

ICXI -POST newsbriefing

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Introduction From The President

Brave New World??

The answer to the question as to whether or not the Trump tariff strategy will produce the expected results will only emerge in the fullness of time. This has brought into sharp relief the relationship between the USA the worlds biggest economy and China the world's No 2 economy and No 1 exporter. China exports around \$430bn to the USA and imports \$143bn from the USA. The way that balance of trade will adjust will only be seen when existing supply contracts expire and the degree to which American customers respond to higher priced Chinese products. Trump appears confident that USA customers will cope well in an improving economic climate. The yin and yang of this situation begs the question regarding how Chinese exporters replace lost USA sales and whether USA or Chinese customers are the most disadvantaged.

Will their growing markets in the global south sustain their growing trade surplus or can more growth be extracted from the domestic market? The population of China has fallen to 1.4bn but that would appear to be a large enough number to take up some slack but with the very wide salary ranges among an aging population it may not be a straightforward task to turn on the taps in the domestic consumer market. Such a strategy raises a number of issues.

What can China's options be?

- a. Reciprocal Tariffs
- b. Develop their existing trading partners particularly in the Global South
- c. Invest in growing new markets in the China Plus One strategy
- d. Develop new markets
- e. Develop their domestic market

One factor involved in that equation may be the degree to which the quality of the customer experience in China is strong enough to deliver more growth. China also has an aging population so to what degree is it possible to design and deliver service quality improvement when and where it may be needed to drive growth? Is customer experience and loyalty recognised as a commercial priority by China's business leaders? Is it important to Chinese customers? Are foreign brand preferred over domestic brands ? Given the capacity and flexibility of China to produce quickly at globally competitive costs it would appear that China may be better placed to optimise, even maximise, these opportunities than the USA.

But considering the last of these options it may be asking how Chinese customers regard home grown products and services

McKinsey in their Insights study

Why The Real Reasons Why Chinese Consumers Prefer Local Brands state

It's clear that a more nuanced set of factors underpin consumer decisions. While it's true that local brands are gaining share, it's not the result of nationalistic favor.

Local brands are winning because they better address consumer needs in three areas: value for money, quality and aftersales service, which our survey highlighted as the key considerations among Chinese consumers today. Put simply, because local brands are often perceived to better tick these three boxes, they are preferred.

Consumers cannot tell the difference. They want the best product and, in most cases, have no clue whether the manufacturer behind it is a global company or a Chinese company.

[The real reason why Chinese consumers prefer local brands](#)

So if Chinese customers prefer local brands is the customer experience those brands deliver important?

To get a background feel Chat GTP and Gemini were asked that question and responded *Yes, customer experience (CX) is extremely important to Chinese consumers. In fact, it has become a major differentiator for brands in China's highly competitive market. Here are some key reasons why:*

1. High Expectations for Digital Convenience

- Chinese consumers expect seamless, fast, and highly personalized digital experiences, especially on platforms like WeChat, Alipay, and Tmall.
- E-commerce giants like Alibaba and JD.com have set high CX standards with innovations such as **one-day delivery, live-stream shopping, and AI-driven recommendations.**

2. Strong Influence of Social Media & Reviews

- Consumers rely heavily on word-of-mouth, online reviews, and Key Opinion Leaders (KOLs) on platforms like Xiaohongshu (Little Red Book) and Douyin (TikTok China).
- A poor experience can quickly go viral and damage a brand's reputation.

3. Luxury & Premium Service Expectations

- Chinese luxury consumers, in particular, expect **VIP-level service**, personalized recommendations, and exclusive experiences.
- Many brands invest in **private client services and digital concierge experiences** to cater to high-end shoppers.

4. Offline & Online Integration (O2O)

- Chinese consumers appreciate a **seamless online-to-offline (O2O) experience**, such as browsing online and picking up in-store, or receiving instant customer support via WeChat.

5. Brand Loyalty is Built on Experience

- Unlike in some Western markets, **brand loyalty in China is less about heritage and more about experience, innovation, and engagement.**
- Companies that provide superior service, fast response times, and personalized engagement build stronger loyalty.

A similar affirmative response was received from Gemini

Yes, customer experience is very important to Chinese consumers, and its importance is growing. Here's a breakdown of key factors:

•Rising Expectations:

- Chinese consumers have increasingly high standards for products and services. They expect seamless, personalized, and efficient experiences.
- The growth of the middle class contributes to this demand for premium service.

•Digital Savvy:

- China's advanced digital landscape means consumers are accustomed to instant and convenient digital interactions.
- Businesses must leverage digital platforms like WeChat and other popular apps to provide exceptional online experiences.

•Emphasis on Personalization:

- Personalized service is highly valued. Businesses that tailor experiences to individual needs and preferences build stronger customer loyalty.
- This aligns with cultural values that emphasize personal relationships and trust.

•Importance of After-Sales Service:

- Excellent after-sales service is crucial for building long-term customer relationships.
- This includes quick responses, easy solutions, and a personalized touch.

•Social Media Influence:

- Social media plays a significant role in consumer decisions. Reviews and recommendations from other consumers and influencers heavily influence purchasing choices.

•Integrity and Trust:

- Integrity is a very important part of building customer relationships. Building trust is paramount.

In essence, businesses operating in China must prioritize customer experience to succeed in this competitive and dynamic market.



<https://www.chinadailyhk.com/nk/article/604059>

So that is what AI advises what is the word from the gurus of the internet?

Harvard Business Review in their social media article *How Chinese Retailers Are Reinventing the Customer Journey* they suggest *Five lessons for Western companies* by Mark J. Greeven, Katherine Xin and George S. Yip

China is both a large and a fast-growing retail market—worth about \$5 trillion in 2020—and highly digitized. Given that the pandemic has made digital every retailer’s strategic priority, it’s not hard to see why the Economist opened 2021 with a cover story headlined “Why Retailers Everywhere Should Look to China. In China online sales have grown about 25% in each of the past seven years and reached about \$1.9 trillion in 2020, when they amounted to some 25% to 50% of total retail (compared with 10% to 20% in the United States). More than 90% of those sales are on mobile devices, compared with less than 50% in the United States. So it should be no surprise that Chinese companies and individuals have led the way in developing video retail, social commerce, community retail, retail-as-a-service, and many other new digital channels, including the super app, which provides an all-in-one experience for consumers by accessing various services and offerings.

In this article we draw on that research to explain five lessons that Western companies can learn from China as they develop their own digital market offerings.

Lesson 1 - Create Single Entry Points

A single point online where customers can access all their potential purchases is the holy grail for retailers. China’s digital giants have come close to achieving it by creating commerce ecosystems, general platforms offering portals for independent brands, and proactive automated product recommendations.

Lesson 2 - Embed Digital Evaluation in the Customer Journey

A key challenge for retailers is ensuring that consumers can efficiently and effectively evaluate their products in a transparent and unbiased way. With its strong emphasis on influencers and social media, Chinese retail evaluation is highly sophisticated and provides content much richer than what is available in the West



Lesson 3 - Don't Think of Sales as Isolated Events

Providing a seamless experience when and where the consumer chooses can radically increase the chances of purchase. In the digital realm China has achieved this in three ways.

- 1. Deeply integrated online and off-line sales channels.** At Alibaba's Hema Fresh supermarket, for example, consumers can make purchases while sitting at home, on the way to the market, or in the store.
- 2. Continuous purchasing opportunities.** In China a purchase can be made at almost any point in an individual's entire online experience.
- 3. AI-enabled interfaces.** AI-powered chatbots such as Dianxiaomi, which can understand more than 90% of customers' queries, are widely used in China

Lesson 4 - Rethink the Logistical Fundamentals

China combines old-fashioned methods and high-tech software to deliver faster and at lower cost than almost any Western retailer can. A same-city order with a retail chain takes less than half a day to arrive in a large urban center like Shanghai, while local supermarkets can usually deliver orders in under 60 minutes.

Lesson 5 - Always Stay Close to the Customer

In China customer loyalty in digital retailing is generated in large part by extraordinarily high levels of after-sales engagement by companies and loyalty programs that are integrated into both e-commerce channels and social media. Companies also work with influencers and cultivate fan communities of their own.

Western retailers lag their Chinese counterparts in leveraging customer data to make better business decisions, increase operational efficiency, and reduce costs. They need to integrate that data with off-line businesses so that customers are visible, identifiable, and traceable both online and off-line. Retailers need to establish contact with customers online through multiple touchpoints, including social media ecosystems, to increase their stickiness, loyalty, and activity. Digital retailing is an organizational transformation in the making. A famous Chinese saying has it that "a journey of a thousand miles begins with a single step." The new customer journey begins with many steps.

This view is supported by Orange in their article **Digital CX: keeping today's Chinese consumers happy** by Jack Zhang ,

Following the many changes of 2020 and 2021, how will companies evolve operations to keep pace with changing customer habits and demand? Digital will provide the way forward, with data providing the fuel for customer experience (CX) improvement.

Total online consumer retail sales in China increase by 14.8%, retail sales of goods reach 3,197.4 billion yuan, up 29.9% on the previous year. These figures underlined Chinese consumers' reliance on online shopping. It also underlines the need for companies to deliver a great experience to their customers: research by CCW has found that 47% of companies plan to improve the digital side of their customer experience (CX), but that only 21% of companies have successfully achieved this.

Addressing a growing trend - *The digitally-enabled food delivery market is an example of the burgeoning CX that has become essential in China. It gives customers who are confined to their homes an experience that will keep them happy and loyal. Consumers over the age of 45 trying e-commerce for the first time increased by 27%. What has become clear is that with consumers relying more than ever on digital or remote models, we need to keep on enhancing the digital experience they receive.*

A changing market, a changing consumer

In China, COVID-19 may have accelerated the drive towards digital behavior, but Chinese consumers were already shifting heavily that way before the pandemic. In 2020, around one quarter of China's retail sales were conducted online, and 48% of Chinese shoppers are forecast to spend more on experience in the future, considerably higher than the global average. China's e-commerce sales are now triple that of the U.S. in terms of volume, and research by EY has found that 24% of Chinese consumers will shop for luxury items principally using online retailers.

The personalization factor

With this in mind, Chinese retailers and companies in general need to ensure they pay sufficient attention to the digital customer experience. Consumers expect higher levels of personalization than ever, and if your company doesn't give it to them, they will buy from someone else. According to Salesforce, 76% of shoppers now expect companies to understand their needs and expectations; 84% say being treated as an individual rather than just a number is very important to winning their business. A further 59% of shoppers say tailored engagement based on their past interactions is very important to winning their business. But it is not enough to just put digital solutions in place to communicate with customers. You must deploy data analytics tools to leverage customer data and understand them in depth..

But is everything lovely in the retail garden for Chinese customer experience? David Langer writing in the Jing Daily in their article looks at instore luxury retail

Luxury's customer service crisis: Why brands are failing in China

Opinion: Chinese consumers are expressing widespread dissatisfaction with luxury store experiences in China, driving them to shop overseas. As luxury brands navigate the complexities of the 2025 landscape, a critical issue is emerging that threatens to undermine the very foundations of success in China.

The feedback unveiled a harsh reality: widespread dissatisfaction with the in-store experience across many luxury brands in China, characterized by what they described as hostile attitudes from sales personnel. These seasoned professionals reported feeling judged, with exceptional service reserved only for those perceived as big spenders. A lack of empathy and warmth emerged as a recurring theme — one strong enough to drive many to seek out shopping experiences abroad, where they felt more valued and respected. Client satisfaction with in-person experiences often hovers around a mere 60% for luxury brands in China — a figure that should set off alarm bells for any brand serious about its future in this crucial market.

The hidden cost of poor service .

The ramifications of this service gap extend far beyond mere dissatisfaction. It's becoming a key driver for Chinese luxury consumers to shop abroad, not just for better prices or product availability but for a fundamentally superior shopping experience. This exodus of spending represents a significant loss for brands in the Chinese domestic market, one that can't be solely attributed to exchange rate fluctuations or price differentials.

Moreover, the issue is compounded by the fact that China often sees some of the highest price points for luxury goods globally. This combination of premium pricing and subpar service creates a recipe for eroding brand loyalty and market share.

The core of this crisis lies in a fundamental misunderstanding of what luxury service means in the Chinese context. It's not about robotic politeness or by-the-book procedures. What's missing in many luxury brand experiences is emotional intelligence — the ability to connect with clients on a human level, to empathize, and to create memorable experiences, regardless of the perceived value of the transaction. This gap in emotional intelligence is not just a training issue but a strategic oversight. Many Western brands have underinvested in comprehensive, culturally nuanced training programs for their Chinese staff. The result is a workforce that may be knowledgeable about products but often lacks the soft skills crucial for building lasting client

There are some examples on the internet which quote instances of poor service by individuals, particularly overseas visitors but the degree to which such experiences are widespread or typical is unclear and it is likely that such examples could arise in any organisation in any organisation in the world so do not represent a measured reflection of the customer experience in China either for visitors or the local population.

There are good examples of service quality and pointers that are universally applicable as Ashley Dudarenok points out in her paper

“ What Are Some Good Examples Of Customer Centricity In China ?

Chinese retail places significant emphasis on customer centricity, seeing it as crucial for success in a highly competitive market. Leading companies like Alibaba and JD use big data and AI to offer personalized experiences, contributing to Alibaba's \$109.5 billion in revenue for 2023. The “New Retail” concept merges online and offline channels, with over 200 Hema stores offering seamless integration. Innovative technologies such as AR and AI-powered bots enhance customer engagement, and JD's extensive logistics network ensures same-day delivery for 90% of orders. Continuous feedback mechanisms enable companies to adapt quickly, maintaining high customer satisfaction and loyalty. These practices are prominent examples of customer centricity within the retail industry

Why Get Inspired by Customer Centricity Examples from China?

Customer centricity in China is becoming increasingly pivotal across industries, emphasizing personalized experiences and responsive service. Examples of customer centricity include companies leveraging advanced technology to understand and fulfill customer preferences effectively, driving satisfaction and loyalty.

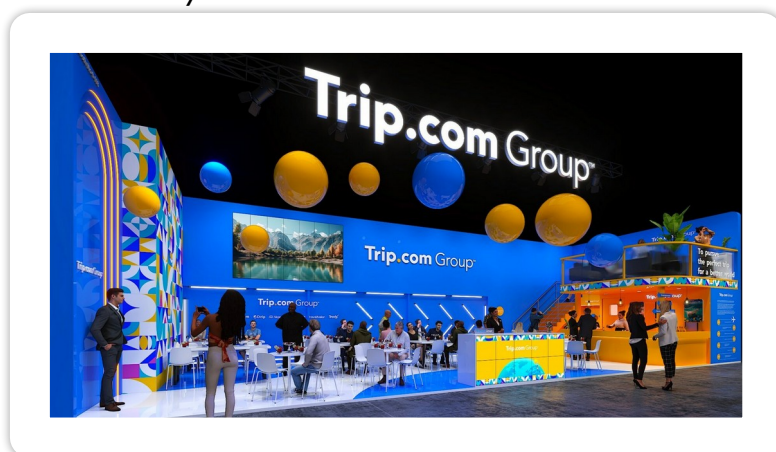
Chinese businesses employ innovative approaches to prioritize customer satisfaction and loyalty, often leveraging advanced technologies and data analytics to personalize customer experiences.

- *1. Innovative Strategies. Pinduoduo, the parent company of Temu, is a Chinese e-commerce platform renowned for its innovative use of data to elevate customer satisfaction. By analyzing user behavior and purchase patterns, Pinduoduo tailors personalized recommendations and discounts through its social-driven shopping model. This approach harnesses data from social interactions and group buying dynamics to craft engaging shopping experiences that resonate with its diverse user base. Ultimately, this data-driven strategy enhances customer engagement and boosts conversion rates by presenting products and promotions that align with individual preferences and collective purchasing trends.*

- *2: Agile Adaptation to Trends. Chinese retail businesses demonstrate agility in adopting and integrating emerging trends like livestream shopping and mobile payment technologies. Examples of customer centricity include how these companies leverage innovations to enhance customer engagement and streamline purchasing processes, setting benchmarks for global retail practices. Xiaohongshu (RED) is a popular Chinese social commerce platform that seamlessly integrates influencer-driven livestream shopping with user-generated content. By allowing influencers to showcase products in real-time while engaging directly with viewers through comments and questions, Xiaohongshu provides clear examples of customer centricity.*
- *3: Market Leadership China's emphasis on customer satisfaction has led to leadership in competitive markets, demonstrating effective customer relationship management through tailored services and proactive engagement strategies. Examples of customer centricity in this context highlight how businesses prioritize customer needs to achieve market success. Xiaomi, a prominent Chinese electronics company, maintains market leadership by continuously engaging with customers through innovative product launches and responsive customer service. Xiaomi i collects extensive feedback from users to refine product features and designs, ensuring each new release meets customer expectations. This customer-focused approach not only drives sales but also cultivates brand loyalty, reinforcing Xiaomi's reputation for delivering products that resonate with consumer needs and preferences.*



- *What Are the Best Customer Centricity Examples in China?*
- *. The concept of “ guānxi ” (关系), meaning a network of relationships and connections, is crucial in Chinese business. Building and maintaining strong “ guānxi ” is key to success and helps businesses offer better service and stronger relationships. Here are some of the best examples of customer centricity in China:*
- *Alibaba is a global leader in e-commerce, cloud computing, and digital media. It operates platforms such as Taobao and Tmall, which are central to China’s online shopping ecosystem. Alibaba’s success in customer centricity is largely attributed to its advanced recommendation algorithms and robust customer service infrastructure. For example, Taobao’s personalized shopping experience uses data analytics to recommend products tailored to each user’s preferences. Additionally, Alibaba’s Cainiao logistics network ensures quick and efficient delivery, (nationally and internationally,) enhancing customer satisfaction.*
- *JD.com is one of China’s largest e-commerce companies, specializing in direct sales and third-party online marketplaces. Renowned for its focus on quality and authenticity, JD.com’s standout feature is its technology-driven logistics system. The company guarantees fast delivery with services like same-day or next-day delivery in major cities. JD.com also offers a superior customer service experience through its rigorous product quality checks and dedicated support teams, ensuring customer trust and satisfaction.*
- *Ctrip (now known as Trip.com Group) is one of China’s leading online travel agencies, known for its customer-centric approach. They offer comprehensive travel services, including flight bookings, hotel reservations, and tour packages. Ctrip’s success is largely attributed to its innovative use of technology to enhance customer experience, such as providing personalized recommendations and seamless booking processes. Their 24/7 customer service hotline, which offers support in multiple languages, demonstrates their commitment to customer satisfaction. By prioritizing convenience and customer care, Ctrip has built a loyal customer base and established itself as a leader in the travel industry.*



- *Haidilao (海底捞) is a leading hotpot restaurant chain in China, renowned for its exceptional customer service and unique dining experience. The company sets a high standard for customer centricity by offering personalized services, such as free manicures, snacks, and even board games while customers wait for a table. Haidilao's staff are trained to provide attentive and friendly service, creating a welcoming and enjoyable atmosphere. In addition to these services, Haidilao incorporates advanced technology and robotics in its operations. Robots are used to deliver food to tables, and the company utilizes smart kitchens to ensure efficiency and consistency in meal preparation. This blend of personalized service and technological innovation has earned Haidilao a loyal customer base and a reputation as one of the best examples of customer-centric businesses in China.*
- *Tencent is a major player in social media, gaming, and fintech, with its WeChat app being a cornerstone of its customer-centric approach. WeChat integrates social networking, messaging, payments, and other services into one platform, providing a seamless user experience. Tencent uses big data and AI to personalize content and services, ensuring that users receive relevant and timely information. The platform's Mini Programs allow businesses to create lightweight apps within WeChat, enhancing customer engagement and convenience. Tencent's commitment to understanding and anticipating user needs makes it a prime example of customer centricity in China.*
- *Hema, also known as Freshippo, is Alibaba's innovative supermarket chain that seamlessly integrates online and offline shopping experiences. Hema provides a highly personalized shopping experience by allowing customers to use the Hema app to scan product barcodes for detailed information, recipes, and reviews. The store offers 30-minute delivery within a 3-kilometer radius, leveraging Alibaba's advanced logistics network. Hema's use of technology, such as AI and big data, ensures inventory is optimized and customer preferences are met, making it a standout example of customer-centric retail in China.*



The Last Word

Whether China's response to the USA tariffs is driven via its domestic customers or not seems mildly irrelevant. China has a wide number of export markets exhibiting strong growth and also the production and distribution capacity to deliver growth from those markets. China has one major advantage for developing an attractive proposition to expand its markets. That is the lower cost of production to enable an attractive price /quality/value proposition.

Added to that are China's strategies for growth like Chian Plus One which is still relatively innovative and exciting for China which appear to be operating largely in markets less affected by trade tariffs versus the USA' overseas development programme which is more mature and operates in more tariff impacted markets.

So looking at it from the global perspective it would appear that on balance China may be better placed with more resilience, flexibility and momentum to manage the tariffs issue. It could well be that the experience of customers in the USA is more likely to be made the poorer compared to the experience of those in in China's who may, on a day-to-day basis feel relatively unaffected

Highly Recommended Reading

[How Chinese Retailers Are Reinventing the Customer Journey](#)

Recommended Reading

<https://www.z2data.com/insights/everything-you-need-to-know-about-china-plus-one>

[The real reason why Chinese consumers prefer local brands](#)

[Digital CX is keeping Chinese consumers happy | Orange Business](#)

[Luxury's customer service crisis: Why brands are failing in China | Jing Daily](#)

[What Are Some Good Examples of Customer Centricity in China? - Ashley Dudarenok](#)



ICXI SPECIAL AI REPORT

The Significance of Customer Experience for Chinese Consumers

April 2025

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I. Executive Summary

In the contemporary business environment, characterized by intense competition, the importance of customer experience (CX) for Chinese consumers has witnessed a significant surge. This report delves into the multifaceted aspects of this phenomenon, highlighting the evolving expectations of Chinese consumers, the strategic advantages for businesses prioritising CX, the sentiments expressed on online platforms, the interplay between price and experience, the influence of cultural factors, the current levels of customer satisfaction across various industries, and the pivotal role of technology and government regulations in shaping this landscape

Key findings reveal a distinct inclination among Chinese consumers to invest more for superior experiences, the transformative influence of technology and digital platforms on their expectations, the considerable impact of cultural nuances on their perception of service, and a clear correlation between a positive CX and enhanced business outcomes. For organizations operating within or intending to enter the Chinese market, adopting a customer-centric approach is no longer merely advantageous but has become a fundamental prerequisite for sustained success. Research from McKinsey & Company indicates that companies that place customer experience at the core of their operations achieve twice the revenue growth of their less customer-focused peers. This global trend underscores the substantial financial implications of prioritizing CX, suggesting a strong link between investments in this area and overall business performance, a connection that is likely even more pronounced in the competitive and digitally advanced Chinese market.

2. The Evolving Landscape of Customer Experience in China

The remarkable economic growth and rapid technological advancements in China have fundamentally reshaped the expectations of its consumers. This evolution marks a significant departure from a market once primarily driven by price sensitivity to one where the overall experience associated with a purchase plays an increasingly critical role in decision-making. The burgeoning purchasing power of the Chinese middle class has further fueled this transformation, leading to a heightened demand for not just products but also superior quality experiences. McKinsey's 2024 China Consumer Report highlights a "new normal" characterized by single-digit consumption growth, coupled with a notable shift in consumer spending towards services and experiences. This indicates a maturing market where consumers are seeking value that extends beyond the tangible attributes of a product.

Supporting this trend, McKinsey's data also reveals the rapid expansion of the upper-middle class, a demographic segment with greater discretionary income and a higher propensity to prioritize experience. This suggests that companies can no longer solely rely on offering products; differentiation through exceptional service and comprehensive engagement has become paramount.

However, current offerings in the Chinese market often fall short of meeting these elevated expectations. A report by Deloitte reveals that over 75% of Chinese customers express dissatisfaction with their experiences when interacting with companies across multiple channels. This significant level of dissatisfaction points to a considerable gap between what consumers expect and what businesses are currently delivering, representing a substantial opportunity for organizations that can effectively provide seamless omnichannel experiences. It also implies that prevailing customer experience strategies in China may not be fully aligned with the evolving needs of consumers. Historically, the dominant principle of "growth first" among Chinese enterprises sometimes implied that customer experience could be compromised. The ongoing shift in consumer behaviour and the increasing recognition of CX as a driver of long-term success indicate an evolution in business strategy, moving towards a more customer-centric approach as essential for sustainable growth.

3. Understanding the Modern Chinese Consumer's Expectations

The specific expectations of contemporary Chinese consumers regarding customer service and the overall experience have become increasingly refined and demanding. Research from PwC indicates that speed, convenience, knowledgeable assistance, and friendly service are the most critical elements of a positive customer experience for 80% of consumers. These fundamental aspects underscore the basic yet essential requirements that businesses must meet to ensure customer satisfaction. Failure to deliver on these core expectations is likely to result in customer attrition. Furthermore, Chinese consumers increasingly expect personalized and holistic engagement that seamlessly integrates across multiple channels. Deloitte emphasizes that as the number of touchpoints between customers and companies grows, there is a corresponding expectation for a unified and consistent experience across all these interactions. This reinforces the necessity for businesses to adopt a comprehensive omnichannel strategy.

Deloitte also notes the importance of digital integration in creating a smoother customer experience in China. Given the high internet penetration and widespread use of mobile devices in China, consumers are accustomed to a fluid experience in their digital interactions and expect the same level of integration from the brands they engage with. Siloed channels and inconsistent experiences across different platforms are significant sources of dissatisfaction.

Service transparency is another crucial expectation, particularly evident in sectors like automotive after-sales. J.D. Power's 2024 China Customer Service Index (CSI) study reveals that customer satisfaction is significantly higher when customers are provided with live footage or video updates on their service status and when all service charges are communicated upfront. This highlights the importance of trust and openness in service interactions, as transparency helps build confidence and reduces anxiety for consumers, especially in industries where they might lack technical expertise. The study also indicates that satisfaction is notably higher when digital channels are used for reservations, with 91% of app users being attended to immediately upon arrival, further emphasizing the value of convenience and efficiency.

Moreover, Accenture's 2024 research points to the growing acceptance of AI-powered assistance among Chinese consumers, who welcome AI advisors and agents as tools to simplify decision-making and enhance their shopping experience. This suggests that Chinese consumers are generally receptive to the integration of artificial intelligence if it demonstrably improves convenience and provides relevant support. This presents significant opportunities for businesses to leverage AI in areas such as customer service and personalized recommendations. The increasing standards and demands of Chinese consumers necessitate that businesses continuously strive to improve their customer experience offerings to maintain a competitive edge in the market. As the market matures and consumers become more sophisticated, the benchmark for what constitutes a positive customer experience is constantly being raised.

4. The Strategic Advantage: How Prioritizing CX Drives Business Success in China

Numerous examples within the Chinese market underscore the strategic advantage that companies gain by prioritizing customer experience. Leading e-commerce giants like Alibaba and JD.com have excelled by adopting a customer-centric approach. Ashley Dudarenok highlights their effective utilization of big data and artificial intelligence to deliver highly personalized experiences, contributing significantly to Alibaba's substantial revenue of \$109.5 billion in 2023.

This demonstrates the tangible benefits of investing in advanced data analytics and AI to gain a deep understanding of individual customer needs, enabling tailored products, services, and interactions that foster improved engagement and drive sales. Xiaomi, another prominent Chinese company, exemplifies customer centricity through its strong focus on customer feedback and continuous innovation. By actively soliciting and incorporating customer feedback into their product development and service improvements, Xiaomi has cultivated strong customer loyalty and ensured that their offerings remain highly relevant to consumer needs. This iterative approach, driven by direct customer input, allows companies to continuously refine their products and services, leading to better alignment with market demands and enhanced customer satisfaction.

The benefits of prioritizing CX extend beyond the B2C sector, as illustrated by a compelling case study involving a Chinese B2B steel manufacturer. McKinsey's detailed analysis of this company's transformation reveals that by systematically focusing on customer experience, the manufacturer achieved an estimated 4 percent increase in gross profit, or an 8 percent increase in pre-interest and pretax profit. This case demonstrates that in the Chinese market, understanding and effectively addressing customer needs in the B2B context can also lead to substantial financial gains and a stronger competitive position.

Suning, a leading electronics retailer in China, provides another excellent example of a customer-centric approach through its successful integration of online and offline strategies. With an extensive network of over 1,600 physical stores nationwide, Suning allows customers to seamlessly transition between digital and physical channels, prioritizing convenience and adaptability to meet diverse customer needs. This "New Retail" concept highlights the critical importance of providing a unified and convenient omnichannel experience where customers can interact with the brand across various touchpoints according to their preferences.

Table 1:
Examples of Chinese Companies Prioritizing Customer Experience and Their Impact

Company Name	Industry	Key Customer Experience Initiatives	Impact on Business
Alibaba	E-commerce	Use of big data and AI for personalized recommendations and shopping experiences	\$109.5 billion revenue in 2023
JD.com	E-commerce	Extensive logistics network for fast delivery; AI-powered personalization	High customer satisfaction and strong market position
Xiaomi	Consumer Electronics	Prioritization of customer feedback in product development; innovative sales models	Strong brand loyalty and disruptive force in the tech industry
Suning	Retail (Electronics)	Integrated online and offline strategies; personalized experiences and multiple fulfillment options	Enhanced customer loyalty and engagement
(Chinese Steel Manufacturer)	B2B (Manufacturing)	Holistic CX transformation focusing on understanding customer journeys and feedback	4% increase in gross profit; 8% increase in pre-interest and pretax profit

These examples collectively demonstrate that a strategic focus on customer experience, leveraging technology and a deep understanding of consumer needs, is a significant driver of business success across various industries in the Chinese market.

5. Decoding Consumer Sentiment: Insights from Online Platforms

Analysing how Chinese consumers articulate their opinions and expectations regarding customer service on online platforms provides valuable insights for businesses. Online reviews, particularly on e-commerce platforms like JD.com, play a pivotal role in shaping consumer perceptions and purchase decisions. Research indicates the significant value of sentiment analysis of these product reviews as a means for businesses to gauge customer feedback and overall satisfaction levels

Given the prevalence of online shopping in China, these reviews serve as a critical source of information for both potential customers, acting as social proof, and for businesses seeking to understand and improve their offerings. Notably, negative reviews carry considerable weight, influencing consumer purchase intentions. However, research also shows that business responses to these negative reviews can have a significant positive impact on customer satisfaction and the overall customer relationship. Ignoring negative feedback can be detrimental, whereas addressing it promptly and effectively demonstrates a commitment to customer satisfaction and can potentially turn a dissatisfied customer into a loyal one. Transparency in acknowledging and resolving complaints is a valued attribute in the Chinese market.

Social media platforms like Weibo and WeChat have also emerged as crucial channels for Chinese consumers to share their product experiences and seek customer service. Go-Globe highlights that a substantial majority of Chinese online shoppers actively comment on their shopping experiences via social media and have an expectation of receiving high-quality customer service through these platforms. Nanjing Marketing Group further emphasizes the deep integration of customer service within popular Chinese apps like WeChat, allowing customers to seek assistance without having to switch platforms. This underscores that social media in China is not merely a tool for marketing but also a vital platform for customer service and for gathering immediate feedback. Businesses operating in this market need to actively monitor these platforms and engage with consumers in a timely and effective manner. Furthermore, the practice of social listening on these Chinese platforms is essential for businesses to gain a comprehensive understanding of customer pain points and to proactively address them. By actively monitoring online conversations and sentiment, companies can obtain real-time insights into what customers are saying about their brand and identify specific areas where improvements in customer experience are needed.

6. Navigating the Price-Experience Equation: What Truly Influences Purchase Decisions?

Understanding the relative importance of price versus customer experience is crucial for businesses targeting Chinese consumers. While price has historically been a significant factor, research indicates a notable shift in consumer priorities. Mintel's studies consistently reveal that a substantial majority of Chinese consumers prioritize quality over price when making purchasing decisions. In fact, over 90% of respondents in their annual Chinese Consumer Report agreed that quality is more important than price, especially when it comes to seeking richer and more fulfilling experiences.

This signifies an evolving consumer value system where the overall value proposition, encompassing both quality and the associated experience, is increasingly taking precedence over simply finding the lowest price. This trend is likely driven by the rising disposable income among Chinese consumers and their growing pursuit of a better quality of life, enabling them to prioritize factors beyond basic cost considerations.

Simon-Kucher's analysis supports this perspective, suggesting that while Chinese consumers still appreciate a good bargain, they are increasingly willing to pay a premium for products and services that provide a positive feeling and align with their aspirations. Their concept of the "New Chinese Consumer" describes a more sophisticated individual who seeks value that extends beyond mere price. This implies that brands can command a premium by offering superior experiences and by connecting with consumers on an emotional level. However, Mintel also points out that for basic, everyday necessities, value for money remains a primary consideration. This suggests that price sensitivity might still be relevant for essential goods, but for more discretionary spending and for experiences, factors like quality and service are taking the lead. Furthermore, research indicates that Chinese consumers exhibit lower price sensitivity for visible goods, where brand recognition and the perception of social status play a more significant role in their purchasing decisions. This is likely because for certain product categories, particularly luxury and aspirational brands, the experience of ownership and use, along with the associated social cachet, outweigh concerns about price. Ultimately, to foster brand loyalty, the gap between price and experience needs to be effectively managed. Consumers are willing to pay more, but they have a corresponding expectation for a higher level of service and overall quality that justifies the price premium.

7. The Cultural Nuances of Customer Experience in China

Cultural factors exert a profound influence on how Chinese consumers perceive and value their interactions with businesses. One of the most significant cultural concepts is that of "face," which relates to an individual's social standing, reputation, and sense of dignity. Several studies highlight the importance of "face" in shaping customer satisfaction and loyalty in China, particularly in situations involving service recovery and when purchasing high-value items. Businesses must ensure that their interactions with customers are respectful, polite, and carefully avoid causing any embarrassment or loss of face for the customer. When addressing service issues, it is crucial to handle the situation with sensitivity to this deeply ingrained cultural value. Another key cultural aspect is the concept of "glocalisation," which involves blending local cultural elements with an international brand identity.

KPMG's research emphasizes the success of this strategy in satisfying Chinese consumers, who appreciate products and services that reflect their own culture while also maintaining a connection to global trends. This suggests that simply translating marketing materials is insufficient; brands need to invest in understanding and incorporating authentic Chinese cultural elements into their offerings and overall communication.

Building trust and strong relationships is also highly valued in Chinese consumer behaviour. Goyaso notes the importance of personal connections and trust, while KPMG identifies integrity as the leading pillar of customer experience excellence in China. This implies that businesses should focus on cultivating long-term relationships with their customers, grounded in trust, transparency, and a genuine commitment to care, especially in the realm of after-sales service. The blending of online and offline experiences is another culturally relevant factor. KPMG and Ashley Dudarenok underscore the need for omnichannel strategies that seamlessly integrate digital and physical touchpoints to cater to the digitally adept Chinese consumer who expects a consistent and fluid experience regardless of the interaction channel. Finally, it is important to recognize that cultural differences can sometimes lead to misunderstandings during service encounters. This highlights the necessity for businesses to provide comprehensive cultural sensitivity training to their customer-facing staff, ensuring they are aware of local norms, communication styles, and values to deliver effective and positive customer experiences.

8. Industry-Specific Insights: Customer Satisfaction Levels Across Sectors

Customer satisfaction levels in China exhibit variations across different industries, indicating the need for tailored customer experience strategies specific to each sector. In the automotive sector, J.D. Power's China Customer Service Index (CSI) studies provide valuable insights. The 2024 study reveals a significant overall improvement in customer service satisfaction, with a particular emphasis on service quality and the growing influence of digital channels. This suggests that the automotive industry in China is increasingly recognizing after-sales service as a key differentiator, with digital platforms playing an ever-expanding role in shaping customer satisfaction. Transparency in service processes and the provision of immediate service are highly valued by automotive customers. The rise of new energy vehicles (NEVs) and their associated direct sales models and digital communication channels are also influencing the service expectations of customers who purchase traditional internal combustion engine (ICE) vehicles.

McKinsey's research on the insurance industry in China paints a different picture, indicating that Chinese insurers are generally lagging behind other sectors in terms of customer satisfaction. However, the research also highlights that insurance companies that lead in customer experience demonstrate significantly higher premium growth rates and better customer retention.

McKinsey's findings emphasize the critical need for insurance providers to offer fast, personalized, and omnichannel service experiences to meet the evolving expectations of Chinese consumers. The complex distribution environment within the insurance industry may have historically shielded carriers from directly experiencing changes in customer sentiment, but this is becoming an unsustainable approach for long-term growth. In the hospitality sector, specifically within the B&B market, research suggests lower levels of customer satisfaction compared to urban hotels. Studies indicate that unqualified service quality and a poor service attitude are key factors contributing to this lower satisfaction, which in turn can negatively impact rural tourism income. This suggests that the B&B sector needs to prioritize improvements in service quality and the overall customer experience to enhance satisfaction and contribute to the broader growth of rural tourism. The prevailing strategy of focusing on low prices in the B&B sector may inadvertently be compromising service quality, leading to diminished customer satisfaction. Overall, the varying satisfaction levels across these industries underscore the importance of developing and implementing customer experience strategies that are specifically tailored to the unique needs and expectations of consumers within each sector. A one-size-fits-all approach may not be effective in the diverse and rapidly evolving Chinese market.

9 The Power of Technology: Shaping and Meeting Customer Experience Expectations

Technology plays a transformative role in both shaping and meeting the evolving customer experience expectations in China. The country's remarkable digital transformation has positioned it as a global leader in the digital realm, with exceptionally high mobile internet penetration and a thriving e-commerce sector. This dominance of mobile technology and e-commerce has led to Chinese consumers who are hyper-empowered, hyper-connected, and expect hyper-convenience in all their interactions with brands. A robust mobile-first strategy is therefore essential for any business operating in China.

Consumers anticipate seamless and convenient digital interactions at every stage of their journey, from initial product discovery to the final purchase and even when seeking customer service. The sheer scale of mobile usage and e-commerce in China makes a strong and effective digital presence a non-negotiable requirement for businesses aiming to succeed in this market.

Artificial intelligence (AI) is also having a significant impact on customer experience, with Chinese consumers increasingly using and expecting AI to enhance their shopping journey. This includes the expectation of personalized shopping suggestions based on their data, efficient customer service chatbots that can provide immediate assistance, and AI-powered tools that simplify the decision-making process. Businesses should actively explore and implement AI-driven solutions to improve customer engagement, personalize interactions at scale, and provide efficient and readily available customer support.

The general receptiveness of Chinese consumers to AI presents a considerable opportunity for businesses to innovate and elevate the overall customer experience. Social media and live streaming have become integral to the e-commerce landscape in China, profoundly influencing product discovery, providing platforms for user-generated reviews, and directly driving sales. Consumers expect brands to actively engage with them on these platforms, and integrating social commerce and live streaming into their overall strategy is crucial for businesses looking to effectively reach and connect with Chinese consumers. Collaborating with Key Opinion Leaders (KOLs) on these platforms can be particularly impactful in shaping consumer perceptions and driving purchase decisions. Furthermore, short video platforms like Douyin (TikTok) are rapidly gaining prominence and have a growing impact on consumer behaviour, purchase intentions, and the overall customer experience. These platforms offer a vivid and direct way for businesses to present their products and engage with consumers. Short video marketing and engagement are becoming increasingly essential for capturing consumer attention and driving sales in the dynamic Chinese market. The short, engaging format of these videos resonates well with consumers, providing both entertainment and product information in an easily digestible manner. Given the rapid pace of digital transformation in China, it is imperative that businesses remain agile and continuously adapt their technology and strategies to effectively meet the ever-evolving expectations of their customers.

10. The Role of Government and Regulations in Shaping Customer Experience Standards

The government and regulatory bodies in China play a significant role in shaping the standards and expectations for customer experience. There is a clear emphasis on elevating consumer confidence and improving the overall consumption environment through various policies and regulations. Government initiatives focus on enhancing the quality of consumer products and services, protecting consumer rights, and ensuring fair trade practices. Businesses operating in China must be well-informed about and strictly comply with these evolving regulations, which are designed to foster a more favorable and trustworthy environment for consumers. Revised national standards for after-sales services have been introduced, focusing on key principles such as timely response, professionalism and reliability, convenience and accessibility, and transparency. These new standards set clear expectations for businesses regarding their after-sales service obligations, and adherence to these standards will be crucial for maintaining customer satisfaction and avoiding potential penalties. Regulations concerning the protection of consumers' personal information are also becoming increasingly stringent. New laws and guidelines clarify what constitutes protected consumer personal information and outline the specific obligations of businesses regarding its collection, use, and security.

Data privacy is a growing concern among Chinese consumers, and businesses must prioritize compliance with these regulations to build trust and avoid significant legal repercussions. Key provisions of the Consumer Rights Protection Law further define the rights of consumers and the responsibilities of businesses. This includes important aspects such as the right for consumers to return goods purchased online within seven days without needing to provide a reason, with certain exceptions. This law establishes a fundamental framework for safeguarding consumer rights and sets minimum standards that all businesses must meet. The government's proactive approach to regulating new business models, such as online shopping and livestreaming, indicates a commitment to adapting regulations to address emerging consumer trends and ensure consumer protection in these evolving landscapes. As the digital marketplace continues to evolve, it is likely that regulations will also continue to adapt to address new challenges and protect the interests of consumers.

11. Key Considerations for Businesses

For companies aiming to excel in the Chinese market, a deep understanding of and commitment to enhancing customer experience is paramount. It is essential to invest in thoroughly understanding the specific needs and preferences of Chinese consumers, taking into account the significant cultural nuances that influence their perceptions and expectations. Prioritizing the development and implementation of mobile-first strategies is crucial, along with ensuring a seamless and consistent omnichannel experience that allows customers to interact with the brand effortlessly across all touchpoints. Businesses should leverage the power of data analytics and artificial intelligence to personalize customer interactions, offering tailored recommendations and proactive support. Actively monitoring and engaging with consumers on popular social media and short video platforms is also vital for building relationships, gathering feedback, and addressing concerns effectively. Providing customer service that is not only transparent and efficient but also culturally sensitive is key, including ensuring prompt responses to feedback and handling complaints with care and understanding.

Building and maintaining customer trust through robust data security measures and ethical business practices is non-negotiable. Staying consistently informed about and fully compliant with the evolving government regulations related to consumer protection and service standards is a fundamental requirement for operating in China. Investing in comprehensive employee training programs is essential to equip staff with the necessary skills to deliver excellent customer service, including cultural awareness, effective communication techniques, and thorough product knowledge. Given the rapid pace of change in the Chinese market, continuous monitoring of consumer trends and a proactive approach to adapting customer experience strategies are critical for achieving long-term success.

12. Conclusion

The analysis presented in this report underscores the critical role that customer experience plays in achieving success within the dynamic Chinese market. The evolving expectations of Chinese consumers, driven by economic growth, technological advancements, and cultural values, necessitate a fundamental shift towards customer-centricity for businesses. Key trends and insights reveal a consumer base that increasingly prioritizes quality and experience over price, demands seamless and personalized engagement across digital and physical channels, and is significantly influenced by online sentiment and social interactions. The strategic advantages for companies that prioritize customer experience are evident in enhanced customer loyalty, positive word-of-mouth, and ultimately, improved business performance. As technology continues to shape consumer behaviour and government regulations evolve to protect consumer rights, businesses that proactively embrace these changes, respect cultural nuances, and consistently strive to deliver exceptional customer experiences will be best positioned to thrive in China's competitive landscape. The journey of customer experience in China is one of continuous evolution, and its ongoing importance for businesses cannot be overstated.

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