# The Smarter Perspective

An exclusive perspective from Digital Crew on the linkage of the Chinese and the Australian market.

digital crew.



# Smarter-Perspective?

In our first edition of the Smarter Perspective, we are looking at the current status and trends in the Chinese market, and we will introduce you to the most popular, powerful and up to date Chinese digital channels.

After understanding the market, we will give you an idea of what you can do. How does Chinese search engine work? How do I create a website? How do I localise my content? What are my risks and opportunities? ...

We hope you can find the answers to all the questions you have regarding the Chinese market in this edition of the Smarter Perspective, and we are looking forward to hearing your thoughts.

Thanks for reading.

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### **About us**

#### Who are we?

Digital Crew is a multilingual digital marketing agency. We have been helping businesses market to Chinese audiences. As the ties between China and English speaking countries become closer, our mission is to bridge the gap between these markets.

# We Speak Your Language

We understand the challenges you face. No outsourcing team means we aim to deliver the highest quality of work and ensure the best communication with your business.

#### **Highly Qualified**

We are one of the first agencies to be certified by Baidu and are also Tencent and Google Partners. Our staff are Professional Translators (English to Chinese) accredited by NAATI, holding various degrees in marketing from universities in Australia.

#### **Tailored Services**

There are no one-size-fit-all solutions when it comes to entering Chinese market. We work with you to determine the best approach, from consulting, to strategy, training and on-going support.





## Four reasons to enter the Chinese market

Entering the Chinese market is well worth considering if you want to expand your reach and tap into a potentially highly lucrative segment, and it's now easier than ever before.

Where it was once struggling economically, China is now booming and is home to a wealthy class of consumers who are keen to get their hands on Western products and consumer goods.

Internet users in China are estimated at around 632 million and growing. Many of the younger generation are spending more time and buying online.

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Here are four key reasons why there has never been a better time to enter the Chinese market.

#### The Free Trade Agreement between Australia and China.

The Free Trade Agreement between China and Australia was signed at the end of 2015 and is expected to bring a whole raft of new opportunities for Australian businesses as it is phased in. These include the removal of tariffs and increased streamlining of processes and licensing requirements between Australia and China.

Increased payment gateway options. The number of payment gateway options available to Australian businesses has increased dramatically in the last few years. This means that it is easier than ever to accept and process payments from all over the world, especially from countries like China where the mainstream payment systems used in Australia are not as common. Some of the new payment gateways on offer include Alipay, Secure Pay and China Union Pay.

#### Easy order fulfilment.

Fulfilling those orders from China is now more straightforward than it was before with mainstream carriers like Australia Post offering direct shipping. As links between Australia and China grow, the number of warehousing and fulfilment providers in China is expanding.

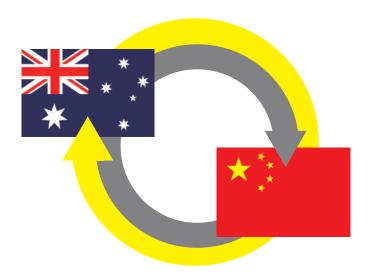


#### A genuine demand for quality products and services.

Australian products and services are in high demand in China with public perception often viewing Western products and goods as being higher quality and safer than their local equivalent. Younger consumers in China are increasingly brand aware, and are willing to pay more to seek out the Western labels and brands that they want online.

With the Free Trade Agreement, along with improved payment processing, easy fulfilment of orders and a genuine demand for Australian products and services, there are plenty of reasons to enter the Chinese market. Getting into the Chinese market can bring your business numerous opportunities to reach more people than ever before, and extremely lucrative rewards.

# Comparing the digital marketing landscape in China and Australia



Understanding China's digital marketing landscape requires both technical and cultural awareness.

Due to the role of the government in monitoring online activity and the uniqueness of the Chinese market, China has developed a wealth of bespoke social networks and platforms.

In many ways these are substantially equivalent to the platforms we might be familiar with – but they differ in key ways, requiring savvy marketers to develop a China-specific approach in order to make successful inroads into the Chinese market.

#### Search engines: Google VS Baidu

One of the most notable differences between China and Australia relates to search engine monopolies. While Google has a stronghold on most of the world's search market, things are different in China, where Baidu reigns supreme.

Although the two are superficially similar, Baidu is carefully tailored to a Chinese-language audience, and uses complex algorithms to analyse the context of keywords, which is of immense value in a highly context-dependent language.



#### Shopping sites: Ebay VS Taobao, Tmall and JD

China's eCommerce big players are also distinctly different from the English-speaking world's. Where eBay is familiar to Australians as a pre-eminent auction site, Taobao is the Chinese equivalent.

Similarly, China's JD and Alibaba's Tmall eCommerce websites are a close counterpart to Amazon. Tellingly, Amazon, which has faced an uphill struggle in the Chinese market, has recently opened its own store on Tmall.



### Social networking: Facebook and Twitter VS Weibo

Social networking in China is also occupied by China-specific contenders, with Weibo, a hybrid of Twitter and Facebook, used in place of these sites.

Facebook was notably banned by the Chinese government in 2009, sending Chinese users to home-grown alternatives; similarly, twitter has struggled to penetrate a market already dominated by Weibo.



#### Chat apps: WhatsApp VS WeChat

Purchased by Facebook for \$19 billion, WhatsApp, a simple, no-frills messaging service, is a well-known success story for the English-speaking market.

However, in China, it's Tencent's WeChat that has risen to prominence – and while offering a wider suite of integrated services, including chatting, shopping, gaming, banking and even taxi services.





#### A vast difference in media landscapes

The media landscape in China is at once familiar and entirely novel, with Chinese equivalents doing the work of the programs and platforms we're familiar with – but in ways that are specifically tailored to the Chinese market.

Having an agency expert guide you through the Chinese media landscape can be highly beneficial to making the most of China's search and social media offerings.

## **Building your brand** online in China

Whether you're running an e-commerce site, managing a traditional bricks-and-mortar store, or you're simply looking to build a corporate web presence for Chinese speakers, culturally-targeted branding should form an essential part of your digital marketing plan.

## Understanding your audience – and speaking to them

The Chinese market is both culturally and geographically diverse, with a variety of different cultures, languages and dialects represented.

Given this, it's essential to know which audience segments your business is targeting, and to have a deep understanding of this audience and its needs.

Deep and nuanced research into the culture and identity of your audience will help you target the appropriate audience in a way that is culturally resonant.

## Identifying your unique selling point and positioning your brand-

Brand awareness is on the rise in China, notes the Economist.

Investing in strong brand awareness at an early stage can give you a leg up in this growing and competitive market.

It's essential to identify what differentiates your brand from others, and to craft strong, consistent and memorable brand messages that will persuade your identified key audience.

It's also important to identify and monitor your competitors in each market segment to see what activities they are undertaking.

## Potential digital channels for your branding activity

Your branding messages can be leveraged via media buying sites, search engine rankings and social media sharing.



#### Media buying

media buying sites include Alibaba's Alimama network, Dianru and Adview.cn.



#### The mobile market

Internet use continues to skyrocket in China, while desktop use has dropped. Accordingly, you should tailor your digital strategy towards the mobile market, ensuring that your website and any digital marketing collateral is both easily accessible on mobile devices, and is optimised for social sharing.

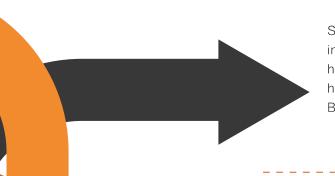


## Engaging expert consultants for a tailored strategy

The challenge of the Chinese context is that the market is huge and the options are seemingly endless, and it can take significant cultural awareness and local experience to effectively navigate them and ensure your branding budget is being spent in the right areas.



With more than 90% of China's 600 or so million internet users reporting having a social media account, according to the report, there's huge potential to reach a massive audience if you leverage the appropriate networks. Although Facebook and Twitter are key players in western markets, their use is close to zero in China, where both have been blocked. A Facebook–like experience is offered by Peng You Quan, which is part of the huge Tencent QQ network, while the microblogging platform Sina Weibo is a Twitter–like alternative. WeChat is a major player in the Chinese social media stakes.



Similar to WhatsApp, WeChat is an instant messaging app which has hundreds of millions of members, and it has been used by brands such as Burberry for promotional purposes.



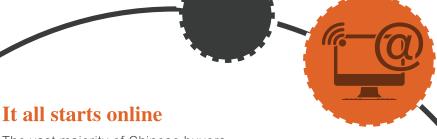
#### Search engines

Google and Bing hold search engine supremacy in the English–speaking world, but in China there are five major players that hold the keys to SEO success. Of these, Baidu is the most prominent, although Qihoo's 360 Search has gained significant ground. Together these have around 84% of the market share, according to the China Internet Information Network Centre's bi–annual report. Soso, Sogou and Youdao, along with a number of other smaller players, round out the rest of the market.

# Buying cycle of a Chinese customer: what you need to know

If you're selling to the Chinese market, understanding your customer is the key. There are a number of differences in how Chinese consumers approach their purchases, the result being a buying cycle that varies from consumers in other markets.





The vast majority of Chinese buyers start their purchasing cycle online. And according to a 2015 report from PriceWater houseCoopers, which surveyed internet shoppers in 19 global territories, they tend to do more research, rather than simply taking a product or service at face value. Social media, relevant brand sites, e-commerce sites and search engines such as Baidu form the basis of their initial product research and investigation.

## So how is this different from the habits of other shoppers?

Chinese consumers tend to rely far more on social media, with 90% of survey respondents saying that interactions with businesses had prompted them to buy more.

While English-speaking customers might head to Google to research a product, Chinese consumers are more likely to head to the large ecommerce sites such as Taobao or Tmall, or to a brand's official website.

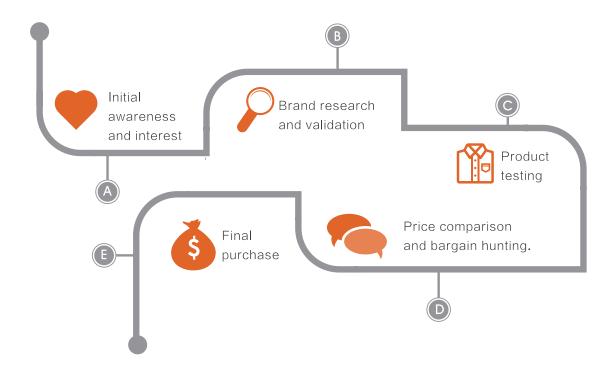
# Where Chinese customers end up buying

Although Chinese consumers do the majority of their research online, they will typically head to a physical shop to "test" the product hands—on, in a process known as show rooming, the survey found.

After this, they will generally shop around for the best price on a given product before making a final purchase. For some items, they may do so in bricks and mortar shops, but often they'll return online to find a competitive deal.

#### Key factors in the buying cycle

The Chinese consumer cycle then follows the following steps:



## This suggests a need for businesses wanting to sell in the Chinese marketplace to:

- Be active on social media.
- Ensure that their web offerings provide the comprehensive product information and validation (customer reviews etc.) needed to encourage an interested customer.
- Ensure their web offerings are optimised for viewing on mobile phones, given mobile internet use has overtaken desktop in China. In fact, 79% of respondents in the survey enjoyed receiving offers through their mobiles.
- Provide a high-value online experience, including competitive pricing, which encourages customers to make an immediate purchase, rather than heading elsewhere.

# Do I need a Chinese website? And how do I get one?

Does revenue from Chinese customers make up a significant portion of your overall business revenue? Are you wondering whether it is worth your while to create a specific Chinese website to target your Chinese consumers, or whether your main website is sufficient? If you are serious about appealing to Chinese consumers, creating a Chinese website, or even a micro site, will get you off to a great start.

#### Why do I need a Chinese website?

Do you remember a few years ago when mobile first started to become popular? Even though mobile customers may have only been around 20% of your total website traffic at that time, did you, like most businesses, make sure you had a responsive website to cater for them?

Traffic from China might make up a relatively small portion of your overall traffic now, but if you want to make sure you are maximising your conversions and increasing your appeal to this growing market, a specific website tailored for them is essential.

As well as the obvious language differences, Chinese consumers have different preferences when it comes to website design. A specific Chinese-based website will show them that you are serious about catering to their needs, and give you a chance to really stand out and produce tailored, localised content.

## What should I think about when creating a Chinese website?

If you are going to go to the trouble of creating a Chinese website, you want to make sure it's getting the best possible results. In order for that to happen you will have to take a few things into consideration:



Content.

A straightforward translation of your Australian content isn't going to cut it for a Chinese audience. For the maximum appeal, you will need to create specific, tailored and targeted content that is relevant and localised.



Design.

Design preferences are different in China, and for maximum visual appeal this should be taken into consideration. Its best to choose a designer who has experience in the Chinese market and who can help create a site that will really make you stand out from the crowd.



Domain.

If you're targeting customers in China, a .cn domain name is best. You will need to register your company in China for this, but it's worth it, as it will provide easy access to your target market. If you are appealing to Chinese consumers outside China, an external domain will be fine.



Marketing.

Just like an Australian site, you will need to market your site to search engines and social media platforms in China. This is quite different to online marketing in Australia so you will need to create a specific Chinese focused marketing plan

# Do I need a WeChat account for my business?



When it comes to instant messaging platforms, most Australians are familiar with Facebook, Whatsapp, Skype and Viber, but if you are targeting the Chinese demographic, there is another one you will probably need to get to grips with. WeChat is extremely popular in China, and can be used by businesses and individuals alike to connect and build relationships with customers.

#### What is WeChat?

WeChat, known as Weixin in China, is a messaging platform that works in a similar way to rivals Whatsapp and Viber. You can use WeChat through a smart phone or computer, and it allows users to chat online with others using text, audio or video.

With a number of appealing extra features including group chat and the ability for users to edit and share photos, WeChat is the most popular messaging app in the Asia Pacific region with an estimated user base of 468 million. According to the WeChat blog, users of WeChat are mostly younger people who are affluent and brand aware, which makes it an extremely valuable marketing tool for businesses that are targeting a Chinese audience.

#### Should your business get a WeChat account?

Social media marketing can be time consuming. If you're not sure whether a WeChat account is worth your while, here are three things you may want to take into consideration:

Is the Chinese demographic a significant segment in your overall marketing plan?

Do you plan to focus on building great customer relationships within this demographic?

Are you (or your management) committed to developing and implementing an ongoing social media marketing strategy?

If the answer to any of these questions is yes, it is likely to be well worth your while opening a WeChat account. For the best results, there are a few things you will need to do:

Deepen your understanding of the Chinese segment of your audience so you can tailor your campaigns appropriately.

Be prepared for the long haul. Social media marketing on any platform is not a quick-fix solution. For the best results it takes a sustained, consistent effort over the long term.

Ensure you have adequate and suitable resources either internally or externally to manage your WeChat account.

Be able to keep up with and respond quickly to market trends.

WeChat can be a highly beneficial social tool for businesses that are looking to engage with their customers and build relationships within the Chinese demographic. Any business that is serious about succeeding in the lucrative Chinese market should consider opening a WeChat account.

## 10 Tips for Effective Content Marketing in China

In China, good relationships and authenticity are vital in business. Content marketing provides a great opportunity to connect with customers, and to communicate your business's integrity and value. Here's how.

#### What exactly is content marketing?

The Content Marketing Institute describes it as a "strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience."

The ultimate aim of any marketing is to produce a result such as a positive ROI, but the approach of content marketing is far more in–depth and relationship–focused than direct selling. It can also be considerably less costly.

Types of content marketing include blogs, news releases, videos, infographics, images, social media posts, broadcasts, interviews with celebrities, testimonials, stories, opinions, reviews, and the use of hashtags and QR codes.

#### **Content marketing channels in China**

In China, content marketing occurs through a number of distribution channels and methods. These include:

#### Websites

Websites can feature blog articles and visual content designed to provide useful information, and to educate and connect with customers. The high use of mobile devices in China means that a mobile-optimised site is vital.

#### Social media

WeChat - this can be used for the creation of apps and mini-websites with tracking, and for creating a connection between a brand and its followers. Methods include articles, images, videos, text, KOLs (key opinion leaders), and store promotions. QR codes are important in WeChat to make it easier for customers to find brands.

Weibo - allows for 140 Chinese-character posts and is useful for short content as well as photo-publishing and link-embedding.

A 2014 study by PR Newswire found that approximately 86% of companies surveyed had two or more social media accounts, with Sina Weibo being the most popular.

#### Tips for content marketing in China

- **1.** Start by defining your purpose for content creation your objective might be to drive traffic to your website, or to increase sales by a certain percentage for the month.
- **2.** Know who you want to target including which channels they use and when, as well as their age group, interests, likes, purchasing behaviour and so on.
- **3.** Focus on quality and relevance this involves producing content that will connect with your audience and facilitate authentic engagement and interest.
- **4.** Develop a strategy when to post, how often, and the type of content.
- **5.** Consider how content will be created you may want to use freelancers, or employ a dedicated worker.
- **6.** Make use of social media tools and methods this includes hashtags and QR codes combined with incentives such as discounts, and KOLs for influence. It's also important to connect your social media accounts to your website.
- 7. Take care with design in China, some colours are considered unlucky.
- **8.** Use a human translator rather than auto-translate tools this helps ensure greater accuracy.
- 9. Make it fun by using humour and emojis where appropriate.
- **10.** Track and adjust use analytics to track how well your strategies are working, and to refine your methods.

The main things are to understand your audience well, as this will provide the direction you need for content marketing, and to gear your content strongly towards genuine engagement.

### How China provides a great opportunity for remarketing

Online marketing should never be generic – that is, something that involves simply putting your message out there and hoping for a response. Rather, it needs to be well–targeted to reach the right audiences if you want it to be effective and to produce a good ROI for your business.

This requires finding methods for precise targeting – getting the right ads and promotions in front of the right people at the right time, in order to be of influence.

Remarketing provides an opportunity to make this happen, as it involves targeting potential or existing customers who have already shown an interest in what you have to offer.



#### Types of remarketing include:

- Standard where ads are shown to past visitors while they are browsing the internet.
- Dynamic ads are shown to past visitors to display products or services they have previously viewed.
- Remarketing for apps / mobile promotions targeted to those who have used your apps or mobile website.
  - Remarketing lists for example lists for search that involve displaying ads to people when they do follow–up searches. Lists can also be created for people who have visited your most popular product page.

#### Remarketing might also

be used for people who have gone so far with an online purchase and then abandoned it along the way, such as at the checkout stage. Abandoning a purchase can occur for any number of reasons – they might have become distracted, changed their mind, or decided they will purchase the product later. Since it's clear they have already shown a definite interest, remarketing might be employed to remind them of their interest in your products, or to make other product suggestions, offer incentives and so on.

Remarketing involves marking visitors with tracking cookies so that lists can later be retrieved and used. Lists can be based on buying behaviours, interests, or demographics such as age group and location. It may involve inviting people to sign up to a newsletter or subscribe to your emails, displaying banner ads, promoting your product or service on social media, and other methods.

The offline equivalent might be following someone who comes into your store, browses and then leaves. As you might imagine, this could not only be costly and impractical but also might be seen as somewhat intrusive! Online remarketing is much cheaper, easier to do, and more manageable.

#### Remarketing in China - opportunities abound

China's huge and very active online market may well be very ripe for remarketing. The biggest search engine Baidu has tools for remarketing, such as Phoenix Nest which bears some resemblance to Google AdWords. However with Baidu, the requirements are higher in that you will need a government issued identifier and a business licence certified by a local approved agent, and you will also need to meet various other conditions.

The benefits include that Phoenix Nest's features are designed specifically to Chinese audiences and regions, and as such may be well-worth considering in terms of remarketing.

Remarketing tactics may include tagging web pages with tracking code, segmenting your audience, offering incentives to returning customers, or advertising on social media feeds.

In any case, it certainly seems that remarketing could provide your business with the opportunity to refine your targeting practices when marketing online to potential customers in China.

# Is O2O on your marketing agenda yet?

If you are operating in the retail space in China, you may want to consider O2O marketing. This form of marketing has taken off in Asia, particularly among retailers and other organisations that want to connect their online consumers with their physical stores.

While online marketing is a solid part of any organisational marketing strategy, O2O takes it ones step further by tying in the online and social media side of marketing, with physical interactions.

#### What exactly is O2O?

O2O means online to offline. In China and other parts of Asia, O2O marketing is sweeping through the business environment. If you have a store in China, O2O could be the perfect strategy for you to utilise your online platforms to drive engagement with your physical stores, and more sales.



#### • How does it work?

O2O marketing makes use of social media and other online platforms to encourage users to visit an organisation's retail store, premises, or use their face-to-face services. Not all businesses can complete every single part of the transaction process online, and O2O is a way to make up for that by using mobile technology and digital marketing to boost physical sales and interaction. Businesses can make use of O2O marketing by providing technology like apps for users to book accommodation and taxis for example, or to make reservations at restaurants, book movie tickets, pay online at retail stores, or download coupons that can then be used at the point of sale.

#### How does O2O marketing affect the retail industry?

O2O is a tailor—made marketing strategy for retail organisations and it is this sector that has probably seen the highest uptake of this type of marketing in China, with e-commerce giants like Tmall.com and others implementing O2O strategies in the last few years.

Some ways that retailers have embraced O2O marketing in China include by allowing customers to visit physical stores to try out or try on products in person before purchasing online, by offering online—only deals and coupons that can be redeemed in—store, and by allowing customers to make purchases online and pick up items at a physical store.

With O2O strategies and mobile technology, businesses have a straightforward way of measuring and tracking purchases, as well as learning more about their customers. This can help businesses plan their marketing strategy and tailor it more effectively.

#### How to use O2O marketing for your business

If you're planning to implement an O2O marketing strategy for your business this year, here are a few quick tips that can help you get the best results:

- Test your online campaigns against your physical sales this can help you see what's working and what isn't.
- Consider implementing a way of mobile payment. QR codes are popular in some parts of Asia.
- Track your results across multiple devices to see what is really working.

#### Issues to address include:



Attire does not need to be overly formal but should be business-like, simple and modest, and should not be brightly coloured. Examples include a plain suit for men and a high-neck blouse and skirt for women.



How to converse

Contrary to what you might think, chit-chat is important. Prior to launching into business discussions, the Chinese will often talk about the weather or other light-hearted matters. It's also important here to avoid political or negative topics.

In business conversation, your speech should be low-key and moderate and without effusion and excess emotion. Note also that the Chinese rarely bluntly use the word "no" and may be more inclined to say something like "we are unsure at this stage."







How to greet people

Titles should be used rather than first names. Shaking hands is often used but should not be done forcefully.



Make sure to come to meetings well prepared. Being on time to meetings is also very important. Many businesses also close between 12pm and 2pm,which you will need to consider when booking meetings.

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# How to do business etiquette the Chinese way

When you grow up in a particular culture, its norms tend to become second nature to you. It can be easy to assume that people who don't practice them are rude or lacking in manners. In light of that, behaving inappropriately when negotiating business deals in China can lead to all kinds of misunderstandings – and this might especially be the case for Australians who tend to come from a more laid–back and casual environment.

When negotiating Chinese business deals, proper etiquette and manners should never be overlooked or dismissed. Important matters include respect for hierarchy and seniority, modesty, relationship, patience, composure, and saving / giving face. This means you may need to address a number of things if misunderstandings are to be avoided.





Business card etiquette

Have part of your business cards translated into Chinese, preferably in gold ink as gold is considered a prestigious colour. When handing out or receiving business cards, make sure to do so with both hands, and to spend some time looking at the other person's card before putting it away. Always hand out cards to the most senior person first.



Giving gifts

Giving small inexpensive gifts (with an Australian theme) for your host is usually appropriate. Wrap your gift in "lucky colours" such as red, gold and yellow. Again, use both hands to give your gift to the host.







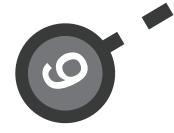
Your body language should demonstrate attentiveness, respect and calmness. Be careful about hand-gestures - they should be minimised and if used, should not involve pointing or palm-up gestures.







Follow your host's lead during meals. There may be multiple dishes on offer, so make sure to sample some of everything to show politeness and appreciation.





It's always important to avoid causing embarrassment to yourself or your hosts, so make sure to be calm and composed at all times.

Lastly, relationship—building is very important in the Chinese business world, so be prepared to spend a considerable amount of time with your hosts, and to also undergo several rounds of negotiations before any deals are closed!

# Managing your risks when marketing and selling to China

When it comes to marketing and selling to China, you need to be aware that you are likely to be vulnerable to a different set of risks than you would be domestically, and it's essential to put procedures in place to mitigate these risks.

This requires developing sound risk management practices, including identifying risk areas or hazards, rating their potential for harm, and devising strategies to control them.

### Areas of potential risk to consider



#### These include:

- Legal differences between China and Australia.
- Commercial fraud.
- Intellectual property infringement.
- Cultural differences and misunderstandings.
- Commercial disputes.
- Unauthorised email access.
- Quarantine restrictions.
- Criminal charges (e.g. for acts which are not criminal in Australia).
- Exchange rate fluctuations.



#### Legal issues

China's legal system is complex, consisting of national laws and many local regulations. To manage your risk:

- Take time to become familiar with legal systems in the areas you will be operating, at least as much as possible.
- Obtain plenty of legal advice regarding contracts and other legal documents. Note that according to Austrade, international law firms are not permitted to provide advice on matters regarding Chinese law, but can assist with drafting of contracts and documents and provide liaison.

This means you may need to consult with Chinese law firms regarding certain legal matters.



#### **Risk management suggestions**

The type and level of risk will vary between businesses, which is why you need to determine your own particular set of risks and put procedures in place for mitigation. However, here are a few main risks you may face, and what to do about them.







We hope you enjoyed this edition of the Smarter Perspective. We'd love to hear from you!

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