

# Success in digital China

Few multinational corporations effectively capture the internet opportunity to build relevant and lasting brand relationships with Chinese consumers. **Tony Chen** of GroupM Interaction China outlines six key principles for online marketers in China.

**W**ith more than 500 million Chinese internet users and five million new users coming online each month, the significance of China's internet as a primary marketing channel cannot be underestimated (Figure 1).

Companies and brands have taken note, with online advertising spend in China

forecast to more than double from US\$5 billion in 2010 to US\$ 10.6 billion in 2012.

China's digital advertising campaigns accounted for 10.6% of total ad spend in 2010, but this number still lags far behind the US at 20% (Figure 2).

In fact, many multinationals in China still spend less than 10% of their total ad budgets online, much of it allocated as an

afterthought, rather than a top priority.

Digital in China represents a huge mass-market opportunity for brands to engage with Chinese consumers. Research by GroupM and TNS shows that Chinese internet users are among the most engaged on the planet, and they spend significantly more time online than their US counterparts (Figure 3). In addition, the internet has already become the most important channel to reach China's most attractive demographic: educated urban youth who earn comparatively more.

Brands in China know that they should be doing more in the digital space, but they hesitate to commit greater budgets and talent due to the 'new'-ness of the medium and due to the lack of established models. Brands find that the China internet ecosystem is very different from that of developed Western markets, meaning they cannot simply import their global campaigns to China.

And as well as overcoming language and cultural barriers, brands must establish relationships and find ways to work with the domestic companies that own and operate China's leading online sites.

Aware of both the challenges and the opportunities presented by digital marketing in China, we outline six lessons to help brands find success in this new frontier:

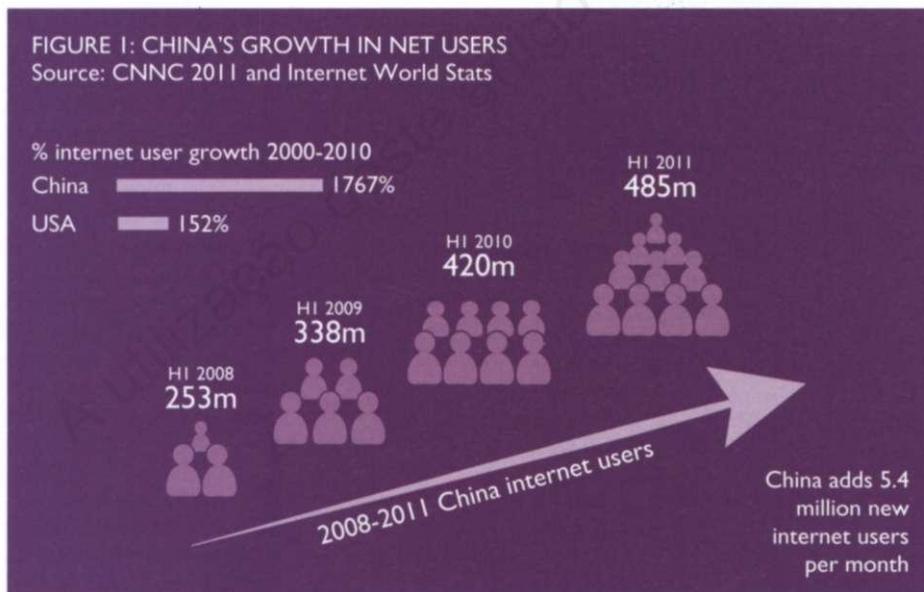
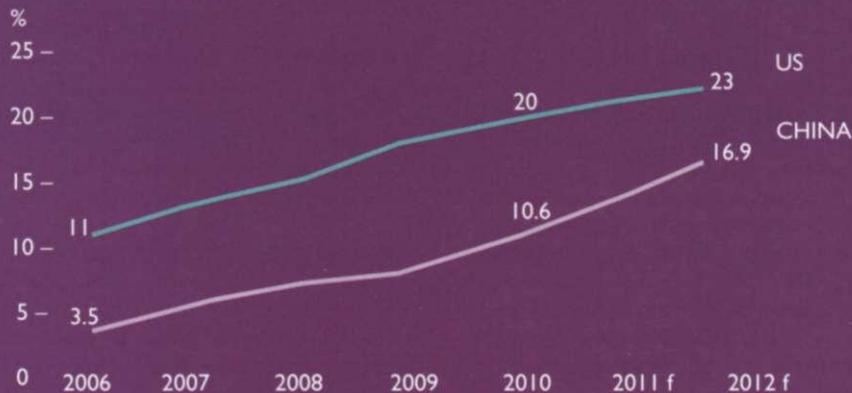


FIGURE 2: US VS CHINA ONLINE AD SPEND AS % OF OVERALL AD SPEND



Source: GroupM, This Year Next Year, July 2011

## 1 Social media has taken China by storm and is the entry point for engagement

Although Facebook and Twitter are blocked in China, the rise of social media there has been every bit as rapid and all-encompassing as in developed markets. The China-based research firm DCCI reports that Chinese netizens spend 41 % of their online time on social networking sites, where they forward and filter news, posts, online video and pictures via 'friend-networks' on leading SNS sites such as Renren, Kaixin, and Weibo (a Chinese version of Twitter).

In line with the explosive growth in SNS, GroupM has seen client demand for social media strategy rise fivefold in 2011 as brands discover that SNS is a great platform to engage customers. Not limited to the 30-second commercial, brands can tell their stories on SNS sites and stimulate conversation among consumers. For success, brands need to reinvent themselves as 'friends', post regularly on topics of interest, stimulate discussion, prompt sharing, monitor buzz, and leverage celebrities and key opinion leaders.

When social networking first began to take off in China back in 2009, MediaCom China launched a pioneering SNS campaign for COFCO, China's largest food and drinks company. COFCO wanted to promote an organic juice product called Lohas to urban users at a price point nearly double that of mainstream rivals. To educate consumers about the 'green' and 'organic' value of the

product, GroupM incorporated the Lohas product into the 'Farmville-mania' that gripped China, encouraging SNS game-players to plant organic products in their virtual gardens, produce organic Lohas juice, and share it with friends.

The campaign, which raised awareness of the new product and enabled consumers to experience the brand's value proposition firsthand, was a huge success, drawing nearly ten million participants who produced 190 million bottles of virtual juice and shared 130 million bottles with friends. Product sales jumped by 30%, and COFCO reported that

the huge increase in awareness generated by the campaign greatly aided its attempts to gain shelf space in stores for the new product because decision-makers were familiar with it.

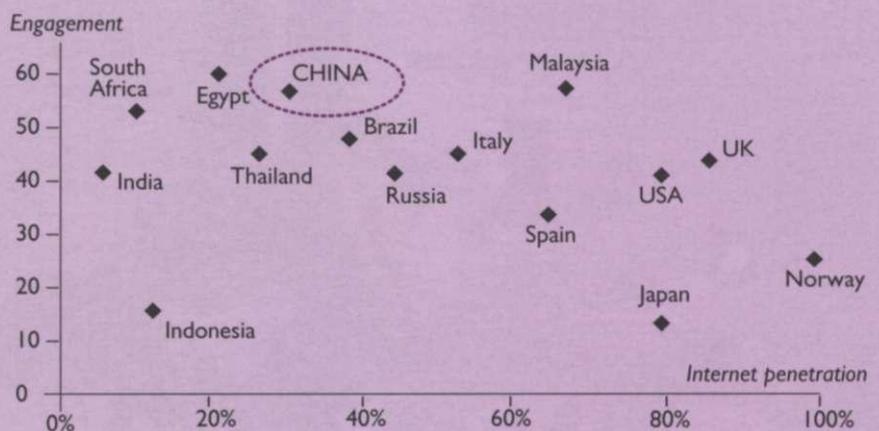
## 2 Leverage the Chinese love affair with e-commerce to generate sales and buzz

With China's e-commerce market expected to cross the US\$100 billion mark in 2011, competition, particularly in the fast-growing B2C sector, is white hot. New entrants challenging online incumbents include traditional retailers, manufacturers and venture capital-backed group-buy sites, as well as brands.

Aware of how quickly Chinese consumers have adopted online purchasing models, brands in China are actively formulating e-commerce strategies to drive sales. Many companies establish independent online stores in tandem with branded stores hosted on Taobao, China's dominant e-commerce site and largest online auction site, which brings huge amounts of traffic. Brands can also leverage the energy in China's e-commerce market to create buzz, drive word-of-mouth campaigns, and stimulate awareness and sales offline.

MEC China helped Mercedes-Benz identify 'Group Buy' as a promotion channel for its youth-branded Smart car, offering consumers the first ever chance to buy a car

FIGURE 3: ENGAGEMENT WITH THE INTERNET GLOBALLY



Source: GroupM and TNS

online. Working with Taobao, the campaign offered a 23% discount if 200 consumers signed up for the deal. Not only did we succeed in selling 200 Smart cars in just three-and-a-half hours, but we generated online and offline buzz through this unique campaign that drove a fourfold increase in national sales the following month.

### 3 Implement cross-platform digital campaigns that reflect Chinese netizen behaviour

Chinese netizens are at home in an online cross-platform world. They chat with friends online, for example, while watching videos or listening to music shared via Weibo. China's mobile and online worlds are coming together with the rise in smartphones - already more than 40% of Weibo users access the site via their mobile phones.

In the same way that users effortlessly cross digital platforms, effective online campaigns are integrated across platforms such as SNS, Weibo, search, video, mobile and e-commerce. Cross-platform campaigns leverage the strengths of each platform to create campaign effects that are greater than the sum of their platform-specific parts.

MediaCom China worked with Polident, for example, on an integrated cross-platform campaign to promote the denture-cleaning tablets to young Chinese consumers as a gift for their elderly parents and a catalyst to close the distance between themselves and their parents. The campaign tapped into the conflicted feelings that young people in China experience due to deep-seated traditions of filial piety and the pressures of modern life and careers in China's major urban areas.

Launched just ahead of Mother's Day and Father's Day, the campaign integrated a Google Maps application to enable participants to measure their physical distance from their parents and then posed a series of questions to help them measure their emotional 'distance' from their parents. The campaign also featured video interviews, with celebrities talking honestly and personally about their relationships with their parents.

Young people were encouraged to share their thoughts and experiences through video, pictures, and text, to forward text messages directly from Weibo to their parents' mobile phones, and register their

parents to receive free Polident sample packs.

This cross-platform Polident campaign leveraged Weibo, online video, mobile and online maps to garner 2.8 million site views, 8.6 million video views, and a CRM database of more than 21,000 names. Awareness of Polident tripled following the campaign, and sales increased 81%.

### 4 Extend your China TV strategy into online video

While cross-platform campaigns such as Polident leverage multiple platforms within the digital ecosystem, GroupM also encourages clients to consider cross-media campaigns that create a bridge between digital and TV campaigns.

Many TV programmes in China now feature official Weibo sites that provide highlights, updates between broadcasts, and enable viewers to post real-time comments, vote, interact live with the show, and forward programmes to friends. After the live broadcast, TV shows in China are often available and viewed via online video sites, where users can post comments and share with friends.

China's leading online video sites such as Youku and Tudou are actively partnering with TV stations for online re-broadcast of popular programmes, as well as producing high-quality content of their own, some of which gets re-broadcast on TV. With pre-roll ad formats on these video sites now an established standard on the internet, advertisers are doubling their budgets in this area.

Moving beyond the simple pre-roll video ad, MediaCom China worked with Procter & Gamble's Head & Shoulders brand on a major TV competition called *China's Got Talent*. We extended the message's reach and impact by co-operating closely with Weibo and major online video sites to collect videos of potential 'stars next door' who could qualify to appear on the show. In fact, the winning performer for Season 2 was first recommended via Weibo.

Nearly 57 million watched the second season on TV, with a further 67 million views on China's leading online video sites. Making the shows available via the online channel not only brought more views than the TV broadcast, but also enabled Head & Shoulders to extend the campaign beyond the initial broadcast, and directly reach a younger demographic in China that watches little TV.

When brands bridge television and online video, for example, the conversation and interaction no longer stops once the credits start rolling.

## 5 Include mobile elements in campaigns

With 910 million mobile phone users and 320 million mobile internet users, China is poised to play a leading role in the development of mobile marketing, which is expected to take off in 2012 when China's current base of approximately 60 million iPhone and Android smartphones begins to hit critical mass.

Smartphone users in China regularly access news, search, chat, Weibo, online games, e-commerce, and video, so we encourage clients to think of mobile as a point of access to any campaign.

China's smartphone users frequently visit mobile app stores to download games, SNS and chat applications, barcode and QR-code readers, as well as LBS-mapping applications.

# "China's internet space is led by domestic online companies, not global champions such as Google, Facebook and Twitter"

Mobile users in China already use their phone cameras to shoot pictures of barcodes located beneath promotional pictures of products featured on bus stops and subways in Beijing and Shanghai. The barcodes lead them to online mobile links where they can buy the products and have them delivered to their homes. Brands in China are beginning to leverage real-time and location-based mobile functionality to drive innovative campaigns. LBS 'check-in' services via sites such as Jiepan, for example, create an opportunity for brands seeking to motivate customers to visit their bricks-and-mortar shops.

Earlier this year, MediaCom China partnered with Volkswagen on a mobile app to help promote the Scirocco sedan. Users were encouraged to download the app to their phones, shoot a series of pictures with their phones, and then combine the photos into a collage that also includes an element of the Scirocco campaign visual. GroupM used LBS sensors to determine the user's location when posting the pictures onto Weibo and SNS sites. A group of friends in a bar in Sanlitun, for example, could shoot a series of party photos and post them to Weibo to share their location in real time.

The Scirocco campaign had more than one million participants who shared more than 200,000 photo collages. The app, which included an invitation to test-drive the new Scirocco, brought in over 9,000 sign-ups.

## 6 Forget Yahoo! and Facebook

China's internet space is led by domestic online companies, not global champions such as Google, Facebook and Twitter. Sites such as Facebook, Twitter, and YouTube are blocked in China, while global players such as Google and Yahoo! struggle on both business and regulatory fronts.

To partner effectively with these local companies, advertisers need to understand their unique development histories. China's leading internet company QQ, for example, got its start from instant messaging and chat,

which became hugely popular more than a decade ago, thanks, in part, to the high cost of phone calls at that time. China netizens still prefer chat over email, and QQ now has more than 700 million active IM accounts, as well as a popular portal, SNS site, Weibo, and video channel.

MediaCom China worked with Nescafe and QQ to develop an interactive video campaign to introduce urban corporate coffee culture to China. QQ users were invited to submit scripts, costume designs, musical scores and their own acting videos for consideration in a series of webisodes. QQ promoted the campaign to its users through its online ecosystem, including the QQ portal, SNS & Weibo sites, the QQ chat client, and the QQ video channel. Users submitted more than 50,000 scripts, costume designs, musical scores and acting videos that garnered nearly a million votes across the various categories. The series aired on the QQ video channel in early 2011 and attracted 24 million unique views.

With over half a billion users, the internet in China has already become the best marketing channel to reach China's most exciting consumer demographic. Brands are shifting budgets online, building digital teams and launching meaningful online campaigns, but they are still in the early stages of a steep learning curve. Successful digital campaigns leverage SNS to generate engagement, e-commerce for sales and buzz, cross-platform and cross-media for reach and impact, and mobile for anytime, anywhere interaction.

For marketers, digital in China is the most important frontier. Brands that move in step with China's online population and master the medium early will capture the best opportunities to engage and connect with hundreds of millions of consumers in lasting ways.

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marketing in China  
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