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The Great Social Wall of China

A Netpop | Nations Report from

Netpop[®] Research, LLC

Marketers Face Opportunities and Obstacles as Chinese Netizen Community Grows

With government shutdowns of Western Internet services dominating the headlines, companies are reminded of the challenges of doing business in China. But the sheer size of China's Internet population – numbering 304 million today and projected to grow to over 500 million by 2015 – forces them to stay in the game.

The latest report from Netpop Research, "The Great Social Wall of China," compares China's "Netpopulation" to that of the United States to examine why China is a critical yet increasingly difficult market for Western companies to penetrate. For both physical goods and online services, an intimate understanding of Chinese culture and behaviors across the China Web is necessary to compete against homegrown Chinese brands.

Importantly, 92 percent of Chinese netizens use social media – forums/bulletin boards, chats, blogs, micro-blogs, etc. "The online market is already much bigger in China than the United States, and stands to grow much, much larger," says Grace Yao, Research Analyst at Netpop Research. "Companies must approach marketing from the inside-out or risk being outside the conversation."

The first of a two-part series, this report examines the demographics and usage behaviors of Chinese netizens, including participation in social media and its influence on purchase decisions. These social media "conversations" are an integral part of the Chinese netizen experience. Compared to Americans, Chinese netizens are:

- Twice as likely to post to a forum
- Twice as likely to chat in a chat room
- Three times more likely to micro-blog
- Three times more likely to publish a blog
- Four times more likely to videoconference

Social media also has a direct impact on purchase decision:

- Social media are twice as likely to influence purchase decisions in China as the U.S.
- Consumer ratings and reviews rank second (behind search engines) as the source that helps buyers learn about new companies, brands or products

Findings show that Chinese netizens like to share information broadly and openly. As the online population explodes, Western companies must work doubly-hard to be a part of the conversation as Chinese consumers look to each other when deciding which brands, products and services to buy. Cate Riegner, VP Research at Netpop Research, adds: “Chinese consumers generally admire Western brands, but this advantage may decline as Chinese brands move to community-based marketing tactics, built around Web 2.0 channels, displacing traditional media advertising tactics.”

This report is the first in a two-part analysis of the Chinese consumer. Part 2 will look more closely at the media habits and shopping behaviors of Chinese consumers across 10 distinct product categories: Automotive, Entertainment, Business Services, Apparel, Consumer Electronics, Health/Beauty, Financial Services, Home Décor and Improvement, Technology and Telecommunications and Travel. Each category will be examined to understand how Chinese broadband users learn about and shop for products, and the role of user-generated content (UGC) sources in comparison to broadband users in the U.S.

Netpop | Nations: “The Great Social Wall of China” is available for purchase at netpopresearch.com for \$295.

The Great Social Wall of China is available at netpopresearch.com and includes information on the following topics:

- Demographic profile of China and U.S. broadband users
- Internet penetration in China by geography
- Device of choice for Internet access
- Online activities and daily usage hours
- Social media usage and motivations
- Online sources for product research and raising awareness of new brands
- Preferred shopping website features
- Conclusions and Implications

About Netpop Research

Netpop Research, LLC is a San Francisco-based strategic market research firm that specializes in online media, digital entertainment and user-generated content trends. Since 1997, Netpop has offered research products and services focused on the online consumer, establishing its unique domain expertise and creating industry-accepted metrics for understanding the digital consumer. Netpop Research is the creator of the Netpop tracking study of Internet usage among broadband consumers in the United States and China.