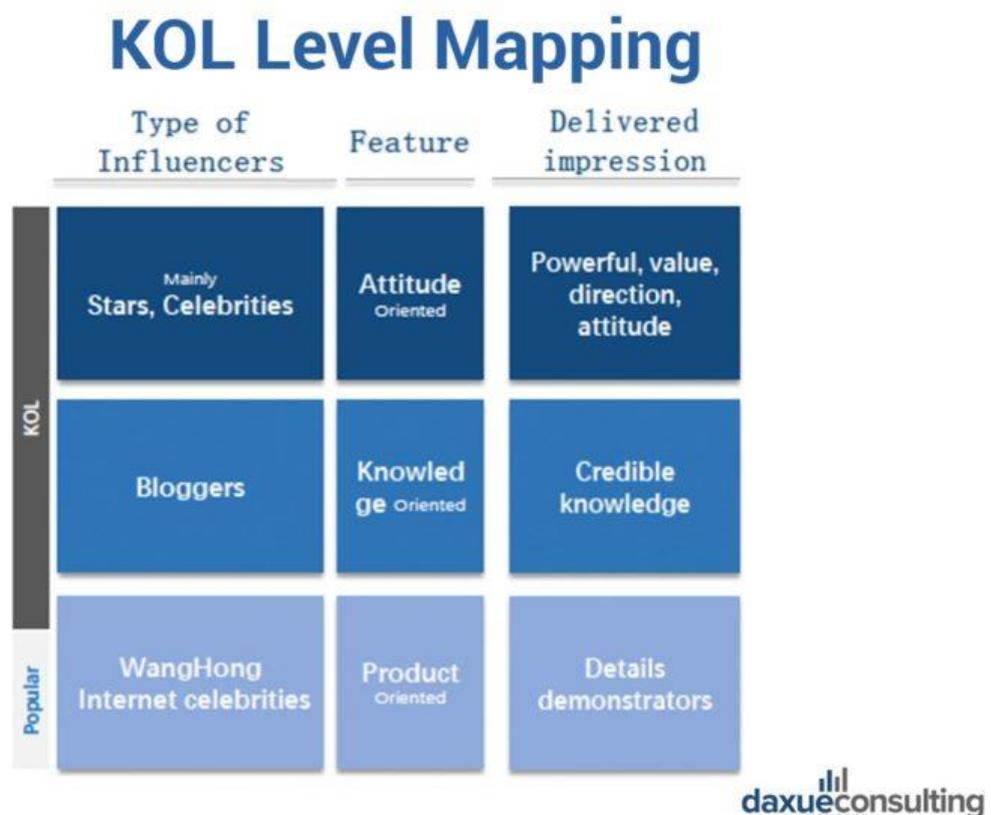


Figure 18. KOL level mapping (Daxue Consulting, 2019)

⁹¹ Source of image is Daxue Consulting. Available from <https://daxueconsulting.com/https-daxueconsulting-com-kol-marketing-china-2019/> accessed 11th February 2020

Influencers, or in Chinese 网红 *Wǎnghóng*, are those people able to influence others' life an opinion about a product or a service. In reality, they are native to Internet and are anybody with a certain number of followers on social media platform that became an Internet celebrity thanks to their appearance and their credibility comes from their online name. This means users follow them just because they have charming personality or aspire them and because are followed by a lot of people. Influencers tend to recommend products or services just to make a profit or to receive something in exchanges, as free products or services from brands they sponsor. The online celebrities have created an image of perfection: perfect life, canons of beauty, keeping travel in luxury hotels. By posting video streaming and photos about themselves while using or wearing a product, they influence their followers to buy it, lead them to believe they can also have the same lifestyle. Wanghong usually post fashion, beauty and travel contents and brands choose them according to their style, which must be coherent with the product or service sell by the company. Th most important thing is to increase their followers.

KOLs on the contrary of influencers have another profession which is their main job. As already say, KOLs credibility comes from their experience in a specific subject and they usually recommend only products or services linked to their field after agreeing an economic compensation. Another fundamental difference between influencers and KOLs is the motivation which drives their audiences to follow them. KOLs just want to share their experience and give useful recommendation. Just keep in mind that all influencers are influenced by KOLs.

Bloggers are those people who demonstrate a credible knowledge about a specific field, so basically, they are Key Opinion Leaders.

Stars and celebrities are famous singers, actors, actresses, athletes, TV personalities, who are attitude oriented and often lend their image to brands for advertising.

Why should brands use Key Opinion Leaders? There is no doubt that in China KOLs represent the best choice for companies' marketing strategy, because they are perfect to reach Chinese Generation Z consumers and considering that 90% of KOLs are belonging to the post-80s and 90s generation. KOL marketing means using social media influencers for advertise a brand's product or service, because they are very famous on all social media platforms, WeChat, Weibo, Xiaohongshu, Douyin. They emerged from consumers' need for more reliable sources of information on the products they consume, in fact KOLs are not necessary celebrates, but can be also professional individual with a large community of followers. Furthermore, KOLs marketing bring a lot of benefits to companies:

- Helps to build trust because more and more Chinese Z-lennials consumers depend on their recommendations when taking purchase decisions. Confidence and experience are decisive factors. In this way brands can leverage the trust and word of mouth to their advantage, and provide a more genuine and trustful advertising;
- Helps to target the right audience. By studying KOLs' followers, brands can choose the right Key Opinion Leader to promote their items and also increase the percentage of potential consumer;
- A KOLs partnership is cheap, quick and more effective than traditional advertising methods, so also small and medium companies can advertise products and services without spend a huge amount of money;
- Makes more sales by attracting new potential customers drawing the attention on new products and services or raising brand awareness.

Brands can measure the success of a KOL marketing by looking at Brand awareness metrics, which include impressions, likes, comments, traffic, search, mentions or at direct response metrics, which include subscribers, clicks, sales, downloads, clicks.

With all these benefits, why shouldn't brands want to work with KOLs?

3.3.2 KOLs and social network: how to work with them

After evaluating the benefits of a collaboration with the so-called KOLs, brands must find KOL that better suits their style and can represent in the best way brand's field. If KOL does not reflect perfectly these standards, the cooperation will be useless and the brand will tend to lose credibility, as will the KOL too. Once brands have found out the good matched KOLs who should be genuine and reliable to partner with, the collaboration will start.

So, the question is: how brands can find the appropriate Key Opinion Leaders to work with and how companies can get in contact with them?

Let's start by examining the five tiers of KOLs (in figure 19) that are divided by the number of followers.

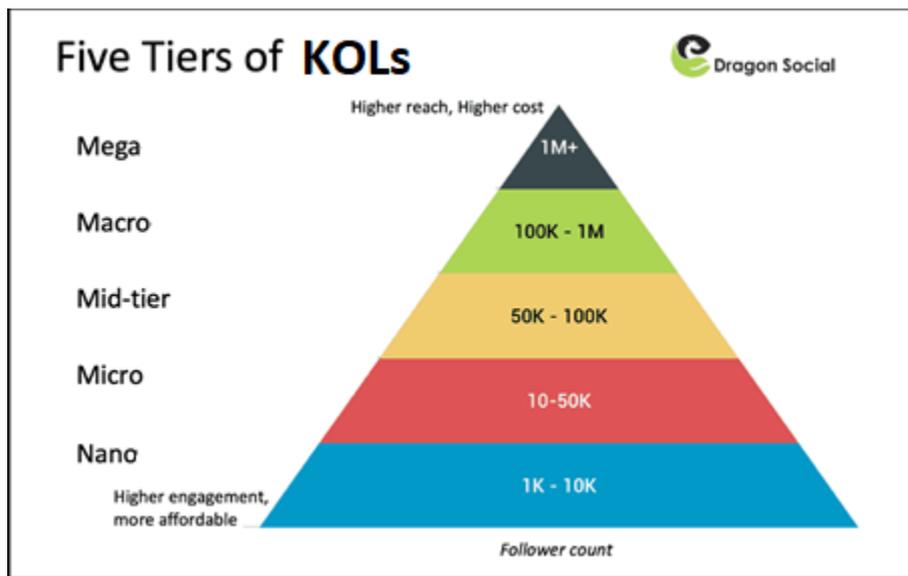


Figure 19. Five tiers of KOLs (Dragon Social, 2019)

At the top there are Mega-KOLs, who are those people with more than 1 million followers, like celebrities and stars, who usually have more than 10 million followers and have a while influence for brands; a step down there are Macro-KOLs, who have between 100 thousand and 1 million followers, they are professionally oriented with a high exposure in a short period; at third step there are the Mid-tier KOLs, who have between 50 thousand and 100 thousand followers, are professionally oriented and relatively “niche”; Micro-KOLs are those who have maximum 50 thousand followers and minimum 10 thousand and are relatively “niche” and can increase the overall post pool; finally at the bottom there are Nano-KOLs with less than 10 thousand followers but more than 1,000, it is recently entered in the influencer marketing lexicon and they usually post in exchange for free products.⁹² The influence of the KOL will determine the brand’s awareness and ROI.⁹³ So according to the target audience of the brands, they will choose a specific tier of influencers. Sometimes companies decide to choose a mix of KOLs at different tiers in order to measure the achievable ROI and decide the better one to use in the marketing strategy.

Before making their KOL selection and launching any KOL marketing strategy, businesses have to take into consideration also some criteria to make the best choice:

⁹²Definition and figure available on WeChatTraining.com at this link <https://wechattraining.com/newsfeed/kol-marketing-the-key-to-success-on-chinese-social-media/> accessed 11th February 2020

⁹³ ROI is the acronym of Return of Investment, is a performance measure used to evaluate the efficiency of an investment (gain or loss) or compare the efficiency of a number of different investments.

- Relevance of the similarities between brands target audience and KOL's followers;
- Reach is the promotional effect of the content posted by KOLs, which depends on then number and the quality of its followers;
- Engagment is the direct interaction between KOLs and their audience, more the interaction is continouos more trust are built between them;
- Influence is the measurement of ROI produced by KOL marketing campaign;
- Consistency of the image that brands have to maintain, because after putting into practice KOL marketing, customers will associate KOL image to the brand.

These criteria are just a guide lines, because KOL marketing is very flexible and brands should adapt to the current trend. ⁹⁴

To choose KOLs that better suit brands marketing needs, companies should opt for a KOL who will represent the brand well and promote a good business image, because it is the face of brands' on social media. For make the good choice, just remember the key word: trust. If a KOL has the trust of its followers, they will listen to its suggestions and will take into consideration the idea to become potential costumers. The goal of this kind of marketing is to increase brands' visibility and to be able to increase the engagement of the brand with the intended target audience.

Brands have to take in consideration also the audience they want to target. Luxury brands will choose Key Opinion Leaders because they are followed by Chinese Generation Z consumers, who are the nowadays luxury buyers. Not always choose a KOLs with a high number of followers is the best idea. Althought their fan base is large, this doesn't mean better engagment, because that could be nonresponsive or unreceptive for the brand. Sometimes it is better to start collaborating with smaller KOLs, who have more interaction with their followers and can better create awareness and credibility through word-of-mouth. Coherence is another key point. Coherence between brands' products or services with KOLs is very important and the choice must be careful and precise.

After think about all these aspects, brands have to choose the right KOL. How brands, especially Western one that one to enter in Chinese market, can get in contact with KOLs? There are two ways:

⁹⁴ These criteria are available from "KOL Marketing: The Key To Success On Chinese Social Media" (2019) from the following [link](#)

- Brands can contact the so-called “blogger incubators”, which are E-Commerce companies that promote KOLs and help brands to hire them. These companies are like talent agencies with a well-established KOL network and offer to companies marketing channels and customer base by developing KOLs with loyal and massive followers. Blogger incubators’ source of income is based on individual KOLs’ sales revenue on online stores. The most successful and also the first blogger incubator in China is Ruhnn, which has promote the now famous fashion blogger 张奕 张奕, also known as Eve. She is considered the first influencer in Chinese E-Commerce with 11,18 million of followers on Weibo.
- Brands can decide to use social media to get into contact with KOLs directly. On WeChat and Weibo, companies can type keywords on the search bar and find a list of KOLs’ individual account or companies managed account related to that keywords.

Found the right KOL, the most common ways for brands to work with them is to giveaway their products to KOLs without the assurance they will post it on social media, a pay-to-post approach where brands pay KOLs to post stories with their products, or more by inviting them at brands’ event.

In Figure 20 a briefly description of common approaches in KOL marketing.

Common approaches in KOL marketing

KOL 營銷的常見做法：



Figure 20. Common approaches in KOL marketing (Marketing Interactive, 2017)

Kew Opinion Leaders are become very important in brands' marketing strategy since 2016 with the introduction of live streaming in Chinese social media. KOLs reach their audience through different types of platforms: Social media, E-Commerce and Video. Most popular social media platforms used by KOLs are WeChat and Weibo, where they post articles, photos, short-video contents. According to data released from these platforms, in 2018 WeChat had 1038 million montly active users nad Weibo had 446 million.⁹⁵

On WeChat, brands can partner with KOLs to sponsor their products or services in different ways: through narive advertising and embedded marketing, where KOLs just write an article about a topic and including products and sales link in the article; through product reviews where KOLs gives opinions about products or services by product comparisons; through sponsored campaigns where KOLs introduce the brands and its items and offer gifts offered by the brand; through co-branding, where brands, especially luxury ones, cooperate with KOLs to co-create and sell "limited edition" products (example Mr.Bags and Givenchy) and through KOLs personal WeChat stores or mini-programs for E-Commerce purpose. Thanks to the mini-programs, WeChat allows to exploit fully KOLs' popularity. There are already several companies that have success with this kind of campaign. An example is the one did by the famous fashion company Givenchy for the launch of its "Duetto" collection. Thanks to its collaboration with Gogoboi (a fashion announcer and TV super stars) and WeChat mini-programs, in only 72 hours the product was sold-out.

Fashion brands are also implementing the interaction between Weibo users and celebrity brand ambassadors. Also on this platform brands and KOLs can advertise in different ways: through traditional paid ads where KOLS write the contents ont their own; through campaign launches, like giveaways compaigns; through social selling and live streaming. Recently Sina Weibo has introduced new rules that define what KOLs can and cannot do on the platform. First, since Alibaba is the main shareholder of Weibo, it has imposed to this platform to block all links that refer to other E-Commerce platforms which are not owned by Alibaba. Second, KOLs' accounts have to ask a specia authorization before promote more than one brand for each post. Moreover, if KOLs publish posts with

⁹⁵ Data released by WeChat and Weibo related to 2018. Available also from <https://daxueconsulting.com/https-daxueconsulting-com-kol-marketing-china-2019/> accessed on 11th February 2020

external links, QR code, mentions to WeChat, plagiarized contents, and references to marketing and advertising will be sanctioned. On Sina Weibo, KOLs who are part of a Boy bands are extremely popular. Example, Jay Chou (周杰伦), Wallace Huo (霍建华) and Zheng Shuang (郑爽) are three celebrities who made the top 50 even though they have no Weibo accounts at all. Others popular KOLs among Generation Z customers are 六金 yE (Liùjīn yE), a beauty and lifestyle blogger and vlogger from Wenzhou; 刘阳 Cary (Liúyáng Cary) a marste of video who collaborated with luxury, beauty and lifestyle brands like BMW, Nissan, Bvlgari.

Also Video platforms are very used from KOLs to do marketing. As explained in the chapter 3.2, live streaming or VLOGs are videos made by bloggers during their daily life, while they are playing game, making make up tutorial, cooking, travelling or giving fashion opinions. For some KOLs this is become effectively a full-time job, in fact some KOLs earn more money with this activity than with their traditional work. Beside live streaming, KOLs use also short videos, Text and Photos and Q&A to post their contents, and the topics vary and differ from KOL to KOL and for what their followers are interested in. Most popular Video platforms are TikTok, Kuishou and Little Red Book. For Western companies that want to exploit live streaming to promote their brands in China, the question is different. Foreigner companies don't have free access to big live streaming platforms, because Chinese authorities have issued new rules.

Let's introduce some most famous Chinese KOLs with which luxury brands cooperate to promote their products.

- Liang Tao 梁韬, also knowed as Mr.Bags or 包先生 *Bāoxiānshēng*, is considered in China one of the most popular digital influencer, He is a fashion blogger, in Chinese 时尚博主 *shíshàngbózhǔ*, for his sense of fashion and insight into handbags. He has worked with famous luxury brands such as Givenchy, Louis Vuitton, Hermès, Chloé, Chanel, Longchamp, TOD's, Christian Dior, Valentino, Gucci. In fact, his Weibo and WeChat became the number one handbag shopping guide for the Chinese market.
- Zhang Dayi 张大奕, or Eve, is a famous fashion blogger with 11 million of followers on Weibo, and on this platforms she promotes her own clothing, lingerie and makeup lines through live streaming and short videos. One of her

collaboration is with the famous cosmetic brand Neutrogena. She was provided advices about skincare by using Neutrogena products during online live streaming interacting with fans by answering to different questions. Very famous on Weibo, Taobao and Wechat platforms.

- Papi Jiang 酱, is another representative KOLs in China. She is not a typical fashion influencer because many of her posts are short videos where she also talks about nowadays problems in China in a funny way. She had worked with famous brands such as SK-II, BMW, Huawei, New Balance, Max Factor and Jaeger-LeCoultre.
- Li Jiaqi 李佳琦, is the most popular male beauty KOL in China with 27 million followers on TikTok and 6 million follower on Xiaohongshu. He is a professional makeup artist with a personal style, so his professional knowledge increases his credibility. Very famous for live broadcasting where he introduces cosmetics giving detailed description and recommendations. He is also very popular because is a male influencer who talks about makeup products. According to young Chinese female consumers, after watching his live streaming videos, they have a strong impulse to buy that cosmetics.

So, for marketers operating in China, the best choice for advertising is to include collaboration with KOLs in their marketing strategy. But when brands decide to use this strategy, they have to analyze campaign in terms of the engagement (likes, followers, comments, views), and compare the results of each post to be able to learn and understand strengths and weaknesses of each campaign. In this way, brands can make any necessary improvement and maximize the results.

Find the right KOLs, build brand awareness and reach the target audience are the key points for a successful KOL marketing.

In conclusion, there are excellent reasons for brands to advertise through KOLs, especially if their target audience are Chinese Generation Z customers.

CONCLUSION

Nowadays Chinese and foreign brands, especially luxury, which want to conquer Chinese market have to focus on a new market segment: Generation Z consumers. These young buyers are very lucky compared to previous generations and also regarding they Western peers, because they were born and grew up during a golden period for China, with a successful economic growth, the advent of Internet and the evolution of technologies and innovations. All these elements and the creation of social media have given rise to the integration between online and offline life. Z-lennials consumers leave on the Internet, and use their smartphone devices to do anything, in particular searching information about brands and products or services they sell and purchase. So, to meet the demands of this generation, all physical retailers must modernize themselves, find one or more E-Commerce platforms on which sell and make them know, and also doing research about the last trends on different social media to understand what these consumers really want and need.

Social media play a significant role in today's marketing strategy. Gen Zers are used to public every kind of thing about their personal life, foods, clothes, travel, beauty routine, by posting videos, photos, opinions, thought on social media. They also have a different perception of luxury brands, thinking that luxury products demonstrate personal standard of living and unique fashion style. It's seemed like they always want to demonstrate something, let others know what they are doing and sometime is also seems they want to be envied by other people. For this reason, and because there are not afraid about the future and can count on relatives' income, they tend to spend without caring about save money. However, when Gen Zers consumers want to purchase luxury items, the most important thing is to learn about the product and the brand, and they rely on information founded on online channels, likes brands' official website, social media website and rely on others feedback and opinions. Although the reliability of information founded online, Generation Z consumers want to visit the store to see and touch the products, in particular when purchasing luxury items. For them a personalized shopping experienced is also very important, because it should be an extension of what is widely available online in a much more digestible, easy to understand format. The retail experience should be the refined antithesis of this oversaturation and luxury brands should provide this experience to them.

Moreover, Generation Z is easily influenceable, and this can be an advantage for brands that decide to advertise online. They are persuadable not only by popular people, but also from friends, family and peers, and this makes them also able to influence others. For this reason, KOLs and influencers play the main role in companies' marketing strategy in China. They not only can advertise and promote brands' products and services to a wide audience but can also influence them to purchase. Despite KOLs have so high visibility, thought consumers belonging to Generation Z, they don't want to admit being influenced by them, because Gen Zers want to be considered unique, with an own identity and thoughts, in particular if talking about fashion, but using KOLs in marketing strategy it will be the best choice for companies who want to promote their products in China to Gen Zers.

In considering all of these elements, the future of global luxury market is in this generation's hand, considering their influence and their purchasing power, brands cannot ignore these empowered young consumers. If Western and Chinese luxury brands want to succeed, they have to do their best to get a better understanding of preferences, needs, online approach and purchasing behaviours of this generation of new buyers and brands should try to satisfy them as well as possible. They have to take into consideration the individualism that characterizes these customers, so a good way to meet this requirement, is to offer personalized services to make them feel unique and special. This group of young consumers is also considered conscious buyers, because they take to heart social issues and environment sustainability. For this reason, brands should promote eco-friendly services if they want to be taken into consideration from Generation Z consumers.

To better reach Generation Z in China, companies have to exploit domestic social media, such as WeChat, Weibo, TikTok, TMall, RED and collaborate with local KOLs, influencers and celebrities to promote their products. For Gen Zers, word-of-mouth is a very powerful tool. However, brands must create awareness, and they can do this by interacting with actual buyers and potential customers. Adjusting prices, changing inventory daily, offering experience-based subscriptions can help.

For Western companies, approach to Chinese consumers is not so easy as seems. They have to put all their efforts to understand also the culture of this beautiful country, which influences buyers' behaviours and needs. Once understand culture and purchasing attitudes, Western brands have to adapt their marketing strategy to local consumers and follow all these tips if they want to succeed and gain Chinese Generation Z's attention.

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