

Communicating in the People's Republic



Shanghai, China: China is now the world's second biggest economy and is soon expected to be confirmed as the fourth by advertising billings. The way the economy has leapt forward over the last 15 years continues to fill the pages of economic and business journals on every continent.

And as the Middle Kingdom continues its rise, so China becomes increasingly attractive to foreign investors and brands looking for new markets or growth.

However profits are not easily made. Unraveling the Chinese market is enormously complex, not least because of China's size. China's consumer

demographics are diverse and disparate, making it puzzling to try and segment or make sense of the world's most populous market.

For advertisers, the challenge is two fold – and as old as advertising itself. How can they reach across this disparate market effectively? And how can they craft messages that will connect with the right segments of the Chinese market?

A different perspective

China is not guided by western thought or principles, even though it has adopted and learnt much from “western capitalism”. By upholding the principle of “Socialist Market Economy with Chinese Characteristics”, its leaders have skillfully pulled more people out of poverty more quickly than any other world power. Regardless of its political standpoint, the country has been managed exceptionally well since reforms began 30 years ago.

One thing unique to the Chinese market is the strict control on the content in mass media and publications, from books to magazines, and from editorial content to advertising scripts. This poses challenges to creative development in advertising and the balance between standing-out and conforming to the “rules”.

Developing market

The consumer markets are also still relatively immature. 20 years ago the retail

infrastructure and availability of consumer goods was extremely limited. Supermarkets were only just developing, focused in the 3 big cities – Shanghai, Beijing and Guangzhou – even though these cities only house 3% of the population (although much more of its wealth).

Most product categories from groceries to air-conditioners did not have a national brand leader; you bought what was available where you lived. National distribution was expensive, delivery times were long and logistics were difficult.

Brands didn't really exist – what advertising existed focused largely on what features the manufacturer wanted to sell. Advertising wasn't viewed from the perspective of the consumer and their needs, nor were products imbued with a personality or any significant emotional value.

More recently, 'city tiers' and changing consumer attitudes bring another level of complication to the developing Chinese market. Some cities (in the upper tiers) have developed faster than others, challenging advertisers to consider their media mix and reach. Likewise, a new generation of technology savvy younger Chinese are demanding a more sophisticated level of communication from brands.

Rapid change

Technology has certainly seen the pace of change pick up significantly. China has more internet and mobile phone subscribers than any other single country, by an ever growing margin. Writing this in the midst of celebrating Chinese New year I popped into an internet café in a small town late at night and was not surprised to see it packed with youths chatting, writing and playing computer games. I had to wait to get a seat!

In parallel, the media landscape is extremely crowded and growing at an amazing pace – and not just in new media.

The TV market alone has four basic types of offerings available across the country.

- The national CCTV network – conservative and ubiquitous and now broadcasting over 15 channels.
- The satellite TV stations – a handful of stations, some more “commercialized” than others. Satellite has gained considerable influence in recent years with national coverage. The Hunan Satellite TV, for instance, already has a similar TVC rate card as the national CCTV.
- The Provincial TV stations, one for each province. These have been a core driver of some successful new formats over the past 5 years, challenging the dominance of the CCTV network.

- And City TV, which varies in the quality and nature of its output, from extremely popular and entertainment-led content in Beijing, Shanghai and Guangzhou, to something of an altogether different class in many smaller cities.

In order to reach your desired audience a combination of all four is often required.

Changing audiences

How the Chinese are choosing brands is also changing. “West” – referring to famous foreign multinational brands – is no longer automatically “best”. This is particularly true in the most progressive and most affluent cities as consumers become more demanding and market savvy, as well as for the more middle aged and older consumers. Certain market sectors are still led by Western brands, but their lead is being challenged as the product quality of local brands rises and the value differentials are tested.

As it is in most developing markets, the more popular the brand the greater the purchase intention. But there is a shift; consumers no longer prefer brands simply because they are popular. Emotional affinity and brand personalities are beginning to become more important in a successful marketing strategy. One emotional linkage many Chinese brands are tapping into is the rise in Chinese pride and the greater emotional brand connections they can naturally claim.

Tapping in

However this ground is not totally closed to foreign brands. Pepsi pulled a master-class in marketing in their 2008 Olympic campaign. They appealed to the sentiment of pride using the cultural and competitive codes of the colour red. This almost seemed unthinkable – a major global corporation changing its brand colour codes of blue, something it had probably guarded and regarded as sacred throughout its history. But it was cleverly executed as a temporary change to signify how Pepsi was behind China in its bid to win more medals than any other country.

Using China’s national colour, and all the positive Chinese cultural values it embodied (and cheekily stealing its key competitor’s colour), it really cut through in a media landscape flooded with uninspirational Olympic sponsorship campaigns. No wonder Pepsi has managed to imprint such a powerful and vivid image among Chinese consumers post the Games.

Building cultural traction

One of the mistakes international brands often make is rehashing global advertising in local markets. But this is probably the biggest mistake they can make in the market. Chinese cultural codes are not western ones, however it might be to believe as you sit in a posh bar overlooking the bund, viewing Shanghai’s magnificent skyline. And a tough call when your brand is driven from a global corporate centre and ever more aggressive local competition don’t have the same restraints.

But long term cultural traction will only be built by embedding local codes into communications and finding those hooks that will connect your brand to the market. Understanding some of the underlying Chinese cultural values that you can build into your brand's personality or value set is only the first step.

Getting this kind of cultural insight is tough. Chinese respondents in focus groups are not always the garrulous, vocal advocates Western researchers are more used to. Researchers need to get behind the initial bland consumer response for the real nuggets of insight. Even more useful is some kind of semiotic or cultural audit, which can help you decode the right cultural expressions of your brand positioning. For advertisers, this is like being handed a how-to bible for building communications.

It also helps to look at more than just a couple of cities when working out how to position your brand more effectively against your competition. Income disparities and market maturity still differs hugely across city tiers and regions. And how your brand is perceived within this context will differ radically from city to city as you move across the country.

The good news is that the internet, government policy and the growth across all parts of the country are making the nation more cohesive than it once was. The gaps are narrowing. Core Chinese cultural codes will become more important and achieving success will require a more sophisticated approach to marketing and communications.

Focus

Successful advertising will rely on making some key strategic choices:

- Be clear what your brand stands for – see this in the context of where it is now and where you want it to be. Always look across multiple cities and understand how the market and your category have developed in those cities so you can read consumers responses more accurately.
- Your brand needs to stand out in this extremely crowded and very cluttered environment – have the courage to take some risks like Pepsi. Using a global campaign will often fail – not because it isn't a great campaign, but just because China is different.
- Embed your messaging with cultural cues and codes to help consumers remember your brand and keep it top of mind. Building great culturally relevant iconography will increase the efficiency of all your communications.
- Build a media plan that reflects what consumers are doing – China is the most wired country in the world and the mobile revolution is set to continue. Get into new media campaigns and learn ahead of your competitors.
- Don't be all things to all people. Map the market, choose your targets and focus.

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