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Thought Leadership Paper
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The Right Partnership Is Essential To Successful Marketing In China

How Global Brands Are Looking To Succeed In
The World's Largest Consumer Market

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China is already the largest digital consumer market in the world, but its particular properties and enormous scale create unique challenges for global brands seeking to drive growth for their companies.

Executive Summary

The one constant that brands can rely on in digital marketing is inexorable change. That has been true since the first display ad ran in 1994, and it remains as true today. Global brands have seen a constant stream of change upend their businesses. As channels and devices have shifted and proliferated, customers have become more finicky and empowered, and the bottom line demands more accountability for brands' marketing efforts and decisions.¹

As global brands seek opportunities for growth, access to and success in the Chinese market take center stage as drivers of many brands' futures. But global brands are truly coming to understand the dual nature of opportunity and risk and find that they require objective, expert assistance to successfully navigate a dynamic and complex Chinese media market.

In May 2019, The Trade Desk commissioned Forrester Consulting to evaluate the state of global brands' marketing efforts in China. Forrester conducted an online survey with 300 respondents with decision makers at global brands in the US, Europe, and Asia Pacific to explore this topic.

KEY FINDINGS

- › **Global brands are turning to China for growth.** China represents the future for many global brands. More than eight out of every 10 global brands say that China is a very important part of their business plans and future growth, and two-thirds expect at least 25% of sales to come from China in the next five years.
- › **Complexity and media market differences in China mean most brands require help.** Sixty percent of global brands say they have trouble executing localized ad campaigns in China, and just 36% are extremely confident they're maximizing their media opportunities there. Brands feel more confident when they have partners that are experts on the region and can provide strategic insights into buying media in China.
- › **Independence, reach, and local intelligence top brands' marketing partner wish lists.** Brands require independent partners that can deliver multichannel media delivery, bring local expertise to bear, and provide access to premium inventory in China. Programmatic buying in particular should drive efficiency, visibility, reach, and scale of media inventory.

The Chinese Market Is The Future For Global Brands

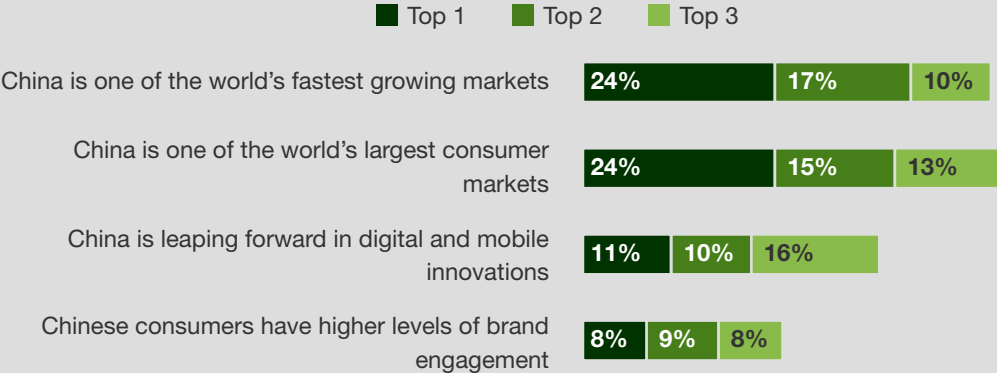
The Chinese market represents a massive opportunity for digital marketers everywhere. Not only is China the largest digital consumer market in the world with an online population exceeding that of the US and seven of the largest European countries combined, it also accounts for more than 40% of global online retail transactions and is the forefront of mobile adoption and use.² China has become a notable leader in social media and mobile innovation, making it incredibly attractive for brands looking to expand their reach. Further, China’s massive population and increasingly digital culture make it an essential move for brands seeking exponential growth.

Brands around the world are aware of the opportunity and understand just how crucial the Chinese market can be for their businesses. In a recent survey of 300 brand and marketing decision makers representing large media buyers across the US, Europe, and APAC, we found that:

- › **Ninety-two percent say that China represents a significant or the biggest growth opportunity for their companies.** Brands recognize the opportunity that China signifies for them and cite its large market size, fast growth, and high innovation rate as reasons to take advantage of this ever-growing market (see Figure 1).
- › **Sixty-seven percent of brands expect at least a quarter of their sales to come from China in the next five years.** Brands see high long-term potential for the Chinese market. Currently, the majority of brands see less than 25% of their sales come from China. However, five years from now, most expect to see that sales number increase dramatically (see Figure 2).

Figure 1

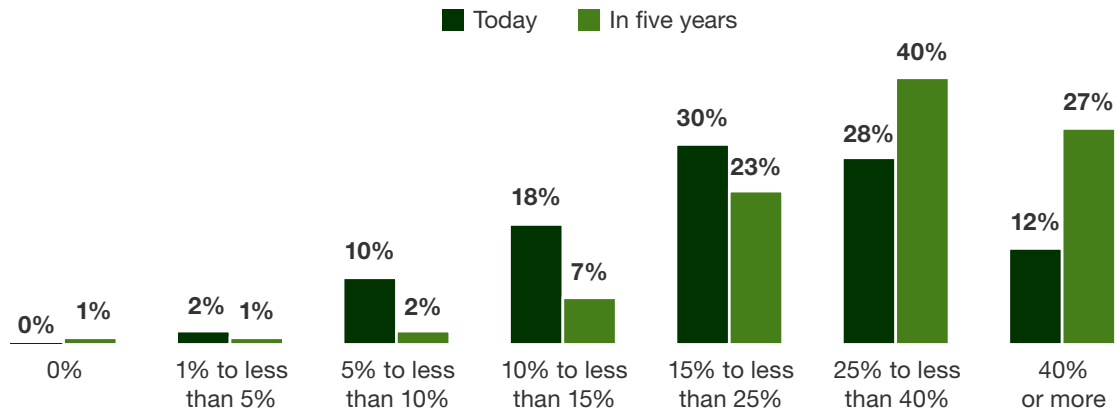
“Why is China so important to your brand’s future growth and business plans?” (Select three responses)



Base: 300 brand and marketing decision makers
 Source: A commissioned study conducted by Forrester Consulting on behalf of The Trade Desk, May 2019

Figure 2

“What proportion of your brands’ sales currently come from China? What proportion of your brand’s sales do you expect will come from China five years from now?”



Base: 300 brand and marketing decision makers

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

Foreign Brands Struggle With China’s Complexity And Uniqueness

Customers in China are extremely empowered and expect to engage with brands in their immediate context and moments of need through their preferred channels and devices. Chinese consumers know where and how to engage with the brands they want and have a swath of technology available at their fingertips. In the age of the customer, brands must reach customers and forge relationships on their terms as customers become more selective about the brands with which they interact and shop.³

This is particularly a struggle for foreign brands seeking to do business in China: Almost 60% of firms surveyed report difficulty in executing localized ads. Because many brands need audience insights on their consumers in China, they struggle with creating personalized content that will resonate with these well-informed Chinese consumers and risk losing out on one of their chief opportunities for growth and profitability.

Just 35% of respondents feel they understand the media-buying landscape in China extremely well, and many find it can be impractical and difficult to build that kind of local intelligence themselves. Indeed, only 18% of firms report that marketing decision making at their companies actually takes place in offices in China, which illustrates this. Still, without an in-person presence in China, it’s even more critical for brands to partner with experts that can help ensure they are delivering content that will resonate with the right Chinese consumers.

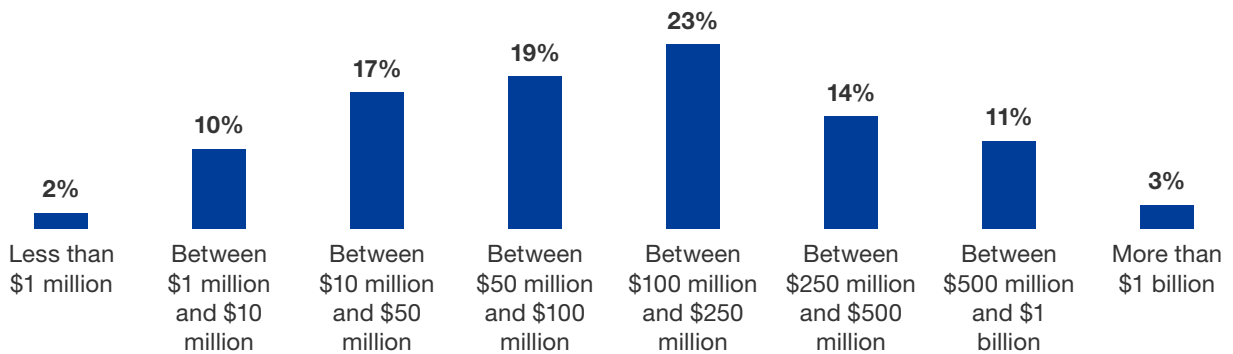
Additionally, the Chinese market is a new venture for most brands: 51% of respondents say they have been selling in China for less than five years. This lack of presence and establishment can lead to problems such as wasted marketing spend and less consumer interaction due to poor targeting. One thing is clear: Brands that do not have an established knowledge base — either internally or through qualified partners that can lend their skills and expertise — will struggle to keep up with the rapidly evolving, intricate Chinese market and will remain behind the curve.

FIRMS CAN'T GO IT ALONE — PARTNERSHIPS ARE NECESSARY

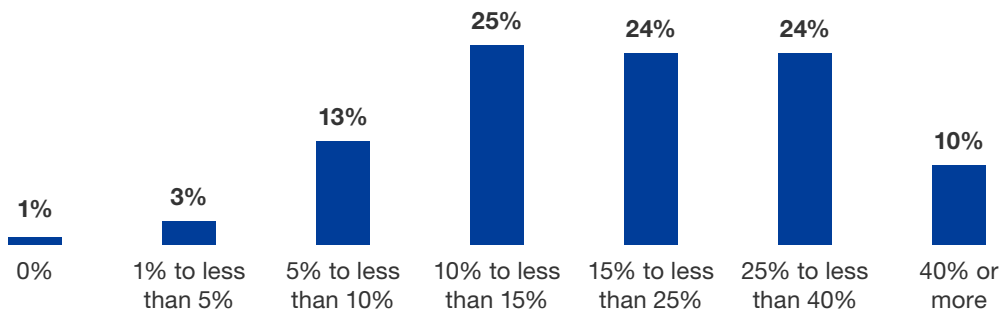
Just 36% of respondents feel extremely confident that their brands are maximizing Chinese digital media-buying opportunities — which means the majority are sacrificing marketing spend and customer engagement. Brands aren't spending pocket change, either: 51% of brands surveyed say they plan to spend at least \$100 million on digital media advertising in China this year, with that number expected to increase by at least 15% for most firms (see Figure 3.) Brands risk wasting significant amounts of money quickly if they lack visibility and insights into media-buying opportunities and performance.

Figure 3

“How much is your brand planning to spend on digital media advertising in China this year?”



“How much is your brand planning to increase your investment on digital media advertising in China in the next five years?”



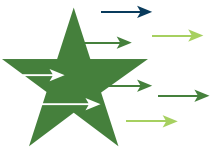
Base: 300 brand and marketing decision makers

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

Brands told us the top three factors that would help them maximize their Chinese media investments are insights into digital and mobile marketing trends in China, a better understanding of Chinese consumer behaviors and preferences, and localized expertise on how to set up a media-buying program there (see Figure 4). Because China is such a unique, complex market, and most firms lack the presence and understanding to execute accordingly, partnerships with technology firms that understand and are immersed in the Chinese market are essential to meet these customers' needs.

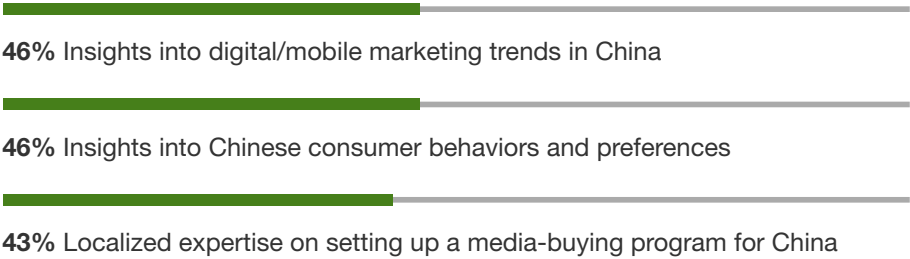
To obtain that partnership, three-quarters of respondents say they place high importance on working with independent ad-buying platforms. Because they do not own their own media, these platforms are able to offer unbiased market support for firms seeking a more powerful Chinese presence. But not all partners are created equal; selecting the *right* media-buying partner will become more crucial for firms seeking to expand into China.



Three-quarters of brands say it is either very important or critical for their ad-buying platforms to be independent, so they know they are receiving objective buying support and guidance.

Figure 4

“What factors would you most like to address to maximize media-buying opportunities in China?”
(Showing top three selections)



Base: 56 brand and marketing decision makers who are confident their firms are maximizing Chinese buying opportunities
Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

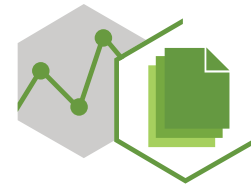
Navigate Multiple Intricacies With The Right Technology Partner

The advertising landscape in China is both complicated and massive. China currently accounts for 66% of AP's \$76.7B display advertising spend, and the key players in China are making huge investments in tech advances to enable personalization and campaign customization to fuel growth.⁴ When marketing in China, survey respondents rely on social, eCommerce, and online video as the largest portion of their marketing plans. Additionally, this is where they are focused on digital media-buying in the next year (see Figure 5).

To maximize these media-buying opportunities, brands must address and balance several factors. Brands most often seek:

- › Insights into digital/mobile marketing trends, consumer behaviors, and preferences in China (46% of brands selected this as important).
- › Localized expertise on setting up a media-buying program in China (43% of brands selected this as important).
- › Guidance on keeping up with changes in the Chinese media landscape (41% of brands selected this as important).

Brands know where their problem areas lie and what they need to address to fill these gaps, but it can be difficult to choose a transparent media-buying partner to help meet their top challenge areas.



Brands need insights into China's marketing and media trends, and consumer behaviors to maximize their media investments.

Figure 5

Top 5 most important digital media advertising channels in China:



Top 5 types of digital media brands seek to buy in China this year:



Base: 300 brand and marketing decision makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

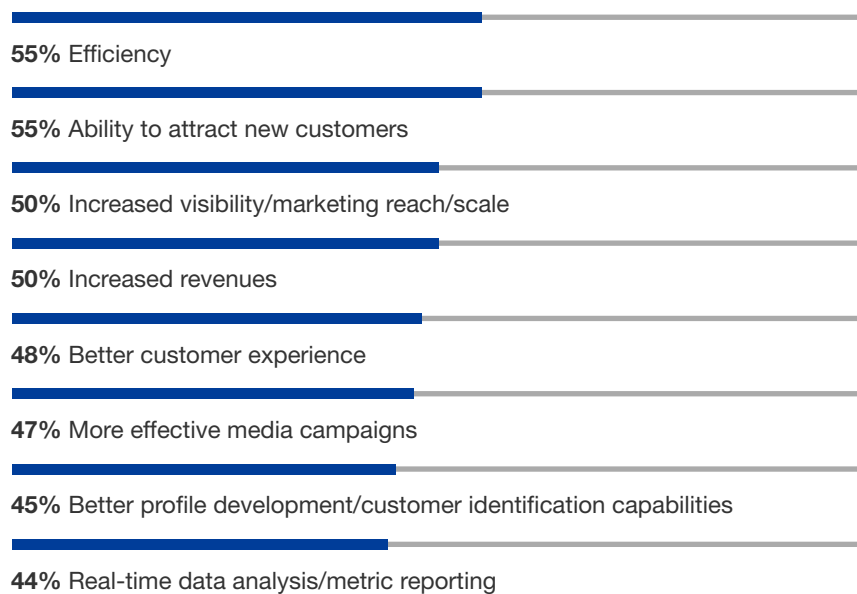
PROGRAMMATIC MEDIA-BUYING IS KEY FOR BUSINESS GROWTH

The right media-buying partner can address these problem areas and more. Marketers put programmatic media-buying at the center of business growth, expecting it to drive efficiency, reveal new customers, and drive improvements in inventory visibility, reach, and scale, while increasing revenues (see Figure 6). Brands understand that when they trust the right platform to deliver the right content at the right place and time, they'll get the most out of their investments.

However, these partners must have the global reach that most brands do not. Brands are most likely to seek assistance from a global partner that operates internationally over any other type. In fact, 76% of brands say they would be likely to invest in a global partner that operates internationally in order to reach their marketing needs.

Figure 6

“What do you see as the benefits of programmatic media buying in the Chinese market?”



Base: 300 brand and marketing decision makers

Note: Only top eight responses shown

Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

BUT IT'S NOT ENOUGH TO BE GLOBAL — MEDIA-BUYING PARTNERS MUST MEET HIGH DEMANDS

Because brands have such huge gaps to fill, they also have high expectations from their partnerships. Brands seek media-buying partners with in-depth local expertise, broad coverage, and access to integration with major media partners (see Figure 7). Brands need the most help understanding the big picture in China, more so than with behind-the-scenes work or internal strategy. Finally, 89% say it is vital that their demand-side platforms work closely with major media partners in China.

As brands seek to secure their futures by developing relationships with customers in the Chinese market, they require expert, global, and independent media-buying assistance from qualified technology partners that can help with the bigger strategic picture but also campaign execution. Finding the right navigator will be crucial to efforts to maximize business opportunities and avoid considerable wasted media spend.

Figure 7

“Which of the following capabilities does your brand require for its marketing partners in China?”



Base: 300 brand and marketing decision makers

Note: Only top eight responses shown

Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

Key Recommendations

Forrester's in-depth survey of global brands about media-buying in China yielded several important recommendations:



Craft China-specific marketing strategies. In-depth local insights and market understanding are critical for global marketers to achieving success in China. Best performers turn these insights into actionable, local-market-relevant decisions, such as creating products and services that Chinese consumers are actually interested in and delivering relevant content in the right context.



Constantly update your media knowledge and innovate. In China, marketers are facing one of the most dynamic and fast-changing media environments, where new platforms are emerging all the time. It requires marketers to refresh their media knowledge constantly and be nimble in their marketing approaches. Efficiency and real-time insights through programmatic media-buying will help marketers be agile. As rapid digital change becomes the norm in China, marketers have to innovate to survive. Pioneering brands that are willing to experiment early with new media formats and technologies will reap rewards in the long run.

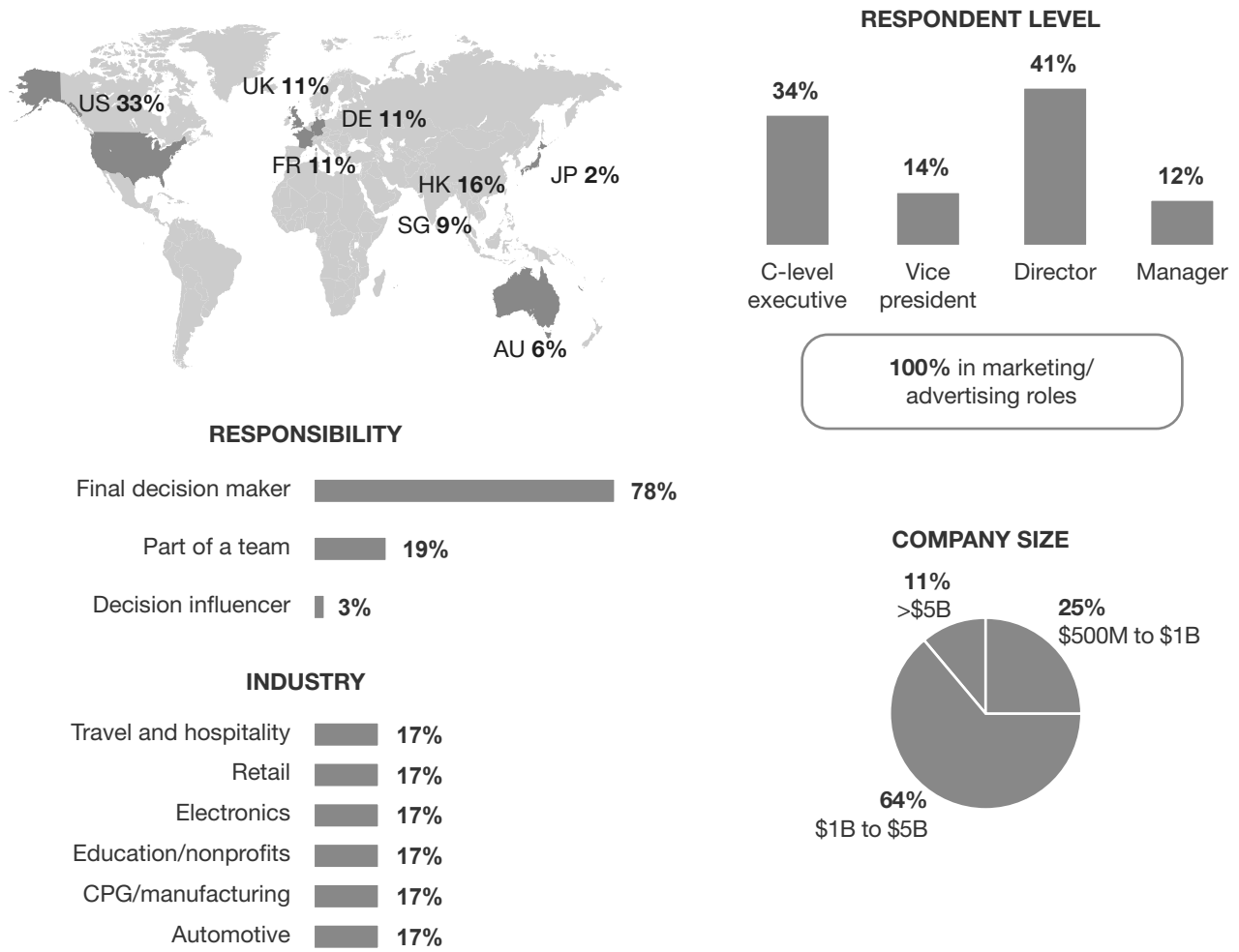


Seek and trust global media-buying partners with China-specific expertise. Local expertise is essential for global brands to succeed in China. It would take long-term investment and commitment to build it from scratch. For new entrants, borrowing such expertise is more efficient. Partnering with external experts with in-depth understanding of market intricacies will help global marketers make timely and relevant decisions and get the help they need from understanding the local media landscape to creative approvals to campaign execution to strategic consulting.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 300 decision makers at organizations in the US, Europe, and Asia Pacific to evaluate their interests in, challenges with, and future plans for advertising in China. Survey participants included marketing/advertising decision makers in a variety of industries. Respondents were offered incentives as a thank you for time spent on the survey. The study was completed in May 2019.

Appendix B: Demographics



Base: 300 brand and marketing decision makers
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Trade Desk, May 2019

Appendix C: Endnotes

- ¹ Source: "Predictions 2018: Data Drives Media Disruption," Forrester Research, Inc., November 8, 2017
- ² Source: "Walled Garden No More: Digital China Goes Global," Forrester Research, Inc., April 2, 2018.
- ³ Source: "Walled Garden No More: Digital China Goes Global," Forrester Research, Inc., April 2, 2018.
- ⁴ Source: "Forrester Analytics: Online Display Advertising Forecast, 2018 To 2023 (Global)," Forrester Research, Inc., December 10, 2018.