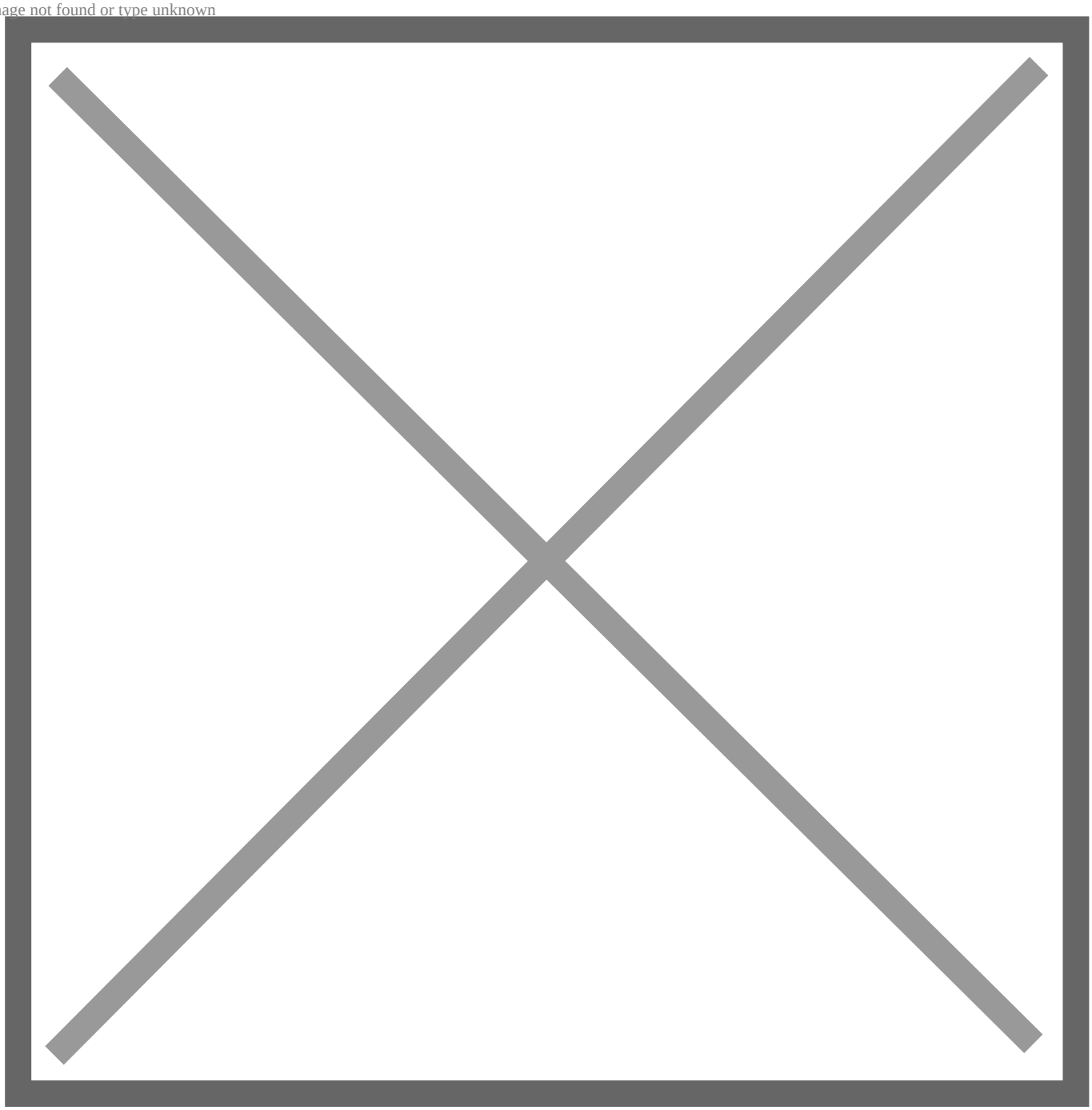
Of Micro Blogs and Macro Markets

TAGS Information and Communication Technology (ICT)

ARTICLES | 14 March 2013

Image not found or type unknown



An Introduction to Social Media Marketing for European SMEs in China

When entering the Chinese market, one of the key challenges for any foreign company, but especially for small and medium-sized enterprises, is effective marketing. Whereas traditional media – newspapers, magazines, radio and television – are hardly an option, mainly because of the costs involved, ease of access, low costs and high relevance make the booming social media landscape in China the prime playing field for small European companies looking to increase visibility of their brands and products in the country. In a recent webinar by the EU SME Centre 83% of participating SMEs stated that marketing is the principal reason for their online engagement in China. The following will give some pointers as to how this can be done successfully.

Guanxi 2.0

By December 2012, there were 564 million internet users in China, almost 200 million more than in the European Union. This number translates into a penetration rate of 42.1% of the population, leaving ample room for growth in the coming years. More than 90% of all users are active in social media, a higher percentage than anywhere else in the world. A number of reasons have been given for the rapid spread of internet usage in China, amongst them increasing purchasing power, affordable broadband internet connections and the wide use of smart phones (today, more people access the internet via smart phones than desktop computers in China), whereas cultural factors might explain the popularity of social media in particular. Personal connections, or guanxi, have always been highly valued in Chinese society and social media offers all the tools necessary to maintain these relationships independent of time or location. In addition, China's younger generations are known as quick adopters of innovative technology: Messaging application Weixin (or WeChat in English), for example, was launched in January 2011, went global in August 2012 and now boasts more than 300 million users, exemplifying the fast rise possible for newcomers in this sector. No matter what the underlying reasons are, Chinese consumers spend an exceptional amount of time online and use that time to an exceptional degree for interacting with others via social media.

The right stage for the right audience

Social media encompasses a number of different modes of online communication, presented in different ways to different audiences. Whereas the number of popular service providers is fairly small in the West, each Western platform has many equivalents and spin-offs in China, making the market vast and difficult to assess at any given moment. Overall, social media can be divided into the following main activities:

Activity	Chinese market leaders	Western equivalent

Online video sharing	Youku, Tudou	Youtube
Micro-blogging	Sina Weibo, Tencent Weibo	Twitter
Instant messaging	WeChat, QQ Messenger	Skype
Social networking	QZone, Renren	Facebook
Bulletin board systems	Baidu Tieba, ClubSohu	Forums
Location-based services	Jiepang, Kaikai	Foursquare
E-commerce platforms	Taobao	eBay
Image blogging	PinFun, Huaban	Pinterest

While social networking sites (SNS) like Facebook are dominating social media in the West, micro-blogging platforms (the equivalent to Twitter) have overtaken SNS in China – even though it has to be noted that micro-blogging sites in China offer many more options to users than Twitter, thus blurring the line between the two services.

European SMEs need to be aware that China's social media sector is very fragmented and local, with different players catering to different audiences in terms of age, interests, education, income levels and geographic location. While QZone attracts mostly youth to the age of 25, often from second and third tier cities, Douban is frequented by students and academics passionate about arts and culture living predominantly in first tier cities. It is advisable to work with local staff familiar with the different platforms and services available and versed in local preferences in style and presentation to increase the likelihood of reaching a higher percentage of your target group.

Taking social media seriously

Social media marketing is not advertising. The term 'media' is misleading in that it is still associated with traditional media, which generally constitutes a one-way street from sender to receiver. However, social media is all about two-way conversations, with the responses deserving just as much, or even more attention as the original message. This is why it is important to think of social media marketing in terms of on-going conversations with your past, current and potential customers, in essence, building and maintaining strong relationships with them. But the goal of all marketing efforts in social media goes beyond maintaining relationships – it is a tool to turn customers into advocates for your company by motivating them to make their peers aware of your

offerings through links, re-posts and publicly accessible responses.

Before you can turn customers into advocates, though, you will have to make them aware of your company and its products first. Many Chinese customers rely exclusively on the internet to gather information before making a purchasing decision. Newly acquired products are closely scrutinised and many post detailed accounts of their experiences online to help others in their decision-making process. The only way to influence these discussions and respond to grievances quickly is to be present on these same platforms and be as active on them as your customers. Setting up accounts is free on almost all platforms available in China, but their maintenance needs to be a top priority, which means allocating knowledgeable and responsive staff to the task.

All of this goes to show that while social media marketing in China is a great way to connect to your target group and (get them to) spread the word on your products, it is only effective if done with commitment, knowledge and appropriate funding. And even though it is difficult to determine the return on investment with accuracy when it comes to this kind of marketing, it is by far the most cost-effective and versatile way to raise visibility amongst Chinese consumers to date.

If you would like to know more about social media in China, please see the recording of a recent webinar on **How to develop a robust digital marketing strategy in China** on the website of the EU SME Centre. For companies ready to take the next logical step, i.e., complementing their online marketing activities with a presence on one of China's large e-commerce platforms, the Centre's report on Selling online in China will provide useful insights and best practices. A report specifically on marketing in China is planned for publication later this year. If you have specific questions on marketing or other aspects of market entry, contact our experts and receive an answer within seven days. To keep up-to-date about the Centre's events and publications, follow us on Twitter, Facebook and LinkedIn.