MAKE YOUR BRAND INDEPENDENT AGAIN IN CHINA

March 2020
OUR CHINA NETWORK AT YOUR SERVICE
NATIONAL COVERAGE OF LOCAL EXPERTISE

OFFICES & RESEARCH TEAM
- Offices

OPERATION & COVERAGE
- Covered Tier-1 cities
- Covered Tier-2 cities
- Covered Tier-3 (and below) cities

COMPANY EXPANSION

<table>
<thead>
<tr>
<th>Year</th>
<th>2 people</th>
<th>8 people</th>
<th>16 people</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Foundation in Beijing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Opening of Shanghai office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
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<td></td>
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<td>2017</td>
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<td></td>
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<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

40+ team members

BEIJING 北京
Room 726, Building 1, 40 Dong Zhong Road, Dongcheng District

SHANGHAI 上海
(HEAD OFFICE)
Room 504, 768 Xietu Road, Huangpu District

OFFICES & RESEARCH TEAM

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VALUES, PRINCIPLES, AND VISION OF DAXUE CONSULTING

6 KEY VALUES EMPHASIZED THROUGHOUT ALL PROJECTS

✓ Using 50+ tools.
✓ Leveraging alternative data and open source intelligence.
✓ Social listening.

✓ Working on each project making exchange and challenges, recruiting the brightest talents in both local & international (1:1), to ensure a comprehensive & scientific logic thinking.

✓ Taking information from the best practices of the filed.
✓ Demanding on the results, detail-oriented, respectful towards our commitments.
✓ Corporate presentation.

✓ We care about results, ensure the outputs are down-to-earth & operational.

✓ Regular reports with our clients to make sure we align the expected objective.
✓ Teams & proposal are tailor-made depending on the project.
✓ One client = one team.

✓ Daxue Consulting does not outsource its services. Deep understanding on the fieldwork and the context within which data was collected.
✓ Transparency of sources and information.

✓ INNOVATIVE 创新
✓ ACTIONABLE RECOMMENDATIONS 可行建议
✓ RESPONSIBLE负责 & FLEXIBLE灵活
✓ PROFESSIONAL 专业
✓ ALL IN-HOUSE 内部

www.daxueconsulting.com dx@daxueconsulting.com +86 (21) 5386 0380
OUR SERVICES
EXPERIENCED IN ANSWERING TO A WIDE VARIETY OF STRATEGIC BUSINESS QUESTIONS

ASSESSMENT
评估

PERFORMANCE EVALUATION
绩效评估

INSIGHTS
洞见

DECISION-MAKING PROCESS
决策路径

TARGET AUDIENCE PROFILING
目标人群画像

STRATEGY
策略

BUSINESS INTELLIGENCE
商务智能

VALUE PROPOSITION
价值主张

INNOVATION
创新

PRODUCT INNOVATION
产品创新

MARKET ENTRY
市场准入

ASSESSMENT
评估

BRAND BENCHMARKING
品牌基准

INSIGHTS
洞见

SENTIMENT ANALYSIS
情绪分析

BRAND (RE)POSITIONING
品牌（重新）定位

STRATEGY
策略

ACTION PLAN
执行方案

INNOVATION
创新

OMNI-CHANNEL STRATEGY
全渠道策略
350+ CLIENTS FOR THE PAST 7 YEARS
EXAMPLES OF REFERENCES – OVER 30% CLIENTS FROM THE B2B INDUSTRY
AN EXPERIENCED ORGANIZATION WITH THE CHINESE MARKET
REGULARLY FEATURED AND QUOTED IN PUBLICATIONS ALL OVER THE WORLD

Daxue’s latest quotes in recent publications
WHAT IS BRAND INDEPENDENCE

Brand independence is when a brand does not rely on third parties like online marketplaces to sell products, and instead drives traffic to their own website. In turn, brands manage their own identity, brand assets, and digital assets in order to drive traffic, convert consumers, encourage repeat purchases and create their own community.

Different distribution channels for brands in China

- **Most independent**: Brands can reach consumers directly and independently, with full control on all processes.
- **Less independent**: Brands have some control by leveraging social media marketing.
- **Non-independent**: Competitive and brands highly rely on platform.

Channels:
- Brand.com
- WeChat
- Mini-program
- Brand APP
- Pingduoduo
- Douyin
- Xiaohongshu
- Kaola
- JD
- Tmall
- Taobao
- Ctrip
- Eleme
CONTENT OUTLINE

1. DIGITAL OVERVIEW OF CHINA
2. IT IS TIME TO CONSIDER BRAND INDEPENDENCE
3. WHAT IS PRIVATE TRAFFIC
4. CASE STUDIES
DIGITAL OVERVIEW OF CHINA
DIGITAL OVERVIEW OF CHINA

A BOOMING AND PROMISING MARKET WITH EVER-INCREASING ONLINE SHOPPERS VIA M-COMMERCE

2019 H1

1.40 Billion Population

2019 H1 vs. 2018 H2
+0.4% of Urban users
+1.6% of penetration rate

854 Million Internet Users

61% VS. Population

847 Million Mobile Terminal

60% VS. Internet Users

Source: CIW
CHINESE DIGITAL CONSUMERS SPEND THE MOST TIME ON SOCIAL APPLICATIONS

Time spent by digital consumers on different channels (2019)

- Social (e.g. WeChat, Weibo), 33%
- Short video (e.g. Douyin), 11%
- Online video (e.g. iQiyi), 8%
- News, 9%
- Online music, 3%
- Gaming, 8%
- Online shopping, 4%
- Others, 24%

Total time spent online (per user per day): 358 minutes

# Top Channels for Reaching the Target Audience

Mobile users spend on avg. 4.2 hours a day on apps, 55% of this time is on social media.

### Top Platforms (in million)

<table>
<thead>
<tr>
<th>Platform</th>
<th>MAU 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEChat</td>
<td>1,083 M</td>
</tr>
<tr>
<td>Weibo</td>
<td>446 M</td>
</tr>
<tr>
<td>E-Commerce</td>
<td></td>
</tr>
<tr>
<td>Taobao</td>
<td>600 M</td>
</tr>
<tr>
<td>Tmall</td>
<td>74 M</td>
</tr>
<tr>
<td>Xiaohong</td>
<td>30 M</td>
</tr>
</tbody>
</table>

### Others (in million)

<table>
<thead>
<tr>
<th>Platform</th>
<th>MAU 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video Type</td>
<td></td>
</tr>
<tr>
<td>Tencent</td>
<td>503 M</td>
</tr>
<tr>
<td>Youku</td>
<td>493 M</td>
</tr>
<tr>
<td>Kuaishou</td>
<td>231 M</td>
</tr>
<tr>
<td>E-Commerce</td>
<td></td>
</tr>
<tr>
<td>Douyu</td>
<td>20.2 M</td>
</tr>
<tr>
<td>TikTok</td>
<td>503 M</td>
</tr>
<tr>
<td>Bilibili</td>
<td>70 M</td>
</tr>
</tbody>
</table>

MAU - Monthly Active Users
E-COMMERCE ACTIVITIES IN CHINA

CHINA’S RETAIL ECOMMERCE WILL GROW FASTER THAN TOTAL RETAIL, AND A QUARTER OF DIGITAL BUYERS WILL PURCHASE FROM FOREIGN COUNTRIES

Retail Ecommerce sales in China (trillion USD, 2018-2020E)

- 2018: 1.5 trillion USD
- 2019E: 3.6 trillion USD
- 2020E: 2.4 trillion USD

Retail Ecommerce buyers in China (million, 2018-2020E)

- 2018: 134.4 million
- 2019E: 147.0 million
- 2020E: 158.8 million

Note: Includes products of services ordered using the internet via any device; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling etc; excludes Hong Kong.

Source: https://www.emarketer.com/content/china-ecommerce-2019
CHINESE E-COMMERCE PLATFORMS ARE CROWDED & COMPETITIVE

Brands statistics on Tmall

- **Total number of brands on Tmall**: ~200,000 brands
  - Oct, 2019

- **Number of brands in Tmall's luxury pavilion**: ~50 brands
  - Mar, 2018

- **Number of international brands on Tmall Global**: ~22,000 brands
  - Oct, 2019

Source: https://www.alibabagroup.com
RAPID RISE OF SOCIAL ECOMMERCE IN CHINA

BY WORD-OF-MOUTH MARKETING, SOCIAL E-COMMERCE ACQUIRES AND RETAINS CONSUMERS WITH HIGH EFFICIENCY.

In contrast to traditional e-commerce, the essence of social ecommerce is to leverage the role of individuals in the sales process.

**Purchase conversion rate comparison**

<table>
<thead>
<tr>
<th>Social ecommerce</th>
<th>Traditional ecommerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%-10%</td>
<td>0.37%</td>
</tr>
</tbody>
</table>

Regarding individual trust as intermediary, social ecommerce has better adapted to the challenges faced by traditional ecommerce channels.

- GMV transacted on Tmall in fiscal year 2018 was increased 36% compared to fiscal year 2017, which is much lower than the number on social ecommerce.
- The sales revenue from social ecommerce platforms will account for 20% of the country’s online retail market this year.

**Gross merchandise volume of social ecommerce in China**

_Gross merchandise volume of social ecommerce in China (in RMB billions, 2015-2019E)_

- **GMV**
- **Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>GMV (in RMB billions)</th>
<th>Year-on-year growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>22.5</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>176.2</td>
<td>379.6%</td>
</tr>
<tr>
<td>2018</td>
<td>626.9</td>
<td>255.8%</td>
</tr>
<tr>
<td>2019E</td>
<td>1,316.6</td>
<td>110.0%</td>
</tr>
</tbody>
</table>

**Source:**
- https://www.chinainternetwatch.com/29573/social-ecommerce-2021e/
- https://www.alibabagroup.com
CONSIDERABLE INFLUENCE OF SOCIAL MEDIA AND CONTENT

BRAND STORES OR CHANNELS ARE THE MOST IMPORTANT INFORMATION SOURCE FOR CHINESE CONSUMERS

### Influence of social media and content on the consumer journey (2017-2019)

<table>
<thead>
<tr>
<th>Source</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware</td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>Interested</td>
<td>26%</td>
<td>48%</td>
</tr>
<tr>
<td>Purchased</td>
<td>7%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**YoY Growth**
- Aware: +35%
- Interested: +85%
- Purchased: 3.6x

### The sources of information that most influence purchase (top 3 mentions)

<table>
<thead>
<tr>
<th>Source</th>
<th>2017 %</th>
<th>2019 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-person experiences at brand stores</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>E-commerce</td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>Official brand online channels</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Word of mouth</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>KOLs</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Media</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Celebrity endorsement</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Digital ads</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Traditional ads</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

SHOPPING ON WECHAT IS INCREASINGLY POPULAR IN CHINA

CONVENIENCE AND EXTRA BENEFITS DRIVE CHINESE CONSUMERS TO ECOMMERCE MINI-PROGRAMS

Top types of active mini-programs
(no. of mini-program, April – June, 2019)

- E-commerce, 20%
- Food delivery, 13%
- Daily Life, 11%
- Travel, 10%
- Tools, 8%
- Game related, 8%
- Video related, 6%
- Office management, 5%
- News, 4%
- Social network, 2%
- Photo related, 3%
- Communication, 2%
- Automobile related, 2%
- Others, 2%

Reasons for shopping on WeChat mini-programs
(Top 3 mentions)

- 43% Don’t want to install app
- 40% Group purchase benefits
- 34% Received coupons
- 27% Clicked on a shared link
- 22% To share coupons
- 21% Want a specific product
- 17% Discount pricing

Source: Iresearch database 2019
WECHAT BRAND ZONE HELPS BUILD A CENTRALIZED BRAND IMAGE

ANOTHER PORT OF ENTRY TO CONNECT DIRECTLY WITH AUDIENCE ON WECHAT

- In 2018, WeChat launched a new feature known as “Brand Zone”.
- The “Brand Zone” is a specific section that shows up on the top in the search result page when users search a brand name on WeChat.
- Brands can display brand information, official accounts, sales channels, and other customized content in one centralized section.
- Therefore, brands can reach consumers directly through WeChat’s search engine.

Brands that use “Brand Zone”

Source: WeChatwiki
IT IS TIME TO CONSIDER BRAND INDEPENDENCE
GLOBAL RETAILERS AND BRANDS ARE LEAVING TMALL

THE SITUATION FOR RETAILERS & BRANDS ON E-COMMERCE PLATFORMS SUCH AS TMALL AND JD.COM IS INCREASINGLY PRECARIOUS

E-commerce Evolution

1. Cross-border retailers have to compete with Tmall’s direct retail business
   • While Tmall Global is a marketplace for third-party global sellers, it also runs its own direct retailing business, Tmall Direct Import. This store procures inventory in bulk from leading global brands and sells directly to consumers, thus having an economies of scale advantage.
   • There isn’t much room on a large marketplace’s website to differentiate oneself with banners and brand logos.

2. Retailers are failing to provide a unique proposition
   • Products sold on the marketplace by various retailers will have no unique proposition.
   • Therefore, purchases become driven by price and delivery speed.

3. Retailers are not making much money on marketplace platforms
   • Brands have to spend money on platform ads to drive traffic and clicks.
   • Brands are pressured to discount their goods for sales festival such as 11.11 and 618.
   • Brands must pay set-up fees, deposits, and commissions.

Brand.com Solution

- Total control of branding
- Owning customer data
- Higher margins
CHINA’S MARKET ENVIRONMENT IS BRAND INDEPENDENCE FRIENDLY
SELLING IN CHINA HAS NEVER BEEN EASIER

The developed cross-border ecommerce market helps global brands have more power to control their business

- Chinese social media and social commerce platforms are now more open to share data, therefore brands can easily understand their customers.
- With more precise data, brands can target their consumers without the marketplace.

Decreased import tariffs will make brand-owned channels more attractive by enclosing the price gap with marketplace

- On July 1st 2019, the import tariff in China was announced to decrease, covering 1,449 product items.
- The average tariff rate for clothing, shoes, hats and sports-related products dropped from 15.9% to 7.1%.

By developing into an all-encompassing digital platform, WeChat is more friendly for brands to enhance brand image independently

- With the ambition to compete with Alibaba and JD, WeChat has realized the connection between social media marketing and e-commerce.
- WeChat can be an ideal channel where brands can get closer to consumers and keep independence at the same time.

LUXURY BRANDS FEAR APPEARING TOO MASS MARKET

Major luxury players are active in brand-owned channels

Coach first appeared on Tmall in 2011, but exited in less than two months due to a disagreement over the anti-counterfeit program.

The brand started its second launch on Tmall in 2015, but left the platform just one year later in September 2016.

It instead built its own shopping channel on WeChat

Source: McKinsey China Luxury Report 2019

* Regard as “active presence” if JD self-operated brand store exists; can be sourced from brand or authorized distributors.
CHINESE FMCG BRAND GAINING INDEPENDENCE FROM TMALL
RELYING TOO MUCH ON TMALL MAY INHIBIT THE BRAND’S FUTURE DEVELOPMENT

Three Squirrels: China’s Favorite Snack Brand

- **2012**: Founded online business on Tmall.com
- **2015**: Introduced its self-operated APP
- **2016**: Began to launch offline stores
- **2017**: Started to make efforts on omni-channel integration and improve the ability of its own distribution channels

Share of revenue from Tmall (2014-2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tmall Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>79%</td>
</tr>
<tr>
<td>2015</td>
<td>76%</td>
</tr>
<tr>
<td>2016</td>
<td>64%</td>
</tr>
<tr>
<td>2017</td>
<td>55%</td>
</tr>
</tbody>
</table>

Gradually reduced the reliance on Tmall and establish its own omni-channel strategy to seek opportunities to accelerate the development on new retail.

Source: http://www.sohu.com/a/159177151_754176
RUNNING STORES ON PUBLIC MARKETPLACES IS MORE COSTLY

USING BRAND-OWNED CHANNELS IS MORE COST EFFECTIVE

Platform fees in China in 2019

<table>
<thead>
<tr>
<th></th>
<th>Tmall Global</th>
<th>JD.com</th>
<th>Kaola</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit</td>
<td>150k ~ 300k</td>
<td>30k ~ 50k</td>
<td>10k ~ 100k</td>
</tr>
<tr>
<td>Technical Service Fee</td>
<td>30k ~ 60k</td>
<td>12k</td>
<td>No fee</td>
</tr>
<tr>
<td>Real-time Technical Service Fee (commission)</td>
<td>2% ~ 5%</td>
<td>5% ~ 8%</td>
<td>5% ~ 7%</td>
</tr>
</tbody>
</table>

*All prices are in RMB

User acquisition and retention costs on Ali and JD.com (RMB, per user)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ali</td>
<td>36.8</td>
<td>53.0</td>
<td>62.5</td>
</tr>
<tr>
<td>JD</td>
<td>44.8</td>
<td>51.0</td>
<td>63.0</td>
</tr>
</tbody>
</table>

With higher platform fees and increasing user acquisition costs, only 10-20% brands are making profits on Tmall. Thus, building brand-owned ecommerce channels may be more worthy of investment.

Source: https://baijiahao.baidu.com/s?id=1636179867797028479&wfr=spider&for=pc
BRAND-OWNED CHANNELS BUILD TRUST
CROSS-BORDER MARKETPLACES IN CHINA ARE OFTEN CRITICIZED FOR OFFERING FAKE GOODS

The issue of fake goods sold on public marketplace is a common concern of Chinese e-commerce consumers. Brand-owned ecommerce platforms can ensure brands full control on the whole retail process ensuring fake goods wont be sold on their site.

**Q:** Does JD Global sell counterfeit goods?

**A:** We are not totally sure if JD Global sells counterfeits. When the store description is strange and the customer service attitudes are bad, it certainly raises customers suspicion.

Zhihu search engine Auto-complete results of ‘JD Global’

- JD Global
- JD Global self-operated stores
- Are there any fake good in JD Global self-operated stores
- Is JD Global reliable?

**Q:** Is it possible for JD global self-operated brand stores to ensure 100% guarantee of authenticity on their products?

**A:** We are not totally sure if JD Global sells counterfeits. When the store description is strange and the customer service attitudes are bad, it certainly raises customers suspicion.

What netizens ask about ‘JD Global’ on Zhihu

- 708 people
- 7 comments
- 1M views
- 758 agree
ACHIEVE STRONGER GROWTH AND BECOME MORE INNOVATIVE

BRAND-OWNED CHANNELS STRENGTHEN RELATIONSHIPS WITH CONSUMERS

AN INDEPENDENT BRAND IS ABLE TO...

- **Adopt a consumer-centric strategy**
  All the way from R&D, through the supply chain, and into sales and marketing

- **Sell and communicate directly with consumers**
  Skip other value chain players

- **Personalize consumer experience**
  Establish emotional connection with consumers at multiple touchpoints to cultivate a close relationship

Better meet consumer needs
Ownership of consumer relation and value chain
Optimized supply chain and operations
Enhance brand power

SUSTAINABLE GROWTH AND MARKET LEADERSHIP

Source: “Initiatives related to different strategic objectives for branding in China” Benjamin Maupetit, LinkedIn Pulse
BRAND-OWNED CHANNELS EMPOWER DATA INTEGRATION

BRANDS ARE ABLE TO BUILD THEIR OWN CRM SYSTEM BY BEING INDEPENDENT

Third-party platforms
(Which use WeChat ID for Log-in)

- E-commerce
  - Purchase behavior
- Social media
  - Personal interests
- OTA
  - Travel habits
- Transportation
  - Commuting information

User information collected by WeChat ecosystem

WeChat ID

Customer data from WeChat

User information owned by brands

User ID

Consumer data owned by brands

Source: https://wiredcraft.com/blog/wechat-for-dummies-wechat-crm-and-customer-service/
WHAT DATA CAN BRANDS ACCESS ON TAOBÃO

BRANDS NEED CONSUMER BEHAVIOR DATA FROM OUTSIDE TAOBÃO TO ESTABLISH AN ALL-ENCOMPASSING CONSUMER PROFILE

- Real-time store overview
- Real-time visitor data
- Abnormalities detected
- Competitor data
- Store status
- Core traffic data
- Hot product data
- Top traffic sources
- Secondary traffic sources
- Bounce rate
- Average page views per visit
- Average visit duration

- From the data offered by Taobao, sellers can learn the overall condition of the store as well their competitors.
- Brands have limited access to consumer data.
- Data can be downloaded from the platform but still hard to integrate with brands’ own data.

Source: https://baijiahao.baidu.com/s?id=1616818656879026615&wfr=spider&for=pc
## COMPARISON OF WECHAT MP VS TAOBAO
WECHAT MINI-PROGRAM BRINGS BRANDS CLOSER TO CONSUMERS

<table>
<thead>
<tr>
<th></th>
<th>Taobao</th>
<th>WeChat mini-program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic operation data</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumer behavior data in the ecosystem</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Brand's Loyalty program</td>
<td>Yes, but it's separately operated on Taobao platform</td>
<td>Yes. It can be integrated with brand's whole membership system</td>
</tr>
<tr>
<td>Sharable on WeChat</td>
<td>Yes, but only presents in text and users cannot open it directly.</td>
<td>Yes. Brands can customized the interface and users can open directly in WeChat.</td>
</tr>
</tbody>
</table>

- By selling through WeChat mini-program store, brands can access and analyze consumer behavior data to create an overall view of their customers, while Taobao owns the customer data and limit access for brands.
- WeChat mini-program store is better integrated with WeChat, where Chinese internet users spend a third of their online time on a given day.
GET CLOSER TO CUSTOMERS AT DIFFERENT LEVELS
BRANDS NEED TO DEPLOY THE MOST RELEVANT INITIATIVES TO MATCH THEIR STRATEGIC OBJECTIVES

Initiatives related to different strategic objectives

Source: “Initiatives related to different strategic objectives for branding in China” Benjamin Maupetit, LinkedIn Pulse
DIRECT MARKETING TO CONSUMERS THROUGH MINI-PROGRAMS (1/3)

SOCIAL "DIRECT TO CONSUMER (DTC)" ALLOWS DIRECT INTERACTION WITH CONSUMERS AND INCREASES ENGAGEMENT

**Offer a Personalized Product**
Customers can create and order personalized products
- Mac’s mini-program store allows consumers to customize products according to their individual taste.
- Customer engagement will be increased as they become actively involved in the designing process.

**Create Interactive Campaigns**
Including Interactive games, quizzes and tests
- Gucci introduced a personality quiz section on its mini-program.
- Consumers can get a deeper understanding of Gucci’s brand story and brand value by engaging the test.

**Offer Product Trials**
Products tested by consumers are likely to be well-received
- Estée Lauder offers giveaways of free product trials on its mini-program.
- Consumers have to provide personal information to participate.
- By providing incentives, it can increase consumer engagement and gather consumer data.

DIRECT MARKETING TO CONSUMERS THROUGH MINI-PROGRAMS (2/3)

SOCIAL “DIRECT TO CONSUMER (DTC)” CAN INCREASE CONVERSION BY MAKING CONSUMERS CLOSER TO PRODUCTS

Sell Directly to Consumers

Establish flagship or temporary pop-up E-commerce stores

- Nike’s mini-program store on WeChat hosts e-commerce events.
- Direct sales on WeChat make it easier for consumers to reach the product.

Direct Counselling Services

Provide tools, content, KOL counselling and service reservation as guidance

- Through MeadJohnson’s mini-program, consumers can conveniently learn product-related knowledge.
- Such convenient counselling services can better engage potential consumers.

Easy Referral Program

Existing members refer new members via gamification and membership rewards

i.e. **Luckin Coffee**

- Luckin Coffee encourages consumers to share the mini-program with their connections to each win a free coffee.
- This program can not only arouse brand awareness but also establish brand community.

Gift-card Sharing

Use gift card as a tool to acquire new customers and increase store traffic

i.e. **Starbucks**

- Starbucks sells its gift-cards through mini-program and provide customized service.
- The gift card can acquire new consumers and promote the brand image.

WHAT IS PRIVATE TRAFFIC
PRIVATE TRAFFIC POOLS MAKE GAINING AND CONTROLLING TRAFFIC MORE COST-EFFECTIVE

CREATE YOUR OWN PRIVATE TRAFFIC POOL

PRIVATE TRAFFIC POOL

- Personal message
- Group chat
- Personal / public account
- WeChat Moments
- Community
- WeChat Mini program

PUBLIC TRAFFIC POOL

- Platform and marketplace with huge traffic and resource

✓ Direct contact with consumers
✓ More focus on targeted audience
✓ Improving consumer retention rate
✓ Low cost on getting traffic

✓ Contacting with consumers through platforms
✓ Reaches a wide range of consumers
✓ Mainly disposable flow, hard to complete retention
✓ High cost on getting traffic

- Personal account and community with close relationship with consumers

Like owned traffic in the West, private traffic is a direct response to the rising costs of reaching fans and followers.

Private traffic is free from the algorithms of large ecommerce platforms, putting the brand in control of how consumers see their products.

Source: Youtube, TechNode
“PRIVATE TRAFFIC” IS TRENDS AMONG CHINESE MARKETERS
MORE PEOPLE WANT TO LEARN ABOUT PRIVATE TRAFFIC IN 2019

Baidu index “Private traffic” (in last 12 months)

- Higher search index on Baidu shows that the “private traffic” concept started taking off in Spring 2019.
- With several successful examples emerging in the market, marketers want to learn how they can leverage private traffic.

Zhihu column “Private traffic”

- How to work with private traffic: How to make your video go viral on Douyin?
- How to get traffic and earn revenue through private traffic?
- Private traffic: How to lock users and realize low-cost conversion?
CONSUMERS SHOW THEIR WILLINGNESS TO JOIN PRIVATE TRAFFIC POOLS, WITH WECHAT AS THE MOST WELCOMED CHANNEL

Chinese consumer acceptance of private traffic (2019)

- Supports 30.8%
- Depends 31.7%
- Do not care 29.9%
- Against 7.6%

Distribution of private traffic marketing channel in China (2019)

- Wechat public account: 50.5%
- Wechat personal account: 23.6%
- Community: 18.4%
- Account on other 3rd party platforms: 50.8%

Source: https://www.iimedia.cn/c1020/66372.html
HOW PRIVATE TRAFFIC MARKETING WORKS IN CHINA

IMPROVING CUSTOMER STICKINESS AND CLIENT RETENTION RATE AFTER GETTING TRAFFIC FROM PUBLIC TRAFFIC POOL.

Public Traffic Pool
(Connect & screening)

Private Traffic Pool
(Managing & retention)

Communication
Conversion
Re-purchase

Referral

Source:
HOW TO ESTABLISH A PRIVATE TRAFFIC ECOSYSTEM ON WECHAT
CREATING AN EMOTIONAL TIE WITH CONSUMER AND INTEGRATING SOCIAL MEDIA MARKETING WITH ECOMMERCE

Personal account
- Free from WeChat’s regulations
- Provide personal service and care
- Build close relationship with consumers and be present in moments feeds

Group chat
- A community for targeted audience
- Communicate directly to consumers
- Focus on customer retention and repurchase

Public account
- Integrate and correlate the whole ecosystem
- Provide high quality content

Mini program
- Convenient channel for shopping
- Effectively connect ecommerce and social media marketing
- More flexible and ensures more engagement

Source: http://ketang.ecbao.cn/17189.html
HOW TO COMMUNICATE WITH CONSUMERS IN PRIVATE TRAFFIC POOL

BEING CLOSER TO CONSUMERS BY SATISFYING THEIR DEMANDS QUICKLY AND DIRECTLY

**Model 1: Shopping assistant**
Leveraging social media platforms to share product or campaign information with consumers.

**Model 2: Topic expert**
Lead by professionals, it aims at creating a highly loyal community by answering questions and acting as an expert on the topic.

**Model 3: Private partner**
Has personalized interactions with consumers through social media platforms.

How it works

**What it looks like**

**Perfect Diary (完美日记) shares detailed information about promotion activities in their private traffic group.**

**Daily Yoga (每日瑜伽) shares Yoga-related knowledge in their private traffic group.**

**Perfect Diary (完美日记) provides individual service to consumers in their private traffic group.**

Source: [https://mp.weixin.qq.com/s/VUkiwU2a2HcqCMQholqA](https://mp.weixin.qq.com/s/VUkiwU2a2HcqCMQholqA)
HOW PRIVATE TRAFFIC WORKS WITH REAL EXAMPLE
LEVERAGING WECHAT ECOSYSTEM TO ATTRACT TRAFFIC AND BUILD COMMUNITY INDEPENDENTLY

Products promotion

- Providing QR code of a personal account at the bottom of some public account post
- Sending invitation from personal account to join the group
- Directly communication with consumers in the group chat
- Lead traffic to the store

Knowledge sharing

HTML5 store integrated in the public account

- Products promotion
- Knowledge sharing
- Directly communication with consumers
- Lead traffic to the store
CASE 1: LOUIS VUITTON

INDEPENDENCE FROM MARKETPLACES

Source: The Wall Street Journal
MAINTAINING INDEPENDENCE IN ALL SALES CHANNELS

- LV entered China in 1992. Currently, it has around 40 offline stores and three self-operated online stores in China.
- In the 9 months between October 2018 and May 2019, about 8% sales came from LV’s online store.

By allowing online purchases on its website, the click-through rate of the site increased by 14% and had become LV’s highest performing retail channel.

LV's sales channels in China

- **First offline store**: 2004
- **Brand APP**: 2013
- **Self-owned online store**: 2018
- **WeChat store**: 2019

Source: https://www.huxiu.com/article/252937.html
MARKETPLACES ARE NOT INDISPENSABLE, BRANDS CAN DRIVE TRAFFIC THROUGH SOCIAL MEDIA

With little presence on marketplaces, brand.com and brand apps are central in LV’s digital strategy.
## How LV Sells to Consumers Directly

### LouisVuitton.cn

<table>
<thead>
<tr>
<th><strong>Product category</strong></th>
<th>All products are available on their website</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payment method</strong></td>
<td>Alipay, WeChat pay, Bank card</td>
</tr>
</tbody>
</table>
| **Delivery service** | • Free delivery  
• Delivered by SF Express  
• In stock products: delivered 1-2 days after payment  
• Pre-order products: delivered within 1-8 weeks |
| **Click & Collect service** | • Available to collect in offline stores by choosing this purchase method  
• Consumers are notified when the good is ready |
| **After-sales service** | • Returns available within 7 days by receiving  
• Free door-to-door collection and delivery service |

Source: louisvuitton.cn
LV SUCCESSFULLY BUILT AN INDEPENDENT BRAND IMAGE
SELLING AS A BRAND, NOT A PRODUCT

Traffic source of LV.cn (Oct. 2019)
- Search, 55.2%
- Direct, 32.6%
- Referrals, 7.6%
- Display, 2.6%
- Social, 1.0%
- Email, 1.0%

Top 5 Organic keywords, compared to previous month’s data (Oct. 2019)

- LV official website: 51.03%
- lv官网: 12.49%
- Louis Vuitton: 5.69%
- LV China official site: 1.64%
- LV China: 0.90%
- lv 中国: 0.84%
- LV official website: 18.00%

95% from organic research

From 24th November to 1st December, LV.cn ranked top 2.3% of all Chinese website in “entertainment and fashion” category.

- With more than half of traffic coming from direct research, LV has successfully improved its brand awareness in China.
- More Chinese consumers search LV because of the brand itself but not for specific products.

Source: Similarweb.com, Top.Chinaz.com
TRAFFIC MONETIZING OF LOUISVUITTON.CN

REALIZING STRONGER TRAFFIC MONETIZATION ABILITY

About 10% of website visitors from referring site complete a transaction.

With significant traffic growth on excashier.com in October, it seems LV has successfully built its independent brand image and market strategy in China.

Organic exposure rate of Burberry’s flagship store on Tmall
(5th Nov. 2019 – 5th Dec. 2019)

<table>
<thead>
<tr>
<th>Monthly sales</th>
<th>Store exposure index</th>
<th>Conversion rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,932</td>
<td>80,172</td>
<td>12.39%</td>
</tr>
</tbody>
</table>

* Store exposure index refers to views volume index of direct research on Taobao & Tmall
* Conversion rate = Monthly sales / Store exposure index * 100

Compared to Burberry’s flagship store on Tmall, the traffic monetization capability of LV.cn is no worse than competitors on marketplace such as Tmall.

Top destination sites of traffic from referrals
(Oct. 2019)

- louisvuitton.com: 76.45% (↑1.79%)
- excashier.allpay...: 11.08% (↑137.4%)
- jobs.louisvuitton...: 10.06% (↓5.78%)
- it.louisvuitton.com: 2.41%

Source: Similarweb.com; Taosj.com
MARKETPLACES ARE NOT SUITABLE FOR ALL BRANDS
IT IS DIFFICULT FOR BRANDS PROVIDE HIGH QUALITY PRODUCTS AND KEEP PRODUCTION SPEED UP WITH INCREASING SALES.

Consumers’ perception of LV’s official website on Weibo

Weibo is China’s biggest social media network that was launched in 2009. Over the past years, it has transformed from a Chinese equivalent of Twitter to a comprehensive platform.

Consumers perception
Most Chinese consumers complained that some of LV’s products are often out of stock, so they always need to wait for a long time after making order on LV.cn.

LV’s current situation
Although LV has not officially sold on marketplace, there is still a shortage of supply. It may discourage some consumers from buying.

Tips for brands
For brands who are insisted on providing high quality products, marketplace would not be a good choice. Because it’s hard to catch up with the increase on sales brought by exposure from the marketplace.

Source: www.china-briefing.com
LV’S BRAND APP SHOWS MORE INNOVATION AND CREATIVITY BY LEVERAGING DIGITAL TECHNOLOGY

**BETTER CONNECTIVITY BETWEEN CONSUMERS AND PRODUCTS**

LV’s brand APP has roughly the same product category, delivery and other services available on website.

- It provides a more convenient shopping process than websites.
- LV is trying to capitalize on digital opportunities by leveraging its APP channel, which cannot be realized by having store on marketplace.

**Applying artificial intelligence technology on LV APP**

- Allows APP users to find products in its online store by scanning a QR code.
- Allows APP users to connect LV’s intelligent products.
- Synchronize with new products
BRAND APP SHOULD PRIORITIZE USER EXPERIENCE

BETTER USER EXPERIENCE CAN INCREASE BRAND LOYALTY.

Rank history of LV APP in shopping category
(on iPhone, China, Sep 12, 2019 – Dec 10, 2019)

Most recent feedback on APP Store

- Almost no positive feedback from Chinese consumers
- Most complaints are around:
  ✓ Unable to login and no fixed version until now
  ✓ Product and order information is inconsistent with that on website
  ✓ Hard to connect intelligent devices
  ✓ Slow in operation process

Source: https://www.appannie.com/; Apple App Store, 2019
LV CONTINUOUSLY IMPROVES USER EXPERIENCE

AS A HIGHLY INDEPENDENT BRAND, LV BETTER UNDERSTANDS THEIR CUSTOMERS AND THEREFORE CAN EASILY ADAPT TO DEMAND.

Some critical updates of LV APP in APP Store

- Improved synchronization and scan function: Nov 4, 2014 Version 2.11
- Embedded LV touch in iMessage: Dec 1, 2017 Version 2.2.1
- Enabled search nearby offline stores with products in stock: Aug 15, 2019 Version 5.3.3
- Added full product category and user account: Jan 25, 2018 Version 4.4.2
- Improved search function: Jun 20, 2019 Version 5.2
- Added automatic recommendation: Oct 2, 2019 Version 5.5

Source: https://www.appannie.com/
BUILD INDEPENDENT BRAND IMAGE ON WECHAT

BRAND INDEPENDENCE ENABLES LV TO HAVE A FLEXIBLE PROMOTION STRATEGY ON WECHAT

Structure of LV’s WeChat brand zone
(Dec. 2019)

Shopping channels
(Different ecommerce events are introduced for different marketing campaigns)

End goal to drive traffic to mini-program
LV PROMOTIONS ON WECHAT DRIVE TRAFFIC TO MINI-PROGRAM STORE

LV’s WeChat public account

Post content and effect

4 latest posts on LV Official Account

<table>
<thead>
<tr>
<th>Date</th>
<th>Subject</th>
<th>View</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Oct.</td>
<td>LV Archlight sneakers</td>
<td>100k+</td>
</tr>
<tr>
<td>5 Nov.</td>
<td>LV twist bag</td>
<td>100k+</td>
</tr>
<tr>
<td>15 Nov.</td>
<td>LV’s cobranding with League of Legend</td>
<td>100k+</td>
</tr>
<tr>
<td>22 Nov.</td>
<td>LV men’s bag</td>
<td>100k+</td>
</tr>
</tbody>
</table>

Providing entrance to mini-program pop-up stores at the end of article

Evaluation of LV Official Account

<table>
<thead>
<tr>
<th>Item</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of investment on ads</td>
<td>9/15</td>
</tr>
<tr>
<td>Completeness of basic information</td>
<td>15/15</td>
</tr>
<tr>
<td>Activeness</td>
<td>3/10</td>
</tr>
<tr>
<td>User stickiness</td>
<td>5/15</td>
</tr>
<tr>
<td>Content quality</td>
<td>9/15</td>
</tr>
<tr>
<td>Impact</td>
<td>29/30</td>
</tr>
</tbody>
</table>

Performance

- LV’s WeChat public account is well-connected with other channels.
- Most article posts are correlated with marketing campaigns.
- All articles are quite successful, we can assume these posts do drive large volume of traffic to its WeChat stores.

Active followers

960,205

Rank

75th in fashion category

Source: http://www.newrank.cn; https://www.xiguaji.com
HOW LV SELLS THROUGH MINI-PROGRAM ECOSYSTEM

LEVERAGING SOCIAL MARKETING STRATEGY TO DRIVE TRAFFIC FOR BRAND ITSELF

LV’s mini-program ecosystem (Dec 10, 2019)

- LV conducts flexible traffic control within the mini-program ecosystem as it could be redirected from one to another.
- Improving traffic monetization capability by providing easier shopping process.

**Shopping channels**
*pop-up stores change based on promotion campaigns*

- **Product category:**
  - Sneakers
  - Men’s fall & winter collection
  - Boutique

- **Payment method:**
  - WeChat pay only

**Entry points of mini-programs:**
- WeChat posts
- Navigation bar in chat-box
- Brand mini site
- WeChat search engine

**Customer service and navigation**

- “Homepage” works as the main page of mini-program ecosystem, and provide entrance to other mini-programs.

**Traffic in December**

- Sneakers store: ~100K
- Christmas pop-up store: ~100K
- LV collection: ~387K
- Men’s collection pop-up store: ~387K
- Offline store navigation: ~387K

Source: https://data.xiguaji.com/
HOW LV USES KOL MARKETING

Promotion on Xiaohongshu

Official account

Most popular posts

Hot topics

Fall in love with LV chain wallet

LV blooming

Chinese celebrities

Followers 82,000

- LV’s XHS account improves visibility by raising topics and discussion on their hot products.
- The promotion activities on XHS target young netizens.

Promotion on Weibo

Official account

One of most popular posts

Link to louisvuitton.cn

Followers 4.1 Million

Reaching more than 4 million followers, Weibo could be an ideal channel for potential consumers.
HOW LV DRIVES TRAFFIC TO BRAND.COM

UTILIZING MAINSTREAM SEARCH ENGINE AND SHORT VIDEO PLATFORMS FOR HIGHLY TARGETED PROMOTION

LV’s advertising on Baidu shows up during searches for “Luxury goods”

LV paid for targeted keywords to be preferentially showed in the search engine Baidu to help increase traffic of LV.cn.

LV’s Christmas promotion ads on Douyin

- Lock screen video ads
- Feeds ads
- Users’ comments

- LV started to do advertising on Douyin, a Chinese social media platform which owns rich resource and traffic volume.
- Since LV has no presence on marketplaces, these advertisements can drive all traffic to its own sales channels.

Source: https://www.adquan.com/post-2-47840.html
ADDING INTELLECTUAL PROPERTY IN MESSENGER
USING SHARABLE BRANDED VISUALS TO GET CLOSER TO CONSUMERS.

LV’s iMessage stickers

- In January 2018, LV embedded LV touch into iMessage and provided attractive stickers based on its brand visuals.
- Every iPhone user can send the sticker through iMessage after downloading LV APP.
- Leveraging iPhone users’ social connection to expand influence and improve brand awareness.
- It is also a trigger to attract people download the LV APP.
SENDING NEWSLETTERS FOR CUSTOMER RETENTION
DIRECTLY, REGULARLY AND COST-EFFECTIVELY WAY TO PROMOTES FOR BRAND ITSELF

- LV’s newsletter is designed to drive traffic to LV.cn and its major social media accounts.
- Ensuring direct communicating with potential consumers to stimulate demand and realize retention.
CO-BRANDING: INCREASING EXPOSURE TO NEW CONSUMER GROUPS

COLLABORATED WITH A BRAND WHICH HAS A HIGH PURCHASE FREQUENCY TO BOOST BRAND AWARENESS

Recently, LV collaborated with LEAGUE of LEGENDS (world leading video game), and created a series of co-branding products.

**2019.9**
- Designed a suitcase for LOL

**2019.10**
- Published LV x LOL game skins

**2019.12**
- Published LV x LOL collections

**2019.12**
- LV x LOL stickers fit for WeChat

**Comments on Weibo**

- "I'm going to buy one!"
- "The suitcase is most attractive"
- "I think the suitcase is more valuable than the trophy"
- "This might be the only LV I can afford"
- "I like the dress but it is too expensive"
- "So cool! I like all of them!"
- "The trophy is really Not attractive"
- "I think the trophy is more valuable than the dress"
- "This might be the only trophy I can afford"
- "I like the dress but it is too expensive"
- "So cool! I like all of them!"

As a luxury brand with a lower consumption frequency, the collaboration helped LV improve brand awareness, as well as strengthened its brand.
ROADMAP OF LV X LEAGUE OF LEGENDS MARKETING CAMPAIGN

COVER NEW GROUPS OF CONSUMERS THROUGH COORDINATED PROMOTION ON ALL CHANNELS

LV’s promotion ecosystem

LV.cn

APP

Newsletter

WeChat public account

Mini-program

Weibo

LV has built a mature promotion system by itself to meet different demands.

Vote launched on Weibo

Will you buy LV x LOL collections?

LV和英雄联盟合作款你会买吗？

会！买它买它买它！Yes, I will 1.4K people

不感兴趣 Not interested 2.1K people

不买，没钱 No, can’t afford 7.1K people

More than 10.6K people voted
LV’s promotion has reached large volume of potential consumers.

LV.cn

LV x LOL

COLLECTION LOUIS VUITTON 2054

LV has built a mature promotion system by itself to meet different demands.

WeChat public account

LVxLOL posts
Views: 100K+

Mini-program

Entrance of LVxLOL mini-programs

Weibo

Arousing LVxLOL topic on Weibo and has attracted more than 1 million discussion

More than 10.6K people voted
LV’s promotion has reached large volume of potential consumers.
CASE 2: PERFECT DIARY 完美日记

EXCELLENT EXAMPLE OF PRIVATE TRAFFIC MARKETING
AN EMERGING BRAND THAT STARTED ON MARKETPLACE BUT IS GRADUALLY BECOMING INDEPENDENT.

- PERFECT DIARY is a young Chinese Beauty brand targeting young women born in the 90s.
- The brand started its online business on Taobao, and tried to sell independently later.
- It now has 40 offline stores and one brand-owned store on WeChat.

In the “Hurun Greater China Unicorn Index 2019 Q3” report published by Hurun research unit*, Perfect Diary was ranked 6th on the top new Unicorn list, with valuation at 7 billion RMB.

* Hurun research unit is a leading luxury publishing group

Perfect Diary’s sales channels

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</tr>
</thead>
<tbody>
<tr>
<td>Taobao &amp; Tmall store</td>
<td>XHS store</td>
<td>WeChat store</td>
<td>Douyin store</td>
<td>JD store</td>
<td>First offline store</td>
</tr>
</tbody>
</table>

Source: https://baike.baidu.com/reference/22119286/426eN0Sp_xptePztwHLeZZyK_ifaP2hUnv?rVMwx4odClOxZJWeY3Z64W3Ifd6N544Sr-kdKAzz5C6gSkg9vVMtf6C5dIRn1AnE_4GMcmyGaeew

www.daxueconsulting.com
Perfect Diary’s online marketing strategy

Public traffic
- Social media platform
  - Leverage KOL strategy
  - Create brand recognition
  - Stimulate purchase desire
  - Encourage communication
- Flagship stores on ecommerce platforms
  - Make order
  - Complete conversion

Private traffic
- Personal account
  - Build personal connection between consumers
  - Invite consumers into group chat
- Group chat
  - Build community for brand fans
  - Share information
- Public account
  - Provide high-quality content and attract more attention
- WeChat store
  - Consumers are more likely to re-purchase

- Perfect Diary builds its private traffic pool on WeChat, which can be conducive to re-purchasing.
- This brand leverages rich outside resources and then converts it into its own resources and realizes consumer retention.

Source: https://36kr.com/p/5239729
LEVERAGING XHS TO IMPROVE BRAND AWARENESS
INCREASING BRAND VISIBILITY BY WORKING WITH KOLS

Job description for “KOL advertising” position

1. Be familiar with new media channels like XHS.
2. Better to have some KOL and Multi-Channel Network (MCN)* resources.
3. Have strong negotiation ability.
4. Have a team-oriented mentality.
5. Have MCN institutions and KOLs as resources.

* Multi-Channel Network (MCN): Agency manages KOL activity including content creation and marketing.

Perfect Diary’s KOL advertising volume on XHS
(no. of cooperated KOL)

Jan-Jul, 2018 248
Jan-Jul, 2019 683

175%

Brands’ visibility on XHS

Perfect Diary
Followers 1.7 Million
Like & Save 2.3 Million

L’OREAL
Followers 184 K
Like & Save 87 K

L’OREAL is a world leading cosmetics company, it entered China in 1996.

Perfect Diary shows particular preference for KOL marketing on XHS.
The brand is still working on expanding their influence on XHS by cooperating with more KOLs.
Their strategy on XHS performed well, even better than world leading brand in the cosmetics industry.

Source: https://36kr.com/p/5239729
UTILIZING THE BANDWAGON EFFECT FOR HIGH BRAND VISIBILITY
PERFECT DIARY’S HIGHLY COST-EFFECTIVE ADVERTISING STRATEGY ON XHS

Perfect Diary’s KOL advertising structure on XHS

- **Celebrities (0.1%)**
  - Popular celebrity status
  - Collaborating with celebrities to lead trends and create momentum.

- **KOL (Key Opinion Leader) (15.5%)**
  - Influencer with 50,000 – 1 million + followers on XHS
  - KOLs can contribute high-quality content and motivate word-of-mouth marketing.

- **KOC (Key Opinion Consumer) (84.4%)**
  - Common users with less followers
  - In-person experience shared by common users are more convincing to consumers.

Source: https://36kr.com/p/5239729
DIFFERENT GROUPS OF PEOPLE PROVIDE DIFFERENT CONTENTS

EXAMPLES OF PERFECT DIARY’S KOL ADVERTISING ON XHS

Celebrity posts

- Both are young and popular celebrities in China
- 18 K likes
- 2.3 K comments
- 23 K fans

KOL posts

- Head KOLs’ posts normally introduce products with charming pictures and detailed description.
- 16K likes
- 2.7 K comments
- 36 K fans

KOC posts

- Content from KOCs appear more ordinary but are more trustworthy for consumers.
- Though each can reach to limited number people, a large volume of KOCs can make waves.
- 182 likes
- 781 comments

Source: http://www.100ec.cn/detail–6498346.html
CONVERTING PUBLIC TRAFFIC INTO PRIVATE TRAFFIC

MOTIVATING CONSUMERS FROM MARKETPLACES TO ENTER ITS PRIVATE TRAFFIC POOL AT A LOW COST

Perfect Diary’s private traffic acquiring process

- Follow Perfect Diary’s Public Account
- Add one personal account called “Xiaowanzi”
- Entering codes to get lucky money

Send the photo of promotion card
Scan QR code to get lucky money
Receive invite to enter WeChat group

- The promotion card is attached to products sold on marketplace*.
- Lucky money encourages consumers to enter its private traffic pool.

Personal account Xiaowanzi gives access to get lucky money and sends personal invitations to enter private traffic group.

* We bought Perfect Diary’s product from both Tmall and its WeChat store. The promotion card is only attached with products from Tmall.
CREATING EFFECTIVE COMMUNICATION IN BRAND’S PRIVATE TRAFFIC POOL

CREATING A VIRTUAL KOC CHARACTER

Who is She?
An imaginary KOC character created by Perfect Diary.

What’s her role?
- Provides information on products
- Beauty Consultant
- Provider of real-time customer service
- Friend

Character image of Xiaowanzi

- Xiaowanzi has similar characteristic with Perfect Diary’s target consumers.
- This KOC character help the brand build closer relationship with consumers.
- Close relationship makes communication more effective and efficient.
BUILDING PERSONAL CONNECTIONS WITH CONSUMERS
CREATING A PERSONAL ACCOUNT MATRIX TO PROVIDE CUSTOMIZED SERVICE

‘Black technology’ behind Perfect Diary’s personal account matrix

- Leveraging group control technology, Perfect Diary created hundreds personal account with unified character image called “Xiaowanzi”.
- Normally, each WeChat personal account can have no more than 3,000 contacts. So, Perfect Diary has already has millions of followers in its private traffic pool.

WeChat Moments of different accounts

- Post frequency
  2-4 posts per day

- Main content
  • Life sharing
  • Products promotion
  • Product related knowledge sharing

- Sharing high quality content on WeChat moments to stimulate shop desire.
- Providing different content to different consumer groups.

Source: https://36kr.com/p/5239729
EFFECTIVE COMMUNICATION TO INSPIRE RE-PURCHASE
ESTABLISHING A SERIES OF COMMUNITIES TO SELL AND COMMUNICATE DIRECTLY TO CONSUMERS

Communicate with consumers in WeChat group

- Real-time support
- Product promotion

Customer

Is this new arrival?

Yes, it’s new for Christmas.

Xiaowanzi

Created: Nov. 15, 2019

Expanded: Dec. 20, 2019

+150%

267 people → 400 people

Expansion of one WeChat group

- Discount produces
- New arrivals
- Live stream activity
- Related knowledge

- Perfect Diary has hundreds of private traffic groups, and each is managed by one personal account.
- The group expands fast and has promotion activities everyday.
- The manager Xiaowanzi acts as a reliable friend and provides exclusive service for all consumers in the group.
MAINTAINING RETENTION ON BRAND-OWNED SALES CHANNELS
DRIVING BRAND’S PRIVATE TRAFFIC TO ITS OWN STORES

Entry points to Perfect Diary’s WeChat stores

Perfect Diary has 6 public accounts and each of them are store entry points.

Links in each WeChat post

Providing entrance to Perfect diary’s flagship store on WeChat.

Links shared by Xiaowanzi

Providing entrance to another WeChat store called “Abby’s choice 完子心选”, which might related to each personal account’s KPI.

Perfect Diary’s WeChat stores

Flagship store 完美日记旗舰店

Main shopping channel on WeChat, providing all products.

Abbys choice 完子心选

Branch store on WeChat, which only sells products promoted by personal accounts.
Perfect Diary has opened 30 offline stores in 2019, and is planning to have 600 stores in next 3 years. The brand hopes 65% customers in offline stores are new consumers, who haven’t bought their products online. By establishing offline stores, the brand aims at improving shopping experience and create new private traffic pool.
CASE 3: SAM’S CLUB

RETAIN INDEPENDENCE THROUGH MEMBER-OWNED BUSINESS

Source: Zhang Chenzhuo, China Daily
Sam’s Club is a world leading membership store, which serves more than 2 million members in mainland China. It mainly focuses on deep developing regular buyers and improving membership renewal rate.

In 2018, Sam’s Club achieved 8% same-store sales growth in China’s market, with almost 80% membership renewal rate.

Online sales channels of SAM’s Club

- Self-owned online store
- Brand APP
- JD
- JD Cross-border

Source:
FULL CONTROL ON MEMBERSHIP DATA

CONSUMERS

Membership connection page on brand-owned APP

Membership connection page on JD

Traffic

Personal information

Membership data & consumer behavior

Membership data

Membership data & order information

Membership data

Membership data & consumer behavior

Membership data

Membership data

Membership data

Membership data

Membership data

MEMBERSHIP SYSTEM

BRAND-OWNED CHANNEL

MARKET PLACE CHANNEL

Self-owned online store

Traffic & WeChat

Membership data & consumer behavior

WeChat

Traffic & membership data

Membership data

Membership connection page on brand-owned APP

Membership connection page on JD

JD cross-border

JD

Brand app

Membership data

Membership data

Membership data

Membership data
SELF-OWNED SHOPPING CHANNELS OF SAM’S CLUB
SAMSCLUB.CN AND APP: ONLY SERVE MEMBERS

<table>
<thead>
<tr>
<th>Delivery service</th>
<th>Ordinary delivery</th>
<th>One-hour delivery service</th>
<th>Global purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse</td>
<td>Sam's Club offline store</td>
<td>Sam’s Club offline store</td>
<td>Bonded warehouse</td>
</tr>
<tr>
<td>Shipment time</td>
<td>1 day</td>
<td>1 hour</td>
<td>1-5 days</td>
</tr>
<tr>
<td>Delivery area*</td>
<td>Specified area around offline stores</td>
<td>3-5kms away from offline stores</td>
<td>Specified area around offline stores</td>
</tr>
</tbody>
</table>

* Specified delivery policy on samclub.cn

Payment method
Alipay, Bank Card, payment after delivery

Price
One price for members

After-sales service
Free returns & refunds within 7 days

Special service
Using the Bank of Communications card can get customers extra discount

Source: http://www.samsclub.cn/1/
# SAM’S CLUB FLAGSHIP STORE ON JD

MAINLY OPERATED BY JD WITH PURPOSE OF BUSINESS EXPANSION

## Services provided by Sam’s flagship stores on JD platform

<table>
<thead>
<tr>
<th>Service provider</th>
<th>JD self-operated store</th>
<th>Flagship store on JD Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>JD</td>
<td>JD</td>
<td>Sam’s Club</td>
</tr>
<tr>
<td>Payment method</td>
<td>JD Pay, Bank Card, WeChat Pay, Apple Pay, UnionPay</td>
<td></td>
</tr>
<tr>
<td>After-sales service</td>
<td>DO NOT accept free returns &amp; refunds within 7 days</td>
<td></td>
</tr>
<tr>
<td>Shipment time</td>
<td>Within 1 day</td>
<td>Within 3-10 days</td>
</tr>
<tr>
<td>Warehouse</td>
<td>JD’s warehouse</td>
<td>Bounded warehouse</td>
</tr>
<tr>
<td>Delivery area</td>
<td>Country-wide delivery available (excluding fresh food)</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>Member’s price &amp; ordinary price</td>
<td></td>
</tr>
<tr>
<td>Membership</td>
<td>Integrate with Sam’s own membership system, JD + Sam Club double membership</td>
<td></td>
</tr>
</tbody>
</table>

Source: jd.com
REALIZING HIGH CONSUMER STICKINESS ON BRAND'S OWN CHANNEL

SAM’S CLUB IS ABLE TO ENSURE PREMIUM SERVICE ON ITS OWN CHANNEL BY SERVING CONSUMERS DIRECTLY

**Marketplace**

- (Excludes JD Global)

  - Leverages platforms to reach more consumers, but cannot control the quality of service and products.
  - Serves both members and non-members.
  - Able to reach consumers all around the country.
  - Mainly operated by JD.
  - Does not provide one-hour delivery service.
  - JD keeps Sam’s Club’s products in its own warehouse, then delivers to buyers.

**Brand-owned channel**

- (Excludes Global purchase)

  - Only serves members.
  - Only reaches consumers around Sam’s offline stores.
  - Provides higher quality after-sales service.
  - One-hour delivery available.
  - Delivers most products from Sam’s offline store to consumers directly.

Reaches fewer consumers with high-quality service and products.
MEMBERSHIP COLLABORATION ATTRACTS MORE MEMBERS
SAM’S STRATEGY ON INCREASING BRAND LOYALTY ON MARKETPLACE

Benefits provided by double membership

- **Privileges of JD Plus membership**
  - Discounts
  - Coupons
  - Exclusive service
  - Free returns & refunds within 7 days

- **Privileges of Sam’s Club membership**
  - High-quality goods selected by Sam’s Club

- **Additional discount**
  - Welcome package from Sam and JD
  - Special gifts
  - Annual membership gift

- **Doubled benefits help Sam’s Club persuade more consumers to become members.**
- **Sam’s Club uses a collaboration strategy to convert regular buyers on JD into brand’s own asset.**

Consumers’ perception on Weibo

The double membership is highly cost-effective. I got a lot of benefits!

Source: JD 2019
INDEPENDENT SALES CHANNEL INCREASE BRAND VISIBILITY
SELLING ON OFFICIAL SITE MAKES MORE CONSUMERS HAVE OPPORTUNITY TO LEARN THE BRAND

○ Sam’s Club’s official website in China has online shopping while Walmart’s site does not.
○ By selling to consumers directly on the official site, Sam’s Club’s site attracts 2 times more traffic than Walmart’s site.
○ Sam’s Club’s membership system ensures its website stable traffic volume in a long term.

Total Visits of Sam’s Club official site in China

On desktop & mobile web, in the last 6 months

Visits: 415K
Date: Nov. 2019

Visits: 180K
Date: Nov. 2019

Source: https://www.similarweb.com/
SAM’S CLUB’S BRAND-OWNED CHANNEL HAS HIGH QUALITY SERVICES
ENSURING MEMBERS CAN GET PREMIUM SERVICE THROUGH BRAND.COM AND BRAND APP

Ratings of Sam’s Club APP on APP Store (Dec 12, 2019)

- 1 star: 13%
- 2 stars: 3%
- 3 stars: 5%
- 4 stars: 8%
- 5 stars: 71%

Consumers’ perceptions of Sam’s Club’s brand APP on Weibo

- It’s very convenient to buy fresh food on Sam’s Club APP.
- The delivery is fast. I made order on Sam’s Club APP and it arrived within half an hour.

Consumers’ feedback of Sam’s Club’s flagship store on JD

- This can be eaten and it is very convenient. I think the products sold in Sam’s Club’s offline store has better quality than JD flagship store.
- The delivery is fast. I made order on Sam’s Club APP and it arrived within half an hour. I’m disappointed with the delivery, it’s too slow.

- Most consumers are satisfied with the service and products provided by Sam’s Club’s brand APP.
- Sam’s Club’s flagship store on JD is mainly operated by JD, and has received more complaints about poor service.

Source: https://www.appannie.com/; JD 2019
SAM’S CLUB APP IS NOT ONLY A ONLINE SHOPPING CHANNEL
BESIDES SELLING TO MEMBERS, IT ALSO PROVIDES RICH CONTENT

“Discovery” page

There are regular recipe posts on Sam’s Club brand APP.

Products promotion in post

Stimulating purchase desire and directing readers to shopping page.

Shopping page

Landing on shopping page to complete conversion.
CREATING WECHAT-CENTERED DIGITAL MEMBERSHIP DATABASE

WECHAT IS THE ONLY CHANNEL FOR E-CARD MEMBERSHIP REGISTRATION

Structure of Sam’s Club’s WeChat ecosystem

- Official account
  - Posts
  - Entrance to mini-program
  - Entrance to flagship stores on JD
  - Entrance to official site
- Mini-program
  - Sam’s member’s center
  - WeChat store

Sam’s Club’s WeChat ecosystem aims at:

- Bringing traffic to other online shopping channels and boost sales.
- Providing convenient membership registration and activation process.
- Posting rich content to provide promotion information and create demand.

Official account homepage

- Sam’s membership
  - Existing members can activate e-card.
  - Non-members can register here.

Posts

- Member’s mark
- Click to buy

Sam’s Club’s WeChat ecosystem aims at:

- Bringing traffic to other online shopping channels and boost sales.
- Providing convenient membership registration and activation process.
- Posting rich content to provide promotion information and create demand.
CONSUMERS SEE SAM’S CLUB AS A WELL-REPUTED BRAND

POWERFUL BRAND IMAGE CAN PROMOTE THE BRAND ORGANICALLY

### Ads on variety show

- Sam’s Club gave space for a popular variety show.
- It presented Sam’s Club’s offline store in real scenario.

### Public relation strategy on WeChat

- Sam’s Club collaborated with influential local media on WeChat to reach their members in different cities.
- Sam’s strategy worked quite well, with high view volume and engagement.

### Consumers’ perception on WeChat

- Without much effort on marketing, Sam’s Club still has good reputation resulting from branding.
- Excellent quality control makes Sam’s Club stand out in bulk purchasing.

- Sam’s Club has a good reputation by offering high-quality goods.
- Sam’s Club is the top of mind when people mention bulk buying.

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Source: https://mp.weixin.qq.com/s/Dk3YduRmU_Soa5Ej0UeG7A

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CASE 4: BEAST 野兽派

THE NICHE FLOWER SHOP TRANSFORMED INTO A WELL-KNOWN PREMIUM BRAND WITHOUT ONLINE MARKETPLACES

Source: INS@thebeastshop_official
BEAST 野兽派

STARTED AS AN INDEPENDENT BRAND STEPPED INTO ONLINE MARKETPLACES LATER

- Beast is a homegrown brand in China, products include followers, clothes, cosmetics, and furniture.
- Though a young brand, Beast has explored an effective sales system in China.

Sales channels of Beast

- Weibo: Nov. 2011
- thebeastshop.com: 2012
- Offline store: 2013
- Tmall: 2015
- JD: JAN. 2016
- Brand APP: OCT. 2016
- WeChat store: 2017

STARTING BUSINESS INDEPENDENTLY AS A NICHE BRAND
BEAST ESTABLISHED ITS E-FLOWER BUSINESS ON WEIBO AND CREATED AN EXCLUSIVE BRAND IMAGE.

How did Beast run its business on Weibo at the beginning

- **Sold 2 main products**
  - Flowers
  - Cheesecakes

- **Asked for 5 pieces of information**
  - The store requests only this information from buyers
  - Reasons for buying and special requests
  - Gender of the receiver
  - Expected price
  - Name and address of the receiver
  - Buyer’s contact information

- **3 steps to complete purchase**
  1. Contact with the staff on Weibo or through phone call
  2. Pay by Alipay
  3. Delivered by express companies or brand itself

Notice
- Beast’s Weibo store is an experimental studio.
- It only serves consumers in Shanghai.
- Reservation should be made at least 3 days in advance.

Beast’s consumer-centered sales strategy ensured the brand can offer unique and customized service to a limited number of customers.
EMOTION-DRIVEN BRANDING THROUGH WEIBO
GETTING CLOSER TO CONSUMERS BY SATISFYING THEIR EMOTIONAL NEEDS.

Screenshots of Beast’s Weibo posts

The brand shares images of the flower bouquets they have designed along with the anonymous story of the buyer.

Viewers comments under posts

- Builds emotional connection with consumers
- Drives viewers to comment and interact
- Improves brand awareness and allows premium price

Source: https://mp.weixin.qq.com/s/6fFTKr04LberfRAky_xrsw
STRENGTHEN BRAND IMAGE THROUGH BRAND EXTENSION
BEAST INTRODUCED MORE FAST-MOVING CONSUMER GOODS TO MAKE THE BRAND MORE COMPETITIVE

Beast’s products category nowadays

Flowers and series products

“Monet’s Garden” series products
Beast introduces a series of products for their flower designs

Other Products

Household items
Jewelry
FMCGs
Gifts

Beast Keeps expanding product category to realize “second time growth”

Beast’s emotional connection with consumers makes their new products have high acceptance level in the market

Through product segments extension, Beast successfully transformed from a flower brand into a lifestyle brand

Selling FMCGs helps Beast improve brand awareness and brand loyalty

Source: https://mp.weixin.qq.com/s/6fFTKr04LberfRAky_xrsW
Improving brand awareness during transformation

Leveraging the power of IP, co-branding and popular celebrities.

Beast's recent co-branding cases

- Le Petit Prince (movie) X BEAST
- TOM and JERRY (cartoon) X BEAST
- CIRE TRUDON (candle brand) X BEAST
- PRADA X BEAST

Beast frequently collaborates with famous IP and brands to create new product series.

Beast's cooperation with celebrities

Beast announced their cooperation with Li Xian (a popular Chinese actor) in September 2019.

- The brand raised topics and did a series of posts on Weibo.
- The collaboration successfully improved brand awareness.

Related topic on Weibo

#Beast's endorser Li Xian#
#李现野兽派代言人#

Views: 190 M    Discuss: 127 K

Weibo announcement post:

This autumn, Beast welcomes another endorser, popular actor Li Xian. Li Xian's new role is the charming spirit of Cire Trudon's perfume. Rosewood is sophisticated, Apple brings fruitiness, Scented candles casts spell, and plants smell of fragrances. What kind of fragrance is your? Follow Beast and get more information.

Views: 39.7K    Discuss: 11.8K

Weibo related topic:

Beast's cooperation with Li Xian.

Views: 92.2K
FURTHER IMPROVE BRAND IMAGE WITH OFFLINE STORES
CREATING AESTHETICALLY APPEALING STORES CLOSE TO CONSUMERS

Offline store - BEAST

- Beast’s offline stores emphasize providing exclusive experiences
- Each offline store is well-designed and has a unique theme
- In addition to flowers, Beast introduced new branches to sell other products

Offline mini store – Little B

Consumers’ perception on Weibo

Beast’s offline store is so beautiful that looks like a dream. I feel comfortable there.

Source: https://mp.weixin.qq.com/s/s5kHblMrl8UWJ_U/NFD.JPGyQ, Weibo

I just visited Beast’s offline store. It’s so attractive that I don’t want to leave.
COOPERATING WITH MARKETPLACES TO EXPAND BUSINESS

BEAST ENTERED ONLINE MARKETPLACES TO BOOST SALES AFTER CREATING A POSITIVE BRAND IMAGE

Beast’s flagship store on Tmall

Latest events in store

New arrivals

Video

Top 4 best sellers

. Tmall supported the brand to further extend new product segments

Sales volume on Tmall

(Dec 2019, million)

Jan 2019

Feb 2019

Mar 2019

Apr 2019

May 2019

Jun 2019

Jul 2019

Aug 2019

Sep 2019

Oct 2019

Nov 2019

Dec 2019

13.6

13.7

10.3

7.3

15.1

12

8.8

13.9

14.4

9.1

18.4

29.9

Li Jiaqi’s live-stream promotion

+ 12.12 shopping festival

+ Christmas promotion

- After Beast entered Tmall in 2015, the sales of the brand had seen more than ten times rise in three years.

- Beast’s successful branding strategy entering Tmall created large anticipation. The high volume in sales would have been impossible if Beast did not already have a strong brand name.

Source: https://mp.weixin.qq.com/s/fBGaw_ZcNTBslDQjYlPe0g; Maijia.com
CASE 5: BOSIDENG 波司登

COMPLETE BRAND UPGRADE FOCUSED ON BRAND IMAGE
BOSIDENG

AS A LONG-STANDING LOCAL BRAND, IT REALIZED BRAND UPGRADE WITHOUT RELYING ON MARKETPLACE

- BOSIDENG is a Chinese brand founded in 1976 and is famous for high-quality down coats.
- BOSIDENG is now selling in 69 countries around the world, with more than 20 million consumers.

- The brand encountered severe crisis from 2012 to 2015, but did a complete brand upgrade and revitalization with an effective branding strategy.
- The brand had more than 4 times profit growth since the revitalization.

Sales channels of BOSIDENG

- Offline store – 1976
- Tmall flagship store – 2008
- WeChat store – 2018

Source: http://www.bosideng.com
BRAND IMAGE IS THE CORE FOR ACHIEVING GROWTH
INDEPENDENT BRANDING STRATEGY CAN SAVE A BRAND AND MAKE IT POWERFUL WHILE MARKETPLACE CANNOT

Operating profit of BOSIDENG
(billion RMB, 2008-2018)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>1.16</td>
<td>0.00</td>
<td>1.08</td>
<td>1.37</td>
<td>1.62</td>
<td>1.27</td>
<td>0.87</td>
<td>0.20</td>
<td>0.34</td>
<td>0.66</td>
<td>0.92</td>
</tr>
</tbody>
</table>

BOSIDENG crisis response

<table>
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<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Global economic crisis</td>
<td>Influence from e-commerce, economic downturn, overstocked products, out of fashion</td>
<td></td>
</tr>
<tr>
<td>Response</td>
<td>Entered Tmall in 2008</td>
<td>Improve supply chain management, introduce multi-channel retailing strategy, complete brand upgrade, make diversify promotions</td>
</tr>
<tr>
<td>Result</td>
<td>A short-term profit increase</td>
<td>Successful brand revitalization</td>
</tr>
</tbody>
</table>

- The online marketplace had brought a short-term boost in profit but brought new challenges.
- By focusing on the brand development, the brand awareness of BOSIDENG reached 93% among consumers in 2018.

SALES CHANNEL UPGRADE AND OPTIMIZATION
IMPROVING BRAND IMAGE THROUGH SALES CHANNEL UPGRADE

BOSIDENG’s flagship store before upgrade

BOSIDENG’s flagship store after upgrade

Now we have better understanding on operating stores. Each store is an important port where brands can spread information, and it can greatly affect customers’ perception of the brand.

Vice president of BOSIDENG

BOSIDENG’s efforts on sales channel upgrade

Optimize channel structure layout
- Upgraded its e-commerce portals, which now account for a fifth of revenue
- Enhanced cooperation with mainstream offline channels like shopping mall and central business street
- Launched pup-up stores as supplements to flagship stores

Upgrade terminal image
- Improved the design of every offline store
- Transformed the focus of offline store from selling products to providing a place for experiencing products.

Source: https://mp.weixin.qq.com/s/6NQOEAc4ki1daHNYw0Ei8A; https://mp.weixin.qq.com/s/Q0EYKP43nt_CSru9vv9LwA; https://www.straitstimes.com
PRODUCT UPGRADE AND INNOVATION
IMPROVING THE DESIGN AND FUNCTION OF PRODUCTS

Upgrade product function

- Cooperated with international Research institution for R&D to create more functional products
- Improved material quality and production process

Upgrade product design

- Hired talented designers around the world to improve the quality of design, which was always a complaint of consumers
- Collaborated with well-known artists and international designers to develop new series

IMPROVING COMMUNICATION WITH CONSUMERS
INTEGRATING PROMOTION ON VARIOUS PLATFORMS INCREASES BRAND AWARENESS

Cooperating with KOLs and advertising on Douyin

Sharing updates brand news on social media

Holding show at the New York Fashion Week

Making good use of KOL influence and fan economy

By having a new brand image, BOSIDENG aims at attracting young consumers again.

Source: https://mp.weixin.qq.com/s/pgxDa6SmimAqK8HHbYlbNw
BRAND INDEPENDENCE IS MEANINGFUL FOR ALL KINDS OF BUSINESS

○ For luxury brands that care much more about high-quality and high-end brand image than sales volume, brand independence is particularly important.

○ Brand independence can help brands avoid fake goods issue and guarantee good reputation.

○ By running an independent business, brands can build its own marketing ecosystem to get traffic and boost sales.

○ For mass brands that pay much attention on high sales number, it is also worthwhile to take brand independence into consideration in addition to the close collaboration with e-commerce platforms.

○ Brand independence can help brands effectively convert public traffic into a brand’s own asset, and gradually improve brand loyalty.

○ For brands that care a lot about membership maintenance and high-quality services, it is important to retain independence after entering marketplaces.

○ Niche brands can become famous without entering the marketplace.

○ As an independent niche brand, emotional marketing can help to get closer to consumers and increase brand value.

○ Apart from collaboration with e-commerce platforms, brand extension can be another approach which can help brands increase sales as well as improve brand awareness.

○ For brands that facing the need of brand upgrade, independent branding strategy can save a brand and make it powerful while marketplace cannot.

○ Although e-commerce can help to boost sales in short-term, the improvement on brand image is still the core for achieving growth.