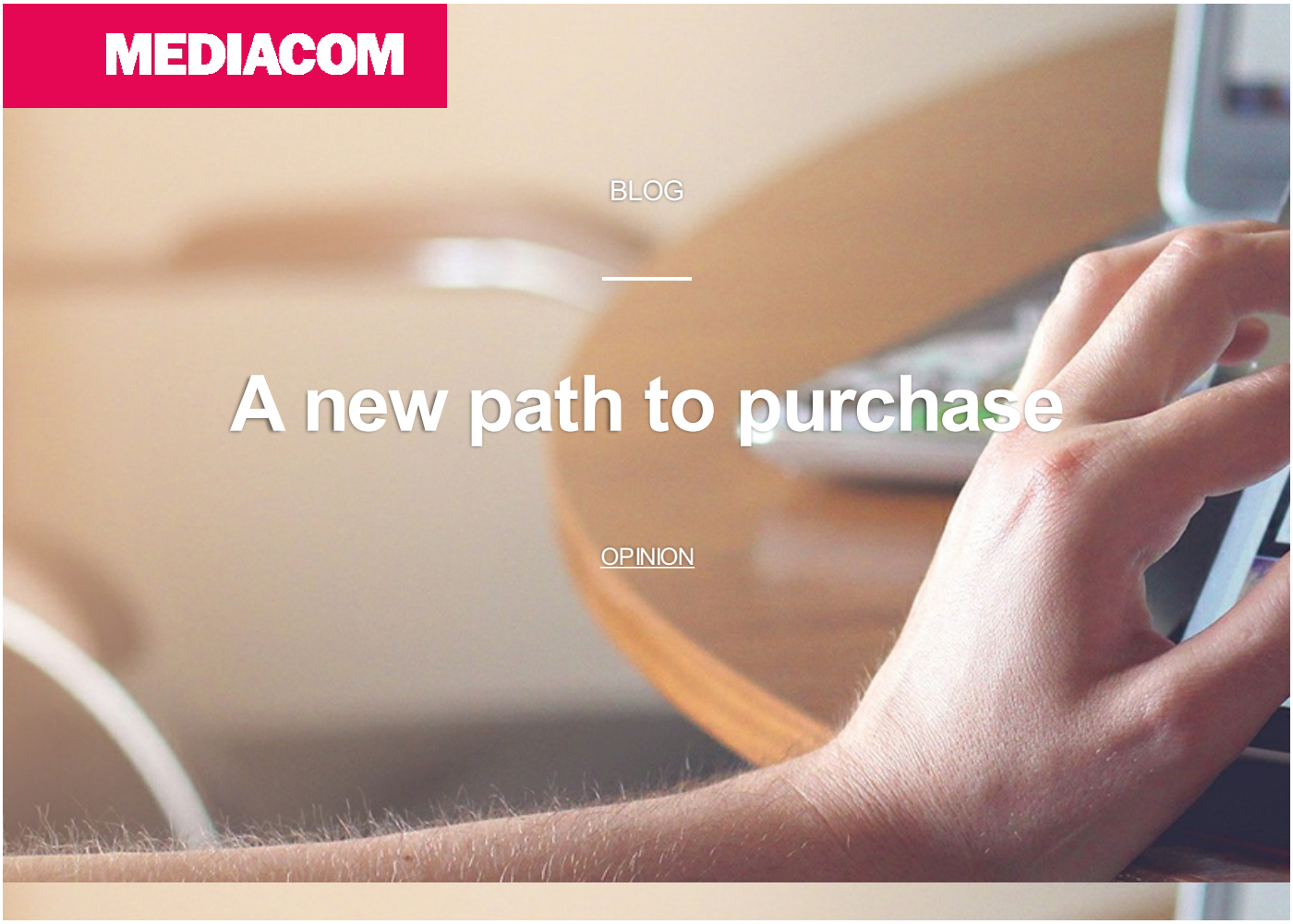


LEON ZHANG, NATIONAL HEAD OF SOCIAL, MEDIACOM CHINA AND CLEMENT WU, CDO MEDIACOM CHINA, 10 SEP 2020

## MediaCom China's Leon Zhang and Clement Wu explain why a new form of interactive eCommerce is proving so powerful.

Only established in 2015, Pinduoduo is growing rapidly on the back of a more involved approach to purchase and it is attracting a huge audience. Interactive mechanisms such as incentivised referral and team purchase have attracted more than 568m monthly active users in China and helped it grow by 55% Year-On-Year.

In the last year Gross Merchandising Value to June 30 totalled nearly $180 billion, thanks to 683m buyers and 5.1m sellers.

A Pinduoduo purchase is more like the offline shopping experience when with friends,

where each member of the group inspires each other to make purchases by chatting about what they plan to buy while they all wander through the same store. It's like visiting a busy, vibrant night market, rather than a retail park.

So, what are the key differences between traditional eCommerce and interactive eCommerce?

1. Path to purchase: The conversion funnel in the interactive eCommerce is disrupted by user-to-user engagement and is often shorter because consumers do not need to go through the normal awareness, search, evaluation and action stages.
2. Reverse logic: The process of interactive eCommerce doesn't involve 'people finding products' but 'products finding people'. That flips the process from the search-centric pull model to a recommendation-centric push model, powered by machine-based recommendation algorithms and community engagement.
3. Closer connection with social: The incentivised referral and team purchase model are more heavily tied to social media than traditional eCommerce.

A recent white paper from China Channel summed up the process as "a model that humanises the online shopping experience. It is an approach that takes the enjoyable, social, and psychological experience of shopping in the physical world, and applies it to the digital age."

## How can brands use interactive eCommerce?

Brands are also leveraging this mechanism to activate purchase-driven digital marketing campaigns. Successful approaches typically follow a process of abbreviated to AARRR (Acquisition, Activation, Retention, Referral and Revenue).

First, brands use owned or paid media channels to attract users into the campaign platform which might be a landing page or social store. Once there they aim to encourage users to complete their desired action, be it registration or following, for example.

The next goal is to ensure they become regular or repeated purchasers / visitors and also work to attract new users into the rapidly growing social network. This referral process is usually combined with monetised or virtual incentives and is the key step that determines the campaign engagement level and success.

The final stage is to improve monetisation value per user, while in the practices of marketing it is often more related to eCommerce sales conversion.

A great example is KFC's Pocket Franchise. KFC launched an interactive eCommerce platform based on WeChat. It gave users an opportunity to setup their own KFC stores in WeChat and promote it across their social network. Everytime their friends bought from the store, the 'store owners' would receive incentives such as cash profits / coupons. The Xbox Fanchise model is another similar case. Xbox gave users an opportunity to design the game controllers and 'claim' to own their designs on an interactive platform, and if others bought that design, the design owners would earn a cut of the profits. This of course motivated users to actively participate and promote their design to their social networks, which ultimately drove sales.

There are three things that brands need to do to make sure their interactive eCommerce campaigns are successful:

1. Make it a competition: this could be a ranking system to compete with friends, a points system to encourage sharing or a progressive task completion to guide users to finish the designed user journey.
2. Make it easy: it should be as simple as possible for users to participate. The less clicks, the more potential conversions.
3. Make it adaptable: The ultimate measure of success for the interactive eCommerce model is the end purchase results or GMV (Gross

Merchandise Value). Tracking codes that measures the conversion from different sources or promotion mechanisms enables agile A/B test and conversion optimisation to constantly improve performance.

Interactive eCommerce's progressive growth and success stand testament to the continual evolution of online interactivity and it's those brands that can harness the power of this shopping experience, not just in China but globally, who are likely to come out on top.

OPINION