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# Lessons from China: Why e-commerce is the future of engagement

BLINK 12 BRANDS

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In the digital world, engagement and e-commerce are becoming increasingly intertwined. Nowhere more so than in China, says Peter Petermann, CSO, MediaCom China.

Brands used to be built at the Point of Engagement and sold at the Point of Transaction, and the role of media was to shorten the distance between the two. But in today's connected world, these points are merging. That's because e-commerce is both brand building and transactional. In the digital world, where shelf-space isn't an issue, brands are building elaborate zones where consumers can engage and buy at the same time. In the real world, where more people are using smartphones when shopping – for product research, consumer reviews, price comparison, even finding a physical store – brands are using their commercial spaces to interact and engage with consumers. China's e-

commerce market is the most advanced in the world. It's where content and commerce are merging. And it's driven by the two big ecosystems, Alibaba and Tencent (both of which encompass more traditional brand environments and e-commerce platforms). To successfully navigate these new ecosystems, brands need to update their communications planning approach to capture the whole customer journey, not just one part of it.

### Transaction and engagement – a marketer's dream?

Marketers have always tried to create brand-building activations that sell: most sales promotions drive immediate off-take and done well, can build memory structures for the brand. One great brand-building sales promotion is Gillette's work on Double11 2016. Double11 (i.e. November 11) is the biggest day in e-commerce in China. It's comparable to Cyber Monday in the US, only bigger. Every brand sold on Alibaba's Tmall platform does some sort of promotion on that day, so the clutter is enormous. To cut through, Gillette offered an on-pack giveaway, cardboard VR goggles, and a super-cool 3D firstperson experiential movie as a download. The target audience of twenty-something tech-savvy males talked about it for weeks. The promotion sold out within hours and increased Gillette's brand image in China. If we're honest, the majority of promos don't really build brand – they're sales-driven. A few brands manage to combine brand building and (direct) sales: 'Dollar-Shave-Club' is a brand built around the act of purchase (as opposed to at the Point of Purchase). You could argue that brands like Uber or Airbnb actually are the transaction.

**E-commerce adds a new dimension to brand building** Sophisticated e-commerce platforms allow brands to become part of the moment of purchase. In the West, Amazon, for example, has become more than a retailer: it's a platform for consumer reviews, an entertainment channel with broadcast quality content, and through hardware such as Alexa, is entering homes. Moreover, the Amazon Stores service lets brands create 'flagship stores' with bespoke landing pages. Each 'store' gives its brand more exposure and a controlled environment for its products. It's easy to imagine how brand building on Amazon will take off once the web giant leverages the full power of AI. Another example of Point of Purchase (PoP) branding is Best Buy's e-commerce site. This large US electronics retailer

offers brands a sort of a 'shop-in-shop' section, where they can showcase their product selection in a 'branded' fashion and, in some cases, include a 'brand experience'. In Japan, Rakuten has Rmagazine, an online content platform integrated into the eComm environment which allows for native advertising and brand integration. Alibaba and Tencent take this further. These huge ecosystems provide content and commerce at the same time. On these platforms, Chinese consumers no longer see the dividing line between what is a store (or the point of transaction) and the engagement because they can go seamlessly from a branded experience to a purchase and back. On Tmall, marketers can create 'Brand Hubs' – landing pages they can design themselves. Brand Hubs can include videos (including TV ads), live streams, social feeds, engagement and information banners, product subpages and other features brands have on their own websites (but with the full e-commerce functionality of Tmall). Additionally, Tmall offers Super Brand Days where brands can take over its opening page for 24 hours to create integrated shoppable experiences. P&G, for example, held a live streaming event on Alibaba for Safeguard soap on Global Hand Washing Day. All day, superstar pop group TFBoys was live on air, showing kids how to wash their hands. The shoppable product was just one click away. Tencent, the other big digital player in China, lets brands build bespoke stores in WeChat. Primarily a social app – a sort of mix between Facebook and WhatsApp – it has many features, including a mobile payment service and a direct link to JD.com, the number #2 e-commerce platform in China. Here, brands can create engaging brand activations that seamlessly connect to the purchase.

### **More than just the point of transaction**

Marketers can apply huge amounts of data to help transform their brand moment into a purchase moment. Alibaba's Uni-desk and Tencent's' Inter-Trace give them the ability to monitor a customer's journey and turn every point of contact into a potential purchase act (and vice versa). Alibaba's Uni-Marketing model is built around a universal ID which Ali uses to track a user's journey across its ecosystem, covering online video, social, online ordering, news, numerous vertical sites, online payments, financial products and much more. Tencent released its answer to this product in August 2017. Inter-Trace follows a similar concept, connecting user data across its entire eco-system and anchoring this with its JD data.

What both platforms offer is a unique user – or rather, shopper – ID that can be tracked, measured and addressed; it's used for planning and attribution across multiple different media channels. It lets advertisers know how people make their way from content down to an online e-commerce purchase.

## A new planning model

Marketers and agencies need to adopt a new approach to get both sides of the message right in complex digital environments. In a world where branding and e-commerce marketing fall together, it's imperative they plan both aspects of marketing communication together against a single set of outcomes – ideally, sales. To do that, as marketers, we need to tie branding strategy and e-commerce strategy together and move towards a completely integrated Outcome-Based Budgeting (OBB) model that allows us to plan, manage and activate a strategy end-to-end. Based on our experiences with clients such as P&G, GSK and Bose, MediaCom China has developed such an end-to-end approach, including tools and systems that allow us to track the correlation between branding and sales.

## Building the brand while you make the sale

The Point of Transaction can look different around the world. In Japan, the PoP is often an automat; in the US and France Hypermarkets are the norm; while, in China, small Mom & Pop shops (euphemistically called 'Traditional Trade') are everywhere. Yet in an increasingly digital world, e-commerce stores are slowly replacing bricks and mortar outlets. In this environment, brands have a unique opportunity to 'build the brand while they make the sale'. For many years, this dictum was the secret dream of marketers, but it's becoming a reality.

While the evolution of the Path to Purchase might differ in every market, brands should consider six universal learning points:

**Build relevance with a special event or a seasonal date.** This will allow you to use and

redirect the organic internet traffic that is happening on these dates to your site or platform.

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**Work with key opinion leaders (KOLs) to launch and showcase the products.** Social commerce is bigger in Asian markets, but it's becoming very effective in other markets; as most KOLs have built their reputation online, eComm platforms are a natural fit.

**Create ample content for users to experience your products.** Video content with key opinion leaders works particularly well; treat your eComm platform the way you would treat a content-rich website, and remember, people don't care about brands, but they do care about content.

**Ensure your content can be shared easily.** The key to creating brands at the PoP is to make sure people see it – just like in the 'real' world. Reach is key to brand building so you need to make sure enough people want to visit your platform. Currently, Live Streaming is still new enough to attract audiences.

**Test and learn.** Building brands at the PoP is still new. There are no historical data so you need to be prepared to invest in innovative approaches, and be ready to make mistakes.

**Don't forget data.** Whichever e-commerce platform you are working with, make sure you get access to all of its data. Alibaba and Tencent offer valuable e-commerce sales data to target users. Using these data targeting capabilities, brands can ensure more relevant users see their branded content (and therefore, buy).

In a digital world, this strategy works both ways; you can also 'make the sale while you build the brand'. In these environments, it is becoming increasingly important to create fully integrated branding experiences where any form of engagement leads to an opportunity to shop.