



## A complete guide to **“Private Traffic” for China retail in 2021**

Learn how to retain & capitalize on your customer database in China via “private traffic” – the must-know buzzword for China Digital Marketing.

**June 2021**

# ABOUT AZOYA

Azoya Group is a **full-service** solution provider dedicated to helping international brands and retailers enter the China market.

Azoya provides **technical + service solutions** to help clients manage challenges across various aspects of selling to China.



## Fast Facts about Azoya



**50+** companies chose us to manage their China e-commerce expansion



clients from  
**12+** countries



We've enjoyed  
**200% CAGR**  
Growth from 2014 into 2018



We've been in business for  
**8 years**



We have around  
**200** employees around the world



Software copyright  
**27+** registered



Venture 50 Awards ★★★★★ ZERO2IPO ★★★★★

Multichannel Supplier of the Year ★★★★★ Sigma ★★★★★

Best Partner of the Year ★★★★★ JD Worldwide ★★★★★



**"Azoya was the first one to approach us with a true complete solution regarding e-commerce in China."**

Joël Palix, Former CEO of Feelunique UK

# Our vision: Connect Global Retail and Consumer Markets

Collaborating with 30 premium overseas retailers from 12 countries to quickly access in-demand brands and abundant product resources.

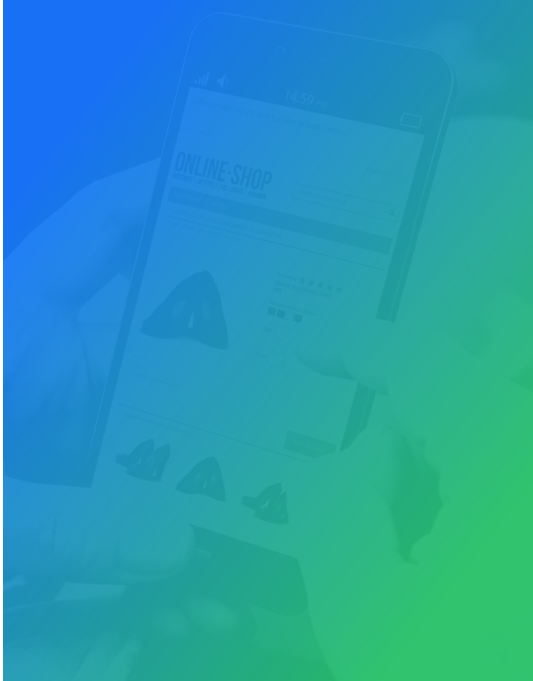
- Deep industry knowledge in beauty, fragrance, fashion, nutrition, mom & baby industries.
- Working with Fortune 500s and SMEs to build successful China e-commerce businesses.
- Expert in both multi-brand retailing and mono-brand DTC.

FEELUNIQUE	BEAUTY	Gotta	pixi	Barbour	K11	Amcal+
FragranceNet.com	Perfume's club	DE ONLINE DROGIST	Woolworths	mannings	GET THE LABEL	LIFESTYLE
amala	HASK®	bonpont	Pharmacy online	GLADD	MYTHERESA	La Redoute
LUDWIG BECK SEIT 1861	b-glowing	cinfa	WELLNESS	MATSUYA GINZA	The Cambridge Satchel Company	MONNIER Paris



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# **PART I**

What is private traffic?

## Definition of private traffic



Private traffic is a brand's own customer database, which the brand can repetitively access at low cost. The database includes email and SMS text messages, as well as social media connections, follower base, App users, and other forms of SCRM databases.

### About Private Traffic / Owned Media

- As online traffic grows increasingly expensive in China, the term 'private traffic' (私域流量) has become a top marketing buzzword. It refers to building and maintaining a customer database leveraging social media or a similar type of subscription platform. Brands can repeatedly access the customer database for free or at small cost.
- The Western equivalent of private traffic is a blog or email list, often referred to as owned media channels. However, in China, people rarely visit brands' official websites, or use email. But they actively follow brand updates via WeChat and other social media platforms.



### ***Accessibility***

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*The brand can proactively & repeatedly reach out and connect with users at no cost (or low cost)*



### ***Rich Data***

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*Grasp wider dimensions of user data, and analyze user behaviors*



### ***Interaction***

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*Brands can interact with customers and vice versa, allowing brands to provide personalized service & content*



### ***Loyalty***

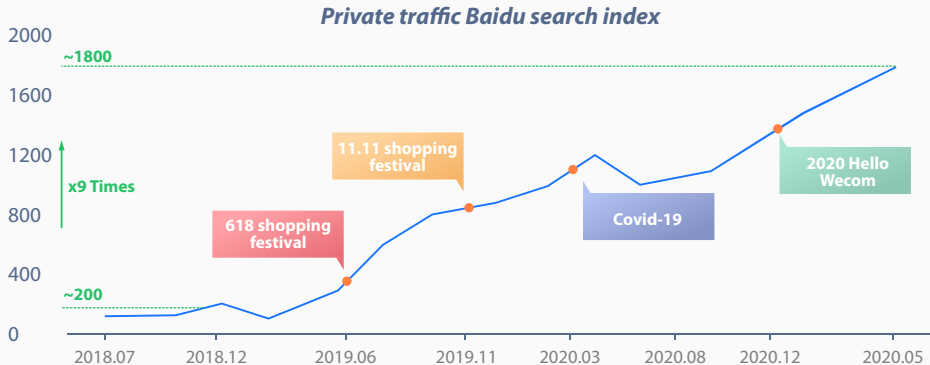
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*Customers typically have stronger loyalty with brands in private traffic, and they are less likely to quit the platform*

## "Private traffic" is trending among Chinese markets

More people want to learn about private traffic in recent years.

The index of Baidu search in 2021 is 9 times higher than that in 2018, indicating that the concept of "private traffic" is taking up an increasing proportion of China's marketing market.



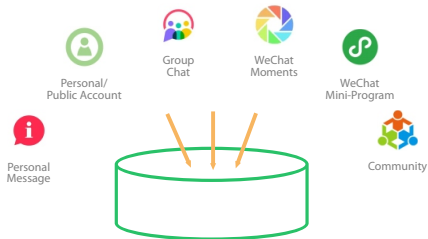
The index of Baidu search in 2021 is 9 times higher than that in 2018, indicating that the concept of "private traffic" is taking up an increasing proportion of China's marketing industry.

# What is the difference between private traffic and public traffic?

Private traffic is brand-owned user assets that can carry out personalized operations.

## Private Traffic

Key features: **trust, direct connection, high accessibility, bi-lateral, and long-term.** Private traffic helps brands directly contact consumers and improve consumer retention rate.



- More focus on target audience
- Direct contact with consumers
- Low cost on getting traffic
- Better retention and repurchase rate

## Public Traffic

Typically refers to paid traffic. For large traffic platforms, such as Taobao and JD.com, all traffic must be paid for (advertising promotion, keywords bidding, etc.), and the cost of customer acquisition varies.



- Reaches a wide range of consumers
- Develop strategy to acquire accurate traffic
- Could be costly to get traffic
- Difficult or costly to retain customers

## Private traffic has become an important path of customer journey

### High penetration

Over **96%** of Chinese consumers have 1 or more methods to form direct personal connections with brands & retailers.

### Easy to get used to

**42%** of consumers have developed the habit of forming a personal connection with brands or brand representatives.

### Transaction frequency

**79%** of consumers have made purchases in private domains in the past year, **45%** of them said they would increase their purchase frequency, and **80%** said they would share their shopping experience.



### More attention

On average, Chinese consumers spend nearly **1.5** hours in conversation with personal connections.

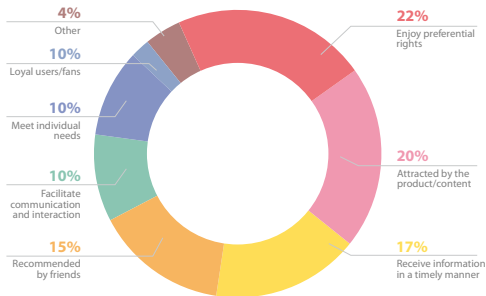
### Strong influence

**74%** of consumers make purchase decisions based on content from their private domain. Among them, word-of-mouth has the biggest impact.

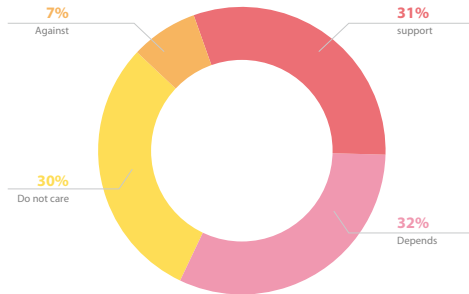
## How do customer feel about a closer social connection with brands?

Chinese netizens have a higher tolerance of brand's activities in their personal social network. Preferential rights offered through personal connection is the main reason why netizens join the brand's private traffic program.

The main reasons why Chinese netizens prefer private traffic programs



Chinese consumer acceptance of private traffic



- **40.8%** of customers entered the marketing party's private domain to enjoy preferential rights, and **37.8%** of customers were attracted by the marketing party's products/content. **Providing preferential prices and featured products/content is the easiest way for marketers to impress users and gain followers.**



## Four characteristics of active people in private domains

1

### **High content demand**

56% of consumers participating the private traffic programs have a high content demand and seek rich and interesting discussions from the private domain.

2

### **More people focus on quality**

85% of consumers in the private domain pay more attention to product quality and brand trustworthiness, rather than just focusing on price. The share of quality concern is increasing.

3

### **Convenient shopping**

61% of consumers choose to purchase products in private domains because shopping is more convenient due to real-time discount notifications, one-click purchases, and other services triggered by purchases.

4

### **High service requirements**

61% of consumers in private domains value service, and they buy in private domains to enjoy better service.

# Consumers have a better buying experience in the private domain

*The overall atmosphere of the private domain is better, and consumers are more willing to repurchase and share in the private domain*



Willing to repurchase in private domain



Willing to share in private domain

*Compared with public domains Private domains can better maintain the brand-consumer relationship*



**Keep paying attention**

Willing to keep paying attention after purchase



**Active in activities**

Willing to participate in online and offline activities

*The top three reasons why consumers choose to repurchase in the private domain (compared to the multiple of the public domain)*



**Multi-person sharing**



**Stimulate shopping desire**



**Exclusive products**

*Why consumers are more willing to share in private domains (compared to the multiple of the public domain)*



**Encourage each other and share**



**Easy to share**

The background of the slide features a hand holding a smartphone. The phone's screen displays a mobile website for an 'ONLINE-SHOP'. The website has a header with the shop's name, a navigation menu, and a search bar. Below the header, there are product listings with images and prices. The phone is held by a hand, and the background is a soft-focus image of a person's face.

## PART II

How Private Traffic Works in  
the WeChat Ecosystem?

# Positioning of platforms and operations of private traffic pools

Leading platforms begin to value the value of users and fans.

	WeChat	Tmall	Xiaohongshu	Tiktok
<b>Positioning</b>	Social	E-commerce	Community	Strong content but weak social
<b>Access to product information</b>	Social distribution	Search-based	Follow & recommend	Interest-based
<b>Ranking principle</b>	Timeline	Based on keywords, sales, etc., efficiency first	Focus on content matching	Focus on user behavior & recommendation engine
<b>Private traffic carrier</b>	WeChat group, Moments, Official account, WeChat Work connections, Mini-program	Weitao (social media), Taobao livestreaming, SMS campaigns, etc.	Short video, note sharing	Short video, livestreaming
<b>Strategies</b>	Propose ".com 2.0" Use official account, mini program mall, payment QR codes to help customers build private domain traffic.	Announced the "flagship store 2.0upgrade plan", which helps merchants: 1. Shift from the operation of "goods"to the operation of "people," 2. Move from a single-node model to multi-dimensional and multi-product operations.	Tutorial notes, short videos + livestreaming are effective ways for brands to acquire high-value fans, creating an accurate, continuous private traffic pool, and laying a solid user base for the brand store.	In the future, TikTok will optimize and increase the weighting ratio of attention traffic and local traffic to bring more fans and intra-city traffic to creators.

# Main functions and features in the WeChat ecosystem



**WeChat:** a national app with **1.2 billion** monthly active users, providing a complete infrastructure for private traffic.



- WeChat groups operations ; 1-to-1 clienteling
- Automation tools
- Customer profiling; shopping guides



- E-commerce
- Social selling
- Loyalty program
- Livestreaming



- Company official page
- Short video
- Social circulation
- Distribution mechanism: acquaintance + algorithm recommendation



- Payment as a Service (Pay to mini-program / coupon / WeChat work / CRM / OA)
- Discounts & promotions



- The entrance to the WeChat ecosystem, which connects Tencent's content and services (mini programs, official accounts, WeChat reading, etc.)



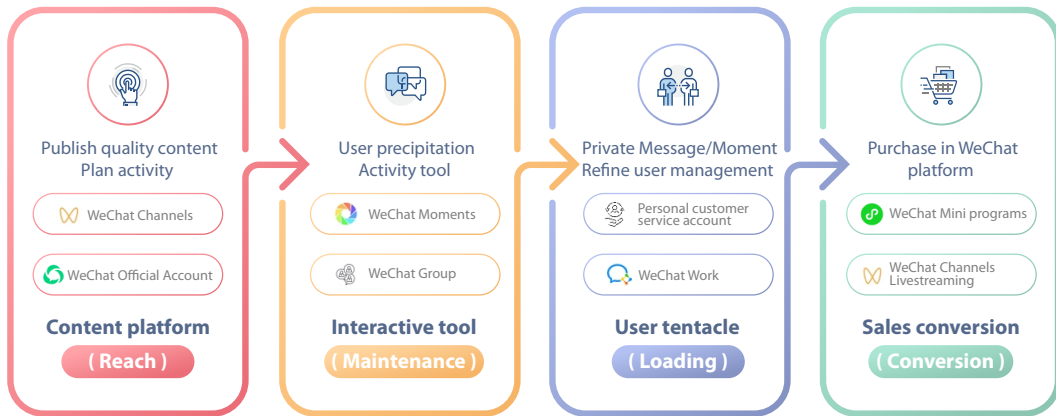
- Users can post pictures, texts, videos, add hashtags, and share content such as mini program, official account articles, etc.



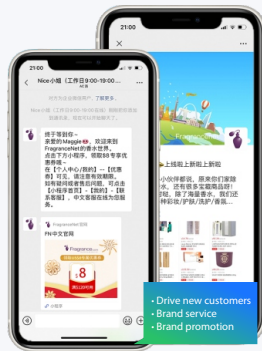
- Rich content forms, wide coverage and fast distribution
- Powerful tool for brand building and marketing operations

# WeChat private traffic operation system

Brand combination uses various functional scenarios to build a WeChat private ecosystem.



# WeChat Work Account: one-to-one touch, connecting brands and customers



- Drive new customers
- Brand service
- Brand promotion

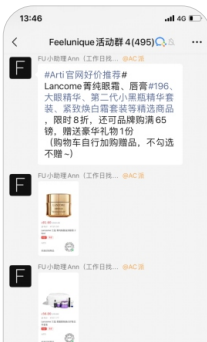
FrangenceNet WeChat Work Account

# WeChat Work Groups: Flow precipitation & customer awakening



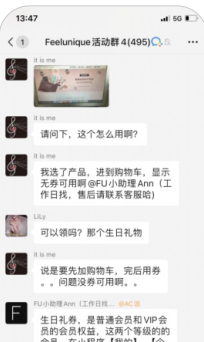
## Group welfare

Guide users into the group through red envelopes, gifts, coupons, etc., and then achieve traffic retention through promotional activities



## New arrivals/promotions

Continue to release new products, promotional activities and other content. Repeatedly reach, wake up users, increase retention rate and repurchase rate



## Topic interaction/Q&A

Share knowledge/skills, initiate topic discussions, etc. to enhance user experience and engagement



## Group announcement

When an important event starts, the announcement can remind every member of the group. Also can avoid a long chat history and motivate new users to read important information

- WeChat group is a type of **traffic pool for retailers – maximum 500 people in a group.**
- Retailers need to have a group admin to manage the group.
- **Depending on the purpose of the group, it can be a short term, or long-term group.**
- Refine your group operations based on activities, user personas, shopping data to effectively **achieve repeat purchases and build loyalty.**

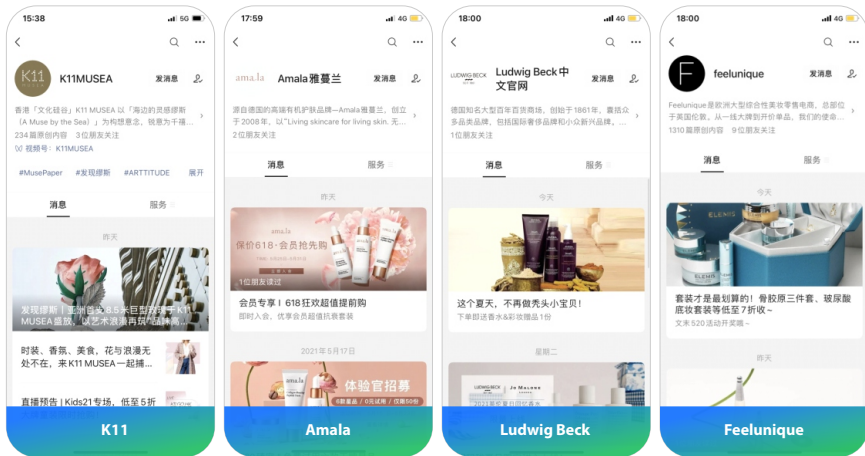


# WeChat Moments: Access to customers' personal networks



- WeChat Moments is an effective place to access a customer's personal network.
- WeChat Work allows more brands to create exclusive Moments displays and IPs for customers one-on-one.

# WeChat Official Account: The key scene of brand building and content marketing



- Brands can build the official account and release branded content, including brand story and promotion information.
- Increase customer engagement through interactive campaigns, customer benefits, and coupon distribution.
- Embed Mini Program, WeChat Work QR code, etc. to convert to sales or group operations.

# WeChat Mini Program: Scenarios for brands to achieve consumption landing

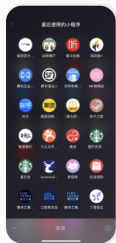
## Introduction

- Jan. 2017: WeChat Mini Program launched. Most mini- programs can be developed quicker than downloadable apps.
- They can be accessed without users having to install or download them.
- June 2020: The number of monthly users of WeChat Mini programs reached 830 million, up 11.6% from 2019.
- Consumers use mini-apps for online shopping, customization, collecting coupons, ordering food delivery, booking movie tickets, booking taxis, and many more daily services.

## E-com with fun

- E-com Basics: product display, category, brand, search, cart, checkout, customer service, etc.
- Promotion: flash sale, group buying, social sharing, membership, loyalty points, AR, buy & gift, trial size, etc. Assists brand marketing and improves traffic conversion.
- Social: livestreaming, topics, experience sharing, gamification, etc. Provides interactive scenes to improve user stickiness.

## Mini program page display:



Dashboard



Gamification



Cart



Flash sale



Group buy



Membership



Livestreaming



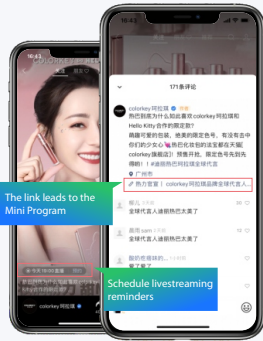
AR

## WeChat Channels: Access a customer's social network

WeChat Channel is the proprietary short video platform of WeChat. Its main difference is its capability to recommend content based on a user's social network. WeChat Channel videos can be shared through chat windows, WeChat article posts, or WeChat moments.

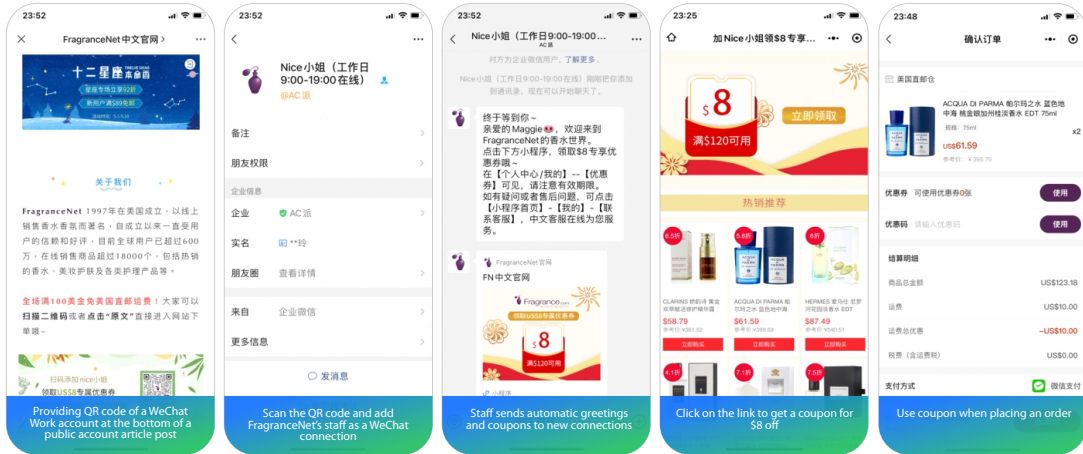


- Short video usage is on the rise, and WeChat Channel videos are easily shared from peer to peer.
- WeChat Channels can be linked with Official Accounts and Mini Programs to increase the rate of content seeding to buying.
- WeChat Channels provides another route for branded content to reach beyond the private domain of a brand and foray into customer's social network.



# How private traffic works in WeChat with WeChat Work example

See how FragranceNet is leveraging WeChat Work to attract traffic and promote conversion.



# Top 3 methods to manage customers via WeChat Work

How merchants efficiently engage with customers via WeChat Work.



## Method 1: Group assistant



## Method 2: Group expert



## Method 3: Personal consultant

### Methods

Invite customers to WeChat groups and engage with customers as a shop assistant and a group admin.

Publish professional & educational content that improve reputation, trust, and loyalty.

Join a customer's personal connections through WeChat. Solicit and engage with customers smartly based on SCRM data.

### Why does it work?

Create a friendly chat board based on interests & promotion purpose – where customers enjoy discussing and sharing experiences.

Professional content & authoritative personnel are persuasive to customers. They help to educate about brand features and inspire meaningful discussions.

Give consumers a private and exclusive 1:1 service experience, satisfying consumer demand.

### Case Study

Urban Revivo shares detailed information about promotion activities in their private traffic group. (See slides 27-28)

FragranceNet group expert shares professional perfume knowledge and recommends perfumes. (See slides 29-30)

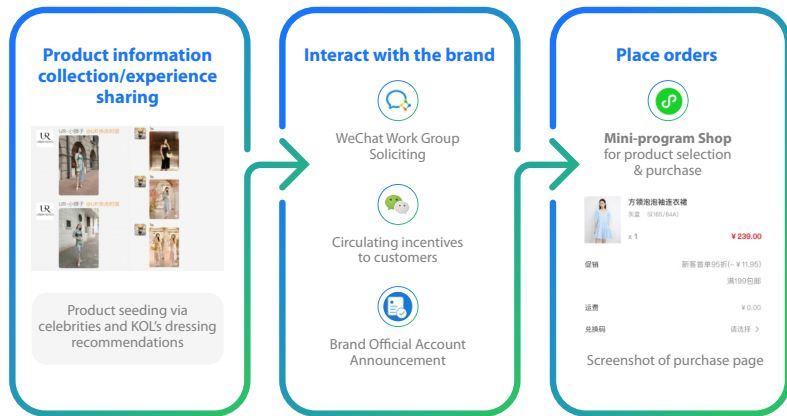
Make Up For Ever consultant solves customer questions online through WeChat Work 1:1 chat. (See slides 31-32)

## Method 1: Group assistant



- Group assistant can publish product seeding content – such as celebrities and KOLs' / KOCs' fashion recommendations.
- The group assistant can send out a mini-program link while introducing the promotion campaign, which is convenient for consumers.
- Based on customer reactions and conversion rate, the group assistant can adjust and improve the communication strategy.

## Method 1: Group assistant



### Benefits:

- Group can be used for mass communication with customers because there is no restriction on message type, frequency, and responses.
- Customers like to join WeChat group to acquire the latest information about promotion campaigns, or participate group discussions to learn more about new releases.
- Group admin can easily reach out to group members, and can effectively solicit customers to participate in a campaign via multiple media and track the sales.



## Model 2: Group expert



Group expert helps customers by recommending perfumes



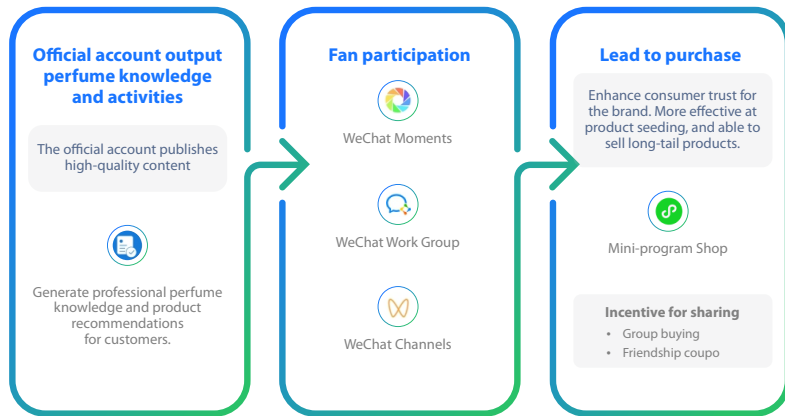
Group expert guides customers to purchase



Group expert talks about professional perfume knowledge

- For products that demand professional knowledge, such as perfume, the group expert can effectively answer customer questions, and easily build trust.
- Group experts will also help customers by providing suggestions, solve the customer's gift-giving problem or recommend perfumes one-on-one.

## Model 2: Group expert



### Benefits:

- “Group experts” is the Wikipedia of a group that has professional knowledge about the brands and products.
- The role can improve word-of-mouth for the retailer and is powerful at product seeding.

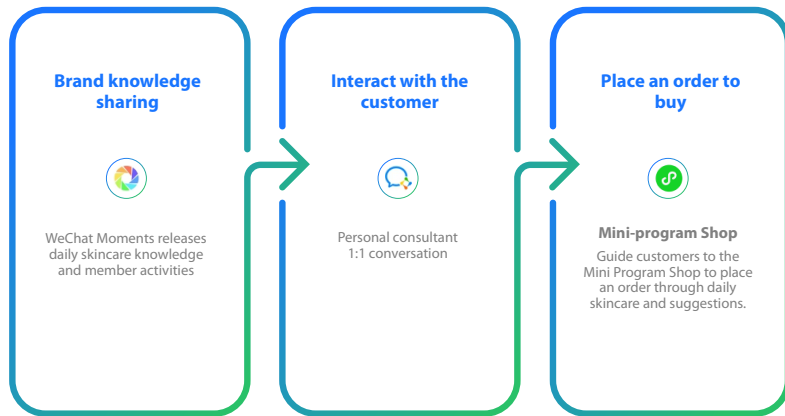
## Model 3: Personal consultant



### Benefits:

- Make-up personal consultants can provide professional care advice and cosmetic recommendations according to the different skin types of different customers.
- When a personal consultant recommends the product, it will send a link to the mini-program shop to guide the customer to purchase.

## Model 3: Personal consultant



### Benefits:

- Personal consultants need to focus on operating "fan interaction" to serve fans in a comprehensive and three-dimensional manner.
- The role is like the digital version of an advisor or consultant, who can provide personal guidance and exclusive advice.



# **PART III**

## Case Study of Successful Private Traffic Operations

## 4 key steps to build private traffic for retail business

### 1 Reach Users

Reach out to potential customers or existing customers via multiple methods, and invite them to follow or connect with you via WeChat Work or follow the account. In some cases, for High Value customers, you should even consider calling them and inviting them to join.

### 2 Retain users

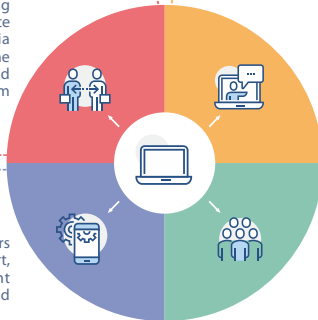
Make sure users are connected with you via social media or you have acquired their contact information so you can reach out to them again. Sometimes you should consider offering some incentives, such as coupons or vouchers.

### 3 Loyalty Nurturing

Build a strategy to nurture your customers (sales leads). Adopt personal IP, group expert, group admin, product seeding, content marketing to grow customer loyalty and create a sense of belonging.

### 4 Convert to sales

Run effective campaigns to drive sales. Tailor sales campaigns based on group & individual personas, RFM models. Offer exclusive campaigns to capitalize on the private traffic value.



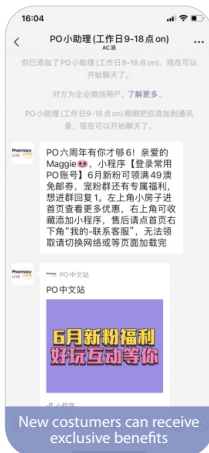
## Reach & Retain

Reach potential and precise customers in different ways. Retain customers through coupons, newcomer packs, creative games, etc., to carry out refined operations to promote engagement and sales.

Showcase brand:



# Pharmacy Online | Attract newcomers with exclusive benefits



- Pharmacy Online Official Account post exclusive community discounts, new product trials, and other benefits guide new consumers to join private traffic.
- Consumers join the WeChat Group can communicate with others. Consumers who have purchased will share their experiences, it can directly enhance brand awareness from others' word-of-mouth recommendations.



# Winona | Retain customers in WeChat Work



- Customers connect with a brand's WeChat Work account via advertising content and join the brand's private traffic.
- Customers can opt to join the WeChat group, or receive 1:1 promotional information from the brand account.
- WeChat Work group members are qualified for exclusive deals & experience sizes.

## Armani | Invite marketplace customers to shop in WeChat



Customers can see the Armani QR code after receiving the package



Customers can follow Armani's Official Account after scanning the code



Guide customers to register as members and introduce membership perks

- Customers can join the Armani WeChat Group by scanning the QR Code on the delivery parcel.
- This strategy helps Armani collect customers who originated from online marketplaces.
- By leading customers to follow the WeChat Official Account, an Armani sales rep can reach out individually to each customers and invite them to shop in the brand's official WeChat mini-program.

# Lancôme | Gamified experience to build loyalty



- Leverage WeChat Ads to reach potential customers.
- A built-in community encourages customers to engage with Lancôme members.
- Gamified membership in the format of virtual pet games increase customer loyalty.
- Incentivize shopping and retention via digital benefits.

Virtual cat pet games increase customers' loyalty. Customers can earn cat food by signing in daily, sharing with friends, and purchasing products.

## Conversion

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After reaching specific customers and establishing a private traffic pool, the brand uses branded personas, product marketing, content seeding, and other marketing methods to cultivate users' habits and loyalty to the WeChat Group. This can effectively improve product competitiveness and customers' sense of belonging, increasing their likelihood of repeat purchases.

*Showcase brand:*

FEELUNIQUE



PERFECT DIARY  
完美日记

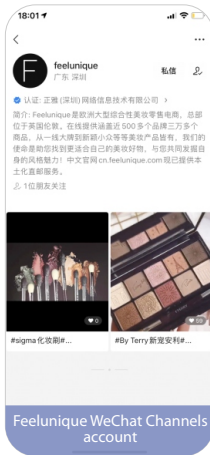


# Feelunique: Content marketing for sales conversion



- Content marketing is conducive to building a brand image and increasing customer trust.
- High quality content & topic enables users to participate, consume and share brand information, thus forming word-of-mouth marketing.
- Official accounts can accumulate fans through content marketing, and then guide customers to Mini programs to make purchases.

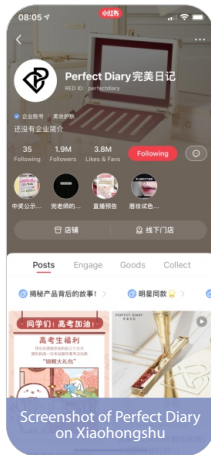
# Product seeding via WeChat Channels



- The social communication characteristics and friend recommendation mechanism of WeChat Channels can quickly help brands achieve exposure.
- When the brand releases short videos in WeChat Channels, it can attach a link to the Official Account & Mini Program to increase the rate of content seeding to buying.

## Perfect Diary: Accurate customer acquisition by multi-channel marketing

Identify market opportunities, accurately locate target groups, and identify distribution channels based on features of consumer groups.



Screenshot of Perfect Diary on Xiaohongshu



Screenshot of Perfect Diary on Weibo



- PERFECT DIARY is a young Chinese beauty brand targeting young women born in the '90s.
- The brand started its online business on Taobao in 2017. During the 2018 Tmall Double Eleven event, its total sales ranked 2nd on the Tmall cosmetics list and 1st among domestic beauty brands.
- The rapid popularity of Perfect Diary is due to excellent omni-channel content marketing.



- Perfect Diary chooses different delivery methods through different channels. For example, Weibo is suitable for image shaping. Xiaohongshu is suitable for product seeding to help consumers understand products and improve customer awareness.
- Build a private traffic pool and promote repeat purchase through multiple methods. The growth strategy of Perfect Diary is to acquire new users and transactions through public domain platforms (Xiaohongshu, Weibo, TikTok, etc.) and then establish a private traffic pool to enhance the lifecycle value of existing customers.

## Branded Persona: a virtual brand ambassador

Perfect Diary created the a virtual key opinion leader (KOL) Xiao Wanzi, who effectively communicates with customers in private domains.



Character image of Xiaowanzi

### Who is she?

An imaginary KOL character created by Perfect Diary.

### What's her role?

- Provides information on products
- Beauty Consultant
- Provider of real-time customer service o Friend
- Engage with customers as a real person

### Benefits of adopting a branded persona strategy for WeChat

- It can form a more personal view of a brand – and customers like to connect and engage with a person instead of a brand in WeChat.
- A virtual character can convey much more information and be more flexible with content creation in WeChat.
- By building a virtual ambassador into a KOL, the brand can have a stronger influence over customers.

### Post frequency:

2-4 posts per day

### Main content:

- Life sharing
- Product promotion
- Product-related knowledge sharing



Source: Xiao wanzi WeChat Moment



# Ice-breaking in WeChat: Create an emotional character



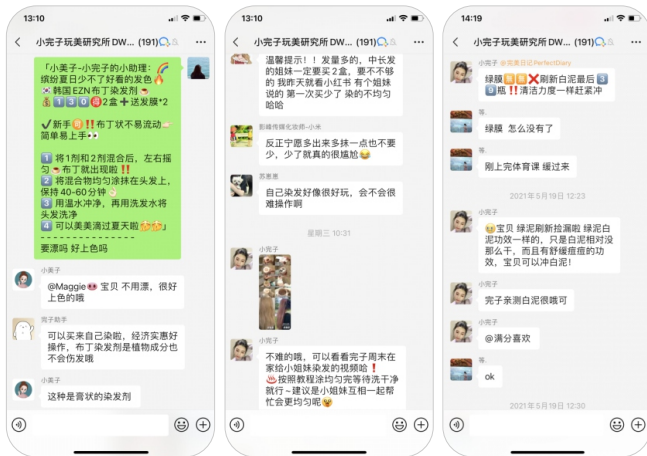
## The persona of "Xiao Wanzi" (displaying):

- Lets users perceive the image of Xiao Wanzi's role, eliminating the sense of distance with customers, and making the relationship with customers more intimate.

## The persona of "Xiao Wanzi" (inner):

- Create a sense of trust, build customer awareness about the brand, gain trust and dependence, and increase influence.

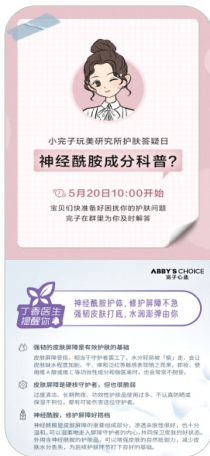
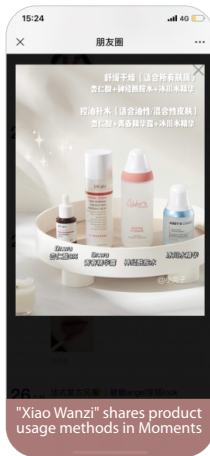
## Interactive in WeChat: Increase customer activity in private domains



- “Xiao Wanzi” is active in various WeChat groups. She regularly publishes new products, answers users' questions in a timely manner, and considers problems from the customer's standpoint.
- In addition, “Xiao Wanzi” will also participate in organic discussion topics in the group. Joining and participating organic discussions in a group helps pull users closer.

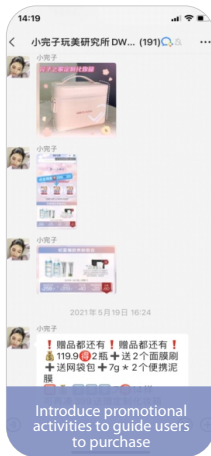
“Xiao Wanzi” responds to user product inventory issues in WeChat Work Groups

# Education in WeChat: Improve customer awareness of the brand



- "Xiao Wanzi" will release high-quality beauty content in the group, and will also host livestreaming skin care classes and other marketing activities to continuously attract customer attention and enhance customer awareness about their new products.
- In addition, "Xiao Wanzi" will also share product usage knowledge in Moments, explain product characteristics and match the real product pictures to give users a more intuitive experience.

# Sales in WeChat: Guide customers to complete the order purchase



- Launch promotional activities in the group, such as order discounts, coupons, gift samples, etc.
- The ambassador will guide customers on how to get the most out of a promotion campaign.
- According to the data release by the brand, the repurchase rate of Perfect Diary reaches 70% thanks to private traffic operations.

## 1v1 service in WeChat: Enhance customer stickiness



- “Xiao Wanzi” will share product experiences and communicate with users who have questions.
- The service greatly enhanced the customer experience for the brand – customers don’t need to search elsewhere to learn how to use the product or for any precautions.
- The official brand ambassador has a strong product seeding capacity, and also has the authorization to send coupons to quickly convert engagement to sales.

# WeChat group : wake up customers, increase retention and repurchase rates

*Establish an emotional connection with customers and increase trust.*



- Perfect Dairy's WeChat group operation is built around the "Wanzi Home" mini program. High-quality beauty content is published on the mini-program and forwarded to the WeChat group, driving traffic to the mini-program.
- WeChat Groups are purpose built – different groups focused on very specific target customers and user personas.
- Group admins are in the group to collect opinions, share new products, discount activities, product trials, beauty video, etc.
- Group admins also create, design & implement benefits for group members. They may include a promotion mechanism such as 99 optional 3 pieces, lucky bags, stimulate users to purchase via the mini program.

Source: WeChat group of "Xiaowanzi Play Beauty Research Institute"



# ESTÉE LAUDER: Social CRM via WeChat



Member welfare group



Member upgrade to enjoy benefits



Member custom engraving



Member birthday privileges

- ESTÉE LAUDER developed a membership program which allows users to collect points and burn points.
- The system combines online and offline sales data – so it does not matter whether customers shopped online or offline, they will always get the points.
- Various types of benefits are available for customers: membership only, upgrade gifts, customized engraving, birthday privileges, etc.

## ESTÉE LAUDER Mini program





# Reward customers with prizes or gifts for their participation

ESTÉE LAUDER divides membership into different tiers and has different rights & benefits, respectively.



The four membership levels of Estée Lauder (from entry to premium, which has its own color system: pink diamond, blue diamond, gold diamond, and black diamond, each with a threshold for membership)



Points redemption is one of the best ways to increase member loyalty. Estée Lauder points can be redeemed for coupons or full-size products. The items redeemed for Estée Lauder points are different in each time period, and the number of points is different for different points.



## Key Takeaways:

- The gifts must be attractive to customers. Designing gifts or prizes that can attract customer participation is the crucial first step.
- Build a membership tier that has high perceived value and elevates customer experience is also important. This attracts high value customers and increases their loyalty towards the brand.
- Differentiate your offer to consumers so that it's more prestigious when it comes to higher tier membership.

## Go viral

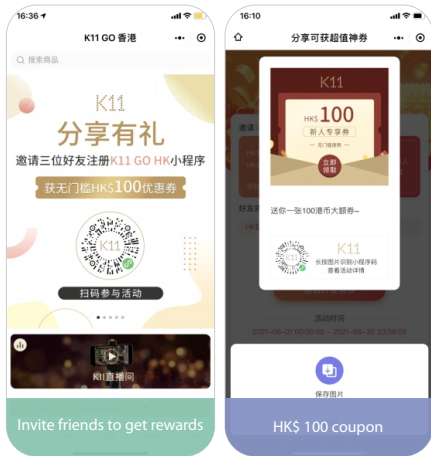
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Always think about the shareability of your promotional campaigns, so they will access your customer's personal network. Take a look at the following examples to see how they successfully leverage promotional events to go viral and generate massive sales.

*Showcase brand:*



## Case study | K11 Go HK

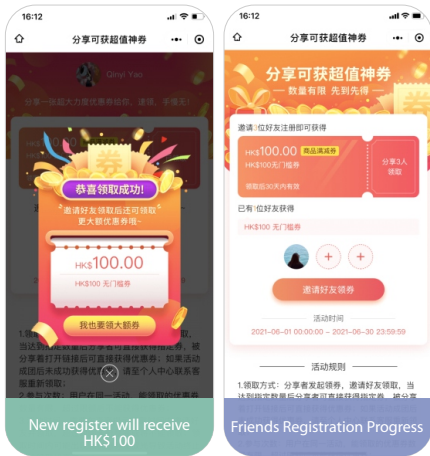


*K11, China's first art mall debut new WeChat Mini-program "K11 Go HK" to its K11 ecosystem in early 2021.*

### What they do:

- K11 Go HK offers one-click access to social sharing session from the WeChat mini-program.
- Social sharing function encourages customers to share the K11 Go HK WeChat mini-program link with friends/family.
- When a new customer enters K11 Go HK WeChat mini-program and registers for membership via the invitation link, they receive a coupon worth HK\$ 100.
- Invitees will also receive a coupon worth HK\$ 100 when all 3 of his/her friends had successfully registered as members.

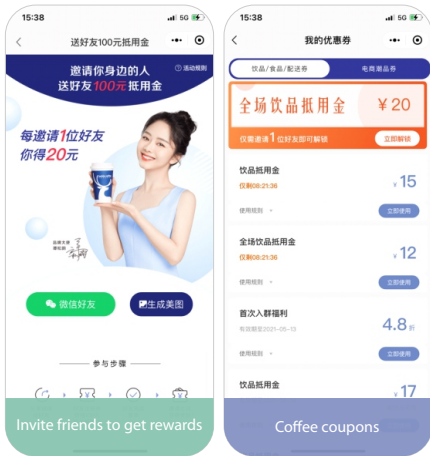
# Threshold-free marketing strategy to garner new customers



## How to go viral:

- **Short process:** The shorter the user's operation time, the faster the interactions. This is also the main reason for going viral.
- **The reward is attractive enough:** Threshold-free coupon is appealing, as many users are likely to refer and recommend the link and call for their friends to participate.

## Case study | Luckin Coffee

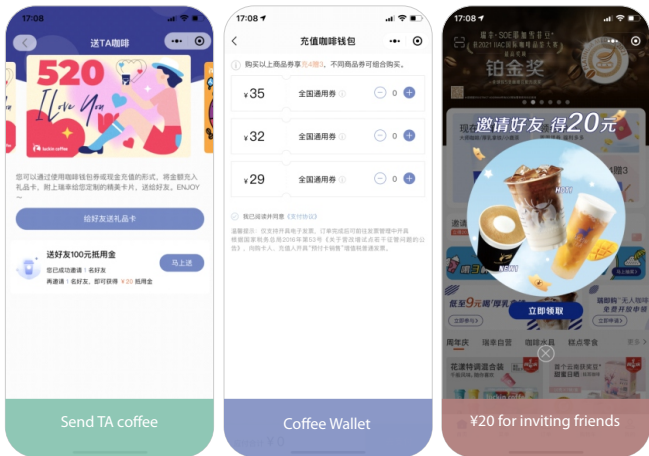


*Luckin Coffee is a typical representative of China's new retail coffee. It has an innovative business model and strives to provide consumers with a new high-quality coffee consumption experience.*

### What they do:

- **The first order is free:** As long as new users download the Luckin Coffee app, they will get a free drink for their first purchase.
- **Send TA coffee:** Share the download link of the app with friends. If the friend successfully downloads the app through the link, the user and the invited friend can each get a free drink.
- **50% off every week:** Follow Luckin's official WeChat account, and you can get a 50% off coupon every week.
- **Coffee Wallet:** Buy two drink coupons and get one free, buy five and get five free.
- **Order coupon:** A variety of discount coupons are free, as long as you order, you can get a discount coupon at random.

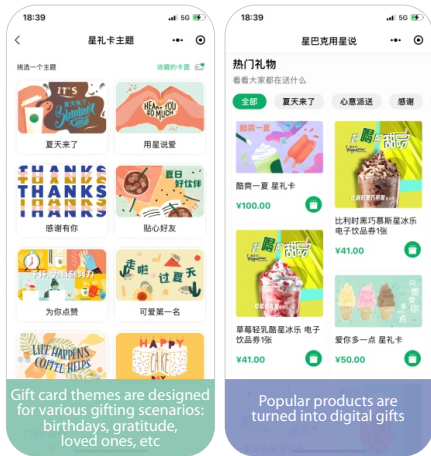
## Use incentives to attract existing users to actively share and invite new customers



### How to go viral:

- Luckin Coffee initially used free drinks and various coupons as its biggest benefits to attract users to actively share and invite new users.
- The threshold is low, and it can spread wildly in a short time and gain a large number of users.
- After the free trial, activities such as 50% off and ordering coupons have also retained most of the core consumers. The overall consumption frequency has improved, and effective communication has been achieved.

## Case study | Starbucks



*Starbucks Corporation is an American multinational chain of coffeehouses and roastery reserves headquartered in Seattle, Washington.*

### What they do:

- Starbucks' "Say with Stars" activity refers to buying coffee online, adding blessings, pictures, and videos, generating gift cards and sending them to friends. Users can choose different cards according to different gift givers, and each card is a scene.
- The "Say With Stars" mini-program is a regular interactive gameplay, which is to turn the product into a digital and sharable gift.
- When a friend receives a gift card, he will receive a WeChat notification, and there will be a small button inside that says, "I want to send too." So the gift receiver will likely to create their gifts to send to their friends or family.

# Electronic gift card: Establish the emotional connection between coffee and people

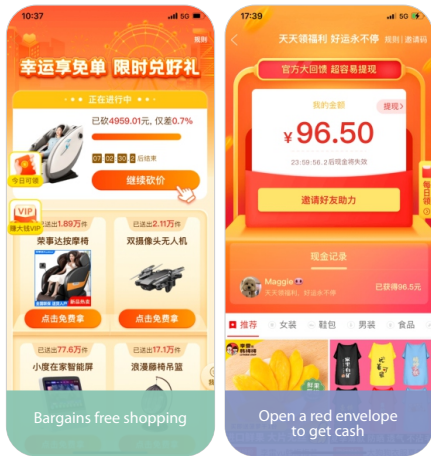


## How to go viral:

- Starbucks designs digital gift cards and lists them in WeChat. **A gift card can be purchased and sent as a virtual gift to friends and family.**
- This experience of online gift-giving and offline use strengthens the interaction between **consumers and stores**. It has successfully realized low-cost brand marketing and activated consumer enthusiasm.
- Starbucks has upgraded users' consumption experience, and created social marketing for consumers' emotional needs and user personas, **breaking through fixed consumption scenarios**.



## Case study | Pinduoduo

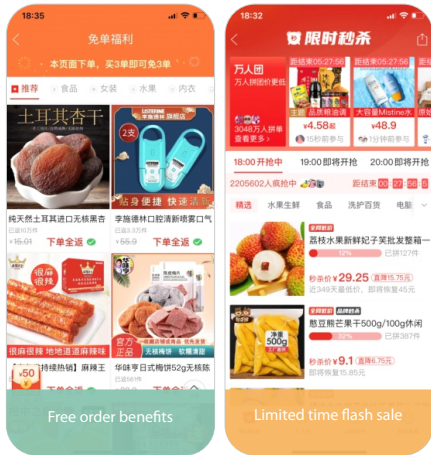


*Pinduoduo is the mainstream e-commerce application product of mobile Internet in China. A third-party social e-commerce platform focusing on C2M group shopping, users can purchase high-quality goods at a lower price by initiating group shopping with friends and family.*

### What they do:

- **Open a red envelope to get cash:** Enter the Pinduoduo app and the platform will give you a red envelope. After receiving it, you will be prompted to invite friends to help open it. The more friends you invite, the more money you get.
- **Bargain free shopping:** Invite friends to bargain together, and you can get free merchandise if you get to 0 yuan within 24 hours. The amount of bargaining is random each time. As more friends participate, it gets easier to succeed.
- **¥0.01 lottery:** The shallow participation threshold and the 100% guarantee of prizes boosts users' motivation to participate. Users need to share the lottery link and invite friends to participate to increase the chances of winning.

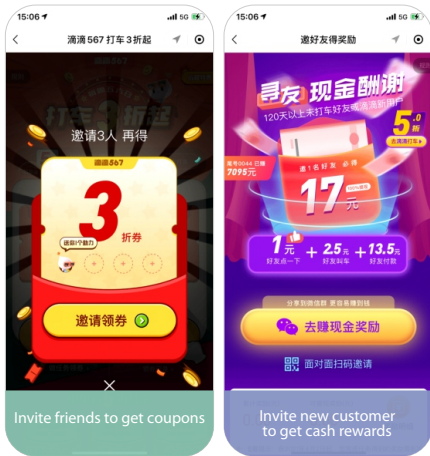
# Low threshold marketing strategy attracts user growth



## How to go viral:

- **Short process:** The shorter the user's operation time, the faster the interactions. This is also the main reason for going viral.
- **The reward is attractive enough:** 0 yuan is free to get. This activity is very attractive, so many users are willing to share the link and solicit people for bargaining.
- **Time limit:** Give a sense of urgency, such as valid within 24 hours. If the user does not invite enough people to participate within the specified time, the task will fail, which motivates the user to carry out the task frantically.

## Case study | Didi

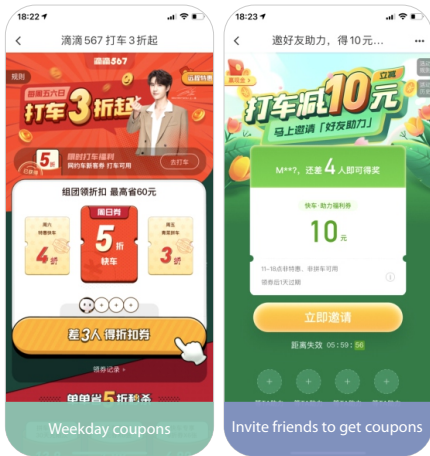


*Didi is a Chinese vehicle for hire company headquartered in Beijing with over 550 million users and tens of millions of drivers. DiDi provides app-based transportation services, including taxi hailing, private car-hailing, social ride-sharing, etc.*

### What they do:

- **Price strategy:** For the passengers who use Didi, every order will be subsidized ¥ 10. If the distance is too short, passengers can even get a free ride experience. During the festival, Didi will also issue high-value coupons or free activities to improve the attractiveness to users.
- **Product strategy:** Didi uses the discount pricing strategy to cultivate the user's consumption habits. With the increase of the number of uses, Didi will gradually become necessary in the user's daily life and enhance the user's loyalty.
- **Channel strategy:** Didi chose three-party platforms, such as WeChat and Alipay, to provide convenience for passengers and make online taxis more life-oriented on the payment platform.

## High subsidies improve users' growth efficiency



### How to go viral:

- By digging into users' needs, Didi has expanded from taxi-hailing software to a one-stop transportation platform that includes various services such as private car hailing, social ride-sharing, etc.
- Didi has launched different functions according to the varying needs of users. For example, making an appointment for departure time can avoid congestion in rush hours and make the schedule more flexible.
- After using Didi to complete the order, users can share the coupon through WeChat Moments. After sharing, users can get a cash reward and use it on the next trip. Didi uses various preferential strategies to stimulate users to travel and achieve users' growth efficiency.

# SUMMARY– PRIVATE TRAFFIC VALUE



## *Reduce the customer acquisition cost of brand*

- Reduce customer acquisition cost.
- With a private traffic user pool, brands can reach consumers for free and unlimited times.



## *Enhance consumer loyalty to the brand*

- Private traffic pool can shorten the distance between brands and consumers.
- Consumers' brand loyalty and repurchase rate will be greatly improved.



## *Good to shape brand value*

- Brands can build private traffic pools to allow consumers to feel the brand service more closely.
- Consumers can communicate with others. It can directly enhance brand awareness from others' word-of-mouth recommendations, thereby forming brand impressions and continuously improving brand value.



## *Higher customer stability*

- Private traffic can effectively solve the customer attrition problem.
- Whether for new or existing consumers, private traffic can effectively promote communication, increase customer stickiness and customer loyalty to improve retention.

# THANKS!

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Azoya Consulting is a subsidiary of Azoya International, which empowers international retailers with clear and actionable China e-commerce strategy powered by data, research, expertise and business intelligence

**Azoya Group** is a global e-tailing group that is dedicated to helping international brands and retailers enter the China e-commerce market.

Our **WeChat Mini-Program Store Solution** enables smaller brands to set up and operate their own cross-border WeChat stores.

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