

MarketingPulse 2018

Breakout Session 2 – On the Pulse of the Cool New China

Synopsis

What's cool in China? A panel of CMOs of popular brands and leading agencies shared latest insights on engaging a market that has come of age, forging their own unique ideas of what it means to be Chinese, and know-how tapping the Chinese customers' appetite in the era of localisation. They also talked about how to engage the well-connected and tech-savvy consumer in this luring market.

Moderator

- **Professor Larry Ka Yeung Poon**

Adjunct Associate Professor of the Department of Marketing, The Chinese University of Hong Kong

Speakers

- **Ms Viveca Chan**

Chairman and Chief Executive Officer, WE Marketing Group

- **Ms Mia Chen**

Head of Marketing, Airbnb China

- **Mr Chihkai Huang**

Brand Director, Pechoin

- **Mr 3water Li**

Founder, W

Ms Viveca Chan opened the session explaining how China is becoming the global powerhouse in technology and digitalization of the economy and it is not a temporary trend. The growing trend in technology grows in the areas where people and products are put together and innovate the traffic, capital, data, and logistic flow in the process. Within this area, there are many non-obvious trends. The first non-obvious trend is New Retail, mentioned by Jack Ma back in 2010, that reflects the death of e-commerce and the need to innovate in the retail space. Second non-observed trend is the growth of enlightened consumption, where advertisements are focusing

more on the aspiration and value proposition of the product rather than an explanation of the service. For instance, a start-up in China, Luckin Coffee created ads which focus on its value proposition of “Less Packaging, Less Space, Just a good cup of coffee” concept. Within 3 months of operations, it expanded into 60 locations compared to 300 Starbucks locations in China. The third non-obvious trend is disruptive distribution, where emerging companies are utilizing new technologies to improve the ordering and product delivery process. At Luckin Coffee, they have utilized a mobile ordering system so that all staffs are focused on creating the best coffee. The fourth trend is in being touch-worthy, meaning consumers now builds more trust in product if they are able to physically touch or interact with them outside of the digital space.

Ms Mia Chen started her presentation with Airbnb’s marketing mission to make everyone feeling they “belong anywhere”, creating a world with no strangers and where everyone can feel at home.

Airbnb today has expanded to over 191 countries and has built a community of people, landlords and tenants, who that the larger the community, the less strangers are out there.

Today, 80% of Airbnb users in China are under the age of 35. Additionally, 71% of millennials believe themselves to be Global Citizens than citizens of their own country and 40%+ of them would like to spend their money travelling rather than investing on fixed assets. They believe that travelling is a chance for them to embrace their global citizenship instead of being a tourist.

Airbnb’s Chinese name is “爱彼迎”, which means “Welcome Each other with Love”, resonating with their main mission in China to make everything feel belong anywhere. Airbnb aims to become the Chinese millennials’ best friend and work closely with other millennial brands, such as Nike.

Furthermore, during Chinese New Year, Airbnb launched a campaign inviting millennials to bring their parents to travel rather than going back to their hometown, as Chinese traditionally do. The Campaign was called “this year, let’s experience my new year”. Airbnb’s marketing narrative for this campaign and future campaigns is to 1) always be human, 2) listen to their hearts and be a friend, 3) tell good and real stories.

Mr Chikai Huang from Pechoin presented the story of the brand, from being a traditional skincare brand to be repositioned after restructuring its portfolio in 2017. The transformation led to a breakthrough, revenue reached RMB 17 billion, and Pechoin was voted number 1 brand by Nelson.

The key to this success story lie into: firstly, product development tailored to customers' needs, which accounts for half success. Secondly, distribution, making the product visible and available on multiple channels, both online and offline. The goal is to minimize inconvenience to the customer in finding and acquiring the product. Thirdly, the choice of the right spokesperson, someone who has a consistent image as the brand with only positive publicity in the market. It is also a key to manage the investment into innovative advertising channels, meanwhile, maintaining the heritage of the brand. This is why Pechoin uses both traditional channels like TV commercials, while employing innovative channels such as content marketing directly onto mobile devices.

Marketing is not just external, it is also important to consider the organization internally, especially the culture. Competitors can copy the products, but they are not able to copy the team and culture of the team behind the brand, which is based on oriental beauty. By taking over this marketing position, it is very difficult for any competitors to copy the same strategy. Mr Li's started the company W in 2015 and has won over 400 awards over just few years of operation. Mr Li gave 3 key observations about marketing in China.

First, who is the real enemy in China? Companies who are allies one day can become competitors on another and vice versa. For example, marketing firms used to compete with each other, but now all the marketing firms are being threatened by the rise of KOLs in the market.

Second, marketing firms' survival is threatened, since brands who used to use marketing firms can now find a KOL, who has very similar impact as traditional market campaigns. Marketing firms are becoming super media firms, covering everything from design to education to doing music records. Connecting all the media together help uphold the marketing supply chain.

Third, marketing firms are leading an alliance to become super media companies, bringing in all customers and all talents together to solve problems.

On China's retail market, Mr Chikai Huang from Pechoin mentioned that physical stores are experiencing difficulties in China and people blame this on the new retail. However, customers have no obligations to buy from retailers. People are going to shop for experience, which they cannot have online. Hence, it is retailers' role to evolve with the market.