

New Study Shows China Mobile, Nokia, Coca-Cola Best in Leveraging Assets in China

Savvy use of stars like Liu Xiang and Social Networking Sites might be more effective than big media budgets, according to survey by R3

Today's marketers are fortunate in the variety of marketing communications tools at their disposal. Beyond mass advertising and Internet banners they now have new media choices including social network sites (SNS) and instant messenger (IM). In addition to TV advertising, now there are many options regarding TV sponsorship, product placement and affinity programs. Marketers are also much savvier in the way they effectively identify and manage celebrity spokespersons to enhance branding performance.

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According to the fifth wave of En-Spire, an ongoing quarterly study conducted by Beijing-based consultancy R3 and media research firm CSM, the top brands that Chinese consumers actively engage in are, China Mobile, Nokia, Coca-Cola, Mengniu dairy and Nike. "What's more interesting about the study", said Greg Paull, principal of R3, a marketing efficiency consultancy to marketers and agencies, "is about measuring and understanding the performance of these brands' branding activities including their leverage of stars and athletes, Internet media, TV affinity programs and event sponsorship."



Greg Paull

In the first five waves of the study, the researchers have interviewed 7,500 Chinese consumers aged 15-40 in the country's top ten cities. The survey, which was launched in 2008, will continue to the end of 2011, with a total of 18,000 interviews. The next wave of the survey begins in June.

Coca-Cola, a case study of best practice for China

While China Mobile and Nokia lead overall, the survey suggests that Coca-Cola is the strongest marketer in terms of leveraging assets such as track-and-field star Liu Xiang, pop star Jay Chou, Shanghai Expo, Kaixin001, and CSR activities.

Companies benefit most from using stars if they use them consistently, rather than switching frequently from one star to another, according to the study. Coca-Cola, for example, now has a six-year history with Liu Xiang and a five-year relationship with Yao Ming.



Coke's Chinese New Year (CNY) campaign featuring Fahrenheit.

Fahrenheit is a Taiwanese boy band and one of the favorites among teenagers age 15-24. The CNY campaign them "New Year's first bottle of Coca-Cola and who you want to share" is similar to last year.

"They are getting the ongoing benefit of brand association as a result. What they are doing is using proven stars as a base and then adding 'hot hits' like the Chinese boy band Fahrenheit for Chinese New Year and other occasions. This is where they lead other companies," Mr. Paull said.

Liu Xiang , Faye Wang amongst asset leaders in China

Despite his well-publicized withdrawal from the 2008 Olympic Games due to injury, Liu Xiang is now back in the hearts and minds of consumers. He has regained his status as China's second most popular celebrity behind Yao Ming, against over 700 stars tested in the survey.

These two sports icons are followed by Jackie Chan, Andy Lau, and Faye Wong, who had a sharp increase in the fifth wave due to her performance at the Spring Festival Gala and announcement of a year-end concert tour that her fans are avidly waiting for.

“Chinese marketers spend millions investing in celebrity endorsement, but the fact is that consumers don’t recall every brand-star relationship,” said Mr. Paull. According to the study, the top five recalled sponsorships are, Jackie Chan and Ba Wang Hair Shampoo, Yao Ming and Coca-Cola, Yao Ming and China Unicom, Coca-Cola and Liu Xiang, and Nike and Liu Xiang.

Happy Camp high on recall, but high on brand confusion

The most engaging TV programs in China are, according to En-Spire, Hunan Satellite TV’s Happy Camp and Day Day Up, CCTV News Broadcast, Taiwan Talk Show Kang Xi Lai Le, and Zhejiang Satellite TV’s Do You Remember.

"These are the shows [consumers] tell us they will talk about, recommend to friends, and make appointment to watch," said Jiang Jie, Director of R3 China, suggesting "there's far less likelihood of channel surfing and a far stronger chance of engagement for marketers."



Jiang Jie

“However, when we ask consumers which brands they associate with Happy Camp, 93 brands were mentioned,” said Ms. Jiang. “Chinese brand OPPO leads the recall now, but there are 92 brands behind OPPO.”

With stars like Yao Ming and Yi Jianlian, NBA continues to rank among the top-fifteen most engaging TV programs out of more than 760 programs in ten_3 .

cities.

Some brands already leveraging Expo , World Cup

While six sports brands are associated with the National Basketball Association right now, Nike owns the most of NBA asset. adidas and four local sportswear brands, Peak, Anta, Li-Ning and 361 Degrees, are also associated with the NBA. Coke and Master Kong are the only non-sports brand in China with a strong NBA association.

“With the 2010 World Cup coming up, we thought it would be interesting to look at which brands perform better in their sponsorship efforts,” said Mr. Paull. “Right now more than half of the consumers we asked could mention brands including adidas, and Coca-Cola, followed by Nike, VISA, and McDonald’s.”

Awareness and interest of Shanghai Expo also increased significantly among all cities and consumer segments. China Mobile, Coca-Cola and Bank of Communications are the most well-known sponsors of Shanghai Expo, according to aided and unaided awareness scores in the study.

Coca-Cola, Nike lead online connections

Despite the obvious traffic advantages of online portals, online consumers currently feel more passionate about new social media and other online forums offering connections and friendships, not just news and entertainment.

Tencent's bulletin board and online forum, Q-Zone, ranked highest for engagement, ahead of Baidu Zhidao and Baidu Tieba, two platforms provided by the Chinese search engine Baidu, and the social networking site Renren and Kaixin001.

Half of the top ten engagement brands won top ten online-advertising recall, including Coca-Cola, Nike, China Mobile, Lenovo, and Nokia. Among brands with the most noticed in-site brand advertising, Coke got most noticed in Q-Zone, followed by Nike on Q-Zone and Baidu Zhidao.

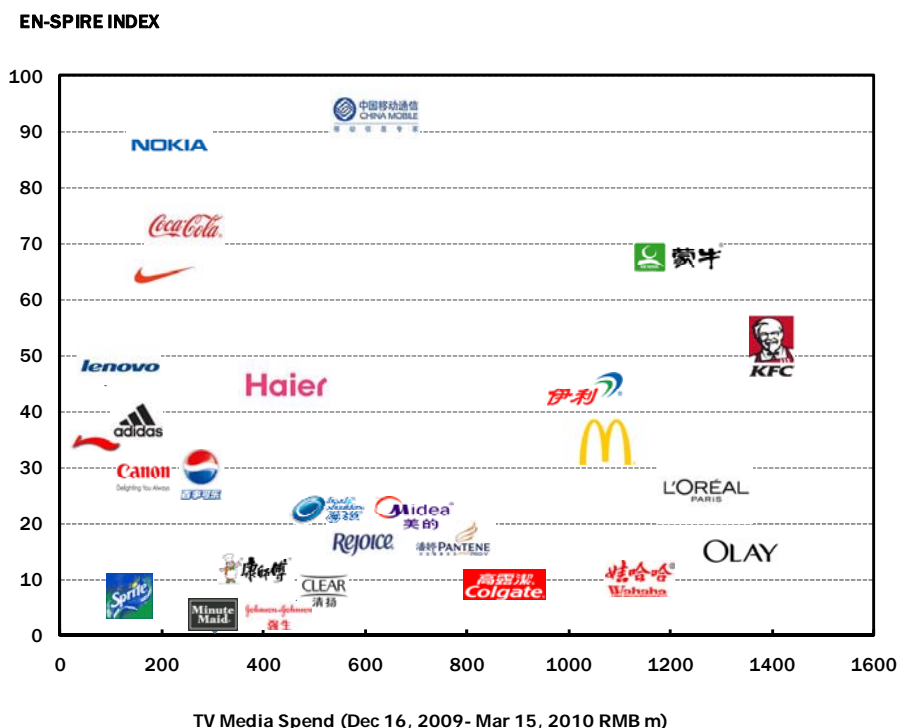
Kaixin001 scores the most in terms of its ability to attract consumers to visit brand information on the site. "We've seen marketers already invest in the social_4 .

media space in China, but this year, it will really come of age. More and more marketers will need to treat social media as a viable marketing platform, not just something for a short term experiment," Mr. Paull said.

Driving overall ROI on marketing assets

“When measuring the engagement quality of top brands and their traditional media spending,” said Ms. Jiang, “We found that some marketers do a better job in terms the efficiency of their media investment.”

In Wave 5 of En-Spire study, many marketers were able to achieve a higher return of brand engagement with less spending on mass advertising. Brands like Nokia, Coca-Cola, Haier, and Lenovo outperform their peers by diversifying and leveraging other efficient media and tools.



This chart compares the level of brand engagement vs. total TV spending in China, according to the fifth wave of the En-Spire study

More and more marketers now understand that spending wisely, rather than spending more, holds the key to success. In fact, only local dairy giant Mengniu_5 .

ranked among both the top-five TV advertisers and the top-five most engaged brands.

"The days are over where media budgets mean everything," Ms. Jiang said. "Today's consumers are far more selective in their TV consumption, and brands need to activate the right passion points, not just push for mass exposure."

About R3

R3 is a global marketing consultancy with our heart in Asia.

We focus on improving the effectiveness and efficiency of marketers and their agencies.

Founded in 2002, we work with eight of the world's top twenty global marketers, including Coca-Cola, VISA, JNJ, Nestle, McDonald's, Samsung and SingTel.

Our work includes consulting to find , pay and keep the best agencies.

We also analyze and audit media spends and provide consultancy on marketing ROI

For more information , visit www.rthree.com, write to emma@rthree.com or call +8610 5900 4733