



2021

CHINA MARKETING & MEDIA TRENDS

2021 BRAND MARKETING & MEDIA PLANNING OUTLOOK

Every year, Totem surveys senior marketing leaders to better understand the insights and priorities of Global brands in China.

With this year's survey, we sought to gain an understanding for:

- Overall sentiment changes (especially in light of Covid)
- Whether brands were increasing, decreasing marketing budgets
- How priorities have changed, what areas brands are investing into now
- Views on effectiveness of key channels; WeChat, Douyin, Tmall...
- What digital channels and tactics hold the most potential for brands

A few key insights follow from this survey and analysis:

1. Sentiment and consumer growth in China is strong
2. Brands are shifting from diffused (mass), to more targeted (DTC) marketing
3. Social and ecommerce are moving even closer together
4. Forget 'paths-to-purchase,' it's become 'see now, buy now' for consumers in China
5. Use of video is now table stakes for brands who want to engage on social
6. Brands need to re-adjust digital channel portfolios
7. Opportunities with smaller, niche apps are emerging

Chris Baker
Founder, Totem Media



BIG PICTURE

A look at overall market conditions, sentiment and media inflation expectations.

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TOTEM BRAND SURVEY

Review of Totem's annual brand survey, looking into sentiment, goals and priorities for brands in China.

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SOCIAL-COMMERCE MELD

Social media and ecommerce functions in China continue becoming more integrated. There are three modes for marketing in China.

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VIDEO AS TABLE STAKES

Livestream video has taken China by storm in the past few years. Video is now critical to driving marketing success. Brands must create more holistic strategies for video.

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FOUNDATIONAL CHANNELS

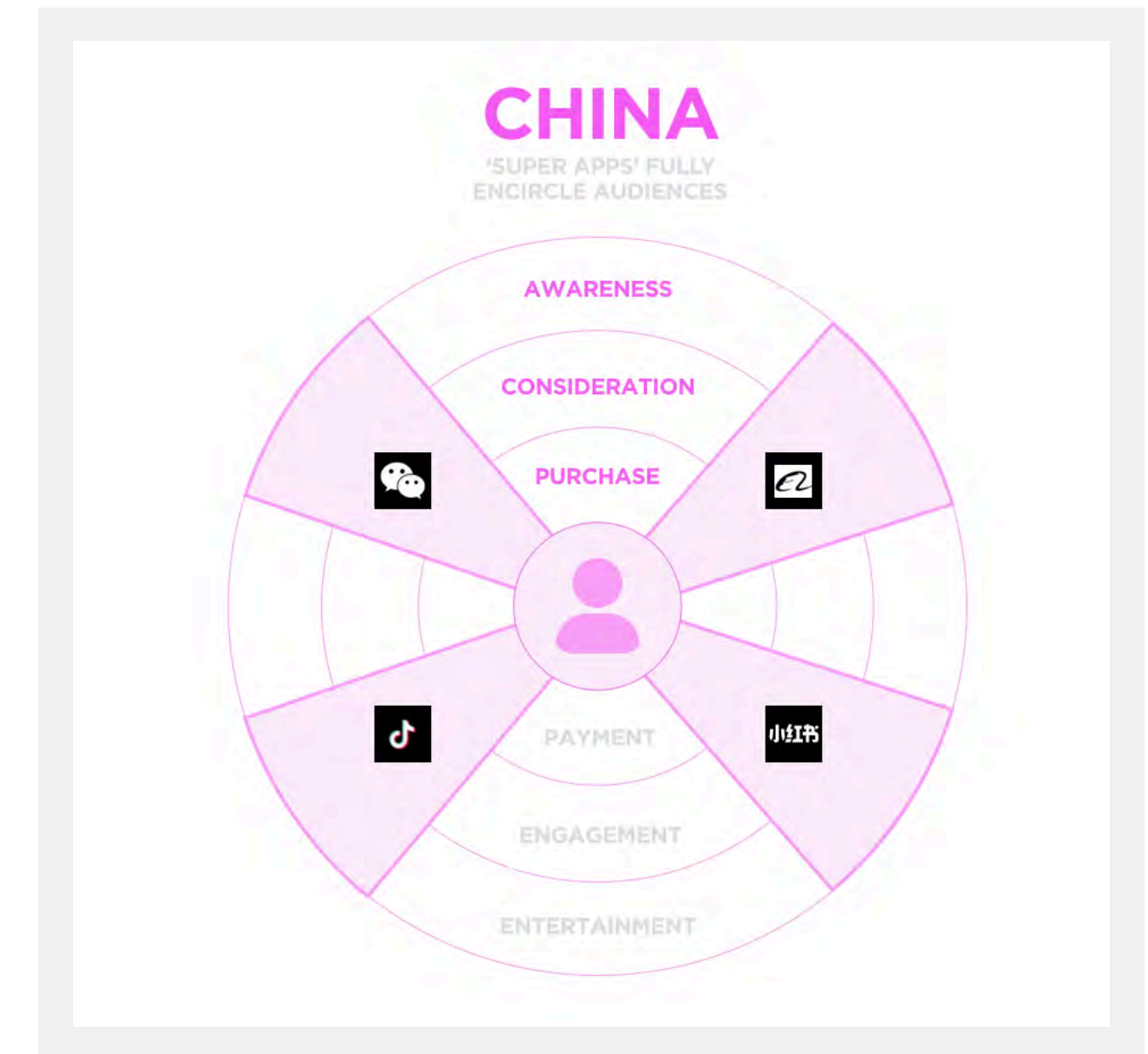
What priorities do brands have for investments into core digital marketing, social channels in 2021? What channels are emerging as new priorities for brand investment?

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NICHE CHANNELS

How should brands be looking to balance investments into foundational channels and newer, experimental channels? How is the overall landscape likely to change?

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CHANGING DIGITAL PATHS

There are new modes for brand growth in China emerging, which change the established thinking about customer journeys.



Looking back at data from 2020, the Covid downturn in China looks like a small quarterly blip. Growth and sentiment quickly recovered and (in many ways) surpassed prior levels.

Advertising spend is moving upward, well in-line with long-term forecasts for growth.

And, China projections for ad costs reflect this positive trajectory, with significant inflation expected across all forms of media.

Cost increases are most notable in digital, as China continues to increase its already large bias towards digital, mobile media.

are added, the overall share of 'digital' ad spend jumps from 40-45% share (which is consistent with the share in US),

DIGITAL AD SPEND CONTINUES GROWTH

China is overwhelmingly biased toward digital ad spending.

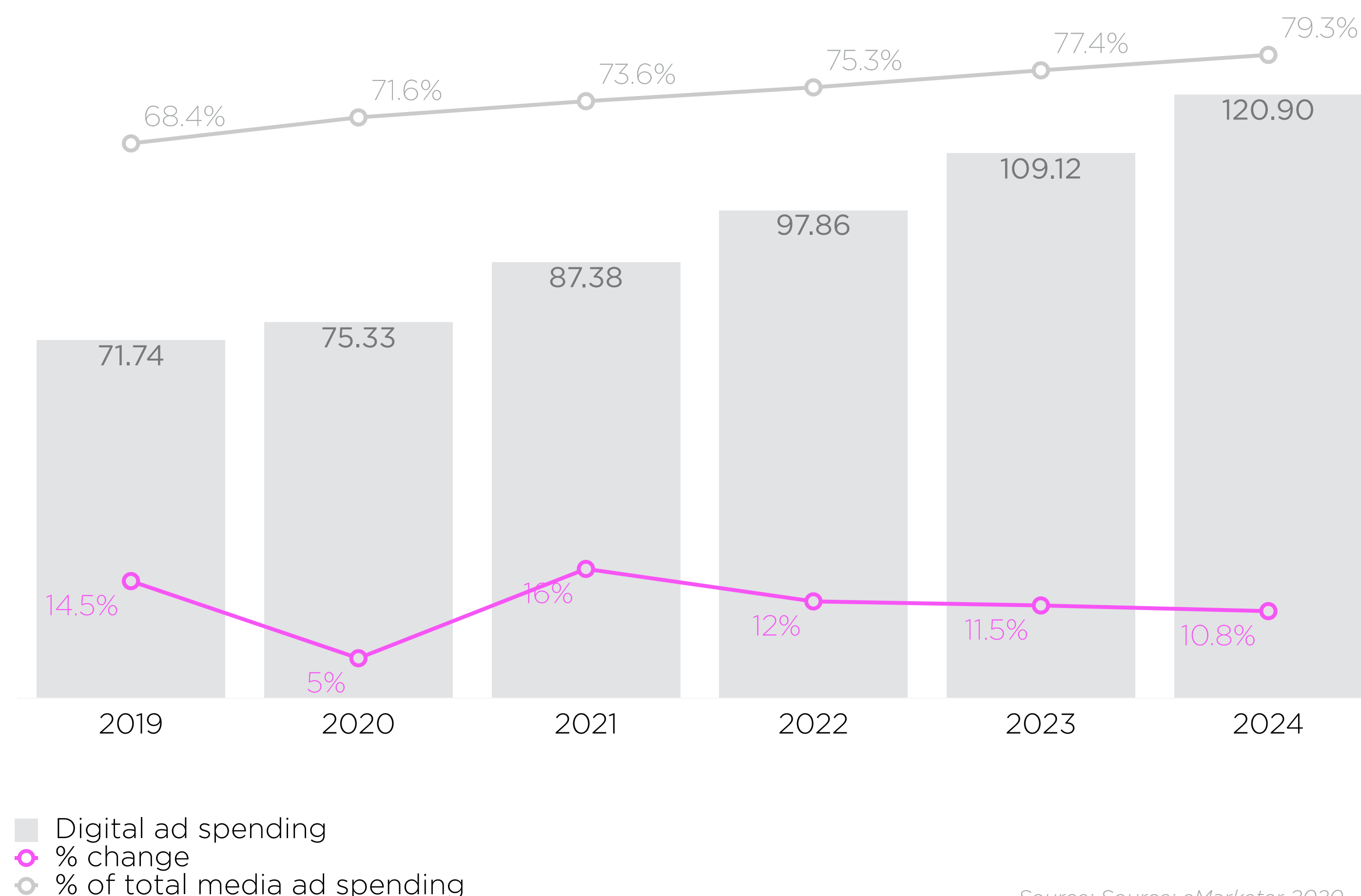
Official estimates show that >40% of ad spend in China goes to digital (which is comparable to the US share of advertising in digital).

However, when the 'digital' components of other formats (eg. TV and Outdoor) are fully accounted for, the share of digital ad spend in China jumps up into the range of 60-70%.

And, over 80% of all digital advertising spend is mobile versus only a <20% share for desktop spending. This ratio is projected to grow to 87:13 in favor of mobile by 2023, according to eMarketer.

Despite a downturn in early 2020 because of Covid, China is still very much on course to hit its longer term projections for digital ad spending.

DIGITAL AD SPENDING IN CHINA, 2019-2024 (BILLIONS)

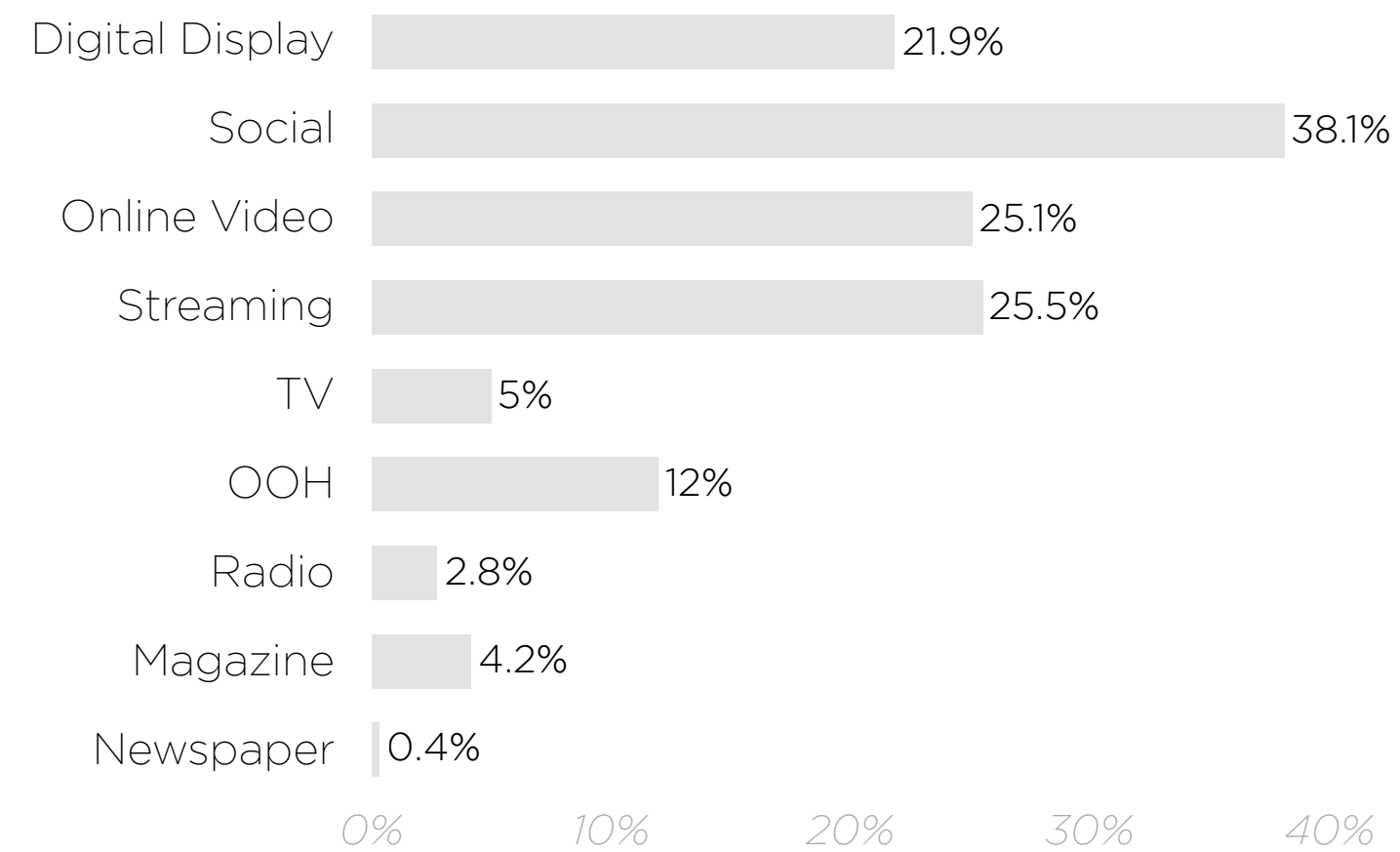


Source: Source: eMarketer 2020

DIGITAL AD SPEND CONTINUES GROWTH

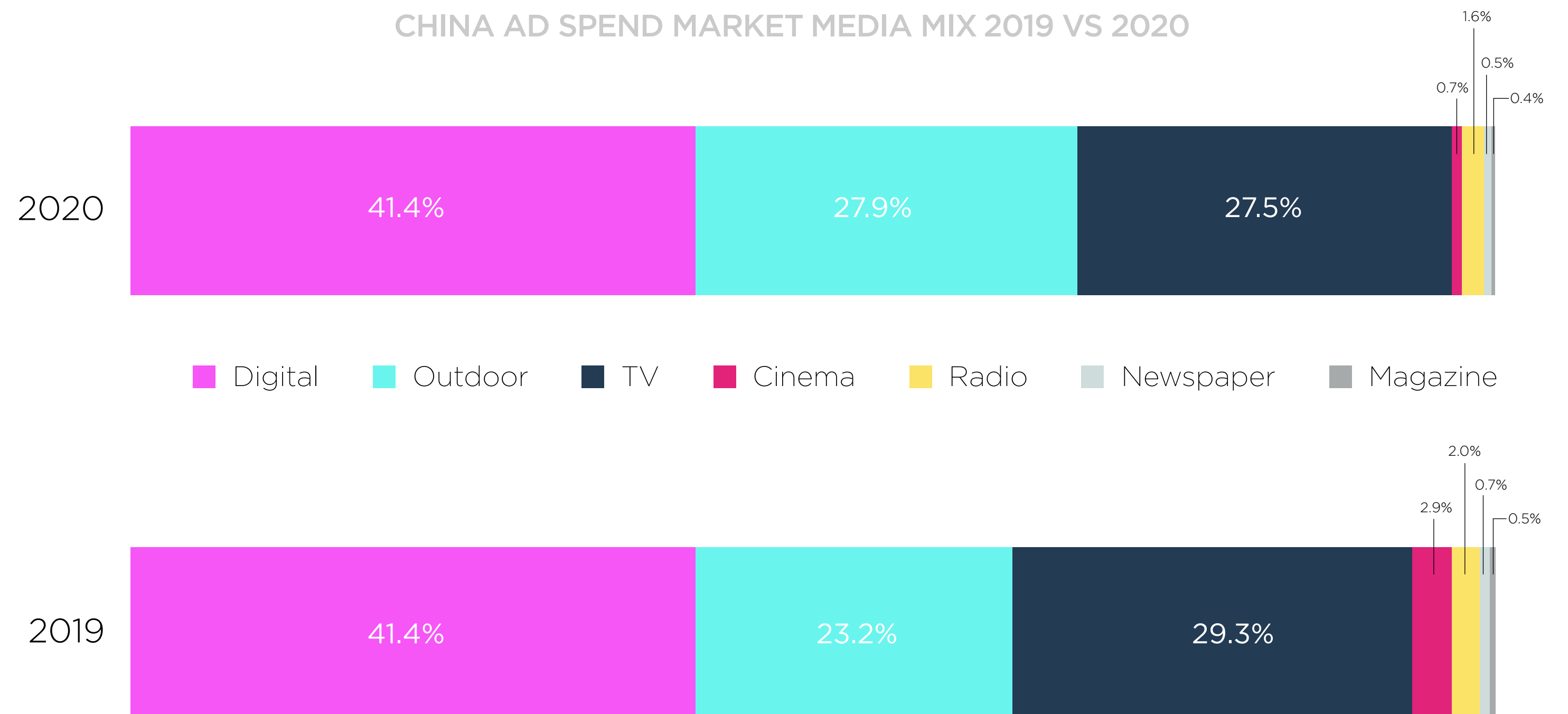
Digital represents the dominant share of advertising spend in China. It's also where the bulk of media cost inflation is happening.

2021 PROJECTED INFLATION RATE (%)



With most digital formats projected to increase by >20% in 2021, it will be interesting to see if other formats, and/or smaller digital channels start receiving a greater share of budgets.

CHINA AD SPEND MARKET MEDIA MIX 2019 VS 2020

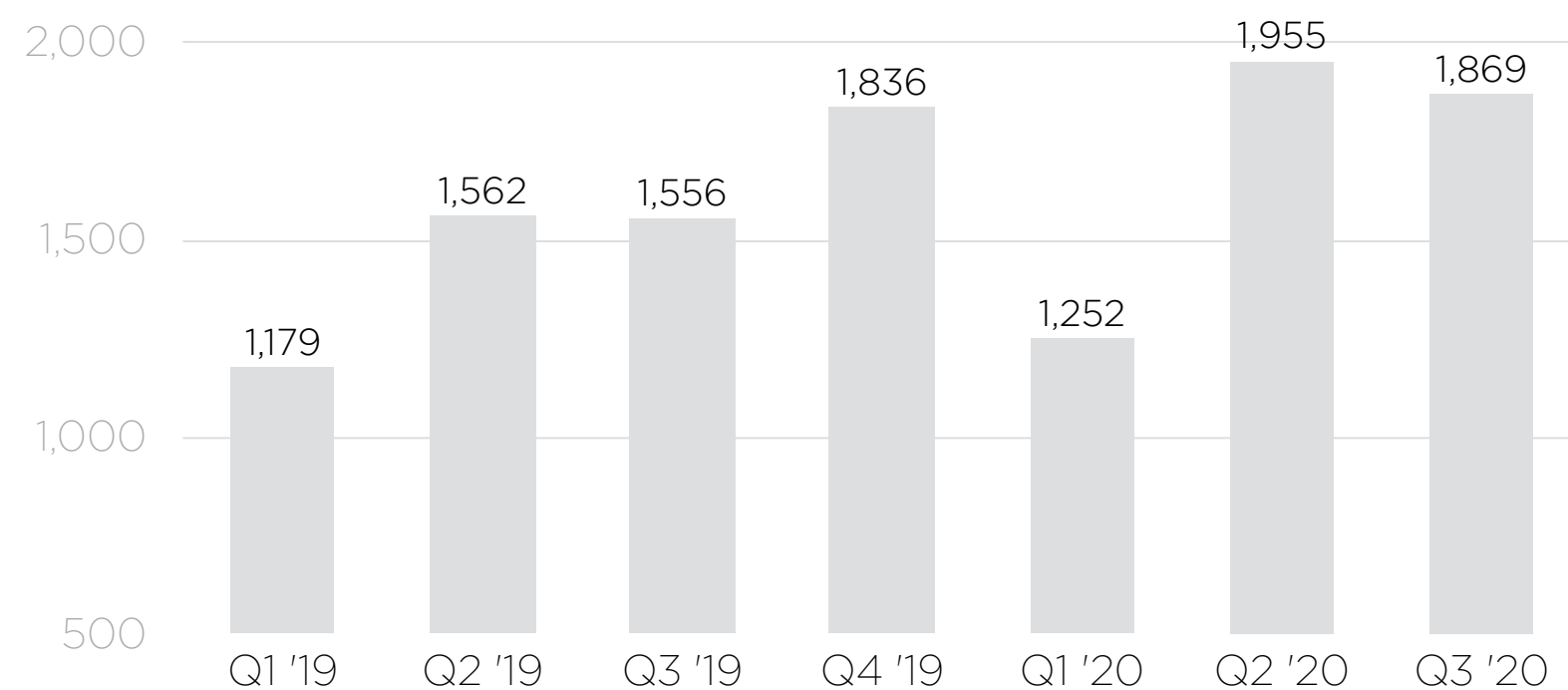


THE COVID DOWNTURN WAS JUST A BLIP

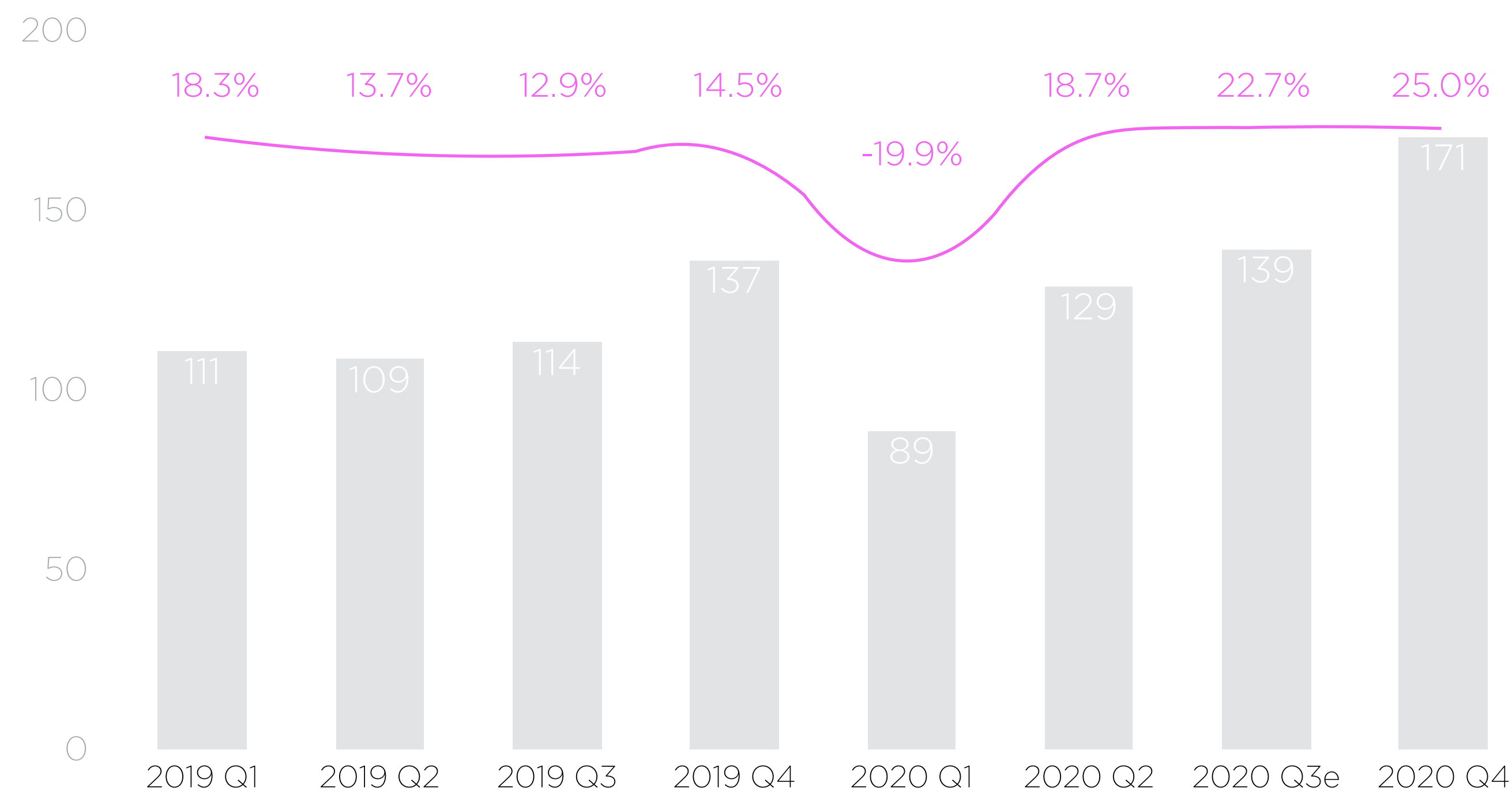
Consumer retail sales and digital ad spend both saw a sharp drop in the first quarter of 2020 but rebounded sharply.

Online activity (ad spend and sales) is consistent with consumer sentiment levels - which are trending above pre-Covid levels.

ONLINE RETAIL TRANSACTIONS VALUE (RMB BILLIONS)



2019 Q1 - 2020 Q4 INTERNET AD SPEND IN CHINA (RMB BILLIONS)



MOBILE DOMINATES AUDIENCE TIME

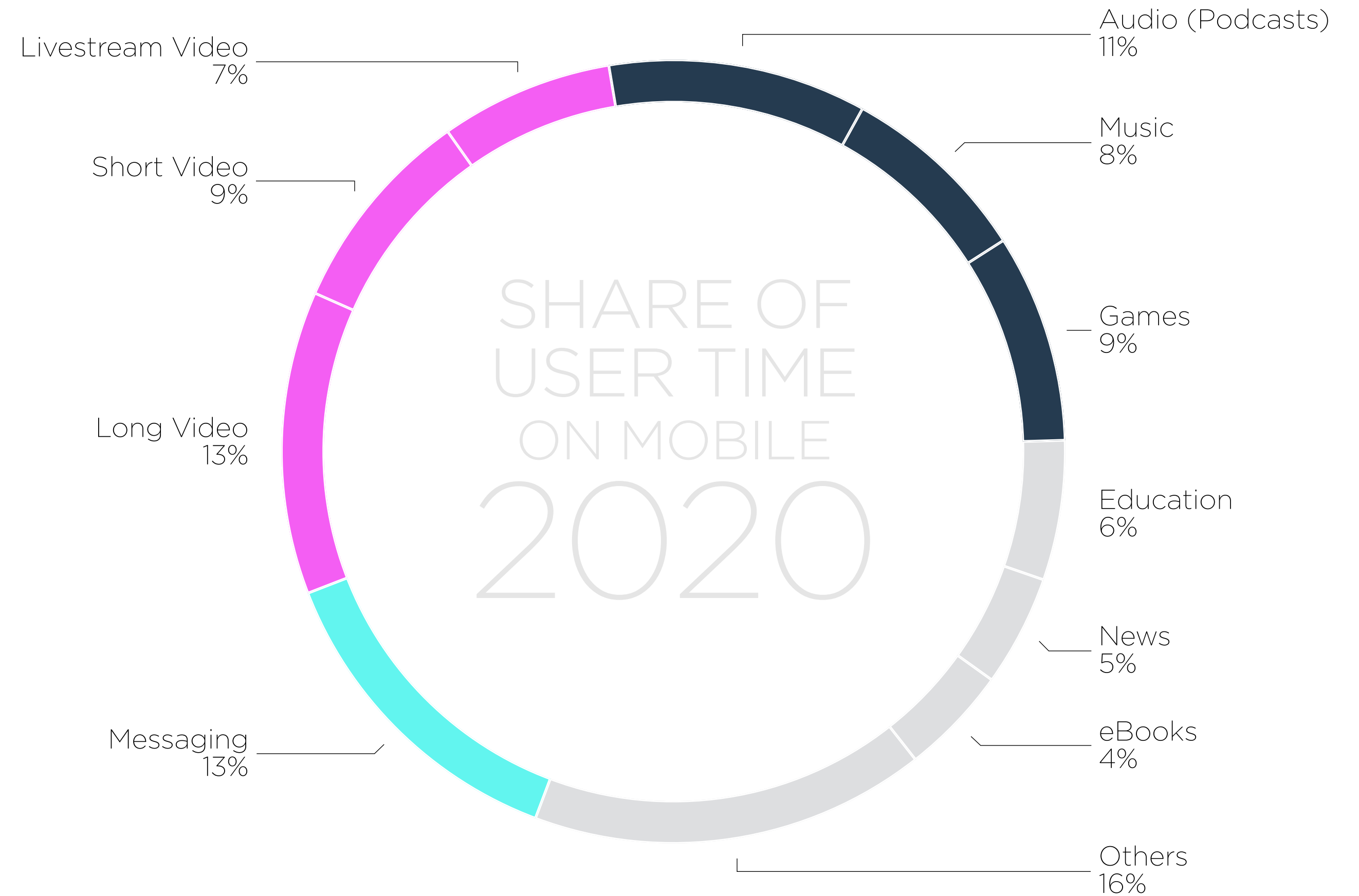
Digital time in China is mobile.

Chinese audiences spend (in the range of) 6.5 hours/day compared to 3hrs 45mins/day for audiences in the USA.

The allocation of time on mobile is split as follows:

- 29% for consumption of Video
- 28% for Games, Music & Audio
- 13% for Messaging (WeChat, etc)
- 15% for Education, News & Reading
- 16% for Other

With 1.0 Billion mobile users, 75% of whom use mobile payments every day, it's not surprising to see why ecommerce, digital and mobile are so central to brand growth planning in China - and why new routines and innovations in marketing are emerging from China. Brands interested in understanding the future of marketing should spend time following what's happening in China.





For the past several years, Totem has run a survey of senior leaders at Global brands in China, to gauge sentiment and glean insights into how marketing investments and media plans are taking shape, for the coming year.

In our 2021 survey, we had 71 participants, across 12 categories (all brands are consumer facing, all are international).

While sentiment and budget projections are down in some categories which were hit hard by Covid (eg. Travel), overall sentiment is strong and in-line with prior years. In many cases, China marketing is now seen as a priority for Global brands, as a hub for growth.

BRANDS' OUTLOOK FOR 2021 IS GENERALLY POSITIVE, WITH STEADY YEAR-OVER-YEAR BUDGET INCREASES PLANNED.

Sentiment for 2021 is in fact trending higher than pre-Covid sentiment was (eg. late 2019). Prior to Covid there was some downward trend in both consumer sentiment and brand optimism. While brands whose businesses took a hit in 2020, are pulling back, most brands in 2021 have increased optimism.

A MUCH BETTER YEAR THAN 2020

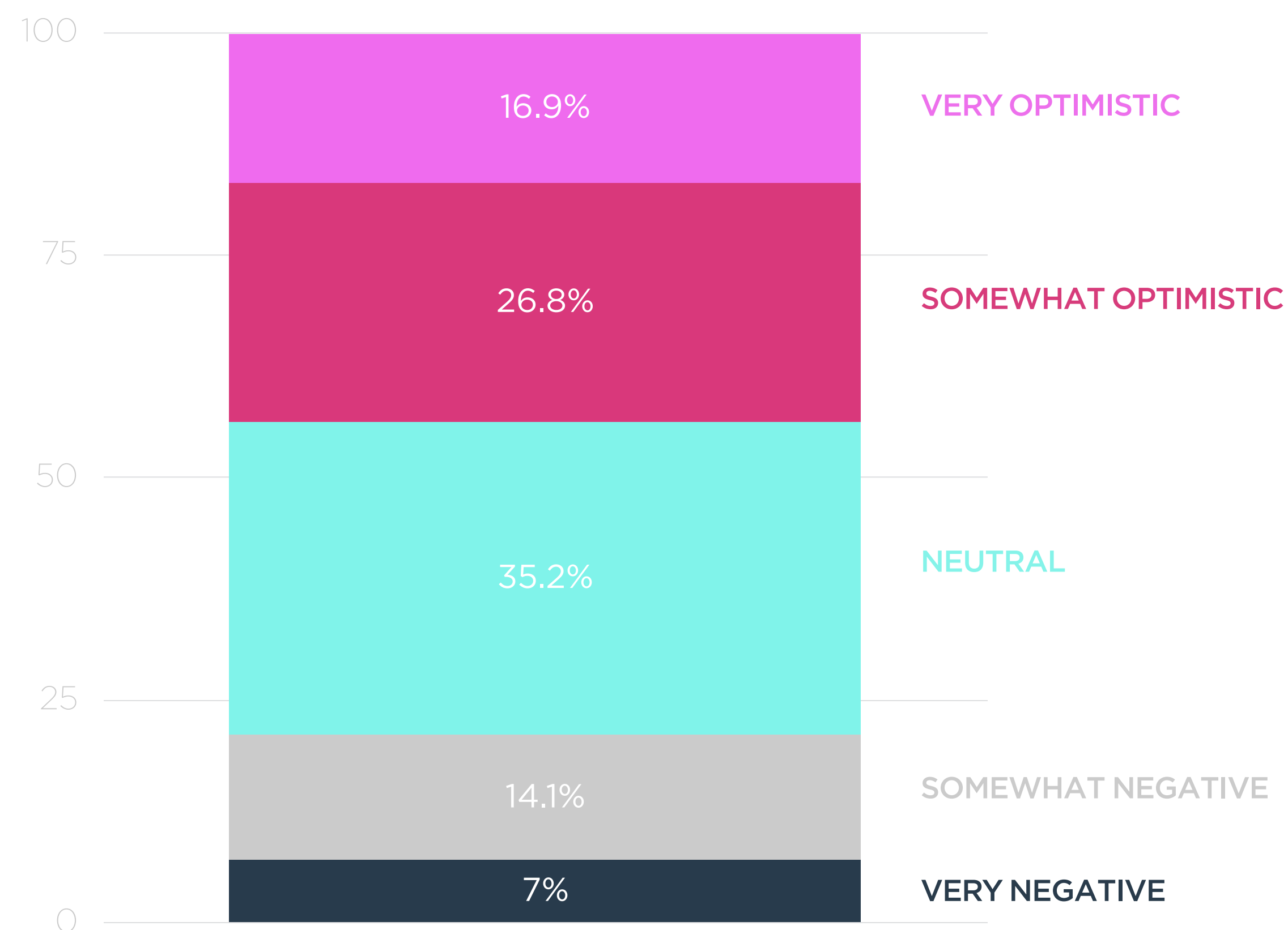
Brand sentiment has generally improved when compared to pre-Covid (late 2019) sentiment. Prior to Covid, there was a growing number of brands facing growth and margin challenges.

Brands that adapted well to Covid (and were in the right categories to benefit from changing consumer needs), have seen strong growth in the succeeding months.

There are however a number of brands who continue to face challenges with growth and margins. Additionally there are a number of brands in categories hurt by changes during the past year (eg. travel). In sum, about 20% of brands have a negative outlook for 2021.

There is, as a result, a mix of strong sentiment and dampened expectations for 2021 among the set of brands surveyed.

HOW WOULD YOU DESCRIBE YOUR OVERALL OUTLOOK FOR 2021?



BRANDS RE-ALIGN TO NEW CONDITIONS

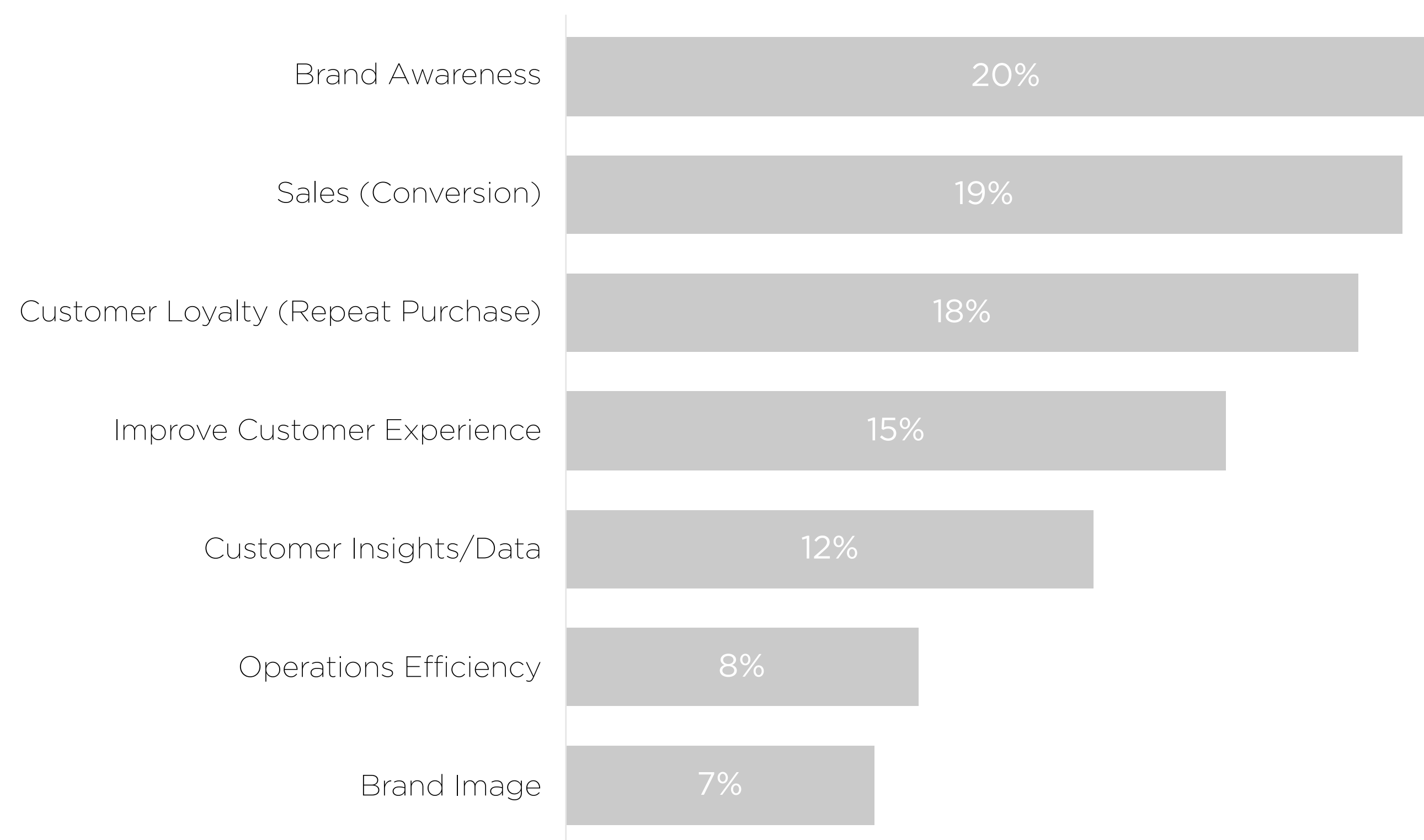
There is a general sense among brands, of needing to re-align to a new set of conditions in the market; new sales routines, shifts in consumer behaviors, and changes with products/categories.

As brands seek to understand customers better and cozy up to them in new ways, brand awareness and sales are viewed as concurrent goals.

This reflects a general shift toward more customer centric, DTC (direct-to-consumer) models for brand growth.

The customer focused imperative is a change from past marketing routines which were a bit more 'spray-and-pray' in China, where priority was given to more mass communications. There is a growing interest now in more targeted, more efficient, results focused marketing.

WHAT MARKETING GOALS ARE PRIORITIES FOR 2021?



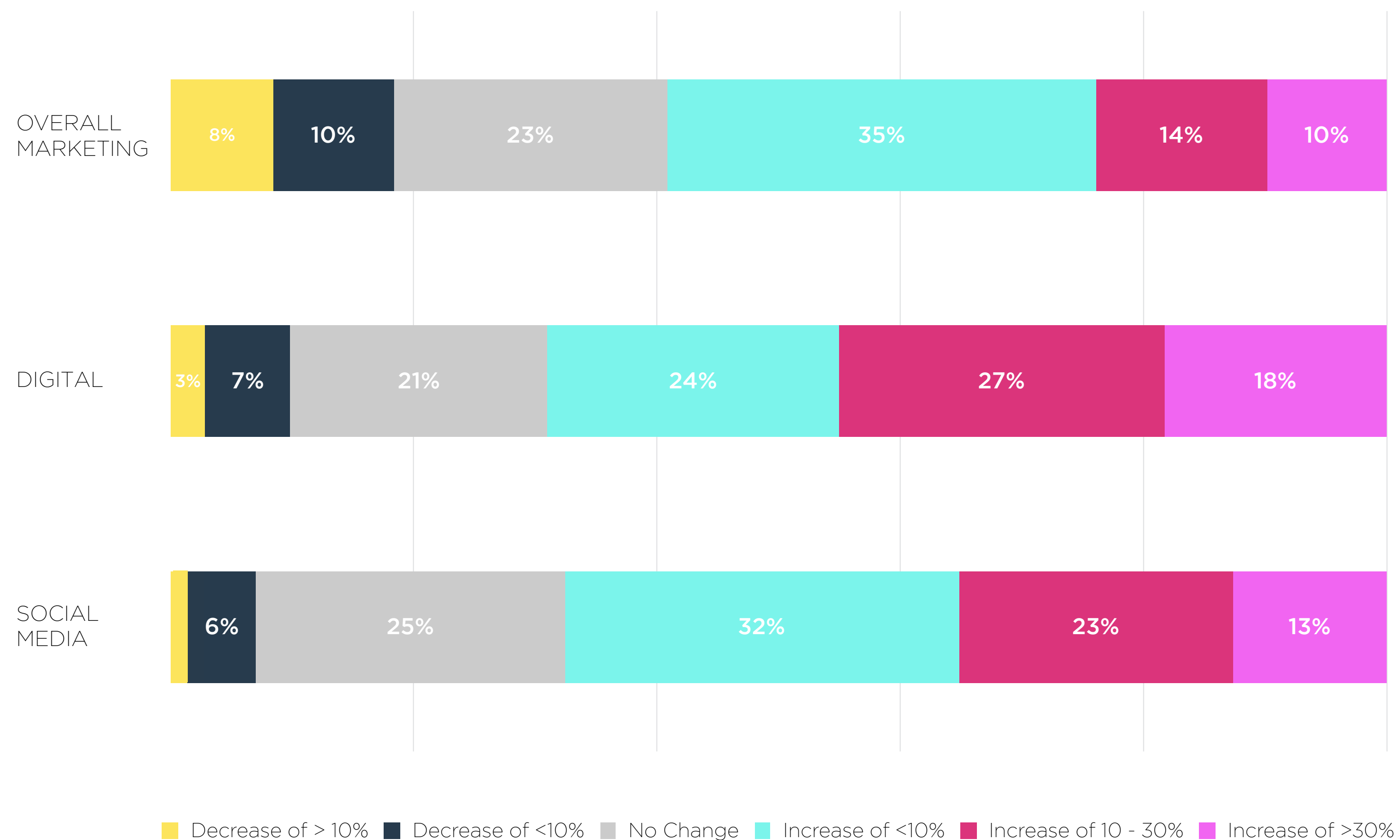
MOST BRANDS TO INCREASE SPENDING IN 2021

Nearly 60% of brands have planned budget increases for marketing in 2021. 23% plan to keep budgets un-changed. 18% plan to decrease overall budgets.

Digital and social media continue to trend higher than overall marketing budgets - which has consistently been the case for the last several years. Even brands who have planned decreases in overall marketing budgets are maintaining efforts into digital, while affecting decreases elsewhere.

There is however a slight curtailing of budget increases for social media - which is a sub-set of digital. The perception is that social is now a foundational (if slightly static) part of the overall marketing playbook for many brands. "Digital" by contrast includes investments into a range of new capabilities, including O2O, AR/VR, Livestreaming etc. - and therefore has a larger rate of increase.

HOW DOES YOUR BRAND PLAN ON ADJUSTING MARKETING SPEND IN 2021?



INEFFICIENCY SLOWLY BEING CUT OUT

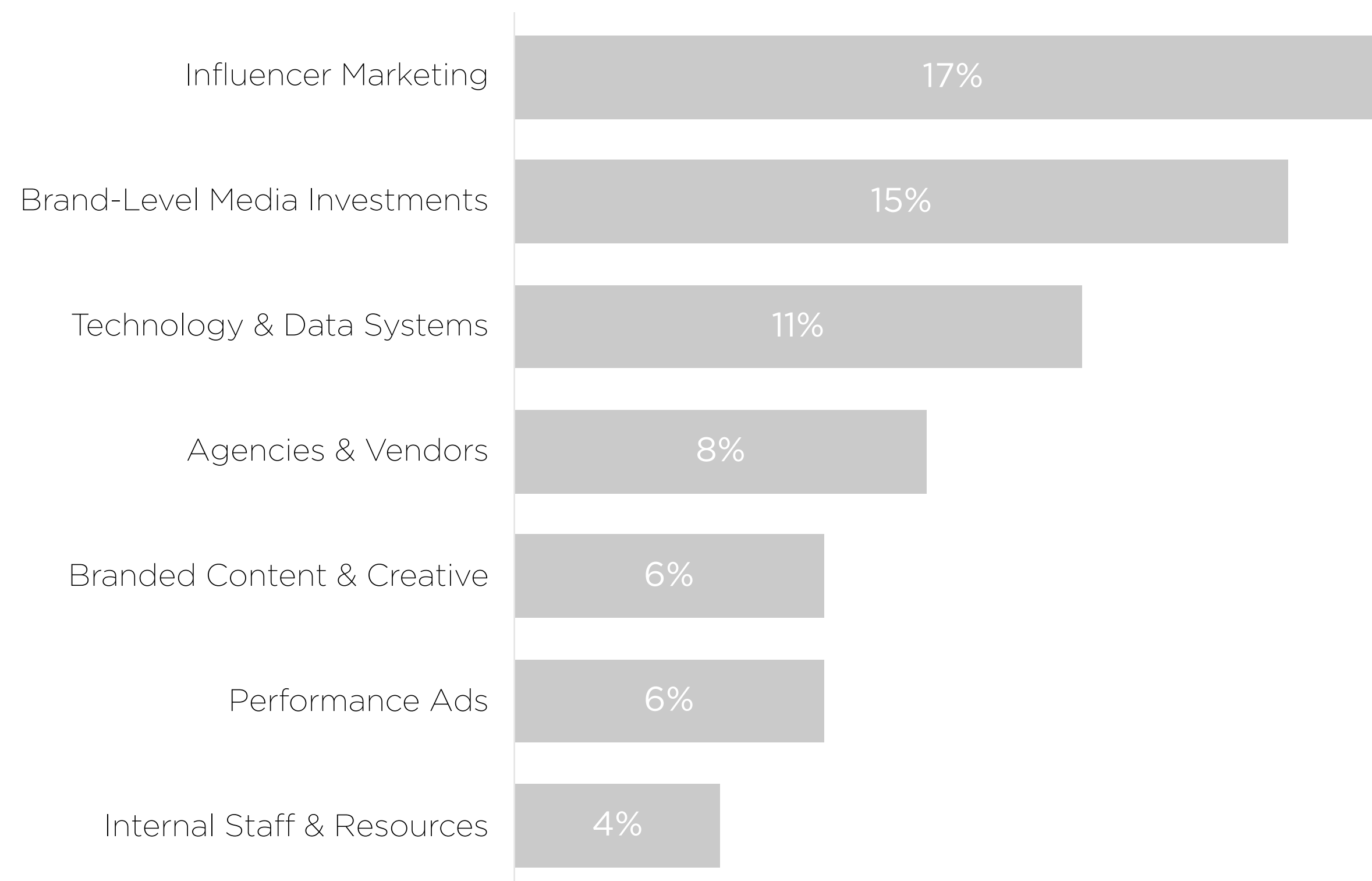
Overall, relatively few brands are making budget cuts for 2021. When compared with Totem's 2020 brand survey, there is only a slight increase in planned budget cuts for 2021.

For those brands that are planning cuts to budgets, influencer marketing and brand-level media investments were the top planned cuts.

There is still a race amongst brands to capture marketshare in China - which generally leads to wastage - and overspending on un-targeted ads.

2020 signaled a shift toward more efficiency in marketing, with greater priority being assigned to targeting and performance - with blanket marketing activities (eg. mass media and larger influencers) being clipped back.

WHAT AREAS (IF ANY) ARE BUDGET CUTS PLANNED FOR, IN 2021?



There is a distinct sense that marketing strategies and goals in China are changing.

Brands are shifting from mass marketing, to more direct (D2C) strategies, focusing more on audience insights, data and more detailed targeting.

At the same time, new routines are being developed around livestreaming, private traffic and other activities which meld content more closely with commerce.

Totem distinguishes three modes for marketing in China, each one built around a key platform; (1)Tmall, (2)WeChat and (3)Douyin.



THE CONNECTION BETWEEN CONTENT-AND-COMMERCE IS GOING TO BE CRITICAL FOR BRANDS TO PLAN AND MASTER.

Insight: Livestream selling was the most notable example of this in the past couple of years, but this theme will proliferate across all channels in the year(s) to come. Brands which once built funnels and complex paths-to-purchase, now need to work more toward supporting 'instantaneous' results - converting attention-to-action within each channel.

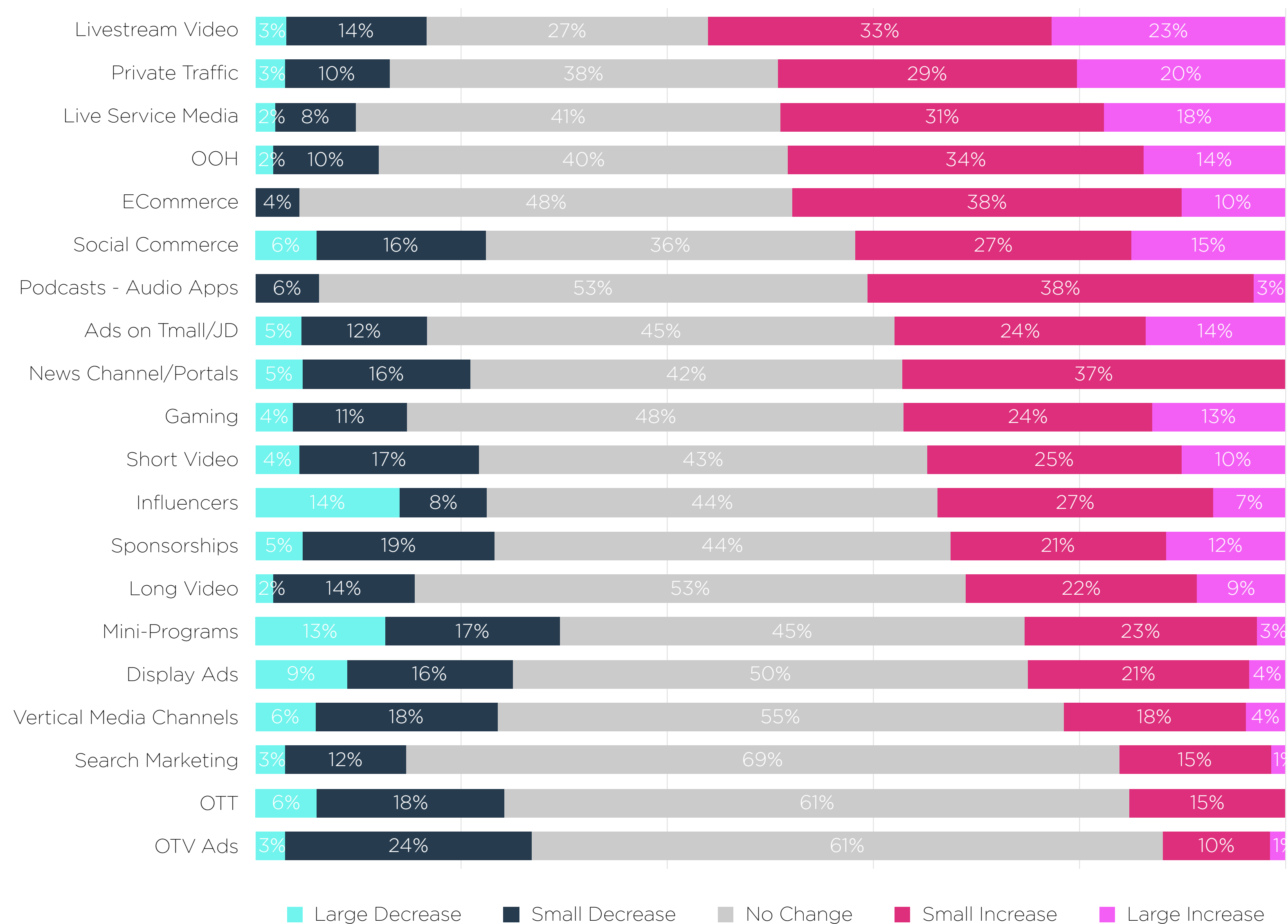
CONTENT-COMMERCE MERGING

The distinction between brand (awareness) and performance (conversion) marketing is blurring quickly in China. All media in China is 'digital' and, if planned well can be measured and actionable.

In our 2021 survey, brands appear to favor concepts/formats which combine the best of content (brand) and content (sales); livestream video, private traffic, ecommerce, social commerce...

While there is a bias toward conversion-focused marketing, content-centric formats such as podcasts, gaming, sponsorship and long-form video represent some of the more interesting areas for investments in brand building (affinity, emotional connections).

HOW DO YOU PLAN ON ADJUSTING YOUR BRAND'S FORMAT SPEND IN 2021?



Source: Totem Media 2021 China Brands Survey n=71



Social Commerce

The modes for brand growth in China are evolving quickly.

Social and commerce are moving closer together.

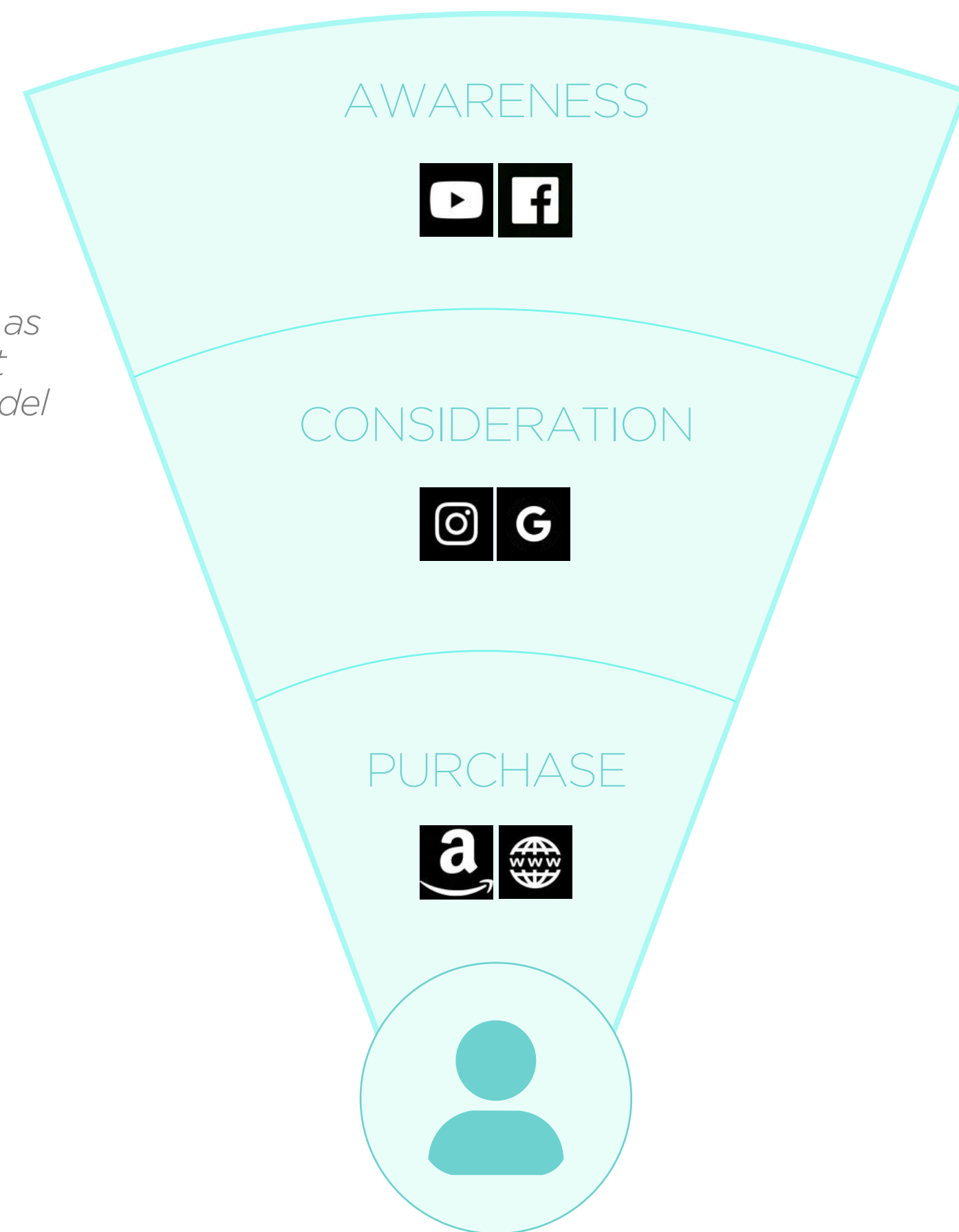
With every channel in China designed for both content/discovery and for commerce/conversion, there is the expectation that paths-to-purchase can be abbreviated.

Marketing in China is being designed around the increasing behavior by consumers to; "See Now, Buy Now."

GLOBAL

CUSTOMER JOURNEYS
ACROSS CHANNELS

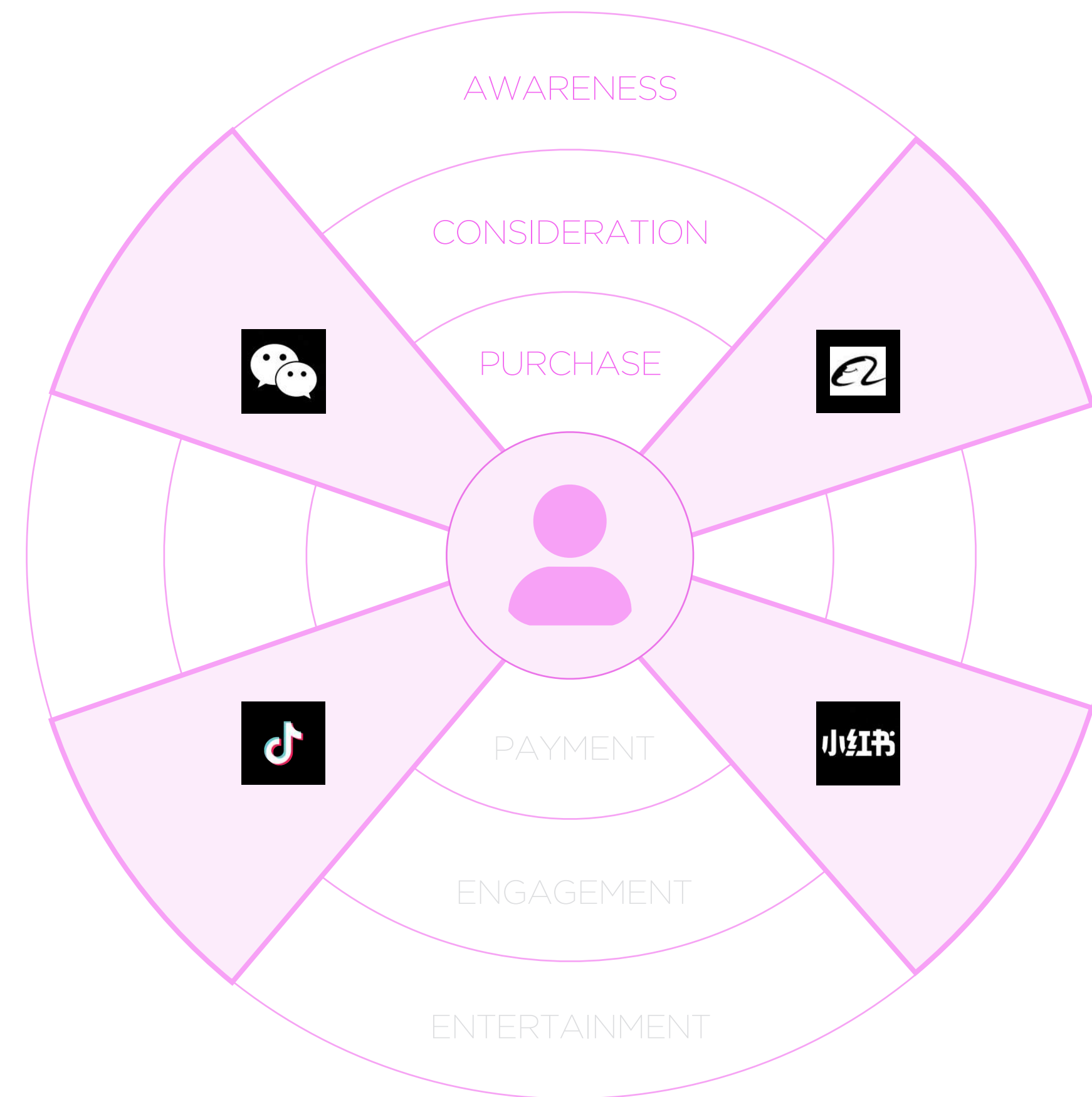
**Advertising as
predominant
business model*



CHINA

'SUPER APPS' FULLY
ENCIRCLE AUDIENCES

**Digital platforms
prioritize eCommerce
business model*



THERE ARE THREE MODES FOR AUDIENCE CULTIVATION & BRAND GROWTH IN CHINA.

Insight: These three modes coincide closely with the emergence of China's big three holding companies; 1. Alibaba (Taobao/Tmall), 2. Tencent (WeChat), and 3. Bytedance (Douyin/Tiktok).

Domestic, Chinese brands are always first to recognize, understand and take advantage of new modes for brand growth.

MODE ONE: TMALL/TAOBAO

ADVERTISING-TO-COMMERCE

The early growth of digital-first brands in China was squarely focused on Taobao and Tmall, with conversion organized around conventional “funnel” strategies; advertise to create awareness, convert traffic on Tmall/Taobao. Alibaba has built its ecosystem in support of this model, with systems to drive traffic volume to branded destinations (flagship stores).



Three Squirrels is representative of the first mode of local, digital native brands in China.

MODE TWO: WECHAT

COMMUNITY-TO-COMMERCE

With WeChat as THE hot channel, starting in 2011, business models shifted toward; the development of multi-level distributors, the use of private traffic and a range of other user-get-user tactics. The goals in this model are to build a large follower base, and; (1)to convert the followers to sales, (2)encourage repeat purchase and (3)incentivize WOM referrals.

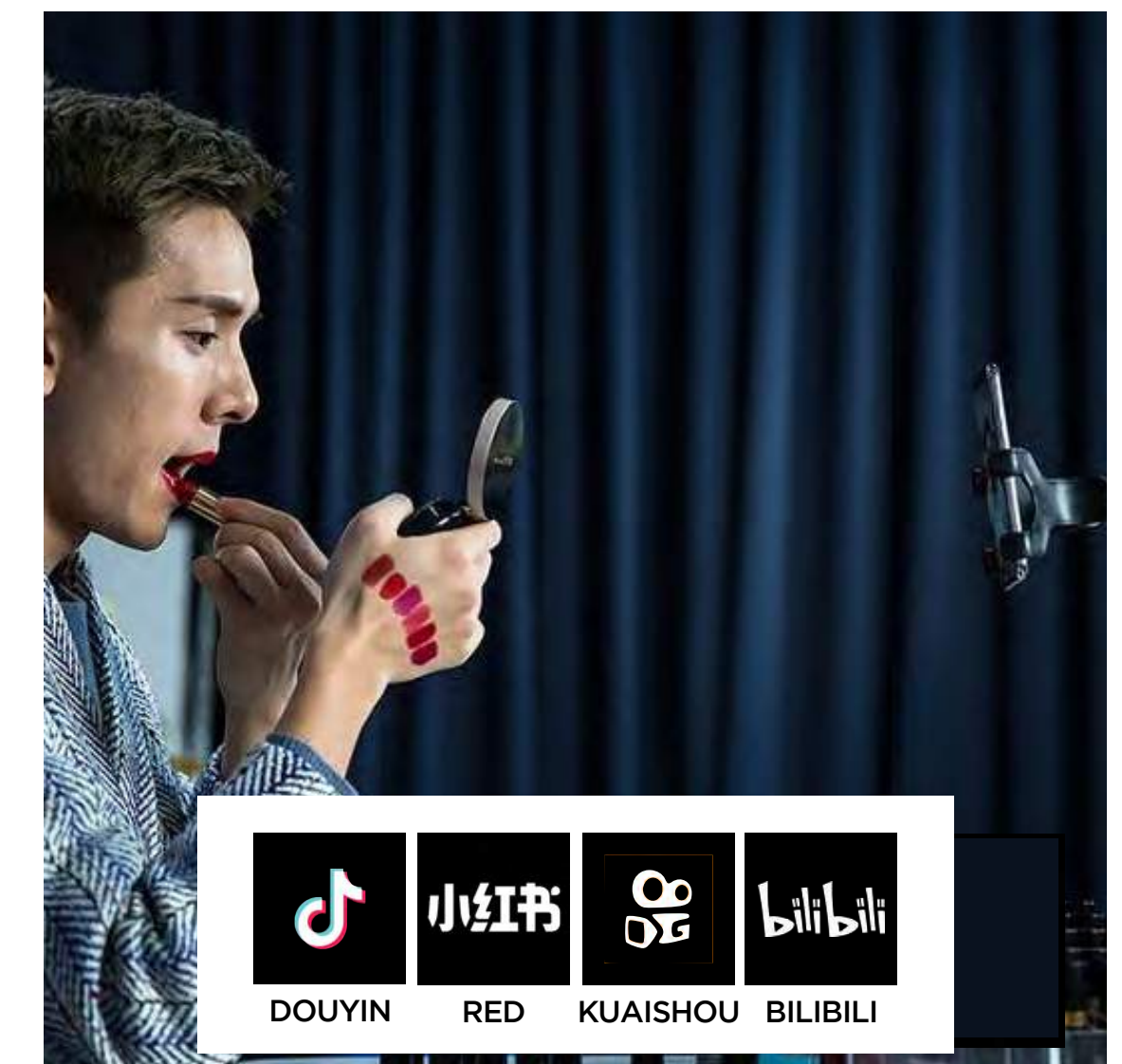


OneLeaf represents 'Mode Two' with a marketing/sales model similar to Amway.

MODE THREE: DOUYIN/RED

CONTENT-TO-COMMERCE

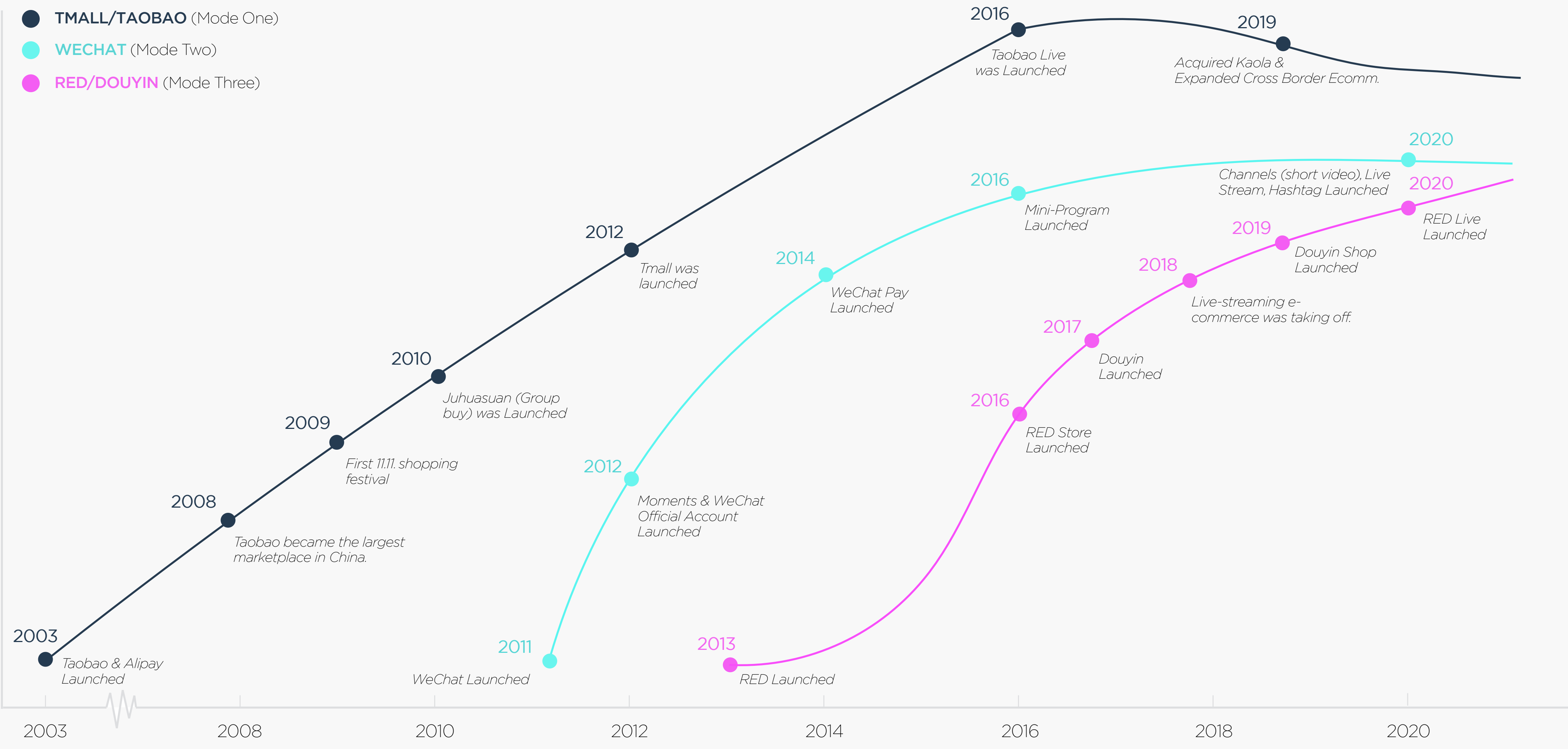
The current mode of digital growth is defined less by a specific channel and more by a range of tactics which can be best observed by what's happening on RED and Douyin, where brands are building high-levels of attention and then converting that attention in the moment. Livestream selling with KOLs is one of the notable tactics of “Mode Three.”



Perfect Diary has applied 'Mode Three' growth strategies very effectively.

SCALE OF ECOMMERCE

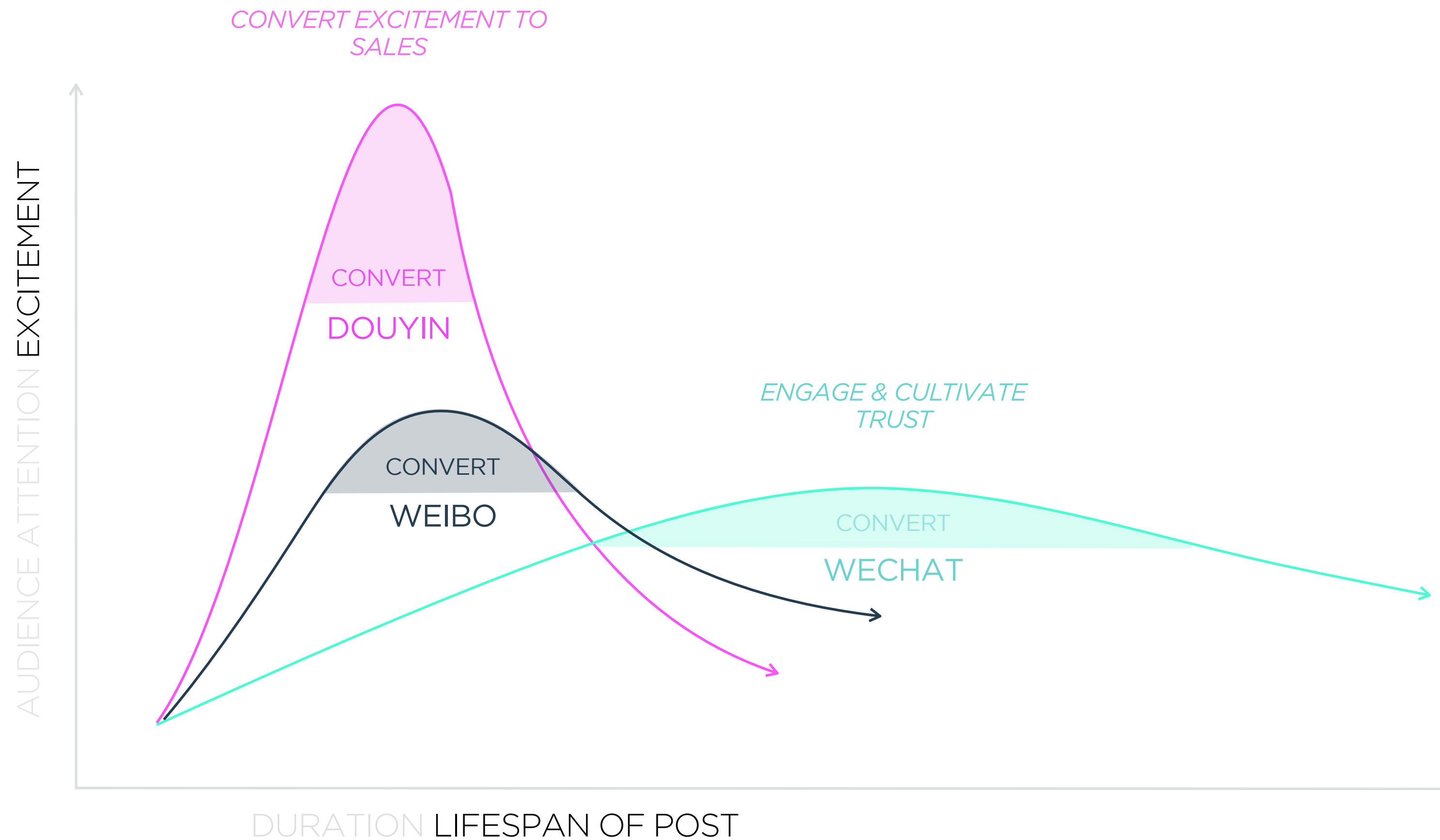
- **TMALL/TAOBAO** (Mode One)
- **WECHAT** (Mode Two)
- **RED/DOUYIN** (Mode Three)



ADVERTISING-TO-COMMERCE

COMMUNITY-TO-COMMERCE

CONTENT-TO-COMMERCE



CULTIVATING SALES VS TRUST

Some channels - such as DOUYIN - amplify content quickly, creating rapid attention and excitement, with attention dropping as quickly as it rose.

Other channels - such as WeChat - are less good at creating peak moments of excitement BUT are good for creating discussions and service which build trust.

DOUYIN: Converts excitement to action. It's great at creating rapid awareness and supporting impulse purchases (fashion, beauty, hobbies...). *Douyin is "Mode Three."*

WECHAT: Well designed for building trust and cultivating audiences and WOM. It's better for creating more thoughtful engagement and most effective for supporting higher-involvement purchases (luxury, travel, home/baby, IT...). *WeChat is "Mode Two."*

WEIBO: It's running the risk of being overshadowed by Douyin and WeChat, but is effective in supports discovery and is highly linked to other channels (Tmall) and to search/linking. It's a place for consumers to validate a brand before purchasing on Tmall. *Weibo is most aligned to "Mode One."*

GOING FORWARD, INTO 2021, VIDEO
WILL BE TABLE STAKES FOR BRANDS
WHO WANT TO FUEL AUDIENCE/
BRAND GROWTH.

Insight: More broadly, it's the connection between content-and-commerce which is going to be critical for brands to plan and master. Livestream selling was the most notable example of this in the past couple of years, but theme will proliferate across all channels in the year(s) to come.

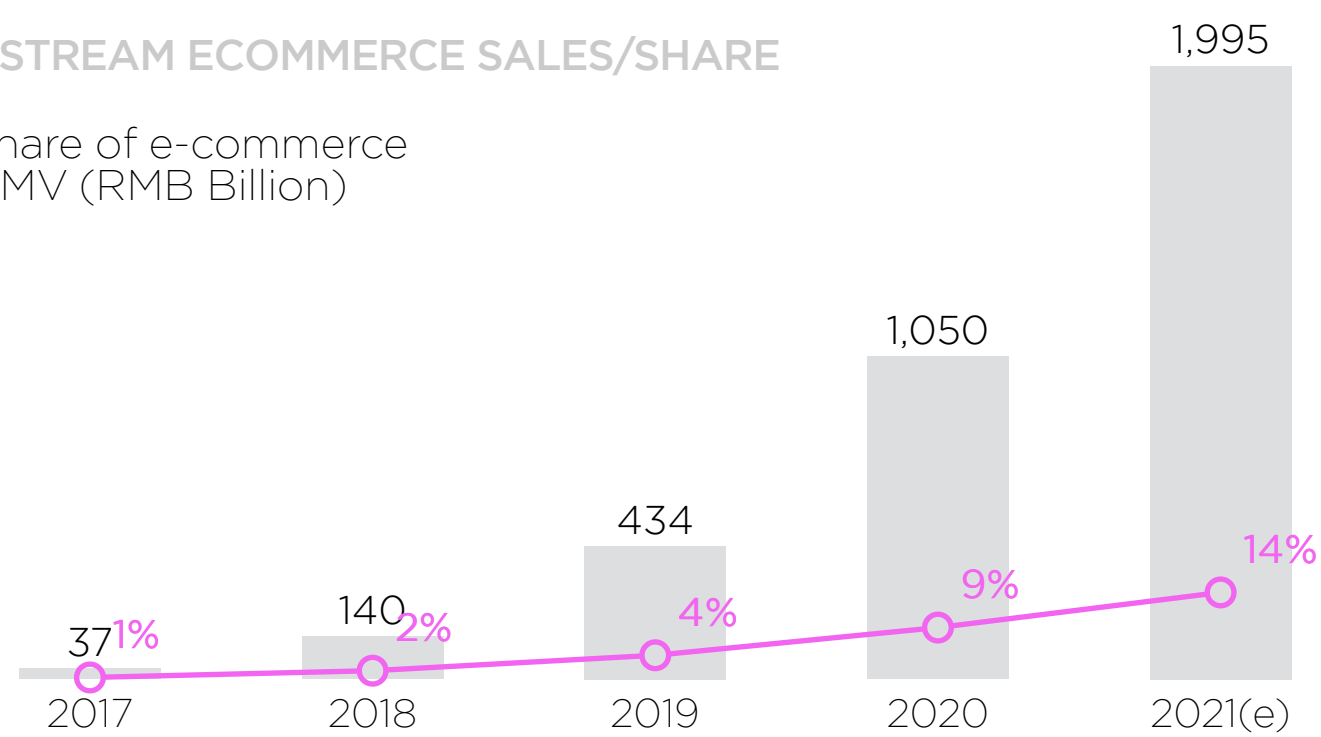
LIVESTREAM ECOMMERCE

Alibaba is a clear leader (still) with Tmall Live as the leading Livestream platform for sales. The success of these platforms is highly dependent on 'star power' - KOL 'pitch people' like Austin Li and Viya are profoundly important for the platforms ...and when it comes to sales success for brands.

KPMG estimates that GMV from Livestreaming will exceed RMB1.0 trillion in 2020, and, perhaps more importantly, will represent a 9% share of the total ecommerce GMV for China.

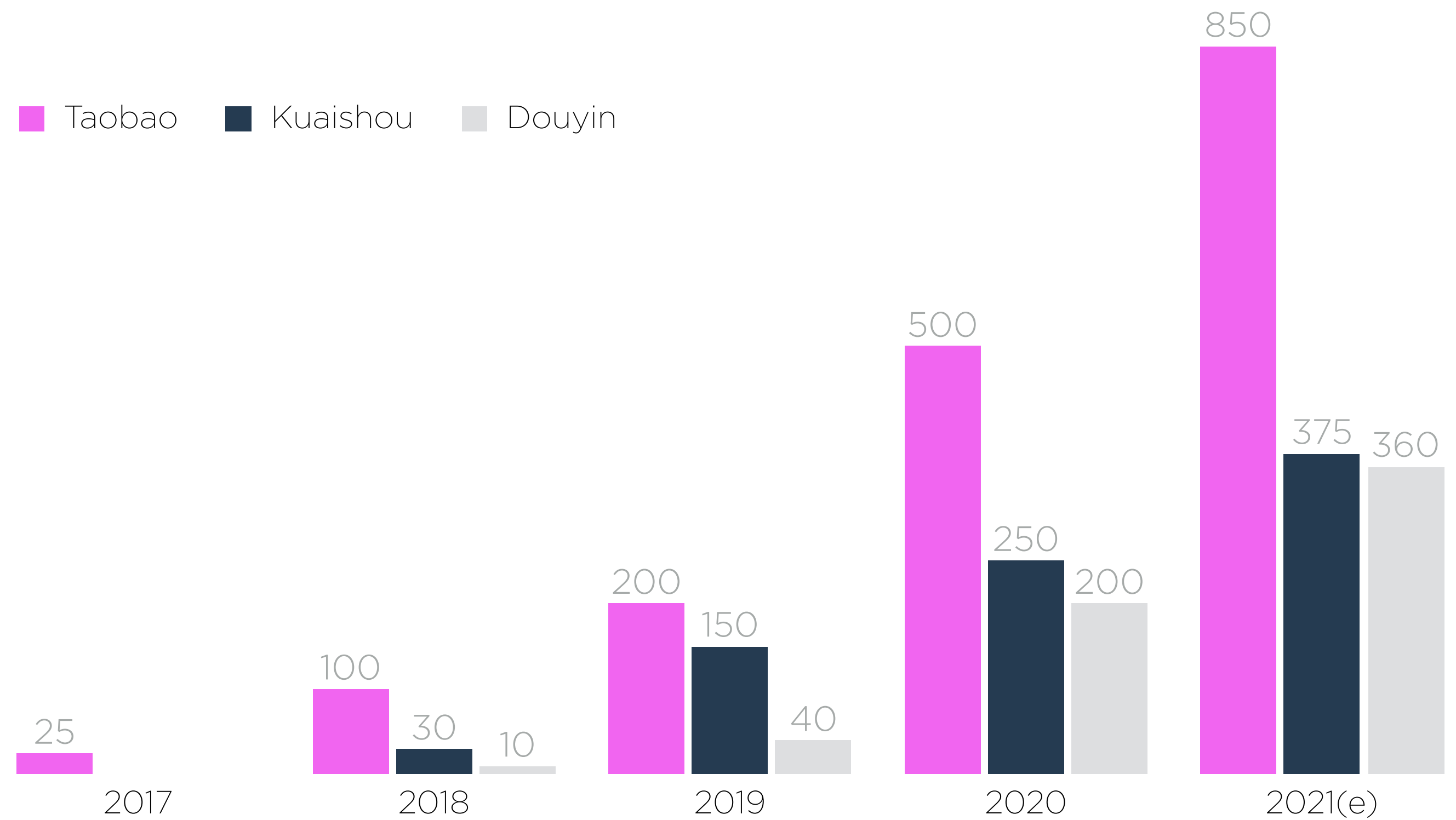
LIVESTREAM ECOMMERCE SALES/SHARE

○ Share of e-commerce
■ GMV (RMB Billion)



2017 - 2020 LIVESTREAMING TRANSACTION (RMB BILLIONS) BY PLATFORM

■ Taobao ■ Kuaishou ■ Douyin



Livestream video has been a catalyst in resetting expectations for video, as marketing table stakes.

As the exuberance over 'livestream selling' settles down, look for livestreaming to play a more routine function for brands in; creating branded experiences, engagement, and in customer service and sales.

Brands that want to participate in this step-change to video will have to setup the resources and routines to produce an array of video content, serving multiple goals; branded storytelling, interest-based content, customer service, technical support, product demos, and sales.



BRAND GROWTH

LOW EQUITY
(Rent Audience)



Livestream brand introductions and product demos from KOL accounts.

3rd Party KOLs/Media can kick-start awareness, interest in (a new) brand, product ...and/or widen appeal to new segments.

Brand storytelling and interest-based content creates meaningful, lasting engagement with audiences.



LandRover did a 30hour livestream to tell the story of its brand, and legacy on Douyin.

HIGH EQUITY
(Retain Audience)



Austin Li, using his own channel to sell to his audience, helped create a hero product for Florasis. He is a true advocate for this brand but for other brands, it can be coldly transactional.

KOL Livestream sales spark the link between attention-action, to generate quick sales and ...ideally establish "hero products."

Institutionalized broadcasts by brands (customer service, product demos) - elevates consideration, re-enforces trust.



Beauty brands have institutionalized daily customer engagement, service and sales livestreams ...all from brand "owned" accounts.

CONVERT SALES

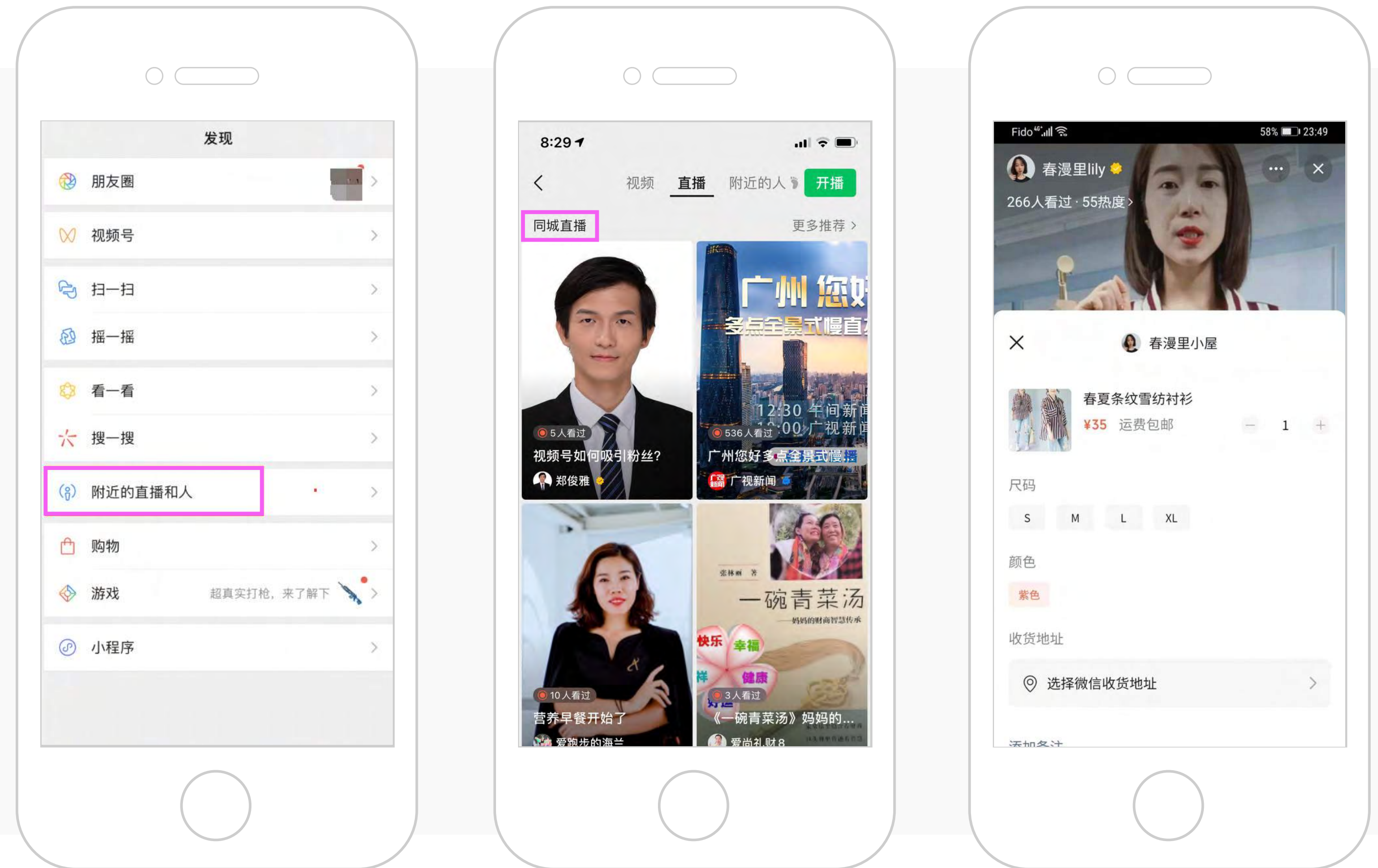
LOCATION-BASED LIVESTREAMING

While WeChat has not had much success (to-date) with its Livestreaming efforts, in early 2021, it deployed an interesting feature, allowing audiences to “look around” and find Livestreams “Nearby.”

While this is yet to be proven as an important feature, it is worth evaluating for brands with large offline retail footprints.

With this function, a brand with 10’s or 100’s of shops across China could activate local audiences in/near each of those locations, by creating routine Livestreams in those locations - becoming more discoverable, across more locations.

The further opportunity with localized Livestream comes with being able to be much more specific to local culture, activities, weather ...etc. Want to promote a connection to boardsports for your brand? Do snowboard tutorials in Beijing, Skateboard tutorials in Shanghai and Surfing tutorials in S. China.



Find Livestreams Nearby - WeChat's Livestream features location (proximity) capabilities.

RED & BILIBILI ARE QUICKLY BECOMING FOUNDATIONAL CHANNELS FOR BRANDS

Insight: GenZ's preferences for newer channels is shifting the media landscape for brands. While Tmall, WeChat and Weibo all remain as foundational channels, there is a possibility to see some new foundational channels emerge - and a wider set of channels put into play. Cost increases on mainstream channels could accelerate some of this shift.

BILIBILI, RED TO LEAD WITH NEW INVESTMENT

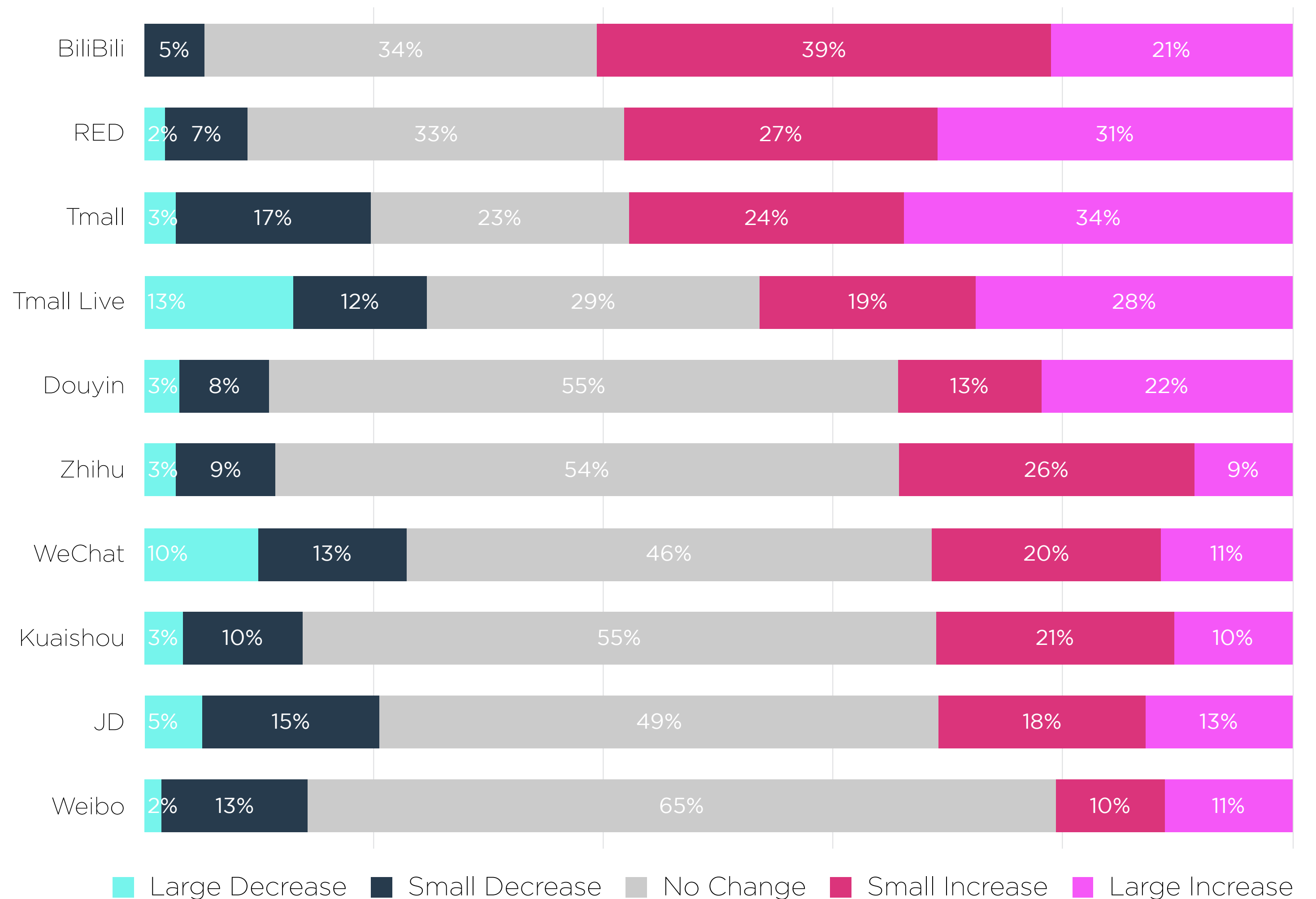
Brands looking to unlock stronger, more expedient growth, are increasing investments into BiliBili, RED and Douyin - provided that brands have products which are complimentary with the audiences in these channels.

Many/most brands are already fully invested into foundational channels such as WeChat and Weibo. Therefore, newer channels such as BiliBili and RED benefit from being newer, more 'greenfield' and often less costly.

The other big story in terms of where brands are making investments for 2021 is with the continued investments into Livestreaming, which are centered around Tmall Live.

Tmall Live also saw many brands planning to decrease budgets. There is a sense among some brands who have experimented with Livestream selling that it's costly and did not yield adequate ROI.

HOW DO YOU PLAN ON ADJUSTING YOUR BRAND'S CHANNEL SPEND IN 2021?



Source: Totem Media 2021 China Brands Survey n=71

TMALL, WECHAT AND WEIBO MOST STABLE

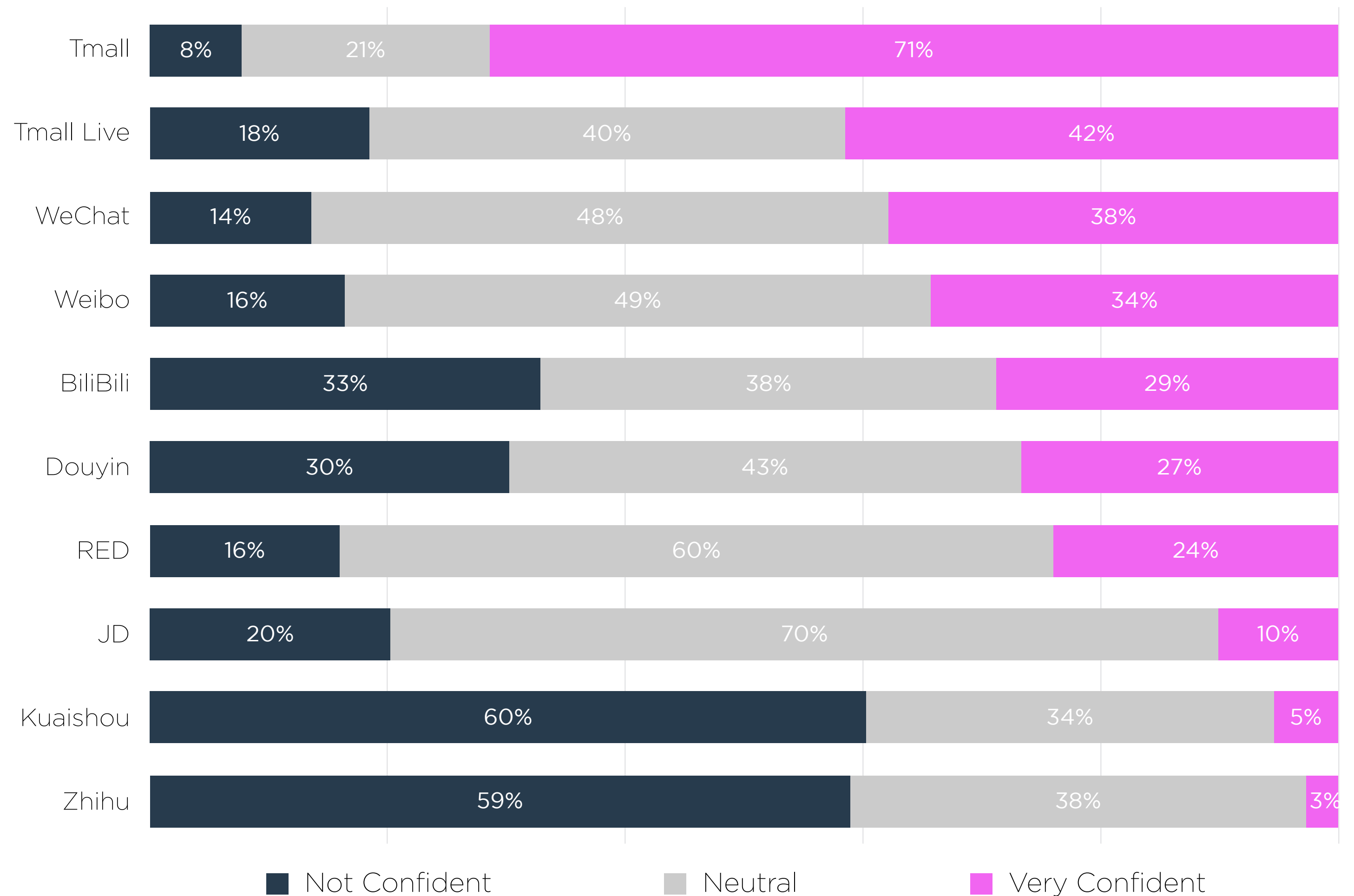
Brands are attracted to ‘shiny new things’ and like to invest into hot, new channels.

Hot channels don’t necessarily become foundational channels. There is a threshold that channels must rise above to hold the status of being ‘foundational’ and worthy of long-term investment and cultivation.

We asked brands to evaluate these channels based on their confidence that the channel would be relevant and important in +3years. It is no surprise that Tmall, WeChat and Weibo ranked highest, as they are already viewed as foundational (and most brands have significant sunk costs in them).

Among this group, Kuaishou and Zhihu hold least confidence for longer-term investments by brands.

THREE YEARS FROM NOW, HOW CONFIDENT ARE YOU THAT THE FOLLOWING CHANNELS WILL PLAY A KEY ROLE IN YOUR MARKETING PLAYBOOK?



Source: Totem Media 2021 China Brands Survey n=71

FOLLOWER NUMBERS IMPACT BRAND MORALE

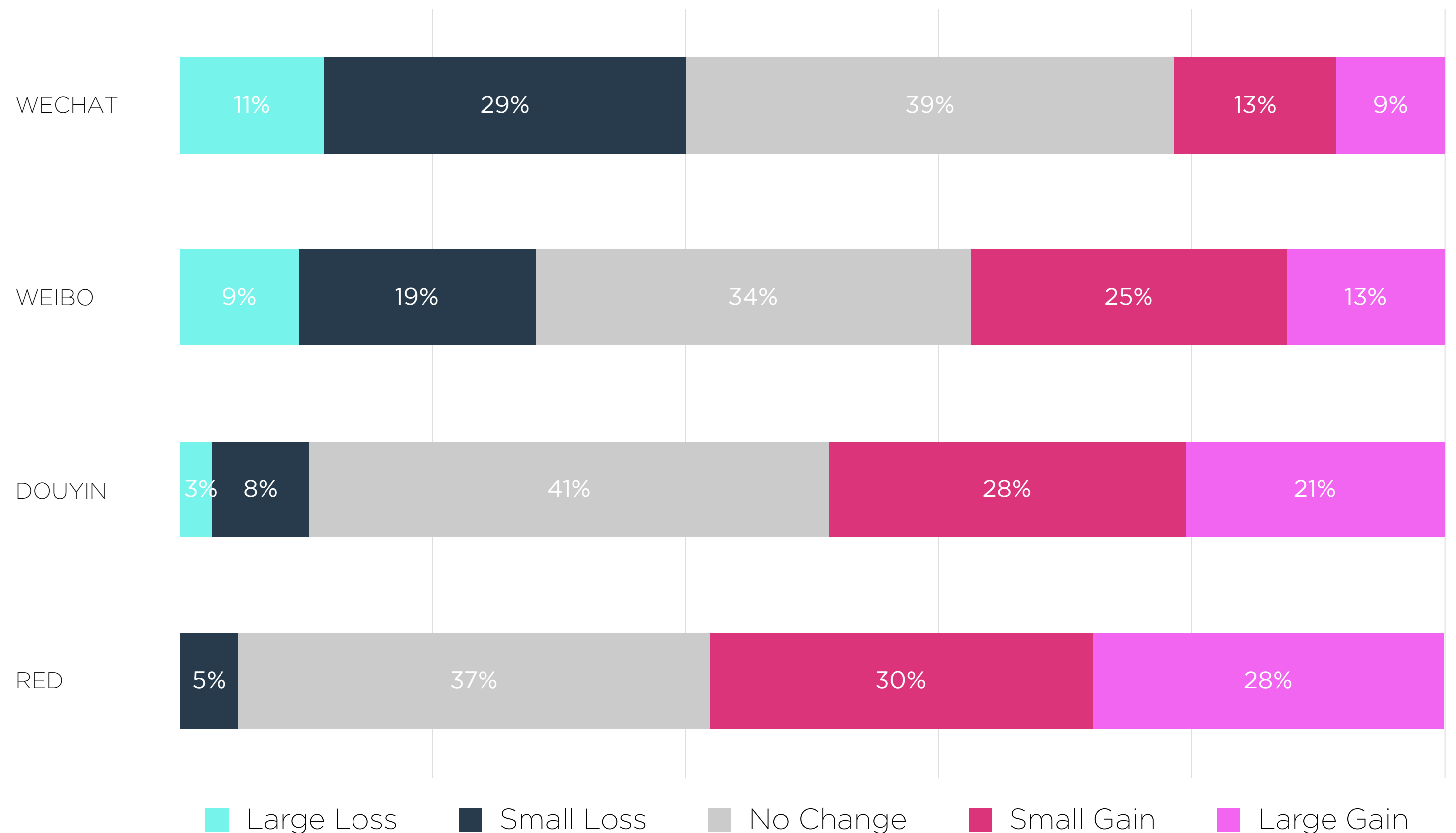
WeChat continues to be challenging for most brands when it comes to audience costs and traffic.

Building and maintaining audiences in WeChat is considerably higher than other social channels. WeChat is however working to make brands more discoverable, so this trend might start to reverse in 2021, but for now, it's a challenge for most, (especially) smaller, lesser known brands to grow there.

For newer, smaller, less well funded brands, RED, Douyin and Weibo offer better prospects for building awareness and gaining traction.

Most brands have moved past follower count as a metric for evaluating performance. Follower gains/losses do have impact on morale and ...if a brand is gaining in a channel, it tends to re-enforce decisions to continue investing.

IN 2020, HOW WOULD YOU CHARACTERIZE YOUR RESULTS, WITH FOLLOWER GAINS/LOSSES:



DOUYIN & RED REACH NEW CONSUMERS

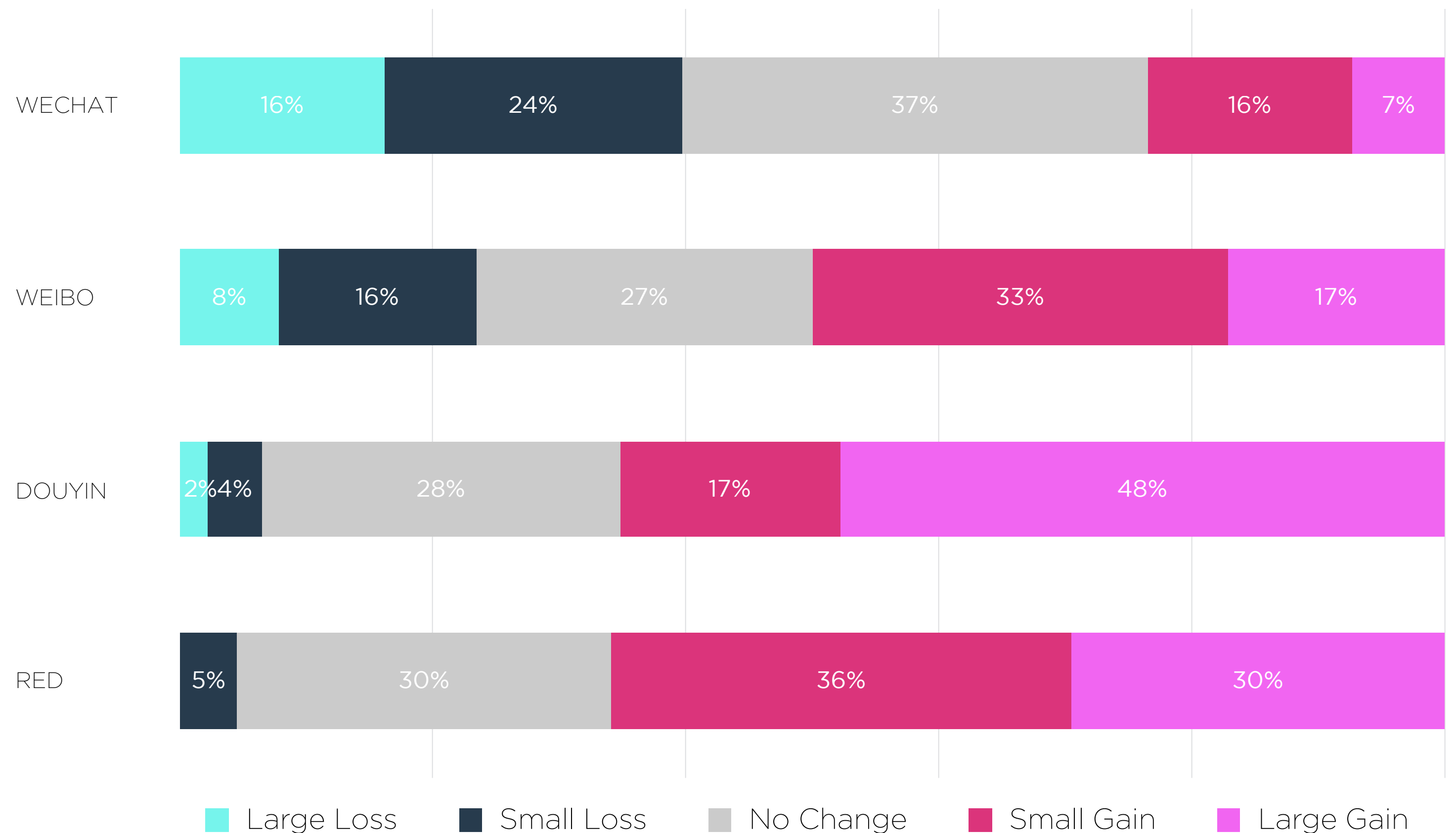
Douyin performs well in creating new reach, attention and access to new audiences - and it does so for a wide range of brands.

RED performed almost as well as Douyin in this area but its utility was somewhat more limited to brands in fashion, beauty and other youth, female focused areas.

Weibo is still a stable platform for building awareness/reach - despite seeing attention slip away, in favor of Douyin and RED in recent years.

WeChat performed the worst on this metric because of a few factors; (1) WeChat is not open, transparent account-to-account, (2) ads and KOLs are costly, and (3) measurement (ease of observing results) is more difficult than other channels.

IN 2020, HOW WOULD YOU CHARACTERIZE YOUR RESULTS, WITH REACH/AWARENESS:



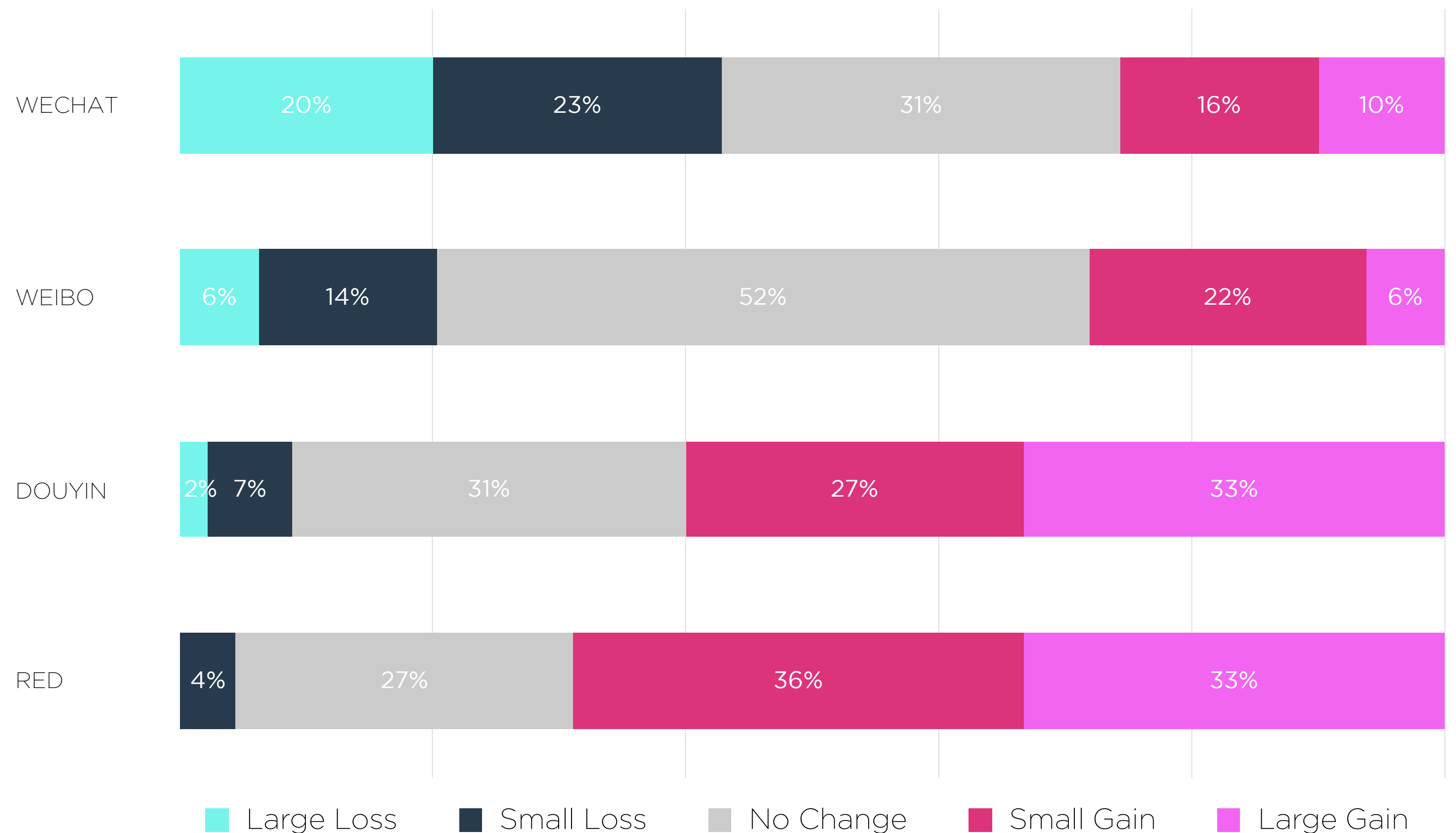
RED IS POWERING BRAND TRACTION

Among these core social channels, RED is proving itself to be a solid performer for helping brands to generate consideration and conversions. The perception that RED is driving results has a lot to do with the fact that it's a higher growth channel (where audiences are more engaged and active). Actual sales conversions on RED shops are less impressive.

By comparison, more mature channels like WeChat (for brands that have successful brands), are actually much more productive in terms of sales conversion and as a hub for customer service and support.

In this context, WeChat is the best performing social channel for larger, higher profile brands (those with steady flow of traffic), while, RED is likely to be a place where smaller brands can get much needed traction.

IN 2020, HOW WOULD YOU CHARACTERIZE YOUR RESULTS, WITH BUSINESS RESULTS (ROI):



SMALLER KOLS (& KOCS)

Further insight into the nature of these four channels can be gleaned when looking at how brands deploy KOL resources.

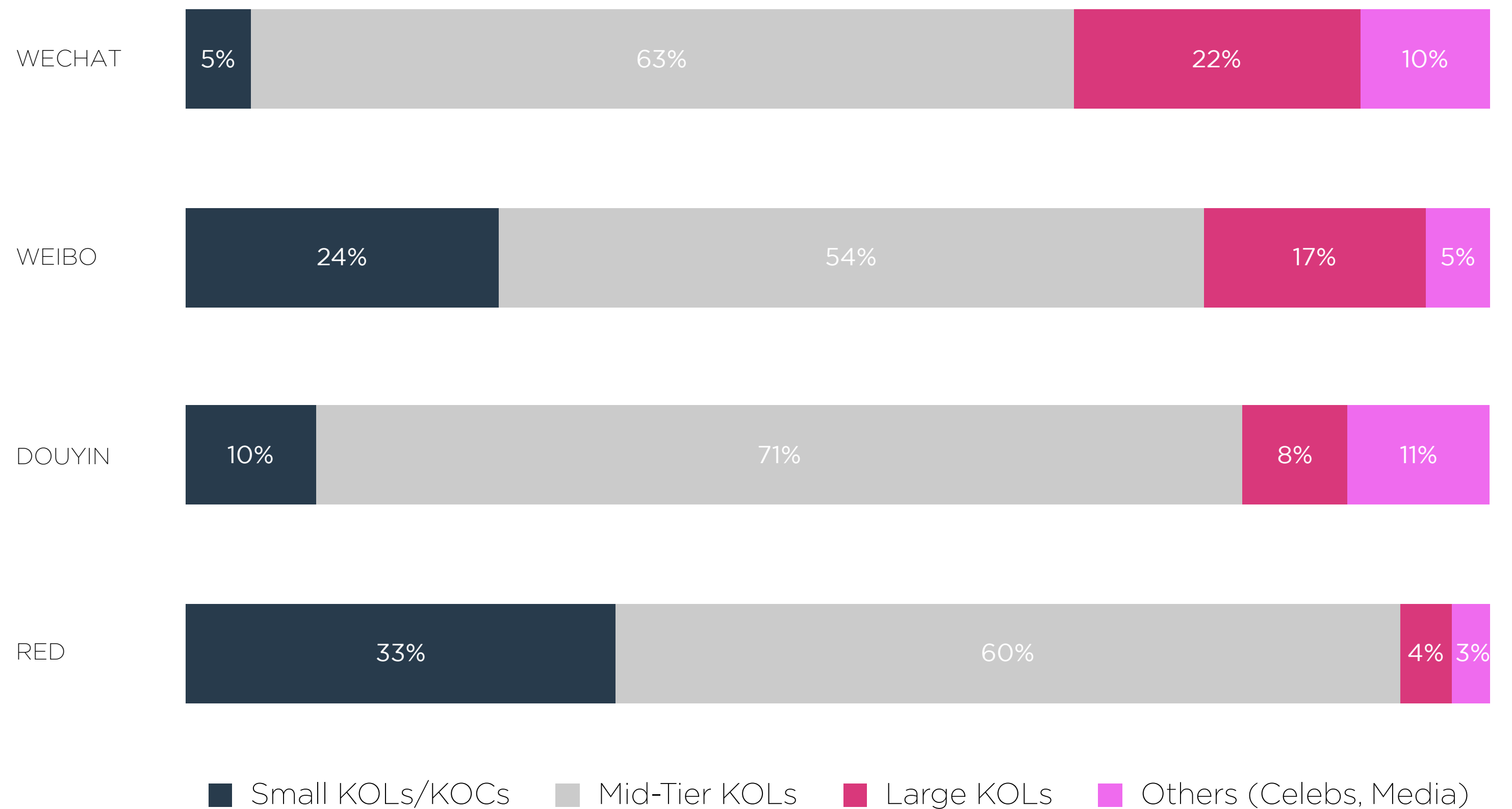
Data from WEIQ in late 2020, show that RED is very much a grassroots (and less expensive) channel - with fewer large KOLs and a larger share of small KOLs/KOCs.

By contrast, WeChat is more skewed toward larger KOLs, Celebrities and official media accounts.

This points to a divergence in strategies for larger, more established brands (using WeChat) and smaller, earlier-stage brands (using RED, Douyin).

In Totem's analysis of DTC brands (such as Neiwai, Ubras, Florasis, Perfect Diary ...etc), we have seen these newer, digital native brands drive significant growth through over-investing into RED (and to some extent Douyin).

SIZE/PROFILE OF KOL IN USE ACROSS KEY CHANNELS



Brands are increasingly looking beyond mainstream channels to; (1) large, but (often) under-appreciated channels (such as QQ), and (2) smaller, niche channels, which are growing around interests (eg. KEEP).

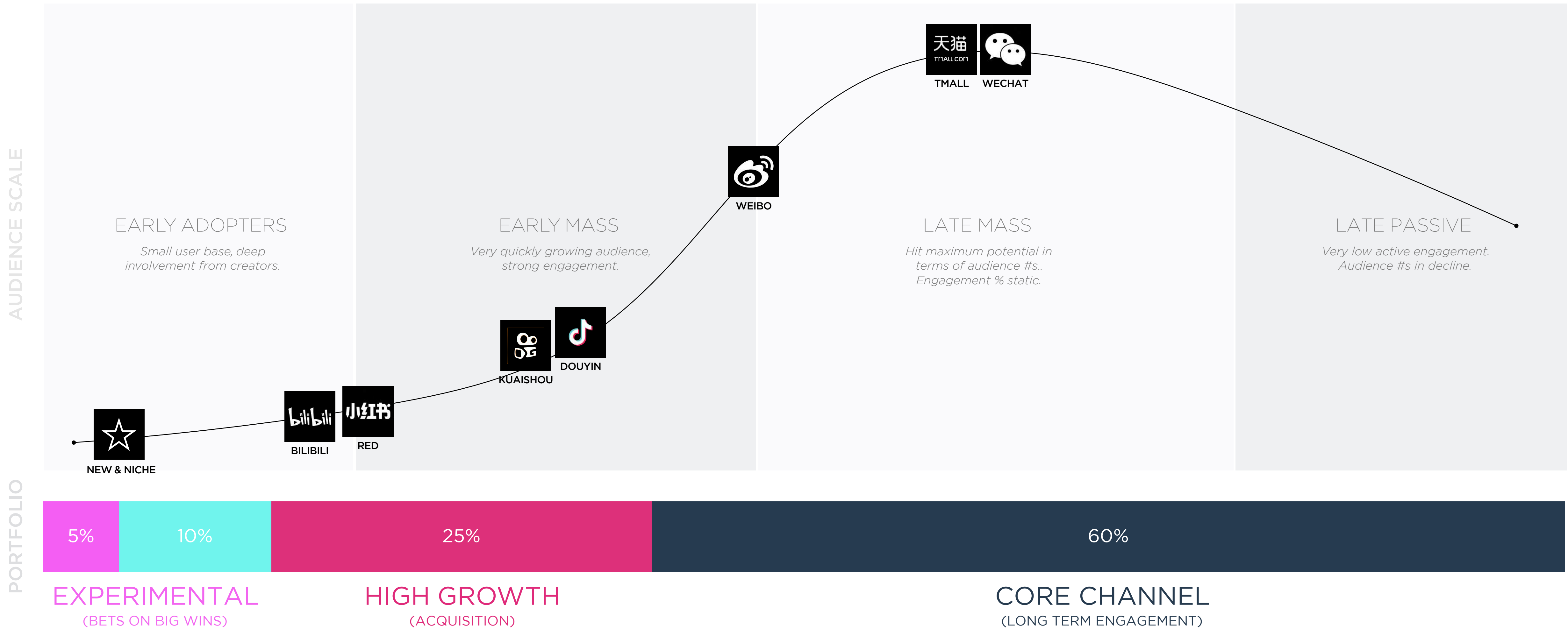
The number of channels considered by brands will likely increase in the years ahead, as brands implement more finely targeted efforts around audience segments/groups.

At the same time, anti-trust actions have started to gain momentum, which could see the holdings of BATB spun-off (eg. Alibaba divestments of Weibo, RED, Bilibili), resulting in a degree of freedom for smaller channels to grow.



BRANDS MUST DEVELOP STRATEGIES TO BALANCE FOUNDATIONAL CHANNELS WITH EMERGING, EXPERIMENTAL ONES.

Insight: While there are new channels emerging, brands need to pick their spots and not attempt to maintain too many channels concurrently. Having too many channels in operation can be a drag on resources and the quality of audience engagement. Very few brands are executing multiple channels well, with high quality content and operations.



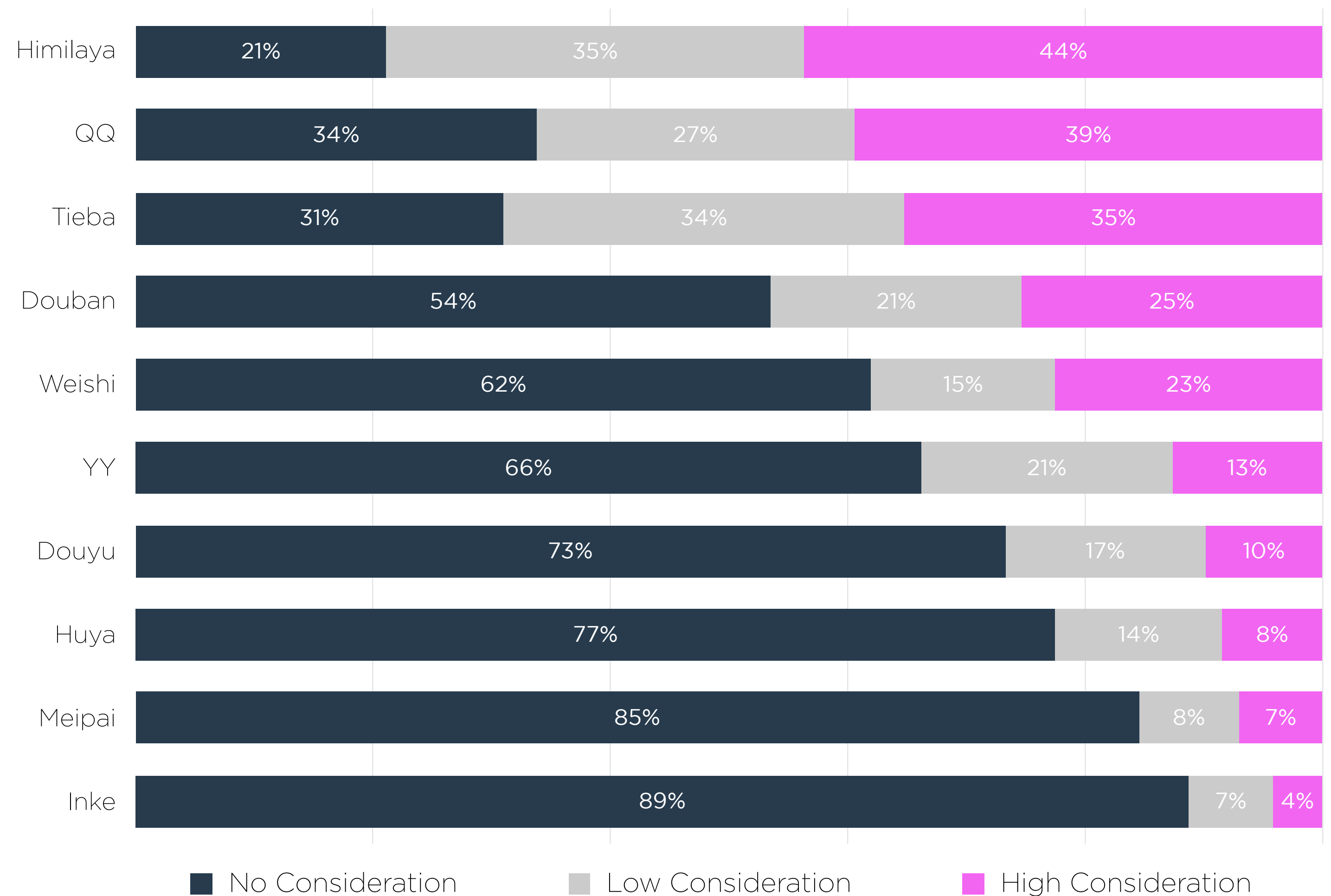
OVERLOOKED BUT NOT FORGOTTEN

There is a large set of digital channels (apps) in China which fall outside the core channels for most brands but still have; (1)large user bases, (2)strong engagement, (3)and hold the potential for smart, successful brand activations (campaigns).

Among the non-core channels in the previous section, the most popular channels (with highest consideration for brand ads/programs) are; Himilaya (podcasting app), QQ (Tencent’s IM that boasts 750m MAU), Tieba and Douban.

The next set of apps - mostly video and livestream apps - have been largely overshadowed by bigger players in that space such as Douyin, Kuaishou and Tmall Live.

ESTABLISHED NON-MAINSTREAM CHANNELS FOR BRAND INVESTMENTS



Source: Totem Media 2021 China Brands Survey n=71

NICHE ...BUT NICE FOR SEGMENT TARGETING

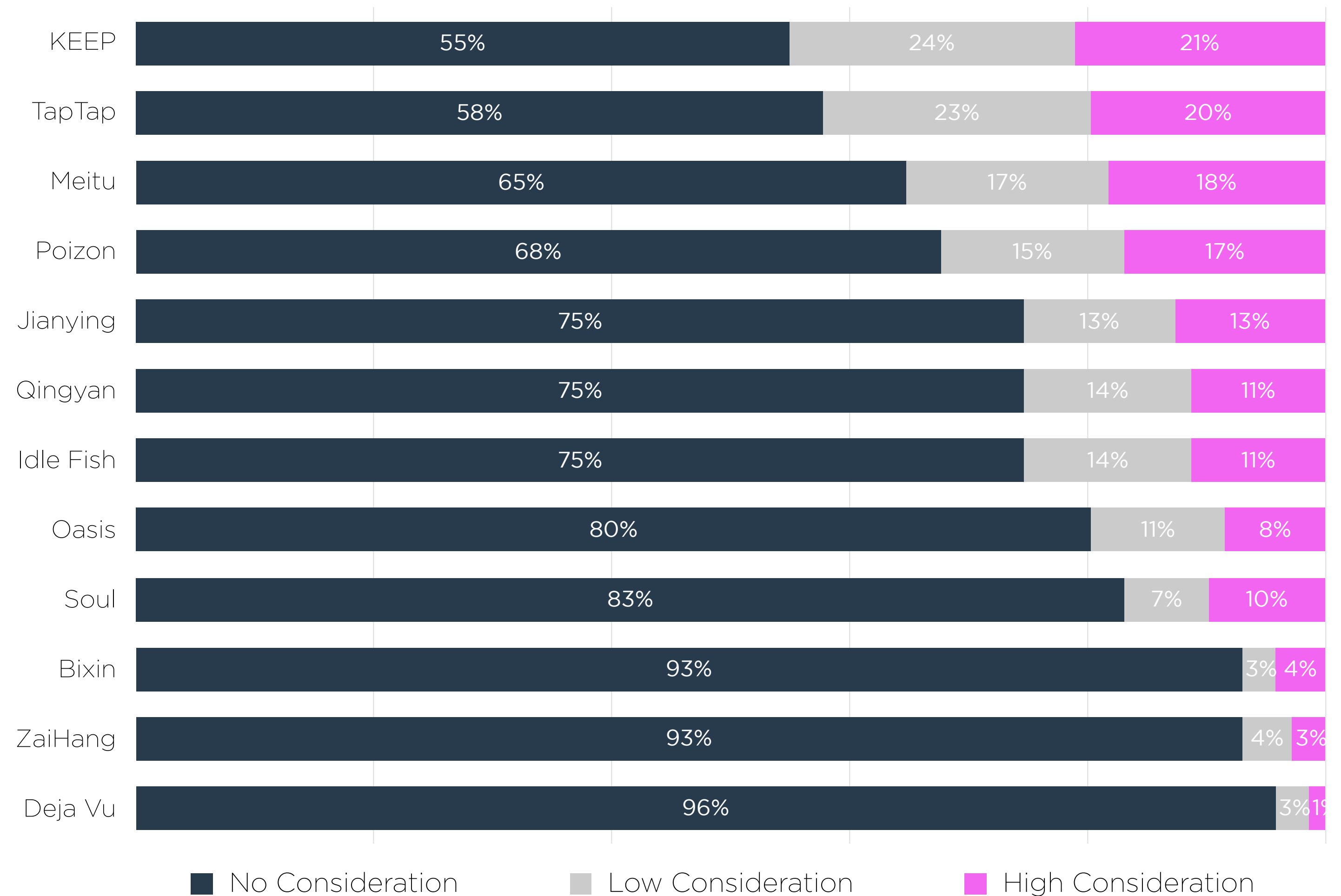
As brands in China become more attuned to targeting niche audience groups, they will turn more to smaller apps which hold the potential for both;

(1)segment-specific engagement with well defined user groups - especially where brands can use the app to connect with audiences through shared interests.

(2)the possibility of catching a new app during its early growth surge, before other brands pile in, and create too much noise.

Among this group of 'niche apps' KEEP (fitness & wellness) has likely attracted the most attention from brands. The rise of fitness/wellness in China, has attracted a huge number of brands looking to align to this area of interest (passion).

NICHE APPS FOR BRAND INVESTMENTS





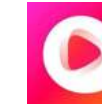










































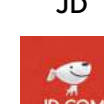









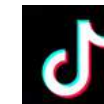




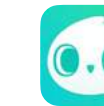








Source: Totem Media 2021 China Brands Survey n=71

DIGITAL CHANNELS IN CHINA APPEAR SET TO BECOME MORE DISPERSED - AND LESS CONSOLIDATED BY BATB.

Insight: China's major digital players, Alibaba and Tencent appear to be facing similar anti-trust pressures (threats) as the US players (eg. Facebook) are. A healthy outcome to this (for brands and customers) would be one, where; (1)there are fewer cross-platform link blockages, (2)more opportunities for smaller apps to grow, without getting crowded out (or acquired) prematurely, and (3)having more (rather than fewer) apps to choose from.

The current level of consolidation is significant

	Social (Community)	Video /Audio	Entertainment/News	Ecommerce	Payments
 <p>Baidu</p>	 <p>TIEBA</p>	 <p>HAOKAN</p>  <p>IQIYI</p>  <p>QUANMIN XIAOSHIPIN</p>	 <p>BAIDU</p>  <p>BAIDU NEWS</p>  <p>ZHIHU</p>  <p>YY LIVE</p>	 <p>BITAUTO</p>  <p>NUOMI</p>  <p>WOMAI</p>	 <p>WALLET</p>
 <p>Alibaba.com</p>	 <p>WEIBO</p>  <p>DINGDING</p>  <p>RED</p>  <p>小红书</p>	 <p>YOUKU</p>  <p>BILIBILI</p>	 <p>XIAMI MUSIC</p> <p><i>Shut down Feb 2021</i></p>	 <p>TMALL</p>  <p>TAOBAO</p>  <p>JUHUASUAN</p>  <p>XIANYU</p>  <p>ELE ME</p>  <p>KOUBEI</p>  <p>SUNING</p>  <p>HEMA</p>	 <p>ALIPAY</p>
 <p>Tencent 腾讯</p>	 <p>WECHAT</p>  <p>WECHAT FOR WORK</p>  <p>QQ</p>	 <p>TENCENT VIDEO</p>  <p>WEISHI</p>  <p>TING SHU</p>  <p>HIMALAYA</p>  <p>QUANMIN K GE</p>  <p>PITU</p>  <p>KUAISHOU</p>	 <p>QQ MUSIC</p>  <p>KUGOU</p>  <p>KUWO</p>  <p>QQ NEWS</p>  <p>DOUYU</p>  <p>HUYA</p>	 <p>JD</p>  <p>PINDUODUO</p>  <p>MEITUAN</p>  <p>MEIRI YOUXIAN</p>  <p>DIANPING</p>	 <p>WEPAY</p>
 <p>ByteDance</p>	 <p>FEILIAO</p>  <p>DUOSHAN</p>  <p>FEISHU</p>	 <p>DOUYIN</p>  <p>HUOSHAN</p>  <p>XIGUA</p>  <p>FANGJIE</p>  <p>JIANYING</p>  <p>FACEU</p>  <p>QINGYAN</p>	 <p>TOUTIAO</p>  <p>WUKONG Q&A</p> <p><i>Shut down Feb 2021</i></p>	 <p>ZHIDIAN</p>  <p>DONGCHEDI</p>	 <p>DOUYIN PAY</p>

BATB CONCENTRATION SLIPPING?

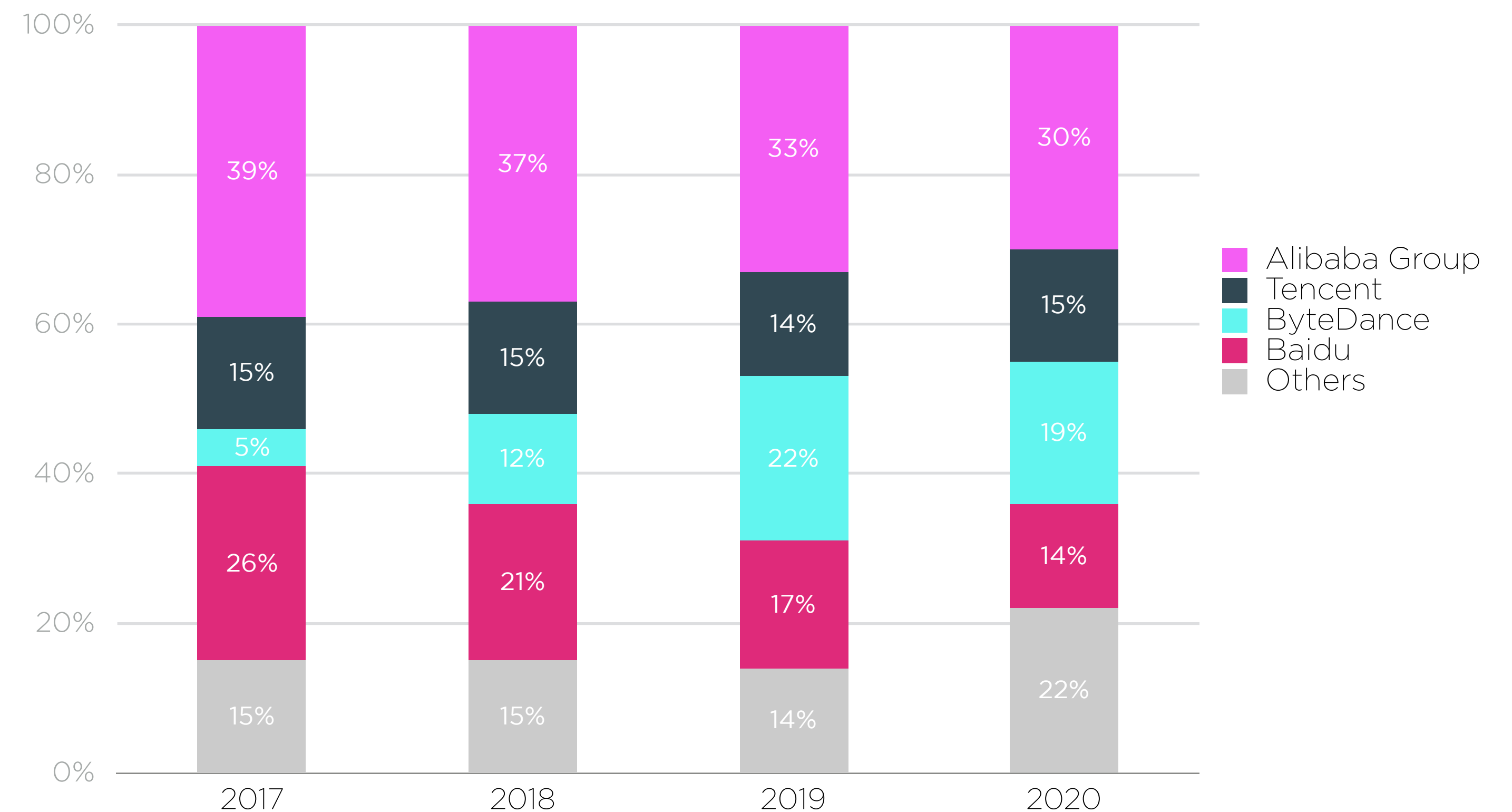
Digital advertising spend increased 13.85% in 2020, moving up to a total of RMB497 Billion.

China's big four digital holding companies, ByteDance-Alibaba-Tencent-Baidu, account for 78% of all digital ad spending. However, that share is starting to slip ...a bit ...with "other" platforms accounting for a record high of 22% in 2020.

Between 2019 and 2020, search was the biggest loser in ad revenue (going from 17% to 13%), while video was the biggest winner in growth of share (going from 11% to 15%).

This comes at an interesting time, as the government is threatening anti-trust actions against Alibaba and Tencent. While both Alibaba and Tencent make most of their revenue in other areas (ex-Advertising), clipping back their holdings would sting. Alibaba needs Weibo, RED and Bilibili as sources of inbound traffic, to feed its core ecommerce business.

ADVERTISING REVENUE SPLIT BETWEEN BATB



AS LARGER CHANNELS HAVE
BECOME EXCEEDINGLY CROWDED,
BRANDS ARE LOOKING TO MORE
NICHE, INTEREST-BASED APPS.

Insight: From a channel planning perspective these apps are experimental (not foundational), so should be treated as opportunities to spark new attention and activate specific audience segments - rather than as channels where brands necessarily have 'always on' presence.

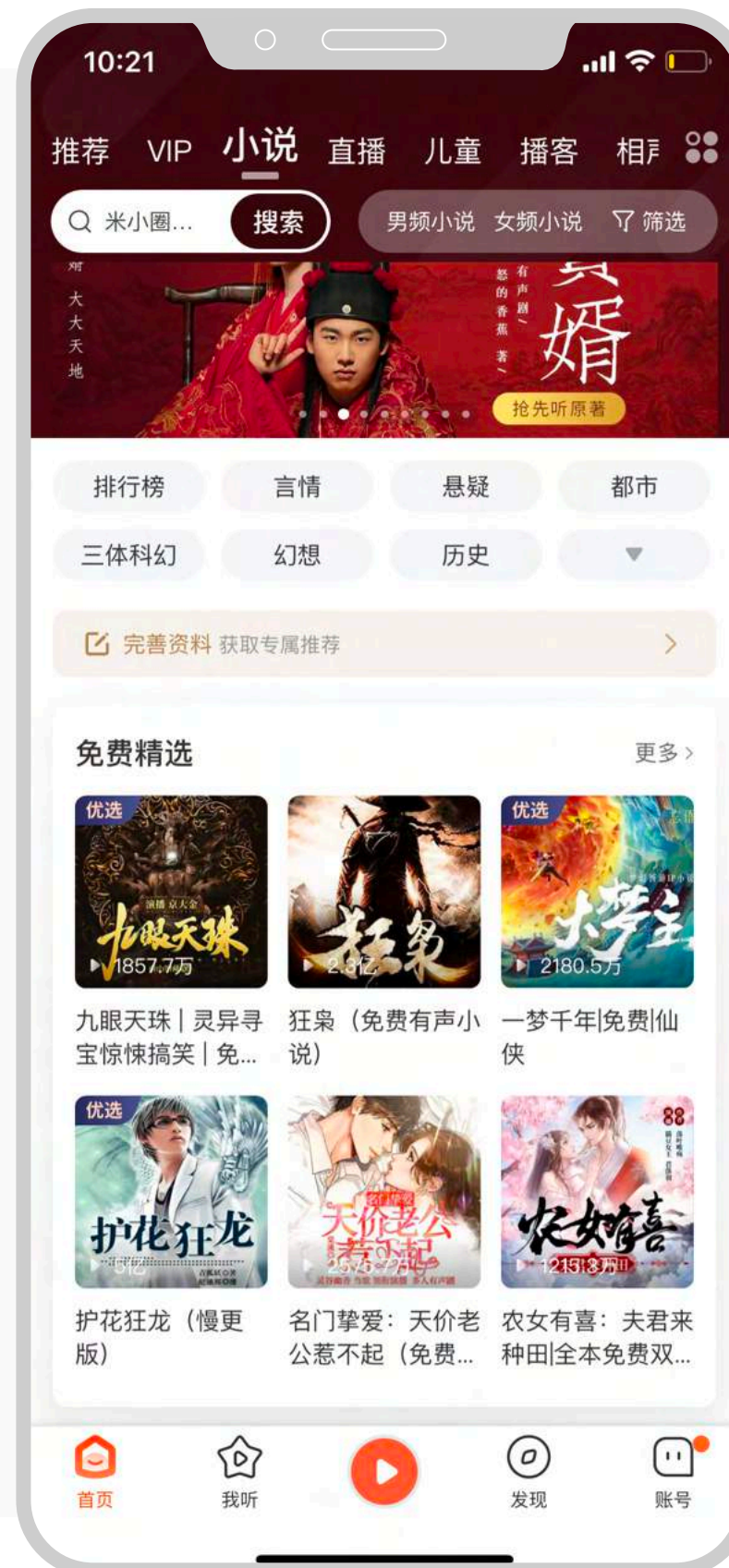


HIMALAYA / 喜马拉雅 - the #1 audio content app in China, it integrates audiobook, podcast, radio, music, voice parties, and voice social.

Covid accelerated the growth of audio apps, as they were seen as a more intimate way to socialize. Himalaya users have increased by 63% from Jan-Mar 2020, and total usage time has doubled.

Himalaya has been integrated into 93% of smart speakers in China. BMW, Audi & Tesla also connects with Himalaya.

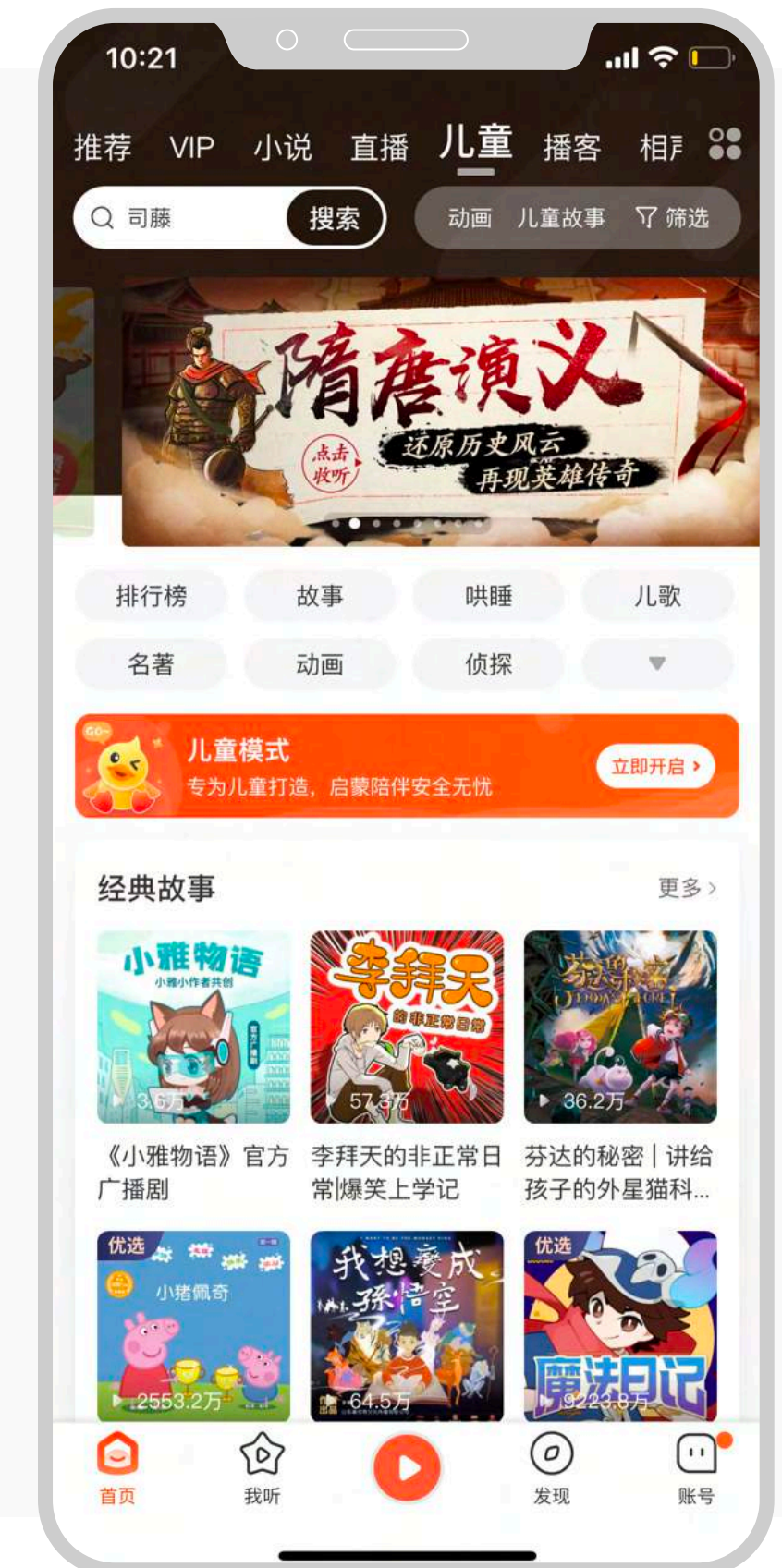
MAU: 111 million
MAU data from: Analysys 易观千帆



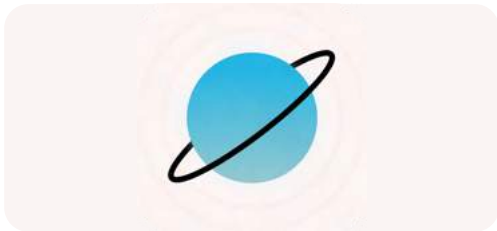
Novels



Live Streaming



Kids



A LITTLE UNIVERSE / 小宇宙 - A place to listen to podcasts and talk about them. Unlike Himalaya and other audio apps, “A Little Universe” is designed solely for podcasts.

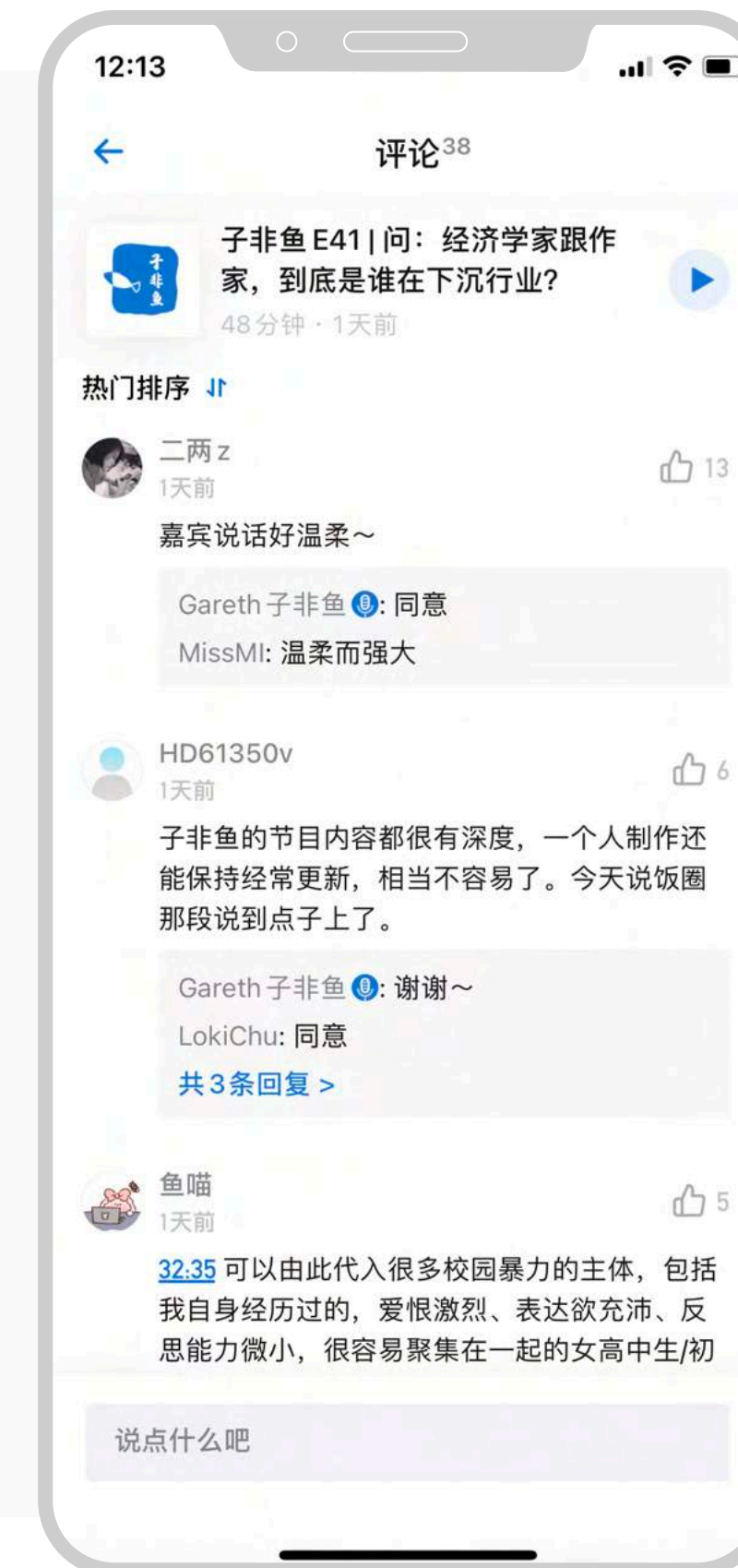
Users can both listen to podcasts and organize follow up discussions about the casts.

Recently, QQ music added a podcast tab, which features “Little Universe” content/casts. This link should accelerate the growth of the app and bring a larger audience quickly.

MAU: N/A



Discover



Comment/Discussion



Ranking



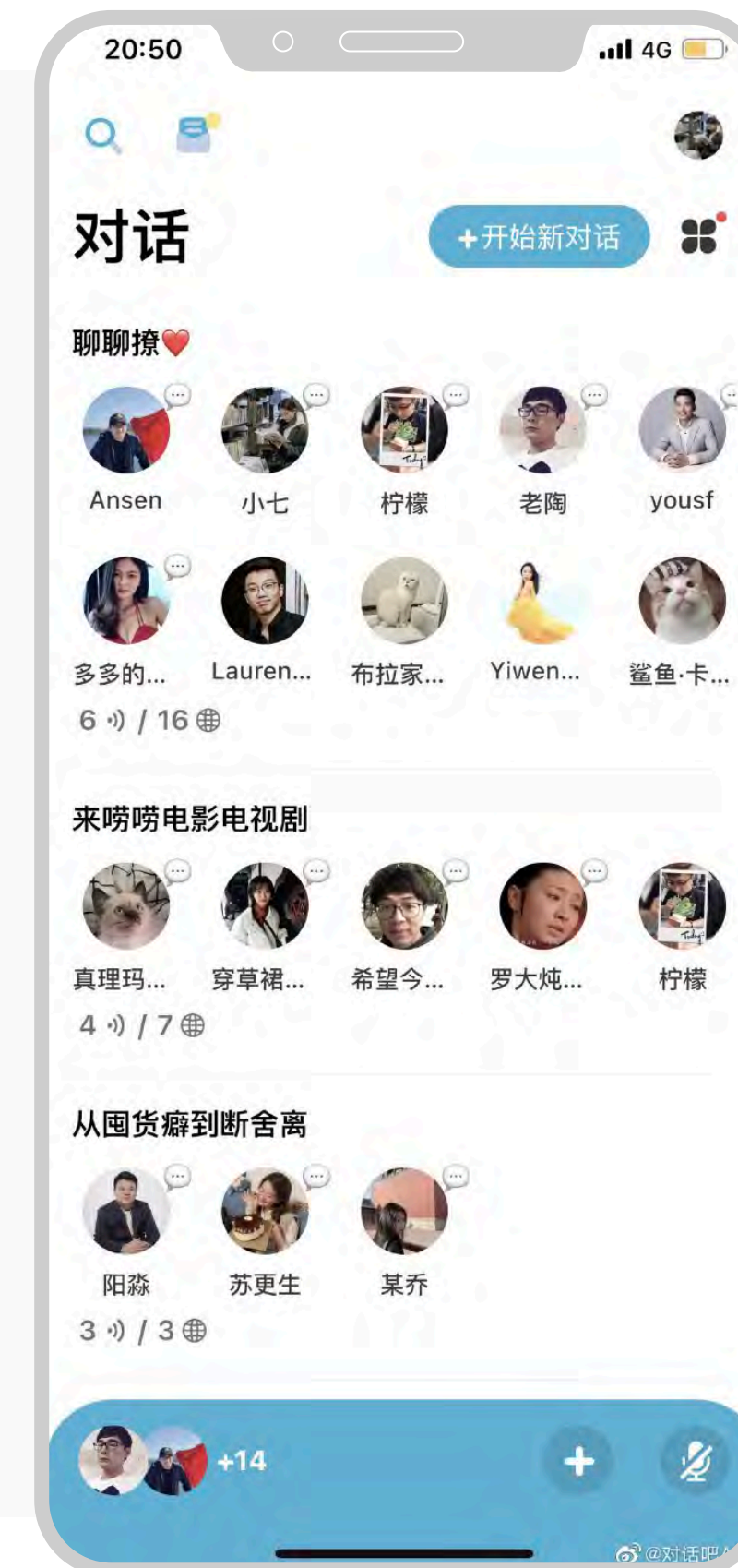
LET'S TALK 对话吧 - Developed by Inke and launched in February 2021, as a localized version of Clubhouse.

Unlike the majority of current voice social apps in China that focus on mass entertainment, Let's Talk invites elite leaders from various industries to host rooms/topics that encourage valuable information sharing, inspirational discussion, and high quality conversation. Users need a invitation code to use the app.

MAU: N/A (Suspended from App Store)



Discover Topics



Live Chat Rooms



Recommend to Follow



SOUL - Launched in 2016, it encourages users to connect with strangers based on shared interest and personality. Users are largely anonymous, they connect with text, voice and avatars through AI recommendations, voice parties and UGC sharing. Users also need to complete a personality survey in addition to interests survey when setting up the profile. 36.5% of the users are GenZ according to iResearch. According to company announcements, the app has reached 100 million users and 30 million MAU.

MAU: 6.45 million

MAU data from: Analysys 易观千帆



Group Voice Chatting Parties



The Latest Moments



Soul Matching



OASIS - Weibo (Sina) launched Oasis (Luzhou) in 2019. They are pitching it as an Instagram-like product focused on interests/passions, to address lifestyle and fashion communities. Again, there is lip-service to the concept of being interest-first, but the structure of the app appears to be very similar to LittleRedBook. So, speculation is that they will be quick to add ecommerce and monetize the site, if they can get a critical mass of new users.

If Sina can keep a focus on quality content (no ecommerce) they could be in a good position with audiences. With Red going all-in as an ecommerce platform, there will be a place for Oasis. Brands would also welcome a place to do more content focused marketing.

MAU: 10 million
MAU data from: Analysys 易观千帆



Following



Discover by Users, Interest & Tags



Recommended



JIKE / 即刻 - Join a group, share insider jokes and read news about what you like.

- A place for interest groups.
- Read what happens of the groups in your feeds.
- Share your stuff to the group it fits.
- Popular especially among subcultures.

MAU: <1.0 million

MAU data from: Analysys 易观千帆



Discover



Discussion Group



Share Updates



POIZON - Started in 2015, Poizon is a vertical social marketplace. It targets the young consumer group of post 90 & post 95 - namely men.

It has expanded beyond sneakers and aims to create a platform that enables people to sell and purchase authentic trendy goods, receive first hand information about trends, and share lifestyle, trend and fashion experiences. Poizon is the third party that connects buyers & sellers, but provides the “Authentication” service for buyers. Users can access it from Dewu App or WeChat Mini-program.

MAU: 4.2 million

MAU data from: Analysys 易观千帆



Buy - Main page



De Wu Social Page



AR Try-on



IDLE FISH / 闲鱼 - Launched in 2014, Alibaba's Idle Fish is the largest C2C used goods marketplace and community in China. Brands can offer sample items, overstock merchandise, or refurbished products.

Building on the increasing consciousness for sustainability, Idle Fish's audience base has growth quickly. GMV doubled in 2020 and MAUs exceed 90 million. Over 60% of users are millennials and GenZ.

Idle Fish also hosts over 1.3 million interest based community groups.

MAU: 104 million

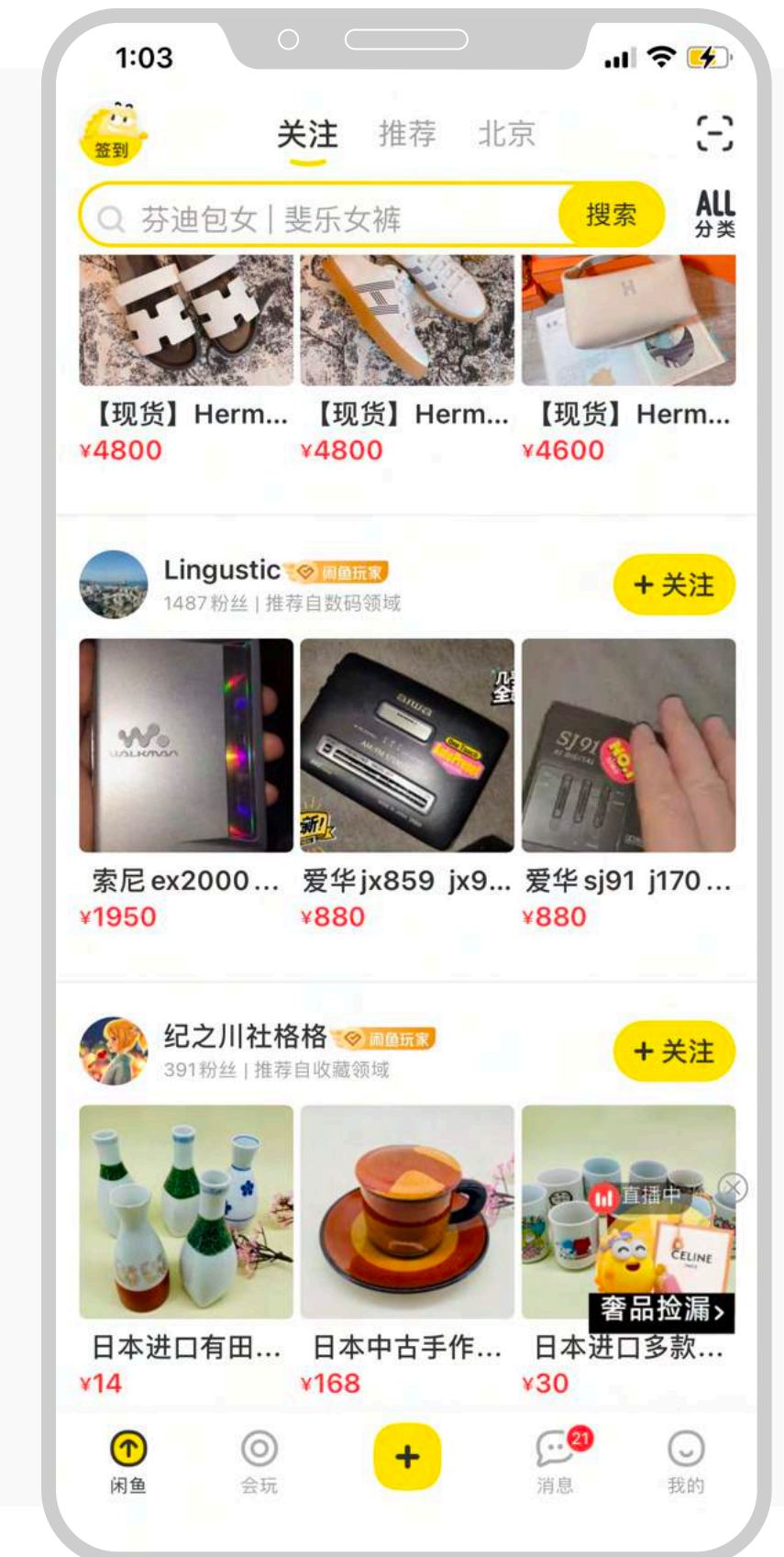
MAU data from: Analysys 易观千帆



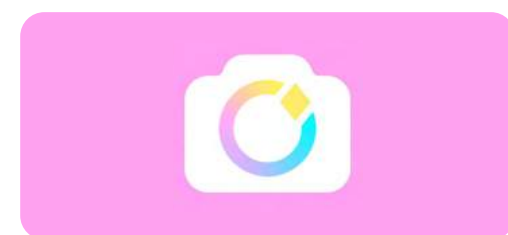
Electronics



Crafts



To Follow



BEAUTY CAMERAS - There is a growing number of players in the space, increasing MAU's across the board ...and the potential to see these apps morph into more mainstream social and ecommerce channels.

Key Players & MAUs:

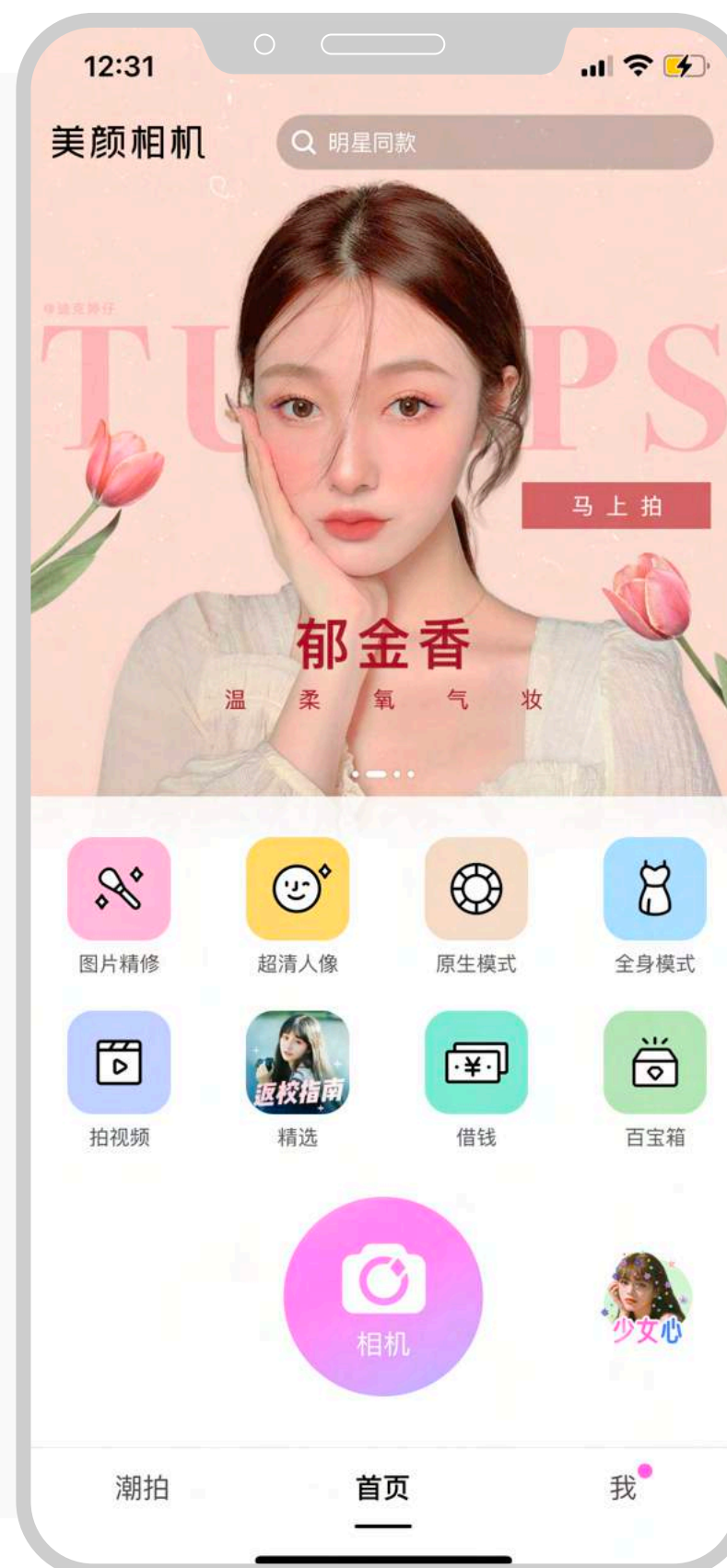
Meitu: 98.4 million

Beauty Cam: 58 million

Qingyan (Ulike) - 47.8 million

FaceU: 39.3 million

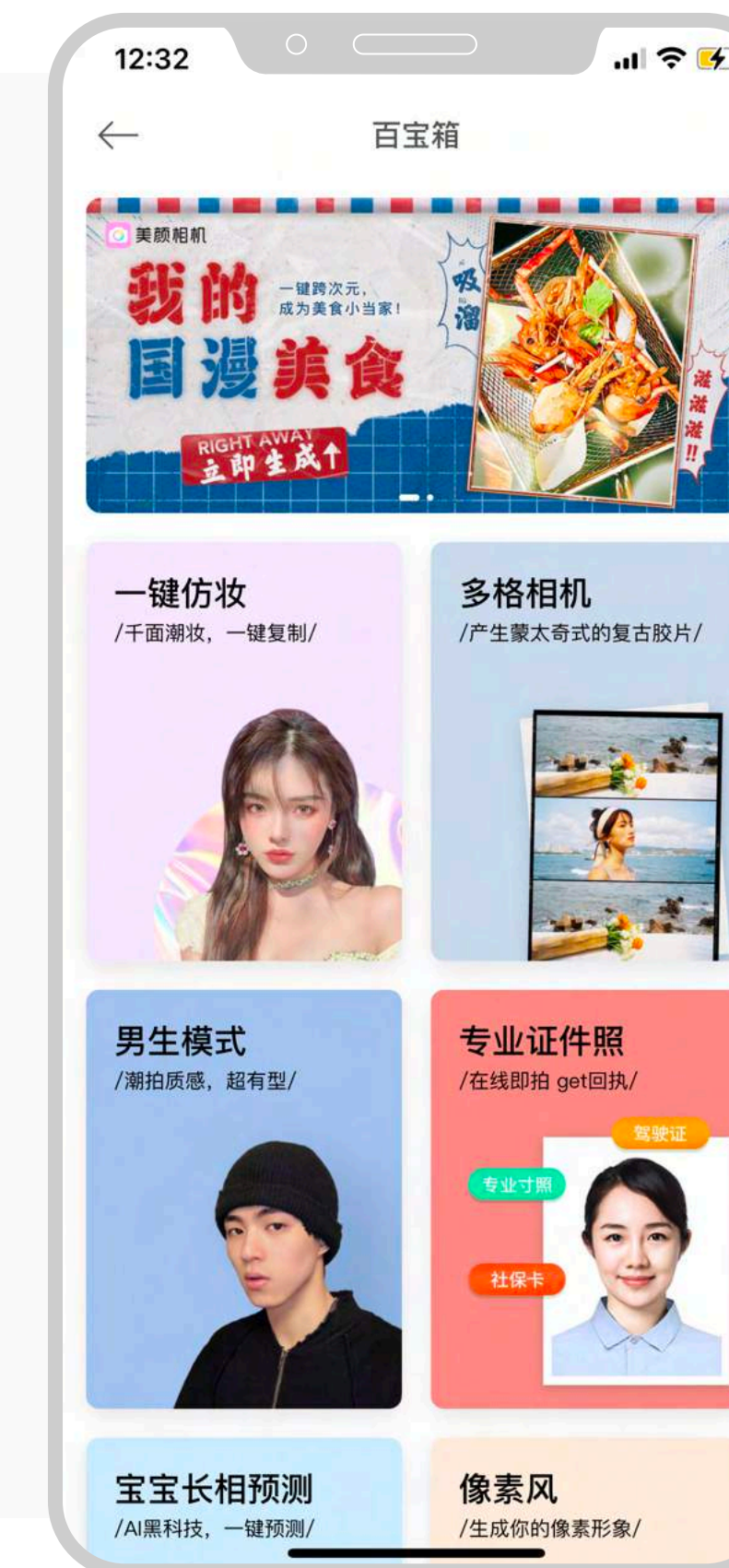
MAU data from: Analysys 易观千帆



Beauty camera
Photo retouch, filter, edit



Social Sharing Page



Templates



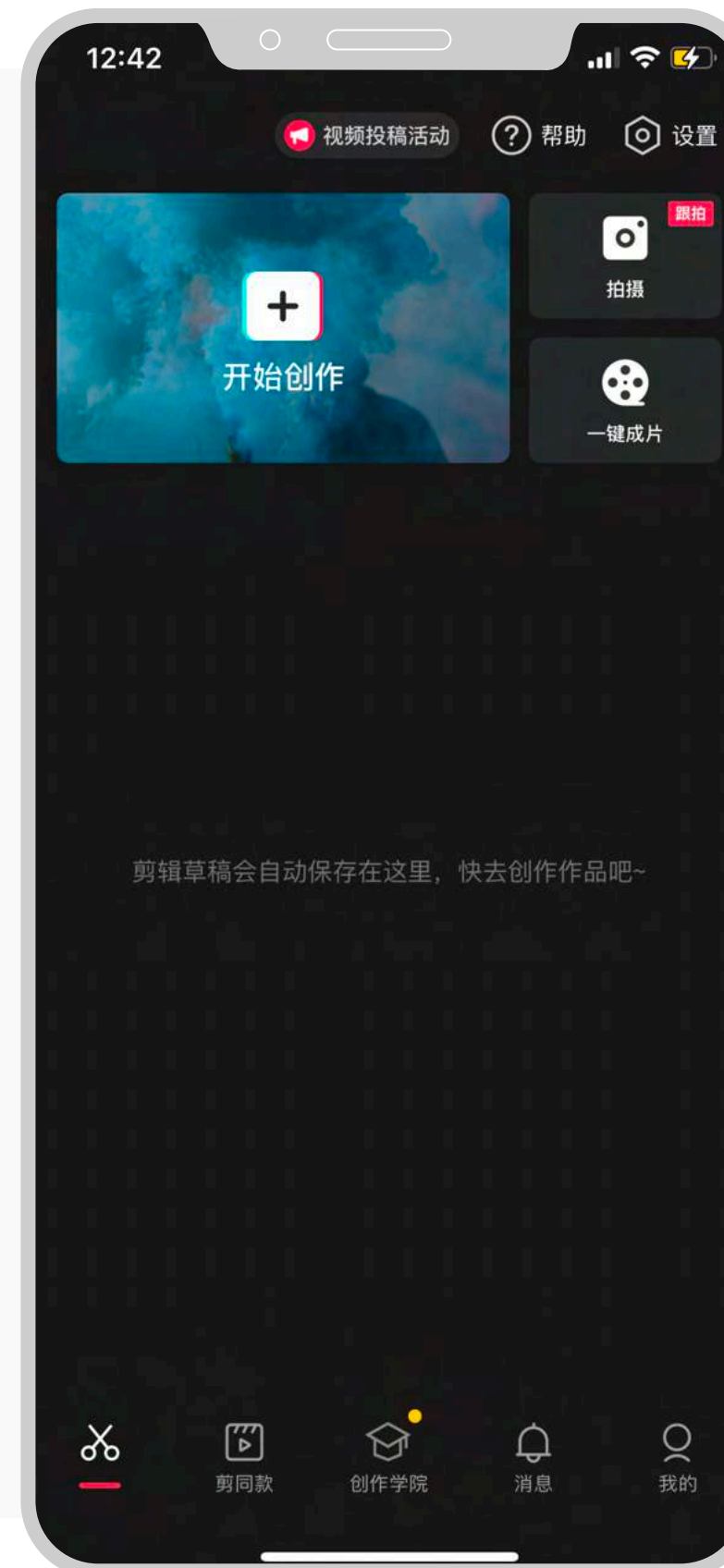
JIANYING / 剪映 - Jiaying could be classified among the 'beauty cameras' but is interesting for its emerging use in editing videos AND for the fact that it is owned by ByteDance and is closely integrated with Douyin.

It makes the creation of vlogs and videos for Douyin more efficient, providing, filters, stickers, sound effects, and templates.

It grew its user base by 118% in the first half of 2020, with self-reported MAUs of 61 million.

MAU: 14.8 million

MAU data from: Analysys 易观千帆



Start to create



Recommendations
(create the same style)



Video Editing Tutorials



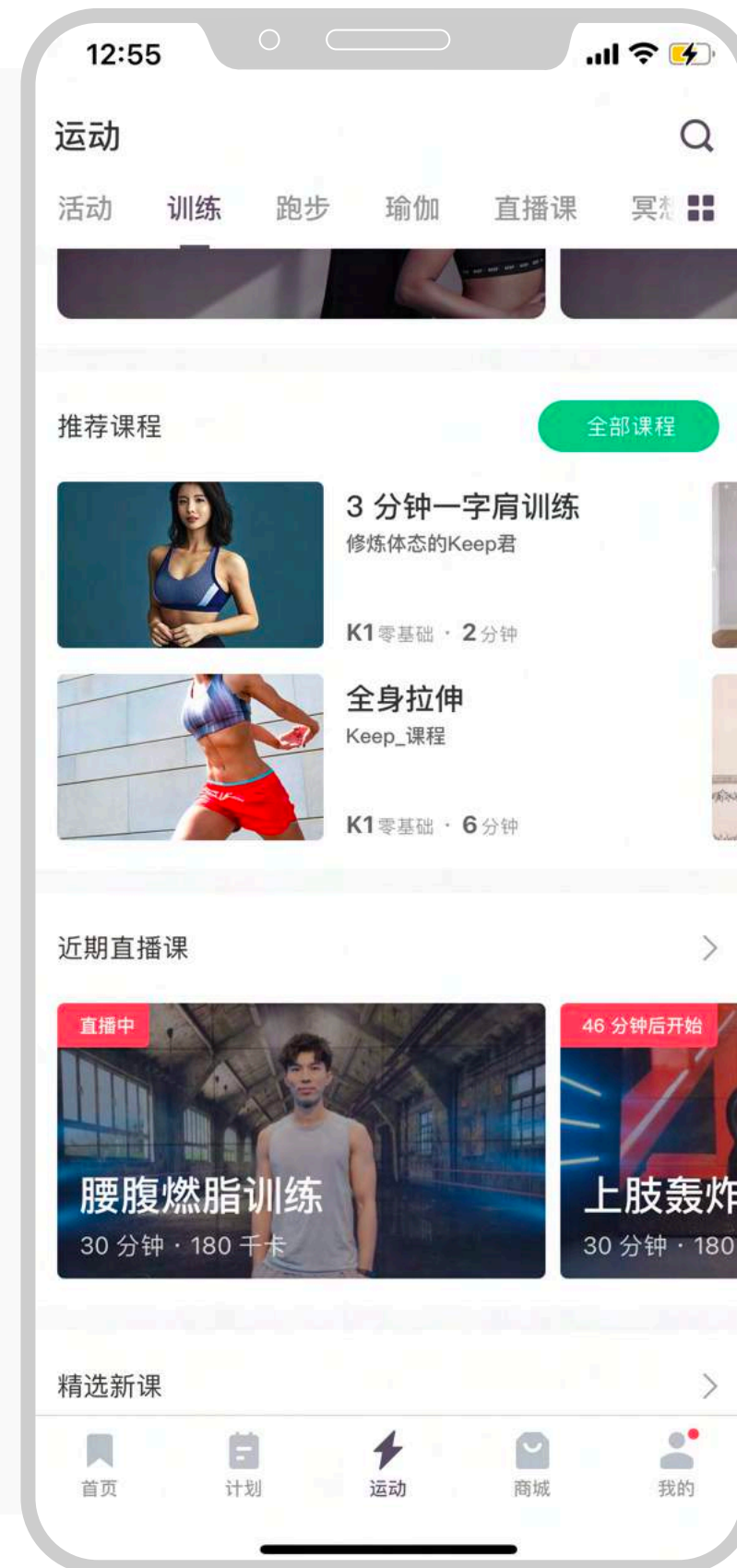
KEEP - KEEP is China's most notable fitness/wellness app, offering fitness classes, training notes, tracking and other wellness related content.

While it had a downturn in 2019, in 2020 (with Covid), there was a massive increase in fitness, wellness and in remote fitness classes/instruction, which has propelled it forward.

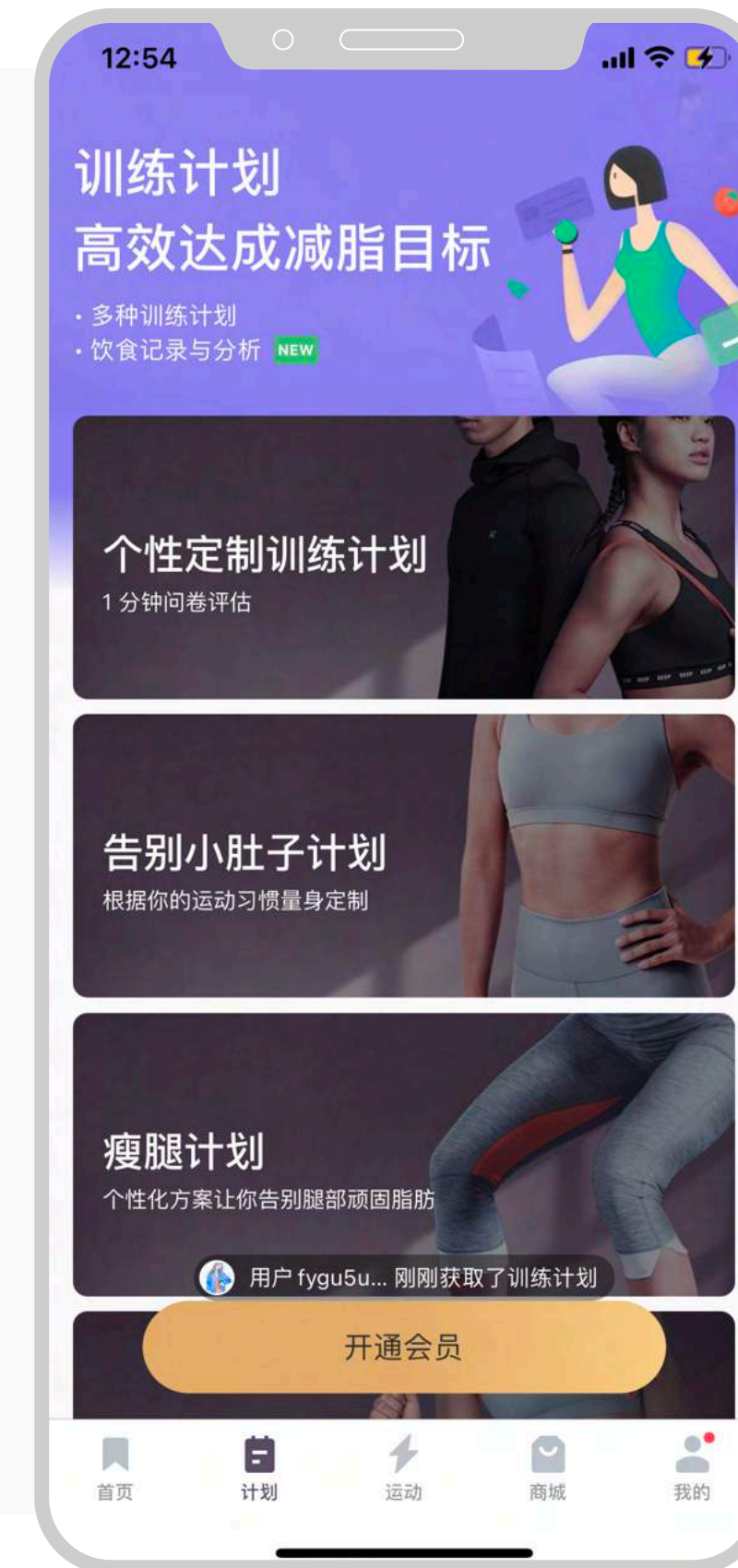
KEEP has done a wide array of brand collaborations and activations.

MAU: 23.6 million

MAU data from: Analysys 易观千帆



Workout Routines



Training plans



Shopping



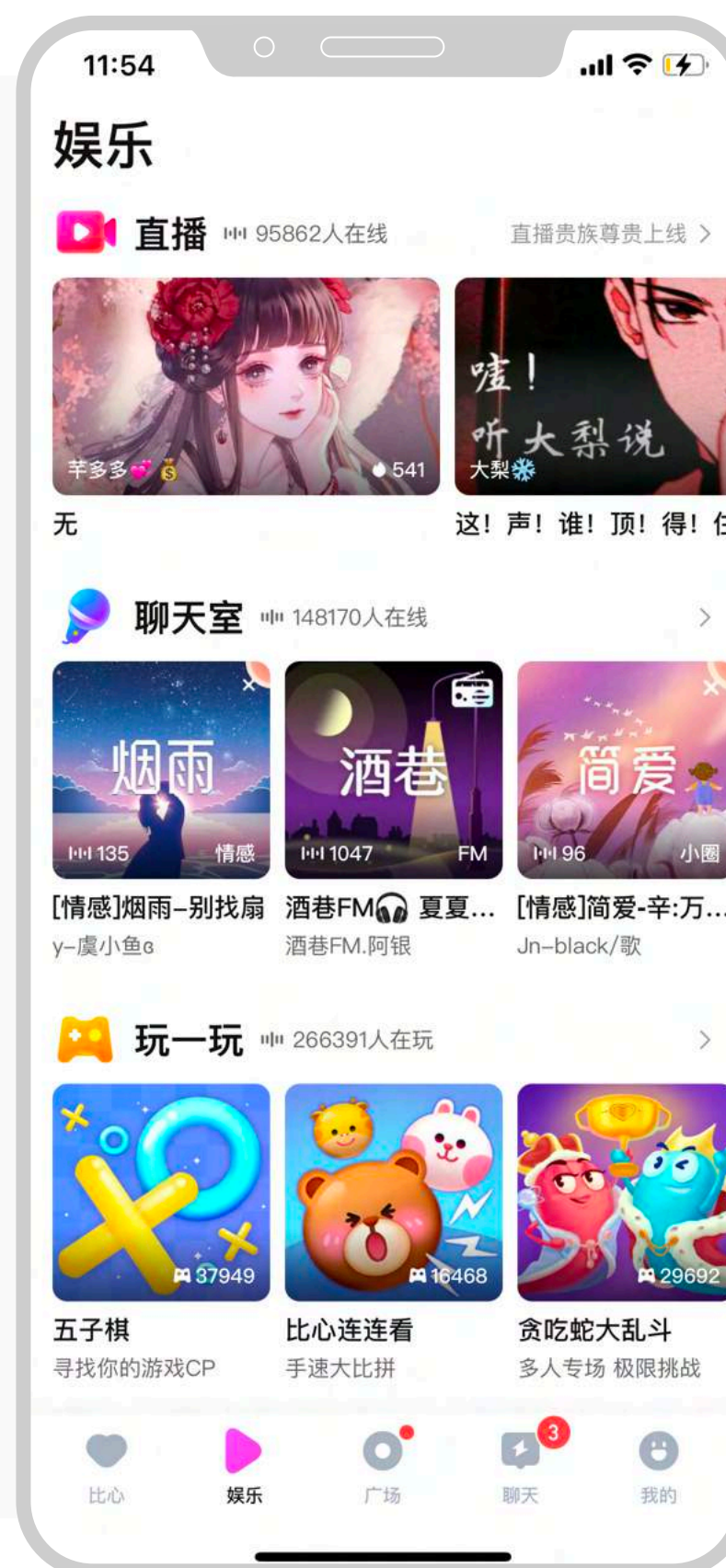
BIXIN / 比心 - Bixin is an eSports training and tutorial app, designed to help hone the skills of budding eSports players:

- Aspiring gamers can train with top players
- Participate in youth e-sports competitions
- Get access to counseling and therapy

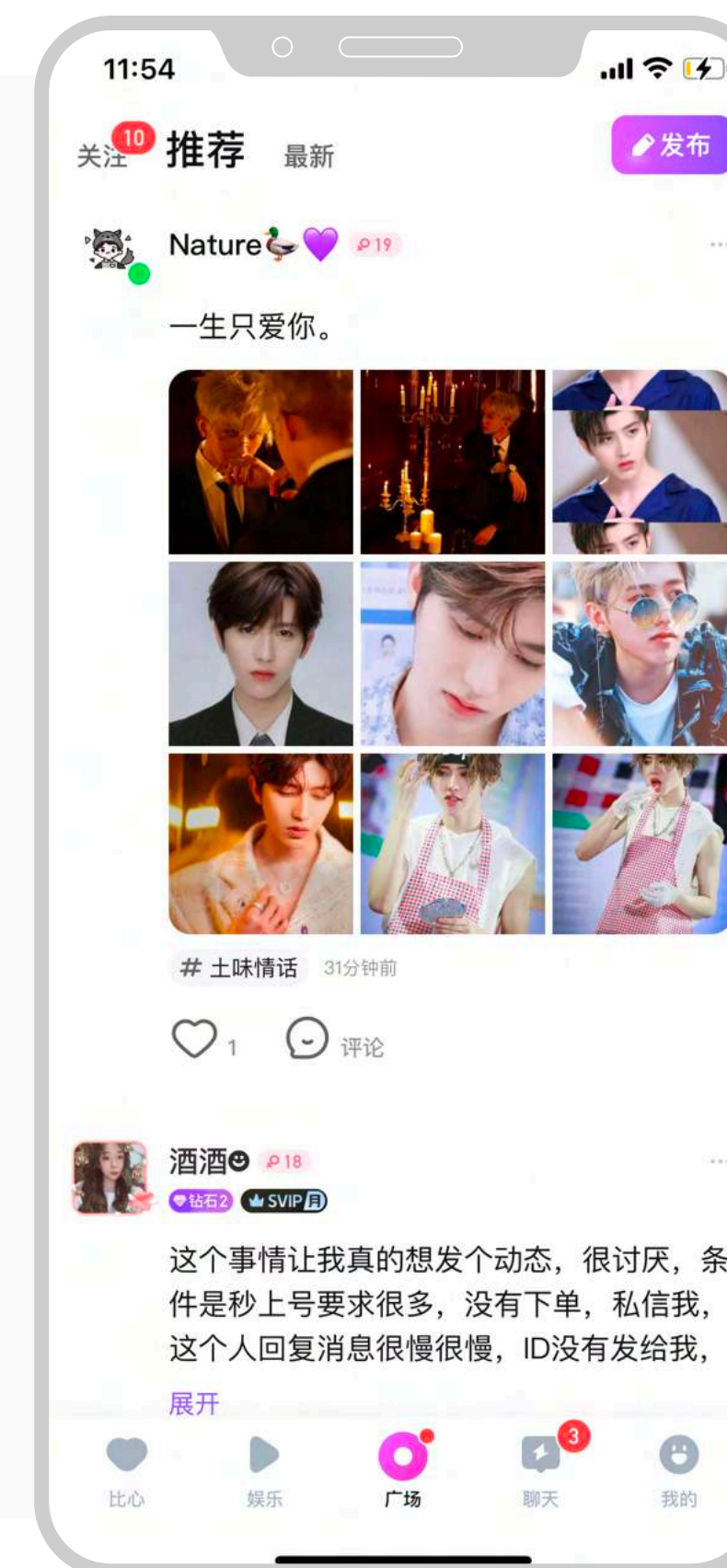
During Covid, the number of Chinese eSports players increased by 26 million. Bixin claims to have gained 20 million users in 2020 and had 200 million visits during the 2021 Chinese New Year 7-day break.

MAU: <1.0 million

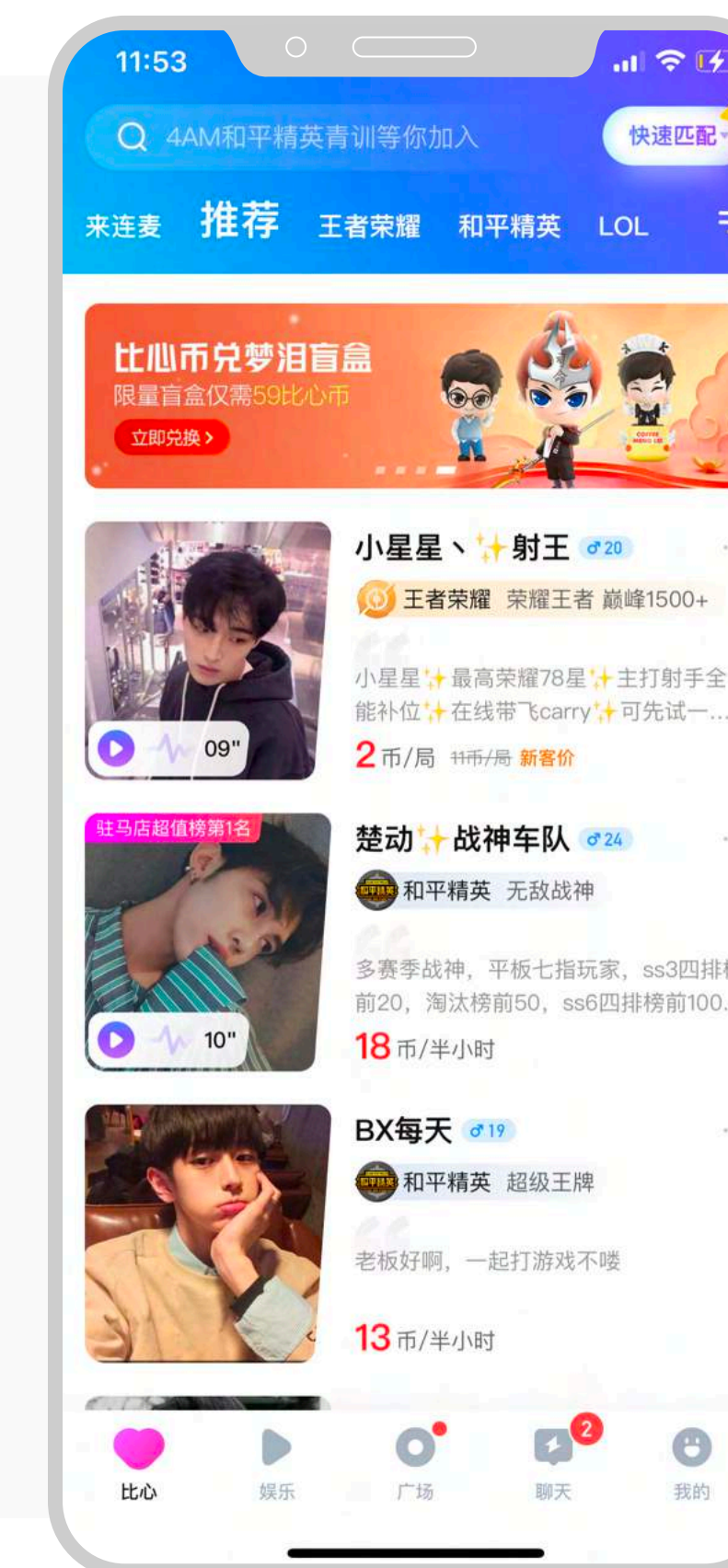
MAU data from: Analysys 易观千帆



Entertainment, live streaming, chats and games



Recommendations - KOLs



Recommendations - Game Trainers



TAPTAP - TapTap is like the “Discord” of China - a social networking community for game enthusiasts.

Its consumer-facing business facilitates a community for gamers, game developers, and game KOLs to discuss and share the latest trends, news and technics in mobile gaming.

It also has a business-facing function providing a platform for game developers to create and share.

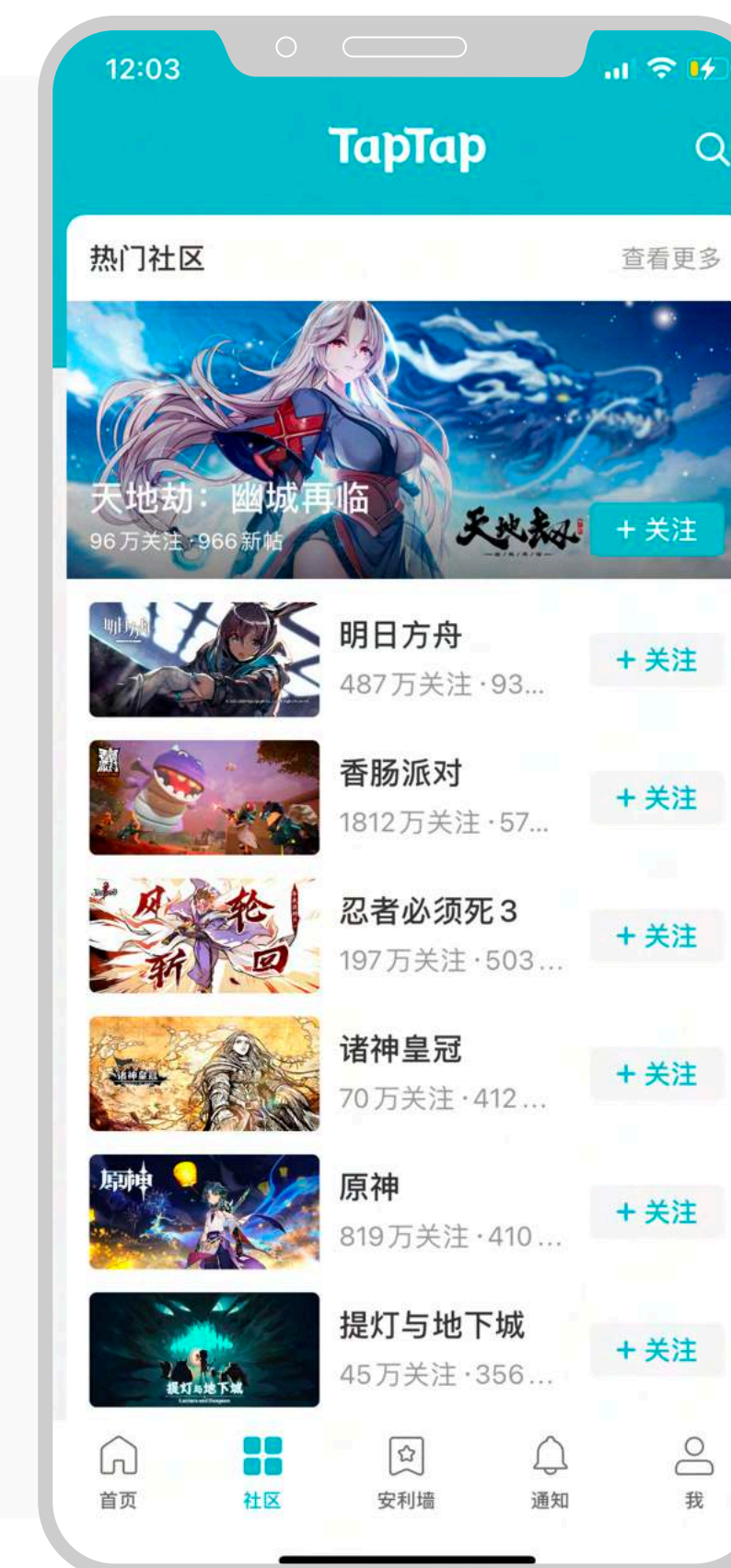
Reached 20million MAU four years after launch.

MAU: 21 million

MAU data from: Analysys 易观千帆



Following



Popular Game Communities



Videos



在行

ZAIHANG / 在行 - Zaihang is designed as a network to facilitate professional sharing and growth. People seeking advice and professional advice pay experts for their time.

Experts on the platform share their insights/advice in wide ranging areas, including; business, health, wellness, career, and creative areas. After selecting the expert, (and making payment) users book appointments.

MAU: <1.0 million

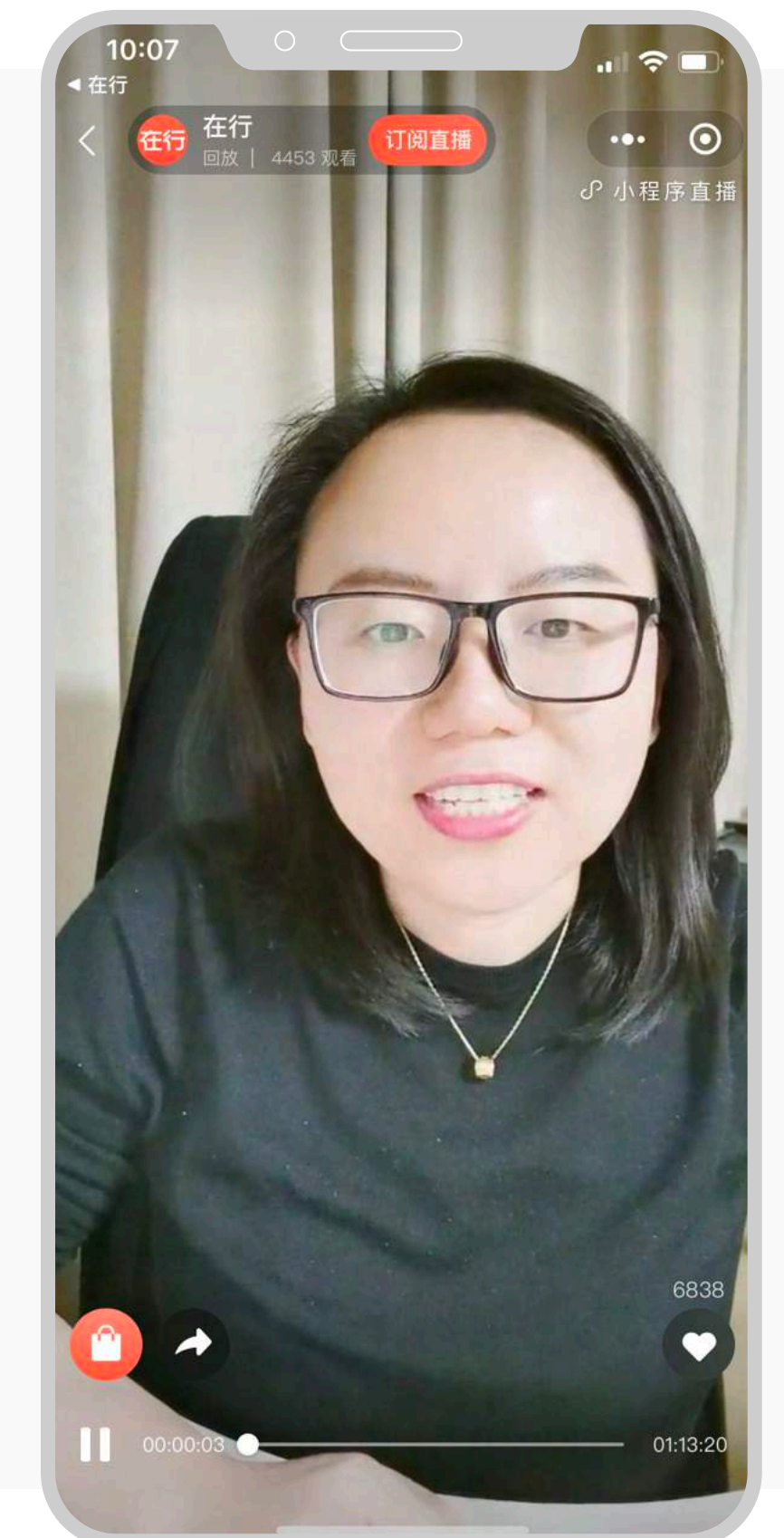
MAU data from: Analysys 易观千帆



Recommended professionals to follow



Search by industry & topic



Professionals' talk



DEJA VU / 多抓鱼 - Deja Vu is a niche social app, dedicated to books and literature, where users engage in book discussions, reviews/ratings and in buying/selling books.

MAU: <1.0 million

MAU data from: Analysys 易观千帆



Books



Sell



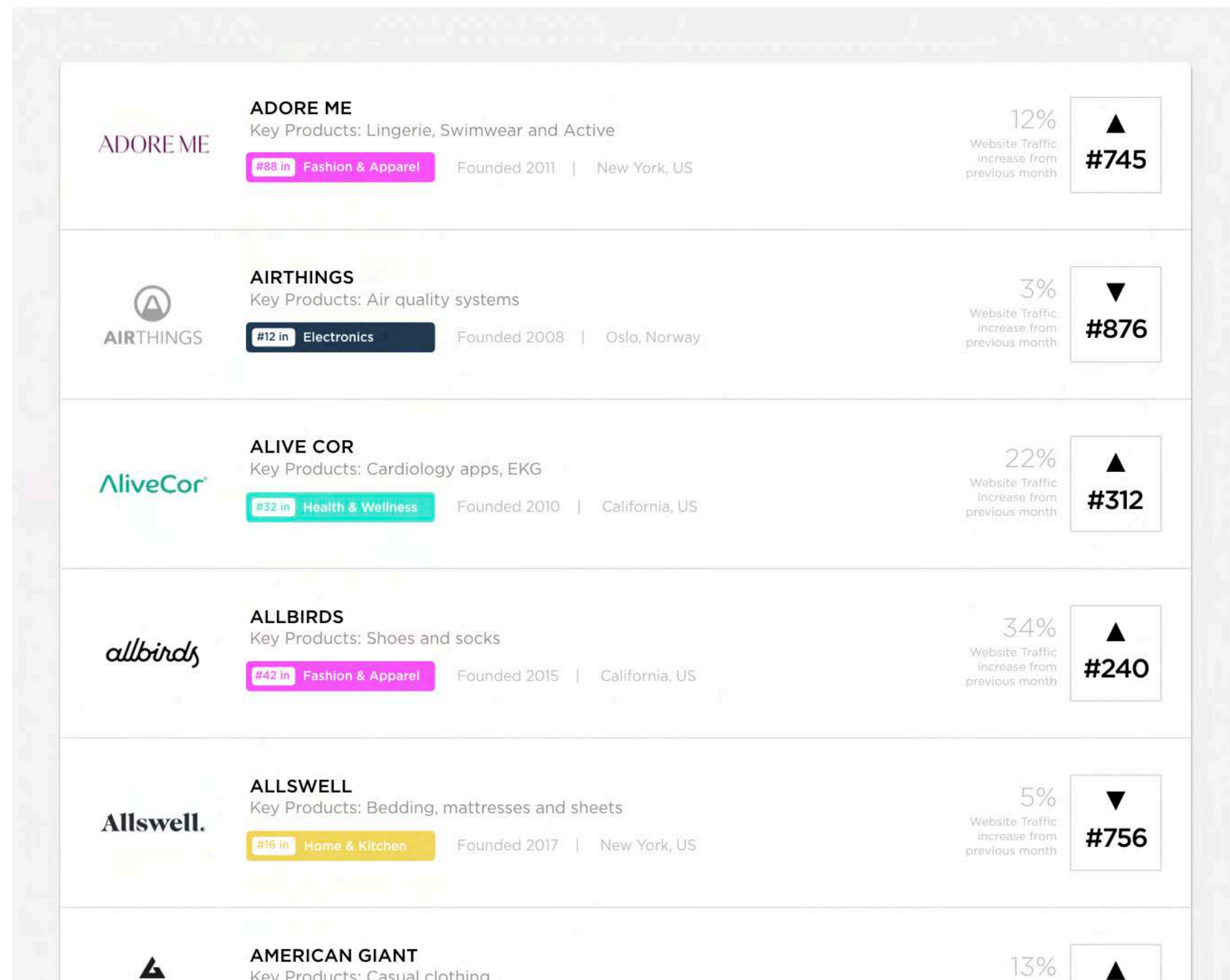
Comments

TOTEM

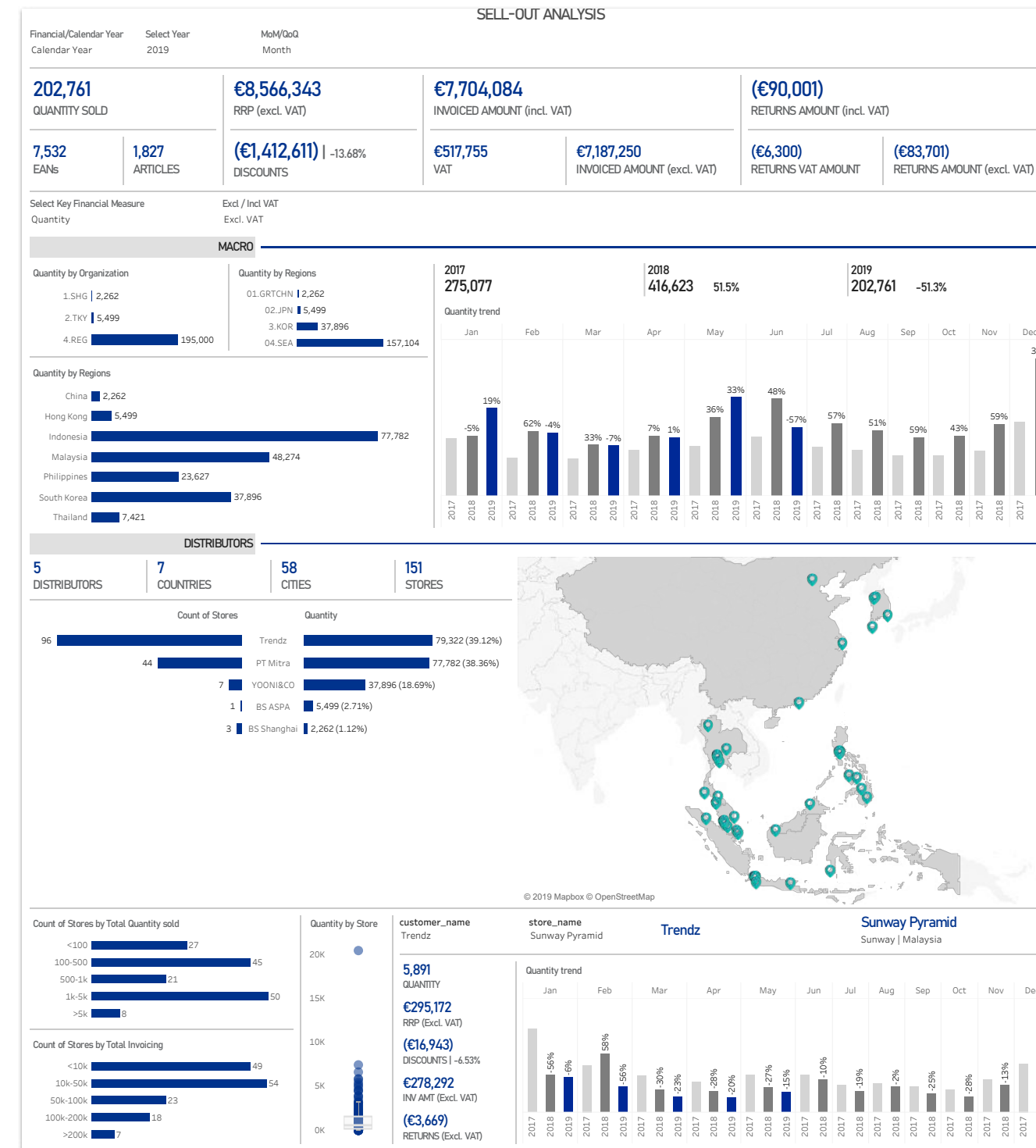
Chris Baker, Managing Director

Email: chris@totemmedia.co

www.talktototem.com



Totem's Global Database of 1,000+ DTC brands



Data/insights on Transformation of Mass Brands

BUSINESS INTELLIGENCE, DATA DRIVEN BRANDING

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Our clients range across industries, including; retail, fashion, beauty, travel, entertainment and finance.

Business intelligence and data visualization projects for our clients address critical issues including; market positioning, new product launches, sales performance, marketing ROI, and social media optimization.

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