



MEGA GUIDE:

CHINA E-COMMERCE AND DIGITAL MARKETING Q4 2020

Q4

HELLO!

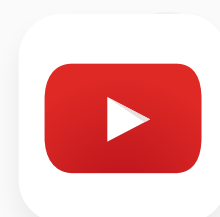
We're excited to launch this new China E-commerce and Digital Marketing Mega Report. The first half of 2020 saw many industries seriously affected by Covid-19. A lot has changed in the past 6 months, many trends have accelerated. This report is bringing you the latest and the most actionable insights about the China market, modern Chinese consumers, e-commerce and social media marketing. Apart from sharing our observations, my team has interviewed over 50 China experts to make sure the insights are exhaustive and represent the collective wisdom of the China watchers.

Ashley Galina Dudarenok

Founder, Alarice and ChoZan, LinkedIn Top Voice




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OVERVIEW

OVERVIEW

CHINA'S ECONOMY

Since 1978, China's GPD has risen from US\$223 to US\$7,603 per capita, while its population grew by almost 400 million people.

From 1970 to 2010, the country's export economy grew 954%. According to the World Bank data, exports accounted for less than 3% of its GDP in 1970 and over 26% in 2010, down from a high of 36% in 2006.

CHINA'S GDP

US \$7,603

US \$223

1978

2019

OVERVIEW

CHINA'S DIGITAL ECONOMY

The economic value added to China's digital economy reached 35.8 trillion RMB (\$5.11 trillion) in 2019, accounting for 36.2% of GDP, according to CAICT's White Paper on the Development of China's Digital Economy (2020)

THE TOTAL VALUE OF CHINA'S DIGITAL ECONOMY

35.8
TRILLION RMB

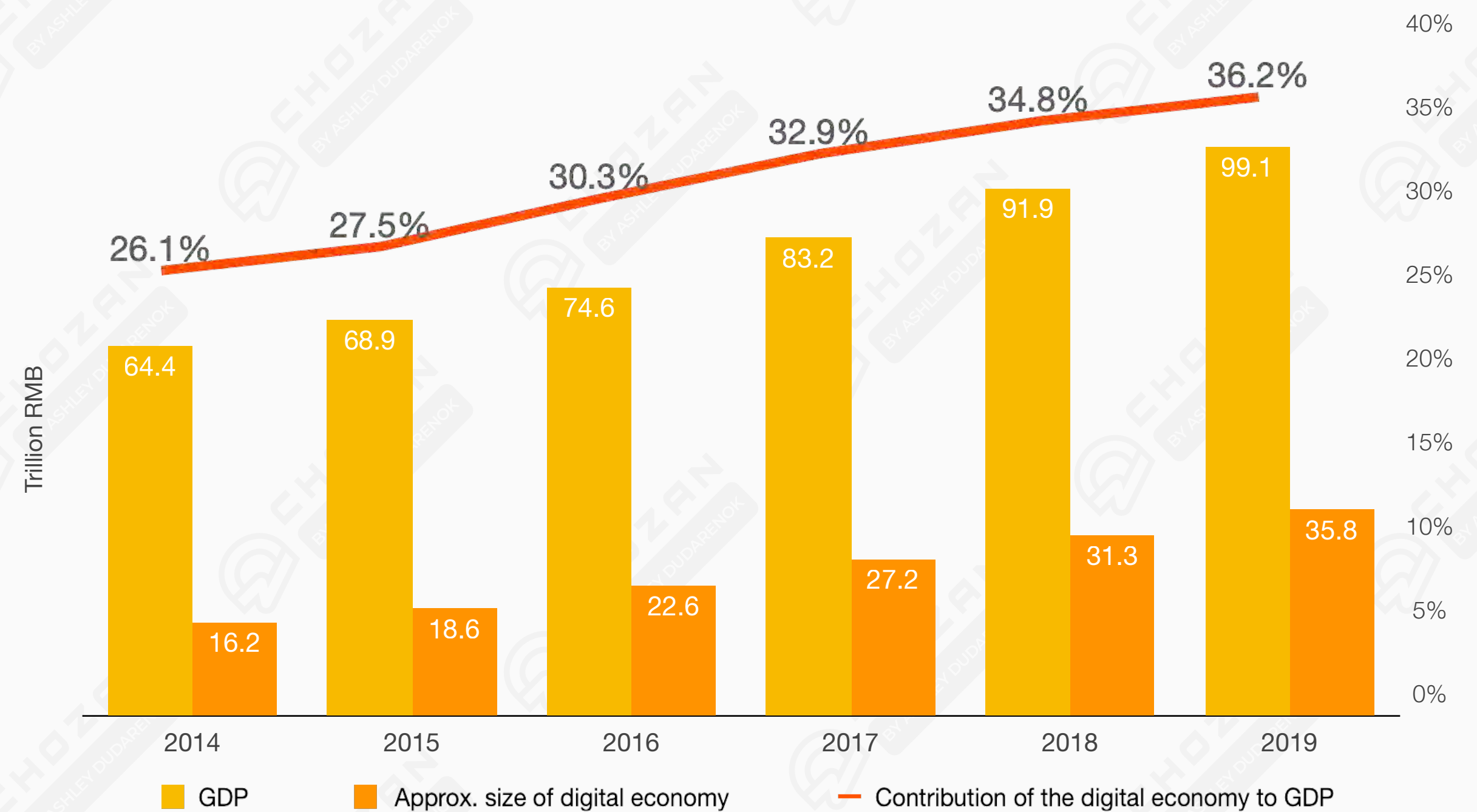
36.2%
OF GROSS DOMESTIC PRODUCT

OVERVIEW

CHINA'S DIGITAL ECONOMY

According to CAICT's 2020 White Paper on the Development of China's Digital Economy, since 2014, **China's digital economy** has accounted for more than 50% of China's economic growth and contributed around **67.7% of China's economic growth in 2019**.

CONTRIBUTION OF THE DIGITAL ECONOMY TO GAP IN CHINA (2014-2019)



OVERVIEW

CHINA'S DIGITAL ECONOMY

China's digital economy grew 15.6% in 2019, while the total economic growth rate was only 6.1%. This comparison shows that **China's digital transformation is accelerating.**

China's digital economy was 12.7 times bigger in 2019 than it was in 2005, while its GDP over the same period only grew 4.3 times larger.

THE SCALE OF CHINA'S DIGITAL ECONOMY IN 2019

↑15.6%

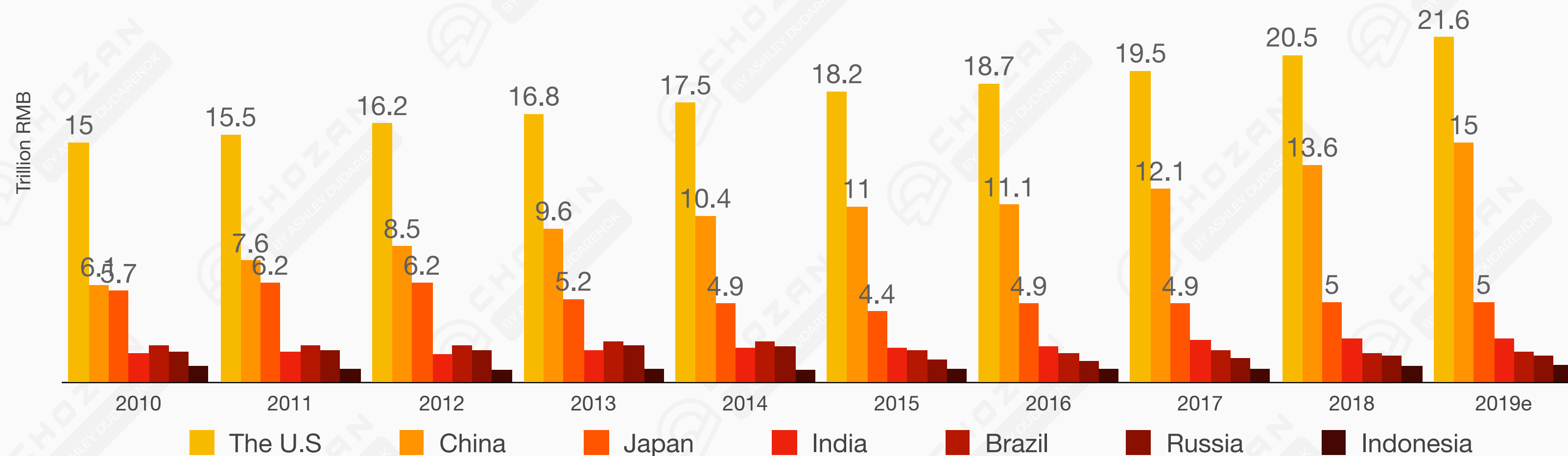
12.7

TIMES BIGGER THAN 2005

OVERVIEW

CHINA'S DIGITAL ECONOMY

HISTORICAL GROWTH IN GDP OF THE INTERNET MARKETS WITH OVER 100 MILLION INTERNET USERS FROM 2010 TO 2019



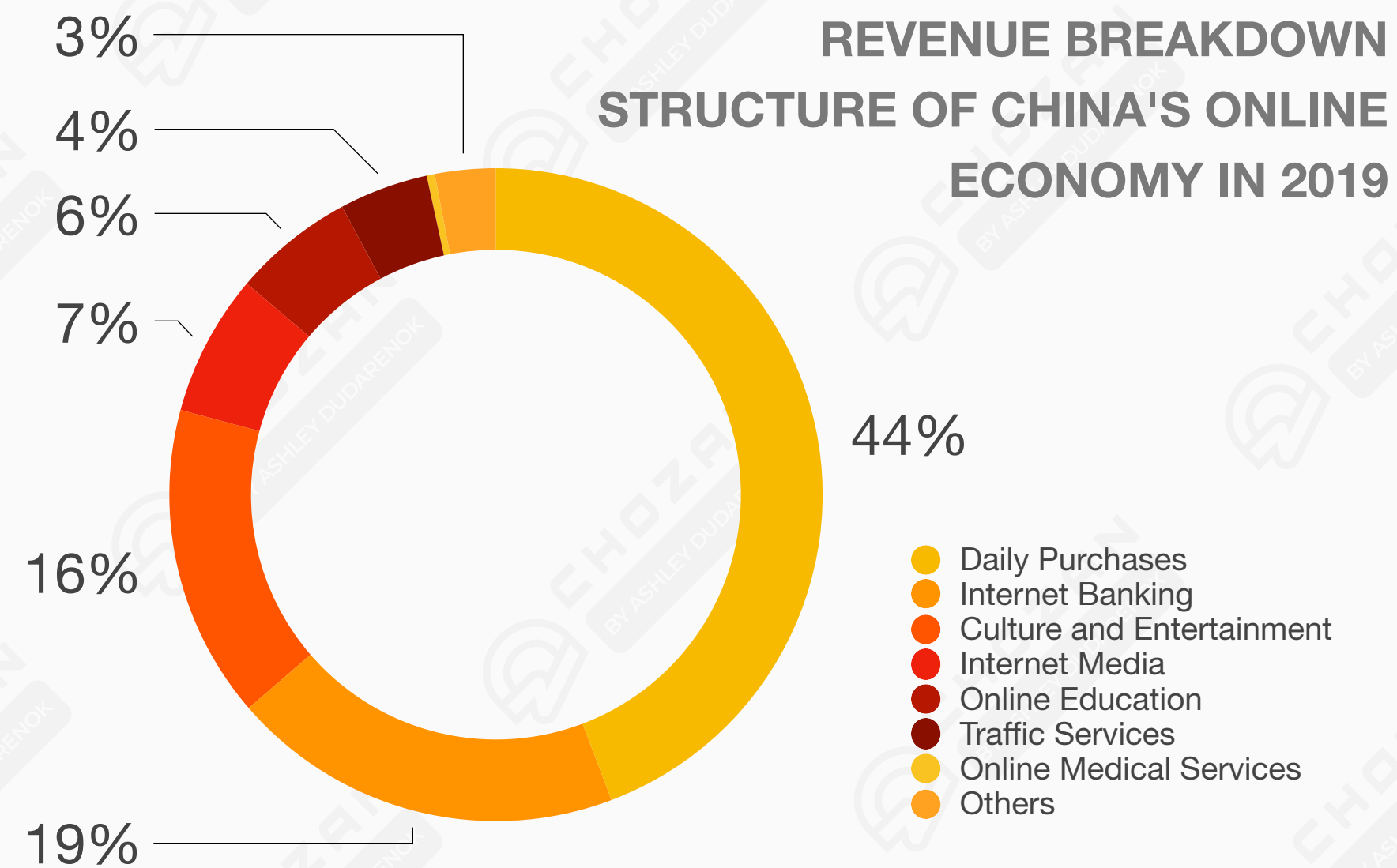
Seven Internet Markets with More Than 100 million Netizens in 2019

China	904 million
India	519 million
The US	263 million
Brazil	144 million
Russia	113 million
Japan	112 million
Indonesia	109 million

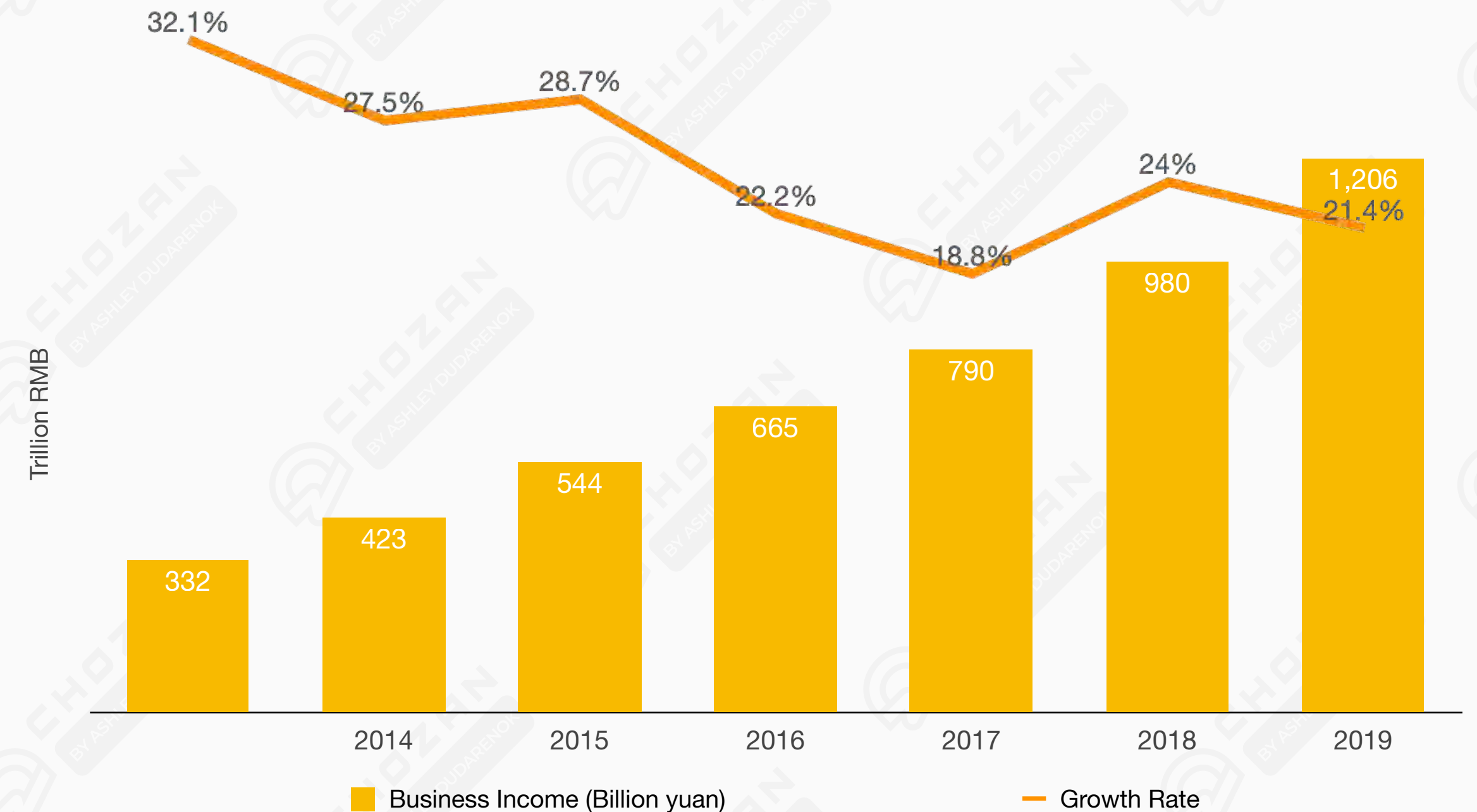
OVERVIEW

CHINA'S INTERNET SECTOR

Business revenue generated by companies from the internet sector reached 472 billion RMB in H1 2020



**GROWTH RATE OF INTERNET BUSINESS REVENUE
(2013-2019)**



Sources:

- 1) PWC China Economic Quarterly Q2/Q3 report
- 2) iResearch China's Internet Economy Report

EXPERT BITES

Q: IN YOUR VIEW, WHAT WILL CHINA'S Q4 LOOK LIKE IN TERMS OF DEMAND, E-COMMERCE AND GROWTH?

I think in Q4, we will finally see retail sales in China return to the levels they were at in **Q4 2019**, but we are not likely to see significant YoY growth.

While e-commerce was already dominant in China before Covid-19, that trend has only accelerated. I'd expect to see foot traffic to brick and mortar stores still **30-40% lower than before**, while e-commerce will continue to grow.



BEN CAVENDER

Managing Director,
China Market Research Group

EXPERT BITES

Q: IN YOUR VIEW, WHAT WILL CHINA'S Q4 LOOK LIKE IN TERMS OF DEMAND, E-COMMERCE AND GROWTH?

The final quarter of the year will be marked by the still persistent trade tensions between China, Australia and the U.S. All eyes are now on the the presidential elections in the United States on Nov. 3. China's economic recovery has been gaining momentum with a pick-up in **retail sales**, robust **growth in investment**, and **buoyant exports**.

Alibaba's 11/11 Singles' Day, which hit \$38.4 billion in e-commerce sales last year, will easily set a fresh record in November, and serve as a testament to the massive Chinese shopping and consumption power post Covid-19.



MARTINA FUCHS

TV Anchor and Business Journalist

EXPERT BITES

Q: IN YOUR VIEW, WHAT WILL CHINA'S Q4 LOOK LIKE IN TERMS OF DEMAND, E-COMMERCE AND GROWTH?

I think in Q4, things will finally be **back to normal** in China. After an anxious Q1-Q2 and a recovering Q3, in many fields, Q4 will be even **better** than last year's.

Especially for online industries like e-commerce, online education, food delivery, and social media, as people got used to them during the epidemic.



ARTEM ZHDANOV

Founder of LaowaiMe

EXPERT BITES

Q: IN YOUR VIEW, WHAT WILL CHINA'S Q4 LOOK LIKE IN TERMS OF DEMAND, E-COMMERCE AND GROWTH?

With the Covid-19 pandemic under control, China's domestic economy has bounced back with Q2 **growth at 3.2%**. This is in stark contrast to the other major economies. Also, with the implementation of the new infrastructure plan and the announcement of the dual circulation strategy, which emphasizes China's enormous domestic market, domestic demands will enjoy **sustained growth**.

The digital economy, including e-commerce, will **outpace overall economic growth** as both 5G and government priorities continue to power this shift.



ANDY MOK

CGTN Tech and Geopolitics Commentator
Senior Research Fellow,
Center for China and Globalization

EXPERT BITES

Q: IN YOUR VIEW, WHAT WILL CHINA'S Q4 LOOK LIKE IN TERMS OF DEMAND, E-COMMERCE AND GROWTH?

China's Q4 will see a return to '**China's new normal.**' There will be a more modest growth rate, linked to an improved and more balanced economic structure, with growth coming increasingly from **domestic consumption and innovation**, rather than from exports and state subsidies.



PASCAL COPPENS

Partner at nexxworks,
author of China's New Normal

EXPERT BITES

Q: IN YOUR VIEW, WHAT WILL CHINA'S Q4 LOOK LIKE IN TERMS OF DEMAND, E-COMMERCE AND GROWTH?

China managed the pandemic extremely well. Life is **back to normal in China**. The Chinese economy recovered very quickly. In the first half of 2020, China's GDP fell 1.6%, then increased by 3.2% in Q2. In Q4, I believe the economy will **grow steadily** (particularly the domestic market), but fast growth might not happen since international trade is facing challenges due to the pandemic elsewhere in the world.

iiMedia Research's report shows that the market scale of live e-commerce in China will reach 961 billion RMB (141 billion USD) in 2020. With support from developed infrastructure and social media platforms (TikTok, Xiaohongshu, Kuaishou, etc.), China's e-commerce industry is entering into a new disruptive victory, both in cities and in rural areas.



BO JI

Assistant Dean,
Chief Representative of Europe,
Cheung Kong Graduate School of Business

OVERVIEW

COVID-19'S IMPACT

The World Bank expects China's growth to slow to 1.6 percent this year and calls it the country's slowest expansion since 1976. Although China has rebounded, it sees domestic and external demand as fragile.

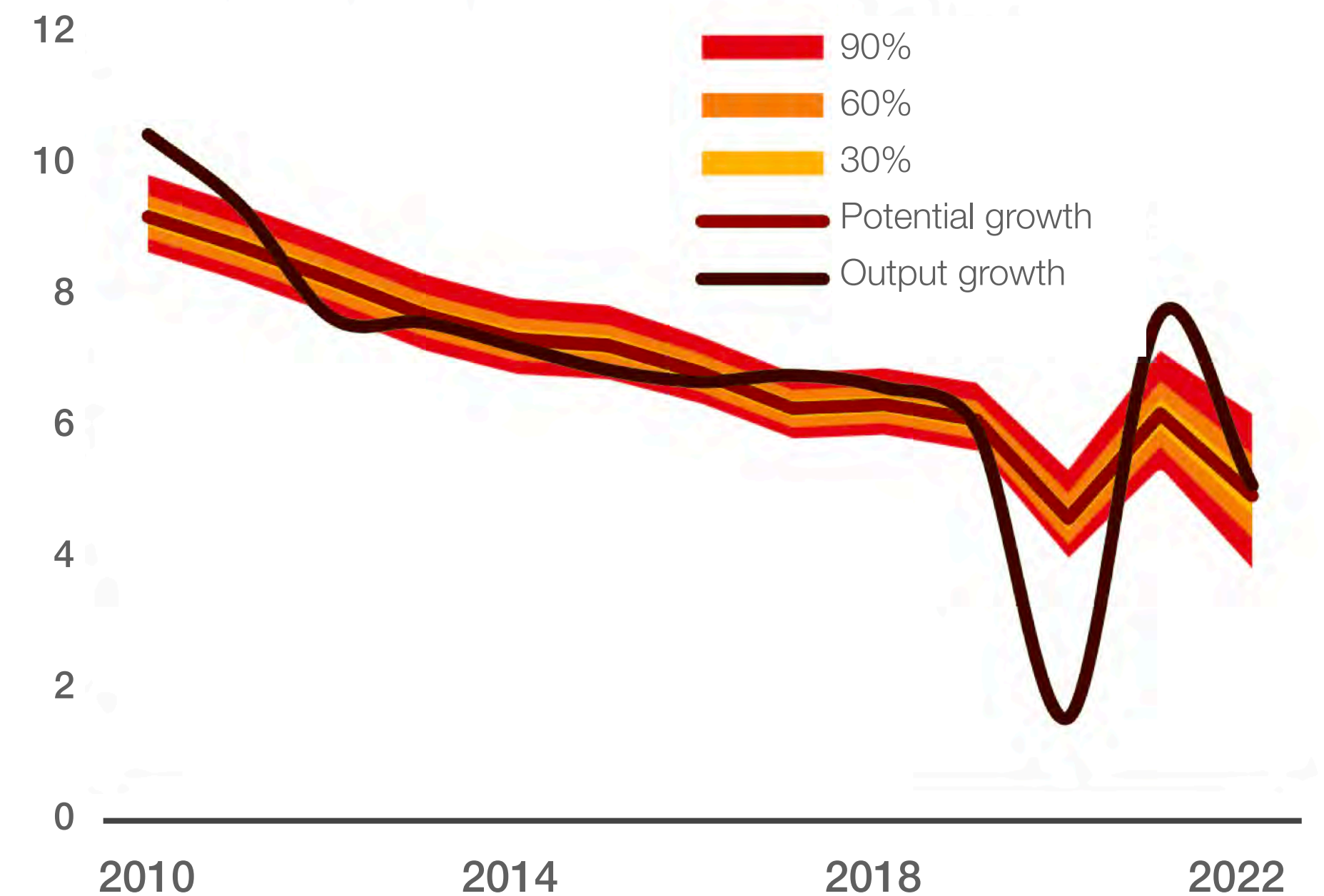
7.9%

EXPECTED GDP GROWTH IN 2021

China Economic Outlook	2017	2018	2019	2020f	2021f
Real GDP growth (%)	6.9	6.7	6.1	1.6	7.9
CPI (% change)	1.6	2.1	2.9	2.1	2.3
Current Account balance (% of GDP)	1.6	0.2	1.0	0.7	0.4
Augmented fiscal balance (% of GDP)	-3.9	-4.6	-6.4	11.8	-5.4

*Notes: f=forecast

GDP AND POTENTIAL GROWTH

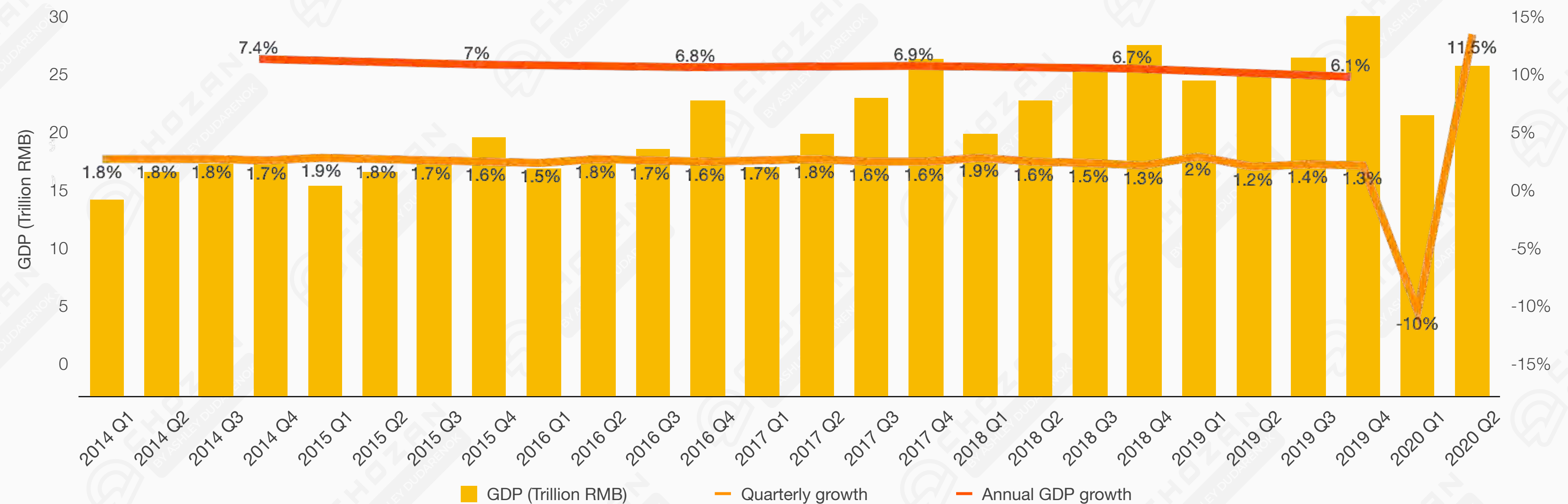


OVERVIEW

COVID-19'S IMPACT

Even though its growth rate will be small, it has recovered quickly and is **one of the few countries in the world with positive GDP growth in 2020.**

QUARTERLY GDP VALUES AND QUARTERLY AND ANNUAL GDP GROWTH RATE



OVERVIEW

COVID-19'S IMPACT

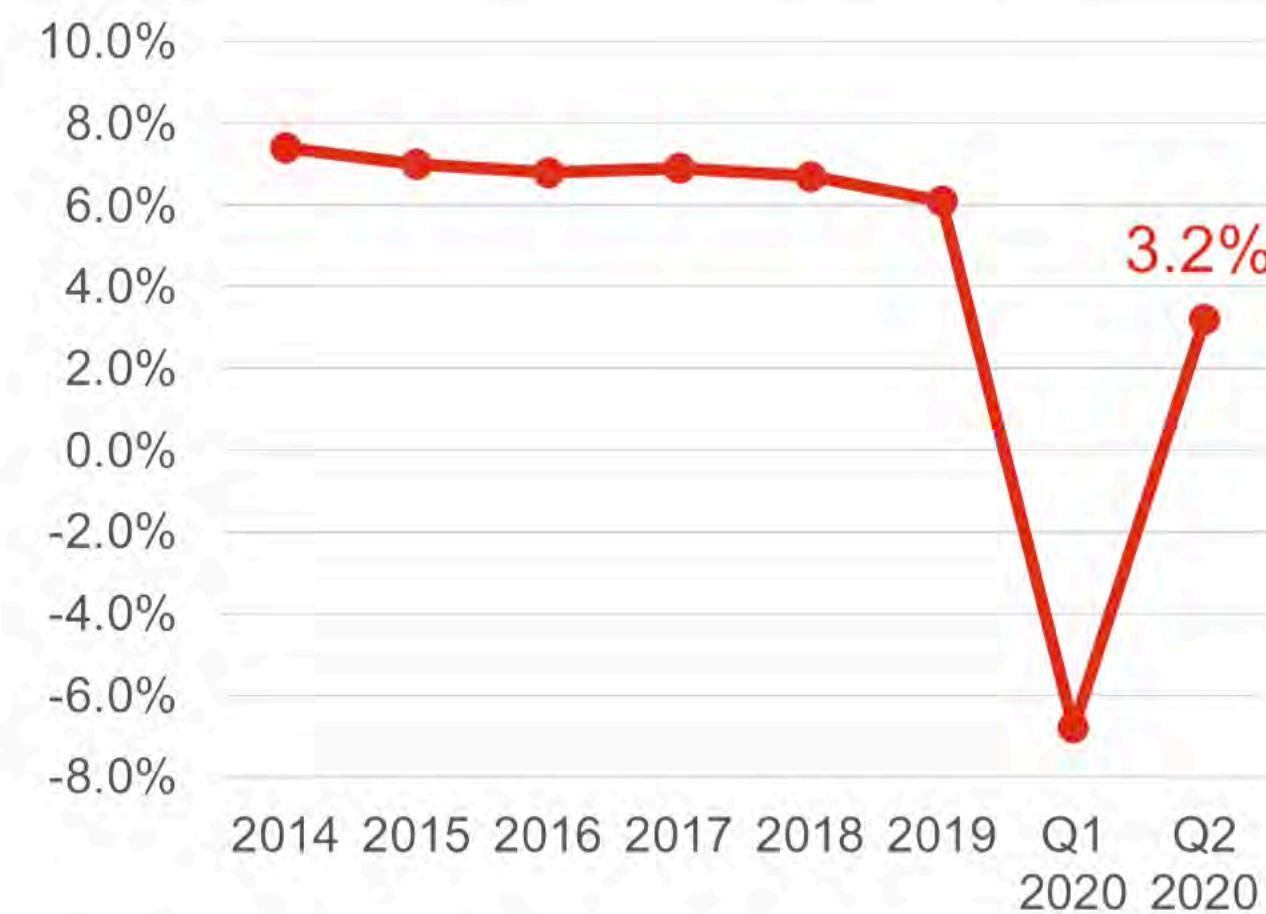
China's gross domestic product (GDP) for the first quarter declined by 6.8% year on year and grew by 3.2% in the second quarter of 2020.

In August 2020 there was a first positive growth of retail sales, estimated at 0.5% YoY growth compare to last year.

Online consumption is driving the recovery. From Jan-Aug 2020, online retail sales reached US\$727.36 billion marking 7.3% YoY growth.

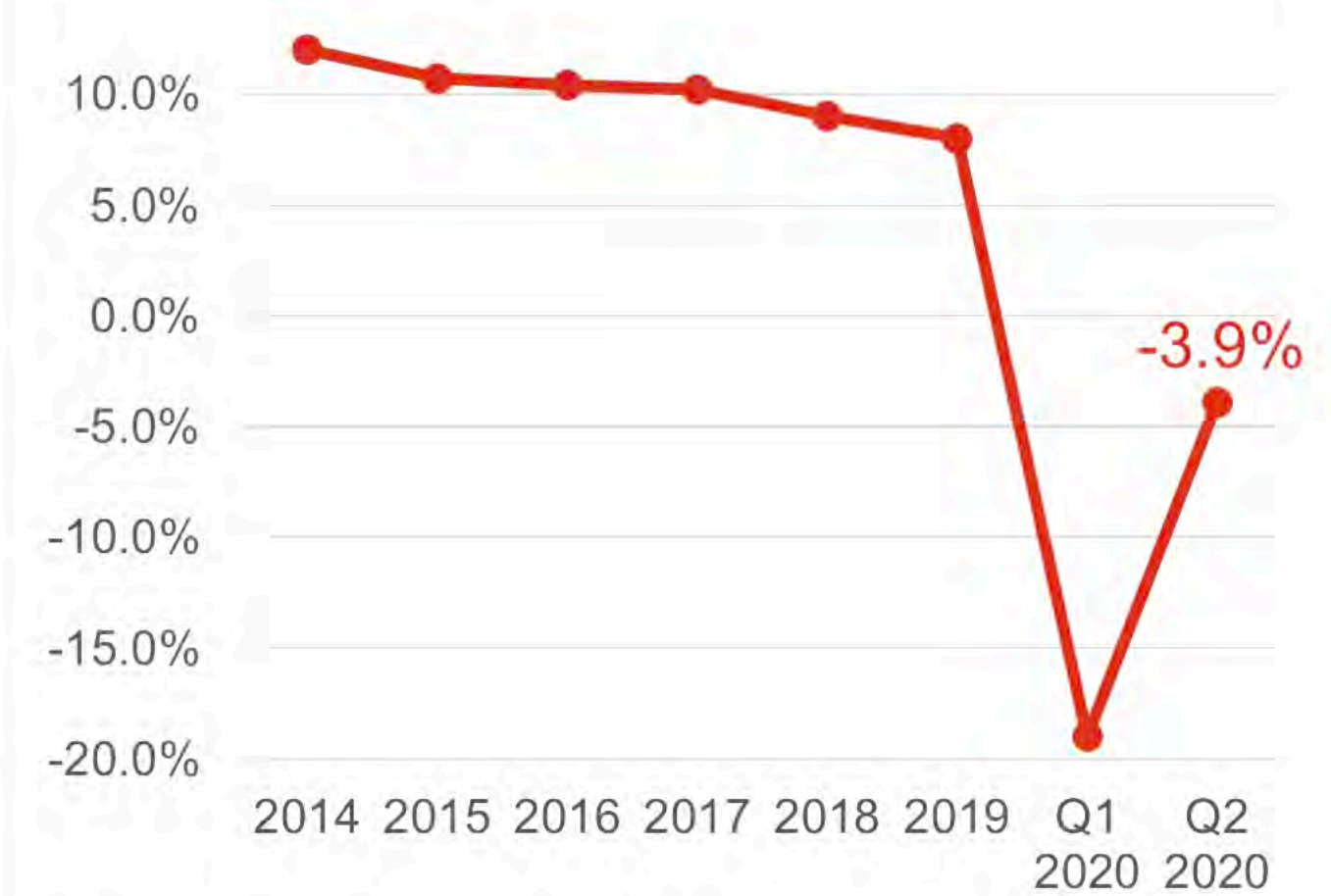
CHINA'S ECONOMY H1 2020

Figure 3: China GDP Growth, 2014 – 2020 Q2



Source: National Bureau of Statistics

Figure 4: China Total Retail Growth Rate, 2014 – 2020 Q2



Source: National Bureau of Statistics

Sources:

- 1) PWC Recover, restart and regrow: How consumer trends ignite transformation in China's New Retail
- 2) China Internet Watch, China saw its first positive growth in consumer retail sales
- 3) CNBC, China's retail sales rise for the first time in 2020

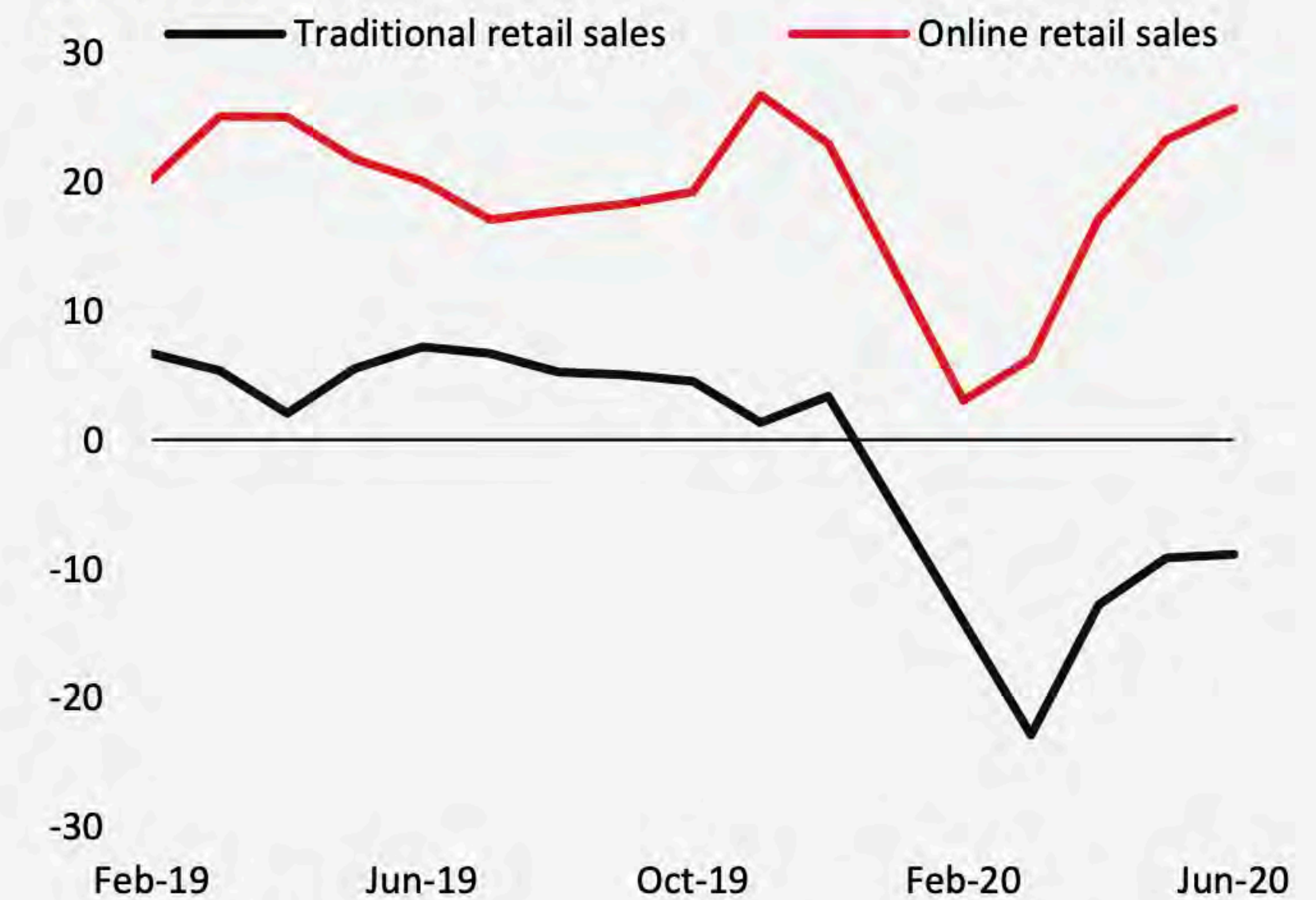
OVERVIEW

COVID-19'S IMPACT

While traditional retail sales of consumer goods contracted by 17.9% YoY in the first half of 2020 in nominal terms, online goods retail sales grew by 14.3 % during the same period.

↑ 14.3%
ONLINE GOODS RETAIL SALES

Figure 6. Nominal growth in retail sales of goods
(y/y percent)



Source: NBS.

OVERVIEW

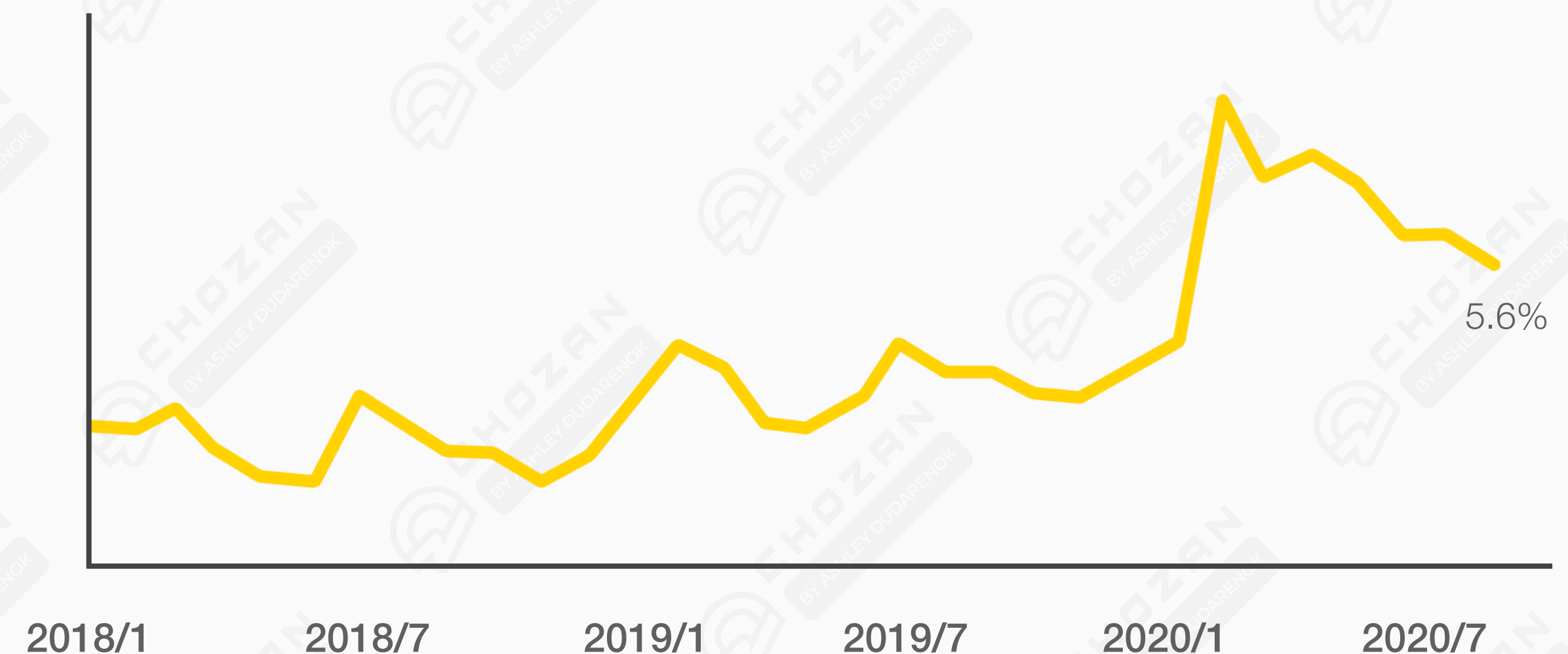
COVID-19'S IMPACT

The COVID-19 pandemic has taken a severe human toll, causing the deepest global recession in eight decades and inflicting enormous damage on jobs and welfare worldwide.

It was estimated that in spring 2020, China's urban unemployment rate would hit 6.2%. However, with support from the government and China's tech giants, the unemployment trend is declining. As of August 2020, the rate went down to 5.6%.

↓ 5.6%
UNEMPLOYMENT RATE

THE AUGUST UNEMPLOYMENT RATE FELL TO 5.6%
NATIONAL SURVEY UNEMPLOYMENT RATE (%)



OVERVIEW

COVID-19'S IMPACT

CHINA'S STREET ECONOMY

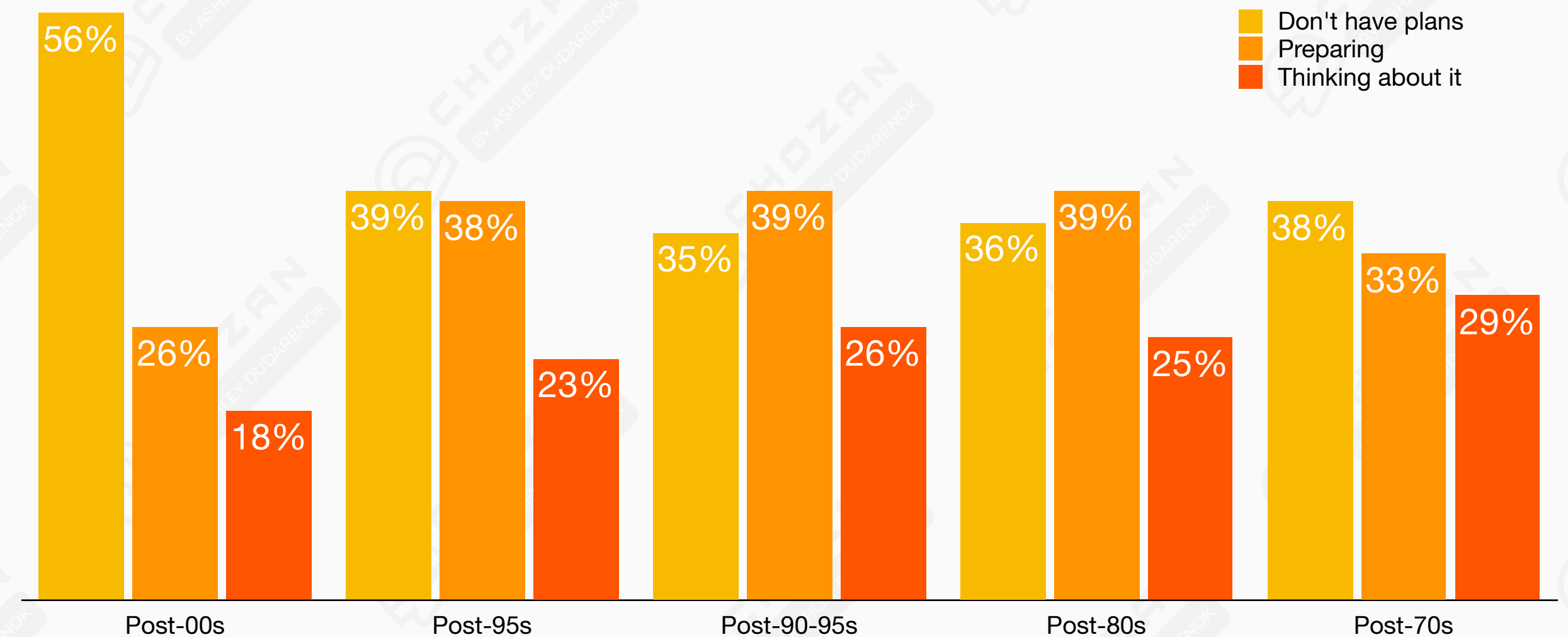
After the government allowed street vendors to set up with restrictions, 38-39% of post-80s to post-95s were already preparing to set up stalls.

By contrast, only 26% of post-00s had such plans and 56% had no plans to open up stalls.



56% POST-00S
PLANS TO OPEN STALLS

PROPORTION OF PEOPLE PLANNING AND NOT PLANNING TO OPEN STREET STALLS (BY AGE GROUP)



OVERVIEW

COVID-19'S IMPACT

E-commerce was widely used, especially during lockdowns, by consumers to access products and services.

Even before COVID-19, China had one of the largest and fastest growing e-commerce markets in the world, with online sales of goods and services accounting for over 20 percent of total retail sales in 2019.

CHINA'S E-COMMERCE EXPECTED MARKET SIZE IN 2024

US\$ 1.6 TRILLION

INCREASE IN USE OF CROSS-BORDER E-COMMERCE IN H1

65%

Sources:

1) World Bank Group, Leaning Forward Covid-19 and China's Reform Agenda

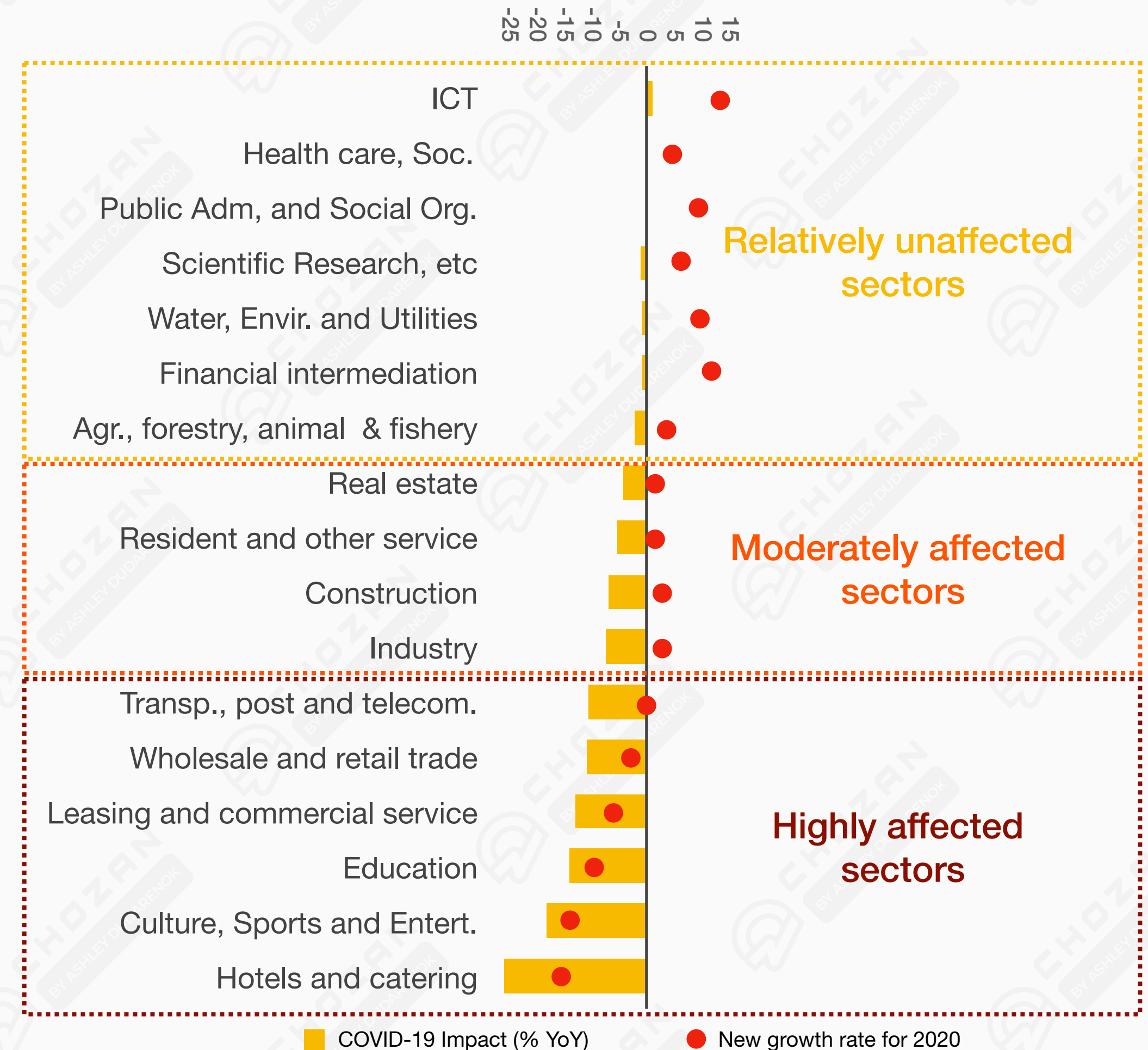
2) China Internet Watch, China E-commerce Market

OVERVIEW

COVID-19'S IMPACT

Forecasts for 2020 show how different sectors will be affected by the pandemic with the hardest hit sectors including trade, hotels and catering.

PROJECTED IMPACT ACROSS SECTORS (%)



EXPERT BITES

Q: WHAT EFFECTS WILL THE US-CHINA TRADE WAR HAVE ON CONSUMER DEMAND IN CHINA?

Despite US-China tension, Chinese consumers are **regaining optimism** as the country has so far contained Covid better than any other country, and the white collar sector has not seen mass layoffs like it has in the US.

Expect consumers to **spur a continued Q4 rebound in retail sales**. China will be the major growth driver for the world's largest firms in Q4 - with the bulk of growth coming from new e-commerce avenues like livestreaming.

However, the battle for the hearts of Chinese consumers will be tough as domestic brands, like Perfect Diary, grab market share. **Western brands will need to localize marketing and design functions.**



SHAUN REIN

Founder of China Market
Research Group

EXPERT BITES

Q: HOW DO YOU THINK THE CHINA-US DECOUPLING WILL INFLUENCE TECH AND STARTUP ECOSYSTEMS IN CHINA, THE US AND THE WORLD?

The China-US rivalry creates **risk and opportunities** for startups and venture investment.

For Chinese startups, it will be tough to operate in the US. More Chinese founders will prioritize SE Asia before expanding to the US.

Chinese Investors **won't invest in American startups** as they'll be required to report to CFIUS. Funds like Sequoia Capital, Qualcomm Ventures, and Matrix Partners will continue to be active in investing in Chinese startups.

For US startups, it will continue to be **tough to operate and expand in China**, although it's still a very lucrative market for many companies.

Since Chinese companies will not be welcomed in the US, we may start seeing more and more “Copying from China” startups.



EDITH YEUNG

General Partner at
Race Capital

EXPERT BITES

Q: WHAT'S THE POST COVID-19 NEW NORMAL IN CHINA? WHAT SHOULD WE KNOW AND WHAT SHOULD WE DO DIFFERENTLY?

China's New Normal (the title of my book 😊) post Covid-19 will leap beyond convenience. China will evolve from a practical transactional mode to a more **human-centered approach**. Chinese consumers will care more about purpose, life journeys, pride, societal responsibility and happiness. China will evolve into **a more caring society** post Covid-19 and take advantage of technology to replace humans in transactional processes.



PASCAL COPPENS

Partner at nexxworks

EXPERT BITES

Q: HOW WILL THE US-CHINA-WORLD RELATIONSHIP DEVELOP IN Q4 2020 AND Q1 2021?

I see **increasing tensions**, even after the US election. In this situation, we'd see a fierce media war and the balkanization of the internet. While China will try to increase its influence with **One Belt One Road countries** and other regions which are not involved in this big game. For example, ASEAN is now a bigger trading partner for China than the US!



ARTEM ZHDANOV

Founder of LaowaiMe

EXPERT BITES

Q: HOW WILL THE US-CHINA-WORLD RELATIONSHIP DEVELOP IN Q4 2020 AND Q1 2021?

Much depends on the process and outcome of the coming **US election**. It seems that the process of ‘decoupling’ between US and China is now irretrievable, at least in the short term, but we can at least expect the style, rhetoric and urgency to be dialed down if Joe Biden wins.

I expect the **EU to step up and strengthen trade ties with China** soon, and for countries in the Asia Pacific region (including Australia where I live) to set aside ideological differences to bolster their Covid ravaged economies. The two "spheres of influence" will force middle and smaller countries to choose between the “US sphere” and the “China sphere”.



DAVID THOMAS

China Expert and
Author of China Bites

EXPERT BITES

Q: HOW WILL THE US-CHINA-WORLD RELATIONSHIP DEVELOP IN Q4 2020 AND Q1 2021?

A lot is likely to hinge on what happens with the upcoming **presidential election in the US**. In discussions that we've had with business leaders, there's quiet hope that regardless of who wins the presidency that there will be a degree of **normalisation in the future**. But, regardless of who wins, it's unlikely that trade relations will return to what they were before 2016. China is now promoting **domestic trade and innovation** and there's a feeling that the US will be relied on less and less as a trade partner going forward.



BEN CAVENDER

Managing Director,
China Market Research Group

EXPERT BITES

Q: HOW WILL THE US-CHINA-WORLD RELATIONSHIP DEVELOP IN Q4 2020 AND Q1 2021?

The US animus towards China continues to reach new heights (or depths). However, there is also some **cause for optimism**. Huawei and Bytedance may be the first China tech companies to be the leaders in their sectors, but they certainly won't be the last. The value these companies deliver to customers and other parts of the supply chain means that the US hurts itself more than China. The Oracle-TikTok deal may represent a new form of geopolitical dealmaking with Trumpian characteristics and serve as a template for future accommodations. As China outpaces US in technology, unless the US finds a way to achieve a new modus vivendi with China, the US will not only be left behind but may end up as a **pariah state**.



ANDY MOK

CGTN Tech and Geopolitics Commentator
Senior Research Fellow,
Center for China and Globalization

OVERVIEW

AN INTRODUCTION TO DIGITAL CHINA

EXPERT BITES



JACQUELINE CHAN

Project Director at Alarice & ChoZan

Q: IN WHICH WAYS IS CHINA MORE DIGITAL THAN THE REST OF THE WORLD? HOW HAS THIS INTENSIFIED IN THE POST-COVID ERA?

There are so many examples.

During the epidemic, robots were used in Wuhan hospitals to record data such as fevers, generate paperwork and deliver food, water and medicine to patients. This reduced the chances of infection and saved a lot of protective equipment. Smart voice activated electronic medical records went online, saving nearly 2 hours of doctor's work time daily.

Restaurant chain Haidilao pivoted quickly when people stopped showing up at their hotpot locations and sold through online group buying and delivered ready-to-cook prepared ingredients with cooking instructions.

Livestreaming soared and became a sales winner. People went on virtual tours of locations like Potala Palace that were hard for them to get to under normal circumstances. Even real estate sales went online.

OVERVIEW

CHINA'S ONLINE CONSUMERS AT A GLANCE

In March 2020, China's Internet penetration rate reached 64.5%, covering nearly two-thirds of the country's citizens.

In June 2020, the number of independent devices reached 1.426 billion units.



64.5%

Internet penetration rate in China



43%

Increase in rural Internet users since 2014



285 MILLION

Rural Internet users

Sources:

- 1) iResearch 2020 H1 China Mobile Internet Semi-annual Traffic Report
- 2) Hootsuite China Digital Report 2020
- 3) CGTN / CINIC, Oct. 5, 2020

OVERVIEW

CHINA'S ONLINE CONSUMERS AT A GLANCE AS OF JANUARY 2019

Total Number of
Active Social Media
Users



1.04 BILLION

Social Media Users
in Proportion to China's
Total Population



72%

Change in Social Media
User Numbers
(Apr 2019 to Jan 2020)



+15 MILLION

Mobile's Share of
Total Internet Time

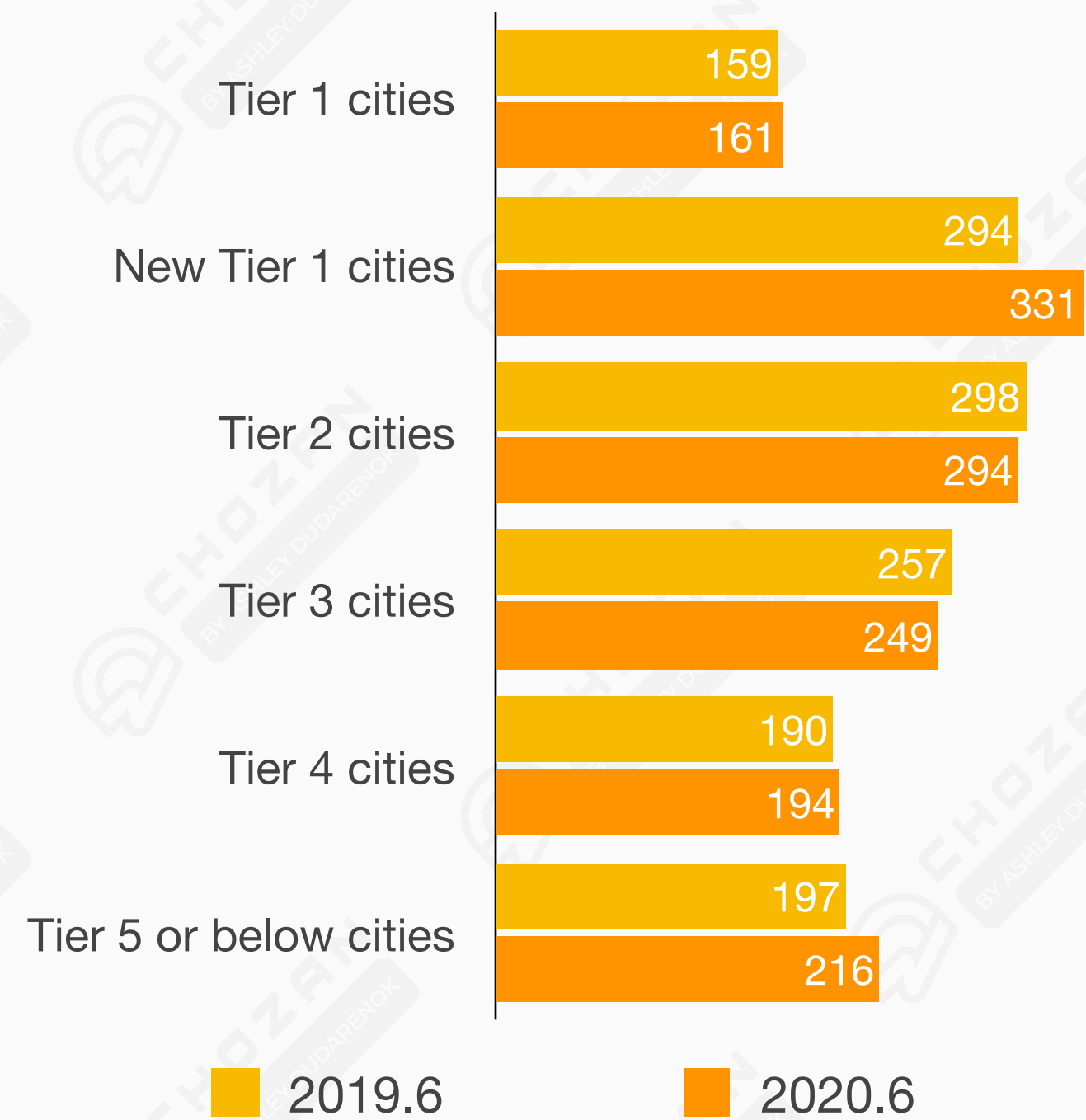


50.1%

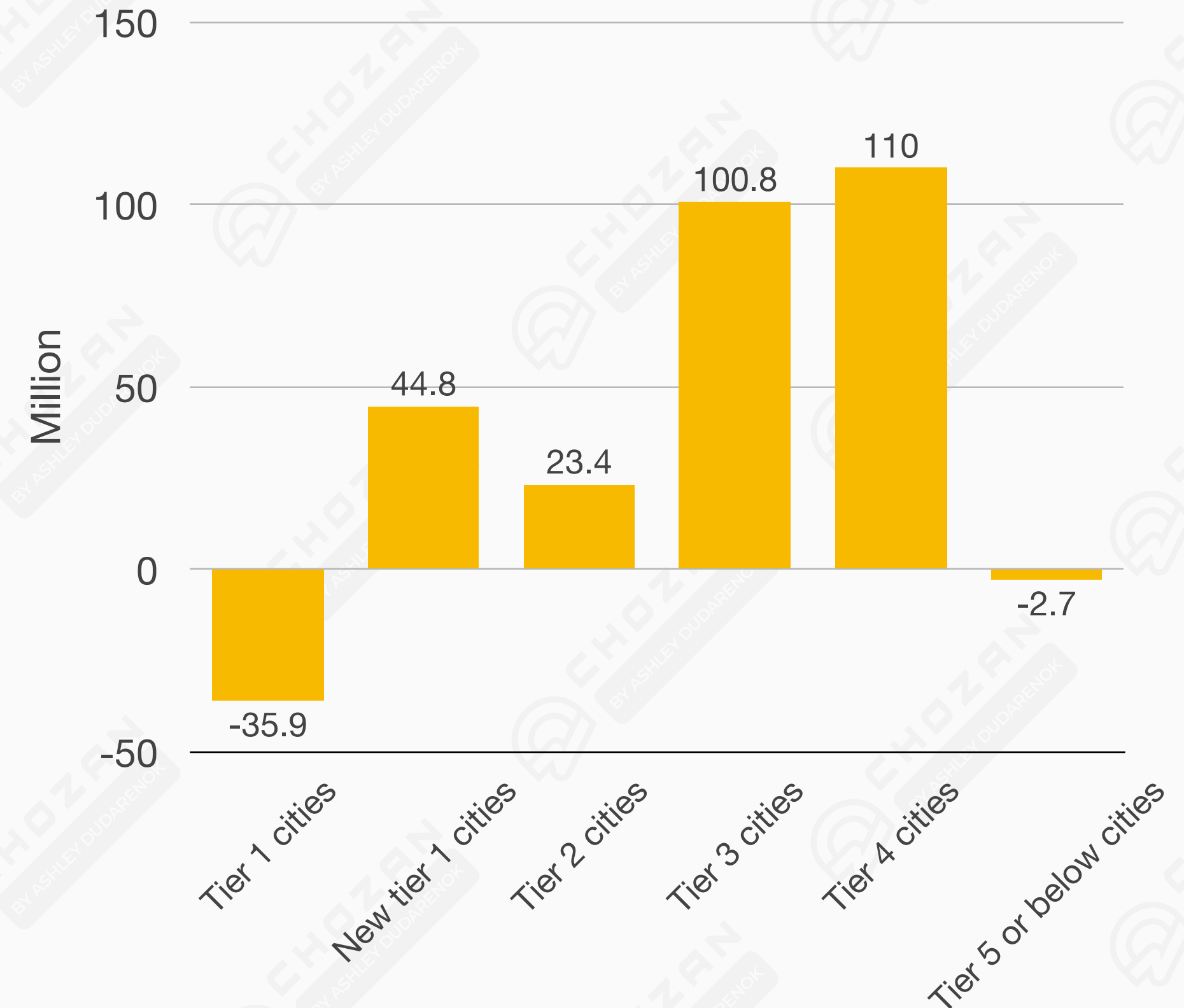
OVERVIEW

CHINA'S ONLINE CONSUMERS AT A GLANCE

**2019 & 2020 JUNE MOBILE INTERNET USERS
MONTHLY UNIQUE DEVICES IN CITIES
(IN MILLIONS)**



**MONTHLY NET GROWTH OF MOBILE
INTERNET USERS BY CITY TIER IN CHINA,
2020 Q2**



Sources:

1) SCMP China Internet Report 2020

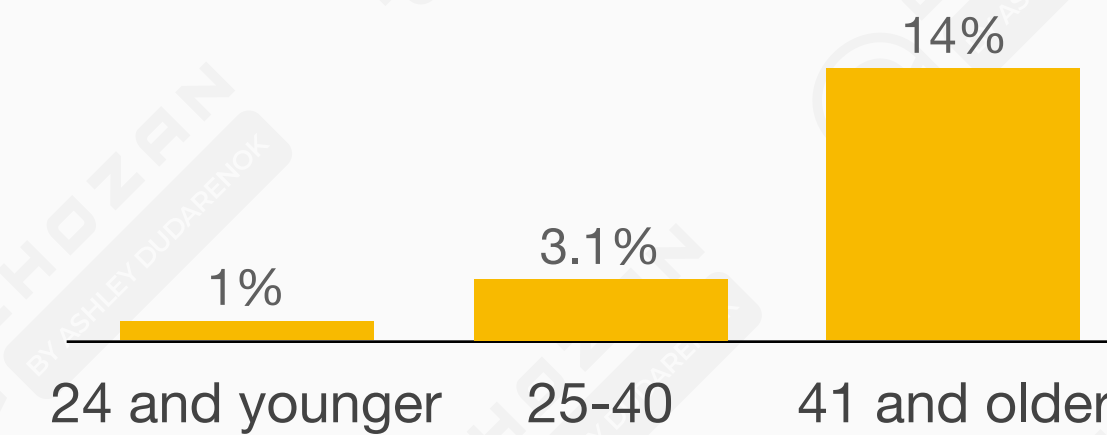
2) Questmobile, China Semi-annual Internet Advertising Report

OVERVIEW

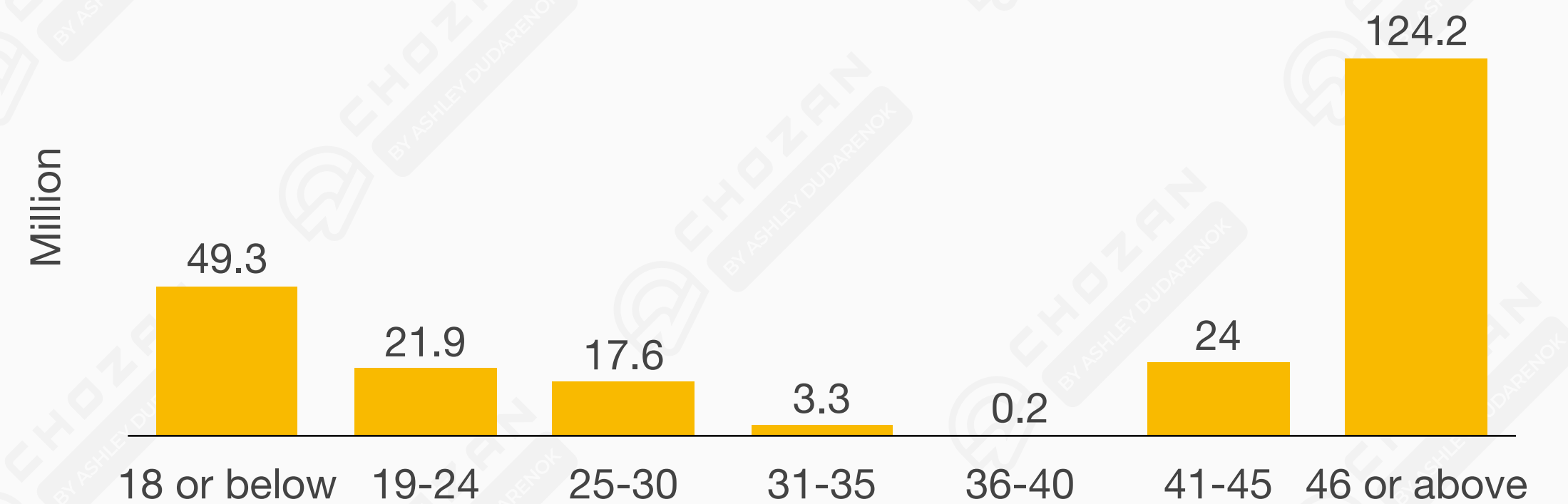
CHINA'S DIGITAL SPACE AT A GLANCE

Young people are understandably a huge part of the mobile Internet audience. However, the middle-aged and silver-haired groups have also seen an increase in mobile internet users.

GROWTH IN MONTHLY MOBILE USERS BY AGE SEGMENT, MAR 19 VS MAR 20



MONTHLY NET GROWTH OF MOBILE INTERNET USERS IN CHINA BY AGE GROUP, 2020 Q2



Sources:

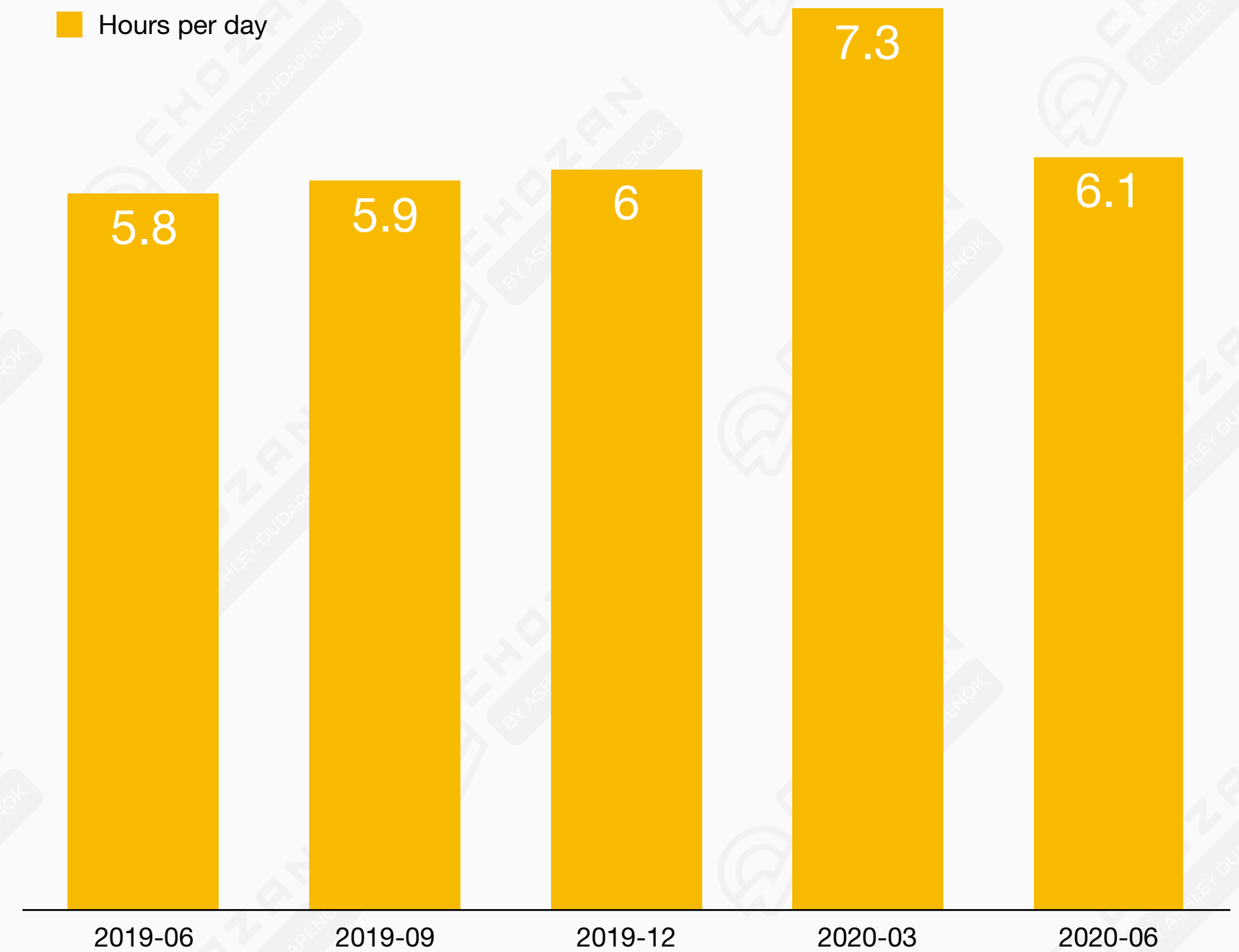
- 1) QuestMobile China Internet Users Report 2020
- 2) iResearch 2020 H1 China Mobile Internet Semi-annual Traffic Report

OVERVIEW

CHINA'S DIGITAL SPACE AT A GLANCE

The average hours spent on mobile internet each day by Chinese users are gradually increasing, while the total population of mobile internet users grows. With such a disruptive device in the hands of users for more than 1/4 of each day, it is essential businesses and brands to leverage this exposure effectively.

AVERAGE TIME SPENT ON INTERNET AMONG MOBILE INTERNET USERS IN CHINA

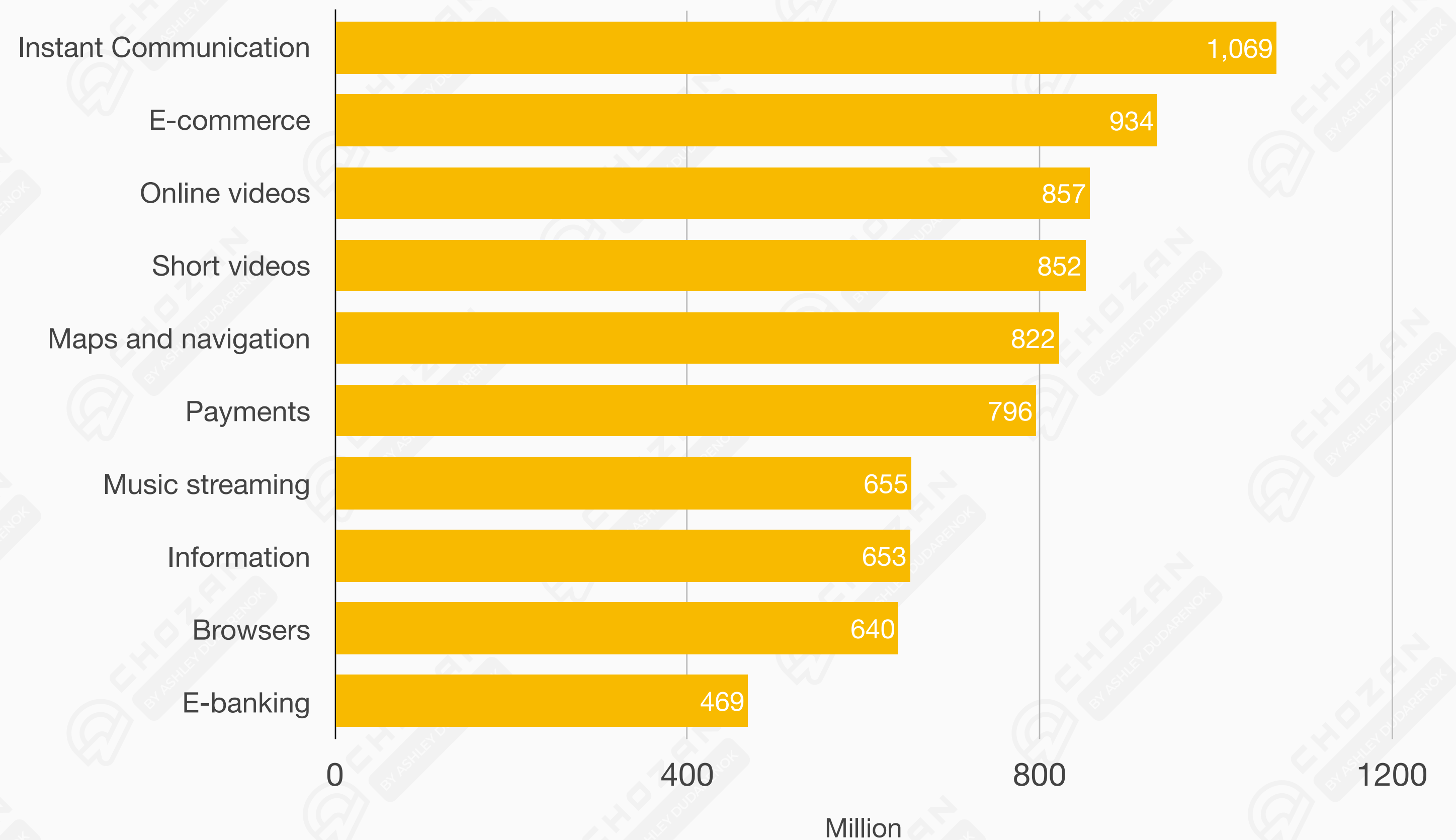


OVERVIEW

CHINA'S DIGITAL SPACE AT A GLANCE

As AI and 5G technology rise, mobile internet has merged with social communication, telecommunication, videos, travelling, banking and other industries. The internet will be the engine and foundation for economic development.

ACTIVE MOBILE INTERNET USERS IN CHINA, 2020



OVERVIEW

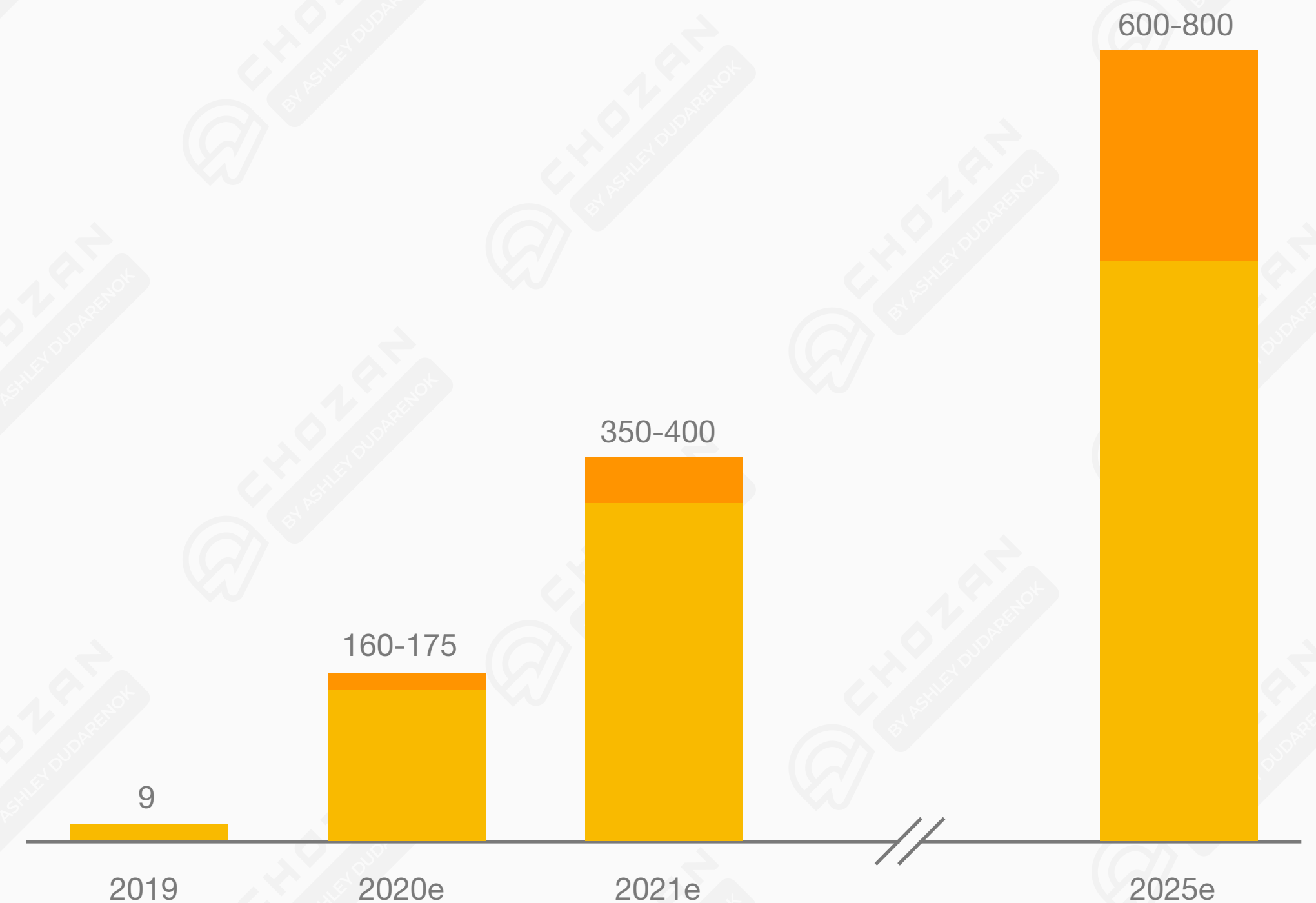
CHINA'S DIGITAL SPACE AT A GLANCE

2020 was the year of 5G. As of September 2020, China reached 110 million 5G subscribers.

In August 2020, Shenzhen became the first city to be fully covered by 5G.

By the end of 2020, China is planning to cover 350 cities by increasing the number of 5G bases by 600,000.

5G SUBSCRIBERS IN CHINA



- 5G will account for almost half of China mobile connections by 2025
- China is also estimated to have 40% share of the total number of global 5G subscribers by 2025

Sources:

1) SCMP China Internet Report 2020

2) Pandaily, China Reaches 110 million 5G Users

EXPERT BITES

Q: WHAT FOREIGN BRANDS AND IN WHICH INDUSTRIES CAN WE EXPECT SEEING TO PUSH INTO CHINA IN Q4 2020 AND Q1 2021?

As global consumption remains impaired, China provides that **glimmer of hope**. There is a high quantity and diversity of brands pushing into China, and they are at a scale I have not seen since coming to China.



ELIJAH WHALEY

Chief Marketing Officer
PARKLU

EXPERT BITES

Q: WHAT ARE CHINESE STARTUP COMPANIES AND TECH GIANT ECOSYSTEMS FOCUSING ON IN 2021?

They're focusing on:

- Applied AI / machine learning for all industries
- Semiconductors
- Healthcare
- Biotech
- E-commerce
- Video and livestreaming (for everything)
- Enterprise software
- Fintech infrastructure support for digital currencies and electronic payments



EDITH YEUNG

General Partner at
Race Capital

EXPERT BITES

Q: WHAT CHINESE TECH ARE YOU MOST EXCITED ABOUT IN 2021?

5G! I didn't even notice how fast it had made it to the market. And in 2021, there will be more areas with 5G coverage and more 5G smartphones, meaning faster Internet and **more options for tech companies** to deliver their solutions and content.



ARTEM ZHDANOV

Founder of LaowaiMe

EXPERT BITES

Q: WHAT DEVELOPMENT ARE YOU MOST EXCITED ABOUT IN 2020 IN CHINA? WHAT ABOUT 2021?

I believe **5G+IoT** will change the whole world, and China will lead that change 2-3 years ahead of the West. I'm excited to see all the new 5G applications to make work and life so much easier. I expect the disruption to be bigger and faster than China's digital disruption.

I'm also excited for the upcoming **blockchain and digital currency applications** in 2021 and beyond. The trend could help China create a more trustworthy society from which everyone would benefit.



PASCAL COPPENS

Partner at nexxworks

EXPERT BITES

Q: WHAT TECH ARE YOU MOST EXCITED ABOUT IN 2020 IN CHINA? WHAT ABOUT 2021?

It's hard to name a specific technology, but given the challenging environment (Covid, swine fever, etc.), I think we can expect interesting developments in the **foodtech space**. I'm personally watching it closely.



JAN SMEJKAL

Founder of YCG&Co

EXPERT BITES

Q: WHAT TECH ARE YOU MOST EXCITED ABOUT IN 2020 IN CHINA? WHAT ABOUT 2021?

In 2021, China's tech sector will focus on **5G and AI applications** across all industries. I'm most excited about **AIoT (AI + IoT)** services and applications for 2021, and I'm curious to see how 5G impacts sectors like education, smart cities, smart homes and entertainment.



DR. GANG LU
Founder of TechNode

CONSUMER INSIGHTS

UNDERSTANDING CHINESE CONSUMERS

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: HOW DO YOU SEE THE MAIN CONSUMER GROUPS IN CHINA? WHAT NEW GROUPS ARE GAINING POWER IN 2020?

Covid-19 has fueled online penetration, so new consumer groups, like the elderly and middle-aged, referred to as the silver-haired generation, and young people in lower-tier cities are more active online. We're also seeing the rise of consumption power among women over 30, men over 40 and pet lovers. In spring this year, livestreaming for pet-related products saw 375% year-over-year growth.

The pandemic has changed values as well, so we see consumption going in two directions. One trend is toward family consumption. Millennials aren't only buying for themselves but also for their parents and children. On the other hand, more people are living solo. In 2019, there were over 200 million single people.

Surveys show that 93% of Chinese people now see personal health as the most important attribute in life with having a happy family and good mental health coming next.

CONSUMER INSIGHTS

BACKGROUND

While growing into an upper-middle-income country and the world's second largest economy, China saw a 400% increase in the average household income between 2002 and 2012. The average household income increased from \$987 to \$4,273 per year. In 2013, the increase was up to \$4,806, almost five times as much as in 2002. The skyrocketed economy therefore not only built up, but also **improved the standard of living for millions of working class citizens.**

AVERAGE HOUSEHOLD INCOME IN CHINA

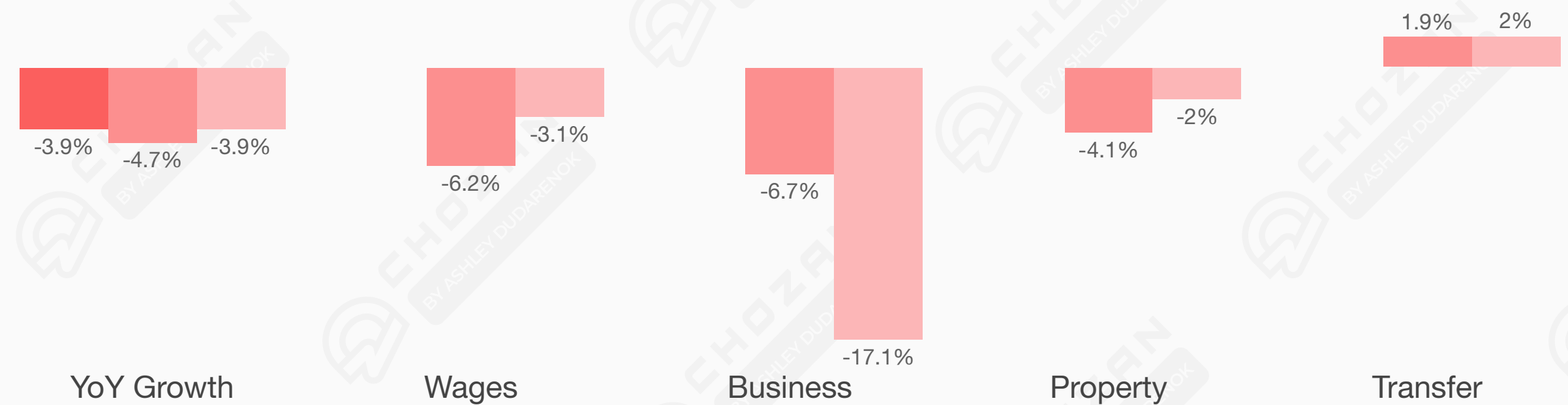
↑ 400%

CONSUMER INSIGHTS

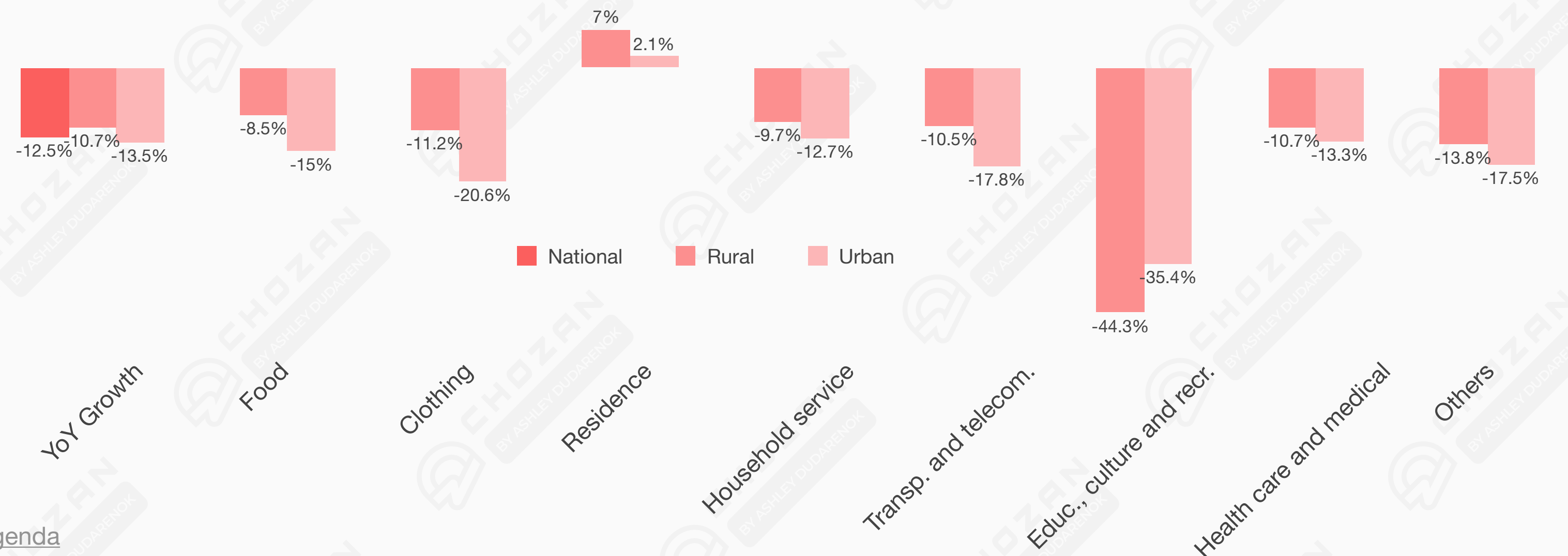
POST COVID-19 CONSUMERS

There was a **bigger decrease in household spending than disposable income** in the first quarter of 2020. Workers who make less than RMB 50,000 annually expected more significant decreases in their income (by 31%) and consumption (by 22%).

PER CAPITA DISPOSABLE INCOME (% CHANGE Q1 2019- Q1 2020)



PER CAPITA HOUSEHOLD EXPENDITURE (% CHANGE Q1 2019- Q1 2020)



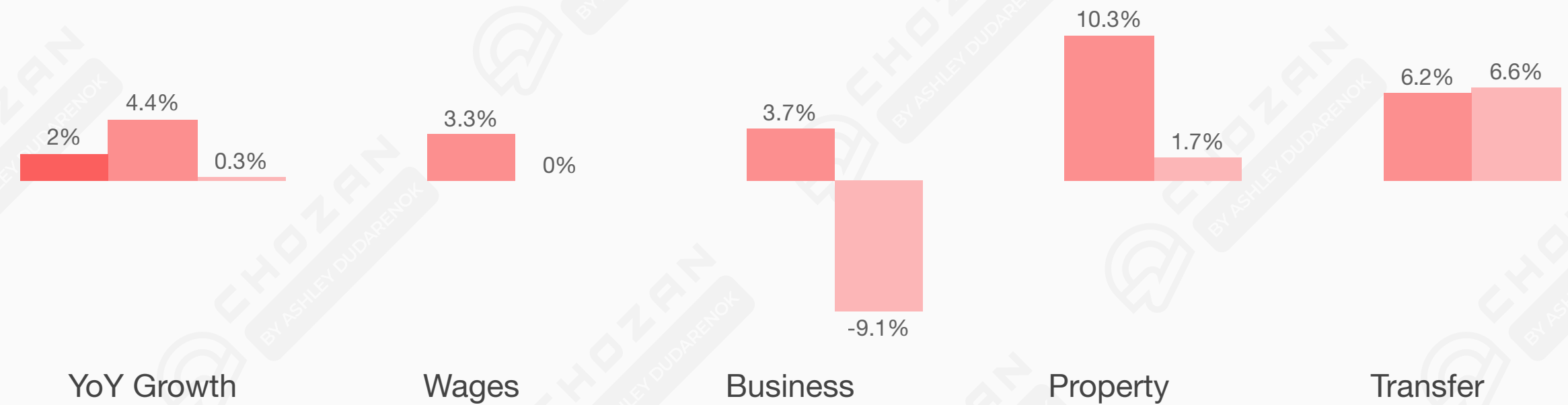
CONSUMER INSIGHTS

POST COVID-19 CONSUMERS

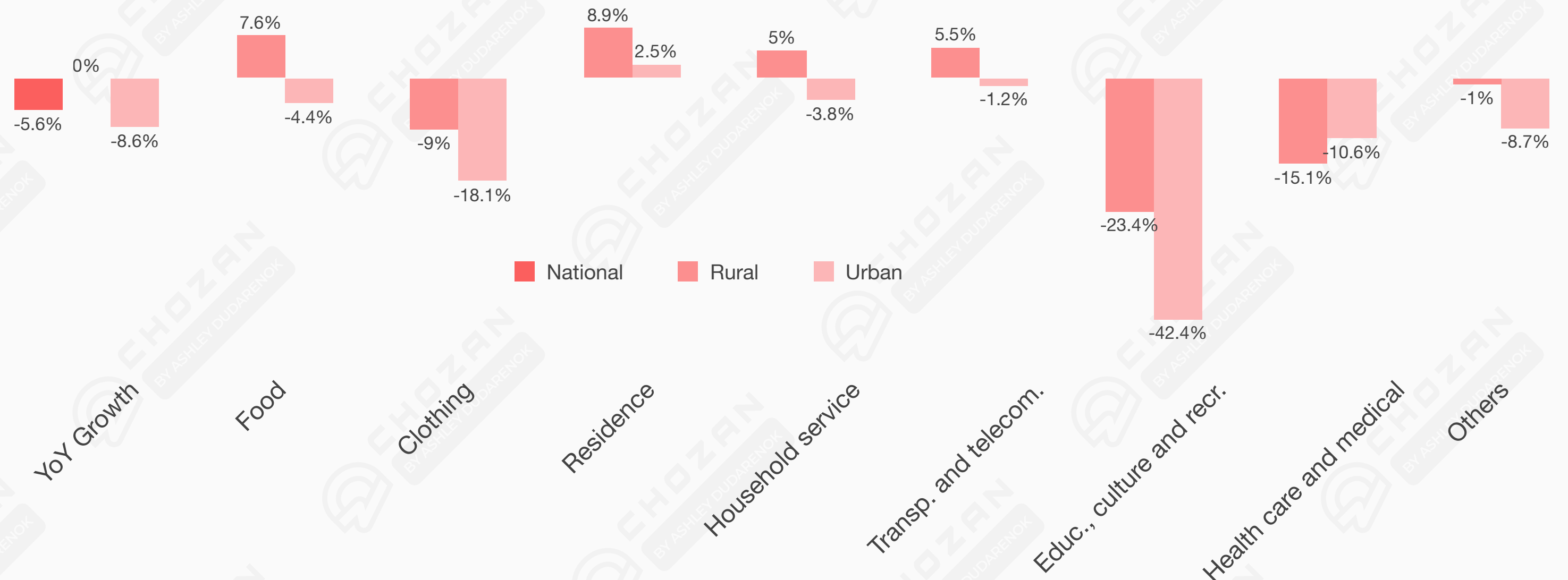
Incomes improved in 2020 Q2, but household expenses remained stagnant.

While disposable incomes in rural areas improved 4.4% compared to the previous year, urban areas saw **declining business incomes and static wages**, driving **continuously limited consumption**, especially in services and clothing industries totalling a 8.6% decline in per capita spending.

PER CAPITA DISPOSABLE INCOME (% CHANGE Q2 2019- Q2 2020)



PER CAPITA HOUSEHOLD EXPENDITURE (% CHANGE Q2 2019- Q2 2020)

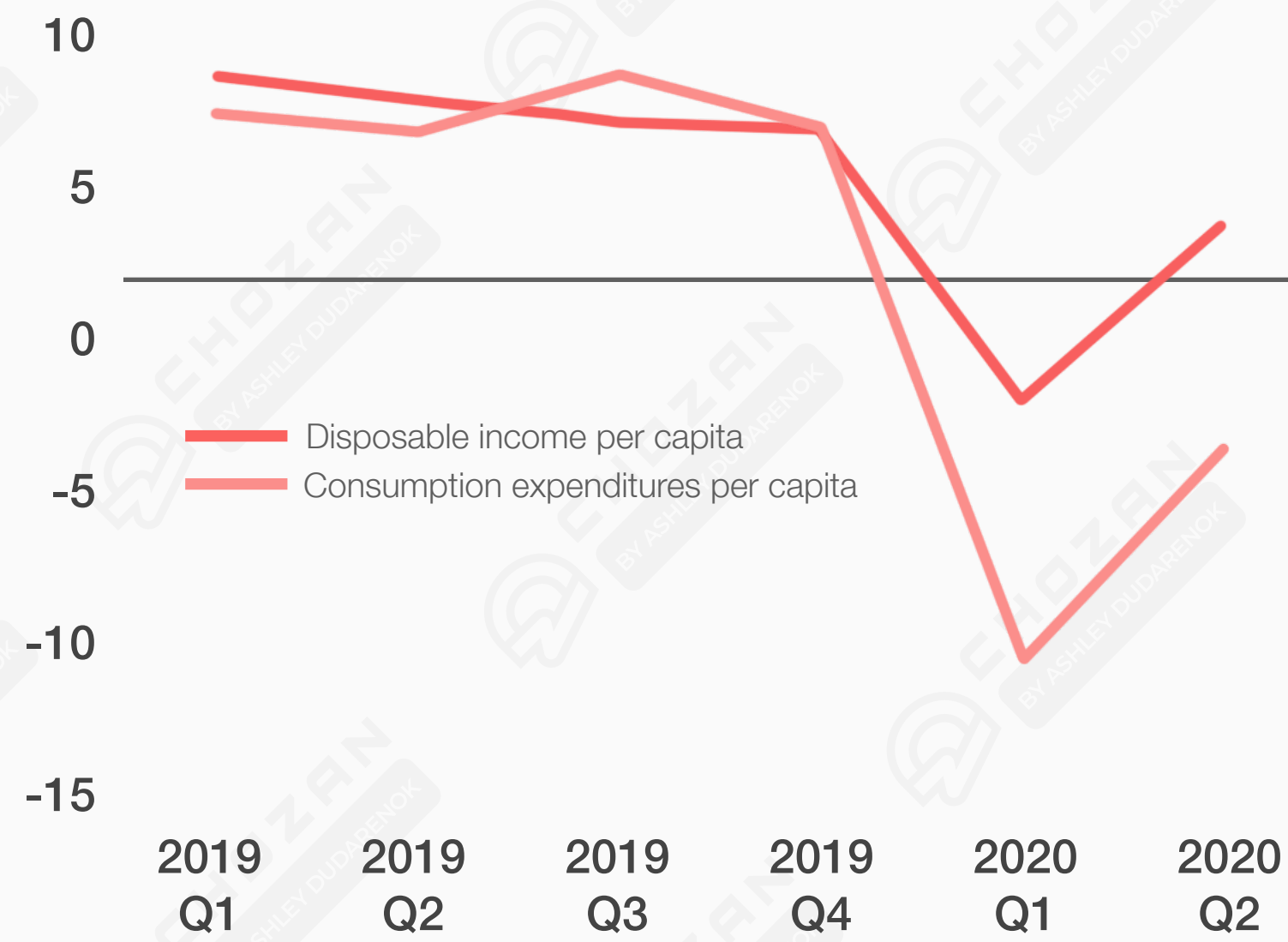


CONSUMER INSIGHTS

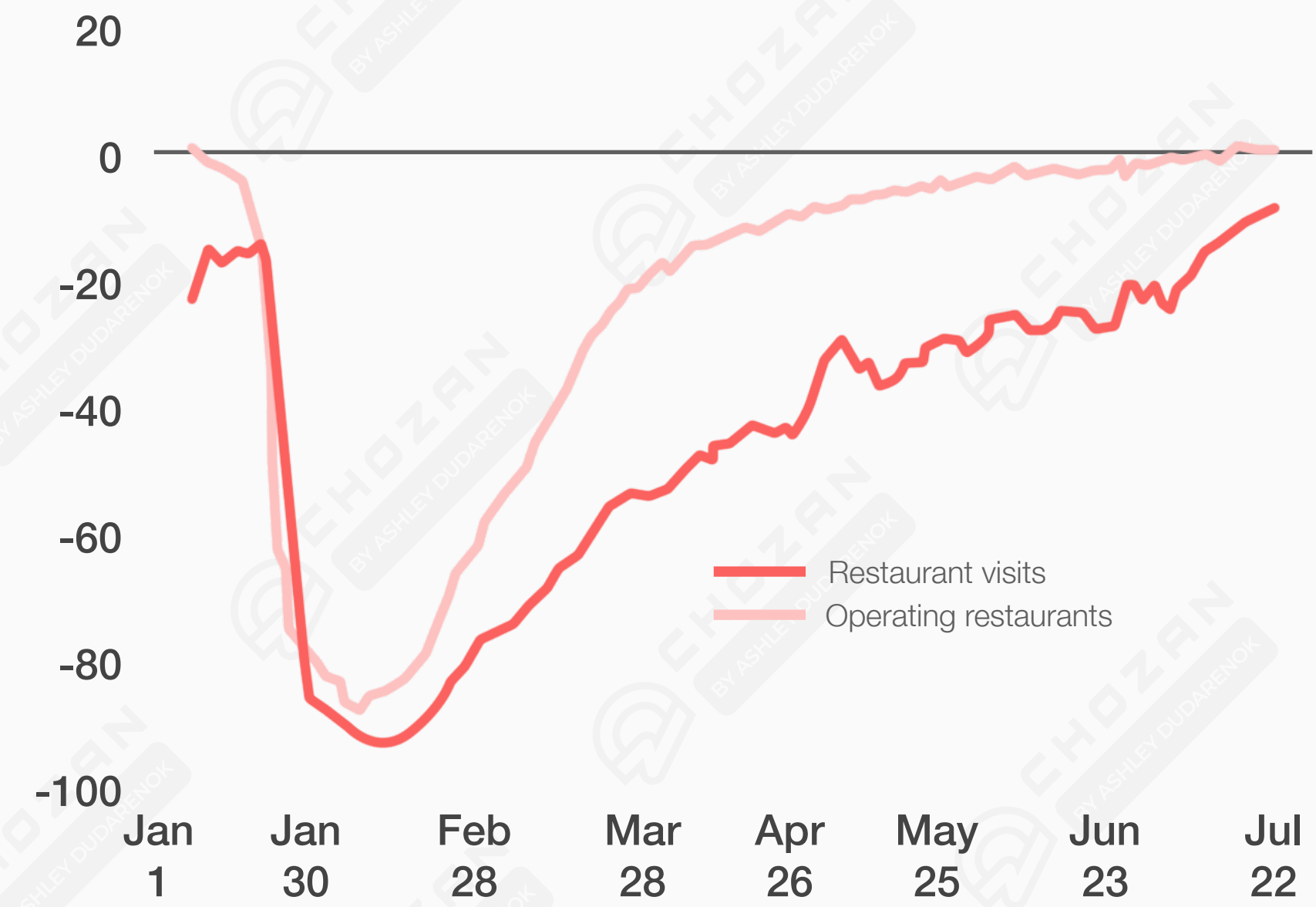
POST COVID-19 CONSUMERS

CONSUMER-FACING SERVICES ARE RECOVERING GRADUALLY.

HOUSEHOLD DISPOSABLE INCOME AND CONSUMPTION EXPENDITURES (Y/Y% GROWTH, IN REAL TERMS)



RESTAURANT SERVICES (Y/Y% GROWTH, 7-DAY MOVING AVERAGE)



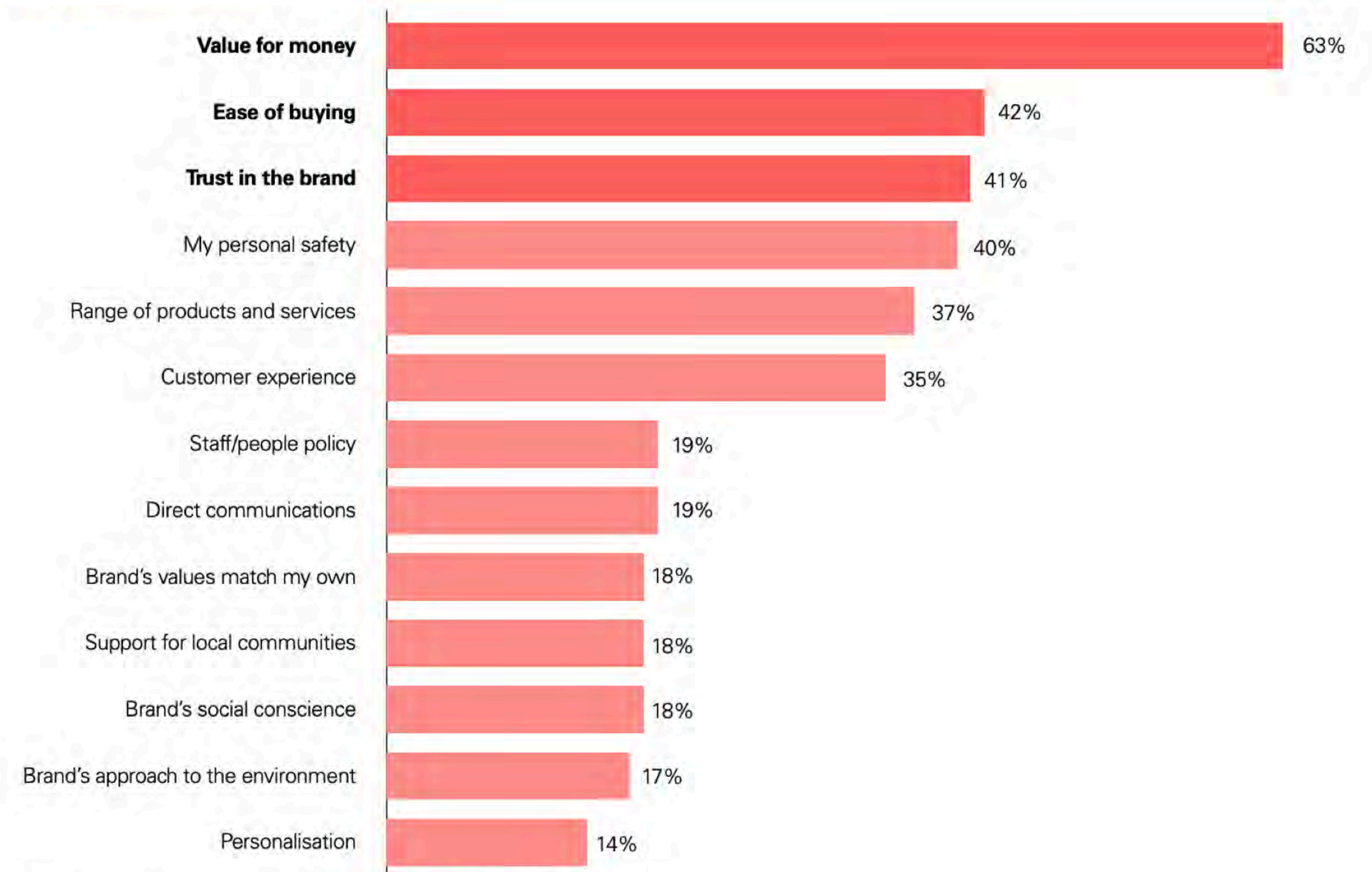
CONSUMER INSIGHTS

POST COVID-19 CONSUMERS

Brands should be aware of their customers' digital enablement and their need to win customers' trust. The key purchase drivers identified in the chart progressed at the debut of COVID-19, and prove to persist over time and geographically. These factors pose significant combined impact on consumer behaviours, meaning **customers are now seeking more direct and relevant benefits in their purchases.**

Value for money, ease of buying, trust in the brand are the top 3 driving factors for purchases for post COVID-19 consumers.

Key purchase drivers



% = proportion of consumers who rate each as important in their decision-making
Which of the following is important to you now when buying a product or service?

CONSUMER INSIGHTS

POST COVID-19 CONSUMERS

Offline traffic is negatively affected by the COVID-19 pandemic, but small formats and e-commerce have gained positive traction and growth.

NEW RETAIL CHANNEL



FRESHIPPO

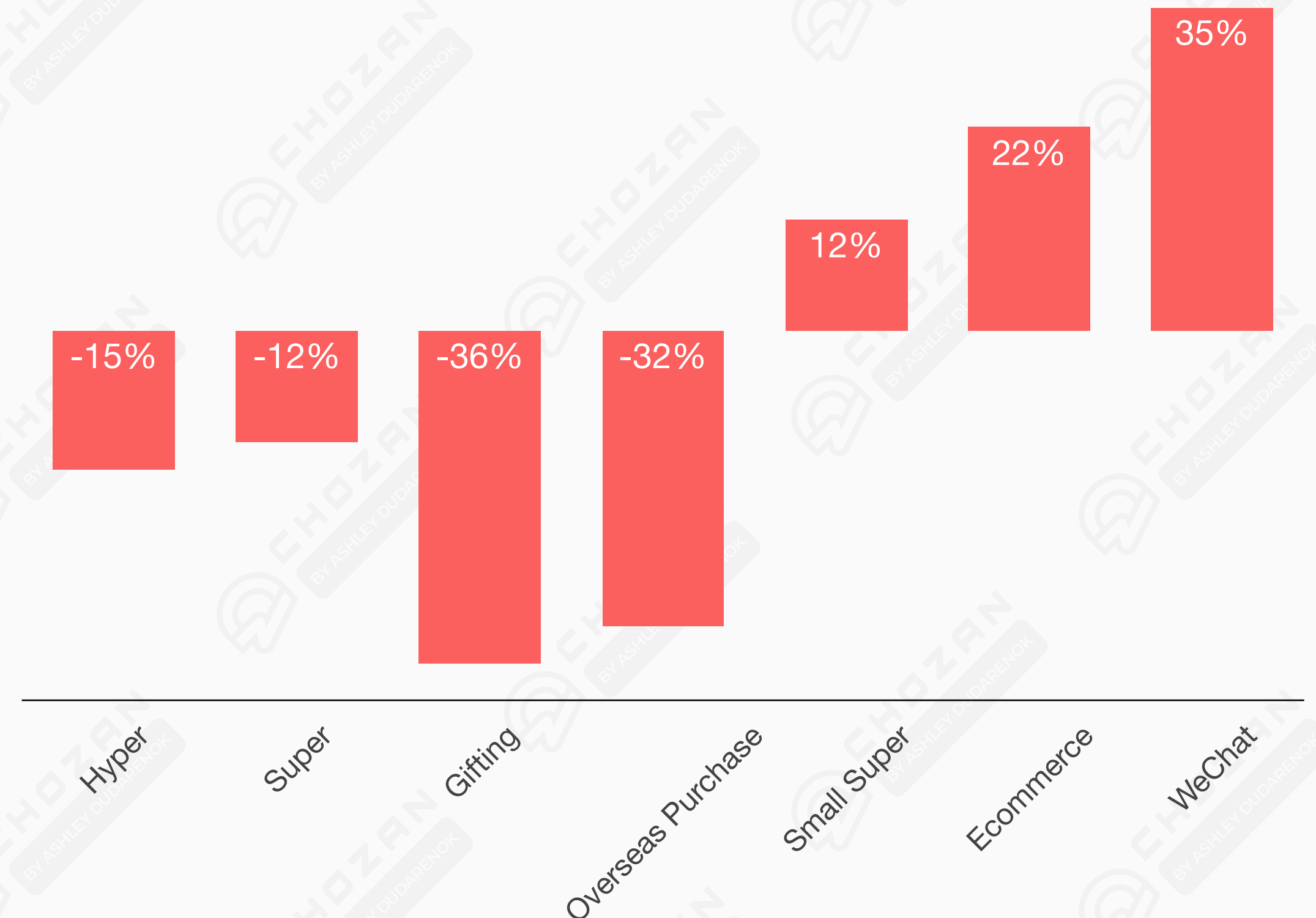
+97%

SHOPPERS

+15%

FREQUENCY

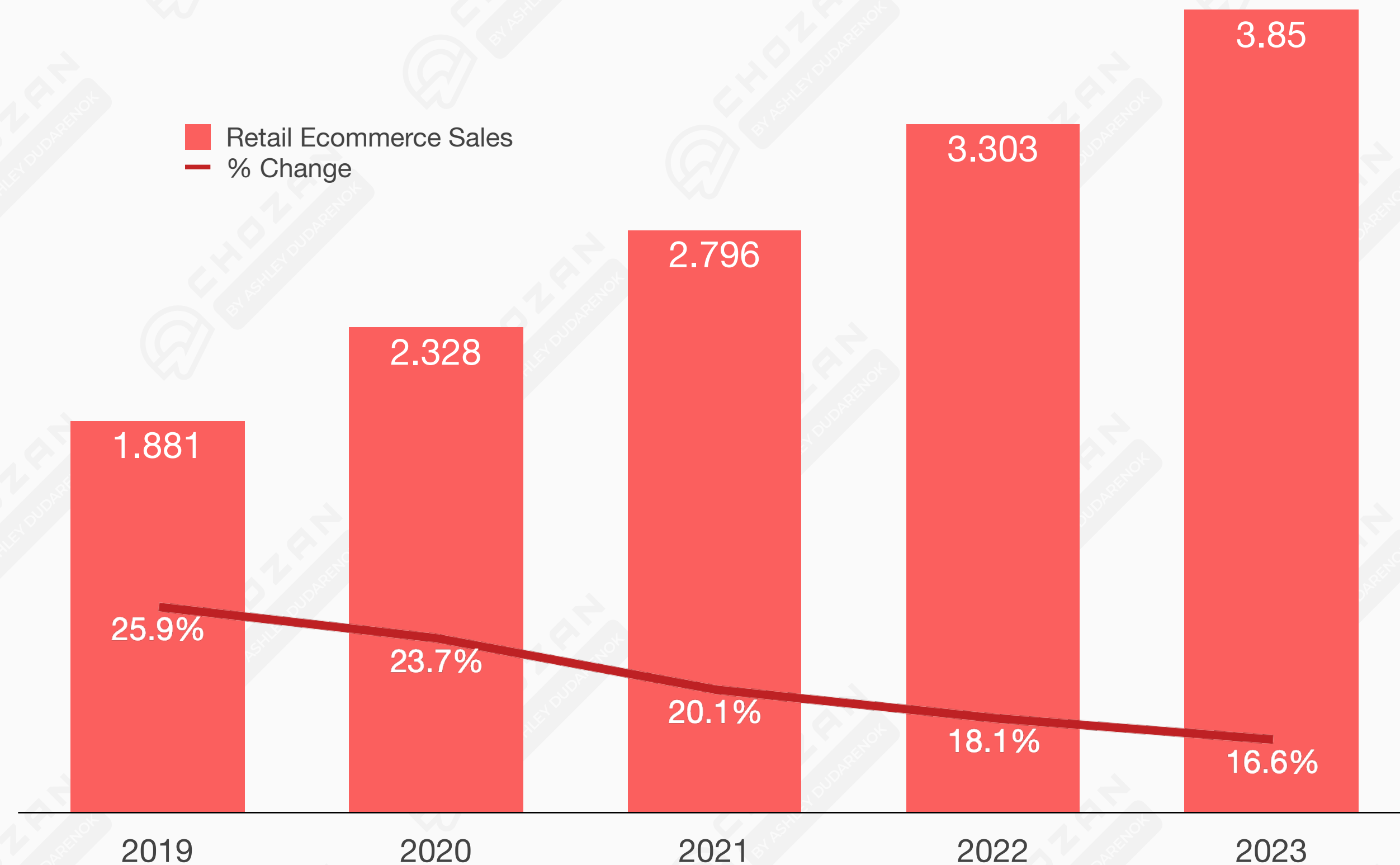
COVID-19 PERIOD FMCG TRANSACTION GROWTH RATE



CONSUMER INSIGHTS

POST COVID-19 CONSUMERS

RETAIL ECOMMERCE SALES IN CHINA, 2019-2023
(TRILLION \$ AND % CHANGE)

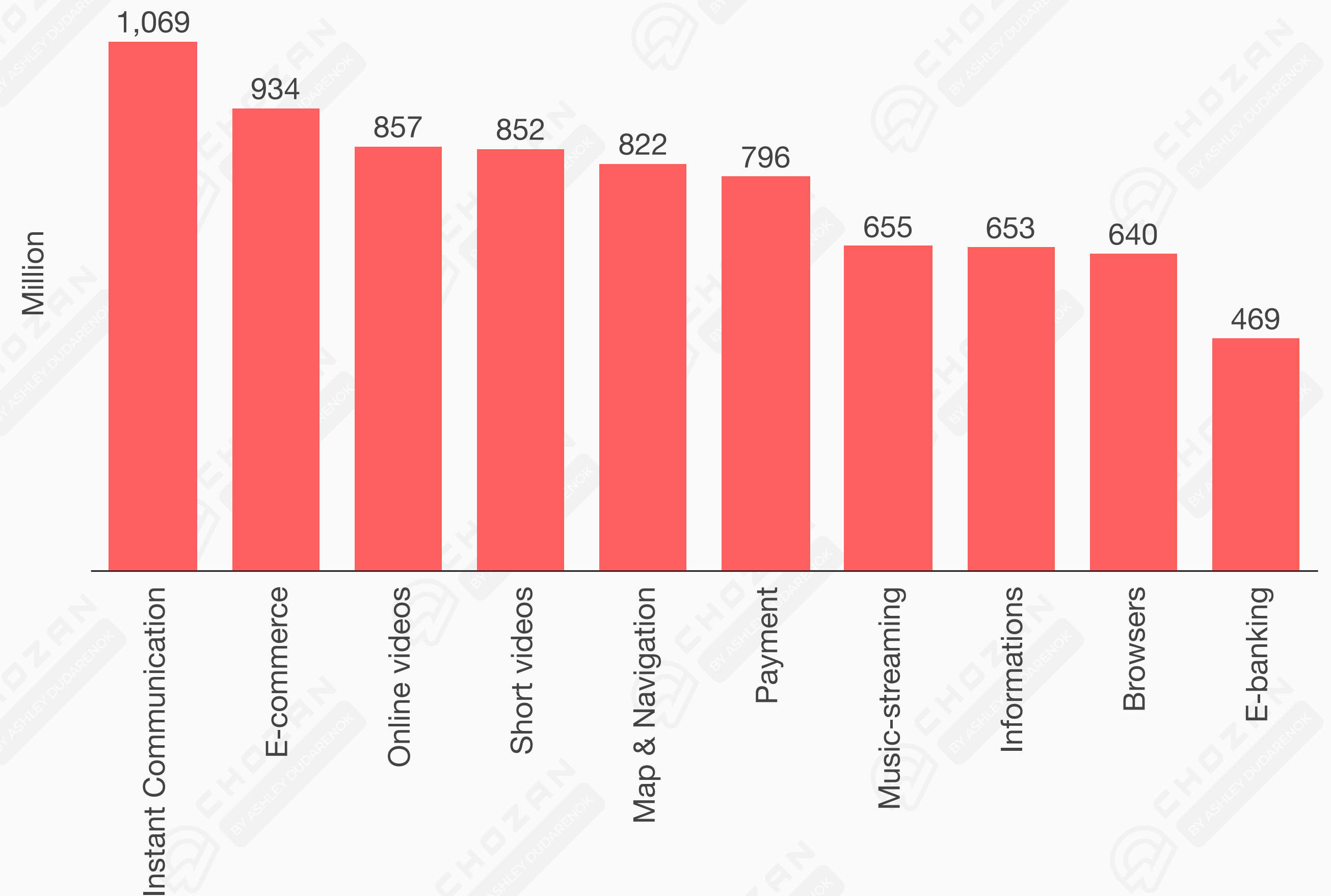


CONSUMER INSIGHTS

MOBILE INTERNET AS A PRIORITY

Mobile internet users in China is a highly potential consumer group. With access to instant communication, social media, and entertainment that are diversified, mobile internet users embrace mobile communication and e-commerce thanks to the accessibility, mobility, and ease-of-use.

ACTIVE MOBILE INTERNET USERS IN CHINA, 2020

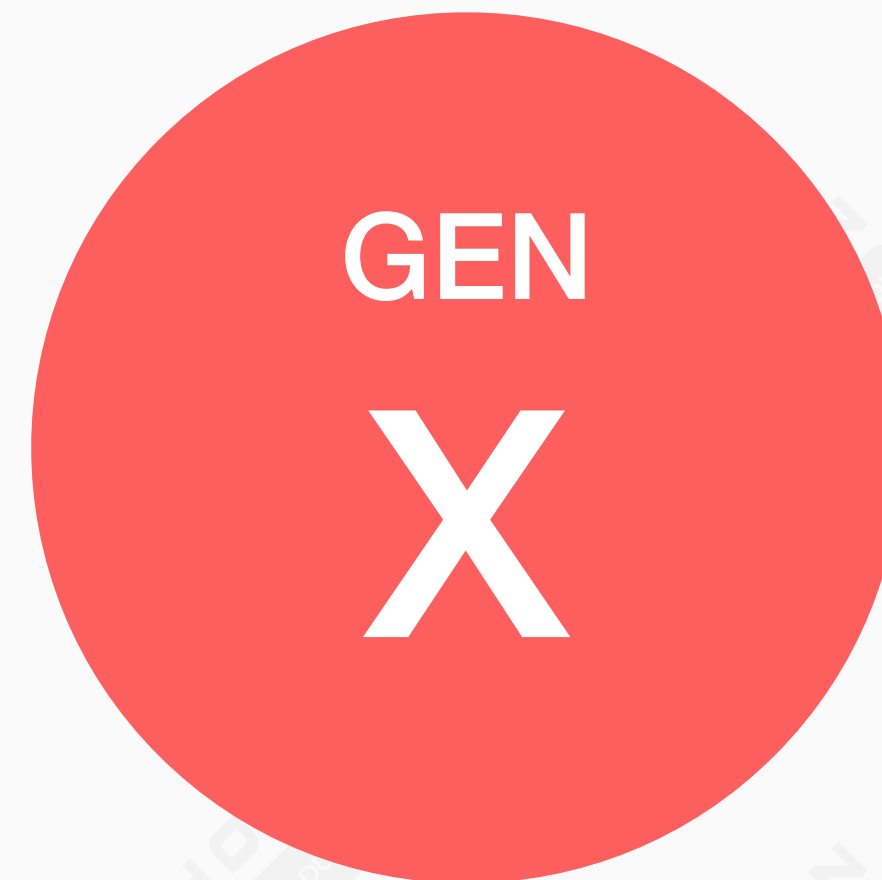


CONSUMER INSIGHTS

OTHER GROUPS TO PAY ATTENTION TO

From Alibaba's data, Bain identified eight strategic segments of China's online consumers that collectively account for 80% of FMCG platform users and represent over 90% of gross merchandise volume:

- Rookie White Collars
- Wealthy Middle Class
- Supermoms
- Small Town Youth
- Gen Z
- Urban Gray Hairs
- Small Town Mature Crowd
- Urban Blue Collars



1965-1980

Labour is an honour
Loyal and patriotic
Phone, SMS
Desktop computer



1981-1995

Work-life balance
Angry youth (愤青), non-mainstream, slash
Internet, mobile network
Tablets & Smart Phone



1996-2010

Free and flexible life
Indoorsy, depressed, buddha-like
Mobile network
Smart phone & 5G mobile phone

EXPERT BITES

Q: HOW WOULD YOU DESCRIBE CHINA'S MAJOR CONSUMER GROUPS IN 2020?

Chinese millennials are **authentic**, while Gen Z is looking for **playfulness**. China's silver generation is **not impressed** with changes but are still open to new technology. The middle aged group is interested in **quality of life** and prefers lifestyle brands. The wealthy middle class stay in mainland Chinese 5 star-hotels and spas.

China's powerful independent women are **value-driven**. Super mums and dads are adding **soft and artistic skills to the education** curriculum of their children. Lower tier city and rural consumers are **not considered enough by brands**.



MATTHIEU

DAVID-EXPERTON

CEO and President at Daxue Consulting,

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020?

It's fascinating to watch the shopping behaviour and live-streaming frenzy of China's **super mums**, the **silver haired generation**, the **sea turtles** (returnee Chinese) and the Tuhaos (China's nouveau rich), especially when many of them are becoming more and **more sophisticated and demanding consumers**.



MARTINA FUCHS

TV Anchor & Business Journalist

CONSUMER INSIGHTS

CONSUMER GROUPS

There are dozens of distinct consumer groups in China and many believe they're the most sophisticated and demanding consumers in the world. Here are a few of our favourite Chinese consumer groups:

Our Personal Favourites

- The silver generation (65 and up)
- Lower tier city youth
(Tier 3-5 cities)
- Super mums

Dynamic Internal Progress in 2020-21

- Singles from higher tier cities
(Tier 1-2)
- Patriotic / domestic brand lovers
- Guilt-free consumers
(eco-conscious)

Good to watch

- Sea turtles
(returnee Chinese)
- Gentle boys
- Wealthy Tuhao (new rich)

CONSUMER INSIGHTS

KEY CONSUMER TRENDS IN Q4, 2020

- 1 Personal hygiene products, fresh food and daily necessities will maintain high demand due to an increased attention in personal health.
- 2 Items popular for stocking up during the pandemic, such as frozen food, bottled water and household cleaning supplies.
- 3 Items like beer, skin care products and pet food fell off during the pandemic but recovered quickly after the number of cases came under control.
- 4 Non-essentials, such as cosmetics and confectionery items declined and are recovering gradually.

Sources:

- 1) [People.cn, Consumer Preferences During the Pandemic](#)
- 2) [Mintel, Impact of the Pandemic on Chinese Consumers](#)

EXPERT BITES



WENDY CHEN

Marketing Manager at
Alarice & ChoZan

Q: WHAT WAS THE MOST INTERESTING CONSUMER TREND YOU SAW IN Q3 2020?

Expanded digital lifestyles

One of the most important impacts on consumers due to the epidemic has been an increase in online shopping. Online shopping has expanded from young people to the entire population and includes everything from clothes to fresh food to financial management and more.

Valuing health

The epidemic affected people's values and health became the number one concern. Consumers were more willing to spend money on their health, eager for organic food and health supplements and living more health-conscious lives. They were also willing to pay more for health-related products.

1 MILLENNIALS

China's 400+ million millennials represent a huge and emerging consumer group with huge impacts on the economy. Most millennials own smartphones that are constantly used, and in more versatile ways, than their counterparts in the West.

Millennials enjoy luxury brands. Forecasts expect them to make up 40% of global luxury goods sales by 2024, with around 58% of that group aged 18 to 30.

It is key for brands to understand the consumer behaviors of the millennials group.



CONSUMER INSIGHTS

MILLENNIALS - INTRODUCTION

MILLENNIALS

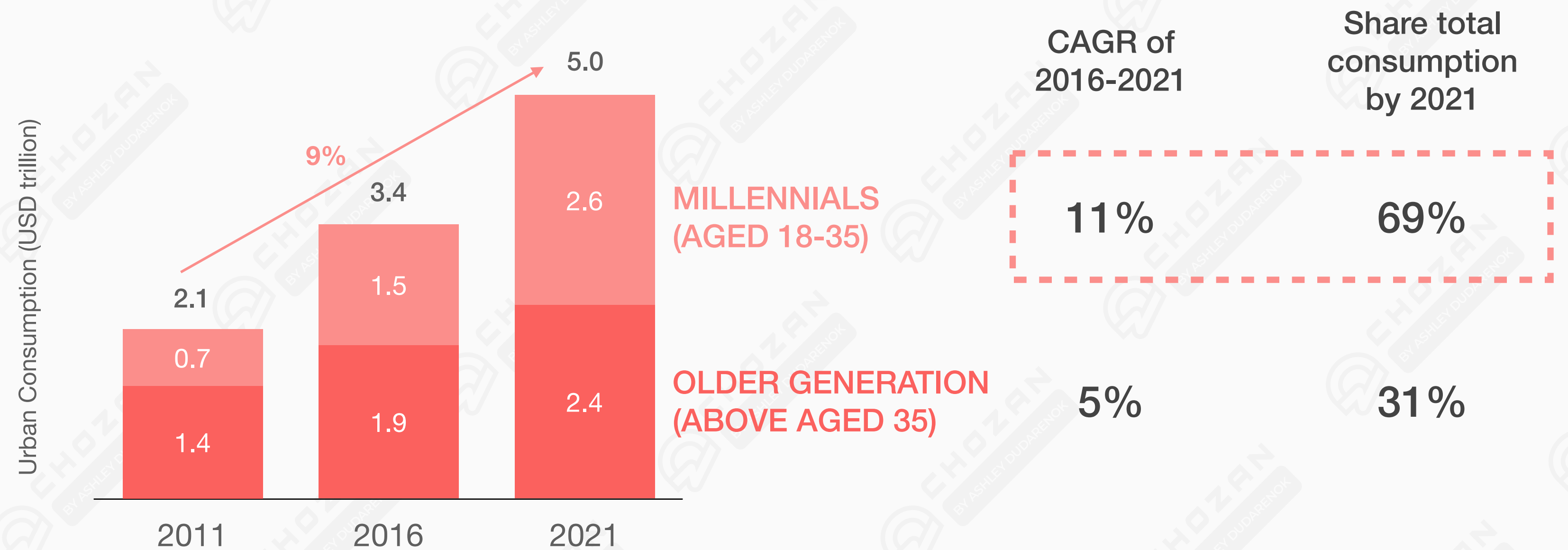
Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
Chinese millennials are the country's largest consumer group, currently with over 350 million people. 54% of Chinese millennials are Internet shoppers.	Chinese millennials are digitally tech-savvy. Chinese millennials are the major driving power of luxury products. They rely heavily on community recommendations. In coming years most of them will have families, and it's expected that they will be a major consumer group for family consumption as well.	<ul style="list-style-type: none"> 1) knowledge payment services 2) education trainings 3) health supplements 4) pet products 5) small home appliances

CONSUMER INSIGHTS

MILLENNIALS

Chinese millennials are set to become the dominant force and **the most influential consumer segment** in the consumer market.

SHARE OF CHINA'S URBAN CONSUMPTION BY THE MILLENNIALS VERSUS THE OLDER GENERATIONS



CONSUMER INSIGHTS

MILLENNIALS - TOP 4 CHARACTERISTICS IN 2020

1 Lifestyle Upgrade

With a rapid growth in service consumption and a pursuit for healthy lifestyles, millennials **demand premium goods and services** that enhance their personal sense of well-being, and are **inclined to spend on travel experiences**.

1 Prefer premium over mass

3 Rapid growth in service consumption

2 A growing healthy lifestyle

4 Spending on travel on the rise

2 Demand for Uniqueness

This demand for quality gives millennials a sense of superiority, as they purchase and own personalised products.

CONSUMER INSIGHTS

MILLENNIALS - TOP 4 CHARACTERISTICS IN 2020

3 Experience-oriented

With a larger portion of discretionary income spent on “retail-tainment” compared to older generations, millennials are **convenience-driven** in the social, entertainment and e-commerce sectors. Their main purpose and motivation for spending are the experiences.

4 Craze for Social Media

Social media and **mobile shopping** are the millennials' **major consumption channels**. They are the heaviest social media users - from livestreaming to sharing, with fond trust on influencers and KOLs.

EXPERT BITES

Q: WHICH CONSUMER GROUP IN CHINA ARE YOU MOST EXCITED ABOUT IN 2020 AND WHY?

Chinese millennials are without doubt the most exciting consumer group in China. Aged between 22 and 38, they were the centre of attention, highly educated, and mostly debt free. Millennials enjoy a **high degree of financial freedom**, are happy to spend money, value quality, luxury and travel. China's 400 million millennials deliver high spending in skincare, hair care, clothing, accessories, bags, cosmetics, and shoes.

The average age of Chinese luxury shoppers is about 35, 10 years younger than those in developed economies, and **represents 32% of global luxury sales**.



DAVID THOMAS

China Expert and
Author of China Bites
(www.china-bites.com)

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

Post-90's Chinese are a generation redefining what it means to be a **'sophisticated consumer'**. They are incredibly brand savvy, digital-first, with a huge difference in spending from their parents' generation, compared to their counterparts in the US or Europe. This generational gap poses a challenge to foreign brands, but is also an incredible opportunity for those who invest in resources to understand the post-90's group.



OLIVIA PLOTNICK

WeChat and China Marketing Specialist

EXPERT BITES

Q: HOW DO YOU SEE CHINESE MILLENNIALS RESPONDING TO THE RECENT EPIDEMIC?

Chinese millennials in 2020 are for the first time feeling the effects of recession, something that is turning them into **hyper-savvy, hyper-smart shoppers**.



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

My absolute favourite is the **physically active consumer group**, who displays preferences for healthy choices beyond fitness. Lots of growth and opportunities in this space.



JAN SMEJKAL

Founder of YCG&Co

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

Chinese Millennials in 2020 are more accepting of diversified and personalised products with digital user experience elements, and they are more **accepting of the rise of domestic brands**.



EDWARD TSE

Chairman and CEO,
Gao Feng Advisory

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

Social shoppers. Many local Chinese brands in recent years, especially C-beauty brands, have been born and nurtured online. They have a unique ability to harness social shoppers who prefer to skip e-commerce channels, and shop directly from within social apps



NISHTHA MEHTA

Corporate Innovation Coach
Trainer
Change Facilitator

EXPERT BITES



STELLA ZHAN

Social Media Marketing Manager at
Alarice & ChoZan

Q: WHAT TIPS DO YOU HAVE FOR MARKETING TO MILLENNIALS?

Deliver brand value to show social responsibility.
Provide personal and customized product experiences.
Attract their attention with brief, entertaining, creative content.
Cooperate with social media KOLs trusted by Millennials.
Interact with them proactively and respond to them quickly.

2 GEN Z

Post 95s, Gen Z, or dot com kids - they go by many names and are a true global generation, shaped by the technology of the 21st century.

- Gen Z will make up 27% of the population by 2025
- About half will earn an university degree
- They'll have an average of 18 jobs across 6 careers and 15 homes
- Around 2,000,000,000 Gen Zs globally



CONSUMER INSIGHTS

GEN Z - INTRODUCTION

THE POST-95s / GEN Z

Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
<p>This group of young consumers represent the fastest-growing consumer segment in many product categories, from skin care & cosmetics to fashion to daily necessities.</p> <p>According to McKinsey, China's young generation will account for over 20 percent of total spending growth in China from 2017 to 2030.</p>	<p>Because of the COVID-19 pandemic, there is a change in the purchase intention of the post-95s. More than 70% of them are now buying for “their families” instead of “themselves”. According to JD’s sales statistics, the young consumers mostly spent on their kitchens during this year’s 618 Shopping Festival. There was a big increase of sales of kitchen towels as well as cleaning & disinfecting products.</p> <p>Data also shows that the post-95s are the major consumers of cosmetics and skin-care products in China. The concept of “anti-aging” has become popular these days, and there is a growing demand for “anti-aging” skin-care products, facials, and hair treatment from these post-95s.</p> <p>In terms of shopping behaviours, many post-95s are willing to spend on their interests and entertainment, such as sports, gaming, and ACG. They, and their purchase decisions are mostly influenced by their idols and KOLs. For instance, they would want to have the same T-shirt worn by their idol.</p>	<ol style="list-style-type: none"> 1) travelling expenses 2) they love to try new products 3) same products as stars and KOLs 4) animation 5) cross-border foreign products 6) guochan products

CONSUMER INSIGHTS

GEN Z - Z TEENS

SUPER Z TEEN

Zuo - Flamboyant

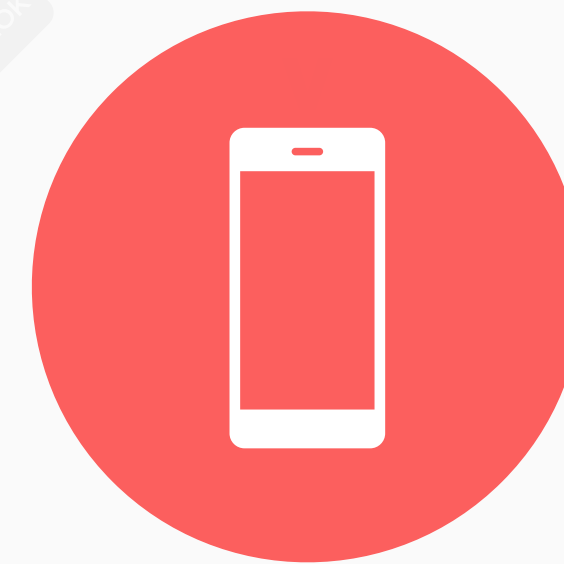
Zui - Creative

Zing - Energetic

Zealous - Enthusiastic

There is a group of super teens within Gen Z - the super “Zuo”, creative, unique, and playful. Their imagination is out of the world. We classify this group of enthusiastic generation Z as “Super Z Teens”.

SUPER Z TEEN AND THEIR ELECTRONIC DEVICES



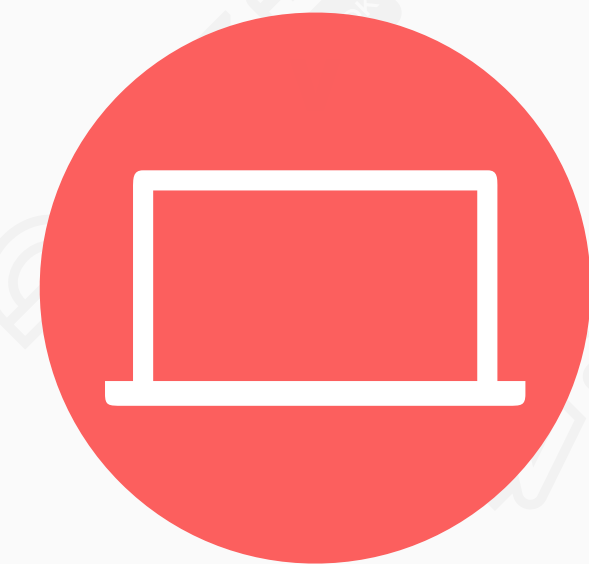
88%

Owns a smartphone



41%

Owns a tablet



33%

Owns a smart watch/
learning device

CONSUMER INSIGHTS

GEN Z - ONLINE HABITS

Incomes among Gen Z's are polarised - around 25% making more than 10,000 yuan per month while 25.9% make less than 4,000, and over 30% have less than 60,000 yuan in savings.

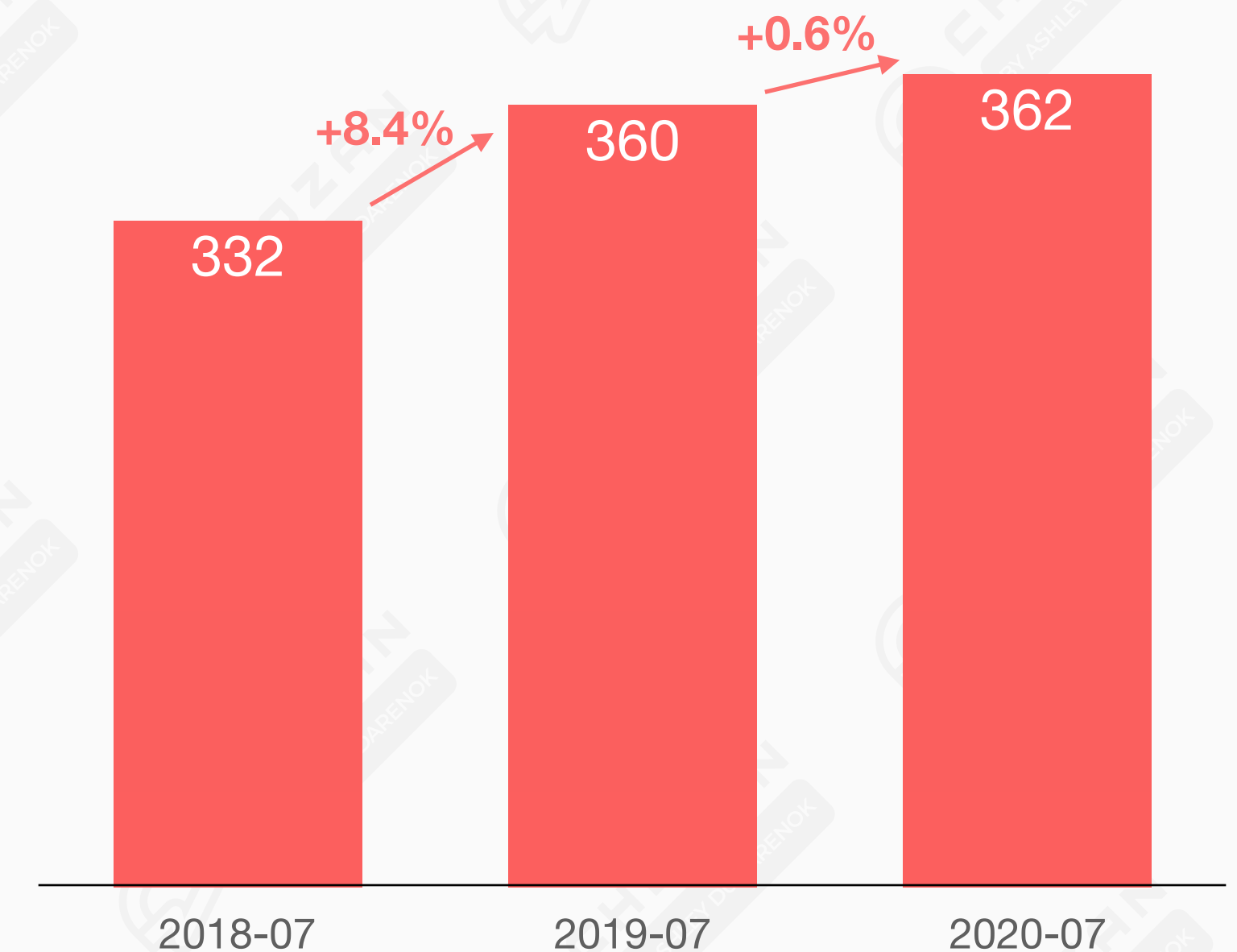
When it comes to e-commerce, Alibaba is becoming the most popular space for the post-90's. Mobile Taobao comes in with 73.3% active penetration rate. Pinduoduo, the most used shopping app, sees an average of 100 times the average usage a month.

The top five penetration rates for shopping consumption lie with Taobao (73.3%), JD.com (28.8%), Pinduoduo (22.4%), Xianyu (11.8%), and Vipshop (8.0%). **Male shoppers are more inclined to use shopping guide and digital e-commerce**, while **female consumers are more drawn to community e-commerce**.

The most popular online video platforms are MangoTV and Bilibili, thanks to their active product characteristics.

The **most heavily consumed platforms** among post-90s users are definitely **TikTok** and **Kuaishou**, averaging 250 sessions each month or 1,000 minutes a month.

**TREND AND GROWTH RATE OF 1990S USERS
(BY MILLION)**



Sources:

1) Pandaily, Gen Z becomes Largest Group of Internet Users in China

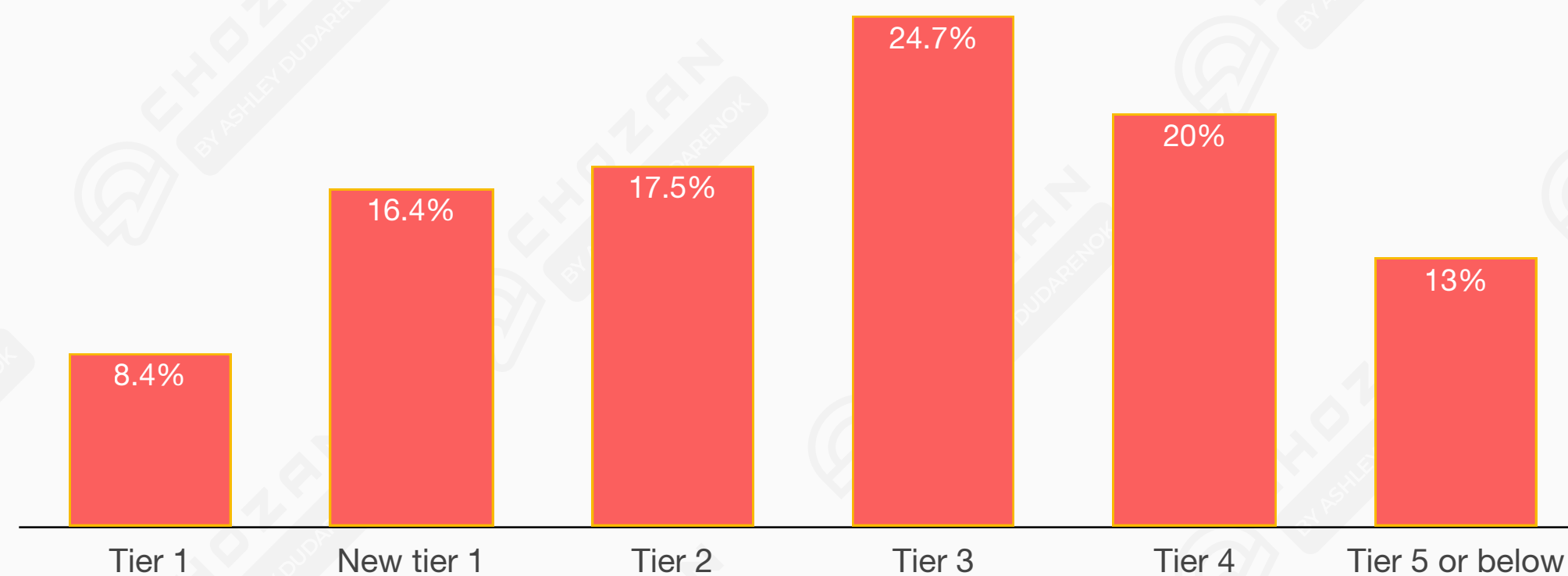
2) Source: Questmobile, 2020 Post 90s Report

CONSUMER INSIGHTS

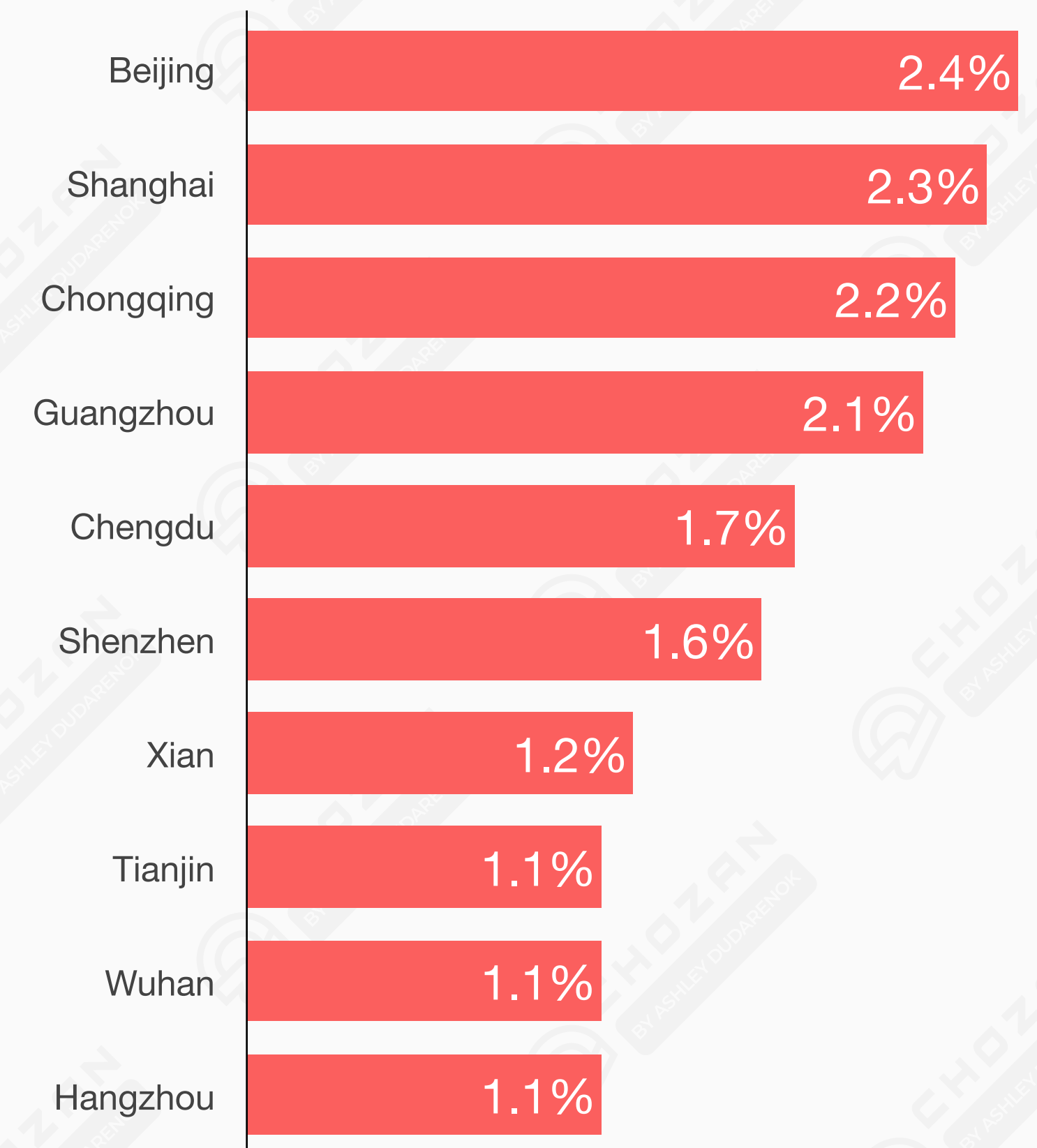
GEN Z - USER GEOGRAPHIC LOCATIONS

While Gen Z **mobile internet e-commerce** and social media users are mostly commonly seen in tier 1 cities such as Beijing, there is also a significant proportion of users **growing in the lower tier cities**.

RATIO OF POST 90s USERS BY CITY TIER (JULY 2020)



TOP 10 CITIES WITH MOST POST-90s USERS (JULY 2020)

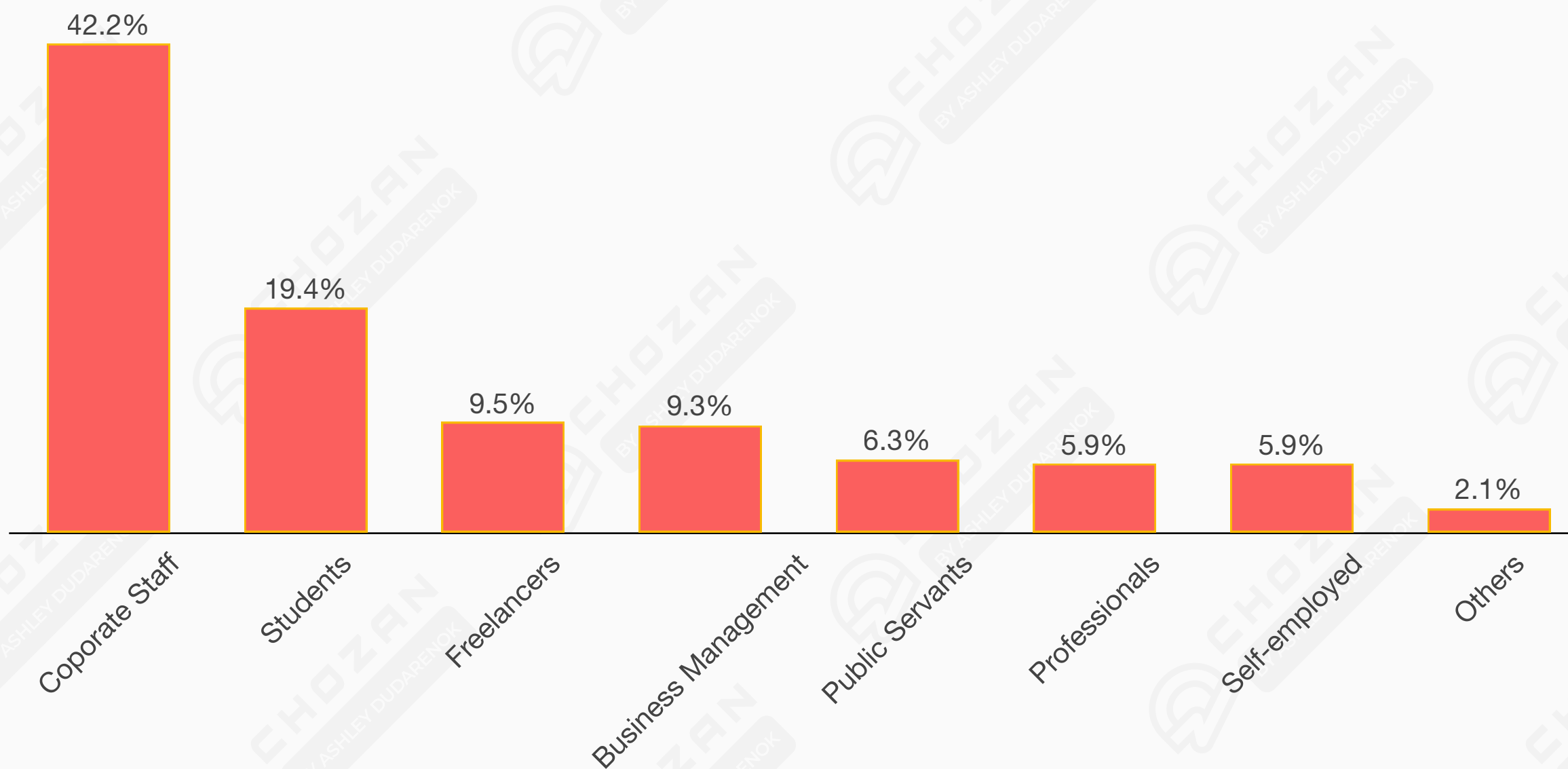


CONSUMER INSIGHTS

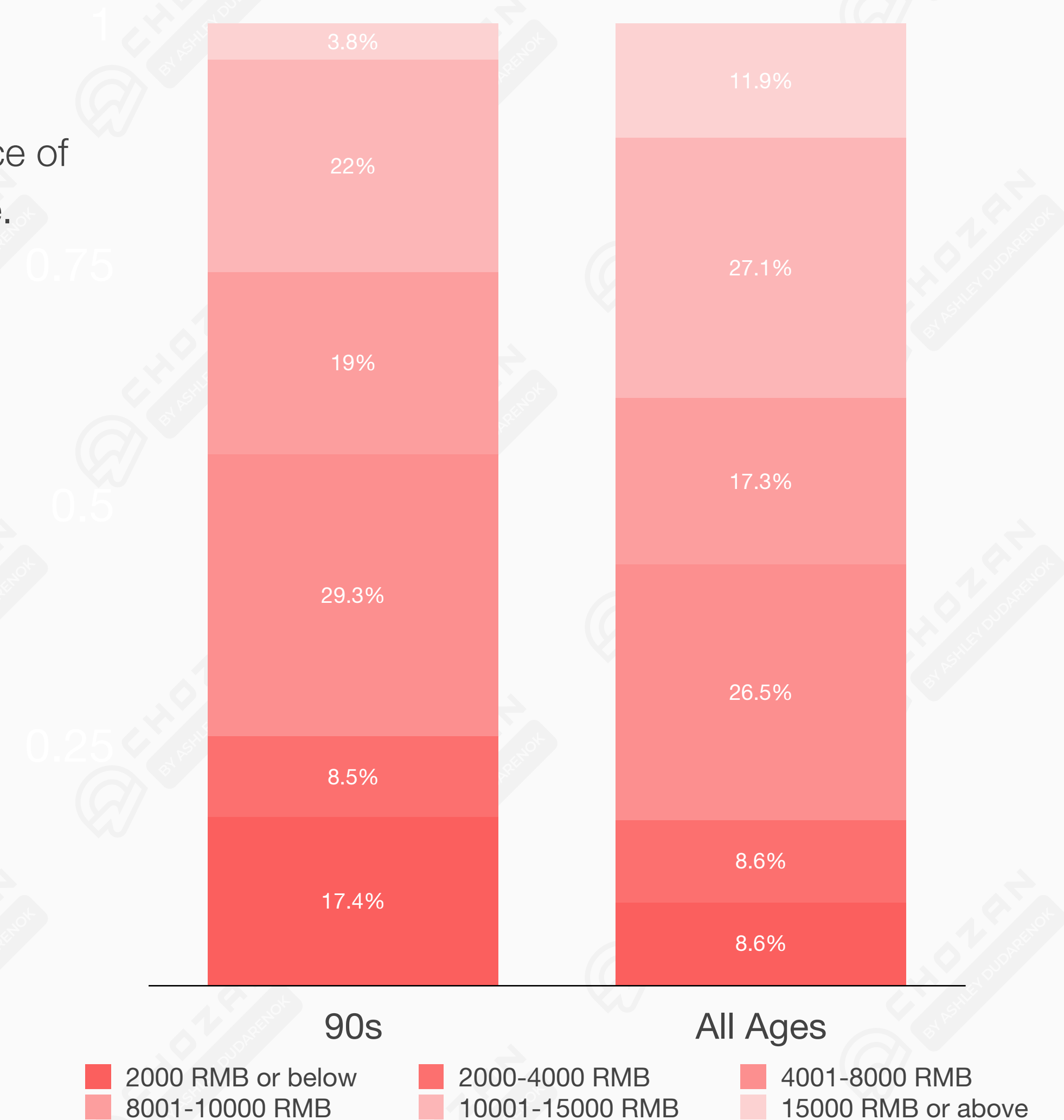
GEN Z - CAREER AND INCOME

While Gen Z are still young and in the early stages of their careers, there is evidence of motivation through hard-work and studies, as well as an element of independence.

90S OCCUPATION IN 2020 JULY



90S INCOME IN 2020 JULY

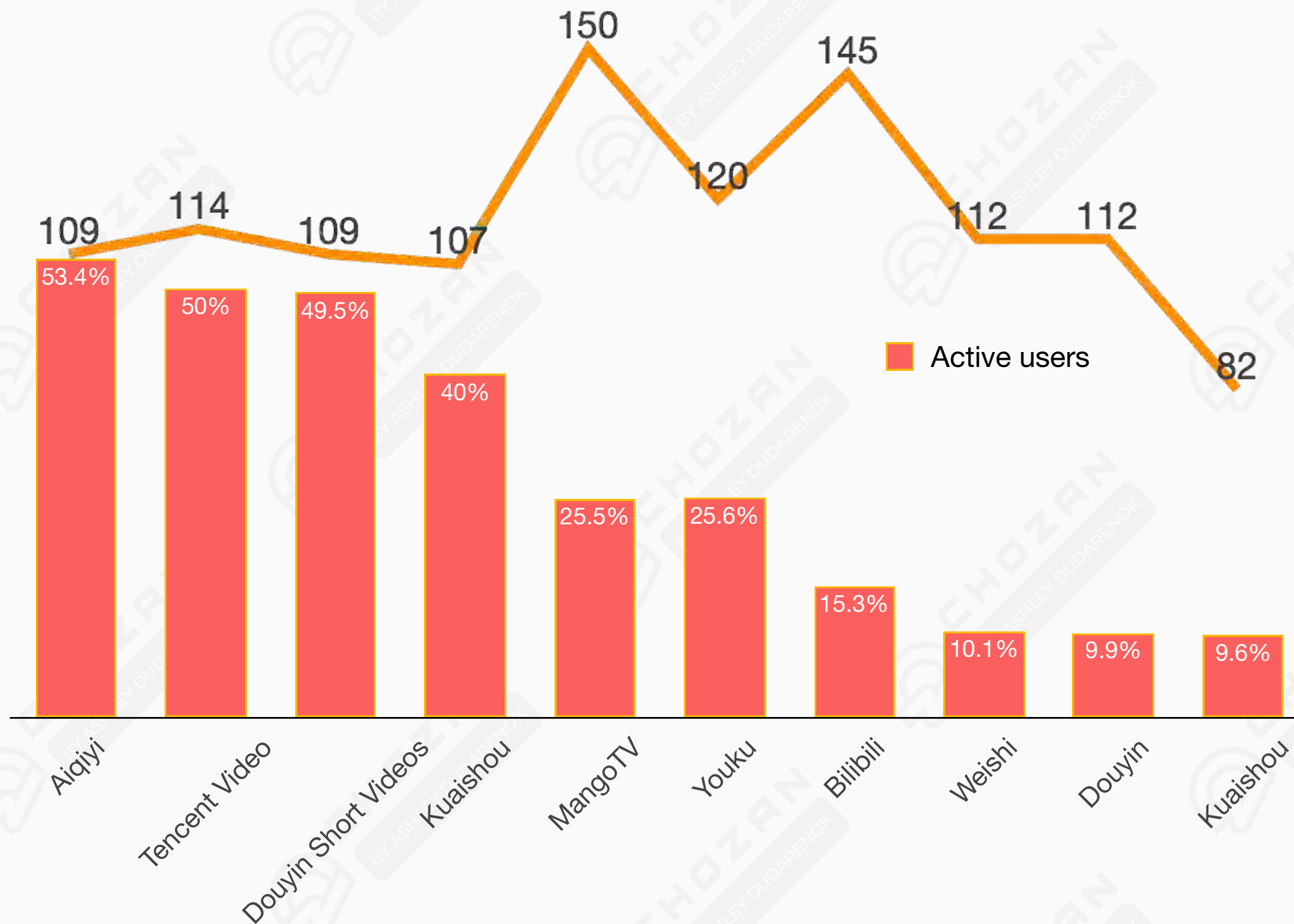


CONSUMER INSIGHTS

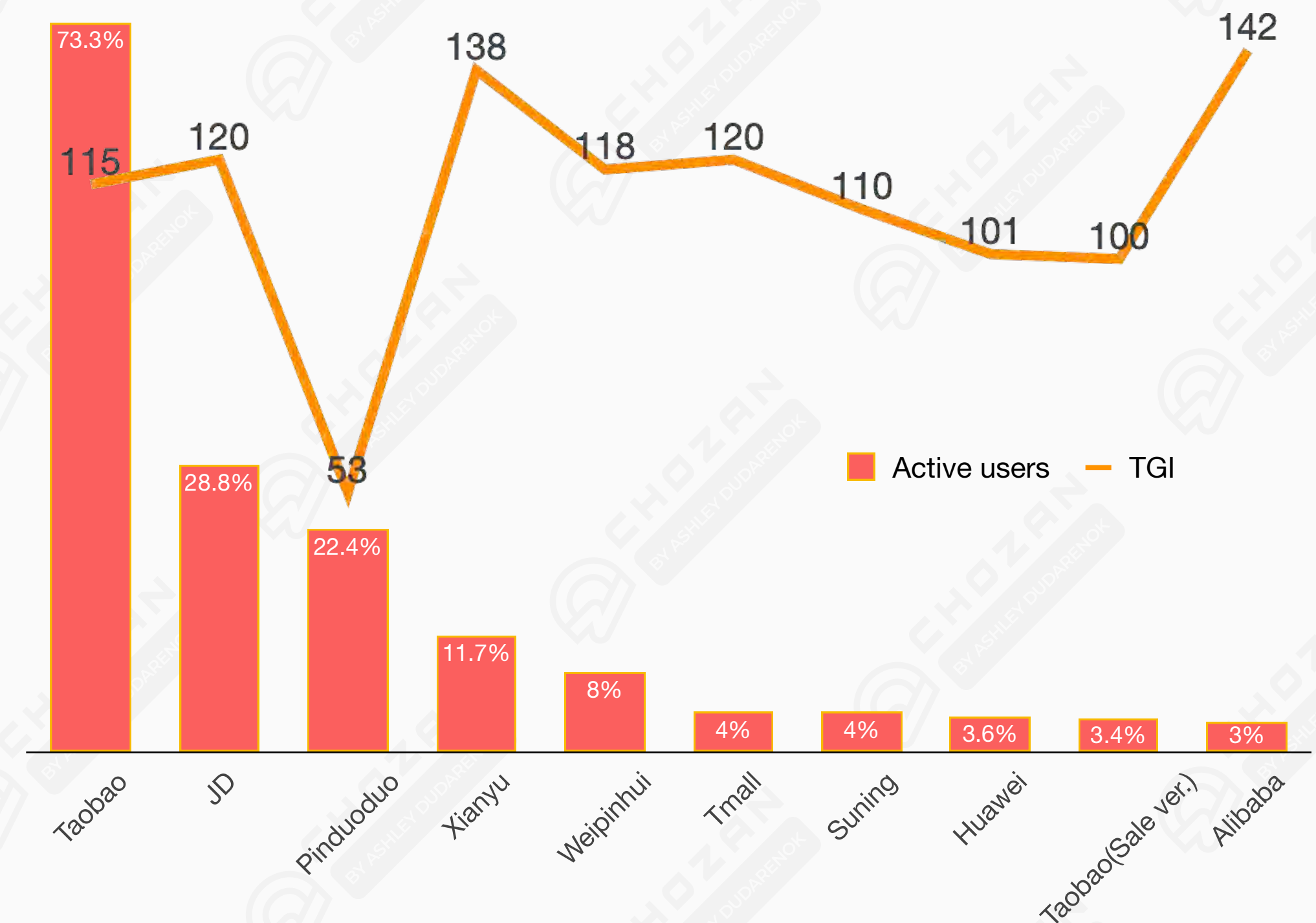
GEN Z - ONLINE PREFERENCES

Alibaba's mobile shopping platforms have become the post 90s' **favourites**, taking up five spots of the top ten platforms. Mobile Taobao has also reached 73.3% penetration rate.

90S USERS IN VIDEO WATCHING PLATFORMS, 2020 JULY



90S USERS IN MOBILE SHOPPING PLATFORMS, 2020 JULY

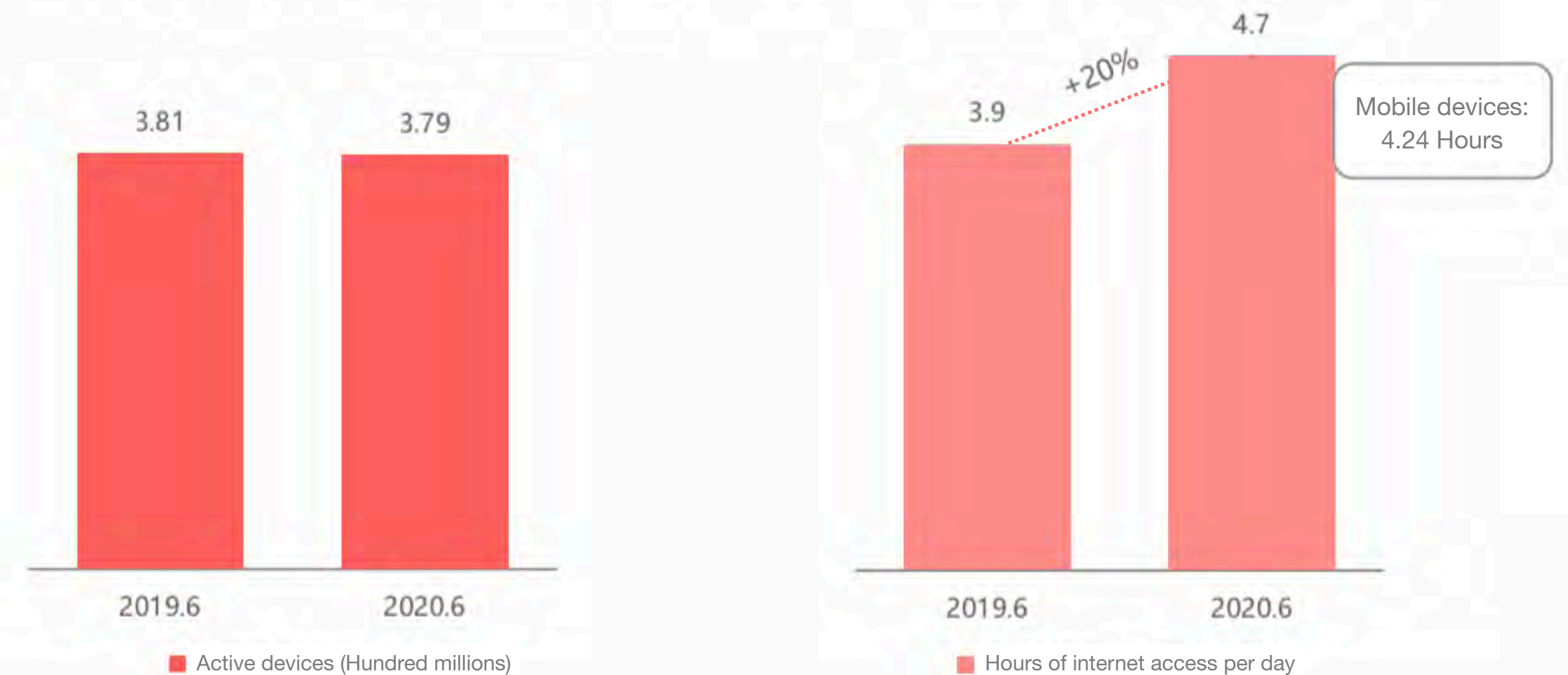


CONSUMER INSIGHTS

GEN Z - ON THE RISE

As of June 2020, the single-day internet access of Gen Z mobile terminal is up to 4.7 hours, 27.6 minutes higher than the overall mobile Internet users, an increase of 20% year-on-year. Gen Z **gradually dominates the consumer market**, and the fight for Gen Z has become an important battle for brand development today.

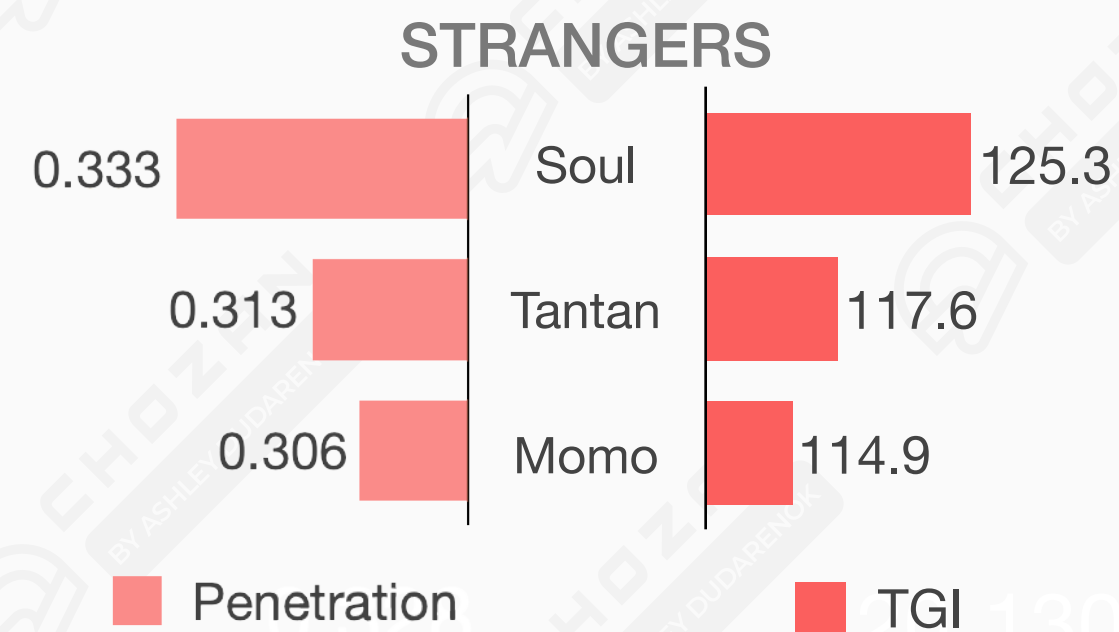
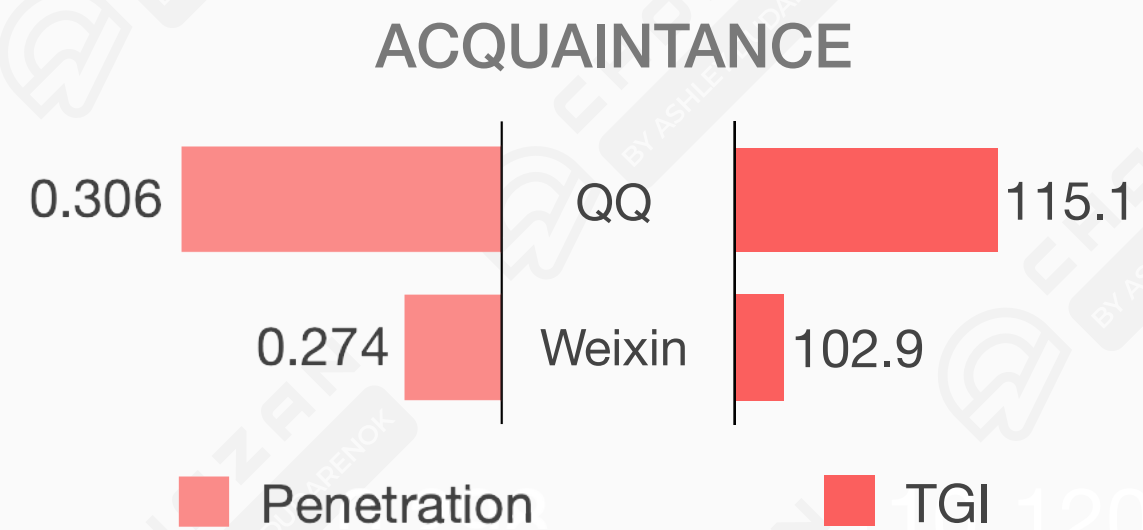
GEN Z ACTIVE USERS AND TIME SPENT ON INTERNET ACCESS, 2019 & 2020 JUNE



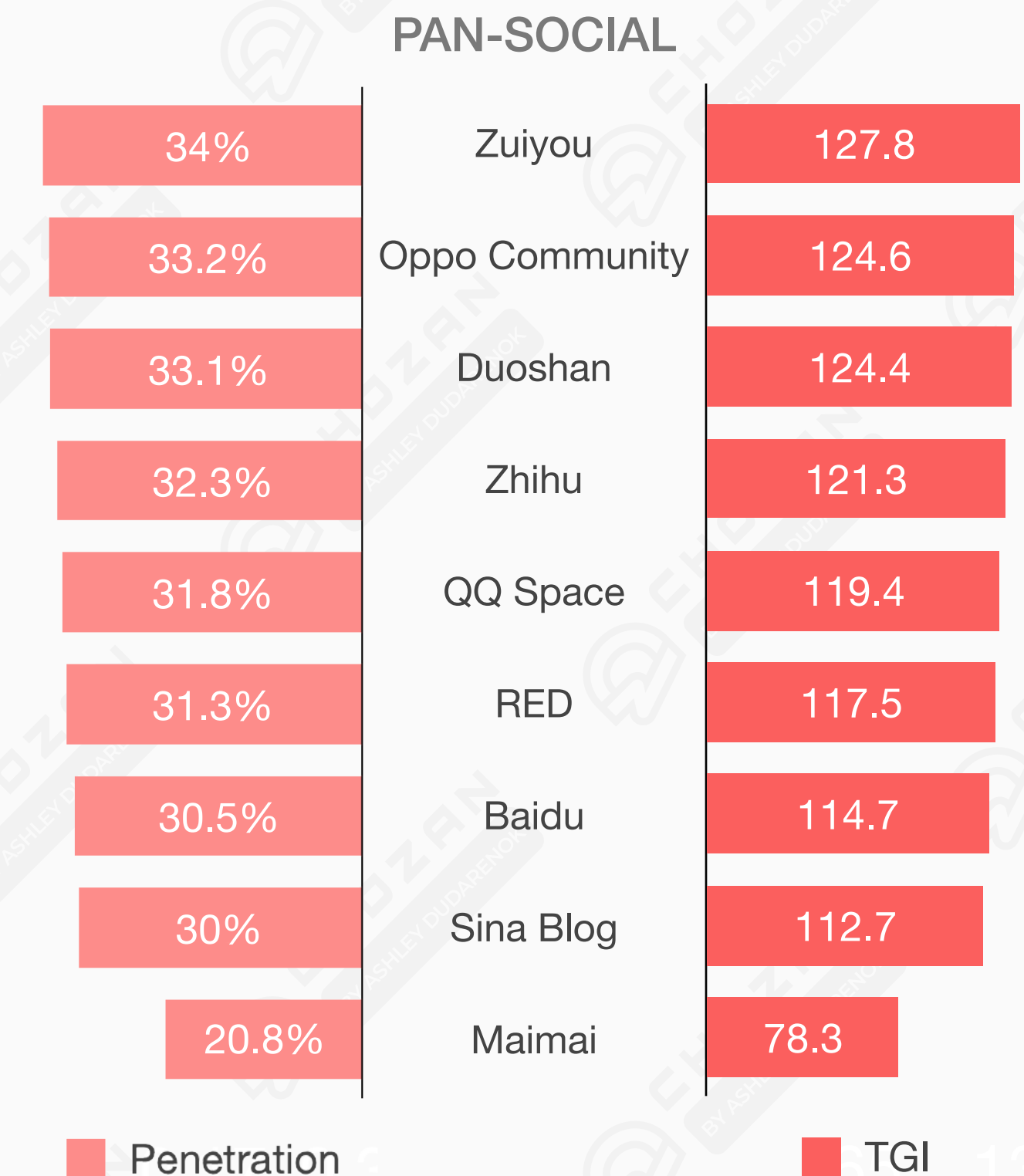
CONSUMER INSIGHTS

GEN Z - SOCIAL STRUCTURES

Social: alone but not alone. Acquaintances are more willing to use QQ compared to WeChat. strangers prefer Soul, which is the most popular among pan-social.



GEN Z TYPICAL SOCIAL APP PREFERENCE IN CHINA, 2020 JUNE



CONSUMER INSIGHTS

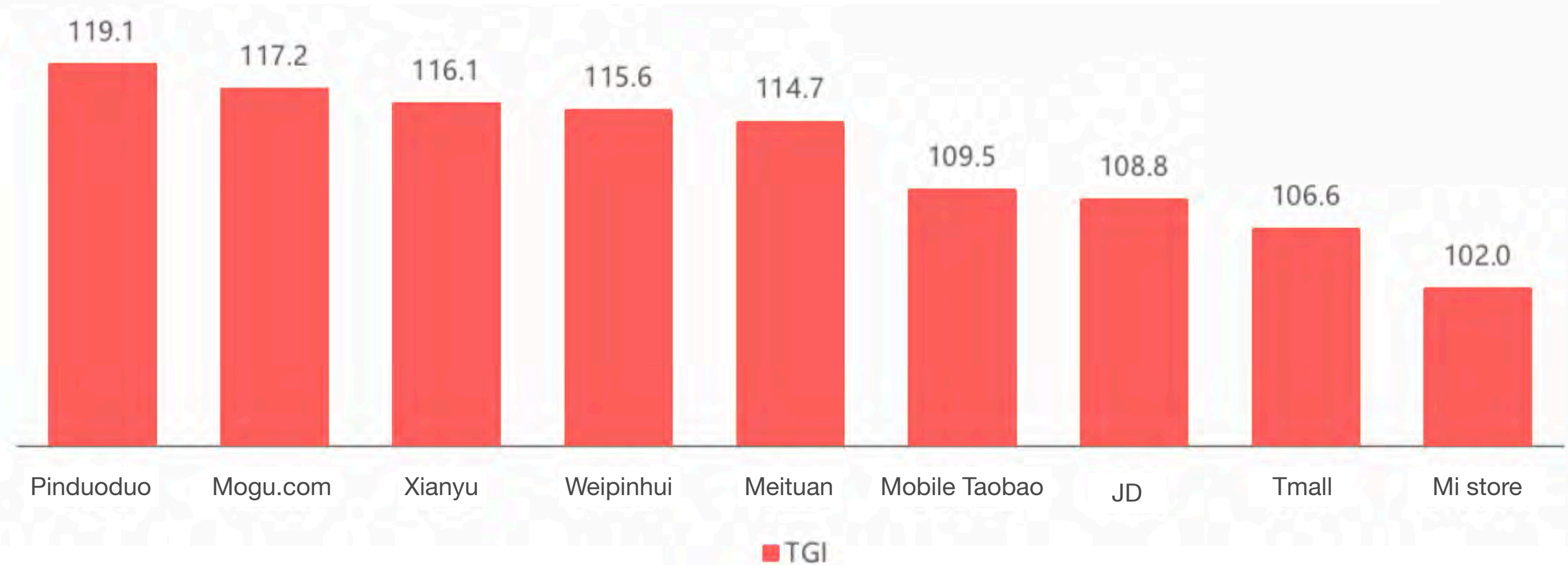
GEN Z - E-COMMERCE APP PREFERENCES

The pursuit of affordable consumption is not "material first" but "**price first.**" Gen Z love Pinduoduo's integrated e-commerce platform, Mogujie content-sharing e-commerce platform, and Xianyu second-hand trading platform.

E-commerce is getting increasingly popular.

GEN Z ONLINE BUSINESS APP PREFERENCE IN CHINA, 2020 JUNE

(TARGET DEVICES >10 MILLION)

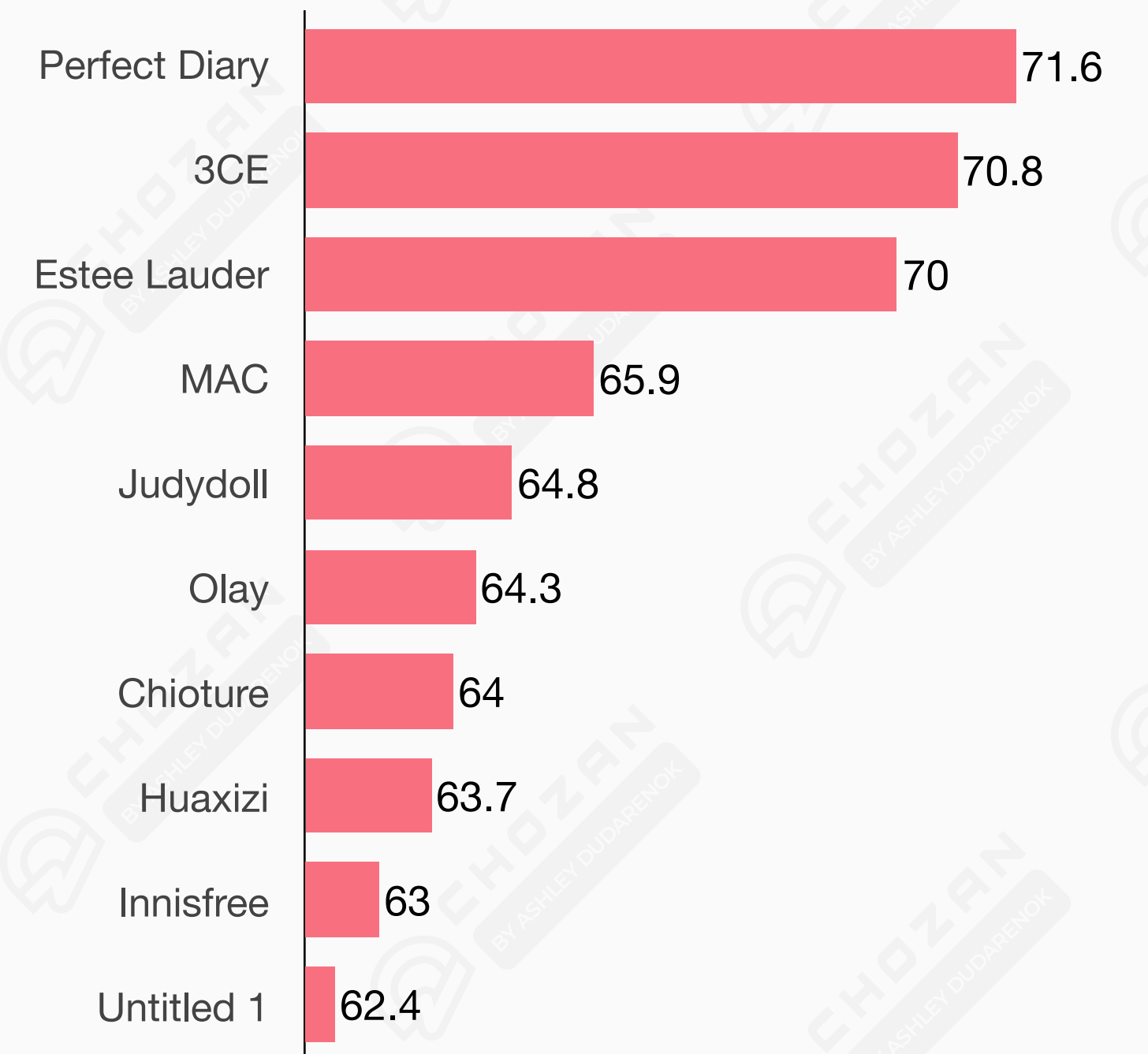
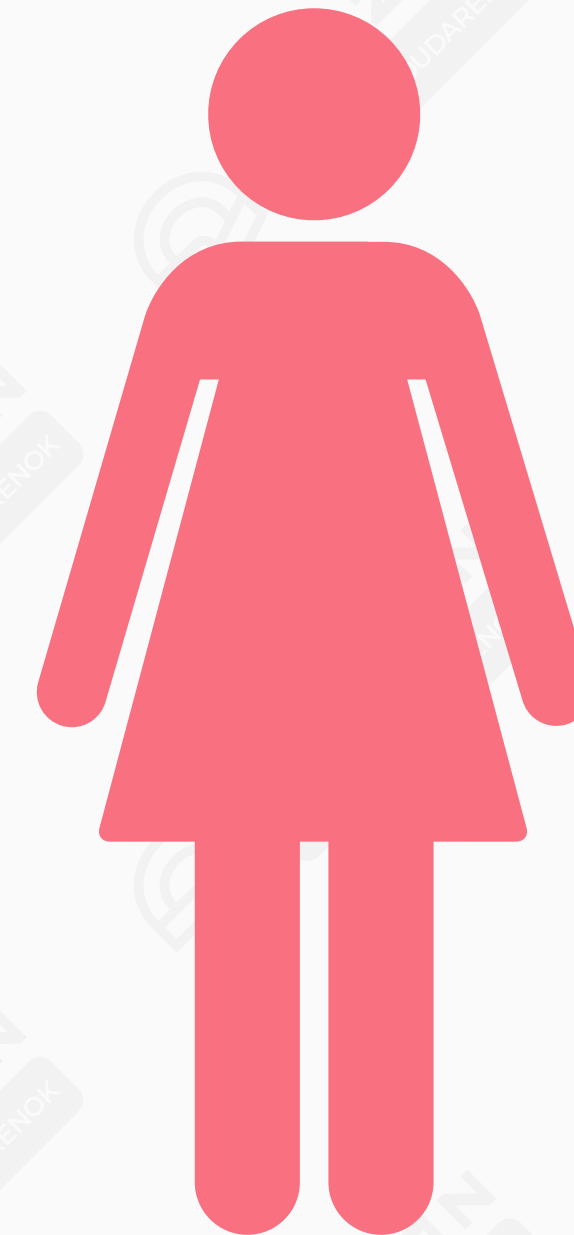
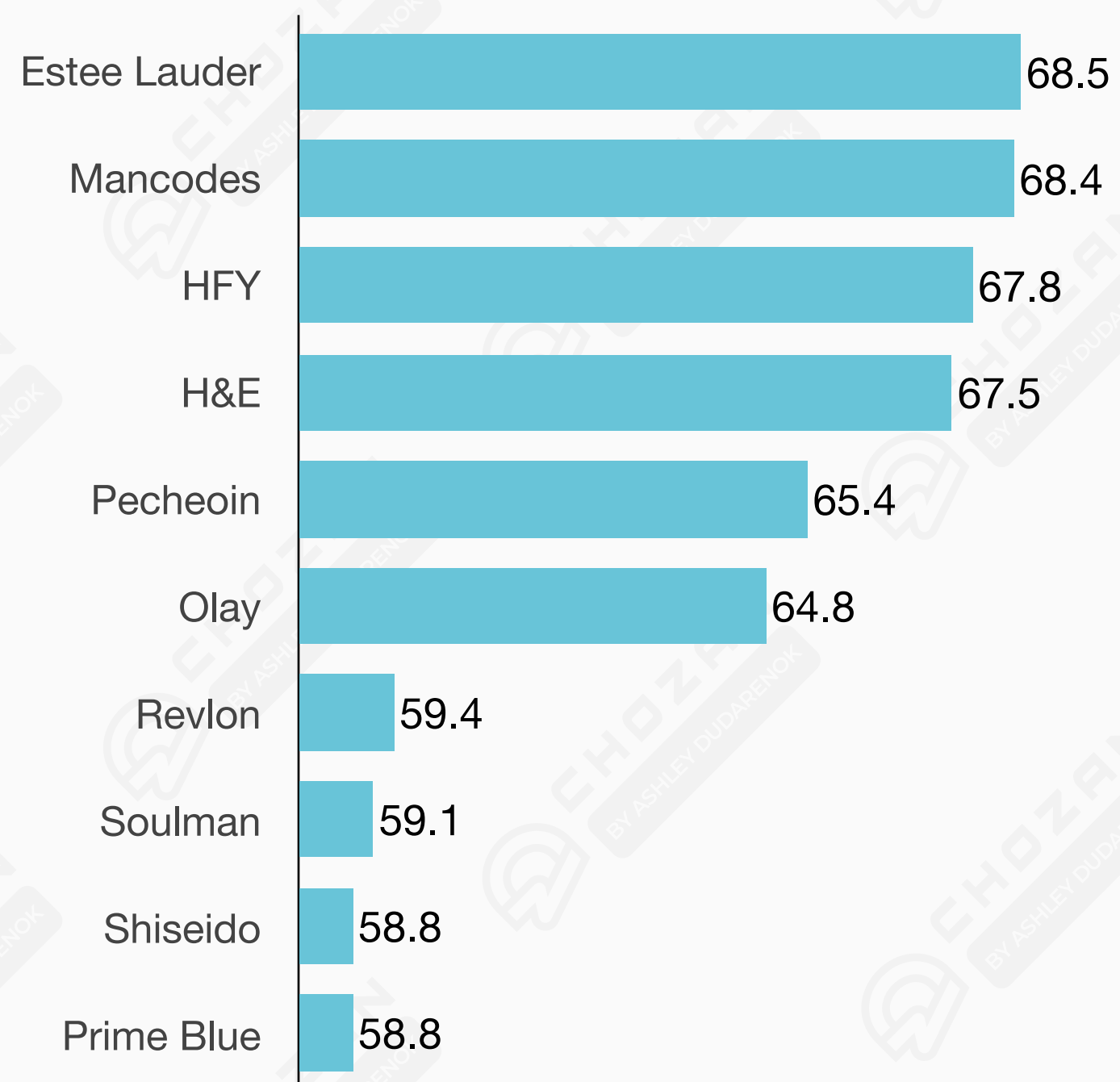
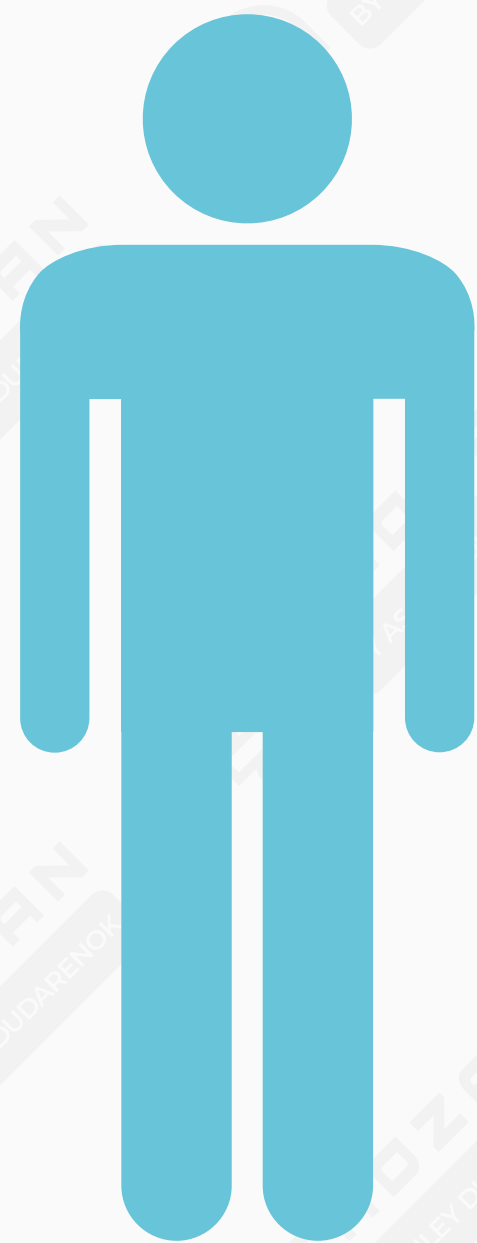


CONSUMER INSIGHTS

GEN Z - COSMETICS

GEN Z CONSUMERS' COSMETIC BRAND PREFERENCE IN CHINA, 2020 JUNE

Cosmetics, skincare, and the pursuit for youthful appearances are top concerns and purchasing motivations for Gen Z.



EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

Gen Z, under 25s. They're a generation born and raised with the internet, who spend a considerable amount of time online. They generally care a lot about their appearance, love traveling, and look for very niche products. They represent **57% of our Tmall Global consumers**.



CHLOE GONCALVES

Senior Business Development Manager
at Tmall Global - Alibaba group

EXPERT BITES

Q: WHAT ARE CHINESE GEN Z LOOKING FOR?

Chinese Gen Z are looking for niche fragrances in 2020. Gen Z consumers in China's first tier cities are far more attuned to scents and are getting into fragrances before they enter the workforce.



MICHAEL NORRIS

Research & Strategy Manager
at AgencyChina

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

My favourite group of consumers is the **streetwear / hip hop crowd**. It's interesting to see how hip hop and rap culture have become so popular in China, particularly **amongst affluent millennials**, many of whom are spending thousands of renminbi on the latest sneakers. Much of it is borrowed from the scene in the United States, but the artists also take inspiration from daily life and society in China.



ELENA GATTI

Managing Director Europe at Azoya

EXPERT BITES

Q: WHAT ARE CHINESE GEN Z LOOKING FOR?

Chinese Gen Z is looking for a strong sense of responsibility from brands as they **personally connect** with sustainability locally and globally in 2020.

China's powerful independent women are frustrated with media attempts to stereotype them as try-hard twenty year olds. Brands **need to steer clear of the "30 Over 30" trope.**



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE PERSONA IN CHINA IN 2020-21?

The **Ethical Greens**. We are seeing more and more Chinese Gen Z's and super mums, alike, choosing products/services based on the **ethical stand** and **transparency of the brand**. Are they walking their talk? For example, ethically conscious consumers value brands that tailor items based on health surveys completed by their customers, or use 100% biodegradable packaging.



NISHTHA MEHTA

Corporate Innovation Coach
Trainer
Change Facilitator

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

Right now **middle class and upper middle class millennial** and **Gen Z** consumers are really responsible for driving retail spending in China. These consumers will continue to be **hugely important as targets** for brands seeking growth in China over the next 1-2 quarters. Within these groups, **white collar women will remain a key target** as they wield decision-making power for both their own purchases and purchases across the family group.



BEN CAVENDER

Managing Director,
China Market Research Group

EXPERT BITES



KEVIN YI

China Market Research at
Alarice & ChoZan

Q: WHAT ARE YOUR TIPS FOR MARKETING TO GEN Z?

They started using digital products when they were young and enjoy exploring new things, especially if they allow them to showcase their individuality and get social recognition.

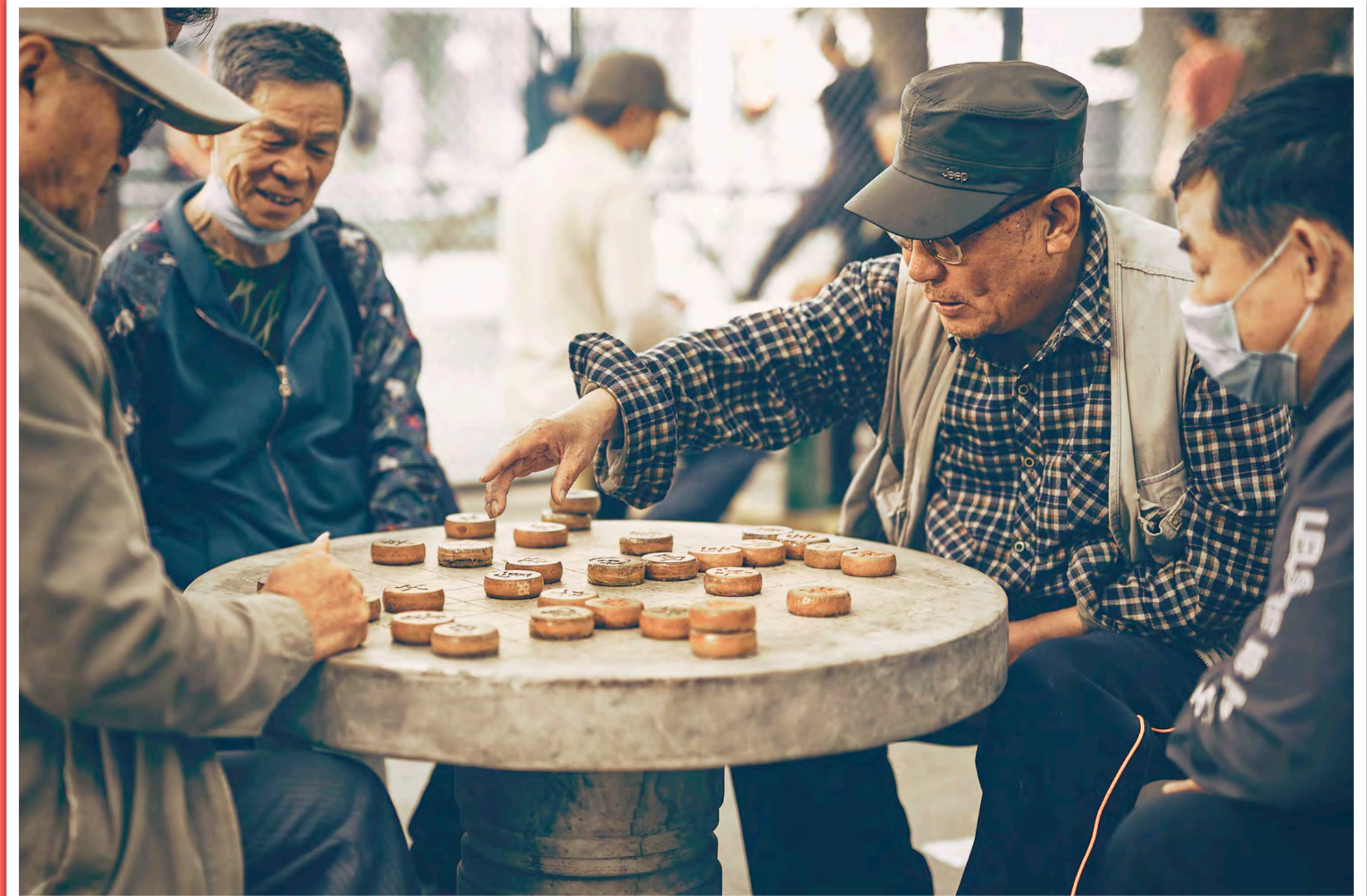
They like Japanese style cartoons and watching animation is their way to relax so incorporating these elements will make them feel at ease. They also enjoy traditional Chinese design with bright colors.

Pay attention to healthy lifestyles. Low fat and low calorie food is their first choice.



3 THE SILVER-HAIRED GENERATION

Chinese seniors are eager to benefit from China's fast-growing mobile technology. Accounting for 13% of the population in 2015 and with 255 million in 2020, the senior group is expected to account for 25% by 2050. With such eagerness to adopt new technology and tools, the internet should look to meet the needs of the older generations, who desire experiences, social connections and learning opportunities.



CONSUMER INSIGHTS

THE SILVER-HAIRED GENERATION - INTRODUCTION

SENIORS (AGED 50+)

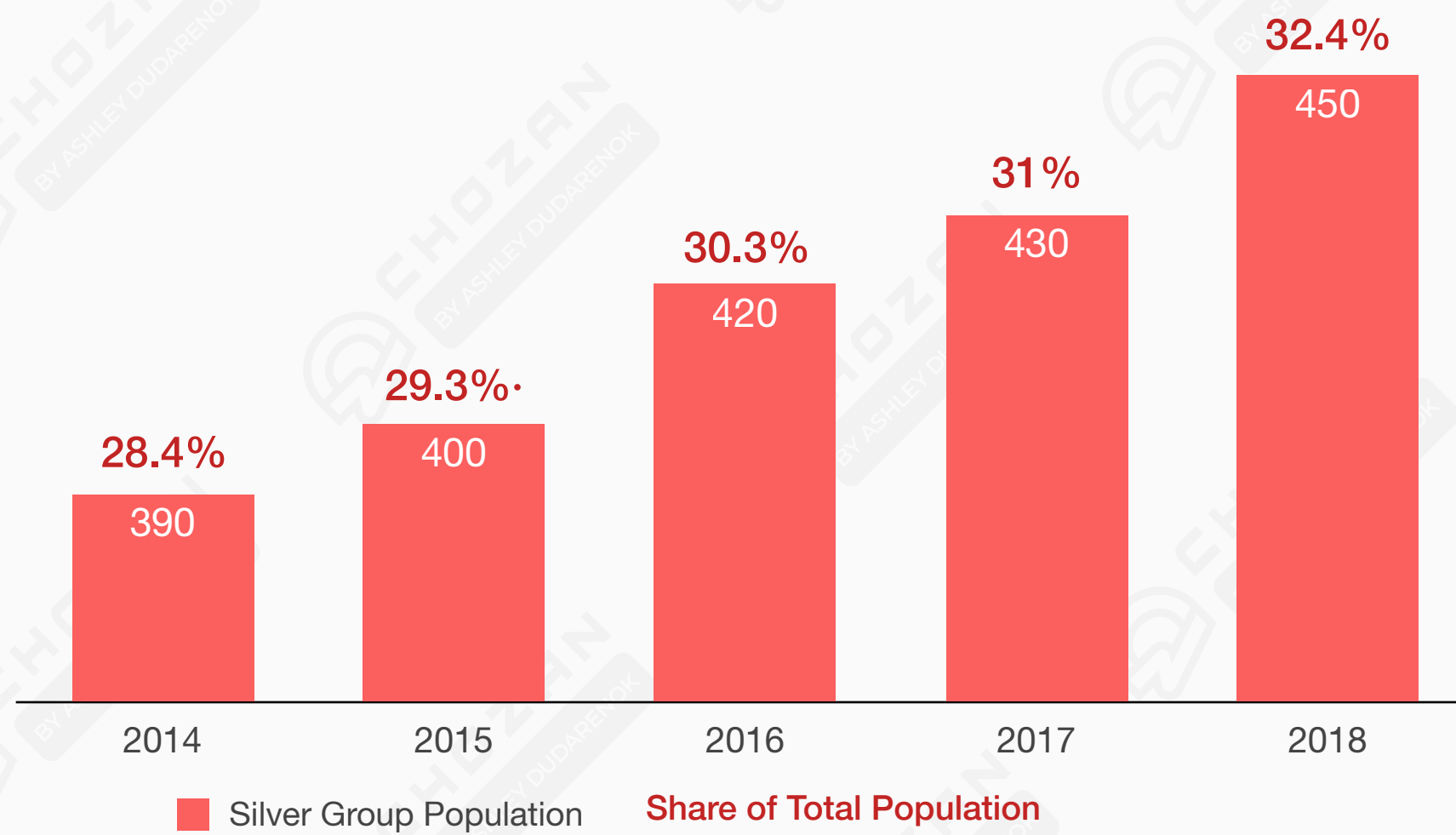
Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
<p>In May, 2020, there are more than 1,000 million senior users of mobile devices, and they represent one of the major, fast-growing segments of mobile netizens in China.</p> <p>Among these senior netizens, there are significantly more female users than male users (57.1% v.s. 42.9%). Around 43% of the active senior netizens are from tier 1 and tier 2 cities.</p> <p>These senior netizens use a variety of applications, such as social networking (WeChat and QQ), video-related (iQiyi), and information-related. More than 40% of them also use the Taobao application and Alipay for transactions.</p>	<p>More and more senior consumers are becoming a part of the online shopping force, especially during the COVID-19 pandemic. Most of them use the Taobao application for online shopping, followed by JD and Pinduoduo.</p>	<ol style="list-style-type: none"> 1) Home appliances 2) Health supplements 3) Travelling 4) Insurance and financial products

CONSUMER INSIGHTS

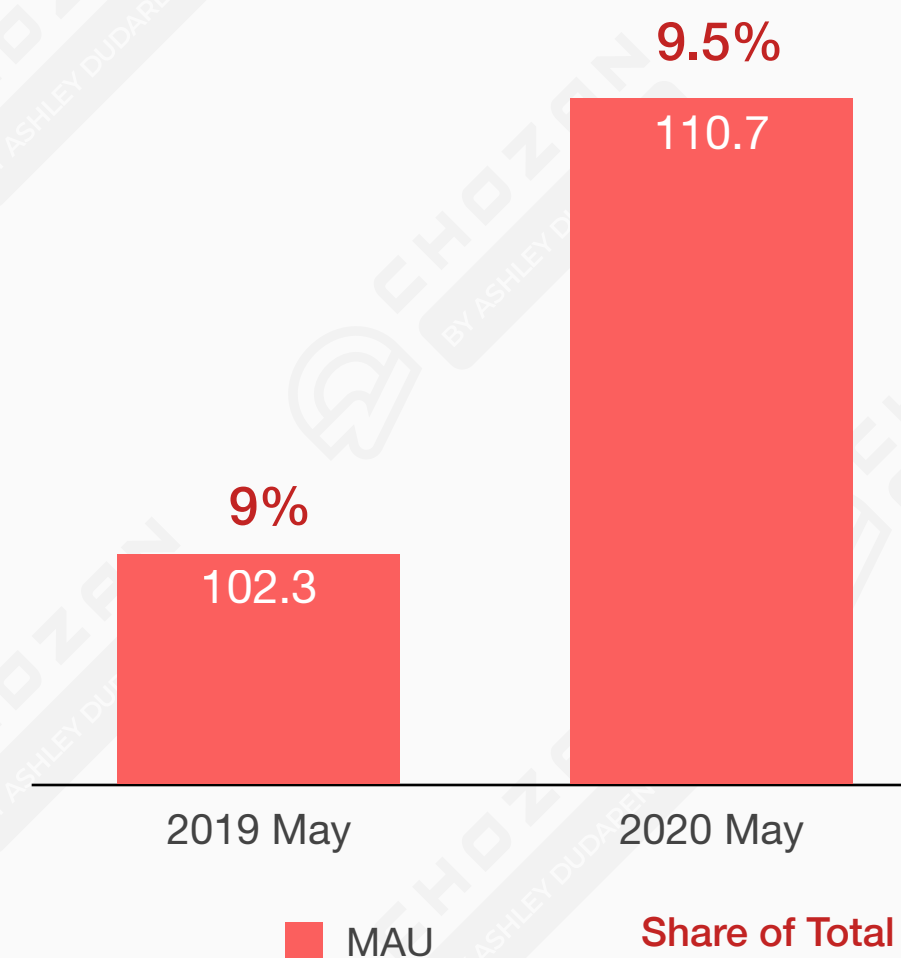
THE SILVER-HAIRED GENERATION - GROWTH

With **1/3 of the population reaching over the age of 50**, the Chinese senior population is fast growing and creates a solid basis of online opportunities for the elderly economy.

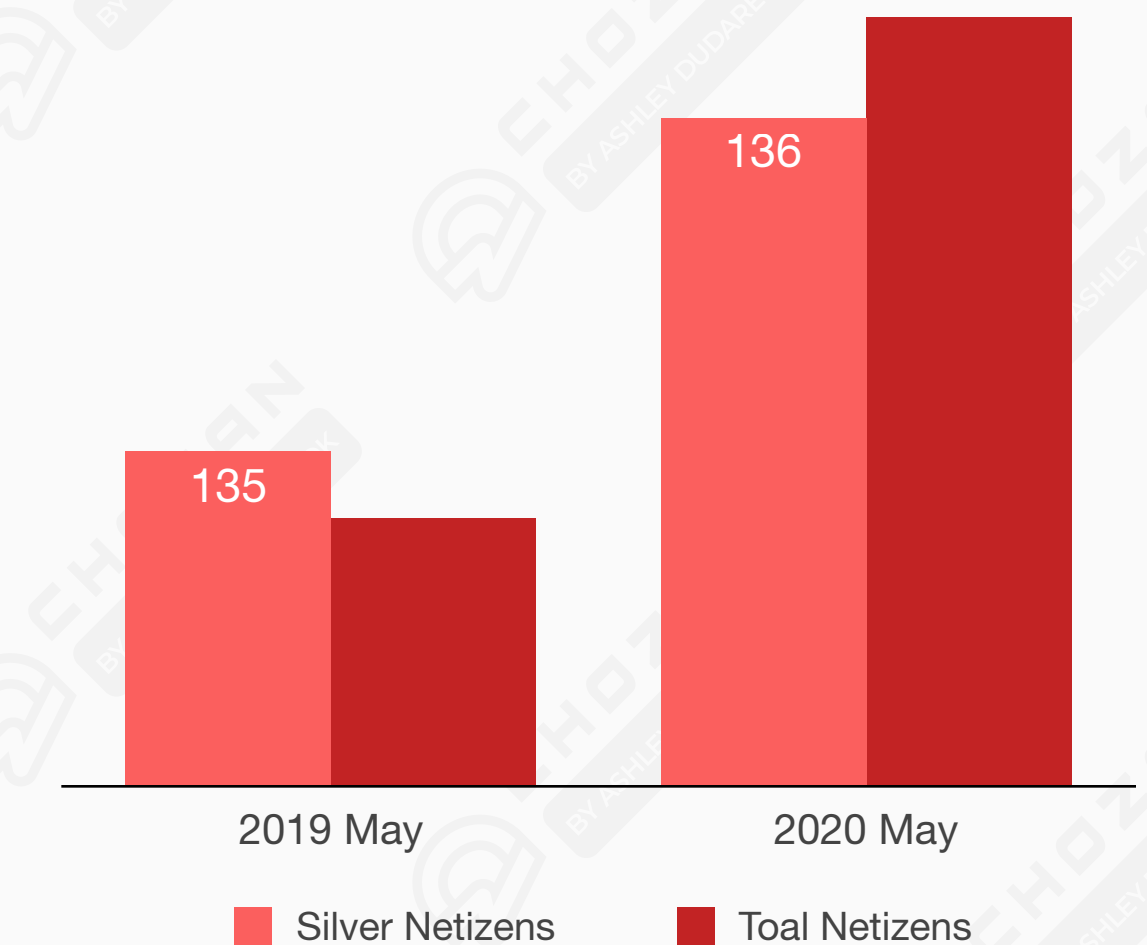
**JUNE 2020 SILVER GROUP POPULATION
(BY MILLIONS)**



**MAY 2020 SILVER NETIZEN UNIQUE
DEVICES INCREMENT (BY MILLIONS)**



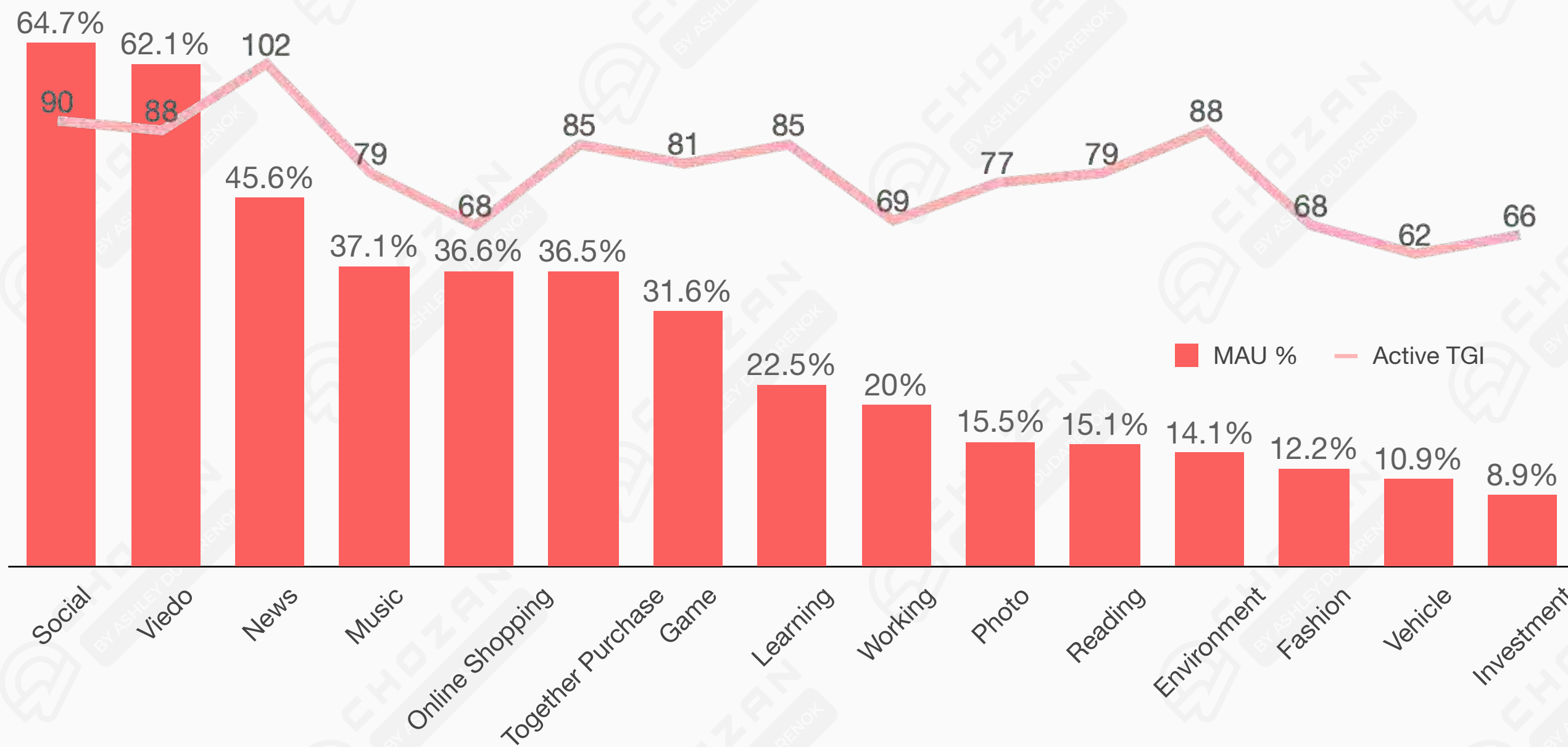
**MAY 2020 SILVER NETIZEN AVERAGE
USE TIME (HOURS)**



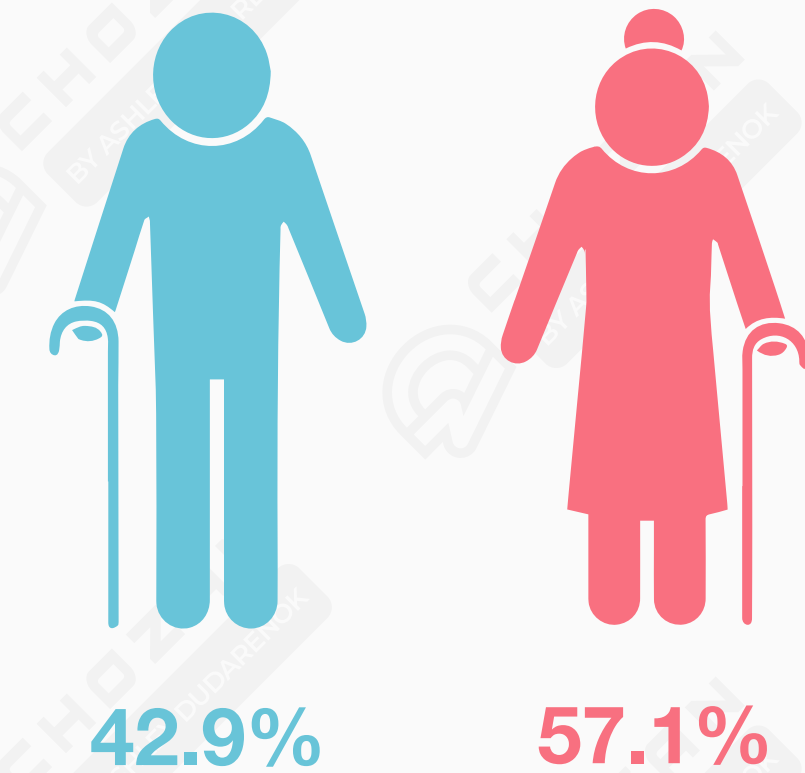
CONSUMER INSIGHTS

THE SILVER-HAIRED GENERATION - GROWTH

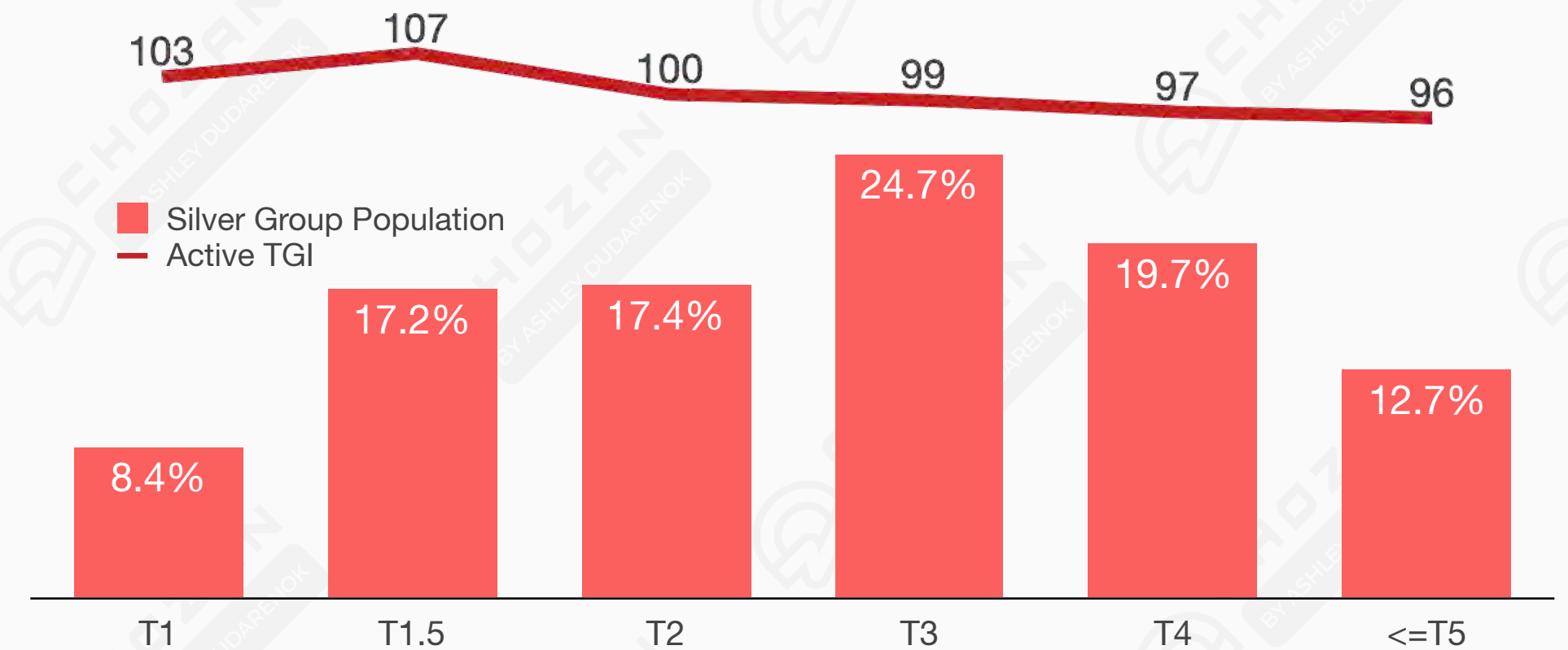
MAY 2020 SILVER NETIZEN'S ONLINE INTEREST



MAY 2020 SILVER NETIZEN UNIQUE GENDER DIFFERENCE



JUNE 2020 SILVER NETIZEN CITY DIFFERENCE

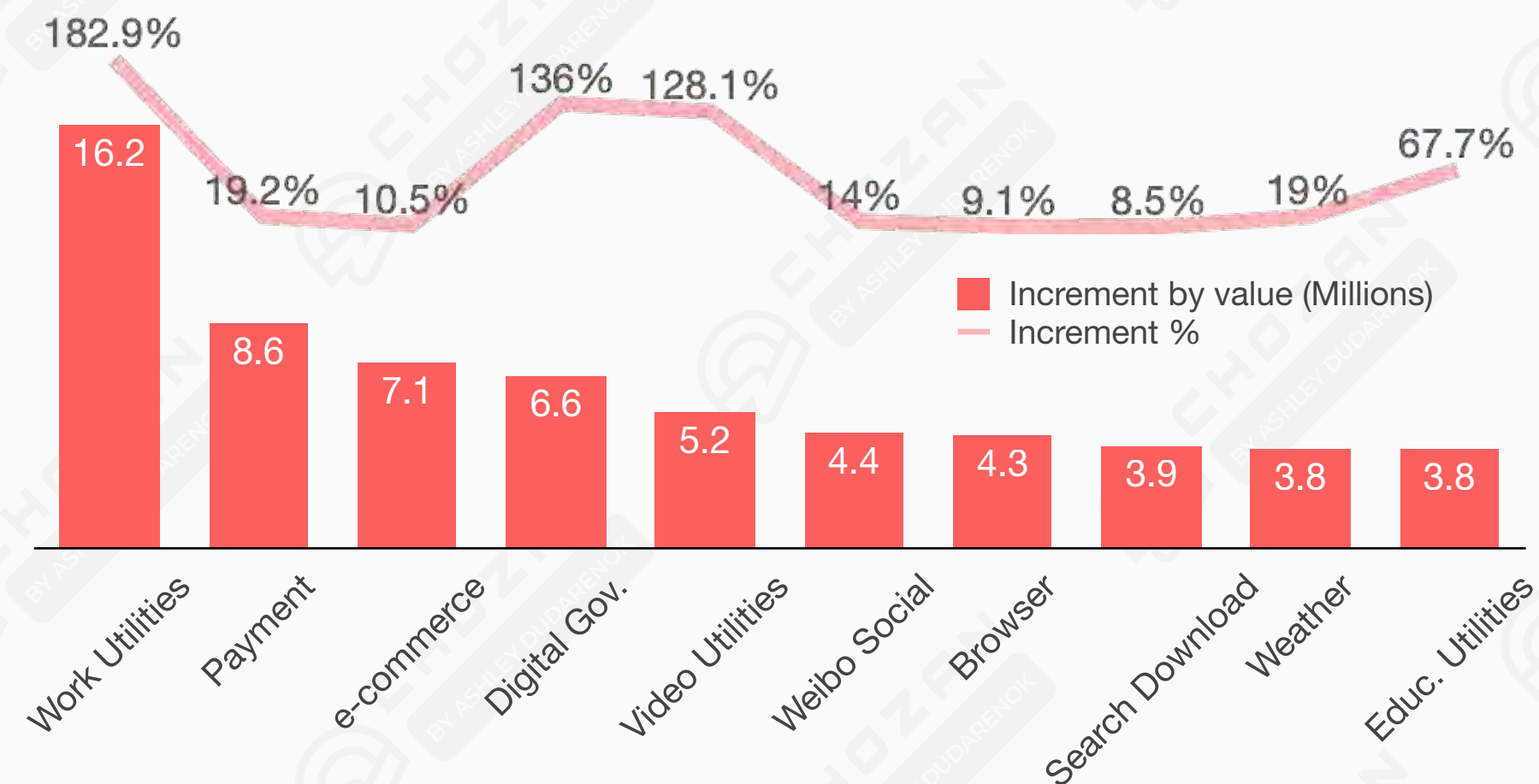


CONSUMER INSIGHTS

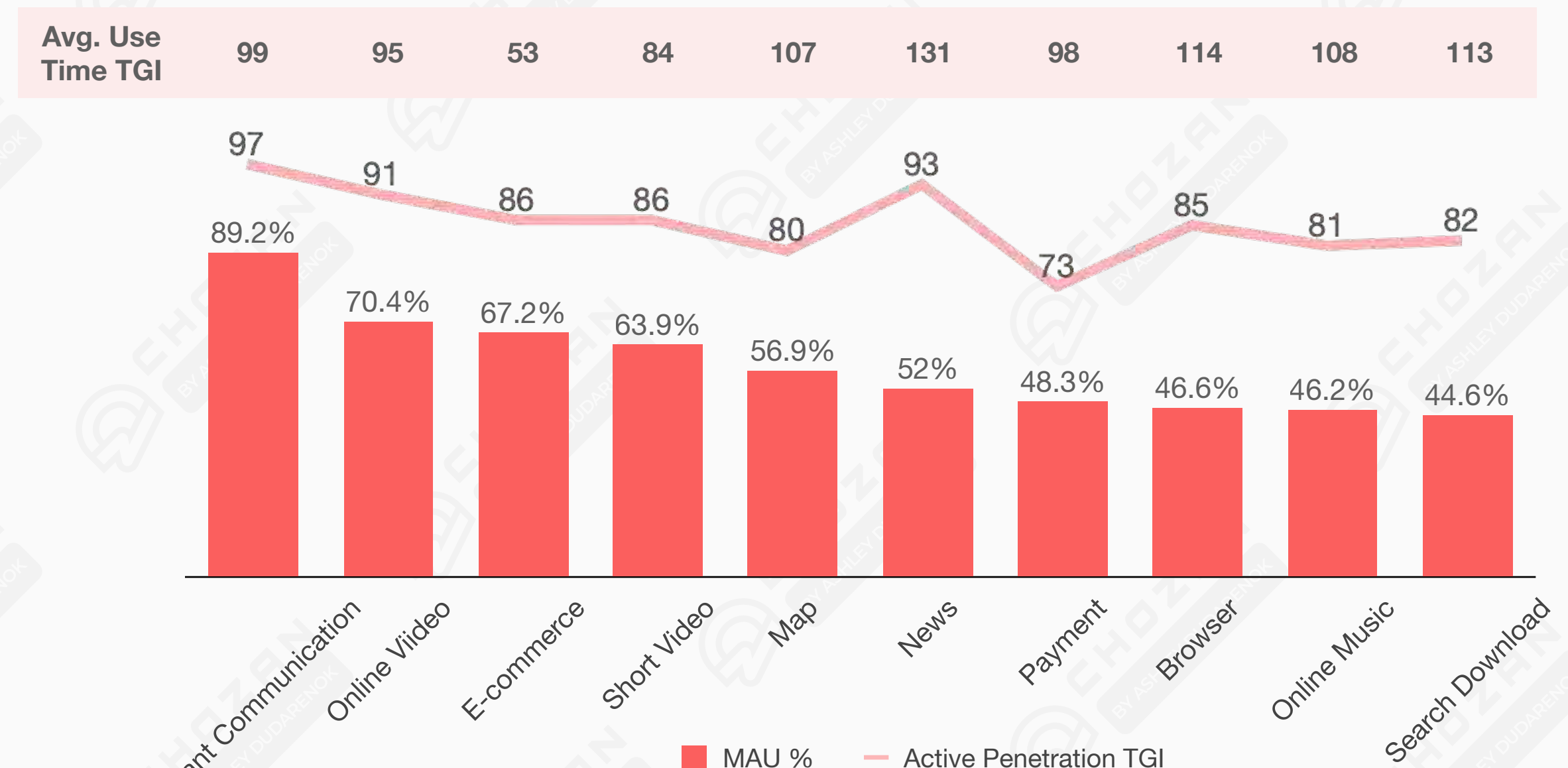
THE SILVER-HAIRED GENERATION - ONLINE HABITS

In 2020, silver netizens spent more time on both short and long videos. **Education and learning related content increase sharply.** In general, however, the elderly group's time allocation is scattered among categories, along with more time spent on exploring applications.

MAY 2020 SILVER NETIZEN MOST USED APPS



MAY 2020 SILVER NETIZEN INDUSTRY PENETRATION

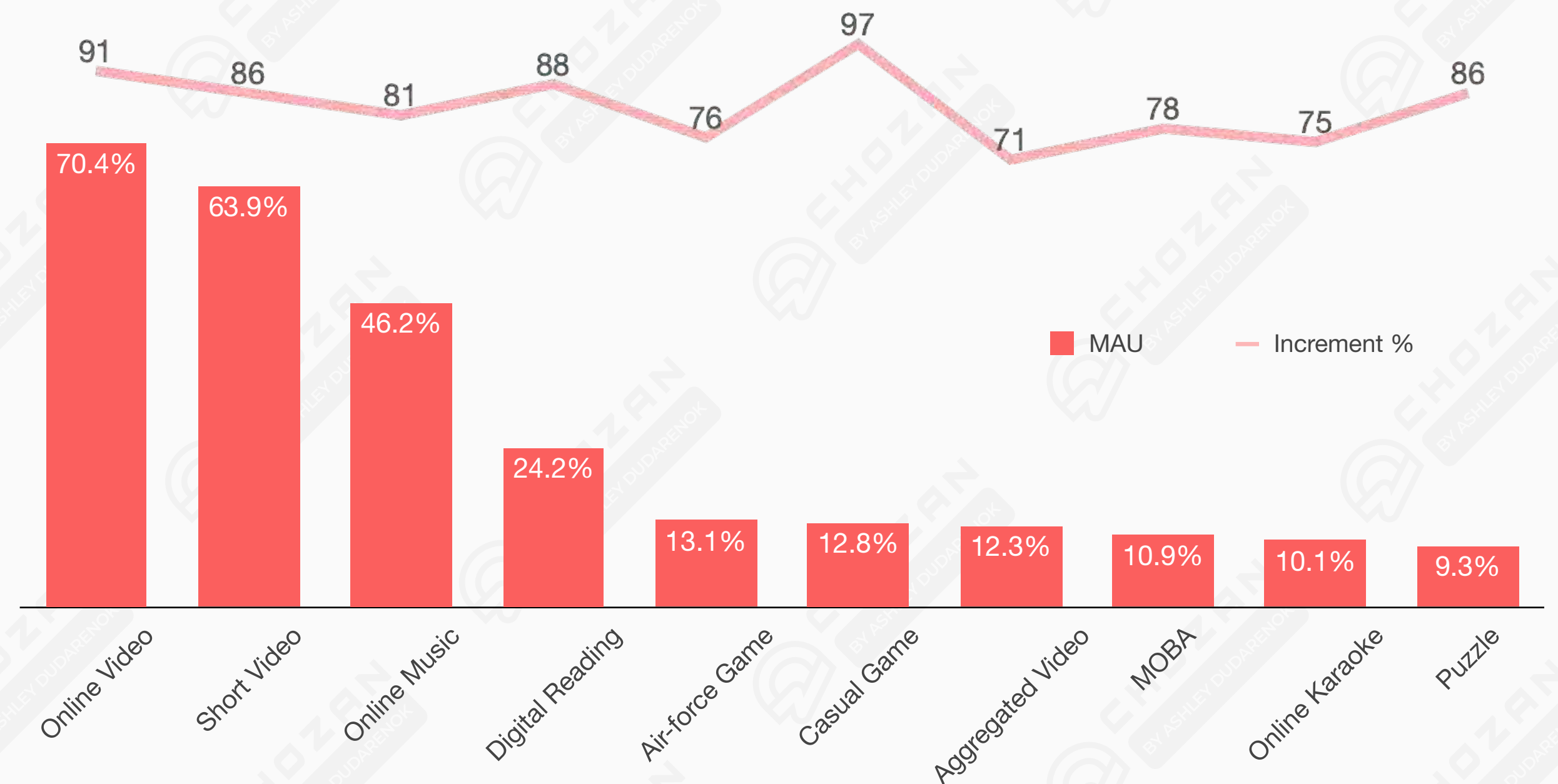


CONSUMER INSIGHTS

THE SILVER-HAIRED GENERATION - ONLINE PREFERENCES

Senior netizens **strongly desire news and information**, with an appetite to actively search through browsers and apps. Their online shopping, finance, and investment needs will continue to grow thanks to payment tools. Silver netizens are **generally comfortable with e-commerce platforms**, but have potentials to reach deeper understanding.

MAY 2020 SILVER NETIZEN MOST PREFERRED INDUSTRIES-ENTERTAINMENT

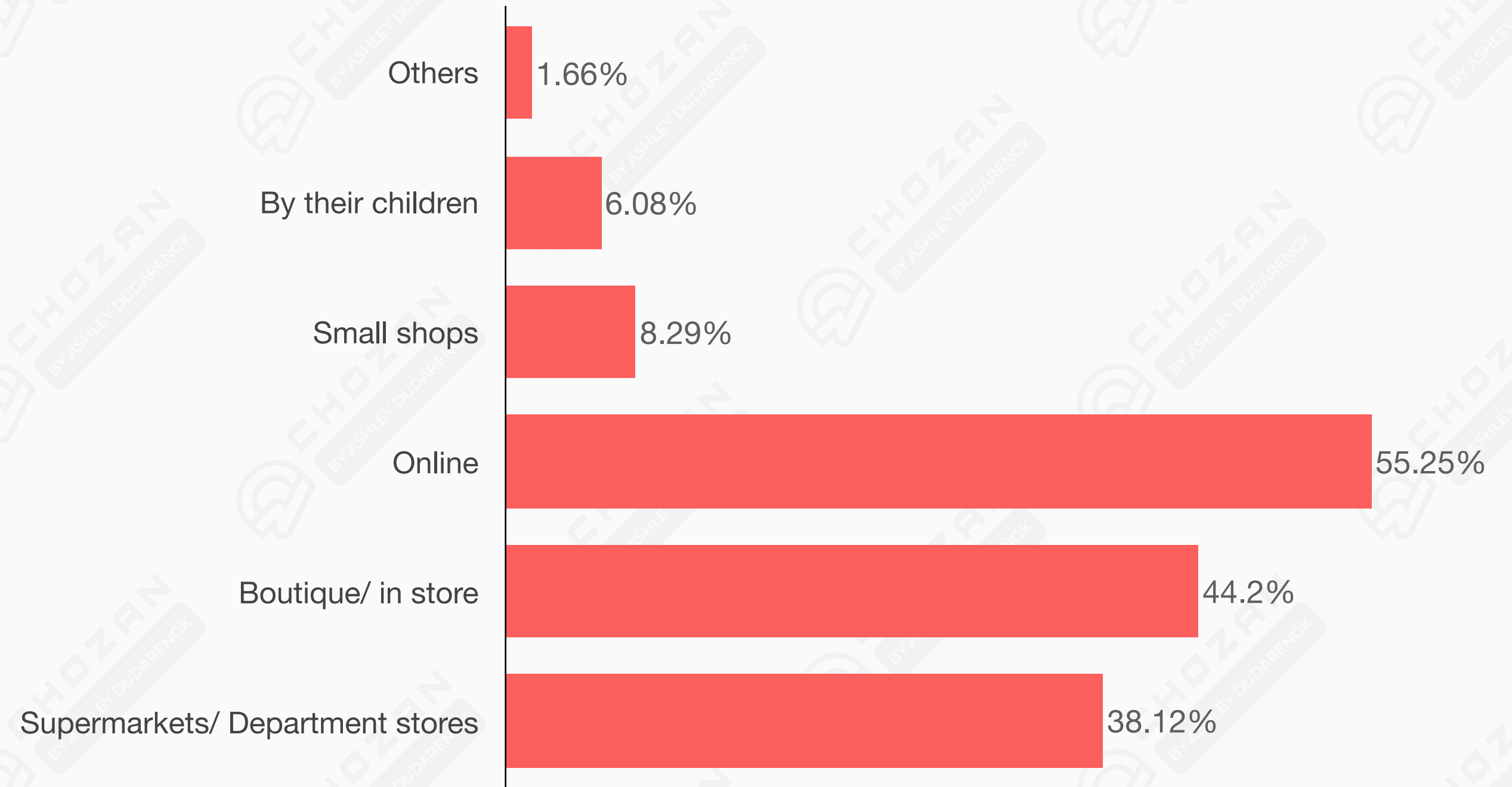


CONSUMER INSIGHTS

THE SILVER-HAIRED GENERATION - ONLINE SHOPPING DOMINATES

Seeing Chinese seniors perform a significant portion of purchasing of Chanel products online, it is indicative of the silver netizens' overall preference to shop online for luxury brands and products.

CHINESE SENIOR APPAREL PURCHASE - CHANEL IN 2020 H1

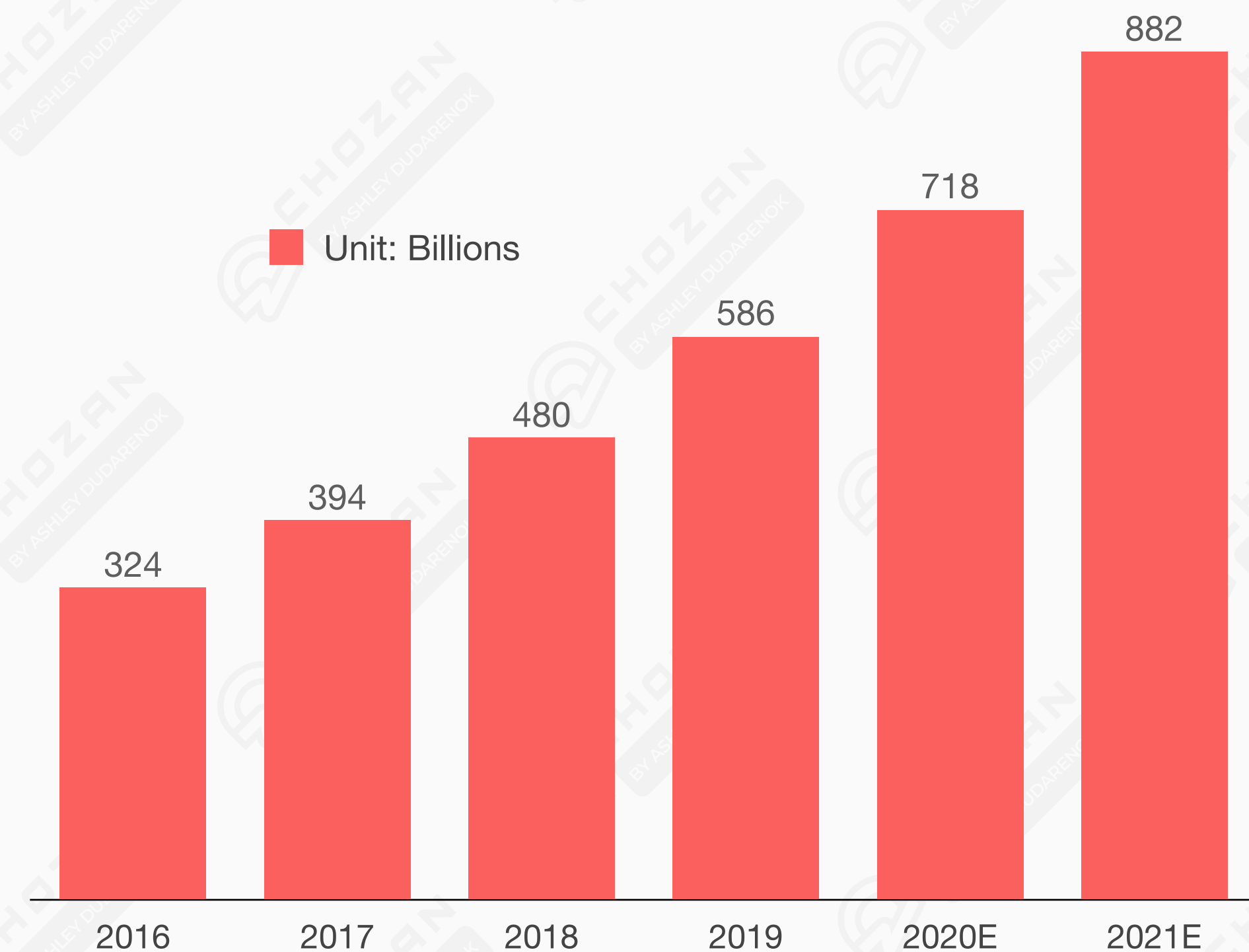


CONSUMER INSIGHTS

THE SILVER-HAIRED GENERATION - SOCIAL ENTERTAINMENT

Data shows that the total size of China's **elderly social entertainment market in 2016 was 324 billion RMB**, and it is expected to reach 882 billion RMB in 2021. iiMedia Consulting analysts believe that as the ageing of the population enters a period of rapid development, **the level of entertainment consumption and needs of the elderly are no longer limited to basic care**. The brands will pay more attention to the physical and mental happiness brought by social entertainment, thereby promoting related to elderly distinct requirements.

CHINA'S ELDERLY MARKET OVERALL SIZE AND FORECAST OF SOCIAL ENTERTAINMENT FROM 2016 TO 2021



CONSUMER INSIGHTS

THE SILVER-HAIRED GENERATION - PURCHASING TRENDS

Data shows that in addition to daily necessities such as clothing and food, the elderly in China also **consume health products, electronic products, and elderly education**. The average monthly consumption amount is concentrated within 1,000 RMB. iiMedia Consulting analysts believe that with the improved living standards of the elderly and the change of consumption concepts, **future consumption will show a diversified trend**, further increasing consumption expenditure.

CHINESE ELDERLY MONTHLY CONSUMPTION EXPENDITURE STRUCTURE IN 2020H1

	<500 RMB	500-1000 RMB	1000-2000 RMB	>2000 RMB
Apparel	42.7%	25.47%	26%	2.8%
Food	21%	38.7%	29.8%	8.8%
Supplements	35.4%	21%	12.7%	3.3%
Electronics	35.4%	28.7%	14.9%	12.2%
Elderly Education	21.6%	18.2%	11.1%	3.3%
Others	34.8%	24.9%	8.8%	3.3%

Source: iiMedia, 2020 H1 Senior Consumer Analysis Report

EXPERT BITES

Q: HOW WOULD YOU DESCRIBE SOME KEY CONSUMER GROUPS IN CHINA?

China's silver generation are not impressed with brands talking down to them. They're up for brands that empower them.

China's middle-aged group is really interested in **identifying true work-life balance** and prefer purchasing products that enhance their experience.

China's wealthy middle class in 2020 is concerned that everyone is middle class. They want brands that make them **feel elite and special**.



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

Grey haired urban consumers. Often considered invisible online, they present a **great opportunity for brands**. They have more leisure time than most and love to embrace new online services like ride hailing, short videos and live-streaming.



CHLOE GONCALVES

Senior Business Development Manager
at Tmall Global - Alibaba group

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

I believe brands need to focus more on **China's aging population**. The demographics are what they are. China has an aging population, and is not producing young generations fast enough. The elderly group may not be as digitally savvy as their younger compatriots, but engaging with them is a **big untapped opportunity for 2021**.



MICHAEL ZAKKOUR

Founder – 5 New Digital
and China BrightStar

EXPERT BITES

Q: WHAT CONSUMER GROUP IN CHINA SHOULD RECEIVE MORE ATTENTION IN 2020? WHY?

A lot of attention is devoted to the **urban white collar market**, which is justified as a sizeable population, with high **spending power**, and an openness to new products and experiences.

A less visible but promising group are the **60+ consumers**. The financial services, education and healthcare will benefit from China's promotion of services industries. Of these, **financial services and healthcare are especially important** for the elderly group who require both financial security and care for long-term chronic conditions.



ANDY MOK

CGTN Tech and Geopolitics Commentator
Senior Research Fellow,
Center for China and Globalization

EXPERT BITES



SEAN FAN

China Market Research at
Alarice & ChoZan

Q: WHAT ARE YOUR TIPS FOR MARKETING TO THE SILVER GENERATION?

Develop more products exclusively for older customers or focus on features and functions that they need. For example, Nongfu Spring launched water boasting higher levels of essential minerals that help absorption of nutrients. And snack brands Want Want launched a series of products aimed at the elderly that focused on trace elements, fiber, calcium, low sodium and no sugar.

Depart from stereotypical communication and marketing scenarios. Don't be afraid to feature older people who, while proud of their age and achievements, break the mold and aren't afraid to show their flair and personality. For example Grandpa Beihai, who prides himself on his impeccable grooming, natty suits and active lifestyle has 13.9 million followers on Douyin.



4 CHINESE MEN 40+

2019 saw an increase in brands focusing on men as the target customers. Men consume not only formal apparels, but also, notably, leisure and sports brands specifically designed for this gender category.



CONSUMER INSIGHTS

CHINESE MEN 40+ - INTRODUCTION

MALE USERS

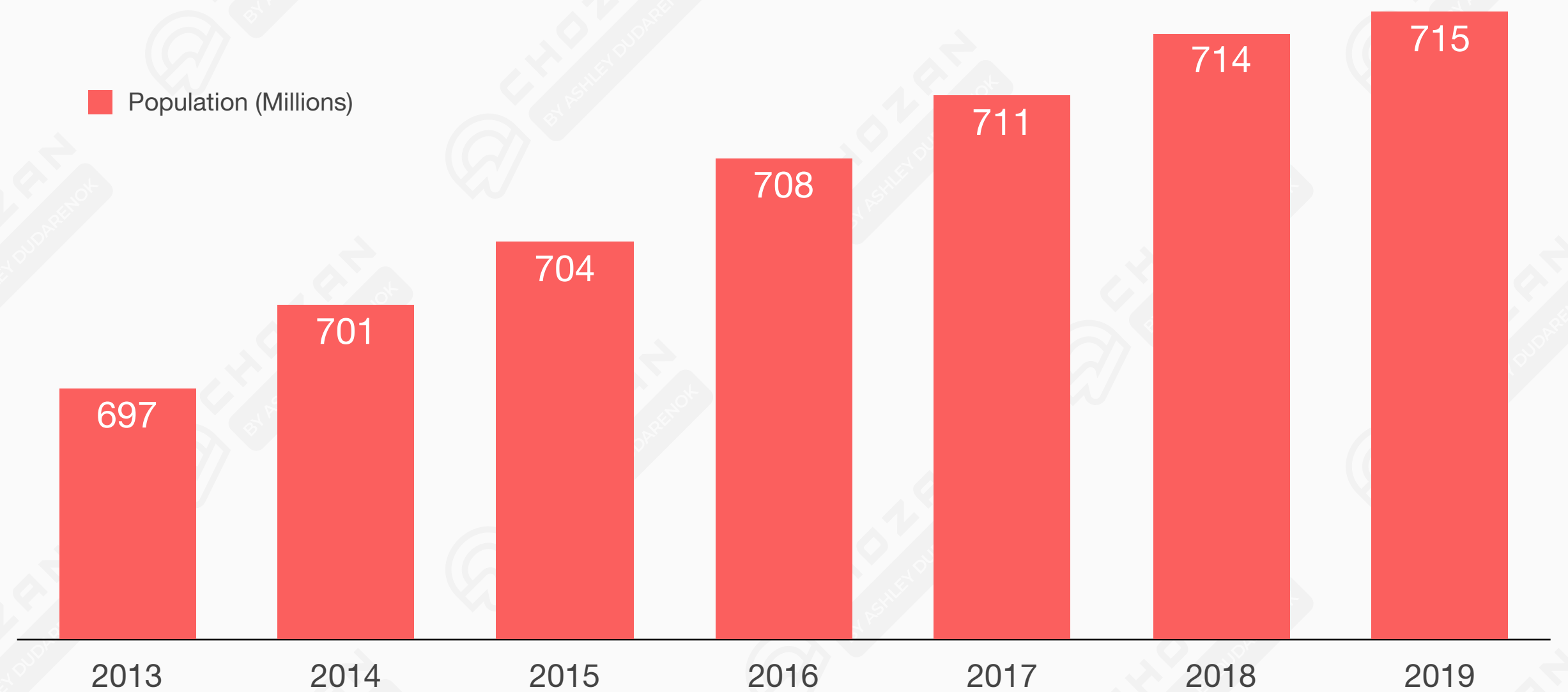
Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
<p>Men are keen on advanced consumption, who are the major consumers of high-end consumption.</p> <p>Regardless of PC or mobile phone users, there are more male consumers than female consumers.</p>	<p>Compared to female consumers, male consumers have more consumption preferences.</p> <p>Male consumption preferences change with age, meaning men of different ages desire different types of products.</p> <p>Male consumers also have more curiosities about new brands or products than their female counterparts.</p>	<p>1) 3C products 2) home appliances, 3) auto accessories 4) tobacco & alcohol 5) skincare products</p>

CONSUMER INSIGHTS

CHINESE MEN 40+ - POPULATION

The male population growing, and as a bigger group than the female population, the male market tend to be large and diverse.

CHINESE TOTAL MALE POPULATION IN 2013-2019



CONSUMER INSIGHTS

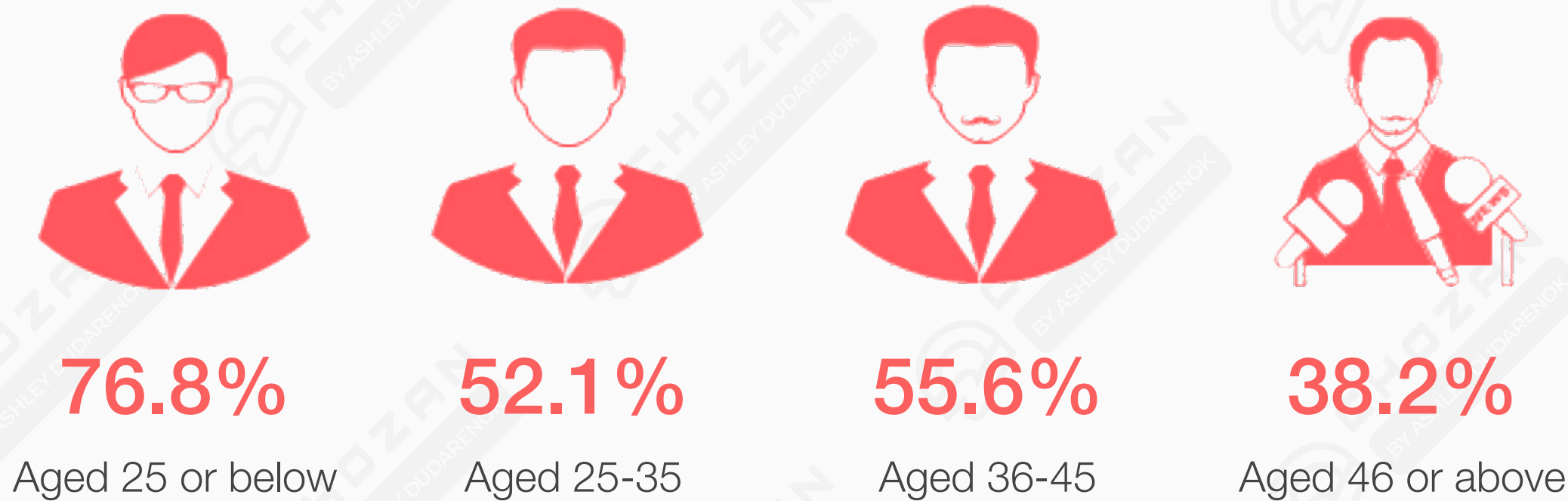
CHINESE MEN 30+ - SELF-IMAGE

Over 60% of male netizens have **a positive attitude on focus and improvement on appearances**, following the economic concept of promoting male appearance maintenance. The Chinese male community continues to **embrace personal image management and appearance enhancement**. This economic market has huge space to tap, but the current market development is still relatively slow. As the concept of male image management progresses, it is worth looking forward to the market development.

SURVEY ON MALE WEB-USERS ATTITUDE OF APPEARANCE IN 2020Q1

Support	%
Aged 25 or below	74.4%
Aged 26-35	65.4%
Aged 36-45	63.6%
Aged 46 or above	61.1%

SURVEY ON MALE WEB-USERS ATTITUDE OF BUYING APPEARANCE PRODUCTS IN 2020Q1



CONSUMER INSIGHTS

CHINESE MEN 30+ - SELF-IMAGE

Men's accessories have become the most mature field in the male beauty economy. In 2019, the market size exceeded 730 billion RMB. At the current stage where the male appearance economy has not yet fully matured, **the men's accessories field is the most important to explore**. The market size in 2019 has reached 736.90 billion RMB, and the revenue of leading companies has shown substantial growth in the first half of 2019.



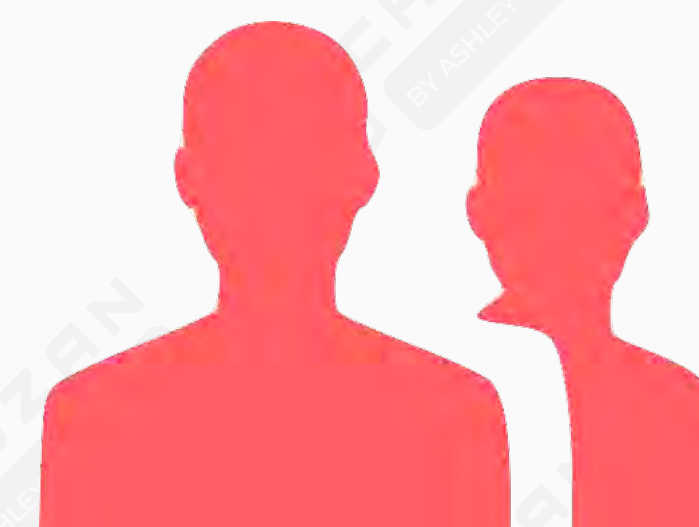
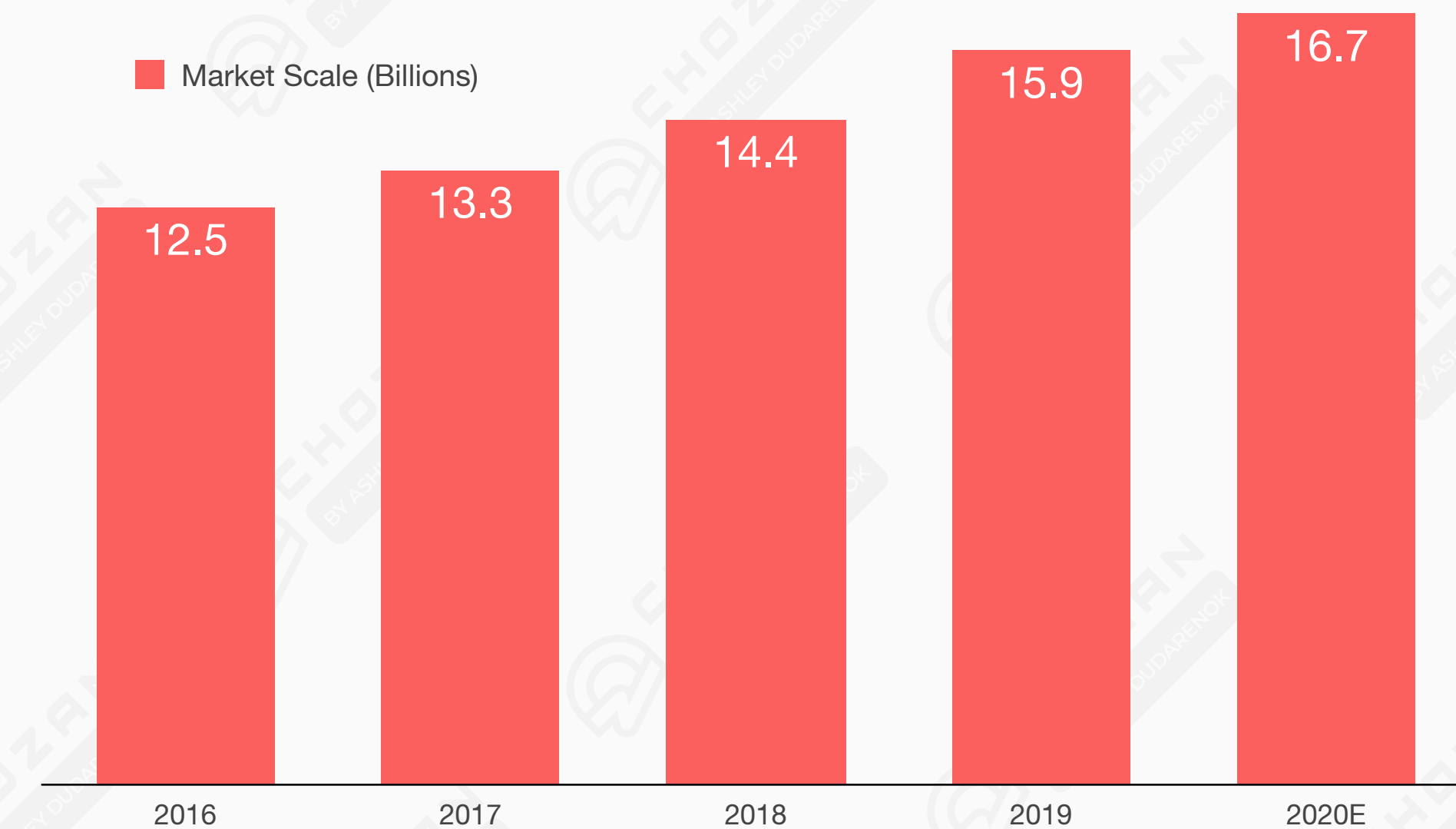
730 BILLION RMB
MARKET SIZE

CONSUMER INSIGHTS

CHINESE MEN 30+- SELF-IMAGE

The male beauty retail sector reached 15.89 billion RMB in 2019 and is expected to reach 16.72 billion RMB in 2020, according to data from iiMedia Research. iiMedia Consulting analysts believe that in recent years, **men's willingness to consume beauty and skincare products has increased**, and beauty products for male care are appearing in the market. However, the current industry growth is still relatively slow. For the male beauty market to fully take off, it is necessary to further popularise the concept of male image management in order to cultivate a trend of male self care.

MARKET SCALE AND FORECAST OF CHINA MALE GROOMING RETAIL SALES FROM 2016-2020



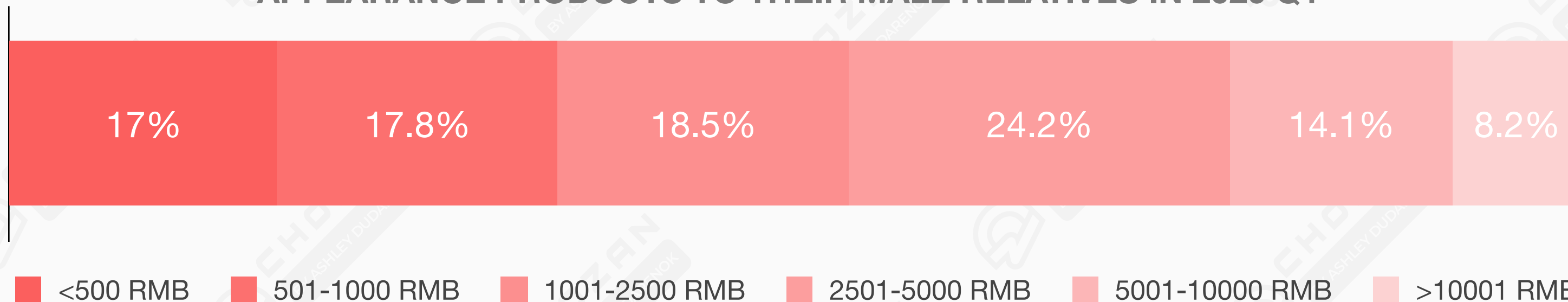
65.1 %
POSITIVE ATTITUDE TO
APPEARANCE IMPROVEMENT

CONSUMER INSIGHTS

CHINESE MEN 30+ - MENSWEAR & ACCESSORIES

The **Chinese menswear market has maintained an upward trend**, with sales reaching 736.90 billion RMB in 2019. The menswear companies are growing relatively stable, with leading companies maintaining relatively high revenue growth rates in the first half of 2019.

SURVEY ON THE FEMALE WEB-USERS ATTITUDE OF BUYING MALE APPEARANCE PRODUCTS TO THEIR MALE RELATIVES IN 2020 Q1



64.4%

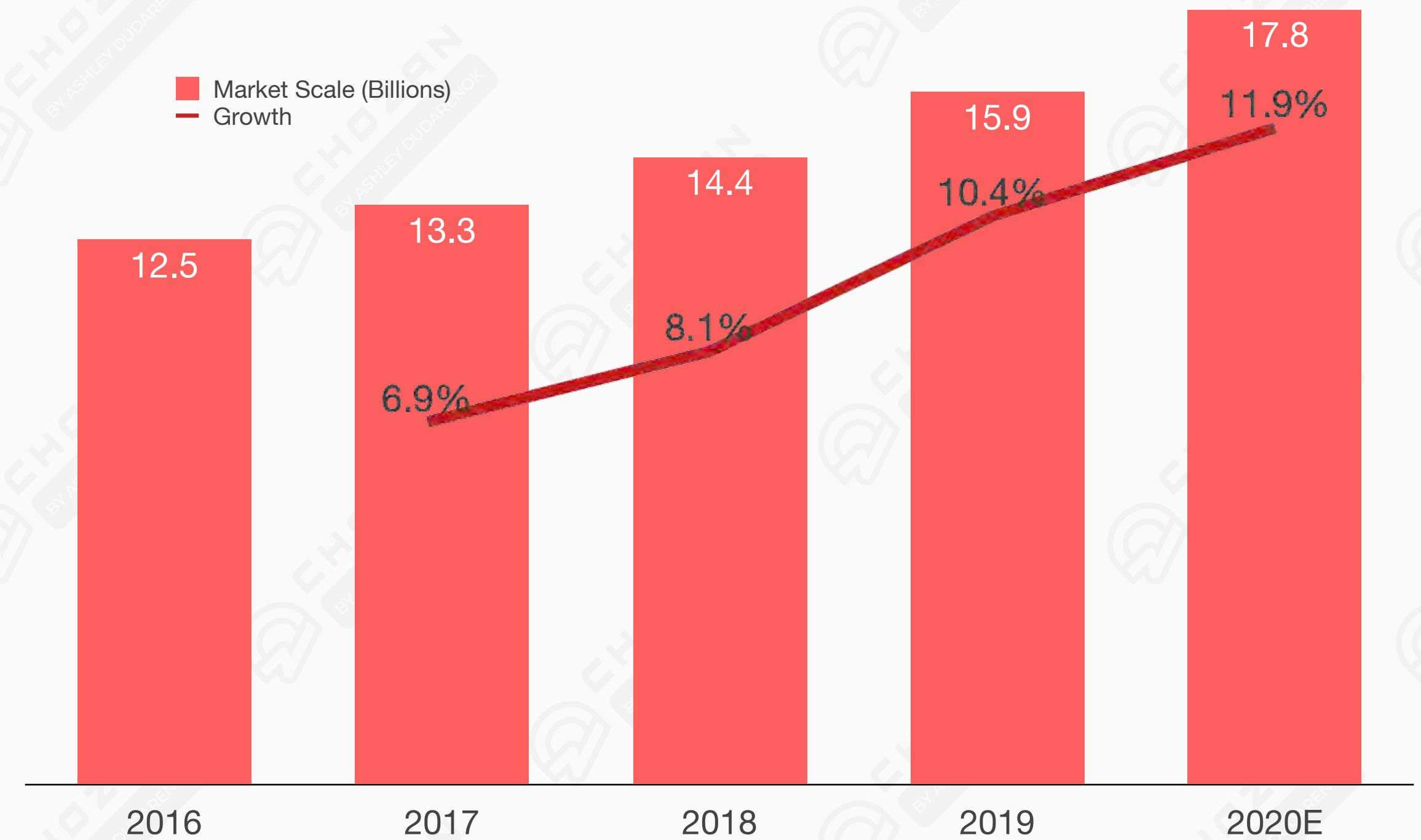
WILLING TO BUY MALE APPEARANCE PRODUCTS TO THEIR RELATIVES

CONSUMER INSIGHTS

CHINESE MEN 30+ - BEAUTY GROWTH

Amongst the growing male beauty retail sector, the "new daddy" group has been paying more attention to personal care, beauty and skin care products, driving their willingness to consume. **The growth rate of the male beauty retail products has increased year by year.** This is clearly reflected by the increased amount of new personal care products launched in the market labelling the "new dad" group. This upward trend also reflects **the vitality and development potential of the overall market.**

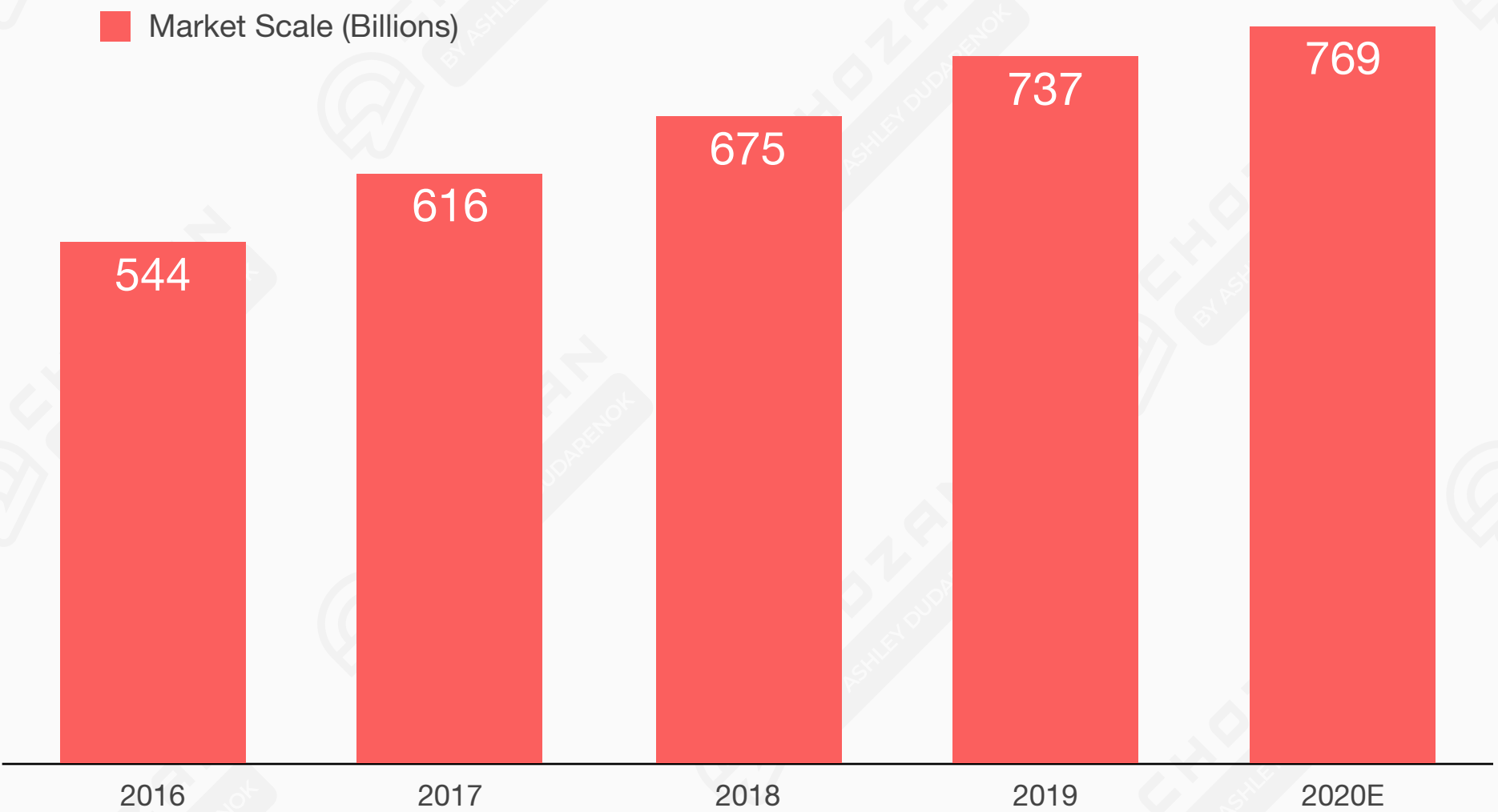
2016-2020 CHINESE MEN'S BEAUTY RETAIL SCALE AND FORECAST DATA



CONSUMER INSIGHTS

CHINESE MEN 30+ - CLOTHING PREFERENCES

SALES VOLUME IN MENSWEAR FROM 2016-2020



REVENUE OF CHINA TOP MENS AND SPORTSWEAR COMPANIES OF FIRST HALF OF 2019

	Revenue	Revenue Growth	Business
Heilan Home	10.7 Billion	7.07%	Menswear
Youngor	4.6 Billion	27.8%	Menswear
Semir Garment Co	8.2 Billion	48.6%	Sports
Anta Sports	14.8 Billion	40.3%	Sports
Li-Ning	6.3 Billion	32.7%	Sports

The graphs show **a steady growth in men's clothing sales**, with brands such as Heilan Home and Youngor experiencing the highest demand.

CONSUMER INSIGHTS

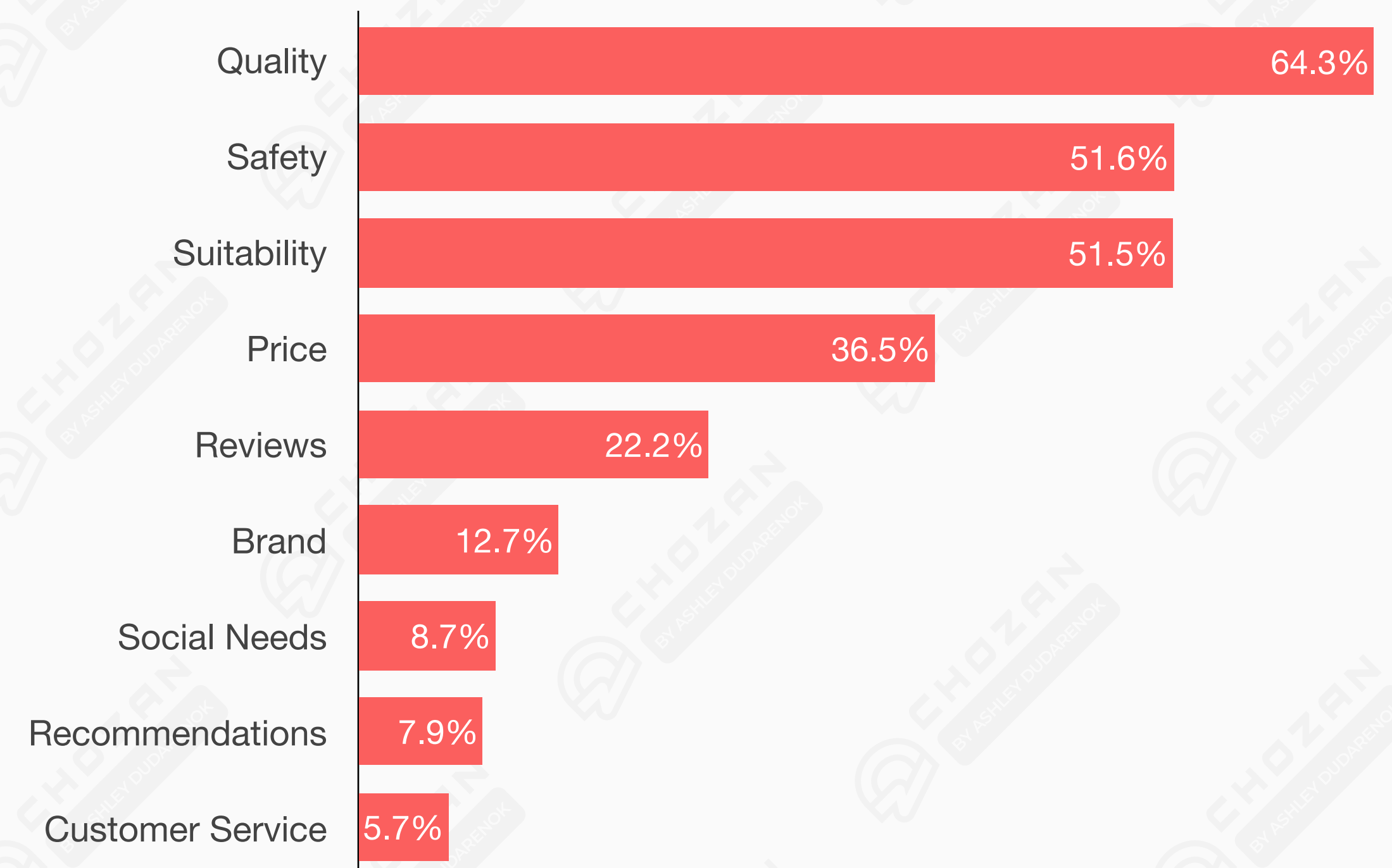
CHINESE MEN 30+- FORMING DEMAND

Young men have **a great desire to improve their appearance.**

74.4% of male netizens under the age of 25 surveyed have a positive attitude towards improving appearance, and 76.8% desire to buy male appearance products. Male netizens over the age of 45 have the lowest demand conversion rate. Although over 60% of them support improving their appearance, less than 40% are willing to buy products with attractive appearances. iiMedia

Consulting analysts believe that **young male consumers are the main force in the beauty economy.** Influenced by current trends, they pay more attention to their external image and temperament. Companies should keep a close eye on young consumer groups while actively exploring the middle-aged male market.

SURVEY ON THE INFLUENCING FACTORS OF CHOOSING MALE APPEARANCE PRODUCTS OF MALE WEB-USERS IN 2020 Q1



CONSUMER INSIGHTS

CHINESE MEN 30+ - FORMING DEMAND

SURVEY ON THE WAYS TO IMPROVE APPEARANCE OF MALE WEB-USERS IN 2020 Q1



65%
PERSONAL CARE



54%
SPORTS



52.4%
FASHION



28.6%
COSMETIC
SURGERIES

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: HOW DO YOU SEE THE RISE IN CONSUMPTION POWER AMONG MEN OVER 40 IN THE LUXURY AND COSMETICS

Men have been neglected by brands for some time but, for luxury and beauty, they're a large potential consumer group. In the 30-49 year old age group there are 11 million more men than women. And although women account for more online luxury consumption than men, the unit price for men's products is 6% higher and the proportion of men who make luxury purchases more than three times a year is also higher.

And men are paying more attention to their health and appearance. They're interested in supplements, vitamins and 21% are willing to spend money on grooming products, especially ones that can help them look younger. Tmall's 2019 report showed that sales cosmetics for men increased by 89%. In the past few years, plenty of male cosmetics brands have emerged in China so there's not only a Sheconomy. China also has a Heconomy.

EXPERT BITES



MASON KU

Marketing Director at
Alarice & ChoZan

Q: WHAT ARE THE TOP PRODUCTS FOR CHINESE MEN IN THEIR 40S?

The top 3 products for men in their 40s are alcohol, electronics and watches. Most baijiu consumers (baijiu is like strong Chinese vodka) are married men with an average age of 37.

For electronics, they're quite interested in high-end products like laptops and digital cameras and whenever there's a new model or improved performance, they'll buy it. With increased attention on appearances, men are spending a lot on hair loss treatments and products. The hair transplant market is booming for men in this age group.

5 POWER WOMEN

Chinese women with higher education and greater participation in the workforce have more financial autonomy and personal freedom. 56% of the female population completed secondary school and enrolled in tertiary education, while only 46% of men do so.

Women are spending more on themselves. Cosmetics sales rose 13% in 2019, while 'aesthetic' medical services has grown 24% in five years. Not only are women spending on themselves, but they are also responsible for three quarters of household purchasing decisions. Women represent a significant power in China's market.



CONSUMER INSIGHTS

POWER WOMEN - INTRODUCTION

FEMALE USERS

Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
<p>The number of female Internet users has been growing. According to QuestMobile, in February, the average amount of time spent on the Internet by women increased 43% YoY, with 5% higher than the total.</p> <p>The apps most commonly used by women focus on social networking, video and e-commerce. Among them, women are very interested in short videos, and the amount of time spent on Douyin is second only to WeChat.</p> <p>The structure of female users has changed, which is reflected in the increasing number of female users from the tier 3 cities and below. The age structure is becoming more balanced, with more teenagers and senior women using mobile internet.</p>	<p>Women have increasingly extensive channels to understand merchandise. Recommendations, promotions, group buying and live-streaming have great influence on female consumers.</p> <p>They love social-sharing shopping, which is fully reflected in WeChat mini-programs. The female users account for more than a half of Jingxi and Pinduoduo WeChat mini-programs, both of which are famous for group buying.</p>	<ol style="list-style-type: none"> 1) luxury products 2) products improving life quality 3) small home appliances 4) educational courses 5) fitness related products

CONSUMER INSIGHTS

POWER WOMEN - LUXURY FOCUSED

The modern Chinese woman is an economic powerhouse with **more financial and social independence, social stability, and higher disposable incomes**, meaning women now spend more on themselves. Luxury brands are benefiting most from the 70% of global luxury spending growth thanks to China's affluence middle class, millennials and female consumers.



CONSUMER INSIGHTS

POWER WOMEN - FINANCIAL FREE

FEMALE USERS

China has produced the **highest number of self-made female billionaires in the world**. Julius Bar Group describes the face of wealth in China as "young, self made, and female". Brands can expect a positive future as more women achieve financial freedom.



**CHINESE WOMEN MAKE 57% OF
THE TOTAL NUMBER OF SELF-
MADE FEMALE BILLIONAIRES
GLOBALLY**

CONSUMER INSIGHTS

POWER WOMEN - BEAUTY AND ADVENTURE (AND SHOPPING)

Women are **seeking experience and adventure, beauty and self-care, health, fashion and knowledge**. Ctrip data shows that 6/10 solo travellers are female. These globe-trotting bloggers, shopping trippers and foodies want to stay in international luxury hotels, with 62% of bookings near shopping malls.



CONSUMER INSIGHTS

POWER WOMEN - PREFERENCES

Overall, overseas niche brands are consumed by a population of young, active, women, mostly students and make up enthusiasts, who have a low income and independence to make purchase decisions.

While consumer profiles differ for brands - expensive brands from Europe and America, such as Charlotte Tilbury, attract tier-1 city, young and high earning consumer; and lower maintenance brands are popular amongst lower tier city groups who are older with lower income.

Young women under 30 mostly students and makeup fans

LOHAS-minded, with extensive interests including food, travel and sports

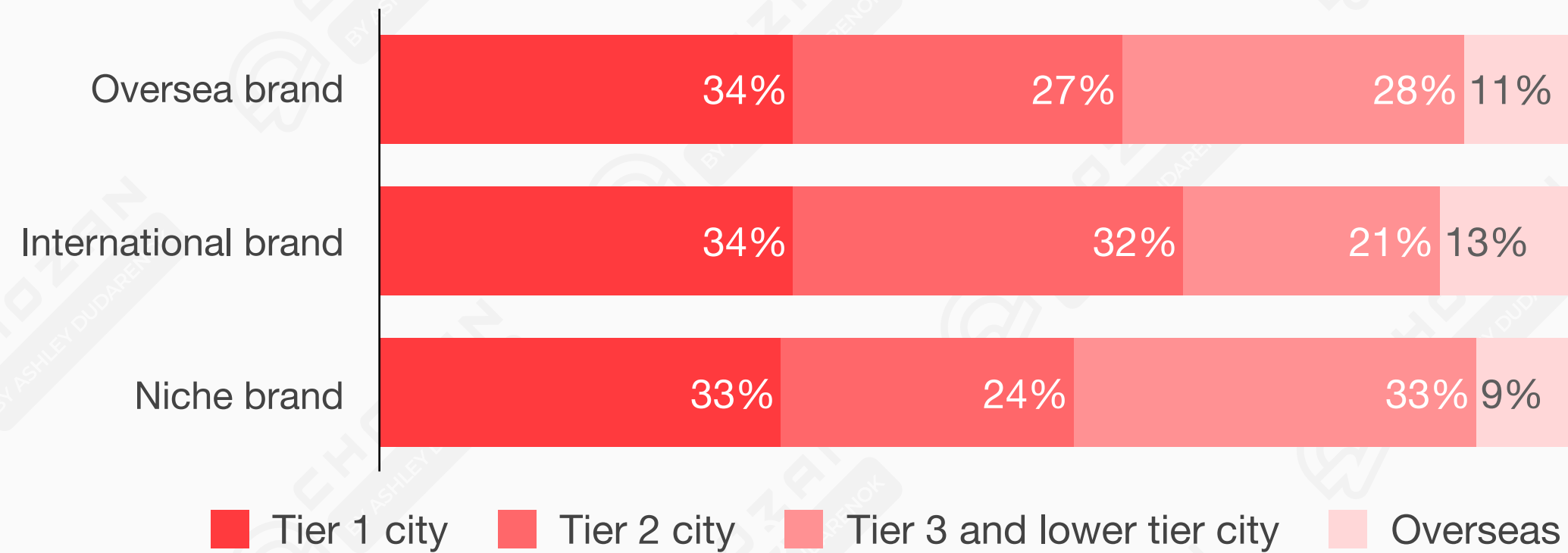
Over 80% focus on pleasure when shopping

Prefer niche brands with a distinctive style

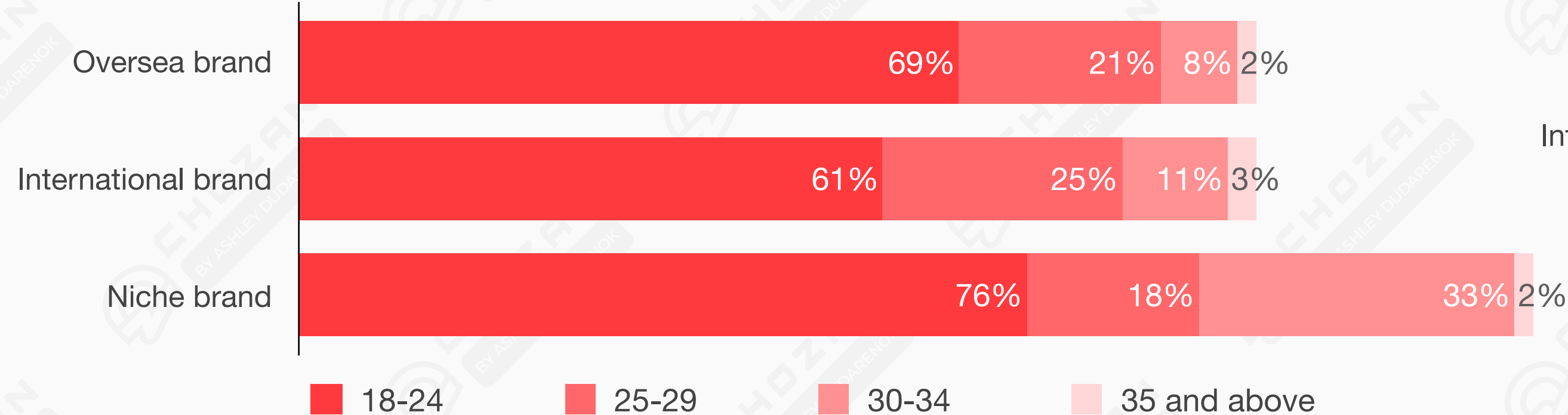
CONSUMER INSIGHTS

POWER WOMEN - PREFERENCES

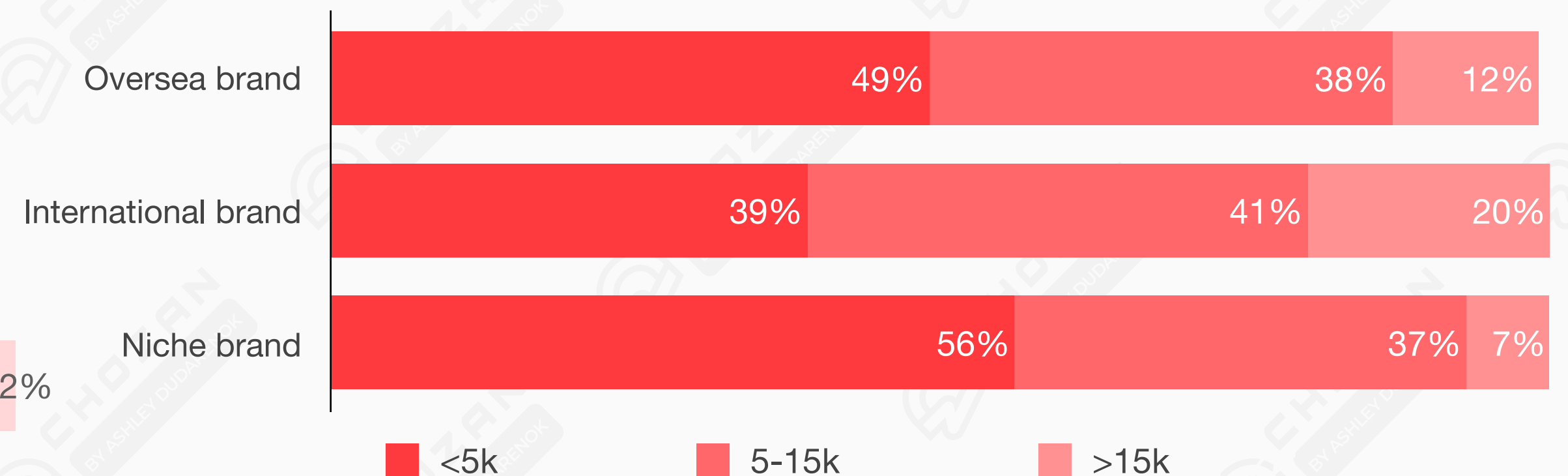
CONSUMER GROUP BY CITIES



CONSUMER GROUP BY AGE



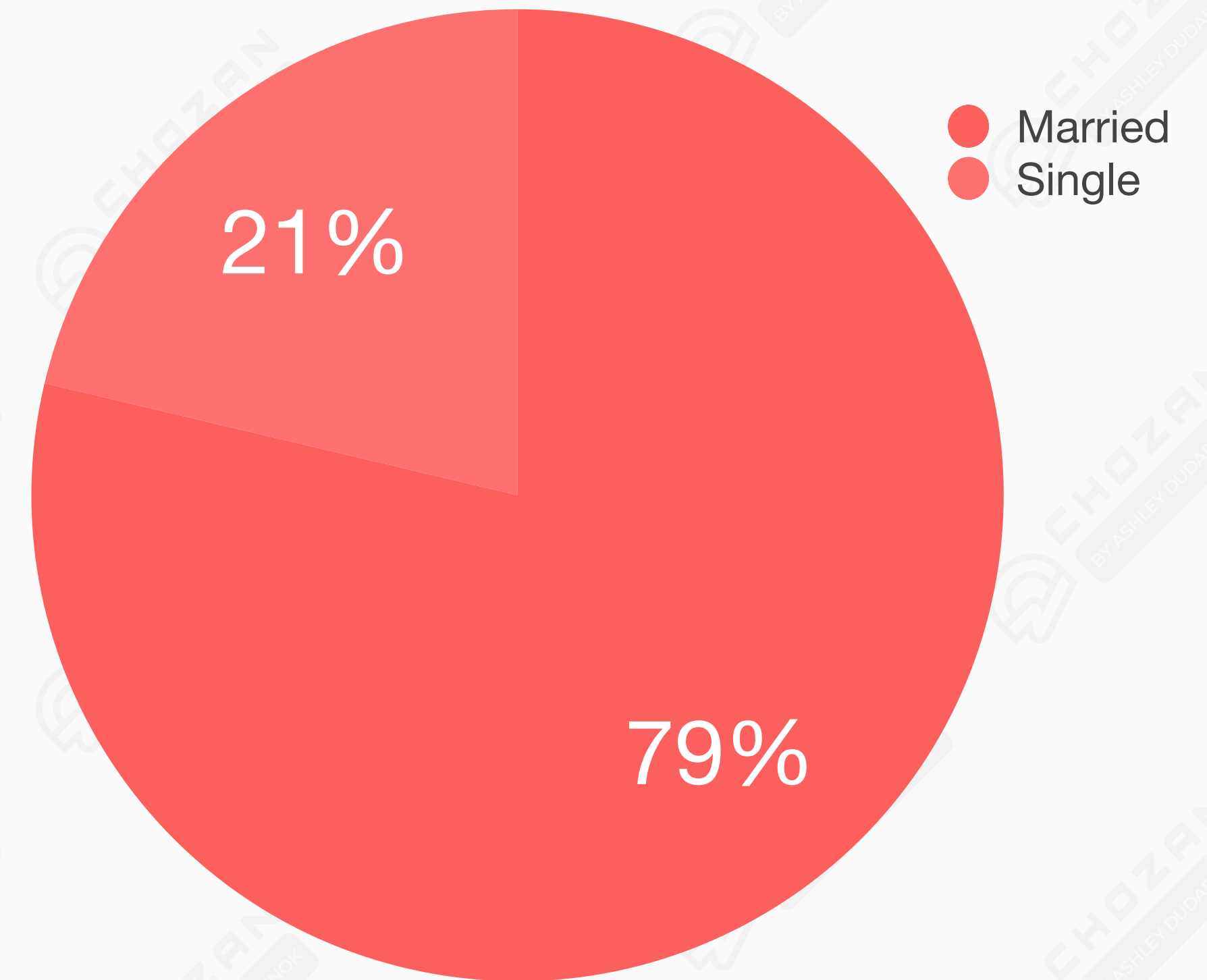
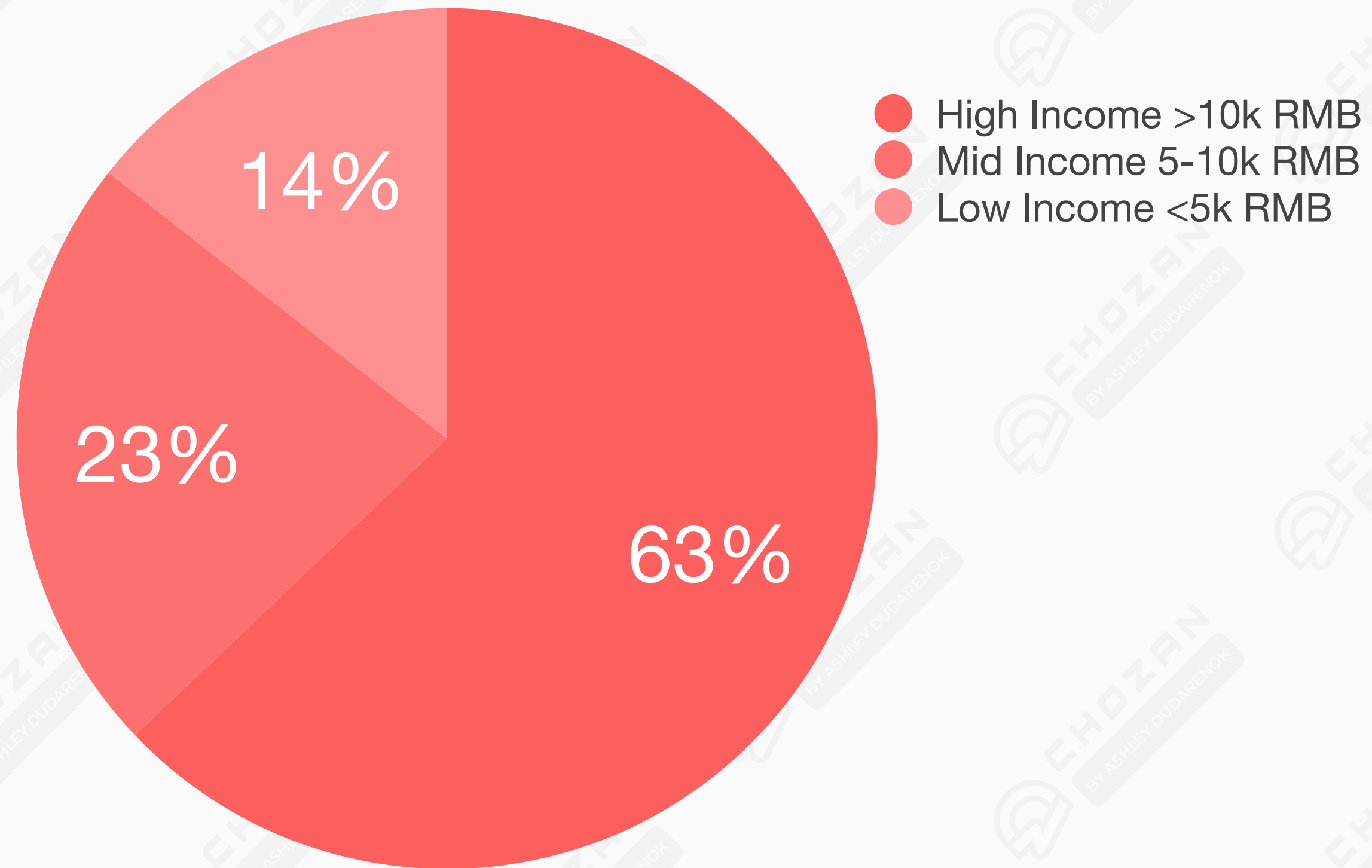
CONSUMER GROUP BY INCOME



CONSUMER INSIGHTS

POWER WOMEN - INCOME AND STATUS

INCOME AND MARITAL STATUS OF 30+ URBAN WOMEN

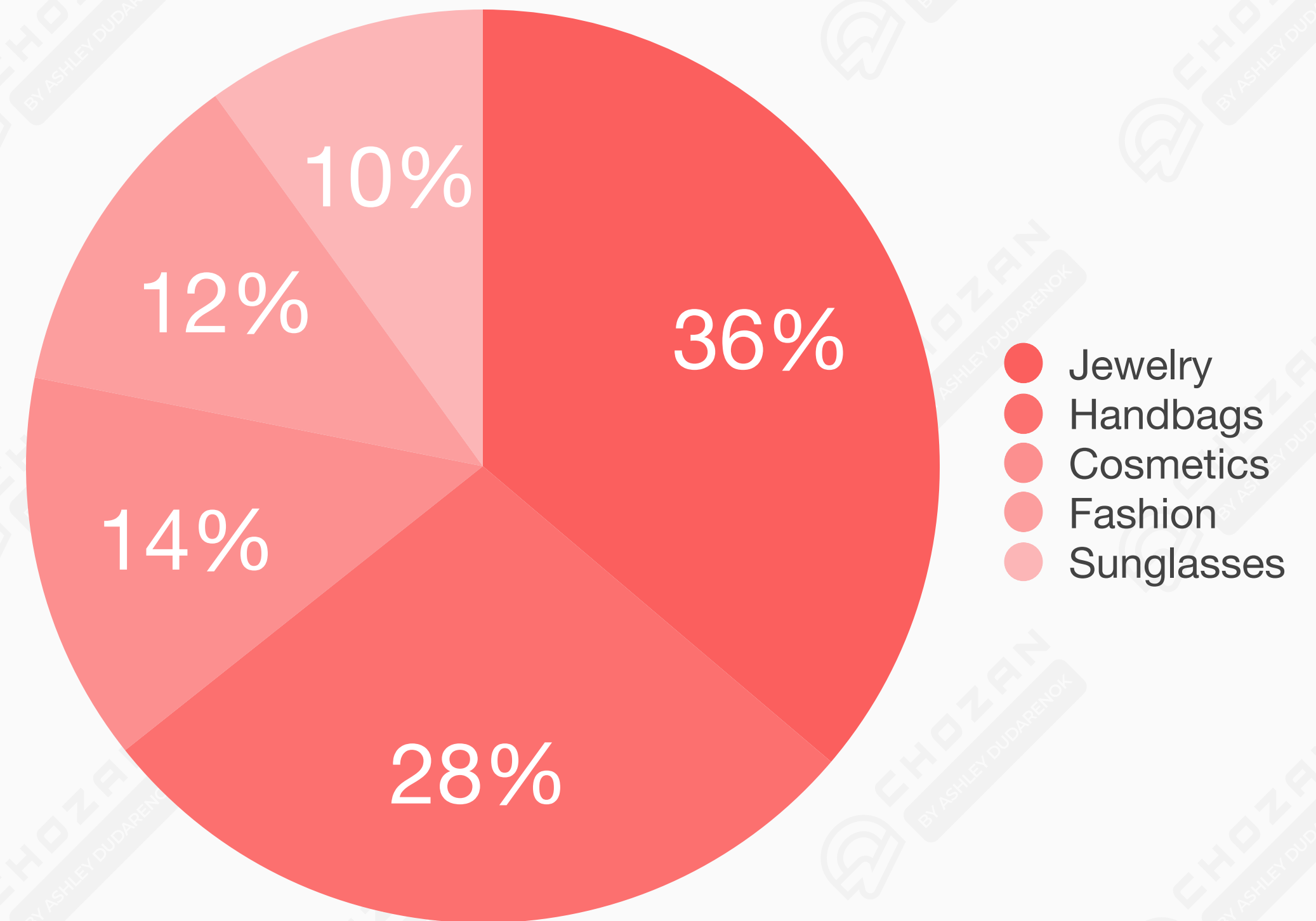


CONSUMER INSIGHTS

POWER WOMEN - LUXURY INTERESTS

30+ women open luxury shopping apps three to four days a month while 25% open these apps than six days a month.

30+ URBAN WOMEN LUXURY INTERESTS



EXPERT BITES

Q: WHAT TREND HAVE YOU NOTICED IN CHINA'S POWER WOMEN CONSUMER GROUP?

China's women are **hitting the gym**. A fit, toned body is the new standard in confidence. **Food, clothing, services and supplements** that facilitate fitness progresses have massive growth runways.



MICHAEL NORRIS

Research & Strategy Manager
at AgencyChina

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020? WHY?

My favourite consumer groups are the millennials and **power women**. Chinese millennials are the largest urban consumer group that drive China's innovation needs, sculpting the country into an innovation leader.

I believe women are better adapted than men to the complex and volatile world of today. China's power women could **inspire the world** to become more feminine.



PASCAL COPPENS

Partner at nexxworks

EXPERT BITES



NATALIA DRACHUK

Marketing Director at
Alarice & ChoZan

Q: WHAT ARE SOME MARKETING TIPS FOR BRANDS WORKING WITH WOMEN IN THEIR 30S?

Women in their 30s are undoubtedly one of the most discussed consumer groups in China. This year, increased interest in this group has been sparked by two shows - *Sisters Who Make Waves* and *Nothing But Thirty*. Traditionally Chinese women were expected to get married and put aside career aspirations to take care of their families. Now, a new image of strong, powerful women working inside and outside the home has emerged.

Brands need to avoid stereotypes in their marketing campaigns and pay attention to consumer sentiment on Chinese social media. Don't neglect women. One of the most recent scandals was about Chinese TV show *Heroes in Harm's Way*. Women felt that their contributions to the fight against Covid-19 had been neglected.



6 SUPER MUMS [AND DADS]

The replacement of China's one child policy with the two child policy in 2015 has an organic push on the maternity and baby products market. Industry growth is expected to maintain an annual growth rate of 20-30% for the next ten years.

Post 90s super mums account for 70% of relative product categories, according to JD platform data. They have become a major market force, preferring trendy products while being less price-sensitive.



CONSUMER INSIGHTS

SUPER MUMS AND DADS- INTRODUCTION

PARENTS (AGED 25-40; WITH KIDS AGED 0-12)

Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
<p>Parents with kids aged 0-12 are the main group of mobile Internet users, with 300 million active users online. According to QuestMobile, in April, the average monthly time spent on the Internet by parents with kids aged 0-12 rose 13.1% YoY.</p> <p>Similar to the overall structure of Internet users, more than half of the parents with kids aged 0-12 live in tier 3 cities and below. These parents are mainly born in the 1980s and 1990s.</p>	<p>Expenditures on children account for a huge proportion of family incomes. Most families spend 1000-5000 RMB on children monthly. The expenditure on daily necessities and education is almost the same.</p> <p>Parents with kids aged 0-12 mainly purchase children's products through e-commerce. Word-of-mouth and quality assurance are the essential factors for purchase decisions in children's products.</p>	<ol style="list-style-type: none"> 1) children's clothing 2) food supplements 3) educational products 4) high-tech wearable devices 5) fitness related products

CONSUMER INSIGHTS

SUPER MUMS - SPENDING PREFERENCES

Chinese women's choice of spending for the coming year can be broken down into four key areas according to Nielsen China:



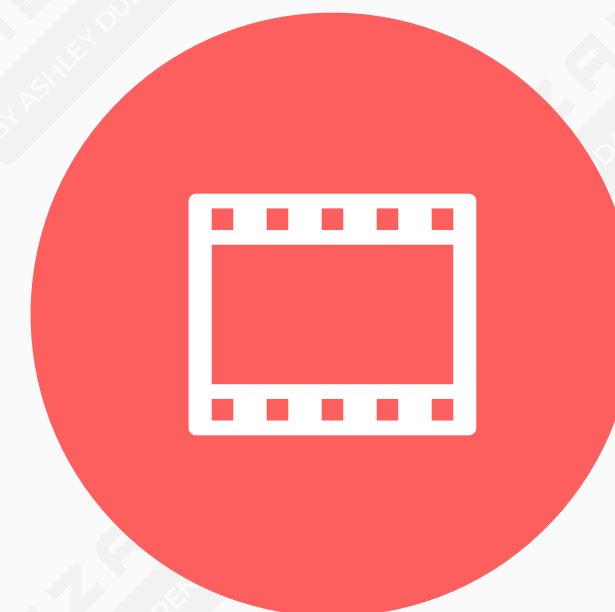
54%

VACATION/ HIKING



46%

CHILDREN'S
EDUCATION



44%

RECREATION ACTIVITIES



46%

SELF-IMPROVEMENT

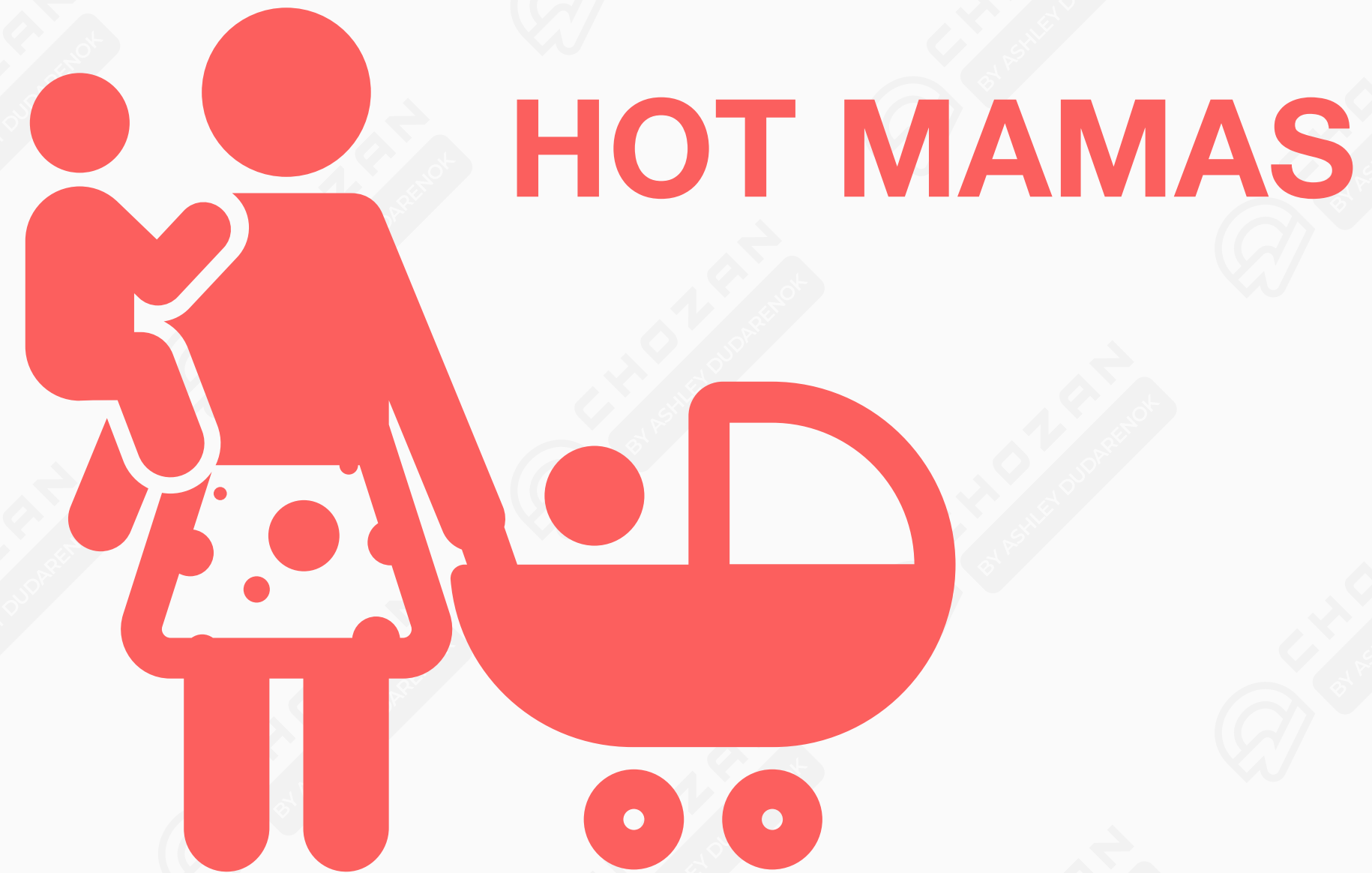
Chinese women have begun to **place value on autonomy, ego, and confidence**. Brands should focus marketing resources on these labels in order to successfully captivate female consumers.

CONSUMER INSIGHTS

SUPER MUMS - EMERGING DEMOGRAPHIC

China is approaching a boom of Millennial mamas – or in their own words, “**Spicy Mums (辣妈),**” aka ‘**hot mamas**’. They are the new generation of post-90 mums that maintain images of being hot and cool.

To understand this new demographic of the affluent, modern Chinese parent, luxury brands should be aware of the **size of this social shift**. Imagine the difference in parenting in the West, between those born in the 1930s or the 1960s. We’re talking about the first generation of parents that are **asking new questions about parenthood**, rather than simply accepting what was done before.



CONSUMER INSIGHTS

SUPER MUMS - PRIORITY ORIENTATED

They turn to other Millennial moms, rather than their own parents, for parenting advice.

They are less sensitive about price, more concerned about product safety and quality.

They feel entitled to self-care and self-love. They see investment in premium brands as a necessity for themselves and their kids.

They love to shop for high-quality kids products via cross-border e-commerce.

CONSUMER INSIGHTS

SUPER MUMS - THINGS TO KNOW

1

Affluent mothers in China live by the word of WeChat groups. All keen to be in a WeChat group with their social peers, there is often one 'leader', who makes recommendations based on what celebrities are doing on Facebook and Instagram.

2

Everything is education. Everything is betterment, upgrading and a way to display eliteness of the children (and therefore the mother). Create a reason/purpose for the luxury.

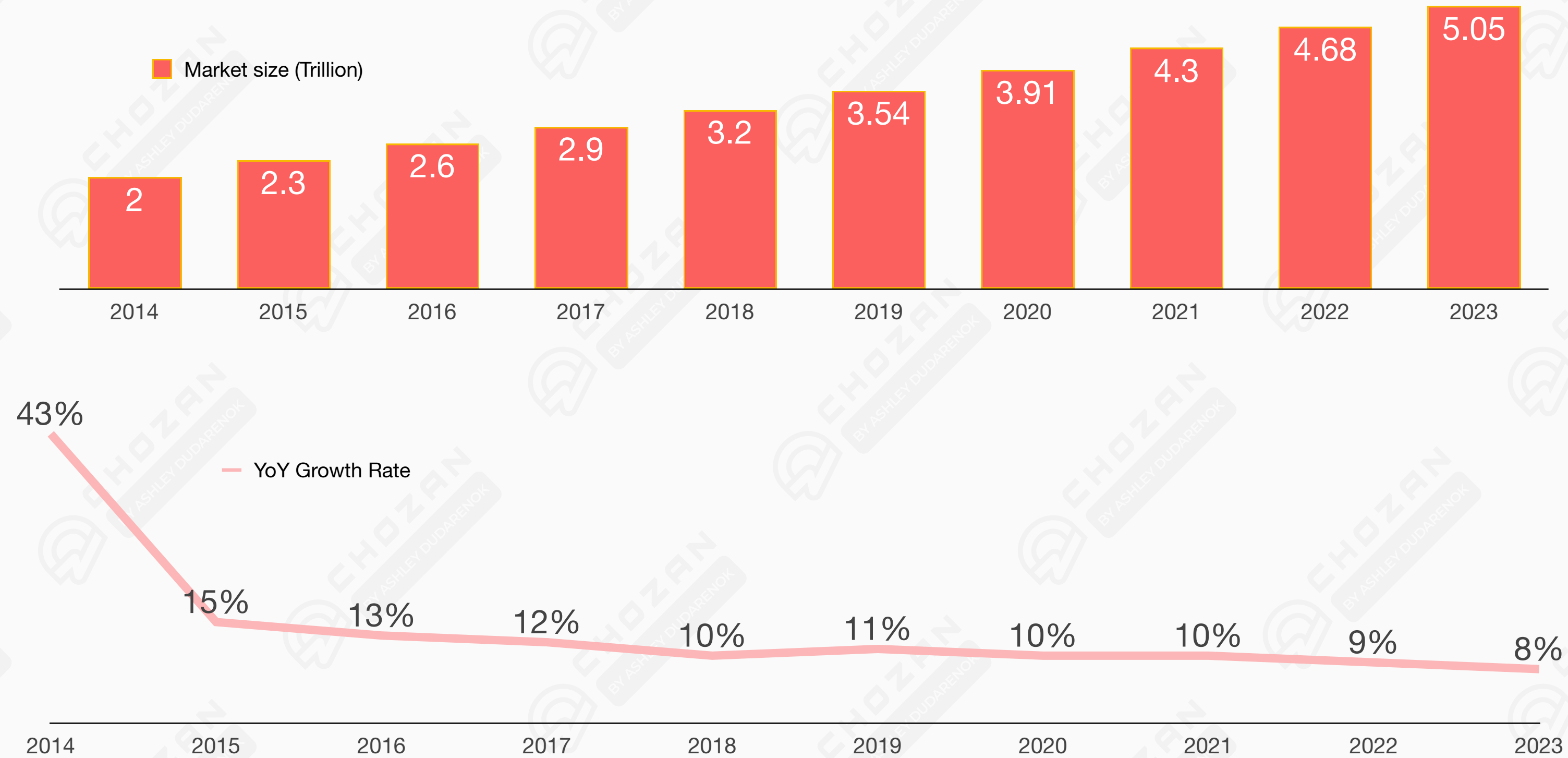
3

For the 'right' investment in their child's experience, there is no limit for affluent Chinese parents. No price is too great if it will deliver the truly elite, WeChat post-worthy moment for their child.

CONSUMER INSIGHTS

SUPER MUMS - MATERNAL AND CHILD PRODUCTS

MATERNAL AND CHILD PRODUCTS MARKET SIZE AND YOY GROWTH RATE, 2020 MAY



CONSUMER INSIGHTS

SUPER MUMS - 90'S MUMS

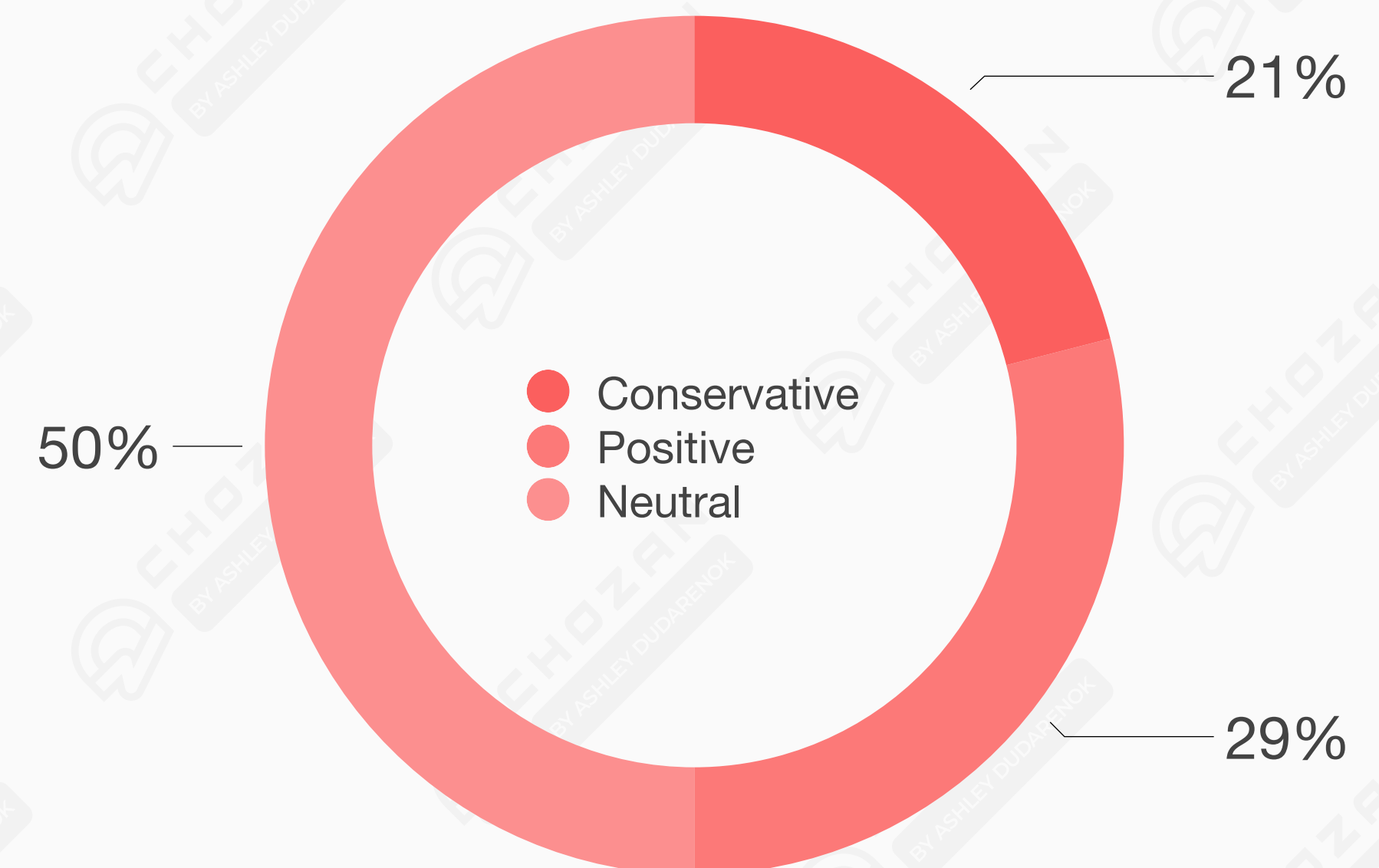
Positive consumption attitude and strong spending power consolidated the firm position of the maternal and child product market.

According to Myguancha, more than **80% of consumers in the maternal and child market** are **80s and 90s** from 2018 July to 2019 June. The same trait was also shown in Douyin statistics; 37% of maternal and child product consumers are 80s while more than 61% are 90s.

The 80s' and 90s' consumption attitude is much more positive compared to the last generation, due to their exposure to China's economic reform and opening-up.

Overall, more than 69% of the mother baby group spend up to 30% of family income in maternal and child products.

DOUYIN MOTHER BABY GROUP ATTITUDE TO BUYING MATERNAL AND BABY PRODUCTS

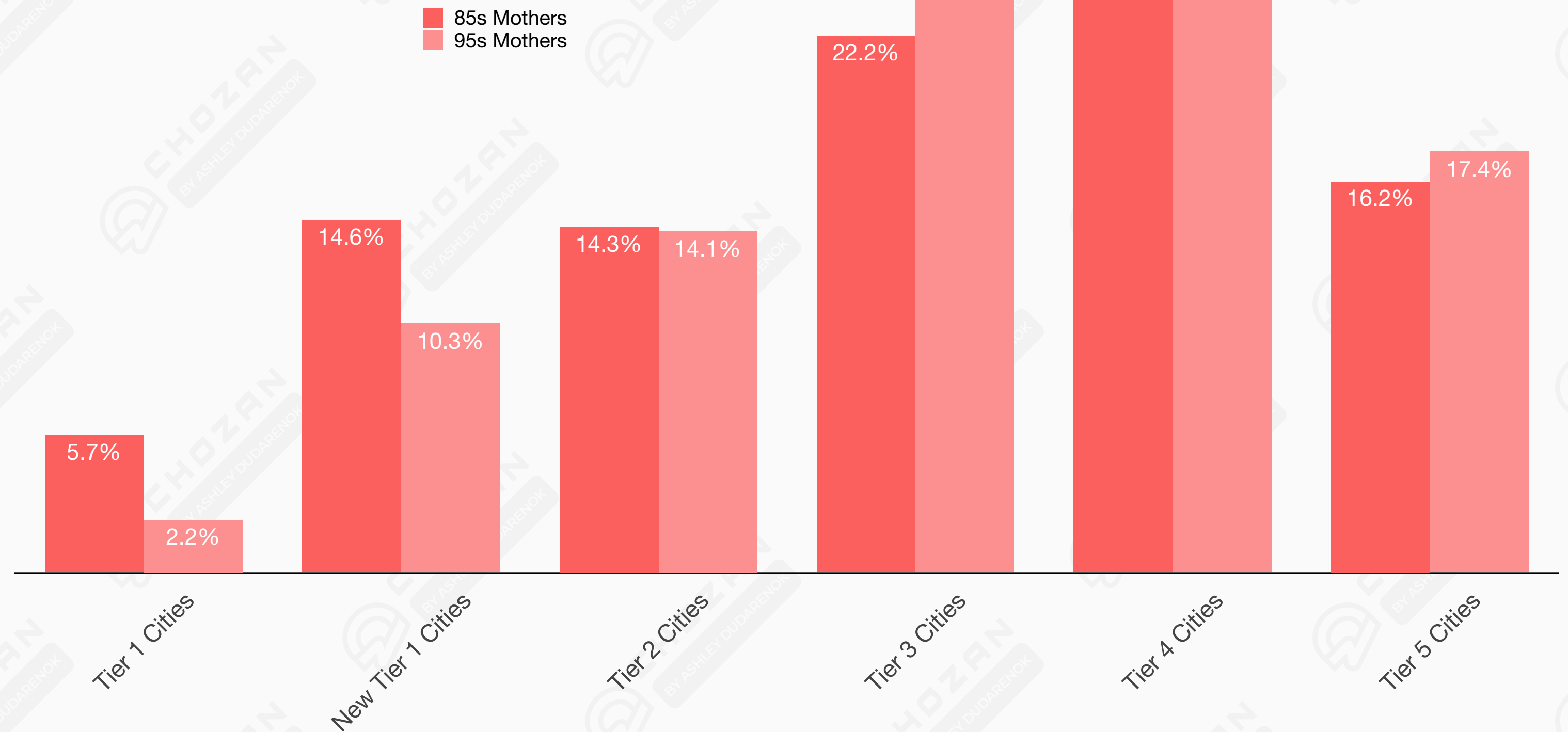


CONSUMER INSIGHTS

SUPER MUMS - CITY DISTRIBUTION

Childbearing rates rise in lower tiered cities.

85S AND 95S MOTHERS IN TIERED CITIES

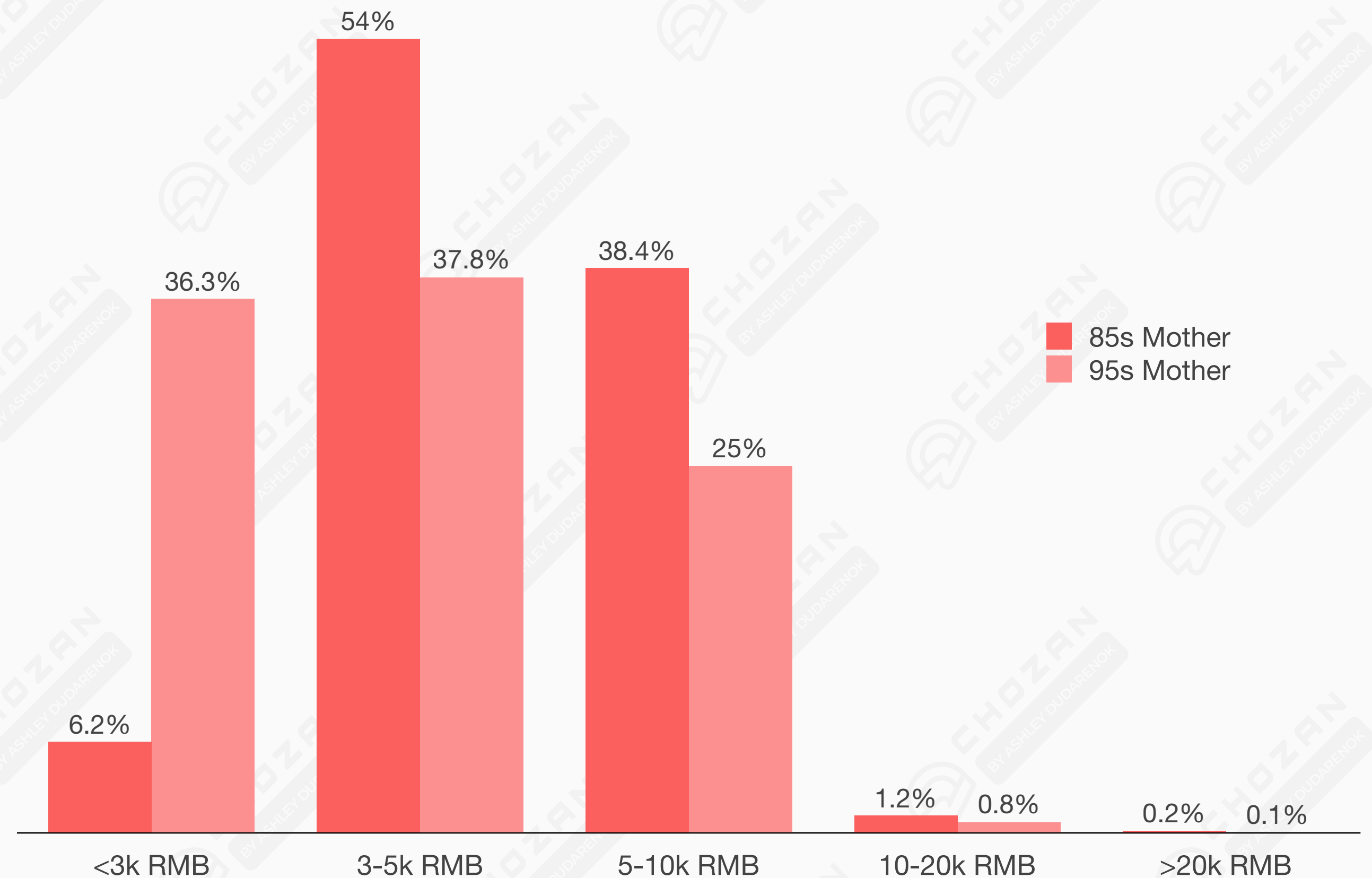


CONSUMER INSIGHTS

SUPER MUMS - INCOME

While post-85 mothers are expected to have higher incomes, post-95 mothers also have similar proportions in each income bracket.

85S AND 95S MOTHERS INCOME

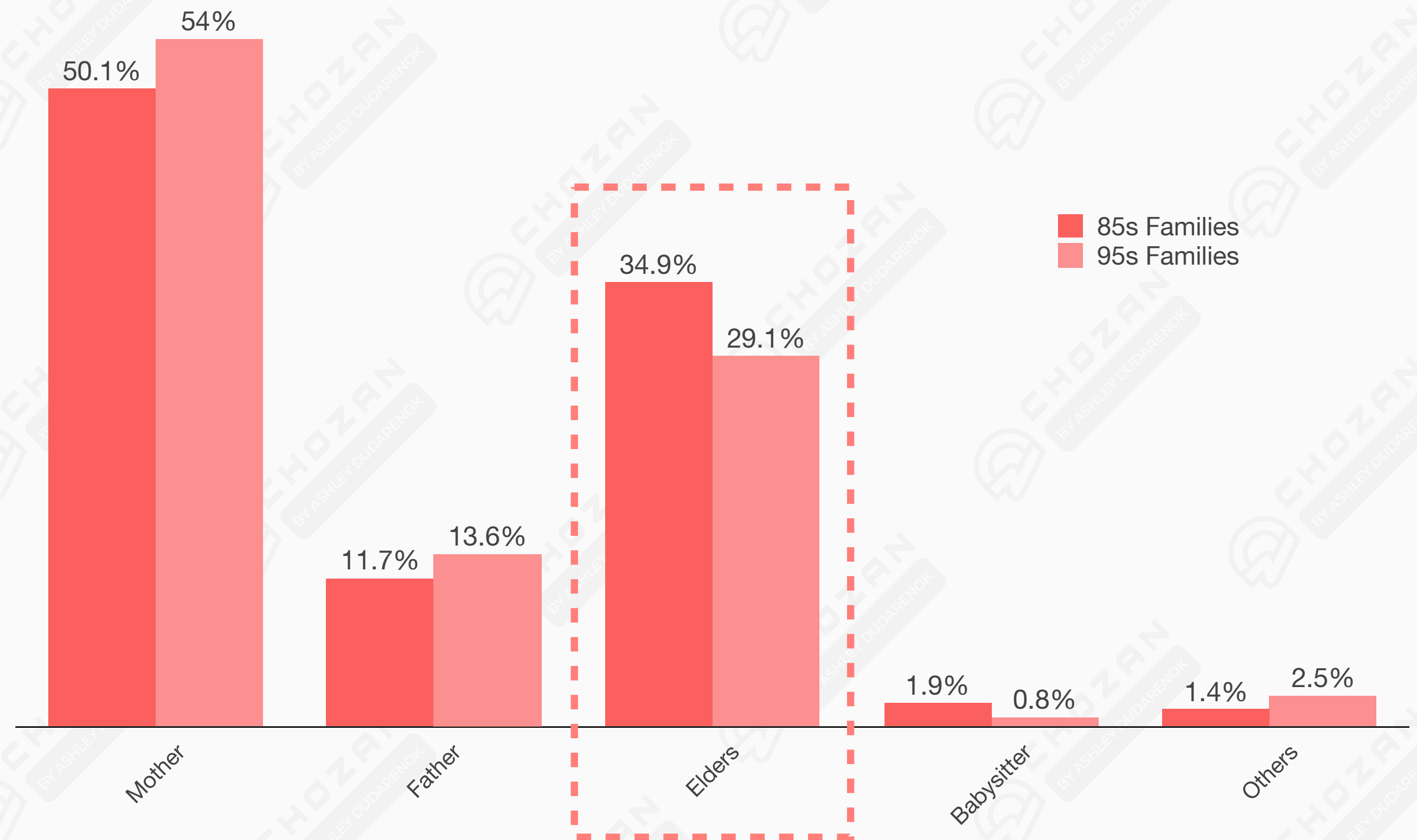


CONSUMER INSIGHTS

SUPER MUMS - CHILD-CARE

Younger generations are willing to work harder, and are less likely to ask elders for help with child caring.

85S AND 95S MOTHERS MAIN PERSON IN CHARGE TO TAKING CARE OF BABY



CONSUMER INSIGHTS

SUPER MUMS - E-COMMERCE

Horizontal E-commerce



Vertical E-commerce



Brand E-commerce



Content E-commerce



O2O E-commerce



Social E-commerce

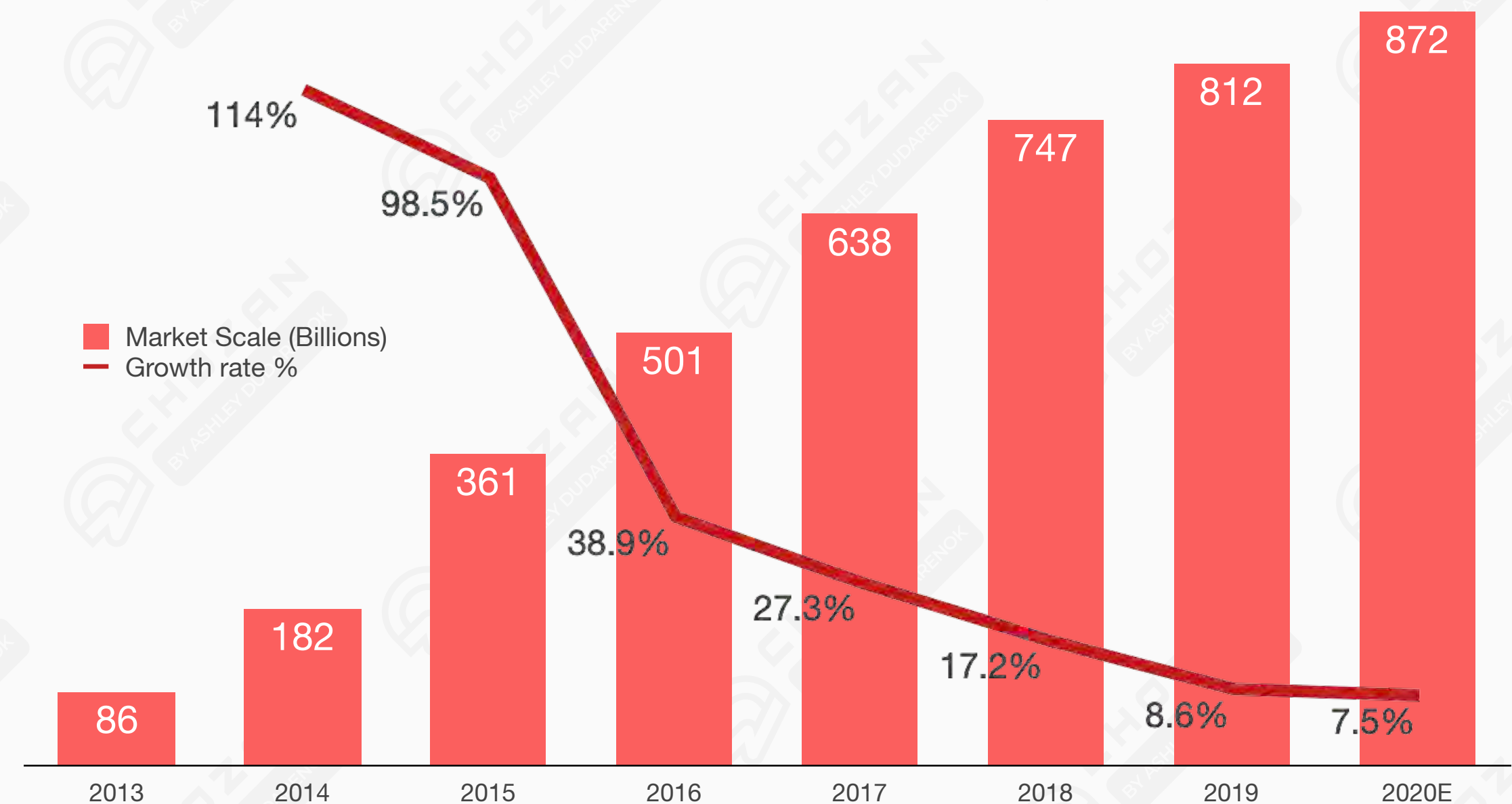


CONSUMER INSIGHTS

SUPER MUMS - CHILD AND MATERNITY GROWTH

China's maternal and infant industry e-commerce market is **fast growing** and is expected to reach RMB 872.37 billion by 2020. iiMedia Consulting analysts believe that with the release of the fertility policy dividend, the increase in per capita disposable income, the upgrading of residents' consumption concepts, and the younger consumers, the maternal and child industry still has considerable potential to be developed. The online e-commerce business will be the core focus of the maternal and infant industry.

**CHINA'S MATERNAL AND INFANT E-COMMERCE INDUSTRY
MARKET SIZE (2013-2020)**

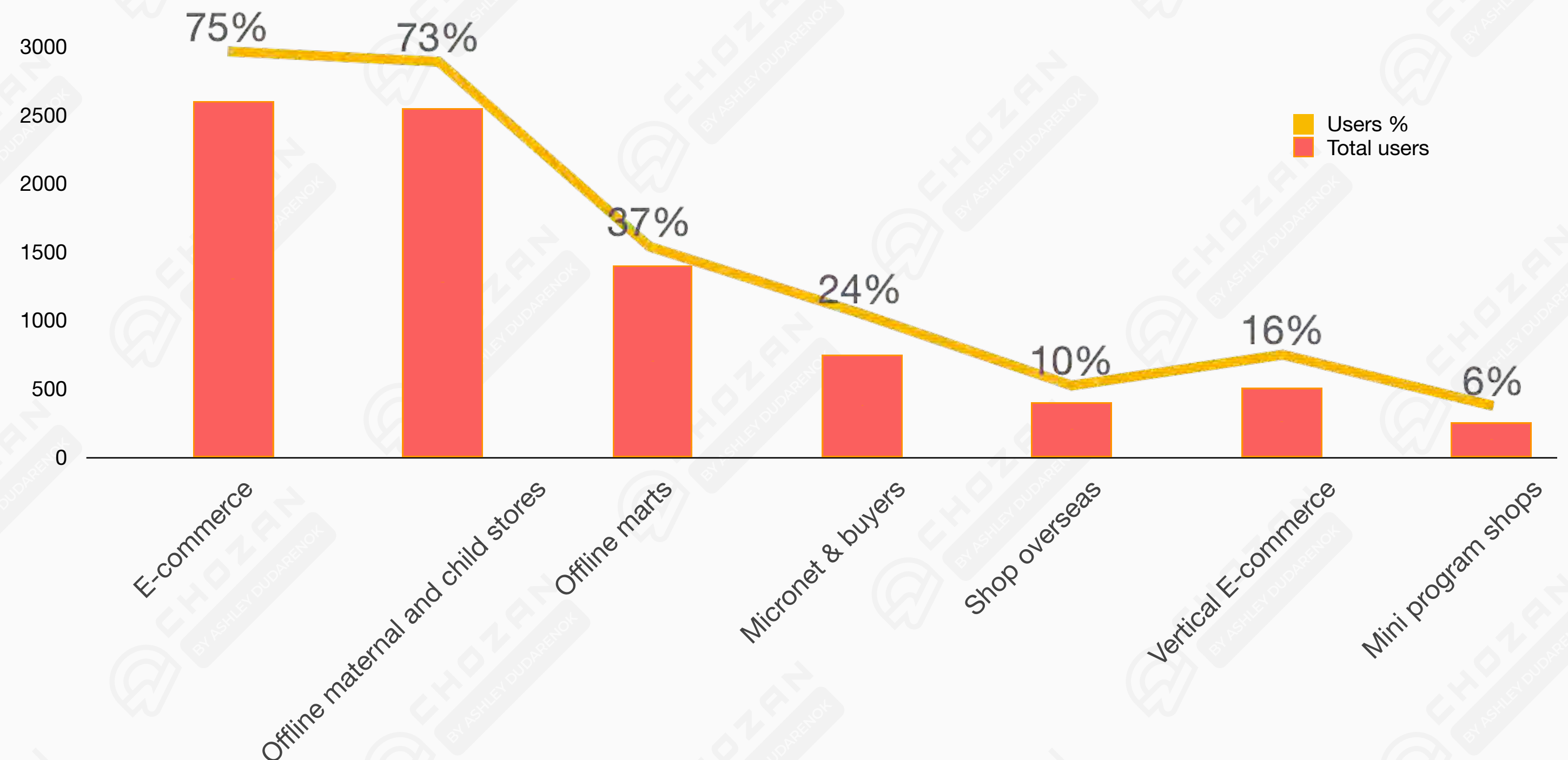


CONSUMER INSIGHTS

SUPER MUMS - PURCHASING LOCATIONS

E-commerce, online and mobile purchasing channels are by far the top preference for super mums, followed by physical stores.

DOUYIN MOTHER AND BABY GROUP WAYS OF PURCHASING MATERNAL AND CHILD PRODUCTS



CONSUMER INSIGHTS

SUPER MUMS - E-COMMERCE PREFERENCES

Post 95 mothers prefer international and quality fresh products, as opposed to post 85 mothers who prefer social opinions, maternal and child e-commerce retailers.

85S MOTHERS E-COMMERCE PREFERENCES



95S MOTHERS E-COMMERCE PREFERENCES

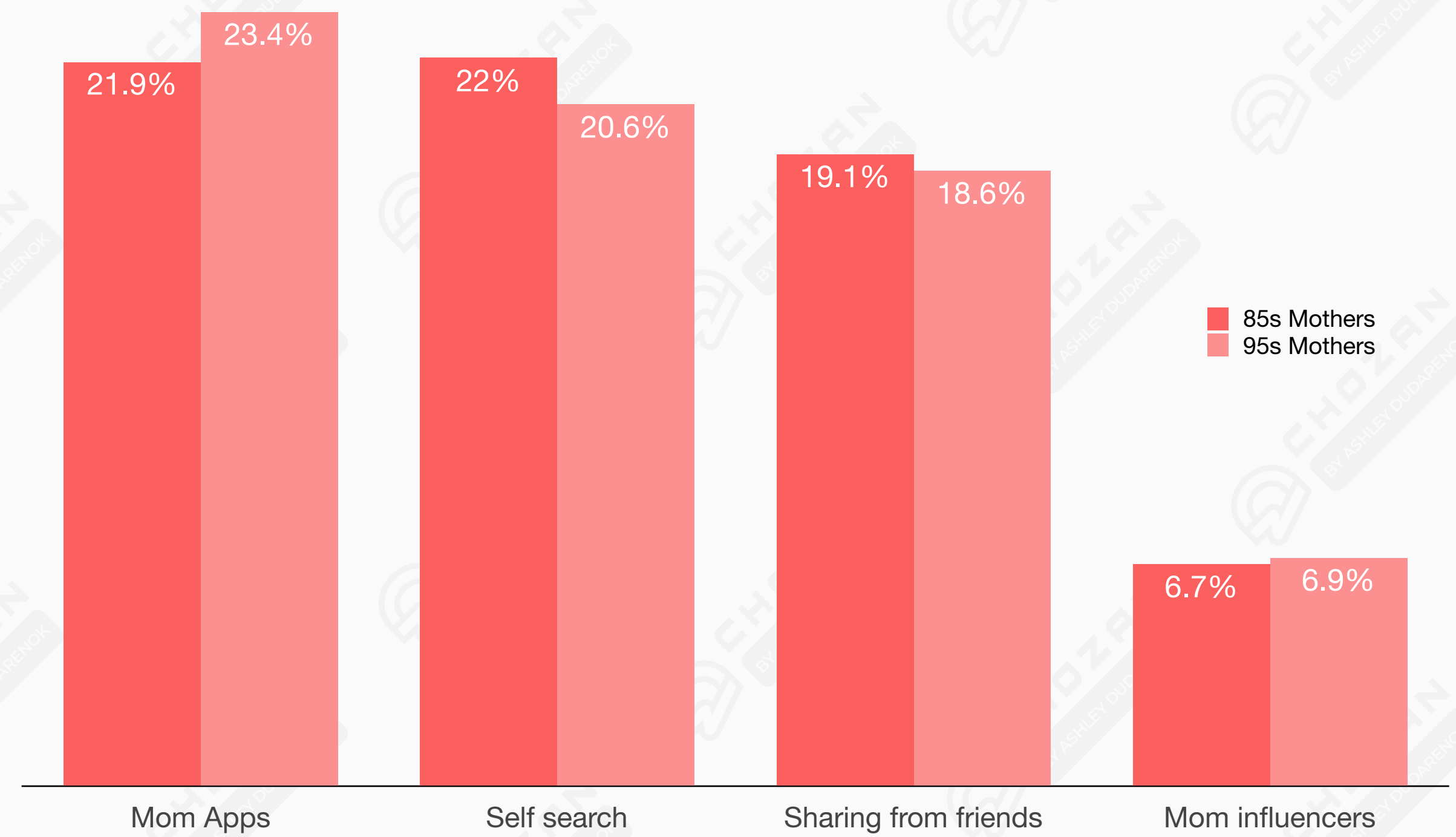


CONSUMER INSIGHTS

SUPER MUMS - INFORMATION CHANNELS

Social opinion, research and experience drives consumption for post 85 mothers. Post 95 mothers value **influencers and dedicated apps**.

85S AND 90S MOTHERS TOP 4 INFORMATION CHANNEL

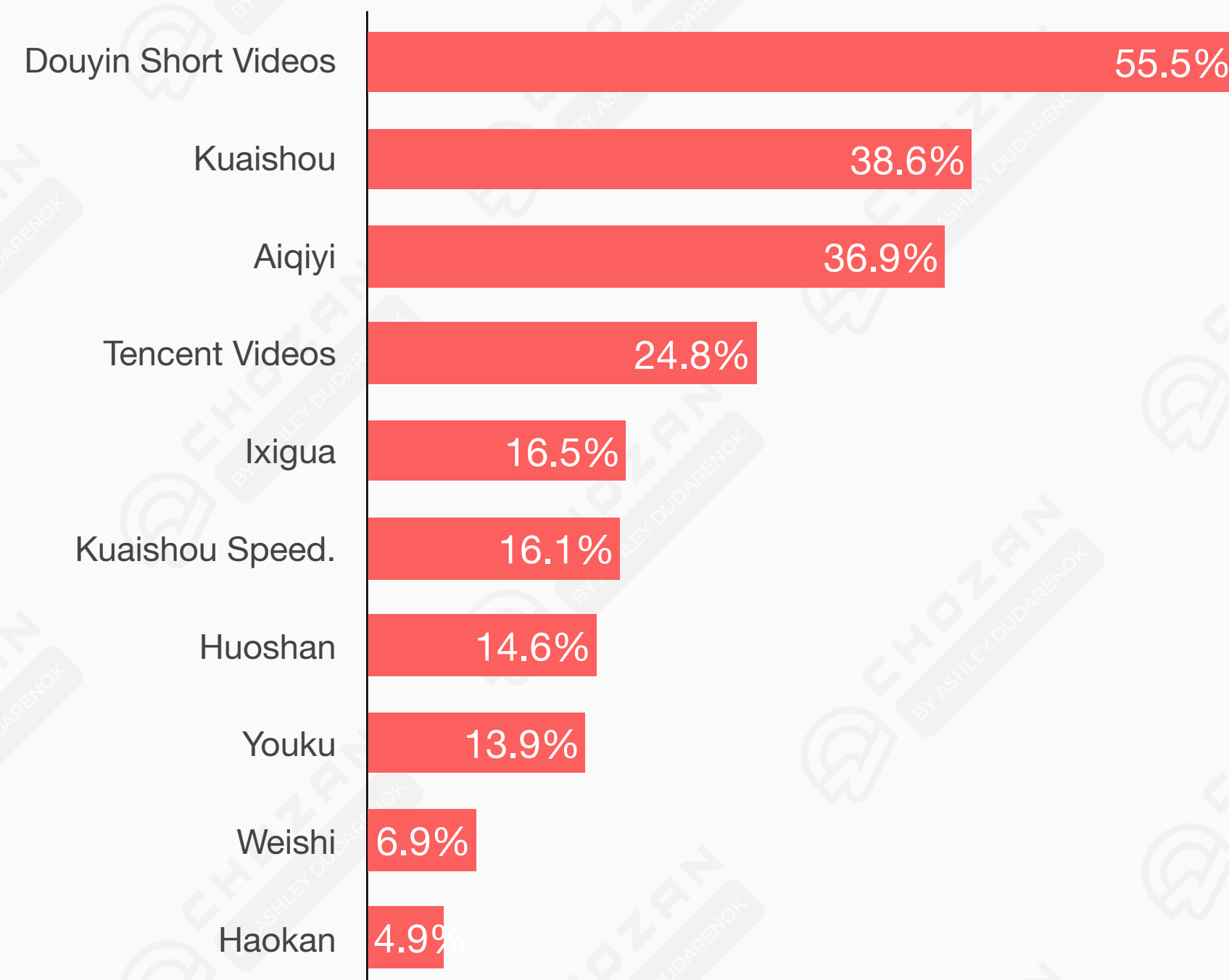


CONSUMER INSIGHTS

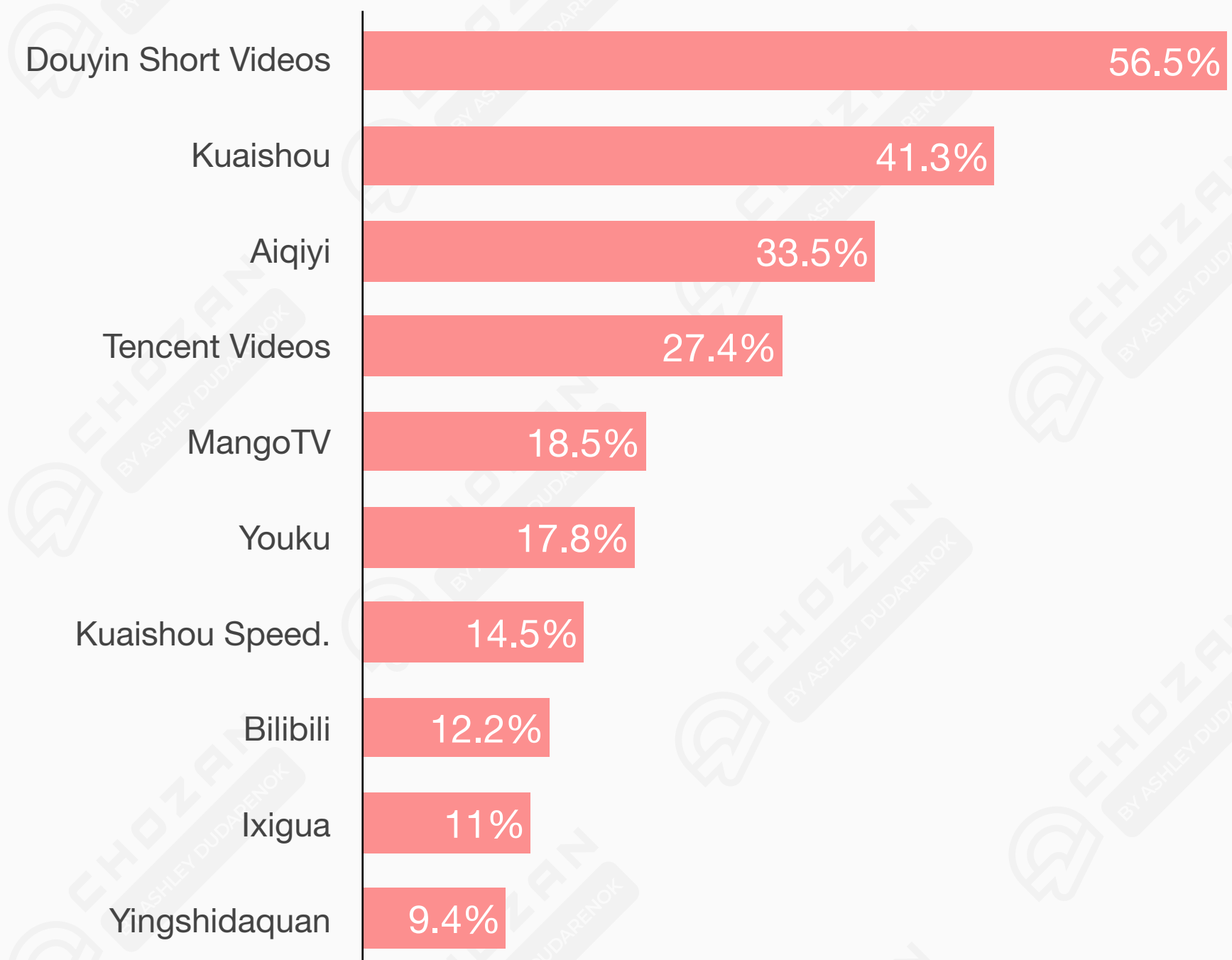
SUPER MUMS - VIDEO PLATFORMS

A high degree of similarity for video platform preferences with Douyin and Kuaishou on top.

85S MOTHERS TOP 10 VIDEO WATCHING PLATFORMS



95S MOTHERS TOP 10 VIDEO WATCHING PLATFORMS

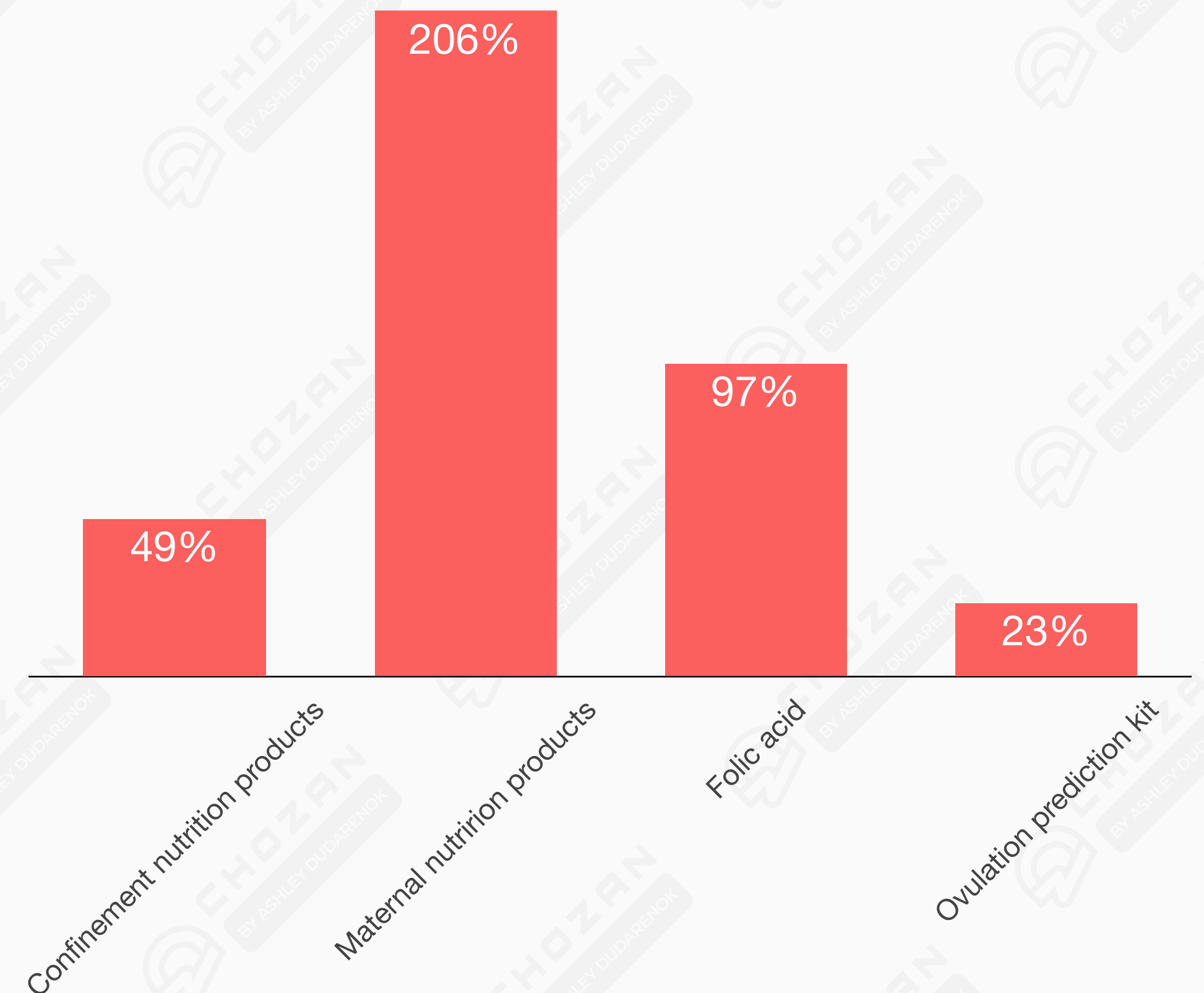


CONSUMER INSIGHTS

SUPER MUMS - TMALL SALES

On Tmall 618 in 2020, the online sales of maternity health products increased significantly. Among them, maternal nutrition products have **increased by 206% year-on-year**, and folic acid has increased by 97% year-on-year. iiMedia Consulting analysts believe that the development of cross-border e-commerce and logistics has made online maternal health care products transactions more convenient, and factors such as travel restrictions and offline store closures during the epidemic have further promoted the online transfer of maternal and child consumption. iiMedia Consulting analysts also suggest with the increase in health awareness of the whole people, **pregnant women's desire to consume health care products** such as confinement nutrition, maternal nutrition and folic acid **will continue to grow**.

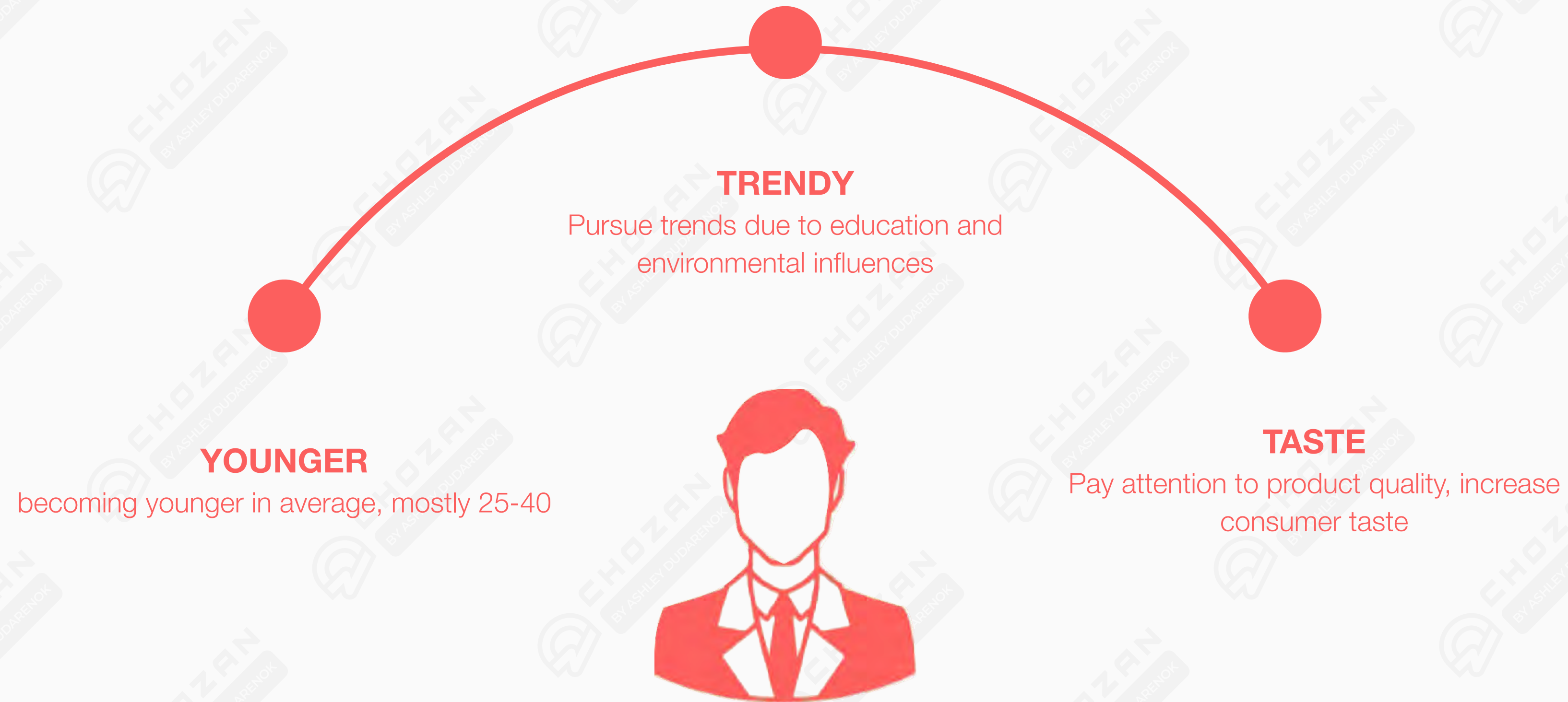
**YOY GROWTH IN E-COMMERCE SALES OF TMALL '618'
MATERNITY HEALTH PRODUCTS IN 2020**



CONSUMER INSIGHTS

SUPER MUMS - SUPER DAD

THE “NEW DAD”



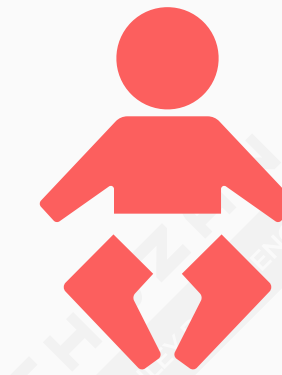
CONSUMER INSIGHTS

SUPER MUMS - NEW DAD PREFERENCES

According to data from iiMedia Research, in addition to the main consumption of infants and children, new dad groups tend to invest in men's clothing, personal care, and sports and fitness.

Respondents spend more than RMB 400 per month in the field of men's accessories and personal care. iiMedia Consulting analysts believe that after completing the necessary parenting consumption, the new dad group will also spend in the **emerging clothing and personal care fields** out of the pursuit of their own appearance and quality of life, reflecting the new dad group changes in consumption concepts and concepts.

FOUR MAJOR AREAS OF CHINESE NEW DAD EXPENSES IN 2020 (MORE THAN 400 RMB MONTHLY)



52.6%
BABY PRODUCTS



38.7%
MENSWEAR



34.7%
PERSONAL CARE



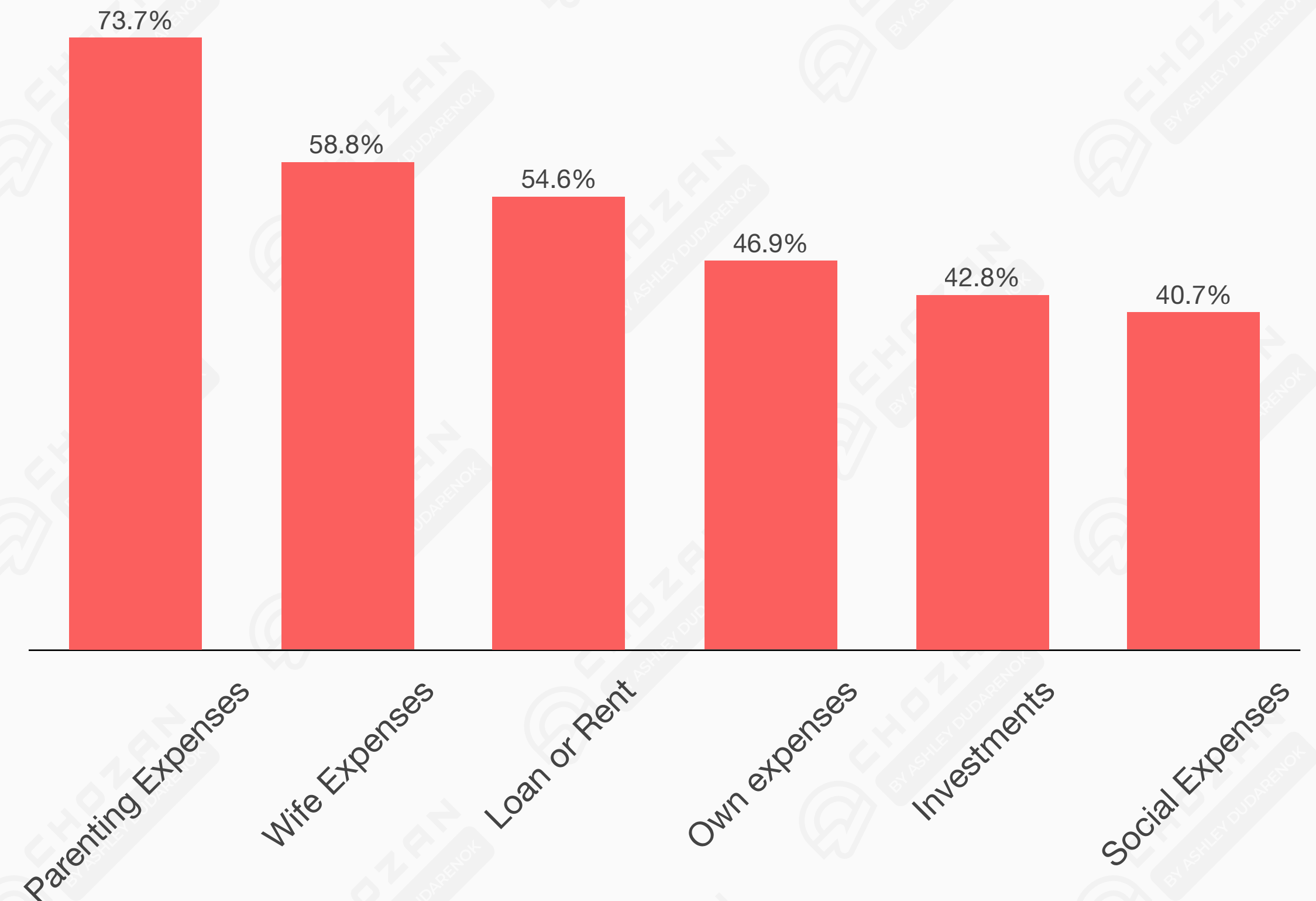
31.9%
SPORTS & GYM

CONSUMER INSIGHTS

SUPER MUMS - "NEW DAD" GROUP

Unlike the traditionally solemn and stereotyped image of fathers of the older generation in the 50s and 60s, the group of post 80 and 90 "new dads" in China has significantly different characteristics and consumption concepts.

RANKING OF CONSUMPTION FREQUENCY IN DIFFERENT FIELDS OF CHINESE NEW DAD IN 2020

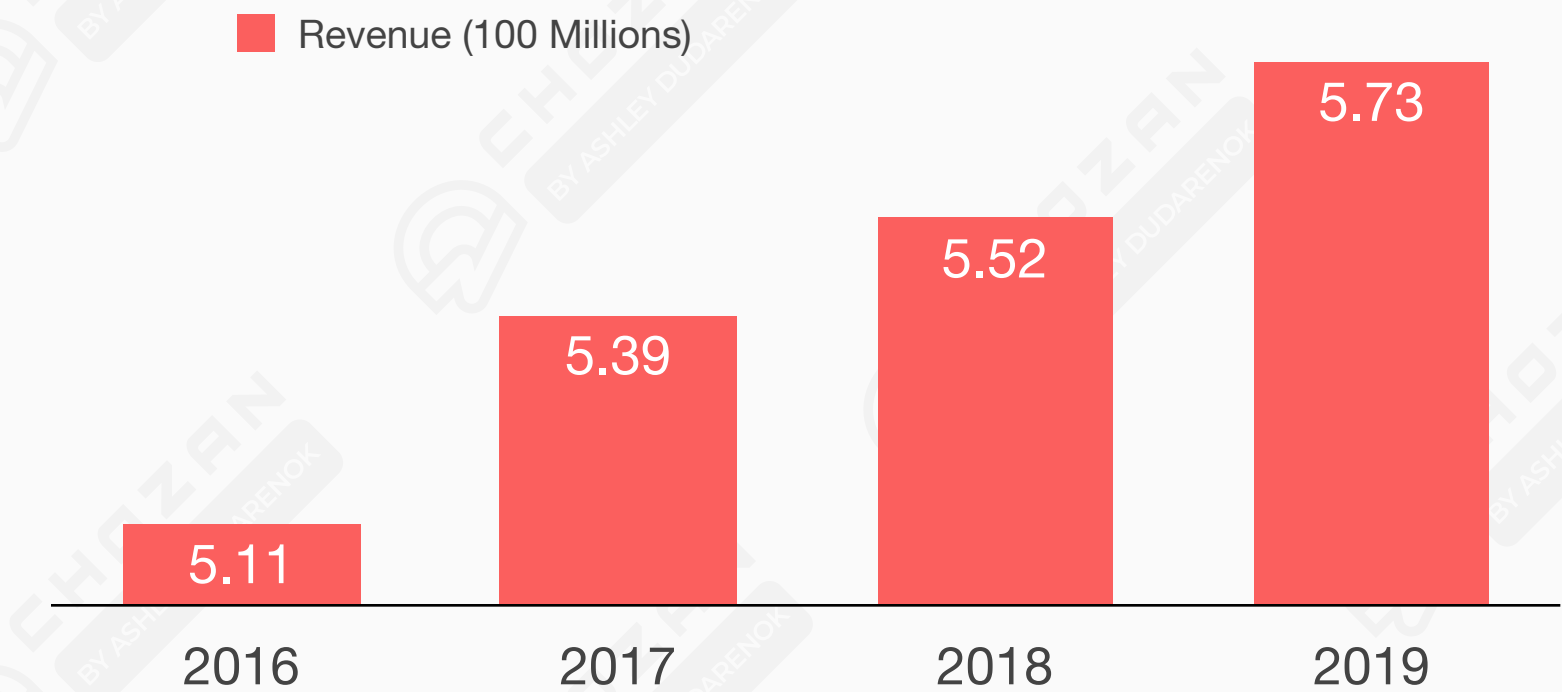


CONSUMER INSIGHTS

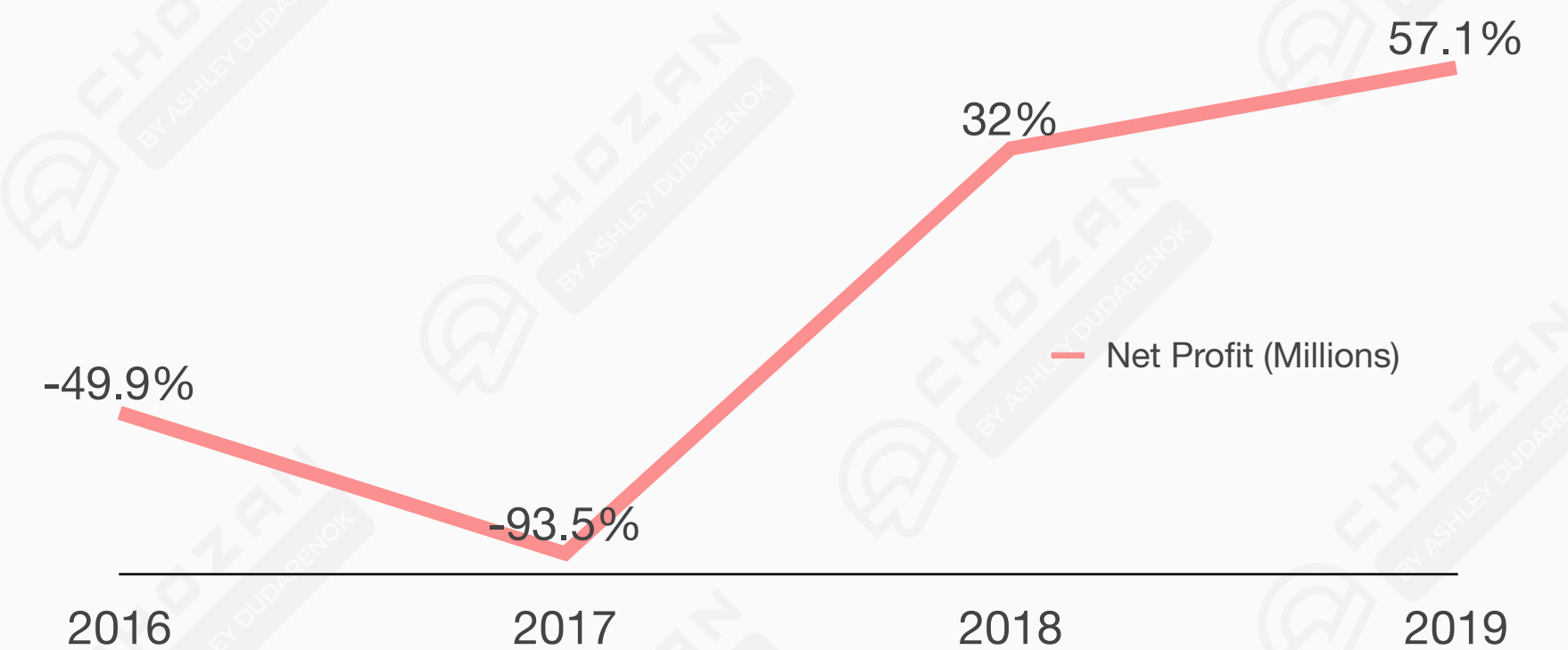
SUPER MUMS - BRAND: DADDY BABY

Data shows that Daddy Baby maintained a positive growth in operating income from 2016 to 2019. In 2019, **operating income reached 573 million RMB**, and achieved a net profit turnaround in 2018, reflecting its good development trend. liMedia Consulting analysts believe that the huge potential for domestic infant market, as well as the increasing consumption power and ratio of the "new daddy" group in the field of diapers, pose great influence and motivate momentum in the market.

BUSINESS DATA OF DADDY BABY IN 2016-2019



NEW PROFIT DATA OF DADDY BABY IN 2016-2019



CONSUMER INSIGHTS

SUPER MUMS - PRIORITIES

KEY FINDINGS OF MIDDLE-AGED FUN DADS

SELF-DETERMINED CONSUMPTION

Clear individual attitudes;
not easily influenced;
passionate for self-exploration

CULTURE ORIENTED CONSUMPTION

More concerned about the
cultural than material value

SCARCITY ORIENTED CONSUMPTION

Prefers foreign exclusive or
limited-edition creative
merchandise

KEY FINDINGS OF SMALL-TOWN MOMS

PREMIUM CONSUMER

Willing to overpay just to
ensure authenticity and wide
variety

SOCIAL CONSUMER

Must let the world know what I
just bought

ANXIOUS CONSUMER

Worry about children's growth;
meanwhile concerned about
their own appearance

EXPERT BITES

Q: HOW DO YOU SEE SUPER-DADS IN 2020/21?

China's super mums and dads in 2020 are both **very involved in the child-raising process**. JD Super hosted a Super Dads Festival sales event which featured selected parenting and baby products for 9.9 RMB, live-streaming with famous celeb dads, and dedicated dad shopping and gaming activities.



ELLA KIDRON

Global Corporate Affairs,
JD.com

EXPERT BITES

Q: WHAT ARE SUPER MUMS AND DADS FOCUSING ON IN 2020/21?

China's super mums and dads are realising after lockdown that their children's social skills are really lacking, so the parents are now focused on **introducing real life skills to their children.**



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: HOW CAN BRANDS SUCCEED ON TMALL GLOBAL IN 2020-21?

By prioritising super mums. They're a group that's **willing to pay premium prices for efficient products**, such as 300 RMB (44 USD) for baby shampoo. **They care** for themselves, as well as the rest of the family.



CHLOE GONCALVES

Senior Business Development Manager
at Tmall Global - Alibaba group

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020?

I love young connoisseurs. They come in many forms but I'm especially keen on the **“New Milk Dads.”** They're **digital natives, extremely curious and open minded, sensitive to trends** and they put as much importance on their children as they do their own health and wellbeing. They're self-trained experts in all that they consume and join communities of like minds. They power category leadership positions for more than half of the brands we manage.



JOSH GARDNER
CEO KUNG FU DATA

EXPERT BITES



KEVIN YI

China Market Research at
Alarice & ChoZan

Q: WHAT ARE SOME MARKETING TIPS FOR BRANDS TARGETING SUPER MUMS AND DADS?

Due to the epidemic, parents are paying more attention than ever to brand reputation and quality when buying products. They're also paying a lot of attention to cleaning and disinfection products.

Most parents are seeing to the basic education needs of their children before they go to kindergarten so educational and developmental features should be emphasized.

Douyin is their favorite short video platform. Live-streaming and KOL recommendations are promotional formats they're used to by now.

7 CHINA'S PET LOVERS

China's pet lovers share overlaps with millennials and happy singles. The pet industry is growing but certainly remains lots of untapped potential. Pet lovers create a unique lifestyle that involves dating and accessorising. Additionally, pet owners are willing to pay for quality products.



CONSUMER INSIGHTS

PET LOVERS - INTRODUCTION

PET LOVERS

Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
The market for pet products in China reached 202.4 billion RMB in 2019. A YoY increase of 18.5% with online sales exceeding 30 billion RMB.	The pet economy is thriving in China. If companies want to succeed in this market they need to pay attention not only to pet related products, but also to special collaborations producing products for pet owners with animal images.	Chinese pet lovers are buying all pet related products, including luxury products for pets.

CONSUMER INSIGHTS

PET LOVERS - PET OWNERSHIP

Pet owners are growing into a group with strong purchasing power. Since 2013, the pet industry, ranging from food and general products to healthcare and beauty services, has grown exponentially and is expected to up tenfold to RMB 472.3 billion (\$66.8 billion) by 2013, according to market research firm Frost & Sullivan.

The same research found that 22% of total households, or 100 million families in China owned a pet, which is less than the 67% found in the U.S.



EXPECTED TO REACH
472.3 BILLION



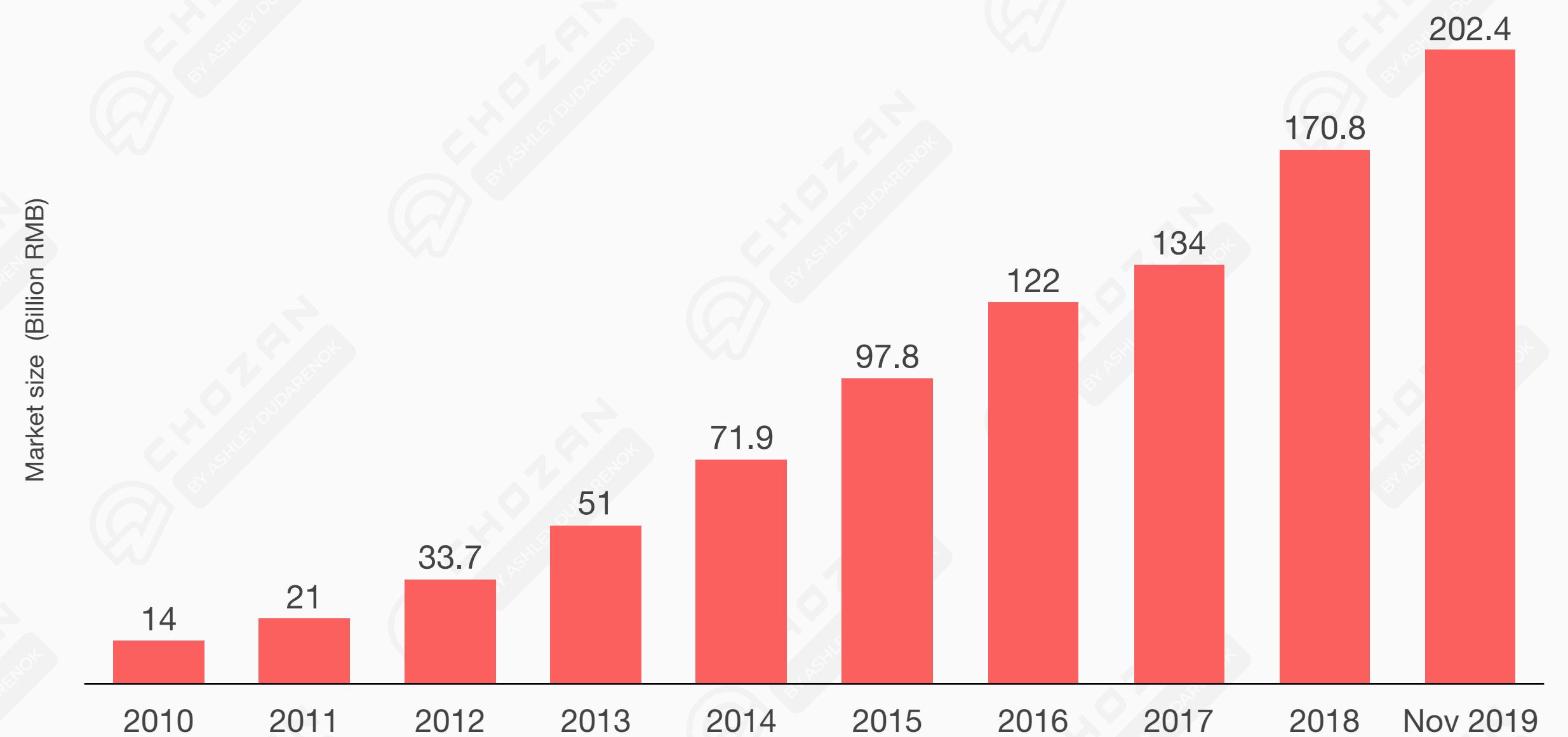
100 MILLION
FAMILIES OWNED A PET

CONSUMER INSIGHTS

PET LOVERS - PET FOOD

Today, China's revenue in the Pet Food segment amounts to US\$771m in 2019. The market is expected to grow annually by 4.6% (CAGR 2019-2021), according to Statista.

**MARKET SIZE OF PET RELATED BUSINESSES IN CHINA,
2010-2019 NOV**



CONSUMER INSIGHTS

PET LOVERS - WHERE ARE THEY?

The number of pets and pet owners in China are growing together. The China Pet Association found that pet owners are typically found in developed cities along the east-coast, such as Shanghai (12.4%), Beijing (11.2), Guangdong (10.1), Jiangsu (8.1%), Shandong (7.8), Zhejiang (5.3%), Hebei (4.7%), Fujian (4.7%), Henan (3.6%), and Hubei (2.9%), etc.



Cities	Pet Owners
Shanghai	12.4%
Beijing	11.2%
Guangdong	10.1%
Jiangsu	8.1%
Shandong	7.8%
Zhejiang	5.3%
Hebei	4.7%
Fujian	4.7%
Henan	3.6%
Hubei	2.9%

CONSUMER INSIGHTS

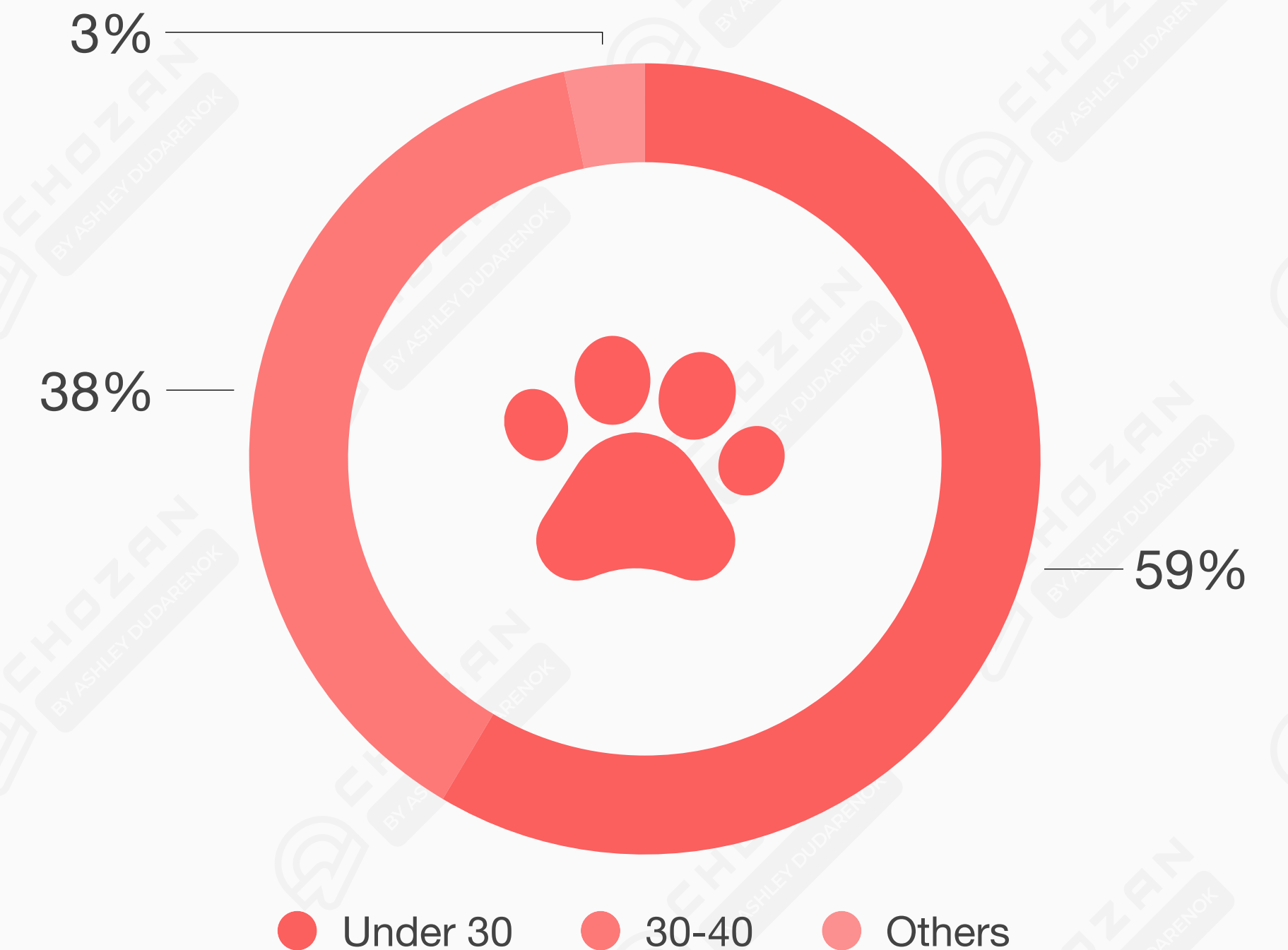
PET LOVERS - MILLENNIALS

Chinese Millennials are driving the growth of the pet owner population as well as the related market. Millennials under 30 make up for 45.2% of the Chinese pet-owning population in 2019, and the upcoming group of ages 30-40 take up 29.5% of the total category, according to Forward the Economist.

The style of pet-owning by Millennials **focuses on being caring parents to the pets**, as opposed to older generations who find joy in the companionship. In fact, **the youths prioritise animal welfare**, with almost 40% of pet adoptions completed by individuals under the age of 24, as found by CBNDData.

Other than time, these young pet-owners, or "pet parents" are **eager to spend money on products trusted to provide the best lifestyle for the pets**.

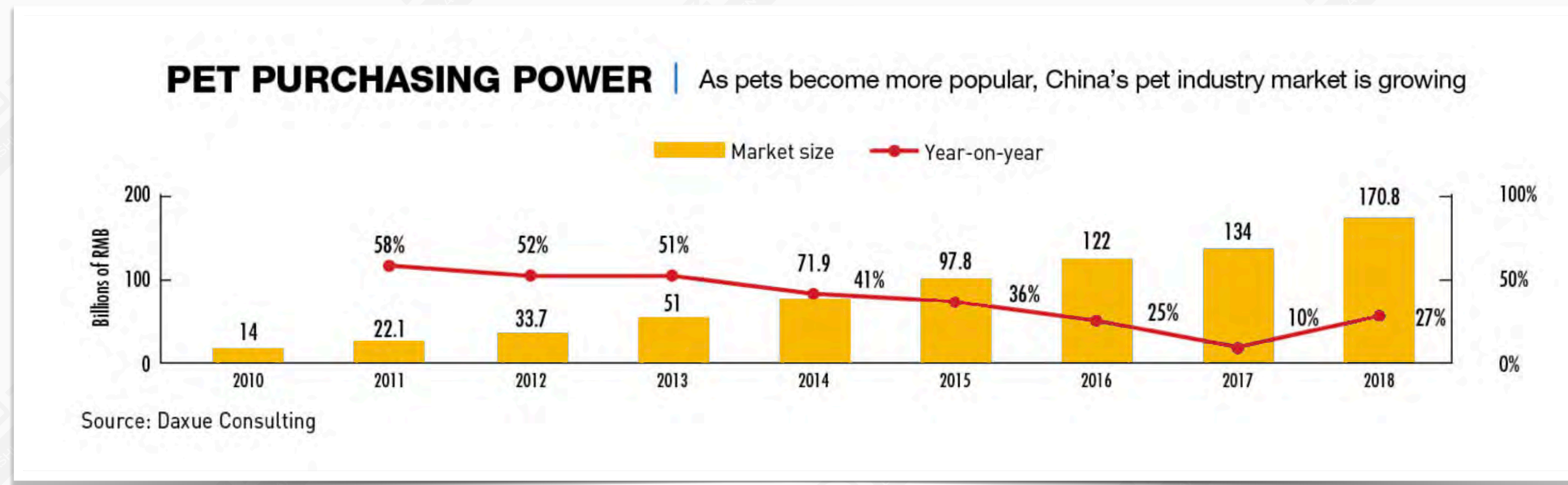
PET OWNERS AMONG AGE GROUPS



CONSUMER INSIGHTS

PET LOVERS - PET ACCESSORIES

Aside from food, Chinese consumers are also increasingly willing to spend on fashion accessories and beauty products for their furry friends. As a result, there is a rising demand for a greater variety of pet-grooming items, from dry shampoos and paw lotions to eye serums and ear cleansers. Between June and December of last year, these products saw triple-digit sales growth on Tmall Global.



Sources:

- 1) CKGSB Knowledge, The Power of Pets
- 2) Daxue Consulting, Pet Food Market in China

CONSUMER INSIGHTS

PET LOVERS - PET LIFESTYLES

Chinese pet parents, many of whom are royal singles, are heavily invested in the romantic lives of their pets. Many are using Idle Fish – Alibaba’s re-commerce platform, which prides itself on encouraging users to build communities with others who share their interests – to find dates for their beloved furry children. More than 880,000 dating profiles have been posted on the platform and 160,000 have been successfully matched with suitors so far.

880,000+
PET DATING PROFILES

160,000
SUCCESSFUL MATCHES

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020?

There's one that fascinates me due to its peculiar aspects - **Chinese pet lovers**. The pet population in China is expected to reach **755 million by 2022**, with an **8.2% compound annual growth rate**.

This growth is driven by the growing middle class, a massive move to cities, and other demographic changes, such as having children later in life. They're set to spend 46.3 billion yuan (\$7 billion US) on their pets by 2022, up from 17.5 billion yuan (\$2.5 billion US) in 2017.



ALBERTO ANTINUCCI

Digital Innovation Strategist
and China Expert

EXPERT BITES

Q: WHAT TECH ARE YOU MOST EXCITED ABOUT IN 2020 IN CHINA? WHAT ABOUT 2021?

Hands down, everything to do with **personal, family and community health and wellness monitoring and management**. This started to take off a few years ago and Covid has deepened the demand.

Wellness monitoring via personal wearables made the news with the use of digital barcodes and QR codes to track the Covid status of large groups. Now, Hangzhou has proposed a permanent health tracking system that would give residents of the city a score based on their e-medical records, results of their physical examinations and lifestyle choices such as how much a person drinks and the amount of time a person sleeps! Whether this is implemented right away or not is unknown but this is definitely likely to happen in months to come in some form or the other. Tele health services have also been widely used.



NISHTHA MEHTA

Corporate Innovation Coach
Trainer
Change Facilitator

EXPERT BITES



WENDY CHEN

Marketing Manager at
Alarice & ChoZan

Q: WHAT ADVICE DO YOU HAVE FOR WORKING WITH PET LOVERS?

Build your brand's IP and copyrighted assets. Allow consumers to personalize products.

Virtual pets are also trendy. The most important element in the popularity of a game like Travel Frogs is its uncertainty. You never know when it will be at home or whether it will send postcards when it's away so it builds a certain sense of suspense and curiosity.

Co-brand with pet bloggers. Select bloggers that match your brand for joint promotions. Their audiences are your target audiences.

Getting a pet is easy but being a responsible pet owner is difficult. The success of pet marketing lies in not only satisfying people's emotional needs for pets but in solving people's pet-raising difficulties.

8 LOWER TIER CITY YOUTH

930 million Chinese people live in small third tier or lower cities and rural areas, but this previously over-looked group has had significant growth in recent years with consumption expected to reach US\$8.4 trillion in 2030.

Lower tier city youth of these 'sinking cities' are the spearhead of this growth.



CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - INTRODUCTION

CONSUMERS IN TIER 3 CITIES (AKA THE SINKING MARKET)

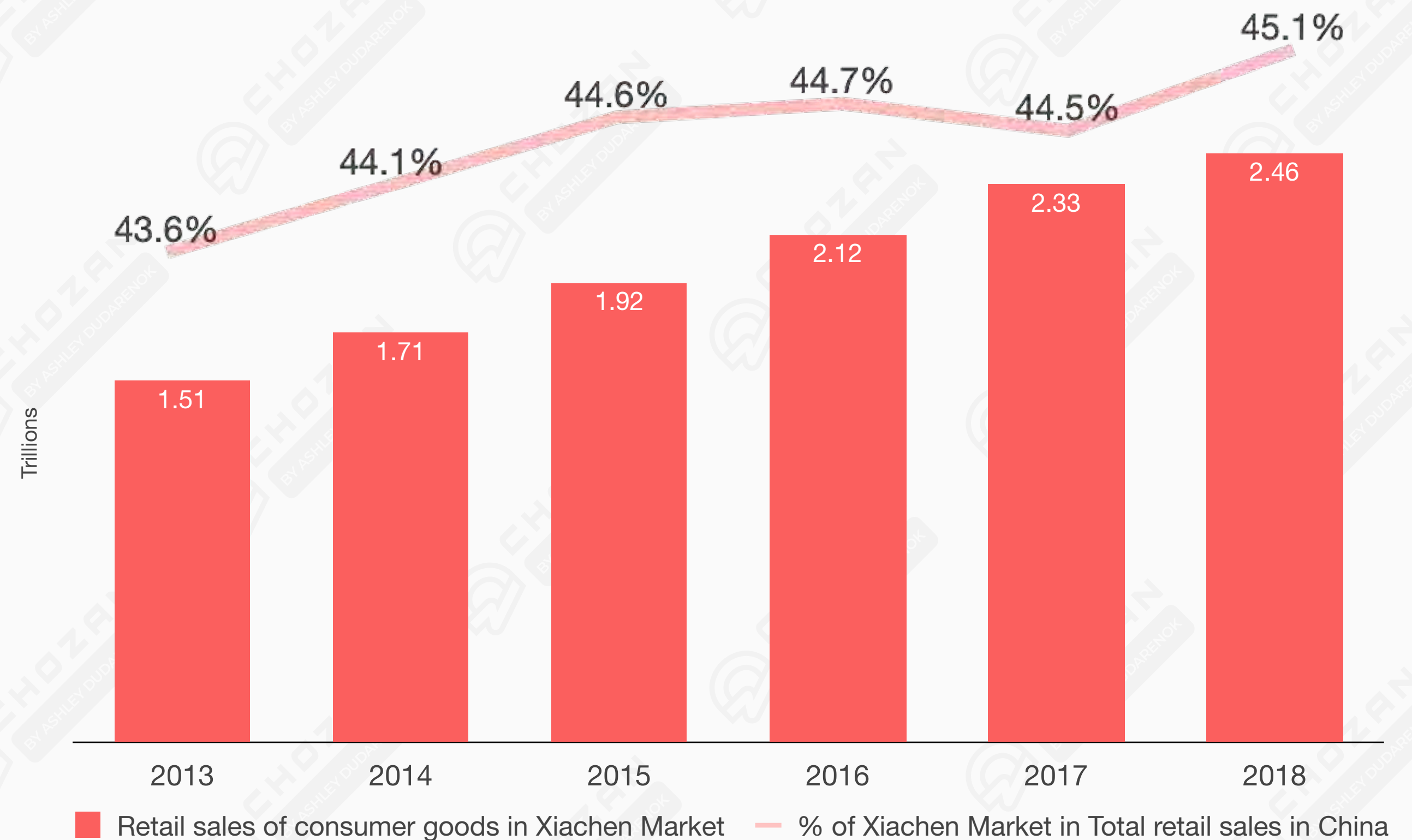
Interesting Facts	Shopping attitudes and behaviors	What will they be interested in purchasing?
<p>The sinking market is the biggest increment source of online shopping users. According to Digitaling, the number of Internet users in tier 3 and below increased by 24.61 million in March. 70% of new users on Taobao and JD.com came from tier 3 cities and below.</p> <p>The sinking market is also a great opportunity for the development of China's luxury market in the future. According to the 2020 China Luxury Report, consumers' confidence in luxury purchases will weaken in 2020, but users from lower-tier cities have strong purchasing power, with annual luxury purchases in tier 3 cities and below costing about 393,900 RMB, compared to 344,100 RMB in tier 1 cities and 275,000 RMB in tier 2 cities.</p>	<p>In terms of beauty consumption, young consumers in tier 3 cities and below prefer domestic brands, and the post-95s are the main consumer groups.</p> <p>The consumption of electric appliances by young people in lower-tier cities has been increasing year by year, and the proportion of appliances consumption is obviously higher than that of young people in tier 1 and tier 2 cities, and they prefer family appliances.</p>	<ol style="list-style-type: none"> 1) entertainment products 2) real estate 3) cars 4) products from short-video platforms

CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - THE "XIACHEN" MARKET

Chinese Internet companies, following the example of Pinduoduo, have already profited handsomely from tapping the mass market of lower-income households, termed the “Xiachen” market (下沉市场).

THE HUGE POTENTIAL OF THE XIACHEN MARKET

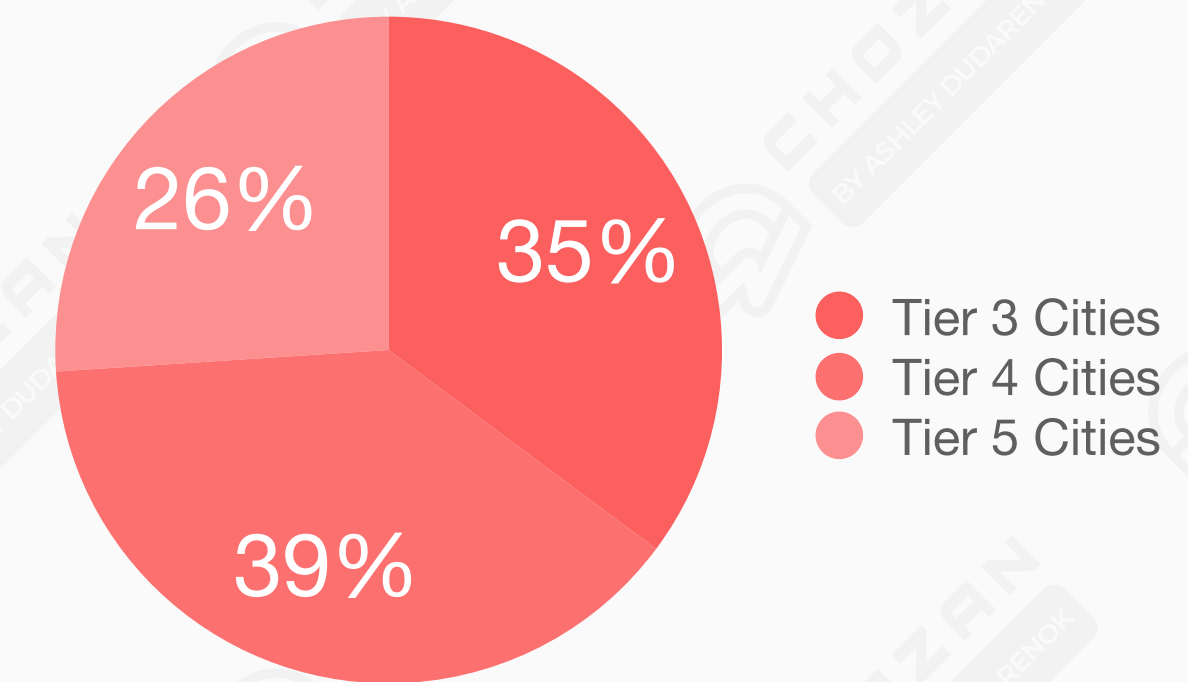


CONSUMER INSIGHTS

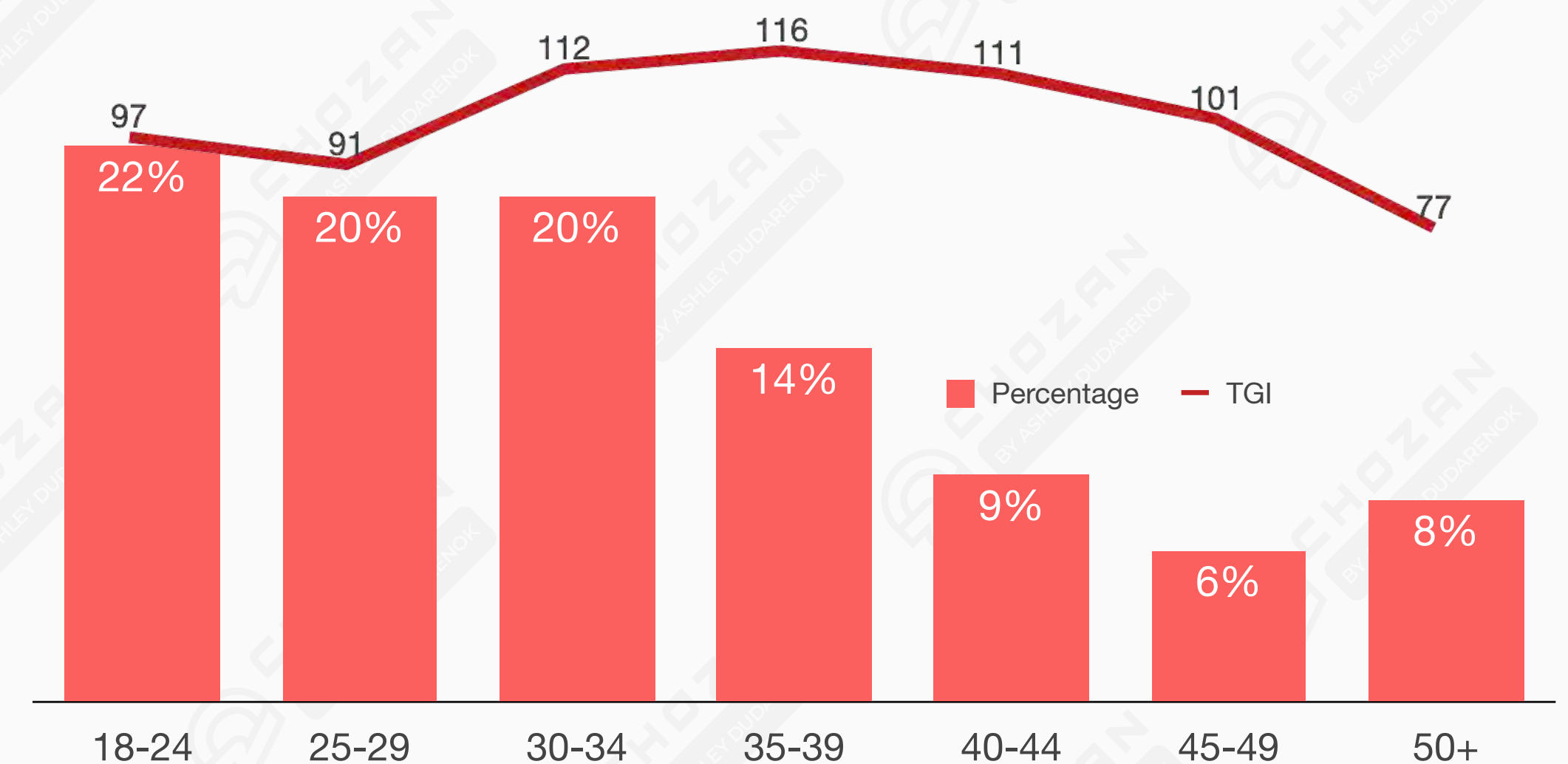
THE YOUTHS OF LOWER TIER CITIES - THE "XIACHEN" MARKET

"Xiachen" is majorly made up of young and single consumers, while middle aged and married consumers tend to have higher TGIs.

XIACHEN MARKET IN TIERED CITIES



XIACHEN MARKET IN AGE GROUPS



51.7% (TGI 100)
MALE

48.3% (TGI 100)
FEMALE

44.3% (TGI 106)
SINGLES

55.3% (TGI 96)
MARRIED

28.4% (TGI 121)
WITH VEHICLE

71.6% (TGI 94)
WITHOUT VEHICLE

CONSUMER INSIGHTS

THE YOUTHS OF LOWER TIER CITIES - THE "XIACHEN" MARKET

"XIACHEN" MARKET USERS WITHIN E-COMMERCE APPS



48.2%



45.8%



41.1%



40.5%

"XIACHEN" MARKET USERS WITHIN COMMUNICATION/ ENTERTAINMENT APPS



51.1%



49.8%



49.2%



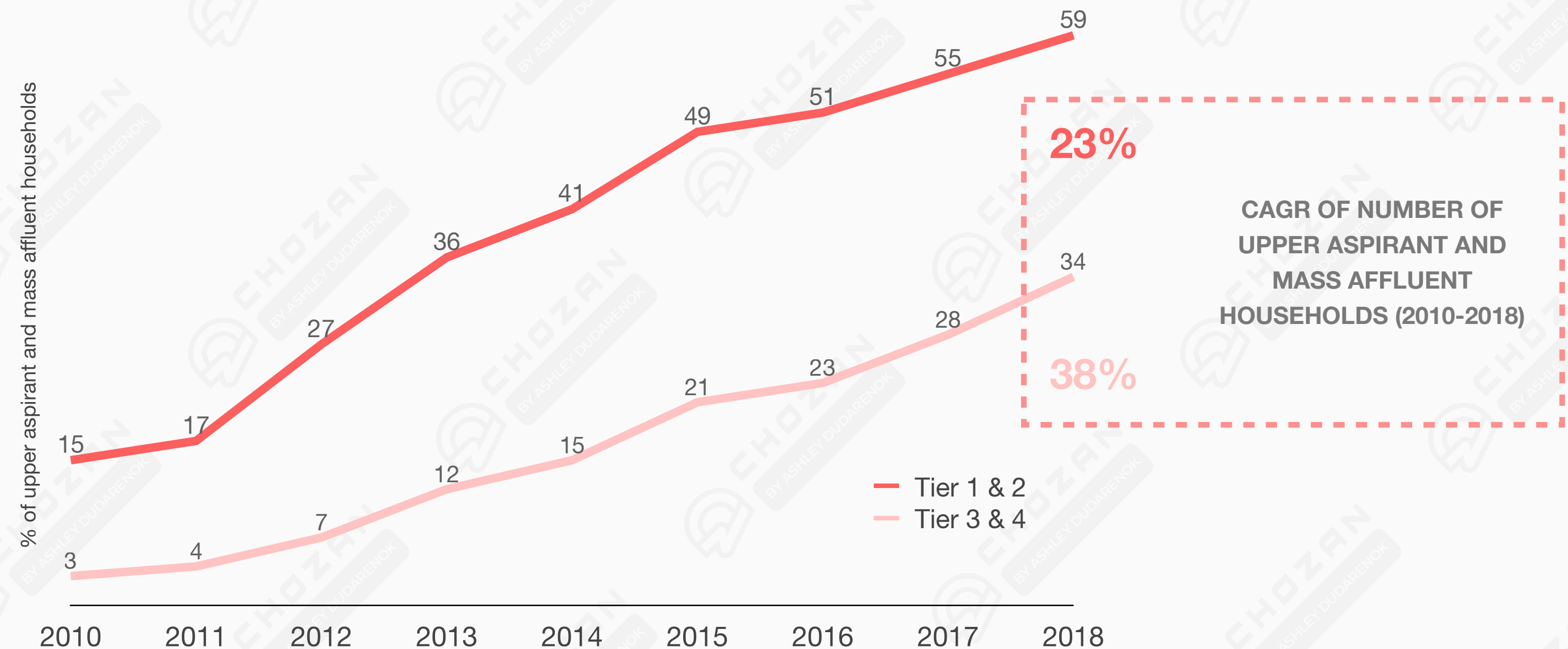
42.4%

CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - WEALTH GROWTH

Lower tier areas are seeing a growing amount of wealthy people, while the **average income of the general population is also increasing.**

WELL-TO-DO CONSUMERS HAVE INCREASED SIGNIFICANTLY IN LOWER TIER CITIES

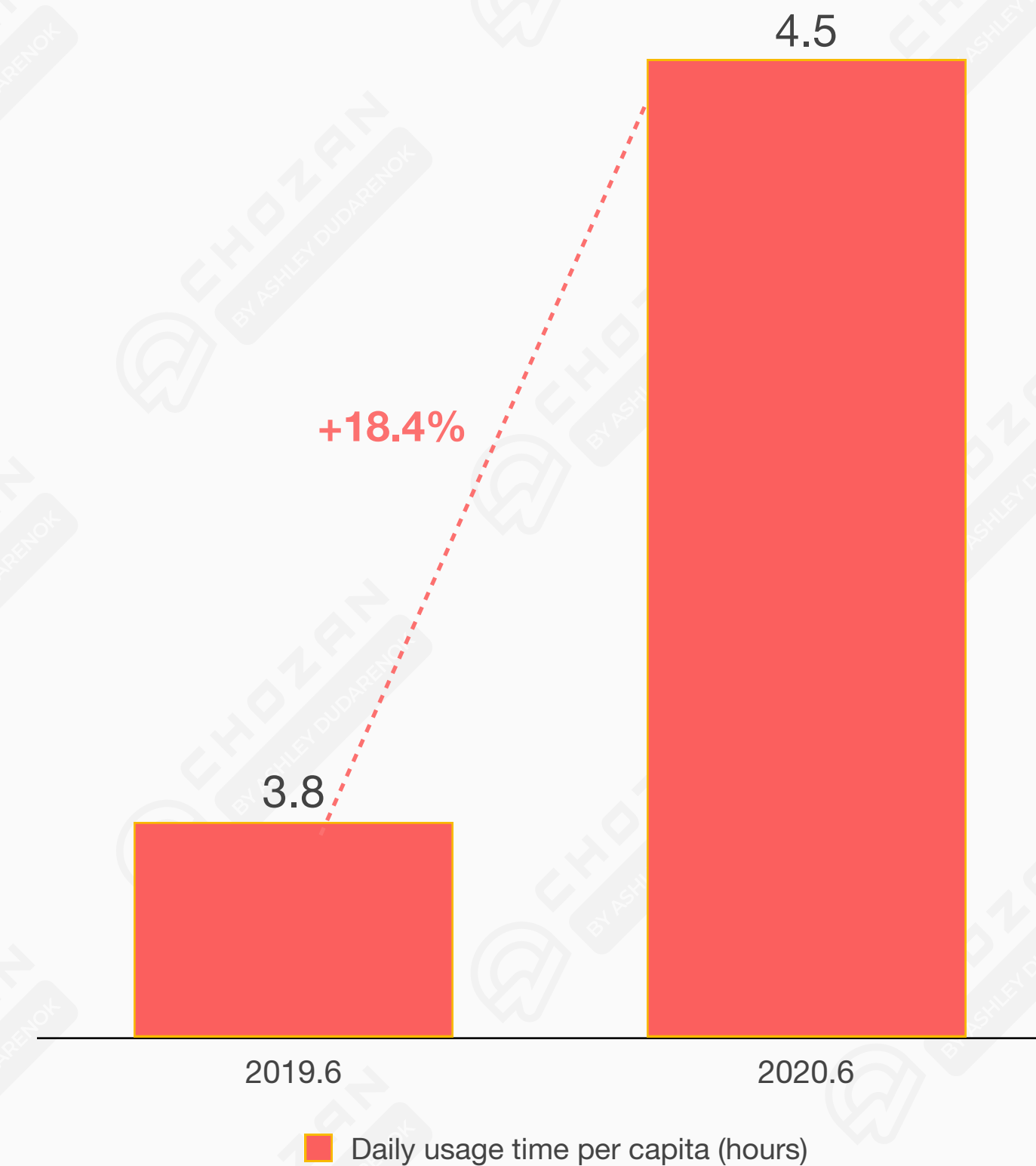


CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - INTERNET USE

Due to the relatively slow pace of work, young people in small towns has **spent significantly increased time online**. The average daily usage time per capita reached 4.5 hours in June, an increase of 18.4% year-on-year, which is higher than the overall mobile netizen's 15.6 minutes.

CHINA INTERNET USERS DAILY INTERNET USAGE TIME IN SMALL TOWNS, 2019 & 2020 JUNE

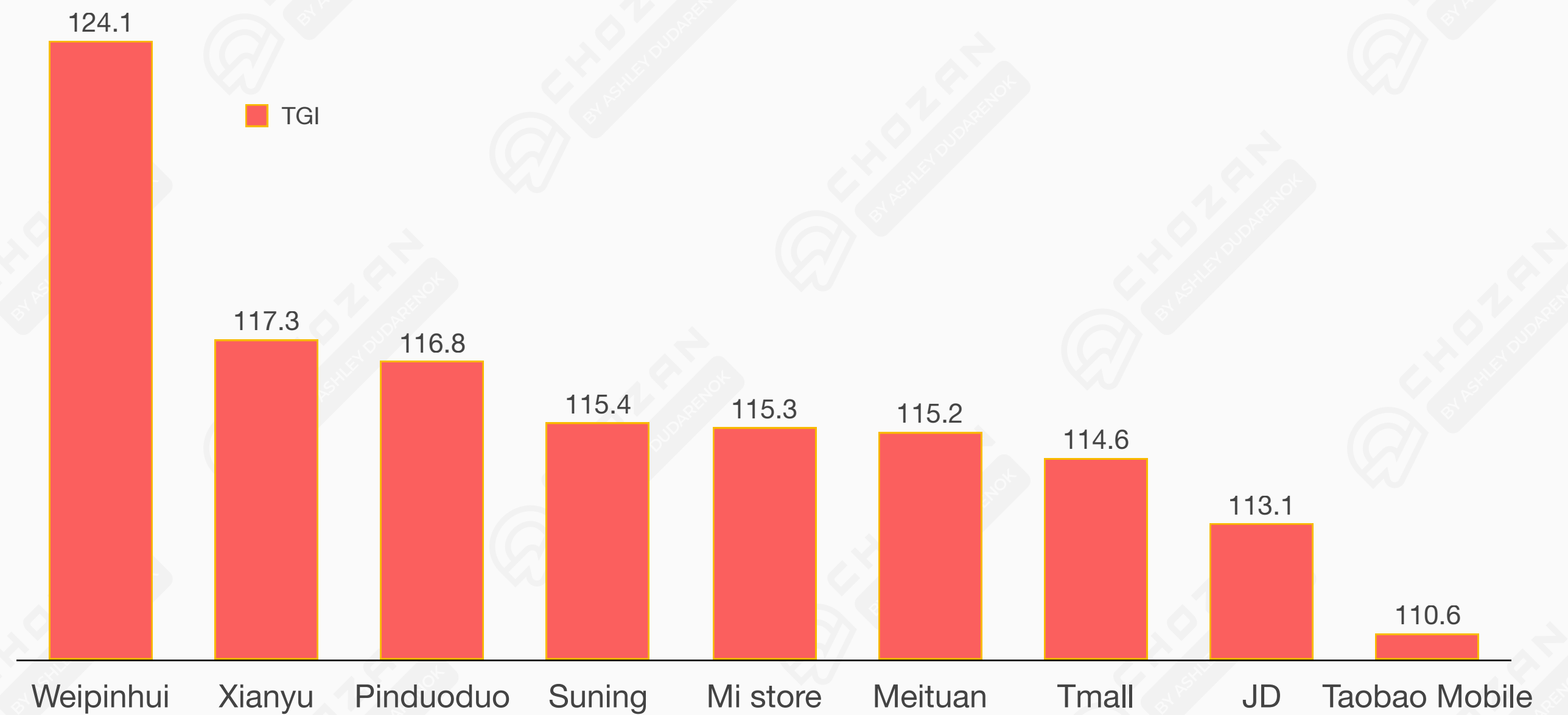


CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - PLATFORM PREFERENCES

Vipshop ranks first among platform preferences, followed by Xianyu, and young people in small towns pursue low-price purchases and cost-effective products.

CHINA INTERNET USERS TOP 10 E-COMMERCE APPS IN SMALL TOWNS, 2019 & 2020 JUNE (NUMBER OF TARGET DEVICES > 3 MILLION)

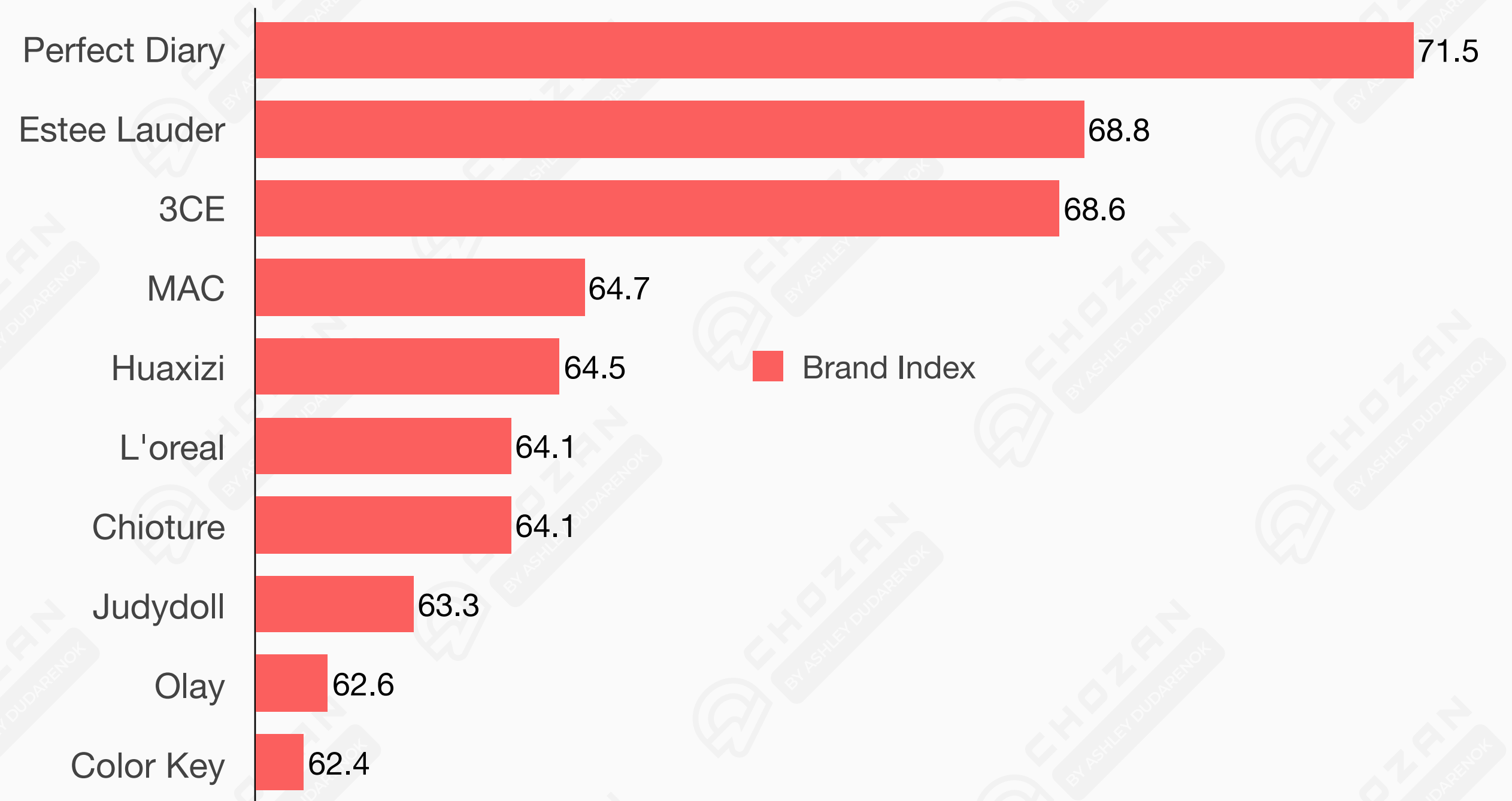


CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - FEMALE COSMETICS

Cosmetics spending is growing in lower tier city by female consumers, especially with the brands Estee Lauder and Perfect Dairy on top.

CHINA INTERNET FEMALE USERS TOP COSMETIC BRANDS IN SMALL TOWNS, 2020 JUNE



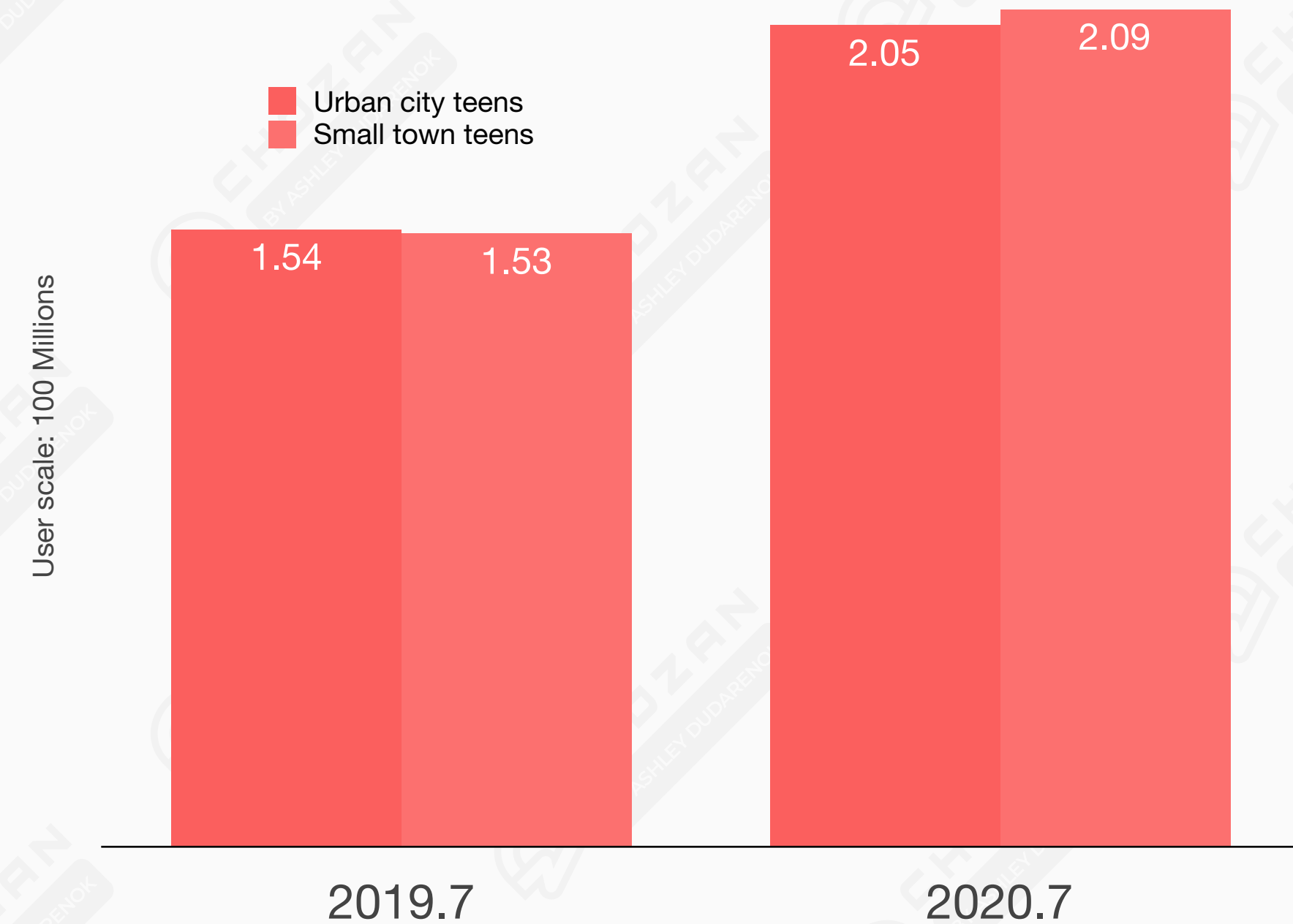
CONSUMER INSIGHTS

LOWER TIER CITY YOUTH - ACTIVE USER SCALE

Small town 90s users are significantly dominating among all 90s users, with user scale reaching 209 million, a 2% rise from last year, while urban city 90s reaches 154 million.

209 MILLION
90S URBAN CITY USERS

URBAN CITY AND SMALL TOWN ACTIVE USER SCALE



EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CONSUMER GROUP IN CHINA IN 2020?

I think the key drivers of growth are **consumers who are looking to improve** their health, their looks, and their bodies.

Next, I would focus on **young, big spending consumers** in lower tier and less developed cities. They've been less affected by rising costs of living, but have benefitted from higher incomes. They're also less affected by overall slowing growth because growth in the smaller lower tier cities is accelerating despite what is happening in the more developed Tier 1-2 cities.



MICHAEL ZAKKOUR

Founder – 5 New Digital
and China BrightStar

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

Lower tier city and rural consumers are not only buying inexpensive products. In fact, they're **seeking high-end, high quality and luxury products.**



ELLA KIDRON

Global Corporate Affairs,
JD.com

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

Lower tier city and rural consumers are not trading down. Instead, their **development and consumption are significantly improving.**



EDWARD TSE

Chairman and CEO,
Gao Feng Advisory

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

Lower tier city and rural consumers are most likely to gain their **first impression of international brands online** so digital is the key platform to create brand experiences. When it comes to future consumers in China, the same amount of thought and strategy must be put into the design and feel of your e-commerce presence as your flagship retail store.



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

Lower tier city customers' purchasing behaviour is an **indicator for agricultural e-commerce** and behaviour seen in India and Africa. Consumers in rural areas in general are **underserved globally** so I find this group very interesting.



HENDRIK LAUBSCHER

Founder and Chief Analyst at
Blue Cape Ventures

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

As outbound international travel options are limited due to COVID-19, domestic travels and spending will play a major role in helping the economy bounce back. As a result, 2nd and 3rd tier cities will be **stimulated, especially those known for tourism.**



QIMEI LUO

Livestreaming Industry Marketer
and PR expert

EXPERT BITES

Q: IN 2020, WHAT CONSUMER GROUP ARE YOU INTERESTED IN?

I'm interested in Tier 3 and 4 cities and rural districts. They're very **open to new concepts** and not as spoiled by wide product choices as big-city residents. They're not rich, but not poor anymore. They look for **new interesting products and services at affordable prices.**



ARTEM ZHDANOV

Founder of LaowaiMe

EXPERT BITES

Q: IN 2020, WHAT CONSUMER GROUP ARE YOU INTERESTED IN?

I'm most intrigued and impressed by the lower tier city youngsters. They're **hungry for new experiences**, driving the **growth of e-commerce** and their **creativity is boundless!**



RACHEL DAYDOU

Partner & China GM
Fabernovel

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

In Dec 2008, China implemented a policy called “**Home Appliances Going to the Countryside**” which helped the country out of the global financial crisis and improved the quality of life for the rural population.

8 years later, while Alibaba and JD.com focuses on larger cities, PinDuoDuo’s strategy of focusing on less developed areas made it a unicorn within a year.

Hence, I think there is **huge potential** for the young generations in Tier 3 and 4 cities and rural areas in China.



BO JI

Assistant Dean,
Chief Representative of Europe,
Cheung Kong Graduate School of Business

EXPERT BITES

Q: WHAT'S YOUR ASSESSMENT OF LOWER TIER CITY AND RURAL CONSUMERS IN 2020?

In May 2020 Chinese Premier Le Keqiang caused a stir when he said that China has 600 million people living on 1,000元 or less. While this statistic might be shocking, it illustrates that although China's economy has come a long way, it **still has a long journey ahead** and many more people whose lives are to be improved.



ALEX DUNCAN

Co-founder of
KAWO

EXPERT BITES



MASON KU

Marketing Director at
Alarice & ChoZan

Q: WHAT ARE THE TOP PRODUCTS FOR YOUNG PEOPLE IN LOWER TIER CITIES?

Small town youth - people in their early 20s in 3rd-5th tier Chinese cities - are trend leaders at the moment who are looking for quality and experiences. Like young people everywhere, pop culture ranks highly for them - videos, online games, music, movies, reading, karaoke and spending time online socializing are their main concerns. They're willing to pay for premium and customized experiences and products and they're highly influenced by internet celebrities.

They mix local and foreign products and brands and their tastes are becoming more global. This means Korean beauty products, French personal care items, Australian health products and, for young parents, Japanese diapers. However, being on the front end of a wave of national pride, domestic products are their first choices when it comes to mobile phones, affordable makeup and cost-effective cars.

They're also buying more and more smart products like smart watches, smart home items and health equipment like treadmills, rowing machines and massage guns through popular video platforms like Douyin and Kuaishou or social e-commerce sites like Red.

9 HAPPY SINGLES

The 260 million single adults in China generally have more disposable income, and are spending on shopping, socialising and travelling. Chinese singles are looking for experience, enjoyment, and fulfillment. Men account for the majority of the single population.



CONSUMER INSIGHTS

HAPPY SINGLES - QUALITY DEMAND

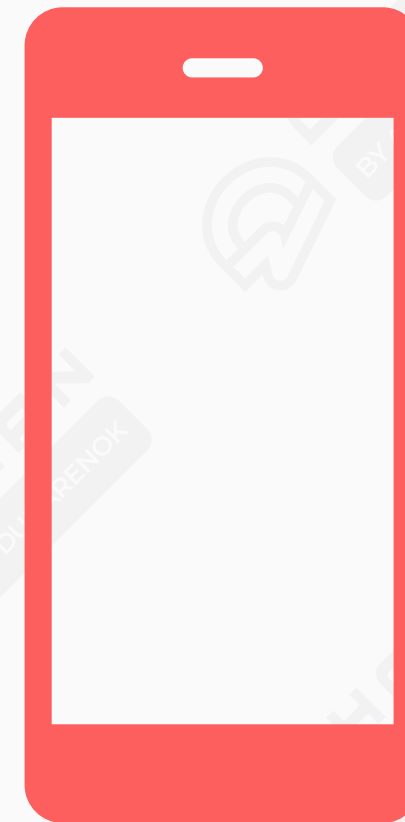
Higher disposable incomes mean consumers have more to **spend on personal needs and interests**. Single people are **more willing to buy high-quality products**. 75% of singles have plans to buy fashion at higher quality and prices, compared to non-singles at 65%.



CONSUMER INSIGHTS

HAPPY SINGLES - ELECTRONICS

Chinese singles (50%) also indicate a higher willingness to purchase quality high cost electronics as compared to non-singles (43%).



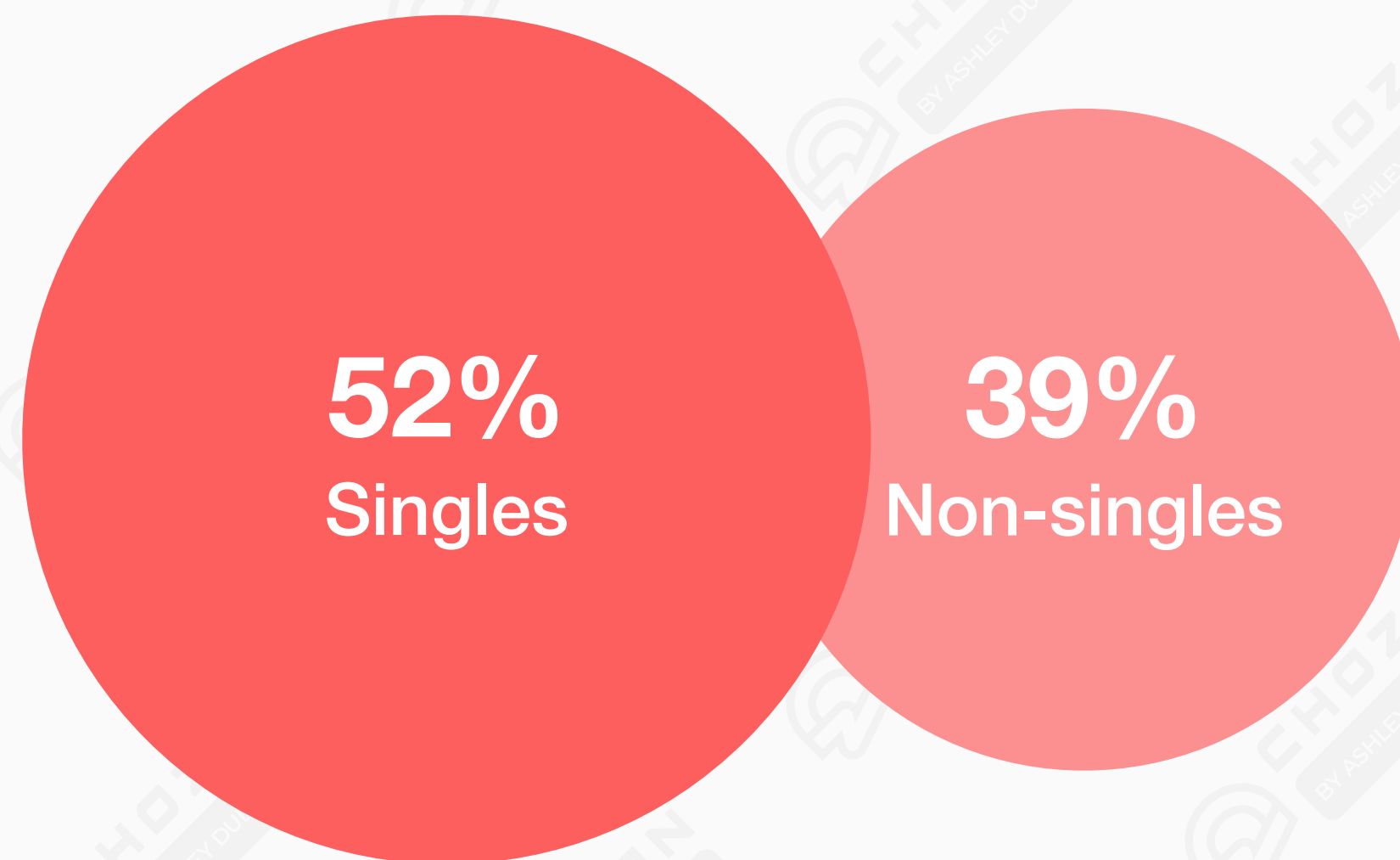
50%

**SINGLES WILLING TO PURCHASE
HIGH QUALITY ELECTRONICS**

CONSUMER INSIGHTS

HAPPY SINGLES - CONVENIENCE

According to Neilson report data, 52% of single people (39% non single) are more willing to pay to make life more convenient and time efficient. Additionally, as a third of single people live alone, they have a strong need for company, which encourages them to pay for pets and socialising activities.



SINGLES ARE MORE WILLING TO SPEND FOR CONVENIENCE

CONSUMER INSIGHTS

HAPPY SINGLES - "NIGHT ECONOMY"

Single people are big promoters of the 'night economy' as they are more likely to eat out, spend on outdoor activities, and engage in other cultural and recreational activities.



EATING OUT



**OUTDOOR
ACTIVITIES**



**RECREATIONAL
ACTIVITIES**

CONSUMER INSIGHTS

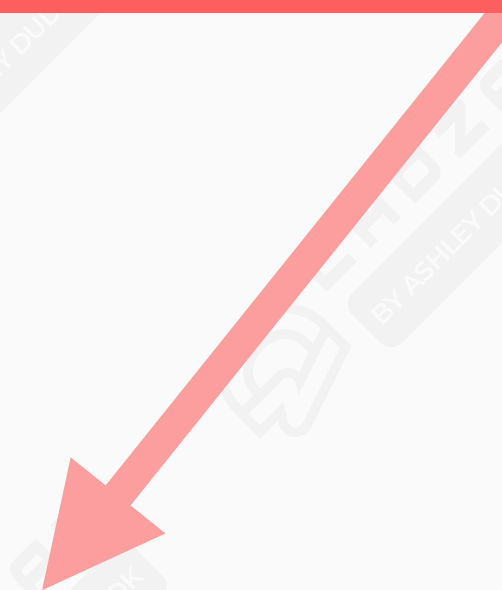
HAPPY SINGLES - A NEW NORMAL

Popular hot pot restaurant chain, Haidilao, has begun providing Teddy bears for customers eating alone. This not only helps the restaurant better appeal to single diners, but also created buzz on Chinese social media. A cultural shift in terms of dating, high demands set by young Chinese, and career priorities, means marriage is delayed and single lifestyles are becoming the new normal. This has altered the types of services and products young Chinese are purchasing and brands need to adjust or incorporate this new group.

Delayed Marriage

Single Lifestyle

NEW NORMAL



EXPERT BITES

Q: WHAT'S YOUR FAVOURITE PERSONA IN CHINA IN 2020-21?

TCM: Self Care Wellness Trackers - According to an April 2020 report by iiMedia Research, 70% of Chinese internet users **increased their consumption of health products** during the pandemic. Purchases of health foods via Alibaba platforms increased by 16.01% in the first quarter of 2020. JD.com has activated it's TCM (traditional Chinese medicine) Centre and has recently partnered with Beijing Acupuncture Alliance TCM Development Company to promote acupuncture and TCM online. 2020 has increased the awareness on wellness from inside-out. Did you know that the no. 1 killer in China is due to chronic diseases like cardiovascular blocks, hypertension, diabetes etc., and government has also put forth the priority to accelerate better lifestyle tools/services. TCM has now evolved to be a **form of self-care, promoting disease prevention** and **overall wellness**.



NISHTHA MEHTA

Corporate Innovation Coach
Trainer
Change Facilitator

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: HOW DO YOU SEE THE RISE IN THE CONSUMPTION POWER OF SINGLES? WHAT ARE THEY LOOKING FOR?

There are around 90 million people living alone in China. Covid-19 has accelerated trends among young consumers to pursue solo living as a health protection strategy and also because many have gotten used to isolation during the pandemic. Lots of singles are introverted and looking for freedom from work and family pressures. They tend to spend their time following TV dramas, playing video games, ordering takeout and reading.

Over 70% of post-90s who live alone have pets with dogs and cats being the most popular. It makes sense as pets provide companionship, love and it's gratifying to care for them.

EXPERT BITES



SEAN FAN

China Market Research at
Alarice & ChoZan

Q: WHAT ARE SOME TIPS FOR MARKETING TO SINGLES?

Tailor your products and services. Brands like Haidilao have launched products designed for single diners with hotpot restaurants, which usually cater to large groups, where diners can have their own separate cubicles. The real estate sector is also specifically targeting people living alone with small, compact units.

Convenience is king. Singles make up nearly half of all takeaway orders and more than 60% of single people in first-tier cities prefer to shop at convenience stores that are close to home.

For high-end products, young singles go for top quality. You can see this in electronics and vacations. Emphasize product quality and high status lifestyles. Young singles also get a lot of enjoyment and satisfaction from virtual environments and items like anime and games. Co-branding, crossovers or scenarios featuring these worlds are recommended.

CONSUMER INSIGHTS

THE BOOMING INDUSTRIES & PRODUCT CATEGORIES



1. Aesthetic medicine (医美健康)

Interesting Facts:

- The scale of the aesthetic medicine market in China is expected to exceed 200 billion RMB in 2020.
- The proportion of the post-90s consumers has reached 50%, which is the main force driving the development of this market.
- Hair transplantation, skin beauty and collagen services have the largest increase in consumption.



2. Smart Appliances (智能小家电)

Interesting Facts:

- People's demand for household appliances has gradually shifted from large appliances like refrigerators and TVs to smaller products like vacuum cleaners and cooking machines to enhance the happiness of life.
- During the "Tmall Queen's Day" (三八女王节) in 2020, the sales of sandwich machines increased by 1500%, and the sales of air fryers increased by 659%.

CONSUMER INSIGHTS

THE BOOMING INDUSTRIES & PRODUCT CATEGORIES



3. Sleep Products (睡眠类产品)

Interesting Facts:

- The average sleep time in China is 6.92 hours, and the proportion of the post-90s with insomnia was 36.7% in 2019, so sleep products have broad market prospects.
- The online consumption of sleep products has grown by more than 10% compared with the same periods in former years.
- The most popular sleep products sold online are eye masks, earplugs, etc.
- Some milk brands have also started to promote products which are helpful for sleep.



4. National Brands (国货品牌)

Interesting Facts:

- Because of the epidemic, the world economy and trade influenced cross-border import consumption, the local supply chain, and domestic brands had the opportunity to develop rapidly.
- In April 2020, the Ministry of Commerce of China and Tmall organized a "Shopping Festival" (双品购物节), invited nearly 90,000 merchants to participate. All of those merchants are selling products by old or new national brands.
- In 2019, 67% of time-honored brands used live-streaming for online sales, and sales increased by 9 times compared with the same period one year before.

EXPERT BITES



FAN LU

Strategy Projects Head at
Alarice & ChoZan

Q: HOW CAN BRANDS IDENTIFY THEIR CONSUMER GROUPS IN CHINA AND BUILD COMMUNICATION WITH THEM?

Do your market research. Get an overview of the situation in China and get a clear picture of the consumers in your industry. Observe what your competitors are doing. This will give you insights about your competitors and your consumers.

Research your consumers, including surveys and interviews, to narrow down the consumer profiles and personas for your brand. Do some mini campaigns or advertising tests to validate and fine tune the profiles.

Build communication with them by truly understanding their consumer journey and finding the right platforms and channels to reach them. Establish a presence on those platforms and follow sound platform strategies. Define your key messages for different consumer groups to attract them and tell them how you'll solve their pain points.

EXPERT BITES



WENDY CHEN

Marketing Manager at
Alarice & ChoZan

Q: HOW DO YOU THINK BRANDS NEED TO COMMUNICATE WITH CHINESE CONSUMERS? WHAT ARE YOUR BEST TIPS?

Content needs to be professional and practical.

Maintain a friendly, approachable attitude.

Integrate your brand culture with Chinese culture.

Shift to more online communication and sales methods, such as live streaming and Weitao marketing.

Avoid direct references to the epidemic. Focus on communicating that your brand and products improve their lives and make life easier and more efficient.

E-COMMERCE



EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: HOW DO YOU THINK COVID-19 HAS CHANGED THE E-COMMERCE LANDSCAPE IN CHINA?

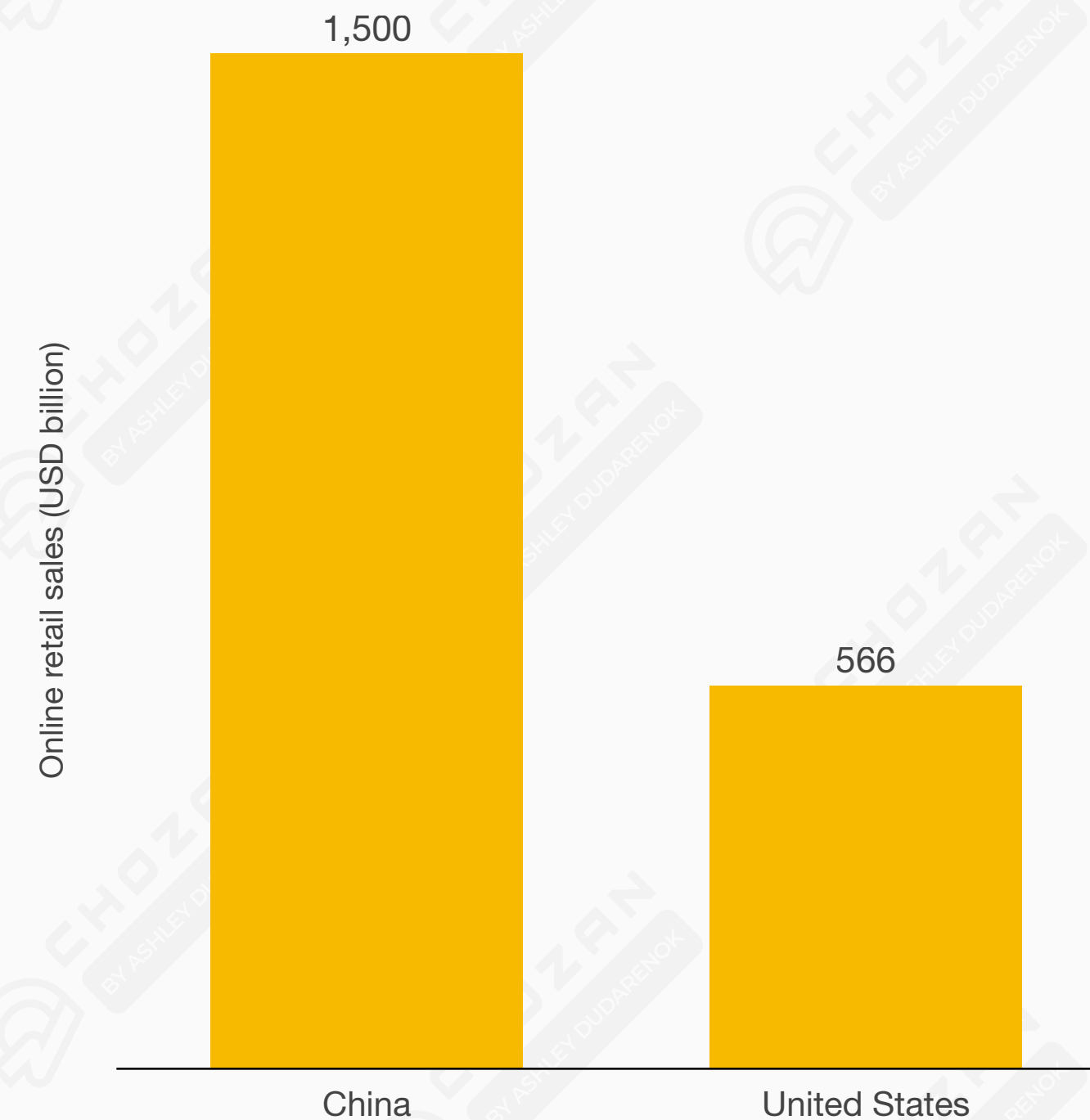
At the beginning of the epidemic, all e-commerce companies were greatly affected. Even the big players like Alibaba, JD.com, and Pinduoduo were hit. But starting from 618, the recovery for e-commerce started. In general, the landscape hasn't changed, but different e-commerce companies have produced different results because of their strengths and weaknesses. JD.com's strong logistics meant that it was less affected and built on its great reputation in this area. The huge subsidies and investments by Alibaba to help out merchants have made merchants and users trust the platform more.

E-COMMERCE

OVERVIEW - INTRODUCTION

When it comes to e-commerce markets, China has by far the world's largest space. In 2019 online retail sales reached **RMB10.63 trillion** (about US\$1.5 trillion), nearly three times the US\$566 billion attained in the U.S., the world's second-largest e-commerce market. When measured against nations, China's e-commerce market is larger than Spain's GDP (US\$1.397 trillion) and just behind South Korea's (US\$1.629 trillion).

TOP 2 E-COMMERCE MARKETS WORLDWIDE - 2019



E-COMMERCE

OVERVIEW - INVESTMENT DIRECTIONS

IN 2019, 8 INTERNET GIANTS NEWLY INVESTED IN OVER 400 STARTUPS IN CHINA AND OVERSEAS

China's internet giants are the primary forces behind its e-commerce success. With strong influence with B2C businesses, these giants have become conservative about investing in B2C startups since 2018. Huge growth potential, current profits and strong market influence allow them to look long-term for the next blue ocean market, i.e B2B business.

	Enterprise Services	Information technology	Media & entertainment	Finance	Lifestyle services	Transport	B2B/B2C e-commerce	Medical & health	Education	Gaming	Logistics	Property service	Social network	Advertising & marketing	Agriculture	New industry	Travel
Baidu	10	8	4	4		4	2	11	3	1	1		1		1		1
Alibaba	21	11	12	14	9	7	5	5	1	1	5	6		1	2		
Tencent	20	9	21	16	5	11	9	8	7	8	2	2	2	3			2
JD.com	9	4		6	7	3	4	1	1		2			2	1		
Bytedance	3	4	8			1	1		4	4		1	3				
Meituan		2		1	1	1					1				1		
Didi		1		1		1											1
Xiaomi	7	26	5	5	13	2	9	1	5	1	1		3			4	

E-COMMERCE

OVERVIEW - ONLINE RETAIL

GO TO THE CUSTOMERS - ONLINE MARKETPLACES

Online consumption is growing at a rapid rate, but Chinese consumers require trustworthy and accessible shopping destinations. Marketplaces provide verified brand stores that give consumers a one-stop-shop. Brands need to be involved in such marketplaces for exposure and legitimacy.

THE LARGEST ONLINE MARKETPLACES IN CHINA (CHINA VISITS/MONTH)



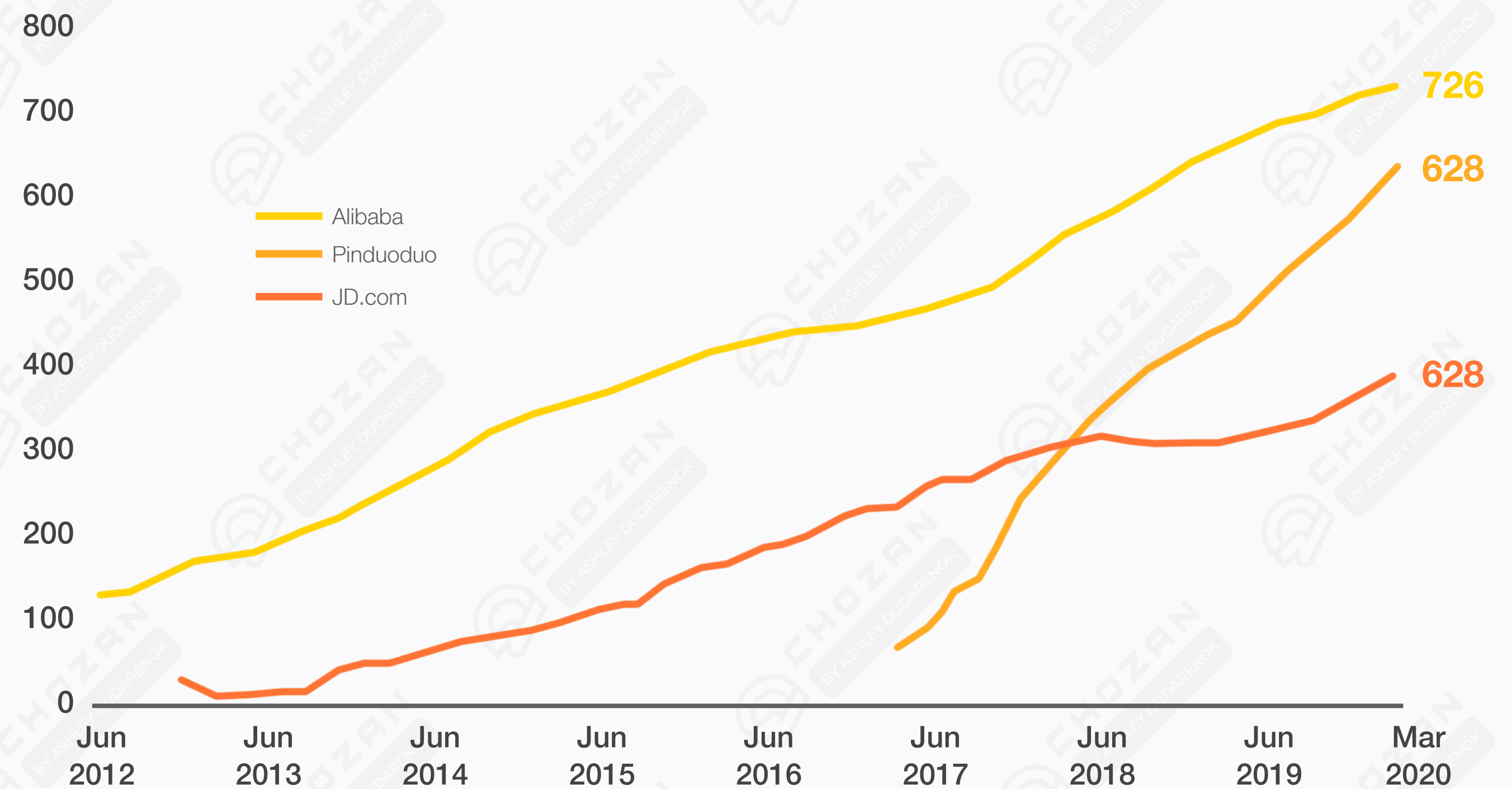
E-COMMERCE

OVERVIEW - CHINA'S NEW RETAIL

New Retail is blossoming in China. Spearheaded by Alibaba, Pinduoduo and JD.com, it involves business models that aim to extensively merge online and offline retail experiences. Specific examples include databases, customer relationship and loyalty, transactions and logistics.

As can be seen in the graph, active buyer numbers are soaring for these tech giants as they, and due to, continue the introduction of *New Retail* models that better attract and retain customers.

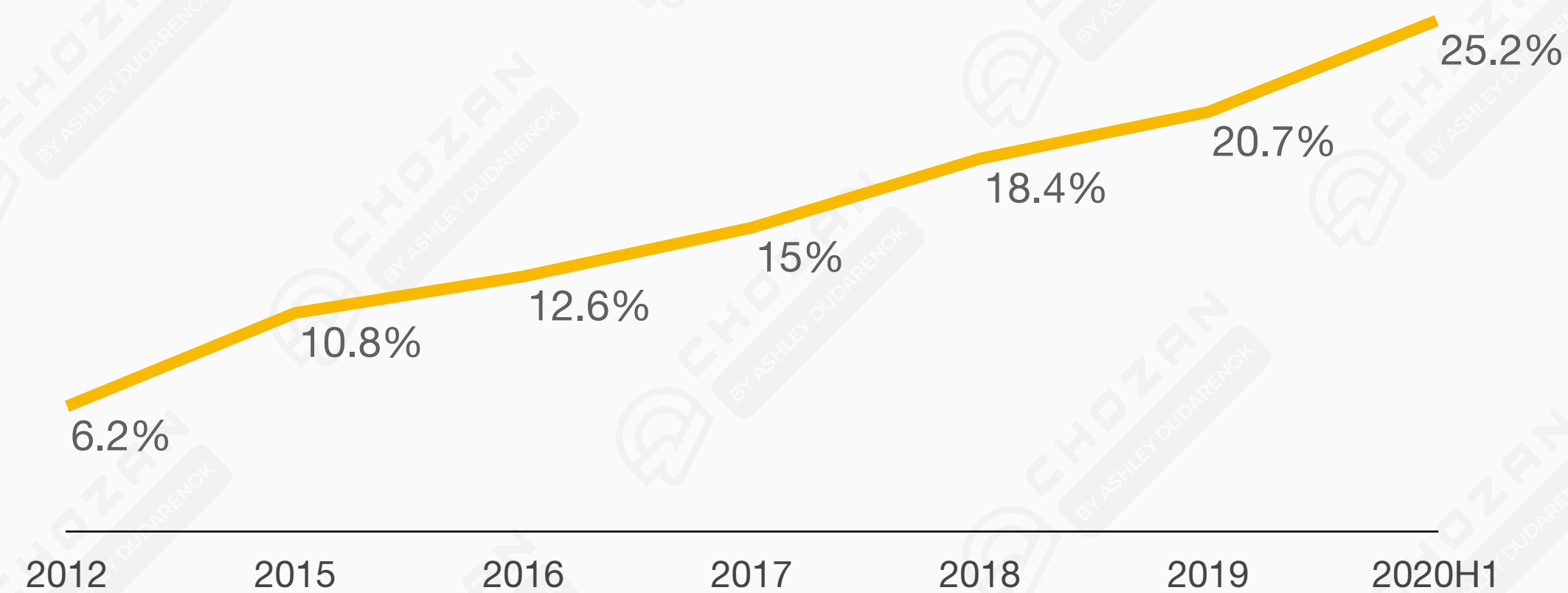
ANNUAL ACTIVE BUYERS



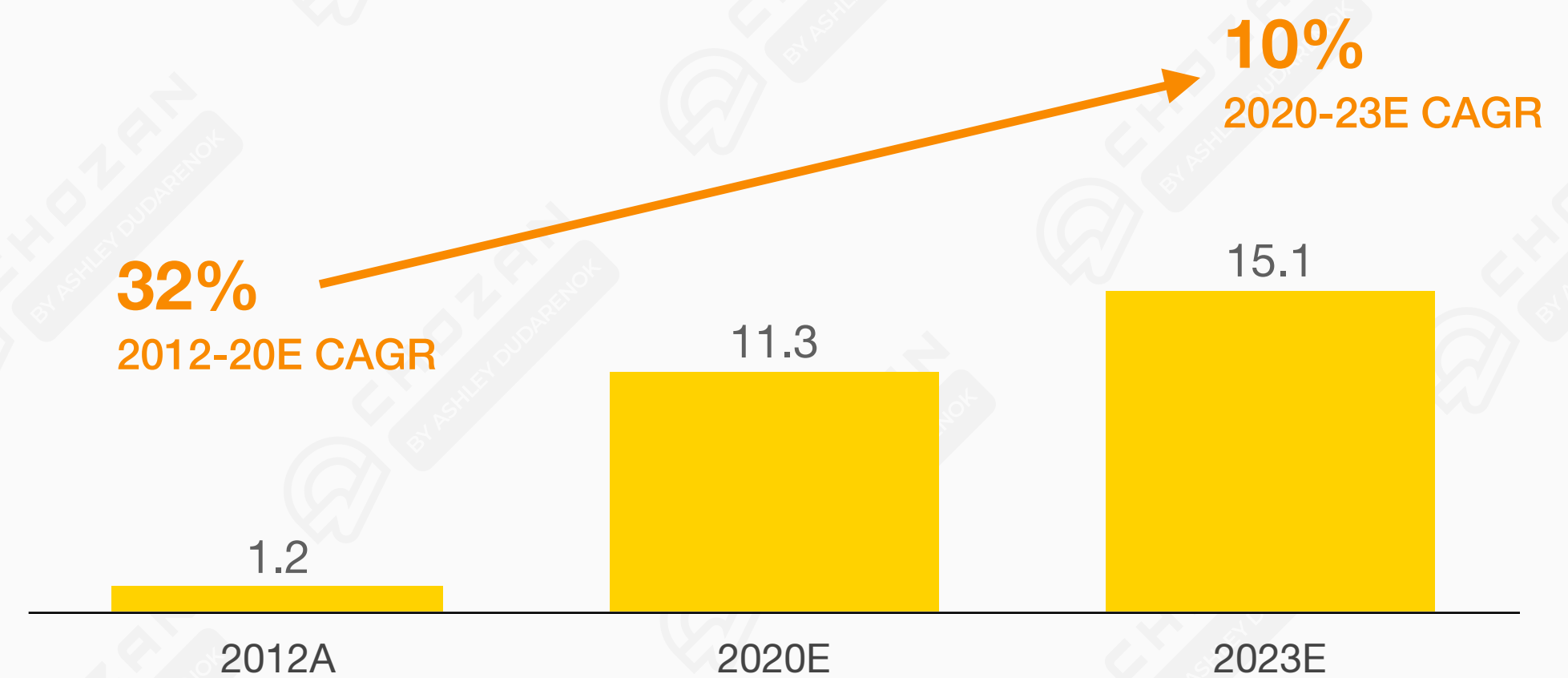
OVERVIEW

EVEN BEFORE COVID-19, CHINA WAS SHIFTING TO ONLINE

CHINA ONLINE RETAIL PENETRATION



CHINA ONLINE RETAIL MARKET SIZE (RMB TRILLIONS)

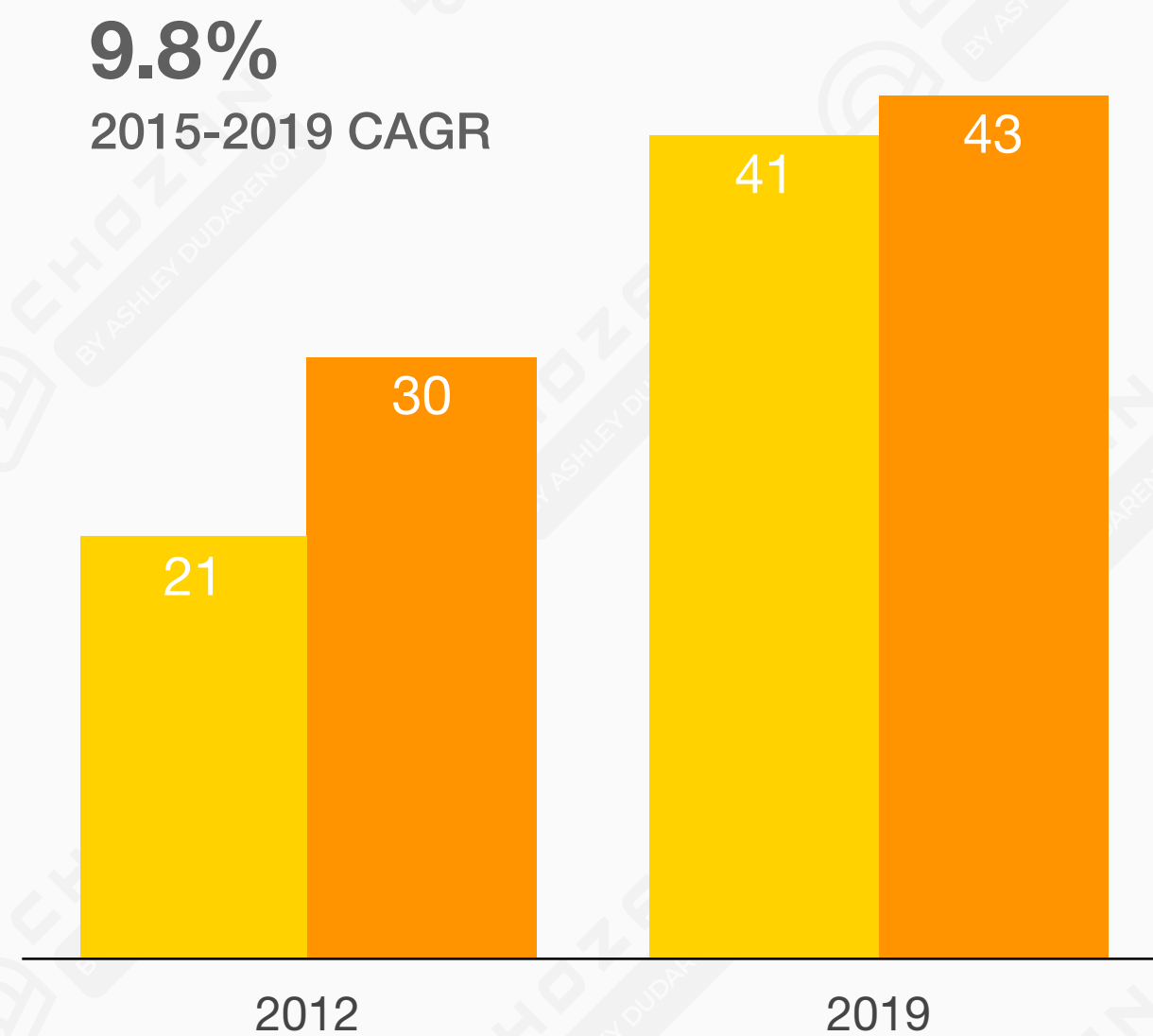


OVERVIEW

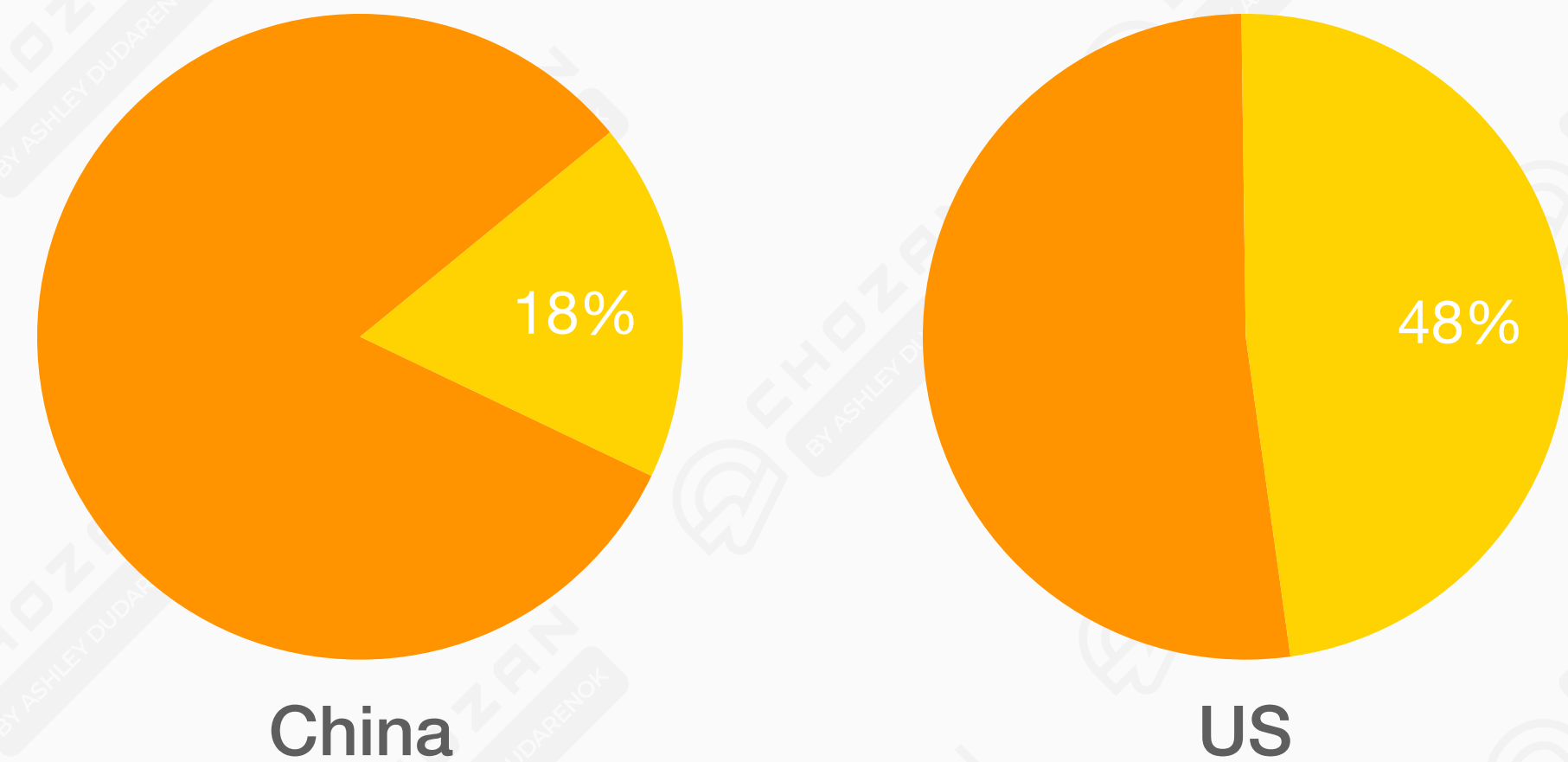
EVEN BEFORE COVID-19, CHINA WAS SHIFTING TO ONLINE

China has long been incorporating more online retail elements to the consumer market with enthusiastic acceptance. COVID-19 provided an intense increase in penetration to an already rapid shift to online.

CHINA TOTAL RETAIL MARKET SIZE (RMB, TRILLIONS)



TOP 20 RETAILERS' MARKET CONCENTRATION IN 2019



EXPERT BITES

Q: WHAT'S YOUR FAVOURITE E-COMMERCE PLATFORM IN CHINA?

Different platforms have different strategies and advantages. e.g. I love the delivery speed of JD, love the cheap and tasty fruit on PDD, the diverse inventory on Taobao, and the product quality of Netease Yanxuan.



DR. GANG LU
Founder of TechNode

EXPERT BITES

Q: WHAT'S THE FORMULA FOR SUCCESS IN CHINA IN 2020-21?

Embrace JD.

Custom products which consider the unique characteristics of JD's consumer base have consistently performed well on the platform. The **Consumer-to-Manufacturer (C2M)** initiative allows JD to connect the production and consumption ends of the supply chain, help brands and manufacturers provide desirable products, and increase consumer satisfaction.

JD is working with offline players and creating **omnichannel experiences** - retailer coming to the consumer – offering a consistency of experience no matter where people choose to shop.



ELLA KIDRON

Global Corporate Affairs,
[JD.com](https://www.jd.com)

EXPERT BITES

Q: WHAT SECTORS/INDUSTRIES HAVE THE MOST POTENTIAL ON TMALL GLOBAL IN 2021 IN YOUR VIEW?

We've seen lots of growth recently in what might traditionally be considered niche categories such as **make-up for pregnant women** (which has grown by 360% during the last year) **men's skin care and pet related products**.

We expect all these sectors to continue to flourish during 2021.



CHLOE GONCALVES

Senior Business Development Manager
at Tmall Global - Alibaba group

EXPERT BITES

Q: HOW CAN BRANDS SUCCEED ON PDD IN 2020-21?

1. PDD is focusing on **user engagement** in Q4 2020 to cement our position as the go-to for a fun shopping experience for value-for-money merchandise
2. Brands must **embrace the demand for money-for-value** from our 700 million users and offer a competitive selection of merchandise on PDD in order to succeed in 2021.



ADA YANG

Head of Social Community,
Pinduoduo



1

ALIBABA

Alibaba started with the goal of becoming an online directory for China's manufacturers and sellers, and has since expanded its product range significantly. The Alibaba Group continues to connect with consumers and sellers in more effective and inventive ways. Two Alibaba market segments include Taobao which is more general and allows consumers to easily search any product they want, while TMall caters more towards premium and high-end product consumers. Tools and infrastructure support are provided by group ecosystem services such as Alibaba Cloud.



E-COMMERCE

ALIBABA - ALIBABA'S 'PETTING ZOO'. HOW MANY DO YOU RECOGNISE?



Juhuasuan
章小聚



Shuqi
小七



Xianyu
Xianyu



Tao Piao Piao
票票



UC
UU



Xiami Music
蝦仔



Youku
Sammi



Alibaba Health
鹿小佳



Alimama
Derdo



Alibaba Cloud
Mini ET



Taobao
Taodoll



Tmall
Tmall Doll



Lazada
Lazzie



Cainiao Network
菜小鳥



B2B
阿牛



Freshippo
Freshippo



Intime
銀小泰



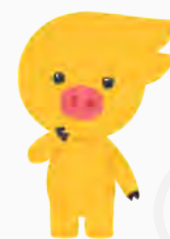
Kaola
考拉



Ant Group
支小寶



Pingtounge
平三勇



Fliggy
Fliggy



Amap
高小德



DingTalk
釘三多



Ele.me
餓小寶



Damai
麥可瘋



Umeng+
友小盟



Alibaba Sports
橙小獅



Lingxi Games
靈小犀

E-COMMERCE

ALIBABA - BUSINESS OVERVIEW

CORE COMMERCE



DIGITAL MEDIA AND ENTERTAINMENT



INNOVATION INITIATIVES



E-COMMERCE

ALIBABA - BUSINESS OVERVIEW

ALIBABA organises its business into 4 operation segments. ALIBABA the brand steps back and pushes subsidiary brands, such as TMall, to the forefront as the accessible faces of ALIBABA.

1

Core Commerce: Chinese retail and wholesale commerce platforms, logistics, global/local, customer and other services. based on what celebrities are doing on Facebook and Instagram.

2

Cloud Computing: Cloud services to customers worldwide. Including database, storage, network, security, management, analytics and other services.

3

Digital Media & Entertainment: Key media distribution platforms segmented by content type and consumer interests.

4

Innovation Initiatives/others: The innovation initiatives and other segments include businesses such as Amap, DingTalk and Tmall Genie.

E-COMMERCE

ALIBABA - A COMPANY WITH A BIG VISION

2024 Strategic Goals



Continue to expand **globalization** efforts



Serve more than **1 billion** consumers through our China consumer business



Facilitate more than **RMB 10 trillion** of annual consumption on our platforms

2036 Vision



Serve **2 billion** global consumers



Enable **10 million** businesses to be profitable



Create **100 million** jobs

E-COMMERCE

ALIBABA - IS GROWING



GMV REACHED
7053 BILLION

780 MILLION
CONSUMERS IN CHINA

180 MILLION+
CONSUMERS IN OUTSIDE CHINA



China Retail Marketplace

GMV

6589 BILLION



Total Revenue

509.7 BILLION



China Retail Marketplace

MOBILE MAUs

846 MILLION



Non-GAAP

Free Cash Flow

130.9 BILLION

YEAR-OVER-YEAR GROWTH

Core Commerce Revenue

35%

Cloud Computing Revenue

6.2%

Youku Average Daily Subscriber Base

50%

E-COMMERCE

ALIBABA - ALIBABA'S SHOPPING FESTIVALS

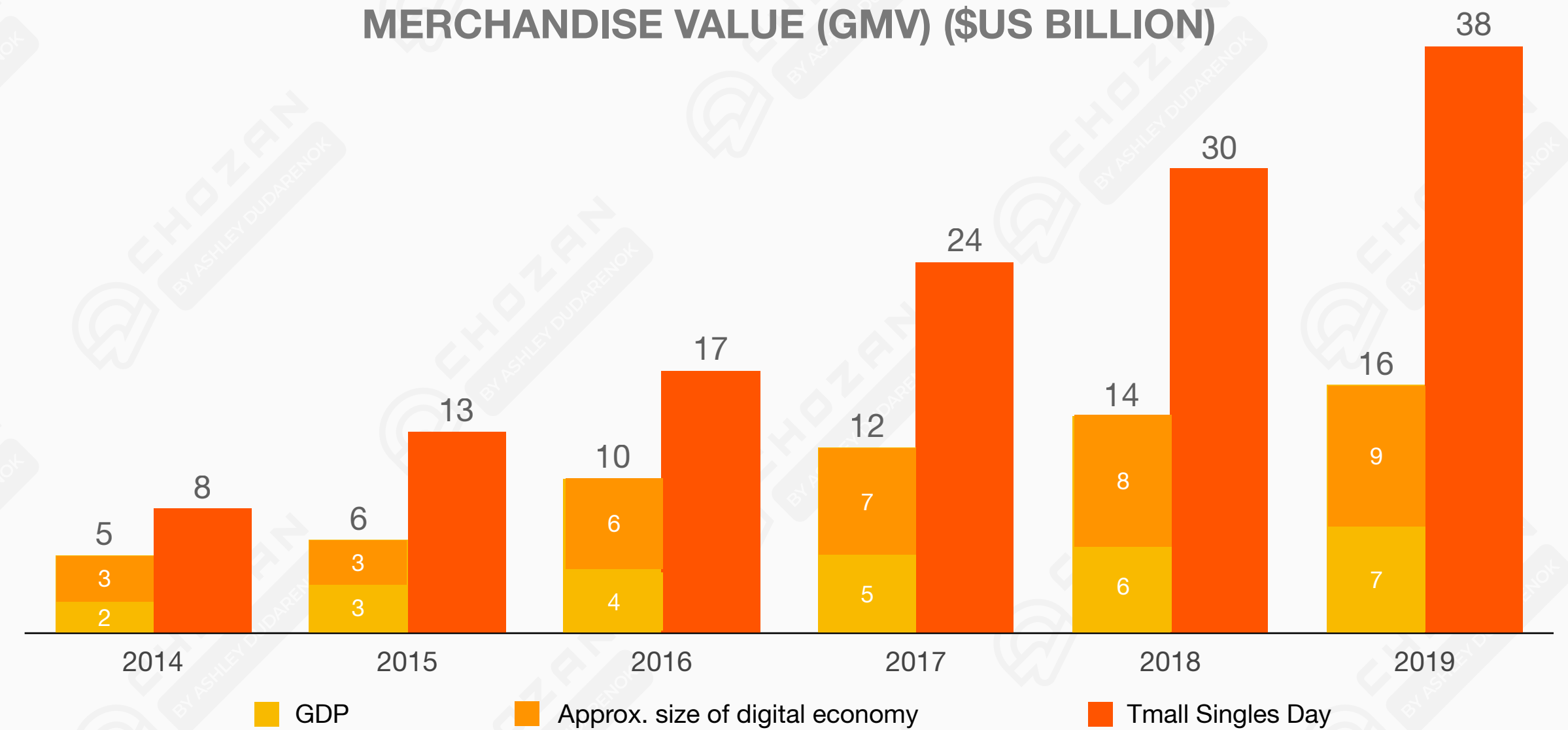
Online shopping festivals provide a great boost in sales.

Alibaba's shopping festivals are increasingly popular and successful:

- Black Friday
- Cyber Monday
- Singles' Day

The graph details the extensive growth of these festivals year-on-year.

SMALL 11/11 VS BLACK FRIDAY VS CYBER MONDAY, GROSS MERCHANDISE VALUE (GMV) (\$US BILLION)



	CAGR (2014-2019)	YoY (2019 vs. 2018)
Small Singles' Day	36%	26%
Black Friday + Cyber Monday	27%%	18%

EXPERT BITES

Q: OUT OF CHINA'S E-COMMERCE TECH GIANTS (ALIBABA, JD, PDD), WHICH ONE ARE YOU MOST EXCITED ABOUT?

Without a doubt I am still most excited about **Alibaba**. They have built the most robust, diverse and complete **New Retail ecosystem**, not only in China, but in the world. They have the largest consumer facing marketplaces, the most robust B2B solutions, Fresh Hippo, Cloud Computing and major investments in physical retail with In Time, 1919, and Suning.

They **outpace all of their competitors** in R&D, investments in technology and innovation and still draw the largest group of consumers in China. In the current paradigm, no one else is close to catching them. It will likely take a disruptor company or a major shift in the consumer/retail landscape to change the current trajectory.



MICHAEL ZAKKOUR

Founder – 5 New Digital
and China BrightStar

EXPERT BITES

Q: HOW CAN BRANDS SUCCEED ON TMALL GLOBAL IN 2020-21?

In Q4, brands need to focus their efforts on operating a **multi-channel content strategy**, using channels both inside and outside of the **Alibaba ecosystem** to drive consumers back to their Tmall Global flagship stores. Tmall Global is focused on helping international brands realise the opportunity that exporting to China can bring, with the 11.11 Global Shopping Festival and 12.12, the sequel to 11.11, being two key moments for brands during the next quarter.

Brands need to **embrace new technologies**, such as shopping live-streaming, 3D shopping, AR and VR, to capture consumers' attention and grow in 2021.



CHLOE GONCALVES

Senior Business Development Manager
at Tmall Global - Alibaba group

EXPERT BITES

Q: OUT OF CHINA'S E-COMMERCE TECH GIANTS (ALIBABA, JD, PDD) WHICH ONE ARE YOU MOST EXCITED ABOUT?

Alibaba, as they are in a position to **serve global consumers** better than marketplaces in the West. If they meet the targets set for Cainiao Network, cross-border e-commerce will be fundamentally changed.



HENDRIK LAUBSCHER

Founder and Chief Analyst at
Blue Cape Ventures

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE (MOST POTENTIAL) CHINESE E-COMMERCE PLATFORM IN 2020?

My favourite platform is **Taobao, the most dynamic marketplace** in China with endless variety and unrivaled pricing, customer service, entertainment and support.



JOSH GARDNER
CEO KUNG FU DATA

EXPERT BITES

Q: OUT OF CHINA'S E-COMMERCE TECH GIANTS, WHICH ONE ARE YOU MOST EXCITED ABOUT?

Alibaba is the **No.1 e-commerce tech giant in China** and there seems to be no limit to what could be achieved. Following in the footsteps of Amazon in the US, they will **dominate virtually** every online sector in China, including retail, logistics, fintech, education and healthcare.

With their founder, Jack Ma, stepping down as Chairman, and with the Chinese Government exerting more control, influence and financial backing, it is hard to imagine a sector within China's economy which will not be dominated by a subsidiary of Alibaba within the coming decade.



David Thomas

China Expert and author
of China Bites
(www.china-bites.com)

EXPERT BITES

Q: WHAT'S THE MOST OVERLOOKED MARKETING PLATFORM IN CHINA IN Q4 2020 -Q1 2021?

Tmall is the best overlooked platform for marketing in China in Q4 2020, Q1 2021 because brands tend to think of it as more of a transactional platform than one they can actually carry out **marketing initiatives** on.

Given that the average Tmall/ Taobao user opens the app eight times a day, it is also important for brands to consider Tmall/Taobao as a **marketing and communications platform** where users can search for and discover new brands and products.



PABLO MAURON

Partner & Managing Director China DLG
(Digital Luxury Group)

EXPERT BITES

Q: HOW CAN BRANDS SUCCEED ON TMALL GLOBAL IN 2020-21?

Brands should **embrace**, and **expand**, their e-commerce presence, digital advertising and online channels now in order to succeed in 2021. According to the China Internet Report 2020, as of March, China's 854 million internet users (61% of the population) were spending an average of **7.2 hours online every day**, a sharp increase from 5.6 hours per day the year before.



ARNOLD MA

Founder & CEO at Qumin

2

JD.COM

JD.com is the largest competitor to Alibaba, positioning itself as a retail firm (as opposed to a marketplace) with a market dominance on electronic goods. Its end-to-end logistics approach makes it easier for JD.com to verify suppliers/distributors and maintain control over goods sold, while a quarter of its inventory is sold through its own platform.



京东

E-COMMERCE

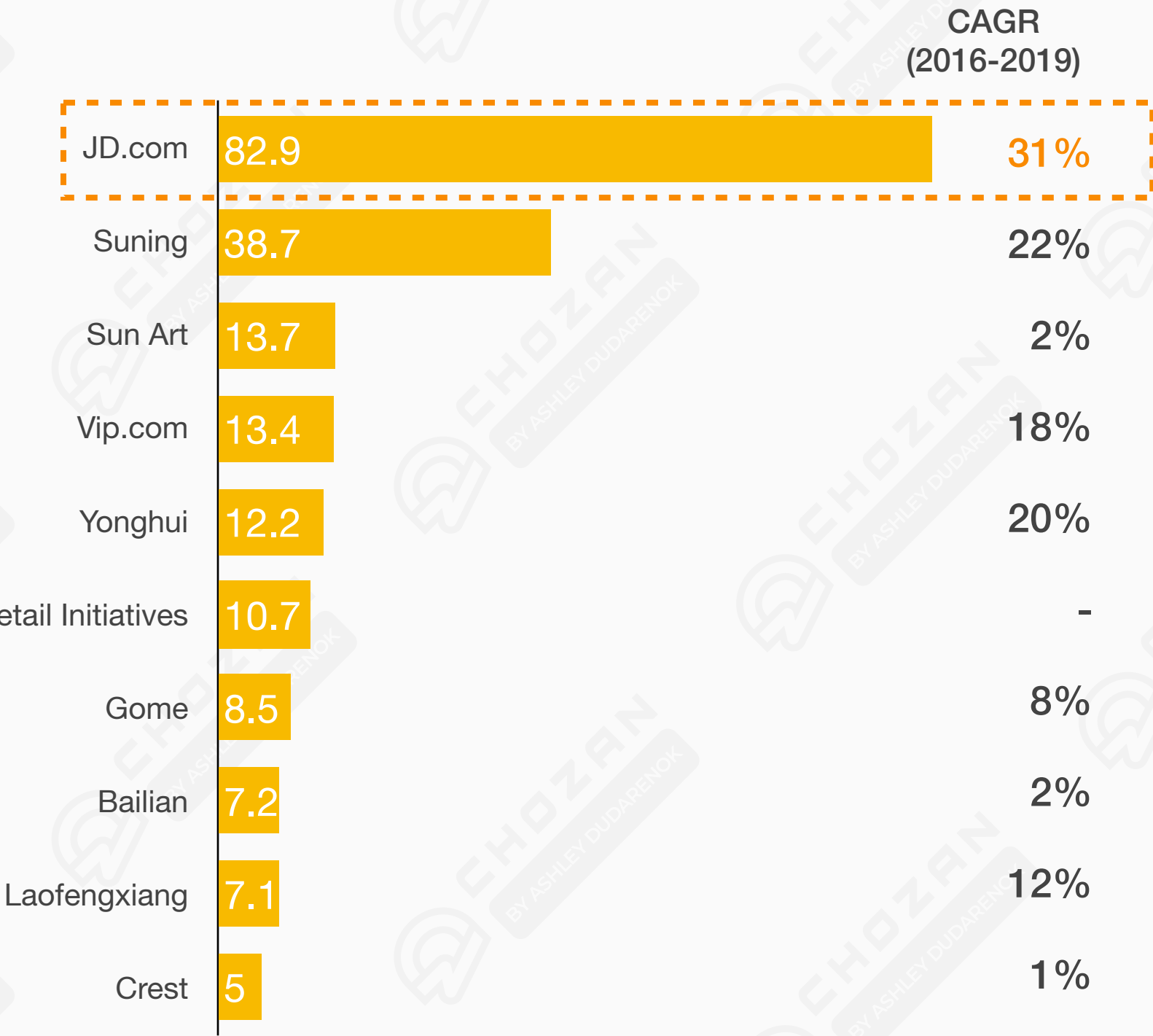
JD.COM - THE WORLD'S LARGEST RETAILER

The advantages of JD’s distinct approach are evident with its position as a leading competitor with great growth potential.

Customers appreciate JD's wide range of products, quick and effective delivery service, and accessibility.

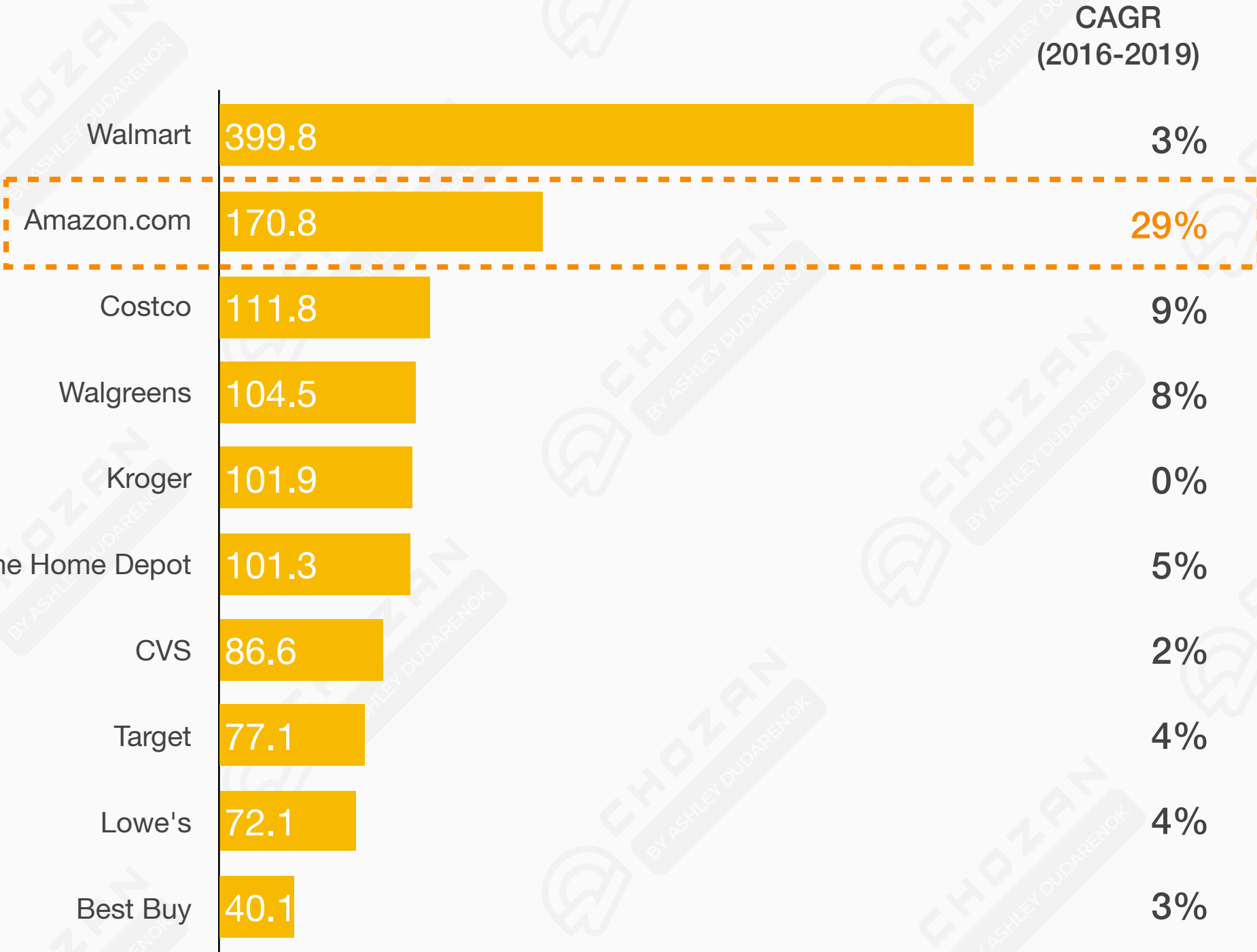
TOP 10 LISTED RETAILERS IN CHINA

(NET REVENUE IN US\$ BN)



TOP 10 LISTED RETAILERS IN US

(NET REVENUE IN US\$ BN)



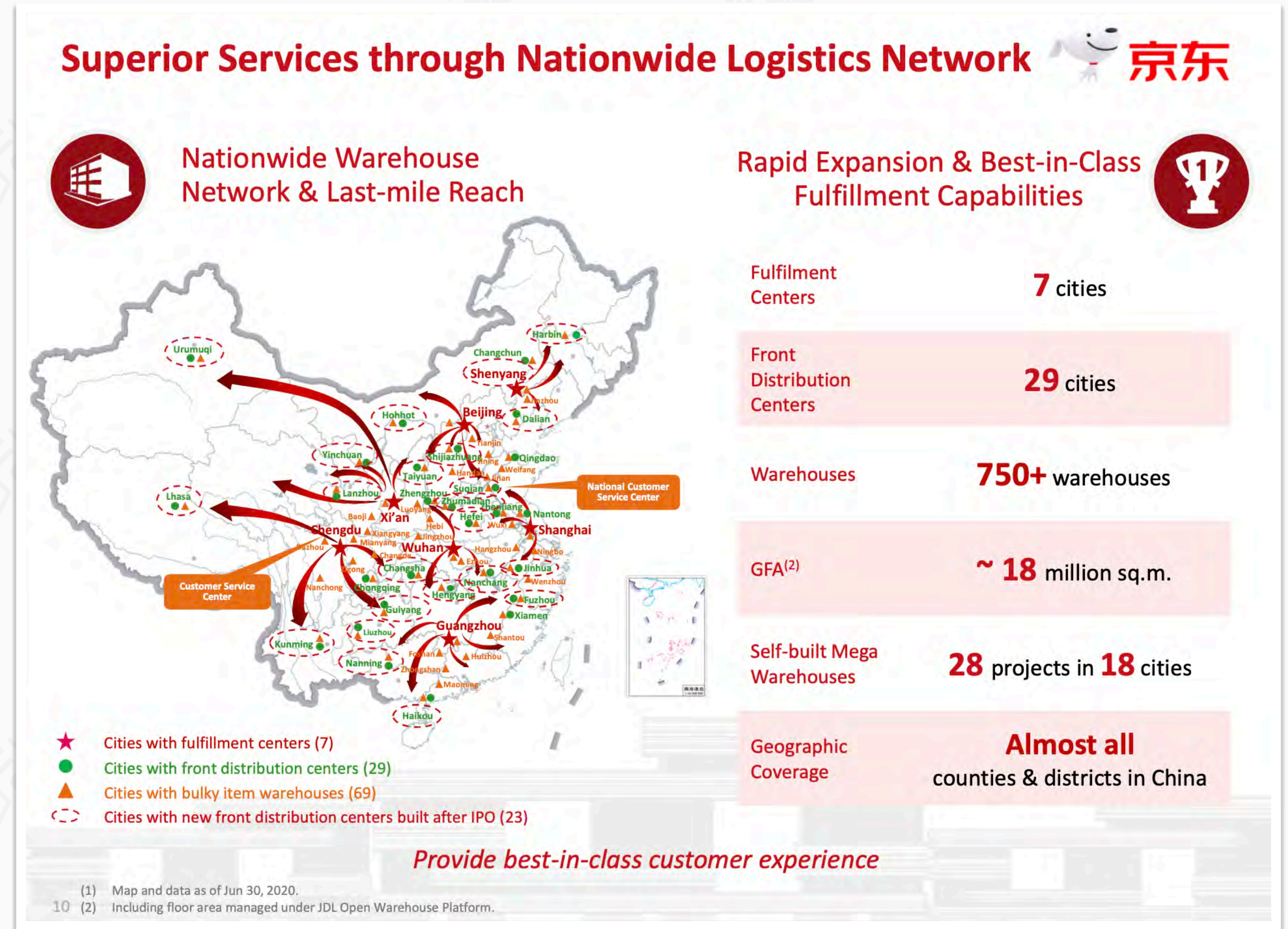
Source: Data from JD.com Financial & Operation Highlights (Aug 2020)

E-COMMERCE

JD.COM - THE REAL POWER OF JD: LOGISTICS AND SUPPLY CHAIN NETWORK

As a retailer, JD provides efficient and controlled logistics, well managed inventory and quality control, and high service value for associated brand stores.

The best example to illustrate its advantages is JD Worldwide which aims to support international brands entering the China market by managing implications, such as customs, authorisations, logistics and warehousing, while allowing these brands to never have a physical presence in China.

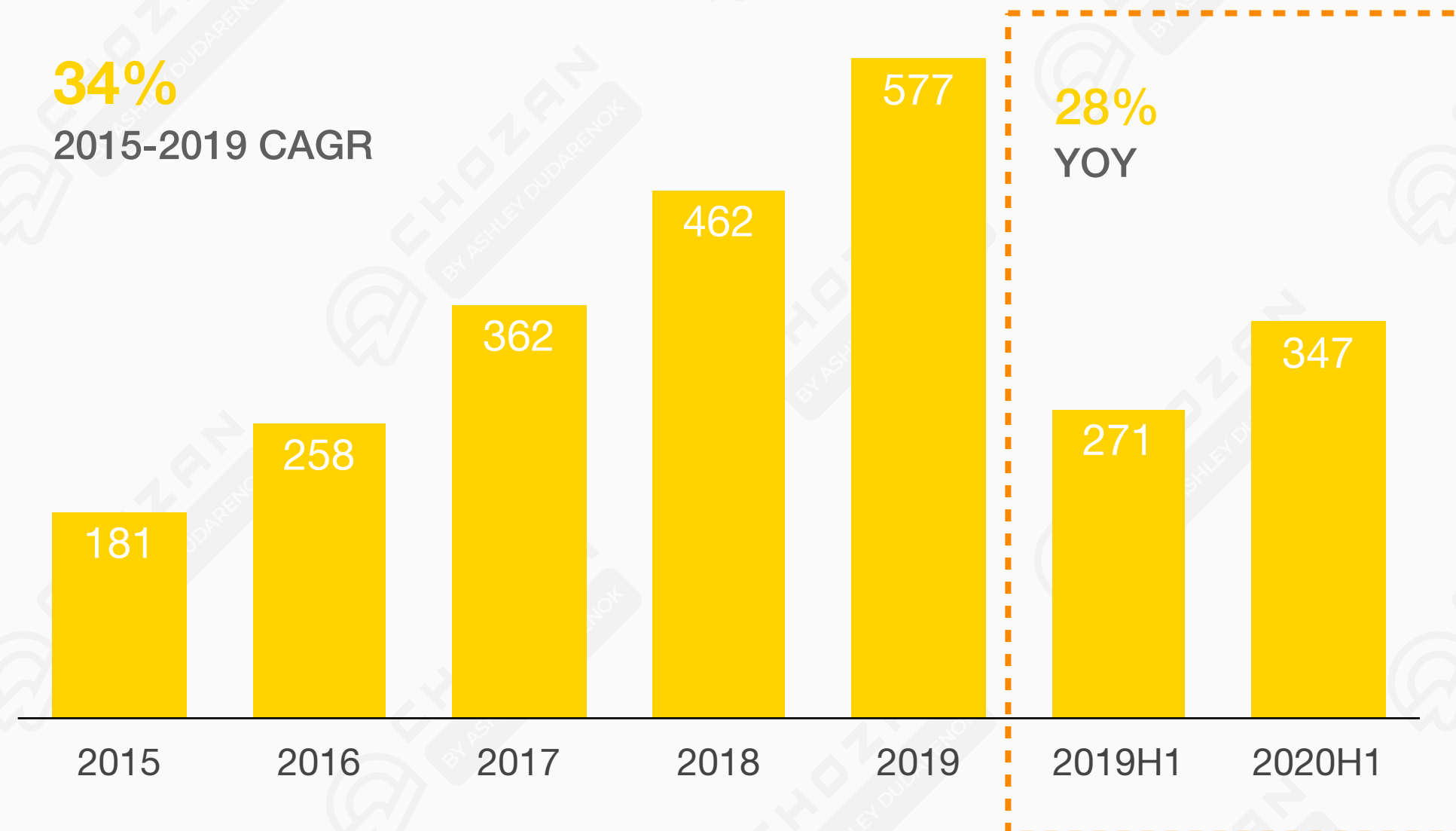


E-COMMERCE

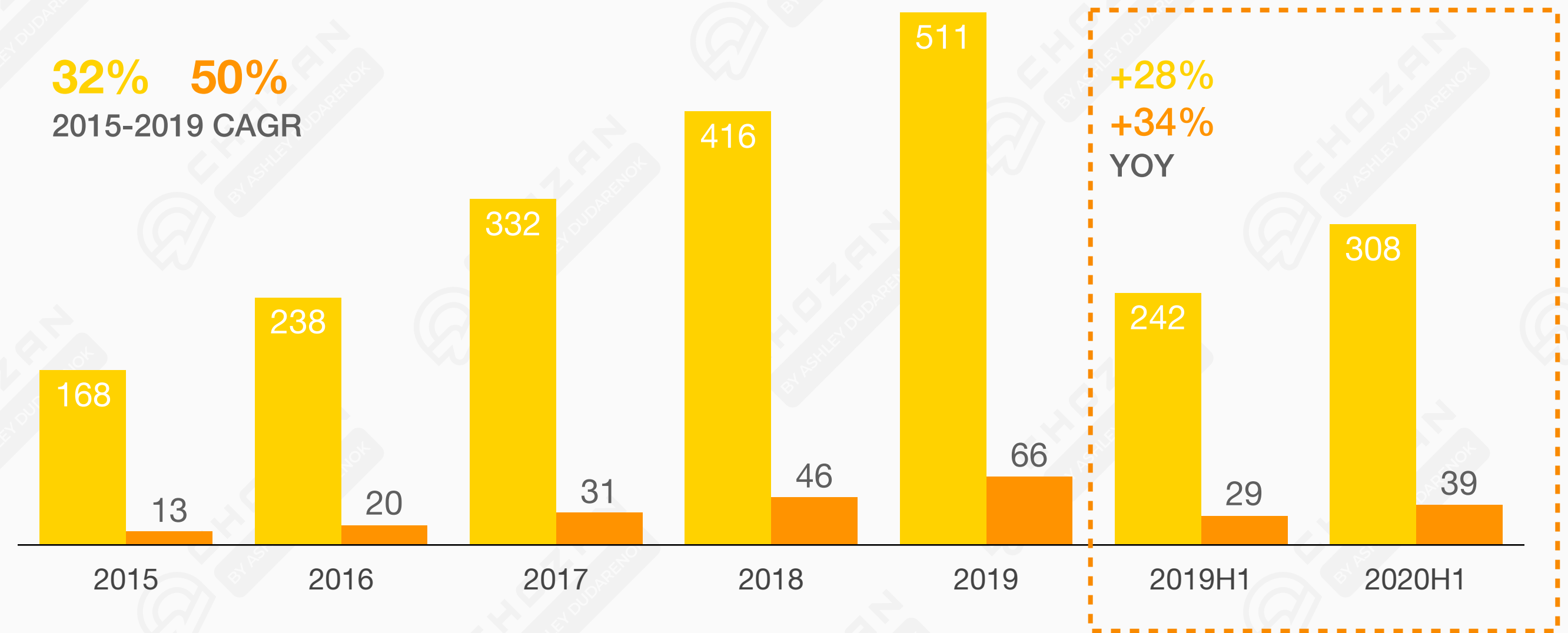
JD.COM - PEAK DEMAND DURING COVID-19

COVID-19 provided online consumption a great boost in an already rapidly growing area. JD, like many others, utilised and benefited from the opportunities.

NET REVENUES (BILLIONS)



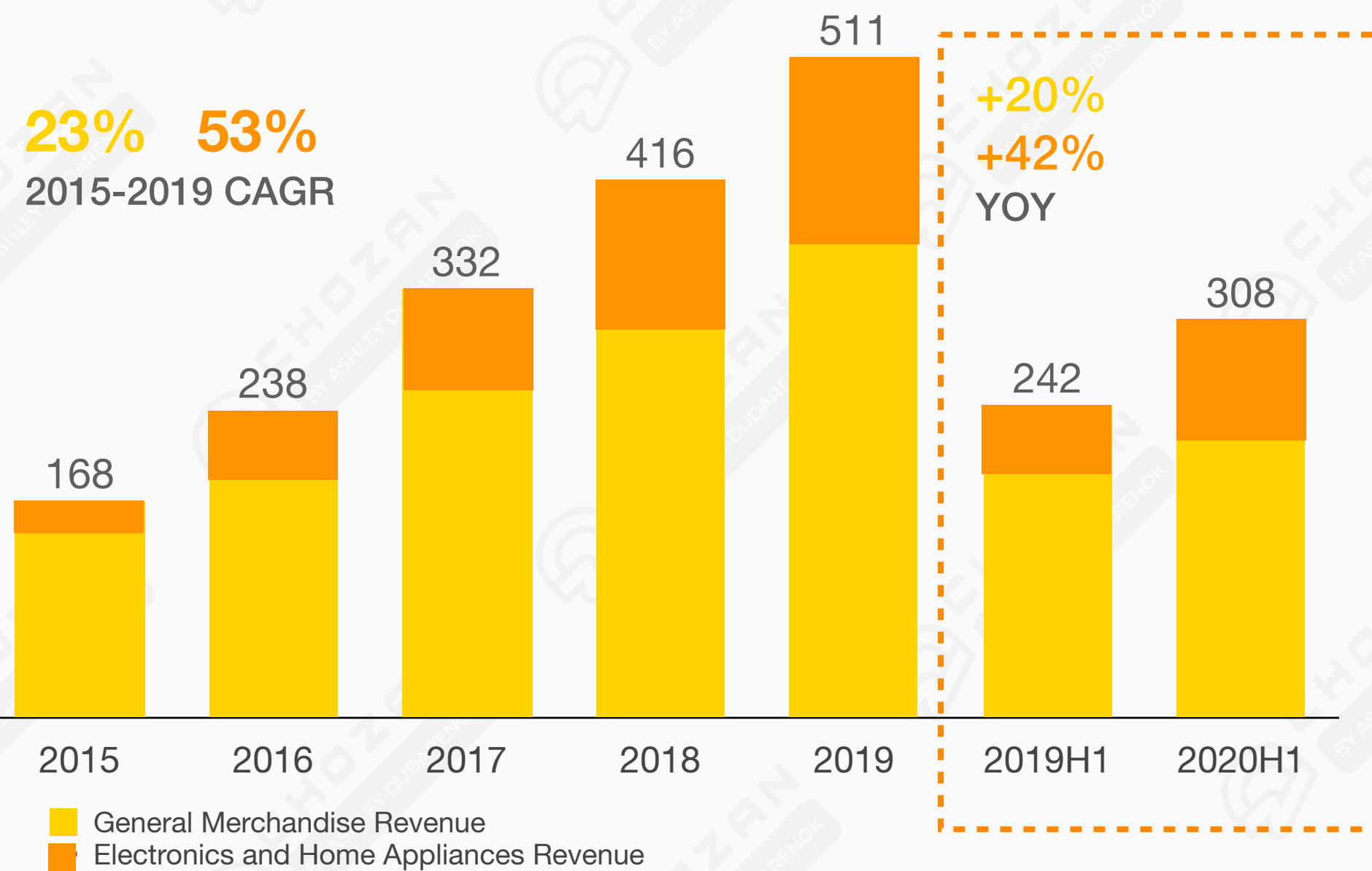
NET REVENUES BREAKDOWN (BILLIONS)



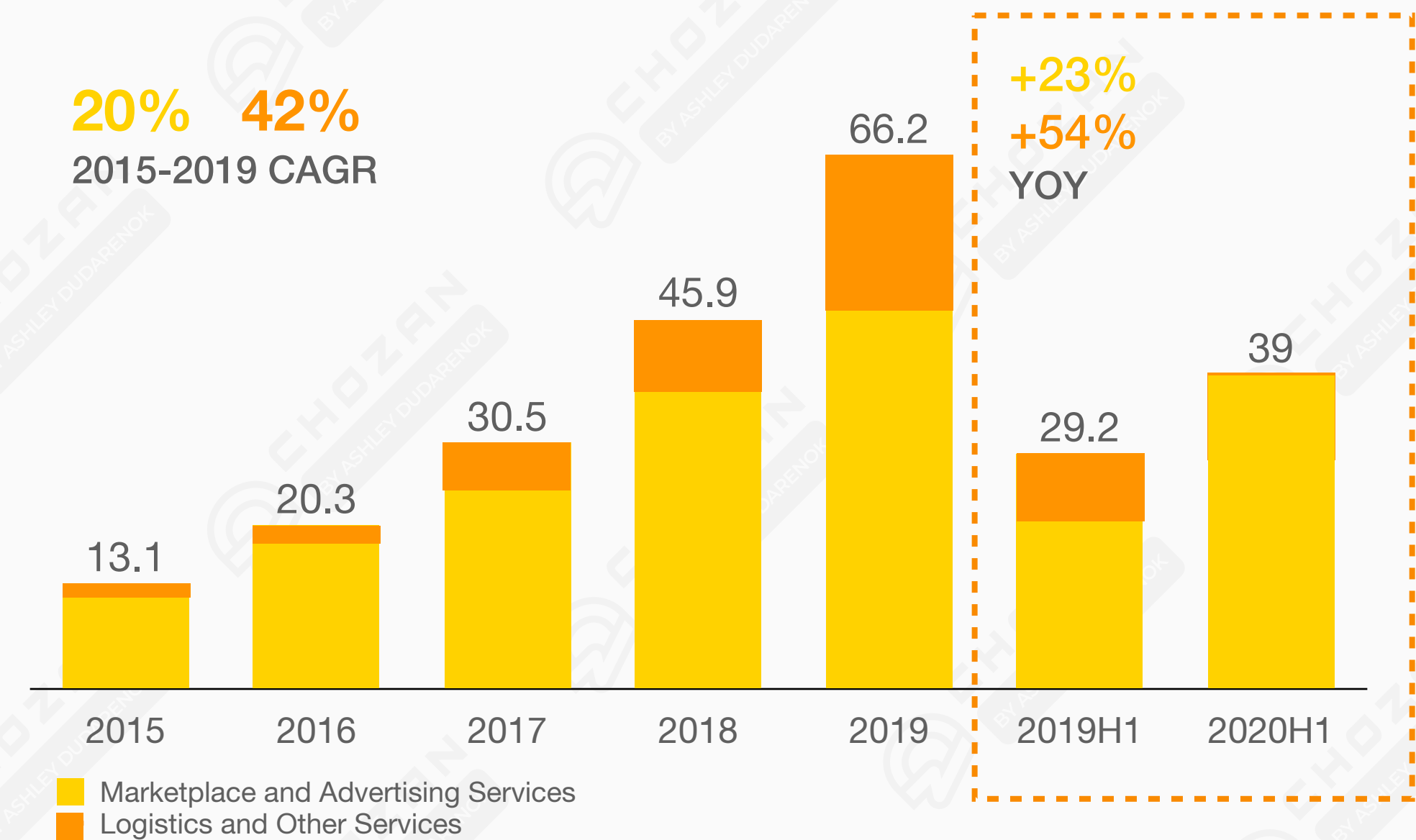
E-COMMERCE

JD.COM - PEAK DEMAND DURING COVID-19

NET PRODUCT REVENUES BREAKDOWN (RMB BILLIONS)



NET SERVICE REVENUES BREAKDOWN (RMB BILLIONS)



EXPERT BITES

Q: WHAT SECTORS/INDUSTRIES HAVE MOST POTENTIAL ON JD IN 2021 IN YOUR VIEW?

Grocery (fresh and FMCG) is a booming category last year. Following the trend of online grocery shopping during the COVID-19 period, it looks as if consumers are now adjusted to shopping this way and that this **trend will continue**. JD's own data found that as of June 30, 2020, over 10,000 brands have achieved YOY turnover growth of over 100%, 7000 brands saw over 200% YOY turnover growth, and 5,000 brands saw 300% growth YOY.

With lockdowns over, home appliances, especially C2M home appliances, have also done extremely well.



ELLA KIDRON

Global Corporate Affairs,
[JD.com](https://www.jd.com)

EXPERT BITES

Q: WHAT'S THE MOST IMPORTANT THING HAPPENING ON JD IN Q4 2020? WHAT WILL YOU BE WATCHING THEM FOR IN 2021?

Does JD's 11.11 momentum from 2019 continue and does JD Logistics go public? In 2021 I am interested in seeing **growth in non-electronics categories** which seems to have become real in 2020. Do brands use JD Logistics in more non-commerce capacity such as moving products between warehouses etc?



HENDRIK LAUBSCHER

Founder and Chief Analyst at
Blue Cape Ventures

EXPERT BITES

Q: WHAT'S THE MOST IMPORTANT THING HAPPENING ON JD IN Q4 2020? WHAT SHALL BRANDS WATCH OUT FOR AND PREPARE FOR?

JD has continued to turn things around since they nearly hit rock bottom two years ago. They are still **#1 in consumer satisfaction** for delivery and fulfilment. JD had a strong 6-18 and is preparing for what should be a strong 11-11 shopping season. JD is expanding its services to the luxury sector in Q4, and I expect them to grow the sector. It is also planning a \$1 billion HK listing for their healthcare play.

JD will focus its Q4 in providing high touch services that play to their strengths in consumer relationships.



MICHAEL ZAKKOUR

Founder – 5 New Digital
and China BrightStar

3

PINDUODUO

Pinduoduo is a recommendation based third-party platform. Aggregating demand through team purchases, it socially connects demand products to corresponding potential customers as to avoid searching and scrolling through product options. The platform invests heavily into IP infringement minimisation as a priority to maintain the trust with and between customers and users, as well as associated brands/stores.



拼多多
拼着买·才便宜

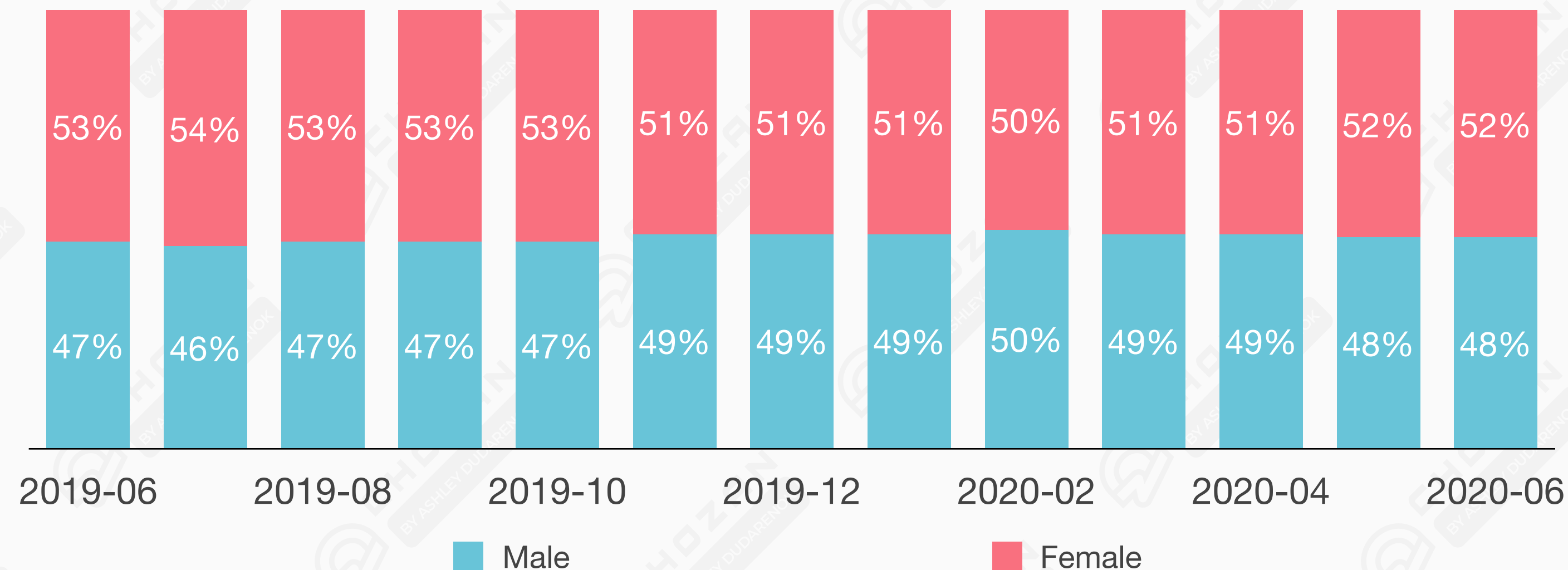
E-COMMERCE

PINDUODUO - A LEADING MOBILE ONLINE PLATFORM

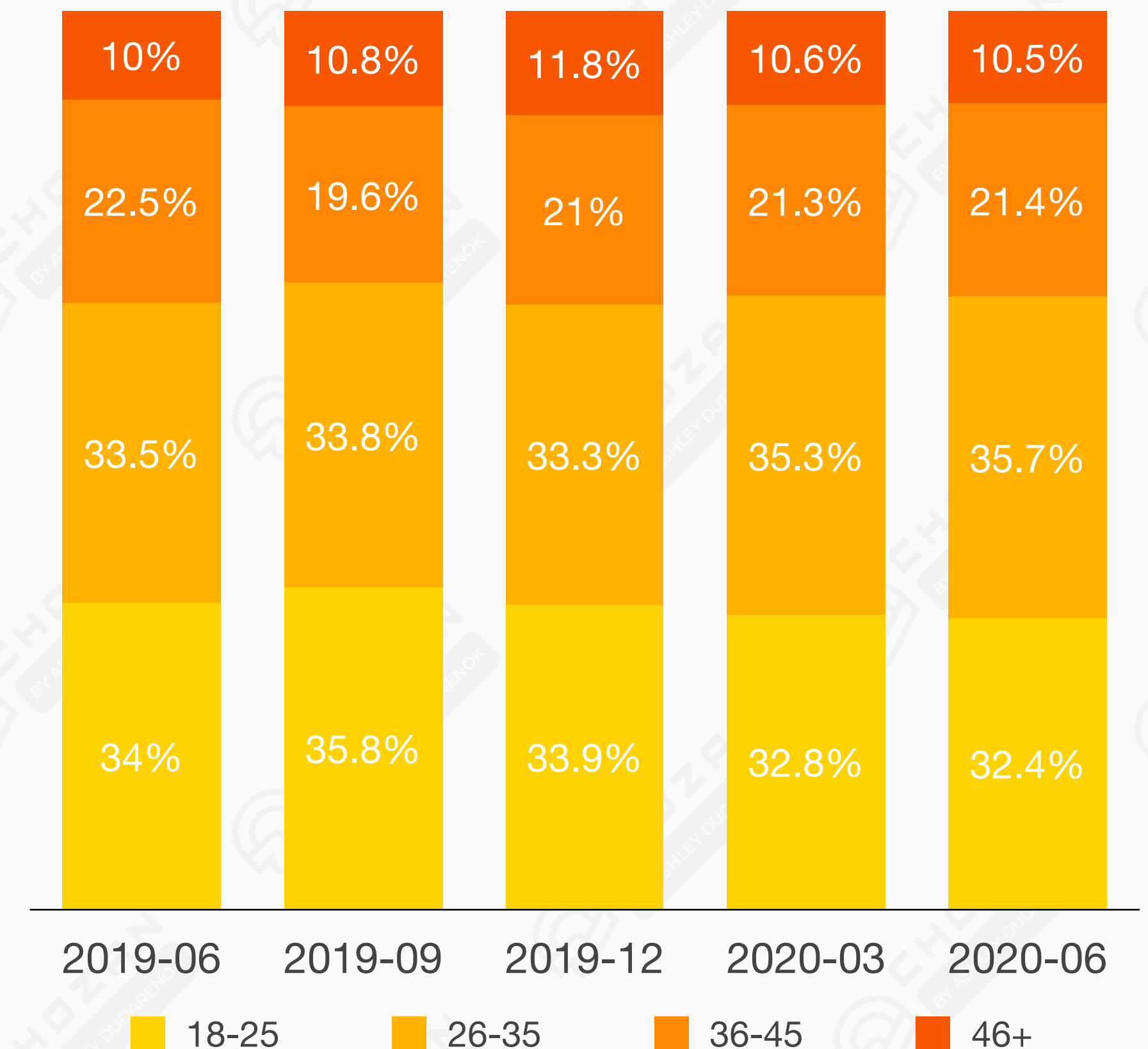
Pinduoduo has become an rising star in e-commerce.

As of the end of June 2020, Pinduoduo's active users ranked second in the comprehensive mall category, just after Taobao, with a penetration rate of 13% over the same period of 2019, ranking seventh in the entire network.

PINDUODUO USERS GENDER



PINDUODUO ACTIVE USERS AGE



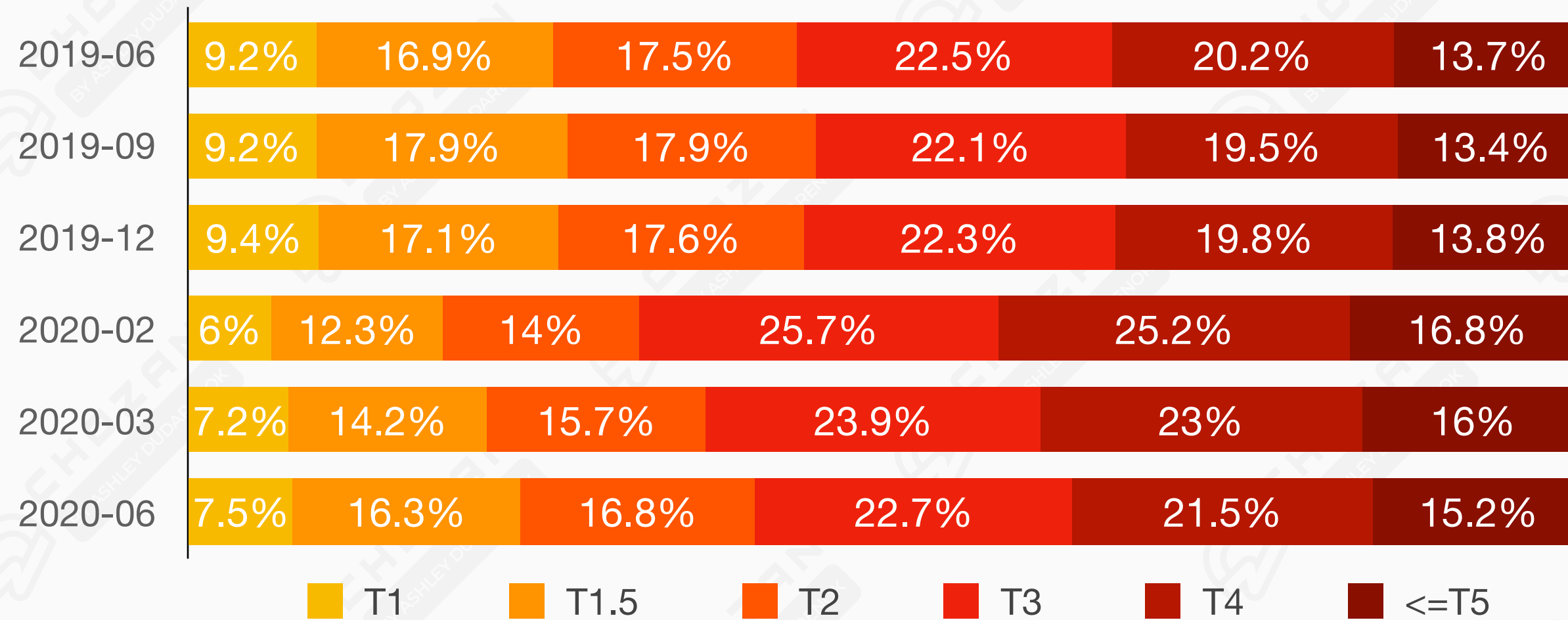
E-COMMERCE

PINDUODUO - A LEADING MOBILE ONLINE PLATFORM

The active penetration of Pinduoduo has increased significantly, with a huge scale of heavy users.

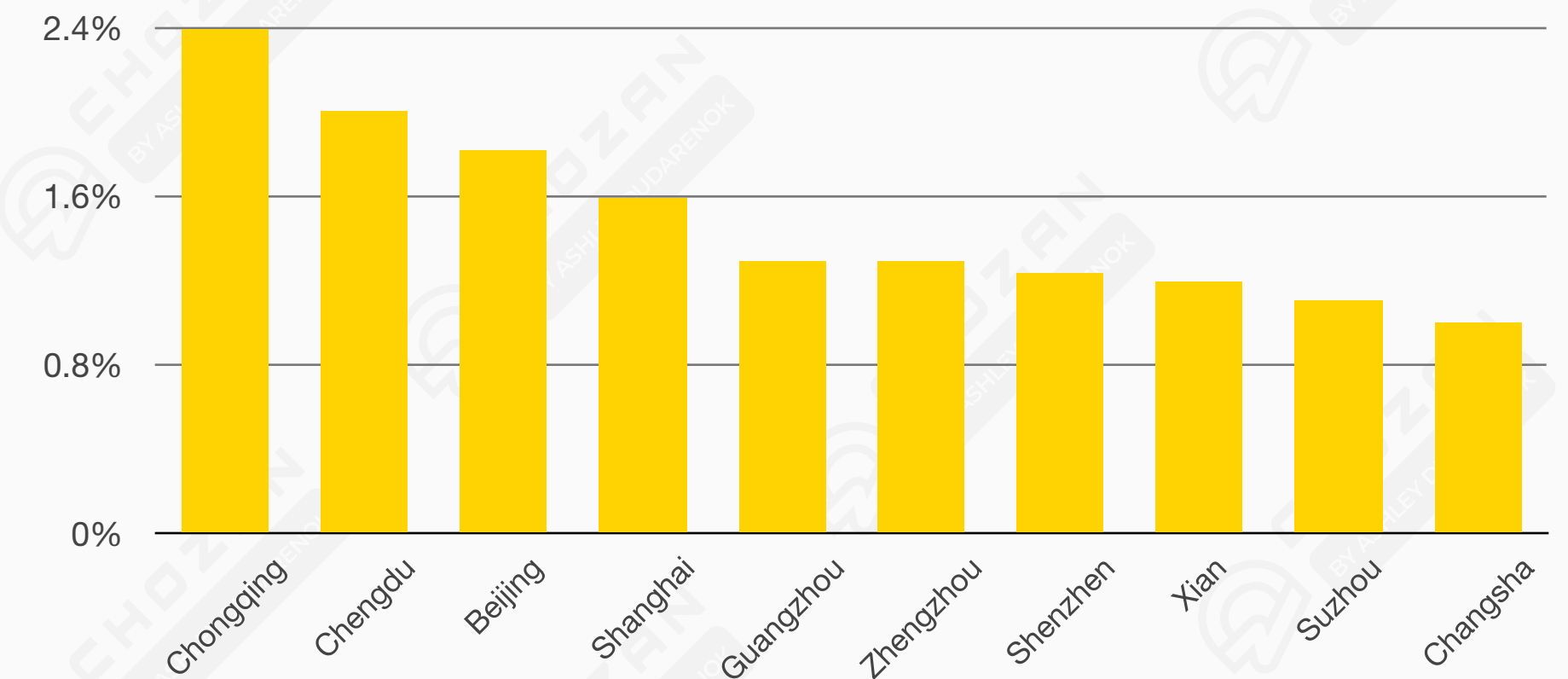
In June 2020, the active penetration rate of each city level increased by more than 8% year-on-year, with an average active penetration rate of 21% and reaching the 116 million heavy active users.

PINDUODUO USERS IN TIERED CITIES



Source: 36Kr, Comprehensive analysis of Pinduoduo data

TOP 10 CITIES WITH MOST NEW PINDUODUO USERS



	DAILY USERS (MILLIONS)	MONTHLY USERS (MILLIONS)
Beijing	4.3	11.5
Shanghai	3.8	10.1
Chongqing	3.8	10.3
Chengdu	3	8.9
Guangzhou	2.5	7.4
Shenzhen	2.4	7.4
Dongguan	2.2	6
Tianjin	2.1	5.4
Suzhou	2.1	5.9
Xian	1.7	5.2

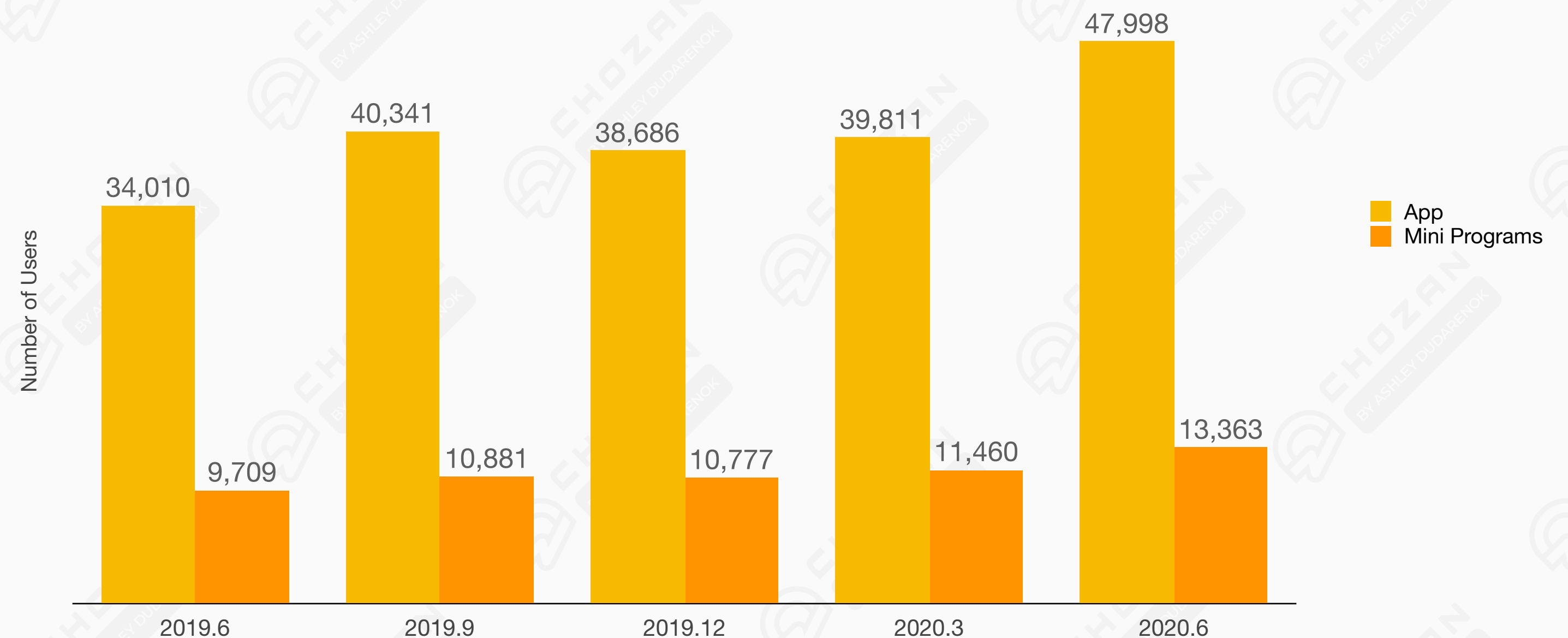
E-COMMERCE

PINDUODUO - A LEADING MOBILE ONLINE PLATFORM

Mobile online services and consumption are the largest access point for users. The flexibility, ease-of-use and accessibility appeals to the active culture of Chinese consumers.

The graph indicates that Pinduoduo is far more popular and successful in app form.

HOW USERS ACCESS PINDUODUO

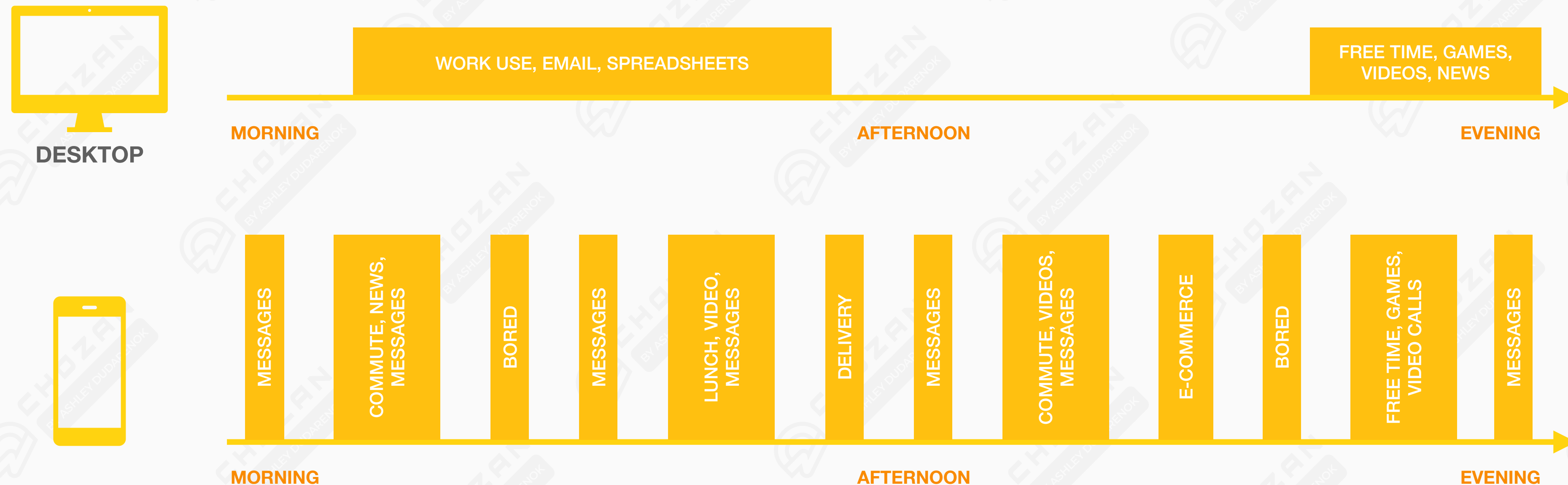


E-COMMERCE

PINDUODUO - THE SMARTPHONE ADVANTAGE

Nearly 89% of internet users in China are accessing via mobile, ahead of desktop and laptop internet users. As can be seen below, adoption of mobile internet has opened the door to feed-based content models as user time online is fragmented and distrutable across many short sessions per day.

Pinduoduo entered the market in 2015 and pushed heavily with mobile technology to gain advantage.



E-COMMERCE

PINDUODUO - THE VALUE OF DAILY-ACTIVE-USERS

Traditionally used to measure the "stickiness" of an app, DAU metrics are becoming more recognised for their value in observing implemented e-commerce principles. Previously attributed to MAU data.

It is better for measuring interactive e-commerce which aims to create a digital space in which leisure and shopping are intertwined. Pinduoduo is a leader in engaged and active-users.

DAU/ MAU: THE MAGIC METRIC OF INTERACTIVE E-COMMERCE (JAN- MAY 2020)

	JAN	FEB	MAR	APR	MAY
Pinduoduo	39.1%	42.1%	49%	48.3%	49.9%
Taobao	35.9%	36.4%	42.9%	42.4%	44.9%
JD	18.7%	21.3%	22.9%	21.9%	22%
Vip Shop	16.8%	16.7%	19.4%	19.5%	19.8%
Suning	9.9%	11.6%	11%	10.4%	10.8%

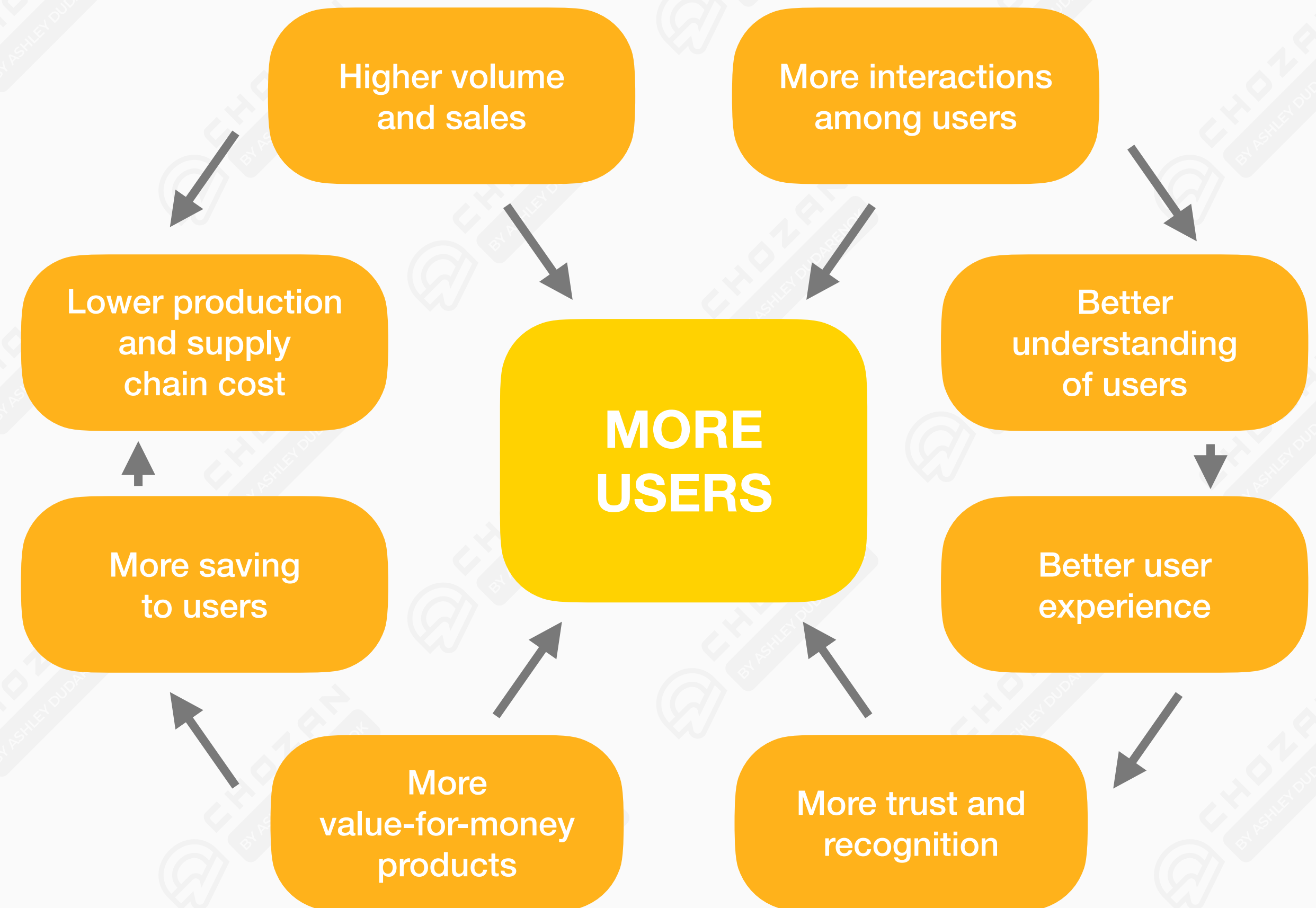
Source: [China Channel, Defining interactive Ecommerce](#)

E-COMMERCE

PINDUODUO - TEAM PURCHASE ADVANTAGE

While most platforms often ignore the needs of the down-market Chinese consumer, the team purchase function and associated deals contain universal appeal across age and income demographics as they provide low-cost necessities, such as household basics and food. The regularity of the deals and the frequently purchased items involved mean that customers are more likely to return to the Pinduoduo platform.

TEAM PURCHASE



EXPERT BITES

Q: WHAT SECTORS/INDUSTRIES HAVE MOST POTENTIAL ON PDD IN 2021 IN YOUR VIEW?

We created the platform with the goal to **benefit all merchants and users** so we hope all sectors/industries can thrive on our platform. PDD's strategic priority for the next few years will be on improving the **productivity and efficiency of agriculture**.

We will dedicate more resources to accelerate the digitisation of agriculture and share the benefits of the digital economy with our farmer-merchants and consumers.



ADA YANG

Head of Social Community,
Pinduoduo

EXPERT BITES

Q: WHAT'S THE MOST IMPORTANT THING HAPPENING ON PDD IN Q4 2020? WHAT WILL YOU BE WATCHING THEM FOR IN 2021?

Can PDD **decrease its loss** making and **utilise marketing** to continue its growth in Tier 1 cities? Are there more cases like Tesla where brands are unhappy about being on PDD?

In 2020, what is PDD going to do about **logistics** which currently are non-existent and a large difference in comparison to other marketplaces in China? Partnering with China Post is a first step but can't be compared to Cainiao Network and JD Logistics.



HENDRIK LAUBSCHER

Founder and Chief Analyst at
Blue Cape Ventures

EXPERT BITES

Q: WHAT'S THE MOST IMPORTANT THING HAPPENING ON PDD IN Q4 2020? WHAT SHALL BRANDS WATCH OUT FOR AND PREPARE FOR?

Pinduoduo still remains a relatively **low priority for most foreign brands** with some exceptions in mass market, low price point items. This is hard to believe for many outside China because the platform has more than 600 million users, is **highly innovative and engaging** and is a pure play social commerce company.

That said, the focus in Q4 will still be on **increasing their lead** in bringing farm goods and produce to consumers and to become the number one player in the digitisation of the **agricultural sector**.



MICHAEL ZAKKOUR

Founder – 5 New Digital
and China BrightStar

4

KUAISHOU

One of China's most popular short-video sharing and live-streaming social e-commerce platforms. Key opinion leaders (KOLs) control intense fan loyalty and trust, which makes Kuaishou an excellent promoter platform driving traffic to online stores. Recent decisions to massively increase investment by Kuaishou in live-streaming infrastructure and capabilities indicates its increasing success - especially seen during the recent COVID-19 pandemic.



E-COMMERCE

KUAISHOU - AT A GLANCE

KUAISHOU LIVE-STREAMER SALES IN 2020:

- Xinba's live-streaming commerce sales in 2020's '618' reached **1.25 billion** RMB in 10 hours
- Dongmingzhu's live-streaming commerce sales reached **310 million** RMB in 3 hours
- NetEase CEO Ding Lei's live-streaming commerce sales reached over **72 million** RMB in 4 hours
- Xiaochenlong's market GMV reached **132 million** RMB
- Sandage's live-streaming commerce GMV reached over **180 million** RMB

KUAISHOU USERS AMOUNT SPENT ON EACH CATEGORY (PER PURCHASE) IN 2019



HOME DECORATION
80,000 RMB



FOOD & BEVERAGE
45 RMB



SECOND-HAND VEHICLE
148,000 RMB



ELECTRONIC APPLIANCES
8,999 RMB



PETS
1,500 RMB



EDUCATION
25,800 RMB

E-COMMERCE

KUAISHOU - AT A GLANCE

Many Kuaishou users have positive consumer value and are actively pursuing quality of life, promoting consumption upgrades.

77%

PURSUE A HIGHER QUALITY OF LIFE WITHIN THEIR OWN ABILITIES

71%

PAY ATTENTION TO LATEST THE INFORMATION WITHIN THEIR AREA OF INTEREST

76%

CULTIVATE HOBBIES TO ENRICH LIFE

55%

ENJOY IN ADVANCE

(Use of credit cards/ pay by instalments)

58%

CONCERNED ABOUT THE OPINIONS OF OTHERS

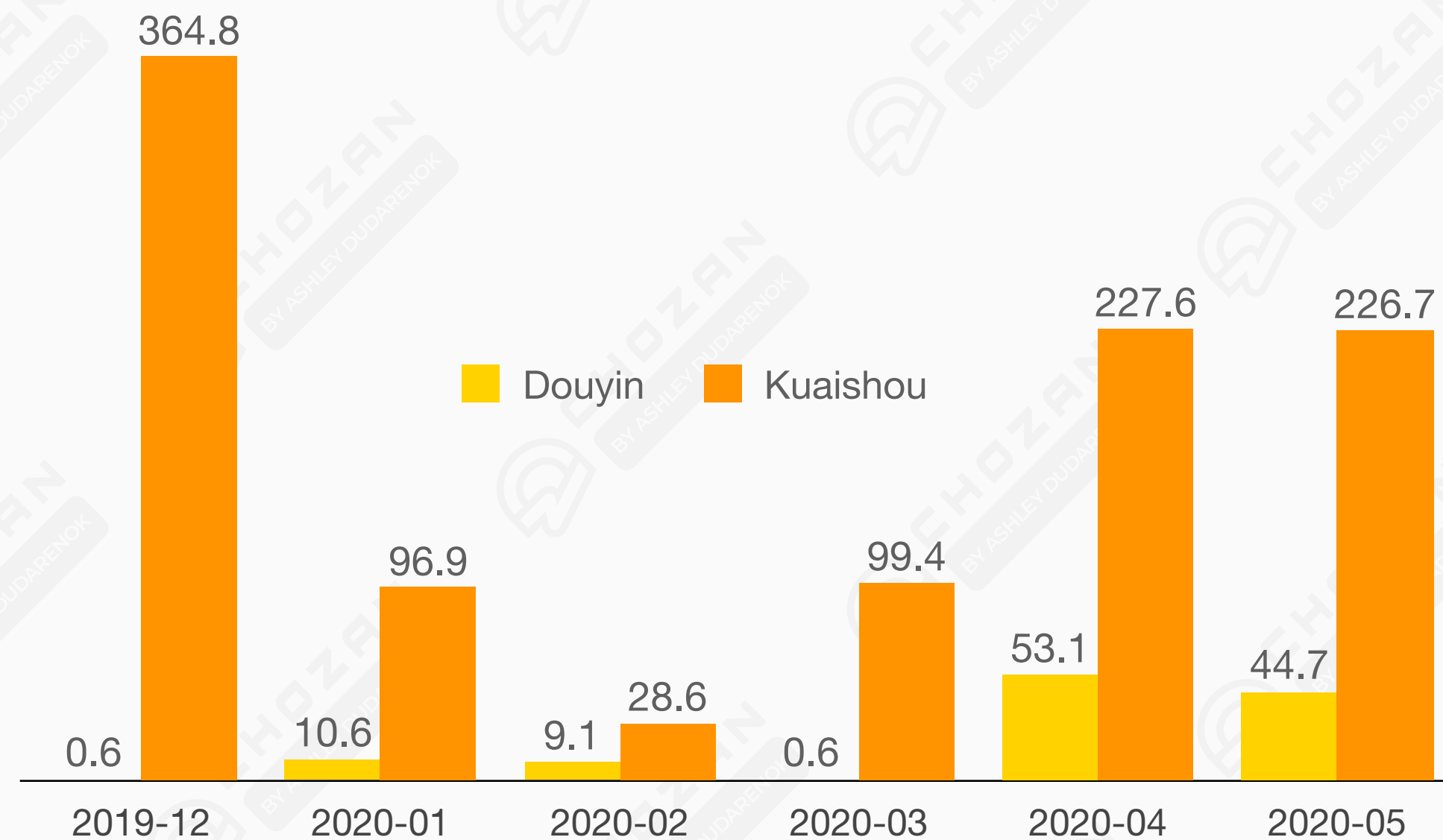
(What will others think when I use this product)

E-COMMERCE

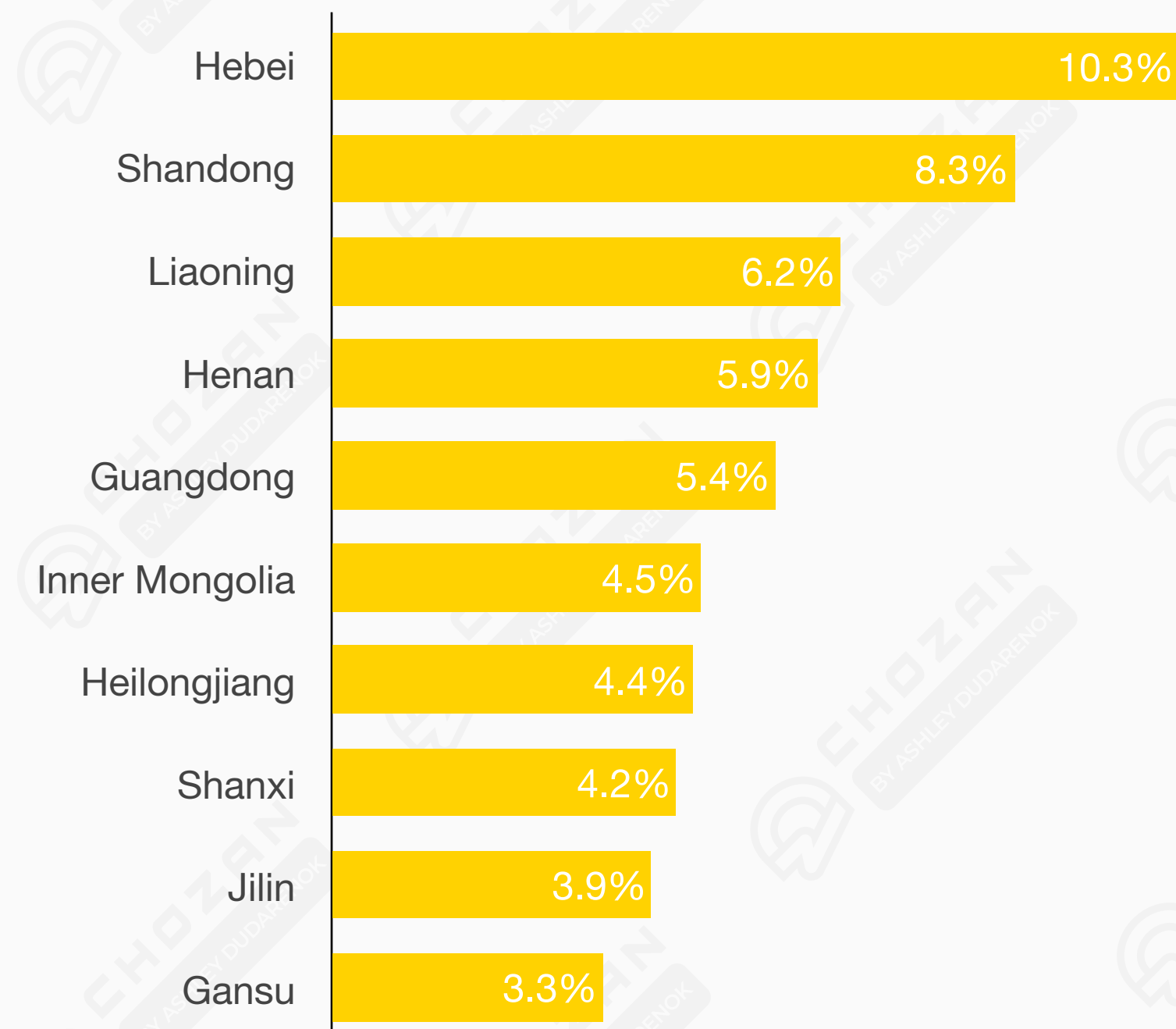
KUAISHOU - AT A GLANCE

Douyin livestreaming commerce increased quickly in April, with total sales reaching 11.9 billion in June. While Kuaishou live-streaming commerce decreased in January and February, it increased in March and April, reaching sales of 20 billion in just the month of May.

**DOUYIN VS KUAISHOU LIVE-STREAM COMMERCE
MONTHLY TOTAL SALES TREND (BY 100 MILLIONS)**



**TOP 10 PROVINCES WITH THE MOST KUAISHOU LIVE-STREAM
AUDIENCES**



Source: Douyin livestreaming commerce increased quickly in April and total sales reached 11.9 billion in June. While Kuaishou livestreaming commerce decreased in January and February, increased in March and April, reaching sales of 20 billion a single month in May.

E-COMMERCE

KUAISHOU - AT A GLANCE

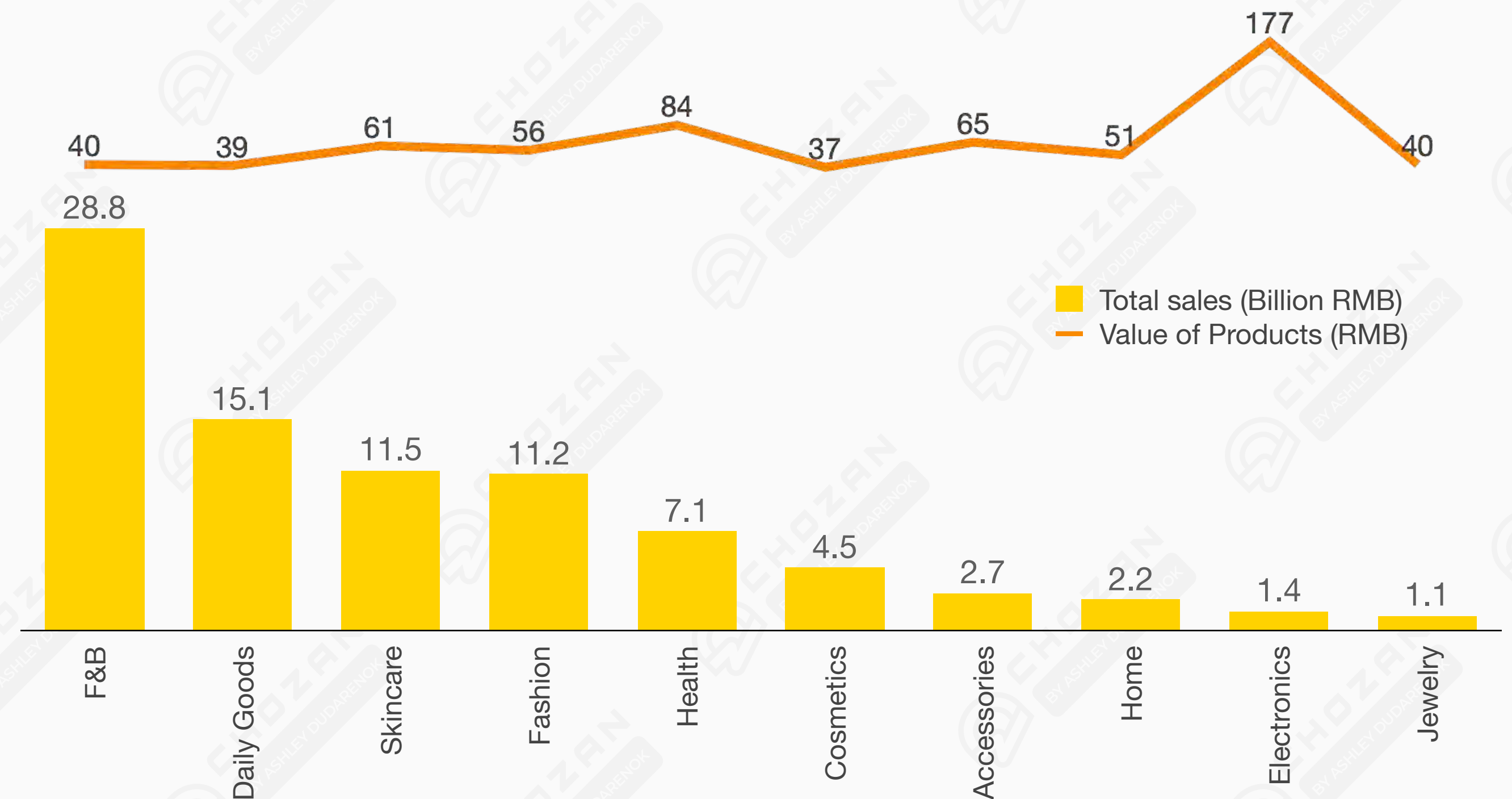
Kuaishou e-commerce completed about 35 billion transactions in 2019. Exceeding their GMV target for the year, Kuaishou raised its 2020 e-commerce target to 100 billion.

In July, Kuaishou claims to have more than 170 million daily active users (DAUs) on its live-streaming service —with e-commerce streaming sessions surpassing 100 million.

Online shopping orders generated on its platform exceed 500 million in August, reported 36Kr.

Food & beverage, daily goods and skincare are proving to be the highest purchased categories from Kuaishou livestreaming.

TOP 10 CATEGORY SALES ON KUAISHOU LIVESTREAMING COMMERCE



Source:

- 1) 36Kr, Kuaishou e-commerce raised its 2020 GMV target to 250 billion
- 2) CBNData, 2020 Live E-commerce Report (Douyin VS Kuaishou)

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: WHAT DO YOU THINK ABOUT KUAISHOU BECOMING THE 4TH MOST IMPORTANT E-COMMERCE PLATFORM IN CHINA?

Chinese consumers in lower tier cities are gaining power and they love to use Kuaishou. The platform has successfully developed different tools integrating livestreaming e-commerce and its daily e-commerce activity exceeds 100 million RMB so it's quickly become an e-commerce leader.

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S E-COMMERCE SPACE IN Q4 2020?

I think they need to stop seeing consumers as mindless “page browsers” and focus on **replicating the in-person shopping experience**. They also need to own the ENTIRE path to the purchase, and master signalling through every touchpoint.

Everything from high profile live-stream events to “white glove” shopping assistance and community engagement must be real time and in-store. It works so well that our portfolio is up over 80% year-to-date despite COVID-19.



JOSH GARDNER
CEO KUNG FU DATA

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S E-COMMERCE / DIGITAL MARKETING SPACE IN Q4 2020?

Yes, there are **groundbreaking innovations happening** with social media and e-commerce that unfold within the confines of a mobile phone, but the brands who win big will be those who **approach different channels** with an **'and' not 'or' attitude**.

Be prepared to **get personal** — use (even the limited!) data you have collected to send personalised content, consumers expect it, appreciate it, and if they're not getting it, won't stick around for long.



OLIVIA PLOTNICK

WeChat & China Marketing Specialist

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S E-COMMERCE SPACE IN Q4 2020?

Stop thinking what platforms we need to be on, instead take time to first **define your consumer segments**, then **understanding** where and how they engage and shop on these platform.

That is how brands will create genuinely engaging and loyal **connections with consumers**.



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S E-COMMERCE / DIGITAL MARKETING SPACE IN Q4 2020?

Two things:

- 1) Focus on building brand**
- 2) Quality rather than quantity**

We speak to so many teams who are so transactionally focused. Unwilling to spend 1 yuan unless it generates them more than 1 yuan in sales. This is a very short sighted way to build businesses and results in a race to the bottom. Brands should **think bigger** and realise that the only way to build huge successful and sustainable businesses is to **invest in brand building**.



ALEX DUNCAN

Co-founder of
KAWO

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S E-COMMERCE SPACE IN Q4 2020?

Brands should absolutely **adapt to and embrace live-streaming** e-commerce platforms like Kuaishou, Douyin, etc. If not all in, at least put 50% of its effort in. It's inevitable as consumer's shopping behaviours are being changed.



QIMEI LUO

Livestreaming Industry Marketer
and PR expert

MEGA ONLINE SHOPPING FESTIVALS

HOW TO SUCCEED IN Q4 2020

EXPERT BITES

Q: WHAT DO YOU THINK WILL BE DIFFERENT DURING THIS YEAR'S DOUBLE 11?



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

This year's Double 11 will focus on Taobao livestreaming. Pay more attention to short video and content merging with sales. Also pay attention to private traffic. Open membership groups and provide operational support. Communicate with your customers.

MAJOR ONLINE SHOPPING FESTIVALS

INTRODUCTION

As estimated by China Internet Watch, by the end of H1 2020 e-commerce reached 25% of all retail consumer sales. In order to succeed in this market it's essential brands know about the major e-commerce festivals. Almost every month brands can participate in a variety of campaigns and promotions arranged by platforms, however, most important shopping festivals are:

1 SINGLE'S DAY (DOUBLE 11)

Alibaba's Double 11 Gala is China's most prominent shopping extravaganza. It was first started as a small-scale promotional event organised by Taobao on November 11th, 2009. Now it's world largest e-commerce festival

2 618

Founded on June 18th, 1998, JD, the second largest e-commerce giant in China after Alibaba, rolls out promotions every year on its birthday. JD's 618 has developed into a big affair on a par with Alibaba's Double 11 Festival.

2 CHINESE NEW YEAR (CNY)

The holiday period always start mega-sales 2 weeks prior. China tech giants arrange different kind of activities and red pocket promotions to enhance sales for family gatherings and presents.

MAJOR ONLINE SHOPPING FESTIVALS

OVERVIEW

SINGLES DAY 2019	JD 618 FESTIVAL 2020	CHINESE NEW YEAR 2019-2020
<p>Chinese consumers spent 1482 billion RMB on November 11, equaling 1.65% of China's GDP</p> <p>Alibaba reported a 10 billion RMB Gross Merchandise Volume (GMV) in just 1.5 minutes after midnight on November 11</p> <p>JD.com is the second biggest player of '11.11', transaction volume reached 204.4 billion RMB, a rise of 28% from 2018</p>	<p>2000 BRANDS grew by more than 100% year over year</p> <p>187 BRANDS received more than 100M RMB in orders</p> <p>100 MILLION RMB live-streaming orders within 2 minutes</p> <p>500% GROWTH of orders on JD supermarket</p>	<p>3.4 Billion RMB of digital media spending recorded over the CNY period in 2019 and 3.1 billion yuan in 2020</p> <p>Brands sales dropped by 11.5% YoY</p>

Source:

- 1) Walk the Chat
- 2) Kr Asia, Splashing 1482 billion in one day, China successfully overwrites "Singles' Day" with "Double eleven"



DOUBLE 11

Alibaba's singles' day (or Double 11) is the most popular e-commerce shopping festival in China. It is a day of intense potential for brands and retailers, and enthusiastic involvement by ever growing participants each year. For ALIBABA it is a day for innovation, system potential testing, and future re-adjustment. With pre-sales becoming more profitable in the warm up periods each year, live-streaming will continue to contribute greatly to the market.



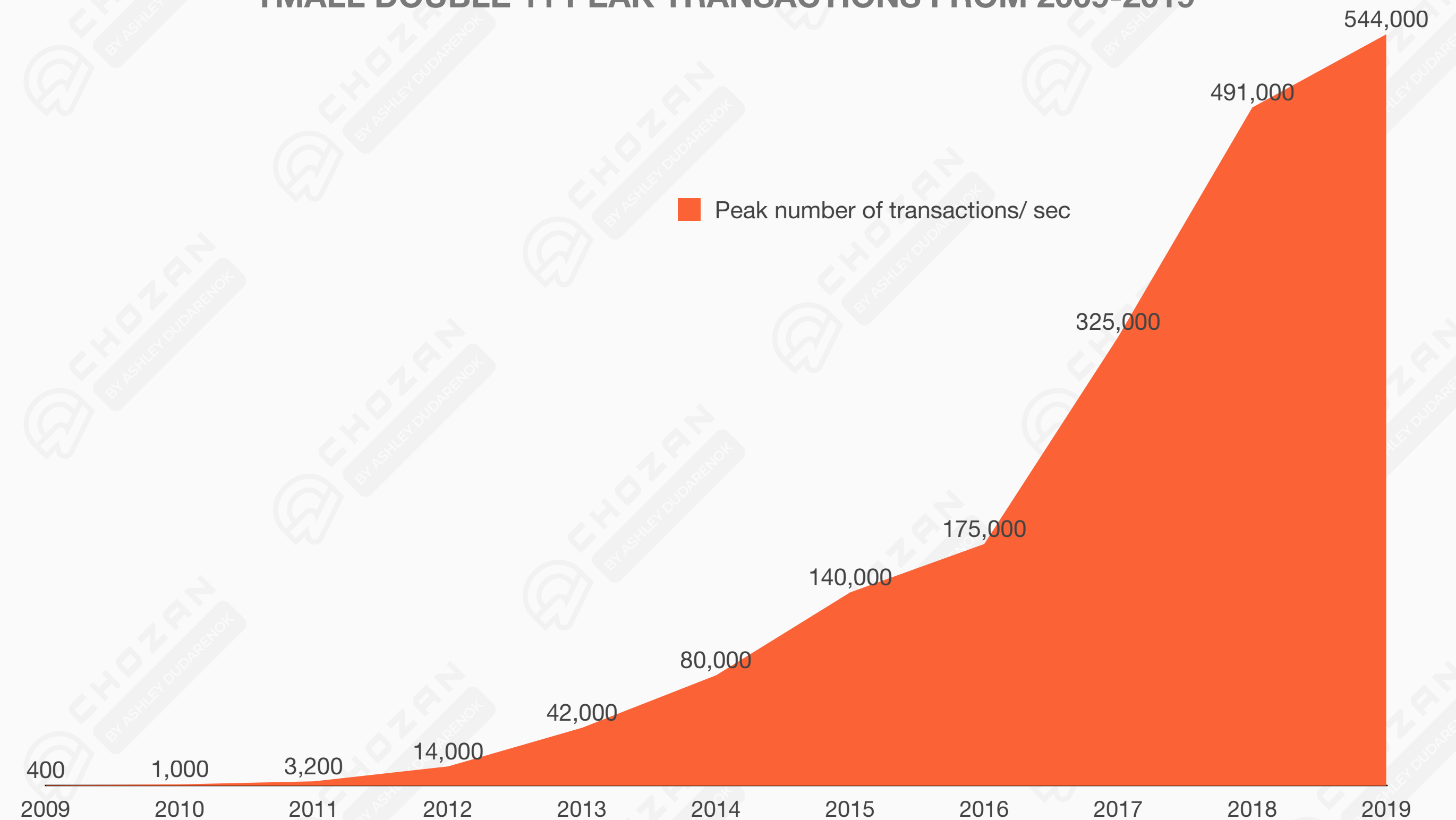
MAJOR ONLINE SHOPPING FESTIVALS

DOUBLE 11 - PERPETUAL GROWTH

TMall's Double 11 shopping festival is China's most popular online festival.

Supported by effective marketing, innovative New Retail tools, and trend management, transaction volume growth exceeds year-on-year.

TMALL DOUBLE 11 PEAK TRANSACTIONS FROM 2009-2019



MAJOR ONLINE SHOPPING FESTIVALS

DOUBLE 11 - FESTIVAL WARM-UP

E-COMMERCE PLATFORMS: EARLIEST WARM UP PERIOD STARTING OCT 18



MAJOR ONLINE SHOPPING FESTIVALS

DOUBLE 11 - PRE-SALES

E-COMMERCE PLATFORMS: TMALL & JD.COM SUSTAINING GROWTH DURING DOUBLE 11 WITH PRESALE STRATEGY

TURNOVER DURING 11.11 IN 2019



268.4
BILLION



204.4
BILLION

MAJOR ONLINE SHOPPING FESTIVALS

DOUBLE 11 - PRE-SALE PERFORMERS

TOP 5

COSMETIC BRAND PRESALE

NO.1

ESTÉE LAUDER

NO.2

L'ORÉAL

NO.3

LANCÔME
PARIS

NO.4

OLAY

NO.5

SK-II

TOP 5

SNACKS BRAND PRESALE

NO.1

 三只松鼠®
Three Squirrels

NO.2

百草味
Be & Cheery

NO.3

 良品铺子
BESTORE

NO.4

 MILKANA
法国百吉福

NO.5

费列罗®
FERRERO

TOP 5

WOMENSWEAR PRESALE

NO.1

 BOSIDENG
波司登

NO.2

ONLY

NO.3

LEDiN

NO.4

VERO MODA®

NO.5

HSTYLE
韩都衣舍

MAJOR ONLINE SHOPPING FESTIVALS

DOUBLE 11 - LIVESTREAMING VIEWERS

Live-streaming is proving to be the defining approach to success in 2020-21 for shopping festivals and pre-sale growth.



2 MILLION

users activated Douyin shopping cart, which is 100% more than “618”



5,000 MILLION

interacting users



1 BILLION

views in more than 500 thousand livestreams



TOP 5 FAVOURITES

Cosmetics/ Fashion/ Food/ General goods/ Maternal and child products

MAJOR ONLINE SHOPPING FESTIVALS

DOUBLE 11 - TAOBAO LIVESTREAMING

11.11 TAOBAO LIVESTREAMING



+100%

numbers of live-streams and live-streamers



+400%

number of transactions in home products



- More number of transactions were completed in **1H 3M** than the whole day of 2018.11.11



- Revenue of 11.11 reached more than **10 billion** in **8H 55M**
- Total revenue of 11.11 is estimated about **20 billion**



- More than 10 livestreams reached 100 million revenue
- More than 100 livestreams reached 10 million revenue

EXPERT BITES

Q: WHAT'S THE MOST IMPORTANT THING HAPPENING ON ALI IN Q4 2020? WHAT SHALL BRANDS WATCH OUT FOR AND PREPARE?

Without a doubt it's the 11-11 Shopping festival. The Chinese retail sector and consumer spending have recovered strongly in the third quarter of 2019.

Single's day will be a major barometer of how far back to pre-COVID-19 levels spending is and what brands can expect heading into 2021. This 11-11 will also be a **showcase for the further expansion** of the New Retail model and the **integration of online and offline and new technologies**.

Brands who have participated in past festivals should see significant volume lift over last year but also need to **be prepared for more expensive marketing costs** and to offer **deeper discounts** to draw traffic and conversions.



MICHAEL ZAKKOUR

Founder – 5 New Digital
and China BrightStar

EXPERT BITES

Q: HOW CAN BRANDS WIN ON PDD'S 11.11 THIS YEAR?

PDD is about **everyday value and fun** so our users do not have to wait for a whole year to enjoy savings and have fun.

Brands should focus on **building trust** and bringing real value to consumers, not just on 11.11 but every day.



ADA YANG

Head of Social Community,
Pinduoduo

EXPERT BITES

Q: WHAT'S THE MOST IMPORTANT THING HAPPENING ON ALI IN Q4 2020, IN YOUR VIEW? WHAT WILL YOU BE WATCHING THEM FOR IN 2021?

I expect 11.11 Global shopping festival to **generate \$45b in sales** but also am interested to see whether the pre-COVID-19 traction is back. In 2021, can the local services sector of Ele.me, Koubai and Freshippo start to gain momentum and profitability?

Where is AliExpress investing in, in 2019/2020 it was Spain and Brazil but where in 2020, the **joint venture with Mail.ru**?



HENDRIK LAUBSCHER

Founder and Chief Analyst at
Blue Cape Ventures

EXPERT BITES



JACQUELINE CHAN

Project Director at Alarice & ChoZan

Q: WHAT'S YOUR MARKETING ADVICE FOR DOUBLE 11?

Launch multi-channel content marketing and work with celebrities and top KOLs to sell goods during live streams. Attract user interest through word of mouth and communities.

Make themed products for Double 11 and Super Brand Day, such as customized C2M, limited-edition gift boxes, and cross-border products, attracting new young consumers, and expanding your market.

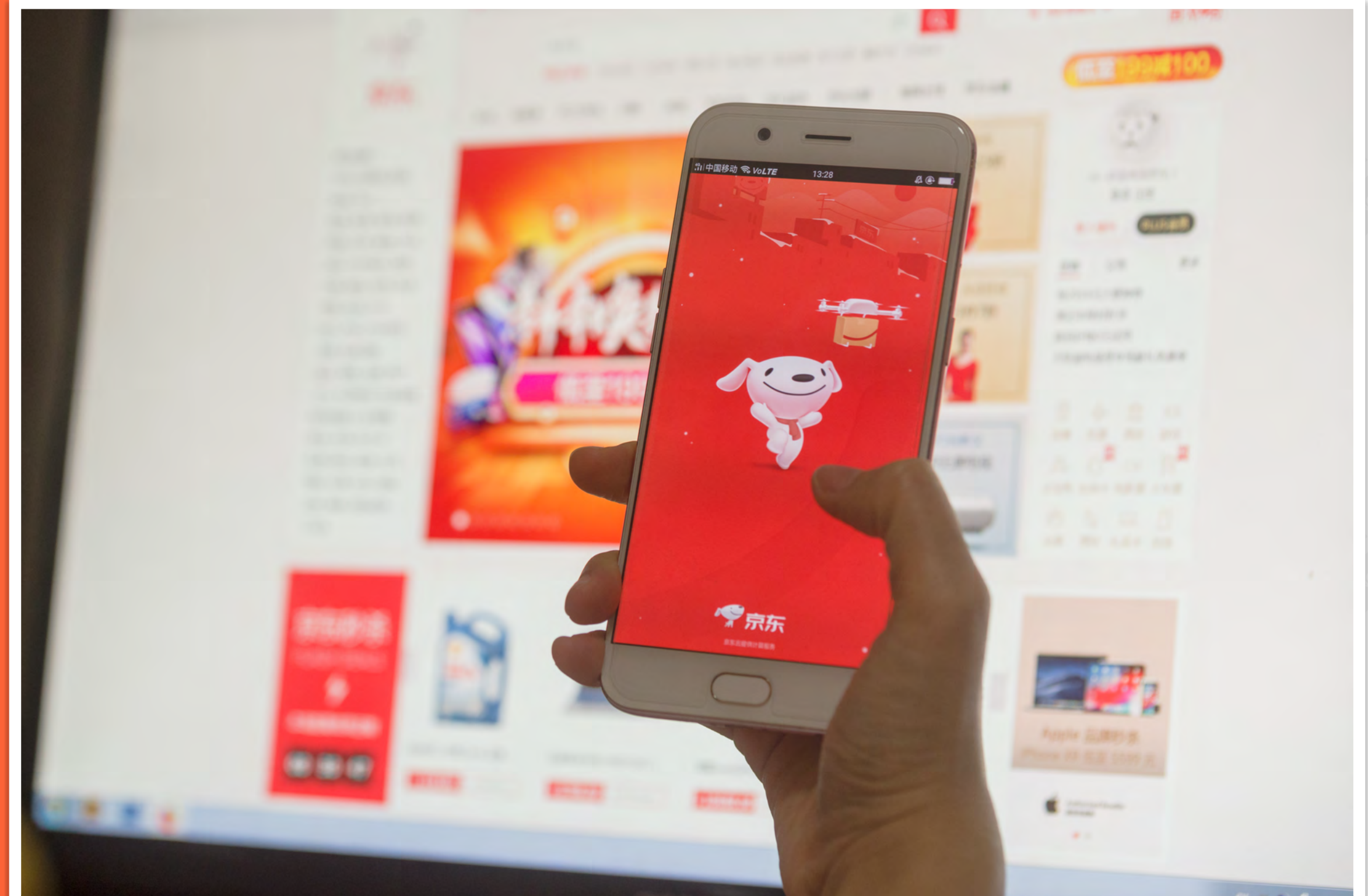
Make use of the latest data and analysis tools to group consumers, refine targeting, assess product popularity, maximize ad effectiveness, and accelerate sharing. Actively create ultra-popular products based on the platform's research insights, multi-channel marketing resources, and ignite new product launches.

Make use of the platform's rich venues, marketing, and media resources, and coordinate with the platform to coordinate exposure to consumers in various channels, triggering exponential results.



618

2020's 618 festival provided plenty of new trends and competitive pressures for JD.com. With sales records broken, live-streaming and short video sharing proved to be a key for success. The rise of video sharing app Douyin had somewhat unexpected e-commerce success and potential.

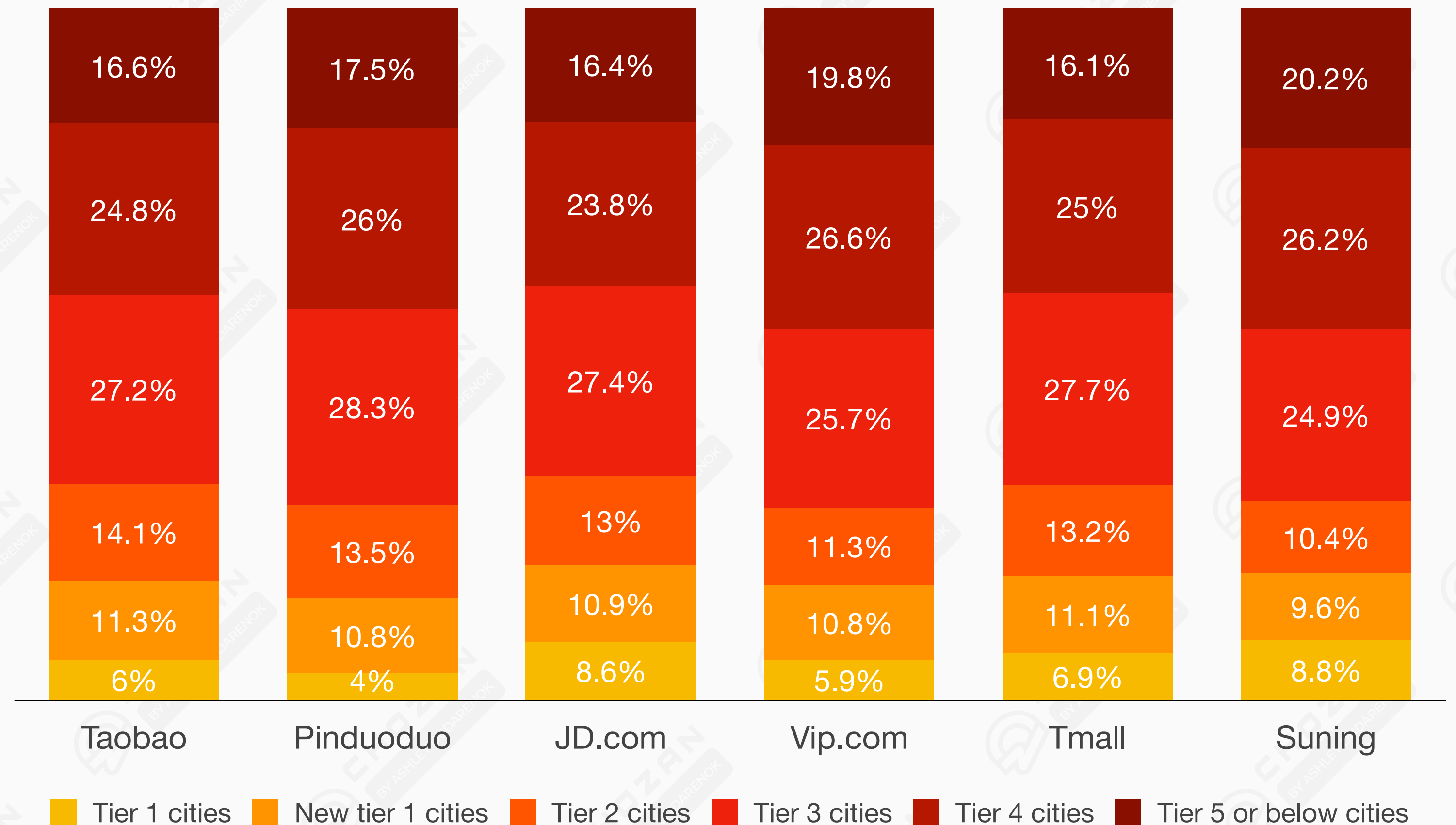


MAJOR ONLINE SHOPPING FESTIVALS

618 - CITY NEW APP ADOPTION

NEW APPS INSTALLED BY DIFFERENCE TIERED-CITY USERS DURING
“618” (2020.05.20-2020.06.18)

Lower tier cities are having increasing purchasing power and demand. The graph illustrates the high rate of download and adoption of e-commerce apps by lower tier cities in particular.



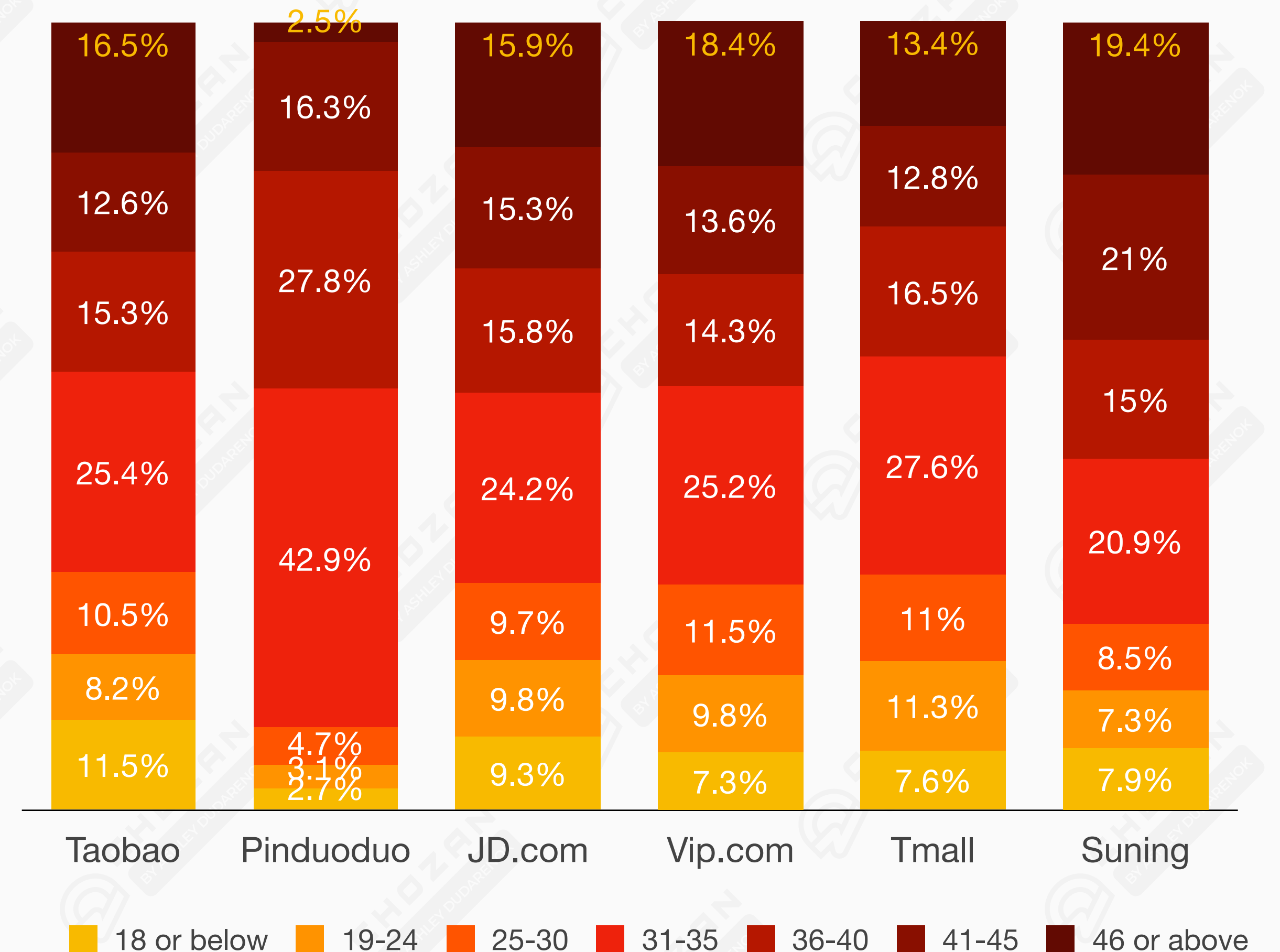
MAJOR ONLINE SHOPPING FESTIVALS

618 - 'SINKER MARKET' NEW APP ADOPTION

NEW APPS INSTALLED BY DIFFERENCE AGED USERS DURING "618" (2020.05.20-2020.06.18)

Industries continue to dig into the sinking market of mid-older age consumers.

Online spending rose due to COVID-19, with the strategy of price drops, discounts and more, 70% of new app installs during "618" are from the sinking market, while more than 40% are users aged 36 or above.

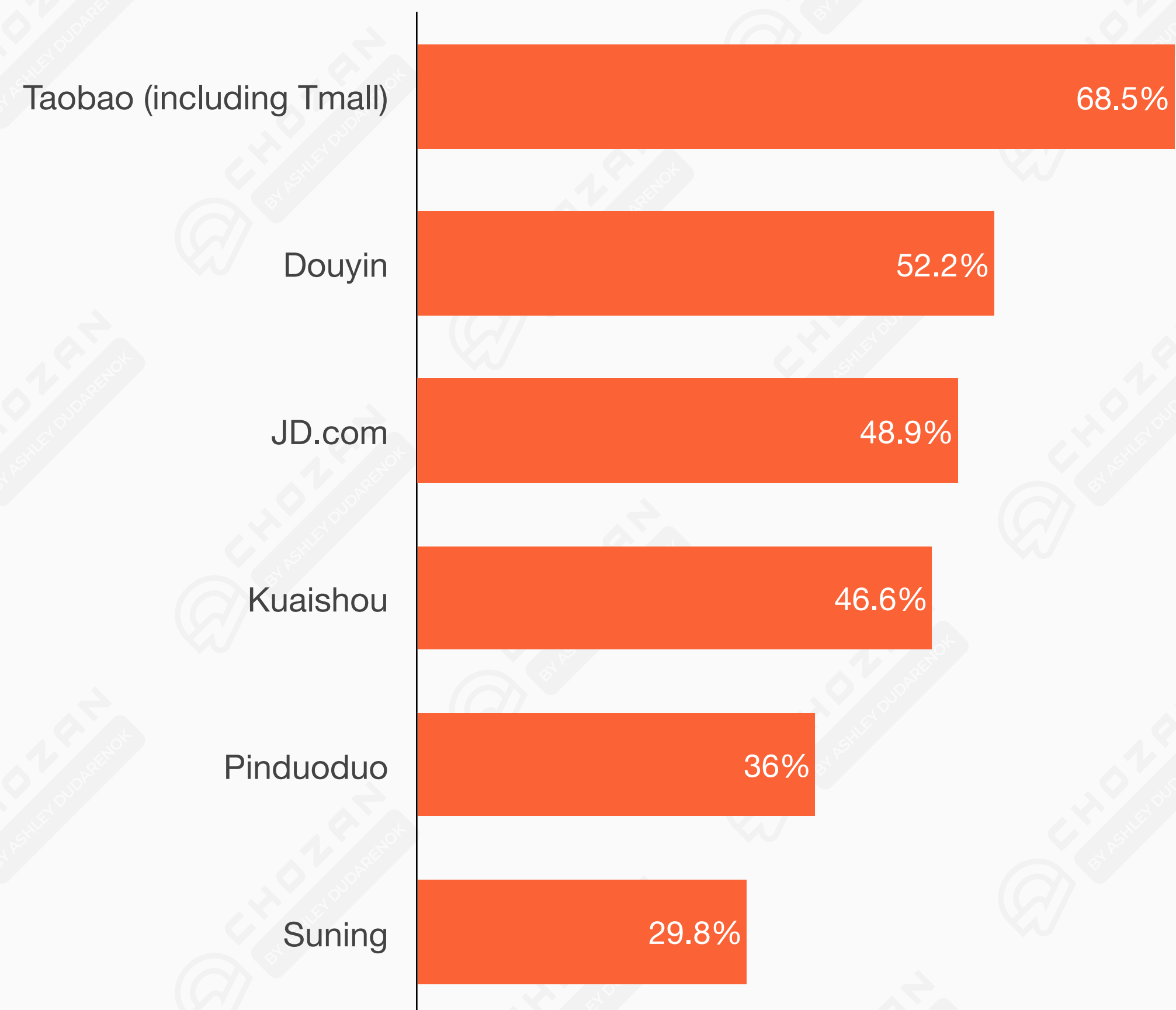


MAJOR ONLINE SHOPPING FESTIVALS

618 - LIVESTREAMING PLATFORMS

Taobao proved to be the most popular live-streaming platform used to watch 618 live-streams. Followed by Douyin and JD.com.

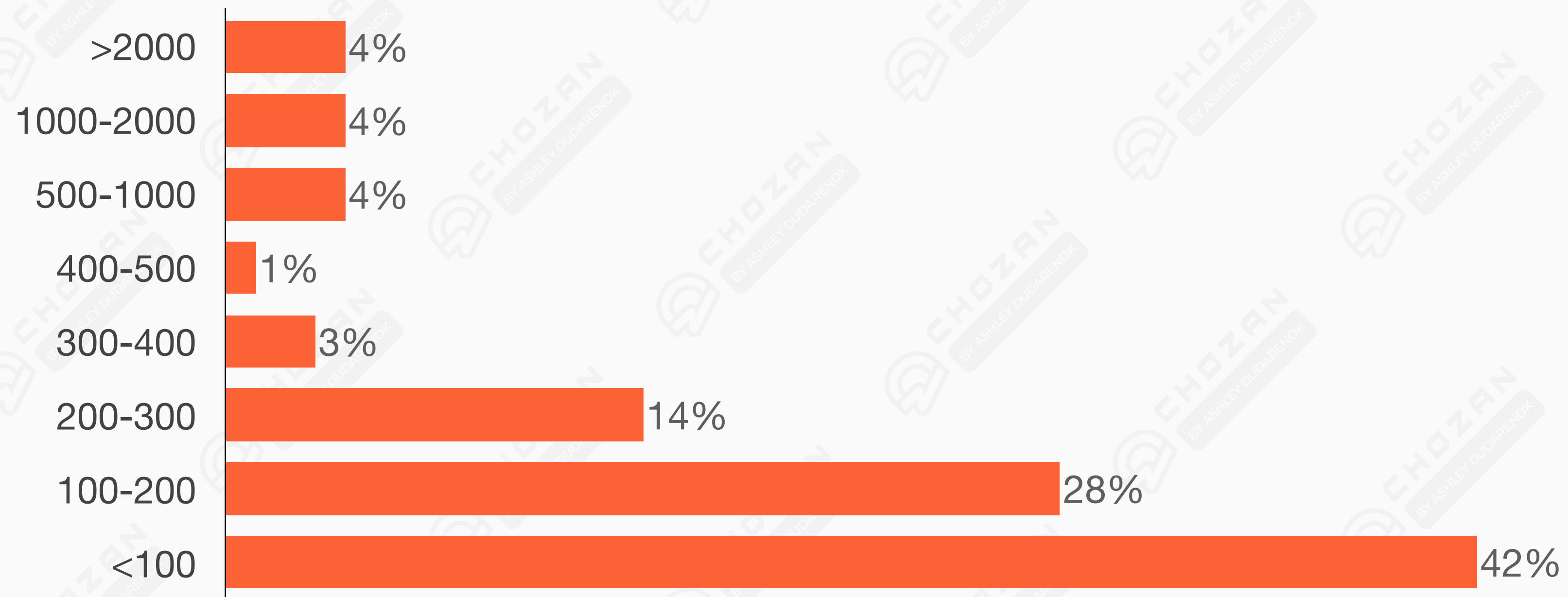
PLATFORMS USED TO WATCH “618” LIVE-STREAMS



MAJOR ONLINE SHOPPING FESTIVALS

618 - LIVESTREAMING: DOUYIN UNEXPECTED STAR OF 2020

616-618 DOUYIN LIVE SALES SALES TOP 100 BRAND CUSTOMER UNIT PRICE DISTRIBUTION (RMB)

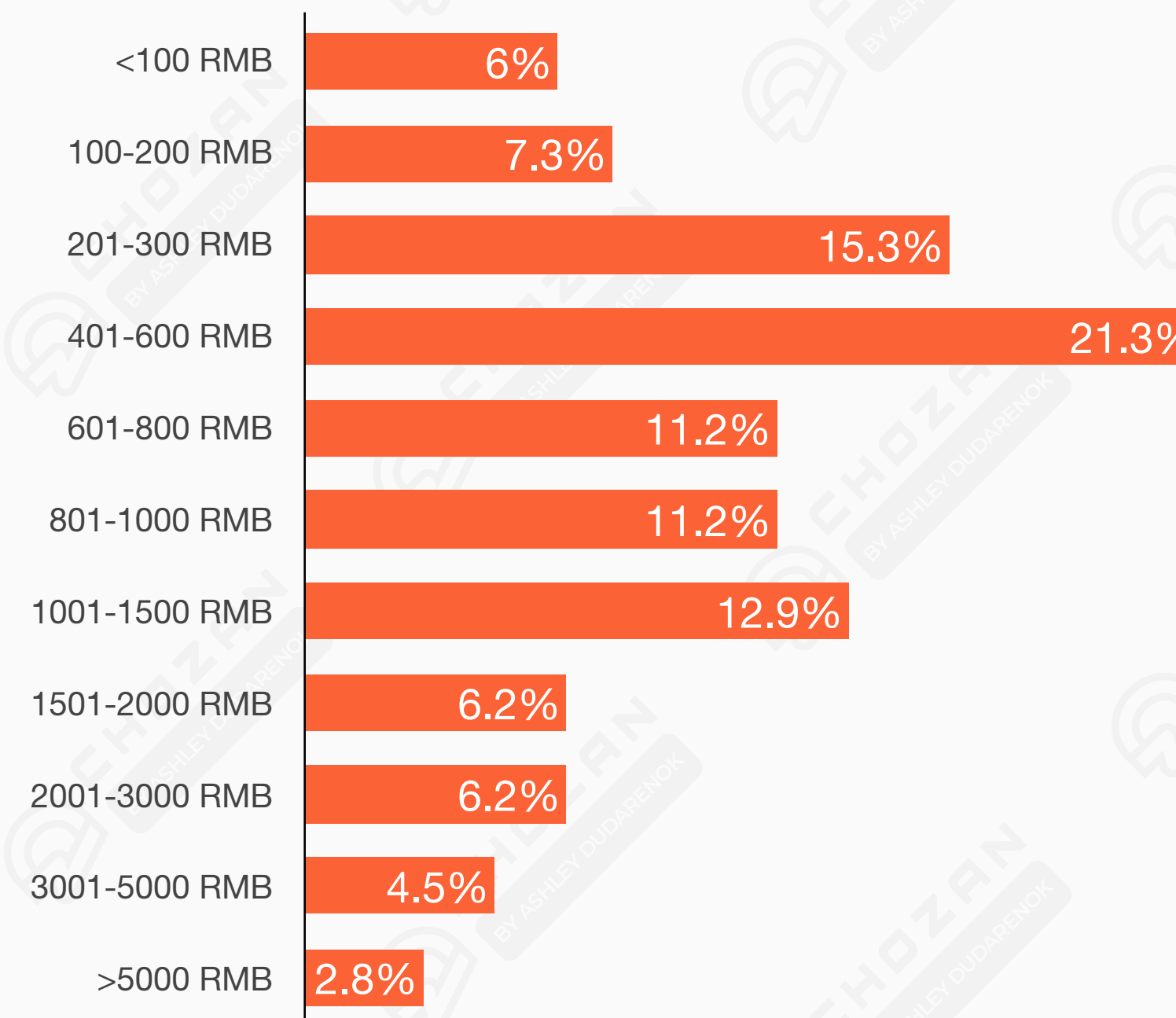


MAJOR ONLINE SHOPPING FESTIVALS

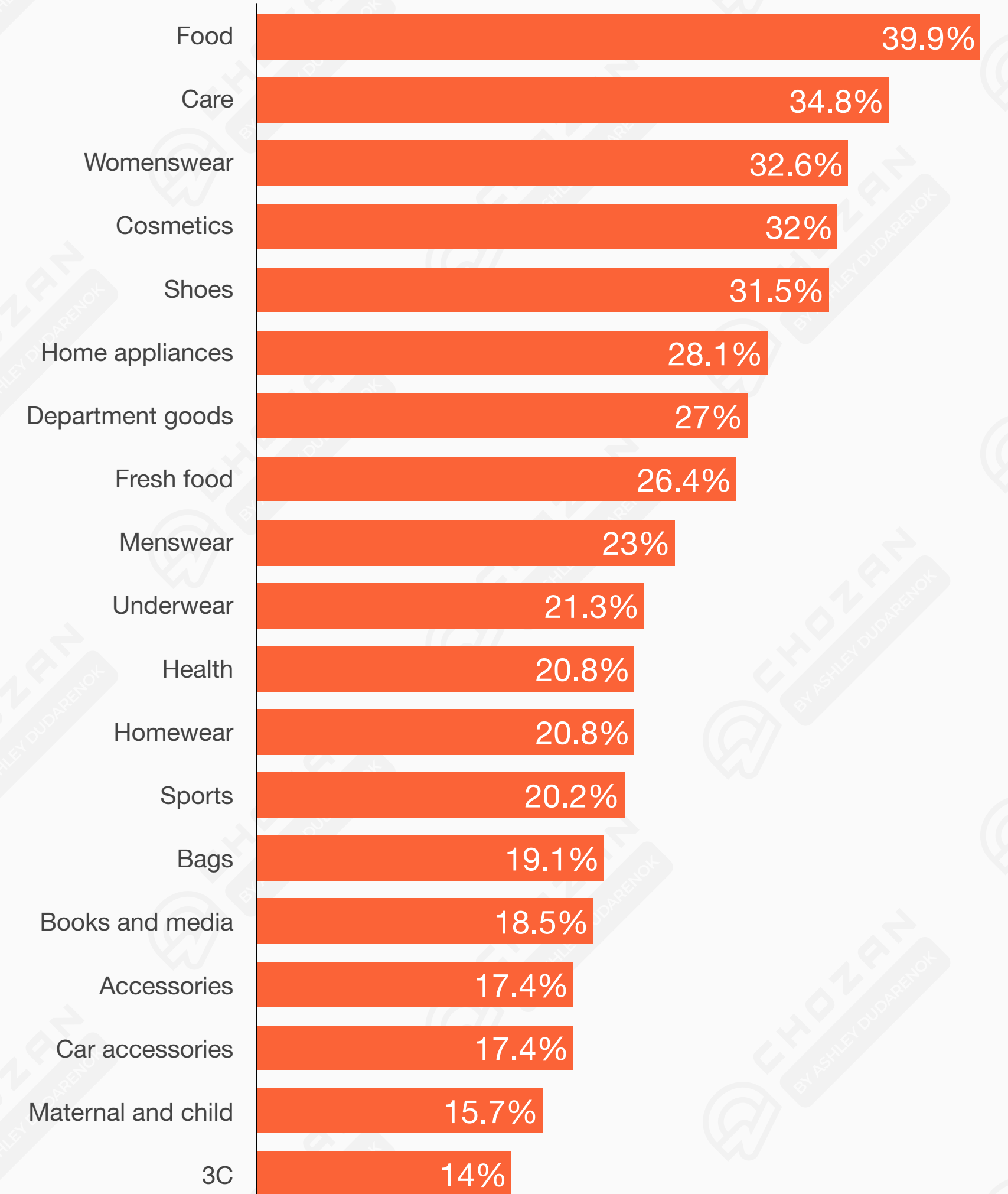
618 - LIVESTREAMING PURCHASES

Food, Care, and Womenswear products were the highest purchased categories from 618 live-streams with 36.6% of user order amounts from live-streams between 201-600 RMB.

USERS ORDER AMOUNTS DURING "618" LIVE-STREAM



TYPES OF PRODUCTS PURCHASED DURING "618" LIVE-STREAM



MAJOR ONLINE SHOPPING FESTIVALS

618 - LIVESTREAMING OVERVIEW IN 2020

JD.com	Tmall.com
<ul style="list-style-type: none"> -269.2 billion revenue between June 1-18 on JD - JD live-stream reached 100 million revenue in 2 minutes - During JD x Kuaishou special sale on June 16, revenue of influencers such as Zhangyuqi and Xinba reached 1.42 billion - Number of live-streams from JD during June 1-18 reached more than 25 thousand 	<ul style="list-style-type: none"> - 698.2 billion revenue during 618 - Taobao live-streams reached 510 thousand revenue on June 1 - Revenue grew by more than 250% by June 17 -13 live-streams reached 1 billion revenue - Brands exceeded yearly deals in the first hour of live-streaming -More than 600 CEOs of brands and shops participated in live-streaming

MAJOR ONLINE SHOPPING FESTIVALS

618 - LIVESTREAMING: SHORT-VIDEO SHARING

LIVESTREAMING BROUGHT AMAZING RESULTS TO SHORT VIDEOS PLATFORMS DURING 618



5.1 BILLION+

Taobao livestream GMV

250%

Taobao livestream
GMV growth



14 TIMES

more JD livestream
views daily

21 TIMES

more JD livestreaming
commerce growth



350 MILLION

Douyin stars livestream
GMV

10,000+

numbers of Douyin
livestreams



3.1 BILLION+

Kuaishou stars
livestreams GMV

1.4 BILLION+

numbers of Kuaishou
livestreams during 6.16



140 MILLION

livestreaming record by
Zhoutao during 6.6

390 MILLION

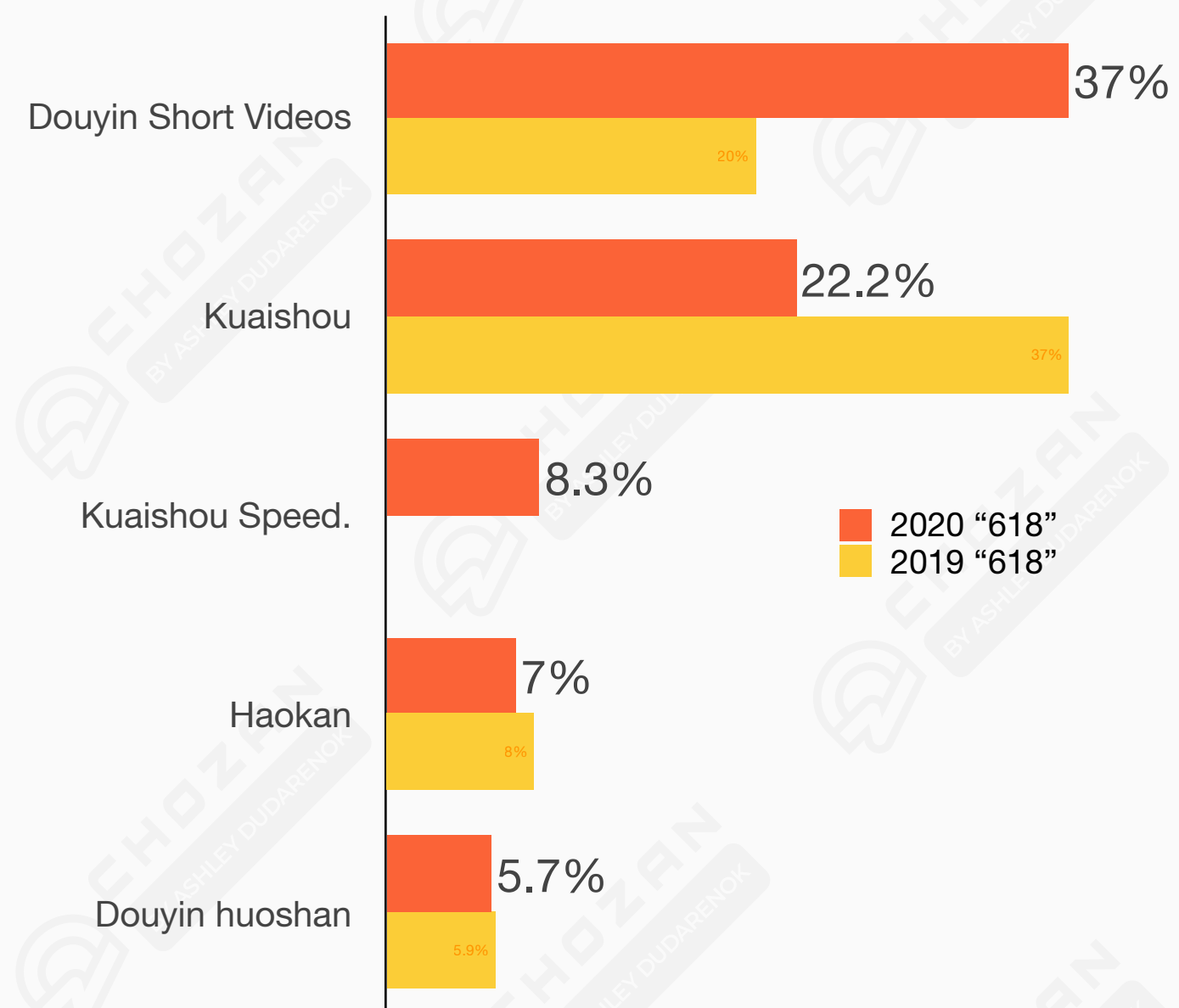
revenue during
Qinhailu's livestream

MAJOR ONLINE SHOPPING FESTIVALS

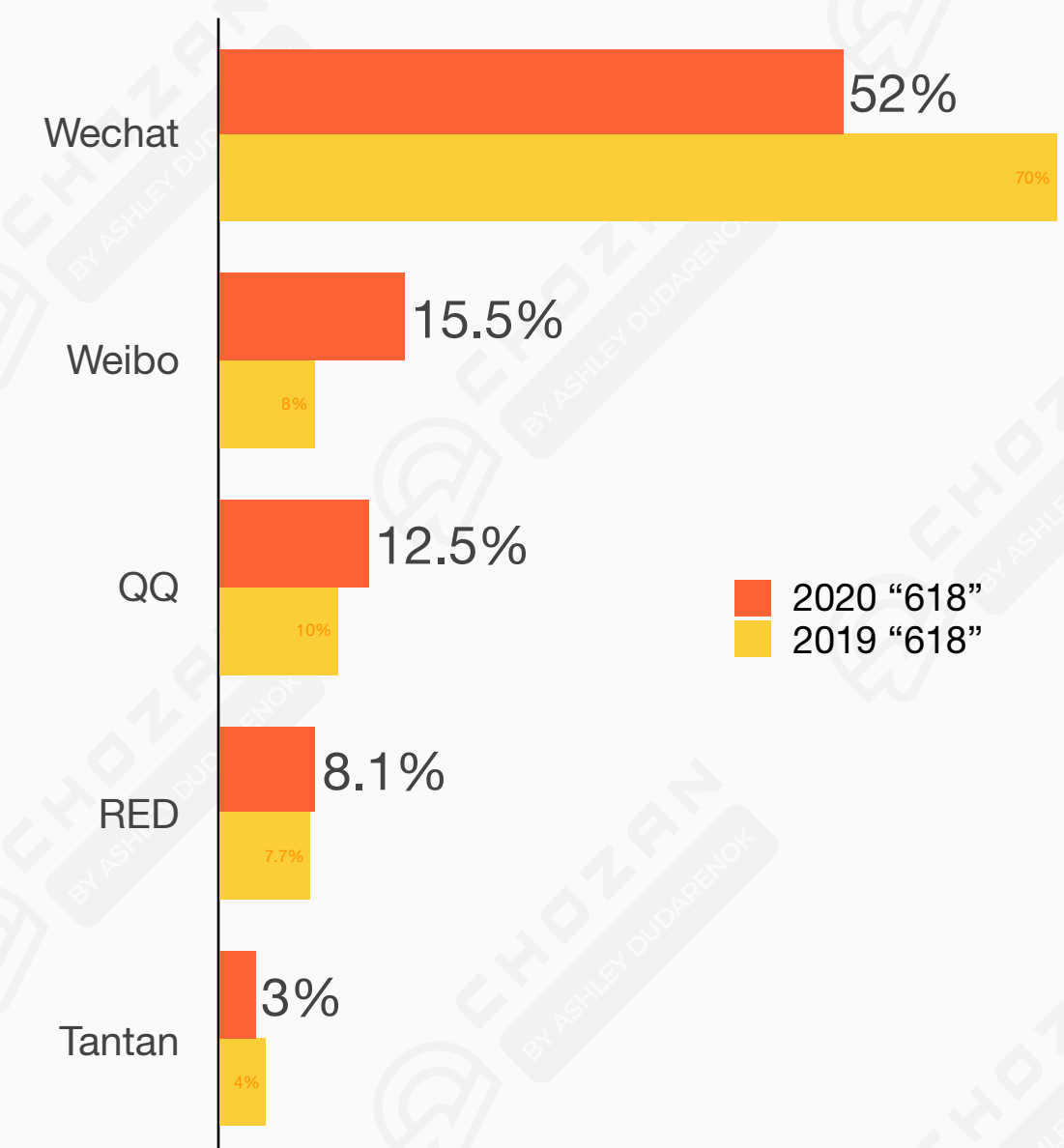
618 - LIVESTREAMING: SHORT-VIDEO SHARING

Social recommendations and Short Videos has become the key to raising the efficiency of the shopping experience.

TOP 5 SHORT VIDEOS APPS DURING
“618” (2020.05.20-2020.06.18)



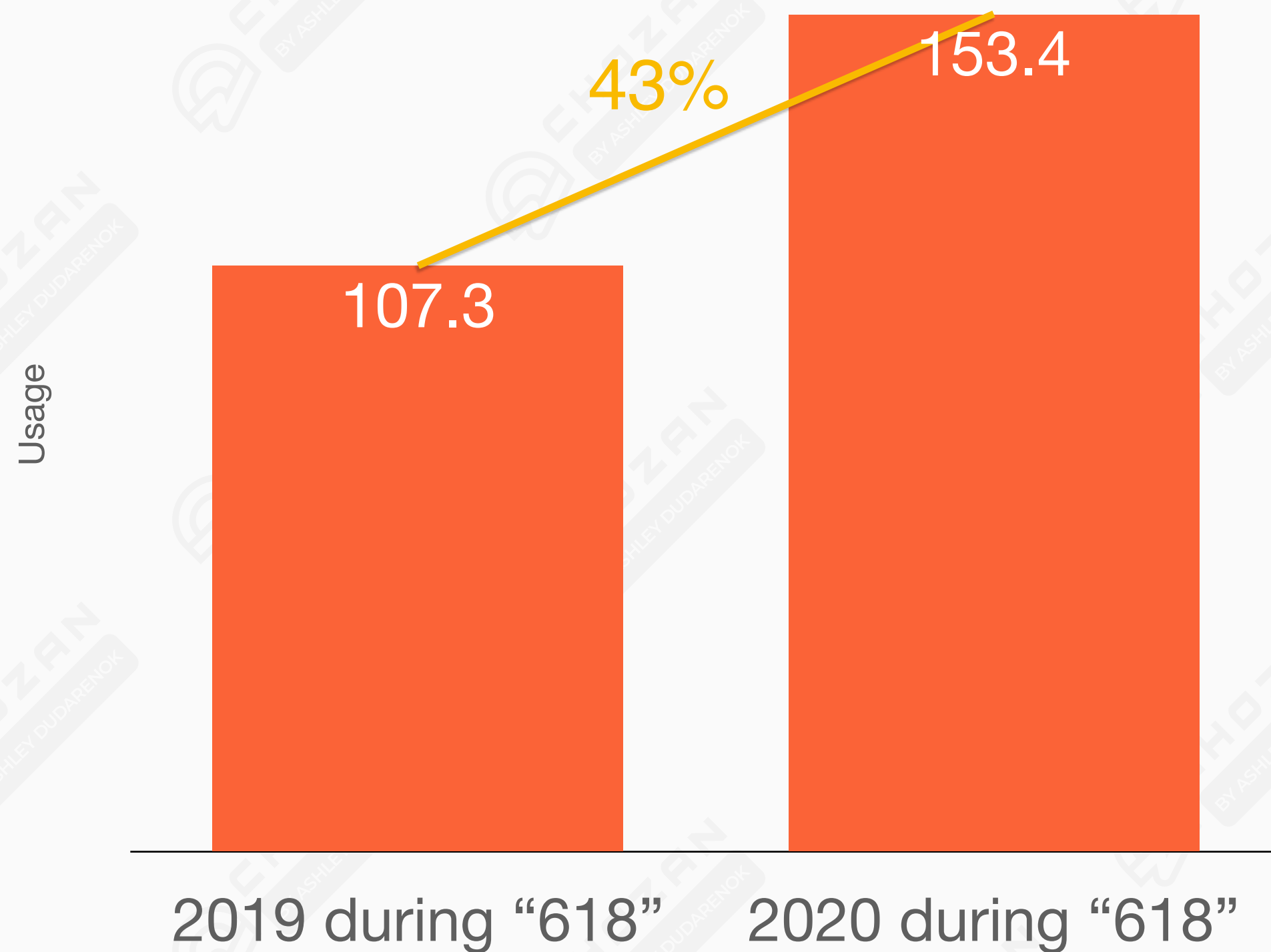
TOP 5 SOCIAL APPS DURING “618”
(2020.05.20-2020.06.18)



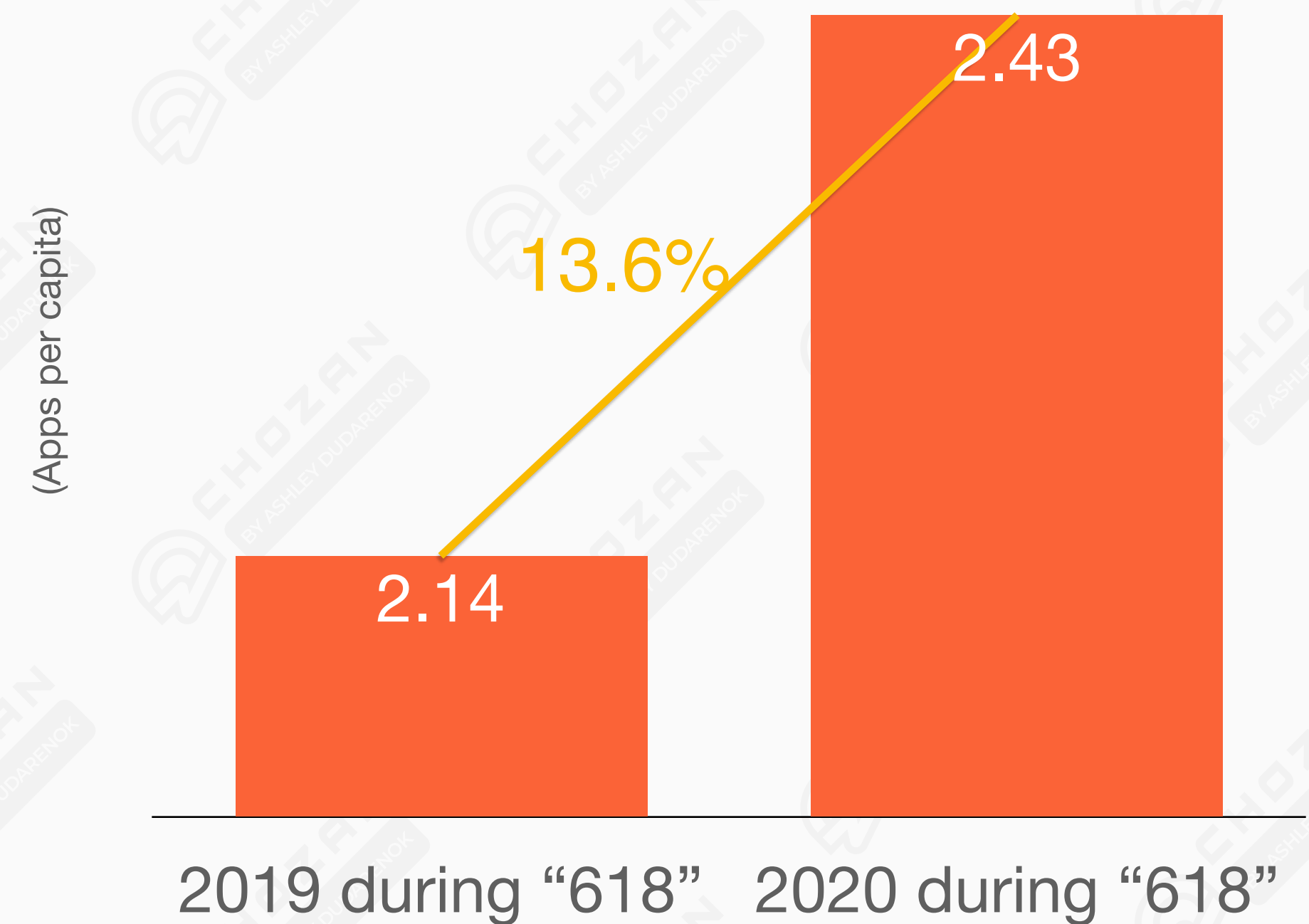
MAJOR ONLINE SHOPPING FESTIVALS

618 - LIVESTREAMING E-COMMERCE VIA MOBILE

PER CAPITA USAGE OF MOBILE SHOPPING APP



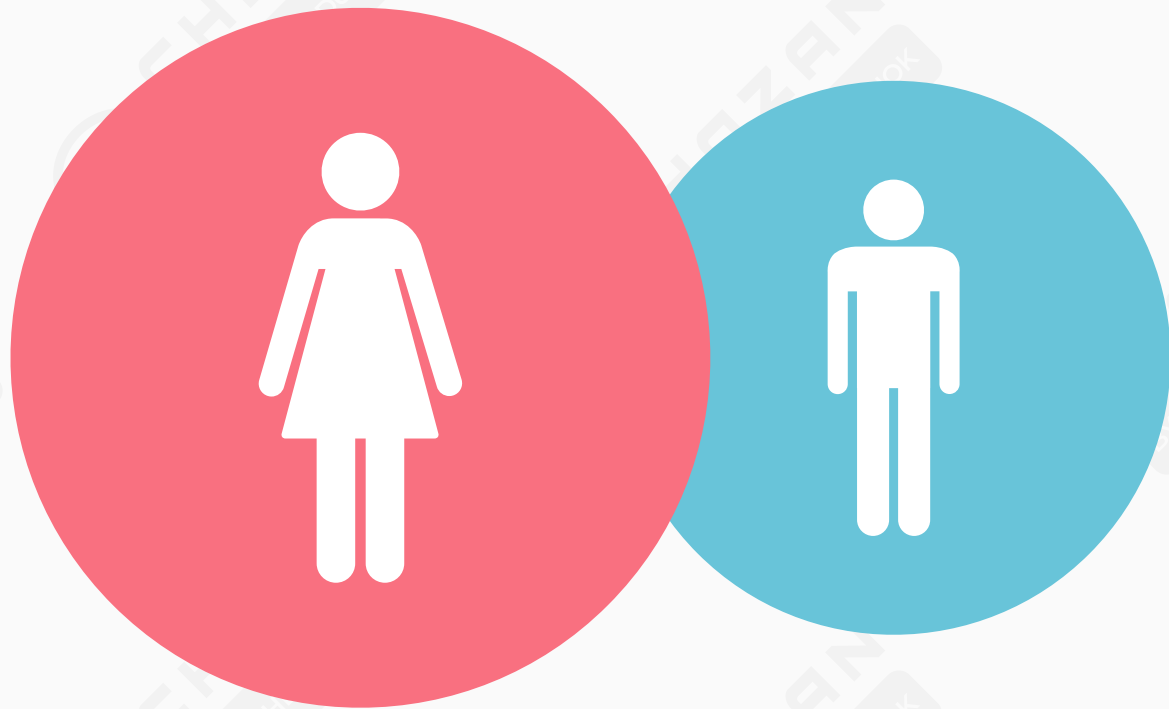
NUMBER OF MOBILE SHOPPING APPS OPENED PER CAPITA



MAJOR ONLINE SHOPPING FESTIVALS

618 - DOUYIN LIVE-STREAMER DEMOGRAPHICS

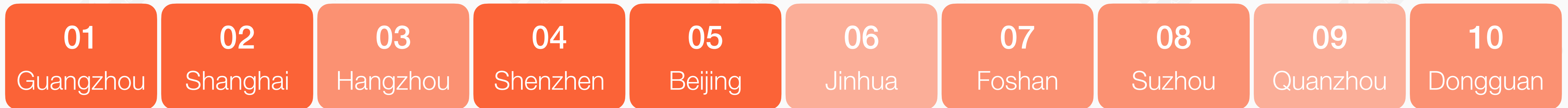
MORE FEMALE DOUYIN LIVE-STREAMERS DURING 618



DOUYIN LIVE-STREAMERS DURING 618 AMONG CITIES



TOP 10 CITIES WITH MOST DOUYIN LIVE-STREAMERS DURING 618



Tier 1 cities



New Tier 1 cities

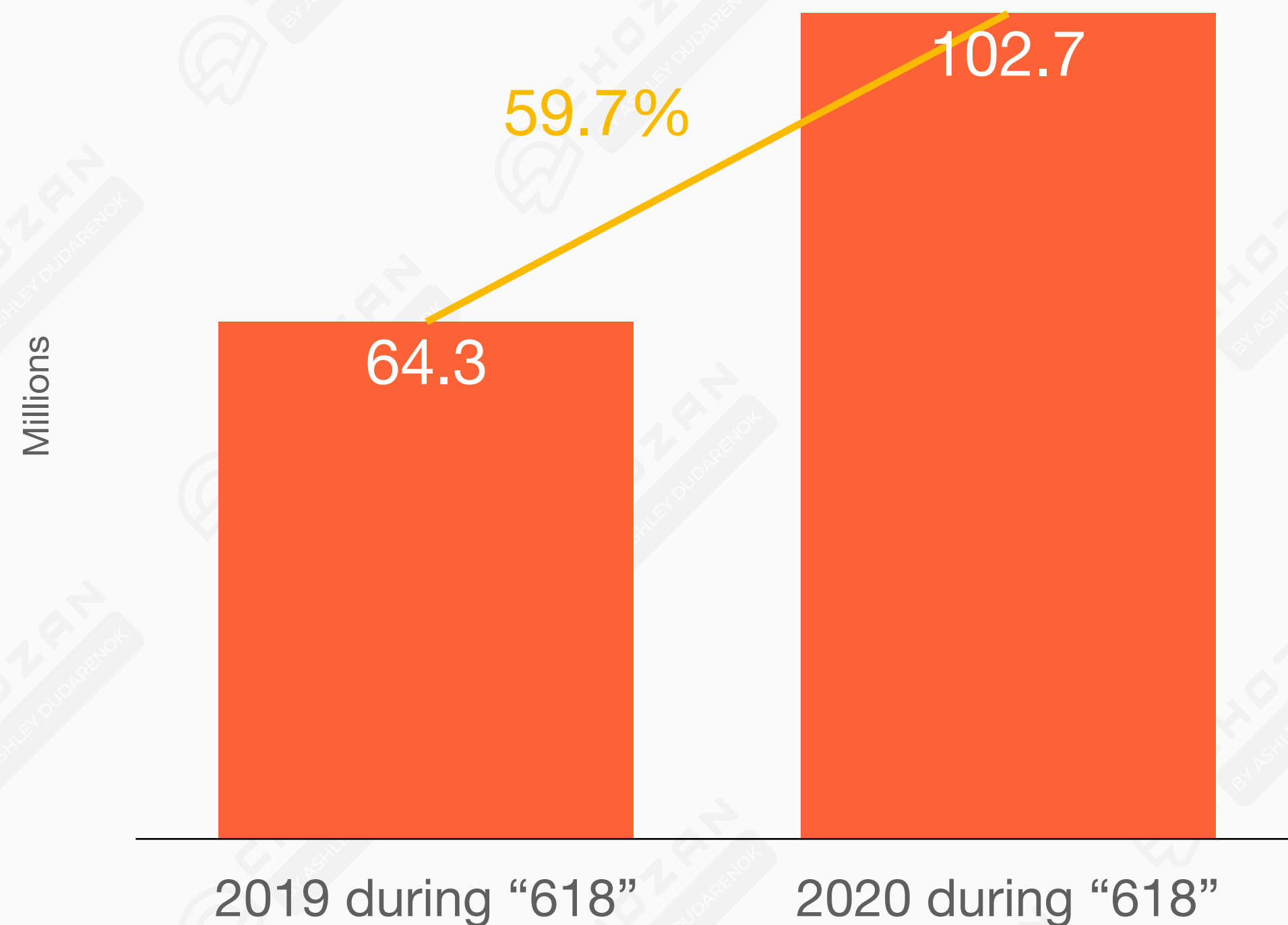


Tier 2 cities

MAJOR ONLINE SHOPPING FESTIVALS

618 - LIVESTREAMING: JD.COM

JD & KUAISHOU APP COINCIDES WITH THE USER SCALE



DURING THE "618", JD.COM SOURCES THE TOP5 APP IN THE SHORT VIDEO INDUSTRY



EXPERT BITES



STELLA ZHAN

Social Media Marketing Manager at
Alarice & ChoZan

Q: WHAT ARE SOME MARKETING TIPS FOR THE 618 SHOPPING FESTIVAL?

Definitely use livestreaming to increase conversion rates. Along with that, leverage celebrities and KOLs to increase brand awareness. Use interactive and creative promotions on multiple platforms.

If you don't have them already and have the resources, improve your consumer shopping experience by enabling or streamlining features like shopping offline and buying online and virtual shopping experiences that use technology like AR and 3D.

Tap into lower tier city markets to find new consumers.

CNY








Unlike Double 11 and 618, China New Year (or the Spring festival) is predominately a gift giving festival and is China's most important traditional holiday.



LOOKING AHEAD

MAJOR ONLINE SHOPPING FESTIVALS IN CHINA

RED PACKETS RAIN CASH FOR LUNAR NEW YEAR 2020

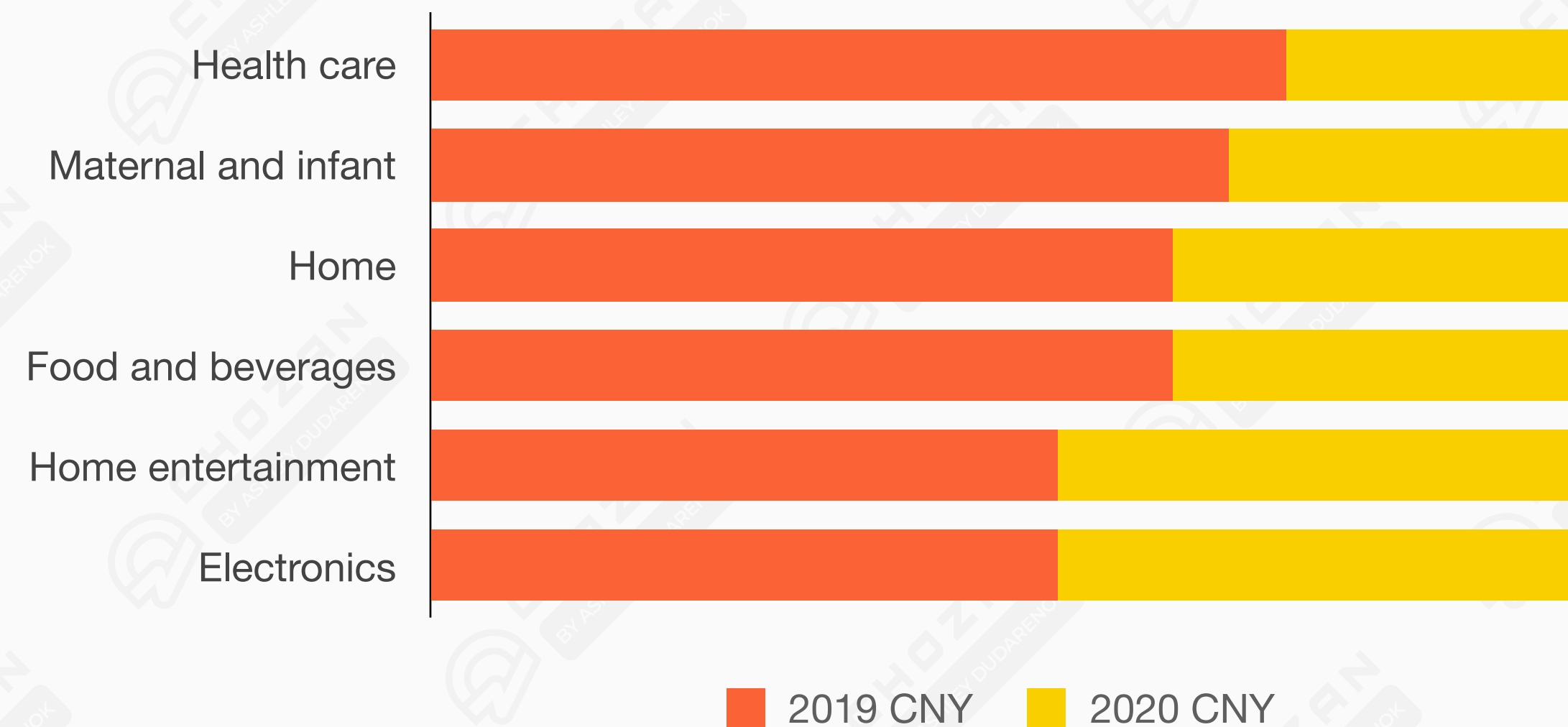
	TOTAL PAYOUT	MAINLY GIFTED AS
Pinduoduo	4 billion	 COUPONS/ GIFT CARDS
Douyin	2 billion	 CASH REWARD
Taobao	2 billion	 COUPONS/ GIFT CARDS
Kuaishou	1.1 billion	 CASH REWARD
Tencent Weishi	1 billion	 CASH REWARD
Baidu	500 million	 CASH REWARD
Alipay	500 million	 CASH REWARD

LOOKING AHEAD

MAJOR ONLINE SHOPPING FESTIVALS IN CHINA

Due to Covid-19 during the Spring Festival, the turnover of livelihood commodities including rice, noodles, grains, oils and dairy products increased by 154%, drinking water increased 2.54 times, edible oil increased 2.43 times, and dairy products increased by about 2 times.

JD STATISTICS: 2020 CHINESE NEW YEAR CONSUMER CHANGE

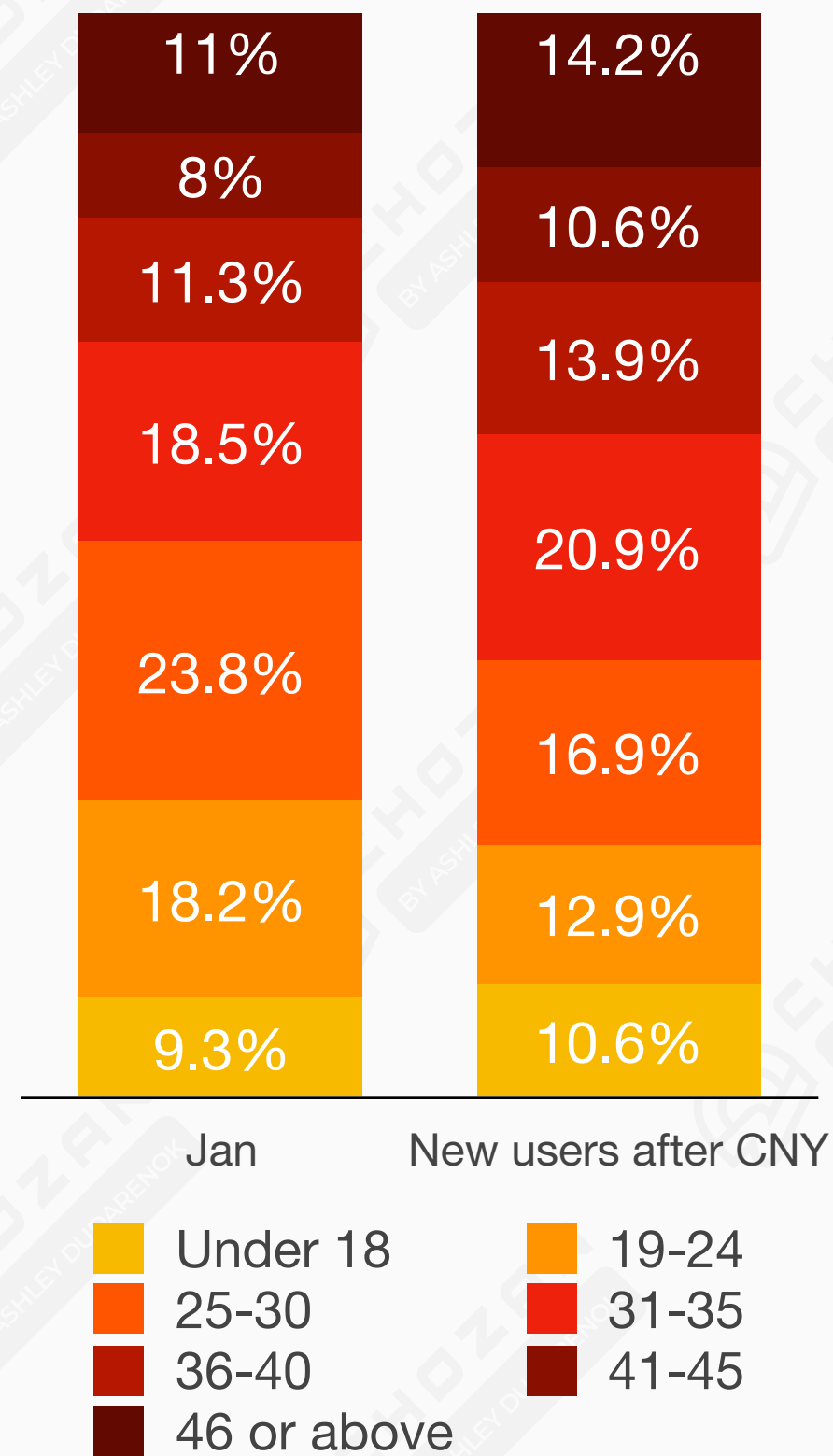


LOOKING AHEAD

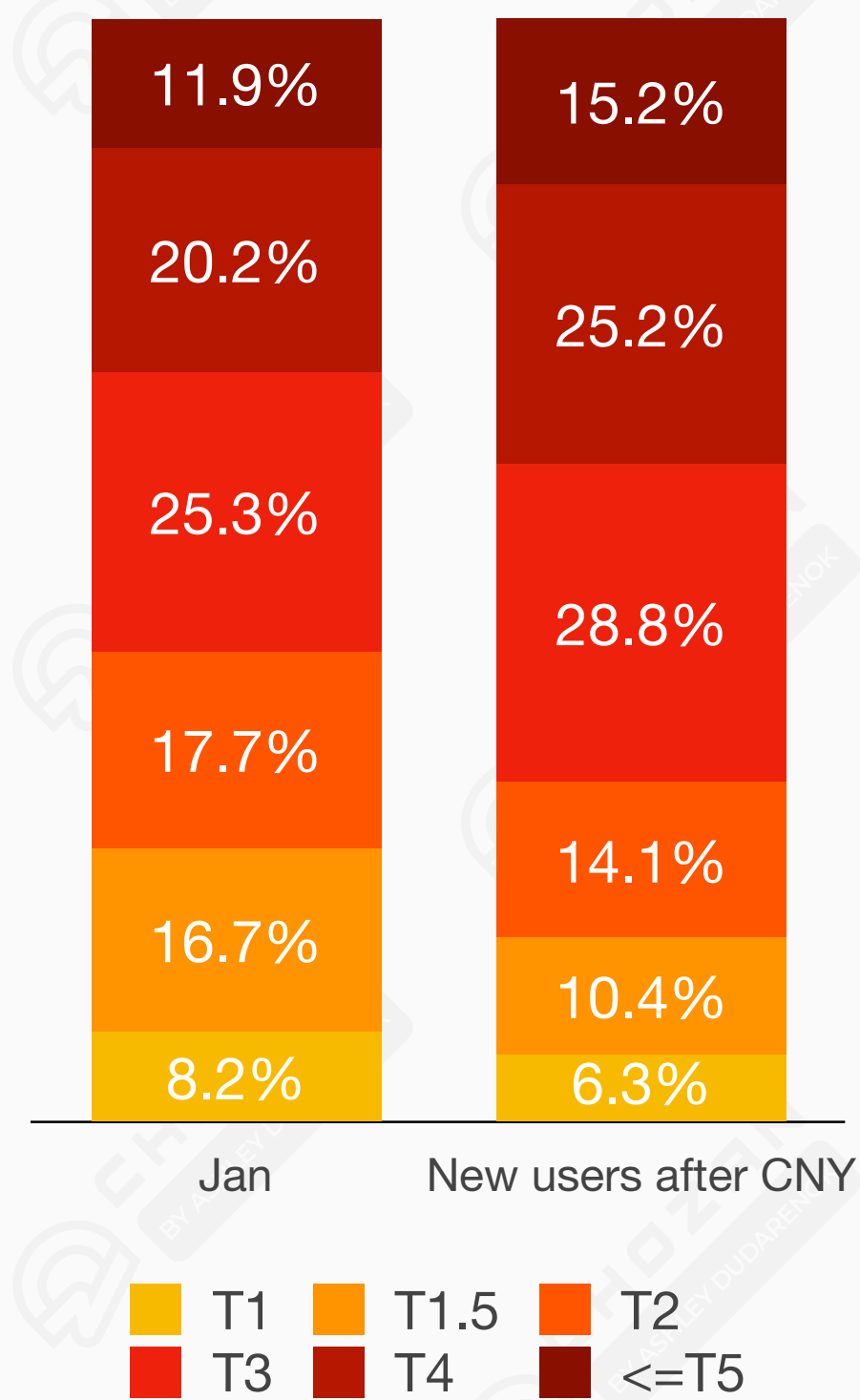
MAJOR ONLINE SHOPPING FESTIVALS IN CHINA

NEW E-COMMERCE PLATFORM USERS AFTER CHINESE NEW YEAR 2020

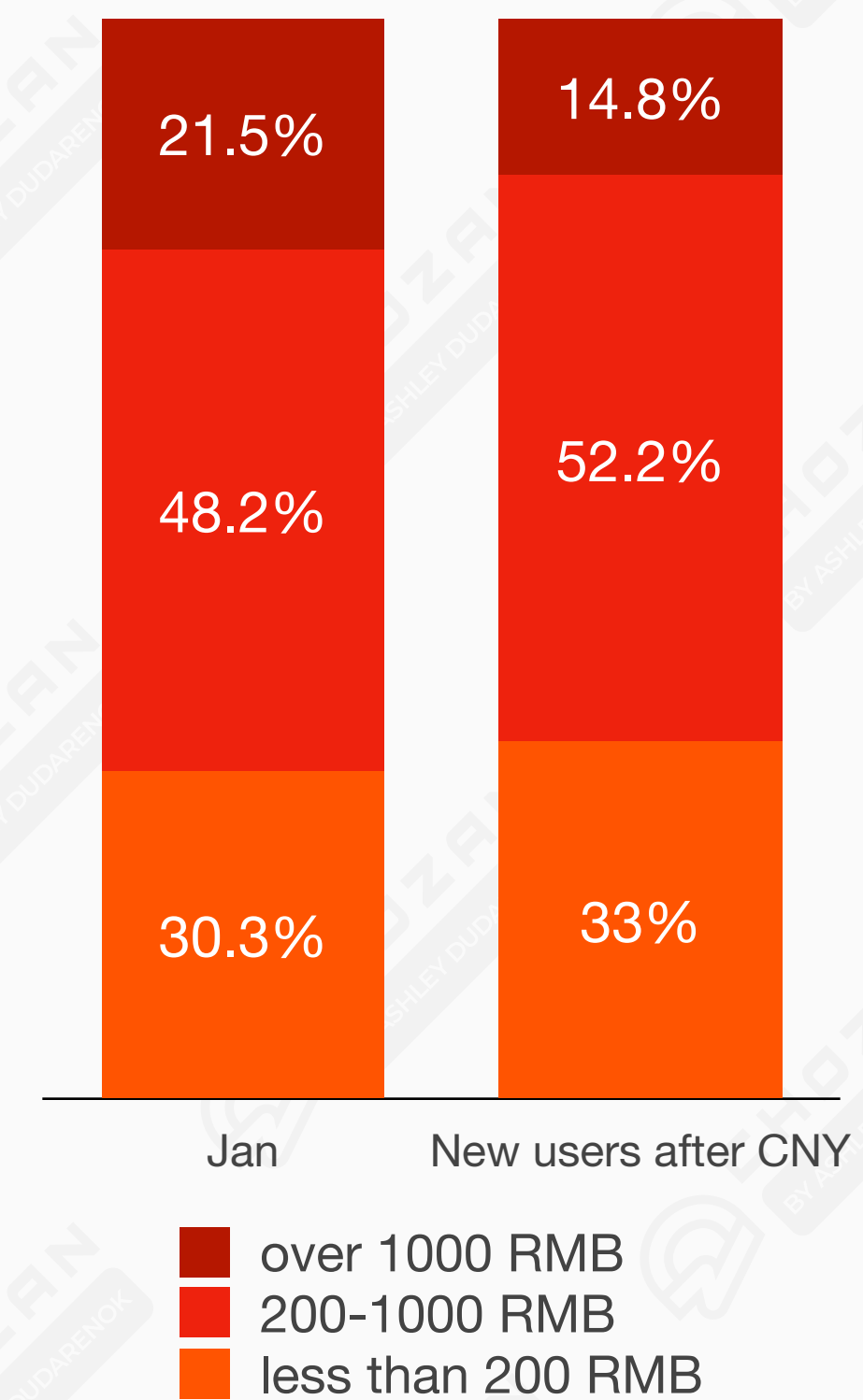
IN AGE GROUPS



IN TIERED CITY GROUPS



ONLINE SPENDING POWER

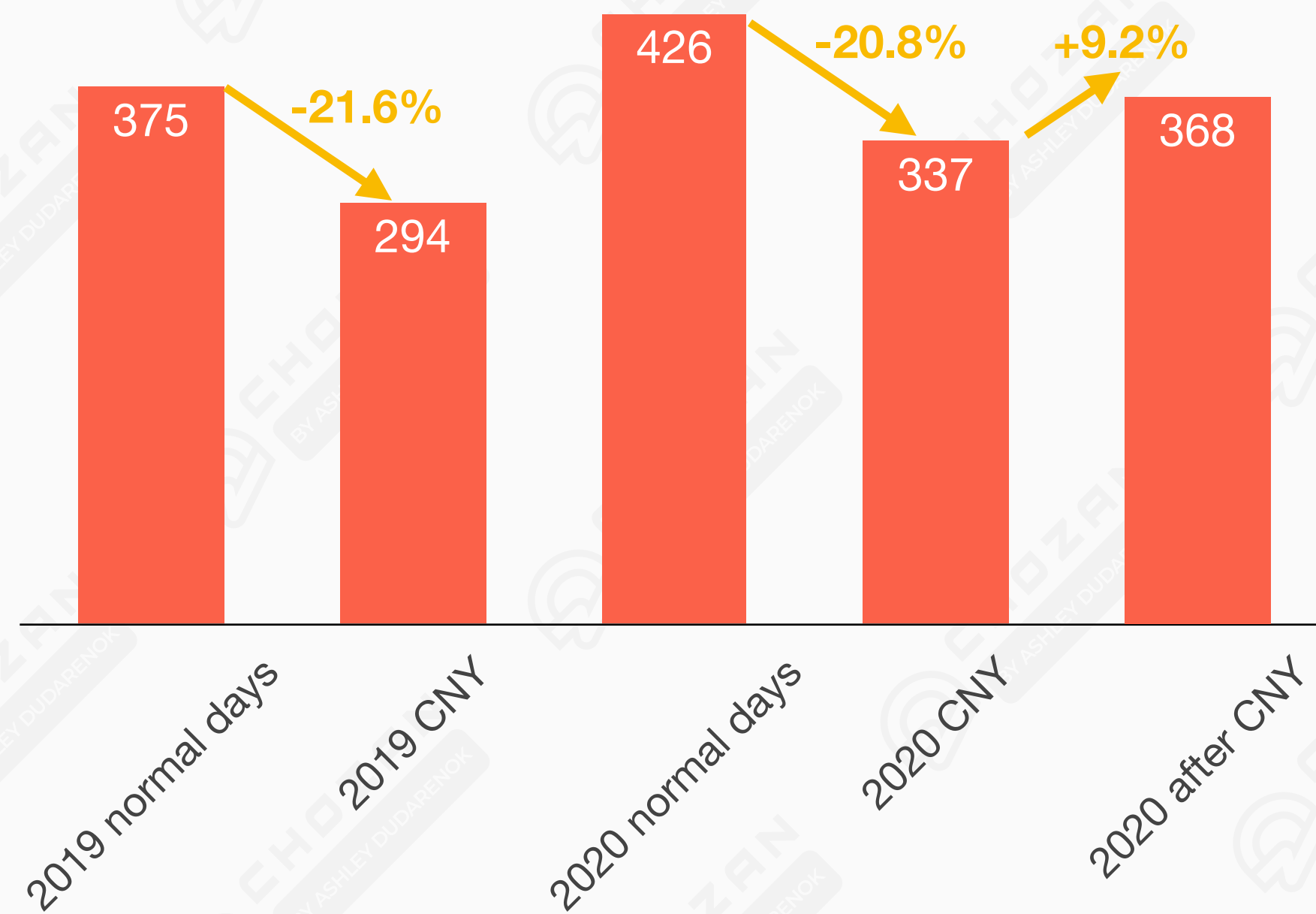


LOOKING AHEAD

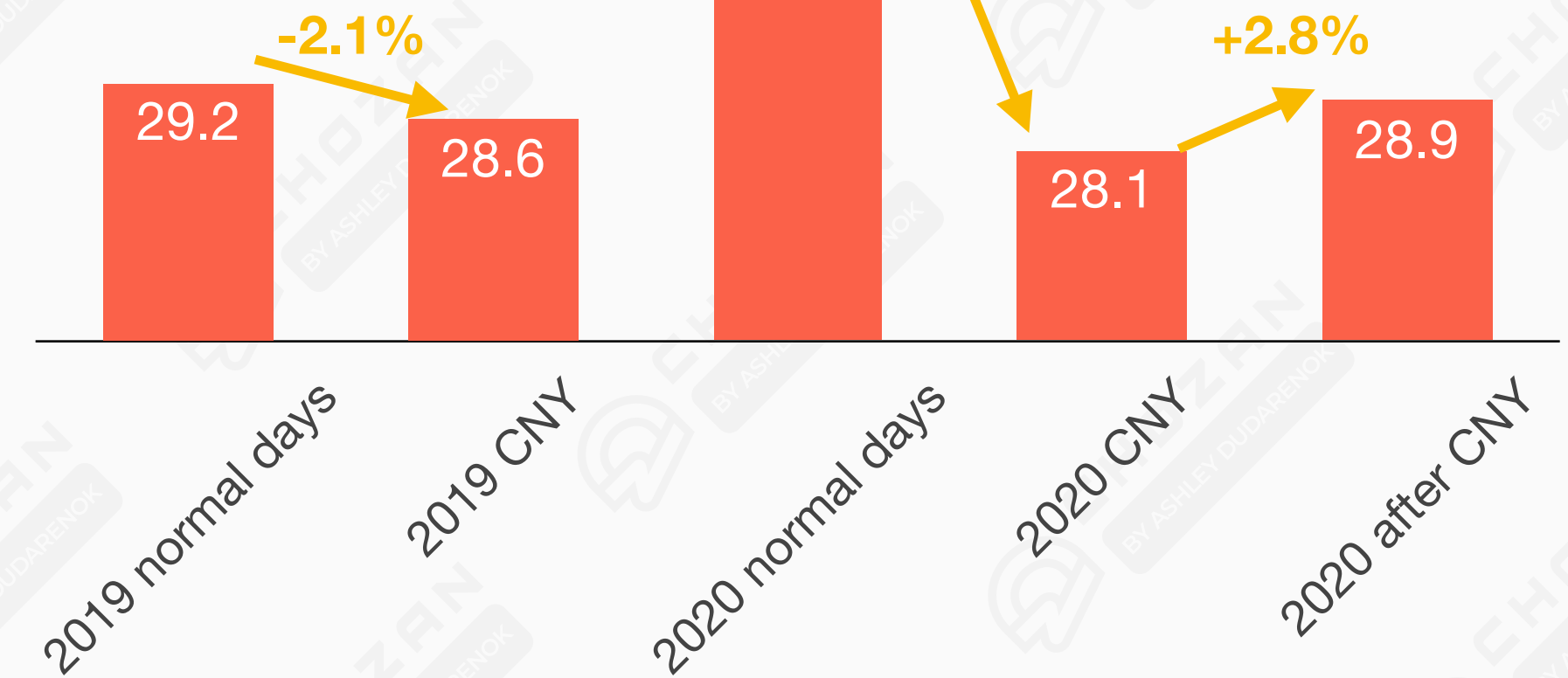
MAJOR ONLINE SHOPPING FESTIVALS IN CHINA

2019-2020 MOBILE SHOPPING SUMMARY IN DIFFERENT TIME OF THE YEAR

DAILY ACTIVE USER SCALE (MILLIONS)



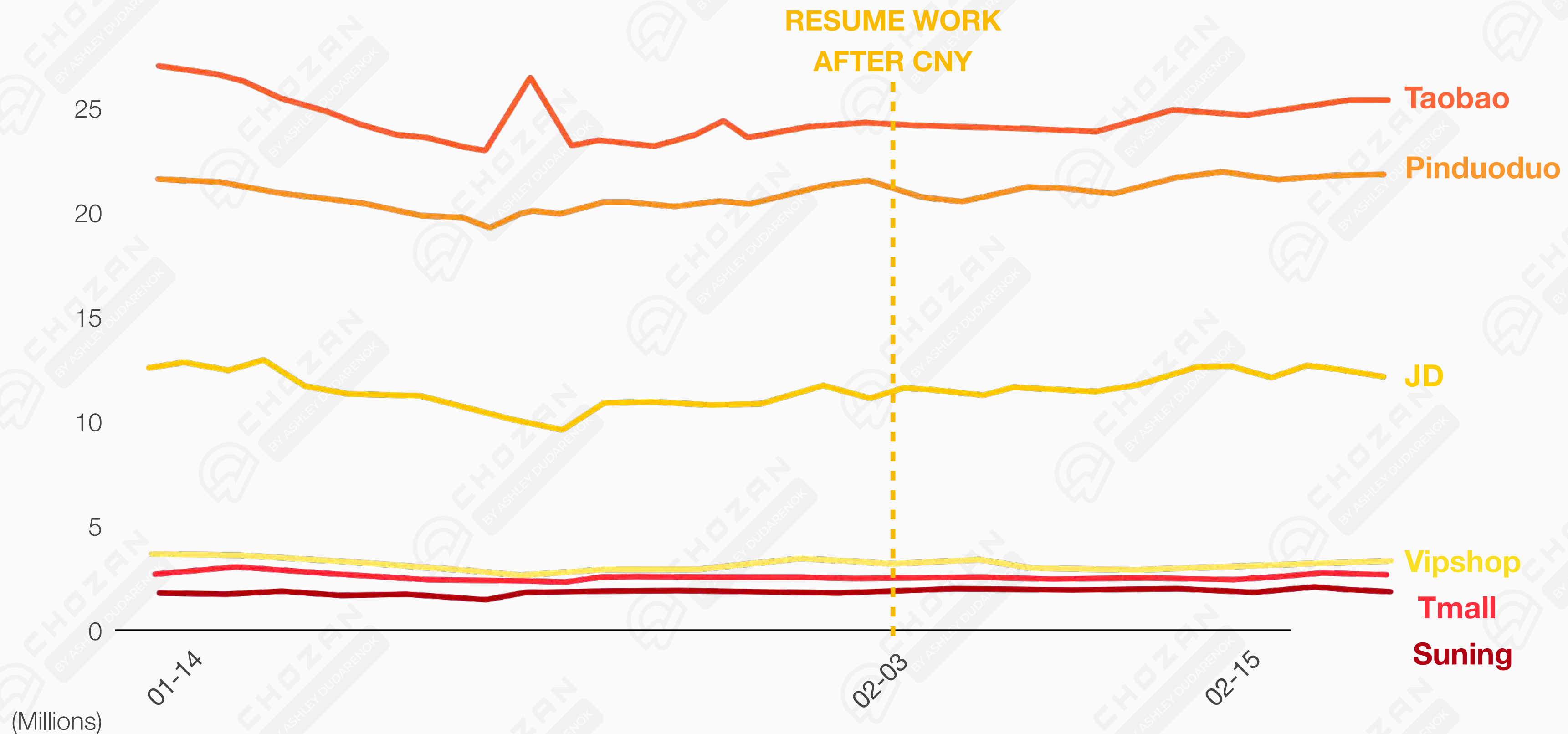
DAILY TIME SPENT (MINS)



LOOKING AHEAD

MAJOR ONLINE SHOPPING FESTIVALS IN CHINA

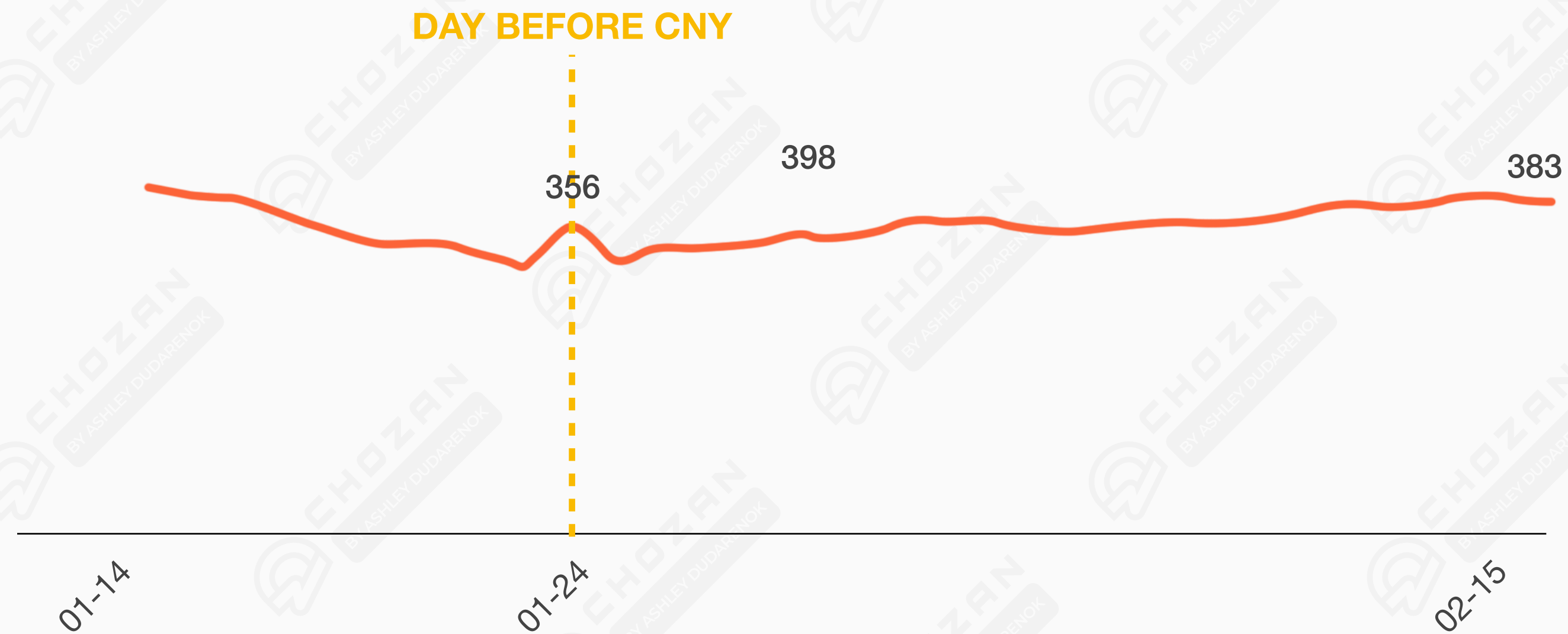
ACTIVE USERS IN ONLINE SHOPPING APPS BEFORE AND AFTER
CHINESE NEW YEAR 2020 (MILLIONS)



LOOKING AHEAD

MAJOR ONLINE SHOPPING FESTIVALS IN CHINA

ACTIVE USERS IN ONLINE SHOPPING INDUSTRY BEFORE AND AFTER
CHINESE NEW YEAR 2020 (MILLIONS)



EXPERT BITES



JACQUELINE CHAN

Project Director at Alarice & ChoZan

Q: HOW CAN BRANDS SUCCEED IN THEIR CNY MARKETING?

Make sure that any localized products for this time of year are made by or in cooperation with locals or tested on Chinese audiences beforehand. Domestic brands are getting better at product design and marketing, so consider cross-promotions or co-branding.

In 2020, why not combine a Chinese New Year greeting video with a red envelope marketing campaign?

AR interaction swept the country during CNY 2019, with major brands using the technology in their campaigns. With the advent of 5G, this aspect of New Year marketing will be more and more important.

Full screen vertical short video ads are viewed to completion 9 times more than horizontal video ads and attention is 2 times higher. A campaign that uses this kind of video format well on platforms like Douyin during CNY would be remembered.

EXPERT BITES



FAN LU

Strategy Projects Head at
Alarice & ChoZan

Q: HOW CAN BRANDS IDENTIFY THEIR CONSUMER GROUPS IN CHINA AND BUILD COMMUNICATION WITH THEM?

Do your market research. Get an overview of the situation in China and get a clear picture of the consumers in your industry.

Observe what your competitors are doing. This will give you insights about your competitors and your consumers.

Research your consumers, including surveys and interviews, to narrow down the consumer profiles and personas for your brand.

Do some mini campaigns or advertising tests to validate and fine tune the profiles.

Build communication with them by truly understanding their consumer journey and finding the right platforms and channels to reach them. Establish a presence on those platforms and follow sound platform strategies. Define your key messages for different consumer groups to attract them and tell them how you'll solve their pain points.

EXPERT BITES

Q: WHAT SHALL FOREIGN BRANDS DO IN CHINA IN Q4 2020 / Q1 2021 TO GROW/ CAPTURE OPPORTUNITIES?

Looking ahead foreign brands are really going to have to rethink how they handle **product innovation**. Coming out of COVID-19 what we see in China is that regardless of category there tend to be 1-2 winners that have increased market share as well as several domestic Chinese brands that have become **more aggressive** and really focused on branding, retail experience, and product innovation.

For foreign brands to find success in China they will have to **be more nimble and give more power to local teams** to define what products will work for the China market.



BEN CAVENDER

Managing Director,
China Market Research Group

EXPERT BITES

Q: WHAT SHALL FOREIGN BRANDS DO IN CHINA IN Q4 2020 / Q1 2021 TO GROW/ CAPTURE OPPORTUNITIES?

Q4-Q1 is holiday season in China with Chinese new year in the middle of it (February 12, 2020). Foreign brand should **prepare themselves for the shopping seasons with promotions and discount.**

Participating in 11.11 and 12.12 T-mall shopping festival should be seriously considered. Live-streaming with Chinese influencers will move volume in a big way during this period of time.



BO JI

Assistant Dean,
Chief Representative of Europe,
Cheung Kong Graduate School of Business

EXPERT BITES

Q: WHAT'S THE FORMULA FOR SUCCESS IN CHINA IN 2020-21?

In Q4 2020 brands need to focus more on their **existing customer base**. Especially in sectors where COVID-19 has largely impacted their business (travel, entertainment). and less focus on acquiring new customers in China.



ROMAIN HENRIOT

Chief Operations Office,
Splio China

EXPERT BITES

Q: 4) WHAT TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

I will still think **live-streaming online shopping** is the area to pay attention to in 2021, as top tier celebrity sellers on Taobao are facing bottlenecks, I think it's time to see how ordinary sellers run their own ecosystem on platforms like Kuaishou and Douyin.



QIMEI LUO

Livestreaming Industry Marketer
and PR expert

EXPERT BITES

Q: WHAT NEW TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

1. **Social commerce and live-streaming commerce** will continue to play an important role in engaging users.
2. Consumers are getting **more open-minded and adventurous** about trying lesser-known brands that offer value for money. This requires e-commerce platforms to **build trust** with their users.



ADA YANG

Head of Social Community,
Pinduoduo

EXPERT BITES

Q: WHAT NEW TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

Our focus at SOSV Chinaccelerator is on **cross border expansion into China** and one of the biggest challenges international brands have remains hitting profitability on China ecommerce platforms.

Almost no one but the largest global brands have the ability to pull their buyers data from the big 4 commerce platforms and they are flying blind when it comes to advertising. Startups like Genetsis and OCheng are leveraging data and AI to bring control back to the brand side. This is the holy grail today for brands.



WILLIAM BAO BEAN

General Partner SOSV MD
Chinaccelerator and MOX

SOCIAL MEDIA

UP-TO-DATE FEATURES OF
DIFFERENT SMM PLATFORMS

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: WHAT DIRECTION DO YOU THINK SOCIAL MEDIA IS HEADING IN CHINA?

It's definitely becoming a core centre to build private pools. With livestreaming taking over, we're seeing lots of new livestreaming functions on social media. They're also becoming closed loop ecosystems that have everything people might need within one app and they're developing new ways to monetize content.

SOCIAL MEDIA

OVERVIEW - INTRODUCTION

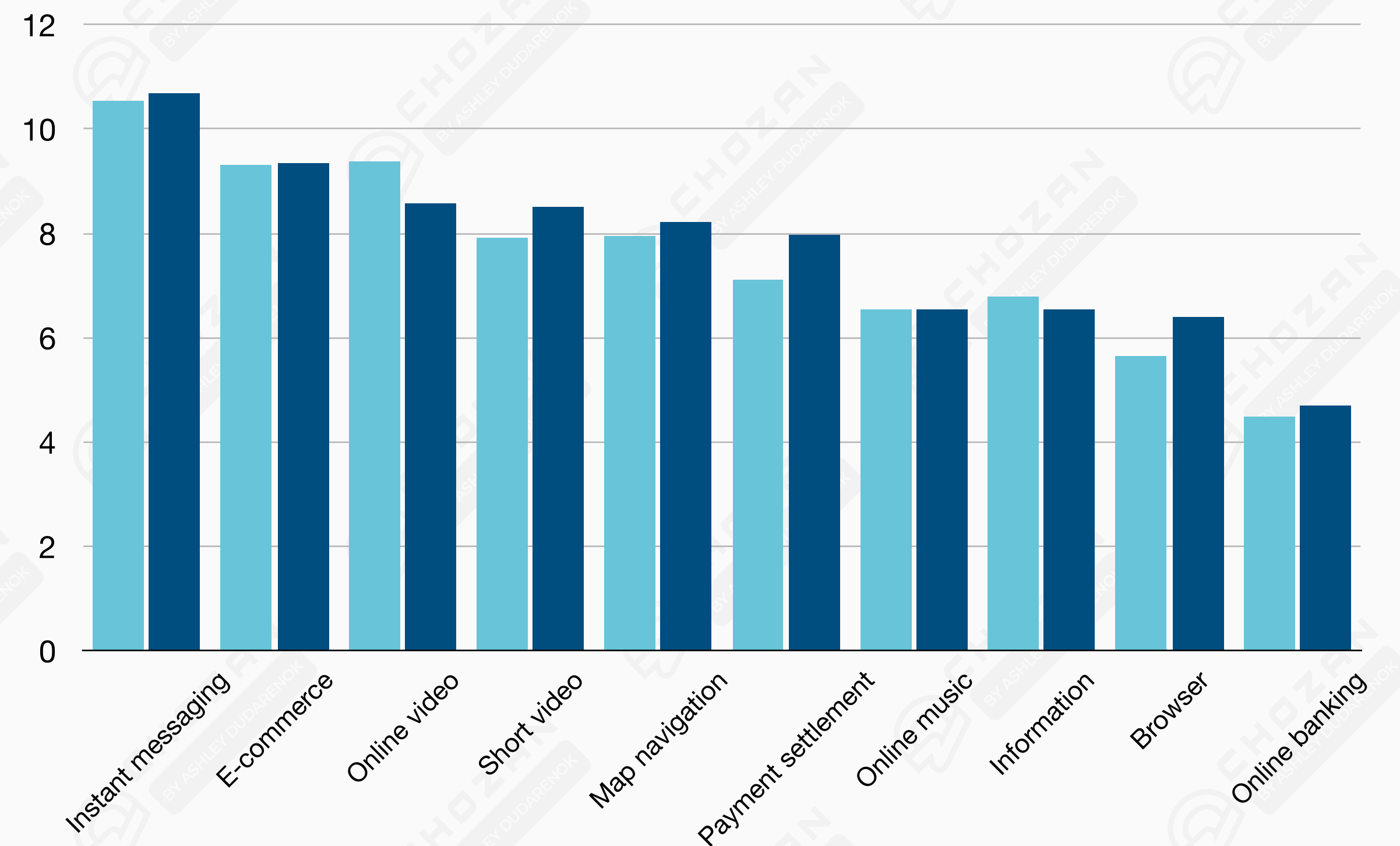
Social media is an integral part of life for most (if not all) Chinese. Coupled with mobile internet, users will share, promote, learn, create, purchase, and review using these apps.

MONTHLY ACTIVE USAGE SCALE OF TYPICAL MOBILE INTERNET INDUSTRIES IN CHINA

Unit: 100 Million

2019-06

2020-06

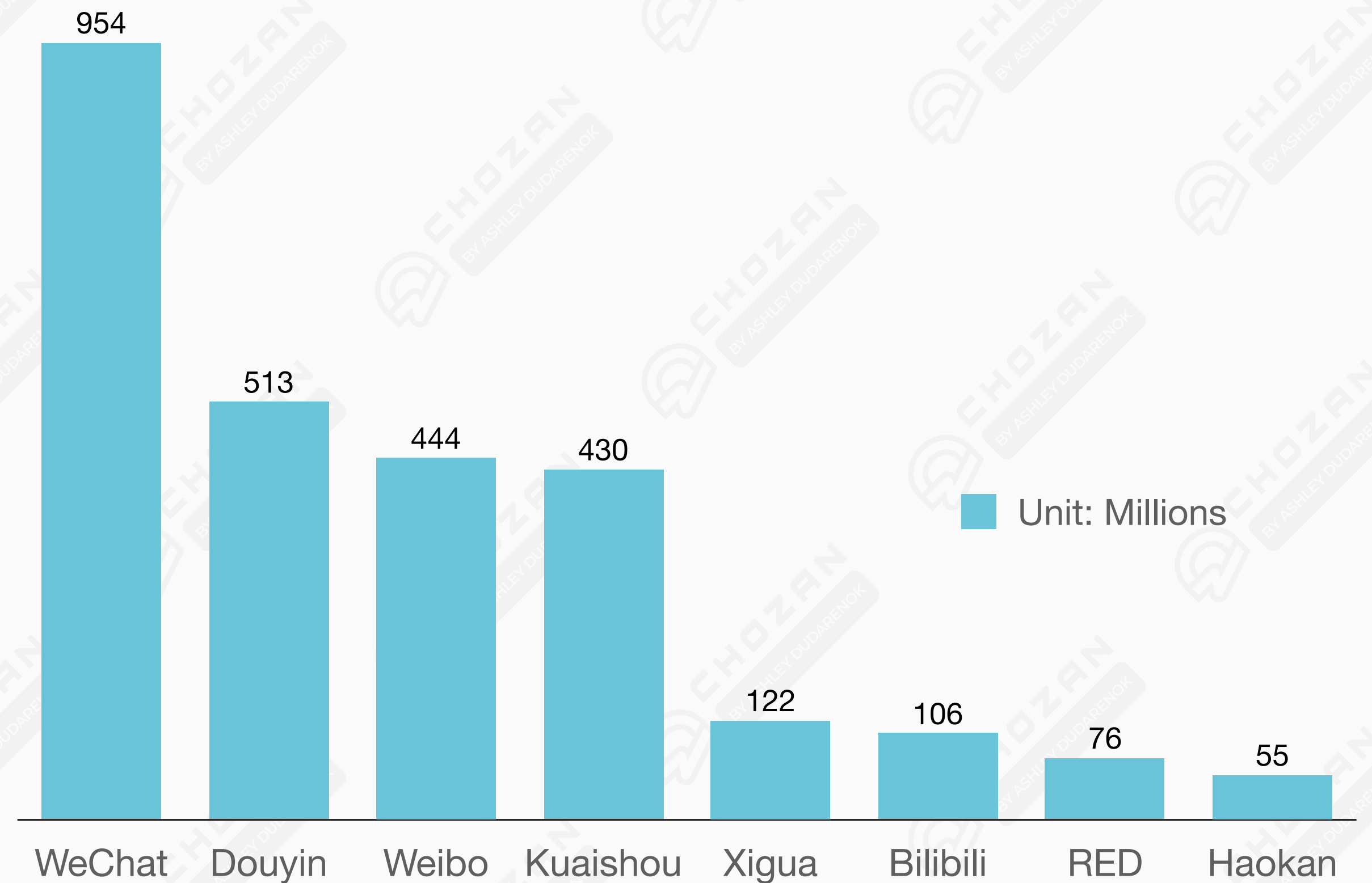


SOCIAL MEDIA

OVERVIEW - INTRODUCTION



The app with the highest-monthly-users was WeChat during the period of June 2020. The second most popular app was Douyin which has experienced rapid growth since its foundation in 2016, and even more extreme growth within the past year. Following Douyin is Weibo.

APPS MAU IN JUNE 2020





SOCIAL MEDIA

OVERVIEW - PLATFORMS AT A GLANCE

	 Weibo	 WeChat
Platform type	Social media	Social platform
Content production characteristics	Text, pictures, videos, etc.	Voice, text, picture, video, etc.
Product presentation format	Waterfall interface	/
Content recommendation mechanism	Distribution based on social and interest	Based on social and content Based on location
2020 H1 big move	Launched video account and planet video APP	Launched video account
Strong content categories	Entertainment, stars, social intelligence information	Knowledge and life



SOCIAL MEDIA

OVERVIEW - PLATFORMS AT A GLANCE

	 Douyin	 Kuaishou
Platform type	Short video platform	Short video platform
Content production characteristics	Short video: 15 seconds to 1 minute Long video: within 5 minutes, within 15 minutes Transition from UGC to PUGC, PGC	Short video: 11 - 57 seconds, within 5 minutes Long video: within 10 minutes Transition from UGC to PUGC, PGC
Product presentation format	Single split + auto play (information flow interface) Vertical screen	Double column + click to play (waterfall interface) Vertical screen
Content recommendation mechanism	Based on content quality distribution	Distribution based on social and interest
Latest DAU	400 million +	300 million +
Strong content categories	Strong media attributes	Strong community attributes



SOCIAL MEDIA

OVERVIEW - PLATFORMS AT A GLANCE

	 Bilibili	 Xigua
Platform type	Comprehensive video community	PUGC video platform
Content production characteristics	PUGC-based Long video mainly	PUGC-based Long video mainly
Product presentation format	Click to play (Waterfall interface) Landscape-oriented	Click to play (Waterfall interface) Horizontal screen + Vertical screen
Content recommendation mechanism	Distribution based on social and interest	Distribution based on content and interests
2020 H1 big move	New Knowledge Zone section	Open up TouTiao system traffic
Strong content categories	Two-dimensional, knowledge	Beachcombing, film and television variety shows

SOCIAL MEDIA

OVERVIEW - PLATFORMS AT A GLANCE

	 Haokan	 Xiaohongshu
Platform type	Short video platform	Life sharing community
Content production characteristics	PUGC-based Mainly knowledge-based content	Graphic, short video (within 5 minutes) UGC, PUGC mainly
Product presentation format	Content aggregation square, click to play	Waterfall interface
Content recommendation mechanism	Horizontal screen + vertical screen	Distribution based on content and interests
2020 H1 big move	Dig through with iQiyi	Decentralization
Strong content categories	Knowledge, positive energy	Beauty, fashion

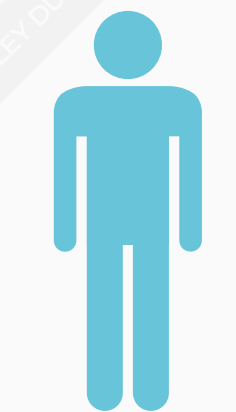
SOCIAL MEDIA

OVERVIEW - DOUYIN AND KUAISHOU - STAR OF 2019/20

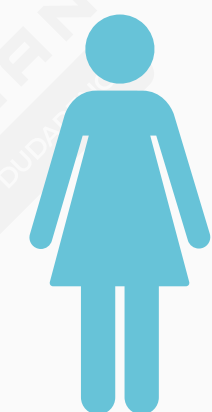
2020 Q1 DOUYIN, KUAISHOU TOP-1000 KOL FAN SEX RATIO



Douyin



41%



59%



Kuaishou



53%



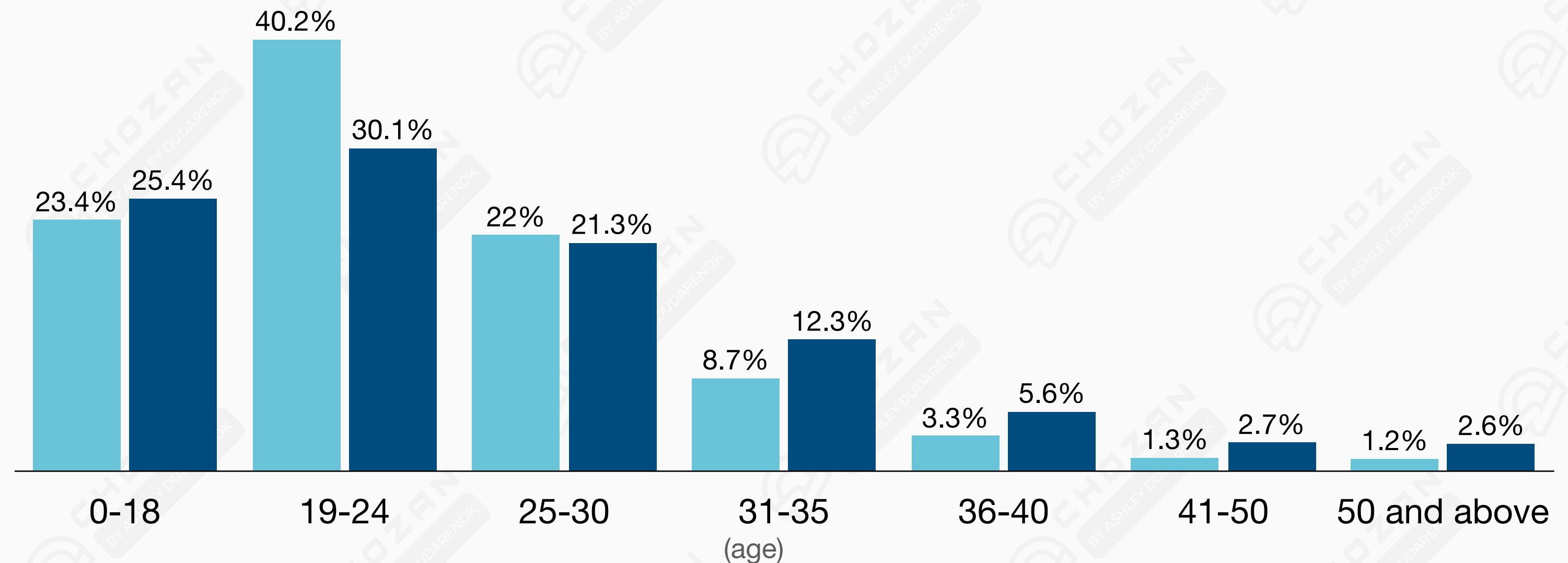
47%

The proportion of female users in Douyin is slightly higher, while Kuaishou is the opposite.

2020 Q1 DOUYIN, KUAISHOU TOP-1000 KOL FAN AGE RATIO

Douyin

Kuaishou



Douyin and Kuaishou accounted for the highest proportion of 19-24 year olds, and Kuaishou users over 35 accounted for about twice as much as Douyin users.

SOCIAL MEDIA

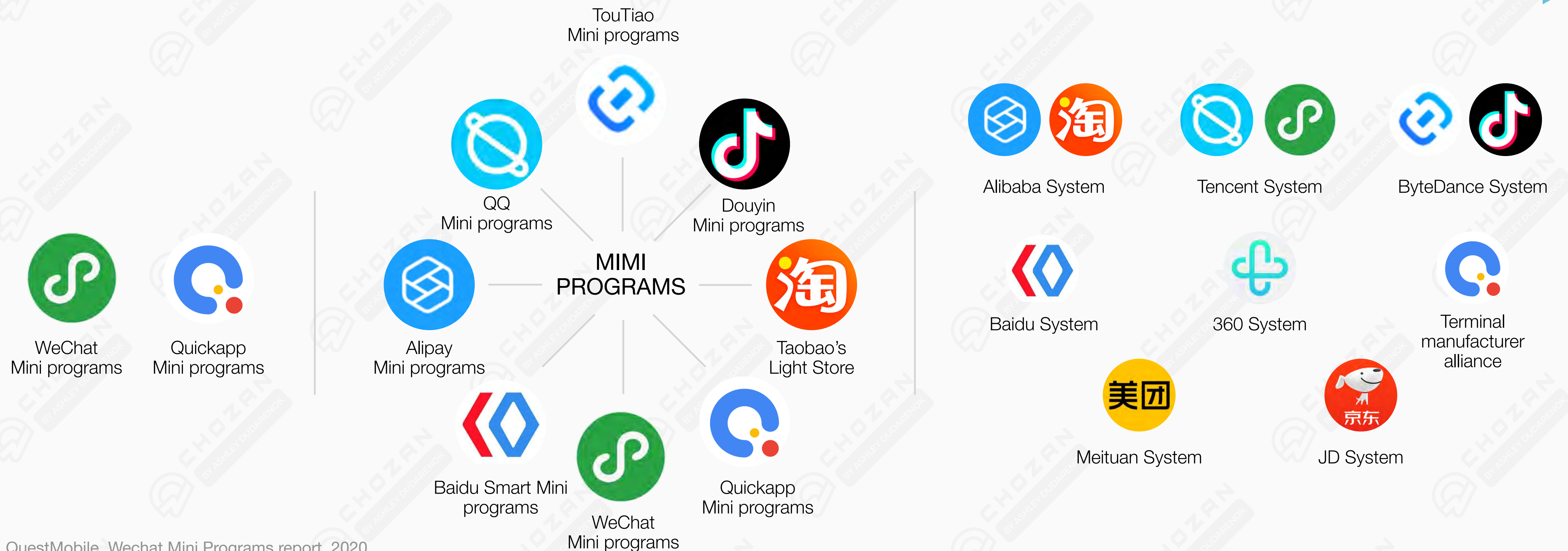
OVERVIEW - DEVELOPMENT OF MINI PROGRAMS

Mini Programs are proving to be an increasingly popular access point for many users. The development of Mini Programs is experiencing a growing evolution as providers facilitate demand.

FIRST HALF OF 2018

FIRST HALF OF 2019

FIRST HALF OF 2020

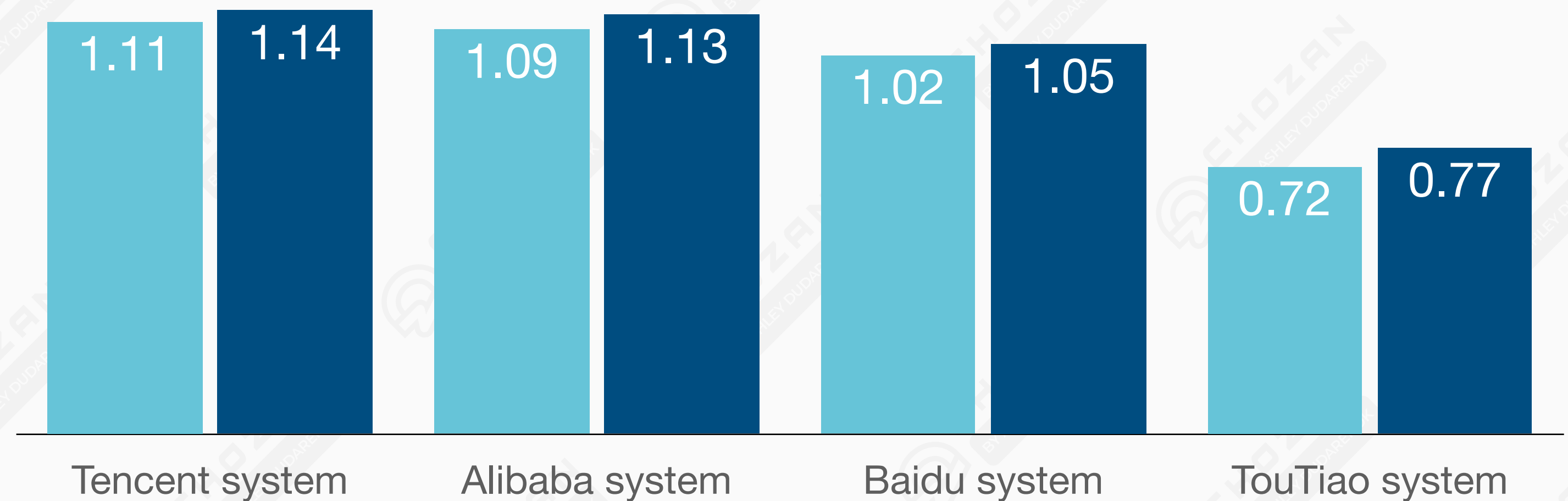


SOCIAL MEDIA

OVERVIEW - DEVELOPMENT OF MINI PROGRAMS

The scale of the three BAT users has exceeded 1 billion, and the TouTiao system has increased by 7.1% year-on-year. The traffic advantage is significant. The mini program has become an important area for the giants to dig deeper into user value and to empower ecological construction.

MONTHLY ACTIVE USERS OF MOBILE APP SCALE (BY BILLIONS)



SOCIAL MEDIA

OVERVIEW - DEVELOPMENT OF MINI PROGRAMS

Growing platform functions allow further commercialisation of Mini Programs.

	PLATFORM FEATURES	BUSINESS EMPOWERMENT UPGRADE
WECHAT MINI PROGRAMS	<ol style="list-style-type: none"> 1. Various entrance methods 2. Social fission 3. Diverse types 	<ul style="list-style-type: none"> • Publish video number, mini program live plug-in • Optimised functions, such as adjusting the “subscribe message” function, adding “favourite”, “add to my applet” and other functions • Enterprise WeChat and WeChat intercommunication upgrade
ALIPAY MINI PROGRAMS	<ol style="list-style-type: none"> 1. Consumption + Finance 2. New retail expansion to enrich offline scenarios 	<ul style="list-style-type: none"> • Open Taobao live-streaming capabilities • Two revisions of Alipay. Home page displays life service applications • Open application centre and upgrade coupons
BAIDU SMART MINI PROGRAMS	<ol style="list-style-type: none"> 1. Search + information flow 2. Open source 	<ul style="list-style-type: none"> • Increase support for live e-commerce • Launched "Baidu Service Center", which aggregates life service functions such as medical and health care, express delivery services, etc. • Launched the "brand new official website" solution

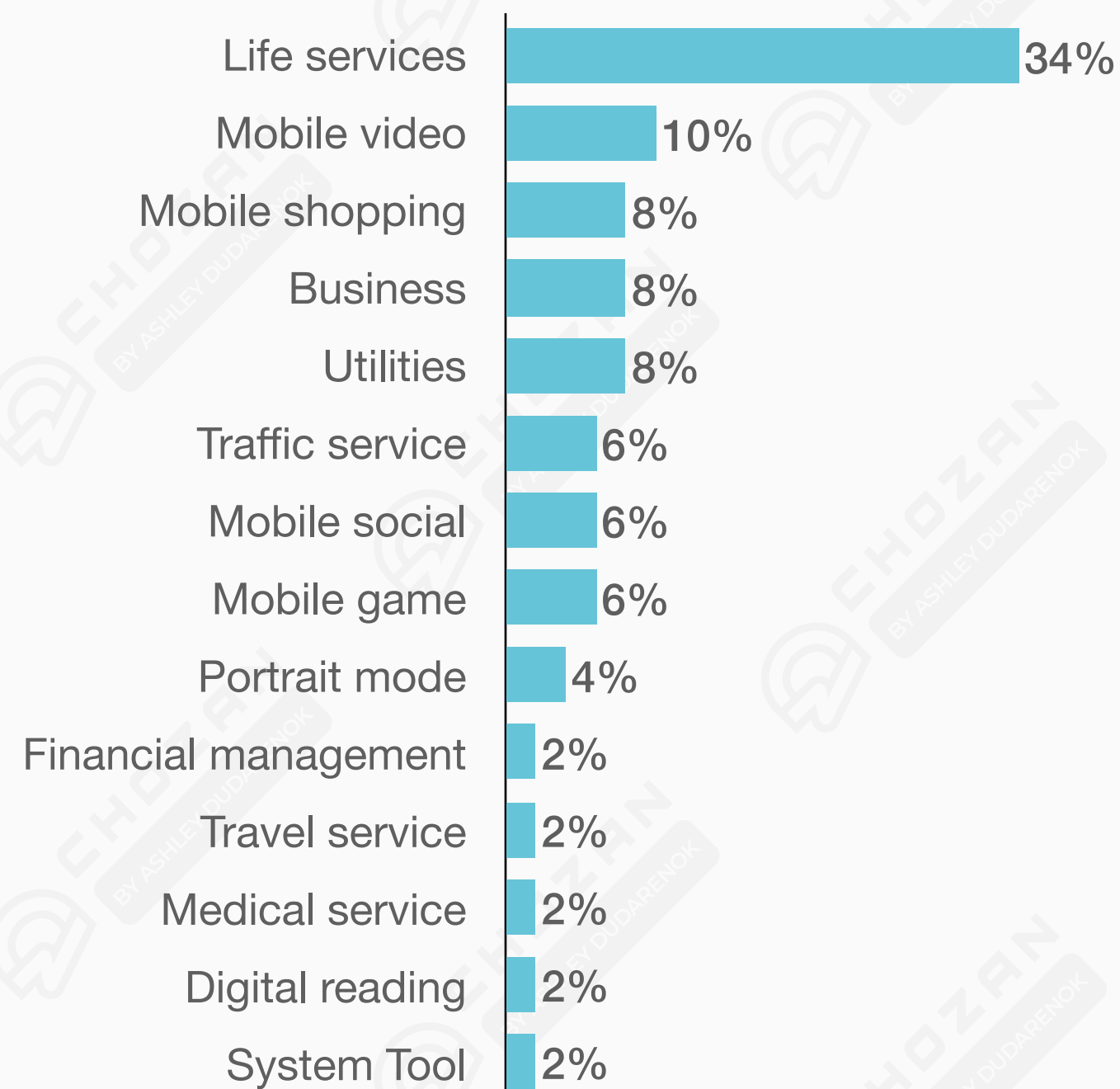
SOCIAL MEDIA

OVERVIEW - DEVELOPMENT OF MINI PROGRAMS

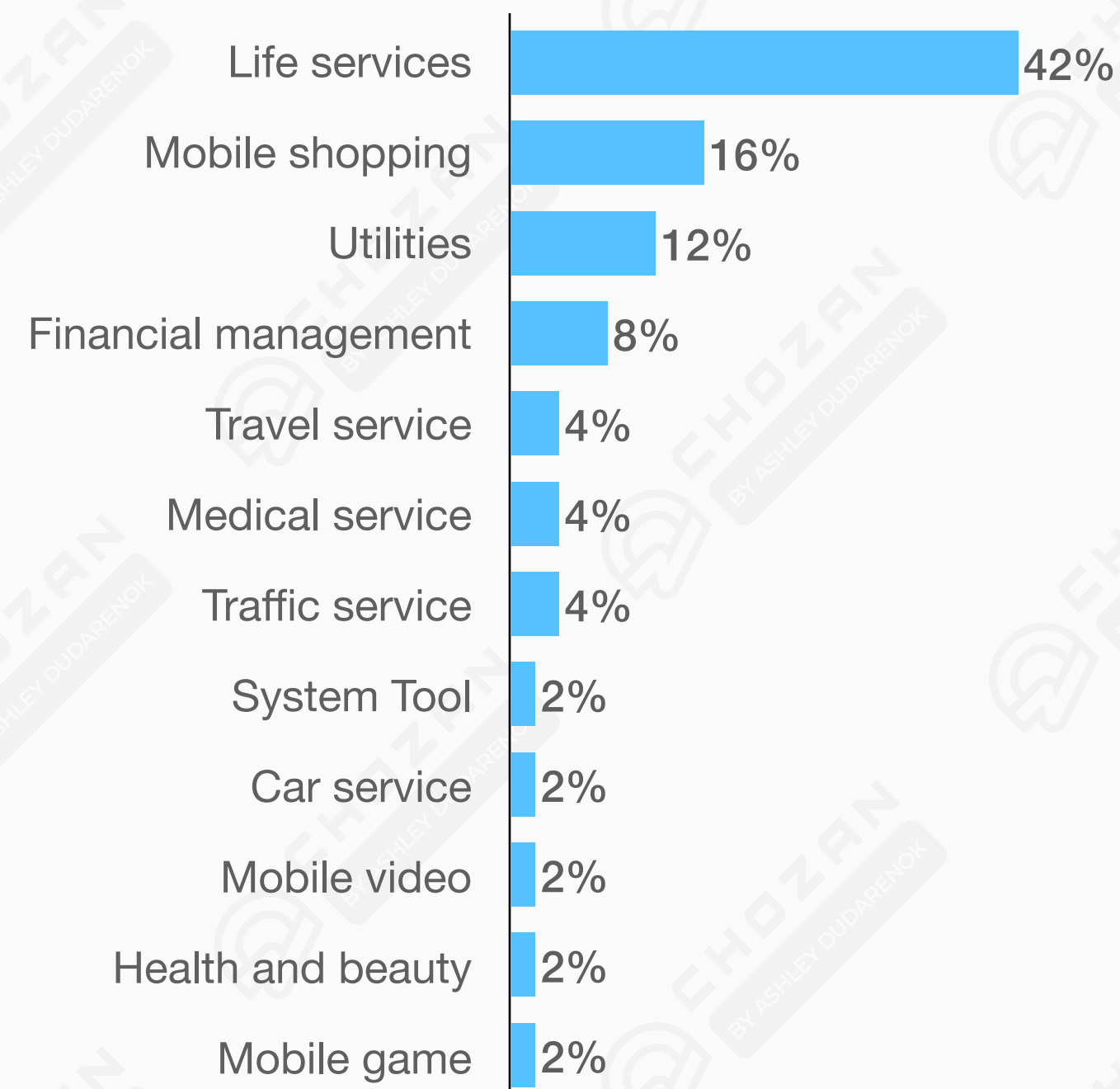
Most popular sections across digital spaces: Lifestyle services and mobile shopping

DISTRIBUTION OF TYPICAL APPLICATION INDUSTRIES OF BAT MINI PROGRAMS IN JUNE 2020

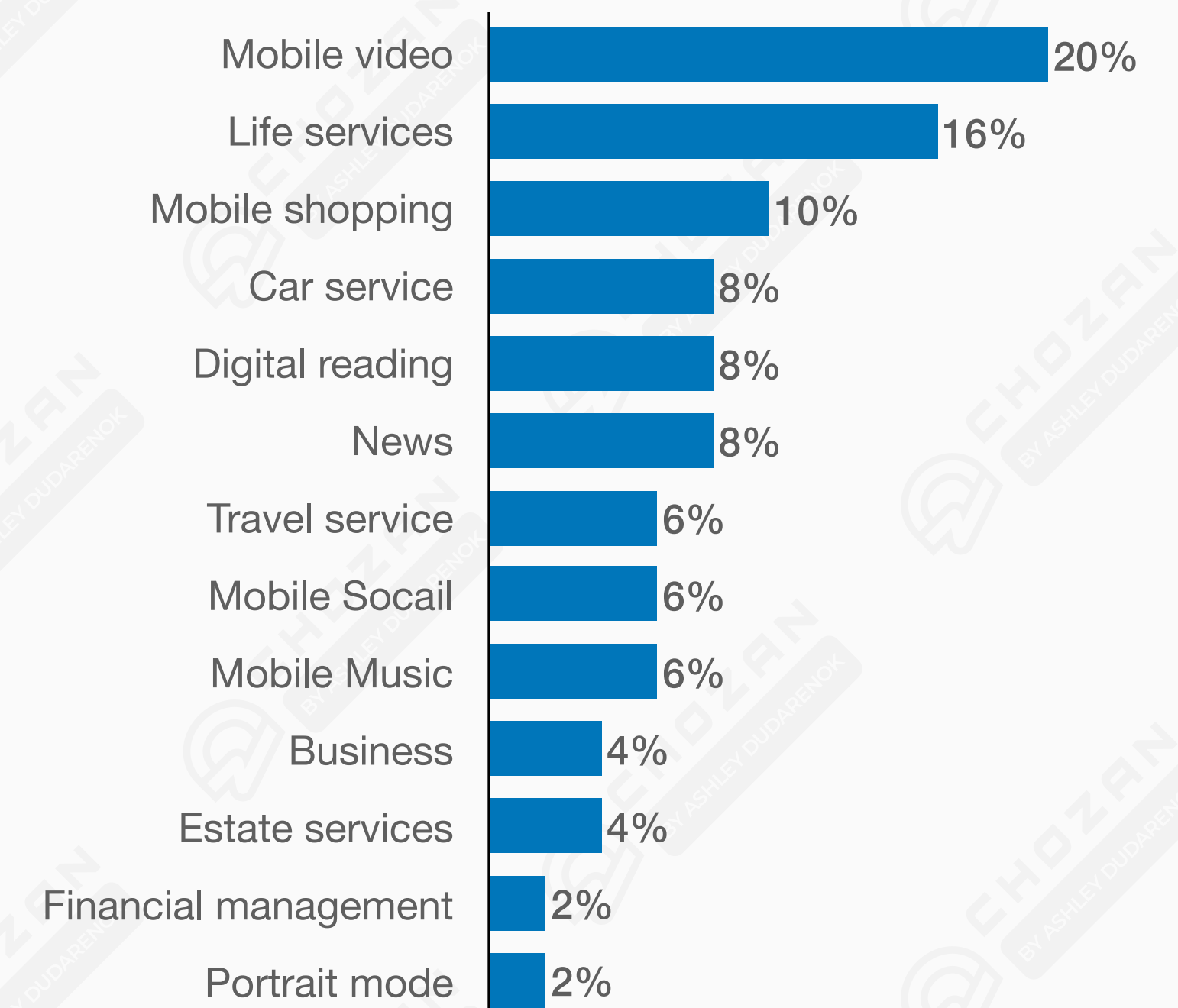
WECHAT MINI PROGRAMS



ALIPAY MINI PROGRAMS



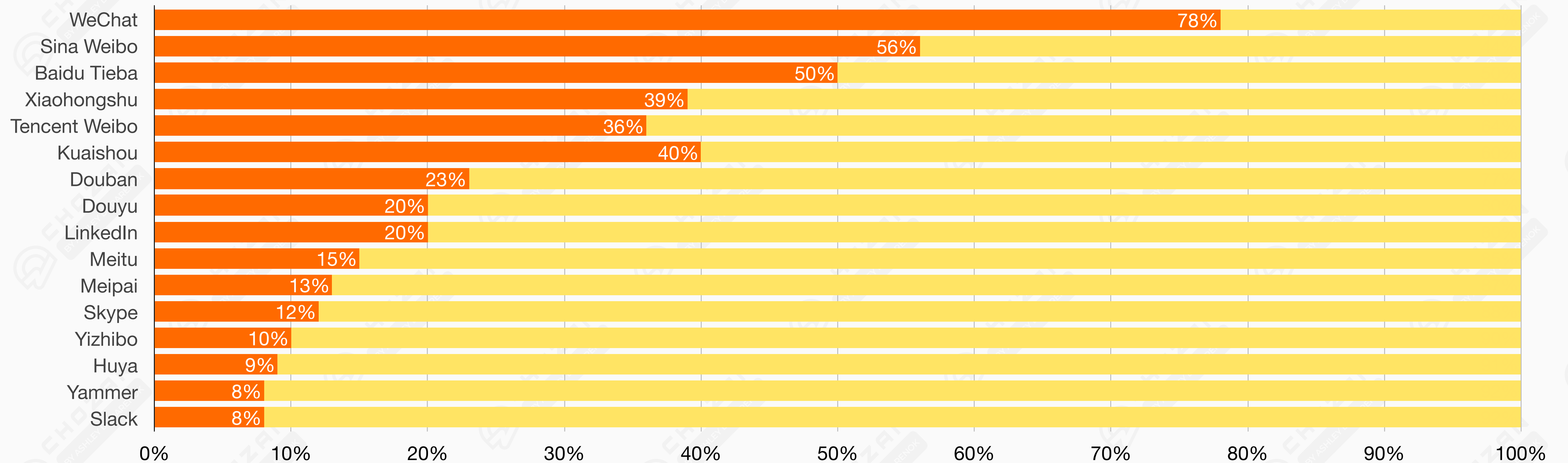
BAIDU SMART MINI PROGRAMS



OVERVIEW

CHINA'S DIGITAL SPACE AT A GLANCE

MOST-USED SOCIAL MEDIA PLATFORMS



EXPERT BITES

Q: WHAT APPS ARE YOU MOST EXCITED ABOUT IN 2020 IN CHINA? WHAT ABOUT 2021?

I'm especially excited about **new social media and video apps** coming out of China, and I'm curious to see what will happen with ByteDance and TikTok internationally. Over the next few months, will video platforms, such as Bilibili, Kuaishou, Tencent Video, Iqiyi or Youku, also venture abroad for a more global footprint?

A must-watch for 2021 is the rise of Chinese e-commerce platforms (Tmall, Taobao, JD.com and Pinduoduo) and their increasing competition with players like Amazon or eBay.



MARTINA FUCHS

TV Anchor & Business Journalist

EXPERT BITES

Q: WHAT SHALL BRANDS DO WHEN IT COMES TO KOL COLLABORATION IN Q4 2020?

Q4 has always been about performance KOL marketing. **ROI is the focus** as brands and customers seek to find consumption harmony.



ELIJAH WHALEY

Chief Marketing Officer
PARKLU

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S DIGITAL SPACE IN Q4 2020?

I recommend that brands pay attention to what **local VC backed brands**, such as Perfect Diary, and HeyTea, are doing. **Marketing tactics** such as creating virtual influencers, doing co-branded partnerships, holding private traffic campaigns and contests are truly innovative.

These refreshing strategies cater specifically to the Chinese consumer, who are becoming more sophisticated as they look for unique shopping experiences.



ELENA GATTI

Managing Director Europe at Azoya

EXPERT BITES

Q: WHAT ARE YOUR THOUGHTS ON THE CHINESE MARKET IN 2021?

2021 will be a **crucial year for foreign brands** in China. It will take some time before the rest of the world recovers from the impact of COVID-19. China, on the other hand, is already slowly getting back on track.

As it is hard to say when borders will reopen and people can resume global travel, Chinese shoppers will likely **focus their spending domestically**, making it even more important for brands to ramp up their efforts in the market.



PABLO MAURON

Partner & Managing Director China DLG
(Digital Luxury Group)

EXPERT BITES

Q: WHAT SOCIAL MEDIA PLATFORMS SHALL BRANDS EXPLORE?

An often overlooked platform is **Dianping**. Increasingly developing into a super-app, with their own lifestyle, UGC and KOL activities, Dianping is a promising platform for retailers to **reach the global Chinese consumer**.



RACHEL DAYDOU

Partner & China GM
Fabernovel

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

In 2021, it is likely that **short-video platforms** such as Douyin and Kuaishou will move upmarket and start to promote more and more **premium brands**.

As of today, expensive items are only sold via WeChat or Tmall, but we can expect short video platforms to enter their turf, while developing their own e-commerce ecosystems.



THOMAS GRAZIANI

CEO at
WalktheChat

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

The whole e-commerce system will skew from Alibaba/JD centric to a more **WeChat friendly environment**. Marketers will use some advanced technologies to enhance the overall marketing performance (e.g. facial recognition for cashless payment).

Brands will especially put more effort into **targeting Gen Z**. Luxury brands such as Balenciaga had already shown their practice under such a strategy.



CLEMENT LEDORMEUR

GM & Partner at 31TEN

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO IN CHINA'S DIGITAL SPACE IN Q4 2020?

In Q4 2020 brands need to focus on **digital transformation**, rather than investing into physical stores in China. Online retail sales reached 5150 billion RMB in the second quarter of 2020, and, according to Alibaba, online sales of physical consumer goods grew by 15.6% year-on-year in May.

This trend looks only to continue as COVID-19 has accelerated the digitalisation of retail, and increasingly more consumers and merchants across the country become accustomed to e-commerce.



ARNOLD MA

Founder & CEO at Qumin

EXPERT BITES

Q: HOW CAN BRANDS BEST UTILISE CHINESE SMM PLATFORMS IN 2020-21?

Here's what the major platforms are doing:

- Weibo is focusing on Buzz in 2020.
- WeChat - on mini programs and WOW button to suggest content to more users.
- Douyin is focusing on video creation and e-commerce.

Given this trend, brands shall **embrace video** now in order to succeed in 2021.



OLIVIER VEROT

Founder of GMA
(Gentlemen Marketing Agency)

PLATFORM

WECHAT



SOCIAL MEDIA

WECHAT PLATFORM - AT A GLANCE

The WeChat ecosystem was forced to rapidly expand and upgrade software due to COVID-19. Followed by a 30% increase in average usage time, this adaptability and effectiveness clearly indicates why WeChat is a market leader.



WECHAT ECOSYSTEM

1.2 BILLION+

MONTHLY ACTIVE USERS

20 MILLION+

OFFICIAL ACCOUNTS

1 MILLION+

MINI PROGRAMS

400 MILLION+

DAILY ACTIVE USERS OF MINI PROGRAMS

60 MILLION+

ACTIVE USERS OF WECHAT WORK

2.5 MILLION

COMPANIES USED WECHAT WORK

50 MILLION+

MONTHLY ACTIVE MERCHANTS ON WECHAT PAY

1 BILLION

DAILY COMMERCIAL TRANSACTIONS ON WECHAT PAY

SOCIAL MEDIA

WECHAT PLATFORM - MAIN FUNCTIONS



1

A messaging app which provides text messaging, hold-to-talk voice messaging, broadcast (one-to-many) messaging, video calls and conferencing, video games, photograph and video sharing, as well as location sharing.

2

A social media platform with **WeChat Moment** which allows users to post images, text, and short videos taken by users. The Chinese translation of Moment is known as “Friends' circle”, which allows users to share and get access to accepted WeChat friend information, creating an intimate and private communicating circle within the user choice of close friends.

3

A multi-purpose platform with ranging features. **Public Accounts**, which push feeds to subscribers, interact with subscribers and provide them with services. **Mini Program** is an app within an app. Business owners can do their business through a Mini Program, while users can enjoy other functions. **Channels**, a new feature WeChat launched recently where people can enjoy short videos shared by friends and business.

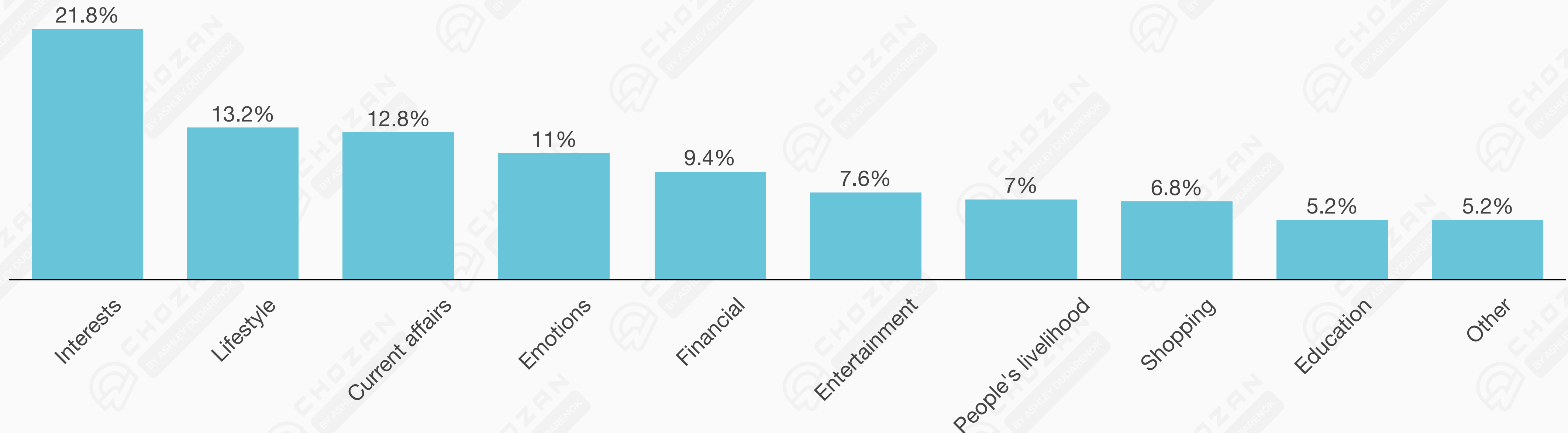
SOCIAL MEDIA

WECHAT PLATFORM - ACCOUNT DISTRIBUTION BY INDUSTRY



The industries with the highest number of public accounts include Interests, Lifestyle and Current affairs. This high frequency in the Interests segment is reflective of user engagement directions.

INDUSTY DISTRIBUTION OF TOP 500 PUBLIC ACCOUNTS

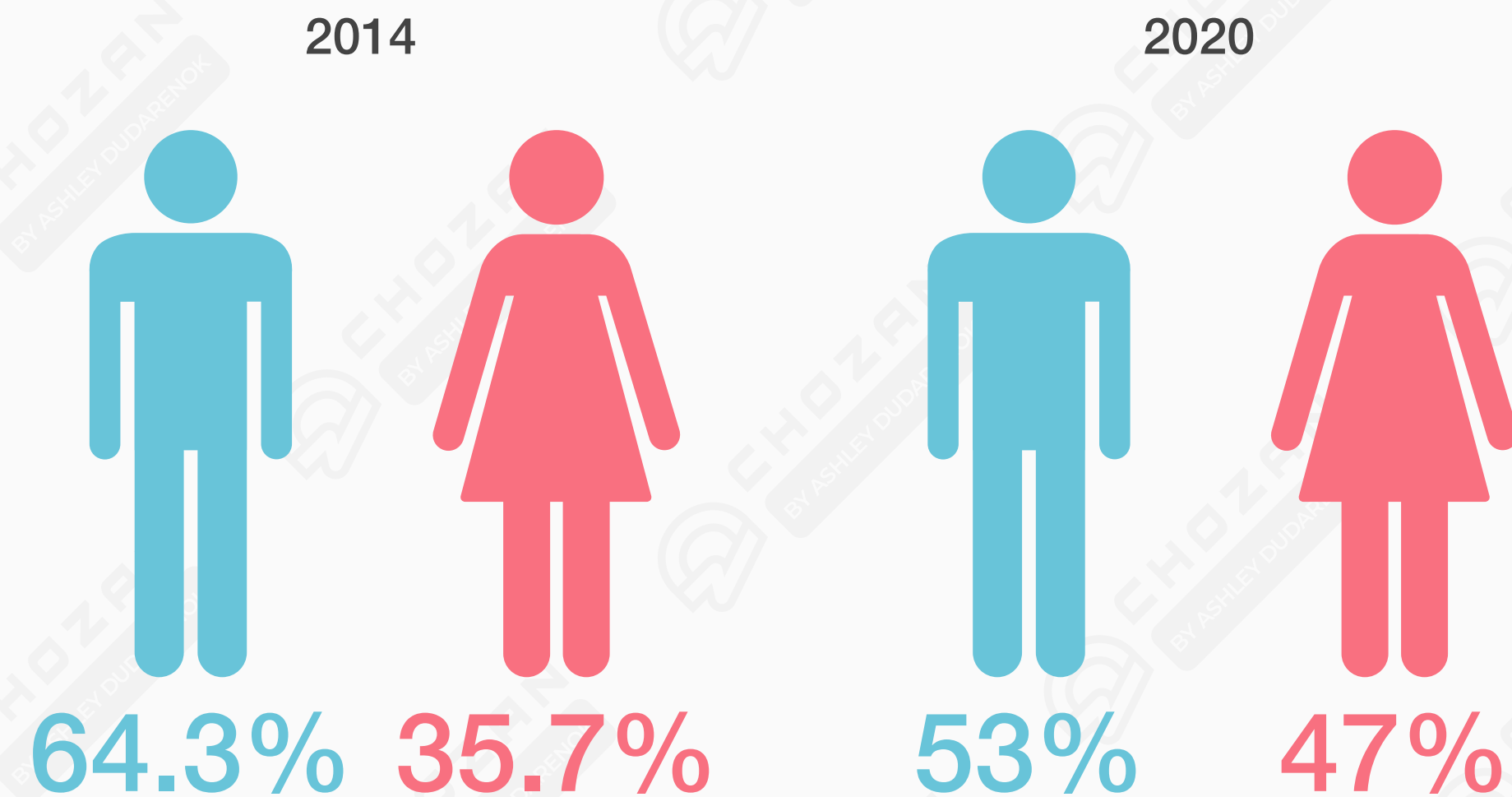


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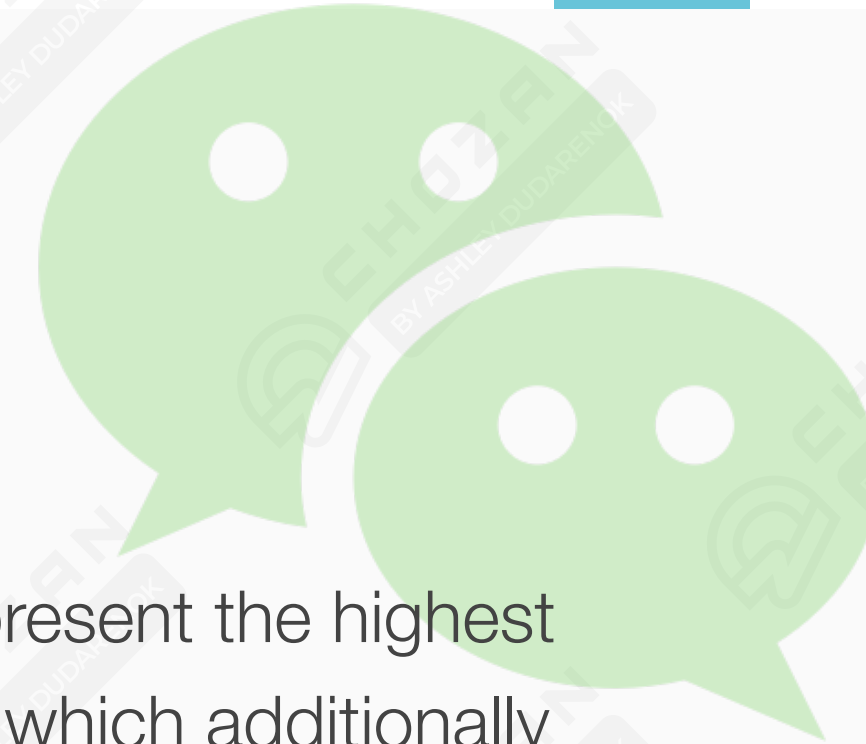
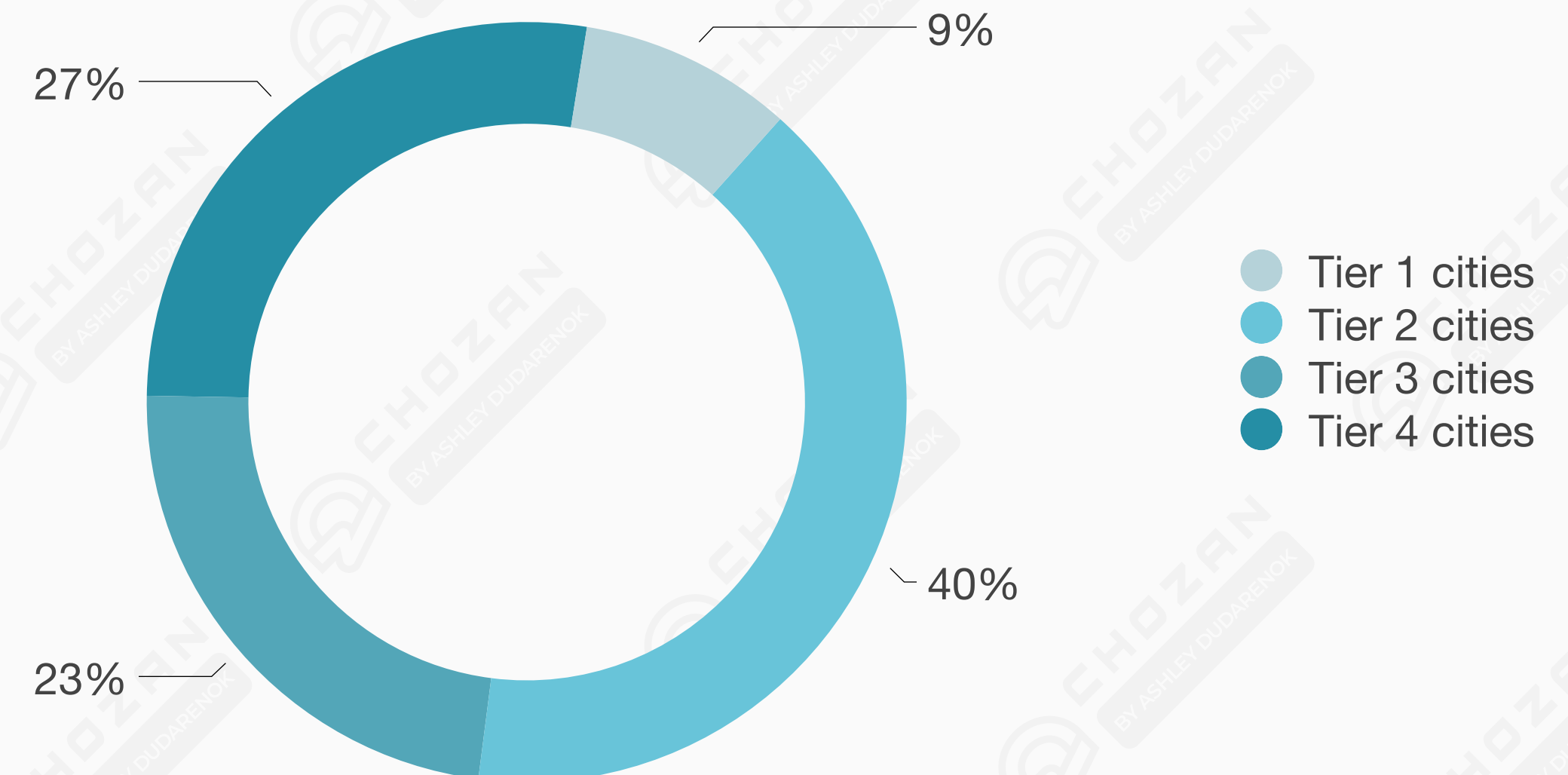
WECHAT PLATFORM - USER DEMOGRAPHICS

Between 2014 and 2020 the gender ratio has included increasingly more females to almost equal male users. Tier 2 cities represent the highest user percentage while tier 1 cities have the lowest. This correlates with the growth in lower tier city app users and customers, which additionally coincides with growth in women driven consumer groups.

CHANGE IN THE GENDER RATIO FROM 2004 TO 2020



WECHAT FOLLOWERS BY CITY TIER



SOCIAL MEDIA

WECHAT PLATFORM - MINI PROGRAM USER GROWTH



WeChat Mini Programs are growing significantly in all user categories as indicated between December 2019 and June 2020.

As of March 31, 2020, WeChat ecosystem monthly-active-users managed to exceed 1.2 billion. The average number of daily transactions in Mini Program has more than doubled year-on-year, with total transactions exceeding 800 billion.

THE NUMBER OF WECHAT MINI-PROGRAMS EXCEEDS 3.2 MILLION, AND DAILY-ACTIVE-USER VOLUME EXCEEDS 410 MILLION.

AS OF DECEMBER 2019

3 MILLION+	330 MILLION
Numbers of Mini Programs	DAU
900s	620 MILLION
Per capita daily use	MAU

AS OF JUNE 2020

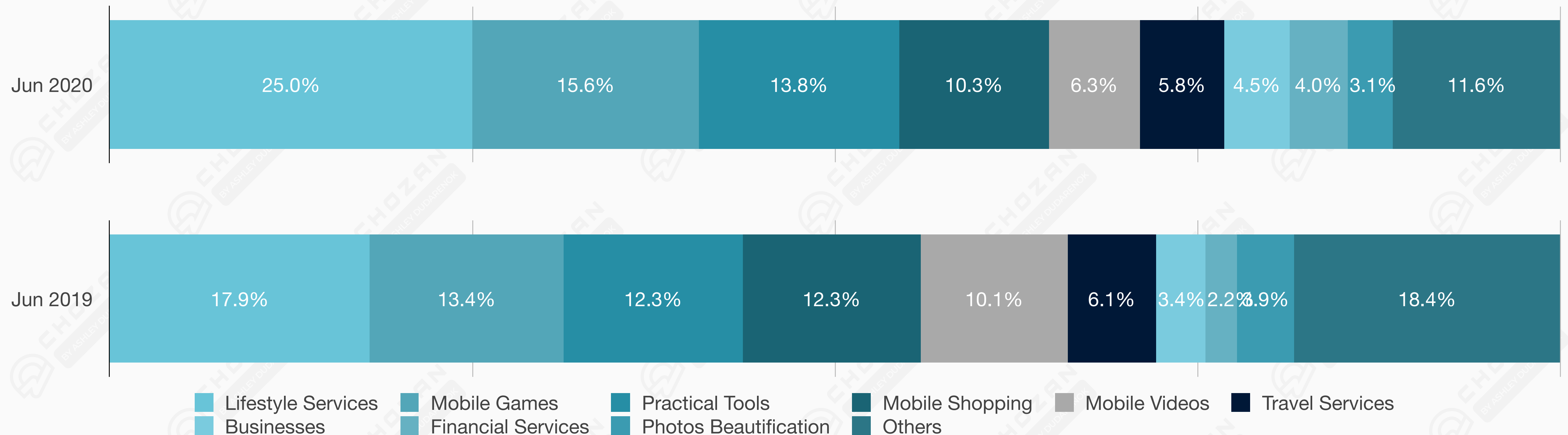
3.2 MILLION+	410 MILLION
Numbers of Mini Programs	DAU
1080s	730 MILLION
Per capita daily use	MAU

SOCIAL MEDIA

WECHAT PLATFORM - MINI PROGRAM MAU BY INDUSTRY

Mini program industry segments with the highest monthly-active-users are Lifestyle services and Mobile gaming. Additionally, Lifestyle services, Mobile gaming and Practical tools all grew in MAUs from June 2019 to June 2020.

MAU>500 WECHAT MINI-PROGRAM INDUSTRIES



SOCIAL MEDIA

WECHAT PLATFORM - POPULAR MINI PROGRAMS



Education and E-commerce are the top categories associated with the top ranking Mini Programs.

Ranking	Mini Programs	Categories
1 Unchanged	Classroom Butler	Education
2 Unchanged	Pinduoduo	E-commerce
3 Unchanged	Daily submission of assignments	Education
4 Unchanged	JD.com	E-commerce
5 ▲3	Registers of assignments	Education
6 ▲6	Xiaoniangao+	Video
1 Unchanged	Kingsoft’s documents	Tools
8 ▲2	Jingxi	E-commerce
9 ▲17	MeituanWaimai	Food
10 ▲4	LY.com	Tourism

SOCIAL MEDIA

WECHAT PLATFORM - TOP MARKETING METHODS



**Take
Advantage of
Mini Programs**

**Work on Customer
Engagement**

Companies can promote their products through carefully curated campaigns that contain highly shareable keywords.

**Build Your
Private Pools**

SOCIAL MEDIA

WECHAT PLATFORM - TOUCHPOINTS

Touchpoints represent the two-way methods customers interact with the business within channels, and are critical in building trust.

ITEM	KPI	DESCRIPTION
WeChat Search	+ Acquisition	Optimize how a DMO is found via WeChat search and set up a Brand Zone to showcase all 1st party content. Make sue mini programs are linked in search.
48-Hour Journeys	+ Bindings + Conversions - Unfollow Rate	Create personalised 1:1 journeys based on the follower's status, location, CRM binding, transactions and entry into the account. Drive action such as grabbing a coupon, purchasing a ticket, or checking out an itinerary.
The Menu Bar	+ Engagement Rate + Conversions	Design a menu bar that makes key information easy to find. Link all mini programs for quick access. Create custom menus for different user segment to increase engagement and conversion.
Customer Service	+ Increase visitor satisfaction - Unfollow Rate	Setup and deploy autoresponders to answer FAQs and help consumers navigate the account. Offer a customer service mini program with a combination of live and chatbot support.
Conversions	+ Track Conversions + Provide Incentives - Friction	Offer coupons exclusive to WeChat to be redeemed at various attractions. Offer direct link to ticketing & reservation and the ability to pay with WeChat Pay. Create a UGC mini program or H5 page where visitors can share photos and reviews.



SOCIAL MEDIA

WECHAT PLATFORM - CONTENT BEST PRACTICES

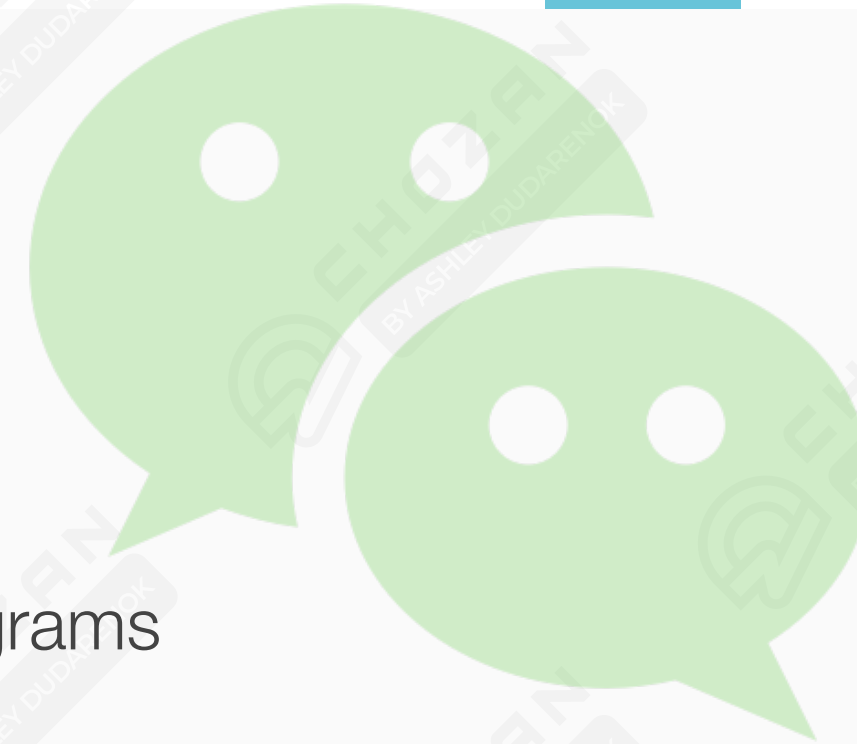
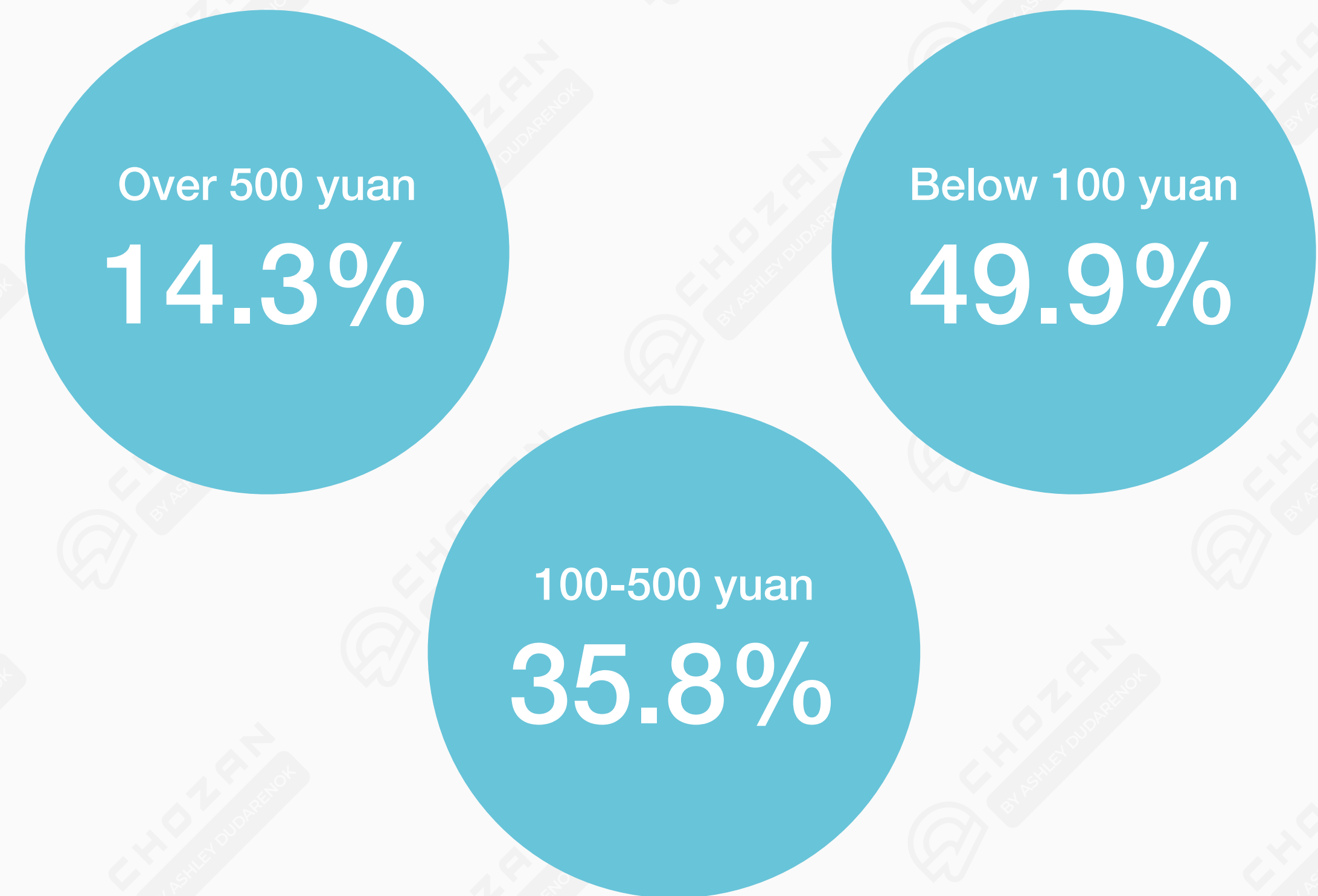
1. Live-streaming in Mini Programs

By March 8 this year, live-streaming in Mini Programs already delivered satisfactory results for business; over 2,000 anchors totalling nearly 900 hours of live-streaming, attracting an average of 280 likes per user, along with 20,000 sharing - the highest number seen in live-streaming. Some brands observed nearly 12 times increase in sales through the impact of Mini Programs, while the transaction value of other brands increased 5 times.

Live-streaming in Mini Program comes with various forms of audience engagement, such as **lucky draws, coupons, gifts, like and comment interaction, friend sharing, WeChat Moment advertising, and brand zone.**

Combined with the social advantages of WeChat, Mini Program can achieve comprehensive consumer reach.

Monthly consumption of users of WeChat Mini Programs



SOCIAL MEDIA

WECHAT PLATFORM - CONTENT BEST PRACTICES

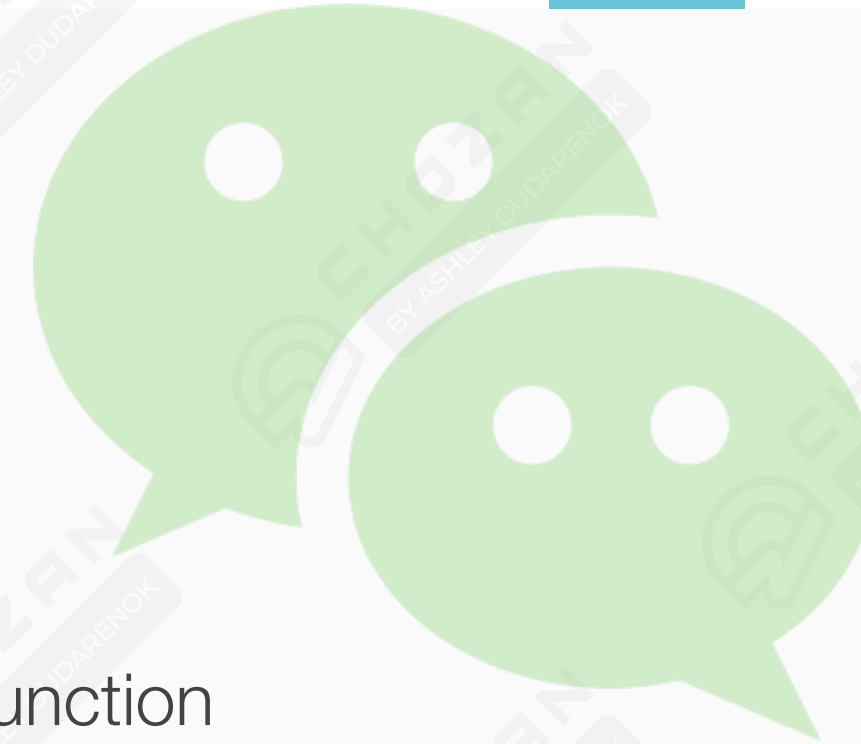
2. Public Account

The era of paid knowledge has arrived. WeChat has long launched rewarding functions - this year, we're seeing **paid reading**.

By the end of June, a public account received a total of 1.09 million yuan of income from paid reading alone. In addition, the highest number of people paying for a single article reached 130,000, and the highest single article income reached 260,000 yuan, from the categories of fiction and entertainment movies. The paid reading business model is a prime example of good content ecology where valuable content is rewarded accordingly while kept sustainable.

3. The future of Channels

The future of Channels will not open up a separate function of live-streaming, but instead directly connect with Mini Program live-streaming, and eventually form a closed loop of **Channels + official accounts + Mini Program's live + Community**. Brands and business users will rely on Channels to release live preheating information, connect users through the official accounts, allowing users to buy in Mini Program.



SOCIAL MEDIA

WECHAT PLATFORM - SALES INTEGRATION

Four major segments of e-commerce layout on WeChat:

- 1 Third-party platforms.** Third-party platforms such as Pinduoduo, JD.com, Meituan and others have all entered the market as Mini Programs.
- 2 Business owners who have their own brands.** The birth of WeChat's Mini program has given many business owners the opportunity to "make profits" in this system. These users are mainly in the supermarket, catering and fresh food industries, such as KFC, Carrefour and Multipoint. They have high brand awareness and a good base of loyal user groups, coupled with the high-frequency or cyclical nature of business consumption, making it easier to retain and operate WeChat users.
- 3 SaaS service providers.** Large SaaS service providers, such as Youzan and Weimob, and the hundreds of thousands of small and medium-sized businesses behind them. WeChat's previously owned e-commerce tools have lagged in development, providing room for SaaS service providers to survive. They help merchants to open stores in WeChat in order to gain revenue from technical service fees. 2019 YouZhan financial report shows that more than 8,200 stock paid merchants, a total of 64.5 billion yuan of GMV.
- 4 E-commerce tools owned by WeChat.** The former WeChat small shop and Mini shop now.



SOCIAL MEDIA

WECHAT PLATFORM - REGULATIONS / UPDATES

'MINI SHOP'

As long as users have the certified official account of enterprises they can open a 'Mini shop'.

The ability is currently in beta testing, but it will allow businesses to leverage the advantages of mini programs with no costs or development restrictions.

CURRENT PROMOTABLE SCENARIOS ON MINI SHOP

System Access

QR code

Search

LBS

Sharing

Public Account

Enterprise WeChat

Advertisements



EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CHINESE SOCIAL MEDIA / MARKETING PLATFORM (CAN NAME 2-3) IN 2020?

Call me old school, but WeChat remains my favourite Chinese social media channel — yes, it's incredibly challenging, and often misunderstood, but in my opinion it provides **a uniquely seamless way to consistently communicate with your customers, create communities, build loyalty and drive sales.**



OLIVIA PLOTNICK

WeChat & China Marketing Specialist

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WECHAT / WECHAT MINI PROGRAMS IN Q4 THIS YEAR?

Brands this year should aim at **leveraging the full WeChat ecosystem**: WeChat Mini Programs, WeChat Groups; while experimenting with WeChat newer features such as Live-Streaming and WeChat Channels (the short-video platform of WeChat).

Brands should also aim at leveraging interactions between WeChat and other platforms by fostering engagement between WeChat and Red, Tmall, Douyin and Kuaishou users.



THOMAS GRAZIANI

CEO at
WalktheChat

EXPERT BITES

Q: HOW CAN BRANDS USE WECHAT TO WIN IN Q4 THIS YEAR?

To win on WeChat in Q4 2020, brands must **invest in social selling**. Social selling is quickly becoming one of the best ways to re-engage with existing customers and to inspire conversions. This can later be scaled up with social CRM, which will allow brands to target messages and content to clients, as well as creating transactional and behavioural alerts to help sales associates pick up on leads and drive conversions.



PABLO MAURON

Partner & Managing Director China DLG
(Digital Luxury Group)

EXPERT BITES

Q: WHAT WOULD YOU RECOMMEND BRANDS TO DO ON WECHAT IN Q4 2020?

In Q4 2020 brands need to do more of **omnichannel solutions** and less of website development or native app development in China.

WeChat is focusing on building up closed loop system in WeChat Work and Mini Programs in combination with various newly developed features in Q4 2020.

Brands shall embrace a more comprehensive WeChat-savvy e-commerce ecosystem now in order to succeed in 2021. WeChat is building up its e-commerce system not only for big brands, but also small businesses. New features such as sharing of MP, live-streaming, collaboration between HTML5 and native application are breakthrough in leveraging the overall e-commerce performance.



CLEMENT LEDORMEUR

GM & Partner at 31TEN

EXPERT BITES

Q: WHAT CAN WE EXPECT FROM WECHAT IN Q4?

WeChat will focus on its **new live-streaming feature** and private traffic in Q4 2020. The newly launched Mini Shop which supports live-streaming is in its testing stage, and development will continue in Q4.

The channel will be a competitor to JD, Taobao and Pinduoduo as merchants can open Mini Shops for free and reach audiences easily by live-streaming on WeChat.

The platform will continue to launch new features to help brands obtain users' private traffic, such as its "good product circle" which allows users to share products from different mini-program stores with friends.



ARNOLD MA

Founder & CEO at Qumin

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WECHAT IN Q4 THIS YEAR?

WeChat is focusing on **WeShop integration** and **group live-streaming** in Q4 2020.

Brands can take advantage of creating private traffic channels from data harvested in group livestreams. With Weibo's recent investment in WIMI Hologram Cloud, brands should develop augmented reality content suited toward Weibo's younger, female audience.



MICHELLE CASTILLO
WONDERLAND

Director of Content and Insights

EXPERT BITES

Q: WHAT TRENDS DO YOU EXPECT TO BLOW UP CHINA IN 2021?

I expect **the rise of the Nano KOL**, and a stronger focus on KOCs connecting these with the new functions on WeChat and other platforms to drive sales. I also believe live-streaming commerce will slow down drastically as a result of Chinese brands will finally understand branding comes before instant sales.



FOLKE ENGHOLM

CEO of Viral Access

EXPERT BITES

Q: WHAT'S THE BIGGEST MISTAKE IN BUILDING A LOYALTY PROGRAM IN CHINA IN 2020?

The biggest mistake when building a loyalty program for China this year is a double one: first **not aligning the program objectives** with the brands ones, and second **not considering your customer expectation** and, for example, purely focusing on discount.



ROMAIN HENRIOT

Chief Operations Office,
Splio China

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CHINESE SOCIAL MEDIA / MARKETING PLATFORM (CAN NAME 2-3) IN 2020?

WeChat continues to be my favourite social platform globally, not just in China.

While it's a challenging place to do content marketing as an individual user, I love how I'm **protected from companies intruding into the experience.**

The one area I feel WeChat needs to improve is to consolidate all the different places to discover content into one or two simpler feed(s). With the addition of Channels this year there are now 4 different places to check for new content, not including all the separate service accounts we follow. Hopefully the WeChat product team will fix this in 2021.



ALEX DUNCAN

Co-founder of
KAWO

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WECHAT IN Q4 THIS YEAR?

Brands should focus on the following on WeChat:

- Build **Mini Programs** that help users
- Focus on private traffic to **loyalty program**
- Build **database**, with segmentation
- Perform **community management** and group animation



OLIVIER VEROT

Founder of GMA
(Gentlemen Marketing Agency)

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WECHAT/ WECHAT MINI PROGRAM IN Q4 THIS YEAR?

Here's how to leverage **WeChat Mini Program for ultimate performance**:

- Maximise organic traffic with entry points, such as search bar, QR code sharing, etc.
- Segment and breakdown into several mini programs whenever necessary: 1 mini-program = 1 objective.
- Make sure everything can be tracked (eg. media buying, KOL or KOC activities) to optimise your ROI and refine your media buying strategy.
- As WeChat is the key "owned" channel from a brand perspective, it is important to take WeChat in consideration on other channels platforms (Tmall, JD, Douyin, Weibo, Web, App)
- Create brand zone in search bar to build up a more unique brand image.



CLEMENT LEDORMEUR

GM & Partner at 31TEN

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WECHAT IN Q4 THIS YEAR?

Brands should focus on using **WeChat Moments for advertising**. WeChat Moments is a good way to appeal to the platform's 1.2 billion users as advertising will display on users' Moments feed in a similar way to a friend's post, making it easily seen and shared by users, which increases brand awareness.

Brands should also look to open a **Mini Shop on WeChat** when the feature is widely rolled out as live-streaming and selling through the platform provides an easy way to connect with its large user base.



ARNOLD MA

Founder & CEO at Qumin

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WECHAT IN Q4 THIS YEAR?

If you are a B2C brand in China don't only look at the big e-commerce players for traction, but also build your own social-commerce powerhouse through private **traffic groups and Mini Programs** in WeChat.

WeChat is launching live-stream functionality in WeChat groups. It's really early to say where this will go, but the early bird catches the worm!



JONS SLEMMER

China Digital Aficionado of WAYA Global

PLATFORM

WEIBO



SOCIAL MEDIA

WEIBO PLATFORM - INTRODUCTION

"Weibo" means microblog in Chinese. It was launched in 2009 and quickly rose to popularity. Similar to Twitter, Weibo is where fresh news finds its audience any time, anywhere. It's fast paced, allows people to see the world and behind the scene stories, enables self-expression, and helps people share their opinions. These qualities also make Weibo the perfect platform for celebrities, idols and influencers to communicate with their fans.

As of March 2020, Weibo has...

Daily active users:



241 MILLION

Daily active users



34 MILLION

Year on year increase

Monthly active users:



550 MILLION

Monthly active users



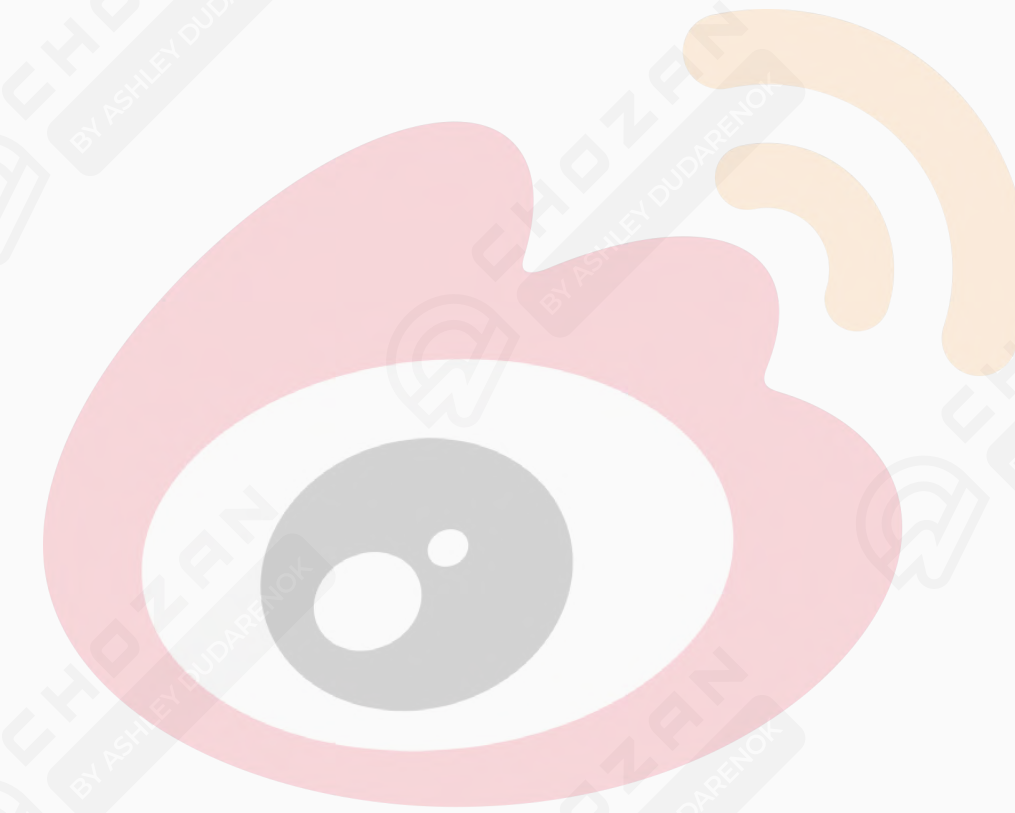
85 MILLION

Year on year increase



94%

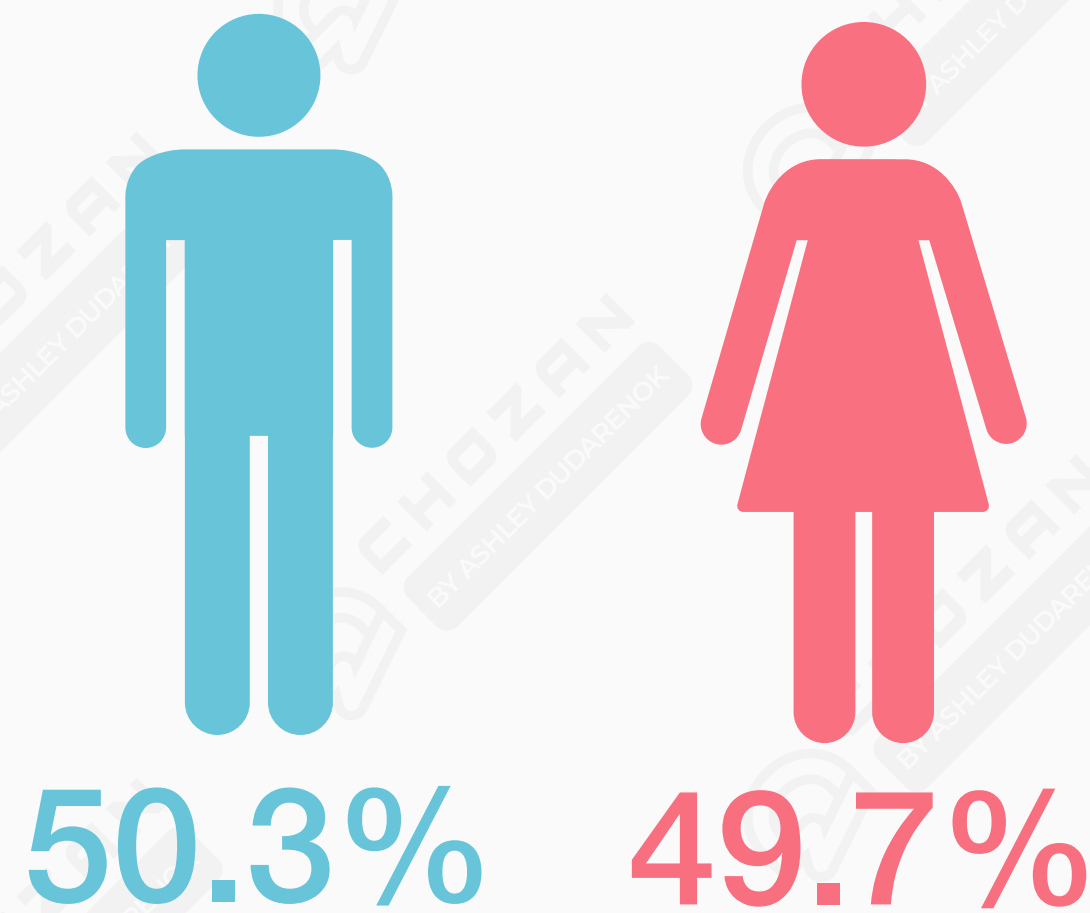
mobile users



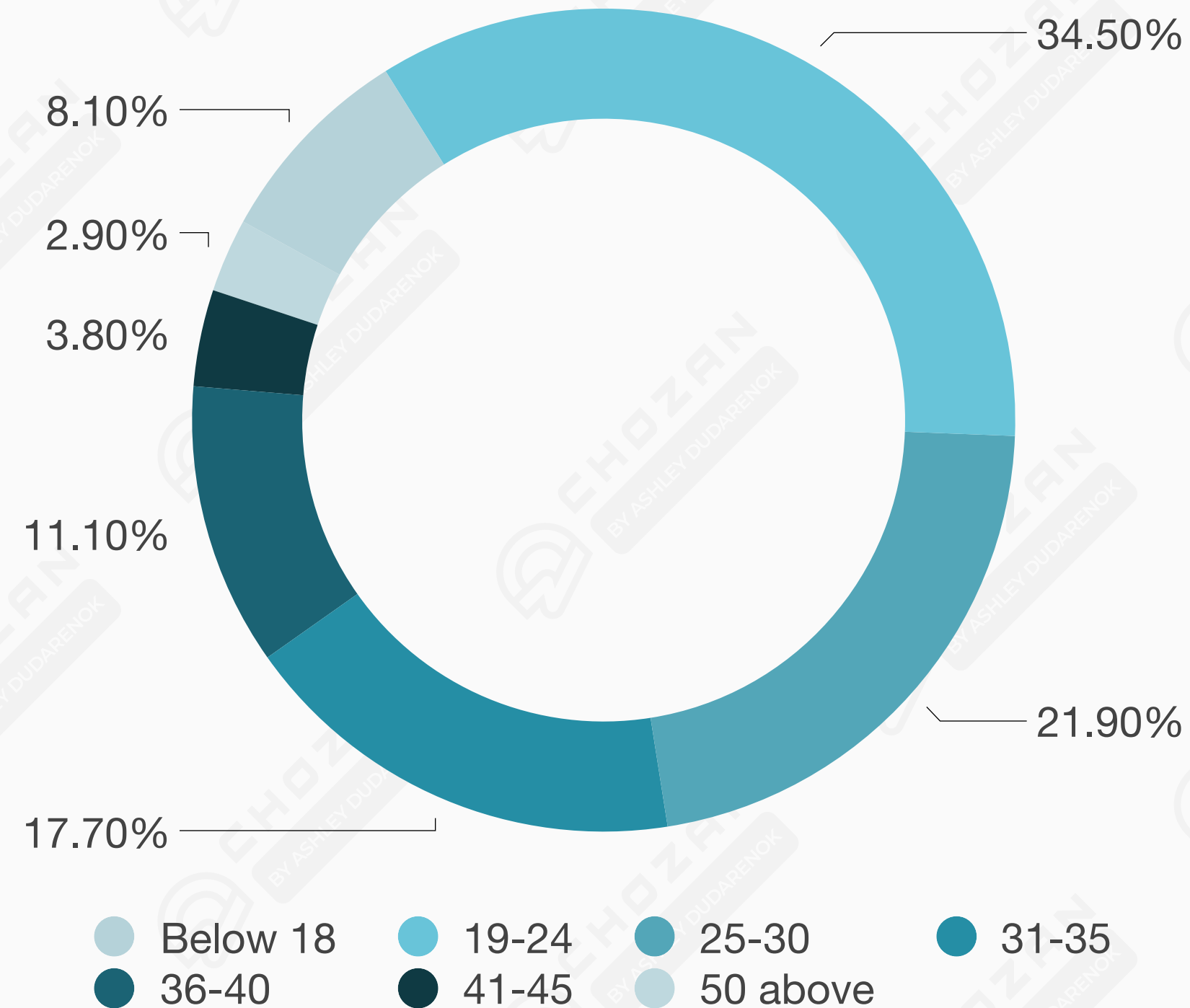
SOCIAL MEDIA

WEIBO PLATFORM - USER DEMOGRAPHICS

As of 2019, the gender ratio on Weibo is 50.3% male, 49.7% female.



WEIBO FOLLOWERS AGE DISTRIBUTION



The largest group of Weibo followers range from age 19-24, while the second largest group is 25-30 years old. In fact, post-90s have already replaced post-80s to become the main user group of Weibo.

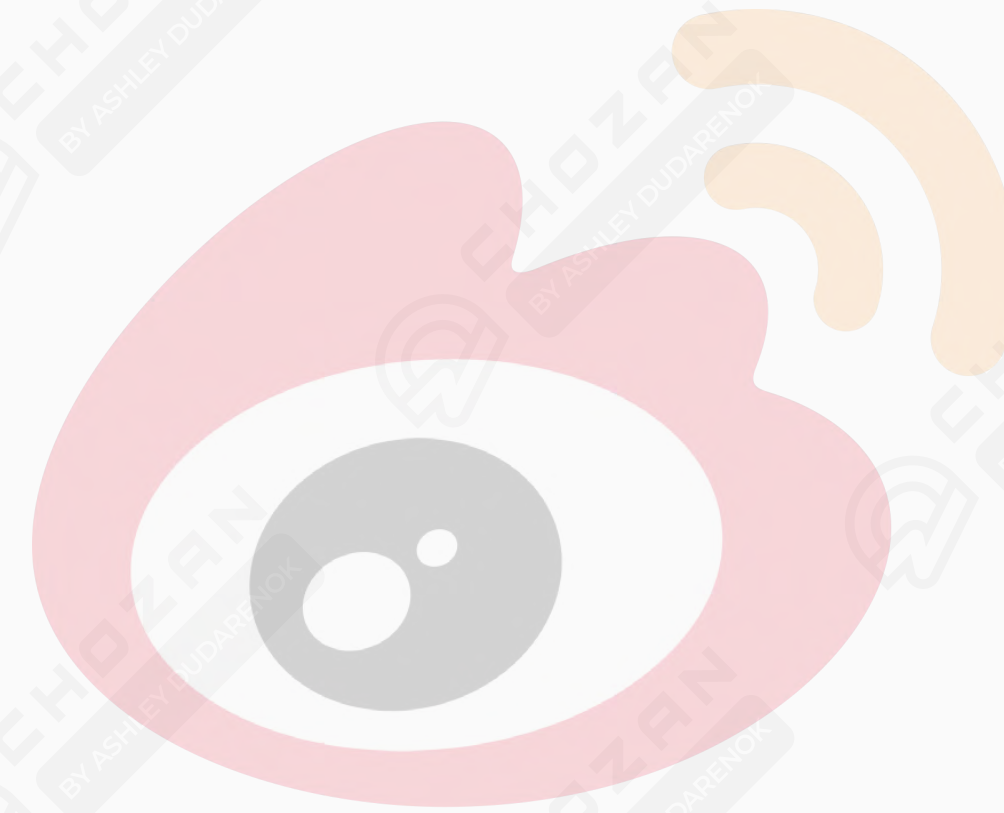
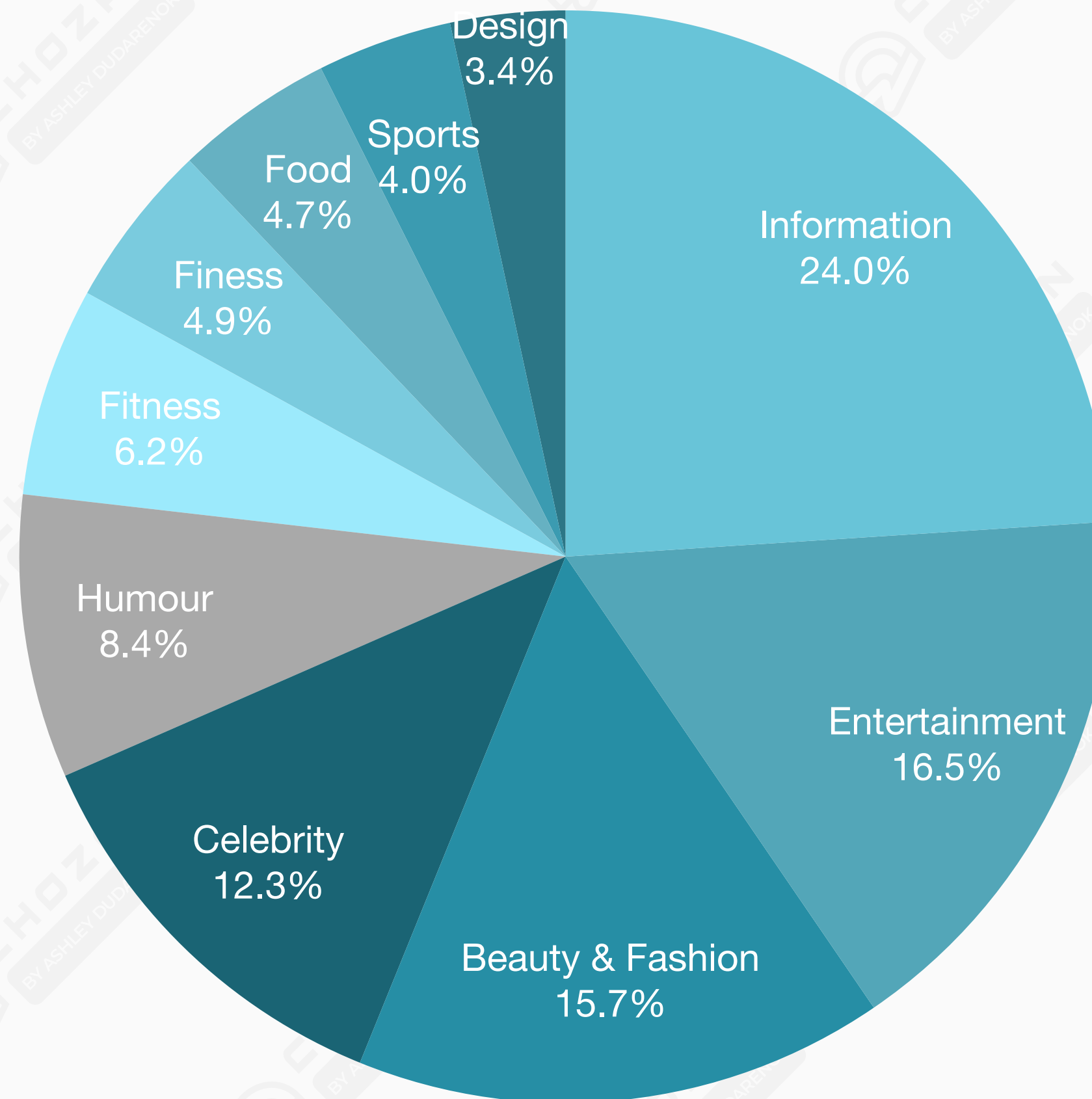


SOCIAL MEDIA

WEIBO PLATFORM - POPULAR CONTENT CATEGORIES

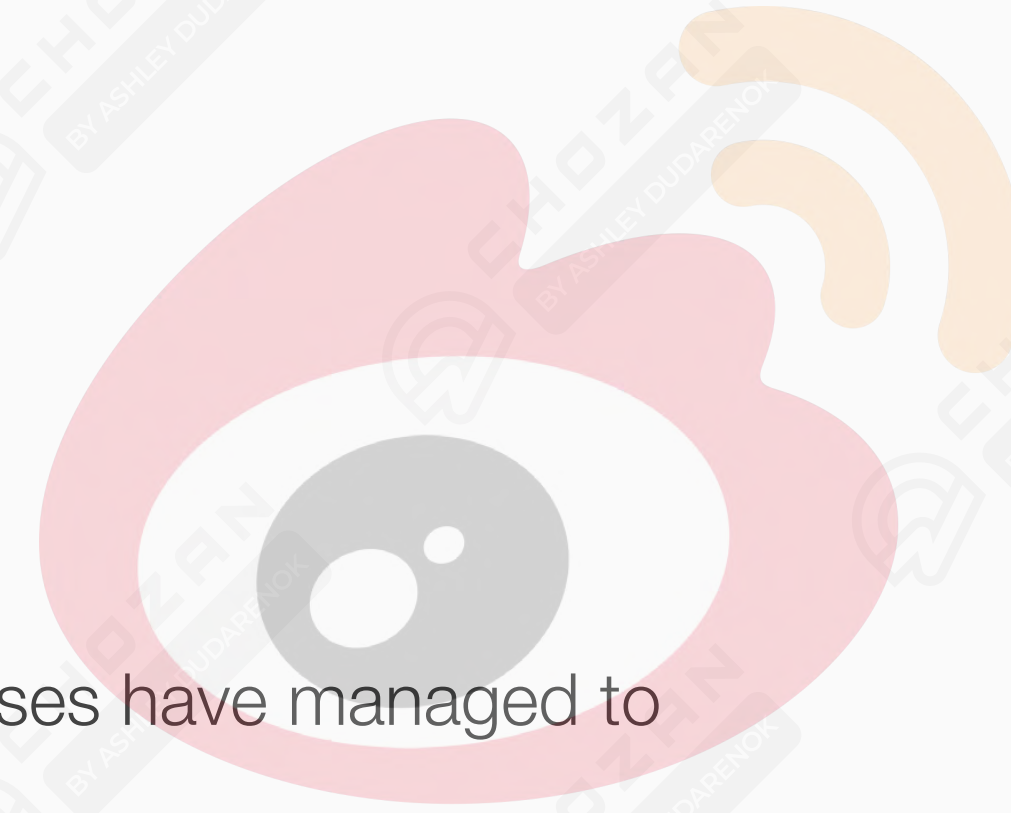
Information, entertainment, and beauty & fashion are some of the most popular categories on Weibo. These influencers have higher sensitivity towards trends and can better create viral content.

WEIBO INFLUENCERS BY INDUSTRY



SOCIAL MEDIA

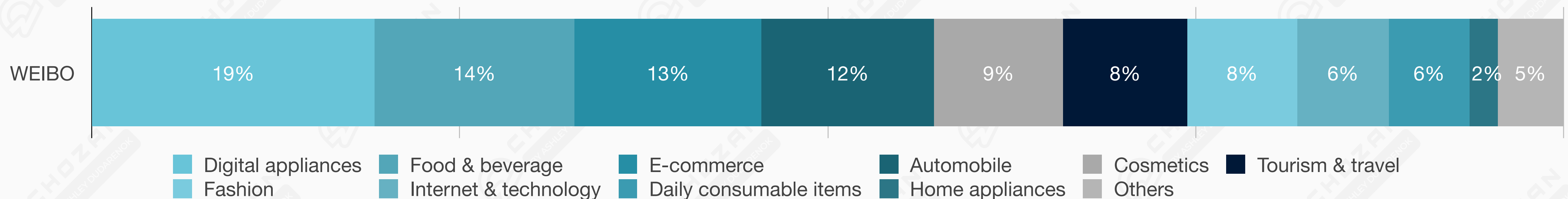
WEIBO PLATFORM - TYPES OF ACCOUNTS



Weibo is a mass-market platform, with already tons of international brands onboard. As of 2019, over 1.5 million businesses have managed to build a presence and gained “blue V” verifications by Weibo.

Digital appliances, food & beverage, fashion and cosmetics are among the first businesses to enter Weibo. Weibo’s wide user coverage and diverse marketing tools are helpful for brands to achieve their business goals.

DISTRIBUTION OF VERIFIED BUSINESS BY INDUSTRIES ON WEIBO



SOCIAL MEDIA

WEIBO PLATFORM - TOP MARKETING METHODS

In the past 10 years, Weibo has remained in a leading position in the industry in terms of number of active users and influence. While the recent rise of the short video market has posed some challenges to the scene, Weibo's highly social nature continues to act as the key channel for trending content and brand exposure. In fact, Weibo remains very effective in increasing brand awareness, product interest, customer loyalty and stimulating conversion.

Weibo influencers

Collaborate with influencers to capture followers outside of your typical follower base. There are lots of active influencers across a wide range of categories. Their number of followers should not be the sole factor you consider when choosing who to work with. You should also consider their follower composition, credibility, expertise and image, etc.

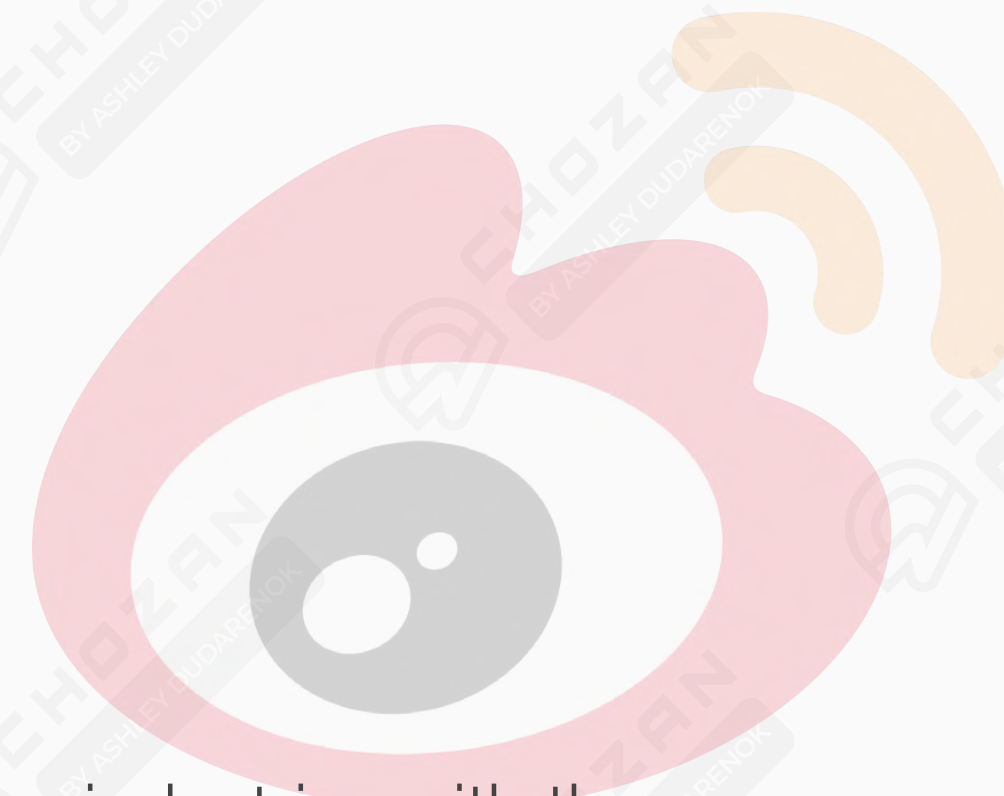
Weibo advertising

There are several advertising options on Weibo to help you expand your reach. Lots of businesses have been active in doing

ads on Weibo. The top industries with the most number of ads in 2020 Q1 are food and beverage, daily products, skincare and cosmetics, and fashion, accounting for over 80% of the total ads.

Weibo lottery

Encourage engagement and generate discussions around your brand by doing Weibo lotteries in times of product launches, offline sales events or just for brand promotion.



SOCIAL MEDIA

WEIBO PLATFORM - CONTENT BEST PRACTICES

Brands on the platform post thousands of articles each day, making it hard to stand out. Most top-performing business accounts have managed to **maintain a regular posting frequency** by **posting interactive content** to **foster a sense of community with its followers**.

Here are some additional points for posting on Weibo:

Utilise the multiple images layout

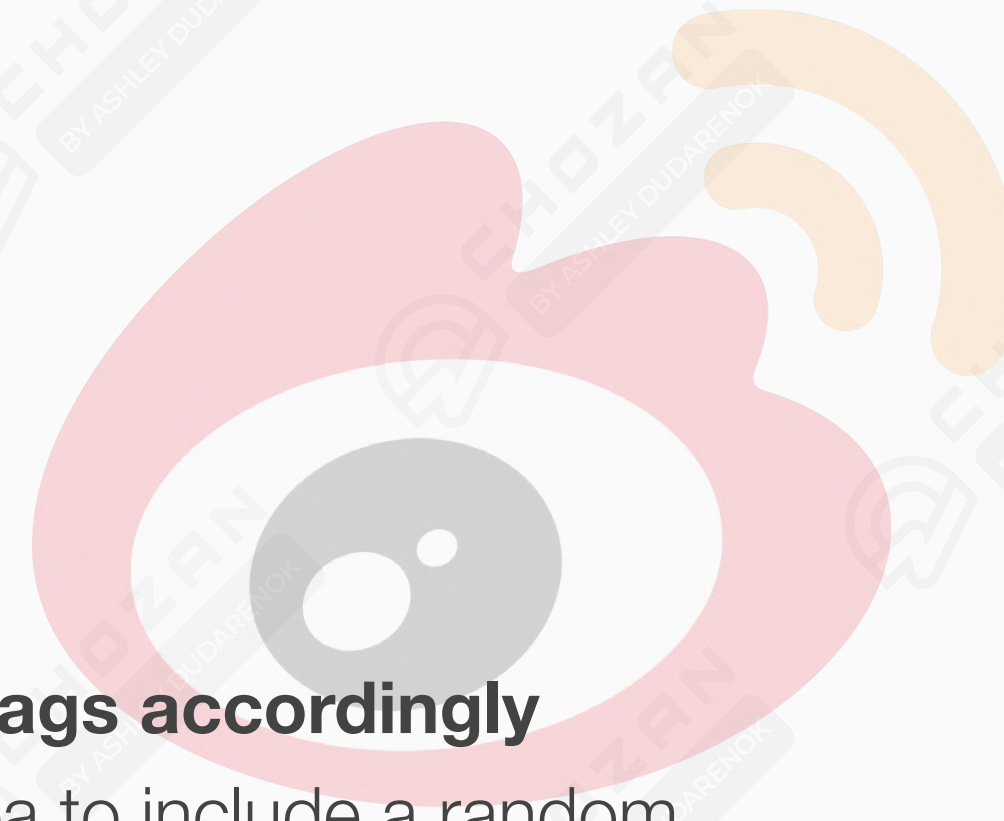
Up to 9 images can be fully displayed on your Weibo post. Uploading 9 high-quality pictures as opposed to just one would make your content more informative, while also better your chances in triggering your reader's interest.

Incorporate videos

More businesses are posting video content on Weibo as videos are engaging to followers. The auto-play function also helps capture the attention of the ones who mindlessly scroll on Weibo.

Use relevant hashtags accordingly

It is never a good idea to include a random trending hashtag just to tag along the traffic. You should only use relevant hashtags, or you may risk jeopardising your brand image as being a clout chaser.



SOCIAL MEDIA

WEIBO PLATFORM - SALES INTEGRATION

In April 2020, Weibo has upgraded their e-commerce functions by launching 'Weibo Store' (微博小店).

Weibo Store offers users a full set of e-store management services, while supporting e-commerce live-streaming. You may share links of your products on Weibo after adding them to your Weibo Store.

Users can then directly add products to their shopping carts without leaving the app, and continue to browse your Weibo Store page or watch relevant live-streaming. With the new features of Weibo Store, it is clear that Weibo has once again strengthened the scene for “Social + E-commerce + Live-streaming” by utilising traffic to encourage a more comprehensive e-commerce atmosphere.

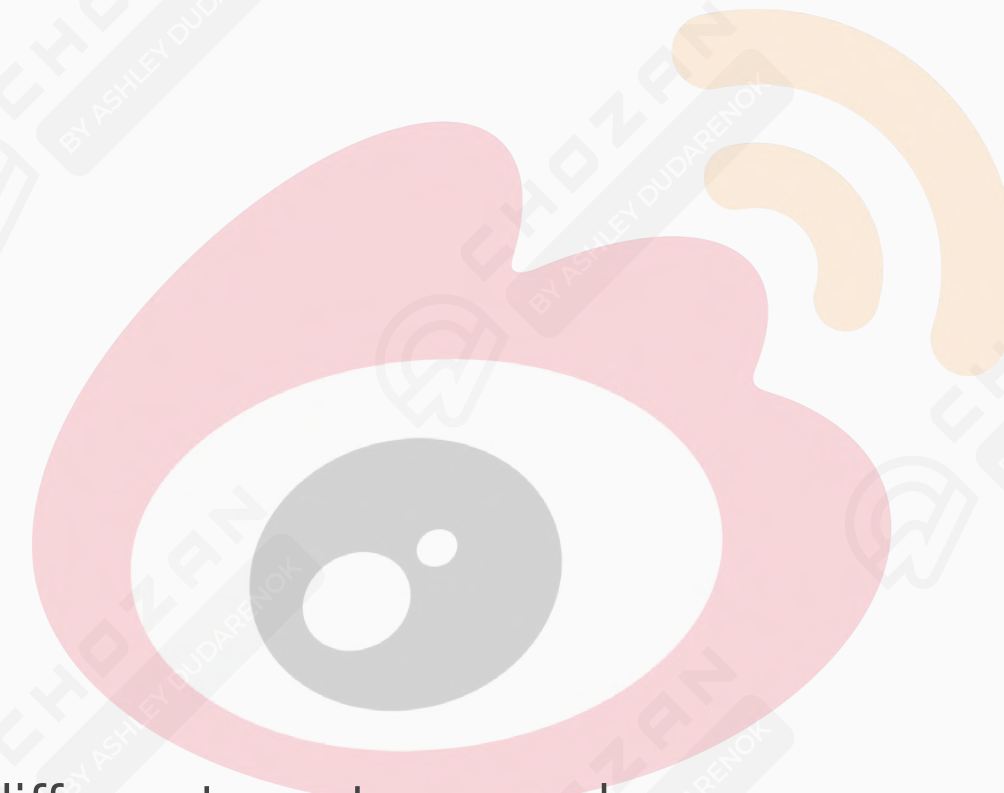


SOCIAL MEDIA

WEIBO PLATFORM - TRENDS / CASE STUDY

Campaign details:
Shiseido started a series of marketing campaigns on Weibo for the launch of its new illuminating serum.

1. Invited celebrity Liu Yifei (刘亦菲; with 70 million followers on Weibo) as the product ambassador, generating close to **200 million views** and **200 thousand mentions** for the topic “Liu Yifei official announcement”(刘亦菲官宣#).
 - 3 celebrities Fang Chengcheng (范丞丞), Ayanga (阿云嘎) and Zheng Yunlong (郑云龙) posted for the brand to push for another **40 million views** and **1.3 million interactions**.
2. Invited 7 top KOLs of different sectors such as fashion, beauty, fitness, food and travel for virtual sakura-viewing on live-streaming.
 - Clips of live-streaming continued to spiral into a trending topic attracting an additional **80 million views** and **50 thousand mentions**.
 - Included direct links to Taobao live-streaming on Weibo posts to encourage conversion.



SOCIAL MEDIA

WEIBO PLATFORM - TRENDS / CASE STUDY

3. Started a challenge of “Sakura Girls” (#樱花女孩#)

- 5 macro-influencers shared their experience about having more illuminated skin in just 7 days with the new product to kick off a conversation. Their posts gained **10 million views** in total.
- Close to 100 micro-influencers took the challenge and competed against each other in achieving the best results from using the product. The challenge and related content attracted a total of **35 million views**.

Results:

The new product gained a lot of hype with over **200 million exposure** and **1.7 million interaction**. Users who have seen product content on Weibo are reported to have a **70% higher interest in the product** than those who have not.



SOCIAL MEDIA

WEIBO PLATFORM - REGULATIONS / UPDATES

In June 2020, Weibo has upgraded its display ads (超级粉丝通3.0) functions.

- Weibo has an algorithm of displaying 90% unpaid organic content and 10% content on users' feeds. The new update would give display ads a more "organic" appeal to overcome the platform's limit on display ads and expand the reach of the promoted message.
- Users can now watch images or videos at the same time as they are performing other actions such as browsing a H5 page (a mobile website in Weibo's in-app web browser),

downloading an app or following a Weibo account. This can help marketers better reach their business goals as this update solves the problem of previous multimedia cards having a limited reach and a low conversion.

- The new algorithm can also better analyse user preferences to promote messages to a better-suited audience, in turn reducing ad spend and increasing ROI for businesses.



EXPERT BITES

Q: WHAT WILL WEIBO FOCUS ON IN Q4 OF THIS YEAR?

Since March, we see that Weibo has been supporting video creators, and will continue to **focus on video content** by offering them more exposure, millions of subsidies and other tools.

Brands should launch **campaigns on Weibo for Double 11** shopping festival (or Single's Day) and take advantage of the related hashtags to boost engagement.

Shopping festivals have formed a key part of China's consumer psyche for more than a decade, and, this year, Double 11 festival will last for almost a month. This provides a great opportunity for brands to promote campaigns and related activities on Weibo to promote sales and increase brand awareness.



ARNOLD MA

Founder & CEO at Qumin

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WEIBO IN Q4 THIS YEAR?

Don't forget to **link your Weibo posts and engagement to your WeChat Mini Programs** to optimise your own social-commerce strengths!



JONS SLEMMER

China Digital Aficionado of WAYA Global

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON WEIBO IN Q4 THIS YEAR?

Weibo in 2021 for **PR control only**, I would not recommend advertising on Weibo, **the data is too easily manipulated**. You're better off doing Zhihu marketing.



WILLIAM AUGUST
Founder of Outlandish Studios

EXPERT BITES

Q: HOW HAS WEIBO CHANGED OVER 2019-20?

Weibo hasn't necessarily changed this year. Chinese social media platforms are always changing, always adding new features, new trends come and go. Short video media, especially for news consumption, short viral videos, to explain the new in digestible bites are very hot these days and this is likely to continue. Video live-streaming and video in general is very big.

Weibo censorship is going up and down all the time - the platform is always in fluctuation.

New rules will be reintroduced, **accounts will be shut down, topics will be shut down - but then again new ones will sprout.**



MANYA KOETSE

Sinologist,
China social media watcher

PLATFORM

DOUYIN



SOCIAL MEDIA

DOUYIN PLATFORM - INTRODUCTION

Douyin is a short video sharing application developed by Bytedance. The application entered the Chinese market in 2016. It then released worldwide with the name Tiktok in 2018, after merging with a similar application named Musical.ly. Douyin allows users to create and share videos up to 60 seconds, with most of these videos being related to music, dancing, lip-sync and comedy. Douyin is very popular across the globe; together with Tiktok, the application has more than 738 million downloads in 2019.

As of June 2020, Douyin has...



513.4 MILLION

Monthly active users



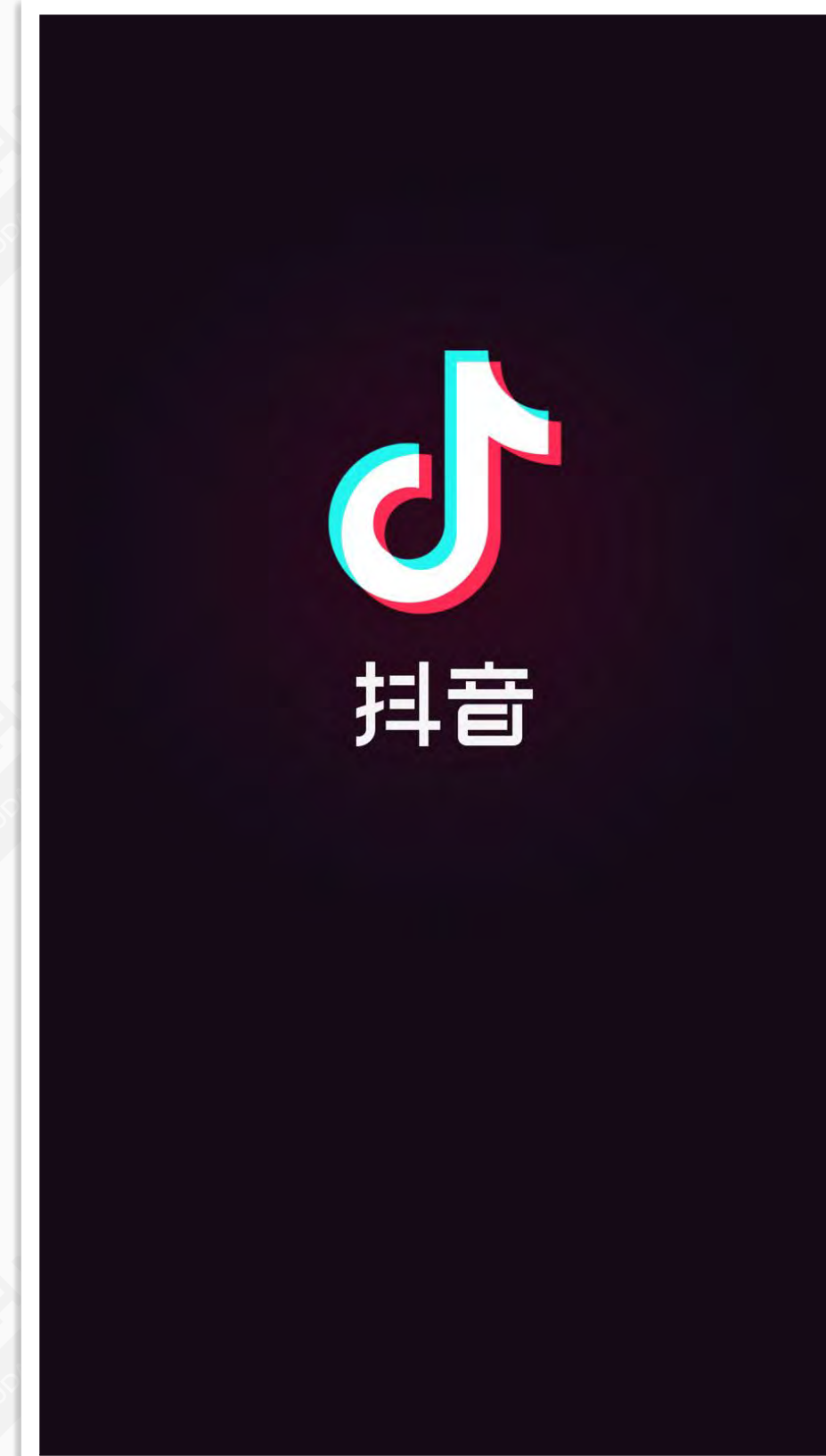
57.5%

Active rate



26.2 HOURS

Monthly average usage



SOCIAL MEDIA

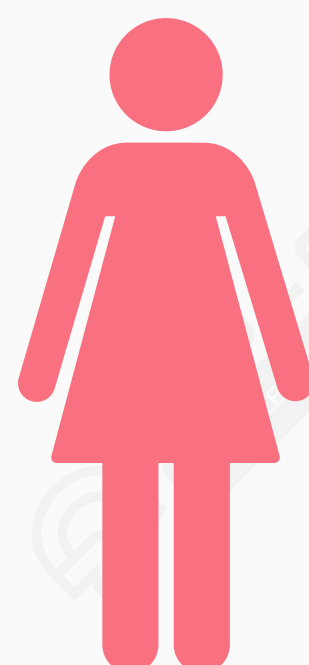
DOUYIN PLATFORM - USER DEMOGRAPHICS

As of June 2020, 48.5% of Douyin users are female; 51.5% are male users.

The largest group of Douyin users are Gen Y (Post-80s, Post-90s); Post-70s users are slightly more present than Post-00s or below users.

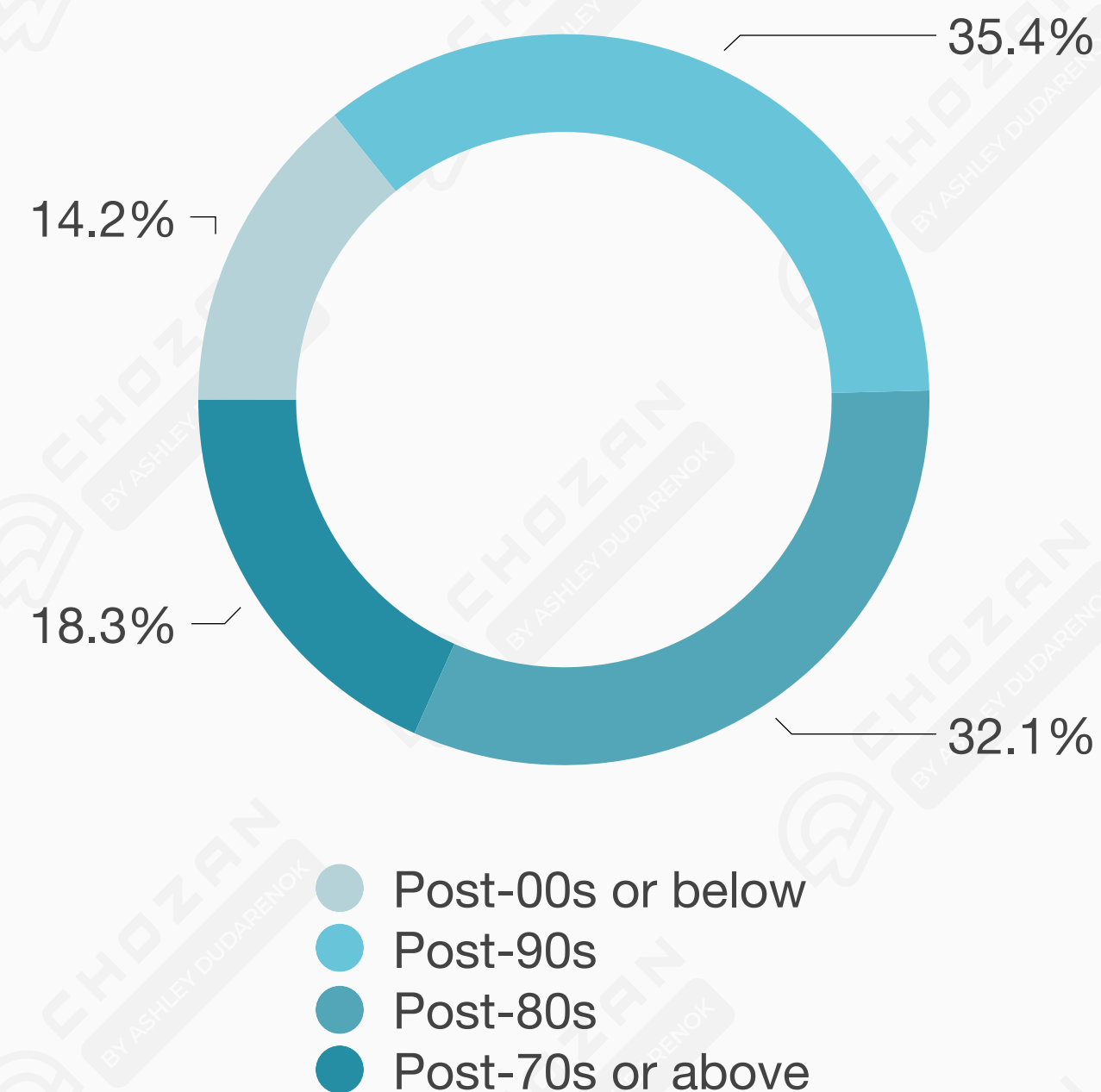


51.5%

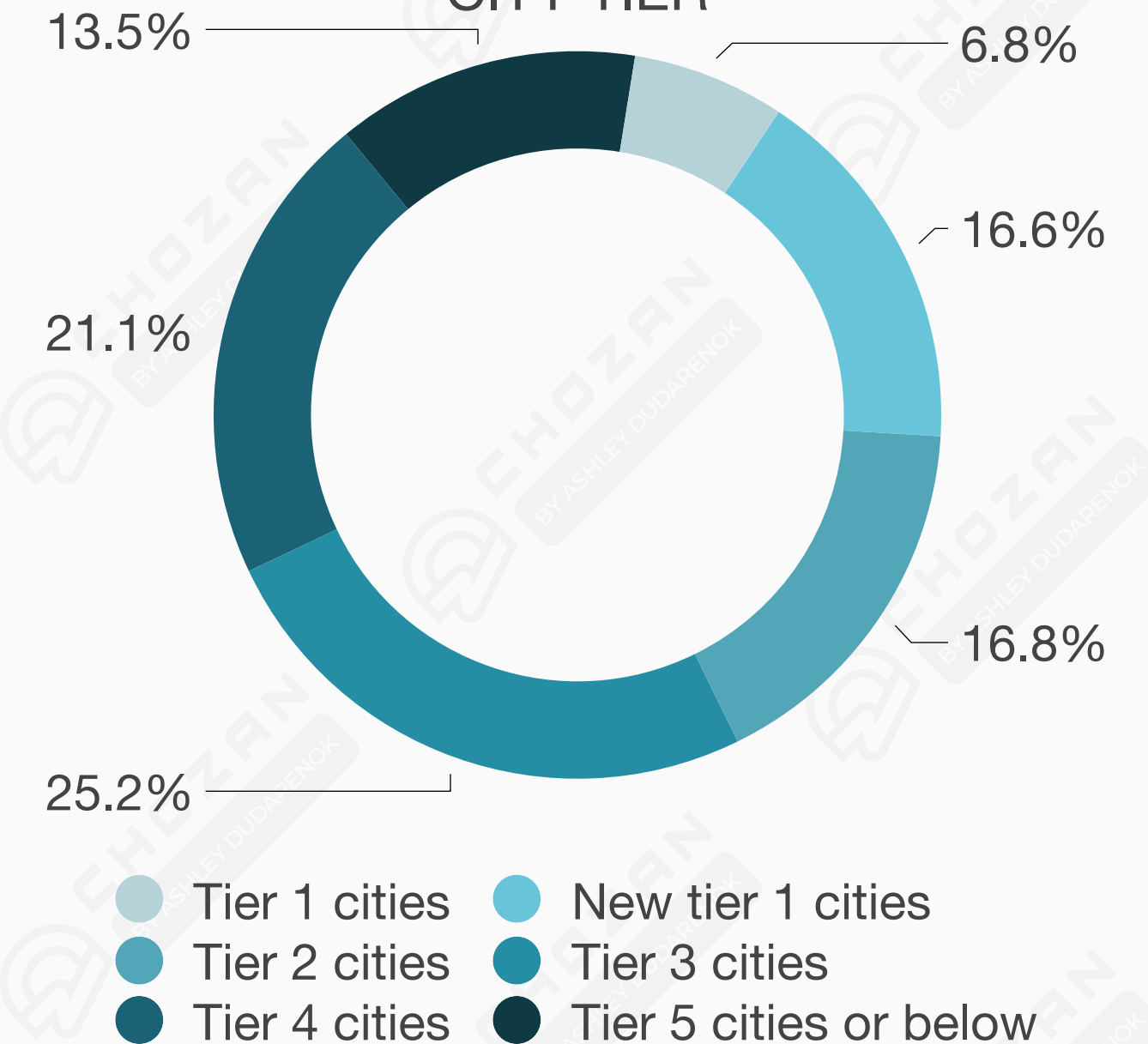


48.5%

DOUYIN FOLLOWERS AGE DISTRIBUTION



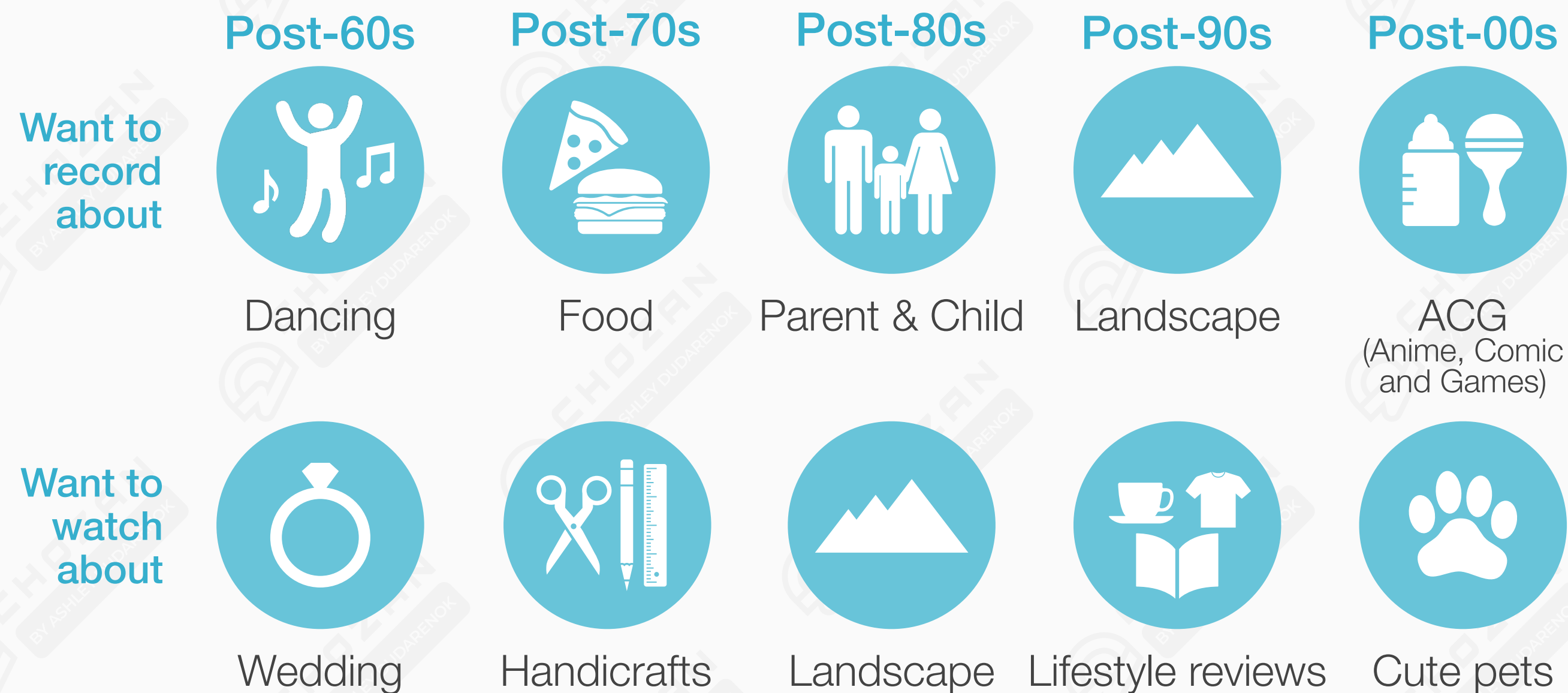
DOUYIN FOLLOWERS BY CITY TIER



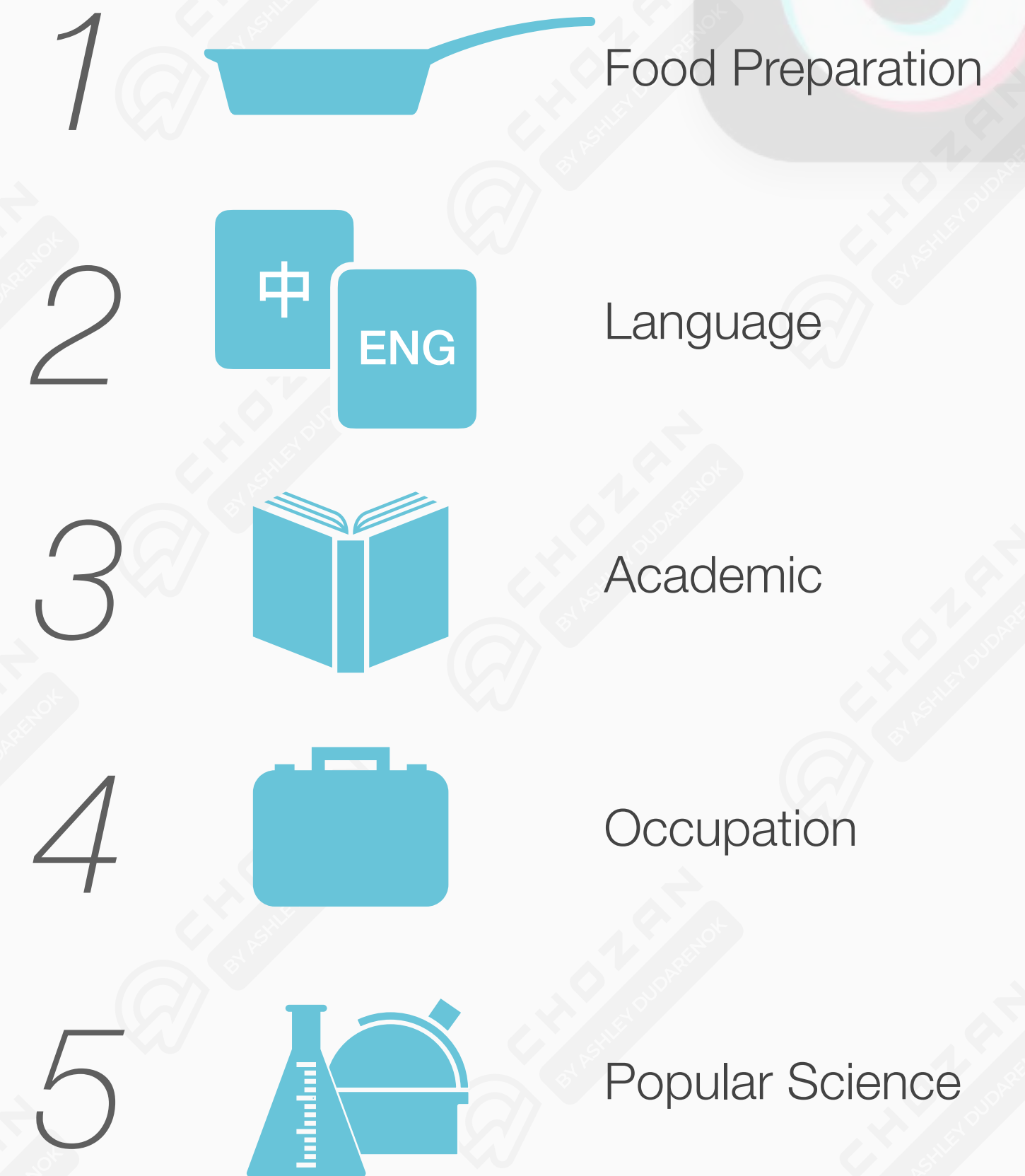
SOCIAL MEDIA

DOUYIN PLATFORM - POPULAR CONTENT CATEGORIES

Different age groups have different tastes and interests. Douyin has published data of the most wanted content across different age groups, categorised by “want to record about” and “want to watch about”.



Top 5 Educational Content Topics on Douyin



SOCIAL MEDIA

DOUYIN PLATFORM - TYPES OF ACCOUNTS



TYPES OF DOUYIN ACCOUNTS



TOP PROFESSIONALLY-GENERATED CONTENT ON DOUYIN



SOCIAL MEDIA

DOUYIN PLATFORM - TOP MARKETING METHODS



Work with Influencers

Working with Influencers is the most direct way of doing marketing on Douyin. The fame of influencers, including KOLs and celebrities, naturally draws lots of attention on the platform. Large amounts of follows and high views in their account will create promising results through partnerships.

Start a Competition

Numbers of competitions are promoted by Douyin everyday, where brands create specific hashtags, and users participate using the same hashtags. Usually, the videos

with highest views or highest shares win the competition. These competitions allow users to win prizes by creating videos surrounding certain topics, which draw lots of attention to the brands.

Create Stickers

Stickers are a major function on Douyin. Users can add different stickers, such as eyewear, goggles and face expressions, to their videos. Brands can create their own stickers, and therefore more users will know the brands when they use these stickers in the videos

E-commerce

Douyin has a product sharing function. After activating the function, user's can add products link to their video. This link can direct user's to either a product in Taobao store, or inside Douyin Store.

SOCIAL MEDIA

DOUYIN PLATFORM - TOP MARKETING METHODS

Live-streaming on Douyin

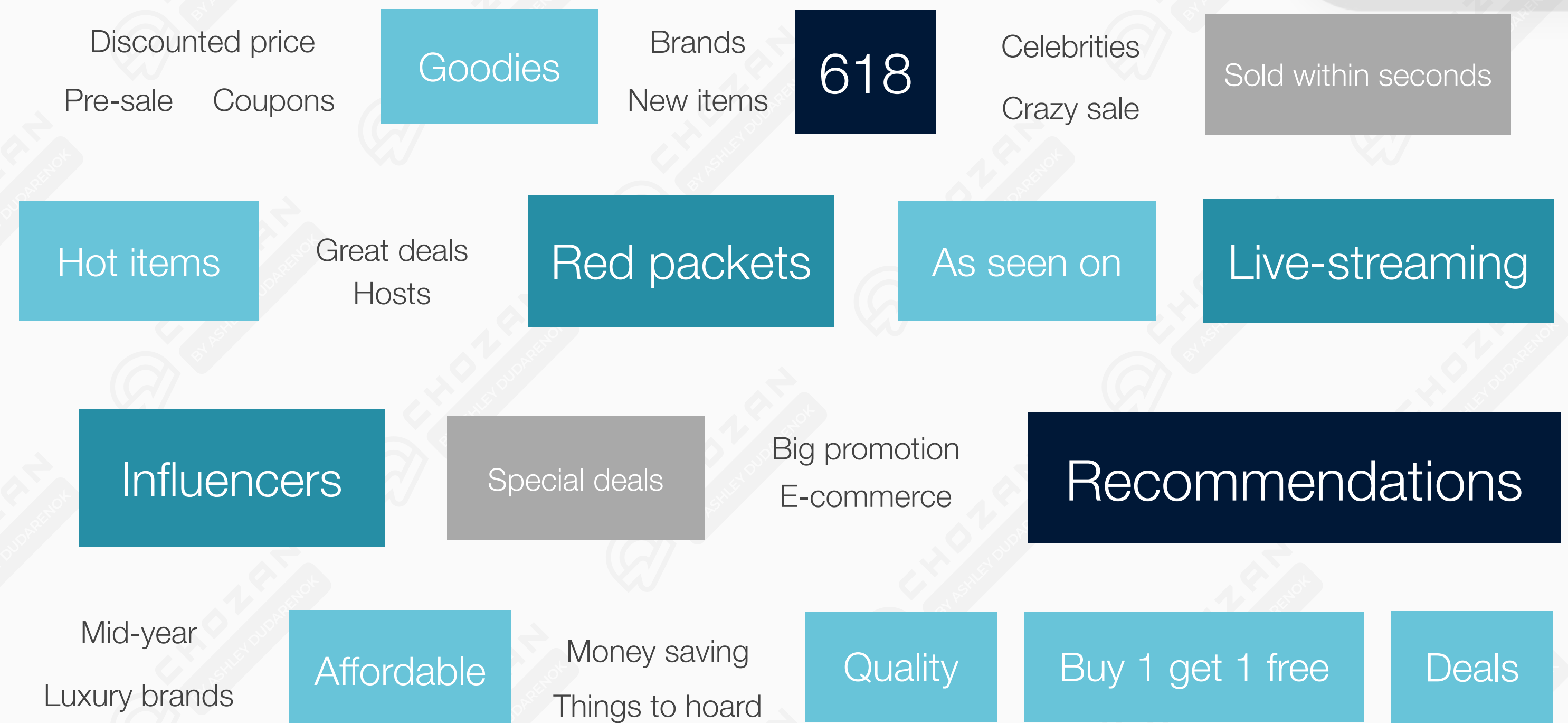
Live-streaming substantially strengthens the e-commerce network and sales cycle.

The number of users after activating 'shopping cart' functions on Douyin showed a 101% increase from December 2019 to June 2020.

The number of short videos on Douyin with 'shopping cart' features showed a 173% increase from June 2019 to June 2020.

The number of live-streaming sessions on Douyin with 'shopping cart' features showed a 876% increase from December 2019 to June 2020.

KEYWORD POPULARITY FOR SHORT VIDEOS ON DOUYIN IN JUNE 2020 - MOST PUBLISHED CONTENT



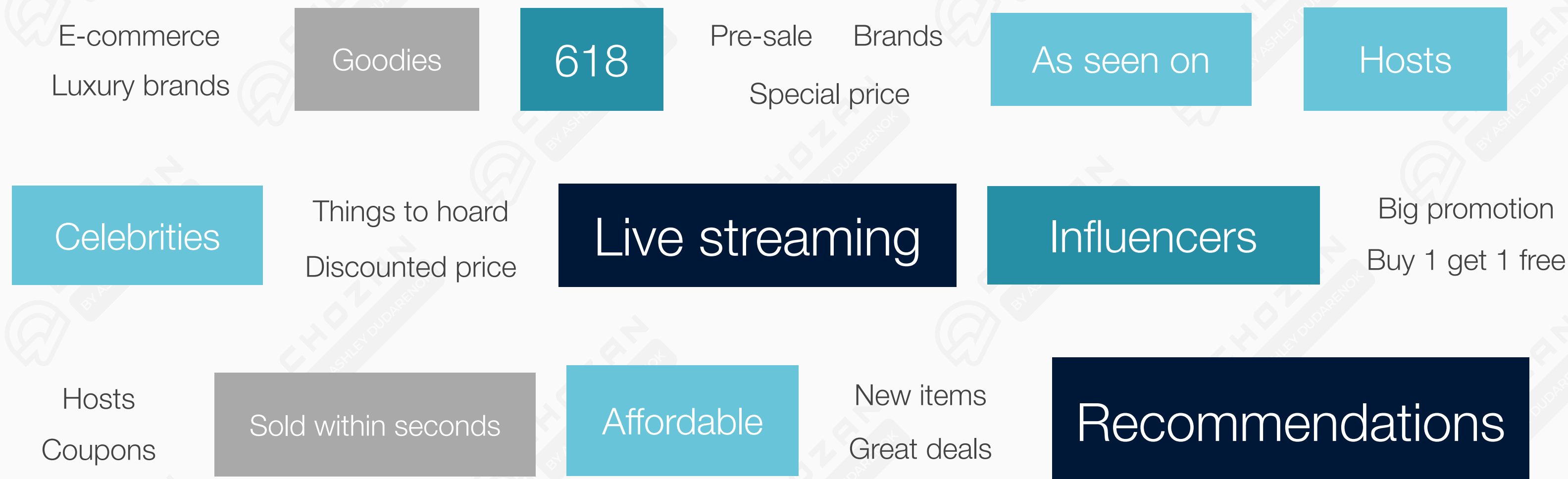
* Font size correlates with the number of videos

SOCIAL MEDIA

DOUYIN PLATFORM - TOP MARKETING METHODS



KEYWORD POPULARITY FOR SHORT VIDEOS ON DOUYIN IN JUNE 2020 - MOST VIEWED CONTENT



Trending video themes & respective views

“Live streaming”

39 billion+ views

“Influencers”

10 billion+ views

“As seen on”

6.5 billion+ views

“Celebrities”

6 billion+ views

“Sold within seconds”

4 billion+ views

* Font size correlates with video views

SOCIAL MEDIA

DOUYIN PLATFORM - TOP MARKETING METHODS



LIVE-STREAMING SHOPPING PREFERENCES FOR DIFFERENT AGE GROUPS

**Aged
18 - 23**

Prefers purchasing:
beauty products

Category	TGI
Skincare	268
Men's apparel	196
Women's apparel	182

**Aged
24 - 30**

Prefers purchasing:
baby products

Category	TGI
Children's clothing	229
Men's apparel	199
Fashion accessories	174

**Aged
31 - 40**

Prefers purchasing:
accessories

Category	TGI
Apparels & accessories	224
Oil & condiments	224
Fashion accessories	134

**Aged
41 - 50**

Prefers purchasing:
household products

Category	TGI
Cleaning products	219
Daily misc. products	196
Shampoo & conditioner	174

**Aged
50+**

Prefers purchasing:
gifts & presents

Category	TGI
Gifts & presents	317
Men's shoes	208
Women's apparels	172

TGI is the Target Group Index. A high TGI value indicates the target group has a high shopping preference in that particular category as compared to the reference group.

SOCIAL MEDIA

DOUYIN PLATFORM - TOP MARKETING METHODS

LIVE-STREAMING SHOPPING PREFERENCES FOR DIFFERENT CITY TIERS

Tier 1

Category	TGI
Men's apparel	127
Skincare products	124
Women's apparel	120

New tier 1

Category	TGI
Pre-owned luxury products	342
Underwear	278
Leisure food	194

Aged 31 - 40

Category	TGI
Men's shoes	183
Leisure food	170
Gifts	134

Tier 2

Category	TGI
Women's apparels	151
Jades & jewellery	150
Shampoo & conditioner	102

Tier 3 & 4

Category	TGI
Men's apparels	136
Women's apparels	112
Skincare products	112

TGI is the Target Group Index. A high TGI value indicates the target group has a high shopping preference in that particular category as compared to the reference group.

EXPERT BITES

Q: WHAT ARE THE TOP CHINESE SOCIAL MEDIA / MARKETING PLATFORMS? CAN YOU NAME 2-3 IN 2020?

At this time, I believe that **Douyin and Bilibili** are becoming two of the most influential social content platforms in China. Douyin is quickly becoming a virtual video e-commerce storefront, which might challenge Taobao on some future levels. Bilibili, on the other hand, is a playground for China's alternative youth, tastemakers, and future pop creators.



ELIJAH WHALEY

Chief Marketing Officer
PARKLU

EXPERT BITES

Q: WHAT IS DOUYIN FOCUSING ON IN Q4 OF THIS YEAR?

Douyin is focusing on its **proprietary e-commerce** through its Douyin store feature in Q4 2020.



MICHELLE CASTILLO
WONDERLAND

Director of Content and Insights

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON DOUYIN IN Q4 THIS YEAR?

Here are the 3 things brands should do on Douyin:

- Create channels
- Begin to create content (videos)
- Leverage KOLs to get follows, and create POI (#point of interest)



OLIVIER VEROT

Founder of GMA
(Gentlemen Marketing Agency)

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON DOUYIN IN Q4 THIS YEAR?

Brands should push 100% on establishing their brands on Douyin e-commerce, and publishing **video marketing content** on the platform.

Working with KOL's is all about knowing their audience. Know what their audience likes and make it work with your brand. Don't just look at fan numbers - look at how loyal their fans are and how relevant they are to you. Or even better - make their fans a fan of your own KOL.



WILLIAM AUGUST

Founder of Outlandish Studios

EXPERT BITES

Q: WHAT IS DOUYIN FOCUSING ON IN Q4 OF THIS YEAR?

Douyin is focusing on commercial monetisation in Q4 2020.

Currently there are four types of advertising on Douyin:

- Video advertising on users' content feeds
- Brand hashtags and specific pages for brand campaigns
- Live-streaming
- Shopping links in videos

Douyin is looking to launch **more features that bring in advertising revenue.**



ARNOLD MA

Founder & CEO at Qumin

EXPERT BITES

Q: WHAT'S THE BEST OVERLOOKED PLATFORM IN CHINA IN 2020?

Douyin is the best platforms for marketing in China in Q4 2020, Q1 2021 because Of the ROI and **amount of active users** available on its platform.

Next year (2021) will be challenging if brands don't use KOL marketing to help grow market share, because this space is growing significantly recently.

2021 will be **massive for KOL campaigns**.



DAVID GULASI

CEO of davegulasi.com and
China KOL

PLATFORM

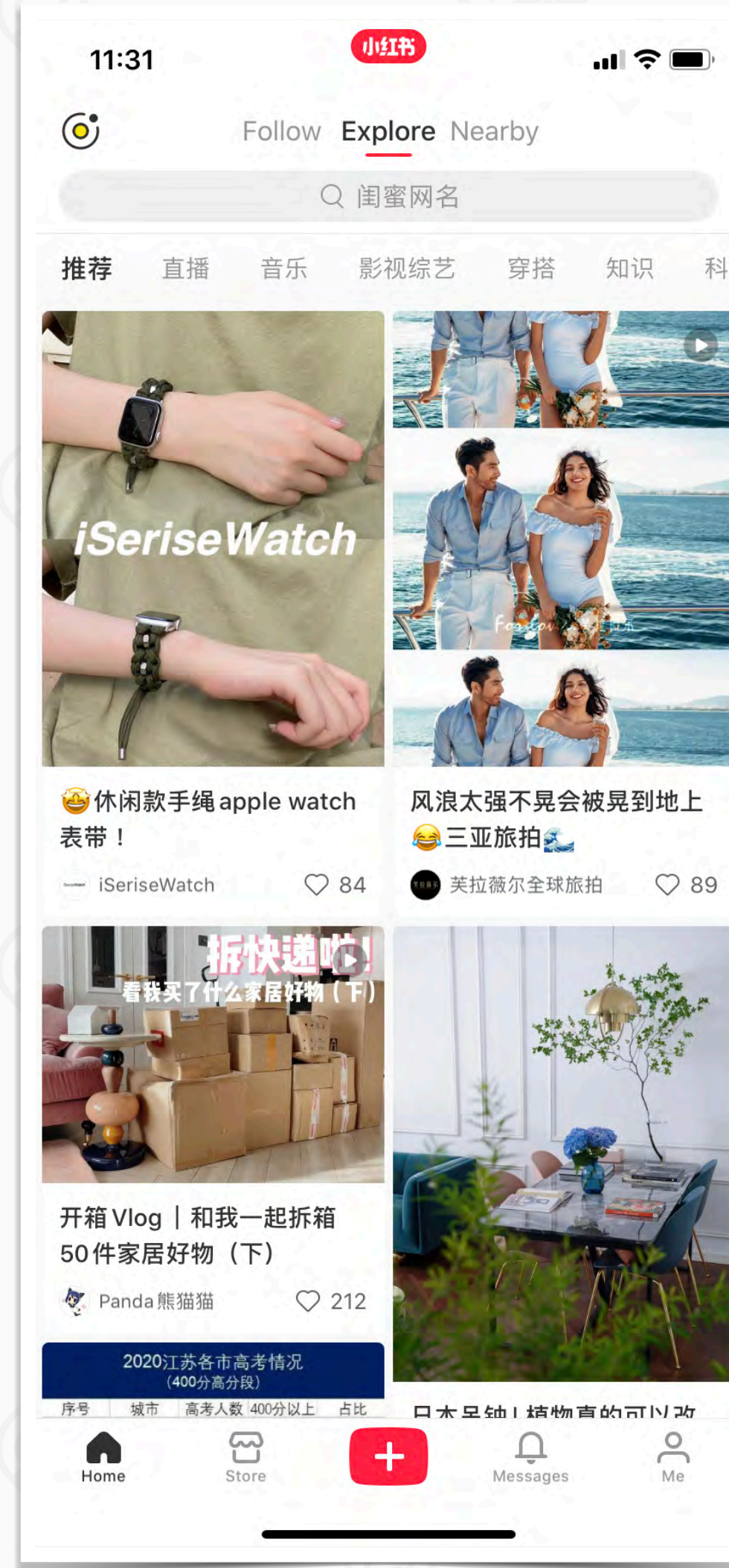
RED



SOCIAL MEDIA

RED PLATFORM - INTRODUCTION

Xiaohongshu, also known as RED, is a social media and e-commerce platform. This platform allows users to share product reviews, lifestyle stories, as well as creative short videos and photos. RED has updated a new live-streaming, WOW Card, Lucky draw tool and Enterprise Account set up on April 2020.



SOCIAL MEDIA

RED PLATFORM - USER DEMOGRAPHICS

Influential and high-value users are gathered in Xiaohongshu



300 million+
registered users



100 million
monthly active user

90%
of user collect their
consumer information

56%
of user from tier one
and tier two city

72%
of them are Millennials
(Generation Y)

SOCIAL MEDIA

RED PLATFORM - POPULAR CONTENT CATEGORIES



Makeup



Food



Fashion



Health care



Travel



Baby Products



SOCIAL MEDIA

RED PLATFORM - TOP MARKETING METHODS

Enterprise Account

The commercial ecology of Xiaohongshu is based on the closed loop of the "enterprise account"



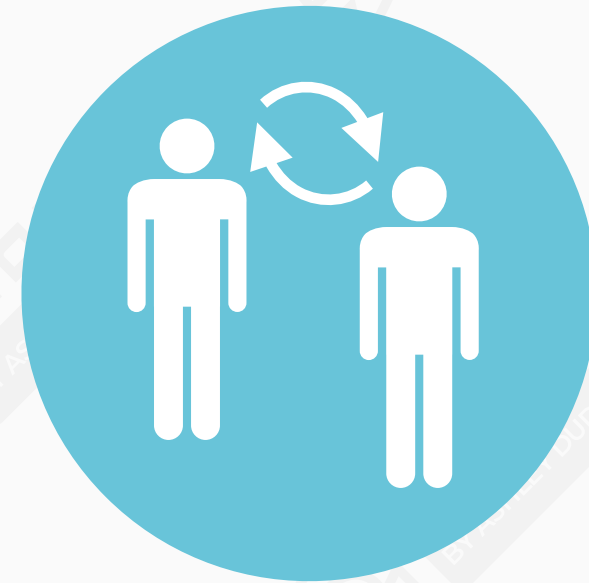
Official Certification

Official certification logo
with more display entrances



Content Release

Content promotion
and commercial cooperation



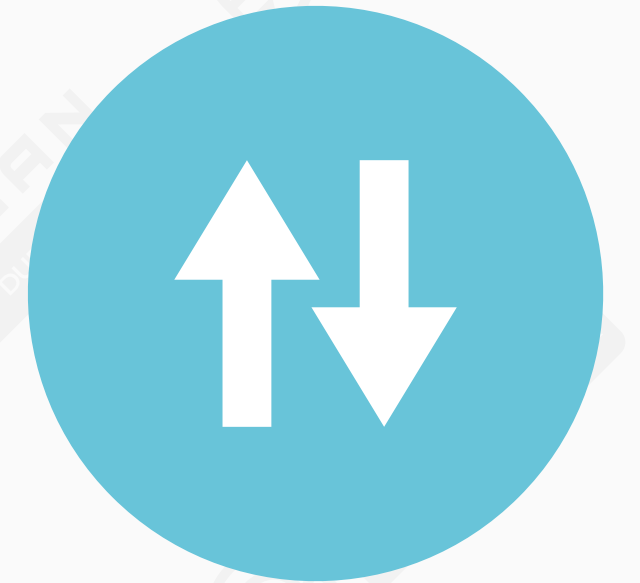
Fan Interaction

Hashtag, create campaign,
private message to
engage with fans



Data Insight

Multi-dimensional data report
for data-driven operations



Traffic Conversion

Binding malls, etc. to
achieve transaction conversion
POI offline diversion

SOCIAL MEDIA

RED PLATFORM - TOP MARKETING METHODS

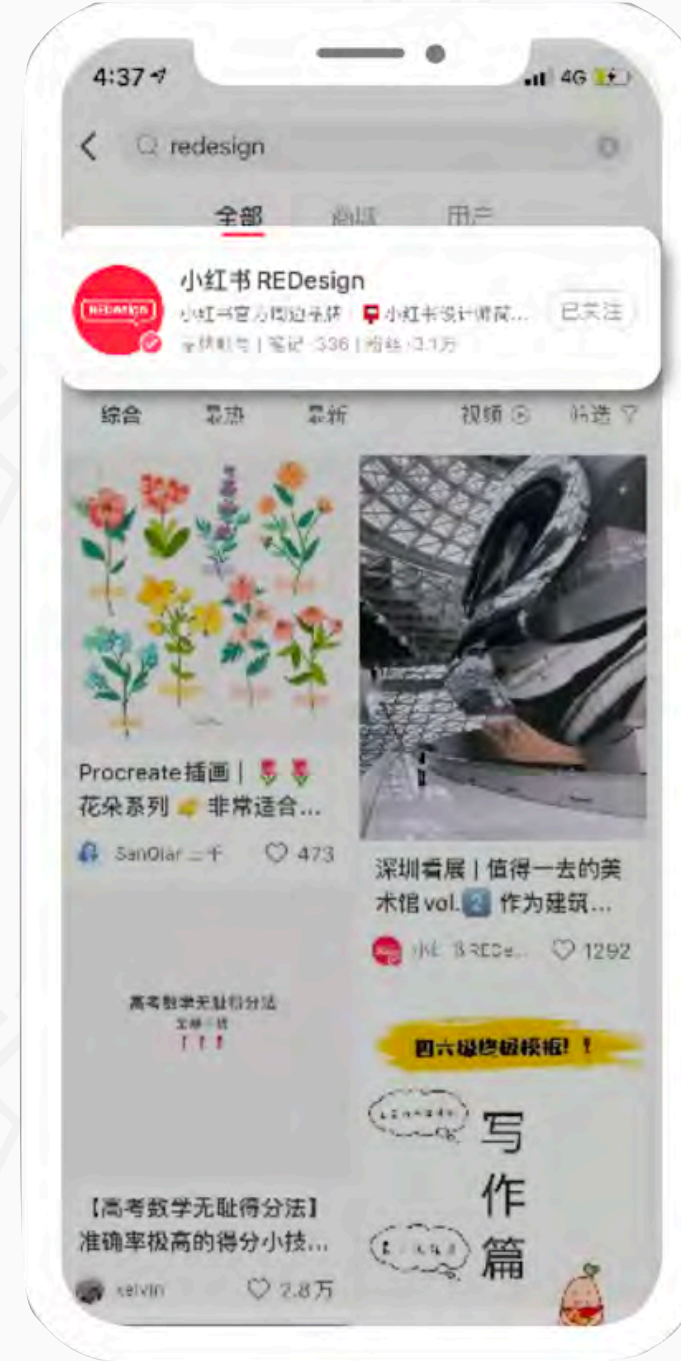
Official Certification - Official certification logo with more display entrances



Search Page
Fuzzy search guide



Search results page
Account follow guide



Brand Page
Account Follow Guide



SOCIAL MEDIA

RED PLATFORMS - TOP MARKETING METHODS

Content Release

Content promotion and commercial cooperation

Double Row Posts



Share Brand Story

Share New Product Information

Share the Latest News

Share New Creative

Share Shopping Guide

Share Lifestyle

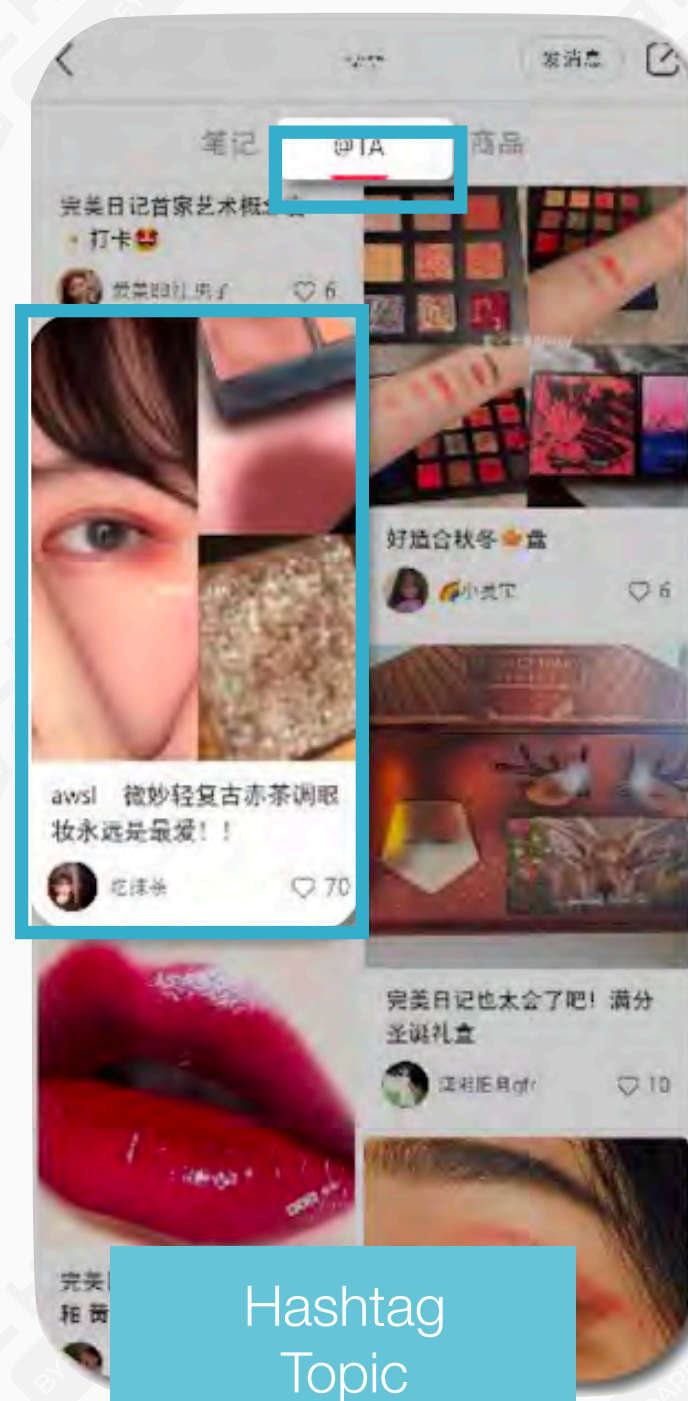
小红书

SOCIAL MEDIA

RED PLATFORM - TOP MARKETING METHODS

Fan interaction

Hashtag Topic, create campaign, private message and exclusive fan benefits to engage with fans



Hashtag
Topic



Create
Campaign



Private
Message



Exclusive Fan
Benefits



SOCIAL MEDIA

RED PLATFORM - TOP MARKETING METHODS



Data insight

Multi-dimensional data report for data-driven operations

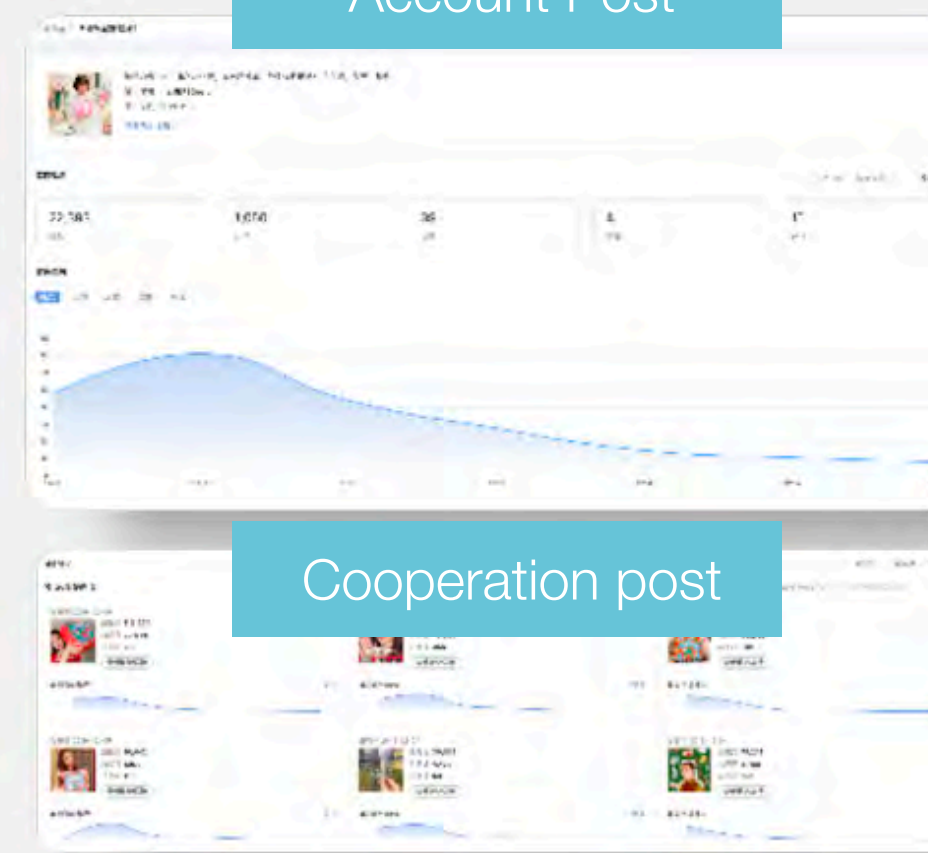
The tool to summarise operations through data functions, and use data insights to correct operational directions



Fan Trend



Account Post



Cooperation post

Hashtag Topic



SOCIAL MEDIA

RED PLATFORM - TOP MARKETING METHODS

Traffic conversion

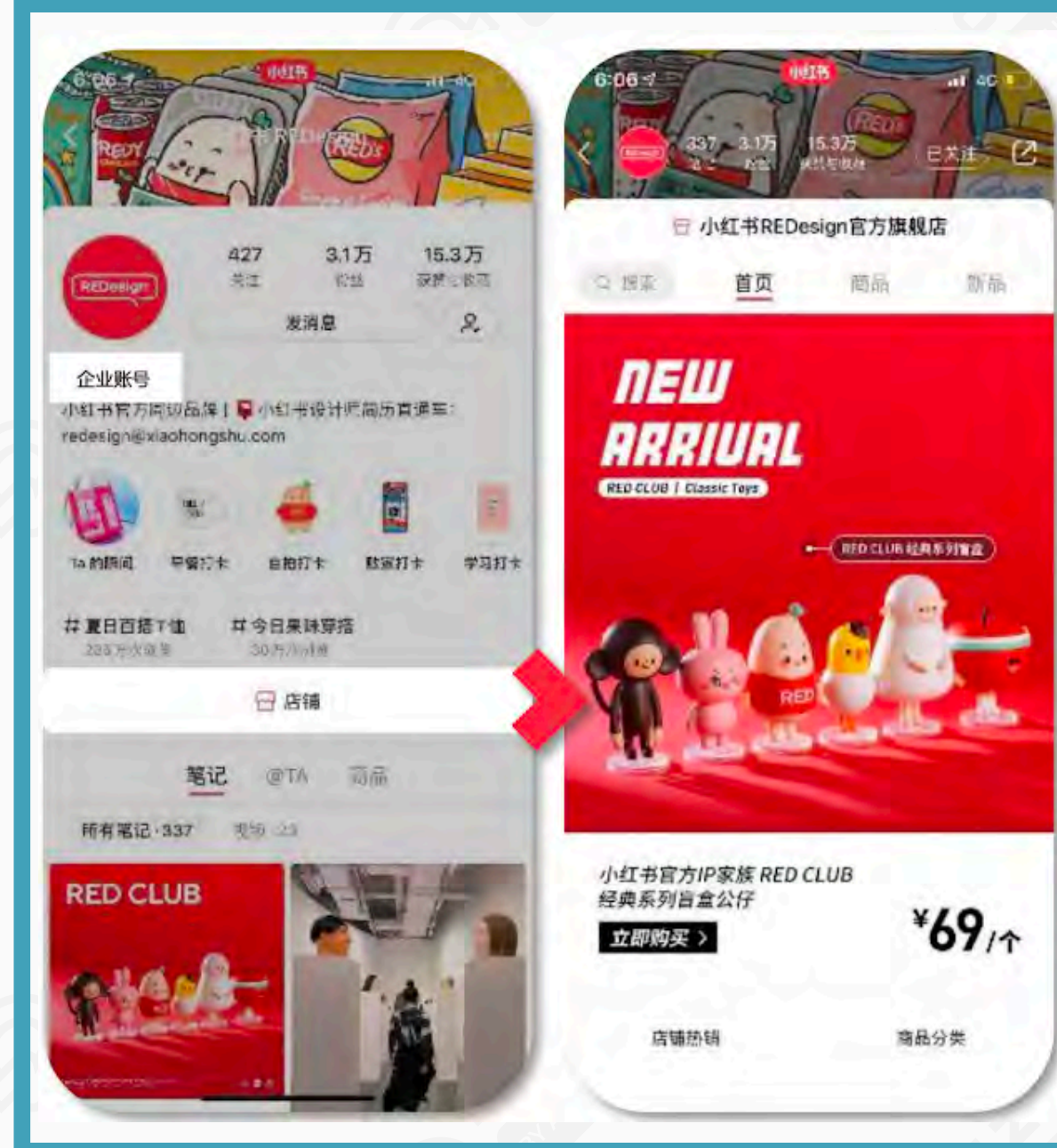
Binding malls, etc. to achieve transaction conversion POI offline diversion

Draining E-commerce & Offline

Online to offline store have the shortest consumption decision chain



Main page to online store



POI drainage offline stores and check-in notes



SOCIAL MEDIA

RED PLATFORM - REGULATIONS / UPDATES



1. Live Streaming



2. WOW Card



3. Lucky Draw Tool



SOCIAL MEDIA

RED PLATFORM - REGULATIONS / UPDATES

Live + Post linkage

Binding malls, etc. to achieve transaction conversion
POI offline diversion



Live-Streaming Together

Can connect with another host



E-commerce Live-Streaming

You can add the online store link of Xiaohongshu



Lucky draw

Increase the duration of users watching live broadcasts

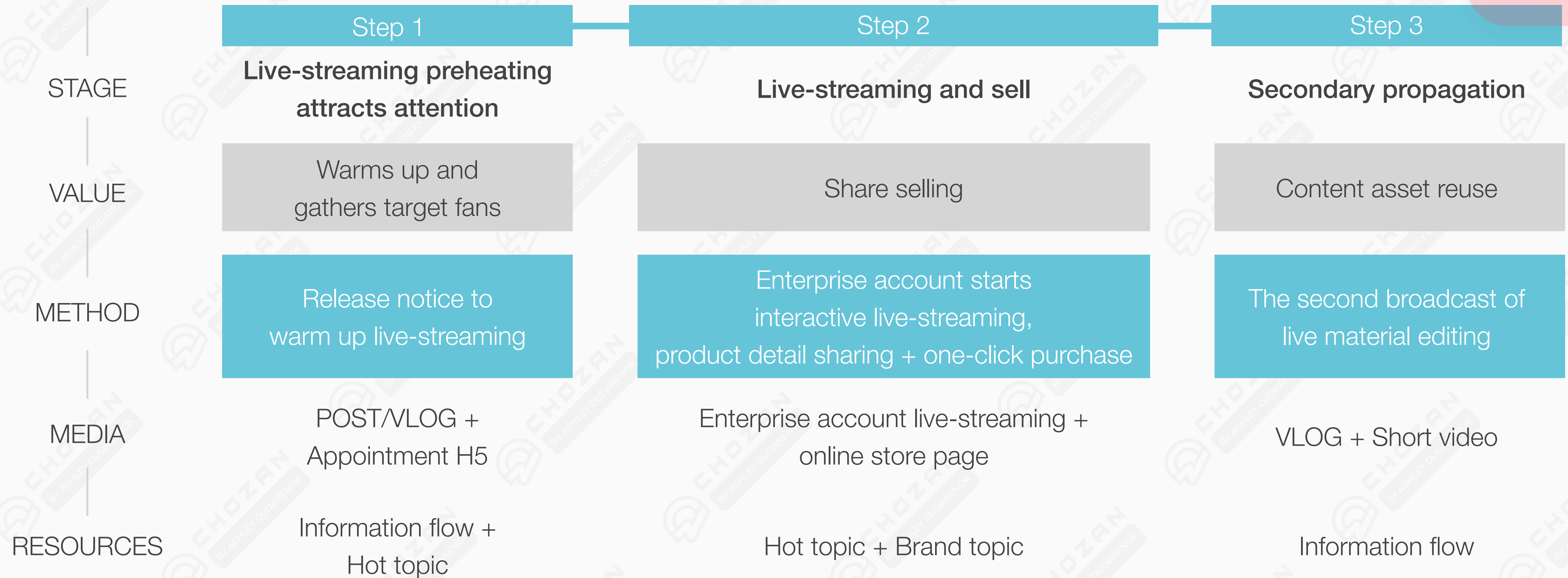


SOCIAL MEDIA

RED PLATFORM - REGULATIONS / UPDATES



Marketing flow live-streaming



SOCIAL MEDIA

RED PLATFORM - REGULATIONS / UPDATES

Live-streaming Case Studies Perfect Diary - Sales break 2 million

Using live-streaming to promote their new product, Perfect Diary sold ten thousand boxes in five minutes.

Step 1: Bloggers to share their product reviews

Step 2 : Release notice to warm up the live-streaming. Use the lucky draw feature to attract people to subscribe to the page.

Step 3 : New product promotion - buy one get the second with a dollar

Step 4 : Live Streamer share their reviews, while the lucky draw interacts with viewers at the same time

Step 5 : Buyers share their invoices and their posts demonstrate the promotion a success



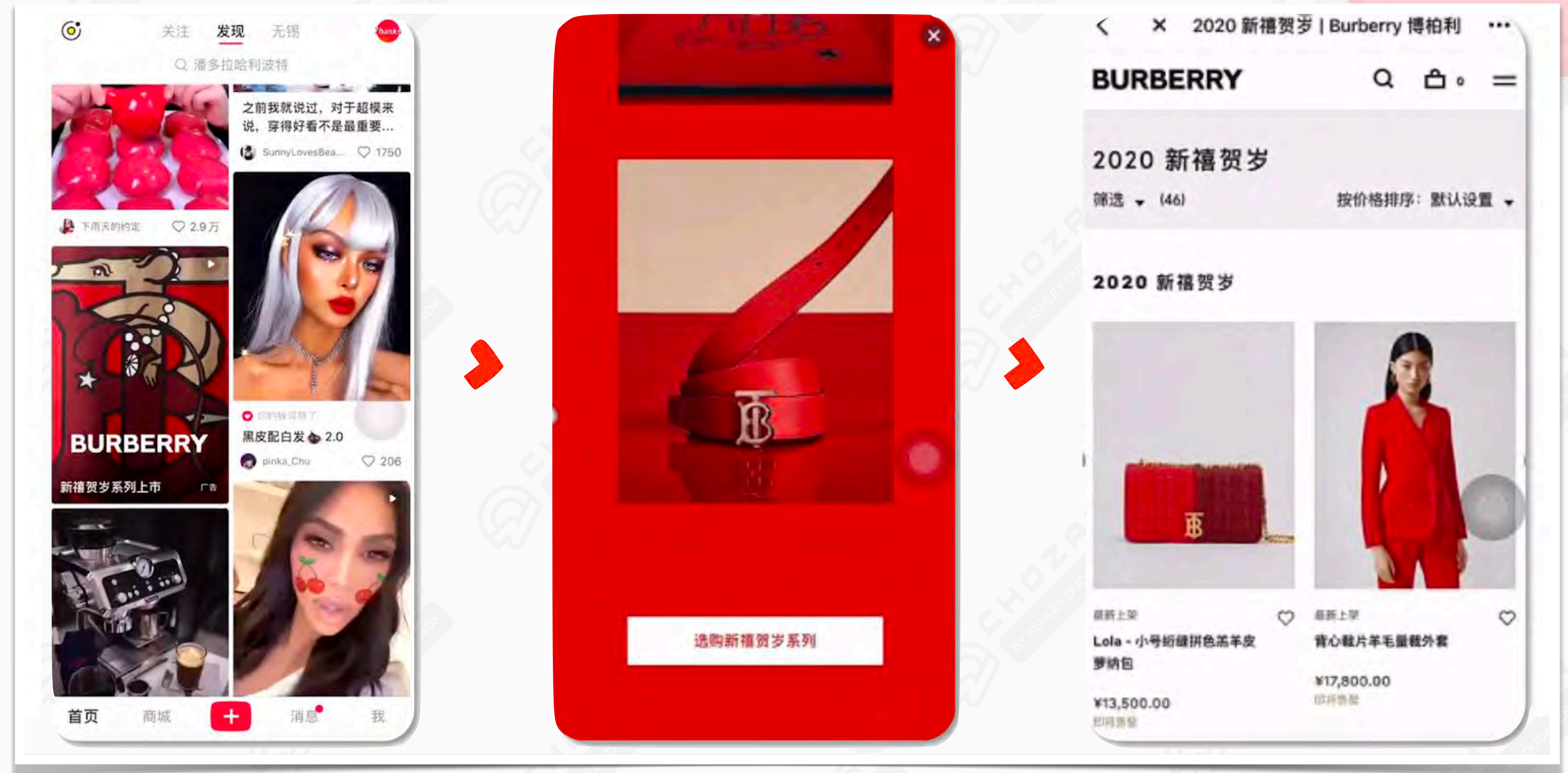
SOCIAL MEDIA

RED PLATFORM - REGULATIONS / UPDATES

WOW Card

- Spokesperson official announcement
- New product launch
- Creative marketing campaign release
- Click to the aggregation page
- Scroll down the page to display the product
- Go directly to the store to reserve funds

小红书



SOCIAL MEDIA

RED PLATFORM - REGULATIONS / UPDATES

Lucky Draw - Invite attention, post, and participate in activities



SOCIAL MEDIA

RED PLATFORM - TRENDS / CASE STUDY

Specific Target

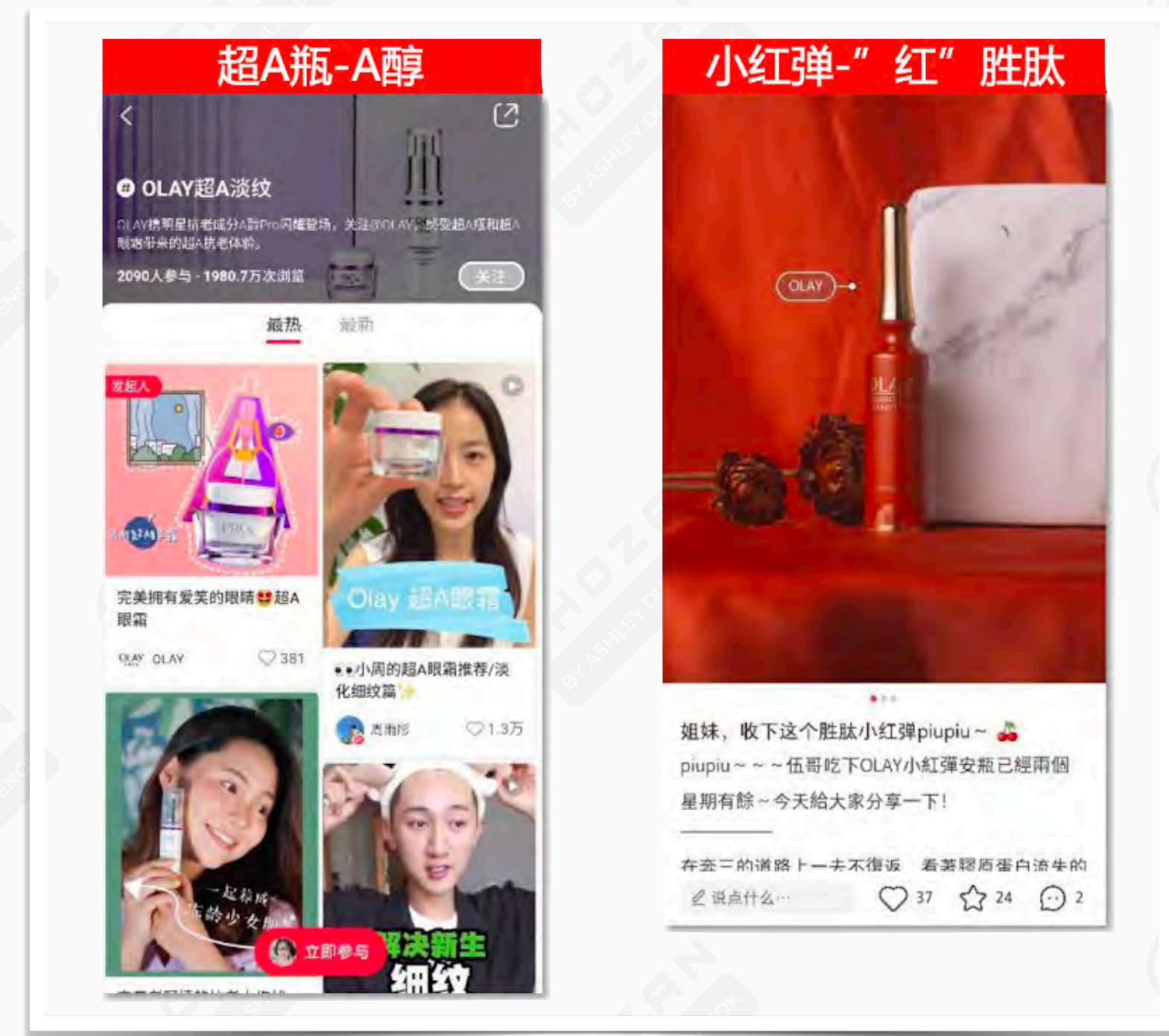
Step 1 : Selling point - Product Ingredient

Pays attention to popular tags of skin care users who interested in product ingredient



Step 2 : Content Release

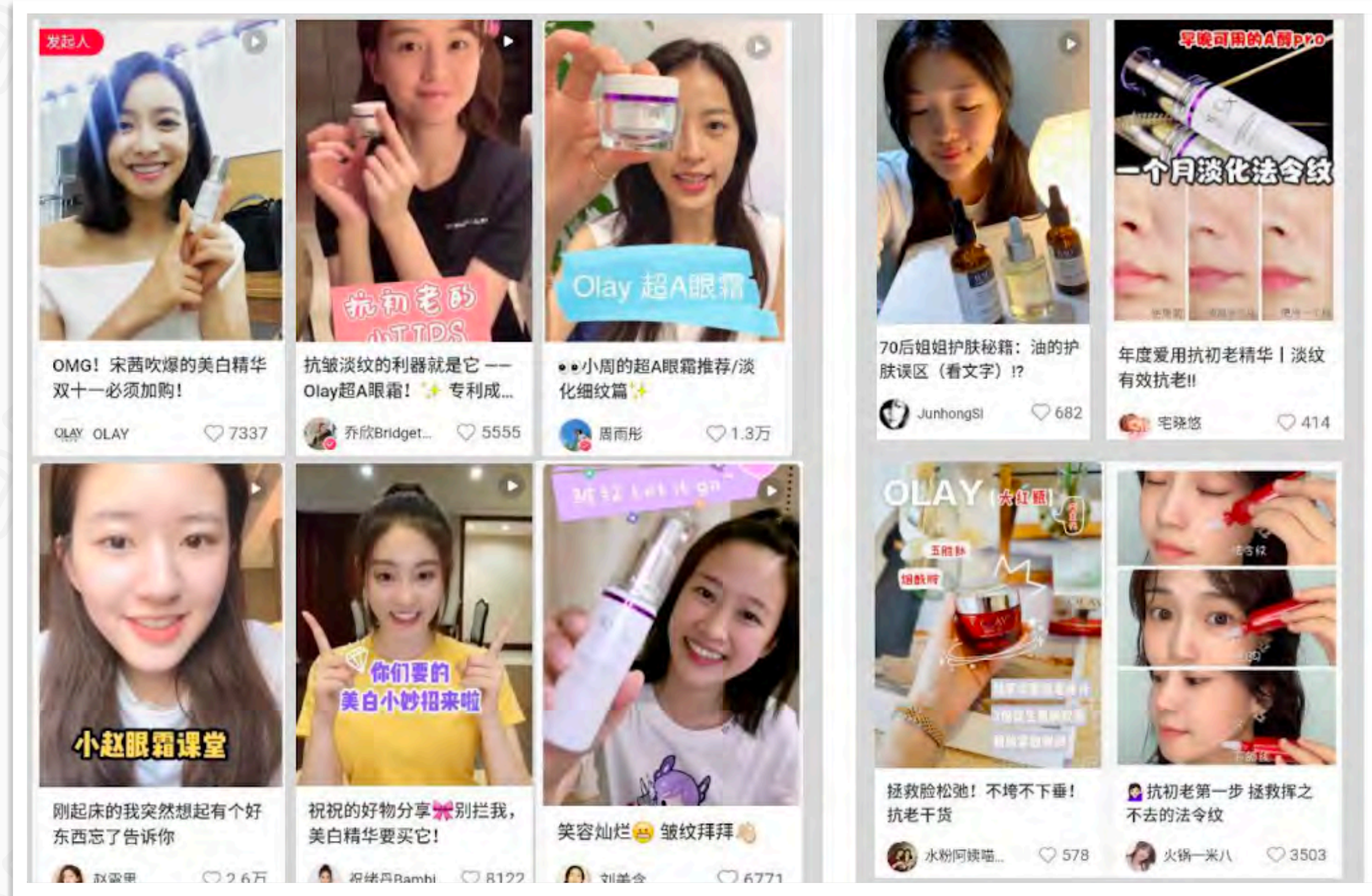
Communication strategy : create a hashtag topic focusing on ingredients, integrate the effects and ingredients into product nicknames to deepen the impression.



SOCIAL MEDIA

RED PLATFORM - TRENDS / CASE STUDY

Step3 : Build a content matrix: celebrities + KOL+ user experience sharing



Step 4 : Advertising: Focus on core products, cover all advertising resources, and occupy users' minds



Effect: Occupy all kinds of main keywords TOP3 and the first few screen search results, 60,000+ post content in the site

SOCIAL MEDIA

RED PLATFORM - TRENDS / CASE STUDY

Theme Marketing

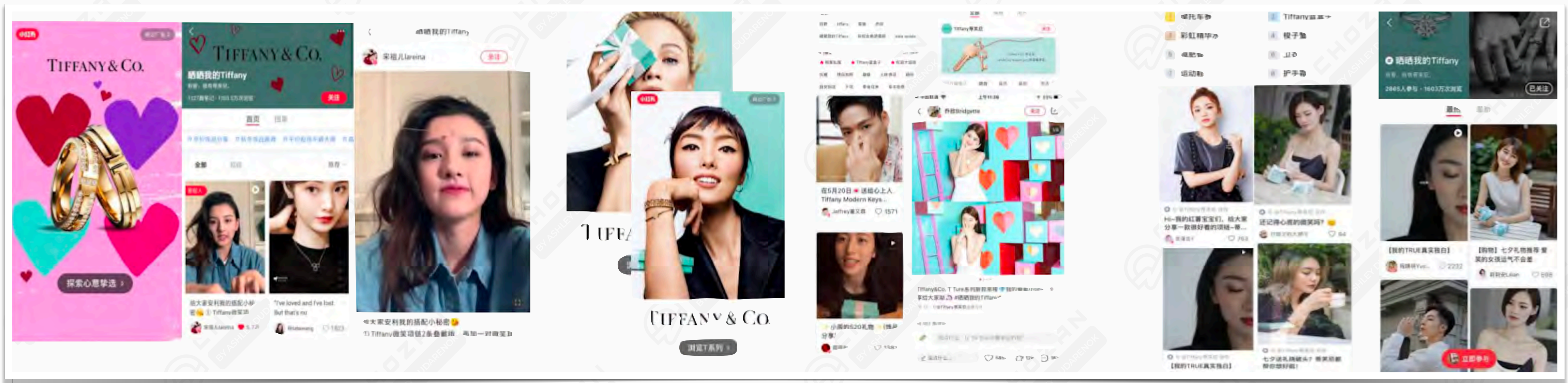
Tiffany created "Blue Valentine's Day"

The concept motivated users to see Tiffany Blue as the best and most relevant Valentine's Day gift

Blue Valentine's hot search topic

Many celebrity recommend
theTiffany as a confession gift

The main Tiffany blue box strengthens the gift concept



SOCIAL MEDIA

RED PLATFORM - TRENDS / CASE STUDY

O2O

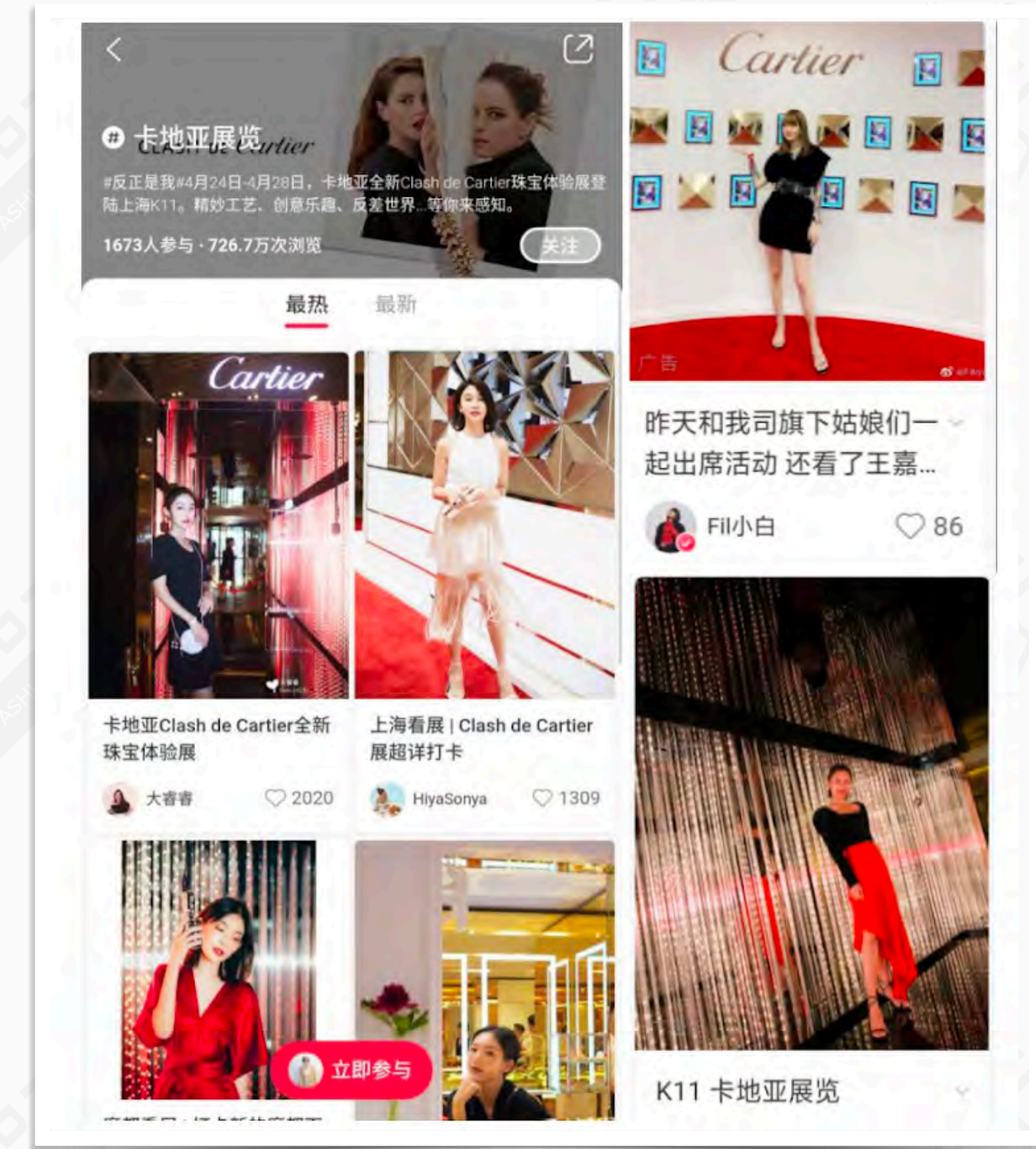
Exhibition Preview

KOL clock in
and exposure

Encourage users to
watch the exhibition offline

Visiter post their
photos on RED

Secondary propagation
and drainage



EXPERT BITES

Q: WHAT ARE THE TOP 3 THINGS BRANDS SHALL DO ON RED IN 2021?

Open an **official account** and **possibly open a RED store**. Do constant seeding with KOCs. Make sure your tailored brand content that meets your target audience's expectations.



JIMMY ROBINSON

Co-founder and Director

EXPERT BITES



MASON KU

Marketing Director at
Alarice & ChoZan

Q: HOW DO YOU THINK SOCIAL E-COMMERCE SITE RED WILL DEVELOP IN Q4?

First of all, it's expanding from being a site focused on beauty products to include all kinds of categories. Maternity and parenting products, children's items, fashion, sports equipment and other categories are appearing more frequently on the site as is content related to art, entertainment and literature.

Secondly, it's focusing more on personalized lifestyles. The era of pursuing luxury goods and logos is over. Now it's more about pleasing yourself and building a life that fits you. This is also showing itself in experiential categories like travel, entertainment, art, concerts and online shopping. Red is trying to position itself as the entrance to this lifestyle and these experiences.

EXPERT BITES



NATALIA DRACHUK

Marketing Director at
Alarice & ChoZan

Q: WHAT DO MARKETERS NEED TO PAY ATTENTION TO ON RED?

RED is one of the most important platforms for companies targeting female consumers and marketers can't neglect KOC promotions on this platform.

According to ParkLu and Kung Fu Data surveys, for beauty care brands, keywords in KOL promotions affect Taobao/Tmall search volume. Brands need to pay attention to SEO strategy on this platform as it also can help them to rank higher in Baidu.

Despite the rise of local brands, users on Xiaohongshu are still more interested in content about Western brands. According to Xiaohongshu's latest report their audience also shifted to much younger consumers with 34% aged 19-22 and 17% under 18, so the platform provides a great opportunity to build loyalty among young consumers.

PLATFORM

BILIBILI



SOCIAL MEDIA

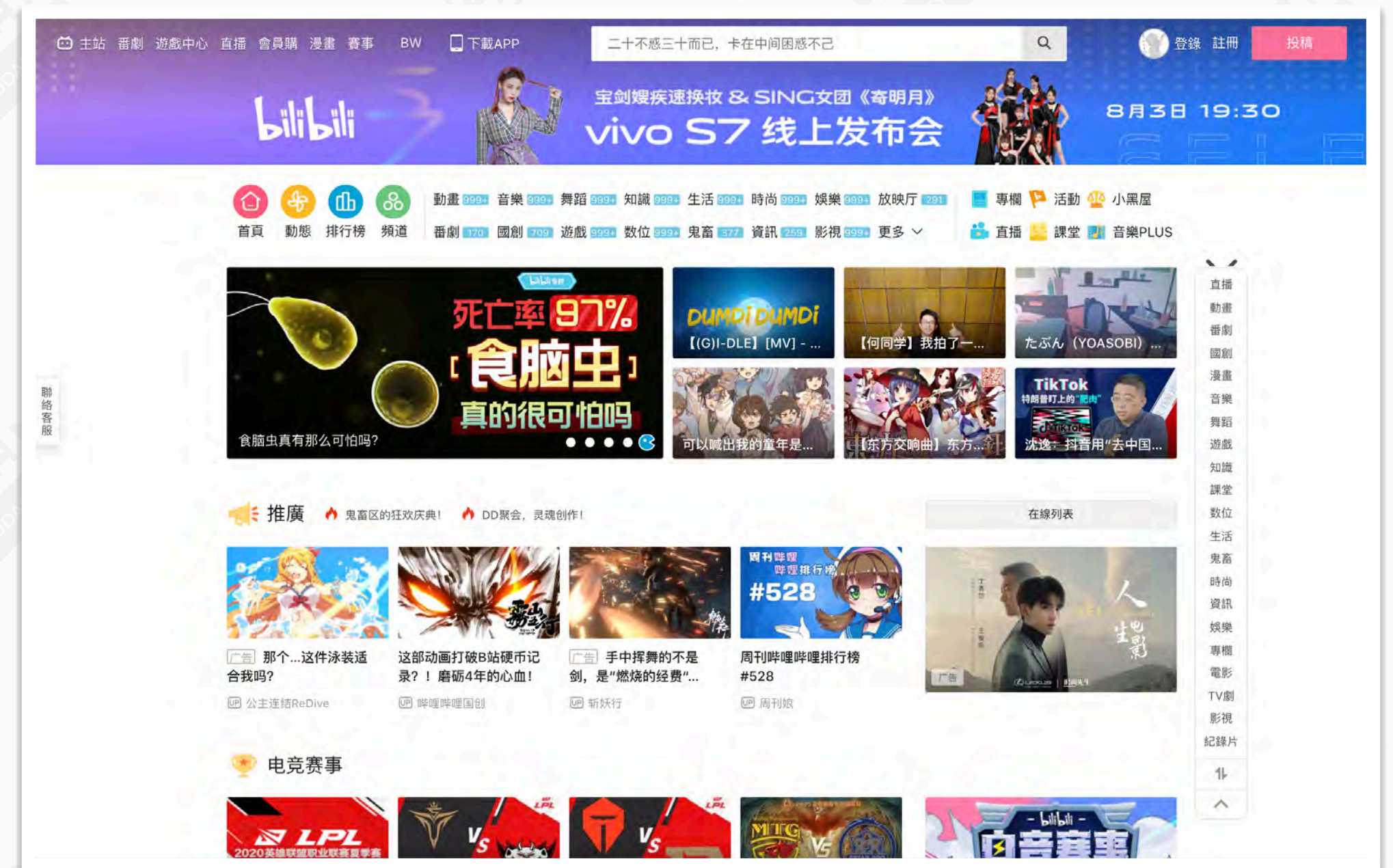
BILIBILI PLATFORM - INTRODUCTION

Bilibili, nicknamed B Site (Chinese: 站), is a Chinese video sharing website based in Shanghai, themed around animation, comic, and games (ACG), where users can submit, view and add overlaid commentary on videos.

Bilibili is a full-spectrum online entertainment world, covering a wide array of genres and media formats, including videos, live broadcasting and mobile games. Bilibili provides an immersive entertainment experience and high-quality content that cater to the evolving and diversified interests

of its users and communities. Bilibili has built its platform on the strong emotional connections of its users to the content and communities on the platform.

Starting from ACG culture, B Station has grown into a cultural community for young people with 15 content zones and over 7,000 cultural circles, with an active user base of 110 million in Q2. Among them, 90% of the plays come from PUGV (Professional User Generated Video) content created by Ups (users who produce content).



SOCIAL MEDIA

BILIBILI PLATFORM - USER DEMOGRAPHICS

In the first quarter of 2020, Bilibili's monthly active users grew 70% year-on-year to 172 million, while mobile monthly active users grew 77% year-on-year to 156 million. Meanwhile, daily active users passed the 50 million milestone, reaching 51 million, achieving 69% year-over-year growth.

Users are typically found in economically developed areas, and they are typically high qualify, intelligent and knowledgeable. The ratio of male to female users is 57:43. 78% of users aged 18-35, and the proportion of undergraduates and above is 10 percentage points higher than that of the entire network.

As B site has a very high threshold for users to enter the site, they must first pass a test of at least half an hour before having the ability to send bullet comments. However, the retention rate of users who passed the test and became full members was over 79% in the twelfth month. This shows that if a video has a high density of pop-ups, users would be interested in and engage with the content. For this reason, when judging the quality of B-site content or the effectiveness of its distribution, it is important to look not only at the number of views, but also at the number of bullet comments.



1.1 BILLION

Average daily video viewership

113%

year-on-year increase

4.9 BILLION

Number of monthly interactions

260%

year-on-year increase

82 MILLION

"official members" who passed the website membership test

66%

year-on-year increase

OVER 80%

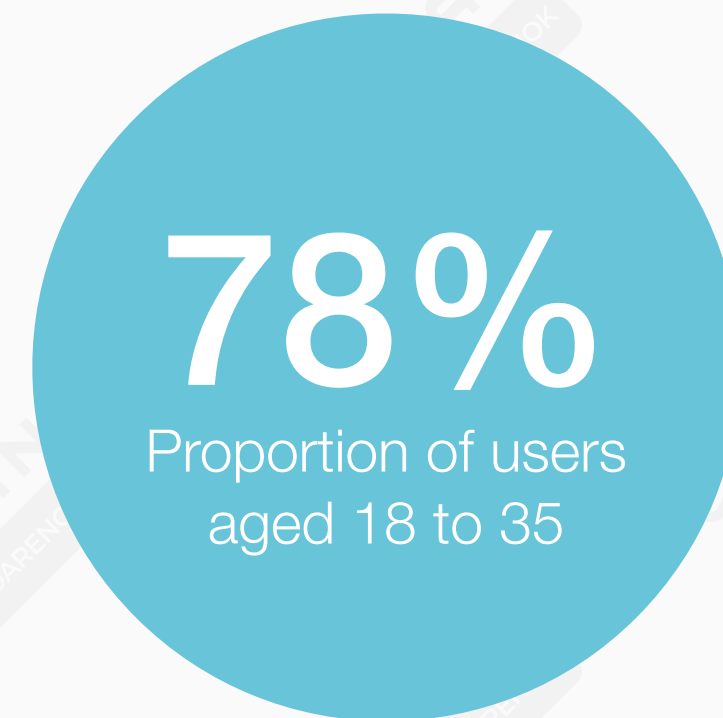
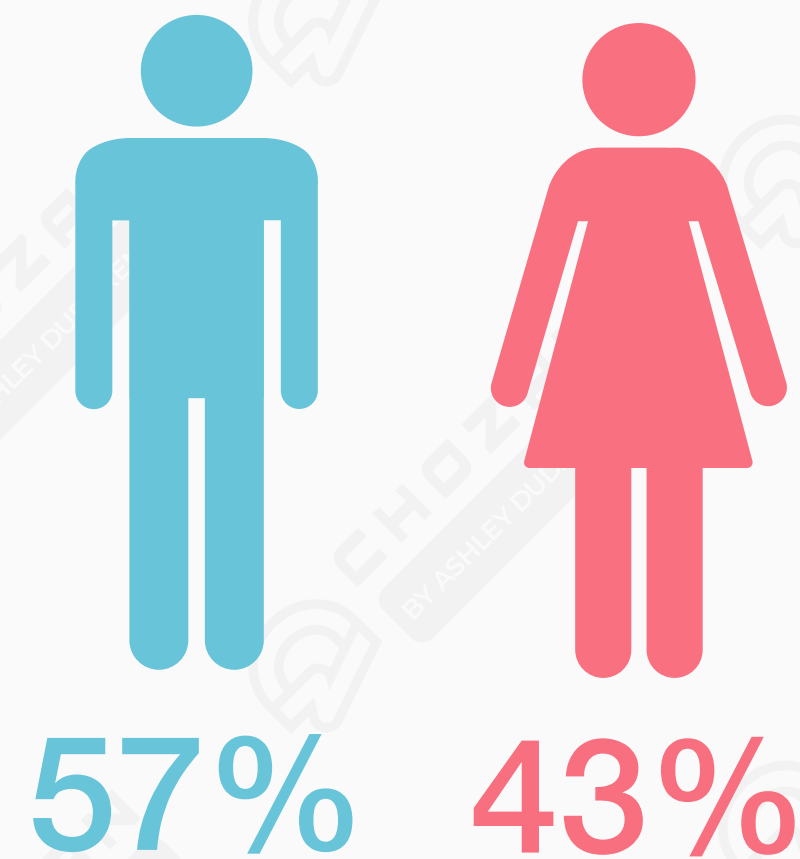
Twelfth month retention rate

SOCIAL MEDIA

BILIBILI PLATFORM - USER DEMOGRAPHICS

Users are typically high IQ, high knowledge base, and found in economically developed areas.

Ratio of male to female users:

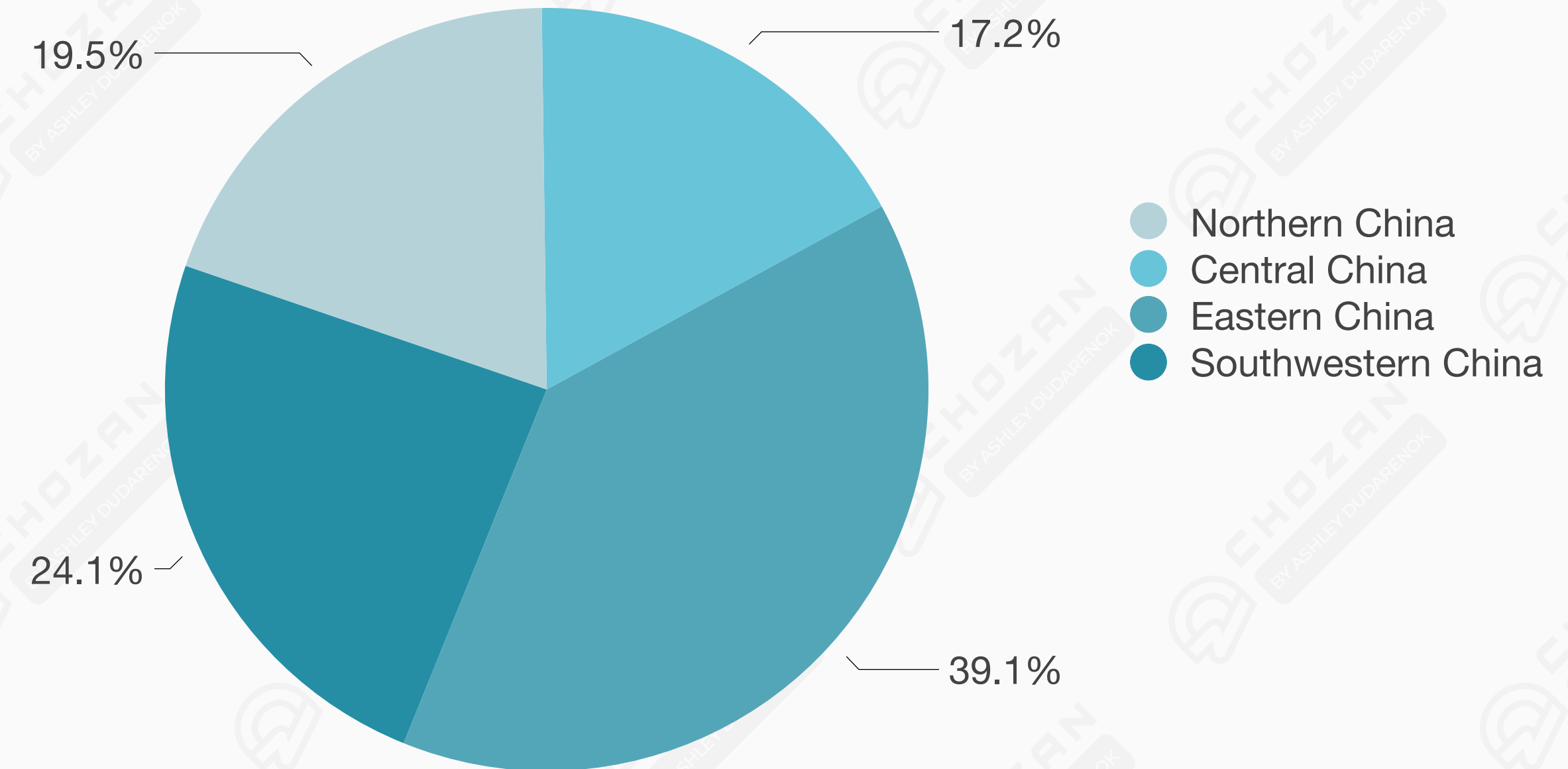


The proportion of users with a bachelor's degree or higher is

10% higher than that of the whole network.



USER DISTRIBUTION



SOCIAL MEDIA

BILIBILI PLATFORM - USER DEMOGRAPHICS



EVERYTHING CAN BE ON
BILIBILI:

TAKE UPS AS THE CORE,
FOCUS ON THE CIRCLE OF
YOUNG USERS

90%

Share of viewership
of PUGV

93%

Year-over-year growth
in monthly active Ups

83%

Year-over-year
increase in monthly
active Ups'
submissions

SOCIAL MEDIA

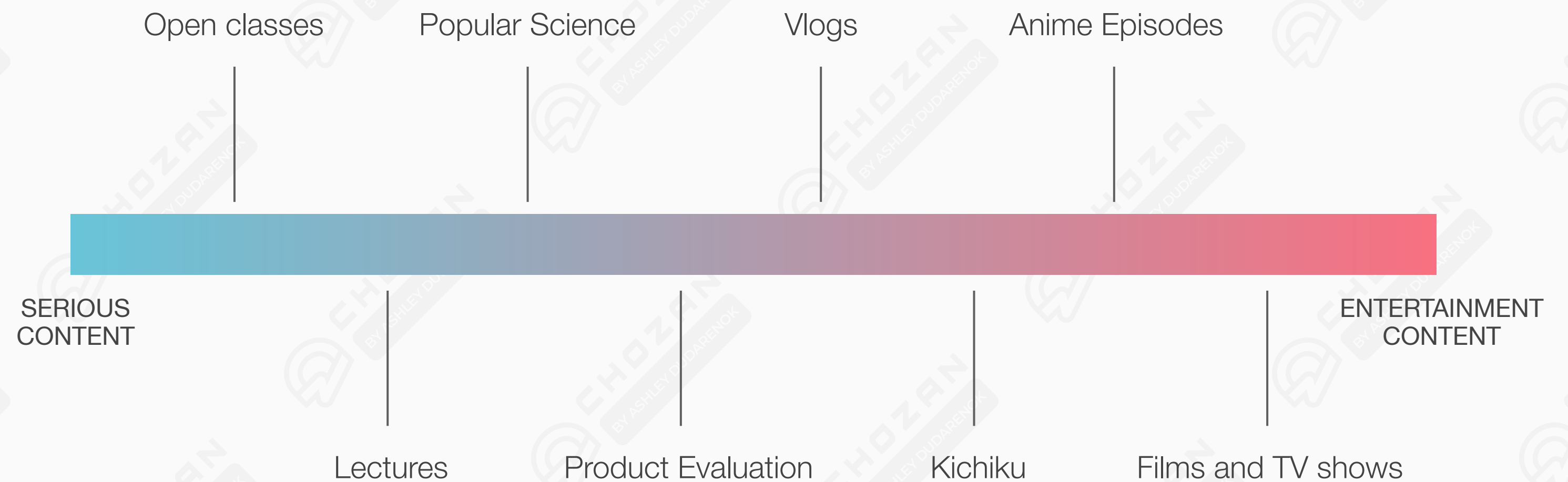
BILIBILI PLATFORM - POPULAR CONTENT CATEGORIES



The top six most-viewed divisions are Games, Life, Entertainment, Movies and TV shows, Drama and Technology. In fact, among the top 6 divisions, except for the drama divisions, all are main contributors of original content for up owners. Brands from all industries can be found in the top 6 divisions

On June 5, Bilibili officially established a knowledge partition with six secondary partitions, including science, social science and humanities, finance and economics, campus learning, vocational workplace, and wild technology association, to share knowledge, experience, skills, opinions, and humanities.

SPECTRUM OF BILIBILI CONTENT TYPES



SOCIAL MEDIA

BILIBILI PLATFORM - TYPES OF ACCOUNTS



Official Accounts on Bilibili	Followers (Million)	Viewership (Million)	Number of likes (Million)	Start of operation
Xiaomi	0.79	24.4	0.14	2016
Huawei	0.41	7.55	1.4	2017
Oppo	0.17	1.6	0.25	2018
Vivo	0.12	0.77	0.21	2018
Alibaba	0.33	20.68	1.02	2018
Tencent	0.06	1.52	0.12	2019

SOCIAL MEDIA

BILIBILI PLATFORM - TOP MARKETING METHODS



1. Targeting Gen Z. The heavy use of the Internet makes Generation Z more willing to trust user-originated content and the opinions of netizens they follow, such as KOLs. They are more sensitive to online information and are more likely to distinguish between true and false information. Younger consumers are more likely to engage in interactive behaviours related to product consumption, are more willing to interact and share, and are more proactive in their evaluations. In addition to actively seeking and posting information on social media channels, young Gen Z consumers are less brand-loyal and

are more likely to try new products than mainstream consumers.

2. Pay attention to PUGV content cooperation. Keep the content native during the cooperation. Avoid changing the style of the publisher due to commercial cooperation. Ensure the content is valuable, interesting and knowledge-based.

3. Live-streaming + bullet comments. These interactions cultivate a sense of engagement, has been the mainstream way of brand marketing. Durex, millet, Zhihu and other

brands have done live-streaming on Bilibili, such as Durex's "three hundred people for three hours" air broadcast, and Lei Jun's live conference.

SOCIAL MEDIA

BILIBILI PLATFORM - CONTENT BEST PRACTICES



Three Kinds of Marketing Practices on Bilibili:

1. PUGV content cooperation

Users call this kind of videos “Content for Surviving” (for the Ups to survive): On one hand, users are very tolerant of such videos and want their favourite ups to earn money; on the other hand, they can be very harsh. If the quality of the content is not up to the usual standard, or if there are obvious problems with the products of the cooperating brands, and the owner point out the issues, users will call the owner out for "earning unethically."



SOCIAL MEDIA

BILIBILI PLATFORM - CONTENT BEST PRACTICES



2. The brand's own official account

Brands whose products have content features are applicable.

1 Digital brands

There is a lot of digital product content on Bilibili, and popular digital products come with their own traffic. The videos of evaluation of the products, function explanation are all accessible to these brands.

2 Beauty and fashion brands

Beauty and fashion content is one of the main features of Bilibili. Beauty and fashion is also known as the "video version of Little Red Book". With a large number of young users and unlimited length of content, Bilibili is naturally suitable for the production of beauty and fashion videos.

3 Professional service brands

A brand of online educational tutoring, knowledge services, and professional content output in law and health. Bilibili's users have the habit of browsing long videos and are eager to learn various types of knowledge on it.

4 Entertainment service brands

Game, movie and music brands are all suitable for Bilibili. The game partition has long been one of the most popular partitions on Bilibili.

5 Official OGV content

Copyrighted film and television content purchased by B Station includes anime, documentaries, self-produced web series, and e-sports events. OGV content business cooperation is more suitable for powerful and well-known brands to cooperate.

SOCIAL MEDIA

BILIBILI PLATFORM - SALES INTEGRATION



1

Bilibili's commercial advertising platform, Huahuo has officially launched, and invites MCN agencies and agencies to take part in the "Take Off Plan". Partnered organisations in the "Takeoff Plan" can enjoy the platform's support for its accounts, as well as support for commercial advertisements by providing promotion to help expose commercial content effectively.

2

Bilibili cooperates with Taobao in the field of IP commercialisation and content e-commerce, and supports UPs who sign up with the platform to set up certified Taobao Da Ren accounts, thus directing external traffic and realising business monetisation.

3

Product links can also be added under the personal homepage, dynamic page, column page and video player page of UPs.

SOCIAL MEDIA

BILIBILI - TRENDS / CASE STUDY



1

Interesting Marketing Practice:

Coca-Cola invited Jing Hanqing to review its new Coca-Cola coffee. In the video, up owner Jing Hanqing poured Coke coffee into a humidifier and worked in a humidifier-fumigated office to test whether it would have an invigorating effect. The video has been viewed by over 3 million people and has reached the highest daily ranking of 17 on the site.

2

Knowledge-based marketing

@PaperClip: Flexible marketing through the dissemination of relevant knowledge

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE CHINESE SOCIAL MEDIA/ MARKETING PLATFORM IN 2020? WHY?

My favourite Chinese social media platform is Bilibili. I think it really speaks to Generation Z users in China and commands immense loyalty amongst its members. Bilibili is a mid-form video platform dedicated to special interests or hobbies such as anime, beauty, music, fashion, entertainment etc. Think YouTube, but the audience is more **focused and highly curated**. And now the platform is becoming a great place for brands to work with influencers and/or interact with their target audience.



ELENA GATTI

Managing Director Europe at Azoya

EXPERT BITES

Q: WHAT SHALL BRANDS DO ON BILIBILI IN Q4 THIS YEAR?

Brands should consider working with **UP主's** if they want the **exposure**, but should be aware of the potential of **less dramatic results**.



WILLIAM AUGUST
Founder of Outlandish Studios

EXPERT BITES



WENDY CHEN

Marketing Manager at
Alarice & ChoZan

Q: WHAT ABOUT MARKETING ON BILIBILI?

Bilibili ranks first among the top 10 apps for people under 24 and is a leading cultural community for Gen Z consumers (born 1990-2009) with disposable income and a strong willingness to pay. Cooperate with Bilibili KOLs. Blogger trial experiences can lead consumers to the product through continued exposure.

Live Streaming + Danmu

Users who tune in for live streams are more motivated and more likely to be loyal. Through real-time comments and interactions, users can ask questions about new products and brands can quickly understand what users' needs are.

Post original videos regularly.

For young people, traditional advertising doesn't work. The more brands depart from convention, the more likely they are to attract fan attention.

PLATFORM

ZHIHU

知乎

SOCIAL MEDIA

ZHIHU PLATFORM - INTRODUCTION

知乎

As of February 2020, Zhihu has...

Zhihu (知乎), launched in January 2011, is a question-and-answer website like Quora. In Classical Chinese, “Zhihu” means “Do you know”. Its motto is “Share your knowledge, experiences and thoughts with the world.” On Zhihu, questions are created, answered, edited and organized by its users. As time progresses, Zhihu has also advanced and become a super community with social tools, media, services and e-commerce capabilities.



420 MILLION+

Registered users



45 MILLION+

Daily active users



1.3 BILLION+

Daily average page views



70 MINUTES

Daily average usage



560K+

Topics



45 MILLION+

Questions



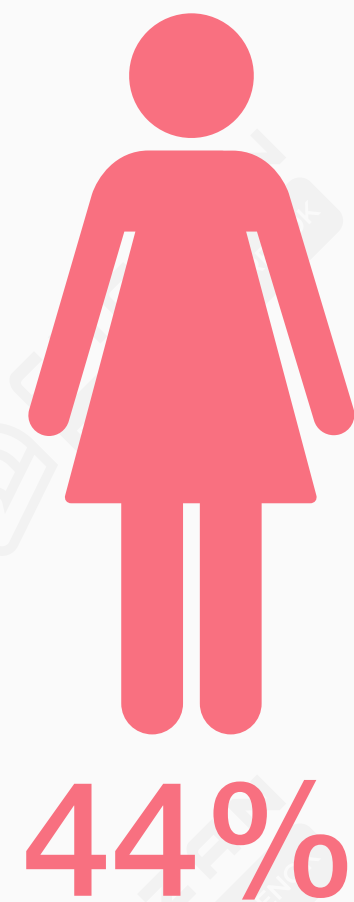
2.1 BILLION+

Answers

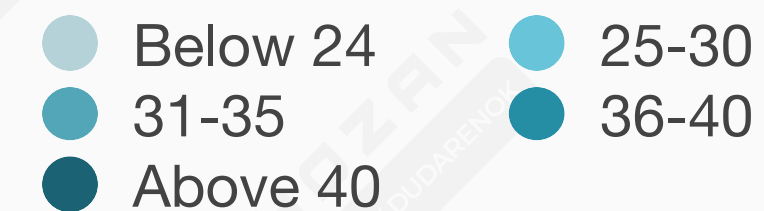
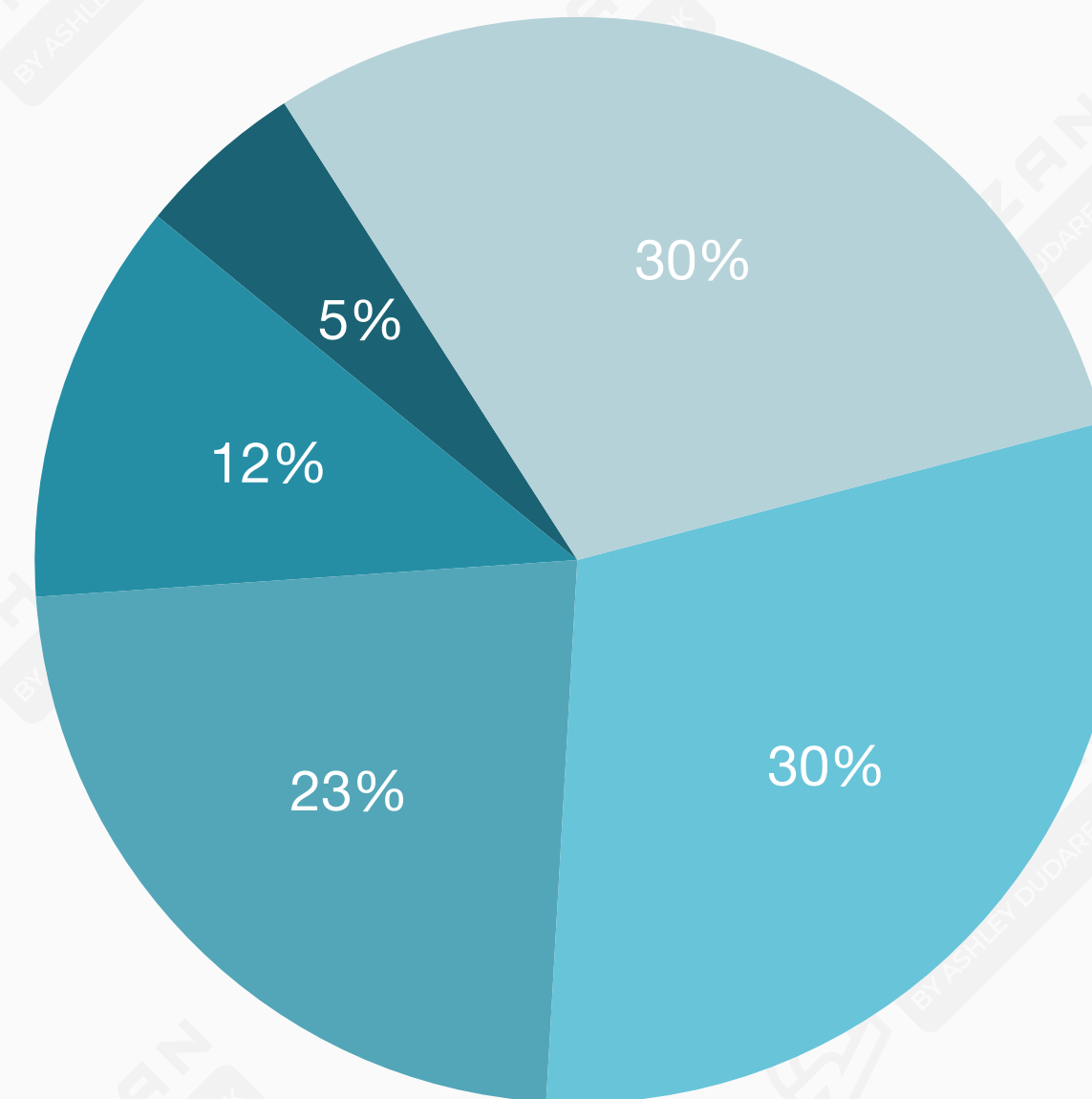
SOCIAL MEDIA

ZHIHU PLATFORM - USER DEMOGRAPHICS

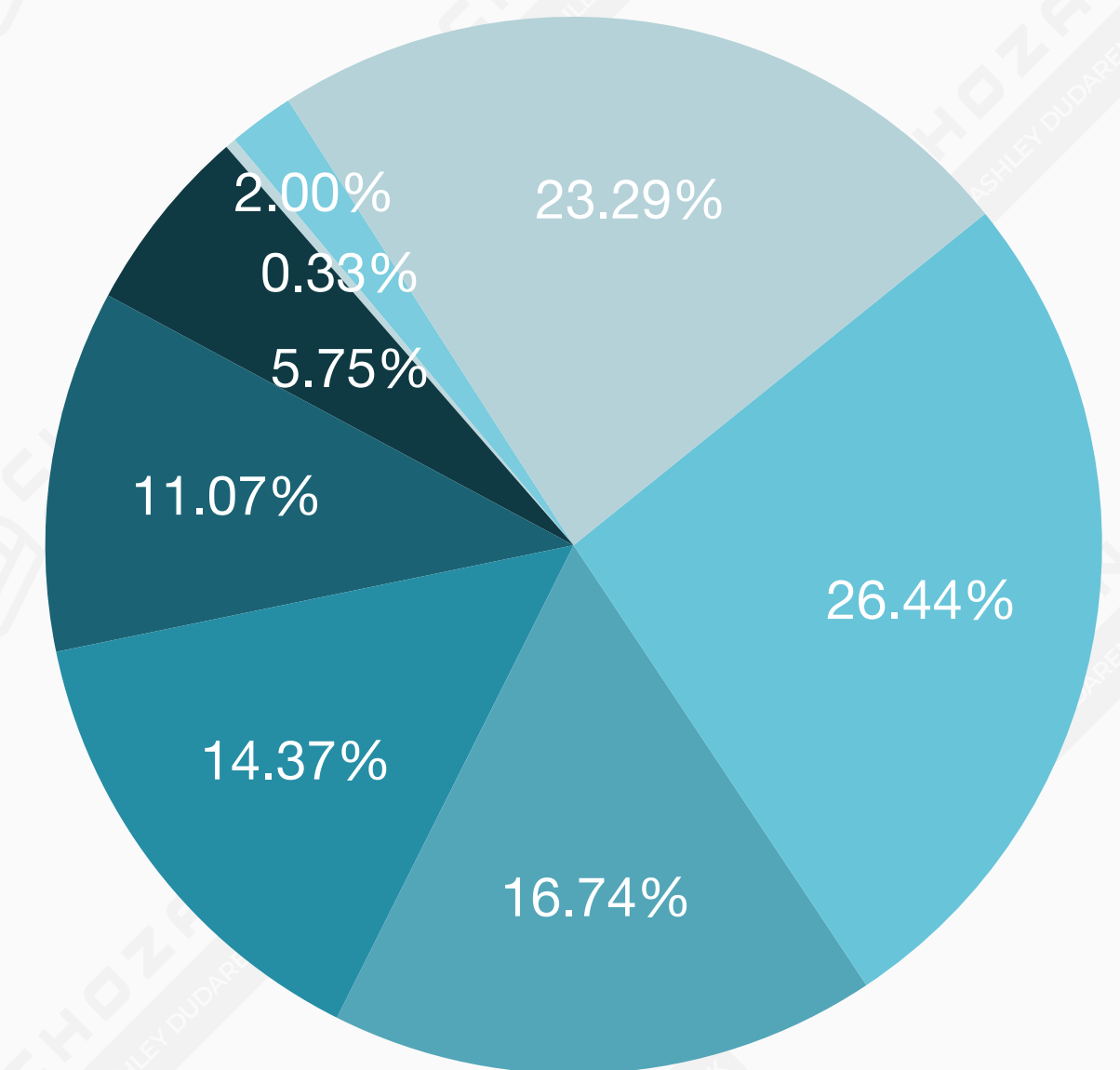
The majority of Zhihu users are degree holders with high incomes and strong purchasing power. They are mostly looking for high-quality, detailed content and insights from the platform.



ZHIHU FOLLOWERS AGE DISTRIBUTION



ZHIHU FOLLOWERS BY CITY TIER



SOCIAL MEDIA

ZHIHU PLATFORM - POPULAR CONTENT CATEGORIES

Many users are searching for useful, practical and reliable information on Zhihu, be it professional insights on certain topics, reviews on new product launches, feedback on trending discussions, etc. It's also important to consider the target audience on Zhihu to determine if it is worthwhile to market your brand on Zhihu.

Zhihu's users highly-educated individuals with high expectations for quality and increased spending power. Some of the more popular topics on Zhihu include social, reading, informational, life-style and career topics.

Zhihu is suitable for



Shopping consumer products that are fairly expensive: Digital, cosmetics, skincare, baby care, electrical appliances, etc.



Speciality consumer products or services: Education, medical, insurance, realty, investment, etc.

知乎

SOCIAL MEDIA

ZHIHU PLATFORM - TYPES OF ACCOUNTS

More brands are starting to notice the value Zhihu brings, and have debuted marketing efforts on the platform.

知乎



SOCIAL MEDIA

ZHIHU PLATFORM - TOP MARKETING METHODS

Zhihu has evolved from a small community for academic elites and professional experts to a large-scale knowledge-sharing platform for consumers. Information on Zhihu does not only consist of textbook facts or industry-specific language, but also includes useful information for everyday lives - information that may affect decision-making processes in consumers' lives.

Unlike other platforms, Zhihu has a loyal user base who is actively searching information to learn more about a wide range of topics. They are highly-educated knowledge-hungry

individuals who have high attention span, who appreciate reading longer-form articles.

These characteristics make Zhihu a great marketing option.

1

Writing articles is a **more cost-efficient** marketing approach than creating a short video.

2

High-quality replies and discussion topics can attract a considerable amount of search and traffic even after a while, creating **a long tail effect** for your marketing message.

知乎

SOCIAL MEDIA

ZHIHU PLATFORM - TOP MARKETING METHODS



1. Q&A Campaigns

Most brands start marketing on Zhihu using its basic question-and-answer function. Brands can establish relationships with users and build reputations. Zhihu also allows brands to promote themselves and [introduce their products in a more professional and technical way](#). Answering questions on Zhihu allows brands to [showcase their expertise and connect with both industry experts and general users](#).



2. In-depth articles

Individuals and brands can [publish articles with in-depth, professional knowledge](#) through Zhihu Column (知乎专栏). A well-designed article published on Zhihu will [see more user engagement](#) than the ones posted on other platforms, as the general public may find niche content boring, or they may lack the kind of professional background necessary to appreciate it.

知乎

SOCIAL MEDIA

ZHIHU PLATFORM - CONTENT BEST PRACTICES

知乎

The basic recipe for success on Zhihu is to provide users with helpful, relevant knowledge, along with sustainable communication. Zhihu is a content-intensive platform, it goes without saying that the content you produce has to have high accuracy and quality, regardless of its format. Additional plus to include the following:

Interact with your audience in a timely manner: Show your readers that you are here to engage with them, elaborate on your point, commit to interactions accordingly.

Use images or infographics to help make your point: a picture speaks a thousand words, and a great way to break the text-heavy flow once in a while.

Share professional insights or company statistics: bring unique content to the discussion and gain authority in front of your readers.

Zhihu also offers great support for marketers through their 'Top Charts' (热榜), 'Editors' recommendations' (编辑推荐), ebooks 'Zhihu Weekly' (知乎周刊) and their official WeChat page. Utilise these official data and resources to better build your brand presence on Zhihu.

SOCIAL MEDIA

ZHIHU PLATFORM - SALES INTEGRATION

知乎

Back in 2019, Zhihu launched the brand new 'Little Blue Star' (小蓝星) function. Users can select “recommend” or “do not recommend” on the product listing page and submit their review. The backend algorithm will then present this data in the format of a rankings list. Currently, the Little Blue Star’s list of recommendations covers digital and beauty products, further broken down into over 30 lists for mobile phones, earphones, lipsticks, facial masks, etc., with over 400 products and 750k ranking reviews. Users only need to search “Little Blue Star” in the Zhihu app to access the ranking lists.

Another function is 'Goodies to Recommend' (好物推荐). Accounts that are authorised to use this function can include product links in their replies, articles or videos. This function currently caters product links to e-commerce sites JD, Taobao and Pinduoduo. For each successful conversion, a small commission would be given to the affiliate content creator. Note that links to different e-commerce platforms would have different commission schemes, so content creators may have a preference in featuring products on a certain e-commerce platform.

SOCIAL MEDIA

ZHIHU PLATFORM - TRENDS / CASE STUDY

Background:

PUMA launched the PUMA RS9.8 sneakers in 2019 to celebrate the achievement of space travel as well as the 50th anniversary of the Apollo 11 moon mission. The sneaker line is inspired by the approximate speed of gravitational acceleration near the Earth's surface of 9.8 m/s^2 . PUMA decided to kick off its launch by facilitating a space-related discussion to add a stronger space appeal to its retro-futuristic sneakers.

Campaign details:

PUMA started a question of "What efforts have been made by humans to overcome gravity in exploring space?", attracting space enthusiasts and experts to join the trending conversation. PUMA then moved

on to publish a 2-minute popular science video on Zhihu and curated posters featuring high-quality replies of the conversation. Users could also submit their names through the campaign 《给你的名字一次浪漫的太空之旅》 to have their names engraved on a plate and be sent to space along with the Zhihu x PUMA satellite.

Generating over 49.1 million in ad exposure, 1.48 million ad clicks, 700k content views, 100k participants, 200k video views.

PUMA has successfully packaged its product with hard-core scientific facts and a creative appeal. The series of promotions have generated cross-platform exposure along with media coverage and social mentions.



SOCIAL MEDIA

ZHIHU PLATFORM - REGULATIONS / UPDATES

知乎

In May 2020, Zhihu announced a series of updates regarding Zhihu Columns (知乎专栏).

1. Broadening the Concept of Content

- Previously, Columns only included 'articles'. With the new upgrade, the new Columns can now automatically include the creators' articles, replies and videos.
- Zhihu is working towards including different formats of content under Columns in the future. These individual pieces of content will also include a link to the Columns, bringing more exposure and driving more traffic to the Columns section.

2. Emphasise the Value of High-Quality Content

- Users who have previously liked a Column article will automatically become the follower of the content creator. This direct conversion gives more recognition to creators and acts as an incentive to create more high-quality content in the future.
- The new Column supports a sharing function, facilitating the spread of great content.

3. Complete ownership for Content Creator

- There will be no more limitations on the theme and creative direction on Columns.
- The 'Follow Column' (关注专栏) function will retire, making the Column a sole property of the creator.

EXPERT BITES



FAN LU

Strategy Projects Head at
Alarice & ChoZan

Q: WHY SHOULD BRANDS CONSIDER ZHIHU IN THEIR MARKETING STRATEGY FOR 2021?

Zhihu is one of China's main marketing platforms. It has 420 million users, 45 million DAU and people spend 70 minutes a day on it on average. Users are well-paid, educated and willing to read long articles and explanations. It's the best platform to educate consumers about your products, brand and even your industry. It's easy to build credibility and a professional image as an industry leader.

Zhihu is focussing on developing its e-commerce functions and has built different marketing tools for different industries. For example, Zhihu just started a column for parenting and childcare topics which is perfect for those in the maternity, infant care, parenting and children's products categories.

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: WHY DO B2B BRANDS NEED TO BE ON ZHIHU?

Zhihu users are looking for expertise and are willing to pay for it. They're high quality consumers with the financial ability, they're more open to accepting new things and they appreciate valuable content, products and service. Zhihu users are willing to read long articles so it's easy to do brand education.

Zhihu's question and answer format is used by lots of people and it's also used as a search engine for specific information.

PLATFORM

KUAISHOU



SOCIAL MEDIA

KUAISHOU PLATFORM - INTRODUCTION

Kuaishou is from Beijing Kuaishou Technology Co., Ltd. The predecessor of Kuaishou, called 'GIF Kuaishou', was born in March 2011. The original app designed and produced to share GIF pictures. Beginning in 2015, Kuaishou funny videos have become a bright spot, taking the "down-to-earth" route for the public. Unlike Douyin's positioning of "recording a good life and fashion trends", Kuaishou promotes "everyone is worthy of being recorded" and "life cannot be judged high or low", and encourages all kinds of original life style videos for all public users.



200 MILLION

Daily average active users



10 BILLION

Original videos



5 MILLION YRS

Total usage time in a year



20 BILLION

Daily average playback



350 MILLION+

Daily likes

SOCIAL MEDIA

KUAISHOU PLATFORM - INTRODUCTION

The similarities between Douyin and Kuaishou:

- Short video, vertical screen browsing.
 - Can be made with music, mainly UGC content.
- Many short videos are uploaded both on Douyin and Kuaishou. These short videos can be with music and created by ordinary users.
- AI+ big data distribution
- Similar to Douyin, Kuaishou also uses user clicks, likes, comments and other data to personalise recommendations for users. After registration, you can follow others and view videos in the same city. The system can record user habits and customise recommendations.



在快手 看见每一种生活



SOCIAL MEDIA

KUAISHOU PLATFORM - INTRODUCTION



The differences between Douyin and Kuaishou:

- **Kuaishou is not a "full-screen auto-play" type**

Kuaishou displays 4 videos on one page. The video starts to play only after the user clicks to enter, while Douyin video is automatically played, and the user does not click to select. The Kuaishou style makes it easier for users to find the video themes they like.

- **Make the content more related to daily life**

Kuaishou evolved from GIF, where videos of lifestyle (food, beauty, cute pets) and other categories account for a relatively high proportion. Users are concentrated in third- and fourth-tier cities, taking the route of "rural surrounding cities". On that note, Kuaishou does not invite celebrities on a large scale, and brand operators do not favour celebrities and big V. the focus is on ordinary users who create original videos.

- **The brand image is different - Kuaishou is more down-to-earth**

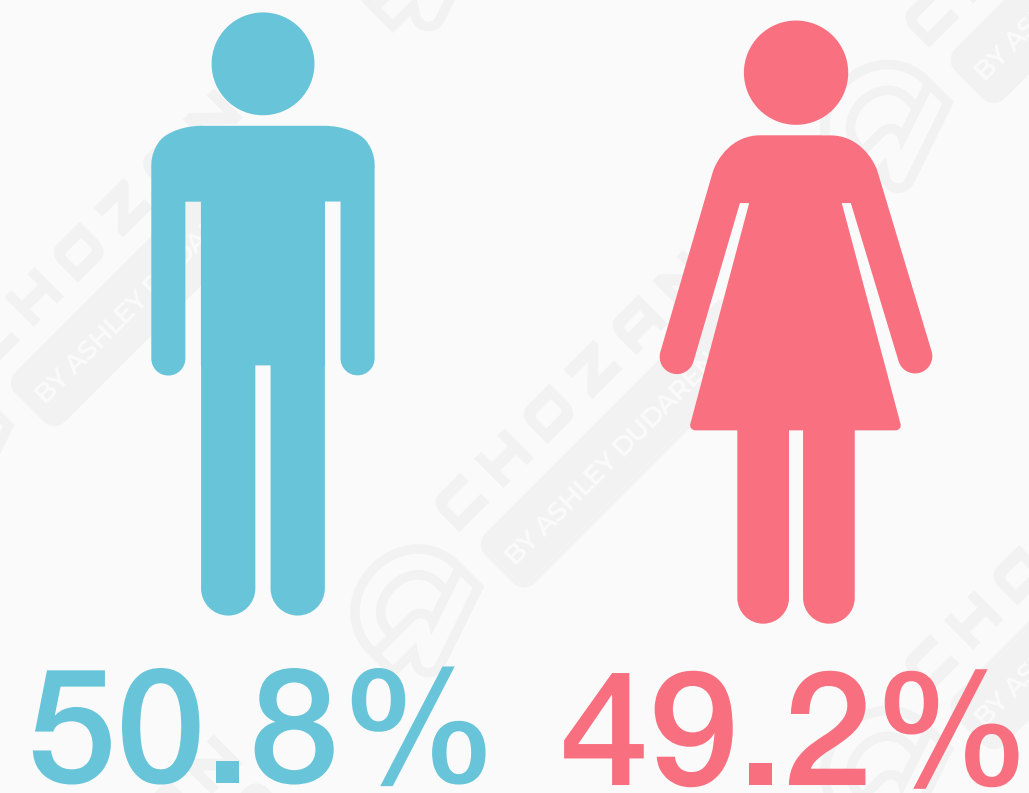
The differences in core user groups, brand marketing and publicity strategies have prompted Kuaishou and Douyin to establish different brand images. Douyin has established a new and fashionable image with star marketing and brand advertising, while Kuaishou has a more daily life centred environment.

SOCIAL MEDIA

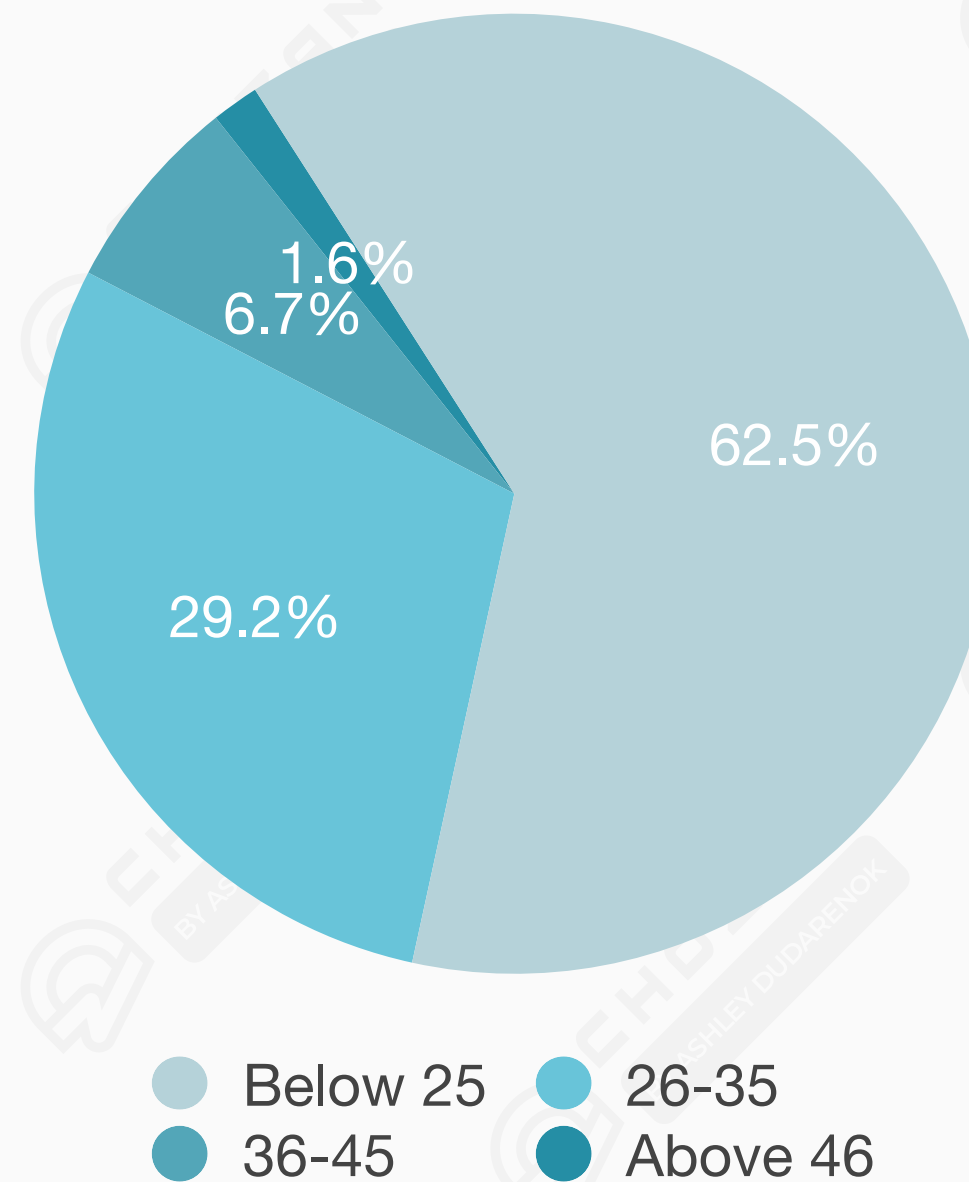
KUAISHOU PLATFORM - USER DEMOGRAPHICS



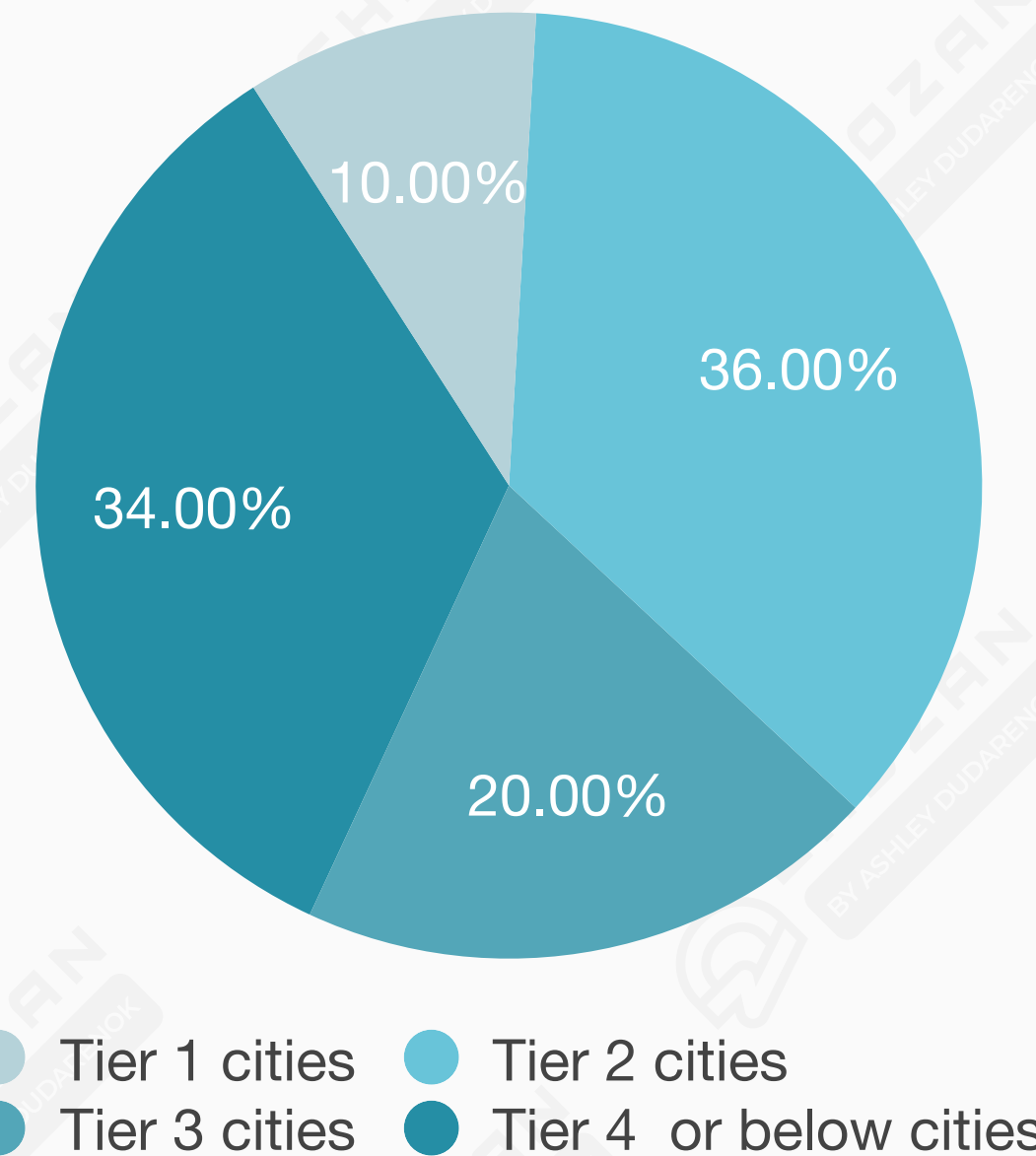
Gender ratio of Kuaishou users:



KUAISHOU FOLLOWERS AGE DISTRIBUTION



KUAISHOU FOLLOWERS BY CITY TIER



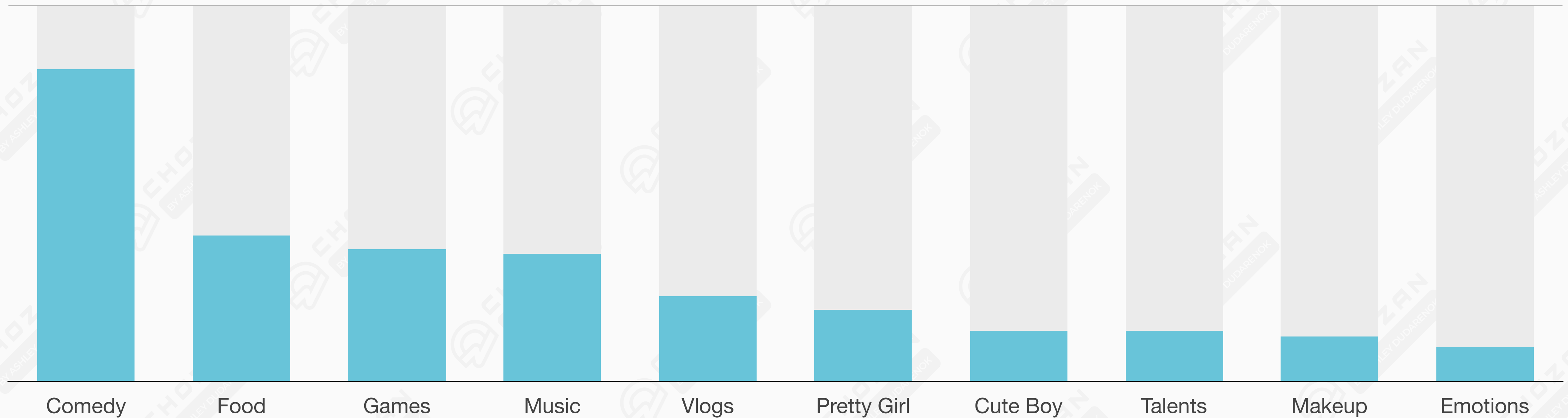
80%+
of the users are Post-90s

SOCIAL MEDIA

KUAISHOU PLATFORM - POPULAR CONTENT CATEGORIES



TOP 500 KOL CONTENT CATEGORIES



SOCIAL MEDIA

KUAISHOU PLATFORM - TOP MARKETING METHODS



1

Decisively and directly do the advertising

The goal of advertising is to achieve brand exposure through payment. This is a very common marketing method, not only for Kuaishou, but also for other short video platforms.

2

Content placement

Content placement is also a very common short video marketing method. Specific manifestations include brand name and logos, oral broadcast implantation, brand exposure, and so on in the KOL and brands' short videos.

3

KOL Promotion

You can also use KOL influence to reach the larger audience that are the fans, by selecting Internet celebrities that match the product. At the same time, KOL partnerships stimulate more engaging participation of users.

4

Content customisation

Content customisation mainly triggers communication by shooting related product content. Compared with long videos, short video customised marketing content pays more attention to stories and plots, typically surrounding the brand product.

SOCIAL MEDIA

KUAISHOU PLATFORM - CONTENT BEST PRACTICES

The viral brand x consumer experience



8.77 MILLION

People taking part in the campaign



30%

sales improving

KUAISHOU X BAIQUELING



SOCIAL MEDIA

KUAISHOU PLATFORM - SALES INTEGRATION



The main features of Kuaishou's e-commerce model are Kuaishou live-streaming and Kuaishou Xiaodian (快手小店) .

Kuaishou Live-Streaming

Kuaishou's live-streaming e-commerce business has a GMV target of 250 billion in 2020. And the GMV target of Douyin live e-commerce is as high as 200 billion. The GMV of Taobao Live in 2019 is between 200-250 billion, which means that the goals that Douyin and Kuaishou will hit in 2020 can already catch up with the results of Taobao Live last year.

Kuaishou Xiaodian

'Kaishou Xiaodian' is a merchant function launched in the Kuaishou App, which aims to provide convenient merchandise sales services for users of Kuaishou, and efficiently convert their own traffic into revenue.

Cooperation with Jingdong

On May 27, Kuaishou Technology and JD Retail Group formally signed a strategic cooperation agreement. The two parties will conduct in-depth cooperation in the development of the supply chain capabilities of Kuaishou stores, brand marketing and data capabilities, etc., to jointly create a new ecology of short video live streaming e-commerce.

According to the agreement, the two parties will conduct in-depth cooperation in the supply chain. JD Retail will provide superior categories of goods to Kuaishou stores, and the two parties will jointly build a high-quality product pool, which will be selected and sold by Kuaishou anchors. Kuaishou users will be able to purchase JD's self-operated goods directly in the Kuaishou store and enjoy JD's high-quality delivery and after-sales services.

SOCIAL MEDIA

KUAISHOU PLATFORM - TRENDS / CASE STUDY



Kuaishou will increase its investment in short TV style video series. Kuaishou plans to create 200+ quality short serials, invest more than 10 billion RMB, and cooperate with 1,000+ content production institutions.

At the moment, the Kuaishou Theater account has close to

6 million followers

and has

590,000 videos

**1 minute -
1 episode,
10 minutes**

can lead to the end of the show.

SOCIAL MEDIA

KUAISHOU PLATFORM - REGULATIONS / UPDATES

Hashtags

The hashtag page encourages users to spread hashtags through interactions. This is very suitable for the customised marketing format which allows brands to achieve sales and branding at the same time.



Xiaomi

#Come to play with Xiaomi#



Baiqueling

#Chase your dream#



Haerbin Beer

#Drink Beer together#



Kaidilake

#Just 6.2 seconds you can be famous#



Meilan

#Tell the true story#

SOCIAL MEDIA

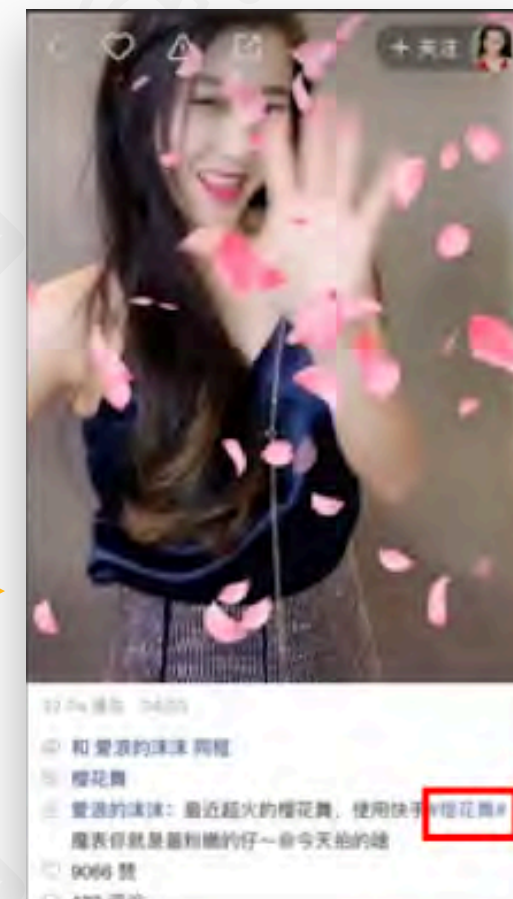
KUAISHOU PLATFORM - REGULATIONS / UPDATES

Hashtags

Using a variety of hashtags makes it more likely to attract the attention of ranging consumer groups and easier to connect them with potential purchases.



News Feeds
Ads



Hashtags in
video



The challenge
page



Hashtags search
ranking 2nd to 5th
place



The hashtag in
home page

SOCIAL MEDIA

KUAISHOU PLATFORM - REGULATIONS / UPDATES

Challenge + sticker interaction

Challenges are started by the top KOLs and brand account content, making it more attractive to users. Magic stickers also encourage people to actively interact with the challenge topic and increase traffic.

Number of participants
94 million+



Number of participants
42 million+



SOCIAL MEDIA

KUAISHOU PLATFORM - PARTNERSHIPS

Cultural and educational content growth

Kuaishou and Zhihu jointly released the '**Kaizhi Project**', introducing the Kuaishou education accounts of related scholars, professors and other groups. The partnership continues the platforms' goals **to provide richer knowledge and education content**.

Cooperation with CCTV and JD

- During the Spring Festival, Kuaishou exclusively cooperated with the CCTV's 2020 Spring Festival Gala. The amount of red envelopes on the **Spring Festival Gala reached 1 billion RMB**, exceeding **Baidu's 900 million** and **Taobao's 600 million**, becoming **the highest amount of red envelopes** in history.
- During the epidemic, Kuaishou and CCTV continued their cooperation and became **the news portal of CCTV**, and **broadcasted official events** such as the construction of the shelter hospital.
- The cooperation with JD.com **represents the further layout of Kuaishou** in the business process.



1 BILLION RMB

SPRING FESTIVAL GALA

EXPERT BITES

Q: WHAT'S YOUR FAVOURITE E-COMMERCE PLATFORM IN CHINA IN 2020? WHY?

Definitely Kuaishou. Since the platform kicked off its integration of live-streaming and e-commerce within 2 years, Kuaishou shows strong momentum aiming at the top of e-commerce business in China.

According to the latest data released officially from Kuaishou, 500 million orders have been placed on the platform in August alone. **Kuaishou is surely in the first tier e-commerce platforms in China** along with Taobao, JD, and Pinduoduo, etc.



QIMEI LUO

Livestreaming Industry Marketer
and PR expert

EXPERT BITES



KEVIN YI

China Market research at
Alarice & ChoZan

Q: WHAT DO MARKETERS NEED TO PAY ATTENTION TO ON KUAISHOU?

Most of the users are young people from lower tiers cities with limited financial resources. They're also looking for a high quality life within an affordable range. 69% of users would like to gain knowledge on the app and are willing to pay if it's interesting or if they can really learn something useful.

Users have frequent interactions with KOLs and have a high degree of trust in them.

Seafood sales videos are all over Kuaishou. Some KOLs record themselves fishing in the sea to emphasize how healthy and fresh the fish are.

EXPERT BITES

Q: WHAT ARE SOME MARKETING TIPS FOR KUAISHOU?



STELLA ZHAN

Social Media Marketing Manager at
Alarice & ChoZan

Cooperate with KOLs that fit your brand so that they can recommend your products during livestreams.
Publish creative short videos to prompt purchases.
Launch UGC campaigns to interact with Kuaishou users.
Buy newsfeed ads to reach your target audience.

PLATFORM

WEITAO



SOCIAL MEDIA

WEITAO PLATFORM - INTRODUCTION

Weitao is Taobao and Tmall's built-in social media platform. It was created to create better connections between sellers and consumers. It is an application similar to Wechat and Weibo with social feeds. Weitao allows sellers to list their products on the feeds where consumers can simply click on the post to land on the purchasing page.

The platform can be divided into the public sphere (公域) where one can reach widely popular content, and the private sphere (私域) where one can read content selected based on user preferences.



SOCIAL MEDIA

WEITAO PLATFORM - INTRODUCTION

What does Weitao mean?

To Customers: Weitao serves as a mobile assistant for online shopping in the digital era, giving customers good advice on what to buy, cost-savings, fashion, convenience, and trustworthiness. It symbolises a new era of online mobile shopping. Also, by using Weitao, customers can closely follow their favourite shops, immediately know about promotion events and gain knowledge about their favourite products.

To Brand Owners: Weitao is a good platform to express brand culture, announce

discount events, interact and enhance relationships with their customers. On Weitao, brands can be in touch with many active loyal fans and be able to make their news be immediately noticed by their fans.

To third-parties: Weitao can be used as an observation ground for third-parties to understand the overview of the market, allowing them to provide more accurate advices and recommendations (導購) to their targeted audience.

E-commerce in China has entered an era of content marketing. Both buyers, Taobao and

sellers are having increased demand for high-quality content. By running a Weitao account, brands can send messages to their customers directly, attracting more audiences and making more noise in the market.



SOCIAL MEDIA

WEITAO PLATFORM - USER DEMOGRAPHICS



Weitao users are consumers on Taobao. The number of active users on the Chinese e-commerce platform reached 755 million, of that active consumers account for 674 million.

Accounts on the platform can be divided into three majority categories:

- Business Merchant Account (商家帳號)
- Master's Account (達人帳號)
- Official Account (官方帳號).

SOCIAL MEDIA

WEITAO PLATFORM - POPULAR CONTENT CATEGORIES

At this moment, the most popular and most read content on Weitao are:

- Inventions
- Food-related products
- KOLs skills sharing (like cooking, make-up, etc.)
- Celebrities News

Content Types:

- Creative Short Videos
- Creative Pictures (Posters, long pictures)

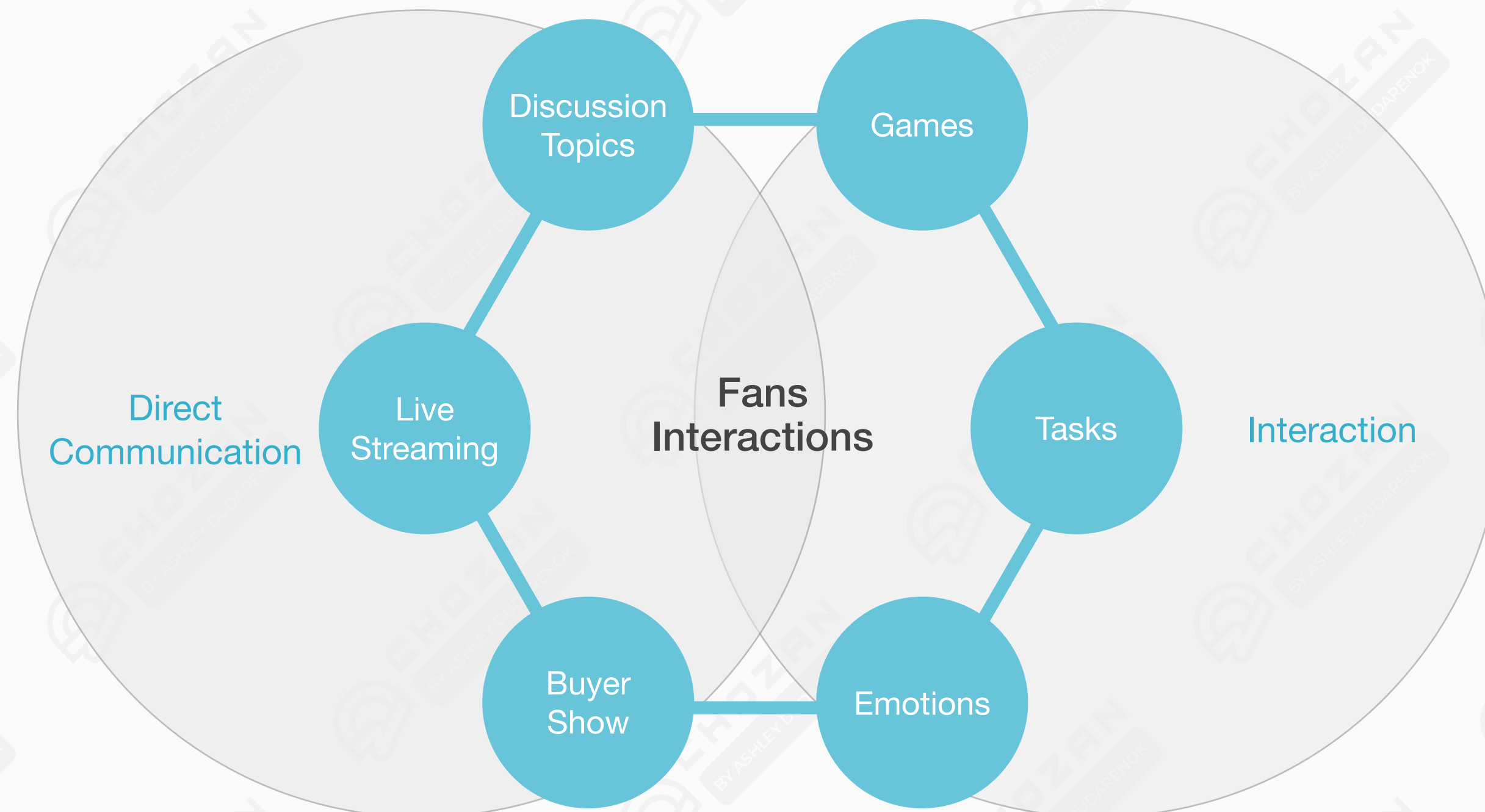


SOCIAL MEDIA

WEITAO PLATFORM - TOP MARKETING METHODS

This model shows that fan interactions are achieved by direct communication and interaction.

WAYS TO INTERACT WITH FANS ON WEITAO



SOCIAL MEDIA

WEITAO PLATFORM - TOP MARKETING METHODS

Below shall take 宋黛 as an example:

Create Buyer Show Section (打造买家秀栏目)

Apart from normal content like daily updates, 宋黛 has also established their own buyer show section on their shop page for their fans, for instance #帮你上头条# and 《星期三看老康》.

#帮你上头条# is a further extension of the website's customer basis. The main idea is to draw a 'little fairy 小仙女' (nickname for their fans) and to be rewarded a piece of their new item.



SOCIAL MEDIA

WEITAO PLATFORM - TOP MARKETING METHODS

Create their own entertainment video program (打造自有娛樂視頻節目)

Every Wednesday, 宋黛Conybabe updates their own short clip column 《星期三看老康》. The performance is unique, ranging from 老康's style performance, cantonese songs singing, to other entertainment tricks. Many continued to follow the column after listening to 老康's singing performance.

Interactions with fans

宋黛's Weitao often creates content covering a wide range of popular topics, for instance, #有沒有對某個城市有莫名的好感的? 特別想去的呀~#評論區開始你們的瞎聊~. As their fans have many points of interest, the fans are not shy to share their thoughts and desires via 微淘. 宋黛 encourages their fans to express their own views on these topics.你們的瞎聊~. As their fans have many points of interest, the fans are not shy to share their

10月01日 16:52

不是吧！不是吧！不会还有妹妹看到这件外套不心动的吧？紫色扣1，卡其扣2！开始pk~

#新品预告#



6016 阅读

102 84

微淘

SOCIAL MEDIA

WEITAO PLATFORM - TOP MARKETING METHODS

Weitao Levels

Levels range from 0 - 6: The higher the level (indicating the higher quality your Weitao is of), the higher chance your Weitao will be accepted by the public sphere (公域). For more concrete details of the benefits, please take a look on the instructions on the backstage page.

The crucial Weitao levels are L0-L3:

on L1 account owners have access to the Weitao group functions

on L2 accounts are allowed to post 10 Weitao posts

on L3 content on account can be exposed to the public sphere (to those who have not subscribed to you) where more read volume can be rise exponentially.

These 3 levels are essential ones which all owners must experience. New comers shall start at L0 once they open the online shop page. If they persist to write content everyday, keep being active on the platform and get a right sense of how to run the account in the private sphere, they are very likely to get their level up very quickly after getting a certain amount of fans.

New comers shall start at L0 once they open the online shop page. If they persist to write content everyday, keep being active on the platform and get a right sense of ways to run the account in the private sphere, they are very likely to get their level up very quickly after getting a certain amount of fans.

Level Promotion takes time and requires the account owner to have certain skills. They can upgrade and be successful on Weitao quickly if they:

1. Make their positioning and style clear to the fans
2. Persist to write authentic content,
3. Make good use of the tools in Weitao
4. Participate to more activities on the platform
5. Gain more points on the Weitao Merchant Index.



SOCIAL MEDIA

WEITAO PLATFORM - TOP MARKETING METHODS

Weitao Merchant Index (微淘商家指数) reflects the overall performance of the Weitao account in the private sphere. This space can be used to observe the 微淘运营健康度, fans value and content value of the account.

The index is updated every Wednesday, subject to delay on public holidays.

1. Content Value Points (内容价值分)

To attract fan subscription to your page, authenticity is the key. This point system helps with analysing the type of content readers enjoy, and benefit brands whose content entry matches with what is observed.

2. Health Value Points (健康价值分)

This Point indicates the degree of appropriateness shown in the content of the brand's page, which helps businesses avoid some illegal content.

Certain rules must be followed. Merchants can check the management rules of the creation platform in Taobao rules. This is the easiest point to raise on the platform.

3. Fans Value Points (粉丝价值分)

This point indicates the level of connectedness and interaction between your page and your fans. Brand owners should not pose their content only for raising their page level. In-depth analysis must be done in advance (for instance, at what times of the day will users read content 微淘?). To attract more fans, brand owners can organise some promotional events on 微淘. In order to prevent fans from becoming zombies fans (僵尸粉), brand owners should try their best to interact with their fans by, for example, constantly replying to their comments.



SOCIAL MEDIA

WEITAO PLATFORM - CONTENT BEST PRACTICES

Product / Brand New Release (店铺上新)

The strategy can be categorised as New Release and New Release Preview

New Release = List release of new items

Conditions for New Release:

- Must be released on the same day, and the quantity of items released must be 2 or more.
- This must be the first time an item is released on Weibo. Items being put on the shelf for a second time are not applicable.

New Release Preview = notification to fans in the group in forms of pic+text about the release of the new products. It often comes with some new add-ons and discount coupons. Interaction rates with fans increases and attract them to buy by celebrity endorsement of the product (种草).

Conditions for New Release Preview:

- Must release on the same day, and the quantity of items released must be 2 or more.
- Preview show must be placed at least 1 day and at maximum 7 days before the official release time.
- This must be the first time an item is released on Weibo. Items being put on the shelf for a second time are not applicable.



09月23日 10:00

置顶

双十一很快就来啦，各位K星人又想囤什么超好用的产品呢？快快留言分享你的囤货清单，加上走心理由或真实的使用感受，安利给大家，骨头先生将挑选5位小可爱送出神秘奖品哦~

今年双11 囤货好时机

你的必买清单有什么呢？

互动规则

留言分享你**双十一必囤的K星好物**，加上走心推荐理由，骨头先生将选取5位小可爱送出**神秘奖品**~

活动时间

即日起至**9月28日截止**，活动结束后将在30天内开奖，记得多留意微淘动态哦

📷 征集 | 晒出9月好物美照... ▶ 27 21

SOCIAL MEDIA

WEITAO PLATFORM - CONTENT BEST PRACTICES

Endorsement List (好货种草 清单)

You can create authentic content first by writing endorsements or reviewing articles on the products you are promoting. Using reviews which reflect the real experiences of users with the product can create resonance within readers, converting them into potential buyers. These articles also allow readers to have a deeper understanding on the reasons and ways to use the products, in turn building a better awareness and understanding on the product. Experience tells that, 好货种草 is a more accepted way to promote content by the system, via two paths: Multiple 种草 (多品种草) and single (单品种草). As 好货种草 is a more professional review, it requires writers to have a better understanding of the product concerned. The word count requirement is higher, focusing on the advantages and the practical usage of the products.

Listing is a major way to release content on Weitao. As for which products to be chosen to be discussed with the hot topic, it is recommended to include at least one popular product in the selection so as to help raise the awareness to other less popular products.



SOCIAL MEDIA

WEITAO PLATFORM - CONTENT BEST PRACTICES

Beware of posting time

Peak hours for Weitao user visits are:

Conversation rates of broadcast content released during these periods are the highest. You should pay close attention to these hours in order to make the best out of your efforts.

Please also make sure your content is attached with at least an image, in forms of pic+text, so as to make it more attractive to the audience, making a higher chance of causing resonance with the fans.



0000 - 0100

0800 - 1000

1300 - 1400

1600 - 1700

1830 - 1930

2200 - 2300

SOCIAL MEDIA

WEITAO PLATFORM - TRENDS / CASE STUDY

Case Study 1: 匡威

By the end of September 2019, cooperating with 携手淘宝品牌号, 匡威 made marketing efforts in new manners.

Using methods like 手淘内容, the brand was able to target their audience in a more precise manner. The warm-up session of the brand's 尖货排队 activity started officially on 21st September at 10 am. On 22nd September, the lucky draw session started at 10am and ended at 11pm. On the morning of 25th September, the ordering session completed.

During the warm-up session, in cooperation with some KOLs, 匡威 posed information about the activities on 微博 and 微淘 in

advance. For those 匡威 fans which would like to participate in the queuing, they can do so by clicking on the various links on 手淘 to build up linkage with the brand (on 手淘, fans can get to the brand's account page from entrances like 有好货、消息通道、猜你喜欢、淘宝直播).

According to 匡威, the impact of the event has been enormous: The speed of daily fans to their brand has raised over 41.2% comparing to normal days. Among these newly added fans, nearly 30% of them comes from 尖货营销.

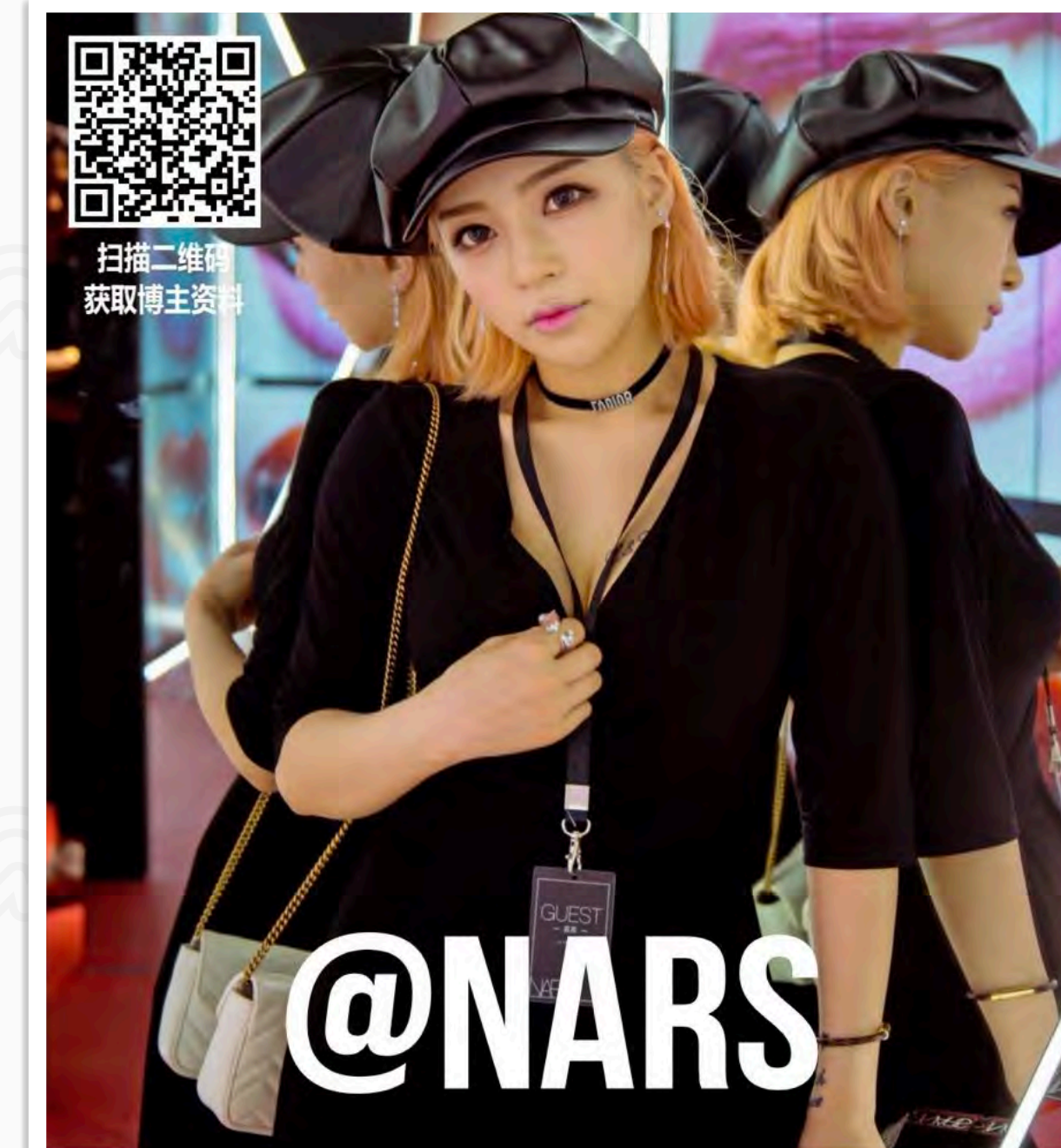


SOCIAL MEDIA

WEITAO PLATFORM - TRENDS / CASE STUDY

Case Study 2: NARS

In August 2019, @NARS joined Tmall. The brand has constantly invited their own make-up artists to teach various make-up skills to their fans through live video streaming. KOLs on Weitao like @-Hani月哥小海盗-, @YunyUnyuN_你芸, @Janicekidd, @肉芸子, @lam方美丽同學 have promoted product items through means of pic+text (图文推荐); others like @鱼酱的美妆心得, @甜颜_ have used video clip to test and demonstrate the products. Meanwhile, one of top 10 KOLs in the make-up field @逢丁吉吉 has also made good use of Weitao to promote NARS's product item and did 812七夕美妆节 brand live-streaming. During the promotion period, these KOLs added links to NARS's Tmall shop on their posts. Within one month, the size of NARS fans group on Weibo has grown to 486,000.



EXPERT BITES



FAN LU

Strategy Projects Head at
Alarice & ChoZan

Q: WHAT DO MARKETERS NEED TO PAY ATTENTION TO ON WEITAO?

Content marketing is huge. It has the biggest potential as a recommendation community after Red. Tmall data shows recommendation content on Weitao gets 30% more clicks than the average.

As for community, it's a little bit like Weibo where people can post, retweet and take part in mini campaigns. Strategically leverage classification functions to target potential customers, new customers and old customers with your campaigns to attract new customers and maintain the customers you already have.

And, going back to basics, follow Weitao's marketing calendar.

EXPERT BITES



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Q: HOW CAN YOU USE WEITAO IN YOUR 2021 MARKETING STRATEGY?

Choose topics that your audience wants to know about. Identify customer pain points and then solve their problems. Be lively and interact with your customers.

They're also looking for real experiences people have had using the products. Introduce the products in the first person in the voice of a friend. Introduce the product features and talk about what the audience is concerned about to dispel their misgivings. Avoid cold descriptions. Professional assessments and recommendations are valuable.

Use great visuals and videos and repost high quality UGC of buyer shows and unboxings. Launch creative CRM campaigns and don't be afraid to give away samples or prizes. Give fans exclusive discounts, let them vote for their favourite products and encourage consumers to share their wish lists before big shopping festivals.

PLATFORM

TOUTIAO



SOCIAL MEDIA

TOUTIAO PLATFORM - INTRODUCTION

Created by ByteDance Ltd. in 2012, Toutiao (Today's Headlines) is a mobile platform of content creation, aggregation and distribution, featured by machine learning techniques. By March 2018, the Toutiao app DAU (Daily Active Users) reached over 200 million, with an average opening of 9 times per day and use of 76 minutes per day. Known as the No.1 intelligent content distribution platform in China, it has over 1.1 million accounts, which update over 380,000 pieces of content and achieve 4.2 billion views per day. The incredible success of this smartphone app has grown to be known as one of the next generation of Chinese tech giants, challenging the tech trinity of Baidu, Alibaba and Tencent.

Features:



1. Diverse content, not limited to news reports, and includes articles on music, movies, games and online shopping. Recommendations are based on factors like user interests, locations, gender and occupations.



2. High daily usage, long usage period each time



3. Writers can earn money, and grow with the platform.

How to earn money on Toutiao?

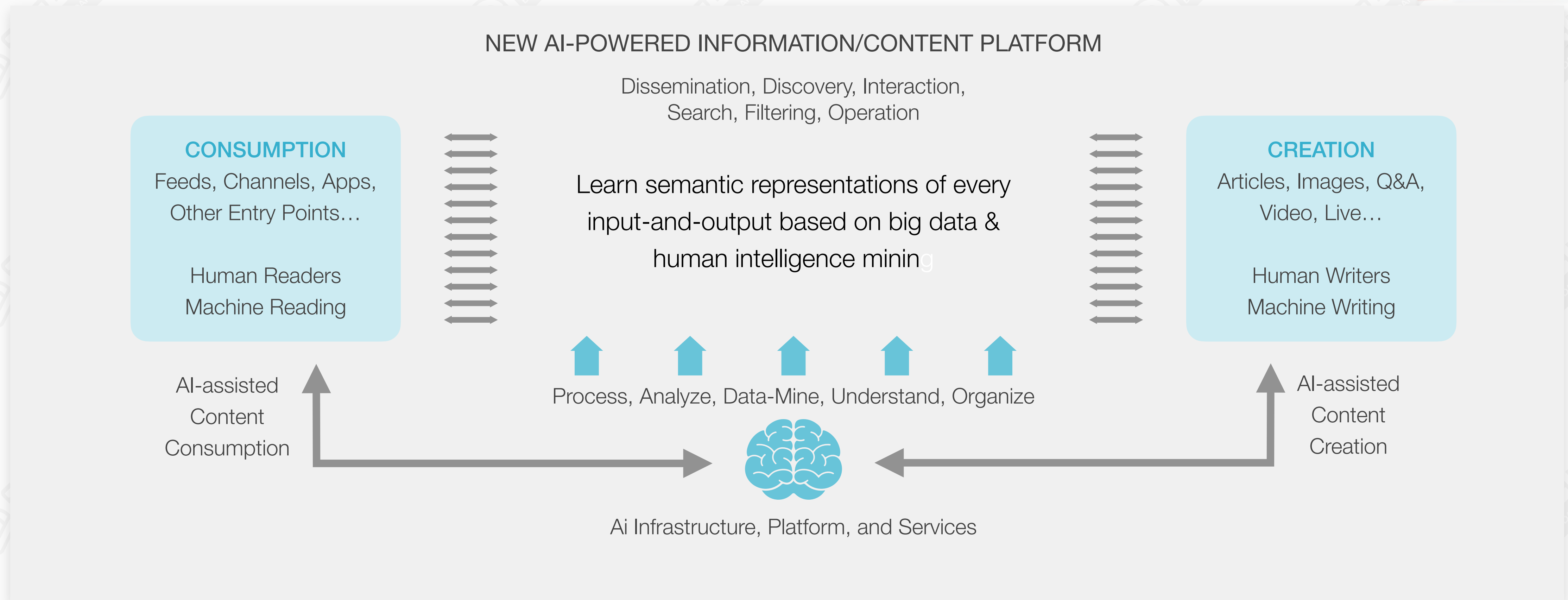
In 5 major ways: Ad Share (广告分成), Signed Authors (签约作者), Ad production, Toutiao E-commerce, Commission.



SOCIAL MEDIA

TOUTIAO PLATFORM - INTRODUCTION

An AI-powered platform surrounding consumption and creation.



SOCIAL MEDIA

TOUTIAO PLATFORM - INTRODUCTION

8 CORE FORMS:

- Graphic Context(圖文)
- Wtoutiao (微頭條)
- Short Video Clip (短視頻)
- Mini Video Clips (小視頻)
- Q & A (問答)
- Live Video Streaming (直播)
- Article Column (專欄)
- Voice Recording (音頻)

ADDITIONAL FUNCTIONS:

- 头条寻人
- 算数功能
- 头条号
- 头条搜索
- 头条百科



SOCIAL MEDIA

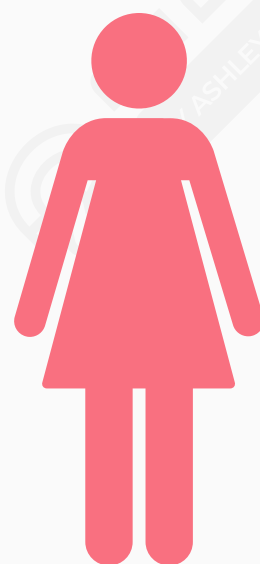
TOUTIAO PLATFORM - USER DEMOGRAPHICS

Enormous User Group: As one of China's most popular content distribution platforms, Toutiao is serving over 120 million of daily-active-users (DAU) and 260 million of monthly-active-users (MAU).

Majority Male Users: Among these users, 62% are male and 38% are female, which is similar to the overall conditions in the Chinese news app market.

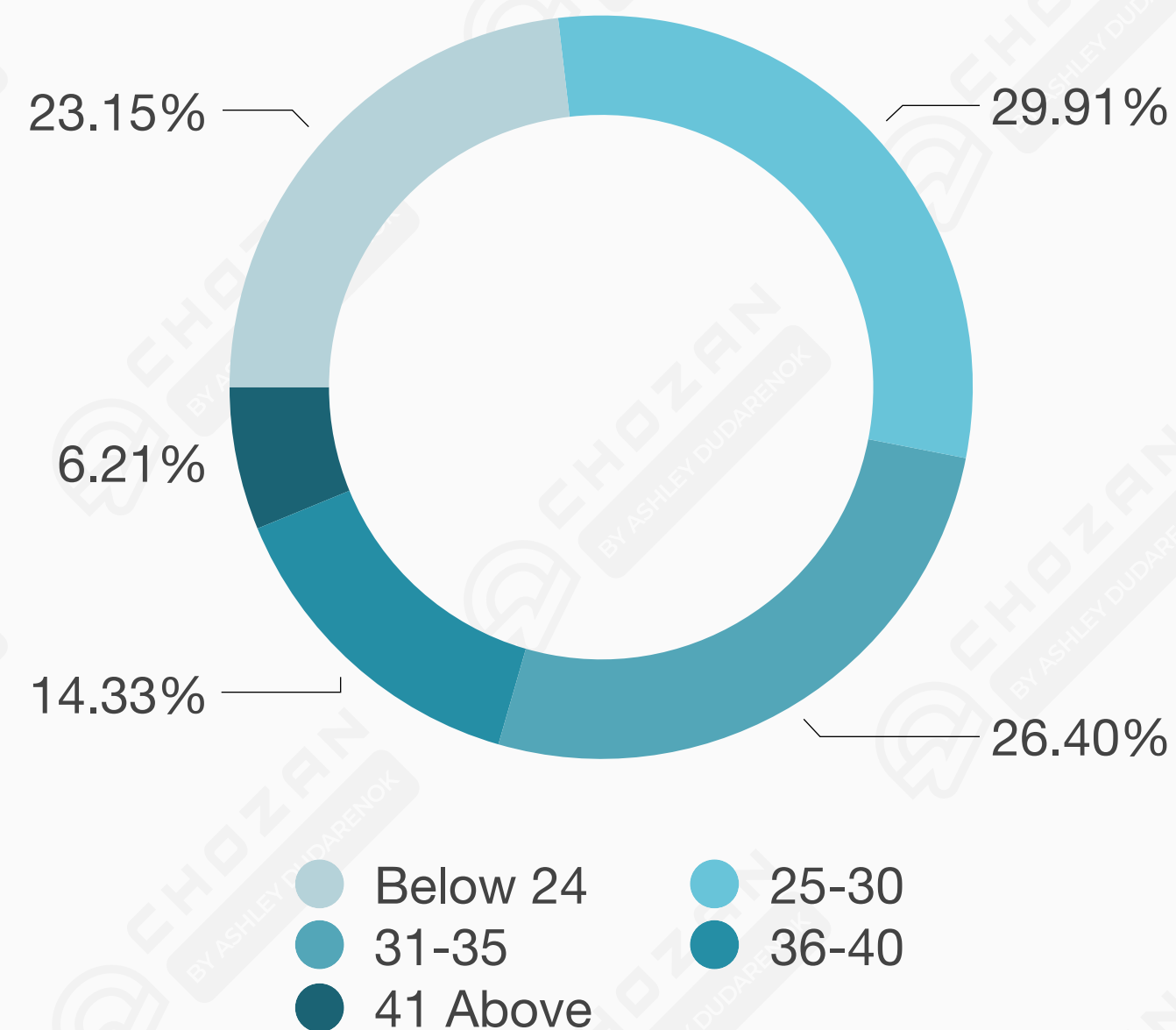


62%



38%

TOUTIAO FOLLOWERS AGE DISTRIBUTION



25-30 is the Largest Age Group:

In terms of age distribution, users on the platform can be divided into the following groups: (Update: 16/Jul/2020)

Concentrated in Eastern Provinces:

Below distribution of users in different regions of the country can be seen.

Guangdong	Jiangsu	Sichuan	
11%	6%	6%	
Shandong	Henan	Zhejiang	
6%	5%	5%	
Hebei	Hunan	Guangxi	Hubei
5%	4%	3%	3%



SOCIAL MEDIA

TOUTIAO PLATFORM - USER DEMOGRAPHICS

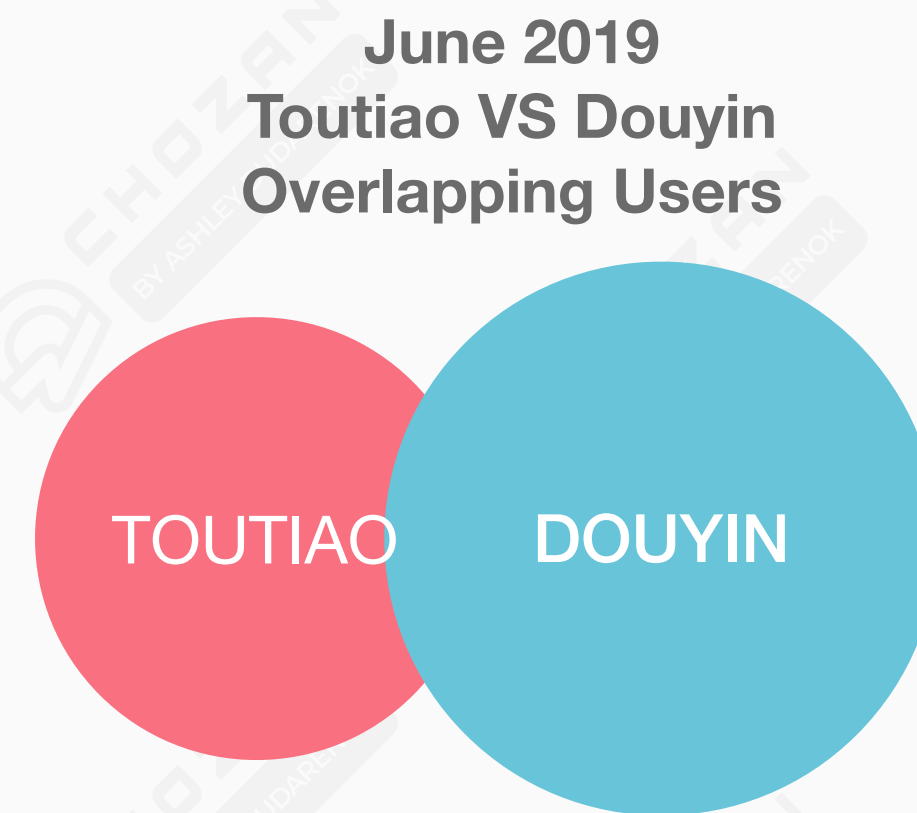
Unique User group:

in terms of user groups, Toutiao has a relatively low overlapping rate with other content media platforms like Douyin, indicating that the platform can reach audiences with whom other platforms are unable to get in touch.

Late night, afternoon and after-

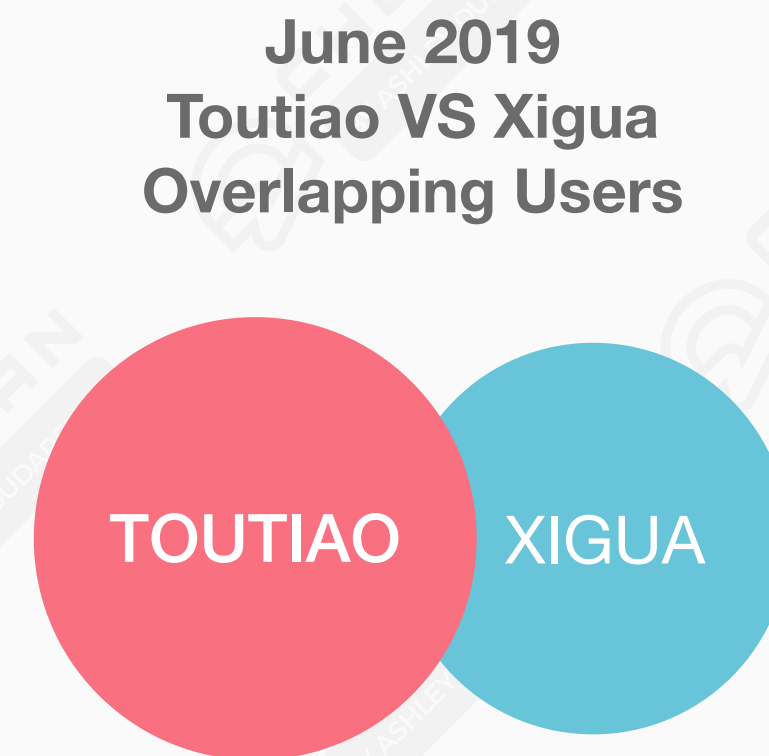
dinner hours are peak periods: Being one of top 10 information apps in China, Toutiao is widely used and read among the public, especially between 4-7 am, 2-4 pm and 8-10 pm.

TOUTIAO HAS THE HIGHEST OVERLAPPING RATE WITH DOUYIN, LOWER WITH XIGUA AND HUOSHAN



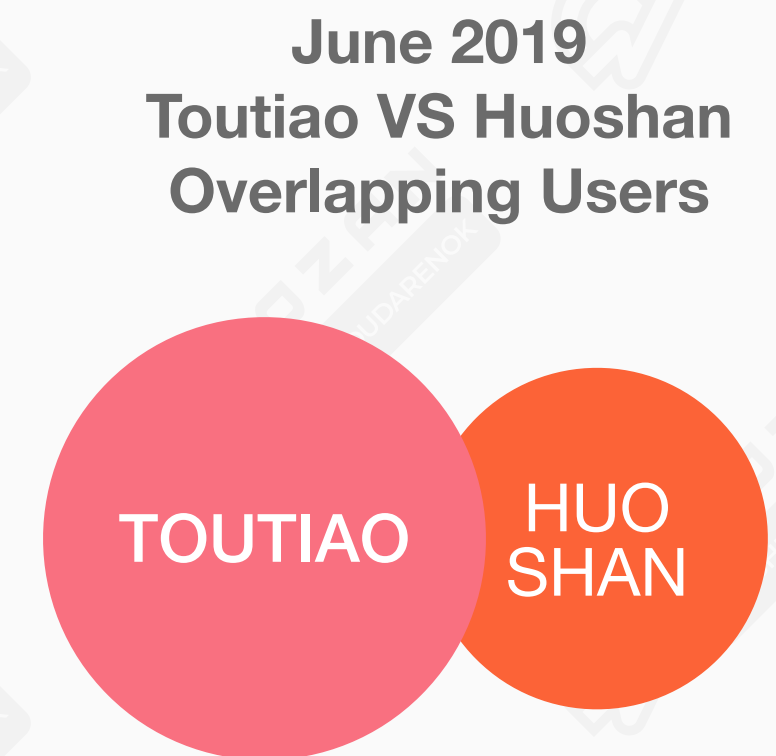
Toutiao's Overlapping Rate

54.6%



Toutiao's Overlapping Rate

18%



Toutiao's Overlapping Rate

14.8%



SOCIAL MEDIA

TOUTIAO PLATFORM - POPULAR CONTENT CATEGORIES

Content on Toutiao can be divided into the following categories:

Humor, Health, Celebrities, Food, Hi-Tech, Sports, Culture, Cars, Travelling, Finance, Household, Military, History, Parenting, etc.

4 popular categories the read rate of which can reach 10 million:



Celebrities



Daily News



Parenting



Social Phenomena

Preferred Content Categories on the platform by Age:

Post-95s = Fashion, Humour, Digital

Post-90s = Current Affairs, Parenting, Cars

Post-80s = Parenting, Health, Cars

Post-70s = Sports, Health, Education

Most Searched Keyword:

"国庆大阅兵"
(National Day Parade)

Most Searched Question Word:

"怎麼"
(How?)



SOCIAL MEDIA

TOUTIAO PLATFORM - TYPES OF ACCOUNTS

Users of Toutiao platform covers:

Government Officials
Commentators
Field Experts
CEOs
Stars

Recommended Industries on Toutiao:

1. Financial Management
2. Exhibition / Events (会展活动)
3. Game
4. App Industry
5. Government

NO. OF ACCOUNTS RELATED TO NATIONAL INSTITUTIONS AND OTHER ORGANISATIONS REACHES 80,000

In Oct 2014, Toutiao introduced the platform for public information release, inviting party and government offices of all levels to establish their own Toutiao account. With the use of advanced message release technologies, Toutiao made sure that the authorial voice and messages from the government offices can be effectively spread and heard by the targeted group, contributing to the better good of society in a precise and effective manner.

18.9 Million+
Total Amount of Posts

77.8 Billion+
Total Read Volume

320 Million+
Total no. of Favourites

53% more than same
period in 2018

94% more than same
period in 2018

25% more than same
period in 2018

Source: 今日头条数据平台, September, 2019.



SOCIAL MEDIA

TOUTIAO PLATFORM - TOP MARKETING METHODS

1. Recommendations by experts (种草内容): In-depth review (深度评测) and Comments from experts (专家科普) are popular ways to attract reader attention. In most cases, the KOL experts are speaking with detailed facts and evidences to support their claims, so that more valuable interactions and likes from the readers can be initiated, helping the associated brand to build up a better image and loyal customer circle.



Example: Testing of OPPOFindX2 Pro by 楠爷, read volume and commentary reach 156 thousand and 1020 respectively.



SOCIAL MEDIA

TOUTIAO PLATFORM - TOP MARKETING METHODS

2. Making good use of Transformation Components: “商品卡”, “小程序” and “图文带长”(图文带长视频) are transformation components recommended by the platform. They are normally in the form of small links at the end of the article. Users will then reach the landing page by clicking on the link.



SOCIAL MEDIA

TOUTIAO PLATFORM - CONTENT BEST PRACTICES

Want to know how to write good content on Toutiao? Here are some hints:

1 Write about your interested field in the simplest form

At the introduction of your account (which should be within 30 words), outline the features of your blog to attract your targeted audience.

5 Diverse Content Expression

Audiences are from all walks of life, their ways of perceiving message are different. To ensure serving the majority, content creators should allow a flexible expression design for their content (like in forms of text, images, videos, etc.)

2 Write Your Own Content

Authenticity is the foundation to uniquely express your brand and attract your targeted audience.

6 Ensure Stable Budget

Content promotion on Toutiao is a long-term effort, thus ensuring a stable budget for the content creation is a key to its success.

3 Write Stories

Customers loves stories, stories can help customers to understand your message and leave a deeper impression to you.

7 Pay Attention to Backend Data

Make good use of the statistics data provided by the platform on your content, which allows you to understand the popularity of your content and make adjustments where necessary.

4 Think for your audience

Knowing your audience is the first crucial step to a successful promotion. Brand owners should try to put themselves into their audience's shoes to understand what the customers like and need, then write content as a response solution. By doing so, their message can better match the market's demand, giving a higher selling chance to their products.



SOCIAL MEDIA

TOUTIAO PLATFORM - SALES INTEGRATION

Toutiao is attempting to develop into a super app.

One of such attempts is the introduction of the 'Play at Home' section which is designed to meet user demands during the COVID-19 quarantine period.

By analysing the location data of the users and receiving click requests on the button shown in the section, the platform system will automatically send users to external websites where their needs can be satisfied.

For example, by clicking “在家做菜”, users can reach to recipes of home dishes; by clicking “在家健身”, users can then have access to fitness courses; by clicking “在家求职”, users can then look for job opportunities in the market.



SOCIAL MEDIA

TOUTIAO PLATFORM - SALES INTEGRATION

Case Example: 燃力士

In June 2019, 燃力士, Toutiao and TikTok jointly announce the launch of 燃力士's new product. Toutiao was responsible for attracting readers to the news, while TikTok took a role as the organiser of promotional events (with #tags and challenges). During the period, read volume on Toutiao reached over 100M合作期间, making the awareness on the 燃力士 brand and customer interaction rate to be 25% and 54% higher than average in the industry respectively..品牌认知指数高于行业均值 25%，品牌互动指数高于行业平均54%。



SOCIAL MEDIA

TOUTIAO PLATFORM - TRENDS / CASE STUDY

IN 2020, WITH TOUTIAO AS THE CORE,
NEW MULTIDIMENSIONAL MARKETING WAYS ARE CREATED



Coordination with other platforms

In order to keep up with the trend, Toutiao cooperated and combined functions with Tiktok and Xigua video to further diversify the platform's models and attract audiences from the younger generation.

Organising Events in different fields:

To further extend the influence of the platform and explore wider possibilities, Toutiao has jointly organised events of different types (like fashion shows, industry conferences, awards ceremonies, etc.) with various parties.

Internal Collaborations

Creating Word-of-mouth for the product

Discussion Topics +
Reviews by KOLs + Articles

Thoughts for Brands Collaborations

Input by Advanced Intelligences and
Management

Golden Pairs bring exponential growth

Open Screen Ad + Mini Programs

All-round Live-Streaming

New Ways of Live-Streaming

External Resonance

Naming IP grounds to raise the noise of products

Toutiao + Xigua Videos

Resonance on both ends Great Creation of Festival

Toutiao + Douyin

Platform and Internet Cooperate
Releasing IP Influential Power

Toutiao + Platform-Side Drama Series

Cross-platform volume combination creating new IPs

Toutiao + E-commerce Platforms

SOCIAL MEDIA

TOUTIAO PLATFORM - REGULATIONS / UPDATES

New Platform regulations:

New regulations has been introduced to the platform on 9 July 2020 in order to tackle the following problems:



Three Major New Updates in 2020:

In order to further assist writers to reach more audiences on the platform, Toutiao has introduced three new functions, namely 頭條加油包, 粉絲必達 and 頭條號外.



SOCIAL MEDIA

TOUTIAO PLATFORM - TOP MARKETING METHODS

Brief Summary on Toutiao Marketing (Concluded by self)			
Tool's Name	Toutiao Extra	Fans-Direct	Toutiao Aid-pack
Production Intro	In the message flow of Toutiao, ensuring content are exposed in a given volume, at a given location and at a given time period	Increasing exposure rates of content to fans	Increasing recommendations of quality conents
Product Impacts	CTR around 3%	Able to reach 65% of the active fans group	CTR 7%+
Advantages	1. Buyable and Savable, how much read volume you buy, how many audience are going to read your content on the platform; in most case, some of the volume shall be wasted, therefore practically speaking, buying more is recommended. 2. Ability to set up precise coordination: apart normal categories like locations, gender, business circles, brand owners can also make customized coordination in accordance to their own customer group	Fans brings view base, beneficial to those KOLs with high number of fans	Dou+ on Toutiao has guaranteed authors a given number of read volume as foundation, hoping to bring impacts to promotions at initial stage
Disadvantages	Relatively expensive, need to purchase via cooperative business procurement	Depending on the fans situation of authors, does not bring much benefit to KOLs at middle and lower levels	Currently undergoing internal testing, not yet sold.

SOCIAL MEDIA

TOUTIAO PLATFORM - TOP MARKETING METHODS



1. Toutiao Extra 头条号外

Allows brand owners to buy advertisements at the customer end in order to promote their content to their designated customer group (based on gender, age, location, occupation, brand preference, etc.). The promotion quantity is concrete, depending on how much the brand owner buys from the platform. Applicable to most content on the platform.



SOCIAL MEDIA

TOUTIAO PLATFORM - TOP MARKETING METHODS

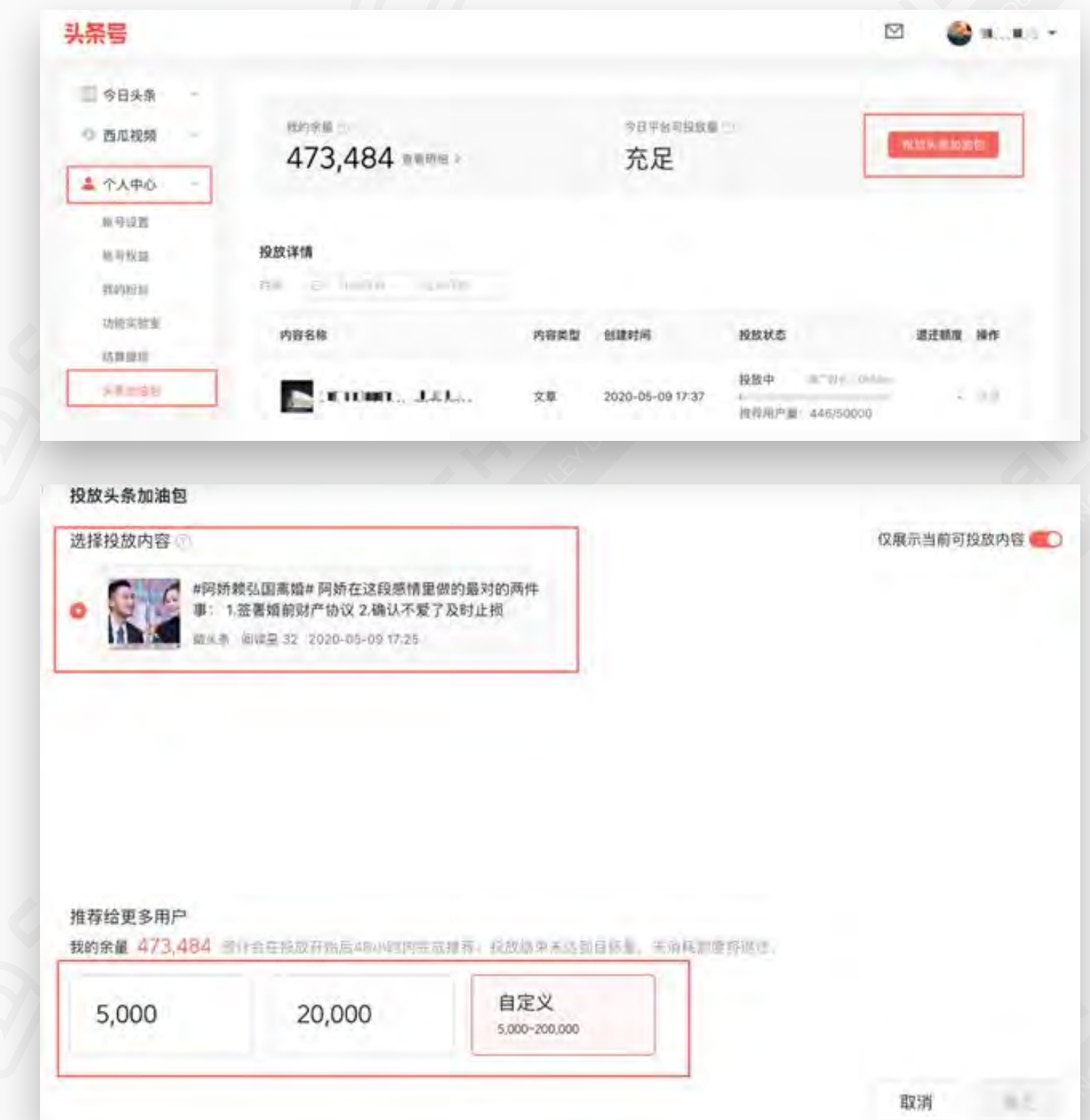
2. Fans-Direct 粉絲必達

Boosts connection rate with fans. Articles which pass verification and with 「粉丝必达」 function activated shall be subject to additional promotion by the system to the writer's fans group. Such promotion can reach more than 65% of the active fans.



3. Toutiao Aid-pack 頭條加油包

加油包 is a new functions of which the platform ensures the writers will gain a given quantity of read volume. For example, if the writer buy a 10M+ package for his/her article, then the article shall be given an additional read volume of 10M on top of its normal volume.



EXPERT BITES

Q: WHY DO BRANDS NEED TO PAY ATTENTION TO TOUTIAO?



ASHLEY DUDARENOK

Founder of Alarice & ChoZan, LinkedIn Top Voice,
3x Bestselling Author

Toutiao is one of China's largest news platforms. ByteDance's algorithm is very sophisticated. It's the first app in China to recommend content based on user habits, and it's the first to seize the market. Now we can't ignore the Bytedance behind Toutiao and Douyin. It's clear that it wants to build an entire ecosystem, like Tencent and Alibaba. A company with those kinds of ambitions can change the whole Chinese market.

EXPERT BITES



WENDY CHEN
Marketing Manager at
Alarice & ChoZan

Q: WHAT DO MARKETERS NEED TO PAY ATTENTION TO ON TOUTIAO?

Toutiao currently ranks first for daily news and information apps and it has lots of young users. 54.6% are between the ages 24 to 30. It's relatively balanced in terms of men and women on the site. Although half of users are from Tier 3, 4, and 5 cities, most active users are in Tier 1 and 2 cities on the coast.

Marketing Strategy

Toutiao's algorithm encourages originality, so brands need to be creative when publishing articles. Build content on current hot topics and use related trending keywords.

EXPERT BITES



JACQUELINE CHAN

Project Director at Alarice & ChoZan

Q: HOW ABOUT TOUTIAO? HOW CAN BRANDS USE IT FOR MARKETING?

Make your content stand out and connect it strongly with your brand. This is how you can capture fans on the site.

When Toutiao launches topic hashtags, contribute your brand's content in article, essay, interview or other format to maximize exposure.




Take part in Toutiao's offline events to showcase the brand or products. They can increase consumers' desire to buy through offline experiences. They can also become check-in and photo events where users take photos and upload them to social media.

CONCLUSION

CONCLUSION

BELOW IS A QUICK SUMMARY OF THE OPERATING MODELS OF CHINESE SOCIAL MEDIA





ANALYSIS OF THE FEATURES OF CHINA'S TYPICAL NEW MEDIA PLATFORMS IN 2020

Platform	Category	Platform features	Content dissemination features	Main marketing methods
 Sina Weibo	Micro-blogging	Strong content diffusion and media attributes. A lot of pan-entertainment users	A high rate of users participate or interact with platform content, making it easy for secondary dissemination and topic creation	Topic discussion
 WeChat	Instant Messaging	The acquaintance relationship chain has a strong social attribute. Mainly to receive daily social information and in-depth understanding of information through official accounts	For articles and long pictures on the platform, users can easily spread to acquaintances through reposting, sharing in Moments, etc.	Articles and pictures
 TikTok	Short video	Strong pan-entertainment content attribute, rich levels of information expression, and strong information dissemination. Daily leisure is the main need of users.	It is easy for pan-entertainment videos to spread and become memorable among users.	Short video recommendation and evaluation

CONCLUSION

BELOW IS A QUICK SUMMARY OF THE OPERATING MODELS OF CHINESE SOCIAL MEDIA

ANALYSIS OF THE FEATURES OF CHINA'S TYPICAL NEW MEDIA PLATFORMS IN 2020

Platform	Category	Platform features	Content dissemination features	Main marketing methods
 Kuaishou	Short video	The contents are mainly about everyday life and pan-entertainment. Most users have a demand for leisure.	Fans have strong trust in the KOLs on the platform, which make it easy for KOLs to guide users' preference and behaviors	Short video recommendation and evaluation
 Bilibili	Aggregated video	Bullet screen communication atmosphere. Many young users with pan-entertainment demand	The content of videos contains rich information. With the uploaders' fan effect the content is delivered to users	Video recommendation and evaluation
 Xiaohongshu	Content e-commerce	Strong product content sharing attribute. Many users need product recommendation guidance	On the basis of the content sharing attribute, the platform's consumption attribute makes the conversion from production promotion to purchase more efficient	Product promotion and consumption guidance
 Taobao	Comprehensive e-commerce	Prominent consumption attribute. Users have strong shopping needs	Consumption layout and continuously strengthened content layout improve the decision-making efficiency for consumers	Product promotion and consumption guidance

CONCLUSION

BELOW IS A QUICK SUMMARY OF THE OPERATING MODELS OF CHINESE SOCIAL MEDIA

ANALYSIS OF MARKETING STRATEGIES OF TYPICAL NEW MEDIA PLATFORMS IN CHINA IN 2020



Sina Weibo

1. Create brand or product- related topics throughout KOLs or official Weibo accounts to trigger discussions:
2. The KOLs guide consumers to complete consumption through images, text and videos, etc.

Features: Widely spread topic, high consumer participation degree



WeChat

1. Create storylines for brands or products through advertorials, long content images, etc. published by official accounts of KOLs
2. Integrate purchase channels, methods and other information in advertorial to guide consumers

Features: Deep degree of content information presentation, fission effect of acquaintances is strong

CONCLUSION

BELOW IS A QUICK SUMMARY OF THE OPERATING MODELS OF CHINESE SOCIAL MEDIA

ANALYSIS OF MARKETING STRATEGIES OF TYPICAL NEW MEDIA PLATFORMS IN CHINA IN 2020



Bilibili

1. Integrate brand or product promotion into KOL's video content;
2. Realise dissemination of content including brands and product information through the display of kichiku videos and animals and imagination videos.

Features: Deep degree content information presentation, diversified content display models



TikTok

1. Integrate brand or product promotion into shot video content by KOLs;
2. KOLs promote products through in-depth explanation such as product display, component analysis, purchase method, etc.

Features: Deep degree of content information presentation, diversified content display models

CONCLUSION

BELOW IS A QUICK SUMMARY OF THE OPERATING MODELS OF CHINESE SOCIAL MEDIA

ANALYSIS OF MARKETING STRATEGIES OF TYPICAL NEW MEDIA PLATFORMS IN CHINA IN 2020



Kuaishou

1. Integrate brand or product promotion into short video content by KOLs;
2. Promote products using fan trust in KOLs in down-to-earth methods

Features: Deep degree content information presentation, diversified content display models



Xiaohongshu

1. Integrate brands or product in the recommended products by KOLs on platforms
2. Realise promotion in the forms of evaluation, sharing, etc.
3. **Features:** Deep degree of content information presentation. Highly efficient conversion from product promotion to purchase



Taobao

1. KOL integrates brand or product information into platform content communities or live-streaming channels;
2. KOLs promote brands of products using their influence through content sharing or time-limited discount on live-streaming videos.
3. **Features:** Deep degree of content information presentation. Highly efficient conversion from product promotion to purchase

MARKETING CALENDAR

Q4 2020

SOCIAL MEDIA

EDITORIAL CALENDAR FOR Q4

Buzzwords and key themes to pay attention to:

- Mid-Autumn:** Reunion, returning to home, hometown, moon, Chang'e (嫦娥), the moon rabbit (玉兔), etc.
- National Day:** Vacation, travel, etc.
- Double Ninth Festival:** Climbing mountains (登高), 9.9, respecting elderly relatives (敬老), etc.
- Halloween:** Trick or treat, pranks, candies, etc.

OCTOBER

S	M	T	W	T	F	S
				<div>1</div> <div>National Day of the People's Republic of China (国庆)</div> <div>Mid-Autumn Festival (中秋节)</div>	2	3
4	5	6	7	<div>8</div> <div>Cold Dew (寒露)</div>	9	10
11	12	13	14	15	16	17
18	19	20	21	22	<div>23</div> <div>Frost (霜降)</div>	24
<div>25</div> <div>Double Ninth Festival (重阳节)</div>	26	27	28	29	30	<div>31</div> <div>Halloween</div>

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

The examples capture the atmosphere and feeling of the holidays periods with simple references. WantWant uses the moon, water and night sky to reflect common imagery of the Mid-Autumn festival. UCAR depicts an ideal and aesthetically pleasing experience of many Chinese when traveling for National Day.

Screenshot of Want Want, a food manufacturer, on Mid-Autumn Festival (Weibo)



OCTOBER



Screenshot of UCAR (神州专车), a ride-hailing company, on National Day holiday (WeChat)

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

Halloween is an introduced holiday to China, allowing messages to be relaxed and fun, but also simple enough to understand and associate with.

Screenshot of Continental, an automotive parts manufacturing company, on Double Ninth Festival (Weibo)



OCTOBER



Screenshot of Durex on Halloween (Weibo)

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

Mooncakes are in such high demand that they almost sell themselves. Xiaomi uses very simple imagery with a warm autumnal background to focus on the product that consumers want and to connect the brand to them.

OCTOBER

Screenshot of Mengniu, a dairy company, on National Day holiday

Screenshot of Xiaomi on Mid-Autumn Festival (Bilibili)



SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

A blending of traditional and modern art styles with the new and old of the city in celebration, viewed through quality Huawei products.

Screenshot of Huawei on
National Day holiday



OCTOBER



Screenshot of
Jiangxiaobai (江小白),
a Kaoliang liquor
brand, on Frost

SOCIAL MEDIA

EDITORIAL CALENDAR FOR Q4

Buzzwords and key themes to pay attention to:

- **Winter Commences:** Winter, change in weather, blessings, etc.
- **Double Eleven:** Sales, fulfilling your wishlist, coupons, crazy sale, promotion, discount, group-buying, red packets, etc.

NOVEMBER

S	M	T	W	T	F	S
1	2	3	4	5	6	7 Winter Commences (立冬)
8	9	10	11 Double Eleven (雙 11)	12	13	14
15	16	17	18	19	20	21
22 Light Snow (小雪)	23	24	25	26	27	28
29	30					

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

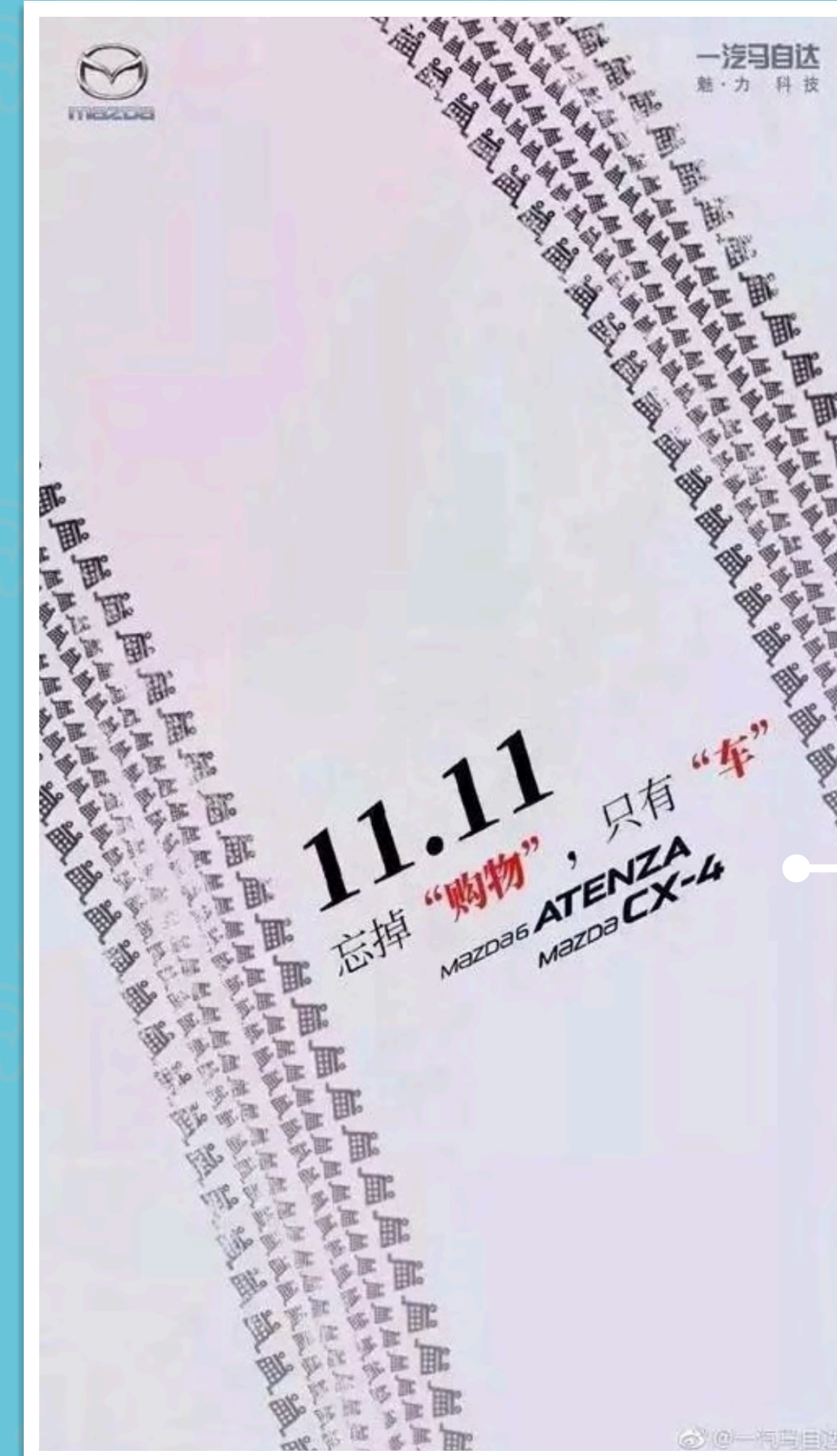
Using themes and imagery borrowed from traditional associations has the benefit of making the customer feel the brand is part of Chinese history and culture.

Mazda's clear, simple, and somewhat parallel reflection of 11.11's imagery is strong while also alluding to the high demand of their products.

Screenshot of
Luzhou Laojiao (泸州老窖)
on Winter Commences
(Weibo)



NOVEMBER



Screenshot of Mazda
on Double 11 (Weibo)

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

NOVEMBER

Good advertising posters and other imagery smoothly combine as many relevant aspects as possible. Jiayuan.com provides an excellent example with the pink and blue background, two dishes to signify a date, and chopsticks aligned to spell 11.11.

Screenshot of Doube 11 campaigns on Kuaishou



Screenshot of jiayuan.com, a matchmaking website, on Double 11, also known as the Singles Day (Weibo)

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

NOVEMBER

The vacuum cleaner poster uses a play on words to ride on the trend of “emptying the shopping cart” during Double 11. The Double 11 themed Zhihu Weekly include a range of topics from what to buy during the festival to basic knowledge of entry luxury items.

Screenshot of Panasonic on Double 11 (Weibo)



「双十一」什么值得买

36氪 等

第一章 双十一的最前线：什么值得买？

电商排位赛，谁会是最后的赢家？

双十一 看看这些平台怎么玩

第二章 手机西装香水游戏机 一个都别放过

选购手机需要了解哪些基础知识？

你的耳机是你的菜吗？

笔记本选购基础版

年轻人，你该买第一只奢侈表了

哪一款才是你命中要有的游戏机？

Screenshot of Double 11 campaigns on Zhihu

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

FLAVOR uses props such as tea and flowers to emphasize the moisturizing effects its fresh products bring in the cold season.

Screenshot of FLAVOR
(气韵), a skincare brand,
on Winter Commences



NOVEMBER



Screenshot of
Double 11
campaign on Zhihu

SOCIAL MEDIA

EDITORIAL CALENDAR FOR Q4

Buzzwords and key themes to pay attention to:

- **Double Twelve:** Sales, coupons, crazy sale, promotion, discount, red packets, etc.
- **Winter Solstice:** Family reunion, gathering, etc.
- **Christmas:** Celebration, Christmas tree, gifts, presents, feast, parties, etc.
- **New Year's Eve:** Reflection, forward-looking, achievements/regrets of the year, new year wishes, new start, etc.

DECEMBER

S	M	T	W	T	F	S
		1	2	3	4	5
6	7 Heavy Snow (大雪)	8	9	10	11	12 Double Twelve (雙12)
13	14	15	16	17	18	19
20	21 Winter Solstice (冬至)	22	23	24 Christmas Eve	25 Christmas Day	26
27	28	29	30	31 New Year's Eve		

SOCIAL MEDIA

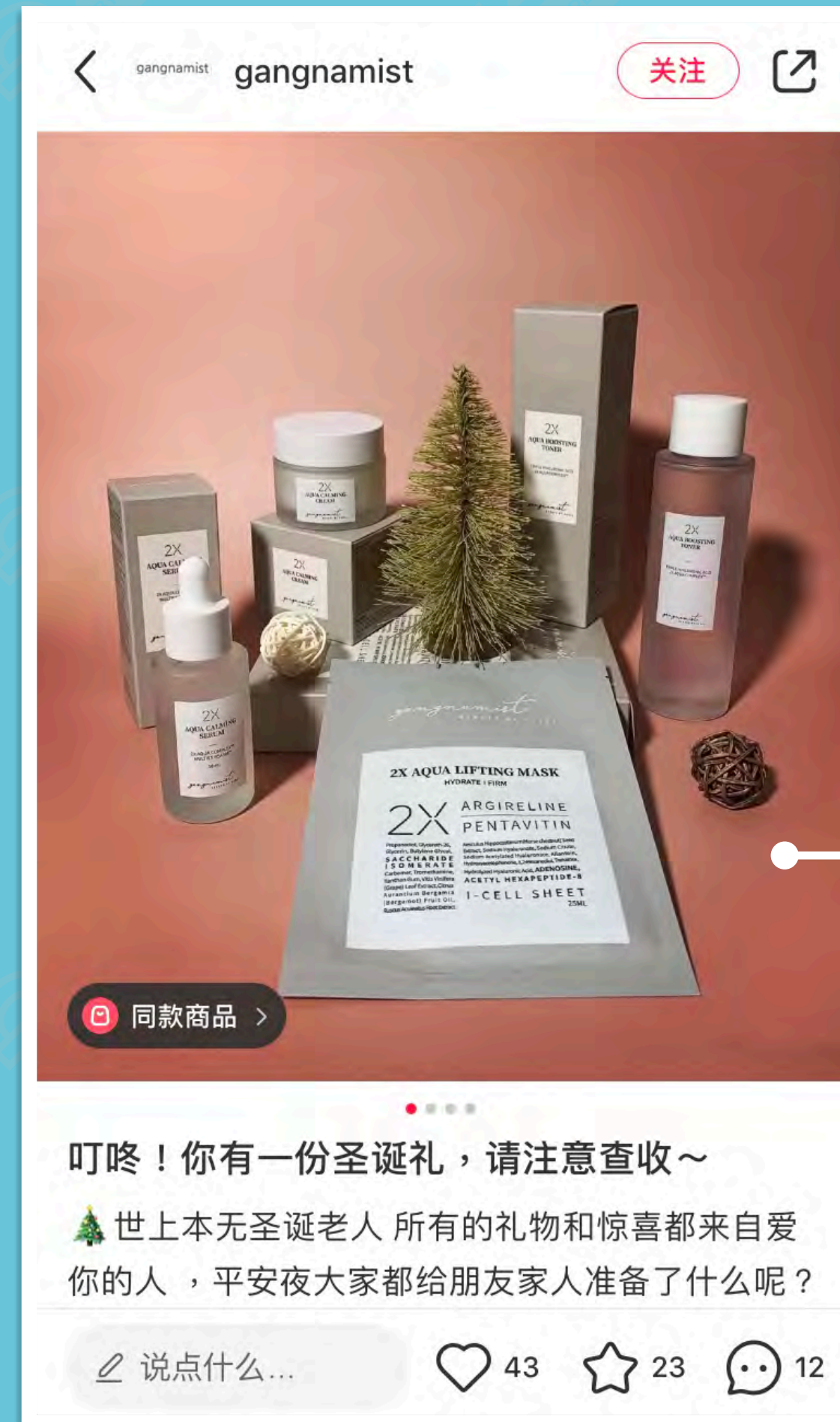
EDITORIAL CALENDAR: CREATIVE REFERENCES

Both the Bank of Nanjing and Gangnamist use well-known cultural props on relevant holidays. Gangnamist is playful and suggestive by placing its products as presents under a Christmas tree.

Screenshot of Bank of Nanjing on Winter Solstice



DECEMBER



Screenshot of gangnamist, a skincare brand, on Christmas (RED)

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

Winter is seen as a time for gathering with family in cosy and friendly homes. Airmate is suggesting that it contributes to that good home feeling.

Screenshot of Airmate, a home appliance manufacturer, on Winter Solstice



DECEMBER



Screenshot of Biotherm, a skincare brand, on Christmas (RED)

SOCIAL MEDIA

EDITORIAL CALENDAR: CREATIVE REFERENCES

While cold and night are common themes for Winter Solstice and Christmas periods, these brands suggest their products as the best gifts for exploring, embracing, and capturing the beauty of the season.

Screenshot of Gionee, a smartphone manufacturer, on Winter Solstice



DECEMBER



Screenshot of BMW on Christmas (Weibo)

EXPERT BITES

Q: WHAT'S THE FORMULA FOR SUCCESS IN CHINA IN 2020-21?

Lots of experts are advocating for Douyin, BiliBili as channels to watch, Gen Z as the favourite consumer group, and 'live-streaming' as a tactic to keep an eye on. I believe all of this is true BUT ...

I also believe that to win in China, **brands need to build their own formulas for success** - formulas that are equal part brand and its China audience(s). Global brands need to get really, really focused on building customer relationships, learning what they want and then scaling that engagement. There aren't any short-cuts in China anymore.

All this said, I think e-commerce on Douyin is going to be really interesting in 2021.



CHRIS BAKER
FOUNDER TOTEM MEDIA

EXPERT BITES

Q: WHAT SHOULD BRANDS GENERALLY DO ON SOCIAL MEDIA PLATFORMS TO THRIVE?

Avoid PR disasters is a good starter. Every single marketing disaster starts small. Small things can blow up and become a disaster.

If you make a mistake, if you are being rude to customers, and if you are denying something is wrong (when it is), you will get punished. Netizens have all the power to ruin your brand.



MANYA KOETSE

Sinologist,
China social media watcher

EXPERT BITES

Q: HOW HAS KOL LANDSCAPE CHANGED IN CHINA IN 2020?

"China speed" has taken on a whole new meaning as brands and KOLs adapted to the new world we live in at a breakneck pace. The shift in focus to **leveraging sales performance influence** is astounding and a generally positive change for the industry.



ELIJAH WHALEY

Chief Marketing Officer
PARKLU

EXPERT BITES

Q: HOW TO BUILD AN EFFECTIVE LOYALTY PROGRAM FOR CHINA IN Q42020 - 2021?

I would recommend following the Splio WeChat account, as we are publishing a series of articles on this topic.

But I would say, in a nutshell:

Understand your brand's situation, and align your program to it. Understand your customers expectation. Think Omnichannel, and do not set anything in store. Make your program agile to continuously improve base on engagement data.



ROMAIN HENRIOT

Chief Operations Officer,
Splio China

EXPERT BITES

Q: WHAT ARE YOUR TOP TIPS FOR LUXURY BRANDS?

In Q4 2020 luxury brands need to be **more driven by meaningful KPIs.....** and less vanity metrics. One-size-fits-all traditional social media KPIs might have been relevant in the past, but with the convergence of social media, e-commerce and CRM, this is no longer the case.



PABLO MAURON

Partner & Managing Director China DLG
(Digital Luxury Group)

KEY TRENDS

HOW TO SUCCEED IN EARLY 2021

EXPERT BITES

Q: WHAT TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

I hope there are no new trends. Everyone needs some time to reflect and focus on doing what they're currently doing, but **do it better**.



ALEX DUNCAN

Co-founder of
KAWO

EXPERT BITES

Q: WHAT NEW TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

During 2021 we'll continue to see the accelerated adoption of e-commerce and digital marketing techniques that grab consumers' attention. Three key trends we expect to boom during 2021 will be: **livestreaming**, **gamified shopping** and **3D shopping**.



CHLOE GONCALVES

Senior Business Development Manager
at Tmall Global - Alibaba group

EXPERT BITES

Q: WHAT NEW TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA NOW — THAT WILL BOOM IN 2021?

A couple of things that are making huge progress is the technology for video creators and e-commerce integration. The **barrier of entry to video making is lowering** by the year and I believe 2021 will be no exception. I'm looking forward to **automatic editing** to be making leaps and bounds with Jianying (剪映) the mobile-phone editing software by ByteDance. So I expect Douyin to not slow down but to speed up. Douyin is also about to take on Tmall and WeChat put together by pushing their e-commerce and mini-program features. Expect it to be a more all-round platform, not just a short video platform. As with Bilibili I can see them trying to become more international and 'adult-friendly', inviting Hollywood celebrities and pushing their reality shows (网络综艺), similar to how YouTube came out with YouTube Originals.



WILLIAM AUGUST

Founder of Outlandish Studios

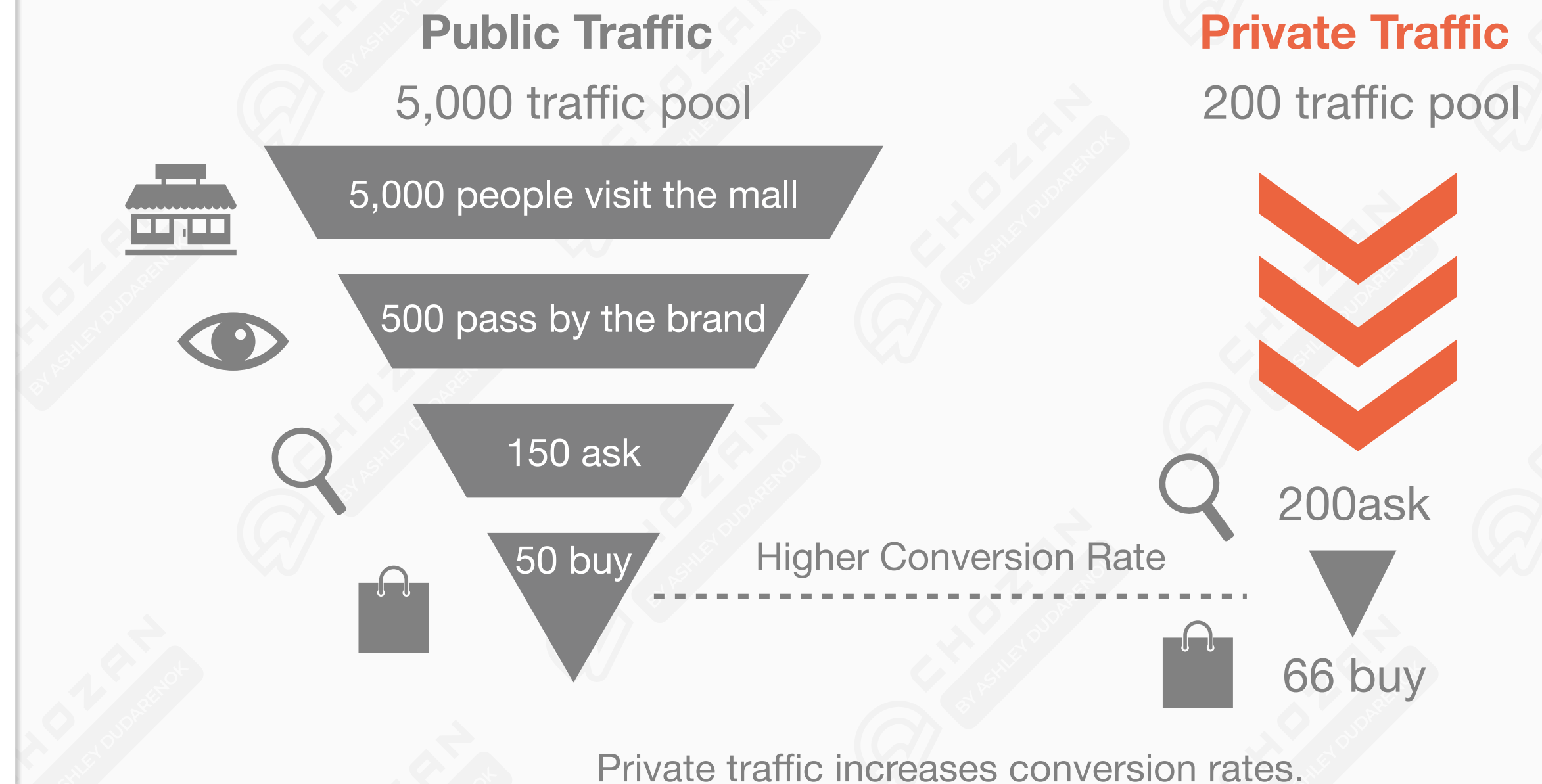
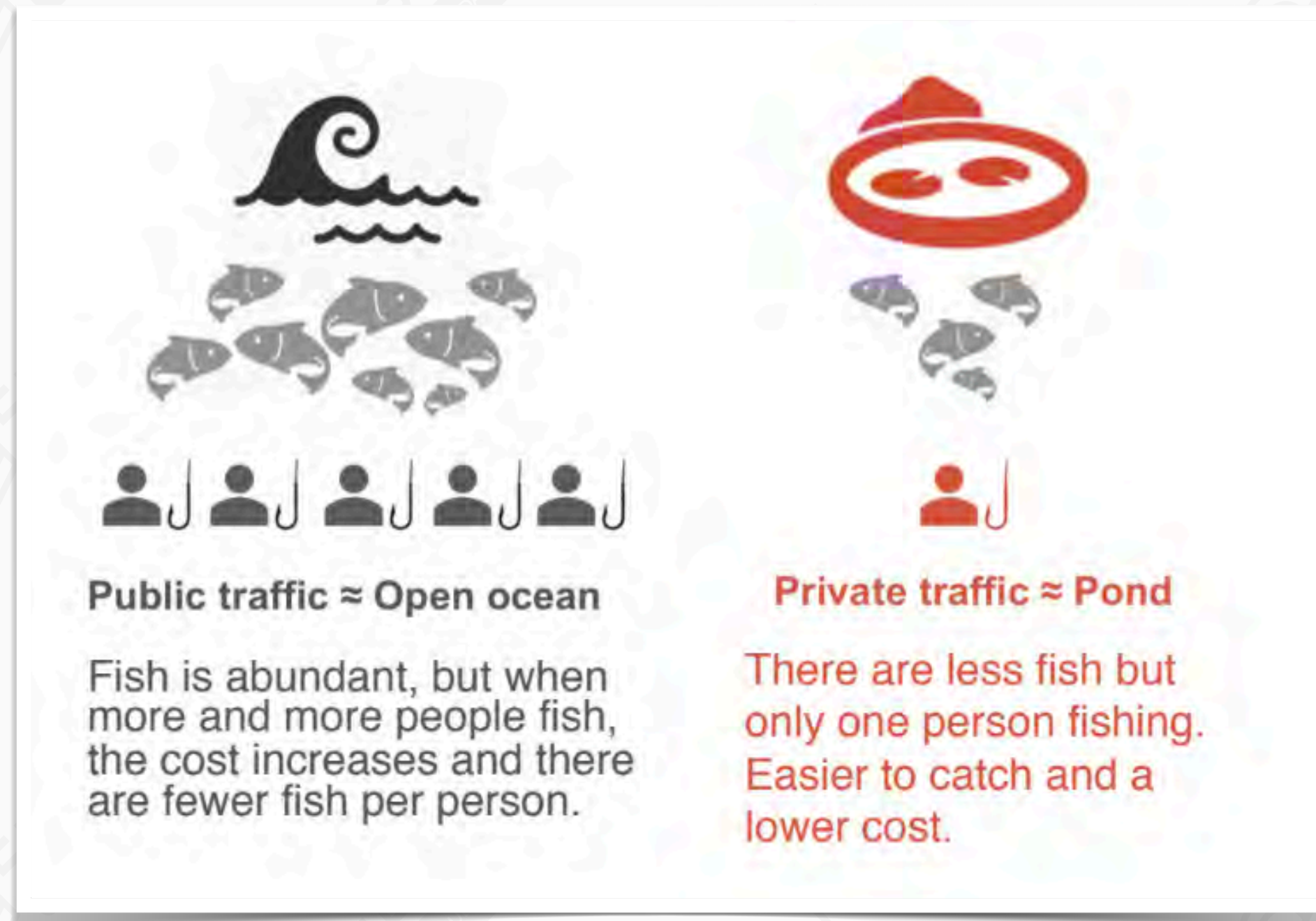
GROWING YOUR PRIVATE POOL IS KEY

**BRANDS WILL GROW
EVEN MORE PRIVATE
POOLS THAT CAN BE
REACHED FOR FREE,
DIRECTLY AND
REPEATEDLY.**

LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO PRIVATE COMMUNITIES

THE DIFFERENCE BETWEEN PUBLIC TRAFFIC AND PRIVATE TRAFFIC



LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO PRIVATE COMMUNITIES

What is private traffic?

Private traffic is when brands have full control of a group of online audience into their private pools on platforms without the costs of third-party platforms. This can be traffic to a brand's website, apps, and social media handles such as WeChat and Weibo. Private traffic is great for businesses because it systematically **reduces customer acquisition costs**. It is the opposite of public traffic that is traffic and interactions through social media or e-commerce platforms such as Tmall, JD, TikTok or RED, etc. Often times, these third-party platforms own all traffic data and have more control over how the brand is perceived.

Different types of private traffic pool

- CRM: official websites, brand-owned apps, WeChat service accounts, Mini Programs, individual shops and accounts
- Friends: WeChat friends, Moment
- Fans: WeChat group chats, community, social media accounts, WeChat public accounts

LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO PRIVATE COMMUNITIES

1

Communities naturally gather people with the same life characteristics and consumption habits. By targeting communities, brands no longer have to pick and choose from a sea of people, which **reduces the cost of identifying and reaching users**. Open shops on demand, communities are the perfect retail upgrade scenario.

2

Community retail is the decisive battlefield of the retail industry in the future and 60% of retail will occur in neighbourhoods. During the epidemic, **community retail will become an important traffic entrance**. Brands should seize the time to build an online community, increase sales through community management, and other ways, to attract the traffic within the WeChat ecosystem.

73.2%

of restaurants explored group-buying delivery services

91.6%

of restaurants cooperated with delivery platforms

COMMUNITY RETAIL

is now even used in the luxury sector

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA NOW — THAT WILL BOOM IN 2021?

We are currently witnessing the emergence of a new social commerce business model in China: private domain traffic. With customer acquisition costs exceeding life time value, **brands are looking to reduce their dependency on marketplaces**. Lead by the new generation of Chinese brands, this conversational way to do commerce allows for the creation of strong communities of brand ambassadors and the acceleration of innovative product launch.



RACHEL DAYDOU

Partner & China GM
Fabernovel

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

We foresee an **SME boom**, a growth of new and small businesses that are pioneering digital business models that so far have had little tracking in China.

Software as a Service platforms in specific verticals, such as education, healthcare, and specific business solutions are going to have impressive growth numbers over the coming years!

Experiences are going to be emphasized, especially among the younger generations. Providing new dining experiences is going to be an interesting growth market.

If you are a B2C brand in China don't only look at the big e-commerce players for traction, but **build your own social-commerce powerhouse**, through **private traffic groups and Mini Programs in WeChat**.



JONS SLEMMER

China Digital Aficionado of WAYA Global

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

Clearly the major trend would be for **brands to build, nurture and activate their private traffic**. This will be done through several key project: Building their own customer data platform, usually transversal to all business unit. Building a strategy to balance Tmall hegemony (we see for example a boom in WeChat store, pop-up retail store, social commerce), and either building or reinforcing their loyalty strategy. End this direct to consumer approach is also followed by FMCG brands. (Health product, Wine and Spirits, F&B, etc).



ROMAIN HENRIOT

Chief Operations Officer,
Splio China

2

**LIVESTREAMING
IS JUST GETTING
STARTED**

**LIVESTREAMING IS
MUST FOR BRANDS
TO MASTER.**

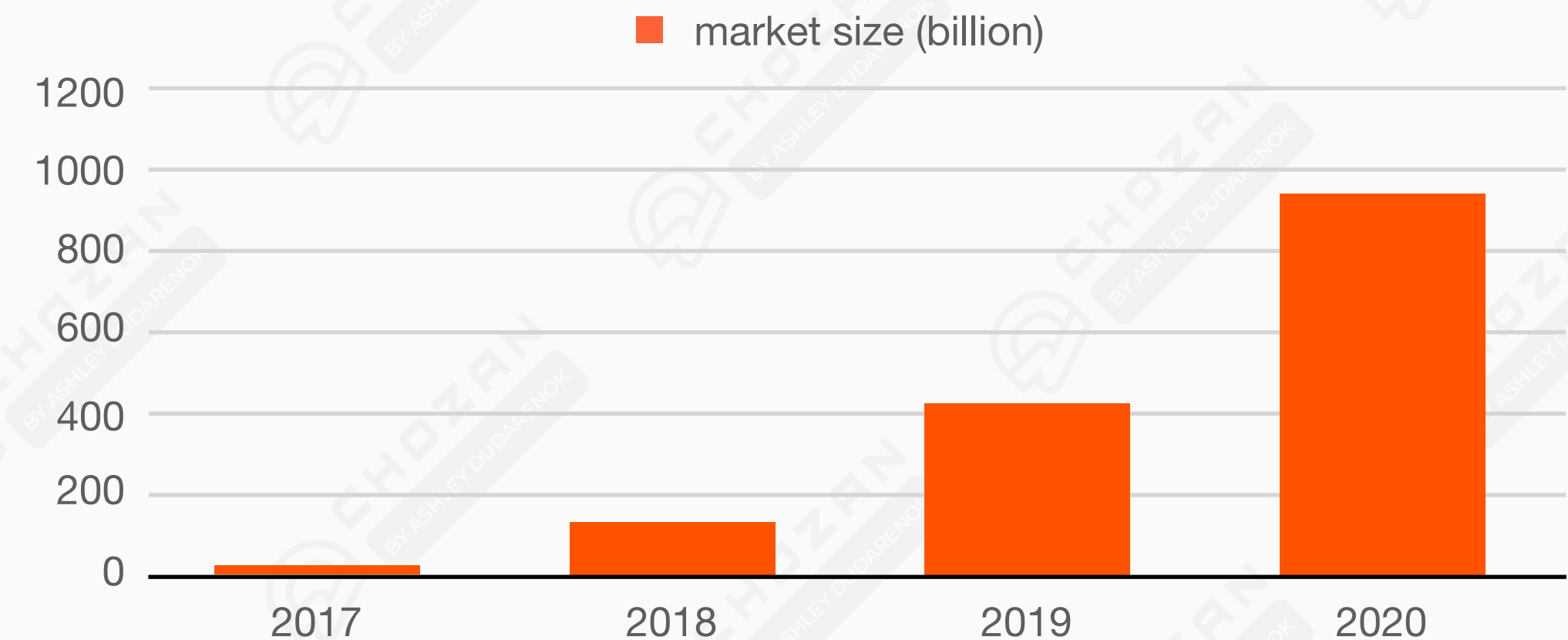
LOOKING AHEAD

LIVESTREAMING IS A NECESSITY

2019 marks the beginning of livestreaming in e-commerce, and it will usher in explosive growth. iiMedia data shows that the livestreaming e-commerce market was 433.8 billion RMB in 2019, an increase of 226% over the previous year. In 2020, this growth will continue.

iiMedia data predicts that the **market size of livestreaming e-commerce will still double to 961 billion RMB in 2020**. According to the latest data from China Internet Network Information Center (CNNIC), the number of livestreaming users in China has reached 560 million as of March 2020. 40% of Chinese population and 62% of internet users are livestreaming users. Among them, livestreaming e-commerce users accounted for nearly half of the total livestreaming users, reaching 265 million.

**2017-2020 CHINA'S LIVE-STREAMING
E-COMMERCE MARKET SCALE AND FORECAST**



LOOKING AHEAD

LIVESTREAMING IS A NECESSITY

		PLATFORM ATTRIBUTES	SOURCE OF TRAFFIC	MAJOR COMMODITY SECTORS	MODES OF LIVE COMMERCE
Tier 1	Taobao	E-commerce	Public traffic External traffic	All categories selling in Taobao ecosystem	Businesses live commerce & Shopping assistants
	Douyin	Content	Public traffic	Beauty makeup & Clothes account for a high proportion	Highly recommended + Content + Hot short video
	Kuaishou	Social + Content	Primary private traffic	Low price goods within 100 RMB mainly, like food, daily necessities, clothing, shoes and hats, etc	Influencer livestream
Tier 2	Weibo	Social + Content	Primary public traffic Less livestreaming traffic	Clothes, daily necessities, shoes and hats, accessories	Hot topic + Livestreaming + KOL celebrities
	Pinduoduo	E-commerce + Social	Primary private traffic External traffic	Agricultural products, small commodities, local specialities	Businesses live commerce
	JD.com	E-commerce	Primary traffic External traffic	All categories selling in JD e-commerce ecosystem	Businesses live commerce & Shopping guides
	RED	Social Recommendation	Primary private traffic	Beauty makeup, clothes, daily necessities	Highly recommended Topic + KOL influencer + notes
	Bilibili	ACGN + Interest community	Public traffic Private traffic	Science and technology category, beauty makeup, niche product	Product placement in Vlogger live-streaming + Topic

LOOKING AHEAD

LIVESTREAMING IS A NECESSITY

The pandemic has struck offline retails particularly hard but accelerated the usage and growth of livestreaming among offline merchants.

In 2020, lots of platforms have all encouraged livestreaming by launching different incentives or offering tutorials to educate merchants. Some examples on the table on the right:

Looking ahead, **livestreaming will remain key across various e-commerce, short video and social media platforms.**

Types of platform

Incentives/policies to encourage livestreaming

E-commerce platforms

Taobao: zero threshold for offline merchants to start livestreaming, free access to operation tools, free training, free subsidized traffic, etc.

Short video platforms

Kuaishou: deposit-free e-shop opening
Douyin: “1 billion subsidized traffic” initiative for offline merchants, fast-track “green channel” e-shop opening process, etc.

Social media platforms

Tencent: “引力播” (Yinlibo) initiative to help 1000 merchants in achieving 10 million yearly sales through livestreaming

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

“Content + livestreaming” for overseas businesses will boom in 2021 because Chinese consumers have a strong demand for imported products. A recent report by Alibaba shows that purchases of overseas goods were up 40% year on year in June. During the May 5 Shopping Festival, sales of imported goods increased by 239% on the previous year. As **livestreaming has become one of the most effective sales channels in China**, foreign businesses will need to adopt it if they want to get ahead in the Chinese market.



ARNOLD MA

Founder & CEO at Qumin

EXPERT BITES

Q: WHAT NEW TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

Livestreaming is also an important tool that is helping brands connect with consumers and be able to tell a more personalized brand story. It's **bringing new and exciting challenges to brands**, such as how to keep consumers entertained and engaged on a three hour show by expanding from talking about the product in one dimension to telling a multi-dimensional story, and providing huge opportunities to really get to know and connect with consumers.



ELLA KIDRON

Global Corporate Affairs,
[JD.com](https://www.jd.com)

EXPERT BITES

Q: WHAT TRENDS DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

Livestreaming will continue to be a big trend in China as it remains an innovative and effective way to exchange information between merchants and consumers. **The COVID-19 outbreak also accelerates consumers' uptake of livestreaming.**



EDWARD TSE

Chairman and CEO,
Gao Feng Advisory

EXPERT BITES

Q: WHAT NEW TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

I think that the lines between marketing and commerce have been blurring, and this will become even more pronounced in 2021. Platforms like Tmall will offer more and **more marketing opportunities**, while still **facilitating transactions**. Advanced performance marketing tools and shopping festivals with such platforms will also afford brands the opportunities to gain traction in the market.

I also think that **live-streaming and short videos will become important** commodities for brands, as the conversion potential of related platforms continue to grow. Most live-streaming and short video platforms now offer e-commerce integration with Tmall, and even Tmall itself is doubling down on its short videos offering – as announced in a planned upcoming update.



PABLO MAURON

Partner & Managing Director China DLG
(Digital Luxury Group)

3

**BEWARE OF THE
KOL BUBBLE AND
GROW YOUR
OWN BRAND
KOLS**

**EVEN MORE BRANDS
WILL START GROWING
THEIR IN-HOUSE
INFLUENCERS.**

LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO THE KOL BUBBLE

Consider the following factors when you search for KOLs

- 1

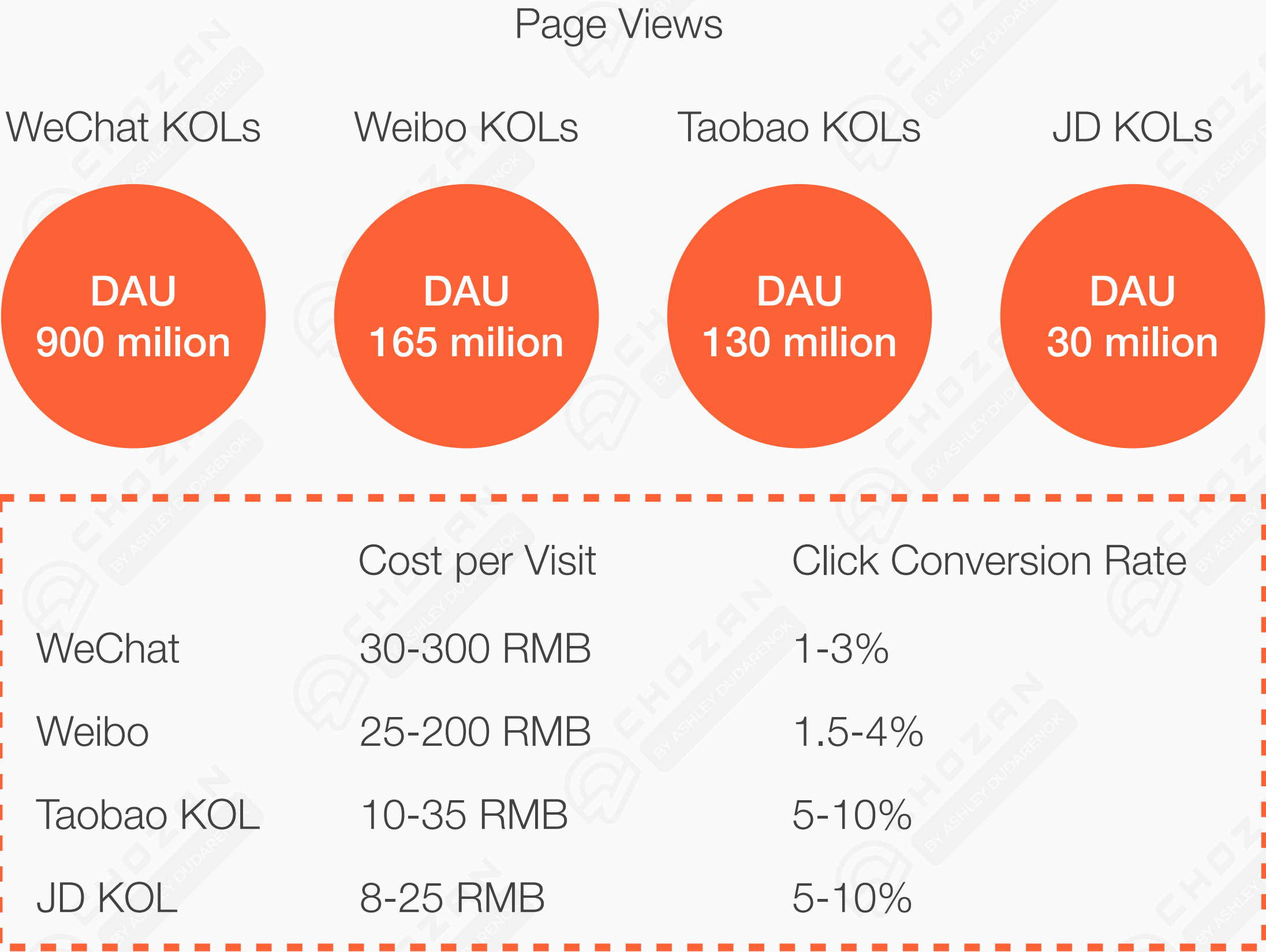
Brand Positioning
- 2

Marketing Purpose
- 3

Product Characteristics
- 4

Platform Features

Beware of fake KOLs and zombie followers, also known as “Shuijin” (水军). On Weibo, an estimate of 13% of KOLs use completely fake figures and buy Shuijun to increase followers, likes, comments, reposts, etc. Up to 80% are using one or more fake metrics, especially on Weibo.



LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO THE KOL BUBBLE



KOL CHECKLIST

1. Make sure to verify everything, including keywords, requirements, schedules, pictures, action items, KPI, etc. prior to payment.
2. Be clear about the ratio of cash and in-kind sponsorship for KOL promotion.
3. Preview the editorial content before release so that mistakes can be avoided for brand positioning.
4. Don't give KOLs too many restrictions. If possible, allow them to promote in their own style.
5. Don't insist on too much brand information in the content. Less than 25% is idea.
6. Don't put all your KPI expectations on only one KOL promotion. A one-time cooperation is more like branding exercise than a sales operation.
7. Don't choose KOLs just because they are cheap. Choose the one that matches your brand.

LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO MARKETING WITH OWN BRAND KOLS

1

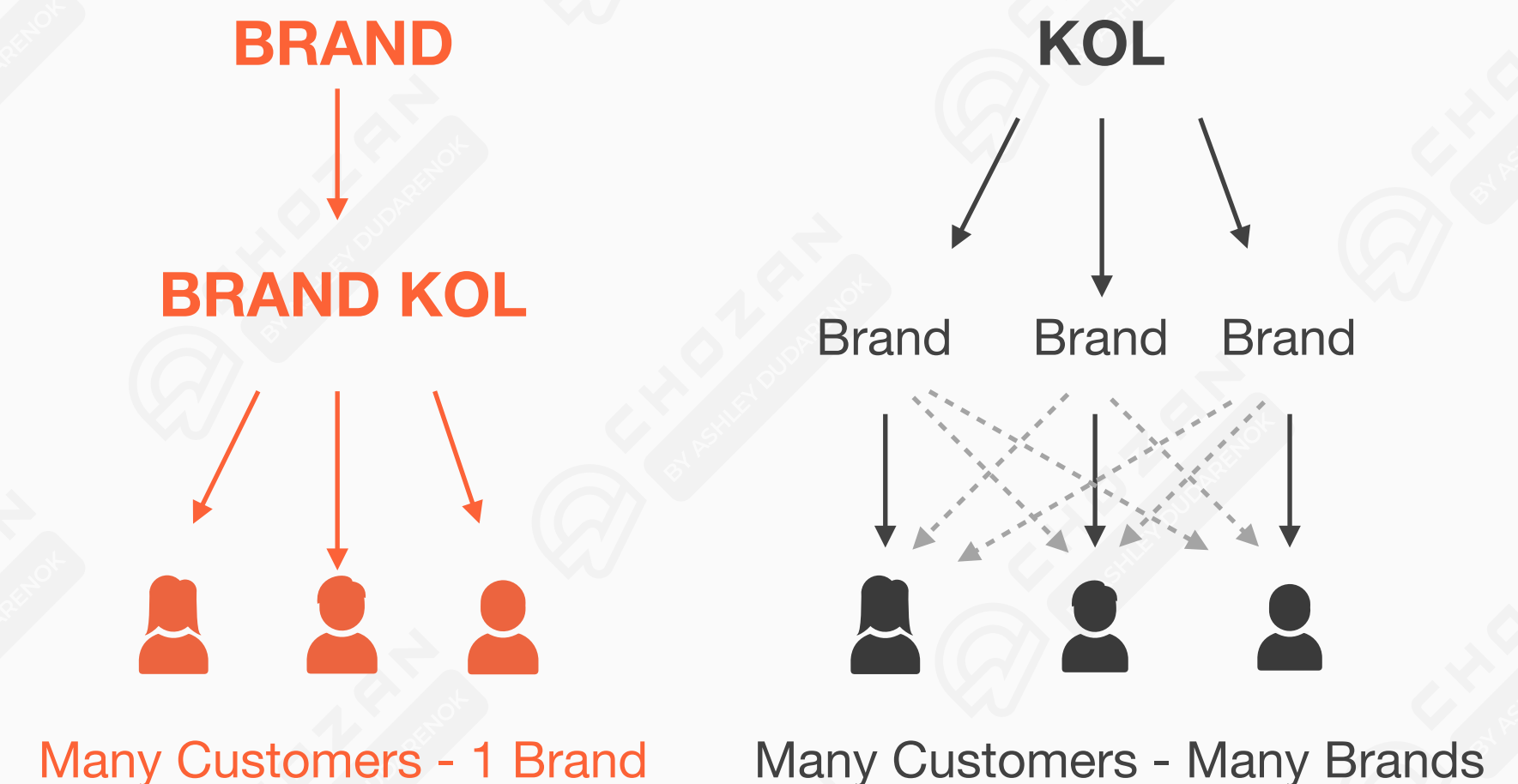
Creating brands' own KOLs is one important step of brands' community development strategies. Beauty brands and offline retailers took the lead and achieved great sales during the pandemic. Internal staff with professional knowledge, such as beauty guides and shopping guides, already have certain customer pools that can easily reach and attract new followers.

3

Brand KOLs can **support long-term sales**, especially for offline retailers. With more and more players fighting for traffic and chances to build communities, the world of brand KOL is also gradually becoming more systematic and extensive. Those who are professional in specific vertical areas would be likely to bring better performance as well.

2

Brand KOLs can reach users again and again, have **one-to-one conversation** with users in a closer environment, such as the intimate channel WeChat Moment, which is easier to build credibility. Cooperating with brand KOLs can achieve a **higher conversion rate and repurchasing rate at a much lower cost**.



EXPERT BITES

Q: WHAT ARE YOUR TOP TIPS FOR BRANDS WORKING WITH KOLS IN CHINA IN Q4 2020-21?

In Q4 2020 foreign brands need to do **more smart KOL marketing with great ROI's** and less random marketing campaigns with no purpose that doesn't reach the correct demographic, this happens when brands use an MCN to reach their audience in China.

2020 was a crazy year with COVID-19, consumers will be smarter in 2021 so brands will need to use KOL marketing campaigns without going through traditional agencies, they will need to work with KOL's directly and also grow and recruit their own KOL's internally.



DAVID GULASI

CEO of davegulasi.com and
China KOL

EXPERT BITES

Q: WHAT TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

More brands will start using **livestreaming**, not with celebrities or the fan-fare of the past several years, but **deploying their own staff and KOCs** to provide deep-dives into their product or service.

Transparency around purpose and practices will become more important for brands to communicate: 2020 highlighted just how unpredictable and fragile life is, accelerating consumers' need for brands to show up more human, to stand for something, to take safety and sustainability seriously.



OLIVIA PLOTNICK

WeChat & China Marketing Specialist

EXPERT BITES

Q: WHAT'S YOUR TAKE ON KOC + KOL MARKETING BALANCE FOR 2020?

Working with Micro KOLs in 2020 should be common sense because; **UGC is more important than ever**, word of mouth continues to be the strongest marketing form, and people are just getting more and more tired of traditional ads.

The major shift in KOL marketing in China this year is the birth of KOCs and the **commercialization of the common person through livestreaming commerce**. And of course, the death of just selling impressions, ROI is King.



FOLKE ENGHOLM

CEO of Viral Access

**GOING LOCAL
AND GUOCHAO
WILL ALLOW
FURTHER GROWTH**

4

**BRANDS WILL INCLUDE
EVEN MORE
CHINESE ELEMENTS
AND CULTURAL
COMPONENTS IN
PRODUCT DESIGNS
AND CAMPAIGNS.**

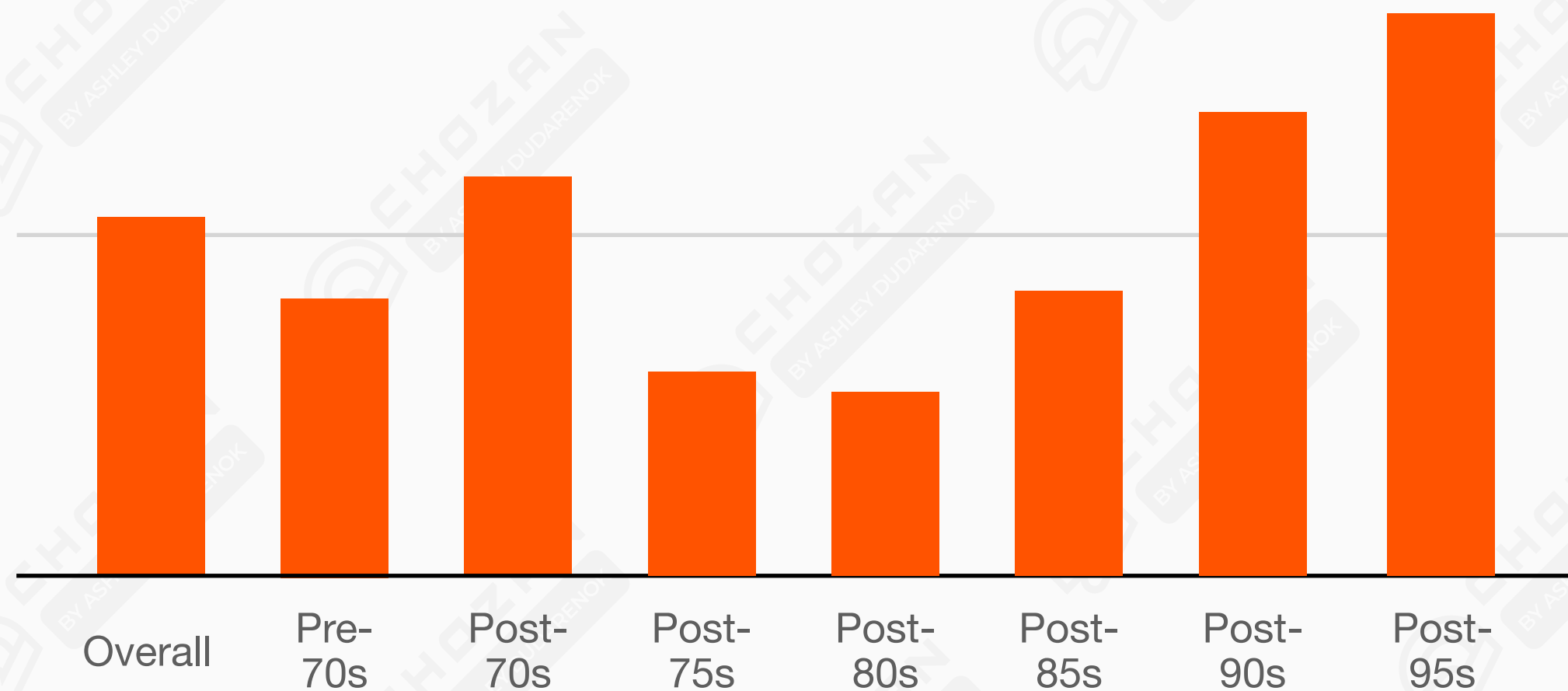
LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO GOING LOCAL AND THE RISE OF GUOCHAO

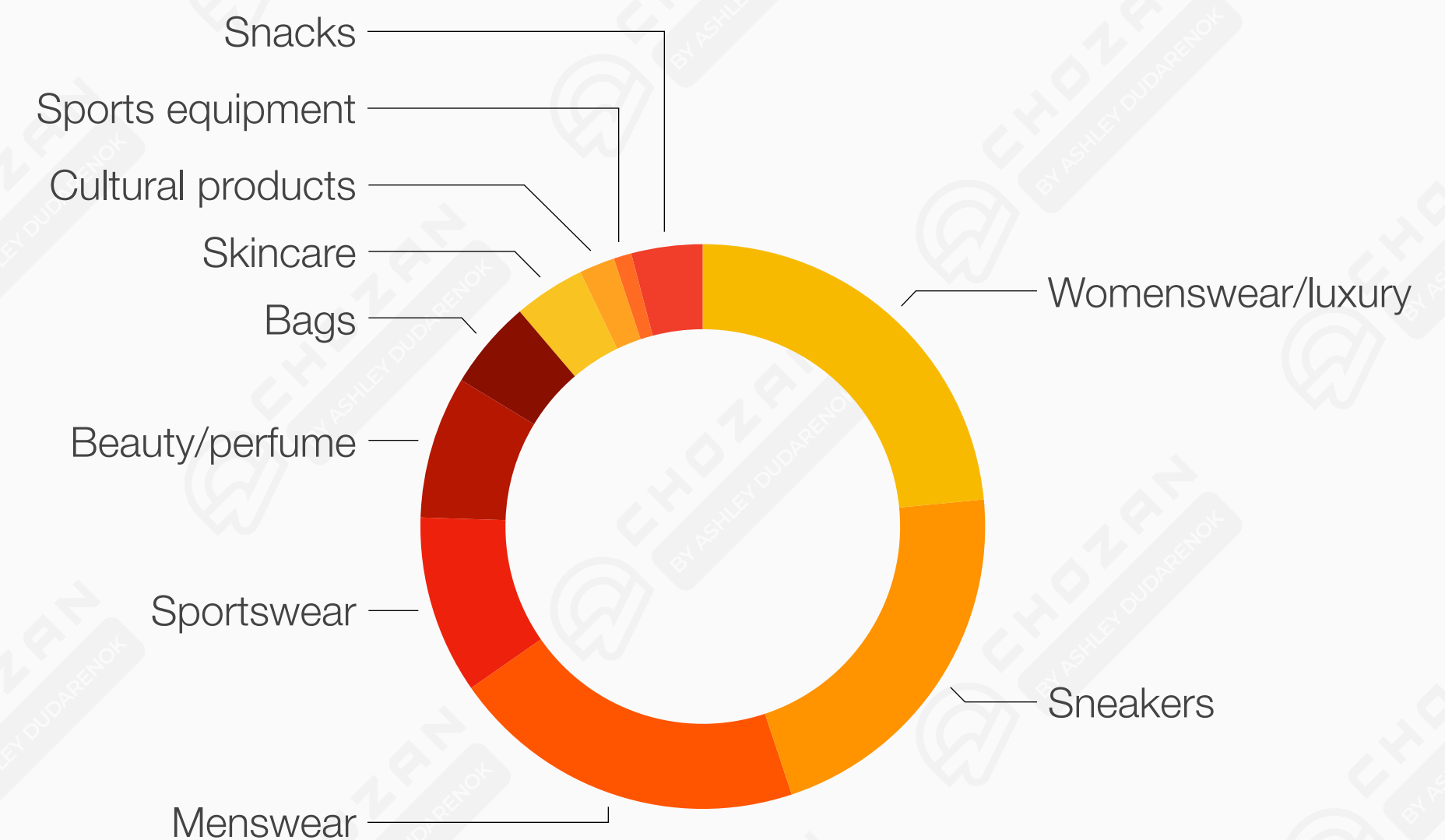
Guochao's main followers include **Millennials** and **Gen Z**. They have a strong sense of national pride and cultural confidence.

Collaborations between **apparels** or **sneakers** become the most effective touchpoint to reach young consumers, accounting for over 60% total spending.

**GROWTH IN CONSUMPTION ON GUOCHAO APPAREL
ACROSS DIFFERENT GENERATIONS**



**DISTRIBUTION OF COLLABORATION
CONSUMER ITEMS FOR POST-95S CONSUMERS**



LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO GOING LOCAL AND THE RISE OF GUOCHAO



Travel Frog x Aliyu

Alibaba set a subsidiary company called Aliyu to buy foreign IP, offering the platform for China brands to cooperate with them.



New York Fashion Week x Lao Ganma

Lao Ganma got a chance to showcase their clothes that were designed with rich Chinese elements in New York Fashion Week.

EXPERT BITES

Q: HOW SHOULD BRANDS ACT IN RESPONSE TO THE RISE OF GUOCHAO TREND?

In Q4 2020, brands need to do more to create **authentic and sincere campaigns**, and **less of alienating consumers with culturally inappropriate campaigns** like D&G and Balenciaga's 2020 campaigns in China.

Brands should **embrace strong inclusive, personalized experiences focusing on lower-tier cities** and regional levels now in order to succeed in 2021 because of the rise of Guochao and increase in China's consumer spending power rebound from COVID-19 levels.

Brands should continue to **develop surprising collaborations across all verticals** and drive affinity by creating more immersive digital experiences that engage consumers for 5G-ready audiences in 2021.



MICHELLE CASTILLO
WONDERLAND

Director of Content and Insights

EXPERT BITES

Q: WHAT TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

Expecting a strong trend **towards domestic brands by older consumers** (+35s) and **increasing international consumption by younger consumers** (under 35). This is explained by generational responses to the post-Covid world.



JERRY CLODE

Founder of The Solution

EXPERT BITES

Q: WHAT'S THE FORMULA FOR SUCCESS IN CHINA IN 2020-21 AND WHAT NEW TRENDS ARE WE LIKELY TO SEE?

In Q4 2020, foreign brands need to do **more marketing channel diversification** and **less cultural appropriation** in China.

Douyin is the best overlooked platform for marketing in China in Q4 2020 and Q1 2021 because it combines entertainment (short videos) and e-commerce (live-streaming sales).

The year **2021 will be competitive for foreign brands in China** because China's economy is first to emerge from COVID-19 and will become the coveted destination for global brands to kick start the recovery. Also I expect a close marriage between live-streaming sales and private domain traffic, to improve conversion rate.



JIMMY ROBINSON

Co-founder and Director

5

**CROSS
PROMOTION
2.0 IS HERE**

**IN 2021 BRANDS WILL
BE DOING MORE
INNOVATIVE
COLLABORATIONS
THAN EVER.**

LOOKING AHEAD

BRAND COLLABORATIONS ARE THE ONES TO WATCH

Brands are achieving great results by doing collaborations with

- Celebrities
- Other industry players
- IPs
- Across industries

Co-branding gift boxes are among the hottest trend. Often times, the brands can be in **completely different industries** and still manage to pull off **successful collaborations**.

1



Celebrity Gift Box

2



Multi Brand Special Gift Box

3



Co-branding Gift Box

4



Creative IP Gift Box

LOOKING AHEAD

BRAND COLLABORATIONS ARE THE ONES TO WATCH



Tmall worked with more than 200 brands to launch themed Double 11 customized gift boxes.

Brand collaborations can be applied beyond just gift boxes.



Taobao invited history museums, tourism and other traditional cultural institutions to launch products related to Chinese culture.

EXPERT BITES

Q: WHAT'S THE FORMULA FOR SUCCESS IN CHINA IN 2020-21?

In Q4 2020 brands need to do **more influencer collaborations and less content creation on WeChat**. The content space on WeChat is already quite crowded, and influencers combined with Mini Programs are the best way to stand out.

WeChat is focusing on developing its Mini Program and e-commerce ecosystem in Q4 2020. Brands shall **embrace Mini Programs** now in order to succeed in 2021 because Tencent is putting increasingly more resources into this ecosystem. New features such as the ability to share Mini Programs on WeChat Moments show that Tencent is seeing Mini Programs as a key differentiator when competing against ByteDance and Kuaishou.



THOMAS GRAZIANI

CEO at
WalktheChat

**E-COMMERCE
AND SOCIAL
MEDIA WILL
BECOME
MORE ALIKE**

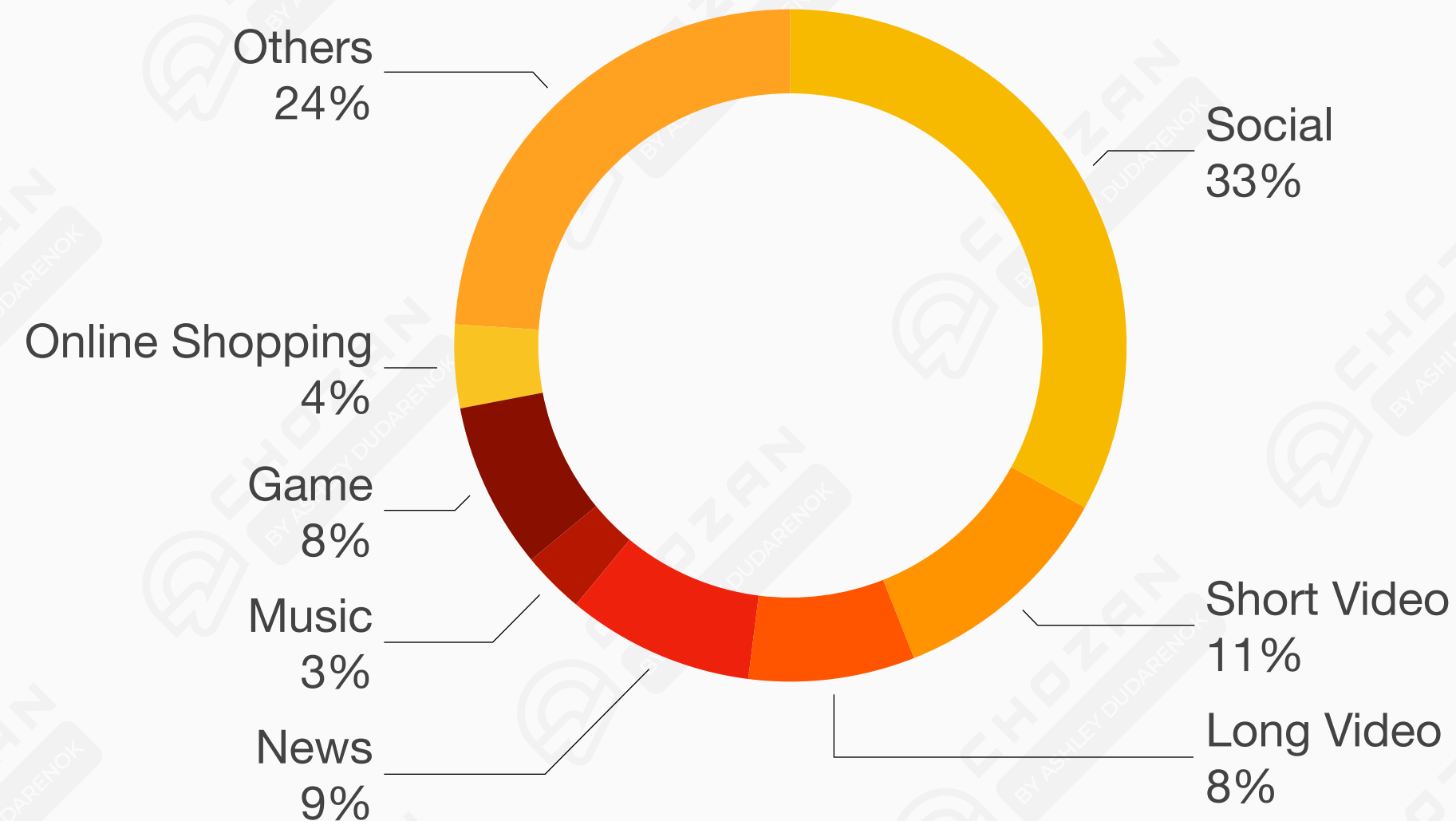
6

**E-COMMERCE AND
SOCIAL MEDIA
PLATFORMS ARE
LEARNING FROM
EACH OTHER SO
THEY CAN ESTABLISH
A CLOSED LOOP
CYCLE.**

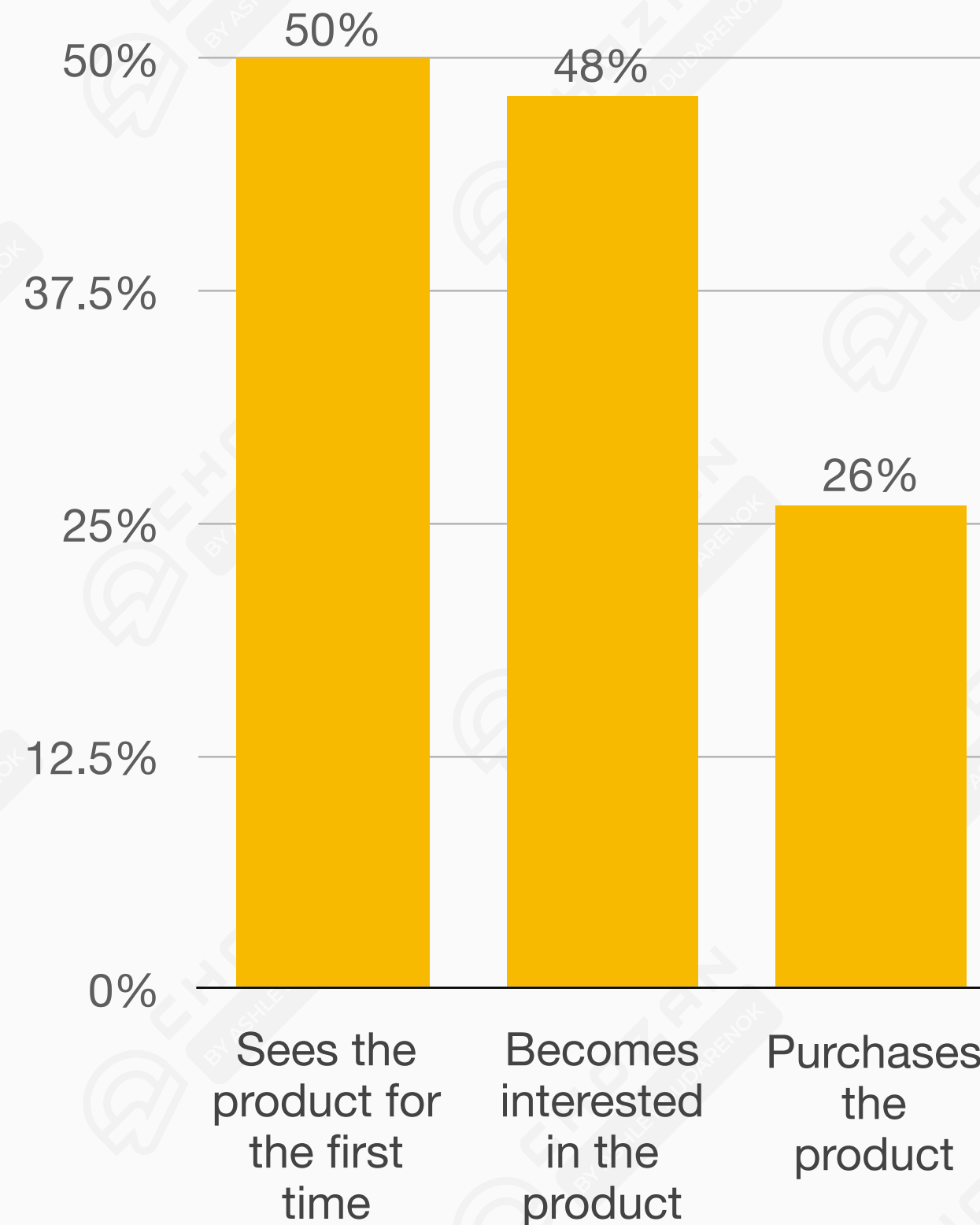
LOOKING AHEAD

BRANDS NEED TO RECOGNIZE THE IMPORTANCE OF SOCIAL COMMERCE

HOW ONLINE SHOPPERS SPEND THEIR TIME ONLINE



HOW SOCIAL MEDIA AFFECTS ONLINE SHOPPERS



TOP 3 PRODUCTS AFFECTED BY SOCIAL MEDIA PROMOTION



LOOKING AHEAD

SOCIAL MEDIA AND E-COMMERCE WILL BE MORE SIMILAR IN NATURE



Develop Your Social E-commerce

The marketing focus in 2020 and 2021 is to use social media to drive traffic to e-commerce with content marketing tools. Leverage formats such as livestreaming, short videos and Weitao marketing, to drive traffic to e-commerce stores.

Social media platform ↔ e-commerce platform

- **E-commerce platforms will become more content-based**, i.e. creating more high quality content to support sales
- **Social media platforms becoming more e-commerce based**, i.e. setting up native payment systems to absorb the sales/profit
- Both types of platforms are trying to make their systems more comprehensive so they can lock in user insights in their own ecosystem

LOOKING AHEAD

SOCIAL MEDIA AND E-COMMERCE WILL BE MORE SIMILAR IN NATURE

Short video platforms are the new the online sales channels

Shopping habits in short video platform



Group buying/
takeaway functions

User are directed to
the purchase page
when selecting the
function



Douyin has launched takeaway and group buying functions for merchants in the restaurant industry. Users can now simultaneously watch short videos while purchasing things recommended by videos within the same app.

Characteristics:

High frequency, small sized purchases

3 advantages:

- More chances for **high conversion rate** consumers to make impulse purchases.
- More opportunities for **digital interactions** with consumers and **data collection** to help improve marketing targeting, product selection and services.
- Small orders allow for affordable, convenient delivery as with restaurant meals, delivery can be done with electric motorcycles instead of cars or trucks.

EXPERT BITES

Q: WHAT TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

The **marketplace economy will continue to dominate**. In many respects, it has picked up steam, absorbed B2B categories and has fully integrated nearly every aspect of the discovery process including all forms of influence, community and entertainment. All the signals a shopper needs to see, feel and touch before making a decision are concentrated inside the biggest ecosystems.

Brands cannot get away with “average” quality or cross-border price and channel conflicts. Local brands are willing to curate, pamper and spoil consumers for free, not to mention their quality is often far superior to foreign counterparts whose retail markets are LESS competitive. Those are now minimum expectations.

So as a brand, **upgrading product assortments to include unique and exclusive assets** is probably the single biggest opportunity. So few do it and the ones that make the effort are richly rewarded.



JOSH GARDNER
CEO KUNG FU DATA

EXPERT BITES

Q: WHAT NEW TRENDS (MARKETING + COMMERCE) DO YOU SEE IN CHINA THAT WILL BOOM IN 2021?

LiveCommerce (livestreaming + ecommerce) will continue its growth.

New generator of KOL will born, more Tech, AI, video, etc.

With 5G, new technologies will appear and will boost the content, O2O, and ways to connect with Brands.



OLIVIER VEROT

Founder of GMA
(Gentlemen Marketing Agency)

**STAY ON TOP OF
EMERGING
CONSUMER
GROUPS AND
THEIR CHANGES**

**BRANDS WILL GO
MUCH DEEPER WHEN
CREATING SPECIFIC
CONSUMER PROFILES
AND JOURNEYS.**

LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO NEW EMERGING CONSUMER GROUPS

THE 9 EMERGING CONSUMERS GROUPS

1

Millennials

- Lifestyle upgrade
- Demand for uniqueness
- Craze for social media

2

Gen Z

- Socially addicted
- Willing to spend on interests and entertainment
- Appearance-oriented

3

Silver haired generation

- More leisure time
- Desire experience, social connections and learning opportunities

4

Middle aged men

- Keen on advanced consumption
- Becoming more aware of self-image

5

Power women

- Highly educated
- Luxury focused
- Financially independent, strong spending power

6

Super mums

- Focus on the wellbeing of the family
- Prefer trendy products
- Less price sensitive

7

Pet lovers

- Willing to pay for quality products
- Can overlap with millennials and happy singles

8

Lower tier cities youngsters

- Price-sensitive groups
- Pursue low price purchases and cost-effective products
- Increasing average income

9

Happy singles

- Demands life quality
- Willing to spend for convenience
- Higher willingness to purchase quality, high cost products

LOOKING AHEAD

BRANDS NEED TO PAY ATTENTION TO NEW EMERGING CONSUMER GROUPS

ADD MORE CONCRETE CHARACTERISTICS WHEN BUILDING YOUR CONSUMER PROFILES

Just knowing which consumer group your target audience belongs in is not enough, it's also important to **pay attention to key emerging consumer segments within broad consumer groups** so you can customize your marketing message to your audience.

Instead of defining your target audience as “Millennials”,
you should try to add specifics to your target audience by defining them as

MILLENNIALS in **TIER 3 CITIES** who are **HOME-COOKING ENTHUSIASTS**

Try to include at least 3 characteristics so you can build concrete consumer profiles.

8

**ALWAYS
PRODUCE
AMAZING
CONTENT**

**CONSISTENTLY
PUBLISHING GREAT
CONTENT LINKED
WITH HOT TOPICS
AND CONTEXT IS
STILL CRUCIAL.**

LOOKING AHEAD

BRANDS NEED TO PRODUCE AMAZING CONTENT AT ALL TIMES

TIPS IN CREATING WINNING CONTENT

1

Plan your content

- Plan your content based on the Chinese calendar
- Adhere to Chinese holiday, hot spots and social happenings

3

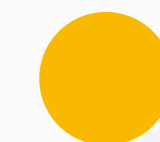
Timing is everything

- Consider when would be the best time to publish content so you can capture your audience at their most active times
- For example: WeChat public accounts tend to post in the afternoon/early evening, i.e. between Wednesday to Friday from 4-7pm

2

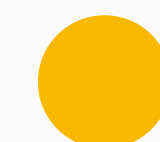
Determine which kind of content works best

- Figure out the optimum content length that works for your audience on your intended platform
- The most popular content types are...



Entertaining

Unexpected, smart and fun



Educational

Tutorials and how to's



Interactive

Games, quizzes, opinions



Sales

Sales and promotion



Brand

Story and news

LOOKING AHEAD

BRANDS NEED TO PRODUCE AMAZING CONTENT AT ALL TIMES

POPULAR CONTENT FORMATS

1

Short videos

2

Amazing visuals and
interactive content

3

Emotional content

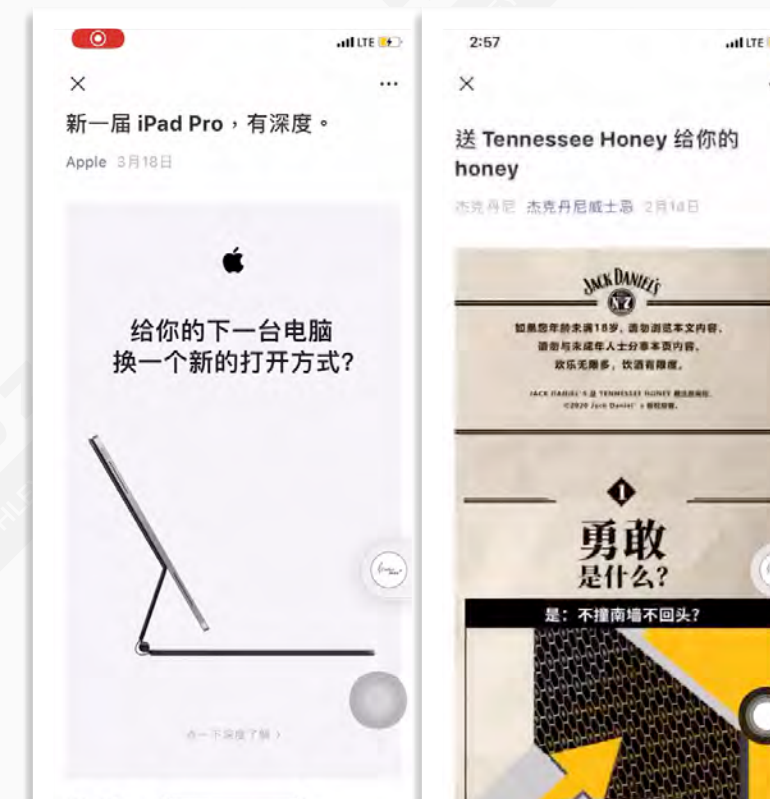
ALWAYS LINK TO HOT TOPICS!

Make sure the content you post always have relevance to hot topics at the time.

The importance of interactive designs

- From static pictures to interactive videos, brands need to create more immersive experiences for users.
- Interactive advertising provides consumers with the experience of being in the scene.

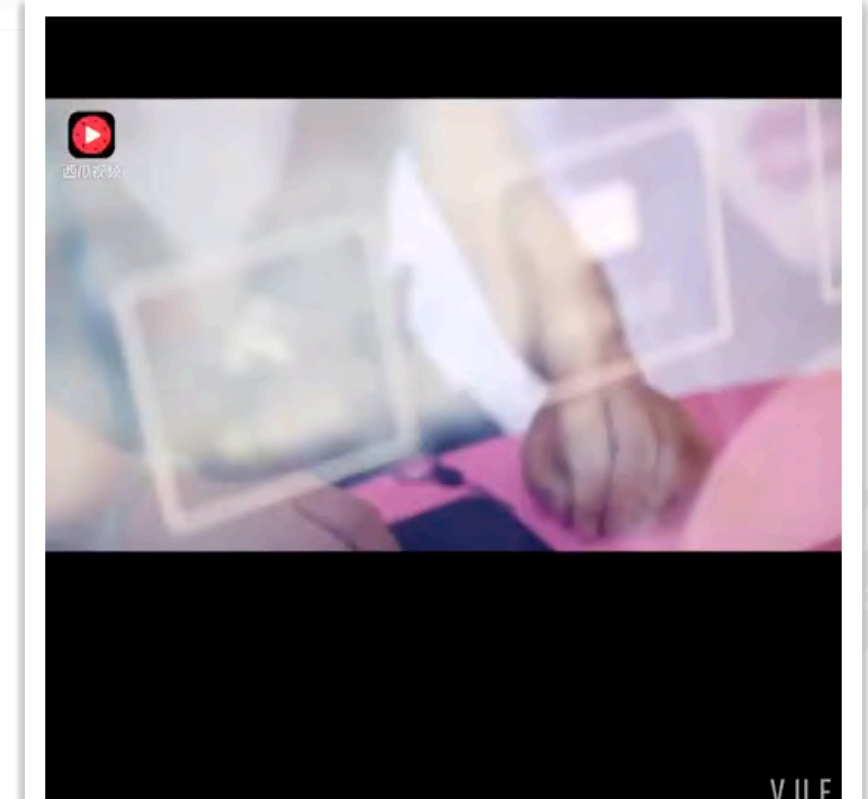
SVG WeChat
article design



Interactive
advertising function



AR and AI technical



ABOUT US

ALARICE & CHOZAN

OUR CHINA MARKETING SOLUTIONS



● MARKETING RESEARCH AND STRATEGY

Our China marketing research and strategy team gives you a detailed framework that will allow you to start and grow your business in mainland China.

● SOCIAL MEDIA MARKETING

We help you to localize messages, strengthen your brand image and reach out to target audiences through Chinese social media.

● INFLUENCER MARKETING AND CAMPAIGNS

We help you to establish goals-specific social marketing campaigns and fruitful collaboration with Chinese KOLs and influencers.



● CORPORATE TRAINING

We can increase your expertise on the Chinese market, Chinese consumers and Chinese social media with tailor-made masterclasses that put your team at the forefront. We do this by running courses around the world that you can join and creating corporate training programs for you team.

● CORPORATE CHINA MARKETING CRICLE

A private community on WhatsApp / WeChat that delivers the most relevant, up to the minute information, much of which can't be easily found online or in English. Join us if you're looking for curated insights, trends, strategies and case studies.

● KEYNOTE SPEECHES

Our founder, Ashley, is a well known speaker and can deliver keynotes full of energy, insight and inspiration that will transform your event, motivate and help you achieve your goal.

● EXPERT CALLS

The fastest way to get your specific, urgent China marketing questions answered. Speak with Ashley or her team if you're under time pressure and need to get on the right track fast.

● ONLINE COURSES

An 8-module masterclass available to anyone with an internet connection to get them up to speed on China's market, its modern consumers and Chinese social media marketing and selling.

● BOOKS AND MARKETING GUIDES

The most comprehensive books on the market about China's e-commerce landscape, Chinese social media influencers and New Retail. You can also buy our highly detailed WeChat and Weibo guidebooks to gain confidence with China's two most powerful social made apps.

WHY WORK WITH US



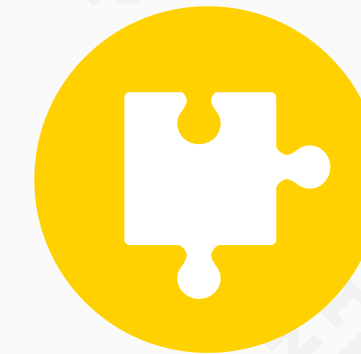
Always on top of China's digital hot topics

This is essential to provide the latest insights. You'll discover how different parts of China's Digital landscape work separately and together. We have an unmatched ecosystem.



Our team has years of experience on different project execution

We have hands-on Chinese digital marketing execution experience and insights. Our strategies are based on real life situations in the market and on the platforms.



We provide tailor-made corporate trainings

We can give the whole team the big picture, vision, clarity and motivation to unify them on your China strategy. We customize the training based on your industry and the outcomes desired.

REPORT CREATORS

CONNECT WITH US FOR MORE INSIGHTS

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Graphic Designer

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FRIANK FUNG

Art Director

Friank guides our design team's visual concepts and was instrumental in making this report what it is now.

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CHINA E-COMMERCE AND
DIGITAL MARKETING Q4 2020

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