

Private Traffic: Direct-to-consumer Retailing - China - 2022

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This report looks at the following areas:

- Consumers' channel experience in the shopping journey
- Source of private channels awareness
- Categories purchased from via online private channels
- Comparison of leading private and public channels
- Reasons for purchasing from private channels
- Attitudes towards DTC marketing, such as WeChat group communication style

The outbreak of COVID-19 has further driven the development of online retail. Meanwhile, the increasingly expensive customer acquisition cost also prompts brands to actively seek new traffic, which has led to the growth of private traffic, also known as Direct-to-Consumer (DTC) retailing.

However, DTC retailing is not the answer to all challenges, neither can it shake the leading position of well-established public online retail channels. Mintel's data shows that public channels, such as flagship stores on leading ecommerce platforms (74% of consumers had purchased from these), still dominate the way consumers shop, followed by private channels such as brands' offline stores (65% of consumers had purchased from these) and WeChat mini-programs (42% had purchased from these).

The opportunity for private channels is that brands can respond to consumers' needs faster through first-hand data, which is especially important for emerging brands. And, deeper connections with consumers can be built through direct interactions, which helps brands to stimulate repurchasing and to build fan communities.

Differing somewhat from public traffic channels, the competitive advantage of private channels lies in their image of rights protection in the minds of consumers, as well as accurate product recommendations. Therefore, brands need to pay special attention to balancing the relationship between consumer



"Private channels have received great attention as a direct result of ecommerce development in the wake of the outbreak. However, brands need to be aware that private channels are not the answer to all the problems associated with the rising costs of customer acquisition."

– Blair Zhang, Research Analyst

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data acquisition and personalised service provision. This is the key dilemma brands and retailers will face in the future.



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