

RETAIL

Are luxury brands engaging their WeChat communities?

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WeChat is the platform to engage Chinese consumers of luxury and non-luxury products and services. Image credit: Luxury Society

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Digital Luxury Group (DLG) has just released the first part of the 2019 WeChat Luxury Index that focuses on the engagement performance of luxury brands on WeChat. Here are some interesting insights from the report.

Earlier this year, luxury brands feared a slowdown in Chinese spending following the country's trade war with the United States, but these concerns appeared to be unfounded after luxury conglomerate LVMH posted strong first quarter results, reportedly fueled by Chinese demand. The group's share price hit **a record high earlier in April**.

The pressure for luxury brands to sustain their growth in China and translate all of that into sales is greater than ever.

Given the ubiquity of the WeChat platform it now boasts over 1.08 billion monthly active users and its varied functionalities, WeChat marketing has become the near-central focus of these brands.

However, luxury brands have historically been unable to benchmark their WeChat performance against that of their peers due to a lack of publicly available data that is, until the WeChat Luxury Index was released last year.

Based on a study of over 100 luxury brands, with community sizes ranging from 10,000 to 1.5 million, the report gave the industry an unprecedented glimpse into the WeChat performance of brands across indicators including engagement, acquisition and content.

Last week, DLG (Digital Luxury Group) and marketing automation experts JINGdigital released the second edition of this report at an exclusive event attended by executives from top luxury brands including Cartier, Herms, Burberry, Balenciaga, Bulgari and Vacheron Constantin.

This year's study has been split into three parts, with each section offering far more insights and case studies than the previous edition. The freshly released report throws the spotlight on WeChat Engagement.

General lack of community engagement

According to the study, more than half of a luxury brand's WeChat community (54 percent) is typically inactive. Of the remaining 46 percent of followers that actually interact with the brand on WeChat, only 8.23 percent of them or

the remaining 40 percent of followers that actually interact with the brand on WeChat, only 0.25 percent of them or one in 12 followers do so on a monthly basis.

Compared to Western social media platforms such as Instagram which considers an **engagement rate of about 4.7 percent as average** this number might already seem high.

However, given WeChat's wide suite of functions including ecommerce and customer service, there is still much untapped potential.

"Creating a welcome journey is the key to increasing retention and laying the foundation for an engaged follower base," said Aaron Chang, founder/CEO of JINGdigital. "It's unfortunate that so many brands miss out on this potential."

The report highlights the importance of optimizing calls-to-actions, personalizing welcome messages and varying content types as some of the methods to address this.

Importance of optimizing the browsing experience

The most engaged in action by a luxury brand's WeChat followers is that of clicking menu bar at the bottom on the page for navigational purposes. At 64 percent, it far surpasses all other recorded engagement actions.

This indicates that users typically visit a brand's WeChat account in search of something. This can range from seeking out more information about its products to getting in touch of a customer service representative all of which is usually accessible within the WeChat ecosystem.

"The wealth of services and information accessible on a WeChat Official Account is one of the thing that makes it such a unique platform for marketers," said Pablo Mauron, partner and managing director of China at DLG (Digital Luxury Group). "Properly leveraged, it can offer a strong alternative to Web sites."

This is further supported by the study's discovery that over 53 percent of the actions carried out by users on WeChat are to access either their brand loyalty program membership information or contacting customer service representatives.

Another 30 percent of actions are related to information enquiry about products, events or the company while the remaining 17 percent are transactional in nature and associated with ecommerce.

"Brands should take the needs of their users into consideration and develop these functionalities accordingly," Mr. Mauron said. "Ensuring that consumers have access to the services and functions they need will help to improve engagement and ultimately, drive conversions."

Poor message response rates

Often lauded for its wide range of functions, WeChat often doubles as a customer service platform for brands given the fact that it is primarily a communications and messaging platform. However, the study revealed that over 66 percent of the queries sent to brands via WeChat go unanswered.

This is a rather alarming figure given the importance placed on WeChat as a sales and customer acquisition tool.

Chatbots, according to Mr. Mauron, are one effective way to overcome this issue.

"Setting up keyword responses can ensure that questions are met with answers quickly," he said. "Brands can also leverage these chatbots to address their business goals and create user journeys that guide followers to the desired end point be it to an offline store locator or to their ecommerce Mini Program."

Mr. Mauron goes on to elaborate that beyond timely responses, luxury brands should think about further extending this service offering to provide even higher quality answers and creating clienteling opportunities.

"For instance, Four Seasons Hotels & Resorts makes use of a live chat function that is integrated with WeChat to ensure Chinese guests anywhere in the world are always connected with a staff member at the hotel they are staying," Mr. Mauron said.

"This way, communication is more personalized and there is also greater conversation continuity," Mr. Mauron said. "The recent evolution of WeChat Work has made this function even more easily available to brands as well."

LUXURY BRANDS looking to better understand the engagement of their WeChat communities and best practices to reactivate these followers will find a treasure trove of information within this study.

To discover even more engagement-related insights, download the full report below:

WeChat Luxury Index 2019: Part I: Engagement



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