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DIGITAL MARKETING ESSENTIALS FOR CHINA



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1 Digital Adoption in China and the Audience It Speaks To

1.1 A Brief History of Digital Adoption

China's digital landscape evolved in tandem but greatly in parallel to Europe's and much of the West's. With a major difference lying in its roots as a mobile first country.

Though there are certainly differences throughout the country, as one might expect from a country of its size, there are some general characteristics that make it significantly different from the European digital landscape. Understanding the basic China digital landscape and usage habits will help EU SMEs to better adapt when entering the Chinese market.

1.1.1 Mobile first

Mobile first doesn't apply to just Millennials and younger but is cross-generational and countrywide. In 2007, at the release of the iPhone, less than 16% of China's population was online, as of June 2019, official statistics from the China Internet Network Information Centre (CNNIC)¹ show that there were over 854 million (~62% of the population) internet users, of which 99.1% use their smartphone to go online. In large parts of China, especially in the rural areas, broadband access and personal computers are not common, making smartphones the first and often main channel to access the internet with a much lower percentage of users connected to the internet via desktop and laptop, 60.1% and 36.8% respectively. Cross-generationally, people have demonstrated strong desires to adopt new apps and technologies. Chinese consumers are always connected, reachable and locatable, which has transformed offline behavior as well. The internet of things touches almost every aspect of daily life in China. When entering the Chinese market, it is important to ensure that navigation between offline and online channels is fluid, and that all digital touchpoints are mobile friendly.

¹ <https://www.statista.com/statistics/265140/number-of-internet-users-in-china/>



Messaging takes place on apps: Email and SMS messaging was never widely adopted, and once affordable smartphones hit the market, most communication began taking place on apps, with WeChat currently being the frontrunner. WeChat is used for professional and friendly communication, and is used by everyone from students and professors, family and friends, colleagues and clients, and just about everyone in between. WeChat is used for many purposes beyond just communication- this will be explained in more detail later in this document. Read more about WeChat in Section 2.3.1.

1.1.2 Mobile payment

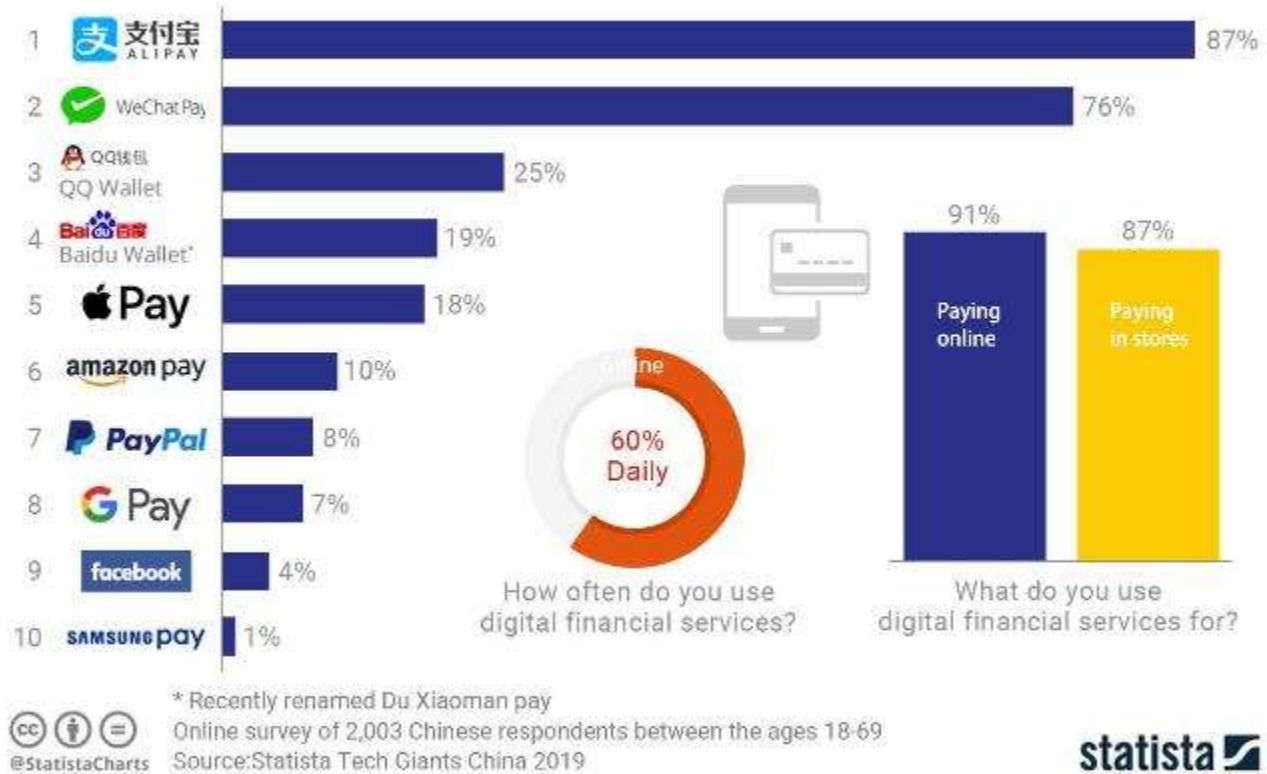
Though in many locales, payment with card adoption was slow or non-existent, mobile payment is extremely popular and accepted in almost any place or situation that requires the exchange of money, from major retail stores to street vendors to museums and subway tickets, in most places in China, it is almost unnecessary to carry cash. Currently, most payments are made through a QR code scan, but the next emerging mobile option, ‘pay with face’ has already been implemented in select locations as AI facial recognition rapidly matures. While in Western countries, Apple (and others) are still trying to popularise mobile payment, in China, mobile payment is the payment method of choice, accounting for 83% of all payments in 2018 and 92% of people in China’s largest cities putting preference on this method of payment.² WeChat Pay and Alipay also offer opportunities to engage Chinese consumers while they are abroad by making it possible to accept these payment methods in Europe.

² <https://www.statista.com/statistics/1050151/china-market-share-of-mobile-payments/>

Figure 1: China's Most Popular Digital Payment Services

China's Most Popular Digital Payment Services

Share of survey respondents who said they used the following payment services



Source: Statista Tech Giants China 2019³

The number of e-commerce customers in China reached 639 million in 2019, accounting for 74.8% of total Internet users, and cross-border e-commerce has been named as one contributor to the continued growth momentum.⁴ As an EU SME entering the Chinese market, it is vital to remove barriers for your customers, and when it comes to payment, while not mandatory, accepting WeChat Pay and/or Alipay can add convenience for your Chinese customer. E-commerce and prominent Marketplaces will be discussed in greater detail in Section 2 of this report.

³ <https://www.statista.com/chart/17409/most-popular-digital-payment-services-in-china/>

⁴ http://www.cnnic.cn/hlwfzyj/hlwzbg/hlwtjbg/201908/t20190830_70800.htm



1.1.3 Use of QR Codes

Every day millions of QR codes are scanned in China. Remembering and typing a Chinese URL is sometimes troublesome, and not all Chinese people are comfortable typing URLs with the Roman alphabet (that is why you see so many URLs that use numbers instead). QR codes have become a part of the everyday life of Chinese people both online and off. Even street vendors, taxis and most subways use QR codes as a method for making payment.

QR codes are used for various purposes. You can find it used for accessing more information at a tradeshow, buying a concert ticket from a poster, making a purchase of a product directly off of a TV advertisement, registering for an event, ordering food at a restaurant, getting directions to the nearest police station, sharing contact information, and making payments, just to name a few. When creating anything for your Chinese audience, a prominent QR code should appear alongside (or replace) the web address or social handle. Try to find ways to incorporate QR codes when you want to engage your Chinese audience.

Additionally, the use of QR codes presents benefits for marketers. QR codes scanned with WeChat, for example, can give insight to basic user data that is linked to the account. This can be stored for later analysis, helping companies build their own CRM or analysing follower interaction data. Think about creative ways to get people to scan a QR code linked to your brand. If you come up with something unique or interesting, people will share it.

Parametric QR codes are QR codes that lead to specific and often personalized pieces of content. Think of them as deeper URLs beyond the homepage. For example, within the WeChat API (application programming interfaces that allow for third parties to expand its functionality), marketers can generate parameters so that when people scan the QR code, they will receive specific, relevant content targeted to the user or the situation, and not just be led to the general website or official account. The marketer in turn, gains valuable demographic information about the person who scanned the code. In the long term, this can be used for offline ROI tracking, user demographic analysis, event invitations and to create groups to push specific content to.

In use

B2C: For a product that depends on repeat customers, such as food, cosmetics and health supplements, consider putting a prominent QR code promotion on the packaging that leads directly to the marketplace with the discount applied upon scan. Another strategy is to put a QR code on a product that adds value for example behind the scenes, product manuals or opportunities to interact with others who have shared interests.

B2B: Think of creative ways to implement QR codes at trade shows. Be sure that there is added value in the information that is received. For example: “Try our interactive AR product manuals” or “See inside the testing lab of this product.” Be sure to include a shareable picture or video when they’re done...that also includes an embedded QR code.

Generate QR codes for official accounts and payment through the respective backend platforms. Additionally, there are many free web tools available for generating QR codes for URLs.

Designed QR codes can draw attention and leave a deeper impression. Though the first priority is to ensure that the QR code works, there are some things that can be done to the design to draw attention to it. The colors and contrast can be changed, an image or logo can be placed in the center, the edges can be reshaped, and a border can be placed with a call to action message. Though they may look strange in your designs at first, embrace them and don’t be afraid to make them stand out.

Figure 2: QR Code Generated for the EU SME Centre Website



1.2 Who Is My Audience?

Entering the Chinese market means also becoming familiar with its most fundamental traits and characteristics. The first of them being that, in fact, there is no such thing as “The Chinese market”, there is no “single consumer profile” and there is no simple definition to “this is China”.

The more you learn about China, the more you realise that you need to match the characteristics of your own company, products and communication to the conditions of the **many different markets within China**. Therefore, before we start looking at the process of reaching out to the Chinese customers through digital marketing, we need to take a step back and try to understand the Chinese context itself and the people who live there.

1.2.1 Demographics

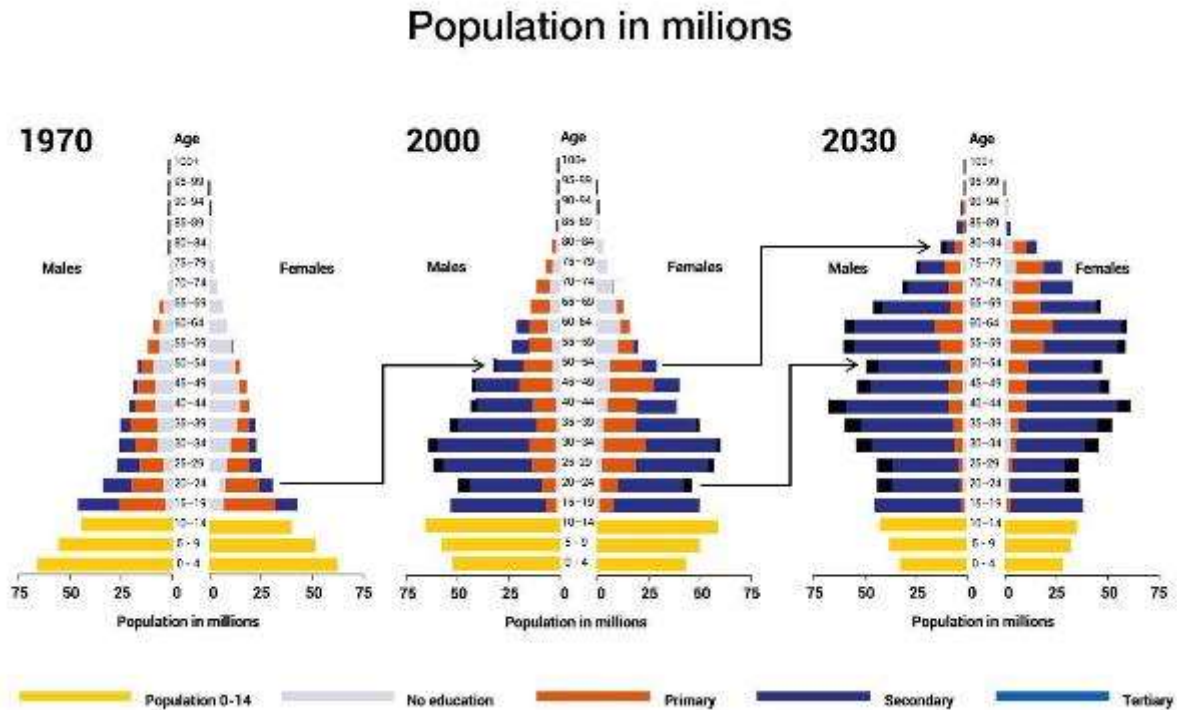
With a population of over 1.39 billion and a territory covering approximately 9.6 million square kilometres, China is the world's most populous country and the second largest nation by land area. Compared with the European Union (population of 513 million and 4.2 million square kilometres) China's population and land area are more than double.⁵

⁵ <https://data.worldbank.org/indicator/SP.POP.TOTL>

The following are some key demographic trends EU SMEs should consider when planning their digital marketing for China:

Aging population: China’s working population, which is central to the country’s economic miracle, is aging, posing threats to its further economic development. It also opens up new opportunities for EU SMEs that focus on products or services for elderly people.

Figure 3: Change in Demographics Over Time



Source: Wolfgang Lutz, Samir KC: Global Human Capital: Integrating Education and Population

Rising Middle Class: China’s urban middle class is growing fast with its largest urban populations, for example Beijing, reaching per capita GDP of RMB 140,000 (EUR 18,000)⁶ in 2018, up from RMB 129,000 (EUR 16,600) in 2017.⁷

⁶ Exchange rates used in this guideline are: EUR 1 = 1.09 USD and EUR 1 = 7.79 CNY (as at October 2, 2019. Source: European Central Bank).

⁷ <https://www.statista.com/statistics/989807/china-per-capita-gdp-beijing/>

Increased purchasing power does not mean an undiscerning consumer. In fact, modern Chinese urban households have become more selective and have many choices when deciding where to spend their income. From products to services, from mass produced to premium, Chinese consumers are putting more emphasis on a balanced lifestyle, with health, family and experiences at the core of their purchasing decisions. With increased Chinese consumers looking to find unique, quality brands SMEs from Europe have great potential to attract customers for their products and services.

Understanding the needs of the specific target audience and creating marketing campaigns that resonate with it, is the only way EU SMEs can benefit from this new, growing force of consumer spending in China.

Education Attainment: there are now more than 7.6 million college graduates pouring into China's job market every year. The total of college graduates in China will be 195 million by 2020.⁸ Improved education has also opened Chinese consumers to greater exposure of foreign ideas, products and services.

Postponed life stages: With an emphasis on education and career, recent years have seen postponed life stages as young people are willing to postpone marriage and having a family.

Spending more time single, with friends and often away from family has led to more time for recreation, entertainment, and travel, with the opinion of peers becoming increasingly influential in decision making. Not only does this affect the market demands, but is also influential into the types of advertising and reviews this audience is looking for.

⁸ www.chinanews.com/cj/2016/05-23/7879279.shtml



Younger generations who are more willing to spend: According to McKinsey’s China Luxury Report 2019,⁹ China’s post-’80s generations account for more than half the total luxury spending by Chinese consumers in 2018.

The post-’80s (born after 1980) and even more so, the post-’90s (born after 1990) truly benefited from China’s emergence as a global superpower. Growing up in the “single child generation” they are the recipients of greater and more focused familial support than the generations that came before.

Along with this familial financial support came a big focus on education, with many in this generation studying or traveling abroad, and ancillary getting a taste for foreign products and experiences. These post-’80s generations have had endless access to information their whole lives, and they have become highly educated and savvy when it comes to making purchase decisions for products and services. Though they are not hesitant to spend money, this shouldn’t be mistaken as thinking that they are impulse buyers. They embrace multiple platforms and cross-reference a wide range of information, reviews and marketplaces during their purchasing journey.

⁹<https://www.mckinsey.com/~/media/mckinsey/featured%20insights/china/how%20young%20chinese%20consumers%20are%20reshaping%20global%20luxury/mckinsey-china-luxury-report-2019-how-young-chinese-consumers-are-reshaping-global-luxury.ashx>

These consumers in China appreciate brand stories and are increasingly choosing brands that match their own ethos and personality. This has led to more attention on brands that demonstrate social responsibility, sustainability, and a personalized or unique approach. They crave authenticity, and for this reason, KOLs (Key Opinion Leaders) and increasingly, KOCs (Key Opinion Consumers) are some of the most trusted sources for product discovery and reviews. Finding a KOL or KOC that aligns with the SME's brand identity can be highly effective in reaching this generation.

Youth in lower tier cities

While youth in larger, more economically strong cities are often equated with being at the forefront of trends, more international and having the most expendable incomes, e-commerce spending in medium and smaller cities is catching up with large cities.¹⁰ “According to QuestMobile, tier 3 and below cities account for 670 million mobile internet users, which is more than half of China's total. Of these, 72 percent are below the age of 35.”¹¹ This represents a big opportunity for EU SMEs that are willing to get to know this consumer base. While the initial learning curve may be steeper, you may face less competition, find that your budget goes further with less expensive KOLs/KOCs and cheaper ads on APPs and platforms that target this user base.

Attitude towards foreign goods and travel: These demographic changes in China are favourable to EU SMEs. With the economy growing and purchasing power increasing, middle-class Chinese are seeking quality products and experiences, especially from abroad. There is a growing demand for products and services for infants and the elderly, but there is also a growing demand for unique items and experiences that fit the individual's personality and lifestyle. EU SMEs can benefit both by entering the Chinese market with products and services and/or by optimizing the purchasing experience for Chinese people traveling in Europe.

The overseas travel boom unlocks different opportunities for EU SMEs to engage Chinese customers. No longer does an EU SME need to enter the Chinese market physically; now, with effective digital marketing campaigns, SMEs can virtually bring customers to their businesses when they travel abroad.

Digital marketing campaigns that show true understanding of their target Chinese audience, show shared lifestyle alignment and remove barriers in communication between Chinese customers and EU SMEs can lead to new, exciting business opportunities.

1.2.2 Geographical Segmentation

Reaching 1.39 billion people is not possible, even for big corporations. Being an SME with limited marketing resources, you will need to focus on who you want, need or can reach. Understanding the differences within the Chinese heterogeneous market and using that knowledge to find your niche will increase your chances of success.

China has developed astoundingly fast over the past 30 years. However, wealth is not evenly distributed, and great disparities often exist between large cities and countryside populations.

¹⁰ <https://www.mckinsey.com/featured-insights/china/china-digital-consumer-trends-in>

¹¹ <https://www.mckinsey.com/featured-insights/china/china-digital-consumer-trends-in>

China's largest cities such as Beijing, Shanghai and Guangzhou with populations well over 20 million¹² represent the most developed areas of the country with the most affluent and sophisticated consumers and populations. They are also considered to be at the center of economic activity. Industries that evolved to become driving forces of the Chinese economy tend to cluster around these locations thus competition can be at its fiercest.

Medium/large sized cities including Hangzhou, Nanjing and Chengdu with populations over 10 million¹³ are evolving quickly and tend to mimic larger city trends while creating their own. EU SMEs should be looking closely at these areas for rapidly growing market opportunities.

Small/medium sized cities with populations just under 10 million generally lag slightly behind larger cities in terms of economic growth and development, but E-commerce has greatly penetrated these cities, and with a quality digital marketing consultant, there is potential for high ROI. A great understanding of the target audience is crucial.

Small cities and countryside towns have historically been dominated by domestic companies. The market is relatively small and foreign companies may find it very difficult to adapt to the local conditions. With the rise of digital and for those with a great understanding of these locales, there are increasing new opportunities for foreign enterprises.

Learn more about cultural differences between Europe and China and how they may impact your business in the EU SME Centre's guideline *Negotiating and Dealing with Chinese Business Partners*, available at:
www.eusmecentre.org.cn/guideline/negotiating-and-dealing-chinese-business-partners

¹² <https://www.worldatlas.com/articles/20-biggest-cities-in-china.html>

¹³ <https://www.worldatlas.com/articles/20-biggest-cities-in-china.html>

2 Introduction to Prominent Digital Platforms: E-commerce, Social Networks and Search Engines

2.1 E-commerce and Prominent Marketplaces

China's e-commerce sector is a global phenomenon. Off to a slow start, the industry rapidly gained momentum in the early 2000s, becoming the largest market globally in 2013.¹⁴ With its extremely efficient delivery network, people shop online for almost any good or service imaginable.

“In 2018, the value of China's cross-border e-commerce (CBEC) trade in goods was around RMB 134.7 billion (EUR 17.3 billion), of which RMB 78.58 billion (EUR 10.1 billion), was from import. Currently Chinese CBEC is growing at an estimated annual rate of 20-30%”¹⁵

Learn more about accessing the Chinese market through e-commerce in the EU SME Centre's guideline *Cross-border E-commerce in China* available at:

<http://www.eusmecentre.org.cn/report/guideline-cross-border-e-commerce-china-2019>

There are various ways EU SMEs can take advantage of China's growing e-commerce market. You may find a local resale partner, set up your own Chinese company in China and sell yourself, or export your products directly from Europe. If you set up your store on multiple channels, it will give you brand exposure to a wider audience, however, note that each platform charges differently and it is best to consult local experts about which platforms can best reach your target audience. At the beginning of this phenomenal growth, the majority of consumers went online with the goal of finding lower prices. Through the years, Chinese consumers are growing in taste and sophistication and turning to e-commerce for quality products and enhanced shopping experiences. As the appetite for foreign goods grows, Chinese consumers are increasingly going online to order imported goods. This is a trend that EU SMEs can greatly take advantage of.

¹⁴ www.scmp.com/tech/e-commerce/article/1814745/chinas-e-commerce-market-booms-physical-stores-becoming-testing

¹⁵ <http://www.eusmecentre.org.cn/report/guideline-cross-border-e-commerce-china-2019>

Figure 4: Online retail transaction value

Online retail transaction value

2019 fact figures

2017-19 CAGR % | % of total retail value in EUR



1. Online B2C and C2C market; Forecast for year-end 2019

SOURCE: iResearch and MOFCOM for China; eMarketer; McKinsey China Digital Consumer Trends 2019

Source: iResearch and MOFCOM for China; eMarketer; McKinsey China Digital Consumer Trends 2019¹⁶

2.1.1 Omnichannel User Journey Experience

With endless resources literally at their fingertips, Chinese consumers have harnessed the various mediums both offline and online to make evermore informed purchase decisions. In fact, physical shopping is actually on the rise.¹⁷ Entering and engaging with the Chinese market requires an understanding of how online and offline touchpoints interact for your brand, and it is increasingly important to understand where your customers are looking for your brand in order to ensure a fluid, consistent experience whether offline, on review platforms, social media or marketplaces. It is less important to try to funnel your customer to one location or website, but facilitate “buy what you see” wherever they may be.

¹⁶

<https://www.mckinsey.com/~media/mckinsey/featured%20insights/china/china%20digital%20consumer%20trends%20in%202019/china-digital-consumer-trends-in-2019.ashx>

¹⁷ <https://www.mckinsey.com/featured-insights/china/china-digital-consumer-trends-in-2019>

In use

Create an offline experience online: With VR, AR and MR implementation the offline experience can be replicated. Some virtual ideas include trying on clothes, placing furniture in an apartment, personalizing beauty products based on face shape and testing a paint color on a wall.

Digitize a physical location: For EU SMEs that have a brick-and-mortar location, incorporate digital in various ways. Some ideas include:

Allow users to scan a QR code next to a product to purchase with option for home delivery, they can skip a checkout line and avoid having to carry it around.

Create an experience worth sharing. Cool displays, unique dressing rooms or a discount on-the-spot for sharing.

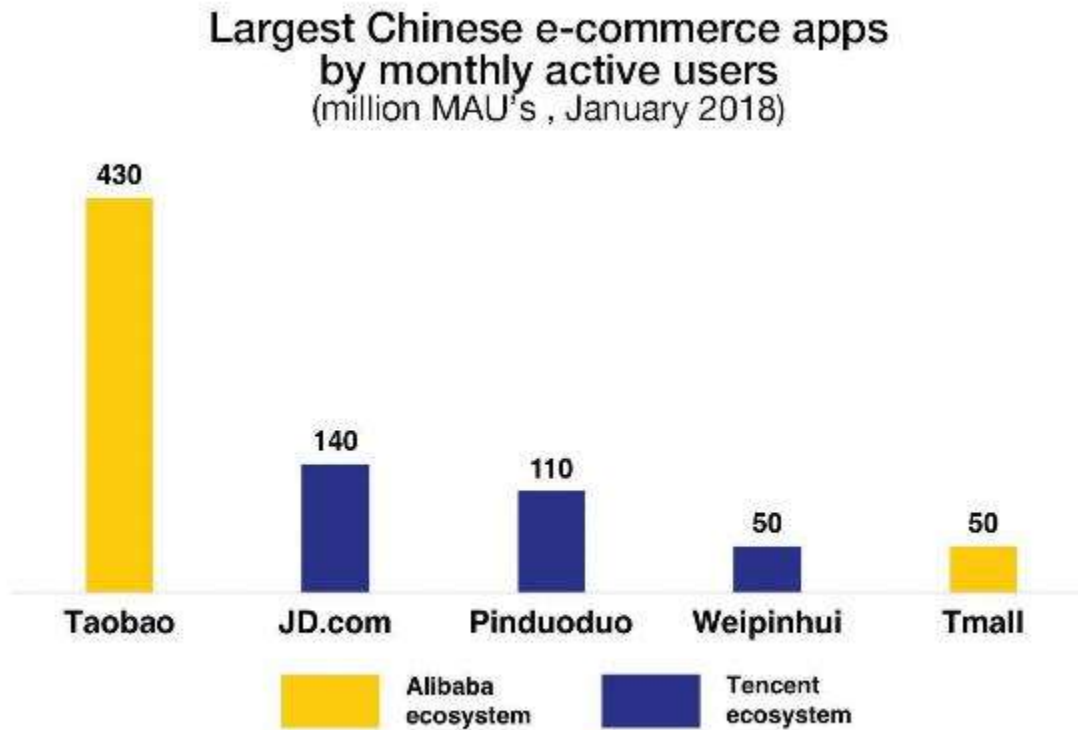
Provide product information such as the food's nutrients, similar product comparisons or request a sales rep upon scanning a QR code.

Encourage reviews: Have a QR code that links to your locations page on XHS (“Red”) - this is great for businesses located in Europe and China alike.

2.1.2 Prominent Marketplace Platforms

Brands that target Chinese consumers typically consolidate on marketplaces instead of, or in addition to, creating their own online shops. Chinese e-commerce is focused on a few key player marketplaces, ie. Tmall, Taobao, JD and Pinduoduo which, together, serve the majority of Chinese e-commerce consumers. This can be convenient for EU SMEs as you do not have to spend time and money building and maintaining a platform, but rather can list on major Chinese marketplaces.

Figure 5: Largest Chinese e-commerce apps by monthly active users



Source: Jiguang data (jiguang.cn), WalktheChat Analysis

Source: Jiguang data (jiguang.cn), WalktheChat Analysis

Tmall



Tmall is owned by Alibaba and is the biggest B2C e-commerce platform in China. It owns 55% of China's B2C e-commerce market shares with nearly 20,000 international brands¹⁸ it is the most commonly used platform for international brands entering China for the first time. Customers have a high trust in the authenticity of the brands on Tmall, and are often looking for a specific brand when shopping on it.

Because Tmall is a regulated marketplace, you will need to fit specific criteria in order to open a Tmall store. Not only must your product meet a certain quality standard, but you are required to hold a Mainland China retail business license. Additionally, the product must be located within Mainland China to ensure fast fulfillment and shipping. You will need to pay a storage fee.

¹⁸ <https://www.marketingtochina.com/e-commerce-in-china-know-your-marketplaces/>

Taobao



Taobao is also owned by Alibaba and is the biggest e-commerce platform based in China. The Taobao Marketplace is China's largest C2C platform, and merchants are primarily individuals and small businesses - 10 million¹⁹ and counting. You can find everything on Taobao, from small cars to pets to secondhand goods to an agent that will facilitate your foreign visa procural.

Taobao customers are usually looking for good deals and unique products, and they know they need to be more careful about quality and authenticity. This is because it is relatively easy for small businesses to create a seller account on Taobao. Taobao is not as well equipped for cross-border e-commerce and requires a Chinese business license or Chinese partner.

JD.com



Jing Dong or JD is the largest self-operated e-commerce enterprise in China. Like Tmall and Taobao, JD hosts a wide range of products, but has put a strong focus on electronic devices. JD has the most advanced fulfillment infrastructure, allowing for same day delivery in many major cities.

JD Worldwide is JD.com's cross-border e-commerce platform that allows international merchants to sell to Chinese consumers even without a physical presence in China. It is open to brands, franchises, retailers and traders that are legally registered outside of Mainland China and sell products that originate from outside of China. JD will likely require quality inspection and a deposit before sales can begin.

Pinduoduo



Founded in September 2015, Pinduoduo is the leading Chinese app for social e-commerce, and the fastest growing app in the history of the Chinese internet²⁰. Pinduoduo user demographics are predominantly female (70.1%) and live in 3rd tier cities or smaller (58.8%)²¹. Its social e-commerce strategy is to offer cheap products by means of group buying. For each purchase, the

customer can choose to buy the product individually, join an existing team or initiate a new team in which they rally up members through social media sharing.

Currently all products offered on Pinduoduo are supplied by individual merchants that are responsible for sourcing their own products. Pinduoduo is working to expand even more into cross-border e-commerce,

¹⁹ <https://www.marketingtochina.com/e-commerce-in-china-know-your-marketplaces/>

²⁰ <https://walkthechat.com/pinduoduo-close-look-fastest-growing-app-china/>

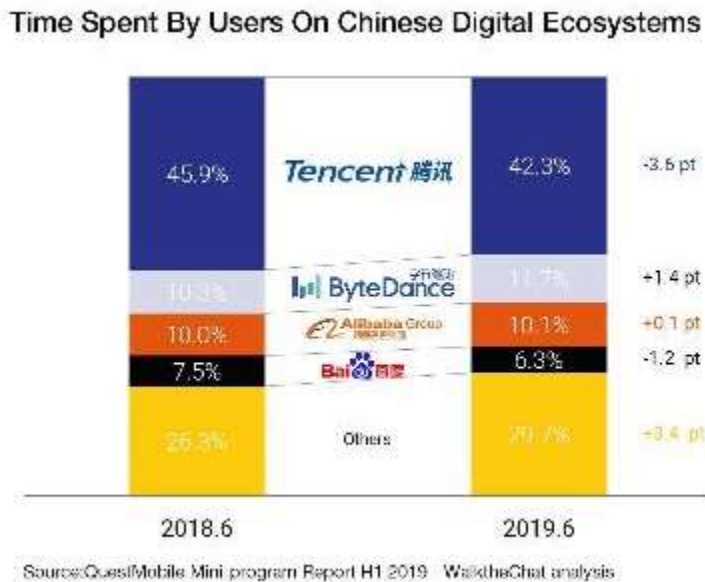
²¹ <https://walkthechat.com/pinduoduo-close-look-fastest-growing-app-china/>

with a two-year plan in place to have 500,000 small and mid-sized global merchants join the platform²². Currently a Chinese retail business license is required to open a Pinduoduo store.

2.2 Tech Giant Ecosystems and Super Apps

While European Internet companies tend to focus on one sector and are often segmented by type, Chinese Internet companies tend to focus on solving problems, starting with one and quickly expanding to solve as many as possible. Instead of starting a new company to focus on a new task, a tech firm will expand to encompass more and more functionality. For example, a company may start as a rideshare app, but quickly evolve functionality to include travel booking, food delivery and reviews. Understanding these ecosystems, and often walled gardens, will help when making decisions on which marketplaces to list on, which official social accounts to create and what types of payments to accept.

Figure 6: Time spent by users on Chinese digital ecosystems



2.2.1 Tech Giant Ecosystems

From 2012 to 2016 three Chinese internet companies dominated the Chinese digital landscape. These large and rapidly-growing companies were referred to as BAT, which represents Baidu Inc., Alibaba Holding Company Ltd. and Tencent Holdings Ltd.

The “second wave” of Chinese internet giants has led the way to TMD, which refers to Toutiao, Meituan-Dianping and Didi. TMD companies have rapidly grown their valuations to rival those of BAT²³ and have

²² <https://wap.xinmin.cn/content/31452490.html>

²³ <https://www.scmp.com/china-internet-report>

incorporated technology trends such as “super apps”, artificial intelligence (AI) and machine learning algorithms, and have expanded into markets beyond China.

Figure 7: Apps that BAT and TMD own



Source: SCMP analysis²⁴

2.2.2 Super Apps aka One-stop Shops

In Europe, it is common to segment each task type among many different apps. For example, a Western consumer likely uses a single app to complete each of the following tasks: messaging, ordering a taxi, booking a hair appointment, paying utilities, buying a plane ticket and ordering food. In China, all of these tasks and more are feasible in a bundled experience on one of the many super app platforms. These apps aren't focused on just a singular task completion, but rather are seen as an extension of experiencing daily life.

There are many super apps and though a tech giant ecosystem may have multiple super apps, super apps are part of ecosystems, and while widely encompassing, they are walled gardens. For example, a customer making a purchase on Taobao (owned by Alibaba) cannot pay with WeChat Pay (owned by Tencent) nor open a link to the product in the WeChat messaging browser. EU SMEs need to understand how to tap into these super apps on multiple levels as Chinese consumers experience much of their life through them. For example, your potential customer is likely to be messaging colleagues, buying a bus ticket and playing

²⁴ <https://www.scmp.com/china-internet-report>

games all on the app where they might be introduced and ideally make a purchase of your product, and this can happen any time of day on any number of different apps.

Figure 8: Three super app landing screens

Three super app landing screens



Compiled by flow.asia

2.3 Social Networks and Their Significance on the User Journey

Social networks in China are used for work, communication, entertainment and just about everything in between. Just to cite an example, WeChat, the ubiquitous messaging app from Tencent, reached a staggering number of 1.1 billion monthly active users (MAU) in Q1 of 2019²⁵.

²⁵ <https://www.chinainternetwatch.com/29317/tencent-q1-2019/>

McKinsey Digital's China Digital consumer trends 2019 survey²⁶ found that as much as 44% of Chinese consumers spend their shopping time on social media apps, the majority of which, 33% is spent on social applications such as WeChat and Weibo. Social networks play a key role in the digital landscape in China, as well as in the whole purchasing process of local consumers.

Their significance has unlocked numerous opportunities for digital marketing. Combining e-commerce and m-commerce (mobile commerce), Chinese consumers are developing a habit to purchase a product through the intermediary of social media. Chinese consumers prefer to purchase products that have been shared within their social circles. Recommendations from friends and family, KOLs and KOCs are very influential in their purchase decision.

To capitalise on the opportunity, as an EU SME you should understand which channel can reach your target audience and what kind of content you intend to produce. Naturally, differences exist between the social media landscape in China and that in Europe. At the most basic level, the main social media that is used widely across Europe, e.g. Facebook, Instagram and Twitter, are not easily reachable from China (unless using a VPN) and therefore do not represent a viable solution for digital marketing campaigns in the country. Furthermore, the habits, features and usage of social networks are often different than Europe's and should be taken into consideration when creating a digital strategy.

2.3.1 WeChat

WeChat



WeChat was first released in 2011 as a mobile messaging app that allowed users to send text messages and share photos. It has since evolved to become a necessity for daily life in China. By Q2 of 2019, WeChat had 1.13 billion monthly active users (MAU).²⁷ WeChat is a super app and with the release of WeChat mini-programs, some are starting to look at WeChat as its own operating system (OS). Just for orienting purposes, consider that without leaving the WeChat app, albeit using third parties, you can order a taxi, split a bill at dinner, put a funny filter on your photo and share it, pay your phone bill, buy a new pair of sunglasses, and find the closest public restroom, and this is just to name a few.

WeChat might be considered a combination of Whatsapp, Facebook, Venmo, and many more, but a key differentiator of WeChat to all of these named Western counterparts is that WeChat is a closed network. This means that there are very few opportunities to come into contact with someone outside your connections (someone that you have not added to your circle or in Facebook terms “friended”). When a person likes his/her connections' Moments (WeChat's version of a feed), only the people connected to that person and the person who posted it, can see that like/comment on the post. A personal account can view people outside of his/her personal network through comments on an article from an official account, in a group chat (max 500 people) or by “discovering” people near his/her current location. Personal accounts

²⁶

<https://www.mckinsey.com/~media/mckinsey/featured%20insights/china/china%20digital%20consumer%20trends%20in%202019/china-digital-consumer-trends-in-2019.ashx>

²⁷ <https://www.statista.com/statistics/255778/number-of-active-wechat-messenger-accounts/>

can more easily discover official accounts through searches, articles “wowed” aka “liked” or shared by connections and various other ways of discovery.

EU SMEs can engage with potential consumers through multiple channels on widely-ranging budgets. WeChat ads are notably very expensive, but creating an official account and sharing content through private traffic can be done on a relatively small budget. WeChat has many active KOLs and KOCs. Read more about incorporating influencers in a digital marketing plan in section 3.2.6.

WeChat Pay: In 2013, WeChat launched WeChat Wallet, enabling its users to link their bank cards to the app. 900 million people use WeChat Pay on a monthly basis (MAU).²⁸

WeChat Groups: WeChat groups consist of 3-500 people. Once a group reaches 100 people, it is a requirement that your WeChat account is linked to your bank card in order to join with the goal of ensuring proper identification. Any member of the group can add a personal connection to the group, but the admin of the group can require admin approval of new members. WeChat groups can be as simple as friends all attending a dinner, a group for a meetup group or a carefully curated community that is part of a company’s reengagement “private traffic” strategy where content is shared and group discussions are held. Groups are regarded from highly exclusive to basically spam, so careful curation is vital.

WeChat group chatbots and automation tools: Managing multiple WeChat groups can be overwhelming and time-consuming, but chatbots and automation tools that can help manage private traffic across multiple WeChat groups. Since these are not official Tencent platforms, there is some risk that your account could get blocked if it is flagged for spam or other misuse at WeChat’s discretion.

[WeTool](#) is one of the largest WeChat communication management systems and is often equated to the Mailchimp or Hubspot of WeChat marketing communication. It offers a variety of features to grow your WeChat contacts and build groups. With it, you can select multiple WeChat groups to send custom messages with filter options by gender, location, name, birthday, etc. You can also schedule multiple messages in a conditional sequence, monitor and remove users for triggered keywords, build an auto-response customer service and gather analytics. This platform is currently only available in Chinese.

WeChat Official Account: WeChat Official Accounts are in many ways the Chinese equivalent of a Facebook Business page in that a brand can use their official account to gain followers, send push notifications and articles, and lead followers to their website or e-commerce platforms. It is an essential tool and presence for brands to reach their target audience and to raise brand awareness.

Service and Subscription accounts are two types of official accounts that can broadcast information to external followers. The followers can comment and repost in their own WeChat Moments - the WeChat

²⁸ <https://www.businessofapps.com/data/wechat-statistics/>

“feed.” Corporate Accounts are also a type of official account, but they specialise in internal communication management, so this function is out of the scope of this report.

Please note that non-Chinese WeChat users (dependent on where the account was set up) have access to both Chinese and non-Chinese official accounts. Chinese WeChat users only have access to Chinese registered accounts.

Service Account: Service accounts appear in the “friends” and “chat” section of WeChat. They provide stronger support for customer service and customer relations management (CRM) as they are more direct communication and sales-oriented.

In comparison to the Subscription accounts, WeChat Service accounts are more sophisticated. Upon verification, account holders have access to 9 application programming interfaces (APIs) that enable the brand additional functionality, including the ability to register for WeChat Pay, set up a WeChat Store, create a WeChat HTML5 mini-site, enable geo-localisation, offer Instant Customer Service and the ability to integrate WeChat sign in on the brand’s website. A Service account can only publish 4 times per month, with 1-6 articles per publication. If you intend to link your account with e-commerce, Service accounts are the preferable choice because they offer more features and higher feasibility. Similarly, if your brand is sales-oriented and you do not need to frequently push content, Service accounts make sense.

Optimize an Official WeChat Service account with up-to-date content that is reflective of your brand. Set your profile picture, company introduction, welcome message (the message people receive upon following), and set the navigation menu. The navigational menu at the bottom with 1-3 navigational buttons can trigger a message or be linked to WeChat articles, your website or open a WeChat mini-site. Consider making a WeChat mini-site to enhance the user experience and make a deeper impression with your audience.

D

uring the account registration phase, it is advisable to rely on a local partner or agency that has a great understanding of WeChat. If you do not have one or you do have one but are still looking for additional support, please contact the EU SME Centre (www.eusmecentre.org.cn) or the China IPR SME Helpdesk (www.china-iprhelpdesk.eu), for concerns about IPR protections in China.

Figure 9: Example of a WeChat Official Service Account

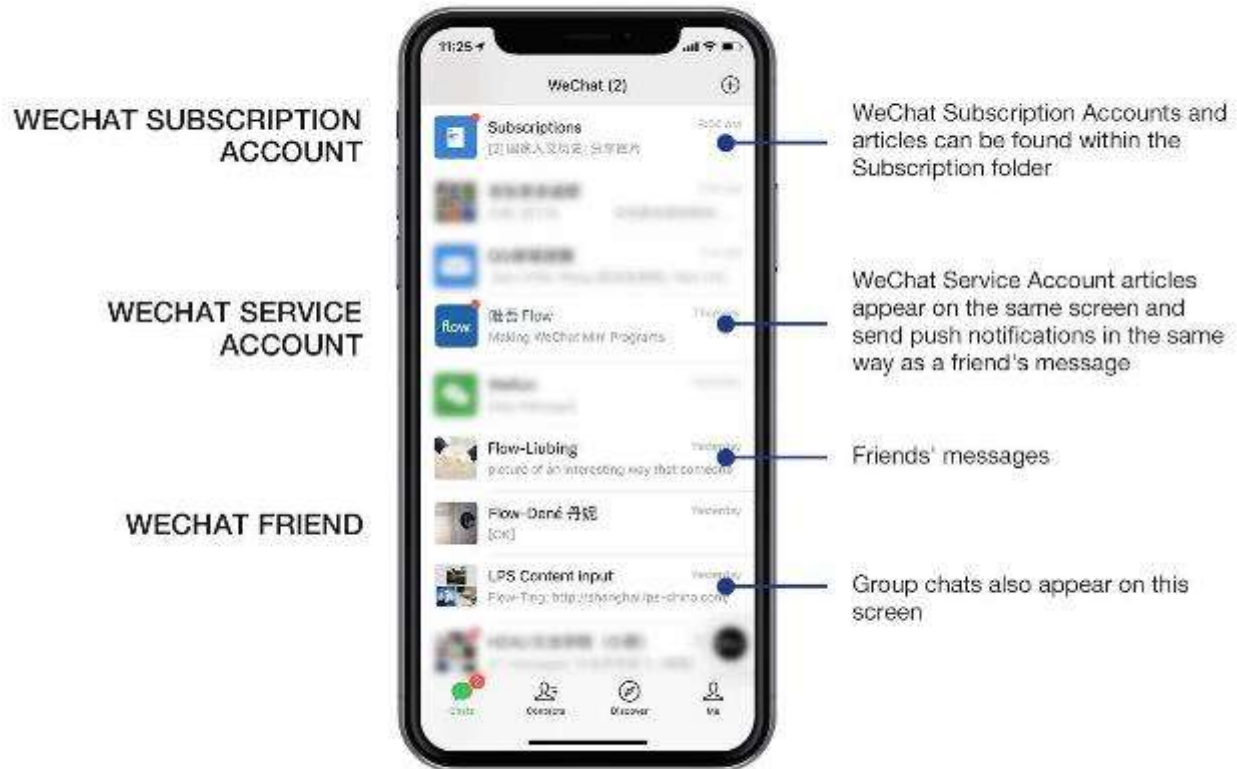


Subscription Account: Subscription accounts allow you to push content to your followers frequently, and the account manager can broadcast 1-6 articles per day. To view the articles, subscribers need to navigate to the Subscription folder, and will not receive a push notification when an article is published.

If your marketing strategy focuses on pushing content to users, a Subscription account is the right choice. WeChat Subscription accounts are mostly used for news and information broadcasting. Subscription accounts are the only type of WeChat Official Account that is open to individuals, such as bloggers and celebrities- all other types require a company business license.

Figure 10: Screenshot of WeChat app main screen

WeChat app main screen



flow.asia

Figure 11: WeChat Service vs. Subscription Accounts

WeChat Service vs. Subscription Accounts

Features & Requirements	WeChat Subscription Account	Wechat Service Account
Requirements	Chinese Domestic Business License	Chinese Domestic Business License or Overseas Business License
Broadcast Messages/Article Publishing	1 per day	4 per month
Wechat API Access	No	Chinese Domestic Business License or Overseas Business License
Push Notifications	No	Yes
Wechat Pay	No	Yes
E-Commerce/WeChat Store	No	Yes
Voice Recognition	No	Yes
Coupons & Promotions	No	Yes
WeChat Advertising	Yes	Yes
QR Codes	Yes	Yes
Auto Reply/Chatbot	Yes	Yes
Page Customization	Yes	Yes
Appear in Sogou Search Results	Yes	No

WeChat mini-programs (MP): WeChat mini-programs are deemed to be a key component in the “Post-app” Age offering a true alternative to native apps with the advantage that they don’t need to be developed for both Android and Apple. With 350M Daily Active Users (DAU), more than 60% of WeChat users engage with MPs, and 95% of e-commerce brands have a MP²⁹. Even if you don’t want to create your own mini-program, you can utilize this space by purchasing ads in a mini-program that are a fraction of the cost of WeChat Moments’ ads.

Wechat advertising currently offers four purchase methods based on exposure scheduling, exposure bidding, click bidding and single ad purchases.

²⁹ ALDZS, Aladdin- “2019 上半年小程序行业发展白皮书”, 31Ten

Figure 12: WeChat advertising budget based on number of exposures

WeChat advertising budget based on number of exposures

Ad Placement	One-off advertising budget	Core cities	Large cities	Other cities
Moments news feed	RMB 50,000 (EUR 6,400) and above	Video: RMB 180 (EUR 23) / CPM Image: RMB 150 (EUR 19) / CPM	Video: RMB 120 (EUR 15) / CPM Image: RMB 100 (EUR 13) / CPM	Video: RMB 60 (EUR 8) / CPM Image: RMB 50 (EUR 6) / CPM
Banner at the bottom of an article	RMB 1,000 (EUR 128) and above	Video: RMB 40 (EUR 5) / CPM Image: RMB 35 (EUR 4.50) / CPM	Video: RMB 35 (EUR 4.50) / CPM Image: RMB 30 (EUR 4) / CPM	Video: RMB 30 (EUR 4) / CPM Image: RMB 25 (EUR 3) / CPM
Banner inside an article	1,000 RMB and above	RMB 25 (EUR 3) / CPM	RMB 20 (EUR 2.60) / CPM	RMB 15 (EUR 2) / CPM
Pre-roll video in an article	1,000 RMB and above	RMB 25 (EUR 3) / CPM	RMB 20 (EUR 2.60) / CPM	RMB 15 (EUR 2) / CPM
Mini-program banner ad		RMB 25 (EUR 3) / CPM	RMB 20 (EUR 2.60) / CPM	RMB 15 (EUR 2) / CPM
Mini-program interstitial ad		RMB 35 (EUR 4.50) / CPM	RMB 30 (EUR 4) / CPM	RMB 25 (EUR 3) / CPM

Figure 13: Cost per follower for different types of WeChat advertising

Cost per follower for different types of WeChat advertising



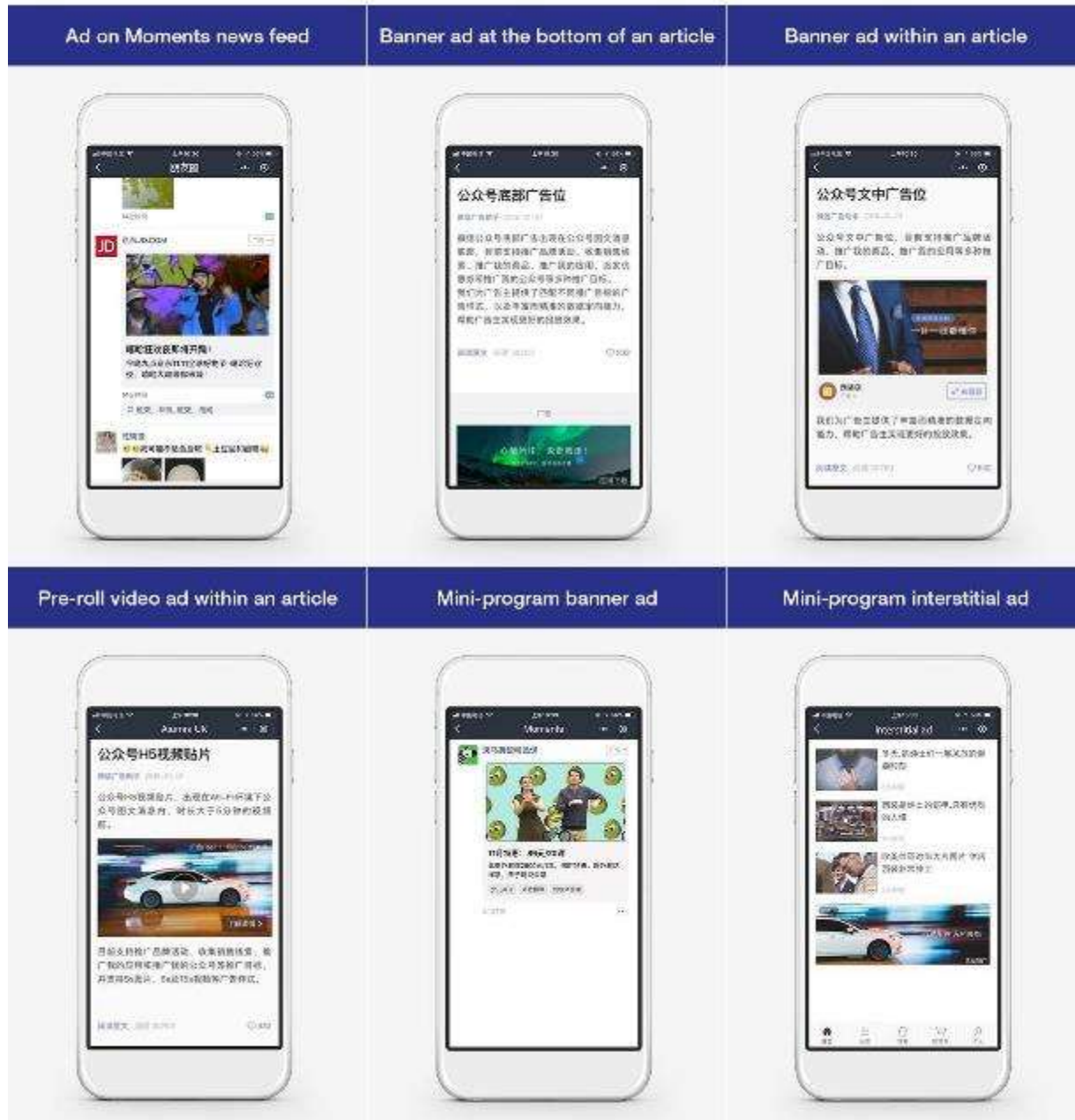
Source: campaigns ran by WalktheChat on behalf of WalktheChat's clients. May 2019 data.

Source: Source: campaigns ran by WalktheChat on behalf of WalktheChat's clients. May 2019 data³⁰

³⁰ <https://wechatwiki.com/wechat-resources/wechat-mini-program-advertising-media-buying/>

Figure 14: WeChat ad placement options

WeChat ad placement



Source: QQ³¹, Compilation by Flow.asia

³¹ <https://e.qq.com/resources/wx-moments/>

2.3.2 Microblogging: Weibo

Sina's [Weibo](#)



Microblogging and super app platform that is often compared to Twitter due to Weibo's original 140-character limit for posts and the way Weibo's follower/followee microblogging network works. Unlike WeChat's closed network, Weibo has a more open newsfeed (similar to Facebook) complete with sharing and commenting functionality. While many commentators predicted it was on its way out as it struggled to find its position to compete against WeChat a few years ago, Weibo continues to thrive and has evolved into a comprehensive all-in-one social channel that delivers far more than Twitter does. To illustrate how successful it has been recently, Weibo eclipsed Twitter's market capitalisation in February 2017 (Weibo USD 11.3 billion (EUR 10.4 billion), Twitter USD 11.1 billion (EUR 10.2 billion)).³² Weibo reached 462 million active users (MAU) in December 2018 compared to Twitter with 270 million monthly active users (MAU).³³ Weibo now covers more than 50% of the Internet population in China. Net revenues totaled USD 1.72 billion (EUR 1.58 billion), an increase of 49% year-over-year.³⁴

Features:

- Profile page- Users can share content, livestream and create stories (similar to Instagram stories). Official accounts can use their page to share content, show off user engagement, give sneak previews to product releases and give exclusive discounts for followers.
- Customized homepage- This is where users see the accounts they are "Following" similar to a Facebook newsfeed and users can like, comment and share posts. It also has a "Hot" feed that is customized based on the user's browse and search history with filters for "Nearby," "Ranking" and topics.
- Discover- Functions like a search engine within Weibo where users can search by keyword and filter by category, ie. food, entertainment, travel, etc.
- Video- Weibo gathers all videos on a single page for users to search by keyword or filter by topic such as news, sports, beauty, etc.
- Weibo e-commerce platform called "Weibo Window" allows everybody (even a general user) to sell products and link to a certified online shop.
- Game Center- Many popular games can be found in the Weibo game center and a high number of users spend large amounts of time here. Consider placing an ad here if the users fit your demographic.
- Other super app features- Users can pay their phone bill, buy event tickets, purchase insurance and even see an online doctor.

³² www.ft.com/content/c46c55b4-f1b8-11e6-8758-6876151821a6

³³ <https://www.dragonsocial.net/blog/chinese-social-media-weibo-and-twitter-comparison/#Weibo-User>

³⁴ <https://www.chinainternetwatch.com/28566/weibo-fiscal-2018>

In use

Prizes for sharing: Campaigns that offer opportunities to win are quite popular, but they must be creative to gain traction. For example, a boutique hotel in Europe may run a campaign promoting their amazing views. Have users upload their own morning view (the more times they post, the more chances to win) with a hashtag, ie. #Iratherwakeup at ___ hotel (should be in Chinese) for a chance to win a flight and stay at the hotel. When the winner arrives at the hotel, share lots of pictures of their stay and leapfrog into the next campaign.

Voting: Get users engaged by having them vote on a key feature of your next product release. For example, “Should we add Sichuan peppers, durian or egg tart flavor to our next chocolate bar?” Again people can vote and share with a hashtag- it helps to also incentivise with prizes, (ie. the winning flavored chocolate) for a few lucky sharers or a discount for all those who chose the winner.

KOLs and KOCs: Work with an influencer to produce content that is repeat and engaging. An example for a jeweler would be to have the influencer plan a surprise for their partner or friend in which they post daily updates on their Weibo story. They will be seen choosing the item (among your many) or maybe the users can vote. wrapping

Registration- Personal Account and Official Account: An active email address or phone number (limited to China and certain countries only) that are not yet registered on Weibo would suffice to register for a personal account, which are used for individuals and celebrities. In the case of an EU SME, with a Chinese business license, it is possible to verify your account as a local company, which costs RMB 300 (EUR 38.50) per year. Without a Chinese business license, a foreign company must go through a more detailed verification process which requires verification through a Third Party Agent or partner that does have a Chinese business license.

2.3.3 Video: Tencent Video, Youku, iQiyi, MangoTV, Bilibili and Xigua Video

Similar to the West, video is a very popular form of online media in China. The bulk of the domestic market is split between iQiyi, Youku, and Tencent video, which are respectively controlled by Baidu, Alibaba, and Tencent (aka “BAT”). As of October 2018, Tencent video dominated the video platform with a market penetration rate of 48% and 500 million mobile monthly active users (MAU), iQiyi followed close behind with 44.6% and Youku held third with 30.8%.³⁵

³⁵ <https://topdigital.agency/10-most-popular-social-media-sites-in-china-2019-updated/>

Hosting video content: YouTube was banned in China in 2012, so it is important to host your video content on one of China’s local video platforms. Hosting on these platforms is usually free, unless you choose to remove ads. Tencent Video and Youku are commonly used to host videos embedded on websites or distributed through social media. Both platforms will screen the video before it goes live to prevent unlawful video uploads.

Set accurate keywords for users to find you. It is best to have short and eye-catching keywords that spark the curiosity of the viewers. Since the preferences of Chinese customers may not align with your European customers, it is important to localise your content and descriptions for Chinese audiences. Chinese consumers have high expectations for video quality, so make your videos professional because a “home-made” feeling may not give them confidence in your brand.

Tied to the mobile-first concept, Chinese consumers enjoy watching videos on-the-go and long videos eat up a lot of data. Therefore, it is important to ensure that the format of the videos is optimised for mobile devices for an optimal watching and sharing experience. Control the length of your videos and make them quickly engaging to grab the attention of your viewers who otherwise may not have the patience to finish your video. For further engagement, integrate your video with other channels such as Weibo and WeChat. Include a QR code in your videos to encourage viewers to navigate to your brand’s website, e-commerce platform or WeChat Official Account.

[Tencent Video](#)



Tencent Video is a video hosting and sharing site created by Tencent which has increased its popularity due to its tie to WeChat. If you have a WeChat Official Account, Tencent Video is the recommended platform for hosting videos, as you will need it when embedding videos in the articles you publish on your WeChat Official Account.

[Youku](#)



has been considered the “Chinese Youtube” since it launched in 2006 as a platform for user-generated content. Youku can be an effective channel for engaging with your audience through video content, and is an effective way to reach mobile users thanks to its high speed and extensive reach in China.

Youku ads: The main differentiator between the types of ads on Youku is the ad’s location, size, frequency and content type. Prices are based on the combination of those attributes and range between RMB 30 (EUR 40) per thousand impressions (CPM) for a 15 second pre-roll ad to RMB 250,000 (EUR 32,100) for 24 hours of the largest banner ad displaying on the page top.

Figure 15: Youku ad placement options



Source: Compilation by flow.asia

Ads and brand integration in streaming video services: Netflix doesn't operate in China, and for much of the past decade many video streaming services hosted a wide array of international content, each one with a specialty, for example, iQiyi had the latest in Korean dramas and movies; Tencent specialties included HBO shows, many popular British shows and NBA games. With increased government regulations, content strategies are becoming more focused on investing in original, domestic productions. [iQiyi](#), [Youku](#) and [Tencent video](#) are facing increased competition from [MangoTV](#), [Bilibili](#) and [Xigua Video](#) (created by Bytedance- the makers of Douyin and TikTok). With this shift in the market, Chinese productions are relying more heavily on advertisers and sponsorships to fund original programming. Brands looking to target Chinese audiences can pay for varying levels of exposure, and their broadcast is charged according to airtime in seconds. This includes product placement, advertisements and various other partnerships. It is important to match your brand with the platform and show's demographics if you decide to promote using this route.

In use

Product placement: Professionally produced streamed videos and KOLs alike often give the opportunity for product placements and mentions within their normal content. Budgets vary widely and are usually based on audience size and number of seconds the product is shown.

Content that adds to your product: Create short videos that build brand awareness and add value to your product. For example, a company that makes kids toys can post accompanying videos that introduce the characters or spark imaginative ideas for playing with the toy.

KOLs and KOCs: Besides simply having a product placed, KOLs and KOCs can be engaged to create quality branded content. An exercise equipment brand might work with an influencer to create short exercise videos that put the equipment to use.

2.3.4 Short Video and Live Streaming

China's short video creation and live streaming industry is quite popular and lucrative. At the writing of this guide, [Douyin](#), [Kuaishou](#), [Douyu](#), [Inke](#), [YY](#) are among the most popular platforms. Chinese netizens broadcast anything from gaming, singing, product reviews, health advice and even sleeping while generating revenue. With the dream of becoming an internet star and with top streamers earning much more than a normal day job, the quality of the videos has become highly sophisticated, and platforms are continually adding features for increased interaction. In 2019, China's live-streaming users are expected to exceed 500 million.³⁶

Though this channel unlocks a new opportunity for digital marketing campaigns, the strategy should not be to live stream as a foreign entity but to place ads or identify and hire the right live streaming influencer to engage the target audience. Since February 2017, many foreigners have had their accounts suspended on streaming platforms, and the Chinese government is enforcing a new set of regulations in which non-Chinese streamers have to first apply to the Ministry of Culture before starting their own live streaming channels. You may consider partnering with support services such as agencies that manage contracted live streamers. E-commerce stores can contact these agencies and they will assign relevant live streamers to promote the products. Top streamers can sell more than 1,000 items within a day.³⁷

³⁶ http://www.xinhuanet.com/english/2019-09/11/c_138384107.htm

³⁷ www.cnbc.com/2016/12/01/chinas-live-streaming-explosion-a-game-changer-for-all.html

Douyin



was launched in China in September 2016 and pushed out globally as TikTok in 2017. Though they are owned by the same parent company, Bytedance, and have very similar interfaces, they do not actually share content, and are hosted on separate servers. With 400 million monthly active users (MAU) as of October 2018,³⁸ Douyin has quickly risen to become one of the most popular apps in China.

Users can create 3-15 second short music and lip-sync videos and short looping videos of 3-60 seconds. Douyin has highly sophisticated KOLs and very high standards for the quality of paid ads. It is possible to hire videographers that specialize in creating Douyin ads. Douyin ads are divided into three pricing types and can be placed either upon app open, in the feed or as a customized sticker - a GIF that can be added to a user's own video clips.

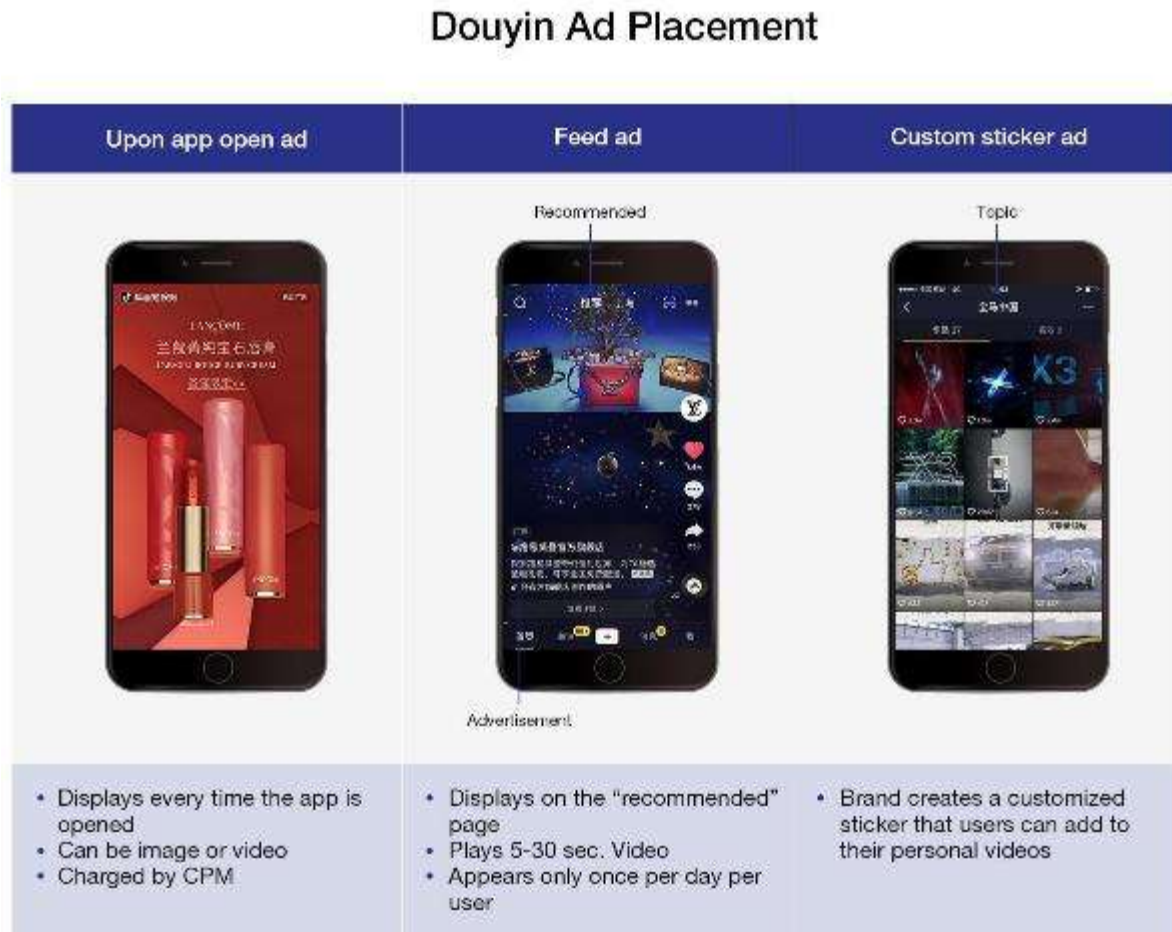
Figure 16: Douyin advertising budget

Douyin Advertising Budget

Price type	Cost
Cost-per-mille (CPM)	RMB 15-20 (EUR 2-3) / CPM
Cost-per-click (CPC)	RMB 1-2 (EUR 0.13 - 0.26) / CPC
Cost-per-acquisition (CPA)	RMB 200-300 (EUR 25 - 40) / CPA

³⁸ <https://m.jiemian.com/article/2605455.html>

Figure 17: Douyin ad placement options



Source: Webshop in China information, Flow.asia design

Kuaishou



is the short-video platform for life in China outside of large cities, and the major difference between Kuaishou and Douyin is its demographics and special focus on engagement between those in the same location. In December 2018 a reported 150 million daily active users (DAU)³⁹ were using Kuaishou to create, view and engage with short videos. Depending on the type of product, Kuaishou has three to five times higher e-commerce rate compared to Douyin.⁴⁰ Videos have a maximum length of 57 seconds. Kuaishou can be used to target smaller cities, often for much cheaper than Douyin.

³⁹ <https://topdigital.agency/10-most-popular-social-media-sites-in-china-2019-updated/>

⁴⁰ <https://technode.com/2020/03/03/why-kuaishou-beats-douyin-for-e-commerce/>

In use

Provide useful information: Share or teach something useful that is related to your brand. For example, makeup tutorials for a beauty brand, camping tips for an outdoors store or dog training advice for a pet food shop.

Build trust: Give people insight and transparency to your brand through live streaming. For example, a scuba company's staff training underwater, a product being made or quality assurance tests being conducted.

2.3.5 Community Forum/Q&A Platforms: Zhihu, Douban, Red

Zhihu



Zhihu is considered the Chinese version of Quora. It is a popular question-and-answer platform, where questions are created, answered, edited and organized by the community of its users. As at June 2018, Zhihu had more than 160 million registered users, and more than 7.05 million active users visiting the platform every day (DAU).⁴¹ Zhihu is highly interactive with the best responses up-voted by others. It features high-profile Chinese entrepreneurs and public intellectuals among its users. Answers come in the form of text and a newly added feature, the ability to record 1-2 minute audio responses. The answers also appear on Baidu's search results alongside an official website.

Top Zhihu answerers can open their own column and write essays, without having to answer any specific questions, and can be invited to prepare lectures/talks. Content readers can voluntarily tip the authors utilizing WeChat wallet, other content requires a fee to view.

Zhihu can help brands build their reputation when they give credible answers on the platform. Zhihu has a high trust ranking on search engines, and a demographic of highly educated, wealthier than average, users that are mostly concentrated in tier 1 and tier 2 cities. Businesses can increase brand awareness to this demographic by providing useful content and answers with links that lead to their company's website. Businesses must be careful to not come across as too sales-oriented or self-promotional. If you do not have the resources in house, it is recommended to use a Chinese agency, as content must be localised and can also help find KOLs on the platform.

⁴¹ www.jpm.us/article-687-1.html

Figure 18: Consumer Posts a Question to Zhihu About Which Fruit Juices Companies to Trust



Douban



Douban is another popular social network in China, but it is relatively lesser known in the West. It is a combination of Amazon’s book reviews, IMDB.com, Blogger, MySpace, Pinterest and Timeout. In short, it is an art, culture and lifestyle platform where office workers, artists, freelancers and students gather online and connect over similar interests. Users can book movie and concert tickets, download e-books and it even has its own radio station. If your company provides products or services related to these industries, marketing on Douban can help you to target niche audiences.⁴² Similar to Zhihu, Douban is a community that is highly local and you will need Chinese partners to assist you in order to deliver effective campaigns.

Xiaohongshu “Red”

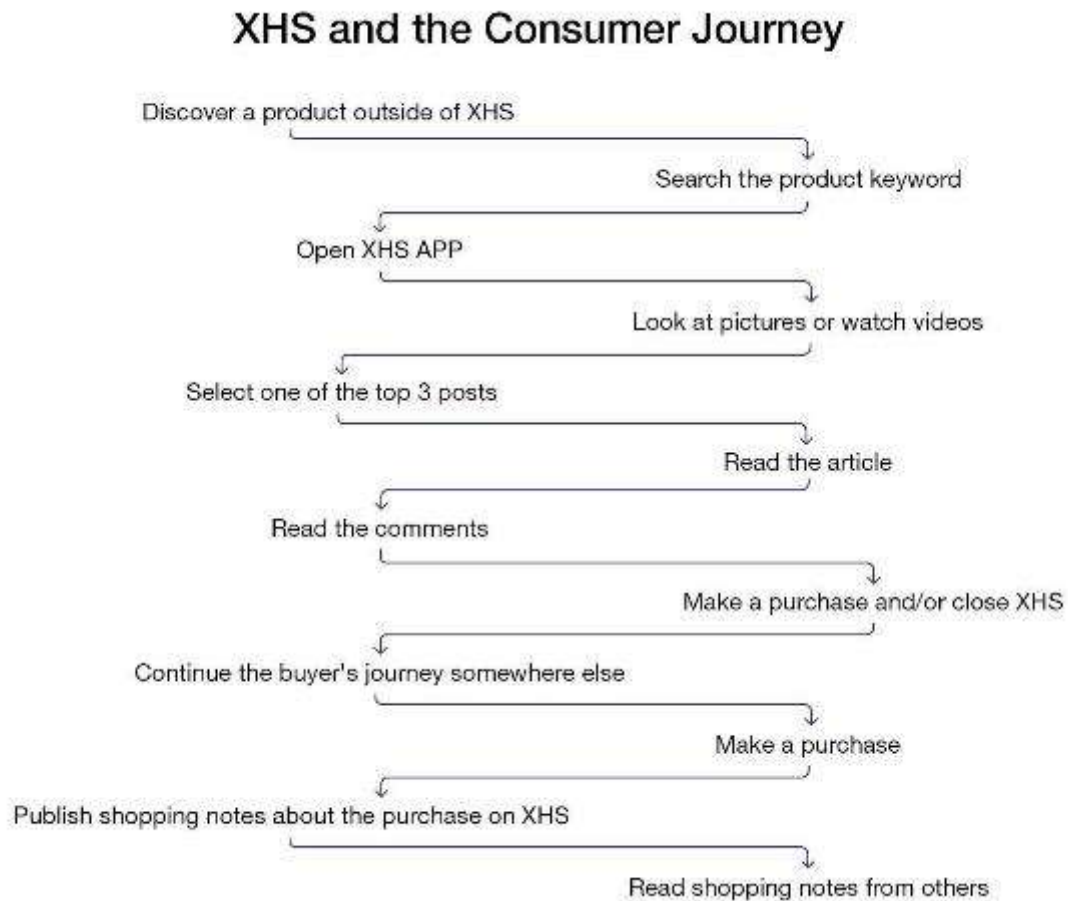


Xiaohongshu “Red” is a cross border platform where people can browse through lists of brands by category and location. Users can post reviews, join discussions and post their original content. Content tends to focus on product photos and real life experiences in entertainment, shopping or eating. This platform often holds a strong resemblance and

⁴² tech.sina.com.cn/i/2017-03-15/doc-ifychhuq4684705.shtml

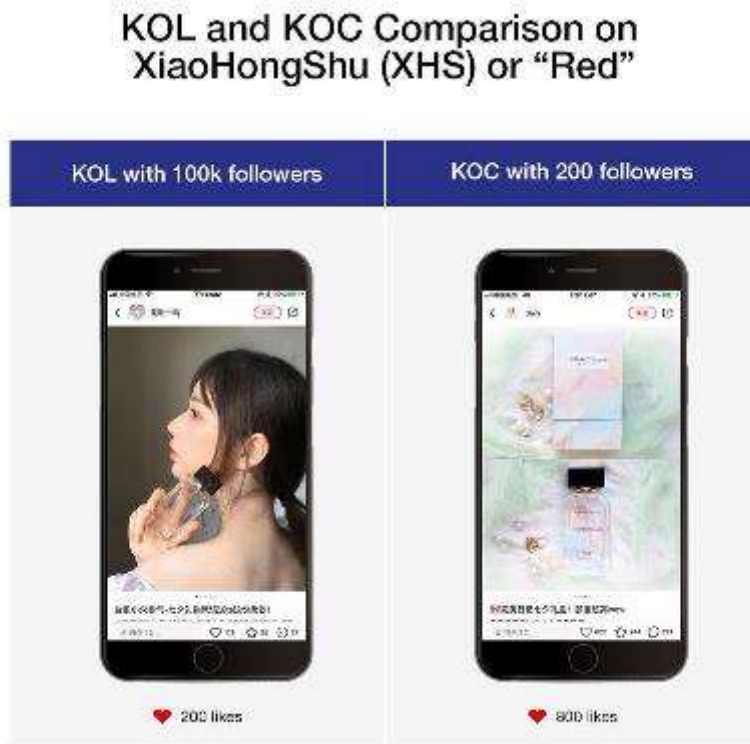
functionality to Pinterest, but people use it on their purchase decision journey more like Yelp. KOLs and now KOCs can directly influence sales through the content they generate on Red.

Figure 19: XHS and the Consumer Journey



Source: Parklu

Figure 20: KOL and KOC Comparison on Xiaohongshu



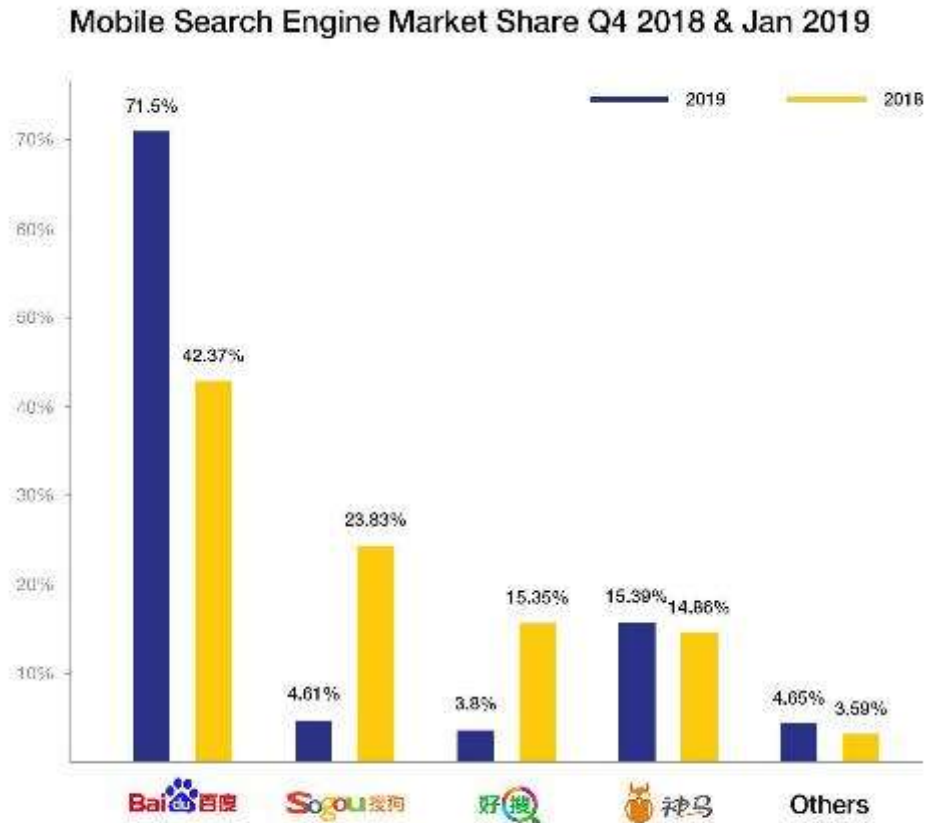
Source: WalktheChat

2.3.6 Search Engines

As Google is mostly absent in China (people must use virtual private networks (VPN) to access it), when conducting search engine optimisation (SEO) and search engine advertising (SEA) in China, one should first understand the big local players. Baidu is the dominating player⁴³, with Shenma, Haosou (also known as 360 search), and Sogou each having their specialities and followers. WeChat implemented a search function in 2017 that allows users to search WeChat Moments, Mini-Programs, Articles, Stickers, Official Accounts, Videos (on Tencent Video), QQ Music, Books, Q&A (on Zhihu), and Encyclopedia Articles (provided by Sogou and Baidu Baike). Because it is still a relatively new feature, most marketers are still trying to figure out how to navigate it.

⁴³ China Internet Watch: www.chinainternetwatch.com/20538/search-engine-market-share-apr-2017

Figure 21: Mobile Search Engine Market Share Q4 2018 & Jan 2019



Source: Statcounter, Dragon Social

Source: Statcounter, Dragon Social

Though Baidu is the most popular search engine platform in China, it operates very differently from Google. Baidu's technology is better at processing Chinese characters, but it is far behind Google in creating algorithms that reward most relevant content and penalize scammers. Additionally because there is a platform for nearly every type of need, users often go directly to each individual platform based on their needs rather than use a general search engine. This user behavior means for certain services many users skip search engines entirely.

With the size and budget of SMEs, it is more suitable to focus on Baidu. This section gives you the basic overview of Baidu SEO and SEA, but to incorporate these tools into your digital marketing strategy, it is best to consult local experts as Baidu is in Chinese only.

Baidu



[Baidu](#) started off as a search engine in 2000 and it has grown to become one of the largest internet companies in China. Its services extend to maps, music, translation services, travel, bulletin-board system (BBS), cloud computing and it even has a similar ambition like Google on self-driving cars. When your Chinese audience wants to look up your company information, it is very likely that they will search for you on Baidu. SEO strategy must understand how the Baidu search engine result pages (SERP) look like and how it is different from Google. Baidu ranking highly favors websites hosted in Mainland China.

The list of the main differences SERPs can go on and on, below are three key differences:

- **Chinese Only:** Baidu targets a Chinese audience and thus there is no English version available on Baidu. The results are also highly localised to the Chinese context.
- **Image-Heavy:** The majority of organic results on Baidu have thumbnail images associated with them. Whenever you search for anything, you are almost certain to see image-based related searches on the right side. Correctly optimizing an image's alt text and plain text content around the image is crucial to ranking well in Baidu's image results.
- **Rich Snippets Frequency:** Baidu provides rich snippets frequently, usually with a small image.

Generally speaking, Baidu has more features and more ads crammed into their SERPs, with deep integration with their own products, so it makes SEO in China more challenging. Although there are various guides online on how to utilize Baidu, it is best for EU SMEs to consult experts with SEO and SEM practices to understand the local context.

Pay-per-click (PPC)

For Baidu PPC, advertisers bid on keywords that represent users' search queries. When a user makes a particular search, they are shown text ads from the companies with winning bids. Companies are charged when their ad is clicked. This mechanism of Baidu pay-per-click is similar to Google, so the concepts behind Google AdWords and keyword management can also apply. However, there are significant differences that will take patience and time to get through.

To start with, unlike Google AdWords which is free and only requires a Gmail account and a credit card, Baidu ads are only accessible for companies, opening an account requires documentation and a lengthy application process, especially as a foreign company. Since Baidu is Chinese only, this implies that the process and the PPC backend are entirely in Chinese. Therefore, to facilitate the account opening process and optimize Baidu ads, having a local agency to support you is particularly helpful. Their experiences working with Chinese audience can localize the keyword research, bidding and ads design layout.

To find out more about Baidu PPC, you can visit the Baidu PPC Application page (e.baidu.com) and find the local reseller of your area. If your company has Chinese workers to assist you, you can also leave your information on Baidu's website and a representative will contact you for assistance.

In terms of the account opening requirement, you need to have a Chinese-language website, as well as send Baidu a digital copy business registration certificate issued in your local country. The fee for opening an account starts at around EUR 920, which includes a setup fee, prepaid credits and service fee. Usually it takes 2-4 weeks to have a Baidu PPC account approved after you submit all the documents.

Baidu Baijiahao

Created in 2016 by Baidu, [Baijiahao](#) is a self-publishing platform for independent writers, bloggers, and journalists, and can be used in a content marketing strategy. Though not an official statement by Baidu, it is commonly thought that Baijiahao articles have an advantage in the Baidu ranking algorithm, and can be worth exploring if your marketing plan focuses heavily on SEO. It should be noted that there is an application process that will most likely require a Chinese business license.

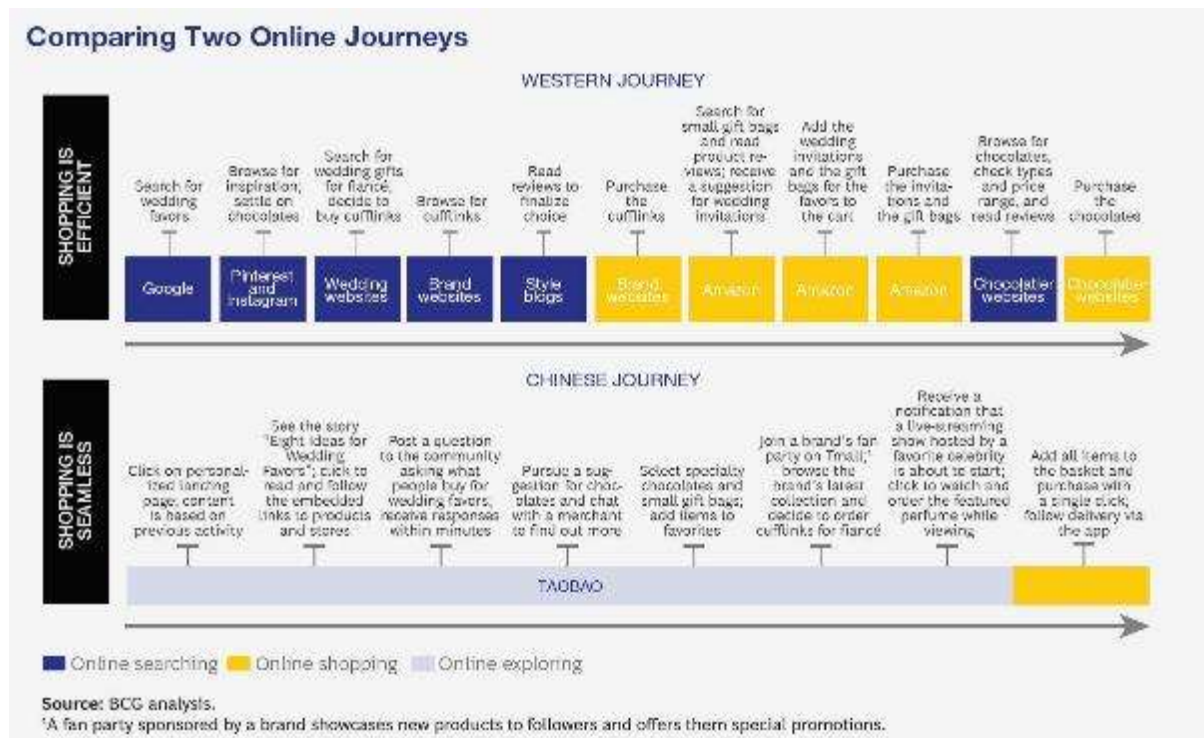
3 Marketing Fundamentals in China

When creating your digital marketing strategy it is important to remember that the basic marketing fundamentals still apply: know the customer, understand their behaviours, present information in a colloquial way. Digital marketing platforms are different, but many digital marketing methods still apply: content, advertisements, KOLs and SEO. The purpose of this section is to point out some basic differences that one might encounter in China.

3.1 Chinese Consumer Online Purchasing Journey

E-commerce in the West aims to provide an experience that is optimized for efficiency with advanced search functions, variety in payment methods and delivery options, thus tends to have the goal of facilitating frequent and quick purchases. While there is an ever-increasing number of ads and branded content on social media, there is still a pretty clear line between an e-commerce platform and a social media platform. In China, efficiency is not the primary reason for e-commerce use, but rather it is seen as a more dynamic extension to the overall shopping experience. Since smartphones are already intertwined with daily life in China, it feels natural to blur the lines between offline, online, social media, entertainment and e-commerce. After all, shopping is a social experience and marketers who understand how to utilize storytelling to create an experience with their brand will likely have higher success engaging their Chinese customers.

Figure 22: Comparing Two Online Journeys



Source: BCG analysis⁴⁴

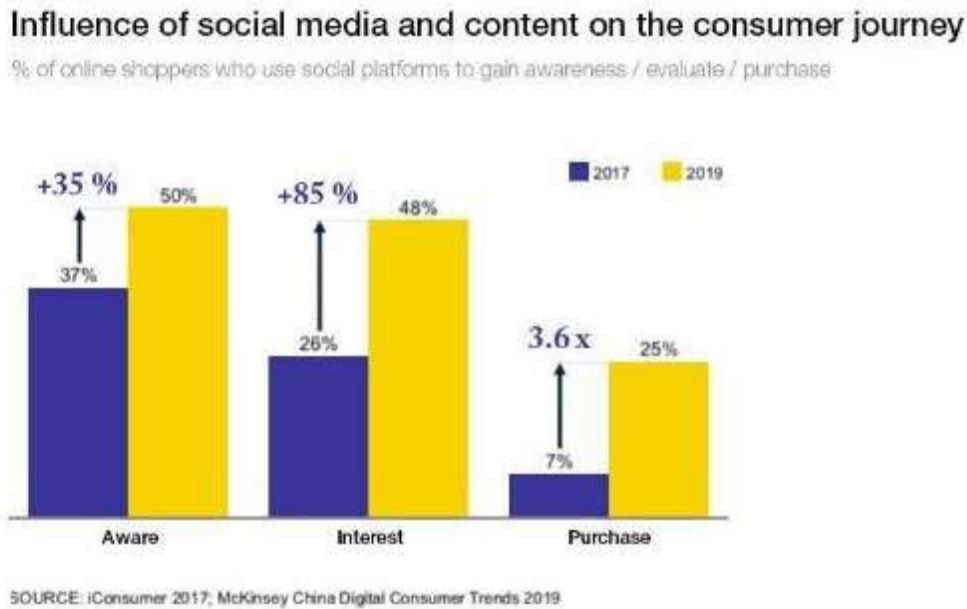
⁴⁴ <https://www.bcg.com/en-us/publications/2017/retail-globalization-chinese-consumers-online-journey-from-discovery-to-purchase.aspx>

3.1.1 Discovery-led Consumer Journey

Though omnichannel often refers to the fluidity between online and offline, those who don't plan to have brick and mortar stores nor hold offline events should still have a solid understanding of the behaviour and how this fluidity refers not only to the blurring line between offline and online, but to the entirety of the journey across the various digital platforms, and how everything comes together in the shopping experience.

Though in any market the discovery or exposure phase can come at any time, in China there is a high level of e-commerce integration, making it increasingly easier to “buy-what-you-see.” Unlike the West, where the e-commerce platform is the destination, China's integrated digital platforms enable a content-led discovery. For example, a person might see an item he/she likes on a television show, a makeup tutorial or even a news site, and can immediately make a purchase through an embedded link/QR code. This makes the path from discovery to purchase one integrated experience. Additionally, marketplaces such as Taobao capture not only the consumer's search and purchase history, but also social interaction, location, and employ analytics and AI to create a curated shopping experience so that when a user is on an “e-commerce” platform it too feels well integrated with their surroundings and interaction.

Figure 23: Influence of social media and content on the consumer journey



Source: iConsumer 2017; McKinsey China Digital Consumer Trends 2019⁴⁵

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<https://www.mckinsey.com/~media/mckinsey/featured%20insights/china/china%20digital%20consumer%20trends%20in%202019/china-digital-consumer-trends-in-2019.ashx>

3.1.2 Pricing and Discounts

The past few years have been dominated by brands making their entrance into the Chinese market with enormous discounts or a focus on big shopping event days such as Double 11 (The world's largest shopping event, held each year on 11.11 in honor of Single's Day with Alibaba group reaching RMB 268.4 billion (EUR 34.5 billion) gross merchandise volume (GMV) in 2019⁴⁶). It is very difficult to maintain extremely low introductory prices, and it can be hard for SMEs to compete with large brands during large sales events where large brands cut prices as much as 30%.

EU SMEs should aim to develop data-driven pricing. Many Chinese e-commerce platforms offer data analytics such as Tmall's DataBank. Using strategic pricing means more stability for you and your customer which is especially crucial for items that rely on repeat customers. Keep in mind that authenticity resonates strongly with the Millennial and Gen-Z consumers, and studies are showing that younger consumers prefer everyday reasonable prices rather than occasional enormous discounts

3.1.3 Choosing a Brand, Choosing a Lifestyle

Since shopping interactions are weaved into everyday life, it is imperative to acknowledge that making a brand choice is often synonymously thought of as making a lifestyle choice. This is why creating a strong brand story that resonates with your target demographic is important in every touch point along the consumer journey. "Chinese millennials are curious about culture, and they want to acquire [cultural] knowledge, from art and architecture to fashion and sustainability."⁴⁷ Provide resources that help facilitate their lifestyle, provide tips, tutorials, ways to be more sustainable, etc.- content that is not just directly about the product, but that enhances different aspects of a multifaceted lifestyle.

3.1.4 Loyalty

It is no secret that it is difficult to keep customers coming back time after time, and there is no lack of brands competing for their attention. Delivering the best possible customer service and product quality is a good start in any market. Consumers want to feel that they are valued and can trust your brand not only in quality, but also with their privacy, "Four out of five of consumers are loyal to brands that safeguard and protect privacy and this will only grow as data becomes more comprehensive and privacy breaches increase"⁴⁸. Remember that Chinese consumers have a lot of choices and they will choose the brand that represents and respects their lifestyle.

Just like the initial discovery, making purchases is an experience- before, during and after. Work to keep the customer's experience with your brand fresh and interesting whether through creative content, exclusive purchaser promotions, and by staying at the forefront of innovation with your product or service. Your Chinese consumer craves novelty and exclusivity. Many brands utilize KOLs, KOCs and private traffic to continually engage with their customers and promote not only purchases, but also sharing and regular brand interaction.

⁴⁶ <https://www.zdnet.com/article/alibaba-posts-record-38-billion-in-sales-for-chinas-11-11-shopping-frenzy/>

⁴⁷ <https://jingdaily.com/china-millennials-brand-loyalty-mckinsey-prada-van-cleef/>

⁴⁸ <https://www.chinaskinny.com/blog/chinese-consumer-loyalty/>

3.2 How to Adapt to the Chinese Context

Before entering the China market, there are several aspects that have to be researched. First and foremost is to have a clear understanding of *why*. Although the Chinese market is huge, it is also highly competitive, and the process of setting up everything can be a hurdle. China is not cheap, and enough capital must be assured.

3.2.1 Business and Legal

The first step a foreign company should take when approaching the Chinese market is to evaluate the legal basis of its business with China. Regardless of the business model adopted, being it the export of goods and services to China, the setting up of a legal entity or of a Representative Office, SMEs should develop a sound understanding of whether their products and services can be actually sold within the Chinese market and, if so, if there are any specific limitations or requirements (e.g. pre-market approval, capital requirements etc.) they need to abide to.

The EU SME Centre can provide EU SMEs with a rather comprehensive set of guidelines on Legal and Standard and Conformity issues, as well as with a number of sector reports and case studies containing hands-on information from the experience of real EU SMEs that have accessed the Chinese market.

All the EU SME Centre publications can be accessed on the Knowledge Centre section on the website: www.eusmecentre.org.cn/knowledge-centre

In addition, all SMEs engaging with the Chinese market shall take action to protect their Trade Mark as well as any other IPRs. The EU funded **China IPR SME Helpdesk** can provide you with free of charge, confidential, business-focused IPR advice. Reach their experts at: www.china-iprhelpdesk.eu.

3.2.2 Market Entry Planning

As with all other markets, China is not homogeneous. With 1.39 billion people and 9.6 million square kilometres, the differences in opinions, taste and preferences is vast. With a limited marketing budget, a targeted and smart approach is needed.

The principal is rather simple: conduct background research, break the market into clear segments, select a target group, do deep market research and then execute accordingly. In praxis this varies from brand to brand and from product to product. Working with a local partner that understands the language and has experience in the market is recommended.

3.2.3 Chinese Name Adaptation

The most obvious and most urgent adaptation needed is an adaptation of the Western name to Chinese. There is a need to have a Chinese name when registering a company or a product in China. Due to the way the Chinese language is constructed, a direct translation is not straight forward. There are different approaches for this:

No adaptation: These Chinese names have no resemblance to the original name in sound nor meaning. An example of this is Heineken with its 喜力 that is spoken Xǐ lì and meaning “Happy Power”. This is a valid approach and good for positioning the brand in the Chinese culture and to avoid any dialect problems. It does, though, lack the link to the original brand, so it only works in China and it does not bring much from the original brand.

Sound adaptation: These Chinese names sound like the original, but are semantically unrelated. A good example is Audi: 奥迪, spoken Ào dí. This does not have any clear meaning, but when spoken it sounds like the original. This gives it a global identity, but due to not having any meaning, it is much harder for the Chinese consumer to process and remember.

Meaning adaptation: These Chinese names have a good semantic fit, but sound completely different. General Electric is an example with its 通用电气. This means “general electricity” and is spoken Tōng yòng diàn qì. In this case the meaning of the name is directly translated. On the other hand, there may be some issues when it comes to doing global marketing, or when the Chinese users go abroad.

Dual adaptation: These Chinese names have both the sound and the meaning related to the original. The best example must be Coca-Cola. In Chinese Coca-Cola is 可口可乐 sounding Kě kǒu kě lè and meaning “can be tasty, can be happy”. This is a difficult task to solve, but once found it resonates both locally and internationally.

Hybrid adaptation: The hybrid adaptation is a mix of different adaptation models. Some brands choose to mix and match when it comes to their Chinese adaptation. Starbucks is a good example: 星巴克, Xīng bā kè. The first character means “star” whereas the last two characters represent the sound “bā kè” with no proper meaning.

P

Protect your IPR

All SMEs engaging with the Chinese market shall take action to protect their Trade Mark as well as any other IPRs. The EU funded **China IPR SME Helpdesk** can provide you with free of charge, confidential, business-focused IPR advice.

Reach their experts at: www.china-iprhelpdesk.eu

3.2.4 Chinese Design Adaptation

Although not only applicable for the digital world, the visual design of different touch points may need some adjustments when entering China. When it comes to logo, corporate identity, packaging etc. there is often a need for a slight redesign to attract the Chinese customer.

The logo may need an update to reflect the Chinese name and to better resonate among Chinese users – both in terms of the name, but also shape and symbolism. Furthermore, colours have different meanings in the Chinese culture than in the Western. Just one example of this is the colour red. In China, red corresponds with fire, symbolizing good fortune and joy, whereas in the Western cultures red is most commonly associated with love or warning. If colours are used symbolically in the corporate identity, packaging or user interfaces, a short research and eventual update is needed.

Sometimes user interfaces (in apps, websites, software, etc.) also need updates. Although an increasing population reads and speaks English, the majority of people only speak Chinese. Translation to Chinese is thus needed. This often has implications in the layout of the interface due to the shape and space needed for Chinese characters. Furthermore, there are several other Chinese preferences to keep in mind, like when clicking on a link in the browser a new tab always opens whereas in the Western culture it only jump to a new site or when using a keyboard on a smartphone the position of the “send” button tends to be positioned in a different place.

Chinese culture has given us some special icons that we do not find in Europe like the shopping bag icon (used for e-commerce) or the *red envelope*. Another difference in interaction is the use of sounds. A brief evaluation on the existing solution and digital touchpoints compared to Chinese preferences and habits may reveal potential improvements.

To make sure that you are on the right track, take time to evaluate your adapted design with someone who knows Chinese culture and preferences well and at the same time have a keen eye for good design. Follow up and consult with a local design agency if bigger changes are needed.

3.2.5 Chinese Marketing and Communications

As you explore your target group and the competitive landscape in China, you will find that you need to not only translate your marketing into Chinese but also adapt it — or even rebuild it from the ground up — to be relevant and effective in this unique market.

Adapting Marketing Materials

When you understand the market landscape — including the relevant unique value you can deliver to your target group, and your target group’s behaviours — you are better equipped to effectively adapt your marketing materials to your local target groups in China.

The first step toward this end is to consider each of your target customer groups in as much detail as possible. Whom are you talking to? What are their relevant pain points and joy points relevant to your offering? What are their media behaviours? What unique benefits can you offer them that will set you apart from your competitors? How can you communicate your unique benefits in a way that is most effective for your target group? Answering these questions will help you develop the right content for each of your target groups.

Target Audience	Audience Insights	Unique Benefits	Evidence
Whom are you talking to?	What does this particular audience want?	What can you offer that sets you apart from your competitors?	What authentic story can you tell?
Whom are you trying to attract?	What data/insight do you have about them?	What role do you play in our audience life?	What real life examples do you have to illustrate your offer?
	Do they know about your offering?	How do you position yourself?	
	What experiences do they expect from you/our competitors?		
	What channels are they using and what content is most appealing on these channels?		

Figure 24: Questions to ask to better understand the market landscape

Brands entering the Chinese market may find that different local competitors and/or perceptions in the local market require a different unique positioning in the local market. For example, a European children’s food brand may be able to leverage perceptions of European food as safer and healthier than domestic Chinese brands. Meanwhile other aspects of their messaging in the European market (such as no trans-fats) may be less relevant or less understood by Chinese target groups.

Tone and manner: A shift in positioning, messaging, or target group will often also inspire a shift in tone and manner for a brand’s marketing communication. Keep in mind that just because you target a certain age group or income level in Europe, doesn’t necessarily mean this is your same target audience in China.

Channels: Selecting the right media channel for a brand's audience and message is of high importance. The same campaign can perform drastically different on different channels due to different audiences and different audience expectations for that channel.

Most media channels will freely provide information about their customer base to prospective partners or advertisers. Select channels where your target audience constitutes a significant proportion of the audience so that you can achieve the most impact for your investment.

Brands with their own online sales platforms in their home markets may have too low awareness in China to make such independent platforms relevant in the early stages. Paid channels are most relevant during market entry. Only after a brand has achieved high awareness it can begin to move its audience from paid channels to channels it owns, including social channels such as Weibo and WeChat.

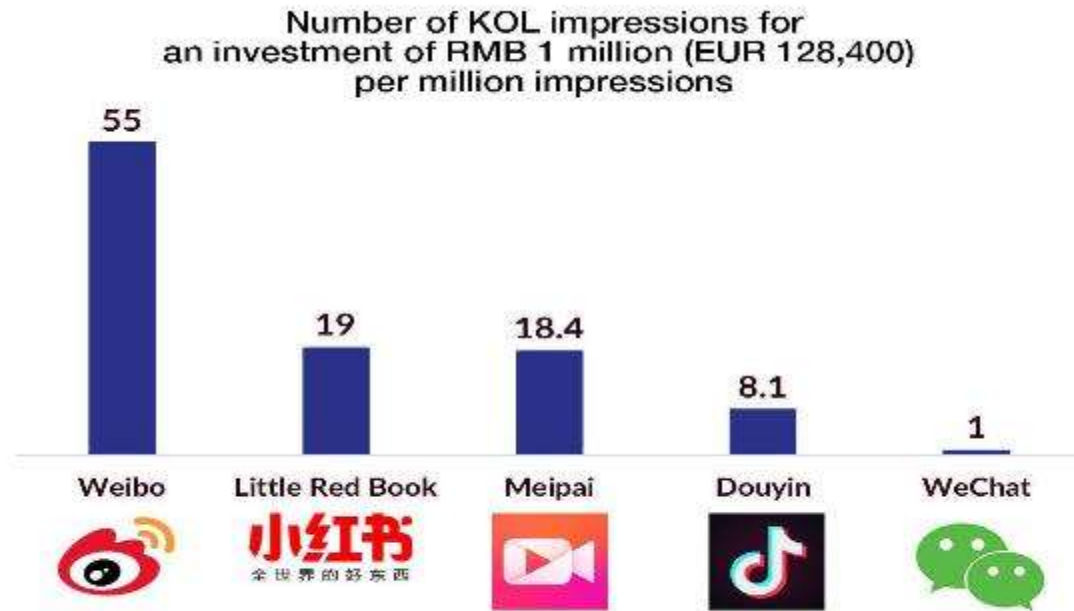
Brands selling products on third-party sales platforms like JD, Tmall.com, Alibaba or WeChat may find that the platforms themselves are powerful channels for marketing investment. Similar to SEO and SEM, carefully select keywords and identify relevant competitor products to ensure that your advertising reaches its audience. Keep in mind that some digital marketing channels — such as e-mail marketing — can be of lower relevance in China, while other social channels such as Weibo and WeChat will be of higher relevance.

Localization and adaptation of marketing demands deep insight into the customer target group and the local market environment. Remember that localization and adaptation of your marketing is not something you do only upon market entry. Like all marketing, localization is an ongoing process of learning and iteration.

3.2.6 Influencers: KOLs, KOCs and Private Traffic

Key Opinion Leaders (KOLs) refer to influential public figures, whom people perceive as experts in certain fields and knowledgeable on many topics. Combined with internet celebrities (Wanghong in Chinese). They are individuals with millions of followers. Identifying the KOL that matches your target market can help promote your brand. There are several methods to push content on various platforms via KOLs, which include sponsoring them to publish content about your brand, sending gifts to their fans, reviewing your products and participating in your marketing campaigns.

Figure 25: Number of KOL impressions for an investment of RMB 1 million (EUR 128,400)



Source: Parklu KOL calculator, WalktheChat Analysis

Source: Parklu KOL calculator, WalktheChat Analysis⁴⁹

Key Opinion Consumers (KOCs) are influencers with just a few hundred followers. Though their network is smaller, the quality of their contact can often be stronger. Highly discerning consumers seek more individualized and personalized content. Working with a KOC can be a good jumping off point for EU SMEs. KOC followers tend to be highly trusting and highly engaged. A brand must engage with a KOC that fits the brand’s image and target demographics. KOCs are much cheaper than KOLs, and often accept products as a form of payment. For the size and budget of an EU SME, instead of going to A-lister KOL, micro-influencers or KOCs should be considered as they may have more sway with consumer groups in their field and their cost will likely be a fraction of what the top influencers charge.

Most KOLs and KOCs will produce their own content, this maintains authenticity in the consumers' eyes. While you will have some say in what is said, this could come with an extra cost. Be aware that there are

⁴⁹ <https://walkthechat.com/how-much-money-do-influencers-earn-in-china-vs-elsewhere/>



fake KOL accounts and you must do due diligence to thoroughly evaluate engagement metrics. It is recommended to go through a trusted agency when navigating the KOL and even KOC world.

Private traffic: As online marketing prices rise and consumers become more discerning on the quest to find products that seem unique and match their personality, attention has turned to “private traffic”.

The Western equivalent to private traffic has been named as a blog or an email list, but even in the West, this has become outdated. In China, private traffic can be manifested with an influencer or brand creating a private WeChat group/s, sometimes opening hundreds of groups as each one reaches the maximum 500 person limit. Some influencers even create their own WeChat mini-programs. In this way, they can tailor the experience, create a personal relationship and share content- in the hopes of building loyalty between the brand and the customer. Building user communities and engaging customers can increase the loyalty and attachment to the brand over time.

Figure 26: KOL Campaign budget sample

KOL Campaign budget sample

Type of KOL	Cost	Minimum number of followers
Top celebrities and Mega-influencers	RMB 200,000 (EUR 25,000) and up	10 million
Mid-tier influencers	RMB 50,000 (EUR 6,000) and up	1 million
Nano-influencers	~RMB 20,000 (EUR 2,500)	2,000

3.2.7 Chinese Website Adaptation

It is a common misconception that Chinese Internet is simply a limited version of the Internet elsewhere. While some Western platforms are blocked, the parallel evolution has given birth to very powerful digital technologies. It is unlikely that you will feel limited, but rather will discover new, sometimes more powerful solutions.

Web Hosting and ICP License

Web hosting in Mainland China will increase your website's load speed, reduces the likelihood of it getting blocked, enables high level WeChat integration, and gives your website the chance to rank on Chinese search engines. As aforementioned, Chinese Internet is highly regulated, and hosting a website in Mainland China requires an ICP (Internet Content Provider) License.

ICP filing is regulated differently in each province, and the whole application process, including the websites, application portal, and all required forms are only in Chinese. [Aliyun](#) (Alibaba Cloud) offers both hosting and ICP application, it will typically take between 3 to 6 weeks to complete the process. For those not fluent in Chinese, we recommend working with a trusted agency that can handle the entire process, and help avoid mistakes and delays.

Website Content

Website content should not simply be translated, but written by a copywriter that has knowledge of your industry. The Chinese language is very complex, and just like you spent time establishing your brand's tone and voice in your native tongue, the same must be done in the Chinese language. Additionally, images must also be evaluated in order to be sure that they resonate with your target Chinese audience.

UI Design and UX

Westerners often find Chinese websites overwhelming, overcrowded or confusing. Keep in mind that there are some specific reasons for the significant differences between Western and Chinese web designs. However, since 2018, there has been an increase in minimalistic web design. Nielsen Norman Group

conducted a study that revealed that today's average Chinese user prefers a simple web design that still maintains more information than the average Western website upfront.⁵⁰

At the most basic level, a website made for a Western audience will need to be adjusted to display Chinese characters correctly and elegantly. Then, like any good User Experience (UX) practice, the target audience should be defined, researched and the navigation, interactions and information should be architected to create the best possible user experience. Though for other languages a good translation might be enough, for Chinese websites it is important to conduct UX research and create user flows just like when the website was first made.

Technical specifications

To avoid slow load speed, incorrect display or a blocked website, work with a developer that is familiar with the Chinese digital landscape. The website shouldn't use scripts hosted on Google servers or other blocked servers, including fonts, maps, jquery.js. China-friendly alternative services should be used. As discussed above, Chinese platforms for hosting videos, payment and social media should replace the Western one, not only for user friendliness, but to ensure that the website will function properly. Link your WeChat Official account by adding a QR code on your website. Even if you host your Chinese website in Mainland China, it is perfectly fine to link from your existing website (i.e. utilizing a language switch) that is hosted somewhere else.

⁵⁰ <https://www.nngroup.com/articles/china-website-complexity/>



ESTABLISHED IN ITALY IN 1964, IMMERGAS HAS BECOME A GLOBAL LEADER IN THE MANUFACTURING AND SALES OF CONDENSING BOILERS.

Scope

Chinese website adaptation- user profiles, user flows, wireframes, desktop and mobile design, and WeChat minisite creation.

Target audience

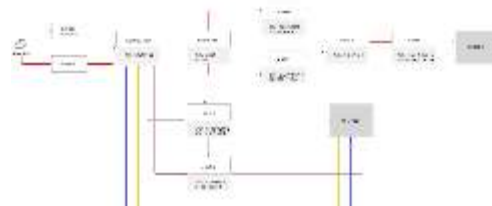
B2C middle to upper class, educated with a Bachelor's degree or above, age: 30-39, likely married with kids

Web stylesheet

The Immergas web stylesheet visually represents the passion and colorfulness of high quality Italian life. Consistent with the corporate guidelines- quality, trust, energy efficiency and the global presence of the Immergas brand were highlighted to resonate with the Chinese audience.

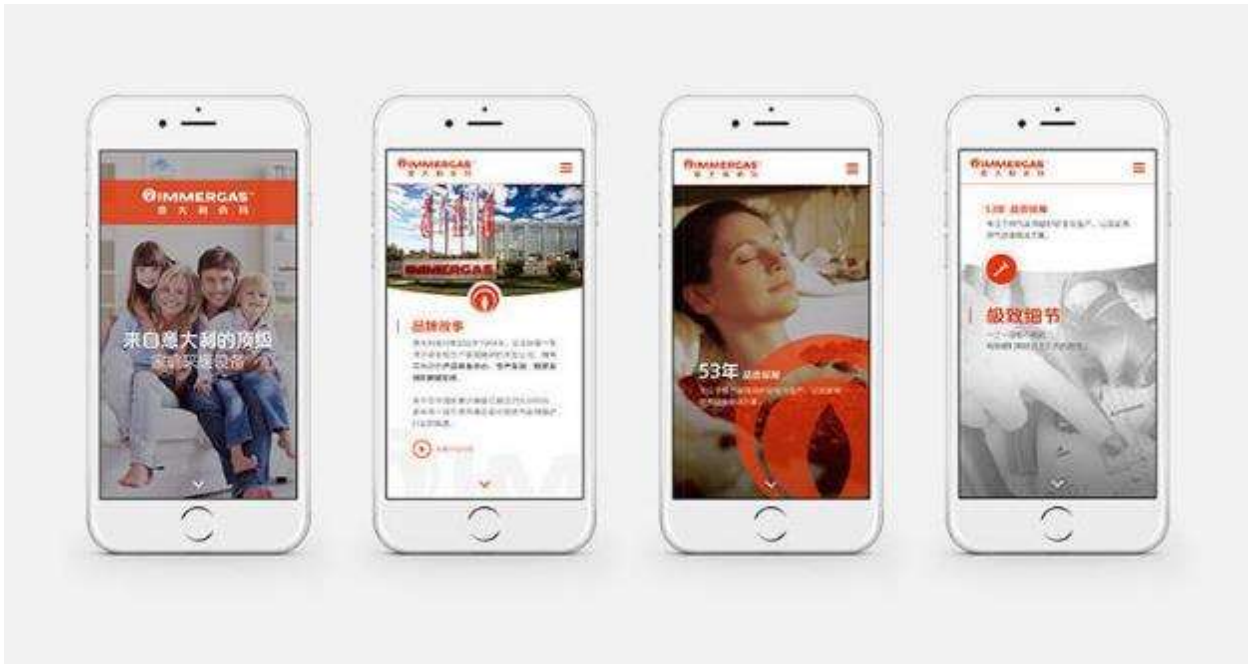
User flow

Unlike the European audience, potential Chinese customers are likely to discover Immergas on their mobile by scanning a QR code or through a WeChat share. This is why the user flows, mobile and WeChat adaptations were crucial.



Mobile wireframe





3.3 Data Collection and Analytics

Search and analytics tools, as well as social listening data, will provide deep insights into associations that consumers have with your brand, your competitors, and your industry. This can be invaluable for measuring brand performance over time as well as identifying price points, key topics, influencers and media that you can engage to most effectively reach your target customers.

3.3.1 Baidu Index

Baidu Index (index.baidu.com) is a data analysis platform that provides behaviour data insight for keywords, user demographics, user behaviour and trends. "The world is very complex, Baidu knows you better," is the famous Baidu tagline. Baidu Index can be used to help enterprises select keywords, understand related trends and gain valuable understanding of the target customers' habits and awareness of the industry/service/brand. Baidu Index is only available in Chinese, so it may be necessary to work with a local partner or translator.

Trends

Figure 27: General search index: General popularity of specified keyword over a period of 30 days and breakdown of desktop and mobile users.

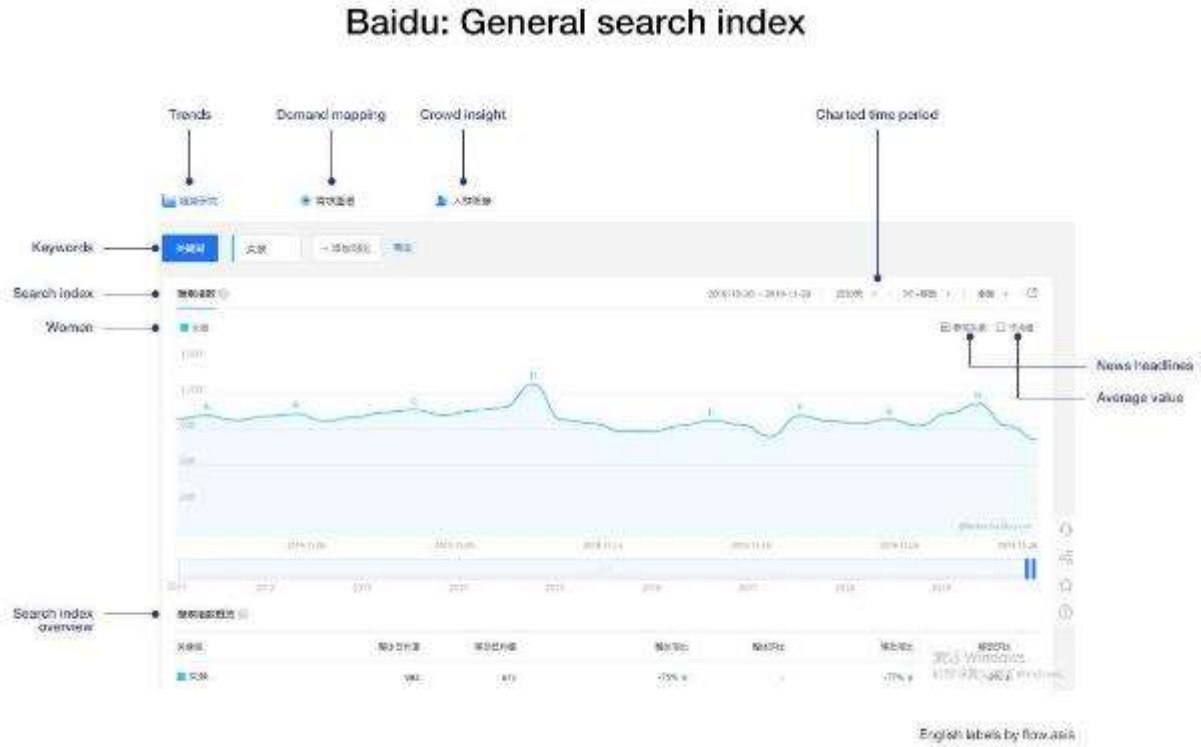


Figure 28: Media attention: Attention and fluctuation of media coverage related to the specified keyword.

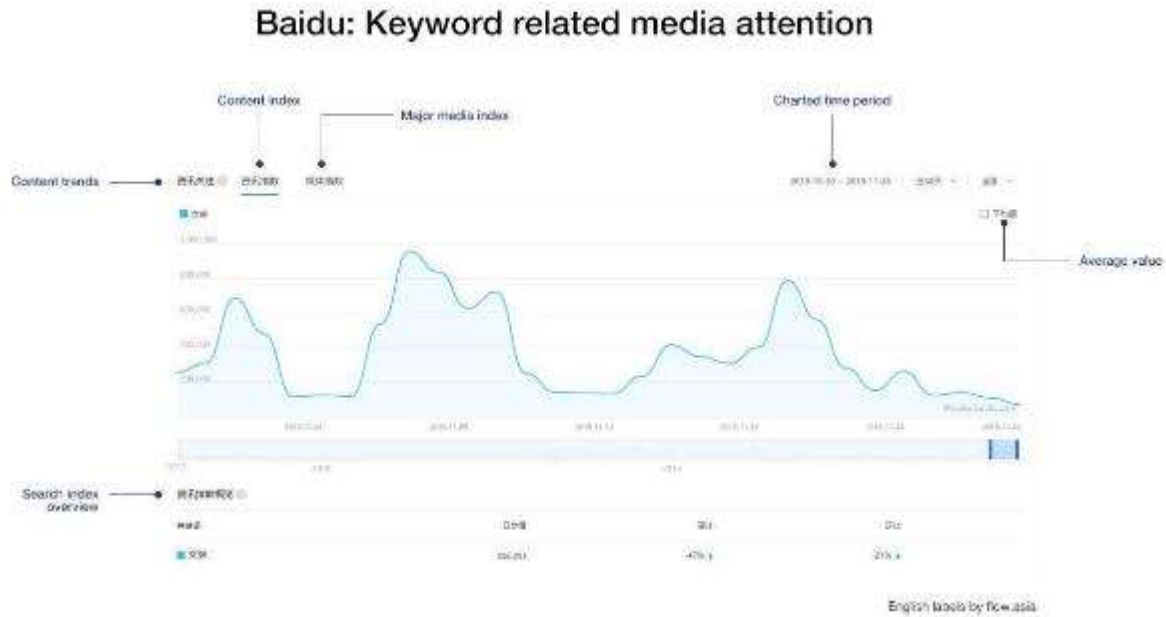
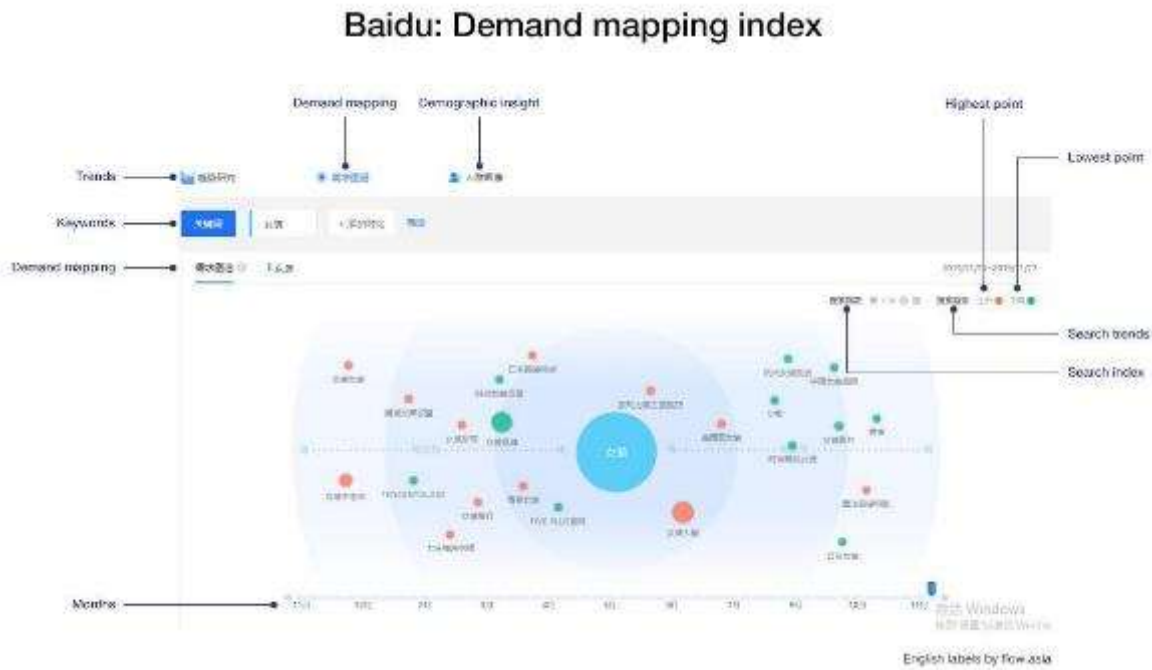


Figure 29: Demand mapping: Relevant search behavior before and after searching for the specified keyword, and the popularity of these related words.



Audience

Figure 30: Geographical distribution for specified keyword

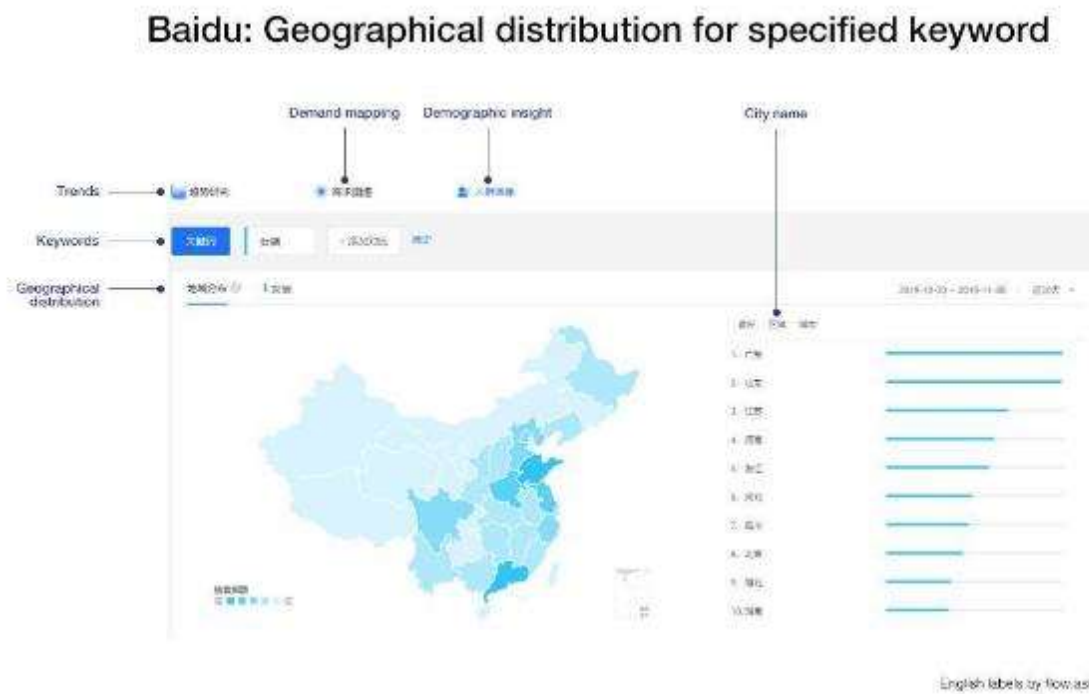
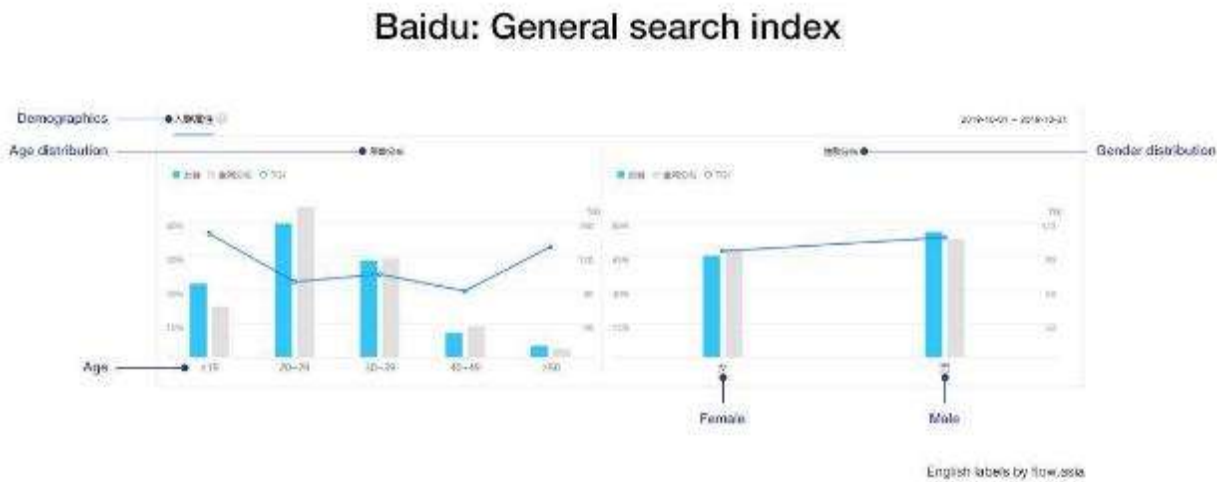


Figure 31: Audience gender and age distribution for specified keyword

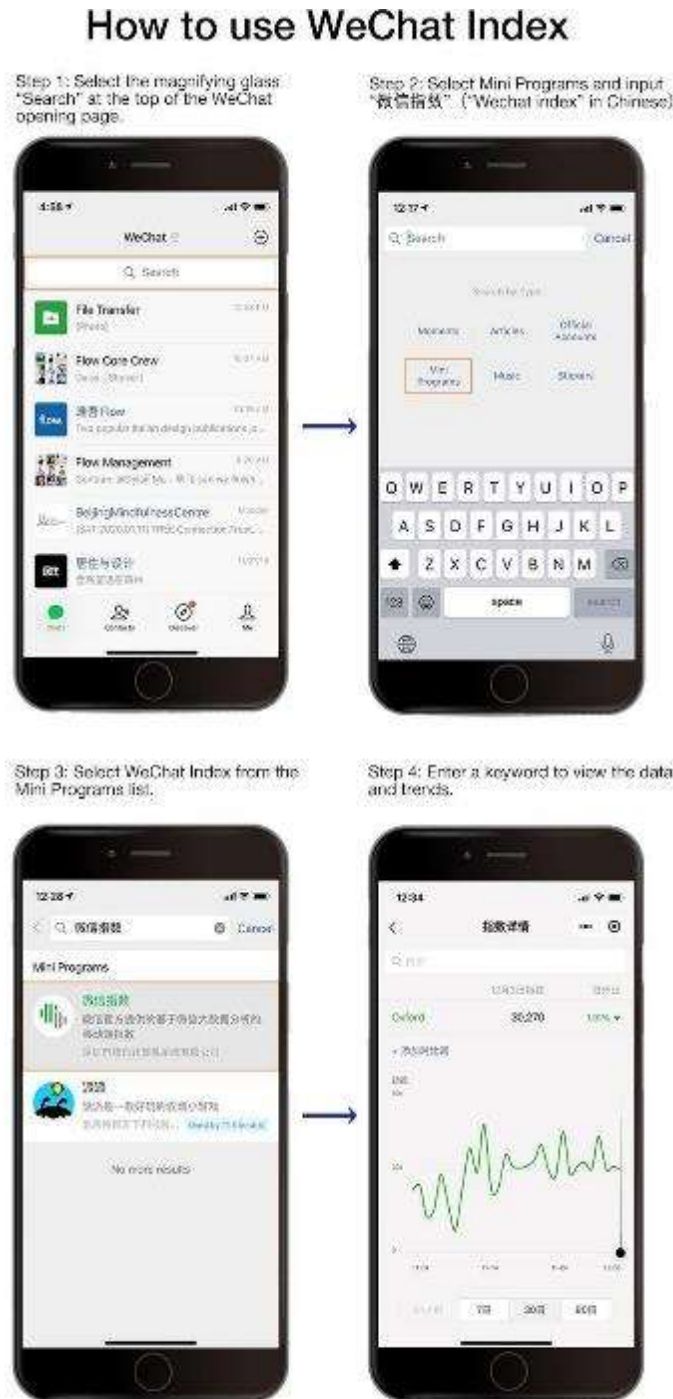


3.3.2 WeChat Index

The WeChat Index mini-program provides mobile big data analysis for WeChat searches and WeChat Official Subscription account articles. WeChat Index can be used to gain a big picture look at your target audience as well as trending keywords. It can be used to monitor general public sentiment with real-time insight into trending social issues, events and public opinion. Additionally it provides insights of target

audience's interest points and change over time with focus on daily consumption, entertainment and travel. Though WeChat has further functionality planned, WeChat Index is still in fairly early stages of development and currently only available in Chinese.

Figure 32: How to use WeChat Index



Compiled by flow.asia

3.3.3 E-commerce Index

Taobao Index (shu.taobao.com) collects data from Taobao, Tmall and Alibaba and is a good resource for conducting Chinese consumer data research. It is free and can be used by sellers, media and market researchers to understand consumer trends and competition.

Figure 33: Popularity of keyword and related searches

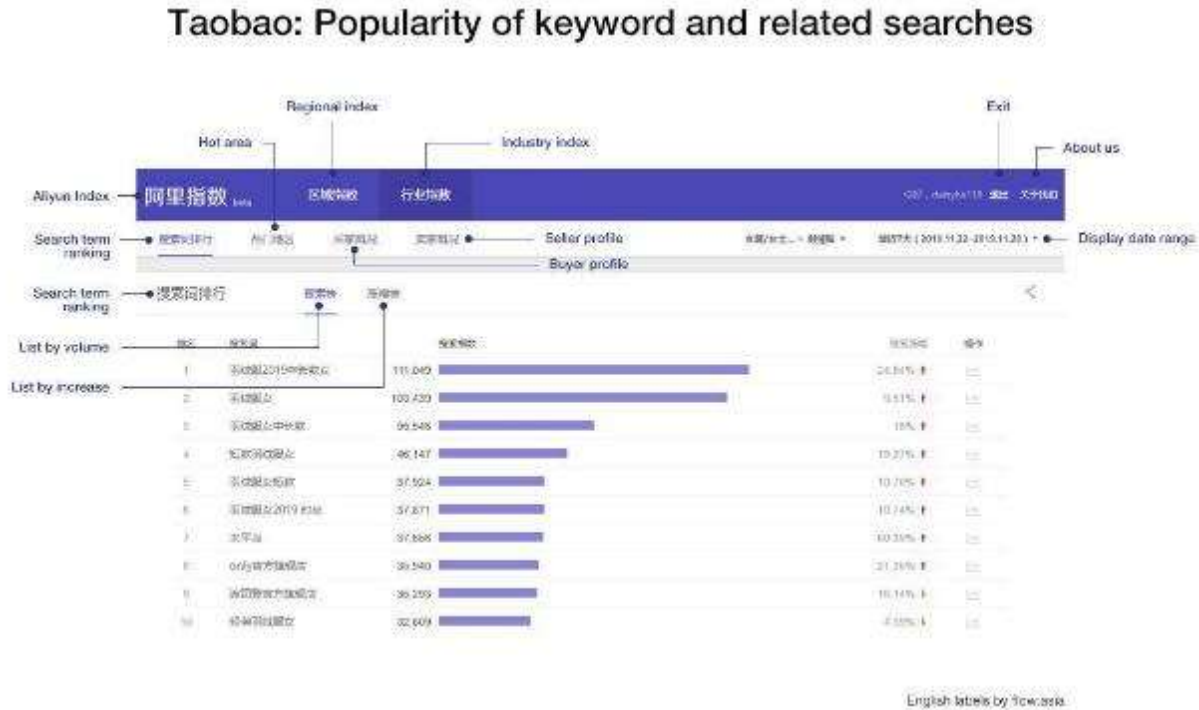


Figure 34: “Hot Area” shows the top ten cities that are purchasing and selling that product

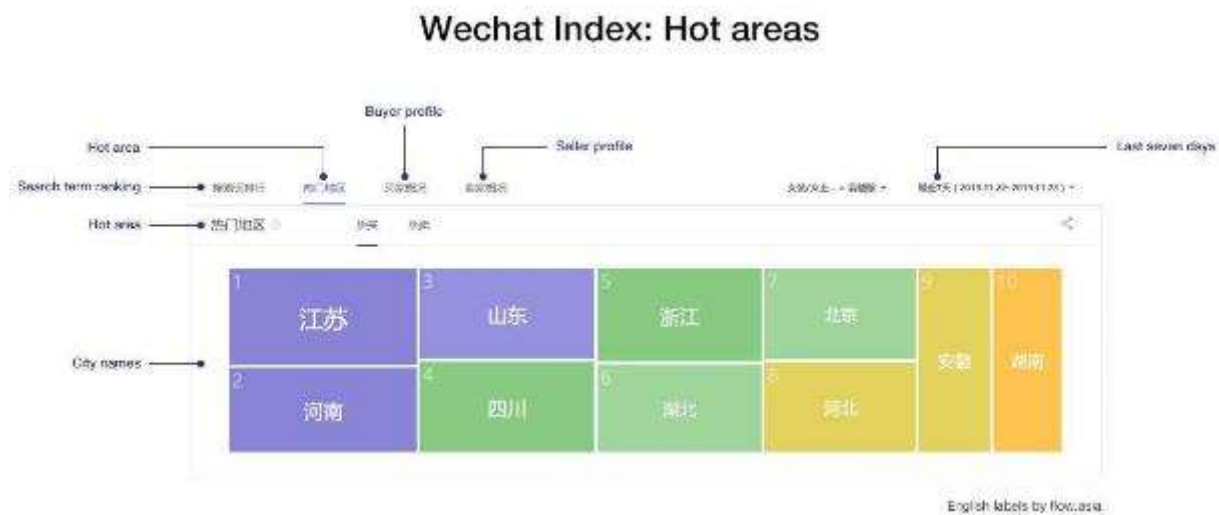


Figure 35: Customer profile of those looking for the product, including gender, age, astrological sign and membership level

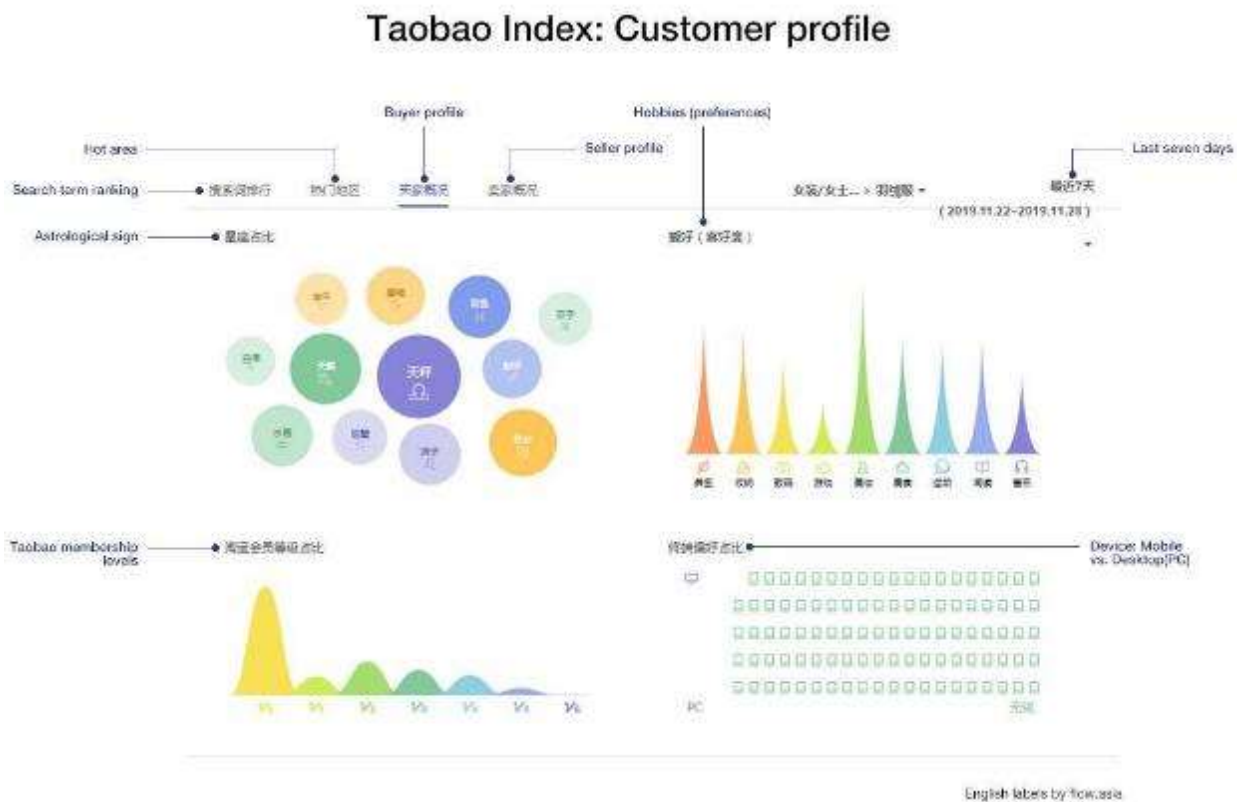


Figure 36: Seller profile shows review ranking and duration on the platform



Taobao shop also offers two paid tools, (shengejing.com) and (yscm.taobao.com). These are similar to Baidu analytics and provide insight into traffic, sales and industry analysis. They are only available in Chinese and should be chosen based on your needs and business type.

JD Business Intelligence: For those with a JD shop, JD Business Intelligence (<https://sz.jd.com/>) is a paid tool that can provide real-time insights into the target consumers, competitor pricing, and your shop's operational efficiency.

3.4 Budget

Market entry budgets can vary greatly. The below table should be used as a reference starting point only.

Marketing Activity	Example/implementation of project	Cost / Effort / Time	Comments/ Remarks	Note/
Internal workshop	Clarifying China market entry	CNY 5-15,000	/	
Category, culture and consumer research	General understanding of the market, the most important actors and the market share, cultural aspects and	From CNY 10-50,000 for desktop research, from CNY 50,000 for qualitative research	Different methods give different granularity in the result, but have different cost	
Social Media screening	Initial Social Media Screening to map out existing social media activities around the category	From CNY 10,000	Depends on scope	
Target Group Definition	General segmentation of the Chinese consumers and the following selection of segment	From 10,000	/	
Brand Design Adaptation	Graphic Design, colors, logo adjustment, etc.	Minor adjustment from CNY 10,000. Overhaul of design from CNY 100,000	This depends on the scope and amount of work	
Offline launch event	Rent of venue, invitation and payment of relevant KOLs, photographer, gifts to participants, live streaming set-up	From CNY 100,000	/	
Content generation for social media	8 articles per month for usage on WeChat and/or Weibo	CNY 20,000 / Month	/	
KOL promotion post	Post with product on KOLs social media	CNY 50-500,000	/	
Using WeChat to sell products	<ul style="list-style-type: none"> - Access to a WeChat shop - WeChat payment - Coupons 	From CNY 1,400 / Month	/	

	<ul style="list-style-type: none"> - QR code templates 		
Setup of WeChat store	<ul style="list-style-type: none"> - Home page - Banners - Customized pages 	From CNY 10,000	/
WeChat store management	<ul style="list-style-type: none"> - Product updates - Customer service - Reports 	From CNY 2,500 / Month	/
Tmall & Taobao promotion package	<ul style="list-style-type: none"> - Increase Taobao search volume - Increase Taobao likes volume - One Weibo advertising post shared by a Key Opinion Leader - One QQ group advertising post 	CNY 999 / Package	/
Social media listening	<ul style="list-style-type: none"> - Screening of social media - Reporting 	From CNY 15,000	Depends on scope

Annexes

Find a Local Partner in Digital Marketing: Social Media Marketing Agencies in China

There are many Chinese Social Media Marketing agencies that provide KOL and blogger management services. You can visit their website or contact them by email to get more information. They are listed in alphabetical order below. You can also contact the EU SME Centre for support.

Company Name	Website	Contact
Alarice International	www.alarice.com.hk	enquiry@alarice.com.hk
altima°	www.altima-agency.cn	shanghai@altima-agency.cn
Brandigo	www.brandigo.com	hellochina@brandigo.com
Branditat	www.branditat.com	hello@branditat.com
Bysoft China	www.bysoftchina.com	www.bysoftchina.com
Buzz China Digital	www.buzzchinadigital.com	info@buzzchinadigital.com
China Channel	www.chinachannel.co	www.chinachannel.co/contact
China Gravy	www.chinagravy.com	info@chinagravy.com
China Sales Co	www.chinasalesco.com	shanghai@chinasalesco.com
China Skinny	www.chinaskinny.com	info@chinaskinny.com
Chozan	www.chozan.co	info@chozan.co
CuriosityChina	www.curiositychina.com	contact@curiositychina.com
Digital Crew	www.digitalcrew.agency	hello@digitalcrew.com.au
Digital Jungle	www.digitaljungle.agency	info@digitaljungle.agency

Dragon Metrics	www.dragonmetrics.com	info@dragonmetrics.com
Dragon Social Ltd.	www.dragonsocial.net	info@dragonsocial.net
Flow Asia	www.flow.asia	contact@flow.asia
Fugumobile	www.fugumobile.cn	www.fugumobile.cn/home/?p=1107
Goglo	www.goglo.eu	info@goglo.eu
Gentlemen Marketing Agency	www.agency.marketingtochina.com	benji.marketingtochina@gmail.com
MarketMeChina	www.marketmechina.com	www.marketmechina.com/contact-us
Nanjing Marketing Group	www.nanjingmarketinggroup.com	info@nanjingmarketinggroup.com
Neat Interactive	www.neatinteractive.com	anchalika@neatinteractive.com
NetBooster Asia	www.netboosterasia.cn	china-info@netbooster.com
PingPong Digital	www.pingpongdigital.com	info@pingpongdigital.com
Questmobile	www.questmobile.com.cn	info@questmobile.com.cn
Red Lantern Digital Media	www.redlanterndigitalmedia.com	info@redlanterndigitalmedia.com
Reuter Communications	www.reutercomms.com	news@reutercomms.com
Resonance China	www.resonancechina.com	hello@resonancechina.com
Sampi Marketing	www.sampi.co	val@sampi.co
SEO Shifu	www.chineseseoshifu.com	hi@seoshifu.com
Social Stand	www.social-stand.com	info@social-stand.com

Splash Interactive	www.splashinteractive.com.cn	enquiry@splashinteractive.com.cn
TongDigital	www.tongdigital.com	adam.knight@tongdigital.com
Totem Media	www.totemmedia.net	chris@totemmedia.net
TD Marketing Consultants	www.td-berlin.com	info@td-china.com.cn
Walkthechat	www.walkthechat.com	www.walkthechat.com/get-started-wechat
VML Social	www.teein.com/index-en.html	Martin.gong@teein.com

Chinese KOLs Agencies and Platforms

KOL (Key Opinion Leaders) are powerful influencers that you should consider cooperating with in your digital marketing campaigns. Many of them are managed by agencies professionally so you do not need to find time searching for KOLs, instead they will find suitable KOLs and manage the KOL campaigns with you. They are listed in alphabetical order.

Company Name	Website	Contact
Antipodal Talent	www.antipodal.com	info@antipodal.com
AsiaKOL	www.asiakol.com	contact@asiakol.com
iconKOL	www.iconkol.com	info@iconkol.com
KOLSTORE 领库	www.kolstore.com	kol@microdreams.com
Louis Communication	www.loushijt.com	lscb-hr@loushiniubi.com
媒界 PRAD	www.myprad.com	zhaoguo@sootoo.com
ParkLU	www.parklu.com	sales@parklu.com

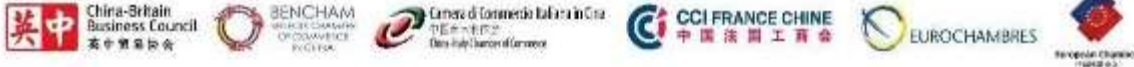
Robin8	www.robin8.net	info@robin8.com
Socially Powerful	www.sociallypowerfulmedia.com	james.hacking@sociallypowerful.com
Toutiao Kol	www.toutiaokol.com	toutiaokol@foxmail.com

Relevant Websites

Relevant Websites
www.techinasia.com
www.chinainternetwatch.com
technode.com
www.chinadigitalreview.com
grizzlypandamarketing.com/blog
www.sixthtone.com
www.campaignasia.com
www.digitalmarket.asia
digitalinasia.com/tag/china

About the EU SME Centre

The EU SME Centre helps EU SMEs get ready for China by providing them with a range of information, advice, training and support services. To find out more, visit: www.eusmecentre.org.cn.



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