With the fast technological advancement around the globe, the way brands can optimize consumer experience is constantly evolving. Consumers nowadays expect more engaging experiences with brands, which drives physical retail locations to innovate their ways of developing consumer experience (SmarterCX, Nov 2019). An emerging retail model, known as retailtainment – a term used to describe experiential retail - the merging of entertainment and technology with traditional shopping – is indeed a ‘lucrative eCommerce strategy that offers consumers the kind of experience that consolidates online and offline shopping for immediate, and intense, gratification (SCMP, Mar 2019), and is a way in which retailers are working to keep consumers visiting their brick-and-mortar stores. In fact, despite the quick and unstoppable spread of online marketing, offline is still expected to be the preferred luxury sales channel in the near future (McKinsey, Apr 2019).

**Breakdown of Chinese Online Luxury Spending (RMB billion)**

(Source: China Luxury Report, 2019)
Despite Chinese consumers’ demand for digital, in-person or in-store experiences are ranked as the most impactful amongst 90% of young Chinese consumers (McKinsey, Apr 2019).

With the standing significance of in-person and in-store experience, many retailers brainstorm creative ways to merge online and offline experiences. When devising marketing strategies, brands and marketers should first look into the shopping habits of potential consumers of different age groups. Duty-free stores are most appealing to post-90s (Millennials & Gen-Zers) given their preferences for relatively affordable luxury, plus the fact that they are most likely to travel abroad.

(Source: China Luxury Report, 2019)
In-store Installation for Instant UGC Generation

Provided the fast development of social media marketing, together with people’s lingering preference of making purchases at bricks-and-mortar stores, online-to-offline (O2O) experience has become an emerging trend. In its simplest sense, it allows consumers to, for instance, take and share pictures of bricks-and-mortar spaces (the physical retail shop) then post them onto their social media platforms. Young shoppers love to share their experience, so in-store installation should support this needs for maximum effectiveness, which not only remind users of the product they have experiences, but can also drive user-generated content (UGC) through social platforms.

Live-streaming is an emerging trend leveraging local digital influencers and KOLs. Through live-streaming, consumers are offered a smooth experience, in line with the habits of tech-savvy target demography – the Millennials and Gen Zers. Take the record-breaking 2019 Singles’ Day as an example, live-streaming is adopted by many brands for introducing their products in a detailed and entertaining manner. Livestreaming commerce provides a lot of exclusive offers, increasing the urgency for prompting quick buying decisions (CNBC, Nov 2019). Taobao Live, the live-streaming unit of eCommerce giant Alibaba, recorded sales of 20 billion RMB during the 2019 Singles’ Day, accounting for approximately 7.5% of the group’s overall sales (TechNode, Nov 2019). Alibaba data illustrated that the number of livestreaming session during 2019 Singles’ Day doubled from last year, with more than 10 livestreamers sold RMB 1 billion-worth of goods during the event. More than 17,000 brands started livestreaming during the event, selling fashion apparel, cosmetics, consumer electronics, etc. More than 50% of the merchants taking part in the shopping festival gained growth from livestreaming and more than 10 live broadcasts led to transactions of over 100 million RMB (The Star Online, Nov 2019).

Illustration: Livestreamers Selling Products during Livestreaming Sessions

(Source: TechNode, Nov 2019)

Interactivity and Personalization

Pop-up shops at renowned shopping malls is another option for brands to enable retailtainment. YSL Beaute erected a pop-up shop at Harbour City in Tsim Sha Tsui, Hong Kong, and collaborated with WeChat for launching its Mon Paris Couture perfume. The shop offered a facial recognition program and an interactive kiosk where consumers could personalize their bottles of scent (SCMP, Mar 2019). The
success of YSL Beaute has made two points clear: the rise of Augmented Reality (AR) and the ever-increasing popularity of personalization.

The multi-brand store Sephora has been a pioneer in adopting the experiential retail shopping – a hybrid of experience and experiment with a “Virtual Artist” AR app, which allows potential consumers to experiment with make-up products without really putting them on. This first-hand exposure to new technologies has led to a highly personalized and satisfying retail experience.

About 88% of consumers who made online purchases have also shopped in physical stores during the final quarter of 2019, thanks to experiential retail strategy (SCMP, Nov 2019). To increase foot traffic, stores should transform themselves into an interactive space where visitors can experience the brands, through “befriending” the beauty consultants who offer one-to-one personalized consultations to the consumers while creating bonds with them.

**Gamification**

Leveraging on the purchasing power of Millennials and Gen-Zers, gamification is an engaging way for Chinese consumers. 2019 Singles’ Day featured a game that increased the platform’s stickiness during the pre-heating period of the annual 24-hour shopping event, while indicating a powerful tool for eCommerce to acquire users at an affordable cost.

The game “Gai Lou” (蓋樓大作戰), literally building of a virtual store in the shape of a tower allowing users to win Hong Baos (紅包), meaning red envelopes equivalent to money they can spend and share. The instant popularity of this game illustrates the importance of the retailtainment trend. Participants of this game became ‘Tmall store partners’ and they are invited to join a group to collaboratively build a virtual store together simply by stacking. With 2 – 5 members, the group battles with another team to level up their virtual stores and scores. Every battle winner gains a Hong Bao as a reward, and with each game lost following that, the accumulated Hon g Bao goes to the opposing team.
The games success attributes to its ability in linking up people, even remote friends, for forming groups. It also has a high level of stickiness, with its “winning or losing” rule (compared to solely collecting Hao Baos without the risk of loss. To retain their Hao Baos, they need to continuously compete. Alibaba official data illustrated that the game reached 400 million users, covering 60% of young consumers in tier 3-6 cities, and there was a strong correlation between gaming traffic and sales. Armani was a brand featured in one of the virtual stores and ended up being one of the high-performing 299 brands to see goods worth more than RMB 100 million on Singles’ Day. (WARC, Nov 2019).

Conclusion, Insights and Recommendations

With the ever-increasing purchasing power of the Millennials and Gen-Zers, and to tap into their dynamic buying habits, brands have to constantly strategize their marketing tactics, if they want to maximize both their online and brick-and-mortar foot traffic. While the post-90s are digitally savvy, who follow a ‘research-online-purchase-offline’ mode of purchase, which is an equivalent to O2O, brands should, first, adopt an omnichannel approach to provide quality brand and product information to target audience, followed by unique and impressive in-store retail experience which is personalized, innovative, interactive and informative. Interactive and fun-filled installations, as well as professional personalization services should be given paramount importance.

To tap into the Mainland market, you need expert advice from X Social – your professional cross-border digital professional. Contact us today for a 360-degree marketing strategy tailor-made for the Mainland Chinese market by calling (852) 3568 9055 or sending an email to info@xsocialgroup.com today. We look forward to serving you professionally soon.