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The Mobile Customer Journey in China: Implications and Future Research Areas

Abstract This conclusive chapter draws the book's implications for marketing theory and practice relevant for international companies that operate in China. The results from the two empirical studies focused on the fashion sector suggest that the Chinese consumer's shopping experience is driven both by utilitarian and hedonic elements. Moreover, enjoyment strongly mediates the effect of utilitarian factors on customer satisfaction. In China, mobile touchpoints are involved in all customer journey phases. However, while digital and mobile touchpoints provide increasing opportunities for firms to engage with customers and develop their strategy in a very targeted and personalized way, physical stores continue to be central in building brand awareness and driving customer experience. Cultural heterogeneity and different levels of customer sophistication also impact marketing strategies of international firms and how brands are perceived in China. Three areas for future research are suggested.

Keywords China · Customer journey · Fashion · m-commerce · Mobile touchpoints

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Mobile Touchpoints in the Customer Experience in China

The results of the two original empirical studies focused on the firm-side (Chapter 4) and the consumer-side (Chapter 5), together with the analysis of the contributions from the recent literature and secondary data (Chapters 2–3) confirm that in China, consumers' shopping experience is pervasively mobile connected. Customer experience can be conceptualized as the customer journey with a firm over time during the purchase cycle across multiple touchpoints (Lemon and Verhoef 2016). The main phases of the consumer journey include pre-purchase, purchase, and post-purchase, which should not be considered as three distinct stages. Indeed, after the consumption experience, customers can reenter the pre-purchase phase or go directly to the purchase phase if they become loyal to that particular brand. Therefore, the customer journey represents a continuous and dynamic process, in which consumers interact with several touchpoints in each phase. Touchpoints consist of individual contacts between the firm and the customer at distinct points in the experience (Homburg et al. 2017; Schmitt 2003); they can be directly under the control of the firm (such as advertisement) or a contact in which the firm is not involved (such as WOM). Over the past few years, digital and mobile touchpoints have become increasingly relevant.

For Chinese consumers, mobile devices are the primary tool used to access the Internet, compare and purchase products, and share their experiences in several ways: from posting "moments" on their WeChat circle to writing reviews etc. As discussed, the m-commerce experience has been analyzed considering utilitarian factors (ease of use, convenience, and personalization) and enjoyment/affective or hedonic factor (Agrebi and Jallais 2015; McLean et al. 2018; Rose et al. 2012), with the latter strongly mediating the effect of utilitarian factors on satisfaction (Chapter 5). Also in the Florentia Village (FV) case study, these two groups of factors emerge as affecting the overall shopping experience with regard to luxury fashion products. Despite the pervasiveness of online platforms (mobile platforms, in particular) in daily activities, indeed physical stores still represent a primary touchpoint to build customer engagement in China. Therefore, the results from these empirical studies suggest that in order to provide a comprehensive customer experience, mobile touchpoints should be managed leveraging on a strong integration with physical stores. Omni-channel strategies seem to be already the dominant approach in the Chinese retailing, although for international firms it might be harder to implement them because they often operate through intermediaries that control *guanxi*.

Aside from utilitarian factors, m-commerce represents an activity from which Chinese consumers derive a high level of enjoyment. This holds for physical retailing as well. Indeed, the hedonic factor plays a key role for brand building and consumer education in store. First, physical stores, and flagship stores in particular, transmit brand value and contribute to reinforce the brand strength (Moore et al. 2010). Second, activities in store and loyalty programs engage consumers and increase loyalty towards retailers (Stathopoulou and Balabanis 2016). In the case of FV, since it is a high-end retailer, symbolic benefits are more important than utilitarian benefits in delivering consumer satisfaction.

Moreover, the store experience is highly digital itself. Consumers regularly pay using mobile payment systems, collect items purchased online, access Wi-Fi services or check the retailer's WeChat account for updates or promotions. Therefore, digital tools can enhance the customer shopping experience and also provide retailers with a huge amount of data that could potentially be used to improve their strategy. Indeed, big data can transform the fashion retail industry by using analytics to enhance their operations and maximize on profitability (Silva et al. 2019). On the other hand, in spite of the big data revolution, retailers should continue to ensure true continuity of consistent customer experiences (Dekimpe 2019). Figure 6.1 sums up the theoretical model of the mobile customer journey in China, derived from the literature review and the empirical studies in the fashion industry carried out in this book.

In order to define "mobile touchpoints," it should be noted that:

– The model adopts the classification provided by Lemon and Verhoef (2016), who identify four types of touchpoints (including both traditional and digital touchpoints): brand-owned, partner-owned, customer-owned, and social/external. Among mobile touchpoints in China, examples of brand-owned mobile touchpoints (which are

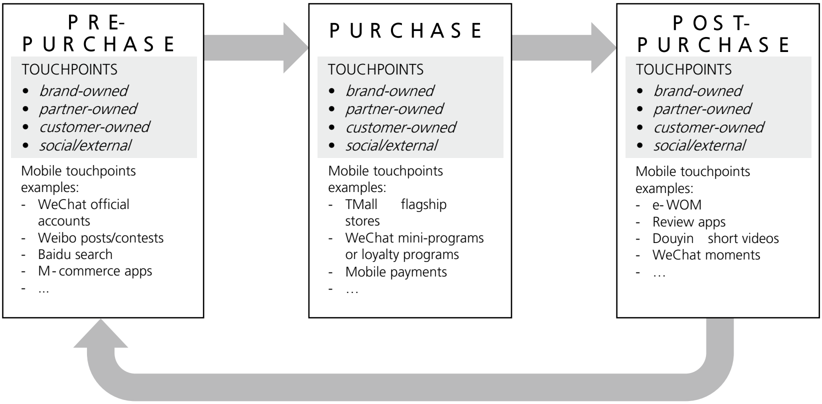

Fig. 6.1 The mobile customer journey in China (*Source* Developed by the Author)

designed by the firm and under its control) are WeChat loyalty programs or official accounts; partner-owned mobile touchpoints are those managed by the firm together with third parties like m-commerce platforms (e.g. TMall flagship stores or WeChat mini-programs); customer-owned mobile touchpoints include contents created by customers (for example, video tutorials), which can also belong to the last touchpoint type—social/external touchpoints—in case they are shared with other users. The latter two categories are not under the firm's control, although brands should monitor them and try to trigger positive e-WOM. Indeed, social/external mobile touchpoints (e.g. Douyin short videos, WeChat moments, reviews on sites like Meituan Dianping etc.) have a major impact on the purchase decision as Chinese consumers strongly rely on e-WOM information (Christodoulides et al. 2012). In Fig. 6.1, some examples of mobile touchpoints for each phase of the customer journey in China are listed.

– A distinction between e-channels and e-channel touchpoints has been made by Wagner et al. (2020). E-channels refer to categories of Internet-enabled devices (e.g. mobile devices or laptop), while e-channel touchpoints are specific digital shopping formats, which include mobile touchpoints.

Therefore, the following definition of mobile touchpoints is proposed: *Mobile touchpoints are specific mobile shopping formats employed by retailers (for example, a mobile shopping app) to provide consumers with an online shopping opportunity on mobile channels (for example, mobile devices).* In China, given the primary use of mobile channels for daily activities, mobile touchpoints are involved in all phases of the customer journey.

As argued by Herhausen et al. (2019), existing segmentation studies have largely overlooked mobile touchpoints despite their increasing usage in the purchase process. Although mobile touchpoints have not replaced traditional touchpoints, more studies should be conducted in order to understand how they shape a more digitally connected customer journey.

Implications for International Fashion Companies

Several managerial implications can be drawn from the findings of this book that primarily concern international fashion firms but are also relevant for firms from other sectors.

First of all, the Chinese market is digital and mobile. This means that any company operating in China or that wants to access this market should develop a digital strategy, which is a necessary investment. Otherwise, those companies will not "exist" for Chinese consumers or worse, their brands might be used by third parties. As the Head of Digital of FV explained:

> People often think that launching a (digital) platform means sales. No. Launching a platform means that you will start new challenges so that the market, the online community will see your website […]. Some brands state that they are not interested in the online channel. I believe that the idea of going online or not in China is outdated as your brand is already online, but you are not managing it, someone else buys your product and sells it under your name. You should not ask yourself whether you want to go online or not, but whether you want to lose the control over your brand.

Moreover, the online channel is so pervasive in China that it is perceived as integral part of people's daily life:

> In China, the online channel is not perceived as in Western countries, where people buy discounted items. It is seen as an extension of the daily life, so they will not associate the online channel just with cheap brands. It is an experience that everybody must have. (FV Head of Digital)

The digital strategy should be developed bearing in mind the specific platforms used by consumers and their functions, for example WeChat mini-programs have become increasingly popular and Douyin represents the latest platform where to launch promotional activities.

International firms should also consider China's macro environmental characteristics, in particular culture represents a major factor because of the market heterogeneity (see Chapter 1). On the one hand, the Chinese middle and upper class have increased the awareness of international brands and their positioning as they purchase them more often and also travel abroad (moreover, young generations belonging to these social classes attend college in Western countries). On the other hand, the majority of the Chinese population still has a limited knowledge of foreign brands' characteristics. Therefore, consumer education activities should be developed on digital channels as well as in store to trigger familiarity with the brands. Moreover, while brand management should be controlled coherently at the national level (for example, implementing an official account on Weibo and WeChat), more specific marketing campaigns should be implemented locally considering China's regional characteristics, for example involving local KOLs for events or launching advertising activities in limited areas.

In physical stores, the shopping experience should be developed leveraging on hedonic elements, therefore initiatives that could engage consumers and are coherent with the brand should be periodically organized. In this context, the country of origin attribute could reinforce a positive brand perception of foreign retailers (for example, by organizing an event for the celebration of an international holiday). Such hedonic benefits should be also delivered through loyalty programs to be activated on mobile channels in order to enhance consumer loyalty.

Future Research Directions and Conclusion

In the future research, the findings from this book's empirical studies concerning international digital marketing in China should be verified in three main areas of investigation: other sectors, other countries under a cross-cultural approach, and considering China's intra-regional characteristics.

First, other sectors should be analyzed in order to extend findings' generalizability. Indeed, the central role of physical stores might be confirmed in other sectors that are highly experiential and where perceived status represents an important product attribute like furniture, while for utilitarian products the relevance of the experience in the point of sale might be reduced.

Second, future studies could consider some of these results as a starting point to carry out similar analyses in other countries. For example, it could be verified whether the omni-channel retailing approach in China is similar to other advanced Asian countries like South Korea or Japan. These markets would be also an interesting setting to test the TAM model in m-commerce, since both South Korea and Japan have quite an advanced e-commerce sector. Moreover, like China, they are characterized by a digital leadership of companies not representing the Western "tech giants" like Facebook or Google. Indeed, in South Korea the main social app is Kakao Talk, whereas Line is the first app in Japan. Like WeChat, Kakao Talk and Line allow users to send messages, but also exchange money and access several services. As already stressed, culture plays a key role in marketing and helps to explain the reason why certain business models might not work in a particular country, like in the cases of Amazon and EBay in China. In Japan and South Korea, Western platforms are not censored like in China, nevertheless users' interaction habits and communication styles are more closely met by Asian platforms' characteristics. For example, since their launch these applications have permitted users to insert emoji, something that was added by Facebook as a feature only at a later stage. Emoji are "picture characters" developed for mobile phones in Japan in the late 1990s, which have recently become popular worldwide in text messaging and social media with the adoption of smartphones supporting input and rendering of emoji characters (Pavalanathan and Eisenstein 2015). The frequent use of emojis in countries like China (or Japan that also uses ideograms in the *kanji* system) could be explained by the symbolic writing system of Chinese language, as well as Chinese culture (Ge and Gretzel 2018). Therefore, drivers and effects of m-commerce should be explored under a cross-cultural approach, investigating similarities or differences among Asian consumers, or with consumers from Western countries and other countries characterized by a developed mobile shopping sector.

The last area of analysis is less explored yet deserves more attention. As argued in literature and confirmed by the FV case study, one of the main characteristics of the Chinese market is represented by its high internal heterogeneity (Chapter 1). Firms address regional differences in their marketing strategy (for example, by means of the product selection or developing ad hoc marketing activities that are implemented only in that particular area). However, little has been explored concerning the characteristics of online and mobile shopping among Chinese consumers from different regions. Some questions include: how do utilitarian and affective factors in online and mobile shopping differ among Chinese regional areas? Does the city-tier classification correspond to different consumer behaviors with regard to e-commerce and m-commerce? Such topics will be increasingly relevant for international firms, as while first- and second-tier cities have become very competitive and might be even considered as mature markets, new opportunities will arise from lower tier cities in the next decades. Segmented markets have facilitated domestic firms in China to catch-up with foreign multinationals by leveraging their initial advantages in rural markets to upgrade in the more competitive urban markets (Li et al. 2019). Therefore, not only answering these questions can contribute to the marketing literature in an underdeveloped area of investigation, managerial implications will be of primary relevance for international firms that face more competitive firms established in emerging markets.

In conclusion, the analysis of the Chinese digital scenario provided by this book has framed some of the main features, local players, and consumer insights that help to better understand the Chinese market nowadays. In the light of international marketing, the regional characteristics of the destination market, including cultural elements, should be carefully examined in order to develop effective strategies. Otherwise, even globally successful companies might encounter epic failures in China as recently happened to the Italian firm Dolce&Gabbana in late 2018.[1] Recovering from such pitfalls might take a long time, while confronting a more competitive environment and consumers' fast and diversified evolution.

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[1]In November 2018, Dolce&Gabbana cancelled a fashion event organized in Shanghai following a huge protest among Chinese netizens caused by three video clips considered to be racist together with some leaked messages apparently published by the Instagram account of the company founder Stefano Gabbana. Afterwards, the company apologized publicly, while all Chinese e-commerce platforms removed D&G items from their stores.

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