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Strategies enabling young Chinese consumer brands to effectively compete globally in the eCommerce space against well-established global leading brands



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Abstract

Consumer brands, particularly those related to personal consumption products, is generally dominated by well-established global market leaders who possess stronger economy of scale, higher brand recognition and more efficient supply chain capabilities over smaller or new competitors. In this context, how could new brands break into the sector and make themselves competitive amid a highly competitive industry. This is particularly important for the developing brands in China who are searching for their identity globally on the backdrop that the country was well known for its manufacturing capabilities rather than brand strategies.

The study investigates the strategies and approaches that new and emerging consumer brands, particularly those from China, can employ to effectively break into and compete against well-established global market leaders in the highly competitive consumer markets by leveraging the use of eCommerce.

Key words: Social media, brand strategies, eCommerce, direct-to-customer marketing, young Chinese brands.

1. INTRODUCTION

Consumer brands, particularly those related to personal consumption products, are generally dominated by well-established global market leaders. These market leaders have advantages over smaller, younger competitors mainly due to their stronger economies of scale, higher brand recognition, and more efficient supply chain setup accumulated over years of market leadership. Such dominance is also further strengthened by their longer experience in producing, distributing and marketing products to the market while accumulating consumer loyalties and trust. All these factors develop entry barriers for new brands and made consumers harder to switch. (Rua and Santos, 2022)

For young brands, particularly Chinese brands, who want to compete effectively in the highly competitive environment, it will be important for them to develop their unique competitive strengths. These competitive strengths could come from substantial creativities in sales strategies, exceptional capabilities to offer highly differentiated yet cost-effective products and ability to develop a sustainable strong brand value. Strong brand value is particularly important for Chinese brands who has been seeking to establish a global identity, shifting perceptions from being traditionally known for its manufacturing capabilities to being recognized for its brand value that possess the ability to provide creative consumer-focused innovations in their products. (EY China, 2024)

Furthermore, the global consumer market is also affected by the economic slowdown, which include many domestic markets including China (Mandal, 2022). Such economic slowdown has further intensified competition whereby it is common to see consumer brands experiencing tighter profit margin and lacking catalyst in growth opportunities. As a result, we have seen many young Chinese brands actively exploring opportunities in broadening its consumer base by selling their products overseas (Wu and Yang, 2024). The common approach is to utilise eCommerce as a channel to reach global consumers which deemed to be effective thanks to the continuous development in online activities (Snyder, 2023). Key questions come when we examine how these Chinese brands could compete effectively into the global eCommerce market amid relatively little track record and brand recognition (Snyder, 2023), and below sets forth some of the key success factors that young Chinese brands would require. There will be more detail discussion throughout the paper:

- **Target specific market:** Target unique market entry via niche sectors or emerging consumer trends that sometimes overlooked by larger firms. Leverage the “China advantage” (as listed below) to react quickly once identified products that is suitable for the respective markets. (Odlin and Benson-Rea, 2021)
- **Leverage digital platform and direct-to-customer marketing:** Ability to leverage digital platforms for direct-to-consumer (“DTC”) marketing not only can help overcome traditional entry barriers, but also allows young brand to re-develop entry barriers that could challenge back to the well-established brands leaders. Most Chinese brands have strong experience in eCommerce and DTC strategies thanks to the well developed eCommerce ecosystem in domestic market. They can replicate their key success online strategies in the global eCommerce marketplaces and integrate them with advanced technologies. (Mu and Yi, 2024)
- **Product innovation:** Ability to offer uniquely positioned yet cost-effective high quality products in a recurring manner, with the ability to respond market demand quickly, is a key differentiator for Chinese brands. This will be key for attracting consumers to switch their typical purchase behaviour from well-established brands by providing the relevant products earlier and at a more reasonable price, with the aim to become the consumer’s new “go-to” brand for their purchase. (Wu *et al.*, 2020)
- **Effective brand strategies:** Ability to develop a compelling brand image is important for young Chinese brands who wish to “Go global”, as they typically will seek to distinguish themselves from the traditional “Made in China” stereotype that is known for manufacturing capabilities. These young Chinese brands will require to have the ability to craft a unique brand entity that can impress target audiences while promoting its own values, heritage and vision. It is also crucial for them to successfully build customer loyalty and promote positive word-of-mouth through offering exceptional customer experiences, agile operations and customised localization, via utilising more effective use of online platform and apps to increase user interactions. This is particularly important for online consumption whereby a physical touch or in-person interaction is not applicable (Renner, 2022).

- **Leverage China's manufacturing network:** The ability to tap into China's robust manufacturing ecosystem not only can help manufacture at reasonable cost, it also allows young Chinese brands to produce small batches quickly, enabling rapid response to global trends whereby these flexibilities have become a game-changer advantage. The ability to leverage China's flexible manufacturing network can neutralised in certain degree of the tradition disadvantage in economies of scale owned by well-established brands. (Fiducia Strategy Advisory, 2019)
- **Capital fundraising capabilities:** Ability to tap into fundraising opportunities from private equity investments or initial public offerings ("IPO") would allow smaller Chinese brands obtain sufficient fundings more effectively. In some cases, these young Chinese brands may attract investors to invest them with a higher valuation amid its growth profile and interesting business models. With strong funding support, not only it will better equip them to compete against well-established global brands, it will also encourage them to continue to evolve and try more business model that could increase market efficiencies.

While the dominance of well-established global leaders will continue to present challenges to young brands, there have been relevant cases whereby some young Chinese brands with relatively short operating history have managed to succeed and disrupted the market over traditional well-established market leaders with effective online strategies. It is interesting to note that these companies not only managed to perform well in a particular area, but the way that made them successful normally resulted from their ability in combining various competitive advantages and developed them into a disruptive model of their own which has in turn become formidable even some well-established brands struggle to compete.

For examples, there are cases such as SHEIN in fashion industry and Carote in cookware products, which we will discuss throughout the paper. These companies despite being China locally founded companies, have successfully tapped into the global eCommerce in a very short period and emerged as global leaders in their respective industry with unique disruptive business models.

By studying the above key success factors, including the relevant case studies, it will be interesting to review the strategies enabling young Chinese consumer brands to effectively compete globally in the eCommerce space against well-established global leading brands.

Regarding research gap, we note that it is only the beginning stage that Chinese companies are actively attempting to tap into the global eCommerce space hence there are limited varieties in analysing the successful stories. This research paper aims to serve the purpose as a reference to provide more insights on the successful factors for new comers who wish to develop cross-border eCommerce business, and also study the relationship among the successful factors that could make young Chinese brand successful in the global eCommerce space.

2. LITERATURE REVIEW

Literature review is conducted to study the challenges faced by new brands from China who wanted to expand globally via eCommerce and how could they effectively compete in the market.

2.1 Competitive advantages of well-established global market leaders

Well-established global consumer brands possess dominant positions that come from their traditional competitive strengths developed over the years. These well-established brands have stronger brand equity with higher consumer recognition, trust, and loyalty. This strong brand equity allows them to have higher pricing power and in most cases the ability to command premium prices even in competitive markets (Rua and Santos, 2022).

Economies of scale plays a crucial role in global market leaders' success (Verbeke and Yuan, 2021). Well-established brands generally get better negotiated terms and enjoy higher cost efficiencies in production due to its larger size orders, enabling competitive pricing alongside higher margins versus smaller competitors (Naradda Gamage *et al.*, 2020). They also possess extensive distribution networks with existing long term relationships with suppliers and retailers which also made a great difference in the overall retail distribution model (Naradda Gamage *et al.*, 2020). These networks impose significant entry barriers to new entrants (Gielens, Gijsbrechts and Geyskens, 2021).

Stronger financial resources also allow well-established brands to invest more to increase innovation capabilities and R&D spending, allowing them to maintain market leadership through anticipating emerging trends (Kim and Aguilera, 2016).

2.2 Challenges faced by new consumer brands

Young consumer brands face numerous challenges competing with well-established global brands and it is also the case for online marketplaces.

Brand awareness: Brand awareness and reputation are major challenges for new comers as consumer trust is crucial for consumer goods. Brand equity takes time to develop as general consumers typically have preferred brands or will require certain trust level before they decide to purchase (Johnson, 2023). It is particularly the case for online consumption whereby a physical touch or in-person interaction is not applicable (Renner, 2022). Hence it is generally challenging for young Chinese brands to sell products globally due to lack of brand recognition and traditional perception as low cost products.

Pricing and marketing budget: Young brands typically possess limited financial resources and economies of scale. Typically, it is challenging for young brands to price their products at comparable level as they possess higher costs due to disadvantage in economies of scale. Similarly, they do not have the same marketing budget that can effectively compete in terms of

marketing campaigns (Nambisan, Wright and Feldman, 2019). As a result, it is more challenging for young brands to gain market share while achieving satisfactory profitability.

Online visibility: Visibility to consumers is critical for online consumption. Young brands typically has less online visibility and less occurrence in search engines when compared to well-established brands due to their limited global track record. Hence effective digital marketing plan has been demonstrated to be a competitively powerful tool in today's online market (Yadav and Pavlou, 2020). It will be important for young brands to find creative ways to achieve breakthrough in this regard and make its brand stand out among the peers.

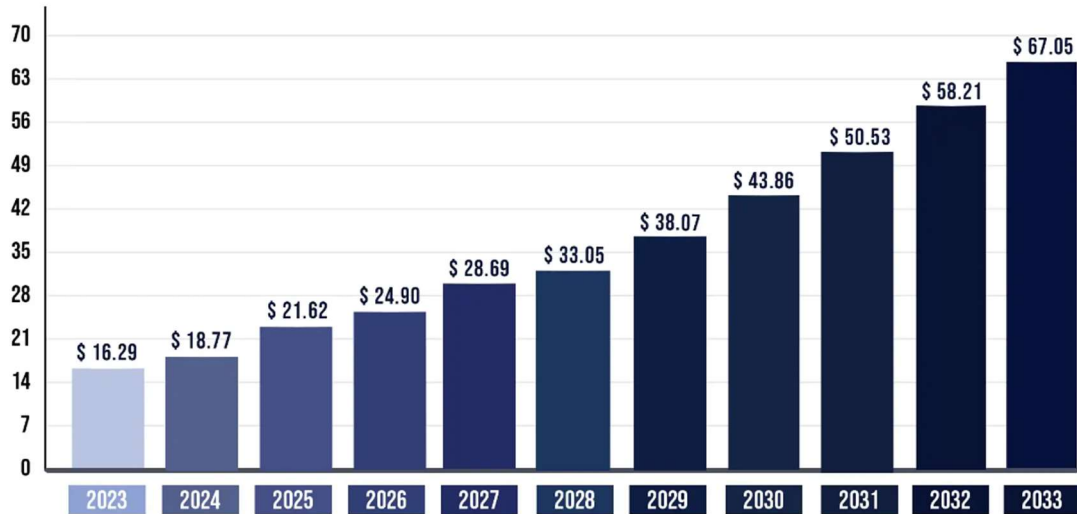
Making products affordable: In product manufacturing capabilities and connections with the supplier (for brands that do not manufacture their own products), new brands typically face challenges to manufacture at a lower cost as they do not produce as many quantities than the well-established brands that have a sizeable manufacturing order (Kim and Chai, 2017). In addition, most suppliers or manufacturers would also have their own minimum-order-quantity ("MOQ") for each product production hence it will be more difficult for new brands as they could not produce as many varieties of products that they want (Cheng, 2000).

2.3 New opportunities appeared in the eCommerce space for new brands

The global consumer market has been increasingly challenging amid the economic downturn and it is also the case for China which is a market that is already known as highly competitive (Mandal, 2022). Such economic downturn has further intensified competition in the market whereby consumer companies have been experiencing tighter profit margin and limited revenue growth opportunities in the domestic market, making many of them started to explore selling their products overseas as a way to seek for revenue growth opportunities (Wu and Yang, 2024). Key questions come when we examine how these Chinese brands could be competitive in the global eCommerce market amid relatively less track record. Thanks to the continuous development of the global eCommerce market whereby global consumers have been increasingly use Internet as a mean for consumer goods purchase (Snyder, 2023). The increasingly convenience from online sales channel such as website, social media and internet marketplace (eg. Amazon, Shopee, Lazada, etc) also significantly lowered the entry barrier for new brands who wish to sell their products directly to overseas consumers (Wang, 2021). This trend is particularly encouraging for young Chinese brands as it offers them a new market full of opportunities.

In terms of the global eCommerce market, it continues to demonstrate robust and consistent growth, and is expected to continue to grow thanks to the continue transition from offline purchase to online purchase. As illustrated in the chart below, the global eCommerce total addressable market is expected to grow from USD16.29 trillion in 2023 to USD67.05 in 2033. Such growth presents one of the brightest spots in terms of growth opportunities, and has become an ideal market for young Chinese brands to achieve growth opportunities.

Global eCommerce market size 2023 to 2033



Source: Preedenceresearch.com

The global economic downturn has also led to altered consumer purchasing habits whereby there is a growing emphasis on finding cost-efficient yet high-quality products (Phan, 2023). This shift presents unique opportunity for young Chinese brands to excel in the global eCommerce market. According to PwC's Global Consumer Insights Pulse Survey (2023), when consumers are engaged with brands, there is a clear trend towards more cost-effective options (PricewaterhouseCoopers, 2023). The survey found that roughly 12% of consumers have subscribed to various product categories, indicating a shift towards more affordable and flexible purchasing models. This trend aligns well with the strengths of many Chinese brands, which can offer highly competitive pricing due to their efficient manufacturing and supply chain capabilities.

The other potential for young Chinese brands is they can leverage their experience and lessons learned from operating business in the intensely competitive domestic eCommerce market. The rigorous competition within China has sharpened these brands' abilities in product innovation, quick reactions to address customer demand, and operation efficiencies that can be directly replicated to the global eCommerce arena (Liao and Yang, 2023). Furthermore, China's robust manufacturing ecosystem allows rapid production and competitive pricing even for smaller quantity, enabling brands to respond quickly to global trends. In conclusion, despite well-established brands possess strong competitive advantages, it is noted that there are still many areas that these young Chinese brands can perform effectively in the global eCommerce marketplace. Chinese brands are well-positioned to compete effectively in the global eCommerce marketplace.

2.4 Critical success factors for new brands to achieve global competitiveness

2.4.1 Target specific market

Young Chinese brands looking to enter the global eCommerce market can start from exploring unique entry points through niche sectors or emerging consumer trends that larger well established global brands may overlook, and play into the advantage of leveraging the “China advantage” such as manufacturing infrastructure, relatively lower cost base and expertise in eCommerce technology. This strategy allows Chinese brands to carve out distinctive positions and capitalize on untapped opportunities (Odlin and Benson-Rea, 2021).

The advantage of focusing on specific market is they can avoid immediate direct competition against the well-established global brands as a start, giving them more room to establish their products and presence on the Internet (Eddleston, Sarathy and Banalieva, 2019). Less competition also led to higher potential to achieve better profitability and be more creative in their product offerings, allowing them to showcase their expertise to provide more differentiating products that would be important for them to stand out in a highly competitive global eCommerce market.

2.4.2 Leverage digital platform and direct-to-customer marketing

Leverage digital platform

In today’s digital age, the ability to leverage digital marketing and eCommerce platforms is crucial for young brands who want to expand globally. Not only young brands can now have direct access to global customers easier than ever (Pereira *et al.*, 2023), it also provides more opportunities for them to engage more innovative online marketing strategies that could outperform well established brands who focus more on traditional channels (Jung and Shegai, 2023). In addition, online sales is a different ecosystem whereby ability to provide direct customer interactions is more important, compared to the traditional offline sales ecosystem which products are generally distributed by many middle intermediaries. This opens up opportunities for young Chinese brands to develop marketing strategies that could disrupt the traditional retail model.

Replicate successful stories and lessons learned from domestic eCommerce model: Young Chinese brands have strong experience in eCommerce regard thanks to its accumulated experience in domestic online sales market which is one of the most sophisticated online ecosystem in the world (Liao and Yang, 2023). Many Chinese brands are at the forefront of utilizing AI, big data, and other advanced technologies in their e-commerce operations. For example, brands like SHEIN have been using big data analytics for trend forecasting and inventory management, allowing them to respond quickly to global fashion trends and boost its revenue growth (Liu et al. (2023)). Young brands could utilise this technological edge and become highly competitive even to the well-established brands who focus less in this area.

Leverage global online marketplace: Developing access globally at low cost is an crucial for young Chinese brands who wants to expand globally. Traditionally the entry barrier to sell products globally via offline retail model is extremely high, but with the emergence of global cross-border marketplaces like Amazon, Shopee, Rakuten etc, companies can now connect with global customers at a relatively low cost Fei et al. (2022) and much quicker speed without the need to setup its own private online stores or associate with high amount of maintenance cost. For example, brands like Carote do not maintain its own online store but leverage exclusive on these marketplaces and sell its products globally with a win-win approach to tap into the market together with the online marketplaces and achieved good success (Carote IPO prospectus, 2024).

Leverage DTC model

The emergence of DTC model is a good game changer for young Chinese brands to tap into the global eCommerce market effectively. Firstly, the DTC model enables brands to interact directly with customers and bypass intermediaries such as distributors in traditional retail model (Mu and Yi, 2024). This direct interaction allows brands to obtain real-time feedback, better understand consumer preferences, and quickly adapt to market trends and take real-time actions (Mu and Yi, 2024). Companies like SHEIN have devoted strong efforts in using big data analytics to monitor fashion trends on social media platforms and respond promptly with new product offerings, thus maintaining a competitive edge that the traditional well-established global players may not possess (Wu and Yang, 2024). Similar situation also applicable to online kitchenware brand Carote whereby it processed over 15 million customer interactions in 2023 which contributes significant product feedback to the company who in turn constantly finetune its product offerings (Carote IPO prospectus, 2024).

Moreover, the DTC model enhances marketing efficiency by reducing the number of intermediaries which generally includes multiple layers of distributors in traditional offline retail model, and shortens the distance between the brand and the consumer. This efficiency allows young Chinese brands to respond faster to consumer needs and provide a wider range of product choices than many established global brands which has been crucial to online consumer these days (Mu and Yi, 2024). The successful cases in SHEIN and Carote have indicated the benefits in running a business model without distributors which gives them more operating flexibility in pricing and inventory adjustments. In addition, the ability to quickly reach unpenetrated consumers through online platforms and use data for precise market selection allow young brands to tap into market with a more direct approach, and one that the well-established brands maybe more vulnerable to react as quickly due to the inflexibility of its own business model.

The DTC model also improves consumer experience, breaking the time and space constraints of traditional offline retail model. It allows brands to offer a seamless shopping experience, which is particularly attractive to younger and tech-savvy consumers (Allison, 2021). For example, the cosmetics brand Perfect Diary has successfully utilised DTC model to engage directly with consumers, resulting in rapid growth and international recognition (Chozan, 2023).

Furthermore, the DTC model enables Chinese brands to build stronger brand identities and trust. By engaging directly with consumers through social media and other digital channels, brands can promote its brand value more accurately to its target audiences who already have awareness in its product, and at a lower cost compared to traditional marketing advertisements which has no consumer feedback. (Mu and Yi, 2024)

In conclusion, the DTC model has provided young Chinese brands strategic advantages for competing in the global eCommerce market. By encouraging more direct consumer interactions, efficient supply chains, advanced data analytics, and innovative marketing strategies, Chinese brands can tap into the global online marketplaces and build stronger global identities more effectively than ever.

2.4.3 Product innovation

The ability to offer innovative and differentiated products at highly reasonable cost are key to attract market attention in the global marketplace. China's ability to offer innovative and differentiated products at highly reasonable costs has become a key factor in its success in the global eCommerce space. This advantage stems from China's robust manufacturing ecosystem, technological advancements, and efficient supply chains.

Chinese brands that focus on innovation targets and achieve ambidexterity (integration of exploration and exploitation) are generally the ones which could remain competitive in the international markets. It is important to develop unique product features that set the brand apart from competitors and earn the customer's loyalty (Wu *et al.*, 2020).

For instances, young Chinese brands like SHEIN leverage the country's manufacturing capabilities to produce high-quality, trendy products quickly and at competitive prices. This agility in production and responsiveness to market trends allows Chinese companies to maintain a competitive edge in the fast-paced eCommerce environment. These brands also have the capabilities to utilize big data analytics for trend forecasting and inventory management, enabling them to rapidly respond to global consumer demands with innovative product offerings. The combination of cost-effective manufacturing and data-driven product development has allowed Chinese brands to disrupt traditional markets and gain significant market share in the global eCommerce space. (Wu and Yang, 2024)

2.4.4 Effective brand strategies

Developing a strong, distinctive brand identity is critical for new brands entering the global market. Young Chinese brands have the potential to develop successful global eCommerce strategies by focusing on several key aspects of brand identity and positioning. The ability to develop a compelling brand image is important for young Chinese brands who wish to expand overseas, as they typically will seek to distinguish themselves from the traditional "Made in

China" stereotype that is known for manufacturing capabilities. These young Chinese brands will require to have the ability to craft a unique brand entity that can impress target audiences while promoting its own values, heritage and vision. It is also crucial for them to successfully build customer loyalty and promote positive word-of-mouth through offering exceptional customer experiences, agile operations and customised localization, via utilising more effective use of online platform and apps to increase user interactions. (EY China, 2024)

In addition, with the rapid development of digital marketing and social media, consumer brands will require entirely different marketing strategies. The growth and proliferation of large social media platforms such as Instagram, Tiktok, and Facebook has created an era whereby dynamic and real-time conversations are taking place directly to consumers on a massive scale. Brands' interactions with consumers become mandatory and have become a part of consumers' everyday conversations on social media and can be the key to understanding the evolving consumers preference. (Swaminathan *et al.*, 2022)

Social media and influencer marketing: Social media and influencer marketing have become a key strategies for brand differentiation. Young Chinese brands utilise these tools to localise their products and provide higher social influences by cooperating with local online key-opinion-leaders ("KOL") which well established brands may not be able to do so swiftly. For example, brands such as SHEIN have made the most out of platforms like Instagram and TikTok to communicate with the global youth in a way that they find authentic, which in turn, brings a feeling of community around the brand. Social media marketing activities such as interactivity, informativeness, word-of-mouth (WOM), personalization, and trendiness significantly influence relationship quality factors like commitment, trust, and satisfaction. These factors will positively increase consumers' repurchase intentions in online sales. The ability to enhancing consumer interactivity and delivering reliable information, brands can build further consumer trust and satisfaction. (Sohaib, Safeer and Majeed, 2022)

Localisation: The process of localization and cultural adaptation is essentially what connects global markets with success. Strategic ambidexterity, or the capability to simultaneously innovate while adjusting to local market conditions, is the strength of prosperous Chinese brands (Wu *et al.*, 2020). Chinese brands could compete well in this manner because they can be supported by a strong manufacturing and supply chain network. The capacity of Chinese brands to understand consumer decisions target demographic groups and international prospect market allows them to tailor their campaigns to such groups and thus reinforce customer loyalty and retention.

By implementing these strategies, young Chinese brands can build strong global identities, effectively compete in international eCommerce markets, and overcome challenges associated with being perceived as the traditional "Made in China" stereotype.

2.4.5 Leveraging China's manufacturing network

Supply chain and manufacturing advantages play a crucial role in offering highly relevant yet cost-effective products. Chinese brands have the advantages to leverage China's robust manufacturing ecosystem to produce small batches quickly, enabling rapid response to global trends whereby these flexibilities have also become a game-changer for these young brands, allowing them to also manufacture products at reasonable cost despite producing a small volume. This is increasingly the case when China is generally not short of supply capacities amid global economic downturn (Fiducia Strategy Advisory, 2019). Below also summarised some key factors that allowed Chinese brands to be competitive compared to others:

Lower Minimum Order Quantities ("MOQs"):

China's manufacturing network is characterized by its ability to accommodate smaller production quantity. This flexibility allows young brands to produce at lower minimum quantities compared to what is typically required by well-established brands who typically place larger orders. For example, SHEIN has leveraged its manufacturing network, which includes a long list of trusted suppliers, to produce as few as 100-500 pieces per design style, compared to the thousands typically required by traditional fashion retailers. If the new design style product is well perceived, SHEIN's intelligent management system can then communicate the order demand information in real time through its internal system and enable larger quantity production for sales in as little as three days (Wang, 2022).

Rapid prototyping and production:

The agility of Chinese manufacturers enables quick turnaround times for prototyping and production. Unlike well-established global brands, which may require months of prototyping and production process, young Chinese brands could move from design to production in as little as three days, allowing them to swiftly respond to up-to-date fashion trends and consumers' preferences (Wang, 2022). This possesses significant advantage over well-established global brands who may not match due to the inflexibility from its legacy operating business model.

Access to diversified supplier base:

China's extensive network of suppliers allow young Chinese brands to easily and effectively source a wide range of materials inputs. This variety of choices offers them the opportunity to test new materials and processes without the need for large scale commitments and long lead times (Kerkhoff *et al.*, 2017).

Overcome economy of scale advantages:

Economies of scale in production are traditionally the strongest competitive advantage possess by well-established brands over smaller places due to its large volume. Yet China's flexible manufacturing network has neutralised this competitive advantage in certain degree whereby suppliers tend to have more capacities and are willing to offer more favourable terms to newer brands with smaller orders. Young brands can now achieve competitive production costs even at lower volumes, levelling the playing field against larger competitors. (Fiducia Strategy Advisory, 2019)

Integration of technology and production know-how:

Chinese manufacturers possess significant manufacturing capabilities thanks to its status as one of the key global manufacturers over the years. The ability to integrate advanced technologies into their production allows young brands to be able to manage its operations with better quality control, inventory management, and production planning, even for smaller production runs (Li, 2023). In addition, we also see companies such as Carote, who had expertise in manufacturing know-how, will also design its own mould for products and work closely with manufacturers to manufacture the actual product, and this could only make possible when they are located close to the manufacturers with good relationships.

By leveraging these aspects of China's manufacturing network with good relationship, young brands have been able to overcome traditional barriers to entry in global markets. This capability has been particularly crucial for them to compete globally in eCommerce space whereby companies are generally competing for highly relevant products with highly reasonable cost.

2.4.6 Capital fundraising capabilities

Fundraising capabilities play a crucial role in enabling young Chinese brands to remain competitive against established global leaders who have substantial resources. Over the years, we have seen a growing trend of young Chinese brands who focuses on eCommerce space have successfully raised funds in private capital market or IPO. These young companies often demonstrate rapid growth rates that outpace well-established global companies, making them attractive to investors (Atherton, 2020). Their creative disruptive business models also led them received strong attentions from investors, further support their ability to secure funding and achieve higher valuation despite a smaller size (Matthews Asia, 2022). Notable examples include, but not limited to companies, such as SHEIN, Miniso, Carote, etc which have successfully attracted international investors to support their businesses.

SHEIN, for instance, has achieved significant success in fundraising. As CNBC news reported, the Chinese fashion retailer SHEIN was aiming for raising \$2 billion next year in 2023 with an estimated valuation of \$64 billion even considering the decreased valuation since the last round (CNBC, 2023). It is evaluating potential IPO in London or Hong Kong. On the other hand, Carote, a leading lifestyle brand for kitchenware products, has submitted its listing application to the Hong Kong Stock Exchange looking to perform fundraising. This indicates the type of interests from investors who are looking to support innovative young Chinese brands even at a challenging time.

Furthermore, the size of the China's private equity market has also been a key source of funding for young Chinese brands despite a challenging environment. According to the Bain & Company Asia-Pacific Private Equity Report 2024, the total funds raised by Asia-Pacific PE funds were USD100 billion in 2023, its lowest level for over a decade amid a highly challenging market. However, the report also highlights that the Internet and tech sector, which includes eCommerce, has consistently attracted significant share of private equity capital in the Asia-Pacific region over the past decade. This indicates a continued interest and investment in the eCommerce sector,

providing essential funding support for young Chinese brands who are looking to expand globally (Bain Capital, 2024).

The success of these young Chinese brands in attracting funding is not only a recognition to their innovative business models and rapid growth potential, it also reflects the changing dynamics of the global market. As these companies continue to disrupt traditional industries and expand internationally, they are likely to play an increasingly significant role in shaping the future of global commerce.

3. RESEARCH METHODOLOGY

For the research methodology, a mixed method research approach that combines both qualitative and quantitative methods would be applicable. The rationale for this approach is as follows:

3.1 Qualitative approach

The rationale for the qualitative approach is to allow a deeper, more direct understanding of the strategies, challenges, and success factors for new brands. For qualitative approach, the current design is to include case studies and expert interviews. It is aimed to gain insights from case studies and expert interviews that would help inform the development of more targeted and effective research hypotheses and survey instruments.

3.1.1 Case Studies: SHEIN and Carote

Conducting studies of successful new brands, particularly those from China, that have managed to compete against well-established global market leaders. This would provide relevant insights into the strategies, challenges, and critical success factors these brands have experienced and leveraged. The data to be include could be operational or financial data that is available from listed company annual reports, brokers' report or industry reports, in order to have a view from the perspective of factual data.

Sample size, pilot study and approach: Currently two case studies are selected for a deep dive analysis which include: (1) SHEIN, a global fashion brand leader and (2) Carote, a lifestyle kitchenware brand, whereby both focus on global eCommerce sales with significant success, and both companies have been leveraging an operation base in China. By selecting two companies operating in different sub-industries (fashion and kitchenware), and with different sales channels (SHEIN sells through its own sales channel, and Carote sells through 3rd party online marketplaces), the coverage deemed to be sufficient, and a review will be conducted to see if more case studies should be included at later stages.

- (1) SHEIN is a global fashion and lifestyle ONLINE retailer committed to making the beauty of fashion accessible to all consumers. Known for selling relatively inexpensive apparel,

SHEIN's success has been credited to its popularity among Generation Z consumers and is one of the most active promoters in social media platform.

- Basis of selection: SHEIN has been a phenomenon in the fashion industry. Despite being a new player in a highly traditional sector, it has carved its own disruptive model that combines unique internet marketing capabilities that no one doing it better. It has significantly disrupted the industry by focusing on an effective DTC model that well-established brands could not match. Currently SHEIN has already achieved a revenue size that is comparable to global leaders such as Zara and H&M, and it is still growing. Despite having such sizeable business, SHEIN continues to evolve its business model. Many of the existing research focus on its successful factors but not many have looked at the evolution of changes and the relationship in between which resulted into the successful business model today. It will be interesting to have a deep dive study on its successful case.

(2) Carote is a rising global lifestyle brand for kitchenware products. Since it launched its brand "CAROTE" in 2016, it has achieved a prominent presence in the online kitchenware segment across key markets, including China, the United States, Western Europe, Southeast Asia, and Japan, making it one of the fastest-growing kitchenware brands globally. Its products are built to emphasize "Better for Use" and "Better for Value" through promoting a trendy cooking lifestyle, allowing our consumers to use high-quality kitchen products that combine innovative functions and stylish designs at highly accessible prices.

- Basis of selection: SHEIN has been a rising start in the kitchenware industry. The kitchenware sector one of the largest subsectors in the consumer goods market with total addressable market of approximately USD104.4 billion. The market is highly fragmented without a market leader that have a sizeable market share. This sector is also not fully efficient as over 80% of the market revenue are selling through traditional offline retail model dominated by layers of distributors. The rise of Carote we can see how a young company can achieve significant revenue growth in short period of time by offering highly differentiated products leveraging the use of global online marketplaces (eg. Amazon, Shopee, Lazada, etc) rather than building its own online channels that could incur significant investment cost. In addition, it is also interesting to review how Carote could constantly finetune its product in real time that improves its product quality in a quicker manner that well-established brands could not match.

Proposed timeframe: Case studies will be conducted first after the literature review to ensure the research would have a clear pathway to begin. The case studies will aim to obtain data that is within a 5 years' timeframe.

Strengths and weakness: The data will be factual in nature (mainly operational data and financial data) and will be highly relevant to justify the conclusion. However, some of the selected companies are unlisted companies whereby some of the data not disclosed by the company will require to source from public which may not be entirely fit into our design.

A deep dive case study combined with qualitative review and financial data to examine its success factors and how could they overcome the traditional challenges and become successful in the global online consumption space.

3.1.2 Expert Interviews (Primary):

Interview some of the representatives from corporate and/or industry experts such as corporate executives (CEO/CFO), marketing consultants, branding specialists, financial professionals (bankers, lawyers, accountants, etc) and academics, to gain their perspectives on the best practices, emerging trends, and key considerations for new brands entering competitive markets, in order to have a view from the perspective of corporate or business participants.

Target about 15-20 sample size. The objective is to gain insights from these highly qualified interviewers to interpret the key success factors from their perspective and cross check with the observations from the literature review.

Regarding execution plan for the qualitative research, it is initially decided to proceed with the following:

- Pilot study: The initial design is to begin with 2-3 initial interviews before further drill into a formal launch. Mainly to examine the initial feedback to see whether the results could successfully develop into a clear pathway to draw meaningful conclusions.
- Proposed timeframe: Currently estimated to be 2-3 months of preparation which is subject to change
- Software: Initially selected a few tools for considerations including ATLAS.ti, NVivo, or MAXQDA. It will require test run using these tools before final decision.
- Approach:
 - Transcribe the audio recordings of the interviews.
 - Develop a coding structure based on the research objectives and emerging themes.
 - Code the interview transcripts systematically to identify patterns, insights, and relationships.
 - Conduct thematic analysis to extract key findings and develop comprehensive case narratives.
 - Use visualizations (e.g., network diagrams, mind maps) to illustrate the relationships between concepts.
- Strengths & weakness
 - The current design will have highly relevant individual who could provide significant insights that will offer interesting observations that may not be covered by literature review.
 - Availability of the individuals and choice of selection would be key as they may also deviate the result. In addition, these individuals come from different backgrounds and different industries, it may not be straight forward in finding

common standardised interview questions that could lead into a common path for conclusion.

3.2 Quantitative approach

Rationale for the quantitative approach is to allow the collection of empirical data, enabling the testing of research hypotheses and the generalization of findings to a broader population from the perspective of consumers. The statistical analysis and modelling techniques would provide more robust insights into the competitive landscape, consumer behaviour, and the factors that drive the success of new brands.

- **Survey-based Approach (Primary):** Designing and administering a comprehensive survey to a larger, representative sample of consumers. This would enable the collection of data on brand preferences, purchasing behaviour, and the relative importance of various brand attributes in the decision-making process. The objective is to understand the perceptions, preferences, and decision-making processes when it comes to choosing between new and established brands. This would help uncover the underlying motivations and factors that influence consumer behaviour. Also to observe the linkage of the result compared to the qualitative result above. Sample size: Consumers representative of the target market for new brands (e.g., age, income, geographic location, purchasing behaviour). The sample size will be further examined but currently expecting to exceed 100.

Regarding execution plan for the qualitative research, it is initially decided to proceed with the following:

- Pilot study: Target to have about 10 users as pilot testing before further drill into a formal launch. Mainly to examine the initial feedback to see whether the results could successfully develop into a clear pathway to draw meaningful conclusions.
- Proposed timeframe: Initially target 2-3 months of preparation which is subject to change.
- Software: Initial selection will be SPSS, Stata, R. Final decision will be formed after test running on these software.
- Approach:
 - Clean and prepare the survey data, including handling missing values and outliers.
 - Conduct descriptive statistics (e.g., frequencies, means, standard deviations) to summarize the data.
 - Perform factor analysis to identify the underlying dimensions of brand preferences and purchasing behaviour.
 - Utilize regression analysis (e.g., multiple linear regression, logistic regression) to model the relationships between brand attributes and consumer choices.
 - Apply cluster analysis to segment the consumer population based on their preferences and behaviour.
 - Plans to collaborate with a reputable market research firm or utilize online survey platforms to conduct the data collection.

By combining the strengths of both qualitative and quantitative research methods, the study would be able to generate a comprehensive understanding of the research problem, triangulate the findings, and develop more actionable and evidence-based recommendations for new brands entering competitive consumer markets.

3.3 Proposed overall research plan timeline

Duration	Particulars
Months 1-6	Extensive literature review on the strategies enabling young Chinese consumer brands to effectively compete globally in the eCommerce space against well-established global leading brands. A further deep dive from the articles listed in the earlier section and to research for new useful reports.
Months 10-11	Case study analysis
Months 12-14	Design interview questionnaires and quantitative survey
Months 15-18	Conduct interviews and survey
Months 21-23	Writing up the research
Month 24	Revision and final submission

4. CONCLUSION / PHILOSOPHICAL UNDERSTANDING OF THE RESEARCH APPROACHES

This study aims to investigate the strategies and approaches that new and emerging consumer brands, particularly those from China, can employ to effectively break into and compete against well-established global market leaders in the highly competitive consumer markets by leveraging the use of eCommerce.

Throughout the research study, especially after studying the literature reviews and considering the overall research design, it is noted that the overall research would require a combination of quantitative methodology, which is grounded on positivist paradigm; and qualitative methodology, which is grounded on interpretivist paradigm. Our qualitative methodology used in the above is focusing on realising the meaning of social phenomena which is mainly around observing why some of the emerging brands have become successful in a short period of time despite being in a highly competitive market full of well-established brands (from company point of view). On the other hand, our quantitative methodology is focusing on the attempts to measure this social phenomena by collecting and analysing data to re-assured our observations are consistent (from consumer point of view). This study will have a research framework that includes the beliefs about the nature of reality (ontology), the theory of knowledge that informs

the research (epistemology), and how that knowledge maybe gained (methodology) that present different research methodologies used in research.

The key reason for utilising the mixed method research approach (qualitative and quantitative approach) is because the topic of young Chinese brands attempting to tap into the global eCommerce market is at the preliminary stages whereby only a limited number of successful stories are seen currently. Hence it will be important to gather views from the company or entrepreneur view (qualitative) to understand operation insights of the successful stories, and then have consumers to further verify their views (quantitative). By combining these approaches, there should be a more comprehensive study.

In conclusion, it is noted that the consumer sector is a large but highly competitive market full of well-established brands, it is challenging for young brands to penetrate. However, there has been a trend whereby more and more young companies have overcome these challenges and able to effectively challenge these larger companies by employing creative strategies and utilise its agility in business operations. Hence, choosing the right business strategies has become crucial for young brands to be successful in the eCommerce market.

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