



Università
Ca' Foscari
Venezia

Master's Degree in
Language and Management to China

Final Thesis

**Social commerce in China:
the new frontier of e-commerce in the luxury
fashion industry**

Supervisor

Ch. Prof. Daniela Rossi

Assistant supervisor

Ch. Prof. Franco Gatti

Graduand

Alessia Biagiola

Matriculation number 885220

Academic year

2021/2022

*A mia madre,
porto sicuro durante le tempeste della vita.*

*A mio padre,
che dall'alto continua a guidarmi con
la saggezza e l'amore di sempre.*

A voi devo ogni cosa.

Index

前言.....	5
Introduction.....	7
1. New generation of consumers in the luxury fashion market.....	10
1.1 Current Chinese customers' segmentation for the luxury market.....	10
1.2 Traditional habits.....	16
1.2.1 <i>Guanxi</i> 关系 and <i>mianzi</i> 面子.....	16
1.2.2 WoM.....	17
1.3 New features.....	18
1.3.1 FOMO.....	18
1.3.2 Lifestyle upgrade and increased purchasing power.....	20
1.3.3 Exclusiveness.....	21
1.3.4 Sustainability.....	24
1.3.5 Digitalization.....	26
2. Luxury fashion e-commerce in China.....	30
2.1 Luxury e-commerce market in China.....	30
2.1.1 Luxury e-commerce market dimension.....	30
2.1.2 Progress from offline to online.....	32
2.1.3 Current state of the digital luxury fashion industry.....	34
2.2 Covid-19 effects on luxury e-commerce in China.....	36
2.2.1 Digital actions taken by international luxury brands.....	37
2.2.1.1 Virtual reality try-on.....	37
2.2.1.2 Live streaming fashion shows.....	38
2.2.1.3 Interactive social ads.....	41
2.2.1.4 Private traffic for close interaction with users.....	42
3. Luxury fashion social commerce in China.....	44
3.1 Social commerce in China.....	44
3.1.1 New social content economy in China.....	49
3.2 Growth of luxury fashion social commerce in China.....	50
3.3 New trends.....	53

3.3.1 Live streaming.....	53
3.3.2 Gamification.....	57
3.3.3 KOL.....	59
3.3.4 KOC.....	62
3.4 Platforms in China for luxury fashion social commerce.....	64
3.4.1 Little Red Book 小红书.....	64
3.4.1.1 Community and features.....	65
3.4.1.2 Luxury brands on Little Red Book.....	67
3.4.2 Douyin 抖音.....	69
3.4.2.1 Features.....	70
3.4.2.2 Luxury brands on Douyin.....	72
3.4.3 Weixin 微信.....	74
3.4.3.1 Features.....	75
3.4.3.2 Luxury brands on Weixin.....	77
3.4.4 Weibo 微博.....	78
3.4.4.1 Features.....	79
3.4.4.2 Luxury brands on Weibo.....	81
3.5 Future perspectives.....	83
4. Case studies.....	84
4.1 Burberry case.....	84
4.1.1 Burberry social commerce strategy in China.....	84
4.1.2 Burberry social retail in China.....	89
4.2 Coach case.....	91
4.2.1 Coach social commerce strategy in China.....	91
Conclusions.....	94
Online references.....	96
Bibliography.....	106

前言

这本文论的目的是深入地分析对中国电子商务领域对社会商业日益重要的作用，以及国际奢侈品品牌如何利用这一新现象以完成整个客户旅程，其中离不开社交媒体平台。

在社会商业的发展的方面，中国被认为是世界上最先进的国家，因为中国可以依靠广泛使用电子商务和社交媒体平台的人群，这些平台被称为"超级应用"；这是因为中国的一些主要社交媒体，如微信、抖音、小红书和微博都让用户在发现品牌和产品、完成购买并与同一个应用程序的其他人分享他们对奢侈品的看法时，享受一个无缝、独特而积极的奢侈品购物体验。另一方面，社交商务也为品牌提供了收集更多有关用户和客户的信息和优势的数据，以提高个性化水平、提升服务的标准，并制定新的促销和销售计划。这样在中国的市场，用户将转化为客户。此外，奢侈品时尚社交商业还让用户发现奢侈品牌的历史和价值，提供品牌满足年轻奢侈品消费者通过选择具有代表性的品牌和它们的产品来表达他们的身份和个性的需要。

我选择这一主题的原因是为了更好地理解新的奢侈品购物体验的成功和普及的基础，这种购物体验结合了新技术、创新的营销和销售策略以及消费模式，在一个与购买有关的经验的特殊性至关重要的行业中。

第一章探讨了目前中国客户在奢侈品市场的细分。2021 年百分之二十一全球消费者支出来自中国，预计到 2025 年，中国将成为全球最大的奢侈品市场。中国奢侈品消费快速增长的主要原因是中国消费者的人口变化；事实上，90 年代及以后出生的人代表中国的大多数消费者，并正在成为中国奢侈品消费的主导力量。这一类新的奢侈品消费者与以前的消费者不同，因为他们对新体验和新品牌持更加开放的态度，同时更高的购买力和成熟度。这章还分析中国文化中传统概念的共存，如"面子"、"关系"和"口碑"，这些概念在中国消费者的消费选择中仍然起着重要作用，以及害怕错过 (FOMO)、生活方式升级、排他性、可持续性和数字化等新特征。

第二章重点介绍中国奢侈品电子商务市场，从目前的情况，探讨中国奢侈品电子商务的发展；2020 年在中国近百分之二十五的商品在网上销售，高于世界平均水平，而于 2021 年在线销售的奢侈品增长了百分之五十六，使中国在线奢侈品渗透率达到百分之十九。进入中国的国际品牌可以利用 B2C 奢侈品平台，如天猫奢品、Seeco、Toplife 和 Vipshop 或社交

商务应用。社交商务应用为品牌提供更高的客户数据控制能力，并在形象、营销和销售管理方面具有更大的灵活性。本章的第二部分考虑新冠疫情大流行对奢侈品电子商务的影响；中国是首个爆发新冠疫情的国家，并且在世界其他国家之前经历了封锁。由于这些原因，中国是第一个国际奢侈品牌可以开发和测试新行动的市场，以保持销售水平，并与无法去实体店的客户建立关系。品牌在中国采取的几项举措包括虚拟现实尝试、实时流媒体时装秀、互动社交广告和与客户的私人交通互动。

第三章分析中国社会商业的概念、传统电子商务与这种利用社交媒体与用户建立接触的新方法之间的差异。目的是用社交媒体转化潜在客户，让他们直接从社交应用程序完成他们的购买过程。目前，大部分中国消费者对社交商务表示了偏好，这主要是因为新一代消费者的需求，对数字支付技术以及只有社交商务平台才能提供的更具吸引力的服务。国际奢侈品牌已经在中国的社会商业领域展示它们的存在，改善它们的客户关系管理系统，向广大受众分享他们的价值观，提高客户的参与度，并利用实时流媒体、KOL、KOC 和游戏化等新的流行趋势。通过对微信、微博、抖音和小红书等主要奢侈品社会商业平台的演变、主要特征、电子商务特征以及国际奢侈品品牌如何利用这些平台实现目标的分析，对其进行了深入的研究。

第四章，最后一章，探讨与巴宝莉和教练使用社会商业有关的案例研究。这两个品牌都在中国社交媒体上成功地开展了几项宣传活动，改善了它们与中国用户的联系，增加了它们在中国的市场份额。此外，它们的数字存在和与科技公司的合作创建了一种基于社交媒体和物理世界的融合的新零售形式，比如在深圳的第一家社交商店，这是由巴宝莉和腾讯的合作产生的。通过微信小程序，社交商店的访客可以在店内发现不同的独家内容和个性化的体验，同时还能沉浸在品牌的特色氛围中。

这本文论对中国社会商业成功所代表的新营销和社会现象及其对中国消费者消费选择的影响进行深入地分析。为了提供国际品牌利用社交媒体潜力实现其商业目的并满足来自新趋势的当代需求的具体细节，这本文论提供多个社交媒体活动的例子，并参考所分析的特征和趋势。其目的是清楚地了解国际品牌，更具体地说，国际奢侈品品牌利用社交媒体平台提高参与度，从而提高在中国这种高度数字化的国家的销售额。

Introduction

The purpose of this thesis is to deeply analyze the increasing role that social commerce is having on the Chinese e-commerce sector and how international luxury fashion brands are leveraging this new phenomenon to allow users to complete the whole customer journey without leaving social media platforms.

China is considered to be one of the most advanced countries in the world in terms of development of social commerce, as it can count on the extensive use made by Chinese people of e-commerce and of social media platforms, that are called “super-apps” due to the multiple features included; as a matter of fact, some of the major social media apps in China, as WeChat (微信), Douyin (抖音), Little Red Book (小红书) and Weibo (微博), offer the opportunity for users to live a smooth and unique luxury shopping experience as they discover brands and products, complete their purchases and share their opinions about them with others, all from the same app. On the other hand, social commerce also provides brands with the advantage of collecting more relevant information and data about users and customers to increase the level of personalization, the standard of offered services and to develop new promotional and sales initiatives to convert users into customers in the Chinese market.

The first chapter explores the current segmentation of Chinese customers in the luxury market. In 2021, 21% of global consumers spending has its origins in China, which is estimated to become the world’s largest luxury market by 2025. The reason behind the rapid increase in luxury consumption in China can be found in the demographic shift that is characterizing Chinese consumers; indeed, those who were born in the 90s and after represent the majority of consumers in China and are becoming the leading force as for luxury consumption in the country. This new category of luxury consumers sets itself apart from the previous ones as it is more open to new experiences and brands, while relying on an increased purchasing power and level of sophistication. This chapter also analyzes the coexistence of traditional concepts in the Chinese culture as 面子 and 关系 (“face” and “connections”) and Word of Mouth (WOM), that still have a relevant role in the consumption choices of customers, and new features as Fear of Missing Out (FOMO), lifestyle upgrade, exclusiveness, sustainability and digitalization.

The second chapter focuses on the luxury fashion e-commerce market in China, starting from the current situation and then exploring the evolution of luxury e-commerce in the country; in 2020 almost 25% of goods in China were sold online, above the world's average, while in 2021 the online sales of luxury products increased by 56%, making luxury online penetration rate in China reach 19%. International brands entering China can leverage either B2C luxury platforms as Tmall Luxury Pavillion, Seeco, Toplife and Vipshop or social commerce apps. The latter ones provide brands with higher control over customers' data and more flexibility over image, marketing and sales management. The second part of the chapter takes into consideration the effects of the Covid-19 pandemic on luxury e-commerce; indeed, China was the country of the first outbreak of Coronavirus and experienced lockdowns before the rest of the world. For these reasons China has been the first market where international luxury brands could develop and test new actions to maintain the level of sales and at the same time the relationship with customers, who could not go to physical stores. Among the several initiatives taken by brands in China there are virtual reality try-ons, live streaming fashions shows, interactive social ads and private traffic interactions with clients.

The third chapter covers the concepts of social commerce in China with references to the differences between traditional e-commerce and this new approach that makes use of social media to create engagement with users in order to convert them into potential customers, allowing them to complete their purchasing process directly from the social app. Today the vast majority of Chinese consumers has expressed a preference for social commerce, mainly due to the needs of the new generation of consumers, to digital payment technologies and to more appealing services that only social commerce platforms can offer. International luxury brands have developed their presence in social commerce in China to improve their CRM systems, share their values to a broad audience, increase the level of engagement of customers and leverage new popular trends as live streaming, KOL, KOC and gamification. Then, major social commerce platforms for luxury fashion as WeChat, Weibo, Douyin and Little Red Book are deeply investigated through an analysis of their evolution, main characteristics, e-commerce feature and on how international luxury fashion brands can use them to achieve their objectives.

The fourth and last chapter explores the case studies related to the use of social commerce made by Burberry and Coach. Both brands have conducted several successful promotional campaigns on Chinese social media, improving their connection

with Chinese users and increasing their market share in the country. In addition, their digital presence and the collaboration with technological companies have paved the way to a new format of retail based on the blending of social media and physical worlds, as in the case of the first social store in Shenzhen, resulting from the partnership of Burberry and Tencent.

1. New generation of consumers in the luxury market

1.1 Current Chinese customers' segmentation for the luxury market

According to the research conducted by Bain&Company, around 21% of global consumers spending on luxury goods in 2021 is from China, which is expected to become the world's largest luxury market by 2025. In 2021, in mainland China the increase in sales of personal luxury goods reached +36% and had almost doubled from 2019¹. For what concerns the fashion market, 1.5 million Chinese consumers that every year spend over \$6 thousands are responsible for 81% of the total sales in the national fashion luxury industry.²

This rapid increase of the luxury market in mainland China comes along with a demographic shift; indeed, according to the "2021 Tencent X BCG China Digital Luxury Report - A New Generation of Chinese Consumers Reshaping the Luxury Market"³, post-90s consumers have become the leading market force and represent half of the total amount of luxury consumers in mainland China. In detail, the Chinese luxury consumer base is divided into those who were born before 1980 (7%), between 1980 and 1990 (43%), between 1990 and 1995 (31%) and finally those who were born between 1995 and 2000 (19%). So, even though the largest demographic segment is represented by those who are now in their 30s and 40s, younger consumers, when combined, account for the majority and are expected to grow their spending by 25-30% in 2022.

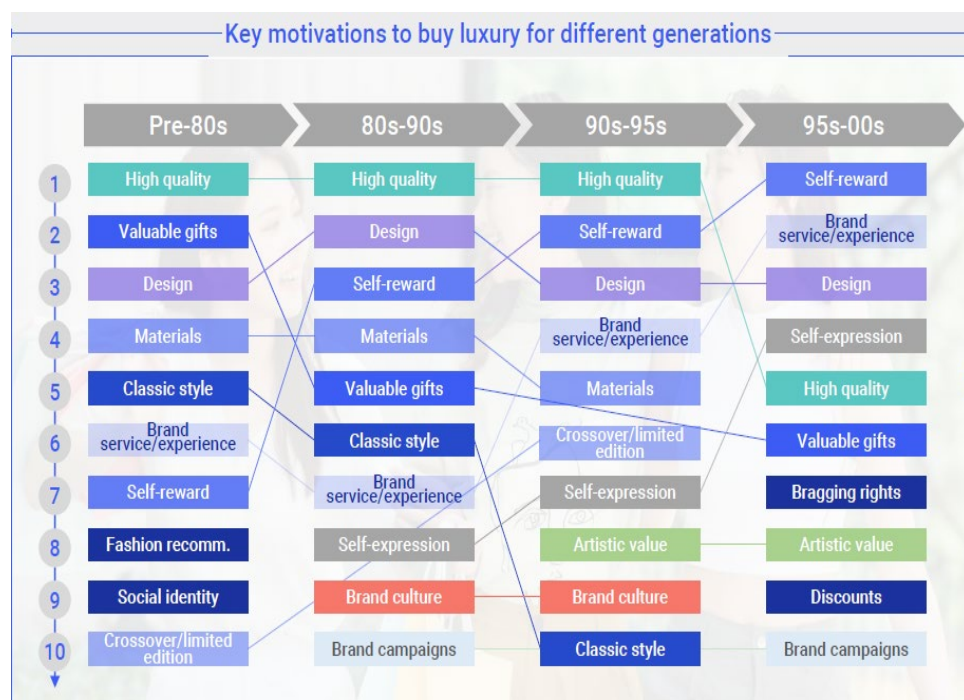
Different demographic categories are driven by different key motivations to buy luxury goods:

¹ The South China Morning Post, "China to be the biggest luxury market by 2025, say consultants, after Chinese spending in sector doubled from 2019 to 2021" (2021)<https://www.scmp.com/lifestyle/fashion-beauty/article/3164527/china-be-biggest-luxury-market-2025-say-consultants-after>

² Business of Fashion, "Report: 88% of China's Luxury Growth Driven By New Consumers" (2021) <https://www.businessoffashion.com/news/china/report-88-of-chinas-luxury-fashion-growth-driven-by-new-consumers/>

³ 2021 Tencent X BCG CHINA Digital Luxury Report, "A new Generation of Chinese Consumers Reshaping the Luxury Market" <https://www.comitecolbert.com/app/uploads/2021/11/bcg-tencent.pdf>

- Consumers from the pre-80s highly value the good quality of products, design, materials, with a preference for a classic style. They also buy to make valuable presents for others and do not put brand services on top of their motivations
- Consumers from the 80s-90s give great importance to the high quality of products and their design, considering their purchases as a self-reward, then they value materials and in a middle position the opportunity to make valuable gifts, followed by brand experience
- Consumers from the 90s-95s still highly value good quality of the products but increasingly consider luxury products as a self-reward. Then, they are motivated to buy a product for its design, for the purchasing experience, for the materials and also for the exclusiveness of it
- Consumers from the 95s-00s have as first key motivation self-reward, then brand experience, design and self-expression. Differently from the previous groups, they put high quality of products in a middle position.

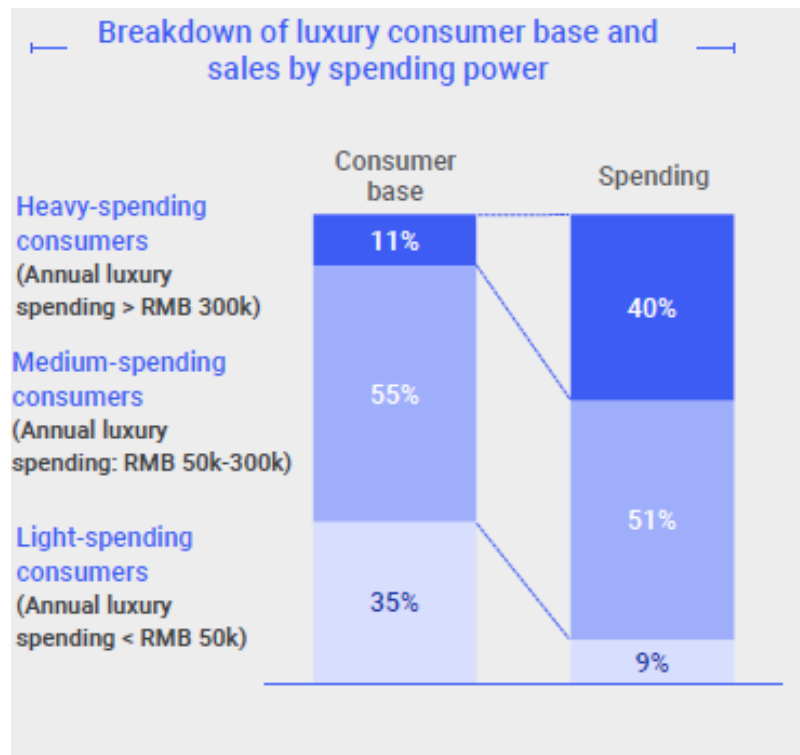


Consumption drivers for different generations. Source: 2021 TMIX BCG Luxury Consumer Survey

The research also shows that experiences and brand services are considered more important than promotions for all categories and that for the post-90s generation

buying luxury is associated to self-reward and to express themselves, rather than for gifting.

In order to provide a more precise segmentation of Chinese luxury consumers, they have also been classified according to their level of expenditure for luxury goods. The heavy-spending consumers, so those who spend more than 300 thousand RMB per year represent the minority (11%) but account for 40% in spending; medium-spending consumers, that spend between 30 and 50 thousand RMB per year are the 55% of consumers and their spending represents 51% of total spending; finally, light-spending consumers, so those who spend below 50 thousand RMB per year account for the 35% of the total consumer base and represent only 9% of spending. However, the light-spending consumers category achieved +30-35% in growth rate, while medium-spending one reached +25-30% and heavy-spending one +20-25%.



Segmentation according to spending power. Source: 2021 TMIX BCG Luxury Consumer Survey

Combining these two different types of Chinese luxury consumers' categorization, the main segments that are central for the growth of the sector are the post-90s light and medium spending consumers and the heavy spending consumers, pre and post -90s.

For what concerns the first segment, it represents 45% of the total consumer base and is expected to become the major and fastest driver of growth in the market. This generation has grown in a time of prosperity, with new technologies and is characterized by sophistication and strong self-consciousness. They are strongly individualistic when buying luxury goods and selecting brands, style and channel. Post-90s light and medium-spending consumers are generally females between 27 and 32 years-old, from Tier 1 cities⁴, who predominantly do their researches prior to the purchase on WeChat. This generation is made of social driven luxury consumers, so this means that they rely on friends and KOLs⁵ to make their consumption choices, that are then used to express their style and tastes. They also spend long time searching online for information and reviews about products and 41% of them has declared having bought their last luxury item online, showing a greater interest for luxury e-commerce than for offline shops where they feel pressured and might experience “uncertainty in availability of their desired product”. The majority of them has been attracted to luxury in the first place due to brand services and experiences (73%), by celebrity marketing (68%), creative content (65%), traditional ads (58%) and creative events (54%). This means that brands must focus in particular on exhibitions and shows, celebrities try-ons, influencers reviews, interactive ads and AR⁶.

On the other hand, the second relevant and increasingly important segment is the one that comprises pre and post-90s heavy spenders, as they represent just 11% of total consumer base, but also 40% of the total spending. They are mostly women in their 30s and 40s who live in Tier 1 cities. This type of consumers has an extensive knowledge of brands and products. They have developed precise tastes and preferences through their long shopping experience. The heavy-spending consumers are further divided in pre-90s, 57%, and in post-90s, 43%. Post-90s generation have been seen to be more receptive to luxury consumption because they have grown up seeing their parents buying luxury. As they generally come from wealthy families, design is on top of their concerns while having developed a deep knowledge in terms of luxury products they want to buy items

⁴ Tier system in China refers to a division of cities according to GDP, political administration system and population: generally Tier 1 cities are the largest and wealthiest (Beijing, Shanghai, Shenzhen, Guangzhou)

⁵ Key Opinion Leaders

⁶ “Augment Reality is an enhanced version of the real physical world that is achieved through the use of digital visual elements, sound, or other sensory stimuli delivered via technology”
<https://www.investopedia.com/terms/a/augmented-reality.asp>

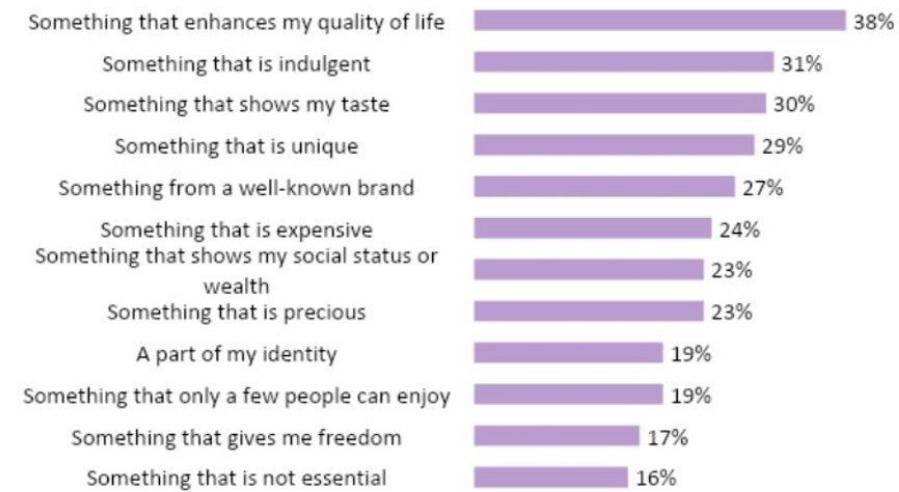
that can match their favorite brands' styles and their own ones. They are also quite loyal to brands as they feel a sense of belonging when they buy from them and enjoy their exclusive services. As a matter of fact, premium and personalized service is a key factor in their brand selection, right after style. This segment first searches and enters in contact with luxury goods through WeChat and then thanks to brand events.

Apart from these leading segments, the Generation Z, those who were born between 1996 and 2010 and that are now in their early 20s, is becoming the emerging force in luxury consumption and by 2025 is expected to account for more than 50% of the total consumption of luxury goods. They were born in the digital era and use social media to look for information and new trends, but also to engage with brands. Through these platforms they also share what they have to show off and to promote the image of a wealthy life. They also can rely on a considerable amount of money, given from their families, that they feel free to spend. Their luxury consumption is often influenced by KOLs and international celebrities; according to "China Luxury Forecast 2019", 60% of consumers that follow fashion KOLs considers their suggestions before making a purchase. They are also less loyal to brands as they prefer to venture into new experiences and try different things. Generation Z tends to avoid mainstream culture and look for individuality and deep personalization, as well as for elements of surprise. Their understanding of fashion and luxury is mature and believe that brands must also convey unique aesthetics, qualities and values. Luxury to them is firstly something that improves their quality of life, is indulgent and precious, helps them to express themselves, differentiates them and is part of their identity⁷. In addition, with this young Chinese generation, tastes for luxury are rapidly changing. Customers become more mature and sophisticated despite their young age, but because of the environment in which they grow, their preferences are more focused on more unique and quieter products that can create emotional connections.

⁷ SCMP Style, "6 things to know about China's Gen Z consumers – and how they can afford luxury brands" (2019)

<https://www.scmp.com/magazines/style/luxury/article/3031540/6-things-know-about-chinas-gen-z-consumers-and-how-they-can>

What does “luxury” mean to you?



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

Luxury meaning to Generation Z. Source: SCMP Style

To better understand Chinese Generation Z luxury consumers and their different luxury purchasing behavior, *Vogue Business* has identified four types of persona for fashion consumption⁸:

- The Understated Classicists: they are characterized by a functional and understated style, but they also invest in high fashion for special occasions, even though their knowledge about fashion and luxury is limited
- The Avant-Garde Showmasters: they deeply know brands and fashion to the point they like to play with styles and look for bold designs, exploring new and old concepts.
- The Fashion Experimenters: they are always looking for something new and try different brands and products to define their style. They are always updated about the latest fashion trends and provide suggestions to others
- The Artistic Expressionist: they are attracted by uniqueness and tend to choose not famous designers to use a low-key but sophisticated style as a personal statement

⁸ Vogue Business, “The four fashion personas of China’s Gen Z” (2021) <https://www.voguebusiness.com/consumers/the-four-fashion-personas-of-chinas-gen-z>

1.2 Traditional habits

1.2.1 面子 and 关系

The sociological concept of face 面子 (*miànzi*) dates back to the Confucian society. It refers to the sense of a positive or negative social self-worth in certain situations and it is linked to the idea of dignity, respect, prestige and honor. In Chinese traditional culture a person can “lose face”, so being disrespected or blamed for something publicly, “fight for face”, when arguing over who has to pay, for instance after a meal and “gain face”. This last example of the concept of gaining and losing face in China is connected to the practice of giving valuable gifts to others.⁹

Traditional Chinese consumers believe that it is essential to “gain face” and to do so they buy luxury products and luxury brands even when they cannot completely afford them. They tend to believe that the more expensive and prestigious the product is, the more recognition will be achieved, strengthening relationships, 关系 (*guānxi*).

The value given to relationships in China belongs to the Confucian concept of 关系 (*guanxi*), which does not simply identify relationships, but a system of connections based on mutual interests and benefits, through the exchange of favors and gifts. *Guanxi* are deeply rooted in institutions, business and among people’s interactions, determining the quality of them.

The concepts of *mianzi* and *guanxi*, combined together, strongly affect Chinese consumers’ behavior since they feel the need to buy luxury goods to give as presents to others, also considering the possibility of future favors to ask them, but also to enhance social prestige and achieve validation. Showing off wealth and status is a relevant influence that comes from the principle of *mianzi*, as consumption in Chinese culture is not only used to satisfy personal needs, but also for social reasons of identification, social recognition and status. Due to the high social hierarchy that characterizes relationships in China, people tend to believe that luxury products are suitable gifts to give to upper segments of the society and a way to establish *guanxi* with them.

⁹ Commisceo Global, “Mianzi – The Concept of Face in Chinese Culture”
<https://www.commisceo-global.com/blog/mianzi-the-concept-of-face-in-chinese-culture>

For Chinese customers, especially for pre-80s ones, luxury products are supposed to serve as a way to demonstrate the economic social class to which they belong or at least the one they wish to be considered part of.¹⁰

1.2.2 *Word of Mouth*

According to Hofstede's cultural dimensions Chinese culture is considered a collective one. This means that people in this type of environment are deeply integrated in groups and society, offering help and support in exchange for unquestioning loyalty. This strong connection with others in all aspects of social life is reflected in the importance given to Word of Mouth.

Chinese people strongly rely on family members, friends and in general on others' opinions to make purchasing decisions. This practice is known as *Word of Mouth* (WoM). WoM referral is a non-commercial way to communicate about brands and products, expressing personal opinions on satisfaction, perceived quality and relevance of a product or service, based on firsthand experience.

This traditional step of the consumer journey has been transplanted into the digital world and applies also to the luxury market. Nowadays users can navigate through an almost endless number of commentaries, reviews and opinions provided from other users. New technologies, apps and websites encourage the exchange of information and experiences about products; users can make a final decision about something they have considered to purchase, but are not still sure or can discover new luxury products and, motivated by reviews and suggestions, buy them.¹¹

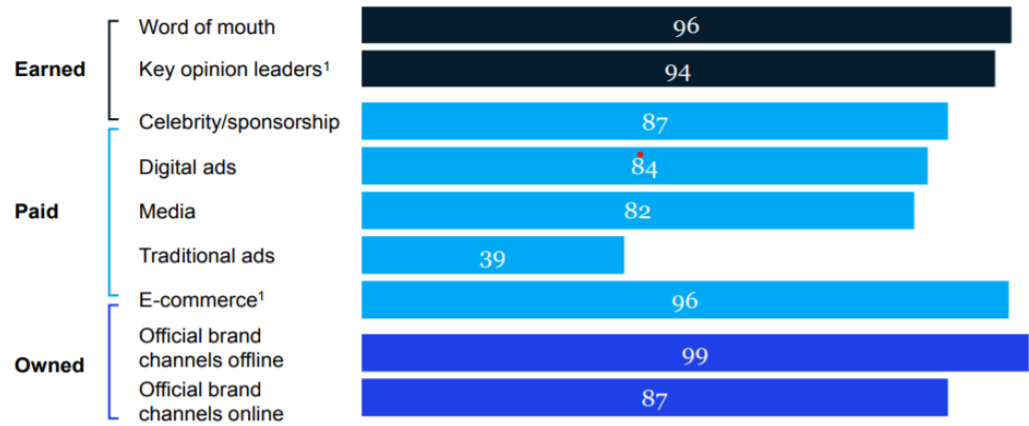
Over 54% of post-80s and 90s consumers rely on online reviews and commentaries, especially on e-commerce platforms and social media, where anyone can post and share their opinions. E-commerce platforms are used by customers to search for specific products or to have a general view about what they might want to buy, but also to gather facts and information about goods and read peer reviews, which are considered to be honest. On the other hand, only 30% of consumers from previous

¹⁰ Jia Chen & Soyoung Kim, *Journal of International Consumer Marketing*, "A Comparison of Chinese Consumers' Intentions to Purchase Luxury Fashion Brands for Self-Use and for Gifts" (2013)

¹¹ Yuan, B.; Peluso, "The Influence of Word-Of-Mouth Referral on Consumers' Purchase Intention: Experimental Evidence from WeChat" (2021)

generations look for this type of information online as they prefer to ask to close contacts.¹²

How do you get information about new luxury brands?
% of respondents



How Chinese respondents get information about new luxury brands. Source: Mc&Kinsey& Company

1.3 New features

1.3.1 FoMO

Fear of missing out (FoMO) is a relatively recent psychological phenomenon and is related to the continuous desire to be updated about what others are doing in order to be always involved. It represents the fear of missing experiences and trends that others are living. Nowadays, new technologies and in particular social media have augmented this phenomenon to the extent that internet dependency is now considered an indicator of high FoMO. People can easily have access to users' activities and lives through social platforms. FoMO is considered to be related to the need of belonging and stable relationships, but also to situations that cause feelings of social inferiority or loneliness, that can only be improved by being in contact with others.

¹² McKinsey&Company, "China Luxury Report 2019" (2019) <https://www.mckinsey.com/~/media/mckinsey/featured%20insights/china/how%20young%20chinese%20consumers%20are%20reshaping%20global%20luxury/mckinsey-china-luxury-report-2019-how-young-chinese-consumers-are-reshaping-global-luxury.ashx>

FoMO plays a pivotal role in consumption as consumers that feel isolated from society may experience anxiety and consequently increase their desire to follow others' behavior.

In China “loneliness consumption” is arising as, according to the Kotra Report (2019)¹³, 14% of households in China are single-person ones, generally composed by “neo-middle class” of highly educated people, living in big cities. Consumers make purchases in order to alleviate this type of feelings and follow consumption trends to be considered part of groups represented by current trends. Chinese consumers that have a high FoMO tend to develop a strong attachment to high level brands and to luxury in general, as this would make them feel integrated and recognized by the community they make reference to and by doing so they also increase their self-confidence.

Chinese luxury consumption is strongly supported by the tendency of consumers to follow the lifestyle of mainstream group to make purchase decisions and not to feel excluded¹⁴.

Luxury brands in China can leverage the FoMO phenomenon, especially among Generations Z's consumers as they are the most connected and engaged segment and are characterized by high levels of FoMO. Firstly, brands can launch limited-edition collections for special events. The scarce availability, the limit in time, together with the natural hype that this type of campaigns creates a strong desire in consumers to possess this “must-haves”, elevating their personal status.

Brands can also build anticipation by creating partnerships with other famous luxury brands, as for instance The North Face x Gucci line. Recurrent customers from both brands and new ones would consider this as an exclusive opportunity and make a purchase, often persuaded also by KOLs, that increase the degree of social validation.

Another possible way for luxury brands to increase the social attractiveness of their products is user generated content. This is particularly relevant in China where young generations spend a considerable amount of time on social media, looking at others' lifestyles. For this reason, some brands stimulate consumers to share videos or

¹³ Kotra Report (2019)
<https://news.kotra.or.kr/user/globalBbs/kotranews/782/globalBbsDataView.do?setIdx=243anddataIdx=176136>

¹⁴ Kang, Inwon et al. *Frontiers in psychology* “Chinese Consumers' Herd Consumption Behavior Related to Korean Luxury Cosmetics: The Mediating Role of Fear of Missing Out.” (2020)
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7042405/>

pictures of them with the luxury goods they have bought, in order to create a feeling of envy and desire from users, making them want to be part of that atmosphere of luxury¹⁵.

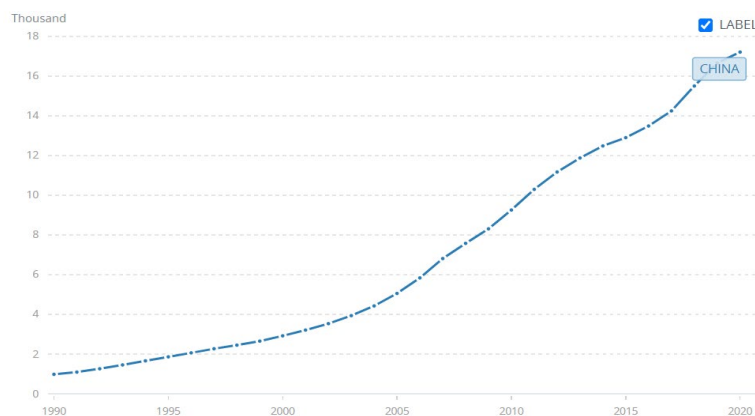
1.3.2 Lifestyle upgrade and increase in purchasing power

According to the report from Bain & company, in 2021 China's personal luxury market witnessed a 36% increase in sales, with over \$74.3 billion spent on luxury items.

Today, China's share accounts for 21% of total luxury market and it has been anticipated that its growth will continue in the future and that by 2025 it will become the world's largest luxury market, contributing to 65% of the global growth.

This rapid development in the expenditure for luxury products in China is sustained by a strong increase in Chinese customers' purchasing power.

In 1978, President of the Republic Deng Xiaoping opened the country to the world and introduced capitalist market with Chinese characteristics. Thanks to several economic reforms, China's annual GDP from 1978 to 2018 averaged 9.5%, one of the highest growths among major economies. Increase in productivity and investments supported China's rapid economic growth and an average increase in personal purchasing power of 9.36%, equal to \$17,192 in 2020¹⁶.



Increase in personal purchase power in China. Source: World Bank

For a long time, Chinese people have been characterized by a high price-sensitivity, but with the recent economic wellness that an increasing number of Chinese

¹⁵ Glyn Atwal, "5 Ways Luxury Brands Can Win Over The FOMO Generation" (2021) <https://jingdaily.com/fomo-luxury-brands-gen-zers-china/>

¹⁶ Data from <https://www.statista.com/statistics/270439/chinas-share-of-global-gross-domestic-product/>

people is living, this habit is changing. Chinese consumers are upgrading their consumption, valuing more quality products, and are willing to pay for better goods and services. After economic reforms, Chinese consumers' lifestyle experienced a consistent upgrade with the expansion in terms of consumption of leisure activities, luxury items and non-essential goods that could not be accessible before. Consumers are also increasingly interested in brands, specifically international brands, that have a recognizable style and quality standards.

1.3.3 Exclusiveness

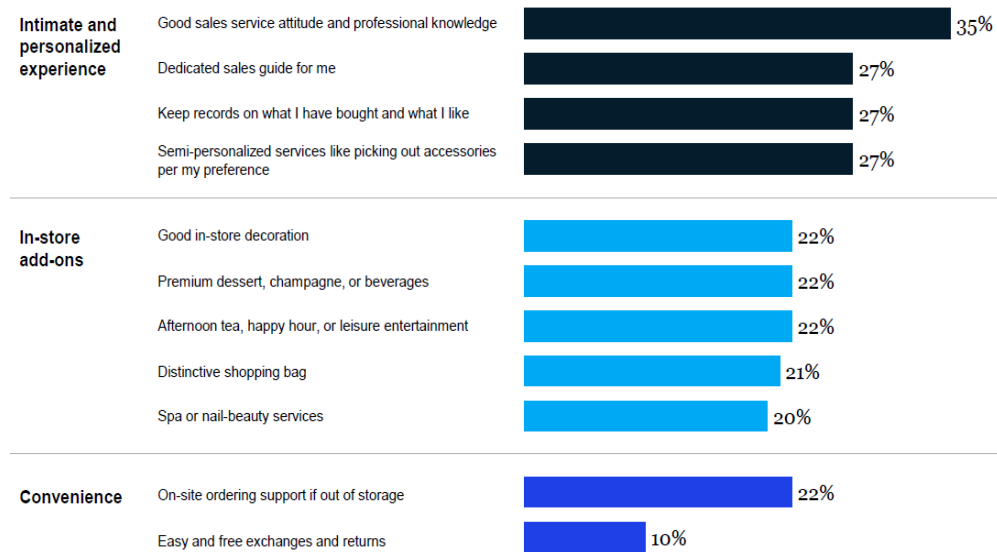
Exclusiveness in China's luxury market can find its expression in all the different services that precede and follow the purchase, making the customer the center of every attention.

Luxury brands in China have learnt the importance that Chinese customers give to premium services and experiences, during and after a purchase, because buying a luxury product in China is not only a simple purchase but is considered as an exclusive experience, where the customer is in the spotlight and everything is focused on providing the best service.

Customers, especially young ones, highly value personalized experiences both online and offline; for instance, in stores they look for the professional knowledge of client advisors to guide them, but also for dedicated sales whenever new products arrive and for personalized recommendation of which products can be more in line with their tastes and latest fashion trends.

In-store exclusive experiences are the result of the rapid growth of luxury items consumption, supported by the economic wealth that some social and demographic classes are experimenting. Customers want to feel special and unique, allowing themselves an unforgettable treat. Nurturing clients' satisfaction is a relevant part of the customer journey as it contributes to convert a customer in a regular customer that has a strong bond with both the brand and the sales staff.

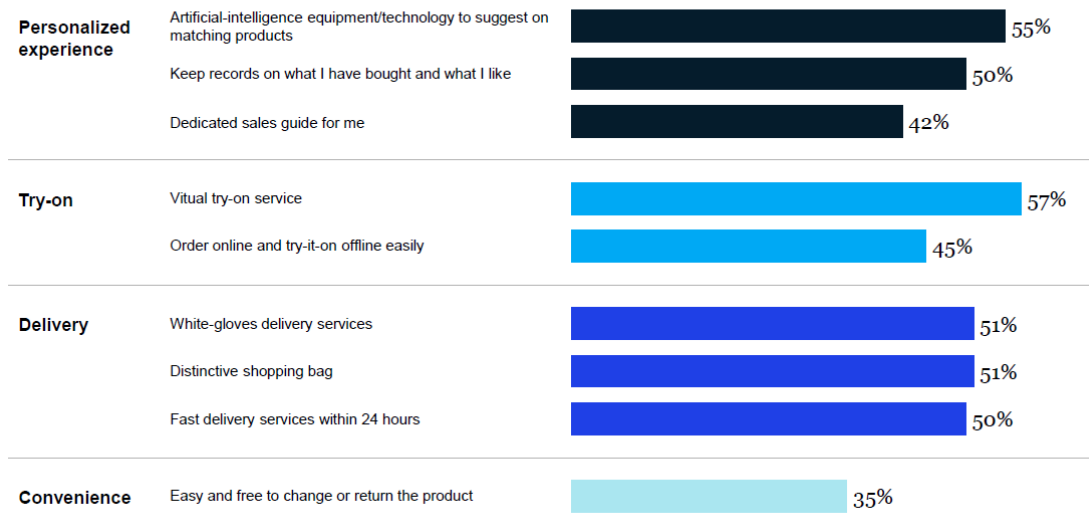
Would this factor help you make a purchase at a store offline?
 % of post-'80s and post-'90s respondents saying "yes"



Factors influencing in-store purchases. Source McKinsey Luxury Report 2019

On the other hand, the reliance of online luxury shopping experiences is arising; indeed, Chinese customers are among the most digitalized ones and highly value the growing use of artificial intelligence (AI). AI is used by brands to provide extremely precise try-on services, so that users can decide if products fit them and see how they would look on them. Online services present the advantage for the client to experience the whole customer journey process from the comfort of their homes, a practice made necessary during the outbreak of Covid-19 pandemic. Furthermore, during online purchases, even though physical contact is limited, sales assistant can offer a close interaction. Customers can have one-to-one virtual sessions with staff to decide what to buy and then receive the products at home, all with premium services, as delivery in 24 hours and detailed packages.

Would this factor increase your likelihood of purchasing online?
 % of post-'80s and post-'90s respondents saying "yes"



Factors influencing online purchases. Source McKinsey Luxury Report 2019

As a consequence of the online purchase option, customers from lower tier cities can have access to exclusive services, without having to undergo long travels to buy luxury items¹⁷.

In order to increase the level of the shopping experience and exclusivity for the customer, international brands in China offer VIP live streaming, as the Swiss luxury watchmaker Vacheron Constantin. In this way, only selected users could had access in August 2021 to a private showcase, where a limited-edition watch was presented and to which they have had anticipated access.

The shopping experience does not end when the customer completes the purchase and leaves the physical or online shop, but is characterized by comprehensive after-sale services, from free cleaning services, to free clothing alterations.¹⁸

¹⁷ McKinsey Luxury Report 2019
<https://www.mckinsey.com/~/media/mckinsey/featured%20insights/china/how%20young%20chinese%20consumers%20are%20reshaping%20global%20luxury/mckinsey-china-luxury-report-2019-how-young-chinese-consumers-are-reshaping-global-luxury.ashx>

¹⁸ Chou Christine, Alizila, "How Luxury Brands' Customer Services are Going 'Phygital' in China" (2021) <https://www.alizila.com/luxury-brands-customer-services-going-phygital-in-china/>



Vacheron Costantin exclusive live streaming showcase in 2021 on Luxury Pavillon. Source: Alizila

1.3.4 Sustainability

Consumption is the engine of economic growth and China for a long time has been considered the “factory of the world”. As a consequence of unregulated production, the country has undergone severe effects in terms of environmental degradation, as for instance air, soil and water pollution, floods, deforestation, which not only seriously impact the Earth but also human health.

For this reason, the Chinese Government has launched several initiatives to reduce its environmental footprint. Among the government’s actions announced in 2020, the ban on single-use plastic and the commitment to achieve carbon neutrality by 2060 are the most relevant ones. China is the main producer of plastic products in the world, accounting for 30% of global manufacturing.¹⁹ These policies reflect the need for a deep change in terms of sustainability that the country and its consumers are requiring.

Modern Chinese consumers are highly educated and able to take informed decisions when they buy. According to a research conducted by GfK group, nearly 74% of Chinese consumers experienced “green guilt”, while 53% of American consumers

¹⁹ Williams Gemma, “How will China’s ban on single use plastics affect fashion?” (2020) <https://jingdaily.com/how-will-chinas-ban-on-single-use-plastics-affect-fashion/>

admit it.²⁰ This is the sign that Chinese consumers are aware of the impact of their choices for the environment and look for brands able to provide authentic efforts and alternative solutions to preserve the ecosystem.

In particular Generation Z is the leading segment among Chinese consumers in the battle for a more sustainable creation of luxury goods; before deciding what to purchase they carefully examine materials origin and ask for sustainability practices during the production, supply and recycling processes.

Furthermore, young consumers value authentic and transparent sustainable practices, but also a convincing storytelling that is not just the result of mere greenwashing.²¹

This clear and mindful attention to environmental problems arising from the increased consumption in China, can become an opportunity for brands to enhance their values and let customers be totally aware of them, increasing visibility, reputation and sales.²²

Sustainability also includes animals' protection as part of the Earth ecosystem and so major international luxury brands, as Versace, Burberry, Gucci and Michael Kors, have decided to only use artificial fur instead of real one.

In January 2022, Prada launched the "Action in the Year of the Tiger" campaign for the Chinese New Year. The aim was to raise awareness for the endangered tigers as the year of the tiger was about to start. The project included two main activities: in the first one, the brand invited all Chinese students under-30 who were attending art schools to show their personal representation of a tiger; the second activity consisted in the active contribution by Dior through a donation to the "Walking with Tiger and Leopard" project, led by the China Green Foundation. Thanks to these initiatives Prada managed to provide actual support to the protection of the endangered Amur tigers, the largest tigers in the world living between Russia and China. The campaign resulted in be a success on social media with over 22 million views on Weibo for the hashtag #Prada 虎

²⁰ Daxue Consulting, "Five steps to future-proofing for luxury brands in China" (2021) <https://daxueconsulting.com/future-proofing-luxury-china/>

²¹ "Greenwashing is the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound" <https://www.investopedia.com/terms/g/greenwashing.asp>

²² Biondi Annachiara, Vogue Business "How brands should approach sustainability in China" (2021) <https://www.voguebusiness.com/consumers/how-brands-should-approach-sustainability-in-china>

年行动 (*Hǔ nián xíngdòng*) in just one day. In this way Prada supported local creative talents and also endangered species of animals, working with a deep cultural integration.²³

Prada efforts in China for sustainability had previously taken the shape of partnerships with public figures in the world of environment protection, oceanography experts, surfers and swimmers. The talks were then broadcasted in live streaming on Prada’s official WeChat mini program. In addition, in 2020 Prada has decided to only use regenerated nylon for future collections.



Prada’s campaign on Weibo for the “Action in the Year of the Tiger” campaign. Source: Weibo

1.3.5 Digitalization

With a population of over 1.45 billion and 940 million internet users (internet penetration rate in 2022 is equal to 70.9%, with an annual increase of 3.6%), China is one of the most growing countries in terms of digitalization and opportunities for doing online businesses.

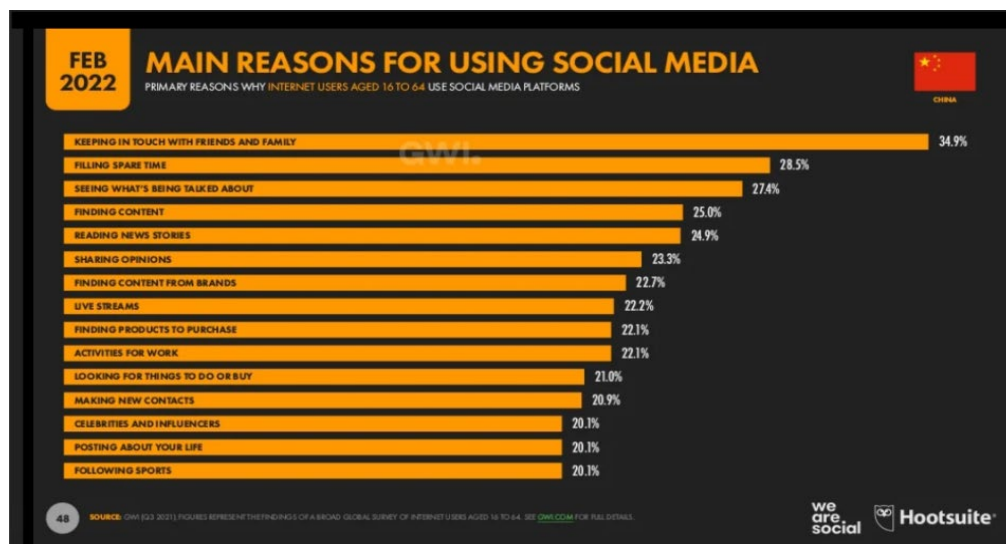
²³ Wu Wenzhou, Jing Daily, “Prada Puts Animal Protection Into Action for CNY 2022” (2022) <https://jingdaily.com/prada-animal-protection-cny-2022/>

The average time spent online by Chinese users is of 5 hours and 15 minutes per day, with a preference for navigating through smartphones, which are used by 90.1% of total Chinese internet users. Among the most used online apps there are social media, used every day for an average time of 2 hours by 983.3 million of users, equal to 68% of total population and to 95.9% of total intern users.

In particular mobile, apps in 2021 were predominantly used to send messages (88.9% of users), to navigate through social networks (79%) and to make online shopping (76.1%).²⁴

China is the world’s largest social media market with savvy and highly engaged users, that in order to avoid the internet censorship imposed by the government and called “Great Firewall”, have created specific apps and social networks for Chinese users; as a matter of fact in China the equivalent of Youtube is Youku, WeChat is a mix of Facebook, Whatsapp and Google news, while Sina Weibo can be considered the Chinese equivalent of Twitter.

For Chinese users social media primarily serve as a means to keep in touch with friends and family, to fill spare time, to read news and be aware of what are the trend topics of the moment, to find content from brands and to find products to purchase, as 42.6% of internet users research brands online before deciding what to buy.²⁵

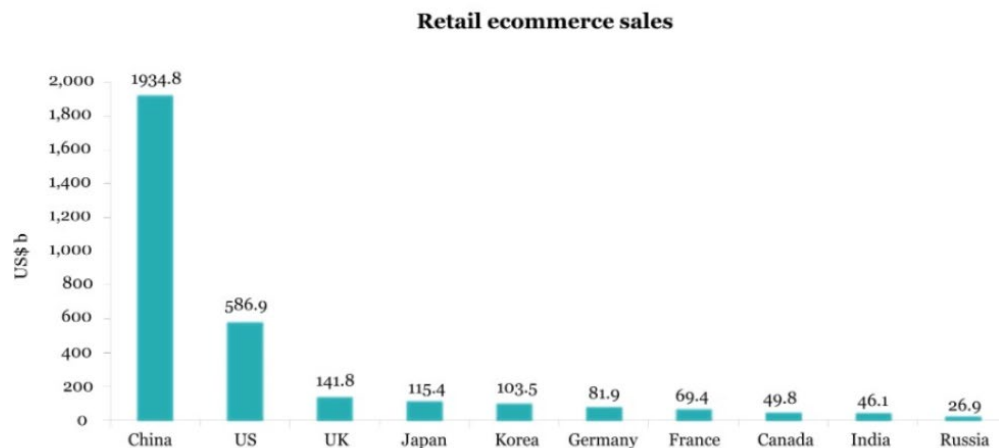


Main reasons for using social media in China in 2022. Source: Data Reportal

²⁴ Kemp Simon, Data Reportal, “ Digital 2021: China” (2021) <https://datareportal.com/reports/digital-2021-china>

²⁵ Ibid

In 2020, before the outbreak of Covid-19, almost a quarter of total retail sales in China was conducted online. The use of digital to make purchases is also extended to luxury goods with 24% of Chinese consumers that were willing to exclusively buy luxury products from online retailers.



Retail e-commerce sales in 2021. Source: EY

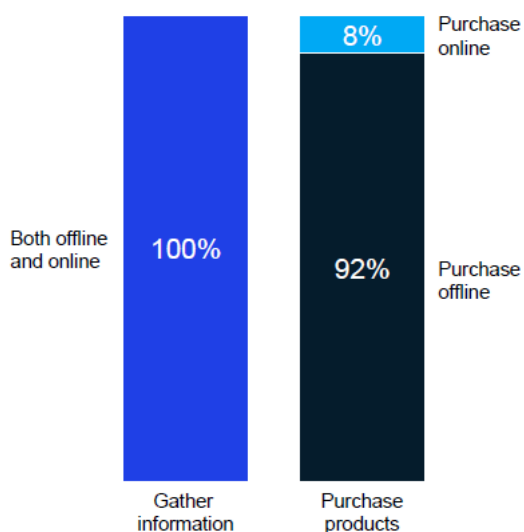
Interoperability between e-commerce, payment platforms and social media guarantees smooth shopping experiences through all the phases of the customer journey, also providing high standards in aftersales services and low-cost deliveries.

For many young Chinese consumers, e-commerce shopping has become a new type of leisure activity and for this reason fashion luxury brands understood the importance of building a solid online presence in China, through owned websites, national social media and e-commerce platforms. However, brands are also focused on providing a seamless shopping experience to their customers thanks to digital technologies, offering an omnichannel retail approach.²⁶

As previously mentioned, in China Word of Mouth plays a pivotal role in the customer journey, in particular in the creating awareness and decision phases, where other's opinion can highly influence potential customers. Even though online purchases accounts only for 8% of total luxury purchases in China, "all Chinese consumers are influenced by both online and offline touchpoints", as stated in the "China Luxury Report", released in 2019 by McKinsey. According to the research all the respondents declared to have analyzed online and offline resources about luxury products and brands

²⁶ Rovai Serena, " Why Luxury stores are more important than ever in China?" (2018) <https://jingdaily.com/luxury-physical-retail-omnichannel-china/>

at least once per week, for an average time of 3-5 hours, with 16 information sources consulted.²⁷



Channel preferences for Chinese luxury consumers. Source: China Luxury Report 2019

Another element that demonstrates the rapid increase in digitalization in China is the extensive use of mobile payments. China’s mobile payments penetration rate in 2021 surpassed all of the other countries in the world with 39.5% of population and 86.3%²⁸ of internet users adopting this form of payment. According to the “Statista Digital Market Outlook”, in 2021 the average transaction amount through mobile payments per Chinese user was equal to \$2,300, the highest in the world.

The payment apps market is dominated by giant tech players as Alipay and WeChat Pay. These payment platforms supported the switch from cash to mobile payments, without passing through the credit cards phase, as happened in the rest of the world. With the increasing popularity of e-commerce, mobile payment has become the leading method for all kinds of online payments, from utility bills, grocery shops and to luxury brands, both on their websites or social media shops, but also to transfer money to other users. Consumers can easily pay also in physical stores and service providers, by scanning the QR code provided by the seller.

²⁷ McKinsey, “China Luxury Report 2019” (2019)

²⁸ Statista, “Penetration rate of online payment in China 2008-2021” (2021) <https://www.statista.com/statistics/248962/penetration-rate-of-online-payment-in-china/#:~:text=This%20statistic%20shows%20the%20penetration,had%20used%20online%20payment%20services.>

2. Luxury fashion e-commerce in China

2.1 Luxury e-commerce market in China

2.1.1 Luxury e-commerce market dimension

The luxury sector is among those that are expanding the most in China's market. According to the research conducted by Bain&Company, China's share of personal luxury goods accounted for 21% (\$69 billion) in 2021 from 20% in 2020. This data is the result of the rapid recovery of China after the lockdowns, imposed to the population to stop the spread of Covid-19, and the limitations to travels.

In 2021 Chinese consumers have continued to make their luxury purchases mainly in the mainland, contributing to the 36% increase of domestic sales for personal luxury product, equal to RMB 471 billion, almost the double if compared to 2019. This positive trend for the Chinese luxury market is expected to continue in 2022 until the complete recovery to pre-Covid levels in 2023.²⁹ According to experts, China's share of global luxury products expenditure will account for 40-45% in the next few years, becoming the world's largest market by 2025, surpassing the United States. Furthermore, the consulting firm Bain&Company estimates also that by 2025 luxury sales in China will reach \$412-435 billion, with an increase of around 6-8% per year.³⁰

In particular, the luxury fashion industry witnessed an increase equal to 40% in 2021, while the fastest growing category was the leather goods one, with a 60% growth rate.

For what concerns e-commerce, in 2019 the e-commerce market in China was the most successful one in the world, with over 900 million active users and over \$1.5 trillion of revenues, followed by the United States with \$875 billion in sales. In 2020 the Chinese digital economy accounted for more than 38% of national GDP and almost 25% of goods were sold online, while the world's average is of 18%. In 2021 more the half of global e-commerce was originated in China, a country that includes the largest population of digital buyers in the world (780 million people).³¹

²⁹ Bain&Company, "The luxury market in China: 2021 a year of contrasts" (2022) <https://www.bain.com/about/media-center/press-releases/2022/2021-china-luxury-report/>

³⁰ Nan Lisa, "Bain x Altagamma Luxury Report: Luxury Has Fully Returned" (2021) <https://jingdaily.com/bain-altagamma-luxury-2021-report/>

³¹ Ma Yihan, "E-commerce in China - statistics & facts" (2022) (https://www.statista.com/topics/1007/e-commerce-in-china/#topicHeader_wrapper)

Comparing luxury online and offline sales in 2021, it is possible to capture the consistent growth of online ones (56%), far from offline ones (30%). Furthermore, luxury online penetration in China was about 19%.

Bain&Company research showed that online shopping doubled from 2019 to 2021, with an increase equal to 27% in the last year.

Among the most efficient ways to detect the true dimensions of luxury digital commerce in China there are online shopping festivals as the Double 11 one³². In the last edition of this popular shopping event, that now has trespassed national borders and has become international, the gross margin value reached \$84,54 billion. According to results published by Alibaba, more than 900 million Chinese consumers participated in the purchase of items from over 290 thousand brands via Tmall and Taobao. More than 200 of these brands belong to the luxury industry and are present on Alibaba's luxury e-commerce platform Tmall Luxury Pavilion. JD.com, the other giant player in the Chinese e-commerce world that also operates in the luxury sector as it merged with Farfetch in 2019, stated that the GMV on its platform was equal to \$54.6 billion, +28% if compared to 2020. In this edition the true main characters were lower Tier cities as their expenditure reached +25% from the year before and the number of consumers of luxury goods in these cities doubled in just a year.³³

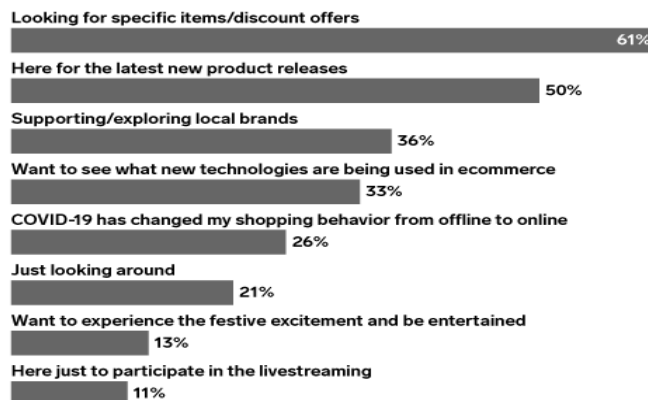
According to the research conducted by eMarketer, Single's Day in China is also an opportunity for users to look for specific products (61%), considering a previous knowledge about them, to explore the latest items (50%), to support local brands (36%), but also to test new technologies used in e-commerce (33%). In addition, 26% of respondents stated that Covid-19 changed their shopping behavior, increasing their online purchases over offline ones.

³² Double 11 Festival or 光棍节 is a famous Chinese online shopping Festival. In China it is celebrated as "singles's day" for the numbers in the date (11.11). It can be compared to the Western Black Friday

³³ Cuccoli Federica, "Single Day 2021: record e novità del shopping festival" (2021) <https://valuechina.net/2021/11/12/single-day-2021-record-e-novita-del-shopping-festival/>

**Leading Motivations for Shopping on Singles' Day*
According to Singles' Day Digital Shoppers in
China, Oct 2021**

% of respondents



Note: ages 18+ who plan to participate in 2021 Singles' Day; respondents selected their top three; *also known as 11/11
Source: AlixPartners, "Live It Up: Live commerce set to become the driving force of Singles' Day 2021," Oct 27, 2021

271091

eMarketer | InsiderIntelligence.com

Motivations for buying online on Singles' day in China. Souce. eMarketer

2.1.2 Progress from offline to online

The first Western luxury fashion brands entering in China were Armani, Dior, Fendi, Ermenegildo Zegna and Versace. However, it was not until 1990s that they made their entrance in the Chinese market, so it is possible to say that China's luxury fashion market is still very young, compared to other countries.

During the first years, luxury fashion products in China were just for wealthy tourists and businessmen, that could buy them in boutiques inside high level hotels. Later on, department stores and flagship stores were opened in Tier 1 cities and luxury fashion started to become more widespread in the country, promoting the entrance of more international luxury brands.³⁴

In the last fifteen years, luxury in China has undergone a revolution in terms of accessibility and popularity. As a matter of fact, China's digital development has permeated also in this sector with the launch of new e-commerce platforms, brand own websites and social media apps. However, international luxury fashion brands that considered the prominent opportunity offered by the rapid expansion of the online commerce in China, had to change their marketing and sales strategies because of internet and media censorship. Under these conditions, China's luxury digital market presents unique features as specialized national e-commerce platforms - Tmall Luxury

³⁴ Perry Patsy, Ye Tiantian& Barnes Liz, "The evolution of the luxury Chinese fashion consumer: an interpretivist study of luxury value perceptions" (2020)

Pavillion, Seeco, Toplife and Vipshop - to provide an integration to the more generalists' e-commerce marketplaces as Tmall, Taobao and JD.com. To differentiate Tmall Luxury Pavillion, part of the Aliaba's ecosystem, and Toplife, part of JD.com respectively from Tmall, Taobao and JD.com, brands can create their shops on them only by invitation from the above-mentioned platforms. Moreover, customers can only see the luxury shopping platforms when entering in the generalist marketplaces.

On top of that, China has also developed its own social networks - Weixin, Little Red Book, Weibo and many others - to overcome the ban imposed by the Chinese government on international ones.

The first step in the creation and subsequent expansion of the digital luxury fashion market in China was made by Burberry. The British brand was the first in 2011 to establish an online presence in the Chinese market with its own website. Eventually, Burberry was also the first luxury brand to open a flagship store on Alibaba's Tmall. From that moment several international luxury companies joined the Chinese online market.³⁵

The history of luxury e-commerce in China can be divided into three main phases: the foundation period that goes from 2005 to 2009, the development period that goes from 2010 to 2011 and the adjustment period that goes from 2012 to today.

- The foundation period witnessed the creation of the very first domestic luxury B2C e-commerce platforms;
- The development period saw the creation of new B2C luxury websites and some physical luxury department store joined the online market;
- The adjustment period is the one in which major global luxury brands officially entered into the e-commerce market in China, opening their own websites and being present on the most relevant marketplaces and social media.³⁶

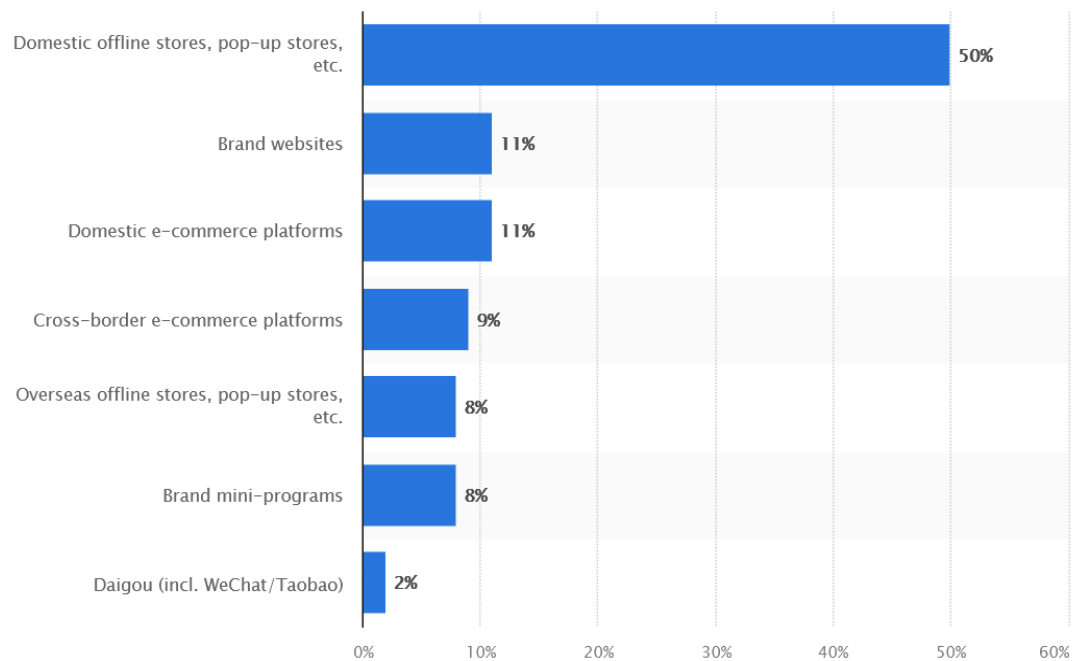
However, being in a mainstream B2C platform can have positive and negative aspects for major luxury brands. On the one hand, they allow entering the Chinese

³⁵ Lancette Nino, "How China is Forcing Luxury Brands to Love e-Commerce" (2014) <https://www.linkedin.com/pulse/20140706054347-34372146-how-china-is-forcing-luxury-brands-to-love-e-commerce/>

³⁶ Luxury Insights China, "The Chinese luxury e-commerce market" (2015) <http://www.fdkinsight.com/the-chinse-luxury-e-commerce-market/>

market for a relatively low initial cost and with ad hoc services to rapidly sell to customers. On the other hand, these platforms are not as flexible as brand websites and official presence on Chinese social medias in terms of commercialization, image and marketing, and they do not provide the same control and ownership over customers’ data, one of the most valuable elements for companies to better target new prospects and offer high levels of personalization.³⁷

Today it is essential for a fashion luxury brand to be online in China, offering exclusive but also accessible services and high-end products to customers all over the country. This is mainly due to the shift in consumers’ power to the new generations who were born in the digital era and to the rapid expansion of commercial digitalization in China.



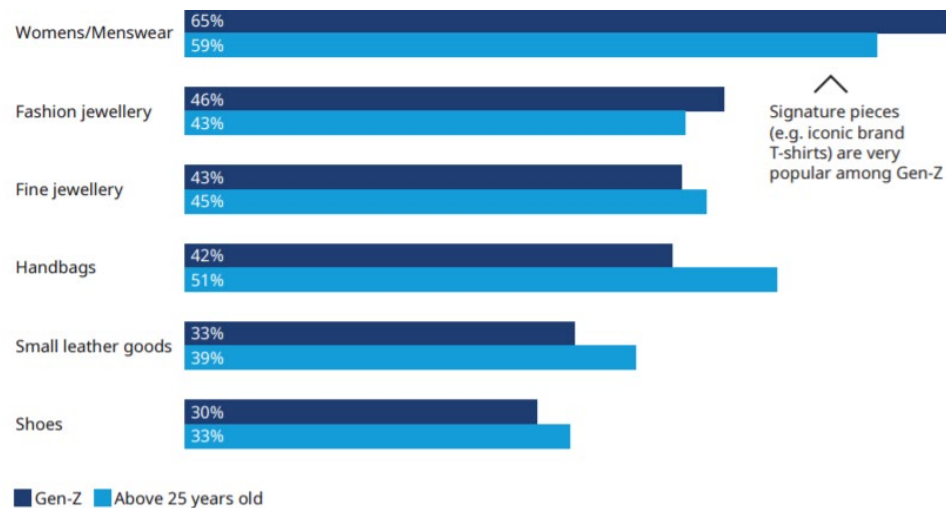
Distribution of luxury goods shopping channels in China in 2021. Source: Statista

2.1.3 Current state of the digital luxury fashion industry

According to a recent research project by Oliver Wyman consulting firm, more than 50% of luxury fashion shoppers joined the market in 2020, 40% of which are under the age of 25. They are expected to contribute for 80% of the market growth.

³⁷ Mckinsey, “China Luxury Report 2019” (2019)

Oliver Wyman firm also estimates that there were nearly 5.4 million luxury accessories and fashion shoppers in China in 2021. Moreover, 1.5 million of customers spend more than RMB 40 thousand for luxury products, which is equal to the 81% of total spending in 2021.³⁸ In the same year, China’s luxury fashion category increased its online sales by 80% and the penetration of these items online went from 7% to 10% in a year.



Main categories of luxury fashion products in China. Source: Oliver Wyman

For what concerns the most relevant online channels to buy luxury fashion items, WeChat mini programs are the one that drive most of the expenditure made by Chinese consumers (RMB 170 thousand). Here, users generally look for classic and limited-edition items, as well as products seen in fashion shows. On the other hand, official brand websites are more for classic and new products, together with hit designs (average annual spending: RMB 130 thousand), while e-commerce platforms are the right channel for customers looking for classic, entry-level, and hit design products (average annual spending: RMB 120 thousand).³⁹

³⁸ Wouters Imke & Sham Katie, “The new faces of Chinese Luxury Shoppers” (2021)

³⁹ 2021 Tencent X BCG CHINA Digital Luxury Report, “A new Generation of Chinese Consumers Reshaping the Luxury Market” (2021) <https://www.comitecolbert.com/app/uploads/2021/11/bcg-tencent.pdf>

2.2 Covid-19 effects on luxury e-commerce in China

As the first country in the world experiencing the outbreak of the Covid-19 pandemic, China has also been on the frontline of economic recovery. In 2020 the national GDP grew only by 2.3%, one of the worst results in the country's economic history as in 2019 the increase was of 6.1% and the year before of 6.6%. However, the economic measures taken for the recovery, together with global return to production and consumption, managed to bring to Chinese economy an expansion equal to 8.1%.⁴⁰

The pandemic has shown the level of vulnerability of the Chinese society, but has also accelerated some ongoing trends in terms of consumption, as digitalization.

Before Covid-19, China was already a leader in the digital area, accounting for over 45% of global e-commerce purchases and with a mobile payments rate three times higher than the one of the United States. For many companies, especially international ones, the pandemic and the limitations enforced to reduce health risks, have been the engine sustaining their digitalization, entering them into the already advanced world of Chinese e-commerce. Covid-19 has attracted new segments of customers to e-commerce, that were more used to buy offline or even to travel abroad to make their purchases. Online shopping has also been seen as an alternative to experiences as travels and holidays, not possible at that time. This has caused, in 2021, the acceleration in growth of online personal luxury sales (+56%), at the expenses of offline sales (+30%).

During Covid-19 and lockdowns, the digital world and e-commerce have been used by companies to maintain sales volumes, enhance communication with customers as physical shops were closed and to create a sense of community also around brands.⁴¹

According to Bain, almost 40% of Chinese consumers are planning to increase their luxury online shopping in the next years, proving that China's luxury e-commerce expansion trend is continuous and that international brands should leverage it, as it is expected to become the first luxury market in the world.⁴²

⁴⁰ Cheg Jonathan, "China GDP Grew 8.1% in 2021, Though Momentum Slowed in Fourth Quarter" (2022) <https://www.wsj.com/articles/china-gdp-grew-8-1-in-2021-though-momentum-slowed-in-fourth-quarter-11642386349>

⁴¹ McKinsey, "China Consumer Report 2021" (2021)

⁴² Toh Michelle, "China's luxury market boomed this year, even as global sales shrank" (2020) <https://edition.cnn.com/2020/12/16/business/china-luxury-market-coronavirus-intl-hnk/index.html>

2.2.1 Actions taken by international brands on social medias

2.2.1.1 Virtual reality try-on

Virtual fitting rooms offered a convenient and safe solution during the Covid-19 pandemic lockdowns, when customers could not go out for fashion shopping and try items in physical stores. This feature relies on the Virtual Reality technology, already advanced in China, that allows to visually experience objects and situations as real ones.

Virtual reality try-on was present in China even before the outbreak of Covid-19 in the beauty industry, as in the case of Armani Beauty and its WeChat mini program; however, the pandemic has accelerated this trend, bringing it to the luxury fashion sector too. It can offer an immersive experience to help customers select in a quick and simple way which items could fit them.

This feature can work in different ways, according to the software used by the brand and platform; one of the possible ways to provide this service to users is by allowing them to enter their body measures and some snapshots. In this way, virtual models try the desired fashion products for the customer, providing a guide for the selection.

Another relevant aspect for retailers is that virtual try-on experiences provide them with useful and complete data to better target potential customers, offering them an extremely high level of personalization.⁴³

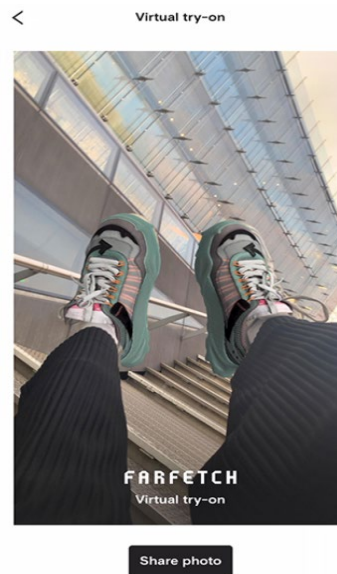
During January 2020, when China was living some of the hardest moments due to the outbreak of the pandemic, the luxury shopping platform Farfetch China⁴⁴ partnered with the augmented reality company Wanna to introduce in its app its own virtual try-on feature for a limited selection of Off-White sneakers. Users only needed a smartphone camera and the AR program would detect their feet and through 3D technology represent in an accurate way how they would look, as they were worn in reality.⁴⁵ This resulted in +580% of Unique viewers on the Farfetch China app, with

⁴³ Emperia Vr, “How the biggest luxury market, China, uses VR technology” (2021) <https://emperiavr.com/2021/09/16/how-the-biggest-luxury-market-china-uses-vr-technology/>

⁴⁴ Farfetch is a portuguese luxury online marketplace. Today it allows to users from 190 countries to buy from over 1300 luxury brands present on the platform

⁴⁵ Jasman Asri, “Try on Off-White sneakers virtually with the Farfetch app” (2020) <https://www.esquiresg.com/farfetch-virtual-try-on-off-white-sneakers-wannaby-ar-technology/>

+300% of product page stay time and an increase of product page share rate equal to four times.⁴⁶



Farfetch virtual try-on. Source: Esquire

2.2.1.2 Live streaming fashion shows

The Coronavirus pandemic has led to several changes in the luxury fashion industry and in the way new collections and fashion items are presented to the audience.

One of the first strategies taken by brands in China during the first months of 2020 was to leverage the increasingly powerful popularity of livestreaming, already well developed and present on Chinese e-commerce platforms and social media.

Shanghai Fashion Week for the autumn-winter 2020 edition was an example of how digital resources allowed users to safely attend to fashion runways from their own houses; the event took place on Tmall from March 24 to 30, with over 150 designers and brands, showing more than a thousand of products of their new collections. This innovative show also offered the opportunity to interested customers to see in real time those items they were seeing on the catwalk and pre-order them through Tmall,⁴⁷ thanks to its comprehensive system of live streaming,

⁴⁶ Wanna, "Wanna X Farfetch" (2020) <https://wanna.fashion/farfetch>

⁴⁷ Chou Christine, "Shanghai Fashion Week Goes Digital: What to Expect" (2020) <https://www.alizila.com/shanghai-fashion-week-goes-digital-what-to-expect/>

mobile payment and delivery.⁴⁸ In the first hours from the beginning of the first digital Shanghai Fashion Week, more than 2.5 million viewers had joined the event, which was characterized by a mix of fashion shows, panel discussions and e-commerce live streams. The final number views was of 11 million, which helped to generate \$2.82 million in GMV, thanks to the “see now, buy now” feature powered by Tmall, B2C Alibaba’s e-commerce platform. Among the international brands that took part to the first Shanghai Digital Week there was Pinko. The Italian fashion brand showed 25 looks and a virtual backdrop. According to the words of Pietro Nigra, CEO and founder of Pinko, the participation to this new digital format was a natural decision for the brand, that supports innovation. Furthermore, digital technologies allowed Pinko to maintain sales in China and enhance relationships with Chinese customers under the threat of the pandemic and for these reasons the brand will make further investments on livestreaming. Nigra also added that as Chinese customers are characterized by their young age, it is necessary for luxury brands to make efforts to gain their attention and loyalty through digitalization.⁴⁹



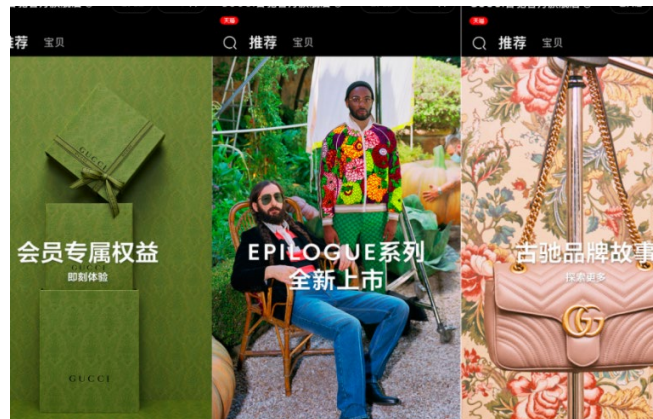
Pinko live streaming fashion show during Shanghai Digital Fashion Week 2020. Source: Alizila

Another example of online fashion show was the one held by Gucci for the closure of the Milan Digital Fashion Week that took place in July 2020. The event

⁴⁸Yiu, Ty, “From Louis Vuitton’s live streams to Shanghai Fashion Week with Tmall: how the luxury sector in China adapted to the coronavirus pandemic” (2020) <https://www.scmp.com/magazines/style/news-trends/article/3078263/louis-vuittons-live-streams-shanghai-fashion-week-tmall>

⁴⁹We Are Global Network, “Pinko showcases ‘See now, Buy Now’ virtual runway show as part of Shanghai Fashion Week” (2020) <https://www.wearglobalnetwork.com/news/pinko-staged-see-now-buy-now-virtual-runway-show-as-part-of-shanghai-fashion-week/>

consisted in a series of videos explaining the creative ideas behind the show and the actual backstage of it, together with the actual live runway. Gucci decided to broadcast it through several social platforms, such as Weibo, to allow Chinese customers to take part in it. According to data published by Weibo, there were 22 million and 179 thousand viewers that commented during the live streaming, reaching a total of 421 thousand likes.⁵⁰



Gucci on Tmall Luxury Pavillion. Source: East Media

A third example of how international luxury brands managed to bring the show to Chinese users' houses is Louis Vuitton Menswear Spring Summer 2021 collection. Firstly, the maison launched an animated film and also a live tour of the runway show. Then, the day before the event, Louis Vuitton released individual teasers on Weibo, featuring some of the most famous Chinese celebrities as Kris Wu, ambassador of the brand, who celebrated the efforts of hospital workers in China. Users' response was positive with over 63 thousand likes, 100 thousand comments and more than 100 million people who watched the show online. After the event the brand guided the audience to its WeChat mini program to buy directly the products they had just seen on the catwalk.⁵¹

Live streaming fashion events, that became the only possibility for brands to show their newest collections in China during the first wave of Covid-19 infections, paved the way to a completely new approach to the idea of luxury fashion; indeed, as

⁵⁰ China Social Media, "Weibo Live Streaming for Fashion Shows" (2020) <https://chinasocialmedia.net/weibo-live-streaming-for-fashion-shows/>

⁵¹ The South China Morning Post, "Gucci and Louis Vuitton show how luxury brands can survive in China post-pandemic" (2020) https://www.scmp.com/magazines/style/news-trends/article/3102129/gucci-and-louis-vuitton-show-how-luxury-brands-can?module=perpetual_scroll_0&pgtype=article&campaign=3102129

no one could physically attend these events in 2020 and there was open access to fashion shows, everyone through their Tmall, Weibo or other social media accounts could have the opportunity to attend an exclusive event, which before live streaming was not accessible to most of the people. Digital fashion shows introduced in China to prevent the expansion of the pandemic, offered a unique chance for luxury brands to bring the world of high-fashion to everyone interested in it and to improve sales.

2.2.1.3 Interactive social ads

The Coronavirus pandemic managed to make international brands even more aware of the great potential given by social media to serve as a connection between users and most importantly between brands and users. During that particular time of isolation and physical separation from others, social media became the perfect means to maintain relationships, to support corporate values, but also to entertain users at home and to promote fashion items.

Among the several interactive digital campaigns organized by luxury fashion brands for the Chinese market, one of the most significant and effective ones was “#pradacronyms” held by Prada for the Spring/Summer Womenswear collection 2020. The brand, through its official social accounts on Weibo, WeChat and Douyin, shared clips and shoots from the campaign and then invited users and KOLs to decode Prada’s acronym and the meaning behind each letter of the Italian fashion brand. This initiative offered the opportunity for Prada to create an interactive social experience where users could download the campaign’s filter and use it to give their personal interpretation of the brand name’s letters. The initiative was considered a success in terms of interactions with over 8 million video views on Douyin, millions of impressions on Weibo and 20 celebrities, 19 KOLs and 7 writers involved into the project.⁵²

⁵² Zheng Ruonan, “Luxury Brands Digital Marketing That Worked in China During the COVID-19 Crisis” (2020) <https://jingdaily.com/luxury-brands-digital-marketing-that-worked-in-china-during-the-covid-19-crisis/>



#pradacronym campaign on Douyin. Source: Jing Daily

Another relevant campaign held by an international fashion brand was the one made by Gucci for the Qixi Festival⁵³ that took place on the 30th of July 2020. The Italian brand introduced a new motif characterized by two red Gs together and reminds of an apple, as the leading phrase behind is “apple of my eye”. The brand posted on Weibo seven clips with open endings and invited users to create their own ending. In this way Gucci managed to collect over 1.5 million views for the short films, while creating a series of funny videos for Douyin, showing the behind the scenes of the short movies. Then, the brand also leveraged the community feature that distincts Little Red Book to promote the collection via interactive live stream.⁵⁴

2.2.1.4 Private traffic for close interaction with users

Due to the outbreak of Covid-19, which in the first phases heavily affected China and caused extensive lockdowns for its citizens, international fashion luxury brands understood the importance of maintaining contacts and relationships with clients who were isolated.

In order to drive online traffic and consequently sales, international luxury brands leveraged the popularity of some KOLs, but decided also to focus on a more direct and personal connection with customers through private traffic on social media.

⁵³ The Qixi Festival is known in China for being Lovers’ Day. It is based on a romantic legend starring a fairy and an ox herd. It is celebrated on the 7th day of the 7th Chinese lunar month <https://www.chinahighlights.com/festivals/double-seventh-festival.htm>

⁵⁴ The South China Morning Post, “Gucci and Louis Vuitton show how luxury brands can survive in China post-pandemic – by staging outrageous fashion shows and apple-themed ad campaigns on Weibo and Douyin” (2020) <https://www.scmp.com/magazines/style/news-trends/article/3102129/gucci-and-louis-vuitton-show-how-luxury-brands-can>

Private traffic on social media is defined as the use of direct communication between the source of content, in this context the brands, and users or consumers. This use of technologies to create a closer bond with users minimizes the dependency on third parties, as in the case of public traffic. Furthermore, it also reduces the expenditure on communication as it is the brand itself that is in direct touch with users.

The use of private traffic was present in China even before the Coronavirus pandemic, with sales assistants from major luxury brands that added customers on WeChat groups, offered previews of the newest products and personalized assistance, providing exclusive services to customers who could feel highly involved. However, the outbreak of Covid-19 highlighted the relevance of maintaining a close-knit type of relationship with customers through social media private communications. For this reason, during the pandemic brands decided to leverage the communication power offered by these platforms to move there part of their CRM and to activate loyalty programs. Luxury brands' CRM on social platforms is characterized by one-to-one conversations in which it is also possible to gather relevant data to better understand customers and drive more traffic and sales.

Private traffic served during the pandemic as a way to promote long-term valuable relationships with the most involved customers, even when they could not physically make their purchases in shops and receive attentions from in-person sales assistants. Fashion luxury brands used it to provide clients with all the exclusive and unique services that make the difference in a luxury store, leveraging the increasing deployment of digital solutions in terms of communication and e-commerce, sustained by this historical phase.⁵⁵

⁵⁵ Wu Wenzhou, "Why Luxury Brands Should Dive into China's Private Traffic Pool" (2020) <https://jingdaily.com/why-luxury-brands-should-dive-into-chinas-private-traffic-pool/>

3. Luxury fashion social commerce in China

3.1 Social commerce in China

Social commerce is defined as the combination of social media platforms and e-commerce, as its main objective is to promote online shopping to a large interactive audience, through the use of different types of media as text, videos, pictures and live streaming, but also to achieve high conversion rates for brands involved.

While e-commerce is more focused on business transactions to involve customers in doing their purchases online, social commerce is instead more addressed to create engagement and is characterized by a strong presence of user generated content, that can serve as a means to share content and to promote products or services in a more direct way. Furthermore, social commerce includes all the functions connected with marketing and sales, as information exchange, service supply, payment, logistics, distribution and others, by using in-app social media features and interpersonal relations. In this way, users can go through all the touchpoints that characterize the customer journey and then become clients, without having to leave social platforms; in this way, customers can experience a smooth shopping experience with no unnecessary steps and potential obstacles.

China is the leading country in the world in terms of social commerce, because of its recent history and rapid digitalization; indeed, the success of social commerce in China is mainly due to a new consumer class that is wealthy, sophisticated and digitally savvy. Today in China, users tend to spend on average more than 2 hours on social media, mainly via smartphone, to connect with friends and be updated about the latest trends and products.⁵⁶ Word-of-mouth and FOMO deeply affected the development and success of social commerce in China as well as Generation Z and millennials' desire to make unique shopping experiences and share them with others.⁵⁷

As this new group of Chinese consumers is not interested anymore in traditional advertisement, brands had to develop a more interactive way to make promotions, a way that could increase engagement and build strong connections with customers. Young

⁵⁶ Jiao Jian, "Analysis of the Current Situation and Development Trend of Mainstream Social E-Commerce in China" (2020)

⁵⁷ Achim Adina-Laura, "Why China Is A Decade Ahead In Social-Driven Sales" (2021) <https://digitexport.it/affermarsi/social-commerce-evoluzione-e-commerce-cina.kl#/>

users, which are now holding a strong share of consumption power in China, are more demanding and require new entertaining experiences and retail had to adapt to new technologies.⁵⁸

In China the development of social commerce is mainly due also to a bottleneck situation for traditional e-commerce during the first years of 2010s, caused by the market saturation, the intensified competition and the increasingly higher costs for acquiring new customers. Moreover, Chinese consumers are still strongly influenced by others when it comes to making a purchase. Through social media, brands desiring to sell online can leverage this traditional habit and promote a more authentic, convenient and reliable shopping experience.⁵⁹

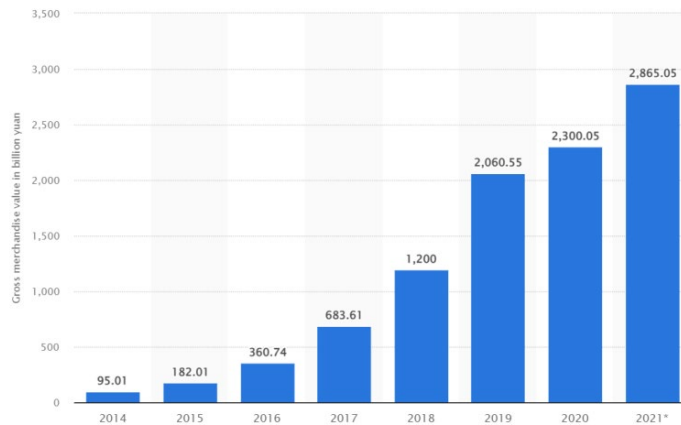
Among the factors that made China the most prolific environment for the development of social commerce there is digital payment; as a matter of fact, in China over 872 million of people use online payment systems and there are 852.5 million of mobile payment users, an almost cashless society, made possible by Chinese tech giants Alibaba and Tencent. As Chinese people use these payment methods every day, they trust social media using them and feel themselves safer in making purchases than with third parties that require bank card details.

The history of social commerce in China can be traced back to Taobao sellers that before 2010 used to promote their online shops on social media, creating the first prototype of e-commerce and social network, used in combination for promotional activities and sales. However, it was only in 2013 when the first brands started to use WeChat to sell products, paving the way to the concept of social commerce and to the several different apps that developed this feature over the years. There are also apps that were born with this purpose, as Pinduoduo, a successful Chinese group-buying app, where customers could receive promotions and buy at better prices if they invited friends to join the purchase.

In 2021, Statista estimated that the market size of the social commerce industry in China would reach an annual growth equal to 24.6% and a GMV of over 2.85 trillion yuan.

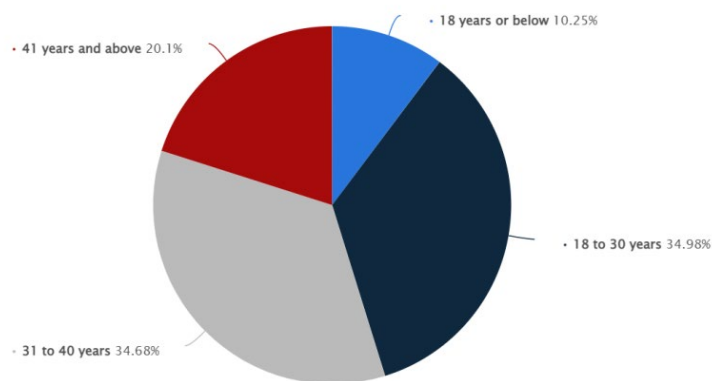
⁵⁸ Jiao Jian, “Analysis of the Current Situation and Development Trend of Mainstream Social E-Commerce in China” (2020)

⁵⁹ Slotta Daniel, “Digital payments in China” <https://jingdaily.com/china-social-commerce-wechat-facebook/> (2021)



GMV of social commerce in China from 2014 to 2021. Source: Statista

In 2019, the social commerce industry created over 48 million jobs and by the end of 2020 more than 70% of Chinese consumers expressed their preference for social commerce to make their purchases, while the worldwide average is of 42%. Data show that the number of social commerce users in China almost doubled from 2016, when there were 418 million of users, to 2021, with nearly 800 million of them. The majority of Chinese people making purchases through social commerce platforms is under 30 (10.25% under 18 and 34.98% between 18 and 30 years), while customers between 31 and 40 years correspond to 34.68% out of the total and those over 41 years belong to the remaining 20.1%. Customers from first and second tier cities contribute to 60% of total social e-commerce users in China in 2020. ⁶⁰

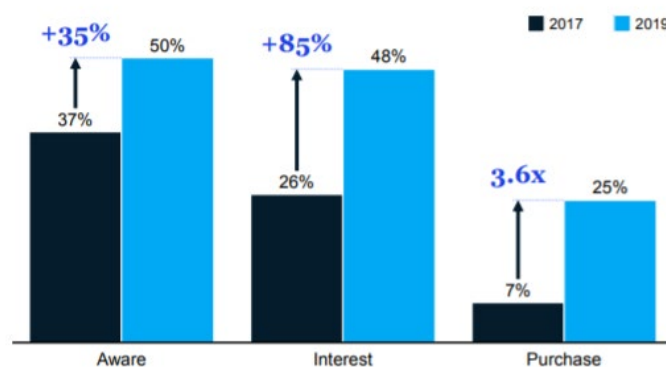


Age distribution of social commerce customers in China in 2020. Source: Statista

⁶⁰ Ma Yihan, “Social commerce in China” (2021) https://www.statista.com/topics/1211/digital-payments-in-china/#topicHeader_wrapper

For what concerns the main categories of products bought via social media platforms, on the first place there is the fashion one (64%), followed by beauty and personal care products, food and drink products and then household cleaning products.⁶¹

According to the “China Digital consumer trends 2019” research conducted by McKinsey, 50% of survey respondents said that they have become aware of a product on a social platform, 48% of them has then developed an interest and finally 25% of them has finalized the purchase. These data have consistently grown from 2017, when for instance only 26% of users were interested in buying products seen on social media, a substantial increase of 85%.



Influence of social media on the consumer journey. Source “China Digital consumer trends 2019”

Social platforms are increasing their appeal as drivers of impulsive shopping in China; this is mainly due to the great amount of interactions that social networks offer and consequently the strong influence generated by KOLs, contacts and other users that recommend products through these platforms and motivate others to buy products they originally were not intended to buy. Ratings, review, referrals and forums contribute to the decision-making process for consumers already aware of the product and support the concept of community, that is central in the social commerce industry, while also promoting the first awareness phase.

Social media that integrate the e-commerce feature, offer users a social comprehensive space where it is possible to receive counseling services, creative and innovative promotional content, entertainment and product personalization, while e-commerce platforms are product-centered and lack the social connections aspect; on the other hand, they offer brands the opportunity to promote at a low cost content and

⁶¹ Mintel, “Social commerce is the new norm in China” (2019) <https://www.mintel.com/press-centre/technology-press-centre/87-of-chinese-consumers-have-engaged-in-social-commerce-platforms>

advertisement, strengthening the online and offline integration through membership programs, invite more potential customers through referral and influence user-generated-content, while collecting relevant customer's data that can be used for better targeting.⁶²

Another element that characterizes social commerce is an easier CRM system that in social media is called social CRM. Brands can quickly respond to customers enquiries and complaints in a direct way, establishing a strong connection that improves the shopping experience and enhances trust. For brands, Social CRM is a powerful tool for clienteling; companies can easily follow clients' whole purchasing process and habits, without the risk that sales associates, that previously contacted customers on their personal social media accounts, would bring that information away from the official brand. Furthermore social CRM allows brands to easily create segmentation of profiles, differentiating them into prospects, clients and VIP customers, to better provide effective marketing and sales solutions according to their level of engagement and of purchases.⁶³

Users' sources can be different as they can come from: public domain, so via purchased traffic; social referral, so from other existing customers and their suggestions; from traffic exchange between e-commerce or social media platforms. It is important to maintain the community that is created on social media and this can be achieved through engaging content that can be user-generated, created by the brand itself, also with the support of celebrities and KOLs, or proceed from third-party sources.⁶⁴

Social commerce in China can be summed with 5Cs:

- Content: from different sources and with the objective of engaging customers, stimulating their interests;
- Customer voice: clients' opinions and feedbacks serve as a means to promote products to social media users that rely on suggestions prior to completing the purchase;
- Convenience: navigation, selection and transaction on social media e-commerce are fast and easy;

⁶² Mc Kinsey, "China digital consumer trends 2019" (2019)

⁶³ Chan Iris, "WeChat CRM in China: How Should Brands Get Started?" (2020) <https://www.luxurysociety.com/en/articles/2020/11/wechat-crm-china-how-should-brands-get-started>

⁶⁴ McKinsey, "Understanding Chinese Consumers: Growth Engine of the World" (2021)

- Conversation: users, brands and KOLs can all interact, enhancing promotion, sales and CRM;
- Commerce: customers can make purchases directly in-app using digital payment methods supported by the social media, without having to exit from it.⁶⁵

3.1.1 New content economy in China

Content economy, also defined as monetization economy or passion economy, revolves around the creation of content. According to recent data published by Ninja Marketing, the total worldwide dimension of this economy is equal to over \$104 billion. Content includes all types of multimedia as video, audio, live-streams but also text, created and shared with the aim of making a profit out of a passion or interest. While before this activity was only possible in relevant companies, the Internet and new media revolution has made it more accessible to receive different types of content and also to create them in an easier, new and more democratic dimension.

As now users are becoming increasingly interested in engaging content to see on their social media, brands are aware of the relevance of producing more of it, also by creating partnerships with content creators. In this way brands can raise the level of engagement with its users and subsequently convert them into customers.

For what concerns creators, they can create their own personal audience and monetize their contents through direct sponsorship of brands' products, fans tips, product placement, events and in some cases also via the subscription to exclusive content, reserved to paying audience.⁶⁶

In China the content economy has been evolving for over ten years and today is a mature market, with over \$20 billion of revenues generated in 2021. At the end of 2020, 62% of Chinese internet users made online purchases through live-streaming, mainly female users. This data highlights the strong connection that Chinese users have developed with platforms that provide fresh and engaging content, well suited to their interests.

⁶⁵ Digit Export, "Social commerce: l'evoluzione dell'e-commerce oltre muraglia" (2020) <https://digitexport.it/affermarsi/social-commerce-evoluzione-e-commerce-cina.kl/#/>

¹¹ Di Vietri, Manuela, "Cos'è la Creator Economy e quali sono gli strumenti per monetizzare" (2021) <https://www.ninjamarketing.it/2021/12/29/cose-la-creator-economy-e-quali-sono-gli-strumenti-per-monetizzare/>

The reasons at the basis of the success of content economy in China is the receptiveness of Chinese consumers to personal content that can provide a sense of authenticity when making a purchase, which is different from what happens in other markets where products are already considered authentic. Furthermore, in China, social media apps, which are the main providers of engaging content, have experienced a rapid growth and an increasing usage rate by Chinese users, driving the expansion of content economy and in the number of creators.⁶⁷

3.2 Growth of luxury fashion social commerce in China

Chinese luxury fashion market is heavily characterized by digitally savvy consumers, who were born in the digital era. For this reason, the luxury industry in China had to realize the increasing relevance of social media, balancing between its core value of exclusivity and the role of social networks in consumers' everyday life.

The use of social commerce offers the opportunity for brands to better communicate their history, values and the direction line for the future, offering higher standards of services to clients. Social media can serve as a way to enhance different categories of brand's values as:

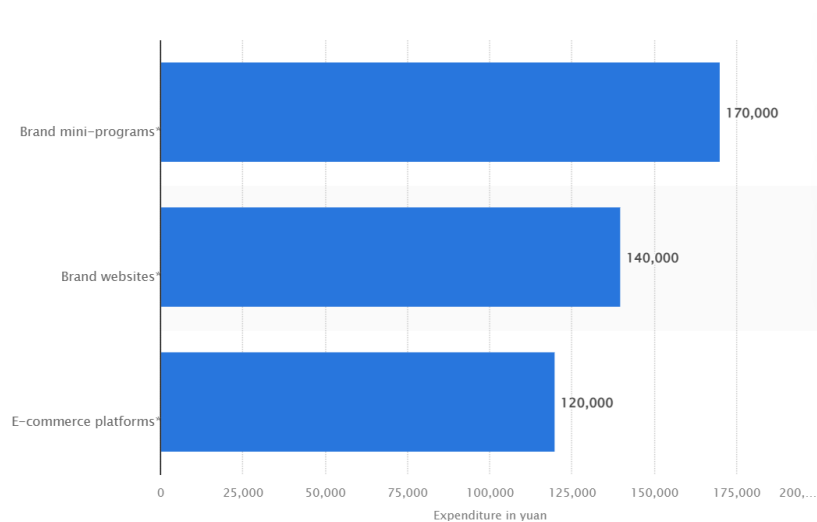
- Functional values: increase of brand knowledge and improvement of products on the basis of direct consumer feedbacks;
- Hedonic values: entertainment, exclusive and different buying experiences with videos, live streaming, close interaction with KOLs and celebrities;
- Symbolic values: authentic sharing of information about products and brand's cultural heritage to improve brands' reputation;
- Financial values: private sales and exclusive products, which increase the total value;
- Relational values: strong connection brands-users and among users, community events to reinforce interaction.⁶⁸

⁶⁷ Hao Jinghan, "What we can learn from China's Creator Economy" (2022) <https://medium.com/@jinghanhao/what-we-can-learn-from-chinas-creator-economy-aa44299a3f0>

⁶⁸ Ng Mark, "Social media and luxury fashion brands in China: the case of Coach" (2018)

New digital media as social networks offer luxury brands the opportunity to manage also omnichannel communication with customers that instead of being traditionally passive, become active part of the brand’s online value creation and marketing activities.

In 2021 Chinese luxury consumers spent on average 170 thousand RMB on mini programs of luxury brands present on social media apps. Annual expenditure on social commerce apps is higher than the one on the brands websites, as this reaches 140 thousand RMB and also if compared to e-commerce platforms, on which customers spend annually 120 thousand RMB.⁶⁹

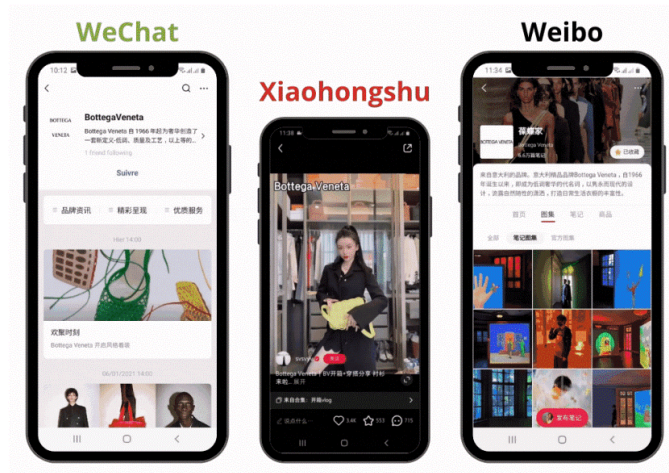


Annual expenditure in luxury consumption channels in China in 2021. Source: Statista

At first the potential of social commerce was not fully leveraged by international luxury fashion brands. However, mainly thanks to WeChat and its comprehensive set of in-app functionalities, brands had clear that the future of communication and of e-commerce was becoming more social, even due to the rapid digitalization led by the younger generations of consumers. Today all of the major international luxury fashion brands have joined the ecosystem of social media apps in China, including Bottega Veneta, which at the beginning of 2021 decided to close all of its social media profiles, except the ones on WeChat, Weibo and Little Red Book. This choice reflects the relevant role that social platforms play in China and the power they exert on e-commerce.⁷⁰

⁶⁹ Ma Yihan, “Annual spending on purchasing luxury goods in China 2021, by channel” (2021) <https://www.statista.com/statistics/1276408/china-luxury-goods-shopping-spending-by-channel/>

⁷⁰ GMA, “Bottega Veneta ha chiuso i suoi account social ... tranne che in Cina” (2021) <https://italia.marketingtochina.com/bottega-veneta-ha-chiuso-i-suoi-social-media-tranne-che-in-cina/>



Bottega Veneta on Chinese social media. Source: GMA

Social commerce platforms in China provide luxury fashion brands the opportunity to enhance CRM systems, an essential element in the luxury industry; as a matter of fact, new media allow luxury brands to introduce clients to an exclusive community while directly engaging with them, using the dedicated features available on the platforms as private messages, hashtags, clients’ databases and so on, which are useful also for marketing researches to perform in real time.⁷¹

International luxury fashion brands willing to set themselves apart from the competition in the Chinese luxury market can leverage the analytics tools provided by social commerce apps, analyzing topics and performing hashtags about luxury products in China, major KOLs, customers’ interactions and discussion about luxury products and their shopping experiences.⁷²

Social commerce can also serve as a system to predict consumer behaviors and new possible trends. Platforms as WeChat offer built-in consumer behavioral alerts that can facilitate brands’ efforts in understanding what costumers are looking for and what are their intentions. In this way, luxury fashion brands can provide higher personalization for luxury clients, who expect extraordinary service standards, in terms of initiatives, loyalty programs, closer communication, product suggestions and new

⁷¹ Wei Alexander, “WeChat Luxury Index 2021: From Social to Commerce” (2020) <https://www.luxurysociety.com/en/articles/2021/04/wechat-luxury-index-2021-social-commerce>

⁷² Linkfluence, “How Social Data Has Its Say in the \$147bn Chinese Luxury Market” (2018) <https://www.linkfluence.com/blog/china-luxury-market-social-data>

opportunities for them. Furthermore, this feature has the potential to improve the overall organization and promotion for luxury companies by predicting new needs and interests among consumers, to better serve them. Chinese social commerce apps are used by international luxury fashion brands to create a more localized shopping experience, tailored to Chinese consumer tastes and needs, while maintaining their original essence of luxury brands and their values.⁷³

For brands new to the Chinese luxury market, a social media strategy is the most effective and rapid solution to build brand awareness at reduced costs, while for well-known brands it increases and maintains visibility and clients' loyalty, essential elements in the dynamic environment that characterizes current luxury market.

Social commerce also promotes product and marketing consistency for brands; indeed, in Chinese e-commerce platforms it might be possible that the communication and display of products seem different from the brand's official website. This situation can cause confusion for the consumer, who might not feel the product as authentic, deeply influencing its purchasing journey. On the other hand, on their official social media accounts, brands can more easily maintain their recognizable communication style since they have full control over them and users rely on social platforms.

3.3 New trends

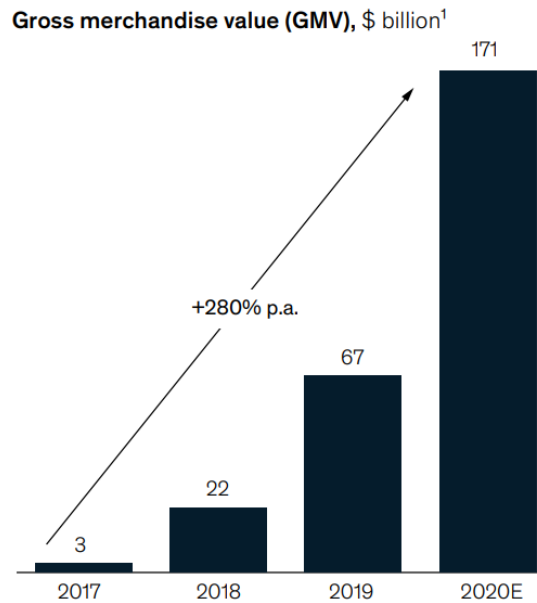
3.3.1 Live streaming

In 2016 a new revolutionary trend was introduced in the Chinese digital commerce world and this is live streaming.

Live streaming offers the opportunity for users to instantly buy products which are being promoted through a live video. Users can also directly and immediately participate to the live event, using a chat function or reaction buttons. In 2020, two-thirds of the interviewed Chinese consumers declared to have bought products via live streaming during the previous year, a data that clearly reflects the relevance that live streaming is representing as a new performing sales channel in the Chinese retail industry. According to McKinsey, live streaming sales will account for as much as 10 to 20% of all sales made via e-commerce by 2026. Furthermore, in the last 5 years live commerce in China has rapidly developed and the penetration rate in total sales is of

⁷³ Wei Alexander, "The Luxury Social Selling Boom in China: What's Driving it?" (2020) <https://www.luxurysociety.com/en/articles/2020/10/social-selling-booming-luxury-china-what-driving-it>

10%, while the annual growth rate between 2017 and 2020 was equal to 280%, reaching \$171 billion of value in 2020.



China's live commerce GMV between 2017 and 2020. Source: McKinsey

The most relevant and showcased product categories in live commerce are fashion (35.6%), beauty (7.6%), food (7.4%) and consumer electronics (4.6%). In terms of usage, Generation Z and Millennials are the main viewers of live streams, even though also older generations are becoming more acquainted to this new retail channel. By March 2020, 265 million users made purchases via live commerce, which is equal to 30% of total Chinese internet users.

Live commerce in China is now a consolidated trend in social platforms also for luxury brands as it provides the opportunity for them to create awareness about products and to respond to customers doubts prior to the purchase in real time. In addition, it also allows to immediately convert interest into sales, making live streaming a useful tool for seasonal marketing campaigns and for new exclusive items.⁷⁴

The Covid-19 pandemic and the connected lockdowns in China contributed to the extensive increase in usage by international brands of live commerce. It was firstly used to allow customers to virtually attend fashion shows, but was also used to maintain sales rate, while deeply connecting with customers, in a time in which it was not possible to receive in-store counseling by sales assistants.⁷⁵

⁷⁴ McKinsey, "It's showtime! How live commerce is transforming the shopping experience" (2021)

⁷⁵ Jiang Yaling, "What Brands Need to Know Before Livestreaming in China" (2020) <https://jingdaily.com/what-brands-need-to-know-before-livestreaming-in-china/>

To perform a live streaming event, brands generally rely on KOLs and KOCs to host the show, following different formats.

- Tutorials: practical demonstrations of how to use a specific product and which are the possible ways to combine it with other items, offering also the opportunity to make cross-selling;
- Interviews: by inviting celebrities, users can perceive the promoted product as more authentic, while brands drive traffic and build awareness;
- Behind-the-scenes: videos offering the story behind a product or a brand, enhancing its reputation and values in order to achieve customers' loyalty;
- Live Q&A: sessions in which viewers can ask questions via moderated live chat discussions as instant answers can promote more rapid purchase decisions.

Live streaming can also leverage the increasing popularity and potential of virtual and augmented reality to offer a unique and immersive experience to users, who, in this way, can have the possibility to see products from all perspectives.⁷⁶

Among the most performing live streaming events conducted in China by international brands, Moncler's presentation of its Genius Collection, designed by Hiroshi Fujiwara, was one of the most successful. The one-hour-long show took place on Weibo and saw the participation of streetwear KOL Li Chen, comedian Pang Bo and actress Song Qian. In order to offer a more dynamic experience to viewers, the event was hosted in two different venues; the first one was a pop-up ramen stand and the other one was a futuristic stage setting. During the event Song Qian tried different outfits from the new collection, underlying the great versatility of Moncler's women clothes. The event reached over 31.6 million views on Weibo, breaking the record set by Chanel and Gucci on the same platform for live stream events, that respectively reached 23 and 25 million views. According to Moncler, almost every style and size from the Genius Collection 2020 went sold out on the release day.⁷⁷

⁷⁶ McKinsey, "It's showtime! How live commerce is transforming the shopping experience"(2021)

⁷⁷ Zheng Ruonan, "How Moncler Found the Perfect Recipe for China's Post-COVID-19 Market" (2020) <https://jingdaily.com/how-moncler-found-the-perfect-recipe-for-chinas-post-covid-19-market/>

The following year Moncler decided to leverage again the effectiveness in terms of promotion offered by livestreaming on Weibo. Prior to the event for the launch of the latest Genius Collection, “MONDOGENIUS”, the brand posted short videos featuring the ambassador Victoria Song and three members from the band INTO1 and actress Guang Xiaotong. These teasers served as a way to actively promote the main event, which took place between Milan, where Alicia Keys hosted the show and interacted with Victoria Song, who was live from Shanghai. The event was then characterized by a mix of surreal graphics and real locations, with an allusion to metaverse. Viewers could also attend runway shows and focus on products, supported by oral and visual storytelling. The combination of teasers and the live show reached a total of 128 million viewers on all Chinese platforms.⁷⁸



“MONDOGENIUS” live streaming event. Source: Moncler

⁷⁸ Wu Wenzhou, “Moncler’s “MONDOGENIUS” Reimagines Digital Runways” (2021) <https://jingdaily.com/monclers-mondogenius-reimagines-digital-runways/>

3.3.2 Gamification

Over the years luxury brands have started to focus increasingly more on Generation Z, Millennial consumers and their interests, among which there are videogames.

Gamification is the use of game designs and principles in non-game contexts. In this way users can have a dynamic and engaging experience while interacting with the brand and its products. This new mechanism is mainly used to create awareness and to gain visibility, collecting data and reinforcing brand's image.

In 2020 almost 500 million monthly active users (MAU) on WeChat played WeChat mini games, which corresponds to half of WeChat's total MAU. Tencent, the Chinese giant tech company owner of WeChat and which already generates 33% of total revenue from online games, opened to further developments in terms of purchases and advertisements on mini games.

International luxury fashion brands are leveraging this feature, offered by Chinese social platforms, to respond to the new gamification trend and its opportunities, from subscription accounts, service accounts and WeChat moment ads to promote them. Furthermore, mini games also have the potential to allow customers not able to afford luxury brands in real life to buy items from them in the video game dimension.

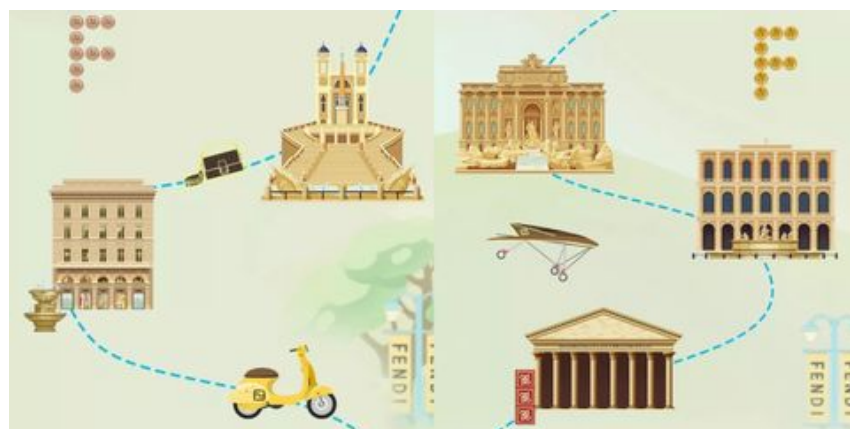
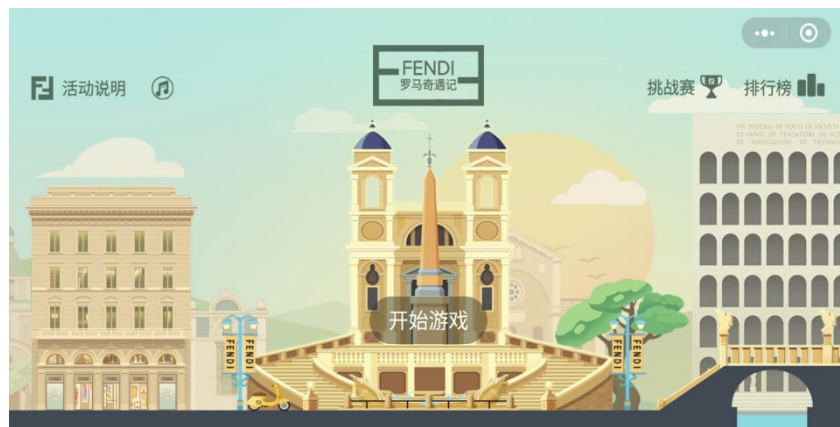
Video games on social commerce apps are easier to develop, more cost-effective and might be used also to create a first partnership between games developers and luxury companies.⁷⁹



Luxury retailer Mytheresa mini-game on WeChat. Source: Vogue Business

⁷⁹ Biondi Annachiara, "Can luxury brands crack WeChat mini games in 2021?" (2021) <https://www.voguebusiness.com/technology/we-chat-mini-games-burberry-dior-livestreaming-monetisation>

The first mini game created on WeChat by a luxury brand is the “Fendi Ways to Rome”, released in June 2019. The game combines Fendi’s iconic image and the eternal city of Rome. Players can choose their own avatar; the male version of it is the Chinese actor and singer Xu Weizhu, ambassador of the Italian brand for the Peekaboo bag. Player of the mini game can participate with Xu Weizhu’s avatar through the different levels in the setting of Rome. In this way, users can also discover more about the historical background of the brand, which was born in Rome, and about the most famous landmarks in the Italian capital. In addition, Fendi offered rewards for players of its game as the brand will choose three of them for an exclusive trip ticket from Shanghai to Rome, including three free nights at a luxury hotel and a guided visit of Rome. Also, players contributing to the discussion on the comment section about hidden details discovered while playing could win small prizes.⁸⁰



Fendi’s mini game on WeChat. Source: WeChat

⁸⁰ Zheng Ruonan, “Fendi Blends Star Power and Fashion in the Latest WeChat Mini Game” (2019) <https://jingdaily.com/fendi-latest-wechat-mini-game/>

3.3.3 KOLs

The term KOLs stands for *Key Opinion Leaders* and is the equivalent of the role that *Influencers* have in the West. They are public figures in China operating online, able to influence users' and fans' purchasing choices. They share their opinions, points of view, judgments and estimations about products and brands. They can serve as a valuable bridge between brands and consumers, thanks to their ability to cover high amounts of target audiences.

KOLs actively engage with users who deliberately decide to follow them. This is the key element of KOLs power: users are not passively receiving promotional messages from traditional communication media, but they decide what are their sources for discovering new products, based on their interests. This element also makes easier for brands to engage with clients through KOLs because they trust them enough to follow them online and to be open to their suggestions. KOLs also leverage the high importance given in China to Word of Mouth for the decision-making process; according to a study by Tencent and BCG in 2019, more than 70% of respondents were influenced in their shopping decisions by KOLs.

In 2021 the KOLs market value reached 340 billion RMB. In particular on Weibo the number of KOLs has consistently increased with +23% of Top-Tier KOLs, +51% of Mid-Tier KOLs.⁸¹

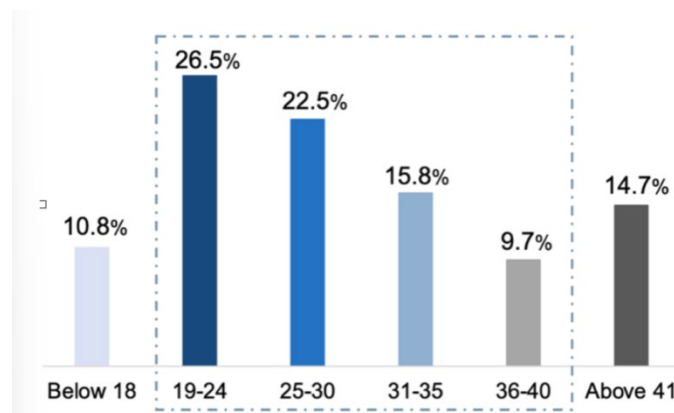
Even though influencer marketing in the West and KOLs' one in China share some characteristics, there are some relevant differences. KOLs economy in China is more commercial and structured, with teams behind them made of up to 20 people as the KOL publicly represents a business. For this reason, Chinese KOLs can be more expensive than influencers as in some cases the price point might be four times higher than of public figures in the United States. However, differently from influencers in the West who focus on similar audiences and few areas, KOLs can cover broader categories of users and interests.⁸²

KOLs predominantly belong to the post-80s and 90s generations, have received high education and are located in first or second-tier cities. Their target audience is

⁸¹ ⁸¹ Daxue Consulting, "Guide to KOL marketing in China" (2021) <https://daxueconsulting.com/kol-marketing-china-2/>

⁸² Wang Tony, "Influencers in China are irreplaceable"(2021) <https://www.highsnobiety.com/p/influencers-china-white-paper-kol-col/>

mainly composed of users from the post-90s generation (almost 80%), and in specific female users are the most interested in KOLs covering luxury goods categories.



KOLs followers' age distribution 2021. Source: Daxue Consulting

According to the number of followers, KOLs can be divided into different categories:

- Top stars and celebrities: they can count with over 10 million followers and wide area of influence;
- Top-Tier KOLs: they have more than a million of followers. They are professionals that can guarantee high exposure in a short period of time;
- Mid-Tier KOLs: their followers are more than 10 thousand and they cover niche areas;
- Micro KOLs: they can count with few thousands of followers and exert a small influence over users, even though they can be more responsive to followers' requests and have less fake accounts following them, so their perceived authenticity is high.

Over the years KOLs communication has evolved as well as the instruments they use to reach followers have done. Currently, one of the most recent and performing trends for them is the use of live-streaming, where viewers can interact directly with the KOL hosting the live stream. On the other hand, short videos are increasingly popular as well, especially among users of

Generation Z, with almost 30% of the time spent on social media dedicated to watch short videos on platforms as Douyin.⁸³

Among the reasons that stand at the basis of KOLs success on social media is the authenticity transferred to the brand they are promoting. When a well-known KOL represents a brand and shows its products to followers the most relevant aspect is that the promotion must seem “real”. The KOL even though is paid, has the objective of transferring her/his own charisma to the brand, enhancing its image, and looking genuine when suggesting users to try brand’s products.⁸⁴

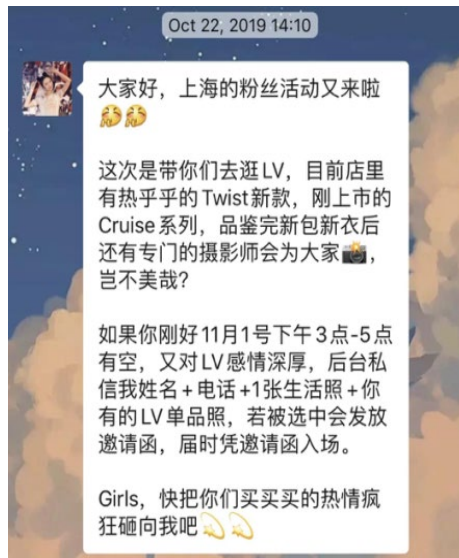
KOLs’ popularity can also cross Chinese borders and reach luxury brands abroad. An example of this is KOL Anny Fan, who has on Weibo 2.9 million of followers and 300 thousand on WeChat. She used to work as a PR in a bank in China and then started to post visual stories on her blog, attracting also Chinese students abroad. She now collaborates with Fendi, Chanel and Louis Vuitton among the others, for which she frequently attends international events. One of the social campaigns in which she took part was the Louis Vuitton Twist and Cruise Collection’s one⁸⁵. On October 22, 2019 Anny Fan sent a message via WeChat to her followers to invite them to a private fan event with her at a Louis Vuitton store in Shanghai. Followers selected to attend the event were the ones winning the dedicated contest. To participate, they had to send their names and contact details and then a picture of them and all of the Louis Vuitton items they owned.⁸⁶

⁸³ Daxue Consulting, “Guide to KOL marketing in China” (2021) <https://daxueconsulting.com/kol-marketing-china-2/>

⁸⁴ Kumar Preeti, “KOL Marketing in China: Why It Works and How To Do It Right” (2017) <https://jingdaily.com/kol-marketing-in-china/>

⁸⁵ Zheng Ruonan, “Bloggers Without Borders – 7 of the New Breed of Chinese Global Influencer” (2018) <https://jingdaily.com/7-chinese-international-influencers/>

⁸⁶ Hallanan Lauren, “How 5 KOLs are Taking Brand Audience Engagement to the Next Level” (2019) <https://jingdaily.com/how-5-kols-are-taking-brand-audience-engagement-to-the-next-level/>



Anny Fan message on WeChat to invite her fans to LV event. Source: Jing Daily

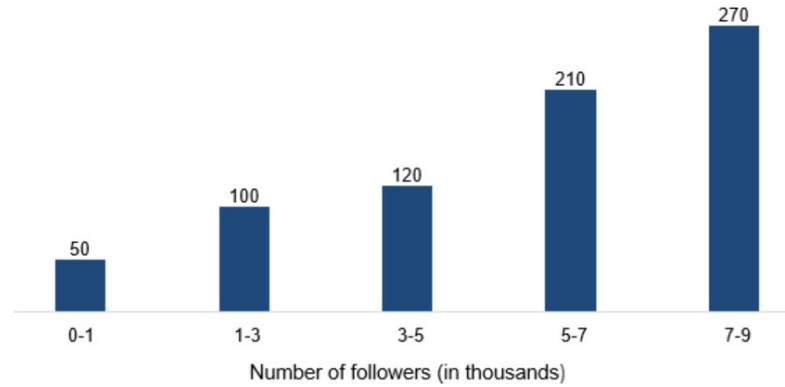
Recently, virtual KOLs, as well, are becoming increasingly popular, especially among young audiences. Their real success in China started during the Covid-19 pandemic, with most of the events taking place online. Some of the virtual KOLs are also famous characters from videogames, comics and anime. Among the advantages for brands to hire virtual KOLs there is the fact that, as they are not humans, they cannot make mistakes and damage brands. In the luxury fashion industry, they can be easily used to show how products would look on people.⁸⁷

3.3.4 KOCs

KOLs success in China has also paved the way for a new category of Chinese influencers called KOCs, whose name stands for Key Opinion Customers. They are micro-influencers with up to few thousands of followers.

The main differences between KOCs and KOLs lay in the level of perceived authenticity by followers; indeed, KOCs have a clear brand preference and for this reason they are considered more authentic than KOLs, even though, due to the low number of followers, their engagement is not high and as a consequence they receive quite small fees or even none at all.

⁸⁷ Sentence Rebecca, “Virtual influencers are helping brands to succeed in China” (2021) <https://econsultancy.com/virtual-influencers-are-helping-brands-to-succeed-in-china/>



Prices of KOCs' posts on Little Red Book in RMB. Source: Daxue Consulting

KOCs are also more trusted than KOLs due to some scandals in which Chinese influencers were involved. As Chinese consumers are becoming more sophisticated and are aware of the fact that KOLs are paid by brands, they look for less commercially influenced content.

KOCs are primarily consumers who decide to try new products and then share their opinions about them through reviews and also their daily lives, to give a demonstration of their sense of reality. They frequently interact with their followers, who are considered as a community.⁸⁸

While KOCs marketing can be done on all Chinese social platforms, Little Red Book provides the most suitable environment to exchange suggestions about products and latest trends. Even though the number of followers is considerably smaller than the those of KOLs, KOCs can create a stronger connection with their fans and receive a high-level of interaction and also a high *return on investment* (ROI).

Luxury fashion brands entering into the Chinese market might start sending products to KOCs in order for them to try and share their opinions with their followers. In this way, brands can test whether the market is ready or not before launching products and creating promotional campaigns. They also serve as a way for brands to build their trusted fan base, without spending considerable fees.⁸⁹

A further characteristic of KOCs marketing is the high level of creativity involved into the creation of content as these micro-influencers have full control over

⁸⁸ Daxue Consulting, "KOC marketing in China often gets more bang for the buck than KOL marketing" (2017) <https://daxueconsulting.com/koc-marketing-in-china/>

⁸⁹ Smith Tamsin, "What is a KOC? Behind China's Latest Influencer Trend" (2019) <https://jingdaily.com/what-is-a-koc-behind-chinas-latest-influencer-trend/>

product promotion. For this reason, brands approaching to the KOCs world must make sure to choose the right people, according to their promotional style, to fit their audience and main characteristics with the brand's ones.⁹⁰

3.4 Platforms in China for luxury fashion social commerce

3.4.1 Little Red Book 小红书

XiaoHongShu (小红书), which is translated in English as Little Red Book, is a social e-commerce platform based in Shanghai, funded in 2013 by Miranda Qu and Charlwin Mao.

The initial aim of this app was to help users, mainly female, young and living in Tier 1 cities, to create shopping lists for their travels overseas and to review merchandise bought abroad. However, it rapidly started to be used as a means of interaction with other users for the exchange of advises, specifically shopping ones.

In 2014 Little Red Book, known outside China as RED, integrated the e-commerce function called RED store, to buy products directly from the app, entering into the world of Chinese e-commerce and officially becoming a social-commerce app. Even though the platform started reselling products directly to users, later on it also introduced the opportunity for third-party retailers to have an online presence on the new app, while reinforcing its logistic and supply chain and facing the strong competition of e-commerce giants in the country as Alibaba and JD.com.

In 2015 the gross merchandise value went from 1 million RMB to over 100 million RMB in just 6 months while reaching 1 billion RMB sales in 2017 and more than 50 million users. In the same year the platform launched its delivery feature called RED Delivery.

In 2018, Little Red Book started to sell advertisement spaces in its platform, increasing its revenues. However, the true milestone was the Series D⁹¹ fundraising lead by Alibaba Group, which brought to Little Red Book over \$300 million, bringing its evaluation to over \$3 billion as of June 2018 and entering the platform into the list of

⁹⁰ GMA, "Switching From KOL to KOC as a Successful Strategy in China" (2020) <https://fashionchinaagency.com/switching-from-kol-to-koc-as-a-successful-strategy-in-china/>

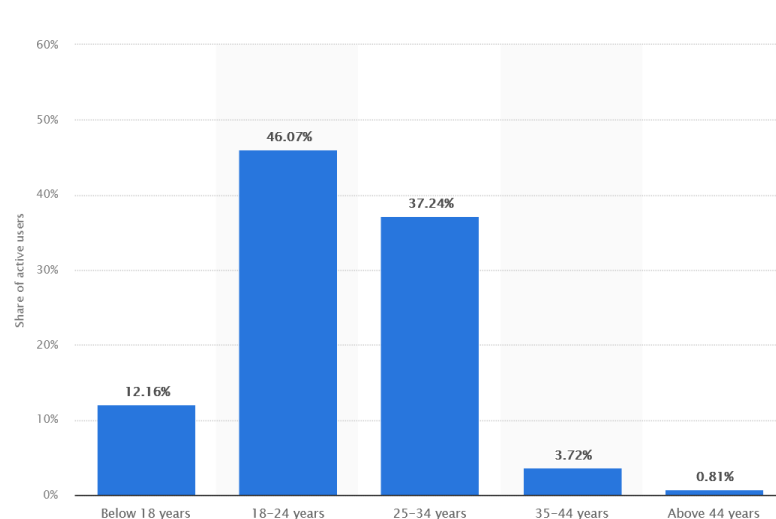
⁹¹ Series D funding are part of the fourth stage financing cycle of a new business growth and are used for merging and acquisitions

the most innovative companies in China by Forbes in 2019.⁹² In 2021 the company's valuation reached \$6 billion.

The performances of Little Red Book in terms of e-commerce contributed to secure a \$500 million investment in November 2021, managing to double its market valuation to \$20 billion.

3.4.1.1 Community and features

Currently the platform comprises with more than 300 million of registered users and over 100 million of which are active users per month. Statistics⁹³ show that over 95% of total active users are under 35 years-old; indeed, 12.16% of them are below 18 years, 46.07% is between 18 and 24 years-old, 37.24% is between 25 and 34 years-old and only 4.53% is over 35 years-old.



Active user age distribution of Xiaohongshu in 2020. Source: Statista.com

Another relevant data is the gender of active users; as a matter of fact, more than 90%⁹⁴ of Little Red Book's members are women, mostly living in first and second tier

⁹² 2019 Forbes China 50 Most Innovative Companies (2019) <https://www.forbes.com/sites/forbeschina/2019/07/07/2019-forbes-china-50-most-innovative-companies-full-list/?sh=44a6ff402837>

⁹³ Active user age distribution of Xiaohongshu in 2020 <https://www.statista.com/statistics/1053545/china-xiaohongshu-user-age-distribution/>

⁹⁴ Active user gender distribution of Xiaohongshu in China in 2020 <https://www.statista.com/statistics/1053571/china-xiaohongshu-user-gender-distribution/>

cities. Half of them belongs to higher-middle and middle classes, making it a suitable platform to target young, wealthy and female shoppers of branded goods.

The main characteristic that distinguishes Little Red Book from other platforms is the amount of UGC (user generated content). Over 70% of all content on the app is user-generated, making it the place where users can find and share information as well as opinions about products, essentials in the pre-purchase phase.

Community is the key word in the Little Red Book world as it represents its main core. It was born as a review platform but over time it managed to leverage Chinese consumers' need for advices from others before completing a purchase and, at the same time, the extensive growth of the 种草 economy⁹⁵, where “zhongcao” literally means “planting grass”, which in the Chinese internet slang refers to the desire that arises when seeing something owned by a family member or a friend or in an advertisement. The high level of engagement and the community building effect generates a feeling of trust and belonging that makes members feel as they are part of a net of like-minded friends who are exchanging recommendations, as they would do in real life. Moreover, reviews from consumers that had already tried products increase loyalty and the perception of authenticity that represents the foundation of Little Red Book success.

After the introduction of the e-commerce feature, Little Red Book has become a useful resource for Chinese users interested in special categories of products, high-end fashion and beauty ones, to start their consumer journeys, by looking at content generated from peers and potentially ending in buying in-app, even if they were not originally looking for a specific product or service to buy. Generally, users read shopping notes from others, finalize their purchase, publish a shopping note about what they have bought and then interact with other users about their shopping experience, exchanging suggestions.

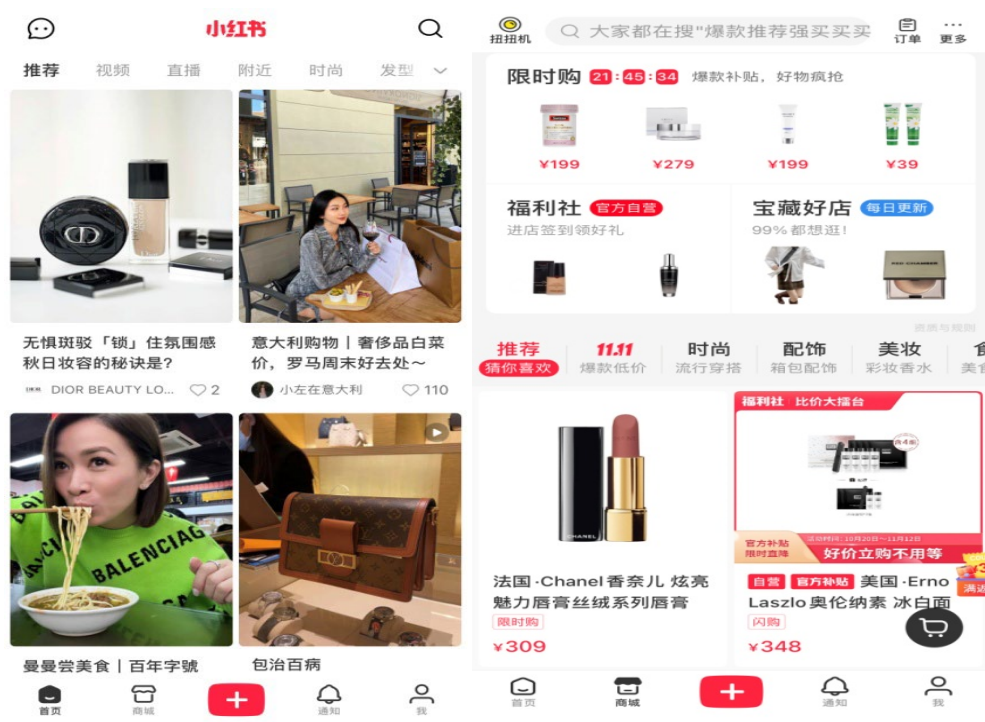
Furthermore, Little Red Book created a recommendation algorithm to customize users' homepage in order to provide the most accurate content to their needs, based on their research history and to the posts saved or liked, increasing the level of personalization. This function narrows the categories in which users are interested and allow them to make more specific choices. Other functions are the “nearby” one that

⁹⁵ Liang Meng, Su Han, “Planting Grass and RED: How E-commerce in China is Interweaved with Social Media” (2021)
<http://globalmedia.mit.edu/2019/12/01/2058/>

shows hot topics and trends based on member's location and the "follow" one to receive the latest updates from followed users and brands' pages.

Little Red Book features also include:

- Hashtags and trend topics;
- Products and brand's pages searching;
- Video and photo posting;
- Long articles creation;
- Payment through Alipay and WeChat Pay;
- Chat with customer service of each shop;
- VIP Membership;
- Direct link to Little Red Book own and third parties' e-commerce store in-app.



Homepage and online store on Little Red Book. Source: Little Red Book app

3.4.1.2 Luxury brands on Little Red Book

Little Red Book's success over the years is also the result of the presence of luxury brands that understood its potential and its key role in Chinese consumers' life,

especially to young women, with a high purchasing power. Through Little Red Book luxury labels can actively involve users and interact with them. In this way, they can manage to maintain relationships and gain a wider pool of customers.

Luxury brands can create their own profiles on the platform and receive from it logistic services, marketing support and customer services; indeed, in march 2019, Little Red Book opened its brand account to connect brands with KOLs to drive even more interest in their products and allow them to buy directly from merchants, without any problem of “authenticity”.

Apart from organic content, the plethora of KOLs and KOCs operating in Little Red Book is becoming a leading feature and tool for luxury brands to increase Word of Mouth through the app and make content go viral.

The platform has recently introduced some limitations to KOLs, such as the number of commercial posts a KOL can do, and introduced a certification to be submitted in order to do commercial posts. However, the main screening about the rightness of a KOL for a specific target, the quality of content and the engagement rates, must be conducted by the brand itself. KOLs can also use for their contents on Little Red Book the live streaming feature, which has been introduced in the platform in 2019.

Furthermore, luxury brands can buy two types of commercial placements such as five-second full screen video opening or integrated posts, which look similar to organic content but are promoted.

The first foreign luxury brand to have an official presence on the platform was Louis Vuitton, opening its account in 2019. In 2020, the French brand presented its new summer collection through a live streaming lead by Chinese KOL Yvonne Ching and celebrity Zhong Chuxi. During the first half the presenter tried some pieces of the new collection and then asked Zhong Chuxi some questions from viewers. During the livestream, users could buy Louis Vuitton’s products directly from the brand’s page on Little Red Book. As a result, the live received positive feedbacks and 150 thousand views; members could gather interesting information about the maison, its collection and how to easily buy it without having to leave the app. Currently LV account has 270 thousand followers and more than 500 posts published.



Louis Vuitton livestreaming on Little Red Book. Source: Octoplus Media Global

Following Louis Vuitton example, over 30 thousand brands decided to open their official accounts, among which Chanel, Dior, Gucci and Burberry.

Little Red Book’s ongoing commitment to build a sophisticated community of Chinese buyers is increasing its appeal from the perspective of luxury brands. On top of that, the app provides innovating features based on the latest trends, such as the case of live streaming, to attract new users in specific consumption circles and help brands targeting them more accurately.

3.4.2 Douyin (抖音)

Douyin (抖音), which in Chinese literally means “shaking sound”, is a Chinese short video app, property of the tech giant Bytedance Technology Co.

It was first released in September 2016 with the name of A.me, but after three months it was rebranded as Douyin. However, the app really took off in 2017, becoming the number two app in the Chinese Apple App store and the first one in the video/photo category, with over 100 million users within a year from the launch. During the same year, Douyin was expanded to the international market under the name of TikTok.

In December 2017, Bytedance finalized the acquisition of another Chinese social media app Musical.ly for nearly \$1billion. Its main feature was the possibility for users to create lip-sync videos as short as fifteen seconds, using filters, songs but also movie clips, and dancing videos. At that time Musical.ly counted with 100 million monthly active users, while TikTok with over 500 million monthly active users. After the acquisition, all the accounts present on Musical.ly were transferred to the TikTok platform, which in 2020 became the most popular mobile app in the world and the most

valued startup (\$75 billion), with over 850 million downloads and a total revenue of \$1.9 billion. Part of these success is due to the Covid-19 pandemic that forced people to stay at home and so content with based-at-home activities quickly accelerated.

Even though Douyin and TikTok might seem as two versions of the same app, they are actually two different and separated systems, with no communication between them. This means that Chinese users can only download Douyin, while foreigners can only download TikTok. The distinction was made to avoid any risk of censored content on TikTok by the Chinese law. Despite the fact that Bytedance's nationality is Chinese, TikTok servers are located in the United States, so that data coming from TikTok is not shared with the Chinese government, an issue particularly relevant under president Trump's administration.⁹⁶

Douyin's community is currently made of over 680 million daily active users who tend to spend on average 26,6 hours per month on the video platform. Some of the most relevant statistics that come from the analysis of Douyin's members state that 85% of them is under 24 years old and 70% is female, with the majority coming from wealthy families living in first tier cities.⁹⁷

The main difference between Douyin and TikTok is that the latter one is still predominantly connected to entertainment and does not allow users to complete in-app purchases, while in Douyin not only this is possible but it is also its main feature, with over €64 billion of gross merchandise value.

3.4.2.1 Features

Douyin allows users to create and share short videos that can last from 15 to 60 seconds. These videos are mainly for entertainment purposes and include music and audio tracks over which people can dance and act. The shortness of these clips leverages today users' low level of attention in the very first seconds to convince them to continue the vision of content. Furthermore, the app provides a wide range of filters, editing functions and animations to enrich videos, that the platform incentives to be shared through hashtags, challenges and live streaming.

⁹⁶ Hamilton Isobel, "ByteDance's head of security says it's impossible for China to get hold of TikTok user data because it's stored in the US" (2020)

<https://www.businessinsider.com/bytedance-security-chief-tiktok-data-stored-us-safe-from-china-2020-8?r=US&IR=T>

⁹⁷ Hallanan Lauren "Is Douyin the Right Social Video Platform for Luxury Brands?" (2018)

<https://jingdaily.com/douyin-luxury-brands/>

Another key feature of Douyin is its innovative and performing algorithm⁹⁸. After a video is uploaded, a primary screening is conducted to ensure that the content does not violate the platform regulation. Then, the video is showed to a limited number of users and if metrics such as video finish rate, likes, shares and comments are positive the video is showed to larger pools of people, according to their behavior and to what they like. In this way videos have the potential to go viral among users that show appreciation for the same kind of content.

However, Douyin is more than a mere entertainment app as it also provides innovative e-commerce services.

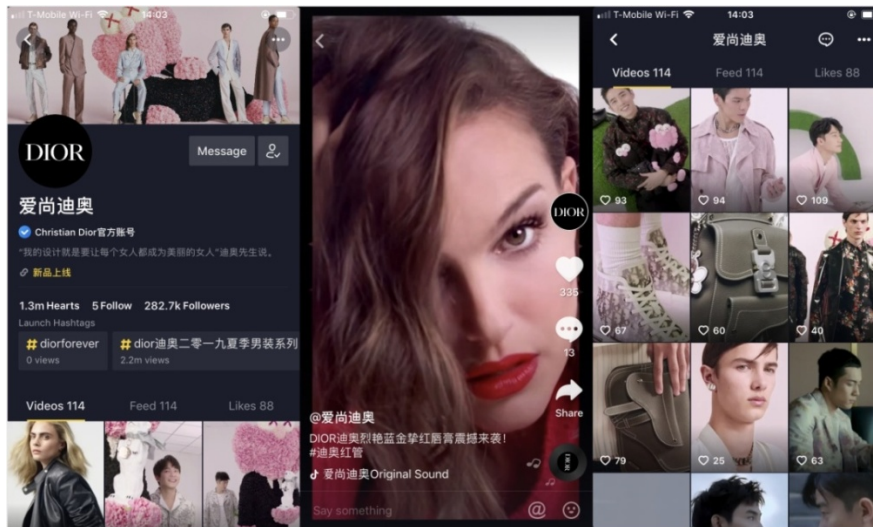
During the first years from the launch, users could buy and sell products by adding links to their content. Through them Douyin members could access to third-party platforms such as JD.com, Tmall and Taobao or to Douyin mini programs, which are sub-applications that allowed them to access services and buy featured products. However, in March 2021 the app banned embedded external links on live streams, in order to be independent from third-party platforms and enhance its newly introduced Douyin store and in-app purchases. Thanks to this feature, brands are able to create their own flagship store directly on Douyin, increasing their conversion rate since all of the consumer journey steps take place in the app, causing an increase of the ratio of product views in brands' pages from 17% to 80%⁹⁹. Users can also obtain vouchers from stores to be used online and offline. Furthermore, as this new category of stores is designed for brands selling their own products, they have to present trademark documents. In this way Douyin ensures a more seamless and trustworthy shopping experience to high-end luxury buyers.

In December 2021, ByteDance introduced a new app called Douyin Box, which is its first independent e-commerce platform. Users can watch short videos as in Douyin but with a focus on fashion. Next to "recommendation", users can also find the "shopping" button in order to look for products, divided into streetwear, luxury and beauty products and second-hand luxury, as in all e-commerce websites and apps. The platform also offers synchronization of users' browsing records from Douyin to allow them a smooth shopping experience.

⁹⁸ Ye Leticia, "Douyin: The biggest algorithm platform in China" (2021)
<https://www.linkedin.com/pulse/biggest-algorithm-platform-china-douyin-leticia-ye/>

⁹⁹ Daxue Consulting, "Everything you didn't know Douyin could do" (2021)
<https://daxueconsulting.com/douyin-e-commerce-functions/>

In order to complete its e-commerce function, in January 2021, Douyin launched its own payment system called Douyin Pay, which now joins Alipay and WeChat Pay.



Dior on Douyin. Source: Douyin

3.4.2.2 Luxury brands on Douyin

After the launch of the Flagship stores, a consistent number of luxury brands has flocked to Douyin in order to gain new Chinese consumers, mainly from Generation Z. Fashion luxury brands such as Dior, Prada, Gucci, Louis Vuitton and Balenciaga understood the potential coming from an app that could attract young and wealthy consumers.

In particular, Cartier used Douyin, in 2020, promoted its “Make your own path” or 方圆无界 (fāngyuán wújiè) campaign for the new “PASHA DE Cartier” series watches. To create engagement among young people, the brand leveraged the influence of UGC content and promoted the hashtag #方圆 (fāngyuán) battle 等你来舞 (děng nǐ lái wǔ), which means “square and circle invite you to a dance battle”. Cartier invited users to post videos of them dancing and using the hashtag together with the campaign’s filter. This simple but effective campaign brought over 1 billion views. Furthermore, the brand invited celebrities to join it and as a result Douyin algorithm boosted the campaign on users’ feed.



Cartier's campaign in Douyin. Source: Campaign Asia

Luxury companies that want to deal and increase sales with younger audiences can take advantage of the high level of creativity that characterizes the platform, which allows more freedom to brands. Moreover, because Douyin is a newcomer, brand campaigns tend to have great visibility and can partner with Douyin to customize branded filters and video backdrops.

Douyin also offers three different types of advertisement:

- Ads in the video feed, which are videos lasting up to 60 seconds that can integrate a link to the Douyin store;
- “Splash ads” which appear at the beginning of a video for a few seconds and that can be showed for a maximum of four times per day;
- KOLs campaigns to catch the attention of their community. Usually on Douyin, KOLs start their campaigns with a contest to engage users, such as challenges, to win the prizes the sponsoring company is offering.

By processing the orders directly in-app, brands can retain data from consumers that have made a purchase in the Douyin flagship store. This data was previously lost to third-party platforms as once consumers had seen the content posted in Douyin, they moved to third-party apps to complete the purchase, so it was not possible to quantify the conversion rate coming from a specific content, while now that is possible. Ensuring that the right content is delivered to the right audience can make the difference in driving conversions and this is possible only thanks to specific insights about target users.

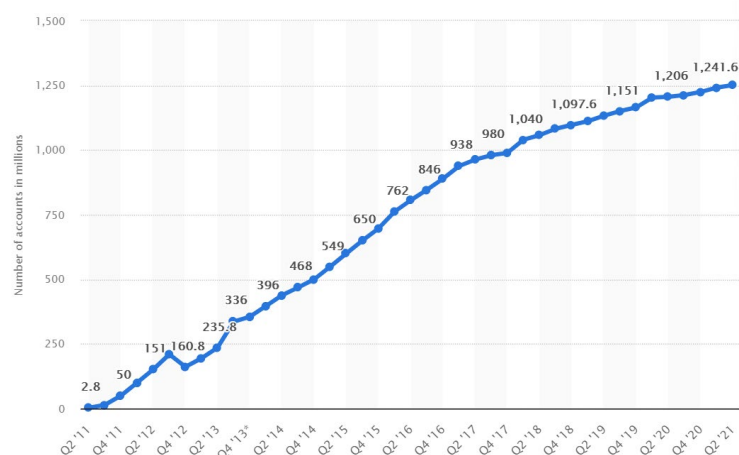
3.4.3 Weixin 微信

Weixin (微信) is the most popular and used app in China, whose international version is called WeChat; as a matter of fact, Weixin is considered a super app where Chinese users can message, buy and sell, make payments, check consumption records, book appointments with public institutions, apply for visas and read news, among the others.

It was funded on January 2011 by Tencent, a giant tech from Shenzhen with a market capitalization of \$562.82 billion.¹⁰⁰

In the very first phases of its creation, Weixin worked as a basic messaging app with the voice messages feature and, within a year, hit 100 million users, becoming one of the fastest growing apps in the world. However, the big leap to become a social media platform was the introduction of the “moments” option, so users could share their stories and content.

In August 2013, the platform launched some of its most known and used features such as “Weixin Pay” (微信支付- wēixìn zhīfù), “Weixin Official Accounts” (微信公众号- wēixìn gōngzhòng hào) and “Weixin Games” (微信游戏- wēixìn yóuxì). Later, at the beginning of 2017, Weixin introduced “mini programs” after one year of development and testing and in February 2018 reached the 1 billion users milestone. Finally, in 2020 and 2021, Weixin incorporated two major functions which are “channels”, to allow users watch videos from brands and celebrities, and then the livestreaming feature.



Increase of registered users of Weixin. Source: Statista

¹⁰⁰ Market capitalization of Tencent
<https://companiesmarketcap.com/tencent/marketcap/>

Today Weixin comprises more than 1.2 billion monthly active users worldwide and is the fifth most used social networking app in the world and the first one in China, where it is used by 78% of 16-64 years-old Chinese users and covers 34% of the country's total data traffic.

3.4.3.1 Features

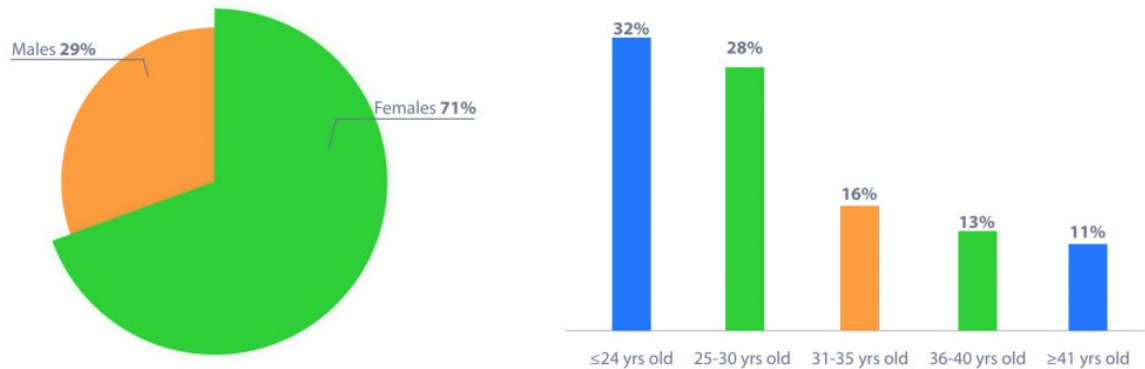
As mentioned above, Weixin has an international version called WeChat. According to the country of origin of the mobile number users can access to WeChat or to Weixin. Even though they might be similar, Weixin and its international version present some differences. For instance, some of the main features in Weixin are the “wallet”, “cards” and “offers” functions, used for mobile payment, sending or receiving coupons or tickets, which are not supported in WeChat. Moreover, as Weixin and WeChat use different servers, data is stored separately so a user's account in WeChat will not be present in Weixin.

微信支付 (Wexin Pay) is one of the most used features in Weixin; indeed more than 900 million users in China pay their bills, purchases and all kind of expenses through it. In order to make a payment in physical stores, clients only have to scan the seller's QR code, enter the required amount of money and then confirm the payment with their password or also the other way around with sellers that scan clients' personal QR code and finalize the payment. 微信支付 charges users 0.1% fee in the case of transactions of more than €1350 or cross-border transfers. In addition, even though until 2019 this function was enabled only by linking a Chinese bank account to their Weixin wallet, now foreigners in China can have access to 微信支付 with their international credit cards as Visa, Mastercard and American Express. This measure was taken to promote the use of the app's payment method also by international travelers and students.

During its evolution, Weixin has fully integrated and developed also its e-commerce feature thanks to Weixin mini programs and mini shops, which generate close to \$250 billion¹⁰¹ in annual transactions.

¹⁰¹ Liao Rita, “WeChat advances e-commerce goals with \$250B in transactions” (2019) https://techcrunch.com/2021/01/19/wechat-2020/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xILmNvbS8&guce_referrer_sig=AQAAAFLSTP5Jb7mjTiXa6WrKqpyTKDgaHWSG8IxPkVVzce7VA70NuIDlzMVHbsHqgEX9G74pHDle6WMGxjHx8AjC9e1vWolJo1XU3YIzje-N3O97NTTVtBL4OBRCPH92ic87x1QrP00cPZ6f20TgfZ_R7_veErgRmCgQsfhvT8oTiNo0

Weixin mini programs (微信小程序- wēixìn xiǎo chéngxù) are mini-apps working inside the main app Weixin, that offer further services to users, mainly women and more than half of them is under 30 years-old.

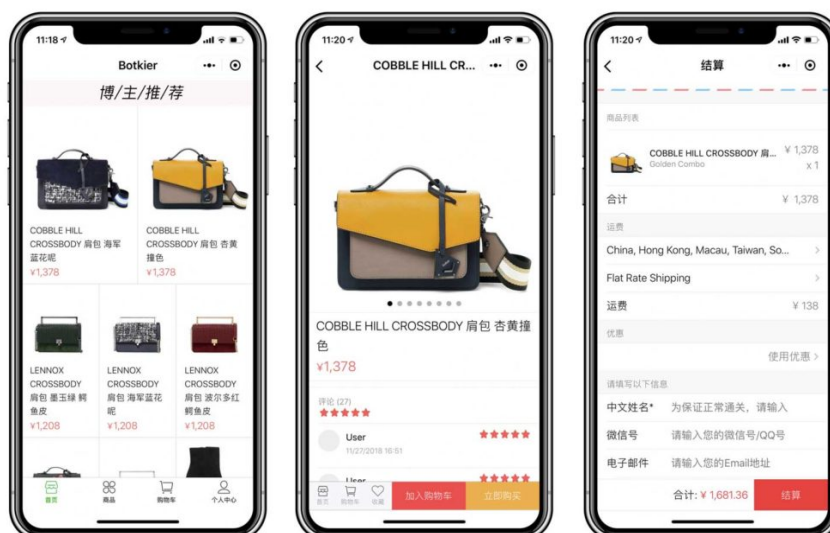


Weixin mini programs users. Source: Monigroup.com

Companies using Weixin official accounts are able to create mini programs in order to promote users' engagement and entertainment, stimulate lead generation and ultimately conversion rate. The main goal of this feature is to create a unique user experience for every kind of need. Mini programs are mainly divided into two categories: mini-games and mini-commerce. For what concerns the latter one, they provide an optimized shopping experience for users to complete in-app purchases.

Weixin provides the option for companies with a Chinese business license to sell on Weixin via Weixin mini shops. They require minimal investment in technology and development capacities. They can be shared on Weixin moments and linked in live streams to drive more traffic to the stores and support the sales of more than 1500 categories of products. Weixin mini shop can also be considered as a complete tool for e-commerce as they provide several functions:

- Management of orders;
- Product marketing;
- CRM;
- Further post-sales services.



Weixin mini shop. Source: Walkthecha

3.4.3.2 Luxury brands on Weixin

As previously mentioned, the growth of the luxury market in China is deeply interconnected with the development of the e-commerce environment in recent years and Weixin represents the perfect arena to convey advertisement to a large pool of users, helping them to finalize the purchases in-app, possibly after gathering information about the products from Weixin trusted personal contacts' reviews.

Luxury brands can rely on Weixin to expand their digital presence through official accounts, brand-owned mini programs, channels and mini shops. These features also allow fashion brands to offer tailored and relevant shopping experiences to prospects and clients, while building a deep connection with them.

To promote products, brands in Weixin can include links to items in the post caption, which redirect users to the product presentations in articles of official accounts and then to mini programs, in order to complete the purchase. Then, after-sale's services and loyalty programs enhance the relationship with costumers.

Luxury companies can also decide to launch temporary mini programs, available only for the time of the campaign or promotion, stimulating curiosity and immediacy. They can also organize challenges with a final prize to be redeemed in-app. Furthermore, brands can include selected customers to their VIP services, which include exclusive customer service messaging and content.

For what concerns promotion on Weixin, brands can leverage the increasing potential of live streaming and short videos, the latter ones have the potential to be

watched by a wider audience since they are available to all users and not only to contacts. Luxury brands can also create ads in Weixin moments, often featuring relevant KOLs and where brands can integrate personal messages, making the users feel as friends to celebrities on the platform.

A successful example of how presence and promotion on Weixin increased the e-commerce business of luxury brands is the Tods's one. In 2018, the Italian luxury shoes and accessories producer decided to partner with the famous fashion KOL Tao Liang, better known as Mr.Bag's, who managed to sell 300 bags through Mr. Bag's Weixin mini program "Baoshop", for a total revenue of \$486 thousand, after a wide promotional coverage by the KOL. The following year the results were even better with the sale of 320 Unicorn D Styling bags, achieving almost \$700 thousand in sales. The majority of the bags were available via "Baoshop", while the rest on Tod's newly inaugurated mini program. Also, in 2020 the partnership was renewed for the launch of a new model of bag, which was characterized by a limited edition stamp and a special packaging with both Mr. Bag's and Tod's logos¹⁰².

3.4.4 Weibo 微博

Weibo 微博, which is translated in English as "microblog", is indeed one of the most relevant and used Chinese microblogging platforms, that operates as a mix of Facebook, Instagram and Twitter. In the platform, users can open personal accounts, publish textual and visual content, read news and follow or be followed by other users.

Weibo was launched in August 2009 by SINA Corporation, a technological enterprise funded in 1998 in Beijing. SINA Corporation also manages Sina Mobile, Sina Online and Sinanet, which today owns 44,7% of Weibo Corporation's shares. Its development is strictly related to the riots that had place in Ürümqi in July 2009, that led to the block of Twitter by the Chinese government, therefore Weibo's origin was to fill that void. However, it quickly started to grow and in March 2012 it had already reached 100 million "tweets" per day, a benchmark achieved by Twitter only after five years of efforts.

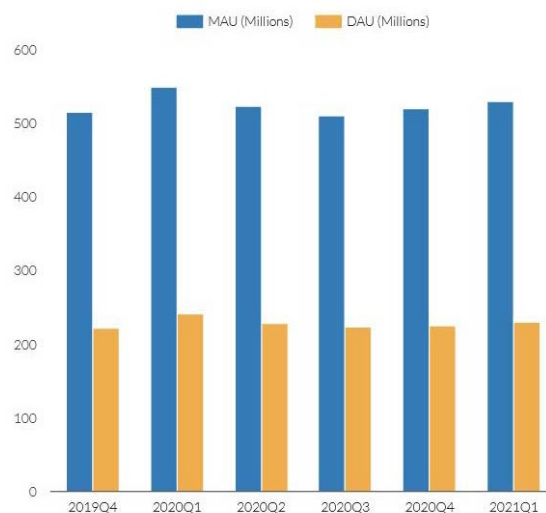
In 2013 Alibaba China, a subsidiary of Alibaba group, led by Jack Ma, acquired 18% of Weibo Corporation's shares for \$586 million, which subsequently reached

¹⁰² La Conceria, "Tod's e Mr. Bags di nuovo insieme per far impazzire WeChat" (2020) <https://www.laconceria.it/pelletteria/tods-e-mr-bags-di-nuovo-insieme-per-far-impazzire-wechat/>

29.8%¹⁰³ of share. The aim was the creation of a strong partnership between Alibaba's Taobao and Tmall Marketplaces for marketing, data exchange and users' accounts integration.

Today Weibo comprises around 566 million monthly active users and 246 million daily active users.

Platform users are predominantly female as they represent 81.7% of total users. Furthermore, 48% of Weibo members are 30-39 years-old, as they historically represent the first user base, while 30% is represented by under 20 years-old people.



Weibo monthly Vs. daily active users from 2019 Q4 to 2021 Q1. Source: Fashion China Agency

3.4.4.1 Features

On Weibo users, including brands, can open their personal accounts, which can be verified to allow others to immediately recognize if those accounts belong to celebrities, organizations or companies.

From their profiles, users can upload text or multimedia content, with a limit of 2000 characters. However, posts longer than 140 characters get split in the feed and are only visible by clicking on “full text” button. Media that users can include in their posts are: pictures, videos, tags, hashtags, articles, live streams, location and questionnaires among the others.

Weibo also provides a feature called “super topic”. It works as page where pictures, videos and all related content shared by other users, generally about a celebrity,

¹⁰³ Weibo Corporation American Depositary Share (WB)
<https://www.nasdaq.com/market-activity/stocks/wb>

are gathered. This function has the potential of attracting a wide amount of targeted users interested in a specific topic and to convey messages directly to them.

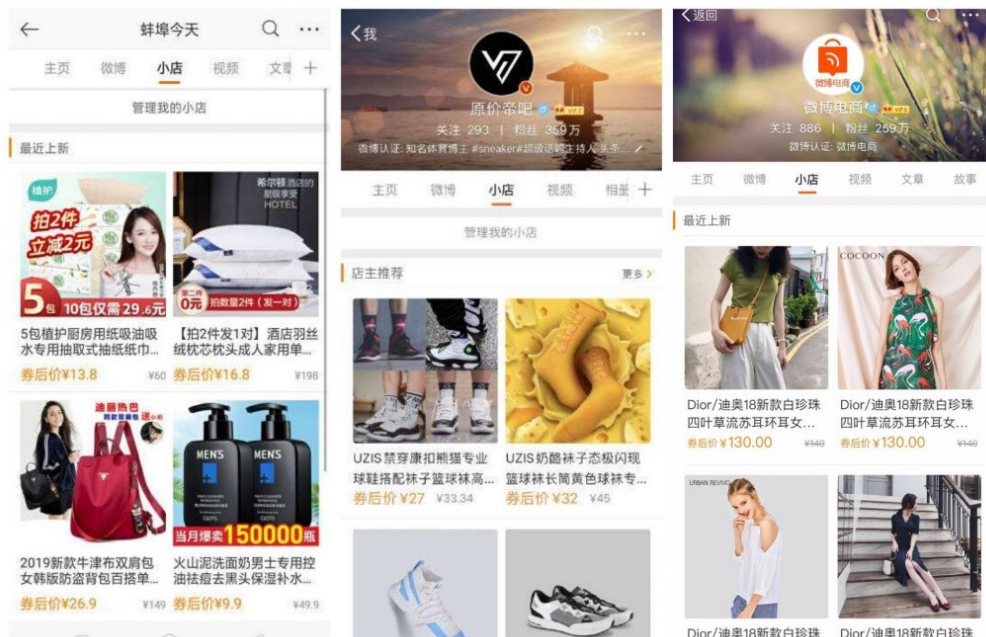
As other platforms, Weibo includes a recommendation algorithm to create a customized feed, according to browse and search history, as well as geographical position and trending topics.

This platform is also used to gather updates and news about several subjects by inserting in the app's search bar keywords related to what users want to know.

Furthermore, Weibo has a section exclusively dedicated to videos; it includes popular videos across the platform but also more specific ones, divided into categories.

For what concerns the e-commerce feature, until 2020, on Weibo users could see products and conclude the purchase via a link that redirected them to Tmall or Taobao. Subsequently, the platform decided to launch its new Weibo mini stores (微博小店) to make in-app purchases, while maintaining the possibility to add links to be opened directly in the app.

Weibo mini stores provide brands with a full set of store management tools as marketing, insights, inventory and orders management. To promote their stores, the app offers incentives to content producers to make use of the live streaming option. In addition, users can also add goods present in C2C platforms including Taobao, JD.com and Youzan.



An example of a Weibo mini store. Source: Ecommerce China Agency

3.4.4.2 Luxury brands on Weibo

From 2020 to 2021 the overall content related to luxury on Weibo has reached 168.2 billion posts, marking a 70.3%¹⁰⁴ increase in just a year. Part of this success is due to the Covid-19 pandemic and to the high volume of content published during that period, especially live streams.

Furthermore, the newly introduced Weibo stores have created an innovative scenario for luxury brands; previously, users could click on links and be redirected to external websites and apps to buy the desired products, missing the final link to sales conversion. However, now brands are able to guide customers past the “awareness” and “interest” stages to the final purchase one. Brands can also obtain plenty of data about conversion rates, therefore be able to better understand users’ interests and needs, and mostly to identify successful content, improving the overall communication and sales.

Weibo not only is a micro-blogging app where users can post different types of content and brands promote and sell their products, but it is also a cross-platform, as it connects online shops, brands websites and other social networks, such as in the case of WeChat mini programs, drastically reducing the consumer journey, avoiding dispersion and driving traffic.

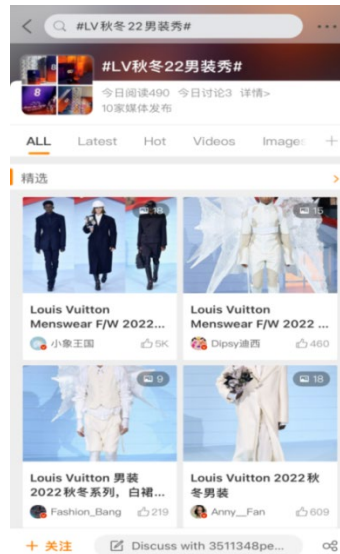
Luxury brands can leverage the potential of advertising on Weibo in four main ways:

1. Display ads, mainly placed on the discovery section of the search page, on the homepage or next to user’s news feeds;
2. Weibo Search Engine Promotion, located in the advanced search function feature provided by the platform;
3. Fan tunnels, which appear as “headlines” on top of the news feed and are used to promote a single post or an account;
4. Fan headlines, placed at the top of the news feed of followers. They are used to focus the target on already present followers and to increase the re-share of content.

One of the latest successful campaigns on Weibo is the one created by the French maison Louis Vuitton for the Spring/Summer Menswear 2022 collection. The

¹⁰⁴ Wu Wenzhou, “How Weibo Is Fueling Social Capital For Luxury Brands In China” (2021) <https://jingdaily.com/weibo-panel-luxury-brand-influence/>

brand decided to be present on different platforms, including Weibo, where it was posted a 10 seconds show trailer of the launch event and then showed it on live stream. Furthermore, LV released video invitations from five male celebrities before the event, as Kris Wu, Gong Jun, Dylan Wang, Chase and INTO1-Mika, leveraging their popularity. The live stream received over 15 million views and the Weibo hashtag #LVMenSS22 achieved over 520 million views in a day.



Louis Vuitton Spring/Summer Menswear 2022 campaign. Source: Weibo



Louis Vuitton account on Weibo. Source: Weibo

3.5 Future Perspectives

According to analysts, the future of luxury fashion social commerce in China will pave the way for a transformation of the e-commerce sector in other countries too. Luxury brands operating in Chinese that have adapted to the newest trends in the field of social commerce are exporting the experience they have gained in China to other markets. Live streaming, upgraded virtual shopping experiences with virtual and augmented reality, but also multi-purpose social media platforms are estimated to grow further in the next future, supported by new technologies and retail models.

AR and VR will become the norm also in the luxury items category, enhancing the online shopping experience of consumers with more precise virtual try-ons. The integration of VR and AR in social media apps is becoming increasingly popular among brands in order to reduce unnecessary unpleasantness for clients and at the same time provide a unique experience as in physical stores.¹⁰⁵

¹⁰⁵ Oakes Andy “How China is shaping the future of social commerce” (2021) <https://newdigitalage.co/social-media/how-china-is-shaping-the-future-of-social-commerce/>

4. Case studies

4.1 Burberry case

4.1.1 Burberry social commerce strategy in China

Burberry is a British luxury fashion brand, founded in 1856 by Thomas Burberry, the inventor of the iconic gabardine trench coat. From that moment on, Burberry has become one of the most famous and recognized luxury brands in the fashion world with 459 shops in all the continents. Today, the brand guided by its Chief Creative Officer Riccardo Tisci, covers several areas of products, from apparel to shoes, bags, make-up and perfumes; they are clearly distinguishable for the famous check design, officially known as Haymarket Check, which has been representing a status symbol for many generations and continues to do so by both constantly preserving the level of craftsmanship and adapting to new technologies.

For what concerns e-commerce, the first transactional website serving customers in the United States was launched in 2004, expanding it in 2006 to the United Kingdom. However, it was not until 2011 that Burberry opened a new transactional website serving 44 countries in 13 languages. This event made Burberry become the first luxury brand to sell online and interact with its customers around the world.

Burberry has always pursued a deeply integrated online and offline approach aimed at creating unique experiences for customer. In 2010, it was the first luxury brand showing online its autumn/winter collection via live streaming and in 2018 it launched B Series, a social experience that allowed clients to purchase limited-edition products every 17th of the month for 24 hours and only on social platforms, including WeChat.

106



106 Burberry website, history section. (Last accessed: 14/03/2022)
<https://www.burberryplc.com/en/company/history.html>

Burberry's website for China Mainland. Source: Burberry website

In September 2010, Burberry acquired its first Chinese franchise partner and officially entered into the Chinese market where it now owns 57 stores in 31 cities in mainland China.

In order to leverage the great potential offered by social media in China, Burberry is currently present on the major social media platforms in China, including the ones which offer the e-commerce feature as WeChat, Weibo, Douyin and Little Red Book. It was also one of the first international luxury brands to open in 2010 its official accounts on Weibo, where it now has accumulated over 1.63 million followers and on WeChat.

In 2018, on the Qixi Festival Day, Burberry opened its WeChat mini program called "Burberry Space".¹⁰⁷ For the launch of the mini program, Burberry created a social game and the theme was Chinese Valentine's Day; after a short quiz to let followers and their partners discover 27 different types of relationships, the game gave access to Burberry's latest collection and to the possibility of buying them directly in-app. In addition, the brand included in the new collection two Qixi bags, the "Belt Bag" and the "Pin Clutch", which are exclusive for the mainland China market. This was the first time Burberry launched a China-only product and made its entrance into the WeChat mini programs world aimed at strengthening the brand's presence on Chinese social commerce platforms.¹⁰⁸



Burberry's bags released for Qixi Day. Source: Jing Daily

¹⁰⁷ Daxue Consulting, "Burberry in China: Sales increasing faster than any other region" (2020) <https://daxueconsulting.com/china-market-research-on-burberry/>

¹⁰⁸ Smith Tamsin, "Exclusive: Burberry Launches 2 Handbags Just for China on First WeChat Mini-Program" (2018) <https://jingdaily.com/burberry-wechat-mini-program/>

Burberry's mini program on WeChat provides highly interactive content for users, who can scroll through posts to know more about events, latest items, brand history and its values. Furthermore, in order to enhance engagement, after exploring the content of the mini program, users can create a pet virtual character and dress it with items from the cloth section. This marketing strategy's goal is to encourage users to spend time on the app, increase brand exposure and have higher chances of converting users into customers.¹⁰⁹



Burberry's virtual character on WeChat mini program. Source: Medium

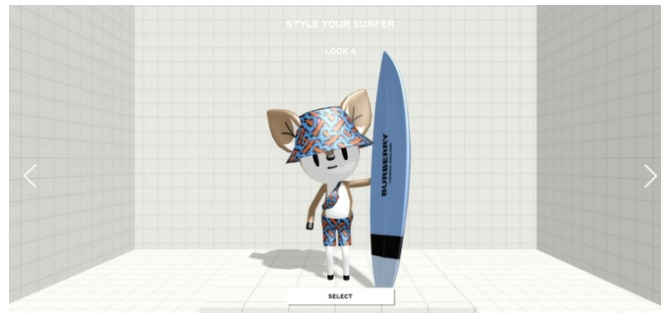
In 2019, Burberry launched on the same social commerce platform its first mini game, "B Bounce". The mission is for players to wear a supercharged monogram puffer jacket to race a deer character to the moon.¹¹⁰

For the promotion of the summer collection 2020, Burberry released "B Surf", a multiplayer mini game that offers the opportunity for players to share their experience with friends, enhancing the popularity of it and of the brand. Before playing, as in the previous video game, users can dress their character with clothes from Burberry itself. The "B Surf" game consists of multiple players challenging each other on a race around

¹⁰⁹ Yang Ann, "Age Doesn't Limit Burberry's Digital Transformation" (2021) <https://medium.com/marketing-in-the-age-of-digital/age-doesnt-limit-burberry-s-digital-transformation-70d81204aa33>

¹¹⁰ Page Carly, "Why Burberry and Gucci are betting on mini-games" (2021) <https://www.wired.co.uk/article/burberry-gucci-mini-games>

a track with their surfboards. During the first two weeks, the brand offered daily prizes to players, which included also a limited-edition TB surfboard and Burberry's bucket hats. In addition, users could unlock digital rewards as AR characters for the game and face filters to be used and shared. ¹¹¹



“B surf” mini game on WeChat. Source: Marketing Dive

Burberry is actively present also on Weibo where it shows new collections, latest items, collaborations with KOLs and exclusive content about the creative concepts behind the brand's luxury items. This for instance is the case of the presentation of the Spring/Summer Womenswear collection 2022 for which Riccardo Tisci explained in a short video the origins of the idea for the new launch, while images from the fashion show were displayed.

Weibo also offers the opportunity for users to use the related hashtags in order to be updated about new launches and interact with the brand and with other users. From there they can also discover new products and buy them directly in-app.

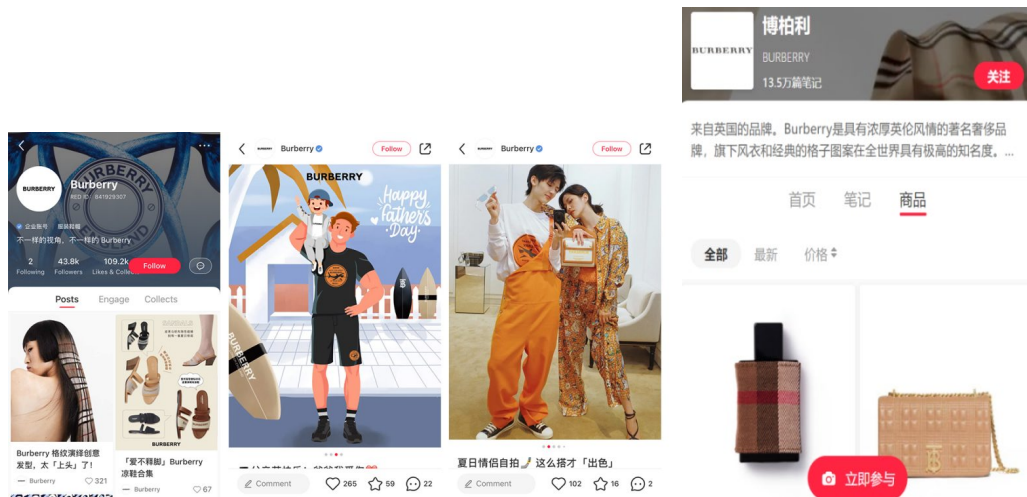
An example of successful promotional campaign conducted by Burberry for the Chinese New Year in 2020, the year of the rat. Burberry used the Ratberry cartoon character, known in Chinese as Bobo Rat (博博鼠), which wore the Thomas Burberry monogram. Ratberry was used by the brand for the promotion of the Chinese holiday collection in videos, collaborations with KOLs and video games under the hashtag #博博鼠报- bó bó shǔ bàodào (in English: Ratberry has arrived) on Weibo. The cartoon character was showed in videos while wearing the iconic trench from the British fashion house, living adventures around the world and texting to the brand's first female ambassador in China, the actress Zhou Dongyu. The success of the campaign was

¹¹¹ Williams Robert, “Burberry releases surfer video game for summer fashions” (2020) <https://www.marketingdive.com/news/burberry-releases-surfer-video-game-for-summer-fashions/580943/>

proved by the over 120 million views of #博博鼠报道 and 179 thousand discussions about it.¹¹²



Burberry' official account on Weibo. Source: Weibo



Burberry's official account on Little Red Book. Source: Jing Daily and Little Red Book

¹¹² Canaves Sky, "How Burberry con over Chinese consumers with 'Ratberry' Campaign" (2020) <https://chinafilminsider.com/cbi-case-study-burberry-ratberry/>

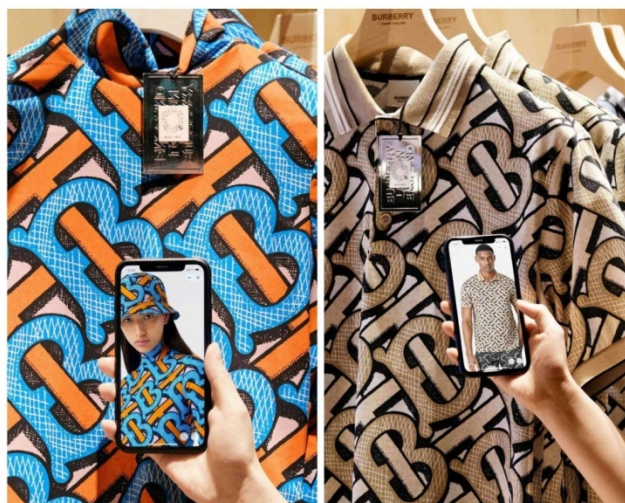
4.1.2 Burberry social retail in China

On the 31st of July 2020 Burberry opened in Shenzhen the first social retail store in the world. This city in the South of China has a long history of economic and technologic development as in 1980 it was converted into the first “Special Economic Zone” (SEZ) in China, opening itself to foreign investments. It was selected for currently being the tech capital of the country and where Tencent, partner of Burberry in this project, has its headquarter located.

The store offers a unique shopping experience to luxury customers, where they can interact with the brand and its products both in person and using Weixin, blending physical and social worlds. The 5,800 square foot store, divided into 10 rooms and with brand’s product in them, can be explored by customers through the dedicated Burberry mini program on Weixin.

Customers can also earn social currency while exploring the social store in order to have access to exclusive content and personalized shopping experiences to live in-store. Furthermore, a digital animal is given to users of the mini program to evolve as they engage with store activities. The connected rewards range from items on the exclusive café menu to content on the mini program.

Shenzhen store is the first in the Burberry retail world to include scannable QR codes on products. In this way, customers can discover in a deeper way the product they are considering, its materials and the story behind it, while incrementing the level of the social currency above mentioned.



QR code scanning in Shenzhen Burberry social store. Source: Marketing to China

Then, to try items, clients can pre-book the entrance to the fitting rooms, each of them embedded with special and different creative concepts, that are at the core of the British fashion house:

1. Burberry Animal Kingdom;
2. Reflections;
3. Thomas Burberry Monogram.

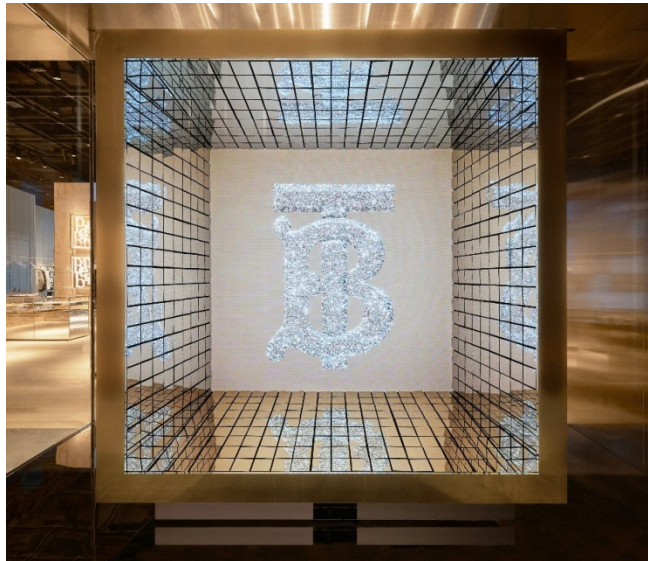
The fitting rooms, which include personalized playlists, are designed to enhance the luxury shopping experience of customer by connecting them to them to the brand.



Fitting rooms in the Burberry's social store in Shenzhen. Source: Marketing to China

In addition, the social store includes a physical space for Burberry's community to interact and this is the Thomas' Café, named after Thomas Burberry. The space is characterized by several images of Burberry's nature and animal kingdom. The menu is a celebration of the English and Chinese tea culture and of their fusion. Clients can unlock new items on the menu by navigating on the Weixin mini program. This space hosts exhibitions, live performances and workshops, which can be booked online on the Tencent's social platform.

The high level of technology is reflected as well in the interactive store windows, where customers can have a first digital experience as a living sculpture adapts itself to the viewers' shapes and reflects their movements. The window is developed to change according to the seasons and to the brand's latest collections.



Interactive window store in the Burberry social store in Shenzhen. Source: Burberry

Burberry, in order to celebrate its iconic trench coat, offers in its social store in Shenzhen an immersive experience through both nature and Burberry's core value of exploration.^{113 114}

Burberry and Tencent are the pioneers of a new concept in the retail sector, a place where the brand can interact with customers in a physical store, but leveraging all the benefits provided by social media and in particular by the mini program features present on Weixin.

4.2 Coach case

4.2.1 Coach social commerce strategy in China

Coach is a luxury fashion brand, founded in New York in 1941 as a high-end leather items producer. In 2008, Coach entered the Chinese market and currently holds more than 300 stores in mainland China, a market that in the third fiscal quarter of 2021

¹¹³ Marketing to China, "Burberry uses Virtual reality in China?" (2020) <https://marketingtochina.com/burberry-uses-virtual-reality-in-china/>

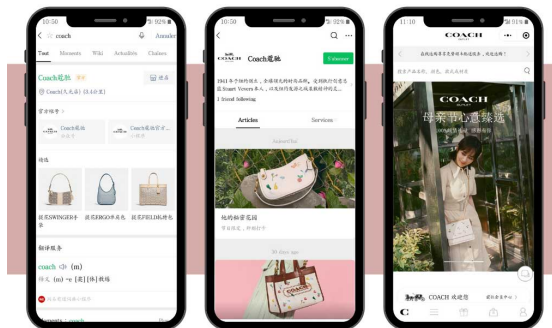
¹¹⁴ Burberry, "Burberry debuts luxury's first social retail store in Shenzhen, China, powered by Tencent technology" (2020) <https://www.burberryplc.com/en/company/social-retail.html>

has increased its sales by 175% with reference to the same period in 2020 and by 40% if compared to 2019.¹¹⁵

Coach is particularly popular in China due to the mix of digital experiences, affordable luxury items and performing marketing strategies. In China, Coach managed to win young generations of Chinese consumers, who are looking for different luxury brands to distinguish themselves and assert their personalities.

In November 2012, Coach launched both its e-commerce website and the official account on WeChat.¹¹⁶

On the social media platform owned by Tencent, Coach has developed successful promotional campaigns as the CRM one, conducted in 2017, from March 24 to April 23, to encourage followers of the brand on WeChat to invite their friends to join in. Participants could generate their personal and unique barcode in order to share it with the people they were inviting to follow the account. Each participant could gain 20 points when the first invited users joined Coach on Weixin. By inviting more people, contestants could obtain for each new follower 5 additional points. Points could then be converted into coupons to be used to purchase brand's items.¹¹⁷



Coach's official account on WeChat. Source: Fashion China Agency

¹¹⁵ Dao Insight, "Coach enters tier 2& 3 cities following strong performance in China" (2021) <https://daoinsights.com/news/coach-enters-tier-2-3-cities-following-strong-performance-in-china/#:~:text=On%20May%2C%20Coach's%20parent,in%20mainland%20China%20in%202021.>

¹¹⁶ Fashion China Agency, "How Coach became one of the most popular luxury brands in China" (2021) <https://fashionchinaagency.com/how-coach-became-one-of-the-most-popular-luxury-brands-in-china/>

¹¹⁷ Pan Yilin, "6 Ways Luxury Brands Use WeChat for Marketing Campaigns in China" (2017) <https://jingdaily.com/6-ways-luxury-brands-wechat-marketing-campaigns-china/>

Coach is also present on the other major social commerce platforms in China as Weibo, Douyin and Little Red Book, counting with millions of followers.

One of the first social campaigns conducted in 2012 for the Chinese New Year on Weibo by the brand was the Coach 祝福红包- zhùfú hóngbāo (“Coach Greeting Red Pocket”) one. Users could download and personalize red e-cards, which represented the red envelopes gifted during this traditional festivity, sending them to family and friends, together with messages and wishes for the New Year. After personalizing Coach e-cards, users could post them on Weibo and see the content of others’ posted e-cards. Finally, the top five users who shared the most wishes using Coach e-cards were selected by the brand to win coupons to spend on Coach’s items. Even though this campaign was conducted before the implementation of the e-commerce function on Weibo, it proves how, at the beginning of its activity on social platforms in China, the brand managed to leverage a traditional habit in the Chinese culture during the New Year’s Festival; in this way Coach increased interactions on social media accounts and created a connection with users, who have the potential to become customers and ambassadors of the brand to their acquaintances.¹¹⁸



Coach official account on Weibo. Source: Weibo

¹¹⁸ Jing Daily, “Coach Takes To Weibo With Year Of The Dragon E-Cards” (2012) <https://jingdaily.com/coach-takes-to-weibo-with-year-of-the-dragon-e-cards/>

Conclusions

The above work analyzed the new phenomenon of social commerce applied to the luxury fashion market in China, the role that luxury Chinese consumers, new technologies and modern local trends have in its success and how international brands can leverage it to increase their market shares in the country.

China is currently witnessing a consistent growth in luxury consumption, +36% in 2021 compared to 2019 and is expected to become the first country in the world in terms of luxury market size, accounting for 40-45% of global luxury products expenditure. In particular, for what concerns the luxury fashion industry, 2021 marked the year of the strong recovery of the sector after the Covid-19 pandemic, reaching a +40% of growth over the year.

Social commerce, which, as explained, is the combination of e-commerce and social media, found in China the perfect ground to flourish for a set of reasons. First, Chinese consumption of luxury items is characterized by a demographic shift with post-90s consumers as the new leading force, representing half of total luxury consumers in mainland China. This new generation of consumers, especially the Generation Z, is characterized by a high level of digitalization, with Internet and other new technologies as an integrative part of their lives. Members of this group can rely on a considerably increased purchasing power compared to previous generations and on higher degrees of sophistication, which lead them to find in luxury products a solution to express themselves, embracing brands' values, and to enjoy a better quality of life. Along with traditional consumption habits, such as 面子, 关系 and WOM, their luxury consumption choices are determined by newly developed features, among which digitalization, exclusiveness, sustainability and the fear of missing out what are the latest trends and what other people are doing.

China is also one of the leading countries in the world for e-commerce, mainly because of its rapid development, supported by tech giants as Alibaba and Tencent and their digital innovations. Today, online sales account for over \$1.5 trillion of revenues in China and represent 25% of total retail sales. The Covid-19 pandemic has also contributed to highlight the relevance of digital commerce in modern society, as well as the use of social media to create a strong connection between brands and users, who can then become clients.

In order to satisfy the needs and expectations of the new Chinese consumers, international brands specialized in luxury fashion rely on Chinese social commerce platforms as Weibo, Weixin, Douyin and Little Red Book; in this way, they can provide users with the opportunity to directly interact with the brand, discover its features and values, new products, receive the influence of friends, family, celebrities and KOLs and then complete the purchasing process through digital payments. The peculiarity of social commerce is indeed the fact that the whole customer journey can take place in just one platform, offering a smoother shopping experience. Furthermore, social commerce can increase users' engagement and stimulate their conversion into customers, by means of innovative marketing strategies, stimulating content and also new retail formats, that blend the digital and the physical worlds to provide unique luxury experiences. In addition, social commerce has contributed to the birth and development of new trends, that constitute the future of e-retail, as livestreaming, gamification, KOLs and KOCs economies, that international luxury brands must include in their strategies in China to appeal to consumers.

China's innovations in terms of technologies and consumption preferences are the vibrant engine of a new revolution in the luxury fashion sector, which is rapidly expanding to the rest of the world and that reflects the increasingly pervasive presence of social media in the daily lives of modern consumers.

Online references

99 Firms, “WeChat Statistics” (2021), *99 Firms*. (Last accessed 03/11/2021) <https://99firms.com/blog/wechat-statistics/#gref>

Achim Adina-Laura, “Why China Is A Decade Ahead In Social-Driven Sales” (2021), *Jing Daily*. (Last accessed: 02/03/2022) <https://digitexport.it/affermarsi/social-commerce-evoluzione-e-commerce-cina.kl#/>

Bain&Company, “The luxury market in China: 2021 a year of contrasts” (2022). (Last accessed 18/02/2022) <https://www.bain.com/about/media-center/press-releases/2022/2021-china-luxury-report/>

BCG, “年轻的中国消费者改写奢侈品数字化战略” (2018), *BCG*. (Last accessed: 17/02/2022) <https://www.bcg.com/zh-cn/press/26sep2018-bcg-tencent-luxury>

BCG, “逆势增长的中国奢侈品消费：三大典型路径洞察” (2020). (Last accessed: 08/03/2022) <https://www.bcg.com/zh-cn/press/23september2020-contrary-to-growth-of-chinese-luxury-goods-consumption-insights-into-three-typical-paths>

Biondi Annachiara, “How brands should approach sustainability in China” (2021), *Vogue Business*. (Last accessed: 15/02/2022) <https://www.voguebusiness.com/consumers/how-brands-should-approach-sustainability-in-china>

Biondi Annachiara, “Can Douyin’s brand flagships lure luxury?” (2021), *Vogue Business*. (Last accessed 23/10/2021) <https://www.voguebusiness.com/consumers/can-douyin-flagship-stores-lure-luxury>

Biondi Annachiara, “Can luxury brands crack WeChat mini games in 2021?” (2021), *Vogue Business*. (Last accessed: 10/03/2022) <https://www.voguebusiness.com/technology/we-chat-mini-games-burberry-dior-livestreaming-monetisation>

Bryan Hood, “In China, Spending on Luxury Goods Increased by \$20 Billion Last Year” (2022) *Robb Report*. (Last accessed: 14/02/2022) <https://robbreport.com/lifestyle/news/china-personal-luxury-good-spending-increase-36-percent-1234659538/>

Buchholz Katharina, “China's Mobile Payment Adoption Beats All Others” (2021), *Statista*. (Last accessed: 17/02/2022) <https://www.statista.com/chart/17909/pos-mobile-payment-user-penetration-rates/#:~:text=Mobile%20Payments,-by%20Katharina%20Buchholz&text=More%20than%20half%20a%20billion,well%20as%20an%20online%20shop.>

Burberry website, history section. (Last accessed: 14/03/2022) <https://www.burberryplc.com/en/company/history.html>

Burberry, “Burberry debuts luxury’s first social retail store in Shenzhen, China, powered by Tencent technology” (2020). (Last accessed: 16/03/2022) <https://www.burberryplc.com/en/company/social-retail.html>

Canaves Sky, “How Burberry eon over Chinese consumers with ‘Ratberry’ Campaign” (2020), *China Film Insider*. (Last accessed: 15/03/2022) <https://chinafilminsider.com/cbi-case-study-burberry-ratberry/>

Cassanmagnago Irene, “Wechat minishop: i nuovi e-commerce tascabili del colosso tencent” (2020), *East Media*. (Last accessed 02/11/2021) <https://www.east-media.net/wechat-minishop-ecommerce-tencent/>

Chan Iris, “WeChat CRM in China: How Should Brands Get Started?” (2020), *Luxury Society*. (Last accessed: 03/03/2022) <https://www.luxurysociety.com/en/articles/2020/11/wechat-crm-china-how-should-brands-get-started>

Cheng Denis, “How China’s digital channels transtorm consumer engagement” (2021), *EY* . (Last accessed: 16/02/2022) https://www.ey.com/en_cn/consumer-products-retail/how-china-digital-channels-transform-consumer-engagement

Chi Rocky, “Jump on the rise of Xiaohongshu, China’s fastest-growing social media marketing platform” (2021), *TheDrum*. (Last accessed 18/10/2021) <https://www.thedrum.com/opinion/2021/06/09/jump-the-rise-xiaohongshu-china-s-fastest-growing-social-media-marketing-platform>

China Social Media, “Weibo Live Streaming for Fashion Shows” (2020). (Last accessed: 26/02/2022) <https://chinasocialmedia.net/weibo-live-streaming-for-fashion-shows/>

Chou Christine, “How Luxury Brands’ Customer Services are Going ‘Phygital’ in China” (2021), *Alizila*. (Last accessed: 14/02/2022) <https://www.alizila.com/luxury-brands-customer-services-going-phygital-in-china/>

Chou Christine, “Shanghai Fashion Week Goes Digital: What to Expect” (2020), *Alizila*. (Last accessed:26/02/2022) <https://www.alizila.com/shanghai-fashion-week-goes-digital-what-to-expect/>

Chou Wendy, “FENDI 推出超可愛微信小遊戲” (2019), *Elle*. (Last accessed: 10/03/2022) <https://www.elle.com/tw/fashion/flash/g28203950/fendi-we-chat-game/>

CIW Team, “Weibo MAU grew to 566 million in Q2 2021” (2021). (Last accessed 05/11/2021) <https://www.chinainternetwatch.com/31281/weibo-quarterly/>

CNNIC, “中国互联网络发展状况统计报告” (2021). (Last accessed: 03/03/2022) http://www.cac.gov.cn/2021-02/03/c_1613923422728645.htm

Commisceo Global, “Mianzi – The Concept of Face in Chinese Culture”,. (Last accessed: 12/02/2022) <https://www.commisceo-global.com/blog/mianzi-the-concept-of-face-in-chinese-culture>

Cuccoli Federica, “Single Day 2021: record e novità del shopping festival” (2021), *Value China*. (Last accessed 19/02/2022) <https://valuechina.net/2021/11/12/single-day-2021-record-e-novita-del-shopping-festival/>

Dao Insight, “Coach enters tier 2& 3 cities following strong performance in China” (2021). (Last accessed: 16/03/2022) <https://daoinsights.com/news/coach-enters-tier-2-3-cities-following-strong-performance-in-china/#:~:text=On%206%20May%2C%20Coach's%20parent,in%20mainland%20China%20in%202021>

Dave Paresh, “China's Bytedance scrubs Musical.ly brand in favor of TikTok” (2018), *Reuters* <https://www.reuters.com/article/us-bytedance-musically-idUSKBN1KN0BW>

Daxue Consulting “Everything you didn’t know Douyin could do” (2021). (Last accessed 23/10/2021) <https://daxueconsulting.com/douyin-e-commerce-functions/>

Daxue Consulting, “Burberry in China: Sales increasing faster than any other region” (2020). (Last accessed: 14/03/2022) <https://daxueconsulting.com/china-market-research-on-burberry/>

Daxue Consulting, “Guide to KOL marketing in China” (2021). (Last accessed: 11/03/2022) <https://daxueconsulting.com/kol-marketing-china-2/>

Daxue Consulting, “KOC marketing in China often gets more bang for the buck than KOL marketing” (2020). (Last accessed:13/03/2022) <https://daxueconsulting.com/koc-marketing-in-china/>

Daxue Consulting, “Payment methods in China: How China became a mobile-first nation” (2021), *Daxue Consulting*. (Last accessed: 17/02/2022) <https://daxueconsulting.com/payment-methods-in-china/>

Daxue Consulting, “Xiaohongshu is becoming a giant in both social media and e-commerce” (2020), *Daxue Consulting*. (Last accessed 16/10/2021) <https://daxueconsulting.com/latest-facts-and-insights-about-xiaohongshu/>

Di Vietri, Manuela, “Cos’è la Creator Economy e quali sono gli strumenti per monetizzare” (2021), *Ninja Marketing*. (Last accessed: 04/03/2022) <https://www.ninjamarketing.it/2021/12/29/cose-la-creator-economy-e-quali-sono-gli-strumenti-per-monetizzare/>

Digit Export, “Social commerce: l’evoluzione dell’e-commerce oltre muraglia” (2020). (Last accessed: 03/03/2022) <https://digitexport.it/affermarsi/social-commerce-evoluzione-e-commerce-cina.kl#/>

Digital Information World, “TikTok’s latest application is ready to compete with big eCommerce giants in China” (2021). (Last accessed 15/02/2022) <https://www.digitalinformationworld.com/2021/12/tiktoks-latest-application-is-ready-to.html>

Ecommerce Agency, “Douyin’s Flagship Stores” (2021), *Ecommerce Agency*. (Last accessed 28/10/2021) <https://ecommercechinaagency.com/douyins-flagship-stores/>

Emperia Vr, “How the biggest luxury market, China, uses VR technology” (2021). (Last accessed: 24/02/2022) <https://emperiavr.com/2021/09/16/how-the-biggest-luxury-market-china-uses-vr-technology/>

Fashion China Agency, “How Coach became one of the most popular luxury brands in China” (2021). (Last accessed: 16/03/2022) <https://fashionchinaagency.com/how-coach-became-one-of-the-most-popular-luxury-brands-in-china/>

Fashion China, “How to Use WeChat Advertising for Luxury Brands in China” (2021). (Last accessed 02/11/2021) <https://fashionchinaagency.com/how-to-use-wechat-advertising-for-luxury-brand-in-china/>

Glyn Atwal, “5 Ways Luxury Brands Can Win Over The FOMO Generation” (2021), *Jing Daily*. (Last accessed: 13/02/2022) <https://jingdaily.com/fomo-luxury-brands-geners-china/>

GMA, “Bottega Veneta ha chiuso i suoi account social ... tranne che in Cina” (2021). (Last accessed: 06/03/2022) <https://italia.marketingtochina.com/bottega-veneta-ha-chiuso-i-suoi-social-media-tranne-che-in-cina/>

GMA, “Switching From KOL to KOC as a Successful Strategy in China” (2020). (Last accessed:13/03/2022) <https://fashionchinaagency.com/switching-from-kol-to-koc-as-a-successful-strategy-in-china/>

Go Digital China, “WeChat is not Simply the English Name of Weixin” (2019). (Last accessed 03/11/2021) <https://www.godigitalchina.com/wechat-is-not-simply-the-english-name-of-weixin/>

Hallanan Lauren, “How 5 KOLs are Taking Brand Audience Engagement to the Next Level” (2019), *Jing Daily*. (Last accessed: 11/03/2022) <https://jingdaily.com/how-5-kols-are-taking-brand-audience-engagement-to-the-next-level/>

Hamilton Isobel, “ByteDance's head of security says it's impossible for China to get hold of TikTok user data because it's stored in the US” (2020), *Business Insider*. (Last accessed 28/10/2021) <https://www.businessinsider.com/bytedance-security-chief-tiktok-data-stored-us-safe-from-china-2020-8?r=US&IR=T>

Hao Jinghan, “What we can learn from China’s Creator Economy” (2022), *Medium*. (Last accessed: 04/03/2022) <https://medium.com/@jinghanhao/what-we-can-learn-from-chinas-creator-economy-aa44299a3f0>

Jasman Asri, “Try on Off-White sneakers virtually with the Farfetch app” (2020), *Esquire*. (Last accessed: 24/02/2022) <https://www.esquiresg.com/farfetch-virtual-try-on-off-white-sneakers-wannaby-ar-technology/>

Jiang Yaling, “What Brands Need to Know Before Livestreaming in China”(2020), *Jing Daily*. Last accessed: 09/03/2022) <https://jingdaily.com/what-brands-need-to-know-before-livestreaming-in-china/>

Jing Daily, “Coach Takes To Weibo With Year Of The Dragon E-Cards” (2012). (Last accessed: 17/03/2022) <https://jingdaily.com/coach-takes-to-weibo-with-year-of-the-dragon-e-cards/>

Kumar Preeti, “KOL Marketing in China: Why It Works and How To Do It Right” (2017), *Jing Daily*. (Last accessed: 11/03/2022) <https://jingdaily.com/kol-marketing-in-china/>

La Conceria, “Tod’s e Mr. Bags di nuovo insieme per far impazzire WeChat” (2020) (Last accessed 05/11/2021) <https://www.laconceria.it/pelletteria/tods-e-mr-bags-di-nuovo-insieme-per-far-impazzire-wechat/>

Lancette Nino, “How China is Forcing Luxury Brands to Love e-Commerce” (2014), *LinkedIn*. (Last accessed 19/02/2022) <https://www.linkedin.com/pulse/20140706054347-34372146-how-china-is-forcing-luxury-brands-to-love-e-commerce/>

Law Julienna, “How Brands Should Navigate Douyin’s 600M Daily Users” (2021), *Jing Daily*. (Last accessed 23/10/2021) <https://jingdaily.com/douyin-brands-2020-data-report/>

Liang Meng, Su Han, “Planting Grass and RED: How E-commerce in China is Interweaved with Social Media” (2019), *Global media*. (Last accessed 18/10/2021) <http://globalmedia.mit.edu/2019/12/01/2058/>

Liao Rita, “WeChat advances e-commerce goals with \$250B in transactions” (2021), *Tech Crunch*. (Last accessed 02/11/2021) https://techcrunch.com/2021/01/19/wechat2020/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAFSTP5Jb7mjTiXa6WrKqpyTKDgaHWSG8IxPkVVzce7VA70NuIDlzMVHbsHqgEX9G74pHDle6WMGxjHx8AjC9e1vWolJo1XU3YIzje-N3O97NTTVtBL4OBRCPh92ic87xlQrP00cPZ6f20TgfZ_R7_veErgRmCgQsfhvT8oTiNo0

Linkfluence, “How Social Data Has Its Say in the \$147bn Chinese Luxury Market”(2018). (Last accessed: 08/03/2022) <https://www.linkfluence.com/blog/china-luxury-market-social-data>

Luxury Insights China, “The Chinese luxury e-commerce market” (2015). (Last accessed 19/02/2022) <http://www.fdkinsight.com/the-chinese-luxury-e-commerce-market/>

Ma Arnold, “How Cartier Won China’s Social Media” (2021), *Jing Daily*. (Last accessed 28/10/2021) <https://jingdaily.com/cartier-chinese-social-media-douyin/>

Ma Yihan, “Annual spending on purchasing luxury goods in China 2021, by channel”(2021), *Statista*. (Last accessed: 05/03/2022) <https://www.statista.com/statistics/1276408/china-luxury-goods-shopping-spending-by-channel/>

- Ma Yihan, “E-commerce in China - statistics & facts” (2022), *Statista*. (Last accessed 18/02/2022) https://www.statista.com/topics/1007/e-commerce-in-china/#topicHeader_wrapper
- Ma Yihan, “Social commerce in China” (2021), *Statista*. (Last accessed: 03/03/2022) https://www.statista.com/topics/1211/digital-payments-in-china/#topicHeader_wrapper
- Marketing to China, “Burberry uses Virtual reality in China?” (2020). (Last accessed: 16/03/2022) <https://marketingtochina.com/burberry-uses-virtual-reality-in-china/>
- Marketing to China, “Xiaohongshu-Little Red Book: The Definitive Guide for Advanced Marketers” (2021), *Marketing to China*. (Last accessed 18/10/2021) <https://marketingtochina.com/xiaohongshu-little-red-book-the-definitive-guide-for-advanced-marketers/>
- Melchers, “Explaining little red book and its market potential for premium brands” (2020), *Melchers*. (Last accessed 16/10/2021) <https://www.melchers-china.com/posts/explaining-little-red-book-and-its-market-potential-for-premium-brands/>
- Mintel, “Social commerce is the new norm in China” (2019). (Last accessed: 03/03/2022) <https://www.mintel.com/press-centre/technology-press-centre/87-of-chinese-consumers-have-engaged-in-social-commerce-platforms>
- Nan Lisa, “Bain x Altagamma Luxury Report: Luxury Has Fully Returned”(2021), *Jing Daily*. (Last accessed 18/02/2022) <https://jingdaily.com/bain-altagamma-luxury-2021-report/>
- Oakes Andy, “How China is shaping the future of social commerce” (2021), *New Digital Age*. (Last accessed: 14/03/2022) <https://newdigitalage.co/social-media/how-china-is-shaping-the-future-of-social-commerce/>
- Page Carly, “Why Burberry and Gucci are betting on mini-games” (2021), *Wired*. (Last accessed: 15/03/2022) <https://www.wired.co.uk/article/burberry-gucci-mini-games>
- Pan Yilin, “6 Ways Luxury Brands Use WeChat for Marketing Campaigns in China” (2017), *Jing Daily*. (Last accessed: 16/03/2022) <https://jingdaily.com/6-ways-luxury-brands-wechat-marketing-campaigns-china/>
- Qu Tracy, “A red-hot Chinese shopping-review app shows the future of your online shopping experience” (2019) *Quarz*. (Last accessed 16/10/2021) <https://qz.com/1634577/chinas-xiaohongshu-shows-the-future-of-your-social-shopping-experience/>
- Rovai Serena, “ Why Luxury stores are more important than ever in China?”,(2018), *Jing Daily* . (Last accessed: 16/02/2022) <https://jingdaily.com/luxury-physical-retail-omnichannel-china/>

SCMP Style, “6 things to know about China’s Gen Z consumers – and how they can afford luxury brands”(2019). (Last accessed: 10/02/2022) <https://www.scmp.com/magazines/style/luxury/article/3031540/6-things-know-about-chinas-gen-z-consumers-and-how-they-can>

Sentence Rebecca, “Virtual influencers are helping brands to succeed in China” (2021), Econsultancy. (Last accessed: 11/03/2022) <https://econsultancy.com/virtual-influencers-are-helping-brands-to-succeed-in-china/>

SEO Agency China, “Douyin New E-Commerce Strategy to Reach Chinese Millennials” (2019). (Last accessed 24/10/2021) <https://seoagencychina.com/douyin-new-e-commerce-strategy-to-reach-chinese-millennials/>

Slotta Daniel, “Digital payments in China” (2021), *Statista*. (Last accessed: 03/03/2022) <https://jingdaily.com/china-social-commerce-wechat-facebook/>

Smith Tamsin, “Exclusive: Burberry Launches 2 Handbags Just for China on First WeChat Mini-Program” (2018), *Jing Daily*. (Last accessed: 15/03/2022) <https://jingdaily.com/burberry-wechat-mini-program/>

Smith Tamsin, “What is a KOC? Behind China’s Latest Influencer Trend” (2019), *Jing Daily*. (Last accessed:13/03/2022) <https://jingdaily.com/what-is-a-koc-behind-chinas-latest-influencer-trend/>

The South China Morning Post, “China to be the biggest luxury market by 2025, say consultants, after Chinese spending in sector doubled from 2019 to 2021” (2021). (Last accessed: 10/02/2022) <https://www.scmp.com/lifestyle/fashion-beauty/article/3164527/china-be-biggest-luxury-market-2025-say-consultants-after>

The South China Morning Post, “Gucci and Louis Vuitton show how luxury brands can survive in China post-pandemic – by staging outrageous fashion shows and apple-themed ad campaigns on Weibo and Douyin” (2020). (Last accessed: 01/03/2022) <https://www.scmp.com/magazines/style/news-trends/article/3102129/gucci-and-louis-vuitton-show-how-luxury-brands-can>

Toh Michelle, “China's luxury market boomed this year, even as global sales shrank” (2020), *CNN Business*. (Last accessed: 23/02/2022) <https://edition.cnn.com/2020/12/16/business/china-luxury-market-coronavirus-intl-hnk/index.html>

Tong Digital, “Why WeChat is the Perfect Platform for Luxury Brands” (2020), *Tong Digital*. (Last accessed 29/10/2021) <https://www.tongdigital.com/intelligence/why-wechat-is-the-perfect-platform-for-luxury-brands>

Value China, “Louis Vuitton presenta la nuova collezione in live-streaming su Little Red Book” (2020). (Last accessed 19/10/2021) <https://valuechina.net/2020/03/31/little-red-book-louis-vuitton-presenta-la-nuova-collezione-in-live-streaming/>

Vogue Business, “How digital is transforming China’s big luxury spenders” (2021). (Last accessed: 15/02/2022) <https://www.voguebusiness.com/consumers/how-digital-is-transforming-chinas-big-luxury-spenders>

Vogue Business, “The four fashion personas of China’s Gen Z” (2021), *Vogue Business*. (Last accessed: 10/02/2022) <https://www.voguebusiness.com/consumers/the-four-fashion-personas-of-chinas-gen-z>

Wan Vanessa, “The Best Guide To XiaoHongShu Marketing: Sell to Gen-Z & Millennials” (2019). (Last accessed 16/10/2021) *Dragon Social* <https://www.dragonsocial.net/blog/xiaohongshu-marketing-for-business/>

Wang Tony, “Influencers in China are irreplaceable” (2021), *Highsnobiety*. (Last accessed: 11/03/2022) <https://www.highsnobiety.com/p/influencers-china-white-paper-kol-col/>

Wanna, “Wanna X Farfetch” (2020). (Last accessed: 24/02/2022) <https://wanna.fashion/farfetch>

We Are Global Network, “Pinko showcases ‘See now, Buy Now’ virtual runway show as part of Shanghai Fashion Week” (2020). (Last accessed:26/02/2022) <https://www.wearglobalnetwork.com/news/pinko-staged-see-now-buy-now-virtual-runway-show-as-part-of-shanghai-fashion-week/>

WeChat Global, “WeChat Pay to Support 5 Major International Credit Cards for Tourists in China”, (2020) *WeChat Global*. (Last accessed 03/11/2021) https://mp.weixin.qq.com/s/mElhXYEoDADL_maDh6uKCg

Wei Alexander, “Douyin: The New Social Commerce Frontier For International Brands?” (2021), *Luxury Society*. (Last accessed 24/10/2021) <https://www.luxurysociety.com/en/articles/2021/04/douyin-new-social-commerce-frontier-international-brands>

Wei Alexander, “How Can Beauty Brands Leverage An Increasingly Commercial Weibo?” (2020), *Luxury Society*. (Last accessed 05/11/2021) <https://www.luxurysociety.com/en/articles/2020/07/how-can-beauty-brands-leverage-increasingly-commercial-weibo>

Wei Alexander, “The Luxury Social Selling Boom in China: What's Driving it?” (2020), *Luxury Society*. (Last accessed: 08/03/2022) <https://www.luxurysociety.com/en/articles/2020/10/social-selling-booming-luxury-china-what-driving-it>

Wei Alexander, “WeChat Luxury Index 2021: From Social to Commerce” (2021), *Luxury Society*. (Last accessed: 06/03/2022) <https://www.luxurysociety.com/en/articles/2021/04/wechat-luxury-index-2021-social-commerce>

Wei Alexander, “WeChat Luxury Index 2021: From Social to Commerce” (2021), *Luxury Society*, (Last accessed 05/11/2021) <https://www.luxurysociety.com/en/articles/2021/04/wechat-luxury-index-2021-social-commerce>

Wei Alexander, “Why Are Top Luxury Brands Flocking To WeChat Channels?” (2020), *Luxury Society*. (Last accessed 29/10/2021) <https://www.luxurysociety.com/en/articles/2020/07/why-are-top-luxury-brands-flocking-wechat-channels>

Williams Robert, “Burberry releases surfer video game for summer fashions” (2020), *Marketing Dive*. (Last accessed: 15/03/2022) <https://www.marketingdive.com/news/burberry-releases-surfer-video-game-for-summer-fashions/580943/>

Wong Dorcas, “China’s City-Tier Classification: How Does it Work?” (2019), *China Briefing*. (Last accessed 17/10/2021) <https://www.china-briefing.com/news/chinas-city-tier-classification-defined/>

Wu Wenzhou , “Prada Puts Animal Protection Into Action for CNY 2022” (2022), *Jing Daily* . (Last accessed: 15/02/2022) <https://jingdaily.com/prada-animal-protection-cny-2022/>

Wu Wenzhou, “Moncler’s “MONDOGENIUS” Reimagines Digital Runways” (2021), *Jing Daily*. (Last accessed: 10/03/2022) <https://jingdaily.com/monclers-mondogenius-reimagines-digital-runways/>

Wu Wenzhou, “Why Luxury Brands Should Dive into China’s Private Traffic Pool” (2020), *Jing Daily*. (Last accessed: 01/03/2022) <https://jingdaily.com/why-luxury-brands-should-dive-into-chinas-private-traffic-pool/>

Wu Wenzhou, “How Weibo Is Fueling Social Capital For Luxury Brands In China” (2021), *Jing Daily*. (Last accessed 05/11/2021) <https://jingdaily.com/weibo-panel-luxury-brand-influence/>

Yang Ann, “Age Doesn’t Limit Burberry’s Digital Transformation” (2021), *Medium*. (Last accessed: 15/03/2022) <https://medium.com/marketing-in-the-age-of-digital/age-doesnt-limit-burberry-s-digital-transformation-70d81204aa33>

Ye Leticia, “Douyin: The biggest algorithm platform in China” (2021), *Linkedin* . (Last accessed 28/10/2021) <https://www.linkedin.com/pulse/biggest-algorithm-platform-china-douyin-leticia-ye/>

Yiu, Ty, “From Louis Vuitton’s live streams to Shanghai Fashion Week with Tmall: how the luxury sector in China adapted to the coronavirus pandemic” (2020), *South China Morning Post*. (Last accessed:26/02/2022) <https://www.scmp.com/magazines/style/news-trends/article/3078263/louis-vuittons-live-streams-shanghai-fashion-week-tmall>

Zheng Ruonan, “Bloggers Without Borders – 7 of the New Breed of Chinese Global Influencer” (2018), *Jing Daily*. (Last accessed: 11/03/2022) <https://jingdaily.com/7-chinese-international-influencers/>

Zheng Ruonan, “How Moncler Found the Perfect Recipe for China’s Post-COVID-19 Market” (2020), *Jing Daily*. (Last accessed: 10/03/2022) <https://jingdaily.com/how-moncler-found-the-perfect-recipe-for-chinas-post-covid-19-market/>

Zheng Ruonan, “Luxury Brands Digital Marketing That Worked in China During the COVID-19 Crisis” (2020), *Jing Daily*. (Last accessed: 01/03/2022) <https://jingdaily.com/luxury-brands-digital-marketing-that-worked-in-china-during-the-covid-19-crisis/>

Zheng Ruonan, “Fendi Blends Star Power and Fashion in the Latest WeChat Mini Game” (2019), *Jing Daily*. (Last accessed: 10/03/2022) <https://jingdaily.com/fendi-latest-wechat-mini-game/>

Zhou Wen, “Louis Vuitton Presented Its SS22 Menswear

Show With Social Innovations in China”, *Jing Daily* (2021). (Last accessed: 17/02/2022) <https://jingdaily.com/louis-vuitton-ss22-menswear-social-innovations-china/>

姚进, “生活水平提高 我国消费结构升级趋势不可逆转” (2018), *Guoqing.china*. (Last accessed: 14/02/2022) http://guoqing.china.com.cn/2018-10/16/content_66440498.htm

李子晨, 2021 年中国电商十大关键词出炉 (2021), *Comnews.cn* . (Last accessed: 23/02/2022) <http://www.comnews.cn/article/cysj/202102/20210200069762.shtml>

李子晨, Ce, “中国奢侈品消费潜力不断释放” (2022), *Ce*. (Last accessed: 14/02/2022) http://expo.ce.cn/gd/202201/26/t20220126_37289415.shtml

灵蹊, “四大营销策略通吃国内 7 大主流社交平台” (2021), *Zhihu*. (Last accessed: 02/03/2022) <https://zhuanlan.zhihu.com/p/397278925>

Bibliography

2021 Tencent X BCG CHINA Digital Luxury Report, “A new Generation of Chinese Consumers Reshaping the Luxury Market” (2021)

Gong Sun&al, “The Two Different Effects of Chinese Traditional Culture on Luxury Consumption: Face and Harmony” (2011)

Guo Haosheng, “中国奢侈品消费者的数字行为分析” (2020), 商业经济研究

Hua Xiaotan, “Exploring Chinese Consumers’ Perceptions about Social Commerce in China-The Case of WeChat” (2017)

Huatong Sun, “Sina Weibo of China: From a Copycat to a Local Uptake of a Global Technology Assemblage” (2013), *International Journal of Sociotechnology and Knowledge Development*

Jia Chen & Soyoung Kim, “A Comparison of Chinese Consumers’ Intentions to Purchase Luxury Fashion Brands for Self-Use and for Gifts”, 29-44, *Journal of International Consumer Marketing* (2013)

Jiao Jian, “Analysis of the Current Situation and Development Trend of Mainstream Social E-Commerce in China” (2020)

Kang, Inwon et al. “Chinese Consumers' Herd Consumption Behavior Related to Korean Luxury Cosmetics: The Mediating Role of Fear of Missing Out.”(2020), *Frontiers in psychology*

Liu Sindy et al, “The implications of digital marketing on WeChat for luxury fashion brands in China” (2019), *Journal of Brand Management*

Management Forum, “新消费品牌：Z世代“心头好” (2021)

Marie Tulloch, “Everything you need to know about Weibo”, (2021), *Emerging Communications*

Mc Kinsey, “China digital consumer trends 2019” (2019)

McKinsey&Company, “China Luxury Report 2019” (2019)

McKinsey&Company, “中国消费者报告 2021” (2021)

McKinsey, “It’s showtime! How live commerce is transforming the shopping experience” (2021)

McKinsey, “Understanding Chinese Consumers: Growth Engine of the World” (2021)

Patsy Perry, “The evolution of the Chinese Luxury Fashion Consumer: An Interpretative Study of Luxury Value Perception” (2020)

Perry Patsy, Ye Tiantian& Barnes Liz, “The evolution of the luxury Chinese fashion consumer: an interpretivist study of luxury value perceptions” (2020)

Wouters Imke& Sham Katie, “The new faces of Chinese Luxury Shoppers” (2021),
Oliver Wyman

Yanhong Chena, Yaobin Lua, Bin Wangb, Zhao Pana, “How do product recommendations affect impulse buying? An empirical study on WeChat social commerce”, (2019), *Information & Management* Volume 56, Issue 2

Yuan, B.; Peluso, “The Influence of Word-Of-Mouth Referral on Consumers’ Purchase Intention: Experimental Evidence from WeChat” (2021)

刘湘蓉, “我国移动社交电商的商业模式” (2018), 西安交通大学经济与金融学院

吕秀琴, “社交商务背景下消费者信任演变的影响因素分析” (2021), 中国社会科学院研究生院

李莉, “基于“4V”营销理念的奢侈品营销策略” (2021), 南京审计大学金审学院

胡文娟, “2019 时尚关键词: 可持续发展” (2019)

袁文清, 我国奢侈品消费市场飞速发展背后的经济分析 (2021), 南京审计大学

韩红梅, “互联网背景下奢侈品营销策略分析” (2021), 北京经济管理职业学院