



Università
Ca' Foscari
Venezia

Master's Degree
in Lingue, Economie e
Istituzioni dell'Asia e
dell'Africa Mediterranea

Final Thesis

**WeChat: the new
key to Social
Media Marketing
in East Asia**

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Matriculation number

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Academic Year

2019 / 2020

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导言

目前，我们生活在一个越来越关注网络及其所包含的一切的世界。网络上网不是只为了获取国家信息，而是为了与朋友互动，分享新闻、有趣的照片或视频。他们主要通过社交媒体（Facebook, WhatsApp, Instagram, Twitter 等）进行交流。这么多年来，它们变得如此流行，一至于人们几乎把它当成了必需品。网络的另一个用途是购物：近年来，电子商务领域的发展迅速。人们正在养成网上购物的习惯，因为他们认为网上购物更舒适，更省便。

我的论文旨在强调社交网络的重要性，它也涉及个人和企业。公司已经了解到社交媒体在人们日常生活中所占的比重，因此，他们开始利用社交媒体来接近客户。在网络上存在的众多社交媒体中，我决定重点关注微信，这个中国主要的社交媒体。我要强调的是，为什么它一开始只是一个即时通讯应用，而现在，他是中国最常用的平台，被中国人，尤其是中国和外国公司使用。

去年，我在中国呆了一段时间。由于中国政府的封锁，我不能用西方的社交媒体。另一方面，我可以体验微信的唯一性。每天我用它越多，我就越意识到它是

多么广泛：它包含了一个功能和应用程序的世界。它最成功的功能之一是支付系统：用户可以将他们的信用卡附加到应用程序上。因此，当他们去购物时，他们不再需要带钱包，只需要微信。在欧洲这个功能还没有实现。Facebook 和 Instagram 不允许把我们的钱包和我们的数字社交平台结合在一起。

不过，微信除了支付之外，还提供了很多其他服务，这要归功于它在中国各地的众多合作伙伴。我用它来做任何必要的事情：和家人和朋友聊天，在酒吧点一杯饮料，在餐馆付账，预订机票，网上购物，玩游戏，等等。所有的东西都包含在一个应用程序中：这是这个平台令人惊奇的方面。例如，在意大利我们用社交媒体聊天，获取信息和新闻，发布照片和视频。在 Facebook 和 Instagram 上，像微信，我们也可以看到一些产品的推广，点击它，我们会链接到他们的网站，我们可以在那里购买，就这样。对于任何其他需要有特定的应用程序。

微信在企业与消费者沟通方面比我们的社交媒体要好得多，因为微信已经注册了超过 1000 万个官方公众账号。消费者可以很容易地与他们互动，获得更多关于产品的信息，对公司的感觉更加封闭。这些优势使得中国和非中国的跨国公司都将微信作为其营销策略的关键。

我的作品包括了到目前为止所说的一切，并被组织成三章。在第一章中，我将介绍市场营销经概念和它多年来的演变，其中最重要的是社会化媒体的影响。然后，我将把重点转移到中国的情况和它的互联网的社交媒体的情况。在第二章中，我将介绍微信，详细解释它为个人和企业提供的所有特性。在第三章中，我将采取实际的列子，我的论文，五个最重要的跨国公司的案例，已杠杆微信为他们的营销策略。

INTRODUCTION

Today, we live in a world that is more and more focused on the mobile and on everything that it includes. Web users surf the internet not only for informational purposes, but especially to interact with friends and share with them news and funny photos or videos. They communicate with each other mainly through social media (Facebook, WhatsApp, Instagram, Twitter, etc.). These, over the years, have become so popular that people consider them almost a necessity. Another use of the web is for shopping: the e-commerce sector has been spreading considerably, in recent years. People are making a habit of shopping online because they consider it more comfortable and time-saving.

My thesis is intended to emphasize the importance of social networks, which involve individuals and businesses as well. Companies have understood how much social media take part of people's daily lives and, for this reason, they have started to use them to get closer to the customer. Among lots of social media existing on the web, I have decided to focus especially on WeChat, the main Chinese social media. I am going to highlight why it was born simply as a messaging app and, now, it is the platform most used in China, by Chinese people and, most of all, Chinese and foreign companies.

Last year, I spent a period of time in China and I could not use Western social media because of the Chinese government's block. On the other hand, I could experience the uniqueness of WeChat. Everyday, the more I utilized it the more I realized how much wide it was: it includes a world of features and applications. One of its most successful features is the payment system: users can attach their credit card to the application. Thus, when they go shopping, they need no longer to bring their wallet anymore, they just need WeChat. In Europe, this feature is not implemented yet, Facebook and Instagram do not allow to combine our wallet with our digital, social platform.

However, there is more to WeChat than just payment, it offers many other services thanks to its numerous partners around China. I utilized it for any necessity I might have: chat with family and friends, order a drink at the bar, pay the bill at the restaurant, book a flight ticket, shop online, play mini-games, and so on. Everything is included in only one app: this is the amazing aspect of this platform. In Italy, for example, people use social media to chat, to get information and news, to post photos and videos. On Facebook and Instagram, like WeChat, users may see also the promotion of some products and, by clicking on it, we are linked to their website where we

can make the purchase, that's all. For any other necessity there are other specific apps.

WeChat is more efficient than western social media to communicate with consumers for businesses, since it has more than 10 million official public accounts registered. Consumers can easily interact with them and get more information about products, feeling more closed to companies. All these advantageous aspects have led multinational companies, Chinese and non-Chinese, to use WeChat as the key to their marketing strategies.

My work includes everything said so far and is structured into three chapters. In the first chapter, I will introduce the concept of marketing and its evolution over the years, due, most of all, to the important influence of social media. I'll then shift the focus on the Chinese scenario and its internet and social media situation. In the second chapter, I will introduce WeChat, explaining in detail all the many features it has, both for individuals and businesses. In the third chapter, I will take as practical examples of my thesis the cases of five of the most important multinational companies that had leveraged WeChat for their marketing strategies.

1. EVOLUTION OF MARKETING

1.1 From traditional to digital marketing

*Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.*¹

It is a long process of explaining why consumers should choose a product rather than another one. It begins from analyzing the marketplace and customers' needs and wants, then it creates the product and identifies who is likely to purchase it, when this is identified, it develops a marketing program (product, pricing, place and promotion), and finally it create a relationship of trust with target customers, creating value for them and profit for companies.

Marketing has evolved a lot, over the years. Before the advent of internet, advertising was carried by conventional tools such as print, television, radio and phone, only a few companies had the budget to reach the general public. The communication was one-way based characterized by commercial messages, focused on the product and its

¹ This is the definition of the marketing concept by AMA (American Marketing Association), the most important community for marketers.

characteristics, which affected wide targets. In the traditional Marketing era, the consumer had a passive role, he was subjected to communication without having the opportunity to interact, in real time, with the company or express his opinion on the services advertised. Without a direct feedback, companies took long time to analyze the results of their business, thus they did not even know if they were achieving their goals.

With the advent of the Internet the situation has changed: thanks to search engines, users now have a more active role, since they can search directly what they need. Users are able to produce content, get information, review companies and products interacting directly to companies. Digital marketing includes all the activities that help increase and improve online presence of companies, such as blogging, videos, podcasts, social media, mobile, email. Thanks to the web even small companies have the opportunity to promote themselves since costs are very smaller than those of mass media and their target audiences are more restricted. They create propositions and offers “ad hoc” for the consumer, thanks to advanced technologies.²

² Kotler P., Kartajaya H., Setiawan I., *Marketing 4.0. Moving from Traditional to Digital*, by Wiley & Sons, Inc., 2017, Hoboken,

With regard to the evolution of marketing, it seems appropriate to bring here the theory of one of the marketing luminaries, Philip Kotler. In his book “Marketing 4.0: Moving from Traditional to Digital”, he explained the steps that led to marketing 4.0, which is the perfect fusion of online and offline experience. He begins analyzing the Marketing 1.0 era, in which companies were focused on the product creation, so there was a product-centric marketing approach. This approach has its roots in the marketing of the 1960s, developed in the USA.

In the early 2000s, marketing 2.0 was born: companies have changed the way they communicated shifting from product-driven marketing to customer-centric marketing. The focus was now on the customers and their needs, marketers studied consumers’ behaviors and preferences to provide them with the best possible services, and, in order to be successful, companies established a relationship of trust with customers.

However, according to Philip Kotler, the rapid spread of social networks has put people into a new era, called Marketing 3.0. The focus, now, was no longer the customers and their needs, but men and their values, human beings with mind, heart and spirit. Therefore, there has been a human-centric marketing approach: the aim of marketing was to create products, services, and companies’ cultures that embraced and

reflected human values. In recent years, the use of social media has allowed the birth of a culture shared globally, like a real community made up of people who exchange opinions, thoughts and values. Today users are no longer just looking for a service or product that meets their needs, but want to live experiences, share interests and ideals. Marketers are open to the idea of creating the conditions that allow collaboration with customers in developing and testing new products, a process known as co-creation of value. In effect, unlike traditional media, social media have a two-way communication structure: they communicate directly to customers allowing more interactive conversations.

A lot has happened since Marketing 3.0 era spread, especially in terms of technological advancements. Today's technologies are not new, but they have been converged in recent years, and that convergence has greatly affected marketing practices around the world. Technology convergence ultimately has led to the convergence between digital marketing and traditional marketing. In a very high-tech world, people aspire to high touch. The more social people are, the more they require things made specifically only for them. Products become more personalized and services become more personal. In such an environment, customers conform more to social opinions. In fact, most personal purchase

decisions are essentially social decisions. Customers communicate each other and talk about brands and companies. From a marketing communication's point of view, customers are no longer passive targets but have become active media of communication. This is the marketing 4.0 era, the natural result of marketing 3.0. In this transitional era, marketing should adopt a new approach, it should adapt to the changing role of customers in the digital economy. The role of marketers is to guide customers throughout their journey from awareness to advocacy. The latter itself is known as "word of mouth", it has become the new definition of "loyalty" during the past decade. Customers who are considered loyal to a brand have the willingness to support and recommend the brand to their friends and family.

These four eras of marketing are actually simplifications of much more complex transition process heavily influenced by technology. In fact, technology has brought new possibilities that have led, on the one hand, to a greater humanization of the brand and a more personalized dialogue between the company and the consumer. On the other hand, however, the digital world exposes users to the lack of privacy, as everything is in the public domain, subjected to checks and judgements. Thus, companies must have more

consciousness when they outline their images and contents, which must be valuable, reliable and authentic.

1.2 Social Media Marketing

Given the connectivity we live in today, the weight of social conformity is increasing in all fields. Customers care more and more about the opinions of the others, they also share their opinions and compile lots of reviews. The web, especially social media, has facilitated this shift by providing the platform and tools, and anytime, involving a wide range of devices (PC, tablet, smartphone etc.).

In order to survive in the age of empowered customers, marketing strategists should less depend on traditional mass-marketing tools; understanding the role of technology in shaping the marketplace and, more importantly, engaging the Social Media as part of the marketing tools becomes a strategic imperative.

1.2.1 Web 2.0 (Social Media)

«Web 2.0 (or Social Media) is a collection of interactive, open source and user-controlled Internet applications enhancing the experiences, collaboration, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support

the creation of informal users' networks facilitating the flow of ideas, information, knowledge and promote innovation and creativity by allowing the efficient generation, dissemination, sharing and editing of content»³.

Such application also includes blogs and microblogs (such as Twitter), social networking sites (such as Facebook), virtual worlds (such as Second Life), collaborative projects (such a Wikipedia), content community sites (such as YouTube) and sites dedicated to feedback (e.g. online forums).

Marketers should begin exploring and leveraging social media, not only because there is a growing interest among consumers in Internet usage, but also because consumers consider information shared on social media as more reliable than information issued directly by companies.

Companies have increasingly adopted social media for various marketing activities such as branding, market research, customer relationship management and sales promotion. Engaging social media as part of marketing strategy requires the presence of an impeccable company web site: functional, trustworthy, efficient, organizationally integrated and

³ Efthymios Constantinides, *The Social Web As Marketplace: A Primer In Social Media Marketing.*, 2009.

customer-oriented. A second condition is that the marketing organization and the company back office are in perfect shape and up to the job. The marketing organization must be designed to offer high-value to customers by delivering high-quality products and services. Marketers should realize that social media users can easily investigate and test the company quality or price claims, find alternatives or substitutes and review products or services and report their own experiences to large numbers of peers. Marketers can monitor and analyze conversations in social media to understand how consumers view a firm or its actions.

The marketing strategists must understand the impact of Web 2.0 on the customers' decisions making process and attempt to utilize the Web 2.0 environment to their advantage or even gain some control over it. A simple way to do that is to tap the online customers voice, especially complaints, comments about their products or talk about competitors. A more proactive attitude is to use the several Web 2.0 applications as part of the marketing toolbox.

1.2.2 Social Media Marketing tools

When companies start formulating a social media strategy for their business, they choose from a variety of tools. The mix of social media depends on the objective of the

strategy and the trends in social media usage among the target markets.

Chat Rooms is one of the oldest forms of social media, but still particularly useful when companies try to identify where conversations about their products and firms are already occurring. They are a sort of group of online users, who communicate with each other through instant messaging and the message typed by one user is immediately visible in the chat by the others. Chat rooms are incorporated into a company's website and, in this way, help the company to improve customer service, increase the sense of consumer community, and address consumer needs through better communications and enhanced relationships.

Blogs are another potential marketing tool, very powerful in driving positive word-of-mouth recommendations through the contents that companies publish. Blogs enable companies to establish and build relationships with their targets, thereby increasing customers loyalty and the number of third-party advocates for the firm. A company blog can be used as a marketing tool by using it as a forum to offer tips and advices, publishing an incentives program that encourages referrals, holding contests, answering questions and publicly responding to stakeholder comments to maintain the

conversation. People mostly read blogs because they love stories, which they want to identify with.

YouTube is the second most searched site after Google. Social media campaigns must exploit the power of videos for their contents, since people spend more and more time watching them on YouTube. This is also an educational platform because people use it to find some specific, not to discover. They go to the site to learn from lessons and tutorials, so they can learn more on a company's products. Maintaining a YouTube channel for one's company allows for videos to also be incorporated within a company's blog. YouTube also allows consumers engagement through users-generated content.

However, the most popular and active social network is Facebook. It owns WhatsApp and Instagram. It not only offers various advertising programs, but it also enables companies to create their own customized profiles and share important information in the creation of their own brand communities. People use it mostly to get information, post photos and videos, and chat. Becoming owner of Instagram, it has integrated a recent feature, the visual story (photo or video), which lasts 24 hours and shows what they are all about. After Facebook, also WhatsApp has integrated these stories. Video contents on Facebook are integrated into feedback.

Furthermore, this platform provides companies with the unique opportunity to very specifically target users and produce two-way conversations with customers. It includes lots of advertisements, but they are put in a discrete way, on panels at the side.

Although the great popularity of Facebook, Instagram is one of the most rapidly growing social media platforms. This platform is the second largest social media platform used by customers and brands, with over 1 billion monthly active users across the globe, most of them younger users. Instagram has been the first platform to include the visual story feature for individuals and companies as well. It is used as a marketing tool for several reasons, some of these are that it puts visual content first, is less messy and character limits are not a factor. It has the highest brand engagement, almost every user follows a business on Instagram and engage with the brand, by sharing content, asking questions or leaving comments. Differently from Facebook, which has a higher daily video views, Instagram does great with images. Thus, a good choice for companies should be that of investing on video ads on Facebook and photo ads on Instagram.

Twitter is referred to as a “micro-blogging” tool, since posts are limited to 140 characters. This platform is considered a place for trending news because celebrities, journalists and

politicians all frequently use it. From business's point of view, it is beneficial for engaging with customers and propagating the conversations about one's brand, products, and/or services. Companies should be aware of any negative or positive tweets (comments) about it. The interaction with brands' posts are smaller than those of Facebook and Instagram, due to the type of the majority of its audience.

Differently from the earlier social networks, there is one directed to a more professional audience, LinkedIn. Like Facebook, there are opportunities to advertise one's business on this site, develop profiles for companies that are visible to LinkedIn users, and promote two-way relationships with individual career professionals as well as other firms. It is a good place to recruit new employees. Companies can engage with potential customers by taking part in discussions and build connections that are good for word-of-mouth. In order to increase their likeability and create trust between them and the audience, they should keep active and post frequently on their LinkedIn site.

Whatever social media is used as a marketing tool, each of them must reach the predetermined objectives. The effectiveness of a social media marketing program must be measured in terms of its ability to generate positive buzz about a company, as well as its products and services, not only in

terms of WOM (Word Of Mouth) buzz, but also in terms of measurable business results for the company.

1.2.3 Social Media Objectives

As said before, social media strategies are measured according to their objectives. There are two main types: short-term and long-term objectives. The first include generating revenues, gaining consideration, stimulating trial and encouraging repurchase. Since consumers are increasingly turning to social media for products and services recommendations, marketers have to monitor and respond to requests for advices, in order to gain consideration of their products and services. Marketers should, also, stimulate trial through communicating sales promotions, such as coupons, discount codes, contests and games. Online sales promotions also encourage repeat purchases. Long-term objectives are more concerned with creating brand equity and built brand relationship, instead of generating revenues. They include improving customer satisfaction, creating awareness, building relationships and stimulating, community.

In order to improve customer satisfaction, there are several opportunities for brands. As an example, customers, may contact directly via social media to express dissatisfaction with a product or service, or they may post messages about

unsatisfactory experience to social media. In this way, marketers can take into consideration in time the problem and find a solution.

For the second objective, creating awareness, social media are useful in sharing content. They are effective at propagating messages, particularly when people find the messages surprising, entertaining and humorous. When a message is shared widely within a short period of time, it is said to have “gone viral”. The result is a rapid increase in awareness of both the message and the message’s creator.

Building relationships require brands to develop repeat positive interactions with customers and positive word-of-mouth. Before the advent of social media, interactions were one-way (e.g., the viewing of brands’ advertisements on mass media), with only occasional two-way communication (e.g., contacting customer service to resolve a problem). Marketers now stimulate interaction with customers on social media by posting interesting contents, such as news, articles, photos, videos, and even games, and consumers response is typically measured by noting whether the consumers link, refer others, click, connect, submit an inquiry or idea, and buy a brand.

The 93% of all marketers indicated that their social media efforts have generated more exposure for their business. Other benefits have been the traffic increase of 87%, the

growth of increased exposure, the rise of improved sales, the growth of increased traffic, etc.⁴ Facebook (89%) and Instagram (63%) are the top two platforms used by marketers, all other platforms (Twitter, LinkedIn, YouTube, etc.) stay behind these two.

1.3 The Chinese Landscape

In recent years, many marketers from all over the world have been more and more attracted by the Chinese market. China is one of the largest and faster-growing domestic markets for multinational companies. It is not yet just the country for imports of “Made in China”; it has become also the country for exports, giving the opportunity to be established and to sell in China. Until recently, success for many multinationals in that country was driven by geographic expansion in pursuit of new consumers. Going forward, their success goes in pursuit of marketing advantages.

1.3.1 A digitized country

⁴ These data are taken from *2019 Social Media Marketing Industry Report. How Marketers Are Using Social Media To Grow Their Business*, by Michael A. Stelzner, May 2019, Social Media Examiner.

China has become the world's largest e-commerce market by transaction value. Last year, Chinese consumers spent 1.9 trillion U.S. dollars online⁵.

In China there is the highest number of web users in the world: out of a population of 1.4 billion people, more than 800 million people are connected to the internet. One in two Chinese surfs, informs, chats and purchases through their computer or mobile device⁶. However, the rest of population, about 540 million people, are non-netizens⁷. The majority of them still lives in rural areas. The factors preventing them from accessing the Internet are many, for example they don't master computer/network skills or Pinyin, or they even don't have computer or other Internet devices; age is another factor, as some of them are too old or too young to surf in Internet; the minority of them don't access the Internet maybe because they are not interested in or lack the time and the ability to connect.

⁵ These data are taken from *Statista.com*.

⁶ *Statistical Report on Internet Development in China*, CNNIC (China Internet Network Information Center), August 2019.

⁷ The term "netizen" comes from the combination of "internet" and "citizen", as to say "citizen of the net" or "net citizen". It means a person who use the internet, so, the term "non-netizens" means people who do not use the internet.

The e-commerce giants dominating China are Alibaba⁸ and JD.com⁹. Alibaba Group got 60% of China's retail e-commerce sales in 2019. In 2008, the Group launched its Singles' Day marketing plan via its B2C (business-to-consumer) online retailer Tmall. The plan was later rebranded as the "Global Shopping Festival" and, in 2018 brought in over 20 billion in transaction in just 24 hours (more than the western Black Friday and Cyber Monday put together). As well as Tmall, Alibaba Group owns platforms such as B2B (business-to-business) site Alibaba.com, retail site AliExpress and Taobao, and online payment system Alipay, which controls around half of China's online payment market. JD.com continues to grow within China's e-commerce market with its multiple retail acquisitions, retail tech and supply chain innovations. In 2019, it got 16.7% of China's retail e-commerce sales.

⁸ Alibaba Group Holding Limited (also known as Alibaba Group and as Alibaba) is a Chinese multinational conglomerate holding company specializing in e-commerce, retail, Internet and technology. Founded in 1999 by Jack Ma in Hangzhou, Zhejiang, the company provides C2C, B2B and B2C sales services via web portals, as well as electronic payment services, shopping search engines and cloud computing services.

⁹ JD.com, Inc., also known as Jingdong, is a Chinese e-commerce company headquartered in Beijing. It was founded by Liu Qiangdong in 1998, and its retail platform went online in 2004. It is the second biggest B2C online retailer in China, after Alibaba, by transaction volume and revenue.

Compared to the West where customers are expected to search for and purchase individual products themselves, in Chinese online retails there is a higher degree of personalization. In China brands tend to have stores on well-established online retailers, such as Alibaba, rather than have their own standalone sites. This means that the customer can buy whatever he wants just in one place, making the online experience more seamless. As a result of this, suggested products and advertisements are easier to access with just one click when browsing the web because of the integrated online platforms, where the same activity would take much longer in the West.

1.3.2 The Great Firewall

China's web world has some internal rules that differentiate it from other countries. As an example, there is the Great Firewall which blocks access to certain sites. It is a metaphor that describes the Internet filtering system in China: it is a play on the words "the Great Wall" and "firewall". The Great Wall of China was built by the ancient Chinese state to keep foreign invaders at bay; in the same way, the great firewall denotes China's attempt to block undesirable content from its netizens. It forms a virtual ring around an entire

country, inside which government controls over China's overall Internet network.

The Chinese government has built perhaps the world's most sophisticated Internet filtering system to block numerous foreign and domestic website, which are view as a threat to the Chinese state because too sensitive or inappropriate. The Chinese government has adopted the exclusion filter by requesting carriers, such as China Telecom, to install Cisco's apparatus, which can drop information from at least three hundred IP addresses. Among these sites there are those of Amnesty International, the BBC, the Economist, and the New York Times. In this way, certain information never reaches China's domestic end users. Another filtering system is the "content-analysis" technique, which prevents from accessing any website or URL path containing certain keywords designated by the government, such as "Tibetan independence", "Taiwan independence", "human rights", etc. Chinese end users never open a forbidden website, the screen will not show "Blocked by the Chinese Government": it will only show the signal of "site not found". Web users may not know at all whether this problem is because of government intervention or a purely technical problem. In this way, such governmental rule shape and regulate human behavior.

1.3.3 Chinese Social Media

In addition to domestic and foreign website, also giants like Facebook, YouTube, Twitter, Instagram, etc. are blocked. Google, on the other hand, although is not formally blocked, has a very small market share: it is used only by expatriate residents beyond the Great Wall (the most used search engine in China is Baidu). Understanding the social media space is crucial for anyone trying to engage Chinese consumer: social media is a larger phenomenon in China than it is in other countries.

Social media began in China in 1994 with online forums and communities and shifted to instant messaging in 1999. Blogs took off in 2004, followed a year later by social networking sites with chats, such as Renren, Sina Weibo, launched in 2009 and offering microblogging with multimedia.

The main social media in China is WeChat (owned by Tencent¹⁰) which, was born as a messaging platform. It gradually increased its popularity thanks to the advanced and innovative features: users can make reservations (taxi,

¹⁰ Tencent Holding Limited is a Chinese multinational conglomerate holding company, whose subsidiaries specialize in various internet-related services and products, entertainment, artificial intelligence and technology both in China and globally. It was founded in Shenzhen, China, in 1998, and listed on the Main Board of the Stock Exchange of Hong Kong since June 2004.

restaurants, flights etc.), transfer money to other contact and make online and offline purchases. In this regard, it is interesting to highlight how the WeChat Pay payment option is increasingly used. In a few years it has reached the market share of Alipay. Among the novelties of recent times there is also the introduction of the so-called Mini Programs, apps that can be used directly while remaining on WeChat. Among the advantages that this social offers companies, there is the possibility to open official accounts through which companies offer different services, such as WiFi in stores or download of targeted promotions or personalized greeting cards.

Qzone, the second social media after WeChat, (owned by Tencent it too), allows users to blog, send photos and listen to music. It is one of the features of the parent platform QQ, an instant messaging app that also offers other services to the user, such as blogs, games, emails and the ability to make online payments. For all those companies that want to promote their brands and products on social channels, QQ allows them to share content within interest groups, offers tools for marketing analysis on fans of the pages and lends itself email marketing.

Sina Weibo, a mix of Facebook, Instagram and Twitter, is the most used social platform for celebrities, companies and organizations that want to establish direct

communication with end users. Compared to Twitter, Sina Weibo offers more potential: companies can create microblogs, surveys and share multiple photos, videos and files at the same time. Weibo is the most used platform by Chinese users to search for real-time information. They use it for three main reasons: search for the latest news, follow pages/content of personal interest, and get practical information and advice. It is a “must” for all companies that want to operate in China, since even Sina Weibo offers a set of useful tools for marketing analysis.

Zhihu is a social media more detached by volume of users, but its popularity is growing. It is a question/answer platform where registered users interact and exchange very technical information about products and services. A company can use Zhihu to control its brand reputation and answer users’ questions about its products/services, in more or less direct forms.

Douban, like Zhihu, is a platform less popular than the other ones, but no less important. It is used to share opinions on specific topics that can also be viewed by unregistered users. This social can have a good impact on a brand’s credibility and perception because Chinese are used to exchange information and opinions online even before proceeding to purchase a product or service.

It should be pointed out that video is also a growing communication tool in China. The most used sharing platforms in China are Youku, Tudou, Baidu Video and Tencent Video. Among them, Youku is definitely the most important: it is a kind of Chinese YouTube.

So, it is evident that a growing number of Internet platforms are shifting from single-function to become more complex multifunctional platforms. This phenomenon can be called “Omni-media”, a complex and matured media platform that consists of various functions, including search, networking, communication, entertaining, purchasing, gaming and the ability to share content within and outside the platform. In China, WeChat is the most representative, including every kind of platform.

1.3.4 Chinese users’ behavior

Not only social networks in China are different from the Western ones, but also users’ behavior is different. Social media behavior across generations has shifted from preferring offline to online experiences while consumers that used to have more trust in authorities now have greater self-empowerment to find and share information.

Chinese people verify from multiple sources and on different social networks the information they are interested in,

especially if their research is aimed at the purchase of a product or service. Moreover, it should be taken into account that Chinese consumers place more trust in the information they can obtain on the Internet than in the communication channels considered traditional in the West, such as television and print. The latter has led to a wide spread of QR codes, which are particular codes usually printed in newspapers, magazines and billboards that, when photographed with a smartphone, allow people to directly access an online page for more information. There are many apps for reading them, but Chinese prefer WeChat.

A study by McKinsey&Company¹¹ shows that, when making purchase decision, Chinese consumers consult three of the top five points of contact with companies in the digital world: website, social networks and influencers. The latter (blogger and KOL, Key Opinion Leader) are a strategic support for companies that want to develop awareness or push a call to action, a promotion or an event. Brands tap into their social following to promote and sell their products, leading to e-commerce sales that could not have been achieved without their social media promotion. Brands tend to focus on their specific fields, like beauty and fashion, where they are able to

¹¹ McKinsey & Company is an American management consulting firm, founded in 1926 by James O. McKinsey, in order to apply accounting principles to management.

persuade and inform the masses with their expertise and experience. In China, they enjoy great reputation and thanks to the different digital tools users can track and verify their performance through views, “like”, comments and sharing of content.

1.3.5 WeChat as a means for cross-border e-commerce

Along with the rise in disposable income and the perception that foreign brands have higher quality products, Chinese consumers are increasingly buying products through cross-border e-commerce. This growth in cross-border e-commerce offers an alternative gateway for foreign brands selling products, especially for overseas brands that lack the conditions to establish a physical store in China. And for brands who are planning to launch full-size stores, cross-border e-commerce is a great way to establish their presence and test the market.

WeChat plays a critical role in helping brands market to Chinese consumers throughout the entire customer’s journey. By taking advantage of WeChat shops, brands have a great marketing and CRM tool that enables them to engage customers for the long run and in very creative ways. Brands can also make use of WeChat mini programs, which can also provide e-commerce services. This allows brands to have their

own cross-border e-commerce mini stores without having to rely on third-party marketplaces. However, it is recommended to use both. Mini programs can be used for a seamless user experience and mobile WeChat shops can be used to work in other platforms like Weibo, which means more conversions for the brand.

2. WECHAT

2.1 What is WeChat?

«When you open WeChat for the first time it seems nothing special. A long stream of chat, apparently there is nothing else, but if you scroll to the bottom a small navigation menu opens the doors of another world”, Dune Lawrence wrote in a long correspondence of Bloomberg»¹².

Many people say that WeChat is a social network, others say it is an app, others still call it the Chinese version of Facebook and WhatsApp. The truth is that it is much more than all this. WeChat is a real online ecosystem that accompanies Chinese people throughout the day, offering them several services.

With currently over one billion monthly active users, the Chinese social media and multipurpose application WeChat has become one of the world’s most popular social

¹² Dune Lawrence is a former reporter. In her correspondence “Life in the People’s Republic of WeChat”, published on 9 of June 2016 on Bloomberg Businessweek, she explained how WeChat has changed Chinese people’s life. She pointed out the importance of the QR code, whose function of scanning everyone and almost everything on WeChat has replaced the handshake and the business cards. During her period spent in Beijing from 2006 to 2009, she had to pay everything by cash, now all she needs is a smartphone and credit cards are no longer for nothing.

media platforms. However, it is still not well known in Western countries. Allen Zhang Xiaotong, the founder of WeChat said:¹³

«My thought was very simple at that time, I wanted to make a communication tool for myself and others to use. Coincidentally we had a team developing a mobile version of QQMail, so we assembled a team of ten to start work on WeChat. Including back-end developers, three mobile front-end developers, myself, and a recent graduate on my team, ten people in total. In two months, we had created the first version».

This is how WeChat started. WeChat (in Chinese language 微信 weixin ˋ ˋ, micro-message) was first released by the Chinese multinational company Tencent Holding Limited in January 2011. This project took off quickly, with over 100 million users by 2012. In part, this instant success was due to the ability of WeChat to focus and create a product directly for the needs of the Chinese consumer. The invention of the voice calls and voice messages, for example, gave it a great advantage over other local text messaging apps because it solved a uniquely Chinese problem, a language of characters

¹³ Allen Zhang Xiaotong gave a speech at WeChat's Open Class Pro event in 2019 in which he talked about principles and changes, WeChat history, driving forces, mini-programs, social interactions, number of users, and the future.

difficult to type on a smartphone. By 2015, the platform got 600 million daily-active users, and in just two years it reached 902 million users. These numbers point out that WeChat has become an integral part of everyday life for many users. Its huge growth over the last years disrupted the telecommunications business, by replacing the need to send SMS, and the need for phone numbers, as people share their WeChat IDs, instead of phone numbers or e-mail addresses. Moreover, since its launch, WeChat has developed a range of applications within its own app. Beyond the features offered by its western counterpart WhatsApp, its multipurpose platform integrates a variety of services such as messaging, socialization, and mobile payment services, and also city services allowing users, for example, to book transportation. The payments system is connected to JD.com, one of China's biggest online stores, and ensures that people shop more and more on WeChat's own platform. This, in turn hurt China's e-commerce giant, Alibaba, dominant in the e-commerce field until then. From messaging to sharing photos and videos, from shopping to paying bills, from video calls to online payments, it has become one of the most important applications on smartphones in China.

2.1.1 WeChat use in daily life

WeChat integrates into the everyday lives of its users in China. For them, it is not only an app, but a lifestyle. They do just about everything they need or want to do with their smartphones without ever leaving the WeChat environment. Tencent achieved that by moving beyond the framework of a traditional social network to a system that prioritizes functionality and practical utility in daily life. For example, some ways through which WeChat is used during the day are: wake up in the morning and check out social updates in Moments; read news on Official Account articles; chat with colleagues and friends; shop online through WeChat stores; split a dinner bill with friends using WeChat's AA function.

2.1.2 How WeChat is different

WeChat has changed the way businesses market to consumers. Before Internet and app connecting, businesses in China had difficulties to access all consumers. Those in cities may well be reached via traditional product placement and promotion tools, but those outside cities were much harder to reach. Poorer areas and poorer consumers didn't have access to television or other sources of media. As Internet and mobile technology became more prevalent, brands were able to better access the poorer communities and reach greater audiences.

Similarly, underpopulated areas were finally able to purchase goods they previously could not, due to the lack of infrastructure and retail. The Internet and mobile technology have created a new means of connecting with all Chinese web users of all ages, incomes, and social classes.

Social media platforms, and in particular, WeChat, has further transformed this communication channel and has now made it possible for brands to not only reach all customers, but also to direct marketing and promotions to the right segments of customers in an informed and efficient way. Brands and marketers in China can use WeChat differently than they use any other tool for interacting with customers. As an example, without WeChat, a brand can make an account on Facebook, promote that account, get users to like the account, and send a promotion to people who have liked it. Using WeChat, the experience is totally different: for example, Starbucks can post an offer for all users on its Facebook page, but on WeChat, it may also allow users to inquire after their gift card balance, place drink orders, find the closest store, or receive a specific promotion based on the weather in their city.

The innovative factor here is that customers don't need to switch from Facebook to WeChat to a Starbucks app and so on. All the apps are in one place, in one platform.

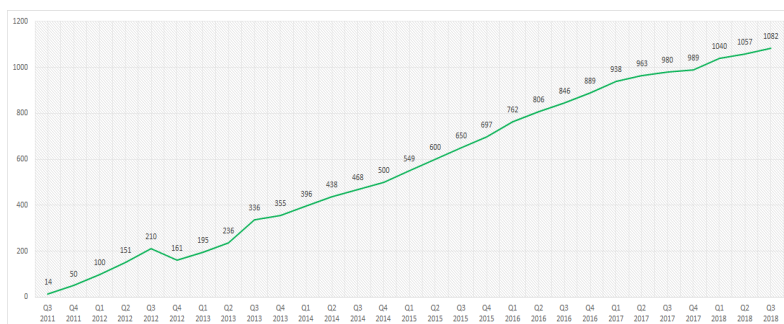
Because WeChat offers this functionality, the interaction with the customer can be more personalized, detailed and interactive. This is not the only way through which companies can interact with customers using WeChat. This platform, like Facebook and other high-volume social networking sites, has a huge amount of data on its users. It knows a user's age, location, family and friend network, purchasing habits, employment status, etc. These data could be a great advantage for brands that, instead of sending mass promotions, send targeted marketing campaigns to the right people. Marketers do this and hold the user in one place to see a promotion and act on it. And all of this information concerning who sees the promotion, and who acts on it, can flow directly back to the brands.

Because this service is easy and functional for all businesses, the companies using WeChat are not just global multinational businesses, but also small and medium-sized businesses. Walking around any city in China, almost every business (retail space, and even some kiosks) has QR codes making it easy to access a company's WeChat site and interact with it immediately. Brands reach their target markets simply with a scan of a phone.

2.2 WeChat user statistics

WeChat counts over one billion active monthly users, behind only WhatsApp and Facebook.

The fastest levels of growth were seen between 2014 and 2016. Growth over 2018 seems to have slowed. This is perhaps to be expected. Though its userbase extends beyond the domestic market WeChat's market penetration is close to complete in China (counting international users, the WeChat monthly active users are only 300 million fewer than the entire population of China).



Data source: Statista¹⁴

¹⁴ This statistic shows the number of Tencent's WeChat active accounts from the second quarter of 2012 to the second quarter of 2019. In the most recently reported quarter, Tencent's WeChat had over 1.13 billion monthly active users from a wide range of age group.

It is important to note that the numbers WeChat publicizes tend to refer to accounts rather than user because one user might use multiple accounts.

2.2.1 WeChat city services users

WeChat integration might has improved and simplified also city services, with waiting time cut by around 45 minutes in the health service sector.

Over 2018, there was a huge increase in those using WeChat to ride on buses and subways, and in those using it to travel on highways. In November 2018, 250,000 commuters accessed metro or bus services using WeChat each minute throughout the morning peak hour, with 50 million users across hundred cities.

2.2.2 WeChat usage statistics

Tencent reported in early 2019, that over the course of 2018, 45 billion messages were sent over WeChat each day, supplemented by 410 million audio and videocalls. In one minute, throughout the morning peak hour, 46 TB of mobile information was consumed together on WeChat.

According to WalktheChat¹⁵, the app accounted for 34% of total mobile information traffic in China over 2017.

Tencent may enjoy dominance for the time being, led by WeChat. Its share of total mobile time, however, seems to be in decline, since another platform is becoming greatly popular, Toutiao. The latter, is owned by ByteDance with TikTok, or Douyin, as it is known in China; Douyin is a bigger property with 400 million monthly active users in China.

2.3 What are users able to do with WeChat?

Chinese people often speak of WeChat as the “app for everything” or “the super app” and these names actually reflect the potential of this app. As written in the paragraph before, besides the messaging functions, WeChat is everyday used by Chinese people for several tasks. It offers options not only for individuals, but for companies as well.

2.3.1 WeChat options for individuals

The first option that individuals use is the “Messaging and Calling App”. Users can exchange messages (text and voice messages, video and conference calls) and make free

¹⁵ WalktheChat is a WeChat agency developing tailored solutions for companies' WeChat public accounts.

calls with each other. Differently from other social platforms, WeChat can be used to message or call internationally both to and from China.

Another option is “Share Localization” through which users turn on the location service, so that they can share their location with friends. This feature is used by the app also to direct users to geo-localized ad content.

The most popular and the most used WeChat’s option is definitely “Scan QR Code”. QR codes are 2D barcodes that may be read by smartphones. These codes contain information that may be quickly accessed once the device scans them. They can bridge the real and digital worlds: in fact, if scanned they directly connect to digital content. QR codes within the western world have never been very successful. Differently from the West, in the Chinese market they are everywhere: on web pages, products, ad materials, packaging or even covering the bulk of the space on billboards. They can be used to connect between accounts, to reach official accounts, to be redirected to specific content, to participate in group chats. They are also used to make payments with WeChat Wallet. There are many ways to attract customers to scan users’ QR code; companies usually use immediate rewards, such as top-up promotion for an acquisition, lucky draws, rebates, a free Wi-Fi pass code.

“WeChat Search Engine” is an option introduced by Tencent used to explore content within the social network. In fact, WeChat Search Engine doesn’t find content on the web, but only searches within WeChat. Users can use this feature to explore moments in their contacts, articles on specific topics, or to discover other WeChat Official Accounts. Historically, Baidu was the dominant force in Chinese search marketing, being known as “the Chinese Google”. The search function is located on the top of the WeChat search page where users can directly access official accounts, mini programs and store locations.

A fundamental option for WeChat is “WeChat Moments”. Moments are images and text, music and comments posted by users to share with friends, just like Facebook Timeline or Twitter News Feed. All the content posted in WeChat Moments will be visible only to their group of friends. Clicking on photos, videos or text, users can be redirected to the WeChat mini-program, to the WeChat newsletter and to the HTML page. There is even an option to link their WeChat Moments to a Facebook and Twitter account so that their WeChat News Feed will automatically be posted on those two platforms.

As the scanning QR codes function, the other most used option is “WeChat Pay” or “WeChat Wallet”. It is the

payment system integrated into WeChat. It allows users to complete a payment quickly using a smartphone, connecting the app with the bank account or credit card. It is the users' "digital wallet" and the payment is made either via a tap of the phone or by scanning a QR code. Within WeChat Pay, users collect QQ coins, transfer money, top up their mobiles, pay utility bills, receive gift, order a taxi, purchase tickets and so on. For users, WeChat Pay is mostly fee-free. Fees are thrust upon them only for withdrawals over RMBY 10,000 (about €1,300), but even that fee is small compared to the fees banks take (only 0.1%). This is why Chinese consumers prefer using WeChat Pay and not credit cards. It is simple to use and its economic advantage for Chinese people have made it so popular that WeChat Pay now boasts over 900 million monthly active users.

As said before, thanks to WeChat Pay option, users can transfer money with each other. About that, there scial occasions in which Chinese people transfer the so-called "Hongbaos". This translates as "red envelope" and it is based on the Chinese tradition of giving red envelopes containing money at special occasions and festivals. It is a new feature added in 2016 in order to promote the application of WeChat Pay. WeChat allows users to exchange red envelopes electronically. Hongbaos transfers money to selected users of

WeChat wallet. Electronic red envelopes can be shared individually or in groups. This feature has been very successful among users, and companies even use it to attract more customers through a reward system or a prize-winning system. Brands can utilize them to attract followers with a lucky system with one or many followers winning prizes. In the envelope there is a fixed sum which is then transferred to the users through WeChat wallet. They can be shared in groups or individually as a reward for following and sharing brands' posts.

All these options are the most popular among Chinese users. However, there are other features less popular but, at the same time, very useful that users always use. "Loan" allows users to borrow up to RMB 300,000 without any consequence. "Mobile Top Up" is used when users run out of credit on their mobile phone and, instead of going to the nearest phone company office, they simply use WeChat to top up their mobile phone. "Utilities" (Bills) allows users to pay their water, electricity, internet and other bills. Chinese users also use "Public Services" feature to quickly access to public services like the weather forecast, make reservations, traffic status and more. Finally, there is "Third Party Operators and Services", such as booking rail and flight tickets, a taxi, movie tickets, hotels, housing function and so on

2.4 WeChat's features for companies - WeChat Marketing

Given its popularity and its many features, WeChat has become an essential marketing tool for companies who want to enter the Chinese market. It offers several channels to advertise companies' products and services, enlarge their customer base and even sell directly on it.

WeChat marketing is a kind of new era corporate or personal marketing model. Users can subscribe to the information they need, while the marketers can promote their products by providing the information the users look for, thus achieving peer-to-peer Marketing.

Businesses interact with users on WeChat through Official Accounts. For a WeChat user, adding an official account is practically the same as adding a friend. Users can also send messages to official accounts in the same way as their friends. This creates interesting opportunities to use WeChat as a customer service platform.

2.4.1 WeChat Official Account

WeChat Official Accounts are the WeChat equivalent of a Facebook page: they are an interface that enables brands to officially use WeChat to promote their products or services,

to gather followers, to send them push notifications, redirect followers to a website or e-commerce, etc.

Most WeChat official accounts appear in the “Chat” section of WeChat. Users can open the account to access a conversation interface where they can either click on push notifications or access information through the bottom menu interface. There are several ways users can find and follow official accounts: from the WeChat social timeline (WeChat Moments) clicking on accounts’ article, users can access their pages; scanning a QR code, usually inserted at the end of the post; sharing the name card of an official account in order for a friend to follow it; advertising, since WeChat ads have a “One click follow” button enabling users to follow an official account.

Opening a WeChat official account is essential in order to do business in China, but the process is not so easy. For most businesses in China, the main requirements to create an official accounts are:

- Chinese Business License (营业执照), obtained by a local company or WFOE (Wholly Foreign Owned Enterprise);
- Access to the bank account of this company (the verification fee has to be paid by this company, or a small amount is sent to the company as a “verification code”);

- Chinese ID (身份证) of a Chinese national with a WeChat payment account.

This creation process usually takes around one to two weeks and the only cost is 300 RMB for the verification fee (about \$50 USD). Foreign companies who do not own a business license in China can open an official account through the registration with WFOE, or through the use of a third-party Chinese license. This first process takes around two to four weeks. The registration request must be submitted to Tencent for review and plus an annual fee of \$99. The advantage of this first option is that companies will be the owner of their WeChat official account with total control over it. This enables them to freely advertise on WeChat and the company's legal name will appear on the info page, which will add trustworthiness to their business. The second process is faster than the first taking only seven business days for the request to be processed. However, companies will not own the account. Their logo and name will still appear on the account, but the info page will be connected to the third-party Chinese business. Moreover, this type of account will not allow companies to use WeChat advertising. This option is very popular among foreign companies especially if they want to test the WeChat environment. Once

they are satisfied with the results, they can decide to open their own account and transfer all the followers they have to it.

2.4.1.1 Types of official accounts

Moreover, companies must decide whether to open a subscription, service, or enterprise account:

- Subscription accounts are best for companies whose primary marketing goal is publishing content. These accounts have lower exposure. Companies can post one broadcast message per day, and up to six articles, there are no push notifications, the content is searchable and shareable and they require verification. These accounts do not have additional services but they are easier to open;
- Service accounts are best for companies accessing more advanced features on WeChat. They can post four push notification per month, the content will be seen on the main “moments” feed and displayed in-line with personal contacts, so as users look at their messaging page, they will see their post within this. Service accounts offer additional services such as localization, WeChat payment etc.;
- Enterprise accounts are best for internal management of companies. They require both the account and the

follower to approve each other. Their content cannot be shared with unauthorized users. They are perfect for a company that wants to spread an internal newsletter.

2.4.1.2. Customer engagement with official accounts

Thanks to WeChat official accounts it is very easy to access and track customer information. Companies can build a very detailed customer profile to segment users and improve their selling strategy. These data also allow them to build a deep customer relationship with incentives and maximize customer services experience.

With official accounts, companies need to attract followers. On WeChat users can only see content posted if they are already subscribed to a company's account. Therefore, many companies use their official account as a site for promotions and exclusive offers for subscribers. They attract followers through exclusive promotions, the sharing of quality Chinese tailored content, and through interacting with users. Users will often share content on their moments if it is interesting and engaging.

Once companies set up their WeChat account, the next step will be to link it to a shop in order to start selling.

2.4.2. WeChat Store (or shop)

WeChat store is one of the easiest ways to start selling products in China. It is the equivalent of an e-commerce website but is focused only on the social network. Setting up a WeChat store gives customers a fast way to access a company's products and buy them. It is linked to official accounts, so discounts can be sent directly to customers. Shops can be accessed through offline-to-online conversion via QR codes.

A WeChat store offers another important advantage, since brands can use the store for customer care services. As an example, they can offer assistance and send notifications and promotions to enhance customer retention. Brands can identify customers directly from official accounts to focus on a specific target group and re-target users based on WeChat store behavior. Even if customers do not make a purchase, brands can collect their data to connect with them after they leave the store, can speak and give personalized support to them.

WeChat shop has become essential for brands that want to get involved with e-commerce and sell their products directly without having a Chinese business license. Foreign companies without any license can create WeChat shops and utilize all the functions that the app offers considering that they

are linked directly to official accounts. There are two alternatives to create a WeChat store: build a brand's own website, which can be great, but it requires a lot of money and developers with a huge knowledge of the WeChat ecosystem; or, use a WeChat shop platform that enables brands to start faster, and with cheaper costs, but they have some constraints, they can only do what the platform enables them to do, and customization is limited.

Most brands choose the second alternative, relying on third party WeChat store providers in order to open a WeChat store. The main WeChat store providers are:

- Youzan, a domestic WeChat store provider with price ranges between 6,800 rmb to 26,800 rmb depending on the features that brands want for their business. Their store supports, among others, WeChat payment, credit cards and debit cards. It also offers many functions for CRM, mini-games and coupons. Youzan is perfect for brands with local registration operating a purely Chinese business;
- Weidan, cheaper than Youzan, but with less features. It can be a good choice for individual re-sellers who have smaller budgets;
- WalktheChat, an e-commerce solution focused on cross-border brands wanting to sell in China. It

integrates Alipay and WeChat cross-border payment solutions.

Finding a WeChat store is very easy. Some options to drive users to a brand's WeChat store are, for example, using Chinese bloggers and influencers to promote its products, taking advantage of WeChat display ads, or doing partnership with other official accounts in cross-promotion.

2.4.3 WeChat Mini Programs

Other than WeChat stores, brands can also use WeChat mini programs which can provide e-commerce services. These allow brands to have their own cross-border e-commerce mini stores without having to rely on third-party marketplaces. WeChat mini programs are very similar to WeChat stores, but they function differently. A WeChat store is set up to offer an e-commerce experience, like a simple website (HTML5), while a mini program is a “sub-application” inside the WeChat ecosystem.

On WeChat, the official pages of the brands that want to sell cannot contain hyperlinks directed to e-commerce pages: this is the reason why the mini-programs were created, they allow brands to develop real e-commerce inside the app. Tencent has tried to decrease the barriers to entry for non-

Chinese companies, providing overseas businesses to make their own WeChat mini program. These small apps enable brands to provide advanced features to users such as e-commerce, coupons, task management, games etc., and improve the relationship between brand and consumer increasing the loyalty of the latter, thanks to discounts and loyalty cards.

Users can access mini-programs through many touchpoints such as official account, WeChat Moment advertising, search, share, scan and so on, without the need to install them and without leaving WeChat.

An example of mini program is that of Louis Vuitton. The company has built up a strategic program to interact with the local consumers on a one-on-one basis. Launched on June 2019, its latest Mini Program is designed to inform consumers about the latest Louis Vuitton news and products. First announced on its WeChat account, once clicked, users are greeted by an avatar holding a Louis Vuitton bag and a poker card, as a short introduction explains on what they can expect from this program. By adding their name, date of birth, and phone number they can download a phone wallpaper of the cute avatar covered in various Louis Vuitton's logos, and preview the latest Louis Vuitton editorial content. Followers can read the content on a separate tab of the mini program,

named the World of Louis Vuitton. So far, the brand has posted four articles featuring various products besides handbags. In the first article, the brand explains the history of their signature print, Monogram, while other articles introduce products such as their waterproofed travel luggage line, the menswear collection and their jewelry line. At the end of the editorial tab, followers can access another mini program, featuring the addresses, opening hours, and the product categories of all LV retail stores. Followers can also connect with a real-time customer service mini program, and by clicking the “about me” tab, they can find key information of the account, and instructions to subscribe to Louis Vuitton’s WeChat account. To promote the program, Louis Vuitton offered the first 2,000 users an opportunity to win a branded badge. By the time of this publication, the post garnered 35,000 pageviews and 72 likes. Louis Vuitton has created a mini program with a set of specific functions (editorial content, retail stores, and customer service to complete a full ecosystem), as to personalize to follower’s interests in a wider range of Louis Vuitton products and offerings.

Mini programs are designed for simple, specific tasks and instant understanding. They are meant for “use and forget”, thus brands should not expect that users would get used to them by repeated usage and explore all their features

by time. The first few seconds of entering a mini program are crucial to understand its functionalities and how to interact with it. Brands should focus on the “extreme usability” and fast-learning of the interface since brands cannot expect the users would learn with repeat use. Secondly, they should focus the interface elements on the tasks at hand and minimize any distraction to the attention, and finally, there should only be three to four steps to complete the task.

WeChat then launched a more specific version dedicated to games, which was named mini games. According to WeChat data, 22 days after the launch of the mini games, the number of games available was already 300. The first mini game, Jump Jump, peaked at 100 million users in a very short time, and is still at the top of the charts. Chinese web users quickly become attached to the addictive games that offer instant gratification. So, developing a mini game on WeChat associated with a company’s brand is a smart strategy to win the heart and retain followers and potential customers. The goal in these cases is always one: make the game go viral. To do so companies should encourage users to share content, their results on the game or their personalized image, such as a “branded selfie”.

2.4.4 WeChat Work

WeChat Work is a separate app that focuses on work purposes and integrates directly with companies' official account. Customers have the ability to use a "chat with us" feature, which can directly connect to a sales agent on the WeChat Work app. This process allows a more effectively communication between companies' sales team and clients and customers.

2.4.5 2019's new WeChat features

In 2019, WeChat has introduced some new features that testify to how the company is committed to offering its users a continuously improved service.

"Time Capsule" is a funny way to share users' moments with friends. Users can use their smartphone camera to shoot videos and then add text, music or stickers to it. Once their video is posted, it will be visible to their friends for 24 hours. A blue circle next to the profile picture notifies their friends when a Time Capsule video has been uploaded.

Given the popularity of stickers WeChat with "Selfie Stickers", has now made it easier for users to find new stickers, just by clicking "Stickers", then "eSelfie Stickers" in the chat bar and they will discover a lot of ways to add character to their images.

“Chat Alerts” is a feature used when users want to make sure they do not miss important messages. They can activate a Chat Alert on any given chat. For three hours, every time a message is posted in the chat, their phone will vibrate, and a full screen message will inform them about the new message.

Finally, there is the “Top Stories Wow” feature, which is dedicated to subscription official accounts. When a user reads an article posted by such accounts, he can click the Wow button if he enjoyed the content. The same content will be then shared among their friends through the Wow feature. In the Top Stories, users will find the Wow tab that will redirect them to all the articles shared by their friends through the Wow button.

2.5 WeChat advertisements and promotions

2.5.1 WeChat content

As far as advertising marketing is concerned, it is important to pay attention to the content, since customers are attracted and interested in it. Content refers to the types of information that is in the account including useful tips, market information, special offers etc.

It can be difficult to get visitors on WeChat, so producing good quality content regularly can help increase a company's visibility. The Chinese web users like fancy presentations, H5 pages, videos and mini sites, so it is important to consider these things when building a WeChat account. When users see a brand's WeChat account, they will decide their first impressions of its company based on its account page, so it is really important to get this right. The content can be implemented in different ways, depending on the tasks assigned (text, images, audio or video recording, infographics, etc.). Therefore, their combination in the correct supply of information gives a huge effect on the promotion of the account. It does not matter what method brands use to promote their account. It is almost impossible to promote a resource if it contains empty and useless content.

Before starting a WeChat project, companies usually carry out a content strategy, where they evaluate what the target audience of their client may be interested in and, from there, they create articles around that. A good content also has to be shareable. Incentives to follow their account should always include friends and family, if they share it in targeted groups, by direct message or in their own moments, this all leads to great visibility for companies. The Chinese greatly trust the views and opinions of their close social circle and, in this way, it is easier for companies to attract whole groups. In

order to produce a shareable content, it generally needs to include: an eye-catching title (so users will have to click to read the article), an attractive presentation (gifs, photos, embedded videos, etc), good personalized content and, above all, it needs to be original content.

It is a cliché but it is true that the Chinese are still very fans of cartoon animation and more intense color palettes. Moreover, all content needs to be adapted into simplified Mandarin Chinese, however with the adoption also of more colloquial language on WeChat, almost as a “conversational” marketing.

2.5.2 WeChat advertising

WeChat advertising is the Tencent program enabling companies to display promotional messages on users’ timeline or at the bottom of WeChat official account articles. Thanks to this program, companies can achieve the potential client by specifically promoting products and services to targeted demographics relying on age, gender and region.

There was no official way to advertise on WeChat until 2015. In that year, WeChat began testing an advertising model, reminiscent of Facebook’s native advertising, but with big differences. It would allow companies to target users and post messages into their “Moments” page, which is, like

Facebook's Newsfeed page, a series of posts collected from the user's network. However, unlike Facebook's advertising, where companies pay per impression or click, WeChat's advertising is based purely on impressions, where clicks are considered impressions. The advertising also comes with limited features: ads can appear only on the Memories page and links could at first point only to the company's WeChat profile.

However, WeChat knows that, growing its revenues through ads, there is a risk of losing users, since Asians, on average, are less receptive to mobile ads, compared to Europeans and Americans. Thus, it began implementing them very cautiously. WeChat restricted access to its users, indeed, at first, only vendors who talked directly to the platform could launch a campaign. It became aware that it needed to be cautious because it learned from Weibo's experience. Weibo is China's Twitter-like microblogging platform that saw a rapid decline in its user base after it overwhelmed its users with too many ads. It ended up losing a lot of market share (to WeChat) because users were dissatisfied. Restricting access to its audience was one of the best things that WeChat could do in order to get access to potential revenue from ads, and yet keep its users base.

The first campaign was signed with BMW. The company wanted to target only affluent, educated people in the so-called first and second tier cities (Beijing, Shanghai and other large cities). People who did not fit the targeting criteria saw ads for soda and smartphones instead. People who did fit the category saw BMW ads pop up on their Moments page. The brand soared immediately after the campaign.

There are options to market brands on WeChat, either organically or via paid promotions, quite standard and applicable to most social media platforms or search engines.

2.5.3 Public account ad (advertiser)

If subscription accounts exceed 100k followers, they can apply to be “ads displayers”. Other companies can then display ads at the bottom of each of their messages. However, subscription account ads show poor return on investment for the accounts displaying the ads and most users do not actually notice or click on them.

There are 3 major methods of WeChat advertising: WeChat moments advertising, WeChat banner advertising and WeChat KOL (Key Opinion Leader) advertising.

2.5.4 Method 1: WeChat moments advertising

For Western marketers, promoting on WeChat moments is the first and most familiar method of WeChat advertising. If a user shares a moment ad with another user, WeChat will automatically place the ad on the Moments of users with similar interests based on the assumption that it is a good fit. WeChat advertising on moments is restricted to two major cases: companies registered in Mainland China (either local companies or WFOE) willing to invest at least 50k RMB (8,000 USD); foreign companies willing to invest \$1,500 to \$8,000 USD.

WeChat moment ads were launched in early 2015, when 25 brands, including Coca Cola and Mercedes-Benz, took part into the first testing campaign.

Moment ads can have the following component:



1. *Advertiser's name and logo* that a user can click and follow;
2. *Advertising display marker* that marks the post as an advertisement;
3. *External link for more information*: if the ad includes an external link, then this ad cannot be reposted;
4. *Images*: can use up to 9 images for each ad; users can click to enlarge;
5. *Social component*: users can interact with an ad by liking and commenting (this activity is only visible to your contacts).

Individual users can see up to one moment ad every 48 hours. The ad will disappear within six hours if the user did not like, comment or click on the link. If the user interacts with the ad, this will increase the likelihood of his/her friend receiving the same ad. This viral effect will increase the number of target users.

Considering the costs, companies that want to use this kind of marketing advertising should have a good budget, since the rate is based on impressions and depends on the target region. There is also a CPM (cost per thousand impressions, technically “cost per mille”) pricing model where companies pay a fixed amount for a fixed number of impressions (1000 impressions). Impressions refer to the user engagement with an ad including actions like clicking on the link, liking, sharing and leaving comments. Minimal entry price (both foreign companies and Chinese companies) is 50,000RMB.

To apply moment ads, Chinese companies have to, at first, verify their WeChat official accounts, then apply for the right to advertise on WeChat by going to the backend of their official accounts, and click on 广告主 (guanggaozhu 广告主) to apply, and finally, once they got approved for 广告主 (right to advertise on WeChat), they can then create campaigns via the WeChat official account backend. Foreign companies, instead, need to manual submit application request to WeChat advertising team.

2.5.5 Method 2: WeChat banner advertising

The second method of advertising on WeChat is called “banner advertising”. These banners are very much like the ad banners Chinese web users would see on a website.

There are two types of WeChat banner ads: standard WeChat banner ads and KOL (Key Opinion Leaders) banner. Standard WeChat banner ads were launched in August 2014. This kind of advertising has low performance (most people do not click on them). Advertisers can pick some targets (gender, location, age, etc.) and the ads will be shown to the target group of users. The minimal entry price (both foreign companies and Chinese companies) is 50,000RMB. WeChat banner ads has three components: WeChat article, written by another official account, where the banner appears; ad banner, which contains

logo, account name and headline, and if clicked, it takes the users to a page containing additional information about the brand/product; action call that takes users to another landing page.

KOL banner version was launched in October 2016. These new WeChat banner ads enable the advertisers and the WeChat official account to enter into an agreement about the ad. They must both agree on the cost paid per view by the advertiser, and a range of views which will be accounted for. The KOL banner version is much more expensive. WeChat banner ads are mostly restricted to Chinese companies, which need: a registered company in China; all the licenses to justify the fact that it can advertise in the specific industry that its ads are associated with (ex: if a company wants to advertise food, it will have to provide all the licenses allowing it to sell food to China). For foreign companies to apply for banner advertising, they have to go through a manually application process.

2.5.6 Method 3: KOL (Key Opinion Leaders)

Influencers are another way to market companies' brand on WeChat. It means paying a popular WeChat blogger in exchange for a promotional post on their WeChat account.

The push message can be either an article talking about the brand, or a banner ad at the end of a content piece.

Some KOLs would even work with brand on affiliate sale model. These KOLs usually have large group of followers (usually more than 500,000), and they can drive more than a couple of hundreds of unit sales within posting of one article. Instead of charging for advertising cost, these KOL charges on a commission bases, usually between 20-40% commission. The drawback is it is very difficult to find the right KOL. Large accounts tend to be extremely picky about the quality, price and type of companies' product.

Key opinion leaders are an efficient way to market on WeChat for several reasons: WeChat is, first of all, a social network, and endorsement from trusted sources can be a huge source of conversion; KOLs enable to get started with all types of budgets; they are not subjected to as much red tape as the ads bought directly from Tencent, they are more easier to use. The cost of using WeChat influencers for advertising can vary widely (form \$100 USD to \$50,000 USD) for one push message.

WeChat Key Opinion Leaders are famous accounts that already have a lot of followers. Brands can find them on WeChat or through marketing agencies. They are potent impacts on Chinese social media platforms, inclusive WeChat,

and will generate outstanding content for companies' brand as well as prestige.

2.6 WeChat CRM

Social CRM (Customer Relationship Management) is the combination of the use of social media services and technologies to help brands to better understand their customers. WeChat CRM makes it easy for companies to stay connected to their customers, since it allows them to collect data about their customers, tracking their behavior on the platform. Companies can even use WeChat CRM to offer instant support on the social network and monitor when they talk about their brand or leave feedback. This is a powerful tool to turn social media followers into customers, building and maintaining their loyalty and raising conversion rate.

As WeChat evolves, and more content creators join the platform, users are becoming more and more selective on what they read. Given the ever-changing habits of users, it is inevitable for brands to adjust their strategy as needed. Instead of using the app as a broadcasting tool to raise mass awareness, brands are now positioning it more as a customer service tool. Pushing right content to the right people at the right time is important to improve the user experience at every touchpoint

with brands and in return, increase marketing ROI and business results for brands.

WeChat is one of the most valuable social platforms in China, giving brands the possibility to connect any web-based mobile site with it (brand website, campaign mini-sites, e-commerce online shops...) and centralize data from those platforms. Moreover, it is able to collect users' data from various parts such as social media, e-commerce, online payment, games...; in combination with its nature as a one-to-one communication tool, it has become an important hub for managing customer relationship across online platforms. However, it does not manage only online platform, but also the offline one, becoming a sort of fully integrated omnichannel tool. As an example, customers may go to a company's store and buy something: if their data are already recorded by the store database earlier, the company can then connect them to its WeChat CRM (by asking them to scan its WeChat QR code for example) to continue tracking their online activities, engaging further with them at a personal level and pushing them to purchase again with suitable discounts or offers. In another case, if salesmen have some data about how customers have been interacting with the company around WeChat before that, such as articles read, banners clicked on, campaigns participation, etc., they would know how to serve them better

when these customers come to the stores. WeChat CRM is a powerful tool allowing brands with an offline presence to increase engagement and create seamless connections from offline to online.

The function of WeChat as customers service is outlined also by the feature “Chatbot”, as a personal assistant. WeChat bots operate by recognizing keywords in a context and applying hand-coded rules to make responses to different situations, from which customers can obtain information, knowledge, and service. many official accounts in the fashion, hospitality, and e-commerce industries have employed chatbots for basic customer service roles to interact with their customers, answering questions, giving advice or handle complaints instantly.

Adopting chatbots for online stores is a growing trend for brands on WeChat. In fact, WeChat was the very first social platform to implement chatbots, due to spontaneous demand from Chinese customers to ask questions about the brands and services. Air France’s WeChat account has a customer service chat function on WeChat, which can reply to customer queries in Chinese or English. Customers can use the service to perform tasks such as choosing seats, specifying baggage needs and cancelling flights. Even for a brand still mainly

outside China, having a China-based team for full CRM via WeChat creates a personal touch that Chinese consumers love.

3. FOREIGN BRANDS' MARKETING ON WECHAT

Foreign companies that operate in China use WeChat to increase both the reach and the impact they can have on their consumers in a more incisive way than in other ways. In this chapter, I reported five examples of the main global brands outlining their marketing strategies through the social network.

3.1 Starbucks

Starbucks, the biggest American coffee chain, opened its first store in China in 1999, and in twenty years it has reached about four thousand stores.

In 2012, Starbucks launched a new product named Refresha, made from green coffee bean extract. To introduce the new drink on a large scale to their Chinese consumers, Starbucks launched a social media platform campaign that was both funny and memorable and persuaded their fans to actively participate. It used WeChat as the platform to bring Refresha among their customers, and started the campaign by placing QR codes in their stores on cup sleeves and posters so that users could scan and add the coffee chain as a friend on WeChat. The coffee chain then created a playlist of 26 songs to engage with their customers. Their fans were then invited to send in any of WeChat's 26 emoticons to express their mood or feelings. In turn, Starbucks would respond with an

appropriate song to correspond to that mood. The result was that, after four weeks, Starbucks gained approximately 130,000 WeChat friends, and the sales volume for Refresha hit RMB 7.5 million (1.05 million USD) in only three weeks. All of this was accomplished on a budget of just RMB 250,000 (35,000 USD).



Source: LuxionMedia

In this case Starbucks used the QR code feature as the main tool to connect the offline and the online environment. Most of all, in order to attract fans and retain them, it based its strategy on entertainment, making users directly participate in the campaign.

3.2 Burberry

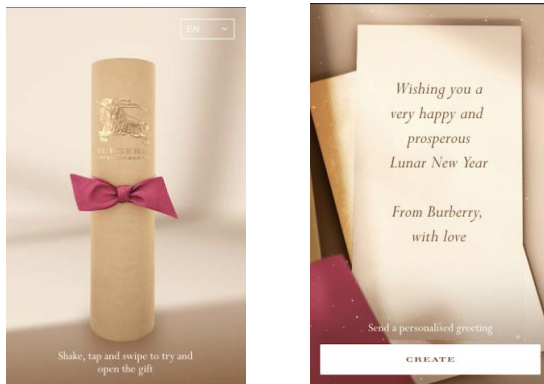
Burberry is one of the most popular brands in China. It has always exploited local social channels with the main purpose of bringing its community closer to Chinese people.

The company is recognized as the most digitally savvy fashion house. With its digital partnerships including Snapchat Discover, Apple Music, Instagram, it is one of the leading fashion players in the Western social media scene, and now with WeChat it is going to dominate Chinese online communities too.

Burberry uses WeChat to keep consumers informed about new arrivals, trending products, and further link them back to Burberry's official website and they have also carved out a section in its official WeChat account to present classic styles and recap its events in order to create a sense of nostalgia.

The company has run a few WeChat campaigns tied to local festivals. In 2016, from the 6th of January to the 19th, it curated a collection of gifts for Chinese New Year on February 8. It was highlighting a selection of men's and women's gifts in a new interactive campaign for the upcoming Chinese New Year holiday. The British label's "A Lunar New Year" gift campaign allowed users to tap, swipe, and shake to digitally "unwrap" gifts from the brand. Once their gift was "unwrapped," they had the opportunity to send a personalized

e-card to contacts on WeChat. In addition, users had been entered for a chance to win limited-edition Burberry Lunar New Year envelopes when they unlocked their “gift” on the app. These limited-edition envelopes were made to be available for in-store pickup, thereby driving footfall up and consequently increasing traffic and sales.



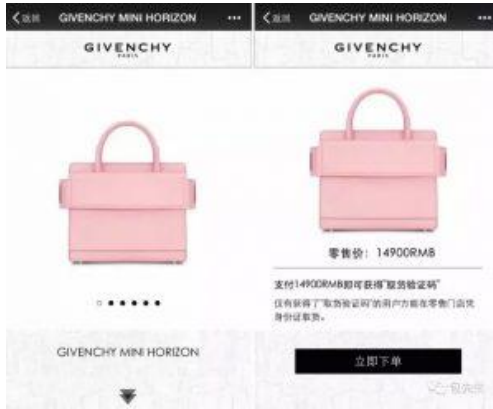
Source: Digiday

Here, the strategy to keep contact with customers is the gift promotion in the special occasion of the Chinese New Year, given the importance the festivity has for the Chinese. This strategy is also the way connect the online to the offline, since customers have to pick up the online gift in the offline store.

3.3 Givenchy

Givenchy, another luxury brand, has utilized the services of one of the most influential influencers of the country to promote a limited edition's handbag, Tao Liang. He is known on the web under the name of Mr. Bags and has an audience of over one million followers on WeChat. Using a KOL with so many followers revealed a great way for the brand to achieve a relevant, fashion-oriented community. This association between the brand and the KOL involved Tao Liang publishing a post on his WeChat referring to the partnership with Givenchy and the promotion of 80 handbags in limited edition sold for 15,000 RMB (2,100 USD) per bag. Selling a limited number of bags has been a way to increase interest and create exclusivity. Givenchy also bet on the Chinese cultural tradition using the lucky number 8. Moreover, the company decided to launch the marketing of these bags a few days before Valentine's Day. Chinese people are generally known for the importance of offering gifts at important events.

This choice as to the launch date has been really strategic and successful, since, in just 12 minutes, the entire collection was sold. This positive buzz has also enabled the brand to strengthen the brand's sense of belonging and increase its brand image.



Source: MarketingToChina

3.4 Coca Cola

The global drinks giant Coca Cola has been the first foreign corporation allowed in China, since 1978.

The company carried out some creative marketing activities for many years. In 2014, in cooperation with WeChat, it launched a promotion activity named “3PM drink and win Coca Cola”, whose focus was on the cap. The company prepared 990 million Coca Cola, Sprite and Fanta bottles with WeChat logo printed on for the activity. In order to build interactive session on WeChat and to get the chance of “seckill”, consumers needed to follow the official Coca Cola account on WeChat, input the Pincode on the cap, and then they could participate in the spike. Coca Cola launched especially 15 second ad for the event, which started airing in

the major TV and then spread on the major social platforms, WeChat in particular.

For the first time, Coca Cola tried to do exchange promotion on mobile, using a combination of Pincode and mobile internet to pull offline consumers to online. Its marketing strategy allow it to gain customers through promotion, pushing them to follow the official account. This activity provided a true sense of customer retaining, interacting with them, and an excellent marketing opportunity.



Source: MarketingToChina

3.5 Mercedes-Benz

Mercedes-Benz is a well-known German company, specialized in producing automobiles, buses, coaches and trucks.

In 2010, Tencent conducted a campaign with Mercedes-Benz around their Smart Car line. The company made a limited-edition version available only through WeChat. They pioneered a new flash-sales technique called ‘snap-up’. The sales event was scheduled one month ahead, and a limited number of products were sold at a discount. Then, one month before the sale, they asked interested parties to register, and in the following weeks requested a small deposit. Participants were then assigned a time slot during which a limited number of products was on offer to compete for. Impressively, 338 Smart cars were sold within three minutes of the flash sale. This represented an incredible return on investment for Mercedes-Benz, while it also demonstrated how flexible WeChat could be in delivering marketing campaigns. More than 600,000 users followed the launch, while 6,677 qualified sales leads were generated. More than 1,751 people paid a deposit on a Smart car through the app itself.

At the same time, this campaign demonstrates that using social as a channel has to be based on getting the entire customer journey right. The brand and offering have to provide a great fit with the customer’s experience and expectations. Without this fit being right, marketing campaigns will not provide the appropriate response and return on investment. By listening to their customers, brands and marketers can judge

whether it is right to use social as a full sales conversion tool, or for its ability to raise awareness and push potential customers to other marketing content.



Source: MarketingToChina

All these companies have used WeChat for a particular marketing strategy, implementing the main features described in the previous chapter: QR codes, entertainment, special offers, official account subscription, and so on. All the strategies have had great results, demonstrating that this social platform can be a very efficient marketing tool. Although these different ways of using WeChat, they all focused on building relationship with their fans rather than simply promoting their products. Relationship is the key to social media marketing in China, and WeChat the best platform to build it.

The digital channel in the country is too important to boast companies' strategy and campaign. The digital

ecosystem, as well as consumer shopping habits are completely different to those of Western countries. It is crucial to have a thorough understanding of these habits in order to market a business or brand successfully in China. Thus, it is advisable for western companies to set up a partnership with a local business who understand the workings of the Chinese digital sphere to develop your strategy successfully.

Conclusion

The work focused on the power assumed by social media in the digital world we live in today and their involvement in companies' marketing strategies. As seen in the previous chapter, brands developed a specific marketing strategy through WeChat, each of them different from the other one. However, they all share a more general objective, that of building a relationship with customers. This is the reason why social media became a fundamental marketing tool. People use social networks mainly because they all feel part of one community, in which they exchange thoughts and opinions about products and services. They rely more on the word of mouth communication, on their friends' and families' words than on brands' one. Therefore, in order to gain the trust of customers, companies must be part of the community and include and collaborate with them in the process of co-creation of value, made of comments and feedback. In this way, on the one hand customers communicate directly with companies and feel more active and powerful, on the other hand companies interpret the feedback and keep control on their marketing strategies.

In order to create relationships, companies must have a thorough understanding of Chinese people habits, of their

needs and interests. It is crucial to understand what are the main influential people they follow, in order to collaborate with them for promotions. Culture is another aspect to take into consideration, since it is very important for the Chinese, and taking advantage of some festivities, symbols and colors, could be a strategical way for the brands' promotion. All these aspects, together with entertainment, are the strengths on which companies should leverage when implementing a marketing strategy to China. As seen in the third chapter, those companies have reached great results because they payed attention to push their promotions to the right people, in the right moment and in the right place.

One social network seems to fully represent the key to social media marketing, and it is WeChat. This social media platform has made the mobile the only necessity a person may have; indeed, from my personal experience of last year in China, I realized that I just needed WeChat on my mobile and I was able to do everything I wanted. If I wanted to chat with my family and friends, I utilized it; if I want to go out for dinner, I just needed it, thanks to its payment system; if I wanted to book a flight ticket, I bought it in the app, if I wanted to buy something online, I could follow official accounts and use their stores or mini programs. In short, in this app there is the daily life of everyone. It is difficult to imagine it for a

person who has never used it, because in western countries people are used to have a wide variety of mobile applications, each of them for a specific purpose. It is as if WhatsApp, Facebook, Instagram, PayPal (payment service), Uber (taxi service), Expedia (flight booking service), etc., were all in one app. Moreover, not all western restaurants and shops have QR codes, so people cannot scan them with their mobiles and still have to pay with cash or credit cards. In this respect, it is noted that China is much more advanced in the field of technology.

Given the great potential of WeChat, for companies that want to enter in Chinese customers' life, it has become a must. WeChat is the most rapid and efficient way for foreign companies to entry the Chinese market. It is not necessary to have a Chinese bank account, Chinese business registration or any other business license in order to sell products on this platform. Companies just need to have open a WeChat store. Moreover, it gives the opportunity to have a cross-border payment account, so companies can easily ship their products across the borders and make their investments. The collaboration with KOLs, also, makes it easier to build brand awareness. All these steps give companies direct feedback about the performance of their businesses and allow them to make instant adjustments, if required.

In conclusion, WeChat is a marketplace in the current digitized world, which offers digital services that ease the contact with customers and improve users' experience: it is what companies need in order to have success in the Chinese market, today and tomorrow.

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