



2019 Marketing in China Study

An overview of findings and opportunities, featuring insights from *The Right Partnership Is Essential To Successful Marketing In China*, a May 2019 commissioned study conducted by Forrester Consulting on behalf of The Trade Desk.

Featuring data from a commissioned survey conducted by **FORRESTER**

“There is a massive, untapped opportunity for brands to grow in China. We have purposely built our platform for companies of all sizes to capitalize on this growth.”

Jeff Green

CEO & Founder
The Trade Desk



About the study

The Right Partnership Is Essential To Successful Marketing In China was conducted by Forrester Consulting on behalf of The Trade Desk. It surveyed 300 marketing leaders across North America (100), APAC (100), and EMEA (100), all of whom make or influence marketing decisions. Thirty-four percent of responders are C-level. Among respondent companies, 75% have annual global revenues in excess of \$1 billion USD. More than half will spend in excess of \$100 million USD on digital media in China this year.

The Trade Desk

The Trade Desk is a technology company that empowers buyers of advertising. Through its self-service, cloud-based platform, ad buyers can create, manage, and optimize digital advertising campaigns across ad formats and devices. Integrations with major data, inventory, and publisher partners ensure maximum reach and decisioning capabilities, and enterprise APIs enable custom development on top of the platform.

Additional data sources

Unless otherwise stated or attributed, all data points are from *The Right Partnership Is Essential To Successful Marketing In China*, a May 2019 study conducted by Forrester Consulting on behalf of The Trade Desk.

The Trade Desk's China offering

What it is

The Trade Desk is the first global programmatic planning and buying platform to give advertisers access to premium inventory from the major Chinese media players: Alibaba, Baidu, IQIYI, and Tencent Marketing Solution.



This offering by The Trade Desk represents over three years of planning, negotiations, technical development, and data and inventory integrations.

What it enables

Brands can now buy audience-based, digital advertising programmatically in China and across the world through a single demand-side platform.

Advertisers gain unfettered access to premium China media with global-standard insights, data, reporting, safety, and transparency at the high standard brands expect.

Media buyers capture efficiencies through unified audiences across global campaigns — and even as consumers travel globally — with standardized reporting and centralized campaign management and optimization.

Why it matters

China is essential for growth

92% of global marketing leaders believe China is either their biggest or a significant growth opportunity

Digital budgets are big and growing

51% of global marketing leaders will spend over \$100 million USD in 2019, and 83% expect that number to grow by 10% or more in 2019

Buying independence is critical

75% of global marketing leaders believe it is very important or critical to work with an independent ad-buying partner

Centralizing global campaigns are key

76% of global marketing leaders will move their spend to a global partner, if possible

Fast facts about The Trade Desk's programmatic offering in China

- Built from the ground up over three years to bridge the Chinese and global Internets
- Premium inventory from China's leading media owners: Baidu, Alibaba, Tencent, iQIYI, and others
- Global-standard data targeting, measurement, brand safety, and fraud protection
- End-to-end management of government data requirements and creative approvals



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Key steps to testing the waters or expanding your China presence with The Trade Desk





The China opportunity

A huge, valuable audience

Much has been made about China's scale and breadth, but as the market matures there's significant value to be unlocked. China is a mobile-first, digital-first, and e-commerce-first market, and much of the population has never had a landline. The internet is their gateway to the wider world for content, collaboration, entertainment, and commerce. The Chinese middle class is now larger than the population of the United States¹ and on track to reach 550 million by 2023.²

¹ China Bureau of Statistics 2019

² McKinsey & Company 2019

³ CNNIC 2019

⁴ World Data Lab 2018

⁵ <https://www.emarketer.com/newsroom/index.php/2019-china-to-surpass-us-in-total-retail-sales/>

⁶ eMarketer Digital Ad Spending 2018

⁷ Business Insider/Accenture 2019

829M

internet users,
and on track to reach
1 billion by end of 2020³

\$1.4T
USD

middle-class purchasing
power parity by 2030⁴

35%

highest e-commerce
penetration in the world⁵

\$80B
USD

in digital ad spend in
China, growing at 22%
in 2019⁶

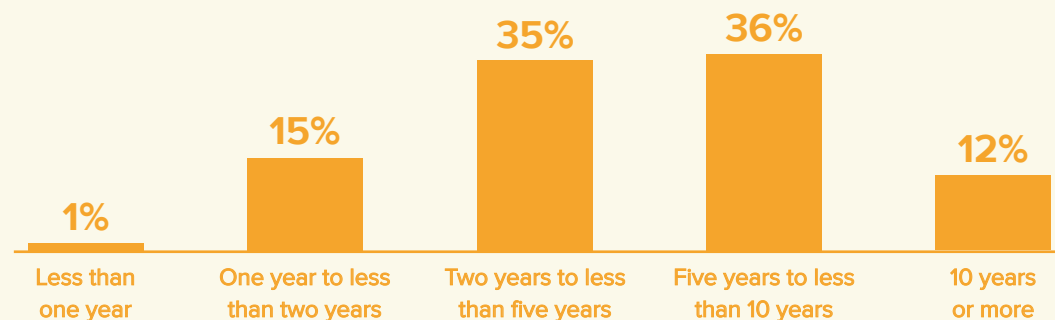
67%

of consumers are willing
to share data in exchange
for personalized services
(vs. UK/Germany at 40%)⁷

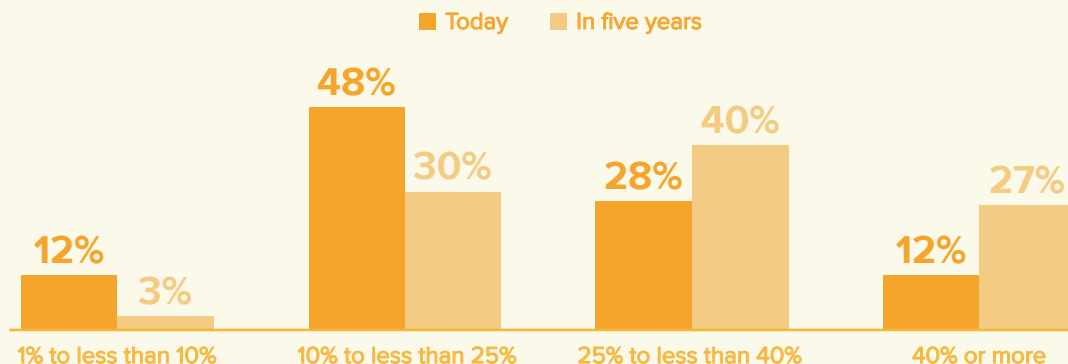
Increasing importance and investment for global marketing leaders

The results from the commissioned Forrester Consulting study indicated that as China matures, so does its importance to the global marketing leaders surveyed, with 88% citing China as very important or critical to their growth. Just over half (51%) of these companies have been operating in China for five years or less. Forty percent of global marketers reported that China currently represents more than a quarter of their revenue, and sixty-seven percent expect China to account for more than a quarter of their revenue within five years.

How long has your brand been selling in the Chinese market?



Proportion of brand sales from China today versus in five years



Global marketing leaders see digital marketing playing a critical role in their growth, as evidenced by their digital marketing budgets. Over half of them will spend more than \$100 million USD in 2019 and plan to increase their spend by 10% or more in the coming years.



51%

currently spend \$100 million USD or more on digital media in China



83%

plan to increase spend by 10% or more in five years

“By 2030 the Chinese middle class will have a purchasing parity power of \$14 trillion USD.”

World Data Bank

Top five reasons why China is so important to brand and business growth

- 1 One of the largest and fastest growing markets
- 2 Leaping forward in digital and mobile innovation
- 3 Higher levels of brand engagement
- 4 Emerging middle and upper class
- 5 Growth of e-commerce

China's pace of innovation

Global marketing leaders are certainly aware of China's market size and growth rates. Perhaps equally important is the pace of innovation and consumers' willingness to engage with brands. This suggests that brands that innovate and actively engage consumers can grow far faster in China than in other markets.

“Programmatic makes up 70% of digital media in China and is set to double in 2019.”

eMarketer


Top 10 benefits of programmatic media

55%	Customer acquisition	47%	More effective media
55%	Increased efficiency	45%	Improved customer identification/profile
50%	Increased visibility/reach/scale	44%	Real-time reporting
50%	Increased revenue	40%	Cost savings
48%	Better customer experience	40%	Customer journey insights

Programmatic is critical

In a market with 829 million internet users and 610 million online shoppers,¹ finding your China audience is challenging. Fifty-one percent of global marketing leaders reported that they will spend \$100 million USD or more on digital media in China across 2019. Whether your budget is \$100,000 or \$100 million USD, programmatic is the most efficient way to reach the right China audience. Global marketing leaders see programmatic media as critical to delivering revenue and engaging customers efficiently.

¹ CNNIC - 2019



Global marketing leaders' top-five “wish list” to maximize Chinese media

- | | |
|-----|--|
| 46% | Insights into Chinese consumer behaviors and preferences |
| 46% | Insights into digital/mobile marketing trends in China |
| 43% | Localized expertise on setting up a media buying program for China |
| 41% | Guidance on keeping up with changes in the Chinese media landscape |
| 35% | Access to local media buying partners |

Brands need guidance on navigating China

To advertise in China, brands have typically had to establish a local presence and identify local creative and media buying partners to help them navigate the market. Digital marketing in China typically required deep consumer and media marketplace insights and carried challenges around data accuracy, pricing, and transparency. The Trade Desk's China programmatic platform removes these hurdles, allowing marketers to focus on campaign delivery and optimization.



A unique market and audience

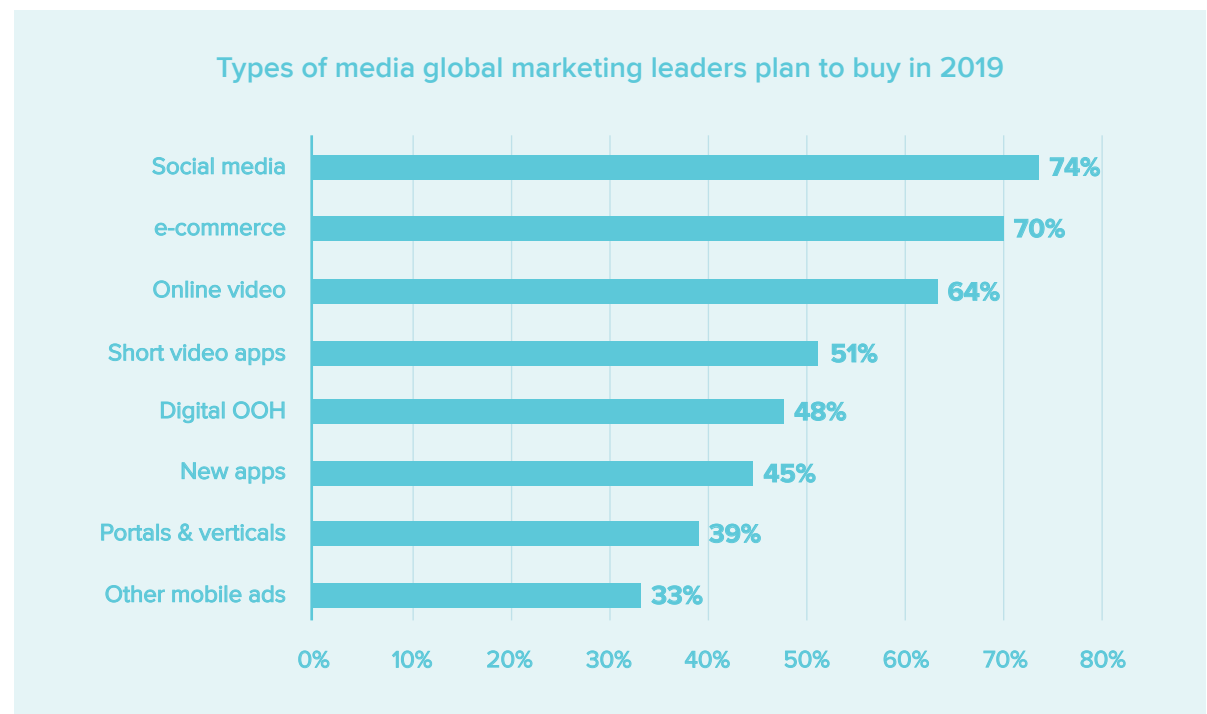
China app stores

Domestic: 2.68 million apps
Apple: 1.81 million apps
Mobile internet users: 817 million¹

¹ CNNIC 2019

Mobile, social, and e-commerce first

China is a highly unique market with extremely high levels of engagement in social media, e-commerce, and online videos. All marketing channels should take a mobile-first approach, considering that 98% of internet users are mobile.¹ Short video apps such as Tik Tok, Kuaishou, and Lu Ke, are part of a relatively new format that have grown exponentially in recently years. Global marketing leaders have prioritized their channel spend for 2019 similarly, with a focus on social, commerce, and video.





Unique formats with high engagement levels

Creative sizes and specifications for China can vary significantly from other regions. Some best practices to ensure your creative formats scale in China include:

Mobile in app

- Full-screen splashes
- Native display
- Native video



Video

- Splashes
- Pre/mid/post roll
- In-feed ads
- Video pause ads







The Trade Desk's global programmatic platform

Seamless, safe, independent, global, innovative ad buying

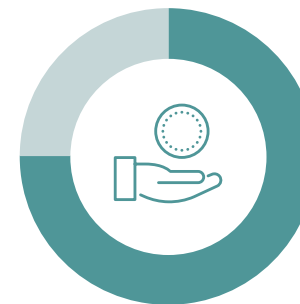
The Trade Desk's China product is the result of the first-ever partnership between an international buying platform (DSP) and any of China's major media players.

The platform was developed in answer to global marketing leaders' need for an independent, safe, reliable, and accurately priced buying partner:



75%

of global marketing leaders believe it is very important to work with an independent ad-buying partner in China



76%

of global marketing leaders are likely to move their media investments to a global partner who operates in China

Inventory partners

The Trade Desk is first-to-market with providing marketers with programmatic access to China partners Alibaba, Baidu, iQIYI, and Tencent Marketing Solution, representing the majority of the Chinese internet and advertising space. Together, they represent over 2 billion monthly active users (MAUs), the majority of Chinese Digital media spend, and a market valuation of almost \$2 trillion USD. Similar to the United States' Amazon, Apple, Google, and Facebook* they have each evolved their own broad ecosystems of associated services across cloud, e-commerce, retail, ridesharing, social, video, AI, voice, and much more.

¹ Traffic and other platform data from publishers (e.g., Amazon, Baidu, YouTube, etc.).

*None of these Chinese platforms are exact copies of their western counterparts. Comparisons are provided for context only.

Snapshot¹



Alibaba Group/ Youku

One of China's largest video platforms (Youku) with over 1.2 billion video views per day. Acquired by Alibaba in 2016.



Baidu Exchange Service

Originally China's primary search engine, now with a massive app boasting 2 billion users globally.



iQiyi

China's No. 2 entertainment app (and leading video app with 600 million MAUs). Offers users a wide range of original and licensed video content in addition to games.




Tencent Marketing Solution

The world's most valuable social network and the world's largest gaming company, with over 120 million paid subscribers. No. 1 app store in China.



89%

of global marketing leaders stated it was important for their DSP partner to work with major media partners in China



“The three things The Trade Desk offers are transparency, high value inventory, and third-party data. I have not seen other DSPs doing similar things.”

Benson Ho

Chief Data Strategy Officer
Tencent Marketing Solution

“Our partnership with The Trade Desk is our first partnership with an international demand-side platform.







We value The Trade Desk's independence and objectivity and see this partnership as an important step in providing leading global brands access to millions of engaged consumers in China.”

Andy Sun

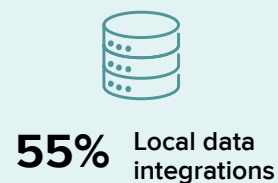
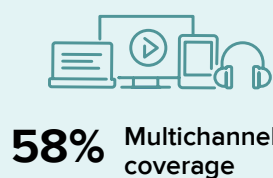
General Manager of
Programmatic Business
iQiyi

Best-of-breed data partners

The Trade Desk's platform integrates a host of data and brand safety partnerships for the first time in the Chinese market. These partnerships highlight audience insights that ensure brand safety, prevent click-fraud, and measure viewability. All partner services are immediately available to clients of The Trade Desk, with additional partners being added throughout 2019 and beyond.

Audience Targeting	Contextual Targeting	Fraud Protection	Brand Safety
 <p>A major mobile ad-network in China covering over 600 million users. InMobi provides location, click, and in-app behavioral data across location, demographics, handset, media preference, and product preference.</p>  <p>A mobile-focused data management platform (DMP) with 72 audience segments across demographics, interest, and purchase intent. Segments are built from 3.9 billion mobile profiles.</p>	 <p>A contextual intelligence platform with thousands of contextually relevant topics — such as late-breaking news and trending themes — available for marketers to target and extend their audience reach in China.</p>	 <p>A leading ad verification company in China. RTBAsia processes 25+ billion data points daily to protect media buys in China against known and suspicious nonhuman and invalid human activities.</p>  <p>A leading ad verification company in China. AdBug provides anti-fraud solutions to make China media buys more efficient using machine learning, real-time signals and historical data to identify and block invalid traffic.</p>	 <p>A contextual intelligence platform and the global leader in brand safety. Grapeshot helps marketers and agencies confidently avoid unsafe content that will damage brand equity.</p>

The Trade Desk's data partners help to address many capabilities that global marketing leaders are looking for in a China marketing partner. According to the commissioned Forrester Consulting study, surveyed marketing leaders name the following capabilities as requirements for marketing partners in China:



Whoever it is: You can reach your China audience

The Trade Desk works with major data providers to provide clients with access to hundreds of segments and over 700 million active devices. The platform also empowers marketers with the capability to create custom segments to target their exact needs.



EXAMPLE SEGMENTS



Luxury travelers

- Frequently engage with luxury travel content
- Have booked luxury travel previously
- Audience size
- Inventory size
- Destination affinities — USA, Europe, SE Asia, Japan



EXAMPLE SEGMENTS



General automotive car buyers

- Frequently engage with automotive content
- Own a house
- Own a car
- Audience size
- Inventory size
- Brand affinities — USA, Japan, Europe, China



Strategy: A route to market for everyone

With access to programmatic in China, it is now simple for any brand to enter the Chinese market without major up-front financial and resource commitments. For brands already in market, The Trade Desk platform offers global efficiencies, safety standards, and a protected place to activate first-party data.



Branding

Companies looking to be discovered in China can deepen brand reach and engagement by producing local language content. This helps drive purchase intent in China or offshore.



Business to business

Companies with (or without) a sales force on the ground in China can launch with key collateral in Chinese and a lead generation form.



Cross-border commerce

Companies with global commerce and fulfillment solutions in place can expand their audiences by translating key parts of their existing platform into Chinese.



Marketplace commerce

The Trade Desk offers a wide range of options to small and larger importers, making it fast and easy to test the market.



Offline or direct commerce

Companies already established in China can vastly improve marketing efficiency and effectiveness through data augmentation and fraud reduction.

“The Trade Desk’s data-driven insights help inform strategy and allow our team in New York to plan, buy, and execute for our global brand clients around the world — including reaching audiences in China.”

Ivelise Grazziani

Media Director
Neo@Ogilvy

“Utilizing The Trade Desk allows us to successfully execute a global, multichannel campaign and to consolidate campaign management and insights reporting into a single platform.”

Krish Sailam

SVP, Global Programmatic Services
DWA, a Merkle company

“Offering access to premium inventory in China is important. Helping us leverage first-party data is exciting. But as we begin to navigate our way into China, The Trade Desk’s commitment to transparency, brand safety, and fraud is what makes this offering really special.”

Bonnie Barest

Managing Director
The Media Kitchen

“We spent three years extending our platform into a market that operates very differently, without sacrificing our platform’s consistent user experience, transparency, and objectivity.”

Ivo Karadjov

Director of Product
The Trade Desk



Getting started



Beginners looking to get into China

Discover your China audience — their personas, behaviors, and sizing.

Experts already in China

Activate your first-party data and gain and new insights from across all major Chinese media.

China is just a click away

The Trade Desk’s global programmatic offering in China has been built from the ground-up to bridge the Chinese and global internets. Offering premium inventory from the leading media companies, it brings global standard targeting, measurement, and transparency to China for the first time. The platform is paired with on-the-ground strategic planning expertise and local data standards and creative approval management. It removes all barriers to media buying in China and allows clients to focus on results.

BENEFIT	BEFORE	NOW
First-party data management/ data privacy	No neutral place to store/ exchange first-party data	Globally neutral first-party data management
Brand safety/anti-fraud	Integrate on your own	Multiple partners already integrated
Creative approvals	Manage government approvals on your own	Fully managed by China The Trade Desk teams
Cross publisher insight	Not available	Single view across publisher
Price discovery	Not available	Full transparency and ability to identify the most valuable inventory
Real-time measurement	Publisher by publisher and not real-time	Globally standardized and real-time across all
Viewability	Integrate on your own	Multiple partners already integrated



What you gain with The Trade Desk

A team of experts

Over three years of negotiation, planning, inventory and data integration, and technical development went into establishing The Trade Desk's China product. With offices across Shanghai, Hong Kong, and Beijing coming soon, The Trade Desk has 52 technical and marketing experts on the ground to advise clients on their overall campaign approach.

Seamless global solution

The Trade Desk extended their platform into China. Complying with local data and privacy standards, this new offering enables marketers to deliver ads seamlessly across local network structures. The Trade Desk team spent months on-site with their partners' data and technology teams to map out interface requirements and to understand their underlying context. This work resulted in an infrastructure that bridges the global internet and the Chinese internet.

A long-term commitment

The Trade Desk believes the future of digital media is global. As a neutral partner, The Trade Desk can play a critical role in helping to bridge markets and major media owners to build a common, trusted global standard.

A traditional Chinese pavilion with multiple tiers and ornate roofs, illuminated with warm lights, stands on a small platform in the middle of a calm lake. The pavilion's reflection is visible in the water. In the background, there are silhouettes of mountains and a few small boats on the water. The sky is a soft gradient of orange and blue, suggesting sunset or sunrise. Several people are standing on the platform around the pavilion, and two people are walking on the left side of the frame.

Click to China with the first global programmatic platform

With the world's first global-to-China programmatic platform:

- Premium inventory from China's leading media companies — Baidu, Alibaba, Tencent, and others
- True buying independence and price transparency
- Global-standard data targeting, measurement/reporting, brand safety, and fraud protection
- End-to-end management of China government data and creative standards

Contact sales@thetradedesk.com to get started.

每一代都是一个时代

 theTradeDesk®