



Beyond Borders

The Chinese ecosystem and the role of WeChat to reach
and serve Chinese consumers

DIGITAL
RETEX





Agenda

1

Digital in China

...and the role of Tencent

2

WeChat

...”internet” in China

3

How does it work and recent examples

...Advertising, Official Accounts & MiniPrograms, Pay

4

How to leverage its potential

...Reach consumers in China and incoming travellers



Digital in China

How China is a "super force" in mobile internet

Tencent is on top of this...

...and it's just the beginning

Traditionally, marketers and retailers looked “west” to spot emerging consumer trends and future elements of disruption

Walmart 

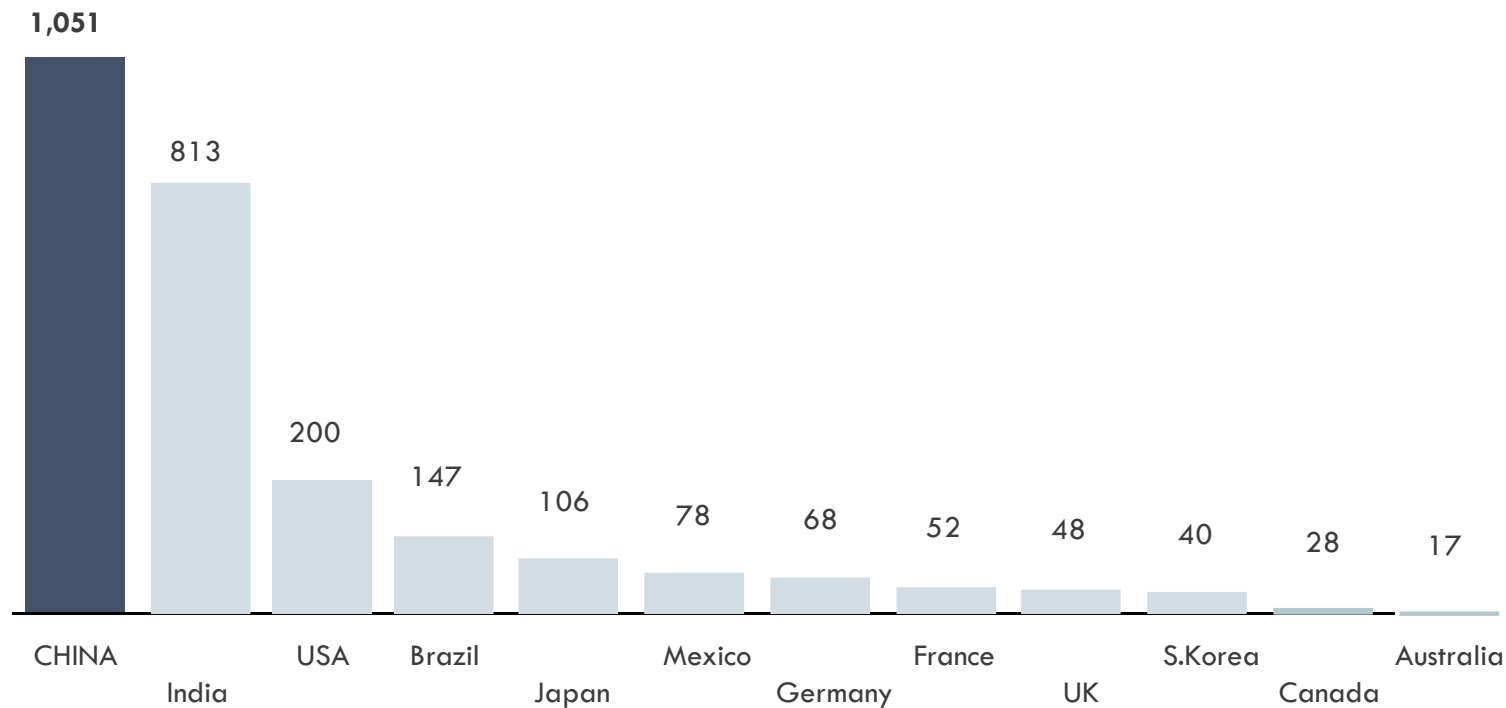
sears® 
TARGET

THE HOME
DEPOT®



But the digital (R)evolution has changed the landscape significantly, and China is probably the best suited country to experience this (1/3)

Size of adult population
(Million)

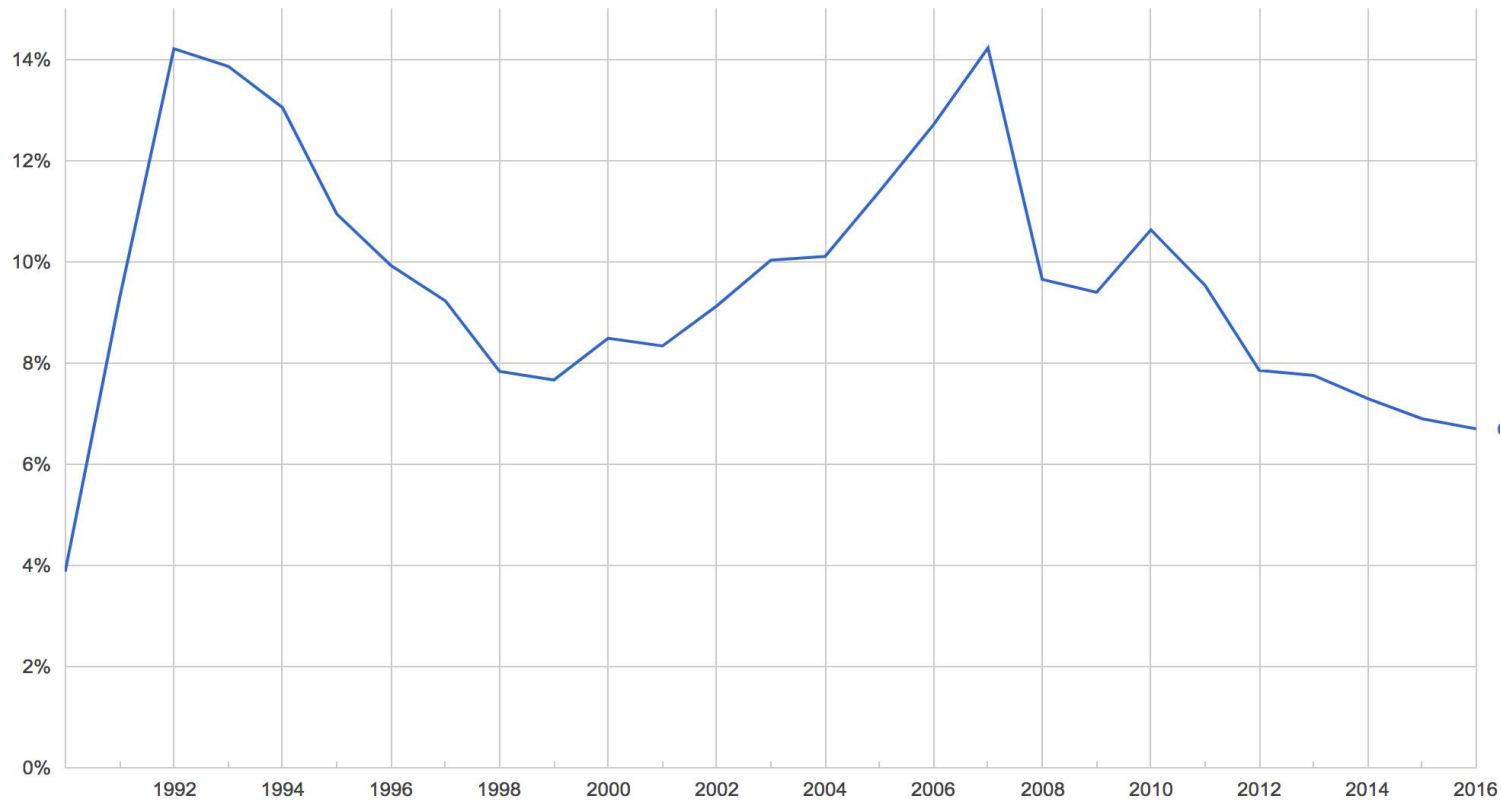


IT'S A BIG, ONE SINGLE COUNTRY

So digital innovations can scale up quickly

But the digital (R)evolution has changed the landscape significantly, and China is probably the best suited country to experience this (2/3)

GDP Growth
(%)



Source: World bank

IT'S A BIG, ONE SINGLE COUNTRY

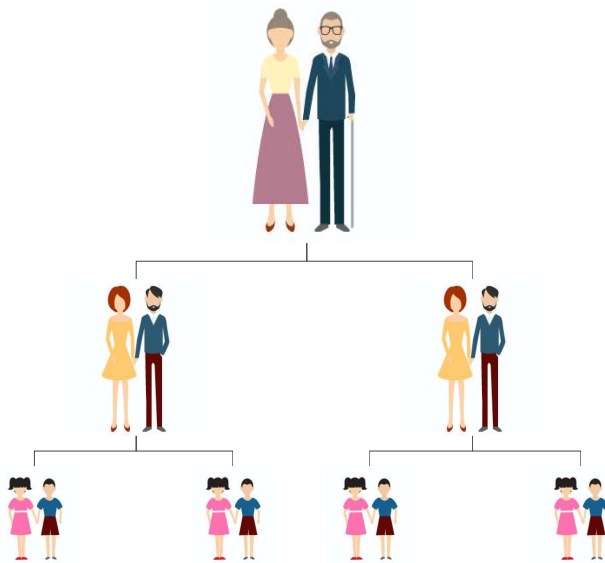
So digital innovations can scale up quickly

IT (STILL) GROWS A LOT

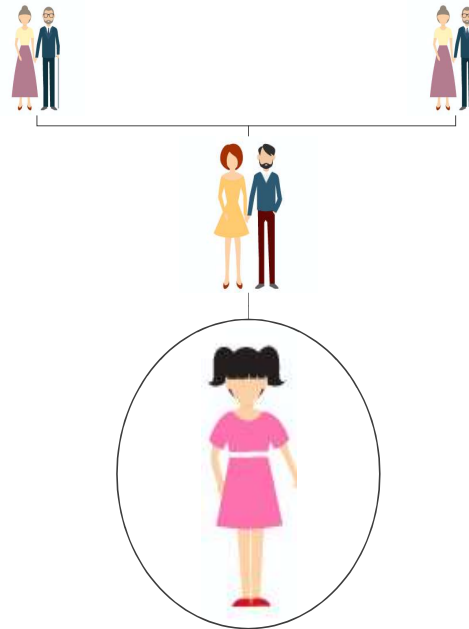
So an increasing number consumers have the resources and the confidence to experience new things

But the digital (R)evolution has changed the landscape significantly, and China is probably the best suited country to experience this (3/3)

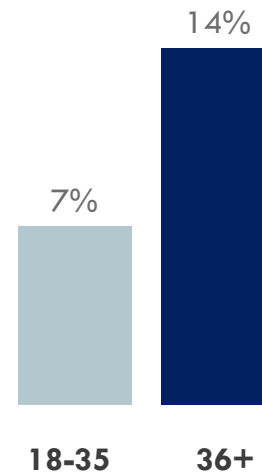
Traditional “Western” family wealth distribution



Traditional Chinese family wealth distribution



Consumption CAGR (2011-2021%)



IT'S A BIG, ONE SINGLE COUNTRY

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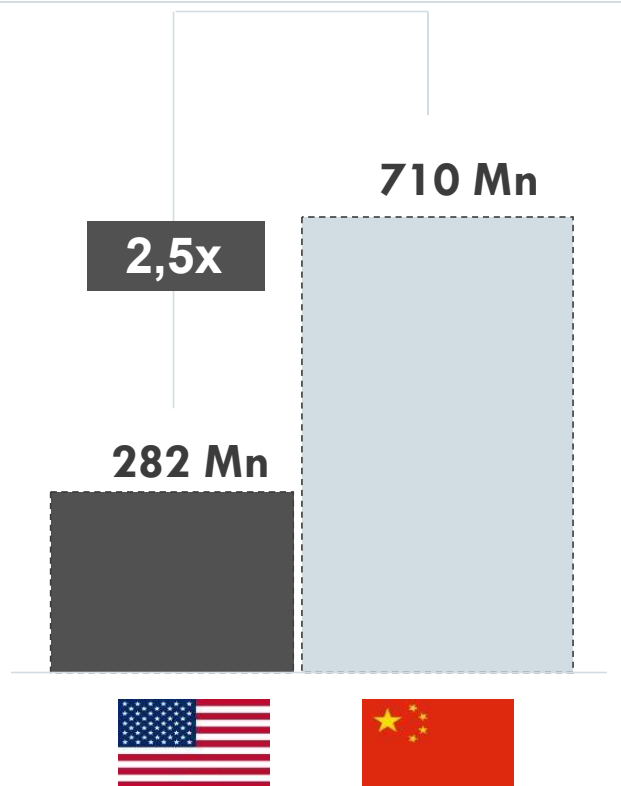
So an increasing number consumers have the resources and the confidence to experience new things

IT IS YOUNG

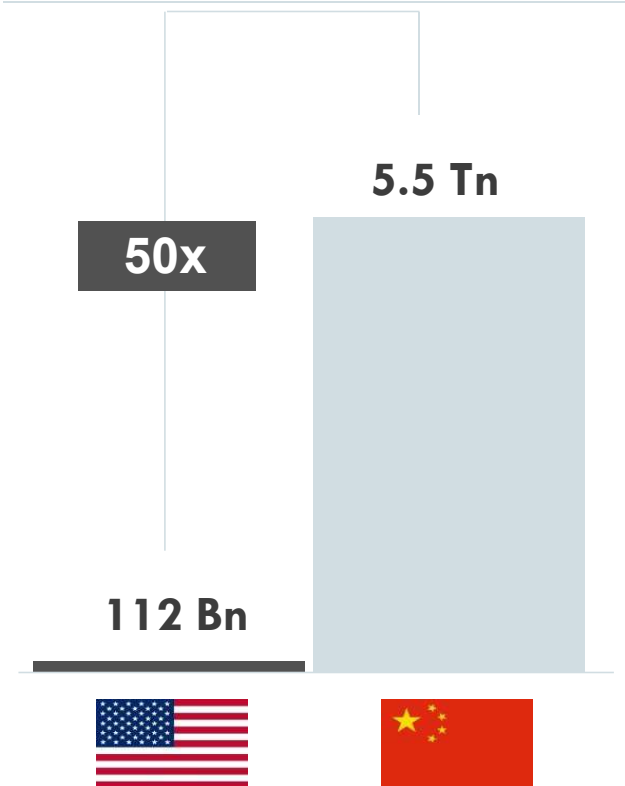
So legacy effects and resistance against innovation is low

In fact, China has become a super force in Mobile Internet

Netizens
(Million)



Mobile payments volumes
(USD)



Source: CNNIC 2016, June China Internet Development Report.H1 CONSUMER BAROMETER,GOOGLE,2015.6,Center for Retail Research,2016 Mobile Internet User Behavior Survey 2016, IAB Understanding Digital Commerce in the U.S. and China,China National Ad Research Institute,2016.1, Forrester Research (U.S.), iResearch (China)

As a consequence, digital champions are way more than just “social media”: Tencent example



1) Via Tencent investments and cooperation



WeChat: “Internet in China”

Life Connector

What Chinese people do on WeChat:
everything!

Day companion

Features and services that walk users
throughout the day

Deeply entrenched

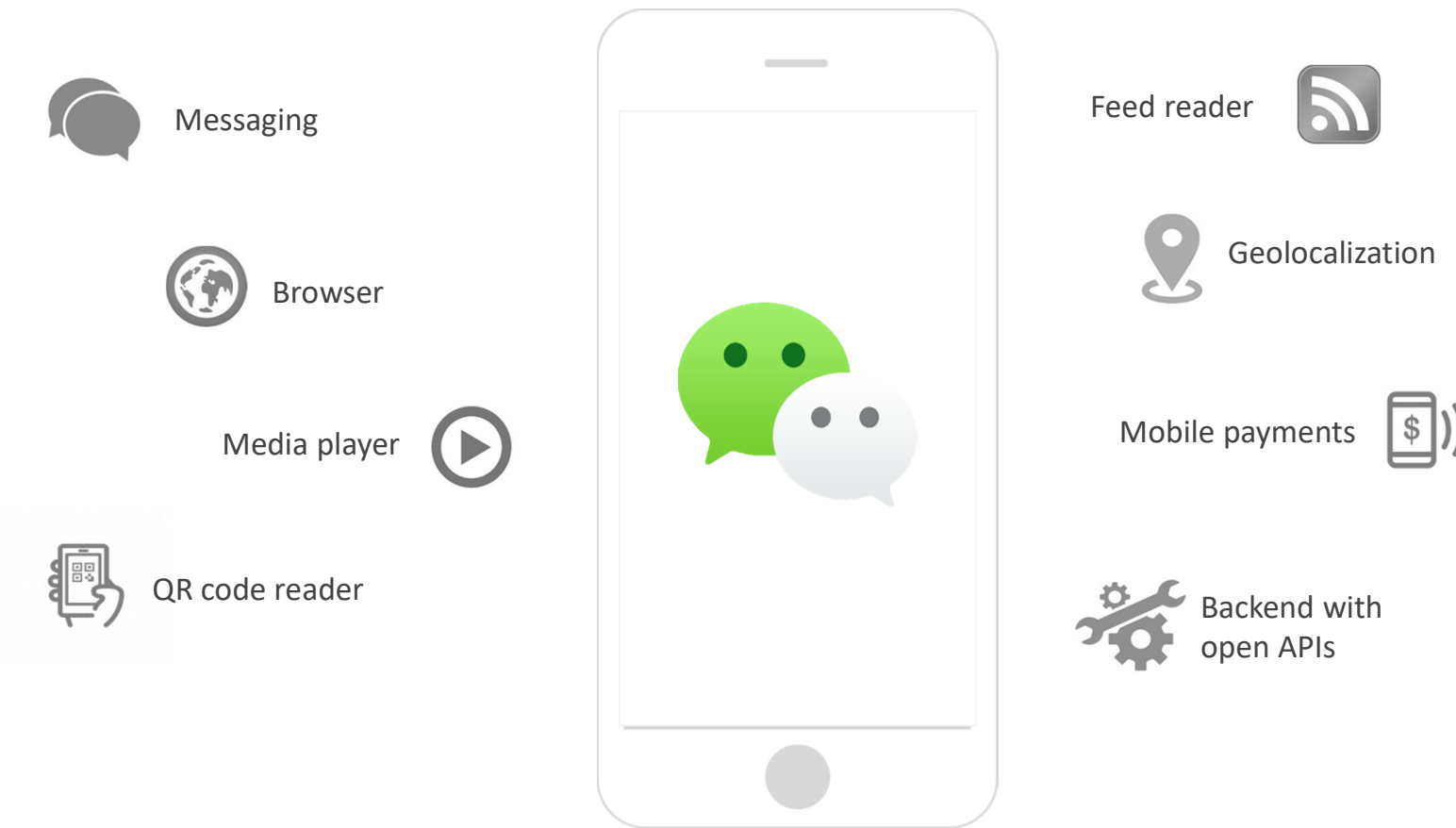
It's not just a trendy social media, it's
actually entrenched in the way
Chinese people live

WeChat sits at
the center of this
advanced digital
ecosystem

Real people, real features



WeChat, as a “swiss army knife”, bundles together already existing technologies...

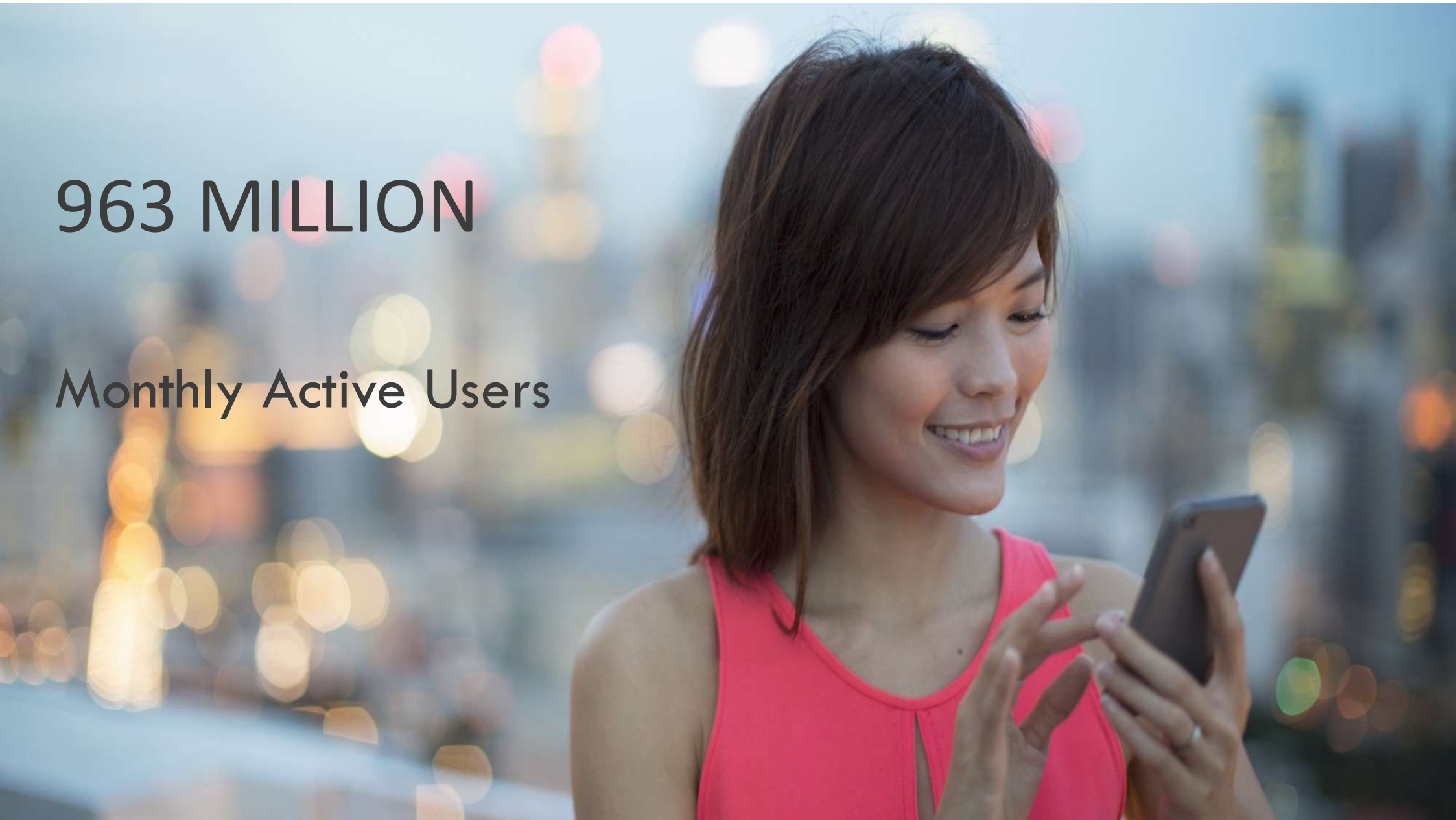




Becoming “just” Internet

963 MILLION

Monthly Active Users





65%
of which born
in the
'80 or '90

1+ Million

WeChat Pay
transactions...

...PER MINUTE



50+ Billion

Minutes of usage...

...PER DAY





From tradition...

To social innovation



Chinese New Year 2017

14.2 Billion "hongbao"

exchanged on WeChat in **one**

day

18

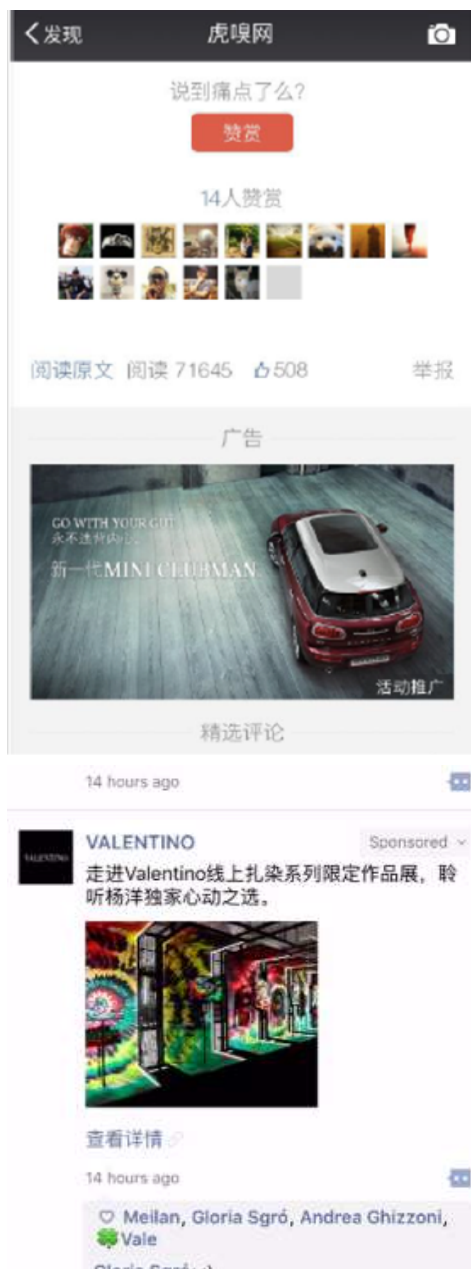


How it works and recent examples

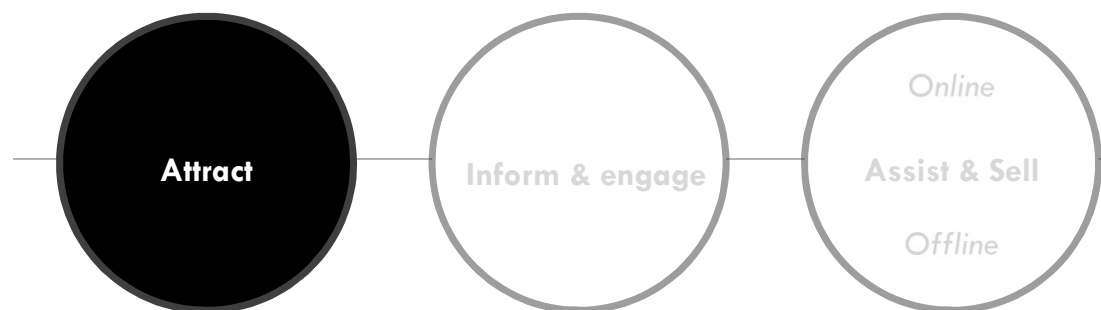
WeChat Advertising

Official Accounts &
Mini Programs






WeChat Pay



First step, like in any market, is about making the right people get to know you



Targeting capabilities

Demographics	Environment	Interests	Behaviour	OA Type
 <ul style="list-style-type: none"> • Age • Gender • Education • Marital Status 	 <ul style="list-style-type: none"> • Geography/ City • iOS or Android • Price of Device • Operating System • Mobile operator 	 <ul style="list-style-type: none"> • Travelling • Women's fashion • Men's fashion • Accessories • Luxury • Hotels • Beauty • Education • Study Abroad 	 <ul style="list-style-type: none"> • Paying user • Has already engaged with brand's ad • Already following brand's OA 	 <ul style="list-style-type: none"> • Travel/tourism • Fashion • Shopping • Luxury • Real Estate • Shoes & Bags • Beauty • Gaming • Entertainment



Example of a target segment

Women

25 35 years

Medium-High purchase power

Passionate about lifestyle,
health, gourmet food

Who are most likely to come
to Europe soon

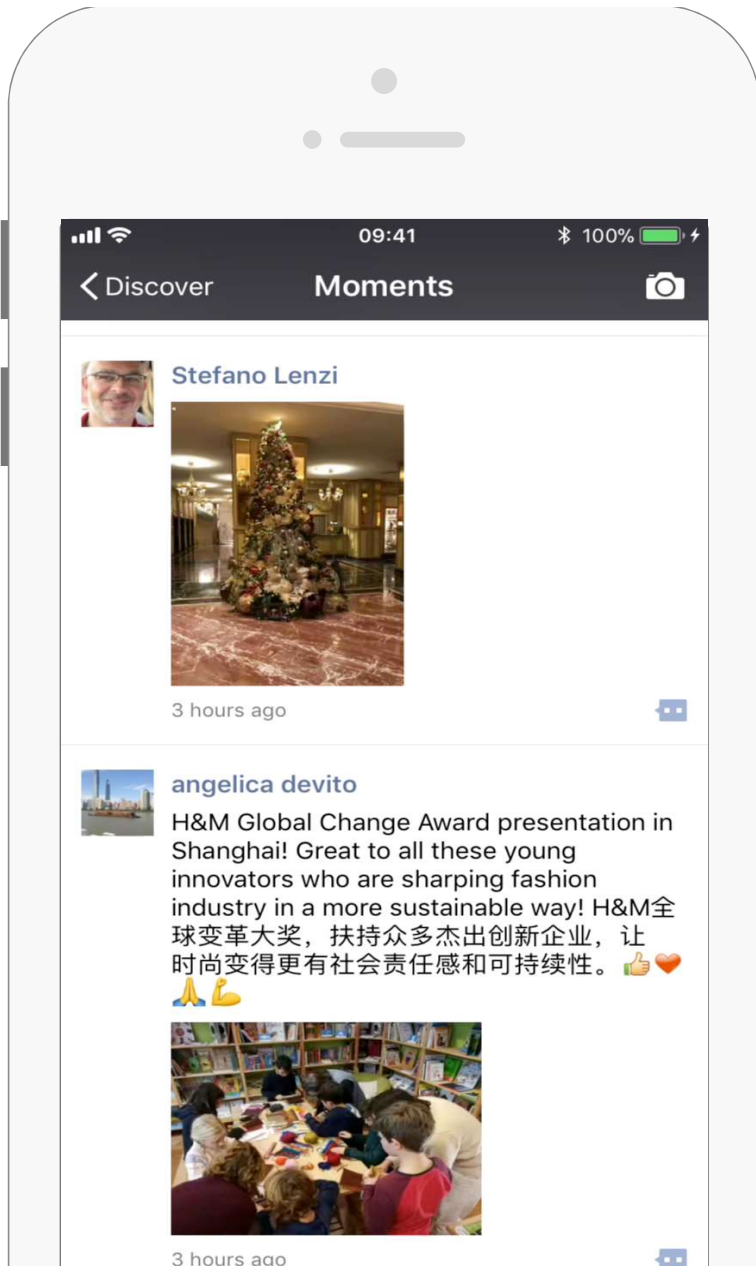
...or...

Who are currently in Italy,
France, UK or Germany



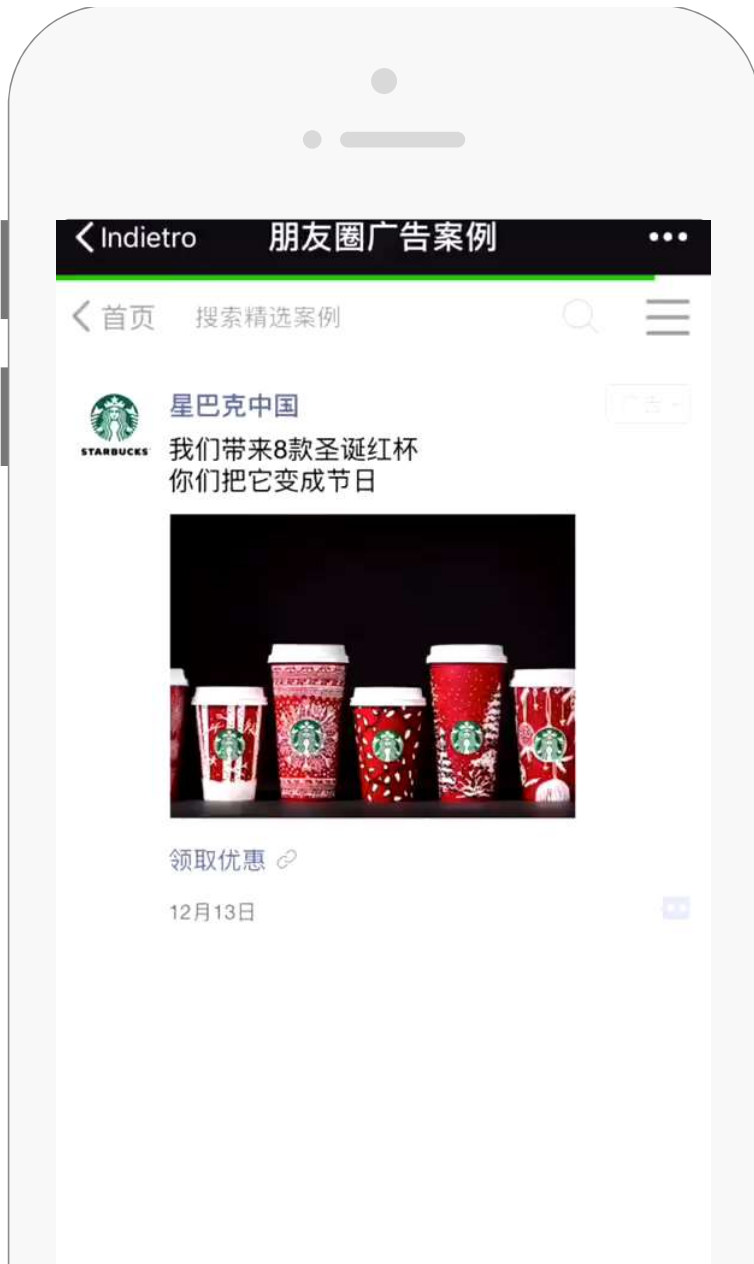
Ads can be emotional... or
directly linked to lead
generation

Officine Panerai video moments ADV plus
HTML multimedia contents



Or directly linked to lead generation

Officine Panerai moments ADV plus Virtual reality integrated with eCommerce



Ads can be emotional and/or directly linked to lead generation

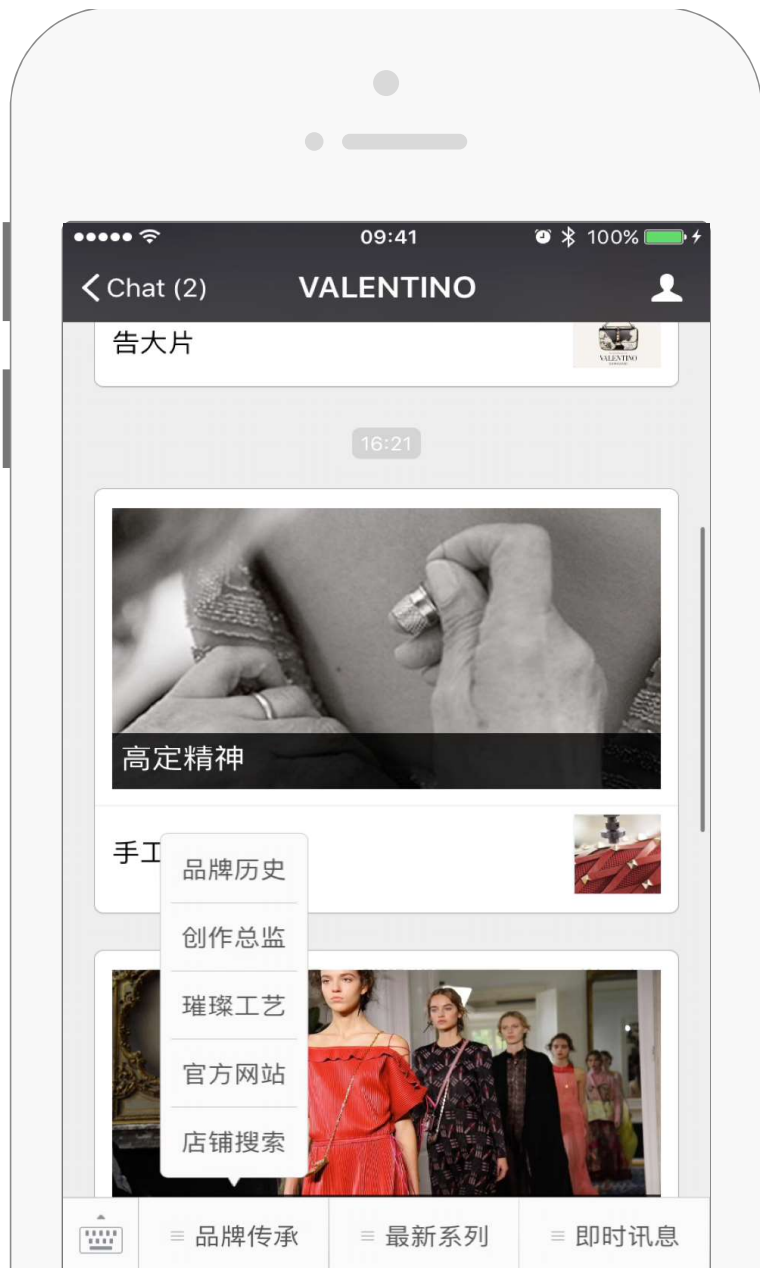
Starbucks: drive to store campaign

Campaign description: 10RMB coupon for Christmas using Wepay to buy a cup of Starbuck's coffee.

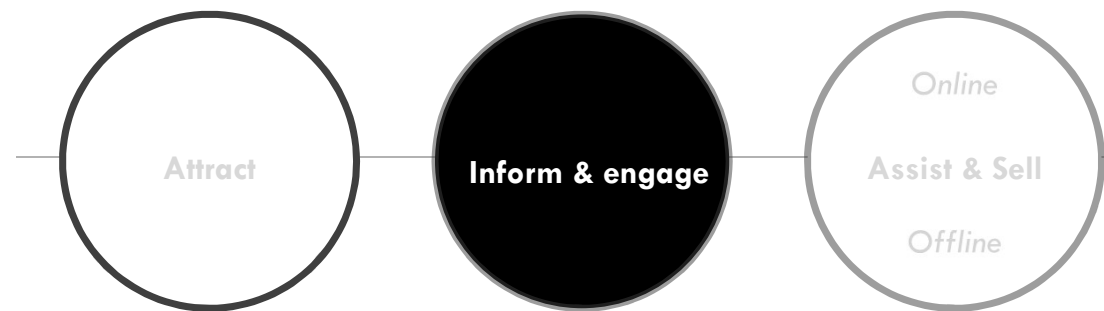
4.9 times View/person (original page)

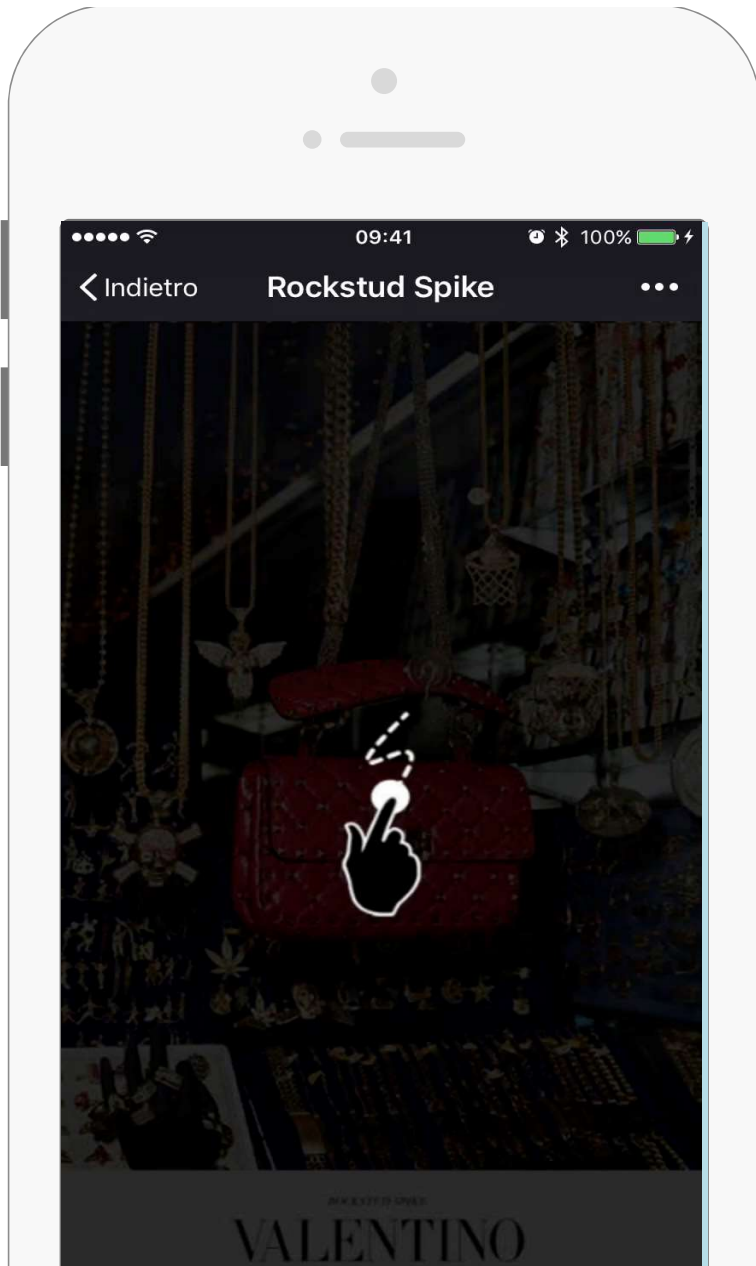
3x Interaction rate (vs standard campaigns)

5x Coupon exchange rate (vs standard campaigns)



Then it is mostly about telling your story,
what makes you unique





Contents: brand engagement is key

- Simple links to company websites don't meet user expectations
- HTML5 animations are becoming the standard for top fashion & luxury brands
- Integration with core company assets (e.g., DAM) is a clear trend to boost analytics and contents quality

Broadcast messages: social posting like “weekly magazines”

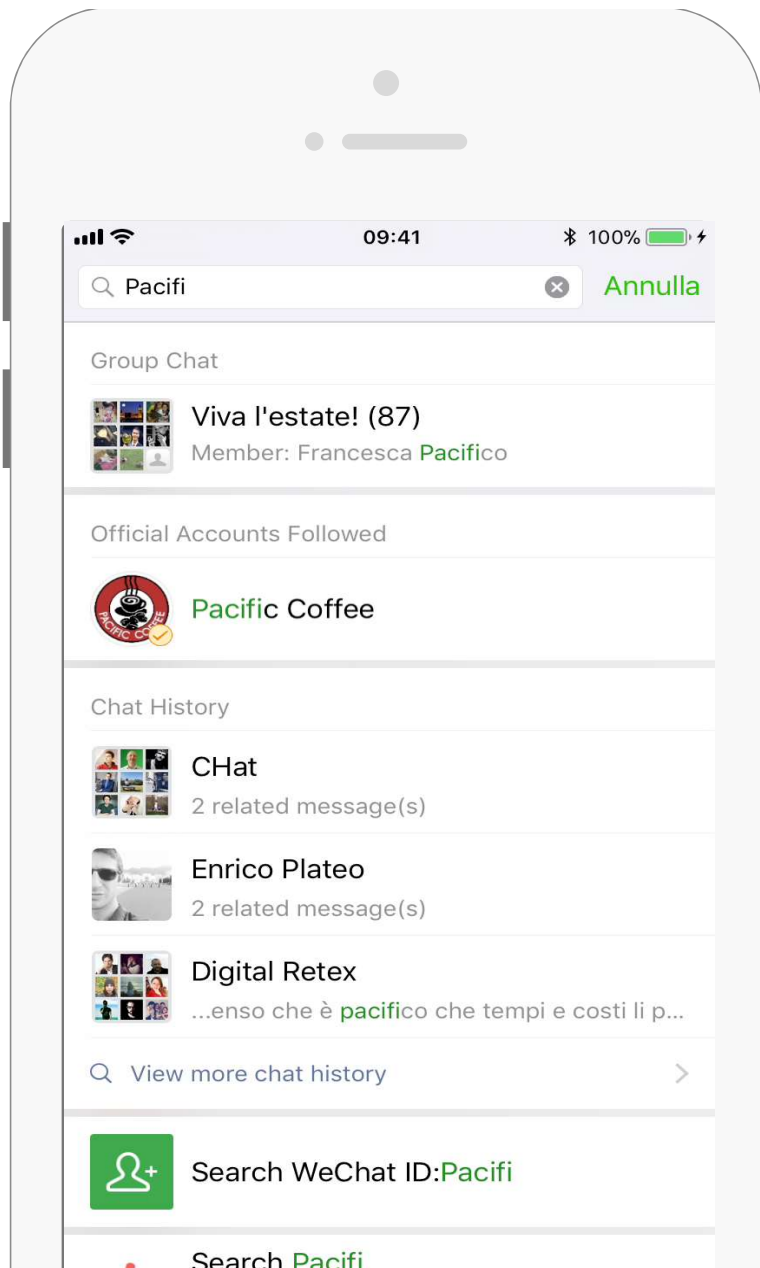


No Algorithm: “We are a media, hence we have no right to filter what a brand wants to say to a person who chose to follow it

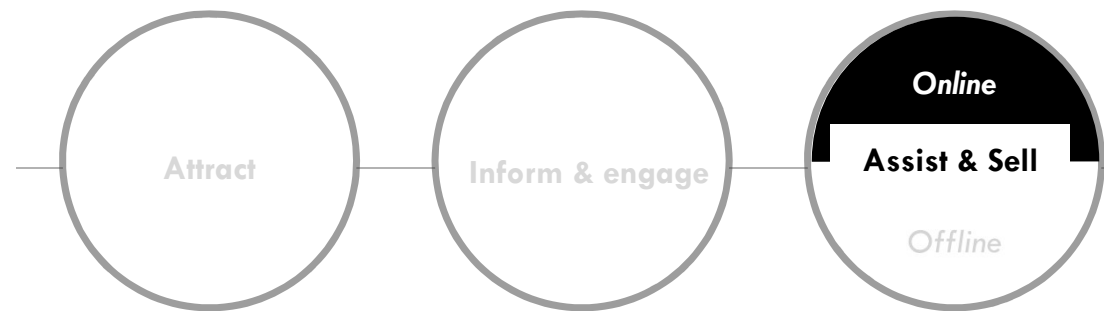
Multimedia contents: It's not about frequency, it's all about interest and quality

Limited volumes: communicate only if you really have something relevant to say

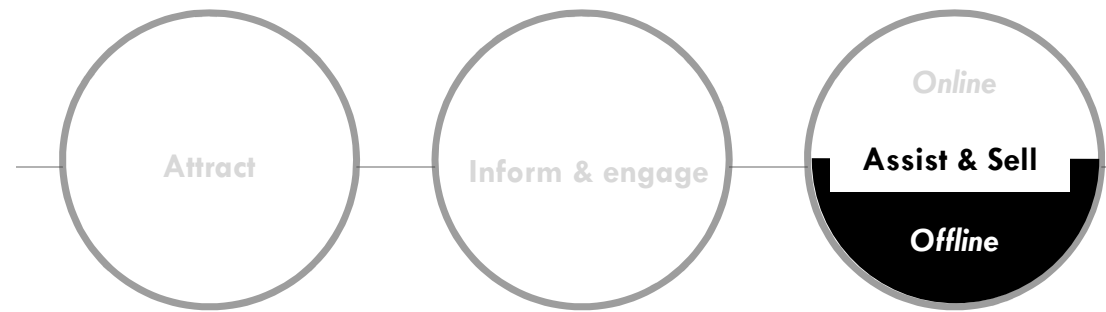
48hours rule: if the follower wants you, then you can tell him what you want



Beyond content: sales can be generated online, directly by the brand within its own WeChat account

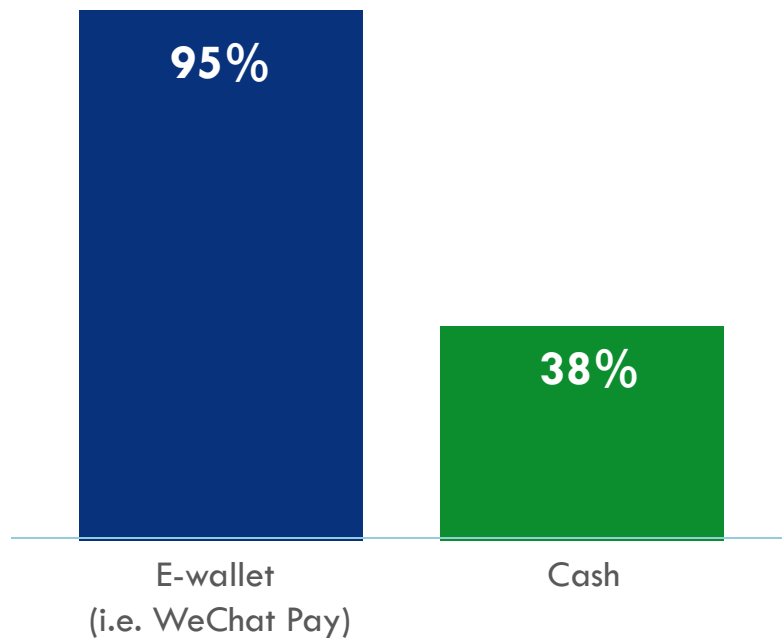


WeChat pay has entered also phisical stores,
leading to a cashless economy... now also
crossborder



WeChat pay is rapidly becoming “not an option” anymore in China

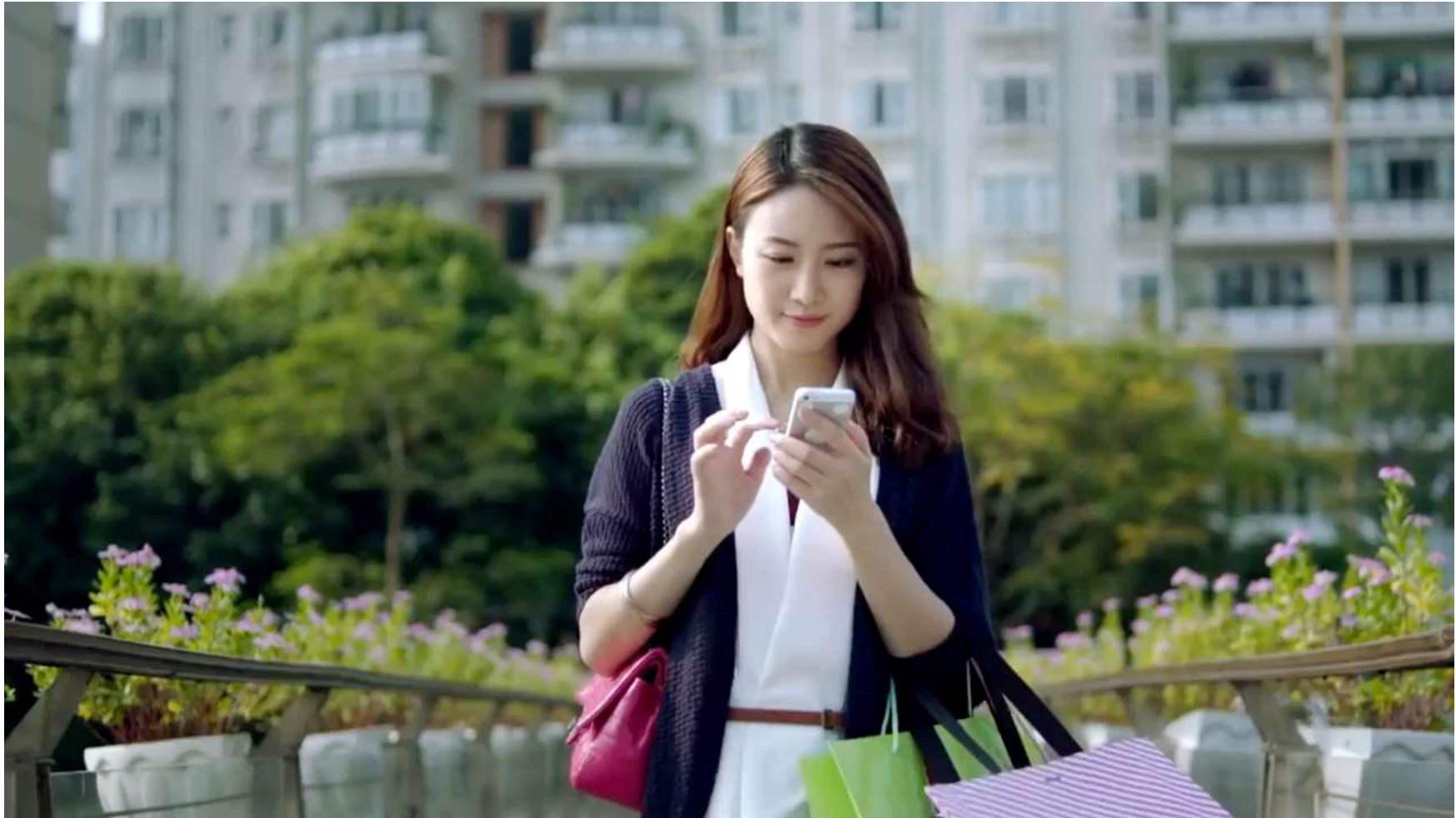
*What are your favourite adopted payment tools
OFFLINE?*



Fonte: Tencent, Penguin Intelligence



Through WeChat, the payment becomes a key element of the consumer journey,
at the center of online/offline marketing strategies



Reach out to e-commerce in China

ADS in Cina

Official
Account/MiniProgram

ADV Outbound

QRcode in negozio

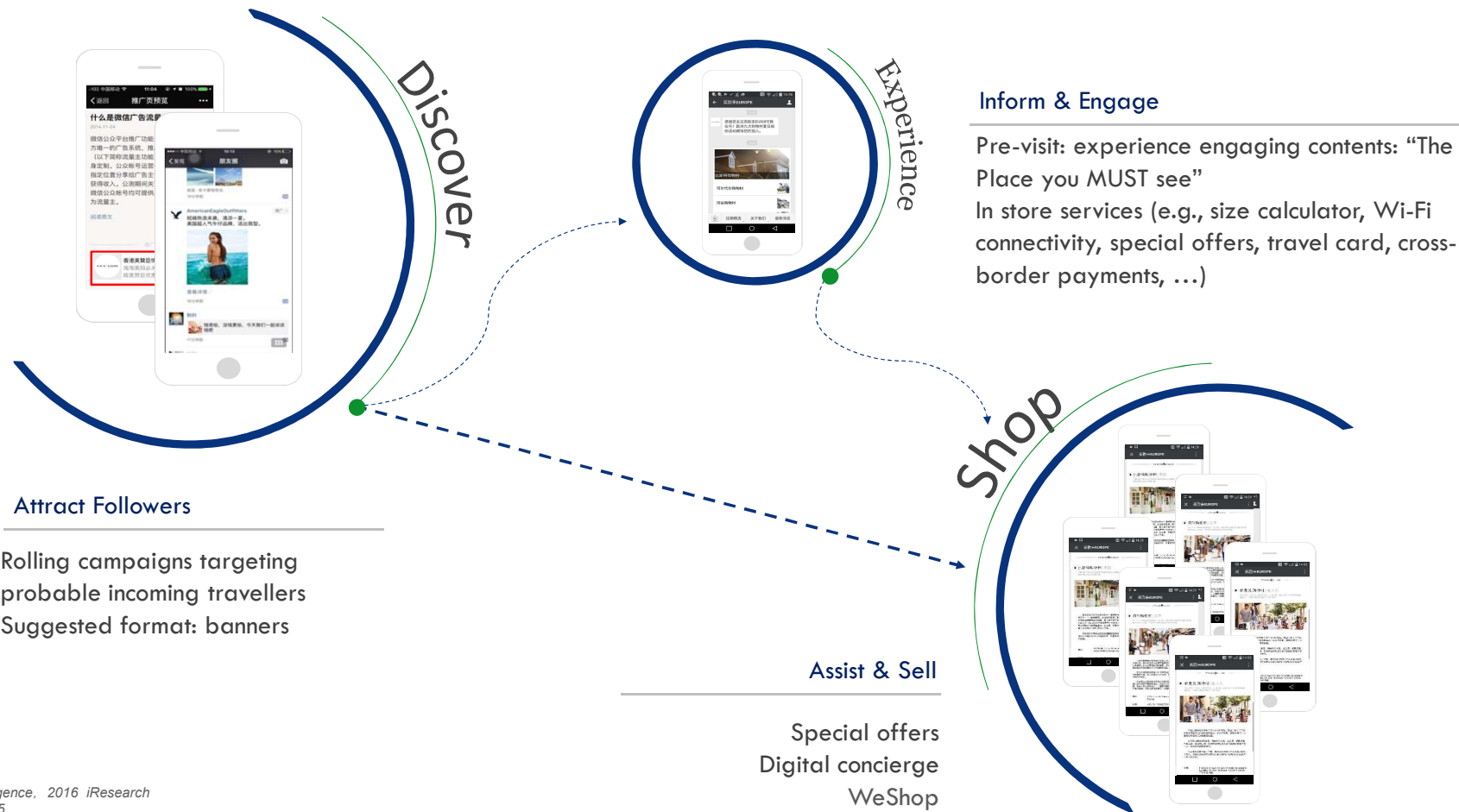
WeChat Pay

E-Commerce in WeChat



WeChat is rapidly becoming the most integrated channel to reach and serve Chinese travellers

CONFIDENTIAL – Shopping Village example



*Source: Penguin Intelligence, 2016 iResearch
Luxury Study, 2015
Bain, China Luxury Market Trends, 2015

An example of integrated use of WeChat: Caesar hotels in Las Vegas



Pre-stay:

Official Account integrated with the online booking platform

During stay

Domotics and customer care via chat

Self checkout and in-hotel

WeChat pay

Post stay:

Customer data stored centrally to adjust offers and future rooms set up



How to leverage its potential

Reach consumers in China

Attract incoming tourists

Keep control



More than 35% of F&L global consumption is driven by China...

...55% for brands which already exploit the opportunity proactively...

...65% of watchmaking industry global revenues is generated by Chinese consumers

Made in Italy is still among most desired products and lifestyle experiences for Chinese consumers

Design & furniture

Some examples of what we do

ATTRACT
&
SELL

ADV

“Through WeChat we reach only real potential customers in the areas that we serve through our local distributor”

WeChat
OA

“By managing our OA from Italy, we are in full control of brand positioning and experience”

B2B

At fairs, we use our WeChat account to enrol new business partners

Entry to luxury fashion



Some examples of what we do

In store

“Through QRcode we increased in-store traffic in our boutiques around the world”

JD.com

“By integrating WeChat with our shop on JD.com we realized a fully integrated digital channel: social + marketplace!”

Customer Care

“Our stylists provide recommendation via chat. It's service to sales reinvented”



In 2016...

- ... 133M Chinese tourists travelled abroad, more than any other country
- ... 10.2M Chinese people visited Europe
- ... Italy saw 3.8M visits from Chinese tourists

In 2020...

- ... more than 200M are expected to fly over globally
- ... when about 16M Chinese tourists will go to Europe
- ... this number will easily increase by 40%!



Luxury
Brand

ATTRACT
&
SELL

Some examples of what we do

ADV
Drive to
store

"WeChat ads let us reach them where they spend lots of their time when they're visiting the UK"

WeChat
Pay

"We integrated WeChat pay instore as Chinese users LOVE it due to the great exchange rate and the ease"

eCom-
merce

We sell our top performing products through WeChat. Users follow links from our contents and pay using WeChat wallet."



Tourist attraction

Some examples of what we do

ENGAGE

Content creation

“Chinese visitors love our exhibitions, but often they don’t know about them. Our weekly WeChat push keeps them updated”

Experience Design

“We built an h5 experience that allowed our Chinese users to live the exhibition through WeChat.”

Customer Service

“When visitors have questions they can reach out to us in a convenient way and we can reply directly via WeChat”

Hotel



SERVE

Some examples of what we do

Digital Concierge

“We use WeChat official account to allow guests to order room service, book treatments and restaurants”

Content creation

“Our weekly WeChat push keeps them informed on what’s on nearby and book memorable experiences”

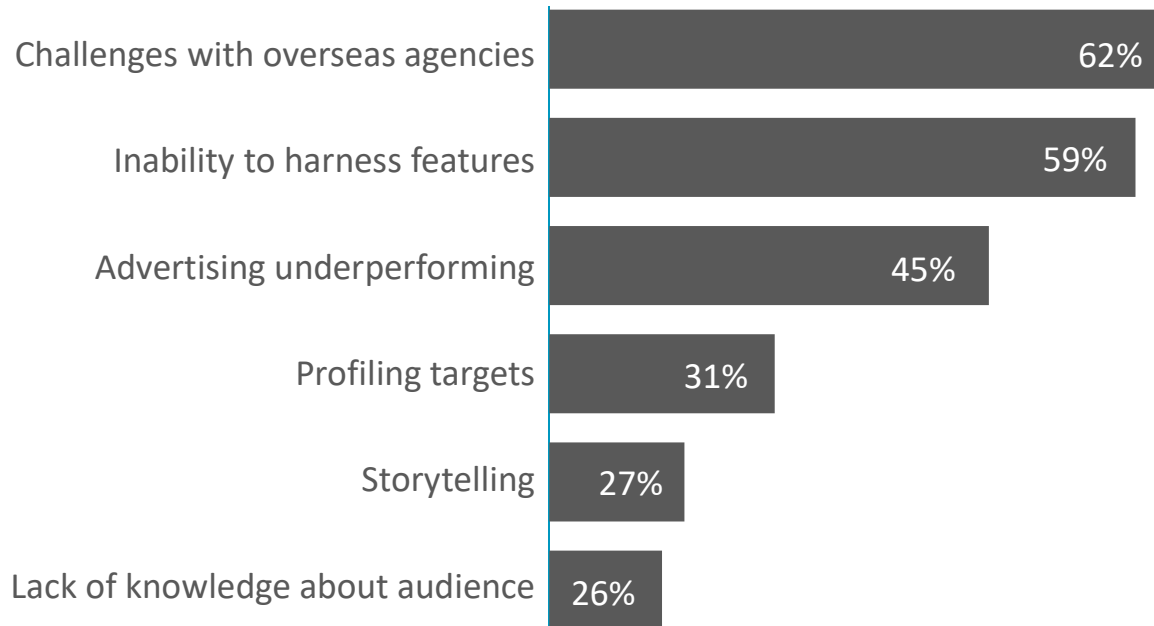
WeChat Pay

“We’ve integrated WeChat pay into our booking system so that now guests who follow our account can book stays directly”

Why use Digital Retex?

Common problems faced by brands when using WeChat

% of response



WECHAT EUROPE AND DIGITAL RETEX FOR EUROPEAN BRANDS

1

Tencent Trusted Partner

2

China HQ close relationship

3

Tencent training

4

Italian/ Chinese mixed team

5

Internal IT team and structures

What we do



OA Design

Editorial plan

Ads

Sales

Integration



Why with Tencent IBG and its Trusted Partner Digital Retex

Possibility to **create data sets “ad hoc”**, based on client request, leveraging Tencent raw data

Optimize campaigns thanks to the direct involvement of Tencent resources, resulting in more than **20% efficiency** increase

Possibility to **book spaces in advance** and, in general, **more flexibility** in the overall execution of the campaign

Review of materials and copywriting **done directly by Tencent IBG** team of planners



Tencent IGB and Digital Retex achievements in 2017



More than **70 clients** served

More than **110 campaigns** planned

Over **700 milion impressions** delivered

30 Official Accounts daily operated





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RETEX

