

THE KOL MARKET IN CHINA

By DAXUE CONSULTING



March. 2019

HONG KONG | BEIJING | SHANGHAI
www.daxueconsulting.com

**About
consulting..**

daxue

YOUR MARKET RESEARCH COMPANY IN CHINA

Daxue Consulting is a market research company dedicated to providing the best specially tailored, high-quality, customer specific data in one of the most challenging markets in the world, China.

We leverage our unique network of university organizations and professors, business associates, industry experts and foreign and local consultants to find the information you need efficiently, reliably and in a manner that addresses your specific needs. We excel because we're reliable, resourceful and flexible, everything that the Chinese market demands.



Matthieu David
Experton
CEO & FOUNDER

“Our mission is to answer complex market questions through traditional methodologies and tech tools”

KEY PEOPLE

Graduated from Chongqing Technology and Business University for International business management; University of Bourgogne in law, accounting, research and statistics; Master from INSEEC Paris in Global Markets and Business Management, fluent in English, French and Mandarin.

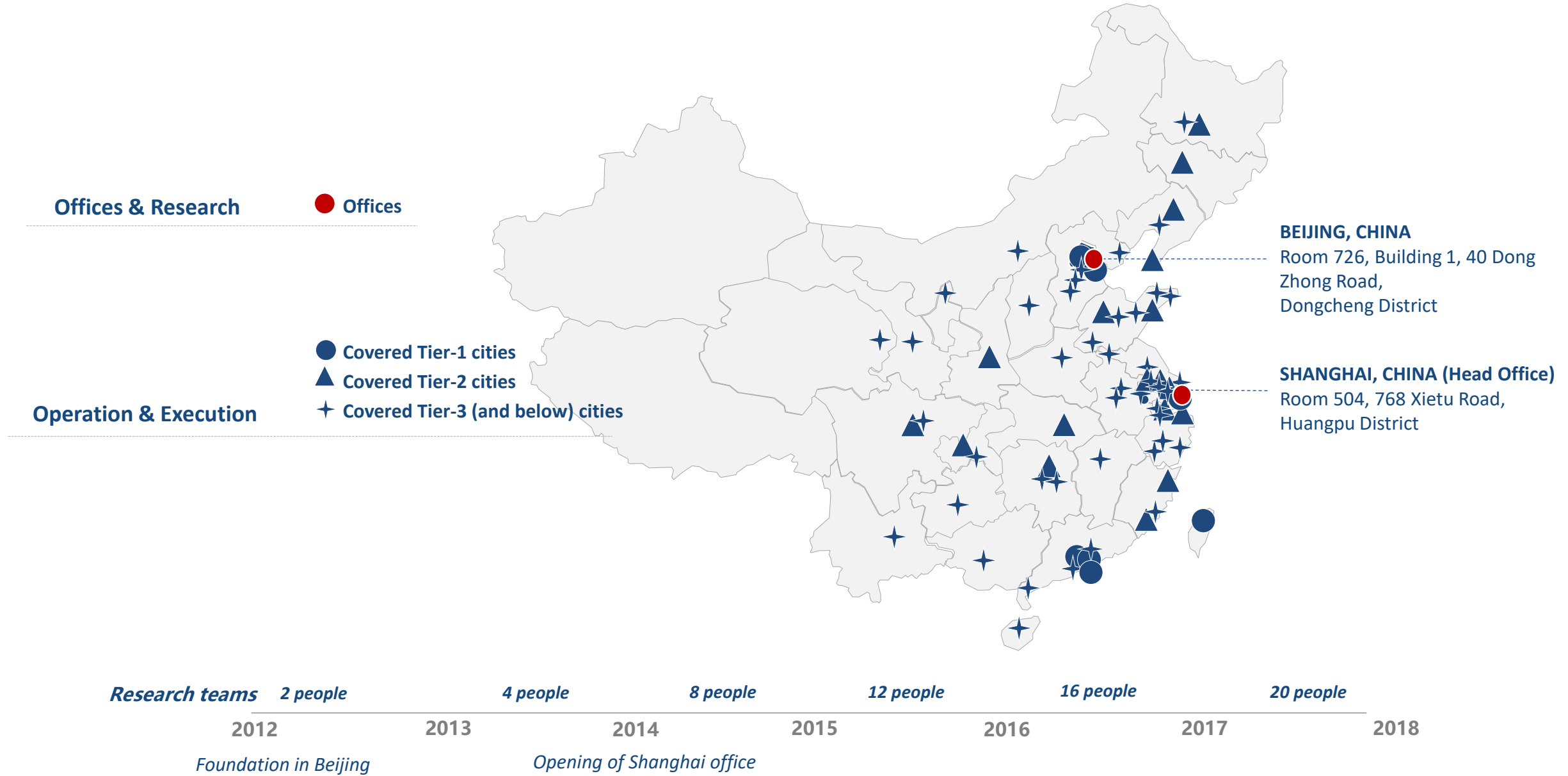
Yuwan has worked in both France and China. She joined Daxue Consulting in 2015. Lead & completed research projects covering multiple sectors, such as Education, Health Care, Food & Beverage, Digital & Communication, etc..

She's an expert in "cross-checking" in various industries and, worked together with different global market leaders allowing her to develop profound market insights.



Hu Yuwan
COO

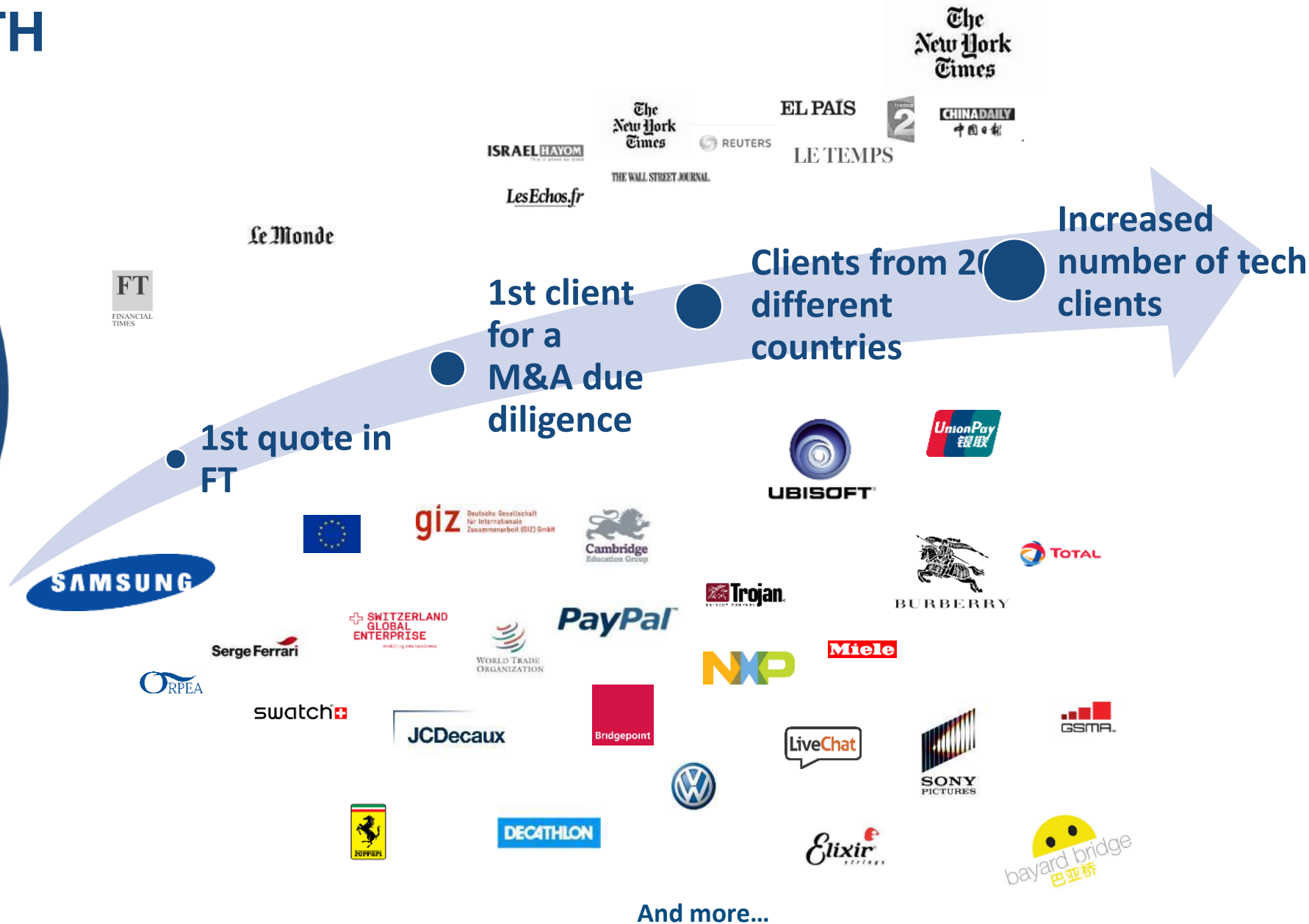
WHERE WE ARE



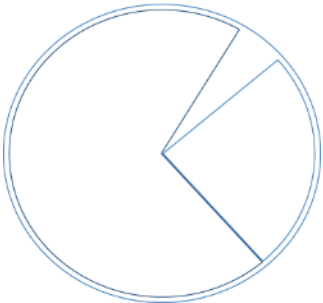
WHO WE WORK WITH



- 350+ Projects
- 250+ Clients
- 100+ Quotes in the press
- 20 Full-time consultants



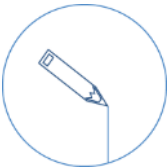
OUR SERVICES



MARKET RESEARCH



MARKET SIZING



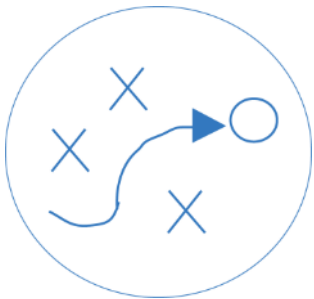
USER EXPERIENCE



CONSUMER JOURNEY



SENSORY RESEARCH



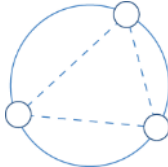
MARKET STRATEGY



MARKET ENTRY



OPEN INNOVATION



BRANDING STRATEGY



MARKET ACTIVATION

OVERVIEW

I. KOL DEFINITION

II. THE TARGET AUDIENCE

III. WORK WITH KOL

IV. BOTTOM-LINE

V. KOL CASES

INTRO

China Internet Users

China Internet Users in 2018

Mature market; Increasing users; Faster urbanization, Fragmented Segmentation

1.39 Billion
Population



+4.9% of Urban users
+3.8% of National users
vs. 2017

820 Million
Internet Users



788 Million
Mobile Terminal



59%

57%

VS. Population

- 27% of internet users are the Rural users
- +1% vs. 2017

96%

VS. Internet Users

I. KOL DEFINITION

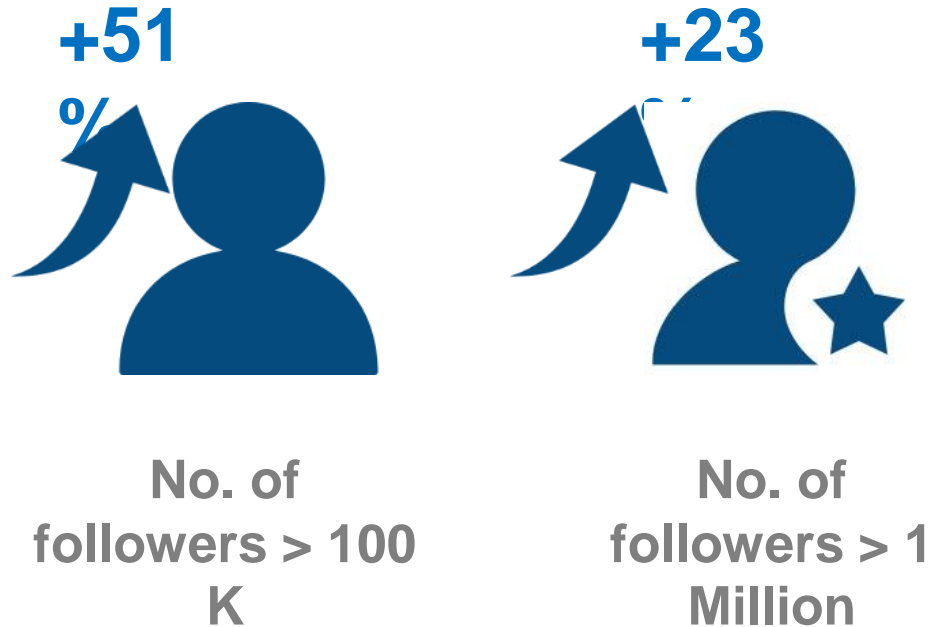
WHAT IS KOL?

The “Key Opinion Leader”

Point of view, Estimation, Belief, Judgment, Attitude, etc.

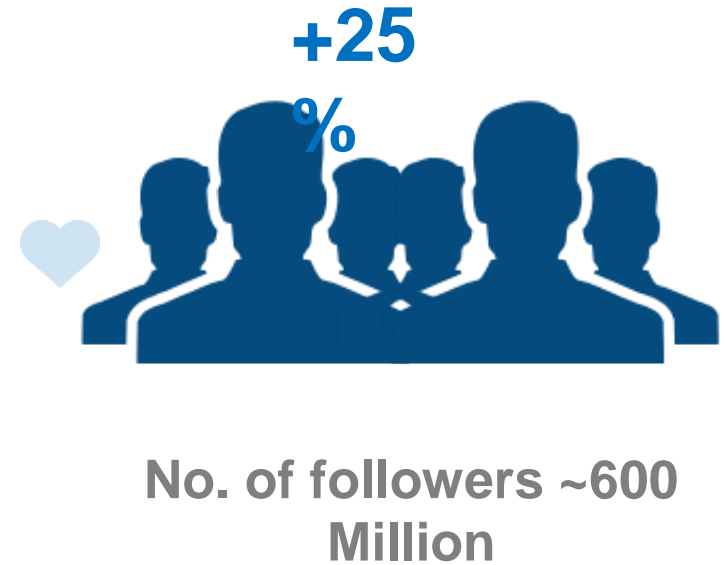
Overall Market 2018

Increased amount of KOL Weibo in 2018



VS.

Increased amount of Followers Weibo in 2018



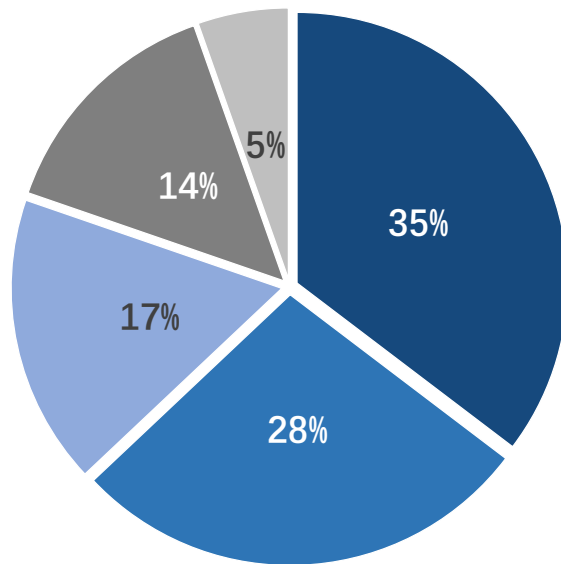
Overall KOL Market Valued of ~CNY 102 Billion in 2018

Who Are The KOLs

60% + KOLs based in tier 1st & 2nd cities, yet lower tier cities trend to have more in the coming years

KOL's Area Distribution

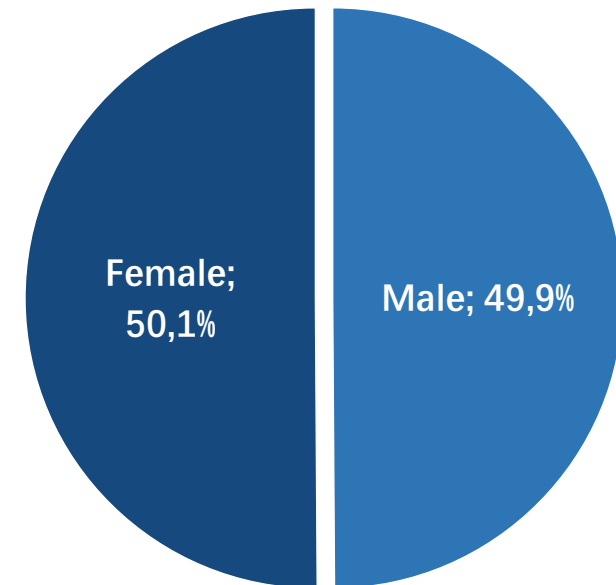
China, 2018



- 1st-tier city
- 2nd-tier city
- 3rd-tier city
- 4th-tier city and below
- Hong Kong, Macao, Taiwan and Overseas

KOL's Gender Distribution

China, 2018

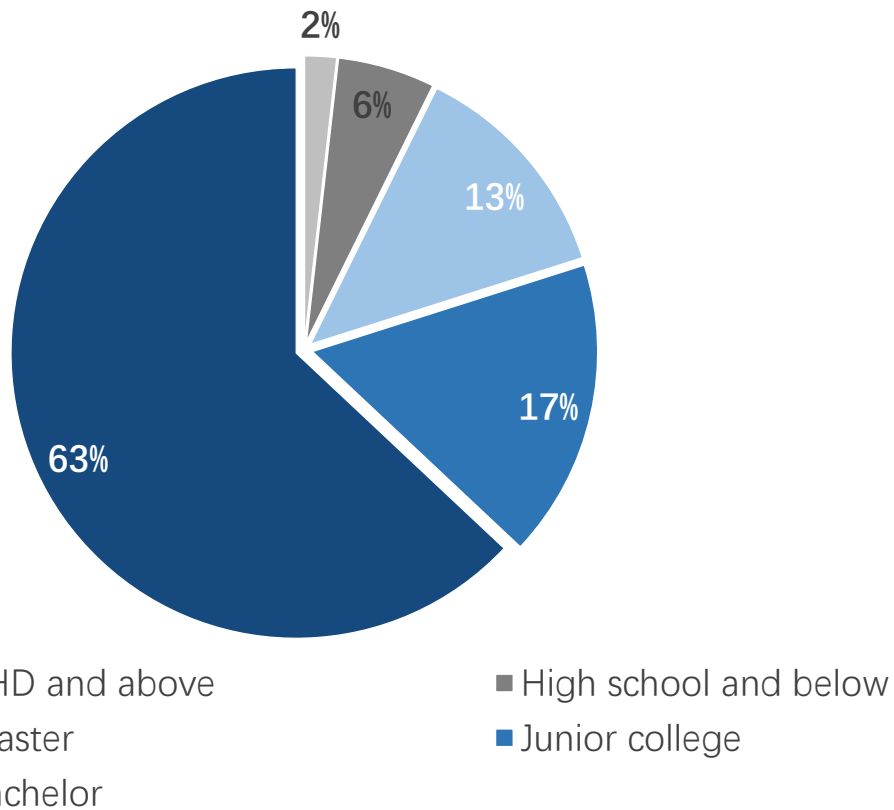


Who Are The KOLs

The highly educated post-80s & 90s seems to “dominate” the market

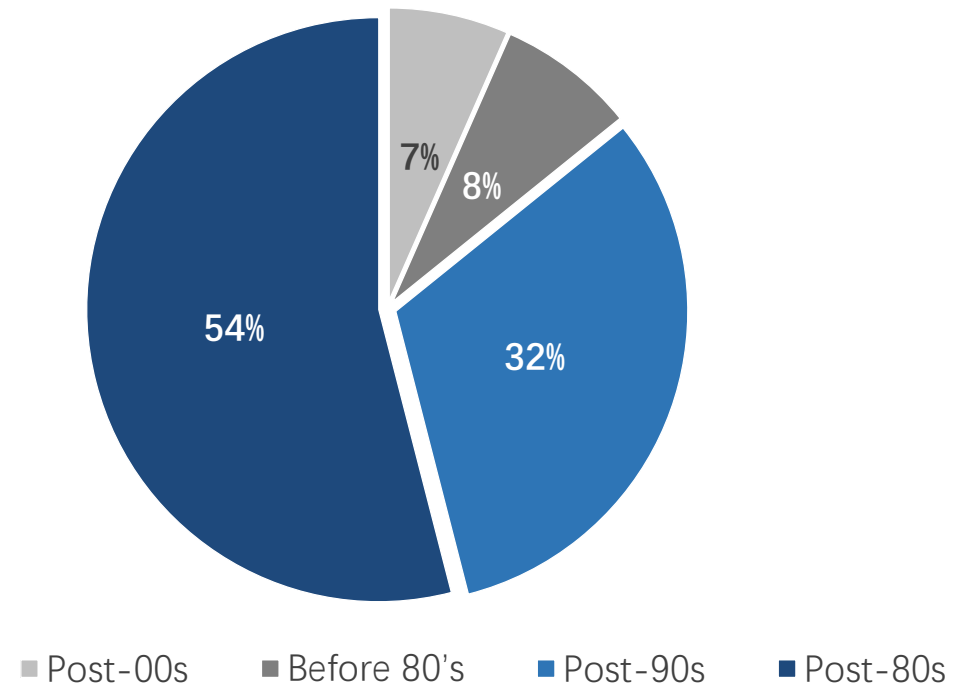
KOL's Educational Distribution

China, 2018













KOL's Age Distribution

China, 2018



KOL Level Mapping

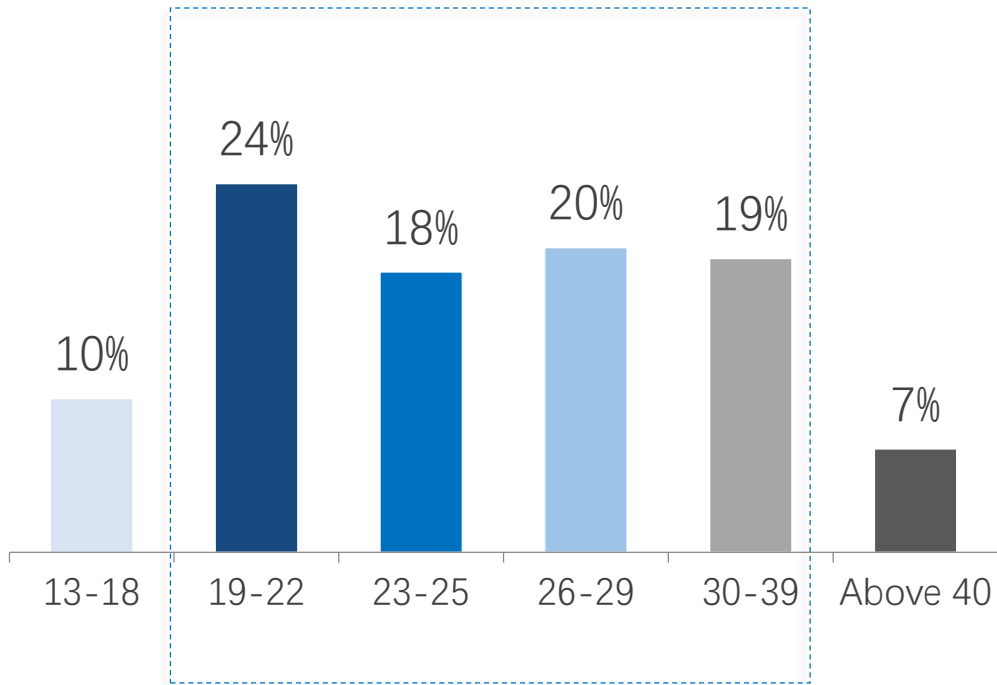
	Type Influencers	Feature	Example			Delivered impression
KOL	Mainly Stars, Celebrities	Attitude Oriented				Powerful, value, direction, attitude
	Bloggers	Knowledge Oriented				Credible knowledge
Popular	WangHong Internet celebrities	Product Oriented			  <ul style="list-style-type: none"> Place Person Music Words Food Etc. 	Details demonstrators

II. THE TARGET AUDIENCE

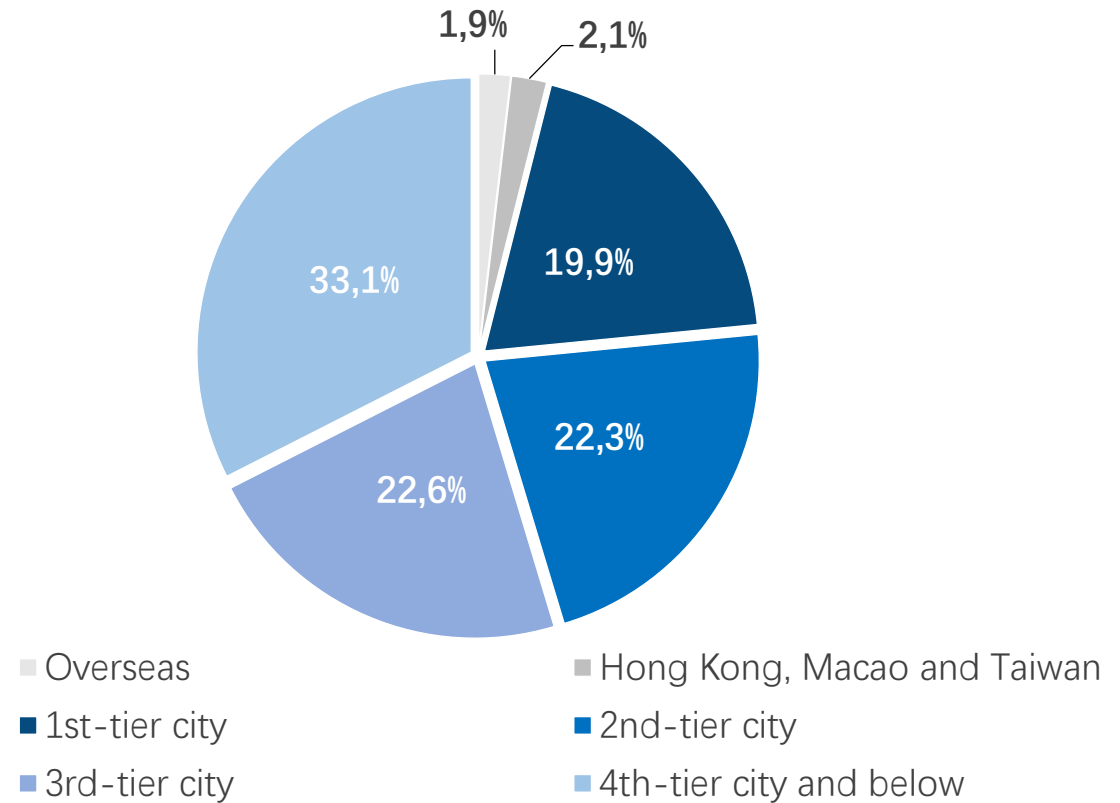
Who Are The Followers

Focused on post 80s to 00s, and in all type of cities

Followers' Age Distribution 2018



Followers' Area distribution 2018



Main Target Audience - By Generation

The post 00s have the highest interactions on Weibo, especially with the celebrities

95s-00s



Younger generation is more influenced by KOLs on the purchasing behavior

90s



80s



Celebrities

- **Purchasing Behavior**

Easier to be influenced by the KOLs & celebrities, and with a high engagement with them. Higher interested on cosmetics, bags, shoes.

- **Interested topics**

Celebrities Related News, Romance

Multiple Topics

- **Purchasing Behavior**

More matured luxury buyers, higher ratio of per-a-porter, jewelry than younger generation

- **Interested topics**

General News, Travels, Health, Family

Main Target Audience - By Needs

Consumers' type & needs decide which kind of KOLs to follow

General knowledge-oriented

- Mainly in tier 2 or lower tier cities
- Have a relatively higher ratio of “free time” and “available income”
- Comparably has a higher focus on famous brands, star products



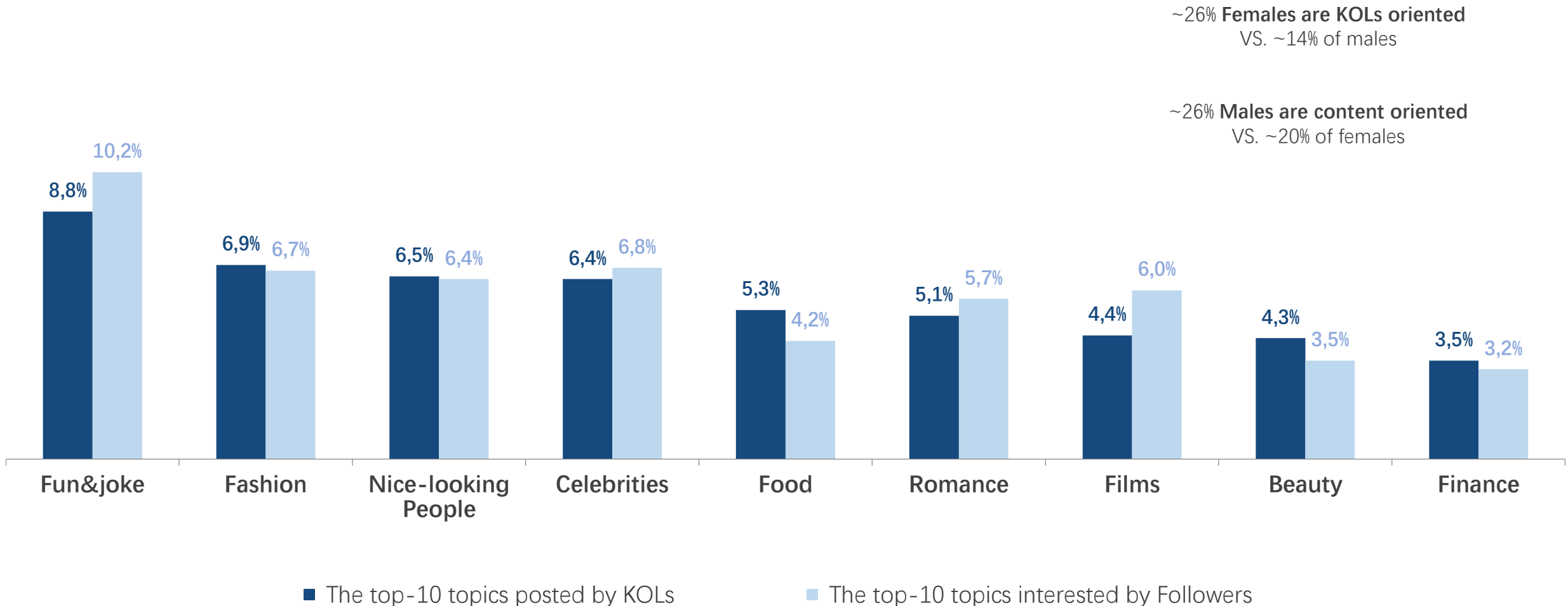
Value, emotion, attitude-oriented

- Mainly in tier 1 or tier 2 cities
- Have a “busy” lifestyle. Comparably have a high frequency of overseas travel experience
- Have a similar aesthetic sense compared to the westernized style (e.g. YouTube, Instagram, Facebook, etc.)

III. WORK WITH KOL

Topic Distribution - Followers VS. KOL

Top topics remain the “generality”; Vertical topics such as food, beauty, and finance etc. are developing as well



Work With KOL

Define the weight / objectives between the “Branding” & “Sell-Driven”



Brand/Product
discovery

Reputation
maintenance

Increase
conversion rate



Define China KOL Market Strategy

Work With KOL in China

Receive effective in 1 to 3 months after implementing KOL campaigns

	Top Stars & Celebrities	Top-tier KOL	Mid-tier KOL	Micro/Long-tail
No. of followers	+ 10 millions	+ 1 millions	+10 thousand	Few thousands
Cost Reference only	Endorsement fee ranges from millions to tens of millions RMB.	~CNY 30-300 thousands	~CNY 10-30 thousands	~CNY 2-10 thousands
Scale of influence	Has a wild influence for both branding & sells conversion rate	Professional oriented high exposure in a short period on both professional side & TA	Relatively “niche”, professional oriented, the words of month generation	Could increase the overall posts pool. Some “niche” KOL has relatively a higher engagement rate

The Channels – Reach The Target Audience

Mobile users with internet access spend in avg. 4.2 hours on their APPs per day, 38% of time on social media in China

Top Platforms ★★

In million

SOCIAL MEDIA



1083 M

MAU 2018



446 M

MAU 2018

E-COMMERCE



600 M

MAU 2018



74 M

MAU 2018



30 M

MAU 2018

Others

In million

VIDEO TYPE



503 M

MAU 2018



493 M

MAU 2018



231 M

MAU 2018



20.2 M

MAU 2018



500 M

MAU 2019



70 M

MAU 2018

MAU - Monthly Active Users

Type Of Contents

Increased share of video types thanks to internet development & the "concrete effect"

Q&A

10% of Shared content

TEXT & PHOTO

38% of Shared content

SHORT VIDEOS

55% of Shared content

Live-Stream

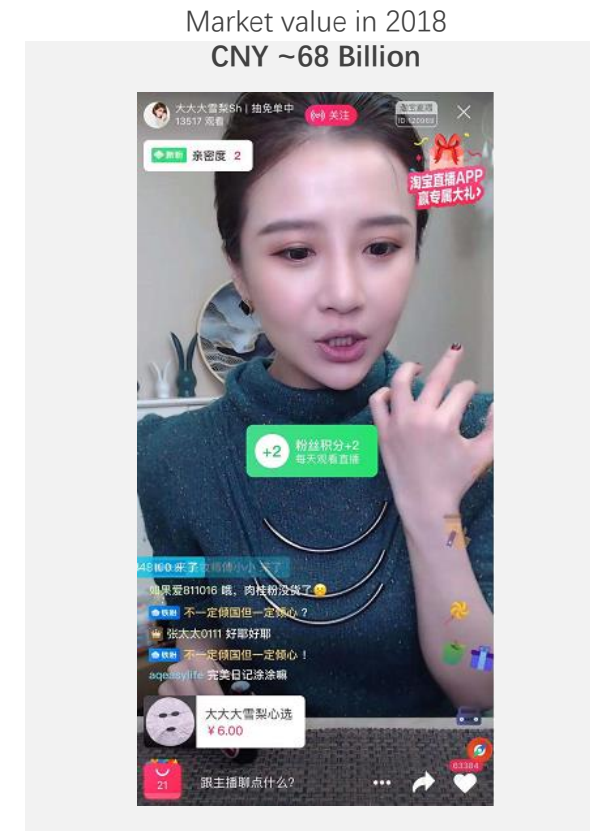
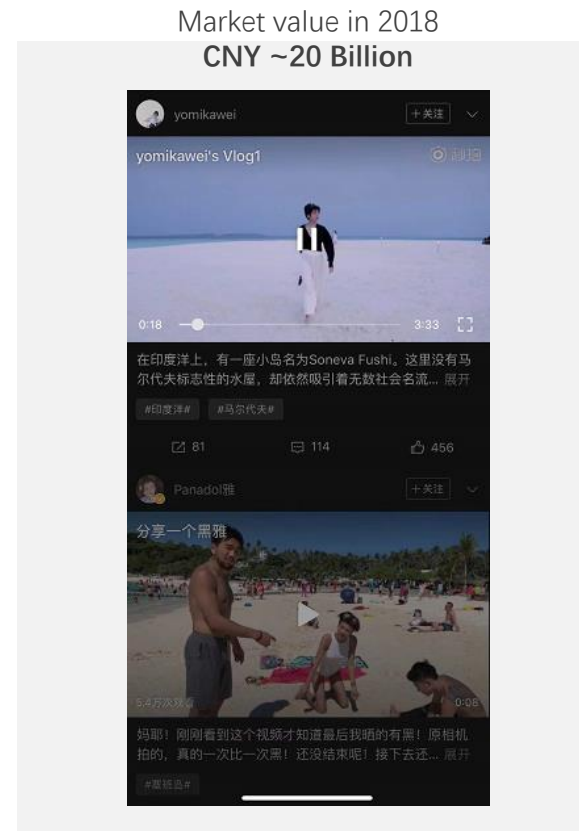
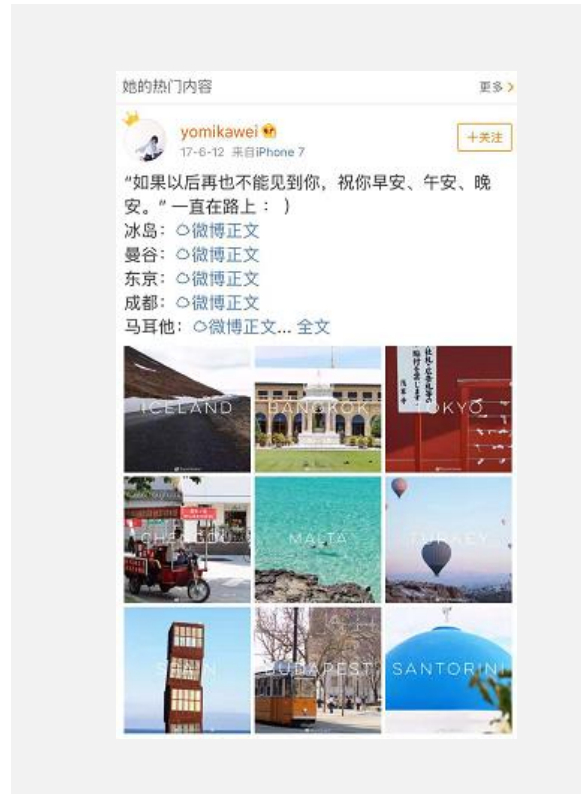
22% of Shared content

+156% VS. 2016

+300% VS. 2017

+64% VS. 2016

+50% VS. 2017



Few Terms To Know On The Brand Side

The “Head” KOL

头部KOL

- Top KOL, with 1million+ followers on each platform.
- They could present exclusively on only one platform as well.

Micro KOL & Long-tails

小众KOL & 长尾KOL

- No. of fans, Micro KOL > Long tails
- KOL has a small number of followers
- Qualified ones could with a “clear” personality, therefore, have a higher ROI

MCN

MCN

- Multiple Channels Network, type of “agency” managing KOL overall activities and content creation.
- Covered services including content creation, marketing, and E-commerce strategy.

PGC

专业生产内容

- Professional Generated Content.
- Mainly video content oriented.

“Water Military” & “Zombie Fans”

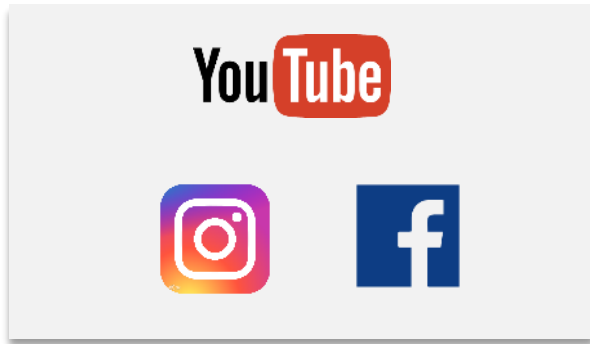
水军 & 僵尸粉

- The fraudulent followers
- The “water military” gives fake comments
- The “zombie” provide the # of fans

Influencers Structure On China KOL Environment

The overseas' KOLs are influential on China market as well

Overseas KOLs



China KOLs



Common Terms To Know As Consumers

The “Sells” Queen

带货王

- The “reference” of being “trendy” “stylish” “pretty”, etc.
- They often have a very high conversion rate in general



The “Niche”

小众

- The ‘Niche’ could refer “anything”, gives the impression of being a “stylish”, “nice” sometimes trendy. E.g. KOL, brands, products or a destination for visiting.



国内小众景点推荐 人均1000 性价比超高 湖北恩施地缝游



小众品牌香水 - 特别小众的调香师 - 无香中区的白兰地, white orchid 香水! 大瓶好闻, 收



超小众目的地

Planting the grassland & Pulling up the grass

种草 & 拔草

- Put on my “shopping list”, “to do list”, “to eat list” etc.



种草拔草不犯迷糊在小红书, 种草拔草不迷糊



学生党 & 新手 平价好用化妆品



小酥毛好久没给大家种草美食了 - 回中国的時候加忙忙 陸要买了好久的 回来一吃 太好吃了 种草了好多美食了 第一!!! 今天给大家安利超特别超好吃的 酥毛酥 - 多种口味的好吃酥毛, 多种口味酥毛

Failures Of KOL Marketing

■ The Fake KOLs

Have a large number of followers without the actual engagement.

■ Wrong Target

Right channels and KOLs are the basic before launching the campaigns.

■ Negative Effect

Contents that are not suitable to target audience's value or attitude.

■ High Brands Concentration

Top KOLs or celebrities endorse numbers of brands, might blurring brand's positioning or increase the "noise"

■ "Disliked" By KOLs

Very dangerous if a KOL does not like the brand, product. E.g. "Cai Lei 踩雷", step on the mine

IV. BOTTOM LINE

Conclusion

I.

Fragmented Channels

China has a mature KOL's market, from the live stream, short video, text & photos, forum's Q&A, to online TV emission, E-commerce, etc. Since the increase of internet users, the target audiences "go" to more channels as well. This is, therefore, an opportunity for brands to cover the higher amount of TA.

II.

Internalization & Localization

Internationalization of contents, such as the trends, value, style, the "new" & "curiosity" is one of the important incentives to follow KOL. However, a localized management of KOL (e.g. PR, marketing strategies, out put) could assist companies to have a higher ROI rate

III.

Resource Integration

KOL's market varies with a high speed, the overall management also changed from the "Individuation" into the "Industrialization". (e.g. from PGC merged with MCN). Therefore the management structure should be updated from the "pure marketing" to "multiple functions", such as channels, KOL's segmentation, effectiveness data, ROI, KPI, etc.

IV.

"Attitude" VS. "No. of fans"

For both branding and selling, it happens that the "Niche" / "Micro' KOL could have a higher "conversion" rate, since they might have a "stronger connection" with their audience, those with a clear stylish are more "Attitude" oriented VS. the "Head" KOL that has a large number of followers.

Tips For KOL Strategy 1/2

I.

Avoid Being “Too commercial”

A too commercial KOL ads could lose the “trust”. Make the difference between the KOLs and the actual advertisement. E.g. too short or formal posts or the purely positive comments.

II.

Right Channels

Some KOLs could be exclusive on only 1 or 2 platforms, this makes it important to know the right channel and, to assist brand reaching the desirable TA (e.g. Weibo vs. Douyin vs. WeChat).

III.

Update With TAs

The fact of gathering direct opinions with your target consumers would be one of the best ways to know high qualified KOLs that are “niche”, “valuable” or “trendy”

IV.

Structured Management

Communicate with marketing team or agencies as details as possible. E.g. the objectives, the “touch points”, type of consumers (location, social class), brand positioning, etc. in order to match the “associated KOLs:.. and with data tracking to better manage the KOL's ROI

Tips For KOL Strategy 2/2

V.

Design A KOL Plan

Set the main objective(s) before making the KOLs marketing plan. E.g. increase brand awareness vs. increase the conversion rate vs. brand image maintenance, etc. which is very helpful to find the right KOLs

VI.

The % ROI

Both Head KOL & micro KOL are important, the key is to have the right KOLs "package " or a "good" mix amount of account types, duration.

VII.

The "Touch Points"

"Emotion" marketing is one of the best ways for audience engagement. The market could be very effective if the right emotion "touches" the desired target audience. E.g. "attitude" "value" "lifestyle" "aesthetic sense" and so on.

VIII.

Be Flexible

The marketing plan & strategy are indeed needed, however, it is important to keep the flexibility in both short and long term since China market changes rapidly.

Trends

I.

Vertical Development

A higher professionally, specialty in terms of KOL types and diffusion channels

II.

KOL Definition Extension

The KOLs market has been developed from bloggers & celebrities oriented to, bloggers, celebrities & live stream actor oriented. As long as it is for an opinion-leading, the fact of being digitalization would provide more possibilities, AI, animation, emoji, etc.

III.

An Evolving Management Model

Management changes from a direct KOL focused to KOL agency, to the MCN model or even to the overall market consulting (e.g. data, analysis, evaluation, strategy, etc.)

IV.

Diversified Topics

Multiple industries oriented, such as travel, environmental protection, finance, health care, household appliances rather than only a few sectors dominated

V. Case Study

KOL Case #.1 – 李佳琦 Austin 1/2

Sales oriented KOL - “Top online sellers” for beauty products

INTRODUCTION

- A post-90s graduated from a College of Art and Design in China. Sighed with MeiOne (one of a MCN companies). Started as a makeup artist for brand L'Oréal in a counter, then selected by brand for the live-stream.
- Since being contracted with MCN, he has become famous in ~ 1 year only, and been one of the “top online sellers”, e.g. Has sold one lipstick every 30 seconds during his live stream.
- Currently has a Taobao store “Strict Selection”, also has his brand called the “2+7”.

CASE

- **Time:** 8th March 2018
- **Brands:** Givenchy, YSL, MAC, Dior, Guerlain, Armani, MAX FACTOR, Maybelline, Carsian, UKISS, and local Chinese brands (Florasis, MeiKing, etc.)
- **Products:** Lipsticks
- **Description:** in 5 hours Taobao live streaming, 190 000 views, 23 000 orders, CNY 3.5 million+ turnover

WHY

- ✓ **Marketing Support.** ~ 6 people work on the “overall” content production.
- ✓ **Attractive Contents.** Direct, with familiar expression and humor wordy, which is easy understanding.
- ✓ **Experience Demonstration.** The “try” on product give the “direct & real” impression.
- ✓ **Bonus for followers.** E.g. give exclusive promotion coupons during this “show”



PLATFORMS

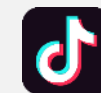
No. of Followers (Million)



1.3



1.0



1.3



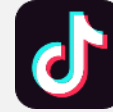
0.021

KOL Case #.1 – 李佳琦 Austin 2/2

Performance on each platforms



- ✓ **Ranked** as top No. 1 in succession during Taobao's Super promotion date
- ✓ **Popular level:** 13 million
- ✓ **Target consumers:** National



- ✓ **Posted** 78 short videos in total from TikTok
- ✓ **Avg. Likes:** 430 k (differed from 26K to 1.6M per post)
- ✓ **Target consumers:** Lower tier cities

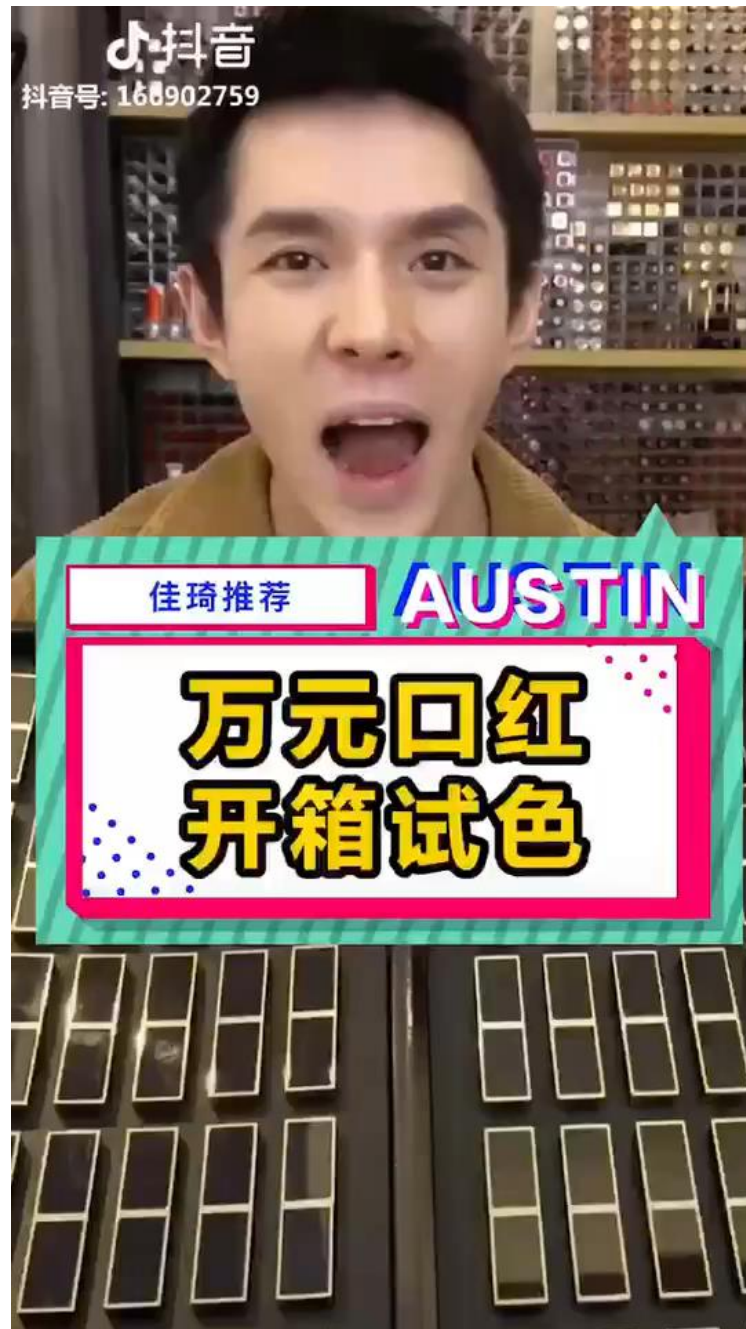


Post of - The Trial of lipsticks kit



- 45 K (Comments)
- 174 K (Shares)
- 1,602 K (Likes)

李佳琦 Austin



KOL Case #.2 – SavisLook 1/2

A stylish “niche” leader for the ~90s

INTRODUCTION

- Born in Beijing, used to study and living in the United States, and now back to China. She started making the videos with his boyfriend's help and posted her daily look on Youku, Youtube.
- She becomes popular since 2015, with a video about one of her white shirt looking
- Savi entered Bilibili since 2016, posted videos including 4 sections - Wearing Vlog (28), Makeup & Skin Care (20), Travel Vlog (13), Shopping Sharing (25).

CASE

- **Time:** April 2015
- **Post Name:** Planning of #365SavisLook#
- **Products:** Fashion and outfits
- **Description:** Through multiple platforms such as Weibo, Redbook, Youku, Bilibili to share her daily outfits, by 2017, the amount of reads has reached 300 million

WHY

- ✓ **High Quality Contents.** A good association of style of image, music and her outfits.
- ✓ **Value Oriented.** Style & emotion oriented rather than brands oriented which allow her to catch the similar population that have the similar value to her.



PLATFORMS

No. of Followers (Thousand)



3 200



460



75



15



410

KOL Case #.2 – SavisLook 2/2

Performance on each platforms



- ✓ **Posted** 184 short videos in total from Bilibili
- ✓ **Avg. Likes:** 80 k (differed from 30K to 143K per post)
- ✓ **Target Audience:** mainly tier one cities

夏季购物分享 | Summer Fashion Haul | 去巴厘岛都带了什么衣服...
UP主: SAVISLOOK
播放: 14.3万 弹幕: 1503

澳洲时装周Vlog | 粉丝见面会 | Travel with Savi #16 | Savislook
UP主: SAVISLOOK
播放: 7.7万 弹幕: 2172

回看我的30天 | April Vlog 30 of 30 | Savislook
UP主: SAVISLOOK
播放: 6.6万 弹幕: 2136

跟我一起做早餐 | 试穿CMEO新衣 | 下午茶OOTD | April Vlog 29...
UP主: SAVISLOOK
播放: 9.2万 弹幕: 2759



来啦 来啦 来啦! 美美哒来啦
投币观看 你来 来啦
好久不见 我来 儿童节快
我是第一吗!! 发开心 终
第一条弹幕! 好
想念 好

发个友善的弹幕见证当下

简介 评论 304

SAVISLOOK
41万粉丝 +关注

夏季购物分享 | Summer Fashion Haul | 去...
14.3万 1503 2018-06-01 AV24218916

2509 不喜欢 2302 2531 345

Post of – my summer outfits



1.5 K



0.34 K



0.25 K












143 K



KOL Case #.3 – Travel

The target audience's profile varies based on KOL's background

	PLATFORMS No. of Followers (million)				FOLLOWERS			NOTES
							Generation	
DADA与她的船长 	26 K	2 016 K	18	20	49%	51%	Mainly the post 80s	The first PADI diving ambassador in China post free diving instructor in China.
Yomikawei 	640 K	5 K	14	0	16%	81%	Mainly the post 90s	Studded & living in London's, interested in foodie, traveling. Posts are mainly related to her travel journey routes.
itsRae 	500 K	9 598 K	58K	5K	n/a	n/a	n/a	Studied in New York, becoming a Vlog bloggers, has raised 2 million followers in a short time duration

Yomikawei



END.

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