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Citation

Singapore Management University. Beckon the dragon: How businesses can attract the Chinese consumers through digital marketing. (2012).

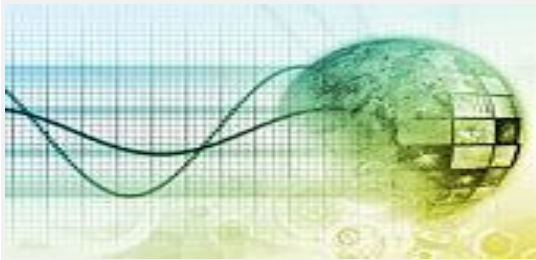
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BECKON THE DRAGON: HOW BUSINESSES CAN ATTRACT THE CHINESE CONSUMERS THROUGH DIGITAL MARKETING

Published:

19 Jan 2012



With a population of more than 1.3 billion people, China is one market that any business would be remiss not to attract. But, with the population spread over an area of 9,600,000 sq km, how do businesses ensure their messages get through to their potential customers?

Thankfully, the internet makes it simpler. Yet, establishing an online presence is not the end of it all. Businesses have to work towards getting potential customers to go to their websites.

At a talk organized by the [UOB-SMU Entrepreneurship Alliance Centre](#), Sim Hong Huat of DigiChina – the exclusive reseller for Baidu, China’s largest search engine, in Singapore - dished out strategies for effective marketing to the Chinese audience through search engine marketing (SEM).

Money for eyeballs

Businesses that are thinking of tapping into the China market need no further convincing. The figures speak for themselves. Sim flashed out the figures that make China one of the most attractive markets currently. Surveying the media landscape, he noted that television remains on top, with a penetration of 98 per cent. There are 296 TV operators and 3,000 TV stations, most of which are state-owned. There are about 2,000 newspapers in China and countless radio stations, he added.

Be that as it may, internet growth has been "rapid" in the country. "In 2010, there were 1.9 million websites registered under '.cn' – China's domain. The year before, there were 2.8 million." While most of these websites have closed down after a crackdown because they are usually considered "undesirable" due to social or political reasons, overall page depths have increased by about 60 billion," Sim reported. This is a sign that those that have survived have all expanded on their content.

Yet, despite the country's vast media scene, advertising costs are extremely high. For instance, a 30-second television commercial in the Primetime belt would cost around 100,800 RMB (approx. 16,000 USD). An average black-and-white advertisement in the newspaper would cost between 40,000 and 80,000 RMB (6,300 and 12,600 USD). Advertising on a premium website might set you back by 140,000 RMB (22,100 USD) per day. With hard figures like these, businesses and start-ups with a modest budget will have to be savvy on their medium of choice.

The Internet way

Sim believes that the Internet presents “the most cost effective way to reach a target audience.” He noted that as of June 2011, there were 485 million internet users in China — a six per cent increase from the 457.3 million recorded in 2010.

“Search engine is the number one internet activity, used by 79.6 per cent of the internet users,” he added.

The Chinese spends, on average, 18.3 hours a week on the internet or 2.6 hours per day. They also tend to watch TV concurrently. In terms of online advertisement, Sim noted that in 2010, China’s online advertising market grew by an impressive 54.9 per cent.

To use digital marketing in China successfully, businesses have to be familiar with China’s own range of successful internet brands, he said.

For instance, instead of Facebook, the Chinese use Renren.com. They do not use YouTube for video sharing but head to Tudou.com or Youku.com. The Chinese equivalent of an online auction and shopping website like E-bay is Taobao.com. “Also, in China, the most used online payment method is Alipay.com; and credit card is not used as often,” said Sim.

He then explained why search engine marketing makes business sense. The statistics have shown that search engine is the top activity among internet users in China. By matching the business with search queries put out by internet users, businesses are “pulling” potential customers to their websites, in a first step to seal the deal. This is in contrast to the “push strategy” used by newspapers or other traditional media. In these, marketers put out their message in the hope that someone will read it and be interested.

Information is essential in the buying cycle, Sim said. In the past, when consumers want to buy a product, they will ask around for recommendations and experiences from friends and acquaintances. Today, people just research online to see what their options are, and to read reviews. So he emphasised the importance of investing in internet marketing.

However, there are some challenges for those wanting to work on search engine marketing in China.

The commonly used Baidu, for instance, is not localised in the different parts of China. So while search engines like Google can give you results that are more relevant to the country where the search request originated, there is no such equivalent for China’s search engine users.

A second challenge is the language barrier. The majority of searches on Baidu are in Mandarin. The user will not be able to get as many results if the search is in English.

Baidu also favours “.cn” websites. Companies that are not registered in China or do not have the “.cn” domain cannot expect their websites to appear among the top of the search results list.

The power of keywords

There are five factors – keyword discovery, keyword management and analytics, keyword bidding and optimization, website and landing pages, and business outcomes -to achieving a successful search engine marketing campaign, Sim asserted.

The company has to determine its marketing objective, place itself in the customers’ shoes and analyse the competition on the search engines. After identifying the target audience, companies should determine the pages that they wish for each customer segment to land on.

“Bring your customer to the information you want them to see, which should include contact details, etc,” he said. “Every click you make them go, you lose 50 per cent. The deeper you get them to go into your website to get to the information they need, the more customers you lose.”

Companies also need to think about the relevant words that consumers will likely use in their search – and these terms will change as they go through various stages of decision-making.

The first stage is when the consumer has an interest to buy a product and is gathering general information. The search terms used will be very broad or generic, like “camera” or “television”.

When the consumer has narrowed down his options on what he wants to buy, his keywords will become slightly more specific, for example, “eight megapixel camera” or “42-inch plasma television”.

Then when he is ready to seal the deal, his search will be further narrowed down and is likely to include the brand, for example, “Canon Ixus eight megapixel camera” or “Samsung 42-inch plasma television”.

One company that has executed a successful search engine marketing campaign in China was Japan Airlines (JAL).

“JAL wanted to turn around after they filed for bankruptcy,” said Sim. They went to Baidu to advertise. “The result: unique visitors increased ten times. Sales performance increased three times.”

The airline’s campaign succeeded because it targeted its ads at all users searching for any Japan related keywords. It focused on China’s major cities such as Beijing, Shanghai and Guandong. It made good use of the tools to optimize its budget based on this allocation.

With comprehensive data from second-to-second search requests, JAL could analyse such data to their fullest benefit to avoid wastage, optimizing the keywords to capture the target audience more accurately.

On the issue of costs, Sim believes businesses can determine their budget limits on a daily, weekly or monthly basis. Under the cost-per-click model, advertisements will automatically cease to appear once the budget cap is reached.

He added that it is also important to monitor the campaign by looking at the click-through rate and to change the keyword settings during the campaign for better optimisation.

“The first day of the campaign is usually painful,” Sim noted. “Companies take months to realize what keywords work. Some keywords bring the hits but not relevant to your business.” This is why companies should see search engine marketing as a long term campaign, he concluded.