# THE RED LUXURY INDEX 2022

# FOREWORD
## DLG

As brands continue to grow their digital footprint in the Chinese market, there has been an increasing amount of interest in social reviews and sharing platform RED *(Xiaohongshu)*. Initially conceived as a travel and shopping reviews platform, RED has since grown to become an integral part of the consumer journey in the market.

In the last couple of years, DLG (Digital Luxury Group) started receiving an increasing number of queries from international luxury and premium brands about RED: *Should we be on RED? What should we be doing on RED? How are we faring on RED?* It became clear to us that while the platform was initially seen as more beauty-skewed, perceptions were changing and brands across all categories in the luxury industry were starting to see the importance of establishing a presence on RED and leveraging it for word-of-mouth.

Being an agency that works with luxury and premium brands across a wide range of digital topics including e-commerce, CRM, creatives and of course, social media, we decided to create the RED Luxury Index – the first performance benchmark of its kind for the luxury and premium industry in China – to help brands better gauge where they stand on the platform and what they can do to get the most out of RED.

Created in collaboration with the leading provider of big data analysis for media content in the market, NEWRANK, the report takes a closer look at what luxury and premium brands are currently doing on the platform, and offers insights and explainers on the topic.

**PABLO MAURON**
Partner & China MD
DLG (Digital Luxury Group)

How are luxury and premium brands faring on this platform and what are some strategies and tactics they can consider? We are very excited about this collaboration with NEWRANK and we look forward to diving into the details with you in the RED Luxury Index.

# FOREWORD

## NEWRANK

I am Weiyu Chen, Co-founder and President of NEWRANK. We are very honoured to work with DLG (Digital Luxury Group) on the RED Luxury Index, a data report based on the RED *(Xiaohongshu)* platform. NEWRANK is a data-driven content technology company and its core business covers content marketing and enterprise services.

**WEIYU CHEN**
Co-Founder & President
NEWRANK

Data is the foundation of NEWRANK. In recent years, we have developed data analysis products that cover six major short video platforms: Douyin, Channels, RED, Kwai, Bilibili and Xigua Video. We provide enterprise content asset management solutions for multiple business scenarios such as content marketing and new media operations. Among them is the RED-focused Xinhong data platform, which formed the basis of this collaboration with DLG. Over the past two years, with its wide range of data points, functionalities and application scenarios, Xinhong has become one of the fastest growing data platforms for NEWRANK.

NEWRANK, together with DLG, conducted an in-depth data analysis on the marketing strategies of luxury and premium brands in the Chinese market, specifically on RED *(Xiaohongshu).* Based on the data collected, we observed that end-2021 was an intensive content seeding period for brands, and early-2022 saw many brands making use of mid-tier KOLs for better engagement – either way, we can see that brands are constantly testing new social platforms and new ways to play and ultimately drive conversions.

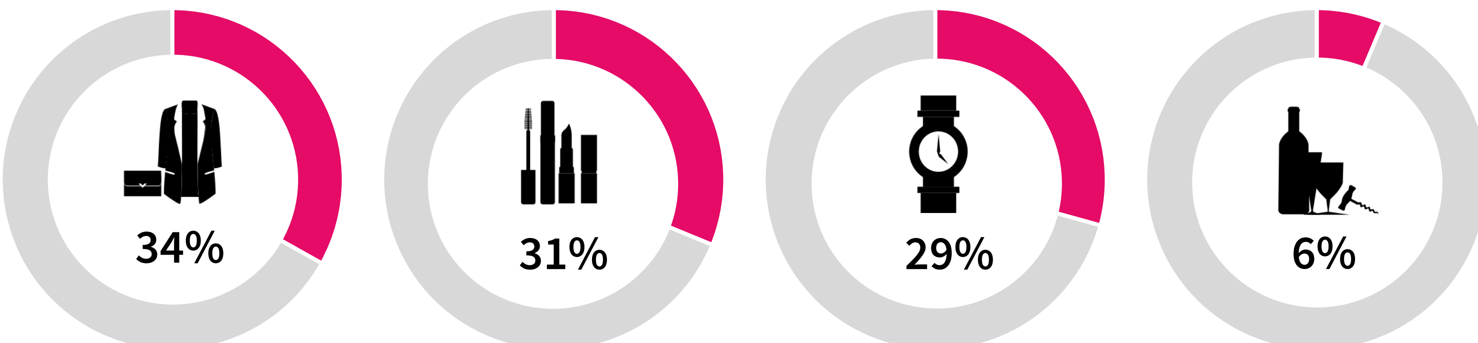
Thanks again for the warm invitation from DLG, it is a great honour to serve the luxury and premium industry with such a professional organisation. We at NEWRANK believe that we will able bring more useful data services and content marketing solutions to our clients in the years to come.

# METHODLOGY
## SCOPE OF STUDY

- ✓ 157 Luxury and Premium brands
- ✓ Community sizes ranging from ~100 to 480,000
- ✓ 6-month data period

The scope of this study has been developed to include a representative sample of luxury and premium brands across the Fashion, Beauty, Watches & Jewellery, as well as the Wine & Spirits categories present within the RED (*Xiaohongshu*) ecosystem. It also takes into consideration the proportion of brands and prominence of each category, audience size, and brand activity level, with outliers excluded from the sample.

**FASHION** **BEAUTY** **WATCHES & JEWELLERY** **WINE & SPIRITS**




*All rankings created as part of this study are based on the period of data extracted, and may vary from the brand's current standing in the RED ecosystem. Data anomalies and outliers stemming from overly small community sizes or other discernible circumstances have also been excluded where necessary.*

Data Period: September 2021 – February 2022

# METHODLOGY

## BRANDS IN THE STUDY

### FASHION

Alexander McQueen
Ami Paris
Armani
Balenciaga
Bally
Berluti
Brioni
Brunello Cucinelli
Burberry
CanadaGoose
Celine
Chloé
Christian Louboutin
Coach
Diane von Furstenberg
Dior
Fendi
Ferragamo
Gentle Monster
Giuseppe Zanotti
Givenchy
Gucci
Hugo Boss
Isabel Marant
Jimmy Choo
Kenzo
Lancel
Lanvin
Loewe
Longchamp
Louis Vuitton
Maison Margiela
Marc Jacobs
Marni
MAX&Co.
MaxMara
MCM
Moncler
Paco Rabanne
Prada
Ralph Lauren
Roger Vivier
Sergio Rossi
Shang Xia
Shanghai Tang
Stella McCartney
Stone Island
Stuart Weitzman
Tod's
Valentino
Vera Wang
Versace

### BEAUTY

Acqua Di Parma
Aerin
Aesop
Armani Beauty
Atelier Cologne
Bobbi Brown
Bulgari Fragrance
By Terry
Byredo
Cha Ling
Chanel Beauty
Charlotte Tilbury
Christian Louboutin Beauty
Clé de Peau Beauté
Darphin
Decorté
Dior Beauty
Diptyque
Elizabeth Arden
Estée Lauder
Eve Lom
Frederic Malle
Fresh
Givenchy Beauty
Guerlain
Helena Rubinstein
Jo Malone London
Jurlique
Kenzo
Kiehl’s
Kilian
La Mer
Lancôme
Maison Margiela Fragrances
Make Up For Ever
Marc Jacobs Fragrances
Nars
Pola
Shiseido
Shu Uemura
Sisley
SK-II
Skinceuticals
Sulwhasoo
Tom Ford Beauty
Urban Decay
Valentino Beauty
Valmont
YSL Beauty

### WATCHES & JEWELLERY

A. Lange & Söhne
APM Monaco
Baume & Mercier
Blancpain
Boucheron
Breguet
Breitling
Buccellati
Bulgari
Carl F. Bucherer
Cartier
Chopard
Chow Sang Sang
Chow Tai Fook
De Beers
De Beers Forevermark
Franck Muller
Fred
Glashütte Original
Graff
Harry Winston
Hublot
Jaeger-LeCoultre
Jaquet Droz
John Hardy
Longines
Messika
Mikimoto
Montblanc
Omega
Pandora
Panerai
Piaget
Pomellato
Qeelin
Rado
Roger Dubuis
Swarovski
T MARK
Tiffany & Co.
Tissot
TSL
Ulysse Nardin
Vacheron Constantin
Van Cleef & Arpels
Zenith

### WINE & SPIRITS

Absolut Vodka
Ballantine's
Chandon
Cointreau
Hennessy
Louis XIII
Martell
Moët & Chandon
Perrier Jouet
Remy Martin

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# 01 OVERVIEW

*This section offers an overview of top-level indicators on RED, including community sizes and related demographics*


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## FANBASE
### COMMUNITY SIZE

Of the top ten largest luxury brand accounts on RED, more than half of them are from the Beauty category, suggesting that this product category continues to be the most dominant on the platform, with the largest follower bases. This does not come as a surprise as beauty brands were among the first to establish a presence on RED when it was pivoting from its original purpose as a travel recommendations and reviews platform to a more product sharing one.

However, top luxury fashion brands, are also starting to build up their following on the platform, with Dior, Louis Vuitton and Gucci within the top 10 ranking. This shows that other luxury product categories are starting to take a serious interest in this platform as well.

| RANK | BRAND | CATEGORY |
|---|---|---|
| 1 | Lancôme | Beauty |
| 2 | Estée Lauder | Beauty |
| 3 | La Mer | Beauty |
| 4 | Dior | Fashion |
| 5 | Shu Uemura | Beauty |
| 6 | Louis Vuitton | Fashion |
| 7 | Gucci | Fashion |
| 8 | Armani Beauty | Beauty |
| 9 | Make Up Forever | Beauty |
| 10 | Kiehl's | Beauty |

## FASHION

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Dior | 373,165 |
| 2 | Louis Vuitton | 302,333 |
| 3 | Gucci | 285,716 |
| 4 | Coach | 96,048 |
| 5 | Longchamp | 94,701 |

## BEAUTY

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Lancôme | 460,890 |
| 2 | Estée Lauder | 459,722 |
| 3 | La Mer | 380,066 |
| 4 | Shu Uemura | 315,031 |
| 5 | Armani Beauty | 279,595 |

## WATCHES & JEWELLERY

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Chow Tai Fook | 246,487 |
| 2 | Tiffany & Co. | 130,535 |
| 3 | Cartier | 93,975 |
| 4 | Swarovski | 66,446 |
| 5 | Bulgari | 63,306 |

## WINE & SPIRITS

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Hennessy | 4,122 |
| 2 | Louis XIII | 3,513 |
| 3 | Martell | 1,768 |
| 4 | Rémy Martin | 1,118 |
| 5 | Chandon | 815 |

**FANBASE**
**COMMUNITY SIZE**

The Fashion and Beauty categories are the most prominent and have the largest communities on RED, while the Wine & Spirits category remains the smallest and most under-developed of the sample.

# FANBASE
## COMMUNITY SIZE

Brands in the Fashion as well as Watches & Jewellery categories are observed to have far more significant outliers compared to the Beauty category. The data also illustrates that a large proportion of luxury and premium brands on RED still have rather small communities, and that more can be done to grow these numbers.

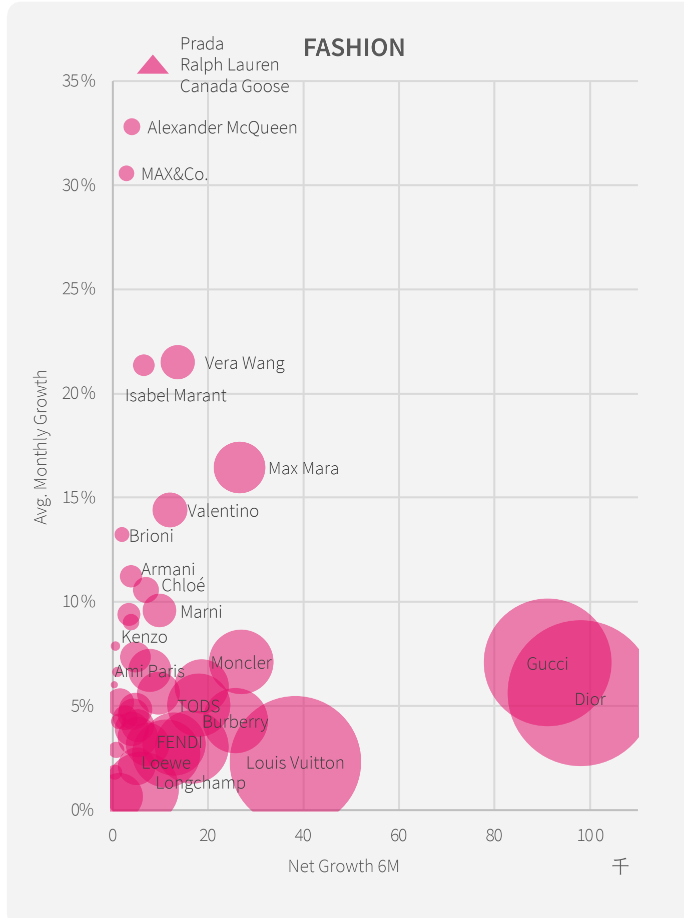
### FANBASE DISTRIBUTION BY CATEGORY


The chart above offers insights into the largest and smallest community sizes per category, as well as an indication of the typical size of brands in that category (within the boxed portion). **Brands in the Beauty category continue to dominate in terms of absolute numbers,** with the majority of brands in that category having community sizes larger than that of even the largest brands in the other categories (excluding outliers).

At present, the luxury and premium **Wine & Spirits category remains underdeveloped on RED**. The community sizes of the brands in this category are much smaller, falling far below the typical sizes of brand communities from the other categories in the study. The Fashion and Watches & Jewellery categories are more similar in terms of community sizes, but remain significantly smaller than brands from the Beauty category.

# GROWTH RATE
## FASHION

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Prada | 11463.35% |
| 2 | Ralph Lauren | 129.07% |
| 3 | Canada Goose | 75.85% |
| 4 | Alexander McQueen | 32.81% |
| 5 | MAX&Co. | 30.57% |
| CATEGORY AVERAGE | | 10.01% |
| 42 | Louis Vuitton | 2.33% |
| 43 | Stuart Weitzman | 2.11% |
| 44 | Giuseppe Zanotti | 1.82% |
| 45 | Coach | 1.02% |
| 46 | MCM | 0.65% |

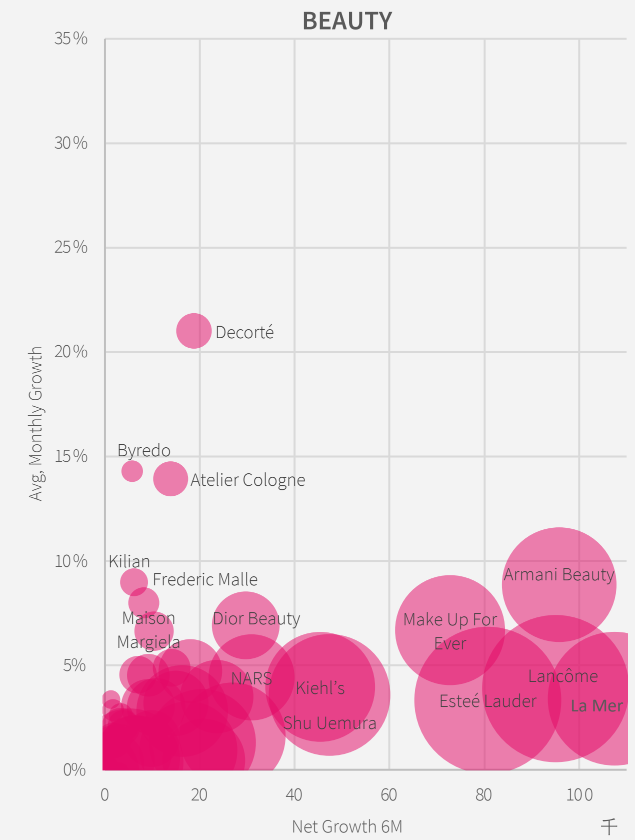



*Size of bubbles correspond with account community size, and outliers are not visible in the chart.

Note: Only 46 Fashion brands were ranked in terms of growth.

# GROWTH RATE
## BEAUTY

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Decorté | 21.01% |
| 2 | Byredo | 14.03% |
| 3 | Atelier Cologne | 13.93% |
| 4 | Kilian | 8.98% |
| 5 | Armani Beauty | 8.86% |
| **CATEGORY AVERAGE** | | 3.85% |
| 43 | Fresh | 0.29% |
| 44 | Aerin | 0.21% |
| 45 | SK-II | -0.04% |
| 46 | Urban Decay | -0.06% |
| 47 | By Terry | -0.18% |

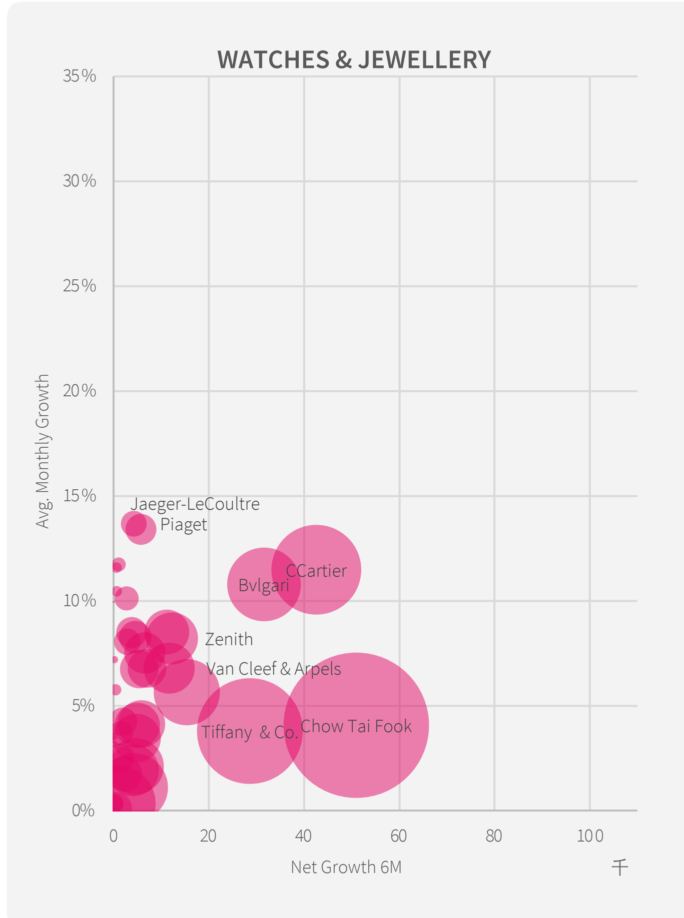



*Size of bubbles correspond with account community size, and outliers are not visible in the chart.

Note: Only 47 Beauty brands were ranked in terms of growth.

# GROWTH RATE
## WATCHES & JEWELLERY

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Piaget | 13.67% |
| 2 | Jaeger-LeCoultre | 13.41% |
| 3 | Roger Dubuis | 11.73% |
| 4 | Messika | 11.58% |
| 5 | Cartier | 11.48% |
| CATEGORY AVERAGE | | 6.17% |
| 35 | Pandora | 1.10% |
| 36 | T Mark | 0.36% |
| 37 | Swarovski | 0.33% |
| 38 | Carl F. Bucherer | 0.29% |
| 39 | Panerai | 0.09% |

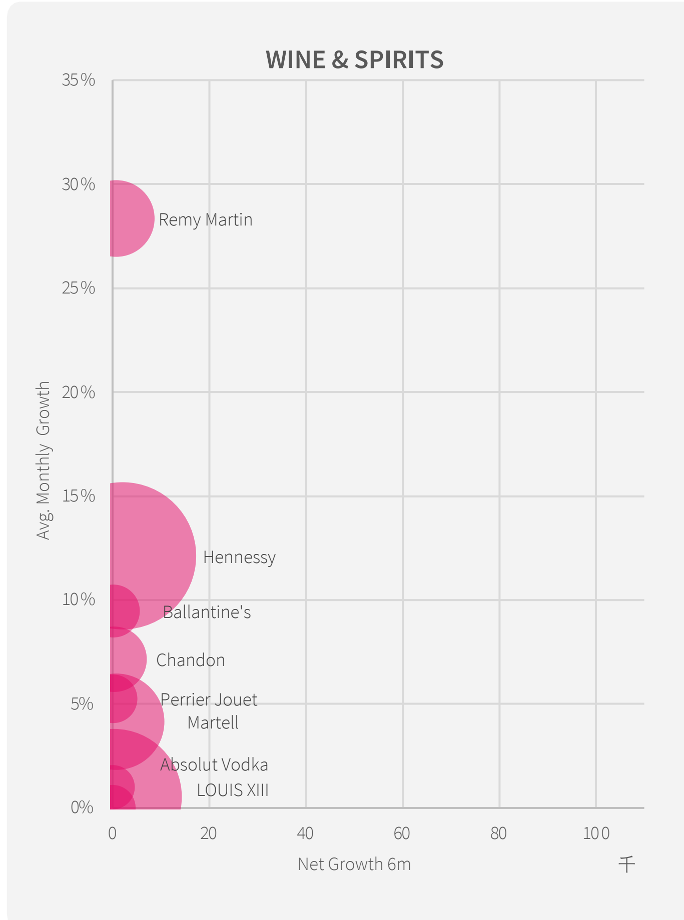



*Size of bubbles correspond with account community size, and outliers are not visible in the chart.

Note: Only 39 Watches & Jewellery brands were ranked in terms of growth.

# GROWTH RATE
## WINE & SPIRITS

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Rémy Martin | 28.35% |
| 2 | Hennessy | 12.13% |
| 3 | Ballantine’s | 9.47% |
| CATEGORY AVERAGE | | 8.30% |
| 4 | Chandon | 7.15% |
| 5 | Perrier-Jouët | 5.25% |
| 6 | Martell | 4.15% |
| 7 | Absolut Vodka | 1.00% |
| 8 | Louis XIII | 0.54% |
| N/A | Cointreau | N/A |




*Size of bubbles correspond with account community size, and outliers are not visible in the chart.

Note: Due to small sample size, only partial ranking is displayed.

# GROWTH RATE
## ALL BRANDS

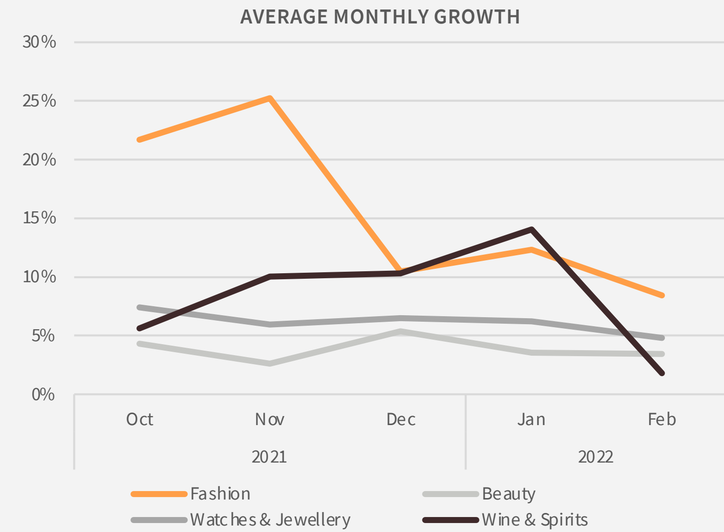
**Brands that had smaller overall community sizes typically exhibited higher growth rates.** Brands that had a larger net growth did not necessarily grow at as fast a pace as smaller accounts as well. This was especially observed in the Fashion and Beauty category, where there were larger variances in terms of community sizes among brands.

The Fashion category was also observed to have the **highest average monthly growth rate of about 10%**, indicating the potential of this category, followed by the nascent Wine & Spirits category with an average monthly growth rate of 8.23%.

Notably, of all the brands studied, only brands in the Beauty category, such as Urban Decay, SK-II and By Terry **exhibited negative monthly growth rates.** The **average growth rate of brands in this category is 3.85%,** which is also the lowest among the four categories. This suggests that the Beauty category is rather saturated on RED, and that **it is getting increasingly difficult for brands in this category to generate follower growth on the platform.**

### DELAYED CONTENT TRACTION

Due to the nature of the RED algorithm and how consumers make use of the platform, content typically takes a longer period of time to gain traction as compared to other social channels in China. This means that **major brand or e-commerce marketing milestones do not necessarily have a direct impact on on community growth** on the platform.




### LIMITED IMPACT OF SEASONALITY ON GROWTH

Community growth is observed to vary from month to month across categories. While growth of the Fashion category appears to peak in the month of November, when China's largest shopping festival Singles Day (or 11.11) takes place, no significant uptick in community growth is observed for the Beauty category on that month – a category that is known to generate large amounts of GMV during the period. As such, **no direct causality can be established between peak community growth months and significant marketing milestones in China**.

# DEMOGRAPHICS
## ALL BRANDS

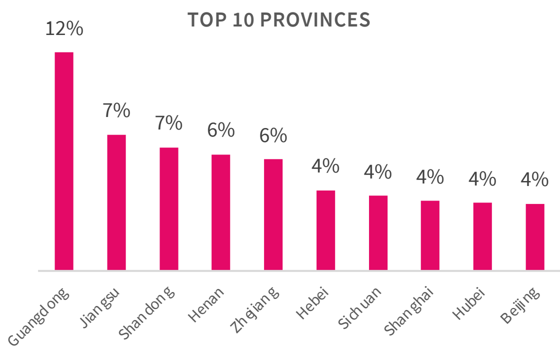
### NON-TIER 1 CITIES

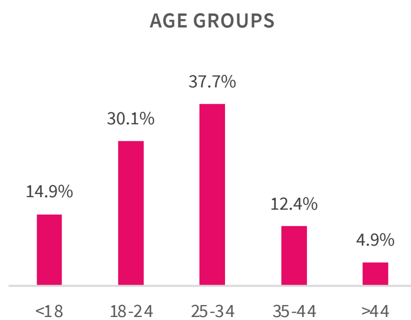
While the top province in terms of **luxury and premium brand followers** is Guangdong, the next few on the list include Jiangsu, Shandong, Henan, Zhejiang and Hebei – all of which consist of **non-tier 1 cities**. This indicates a strong opportunity for brands in the category to also target users in these provinces, and not to only focus their efforts on provinces with traditional tier 1 cities such as Shanghai, Beijing, Shenzhen and Guangzhou (both in Guangdong province).

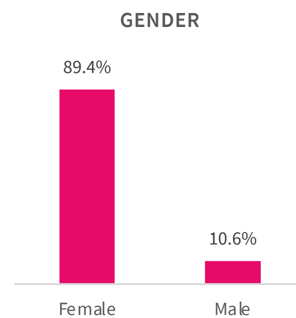
**At 37.7%, those between the ages of 25 to 34 make up the largest group of users** following luxury and premium brands on RED. This is followed closely by those within the 18 to 24 age range (30.1%), indicating that **Millennials and Gen Z form the largest proportion of followers** for this category.

Users above the age of 35 only constitute about 17% of this consumer demographic, indicating that slightly older luxury and premium consumers might be **getting information about this industry from other channels instead.**

While the overall gender demographic on RED is said to have shifted in recent months to include a larger proportion of male users, this study shows that at least for the luxury and premium categories, females still dominate user numbers. **Over 89% of users that follow luxury and premium brands on RED are female**. This does not necessarily mean that brands should focus on female audiences, but instead**, recognise the male opportunity on RED,** especially for more the more traditionally masculine luxury categories such as **watches**.




# THE OPPORTUNITY
## TARGET AUDIENCE

According to figures released by RED, approximately **30% of the platform's user base is male**. However, this proportion is not reflected in the luxury and premium categories on RED, with **only about 10% of users** that follow such brands being male. While this represents an opportunity for luxury and premium brands, **short term results are unlikely** as audience demographics will take time to evolve.

# 02 OWNED

*This section examines indicators related to content and performance on RED that is published on brand-owned accounts*


| | |
|---|---|
| **POSTING FREQUENCY** | **18** |
| **CONTENT** | **20** |
| **ENGAGEMENT** | **25** |
| **LUCKY DRAW** | **33** |

## FASHION

| RANK | BRAND | AVG POSTS / MONTH |
| --- | --- | --- |
| 1 | Dior | 116.7 |
| 2 | Lanvin | 45.2 |
| 3 | Stuart Weitzman | 40.2 |
| 4 | Gucci | 39.7 |
| 5 | Céline | 36.5 |
| CATEGORY AVERAGE | | 19.1 |
| 48 | Marc Jacobs | 6.2 |
| 49 | Ralph Lauren | 4.7 |
| 50 | Brunello Cucinelli | 3.2 |
| 51 | Prada | 3.2 |
| 52 | Armani | 2.3 |

## BEAUTY

| RANK | BRAND | AVG POSTS BY MONTH |
| --- | --- | --- |
| 1 | Estée Lauder | 45.5 |
| 2 | Chanel Beauty | 43.5 |
| 3 | Shu Uemura | 41.7 |
| 4 | Armani Beauty | 29.5 |
| 5 | YSL Beauty | 26.2 |
| CATEGORY AVERAGE | | 13.8 |
| 44 | Valentino Beauty | 4.0 |
| 45 | Valmont | 4.0 |
| 46 | Kenzo Parfums | 3.0 |
| 47 | Cha Ling | 2.5 |
| 48 | SK-II | 1.3 |

# POSTING FREQUENCY

## AVERAGE POSTS PER MONTH

## WATCHES & JEWELLERY

| RANK | BRAND | AVG POSTS / MONTH |
|---|---|---|
| 1 | Bulgari | 43.0 |
| 2 | Cartier | 30.2 |
| 3 | Qeelin | 26.3 |
| 4 | Tissot | 25.7 |
| 5 | Pomellato | 25.0 |
| CATEGORY AVERAGE | | 12.6 |
| 41 | Jaquet Droz | 2.7 |
| 42 | John Hardy | 2.3 |
| 43 | Franck Muller | 2.0 |
| 44 | Rado | 1.5 |
| 45 | T Mark | 0.3 |

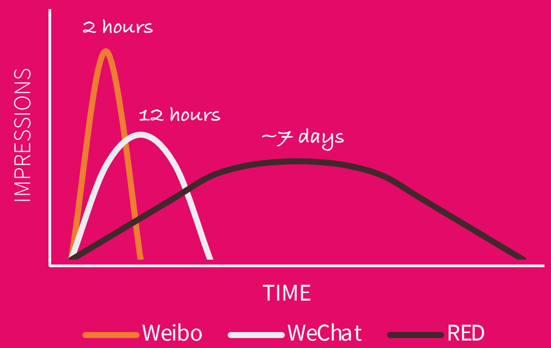
## WINE & SPIRITS

| RANK | BRAND | AVG POSTS / MONTH |
|---|---|---|
| 1 | Perrier-Jouët | 7.8 |
| 2 | Hennessy | 6.0 |
| 3 | Rémy Martin | 4.7 |
| 4 | Louis XIII | 4.7 |
| CATEGORY AVERAGE | | 4.2 |
| 5 | Martell | 2.8 |
| 6 | Chandon | 2.2 |
| 7 | Moët & Chandon | 1.0 |
| 8 | Cointreau | 0 |
| - | Ballantine's | 0 |
| - | Absolut Vodka | 0 |

# POSTING FREQUENCY

## AVERAGE POSTS PER MONTH

# CONTENT
## POSTING TIME




CONTENT LIFESPAN*

Compared to other Chinese social platforms like Weibo and WeChat, content on RED has a much longer lifespan because of its feed algorithm. Content on RED is not displayed chronologically and can typically last up to one month or even several months if a post is of high quality. As such, **instead of focusing too much on the publishing time, brands should focus on the relevance of their content** to generate more impressions.

As such, this also suggests that **brands may not see the impact of their content immediately, and must begin seeding and communications on RED earlier than on other Chinese platforms when it comes to important brand or local milestones.** This will ensure that content receives ample exposure ahead of the actual event.

*Note: The graph shown is for illustration purpose only.

## POSTING TIME

| TIME | SHARE OF POSTS |
|---|---|
| 0:00 | 1% |
| 1:00 | 0% |
| 2:00 | 0% |
| 3:00 | 0% |
| 4:00 | 0% |
| 5:00 | 0% |
| 6:00 | 0% |
| 7:00 | 0% |
| 8:00 | 0% |
| 9:00 | 1% |
| 10:00 | 8% |
| 11:00 | 5% |
| 12:00 | 12% |
| 13:00 | 4% |
| 14:00 | 6% |
| 15:00 | 5% |
| 16:00 | 7% |
| 17:00 | 8% |
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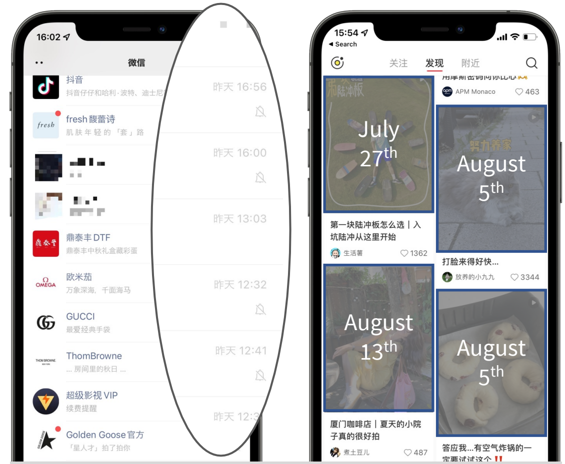
| 20:00 | 7% |
| 21:00 | 4% |
| 22:00 | 2% |
| 23:00 | 1% |




CONTENT FEED ON WECHAT VS. RED

There are three types of content shown on the RED feed: content from accounts followed by the user, Location Based Service (LBS) content, and content recommended by the platform – **all of which are not presented chronologically but displayed based on the platform's algorithm.**

In contrast, WeChat's message window displays chats and brand content pushes in chronological order. As such, brands need to consider the optimal timeslot for publishing content to generate better open rates. **Given the nature of RED's feed, the date and time of posts are less relevant to content performance.**

It has been observed, however, that luxury and premium brands tend to publish their content around 12:00 and 18:00, with a publishing frequency that is evenly distributed throughout the day's working hours.

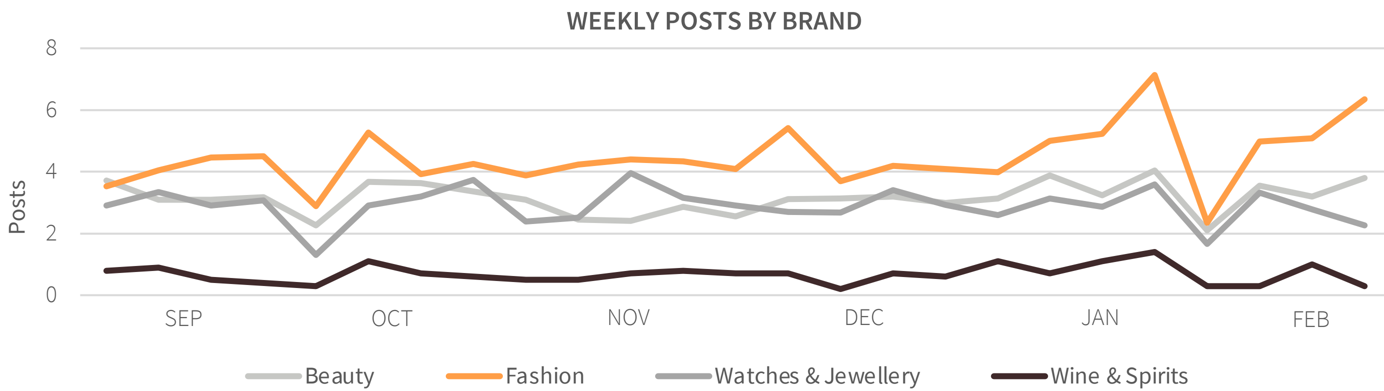
# CONTENT

## EVOLUTION OF POSTING FREQUENCY

In terms of post frequency, **there are two significant increases across categories in November and January, corresponding with the Chinese marketing calendar.** Activation for Singles Day typically takes place from late-October to November, with brands leveraging social media platforms like RED to drive awareness. January is when New Year's Day and Lunar New Year (Spring Festival) typically takes place, and brands tend to launch new products or China-exclusive collections during this period.

The overall evolution of monthly posting frequency across luxury categories is similar. Although there are still exceptions within each category, we see an increase in posting frequency by fashion brands in late September, early October, and early February, which is likely due to the fact that most fashion brands hold their runway shows and reveal their new collections for the following year during these times, making these periods important communication milestones for the fashion industry.

In early October, beauty brands posted more frequently. As the beauty industry has a high e-commerce penetration, **brands recognise the importance of communicating about their products ahead of Singles Day** in order to influence consumers' purchase decisions in the coming month. The Wine & Spirits category, however, does not see much variance in terms of post frequency over the course of six months, likely due to the low volume of posts by this category in general.




## THE OPPORTUNITY

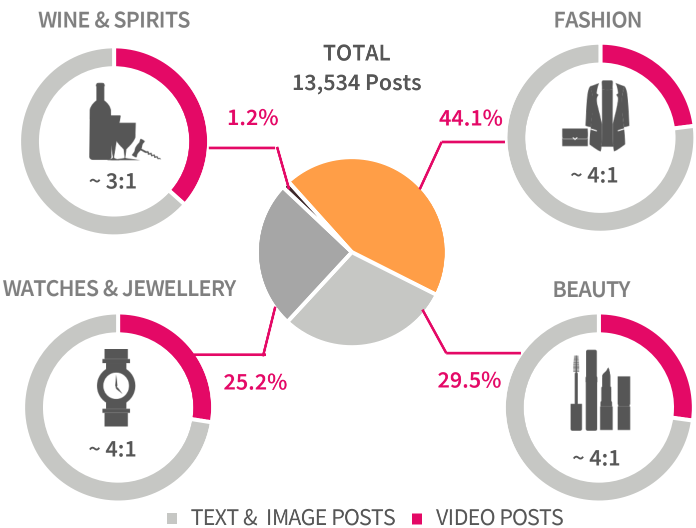
### MARKETING CALENDAR

On the occasion of key marketing milestones such as new product launches or local festivals, and shopping events, brands can increase their posting frequency on RED. To drive transactions on other platforms, **brands can leverage RED to build desirability and generate social buzz ahead of the actual product launch or shopping event with product seeding and teasers.**

# CONTENT

## CONTENT TYPES

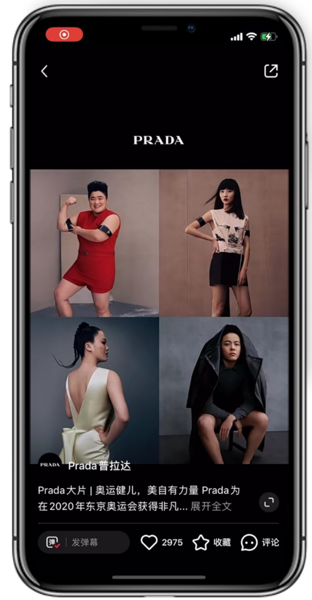
### BREAKDOWN BY CONTENT TYPES




There are two types of content on RED: text & image and video posts. Text & image posts allow brands to upload up to nine images, and each video posts can only display one video. Every post can include a title and body text, as well as content-relevant topics. Brands posted a total of 13,534 posts from 1 September, 2021 to 28 February, 2022, with video posts accounting for 25.6% of the total.

According to our findings, **there is little difference in engagement rates between video and text & image posts.** As RED is not a platform focused on video content, well-thought-out text & image content may resonate more with users and garner positive feedback at a lower production cost.

### VIDEO POST AND TEXT & IMAGE POST




**PRADA**

Prada's local campaign video featured Chinese female athletes dressed in tailored pieces from the brand's 2022 Spring/Summer collection.


**TOM FORD BEAUTY**

The Tom Ford 50 lipstick campaign features the brand’s beauty and perfume ambassador, Chinese actor Yilong Zhu.

Note: The ratio shown in the category ring chart is the number of video posts versus text & image posts..

# HOW TO CREATE CONTENT ON RED?
## TONE OF VOICE


**KIEHL'S**

Kiehl's launched a video series inviting beauty KOLs to discuss skincare routines, featuring the platform's trending topic #早C晚A (Vitamin C in the morning, retinol at night), which has reached 125.6M pageviews.


**PRADA**

Prada posted street-style snapshots from celebrities and models featuring its new Prada Symbole bag collection.

### ▶ SOCIAL TONE

RED is a platform **driven by user-generated content,** and brand-owned accounts should take this into consideration. Instead of being too polished and PR-sounding, brands should adopt a more conversational, social tone in their content.

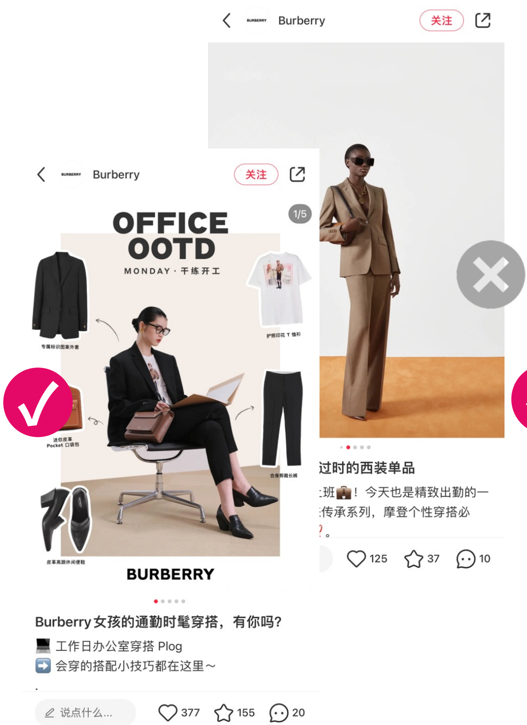
### ▶ PRODUCT-FOCUSED

The content must also meet the needs of users who see RED as a platform for product reviews and research. **Content should be product-focused, with relevant keywords and hashtags included** to broaden its reach.

### ▶ TAPPING INTO SOCIAL TRENDS

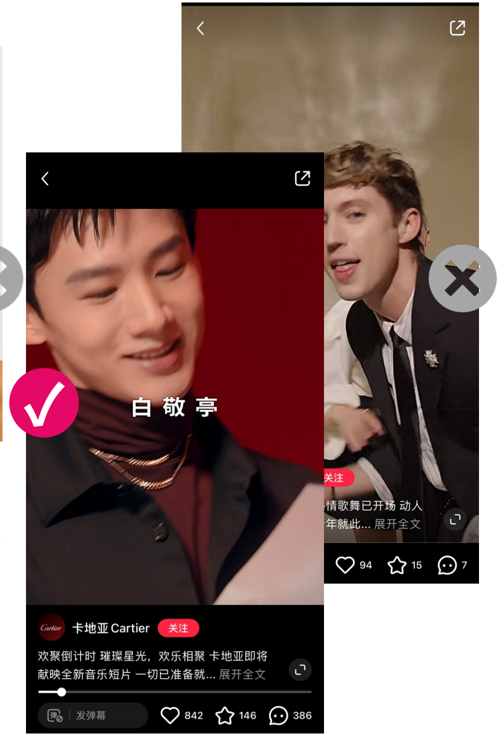
Beyond the regular Chinese market calendar, **brands should leverage Hot Topics on RED** and social trends when creating content, to maximise the impact of each piece of content.

# HOW TO CREATE CONTENT ON RED?
## VISUALS




**BURBERRY**

Applying brand visuals directly on RED is not recommended. In line with the social vibe of the platform, brands can leverage a more fun image treatment and layouts to resonate with the audience.




**CARTIER**

Local celebrities and influencers are well-received on RED. Brands should minimise usage of global campaign imagery with Western celebrities and ambassadors.

### ▶ LOCAL ASSETS

Brands should make an effort to create local content for RED, like they have been doing so for most Chinese digital platforms over the years. **Directly using a brand's global campaign visual, or imagery with Western celebrities or brand ambassadors, rarely resonates well with the platform's audience**, whereas content featuring local celebrities and influencers is well-received.

### ▶ VISUAL RECREATION

When it comes to brand visuals on RED, brands must go one step further. Posts on RED (also known as "Notes") by users tend to be highly illustrated, containing creative text and images. Brands should also repurpose their visual assets in this manner, and can consider creating mood boards with product collages or creating content series with themed layouts.

# ENGAGEMENT
## ACTION TYPES

### LIKE


Users often "Like" a note to express their appreciation for the quality of the piece of content or to show their support for celebrities/KOLs. On top of that, by liking a post, **users expect to see this type of content more frequently on their feed**.

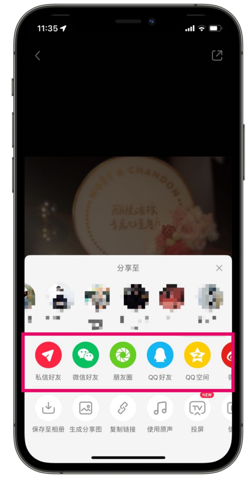
### COLLECT


Given the platform's nature of sharing and reviewing, the "Collect" function is widely used on RED. Users can "Collect" posts and organise them into different categories (known as "Boards") **for easy future reference.**

### COMMENT


Besides content, users' purchase decisions are also influenced by comments from other users. Brands **can build rapport with consumers while also driving awareness** by carrying out community management on RED.

### SHARE*




While it was **common for brands to pay for traffic redirection** to other social or e-commerce platforms previously, the Chinese ecosystem has since opened up and RED content can be seamlessly shared on other platforms.

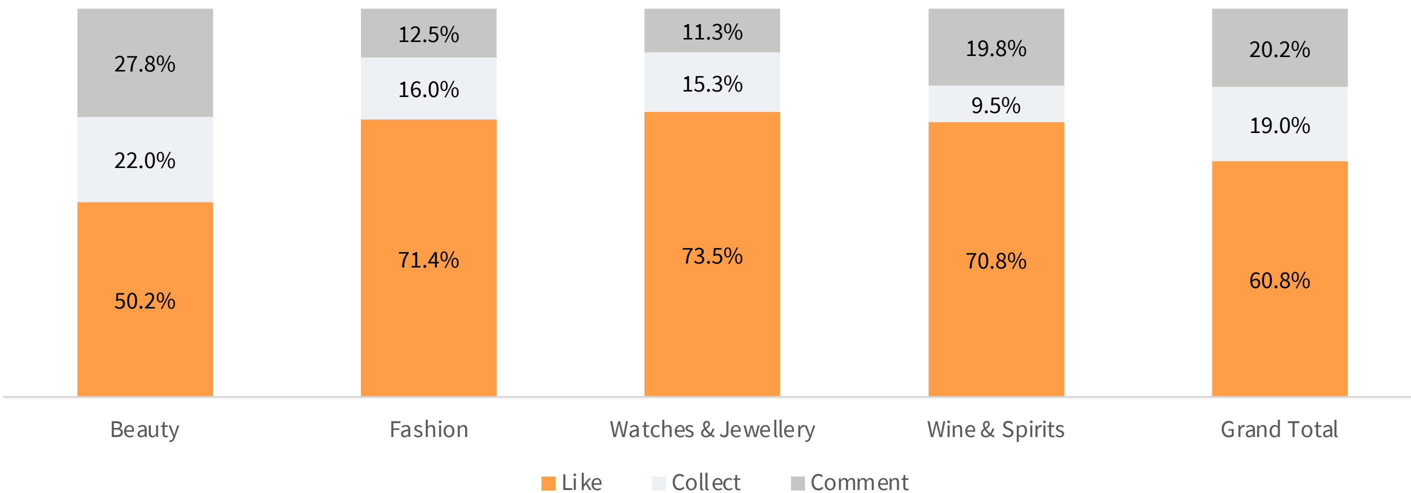
## USER ENGAGEMENT
### CHINESE DIGITAL ECOSYSTEM

As the Chinese social media landscape matured over the years, consumers also became highly cognisant of the fact that following a brand account does not only place the brand's content directly on one's feed, but also **tells the platform to show them more related content.** Social media users are now doing this consciously, **understanding that platforms have largely developed behaviour-based algorithms.**

Note: The engagement action "Share" is not tracked as part of this study.

# ENGAGEMENT
## ACTION TYPES

BREAKDOWN BY ENGAGEMENT ACTIONS




The Fashion, Watches & Jewellery, and Wine & Spirits categories all have a fairly similar distribution of engagement types, whereas Beauty differs slightly from the other three categories. **While "Like" remains the most common engagement type for all brands, the proportion of "Comment" and "Collect" is far higher in the Beauty category at 27.8% and 22.0% respectively**, indicating that consumers tend to be more active on Beauty brand accounts.

While these actions could be due to the high volume of engagement or UGC campaigns that tend to be run by the Beauty category, this also stems from the fact that **Beauty is a far more accessible product category for consumers**. Its lower price point naturally **makes it easier for users to share their own product experiences and post reviews, as well save ("Collect") posts for personal reference** when making future purchase decisions both online and offline.

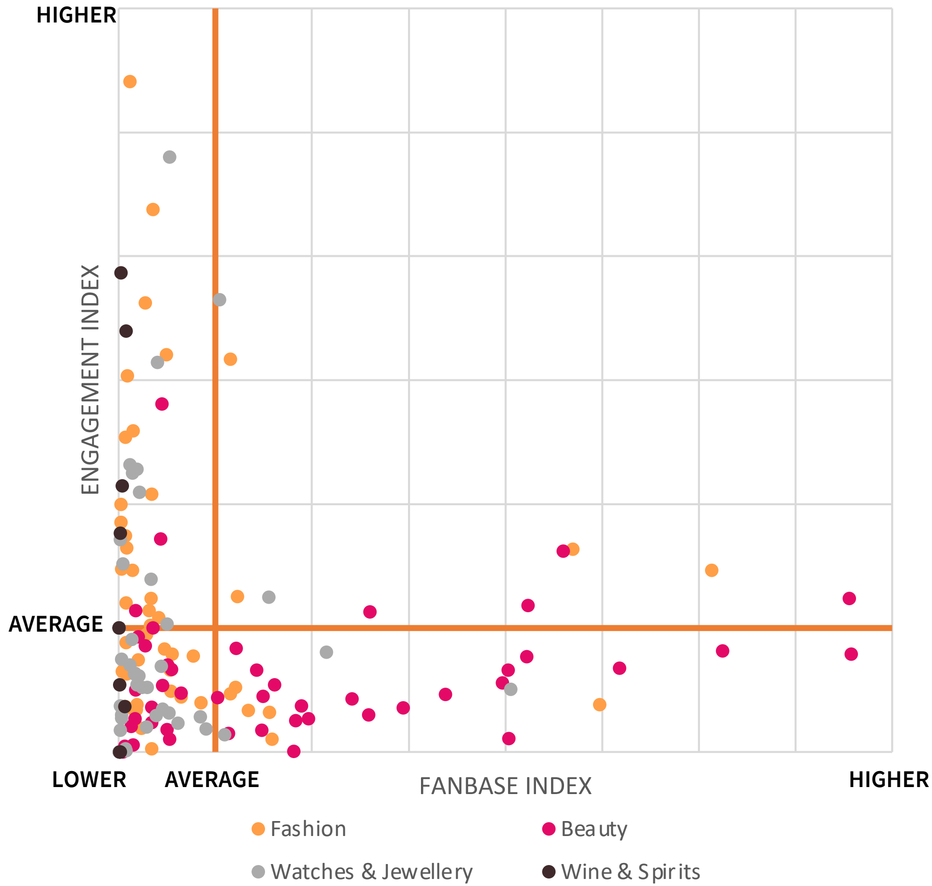
Beauty brands on RED have also started to produce more educational and informational content such as **make-up tutorials or product reviews and swatches. Users typically "Collect" such content for future reference.** Other brands can draw inspiration from this to encourage users to "Collect" their content – for instance, fashion brands can create content such as everyday styling tips, while wine and spirits brands can introduce tasting notes or food pairing options.

# ENGAGEMENT
## OVERALL INTRODUCTION

Of the brands studied, the vast majority have fanbase and engagement numbers that are below average. However, **a few brands outperform the industry average in terms of fanbase and engagement – with most of them coming from the Beauty category.**

Brands from the Beauty category were **among the first to tap into the RED opportunity, and naturally have had a longer time to grow their fanbases**. As such, most of the brands with an above-average fanbase are Beauty brands.

In terms of engagement, **brands with above-average engagement numbers were mainly from the Fashion and Watches & Jewellery categories.** Although these categories do not have the same level of clout as Beauty brands due to their typically smaller community sizes, these brands are also starting to gain traction on the platform with their brand equity and content strategies.

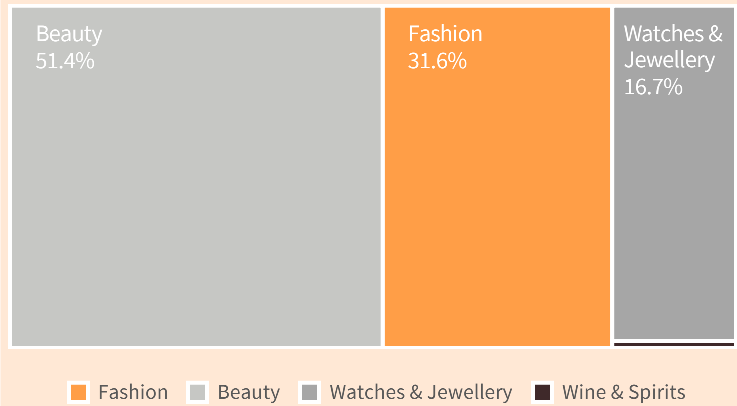


# ENGAGEMENT
## ABSOLUTE ENGAGEMENT

### TOP 10 BRANDS BY ABSOLUTE ENGAGEMENT ACROSS CATEGORY

| RANK | BRAND | CATEGORY | SHARE OF ENG. |
|---|---|---|---|
| 1 | Estée Lauder | Beauty | 7.6% |
| 2 | Dior | Fashion | 7.3% |
| 3 | Gucci | Fashion | 6.2% |
| 4 | Armani Beauty | Beauty | 6.0% |
| 5 | Lancôme | Beauty | 4.8% |
| 6 | La Mer | Beauty | 4.1% |
| 7 | Make Up For Ever | Beauty | 4.1% |
| 8 | Bulgari | Watches & Jewellery | 3.1% |
| 9 | Tod's | Fashion | 2.9% |
| 10 | Shu Uemura | Beauty | 2.8% |

### SHARE OF ENGAGEMENT BY CATEGORY




Out of all the interactions made by users over the 6-month period, **engagement actions made on Beauty brand accounts accounted for 51.4% of total interactions**, while actions made on Fashion and Watches & Jewellery made up about 31.6% and 16.7% of all engagement actions, respectively. **This suggests that consumers are more likely to engage with content from Beauty brands** compared to other categories. As the Wine & Spirits category remains small, interactions made on related only formed 0.3% of all engagement actions.

Of the top 10 most interacted with brands, beauty brands occupy six seats, with **Estée Lauder being the top brand with most absolute engagement**. However, we also see three fashion brands in the list – Dior, Gucci and Tod's – indicating the potential of this category.

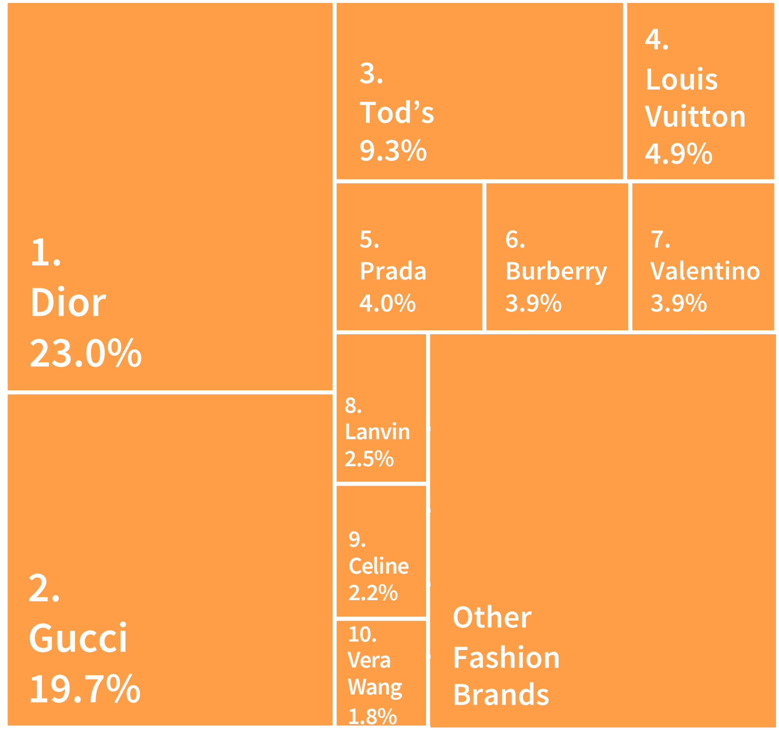
# LEVEL OF ENGAGEMENT

## FASHION

### RANKING BY RELATIVE ENGAGEMENT RATE

| RANK | BRAND | % RELATIVE ENG. |
|---|---|---|
| 1 | Christian Louboutin | +308.0% |
| 2 | Valentino | +230.2% |
| 3 | Lanvin | +173.5% |
| 4 | Prada | +141.7% |
| 5 | Tod's | +139.1% |
| ENGAGEMENT INDEX | ▲ 17 BRANDS | ▼ 29 BRANDS |
| 42 | Kenzo | -74.3% |
| 43 | Loewe | -74.8% |
| 44 | Longchamp | -75.7% |
| 45 | Stone Island | -85.6% |
| 46 | Coach | -92.0% |

### SHARE OF ENGAGEMENT



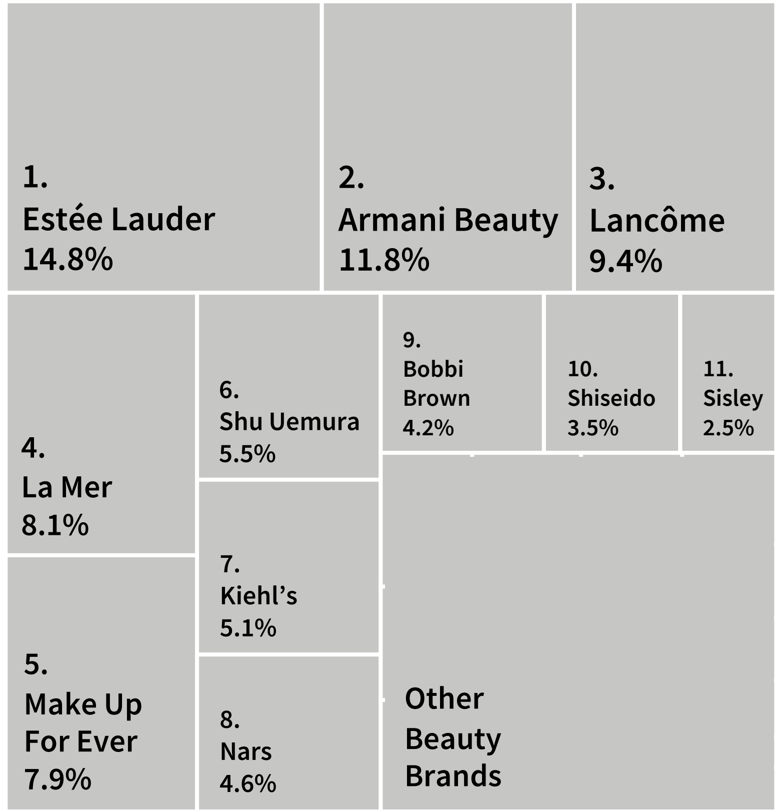

Brands with a large fanbase typically will have large absolute engagement numbers. However, this does not necessarily mean that the brand is performing well compared to its competitors in the same category. To offer a clearer category benchmark, the **Engagement Index (left) compares the engagement actions on a brand account against the category average**, and ranks brands based on it. The **Share of Engagement (above), measures the proportion a brand's absolute engagement numbers accounts for out of all engagements made within the category.**

# LEVEL OF ENGAGEMENT
## BEAUTY

### RANKING BY RELATIVE ENGAGEMENT RATE

| RANK | BRAND | % RELATIVE ENG. |
|---|---|---|
| 1 | Decorté | +336.7% |
| 2 | Christian Louboutin Beauty | +328.6% |
| 3 | Atelier Cologne | +167.6% |
| 4 | Armani Beauty | +152.5% |
| 5 | Estée Lauder | +92.9% |
| ENGAGEMENT INDEX | ▲ 20 BRANDS | ▼ 28 BRANDS |
| 44 | Bulgari Parfums | -84.1% |
| 45 | Aerin | -90.6% |
| 46 | Kenzo Parfums | -92.7% |
| 47 | Cha Ling | -97.0% |
| 48 | SK-II | -99.2% |

### SHARE OF ENGAGEMENT




*Engagement Index:* *Compares brands' content performance against the category average*

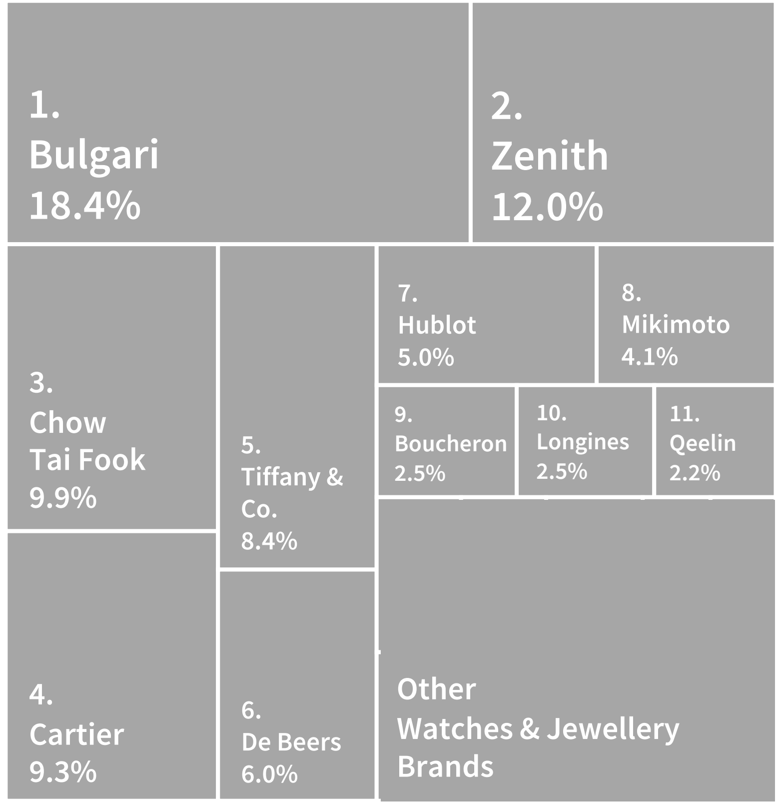
*Share of Engagement:* *The proportion of a brand's absolute engagement volume out of all engagement actions in the category*

# LEVEL OF ENGAGEMENT
## WATCHES & JEWELLERY

### RANKING BY RELATIVE ENGAGEMENT RATE

| RANK | BRAND | % RELATIVE ENG. |
|---|---|---|
| 1 | Zenith | +374.4% |
| 2 | Bulgari | +260.7% |
| 3 | De Beers | +210.5% |
| 4 | Pomellato | +129.0% |
| 5 | Tissot | +125.7% |
| ENGAGEMENT INDEX | ▲ 12 BRANDS | ▼ 26 BRANDS |
| 34 | Pandora | -81.6% |
| 35 | Jaquet Droz | -82.5% |
| 36 | Swarovski | -86.4% |
| 37 | Carl F. Bucherer | -97.1% |
| 38 | T Mark | -99.1% |

### SHARE OF ENGAGEMENT




*Engagement Index:* *Compares brands' content performance against the category average*

*Share of Engagement:* *The proportion of a brand's absolute engagement volume out of all engagement actions in the category*

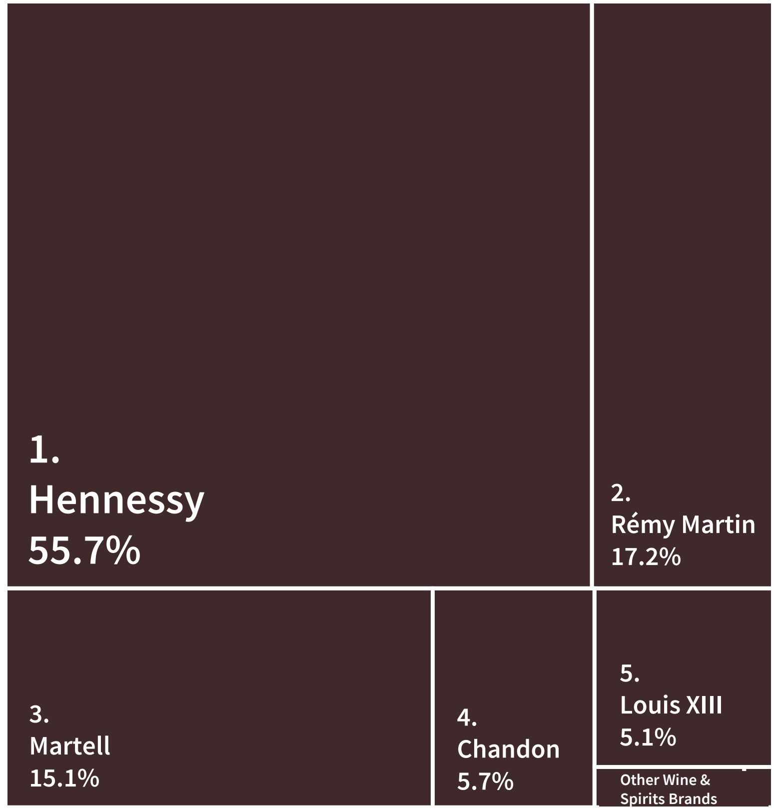
# LEVEL OF ENGAGEMENT

## WINE & SPIRITS

### RANKING BY RELATIVE ENGAGEMENT RATE

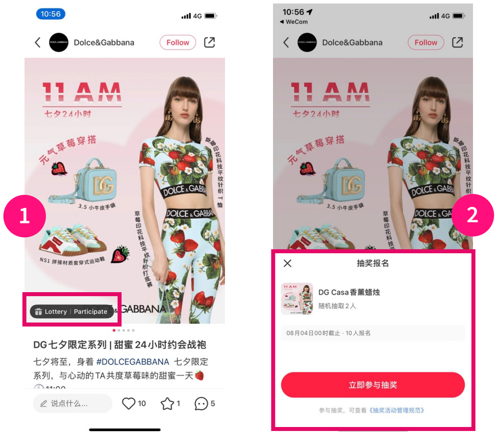
| RANK | BRAND | % RELATIVE ENG. |
|---|---|---|
| 1 | Rémy Martin | +188.0% |
| 2 | Hennessy | +153.0% |
| 3 | Martell | +59.9% |
| 4 | Chandon | +31.4% |
| ENGAGEMENT INDEX | ▲ 4 BRANDS | ▼ 5 BRANDS |
| 5 | Perrier-Jouët | -59.5% |
| 6 | Louis XIII | -72.6% |
| N/A | Moët & Chandon | N/A |
| N/A | Cointreau | N/A |
| N/A | Ballantine's | N/A |
| N/A | Absolut Vodka | N/A |

### SHARE OF ENGAGEMENT




*Engagement Index:* *Compares brands' content performance against the category average*

*Share of Engagement:* *The proportion of a brand's absolute engagement volume out of all engagement actions in the category*




**DOLCE & GABBANA**

Dolce & Gabbana launched a lucky draw on the occasion of Chinese Valentines' Day. Users could participate in the lucky draw only by clicking on the Lottery button on top of the image.

Lucky Draw notes (or posts) are a special type of content on RED that is frequently used by brands as a marketing tactic to acquire new followers and drive engagement. Brands can offer a limited number of gifts (typically product samples, merchandise, or actual products) to users who sign up for the Lottery. Brands typically coincide these lucky draw mechanisms with local shopping milestones or campaign periods.

A total of 205 Lucky Draw notes were posted by 48 brands during the data period, and **a significant difference in the volume of engagement with Lucky Draw notes compared to Normal notes was observed**. The average volume of engagements for Lucky Draw notes was 1155.8 compared to 685.2 for Normal notes, representing an uptick of 68.7%.

## ACCOUNT APPLICATION FOR LUCKY DRAW

### Account Qualification

- Followers≥1000
- Enterprise Professional Account or Personal Professional Account

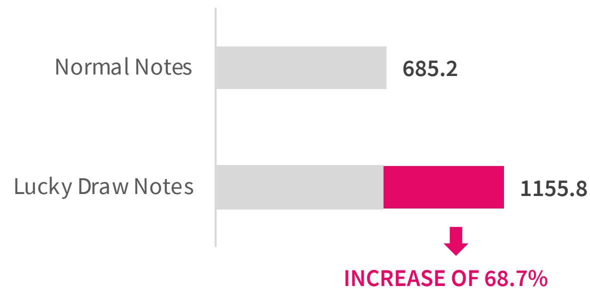
### Lucky Draw Details

- Prize should be a tangible product that can be delivered
- Number of prizes ≤50
- Unit Price of prizes ≤ RMB 50,000
- Prize description
- Registration date period and draw date

### Rules and Regulations

- Language soliciting follower engagement is not allowed in the post (e.g. "Leave a comment for a chance to win…")
- Up to three lucky draw campaigns can operated by brands per month

### ABSOLUTE ENGAGEMENT BY NOTE TYPES

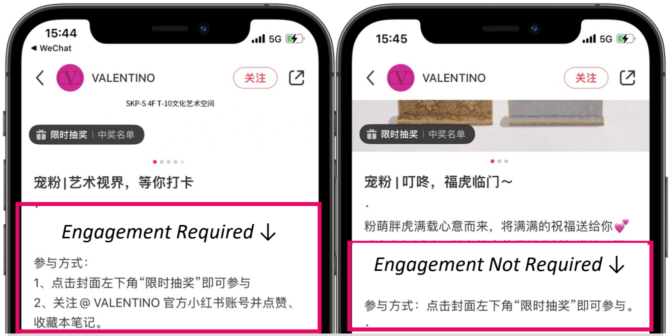



## LUCKY DRAW

### WHAT IS A LUCKY DRAW?

# LUCKY DRAW
## REQUIREMENTS ON ENGAGEMENT

***(BEFORE CHANGE)*** OCT 26, 2021 ***(AFTER CHANGE)*** JAN 26, 2022

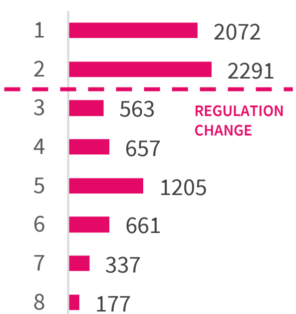



### VALENTINO

The image on the left depicts Valentino's Lucky Draw note on the occasion of its exhibition last October, where users had to follow the brand, then "Like" and "Collect" the post in order to participate in the lucky draw – on top of clicking the Lottery button.

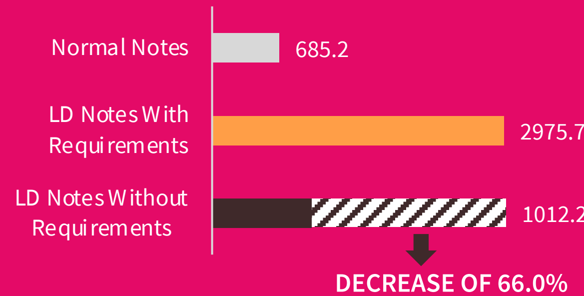
On the right is another lucky draw note by Valentino ahead of this year's Lunar New Year in January, in which users did not have to engage with the content in order to participate in the lucky draw, and simply had to click on the Lottery button.

### VOLUME OF ENGAGEMENT




- Valentino initiated eight lucky draws from last September to February
- Regulations changed around the time of the third lucky draw (published on November 26, 2021), and engagement from users was no longer a participation requirement
- Volume of engagement with Lucky Draw notes has gradually decreased ever since

### ABSOLUTE ENGAGEMENT BY POST TYPES




Previously, brands could set different conditions – such as requiring users to follow the account, like, collect, or comment on the post, in order to participate in the lucky draw. This meant that lucky draw campaigns would, by default, generate engagement on the brand account. Data collected over a six month period showed that the **average volume of engagements for Lucky Draw notes with engagement requirements reached 2,975.7, representing an increase of 334.3% compared to Normal (non-Lucky Draw) notes.**

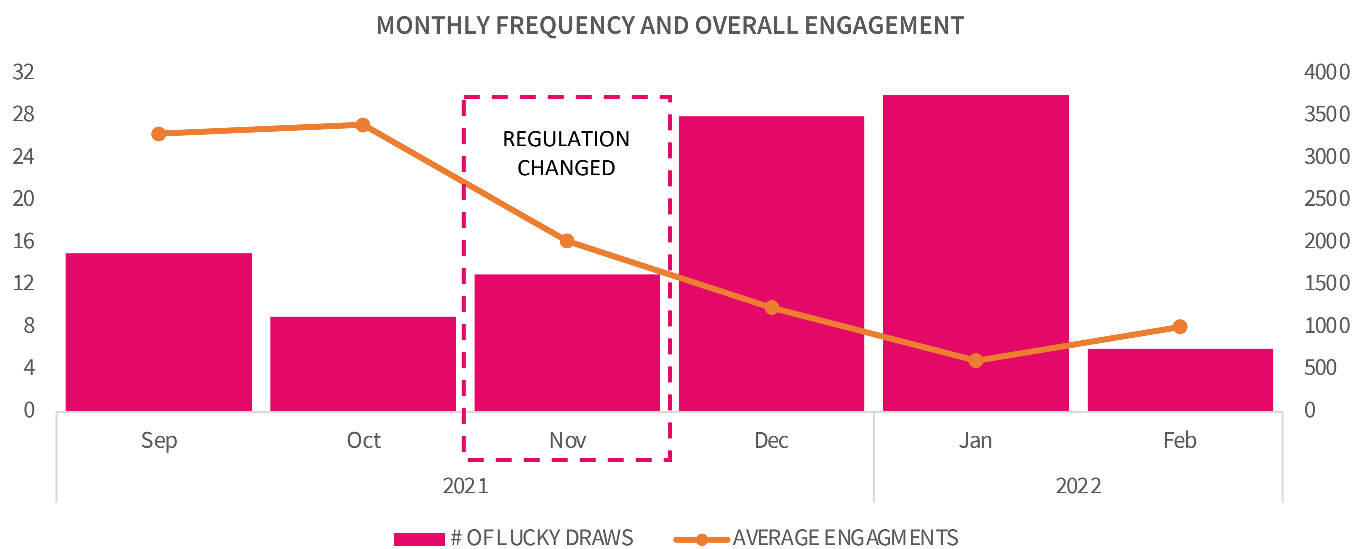
In November 2021, the platform implemented new rules prohibiting brands from including any engagement requirements in Lucky Draw notes. The **average number of engagements for Lucky Draw notes without this type of requirement was 1,012.2, down 66.0% from the levels seen before the new regulations came into effect.**

However, this does not imply that lucky draws have lost their value. We see that the **average volume of engagement for Lucky Draw notes is still higher than that of Normal notes, suggesting that users have gradually developed the habit of engaging with such posts**, even when it is not a participation requirement. As a result, Lucky Draw activations can still generate significant awareness for brands during marketing milestones – and at a low cost.

# LUCKY DRAW
## MONTHLY FREQUENCY

While the platform now prohibits brands from pushing users to follow or engage with the brand account as part of the lucky draw mechanics, the **new regulation increases the number of lucky draw campaigns that brands can launch per month from one to three**, encouraging brands to use this feature while engaging with users in a more natural way.

Despite a drop in the average volume of engagement as a result of the new regulation coming into effect in November, **the number of Lucky Draw notes published in the following months (December and January) grew.** This suggests that despite the restrictions, brands are increasingly willing to use lucky draws to generate awareness.




## THE OPPORTUNITY
### LUCKY DRAWS

Brands can make the most of their three-times-a-month lucky draw allowance to engage with followers on the occasion of key marketing milestones and brand campaign periods. Brands **do not need to rely on expensive gifts for these activations, but should instead pick prizes that are aligned with their communication points.**

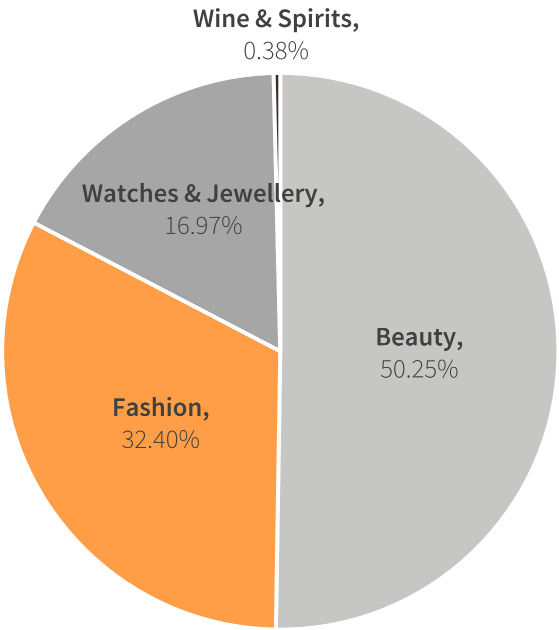
# 03 EARNED

*This section examines indicators related to content on RED that is earned by brands, and typically comes in the form of word-of-mouth content*


WORD-OF-MOUTH 37

COLLABORATIONS 41

### SHARE OF WOM NOTES BY CATEGORY




### AVERAGE MONTHLY NOTES PER BRAND


# WORD-OF-MOUTH
## OVERALL NOTES VOLUMES

The study observed that **over 50% of all brand-related posts (notes) made on RED over a six-month period were related to the Beauty category,** indicating the strong Word-of-Mouth (WOM) potential of this category on the platform. Compared to the other categories studied, the proportion of Beauty-related notes were two to three times that of the Fashion as well as Watches & Jewellery categories.

Posts related to the Wine & Spirits category only accounted for about 0.38% of all WOM notes, indicating that the category remains small, with a limited word-of-mouth potential on the platform.

In terms of absolute numbers, brands from the Beauty category **typically see about 1900 word-of-mouth (WOM) posts about their brand every month**, which works out to a **daily average of about 60 posts** – approximately the average number of WOM posts wine and spirits brands see on a monthly basis. This indicates the strong potential of WOM for Beauty brands on RED, compared to other categories.

## FASHION

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Dior | 16.75% |
| 2 | Celine | 13.25% |
| 3 | Gucci | 11.29% |
| 4 | Coach | 7.25% |
| 5 | Prada | 6.34% |

## BEAUTY

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Chanel Beauty | 22.86% |
| 2 | Esteé Lauder | 10.59% |
| 3 | Lancôme | 9.18% |
| 4 | YSL Beauty | 7.02% |
| 5 | Armani Beauty | 4.75% |

## WATCHES & JEWELLERY

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Chow Tai Fook | 19.68% |
| 2 | Bulgari | 11.95% |
| 3 | Cartier | 9.17% |
| 4 | Tiffany & Co. | 8.74% |
| 5 | Van Cleef & Arpels | 6.97% |

## WINE & SPIRITS

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Hennessy | 30.17% |
| 2 | Rémy Martin | 17.54% |
| 3 | Martell | 17.10% |
| 4 | Cointreau | 14.49% |
| 5 | Chandon | 7.40% |

## WORD-OF-MOUTH
### CATEGORY SHARE OF VOICE

Leaders in their respective categories in terms of share of voice (SOV) **typically command approximately 20% of all brand-related posts.** The only exception here is the Wine & Spirits category, which displays a wider variance in terms of SOV between brands – this is, however, likely related to the relatively smaller size of this category and its community sizes.

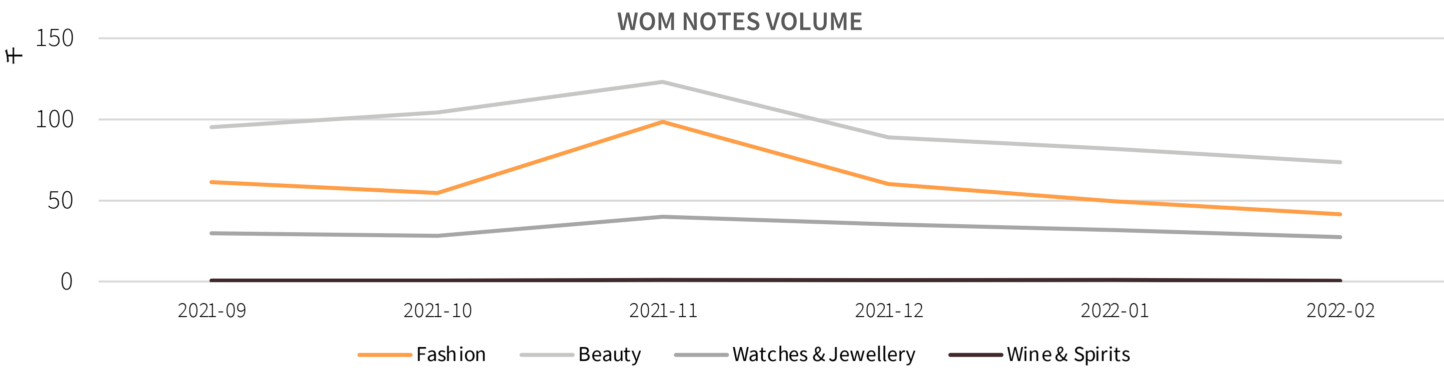
# WORD-OF-MOUTH
## EVOLUTION OVER TIME

### SHOPPING MILESTONES

**Word-of-mouth for brands appears to peak for most categories in November**, which coincides with the largest shopping festival in China, **Singles Day (11.11)**. This indicates that in the lead up to major shopping milestones, user generated content (UGC) about brands tends to increase – which could both be a result of brand activations or spontaneous user reviews of items purchased during the festival.

**Typically, WOM for all brand categories peak during key shopping milestones in China.** This is especially pronounced for the Beauty and Fashion categories, which are not only categories with larger communities on the platform, but also the categories that participate more aggressively in Singles Day e-commerce activities. Users will typically turn to a platform like RED to **look for product reviews or shopping inspiration during these key e-commerce shopping festivals.**

**As such, brand activations that encourage UGC to drive conversations** can be very helpful in increasing awareness before and during this period. To achieve this, brands can consider **running campaigns or activations that encourage user reviews or storytelling** to drum up interest and awareness ahead of major e-commerce festivals. This will help to directly **increase the volume of notes** related to the brand, **improving its share of voice within the category.**

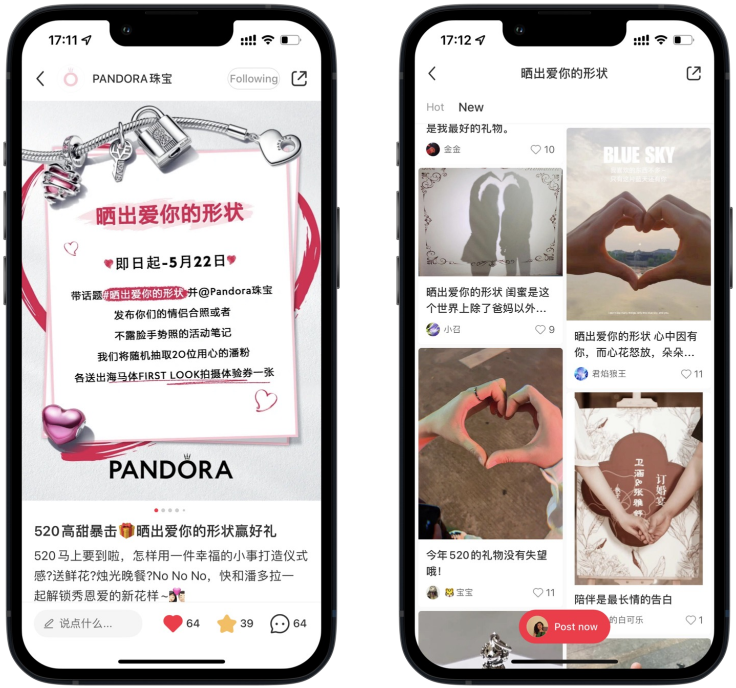



## THE OPPORTUNITY
### SHARE OF VOICE

By increasing the amount of user generated content around its products during key milestones and festivals, brands will be able to **capture a larger share of voice** and dominate conversations during these periods, **maintaining top-of-mind awareness.**

# HOW TO DRIVE CONVERSATIONS?

## ENCOURAGING USER GENERATED CONTENT

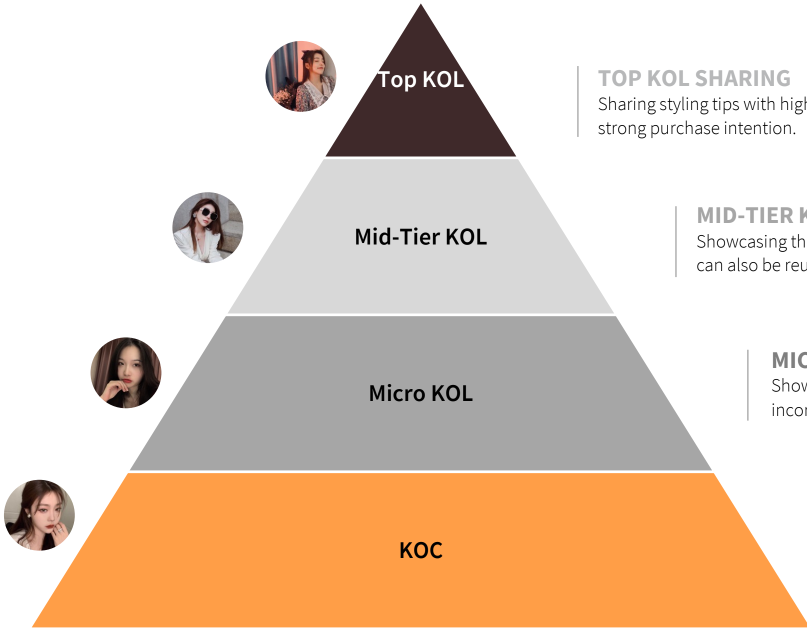



- As a platform driven largely by UGC, brands should not underestimate the power of user-created content on RED and should work to increase the volumes of posts (notes) about their brand in order to grow word-of-mouth and capture a larger share of voice within the category.
- One good way for brands to do this is through **incentivising users with giveaways or other related benefits.** Brands can also identify key content creators and further incentivise them in exchange for UGC.
- Taking things a step further, brands can also **feature good UGC on the brand account as a form of brand validation**, to encourage more users to generate content.

**PANDORA**

Pandora launched a UGC campaign on the occasion of 520 (also known as the unofficial Valentine's Day in China) that encouraged users to showcase their notion of the "Shape of Love". The brand offered incentives to drive content creation – in this case, 20 users would be picked to receive a complimentary professional photo shoot voucher.

# COLLABORATIONS
## INFLUENCER TIERS




**TOP KOL SHARING**
Sharing styling tips with high quality visual assets that can be repurposed by brands to create strong purchase intention.

**MID-TIER KOL SHOWCASE**
Showcasing the product together with personal styling, generating desirability. Assets can also be reused by brands

**MICRO KOL STORYTELLING**
Showcasing the product in their and tone of voice with storytelling elements, incorporating trending hot topics

**KOC INCREASE WOM WITH VOLUMES**
Through product seeding, inviting KOCs to generate posts incorporating identified key words to increase exposure among target audiences.

### KOC COLLABORATIONS

Being a platform that is largely driven by word-of-mouth, brands should focus on **building up a large base of KOC collaborations to capture share of voice**. This can be achieved through **UGC campaigns**, or **by working with multi-channel network (MCN) agencies** that will be able to help manage KOC collaborations at scale.

### CLASSIFICATION TIERS

**Top KOL:** >500,000 followers
**Mid-Tier KOL:** 50,000 – 500,000 followers
**Micro KOL:** 5,000 – 50,000 followers
**KOC*:** < 5,000 followers

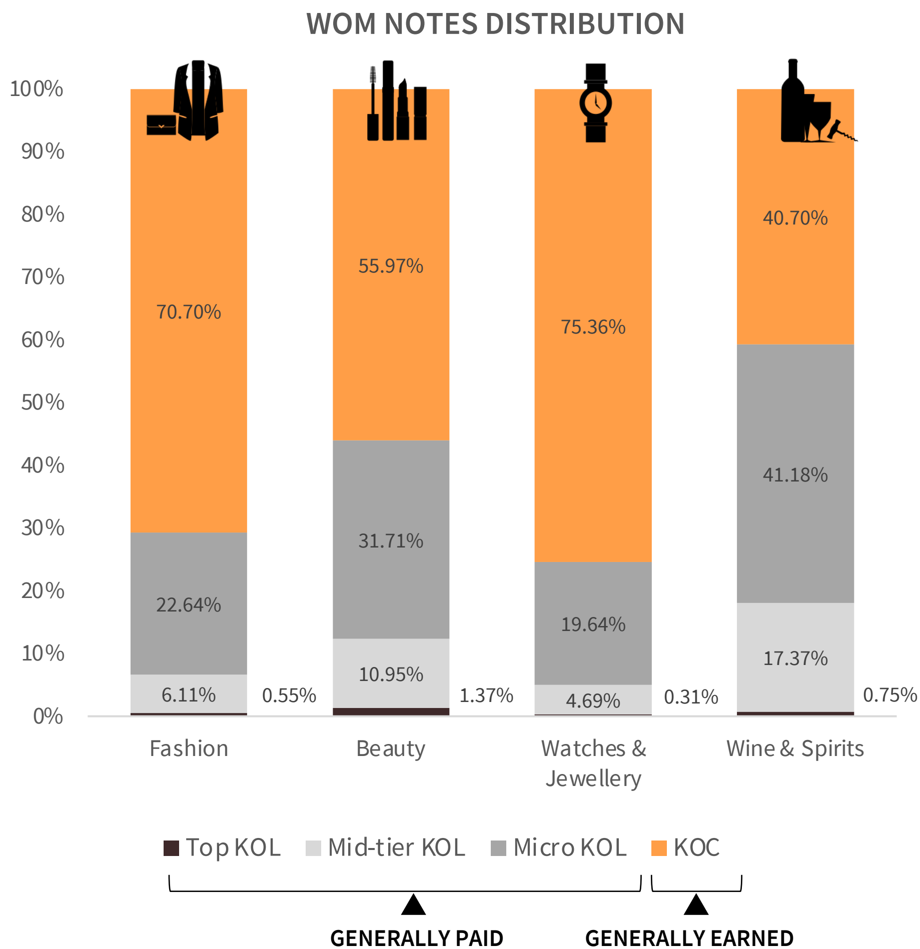
**Key Opinion Consumer*

# COLLABORATIONS
## INFLUENCER TIERS

**KOC content formed the largest proportion of notes related to brands on the platform**, indicating that content from this tier is what **contributes the most to a brand's share of voice on RED.** While KOL collaborations are generally paid, KOC content is largely earned, whether through brand product seeding, UGC campaigns or spontaneously generated by users.

It should be noted, however, that **KOC content is far more easily generated for a category like Beauty.** Due to its relatively lower price point, **product seeding can be carried out at scale** – something that is much harder to realise for categories such as Fashion or Watches & Jewellery. Instead, **these categories largely rely on celebrity endorsements or campaigns to generate KOC content.**

Being a relatively smaller category in terms of size, the Wine & Spirits category appears to have a smaller proportion of KOC content (40.7%) compared to KOL collaborations (59.3%), **indicating a lack of user discussions and involvement about the category on the platform.**



# 04 PAID

*This section examines indicators related to content on RED that is paid for by brands, and typically comes in the form of KOL collaborations*


**SPONSORED POSTS** 44

**ADVERTISING** 52

# SPONSORED POSTS
## AN OVERVIEW

### ▶ UNREGULATED ENVIRONMENT IN THE PAST

Collaborations between brands and KOLs are nothing new on RED. However, in the past, this type of collaboration was unregulated, as brands and KOLs frequently bypass the platform to establish partnerships privately, **making it difficult for the platform to distinguish between sponsored content and genuine UGC (User Generated Content).** The lack of transparency made it difficult for RED to monitor the quality of collaborations and protect the interests of both parties. At the same time, this also made it harder for general consumers to differentiate between authentic content and advertorials, potentially putting the platform's credibility at risk as well.

### ▶ LAUNCH OF THE COMMUNITY COMMERCIAL PACT

As a result, RED introduced the *Community Commercial Pact (社区商业公约)* in May 2021, advocating that companies proactively apply for Enterprise Account certification and conduct partnerships with KOLs on the platform, with the intention of combating fake marketing. In August of the same year, RED reformed its account system, removing the "Enterprise Account" and replacing it with the "Professional Account," inviting brands, public figures, and KOLs to obtain this certification in order to regulate the PGC (Professionally Generated Content) environment on RED.

### ▶ THE *PUGONGYING* PLATFORM

On the content front, in early 2021, **RED rebranded its advertising platform as "*Pugongying* (蒲公英)," on which brands, MCN (Multi-Channel Network) companies, and KOLs can engage in regulated commercial collaboration.** Brands can invite KOLs to create brand-sponsored content or sell their products during a livestreaming session, through this platform. It also provides KOLs with a dedicated platform to reach out to more brands and grow their business.

### WHAT IS A PROFESSIONAL ACCOUNT

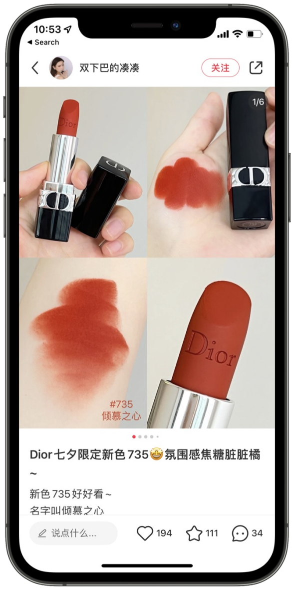

**Enterprise Account**
Labelled with a blue tick


**Public Figures Account**
Labelled with a red tick


**KOL Account**
His/ Her KOL agency name shown below

# SPONSORED POSTS
## HOW TO SPONSOR CONTENT ON RED

### WHAT IS A COMMERCIAL NOTE ON RED?


### COMMERCIAL VS NORMAL CONTENT

The two posts above are from beauty KOL “双下巴的凑凑” (Shuang Xia Ba De Cou Cou), who has over 168k followers on RED. On the left is a product review sponsored by MAC, with a floating icon and link to the brand account on the bottom left. The note on the right is a swatch of the China-exclusive Rouge Dior 735, and is not sponsored by the brand.

### THE REPORTING MECHANIC

**WHO**

- Brands are required to collaborate with KOLs through the *Pugongying* platform
- Certified KOLs (with ≥5000 followers) should carry out collaborations through *Pugongying*

**WHY**

- Unreported sponsored content will receive limited exposure when detected by the platform or reported by users
- Brands can monitor the performance of reported notes
- Brands and KOLs can pay to advertise their Commercial Notes
- Commercial Notes cannot be deleted

**NOTE**

*It is recommended that a disclaimer be included in content where a KOL collaboration with a brand does not involve monetary payment but involves gifts or other tangible benefits from the brand.*

Any brand-sponsored post published by a personal account that is **facilitated through or reported on *Pugongying* is called a Commercial Note (商业笔记).** A floating icon with the brand's account name will appear in the bottom left of the image/video in a Commercial Note to distinguish it from a non-Commercial Note.

RED encourages brands to collaborate with KOLs through the *Pugongying* platform. Not only can brands **reach a wider range of KOLs through the platform, they can also track the performance of the sponsored content and better optimise their KOL strategy.**

# SPONSORED POSTS

## HOW TO SPONSOR CONTENT ON RED

However, the regulations have not completely stopped brands from working with KOL outside the *Pugongying* platform.

### ▶ SERVICE FEE

Collaborating through *Pugongying* comes at a cost (brands must pay an additional 10% of the KOL's fee quote as a platform service fee, and KOLs must also pay 10% of their earnings when withdrawing it from the platform), which has led to some **brands and influencers bypassing Pugongying in favour of saving costs.**

### ▶ DETECTION MECHANISM

RED has created an algorithm that scrutinises potential unreported Commercial Notes based on visuals, keywords, and talking points. When such notes are discovered to be commercial in nature, they **will receive limited exposure**. In extreme cases, these accounts may be blocked.

### ▶ ENCOURAGING AUTHENTIC CONTENT

This does not imply that all content containing brand information or products will be considered Commercial Notes and penalised. RED still encourages users to post genuine and authentic content, **even if a brand name or product is mentioned in the note.**

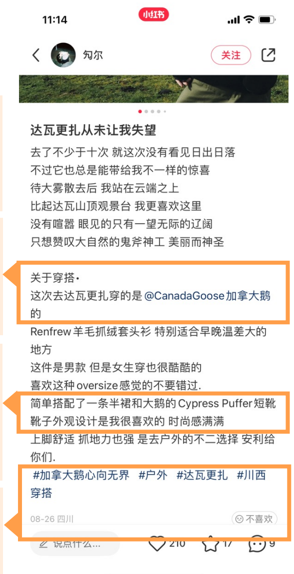
## HOW DOES RED DETECT SPONSORED CONTENT?


**VISUAL**
Significant display of a brand's product in images or videos

**BRAND NAME**
Complete brand name mentioned, whether or not user tags the brand

**PRODUCT**
Complete product name included, along with important talking points and keywords

**TOPICS**
Key brand narratives and topics are mentioned




**SPONSORED POSTS CENSORSHIP**

Even if brands facilitate collaboration with KOLs via Pugongying, this does not imply that they can communicate on anything in this manner. Sponsored posts are subject to greater scrutiny by the platform, and any language or talking points that go beyond current advertising regulations must not be included in the content.

## FASHION

| RANK | BRAND | AVG. SPONSORED POSTS / MONTH |
|---|---|---|
| 1 | Gucci | 12.5 |
| 2 | Canada Goose | 6.5 |
| 3 | Prada | 5.5 |
| 4 | Coach | 5.0 |
| 5 | Dior | 4.7 |
| CATEGORY AVERAGE | | 1.4 |

## BEAUTY

| RANK | BRAND | AVG. SPONSORED POSTS / MONTH |
|---|---|---|
| 1 | Estée Lauder | 459.8 |
| 2 | Lancôme | 373.0 |
| 3 | Dior Beauty | 204.2 |
| 4 | Jo Malone London | 156.3 |
| 5 | Tom Ford Beauty | 135.0 |
| CATEGORY AVERAGE | | 54.9 |

## WATCHES & JEWELLERY

| RANK | BRAND | AVG. SPONSORED POSTS / MONTH |
|---|---|---|
| 1 | Tiffany & Co. | 24.5 |
| 2 | Cartier | 17.5 |
| 3 | Swarovski | 8.8 |
| 4 | Chow Sang Sang | 8.3 |
| 5 | TSL | 8.0 |
| CATEGORY AVERAGE | | 2.6 |

## WINE & SPIRITS

| RANK | BRAND | AVG. SPONSORED POSTS / MONTH |
|---|---|---|
| 1 | Rémy Martin | 8.3 |
| 2 | Hennessy | 8.0 |
| 3 | Absolut Vodka | 2.7 |
| CATEGORY AVERAGE | | 2.1 |
| 4 | Martell | 0.8 |
| 5 | Chandon | 0.8 |

## SPONSORED POSTS

MONTHLY VOLUME BY CATEGORY

# SPONSORED POSTS

## LEVEL OF ACTIVITY

Almost all beauty brands have collaborated with KOLs or celebrities on RED, **with 94% of brands reporting these Commercial Notes.** Due to the commercialisation of the category, as well as its low barrier to entry, partnering with KOLs can bring a significant monetary ROI.

Watches & Jewellery and Fashion are close behind, **with 67% and 63% of brands leveraging Commercial Notes, respectively.** The majority of these collaborations are initiated with celebrities and top-tier KOLs, indicating that these brands have yet to make full use of mid-tier and micro KOLs on RED.

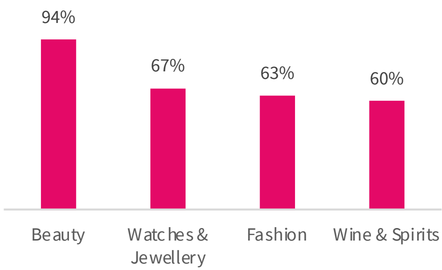
In terms of average monthly volume of sponsored posts by category, Beauty brands far surpass other categories, with brands reporting 54.9 sponsored notes per month on average. It's also **the only category whose posting frequency of sponsored posts exceeds that of brand-authored content posts.**

The Fashion, Watches & Jewellery and Wine & Spirits categories, however, only leverage one to three sponsored posts per month per brand on average, implying that **these categories engage in far fewer KOL-related activities compared to Beauty brands.**

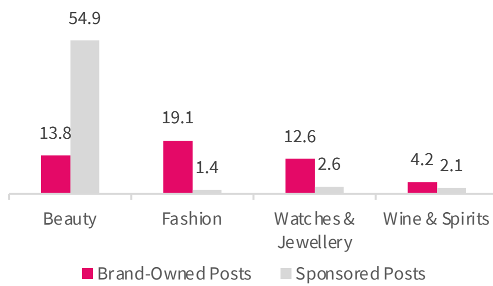
Collaborations with mid-tier KOLs (50,000 – 500,000 followers) account for more than 70% of all sponsored posts on RED, while collaborations with Micro KOLs (5,000 - 50,000 followers) account for only 11.4%.

Although only 18.1% of collaborations are with Top KOLs (>500,000 followers), given the small size of this community, it demonstrates that the **luxury industry continues to invest a significant amount of resources in this tier,** as awareness and image building remain a key consideration when seeking out collaborations with KOLs on social media.

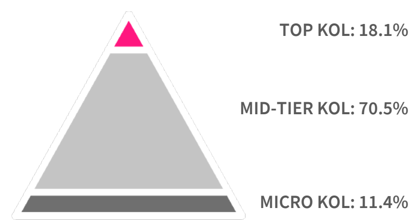
**SHARE OF BRAND WITH REPORTED SPONSORED POSTS**




**POSTING FREQUENCY: BRAND-OWNED vs. SPONSORED**




**DISTRIBUTION OF SPONSORED POSTS BY KOL TIERS**




## THE OPPORTUNITY

**LEVERAGING KOLS**

Users on RED are **more likely to be influenced by shares and reviews from other users or KOLs than by polished content published on brands' accounts.** As brand-owned content has its limits in terms of exposure, brands should actively leverage KOLs on RED to broaden their reach and speak to a more diverse audience as well.

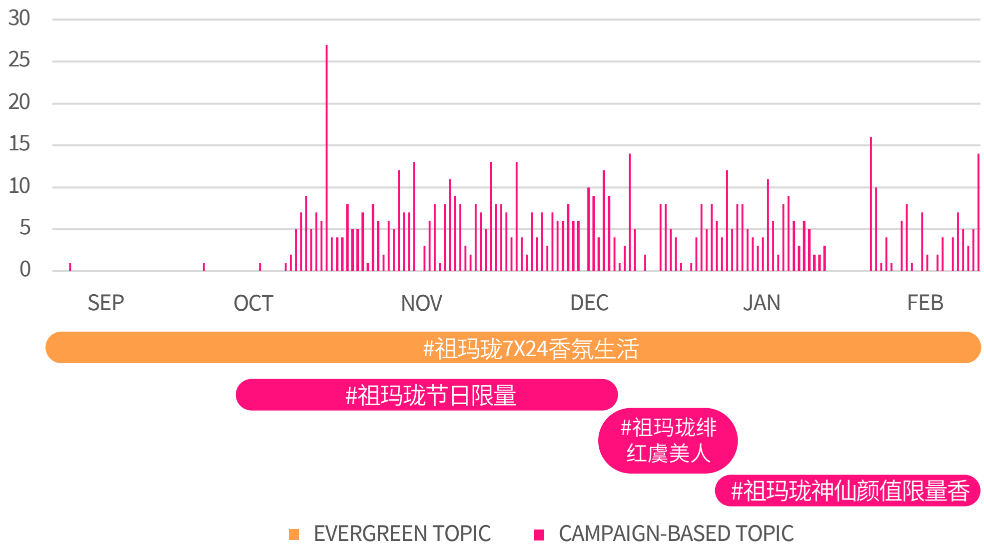
# CASE STUDY: JO MALONE

## CAMPAIGN MANAGEMENT


### HOW DOES A CAMPAIGN LOOK ON RED?

For campaign activations, brands can create a brand-owned topic on RED that relates to their new product launch, milestones, or events. On the topic page, users can find content posted by brands as well as other users.

### EVOLUTION OF COMMERCIAL NOTES VOLUME




Jo Malone included four topics in its content between last September and this February, including one evergreen topic #祖玛珑7X24香氛生活 (Jo Malone 7x24 Fragrant Life) and three campaign-based topics related to three new limited-collection launches. According to the data collected, brands tend to collaborate more frequently with KOLs during campaign periods with sponsored notes in order to seed new products ("zhongcao"). When there is no new product to launch, **brands tends to rely on word-of-mouth notes from regular users who are interested in the topic to drive brand awareness**.

## SPONSORED NOTES WHEN TO LEVERAGE?

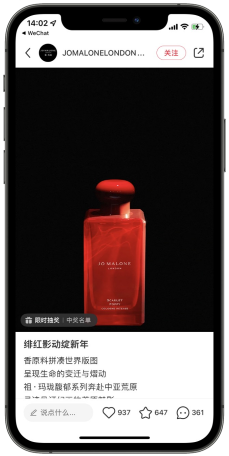
Brands optimise their KOL spending by **being flexible in their collaborations and adapting it to the marketing calendar**. When a campaign period ends, brands can then make use of evergreen topics to highlight products or tell the brand story to keep the account active, and also encourage consumers to engage with and maintain long-term interactions with the brand.

Note: The campaign periods shown above are for illustration purposes only and may differ from the actual campaign dates

# CASE STUDY: JO MALONE

## THE NEW YEAR CAMPAIGN

### SCARLET POPPY COLOGNE INTENSE CAMPAIGN

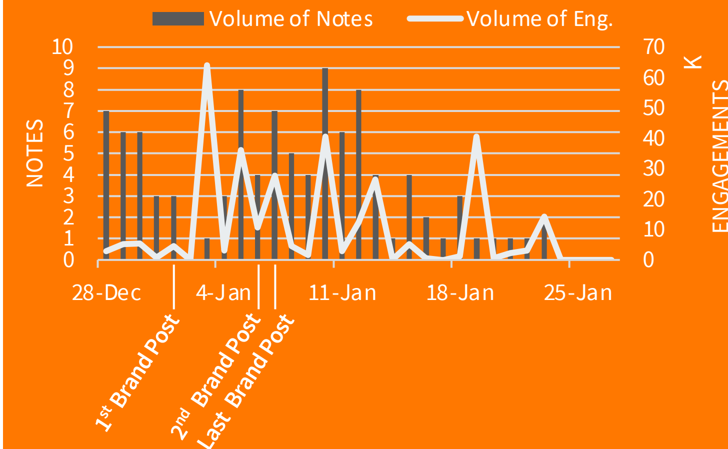


BRAND POST

SPONSORED POST

Jo Malone kicked off a new campaign for the launch of its Scarlet Poppy Cologne Intense during the 2022 New Year. The brand kicked off the campaign with a lucky draw on their official account. During the campaign period, which lasted over half a month, the brand also invited KOLs to create various themed content, such as professional fragrance reviews and glamorous photo shoots by beauty influencers built around a "red" theme.

### EVOLUTION OF SPONSORED POSTS AND OVERALL ENGAGEMENT



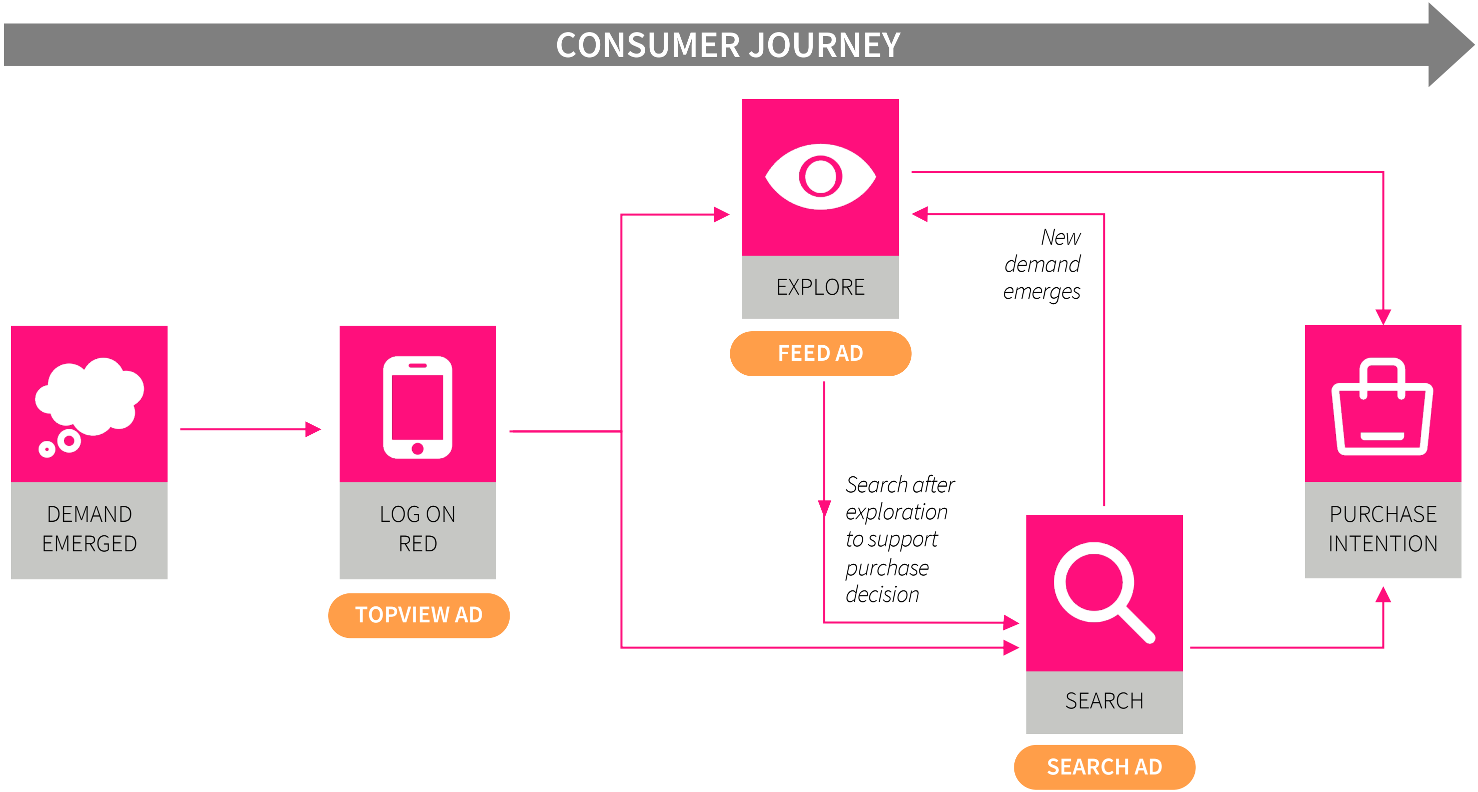

On RED, when a brand creates a topic to launch a campaign, it's often useful to leverage KOLs to **create content as a teaser of sorts to build anticipation** ahead of the brand's official announcement.

Jo Malone accelerated its collaboration with KOLs in the middle of the campaign. Following the introduction of the collection via content on the brand's own account, the brand invited KOLs to dive into the product details and explore various talking points. **With a greater number of talking points, the content was able to reach more, and varied, audiences.**

Although the volume of sponsored notes decreased towards the end, a note released on the 19th brought another peak of engagement. This is where **collaboration with high-profile KOLs at a later stage** can be helpful – it can help to reignite the buzz and reactivate consumers at the tail-end of a campaign as well.

Data Period: December 28, 2021 ~ January 27, 2022

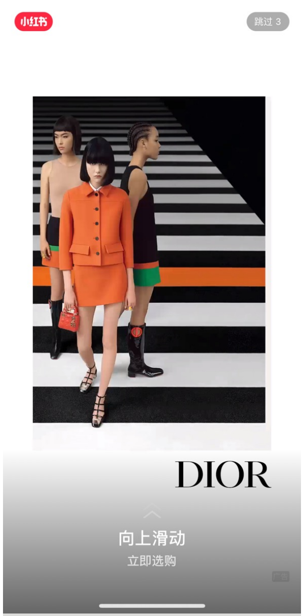
# ADVERTISING
## CONSUMER JOURNEY ON RED




## THE OPPORTUNITY
### PAID ADS

Brands can advertise on RED via the “Juguang” advertising platform. The platform offers various advertising solutions along the consumer journey that can be used not only to increase the exposure of posts but also to **drive consumers to the next stage of their journeys, channelling users to transactional platforms via ads.**

# ADVERTISING
## TOPVIEW ADS




**DIOR**
A TopView ad redirecting to brand's WeChat Mini Program


**MENGNIU DAIRY**
A TopView ad transitioning to a post in the content feed

The TopView Ad, which appears in full screen when the user opens the application, is one of the ad formats available to brands on RED. This is the **most expensive ad format, but it is ideal for luxury brands to invest on during important campaign periods** or for the launch of new collections since it can instantly capture the attention of consumers.

TopView ads are available in two formats. One, like on other top-of-the-funnel digital platforms, **can redirect users to a landing page or H5 for more information (on the product or collection), or even to an e-commerce platform,** such as a brand's WeChat Store or Tmall store, where they can explore further or make a purchase.

The other TopView Ad format is exclusive on RED, and is known as *XiaoHongPing* (Little Red Screen). The advertisement appears as a RED post, displaying the brand's visuals, account name, and content. When the user swipes up, this ad zooms out and reappears as part of the content feed, enticing the user to click on it again for more information.

| FORMAT | MODEL | DETAILS |
|---|---|---|
| REGULAR TOPVIEW AD | Flat Fee | The regular TopView Ad allows brands to redirect users to external sites, including H5, offcial site, WeChat Mini Program, Tmall Store, etc. |
| RED-SPECIAL TOPVIEW AD *(XIAOHONGPING)* | Flat Fee | When users interact with XiaoHongPing, the whole ad visual will zoom out and reappear as part of the content feed, enticing users to click on it again for more information. |

# ADVERTISING

## SEARCH ADS


**BVLGARI**
The brand zone appears at the top when the brand name is searched


**ESTÉE LAUDER**
A paid keyword search redirecting to a search result page

**RED is viewed as an important search tool by Chinese consumers** prior to making purchasing decisions, with official data indicating that an average of 100 million search actions occur on RED per day, with 90% of users searching for consumption-related posts.

The Brand Zone is one of the search ad formats that brands can use. Brands can purchase brand name keywords (price varies according to brand search volume) and own a dedicated brand zone at the top of the result page. The ad features a brand visual, a "Follow" CTA button, topics that redirect to topic pages, and a link to external sites or their RED Mini Program.

Similar to Weibo's paid Hot Search, another type of search ad appears among the recommended keyword section on the search page. The brand can purchase relevant keywords that will be placed among other algorithm-generated keywords based on user preference, followed by a logo that says "recommended" (荐) to differentiate itself from others. The user will be directed to the results page after clicking on the keyword. **Brands can use this advertisement to promote specific products and collections.**

| FORMAT | MODEL | DETAILS |
|---|---|---|
| BRAND ZONE | Fixed CPM | The Brand Zone will come up at the top of search results page to promote the brand account or current campaign. Brands can also leverage this format to redirect users to their external e-commerce store or Mini Program on RED. |
| HOT TOPIC | CPM | To promote a single product or a collection. A cost per mille model, this entry will be placed at the 2$^{nd}$ position among the recommended keywords. |

Source: Pugongying

# ADVERTISING

## FEED ADS


**GUERLAIN**

A feed ad with a “Ad” watermark


**L’ARTISAN PARFUMEUR**

A feed ad with a “Sponsor” watermark

To increase content exposure in users' content feeds and search results pages, **brands can advertise their brand-owned content or sponsored content from KOLs**, to drive awareness and even drive direct transactions. Brands can buy keywords or join the bidding to increase the visibility of their content. These ads are less expensive than other ad formats and are ideal for brands to run over longer time periods to influence consumers' purchasing decisions.

Feed ads are classified into two types distinguished by the watermark on the bottom right corner of the content. Ads with the “Ad” watermark are those that not only display advertorial content, but also support redirection to in-platform PDP, landing pages, livestreaming sessions, and external sites, **propelling users to the later stages of the consumer journey.**

Feed Ads with the "Sponsor" watermark can only improve the exposure of the content within the feed and **cannot redirect users to pages other than the post itself.** Brands can go for different formats according to their current objectives and resources.

| FORMAT | MODEL | DETAILS |
|---|---|---|
| AD WITH “AD” WATERMARK | RTB/Bidding (CPM, Keywords) | To promote a single product or a collection. On top of amplifying content, brands can also add links to their RED store, livestream session or external sites. |
| AD WITH “SPONSOR” WATERMARK | RTB/ Bidding (CPM, Keywords) | To promote a post. This ad format can only improve the exposure of the content within the feed and cannot redirect users to any other page. |

# FASHION
## KEY RANKINGS

### FANBASE

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Dior | 373,165 |
| 2 | Louis Vuitton | 302,333 |
| 3 | Gucci | 285,716 |
| 4 | Coach | 96,048 |
| 5 | Longchamp | 94,701 |

### GROWTH RATE

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Prada | 11463.35% |
| 2 | Ralph Lauren | 129.07% |
| 3 | Canada Goose | 75.85% |
| 4 | Alexander McQueen | 32.81% |
| 5 | MAX&Co. | 30.57% |

### POST FREQUENCY

| RANK | BRAND | AVG POSTS/MONTH |
|---|---|---|
| 1 | Dior | 116.7 |
| 2 | Lanvin | 45.2 |
| 3 | Stuart Weitzman | 40.2 |
| 4 | Gucci | 39.7 |
| 5 | Celine | 36.5 |

### RELATIVE ENGAGEMENT

| RANK | BRAND | REL. ENG (%) |
|---|---|---|
| 1 | Christian Louboutin | +308.0% |
| 2 | Valentino | +230.2% |
| 3 | Lanvin | +173.5% |
| 4 | Prada | +141.7% |
| 5 | Tod’s | +139.1% |

### SHARE OF VOICE

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Dior | 16.75% |
| 2 | Celine | 13.25% |
| 3 | Gucci | 11.29% |
| 4 | Coach | 7.25% |
| 5 | Prada | 6.34% |

### SPONSORED CONTENT

| RANK | BRAND | AVG SPONSORED/ MONTH |
|---|---|---|
| 1 | Gucci | 12.5 |
| 2 | Canada Goose | 6.5 |
| 3 | Prada | 5.5 |
| 4 | Coach | 5.0 |
| 5 | Dior | 4.7 |

# BEAUTY
## KEY RANKINGS

### FANBASE

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Lancôme | 460,890 |
| 2 | Estée Lauder | 459,722 |
| 3 | La Mer | 380,066 |
| 4 | Shu Uemura | 315,031 |
| 5 | Armani Beauty | 279,595 |

### GROWTH RATE

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Decorté | 21.01% |
| 2 | Byredo | 14.03% |
| 3 | Atelier Cologne | 13.93% |
| 4 | Kilian | 8.98% |
| 5 | Armani Beauty | 8.86% |

### POST FREQUENCY

| RANK | BRAND | AVG POSTS/MONTH |
|---|---|---|
| 1 | Estée Lauder | 45.5 |
| 2 | Chanel Beauty | 43.5 |
| 3 | Shu Uemura | 41.7 |
| 4 | Armani Beauty | 29.5 |
| 5 | YSL Beauty | 26.2 |

### RELATIVE ENGAGEMENT

| RANK | BRAND | REL. ENG (%) |
|---|---|---|
| 1 | Decorté | +336.7% |
| 2 | Christian Louboutin Beauty | +328.6% |
| 3 | Atelier Cologne | +167.6% |
| 4 | Armani Beauty | +152.5% |
| 5 | Estée Lauder | +92.9% |

### SHARE OF VOICE

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Chanel Beauty | 22.86% |
| 2 | Esteé Lauder | 10.59% |
| 3 | Lancôme | 9.18% |
| 4 | YSL Beauty | 7.02% |
| 5 | Armani Beauty | 4.75% |

### SPONSORED CONTENT

| RANK | BRAND | AVG SPONSORED/ MONTH |
|---|---|---|
| 1 | Estée Lauder | 459.8 |
| 2 | Lancôme | 373.0 |
| 3 | Dior Beauty | 204.2 |
| 4 | Jo Malone London | 156.3 |
| 5 | Tom Ford Beauty | 135.0 |

# WATCHES & JEWELLERY

## KEY RANKINGS

### FANBASE

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Chow Tai Fook | 246,487 |
| 2 | Tiffany & Co. | 130,535 |
| 3 | Cartier | 93,975 |
| 4 | Swarovski | 66,446 |
| 5 | Bulgari | 63,306 |

### GROWTH RATE

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Piaget | 13.67% |
| 2 | Jaeger-LeCoultre | 13.41% |
| 3 | Roger Dubuis | 11.73% |
| 4 | Messika | 11.58% |
| 5 | Cartier | 11.48% |

### POST FREQUENCY

| RANK | BRAND | AVG POSTS/MONTH |
|---|---|---|
| 1 | Bulgari | 43.0 |
| 2 | Cartier | 30.2 |
| 3 | Qeelin | 26.3 |
| 4 | Tissot | 25.7 |
| 5 | Pomellato | 25.0 |

### RELATIVE ENGAGEMENT

| RANK | BRAND | REL. ENG (%) |
|---|---|---|
| 1 | Zenith | +374.4% |
| 2 | Bulgari | +260.7% |
| 3 | De Beers | +210.5% |
| 4 | Pomellato | +129.0% |
| 5 | Tissot | +125.7% |

### SHARE OF VOICE

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Chow Tai Fook | 19.68% |
| 2 | Bulgari | 11.95% |
| 3 | Cartier | 9.17% |
| 4 | Tiffany & Co. | 8.74% |
| 5 | Van Cleef & Arpels | 6.97% |

### SPONSORED CONTENT

| RANK | BRAND | AVG SPONSORED/ MONTH |
|---|---|---|
| 1 | Tiffany & Co. | 24.5 |
| 2 | Cartier | 17.5 |
| 3 | Swarovski | 8.8 |
| 4 | Chow Sang Sang | 8.3 |
| 5 | TSL | 8.0 |

# WINE & SPIRITS
## KEY RANKINGS

### FANBASE

| RANK | BRAND | FANBASE |
|---|---|---|
| 1 | Hennessy | 4,122 |
| 2 | Louis XIII | 3,513 |
| 3 | Martell | 1,768 |
| 4 | Rémy Martin | 1,118 |
| 5 | Chandon | 815 |

### GROWTH RATE

| RANK | BRAND | GROWTH |
|---|---|---|
| 1 | Rémy Martin | 28.35% |
| 2 | Hennessy | 12.13% |
| 3 | Ballantine's | 9.47% |
| 3 | Chandon | 7.15% |
| 3 | Perrier-Jouët | 5.25% |

### POST FREQUENCY

| RANK | BRAND | AVG POSTS/MONTH |
|---|---|---|
| 1 | Perrier-Jouët | 7.8 |
| 2 | Hennessy | 6.0 |
| 3 | Rémy Martin | 4.7 |
| 4 | Louis XIII | 4.7 |
| 5 | Martell | 2.8 |

### RELATIVE ENGAGEMENT

| RANK | BRAND | REL. ENG (%) |
|---|---|---|
| 1 | Rémy Martin | +187.9% |
| 2 | Hennessy | +153.0% |
| 3 | Martell | +59.9% |
| 4 | Chandon | +31.4% |
| 5 | Perrier-Jouët | -59.5% |

### SHARE OF VOICE

| RANK | BRAND | SHARE OF VOICE |
|---|---|---|
| 1 | Hennessy | 30.17% |
| 2 | Rémy Martin | 17.54% |
| 3 | Martell | 17.10% |
| 4 | Cointreau | 14.49% |
| 5 | Chandon | 7.40% |

### SPONSORED CONTENT

| RANK | BRAND | AVG SPONSORED/ MONTH |
|---|---|---|
| 1 | Rémy Martin | 8.3 |
| 2 | Hennessy | 8.0 |
| 3 | Absolut Vodka | 2.7 |
| 4 | Martell | 0.8 |
| 5 | Chandon | 0.8 |

Note: Due to small sample size, only 3 brands were ranked for growth rate, and 4 brands for relative engagement

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# ABOUT
## DLG (DIGITAL LUXURY GROUP)

## INTERESTED IN LEARNING MORE?
Connect with us for more insights on digital marketing strategies and how to better engage your audiences.

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DLG (Digital Luxury Group) is an international agency with offices in Geneva, Shanghai and New York that offers social media, e-commerce, CRM, consulting and creative services to luxury brands. It has developed a unique expertise in defining and implementing impactful digital strategies that targets sophisticated consumers through a combination of technological know-how, creativity and luxury savoir-faire.

*www.digital-luxury.com*

# ABOUT NEWRANK

## WANT TO KNOW MORE?

Get in touch to find out how NEWRANK's data products can help you better understand your brand performance on digital platforms in China.

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NEWRANK (Shanghai NEWRANK Information Technology Co., Ltd.) was established on November 11, 2014, and currently has branches in Shanghai, Beijing, Chengdu, Hangzhou, and Guangzhou. As a data-driven content technology company, NEWRANK tracks and offers insights on all the online media resources of major digital platforms, and provides services in the field digital marketing – including content marketing, livestreaming e-commerce, operations training, copyright distribution – to empower Chinese companies to better manage their digital content assets. NEWRANK was awarded the title of "Top Ten Shanghai Cultural Enterprises" in 2018. NEWRANK SH and NEWRANK BJ were accredited as "National High-tech Enterprises" the same year. NEWRANK also won first place in Group A of the National Content Technology Innovation & Entrepreneurship Competition in 2020.

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