

## Why China's changing media landscape is an opportunity to build brands

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It's easy to make assumptions about the media in China. That all channels are tightly controlled, restricted and largely 'closed' to authentic or creative communication. That if businesses have one big idea, and put it across using one channel – most often TV – they can expect it to reach and influence all their target audiences.

This is no longer the case: China's media environment is extremely dynamic, powerful, complex and fragmented. There are opportunities for businesses looking to enter the market to tell a powerful story that wins customers and builds loyalty, but they need to understand and adapt their marketing to the ways people use media today.

Chinese consumers access information via multiple channels and multiple screens. Digital media has grown exponentially, and the number of social media users is rising dramatically – the Twitter-type microblog service Weibo now has more than 600 million users, significantly more than the total number of internet users in the US. Mobile is now the top channel for accessing the internet.

As their wealth and sophistication grows, Chinese consumers are becoming increasingly aware of their relationship with brands. To achieve and sustain brand strength, this relationship needs to be developed and reinforced in a strategic way through the media channels they use.

Chinese consumers have learned to buy for reasons other than price – they're looking for choice, more specialised products, and true value. Businesses need to create a strong value proposition: identifying their markets, understanding what they want and creating a package of price, features, positioning and packaging that will engage consumers on a deeper level. They then need to communicate this value proposition, being precise in their targeting and messaging, and understanding which media channels to use and how.

Creating and communicating differentiation is also important. According to Millward Brown research across over 1,000 brands in China, both local and international, being considered meaningfully different by target consumers produced a 37 percent higher contribution to brand value. Well-differentiated brands are also 12 times more likely to grow in value than brands with only average differentiation.

Meaningful differentiation is more than "this is new!" – in highly innovative categories like technology loyalty is low because the next 'best idea' is often just around the corner. The difference needs to benefit consumers' lives in a distinctive way that they recognise and appreciate, and businesses need to communicate this in a meaningful way: a memorable ad can easily leave people entertained, for example, but without any clear understanding of why to select one brand over another.

Trust is non-negotiable for Chinese shoppers, and it's on the decline – the Trustworthy Score for the Millward Brown's BrandZ Top 50 Most Valuable Chinese brands dropped 2 percent in 2012 thanks to recent high profile concerns over food and dairy safety, amplified through the reach and influence of social media. Companies have responded by understanding how to participate in and hold open and genuine dialogues with consumers in credible online environments, and any business looking to compete in China will have to do the same.

They can also build sustained consumer trust by creating and communicating a strong and consistent brand identity. Many well-known brands in China lack this foundation, so there's an opportunity for global companies to steal a march. A clearly defined vision and values, persistently delivered, will boost credibility in the eyes of consumers. The vision should honestly reflect the brand's reason for being, and the contribution it wants to make to the community it serves and to the consumers it engages.

There is also a huge opportunity for global brands to use media to bond emotionally with consumers – Chinese brands are good at providing functional benefits, but few excel at long term emotional engagement.

The companies that connect most powerfully with consumers on an emotional level will be those which recognise cultural distinctiveness still persists across China, and seek to isolate the factors that that most contribute to consumer bonding in different areas and cities, as well as understanding differences in media usage – particularly in the high-growth lower tier cities.

As the media environment becomes more complicated, marketers may find that creating a bundle of smaller ideas with a consistent brand expression is more effective than looking for that one 'big idea'.

They should consider each target audience and the relevant channels for addressing it, and be willing to invest in separate multi-channel programmes that will drive both audience reach and impact.

Businesses also need to create compelling content: journalists and consumers alike are looking for good stories, and respond positively to activities that reflect a commitment to improving Chinese society.

Combining traditional media with social media activities can strengthen influence, and brands need to meaningfully incorporate social media touchpoints into their digital marketing strategies – not just listening, but actively becoming part of the conversation. In the BrandZ China Top 50, the Top 20 brands in social media presence average \$10 billion in brand value, compared with an average value of \$3.9 billion for the other 30 brands.

Air China, for example, the country's 18<sup>th</sup> most valuable brand, refocused its marketing budget on social media in 2012 to save money and more effectively reach its target audiences. A two-month microblog campaign called 'The Moment of Reunion' attracted 450,000 new visitors, while the brand also enabled customers to plan flights and check in using Weibo and Facebook.

By creating and posting engaging 'social objects' such as videos, cartoons, photos and topical stories businesses can also start conversations with consumers, and build clear and consistent brand images in their minds.

China's GDP is predicted to grow by around 7.5% in 2013 – far above that of most Western economies – so the opportunity to do business there remains enormous. Penetrating this vast and complex market will require a deep understanding of the dynamics of Chinese consumers, markets and media in multiple regions.