

Understanding social media in China

Cindy Chiu, Chris Ip, and Ari Silverman

The world's largest social-media market is vastly different from its counterpart in the West. Yet the ingredients of a winning strategy are familiar.

No Facebook. No Twitter. No YouTube. Listing the companies that don't have access to China's exploding social-media space underscores just how different it is from those of many Western markets. Understanding that space is vitally important for anyone trying to engage Chinese consumers: social media is a larger phenomenon in the world's second-biggest economy than it is in other countries, including the United States. And it's not indecipherable. Chinese consumers follow the same decision-making journey as their peers in other countries, and the basic rules for engaging with them effectively are reassuringly familiar.

Surveying the scene

In addition to having the world's biggest Internet user base—513 million people, more than double the 245 million users in the United States¹—China also has the world's most active environment for social media. More than 300 million people use it, from blogs to social-networking sites to microblogs and other online communities.² That's roughly equivalent to the combined population of France, Germany, Italy, Spain, and the United Kingdom. In addition, China's online users spend more than 40 percent of their time online on social media, a figure that continues to rise rapidly.

This appetite for all things social has spawned a dizzying array of companies, many with tools more advanced than those in the West: for example, Chinese users were able to embed multimedia content

¹ These figures are sourced from Internet World Stats data, as of December 2011 (US figures from March 2011).

² A McKinsey survey on Chinese consumers, *China's social-media boom* (available on the McKinsey Greater China Web site, mckinseychina.com), also finds that 91 percent of Internet users in Tier 1 to Tier 3 cities use social media. Tier 1 cities include Beijing, Guangzhou, Shanghai, and Shenzhen. Tier 2 comprises about 40 cities, Tier 3 about 170. The tiers are defined by urban population and by economic factors, such as GDP and GDP per capita.

in social media more than 18 months before Twitter users could do so in the United States. Social media began in China in 1994 with online forums and communities and migrated to instant messaging in 1999. User review sites such as Dianping emerged around 2003. Blogging took off in 2004, followed a year later by social-networking sites with chatting capabilities such as Renren. Sina Weibo launched in 2009, offering microblogging with multimedia. Location-based player Jiebang appeared in 2010, offering services similar to foursquare's.

This explosive growth shows few signs of abating, a trend that's at least partially attributable to the fact that it's harder for the government to censor social media than other information channels. That's one critical way the Chinese market is unique. As you shape your own social-media strategy, it's important to fully understand some other nuances of the country's consumers, content, and platforms.

Consumers

China's social-media users not only are more active than those of any other country but also, in more than 80 percent of all cases, have multiple social-media accounts, primarily with local players (compared with just 39 percent in Japan).³ The use of mobile technologies to access social media is also increasingly popular in China: there were more than 100 million mobile social users in 2010, a number that is forecast to grow by about 30 percent annually.⁴ Finally, because many Chinese are somewhat skeptical of formal institutions and authority, users disproportionately value the advice of opinion leaders in social networks. An independent survey of moisturizer purchasers, for example, observed that 66 percent of Chinese consumers relied on recommendations from friends and family, compared with 38 percent of their US counterparts.

Content

The competition for consumers is fierce in China's social-media space. Many companies regularly employ "artificial writers" to seed positive content about themselves online and attack competitors with negative news they hope will go viral. In several instances, negative publicity about companies—such as allegations of product contamination—has prompted waves of microblog posts from competitors and disguised users. Businesses trying to manage social-media crises should carefully identify the source of negative posts and base countermeasures on whether they came from competitors or real consumers. Companies must also factor in the impact of artificial writers when mining for

³Figures are sourced from *China's social-media boom*.

⁴Figures are sourced from IDC and iResearch.

social-media consumer insights and comparing the performance of their brands against that of competitors. Otherwise, they risk drawing the wrong conclusions about consumer behavior and brand preferences.

Platforms

China's social-media sector is very fragmented and local. Each social-media and e-commerce platform has at least two major local players: in microblogging (or weibo), for example, Sina Weibo and Tencent Weibo; in social networking, a number of companies, including Renren and Kaixin001. These players have different strengths, areas of focus, and, often, geographic priorities. For marketers, this fragmentation increases the complexity of the social-media landscape in China and requires significant resources and expertise, including a network of partners to help guide the way. Competition is evolving quickly—marketers looking for partners should closely monitor development of the sector's platforms and players.

Crafting a winning strategy

While these unique Chinese market characteristics often create challenging wrinkles for marketers to contend with, they don't invalidate the principles that underpin effective social-media strategy elsewhere (for more, see "Demystifying social media" on mckinseyquarterly.com). The following few examples illustrate how companies are applying some widespread social-media tenets in China.

Make content authentic and user oriented. Estée Lauder's Clinique brand launched a drama series, *Sufe's Diary*, with 40 episodes broadcast daily on a dedicated Web site. (Viewers also could watch segments on monitors located on buses, trains, and airplanes.) While skin care was part of the story line and products were prominently featured, *Sufe's Diary* was seen as entertainment—not a Clinique advertisement—and has been viewed online more than 21 million times. Clinique's online brand awareness is now 27 percent higher than that of its competitors, although social-media content costs significantly less than a traditional advertising campaign.

Adopt a test-and-learn approach. When Dove China first imported the Real Beauty social-media campaign to promote beauty among women of all looks and body types, Chinese consumers viewed the real women as overweight and unattractive. Dove switched tack and partnered with *Ugly Wudi*, the Chinese adaptation of the US television show *Ugly Betty*, to weave the Real Beauty message into story lines and mount a number of initiatives, including a blog

by Wudi and live online chats. The effort generated millions of searches and blog entries, increased uptake of Dove body wash by 21 percent year over year after the show's first season, and increased unaided awareness of Dove's Real Beauty by 44 percent among target consumers. The estimated return on investment from this social-media campaign was four times that of a traditional TV media investment.

Support overarching brand goals with sustained social-media efforts. Starbucks China promotes the same message of quality, social responsibility, and community building across all of its social-media efforts, as well as in its stores. And Durex didn't just establish a corporate account on Sina Weibo: it built a marketing team that both monitors online comments around the clock and collaborates closely with agency partners to create original, funny content. The company's approach is designed to interact meaningfully with fans, generate buzz, and deepen customer engagement with the brand.



The sheer number of the more than 300 million social-media users in China creates unique challenges for effective consumer engagement. People expect responses to each and every post, for example, so companies must develop new models and processes for effectively engaging individuals in a way that communicates brand identity and values, satisfies consumer concerns, and doesn't lead to a negative viral spiral. Another problem is the difficulty of developing and tracking reliable metrics to gauge a social-media strategy's performance, given the size of the user base, a lack of analytical tools (such as those offered by Facebook and Google in other markets), and limited transparency into leading platforms. Yet these challenges should not deter companies. The similarity between the ingredients of success in China and in other markets makes it easier—and well worth the trouble—to cope with the country's many peculiarities. ○

The authors would like to acknowledge the contributions of TC Chu, Davis Lin, and Yael Taqqu to the development of this article.

Cindy Chiu is a consultant in McKinsey's Shanghai office, where **Ari Silverman** is a principal; **Chris Ip** is a director in the Singapore office.