

H. Vashchyla¹, Juntong Liu²

School of Business of BSU, Minsk, Belarus,

¹ vashchylahanna@gmail.com, ² jliu63417@gmail.com

CURRENT ANALYSIS OF CHINA'S DIGITAL MARKETING AND DIGITAL ECONOMY

In this article current analysis of digital marketing and digital economy in China is considered. The differences between digital marketing, social networks and services in China and other countries of the world are analyzed. Main achievements in Chinese digital economy are summarized. The reasons and features of the rapid development of China's digital economy are clarified.

Keywords: digital marketing, digital economy, e-commerce, China, digital transformation

А. А. Ващилю¹, Цзюньтун Лю²

Институт бизнеса БГУ, Минск, Беларусь,

¹ vashchylahanna@gmail.com, ² jliu63417@gmail.com

ТЕКУЩИЙ АНАЛИЗ ЦИФРОВОГО МАРКЕТИНГА И ЦИФРОВОЙ ЭКОНОМИКИ В КИТАЕ

В статье рассматривается актуальный анализ цифрового маркетинга и цифровой экономики в Китае. Анализируются различия между цифровым маркетингом, социальными сетями и сервисами в Китае и других странах мира. Обобщены основные достижения в китайской цифровой экономике. Выясняются причины и особенности стремительного развития цифровой экономики Китая.

Ключевые слова: цифровой маркетинг, цифровая экономика, электронная коммерция, Китай, цифровая трансформация

The digital economy has become the key force to restructure the global factor resources, reshape the global economic structure and change the global competition pattern. China is the country with the largest number of internet users and is also the largest e-commerce market in the world. Today, the Chinese consumer market presents interest for foreign companies to enter it, including small companies and medium-sized businesses. This is due to the fact that with the development of the digital economy in China has recently been increasing its consumer base and expanding online transaction market. Due to the COVID-19 pandemic, over the past two year, the Chinese population fully adapted to online platforms B2C (Business to Consumer), and China's digital market is in enough stable state.

It is important to understand the fact that China's digital marketing is different from all other markets in the world. Chinese social media platforms are completely different from European and American ones, Chinese consumers have different shopping habits, online advertising does not coincide, and you need a separate search engine optimization for the websites in China, since Google is prohibited for all Internet users.

Chinese consumers are avid users of mobile payments, social media and e-commerce, and businesses are increasingly looking to enter this market. Chinese internet users have access to completely different websites, social media platforms, online markets and search engine options than the rest of the world. Most foreign companies entering the market do not even understand how different the digital sphere is in China. If in USA and Europe people mainly use Amazon and

AliExpress as e-commerce platforms and Facebook, YouTube and Instagram as social media channels, then China has Tmall and Taobao, as well as Wechat, Weibo and Xiaohongshu respectively.

In China to promote social networks and services are most used video marketing, social networks and e-commerce, and the main form of advertising is key opinion leaders. China has made significant strides in the application of AI (artificial intelligence), for example, in facial recognition, in blockchain technologies and quantum computing, which will subsequently be introduced into the development of digital marketing.

In China, peak sales periods differ from European ones. While western marketers are planning big sales on the eve of Christmas, on Black Friday and Cyber Monday, customer activity in China is associated with other dates. Peak sales are one to two weeks before three holidays: Chinese New Year, mid-autumn holiday and Singles Day (celebrated on 11th November). The latest festival is a daily marathon of grand discounts and provokes incredible shopping activity.

When using digital marketing tools in all countries, «equal to equal» recommendations are a highly effective advertising message, and here China is no exception. A large number of Internet sites and publications, the blurring of their target audience complicates targeting. Effect of word-of-mouth marketing can give a good result when the seller chooses the right opinion leaders for products. Chinese market is highly fragmented, there are no affiliated networks in China, traffic is purchased through DSP technology, tracking systems can not accurately track traffic sources. In addition, Chinese market has completely adapted to the use of mobile applications.

Online advertising in China is generally welcome without causing irritation and is a means of exploring brands, new goods and services. It is not intrusive, and most advertisements in one way or another contain educational moments or are built on deep reasoning rooted in the ancient culture of the country. Chinese perception of color is also different. The most positive colors are yellow, red, green and blue. White and black are perceived in a negative way.

Targeted advertising is customized through all social media. Contextual advertising in China is losing ground due to the development of social networks and the expansion of the functionality of the internal WeChat system. Digital advertising on WeChat typically appears either in ad messages on the timeline of individual users' moments or at the bottom of published articles on the official account. WeChat ads can be divided into four main groups: moment ads (which are largely equivalent to ads we see day-to-day on Facebook's temporary feed), banner ads (they are usually placed at the bottom of a message written by a user), KOL ads (using famous influencers / bloggers to increase conversion) and mini-program ads.

Typically, WeChat moments ads can be seen in two formats: graphic ads and video ads. Foreign advertisers can target audiences based on their location, age, gender, interests, etc. One user can see up to one commercial every 48 hours, and the ad disappears within 6 hours if the user has not responded (for example, comment or click on a link). If actions are applied to ads from the user, WeChat will increase the likelihood that the user's friends will receive the same ads in the timeline of their moments, thereby creating a viral effect for the advertiser.

Banner advertising on the official WeChat account usually comes in two formats: standard banner advertising and KOL (key opinion leaders) banner advertising. KOL mutual advertising is much more expensive than the standard version, and payment is usually based on results. The KOL ad, also known as the Key Opinion Leader ad, is an integral part of the WeChat ad. It is important to keep in mind that Weibo KOLs are generally more effective at promoting e-commerce conversion than WeChat KOLs as they can directly reference e-commerce sites such as Tmall and Taobao. Instead, on WeChat, users have to go through many processes before making a purchase.

Mini-programs are sub-applications in WeChat. Usually, a mini-program takes less than 10 megabytes on WeChat, which makes it fast. Such an extensive user base has attracted great interest

from many foreign brands. WeChat supports various categories of mini-programs, including games, tools and stores. Advertisements can only be displayed in image and text format with an external HTML5 link. Many advertisers prefer to integrate mini-programs into advertising moments to increase brand awareness.

To advertise moments and adverts, KOL can be claimed by both companies registered in mainland China (including businesses wholly owned by foreigners, also known as WFOE) and foreign companies. In China, there is a huge market for bloggers who offer their services for promotion. The Chinese themselves are quite supportive of such advertising, trusting the recommendations of opinion leaders. Thanks to the advice, reviews and recommendations of the stars of the Chinese Internet, promotion takes place in a short time. The cost of working with opinion leaders can vary widely. Payment can be either in the form of a fixed fee or in the form of a performance-based fee, or by providing products of your brand, and can also be any combination of these methods.

The social net Xiaohongshu combines elements of user-generated content, product reviews and e-commerce. When users open the app, they see 3 interfaces: «Explore», which shows content formed from a viewing history; «Nearby», which allows you to see posts geographically located near them; and «Follow», displaying the posts of the accounts they follow. On Xiaohongshu, users can share content on a variety of topics including fashion, lifestyle, food, travel, cosmetics, fitness and beauty.

Unlike most Western social platforms, where users communicate with friends, on Xiaohongshu, users search for and share reviews of goods and services. Xiaohongshu has a lot of KOLs and KOCs (key consumers of opinion). These KOLs from various Xiaohongshu channels usually gain popularity by sharing their lives, reviews and opinions online. They are considered specialists in the field and therefore have a strong influence on people's purchasing decisions. Compared to traditional advertising, users prefer user-generated content because it is considered more authentic and informed.

The e-store will be linked to the brand page on Xiaohongshu, so consumers will be able to buy items directly through Xiaohongshu, eliminating the need to open another app. In addition, brands will be able to track consumer data, buy content to promote and broadcast live, a growing retail channel in China. With thousands of influencers on the platform, KOL marketing is the strongest advertising method Xiaohongshu has to offer. Social media influencers often have loyal followers who are more likely to acquire the brands they champion. Brands need to research, identify and select the most appropriate influencers.

Xiaohongshu also offers traditional media advertising options: pop-ups and integrated ads. Pop-ups are those that appear when users open an app. By clicking the button at the bottom of the ad, users can directly access the store. However, since Xiaohongshu is built on authenticity, paid advertising is not the main marketing tool used by brands on this platform, as users rely more on user feedback when buying. To maintain its positioning as a user community, Xiaohongshu does not use paid ads on a wide scale. Therefore, for digital marketing in China, it is better to use paid advertising as an addition to organic content and partnership with KOL.

In order to understand the aspirations of the Chinese audience, it is necessary to carefully work out naming. Even foreign brands with a world name change their names, acquiring those that have semantic significance for the Chinese. For example, BMW cars have acquired the idiom «precious horse» and the popular Sprite drink is known on the market as «emerald ice». If the semantics are not selected, then the product or service will not be of interest on the market.

The website in China should work transparently, and all unique trading offers are announced directly without trying to cheat, prescribing additional conditions in small print. Even the non-operational work of technical support can significantly spoil the promotion process. Deception and unscrupulous platforms on the Chinese Internet are monitored by cyber police. To register a business

account for promotion on advertising platforms in China, you must obtain a Chinese ID, ICP license, confirm ownership of the web resource and specify a phone for online communication.

The usual targeting with tracking information about the client does not exist in China. Advertising networks are click-oriented, and views are not subject to deep review. Ecosystems are common in China, for example – Tencent, and not individual advertising platforms. Promotion and sale are conducted through one platform. Therefore, traditional SEO promotion in China will not work. The usual search does not work, posting information for search engine optimization in the Chinese search engine Baidu is meaningless.

Bilibili, or B Site, is a Chinese video sharing platform sometimes referred to as «Chinese YouTube». Bilibili is actively engaging with China's younger generation, a developing consumer group. The site features a wide variety of sections – from beauty, fashion, food and lifestyle to technology, sports, entertainment and documentaries. With strict membership rules (a 100-question pop culture quiz is required to become an official member), Bilibili creates a quality user group that keeps the community active and dynamic. Thus, digital marketing on Bilibili is one of the best ways to attract Gen-Z and Millennials representatives in China.

Bilibili also offers integrated marketing solutions. For example, companies can launch a campaign with a hashtag about their products that will spark debate among Bilibili users. KOLs will then promote the campaign by leading one side of the debate, thereby attracting their followers to join them. This service is commonly used to promote new products. In addition, brands can take advantage of Bilibili's live streaming services to maximize viewership and increase consumer engagement. Bilibili uses the CPC model to run ads on the site. The ranking in media advertising is equal to the CPC (price per click) of the offer, multiplied by CTR (Click Through Rate). After the user clicks on the ad, the cost is deducted from the brand account in real time. Companies will then select a location for their media ads and determine the advertising target based on demographics, location, channels or devices (maximum 2).

Taobao is often referred to as China's eBay, with more than 10 million stores specializing in C2C online trading, while its brother Tmall (also known as Taobao Mall) focuses on improving B2C's shopping experience. Both platforms are owned by an e-commerce conglomerate in China: Alibaba Group. With Alibaba fully owning Taobao and Tmall, ads on the two platforms must go through their owner's pay-to-find system, in which advertisers bet on the visibility of their product. For example, when a user searches for certain words such as «waterproof sports watches», the first few products listed on the page will be owned by the company that paid the highest CPC amount.

Tmall provides an exclusive page illustrating login channels, business model, consumer experience, merchant workflow, fee schedule, and store opening procedures on its own site. By Chinese laws, to open a store on the Taobao.com, you must have a company registered in mainland China. If you are a foreign entrepreneur who wants to sell on Taobao, you can set up a limited liability company or partner company in China to meet legal requirements.

Digital economy has become the key force driving the high-quality development of China's economy. It provides for rapid technological progress to ensure new economic growth, effective management and control, and projecting a global force. Its main achievements can be summarized in six aspects.

1. The scale of digital industrialization is growing. The scale of new models and formats of digital industry has been growing, and new drivers and trends of industrial development have become increasingly significant. At present, there are 439000 AI related enterprises in China. The scale of computing power industry reached 2 trillion yuan, directly driving the economic output to 1,7 trillion yuan [1, p. 168].

2. The pace of industrial digital transformation was accelerated. The digital transformation of agriculture has been steadily promoted, the digital transformation of the manufacturing industry has been continuously deepened, and the digital development of the service industry has entered the fast lane.

3. New models and business types are emerging. Digital technology continues to penetrate and integrate into traditional industries, promoting the online transformation of traditional industries, and has created numerous new formats, new models and new occupations, such as online distribution clerk, Internet marketer and other 25 new occupations [2, p. 32].

4. Innovative development of regional digital economy. The new economic circle, represented by Beijing Tianjin Hebei, Yangtze River Delta, Guangdong Hong Kong Macao, Chengdu Chongqing twin cities, focuses on the development of big data, artificial intelligence, advanced computing, high-end chips and other digital economy core industries.

5. Integration and sharing of government information system. On the basis of the national unified e-government network China has established a national data sharing and exchange platform basically realizing «network access», «data access» and «business access». Governments at all levels have created many new services for the convenience of the people from the aspects of business environment, in-process and post event supervision, and government efficiency has been greatly improved.

6. Digital services improve people's livelihood. The extensive application of digital technology has accelerated the digital transformation process of life services. The emergence of online education, online office, online shopping and contactless distribution has profoundly changed people's clothing, food, housing and transportation, making life more convenient.

In recent years, China has made many achievements in industrial digitalization, especially in the application of digital technology in industries such as finance and insurance. For example, the National Personal Credit Scoring System (China Score) exceeds the international level and has become a global leader in the industry. Since its launch, the system has been widely used in the loan issuance, credit card approval and other work of all commercial banks, effectively serving the daily financial activities of the people. It is the basic project of China's financial informatization, and has effectively supported the rapid development of the digital economy.

The rapid development of China's digital economy in recent years mainly benefits from the long-term accumulation and formation of a variety of leading advantages, which can be summarized into three points.

1. Advantages of the Chinese system. Relevant departments have successively issued a series of policy documents such as the Guiding Opinions on Actively Promoting «Internet plus» Action, the Outline of Action for Promoting Big Data Development, and the Outline of National Informatization Development Strategy, pointing out the way forward for China's digital economy [2, p. 46].

2. Super large market advantage. On the one hand, China has more than 1 billion Internet users, generating huge consumer demand, which is the original power of the digital economy. On the other hand, China has a complete range of industries, a complete industrial chain foundation, and the ability to provide a full range of digital economic products and services.

3. Digital technology R&D (research and development) advantages. China has a large basic R&D team and is capable of tackling key problems in digital technology research. At present, China has formed a good advantage of partial leadership in many technical fields such as 5G communication. And according to the plan of the 14th five-year plan (2021–2025), by 2025 in China, the digital transformation of industries will reach a new level, digital public services will become more inclusive, and the management system the digital economy is being modernized [3, p. 18].

The Vision and Objectives Outline for 2035 proposed the importance of digitalization in China's overall modernization drive and overall goals to accelerate the construction of a digital economy,

a digital society and a digital government, and described a grand blueprint for building a digital China [3, p. 35]. The digital economy is becoming a new driving force for China to achieve its long-term goal of 2035 and the second century goal. China needs to open more fields and industrial application with digital scenarios, create more obvious advantages of digital economy, and walk out of the digital road with Chinese characteristics.

References

1. *Yang, Q.* Developing Responsible Digital Economy / Q. Yang, J. Ren // Bulletin of Chinese Academy of Sciences, 2021. – № 36 (7). – P. 166–174.
2. Ministry of Science and Technology of the People's Republic of China. Report of Development of Chinese Science and Technology Talents. – Beijing : Science and Technology Literature Press, 2021. – 128 p.
3. China Academy of Information and Communications Technology. White Book on China's Digital Economy Development. – Beijing : China Academy of Information and Communications Technology, 2021. – 256 p.