OMNICHANNEL MARKETING IN CHINA: EVALUATING THE SUCCESS FACTORS FOR CHINESE CORPORATIONS

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Summary. The article identifies and examines the success factors of omnichannel marketing in China. These success factors encompass the alignment of online and offline touchpoints, customer data utilization, personalized marketing approaches, and the utilization of innovative technologies such as artificial intelligence and big data analytics. The study addresses the role of cultural nuances and consumer behaviour in shaping omnichannel strategies, emphasizing the importance of local market expertise and adaptable business models. By scrutinizing the triumphs and tribulations of Chinese corporations in their quest to adopt omnichannel marketing, this article offers valuable insights for businesses aiming to penetrate or expand within the Chinese market and for academic researchers seeking to comprehend the intricacies of omnichannel marketing in a unique and rapidly evolving economic landscape. The findings emphasize that the future of retail in China lies in the ability to seamlessly blend the physical and digital worlds, providing consumers with a tailored, consistent, and engaging shopping experience, and navigating the multifaceted challenges of this emerging omnichannel ecosystem.

Keywords: Marketing, Omnichannel Marketing, Business, Consumer behaviour, Chinese corporations

Introduction.

The modern state of Chinese business stands as a testament to the remarkable journey of transformation that the nation has undergone in recent decades. From the reforms started in 1979, which opened the door to market-oriented principles and foreign investment, to the present day, China has evolved into a global economic powerhouse. After embracing international trade and investment and adopting free-market reforms, China has emerged as one of the world's swiftest-expanding economies. Its actual annual Gross Domestic Product (GDP) growth has consistently averaged 9% a year, a pace commended by the World Bank as "the most rapid and sustained expansion ever achieved by a major economy." [1] A mighty combination of visionary government policies, a flourishing entrepreneurial spirit, and a relentless pursuit of technological advancement led to rapid growth of the country's economy and its business.
As China has ascended to the world’s largest economy based on purchasing power parity, the leading manufacturer, a primary player in merchandise trade, and holder of substantial foreign exchange reserves, with the development and expansion of the market, competition becomes stiffer and to promote specific products or services marketing becomes significant.

**Problem statement and relevance of the research.**

The rapid transformation of the Chinese market landscape, marked by dynamic changes in consumer behaviour and preferences, has presented a pressing challenge for Chinese corporations. These companies are grappling with several complex issues:

1. **Consumer Behaviour Evolution:** The shift in consumer behaviour in China, driven by factors such as urbanization, rising disposable incomes, and a tech-savvy population, has resulted in a need for businesses to adapt to new consumer expectations and demands.

2. **Channel Proliferation:** Chinese consumers engage with increasingly diverse marketing channels, including e-commerce platforms, social media, traditional retail stores, and mobile apps. The challenge is seamlessly integrating these disparate channels into a cohesive, customer-centric strategy.

3. **Global Expansion:** Many Chinese corporations are expanding their operations internationally. To succeed globally, they must develop omnichannel marketing strategies that cater to diverse markets with varying preferences and behaviours.

The research on omnichannel marketing in China holds crucial relevance for several reasons:

1. **Market Size and Potential:** China boasts one of the world’s largest consumer markets. Understanding the dynamics of omnichannel marketing success factors in China is invaluable, as used strategies can be applied to corporations operating in other expansive and rapidly changing markets.

2. **Technological Innovation:** China is a global leader in adopting and innovating with digital technology. Studying omnichannel marketing in China can provide insights into harnessing the power of technology for marketing in other regions.

3. **Competitive Edge:** Given the international ambitions of many Chinese corporations, excelling in omnichannel marketing is a critical component of gaining a competitive advantage on a global scale.

4. **Consumer-Centric Approach:** In an era where customer-centricity is paramount, understanding how Chinese corporations adapt their strategies to align with consumer needs and preferences can inform global marketing strategies, benefiting various industries.

5. **Regulatory Insights:** China’s unique policies and regulations regarding e-commerce, data protection, and consumer privacy present distinct challenges. Researching how Chinese corporations navigate these complexities can offer valuable insights into regulatory compliance in other markets.

6. **Cross-Industry Applicability:** The findings of this research can have a cross-industry impact. They can be applied to retail and diverse sectors such as technology, finance, healthcare, and more, as they all grapple with the complexities of omnichannel strategies to stay relevant and competitive.
The research on omnichannel marketing in China offers a critical perspective on adapting to a swiftly evolving consumer landscape, embracing technological innovation, and achieving global success. Its findings have broad-reaching implications for businesses and industries beyond China's borders.

**The main parts and results.**

As Kotler mentioned in the “Principles of Marketing”, the boundaries between in-store and online retailing are rapidly blurring. For most customers, deciding whether to shop in a store or online is no longer a matter of deciding. The internet and digital devices have spawned a whole new breed of shoppers and ways of shopping. Today’s omni-channel buyers shift seamlessly across online and in-store channels throughout the buying process. They have gotten used to researching and buying anywhere, anytime — whether it is in the store, online, on the go, or even online while in the store. To meet the needs of these omni-channel buyers, store retailers must master omni-channel retailing, integrating store and online channels into a single shopper experience.[2]

Omnichannel marketing is a strategic approach that aims to provide a seamless and integrated customer experience across multiple channels and touchpoints. Multichannel involves using various channels to interact with customers separately, but without a seamless connection. In contrast, omnichannel marketing focuses on creating a unified and consistent customer experience across all channels, enabling seamless transitions between them. Omnichannel is a customer-centric, offering a holistic approach, while multichannel can often feel disjointed. The key difference lies in the level of integration and continuity; omnichannel seeks to provide a cohesive journey, while multichannel simply uses multiple channels concurrently.

In recent years, Chinese corporations have made a remarkable shift towards implementing omnichannel marketing strategies, and the results have been nothing short of extraordinary. The term "omnichannel" refers to a seamless and integrated approach to marketing and sales across multiple channels, both online and offline. Chinese companies, both established giants and startups, have recognized the potential of this approach and are reaping the benefits in several key ways.

1. Digital Transformation: Chinese corporations have embraced digital transformation like never before. They've recognized that customers now expect a consistent and personalized experience across various channels, including physical stores, websites, mobile apps, social media, and more. The adoption of innovative technologies and data analytics tools has allowed them to unify customer data and insights, enabling them to better understand consumer behaviour.

2. Enhanced Customer Experience: Omnichannel marketing has empowered Chinese corporations to provide a superior customer experience. Through integrated systems, they can track and analyze customer interactions, preferences, and purchasing history. This data is then used to offer tailored recommendations, promotions, and customer service, creating a more personalized and engaging experience for their customers.

3. Seamless Shopping Journeys: Chinese consumers now enjoy a seamless shopping journey. They can research a product online, visit a physical store to see and touch it, and then complete the purchase through a mobile app or website. This
fluidity between online and offline channels allows customers to choose their preferred method of shopping, making it convenient and enjoyable.

4. Inventory Management: Effective omnichannel strategies have significantly improved inventory management for Chinese corporations. Real-time inventory tracking allows them to optimize stock levels across various sales channels. This not only reduces the risk of overstocking or stockouts, but also leads to significant cost savings.

5. Data-Driven Decision-Making: Chinese corporations have harnessed the power of data analytics to make informed decisions. They use data to identify trends, predict customer behaviour, and allocate resources more effectively. This data-driven approach enables them to adjust their marketing strategies in real-time, ensuring that they remain relevant and competitive in a fast-paced market.

6. Cross-Channel Marketing: Omnichannel marketing enables Chinese corporations to implement cross-channel marketing campaigns. They can seamlessly transition marketing messages and promotions from one channel to another, ensuring consistent brand messaging and a wider reach.

7. Increased Customer Loyalty: Chinese corporations have witnessed a boost in customer loyalty. When consumers experience consistent and exceptional brand interaction across multiple channels, they are more likely to become loyal customers. These customers not only make repeat purchases but also become brand advocates, helping to attract new customers.

8. Competitive Advantage: Implementing omnichannel marketing gives Chinese corporations a competitive edge. Companies that provide a seamless shopping experience are preferred by consumers, leading to increased market share. This advantage is especially significant in the highly competitive Chinese market.

9. Global Expansion: As Chinese corporations master omnichannel marketing, they are using these strategies to facilitate global expansion. They can leverage their domestic successes and apply similar approaches in international markets, adapting to local preferences while maintaining a consistent brand image.

10. Adaptation to Changing Consumer Behaviour: In a world where consumer behaviour is constantly evolving, omnichannel marketing allows Chinese corporations to adapt quickly. They can integrate emerging technologies and capitalize on new trends, ensuring they remain relevant to the ever-changing preferences of their target audience.

As of December 2022, the market capitalization of leading Chinese consumer internet and online service companies, including Alibaba.com, PinDuoDuo, and JD.com, provides valuable insights into the strength and growth of China's digital economy. These companies, with market capitalizations of $233 billion, $103 billion, and $88 billion, respectively, represent some of the most influential players in the Chinese and global online service and e-commerce landscape.[3]

Alibaba Group, one of the world's largest e-commerce conglomerates, has been a trailblazer in omnichannel marketing. The company's diverse ecosystem includes e-commerce platforms like Taobao and Tmall, as well as various digital and offline services. Alibaba leverages its vast dataset and technological capabilities to create a seamless shopping experience for consumers, allowing them to seamlessly transition from online to offline.
One of Alibaba's standout initiatives is its "New Retail" concept, which bridges the gap between online and offline shopping. This concept includes cashless stores, smart shelves, and interactive mirrors in physical retail spaces. The company also utilizes its mobile app to provide personalized shopping recommendations and integrates with various payment methods, including Alipay. Alibaba's omnichannel approach allows consumers to engage with the brand through multiple touchpoints, leading to higher customer satisfaction and loyalty.

Pinduoduo's omnichannel marketing strategy is centered around its social commerce model. Users can access the platform via its mobile app, where they can browse, shop, and participate in group buying deals. What sets Pinduoduo apart is its emphasis on social interaction. Users can form shopping groups with friends and family, leveraging their collective purchasing power to secure discounts. This approach not only encourages user engagement but also harnesses the power of social networks to drive sales.

Pinduoduo has seamlessly merged e-commerce and social media, allowing users to share their shopping experiences and recommendations with their network, thereby extending the reach of the platform. The company's integration of gamified features, such as interactive games and flash sales, also adds to the user engagement and retention strategy.

JD.com, another e-commerce giant, has been actively implementing an omnichannel strategy to redefine the retail experience in China. JD.com operates its own logistics network and delivery services, ensuring a seamless online shopping experience. It has also invested in a brick-and-mortar presence with its JD Home stores, where consumers can explore products in person.

The company offers an "O2O" (online-to-offline) shopping experience. Customers can place orders online and pick up their products at nearby JD Home stores, creating a unified shopping experience. JD.com's omnichannel approach extends to partnerships with traditional retailers, enabling them to leverage JD's e-commerce platform to reach a wider audience. The result is a cohesive shopping journey that prioritizes convenience and customer satisfaction.

Conclusions and perspectives for further research.

In conclusion, with China's emergence as a global economic powerhouse, marketing has become integral to doing business there. Companies seeking to gain a foothold or maintain a competitive edge must adapt to this evolving economic superpower's unique challenges and opportunities. Here are some key factors to consider:

1. Understanding the Local Market: Diverse culture and unique consumer behaviour require a deep understanding of the local market. Companies should invest in comprehensive market research to identify trends, preferences, and demands specific to different regions in China.
2. Cultural Sensitivity: Respecting and embracing Chinese culture is paramount. Tailoring marketing campaigns to align with cultural nuances, holidays, and traditions can significantly enhance a brand's appeal to local consumers.
3. E-commerce Dominance: China is a leader in e-commerce, and platforms like Alibaba's Tmall and JD.com dominate online retail. Companies must establish a robust online presence, including mobile apps, and leverage these platforms for marketing and sales.
4. Social Media and Influencer Marketing: Chinese social media platforms like WeChat, Weibo, and Douyin (the Chinese version of TikTok) play a vital role in marketing. Partnering with local influencers who have a substantial following can help amplify a brand message.

5. Localization: More than translating content is required; localization involves adapting products, services, and marketing materials to suit Chinese preferences and regulations. This includes everything from packaging and pricing to customer service.

6. Regulatory Compliance: China has stringent advertising, data protection, and online content regulations. Staying updated on these regulations is crucial to avoid legal issues and maintain a positive brand image.

7. Investment in Research and Development: To compete in a highly dynamic market, companies should consider investing in research and development to create products that cater to Chinese consumer needs and preferences.

8. Building Trust: Chinese consumers highly value trust and authenticity. Companies should build trust through transparent business practices, customer reviews, and product quality guarantees.

9. Supply Chain Optimization: Efficient supply chains are essential to meet the growing demand. Companies should explore options for local manufacturing, warehousing, and distribution.

10. Adaptability: The Chinese market is known for its rapid changes and emerging trends. Companies must remain adaptable and ready to pivot their marketing strategies in response to shifting consumer behaviours.

In the field of omnichannel marketing, the prospects for further research are promising. As technology continues to advance, and consumer behaviours evolve, there remain uncharted territories that warrant exploration.

In the first place, deeper investigations into the impact of emerging technologies, such as augmented reality (AR) and virtual reality (VR), on omnichannel marketing are vital. These technologies have the potential to revolutionize customer engagement by creating immersive brand experiences. Understanding how to seamlessly integrate AR and VR into omnichannel strategies and measuring their effectiveness will be crucial.

Furthermore, with data privacy concerns on the rise, research into the ethical dimensions of omnichannel marketing is essential. Striking a balance between personalization and respecting privacy is a delicate task. Further studies can help elucidate best practices and guidelines for ethical data usage in omnichannel marketing.

As globalization continues to connect markets worldwide, cross-cultural and cross-border omnichannel strategies require exploration. Understanding how cultural nuances and preferences impact omnichannel marketing effectiveness in diverse markets is a burgeoning area for research.

In conclusion, the dynamic nature of technology and consumer expectations in the digital age necessitates continuous investigation into omnichannel marketing. As businesses strive to deliver seamless, personalized experiences, ongoing research will be instrumental in shaping the future of marketing strategies and ensuring their success in a rapidly changing landscape.
References:


