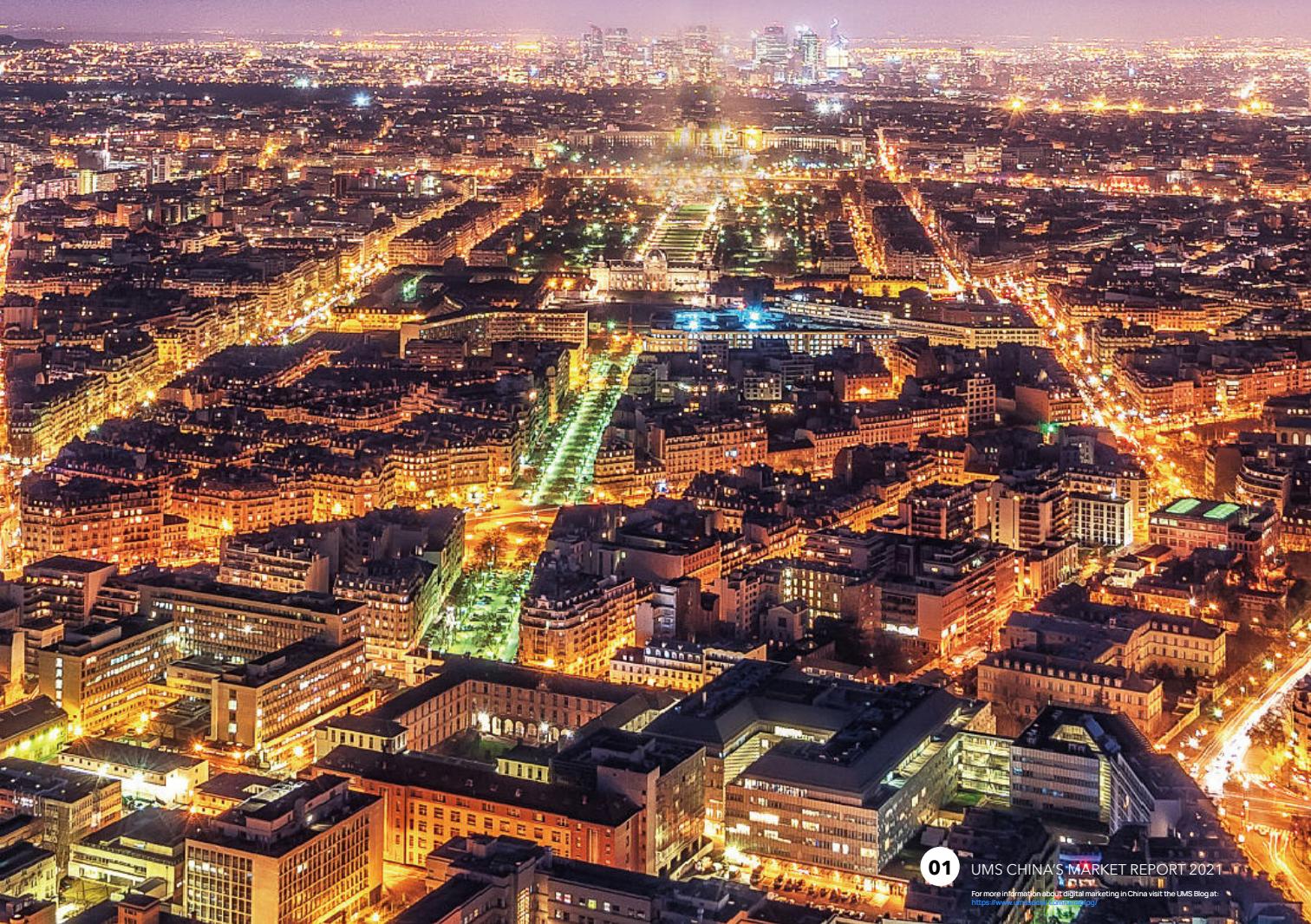


CHINA'S MARKET

THE BIGGEST CHANGES DURING 2021

2021 was the first year of the digital era, and China's market has been more competitive than ever before, however it remains full of opportunities. The biggest challenge for many brands during this year has surrounded digital technology and how it can be implemented to overcome challenges brought about by Covid-19. There is a saying, if one doesn't look at digitising its business, one loses the market.

Change in China is constant, and 2021 was no exception. So, what were the major developments in China's market this year, and how have brands taken advantage of them?



Understanding shifting consumption behaviours is crucial.

The competitive Covid-situation has evolutionally shaped new consumption behaviours, it has changed the way people buy essential products and created new demands for buying non-essentials. Try it then buy it, 7-day free returns, 3km same day delivery and WeChat group shops are the new phrases in experimental marketing.



Today, the consumption decision for **essential products** is usually caused by any of the four factors: convenience, value deals, safety and options.

- Logistic arrangement
- 7-day product return policy
- Platform recommendations for fast ordering



Convenience

- Price comparison
- Loyalty programme



Value Deals



Safe Shopping Experience

- The no-touch experience
- Safe delivery service



Options

- Chinese consumers appreciate having product and channel options at their fingertips

1. Convenience:

- Logistic arrangement: majority of online and offline shops can do same day delivery with a small charge; or customers can arrange a specific date and time for delivery.
- 7-day product return policy: most shops allow 7 day product exchange or returns.
- Platform recommendations for fast ordering: based on AI and data on user behaviours, different digital channels (apps or social commerce channels) can recommend products based on interests, best sellers or value deals.

2. Value Deals:

- Price comparison: big online markets like Tmall have created an online search engine portal to enable users to complete product research by transparently listing all searched products and prices. Through this, users can access the best value deals.
- Loyalty programmes: users will research which loyalty programmes work best for purchasing ordinary products.

3. Safe Shopping Experience:

- The no-touch experience: In the Covid situation, many retail stores implemented contactless shopping experiences.
- Safe delivery service: delivery staff are usually required to wear masks and complete a daily health check.

4. Options:

- Chinese consumers appreciate having product and channel options at their fingertips, however brands need to make sure they are engaging in targeted marketing and utilising the functionalities of each platform to cut through to the right consumers.

Research says spending on non-essential products and services is increasing in China. The Covid-effect has limited long-distant and outbound travelling, enabling local retail and online retail to boom. The mentalities of 'buy for happiness', 'buy for interest', 'buy to support idols' and 'buy for education' are leading the non-essential products and services consumption trends. The Generation Z, Xiao Zhen Qing Nian and Silver Generation, are the key drivers of this trend.



1996–2012
T1&T2

The Generation Z in tier 1&2 cities, although the Covid-situation caused an average income drop, resulting in consumption consciousness, this group is brand loyal and their consumption behaviours are usually driven by community influencers, promotion intensity, and loyalty programmes.



1990–1999
T3&T4

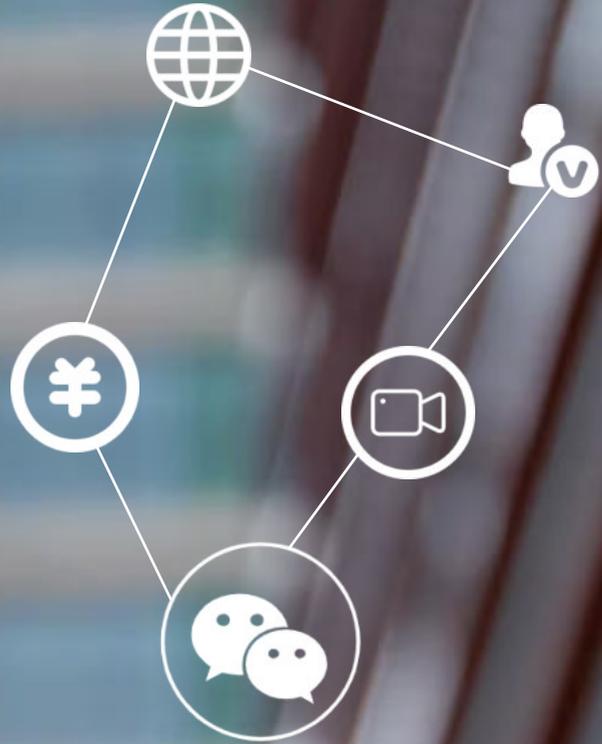
Xiao Zhen Qing Nian, refers to 20-30-year olds who have a good education and live in tier 3-4 or lower cities: due to the lower housing costs, better opportunities and emerging digital and lifestyle economy. The consumption behaviours of Xiao Zhen Qing Nian are driven by the overall customer experience the brands provide.

Aspects such a good brand story they can resonate with, outstanding customer service and good quality products, can easily change ones 'purchasing behaviour. With an, 'I see it I want it' mentality, this group looks to purchase products that are in line with their values and express their personality.



before 1961

The 'Silver Generation', senior citizens aged over 60, make up 17.4% of China's total population. According to Alibaba, the average spending of the Silver Generation on F&B products is 3.6% higher than other online users, and travel spending is three times higher than millennials. The delivery app Meituan says the Silver Generation made up 36.7% of new users in 2020. With over 100s of millions of active Silver Generation mobile users, it presents a rising opportunity for digital marketers.



Sophisticated channel management ensures you can win over loyal customers through effective marketing.

Today, with the behaviours of target audiences constantly changing, channel segmentation and sophisticated management are crucial. With more than 800 million internet users, China has a record number of apps which each boast more than 100 million monthly active users. Social media channels, e-commerce, social commerce malls and flagship stores, variety shows and billboards all of which enable online to offline (or offline to online) marketing or sales.

Brands must embrace constant changes with a sophisticated channel management strategy and implement an omni-channel segmentation plan.

1 WeChat, your customers' customer service, social wallet and VIP card.

Fully utilising the WeChat ecosystem can enable a personalised customer journey to include better business communications, experiential customer services, convenient payment services, and a rich social search. For brands, getting on WeChat means engaging the entire WeChat ecosystem which includes personal WeChat users, WeChat user groups, WeChat Official Accounts, WeChat Channels (the newly launched video channel in 2020), WeChat ads, Mini Program, WeChat Pay and WeChat Search. All of which allows indirect engagement with other Tencent family relatives such as JD.COM and Tencent Meetings, etc.

Most brand owners only know the platform's ability for social content, but never fully understand the WeChat ecosystem and data capabilities. WeChat can help record or track any user data, enabling a brand to gain customer portraits and build a rich user database.

Running a sophisticated WeChat channel implementation means managing a social business on WeChat.

An organisational operation team should include an operation & business analyst, digital marketing, sales, and customer service. These positions could be replaced with a digital marketing partner, a trade partner and customer service.

2 An omni-channel strategy helps brands reach and engage with audiences effectively.

1) Always-on digital and social advertising.

Smart data ability, AI and digital ads on most big platforms like WeChat, Tmall, Douyin, Red can be highly targeted. Running always-on advertising helps feed the right brand content to the right audience, drive better brand engagement, build social sales pipeline, and even drive direct sales to e-shops or offline retail stores.

2) Conduct joint-venture campaigns to increase audience reach.

JV strategies are very popular in China's brand and marketing activities. By finding a brand partner who may own an audience sharing similar interests, the relationship can generate a value co-created campaign - one of the most cost-effective strategies one could consider.

3) Best use of KOCs, KOLs and celebrities.

Sponsoring influencers is now mainstream, however, the new ways of engaging with influencers across different channels remains an emerging trend. Live-streaming, short videos, variety shows and TV programmes are all ways one could intelligently run influencer campaigns to achieve impressive results.

4) Digital billboard.

China is encouraging digital billboards in big cities and high traffic areas. Since these billboards are still new to the market with only a handful of advertisers, there is plenty of opportunity for brand owners with small budgets to buy traffic.

Digital content should be dynamic, entertaining, and cutting-edge.

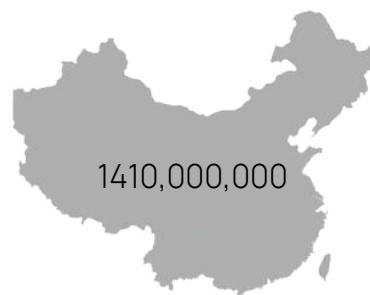
The number of China's video users now exceeds **900 million**, with **818 million** short video users and **562 million** live-streaming users, the video market was something brand owners didn't want to miss in 2021.

As brands fight for the attention of their audience, consumers are increasingly interacting with only the most rich and cutting-edge forms of content. Long form articles and tedious videos are no longer making the cut, and users are turning their attention to content which fulfils their entertainment needs.

Games, short videos, live streaming, music and cartoons are just some of the ways that brands are elevating their content to engage different audiences.

Bigger social media platforms such as Douyin and Red have begun to better support live streaming with increased functionalities such as payment availability, product listing, and group purchasing.

A large number of sport and movie celebrities are also moving to live-streaming. As celebrities are usually used as brand ambassadors and in TV commercials, live streaming is a new field for them, and it will be interesting to see how they perform against experienced KOLs beyond 2021.



video users



MORE THAN 3 IN 5

short video users



LESS THAN 3 IN 5

live-streaming users



LESS THAN 2 IN 5



About the author:

Jessica is passionate about shaping the future of China's digital marketplace.

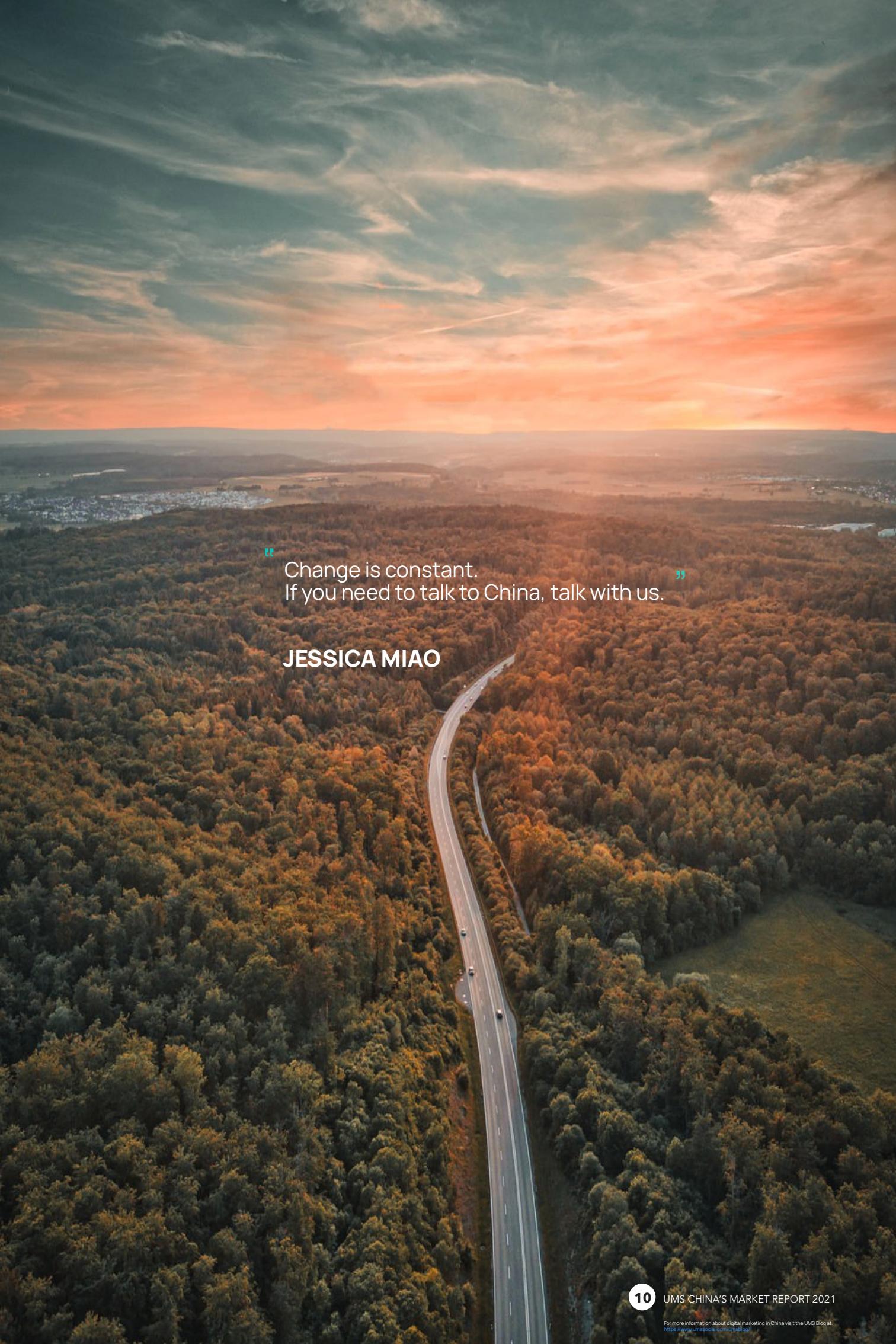
With years of digital and marketing experience, Jessica has forged an impressive reputation in her home country, China and abroad.

Jessica's experience working in Australia and New Zealand, and travelling extensively for business has developed her strong understanding of Western brands and markets, as well as an in-depth knowledge of the Chinese market. This rare perspective enables Jessica to assist overseas brands to effectively raise their profile in the highly competitive Chinese market.

Jessica founded United Media Solution (also known as 'UMS') in 2011. UMS was the winner of the 'Most Creative Campaign' in China's International Travel & Fashion Awards in 2018, and the winner of 'Best International Campaign' in the New Zealand Social Marketing Awards. Jessica has been honored with a number of business awards including Zhejiang's Top 100 Innovative Women in 2017.

About UMS:

United Media Solution (UMS) specialises in helping overseas companies connect their brands and products with Chinese consumers. With offices in Auckland, Melbourne, Sydney, Shanghai and Ningbo, UMS has worked with a range of companies across food, beverage, tourism, education and other sectors to help their businesses succeed in the competitive China market.



“ Change is constant.
If you need to talk to China, talk with us. ”

JESSICA MIAO