



WFA/Forbes Insights research reveals China marketing challenges

Current marketer focus is on building awareness in China Chinese brands prepare to expand into other markets

BEIJING, China and NEW YORK, NY (April 12, 2011) – The meteoric rise in the spending power of the Chinese consumer presents unique challenges for marketers, according to a new study released today by Forbes Insights and the World Federation of Advertisers (WFA).

Marketing to the New Chinese Consumer, due to be unveiled at the WFA's Global Advertiser Conference in Beijing tomorrow, highlights the enormous potential for manufacturers of consumer goods and services but also the measures marketers will have to take to adapt to this market.

The results are based on an exclusive survey of more than 300 senior executives based in China who work for global or Chinese consumer companies. All respondents were responsible for creating, managing or executing their companies' marketing strategies in China.

Marketing to the New Chinese Consumer reveals that marketers are currently focusing on building brand awareness and creating a positive brand perception. About a third of Chinese (35%) and non-Chinese (32%) companies today are focused on brand awareness as a key marketing goal for the coming year.

However they believe their attention will change in the years ahead to boosting sales/revenue and expanding into new regions/areas in China.

Part of the challenge for marketers is the lack of qualified and experienced marketing talent but this is not the only barrier to success. Brands also have to battle with the absence of reliable market research and a lack of operational transparency in the Chinese marketing communications industry.

"The world is witnessing China resume a position of global economic leadership last enjoyed 500 years ago," said Stephan Loerke, Managing Director of the WFA. *"The shift in the economy from manufacturing to consumerism holds enormous implications for marketers."*

"Talking to top marketers, it is interesting to see how their strategy is evolving in China. While many are still primarily focused on building brand awareness and positive brand perceptions, the focus is now shifting towards boosting sales and increasing their presence in tier two and three cities," said Stuart Feil, Editorial Director at Forbes Insights.

Some key findings of the study include:

- **Global brands must align with Chinese culture and tastes.** The vast majority of non-Chinese marketers (63%) indicated they believe they need to change their brand attributes for Chinese consumers.
- **Many Chinese brands also are looking to extend their presence beyond their borders.** Over a quarter (27%) of Chinese respondents indicated they intend to expand their brands globally.



- **Second-tier cities present the greatest opportunity.** Overall, eight out of ten respondents agreed that growth is most likely beyond the first-tier cities such as Beijing and Shanghai. The key battlegrounds in the next few years will be the so-called second- and third-tier urban markets.
- **TV advertising is still key.** As marketers focus on brand development among Chinese consumers, television advertising will play a large part – 79% of respondents have it as part of their marketing programs for 2011. But looking ahead, platforms such as digital will become increasingly important as marketers formulate integrated communications strategies.
- **Standards of behaviour need to be agreed.** Ethical standards for marketing communications need to be put in place in order to protect the reputation of marketing with consumers and government in China over the longer term.

The full report can be downloaded from Forbes Insights at www.forbes.com/forbesinsights

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About the WFA

The World Federation of Advertisers (WFA) is the voice of advertisers worldwide representing 90% of global marketing communications expenditures, roughly US\$700 billion per annum, through a unique, global network: 57 national advertiser associations on five continents as well as over 50 of the world's top 100 advertisers. Through the network, WFA represents more than 10,000 businesses operating in a broad spectrum of sectors at national, regional and global levels. More information at www.wfanet.org