



興昌電機 工程材料有限公司
Hing Cheong Electrical Engineering & Supplies Co., Ltd.
特約經銷各國電機工控電器材料
訂造各類型水渠冷氣系統控制箱
Schneider FUJI ABB TERASAKI

美華髮型屋
樓二

REDFERN
DIGITAL

SHANGHAI - HONG KONG - MELBOURNE - AUCKLAND

MAKING BRANDS CHINA RELEVANT.

WHAT DO WE DO

Social Media

Strategy

Production

SEO & SEM

Brand Audit

Sampling

Digital Integration

Brand Packaging

Creative Solutions

Branding

Ecommerce

Research

Paid Media

IP Monitoring

Web Development

Consumer



MOVING BRANDS **ONLINE**



AGENDA

COVID-19

The Situation for Brands

Approach for Market

Before Considering Ecommerce

Branding

The Chinese Consumer

Paid Media

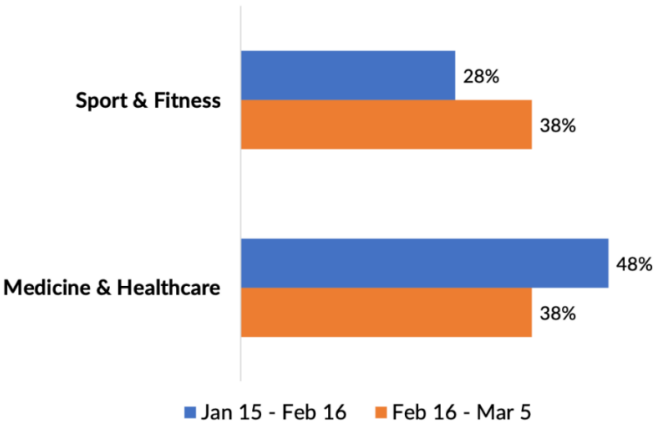
Ecommerce

Strategic Advice

**The impact of COVID-19
on China's Digital Landscape...**

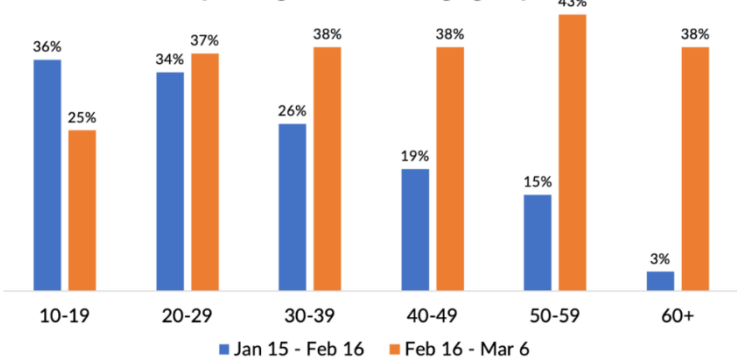
How is your category being effected?

% Share of attention towards health & fitness



Source: Coronavirus China Trends and Observations, Publicis Media China

% of attention towards leisure spending for different age groups



Source: Coronavirus China Trends and Observations, Publicis Media China

The recent coronavirus outbreak has caused a surge in time spent online as consumers have been encouraged to stay at home and self-quarantine.

The outbreak has caused traditional offline retail stores to open up online channels.

- For International **Women's Day** on March 8th, 2020, over 1,000 brands held livestreaming events.
- As the outbreak has forced **IKEA** stores to close in China for several months, IKEA digitized and launched their Tmall store, gaining over 874k Tmall followers in the first 5 days.

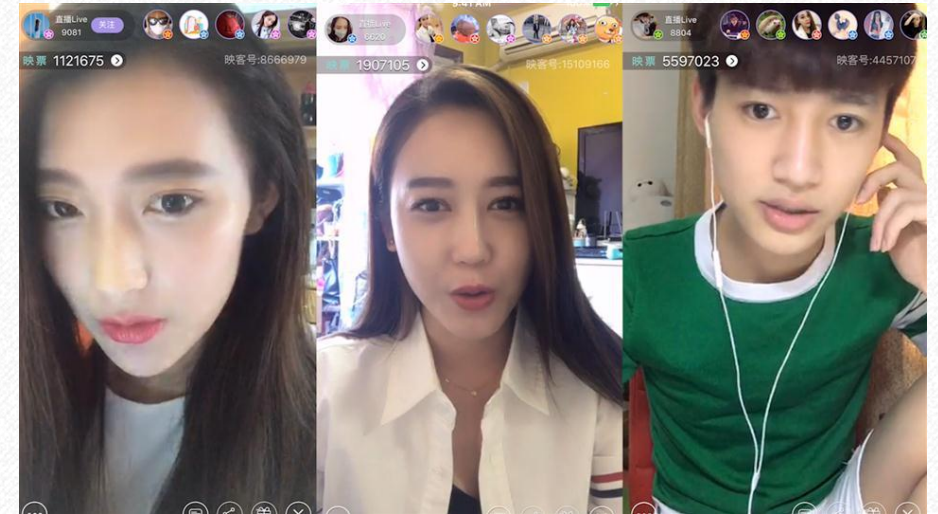
What's hot?

Livestreaming – Ecommerce

Livestreaming has been marketers savior during the crisis. **For this field, purchasing conversion rates are what matter.**

Alibaba said growth in new streamers was eight times higher in Feb 2020 than the previous month. Orders surged by an average of 20% each week.

Shanghai-based skin care brand **Lin Qingxuan** saw performance fall by 90% as 157 shops were forced to close during the virus, creating a crisis in which the company feared bankruptcy. After starting livestreaming sessions on Taobao Live, its performance rebounded, **an increase of 45%** over the same period last year within 15 days.



Livestreaming is not just a standalone marketing tool but can be used strategically alongside other online resources to drive sales of new products.

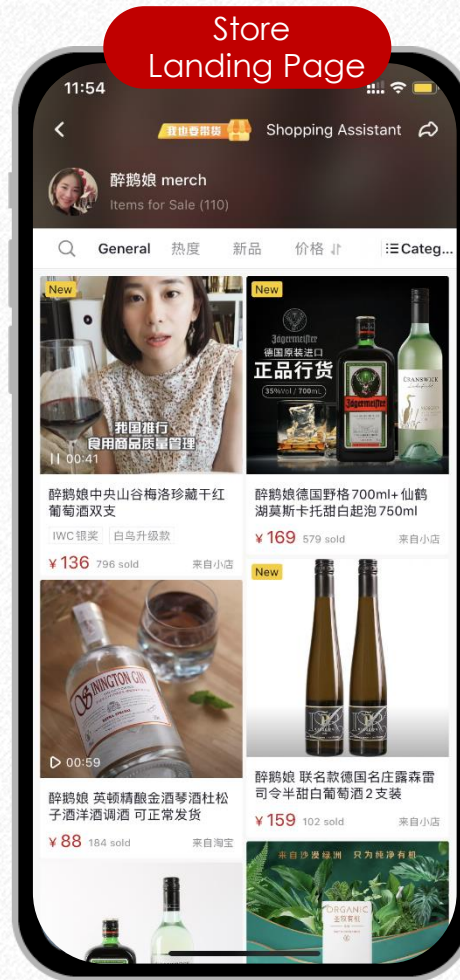
In February, **there was a month on month increase of new merchants to Taobao Live by 719% ...**

Douyin Store

ByteDance allowed merchants to add mini programs on Douyin to sell goods directly to its users. It aims not only to **open e-commerce opportunities for big brands**, but also **small- and medium-scale vendors**.

In particular, Douyin's strengths in short video sector, along with the network of internet stars on its platform, could put it in an enviable position to capitalize on **influencers and social e-commerce**.

This means by adding mini-programs to their profile online sales can be completed without the need to leave the app and visit a seller's online platform.



Store Landing Page



Product Detail Page



Order Confirm

Complete the loop from awareness to conversion within **3 clicks**

Why is Ecommerce Important?

- 01** Most Premium, foreign products are purchased online
- 02** Ecommerce landing pages provide better usage and functional information
- 03** Brands can more easily target their niche audience
- 04** It provides nationwide capabilities
- 05** It acts as brand validation for offline shoppers



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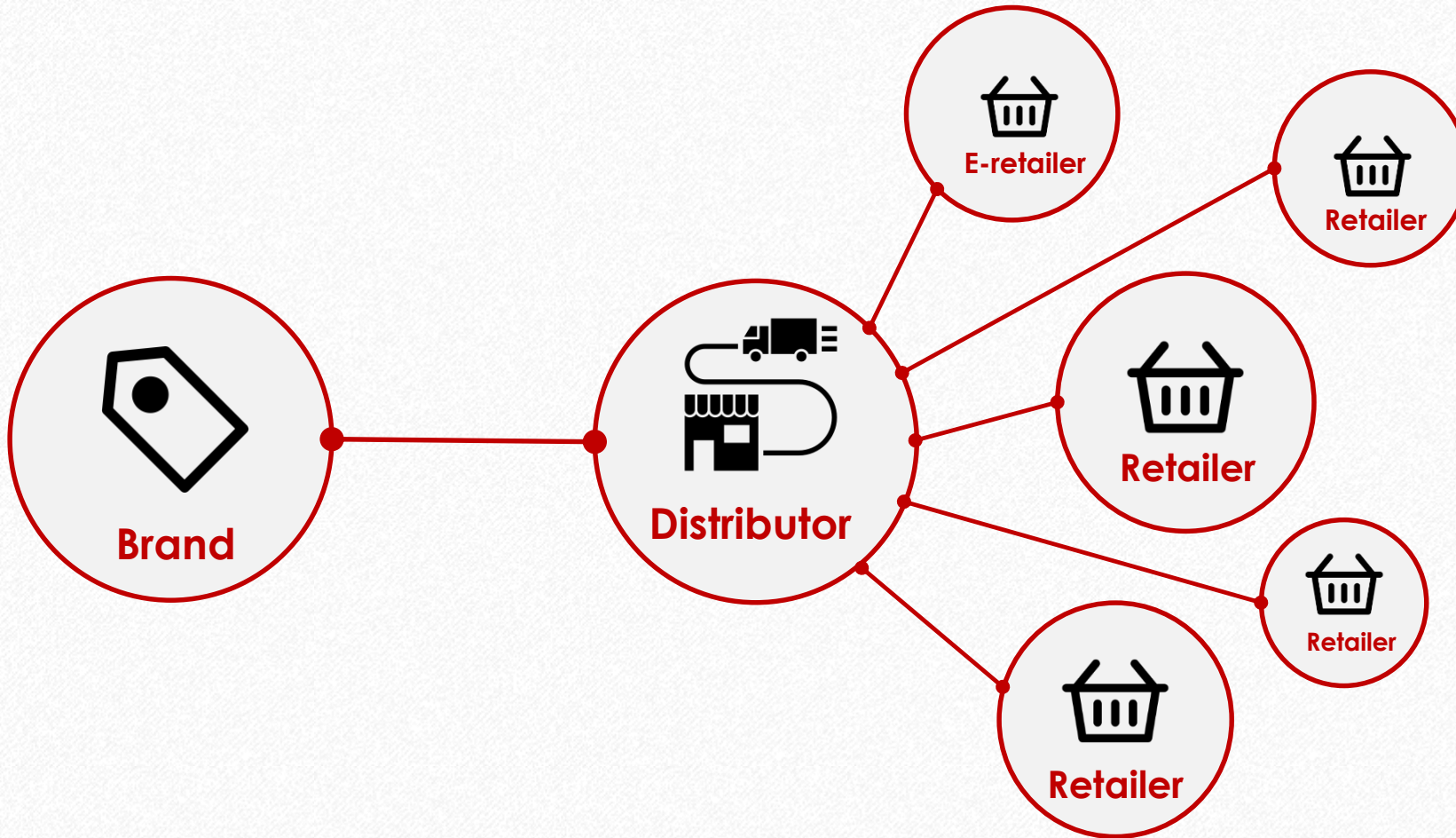
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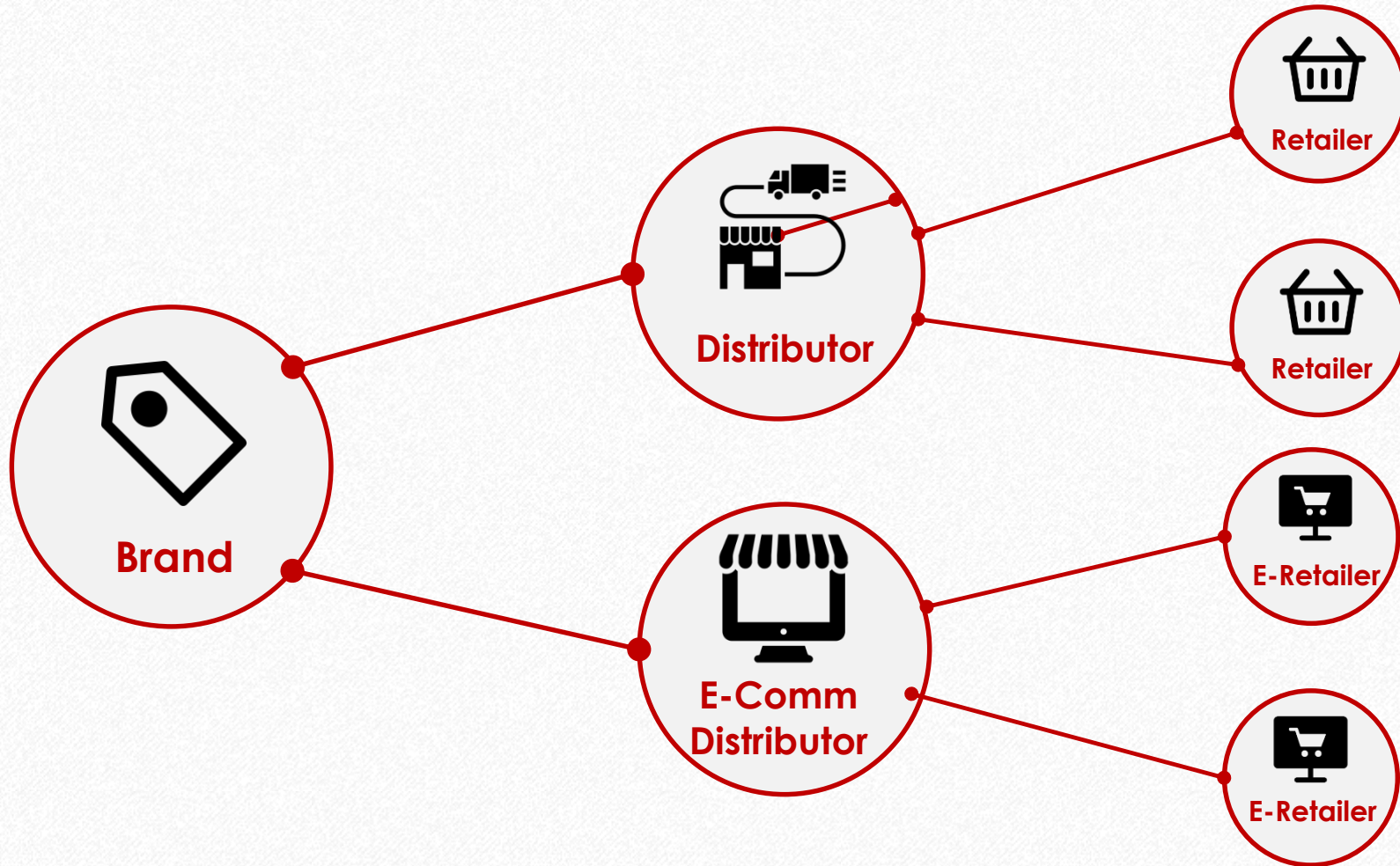


**What the realities are for most brands,
in comparison to what they should be doing.**

The Situation



What brands should be doing



In-market Stages vs. Out of Market Stages

Out of Market

Cross-Border Ecommerce



Private Traffic Store (Cross-Border E-commerce)



Daigou

In-Market

Private Traffic Store



Online Retailer Mode



Vertically Integrated Platforms



Flagship 1



Flagship 2



Offline Retail

Tmall Costs more than JD – FALSE!



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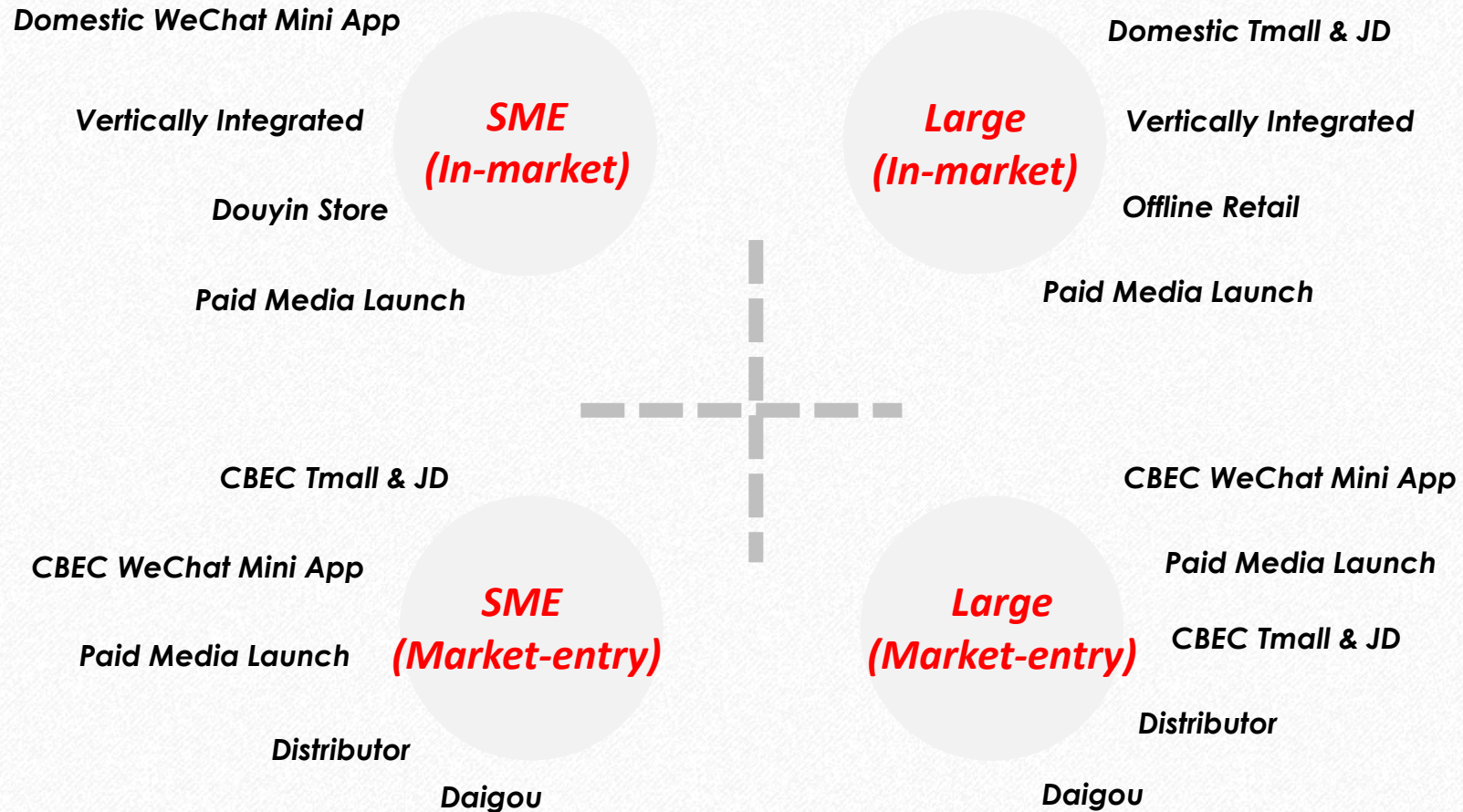
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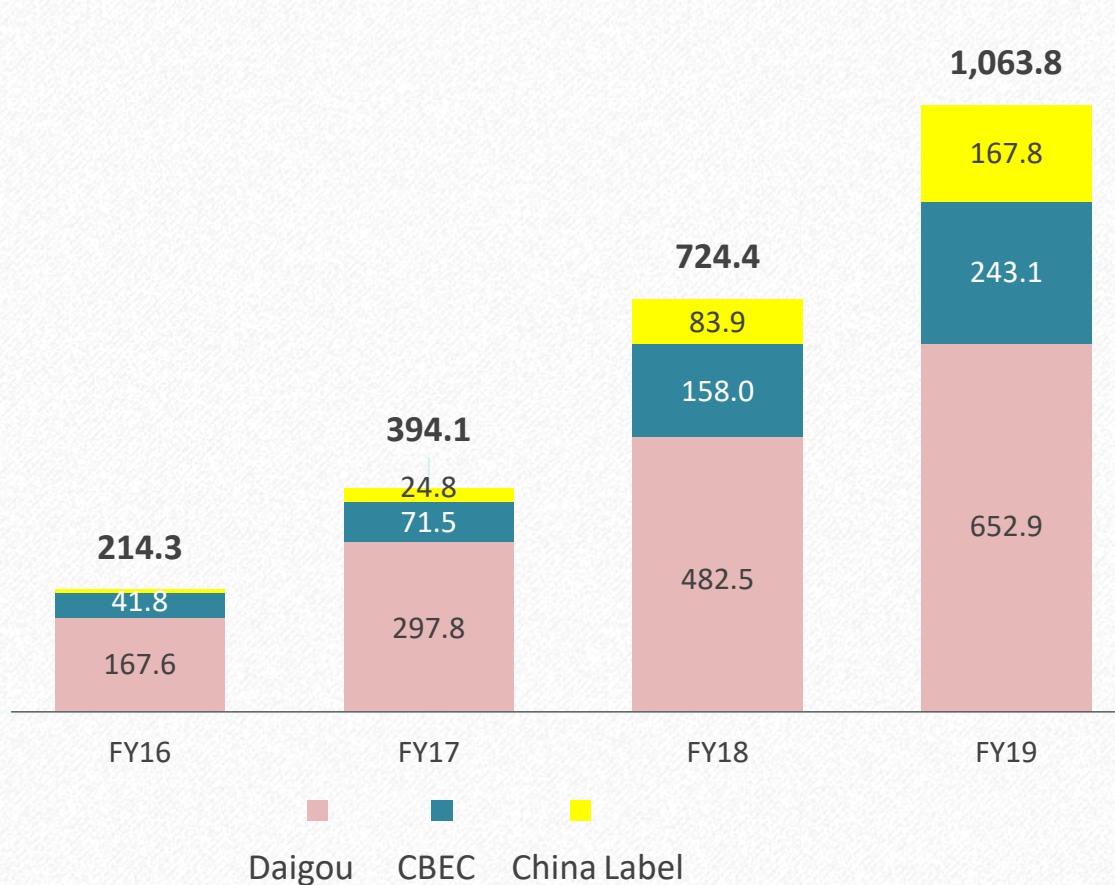
Which one is right for me?



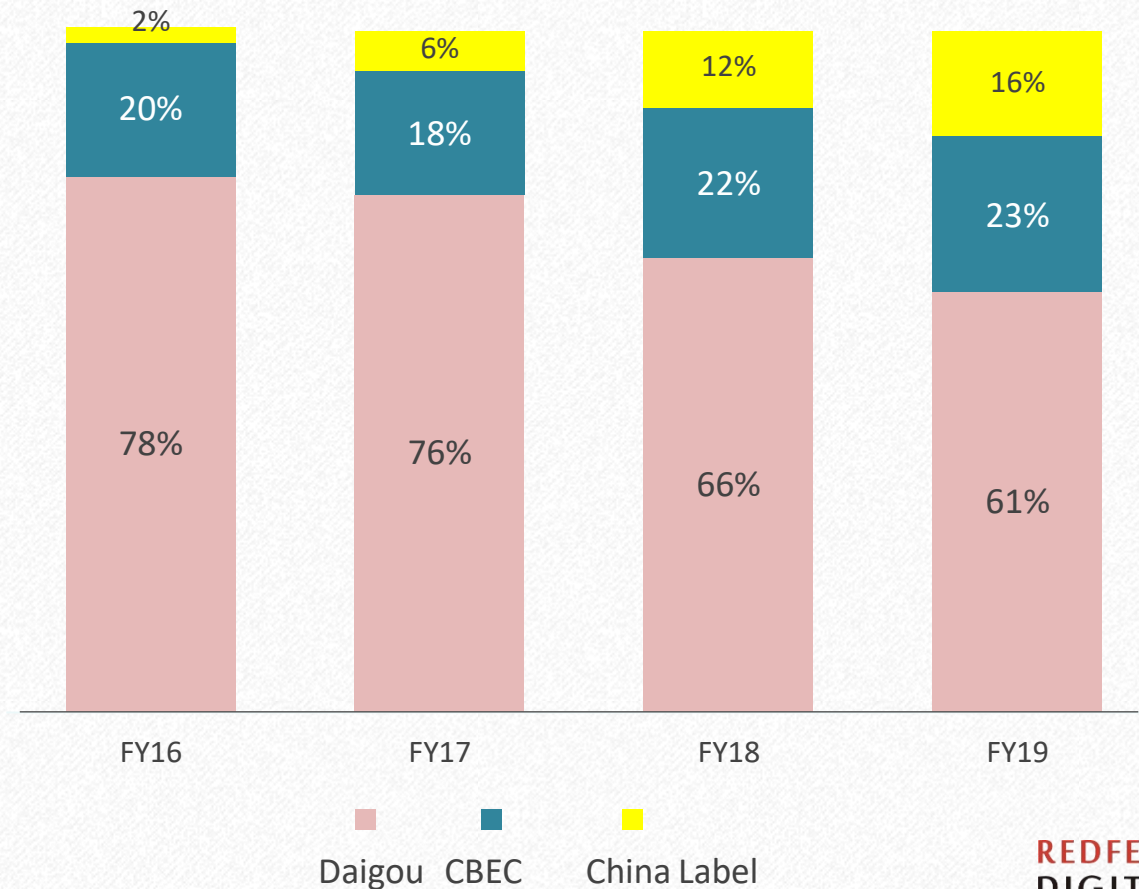
Don't doubt the Daigou!

Case Study Example: A2 Milk Sales Channel Market share

a2MC IMF revenue (NZ\$m)



a2MC IMF % revenue by channel



Social Media & Grassroots Ecommerce vs. Flagship



Little Red Book: A social e-commerce platform. Users come to RED for trusted, quality content. It is an ideal place for new brands to create word of mouth and build its brand presence in the highly competitive Chinese online market.



Douyin Store: Douyin allows users to both link to stores on e-commerce platforms such as Taobao and set up a native e-commerce shop. Setting up a Douyin store allows followers to buy products directly on the app.

Youzan is one of the most popular WeChat store developers.

Benefits of these platforms include:

- Easy to offer discount codes
- Import products directly from Shopify
- Receive payment via WeChat and Alipay directly to overseas bank account



Tmall Global Tmall is the cross-border arm of Tmall.com, with a user base of 601 million. It is a B2C platform and one of the most popular cross-border market places in China where international brands can run their own stores.



JD Worldwide is the cross-border arm of JD.com and it's the second largest B2C platform in China. JD is known for its excellent logistics network.



Kaola is one of the largest e-commerce hypermarkets in the Chinese market.

It has bonded warehouses in China as well as overseas warehouses allowing them to buy from customers and then sell on their platform's store.



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Advice and tips before you sell online in China

- How will your brand fit into the life of a Chinese consumer?
- How are your products currently being sold by Daigou?
- What reputation does your brand current have in China?
- Does your brand need to localize when it enters the Chinese market?
- When your brand is searched for on social media and e-commerce platforms, what results show up?

BRAND EQUITY

Do your homework

The power of USP's, impulse purchases....

Your Existing Online Presence

Ecommerce, Social Media, Paid Media...

Before we get started

- Understand how some categories online are much larger than others.
- FMCG averages about 11% of total sales online. Some categories such as ready-to-drink for brands such as Coca-Cola and Pepsi are experiencing below 10%.
- Brands such as Dyson and Brita are experiencing over 50% and sometimes as high as 80% of total sales being online.

How do I price the products?

- Look at comparable products on e-commerce platforms
- Consider how to position products against competition

- How many brands are competing online in your category?
- Important points to look out for:
 - i. Pack Sizes
 - ii. Category specific attributes
 - iii. Multi-packing
 - iv. Cross-promotion
 - v. Seasonality

Brand Equity

- The power of USPs and how to differentiate your product from competitors.
- Why would consumers buy your product?
- USPs can be effective in driving impulse purchases among buyers.

The following slides highlight case studies of what brands need to analyze on e-commerce during the research and validation stage of their market entry..

Platforms, Products, Pricing

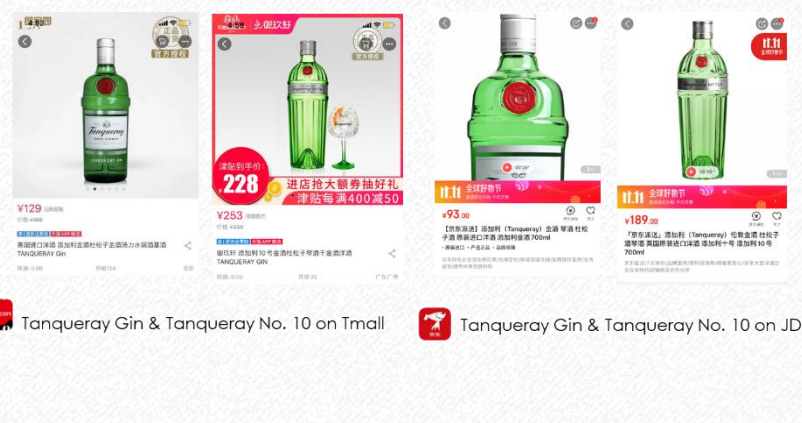
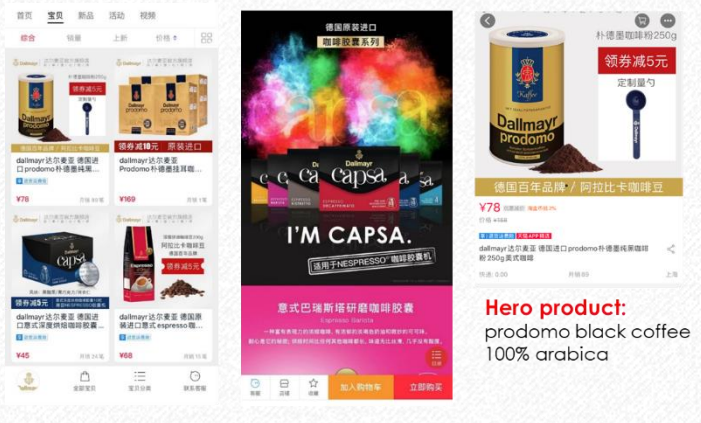
What platforms is my brand currently selling on?

What products are selling?

What pricing are the products selling at?

Category Example: Coffee
Brand: Dallmayr
Origin: Germany

Category Example: Gin
Brand: Tanqueray
Origin: England



Mapping out your brands' **current presence across all online sales channels** is key.

If your products are already being sold in market, understanding **which SKU's are the hero's** will help you define your product strategy.

Price differentiation can vary significantly across platforms depending on the category, you must understand where the sweet spots are for your approach to pricing, discounting and promotion .

Competitor Analysis (Social Media)

BRAND AUDIT

Platforms (Social & Ecommerce)

- I. Analyze all China social media activity on platforms including: WeChat, Weibo, Douyin, Yizhibo, Meipai, Youku etc.
- II. Analysis on Social Commerce platforms such as: Xiaohongshu, Youzan and Weidian.
- III. Analyze competitor brand performance on e-commerce platforms (products, pricing, promotion)

Performance

- I. How do the brands' 'buzz' online compare with one another ? (month by month/year on year)
- II. How does sentiment towards the brands compare?
- III. What are the brands' 'share of voice' relative to each other in the category?
- IV. What are monthly trends of likes, reposts, comments and overall engagement?

Communication Focus

Influencer/Paid Media Usage

- I. What type of KOL's/paid media channels have the brands used?
- II. What engagement was achieved during the campaigns?
- III. What mechanisms showed the most success?

Content

- I. Topics, Campaigns
- II. Tone of voice

Social Listening

Questions to understanding the Chinese consumer:

- Who do the consumers trust to provide **reliable recommendations**?
- What are the **key characteristics** that consumers look for when buying the product?
- What **preferences** do the consumers have for specific product categories?
- Why is buying **a specific brand** better than other brands?
- Look on **social media and other online platforms** to find out what consumers are saying about the brand and product.



Social listening of the brand Den Gamle Fabrik (DGF) on Little Red Book and Weibo.



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Why branding is so important and how to do it right the first time.

Why is branding important?

Offline

- Simple Product Display
- Sampling for taste
- Potentially video – but uncommon
- Packaging & Brand Awareness
- Sales Reps Pushing Promotions

Online

- Price
- Ecommerce Landing Page & Function
- Current Sales

Branding

Tips for doing Branding right

- If you do not do it by yourself, the importer/distributor will do it for you, whether you like it or not
- Get your USP right at the beginning!
- Translating the brand name, labels, website and marketing materials is not enough
- Define your image, positioning it according to China, use the right tools

The Challenges

- You are new to the market
- Your brand will most likely sound strange to Chinese consumers
- The number of competitors brands in your category makes it tough to remember small to medium sized players
- You will most likely be outspent in marketing by other local competitors and larger international brands



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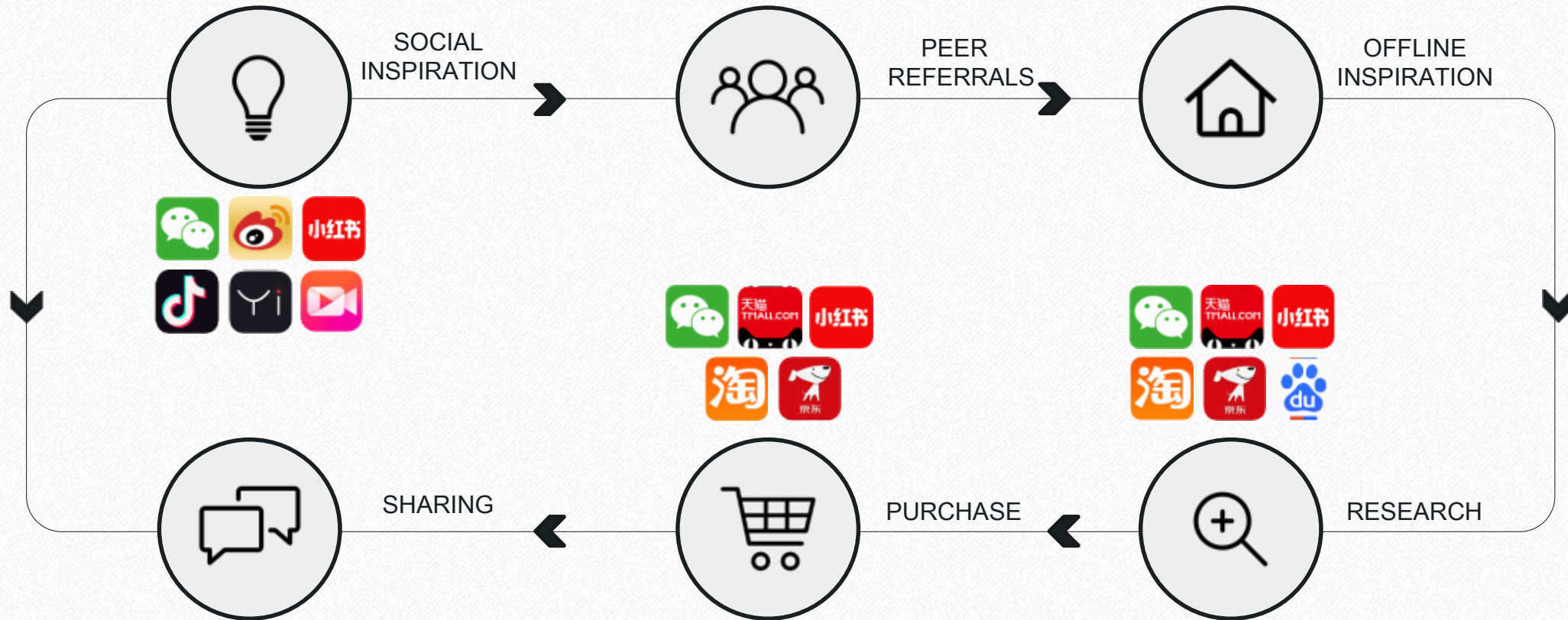
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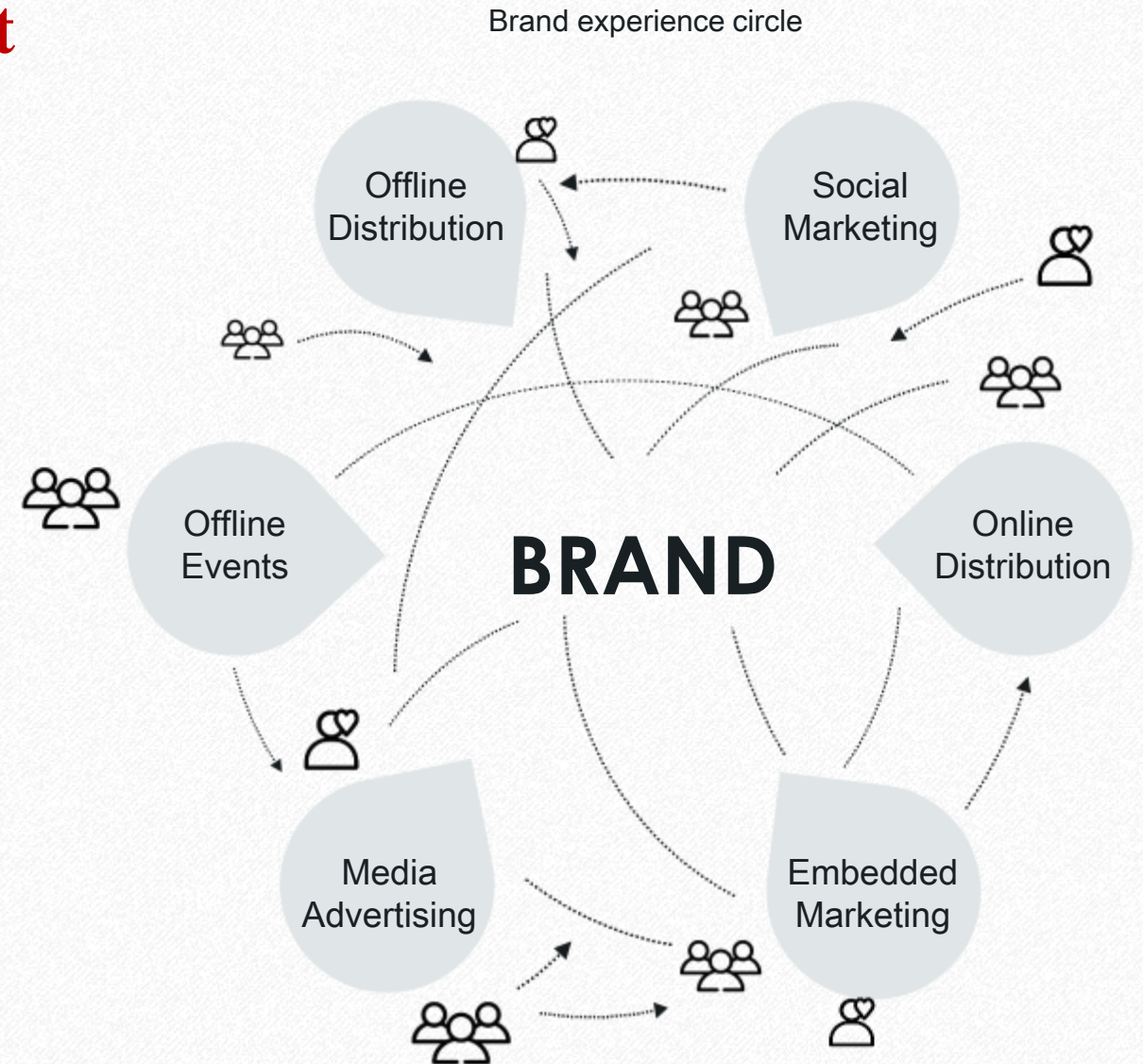
The digital journey for the Chinese Consumer.

The purchase decision-making requires an average of **eight** touchpoints in China.



Social media is a key touch point connecting the other elements in a brand experience circle.

- A complete brand experience circle will make sure that consumer expectations are met and even exceeded, which contribute to building positive IWOM (Internet-Word-of-Mouth).
- These help to improve the brand image and more people will be engaged in the circle attracted by referrals from their friends, family members or KOLs.



Source: iResearch; Kantar CIC



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These are the Paid Media types that you should be considering as part of your brand strategy for market.

Types of Paid Media in China



01

Social Media/E-commerce Paid Media

Paid promotional tools built into the platform



02

Product Seeding

Sending products to grassroots users to generate noise about the brand



03

Key Opinion Leaders

KOLs can promote the product or service to their follower base

Cost v.s. Spend KPI: Annual

Promotional Tool

RMB24,000



Engagement: 14,400



Post Reads: 6,720,000



New followers: 3,000

Media Buying

RMB179,000



Engagement: 25,000



Following diversion:

16,000

KOL

RMB250,000



Engagement: 400,000



Post views: 375,000



New followers: 5,000

Seeding

RMB40,000



Notes: 400



Transition of the marketing mode



Vanity Marketing

Focus on brand awareness, own media views and fanbase



ROI Marketing

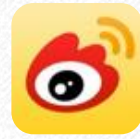
Focus on click, conversion and sales

Social Media & Ecommerce Paid Media Types



WeChat

- WeChat Moments ads appear similar to original content posts on the newsfeed.
- Mini-program Ads: appear when mini-programs are used.
- Banner ads can target specific demographics.



Weibo

- Banner ads are shown at the top of the screen on Weibo.
- Newsfeed ads are displayed on the explore page or timeline of the user
- Opening page ads are full screen ads shown when Weibo is first opened.
- Search Engine Marketing: Under the "Discover" page on Weibo, SEM can be used.



Little Red Book (LRB)

- Opening page ads: Ads that show up on the entire screen when the LRB app is opened.
- Display Ads: Advertisements integrated into the newsfeed for LRB.



Douyin/Tik Tok

- Opening page ads are full screen ads that display when Douyin is opened.
- Newsfeed ads are auto-played when scrolled past on the newsfeed.

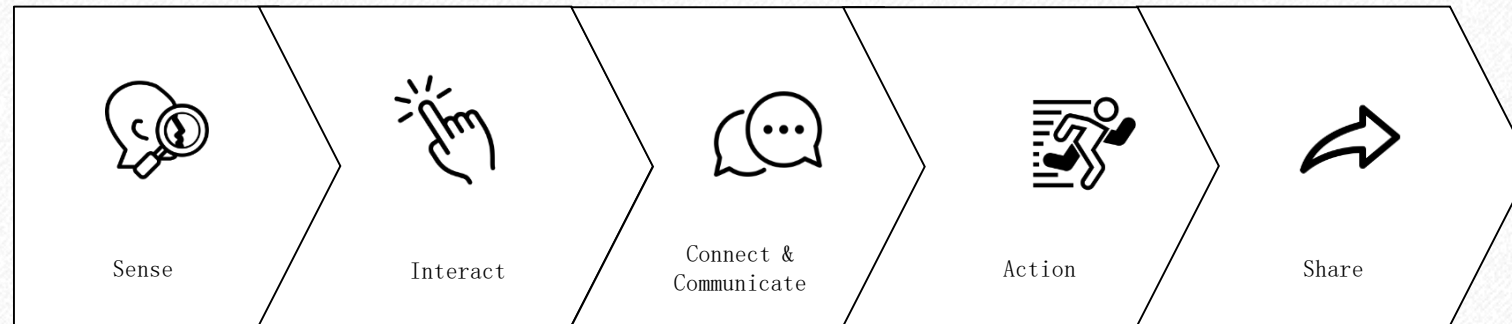


Tmall/Kaola/JD

- Banner Ads: Advertisements displayed across the top of the platform when shopping.
- Homepage Ads are prominently displayed on the homepage of the platform

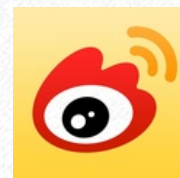
Product Seeding

Product seeding is when brands send their products to grassroots users (and not KOLs). The users can try out the products and discuss it online, generating digital noise for the brand and increasing the brand's online presence. Although this option may be cheaper than using KOLs as KOLs will ask for compensation, with product seeding, the brand cannot control what the user will say about the product.



Suggested Seeding Platforms:

- Seeding in LRB;
- Seeding with live streaming and video;
- Seeding in pushouts.



Communication Strategy

- To bring awareness first and then boost sales. LRB is a platform where the brand can both increase awareness and sales.
- Top level influencers do market education, mid level influencers to introduce consumption variety and micro influencers to make massive noise for the brand itself.
- Do frequent promotions and creative campaigns.

Key Opinion Leaders (KOL's)

Influencers, or as they are called in China – KOLs (Key Opinion Leaders) are extremely powerful, and are instrumental in most China marketing campaigns. Even if the KOL is not directly selling the product, they are heavily influencing purchasing decisions.

Fast Facts

The country's influencer economy this year is estimated to be equivalent to \$17.16 billion, double its size in 2016.

A recent survey conducted by internet giant Tencent found that 54% of college-age respondents in the country chose "online celebrity" (a synonym of "influencer") as their first career choice.

200 Wanghong/KOL incubators have popped up in China!

Receptiveness to brand recommendations by celebrities (78%) and online celebrities (63%) among social media users in China ranked higher than in any country last year.

In 2017 it is estimated that over 1 billion USD was spent on KOL advertising in China.





Categorization of Key Opinion Leaders





Level	Followers	Content Focus/ Engagement Tactics
Micro KOL	Weibo: < 100k WeChat: < 30k (views) LRB: < 10k Douyin: <300k	Create massive noise with a number of micro KOL's for brand: review of brand or any post related to brand.
Mid-level KOL	Weibo: 100k – 800k WeChat: 30k – 100k (views) LRB: 10k – 50k Douyin: 300k – 800k	Introduce consumption variety: demonstrates how KOLs use the product/service, and show the brand's attributes
Top-level KOL	Weibo: > 800k WeChat: > 100k (views) LRB: > 50k Douyin: > 800k	Market education: promotional campaign for the product/service, and create original content about the brand.

Budgeting for Key Opinion Leaders



Social Media Platform	Follower Count	Pricing (RMB)
Little Red Book (LRB)	< 30k	600 – 3,000
	30k – 100k	3,000 – 6,000
	> 100k	> 6,000
Douyin	< 300k	5,000 – 10,000
	300k – 800k	10,000 – 25,000
	> 800k	> 25,000
WeChat	< 30k (views)	10,000 – 20,000
	30k – 100k (views)	20,000 – 40,000
	> 100k (views)	> 40,000
Weibo	< 100k	3,000 – 5,000
	100k – 800k	5,000 – 8,000
	> 800k	> 8,000

Achieving the Goal: Sales vs. Traffic

	Promotional tool Invest in platforms to give posts/accounts greater exposure	KOC seeding Sending out products to users and getting them to post about it with real product experiences	KOL seeding Sending out products to KOLs with a smaller fee for them to give product soft exposure	KOL pushout Working with KOLs to develop content which meets our requirements	CPS partnership Coordinating KOLs on a sales-commission base instead of paying them per post.
 WeChat	CONVERSION	AWARENESS	AWARENESS	AWARENESS & CONVERSION	CONVERSION
 Weibo	AWARENESS	AWARENESS	AWARENESS	AWARENESS	CONVERSION
 Little Red Book	AWARENESS	AWARENESS	AWARENESS	AWARENESS	CONVERSION
 Dou Yin	AWARENESS	AWARENESS	AWARENESS	AWARENESS & CONVERSION	CONVERSION

* KOC: Key Opinion Consumer, one who can affect the purchase decision in her/his friend circle.



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Store Types



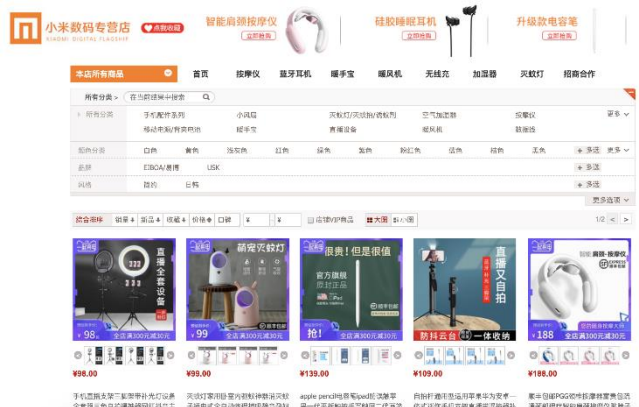
Flagship Store

Can only be opened by brands who hold a trademark. TP's can be authorized by the brand owned to operate the store.



Specialty Store

Can be launched by merchants who hold brand authorization giving them distribution rights in China. Merchant sells products of two or more brands that belong to the same product category



Franchise Stores

Can be opened by traders who hold brand licensing goods. This store type means that sellers can offer goods in several different product categories

Key tips when setting up a flagship

Choose an agency with:

- 01 Creative Capability
- 02 Good understanding of in-app marketing
- 03 Ability to provide you with a Cost : GMV ratio.
If investment is RMB 500,000, **how much will you get in return?**

Move Free 关节养护 TIPS 小贴士

运动保护

穿合适戴支撑功能的运动鞋、或戴护膝，注意合理规划运动量。

久坐保护

久坐时注意坐姿端正，经常起身走动，活动一下全身关节。

饮食保护

注意合理饮食摄入，避免体重超标，加重关节负担。

Move Free Q&A 常见问题

Store Costs



JD Worldwide:

RMB 106,000
Annual Tech Fee: RMB 7,000
Sales Commission: 2-8%

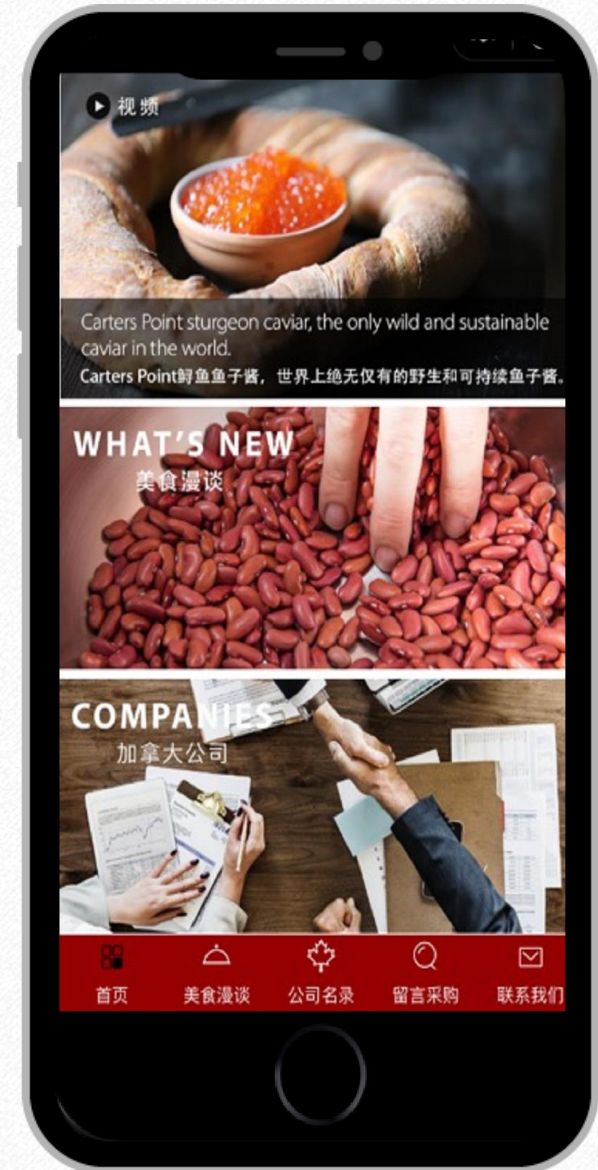


Tmall Global:

Deposit: RMB 150 – 300,000
Annual Tech Fee: RMB
30,000/RMB60,000 ○
Commission: 0.5-5%

WeChat Mini-Program

- Private traffic is expensive but store is simple to set up
- Personalization
- Loyalty and CRM Functionalities
- Direct engagement with your end consumer



Tips for creating repeat purchase

01

Bundling

A popular strategy for brands is to package multiple types of SKUs at one time. It gives consumers an opportunity to **discover** what SKUs they like.

02

Merchandise

Brands can come up with **creative merchandise offerings** that goes with their main products to encourage purchase. E.g. Alcohol brands designing shot glasses to sell with their alcohol, or baby food brands designing bibs or toys to sell with their main products.

03

Limited Edition

Brands can develop limited edition products for specific holidays or campaigns to **enhance the feeling of exclusivity**, and drive sales during that time.

04

VIP/Loyalty Schemes

Ensure that customers have a reason to purchase again by offering VIP and loyalty schemes with unique, added value benefits.

In-APP Marketing Case Study: Taobao & Tmall Global

Content Format



Graphic content



Live-streaming



Q&A

In-APP Advertising Options

- Banner advertising
- KOL live-streaming
- App opening ads
- SEO management
- Taobao Express
- Diamond Booth
- Tao Bao Ke
- Pin Xiao Bao
- You Hao Huo

Examples:



Recommendation quality products daily

- Product introduction + brand story



Unboxing, testing, and responding in sync

- Product packaging and texture display
- Try-on haul



Posts for brands' follower community, able to interact with customers

- Products introduction + interactive content



Recommendation section for only qualified cross-border products.

- Product introduction + brand story



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As many outlets as possible!

Make it as easy as possible for people to access your products

Awareness

To create awareness for the mass audience through online UGC communities, offline activities, and promotional tools.



Interests

To develop interests and get people to search for the brand.



Purchase

To encourage trial and purchase through discounts and free sampling.



Loyalty

Brand loyalty and repeat purchase



- Brands need to ensure that they are **across as many sales channels as possible**, then invest in paid media to create massive hype to drive traffic volume.

SME COVID-19 Response

- Brands can look to develop a more niche approach, working with a more flexible digital partner that can work with the brand to develop a more tailored and targeted strategy with touch points on less mainstream ecommerce platforms and social media channels.
- Post 1 year, brands will have grasped an understanding of what works for them and what does not.
- Supports easier and more validated discussion with Alibaba when time is right to onboard mainstream platforms such as Tmall Global.
- Brands should be looking to set up on as many touch points as possible



SCAN OUR QR CODE FOR MORE
CHINA DIGITAL INSIGHTS