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# The role of digital platforms in the promotion of Italian wine in China

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## 前言

本论文的目的在于深入分析社交媒体平台在中国葡萄酒推广中日益重要的作用，意大利葡萄酒企业如何利用这一现象以进入中国市场并加强他们在中国市场上的存在。虽然中国葡萄酒市场近几年才发展起来，但增长速度非常快，为外国葡萄酒企业——尤其是来自意大利和法国等旧大陆的葡萄酒企业——带来了许多机会。然而，虽然中国葡萄酒市场潜力巨大，但希望进入这种市场的国家和企业也面临着许多挑战，特别是因为中国市场与旧大陆市场的差别很大。因此，外国葡萄酒企业了解这种差别并根据中国市场调整其促销和营销策略非常重要。在这些策略中，社交媒体营销已成为在这样的市场中取得成功的基础。如今，中国被认为是世界上数字领域最先进的国家之一，最重要的原因之一是中国可以依靠广泛使用电子商务和社交媒体平台的人群，因为这些平台有多种功能。中国的一些主要社交媒体平台，如微信、小红书与抖音，在消费者旅程的第一阶段中——即寻找灵感的阶段，发挥特别重要的作用。此外，社交媒体平台为企业提供更好地理解中国消费者的机会，提高个性化水平、提升所提供的服务标准，并制定新的促销和销售计划。这样做，在中国市场上，用户转化为客户。

第一章概述中国葡萄酒市场，重点关注了该市场新型冠状病毒后的发展，特别是葡萄酒生产、消费者行为和葡萄酒进口的发展。中国是世界上最大的葡萄生产国与第五大葡萄酒生产国，拥有越来越多的葡萄酒生产商，主要分布在八个地区，其中宁夏在国内和国际市场上都非常突出。虽然中国葡萄酒市场是近几年才发展起来的，但中国消费者在选择葡萄酒方面变得越来越有修养的，更偏好酒体醇厚的、低单宁的红酒。一般来说，葡萄酒消费者是千禧一代和 Z 世代的年轻人，他们居住在一二线城市，拥有可观的经济实力。此外，一个有趣的现象是，女性消费者在中国葡萄酒市场中变得越来越重要，并导致了值得注意的新趋势的出现，如甜酒消费的出现。虽然中国是世界上最大的葡萄酒生产国之一，但仍然严重依赖进口。直到 2021 年初，澳大利亚占据了最大的市场份额。然而，由于中国政府对澳大利亚进口商品加征了关税，澳大利亚在中国的进口量大幅减少，这种情况有利于澳大利亚在中国市场的主要竞争对手，包括意大利、法国、智利、西班牙，给他们增加在中国市场的份额，吸引新客户的机会。

第二章探讨中国数字领域的发展，从互联网在中国的引入到数字领域的最新进展，重点关注了社交媒体平台在中国社会中扮演的日益重要的角色。它们原来的用途是为用户提供娱乐、更有效的通信手段，但是现在发展成为转播信息、建立关系网、吸引客户的有力工具。中国用户使用社交媒体是因为实现多种的目的，比如说，通过社交媒体用户可以了解自己感兴趣的最新动态，得到商品的信息，寻求推荐并与朋友们、影响着联系。关于影响着，近年来关键意见领袖（KOLs）与关键意见消费者（KOCs）在中国社交媒体平台上扮演日益重要的角色，为企业提供影响用户的心办法。最后，本章分析新冠冠状病毒对数字领域的影响，重点关注社交媒体平台在中国人生活各个方面的使用不断增加。

第三章分析核心的社交媒体平台，特别是微信、小红书和抖音，并探讨了葡萄酒企业如何有效利用这些数字工具增强其影响力并在不断发展的中国市场中取得成果。这些平台是强大的生态系统，企业可以在这下平台中量身打造的体验，吸引潜在客户并将他们转变为忠实的顾客。微信是一个多功能平台，允许葡萄酒企业建立官方账户。这些帐户是创建品牌认知度、培养有意义的关系以及让客户经历个性化购买旅程的门户。微信中的可定制营销的工具允许企业能够在数字化的空间中创造引人入胜的社交媒体内容、安排互动活动并提供实时客户支持。在社交媒体营销领域中，小红书是另一个很有影响力的平台，允许用户分享购物体验、旅行经验和生活方式技巧。葡萄酒企业可以利用小红书的用户生成内容、与关键意见领袖的合作，让其商品更受欢迎。这样做，他们不仅可以加强其在中国的市场上的存在，还可以讲述商品与企业的故事，教育消费者更了解意大利葡萄酒的传统和工艺。抖音（国际上被称为 TikTok）是另一个最近几年日益流行的中国社交媒体。其短视频格式为葡萄酒企业提供了独特创意营销的机会。通过有趣、提供有用信息的短视频，葡萄酒企业可以在竞争激烈的市场中脱颖而出。此外，与抖音关键意见领袖的合作可以在中国市场上进一步扩大品牌的影响。这些平台为葡萄酒企业提供了多种营销模式选择，从直播活动与虚拟品酒到互动活动与游戏化营销活动。采用这些工具，葡萄酒企业不仅可以提高个性化水平，还可以提高服务标准，与消费者建立一个牢固、长期的关系，从而确保在不断发展的中国市场中取得长期成功。

第四章，最后一章，深入探讨樱桃丘陵酒庄（La Collina dei Ciliegi）的案例研究。樱桃丘陵酒庄自 1925 年，即 Armando Gianolli 的出生的那年以来一直扎根于瓦尔潘特纳（Valpantena）地区，靠近维罗纳。这个辛布里安起源的村庄躺在平缓的山丘上，被 56 公顷的葡萄园、樱桃园、草地和美到令人窒息的树林所包围。在其子 Massimo Gianolli 的努力下，农场变成了一家酿酒公司，并在 2005 年生产了第一瓶阿玛罗尼（Amarone）。该酒庄战略性地选择中国成为其第一大出口市场，其成功之路的分析提供有价值的信息。樱桃丘陵酒庄取得成就大部分地取决于它对当今数字化的重要性的理解，认识到社交媒体平台在塑造品牌价值感并与消费者建立联系方面发挥的关键作用。通过有趣、提供有用信息的数字内容，该酒庄能够弥合意大利与中国的差距并与中国用户和消费者建立牢固的联系。其社交媒体营销策略是一种身临其境的体验，将意大利葡萄酒的精髓直接带到中国潜在客户的手机屏幕上。此外，樱桃丘陵酒庄的战略合作在其成功之路中发挥了关键的作用。值得注意的是，它与著名的 AC 米兰足球队的合作允许樱桃丘陵酒庄吸引更多的中国消费者。该合作不仅提升了酒庄的品牌感知度，还让樱桃丘陵酒庄被认为威望、高档独特性的象征，这些是在中国市场上非常关键的特点。该合作成为吸引热爱优质葡萄酒和体育的中国消费者的有力工具。本案例研究强调，本案例研究强调，创新战略、对中国市场的高度了解及战略合作伙伴关系都可以在中国市场上加强品牌的方面发挥关键作用。关于这一方面，通过其鼓舞人心成功故事樱桃丘陵酒庄作为利用数字战略和战略合作在中国如何实现增长和市场扩张的例子。

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# Chapter 1 – The Chinese wine market in the post-Covid era

## 1.1. Overview of the Chinese wine market

According to 2021 data, the Chinese economy is the second largest in the world, second only to that of the USA. For instance, China produces 9.3% of the global GDP and its exports are no different. In 1979 – at the end of the Mao era – China’s exports represented only 0.8% of global exports but from 1979 to 2009, they have risen steadily by 16% per year. The Chinese economy has shown unprecedented growth, which has led to the creation of a true consumer marketplace composed of people eager to enjoy and experiment with new products and services. Among such products, wine plays a fundamental role in several respects.<sup>1</sup>

### 1.1.1. Historical and cultural context

Even though wine has become a popular product only in the last few years in China, Chinese people have been drinking it for a very long time.<sup>2</sup> For instance, grapes started being cultivated in China during the Han dynasty (206 B.C.- 220 A.C.) and the business quickly expanded throughout Asia thanks to the trade provided by the Silk Road. During this period, only the members of the imperial court were allowed to consume wine, making such a beverage an elite drink strictly linked to status. Only during the Tang dynasty (618- 907) did wine consumption begin to spread outside the imperial court.<sup>3</sup>

Throughout Chinese history, wine has been linked to several cultural aspects and was used for many different scopes: votive offerings, entertainment<sup>4</sup> and inspiration – many ancient poets have written about wine and the act of creating poetry with the aid of wine (among them, Li Bai and Han Yu are worth mentioning).<sup>5</sup>

However, Chinese tradition has always been linked to *baijiu* (白酒 *báijiǔ*), a liquor made of sorghum, rice, or wheat which has a very high alcohol content. It is still the most popular alcoholic beverage in China,

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<sup>1</sup> D’Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 4.

<sup>2</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

<sup>3</sup> Polimanti Susanna, “Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce” (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>4</sup> Wine was one of the few forms of entertainment allowed to soldiers.

<sup>5</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

but wine, brandy, whisky, and spirits are slowly gaining popularity among consumers.<sup>6</sup> For instance, all alcoholic beverage consumption is expected to significantly grow in the next few years, while *baijiu* consumption is expected to decline, making room for other beverages, especially imported ones.<sup>7</sup>

Other than having been present for a very long time in Chinese people's lives, alcohol in China also has strong cultural connotations. In China, alcohol consumption is deeply connected to its social and celebratory aspect, both in everyday life – to strengthen friendships – and in professional contexts – to build trust and respect between companies and clients. It plays a fundamental role especially in building relationships, specifically in professional environments such as banquets, networking events, dinners etc. In China, most meals and events start with a toast – or multiple toasts – and it is considered quite disrespectful to start eating or drinking without waiting for the host to give their toast. Usually, guests should empty their cups (干杯 *gānbēi*) on the first toast to show their respect for the host and to officially start the meal or event. However, such a custom applies more to alcoholic beverages served in smaller glasses, such as *baijiu*, *sake* etc., while if guests are drinking wine, beer or other kinds of drinks which are usually served in bigger glasses, a sip is enough to show respect.<sup>8</sup>

Moreover, it is common knowledge in China that the amount of alcohol ingested is proportional to the amount of trust and respect towards the person you are drinking with.

While Chinese people generally do take pride in how much alcohol they are able to consume responsibly, the amount of alcohol that one drinks can also be perceived as the amount of trust one has in their drinking companions. [...] Drinking after a “ganbei” / finishing the entire glass can show the sincerity of your words and toast. Your respect and genuineness can be measured by how much alcohol you're willing to consume at the host's behest, or of your own volition, and even by how much you influence others to drink. While the West may negatively view urging others to drink as a form of peer pressure, it is for better or worse, a norm in China and an expression of friendship.

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<sup>6</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

<sup>7</sup> “The Wine Market in China: Best Practices to Sell Wine in China” (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>8</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>



However, it is important to remember that one should not appear overly drunk. For instance, «‘saving face’ is tied to how much alcohol one can consume without becoming a drunken embarrassment».<sup>9</sup>

For the aforementioned reasons, knowing at least the basics of Chinese drinking etiquette is extremely important to avoid mistakes and misunderstandings.

### 1.1.2. China’s wine production

Today China is the world’s first grape-producing country<sup>10</sup> (over 50 different types of grapes are used in Chinese wine-making<sup>11</sup>) and accounts for nearly half of the global grape production.<sup>12</sup> Moreover, China is the world’s fifth biggest wine-producing country<sup>13</sup>, with 780,00 hectares and more than 200 wine producers<sup>14</sup> mainly allocated in 8 regions characterized by a monsoonal or continental climate.<sup>15</sup> Such regions are Xinjiang – the major grape-production region<sup>16</sup> –, Gansu, Ningxia, Dongbei (Heilongjiang, Jilin, Liaoning), Hebei, Shangdong, Shanxi, and Yunnan.<sup>17</sup>

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<sup>9</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

<sup>10</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>11</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

<sup>12</sup> “The Wine Market in China: Best Practices to Sell Wine in China” (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>13</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>14</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>15</sup> Mescolini Matilde, “Il mercato del vino in Cina: curiosità e approfondimenti” (2021). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2021/05/24/il-mercato-del-vino-in-cina-curiosita-ed-approfondimenti/>

<sup>16</sup> “The Wine Market in China: Best Practices to Sell Wine in China” (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>17</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>



Figure 1 Wine-producing regions in China

Among these regions, Ningxia plays an important role both locally and internationally. Ningxia hosts about 100 wine producers, who mainly grow international grapes such as Cabernet Sauvignon and Chardonnay.<sup>18</sup> The region's dry climate and peculiar temperature range have helped Ningxia wines to enter the international market, including the Italian one. A prominent example is represented by Chateau Changyu Moser XV wines, which are the results of the partnership between Chateau Changyu – the first Chinese wine producer – and the Austrian oenologist Lenz Maria Moser.<sup>19</sup>

Wines from this region are becoming increasingly popular locally, too. Due to the Covid-19 pandemic, many foreign wines have not been able to travel to China and have, therefore, been replaced by local wines. Given the fact that Chinese consumers are very proud of national products, their purchase behaviours have changed according to the new situation.<sup>20</sup> A representative from Legacy Peak, a family-run winery in the Ningxia region, stated that, compared to the same period of the previous year, sales from December 2021 to January 2022 grew by 118%. Xige Estate, the greatest winery in the Ningxia region, estimated that it

<sup>18</sup> Polimanti Susanna, "Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce" (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>19</sup> Mescolini Matilde, "Il mercato del vino in Cina: curiosità e approfondimenti" (2021). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2021/05/24/il-mercato-del-vino-in-cina-curiosita-ed-approfondimenti/>

<sup>20</sup> Andrieu Christophe, "French wines are still in China, but in a different way" (2022). *Wine World Magazine*, September 2022: p. 17.

would have sold USD 32,000,000 of wine in 2021, which corresponds to double the amount sold in the previous year. Xige Estate was actually able to sell 1,200,000 of its 2017 bottles – its inaugural vintage.<sup>21</sup>

Chinese wineries are helped by the Chinese government as well, which is investing a lot in the wine industry and the Ningxia region. The government believes that such industry growth can benefit the Chinese economy in many ways: not only China would receive a significant economic return, but it would also gain a positive reputation as a producer of good quality wines.<sup>22</sup> For instance, in June 2021, China's State Council approved the establishment of a comprehensive experimental zone for the development and opening-up of the wine and grape industry in the Ningxia region («宁夏国家葡萄及葡萄酒产业开放发展综合试验区» *Níngxià guójiā pútáo jí pútáojiǔ chǎnyè kāifàng fāzhǎn zònghé shìyàn qū*), which represents the first plan concerning a wine experimental zone in China.<sup>23</sup>

Moreover, compared to foreign businesses, Chinese wineries can count on a few competitive advantages. Firstly, given their geographical position, Chinese winemakers have quicker access to and higher knowledge about Chinese consumers' tastes and new trends developing in the market. Secondly, Chinese winemakers can count on high-end technology and, consequently, on a continuously growing wine quality.<sup>24</sup> However, even though the consumption of Chinese domestic wine is increasing, Chinese wine producers still have to face a few challenges and obstacles, which prevent them from being worthy opponents of international wine importers at the moment.<sup>25</sup> Nevertheless, the Chinese wine industry is showing very encouraging signs of growth. According to the «中国酒业“十四五”发展指导意见» *Zhōngguó jiǔ yè "shísìwǔ" fāzhǎn zhǐdǎo yìjiàn* (Guiding Opinions on the Development of "fourteenth five-year plan" China's Wine Industry) published by the China Alcoholic Drink Association (中国酒业协会 *Zhōngguó jiǔ yè xiéhuì*)

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<sup>21</sup> Quadri Ambra, "Il mercato del vino in Cina: quali tendenze nel 2022?" (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>22</sup> Polimanti Susanna, "Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce" (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>23</sup> 穆维松, 吴晓倩, 齐建芳, 赵静静 and 冯建英, "中国葡萄酒产业发展形势及市场需求特征分析 (Analysis of Development Situation and Market Demand Characteristics of Chinese Wine Industry)" (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 4: p. 82.

<sup>24</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=9>

<sup>25</sup> 穆维松, 吴晓倩, 齐建芳, 赵静静 and 冯建英, "中国葡萄酒产业发展形势及市场需求特征分析 (Analysis of Development Situation and Market Demand Characteristics of Chinese Wine Industry)" (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 4: p. 83.

in 2021, China's wine production will reach 700,000,000 litres in 2026, which represents an increase of 75% compared with 2020.<sup>26</sup>

### 1.1.3. China's wine imports

China is the world's fifth-largest consumer of wine<sup>27</sup> and the third-largest wine importer<sup>28</sup>. The total imports of bottled wine have been consistently growing since 2006, from 2,250,000 nine-litre cases to 50,500,000 in 2019.<sup>29</sup> In the period between 2010 and 2019, the compound annual growth rate (CAGR) has been 14%.<sup>30</sup> Olivier Six, CEO of East Meets West – one of China's leading fine wine exporters –, stated that the growth of the business has been explosive, with sales increasing by more than 190% in ten years.<sup>31</sup>

The Covid-19 pandemic has had a great impact on Chinese imports of foreign goods, and wine is no exception. For instance, Chinese imports of wines and spirits decreased by 30% in 2020<sup>32</sup>, with China importing only USD 1,950,000,000 of wine, which represents a decrease of 27% compared with 2019. Moreover, Renminbi (RMB) suffered a devaluation in 2020, which contributed to a further increase in the value of losses suffered by foreign importers. However, such an issue was quickly resolved at the beginning of 2021, owing to numerous reforms implemented by the Chinese government.<sup>33</sup> Nevertheless, the Chinese wine market experienced a significant drop during the pandemic: while Western countries saw an increase in wine consumption at home during the lockdown – which supported such countries' wine markets –,

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<sup>26</sup> 陈光宇, 易钟婷, 关一 and 李甲贵, “消费者网购葡萄酒的影响因素及营销策略研究 (Influencing Factors and Marketing Strategies to Online Wine Buyers)” (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 5: p. 106.

<sup>27</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>28</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>29</sup> “Chinese wine market 2.0: how COVID-19 and politics have reshaped the landscape” (2021). *Daxue Consulting*. (Last accessed: 11/08/2022) <https://daxueconsulting.com/chinese-wine-market/>

<sup>30</sup> Mescolini Matilde, “Il mercato del vino in Cina: curiosità e approfondimenti” (2021). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2021/05/24/il-mercato-del-vino-in-cina-curiosita-ed-approfondimenti/>

<sup>31</sup> D'Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 4.

<sup>32</sup> Mescolini Matilde, “Il mercato del vino in Cina: curiosità e approfondimenti” (2021). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2021/05/24/il-mercato-del-vino-in-cina-curiosita-ed-approfondimenti/>

<sup>33</sup> “Il punto della situazione sull'export di vino in Cina” (2021). *Wine Business Hub*. (Last accessed: 07/21/2022) <https://cantine.winebusinesshub.com/export-vino-italiano-cina>

China has not witnessed a similar trend.<sup>34</sup> For instance, the country's overall wine consumption dropped by 17.4% in 2020, which is probably because China's wine consumption is mainly connected with the Ho.Re.Ca industry, while home consumption is still quite limited.<sup>35</sup>

Now the primary objective is to return to pre-Covid levels. In order to reach such an objective, local authorities have introduced different policies and associations have launched a fair number of campaigns. For example, the Shenzhen Liquor Association (深圳市酒类行业协会 *Shēnzhèn shì jiǔ lèi hángyè xiéhuì*) created specific coupons that could be used to buy wine or other alcoholic beverages.<sup>36</sup>

2021 showed some positive data and trends: according to Global Data, China's wine market accounted for USD 42,000,000,000 in 2021<sup>37</sup>, which represented a promising increase compared to the previous year and raised hopes for a prompt recovery of the Chinese market. However, due to the continuing lockdowns and the political crisis with Australia, wine imports quickly decreased again: in the first seven months of 2022, China purchased just over 2,100,000 hectolitres of wine from abroad, which represents 19% less than the amount purchased in the same period of the previous year, and nearly half (49%) of the amount of wine purchased in 2018 – a record year for Chinese wine imports. Since then, the decline has been steady – except for 2021.<sup>38</sup>

#### 1.1.4. What does the future hold?

Even though per capita wine consumption in China has slightly decreased in the past few years<sup>39</sup> and still falls behind other comparable countries, many professionals (IWSR, Nimbility, and Pudaowines) believe that the wine industry in China will grow exponentially in the next few years. They believe that the Chinese wine market will almost double in size in the coming decade, despite the consequences of the Covid-19

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<sup>34</sup> "Chinese wine market 2.0: how COVID-19 and politics have reshaped the landscape" (2021). *Daxue Consulting*. (Last accessed: 11/08/2022) <https://daxueconsulting.com/chinese-wine-market/>

<sup>35</sup> Wang Natalie, "IWSC Market Insight: the Chinese Wine Market" (2021). *IWSC News*. (Last accessed: 11/08/2022) <https://www.iwsc.net/news/wine/iwsc-insight-the-chinese-wine-market>

<sup>36</sup> Mescolini Matilde, "Il mercato del vino in Cina: curiosità e approfondimenti" (2021). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2021/05/24/il-mercato-del-vino-in-cina-curiosita-ed-approfondimenti/>

<sup>37</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>38</sup> Redazione Wine News, "Cina, nei primi sette mesi 2022, le importazioni di vino calano del 19% sul 2021" (2022). *Wine News*. (Last accessed: 10/05/2022) <https://winenews.it/it/cina-nei-primi-sette-mesi-2022-le-importazioni-di-vino-calano-del-19-sul-2021-476923/>

<sup>39</sup> Wang Natalie, "GlobalData: China's wine market size will almost double in 2026" (2022). *Vino Joy News*. (Last accessed: 10/28/2022) <http://vino-joy.com/2022/10/18/globaldata-chinas-wine-market-size-will-almost-double-in-2026/amp/>

pandemic. Mark Meek, CEO of IWSR, predicted a more gradual rebound than the one seen after the 2008 crisis and pointed out that the global beverage industry will likely return to pre-Covid levels in 2024.<sup>40</sup> In line with economic recovery and increasing household disposable income, per capita wine consumption in China is expected to increase by 68.8% in 2026.<sup>41</sup> The Chinese wine market is expected to grow at a CAGR of more than 11% by 2026<sup>42</sup> and, according to Global Data, it is expected to expand to USD 72,200,000,000 in the same year.<sup>43</sup>

## 1.2. Chinese consumers' consumption trends

With the continuous improvement of residents' disposable income and the rapid spread of wine culture, wine has become a symbol of people's pursuit of a healthy and fashionable lifestyle.<sup>44</sup> In China – but also Asia in general – consumers are becoming more and more interested in and knowledgeable about wine and its characteristics.<sup>45</sup> Moreover, Chinese consumers are showing a growing interest in higher quality wines, which is probably due to a generalised increase in spending power, travels to foreign countries and studies abroad – university faculties around the world count a fair amount of Chinese students studying viticulture, oenology and wine marketing.<sup>46</sup>

For many Chinese consumers, wine is tied to status – this was especially true when foreign wines appeared on the Chinese market for the first time.<sup>47</sup> This aspect does not relate only to the act of drinking wine, but also to the act of gifting it: given the fact that it is considered a premium product, wine is

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<sup>40</sup> “Chinese wine market 2.0: how COVID-19 and politics have reshaped the landscape” (2021). *Daxue Consulting*. (Last accessed: 11/08/2022) <https://daxueconsulting.com/chinese-wine-market/>

<sup>41</sup> Wang Natalie, “GlobalData: China's wine market size will almost double in 2026” (2022). *Vino Joy News*. (Last accessed: 10/28/2022) <http://vino-joy.com/2022/10/18/globaldata-chinas-wine-market-size-will-almost-double-in-2026/amp/>

<sup>42</sup> “The Wine Market in China: Best Practices to Sell Wine in China” (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>43</sup> Wang Natalie, “GlobalData: China's wine market size will almost double in 2026” (2022). *Vino Joy News*. (Last accessed: 10/28/2022) <http://vino-joy.com/2022/10/18/globaldata-chinas-wine-market-size-will-almost-double-in-2026/amp/>

<sup>44</sup> 陈光宇, 易钟婷, 关一 and 李甲贵, “消费者网购葡萄酒的影响因素及营销策略研究 (Influencing Factors and Marketing Strategies to Online Wine Buyers)” (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 5: p. 106.

<sup>45</sup> Andrieu Christophe, “French wines are still in China, but in a different way” (2022). *Wine World Magazine*, September 2022: p. 17.

<sup>46</sup> D'Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 4.

<sup>47</sup> Polimanti Susanna, “Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce” (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

frequently bought as a gift for special – and also official – occasions.<sup>48</sup> However, due to anti-corruption measures installed in 2012-13, such a practice has decreased. Nevertheless, the purchase of expensive wine has not decreased at the same pace, given the fact that an increasing number of consumers now buy such wines because they actually want to drink them, and not because they want to improve their social status by gifting them.<sup>49</sup> Nowadays, wine consumption in China is more and more oriented towards discovery: Chinese consumers are more and more curious and knowledgeable about wine features, such as country/region of origin, grape variety, organoleptic characteristics etc.<sup>50</sup>

### 1.2.1. General consumption trends

According to Value China’s research, different drivers are influencing the purchase behaviour of Chinese consumers. Price is a very popular driver, even though it is becoming increasingly less important due to the fact that Chinese consumers are gaining more and more knowledge about wine. Other drivers include taste, quality – measured in terms of awards and certifications –, grape variety, wine-making technique, and brand awareness.<sup>51</sup> Another driver which plays an increasingly important role is health-related benefits: in the last few years – and especially after Covid –, Chinese consumers have been paying more attention to their health, which has resulted in gradual changes in purchase and consumer behaviours – for example, traditional liquors such as *baijiu* are being replaced with beverages that contain a lower amount of alcohol, like wine. This increasingly popular trend has been enhanced by President Xi Jinping’s 健康中国 *Jiànkāng Zhōngguó* (“Healthy China”) policy, which encourages Chinese citizens to make healthier choices in terms of lifestyle and nutrition.<sup>52</sup>

Depending on the most determining drivers that influence consumers’ purchase behaviour, Wine Intelligence has identified six distinctive types of Chinese drinkers of imported wine<sup>53</sup>:

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<sup>48</sup> Tsang Gloria, “Ganbei! An In-Depth Guide to Chinese Drinking Culture” (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

<sup>49</sup> D’Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>50</sup> Somma Giulio and Ciarla Fabio, “Will Asia be the market of the future? That’s unclear, but fine wines are already going strong” (2022). *Wine World Magazine*, September 2022: p. 2.

<sup>51</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>52</sup> Value China, “[Ep 28] Alla scoperta del mercato del food and beverage Made in Italy in Cina” (2022). *Youtube*. (Last accessed: 07/15/2022) <https://www.youtube.com/watch?v=HYhn3kEe1ic&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=2>

<sup>53</sup> Wine Intelligence, “Internet and Social Media in the Chinese wine market” (2017). *WSET Alumni*: p. 4.

- “Adventurous connoisseurs” can be defined as high-spending and frequent wine drinkers. They are very knowledgeable about wine and brands and base their purchase decisions on aspects such as origin and quality – they usually look for appellations, medals, and awards from wine producers. The number of Chinese people falling into this category is continuously growing.
- “Frugal occasions drinkers” are low-engagement consumers who rarely drink wine. They mainly consume wine during celebratory occasions and choose which wine to buy mainly according to its price.
- “Health slippers” are consumers who occasionally drink wine and are mainly driven by its perceived health benefits. They are generally quite price-conscious and have a narrow repertoire.
- “Prestige-seeking traditionalists” are conservative, high-spending wine drinkers who purchase and consume wine mainly as a symbol of prestige and status. They show a preference for French wines.
- “Developing drinkers” are consumers who are starting to become interested and passionate about wine. They drink wine because they like the taste.
- “Social newbies” are younger consumers who are beginning to approach the wine world. They see wine as an interesting and social drink.

Concerning wine features, according to Mu, Wu, Qi, Zhao and Feng’s research, Chinese consumers show a clear preference for specific attributes of wine, which they have classified into two main categories: internal and external attributes. Among the most influencing external attributes – which play a more important role when wine knowledge is lower – they identified packaging, price, and country of origin. With regards to packaging, Chinese consumers show a preference for glass bottles and smaller sizes, namely medium (376-749 mL) and small bottles (375 mL). However, the wine currently available on the market is currently sold in larger bottles (750 mL), which can represent an obstacle to purchasing for some Chinese consumers. With regards to price, they noted that it is strongly linked to consumption occasions. For instance, consumers who buy wine for personal consumption tend to spend less on it than people purchasing it for parties, celebrations, and banquets. Gifting is the occasion for which Chinese consumers tend to spend more on wine: it still represents a very important tradition in China, given the fact is strictly connected to the concepts of “face” (面子 *miànzǐ*)<sup>54</sup> and social status. Finally, concerning the country of

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<sup>54</sup> «The Chinese concept of “face” (aka 面子 or miànzǐ) refers to a cultural understanding of respect, honor and social standing. Actions or words that are disrespectful may cause somebody to “lose face” while gifts, awards and other respect-giving actions may “give face”. [...] Unlike “Western face”– which is more self-oriented and individualistic — Chinese face is more other-directed and relational. In other words, it’s less about your own personal pride or ego, and more about how one is viewed by others. Unlike



origin, the majority of Chinese consumers do not show a preference for imported or domestic wines, but consumers who prefer domestic wine are slightly more than those preferring imported wine. With respect to internal attributes, Mu, Wu, Qi, Zhao and Feng report that Chinese consumers show general preferences for red wines, especially semi-dry and semi-sweet red wines (dry and overly sweet wines are not very popular). Still wines are favoured over sparkling ones – especially when referring to red wine – but sparkling white wines (especially Champagne) are becoming increasingly popular, especially among younger generations. Other features for which Chinese consumers show a preference are fruitiness and low acidity.<sup>55</sup>

#### 1.2.1.1. Red wine

Even though sweeter and fruitier tastes seem to be the most popular among Chinese wine consumers, red wine dominates the market, representing 75% of the overall wine market in China.<sup>56</sup> Two of the main reasons contributing to the success of red wine in China are its colour and its perceived health benefits. The colour red is a very important and auspicious colour in China since it traditionally represents wealth, power, and festivity.<sup>57</sup> Hence, it can be said that Chinese consumers are naturally attracted to it. With regards to the second aspect – health benefits –, many Chinese consumers – especially women – tend to prefer red wine because it is considered a healthy drink, not only for its lower alcohol content but also for the properties derived from its production method. Red wine production usually involves the whole grape, skin included, which is fermented together with the grape juice. The grape's skin is responsible for the final colour of the beverage i.e., red and for the high concentration of polyphenols present in such wines, which are regarded as powerful antioxidants.<sup>58</sup>

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Western face, Chinese face can be given or earned. It can also be taken away or lost.» See China Mike, “The Cult of “Face” in China | 面子” (2023). *China Mike*. (Last accessed: 09/20/2023) <https://www.china-mike.com/chinese-culture/cult-of-face/#:~:text=The%20Chinese%20concept%20of%20%E2%80%9Cface,actions%20may%20%E2%80%9Cgive%20face%E2%80%9D>.

<sup>55</sup> 穆维松, 吴晓倩, 齐建芳, 赵静静 and 冯建英, “中国葡萄酒产业发展形势及市场需求特征分析 (Analysis of Development Situation and Market Demand Characteristics of Chinese Wine Industry)” (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 4: p. 84-87.

<sup>56</sup> Polimanti Susanna, “Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce” (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>57</sup> Wang Natalie, “IWSC Market Insight: the Chinese Wine Market” (2021). *IWSC News*. (Last accessed: 11/08/2022) <https://www.iwsc.net/news/wine/iwsc-insight-the-chinese-wine-market>

<sup>58</sup> Polimanti Susanna, “Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce” (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

With regard to the most popular grape varieties, even though Chinese consumers are becoming more and more sophisticated and curious about different varieties of grapes, a general preference for fuller-bodied, less tannic wines has been observed. Cabernet Sauvignon remains the most popular varietal.<sup>59</sup>

#### 1.2.1.2. White wine

Chinese people also appreciate white wine, but much less than red wine. Cultural and social factors provide some explanation for such a trend. First of all, being produced without using the grape's skin, white wine cannot count on the health-related benefits which characterise red wines. Moreover, the colour of this type of wine represents an important issue connected to its cultural meaning: Chinese culture associates white with grief – it can be regarded as the opposite colour of red – and is, therefore, not seen in a positive and auspicious way. Finally, according to Chinese traditional medicine (CTM), cold beverages should be avoided as much as possible. CTM is still very popular in China and a great number of Chinese people are still influenced by its teachings, which makes it even harder to taste and enjoy the majority of white wines properly.<sup>60</sup> However, as the market matures, even though red wine is still more popular than white wine in China, the situation is gradually changing. According to Zhang Zihong, Deputy Editor of the *TerroirSense Wine Review*, thanks to the success of varietals such as German Riesling and New Zealand Sauvignon Blanc, white wine is showing a positive trend in the Chinese market and has acquired a significant part of red wines' market share, which has decreased from 86% to 68% in the past ten years.<sup>61</sup>

Sparkling white wines have also been gaining market share in the last few years. Even though Chinese culture and cuisine are not particularly suited for sparkling white wine, which is mostly regarded as a beverage for celebratory events and occasions, things seem to be changing. For instance, the *Sparkling Wine in the Chinese Market 2018* report acknowledged that even though red wines still hold the largest market share in China, wines such as French Champagne and Italian Prosecco are doing increasingly well.<sup>62</sup> French sparkling wines – especially Champagne – have shown the biggest increase in growth (+85%) in the last few years: from USD 44,780,319 (62% of the market share) in 2020 to USD 82,692,664 (73% of the market share) in 2021. Italian sparkling wine has shown a similar trend, with a growth rate of +34%: from

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<sup>59</sup> Tsang Gloria, "Ganbei! An In-Depth Guide to Chinese Drinking Culture" (2022). *Daxue Consulting*. (Last accessed: 10/07/2022) <https://daxueconsulting.com/understand-drinking-culture-china/>

<sup>60</sup> Polimanti Susanna, "Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce" (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>61</sup> D'Agata Ian, "Growth is there. For those who can see it" (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>62</sup> Gualini Giacomo, "Il Prosecco italiano si fa strada in Cina" (2021). *Value China*. (Last accessed: 07/21/2022) <https://valuechina.net/2019/02/21/il-prosecco-italiano-si-fa-strada-in-cina/>

USD 15,190,862 (21% of the market share) in 2020 to USD 20,336,592 (18% of the market share) in 2021. Olivier Six stated that increasing sales of sparkling white wines have led its company to import more varieties of Champagne in China: at the beginning, they only traded two varieties, and now they trade more than twenty. Among sparkling wines, Champagne is easily the most well-known and purchased by Chinese consumers, while other types of sparkling wines cannot be considered worthy opponents yet. For instance, according to fine wines importer Christopher Chen, «[o]utside of Champagne, sparkling wines are still of little interest to the majority of Chinese consumers, who find the acidity too high and the effervescence bothersome».<sup>63</sup>

Consumption of sparkling white wine is mainly driven by younger generations – more than half of sparkling wine consumers are less than 35 years old.<sup>64</sup>

### 1.2.2. Consumption trends by consumers categories

Even though data show some general trends in the Chinese wine markets, it is important to remember that China cannot be considered a single market: it is one of the largest countries in the world, it counts more than 50 ethnicities and has many different traditions – also culinary – that vary from region to region, if not from city to city. This translates to many regional and city markets, where consumers show different preferences and have different economic possibilities. Moreover, inside each of these markets, there are many different types of consumers.<sup>65</sup>

#### 1.2.2.1. Consumption by gender

Male and female consumers show interesting differences in terms of consumption trends. What is sure is that tastes are gradually changing, as consumers – both men and women – are becoming increasingly knowledgeable about wine and wine culture.

With regards to **male** consumers, the majority of them are between 30 and 39 years old, live in first-tier cities and belong to the middle or upper class.<sup>66</sup> They are more inclined to consume red wine, possibly dry or semi-dry.<sup>67</sup> Especially in the past, they used to favour wines such as Bordeaux and Burgundy; however,

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<sup>63</sup> D'Agata Ian, "Growth is there. For those who can see it" (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>64</sup> Gualini Giacomo, "Il Prosecco italiano si fa strada in Cina" (2021). *Value China*. (Last accessed: 07/21/2022) <https://valuechina.net/2019/02/21/il-prosecco-italiano-si-fa-strada-in-cina/>

<sup>65</sup> D'Agata Ian, "Growth is there. For those who can see it" (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>66</sup> D'Agata Ian, "Growth is there. For those who can see it" (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>67</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

their increased curiosity and knowledge about such a beverage have broadened their horizon and led to the increased consumption of other kinds of wine, namely coming from the Loire and Alsace regions.<sup>68</sup>

Even though male consumers still represent an important market share, **female** consumers' role in the wine sector is becoming increasingly important. The number of female wine consumers is constantly increasing, as stated in the report published by the e-commerce platform Suning in 2019. Traditionally, women drink less than men, because in certain contexts women who drink alcohol are not particularly well seen. However, due to the substantial increase in the number of working women, such a stereotype is gradually being overcome.<sup>69</sup> In the last few years, wine is very likely to be the first choice of women, since the alternatives – mainly beer and *baijiu* – are either too filling and cold or too strong to enjoy. Moreover, red wine is known for its health- and beauty-related benefits, which makes it particularly appealing to women.<sup>70</sup> For instance, in a survey carried out in 2018, 77% of interviewed women mentioned “health” among the main factors influencing their consumption behaviours and 61% mentioned “beauty”.<sup>71</sup> With regards to red wine, women show a preference for drier wines, since such wines contain a higher amount of antioxidants, which are regarded as very good for health in general.<sup>72</sup>

Even though red wine still represents the largest market share, women are also starting to appreciate sweeter and sparkling white wines. For instance, Zhang Mengyuan – wine expert and copywriter for the wine delivery app BottlesXO – revealed that in 2020, 60% of users of the app were women and the wine that sold the most was *prosecco*. She also stated that in 2015 – when the app was released – 90% of wine sold was red wine, while in 2020 two out of five bottles sold were white or sparkling wine.<sup>73</sup> With regard to sweet wine, the illustrative example of Miss Yuan's Sweet Wine Shop is worth mentioning. The business opened in 2015 with a capital of RMB 30,000 (less than USD 5,000). The company's growth has been exponential: revenues reached RMB 30,000,000 (about USD 4,500,000) in 2017, and RMB 42,000,000 (USD

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<sup>68</sup> D'Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>69</sup> Vidoni William, “Come le donne hanno cambiato il consumo di vino in Cina” (2020). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2020/11/17/come-le-donne-stanno-cambiando-il-consumo-di-vino-in-cina/>

<sup>70</sup> “Chinese wine market 2.0: how COVID-19 and politics have reshaped the landscape” (2021). *Daxue Consulting*. (Last accessed: 11/08/2022) <https://daxueconsulting.com/chinese-wine-market/>

<sup>71</sup> Vidoni William, “Come le donne hanno cambiato il consumo di vino in Cina” (2020). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2020/11/17/come-le-donne-stanno-cambiando-il-consumo-di-vino-in-cina/>

<sup>72</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>73</sup> Vidoni William, “Come le donne hanno cambiato il consumo di vino in Cina” (2020). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2020/11/17/come-le-donne-stanno-cambiando-il-consumo-di-vino-in-cina/>

6,500,000) in 2021, with sweet wine representing 90% of wine sold. Miss Yuan's founder, Xu Yuan, stated that the average consumer of its company is a young woman living in first and second-tier cities, who are characterised by a greater willingness to accept and try new products.<sup>74</sup>

With regards to off-dry and semi-sweet wines, they are particularly popular among female consumers in the 25-30 age group, according to CBNDATA's report released in 2020. Even though dry wines are the ones that sell the most, off-dry and semi-sweet wines are those that showed the fastest growth online in the last few years, and *Moscato* leads the way.<sup>75</sup>

Given the significant purchasing power they have been gaining in the last few years, women should be highly considered when choosing the strategy to follow when entering the Chinese wine market.

#### 1.2.2.2. Consumption by age

Wine seems to be more popular among the younger generations, with older consumers still preferring more traditional beverages, such as *baijiu*. This does not necessarily mean that there are no wine consumers among older generations. However, according to their age, Chinese consumers seem to show different preferences for different types of wine. People belonging to Gen Z are curious about new products. The main drivers influencing their behaviours are quality and taste, which lead them to easily change wine brands according to their preferences. They usually drink with friends, mainly for celebration purposes. Consumers between 30 and 45 years old can generally count on a higher disposable income and have a more mature taste. They frequently drink both red and white wines, also as casual drinks in a restaurant or a bar. Consumers belonging to older generations who drink wine can be described as wine lovers, who have a deep knowledge of the matter and are interested in tasting different kinds of wine. They tend to prefer imported wines and have no problem spending a great amount of money on them because such a practice has a direct effect on their social status (for instance, they have a preference for big brands, especially for business occasions<sup>76</sup>). They are used to drinking wine both outside and at home.<sup>77</sup>

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<sup>74</sup> Fiorio Emanuele, "Cina, vini dolci: tendenza in crescita" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_vini\\_dolci\\_tendenza\\_in\\_crescita.html](https://winemeridian.com/asia/cina_vini_dolci_tendenza_in_crescita.html)

<sup>75</sup> Wang Natalie, "IWSC Market Insight: the Chinese Wine Market" (2021). *IWSC News*. (Last accessed: 11/08/2022) <https://www.iwsc.net/news/wine/iwsc-insight-the-chinese-wine-market>

<sup>76</sup> D'Agata Ian, "Growth is there. For those who can see it" (2022). *Wine World Magazine*, September 2022: p. 4.

<sup>77</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

Even though wine consumers in China belong to different generations, younger generations – namely Gen Z and Millennials – are the main ones responsible for the increased consumption of wine in the country. They are the most curious and, therefore, more eager to discover and try new tastes and varieties, both local and international. They show a particular interest in orange wine from Slovenia and wines that are characterised by a higher minerality, such as Sicilian wines from Etna. Moreover, younger generations are more and more willing to drink fine wines, making high-priced and expensive cult wines increasingly sought-after and making low-priced OEM<sup>78</sup> wines slowly disappear from the market. Such a trend is especially evident in first-tier cities – Beijing, Shanghai, Guangzhou, and Shenzhen – but some second-tier cities – Changsha, Chongqing, Chengdu, and Hangzhou – are showing a similar inclination.<sup>79</sup>

According to Italian wine industry research, the consumer category that is more interested in knowing the product wine is the **Millennial** generation. Given the fact that they were among the firsts to have the opportunity to study abroad and, consequently, get to know wine culture through direct experience in their host countries,<sup>80</sup> the younger generations are more open towards foreign influences and foreign products. Moreover, they could – and still can – count on a consolidated online market, which makes it easier for them to collect information and purchase the wines they desire.<sup>81</sup>

Even though Millennials play a very important role in the wine industry in China, consumers belonging to **Generation Z** are those driving new trends in wine purchase and consumption. Such a generation was born under the one-child policy, so they got a great amount of attention from both parents and grandparents, which led to the creation of the term “little emperor syndrome” to describe their behaviour.

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<sup>78</sup> «OEM or “Original Equipment Manufacturer” refers to companies who are manufacturing parts or products that can be purchased and rebranded by other companies. A company’s wish to outsource the manufacture of its product is often related to economies of scale reflexions which indeed will allow it to build its own brands without owning production facilities. Outsourcing the production of their OEM French, wine brands will ensure companies to obtain quality and up-to-date French OEM wine at competitive prices.» See “Private Labels & OEM Wine – Italian Wine” (2022). *Wine Passions*. (Last accessed: 09/20/2023) <http://www.winepassions-sourcing.com/private-labels.htm>

<sup>79</sup> D’Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>80</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>81</sup> Polimanti Susanna, “Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce” (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

According to a report published by McKinsey in 2021, two-thirds of Gen Z consumers in China get about half of their parents' income as pocket money, which provides them with considerable purchasing power.<sup>82</sup>

One reason that explains why wine is becoming an increasingly popular product among consumers belonging to such a generation is the role played by social media and KOLs<sup>83</sup> specialised in the matter.<sup>84</sup> For instance, collaborations with KOLs and KOCs<sup>85</sup> represent a great opportunity to make a brand popular among younger consumers in China. Moreover, Gen Z consumers are also driving online sales and, particularly, live-streaming sales: in 2021, Gen Z purchases represented 34% of total sales on live-streaming channels.<sup>86</sup>

Young Chinese consumers are changing traditional consumption trends: they tend to drink beverages with a lower alcohol content – they prefer wine or beer to *baijiu* – and are playing a very important role in the growth of local wine consumption. For instance, a new significant trend that has been emerging in the last few years is 国潮 *guócháo* (“national trend”), a phenomenon that relates to the fact that younger generations – especially Gen Z – are more and more willing to buy local and national products that represent tradition and Chinese culture. China's economic growth has played an important role in the birth of such a trend, by favouring local production and, consequently, building up people's trust in Chinese products. Chinese products are continuously gaining Chinese consumers' appreciation and acknowledgement, which has led to the quick growth of local brands. Baidu and People.cn's report confirmed that the main consumers of national products are those belonging to younger generations, namely Millennials and Gen Z. While older generations have a stronger relationship with Western brands, younger generations have experienced China's economic growth first-hand and, therefore, are more aware of their national identity and traditional culture.<sup>87</sup> Such a tendency is also present in the wine market: with the increase in quality provided by the better economic situation, domestic wine brands can better meet the values and tastes of

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<sup>82</sup> Fiorio Emanuele, “Cina, Gen Z: quali sono le tendenze di consumo?” (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/news/it/cina\\_gen\\_z\\_quali\\_sono\\_le\\_tendenze\\_di\\_consumo.html](https://winemeridian.com/news/it/cina_gen_z_quali_sono_le_tendenze_di_consumo.html)

<sup>83</sup> Key Opinion Leaders

<sup>84</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>85</sup> Key Opinion Consumers/Customers

<sup>86</sup> Fiorio Emanuele, “Cina, Gen Z: quali sono le tendenze di consumo?” (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/news/it/cina\\_gen\\_z\\_quali\\_sono\\_le\\_tendenze\\_di\\_consumo.html](https://winemeridian.com/news/it/cina_gen_z_quali_sono_le_tendenze_di_consumo.html)

<sup>87</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

Chinese consumers. As long as domestic wineries continue to focus on quality improvement and are able to meet the market demand, consumers' trust and preference for domestic wine will remain stable or will even grow.<sup>88</sup> Foreign wine brands should pay great attention to such a phenomenon since they could risk falling behind their Chinese competitors.

### 1.2.2.3. Consumption by demography

Demography also plays a fundamental role in defining Chinese consumers' purchase and consumption behaviours. First of all, an important distinction between North and South can be observed: even though red wine is generally preferred in the whole country, northern regions show an even stronger preference for such a wine compared to China in general, while in eastern and southern regions white wine is greatly appreciated as well.<sup>89</sup>

According to Wine Intelligence analysis, China counts 52,000,000 wine drinkers<sup>90</sup>, who mainly live in **first** and **second-tier cities**, where people can generally count on higher incomes and where the concentration of Millennials and members of Gen Z is higher.<sup>91</sup> Due to a higher purchasing power, consumers living in first-tier cities – Beijing, Shanghai, Guangzhou, Shenzhen – are more open to trying and buying new products and are usually less concerned with price.<sup>92</sup> Specifically, Guangdong province plays an important role in boosting the country's GDP and can be considered China's biggest bottled wine consumer by value, accounting for about 30% of the country's overall import value. This is due to both the high average disposable income of residents and the proximity to Hong Kong, whose borders are only 50 km from Shenzhen. According to the Guangdong Alcoholic Drinks Association (广东省酒类协会 *Guǎngdōng shěng jiǔ lèi xiéhuì*), premium drinks with a price of RMB 600 (USD 93) or higher generated almost RMB

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<sup>88</sup> 穆维松, 吴晓倩, 齐建芳, 赵静静 and 冯建英, “中国葡萄酒产业发展形势及市场需求特征分析 (Analysis of Development Situation and Market Demand Characteristics of Chinese Wine Industry)” (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 4: p. 87.

<sup>89</sup> D'Agata Ian, “Growth is there. For those who can see it” (2022). *Wine World Magazine*, September 2022: p. 5.

<sup>90</sup> Wang Natalie, “IWSC Market Insight: the Chinese Wine Market” (2021). *IWSC News*. (Last accessed: 11/08/2022) <https://www.iwsc.net/news/wine/iwsc-insight-the-chinese-wine-market>

<sup>91</sup> Quadri Ambra, “Il mercato del vino in Cina: quali tendenze nel 2022?” (2022). *Norizoh Hub*. (Last accessed: 11/08/2022) <https://hub.norizoh.com/il-mercato-del-vino-in-cina-quali-tendenze-2022/>

<sup>92</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNoBZkxl-GTWVbd0NBK25tTF&index=9>



20,000,000,000 (USD 3,000,000,000) in sales in 2020. This was despite the lockdown measures implemented by the government, which deeply affected imports to China.<sup>93</sup>

It is safe to affirm that the Chinese wine market is driven by consumers living in first-tier cities, where the permeation rate of wine consumption is higher than everywhere else in the country. However, second and third-tier cities have been growing quite rapidly in the last few years, especially thanks to digital content, such as short videos. Consequently, consumer habits in such areas are showing increasingly similar trends to those in top-tier cities and, considering the greater amount of people living in these cities, their future impact on the market is set to be exponential.<sup>94</sup>

#### 1.2.2.4. Consumption by income

At present, regardless of age and gender, Chinese wine consumers mainly belong to the **middle class**, and the price they are willing to pay for a bottle of wine is RMB 300 (more than USD 40).<sup>95</sup> Due to the per capita income increase in the last few years, Chinese consumers can count on higher purchasing power compared to the past. Hence, they added new products – such as wine – to their consumption behaviours.<sup>96</sup> With an average income of RMB 20,000 (little less than USD 3,000) per month, the permeation rate of wine products into the middle class is growing at a blistering pace. Given their disposable income, this kind of consumer does not pay too much attention to price but has more demanding requirements for aspects such as health-related benefits, branding, and country of origin.<sup>97</sup> According to Bai’s research, this kind of consumer usually has a relatively high level of wine knowledge, because they had many opportunities to try imported wines and have, therefore, accumulated a certain amount of experience in buying and tasting wine. Consequently, they are more willing to pay extra for mid-to-high-end wines. The main factors

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<sup>93</sup> Wang Natalie, “IWSC Market Insight: the Chinese Wine Market” (2021). *IWSC News*. (Last accessed: 11/08/2022) <https://www.iwsc.net/news/wine/iwsc-insight-the-chinese-wine-market>

<sup>94</sup> Peng Maggie, “2021 China Beverage Industry Consumer and Social Content Insight” (2021). *Asia Wine News*. (Last accessed: 11/08/2022) <https://asiawinenews.com/2021/05/2021-china-beverage-industry-consumer-and-social-content-insights/>

<sup>95</sup> Polimanti Susanna, “Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce” (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>96</sup> Cuccoli Federica, “Vino in Cina: la situazione del mercato” (2022). *Value China*. (Last accessed: 11/08/2022) <https://valuechina.net/2022/03/14/vino-in-cina-la-situazione-del-mercato/>

<sup>97</sup> Peng Maggie, “2021 China Beverage Industry Consumer and Social Content Insight” (2021). *Asia Wine News*. (Last accessed: 11/08/2022) <https://asiawinenews.com/2021/05/2021-china-beverage-industry-consumer-and-social-content-insights/>

influencing middle-class consumers' purchase behaviour include brand, production area/country, grape variety and year of production, production area and grape variety being the most influential ones.<sup>98</sup>

As the level of knowledge and education about wines changes and Chinese consumers' income increases, the **high-end wine** sector grows as well and is set to gain a significant market share in China.<sup>99</sup> Given the exponential growth of their incomes, upper-middle and high-income households are gradually trading up to purchase more expensive brands and products which not only belong to categories of necessity but also to categories that make them look good – skincare above all – and make them feel good, such as low-alcohol flavoured beverages.<sup>100</sup> Hence, the preference for wine over more traditional beverages like *baijiu*.

Even though the first seven months of 2022 did not show an encouraging trend in wine sales in China, Chinese consumers are becoming more and more knowledgeable about wine in general and are, consequently, more willing to spend higher amounts of money to purchase it. For instance, high-end wine sales are taking an opposite direction if compared to the general trend of the wine market: IWSR forecasts show that the still and sparkling white wine market in China is expected to grow at a CAGR of 5-7% between 2021 and 2026.<sup>101</sup> According to IWSR data, premium wines have increased their market share from 15% in 2017 to a fifth (20%) in 2021 and are expected to reach 25% in 2026.<sup>102</sup>

Therefore, it can be concluded that there is still much room for improvement in the Chinese wine market, both in terms of premium wines' market share and potential consumers. According to the McKinsey consumer report of 2022, «[t]here is still no other country that adds as many households to the middle class each year as China does» and the majority of interviewees belonging to the middle class believe that their income will continue to increase in the next five years. This will give them an even higher purchasing

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<sup>98</sup> 白津菁, “葡萄酒消费概述” (2022). *现代商贸工业 Modern Business Trade Industry*, No. 21: p. 56.

<sup>99</sup> “The Wine Market in China: Best Practices to Sell Wine in China” (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>100</sup> Zipser Daniel, Hui Daniel, Zhou Jia and Zhang Cherie, “2023 McKinsey China Consumer Report: A Time of Resilience” (2022). *McKinsey & Company*: p. 13.

<sup>101</sup> Fiorio Emanuele, “Mercato vino, Cina: volumi in calo ma cresce fascia premium” (2022). *Wine Meridian*. (Last accessed: 10/05/2022) [https://www.winemeridian.com/asia/mercato\\_vino\\_cina\\_volumi\\_in\\_callo\\_ma\\_cresce\\_fascia\\_premium.html](https://www.winemeridian.com/asia/mercato_vino_cina_volumi_in_callo_ma_cresce_fascia_premium.html)

<sup>102</sup> Somma Giulio and Ciarla Fabio, “Will Asia be the market of the future? That's unclear, but fine wines are already going strong” (2022). *Wine World Magazine*, September 2022: p. 3.

power than the one they already have and the possibility to spend their money on a much larger variety of products.<sup>103</sup>

### 1.3. Top wine importers in China

Despite being the world's leader in grape production, China still imports more wine than it produces. That is due to the fact that 84% of grapes grown in China are intended for direct consumption and are, therefore, table grapes.<sup>104</sup>

According to the statistics of the General Administration of Customs of the People's Republic of China (中华人民共和国海关总署 *Zhōngguó rénmin gònghéguó hǎiguān zǒngshǔ*), China's main importers of wine are Australia, France, Chile, Italy, and Spain.<sup>105</sup> Such five countries account for about 90% of China's imports in terms of value and volume. In value terms, Australia was the largest supplier of wine to China in 2020, with a market share of 41%, followed by France (27%), Chile (11%), Italy (6%) and Spain (5%), while in volume terms, France was the major exporter to China, with a market share of 28%, followed by Australia (27%), Chile (16%), Spain (11%) and Italy (7%).<sup>106</sup> However, due to the dramatic decrease in Australian exports to China starting in March 2021, France, Chile and Italy currently hold more than 70% of the market share of imported wine in China.<sup>107</sup>

#### 1.3.1. Australia

Up until the first months of 2021, Australia was the dominant country in terms of market share in China, both in value and volume terms. Given the fact that Australian wines lack the prestige of Old World wines, Australian wineries had to put in a great deal of effort to be able to compete with Old World wineries, especially French ones. In spite of such a competitive disadvantage, Australian wine brands have gained a

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<sup>103</sup> Zipser Daniel, Hui Daniel, Zhou Jia and Zhang Cherie, "2023 McKinsey China Consumer Report: A Time of Resilience" (2022). *McKinsey & Company*: p. 5-8.

<sup>104</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

<sup>105</sup> 穆维松, 吴晓倩, 齐建芳, 赵静静 and 冯建英, "中国葡萄酒产业发展形势及市场需求特征分析 (Analysis of Development Situation and Market Demand Characteristics of Chinese Wine Industry)" (2022). *中外葡萄与葡萄酒 Sino-Overseas Grapevine & Wine*, No. 4: p. 83.

<sup>106</sup> Gleeson Trish, Addai Donkor and Cao Liangyue, "Australian wine in China: impact of China's anti-dumping duties" (2021). *Australian Government, Department of Agriculture, Water and the Environment*: p. 10.

<sup>107</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

considerable market share, particularly due to their innovative strategies in terms of sales and marketing. Among the most successful Australian brands in this sense, Penfolds and Yellow Tail are worth mentioning.<sup>108</sup> Australia's wine industry experienced significant growth in exports to China, which had become an important market for them. The exports had more than doubled over a period of 5 years until 2019-20. This growth was attributed to the gradual reduction and eventual elimination of tariffs on Australian wine as part of the China-Australia Free Trade Agreement (ChAFTA). As a result, Australia's competitiveness in the Chinese market improved, leading to further growth in exports.<sup>109</sup> Between 2010 and 2015, the proportion of Australia's bottled wine exports to China had eased from 8% to 20% in value terms and from 8% to 18% in volume terms. As tariffs on wine were gradually reduced to zero under the ChAFTA, the shares of both value and volume of exports to China increased further. By 2020, the value share of bottled wine exports to China had reached 40%, while the volume share had increased to 24%.<sup>110</sup> Australian wines' increase in market share mainly came at the expense of French wines, whose volume fell by 21% in 2019 and 34% in 2020.<sup>111</sup>

However, the situation quickly changed at the beginning of 2021. On March 26, 2021, China's Ministry of Commerce (中华人民共和国商务部 *Zhōnghuá rénmín gònghéguó shāngwùbù*), often abbreviated as MofCom, released the final results of its investigations into bottled wine imported from Australia. According to MofCom's findings, Australia was found to have engaged in the dumping<sup>112</sup> of wine in the Chinese market. As a result, anti-dumping (AD) duties ranging from 116.2% to 218.4%, depending on the exporting company,

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<sup>108</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

<sup>109</sup> Gleeson Trish, Addai Donkor and Cao Liangyue, "Australian wine in China: impact of China's anti-dumping duties" (2021). *Australian Government, Department of Agriculture, Water and the Environment*: p. 1.

<sup>110</sup> Gleeson Trish, Addai Donkor and Cao Liangyue, "Australian wine in China: impact of China's anti-dumping duties" (2021). *Australian Government, Department of Agriculture, Water and the Environment*: p. 7.

<sup>111</sup> Gleeson Trish, Addai Donkor and Cao Liangyue, "Australian wine in China: impact of China's anti-dumping duties" (2021). *Australian Government, Department of Agriculture, Water and the Environment*: p. 10.

<sup>112</sup> «According to the World Trade Organization (2020a), a company is said to be 'dumping' if it exports its product at a lower price than it normally charges for a comparable product in its own domestic market. If this method of determining a product's 'normal value' cannot be used, alternative ways include the price charged by the exporter in another country, or a calculation based on the combination of the exporter's production costs, other expenses and normal profit margins. The Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (AD Agreement) allows governments to act against dumping when there is material injury to the competing domestic industry caused by those dumped imports.» See Gleeson Trish, Addai Donkor and Cao Liangyue, "Australian wine in China: impact of China's anti-dumping duties" (2021). *Australian Government, Department of Agriculture, Water and the Environment*: p. 1.

would be imposed for a period of five years starting from March 28, 2021. According to Australian government forecasts, the final AD duties were expected to raise the import prices of Australian wine in China by two to three times, making it much less attractive compared to its competitors and rendering the Chinese market out of reach for Australian wine exporters.<sup>113</sup>

As a result, a fair number of wine agencies working in China quickly suspended importing Australian wines and were planning on diversifying import sources, namely buying more Italian wine. At the time of implementation of such duties, a wine trader based in Guangzhou had noted that the AD duties would have probably destroyed the competitiveness gained by Australian wines in the Chinese market, with small wine-makers losing the market and large ones struggling to maintain their position.<sup>114</sup>

As a result of the AD duties, Australian wine exports to China have dropped dramatically by more than 90% in both value (-92.24%) and volume (-91.09%), reducing Australian wine market share in China to a mere 3.27%. In just one year, Australia has been surpassed by four importing countries and is now the fifth top exporting country to China.<sup>115</sup>

It is still uncertain whether such duties will actually remain in place for five years. However, Australian exporters could have sensed a flicker of hope at the end of 2022. In December 2022, Australian Foreign Minister Penny Wong visited China for the first time to celebrate the 50th anniversary of diplomatic relations between the two countries, and China indicated that it would soon allow Chinese companies to resume coal imports from Australia, which had previously been banned. Hans Hendrichske, a professor of Chinese economics and management at the University of Sydney, stated that the restrictions imposed by China on Australian products, including lobster, wine, and other raw materials, could be gradually eased.<sup>116</sup>

### 1.3.2. France

French wines were the first foreign wines to enter the Chinese market, over twenty years ago. Moreover, French wine producers devoted remarkable effort to create alliances and cooperating with

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<sup>113</sup> Gleeson Trish, Addai Donkor and Cao Liangyue, "Australian wine in China: impact of China's anti-dumping duties" (2021). *Australian Government, Department of Agriculture, Water and the Environment*: p. 1.

<sup>114</sup> GT staff reporters, "China to impose up to 218% five-year anti-dumping duties on Australian wines, effective Sunday" (2021). *Global Times*. (Last accessed: 03/08/2023) <https://www.globaltimes.cn/page/202103/1219535.shtml>

<sup>115</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

<sup>116</sup> Redazione Federvini, "Disgelo tra Cina e Australia, saltano i super dazi sul vino?" (2023). *Federvini*. (Last accessed: 03/08/2023) <https://www.federvini.it/news-cat/4885-disgelo-tra-cina-e-australia,-saltano-i-super-dazi-sul-vino>

Chinese wine producers, who were provided with know-how, techniques and knowledge about grapes and wines. Furthermore, French wineries also created the first Sino-French joint ventures and made considerable investments to support Chinese importers and distributors. It is safe to say that the competitive advantages on which French wine producers can count are decisive in the Chinese market.<sup>117</sup>

Chinese consumers consider France the premium country of origin in terms of quality, which is why most wine consumers are willing to pay a higher price for French wines even though they can purchase cheaper alternatives. However, France has been losing market share in the past few years, mainly due to innovative techniques and strategies implemented by New World wine exporters, such as Australia and Chile. Moreover, Australian and Chilean wines' affordability makes them the first choice of those wine drinkers who are still price sensitive, further contributing to French wines' decrease in market share.<sup>118</sup> Nevertheless, French wines can still count on their competitive advantages, which have made them very popular among Chinese consumers – especially those with a higher disposable income.

The last twenty years have been a prosperous time for French wines in general and Bordeaux wines in particular. However, the outbreak of the Covid pandemic disrupted this trend. Before the pandemic, nearly half of the wine bottles sold in China were French, with about two-thirds of those being Bordeaux. Although there has been some change, French wines still make up 40% of the market. For a brief period, Australian wines became the primary exporter to China, but their situation has recently worsened due to both Covid-related issues and geopolitical factors (AD duties).<sup>119</sup> Due to the AD duties on Australian imports, French wines have become the first choice of Chinese consumers. In 2021, France exported USD 753,000,000 (+48.11% compared to 2020) and 115,000,000 litres of wine to China (+14.42%). The strong demand for Bordeaux wine is one of the main drivers of the growth of French wine exports to China. For instance, one out of five bottles of Bordeaux exported by France (around 54,000,000 bottles) were shipped to China in 2021. Moreover, France dominated Chinese imports of sparkling white wine, accounting for a market share of 72.8%. France exported USD 82,000,000 (+84.64%) and 2,500,000 litres (+43.35%) of sparkling white

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<sup>117</sup> Sansone Eleonora, "Il mercato del vino italiano in Cina, tecniche, strategie, problemi di penetrazione nel mercato enologico cinese" (2012). *Università Ca' Foscari di Venezia*: p. 43-44.

<sup>118</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

<sup>119</sup> Andrieu Christophe, "French wines are still in China, but in a different way" (2022). *Wine World Magazine*, September 2022: p. 16.

wine in 2021.<sup>120</sup> According to FEVS (Fédération des exportateurs de vins et spiritueux de France), 2021 was a record year for French wine exports: France not only has recovered from the losses caused by the pandemic but has also exceeded the levels seen before 2020. In 2021, China was France's third largest export destination, after the United States and the United Kingdom.<sup>121</sup>

### 1.3.3. Chile

With its 19.63% market share, Chile is currently the second biggest wine exporter to China. In 2021, Chile exported USD 332,000,000 of wine to China, an increase in value of 50.72% compared to the previous year. In terms of volume, it shipped 127,000,000 litres of wine to China (+45.35%). For a long time, Chilean wines have been regarded as cheap, mid-range wines but since 2017 Chilean premium wines have been gaining a higher and higher reputation, and China has become the largest consumer market for Chilean premium wines.<sup>122</sup> For instance, Chinese consumers consider Chilean wines as high-price-performance wines: they are still not perceived as prestigious as French wines but are regarded as a valid cheaper alternative. They are considered one of the best wines in terms of quality-price in the Chinese market.<sup>123</sup>

Other than representing an affordable and high-quality option, Chilean wines can count on other multiple advantages, among which is the fact that they benefit from zero import tariffs. Moreover, although Chilean wine brands are not as highly regarded as those from the Old World (France, Italy, Spain etc.), Chilean vineyards actually have older vines than any of the major Old World producers due to their fortunate avoidance of the phylloxera bug, which destroyed vines globally in the 1800s. Besides, because Chile encompasses a diverse range of climatic zones, winemakers can cultivate many grape varieties in the country. Additionally, the geographical conditions in Chile are advantageous, resulting in the use of fewer pesticides in their vineyards compared to their competitors.<sup>124</sup>

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<sup>120</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

<sup>121</sup> Fiorio Emanuele, "Export Francia: il grande balzo cinese" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/export/export\\_francia\\_il\\_grande\\_balzo\\_cinese.html](https://winemeridian.com/export/export_francia_il_grande_balzo_cinese.html)

<sup>122</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

<sup>123</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

<sup>124</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

Chile is also the largest supplier of bulk wine to China with a market share of 58.91%. In 2021, its bulk wine exports recorded a massive growth of 101.57% in value, totalling USD 63,000,000. The growth was remarkable also in terms of volume: Chile shipped 60,000,000 litres of bulk wine to China in 2021 (+62.04%).<sup>125</sup>

Among successful Chilean wine producers in the Chinese market, the case of Wines of Chile is worth mentioning. The key success factors characterising such a business in China are mainly two. First, the company has a good understanding of the Chinese market and has created tailored strategies targeting the different regions and provinces of China. This way, it was able to engage different kinds of consumers across the country. Second, Wines of Chile was quick to acknowledge the importance of digital marketing in China. The brand has an active presence on several platforms such as Sina Weibo (新浪微博 *Xīnlàng Wēibó*), Douyin (抖音)<sup>126</sup>, and WeChat (微信 *Wēixìn*), where they publish highly captivating content. Additionally, Wines of Chile has successfully executed two campaigns, the Magical Mystery Wine Tour (2018) and the Honeymoon campaign (2017). The former featured 20 Chinese wine KOLs and 40 local producers and was aimed at showcasing and promoting the unique characteristics of Chilean wine. The latter followed a Chinese couple's honeymoon in various Chilean regions through 12 short episodes. Finally, Wines of Chile has also organized many city-specific events for professionals, who provided very positive feedback. In the past five years, the brand has held such events in over 30 cities.<sup>127</sup>

#### 1.3.4. Italy

Italy is the biggest wine producer globally. Italian wine brands have been categorized since the 1960s, with stringent regulations covering all facets of production, which further helps Chinese consumers recognise wines of high quality. Moreover, Italy's picturesque production landscapes offer another significant competitive advantage, making wine tours a popular choice and wine promotion more captivating. Furthermore, the organic wine sector has experienced significant growth, with brands operating in such a sector successfully achieving premium pricing. Such characteristics are all taken into

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<sup>125</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

<sup>126</sup> In the present work, the author refers to the Chinese version of the app as Douyin, and to the Western version as Tik Tok.

<sup>127</sup> "Chinese wine market 2.0: how COVID-19 and politics have reshaped the landscape" (2021). *Daxue Consulting*. (Last accessed: 11/08/2022) <https://daxueconsulting.com/chinese-wine-market/>



account by Chinese consumers, who recognise the great variety Italy offers in terms of wines and grapes. They consider Italian wine easier to drink but still not as high quality as French wine.<sup>128</sup>

Even though it still has to face some obstacles in competing with France and Chile in the Chinese market, Italy expanded its market share in China to 9.78% in 2021, becoming the country's third biggest wine importer. In 2021, Italian wine exports to China reached a value of USD 165,000,000 (+43.72% compared to the previous year). The average price per litre increased to USD 5.14 (+14.67%). The volume of wine sold also increased to 32,000,000 litres (+25.33%). The Australian situation provided Italy with a great opportunity, and Italian producers promoted their products through roadshows, tasting events and trade fairs.<sup>129</sup>

Although Italian wine exports to China suffered a significant decline in the first half of 2022, with a 14% drop in sales volumes compared to the same period in 2021, the potential opportunities in China are still vast. With a population of 1,420,000,000 people, there is still much to be done to educate and introduce Chinese consumers to Italian wine, with careful attention to specific products, including label design. However, the recent void created by the halt in Australian wine imports could present a great chance for Italian wines to fill the gap. Francesco Paganelli, Export Manager Asia Accounts of the Cevico Group, stated that after the dramatic decrease of Australian wine imports in China, they started proposing Italian wines produced in Sicily and Puglia, with similar organoleptic profiles to Australian wines – including high alcohol content and distinct aromas –, which were very well received by Chinese consumers.<sup>130</sup>

As a matter of fact, Chinese consumers are showing a growing interest in the food & beverage (F&B) industry and Italian wines.<sup>131</sup> Sangiovese and Nebbiolo are among the most popular Italian wines in China, while Prosecco and organic wines represent a great opportunity for Italy to further expand its business in China.<sup>132</sup> However, even though the majority of Italian producers exporting in China have a positive outlook

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<sup>128</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

<sup>129</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

<sup>130</sup> Somma Giulio and Ciarla Fabio, "The Silk Road is full of challenges" (2022). *Wine World Magazine*, September 2022: p. 13.

<sup>131</sup> Polimanti Susanna, "Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce" (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>132</sup> Redazione I Grandi Vini, "Vino italiano in Cina: perché l'exploit di vendite atteso non c'è stato?" (2021). *I Grandi Vini*. (Last accessed: 11/08/2022) <https://www.igrandivini.com/news/vino-italiano-in-cina-vendite/>

on Italian wine exports in the country<sup>133</sup>, there is still much to be done in the Chinese market. Indeed, Italian wine brands, consortia, and associations are working on the promotion of Italian products and the education of Chinese consumers. For example, the Vinitaly International Academy offers training and educational courses on wine for foreign operators intending to train wine ambassadors from all around the world and to make them the new promoters of the wine industry.<sup>134</sup> With regard to the campaigns launched by Italian consortia, two prominent examples are those of Consorzio Tutela Vino Doc Sicilia and Consorzio Vino Chianti. The former has organised seminars and wine tasting of Sicilian wines in 20 Chinese cities, while the latter conducted a very successful and attended seminar in Chengdu in April 2021.<sup>135</sup>

### 1.3.5. Spain

Spain is the fourth largest exporter of wine to China, with a market share of 8.64%. In 2021, it exported 64,000,000 litres of wine, worth USD 146,000,000, an increase of 57.9% in volume and 49.3% in value compared to the previous year. The main driver of growth is the surge of bulk wine exports. In 2021, Spain's bulk wine exports to China reached 13,700,000 litres (+260.6%), corresponding to USD 7,980,000 (+237.6%). However, the average price per litre fell to USD 2.27 (-5.44%).<sup>136</sup>

Spanish wine is considered the most affordable among the Old World producers and is the cheapest of the top five exporters to China, which is due to its limited production capacity compared to its rivals. The majority of Spanish wine is sold in bulk, making it more susceptible to being blended with other wines before being bottled and sold. This lowers the price that Spanish producers can charge for their wines. According to reports, Chinese wine drinkers tend to favour fruity flavours, and Spanish wines are considered to have a fruitier aroma than wines produced by their competitors.<sup>137</sup>

Nevertheless, the Asian market holds limited significance for Spanish wine exporters at the moment, with China and Japan representing only 8.3% of Spanish wine exports and ranking tenth and eleventh in

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<sup>133</sup> "Il punto della situazione sull'export di vino in Cina" (2021). *Wine Business Hub*. (Last accessed: 07/21/2022) <https://cantine.winebusinesshub.com/export-vino-italiano-cina>

<sup>134</sup> Polimanti Susanna, "Vino italiano in Cina: ecco chi beve, come beve e cosa preferisce" (2022). *Cina in Italia*. (Last accessed: 11/08/2022) <https://cinainitalia.com/2022/01/10/vino-italiano-in-cina/>

<sup>135</sup> Redazione I Grandi Vini, "Vino italiano in Cina: perché l'exploit di vendite atteso non c'è stato?" (2021). *I Grandi Vini*. (Last accessed: 11/08/2022) <https://www.igrandivini.com/news/vino-italiano-in-cina-vendite/>

<sup>136</sup> Fiorio Emanuele, "Cina: Top 10 esportatori di vino del 2021" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/cina\\_top\\_10\\_esportatori\\_di\\_vino\\_nel\\_2021.html](https://winemeridian.com/asia/cina_top_10_esportatori_di_vino_nel_2021.html)

<sup>137</sup> "An analysis of wine imports in China, is the market shifting from 'old world' to 'new world'?" (2020). *Daxue Consulting*. (Last accessed: 03/08/2023) <https://daxueconsulting.com/wine-imports-in-china/>

terms of market importance, respectively. José Luis Villar, the head of Bodegas Frutos Villar, noted that the Chinese market has presented the greatest challenges due to a long-standing preference for French wines, with Spanish wines only being purchased when they are low-cost. Chile is another significant competitor in the Chinese market, having invested heavily in China and benefiting from a free trade agreement with the country for several years.<sup>138</sup>

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<sup>138</sup> Scheepers Frank, Llopart Jesi and Villar José Luis, “Spanish wine on the Asian market, between competition and possibility” (2022). *Wine World Magazine*, September 2022: p. 18.

# Chapter 2 – The emerging role of digital platforms in retail and promotion in China

## 2.1. The evolution of the Internet in China

Nowadays, China is the country with the highest number of Internet users in the world<sup>139</sup> – as of December 2022, it had 1,067,000,000<sup>140</sup> – and has achieved a leading position in the digital sector. However, differently from the majority of developed countries – which have shown and are showing a more gradual evolution in such an industry –, China has created its Internet infrastructure from scratch in roughly 40 years, which makes its growth even more remarkable.

### 2.1.1. Historical context and first steps

The birth of the Internet in China has its roots in the Chinese economic reform put in place starting in the early 1980s in China. Prior to that moment, the Chinese economy was dominated by state ownership and central planning and was characterised by considerable fluctuations, especially during the Great Leap Forward and the Cultural Revolution years.<sup>141</sup> Starting from the 1970s, China entered into a period of economic stagnation<sup>142</sup>, which led the new leadership of the Communist Party – headed by Deng Xiaoping (1904-1997) – to abandon Maoism after Mao’s death (1976) and implement market-oriented reforms in order to salvage the Chinese economy.<sup>143</sup> Such reforms were mainly based on the Four Modernisations (四个现代化 *sì gè xiàndàihuà*) set by Deng, which included the strengthening of the fields of agriculture, industry, defence and science and technology.<sup>144</sup> Therefore, the development of China’s information and

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<sup>139</sup> “China Social Media Statistics 2023 | Most Popular Platforms” (2023). *The Global Statistic*. (Last accessed: 04/19/2023) [https://www.theglobalstatistics.com/china-social-media-statistics/?utm\\_content=cmp-true](https://www.theglobalstatistics.com/china-social-media-statistics/?utm_content=cmp-true)

<sup>140</sup> CIW Team, “China Internet user snapshot 2023” (2023). *China Internet Watch*. (Last accessed: 05/04/2023) <https://www.chinainternetwatch.com/29010/china-internet-users-snapshot/>

<sup>141</sup> Naughton Barry, “The Chinese economy: transition and growth” (2007). Cambridge: MIT Press: p. 3-5.

<sup>142</sup> Walder Andrew G., “China Under Mao” (2015). Cambridge: Harvard University Press: p. 322.

<sup>143</sup> Brandt Loren, et al., “China's Great Transformation” (2008). Cambridge: Cambridge University Press: p. 7-8.

<sup>144</sup> Ebrey Patricia Buckley, “Four Modernizations Era” (2010). *University of Washington*. (Last accessed: 04/29/2023) <http://depts.washington.edu/chinaciv/graph/9confour.htm>

communications infrastructures was designated as a crucial element of the country's national economic growth strategy.<sup>145</sup>

In 1986, the Beijing Municipal Computer Application Research Institute began to collaborate with Karlsruhe University of former Western Germany on the CANET (Chinese Academic Network) project and, on September 20, 1987, Professor Qian Tianbai – supervisor of the whole operation – sent China's first e-mail, marking the beginning of the use of the Internet in the country.<sup>146</sup> Such an e-mail contained only a few – but significant – words: “Across the Great Wall we can reach every corner of the world” (“越过长城，走向世界” *Yuèguò Chángchéng, zǒuxiàng shìjiè*).<sup>147</sup> This short message marked the beginning of the first phase of Internet development in China (1987-1993), during which such a system was mainly used for research and essential communication purposes by a limited number of universities and research institutes.<sup>148</sup>

### 2.1.2. Evolution and growth

China's Internet development entered its second – and current – phase when Internet services began to be offered to an increasingly high number of people.<sup>149</sup> Specifically, starting from April 20, 1994, China has been officially recognised as a country that has access to the Internet.<sup>150</sup>

According to Fang Xingdong, former Internet entrepreneur and founder of Blogchina (now Bokee) – considered by many the father of blogging –, this second phase can be divided into three stages. The first stage corresponds to the early 1990s, which were characterised by **Web 1.0**.<sup>151</sup> During this period, China

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<sup>145</sup> Song Wei, “Development of the Internet and Digital Divide in China: A Spatial Analysis” (2008). *Intercultural Communication Studies*, Issue VXII, No. 3: p. 22-23.

<sup>146</sup> “Evolution of Internet in China” (2001). *Internet Archive*. (Last accessed: 04/20/2023) [https://web.archive.org/web/20170129072805/http://www.edu.cn/introduction\\_1378/20060323/t20060323\\_4285.shtml](https://web.archive.org/web/20170129072805/http://www.edu.cn/introduction_1378/20060323/t20060323_4285.shtml)

<sup>147</sup> Zhu Sha, “Lo stato di Internet in Cina” (2018). *Cinaliano blog*. (Last accessed: 04/20/2023) <https://www.cinaliano.it/blog/lo-stato-di-Internet-in-cina.html>

<sup>148</sup> Lu Wei, Du Jia, Zhang Jin, Ma Feicheng and Le Taowen, “Internet development in China” (2001). *Journal of Information Science*, Issue 28, No. 3: p. 207.

<sup>149</sup> Lu Wei, Du Jia, Zhang Jin, Ma Feicheng and Le Taowen, “Internet development in China” (2001). *Journal of Information Science*, Issue 28, No. 3: p. 207.

<sup>150</sup> “Evolution of Internet in China” (2001). *Internet Archive*. (Last accessed: 04/20/2023) [https://web.archive.org/web/20170129072805/http://www.edu.cn/introduction\\_1378/20060323/t20060323\\_4285.shtml](https://web.archive.org/web/20170129072805/http://www.edu.cn/introduction_1378/20060323/t20060323_4285.shtml)

<sup>151</sup> “中国互联网的 25 年” (2019). *新华网 Xinhuanet*. (Last accessed: 04/20/2023) [http://www.xinhuanet.com/politics/2019-10/18/c\\_1125123489.htm](http://www.xinhuanet.com/politics/2019-10/18/c_1125123489.htm)

saw its user base – composed of major universities and research institutes – grow bigger and bigger. Such a new user base especially included wealthy, educated and young people living in first-tier cities.<sup>152</sup>

The second stage includes the late 1990s and the 2000s, when **Web 2.0** emerged, and the Internet entered millions of households.<sup>153</sup> In the late 1990s, the Chinese government launched several initiatives to improve relations between China and the rest of the world, one of which involved granting huge numbers of Chinese citizens access to the Internet.<sup>154</sup> For this purpose, in 1995, China Telecom (中国电信股份有限公司 *Zhōngguó diànxìn gǔfèn yǒuxiàn gōngsī*) – a Chinese state-owned telecommunication company – started to provide access to the Internet through telephone networks and, in October of 1999, China’s Ministry of Information Industry reduced significantly Internet service fees, making it more accessible to a higher number of Chinese people.<sup>155</sup> Since a considerable number of people were now using Internet services, such services needed to be adapted to the new audience. As a matter of fact, it was in the late 1990s that many relevant digital platforms and companies were born, such as Tencent (腾讯 *Téngxùn*, 1998), Alibaba (阿里巴巴 *Ālǐbābā*, 1999) and Baidu (百度 *Bǎidù*, 2000).<sup>156</sup>

Finally, the last stage is represented by the last few years, in which the **mobile Internet** is king, especially in China. Particularly after the commercialisation of smartphones, applications have become an integral part of people’s life, covering almost every aspect of it. Nowadays, almost everything is possible with the right app: mobile payment, car rental, fitness, reading etc., and China represents a leader in the sector. With its outstanding advantages of ubiquity, connectivity, intelligence and inclusiveness, the mobile Internet has strongly promoted the deep integration of the Internet and the real economy, representing a new area of

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<sup>152</sup> Webster Graham, “A Brief History of the Chinese Internet” (2019). *Logic*, Issue 7: China. (Last accessed: 04/20/2023) <https://logicmag.io/china/a-brief-history-of-the-chinese-Internet/>

<sup>153</sup> “中国互联网的 25 年” (2019). *新华网 Xinhuanet*. (Last accessed: 04/20/2023) [http://www.xinhuanet.com/politics/2019-10/18/c\\_1125123489.htm](http://www.xinhuanet.com/politics/2019-10/18/c_1125123489.htm)

<sup>154</sup> Webster Graham, “A Brief History of the Chinese Internet” (2019). *Logic*, Issue 7: China. (Last accessed: 04/20/2023) <https://logicmag.io/china/a-brief-history-of-the-chinese-Internet/>

<sup>155</sup> “Evolution of Internet in China” (2001). *Internet Archive*. (Last accessed: 04/20/2023) [https://web.archive.org/web/20170129072805/http://www.edu.cn/introduction\\_1378/20060323/t20060323\\_4285.shtml](https://web.archive.org/web/20170129072805/http://www.edu.cn/introduction_1378/20060323/t20060323_4285.shtml)

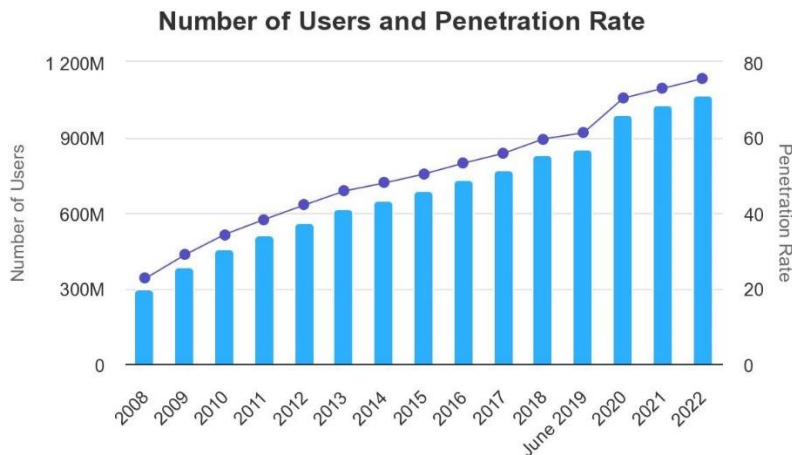
<sup>156</sup> Webster Graham, “A Brief History of the Chinese Internet” (2019). *Logic*, Issue 7: China. (Last accessed: 04/20/2023) <https://logicmag.io/china/a-brief-history-of-the-chinese-Internet/>

innovation and development, a new platform for public services and a new channel for information sharing.<sup>157</sup>

Ren Xianliang, secretary-general of the World Internet Conference and deputy chairman of the Social Construction Committee of the 13th National People's Congress, emphasized China's steadfast commitment to implement the network-strengthening strategy and fostering the development of the digital economy. He highlighted the country's efforts in promoting the digital transformation of both the economy and society. These endeavours have yielded significant outcomes, positioning the digital economy as a crucial driving force for achieving high-quality economic and social development.<sup>158</sup>

### 2.1.2.1. Internet users in China

As already stated, the number of Chinese people accessing the Internet in the last 20 years or so has increased dramatically, as shown in the following graph.



Graph 1 Internet users and Penetration rate in China, 2008-2022

Other than the number of people accessing the Internet, also the categories of people using its services changed considerably over time.

Data from the China Internet Network Information Center (CNNIC) showed that, at the end of 2000, Internet users in China reached 22,500,000. Netizens were mainly males (69.9%), while women represented less than a third (30.4%) of total users. With regards to marital status, the majority of Internet users were single (62.9%), while only a little more than a third of them were married (37.1%). This phenomenon could

<sup>157</sup> “中国互联网的 25 年” (2019). 新华网 Xinhuanet. (Last accessed: 04/20/2023) [http://www.xinhuanet.com/politics/2019-10/18/c\\_1125123489.htm](http://www.xinhuanet.com/politics/2019-10/18/c_1125123489.htm)

<sup>158</sup> “共论中国互联网发展” (2022). 中国信息界 Information China, 2022.06: p. 19.

be explained by the fact that younger people tended to be more inclined to use Internet services than older people. Indeed, most Internet users were between 18 and 24 (41.2% ) and between 25 and 30 (18.8%) years old, while people over 30 only accounted for 25.1% of total users. Concerning users' location, Chinese people accessing the Internet seemed to be concentrated in coastal areas and well-developed provinces and regions. People residing in the provinces of Beijing, Shanghai and Guangdong accounted for nearly a third (31.1%) of the Chinese Internet population, with Beijing leading the way (12.4%). With regards to educational level, undergraduates were the more inclined to use Internet services (38.8%), followed by junior college (29%) and high school (23.5%) students. Finally, data showed that the lower a person's income, the higher probability that such a person would use Internet services. Indeed, Chinese people whose income was not higher than RMB 1,000 (about USD 120) accounted for more than half (57.6%) of total users.<sup>159</sup>

As of December 2006, Internet users in China reached 137,000,000, covering 10.5% of the country's population.<sup>160</sup> Between 2000 and 2006 Internet technologies quickly spread throughout the country and, by the end of 2006, Guangdong was the province with the highest number of Internet users, followed by the coastal provinces of Shandong, Jiangsu, Zhejiang, and Fujian, and the inland provinces of Hebei, Henan, Hubei and Sichuan. While Beijing and Shanghai still had a sizable user base, by the end of 2006, the aforementioned provinces had surpassed them. However, even if Internet popularity increased in the whole country, the digital divide between coastal and inland – urban and rural – areas was still present.<sup>161</sup>

In December 2011, China was the country with the most Internet users in the world, with more than 513,000,000, although the percentage of the population connected stood at 38.3%, still far behind developed countries. Much more than in other countries, Internet users in China were mainly young people living in the more developed areas of the nation – urban areas –, with high levels of education and medium-high incomes. For instance, according to CNNIC data from December 2011, 73.5% of Internet users live in cities. Internet penetration was still very uneven across the country: while Internet users living in richer regions such as Beijing, Shanghai, Guangdong, Fujian and Zhejiang represent respectively 70.3%, 66.2%, 60.4%, 57% and 56.1% of the population in such areas, in poorer regions like Yunnan, Jiangxi and Guizhou

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<sup>159</sup> Lu Wei, Du Jia, Zhang Jin, Ma Feicheng and Le Taowen, "Internet development in China" (2001). *Journal of Information Science*, Issue 28, No. 3: p. 210-212.

<sup>160</sup> "China's Internet users rise 23% in 2006, covering nearly 11% of the population" (2007). *MarketWatch*. (Last accessed: 05/04/2023) <https://www.marketwatch.com/story/chinas-Internet-users-rise-23-in-2006-covering-nearly-11-of-population>

<sup>161</sup> Song Wei, "Development of the Internet and Digital Divide in China: A Spatial Analysis" (2008). *Intercultural Communication Studies*, Issue XXII, No. 3: p. 26-29.



less than 25% of citizens were connected to the Internet. Finally, the majority of Chinese Internet users were very young: 83.9% of them were people under 40 years old.<sup>162</sup>

According to the 50th Statistical Report on China's Internet Development, as of June 2022, netizens in China reached 1,051,000,000, with an Internet penetration rate of 74.4%<sup>163</sup>, which further increased at the end of the year, with Internet users and penetration accounting for 1,067,000,000 people and 75.6% respectively.<sup>164</sup> On average, Chinese Internet users spend 26.7 hours online every week, which represents a slight increase compared to December 2021.<sup>165</sup> Concerning users' location, Internet penetration in rural areas has grown steadily over the years, reaching 61.9% in December 2022.<sup>166</sup> As a matter of fact, Internet development has been crucial in the modernisation of practices in such areas, where digital transformation has been constant in the last few years. Firstly, the government implemented several policies aimed at strengthening the rural Internet infrastructure. Secondly, digital technology has been given a more decisive role in agricultural production, contributing significantly to rural digital transformation and modernisation.<sup>167</sup> However, as of December 2022, Internet users living in rural areas only accounted for 28.9% of total national users. Even though a lot of effort went into the digital transformation of rural areas, many people living there still do not have access to the Internet. With regards to gender, male Internet users accounted for 51.4% of total national users, while females constituted 48.6%. This proportion is consistent with the ratio of China's overall population and represents an important change compared to 2000, when the percentage of male users almost doubled that of females. Such an increase in female netizens could be explained by the shifting role of women in Chinese society, with many more of them working and being financially independent compared to 20 years ago. Concerning age, Internet users in China appear to be significantly more diversified compared to previous reports. Even though younger people still represent the

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<sup>162</sup> Méndez Morán Daniel, "Internet en China: cambios en el panorama informativo del país" (2012). *Inter Asia Papers*, Núm. 25: p. 11-12.

<sup>163</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 50 次《中国互联网络发展状况统计报告》(The 50th Statistical Report on China's Internet Development)" (2022): p. 15.

<sup>164</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》(The 51st Statistical Report on China's Internet Development)" (2023): p. 15.

<sup>165</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》(The 51st Statistical Report on China's Internet Development)" (2023): p. 12.

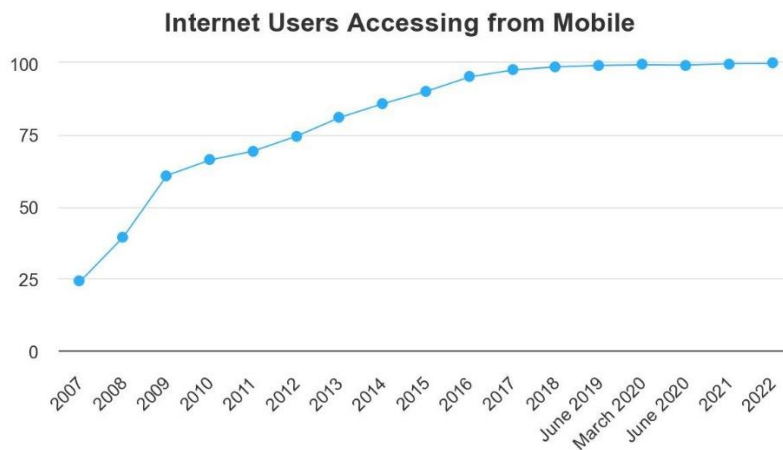
<sup>166</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》(The 51st Statistical Report on China's Internet Development)" (2023): p. 17.

<sup>167</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 50 次《中国互联网络发展状况统计报告》(The 50th Statistical Report on China's Internet Development)" (2022): p. 17-18.

majority of Internet users – specifically, people between 20 and 29 account for 14.2% of the total, and people between 30 and 39 make up 19.6% of the Chinese Internet population –, the number of Internet users aged 50 or above has grown to over a quarter of the total Internet population (30.8%). Still, the elderly aged 60 or above remain those who access the Internet less frequently or not at all, representing 37.4% of the total amount of Chinese non-netizens.<sup>168</sup>

### 2.1.2.2. Mobile users in China

Since the beginning of Deng’s economic reforms, telecommunication services, long-distance phone calls, landline telephones and mobile phones – which serve as key indicators of China’s growing economy – have exponentially grown in business volume.<sup>169</sup> Mobile phones especially have been the protagonists of unprecedented growth, and have become Chinese netizens’ preferred tools to access the Internet.



Graph 2 Mobile Internet users in China, 2007-2022

Larger investments by telecom providers in added-value mobile services – particularly during the 2010s – were a major factor in the continuing and remarkable growth of mobile Web users in China. Also, the development of appealing applications by third-party providers significantly contributed to increasing Internet users’ willingness to pay for the services offered. Moreover, China’s rapidly expanding Web market draw the attention of many private equity investors and attracted considerable amounts of venture capital

<sup>168</sup> 中国互联网络信息中心·China Internet Network Information Center (CNNIC), “第 51 次《中国互联网络发展状况统计报告》 The 51st Statistical Report on China’s Internet Development” (2023): p. 17-21.

<sup>169</sup> Song Wei, “Development of the Internet and Digital Divide in China: A Spatial Analysis” (2008). *Intercultural Communication Studies*, Issue VXII, No. 3: p. 23.

in those years.<sup>170</sup> Another important factor that largely contributed to such a rapid increase in mobile Internet users has been the support of the central government in developing key technologies to improve Internet speed all around the country: given the fact that the increase in the use of mobile devices has been identified as one of the main drivers of China's Internet economy<sup>171</sup>, the Chinese government has enthusiastically endorsed innovation and development of new technologies in the sector.<sup>172</sup> Among such new technologies, 5G networks are worth mentioning, given the fact that their use in China has expanded dramatically compared to the rest of the world. As a matter of fact, up to December 2022, 5G mobile users in China accounted for more than a quarter of the mobile population (33.3%) and the shipment of 5G mobile phones in the country made up 78.8% of the total mobile phone shipment.<sup>173</sup> Finally, the significant decrease in prices of smartphones and high-speed Internet services in recent years has further contributed to the boost in mobile Internet users.<sup>174</sup>

As of December 2022, the proportion of Chinese netizens accessing the Internet through mobile phones was 99.8%<sup>175</sup>, making it obvious that such devices play a fundamental role in the Chinese digital economy.

## 2.2. The evolution of digital platforms in China

Together with the rapid and unprecedented development of the Internet in China, many digital platforms were born to respond to the demands of a continuously changing Internet user base. Among them, e-commerce and social media platforms occupy a prominent role in both Chinese people's life and the Chinese economy.

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<sup>170</sup> "Mobile Web users on the rise" (2012). *China Daily*. (Last accessed: 05/04/2023) [https://www.chinadaily.com.cn/bizchina/2012-09/04/content\\_15753626.htm](https://www.chinadaily.com.cn/bizchina/2012-09/04/content_15753626.htm)

<sup>171</sup> One of the main reasons behind this phenomenon is that smartphones give access to a complete set of services (instant messaging, search engines, online news, mobile payment and shopping etc.) that Chinese people use regularly in their everyday life. See Scutt David, "Why China's mobile Internet use is surging" (2015). *World Economic Forum*. (Last accessed: 05/04/2023) <https://www.weforum.org/agenda/2015/07/why-chinas-mobile-Internet-use-is-surging/>

<sup>172</sup> Scutt David, "Why China's mobile Internet use is surging" (2015). *World Economic Forum*. (Last accessed: 05/04/2023) <https://www.weforum.org/agenda/2015/07/why-chinas-mobile-Internet-use-is-surging/>

<sup>173</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》 The 51st Statistical Report on China's Internet Development" (2023): p. 11.

<sup>174</sup> "China Social Media Statistics 2023 | Most Popular Platforms" (2023). *The Global Statistic*. (Last accessed: 04/19/2023) [https://www.theglobalstatistics.com/china-social-media-statistics/?utm\\_content=cmp-true](https://www.theglobalstatistics.com/china-social-media-statistics/?utm_content=cmp-true)

<sup>175</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》 The 51st Statistical Report on China's Internet Development" (2023): p. 10.

### 2.2.1. E-commerce platforms

Compared to Western countries, the surge of electronic commerce happened slightly later in China, approximately around 1997-1998. At that time, the Chinese government conceived and supported a considerable number of projects, among which the Golden Bridge, the Golden Card and the Golden Gate projects are worth mentioning. The Golden Bridge project aimed at establishing a comprehensive public economic information network and providing services such as email, online database, electronic data interchange etc. The Golden Card project aspired at creating a nationwide banking and credit card system to replace traditional cash transactions with electronic ones. Finally, the Golden Gate project aimed at connecting foreign trade companies with banks and China's customs and tax offices in order to facilitate their relations and connections.<sup>176</sup>

Even though its delayed start, the e-commerce sector in China has experienced unprecedented development, especially thanks to high Internet penetration and extensive smartphone usage, increasing consumer trust towards this type of platform, and online payment methods that become increasingly secure with each passing day.<sup>177</sup> As a matter of fact, the number of Internet users in China surpasses the collective populations of the United States, Indonesia, and Brazil, which are among the most densely populated nations worldwide. Moreover, China has been showing impressive growth in online purchases – by June 2018, more than 70% of China's Internet users had made an online purchase – and payments<sup>178</sup> – by December 2022, the online payment user base in China reached 911,000,000 users, which accounted for 85.4% of all Internet users.<sup>179</sup>

Only a decade ago, China's presence in the global e-commerce market was minimal, accounting for less than 1%. However, nowadays, China has emerged as the leading e-commerce market worldwide, with a global market share of more than 40%. China's dominance in both electronic and mobile commerce is so significant that the country now handles more transactions per year than France, Germany, Japan, the

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<sup>176</sup> Lu Wei, Du Jia, Zhang Jin, Ma Feicheng and Le Taowen, "Internet development in China" (2001). *Journal of Information Science*, Issue 28, No. 3: p. 213.

<sup>177</sup> Segala Martina, "Il panorama eCommerce cinese (2022)" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/06/06/il-panorama-e-commerce-cinese-2022/>

<sup>178</sup> Segala Martina, "Il panorama eCommerce cinese (2022)" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/06/06/il-panorama-e-commerce-cinese-2022/>

<sup>179</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》 The 51st Statistical Report on China's Internet Development" (2023): p. 28.

United Kingdom, and the USA combined.<sup>180</sup> Especially in the last few years, online trade in China has experienced exponential growth, reaching RMB 218,000,000,000 in 2017<sup>181</sup>, and RMB 42,300,000,000,000 in 2021<sup>182</sup>. With over 944,000,000 buyers in 2021, China is the world's largest market for online sales. In 2021, 24.5% of retail products in the country were sold online, and this share is expected to grow to 50% by 2025. According to a survey conducted by Statista, the most sought-after items belong to product categories where "Made in Italy" has a strong presence: clothing, shoes, F&B, cosmetics and personal care, bags, and accessories.<sup>183</sup> According to CNNIC statistical report, by December 2022, the online shopping user base in China had reached 845,000,000, which corresponds to 79.2% of all Internet users in the country.<sup>184</sup> Specifically concerning the first half of 2022, the proportion of online consumption in the overall consumption landscape continued to rise. Notably, online consumption of food, daily necessities, and other essential commodities showed significant growth.<sup>185</sup> In terms of geography, Shanghai, Beijing, Guangzhou, and Xi'an have emerged as frontrunners within their respective regions.<sup>186</sup> However, while first-tier cities are expected not to grow as quickly anymore, the less developed third- and fourth-tier cities are gradually closing the gap.<sup>187</sup> This is probably due to the fact that in lower-tier cities, the retail infrastructure – stores, warehouses, and roads – is less developed than in first-tier cities. Consequently, residents living in those areas turn to the Internet to explore a wider range of choices and opportunities, surpassing what is readily

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<sup>180</sup> "Five Reasons Why China is Dominating E-commerce" (2018). *HSBC*. (Last accessed: 05/04/2023) <https://www.business.hsbc.com/navigator/made-for-china/five-reasons-why-china-is-dominating-e-commerce>

<sup>181</sup> Zhu Sha, "Lo stato di Internet in Cina" (2018). *Cinliano blog*. (Last accessed. 04/20/2023) <https://www.cinliano.it/blog/lo-stato-di-Internet-in-cina.html>

<sup>182</sup> "《中国互联网发展报告（2022）》正式发布" (2022). *中国互联网协会 Internet Society in China*. (Last accessed: 04/20/2023) <https://www.isc.org.cn/article/13848794657714176.html>

<sup>183</sup> "XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese" (2022). *Italy China Council Foundation*: p. 116.

<sup>184</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 51 次《中国互联网络发展状况统计报告》 The 51st Statistical Report on China's Internet Development" (2023): p. 29.

<sup>185</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 50 次《中国互联网络发展状况统计报告》 The 50th Statistical Report on China's Internet Development" (2023): p. 32-33.

<sup>186</sup> Lu Wei, Du Jia, Zhang Jin, Ma Feicheng and Le Taowen, "Internet development in China" (2001). *Journal of Information Science*, Issue 28, No. 3: p. 213.

<sup>187</sup> "Dalle televendite social alla Netflix locale: così crescono Internet ed e-commerce in Cina", a cura di Pun Jose, Equity Analyst, Schrodgers (2020). *Forbes*. (Last accessed: 04/20/2023) <https://forbes.it/2020/08/26/cina-quanto-e-come-crescono-Internet-ed-e-commerce/>

available within their immediate vicinity.<sup>188</sup> Such a trend also concerns online payments. Statistics indicate that as of June 2022, there were 227,000,000 online payment users in rural China, constituting 77.5% of rural Internet users. This growth can be attributed to two main factors. Firstly, ongoing policies supported the widespread adoption of online payment in rural areas. Secondly, the availability and convenience of online payment services increased through the enrichment of rural payment scenarios: in addition to traditional life services such as transportation, healthcare, retail, education, and public payments, mobile payment methods also began to be applied to rural-specific industries and agricultural product purchases. These efforts have improved service accessibility to farmers, enhanced convenience for rural payments, and popularised the use of mobile payment among rural Internet users.<sup>189</sup>

Among the major players in the e-commerce sector, Taobao (淘宝 *Táobǎo*), Tmall (天猫 *Tiānmāo*), JD.com and Pinduoduo (拼多多 *Pīnduōduō*) are worth mentioning. The first two belong to the Alibaba group (阿里巴巴集团 *Ālǐbābā Jítuán*) – founded in April 1999<sup>190</sup> – and were launched respectively in 2003 and 2008. While Taobao is a C2C platform where customers can trade with each other, Tmall is a B2C platform where brands can sell their products directly to customers through highly customised flagship stores<sup>191</sup>. JD.com is another important e-commerce platform in China and is the leader in luxury retail. Finally, Pinduoduo is a platform that follows the logic of “group purchase”, which means that the more people buy a product, the more its price will decrease. Moreover, it has also developed a sophisticated system of discounts and promotions to attract its customers.<sup>192</sup>

Many reasons led Chinese citizens to use e-commerce platforms, which could be summarised into such platforms’ inherent time-saving benefits, as well as the ability to purchase products that have yet to be

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<sup>188</sup> “Five Reasons Why China is Dominating E-commerce” (2018). *HSBC*. (Last accessed: 05/04/2023) <https://www.business.hsbc.com/navigator/made-for-china/five-reasons-why-china-is-dominating-e-commerce>

<sup>189</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), “第 50 次《中国互联网络发展状况统计报告》 The 50th Statistical Report on China’s Internet Development” (2023): p. 32.

<sup>190</sup> Webster Graham, “A Brief History of the Chinese Internet” (2019). *Logic*, Issue 7: China. (Last accessed: 04/20/2023) <https://logicmag.io/china/a-brief-history-of-the-chinese-internet/>

<sup>191</sup> The term “flagship store” refers to a shop designed and built to communicate the brand identity of a company through the adoption of a distinct style and unique design. Typically located in strategic positions, such as the center of major cities, flagship stores are used to define and convey the brand's positioning with unique details. See “Flagship store cos’è, vantaggi ed esempi famosi” (2022). *Hostess & Promoter*. (Last accessed: 09/20/2023) <https://www.hostess-promoter.com/it/blog/flagship-store/>

<sup>192</sup> Segala Martina, “Il panorama eCommerce cinese (2022)” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/06/06/il-panorama-e-commerce-cinese-2022/>

made available through traditional retail channels i.e., physical stores. This second characteristic is especially relevant when discussing younger generations, who are interested in and tend to follow trends originating all around the world. Moreover, e-commerce platforms have allowed foreign businesses to sell their products in cities where physical retail is not well developed – i.e., third- and fourth-tier cities –, without having to bear the costs of opening a physical store. All of this was possible thanks to the improvement of different practical aspects related to the e-commerce sector in China.<sup>193</sup> For instance, Alibaba and JD.com have achieved notable accomplishments by creating remarkably effective systems and networks to manage order deliveries. As a result, China's e-commerce sector has contributed to the emergence of various local delivery companies, such as SF Express, which is now seeking to establish its presence globally.<sup>194</sup>

### 2.2.2. Social media platforms

Just as the importance of e-commerce cannot be overlooked, social networks are also not to be ignored but rather considered an indispensable tool that ensures interaction and engagement.

In recent years, social media have solidified their position as an integral component of regular Internet usage in China. They have now become platforms that go beyond mere entertainment or communication, evolving into a powerful tool for information dissemination, networking, and engagement. Chinese users rely on social media for a multitude of purposes, including staying updated on current events, accessing product information, seeking recommendations, and connecting with friends and influencers. The influence and ubiquity of social media have permeated various aspects of Chinese society, shaping consumer behaviour, driving trends, and facilitating interactions. The power of social media has reached staggering levels in China, and the impact they have in such a country has far surpassed the significance they gained in various other nations, including the United States.<sup>195</sup> China's social media landscape stands as a unique and dynamic phenomenon, characterised by a vast user base and a multitude of platforms that have revolutionised communication and connectivity. With over a billion Internet users and a thriving digital ecosystem, social media in China has become an integral part of daily life, encompassing a wide range of activities from entertainment and e-commerce to news consumption and social networking. Understanding

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<sup>193</sup> Fellinghi Chiara, “Il mercato del vino in Cina, cogliere le opportunità del mercato cinese” (2014). *Università Ca’ Foscari di Venezia*: p. 72-73.

<sup>194</sup> “Five Reasons Why China is Dominating E-commerce” (2018). *HSBC*. (Last accessed: 05/04/2023) <https://www.business.hsbc.com/navigator/made-for-china/five-reasons-why-china-is-dominating-e-commerce>

<sup>195</sup> Chiu Cindy, Ip Chris and Silverman Ari, “Understanding social media in China” (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

the distinctiveness of China's social media landscape is essential for comprehending the country's evolving digital culture and the unparalleled opportunities and challenges it presents. In addition to possessing the largest number of Internet users globally, China boasts an exceptionally vibrant social media landscape. Ranging from blogs to social networking sites, microblogs, and various online communities, this thriving ecosystem witnessed a remarkable surge in popularity. In 2011, it already amassed over 300,000,000 users<sup>196</sup>, and by 2020, this number skyrocketed to nearly 930,000,000<sup>197</sup>. These staggering figures underline China's unparalleled level of engagement and activity in the realm of social media, solidifying its position as the world's most dynamic digital environment. Over the past decade, social media in China has undergone a significant transformation, witnessing a substantial increase in adoption. More than half of the country's population has joined social networking sites and uses various forms of communication such as text messaging, short video clips, and voice messages to connect with friends and family. The role of social media in China has expanded beyond mere communication, encompassing activities like online shopping, and sharing personal and family photos.<sup>198</sup>

The birth of social media in China dates back to 1994 when it first emerged through online forums and communities. Subsequently, in 1999, the landscape transitioned towards instant messaging with the introduction of QQ<sup>199</sup>, a platform that revolutionised real-time communication and paved the way for many others that came after it. The advent of user review sites – such as Dianping (大众点评网 *Dàzhòng diǎnpíng wǎng*) – followed in 2003, providing a platform for individuals to share their opinions and experiences. The year 2004 witnessed the exponential growth of blogging, which became a popular medium for self-expression and content creation. Soon after, in 2005, social networking sites with chat functionalities, exemplified by Renren (人人网 *Rénrén wǎng*), took centre stage, fostering virtual connections and social interactions. The year 2009 marked another significant milestone with the launch of Sina Weibo, a microblogging platform that combined concise text updates with multimedia elements, amplifying the

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<sup>196</sup> Chiu Cindy, Ip Chris and Silverman Ari, “Understanding social media in China” (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

<sup>197</sup> Lu Christina, “China’s Social Media Explosion” (2021). *Foreign Policy*. (Last accessed: 04/19/2023) <https://foreignpolicy.com/2021/11/11/china-social-media-tech-linkedin-wechat-censorship-privacy-regulation/>

<sup>198</sup> “China Social Media Statistics 2023 | Most Popular Platforms” (2023). *The Global Statistic*. (Last accessed: 04/19/2023) [https://www.theglobalstatistics.com/china-social-media-statistics/?utm\\_content=cmp-true](https://www.theglobalstatistics.com/china-social-media-statistics/?utm_content=cmp-true)

<sup>199</sup> Webster Graham, “A Brief History of the Chinese Internet” (2019). *Logic*, Issue 7: China. (Last accessed: 04/20/2023) <https://logicmag.io/china/a-brief-history-of-the-chinese-internet/>



reach and impact of user-generated content.<sup>200</sup> In January 2011, a significant breakthrough in the realm of social media occurred with the launch of WeChat by Tencent. WeChat quickly emerged as a game-changer in the social media landscape, revolutionizing the way people connect and communicate in China and beyond.<sup>201</sup> Collectively, these advancements trace the evolution and diversification of social media in China, shaping the digital landscape and facilitating new forms of communication, expression, and connectivity.

China not only boasts the most engaged social media users among all nations, but also exhibits a noteworthy trend of having accounts on multiple social media, particularly on local platforms, in over 80% of cases.<sup>202</sup> Driven by widespread Internet availability, the user base of social media platforms in China has witnessed a significant surge, reaching a staggering 983,300,000 at the beginning of 2023. This remarkable figure represents an adoption rate of 68% among the country's population. The year 2023 is witnessing a notable increase of 5.6% in active social media users, equating to an additional 36,000,000 individuals compared to the previous year. Such substantial growth underscores the pivotal role social media play in the everyday online activities of Chinese Internet users.<sup>203</sup>

One of the main reasons for the success of social networks in China is the cultural tendency to trust friends and their recommendations while being sceptical of official media, thus triggering a form of word-of-mouth marketing.<sup>204</sup> Due to such scepticism towards formal institutions and authority figures, Chinese users place a disproportionate emphasis on the guidance and judgements of opinion leaders within their social networks. This preference for seeking advice from trusted individuals is exemplified by an independent study conducted on moisturiser buyers, which found that 66% of Chinese consumers relied on recommendations from friends and family, in contrast to only 38% of their counterparts in the United

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<sup>200</sup> Chiu Cindy, Ip Chris and Silverman Ari, "Understanding social media in China" (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

<sup>201</sup> Webster Graham, "A Brief History of the Chinese Internet" (2019). *Logic*, Issue 7: China. (Last accessed: 04/20/2023) <https://logicmag.io/china/a-brief-history-of-the-chinese-Internet/>

<sup>202</sup> Chiu Cindy, Ip Chris and Silverman Ari, "Understanding social media in China" (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

<sup>203</sup> "China Social Media Statistics 2023 | Most Popular Platforms" (2023). *The Global Statistic*. (Last accessed: 04/19/2023) [https://www.theglobalstatistics.com/china-social-media-statistics/?utm\\_content=cmp-true](https://www.theglobalstatistics.com/china-social-media-statistics/?utm_content=cmp-true)

<sup>204</sup> Feline Chiara, "Il mercato del vino in Cina, cogliere le opportunità del mercato cinese" (2014). *Università Ca' Foscari di Venezia*: p. 81.

States.<sup>205</sup> Such personalities can be divided into two main categories: Key Opinion Leaders and Key Opinion Consumers.

**Key Opinion Leaders**, usually referred to as KOLs, are celebrities, leaders, experts, or anyone who has significant influence over their audience. Due to their considerable following, they are used by companies to endorse products and services and drive sales through social media platforms in China. With the rise of social media, the number of people following various KOLs on social platforms has skyrocketed. However, over the years, the appeal of KOLs has diminished significantly as users have recognized them as less reliable due to brand sponsorships.<sup>206</sup>

The decline of traditional big influencers has paved the way for the rise of **Key Opinion Consumers**, known as KOCs, who are not celebrities but micro-influencers with a much smaller following compared to KOLs (less than 50,000) who create content dedicated to the products they use daily, sharing their opinions and advice. They make up 85% of influencers on the Internet. They are regular people and, as such, are seen as much closer to the end consumer, and their opinions are often considered more "authentic" and "trustworthy", fostering a more genuine relationship with users. Many brands have started collaborating more with KOCs, recognising their ability to build a stronger community around the brand and convey authenticity and trust. This is particularly important when discussing Gen Z consumers, who deeply rely on KOCs' opinions and advice.<sup>207</sup>

Finally, in the landscape of Chinese influencers, a new category, known as **Cultural Opinion Leaders** (COLs), has recently emerged. These are future leaders of digital trends who adopt digital behaviours aligned with their values, beliefs, and interests, such as *guochao*. Their credibility and authority stem from the authenticity of their cultural experiences. This contrasts with the superficial appearance of many KOLs who tend to flaunt wealth or social status. COLs focus on cultivating niche communities on emerging social media platforms, where they embrace more natural and personal interactions with their audience.<sup>208</sup>

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<sup>205</sup> Chiu Cindy, Ip Chris and Silverman Ari, "Understanding social media in China" (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

<sup>206</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

<sup>207</sup> Segala Martina, "Il panorama eCommerce cinese (2022)" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/06/06/il-panorama-e-commerce-cinese-2022/>

<sup>208</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

KOLs and KOCs have proven to be essential in developing awareness, promoting an event or product, enhancing reputation, and directing sales towards specific objectives.<sup>209</sup> These influential individuals play a pivotal role in shaping public opinion, influencing consumer behaviour, and driving brand engagement. Their expertise, authenticity, and trusted status among their followers make them powerful allies for businesses seeking to achieve various marketing goals. KOLs, with their established reputation and significant following, possess the ability to generate widespread attention and buzz around a particular event or product. Their endorsements and recommendations carry weight and credibility, capturing the attention of their loyal fan base and potentially reaching a broader audience. By collaborating with KOLs, companies can leverage their influence to increase brand visibility, expand market reach, and create a positive brand image. On the other hand, KOCs, being everyday consumers with a genuine passion for specific products or services, are highly relatable to their peers. Their opinions and recommendations hold substantial influence within their communities, as they are perceived as authentic and trustworthy sources. By engaging KOCs, businesses can tap into their personal experiences and advocacy to create a more genuine connection with potential customers. KOCs can effectively share their insights, product reviews, and recommendations through various social media platforms, thereby boosting product awareness, driving engagement, and ultimately influencing purchasing decisions. Together, KOLs and KOCs form a powerful duo that combines the reach and influence of established personalities with the relatability and authenticity of everyday consumers. By strategically partnering with these opinion leaders, businesses can achieve a comprehensive marketing approach that encompasses both mass appeal and targeted engagement. Whether it is raising awareness, promoting an event or product, improving reputation, or directing sales towards specific objectives, KOLs and KOCs have proven to be instrumental in achieving these goals in the dynamic landscape of modern marketing.<sup>210</sup>

In conclusion, the continuous expansion of social media in China is an expression of their enduring significance in the digital landscape. As more individuals gain access to the Internet and embrace the opportunities it offers, social media's influence is expected to further expand. This trend highlights the need for businesses, organisations, and individuals to recognize and leverage the power of social media as an essential platform for engagement, communication, and outreach in the Chinese market. The massive user base and the multifaceted nature of social media engagement in the country present tremendous

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<sup>209</sup> "XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese" (2022). Italy China Council Foundation: p. 116.

<sup>210</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

opportunities for businesses and organisations to tap into this dynamic landscape and connect with their target audiences.<sup>211</sup>

### 2.2.3. Social commerce platforms

Chinese social media platforms occupy a pervasive and intrinsic role in people's everyday lives and count on a significant level of engagement. Nowadays, these platforms serve not only as means of communication and information but also as powerful tools for exploring novel products, conducting in-depth research on such products, finding exclusive deals, and even purchasing. The remarkable convenience of making transactions without exiting the app stands out as a key catalyst for the soaring popularity of social commerce in China.<sup>212</sup>

Social commerce, meant as the use of social media platforms to market and sell products and services, represents a transformative shift in the world of e-commerce. Unlike traditional social media marketing strategies – where customers are redirected to a brand's website to make purchases – social commerce allows for seamless transactions within the social media apps themselves. In this model, social platforms function as virtual storefronts, providing a comprehensive shopping experience from product discovery to checkout.<sup>213</sup>

Thus, the strength of social commerce is the ability to summarise the whole purchasing journey in a single platform. Such a journey differs significantly from the traditional Western approach and essentially encompasses four stages: inspiration, research, purchase and sharing.<sup>214</sup>

Firstly, users derive inspiration from the captivating content shared by fellow users, KOLs or brands on various social media platforms. Whether it be through eye-catching visuals, informative reviews, or captivating narratives, these interactions spark curiosity and ignite the desire to explore further.<sup>215</sup> Secondly, users usually embark on extensive research to gather information about the product(s) they are interested

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<sup>211</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

<sup>212</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

<sup>213</sup> Stanley Holly, "What is Social Commerce? Definition and Guide (2022)" (2022). *Shopify*. (Last accessed: 11/08/2022) <https://www.shopify.com/au/enterprise/social-commerce-trends#3>

<sup>214</sup> Uniexportmanager, "Il mercato del vino in Cina- Il ruolo del digitale nella promozione" (2022). *Youtube*. (Last accessed: 07/15/2022) [https://www.youtube.com/watch?v=gIaX4N\\_MdlI8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5](https://www.youtube.com/watch?v=gIaX4N_MdlI8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5)

<sup>215</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

in. They delve into reviews, compare prices, and seek out additional details to make informed decisions.<sup>216</sup> Thirdly, the actual purchase of products takes place within the social media ecosystem itself. Users can seamlessly navigate through the brand's in-app store, which serves as a dedicated shopping hub, or alternatively, they can effortlessly transition to an external marketplace through direct links that are provided by the brand or promoter of such a brand.<sup>217</sup> Finally, consumers become a source of inspiration for other users themselves by sharing their personal feedback about the purchased product and their experiences with it. This user-generated content plays a vital role in influencing the decisions of potential buyers and contributes to a dynamic and engaging social commerce environment.<sup>218</sup> Overall, this unique journey within social commerce platforms demonstrates the power of inspiration, research, seamless purchasing, and user-generated sharing, shaping a highly interactive and influential shopping experience.

As a matter of fact, the core function of social commerce platforms lies in interpersonal interaction, fostering a sense of community and connection among users. These platforms go beyond traditional e-commerce by integrating social elements that enable users to engage with each other, share experiences, and seek recommendations.<sup>219</sup> Through features such as comments, likes, shares, and direct messaging, social commerce platforms facilitate real-time communication and feedback. Users can interact with brands, influencers such as KOLs, and other consumers, creating a dynamic ecosystem where conversations thrive. This interactive nature of social commerce platforms not only enhances the shopping experience, but also builds trust and credibility. By encouraging user-generated content, social commerce platforms empower individuals to become active participants in the marketing process. Users can share their product reviews, unboxing videos, and personal testimonials, contributing to a rich pool of authentic and user-centric content. This user-generated content serves as a powerful tool for brands, as it resonates more deeply with potential customers who value the opinions and experiences of their peers.<sup>220</sup>

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<sup>216</sup> Uniexportmanager, "Il mercato del vino in Cina- Il ruolo del digitale nella promozione" (2022). *Youtube*. (Last accessed: 07/15/2022) [https://www.youtube.com/watch?v=glaX4N\\_Mdi8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5](https://www.youtube.com/watch?v=glaX4N_Mdi8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5)

<sup>217</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

<sup>218</sup> Uniexportmanager, "Il mercato del vino in Cina- Il ruolo del digitale nella promozione" (2022). *Youtube*. (Last accessed: 07/15/2022) [https://www.youtube.com/watch?v=glaX4N\\_Mdi8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5](https://www.youtube.com/watch?v=glaX4N_Mdi8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5)

<sup>219</sup> 孙永波, 孙弘 and 文超, "社会化商务平台特性对价值共创行为的影响" (2020). *商业经济研究 Journal of Commercial Economics*, No. 23: p. 93.

<sup>220</sup> Uniexportmanager, "Il mercato del vino in Cina- Il ruolo del digitale nella promozione" (2022). *Youtube*. (Last accessed: 07/15/2022) [https://www.youtube.com/watch?v=glaX4N\\_Mdi8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5](https://www.youtube.com/watch?v=glaX4N_Mdi8&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=5)

Furthermore, social commerce platforms offer various engagement opportunities, such as live streaming, contests, and community discussions. These features create a sense of excitement, exclusivity, and social bonding, encouraging users to actively participate and stay connected. Brands can leverage these interactive elements to drive engagement, increase brand awareness, and ultimately boost sales.

The essence of social commerce platforms lies in their ability to facilitate meaningful interpersonal interactions. By prioritising user engagement, fostering community, and embracing user-generated content, these platforms create an immersive and socially-driven shopping experience that goes beyond transactional relationships. The convergence of commerce and socialisation has redefined the way people shop, transforming it into a social experience where connections are forged, opinions are shared, and communities are formed.

The integration of selling functionalities within social media platforms offers a multitude of benefits for both brands and customers. One significant advantage of social commerce is that brands can sell directly through their social media platforms without the need for their own e-commerce website. This eliminates the barrier of setting up and maintaining a separate online store, streamlining the selling process. By leveraging the native selling tools provided by social media platforms, brands can establish a presence and start selling quickly and efficiently. Moreover, social commerce platforms provide a convenient and accessible channel to reach and engage with their target audience. With a large user base already present on social media, brands can tap into a ready-made market and leverage the platforms' built-in tools for product promotion, customer interaction, and transaction processing. In addition, social media platforms serve as a primary and rich source of customer information. This valuable data holds great potential for shaping future marketing initiatives and product enhancements. By leveraging this data, retailers can create precisely targeted advertising campaigns, ensuring that their products are prominently showcased to their ideal audience. Social commerce presents brands with a unique opportunity to reach specific and highly targeted audiences, a level of precision that traditional e-commerce platforms struggle to achieve. Finally, social media simplifies direct engagement with customers, enabling valuable feedback on brands and products. With this feedback, retailers can customise their offerings to align with customer expectations. This may involve enhancing customer service, expanding product size options, or even launching a new collection. Armed with these valuable insights, retailers can proactively take the necessary steps to meet customer needs and preferences.<sup>221</sup>

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<sup>221</sup> Stanley Holly, "What is Social Commerce? Definition and Guide (2022)" (2022). *Shopify*. (Last accessed: 11/08/2022) <https://www.shopify.com/au/enterprise/social-commerce-trends#3>

From a customer perspective, social commerce offers a seamless and frictionless shopping experience. Users can browse, research, and make purchases within the familiar environment of their preferred social media platforms. This eliminates the need to switch between apps or websites, streamlining the path to purchase and reducing potential distractions that could hinder the buying process.<sup>222</sup> For some consumers, social commerce serves as a platform to discover and explore emerging brands, providing an opportunity to experience their products firsthand. Others are captivated by the interactive and entertaining nature of live commerce – which will be shortly investigated –, making them appreciate even more the spontaneous nature of the shopping experience. This fusion of entertainment and commerce has transformed live commerce into a compelling tool for impulsive buying, where consumers can indulge in their desires with a simple click.<sup>223</sup>

The remarkable development of social commerce in China is partly due to the growing popularity of **live commerce**, which represents a distinctive feature of the Chinese market and has revolutionised the landscape of online shopping in China. While it shares similarities with traditional television shopping channels, its true power lies in the dynamic interaction between sellers and consumers. Indeed, during live commerce sessions, users actively participate by asking questions, seeking advice, and voicing their concerns about the showcased products. This way, they have the opportunity to receive immediate feedback on the products and services they are interested in. This level of engagement creates a sense of connection and immediacy, ultimately shortening the consumer's path to purchase.<sup>224</sup>

The exponential growth of live commerce in China is a testament to its effectiveness. According to eMarketer, in 2021, the value of live commerce reached an astounding 300,000,000,000 USD, marking an impressive 85% increase compared to the previous year. This phenomenal growth solidifies live commerce's position as a significant force within the retail e-commerce landscape, accounting for 11.7% of the country's total online retail sales.<sup>225</sup> As of December 2022, the number of users engaged in live streaming in China had reached 751,000,000, experiencing an increase of 47,280,000 since December 2021. This accounts for

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<sup>222</sup> Stanley Holly, "What is Social Commerce? Definition and Guide (2022)" (2022). *Shopify*. (Last accessed: 11/08/2022) <https://www.shopify.com/au/enterprise/social-commerce-trends#3>

<sup>223</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

<sup>224</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

<sup>225</sup> Cuccoli Federica, "Social commerce: perché è fondamentale in Cina" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>

approximately 68.1% of all Internet users in the country. Specifically, the user base for live-streaming e-commerce amounted to 515,000,000, with a growth of 51,050,000 compared to the end of 2021. These live streaming e-commerce users represent about 48.2% of all Internet users.<sup>226</sup> As this trend continues to evolve, live commerce is reshaping consumer habits and pushing the boundaries of digital shopping experiences.<sup>227</sup>

In the realm of digital development, social commerce, with its fusion of social media and e-commerce, has revolutionised the shopping experience by offering a unique concept known as "shoppertainment". This innovative approach combines the excitement of entertainment with the convenience of online shopping, catering to the evolving needs of consumers who seek personalised, engaging, and memorable experiences. Through live streaming, interactive content, and immersive product showcases, brands can captivate and enthrall their audience, creating a seamless blend of entertainment and commerce. Indeed, the user's purchasing experience in China has undergone a paradigm shift, necessitating a reimagining of traditional marketing approaches. Merely relying on push marketing strategies, which solely focus on promotional advertisements, is no longer sufficient to capture the attention and loyalty of consumers. Brands must now embark on a journey of discovery, guiding consumers to explore the essence, uniqueness, and value of their brand and offerings. By creating immersive and interactive experiences, brands can establish a deeper, more dynamic, and personal connection with their target audience, fostering brand loyalty, advocacy, and long-term customer relationships.<sup>228</sup>

### 2.3. Covid-19 impact on the use of digital platforms in China

The emergence of the Covid-19 pandemic has had a profound and transformative impact on countries around the world, and China is no exception. Such a crisis has not only brought immense challenges to public health and safety, but has also disrupted economies, reshaped industries, and altered societal dynamics. In the case of China, the Covid-19 pandemic has completely changed the scenario, presenting unprecedented obstacles and opportunities for the nation's economic development. The first half of 2022 witnessed a confluence of factors, including the ongoing pandemic and the Russia-Ukraine war, which

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<sup>226</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), “第 51 次《中国互联网络发展状况统计报告》 The 51st Statistical Report on China’s Internet Development” (2023): p. 36.

<sup>227</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), “第 50 次《中国互联网络发展状况统计报告》 The 50th Statistical Report on China’s Internet Development” (2023): 前言.

<sup>228</sup> Cuccoli Federica, “Social commerce: perché è fondamentale in Cina” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/10/10/social-commerce-perche-e-fondamentale-in-cina/>



further intensified the risks and complexities faced by China's economy. As a result, achieving steady growth, stable employment, and firm prices became increasingly challenging, requiring innovative approaches and adaptive strategies to navigate the new landscape effectively.<sup>229</sup> In this context, it is crucial to examine how the Covid-19 pandemic has reshaped the economic environment in China and explore the unique set of circumstances that have unfolded as a result.

The Covid-19 pandemic acted as a catalyst, reshaping consumer behaviour and accelerating the digital transformation of businesses. Moreover, the pandemic has possibly accelerated some pre-existing trends in China, such as the usage of Internet and mobile phones<sup>230</sup>, the spread of e-commerce, and the use of short videos and live streaming. This is evident in the success of social networks like Douyin and Kuaishou (快手 *Kuàishǒu*), as well as the increasing adoption of live streaming by individual retailers, influencers and KOLs, who often play a crucial role in communication strategies targeted towards the Chinese market.<sup>231</sup>

In 2022, time spent on online activities - and on mobile phones – in China has grown compared to the previous year. The impact of lockdowns has undoubtedly contributed to this growth, as people turned to the Internet for various needs and forms of entertainment, contributing to a trend that has been developing in the last few years. As a result, the time individuals spend online will continue to expand, driven by the Internet habits acquired during the pandemic. These habits encompass activities such as ordering food, listening to digital audio, engaging in livestreaming, and consuming content through connected TV platforms. It is expected that these behaviours will persist and contribute to the sustained growth of online engagement in China.<sup>232</sup>

In the current era, **e-commerce** has emerged as the sole sector to thrive over the past few years. The pandemic has further accelerated a trend that had already been gaining momentum in recent years, leading to a steep increase in online sales. According to data from GlobalData, the value of e-commerce in China grew by 17.7% between 2017 and 2021, reaching RMB 13,800,000,000 in 2021.<sup>233</sup>

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<sup>229</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), “第 50 次《中国互联网络发展状况统计报告》 The 50th Statistical Report on China’s Internet Development” (2023): 前言.

<sup>230</sup> Lebow Sara, “How China’s recent pandemic lockdowns impact time spent with media” (2022). *Insider Intelligence*. (Last accessed: 06/27/2023) <https://www.insiderintelligence.com/content/china-recent-pandemic-lockdowns-impact-time-spent-with-media>

<sup>231</sup> “XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese” (2022). *Italy China Council Foundation*: p. 112-114.

<sup>232</sup> Lebow Sara, “How China’s recent pandemic lockdowns impact time spent with media” (2022). *Insider Intelligence*. (Last accessed: 06/27/2023) <https://www.insiderintelligence.com/content/china-recent-pandemic-lockdowns-impact-time-spent-with-media>

<sup>233</sup> Segala Martina, “Il panorama eCommerce cinese (2022)” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/06/06/il-panorama-e-commerce-cinese-2022/>

In the context of the pandemic, **live streaming** applications also played a crucial role in both marketing and entertainment. Due to lockdown measures, the demand for digital leisure and live streaming content has further increased in China. In particular, video games are becoming increasingly popular. As highlighted in the July 2022 report "The Zero-Covid lockdown's long-term impact on Chinese consumption" by Daxue Consulting, major game live streaming platforms such as Huya Live (虎牙 Hǔyá) and Douyu Live (斗鱼 Dòuyú) are expanding into live commerce and subscription-based live streaming. The growth of e-commerce live streaming has been remarkable, with a nearly tripled growth from 2020 to 2022, and further expansion is anticipated in the coming years. Live streaming has gained remarkable success in China because it fulfils a need for social interaction that has been lacking due to the pandemic and various lockdowns. Deprived of social interaction, Chinese people are increasingly eager to engage with streamers and brand ambassadors using such a tool.<sup>234</sup>

Moreover, these platforms not only helped Chinese consumers, but also actively supported merchants in combating the challenges posed by the pandemic. They provided additional assistance to small and medium-sized merchants, as well as those involved in the production and sale of specific agricultural products, who were particularly impacted by the effects of the pandemic. This support aimed to alleviate the difficulties faced by these businesses and help them navigate the unique circumstances brought about by the global health crisis.<sup>235</sup>

In the wine industry, China has seen a significant increase in wine sales through e-commerce, with the percentage rising from 5-6% to 30% in 2020, driven primarily by Millennials. The country now boasts a staggering 710,000,000 shops, of which 707,000,000 are online, and this growth has been accelerated by the pandemic. For instance, Douyin has experienced notable growth in the wine sector. In April 2022, the platform announced its plans to develop an exclusive e-commerce platform dedicated to wine and spirits, further solidifying its presence in the industry.<sup>236</sup>

In conclusion, the Covid-19 pandemic has reshaped the economic landscape in China, presenting both challenges and opportunities. The unprecedented health crisis has accelerated existing trends such as the

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<sup>234</sup> Fiorio Emanuele, "Cina, trend di mercato: livestreaming, delivery ed NFT" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/news/it/cina\\_trend\\_di\\_mercato\\_livestreaming\\_delivery\\_ed\\_nft.html](https://winemeridian.com/news/it/cina_trend_di_mercato_livestreaming_delivery_ed_nft.html)

<sup>235</sup> 中国互联网络信息中心 China Internet Network Information Center (CNNIC), "第 50 次《中国互联网络发展状况统计报告》 The 50th Statistical Report on China's Internet Development" (2023): p. 39.

<sup>236</sup> Fiorio Emanuele, "Vino, Cina: lo scenario di mercato post-pandemia" (2022). *Wine Meridian*. (Last accessed: 08/30/2022) [https://winemeridian.com/asia/vino\\_cina\\_lo\\_scenario\\_di\\_mercato\\_post\\_pandemia.html](https://winemeridian.com/asia/vino_cina_lo_scenario_di_mercato_post_pandemia.html)

rise of e-commerce, the popularity of live streaming, and the transformation of consumer behaviour. As lockdown measures limited social interactions, live streaming platforms became a vital tool for entertainment, marketing, and social engagement. Additionally, these platforms actively supported merchants, particularly small and medium-sized businesses and those involved in special agricultural products, mitigating the adverse effects of the pandemic. The pandemic has demonstrated the resilience and adaptability of China's economy, prompting innovative approaches and adaptive strategies to navigate the evolving landscape. Looking ahead, the continuous growth of e-commerce, live streaming, and digital platforms will likely shape the future of consumer behaviour and business practices in China, making it imperative for businesses to embrace these transformations and leverage the opportunities they offer.

## Chapter 3 – Major digital platforms for wine promotion in China

As already discussed in the previous chapter, social media occupy a pervasive and pivotal role in China and are more and more seamlessly integrated with various platforms and services that extend beyond traditional functionalities. A notable outcome of this transformation is the emergence of what are commonly referred to as "**super apps**" (超级应用 *chāojí yìngyòng*). These all-encompassing platforms empower users to engage in a wide range of activities, from shopping to instant messaging, fund transfers, and travel reservations, among others. Consequently, the need to switch between multiple applications becomes obsolete, streamlining and simplifying the user experience.<sup>237</sup> Unlike in Western countries, where apps often have limited functions and separate apps are required for different activities, super apps in China allow users to perform multiple tasks within a single app, offering unparalleled convenience.<sup>238</sup> This integration of social media with diverse services exemplifies the unique digital landscape in China, where convenience and efficiency converge to redefine daily interactions with technology.<sup>239</sup>

With a staggering 1,020,000,000 Internet users, China boasts the largest user base globally: this presents an enticing opportunity for social media campaigns aiming to leave a significant impact. However, due to China's relatively recent exposure to Western concepts and influences, its social media landscape differs significantly from that of the West.<sup>240</sup> Partly due to the Great Firewall<sup>241</sup> – the initiative of the Ministry

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<sup>237</sup> Lu Christina, "China's Social Media Explosion" (2021). *Foreign Policy*. (Last accessed: 04/19/2023) <https://foreignpolicy.com/2021/11/11/china-social-media-tech-linkedin-wechat-censorship-privacy-regulation/>

<sup>238</sup> Bertelle Rosanna, "I Social Network in Cina" (2022). *Made for Export*. (Last accessed: 10/28/2022) <https://www.madeforexport.it/marketing-branding/social-network-in-cina/>

<sup>239</sup> Lu Christina, "China's Social Media Explosion" (2021). *Foreign Policy*. (Last accessed: 04/19/2023) <https://foreignpolicy.com/2021/11/11/china-social-media-tech-linkedin-wechat-censorship-privacy-regulation/>

<sup>240</sup> "China Social Media Statistics 2023 | Most Popular Platforms" (2023). *The Global Statistic*. (Last accessed: 04/19/2023) [https://www.theglobalstatistics.com/china-social-media-statistics/?utm\\_content=cmp-true](https://www.theglobalstatistics.com/china-social-media-statistics/?utm_content=cmp-true)

<sup>241</sup> The term "Great Firewall of China" is commonly used by Western media to describe a combination of tools, services, and regulations implemented by the government of the People's Republic of China. Its purpose is to restrict access to specific Internet content within China's borders. The initial deployment of the Great Firewall can be traced back to 1996 when it was introduced as The Golden Shield Project under the direction of the Chinese Ministry of Public Security. In 2013, the administration of the Great Firewall was transferred to the Cyberspace Administration of China. The primary objective of the Great Firewall is to protect Chinese residents from accessing information that the government deems contrary to the best interests of China and its people. It achieves this by blocking entire websites and filtering content on sites that are partially restricted. The Great Firewall of China is often referred to as a splinternet, which essentially creates a segregated portion of the global Internet, limited to specific regions. In contrast to the free world, where Internet access is open and users can visit any website, the Chinese Internet operates within this splinternet.

of Public Security of the People's Republic of China that filters a significant portion of incoming content from other countries –, search engines, social networks, and e-commerce platforms in China often diverge from those we are familiar with in the West. Therefore, to effectively reach Chinese consumers, it is essential to rely on local platforms.<sup>242</sup>

China's social media industry is highly diverse and localised, with multiple major players dominating different platforms. For instance, in the microblogging sector, Sina Weibo and Tencent Weibo (腾讯微博 *Téngxùn Wēibó*) are the primary contenders. Similarly, in social networking, companies like Renren and Kaixin001 (开心网 *Kāixīn wǎng*) compete for user attention. Each of these players possesses unique strengths, target different areas of focus, and often prioritise specific geographic regions. This fragmentation poses significant challenges for marketers, as it adds complexity to the social media landscape in China. Successfully navigating this landscape requires substantial resources, expertise, and a network of partners to provide guidance.<sup>243</sup>

The digital landscape has significantly impacted China's beverage alcohol market, playing a pivotal role in its growth and development. In comparison to other markets, China stands out with its remarkable online shopping trends, particularly in the beverage-alcohol sector.<sup>244</sup> Based on insights from Wine Intelligence, it has been observed that China possesses the largest proportion of online shoppers among all beverage-alcohol buyers. This notable distinction sets China apart from other markets, showcasing the country's strong inclination towards online purchasing within the beverage-alcohol sector. Moreover, China's overall e-commerce penetration and the maturity of beverage alcohol e-commerce surpasses that of other markets, highlighting the advanced development and widespread adoption of digital platforms in the country's beverage alcohol industry. In particular, the growth of wine e-commerce has captured the interest and curiosity of Chinese wine drinkers, offering them a unique opportunity to explore and engage with the category in a more immersive manner. This shift towards online channels has revolutionised the way wine

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Users within this system have a controlled view of the outside world, as the operators of the splinternet, in this case, the government of the People's Republic of China, regulate the information available to them. See Kerner Sean Michael, "Great Firewall of China" (2020). *TechTarget*. (Last accessed: 09/20/2023) <https://www.techtarget.com/whatis/definition/Great-Firewall-of-China>

<sup>242</sup> "XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese" (2022). *Italy China Council Foundation*: p. 111.

<sup>243</sup> Chiu Cindy, Ip Chris and Silverman Ari, "Understanding social media in China" (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

<sup>244</sup> Somma Giulio and Ciarla Fabio, "Will Asia be the market of the future? That's unclear, but fine wines are already going strong" (2022). *Wine World Magazine*, September 2022: p. 2-3.

consumers in China interact with the market, as evidenced by the significant milestone of over 50% of wine consumers having made online wine purchases.<sup>245</sup>

The rise of wine e-commerce has unlocked new avenues for Chinese consumers to discover and experience wines from various regions and producers. Online platforms provide a convenient and accessible channel for consumers to browse a diverse selection of wines, access detailed product information, and benefit from user reviews and recommendations. Such increased engagement and exposure to the wine category have not only broadened consumers' knowledge and appreciation but have also facilitated greater exploration and experimentation with different wines.<sup>246</sup>

The surge in online wine shopping reflects the evolving preferences and behaviours of Chinese consumers, who are embracing the convenience, variety, and personalised experiences offered by digital platforms. This shift has presented immense opportunities for wine producers and retailers to tap into the thriving Chinese market by leveraging the power of e-commerce and tailoring their strategies to cater to the preferences of digitally-savvy consumers.<sup>247</sup>

As the digital landscape continues to mature and online shopping becomes an integral part of consumers' lives, it is crucial for businesses operating in the beverage alcohol industry to recognize the significance of wine e-commerce in China. By embracing this trend, wine brands can establish a strong online presence, foster customer engagement, and cultivate lasting relationships with Chinese wine enthusiasts. Ultimately, understanding and leveraging the potential of wine e-commerce will be instrumental in capturing market share and driving growth in China's dynamic and evolving beverage alcohol industry.<sup>248</sup>

Since the competitive landscape is continuously evolving, and marketers seeking partnerships should closely monitor the developments of the sector's platforms and players, staying informed and adaptable is

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<sup>245</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>246</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>247</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>248</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

crucial in order to effectively leverage the dynamic nature of China's social media industry.<sup>249</sup> Gaining a comprehensive understanding of how social media operates in China can be the key to accessing this market and establishing a notable presence in one of the world's most rapidly expanding economies. By familiarising with the intricacies of Chinese social media, businesses can pave the way for success and seize the immense potential that this unique market offers.<sup>250</sup>

For a company which is looking to enter the Chinese market or strengthen its digital presence, there are a series of "must-have" platforms due to their high daily usage, such as WeChat, and other "nice-to-have" platforms like Douyin and Xiaohongshu (小红书 *Xiǎohóngshū*), which should definitely be considered for specific industries or to enhance brand awareness in general.<sup>251</sup> The next pages will explore some of the key platforms that have become instrumental in the wine promotion landscape in China.

### 3.1. WeChat (微信)

WeChat is a super app that originated as an instant messaging platform developed by Tencent. Over time, it has evolved and expanded to offer a wide array of features and services. Providing a wide range of functionalities, WeChat goes beyond mere messaging and encompasses social features, payment services, travel booking, virtual healthcare, and much more. As one of the most widely used applications globally, WeChat boasts over a billion daily active users, firmly establishing its position among the top-tier social apps available.<sup>252</sup>

#### 3.1.1. History of WeChat

The history of WeChat traces back to its creator, Allen Zhang, who had previously developed China's top free internet client, Foxmail. Tencent acquired Foxmail in 2005 with the aim of strengthening its QQ mail service - which was competing with Microsoft's MSN and Hotmail to gain a significant market share in China. In 2010, inspired by the rise of Kik Messenger (commonly called Kik) - the first app to offer free text

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<sup>249</sup> Chiu Cindy, Ip Chris and Silverman Ari, "Understanding social media in China" (2012). *McKinsey Quarterly*. (Last accessed: 04/23/2023) <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/understanding-social-media-in-china>

<sup>250</sup> "China Social Media Statistics 2023 | Most Popular Platforms" (2023). *The Global Statistic*. (Last accessed: 04/19/2023) [https://www.theglobalstatistics.com/china-social-media-statistics/?utm\\_content=cmp-true](https://www.theglobalstatistics.com/china-social-media-statistics/?utm_content=cmp-true)

<sup>251</sup> "XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese" (2022). *Italy China Council Foundation*: p. 114.

<sup>252</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

messaging to its users -, Zhang proposed the idea of developing a similar product to Tencent's CEO, Pony Ma. Ma quickly agreed, and thus WeChat was born. The app was officially launched in January 2011.

Initially, WeChat faced many challenges in gaining traction within China's competitive messaging app market. Heatherm Huang, co-founder of Talkbox - a startup with a voice messaging feature -, made a significant discovery that eluded both Kik and WeChat. During an interview, he recounted the challenge of getting his Chinese parents to communicate with him via text and realising that they struggled to type using roman characters. As a matter of fact, in many countries like China, Korea, Japan, and others where symbol-based writing systems are prevalent, older generations never acquired the skill of typing using roman characters. The romanization of Chinese characters, known as *pinyin*, was only developed in the 1950s and has become an internationally adopted standard in the 1980s.<sup>253</sup>

Therefore, Talkbox was leading the way in the sector in China. However, WeChat responded by incorporating voice notes into its chat function (**WeChat 2.0**), which proved to be a game-changer and represented only the beginning of the evolution of the app.<sup>254</sup>

**WeChat 2.1** introduced a crucial feature that allowed users to connect their QQ contacts to their WeChat accounts. QQ was already China's leading desktop messaging app, and this integration enabled WeChat to leverage the existing social network established on QQ. As a result, WeChat rapidly gained popularity, reaching around 30,000,000 users between the summer and October of 2011. In contrast, Talkbox's user growth stagnated at around 10,000,000 during the same period. Recognizing WeChat potential, Tencent decided to allocate more resources to the WeChat team while withdrawing support from QQ. Unfortunately, Talkbox made the strategic mistake of trying to compete directly with Tencent and WeChat in China instead of focusing on their other markets in Southeast Asia and was inevitably overshadowed by the competition.<sup>255</sup>

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<sup>253</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>254</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>255</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>



**WeChat 2.5** introduced additional social features that fuelled its viral growth. One notable feature was the "nearby" functionality, allowing users to see the profiles, names, and distances of people in close proximity. WeChat capitalised on these social connectivity features to sustain its expansion.<sup>256</sup>

In October 2011, **WeChat 3.0** was launched, introducing the "shake" and "drift bottle" features. The "shake" feature became immensely popular, enabling users to connect with others who were also shaking their phones at the same time.<sup>257</sup>

By the end of 2011, WeChat had surpassed 50,000,000 users. With the release of **WeChat 3.5**, the app introduced a crucial infrastructure element, the QR code (Quick Response Code). Each WeChat account received a unique QR code, simplifying the process of adding friends by scanning their codes. Furthermore, businesses could register QR codes to allow users to access their catalogues and engage with their services.<sup>258</sup>

Just three months later, on March 29, 2012, WeChat achieved a remarkable milestone by surpassing 100,000,000 users in only 14 months. To put this achievement into perspective, other top social apps took significantly longer to reach the same number of users, such as Instagram (26 months), Myspace (36 months), Snapchat (44 months), Facebook (52 months), and Twitter (65 months). WeChat rapid ascent in user adoption showcased its exceptional growth trajectory compared to its competitors.<sup>259</sup>

**WeChat 4.0** marked a significant milestone for the app as it introduced the feature called "Moments" and also gave birth to its English name, "WeChat". At this point, WeChat had reached 100,000,000 users, predominantly in China. In order to expand its user base globally, the company decided to adopt an English name, thus giving rise to "WeChat".<sup>260</sup>

The development of Moments was influenced by Tencent's ongoing competition with Sina Weibo, a Twitter-like microblogging platform. Tencent had launched its own Weibo product eight months after Sina's launch, utilising its QQ social graph to attract users. However, Tencent's Weibo fell short in comparison. It

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<sup>256</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>257</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>258</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>259</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>260</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

was believed that Moments was developed as a response to Tencent's inability to create a successful Weibo app, although it ultimately proved to be a significant failure.<sup>261</sup>

In May 2013, WeChat released version **5.0**, which focused on business-to-consumer (B2C) offerings and monetization strategies. This update introduced official/public accounts, games, an updated QR code, and the integration of payments within WeChat.<sup>262</sup>

Despite having over 300,000,000 users, WeChat had yet to establish a clear monetization strategy. Games became the initial approach, with 11 games added to the WeChat app, leveraging in-app virtual currency purchases. Moreover, version 5.0 also featured an enhanced QR code that included features such as "scan to translate," scanning barcodes to place online orders, and scanning QR codes for making payments. Another notable addition was the introduction of official/public accounts, which served as blog-like accounts for brands and influencers. These accounts offered extensive functionality for businesses, brands, and influencers to engage with consumers. This release marked the initial phase where brands could build their businesses and establish customer touchpoints on WeChat, setting the stage for the platform's future evolution into something much bigger. According to Rodenbaugh, it was at this stage that WeChat started to emerge as a super app, consolidating various functionalities such as airline services, package tracking, and banking into a single platform.<sup>263</sup>

During this period, WeChat began forming partnerships with physical businesses to offer online store functionality. One of the app's initial pilots involved collaborating with a Chinese department store. They also experimented with a partnership with McDonald's, allowing users to purchase coupon vouchers within WeChat and redeem them by showing the QR code to the cashier.<sup>264</sup>

By the third quarter of 2013, WeChat had surpassed 600,000,000 registered accounts, with over 100,000,000 users located overseas and 271,900,000 monthly active users.<sup>265</sup>

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<sup>261</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>262</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>263</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>264</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>265</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

In WeChat December 2013 update (**WeChat 5.1**), the focus shifted toward payments. Alongside in-app game purchases, users gained the ability to use WeChat Pay (微信支付 *Wēixìn zhīfù*) for various purposes such as paying phone bills, buying digital lottery tickets, shopping on Tencent's online retailer, making purchases at vending machines, and even at Haidilao, a popular hotpot chain restaurant in China. Moreover, public accounts were also upgraded to "service accounts" during this update. These brand-focused accounts allowed brands to directly message their users, resembling a customer relationship management tool. However, service accounts were limited to sending one bulk marketing message per month to avoid overwhelming users with excessive messages. This approach aligned with Allen Zhang's vision of protecting users from feeling spammed and maintaining a positive user experience on WeChat.<sup>266</sup>

Recognizing the significance of payments, WeChat devoted considerable effort in encouraging more users to link their bank accounts to WeChat Pay. In December 2013, WeChat introduced the ability to create group chats with up to 100 people, with each user limited to being the owner of only one 100-person group. As an incentive for adopting WeChat Pay, users were allowed to own an additional two 100-person groups after signing up for WeChat Pay, and a fourth group if they actively used WeChat Pay. This approach differed from Tencent's QQ desktop messenger, where users had to pay for a premium subscription to have large group chats. Moreover, WeChat introduced the option for users to set default shipping addresses, streamlining the shipping and payment processes.<sup>267</sup>

Among the campaigns that WeChat organised to promote the use of WeChat Pay, the partnership with Didi and the digital *hongbao* initiative are worth mentioning.<sup>268</sup>

In January 2014, WeChat and Didi (滴滴出行 *Dīdī chūxíng*), a prominent Chinese ride-hailing service, announced a strategic partnership. This collaboration allowed WeChat users to directly "order a taxi" using Didi's service from the WeChat Pay page. To incentivize adoption and promote the partnership, WeChat offered a subsidy of RMB 10 to users who paid for their rides using WeChat Pay. The partnership between WeChat and Didi was mutually beneficial. WeChat Pay gained a strong incentive for user adoption as Didi held a significant market share of around 60% in the Chinese ride-hailing market at that time. By integrating Didi's services into WeChat, WeChat Pay provided its extensive user base, consisting of hundreds of millions

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<sup>266</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>267</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>268</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

of monthly active users, with a convenient and seamless way to order and pay for rides. The promotion proved highly successful, with noticeable results in cities such as Wuhan, which had a population of approximately 11,000,000. In these cities, around 60% of DiDi users made the switch to using WeChat Pay for their ride-hailing needs, showcasing the positive impact and effectiveness of the partnership.<sup>269</sup>

During the Chinese New Year celebrations, it is customary to exchange “red envelopes” – known as 红包 *hóngbāo* in China – containing small amounts of money. In 2014, WeChat introduced a feature that allowed users to send *hongbao* to their WeChat friends. Users could send envelopes directly to individuals or groups, enabling recipients to divide the money among themselves. Notably, this feature required users to be signed up with WeChat Pay. The introduction of this feature resulted in the exchange of hundreds of millions of red envelopes during the 2014 Chinese New Year. It also played a significant role in the growth of WeChat Pay, increasing the number of users from 30,000,000 to 100,000,000. The popularity of sending red envelopes continued to grow, with approximately 1,000,000,000 being sent through WeChat during the 2015 Lunar New Year and approximately 8,000,000,000 sent by the 2016 Lunar New Year.<sup>270</sup>

In 2014, WeChat introduced what was called WeChat Little Store, allowing brands to set up stores within the WeChat app. Users could browse and purchase items, manage inventory, and make payments through WeChat Pay. WeChat Pay also introduced QR code payments for in-store purchases, which became widely adopted by various vendors in China. By the end of 2014, WeChat had reached 500,000,000 monthly active users globally.<sup>271</sup>

In 2015, WeChat implemented a tipping feature for public accounts, allowing users to easily tip content creators. In 2016, WeChat launched WeChat Enterprise (later renamed WeChat Work), which provided work-related features for organisations.<sup>272</sup>

One of the most significant additions to the WeChat ecosystem came in 2017, when WeChat introduced **mini-programs**, lightweight apps operating within the WeChat application. These mini-programs allowed brands and independent developers to provide additional functionalities, such as online

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<sup>269</sup> Rodenbaugh Ryan, “WeChat (Part 1/2): A Not So Brief History” (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>270</sup> Rodenbaugh Ryan, “WeChat (Part 1/2): A Not So Brief History” (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>271</sup> Rodenbaugh Ryan, “WeChat (Part 1/2): A Not So Brief History” (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>272</sup> Rodenbaugh Ryan, “WeChat (Part 1/2): A Not So Brief History” (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

stores, coupons, ticket purchasing, and ride-hailing services. By 2018, mini-programs had gained significant popularity, with 600,000,000 monthly active users and 200,000,000 daily active users. Mini-programs became appealing not only to big brands but also to smaller businesses, allowing every physical store to have a digital presence. WeChat mini-programs were integrated with various WeChat features, including payments, live streaming, QR code interactions, and social connections. The transaction volume within mini-programs exceeded RMB 800,000,000,000 in 2019. WeChat mini-programs cover a wide range of categories, including games, e-commerce, and lifestyle services. They offer functionalities such as video streaming, translation, bike-sharing, audio tourism guides, and numerous games. The strong SEO<sup>273</sup> capabilities of mini-programs have had a great impact on search behaviour in China, with users starting their searches within WeChat rather than using traditional search engines like Baidu.<sup>274</sup>

After the release of **WeChat 6.0** in late 2014, it took approximately four years for WeChat to launch version **7.0** in January 2019. During this period, WeChat experienced remarkable growth in its messaging features, payment features, mini-programs, and more. However, the company did not introduce many new functionalities during this time. Version 7.0 had only a few updates, reflecting the product principles of Allen, one of the key figures behind WeChat, which emphasised simplicity and avoiding rapid changes that might disrupt users' experience.<sup>275</sup>

WeChat growth was driven by its ability to adapt, incorporating voice messaging, QR codes, and monetization features. By leveraging Tencent's existing user base and establishing strategic partnerships, WeChat became a dominant force in the social app landscape. Its success underscores the importance of localization, understanding user preferences, and fostering meaningful connections among users.<sup>276</sup>

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<sup>273</sup> SEO, an abbreviation for "search engine optimization," refers to the process of enhancing a website's performance to enhance its presence on search engines. This involves optimizing a business' site to appear prominently in search results when users search for products offered, services provided, or information related to such a business' areas of expertise. By increasing the visibility of web pages in search results, the likelihood of being discovered and clicked on increase consistently. Ultimately, the aim of search engine optimization is to attract potential customers, clients, or recurring visitors to a business' website. See "What is SEO – Search Engine Optimization?" (2022). *Search Engine Land*. (Last accessed: 09/20/2023) <https://searchengineland.com/guide/what-is-seo>

<sup>274</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>275</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

<sup>276</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetswest.substack.com/p/wechat-a-not-so-brief-history>

### 3.1.2. WeChat statistics

In today's digital age, where social media plays a crucial role in connecting people worldwide, WeChat has emerged as a dominant force in the Chinese market. With an astounding 1,308,900,000 monthly active users, WeChat has become the fifth most widely used social networking app globally, trailing only behind giants like Facebook (2,900,000,000 users), YouTube (2,500,000,000 users), WhatsApp (2,000,000,000 users), and Instagram (1,400,000,000 users).<sup>277</sup> These staggering numbers highlight the immense potential WeChat holds for businesses, including the wine industry, to reach and engage with their target audience in China.

When it comes to user demographics, WeChat boasts a diverse user base. The age distribution spans across various generations, with 22.3% of users under the age of 24, 13.7% aged between 25-30, and a significant 22.7% over the age of 51. Remarkably, 98.5% of smartphone users in the 50-to-80-year-old range in China actively utilise WeChat, showcasing its widespread adoption among older age groups.<sup>278</sup>

Gender-wise, WeChat maintains a fairly balanced user composition, with 52.9% male and 47.1% female users.<sup>279</sup>

User behaviour on WeChat is truly remarkable, with a staggering 45,000,000,000 messages sent daily. Voice and video messages are both quite popular, with 6,100,000,000 and 205,000,000 sent daily, respectively.<sup>280</sup> The average daily usage time on WeChat is an impressive 82 minutes<sup>281</sup>, and over 60% of users open the app more than ten times a day.<sup>282</sup> These statistics reflect the high engagement levels of WeChat users and the significant opportunities for wine businesses to capture their attention.

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<sup>277</sup> Zalani Chintan, "WeChat Statistics for 2023 That You Need to Know" (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>278</sup> Zalani Chintan, "WeChat Statistics for 2023 That You Need to Know" (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>279</sup> Zalani Chintan, "WeChat Statistics for 2023 That You Need to Know" (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>280</sup> Zalani Chintan, "WeChat Statistics for 2023 That You Need to Know" (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>281</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>282</sup> Zalani Chintan, "WeChat Statistics for 2023 That You Need to Know" (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

WeChat vast ecosystem includes over 1,000,000 mini-programs, serving a wide range of user needs. With 450,000,000 daily users, mini-programs have become an integral part of the WeChat experience. Interestingly, 47% of WeChat mini-program users find food delivery and e-commerce mini-programs particularly valuable, emphasising the potential for wine businesses to leverage these platforms for sales and brand promotion. Moreover, 40% of users use mini-programs to avoid downloading separate mobile apps<sup>283</sup>, making it a convenient and accessible avenue for wine businesses to engage their audience.

With a staggering 20,000,000 official accounts, WeChat provides an avenue for wine businesses to establish a strong online presence and connect with their target audience. A significant 72% of WeChat users follow official accounts for news updates, while 41% follow them for promotional offers.<sup>284</sup> This presents a prime opportunity for wine businesses to share valuable information about their products, promotions, and brand stories, fostering a deeper connection with their audience.

WeChat business-oriented features have transformed it into a vital tool for commerce in China. With 72,000,000 registered businesses on WeChat Pay, the platform has revolutionised the way transactions are conducted. Remarkably, over 34% of WeChat official account owners report that the app helps them cut costs by more than 30%, making it an efficient and cost-effective solution for wine businesses. Additionally, 74.2% of WeChat official account users utilise the platform to get news or promote their businesses, further underscoring its importance as a business communication and marketing tool.<sup>285</sup>

WeChat remarkable presence in the professional realm is evident, with 90% of surveyed web users in China considering it their top choice for daily work communication. This level of adoption showcases the reliability and convenience that WeChat offers as a comprehensive communication platform, surpassing even traditional email for many Chinese individuals.<sup>286</sup>

In addition to its vast and diverse user base, WeChat provides a rich set of functionalities that businesses - including wine businesses – can strategically utilize to grow their presence and operations in China. The

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<sup>283</sup> Zalani Chintan, “WeChat Statistics for 2023 That You Need to Know” (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>284</sup> Zalani Chintan, “WeChat Statistics for 2023 That You Need to Know” (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>285</sup> Zalani Chintan, “WeChat Statistics for 2023 That You Need to Know” (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

<sup>286</sup> Zalani Chintan, “WeChat Statistics for 2023 That You Need to Know” (2022). *Social Media Today*. (Last accessed: 07/04/2023) <https://www.socialmediatoday.com/news/wechat-statistics-for-2023-that-you-need-to-know-infographic/637931/>

following pages will delve into these powerful features in detail, showcasing how they can be effectively harnessed to drive success in the Chinese market.

### 3.1.3. WeChat functions

WeChat has rapidly transformed into an essential component of daily life for the Chinese population. As previously mentioned, the remarkable success of this application can be attributed to its multifaceted nature. In addition to its primary function as a messaging app facilitating communication through messages and video calls, WeChat serves as a platform for following individuals and businesses, conducting payments, accessing information, utilising public services, utilising mini-programs, and much more. All of these diverse functionalities are consolidated within a single application. Thanks to its characteristics, WeChat has become indispensable not only for individuals but also for businesses that intend to create effective marketing strategies targeting the Chinese market.<sup>287</sup>

#### WeChat Official account

The initial step to start a business on WeChat is the creation of an account. Alongside the ability to establish a personal profile, WeChat also provides the option of opening an official account through which companies can enhance their brand awareness and engage with customers. Various types of official accounts exist, with two particularly noteworthy ones being the service account and the subscription account.<sup>288</sup>

**Service accounts** appear within the chat section as regular contacts, granting them greater visibility compared to subscription accounts. However, service accounts face a restriction where they can only publish a maximum of four posts per month. This account type is typically employed for activities such as e-commerce, as it allows the profile to function as a genuine customer service platform.<sup>289</sup>

On the other hand, **subscription accounts** are gathered into a folder named "subscriptions", which is visible in WeChat chat section. With this account type, it is possible to send multiple push notifications to followers within a single day. Given the capability to publish more content, this account type is well-suited for media and news companies. The creation of a subscription account implies that the business in question

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<sup>287</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>288</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>289</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>



owns a Chinese identification card and a Chinese business licence. However, since September 2018, WeChat has offered the option of opening an official account without a Chinese business licence, enabling foreign companies to have full control over the account without involving a Chinese third party. Establishing an account with a Chinese business licence and a Chinese ID card can be a quicker and more cost-effective process. Nevertheless, it is crucial to carefully select a reliable Chinese partner, as managing the account may present significant challenges. On the other hand, opening an account independently entails a lengthy and costly process. Consequently, at present, the fastest and most economical approach remains opening an account with a Chinese business licence.<sup>290</sup>

Before starting the procedure to create an official account, several documents and information are required:

- An email address for registration;
- The business licence of the Chinese company;
- The Chinese bank account, bank name, and address;
- Access to the Chinese company's bank account;
- The identification card of a Chinese citizen who has a WeChat account linked to a credit card;
- The company's certificate;
- The WeChat account name;
- A Chinese phone number;
- A brief description of the account;
- A profile picture.

In addition to the application phase, a verification fee of RMB 300 must be paid. Once verified, the profile will be ready for use. The entire process takes approximately one to two weeks.<sup>291</sup>

Official accounts can be used for various purposes, but currently, users prefer to follow them to obtain information about their hobbies and interests. For companies, opening an official account is certainly appealing<sup>292</sup> since it offers a direct communication channel to engage with their Chinese audience. By using

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<sup>290</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>291</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>292</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

their WeChat official account efficiently, businesses can elevate their brand reputation, amplify customer interaction, convert followers into customers, and gain access to a wide range of marketing tools available on the leading social media platform in China. Furthermore, official accounts provide an extensive array of supplementary features, including the option to establish a WeChat store, oversee customer support, and much more.<sup>293</sup>

Nevertheless, managing an official account is not an easy task. It is essential to offer subscribers new and interesting content in order to encourage engagement. To make the most of the potential of the Chinese social network, it is advisable to entrust the management of the account to experienced companies in the field.<sup>294</sup>

### **WeChat mini-programs**

A special mention is required for one of the most recent innovations that have renewed and revolutionised WeChat: mini-programs.

Launched in January 2017 to facilitate the promotion of content and products to consumers, these "apps within the app" or mini-apps are very similar to applications but lighter (they can weigh a maximum of 10MB).<sup>295</sup> They offer enhanced functionalities beyond the standard WeChat app, providing more advanced features and capabilities.<sup>296</sup> However, unlike regular applications, mini-apps do not require downloading or installation because they are already within the WeChat ecosystem. Thanks to these characteristics, mini-programs make navigation and user experience smoother and faster.<sup>297</sup>

While some argue that mini-apps could replace traditional applications, many companies develop mini-apps as a support to their own applications. Through a mini-program, customers have the opportunity to

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<sup>293</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>294</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>295</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>296</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>297</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

get a taste of what they can find in the application, intriguing them and encouraging them to download the brand's app.<sup>298</sup>

Mini-apps can be applied in various fields but are primarily categorised into four sectors: games, services (which include product catalogues for B2B companies, systems to manage loyalty programs for customers etc.<sup>299</sup>), news, and e-commerce. Since one of the favourite activities of Chinese users is online shopping, mini-apps are a great response to such consumer behaviour. Many mini-programs are, in fact, e-commerce platforms, and with the active participation of WeChat Pay users, WeChat has become the ideal O2O<sup>300</sup> platform. By eliminating the installation process and reducing loading times, the purchase becomes instantaneous. For this reason, many shopping channels have developed their own mini-programs as supplements to their applications and websites.<sup>301</sup>

Furthermore, to increase user interaction and boost sales, the beta version of live streaming on mini-programs was launched in February 2020.<sup>302</sup> This functionality resembles many other live streaming systems – users can interact by commenting and sharing the live stream as in other platforms. However, WeChat has introduced a unique feature, which is represented by the direct link to the shopping page. By using this function, users can access a page that displays a list of products with their descriptions. They can freely navigate between the product page and the live stream at any time.<sup>303</sup>

WeChat live streaming offers several advantages for brands, providing them with unique opportunities to engage with users, drive sales, and enhance the overall brand experience. The greatest advantage for brands is that users can make purchases, comment, and perform other activities while watching the live broadcasts without switching to other mini-programs or apps. Another important aspect of user experience is that the live video function is directly embedded in the official account, so even new users attracted to the live stream are directly engaged within the official mini-program. Therefore, live streams are

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<sup>298</sup> Bonaccorso Erika, “Cos’è WeChat: statistiche e funzioni” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>299</sup> “XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese” (2022). *Italy China Council Foundation*: p. 115.

<sup>300</sup> Online to Offline

<sup>301</sup> Bonaccorso Erika, “Cos’è WeChat: statistiche e funzioni” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>302</sup> Bonaccorso Erika, “Cos’è WeChat: statistiche e funzioni” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>303</sup> Gentili Lucia, “WeChat lancia i live streaming per i Mini Program” (2020). *Value China*. (Last accessed: 07/06/2023) <https://valuechina.net/2020/02/26/wechat-lancia-i-live-streaming-per-i-mini-program/>

undoubtedly an effective way to acquire users, facilitate interactions, build brand connections, and encourage purchases.<sup>304</sup>

In summary, thanks to their immediacy, mini-programs are an excellent tool for differentiation and providing a better user experience to followers. Such mini-apps are compact in size, more cost-effective, and in some ways, superior to traditional applications. Another advantage is the possibility of facilitating interactions between users and companies. They are useful for improving brand awareness and directing traffic to one's official WeChat account. Therefore, they are a highly effective tool that should not be overlooked when creating a marketing strategy targeting Chinese customers.<sup>305</sup>

## WeChat Moments

One of the main features of WeChat is Moments, which allows users to share images, texts, videos, songs, and articles. The Moments interface is very similar to Facebook's news feed, with the difference that Moments on WeChat can only be seen by one's contacts and not by people outside their circle of friends.<sup>306</sup> Indeed, Moments function based on the principle that "my friend's friend is not my friend." In practical terms, when users posted photos or status updates on their Moments feed, only their friends had access to view, like, and comment on those Moments.<sup>307</sup>

Moments are also very interesting for businesses as they can publish advertising material on the feed.<sup>308</sup> However, WeChat Moments imposes restrictions on the types of advertisers allowed. Eligible advertisers include established brands with a presence in China and foreign companies registered and operating within the country. Moreover, certain categories such as alcohol, tobacco, and specific events

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<sup>304</sup> Gentili Lucia, "WeChat lancia i live streaming per i Mini Program" (2020). *Value China*. (Last accessed: 07/06/2023) <https://valuechina.net/2020/02/26/wechat-lancia-i-live-streaming-per-i-mini-program/>

<sup>305</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>306</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>307</sup> Rodenbaugh Ryan, "WeChat (Part 1/2): A Not So Brief History" (2020). *East Meets West*. (Last accessed: 06/29/2023) <https://eastmeetwest.substack.com/p/wechat-a-not-so-brief-history>

<sup>308</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

face limitations or may not be permitted on WeChat Moments. Foreign companies also need to fulfil various certifications to advertise their products on the platform.<sup>309</sup>

## WeChat H5 Brochures

In the dynamic realm of digital marketing, the rise of WeChat has paved the way for a new trend: HTML5<sup>310</sup> content. This cutting-edge technology enables developers to craft engaging and interactive material to drive marketing campaigns, further expanding the possibilities in this ever-evolving landscape.<sup>311</sup> Brands can leverage the power of HTML5 technology on WeChat to create various interactive experiences such as games, quizzes, and voting, all aimed at enhancing engagement with their followers and driving direct sales. Furthermore, they can easily share sales letters and other promotional materials in an HTML5 format, specifically through WeChat H5 Brochures.<sup>312</sup>

When it comes to WeChat H5 Brochures, it is important to understand that the term "H5" goes beyond just a webpage built with HTML5. While it originates from this technology, it refers to a particular type of interactive experience designed specifically for mobile viewing. In essence, an H5 page represents a mobile website, typically created for promotions or events, and shared within WeChat through official accounts or WeChat Moments. Users can then seamlessly browse the content using the in-app browser provided by WeChat.<sup>313</sup>

When creating an H5 brochure targeted at Chinese viewers, it is essential to consider certain factors that will help capture their attention. To begin with, in a competitive landscape with numerous engaging content and creative campaigns, it is crucial to focus on illustrations, artwork, animations, and pictures. It is essential to collaborate with a designer who understands both the Chinese aesthetic and the brand's concept. A successful H5 brochure strikes a balance between such brand's values and Chinese culture and

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<sup>309</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*. (Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>310</sup> HTML5 is often regarded as the fifth iteration or release of the standardized descriptive language known as Hypertext Markup Language (HTML), which provides guidelines on webpage structure. See Sheldon Robert, "HTML5" (2023). *TechTarget*. (Last accessed: 09/20/2023) <https://www.techtarget.com/whatis/definition/HTML5>

<sup>311</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

<sup>312</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>313</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

preferences. In this context, colour selection plays a significant role. In China, red and yellow/gold are considered auspicious, while other colours may carry negative connotations. For example, white is often associated with death and mourning. It is thus fundamental to pay meticulous attention to such an aspect. Moreover, ensuring proper translation and localization of all Chinese content is vital. This step guarantees that the brand's content resonates with the target audience and performs well in terms of search engine optimization. By considering these important factors, businesses can create an H5 brochure that effectively appeals to Chinese viewers, capturing their interest and maximising the impact of your marketing efforts.<sup>314</sup>

WeChat H5 pages offer numerous advantages for marketers. Along with their ability to generate compelling and interactive content, there are specific features that make this tool highly valuable for businesses operating in China.<sup>315</sup>

First of all, H5 pages serve a wide range of marketing purposes, including games, brochures, advertisements, and more. They are commonly used to promote specific products or highlight sales and special events.<sup>316</sup> Businesses have the option to create an HTML5 brochure on WeChat that effectively showcases their brand and products. This brochure is highly shareable and can serve as a valuable asset for their marketing efforts.<sup>317</sup> Secondly, since they are designed to captivate users, H5 pages incorporate interactive elements such as audio, music, video animations, and even triggers like mobile shaking. With options like sequential animations, animation groups, and time setup, the possibilities for creating engaging content are virtually limitless. Additionally, WeChat H5 pages also support entertaining features like the "shake" functions and "turn sideways to watch," enhancing user engagement and enjoyment. Thirdly, by emphasising user input, H5 pages provide an opportunity to capture valuable leads. In addition, you can gather data from various channels such as interactive forums, comments, and surveys. Fourthly, compared

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<sup>314</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

<sup>315</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

<sup>316</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

<sup>317</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

to WeChat mini-programs, H5 pages offer a faster and more cost-effective development process. This means businesses can quickly launch their campaigns or introduce new products to the market.<sup>318</sup>

In summary, WeChat H5 pages provide marketers with a versatile and efficient solution for creating engaging content, collecting data, and swiftly launching campaigns or product initiatives in China. Therefore, they can be considered a very effective marketing tool for businesses seeking to operate in the Chinese market.<sup>319</sup>

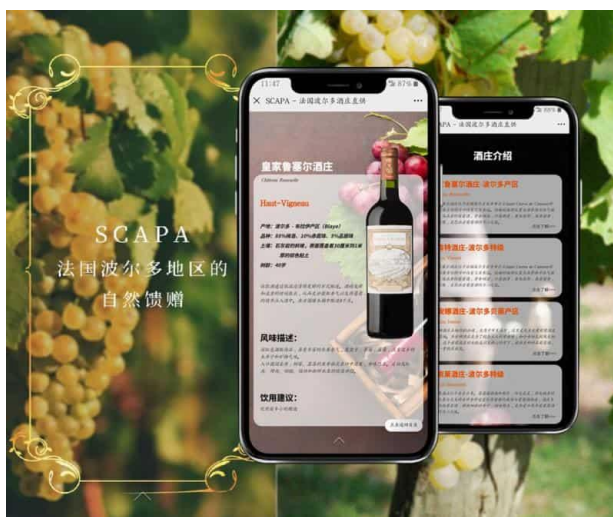


Figure 2 SCAPA WeChat H5 Brochure

## WeChat Pay

It is perhaps the most widely used feature and the one that has promoted the spread of WeChat both locally and internationally. In fact, all it takes is scanning a QR code to make instant payments or transactions. This method of digital payment has also started to expand beyond the borders of China with the purpose of facilitating and encouraging Chinese tourists to make purchases during their travels abroad.<sup>320</sup>

Understanding the e-wallet system is crucial when it comes to advertising products and services on WeChat. This digital payment service, directly linked to users' bank accounts, enables instant payments through the platform. For instance, when promoting a product on WeChat, WeChat Pay becomes a valuable

<sup>318</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

<sup>319</sup> "What is WeChat H5 Brochure?" (2022). *Gentlemen Marketing Agency*. (Last accessed: 07/06/2023) <https://marketingtochina.com/guide-wechat-h5-brochure/>

<sup>320</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

tool for "Flash Sales" or "Impulsive Purchases". Flash sales campaigns, popular among international fashion brands in China, offer limited-time promotions for 24 hours. Luxury brands like Dior, Burberry, Chanel, Lancôme, and others frequently utilise this feature.<sup>321</sup>

The strength of WeChat Pay lies in its integration of e-commerce and social media. WeChat-hosted stores allow you to drive traffic and generate sales without requiring users to leave the platform. It should be regarded as an internal method for attracting visitors to a business' store.<sup>322</sup>

## WeChat Advertising

Similarly to other social media platforms in China, WeChat also offers paid promotional options. WeChat Advertising provides brands with a range of innovative methods to effectively engage customers and expand their presence on the popular Chinese platform. Through targeted ads, companies can deliver meaningful messages to users' timelines, mini-programs, or official account articles. Tencent's advertising program for WeChat is a valuable tool for brands looking to increase their number of WeChat business account followers.<sup>323</sup>

In essence, there are three primary types of WeChat Advertising available: banner advertising (also known as official account advertising), Moments advertising (including video ads, picture ads, interactive ads, etc.), and mini-program advertising.<sup>324</sup>

One of the highly effective approaches to advertising on WeChat is **banner advertising**, which involves the use of banners that appear at the bottom of posts published by WeChat official accounts, serving as clickable ads that redirect traffic to other accounts.<sup>325</sup>

The popularity of WeChat banner campaigns among advertisers can be attributed to several factors. Firstly, they allow targeting of relevant users who already display an interest in the advertised products or

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<sup>321</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>322</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>323</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>324</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>325</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>



services.<sup>326</sup> In other words, if a user sees and interacts with a specific ad, there is a high chance that the same ad will appear in the feed of their contacts. Conversely, if the user does not interact with the ad, it will be removed from their feed within six hours.<sup>327</sup> Additionally, banner ads tend to be more cost-effective compared to other advertising options such as WeChat Moments. Banners are strategically placed at the bottom of targeted articles that pertain to specific topics, ensuring active engagement with relevant content. WeChat banner ads effectively drive traffic to various destinations, including WeChat official accounts, WeChat Stores, store pages, and external links that open within the WeChat browser.<sup>328</sup>

**Moments advertising**, often considered the pinnacle of WeChat Advertising, offers tremendous value as users typically browse their WeChat Moments upon opening the app. These ads are strategically placed in the user's feed, providing high visibility and exposure. Initially introduced in 2015, Moments ads gained popularity with the participation of renowned brands like Coca-Cola and Mercedes-Benz during the initial testing phase. Brands that already enjoy a certain level of engagement in China can benefit greatly from Moments ads. However, as previously mentioned, it is worth noting that WeChat Moments has certain restrictions, allowing only established Chinese brands or registered foreign companies to advertise on this platform. Categories such as alcohol, tobacco, and specific events may have limited or no advertising options on WeChat Moments. Foreign companies are also required to obtain specific certifications to promote their products on the platform. Similarly to banner ads, Moments ads effectively drive traffic to various destinations, including WeChat official accounts, WeChat Stores, store pages, and external links that open within the WeChat browser.<sup>329</sup>

In addition to Moments and banner ads, another noteworthy aspect of WeChat Advertising is the utilisation of **mini-program advertising**, which offers unique opportunities for brands to engage with users on this popular messaging app. Following the successful launch of WeChat mini-programs in 2017, they quickly gained popularity among Chinese brands and digital marketers, solidifying their position as a dominant force in social e-commerce. To further enhance its social e-commerce capabilities, Tencent

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<sup>326</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>327</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>328</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>329</sup> "Ultimate Guide To WeChat Advertising & Growth" (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

introduced a new advertising platform within the widely used messaging app. This platform enables businesses to connect with WeChat users through mini-programs, in addition to Moments and banner ads. There are various types of WeChat advertising available through mini-programs, including:

- Pop-up ads: similar to their Western counterparts, pop-up ads can be utilised within mini-programs. These banner ads appear when users open the mini-program or switch between tabs.
- Banner ads: these ads resemble the banner ads found in WeChat articles and can be placed in different locations within mini-programs.
- WeChat mini-games advertisement: These ads take the form of short videos that redirect users to a landing page. They are seamlessly integrated into the game plot and are tied to incentives within the game, making them more engaging and entertaining than traditional advertisements.<sup>330</sup>

Nowadays, WeChat offers a considerable number of options with regards to advertising, including video ads, pictures, and banner ads. However, it must be noted that such a platform may not be the ideal space of promotion for all companies seeking to expand their business in China. First of all, historically, WeChat has been cautious about incorporating advertising to maintain the personal nature of users' moments and avoid a spam-like experience – for instance, users will typically only encounter one Moment ad every 24 hours. Moreover, WeChat Advertising targeting is not as advanced as platforms like Douyin, for instance. Finally, WeChat advertising can be expensive. Thus, it is fundamental for companies to explore all their alternatives when planning their marketing strategy for the Chinese market.<sup>331</sup>

## **WeChat Analytics**

Through WeChat Analytics feature, important information can be obtained to improve a marketing strategy. The data that can be obtained includes the daily number of followers (new and existing), user demographics, and the number of views and likes for each post. The data can only be viewed within seven days of the post's publication, as posts typically have a short lifespan.<sup>332</sup>

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<sup>330</sup> “Ultimate Guide To WeChat Advertising & Growth” (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>331</sup> “Ultimate Guide To WeChat Advertising & Growth” (2023). *Gentlemen Marketing Agency*.(Last accessed: 07/05/2023) <https://marketingtochina.com/wechat-advertising/>

<sup>332</sup> Bonaccorso Erika, “Cos’è WeChat: statistiche e funzioni” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

## WeChat Channels

WeChat Channels are one of the latest features of the platform. Through WeChat Channels, businesses or individuals can open a channel and upload videos up to one minute long. The WeChat Channels feed is very similar to Instagram's, and users can like, share, or follow the channel.<sup>333</sup>

The uniqueness of WeChat Channels is that, unlike WeChat Moments, they can be viewed by everyone, even those who are not in our contacts. This represents Tencent's desire to make WeChat a more open platform, as well as to ride the wave of the short video trend.<sup>334</sup>

### 3.1.4. WeChat for wine businesses

As the dominant social media platform in China, WeChat offers numerous opportunities for wine businesses to effectively promote their products and engage with their target audience. With its immense user base and extensive functionalities, WeChat provides a powerful platform for building brand awareness, showcasing wine offerings, and connecting with Chinese consumers. Indeed, according to research conducted by Wine Intelligence, posts, and discussions on WeChat, whether from friends, family, or brands, have a significant impact on consumers' wine purchase decisions, with 41% of interviewees considering it as their most reliable source of information about wines.<sup>335</sup>

One of the first Italian wineries to invest in this platform was Masi from Veneto, virtually reaching millions of new potential customers<sup>336</sup>. According to Masi, the official WeChat account, in addition to being an important international showcase, ensures the authenticity and immediacy of news by providing content rich in information and insights for the Chinese target audience. The goal is to create a "Masi Wine Community" to interact directly with wine lovers and Chinese consumers, while also being an instrument with extraordinary potential to strengthen the brand's presence in the Asian market, which has been established for over 20 years.<sup>337</sup> Sandro Boscaini, CEO of Masi, commented:

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<sup>333</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>334</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>335</sup> Wine Intelligence, "Internet and Social Media in the Chinese wine market" (2017). *WSET Alumni*.

<sup>336</sup> "Vendere vino in Cina usando WeChat, il principale social network cinese" (2020). *Wine Business Hub*. (Last accessed: 07/21/2022) <https://cantine.winebusinesshub.com/vendere-vino-in-cina-usando-wechat-il-principale-social-network-cinese>

<sup>337</sup> "WeChat Cina: inauguriamo il 2019 con un nuovo profilo" (2019). *Masi*. (Last accessed: 07/05/2023) <https://www.masi.it/it/news-eventi/news/wechat-cina-inauguriamo-il-2019-con-un-nuovo-profilo>

Italy has gradually increased its presence in the [Chinese] market, but it is far from having the leadership position it deserves. Italian wine needs to present itself in a unified way and communicate [with Chinese consumers], just as the French have done by creating a strong image of excellence that now gives them an enviable position. For many years, Masi has been working in China with high-profile and experienced partners. We immediately understood that having a well-designed strategy is of vital importance: telling the story of the wine and its terroir firsthand and enabling Chinese consumers to learn about its unique characteristics, style, and charm. That's why it is essential to analyse the market and speak to the consumer in their own language.<sup>338</sup>

WeChat presents an exceptional opportunity for wine businesses to promote their products and engage with their target audience in China. With its vast user base, diverse demographics, high user engagement, and extensive features like mini-programs and official accounts, WeChat offers an ideal platform for wine businesses to enhance their brand visibility, drive sales, and build meaningful connections with Chinese consumers. By leveraging the power of WeChat, wine businesses can tap into the immense potential of the Chinese market and establish a strong foothold in one of the world's largest consumer markets.

In today's digital landscape, there is no denying that WeChat holds a dominant position when it comes to communicating with Chinese customers and attracting new ones.<sup>339</sup> With its vast user base and status as the leading social media platform in China, it is natural to question the necessity of exploring other platforms. However, the truth is that despite its massive reach, WeChat may not always be the optimal choice for promoting products and services to Chinese consumers.<sup>340</sup> For instance, the saturation of official accounts in recent years has had a significant impact on the digital market. Such a saturation has led to a decline in post views, especially for smaller brands that struggle to stand out amidst the sea of content.<sup>341</sup> While WeChat remains a leader in the industry, its limitations as an advertising platform should not be overlooked. Unlike platforms solely reliant on ad revenue, WeChat primary focus lies elsewhere, affecting its advertising

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<sup>338</sup> "WeChat Cina: inauguriamo il 2019 con un nuovo profilo" (2019). *Masi*. (Last accessed: 07/05/2023) <https://www.masi.it/it/news-eventi/news/wechat-cina-inauguriamo-il-2019-con-un-nuovo-profilo> (my translation)

<sup>339</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>340</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>341</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

capabilities and offerings.<sup>342</sup> Additionally, WeChat closed nature also presents a significant challenge. Without employing effective and targeted strategies to attract new followers, it becomes increasingly difficult to extend the reach of messages beyond the existing circle of contacts.<sup>343</sup> This limitation underscores the need for businesses to adopt a flexible approach and consider alternative platforms that align with their specific goals and objectives.<sup>344</sup>

In conclusion, while WeChat undeniably holds a prominent position in the Chinese market, businesses must recognize that it may not always be the sole solution in a complex market such as the Chinese one. Keeping an open mind and carefully selecting platforms that best suit their needs will ensure effective communication and engagement with Chinese consumers.

### 3.2. Xiaohongshu (小红书)

Xiaohongshu, a thriving lifestyle sharing and purchasing platform, offers its users the opportunity to share their interests through short videos and photos, with a specific emphasis on fashion, beauty, food, travel, and more.<sup>345</sup> With an impressive user base of over 200,000,000 monthly active users, Xiaohongshu stands as one of China's most widely utilised social commerce platforms. The platform slogan, "笔记我的生活" (*Bìjì wǒ de shēnghuó*), which translates to "Record my life", encapsulates its dedication to lifestyle content and user-generated contributions.<sup>346</sup> Functioning as both a social media platform and an e-commerce hub, Xiaohongshu empowers users to document their daily experiences, fostering a vibrant

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<sup>342</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>343</sup> Bonaccorso Erika, "Cos'è WeChat: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/09/25/cose-wechat-statistiche-e-funzioni-settembre-2019/>

<sup>344</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>345</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmi=242309060&\\_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yvg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmi=242309060&_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yvg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>346</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQVlqkpDVNk&list=PLSqgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

community centred around trusted user-generated content, word-of-mouth advertising, and online engagement.<sup>347</sup>

### 3.2.1. History of Xiaohongshu

Xiaohongshu Outbound Shopping Guide (小红书出境购物攻略 *Xiǎohóngshū chūjìng gòuwù gōnglǜè*) was originally launched in 2013 in Shanghai<sup>348</sup> by Charlwin Mao and Miranda Qu.<sup>349</sup> It was presented as an online shopping guide that aimed at providing assistance to Chinese consumers, primarily concerning foreign products.<sup>350</sup>

The early 2010s marked a significant period for China, as the country was witnessing the rise of the middle class.<sup>351</sup> During this time, a combination of factors such as tax return policies, the strengthening of the Chinese currency, and overall economic growth in China created an opportunity for an increasing number of Chinese individuals to engage in overseas travel and purchase high-quality goods at favourable prices.<sup>352</sup> Consequently, a new cohort of consumers surfaced, driven by their improved economic circumstances and a strong desire to purchase new foreign products that were previously beyond their reach. However, despite their interest and availability of financial means, many Chinese consumers lacked a comprehensive understanding of such products, including where and how to buy them. This observation by Mao led to the creation of Xiaohongshu as a platform to address this knowledge gap and provide valuable insights for Chinese consumers.<sup>353</sup>

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<sup>347</sup> Concannon Lance, “What is Little Red Book (Xiaohongshu) and Why are Global Brands Jumping on it?” (2023). *Meltwater*. (Last accessed: 06/29/2023) <https://www.meltwater.com/en/blog/little-red-book-xiaohongshu>

<sup>348</sup> Fu Zijing, “The rise of Xiaohongshu: the little red’s big ambition” (2022). *Pingwest*. (Last accessed: 06/29/2023) <https://en.pingwest.com/a/10594>

<sup>349</sup> Flannery Russell, “Alibaba, Tencent, K11 Adrian Cheng Join \$300M Investment Round For Xiaohongshu” (2018). *Forbes*. (Last accessed: 07/12/2023) <https://www.forbes.com/sites/russellflannery/2018/06/02/alibaba-tencent-k11-adrian-cheng-join-300-mln-investment-round-for-xiaohongshu/?sh=8f452315dd24>

<sup>350</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>351</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>352</sup> Fu Zijing, “The rise of Xiaohongshu: the little red’s big ambition” (2022). *Pingwest*. (Last accessed: 06/29/2023) <https://en.pingwest.com/a/10594>

<sup>353</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

In 2014, the platform changed its name to Xiaohongshu Shopping Note (小红书购物笔记 *Xiǎohóngshū gòuwù bǐjì*) and officially transformed into a user-generated content (UGC) platform. The platform content was- and still is- primarily generated by users who have had the opportunity to travel outside of China, discover new foreign brands, and share their experiences through their accounts. Particularly in its early stages, the application focused on the fashion and beauty sectors, thus predominantly attracting an audience of female users.<sup>354</sup>

Recognizing the growing significance of products within the platform and understanding the potential of such a shift in content creation within the app, Xiaohongshu decided to open physical warehouses in the city of Shenzhen and the provinces of Guangdong, Zhengzhou, and Henan in 2015. From these locations, the company began shipping products requested and sought after by platform users. This marked the transformation of Xiaohongshu from a social media platform to a social commerce platform, a shift that was supported and funded by numerous investors over the years.<sup>355</sup>

Since then, Xiaohongshu has grown exponentially, with over 50,000,000 monthly active users in 2017 and 200,000,000 in 2022. Such growth has been supported by many important players in the Chinese market. For instance, in 2018, Xiaohongshu received a significant USD 300,000,000 funding led by Alibaba and Tencent.<sup>356</sup>

Furthermore, recognizing the growing significance of Xiaohongshu as a favoured platform among Chinese consumers and its potential economic impact, Taobao took a significant step in November 2018 by announcing its integration with the social media platform. As a result of this integration, on Taobao product pages, customers can now access and view posts created by Xiaohongshu users, which are conveniently displayed under the reviews section. This strategic move by Taobao aims to leverage the influence and popularity of Xiaohongshu user-generated content to enhance the shopping experience and decision-making process for potential buyers on the Taobao platform. By offering access to authentic and relevant

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<sup>354</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>355</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>356</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

user-generated posts, Taobao seeks to foster greater engagement, trust, and ultimately, boost sales in the rapidly expanding Chinese e-commerce market.<sup>357</sup>

### 3.2.2. Xiaohongshu statistics

According to Qiangua's 2022 Xiaohongshu Active User Portrait Trend Report, with its monthly active user count reaching a remarkable 200,000,000 in 2022, Xiaohongshu has achieved a significant milestone, solidifying its position as a platform that captivates a distinct segment of the Chinese population, actively engaging with its diverse features and content offerings.<sup>358</sup> As a matter of fact, the majority of Xiaohongshu users, accounting for 90% of the total, are affluent women belonging to the middle or upper class who possess a higher level of disposable income.<sup>359</sup>

Xiaohongshu, originally designed as a platform to assist Chinese consumers in their quest for new products – primarily in the fashion and beauty industries –, has successfully captured the attention of a considerable number of active **female** users. With women comprising 70% of its user base and 89%<sup>360</sup> of its active user base, it is evident that Xiaohongshu has resonated strongly with this demographic. The platform initial focus on providing guidance in the realm of fashion and beauty has struck a chord with female users, establishing a solid foundation for its community.<sup>361</sup> However, Xiaohongshu has witnessed a gradual shift in its user demographics over the years. In recent times, Xiaohongshu has recognized the importance of catering to a diverse user base and actively sought to attract more male users. This strategic move involved expanding the platform content to include gender-neutral topics, such as food and travel. Additionally, Xiaohongshu introduced male-oriented content, specifically targeting areas such as technology, digital

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<sup>357</sup> Cuccoli Federica, "Cos'è Little Red Book: statistiche e funzioni" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>358</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmt=242309060&\\_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yvg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmt=242309060&_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yvg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>359</sup> Concannon Lance, "What is Little Red Book (Xiaohongshu) and Why are Global Brands Jumping on it?" (2023). *Meltwater*. (Last accessed: 06/29/2023) <https://www.meltwater.com/en/blog/little-red-book-xiaohongshu>

<sup>360</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmt=242309060&\\_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yvg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmt=242309060&_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yvg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>361</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgqAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>



products, and sports events.<sup>362</sup> To further engage the male audience, Xiaohongshu also collaborated with renowned athletes, including NBA star James Harden, Olympic winners Zhang Jike and Guo Jingjing, and basketball player Zhou Qi. By sharing their daily lives and exercise routines, these athletes have provided insights and fostered connections with male users on the platform. Furthermore, an important development was announced during an internal meeting in May 2021, as Xiaohongshu unveiled its initiative to encourage content creation related to men. The platform emphasised key areas such as technology, digital products, sports, knowledge, and fashion, aiming to further diversify its content offerings. Notably, male engagement has also expanded into categories that were previously dominated by female users. In the food-related category, male content creators experienced an impressive year-on-year growth of 254%. Similarly, travel-related male content creators saw a notable increase of 138%, showcasing the platform successful efforts to attract and engage male users.<sup>363</sup>

With regards to age distribution, Xiaohongshu reveals interesting insights into its user base. Approximately 72% of the users were born in the 1990s, indicating that Xiaohongshu predominantly appeals to the **younger generation**. Chinese people under 18 represent 13.8% of the active users on Xiaohongshu. These young users are part of the platform, showcasing their interests and engaging with content that aligns with their preferences. The largest segment, comprising 44.9% of active users, consists of individuals in the 18-24 age range. This age group is known for its curiosity, eagerness to explore, and active participation in sharing their experiences on Xiaohongshu. With 37.1% of the user base falling within the 25-34 age bracket, Xiaohongshu continues to attract young adults who are seeking inspiration, recommendations, and connections within the platform diverse content landscape. While relatively smaller in size, the 35-44 age group still makes up a notable 3.5% of active users. These individuals are likely to appreciate the platform lifestyle-focused content and engage with topics relevant to their age and interests. The smallest segment, comprising just 0.7% of active users, consists of individuals over the age of 45. Overall, Xiaohongshu caters to a predominantly young audience, with the majority falling within the 18-34 age range. The platform

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<sup>362</sup> "What is the Audience Profile of Xiaohongshu (RED) Users? A Demographic Breakdown Across Various Industries." (2023). *OctoPlus Media*. (Last accessed: 07/12/2023) <https://octoplusmedia.medium.com/what-is-the-audience-profile-of-xiaohongshu-red-users-b7c1ac7bfefd>

<sup>363</sup> Fu Zijing, "The rise of Xiaohongshu: the little red's big ambition" (2022). *Pingwest*. (Last accessed: 06/29/2023) <https://en.pingwest.com/a/10594>

diverse content offerings, engaging community, and interactive features make it a go-to destination for users to discover, share, and connect based on their shared interests and experiences.<sup>364</sup>

The geographic distribution of Xiaohongshu users also provides valuable insights into the platform reach across different tiers of cities in China. A significant portion, accounting for 47% of users, resides in **first- and second-tier cities**. These areas are typically characterised by higher income levels and greater economic development. As a result, the purchasing power of residents in these regions is relatively higher. Consumers residing in such cities tend to have a greater affinity for imported products and a willingness to explore new and diverse offerings. Another substantial segment, comprising 32% of users, belongs to the new first- and second-tier cities. These cities are emerging as centres of economic growth and urbanisation, attracting investments, and fostering an upward trajectory in living standards. While the purchasing power may be slightly lower compared to traditional first- and second-tier cities, it still remains considerably higher than lower-tier cities. The third-tier cities account for 13% of Xiaohongshu users. These cities are typically smaller and less economically developed compared to the higher tiers. Consequently, the purchasing power of residents in such cities is relatively lower. Due to this lower purchasing power, the demand for imported products in these areas is considerably lower than in the richer areas. However, it is worth noting that as these cities continue to experience growth and development, the demand for imported products may increase over time. Finally, the lowest tier cities make up 8% of Xiaohongshu users. These areas often have limited economic resources and lower levels of purchasing power. As a result, the demand for imported products is significantly lower in these regions compared to wealthier areas. The focus of consumers in lower tier cities tends to be on more affordable and locally available products. Understanding the geographic distribution of Xiaohongshu users provides businesses with insights into consumer preferences and purchasing behaviour across different tiers of cities in China. It highlights the importance of considering regional variations in consumer demand and tailoring marketing strategies accordingly in order to effectively engage and cater to the diverse needs of users in different areas.<sup>365</sup>

Concerning income levels, Xiaohongshu attracts users from a wide range of earning categories, showcasing its appeal across different socioeconomic backgrounds. According to data, 17% of Xiaohongshu

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<sup>364</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmi=242309060&\\_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yYgOZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmi=242309060&_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yYgOZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>365</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgqAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

users fall into the low-middle income bracket, while 30% belong to the medium income group. A significant 32% of users have a **middle-high income**, indicating their greater purchasing power. Additionally, 18% of Xiaohongshu users have a high income, reflecting a segment of users with substantial disposable income. This diverse user base with varying levels of consumption power contributes to the platform vibrant and thriving community.<sup>366</sup>

Xiaohongshu user base comprises individuals who possess a penchant for exploration, a zest for life, a willingness to share their experiences, and considerable purchasing power. According to the previously analysed statistics, six primary user groups can be identified:

- **Generation Z:** This group is enthusiastic about socialising, keeping up with trends, engaging in online gaming, achieving personal milestones, and participating in competitive sports.
- **Urban Trendsetters:** Fashion-conscious and mindful of their personal image, they possess independent thinking and assertive opinions.
- **Exquisite Moms:** These individuals prioritise a high quality of life, pay attention to their appearance, engage in high-end consumption, and give much importance to skincare.
- **Emerging White-Collars:** Economically independent, they are passionate about their work, exhibit an active and lively lifestyle, and embrace their unique individuality.
- **Singles with High Income:** This group is economically independent and seeks enjoyment in life, pursuing quality experiences and engaging in light-hearted consumption.
- **Pleasure Seekers:** Prioritising entertainment and indulging in interest-driven consumption, they actively seek out new experiences and derive pleasure from them.<sup>367</sup>

Such comprehensive statistics on Xiaohongshu user demographics and consumer behaviour provide invaluable information for businesses. These insights allow companies to gain a deeper understanding of their target audience and effectively tailor their marketing strategies to engage with specific user segments. By recognizing the predominant gender composition, age distribution, and regional concentration of Xiaohongshu users, businesses can refine their product offerings, messaging, and promotional activities to better resonate with the platform diverse user base. This data-driven approach ensures that businesses can

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<sup>366</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgqAF1FUaNobZkxI-GTWVbdONBK25tTF&index=11>

<sup>367</sup> "What is the Audience Profile of Xiaohongshu (RED) Users? A Demographic Breakdown Across Various Industries." (2023). *OctoPlus Media*. (Last accessed: 07/12/2023) <https://octoplusmedia.medium.com/what-is-the-audience-profile-of-xiaohongshu-red-users-b7c1ac7bfefd>

maximise their reach, effectively cater to the needs of different user groups, and ultimately achieve success in the dynamic and competitive Chinese market.<sup>368</sup>

### 3.2.3. Xiaohongshu functions

As mentioned earlier, on Xiaohongshu, content – shared in the format of 笔记 (*bǐ* “notes”) – is created directly by users who share their personal experiences. The platform itself encourages the sharing of personalised posts based on individual user experiences. Detailed information, videos, photos, live streams showcasing purchased items, and demonstrations of their use make product reviews authentic and sincere.<sup>369</sup>

To discover content, users can utilise various functions. The "Following" section displays content published by KOLs or brands that the user follows. The "Explore" section displays content related to the consumer's interests. The platform algorithm creates a personalised feed based on the type of content users view and the posts they interact with most frequently, the type of notes they publish, and the people they follow.<sup>370</sup> In other words, the algorithm of Xiaohongshu automatically filters data from the contents, ensuring that Chinese consumers receive updates aligned with their behaviours and preferences. This aims to make the display of recommendations as consistent as possible with users' interests. The platform evaluates user profiles, behaviours, and keyword searches to achieve this goal.<sup>371</sup> Additionally, the application can use geolocation to provide location-based content to the user (“Nearby” section).<sup>372</sup>

Xiaohongshu stands out as a unique and comprehensive platform, providing a self-contained and targeted ecosystem that few others can match. While primarily centred around user-generated content,

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<sup>368</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>369</sup> Cuccoli Federica, “Cos’è Little Red Book: statistiche e funzioni” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>370</sup> Cuccoli Federica, “Cos’è Little Red Book: statistiche e funzioni” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>371</sup> Cuccoli Federica, “LittleRedBook ha cambiato il comportamento d’acquisto dei cinesi” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/03/10/littleredbook-ha-cambiato-il-comportamento-d-acquisto-dei-consumatori-cinesi/>

<sup>372</sup> Cuccoli Federica, “Cos’è Little Red Book: statistiche e funzioni” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

this Chinese social media platform also presents a diverse range of tools tailored to cater to the needs of both its users and brands.<sup>373</sup>

### **Xiaohongshu Official account**

Similarly to WeChat, on Xiaohongshu, it is possible to open a business account, which allows companies to establish an official brand presence on the social platform. To do so, companies need to provide complete documentation concerning their brand- including business registration for verification – which could vary depending on the product category.<sup>374</sup>

Having a business account on Xiaohongshu comes with a host of valuable benefits, empowering companies to strengthen their brand presence and engage effectively with their audience. One of the primary advantages is gaining access to the exclusive Brand Cooperation platform, which opens up unique collaboration opportunities with other brands, influencers, and content creators. Through this platform, businesses can explore mutually beneficial partnerships, joint marketing ventures, and promotional activities that can significantly expand their reach and visibility. Moreover, the business account provides companies with additional features and advanced tools that are specifically designed to enhance their interaction with fans and followers. This includes the ability to conduct polls, surveys, and quizzes to better understand customer preferences and interests. It also allows brands to create engaging and interactive content formats, such as quizzes and challenges, which foster meaningful interactions and strengthen the sense of community among their followers. Another key advantage of the business account lies in the access to comprehensive reports and data analytics. Through detailed insights into user behaviour, content performance, and audience demographics, companies can gain valuable intelligence to optimise their marketing strategies and tailor their content to better resonate with their target audience. This data-driven approach enables businesses to make informed decisions, identify emerging trends, and stay ahead in the ever-evolving digital landscape.<sup>375</sup>

Compared to a regular personal account, the business account on Xiaohongshu boasts two distinct features that can significantly elevate a brand marketing efforts. First, it allows seamless integration of an

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<sup>373</sup> “Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing” (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>374</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>375</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

internal e-commerce page, enabling direct product purchases within the platform. This feature streamlines the customer journey, making it more convenient for potential buyers to explore and buy products without leaving the Xiaohongshu ecosystem. Secondly, the business account empowers companies to create targeted advertising campaigns, a capability not available to regular users. This powerful tool enables brands to precisely target specific segments of their audience based on various criteria such as interests, demographics, and purchase behaviour. By delivering personalised and relevant ads to the right audience, businesses can increase their chances of driving conversions<sup>376</sup> and achieving their marketing objectives more effectively.<sup>377</sup>

Another significant feature of Xiaohongshu is its leverage of the word-of-mouth phenomenon, a behaviour that holds great importance in China. This phenomenon involves both influencers and regular users, who initiate a chain reaction of sharing among the community. This can undoubtedly benefit businesses in promoting their products<sup>378</sup>, and having a business account can be a winning move to increase the popularity of their brand in China. First of all, if a consumer searches for a brand and sees few or no content related to its products, they will start to worry about their quality. It is therefore fundamental to provide valuable information about a business product through an official account.<sup>379</sup> Second of all, it is crucial for companies to guide the flow of communication on the platform, since information shared by users, if not sourced from official channels, may be inaccurate and even detrimental to the brand or product itself. To prevent such a situation from happening, a company could, for instance, leave comments that educate consumers to the correct usage of purchased products (for example, by providing links to the company own explanatory notes). Therefore, it is essential that businesses understand the dual nature of word-of-mouth phenomenon and leverage it to their benefit.<sup>380</sup> Moreover, with an official account, all

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<sup>376</sup> A conversion takes place when a website visitor successfully accomplishes a specific objective, such as submitting a form or completing a purchase. The conversion rate is the proportion of all website visitors who achieve this desired outcome. See "Conversion: What Is a Conversion?" (2023). *Wordstream*. (Last accessed: 09/20/2023) <https://www.wordstream.com/conversion>

<sup>377</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>378</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>379</sup> Cuccoli Federica, "Cos'è Little Red Book: statistiche e funzioni" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>380</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

reviews made by users can be linked directly to the brand verified account, which provides a significant advantage in terms of recommendation marketing.<sup>381</sup>

Overall, having a business account on Xiaohongshu presents an array of advantages, offering a comprehensive suite of tools, insights, and features that foster stronger brand-consumer relationships and drive business growth in the dynamic world of social commerce.

## Xiaohongshu Store

In the cross-border e-commerce market, Xiaohongshu has positioned itself as the go-to platform for product reviews. Consequently, the introduction of the "store" feature in the application seemed natural.<sup>382</sup>

Xiaohongshu e-shop feature within the business account is a powerful tool that empowers businesses to enhance the user experience and streamline the purchasing process for their products. By integrating an e-commerce platform directly within their account, companies can effectively bridge the gap between product discovery and conversion, creating a seamless and efficient shopping journey for their customers.<sup>383</sup> Xiaohongshu e-commerce structure revolves around two main components: the store page and the brand page, both of which play pivotal roles in the platform digital shopping experience. The **store page** serves as a virtual storefront where various products are showcased to the platform vast user base. This section closely resembles other popular shopping platforms in China, but with a notable difference. Alongside product listings, Xiaohongshu integrates a wealth of user-generated content, particularly review notes. These reviews provide valuable insights and personal experiences from fellow users, helping potential buyers make informed decisions about the products they are interested in. This emphasis on authentic user feedback aligns with the platform original goal of offering guidance to Chinese consumers seeking to purchase new products. The **brand page** serves as a dedicated space for brands to establish their presence and connect with their target audience on Xiaohongshu. Here, brands have the opportunity to showcase their products, share their stories, and engage with users through a variety of content formats. Notably, brand pages often include a direct link to the **product note**. When clicked, this link redirects users to the product page, which provides comprehensive information about the product, including its features,

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<sup>381</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>382</sup> Cuccoli Federica, "Cos'è Little Red Book: statistiche e funzioni" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>383</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSqgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

specifications, and available purchase options. This seamless integration between the brand page and product notes creates a smooth shopping experience, allowing users to easily explore and access the products they are interested in.<sup>384</sup>

Xiaohongshu has been able to create a true purchasing cycle, directly linking user-generated content with brand e-commerce pages. When a consumer finds an interesting product, they have the option to connect directly to the store to make a purchase and can then post reviews after using the product.<sup>385</sup> Xiaohongshu e-commerce structure is designed to provide a holistic shopping experience, combining traditional product listings with authentic user reviews and brand engagement. This integrated e-commerce solution offers numerous advantages for brands and influencers on Xiaohongshu. Influencers, who play a crucial role in driving consumer engagement and brand awareness on the platform, can now promote products more effectively by directing their followers to the brand e-shop for easy transactions.<sup>386</sup>

The e-shop feature also comes as a game-changer for **live streaming** sessions (first introduced in March 2020<sup>387</sup>), a popular trend on Xiaohongshu where influencers and brands showcase products in real-time to a captivated audience. By eliminating the need for external links during live streams, the e-shop enables a more fluid and direct shopping experience for viewers. This translates into increased conversion and a more satisfying customer journey, which, in turn, cultivates customer loyalty and builds stronger relationships between consumers and brands.<sup>388</sup> When compared to live streaming on other e-commerce platforms, Xiaohongshu demonstrates a higher sales price, increased repeat purchase rate, and reduced refund rates.<sup>389</sup>

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<sup>384</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>385</sup> Cuccoli Federica, "Cos'è Little Red Book: statistiche e funzioni" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>386</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>387</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmt=242309060&\\_hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yYg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmt=242309060&_hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yYg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>388</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>389</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmt=242309060&\\_hsenc=p2ANqtz-](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmt=242309060&_hsenc=p2ANqtz-)



For businesses, the e-shop provides valuable insights and analytics on consumer behaviour, enabling them to understand customer preferences and trends better. This data-driven approach empowers companies to optimise their marketing strategies, tailor product offerings, and make informed decisions that resonate with their target audience.<sup>390</sup>

Overall, Xiaohongshu e-shop feature has proven to be a game-changer, offering a win-win solution for both businesses and consumers. By seamlessly integrating content and commerce, the platform caters to the diverse needs of its users, and fosters a more engaging and convenient shopping experience, making it a compelling destination for both product promotion and sales in the evolving landscape of social commerce in China.<sup>391</sup>

### **KOL and KOC marketing on Xiaohongshu**

Ever since its inception, Xiaohongshu has been driven by the power of user-generated content, which has served as the backbone of its development and growth. As the platform flourished over time, those early adopters who embarked on their journey with Xiaohongshu experienced a substantial increase in their followers and garnered greater credibility within the community. Consequently, Xiaohongshu became a hub for a diverse array of Chinese influencers, encompassing both Key Opinion Leaders – with a vast number of followers – and Key Opinion Consumers – who specialised in specific fields and products, thus fostering a deep sense of loyalty and engagement within the platform community.<sup>392</sup>

Xiaohongshu undoubtedly thrives on the influence of its KOLs, who have assumed a pivotal role on the platform. These individuals have honed their expertise in specific categories, driving engagement and inspiring their followers through their well-crafted content.<sup>393</sup>

As of May 2022, among the top 10 KOL content tags – fundamental to understand the diverse interests of Xiaohongshu users –, the leading categories were Fashion, boasting an impressive 17,769 content pieces,

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[88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tIckidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://www.youtubefirst.com/watch?v=sQvLqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11)

<sup>390</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtubefirst.com/watch?v=sQvLqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>391</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtubefirst.com/watch?v=sQvLqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>392</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtubefirst.com/watch?v=sQvLqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>393</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtubefirst.com/watch?v=sQvLqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

followed by F&B with 11,568 notes, and Beauty with 10,278 tags. Other popular content tags included Interest, Lifestyle, Travel, Education, Parenting, Home, and Art. Fashion and F&B KOLs, in particular, have witnessed sustained popularity on Xiaohongshu, with the F&B sector experiencing significant growth over the last few years. Surpassing Beauty, which dominated the tag categories in May 2021, F&B KOLs have captured the attention and interest of users seeking gastronomic delights and culinary inspiration.<sup>394</sup>

These KOLs' ability to curate captivating content and connect with their audience has propelled Xiaohongshu into a dynamic and vibrant platform. With the rise of specialised influencers, Xiaohongshu continues to foster a community where users can explore their passions, stay informed about the latest trends, and find inspiration in various facets of life. As the platform ecosystem expands, the impact and significance of KOLs will undoubtedly continue to shape the experiences and preferences of Xiaohongshu users.<sup>395</sup>

Additionally, the ecosystem created by Xiaohongshu fosters the so-called 种草 (*zhǒngcǎo* “to grow grass”), which refers to the inspiration to make a purchase triggered by content seen on social media. According to Nielsen Research Data based on the official data from Xiaohongshu, the desire to purchase inspired by the platform content has engaged 80% of its users. In general, the primary use cases of Xiaohongshu revolve around *zhongcao*: actively seeking reviews for products of interest, searching for inspiration, or exploring new trends.<sup>396</sup> According to official data, 55% of Xiaohongshu users utilise the platform for this purpose.<sup>397</sup>

Nevertheless, it is crucial for businesses to understand where it is most advantageous and fruitful to sow, and to identify the most fertile ground for their work. In this case, such ground lies within the consumer categories known as innovators and early adopters, who have a higher propensity and interest in trying new brands and products they have not heard of before. On Xiaohongshu, this consumer category corresponds to creators, meaning KOLs and KOCs, specialised individuals who decide to try new products and provide

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<sup>394</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>395</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>396</sup> Cuccoli Federica, “Cos’è Little Red Book: statistiche e funzioni” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/22/cos-e-littleredbook-statistiche-e-funzioni-gennaio-2021/>

<sup>397</sup> Cuccoli Federica, “Cosa distingue XiaoHongShu: il social dell’ispirazione?” (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/06/29/xiaohongshu/>

honest reviews on their profiles. This way, all consumers interested in the designated category will be inspired and encouraged by these figures to research and potentially purchase the reviewed products.<sup>398</sup>

KOLs and KOCs enjoy a high reputation on this platform because they have built a follower base by sharing their personal experiences. For this reason, these followers place great trust in their opinions, which are perceived as practical, authentic, professional, and creative. The authenticity that users find in such influencers also stems from the platform commitment to protect consumers. In fact, in 2019, to combat the rise of counterfeit products and reviews on the platform, Xiaohongshu implemented higher standards for KOL accounts, which must adhere to specific guidelines.<sup>399</sup>

These characteristics of Xiaohongshu ensure that the platform plays a central role in the purchase decision-making process and brand reputation. Chinese consumers, whether they discover a product on other Chinese social media platforms (WeChat, Douyin, etc.) or on other e-commerce platforms (Taobao, Tmall, etc.), will always tend to seek additional information about the product or brand on Xiaohongshu, where they are confident that they will find better and more authentic reviews than anywhere else. Regardless of where the user learns about a product or brand, they will tend to visit Xiaohongshu and expand their research to find more reviews.<sup>400</sup>

Xiaohongshu has become particularly important for the F&B industry as it hosts numerous professionals, including chefs and food lovers, who share their experiences through notes and help generate interest among users engaged in this category. Among the categories that enjoy the highest popularity are vlogs, dining experiences, picnics, tutorials, and recipes. Conducting an analysis of the most frequently used keywords by users is also essential, as it provides valuable insights into ongoing market trends. Such analysis is crucial for understanding the type of content to offer to users, enticing them to seek more information and potentially make a purchase of the promoted product. With this regard, among the most commonly used keywords by users, 网红店 (*Wǎnghóng diàn* “Internet celebrity shop”) is worth mentioning. Internet celebrity shops, also known as influencer's shops, have become a significant trend in the world of social media and consumer culture in China. When an influencer explores a new restaurant, bar, or similar venue, their review can have a powerful impact on the establishment popularity. As a result, these places are

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<sup>398</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>399</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>400</sup> Value China, “Little Red Book per il Food & Beverage” (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

"tagged" as 网红店 to signify their status as influencer-approved locations. This label not only attracts more customers, but also signals their desirability to the wider audience. Influencers, with their large followings and engaging content, have emerged as key players in shaping consumer behaviour. Their reviews and recommendations carry significant weight and influence, driving consumer decisions and preferences. As a result, the 网红店 tag has become a sought-after label for businesses looking to thrive in the highly competitive market. The popularity of this hashtag on social media platforms indicates the immense value of influencers and the pivotal role they play in boosting the visibility and appeal of various establishments.<sup>401</sup>

In conclusion, KOLs and KOCs play a pivotal role on Xiaohongshu, driving engagement, brand awareness, and influencing purchasing decisions for the platform user base. As highly specialised figures, KOLs have cultivated authentic relationships with their followers, inspiring trust, and credibility. Meanwhile, KOCs, as regular users who provide honest product reviews and recommendations, add to the platform appeal as a reliable source of information for consumers. For businesses looking to leverage Xiaohongshu potential, partnering with the right KOLs and KOCs can be instrumental in building a strong brand presence and reaching a targeted audience. The authentic and personal touch of influencer content resonates with the platform young and affluent user base, making it an ideal space to create word-of-mouth marketing and boost brand visibility. To effectively collaborate with KOLs and KOCs, businesses should prioritise content alignment, and ensure influencers' values and interests align with the brand identity. Engaging in meaningful partnerships and allowing influencers creative freedom will facilitate more authentic and engaging content. Additionally, nurturing long-term relationships with influencers can foster deeper connections with their followers, leading to increased brand loyalty and advocacy. By recognizing the unique influence and impact of KOLs and KOCs on Xiaohongshu, businesses can navigate the platform ecosystem more effectively, tapping into its full potential for brand growth and success in the thriving Chinese market.<sup>402</sup>

#### 3.2.4. Xiaohongshu for wine businesses

Despite being originally focused on the fashion world, in recent years, Xiaohongshu has witnessed significant growth in users interested in the F&B domain. Not only is it among the categories with the highest interaction among active users, but it also stands out as one of the most sought-after topics on the platform. Indeed, the F&B category has experienced a tremendous surge between 2020 and 2022. This

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<sup>401</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>402</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

growth can be attributed to the increasing number of specialised KOLs and KOCs, but also due to the presence of numerous professionals in the field, such as chefs and food lovers, who share their posts, helping to expand user interest in this category.<sup>403</sup>

Thanks to its unique characteristics, Xiaohongshu holds immense commercial value for businesses, especially for categories that are more central on the platform, such as F&B. First of all, Xiaohongshu boasts a high-quality user value. The platform is already targeted towards young users with high purchasing power, who are more inclined to have new experiences. This aligns well with the needs of businesses operating in the F&B sector, seeking to offer imported products to Chinese consumers. Additionally, the strong base of creators significantly benefits businesses in the industry, as these individuals are more eager to try new products and provide reviews. Additionally, Xiaohongshu can also count on high-quality content value. Users are drawn to the platform content as they perceive it as authentic and credible, as well as more interesting due to the diverse ecosystem of content and various possible formats, such as photos, videos, vlogs, etc. These characteristics present invaluable opportunities for businesses. Moreover, as Xiaohongshu plays a crucial role in the *zhongcao* process and serves as a vital ally in accelerating the consumer decision-making process, it offers significant marketing opportunities. Lastly, compared to other social platforms used in China, such as WeChat, Xiaohongshu also presents a low-cost entry advantage. For instance, with the same investment on WeChat and Xiaohongshu, the latter offers a clear advantage in reaching the desired consumer demographic for businesses.<sup>404</sup>

For the aforementioned reasons, Xiaohongshu proves to be an excellent digital platform for promoting products and, with its transition to social commerce, it also serves as a point of sale for businesses to offer their products.<sup>405</sup>

We can, therefore, conclude that Xiaohongshu is a unique platform, and its distinctiveness implies that businesses need to approach it differently. They must be aware of consumer preferences and understand that Xiaohongshu users are interested in the origins and history of products, even in a more informal manner compared to other platforms. These consumers want to have direct contact with the companies

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<sup>403</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgqAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>404</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgqAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>405</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgqAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

they purchase from. Therefore, a different expertise and mode of communication are required, aligning with the values and interests expressed by Xiaohongshu users.<sup>406</sup>

The communication style on Xiaohongshu is very spontaneous and authentic. This approach is not only common among regular users but also among KOLs and brands. KOLs have gained their prominence by sharing their lives and experiences genuinely. Thus, brands also need to approach this platform with a different sensitiveness.<sup>407</sup>

In addition to adopting effective communication, it is also crucial to present the right content to the right target audience. For this purpose, Xiaohongshu helps companies through algorithms that define the type of user interacting with the content they publish. Once a marketing strategy is defined, the platform offers the option to "filter" users, targeting only those who show genuine interest in the promoted product or brand. Depending on the chosen communication style, the platform helps reach the users and consumers who will appreciate that specific content the most. For example, if a company wants to emphasise the quality of ingredients used to produce their wine (grapes, natural ingredients, etc.), it is essential to direct that content towards users who have shown similar interests in related notes.<sup>408</sup>

When entering Xiaohongshu, businesses must be aware of the factors that have the most impact on the users they want to target. With this regard, Xiaohongshu provides companies with data to understand which pain points users following a specific topic are most sensitive to, such as price, brand, quality, etc.<sup>409</sup>

Concerning the wine industry, the rise of social media marketing and e-commerce platforms has played a significant role in attracting a younger demographic to the world of wine. To appeal to this audience, wine companies are embracing digital and social media marketing strategies, such as hosting live streams with KOLs and celebrity brand ambassadors, effectively connecting with the younger generation.<sup>410</sup> For wine, a

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<sup>406</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>407</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>408</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>409</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>410</sup> Wang Natalie, "GlobalData: China's wine market size will almost double in 2026" (2022). *Vino Joy News*. (Last accessed: 10/28/2022) <http://vino-joy.com/2022/10/18/globaldata-chinas-wine-market-size-will-almost-double-in-2026/amp/>

product still largely unknown, having a suitable testimonial that tells its value to the general public is imperative to reach the Chinese audience effectively.<sup>411</sup>

In the dynamic world of wine exploration on Xiaohongshu, a vibrant community of KOLs and KOCs have emerged as influential figures, guiding and inspiring enthusiasts through their expertise and genuine passion for wine. Notably, there are prominent names who have become highly renowned and influential in the wine-related content they share on the platform.<sup>412</sup> Let's take a closer look at their profiles:

- **Claire 的品酒小记** *Claire de pǐnjiǔ xiǎojì* (Claire's Wine Tasting Notes): Claire is a true professional in the wine industry, holding the WSET<sup>413</sup> certification. With over 155,000 followers, her expertise shines through her content. Her notes include small wine lessons and comparisons between different wines, catering to an audience already knowledgeable about the subject. Claire's approach is highly professional, appealing to connoisseurs seeking insightful wine discussions.<sup>414</sup>
- **David 的品酒标记** *David de pǐnjiǔ biāoji* (David's Wine Tasting Notes): David, with little less than 70,000 followers, has a different focus, aiming at a younger and more budget-conscious audience. His content revolves around buying wine at supermarkets, making wine appreciation accessible to all. Collaborating with various wineries, David brings a youthful and straightforward approach, utilising emojis and simplicity to connect with his target consumers.<sup>415</sup>
- **醉鹅娘** *Zuì éniáng* (Topsy Swan): With a sizable following of 24,000 users, this influencer is recognized for producing entertaining and educational wine-related videos. Her content not only aims to entertain, but also imparts valuable lessons on how to handle wine in social settings,

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<sup>411</sup> "The Wine Market in China: Best Practices to Sell Wine in China" (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

<sup>412</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>413</sup> The Wine & Spirit Education Trust (WSET), founded in 1969 to serve the UK wine trade, is a recognized organization and registered charity dedicated to creating and offering certifications and educational programs in the field of wines and spirits. Over the years, it has evolved into the foremost global authority in the industry. See "About Us: What We Do" (2023). *Wine & Spirit Education Trust*. (Last accessed: 09/20/2023) <https://www.wsetglobal.com/about-us/what-we-do/#:~:text=The%20Wine%20%26%20Spirit%20Education%20Trust,become%20the%20global%20industry%20leader.>

<sup>414</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

<sup>415</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNobZkxI-GTWVbd0NBK25tTF&index=11>

avoiding awkward situations. The content primarily caters to a female audience, incorporating emojis and carefully chosen wine types to connect with her followers effectively.<sup>416</sup>

- **Kobe 的品酒标记** *Kobe de pǐnjiǔ biāoji* (Kobe's Wine Tasting Notes): With an impressive following of 24,000 users, Kobe is a certified sommelier holding a WSET diploma. He shares valuable wine information through informative infographics. His focus is on providing insights into the sensory characteristics and unique features of various wines, appealing to those seeking a deeper understanding of the subject.<sup>417</sup>

These Xiaohongshu influencers form a diverse and skilled group, each offering unique perspectives and expertise in the world of wine. From professional tastings to engaging educational videos, they successfully connect with different audiences, enriching the wine appreciation experience on the platform. Whether users seek expert insights or entertaining sips of knowledge, Xiaohongshu wine influencers have it all covered.<sup>418</sup>

In conclusion, Xiaohongshu presents a promising opportunity for brands seeking to tap into the Chinese market. With its user base primarily composed of young, affluent women in urban areas, it provides an excellent platform to reach this target audience. Moreover, the platform content is perceived as trustworthy by Chinese youngsters, making it an ideal place to create word of mouth and boost brand awareness, especially for smaller or lesser-known brands.<sup>419</sup>

As the platform continues to gain popularity in low-tier cities, its potential reach is expected to expand further. For niche or lesser-known brands, Xiaohongshu offers a valuable space to connect with consumers actively seeking content related to unfamiliar brands or products.<sup>420</sup>

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<sup>416</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNoBZkxI-GTWVbd0NBK25tTF&index=11>

<sup>417</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNoBZkxI-GTWVbd0NBK25tTF&index=11>

<sup>418</sup> Value China, "Little Red Book per il Food & Beverage" (2022). *Youtube*. (Last accessed: 11/05/2022) <https://www.youtube.com/watch?v=sQvlqkpDVNk&list=PLSgAF1FUaNoBZkxI-GTWVbd0NBK25tTF&index=11>

<sup>419</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmt=242309060&\\_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tIckidBxtgl6V8iOexSuTvHgN2ygz0ZQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmt=242309060&_hsenc=p2ANqtz-88DQPS9K0dnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tIckidBxtgl6V8iOexSuTvHgN2ygz0ZQNS30zV6MM09hs996PA&utm_content=242309)

<sup>420</sup> "How to succeed on Little Red Book in China (Xiaohongshu)" (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&\\_hsmt=242309060&\\_hsenc=p2ANqtz-](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&_hsmt=242309060&_hsenc=p2ANqtz-)



Collaborating with KOLs and KOCs on Xiaohongshu can be highly effective in enhancing brand visibility and engagement. However, brands should approach such partnerships strategically, ensuring alignment between the KOL's content, audience, and brand values.<sup>421</sup>

While Xiaohongshu offers various advantages for brand promotion, caution is advised when considering celebrity endorsements. Chinese consumers are becoming increasingly discerning and wary of endorsements that may come across as overly commercial or insincere.<sup>422</sup>

In summary, Xiaohongshu presents a dynamic and ever-evolving landscape for brands, offering a chance to resonate with a highly engaged and receptive audience. By leveraging the platform authenticity and connecting with the right influencers, brands can establish a strong presence and foster lasting connections with their target consumers in China.<sup>423</sup>

### 3.3. Douyin (抖音)

The short video industry has undergone a tremendous surge, largely driven by the impact of Covid-19, and short video platforms have emerged as the primary channels for sharing content and news. Among these platforms, Douyin, the Chinese version of TikTok, stands out as one of the most popular social media platforms, capturing the attention of millions worldwide. Launched in 2016 in an astonishingly short span of just 200 days, Douyin, owned by ByteDance (字节跳动 *Zìjié tiàodòng*), has redefined the way users

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[88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>421</sup> “How to succeed on Little Red Book in China (Xiaohongshu)” (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&hsmi=242309060&hsenc=p2ANqtz-](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

[88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>422</sup> “How to succeed on Little Red Book in China (Xiaohongshu)” (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&hsmi=242309060&hsenc=p2ANqtz-](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

[88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

<sup>423</sup> “How to succeed on Little Red Book in China (Xiaohongshu)” (2023). *Daxue Consulting*. (Last accessed: 07/12/2023) [https://daxueconsulting.com/xiaohongshu-china/?utm\\_medium=email&hsmi=242309060&hsenc=p2ANqtz-](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

[88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm\\_content=242309](https://daxueconsulting.com/xiaohongshu-china/?utm_medium=email&hsmi=242309060&hsenc=p2ANqtz-88DQPS9KODnhRRGDqa3RiN9RLHSIS9DbOHBjLqX9tICkidBxtgl6V8iOexSuTvHgN2yyg0ZQQNS30zV6MM09hs996PA&utm_content=242309)

engage with short videos, offering a unique array of editing features that set it apart from the competition.<sup>424</sup>

What sets Douyin apart is its impressive editing functionality, empowering users to effortlessly personalise their videos with musical themes, animations, clips, and a virtually limitless collection of filters. This rich set of editing tools allows users to express their creativity and produce captivating content that resonates with their audience. Furthermore, Douyin encourages users to share more content through engaging features like hashtag challenges and live streaming, creating an interactive and dynamic environment.<sup>425</sup>

The true magic of Douyin lies in its highly sophisticated algorithms, which continuously learn and adapt to users' preferences based on their interactions with each video. This remarkable feature means that a video's potential to go viral is not solely determined by the number of followers or likes a creator has. Instead, if the content connects with the right audience, it can garner thousands or even millions of views and interactions. This groundbreaking approach has opened up exciting possibilities for creators to reach wider audiences and for diverse content to flourish on the platform.<sup>426</sup>

A significant part of users' experience on Douyin revolves around the For You Page, a curated feed where the algorithm showcases content based on users' past engagements and interests. This tailored approach ensures that users are presented with content that aligns with their preferences, leading to higher engagement and satisfaction.<sup>427</sup>

In addition to promoting personalised content, the For You Page also serves as a platform for content that the algorithm identifies as having the potential to go viral. This democratisation of content discovery means that outstanding and creative videos can gain momentum and popularity, regardless of the creator's

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<sup>424</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>425</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>426</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>427</sup> Tidy Joe & Smith Galer Sophia, "TikTok: The story of a social media giant" (2020). *BBC News*. (Last accessed: 06/29/2023) <https://www.bbc.com/news/technology-53640724>

follower count. This has resulted in the formation of diverse TikTok communities, bringing together individuals united by shared interests and a sense of identity.<sup>428</sup>

The rise of short video platforms like Douyin has transformed the landscape of digital entertainment and commerce, bolstered by the influential presence of KOLs and live streaming. Businesses now have powerful tools at their disposal to boost brand awareness and actively engage with their followers.<sup>429</sup> With Douyin continuously growing popularity and an expanding ecosystem, it has become an excellent platform for businesses to launch successful marketing campaigns and reach a massive audience.<sup>430</sup>

In conclusion, the short video industry's growth, fuelled by Douyin innovative features and algorithms, has reshaped the way users interact with content. As a link between digital entertainment and commerce, Douyin has empowered both creators and businesses to thrive in this dynamic era of social media. With its tremendous potential and ever-increasing user base, Douyin represents a goldmine of opportunities for brands to connect with their audience and make a lasting impact in the digital realm.<sup>431</sup>

### 3.3.1. History of Douyin

Zhang Yiming established ByteDance in a Beijing apartment in March 2012. Shortly thereafter, he introduced the first version of Jinri Toutiao (今日头条 *Jīnrì Toutiáo*), more commonly known as Toutiao, which translates to "Today's Headlines".<sup>432</sup> Toutiao is a platform for content creation, aggregation, and distribution, distinguished by its use of machine learning techniques. The name "Toutiao" stems from the company's belief that "only things that matter to all readers deserve to be headlines." By providing personalised content to its users through its special algorithm, Toutiao has become the most popular news and information app in China. With content receiving 4,200,000,000 views every day, Toutiao is considered

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<sup>428</sup> Tidy Joe & Smith Galer Sophia, "TikTok: The story of a social media giant" (2020). *BBC News*. (Last accessed: 06/29/2023) <https://www.bbc.com/news/technology-53640724>

<sup>429</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>430</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>431</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>432</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNoBZkxl-GTWVbd0NBK25tTF&index=9>

the leading content delivery platform, representing an extraordinary database of information and one of the top Chinese apps for targeted advertising.<sup>433</sup>

A few years later, in September 2016, ByteDance launched A.me – the name was soon changed to Douyin –, which quickly became one of the most popular short video sharing platforms in China.<sup>434</sup>

The Chinese short video market has been a competitive battleground since 2011, with some early entrants that had already established their presence in the Chinese market, and Douyin faced formidable contenders on its path to success:

- Kuaishou: Launched in 2011, Kuaishou attracted significant investment from Tencent in 2017 and quickly amassed over 100,000,000 daily active users, primarily from third- and fourth-tier cities. Its content revolved around users flaunting wealth or engaging in flirty behaviour.
- Miaopai (秒拍 *Miǎopāi*): Backed by Weibo, Miaopai leveraged its parent company's traffic but struggled to deliver outstanding performance. Despite this, it was able to secure substantial fundings to run the business.
- Haokan Shepin (好看视频 *Hǎokàn Shèpín*): Baidu's venture, Haokan Shepin, arrived in November 2017, leveraging Baidu's technological resources and know-how. While it can count on a fair number of downloads, it has yet to establish a significant presence in the competitive market.<sup>435</sup>

Douyin, on the other hand, managed to distinguish itself with its unique positioning and appeal to a specific audience i.e., a younger and more educated audience primarily located in first- and second-tier cities, offering fun and quirky content. Douyin impressive editing features and powerful algorithms contributed to its rise to the top.<sup>436</sup>

Douyin success story is nothing short of extraordinary, experiencing meteoric growth in less than two years. During the early phase (September 2016 - April 2017), Douyin focused on refining its product and identifying a core group of early adopters. This crucial period also presented an opportunity for Douyin to

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<sup>433</sup> “Cos’è Toutiao e come funziona in Cina nel 2023” (2023). *Norizoh Hub*. (Last accessed: 08/01/2023) <https://hub.norizoh.com/cosa-e-toutiao-e-come-funziona-in-cina/>

<sup>434</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>435</sup> Graziani Thomas, “How Douyin became China’s top short-video App in 500 days” (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>436</sup> Graziani Thomas, “How Douyin became China’s top short-video App in 500 days” (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

enhance its branding by undergoing a name and logo change to prepare for scaling. Additionally, to kick start growth, Douyin strategically integrated social sharing with popular platforms like QQ, Weibo, and WeChat. This move allowed users to easily share their well-edited videos, effectively driving more traffic back to the app. The positive response on app stores was overwhelming, with users praising the app's features and content. However, there were two main criticisms at the time: some considered Douyin a Chinese version "copycat" of Musical.ly – which was later acquired by ByteDance (2017) and fused together with Douyin (2018)<sup>437</sup> –, and there were minor technical issues like login glitches, which the team promptly resolved.<sup>438</sup>

The following months marked a significant turning point for Douyin as it experienced explosive growth. The company strategically sponsored major Chinese variety shows, including "Hip-Hop in China," "Happy Camp," and "Everyday Upward," to gain exposure and attract more users. During this period, Douyin continued to refine its app by expanding the selection of filters, stickers, and effects, making videos even more engaging and entertaining.<sup>439</sup>

Monetization efforts commenced in September 2017 when Douyin launched its first advertising campaign featuring sponsored videos from renowned brands like Airbnb, Harbin Beer, and Chevrolet. The success of these campaigns led Douyin to envision a promising future for its monetization model, especially considering its upscale audience, which made it an attractive platform for advertisers. Additionally, Douyin ventured into live streaming, initially catering to users with substantial audiences. This strategic move provided Douyin with another avenue for growth and revenue generation, leveraging its strong foothold in the short-video market.<sup>440</sup>

By December 2017, Douyin had achieved remarkable success, securing the #2 rank on the Apple Chinese App store, and dominating the video/photo category. In a bid to further expand its scope and attract more users, Douyin introduced the "Live Q&A" function. This feature sparked a new wave of growth, offering users the opportunity to get their questions answered at a fraction of the cost compared to other platforms.

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<sup>437</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>438</sup> Graziani Thomas, "How Douyin became China's top short-video App in 500 days" (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>439</sup> Graziani Thomas, "How Douyin became China's top short-video App in 500 days" (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>440</sup> Graziani Thomas, "How Douyin became China's top short-video App in 500 days" (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

This smart pricing strategy further fuelled Douyin growth and solidified its position as a leading social media platform in China.<sup>441</sup>

Douyin success in China paved the way for its international expansion with the development of TikTok, which was officially released in May 2017<sup>442</sup>. The app achieved impressive results in foreign markets, crossing 2,000,000,000 downloads globally on Apple Store and Play Store alone in 2020.<sup>443</sup>

As its popularity continued to soar, Douyin took bold steps in 2021 to further its development. By introducing native e-commerce functionality and launching Douyin Pay, the app closed the loop on its e-commerce strategy, providing consumers with seamless purchasing experiences during live streams and beyond.<sup>444</sup>

With its growing user base and innovative features, Douyin has transformed into a comprehensive platform that not only entertains but also connects users with products and services, making it a dominant player in the short video industry both in China and abroad.<sup>445</sup> Throughout these past few years, Douyin's journey has been characterised by innovation, strategic partnerships, and an unwavering commitment to provide an addictive and engaging user experience. As Douyin continues to evolve and diversify, it remains a dominant force in the short-video industry, captivating audiences and driving immense growth.<sup>446</sup>

### 3.3.2. Douyin statistics

Within a year of its launch in China, the platform had registered 100,000,000 users and over 1,000,000,000 videos viewed every day.<sup>447</sup> As of 2022, the platform boasts over 800,000,000 monthly active

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<sup>441</sup> Graziani Thomas, "How Douyin became China's top short-video App in 500 days" (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>442</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>443</sup> Chapple Craig, "TikTok Crosses 2 Billion Downloads After Best Quarter For Any App Ever" (2020). *Sensor Tower*. (Last accessed: 08/01/2023) <https://sensortower.com/blog/tiktok-downloads-2-billion>

<sup>444</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>445</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>446</sup> Graziani Thomas, "How Douyin became China's top short-video App in 500 days" (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>447</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

users and an impressive daily active user count surpassing 600,000,000. The staggering growth of Douyin is evident, with its user base expanding by an astounding 200% in just a span of two years.<sup>448</sup>

One of the key factors contributing to Douyin success is the significant amount of time users spend on the platform. On average, users dedicate an impressive 45 minutes per day engaging with the diverse range of content available on Douyin. This level of user engagement showcases the platform's ability to captivate and entertain its massive audience effectively.<sup>449</sup>

Notably, even though the app is available worldwide and has achieved widespread popularity, Douyin massive user base is heavily concentrated in China, with approximately 57% of all Douyin/TikTok users worldwide hailing from the country<sup>450</sup>, and where more than 80% of the population have used the platforms at least once<sup>451</sup>. This underscores the platform's deep-rooted popularity within its home market, where it has managed to create a cultural phenomenon, shaping modern online social interactions and content consumption.<sup>452</sup>

With regards to its Chinese user base, Douyin has experienced significant shifts in its user demographics over the years, indicating a maturing and intentional change in its positioning.

During the first months of its existence, Douyin user base was characterised by its strong presence in first- and second-tier cities, which represented 43% of its users. The majority of users were young, with a significant portion below the age of 24. This predominantly young and upscale audience made Douyin an attractive platform for brands looking to connect with China's Gen Z shoppers. Additionally, the platform's predominantly female user base was also appealing to advertisers seeking to target young and affluent female users. However, as Douyin matured and expanded its reach, its user demographics began to shift. By February 2018, the proportion of users below 24 years old had decreased significantly, making space for users between 25 and 35 years old, whose proportion grew substantially. This indicated a broader appeal

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<sup>448</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>449</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>450</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>451</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>452</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

to a more diverse age group. Similarly, Douyin user base expanded beyond the confines of first-tier cities, with users from fourth-tier or smaller cities increasing considerably. At the same time, the proportion of users from first-tier cities decreased, showcasing the platform's growing popularity in less urban areas. Gender demographics also experienced a shift, with the male population on Douyin growing steadily. This trend indicated a more balanced user base in terms of gender.<sup>453</sup>

In 2022, further insights into Douyin user demographics reveal notable changes, reflecting the platform's continued growth and intentional efforts to appeal to a broader audience.

According to 2022 data, the user base consists of 53% men and 47% women, showcasing a near balance between genders. The age distribution has also become more diverse, with 16% of users aged up to 24, representing the young generation, while 35% fall between the ages of 25 and 34, capturing the young adult demographic. Additionally, 24% of users are aged between 35 and 45, reflecting a middle-aged segment, and 25% are aged over 46, representing the mature audience.<sup>454</sup> Even though Douyin can now count on a more assorted user base in terms of age distribution, Gen Z and Millennials still make up a considerable portion of the platform's population.<sup>455</sup> Regarding city distribution, Douyin appeal has expanded across different urban tiers, reaching a more extensive and varied audience. The breakdown is as follows: 7% of users are from first-tier cities, characterised by developed metropolitan areas; 17% from new first-tier cities, reflecting the growing prominence of emerging urban centres; 17% from second-tier cities, representing developed urban areas with significant populations; 25% from third-tier cities, capturing urban areas with growing economic activity and population; and 34% from fourth-tier cities, encompassing smaller cities and towns with their unique charm and appeal. These statistics highlight Douyin ability to connect with users from various regions and demographics, making it a versatile and inclusive platform.<sup>456</sup>

This evolution in Douyin user demographics can be attributed to two main factors. Firstly, the natural growth and mainstream adoption of the app have allowed it to reach a broader audience beyond its early adopters. Secondly, the intentional change in Douyin positioning, as reflected in its slogan shift from “专注

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<sup>453</sup> Graziani Thomas, “How Douyin became China’s top short-video App in 500 days” (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>454</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>455</sup> Cuccoli Federica, “Cos’è Douyin: statistiche e funzioni” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>456</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>



新生代的音乐短视频社区” (*Zhuānzhù xīnshēng dài de yīnyuè duǎn shèpín shèqū*)- which can be translated to “The music video platform of the new generation” - to “记录美好生活” (*Jìlù měihào shēnghuó*)- which translates to “Record your beautiful life” -, demonstrates a deliberate effort to appeal to a more diverse population. As Douyin continues to evolve, its user base is expected to become even more diverse and inclusive.<sup>457</sup>

### 3.3.3. Douyin functions

Within the realm of social media platforms, Douyin, a technological marvel and a subsidiary of ByteDance, stands apart from its international counterpart, TikTok. Distinct for its cutting-edge features, Douyin integrates unparalleled e-commerce functionalities, empowering users to make instantaneous purchases, reserve hotel accommodations, and embark on virtual journeys to destinations encountered in videos.<sup>458</sup> The platform's seamless fusion of entertainment and commerce renders it a potent arena for brand proliferation. With verified accounts and an engaged user base, enterprises can effectively conduct business on Douyin, mirroring practices observed on other prominent Chinese apps. The platform's appeal has already captured the attention of numerous international brands, prompting their foray into Douyin to establish direct connections with their target audiences. Employing mini-advertisements, clickable content, and engaging visual media such as videos and images, brands skilfully navigate Douyin ecosystem to bolster brand awareness and interact with their consumer base.<sup>459</sup> Additionally, Douyin devotion to user-generated content serves as an inviting avenue for brands to foster brand-consumer interactions through specialised contests and challenges.<sup>460</sup>

The following pages explore the diverse functionalities of Douyin, encompassing entertainment, commerce, and creativity within the realm of social media and social commerce platforms.

#### Douyin Official Account

Like other social media platforms in China, the initial process for a brand interested in utilising Douyin is to establish an official account and subsequently undergo the verification process.

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<sup>457</sup> Graziani Thomas, “How Douyin became China’s top short-video App in 500 days” (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>458</sup> Lu Christina, “China’s Social Media Explosion” (2021). *Foreign Policy*. (Last accessed: 04/19/2023) <https://foreignpolicy.com/2021/11/11/china-social-media-tech-linkedin-wechat-censorship-privacy-regulation/>

<sup>459</sup> Cuccoli Federica, “Cos’è Douyin: statistiche e funzioni” (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>460</sup> “XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese” (2022). *Italy China Council Foundation*: p. 114.

The establishment of an official account on Douyin not only enhances a brand's presence but also boosts its credibility in the eyes of users. By displaying the coveted "verified" icon next to the brand name, the platform signifies that the account is authentic and officially associated with the brand. This verification status significantly increases the visibility of the brand, instilling trust among users and potential customers.<sup>461</sup>

Beyond the visual appeal of the "verified" icon, registering an official account offers a plethora of advantageous features for businesses. Firstly, it provides access to valuable and specific user data, enabling brands to better understand their target audience and tailor their content and marketing strategies accordingly. With a clearer insight into user demographics, preferences, and behaviours, companies can make informed decisions to enhance user engagement and maximise their reach.<sup>462</sup>

Another significant advantage of having an official account on Douyin is the increased control over sales and content distribution. Brands can curate and manage their content more effectively, ensuring that it aligns with their marketing objectives and resonates with their audience. This heightened control also extends to the ability to promote products and services, ensuring that they are showcased in the most compelling and captivating manner.<sup>463</sup>

Furthermore, official accounts can include the link to the company's website, making it easily accessible to users. This seamless integration of the brand's online presence with the Douyin platform facilitates a smoother customer journey, potentially leading to increased traffic and conversions for the company's website.<sup>464</sup>

Moreover, verified accounts receive favourable treatment in the platform's search results. When users search for keywords relevant to the brand or its offerings, verified accounts are prioritised, giving them a competitive edge and increasing the chances of being discovered by potential customers.<sup>465</sup>

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<sup>461</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>462</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>463</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>464</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>465</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

Additionally, Douyin Douplace function empowers brands to target their advertisements more precisely. By setting a budget and specifying a precise target audience, brands can fine-tune their ad campaigns to reach their desired customer segments. Douplace provides estimated metrics, such as clicks and engagement, helping brands gauge the potential impact of their advertising efforts.<sup>466</sup>

Recognizing the immense potential of the global market, Douyin has extended an invitation to international sellers to leverage the platform's capabilities for promoting their products and brands without requiring a Chinese entity. This move reflects the platform's commitment to fostering a diverse and inclusive marketplace, enabling international brands to tap into Douyin extensive user base and engage with a vast audience of potential customers in China and beyond.<sup>467</sup>

In conclusion, the creation of an official account on Douyin offers an array of benefits for brands, from increased visibility and credibility to enhanced control over content and marketing strategies. With the platform's advanced e-commerce functionalities, targeting options, and global outreach, Douyin represents an invaluable opportunity for businesses looking to expand their reach and connect with China's Gen Z and Millennial demographics, making it a highly attractive platform for brands seeking to thrive in the digital age.<sup>468</sup>

## Douyin Store

As previously stated, Douyin embarked on significant initiatives in the last few years to bring its growth to the next level. The platform was able to solidify its e-commerce presence through the implementation of innovative and valuable functions, such as new e-commerce features and the launch of Douyin Pay. By doing so, Douyin was able to offer its users smoother purchasing experience throughout their interactions with the app, integrating such experiences with additional features that are an integral part of the app, such as live streams.<sup>469</sup>

Douyin, recognizing the immense potential for e-commerce integration, has taken a significant step forward by opening a dedicated e-commerce section. This move allows brands and businesses to tap into a

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<sup>466</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>467</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>468</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>469</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

vast pool of engaged users and seamlessly connect their Taobao, JD.com, and Tmall accounts to the platform. With this integration, brands can now leverage the power of short video advertisements to drive traffic directly to their e-commerce stores. The process is simple and efficient. Brands can create engaging and visually appealing promotional videos that highlight their products or services. These videos are designed to capture the attention of the platform's active user base and drive interest in the featured items. To make the shopping experience even more convenient for users, brands have the option to insert direct e-commerce links into the videos. When users view the video and become interested in the showcased products, they can simply click on the embedded links to be redirected to the brand's online store, where they can make a purchase with ease. Additionally, Douyin offers another effective advertising option – the use of promotional banners. At the end of the video, brands can strategically place banners that encourage viewers to explore more about the brand or its offerings. These banners serve as a clear call-to-action, enticing users to take the next step and explore further.<sup>470</sup>

In addition to the integration between Douyin and popular Chinese e-commerce platforms' business accounts, Douyin has expanded its e-commerce services with the launch of brand-specific **flagship stores**. This service assists brands with a presence on the platform in increasing their conversion rates. The feature includes campaign banners, vouchers, product recommendations, and information about offline stores. In this way, companies can promote new products, popular items, and live streams more effectively. The Douyin brand vouchers, collected in the official flagship store of the brand, can be used both online and offline, creating an effective O2O strategy.<sup>471</sup>

According to Douyin official data, these flagship stores provide brands with better product exposure compared to a simple storefront; the product view-to-homepage views ratio<sup>472</sup> will increase from 17% to 80%. The platform has also claimed that their click-through rate on product exposure increases by 250% month-on-month by utilising this functionality. With the introduction of these brand-specific flagship stores,

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<sup>470</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>471</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>472</sup> The product view-to-homepage views ratio refers to the proportion of times a specific product is viewed by users in relation to the total number of views on the brand's homepage. In simpler terms, it measures how frequently users are focusing on a particular product when they visit the brand's homepage on Douyin.

Douyin is further enhancing its e-commerce capabilities and offering brands an advanced and effective way to engage with their audience and drive sales.<sup>473</sup>

In addition to its native e-commerce functionality, Douyin has gone a step further to cater to the needs of both sellers and users. By offering the option to add **mini-programs** to their Douyin profiles, sellers can seamlessly integrate their online stores within the app. This innovative feature eliminates the need for users to switch between multiple platforms or apps when making a purchase, providing a convenient and efficient shopping experience.<sup>474</sup>

With the integration of these mini-programs, Douyin transforms into more than just a social media platform; it becomes an all-encompassing entertainment and shopping destination. Users can now enjoy browsing through engaging and entertaining content while effortlessly discovering and purchasing products that catch their eye.<sup>475</sup>

The seamless combination of entertainment and shopping within the app creates a win-win situation for both users and sellers. For users, it means being able to explore a wide array of entertaining content while conveniently shopping for products they desire, all within the same platform. On the other hand, for sellers, this integration offers a direct and effective way to reach their target audience, boosting sales and enhancing brand exposure.<sup>476</sup>

The benefits of utilising Douyin e-commerce functionalities are manifold. First and foremost, it allows brands to reach a massive and diverse audience of users who actively engage with the platform on a daily basis. The combination of visually appealing videos and direct e-commerce links creates a harmonious and efficient path to conversion, enhancing the overall shopping experience for users.<sup>477</sup>

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<sup>473</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquiato-del-social-commerce-cinese/>

<sup>474</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>475</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>476</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>477</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

Moreover, by integrating their e-commerce platforms with Douyin, brands gain access to valuable data insights and analytics. This wealth of information enables them to better understand their target audience, tailor their marketing strategies, and optimise their advertising campaigns for maximum impact.<sup>478</sup>

In essence, Douyin foray into e-commerce presents a win-win situation for both brands and users. Brands can expand their reach, increase brand visibility, and drive sales, while users can enjoy a more immersive and interactive shopping experience directly within the app. By constantly evolving its features and functionality, Douyin demonstrates its commitment to providing an engaging and dynamic platform that not only entertains but also enriches the shopping experience for its users. This innovative approach has undoubtedly contributed to Douyin meteoric rise in popularity and its status as one of the leading social media and e-commerce platforms in China. As the platform continues to expand and adapt to the changing preferences of its users, it is poised to further revolutionise the way people engage with both entertainment and online shopping.<sup>479</sup>

## Douyin Pay

The primary objective of the company has been to enhance the overall shopping experience for its users, and to achieve this, ByteDance introduced Douyin Pay as an integral part of the platform's payment options. By seamlessly integrating this payment feature into the social app, Douyin has successfully streamlined the entire purchasing process for its users, eliminating the need to navigate to external websites or payment gateways.<sup>480</sup>

With Douyin Pay in place, users can now make quick and secure transactions directly within the app, ensuring a smooth and efficient checkout process. The convenience of this native payment solution has garnered significant attention and adoption among the platform's vast user base.<sup>481</sup>

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<sup>478</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>479</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>480</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>481</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

Moreover, while Douyin Pay plays a pivotal role in concluding transactions on Douyin, the platform continues to uphold its commitment to providing diverse payment choices. Users can still opt for other popular payment methods, ensuring flexibility and catering to varying user preferences.<sup>482</sup>

This strategic move to introduce Douyin Pay not only enhances user satisfaction and loyalty but also serves as a strategic manoeuvre by ByteDance to reduce Douyin reliance on external payment services and rivals in the market. By offering its own integrated payment solution, Douyin is now poised to retain a more significant portion of the transactions conducted on the platform, bolstering its autonomy and financial independence.<sup>483</sup>

As Douyin Pay continues to gain momentum, it presents a compelling proposition for both consumers and businesses alike. For consumers, it simplifies the purchasing journey, making it more enticing to engage in e-commerce activities within the app. For businesses, particularly brands and merchants, the integration of Douyin Pay opens up new opportunities to drive sales, enhance conversion rates, and foster brand loyalty through seamless, secure, and reliable transactions.<sup>484</sup>

Overall, Douyin strategic move to introduce Douyin Pay marks a significant step towards cementing its position as a versatile and self-reliant social commerce platform in the ever-evolving landscape of digital technology and e-commerce in China.<sup>485</sup>

## Douyin Advertising

Douyin has taken the world by storm, captivating millions of users with its short-form videos and vibrant content. As the platform's popularity continues to soar, businesses are increasingly recognizing the tremendous potential it offers for brand promotion and advertising. Douyin innovative advertising functionality provides a powerful avenue for companies to reach a vast and diverse audience, connect with potential customers, and drive meaningful engagement. By using Douyin advertising, brands have the unique opportunity to connect with a massive and engaged audience. With a business account on Douyin,

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<sup>482</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>483</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>484</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>485</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

brands gain access to powerful paid advertising tools, unlocking a realm of possibilities for marketing success.<sup>486</sup>

Content marketing plays a crucial role in attracting users on Douyin, but it requires finesse and alignment with the platform's tone to make a lasting impact. Douyin users value authentic and non-intrusive content, making it essential for brands to strike the right balance. To achieve this, many renowned brands have started exploiting the tools provided by the platform. For instance, companies such as Airbnb, Harbin Beer, and Chevrolet have tapped into the expertise of Douyin influencers. Collaborating with these influencers allows brands to seamlessly integrate their messaging into users' information streams, resonating with the Douyin community while maintaining their unique brand personality.<sup>487</sup>

What follows is an analysis of the diverse array of advertising opportunities on Douyin, exploring how brands can leverage the platform's paid advertising tools, craft compelling content that aligns with the platform's tone, and strategically collaborate with influencers to create a winning advertising strategy.

#### **(a) Ads**

There are various types of ads that can be created on Douyin, each offering different opportunities. The main advertisements present on the platform include Open Screen Ads and Feed Ads.<sup>488</sup>

**Open Screen Ads** on Douyin are strategically placed to capture the user's attention right when they open the application, ensuring a powerful and visually compelling impact. Unlike other ads, Open Screen Ads enjoy an uncluttered environment, as no other elements interfere with their display, making them more likely to leave a lasting impression on the viewer. This prime real estate for advertisers allows them to showcase their brand message or products with stunning visuals, enticing users to explore further.<sup>489</sup>

**Feed Ads**, on the other hand, take advantage of the user's natural browsing behaviour on Douyin. These ads smoothly integrate into the user's feed, appearing alongside organic content, making them less intrusive and more likely to be engaged with. By promoting short videos within the user's feed, businesses can tap into the power of social sharing, as users have the option to share these ads with their network or

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<sup>486</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>487</sup> "Guide to Most Popular Chinese Social Media Sites & Platforms for Marketing" (2023). *Gentlemen Marketing Agency*. (Last accessed: 06/08/2023) <https://marketingtochina.com/top-10-social-media-in-china-for-marketing/>

<sup>488</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>489</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>



on other social platforms. This word-of-mouth promotion extends the reach of the brand's advertising campaign, enhancing brand awareness and visibility across various platforms.<sup>490</sup>

Moreover, Douyin offers a creative edge for businesses to make their ads stand out even more. Brands can customise stickers and music that can be incorporated into their videos, adding a unique touch that resonates with the audience. When users find these customised elements fun and engaging, they are more inclined to use them in their own content, creating a snowball effect of increased engagement and popularity for the brand. This level of interactivity strengthens the connection between the brand and its audience, fostering a sense of participation and community on the platform. As a result, brands can create a dynamic and immersive advertising experience that not only captivates users but also generates positive user-generated content and buzz around their products or services.<sup>491</sup>

### **(b) KOL and KOC marketing**

An excellent way to expand a brand's business on Douyin is through KOL marketing. Leveraging KOL marketing on Douyin presents an unparalleled opportunity for brands to not only expand their business but also to forge genuine connections with Chinese consumers, thus unlocking a world of possibilities within such a dynamic social media platform. By collaborating with influencers, brands can launch captivating advertising campaigns that strike a chord with the platform's users, an approach that has proven immensely successful through partnerships with industry giants such as Oreo and PepsiCo. The success stories of Oreo and PepsiCo exemplify the transformative potential of KOL marketing on Douyin. Leveraging the creativity and charisma of influencers, these brands have delivered compelling narratives that resonate deeply with users, creating emotional connections that transcend traditional advertising methods. The authenticity and relatability of the content have spurred organic engagement, with users willingly participating in challenges, sharing their experiences, and spreading brand awareness throughout their social networks.<sup>492</sup>

Indeed, one of the key factors contributing to Douyin meteoric rise is its symbiotic relationship with KOLs. With a comprehensive network of contracts with hundreds of influential figures, Douyin ensures that promotional content adheres to official channels and meets the necessary requirements. Although direct partnerships with KOLs may entail higher costs, the visibility and potential for virality they offer are well

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<sup>490</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>491</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>492</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

worth the investment. By eschewing official channels, sponsored content may face the risk of being taken down or struggling to achieve the desired viral impact.<sup>493</sup>

The dynamics of KOL marketing on Douyin go beyond merely reaching a broader audience; it embodies a powerful form of social proof. When consumers witness respected influencers endorsing a brand or product, they are more likely to view it with credibility and trust. This social validation translates into higher conversion rates and enhances a brand's reputation within the competitive landscape. As Chinese consumers increasingly rely on KOLs to guide their purchasing decisions, partnering with the right influencers on Douyin can lead to unparalleled growth opportunities. Crafting successful KOL marketing campaigns necessitates careful curation, aligning brand values with the influencer's identity and resonating with the target audience's aspirations. In essence, the fusion of creativity, authenticity, and strategic alignment cultivates a powerful formula for expanding a brand's influence and fostering a devoted community of loyal customers on Douyin.<sup>494</sup>

Overall, KOL marketing on Douyin serves as a powerful conduit for brands to tap into the platform's vast user base, expanding their brand presence and cultivating a devoted community of engaged consumers. As the influence of KOLs continues to ascend in China's ever-evolving digital landscape, harnessing their reach and impact becomes a strategic imperative for brands seeking to leave an indelible mark in the fiercely competitive market. By embracing the potential of KOL marketing, brands can navigate the dynamic world of Douyin with finesse and captivate the hearts and minds of Chinese consumers, embarking on an exciting journey of growth and success.<sup>495</sup>

### **(c) In-video search**

Since its inception, Douyin has revolutionised the world of short-video content with its dynamic features, and one standout functionality that has captured the attention of both users and brands is the in-video search feature. Designed to enhance user experience and leverage influencer marketing, this powerful tool has become a cornerstone of Douyin success.<sup>496</sup>

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<sup>493</sup> Graziani Thomas, "How Douyin became China's top short-video App in 500 days" (2018). *Walkthechat*. (Last accessed: 06/29/2023) <https://walkthechat.com/douyin-became-chinas-top-short-video-app-500-days/>

<sup>494</sup> Redazione Value China, "Douyin e l'influencer Marketing: la ricerca in-video" (2019). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/10/24/douyin-e-linfluencer-marketing-nuove-opportunita-di-vendita/>

<sup>495</sup> Cuccoli Federica, "Cos'è Douyin: statistiche e funzioni" (2021). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2021/01/13/cose-douyin-statistiche-e-funzioni-gennaio-2021/>

<sup>496</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

The in-video search feature empowers users to take their interaction with videos to a whole new level. Users can now delve deeper into the content they watch, seeking out specific products showcased in videos that pique their interest. This seamless search process allows them to locate desired items with ease, transforming the passive act of viewing videos into an active and engaging experience. Once users identify products of interest, Douyin takes it a step further by generating links that directly connect them with online stores. This user-friendly integration enables swift and convenient purchases, turning discovery into action with just a few taps on the app.<sup>497</sup>

Influencer marketing has flourished on Douyin, and the in-video search feature has played an essential role in driving its success. By enabling users to not only find products but also search for the protagonist of a video within the platform, Douyin amplifies the impact of influencers. KOLs gain greater visibility as users effortlessly access videos featuring these sought-after influencers, thereby increasing the likelihood of discovering and engaging with sponsored products endorsed by the KOLs. This presents an exceptional opportunity for brands to leverage the power of influencers in an authentic and influential manner.<sup>498</sup>

The new functionalities of in-video search are twofold, transforming Douyin into an irresistible platform for both users and major brands alike. Firstly, by allowing users to conduct in-video searches for specific objects and elements, Douyin becomes a treasure trove of possibilities. Users can explore content in a more targeted manner, enabling them to focus on products that capture their interest, turning casual viewers into active consumers. The platform's ability to generate links to online stores cements its position as a bridge between discovery and purchase, offering a seamless and efficient shopping experience.<sup>499</sup>

Secondly, the in-video search feature caters to the growing demand for influencer-driven content. Users can easily locate videos featuring their favourite KOLs, deepening their connection with these influencers and increasing exposure to sponsored content. This interactive aspect further strengthens the bond between users and KOLs, cultivating a sense of community and trust on the platform. For brands, this translates into heightened brand visibility, increased engagement, and improved conversion rates.<sup>500</sup>

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<sup>497</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>498</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>499</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>500</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

As users explore videos and content related to their chosen KOLs, they uncover hidden aspects and unique perspectives, enriching their overall experience on Douyin. This interactivity not only benefits users but also propels influencer marketing to new heights, offering brands an unparalleled opportunity to connect with their target audience on a more personal and relatable level.<sup>501</sup>

The implementation of in-video search marks a significant shift in the way users interact with videos on Douyin. Every object or element that captures the user's attention becomes a potential source of attraction. As a result, the focus moves away from just a single product to showcasing multiple products within the same video, revolutionising the technical and advertising aspects of video planning and creation.<sup>502</sup>

This transformative feature calls for brands to analyse user and consumer response data and devise new conventions for organising online sales phases. Key factors such as product positioning in relation to the screen and the duration of product appearances will become vital considerations in creating effective marketing videos.<sup>503</sup>

In conclusion, Douyin in-video search feature opens up exciting possibilities for KOL marketing and brand exposure. It not only enhances user experience by enabling seamless product discovery and purchase but also strengthens the bond between users and influencers. As this innovative functionality continues to shape the landscape of short-video marketing, brands need to adapt their strategies and embrace the dynamic opportunities it offers to stay ahead in the ever-evolving world of digital advertising.<sup>504</sup>

#### **(d) Live streaming**

Another enticing functionality offered by Douyin is live streaming, a feature closely tied to KOL advertising. In its relentless pursuit of enriching user experiences and facilitating seamless interactions, Douyin boldly ventured into the world of live streaming. This strategic move not only seeks to curate high-

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<sup>501</sup> Cuccoli Federica, "Douyin: il ciclo d'acquisto del social commerce cinese" (2022). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2022/01/12/douyin-il-ciclo-dacquisto-del-social-commerce-cinese/>

<sup>502</sup> Redazione Value China, "Douyin e l'influencer Marketing: la ricerca in-video" (2019). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/10/24/douyin-e-linfluencer-marketing-nuove-opportunita-di-vendita/>

<sup>503</sup> Redazione Value China, "Douyin e l'influencer Marketing: la ricerca in-video" (2019). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/10/24/douyin-e-linfluencer-marketing-nuove-opportunita-di-vendita/>

<sup>504</sup> Redazione Value China, "Douyin e l'influencer Marketing: la ricerca in-video" (2019). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2019/10/24/douyin-e-linfluencer-marketing-nuove-opportunita-di-vendita/>

quality content that enhances users' daily lives but also presents a promising avenue for SMEs<sup>505</sup> to connect with clients and boost conversion rates.<sup>506</sup>

Live streaming on Douyin offers a compelling way for companies to engage with their target audience and drive product sales. The process involves selecting industry experts, including those within the company itself, or influencers who have a direct connection with the audience. These chosen individuals host live broadcasts where they showcase and promote the company's products. During the livestream, viewers have the convenience of directly purchasing the featured products through a link that redirects them to the company's product page.<sup>507</sup>

This approach to livestreaming not only allows users to see the products in action but also receive real-time information and insights from experts or influencers they trust. This personal touch establishes a strong sense of authenticity and credibility, which can be instrumental in driving purchasing decisions.<sup>508</sup>

The live aspect of these streams encourages a sense of urgency and excitement among viewers, as they have the opportunity to make immediate purchases during the broadcast. This instant connection between the livestream and the purchasing process eliminates potential barriers and friction in the customer journey, resulting in higher conversion rates.<sup>509</sup>

Furthermore, the utilisation of live streaming on Douyin takes advantage of the platform's extensive user base, creating an ideal environment to reach a diverse audience.<sup>510</sup> According to McKinsey's global survey of consumers, an astonishing 60% of Chinese consumers engage with over-the-top audio and video streaming platforms daily, dedicating approximately 2 hours per day to watching short-video content. This data underscores the immense potential and impact that live streaming on Douyin possesses in capturing

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<sup>505</sup> Small and medium-sized enterprises

<sup>506</sup> Liu Bingge, "Douyin developed live streaming for social e-commerce" (2020). *Value China*. (Last accessed: 11/09/2022) <https://valuechina.net/2020/04/27/douyin-developed-live-streaming-for-social-e-commerce/>

<sup>507</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>508</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>509</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>510</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

the attention and involvement of Chinese consumers.<sup>511</sup> Through strategic partnerships with influential individuals or industry experts, businesses can tap into existing communities and enhance their brand exposure.<sup>512</sup>

In conclusion, live streaming on Douyin opens up new possibilities for businesses to connect with their customers, showcase products, and facilitate seamless purchases. This innovative approach brings together entertainment, education, and e-commerce, creating a winning formula that benefits both companies and consumers in the dynamic world of social media marketing.<sup>513</sup>

### 3.3.4. Douyin for wine businesses

As previously mentioned, Douyin presents a unique and exciting opportunity for wine businesses to expand their reach and engage with younger audiences. With its vast user base, which includes a significant number of Gen Z and millennials, Douyin offers an ideal platform for companies in the fashion, beauty, food, and wine industries to increase brand awareness.<sup>514</sup>

According to ByteDance reports, Chinese consumers' interest in the alcohol industry, especially wines, is growing steadily.<sup>515</sup> This trend is reflected in the high search rate and significant user interaction that characterise the keyword “wine” (葡萄酒 *pútáojiǔ*). Such a keyword holds a significant presence on the Douyin platform, with both male (59%) and female (41%) users utilising it in their searches. Interestingly, users aged between 24 and 40 account for 63% of interactions related to this topic. Notably, a staggering 90% of users decide to make purchases after being influenced by content on the platform, resulting in direct conversions. Guangdong, a region of considerable importance for this product category, shows a particularly high search rate for the keyword 葡萄酒. This is indicative of the growing interest and impact of this topic on Douyin. The period between August 2021 and August 2022 is particularly significant, since there has been a remarkable surge of 160.23% in the number of posts, related content, views, and keyword searches

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<sup>511</sup> Zipser Daniel, Hui Daniel, Zhou Jia and Zhang Cherie, “2023 McKinsey China Consumer Report: A Time of Resilience” (2022). McKinsey & Company: p. 17.

<sup>512</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>513</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSggAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>514</sup> “XIII Rapporto Annuale. Cina 2022: Scenari e prospettive per le imprese” (2022). *Italy China Council Foundation*: p. 114.

<sup>515</sup> Peng Maggie, “2021 China Beverage Industry Consumer and Social Content Insight” (2021). *Asia Wine News*. (Last accessed: 11/08/2022) <https://asiawinenews.com/2021/05/2021-china-beverage-industry-consumer-and-social-content-insights/>

associated with the word 葡萄酒. Additionally, the popularity index for this term has risen by an impressive 159.45%.<sup>516</sup>

In the world of wine and spirits, certain hashtags have risen to prominence, capturing the essence of the industry's discussions and interests. Among the most popular ones are “winery” (酒庄 *jiǔzhuāng*), “wine knowledge” (葡萄酒知识 *pútáojiǔ zhīshì*), and “imported red wine” (进口红酒 *jìnkǒu hóngjiǔ*). These trending hashtags reflect the community's focus on exploring wineries, expanding their wine knowledge, and indulging in the world of imported red wines. From passionate enthusiasts to industry experts, these hashtags serve as digital gateways to a wealth of information, discussions, and discoveries.<sup>517</sup>

Wine has emerged as one of the most popular topics on the platform, leading to digital word-of-mouth and driving its growing popularity. This data underscores the keyword's importance and highlights its potential as a central focus for both consumers and businesses alike. For brands operating in the wine industry, these insights are invaluable in tailoring their content and marketing strategies to effectively resonate with their target audience. By leveraging this information, wine businesses can establish a powerful presence in the thriving digital landscape of Douyin. The platform's popularity among Gen Z and millennials, a demographic in which a significant portion of users are under 30 years old, further adds to its appeal for companies seeking to expand their awareness in these market segments.<sup>518</sup>

In addition to this, harnessing the influence of KOLs in the wine industry becomes paramount for businesses aiming to connect authentically with their intended audience. By collaborating with influential figures in the wine world, brands can tap into established communities and effectively resonate with Gen Z and millennial consumers on Douyin, maximising the platform's potential to foster brand loyalty and drive meaningful growth in this dynamic digital landscape. However, due to the relatively limited familiarity of the general public with wine as a product, having a well-suited spokesperson who can effectively communicate its value becomes crucial.<sup>519</sup>

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<sup>516</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>517</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>518</sup> Value China, “Wine Culture: un nuovo modo di promuoversi sui social cinesi” (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>519</sup> “The Wine Market in China: Best Practices to Sell Wine in China” (2022). *GMA E-commerce Agency*. (Last accessed: 11/08/2022) <https://ecommercechinaagency.com/the-best-practices-to-sell-wine-in-china/>

In the ever-evolving realm of wine discovery on Douyin, a thriving community of KOLs and KOCs has emerged as powerful voices, offering guidance and inspiration to wine enthusiasts through their knowledge and authentic love for wine. Among them, several prominent personalities have gained widespread recognition and influence for the compelling wine-related content they share on the platform.<sup>520</sup> Let's take a closer look at these influential figures operating on Douyin:

- **醉爱微醺** *Zuì ài wéi xūn* (Drunk Love for Tipsiness): Boasting an impressive following of 277,000 users, this influencer is a certified sommelier who provides valuable insights into WSET certification courses, helping users navigate the path to wine knowledge. Her expertise has earned her recognition from numerous Italian and French wineries, solidifying her position as a renowned KOC in the wine industry.<sup>521</sup>
- **九哥说酒** *Jiǔ gē shuō jiǔ* (Brother Nine Talks About Wine): This influencer has captured the attention of 128,167 followers with an interactive format that delves into cultural and historical aspects of wine. Engaging users through comments on their actions, such as toasting etiquette, this influencer presents a captivating blend of education and entertainment.<sup>522</sup>
- **老宋的微醺 23 点** *Lǎo Sòng de wéi xūn 23 diǎn* (Old Song's Tipsiness at 11:00pm): With an impressive following of 5,996,000 users, this popular KOL targets a younger audience with a friendly approach. Catering to users who enjoy diverse beverages, Old Song shares video-dialogues explaining wine characteristics and proper consumption. His collaborations with prestigious wineries like Château Lafite-Rothschild for the special 1982 vintage demonstrate his influence in the wine world.<sup>523</sup>
- **徐博士** *Xú bó shì* (Dr. Xu): Dr. Xu captivates 2,694,000 followers with impactful content on wine consumption techniques. Through skit-like video-dialogues, this influencer imparts knowledge on

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<sup>520</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>521</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>522</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>523</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>



opening bottles, tasting, and identifying quality wines. Their versatile approach combines education and entertainment, making wine appreciation accessible to a wide audience.<sup>524</sup>

These influencers play a pivotal role in connecting wine businesses with their intended audience on Douyin. Through their engaging content and educational insights, they bridge the gap between wine enthusiasts and the world of wine, contributing to the platform's vibrant wine community. As they continue to influence and educate, wine businesses can capitalise on these KOLs' popularity to establish a meaningful presence and engage with their target consumers effectively.<sup>525</sup>

Given the immense potential shown by the wine industry in the last few years, Douyin is advancing in e-commerce by creating its platform for wines and spirits, integrating live streaming capabilities. This presents a groundbreaking opportunity for wine businesses to directly connect with consumers and drive sales on the platform. Through live streaming, wine companies can provide real-time demonstrations, virtual tastings, and engaging interactions, building authenticity and trust with the vast user base. This convergence of live streaming and e-commerce offers a seamless shopping experience, making Douyin a pioneering force in social commerce for the wine industry. Embracing these dynamic capabilities empowers businesses to reach a diverse audience and thrive in the ever-evolving digital landscape.<sup>526</sup>

In conclusion, Douyin offers a dynamic and engaging environment for wine businesses to thrive in China's digital landscape. As the app continues to evolve and diversify its features, it provides an ever-expanding range of possibilities for businesses to thrive and connect with their target audience. By embracing the platform's various functionalities, companies can harness its immense potential to enhance engagement, foster brand loyalty, and ultimately drive meaningful business growth. The data analysed above is a clear demonstration of the potential Douyin and its features can offer to wine businesses that seek to expand their presence in the Chinese market.<sup>527</sup>

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<sup>524</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>525</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

<sup>526</sup> Romeo Giovanna, "Cina: la app di social media Douyin sviluppa un proprio e-commerce per vino e spirits" (2022). *Wine Meridian*. (Last accessed: 07/21/2022) <https://www.winemeridian.com/asia/cina-la-app-di-social-media-douyin-sviluppa-un-proprio-e-commerce-per-vino-e-spirits.html>

<sup>527</sup> Value China, "Wine Culture: un nuovo modo di promuoversi sui social cinesi" (2022). *Youtube*. (Last accessed: 10/17/2022) <https://www.youtube.com/watch?v=53SzaMkKX3A&list=PLSgqAF1FUaNobZkxl-GTWVbd0NBK25tTF&index=9>

## Chapter 4 – Case history: La Collina dei Ciliegi

### 4.1. Company profile

Nestled within the captivating Valpantena landscape, a mere twenty kilometres from the historical city of Verona, lies a vinicultural treasure – La Collina dei Ciliegi winery. Encompassing more than 30 hectares of vine-laden terrain on the scenic Erbin hill, this winery embodies the culmination of passion, heritage, and innovation.<sup>528</sup>

In the year 2010, an entrepreneur with an unwavering devotion to both Valpantena and the world of finance, Massimo Gianolli, gave life to La Collina dei Ciliegi. The result of this vision is a sprawling 56-hectare estate operating under the stringent principles of organic cultivation. Gianolli's profound connection to the land, rooted deeply in his Valpantena origins, sets the stage for a narrative that unites tradition with modernity, creating a harmonious dance between soil and grape.<sup>529</sup>

Presenting a portfolio of ten meticulously crafted labels, elegantly grouped into the *Radicata* and *Terrena* collections, La Collina dei Ciliegi is poised to unveil a new chapter in its journey – the *Alta* collection. Four wines of unparalleled distinction will grace this collection, symbolising the zenith of the winery's pursuit of excellence. The acclaim bestowed upon these creations, in the form of over 300 national and international awards, stands as a testament to the winery's unwavering commitment to quality and craftsmanship.<sup>530</sup>

This case history will delve into the captivating narrative of La Collina dei Ciliegi winery, tracing its evolution from an entrepreneurial vision to a harmonious blend of terroir, innovation, and award-winning craftsmanship.

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<sup>528</sup> “La Collina dei Ciliegi” (2022). *Golosaria*. (Last accessed: 08/28/2023) <https://www.golosaria.it/it/la-collina-dei-ciliegi>

<sup>529</sup> Redazione Cronache Turistiche, “L'estate alla Collina dei Ciliegi di Ca' del Moro (VR) tra le vigne sotto le stelle, amarone e benessere” (2023). *Cronache Turistiche*. (Last accessed: 08/28/2023) <https://www.cronacheturistiche.it/2023/08/07/lestate-alla-collina-dei-ciliegi-di-ca-del-moro-vr-tra-le-vigne-sotto-le-stelle-amarone-e-benessere/>

<sup>530</sup> Redazione Cronache Turistiche, “L'estate alla Collina dei Ciliegi di Ca' del Moro (VR) tra le vigne sotto le stelle, amarone e benessere” (2023). *Cronache Turistiche*. (Last accessed: 08/28/2023) <https://www.cronacheturistiche.it/2023/08/07/lestate-alla-collina-dei-ciliegi-di-ca-del-moro-vr-tra-le-vigne-sotto-le-stelle-amarone-e-benessere/>

#### 4.1.1. History

The story of La Collina dei Ciliegi winery is a tale woven with passion for the land, agriculture, and the art of winemaking. It finds its roots in the Veronese territory, where the Gianolli family's deep connection with the land was destined to flourish.<sup>531</sup>

In an era marked by significant depopulation in the hilly landscapes of the 1960s and 1970s, Armando Gianolli, the father of Massimo Gianolli, started acquiring land near Erbin (Grezzana, VR), the village of his upbringing. Among the rolling hills, he planted a vast orchard of over 3,000 cherry trees, setting the stage for the family's first foray into agriculture.<sup>532</sup>

However, it was Massimo Gianolli, an enterprising individual with an early love for wine, who transformed this initial agricultural endeavour into a captivating wine and hospitality enterprise known as Ca' del Moro Wine Retreat. This retreat, an ode to nature and wine, emerged from the careful restoration of the ancient stables and barns of Erbin village. The name "La Collina dei Ciliegi," meaning "Cherry Hill," pays homage to this place and his father's visionary choice.<sup>533</sup>

The pivotal partnership between Massimo Gianolli and Stefano Falla was the catalyst for change. In 2005, they embarked on a journey of wine production, meticulously selecting grapes for their inaugural Amarone. Adhering to strict production regulations, their first Amarone saw the light only four years later, reflecting the patience and dedication required to craft exceptional wines.<sup>534</sup>

Massimo Gianolli's affinity for the land was unwavering, even during his successful career in finance. As a seasoned financier, he recognized the unique harmony that could be composed between business and nature. This insight was further reinforced by talented collaborators, notably Christian Roger, the vice president, and esteemed agronomist consultants Lydia and Claude Bourguignon, along with oenologist Paolo Posenato.<sup>535</sup>

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<sup>531</sup> "La Collina dei Ciliegi" (2021). *Firenze Spettacolo*. (Last accessed: 08/28/2023) <https://www.firenzespettacolo.it/la-collina-dei-ciliegi-5548>

<sup>532</sup> Pacelli Laura, "Massimo Gianolli, la "vita luminosa e più fragrante" in cima alla Collina" (2023). *James Magazine*. (Last accessed: 08/28/2023) <https://www.jamesmagazine.it/wine/massimo-gianolli-la-vita-luminosa-piu-fragrante-cima-alla-collina/>

<sup>533</sup> Pacelli Laura, "Massimo Gianolli, la "vita luminosa e più fragrante" in cima alla Collina" (2023). *James Magazine*. (Last accessed: 08/28/2023) <https://www.jamesmagazine.it/wine/massimo-gianolli-la-vita-luminosa-piu-fragrante-cima-alla-collina/>

<sup>534</sup> "La Collina dei Ciliegi" (2021). *Firenze Spettacolo*. (Last accessed: 08/28/2023) <https://www.firenzespettacolo.it/la-collina-dei-ciliegi-5548>

<sup>535</sup> Pacelli Laura, "Massimo Gianolli, la "vita luminosa e più fragrante" in cima alla Collina" (2023). *James Magazine*. (Last accessed: 08/28/2023) <https://www.jamesmagazine.it/wine/massimo-gianolli-la-vita-luminosa-piu-fragrante-cima-alla-collina/>

The decision to embark on this vinicultural adventure was fuelled by a desire to craft wines that resonated with the land's essence. Gianolli's respect for the territory and its ancient soil, rich in minerals and organic substances, reflected its potential for producing exceptional wines.<sup>536</sup> The land's geological history, dating back to the Jurassic period, gave it an undeniable resonance, echoing the renowned terroirs of Burgundy.<sup>537</sup>

Despite his background in finance, Gianolli's aspirations led him to create a "super wine" within La Collina dei Ciliegi winery. Drawing inspiration from the success of *supertuscans*<sup>538</sup>, he envisioned a wine that celebrated the native grape varieties of Corvina and Teroldego, anchoring it to the land while venturing beyond the protected designations of the region, a "superValpantena", as he likes to call it.<sup>539</sup>

With a strategic vision, La Collina dei Ciliegi rapidly gained prominence in the Italian market and expanded its reach to international markets. The Chinese market, in particular, embraced the winery's offerings, showcasing astonishing growth. In addition to China, the winery's presence flourished in markets like the United Kingdom, Germany, Scandinavia, Romania, Mexico, Japan, Taiwan, the Philippines, Thailand, the USA, and Canada.<sup>540</sup>

The tale of La Collina dei Ciliegi is a symphony of passion, patience, and innovation. Rooted in a deep connection to the land, nurtured by the expertise of collaborators, and guided by the vision of Massimo

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<sup>536</sup> Pacelli Laura, "Massimo Gianolli, la "vita luminosa e più fragrante" in cima alla Collina" (2023). *James Magazine*. (Last accessed: 08/28/2023) <https://www.jamesmagazine.it/wine/massimo-gianolli-la-vita-luminosa-piu-fragrante-cima-alla-collina/>

<sup>537</sup> Medi Emanuela, "Uno stile di vita: La Collina dei Ciliegi" (2019). *VinoSano*. (Last accessed: 08/28/2023) <https://www.vinosano.com/uno-stile-di-vita-la-collina-dei-ciliegi/>

<sup>538</sup> *Supertuscan* is the term used to describe certain red wines produced in Tuscany, which are made outside the traditional methods and grape varieties of the region. These wines often utilize different grape types, such as those found in the Bordeaux blend (Cabernet and Merlot), either in combination with or instead of the traditional Sangiovese grape. These wines are frequently aged in barriques (small oak barrels) for varying lengths of time. At their inception, these wines did not fall under the designated origin appellations and were classified as either "generic" or "table" wines. Since there was no better way to define them, the term "Supertuscan" was coined in the 1980s, and it was later adopted by the English-speaking press. See Leder Marcello, "Supertuscan" (2022). *Quattrocalici*. (Last accessed: 09/20/2023) <https://www.quattrocalici.it/glossario-vino/supertuscan/#:~:text=Supertuscan%2C%20o%20Super%20tuscan%2C%20C3%A8,al%20posto%20del%20tradizionale%20Sangiovese>

<sup>539</sup> Faieta Alfredo, "Dalla finanza al supervino della Valpantena" (2018). *Forbes*. (Last accessed: 08/28/2023) <https://forbes.it/2018/12/17/collina-ciliegi-massimo-gianolli/>

<sup>540</sup> "La Collina dei Ciliegi" (2021). *Firenze Spettacolo*. (Last accessed: 08/28/2023) <https://www.firenzespettacolo.it/la-collina-dei-ciliegi-5548>

Gianolli, it exemplifies the art of winemaking as an homage to nature's time-tested rhythms and the harmonious balance between tradition and innovation.

#### 4.1.2. Mission and vision

With a spirited determination to redefine norms, La Collina dei Ciliegi stands as the youngest and most revolutionary winery in the Valpantena region, and proudly defines itself by its ability to harmonise "Slow living, fast thinking," a manifesto that embodies its ethos and commitment.<sup>541</sup>

"We have learned to combine the speed of a thriving business with the slow pace of the land that is our home." This proclamation embodies their response to the accelerated world around them. It reflects an astute realisation that while urgency propels us, not all that is swift is synonymous with excellence. Some endeavours require the unhurried passage of time to attain perfection. The art of winemaking serves as a prime example – a process that demands patience.<sup>542</sup>

"What needs to be planted, cultivated, tended and harvested in order to be bottled and get to your table must respect the seasons and cycles of nature." This profound lesson they have embraced finds expression in their meticulous approach. Their vineyards are more than mere rows of grapes; they are temples of nature's rhythm. The grapes' journey, from planting to harvest, mirrors the sacred dance of the seasons, honouring the Earth's ebb and flow.<sup>543</sup>

As stewards of this philosophy, La Collina dei Ciliegi extends an invitation – to pause, to savour life one sip at a time, to embrace a new rhythm that celebrates the journey as much as the destination. Amidst the clamour of haste, they champion the art of deceleration, encouraging all who partake to relish the symphony of flavours and textures that unfold when one takes the time.<sup>544</sup>

In their wines, every drop carries the essence of their manifesto – each glass, an ode to the unhurried process that births excellence. In an age of immediacy, La Collina dei Ciliegi reminds us that some things, like a fine wine, are best appreciated when savoured slowly, inviting us to drink life in, one meaningful sip at a time, and to find joy in the newfound pace, in unity with their vision.<sup>545</sup>

The meticulous study of their undulating terrain is a testament to their dedication. With the guidance of the Bourguignons, seasoned soil experts, they have delved into the essence of the earth beneath their

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<sup>541</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>542</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>543</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>544</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>545</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

feet, transforming knowledge into poetry and science into art. This quest for understanding is underpinned by a passionate and skilled team led by the resolute founder, Massimo Gianolli.<sup>546</sup>

La Collina dei Ciliegi is unwavering in its priorities:

- Love of Wine: Their reverence for the craft of winemaking infuses every aspect of their work. Each bottle carries the soul of the land, the labour, and the artistry that defines their journey.<sup>547</sup>
- Research and Innovation: Tradition is their compass, but innovation is their sail. They embrace cutting-edge techniques while honouring the heritage that anchors their endeavours.<sup>548</sup>
- Sense of Initiative: In a world that beckons haste, they embrace the audacity to pause, reflect, and pave their unique path. This audacity extends to a commitment to rejuvenate a world that might have otherwise faded into the past.<sup>549</sup>

"To breathe new life into a world that no longer exists" encapsulates the profound aspiration that drives La Collina dei Ciliegi. The winery is a promise fulfilled, a tribute offered by a triumphant entrepreneur to the land and community that shaped his journey. It is a homage to places that held his father's beginnings and his youthful explorations, nurturing them into cherished memories.<sup>550</sup>

As the sun casts its golden glow on the hills, La Collina dei Ciliegi envisions more than a winery; it envisions an immersive destination celebrating Italian gastronomy and wine. With unwavering dedication, they strive to offer enthusiasts an unparalleled product, a testament to their commitment to excellence. In this timeless pursuit, La Collina dei Ciliegi reminds us that greatness, like a fine wine, is the result of patience, passion, and a harmonious dance with the rhythm of life.<sup>551</sup>

### 4.1.3. Terroir and wines

The essence of La Collina dei Ciliegi is deeply rooted in the embrace of the Valpantena, specifically Erbin, a village of Cimbrian origin that finds its idyllic home among gentle undulating hills adorned with vineyards, cherry trees, verdant meadows, and majestic woods. In this enchanting corner, where nature reigns supreme, the Valpantena valley unfurls its pre-Alpine origins, distinguished by its calcareous-clayey soils. The area's summer-cooled air currents create remarkable temperature fluctuations, particularly

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<sup>546</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>547</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>548</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>549</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>550</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>551</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

evident at elevated altitudes. Within the vineyards, perched at the Valpantena's highest points, grape ripening unfolds with a unique cadence, delaying by up to a month compared to the valley floor. This extended maturation period nurtures the birth of exquisite aromas and captivating fragrances.<sup>552</sup>

According to an age-old saying, three essential attributes are necessary to harmonise with nature: an observant eye, a compassionate heart, and a courageous spirit. The captivating beauty of the Valpantena catches the eye, fuelling an unrelenting quest to honour Erbin's exceptional terroir- a treasure awaiting full exploration and revelation. A profound connection with this sacred land is etched upon the hearts of those who dedicated their life to La Collina dei Ciliegi, nurturing an unwavering respect while simultaneously recognizing the immeasurable value of labour and the harmonious symbiosis it shares with the community it sustains. Guided by an unflinching spirit, unafraid to tread new paths, La Collina dei Ciliegi wholeheartedly embraces the cadence of nature's rhythm- a pledge that revitalises an age-old dream.<sup>553</sup>

La Collina dei Ciliegi stands as a sanctuary, sheltered on its eastern flank by the Squaranto Valley forest, to the north by the meadows and pastures of Monte Castello and the Santa Viola pine forest, and to the west by the enchanting embrace of the Monte Zovo Forest and ravine. The tapestry of this haven is woven from 56 hectares, encompassing 13 hectares of woodlands and 12 hectares of lush meadows. The heart of its endeavour lies within the 31 hectares of meticulously nurtured vineyards, reaching for the skies at altitudes ranging from 450 to 700 metres above sea level.<sup>554</sup>

The year 2017 marked the initiation of a transformative phase for La Collina dei Ciliegi. A pivotal meeting involving Massimo Gianolli, Christian Roger, and renowned agronomists Lydia and Claude Bourguignon catalysed a journey that would redefine the winery's trajectory. Fuelled by a shared vision and supported by a proficient team, they embarked on a methodical process of mapping, analysing, and comprehending their high-altitude terrain. The initial planting systems took root in May 2018, following a comprehensive study of the diverse soils within their Valpantena segment. That is how the Alta wine project was conceived – an audacious undertaking aimed at encapsulating the terroir's essence in every drop of wine. Unencumbered by constraints, the winery embraced superior agronomic techniques, allowing their vineyards to infuse life into the wines, with each bottle bearing the distinct imprint of the terroir.

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<sup>552</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>553</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>554</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

Encompassing 23 hectares and reaching altitudes of 550 to 700 metres above sea level, the Alta project attests to their unrelenting pursuit of viticultural excellence.<sup>555</sup>

In this realm of aspirations, the wines of La Collina dei Ciliegi materialise as expressive compositions, resonating with the symphony of their environment.<sup>556</sup>

TERRENA Collection:

- Ciliegio: Amarone della Valpolicella DOCG
- Ciliegio Riserva Armando Gianolli: Amarone della Valpolicella DOCG
- Peratara: Valpolicella Superiore DOC

RADICATA Collection:

- Brut
- Ca' del Moro: Garganega Veronese IGT
- Camponi: Corvina Veronese IGT
- Formiga: Valpolicella Superiore DOC
- Maciòn: Valpolicella Ripasso Superiore DOC
- Amarone: Amarone della Valpolicella DOCG
- Recioto: Recioto della Valpolicella DOCG

Each label is a testament to their profound connection with the land, their respect for nature's rhythm, and their unwavering commitment to crafting wines that whisper the stories of the Valpantena's hills, vineyards, and orchards—a symphony of flavours that pays homage to the land that birthed them.<sup>557</sup>

#### 4.1.4. Projects and collaborations

La Collina dei Ciliegi's endeavors extend beyond the boundaries of winemaking, encompassing pioneering projects and strategic collaborations that shape their innovative path. The following pages will delve into the most significant initiatives undertaken by the winery.

##### Ca' del Moro Wine Retreat

Since 2018, the horizons of La Collina dei Ciliegi have broadened as they unveiled the Ca' del Moro Wine Retreat, a seamless blend of verdant luxury and immersive enotourism. This remarkable initiative

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<sup>555</sup> "La Collina dei Ciliegi - Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>556</sup> "La Collina dei Ciliegi - Company Profile" (2022). *La Collina dei Ciliegi*.

<sup>557</sup> "La Collina dei Ciliegi - Company Profile" (2022). *La Collina dei Ciliegi*.



emerges from a grander endeavour- to enhance the undulating hills of Valpantena, a venture born from the restoration of age-old stables and barns nestled within the Erbin village.<sup>558</sup> This profound commitment to preservation and elevation earned the resort the prestigious 2020 "Stanze Italiane" award from the revered Touring Club – an honour that celebrates its inviting ambiance, meticulous attention to detail, and comprehensive services.<sup>559</sup>

As stated by Massimo Gianolli, Ca' del Moro is not merely a destination; it is a sensory journey where exquisite local flavours converge with curated experiences. Amid its walls, a symphony of senses awaits barrel tastings, culinary workshops, equestrian escapades, and e-bike adventures. For nature enthusiasts and glamping aficionados, a wine lodge unveils a panoramic vista of vineyards and the gentle hills that embrace Verona.<sup>560</sup>

Nature and wine serve as the cornerstone of Ca' del Moro's identity, translating luxury into unhurried moments to be savoured amidst serene surroundings adorned with natural elements, illuminated pathways, and thoughtfully curated furnishings. Within this setting, the palate also finds its haven through an authentic restaurant offering traditional and innovative dishes meticulously prepared by the hands of the young chef, Gabriele Pace. His creations gracefully intertwine local, seasonal ingredients with gastronomic artistry.<sup>561</sup>

According to Massimo Gianolli, Ca' del Moro was conceived as a "sanctuary for the soul", where rustic charm intertwines harmoniously with sustainable modernity, comfort, and well-being, all while upholding the sanctity of nature and the landscape. To this end, recent eco-conscious architectural interventions have eliminated electromagnetic pollution while embracing charging stations for emissions-free explorations on both cars and e-bikes, weaving a seamless narrative through the sprawling vineyards.<sup>562</sup>

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<sup>558</sup> Betto Marina, "L'amarone e i vini de La Collina Dei Ciliegi a Grezzana" (2023). *Luciano Pignataro Wine&Food Blog*. (Last accessed: 08/28/2023) <https://www.lucianopignataro.it/a/la-collina-dei-ciliegi/231568/>

<sup>559</sup> "Ca' del moro Wine retreat si aggiudica il premio "Stanze italiane" del Touring club, unica struttura veneta tra le 4 vincitrici nazionali" (2019). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/ca-del-moro-wine-retreat-si-aggiudica-il-premio-stanze-italiane-del-touring-club-unica-struttura-veneta-tra-le-4-vincitrici-nazionali/>

<sup>560</sup> Betto Marina, "L'amarone e i vini de La Collina Dei Ciliegi a Grezzana" (2023). *Luciano Pignataro Wine&Food Blog*. (Last accessed: 08/28/2023) <https://www.lucianopignataro.it/a/la-collina-dei-ciliegi/231568/>

<sup>561</sup> "Ca' del moro Wine retreat si aggiudica il premio "Stanze italiane" del Touring club, unica struttura veneta tra le 4 vincitrici nazionali" (2019). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/ca-del-moro-wine-retreat-si-aggiudica-il-premio-stanze-italiane-del-touring-club-unica-struttura-veneta-tra-le-4-vincitrici-nazionali/>

<sup>562</sup> "Ca' del moro Wine retreat si aggiudica il premio "Stanze italiane" del Touring club, unica struttura veneta tra le 4 vincitrici nazionali" (2019). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/ca-del-moro-wine-retreat-si-aggiudica-il-premio-stanze-italiane-del-touring-club-unica-struttura-veneta-tra-le-4-vincitrici-nazionali/>

Moreover, within the embrace of La Collina dei Ciliegi's domain, a recent addition has been unveiled: the "Teatro in Vigna" ("Theatre in the Vineyards"), an innovative and complementary space where the guests of Ca' del Moro Wine Retreat can partake in skygazing events, wine tastings, musical soirées, and more- further enriching the enchanting tapestry of experiences woven by La Collina dei Ciliegi.<sup>563</sup>

## En Primeur Club

In 2018, La Collina dei Ciliegi introduced a novel concept that speaks to the heart of wine enthusiasts and investors alike: the En Primeur Club. This exclusive network has seamlessly brought together a diverse community that spans entrepreneurs, managers, private bankers, investment fund managers, financial executives, legal partners, journalists, TV commentators, and ardent wine aficionados, all enticed by the allure of investing in the prestigious Amarone Ciliegi. A coalition bound not just by shared interest, but by a touch of audacity and fervour, they chose to acquire the equivalent of one or more 225-litre wine barrels, poised to evolve into Amarone as they continue to mature.<sup>564</sup>

At present, the En Primeur Club of La Collina dei Ciliegi boasts an assembly of 60 members, collectively overseeing more than 70 barrels- a portfolio that, intriguingly, includes the founder himself, Massimo Gianolli. The club stands as a testament to their shared aspiration to not only experience the journey of winemaking but also to nurture connections and forge synergies within an invigorating atmosphere.<sup>565</sup>

La Collina dei Ciliegi's En Primeur Club presents the pinnacle of exclusivity for investing in exceptional vintages of Amarone Ciliegi, handpicked from the finest grapes of their vineyards. The experience begins at the inception of vinification, when the wine rests in the barrel, capturing the essence of potential and promise. Members can secure a distinguished place in La Collina dei Ciliegi's innovative wine cellar – a testament to their commitment to refining their palate and expanding their understanding of wine.<sup>566</sup>

Within this esteemed club, their name takes pride of place, while the innovative wine cellar becomes a canvas for refining taste. It is more than an investment – it is an invitation to partake in tastings, gatherings, and private events, an opportunity to immerse in an environment that deepens members' appreciation for

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<sup>563</sup> Redazione Cronache Turistiche, "L'estate alla Collina dei Ciliegi di Ca' del Moro (VR) tra le vigne sotto le stelle, amarone e benessere" (2023). *Cronache Turistiche*. (Last accessed: 08/28/2023) <https://www.cronacheturistiche.it/2023/08/07/lestate-alla-collina-dei-ciliegi-di-ca-del-moro-vr-tra-le-vigne-sotto-le-stelle-amarone-e-benessere/>

<sup>564</sup> Pacelli Laura, "Massimo Gianolli, la "vita luminosa e più fragrante" in cima alla Collina" (2023). *James Magazine*. (Last accessed: 08/28/2023) <https://www.jamesmagazine.it/wine/massimo-gianolli-la-vita-luminosa-piu-fragrante-cima-alla-collina/>

<sup>565</sup> Pacelli Laura, "Massimo Gianolli, la "vita luminosa e più fragrante" in cima alla Collina" (2023). *James Magazine*. (Last accessed: 08/28/2023) <https://www.jamesmagazine.it/wine/massimo-gianolli-la-vita-luminosa-piu-fragrante-cima-alla-collina/>

<sup>566</sup> "La Collina dei Ciliegi- Company Profile" (2022). *La Collina dei Ciliegi*.

the artistry of winemaking. La Collina dei Ciliegi's En Primeur Club is the embodiment of cultivating a passion for wine while fostering connections and embracing new horizons in an exhilarating setting.<sup>567</sup>

### **“Adopt a Statue” project**

Through Generalfinance, led by its CEO Massimo Gianolli, La Collina dei Ciliegi also embraces a virtuous role as a patron by participating in the esteemed 'Adopt a Statue' initiative initiated by the Veneranda Fabbrica del Duomo<sup>568</sup> in Milan. This dedicated involvement translates into active support for the meticulous restoration of selected statues gracing the iconic Milan Cathedral, with a specific emphasis on the meticulous revitalization of Giant No. 29. This benevolent commitment finds its embodiment in the offering of two exceptional wines: the revered 'Vino Rosso del Duomo' and the refined 'Spumante Brut Duomo di Milano.' These meticulously crafted libations, forming a remarkable collection of 18,000 bottles, were swiftly embraced by connoisseurs and enthusiasts alike, resulting in a remarkable sell-out within a mere three months. The resounding success of these products, buoyed by their undeniable allure, is poised to herald a subsequent reissue to meet the fervent demand. Through the collective appreciation of these exceptional wines, a noteworthy contribution of almost €95,000 has been channelled into the significant restoration project – an inspiring testament to the potential of collaboration and shared passions to instigate impactful change.<sup>569</sup>

### **AdVini Italia**

Starting from July 2020, a new alliance has emerged on the viticultural horizon as Italy and France, longstanding rivals in the global wine market, have embarked on a collaborative venture with the formation of AdVini Italia Spa. This strategic partnership is forged between AdVini SA, holding a majority stake of 51%, and La Collina dei Ciliegi Srl, holding the remaining 49% of shares.<sup>570</sup>

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<sup>567</sup> “La Collina dei Ciliegi - Company Profile” (2022). *La Collina dei Ciliegi*.

<sup>568</sup> The Veneranda Fabbrica del Duomo di Milano is the historical institution entrusted with the preservation and enhancement of the Duomo Cathedral in Milan. Established in 1387 by Gian Galeazzo Visconti (Duke of Milan) for the design and construction of the monument, it has been dedicated for over 630 years to the conservation and restoration of the Duomo, the supervision of its liturgical activities, and the promotion of its heritage. It is responsible for sourcing the necessary resources for its upkeep. See “Veneranda Fabbrica del Duomo di Milano” (2023). *Duomo di Milano*. (Last accessed: 09/20/2023) <https://www.duomomilano.it/it/infopage/veneranda-fabbrica-del-duomo-di-milano/23/>

<sup>569</sup> Betto Marina, “L’amarone e i vini de La Collina Dei Ciliegi a Grezzana” (2023). *Luciano Pignataro Wine&Food Blog*. (Last accessed: 08/28/2023) <https://www.lucianopignataro.it/a/la-collina-dei-ciliegi/231568/>

<sup>570</sup> “Vino: alleanza italo-francese sui mercati internazionali e sul mercato interno” (2020). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/vino-alleanza-italo-francese-sui-mercati-internazionali-e-sul-mercato-interno-2/>

The fundamental mission of AdVini Italia is underpinned by a multifaceted approach encompassing various strategic pillars. Key among these is the meticulous positioning of La Collina dei Ciliegi's esteemed wine labels- ranging from the iconic Amarone to the refined "Classica" and "Riserva" collections, along with the innovative Super Valpantena—within the Ho.Re.Ca sector across an expansive landscape of over 100 countries where AdVini's extensive distribution network holds sway. Concurrently, a strategic focus entails the introduction of a curated selection of AdVini's renowned products to the discerning Italian market. Leveraging its substantial holdings of 2,300 hectares of prime land and an impressive array of 28 estates, Chateaux, and wineries spanning the choicest terroirs of France and South Africa, AdVini seeks to make a resounding impact.<sup>571</sup>

An equally vital facet of this dynamic blueprint is the orchestrated distribution, both domestically and internationally, of wines under the moniker "Borgo dei Ciliegi." This novel product line, slated for gradual expansion, is destined to encapsulate the rich winemaking heritage of Italy's various regions, catering to their distinct viticultural inclinations.<sup>572</sup>

Encompassing a realm of strategic assets, AdVini Italia embraces enotourism as a prominent highlight. This ambitious undertaking integrates seamlessly with the wine-centric hospitality and tourism offerings found within La Collina dei Ciliegi's Ca' del Moro Wine Retreat, seamlessly aligning with AdVini's larger experiential narrative. This strategic cohesion further enriches AdVini's expansive network, which boasts six distinctive resorts and five acclaimed restaurants, all harmoniously nestled within the picturesque vineyards of both France and South Africa.<sup>573</sup>

#### 4.1.5. Last years' evolution

After a decade of steady growth and an initial direct investment of nearly €10,000,000, Massimo Gianolli is propelling La Collina dei Ciliegi into its second phase of evolution. This strategic endeavour marks a pivotal moment as the winery sets its sights on an ambitious trajectory of expansion. Bolstered by a capital

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<sup>571</sup> "Vino: alleanza italo-francese sui mercati internazionali e sul mercato interno" (2020). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/vino-alleanza-italo-francese-sui-mercati-internazionali-e-sul-mercato-interno-2/>

<sup>572</sup> "Vino: alleanza italo-francese sui mercati internazionali e sul mercato interno" (2020). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/vino-alleanza-italo-francese-sui-mercati-internazionali-e-sul-mercato-interno-2/>

<sup>573</sup> "Vino: alleanza italo-francese sui mercati internazionali e sul mercato interno" (2020). *La Collina dei Ciliegi*. (Last accessed: 08/28/2023) <https://www.lacollinadeiciliegi.it/vino-alleanza-italo-francese-sui-mercati-internazionali-e-sul-mercato-interno-2/>

infusion and a comprehensive investment plan totalling around €7,000,000, the future of La Collina dei Ciliegi is poised for remarkable transformation.<sup>574</sup>

With the end of 2021, Gianolli considers the initial phase of our project complete. During the start-up journey, the team behind La Collina dei Ciliegi meticulously crafted and recalibrated various aspects, progressing from the pastures above Erbin to establishing 30 hectares of flourishing vineyards, a state-of-the-art winery, and an alluring resort. Gianolli personally invested over €10,000,000 to erect and orchestrate these operations. With the implementation of a new industrial blueprint and the introduction of expanded wine collections – increasing the range from 10 to 16 labels – La Collina dei Ciliegi is poised for the next decade of its journey.<sup>575</sup>

Amidst the challenges presented by the Covid pandemic, La Collina dei Ciliegi remained resolute, introducing new wines, and acquiring 5 hectares of fresh vineyards. Gianolli underscores that the inherent value of each bottle is growing, allowing the winery to boost revenue even while the overall bottle count has remained relatively stable. For instance, the close of 2021 saw the winery achieving a revenue of €2,600,000 through a production of approximately 170,000 bottles, heralding a turning point on the horizon.<sup>576</sup>

Similar to his approach with GeneralFinance, Gianolli is committed to broadening the capital of La Collina dei Ciliegi, an endeavour he deems essential to maintain a dynamic growth pace.<sup>577</sup>

The inaugural step towards this transformative journey entails a capital increase of €7,000,000, facilitated through a club deal<sup>578</sup> known as "Club Deal Lcdc Srl". As Gianolli clarifies, the Club Deal is not

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<sup>574</sup> Marchetto Giambattista, "La Collina dei Ciliegi apre il capitale e investe 7 milioni" (2022). *Il Sole 24 Ore*. (Last accessed: 08/28/2023) <https://www.ilsole24ore.com/art/la-collina-ciliegi-apre-capitale-e-investe-7-milioni-AEsyjkB>

<sup>575</sup> Marchetto Giambattista, "La Collina dei Ciliegi apre il capitale e investe 7 milioni" (2022). *Il Sole 24 Ore*. (Last accessed: 08/28/2023) <https://www.ilsole24ore.com/art/la-collina-ciliegi-apre-capitale-e-investe-7-milioni-AEsyjkB>

<sup>576</sup> Marchetto Giambattista, "La Collina dei Ciliegi apre il capitale e investe 7 milioni" (2022). *Il Sole 24 Ore*. (Last accessed: 08/28/2023) <https://www.ilsole24ore.com/art/la-collina-ciliegi-apre-capitale-e-investe-7-milioni-AEsyjkB>

<sup>577</sup> Marchetto Giambattista, "La Collina dei Ciliegi apre il capitale e investe 7 milioni" (2022). *Il Sole 24 Ore*. (Last accessed: 08/28/2023) <https://www.ilsole24ore.com/art/la-collina-ciliegi-apre-capitale-e-investe-7-milioni-AEsyjkB>

<sup>578</sup> «A club deal is a private equity buyout or the assumption of a controlling interest in a company that involves several different private equity firms. This group of firms pools its assets together and makes the acquisition collectively. The practice has historically allowed private equity to purchase much more expensive companies together than they could alone. Also, with each company taking a smaller position, risk can be reduced.» See Chen James, "Club Deal: What it is, How it Works, Example" (2021). *Investopedia*. (Last accessed: 09/20/2023) <https://www.investopedia.com/terms/c/clubdeal.asp#:~:text=Key%20Takeaways,risk%20among%20the%20participating%20firms>

solely a financial pursuit; it symbolises a novel approach to business innovation within the wine and hospitality realm. This collaborative investment mechanism embodies a symbiotic relationship between external investors and the company itself.<sup>579</sup>

Spearheaded by Sergio Albarelli, the sole director of the Club Deal, this venture is among the earliest instances of club deal operations in the Italian wine industry. The initial phase, which witnessed the approval of a €3,000,000 investment round, received enthusiastic engagement from 18 subscribers, encompassing entrepreneurs, top-tier managers, consultants, and industry experts.<sup>580</sup>

La Collina dei Ciliegi's comprehensive investment program encompasses multiple facets. A strategic land acquisition initiative is set to unveil nearly 5 hectares of "SuperValpantena" vineyards, complemented by supporting infrastructure such as the implementation of automated emergency irrigation systems leveraging satellite technology. This plan also ushers in a new showroom with a retail hub, offices, and a dedicated vault for the En Primeur Club. In tandem, the viticulture sector will witness the integration of cutting-edge environmentally-conscious agricultural equipment and machinery.<sup>581</sup>

The evolution extends to the hospitality and service dimensions as well, with strategic enhancements earmarked for Ca' del Moro Wine Retreat. Noteworthy developments include the creation of glamping facilities, the addition of a pool, and the expansion of the horse experience area.<sup>582</sup>

Gianolli succinctly captures the essence of this evolution: «Through our new blueprint, we are engineering the upcoming decade with an eye to remarkable success. Our rapid evolution trajectory is

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<sup>579</sup> Borré Matteo, "La Collina dei Ciliegi: la rivoluzione Club Deal sostiene il programma da 7 milioni di euro d'investimenti" (2023). *Wine Couture*. (Last accessed: 08/28/2023) <https://winecouture.it/2023/02/21/la-collina-dei-ciliegi-la-rivoluzione-club-deal-sostiene-il-programma-da-7-milioni-di-euro-dinvestimenti/>

<sup>580</sup> Borré Matteo, "La Collina dei Ciliegi: la rivoluzione Club Deal sostiene il programma da 7 milioni di euro d'investimenti" (2023). *Wine Couture*. (Last accessed: 08/28/2023) <https://winecouture.it/2023/02/21/la-collina-dei-ciliegi-la-rivoluzione-club-deal-sostiene-il-programma-da-7-milioni-di-euro-dinvestimenti/>

<sup>581</sup> Borré Matteo, "La Collina dei Ciliegi: la rivoluzione Club Deal sostiene il programma da 7 milioni di euro d'investimenti" (2023). *Wine Couture*. (Last accessed: 08/28/2023) <https://winecouture.it/2023/02/21/la-collina-dei-ciliegi-la-rivoluzione-club-deal-sostiene-il-programma-da-7-milioni-di-euro-dinvestimenti/>

<sup>582</sup> Borré Matteo, "La Collina dei Ciliegi: la rivoluzione Club Deal sostiene il programma da 7 milioni di euro d'investimenti" (2023). *Wine Couture*. (Last accessed: 08/28/2023) <https://winecouture.it/2023/02/21/la-collina-dei-ciliegi-la-rivoluzione-club-deal-sostiene-il-programma-da-7-milioni-di-euro-dinvestimenti/>

poised to culminate in a stock exchange listing for our agri-food holding within eight years.»<sup>583</sup> Notably, this journey is deeply entrenched in sustainability, encompassing organic vineyard management, biodiversity preservation, and minimal irrigation practices. The steadfast commitment to low yields per hectare – a cornerstone of wine quality – likewise ensures the enduring vitality of the vineyards. Beyond the viticulture sphere, sustainability extends to packaging, construction projects, and the advancement of sustainable tourism and mobility – a holistic approach that underpins La Collina dei Ciliegi's enduring commitment to the future.<sup>584</sup>

## 4.2. La Collina dei Ciliegi in China

La Collina dei Ciliegi's journey into the Chinese market is a captivating tale of determination, adaptation, and strategic prowess that has unfolded over the years. From its initial foray into a foreign and dynamic landscape to its current position as a noteworthy player in the Chinese wine industry, the winery's evolution showcases its commitment to conquering challenges and capitalizing on opportunities. As the Italian vineyard navigated linguistic, cultural, and competitive barriers, it honed its approach to resonate with the preferences of Chinese consumers. Through strategic collaborations, innovative marketing strategies, and a keen understanding of emerging trends, La Collina dei Ciliegi has carved its niche in the hearts of wine enthusiasts in China.<sup>585</sup>

### 4.2.1. First steps in the Chinese market

The inception of La Collina dei Ciliegi's engagement with the Chinese market dates back to 2010 when the winery commenced its export endeavours.<sup>586</sup>

Among the factors motivating La Collina dei Ciliegi's entry into the Chinese market was its astute recognition of the global trend pointing in that direction. Such a shift was evident not only in the realm of wines but also in the broader economic landscape. As a response, La Collina dei Ciliegi – known in China as 櫻桃丘陵 *Yīngtáo qiūlíng* – made a strategic decision to expand its footprint in the Chinese market, despite

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<sup>583</sup> Borré Matteo, “La Collina dei Ciliegi: la rivoluzione Club Deal sostiene il programma da 7 milioni di euro d’investimenti” (2023). *Wine Couture*. (Last accessed: 08/28/2023) <https://winecouture.it/2023/02/21/la-collina-dei-ciliegi-la-rivoluzione-club-deal-sostiene-il-programma-da-7-milioni-di-euro-dinvestimenti/> (my translation)

<sup>584</sup> Borré Matteo, “La Collina dei Ciliegi: la rivoluzione Club Deal sostiene il programma da 7 milioni di euro d’investimenti” (2023). *Wine Couture*. (Last accessed: 08/28/2023) <https://winecouture.it/2023/02/21/la-collina-dei-ciliegi-la-rivoluzione-club-deal-sostiene-il-programma-da-7-milioni-di-euro-dinvestimenti/>

<sup>585</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>586</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

lacking direct experience in that specific market and lacking team members equipped with knowledge about it.<sup>587</sup>

At the outset, the company set a bold objective of achieving €50,000 in sales during its first year - an audacious target considering it was a new entrant in the dynamic Chinese market.<sup>588</sup>

The initiation of La Collina dei Ciliegi's foray into China began by identifying and collaborating with importers. Generally speaking, the pivotal key to succeeding in overseas exports is securing a reliable importer who not only believes in the company's ethos but also wholeheartedly trusts the project and the quality of the offered product. The importer's role extends beyond procurement: it involves advocating for the product's merit in their domestic market. In light of this, initial orders are often conservative as importers prefer to evaluate the product's resonance within their market. This assessment includes gauging the product's potential for resale through various distribution channels, including the Ho.Re.Ca and large-scale retail sectors. Especially in the context of China, many companies are cautious about retail distribution due to its potential impact on the product's perceived quality. Once a dependable importer is established, the company takes its initial steps in establishing its presence in China.<sup>589</sup>

When La Collina dei Ciliegi decided to enter the Chinese market, it encountered a range of significant challenges that required careful consideration and strategic navigation.<sup>590</sup>

The **language barrier** posed a substantial hurdle in the initial stages. Prior to Martina's involvement, the company had recruited team members for its commercial department, focusing on Asia and China. However, these individuals lacked the necessary language skills to effectively communicate and negotiate within the intricate Chinese market. Despite the prevalence of English in the global business arena, mastering the Chinese language and understanding its cultural nuances was – and still is – essential for building strong relationships and fostering trust with local partners and consumers.<sup>591</sup>

Navigating the **cultural divide** presented another complex challenge. Operating in a market with cultural norms and values divergent from those of the company's home country required a deep understanding of Chinese customs, traditions, and consumer behaviours. Bridging the cultural gap was

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<sup>587</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>588</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>589</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>590</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>591</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.



essential to effectively engage with consumers and stakeholders, and to tailor marketing strategies that resonated with the local audience.<sup>592</sup>

**Inexperience in the Chinese market** compounded the difficulties. La Collina dei Ciliegi was entering a market it was unfamiliar with, lacking insights into market dynamics, consumer preferences, and regulatory intricacies specific to China. The learning curve was steep, demanding the company's commitment to thorough research and adaptation to the unique demands of the Chinese market.<sup>593</sup>

Intense **competition** further complicated the company's entry strategy. During the same period, established wineries with rich histories and recognizable brands were also vying for a share of the Chinese market. These seasoned competitors enjoyed inherent advantages, including consumer trust and brand recognition. In contrast, La Collina dei Ciliegi, as a relatively newer entrant, had to work diligently to build brand awareness, credibility, and differentiation to stand out in a crowded field.<sup>594</sup>

Finally, the **shifts in consumer preferences** presented another layer of complexity. Chinese consumers, at the time, viewed imported wines, particularly those from Italy, as status symbols. This influenced their purchasing decisions, often focusing on factors like price and packaging aesthetics, particularly for red wines. These preferences contrasted starkly with those of Italian consumers, who favoured lighter wines, subtler packaging, and wines with higher acidity. As a result, La Collina dei Ciliegi had to implement a comprehensive marketing strategy to educate Chinese consumers about the nuances of wine appreciation and guide them towards understanding and valuing the quality of the product. Considering the nature of La Collina dei Ciliegi's product offering- predominantly Amarone- certain Chinese regions held particular allure. Among these, the southern territories, most notably Guangdong, emerged as focal points of interest. Here, the traditional culinary landscape seamlessly harmonises with the wines presented by the company, creating an exquisite pairing that resonates deeply with local consumers.<sup>595</sup>

Compounding these challenges was the fact that La Collina dei Ciliegi was a relatively new and unfamiliar brand in the Chinese market. With established competitors already enjoying strong market positions, the company had to invest significant efforts in building brand recognition, establishing its unique value proposition, and fostering meaningful connections with its target audience. This intricate landscape

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<sup>592</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>593</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>594</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>595</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

demanded a strategic and well-coordinated approach to ensure the successful integration of La Collina dei Ciliegi's offerings into the Chinese market.<sup>596</sup>

Given the aforementioned challenges, La Collina dei Ciliegi devised a range of sales and promotion strategies to establish their presence in the Chinese market.

**Local assistance** played a crucial role. Collaborating with a local importer, company representatives visited China to facilitate product promotion and explanation. Given the geographical and cultural differences between Italy and China, this physical presence was vital to ensure accurate product presentation, maintaining optimal serving temperatures, and delivering comprehensive project explanations.<sup>597</sup>

**Participation in events**, both individually and with other wineries from the Valpolicella region, formed a strategic approach as well. This aimed at creating a consistent brand image that capitalised on the regional identity while sharing costs associated with trade fairs and exhibitions.<sup>598</sup>

Moreover, through the **strategic partnerships** made possible by Massimo Gianolli's financial background, La Collina dei Ciliegi established ties with the AC Milan football team, leading to a sponsorship collaboration.<sup>599</sup> The company introduced special packaging for its Amarone bottles, producing four AC Milan branded wine labels: Amarone 2014, Brut, Merlot, and Black (Corvina, Merlot, Syrah). The initiative resonated not just in Italy but also in the Chinese market, where a remarkable 70,000 bottles were sold in a mere three months (from November 2017 to January 2018).<sup>600</sup> The resounding success propelled La Collina dei Ciliegi to the esteemed position of "Official AC Milan Licensed Wine" for Greater China, spanning China, Hong Kong, Macao, and Taiwan.<sup>601</sup> This collaboration included not only designation on bottle labels but also integration with Milan China's websites and promotion channels.<sup>602</sup> Additionally, a flagship store

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<sup>596</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>597</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>598</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>599</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>600</sup> Redazione Saponi News, "L'Amarone della Collina dei Ciliegi fa goal in Cina con etichette AC Milan" (2018). *Saponi News*. (Last accessed: 08/28/2023) <https://www.saporinews.com/2018/02/lamarone-de-la-collina-dei-ciliegi-goal-cina-etichette-ac-milan/>

<sup>601</sup> Redazione Wine News, "Vino e calcio, quello de La Collina dei Ciliegi è "Official AC Milan Licensed Wine" in Cina" (2019). *Wine News*. (Last accessed: 08/28/2023) [https://winenews.it/it/vino-e-calcio-quello-de-la-collina-dei-ciliegi-e-official-ac-milan-licensed-wine-in-cina\\_386320/](https://winenews.it/it/vino-e-calcio-quello-de-la-collina-dei-ciliegi-e-official-ac-milan-licensed-wine-in-cina_386320/)

<sup>602</sup> Redazione Sport Mediaset, "Milan, La Collina dei Ciliegi porta il vino rosso in Greater China" (2019). *Sport Mediaset*. (Last accessed: 08/28/2023) [https://www.sportmediaset.mediaset.it/altrenotizie/milan-la-collina-dei-ciliegi-porta-il-vino-rossonero-in-greater-china\\_1268162-201902a.shtml](https://www.sportmediaset.mediaset.it/altrenotizie/milan-la-collina-dei-ciliegi-porta-il-vino-rossonero-in-greater-china_1268162-201902a.shtml)

was established on TMall.<sup>603</sup> Although this collaboration has now concluded, its impact remains palpable. This initiative significantly bolstered sales in the Chinese market.<sup>604</sup>

The company's **digital presence** mainly focuses on marketing and representation, maintaining a verified profile on WeChat and sharing monthly content about wines and upcoming events. For instance, an article highlighting their participation in the VinExpo<sup>605</sup> in Singapore was published in May. La Collina maintains its connection with the Chinese market, reaching both end consumers and intermediaries through its profile. Facilitating their Chinese digital platforms is Value China<sup>606</sup>, providing support in content creation and managing administrative tasks. The company's involvement has extended to participating in B2B events through Value China, a strategic move to forge connections with new importers and local entities.<sup>607</sup>

The original €50,000 target proved to be just the beginning, as La Collina dei Ciliegi surpassed expectations and achieved an impressive €80,000 in sales before the onset of the pandemic.<sup>608</sup> This remarkable growth trajectory was further evidenced by the period between 2013 and 2018, during which the company marked an astounding 1000% surge in sales value within the Chinese market.<sup>609</sup> Reflecting on this accomplishment, Massimo Gianolli stated, «We might stand alone as an Italian winery with China as our foremost market, but we are confident in our ability to showcase our brand at the same level as the most renowned Italian style brands. Our journey is marked by consistent and meticulously planned positioning, guided by emotional cues that resonate within the Chinese market. And soon, we will enhance this journey with high-profile tourism initiatives, set to unfold at our Ca' del Moro Wine Retreat.»<sup>610</sup>

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<sup>603</sup> Redazione Wine News, “Vino e calcio, quello de La Collina dei Ciliegi è “Official AC Milan Licensed Wine” in Cina” (2019). *Wine News*. (Last accessed: 08/28/2023) [https://winenews.it/it/vino-e-calcio-quello-de-la-collina-dei-ciliegi-e-official-ac-milan-licensed-wine-in-cina\\_386320/](https://winenews.it/it/vino-e-calcio-quello-de-la-collina-dei-ciliegi-e-official-ac-milan-licensed-wine-in-cina_386320/)

<sup>604</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>605</sup> It is the biggest wine event in Asia.

<sup>606</sup> Value China is a consulting agency for marketing and digital transformation in China that assists Italian companies in enhancing their market positioning.

<sup>607</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>608</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>609</sup> Redazione Sapori News, “L’Amarone della Collina dei Ciliegi fa goal in Cina con etichette AC Milan” (2018). *Sapori News*. (Last accessed: 08/28/2023) <https://www.saporinews.com/2018/02/lamarone-de-la-collina-dei-ciliegi-goal-cina-etichette-ac-milan/>

<sup>610</sup> Redazione Sapori News, “L’Amarone della Collina dei Ciliegi fa goal in Cina con etichette AC Milan” (2018). *Sapori News*. (Last accessed: 08/28/2023) <https://www.saporinews.com/2018/02/lamarone-de-la-collina-dei-ciliegi-goal-cina-etichette-ac-milan/> (my translation)

#### 4.2.2. Covid-19 impact on La Collina dei Ciliegi in China

The landscape of the industry underwent remarkable shifts during the pandemic, triggering consequential changes in the strategies and operations of companies like La Collina dei Ciliegi. The pandemic's impact reverberated through various sectors, posing distinct challenges and opportunities. For the company, a vineyard nestled in the heart of Italy, the effects of the pandemic on its operations in the Chinese market were particularly noteworthy.<sup>611</sup>

The pandemic introduced unprecedented disruptions, and La Collina dei Ciliegi's experience reflected these dynamics. Among the central developments was the severe setback experienced with the importers on whom La Collina relied, with the most crucial among them encountering financial failures<sup>612</sup>. This upheaval resulted in an abrupt cessation of imports to China. However, the challenges were not limited to this initial setback; even as markets gradually reopened, the outlook remained grim due to the lingering aftermath of the crisis. The market had been virtually cleared, necessitating not just recovery but an extensive and comprehensive reconstruction.<sup>613</sup>

Interestingly, this scenario also presented an intriguing opportunity. The slate had been wiped clean, allowing for a fresh start with novel strategies and approaches that could address past shortcomings. The chance to rectify prior mistakes and imperfections was a compelling prospect that La Collina dei Ciliegi aimed to seize. However, capitalising on this potential required substantial effort and strategic ingenuity.<sup>614</sup>

In response to this call for reinvention, La Collina embarked on a proactive initiative to build a new foundation within the Chinese market. This strategic pivot involved the recruitment of new personnel, a notable addition being Martina Moro (Export Sales Representative) – former Ca' Foscari University student –, who brought specialised expertise in the nuances of the Chinese market. While the company already had personnel engaged in import-export management, their skill sets did not align with the unique demands of the Chinese market. Of paramount importance were language proficiency and an adept understanding of the intricate relational dynamics specific to China. These attributes were prerequisites for effectively navigating the market and building strong relationships, both of which were crucial in reestablishing the company's presence in the Chinese market.<sup>615</sup>

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<sup>611</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>612</sup> Bellamoli Alessio (Export Manager- La Collina dei Ciliegi), Follow-up interview. Conducted by Camilla Ferrari, 3rd Aug. 2023.

<sup>613</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>614</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>615</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

The company's response to these challenges marked a turning point in its trajectory within the Chinese market. It was a demonstration of resilience, adaptability, and a strategic reimagining of its approach. With Martina's assistance and a newly formed team equipped with the requisite skills, La Collina positioned itself for a renewed engagement with the Chinese market. This multidimensional response underscored the complexity of the pandemic's impact and the creative solutions companies had to employ to thrive in its aftermath.<sup>616</sup>

#### 4.2.2.1. Chinese market's new trends

The landscape of consumer behaviours and preferences in the Chinese market has experienced a remarkable transformation in the wake of the pandemic. The global disruptions caused by COVID-19 have not only reshaped the way people live and work but have also spurred the emergence of new trends that are redefining various industries. Among these, the Chinese market stands out as a hotspot for innovation and adaptation, witnessing the birth of trends that reflect changing consumer priorities, technological advancements, and evolving societal norms. In this dynamic environment, several intriguing trends have taken root, promising to reshape the way businesses operate and connect with their audiences. From shifts in travel patterns to the evolution of entertainment and consumption habits, these trends offer a glimpse into the future of China's ever-evolving market landscape.<sup>617</sup>

In recent years, a remarkable trend has taken root among Chinese travellers that has captured the imagination of La Collina dei Ciliegi. The phenomenon known as "**glamping**" has emerged as a prominent and enticing way for individuals to reconnect with nature while indulging in a touch of luxury. This trend has blossomed in response to the evolving desires of Chinese citizens, especially in the wake of the pandemic and the subsequent shift in travel patterns.<sup>618</sup>

In a world that was confined by enforced limitations, many Chinese individuals sought solace and adventure beyond the walls of their homes. The inability to explore international destinations due to the Covid-19 pandemic led them to rediscover the beauty of their own nation. Nature's call beckoned louder than ever before, as the allure of open spaces and the great outdoors overshadowed indoor entertainment

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<sup>616</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>617</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>618</sup> "Il successo del glamping in Cina" (2021). *Obor Consulting*. (Last accessed: 08/28/2023) <https://www.oborconsulting.com/il-successo-del-glamping-in-cina/>

and crowded urban locales.<sup>619</sup> This sentiment is further substantiated by statistical evidence: based on a survey conducted by Airbnb in 2021 and administered to 1,500 Chinese travellers aged 18 to 50, it was discovered that, thanks to glamping and other outdoor activities, many individuals have seized the opportunity to explore China's geographical and cultural diversity.<sup>620</sup>

Xiaohongshu bore witness to this burgeoning trend. Searches related to "camping" surged by an astonishing 230% in the days leading up to the May 1st holiday in 2021, compared to the same period the previous year. Even during the National Day holiday around October 1st, the enthusiasm for camping remained unwavering.<sup>621</sup> Moreover, according to the 2021 Lifestyle Trend Keywords report published by Xiaohongshu, which is based on the number of related posts and user engagement on the platform over the past year, the keyword 'camping' (外出露营 *Wàichū lùyíng*) is among the top ten most typed words. More than 290,000 posts related to this keyword have been identified on the platform, covering a wide range of topics, from camping options and destination recommendations to the best equipment to use.<sup>622</sup>

Amidst this landscape of shifting preferences, glamping emerged as a beacon of experiential travel. It melds the rustic appeal of traditional camping with the opulent amenities of a resort. Particularly popular among those who yearn for a nature-infused getaway without compromising on comfort, glamping has carved its niche in the hearts of Chinese tourists.<sup>623</sup>

Glamping presents a significant opportunity for Italy, which boasts irresistible and envy-inducing landscapes, locations, and natural sites that are admired worldwide. Young Chinese tourists are reshaping their concept of travel; knowing how to host them and which activities to offer is essential to attract them to various destinations.<sup>624</sup>

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<sup>619</sup> Redazione ANSA, "Glamping, la nuova moda antistress spopola in Cina" (2021). ANSA. (Last accessed: 08/28/2023) [https://www.ansa.it/canale\\_lifestyle/notizie/tempo\\_libero/2021/10/28/glamping-la-nuova-moda-antistress-spopola-in-cina\\_b433532a-8099-448b-b35c-5169b8986159.html](https://www.ansa.it/canale_lifestyle/notizie/tempo_libero/2021/10/28/glamping-la-nuova-moda-antistress-spopola-in-cina_b433532a-8099-448b-b35c-5169b8986159.html)

<sup>620</sup> Mescolini Matilde, "Glamping: nuova prospettiva per attrarre turisti dalla Cina" (2021). Value China. (Last accessed: 08/28/2023) <https://valuechina.net/2021/07/28/camping-o-glamping/>

<sup>621</sup> "Il successo del glamping in Cina" (2021). *Obor Consulting*. (Last accessed: 08/28/2023) <https://www.oborconsulting.com/il-successo-del-glamping-in-cina/>

<sup>622</sup> Mescolini Matilde, "Glamping: nuova prospettiva per attrarre turisti dalla Cina" (2021). Value China. (Last accessed: 08/28/2023) <https://valuechina.net/2021/07/28/camping-o-glamping/>

<sup>623</sup> "Il successo del glamping in Cina" (2021). *Obor Consulting*. (Last accessed: 08/28/2023) <https://www.oborconsulting.com/il-successo-del-glamping-in-cina/>

<sup>624</sup> Mescolini Matilde, "Glamping: nuova prospettiva per attrarre turisti dalla Cina" (2021). Value China. (Last accessed: 08/28/2023) <https://valuechina.net/2021/07/28/camping-o-glamping/>

La Collina dei Ciliegi's vision aligns harmoniously with this trend, further amplified by its eco-resort, Ca' del Moro Wine Retreat. Situated adjacent to the winery, this haven offers guests not only vineyard views but also luxurious accommodations, a delectable restaurant, and an array of recreational activities including e-bikes and horseback riding. The resort serves as a gateway to immersive glamping experiences, epitomising the fusion of nature and indulgence.<sup>625</sup>

This new wave of travel embodies a profound shift in the way young Chinese individuals seek rejuvenation and enjoyment. Formerly anchored in bustling urban venues, they now yearn for escapades that connect them with nature's tranquillity. As glamping continues to captivate hearts and inspire new journeys, La Collina dei Ciliegi stands ready to welcome these intrepid adventurers with open arms and a taste of luxurious outdoor living.<sup>626</sup>

Especially among the youth demographic in China, another fascinating trend is taking hold: the act of patrons **bringing their own bottles** of wine to restaurants. This evolving practice has gained significant traction, reflecting a changing perspective on dining experiences. Rather than solely relying on the restaurant's wine selection, many individuals are now opting to curate their own wine choices, aligning their personal tastes with their dining preferences. This movement has given rise to a distinct channel in the wine market, where consumers are increasingly purchasing their wine directly from importers and suppliers, thereby bypassing the traditional restaurant wine offerings.<sup>627</sup>

This phenomenon is particularly intriguing in the context of the Chinese wine market, which is undergoing a significant transformation driven by the preferences of newer generations. As the younger population takes centre stage, their inclination towards personalised experiences and a desire for authenticity are shaping the way wine is consumed and appreciated. This shift is reshaping the landscape of wine consumption, influencing purchasing behaviours and encouraging more direct interactions with importers.<sup>628</sup>

Furthermore, the world of wine culture is undergoing a digital renaissance, with **social media platforms** playing a significant role. Challenges on platforms like Douyin have surged in popularity, providing an interactive and engaging way for individuals to explore and discuss wines. These challenges, often centred around wine tasting, food pairings, or creative presentations, are not only fostering a sense of community

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<sup>625</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>626</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>627</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>628</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

among wine enthusiasts but also democratising wine knowledge. This dynamic fusion of technology and wine appreciation is allowing enthusiasts to connect, share insights, and learn from each other in unprecedented ways.<sup>629</sup>

As the Chinese wine market continues to evolve, these trends illustrate the dynamism and adaptability of both the industry and its consumers. From reimagining the dining experience to engaging in innovative digital interactions, these shifts reflect a multifaceted approach to wine culture that is both exciting and promising for the future.

#### **4.2.2.2. La Collina dei Ciliegi's new strategy**

In the wake of the pandemic's transformative impact, La Collina dei Ciliegi underwent a comprehensive reassessment of its promotion and sales strategies. The arrival of Martina, a specialist well-versed in the intricacies of the Chinese market, played a pivotal role in catalysing this strategic shift. One of the primary focal points of this transformation was the strategic overhaul of the company's engagement on Chinese social media platforms, with a particular emphasis on WeChat.<sup>630</sup>

Commencing in February 2023, the company undertook a proactive approach to enhance its engagement with Chinese consumers. Monthly articles were crafted and disseminated on the WeChat platform, each article delving into the unique characteristics of La Collina dei Ciliegi's wines and offering insightful suggestions for optimal tasting experiences. This deliberate strategy serves a dual purpose: it not only showcases the quality and distinctive features of the wines but also undertakes an educational role. By imparting knowledge about the nuanced art of wine consumption, the company aims to "educate" Chinese consumers and foster a deeper appreciation for their products.<sup>631</sup>

Furthermore, the importance of fostering closer connections with Chinese customers and potential importers has become abundantly clear. In this regard, WeChat has emerged as a powerful tool for facilitating meaningful interactions and sustained engagement. Its versatile functionality has enabled La Collina dei Ciliegi to establish a direct and personal channel of communication, allowing them to disseminate information, address inquiries, and establish rapport with their target audience.<sup>632</sup>

Expanding their scope beyond WeChat, the company is actively exploring the potential of other Chinese digital platforms, notably Xiaohongshu and Douyin. Recognizing the significance of these platforms

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<sup>629</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>630</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>631</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>632</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.



in amplifying their reach, La Collina dei Ciliegi is contemplating the establishment of official accounts to elevate their brand visibility within the Chinese market. Particularly noteworthy is the focus on Xiaohongshu, where existing posts already spotlight the winery's products, including the limited edition collaboration with the AC Milan football team. Leveraging these platforms provides a distinct advantage, as they grant substantial exposure without the resource-intensive investments typically associated with e-commerce platforms.<sup>633</sup>

This strategic evolution underscores La Collina dei Ciliegi's commitment to adapting and thriving in the post-pandemic landscape. It encapsulates a dynamic approach that combines education, engagement, and innovative digital outreach to reestablish its foothold and advance its presence within the evolving Chinese market.<sup>634</sup>

#### **4.2.2.3. La Collina dei Ciliegi's prospects in China**

In the wake of the pandemic, La Collina dei Ciliegi finds itself at a crossroads in its journey through the Chinese market. As the dust of uncertainty settles, the winery's numbers reveal a temporary standstill in sales. However, amidst this challenging landscape, the company is embracing change, focused on rebuilding the market, reshaping its image in China, and revitalising connections with importers.<sup>635</sup>

The conclusion of Vinitaly in Verona provided a glimmer of hope for La Collina dei Ciliegi's aspirations. This prestigious event offered a chance for the company to engage with a potential importer who responded enthusiastically to their invitation to explore the winery, sample its products, and immerse themselves in its operations. With expectations high, an order is anticipated to materialise in the latter part of the year.<sup>636</sup>

Another pivotal event on the horizon was the VinExpo held in Singapore from May 23rd to 25th. Singapore, emerging as the nucleus of the Asian wine market, presented a promising platform not only for the Chinese market but also for neighbouring markets. The expense associated with participation was significant, but the presence at VinExpo was deemed indispensable to rekindling activities in a market that had long remained dormant.<sup>637</sup> La Collina dei Ciliegi's representatives, led by Export Manager Alessio

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<sup>633</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>634</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>635</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>636</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

<sup>637</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

Bellamoli, seized the opportunity to interface with industry heavyweights, including Torres<sup>638</sup> and Wajiu<sup>639</sup>. Currently, the company is eagerly awaiting their feedback on the samples provided, poised for a subsequent order. This event also facilitated Alessio's participation in an event in Vietnam, a promising hotspot in the Asian wine landscape. La Collina dei Ciliegi is actively working towards solidifying plans in this regard, capitalising on the momentum generated by Vinexpo.<sup>640</sup>

Looking ahead, La Collina dei Ciliegi envisions a dynamic future for the Chinese market. With the intention of establishing a local office in China, the company is driven to be intimately connected with its target market, enhancing services for importers and customers alike. This strategic step underscores the company's unwavering commitment to expanding its foothold in the Asian market, encompassing not only China but also countries like Japan, Vietnam, Nepal, and India. The allure of the Chinese market, laden with economic potential and prestige, remains a compelling proposition.<sup>641</sup>

The previously-mentioned collaboration with AdVini has been a pivotal asset for La Collina dei Ciliegi. This partnership has facilitated the distribution of its wines across borders, with AdVini often acting as a distributor in various markets, including the United States. Moreover, the booth at the Singapore event was shared with them as a strategic measure to effectively manage expenses and optimize resources, reflecting the collaborative approach adopted by both La Collina dei Ciliegi and AdVini. This joint effort not only allowed for a cost-effective presence at the event but also underscored the synergy between the two companies in navigating the competitive wine market landscape. This cooperative endeavor demonstrated

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<sup>638</sup> Established in 1997 by Miguel Torres S.A., Torres China stands as a leading wine distributor in China. With over 400 wines from 13 countries, its portfolio exclusively features renowned wine-producing regions and families. Notably, 45% of its selection has earned 85+ points in esteemed publications like Wine Spectator and Robert Parker's Wine Advocate. The company has built trust with major hotel chains such as Hyatt, Marriott, and Shangri-La, while also serving as a key wine supplier to premium dining spots like those on the Bund in Shanghai and China World Summit Wing in Beijing. See "About Torres China" (2023). *Torres China*. (Last accessed: 09/20/2023) <https://www.torreschina.com/about-torres-china>

<sup>639</sup> Founded in 2014 by Alex Li, Wajiu is a distribution company that aims to demystify and destigmatize wine. Unlike larger importers focused on brand building, Wajiu prioritises affordable and sometimes budget-friendly OEM wines in China. Based in Beijing, Wajiu Group provides global wine trading, supply chain services, warehousing, delivery, brand collaboration, and more. It encompasses three subsidiaries: Wajiu International, Wajiu Service, and Wajiu China. As of July of this year, Wajiu announced the purchase of Torres China through the already acquired Summergate – major player in the Greater China drink market. See Wang Natalie, "Breaking news: Torres China to be merged with Summergate" (2023). *Vino Joy News*. (Last accessed: 09/20/2023) <https://vino-joy.com/2023/07/18/breaking-news-torres-china-to-be-merged-with-summergate/>

<sup>640</sup> Bellamoli Alessio (Export Manager- La Collina dei Ciliegi), Follow-up interview. Conducted by Camilla Ferrari, 3rd Aug. 2023.

<sup>641</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

the ability to pool resources and leverage each other's strengths, resulting in a mutually beneficial outcome.<sup>642</sup>

As the curtains rise on La Collina dei Ciliegi's chapter in the Chinese wine market, it is evident that the company is embracing change with a spirit of resilience. Armed with recent successes and a proactive vision, the winery is poised to make its mark in the vibrant tapestry of the Chinese wine landscape.

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<sup>642</sup> Moro Martina (Export Sales Representative- La Collina dei Ciliegi), Interview. Conducted by Camilla Ferrari, 2nd May 2023.

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