



TMALL INNOVATION CENTER: INTRODUCTION

BACKGROUND

Established in 2017, the Tmall Innovation Center (TMIC) is the dedicated retail innovation arm of Tmall, Alibaba's premier marketplace for brands. The mission of TMIC is to help brands identify new channels and strategies to tap into the Chinese market using precise market analysis, real-time consumer insights and product concept testing. The range of TMIC services span from working with brands to develop products tailored specifically for China to revamping their online flagship stores and curating marketing campaigns. In September 2018, TMIC formed an alliance with ten of the world's top marketing consulting firms, such as Nielsen, Kantar and Euromonitor, to enable each of them to provide more accurate and poignant insights to their clients.

TMIC has collaborated with over 80 companies across a range of industries including internationally renowned brands such as Mars, Mattel, L'Oreal, Procter & Gamble, Johnson & Johnson, Unilever and Anheuser-Busch.

TMIC PROCESS

Product development and launches have traditionally been both risky and costly endeavors. TMIC tackles the challenges by offering brands data-driven insights and tactical solutions to expedite their product development process and ensure a higher degree of success.

- Brand partners work with TMIC on packaging and new product design, pricing strategy and test-launch products. TMIC derives unique consumer insights from Alibaba's e-commerce platforms and can more accurately identify relevant consumption trends and new product opportunities.
- TMIC and the partner brand use data to brainstorm potential design updates and marketing strategies that can help brands reach the target Chinese consumer. TMIC tests combinations of different attributes – from packaging to price points and other variables – on Tmall users.
- Consumer feedback on different product variations is then collected and analyzed. These results will help drive the creation of the final product.
- The resulting new product is launched exclusively on Tmall for a period of time with targeted promotions. TMIC can further help brands by launching advertising campaign on Tmall.
- TMIC will closely monitor and analyze the sales performance of the product during this period. This insight will then give brands more clarity as they plan their next move in the China market and beyond.

BRAND COLLABORATIONS

Mars

Using Alibaba's customer insights and market insights, Mars co-designed a spicy Snickers bar with TMIC to cater to Chinese consumer tastes. During the one year-long "idea-to-shelf" process, TMIC

researched customer preferences, sent out surveys and used marketing tools to determine pricing, merchandising and package design for the new product.

Results: From its online launch in August 2017 to mid-March 2018, sales of spicy Snickers surpassed RMB 9 million (US\$1.43 million), with 92% of consumers giving the candy bar a positive review. Spicy Snickers reached its yearly sales target within six months. Currently, Spicy Snickers can be found in major supermarkets and convenient stores across China.

L’Oreal

L’Oreal-owned SkinCeuticals, a skincare brand, enlisted TMIC to help analyze its sales data on Tmall. TMIC discovered that 47% of Tmall customers were in the 19-to-30 age group and mostly interested in anti-blemish products. TMIC then gave SkinCeuticals’ Tmall online flagship store a makeover and streamlined the marketing strategy to appeal to a younger audience. Findings by TMIC also prompted the L’Oreal-owned brand to halve the size of its star products to 15 ml from 30 ml and adjusted prices accordingly.

Results: Following the changes, average spending per transaction on the company’s Tmall flagship store doubled to US\$1,200 from US\$500-\$600. The flagship store’s conversion rate, or the percentage of page visitors clicking “buy,” also increased 71% in the month following the launch of the new marketing strategy.

Johnson & Johnson-Listerine

Through collaboration with TMIC, Listerine, a Johnson & Johnson oral care brand, launched China-specific, female-targeted mouthwash products. The two new flavors, Rosemary Blossom & Vanilla Breeze, soft launched in September and will officially debut during the 11.11 Global Shopping Festival through Listerine’s Tmall flagship store.

Results: The entire “idea-to-shelf” journey from start to finish took five months, significantly shorter than the typical 12-18 months period.

Milkana

The French cheese brand entered China in 1998 and developed a “cheese lollipop” for children, specifically for the China market, and has since become a market leader in the “kiddy cheese” segment. Milkana has a Tmall flagship store and worked with TMIC to come up with a special-edition gift box ahead of the 2018 11.11 Global Shopping Festival in order to capture Chinese’s gift-exchanging tradition. TMIC and Milkana together created an interactive [Arctic/polar bear-themed gift box](#) where children can receive a cheese lollipop when they answer the question correct. The idea is to market the Milkana gift box as an engaging learning tool for kids to learn fun useful facts while enjoying a healthy cheesy snack.

Results: The entire new product design process took around six weeks. In addition to using the platform to gather insights, hundreds of customers were directly involved in the creation of the new packaging. Customers were asked to send in their own suggestions and a group of select customers were invited to Milkana’s Shanghai office to play with the prototype to help nail down the final design.