



WECHAT LUXURY INDEX 2019.

PART I: ENGAGEMENT

THE DEFINITIVE WECHAT BENCHMARK
FOR LUXURY BRANDS



INTRODUCTION

CHINA'S SOCIAL MEDIA RUSH.

While the number of social networking platforms in China has grown dramatically over the years, WeChat continues to be the choice avenue for consumers to engage with brands. Besides being a content centre that allows them disseminate information to followers, WeChat also acts as a service platform that allows brands to provide users with access to everything from its e-commerce activities to loyalty programmes.

Naturally, measuring the engagement of users has become paramount for brands on WeChat. In the first of three planned WeChat Luxury Index reports this year, we take a closer look at the different areas of engagement on WeChat and how brands can better leverage the platform to build lasting relationships with clients.



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WECHAT IN BRIEF.

Launched in 2011 as a social messaging and media platform, WeChat has since vastly expanded its areas of service to include everything from payments to e-commerce solutions. With its fast growing user base – it now boasts more than 1.08 billion monthly active users (MAU) – it has become more than a mere marketing tool. WeChat is now an integral part of every brand's digital strategy in Mainland China.

2016**889 million** MAU**2017****1 billion** MAU**2018****1.08 billion** MAU

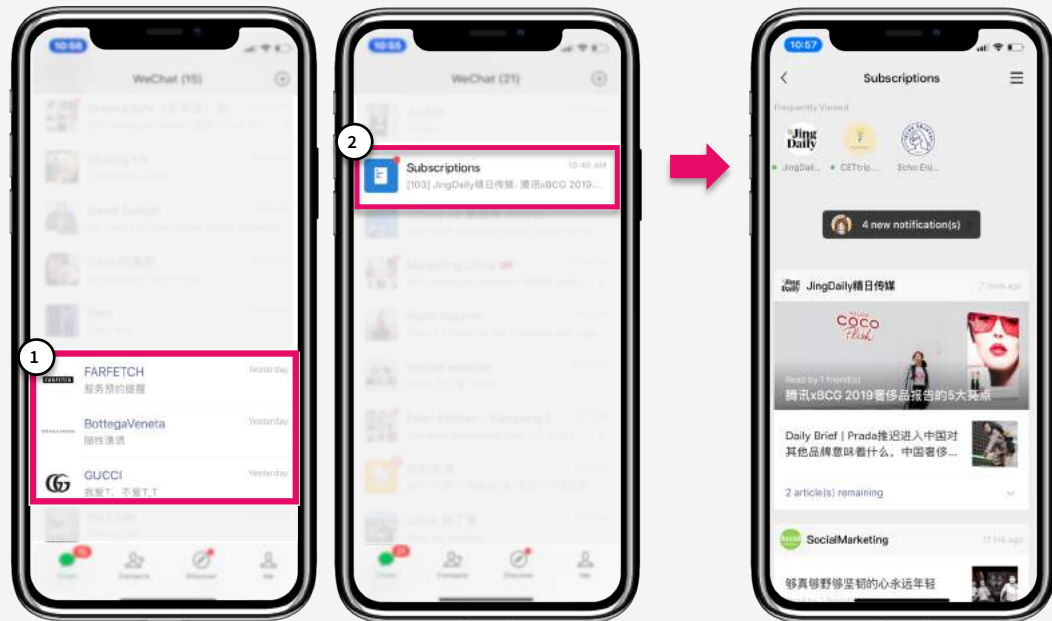
WECHAT ACCOUNT TYPES.

1 SERVICE ACCOUNT

Popular with consumer brands, messages pushed appear directly in a user's message inbox. However, only four such pushes are permitted per month. Verified accounts have access to nine advanced APIs and WeChat Pay. The study focuses on this account type.

2 SUBSCRIPTION ACCOUNT

Preferred by media outlets, messages broadcasted via the subscription model will appear nested within a folder in the user's inbox. One such push is allowed per day, but brands have limited API capabilities.



*WeChat has redefined how luxury brands connect, engage and sell to consumers today. But brands never had a benchmark to measure their WeChat performance against – until the **WeChat Luxury Index.***

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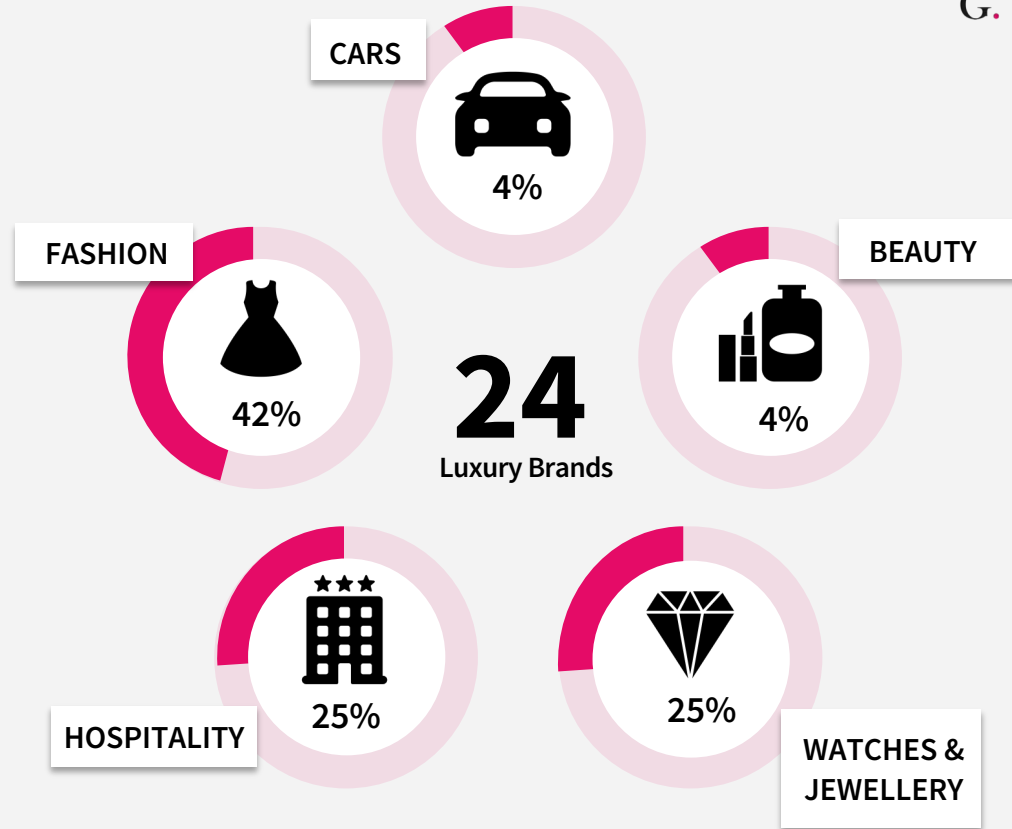
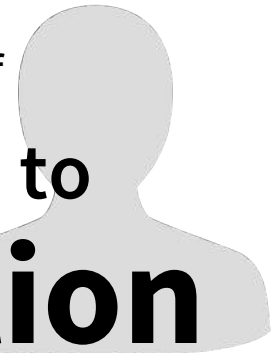
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METHODOLOGY

SCOPE OF STUDY.

Community sizes of
3,000 to
>3 million



METHODOLOGY KEY METRICS.



ENGAGEMENT

This section examines both fan and post engagement statistics



ACQUISITION

This section covers all follower recruitment-related metrics

*To be Published**



CONTENT

This section covers the frequency and timing of posts, opening rates and unfollow rates

*To be Published**

PART 1

ENGAGEMENT.



ENGAGEMENT

This section examines both fan and post engagement statistics

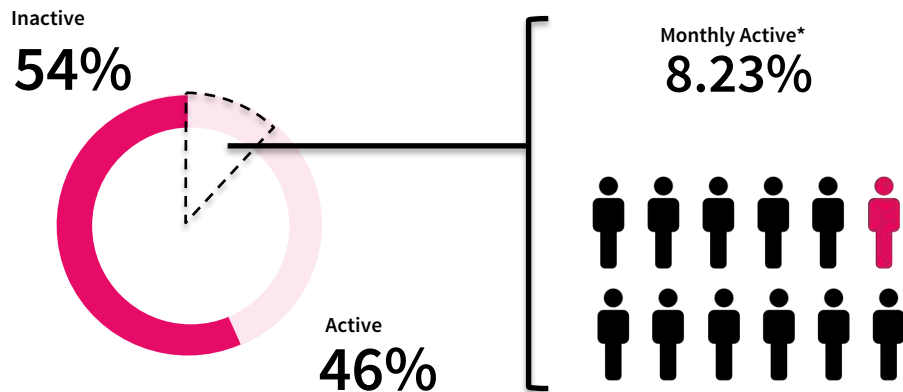
- **1.1 LEVEL OF ENGAGEMENT**
- 1.2 TYPES OF ENGAGEMENT
- 1.3 ENGAGEMENT ACTIVITIES
- 1.4 ENGAGEMENT VALUES

LEVEL OF ENGAGEMENT FOLLOWER RATES.

More than half the followers (**54%**) are **not interacting** with the brands that they follow on WeChat. In fact, only about **8.23%** of a brand's community – or **one in 12 followers** – interact with them on a **monthly basis**.

This suggests that users only interact with brands on WeChat to fulfil specific needs, such as when they are seeking out the answer to a specific question they have; accessing the brand's loyalty programme; or when there is a concrete purchase intention.

That said, steps can be taken to improve follower engagement rates on WeChat.



*Monthly Active Followers are defined as followers who perform >2 actions for the given month

LEVEL OF ENGAGEMENT FOLLOWER RATES.

Tactics that have worked well for brands in generating engagement include maximising WeChat's **four message pushes a month**; scheduling **seasonal articles, events and promotions**; making use of **Chatbots** for automatic message replies or live customer chats; creating **customer journeys** based on follower interests and behaviours; and creating **shareable forms and quizzes**.

1 LOUIS VUITTON

Articles, promotions and products were designed around a pig motif in celebration of the 2019 lunar calendar's Year of the Pig.

2 FOUR SEASONS HOTELS & RESORTS

The brand launched an interactive quiz via a H5 on WeChat that encouraged users to discover their traveller type.

1



2



CASE STUDY WELCOME JOURNEYS.

First Impressions Count

A follower's interest is at its highest at the point during which he/she starts following the brand. It is important to interact with them positively at this first touch point in order to inspire return visits.



1 SWAROVSKI

Besides offering general brand information, Swarovski also includes clear calls-to-action in its welcome journey, directing users to its loyalty programme, gift ideas and store locator.

2 A. LANGE & SÖHNE

Users are given a clear introduction to its menu functions, and are also prompted to leave their contact details to receive updates from the brand.

1



2



BEST PRACTICES WELCOME JOURNEYS.

Creating Engaging Journeys

First impressions count, and the best way to ensure that users stay interested and engaged is to design personalised welcome experiences for them.

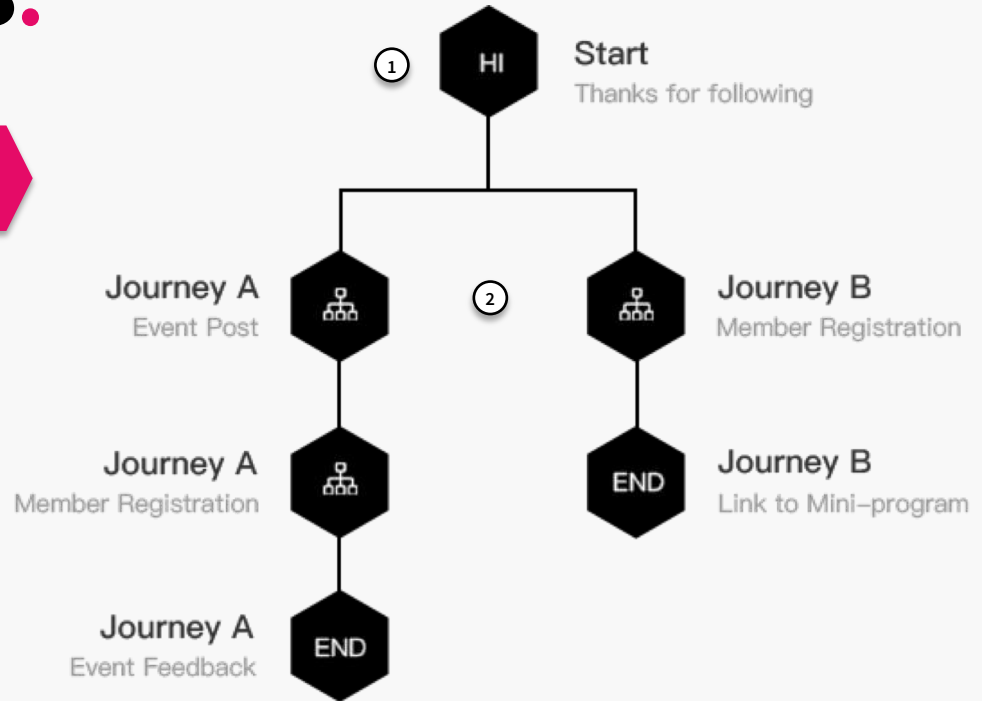


1 ENTRY POINTS

Users can be taken on different journeys and shown targeted content based on their entry points. Content can also be customised to be displayed in the user's preferred language.

2 JOURNEYS

Various content formats can be used at different stages of these user journeys, including direct links to Mini Programs, loyalty programmes or brand content, to better drive engagement



Creating a *welcome journey* is the key to increasing retention and laying the foundation for an engaged follower base. It's unfortunate that so many brands miss out on this potential.



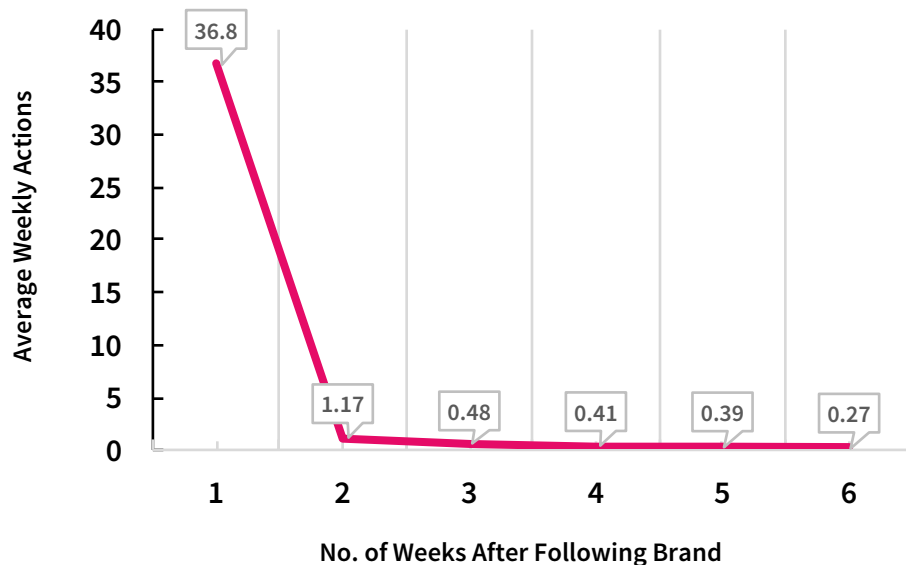
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LEVEL OF ENGAGEMENT OVER TIME.

The first **six weeks** of a follower's lifetime are where most of the actions are performed. Following that, the follower's level of engagement with the brand will peter out. Typically, the number of actions performed by a follower **peaks in the first week**, and decreases over the next four weeks.

The example on the right, taken from the performance of one luxury brand, highlights the importance of **lifecycle management** for followers. Brands need to come up with innovative ways to stimulate and reactivate their communities over time. Audiences cannot be expected to engage consistently with the brand based solely on its brand equity.

Follower Engagement Over Time



CASE STUDY

REACTIVATING FOLLOWERS.

Calls-to-Action

While campaigns are great for driving engagement, a more sustainable approach needs to be taken for the long run. Weekly content pushes should be optimised to include relevant links to store locators, websites or Mini Programs



Promoting Engagement

Engagement campaigns on WeChat are a good way of reactivating followers. This can come in the form of promotional content that invites users to perform specific actions for an incentive (e.g. a prize from the brand, vouchers, etc)



1 BAUME & MERCIER

The fine watch brand launched a user-generated content (UGC)-driven campaign that promoted engagement by having audiences vote for their favourite piece of work.

1

摄影征集 | #千面
会是谁来打Call?

名士表 5/30

4月底,名
#千面由我,随芯
目前,我们已收到
现在就
看看谁的作品才是什



全新克莱斯麦女士腕表系列,
以崭新面貌、三种尺寸、优雅风格,
诠释女性多面魅力时尚。



梁艾薇
@梁艾薇IvyLeung
KOL/IVYPLUME创始人



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“
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珍珠母贝表盘诉说优雅,
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投票已过期

中最佳的克莱斯麦腕表? (单

颖 @Fiona二公主

月 @满月Tina

籍 @王乔霓

男 @爱表族iwatch365

琪 @吴贤惠的日常

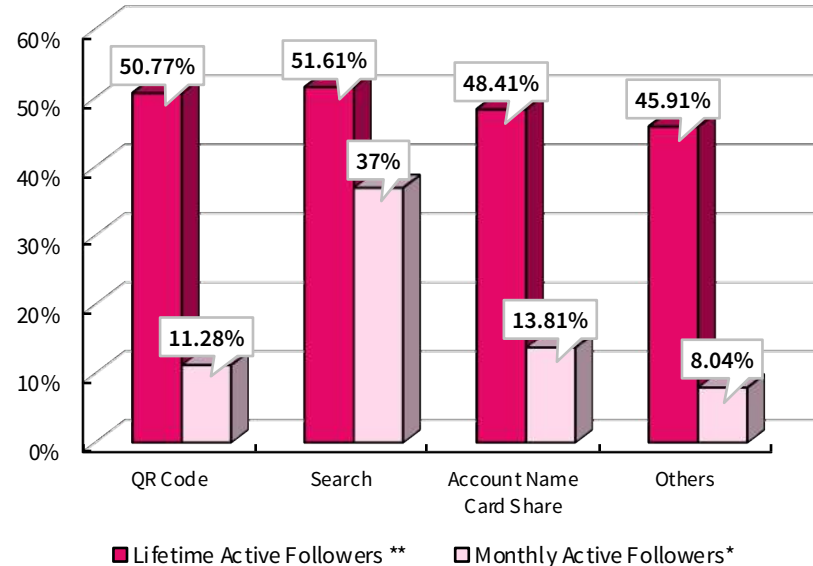
丹 @腕表时代

LEVEL OF ENGAGEMENT FOLLOWER SOURCE.

WeChat **Search** is a brand's only **purely organic** source of followers. While it is the most qualified recruitment source, it is also the hardest to stimulate as it is the direct result of a brand's equity as well as the overall marketing mix it develops. As such, followers recruited through this source generally display the highest engagement rates.

Coming in a close second in terms of engagement are followers recruited through **QR codes**. This is, in fact, the **most qualitative recruitment source** on which brands can have a direct impact. But while brands are able to stimulate the scanning of QR codes, it is important that the **welcome journey** that comes after a user scans that QR code (see case study) is optimised, as this has a significant impact on future engagement actions.

Follower Activity



*Monthly Active Followers are followers who perform >2 actions for the given month
 **Lifetime Active Followers are followers who perform >2 actions since following the brand

CASE STUDY USER JOURNEYS.

Parametric QR Codes

In making use of parametric QR codes, brands are able to better understand user acquisition channels and design effective and relevant user journeys. Four Seasons Hotels & Resorts made use of this at their property in the Maldives.

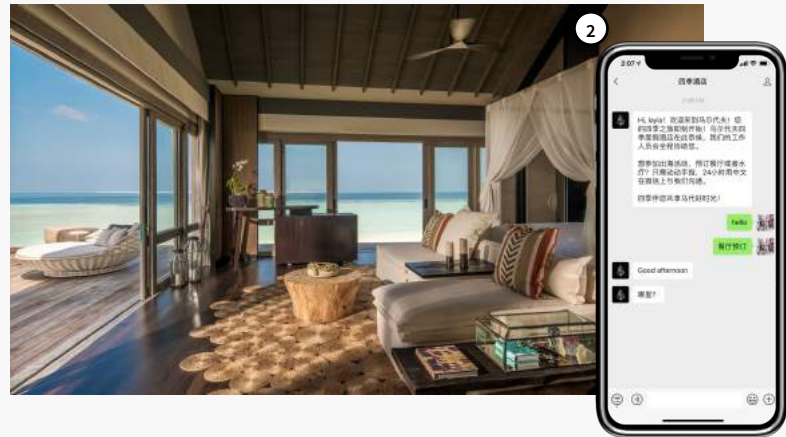
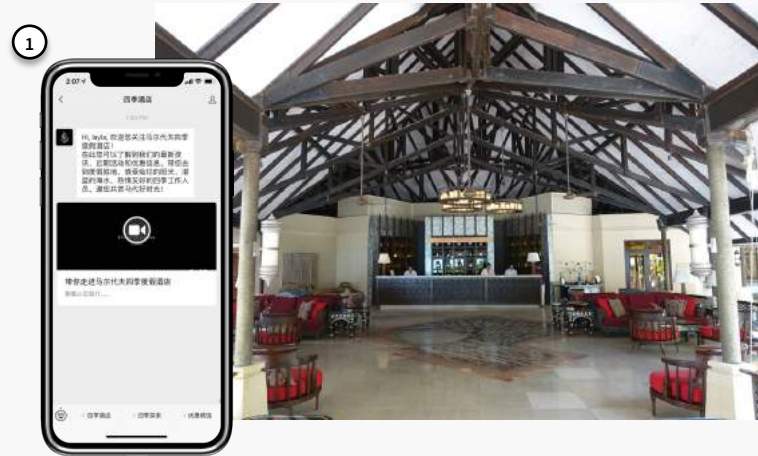


1 WELCOME MESSAGE

Hotel guests that scan the QR codes available at the check-in area are immediately greeted with a welcome message and an introduction video about the property and its facilities.

2 LIVE CHATS

When guests scan the QR codes located in their rooms, they will be directed to a live chat with a member of the staff. All queries will be answered within 90 seconds in the preferred language detected on the guest's WeChat account.



PART 1

ENGAGEMENT.



ENGAGEMENT

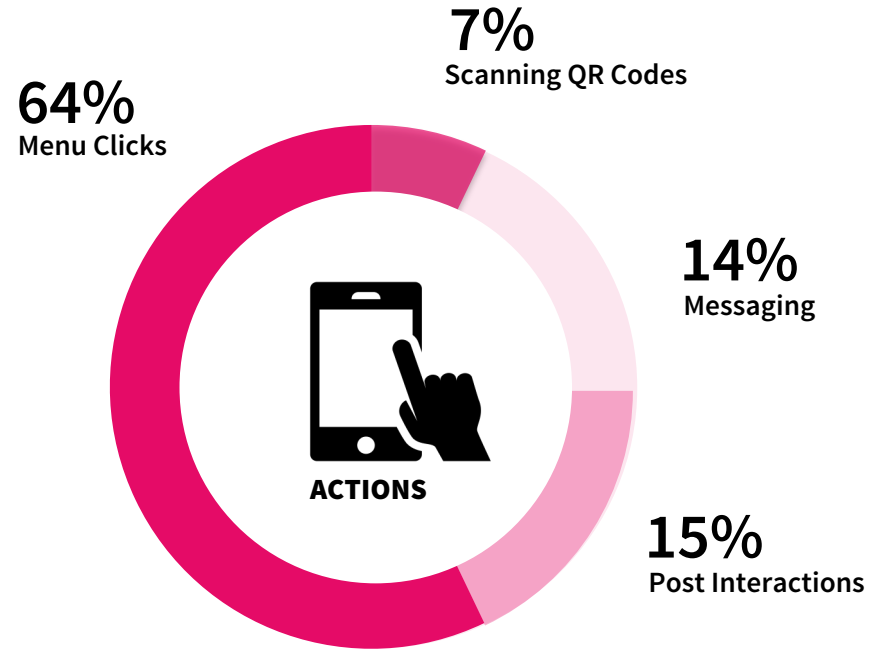
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TYPES OF ENGAGEMENT AN OVERVIEW.

The most frequently performed engagement action is that of **Menu Clicks (64%)**, indicating that it is important for brands to focus on how their navigation menu on WeChat is designed, and optimising the information provided there. Users will be looking for specific types of information when seeking out the menu button, and it is up to brands to decide what is important and relevant.

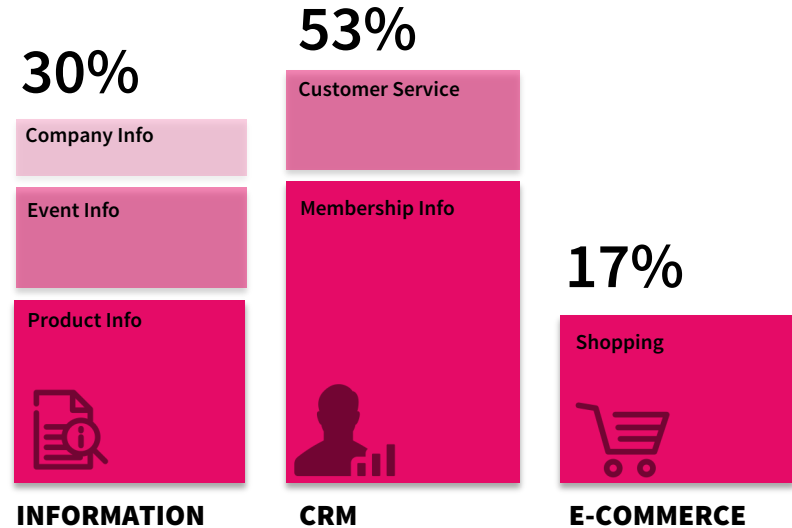
Interestingly, the incidences of users **sending a message** via chat (**14%**) and **interacting with posts** pushed by the brand (**15%**) are at approximately the same level.



TYPES OF ENGAGEMENT POPULAR CATEGORIES.

It is important for brands look beyond WeChat's basic function as an **information** source when it comes to brand and product introductions. While over **30%** of engagement actions performed centre around this, more than half (**53%**) the actions carried out by users are to access features that are **CRM-related**. These include retrieving their membership information and contacting customer service. These are areas that brands need to think about beefing up on their WeChat accounts.

At **17%**, **e-commerce** functions are accessed the least. This indicates that most brands are still struggling to focus their e-commerce strategies on WeChat. Most of the sales that take place on WeChat are campaign-driven at present, and it is a challenge for brands to create a steady and sustainable stream of business from WeChat.



TYPES OF ENGAGEMENT RESPONSE RATES.

At present, the rate at which followers send a message to brands via its chat window on WeChat stands at **6%**. However, **more than half** of these queries (**66%**) go **unanswered**. This could be one of the contributing factors to the low level of customer service engagement on WeChat (as mentioned on the previous page).

Clearly, there is a lot of work to be done in terms of community management. While there are many ways to go about addressing this situation, a possible fix is to set **automatic replies** for messages, or to install a **Chatbot**. Investing in dedicated **customer service agents** on WeChat would be the next step, but this would require a significant investment from brands.

66%
Not Replied



34%
Replied



BEST PRACTICES CHATBOTS.

KEYWORD RESPONSES

Chatbots can be a quick and easy way to address customer queries. Automated replies can be sent based on specified keywords



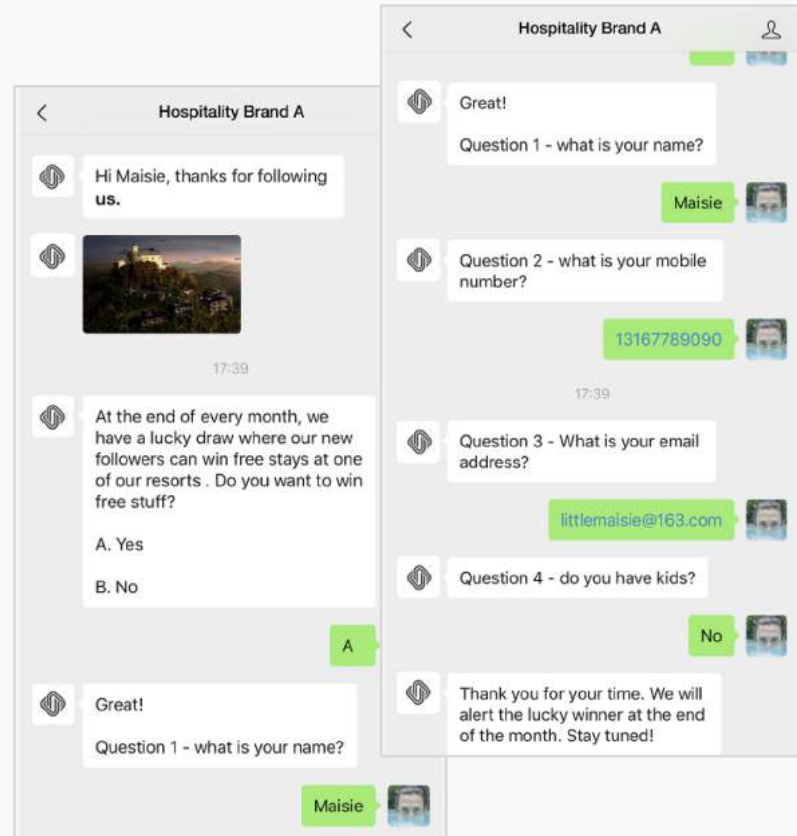
USER JOURNEYS

Custom user journeys that address a brand's business goals can also be created (e.g. including links to offline store locators or e-commerce sites in the journey)



DATA COLLECTION

Chatbots can also facilitate data collection. Studies have shown that this method usually sees a 50 to 60% completion rate, while regular forms only have a completion rate of 30 to 40%



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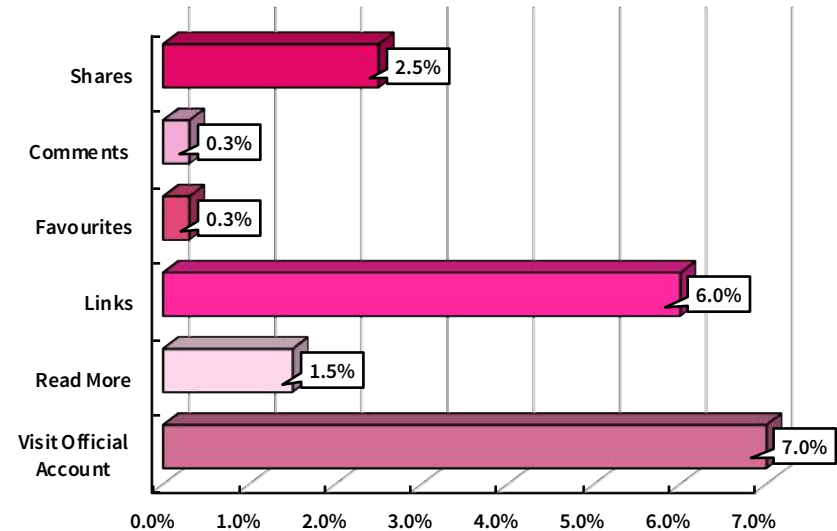
ENGAGEMENT ACTIVITIES POST ACTIONS.

It is important for brands to note that engagement does not only come from within its community on WeChat, but from all users within the WeChat ecosystem.

One of the most engaged-in activities within posts is that of **visiting a brand's Official Account (7%)**, indicating that a sizeable portion of users interacting with a brand's content might not necessarily be its WeChat followers. This also highlights the importance of optimising brand introductions on the account description page.

Another popular activity is that of clicking **links within articles (6%)**. This goes to show that it is necessary for brands to integrate relevant links within a piece of WeChat content as it serves as a good platform for driving conversions.

Post Engagement Actions



CASE STUDY

ACCOUNT DESCRIPTIONS.

Informative Introduction

As the first touch point at which a brand interacts with a user, the WeChat account description should be concise and highlight what the Official Account offers.



1 DFS

A clear introduction about its business and global distribution is presented by DFS in this account description. Users are prompted to follow the account to find out more about its product range and receive updates about promotions and discounts.

2 MARRIOTT BONVOY

In this account description, a quick introduction about the hotel group is followed details about its Marriott Bonvoy membership programme.

1



2



CASE STUDY IN-ARTICLE LINKS.

Calls-to-Action

As clicking on in-article links are one of the most popular engagement actions, it is imperative that brands maximise the real estate on their WeChat articles to drive conversions.

1 E-COMMERCE

Vacheron Constantin does this by linking every image on its WeChat article to the product description page on its e-commerce store.

2 MINI PROGRAM

Readers can also directly make an appointment to view the timepiece in a boutique via a Mini Program link at the bottom of the article.

3 CONTENT ARCHIVE

To encourage browsing, links to previous articles are also included at the bottom of each new article.



Personalised content is the future of the WeChat experience. Unfortunately, one size does not fit all. Only when followers get content tailored to them will brands get sustained uplift in engagement.



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ENGAGEMENT VALUES AN OVERVIEW.

A DEFINITION OF ENGAGEMENT RATE (ER)

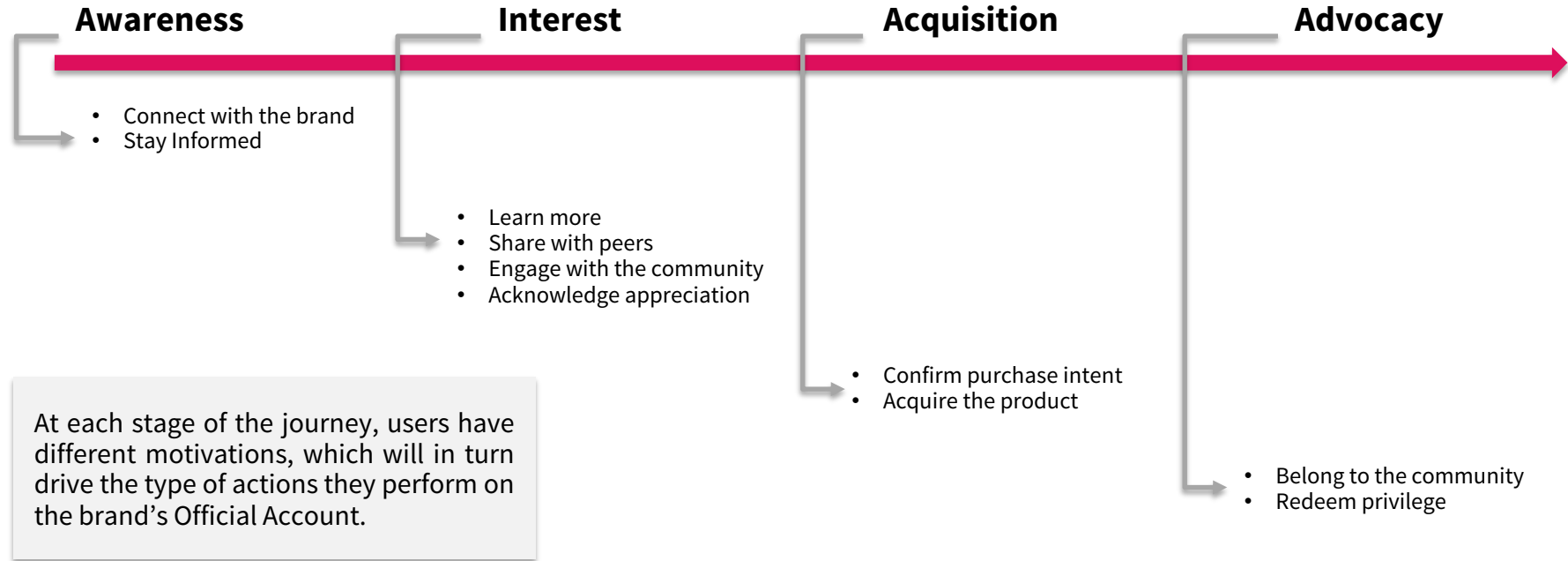
From Menu Clicks to QR Code Scans, the amount and variety of actions performed by WeChat users is staggering. However, **not all actions are made equal** and each of these actions **carry different levels of significance and weight** – for both users and the brands they interact with. At present, the generic definition of Engagement Rate (ER) on social media does not allow for the range of values of these actions to be taken into consideration.

- ✓ Menu Clicks
- ✓ Messaging
- ✓ Link Clicks
- ✓ Favourites
- ✓ Read More
- ✓ Comments
- ✓ WOW
- ✓ QR Code Scan

$$\text{Avg Daily ER} = \frac{\sum_{days=1}^n \text{Actions} * 100}{\text{Fanbase} \times n}$$

ENGAGEMENT VALUES

WECHAT USER JOURNEY.



ENGAGEMENT VALUES AWARENESS.

At the Awareness stage, users are just starting to discover the brand and are typically in the process of **establishing a connection** with the brand.

1 QR CODE

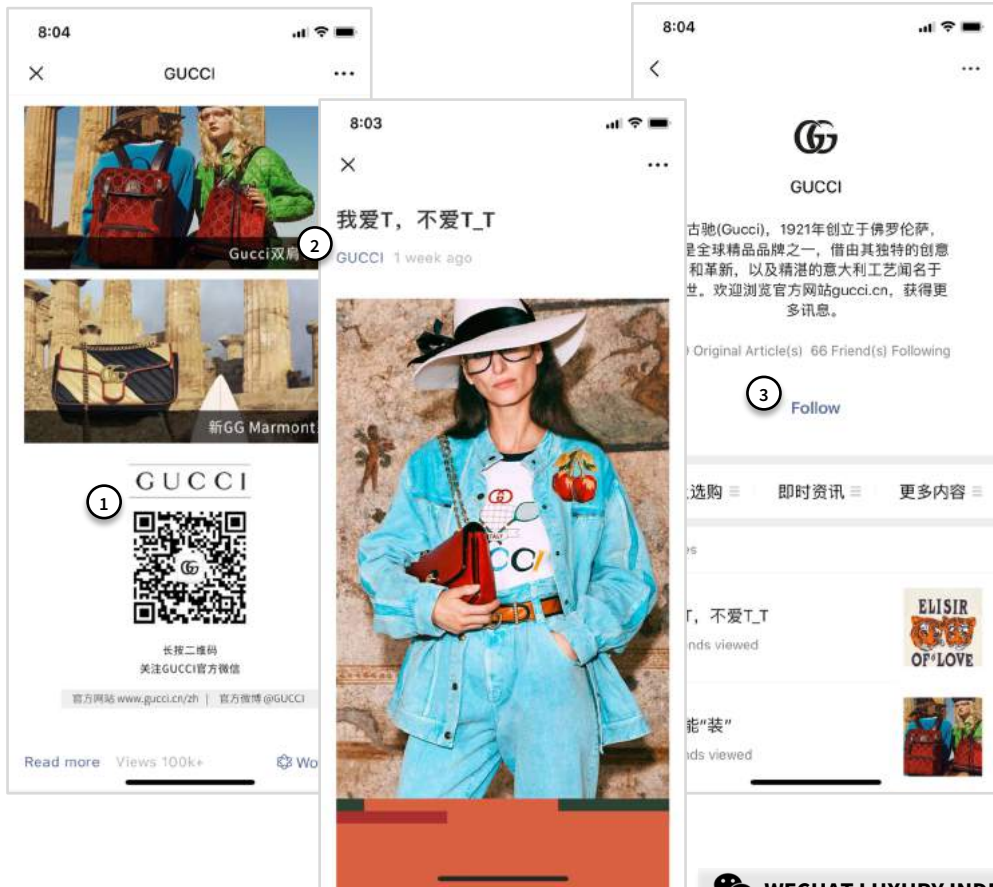
Scanning a QR code to follow the brand

2 BYLINE

Clicking on the article's byline to access the Official Account's homepage

3 FOLLOWING BRAND

Both actions mentioned above will take users to a brand's Official Account homepage, where an option to follow the brand will be presented



ENGAGEMENT VALUES INTEREST.

At the Interest stage, users are interacting with the brand, sharing it with their friends, and **engaging** with the brand's community of followers

1 SHARING

Sharing an article from the brand on his/her own Moments feed, or directly with friends

2 BROWSING MENU

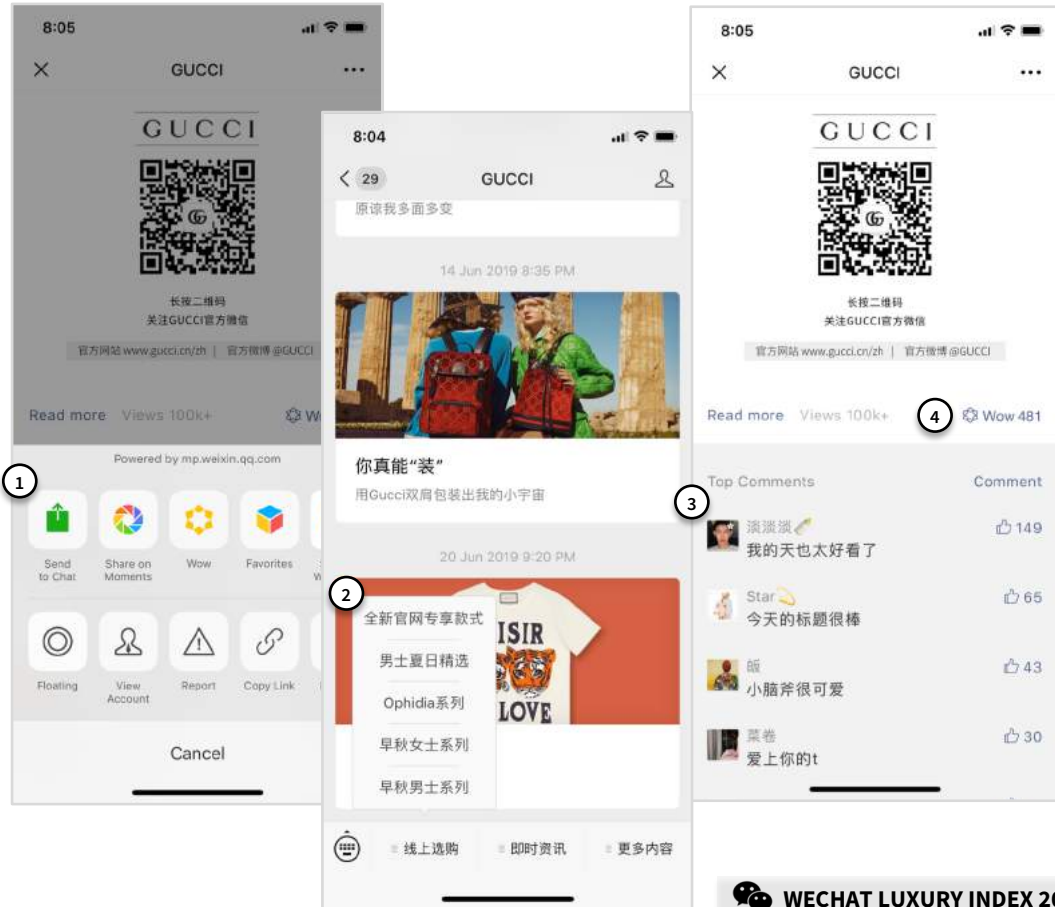
Finding out more about the brand

3 INTERACTING

Commenting and interacting with community

4 WOW-ING

Clicking on the WOW button and pushing the brand's content to the featured section of their friends' feeds



ENGAGEMENT VALUES ACQUISITION.

At this stage, users are **actively seeking** more information about products and pricing, and are that much closer to making an acquisition.

1 POINT OF SALE/ APPOINTMENT

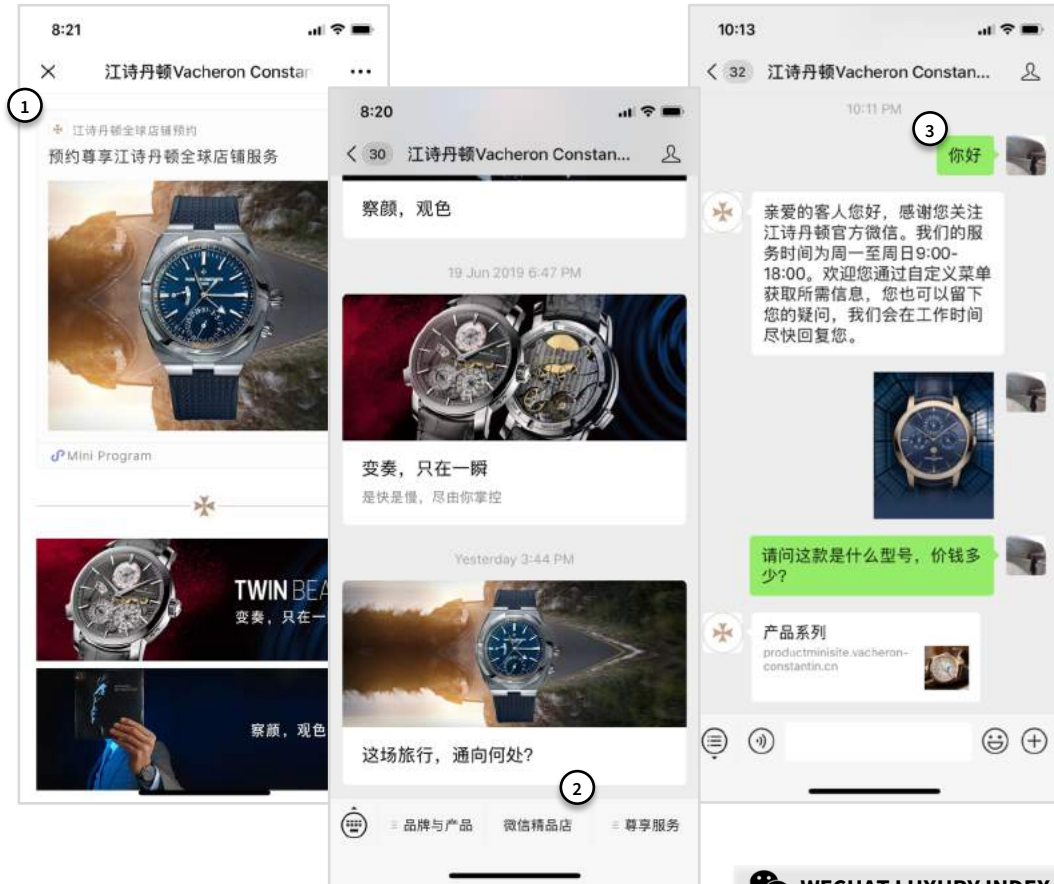
Actively looking for an offline point of sale or making an appointment to visit the boutique via a Mini Program

2 WECHAT STORE

Accessing the WeChat store from the menu

3 MESSAGE ENQUIRY

Chatting with a customer service agent/ Chatbot on WeChat to find out more about price and availability



ENGAGEMENT VALUES ADVOCACY.

Users are already clients of the brand, and are **actively returning** to engage with the brand on WeChat and accessing membership features.

1 RETURNING CLIENT

Accessing the loyalty programme of the brand via its menu on WeChat

2 REDEEMING PRIVILEGES

Making use of the loyalty programme and its features



THE ENGAGEMENT VALUE MATRIX.

| | Awareness | Interest | Acquisition | Advocacy |
|------------|---|--|-------------------------------|--|
| Motivation | Connect with the brand Stay informed | Learn more Share with peers Engage with the community Acknowledge | Confirm intention Purchase | Part of the community Redeem privileges |

Metrics

Within Articles

| | | | | | |
|-------------|---------------------|--|---|--|---|
| Actions | OA Homepage visit | OA Homepage link clicks | | | |
| | QR Code Scan | OA QR code scan | Scan to access website, catalogue, other information sources | Scan to access WeChat Store or other transactional features | |
| | Link Clicks | | Click to access website, catalogue, other information sources | Click to access WeChat Store or other transactional features | |
| | Favourited articles | | # of articles favourited | | |
| | Read More | | Read more | | |
| | Share | | # of shares | | |
| | Comments | | # of comments | | |
| | WOW | | # of WOWs | | |
| | Account Features | | | | |
| | Chat | | Random enquiries | Qualified enquiries (price, availability...) | Customer Service enquiries (maintenance, repair...) |
| Menu Clicks | | Click to website, catalogue, other information sources | Click to access WeChat Store or other transactional features | Click to access Loyalty program or other CRM features | |

ENGAGEMENT VALUES

INTENT RATE.

For an added layer of granularity, brands can also consider the **intent rate (IR)**, which can be calculated based on the number of user actions within each category (Awareness, Interest, Acquisition and Advocacy). It should be noted that these formulas can be **refocused based on a brand's business needs.**

$$\text{Avg Daily ER} = \frac{\sum_{days=1}^n \text{Actions} * 100}{\text{Fanbase} \times n}$$

$$\text{Follow IR} = \frac{\sum_{days=1}^n \text{Actions (Awareness)} * 100}{\text{Fanbase} \times n}$$

$$\text{Interaction IR} = \frac{\sum_{days=1}^n \text{Actions (Interest)} * 100}{\text{Fanbase} \times n}$$


$$\text{Purchase IR} = \frac{\sum_{days=1}^n \text{Actions (Acquisition)} * 100}{\text{Fanbase} \times n}$$

$$\text{Loyalty IR} = \frac{\sum_{days=1}^n \text{Actions (Advocacy)} * 100}{\text{Fanbase} \times n}$$

ENGAGEMENT VALUES KEY TAKEAWAYS.



- ✓ Different **actions have different values** depending on a brand's objectives, and they cannot be considered on the same level
- ✓ The generic way to calculate engagement rate doesn't allow brand to generate insights or develop the **right type of focus** based on their objectives
- ✓ As a service oriented platform, the **notion of intention** on WeChat should be tracked and compared with the **actual conversions**
- ✓ There is no fixed way to calculate engagement rate and brands should **focus on the types engagement that impact their business objectives** so as to analyse their performance more effectively

A photograph of two women sitting together, looking at a smartphone held by the woman on the left. The woman on the right is pointing at the screen. The image is semi-transparent and serves as a background for the text.

*Understanding and measuring engagement actions by their individual values instead of taking them as a whole would allow brands to better shape their **WeChat strategies** based on the actions they hope to inspire.*

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FINAL OBSERVATIONS CONCLUSION.



- ✓ Acquiring a new follower is not the end goal, but the **beginning of a journey**. It is critical for brands to place equal emphasis on what becomes of these followers as they do on acquisition methods
- ✓ Engagement has always been considered as the most strategic indicator when it comes to social media. However, WeChat is more than a social media platform and engagement measurements should be considered with a **greater level of granularity**
- ✓ Purpose drives engagement. So while emotional resonance matters, offering the **solution** to a problem or **answering a need** is key
- ✓ WeChat offers advanced data tracking capabilities that give brands access to a wide range of key performance indicators. It is important to **focus on what matters most** to your business and not get distracted by the wealth of data available

DL
G.

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 the digital partner of forward-thinking luxury brands. With offices in **New York**, **Geneva** and **Shanghai**, DLG blends luxury savoir-faire, industry insights, and digital expertise to provide end-to-end services ranging from digital marketing and communication, to e-commerce and CRM.



JINGdigital

JINGdigital empowers brands to turn fans into customers.

JINGdigital is China's leading marketing automation platform. Since our founding in 2014, JINGdigital has been providing brands with digital marketing optimisation solutions through our JINGsocial platform. The platform enables brands to better understand customers and empowers brands to create valuable personal connections at scale.

INTERESTED IN LEARNING MORE?

Connect with us for more insights and details on digital marketing solutions that are relevant to your business needs.

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THANK YOU.

