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Digital Marketing in China: An analysis of the social media strategy of Tod's Group

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前言

这篇论文的题目是在中国的数字营销，尤其是在时装奢侈品行业。为了具体地了解这个动态，这篇论文的末期把 Tod's Group 的社会网路营销分析。

近年在中国的数字营销急速得发展，把大部的中国社会吸引，特别是关于衣着的行销。许多意大利的公司和“意大利制造”（Made in Italy）的著名品牌正在投入中国的数字营销，因为这个方法把他们进入东亚的市场允许。

这篇论文的目的是理解意大利时装公司的使用策略关于在中国数位行销和通信。

第一章的内容和营销的意思有关系。第一段有关所谓“传统”营销。传统行销是指通过层层严密的渠道，并以大量人力与广告投入市场，从而达到满足现实或者潜在的消费者的需要、欲求的综合性经营销售实业经过。

以次各段解析各别的销售策略的阶段：

- 当前形势
- 营销的目的
- 策略的定义和制定
- 策略的执行和监控

在一家公司的营销计划当前形势是一个非常重要的部分。首先它包括分析公司内部的环境，例如它的价值观、资源、财政、技能、过去的经验等。接着公司需要分析外部的大环境，就是市场的分析（大小）、消费者行为的体会和市场竞争的研究。基本上公司的责任是加深理解它的优点和缺点（SWOT analysis）。

建立清楚的营销目的是第二个阶段：公司要发现它的目标和宗旨。策略的定义和制定意味着鉴定公司适当的目标市场，然后公司有机会制定它的策略。产品策略、价格策略、分校策略和促销策略构成一家公司的“marketing mix”。

最后的阶段和策略的执行和监控有关系。在这个阶段具体得执行他的行销计划，然后监控当前策略有效或者它需要一些变化。

这篇文章的第二段是关于数字营销。数字营销是使用数字传播渠道来推广一家公司的产品和服务。

传统营销比数字营销有些区别。第一个主要偏重于传统的传播渠道、线下活动传和传统媒体，第二个主要指通过网络的传播渠道进行一些列转播活动。

眼前网络每个人生活的根本，所以许多公司开始看到数字营销的潜力。社交网络服务和电子商务代表最重要的营销工具。

选择的策略的公司要造成高效的计划，这个情况报错分析所有市场的局面。

一个非常重要的方面是关于“digital”消费者。深切地理解“digital”消费行为非常要紧，因为公司的目的是满足消费者的需要和要求。

这篇文章区分两种“digital”消费者：

- “digital natives”
- “digital immigrants”

第一种是晚辈的消费者。他们把怎么使用数字工具已经博学。

第二种前辈的人。这种消费者不习惯网络的传播渠道。

此外，以帮助公司的业务，几个营销专家把“digital”消费者的类别发表。他们的类别根据网络用户的习惯。

这篇文章的最后阶段的内容和社交网络平台有关系。社交网络平台，比如 Facebook、Twitter、Instagram、ChatApps、YouTube 等是最重要的网络传播渠道。每个平台在国际数字营销给予公司许多效益。

第二章的论题是关于中国市场。以增进中国市场的理解，这篇文章开始介绍中国的土地、人民与历史。

首先，如这篇论文专注于营销，中国的过去和目前经历该当分析。中国的急速发展让这个国成为最有吸引力的世界市场。

然后，有一段集中中国 城市的“tier system”。其实中国城市把三层系统组建：

- 一层的城市
- 二层的城市
- 三成的城市

每个层有个别的国内生产总值、政治与人口。

在特殊的语境下，外国公司需要实施一个营销计划适合中国市场，它们应该仔细考虑中国文化、它们产品的相识水平、当地的竞争与政府的约束。

分析中国市场以后，外国公司有技能投入这个市场与建立它们的营销策略。

关于在中国社交网络营销，这个市场把别的社交网络平台构成。

最重要的中国社交网络平台是微信、新浪微博、人人、优酷土豆。

除了社会网络平台以外，别的中国强大的数字工具是电子商务（阿里巴巴、京东）与直播网站。

这篇文章的最后段解释在中国数字营销影响者的非常重要角色。

第三章注重于在中国时装奢侈品的实业。首先有一个国际时装业的演示。时装业的大环境把四势力影响：

- 政治性势力
- 经济性势力
- 社会性势力
- 技术性势力

这篇文章的第二段和中国时装业有关。中国时装的历史比别的国家比较殊异，这是因为许多势力造型中国市场。

与九十年代在中国时装开始发展，人们开始感到他们自己的个性。在这个情况下，很多意大利时装公司开始投入中国市场，结果是有益成就。

意大利时装公司的成功由中国消费者的“意大利制造”感性。

实际上在中国“意大利制造”不但为从意大利来的时装产品，而且为高质量、高雅与奢侈品。

投入中国市场的第一家意大利时装公司是 **Ermenegildo Zegna**，它于 1991 进入中国市场，现在它有一百零六家直接自营店与四家批发商。

Salvatore Ferragamo 于 1994 进入中国市场，目前它有数直接自店在中国里。**Dolce&Gabbana**、**Tod's** 也是两家时装公司投入中国市场。

这篇文章的最后段分析“意大利制造”时装公司的数字营销：它们使用的社交网络平台、它们选择的影响者。

这篇论文的最后章和 **Tod's** 公司的数字营销计划于策略关乎。**Tod's** 公司一家在意大利非常重要和著名的“意大利制造”时装公司，它于

1999 进入中国。目前它在中国有六十四家商店：多数是直接自店，而别的事专卖店。

Tod's 公司的社交网络营销策略利用中国最流行的社交网络平台为微信与微博。它的中国网站是完全针对中国消费者：所有网页都翻译成中文，并且有一个通讯网。

Tod's 公司也有自己管理的电子商务，另外现在它开始跟巨头中国奢侈电子商务合作。

关于 Tod's 公司的配合跟中国著名人格，它目前和美丽演员刘诗诗合作。

这些数字营销的方面显示 Tod's 公司的关注针对中国市场与中国的消费者。

1. Digital marketing

1.1 New trends in marketing

Marketing is the combination of a company's operations which is constantly evolving over time.

New trends, new technologies, and new lifestyles are only a few factors which shape the firm's way of doing business and planning marketing strategies (Kimmel, 2005).

Today's organizations are increasingly investing in digital strategies, giving more relevance to digital tools, as efficient websites, social media, and online stores.

The shifting through more mobile services, rather than desktop services, is one of the trends that characterize the new way of doing marketing online.

Video contents and photos published on social media are the base of today's communication and promotion strategies.

Real time interactions with consumers are what companies need to do in order to create a proper CRM.

Figure 1: Digital marketing tools



Source: Indian Institute of Digital Education

The aim of this chapter is to explain the meaning of “digital marketing”.

In order to do this, it is better to start from a more general point of view, starting from the definition of the so-called “traditional” marketing, and giving a brief introduction to which are the activities concerning marketing strategies of an organization, arriving to a translation in terms of “digital” marketing by the end of the chapter.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2013).

The aim of marketing is to discover customers’ needs and be able to satisfy these needs. In order to reach these goals companies and their marketing managers have the responsibility to plan an efficient marketing strategy (Porter, 1996).

1.1.2 Marketing strategy

Marketing managers that want to make a successful marketing plan need to conduct a careful analysis of the market, which can be divided in four phases (Tuten and Solomon, 2014).

Figure 2: Marketing strategy phases



Situation analysis

First phase is a deep analysis and evaluation of the situation.

It starts from the observation of the domestic environment of a company, which means the internal environment.

This analysis takes into consideration several aspects: the organization core values and in which way they can affect marketing activities; how marketing supports the organization mission, its objectives and its future strategies; the past policies adopted by the company; the company resources and the way it exploits them; how the firm communicates with its potential customers.

The other environment to analyze is the external one. In this phase marketing managers observe the market in which companies desire to position their products, focusing on the dimension of the market; the consumers characteristics; the competition, who are their competitors and how they behave into the market; the environmental trends that may arise from the social, the economic, the technological and the regulatory forces.

Last phase in the examination of the situation is the SWOT analysis, which defines organizations' appraisal of their internal Strengths and Weaknesses and their external Opportunities and Threats.

Marketing objectives

Second phase is to define the marketing objectives, meaning to set out the marketing activities which allow the company to accomplish its goals and achieve its planned tasks.

Firms may pursue different type of objectives:

- *profit*, when a company's objective is to maximize profits;
- *sales*, in the case of firms that seek to increase their sales;
- *market share*, refers to the ratio of sales revenue of the organization to the total revenue of all organizations in the industry;
- *quality*, when a company's first concern is to offer a certain level of quality;
- *customer satisfaction*, when the interest of a firm is primarily directed to the fulfillment of its customers;
- *employee welfare*, in the case of companies aimed to provide good working conditions for their employees;
- *social responsibility*, refers to those firms that manage to balance the conflicting objectives of stakeholders.

Definition and development of the strategy

Third phase is the definition and the development of marketing strategies.

This stage is extremely important and it starts with the study of the consumers' behavior in terms of purchase, usage and disposal of companies' products. Therefore, firms proceed to the market segmentation process, which, by definition, identifies and subdivides a large market into segments that have similar needs, wants, or demands characteristics.

Through the segmentation process a firm determines the need of the potential segment, and as a result, it identifies the segment, using different approaches to segmentation. Organizations might follow a geographic approach, a demographic approach, a psychographic approach, or a behavioral approach.

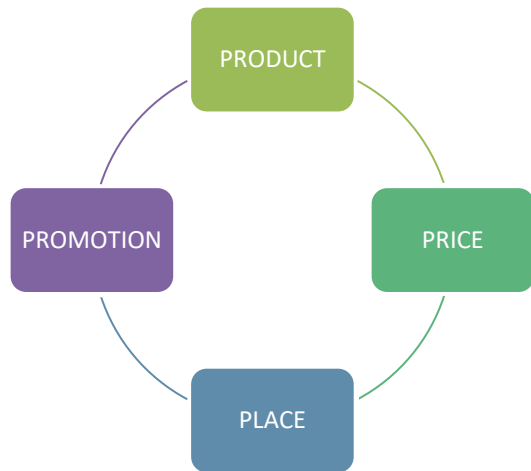
Next step is to individuate which segment is most attractive, that means to choose the target, and which segment is most profitable.

At this point, companies have enough information in order to proceed at the design of the model of marketing mix that matches the expectations of customers in the target segment.

The traditional marketing mix comprehends the so-called 4Ps:

- *product*, which means to define companies' core product, choose line mix strategies, take decisions in terms of brand, label, packaging of the product, and take into consideration the importance of complementary products or services;
- *price*, which refers to the pricing policies;
- *promotion*, that concerns the message that companies want their products to send, the approaches to advertisement, publicity, public relations, promotions, and the all the forms of communications (i.e.: social media);
- *place*, that means to evaluate the best way to reach the consumers, by which channels, through which intermediaries, and finally how to distribute the product, once the ideal locations have been identified.

Figure 3: Marketing mix



Implementation and control of the strategy

Fourth phase of a marketing strategy is the implementation and control of the marketing plan.

This is the concrete part, because it refers to all the activities and practices related to the marketing mix.

Furthermore, in this phase, firms need to give their managers, employee, and all the organizational divisions, specific tasks, well defined responsibilities, timelines, and budgets, necessary to reach the marketing objectives.

The last step concerns the evaluation and the analysis of the results; this means that companies need to find the right instruments to measure their performances.

This is an important part of the marketing plan because by measuring an organization effective performance, the organization itself can understand if the work done and the strategies adopted are efficient or, on the contrary, if they should be changed.

1.2 Digital Marketing

The general definition of marketing and its application in the marketing strategies and plans of companies is relevant and useful to understand the concept of what is called “digital” marketing.

Later this chapter carries out an accurate description of digital marketing, from its meaning to how firms manage to use these new strategies, but first it is necessary to understand the context and the history of the evolution of marketing, and see how companies changed and continue to change their strategies under the impact of the recent technologic developments.

1.2.1 Internet and the society

Today internet is an essential among human and society, almost everybody has a smartphone, a computer at home, or a laptop at work or at school.

The actual version of the Internet is called Web 2.0, and it allows users to interact, communicate, and gather information; it is nowadays the most important media of communications, and it is a two-ways instrument for exchanging information, which makes it different from the previous Web 1.0 (O’Rilley, 2005). The fact that the information are moving from and to both sides –the companies or governments, and the people– lead to a form of “sharing” information that consequently gives rise to what is called *horizontal revolution* (Tuten and Solomon, 2014).

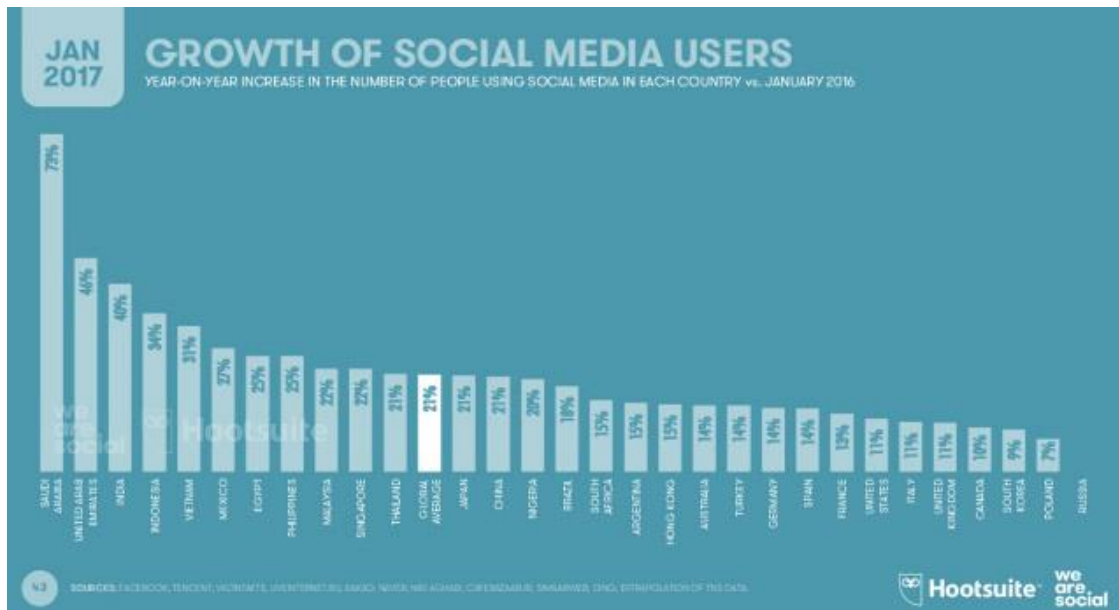
This massive presence of the Internet in the whole society, conducts to a changing in the society lifestyle.

It is in this phase of mutation of the society and of the people behavior that social media take a major role position.

1.2.2 Definition of social media

The number of social media users in the world is growing everyday, with increasingly more people that feel the need to share their life moments, their status, or simply their ideas (Bauman, 2001).

Figure 4: Growth of social media users



Source: hootsuite.com

This aspect is relevant from the point of view of individuals, but also, from the perspective of organizations, that have the opportunity to use social media channels for their marketing strategies.

The concept of social media, strictly connected with Web 2.0, refers to all the communications channels where users can interact, share contents, and collaborate.

Social media are continuously evolving and rapidly developing, hence the business environment may appear quite complex to firms.

The key word for social media is *participation*: no matter which area of social media is taken into consideration –social community, social publishing, social entertainment, social commerce– people are always allowed to participate, in terms of communication, creation, content-sharing, socialization, playing, buying and selling products, and a lot more.

This definition of social media is given from a general point of view; to follow, the analysis presents all these aspects as the framework and the environment in which allocate companies' marketing plans.

Particular attention is devoted to the differences, the advantages and disadvantages, and the difficulties organizations need to face when managing strategies in a Web 2.0 world.

1.2.3 Traditional marketing and digital marketing

Traditional marketing, as mentioned at the beginning of this chapter, is the process by which companies create, communicate, distribute and exchange offerings that has a certain value for customers, partners and the society.

The objectives of marketing need to be pursued through a marketing mix that comprehends the 4Ps: product, price, promotion and place.

In the era of Web 2.0, it would be appropriate to add a fifth word to the marketing mix: participation –the code word in the social media world.

This is the first difference between traditional and digital marketing; however the most important distinction that changes completely the strategies of organizations is represented by the channels of communications.

Channels of communications are the fundamental for a marketing plan, whether a firm decides to choose a traditional approach or a more modern –thus technological– approach.

Traditional marketing uses channels of communications that allow information to flow only in one direction, from the organization to the public.

Some examples of traditional media are the television, the radio, magazines and newspapers, outdoor advertising, and others.

In this type of communication the interactions and the exchanges of feedback among clients and organizations are minimum; the direction, mentioned before, is from the top (firm's leadership) to the bottom (consumers).

Digital marketing, or social media marketing, uses a wider channel of communications: the Internet.

Firstly, marketing managers began using the Internet just for the last phases of the marketing mix, the promotion and the distribution, leaving in second place media such as television and radio.

During the time, Internet has developed rapidly and managers, at first skeptical and convinced that it was only a momentary trend, started to be more concerned about the power of the Web.

They gradually began to transform their marketing mix adapting the whole strategy to a more technological approach.

Today, choosing a digital approach to set out a marketing strategy seems to be the more advantageous choice.

First advantage is referred to the expense and the access. Using traditional media may be extremely expensive for a company; on the contrary social media are more cost-effective: firms have the opportunity to send their messages at lower costs, reaching a more extensive range of people.

Another advantage concerns the training and the number of people involved. Traditional media require specialized skills and training, while social media require limited skills.

Also timing is relevant when talking about social media, as communications can be instantaneous.

Permanence is certainly a disadvantageous aspect for traditional media; once a message has been created it cannot be edited or changed, differently from social media contents, that can be modify in every moment instantly.

A point in favor for traditional media is credibility: a famous newspaper will certainly have more credibility than an individual who comments and participates in a virtual conversation.

Looking at all these aspects above, it seems clear that social media have more advantages than traditional media, but it cannot be forgot that this is theory; in order to be advantageous and efficient firms need to understand how to properly use digital channels.

Often companies underestimate the value of social media, just considering them an easy and simple way of doing marketing, and this approach can be counterproductive in a marketing strategy.

Digital marketing strategies, in fact, require the same attention, analysis, and planning of traditional strategies, and a deep understanding of the way in which firms' business can benefit from the social media growth.

The next section will focus on the social media marketing strategies of organizations.

1.2.4 Social media marketing strategy

In order to create a good digital marketing plan, in recent times organizations are investing a lot more resources and money into the sphere of social media. In this case, it is important to differentiate companies just using social media from companies that include social media as a specific part of their marketing strategies.

A social media marketing plan, can be divided into four phases, useful to describe and maintain an efficient strategy: the discovery phase, the pilot project phase, the creation phase, and the measurement phase (Packer, 2011).

1.2.4.1 The social media marketing plan

Discovery phase

At this point, the first step is that companies need to determine their social media objectives and goals and make them a complement to their business objectives and goals; the second step includes the analysis and choice of the social consumer segment, by researching the social media habits of the organizations' industries and of the target market.

In this phase, identifying the proper target market is the key to establish strong customer relationships.

Pilot project phase

In order to accomplish their objectives using the resources available, the choice of the right social media channels is extremely important to firms.

This phase, in fact, is dedicated to an exploration of the channels and social media platforms. This stage allows organizations to gain experience and confidence with social media sites (i.e.: Facebook, Twitter, etc.).

The second part of this phase concerns real connections; companies should try to begin connections with their customers by listening to their requests and

giving concrete contributes to the conversation. The creation of customer value is relevant.

Creation phase

This part is the foundation of companies' marketing strategy. They participate increasingly to conversation with consumers and this allows them to establish and develop relationships.

Other aspects are the definition of the content and the definition of the communication style. The first, concerns the identification of the information that is more valuable for the firms' customers, hence organizations need to define the types of content to deliver. The latter, refers to the choice of the organizational voice (i.e.: expert, funny, sarcastic, etc.). By doing that companies need to consider their target market, and make sure that the chosen organizational voice reflects the values and the culture of their business.

Last step of this phase involves the social media mix 5-P, mentioned earlier in the chapter.

At this point, companies have already identified their contents and their organizational voice; they now need to begin to participate actively into the appropriate conversations in order to create information of value for their customers.

Measurement phase

In order to be successful through digital marketing strategies, organizations should measure their strategies effectiveness and efficiency.

Learning from mistakes, and also from achievements, comparing the actual results and the desired results, are good instruments to measure how well a company's strategy is performing.

The following step concerns an analysis of firms' campaign results; it is important to understand whether they are aligned with the organizations' objective or not.

In second case, if there are discrepancies between their goals and the results obtained, firms should think about modify their strategy, by testing some changes, and improve their performances.

1.2.4.2 Social media marketing life cycle

There are other studies concerning the life cycle of social media marketing, although very similar to the previous description.

Tuten and Solomon (2014) suggested that the stages of social media marketing maturity can be divided into: trial phase, transition phase and strategic phase.

Trial phase

Trial phase is the first stage of the cycle; companies try the social media platforms, without giving them a specific role into their general marketing strategy.

The characteristic of this phase is the exploration of the potential of the new channels of communications, seen as places where people virtually meet, where they talk, listen and share contents.

The problem with this stage is that some organizations do not consider it as a trial phase and they remain stuck, without continue the development process.

Transition phase

In this part of the life cycle, companies enter in a transition phase. Their moves into the Web 2.0 are still quite tentative and casual; however organizations start to have a more systematic awareness of the potential of the social media into their strategic plans.

Strategic phase

It is the final stage of the social media marketing maturity. Companies adopt a formal process in order to plan the social media marketing activities, with specific objectives.

In this phase social media are well integrated as a fundamental component of the overall marketing plan.

This last step is the most complex and comprehends a lot of points discussed in the previous classification of the digital marketing phases. It is the real process of strategic planning, and must follow some crucial points:

- *Analysis* of the situation and of the internal and external the environment;
- *Identification* of the social media marketing goals and allocation of resources (budget);
- *Target* profiling of social consumer;
- *Selection* of specific social media channels and platforms; choosing the best suitable social media mix, with reference to the four areas of social media already mentioned (social community, social publishing, social entertainment and social commerce);
- *Creation* of a strategy learning from the experiences; starting from choosing the messages that firms what to give, arriving to an actual representation of their brand through the so called social image –the way the brand is perceived into the Web;
- *Integration* with other promotional components and setting of campaign timing;
- *Implementation* of the strategy and *measurement* of the results.

Thus far, digital marketing strategy has been taken into consideration only by the organization perspective; however one of the characteristic of marketing in general is that it involves two or more parties, the organizations and the individuals.

1.3 Digital consumer

This section of the chapter focuses on the role of the consumer into the dynamics of Web 2.0.

Individuals are extremely important in the marketing field as the aim of organizations is to discover and satisfy the needs of customers.

Thus, consumer behavior is a fundamental when thinking about a marketing strategy, and firms need to stay update about the possible changes in the consumer behavior and eventually rethink their marketing strategies (Keith, 1960).

As this dissertation is about digital marketing, in this section the focus will be on the “digital consumer”.

Internet today is embedded in the majority of the developed countries humans life, almost every person has post once, share, research something into the Web; the overall set of these digital activities contribute to the creation of the individual digital identity.

When people post, comment or simply become part of a digital space, leave some footprints, which in this case are called social footprints. The totality of these footprints are registered, and put together they form an individual digital identity, which is the representation of the individual life, called *lifestream* (Tuten and Solomon, 2014).

1.3.1 Digital natives and Digital immigrants

There are two types of individuals, the *digital natives* and the *digital immigrants* (Prensky, 2001), the first group identifies all the people “born digital”, that is that part of the population which perfectly knows the digital language, which is always “connected” and which, in order to communicate, gather information, and even enjoy some sort of everyday entertainment, firstly calls on the digital channels.

On the contrary, the so-called *digital immigrants* are those people who have grown up without the presence of the Internet; hence they just adopted the new technologies as they started developing in the world societies.

It appears clear that these two different *cultures* can make a substantial difference in the planning of a digital marketing strategy, for example, in the targeting process.

Thus, if companies are about to implement a social media, they may want to try to attract also the *digital immigrants*, make them changing their perspective about the new technologies.

The proper way to manage this situation could be the adoption of Rogers' theory about the *diffusion of innovation* (1962); this theory presents the general characteristics of innovation products, and how fast people might be prone to adopt these innovations.

Advantages, ease of use, accessibility and possibility of routine use, are the keys to marketers that want consumers to purchase their new product in the fastest way.

In this case, the innovation, the “new product” is the internet, the social media, and firms want both the *digital natives* and the *immigrants* to be part of their strategies, as social consumers.

1.3.2 Digital consumers classifications

There are different typologies of classification of digital consumers, based on the information about their lives into the Web 2.0 (Tuten and Solomon, 2014).

Forrester Research study

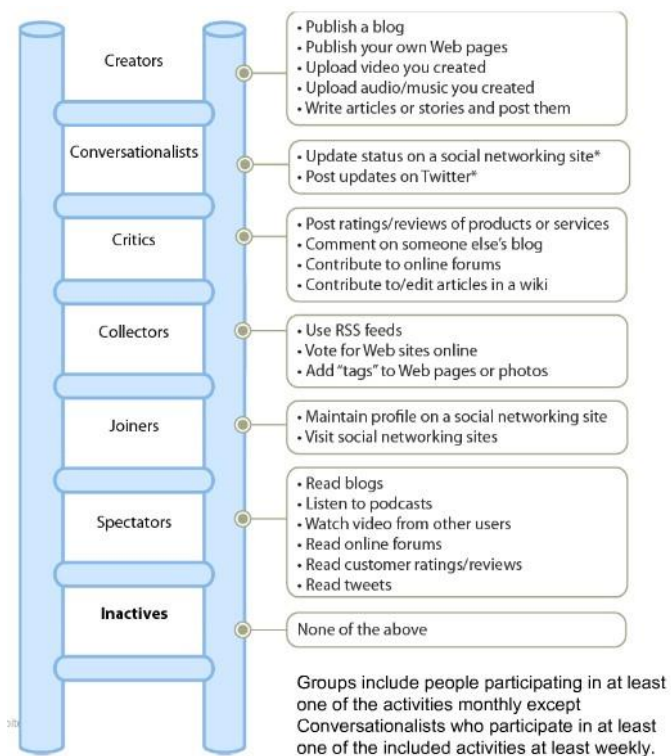
This division starts from a study conducted by Forrester Research (2007), which introduced the concept of *social technographics*, based a research about digital consumer social lives.

This study presents six typologies of people:

- *Creators* (24%), they add some kind of value to social web and to their social community, creating contents that can be shared with and by other users;
- *Conversationalists* (33%), they communicate and discuss with their friends by updating their status or commenting on a social networking site (i.e.: on Facebook or Twitter);
- *Critics* (37%), they react to contents, instead of creating them, by posting ratings and reviews, commenting on blogs, contributing to online forums, and/or editing articles in a wiki;
- *Collectors* (20%), they tend to be efficient and organized users, they use feed RSS in order to stay regularly update, share contents and add tags;

- *Joiners* (59%), they possess a profile in one or more social networking sites, and visit them with regularity;
- *Spectators* (70%), they stay at the margins of the social communities, preferring to use other users' contents and avoiding to expose their identity (for this reason they are also called *lurkers*); they read blogs, listen to podcast, watch videos from other users, read online forums and reviews; basically they don't create, add, share, or participate, they limit themselves reading, listening and watching, which is a utilization of the social media in a Web 1.0 perspective, rather than it a Web 2.0 perspective.
- *Inactives* (17%), they are "online" but they don't participate to social activities and avoid social communities.

Figure 5: Social technographics



Source: forrester.com

Pew Internet and American Life Project study

A further classification of the social consumer is proposed by Pew Internet and American Life Project, that published a study named “The mobile difference” (Horrigan, 2010), in which defines the *level of digital mobility* based on the attitude –positive or negative–, of individuals facing mobile devices.

The two macro-groups identified are:

People motivated by the digital mobility, that tend to be keen on new technologies and mobile world, considering them a way to connect online; and people preferring more static media, that appear to be more “stationary” when using the internet to communicate (i.e.: prefer desktop computer, less attached to smartphone)

Anderson Analytic study

Another type of social media users is the Anderson Analytics description (2007). This classification divides social consumers into *users* and *non-users*, basing the study on the level of benefits and/or disadvantages (barriers) perceived by the user of the web service (Van Grove, 2007).

Kevin Hillstrom study

The last classification proposed by Kevin Hillstrom (2010) is that of *microblog users*, which divides individuals into four types:

- *Elite*, users that have the power to influence;
- *Difference makers*, users that participate only when their contribute might have some value;
- *Knowledge seekers*, users that consider communities as a learning space;
- *Attention seekers*, users whose aim is to gain attention from other users.

1.3.3 Application into marketing strategies

All these proposed classifications of users are the tool marketing managers need to use to make a social segmentation.

In practical terms, an organization might refer to Forrester Research model (2007) to identify the best strategies for each category of social media users. The aim is to maximize the possibility to reach the target customers, thus companies need to adapt their social media strategy to the way their target market uses social media.

In addition, marketing managers might look at Pew Internet and American Life Project research (2009) when their strategy involves social media, because it appears evident that users that have a positive attitude towards mobility in the usage of the Internet are more inclined to participate in social media activities.

The Anderson Analytics model (2007) has a particular value for marketing managers in terms of comprehension of the types of barriers that consumers could face when entering social communities.

The last segmentation model suggested by Hillstrom (2010) of the typologies of microblogging is useful because it is a representation of the community users' behavior.

After this analysis of the individuals, it is clear how the social media users' behavior is related to digital marketing strategies.

Knowing the digital culture of the target market is important when designing and promoting a product. Knowing the "online" habits, preference, behaviors of customers is essential because people are very much different one to each other; hence the phase of social segmentation is fundamental to allocate products in the best way.

At this point a complete picture of social media marketing panorama has been drawn; the two parts have been described, organizations and consumers, such as for the strategies firms might adopt.

However, there's one aspect that needs a further analysis: the social media platforms.

1.4 Social media platforms

As explained in the definition of social media marketing, internet is the enormous channel of communication and exchange of information.

Internet is characterized by the presence of digital spaces where users interact: social media.

The general distinction between traditional media and social media has been presented previously.

This part of the chapter wants to focus on the description of the most relevant social media platforms.

1.4.1 Facebook

Facebook was launched in 2004 by its founder Mark Zuckerberg. Initially it was limited to the Harvard University students, later it was expanded to other colleges in Boston; gradually it became popular and available to most university in the United States and Canada and corporations.

By 2006, the social network was opened to everyone, and today with 2.1 billion active users, it positions itself as the first social media platform worldwide (Zephoria Digital Marketing, 2017).

Facebook is a social network where users can create a personal profile, make friends by adding other users, post an opinion, publish photo, video, share contents, comment and express feelings about contents just by pressing the “reactions” button.

Facebook in a digital marketing strategy represents a huge profit potential. Into this platform marketing managers have the opportunity to generate awareness about their products and services.

By using Facebook as a marketing space, organizations can gain a strong advantage: they can establish direct relationships with their consumers, in the form of dialogue with clients. Facebook allows firms to post contents that generate a response and consequently a feedback about their brands.

A further advantage is that this social network reaches a relevant mass of people, so critics, suggestions, appreciations, are coming from a huge part of the market.

The difficulty for marketing managers that want to use Facebook as part of their strategy is to stand out from the crowd. In fact, as the social network can attract tones of individuals, it also allows tones of companies use it, and that means that in order to distinguish from others, managers need to put special efforts on creativity, originality, freshness, and, most important, deep knowledge of their potential customers' behavior and bias.

A significant introduction recently made by the Facebook team is that of the marketplace function, launched in the USA on October 2016.

In this space people can sell, buy, or exchange every sort of item. Organizations still don't mention this function in their social media strategy; however the potential of a purchasing space seems vast.

1.4.2 Twitter

Twitter is a social network created by the Obvious Corporation (San Francisco) that allows users to post text messages with limited length –the famous 140 characters– called “tweets”, and introduces the hashtags, words that permit a sort of grouping by putting together messages with the same tag.

Each user has a profile and has the possibility to follow other users' profile.

Include Twitter into a social media strategy allows organizations to communicate brands messages to their followers; however, as the characters in the “tweets” are limited, marketing managers cannot expect extensive responses.

From the individuals' perspective, this platform is a useful tool to obtain information about brands and products, and make positive or negative comments about them.

The keywords firms need to follow are, as for many social media: listen and interact.

1.4.3 Instagram

Founded by Kevin Systrom and Mike Krieger on October 2010, Instagram was born as a social network where users could share their photos with particular filters and describe them with captions and hashtags, browse other users photos and express their appreciation, with the “heart” button.

Today, people can also share short video, “stories” (videos of limited length that disappear from the users’ profile after 24 hours; Snapchat) and send direct messages to other users.

Nowadays the users of Instagram are increasingly grown and the social network reached 700 million of users (Aslam, 2017).

Instagram in a digital marketing strategy can be useful in the case of a brand that wants to show to a large amount of people its products; “show” is the code word with this platform, as photos and videos are its foundation.

Firms can choose to let consumers see their finished product, the production process of goods, or even just the “faces of the company”.

A particular field, that will be discuss later in the thesis, in which Instagram has a strong power is fashion industry; for example, on this social network fashion companies publish photos of their latest collections, how they produce their product, and who is the brain of the brand.

A part from the usage of the hashtags, Instagram is not principally used to express articulated messages with words; it configures itself more as a product window.

1.4.4 Chat apps

Others social media platforms are chats. People usually think about chats solely as an exchange of messages between friends, colleagues and known people. In part this is true, WhatsApp, recently acquired by the Facebook creator Marc Zuckerberg (Cosimi, 2014), with 1.3 billion monthly active users (Statista, 2017), and Facebook Messenger, are still not included into organizations digital marketing strategies, however there’s one chat that changes the schemes: WeChat. WeChat, developed by the colossus Tencent (2011), is a Chinese

social media including instant messaging, commerce and payment services. It has over 938 million active users.

The peculiarity of this chat app that makes it appealing to marketing managers is the fact that it has also a section dedicated to social network. In the “moments” space, users can share their photo, video, thought, and they can also follow other users.

Thus, this represent a good opportunity to organizations that want to establish a relationship with individuals, by promoting their brands, sharing messages, or even giving direct information about events, sales, discount, etc., to their followers.

Even if WeChat appears as a perfect field for social media strategies, it still faces major difficulties in going outside China and penetrating the international markets.

1.4.5 YouTube

YouTube is a website in where users can upload, view and comment on videos; they can also subscribe so-called “channels” and create playlists. The people using YouTube today have reached 1.5 billion users (Matney, 2017).

Using this social media in a digital marketing strategy can be appropriate when organizations’ products are quite complex and consumers need an explanation of the benefits of the products through a video.

In recent times, YouTube has introduced into its website the possibility to insert short advertisement messages; for instance, users that want to see their boyband new music video or their favorite cooking program cannot skip the popping ad at least for some seconds.

Tabula 1: Growth of social media users

Social media platform	Early stage users	2017 users
Facebook	100 mln (2008)	2.1 bln
Twitter	6 mln (2008)	328 mln
Instagram	1 mln (2010)	700 mln
WhatsApp	200 mln (2013)	1.3 bln
WeChat	195 mln (2013)	938 mln
YouTube	20 mln (2006)	1.5 bln

Everyday all these social media, whether is a social network, a chat app, or a video website, influence individuals' life, and individuals which join these digital communities are increasingly growing (as shown by social media statistics). Hence, this situation makes social media platforms perfect tools for companies that intend to manage their marketing strategy into the digital domain.

1.5 Influencers and KOLs

An important role in social media marketing strategies is represented by influencers and KOLs.

An influencer is a user that has an enormous numbers of followers, or fans, in various social network platforms.

The interesting fact, useful for marketing managers of a company, is that every time an influencer publishes a content, share a photo, or a video, he, or she, receives an extremely high number of views, comments, likes, and reactions, from his, hers, followers, or even from people who are not followers, for instance because they have seen the influencer post into the "popular page" of Instagram, or on the "trends" of Twitter.

Hence, this means reaching a large amount of people, followers or not, that see the contents influencers share and publish, and this make them the perfect notorious faces to collaborate or work with when implementing a social media marketing strategy.

Choosing the right influencer for a company means choose a person with charisma, but also a person who has capability to embody and transmit the firm's values, and its messages.

Moreover, the organization needs to look at the influencer's followers, since they are its first potential consumers. A bad choice in terms of influencers could result in a failing marketing strategy.

The relevance of influencers in social media marketing strategies is mainly due to the fact that they are considered by users, or followers, as a "normal" person, and this makes him, or her, more reliable and credible, than a famous star, used as testimonial.

An example of an Italian influencer is Chiara Ferragni, a blogger from Cremona that started from the photo sharing platform Flickr and now has 10.3 million followers on Instagram from all over the world. She can count collaborations with almost every fashion designer, from Dior to Prada, Tod's, Superga, Repetto, and with brands such as Pantene, colossus of hair products, or Ladurée, famous French luxury bakery, and the list is still long.

The success of the Italian influencer in the digital panorama is marked also by the several partnerships on her multi-brand e-commerce website Theblondsalad.com, and by the popularity of the e-commerce of her own apparel and shoes line "Chiara Ferragni Collection".

In September 2017, she opened her first physical "Chiara Ferragni" store in the center of Milan.

KOLs, on the other hand, are by definition "key opinion leaders"; their role is very similar to those of influencers, in fact they have a huge response on social media, with the only difference that the followers' admiration lies on the fact that KOLs are seen as expert of a particular field or a certain topics.

In China the role of KOLs, mostly represented by influential public people, is an important and powerful marketing tool for brands.

This aspect will be part of the following chapters that analyze more in details who these famous figures, what they represent and how they can be used the Chinese market.

2. Marketing in China

2.1 The Chinese context

Today the People's Republic of China represents an important market for many foreign organizations and investors.

In order to properly enter this market, an environmental analysis is necessary. The following sections are devoted to an insight of the Chinese context, starting from a delineation of the country profile, to a description of the country's economy and population, with the purpose of understanding the marketing strategies to adopt in China, especially in terms of digital marketing.

2.1.1 China country profile

With a territorial extension that covers 9,596,960 square kilometers of the Earth, China is the third largest state in the world, after Russia and Canada.

Figure 1: Geography China in the world



Source: wikipedia.org

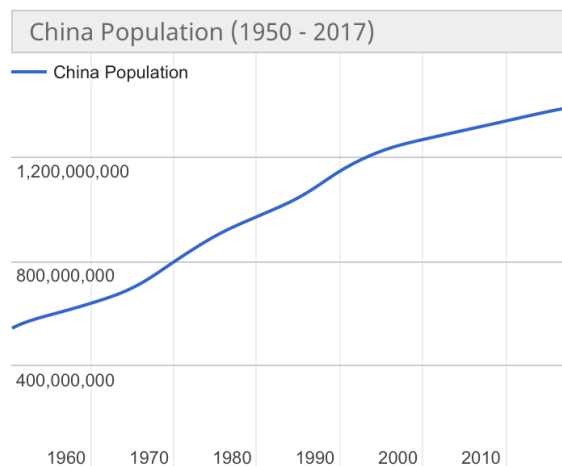
The official language of the country is Mandarin, or *putonghua*, however due to the numbers of different ethnicities; it is only after the first half of the 20th century that it became the language of the whole People's Republic of China. About 91.6% of the entire Chinese population is composed by the ethnic group of the Han; the rest of the population consists of other fifty-five ethnic groups. The Han occupies almost every region of China, with a prevalence of people

living in the area of the Yellow River, the Yangzi and the Pearl River, and in the North-Eastern Songliao Plain.

The minorities predominantly live in rural areas of regions as Inner Mongolia, Xinjiang, Tibet, Guangxi, Ningxia, and several small sites in other regions. Although this minority groups are composed by a strict number of people, the areas they occupy represent about the 60% of the total Chinese territory.

The exponential growth of Chinese population during the last sixty years has rank China at the top of the list of the most populated countries in the world. The current population of the People's Republic of China has reached the number 1.388.550 people, as of July 2017, based on the latest United States estimates. Basically Chinese people represent the 18.5% of the world population.

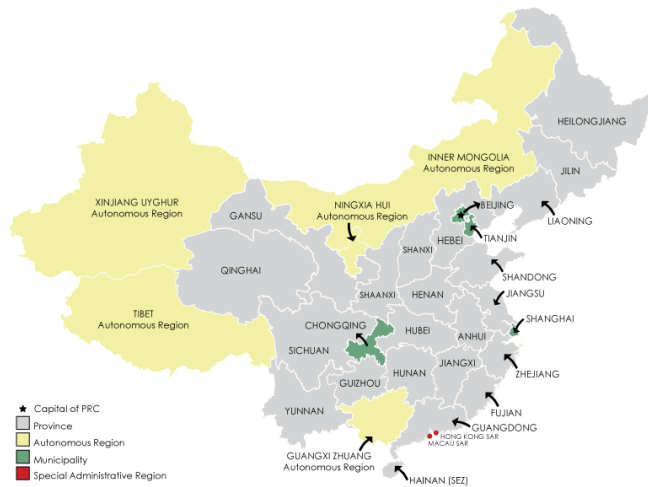
Figure 2: Growth of the Chinese population



Source: worldometers.info

The Communist Party of China is the form of government of the People's Republic, which is composed by twenty-two provinces, five autonomous regions, four direct-controlled municipalities (Beijing, Tianjin, Shanghai, and Chongqing) and the special administrative regions of Hong Kong and Macau. The government exercises jurisdiction over all the above provinces, regions and municipalities, and claims sovereignty over the island of Taiwan (Euromonitor International, 2016).

Figure 3: Administrative division of the PRC



Source: pinsdaddy.com

China has a long history characterized by the succession of dynasties, from the first Xia Dynasty (2070 - 1600 BC) to the last Qing Dynasty (1644 - 1912).

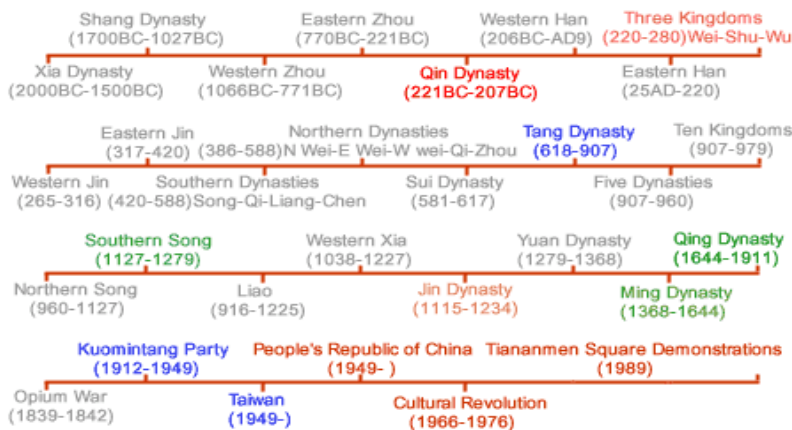
1912 is an important year for China, because it marks the end of the dynastic system replaced by the Republic of China.

The Republic of China ruled the Mainland until 1949, year that represents the second watershed in the Chinese history.

The 1st October 1949, the Communist Party declared the People's Republic of China in Beijing.

Since November 2012 the president Xi Jinping is the head of state, while the head of government is represented by Li Keqiang.

Figure 4: Chinese history timeline



Source: slideplayer.com

2.1.2 Economy of China

Today the People's Republic of China is one of the world's potential superpowers.

According to an article published on British newspaper The Guardian in 2006, "China will be the next superpower: already it's in competition with the US for the hearts and the minds of the developing world" (Jacques, 2006).

This actually happened until the first decade of 21st century and was mainly possible for one major reason: the economic growth of the country.

In 1978 the Chinese government led by Deng Xiaoping introduces the Economic Reforms, in Chinese 改革开放 *gǎigé kāifàng*, which literally means "reforms and open-up". This was an extremely important step in the history of China and of the whole world in terms of economy, and consequently global exchanges and markets.

According to the economist Adam Smith (1723 - 1790), historically China has been one of the richest, most developed, industrious, and urbanized country in the world. However, this situation seemed to be very different in the 16th century, when the Chinese economy suffer a deep economic stagnation, and even decline in the 19th and part of the 20th century.

The way out of this situation, has been Deng Xiaoping's economic program of reforms. These reforms concerned different aspect of the state administration, mostly referring to the extent of control from the Communist Party into the business activities, and the extent of openness towards foreign countries.

Results were great: China started developing faster and faster, the society changed, the Party maintained its control over many economic affairs, leaving though more space to privatization, and the country was opened to foreign investments.

Basically, in an extremely short period of time, the People's Republic has reached and even overcome the level of development, industrialization and economic power of the majority of the world's countries, configuring itself as the "engine of growth for all Asia".

After a decade of undoubted uninterrupted growth, nowadays different theories exist about the future of the Chinese economy.

According to McKinsey&Company (2012), Chinese economy will continue to grow in the next future; the survey suggests a growth of 7.9% per year of GDP and forecasts a duplication of the real GDP of China between 2010 and 2020.

On the other hand, a more recent study conducted by Euromonitor International (2016), the economy of China is facing a substantial deceleration, with a fall in real GDP of 6.9% in 2015.

This economic slowdown was defined by President Xi Jinping (2014) “new normal”, which refers to the attempt of the People’s Republic to rebalance its economy by achieving a slower but more sustainable economic development (Zhang and Chen, 2017).

This situation caused China the world’s highest debt level and forced Beijing government to change some of its strategies, for instance, by lessening its resilience on debt-fuelled investment in construction and heavy industry, and by encouraging consumption; moreover, by replacing industry with the service sector, as it’s the primary contributor to growth.

Another challenge that China is facing recently regards the distribution of income, with the wide gap between rural and urban household (Euromonitor International, 2016).

2.1.3 China’s tier system

An extremely important aspect of China is that of the *tier system*, which concern the subdivision and classification of the cities.

The *tier system* is useful in a business context, because it helps analysts and managers to study and understand consumers’ behavior, income levels, politics and local trends.

China has 613 cities divided into four tiers defined by three main criteria:

- GDP: each city is defined by its gross domestic profit.
More specifically, first-tier includes cities with a GDP over 300 billion dollars; second-tiers cities have a GDP between 299 billion dollars and 68 billion dollars; a third-tier city has a GDP range of 18 billion dollars to

67 billion dollar; lastly, the fourth-tier includes cities with a GDP under 17 billion dollars.

- Politics: the political administration of a city represents the second classification.

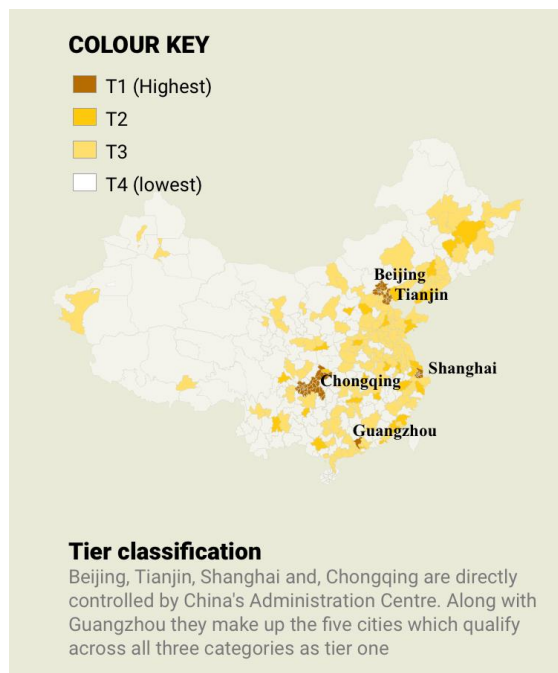
First-tier cities are directly controlled by the government; second-tier cities include provincial capital cities and sub-provincial capital cities; prefecture capital cities belong to the third-tier; and, the rest represents the fourth-tier.

- Population: the number of people living in cities and urban areas is taken into account in the subdivision of cities.

Cities with more than 15 million people are ranked in the first-tier; cities with arrange of 3 to 15 million people belongs to the second-tier; third-tier includes cities with 150,000 to 3 million people; while, fourth-tier's cities has less than 150,000 people.

Many Chinese cities are ranked in different tiers according to the criteria considered; hence the average is used to locate them into the appropriate tier (South China Morning Post, 2016).

Figure 5: China's tier system



Source: multimedia.scmp.com

2.1.4 The Chinese market

In the first chapter of this dissertation, it was given great consideration to the fact that when companies are planning new marketing strategies, it is extremely important to know the environment and the consumers.

In this case the external environment is China, with its long history, its strong government, and its powerful economy; the consumers are Chinese people, with their culture, their values, and their traditions often mixed with modern innovations.

As the PRC's economy changed during the time and will continue to change, also Chinese market is constantly evolving; this means that also the Chinese consumer is changing.

In fact, the openness to FDI and thus the presence of new products, the rise of salaries, and the low level of unemployment, allowed Chinese individuals to maintain their confidence and led to the emergence of a new consumers and first-time buyers, that desire to purchase these new products and to experience new services.

In this case, it is possible to talk about “modernization of the Chinese consumer” (McKinsey&Company, 2016), by referring to an evolution in terms of consumers' willingness to spend, consumers' choice of better products and, consumers' mode of purchasing products. The last aspect concerning the modalities of purchase will be taken in consideration more attentively later in this chapter. The choice of higher quality products, on the other hand, will be part of the following chapter, with a focus on the appreciation of Chinese consumers towards Italian high-end apparel products.

2.2 Marketing strategy in China

The great debate in international marketing strategies concerns the fact that when companies decide to enter a foreign market, they have two choices: the standardization of their marketing strategy or the adaptation of it (Ryans, *et al.* 2003).

Firms that follow a standardization approach simply adopt their local marketing mix to an international level; this is due to the fact that they see the globalization trend as a homogenization of the consumer needs and wants. On the contrary, companies choosing an adaptation approach believe that despite the increasing globalization trends, countries in the world maintain their cultural background and thus their differences between each other, especially in terms of consumer behavior (Vescovi and Pontiggia, 2014).

Organizations deciding to enter the Chinese market need to choose which approach to their marketing strategy to choose, considering the cultural differences with China and the level of acquaintance of their products.

Thus, in order to enter the Chinese market, organizations need to increase their level of knowledge about the country and its consumers.

The main phases of the international marketing strategy in China are:

- research phase
- competitors analysis
- market segmentation
- branding and communication plans
- product: adaptation or standardization
- choice of communication channels

2.2.1 Research phase

A firm's marketing strategy in China starts with a research phase.

Entering the Chinese market, as for any other foreign country, organizations need to develop a deep knowledge about the country's culture.

Knowing Chinese culture is relevant for two major reasons, create a linkage with useful local contacts and know the consumers behavior.

Firms that have local contacts, including relationships with local companies, who know China very well, are eased when doing business; they can better understand Chinese market and more specifically Mainland China's bureaucracy, for instance the taxation system on their products, or the entry barriers.

On the other hand, understanding the culture of Chinese people, allows firms to better reach the consumers preferences, their tastes, their perception of the product.

In this case, the concept of *country of origin* is relevant, and refers to the fact that firm cannot simply assume that the perception about their products in their own country will be the same in China.

Adopting the home-country's marketing strategy in China could be a fatal mistake for a company, especially if the two cultures are very different or don't share the same values.

An example of a multinational company failure is the Home Depot case (Gao, 2013).

Home Depot is an American company dedicated to the delivering of supplies to *do it yourself* (DIY) handyman. In 2006 Home Depot decided to invest in the Chinese market, seeing in the new country over 1.3 billion of potential DIY consumers.

Twelve stores were opened in the whole Chinese territory; however, China did not appeared very interested in the Home Depot products.

If the company would have conducted a proper market research, marketing managers would have discovered two relevant factors.

Firstly, as many people in the main big cities of China live in buildings which were recently constructed, the need for DIY furniture is less urgent in such apartment complexes.

Secondly and more importantly, in the Chinese culture *do it yourself* is viewed as a sign of poverty.

In 2012 Home Depot closed its last 7 stores in the Mainland and got a 160 million dollar tax charge.

This case presented is just one of the thousands failures organizations commit when they don't invest their money on market research and don't spend time studying Chinese culture and Chinese people customs. Facing the loss of a bad investment, could be a lot more expensive than the price for a study of the market.

Later in this part of the chapter, there will be other cases that show how conduct a better research program regarding the Chinese culture, for instance in the branding and communication phase, can prevent organizations from unfortunate situations.

2.2.2 Competitors' analysis

The second phase during the implementation of a marketing strategy in the People's Republic of China is that firms should analyze their competitors.

Firstly, a company needs to know who they are: whether they are big players or small enterprises, whether they are local competitors or international ones.

Secondly, is an organization responsibility to investigate on how long these competitors have been in China, and most important, on how much Chinese individuals and potential consumers are accustomed to the competitors' products.

Once a firm has done this analysis of the competitive environment, it has the capacity to determine whether there is a place for itself in the Chinese market, and if its goods or services are needed and required by the Chinese demand.

2.2.3 Market segmentation

Phase three of an appropriate marketing strategy in China, is the market segmentation.

Segmentation is very important, because it allows companies to identify, evaluate and target potential consumers. As said before, knowledge of consumers' needs and preferences is the key to a successful strategy.

In the first chapter, criteria of market segmentation are mentioned: geographic, demographic, psychographic and behavioral segmentation; every different market has its own characteristics, thus companies, after a proper market analysis, choice the most suitable segmentation approach.

As for the Chinese market, the demographic and geographic approaches to segmentation are primarily used.

The demographic segmentation refers to the division of customers into groups depending on their gender, age, income, etc. This approach in China is very

useful, especially when companies target their potential customers by their income-level, where “high income level groups” configure themselves as consumers of luxury goods, and on the contrary “low income level groups” are potential customers for cheaper products.

The segmentation and targeting of Chinese individuals by income-level is relevant nowadays especially because of the fact that recently China has seen a great expansion of the middle-class group.

This group, characterized by higher salaries and low debt, is mostly composed by the younger Chinese generations, which are more consumption-oriented than the previous ones. Hence, investors and organizations can certainly consider this aspect of China’s consumers’ boom, as an advantage for their businesses.

Besides, according to McKinsey&Company (2016), the continuous growth of the middle class group, expected to represent about 550 million people by 2022, will led to the creation of new market opportunities, both for international and domestic organizations.

Therefore, in order to benefit from this situation, companies need to be able to change or adapt their marketing strategies to this new evolving situation and environment, characterized by a middle class individual with more sophisticated tastes, and with different behavior from the past.

The second approach mentioned before, concerns the geographic segmentation, which means to divide the population by geographical areas.

For instance, China can be divided into three major areas, the cities (tier-1, tier-2, tier-3, and tier-4), the coastal area, which represent the most developed locations, and other areas.

The type of good or service is relevant, for example a fresh fish retailer would be more likely to position his products in the coastal area, while an apparel retailer selling luxury brands would prefer to target the city population –here middle-class individuals are located and, as said before, they are nowadays first Chinese consumers.

2.2.4 Branding and communication

The fourth phase of a marketing strategy entering the Chinese market, concerns branding and communication.

Brand is every name, phrase, design, symbol or combination of these that companies use to identify their products and distinguish them from those of competitors (Keller, 2013).

This definition is the explanation of how important is branding for organizations. The brand of a product is a sort of a firm's "flag"; it gives consumers a first presentation the product.

When entering the Chinese market branding can be a sore topic, and problems frequently arise due to some barriers.

The first aspect to consider is that even if a brand is well known internationally, China has probably a low awareness about it.

A brief example: the Italian cheese brand Parmigiano Reggiano is well known in the whole country; probably every Italian just looking at the trademark recognizes the product and already knows lot information about it. Thus, for Parmigiano Reggiano company it would be easy to position its cheese in almost every supermarket in Italy. However, exporting the brand in China would sort a different response. Cheese, in fact isn't exactly Chinese people favorite food, it is traditionally considered to be a nomadic people food, such as for others diary product; moreover, a lot of people in China are lactose intolerant.

With this scenery it appears clear that the awareness of Parmigiano Reggiano brand into Chinese market can only be very much low. Hence, branding management need to be able to position the product by using a good communications strategy, in order to improve the knowledge of the product and encourage the purchasing.

This case provides a valid evidence of the brand awareness problem, in addition, it gives also a hint about the other problems that may arise when exporting a brand in China: the cultural barriers (i.e.: food traditions) and the language barriers.

As it is a name, a phrase, a design, etc., a brand carries a message, a meaning; it is evident that entering a new market such as the Chinese one, brands might have to adapt to the local language, in order to carry the initial significance, and also adapt to the local culture, in order to be appreciated and well accepted by the individuals.

An index of a successful brand management is when consumers remember the product name, and sometimes the Chinese language can be an obstacle for companies that want to achieve this goal.

An example of a good branding strategy is given by the famous company Coca Cola. The Chinese translation of the brand Coca Cola is 可口可乐 *kěkǒu kělè*, which means “tasty and joyful” in English, moreover the sound is very similar to the original brand name. Thus, Coca Cola has been able to create a name that Chinese speakers can easily remember, with an appropriate translation in Chinese characters, and at the same time it has been capable of keeping its global consistency by maintaining a similar sound (Ima Market Advisor, 2015).

Unfortunately not all companies have the ability to pursue a good branding strategy such as the Coca Cola one; the risk to get *lost in translation* with Chinese language is always around the corner.

An example is that of the automobile company Mercedes Benz. Entering the Chinese market the firm chose the name 奔死 *bēn sǐ*. The sound was very similar to the word “benz”, although the translation of the Mandarin characters was “rush to die”, a brand name that clearly does not seem to carry the most appropriate message for a company selling automobiles. After discovering the meaning of the inappropriate translation, Mercedes decided to change the name into 奔驰 *bēn chí*, this time the message carried by the brand name was “dashing speed”, definitely more positive and attractive for potential consumers (Pronk, 2014).

As for the cultural aspect, exporting a product in a country very much different from a firm’s home-country may require a research about the foreign countries’ traditions, values, even superstitions or popular beliefs.

For instance, China is well known for its traditional calendar, which also has zodiac signs different from the Gregorian calendar. Each year is represented by an animal, for example 2017 is the year of the rooster.

For this occasion, many high end fashion industries decided to launch a special collection aimed for the Chinese market, where the rooster was the symbol represented in a lot of garments and accessories.

Gucci, Louis Vuitton, Dior, Dolce&Gabbana are just some of the companies that presented bags, shoes, jewels, with the zodiac animal, showing knowledge about the Chinese culture, and attention to the Chinese consumers. However, not all these industries have achieved the desired outcome.

The Dior campaign, which proposed a bracelet with a precious charm shaped in the form of a little rooster, was a total failure in terms of branding and communication management.

The targeted people for this product which were wealthy women didn't appreciate the jewel. The fashion company's management, in fact, did a good marketing research about one aspect of the Chinese culture concerning the interest of the people in the traditional zodiac signs, but didn't complete the research related to the meaning that the abovementioned animal has in the Chinese culture. The Chinese translation for "rooster" is *ji*, which is also the vulgar word for "prostitute", thus it was unlikely that a young woman would have decided to purchase a product with such an ambiguous symbol.

2.2.5 Product: standardization or adaptation

The next phase companies need to deal with regards their product strategy.

Firms planning a marketing strategy to China have to choose between the standardization of their products and the adaptation of their products to the local market.

Standardization means that a company decides to keep unaltered all the product characteristics (i.e.: colors, taste, size, packaging, etc.); on the other hand, an adaptation product strategy implies the adjustment of a number of features of the offering.

What is highly important for firms in this phase is to pay attention in being very much condescending: a successful product in the European or American market does not ensure a success also in the Chinese market.

An example of product standardization versus product adaptation is given by the Oreo case.

In 1996, Kraft Food Inc., leader in the food industry, decided to enter the Chinese market with its famous Oreo biscuits. The extreme success of these biscuits all over the world especially in the American market, made the vice president of Kraft Food in China, Shawn Warren, think that the best strategy to adopt would have been a standardization strategy.

The product was the same as that of the U.S. market, same formulation, same packaging, and same price.

At the beginning this strategy showed some good results, however between 2000 and 2004 the market became stagnant.

After several researches and tests, the Oreo's managers discovered that Chinese consumer preferred a less-sweet version of the iconic biscuit. Moreover, it appears clear that the local market needed also a different product in terms of shape and flavors.

A further issue arose with regard to packaging and price: the size was too big and too expensive for a market as China which was quite unfamiliar with the product.

In 2005, after almost ten years of presence in the market, Kraft Food Inc. decided to adapt its product strategy to China.

The result was the launch of a specific offering for the Chinese consumers, including new types of biscuits, as Oreo wafer sticks.

A new packaging started characterized the product: smaller sizes and reasonable prices were introduced in order to satisfy the Chinese demand.

Today Oreo is the selling leader of biscuits in China, proving that the adaptation product strategy adopted by Kraft Food Inc. was a better choice than the initial standardization approach.

2.2.6 Communication channels

At this point, organizations enter the last phase of a marketing plan, which focuses on the choice of the communications channels.

The previous chapter of this dissertation explained the shifting from traditional marketing to social media marketing that in recent years is affecting the great majority of companies' marketing strategies. This phenomenon affects also the Chinese market, thus the way of doing business in China.

The next section is entirely dedicated to the analysis of social media marketing in the People's Republic.

2.3 Social media marketing in China

The way of doing business in China is changing. The motivations mainly arise from the Chinese economic boom that led to changes in the consumers' behavior along with a wide diffusion of technologies. These factors enable organizations to plan marketing strategies different from the past, increasingly embedded in the digital world.

The first chapter of this thesis explains the general meaning of digital marketing as the usage of new channels of communications that belong to the enormous world of internet; however these channels and the way people use them change country-by-country. Hence, this section analyzes the Chinese digital environment, the individuals' relationship with the Web 2.0, and the most significant and used social media platforms in China.

2.3.1 Chinese digital environment

Firms entering the Chinese market are certainly surrounded by a digital environment with huge differences from their home countries.

The diversities refer to the consumers' behavior towards technology, the digital governmental restrictions, the social media platforms, the e-commerce websites, and the Internet celebrities.

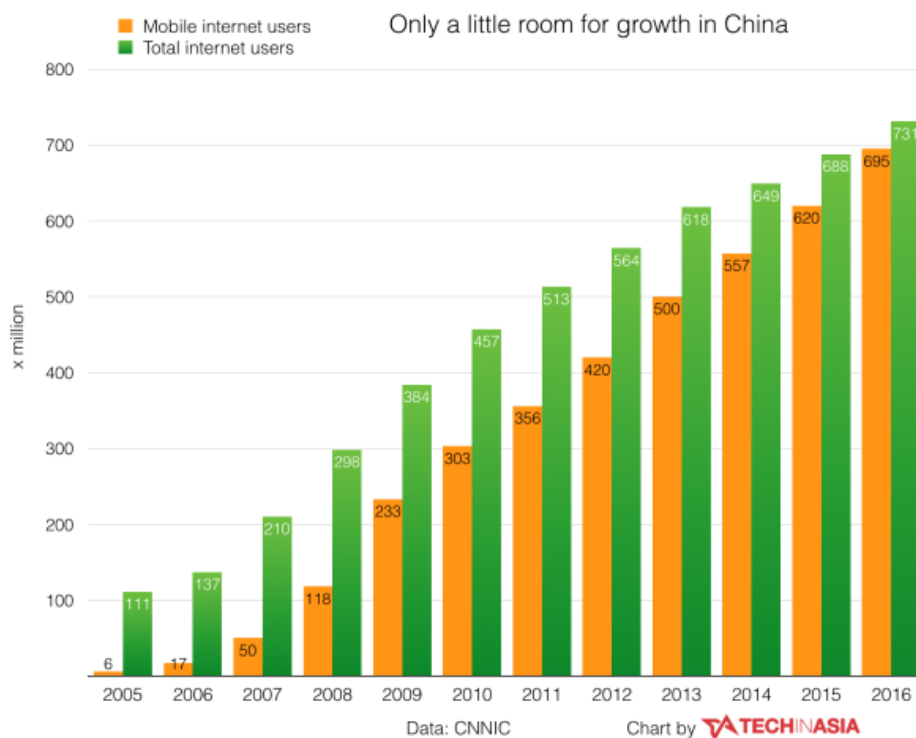
2.3.1.1 Users: potential consumers

A McKinsey&Company's (2012) report stated that Internet users in China were 512 million people; today the number reaches 731 million Chinese users (CNNIC, 2017).

This constant growth of the numbers makes China the country with the world's highest number of internet users.

Therefore, the Chinese environment is that of a country with a spread usage of technologies and mobile devices in order to get access to the internet. The aim is to gather every sort of information, and it is a marketing manager duty to benefit from this situation.

Figure 6: Different rate of growth between mobile internet users and total internet users in China



Source: technasia.com

Companies need to leverage on the fact that Chinese market has an online-population, thus internet represent the perfect channel to reach potential consumers.

A prominent part of the Web 2.0 are social media, in fact, according to McKinsey (2012) Chinese social media users are the most active in the world, underlining the fact that each user most of the time joins more than one social media platform.

A second characteristic of the Chinese digital consumer is represented by the massive usage of mobile technologies, which is relevant to firms planning a social media marketing strategy mainly for two reasons: more rapid and more frequent access to social media, and the consequent shifting to mobile commerce strategies.

2.3.1.2 Governmental policy on social media

In the first chapter some social media platforms have already been presented, from Facebook to Instagram, from WhatsApp to YouTube. However all these platforms are barely considerable in the People's Republic of China.

Before analyzing which platforms attract Chinese population the most, in fact, it is necessary to understand the political context in China.

It's been already mention that the Chinese government represented by the Communist Party, exercises a strong control on the economies and business affairs of China. This lead to strict policies especially when it comes to publications, resulting in some forms of censorship.

In May 2017, President Xi Jinping strengthened the tightening on the Web control. The new Cyber Security Law (CSL) allows the government to take possession of every digital data of people living and working in China, even data from foreign clouds.

Foreign organizations operating in the Chinese market are arguing against the government, assessing a violation of privacy. However, according to the China Daily, the President political move has the only aim of "benefit the people and the Country", protecting them from the diffusion of information that may abuse of the individuals (LaRepubblica, 2017).

From a marketing perspective, the government censorship policy affects traditional communication channels, as television or newspapers, and the new

channels, as social network, chat apps or even web search engines (i.e.: Google).

The threat of a divulgence of undesired information led to the rise of barriers for the majority of the “western” websites, leaving space to some *made in China* substitutes.

Some of the first websites blocked in the Mainland are Facebook, Twitter, Instagram, YouTube, Google, and more; the latest restriction dated July 2017, targets the chat app WhatsApp, now blocked, mainly due to the recent acquisition by the Facebook founder.

Of course there are ways to surpass the so-called “Great Firewall of China”, for instance using a VPN connection, but the government is now taking measurement even for these *escamotage*.

Recently in fact, two of the most famous VPN connections, GreenVpn and SuperVpn, stop working during the summer 2017. According to Bloomberg, the two Virtual Private Network were strongly gave notice to cease their services by the Chinese government (Parlangeli, 2017).

2.3.3 E-commerce

China is the largest and fastest growing e-commerce market in the world.

According to McKinsey&Company’s survey (2016) on Chinese online consumers, low-tier (3 and 4) cities individuals are spending more than high-tier (1 and 2) cities individuals online, with a shopper growth of 61% against the 43% of the high-tier cities.

Another factor highlighted by McKinsey&Company survey is that social media, as WeChat, represents a powerful instrument and channel for initiating the purchase of online products. For instance, 32% of WeChat users have made purchases through WeChat’s JD.com public accounts in 2016, which is two times the previous years (McKinsey&Company, 2016).

JD.com is the Beijing society founded in 1998 by Liu Qiandong, which since 2007 sells every kind of item online. The website is considered one of the biggest online retail of B2C products in China along with the big player of e-commerce Alibaba (Sampi Marketing Inc., 2015).

Alibaba Group was founded in 1999 by 18 people led by Jack Ma in Hangzhou. The group with annual revenue of 158.3 billion Yuan (2017) is made up of smaller companies, such as Taobao, Tmall, Aliexpress, Cainiao, Alibaba Cloud, and Ant Financial, all with different roles and products or services. Ma's society businesses, in fact, include core commerce, cloud computing, digital media and entertainment, and more (AlibabaGroup, 2017).

In addition to its e-commerce services, the Group also offers an efficient mobile payment method: Alipay.

All the services offered by Alibaba are used almost every day by Chinese individuals and the Group western expansion is underway.

What is interesting to observe is that the giant success of Alibaba and JD.com in China, renders impossible the growth of an international player, such as Amazon.

According to Business Insider, Amazon's Chinese website represents only 1% of the 378 billion dollars of China's e-commerce business in terms of market share (Dunn, 2017).

Moreover, the recent market regulations in China affecting the digital environment constitute another deterrent for a foreign enterprise as Amazon (Hossain, 2016).

Amazon is not the only case of e-commerce failure; the international player eBay is another example of how the local Chinese companies are dominates over the international ones.

In 2004, eBay entered the Chinese market, but the same year Jack Ma launched Taobao, as a defensive strategy. The move was excellent; the website and mobile version of the Chinese e-commerce was well structured and consumer-oriented, while eBay maintained its original structure (simply division between sellers and buyers sections) and its product-oriented approach. Alibaba's founder understood its customers and the result was higher satisfaction among Taobao's buyers.

By 2006 eBay closed its China website, leaving the primate of e-commerce to Ma's website (Forbes, 2010).

Both Amazon and eBay failures, shows how understanding the Chinese market and business environment is essential, and how irrelevant is the power societies has internationally if they are not able to adapt their strategies, in terms of product and services, to the local consumers.

2.3.4 Chinese social media platforms

On the basis of the above described political situation, and the importance that social media have in the Chinese marketing environment, the next section carries out an analysis of the online Chinese platforms that foreign investors and organizations need to consider when entering the market of China.

WeChat

WeChat, in Chinese 微信 *wèixīn*, which means “micromessages”, started as an app that allows users to communicate with text messages and vocal messages. Its founder is the huge Chinese society Tencent that developed the instant messages app in 2011. Tencent Holding Limited was already well-known in China because it was the inventor of Tencent QQ the important instant messaging software device with 899 million active accounts in 2016 (Tencent, 2017), born in 1999, with features as online social games, music, shopping, microblogging, movies and chats.

Today WeChat has change a lot, extending its services and configuring itself as the Chinese substitute to Facebook.

Along with the instant messages function, users are enabled to use it as a social network. Every user can creates his own profile and use it to publish content, share photos, and comments other peoples posts, in a section called “Moments”. WeChat also gives users the possibility to purchase products and services, or just use it as a payment method with the WeChat Pay function.

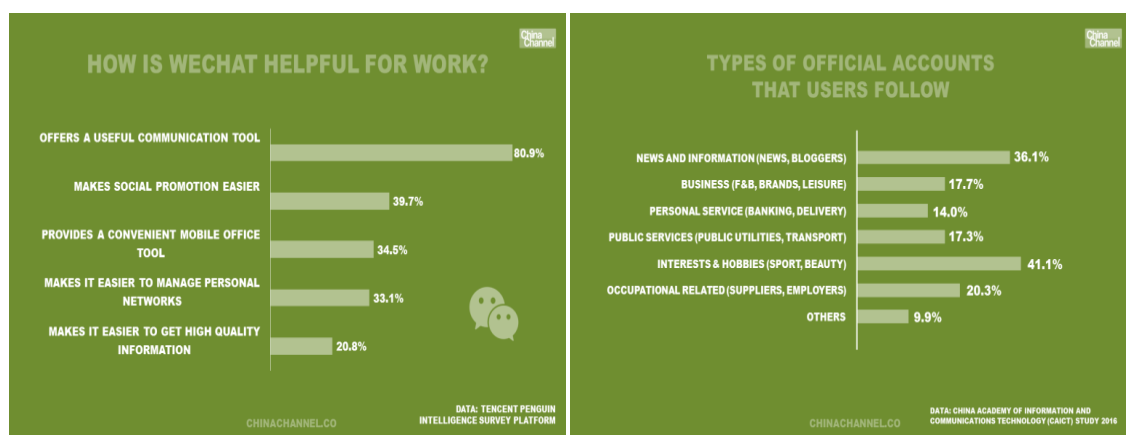
Nowadays WeChat has 938 million users and it is ranked in the first place of Chinese social media per percentage of users.

In the first chapter, it has been stated that one “weakness” of WeChat is represented by the fact that it is limited into the Chinese borders; however this

isn't relevant when a company intend to plan a marketing strategy right into the Mainland frontiers.

In fact not only individuals can use the app, also firms and organizations that intend to implement a digital strategy in China can use WeChat as a tool to reach the Chinese consumers, by creating a company page in which sharing contents, promoting their products and raising the awareness of potential customers about their goods.

Figure 7: WeChat statistics



Source: chinachannel.co

Sina Weibo

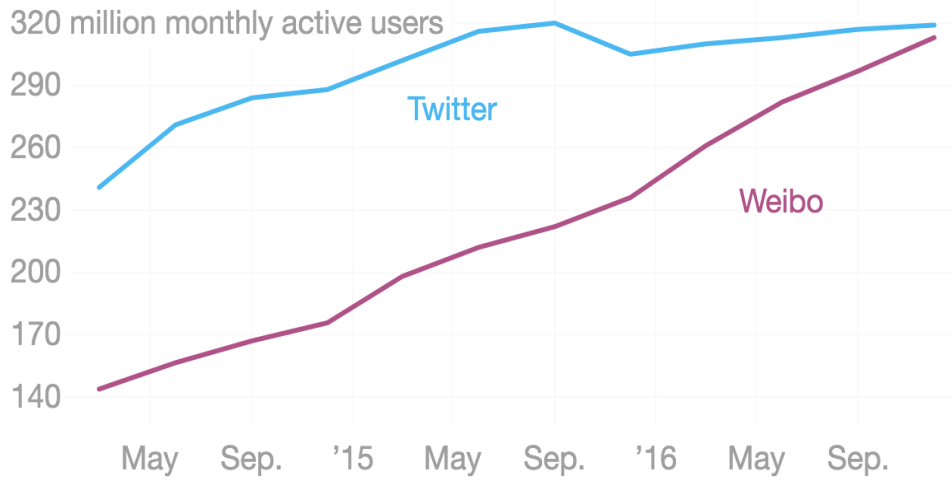
Sina Weibo, in Mandarin 新浪微博 *xīnlàng wēibó*, is a microblogging site created by Sina Corporation in 2009.

This site is the counterpart of Twitter, as it allows users to share their own opinion on various subjects. In the same way of Twitter the content of posts cannot exceed a certain amount of characters.

Recently a BBC news stated that with 340 million active users, Weibo overtake Twitter with its 328 million users (BBC, 2017). This trend is predicted in the chart in Figure 8 dated 2016.

Figure 8: Weibo vs. Twitter users prediction

Weibo will soon have more users than Twitter



ATLAS | Data: Weibo, Twitter

Source: atlas.com

The importance in a marketing strategy of a social media platform like Weibo is that companies are enabled to communicate with their customers, with articulated messages.

RenRen

RenRen, 人人网 in Chinese characters, is a website created in 2005 by the Oak Pacific Entertainment and, as WeChat, is considered to be the Asian alternative to Facebook. Similar to the American social network in colors, logos and design, RenRen rapidly became popular to all China, and Japan. However, in recent times, the website is facing a decline, mainly because of the massive predominance of WeChat and Weibo. On December 2016 RenRen registered a fall down counting 35 million of monthly users, compared to the 56 million monthly users of 2012.

The chart in figure 9 shows the trend of RenRen among the Chinese population, from 2009 (year of the Facebook boom) until 2016.

Figure 9: Number of RenRen users from 2009 to 2016

	Number of users in millions
December 2009	22
December 2010	26
December 2011	38
December 2012	56
December 2013	45
December 2014	46
December 2015	41
December 2016	35

Source: statista.com

YouKu TuDou

The website YouKu TuDou, in Chinese 优酷土豆 *yōukù tǔdòu*, is a merger between two originally competing websites YouKu and TuDou. Together they represent the biggest Chinese video site, replacing the censored YouTube.

On 2015, Alibaba Group announced the acquisition of the video website, that just one year later it registered 30 million of paying subscribers.

The differences between the Chinese platform and YouTube are that the first is less “amateurish” than the latter. This means that people can find more professional contents. Users also utilize YouKu TuDou as a streaming or downloading platform for movies, TV series, or TV shows. They can be American, Japanese, Korean, and they are all transmitted online with Mandarin subtitles.

With 500 million monthly visitors, YouKu TuDou represent a good social media marketing platform for companies that want to reach a vast audience in China. Organizations in fact have the opportunity to advertise their brands, in order to build brand awareness.

2.3.5 Live streaming services in China

In 2016 the live-streaming services in China revolutionize the mobile web, becoming a mass phenomenon and creating a new generation of KOLs (Key Opinion Leaders).

According to Internet Network Information Center, in 2016, 325 million users used live-streaming services in China, which is a huge number if compared to the 750 million users active in the entire country.

By reference to China International Capital Corporation, the live-streaming market reached a value between 10 and 15 million Yuan in 2015.

The concept of live-streaming is to publish real time videos, where users talk about their daily routine, give advices on every kind of topic, or make tutorials about make-up, outfit choices, and more.

Under these circumstances, it is easy to see how live-streaming services are useful communications tools in firms' marketing strategy.

Advertising is one of the advantages that a company may benefit from live-streaming. For instance e-commerce players such as Taobao and JD.com have their own live-streaming platforms in China, and they use some famous personalities to attract visitors on these platforms. The following step is to directly promote their products. These strategies allow societies as Alibaba to gain thousand buyers in a few hours.

The next section analyses the role of KOLs in China and which personalities has more influence in the country.

By returning to the value of live-streaming in the Chinese market, it is important to observe also the limitations that this powerful marketing tools has, and how it can change and evolve in the future.

Disadvantages mainly affects foreign enterprises, in fact, they don't have the permission to enter the Chinese live-streaming platforms. The only way for foreigners to do a live-stream is to apply to the government in order to open a live-streaming channel.

This represents a great obstacle for foreign firms that see the live streaming the importance and the constant growth of this instrument for their future marketing strategies to China (Rosati, 2017).

2.3.6 Influencers and KOLs in China

In the first chapter, it has been introduced the role of the influencer, or KOL, which means “key opinion leaders”, in a marketing strategy.

In the social media era these charismatic personalities are fundamental in order to persuade individuals to purchase a firm’s products or services, and the different social media platforms provide perfect windows.

As companies change their marketing plans, adapting them to the cultural dimension (i.e.: branding and communications strategy), to the consumers behavior of the market they are entering in, in the same way it is a firm responsibility to choose which influencer, KOL, or brand ambassador, best suit their promotional campaign in a specific countries.

In a country like China, where people are constantly connected on their computers or on their mobile phones, and highly active on social networks, influencers have a strong impact on the Chinese consumers.

Among Chinese individual, as for almost everybody in the worlds nowadays, it is common and very popular to follow celebrities and notorious people on social network. The power of these famous figures seems to have an extremely strong leadership on Chinese individuals.

An actor, a singer, an athlete, with good reputation and good looking, generate admiration in the eyes of the individual, hence it’s a company’s skill to benefit from the influence that these people have on their potential consumers.

Once an organization has chosen the right channel of communication, it has to understand which are the personalities that have more leverage in the chosen channel; the next step is to find out, among all the possible influencer, which one is the best to encourage the consumers purchasing the products.

For instance, in China, establishing collaboration with a well-known and admired celebrity in a channel such as WeChat or Weibo, might increase the

trust into a product, a service, or even an entire company, more than publishing an advertisement or any sort of communications in a channel such as the official press.

The role of KOLs is relevant for every typology of business organization; however for some kind of industries, as for the fashion industry or luxury brands, it represent an essential of a social media marketing plan.

One of the most famous Key Opinion Leader of the luxury sector in China is Thomas Ye, better known in the digital world as “Gogoboi”. He has more than 100,000 views per each of his articles on WeChat and about 7 million followers on Weibo.

The Chinese blogger entered the fashion world very young, beginning as an editor of Grazia China.

Today, he is one of the most requested influencer by luxury brands; among his collaborations there are brands as Louis Vuitton, Cartier, Dior, Furla.

Recently, in 2016, Gogoboi opened an account on Youku, where he posts video of his personal interviews with Chinese or international celebrities not only part of the fashion industry; Tim Burton, Cate Blanchett and Karlie Kloss are only a few examples.

A further illustration leadership that KOLs have in China is embodied by the journalist Cheng Yang.

Since 2013 she runs a website called Shiliupo.com, where the topics vary from international gossip to European fashion trends, to information about movies and more.

To the present day, Yang’s websites counts more than 100,000 views per article, mostly addressed to first-tier cities readers.

The influence the woman has on her followers has been widely recognized by several companies, which frequently invite her to their events: in 2016, she participated to the Dior Spring Show, and to the Cannes International Film Festival (Ruan, 2017).

The list of Chinese influencer is extremely long, especially regarding the fashion industry.

Angelica Cheung, editor-in-chief of Vogue China, Mr. Bag, iconic Chinese blogger, Liu Wen, internationally known model, are just some of the personalities that luxury brands use as ambassadors of their product.

Moreover, there are a lot of actors, actresses, athletes, whose faces are used by brands in order to promote their offerings; for instance, the actress Shu Qi, is the protagonist of the advertising of the personal care brand Lux.

A further example is that of the basketball player Yao Ming, who has been the face for brands as Oreo, Coca Cola, McDonalds, Gatorade, and Tag Heuer.

3. Fashion industry in the Chinese market

3.1 Global fashion industry

This thesis refers to fashion industry as the multi-billion dollar global enterprise that deals with the production and the selling of clothes and apparel (Major, Steele, 2017).

According to “Fashion Theory: the journal of dress, body and culture” editorial, fashion is the “cultural construction of the embodied identity” (1997).

It is extremely connected to the concept of *style*; in particular, fashion referred to garments concerns the personal style of individuals (Steele, 2017).

Traditionally, people used to wear handmade customized clothes. However from the mid-19th century some developments started to change the fashion system. Starting from this time of the history, a new concept for clothing and apparel arose: fashion industry.

By the beginning of the 20th century, due to the sprawl of new technologies such as sewing machine, the development of the global capitalism system, and the emergence of factory system production, the so-called fashion industry started to produce clothes and all sort of apparel following a mass-production plan.

Fashion industry was born in Europe and America, however it rapidly expanded worldwide, becoming today's global industry, with goods that may involve more than one country during its production process.

Explanatory is the case of Inditex company, leader of the so-called *fast fashion* and best known for its brands such as Zara, Oysho, Pull&Bear, was founded in Spain by Amancio Ortega, and still has its headquarter in Galizia. However, the company uses designers from all over the world (keeping them anonymous), possesses several factories in Spain, Portugal, Morocco, Turkey, Bangladesh, Vietnam, Brazil and China, and has numerous stores in Europe, China, United States, etc. (IIPost, 2012).

This panorama shows how fashion industry –as the majority of today's industries– is highly international and globalized.

The fashion industry can be divided in four levels:

- production of raw material;
- production of fashion goods, that involved designers, manufacturers, etc.;
- retail sales;
- advertising and promotion.

The aim of industries, of course, is to be able to manage all these levels in the best way in order to satisfy the consumers demand and gain profit (Major, Steele, 2017).

3.1.1 Environment: the fashion trends

In chapter one, it has been carried out the concept of environmental scanning when planning marketing strategies, which means the analysis of the environment and all the elements that may influence the marketing plan of an organization.

In the context of fashion industry, fashion trends are “the environment” that companies need to focus on and analyze.

As any other market environment, fashion trends can be influenced by social, technological, economic, and political forces (Gockel, 2014).

Social forces

Demographics and culture are aspects that companies have to deal with when trying to predict a fashion trend. Age, gender, status, profession are relevant to understand the consumer needs.

As for culture, it is important to become aware of the fact that fashion industry is not merely about clothes and aesthetic, it is also about social commitment. Designers can express their cultural values, their messages, and their thought about society, through their clothes collections.

An example is provided by the English designer Stella McCartney, daughter of the famous Beatle and head of a luxury brands, has always shown her dedication to animals' rights, presenting cruelty-free collections, condemning explicitly the usage of real leather and fur in the clothes and bags production.

Technological forces

Today technology is affecting lots of aspects among societies, starting from individuals' lifestyle, to organizations way of doing business. As for fashion industry, technologies are influencing companies' business in two ways. The first, refers to the production of goods, for instance, the creation of garments using 3D printing technology is attracting designers, such as Joshua Harker (LaRepubblica, 2013); or the production of wearable technology, as the case of Google Glass, eyeglasses equipped with augmented reality. (Spears, 2014)

The second way, technology influences fashion industry is what interests the most this thesis: the implication of the Internet in marketing the products.

A lot of fashion companies, in fact, are developing social media marketing strategies, online services and e-commerce. This allows them to target the market, promote their goods and sell them just using the online channel, with better performances and better communications with purchasing consumers.

Later the chapter analyze more in details the digital marketing of the firms in the fashion world.

Economic forces

The economic conditions of the world made consumers more cautious when buying products; they tend to seek quality rather than quantity, and product that are durable in the time.

Moreover, clothing is a product that can be considered either a necessity either a luxury items; hence the propensity to spend money on fashion goods depends on the perception of the individual of this sort of product.

Furthermore, the case of China shows a particular case in which economy can affect the enterprises business of fashion items. This example refers to China's domestic spending that suffered a drastic decline; in June 2015 the government cut the tariffs on clothing, beauty products and other goods in order to stimulate the domestic consumption. The results were positive and the domestic fashion market is expected to show an increase.

Political forces

The political culture of a country affects the fashion industry. The first way in which politics influence fashion trends is by the political representatives: they have to be regarded as sort of influencers, in positive or even negative. It is the case of the U.S First Lady Melania Trump, which was discriminated by several designers that, due to their contrasts with the Donald Trump's ideologies, refuse to see their clothes on the president's wife fearing a bad publicity. On the other hand, everything the Duchess of Cambridge Kate Middleton wears, the day after is sold out.

Another type of political influence on fashion industry is represented by political movements. One example is China, a country with an ancient and sophisticated tradition in terms of clothing, abruptly interrupted by Mao Zedong's policy, that introduced his famous jacket with neutral colors and simple lines, as a symbol of the proletariat; clothes was seen just as uniforms and this lasted until 1990, when the People Republic of China opened to the world again (Saviolo and Raineri, 2014).

3.2 Chinese fashion industry

The fashion landscape in the China is different from the other countries of the world, and this is due to the forces that have shaped the market during the years.

Fashion, intended as expression of individuality, became possible in China only in the late 1990s, which is the moment in the Chinese history when the society began to open up and individuals' wealth began to rise.

The first phase of the development of fashion industry in China was characterized by a particular fascination of the Chinese consumers towards big, recognizable, and international brands, especially those selling sportswear.

An example is given by the early movers (entering China in the 1980's) and famous brands Nike and Adidas, which offered exactly what the Chinese consumer needed that time: a big distinguishable logo on items, and comfortable, low-key garments for every day occasions, rather than fashionable apparel.

The success of international brands in China, especially in big cities (tier-1), led to the growth of local brands as Li Ning and Anta, also selling sportswear that focused on tier-2 and tier-3 to avoid the competition.

About the entry mode adopted by fashion industry companies in China, first-movers firms (i.e. Nike) preferred *franchising*, which allowed them to safely enter the market, with high level of standardization of retails and low capital invested.

An additional characteristic of the development of fashion market in China, during the 1990s, was the prevalence of department stores over other retail formats.

The next decade was marked by an exponential growth of the fashion industry, related to changes in consumers' behavior and needs.

Demographically, younger generations started to spend more on clothes and apparel, mostly young women living in first tier cities (Beijing, Shanghai).

About consumers need, the economic developments in China, led to the spread of more casual occasions and events. This generated in the Chinese consumer the need for more fashionable clothes for different situations, which meant for firms the chance to pander their customers' preferences and shape them.

A further need of the consumer was to define the *emotional space*, which means the expression of oneself through fashion; life goals, different styles, or particular occasions, are the sculptors of the consumer tastes and choices in fashion. (Lui, *et al.*, 2011)

In recent years, fashion industry in China continues to grow, achieving a market size of about 185 billion Dollars in 2013 (Finpro, 2015), and to develop an increasingly more local identity, not only shaped by international big players.

Appropriate to mention, is the "*digital revolution*" of the present years, which certainly affected the whole luxury industry, thus fashion industry too, modifying completely the consumer behavior and consequently the marketing strategy of firms (Ancillai, 2017).

The unavoidable adaptation to Chinese social media and other channels of communications, the new customer's attitude towards the Internet, and the restrictions imposed by the PRC's government, are only a few of the challenges international fashion industries need to face entering today's Chinese fashion market.

According to Finpro 2015 report, China is expected to become the largest apparel market in the world, overtaking the US market, by the next year.

3.3 Italian fashion industry in China

It is common and frequent to associate Italy with fashion; however the success of Italian fashion industry is quite recent.

Since the Italian Unification in 1861, the country felt the need to create a national fashion identity, but several attempts all led to failure. The Fascism founded in 1935 the National Fashion Institution based in Turin, but again it was a failure in terms of recognition of Italian fashion industry in the world.

The Italian industry of apparel needed to expand into a global market, going out of the Italian bounds.

That time, France and the United Kingdom were leaders in the fashion industry, but strong political enemies of Italy. The second most flourishing fashion market was that of the United States, but again there were political discrepancies between the two countries.

Thus, it seemed there were no possibilities for the Italian industry to go global and extend its market.

Nevertheless, after the Second World War, as the political scene changed, there was a sort of increasing awareness of the Italian fashion identity, and this made possible its development and expansion toward international markets.

Historically, 1951 is recognized as the year of the foundation of the so called Italian fashion, after Giovan Battista Giorgini presented his collection with clothes and apparel to American buyers.

Since that moment the Italian industry of fashion began to grow faster and faster, creating its own and specific identity. Concepts as *alta moda* attempted to contrast the French *haute couture*. Textile factories started to produce more and more, and tailoring began to decline drastically.

Fashion began to be perceived as one of the most powerful industry in Italy (Merlotti, 2013).

As mentioned above, by 1960's fashion started to be seen as one of the most important industry in the Italian economic panorama.

Today, half a century later, fashion in Italy still has this importance, representing a strategic sector in the national manufacture and a fundamental contributor of the domestic economy.

According to the former president of the Sistema Moda Italiana (SMI) Claudio Marenzi, since 2013 the fashion system has seen a growth of 4.2% of GDP (Crivelli, 2017).

Fashion industry is also one of the most relevant manufacturer industry in term of exportation. Export of Italian textiles performed positively, data show France, Germany and United States as the principal commercial partners, however it is China that has registered the greater increase in terms of exported textile products, exhibiting a growth of +206% from 2006 to 2016 (Monte dei Paschi di Siena, 2017).

China is not only the main importer of Italian fashion products, it also represents the key supplier for Italian businesses.

The changes in the Chinese consumers perception of fashion, and the enhancement of their lifestyle, allows Italian brands to find a space among international players in China market.

Two sectors of fashion developed the most in China: clothes, and shoes and leather goods.

The market of luxury goods, as *made in Italy* fashion products, firstly involved only potential purchasers and individuals of the first tier cities of China, however in recent years Italian companies' began to focus their attention also towards second and third tier cities.

This expansion of target is mainly due to the fact that today first tier represents for fashion brand an almost entirely acquainted market, by contrast second and third tier constitute an interesting market, with less competition, lower costs, and a new middle-class growing every day faster.

The real attractiveness at the eyes of the Chinese consumer towards Italian apparel products is that they are *made in Italy*, thus characterized by high qualitative standards and exclusivity traits (Vianelli, De Luca, Pegan, 2012).

The following section analyzes the concept of made in Italy as the key of Italian fashion companies in China.

3.3.1 The concept of *made in Italy* in the world and in China

The success of Italian brands in the Chinese market is explained by how the world and China perceive Italian fashion and why Italy made it to be considered as the capital of fashion.

Significant part of the success of Italian textile manufacture is owned to the concept of *made in Italy* (Vescovi, 2012).

In order to understand this concept it is appropriate to take a step back into another concept familiar with marketing strategies, the *country of origin effect*.

In a world of internationalization and globalization of markets, where competition is tough and changes are fast, the *country of origin effect* plays extremely relevant role.

The *country of origin* concept refers to the perception of consumer regarding products or brand of a specific country; hence it is significant in the process of internationalization of the Italian industry.

Italian enterprises in fact, use the *made in Italy* concept, to give consumer the perception of the product that reflects Italian values, traditions, and to differentiate their items from that of other countries.

Literally, *made in Italy* refers to the production place of Italian goods, however today it gain a greater significance, becoming synonymous of quality and reliability at the eyes of the world.

Furthermore, *made in Italy* means creativity, innovation, typical Italian lifestyle.

All these characteristics give strength to the Italian companies, and allow them to create value.

This value is mainly due to the combination of globalization versus *made in Italy*.

The first gave rise to a process of standardization of products and services, and this process sort of benefits *made in Italy* products, enabling them to stand out in the world for their Italian identity result of tradition and history.

There are five aspects of *made in Italy* that attract international consumers:

- aesthetic, that guarantees stylish and elegant products conform to what is thought to be the Italian lifestyle;
- artisanship, that stand for original product made with passion and extreme dedication to details;
- culture, that refers to the Italian people's affection to their roots, to the history of the country and to the territory;
- quality relationships, that concern the people relationship with the society, the importance of the family nucleus, and household, that reflects on the country way of doing business and on the productive processes;
- variety, that is about the richness of Italy, both in a territorial, natural meaning, and in a cultural way.

There are lots of Italian products that benefit from the concept of *made in Italy*, The agri-food industry, the automotive industry, the furnishing industry and the fashion industry, which is the focus of this chapter, are those sectors that are related the most with the Italian identity (Biondi, 2015).

It has been mentioned before that China represents one of the most important market for Italian fashion industry. With over 53000 enterprises and 11 million employees, Mainland China represents the biggest textile industry in the world, and it also has the largest consumption of textile products globally.

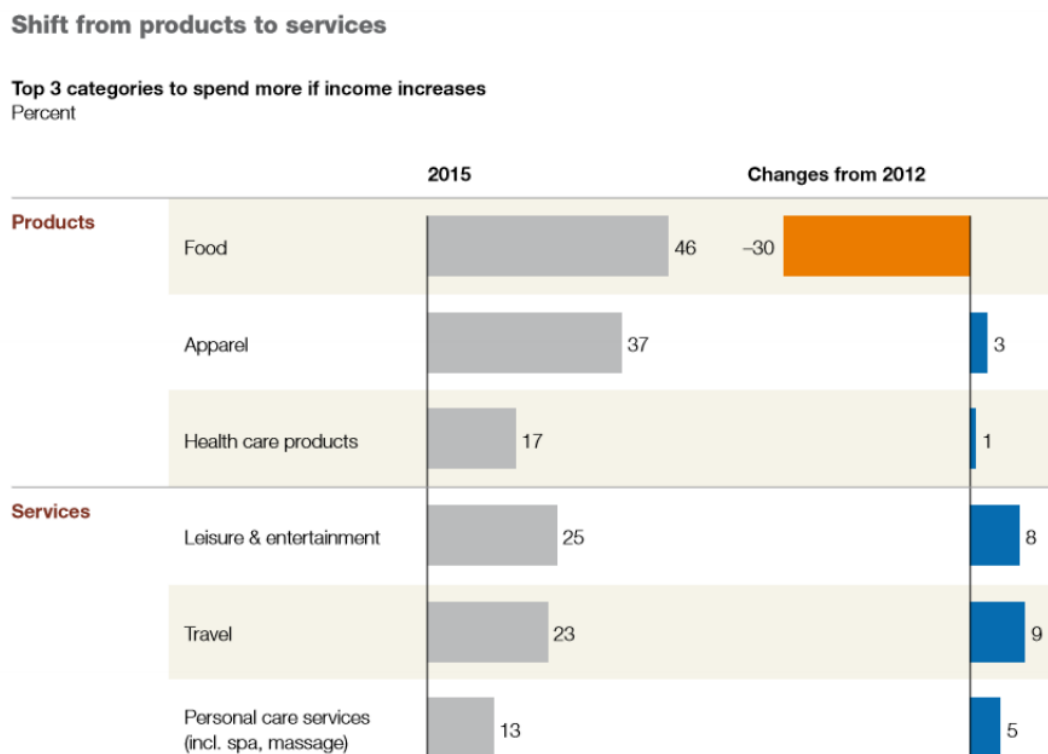
The perception of *made in Italy* of the Chinese consumer is associated to that characteristics mentioned above of quality, luxury, design and creativity, in addition Italian brands have gain the connotation of expression of a social status among the population (Guercini and Ranfagni, 2011).

After the recession period though, Chinese consumers are more cautious about the perceived value of products, and tend to purchase brands that are able to provide them with trustworthiness guarantee (Atsmon, 2011).

However, thanks to the increasing growth of the incomes, the middle class started adopting a different lifestyle; they continue to save money, but they also want to invest, they are more confident, and start to choose premium products over mass products.

According to a report by McKinsey (2016), 50% of the today's Chinese consumer seeks the best and the more expensive product, and this ranks the apparel and fashion industry in the second place of the categories of products in which Chinese individuals like to spend their income.

Figure 1: Chinese consumer's preferences



Source: McKinsey&Company 2016

This new behavior certainly benefits the Italian industry of fashion, that with its *made in Italy* “flag” guarantees the Chinese consumer an high-end purchase, quality and personality.

3.3.2 Italian fashion companies in the Chinese market

The excellence of *made in Italy* and the entrepreneurship of Italians businessmen, led to the success of the Italian fashion industry.

An example of the success of *made in Italy* in China is given by the ICE-ISTAT statistic of 2012, that registered and exportation of textile products in the PRC of 619 million Euros, with a growth of 29.5% compared to the previous year.

This growth gave to many *made in Italy* fashion brands the opportunity to invest more in Chinese market and led to the recent years broadening of lots of Italian fashion companies into Mainland China.

Italy is nowadays the second exporting country in the world of textile products, right after China, whose strength resides on low price products.

Entry modes for *made in Italy* fashion brands that decide to enter the Chinese market are a pivotal aspect of their internationalization process.

The entry modes regarding the Chinese market are consistent with the other international markets; they can be divided into three typologies (Vianelli, De Luca, Pegan, 2014):

- Exporting;
- Collaborative strategies (strategic alliances);
- Foreign Direct Investment (FDI);

The choice of an entry mode in the process of internationalization of firms clearly describes the strategies an organization intends to pursue in the Chinese market, focusing on two major dimensions:

- the *control* dimension, concerning the degree of control over the foreign operations (weak control vs. strong control);
- the *investment intensity* dimension, which refers to the resource commitment to the foreign activities (high investment intensity vs. low investment intensity) (Lasserre, 2012).

Admittedly, prerequisites to enter a market as China and to choose the right mode of entry, is to consider the level of acquaintance of the market and the previous experiences of a company.

Because of the level of uncertainty that characterized the Chinese market, organizations act very differently in choosing their type and level of investment; sometimes, the complexity of this foreign market forces firms to choose more than one mode of entry (Vianelli, De Luca, Pegan, 2014).

Several factors influence the model of entry mode based on the combination of control and investment intensity applied to the fashion industry.

Basically these factors can be divided into:

- internal factors, firms-specific factors;
- external factors, country-specific factors.

Internal factors refers to the dimension of the company, the financial resources available, the product characteristics, the brand equity, the firm's philosophy

and the risk orientation, the management characteristics and the perception of time.

External factors, on the other hand, concerns the cultural differences, the entry barriers, the trends and the dimension of the market, the market competition and the differences of distribution channels.

The first brand that invested in the Chinese market is Ermenegildo Zegna that in 1991 opened his first store in Beijing. (Ermenegildo Zegna Group, 2017).

Today, China represents the primary market for the brand, which invested in 106 directly operated stores and 4 wholesalers in the country (Crivelli, 2016) and is well-known and very much appreciated by the 90% of the wealthy and successful Chinese men.

Another brand that entered successfully the People Republic's market is Salvatore Ferragamo, which from 1994 exists in China with directly operated stores and distributors in 35 Chinese cities.

In 2011, the luxury brand enhanced the relationship with China by including in the shareholding of the group one of the wealthiest men in the world, the Chinese business man Peter Woo, who gained the 8% of the Italian company (Corriere della Sera, 2011).

Two years later, the Florentine brand, doubled its shares in the societies distributing the brand in Mainland China, Taiwan, and Hong Kong.

In November 2015, Ferragamo celebrated two decades of activity in the Chinese market (Salvatore Ferragamo, 2015).

The 1.5 billion Euro brand registered a growth in of 12.2% in the first six months of 2017 just in the Chinese market, against the 1.1% increase from global markets (Pan, 2017).

A luxury brand like Dolce&Gabbana produced revenue of 166 million Euros from the Chinese market, dated December 2016, and an increase of 9% is foreseen for the end of the current year. Today, Dolce&Gabbana has 44 boutiques in the country and new opening in Guangzhou, Chongqing, Changsha, Dailan, and Beijing are planned for 2018, sign of a prosperous and developing market (Bottoni, 2017).

The company started investing in China with a standardized directly operated retail network, however recently (2016), the firm designer and founder Domenico Dolce, declared that a new strategy would involve the fashion brand retails, and campaign all over the world. The strategy seeks to customize retails and campaigns adapting products, stores features and spaces to the specific countries. Asia is the first area in which the brand starts this innovation process: a new experience space was created in Tokyo retails, and a "Madama Butterfly" campaign was all dedicated to the Chinese market and displayed in the Hong Kong runway.

The *made in Italy* brand Tod's, which is the case study of this dissertation and characterizes the entire fourth chapter, is facing today a decrease in sales in

almost every market, with the exception of the Chinese one. The group registered in the first trimester of 2017 a growth of 3.6% in China, against a decrease of -4.4% in the other markets, including Italy and United States. (Bennevitz, 2017)

The brand began to invest in China in 1994 and today it has 64 stores, including directly owned stores, franchising, and outlets.

These cases demonstrate how high-end made in Italy brands of the fashion industry manage to entry and invest in the Chinese market.

The entry modes chosen shows a strong control and high investment intensity, as the majority of them possess directly owned stores. This is due to the fact that fashion brands such as Zegna, or Dolce&Gabbana benefits from a significant brand equity and a favorable availability of resources.

On the contrary, difficulties in investing in a country as China arise for small and medium *made in Italy* companies. The lack of resources, and the low predisposition to risk, force these firms to choose modes of entry strategies which enable them of weak control over their operations, this is the case of exporting strategies, most of the time though the aid of external intermediaries, hence a strategy of indirect export.

Complexity incurred for small and medium companies because of the lack of control as opposed to the strong power that these external actors gain in managing their businesses in China. Frequently firm found difficult to communicate with their Chinese intermediaries or maybe there are discrepancies between the values and the objectives of the Italian firm and that of the intermediary.

These are the reasons why a lot of famous Italian brands and big companies invested and continue to invest in the Chinese fashion market, and why small-medium fashion enterprises still struggle to succeed in China.

3.4 Social media marketing for fashion in China

Recently, the fashion industry has been changing vastly, starting from the more selective and value-oriented consumers, to the incessant growth of market such as China, and moreover the increasing development of the Internet and social media that involved almost every industry.

Extending the market to these new type of consumers, new countries with substantial differences, and new technologies and channels of communications, means changing in companies' marketing strategies.

The so-called fashion marketing is today evolving into fashion media marketing, pointing out the increasing use of Internet and social media into organizations' marketing strategies.

In this context, it is easy to see how fashion companies plan communication strategies into the Web 2.0, noticing that it is not only a virtual window, but a real channel to build relationships with consumers and create brand awareness. More and more fashion enterprises nowadays have their own website, which most of the time means an e-commerce website; they have their own social media account; and they use leading personalities to get their products known in the world.

Thus, it would be right to say that the huge channel of Internet it's the perfect channel of communication to allow Italian luxury brands in the fashion system to reach consumers and to establish a reputation worldwide.

However, as stressed in the previous chapters, marketing strategies need to be adapted to the market which an organization intend to enter, and more specifically when the market is China and the marketing strategy involves social media, firms have the responsibility to choose the right channels, social media, and think of a proper plan to use them.

Chinese population, especially the youngest generation with its new values, is always online; hence a digital communication need to plan into an organization's marketing strategy in China.

This strategy in the fashion system generally involves two major aspects: the usage of Chinese social media platform, and the involvement of Chinese key opinion leaders or influencers.

Not only a digital communication it's important, also give the possibility to consumers to purchase products online is relevant for fashion brands.

Today's Chinese consumer, especially after the boom of Alibaba and e-commerce websites as Taobao, are increasingly used to buy everything online, thus fashion industries must take into account this phenomenon.

However, while it seems easy to plan a digital marketing strategy, thinking about firms' high-leveled marketing manager departments, sometimes it's not that simple, and organization might decide to entrust this job to specialized communication agencies.

The next sections analyze in the particular these situations.

3.4.1 Chinese social media platforms for fashion marketing

Chapter two describes how Chinese social media platforms and e-commerce websites are different from the most used platforms and websites in western countries.

As consequence, Western organizations, in this case Italian fashion firms that want to invest in China need to be able to choose the best platforms for their marketing objectives.

About luxury brands, as for *made in Italy* fashion brands an innovative, fresh and smart communications style is what best suit the Chinese market.

WeChat in the fashions system is a very powerful tool in marketing strategy. Today, in fact, 92% of luxury brands has an official account on WeChat, and has developed specific feature that benefits from the added-value services guaranteed by WeChat.

Moreover, according to 2017 data, 64% of the luxury brands active on WeChat has developed a “service account”, which represent a notable step forward from “subscription accounts” (Mauron, 2017).

It is interesting the case of the brand Gucci, brand that enjoys an excellent reputation among Chinese consumers.

Gucci was one of the first brand that joined the WeChat community and this year the company decides to transit from its “subscribe account” to a new “service account” to benefit completely from the new service-oriented feature offered by WeChat that allows firms to better communicate with consumers and establish more direct and efficient relationships with them.

Figure 2 shows on the left the message Gucci published on its “subscribe account”, which was an invitation to the brand’s followers to follow the new “service account” by scanning the QR code.

Figure 2: Gucci on WeChat



Source: luxurysociety.com

The service-oriented features provided by WeChat, concern for instance the store locator feature used by the 88% of fashion.

In the past consumers trying to find an Italian brand store on WeChat, got redirected to Google Maps, which is blocked in China by the “Great Firewall”. Today a step forward has been made and 73% of the companies are offering a service that uses local maps, such as Baidu Maps or Tencent Maps.

Moreover, 76% provides users with location-based services, allowing them to find a nearby store or directions on how to get there (Mauron, 2017).

Another feature that makes WeChat so powerful is that it has an e-commerce service.

It is already been said how relevant in the fashion industry is the role of e-commerce, with companies investing in their e-commerce inside their own websites, and also in multi-brand online stores.

A sample of the importance of social network for e-commerce strategy is that of the Italian online fashion store Yoox, that joined the community of WeChat in 2014 allowing Chinese individuals to know the brand story and, most important, permitting them to purchase products online directly through the app giving an instant service.

All these examples clearly show how using WeChat in a social media marketing strategy for fashion in China can be useful for organizations in order to create valuable customer experiences.

Along with WeChat, also Sina Weibo is another relevant tool in fashion marketing strategy.

Firstly, it's the second most used social media in China, meaning that almost every individual has a Sina Weibo account, hence a wide audience for brands that need to be known by Chinese potential consumers.

Secondly, it allows companies to quickly and instantaneously respond to customers' questions, which creates relationships with the buyers, and it's helpful for firms that want to understand their consumers taste in order to do a better segmentation of the market (Gentlemen Marketing Agency, 2017).

For instance, some Italian fashion brands which plan a communication strategy via Sina Weibo Versace, Fendi and Prada.

Versace frequently publishes contents about the brand through its account; the objective is to promote its products and by doing this the companies often endorses international or local celebrities.

Figure 3 shows the latest Versace campaign posted on their Weibo account page. It is exclusively directed to the Chinese market and features the Taiwanese singer Cai Yilin, known internationally as Jolin Tsai.

Figure 3: Versace on Weibo



The strategy of Fendi is different, the company in fact, uses the social network to propose their customers online contests, which gives them the possibility to express their opinion about some items, and at the same time enables the brand to get its account followed (Olivier, 2017).

Prada, with 200'000 followers on its Weibo account, in March 2013 after the 85th Annual Academy Awards held a post-Oscar discussion that made it to the top of the Weibo's discussions.

Figure 4: Prada on Weibo



But this is not the only presence of Prada in the Chinese social media platform. Youku Tudou, the most significant website for videos, is also part of the company social media marketing strategy. In 2010, Prada published some videos on the website to present its new collection to the Chinese market (Gentlemen marketing agency, 2017).

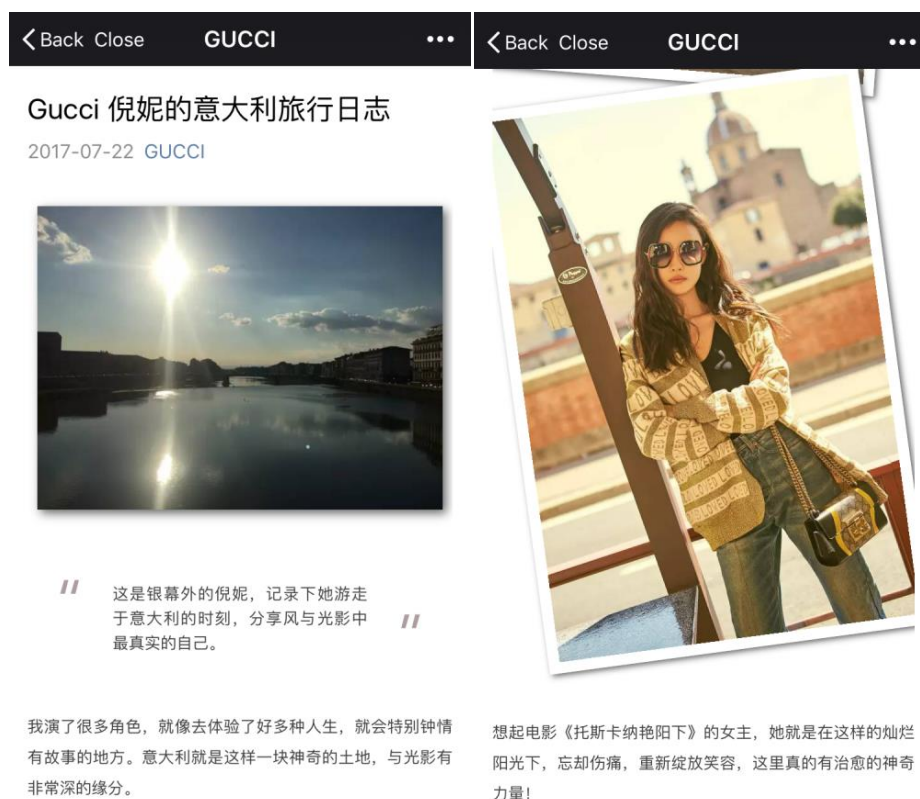
3.4.2 The role Chinese influencers

Chinese fashion buyers are careful observers, this make the role of key opinion leaders (KOL), bloggers, or influencers, extremely relevant. They are powerful figures, the know how to communicate with their community, and this makes them helpful communication tool in brands marketing strategies.

The Italian Gucci is the leading company in the Mainland market when it comes of KOL strategy, being the strongest performer into the WeChat platform.

In July 2017 Gucci posted on its account a sort of travel journal around Italy with lots of picture, starring the actress Nini that poses around the country wearing the brand clothes and accessories.

Figure 5: Gucci WeChat campaign featuring Nini



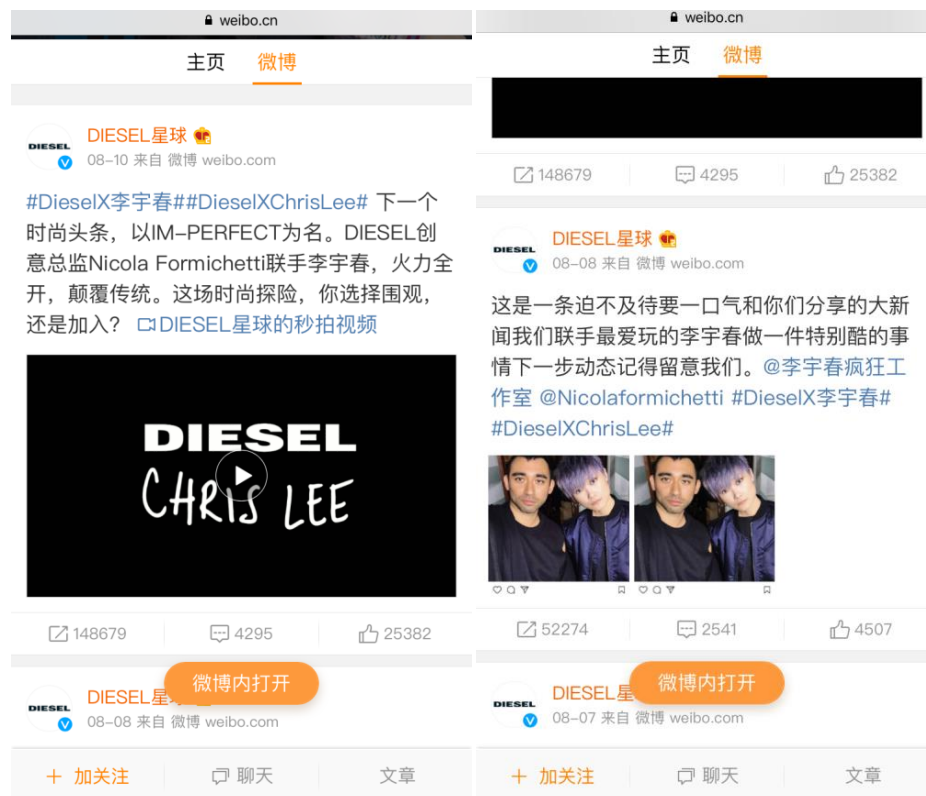
Another example of use of charismatic personalities on social media is that of Prada. The enterprise features the famous actor of “Balzac and the little Chinese seamstress” Chen Kun for a campaign that present the brand items in a series of pictures taken in the Prada headquarter and stores in Milan.

Furthermore, the well-known jeans brand founded by Renzo Rosso, Diesel, recently announce on its Weibo account a collaboration with the singer and actress Li Yuchung, also known as Chris Lee.

The announcement has been made also on the Instagram account of the Italian-Japanese fashion director of the brand (also fashion director of the Asian Uniqlo) Nicola Formichetti, and reposted into the Chinese social media.

The content of the post features a video which shows part of the collection and the Chinese singer posing with Diesel clothes and talking with the fashion director of the brand.

Figure 6: Diesel Weibo campaign featuring Li Yuchung and Nicola Formichetti



Source: weibo.com

The index of a good social media marketing strategy that uses KOLs are the ratio of reads, likes, reports, remarks, sentiments.

The fact is that Chinese consumers seems to appreciate to see famous people with clothes and accessories of their dreams, this inspires them, gives them a good perception of brands, and makes them more willing to buy these brands products.

Moreover, using KOLs and influencers, allows companies to increase brands awareness and guarantees a high position in the market.

3.5 The role of communication agencies: the case Young Digitals¹

All the strategies mentioned above are not always easy to implement for enterprises.

The lack of experience, the lack of knowledge about the entering country's culture, or difficulties with the languages are just some of the problems a company might deal with when planning a social media marketing strategy in a foreign country, especially when it comes to communications, advertising, or in the specific case of the fashion system, presenting new collections and campaigns.

For instance, a number of Italian brands entering China find lots of difficulties in translating their names in order to be properly recognized. In order to plan an appropriate strategy, several companies rely on communication agencies.

The case examined in this section is that of the Italian communication agency Young Digitals.

Young Digitals is a creative agency born and based in Padova since 2010.

The agency runs projects at global level for *made in Italy* firms, focusing on export, via digital communications.

In particular, the agency highlights how today's global digital market is shifting towards East Asia, or better, the People's Republic of China.

That is the reason why Young Digitals operate largely in this country.

When collaborating with *made in Italy* fashion companies managing business in China, the first step the agency does, is to understand what brands want to say to the Chinese consumers, how they want to be perceived by the Chinese buyers, and which messages and values of the companies comply with the Chinese values and culture.

For the second step, the agency chooses the best channels of communications and platform, on the basis of the brand's target market.

Last step is implement concrete marketing actions into the digital world.

One of the questions Young Digitals makes to their clients is: why your brand should be on social media? The first answer in most of the cases is "likes", or "followers", but this is not completely right; likes and followers might be an index of popularity of the brand in general, but the aim of been on social media is targeting, which most certainly will lead to strategy precision, meaning efficiency.

¹ This paragraph is based on information gathered during the Young Digitals lecture held on April 27th 2017

According to Young Digital's, digital branding strategy in China requires four steps:

- existence
- trust
- distribution
- relevance

Existence means that the firm has to be present in the market; it has to be found by potential consumer in China. For instance, give the possibility to users to search for brand information on Baidu is the first fundamental approach to the Chinese market.

Trust refers to the fact that if the Chinese market is not familiar with the brand, it is a firm's responsibility to establish relationship and get closer to the new consumers, for example using communication channels as Weibo or WeChat.

Distribution today concerns primarily offering an e-commerce or m-commerce service. For this reason, being on websites such as JD.com is significant, because it gives the opportunity to Chinese consumer to purchase products easily.

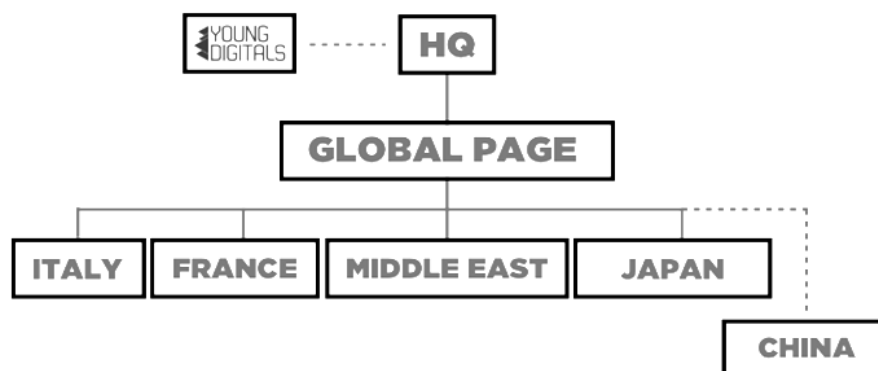
Lastly, relevance refers to the fact that in China competition is intense, thus companies which want to succeed need to focus on distinguishing themselves. This is made possible by using broadcast services and local influencers to attract the Chinese consumers.

The following example is helpful to understand how and at which level of a marketing strategy, communication agencies work with enterprises.

One of the many brands Young Digital's cooperates with is the Italian eyeglasses brand Police.

Police has its own website, a global page, created and managed by the headquarter; when it comes to manage pages directed to the Chinese market though is when Young Digital's comes into play.

Figure 7: The role of Young Digital's



Source: Young Digital's lecture's presentation

The agency, firstly targets the market, through an adaptation process, that means using different social media platforms and websites. Secondly, the agency manages the production phase for Police brand, which means take photos, choose proper images, create graphics and, of course collaborate with the right influencers.

For instance, the Police campaign made by Young Digital for the Chinese market was made entirely on Weibo, the perfect social media platform in China. The way of promotion of the brand's sunglasses was that of a "give-away", which in a country as China represents a good opportunity for businesses.

Moreover, Police chooses a good influencer, the football celebrity Neymar, who also sign the sunglasses. Chinese people love football, and seeing a star like Neymar wearing Police sunglasses, in the context of a "give-away", and on a social media like Weibo, were three elements that made this campaign a success that reached over 5 million people.

In conclusion, the role of communication agencies is to help, act for, and protect the brands when they are exposed to international markets, reminding that different cultures, behavior, and government, are relevant in social media marketing strategies.

4. The social media strategy of Tod's Group²

4.1 The Tod's Group

Tod's Group was born as a small shoe factory in Casette D'Ete in the province of Fermo. The founder Dorino Della Valle, father of the current president Diego Della Valle developed his company in the 1940s.

In the 1970s Diego Della Valle entered the firm and the family business became an industrial company.

In November 2000, Tod's Group was listed on the Milan stock exchange.

Today, Tod's SpA it's the holding operator of one of the most important and well known Group among the luxury industry players, with its brands Tod's, Hogan, Fay, and the recent acquisition Roger Vivier (2015).

As March 2017, the company's distribution network counted 274 directly operated stores and 107 franchised stores.

All the Tod's Group brands have their own characteristics and identities, but they share the same philosophy.

Core values of the company are a mix of tradition and modernity, creativity, functionality and high quality.

In particular, the high quality of the products is guaranteed by the attentive craftsmanship that involves all the stages of production.

The keywords in the production of the group's brands are "handmade" and "skilled handcraftsmanship", to give customers the highest quality possible.

All the products collections are meticulously crafted in the Group's owned factories, two for leather items and six for shoes, and in a small amount of specialized laboratories, which have established strong long-term relationships with the Italian company.

All the production process, from buying materials, controlling the manufacturing stages, to the control of the ultimate product, is centralized to the headquarter, even when external laboratories are involved.

Extreme skills and attention to details is required in every step of product creation.

Tod's Group headquarter is now situated in Ancona, in a contemporary and luxury building, that has on the inside offices, technical and artisanal laboratories, where everything is studied, created, and organized in detail.

² This chapter is based on secondary data and primary data from an interview with Tod's managers collected in Milan Tod's headquarter in September 2017

It's in this context of contemporary luxury that the company creates and develops innovative and, at the same time, traditional goods.

4.2 Tod's Group in China

Tod's Group entered the Chinese market in 1999 with stores in Shanghai and Hong Kong.

Today the number of stores in East Asia is growing fast, due to the appreciation of the Asian, and more specifically Chinese, consumers of luxury products and high quality garments *made in Italy*.

Currently headquarter in China is situated in Shanghai, enumerating 750 employees only in the Chinese territory.

The Group counts sixty-four stores in Mainland China, including Tod's, Hogan and Roger Vivier stores. The majority of retails are distributed in the first-tier and in the second-tier, with a more recent expansion consisting of a few points of sale covering the third-tier.

The mode of entry in the Chinese market is characterized of a consistent part of directed operated stores and a number of franchised stores. Namely, franchising is adopted by the Group solely for the brand Hogan, in the form of a partnership with Nobo, which is also a collaborator of other luxury fashion brands such as Dolce&Gabbana and Armani. At present the company has ten franchised Hogan stores.

The approach of Tod's Group to China is that of "think global, act local". Everything in the organization of business activities starts from the core of the company, however an adaptation to the Chinese market and consumer is adopted.

An example of adaptation is given by the product strategies: Chinese limited edition items for particular events or festivity are part of the company's offerings in China.

The approach of the firm to the Chinese is very consumer-oriented, and expressed by a number of activities aimed to look after its customers. The objectives are educating them about the products and establishing long-term and loyal relationships.

The target in China is very different from the other markets of the world: Chinese consumers of Della Valle's luxury products are younger than European, or American buyers, an evidence of how the younger generation represents the future of the luxury fashion market in China.

The attention of Tod's Group towards Chinese customers is pursued not only in the Chinese territory through commercial collaboration with local personnel caring the sell, but also outside the Asian borders.

Chinese consumers in fact, are the first purchasers of the *made in Italy* worldwide, travelling to Paris, London, and Italy to buy Tod's shoes or bags. In order to assist these customers, the Group has in each of its retails a Chinese member of the staff, whose task is to take care of them during the whole purchasing process.

4.2.1 Financial data

The Italian Tod's Group is listed on the Milan Stock Exchange from November 6th 2000 and on August 3rd 2017 its Board of Directors approved the Group's report for the first half of 2017, from January 1st to June 30th.

According to the report, the chairman and CEO Diego Della Valle declared that the results are in line with the company's expectations.

Although the feedbacks are good, he pointed out the necessity of a speed up on the firm's execution plan.

Della Valle, then, stressed the importance of maintaining on the highest level the craftsmanship of products, as an expression of the Italian lifestyle, even if this approach and attitude would lead to an increase in prices and in a more selective distribution.

For the first half of 2017 the consolidated sales were 483 million Euros, a decrease of 2.9% from the first half of 2016.

The Group's financial report, clearly displays the importance of the Chinese market.

The following tabula shows the financial trend of the company by the more general point of view of consolidated sales by brand, product category, and distribution channel, arriving to the last tabula of consolidated sales by region, which highlights the position of the Group in China.

Tabula 1: Breakdown of consolidated sales by brand

<i>million Euros</i>	H1 2017	H1 2016	% change at reported rates	% change at constant rates	FY 2016
Tod's	265.3	282.5	- 6.1%	- 6.5%	559.0
Hogan	98.7	106.1	-6.9%	-6.8%	214.2
Fay	25.9	24.9	+4.1%	+4.1%	62.6
Roger Vivier	92.6	83.4	+11.0%	+10.6%	166.3
Other	0.5	0.7	n.m.	n.m.	1.9
TOTAL	483.0	497.6	-2.9%	-3.2%	1,004.0

Source: todsgroup.com

Tabula 2: Breakdown of consolidate sales by product category

<i>million Euros</i>	H1 2017	H1 2016	% change at reported rates	% change at constant rates	FY 2016
Shoes	386.3	400.3	-3.5%	-3.7%	791.3
Leather goods and accessories	68.1	69.3	-1.7%	-2.6%	142.5
Apparel	28.1	27.3	+2.8%	+2.7%	68.3
Other	0.5	0.7	n.m.	n.m.	1.9
TOTAL	483.0	497.6	-2.9%	-3.2%	1,004.0

Source: todsgroup.com

Tabula 3: Breakdown of consolidated sales by distribution channel

<i>million Euros</i>	H1 2017	H1 2016	% change at reported rates	% change at constant rates	FY 2016
DOS	310.6	311.2	-0.2%	- 0.4%	630.3
Third parties (Franchised stores + Independent retailers)	172.4	186.4	-7.5%	-7.9%	373.7
TOTAL	483.0	497.6	-2.9%	-3.2%	1,004.0

Source: todsgroup.com

Tabula 4: Breakdown of consolidated sales by region

<i>million Euros</i>	H1 2017	H1 2016	% change at reported rates	% change at constant rates	FY 2016
Italy	145.4	148.8	-2.2%	-2.2%	311.5
Europe (excl. Italy)	119.3	120.1	-0.6%	+1.2%	250.0
Americas (*)	40.5	48.7	-16.9%	-19.7%	96.7
Greater China (**)	108.5	107.0	+1.4%	+1.3%	210.3
Rest of World	69.3	73.0	-5.1%	-8.1%	135.5
TOTAL	483.0	497.6	-2.9%	-3.2%	1,004.0

(*) This line includes the whole American continent (Northern and Southern America).

(**) This line includes: mainland China, Hong Kong, Macao and Taiwan.

Source: todsgroup.com

The tabula shows great results for Tod's Group, coming from Greater China, which totaled 108.5 million Euros, with an increase of 1.4% from the first half of the prior year.

4.2.2 The importance of *made in Italy*

Previously the chapter points out some of the core values of Tod's SpA, underlining the attention for high quality products, high skilled handcraftsmanship, and a strong capability to balance modernity with tradition. All these values basically can be referred to the concept of *made in Italy*, which represents the DNA of the Group.

After eighteen years of presence in China, Tod's has been a leading player in the evolution of the Chinese consumer towards the concept of *made in Italy*.

The result is a consumer that during these years have developed a strong sense of quality, and a keen taste for luxury and refined items.

These aspects can be translated as "plus" for *made in Italy* companies operating in the Chinese market.

The result is that today a wealthy Chinese consumer purchasing fashion product, will definitely take into consideration *made in Italy* products among the others, because of the idea of luxury, quality and prestige that an Italian fashion product carries. The success of Tod's leather shoes and bags is an example of the Chinese consumer attitudes towards the *made in Italy* brand.

Although the value of *made in Italy* at present seems highly recognized in China, the Group still operates in different ways to bring its customers closer to its values and philosophy.

Firstly, in order to better reach its consumers, the company involves its employees in the promotion of the concept of *made in Italy*. This is made possible by a program developed by the firm called "Italian orientation program". The program provides of a sort of training for new retail employees, giving them the opportunity to visit the corporation offices in Milan and others Italian plants and laboratories. This way foreign employees are given the chance to get inside the Italian culture and values. The "Italian orientation program" in fact allows employees to completely get into the Italian lifestyle by visiting the most important historical and cultural places, or tasting Italian food.

This program is directed to new hires and foreign employees in retail, but it is also useful for Italian members and employees of the company as a meaning to a better communication and exchange of different cultures, as the Chinese one. Thus, Tod's Group enhances the concept of *made in Italy* at the eyes of the Chinese consumers starting from a proper education of its employees and sales assistants in China and in the world.

Secondly, the company promotes its *made in Italy* products in China through a direct approaching to consumers. Frequently, the Group organizes events in several Chinese retails, where an artisan shows a few of the numerous production processes.

The objective is to demonstrate to the Chinese buyer the meticulous attention given to the product production, from the choice of raw materials, to the highly skilled work of the handcraftsmanship.

A “timeless sophisticated elegance” characterizes the *made in Italy* work of Tod’s, and today the Chinese consumer is well aware of this as demonstrate the popularity of the brand in China.

4.3 Tod’s Group digital marketing strategy

The previous chapters carried out the importance of social media in the fashion industry marketing strategies, and Tod’s Group as many other fashion companies entered the Web 2.0.

The company has an official web page that presents the Group in all its aspects, from the history of the firm, to the presentation of its brands, its corporate offices, and its philosophy.

The *todsgroup.com* website redirects the users to each specific brand website, with relative e-commerce spaces.

The core values of Tod’s Group are reflected in the company’s digital strategy: made in Italy, Italian lifestyle, and artisanship represent the pillars of the marketing strategy of the firm.

“Daily luxury” is the message that the brand wants to spread worldwide through their digital communication.

Social media are extremely significant in a digital marketing strategy, and Tod’s Group uses the most important social media platforms for each of its brands.

The company has a Facebook account, where it shares contents with its 1.132.295 followers about the latest campaigns.

The advantages of being on Facebook are that the Group, through its digital marketing managers, can update the profile daily, get closer to the consumer and be better responsive, increasing products awareness through visual advertising and presentations of new items.

Figure 1: Tod's Facebook FW 17/18 collection



Source: facebook.com

The firm marks its presence also on Instagram.

Tod's Instagram page gives the opportunity to the brand to show through photos and short videos, or even direct videos, its new collection and products worn by celebrities or famous faces, or filming live fashion shows and runways.

For instance, recently the brand has launched a collaboration with the famous Italian influencer Chiara Ferragni.

The iconic "My Gommino" campaign includes a capsule collection called "Chiara Ferragni loves Tod's", rigorously marked with hashtag, and dedicated to the characteristic Tod's loafers and bags.

Figure 2: Chiara Ferragni for Tod's Instagram campaign



Source: instagram.com

This campaign, composed of photos and videos, shows to the consumers the Italian famous young women surrounded by a suggestive Italian landscape: everything shares messages of *made in Italy* and Italian lifestyle.

Tod's Group also has an account on the video channel YouTube.

The usage of this channel is very important for the company, because it allows the firm to share contents that are certainly more descriptive and attractive for consumers than simple photos.

For instance, presenting a new collection through a video on YouTube, establish a closer relationship with the potential consumer.

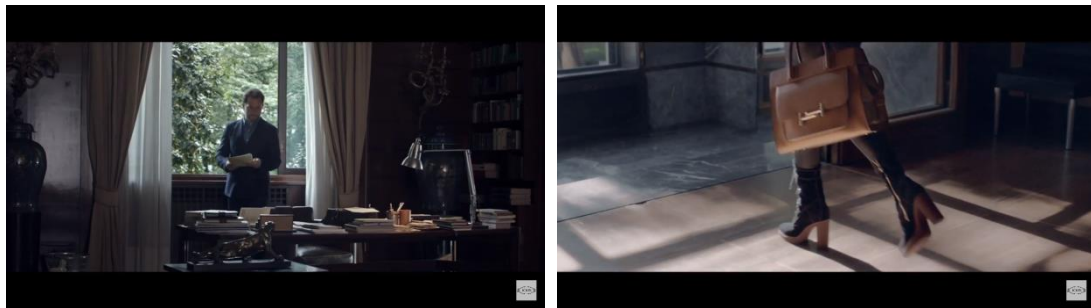
This is the case of the video uploaded on January 2017, that shows a backstage of an Hogan brand photo-shoot for the Spring-Summer collection 2016/17, starring the internationally known model Sara Sampaio, and the English model Andrew Cooper; here, the consumer can see how things are done from a different perspective, he or she, is "invited" behind the scene of part of the company's work and this establishes a connection with it.

Figure 3: YouTube Hogan SS 16/17 campaign video



Another usage of the YouTube channel is that of the Fall-Winter 17/18 collection Tod's campaign, which means to create a mini-movie to present a new collection.

Figure 4: YouTube Tod's FW 17/18 campaign video



In this video there's a writer, played by the real writer and famous editor Derek Blasberg, who describes a woman, the supermodel Andreea Diaconu.

The words the man uses, the soundtrack of the short-movie, the surrounding ambient, it's all about elegance and sophistication.

Moreover, the Group manages to digitally communicate and reach its customers with an efficient newsletter, where consumers are given any kind of assistance, or information.

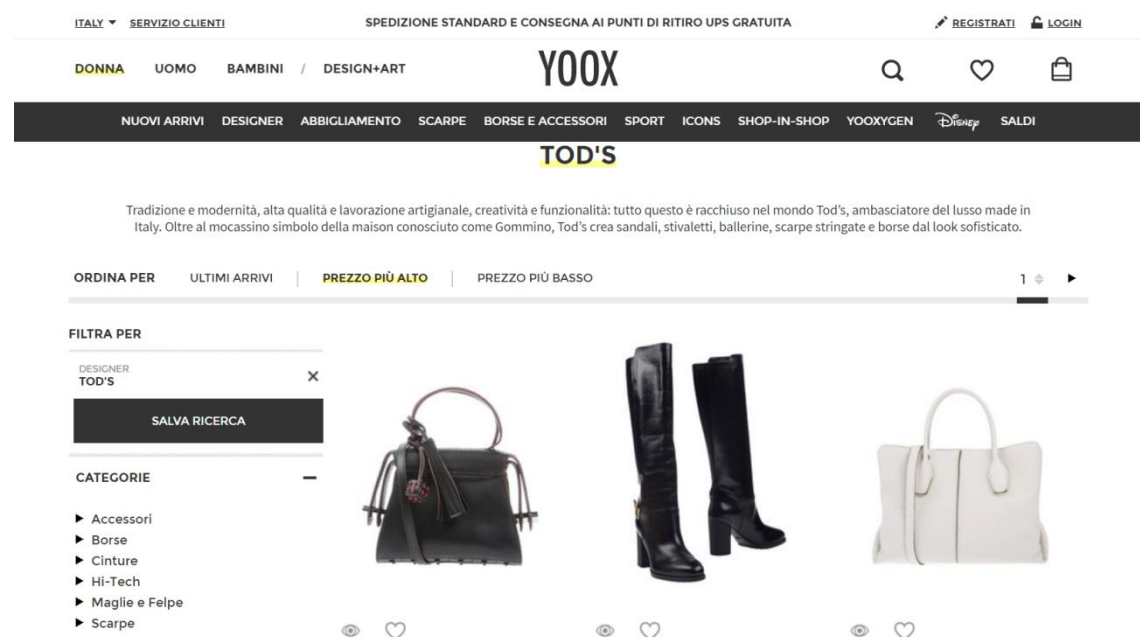
Tod's Group has also an e-commerce website for each brand of the firm, where consumer can purchase products easily, without reaching the retail.

For its e-commerce strategy the company also collaborate with the multi-brand online shops Net-a-porter.com and Mrporter.com.

According to Corriere Adriatico, newspaper of the region Marche, the choice of these partnerships with Net-a-porter.com and Mrporter.com, it is a recent decision of the President Diego Della Valle who invested on the online services on July 2017 (Viti, 2017).

The brand is also present on the Italian high-end online store Yoox.com.

Figure 6: Tod's on Yoox e-commerce



Source: yoox.com

4.3.1 Digital strategy in China

Tod's Group declines its digital marketing strategy also in the Chinese market. The company is present with a website totally translated in Mandarin, an e-commerce directly operated by the organization, and two Chinese social network accounts.

The whole digital strategy of the Group is oriented and declined towards the Chinese consumer, from the message to the exploitation of the local promotional tools and the content production.

Website

Tod's website is all adapted to the local market, other than the entire translation in Chinese, the webpage offers relevant services directed to the consumers in China.

The first important feature is the presence of an efficient newsletter available and accessible to Chinese consumer which might need information or assistance.

Although the communication via newsletter is totally in Mandarin and contains an entirely dedicated palimpsest, the service is not very used by the Chinese consumer, which is not friendly with e-mail services and prefer communications via mobile phone.

Another feature in Tod's website that shows the brand care of their Chinese customers is the store locator service.

The previous chapter mentioned the "Great Firewall" of China, which blocks a number of websites, as Google and all its developed services as Google Translate or Google Maps.

Tod's Group exerts its attention to customers in China by offering a detailed store locator which uses the desktop and mobile web mapping service Baidu Maps 百度地图 *bǎidù dìtú*, rather than using Google Maps as for the international website.

Figure 7: Tod's Distribution Network in Beijing



Although it seems obvious that companies investing in China should devote particular attention to aspects as web mapping services directed to its Chinese customers, there are some cases that demonstrate the contrary: brand as Armani or Prada, for instance, use in their official websites Google Maps also in the Chinese version.

E-commerce

Tod's e-commerce is a mono-brand website directly operated by the company. A society internal the firm is in charge to provide technical services.

In regards to e-commerce, China market clearly shows its preference towards multi-brand online shops.

Until recently Tod's Group refused to sell its high-end products, because the most popular Chinese e-commerce was focused on marketing off-price products.

Today, e-commerce in china is evolving faster, with the creation of marketplaces dedicated to the luxury industry. Tmall and JD.com are developing e-commerce marketplaces where the off-price is banned.

In this scenery, Tod's Group at present is beginning to establish partnerships with a number of Chinese multi-brand e-commerce spaces as Secoo.com and Vip.com.

Both Secoo.com and Vip.com redirect the selling to the official Tod's e-commerce, however the two Chinese websites give the opportunity to the company to benefit from these spaces.

The first advantage of being on a luxury Chinese online shop for the firm is that the brand gains authoritativeness; secondly, the presence on these websites facilitates the purchasing processes, the payment method for example; moreover, existing in these e-commerce sites means high visibility and good standing among fashion luxury brands.

Social networks

The company marks its presence on the most popular and used Chinese social network: WeChat and Weibo.

Today, both websites are used as editorial marketing, which means that they have the primarily function of communication tools for the organization's projects.

The advertising programs on the two Chinese social media platforms are still developing, particularly on WeChat, due to the fact that the current advertising tools are not sufficiently updated.

The expansion of the Group strategy on WeChat is aimed at developing a good communication, an efficient advertising program, a sensitive customer relationship management, and a further e-commerce position –besides the above mentioned.

An example of the commitment of the company towards this direction begins from the collaboration project with single retailers in China.

The project is aimed to develop a usage of WeChat as a proper marketing channel, for instance, creating an official account of each store which allows the

customer to receive the company's news or that allows them to purchase products through the WeChat app method of payment.

The whole Tod's social media strategy in China is implemented with the strong collaboration of local partners which administrate the digital channels in cooperation with the headquarter of the firm.

This partnership with Chinese intermediaries is necessary because of the barriers that the Italian company needs to confront with in a country as China.

The censorship in the digital world is certainly the first obstacle to a firm operating in the Chinese social networks. In this sense, Tod's has local offices that enable the company the access to the Chinese network.

However, a further difficulty arises from the language barrier, which not to be intended merely as a communication problem with the ultimate consumer.

The complexities are also referred in this case to the fact that the back-end of WeChat, Weibo, and the other social network is in Mandarin, hence the presence of a Chinese figure is necessary to implement a good digital strategy, to upload digital contents, and to manage the Group Chinese accounts.

The influencers

For Tod's Group influencer means a strong communication tool, in China though the company adopts a different strategy from the rest of the world.

Using Chinese KOLs in social networks as WeChat and Weibo, exposes the firm to extremely high costs, hence the role of Tod's influencer is given to the so-called brand ambassadors.

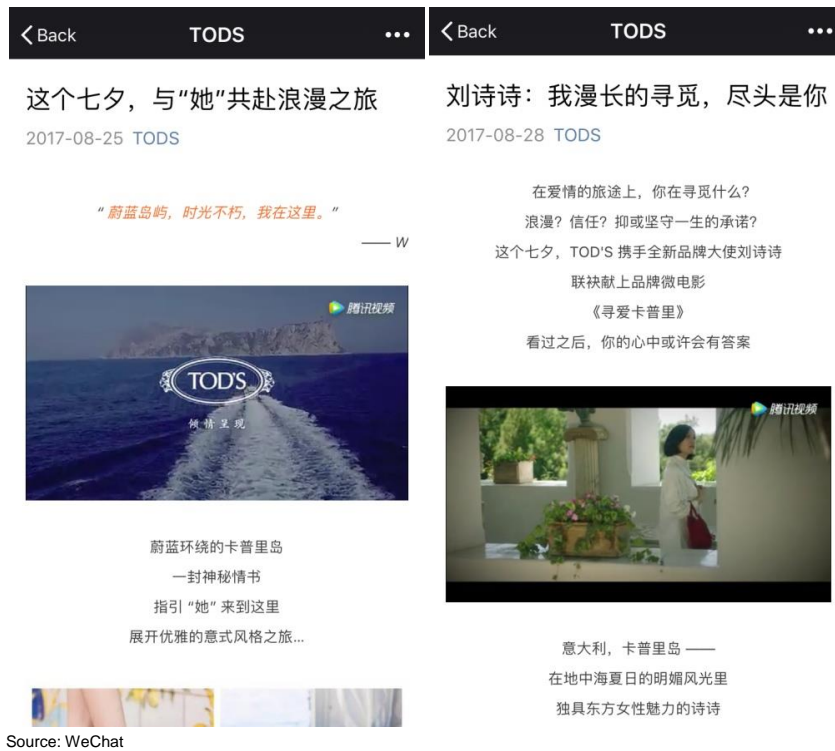
These personalities are most of the time celebrities of the Chinese star system.

The actress Liu Shishi, for instance is protagonist of the campaign launched on August 2017.

The campaign distinctly show the adaptation of the social media marketing strategy to the Chinese market, both in terms of choice of the brand ambassador, and in terms of contents.

The campaign appeared on Tod's official website, on WeChat, on Weibo, and on the principal international social networks, on August 28th in occasion of the Chinese S. Valentine's Day. The story narrated with photos and videos, is that of a young lady in the beautiful Capri that follows a number of mysterious love letters, all marked with the hashtag, and title of the mini-movie, "Treasure Hunt".

Figure 8: Tod's campaign on WeChat featuring Liu Shishi



Source: WeChat

The actress and ambassador of the brand was also one of the special guests of the Tod's event at the Milan Fashion Week 2017. The event and the pictures of Liu Shishi have been published on the Weibo account of the brand on September 22nd.

Figure 9: Liu Shishi for Tod's at Milan Fashion Week 2017



Source: weibo.com

A further example of the collaboration with the brand with a Chinese personality is the work with the famous Chinese fashion blogger Mr. Bags.

The partnership consisted in the launch of 200 Tod's bags customized by the blogger, exclusively directed to the Chinese market.

The collaboration was a success: the bags were sold out in a few hours, at a total value of 3.4 million Renminbi.

Figure 10: Mr. Bags for Tod's



Source: WeChat



Conclusions

International marketing is constantly evolving; new technologies and the advent of the Internet are the main factors influencing marketing strategies.

“Digital” is the new way of doing business and planning marketing strategies.

In order to be successful organization need to fully understand this new environment and the individuals living in it.

Being present on the main social networks, working on good websites, and opening e-commerce pages, are just a few of the implementation of marketing strategies that today’s companies have to pursue.

This evolution, and digital approach to marketing, is ongoing all over the world, however differences between countries still matter.

In the case of the People’s Republic of China, cultural, social, economic, technological, and political forces shape the digital market differently from other countries.

Foreign companies willing to expand their business in the Chinese digital market need to be mindful of the political restrictions, the consumer behavior, and the different channels of communications.

An industry has been investing in China since 1990s is the Italian fashion industry. Exploiting the *made in Italy* characteristics, Italian brand are receiving an excellent feedback from the Chinese market, especially from the younger part of the population.

Although the success of *made in Italy* brands in China appears undisputable, it is a firm responsibility to decline its digital marketing strategy to the Chinese market.

An example of digital marketing strategy in China is provided by the Italian luxury industry Tod’s Group, leader in the *made in Italy* fashion industry.

The proper balance between a standardization approach, of values, messages and attitude, and an adaptation approach, of social media strategy, implemented by the Group is what makes the company one of the most appreciated and iconic brand in China.

The future of marketing is continuously changing, and it is an organization duty to be forward-looking: take the risk of an investment, follow new trends, understand the consumers need and wants, but most importantly how to communicate and reach them, are only a few of the aspects firms should consider and focus when planning their future strategies.

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