

*Agility*

China's Prosumers





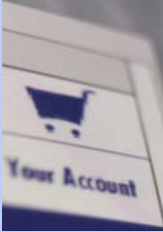
“We win over eBay, buy Yahoo! and stop Google.  
That is for fun.”

*Jack Ma, CEO, Alibaba.com*

Watch out for the time when Jack Ma, and a thousand other Chinese entrepreneurs get serious.

The Internet and digital media have largely transformed the ways in which Chinese people live, entertain and consume. And do business. Over the past ten years, technology has provided a burgeoning open space for personal expression and community building, as much as for buying and selling. Technology has empowered a whole generation of young Chinese people emotionally as well as financially. From YouTube to Second Life, from the Backdorm Boys to China's Podcasters, online consumers have evolved from creating content to generating income, from producing entertainment to building credibility, especially for the younger, savvy and participation-minded generations. As a result, brands need to get ready for an abundance of revenue sharing deals, reward schemes and gifts aimed at luring the creative consumers in China.

Today, it's not uncommon when a cell phone shopper visits an online community for purchasing advice before she actually visits a retailer store. It's no news either when brands hire blog writers or BBS activists to generate positive word-of-mouth online which may turn public perception around. Just as David Ogilvy said, "Do not treat your consumers as a moron. Treat them as your wife," consumers have become confident and assertive in their choices. They scrutinize information which used to be taken for granted, and cast doubt on authority. No company, Chinese or transnational, can now afford to underestimate the intelligence, sensitivity, and resourcefulness of their customers in China.





Within cyberspace, if you believed Malcolm Gladwell, there reside a bunch of Influentials. These are the mavens, who love to collect information and help others make decisions, and suave Salesmen of ideas. In order to spread, an idea or product had to be "sticky," and appear in a fertile social context. But as *The Tipping Point* climbed the charts, marketers got fixated on Gladwell's Law of the Few, and his suggestion that rare, highly connected people shape the world. For anyone involved in pitchmanship, it was an electrifying notion, one that took a highly complex phenomenon--the spread of memes through society--and made it simple. Reach the gatekeepers, and you reach the world.

*Is that indeed how things happen in cyberspace, in China?* was the question we posed ourselves. If millions of people in the Middle Kingdom are buying and selling new and used goods through the internet, choosing stocks and holiday destinations, or sharing video in the hope of stardom, there must be some forces of influence that propel them along their path to purchase. At the same time, they are using their collective power to drive down prices through bulk

buying, *tuangou*. Rallied through an online campaign by CCTV anchor Rui Chenggang, they put so much pressure that Starbucks had to move out of the Forbidden City.

## 请星巴克从故宫里出去

Why Starbucks Needs to Get Out of the Forbidden City? by Rui Chenggang



## ENTER, THE PROSUMER

The prosumer is a blend of *producer* and *consumer*, a possible future type of consumer who would become involved in the design and manufacturing of products. With the proliferation of taste and fragmentation of audiences, the paradigm has already shifted from mass production to mass customization. Involving prosumers in the product development stage helps companies to stay on track of the latest trends, and capture the energy and creativity which could be used to the company's advantage.

The prosumer is also a blend of *professional* and *consumer*. Famed for their enthusiasm for new products and their acceptance of new ideas, from the marketing point of view, they have much in common with early adopters. They are often the first batch of consumers who form an opinion about a product, who decide whether to embrace or reject it, and who back their decision up with reasons and facts. Winning them over will be a critical battle for enterprises. Although a company or a brand may choose to lose some customers by appealing to others, it becomes vulnerable if it fails to rally the support of prosumers, who lie at the very core of every consumer group. The prosumers are a group of smart, active and tech-savvy consumers, who gain their information from digital media or online. They interpret and influence mass consumers in terms of lifestyle and brand choices. They may, however, not necessarily be famous or be endowed with 'superior intelligence'. Driven by the new forces of interactivity, these Accidental Experts will change the way advertising works in the future.



## UNDERSTANDING PROSUMERS IN CHINA

In 2007, the Discovery team at Ogilvy & Mather China set out to identify a core group of China's prosumers in the spheres of gaming, music, entertainment, e-commerce, online discussion and blogging, understand their motivations and values, and attempt to explain the nature of their influence. This exercise, we hope, will help brands to find opportunities in the fast-changing media environment to effectively engage with their audiences when they turn away from traditional media and advertising.

This study took a multi-layered approach in examining and illuminating prosumers in China:

- We compared prosumers with mass consumers by identifying the differences between the two, to see a clearer stance of

prosumers in the market place and the nature of their influence, online and offline. This was done through analyzing blogs, websites, online interactions, ethnographic studies and consumer research literature.

- We conducted in-depth interviews with key prosumers to understand their behavior patterns, media habits, information management and points of view on culture and technology.
- By teaming up with OgilvyOne consultants and surveying the current hot topics, popular phenomena and creative brand practices, we sought to paint a bigger and better picture on how to manage communications and harness the energy in the untapped territory of consumer behavior.
- We explored not only the individual stories, but also group and community experiences. If the Internet helps people form communities, to what extent are virtual communities different from real ones?

This was a study contextualized around the Chinese cultural and social environment. It seeks to identify cultural and social factors that help explain the attitude, behaviour and influence of prosumers.

Between June and August 2007, we identified and interviewed eight tech-savvy consumers in China in Beijing, Shanghai, Guangzhou and Xiamen, who were influential in their circles, and conducted a video ethnographic study with each. We also conducted in-depth interviews with ten industry experts in gaming, virtual community, social networking, e-commerce, blogging and online video.

## FAST FACTS

There are 210 million Internet users in China, *which is more than Brazil's entire population.* This has increased by 53.3% since 2006.

52.6 million of them are in rural China. *That is about the size of the population of Italy.*

Rural Internet penetration grew by 127.7% in 2007.

There are 120 million online game players in China. 73.7% of the entire population under 18 has played online games.

86.6% of internet users listen to music.

71.2% download music.

81.4% use instant messaging.

The average time spent online is 16.2 hours per week. 38.3% say that 'something would be missing' in their life if they stay off the Internet for one day.

65% of internet users are not married.

83.1% are between the ages 19-35.

The average spending for Internet access at home per household is 74.9 yuan per month. The average expense for access at a cybercafe is 51.6 yuan per month.

38.8% of internet users access the net from home.

25.6% access it from their workplace.

21.5% access it from cybercafes.

10.7% access it at school.

1.6% access it though wireless.

0.6% access it at public libraries.



But this is no mere reportage of what we've found. While we deeply remain interested in the way people in China are using their online networks to further their social and economic goals, we are also keen to put forth our point of view in the ongoing debate about the wisdom of targeting influentials. Who's right – Malcolm Gladwell or Duncan Watts, who highlights the importance of *the moment* – as he says, when a society is ready to embrace a trend, almost anyone can start one; it is not about how persuasive the early adopter is, but whether everyone else is easily persuaded.

Given that China is in a different stage of economic development than western markets, but is leapfrogging ahead in the way its people embrace technology and trends, it is useful to put a lens to the phenomenon of influence. If you looked at the ten questions most frequently asked by Netizens, what Chinese users asked about most had to do with stocks and mutual funds. As for American users' "top ten," they were more concerned with emotional and technological questions. In a stable society, the questions are evenly distributed – just the sorts of questions they encounter often in life. Search engines should accurately reflect this. China's society comes in wave after wave, and when one wave crests, it brings that wave's hot topics. Brands just have to be on top of the next wave, and that's why we need to understand how influence operates in the new Web 2.0 world.

There are other pointers. A study<sup>1</sup> by consultancy i.merge and Sinomonitor found that on an average, a Chinese consumer

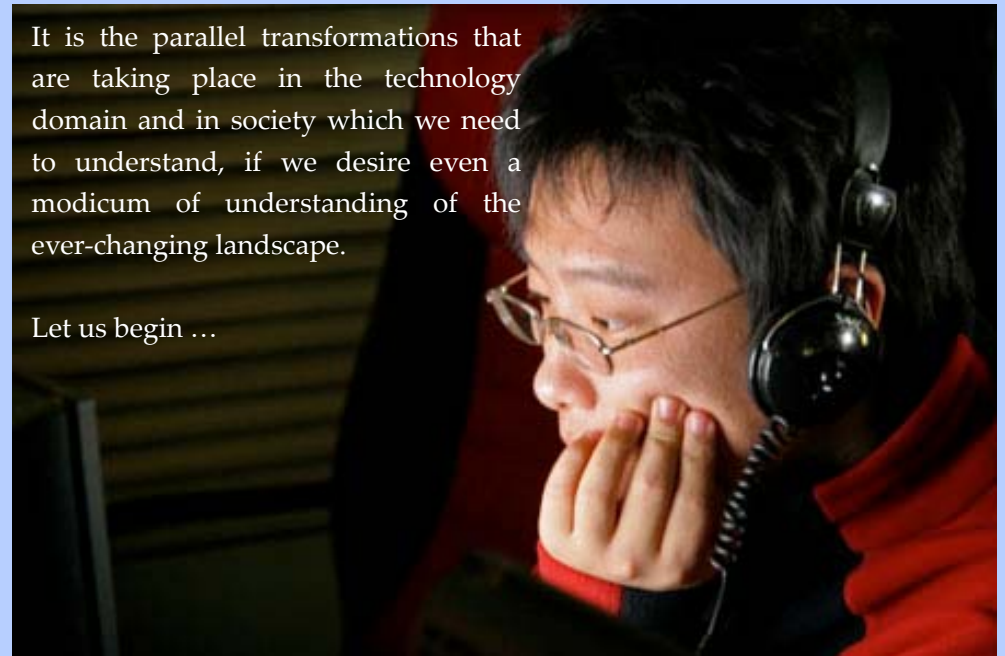
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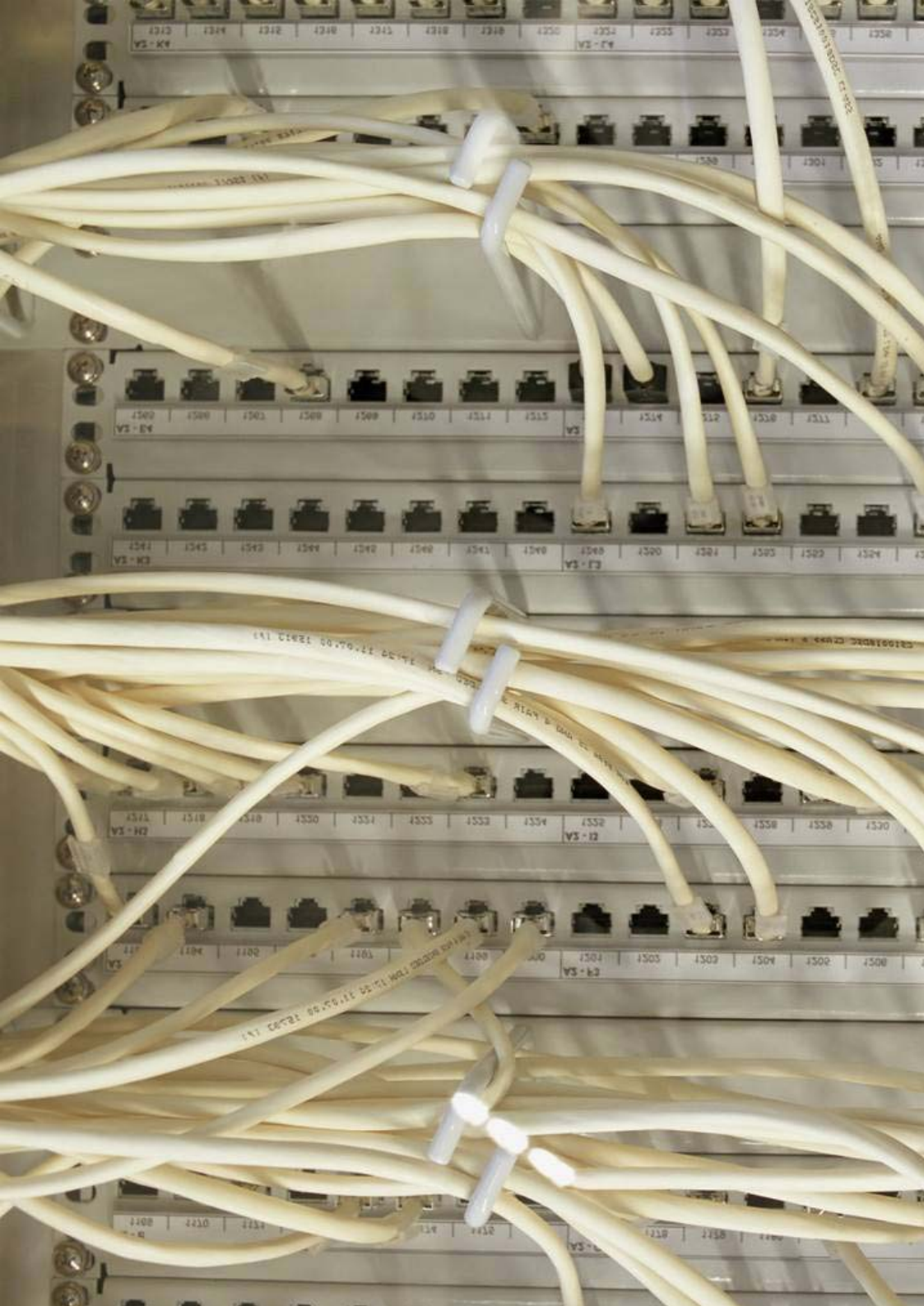
<sup>1</sup> [blog.boondoggle.eu/files/i-merge.sinomonitor.final.pdf](http://blog.boondoggle.eu/files/i-merge.sinomonitor.final.pdf)

communicates with 8 people in one month about brands. But 17% talk with more than 10 people, and 5% with more than 20 people. Identifying these *common but influential* folks would be essential for any brand, wouldn't it? Amongst this sample, the Internet was the most important medium for consumers to learn – for the first time – about a new brand or a new product. TV commercials came second. But here's something that is vital, and so important for us: **98% of the consumers want to stay informed regularly about a brand after they've bought it, it's the web - 91% - that's their preferred medium.**

It is the parallel transformations that are taking place in the technology domain and in society which we need to understand, if we desire even a modicum of understanding of the ever-changing landscape.

Let us begin ...





## Transformations in technology

### 1. Collaboration of multi websites based on desktop applications

The Net is changing from information-centered to human-centered, which means that websites can no longer afford to neglect the voice and demand of their audiences. The system is turning into both a platform and a database, where users can actively search and submit information. In short, the Net is shifting from an information-based network to a knowledge-based network.

Given the abundant supply of knowledge and data, consumers will not just fix on one website, but on multiple websites, search engines and web-based services. From a user's perspective, it is more convenient and efficient to have a centralized service that consolidates multiple tasks and resources. Therefore, a leading web service should be based on integrated applications, easy to access from the desktop, user-friendly and catering to the multi-tasking mentality, so that users can play, personalize and interact as freely as they want to.

The reason that people want more freedom on the Internet is that communication technology can impoverish its users. The proliferation of information on the Internet can be more enslaving than liberating, making it a challenging task for users to develop their own system of managing work and life. "If there're more than four websites where you have a registered account, it could be



No Music available

### Guyskool

音乐风格:  
Tribal-house, Goa Trance,  
国籍:  
中国, 上海  
网站:

Guyskool就是过去的DJ Bobby。从1995年开始从事DJ事业。曾经参加过的大型演出以及得到过的奖项: 99\\GATECRASHER首次访华PARTY, 2000\\ORB首次访华PARTY, 2001\\ROWAN BLADES 上海站DJ 2002\\PAUL OAKENFOLD上海站DJ, 2003\\欧莱亚年度色彩颁奖会配乐和DJ, 2005\\上海时装周开幕式配乐和DJ, LEE BURRIDGE中国巡回DJ, SASHA中国巡回DJ, ELITE国际模特大赛配乐。对于音乐,Bobby说其实没什么好多说的。为了完成这几百字的内容他觉得有点累。因为他喜欢用幻想来想自己想

a lot of work to manage them,” says Bobby Peng, a DJ in Shanghai, who uses the Internet to publish his music. “Methods change every day. Service providers change every day. It felt as if my life was run by service providers...So I thought, why can’t I make things simpler? Just MSN.”

Bobby has two MSN accounts, each with a contact list of 300 people. When publishing his latest work, Bobby uploads his music to a network drive and copy the Internet address to his audience through MSN. This way the audience can download his music with just one click.

The success of the online shopping website Taobao can be used to demonstrate how an integrated, one-stop shop web service enhances user experience. As the #1 e-commerce website in China, Taobao is a combination of eBay, Amazon, Facebook and MSN. Shoppers can browse, search, select, trade and evaluate products without leaving the website. Buyers and sellers may chat

on Taobao Wangwang Messenger about the specifics of the product, bargain for an agreeable price, and arrange for ways of delivery. It also allows the buyer and seller to form a standing relationship if the transaction is successful. For the first time the majority of Chinese consumers taste the fun and convenience of online shopping without having to make a trip to crowded department stores, cooling their heels along hopeless waiting lines, or facing the disheartening possibility that after much laborious search, their desired product may be out of stock.

Another effective way of integrating web-based services is to open the inner workings of a website to outside developers. Since Facebook introduced its API platform in May 2007, it was no longer seen as a community networking site, but a multi-tasking platform based on 27 million connected users. More than 1,000 applications are already available, letting users do things such as publishing slideshows of personal pictures, identifying Facebook friends as someone they would like to date or have a “random fling” with, or add a box that keeps track of when their favorite bands are performing in town. In Beijing, Sohu announced its API platform on January 3, 2008, as an effort to consolidate its web services in news, social networking and gaming. Yet companies and advertisers are waiting for search engine Baidu to open its API (Application Programming Interface) to third-party developers, so that agencies and clients can build tools to manage keyword buys and track results. “It’s no longer possible to satisfy the demand of your users simply by copying or acquiring websites,” commented Gao Hongbo, a top IT analyst in Beijing, “Collaboration is the way to go in meeting the ever-increasing standard of user experiences.”





## 2. Mobile Convergence

In a few years' time there will be more location-aware service available via mobile devices; such as getting personalized shopping offers as a person walks through the local mall, or receiving map directions while driving the car, or hooking up with friends who might be around the same neighborhood on a Friday night. The question now lies with mobile service providers in China. If they can come up with an easy and effective payment solution and combine it with individually tailored information service, they will be in a good position to make a breakthrough in the vast but still emerging mobile business market.

Currently, mobile convergence can be seen in the diverse product offering of mobile service carriers. In 2007, China Mobile, the largest mobile service provider in China, (fifth biggest brand in the world by market capitalization) has been pushing its market share by adding new features on their mobile platform including music download, Google search and Fetion integrated messaging service. In October it began to partner with China Radio International in

providing subscribers mobile TV services. The Chinese government is pushing for widespread Mobile TV availability for the 2008 Olympics. Indeed, Mobile TV subscribers in China will grow to 94 million by 2009.<sup>2</sup>

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<sup>2</sup> <http://www.in-stat.com>

Meanwhile, there is an ongoing turf battle between device manufacturers and service providers. As Steve Jobs and Apple blur the line between hardware, software and service, manufacturers like Nokia are actively pushing for a transition from a manufacturing-centered to a service-centered business. The company's integrated mobile services like Ovi and Mosh offer digital music, games, map download and content sharing services, with the goal of providing

“full end-to-end experiences to consumers via mobile,” says Dan Wong, (above) VP of Multimedia Business at Nokia China.<sup>3</sup> Nokia's community site Nkool.cn is a destination that combines star-power with user generated content and social networking. Users can upload and vote on photos of urban scenes and apparel, gadgets and places. The 'cool hunters' win prizes and invitations to exclusive parties in Shanghai and Beijing, where they get the opportunity to rub shoulders with the celebrities associated with the campaign.

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<sup>3</sup> Hamish McKenzie: *Nokia gives consumers engaged signal*. Haymarket Media, Digital Media October 2007, Hong Kong.





Wong acknowledges that this is an effort to connect with its N-series consumers outside of the usual advertising paradigm. In this case, Nokia acts as a conduit for content rather than as a content producer.

The reason Nokia is being aggressive is this: 3G or no 3G, mobile users in China are far more likely to use their mobiles as MP3 players than mobile users in the West – and they're more likely to use Sony Ericsson phones to listen to music, according to a survey<sup>4</sup> released in February 2008 by analyst firm M:Metrics. Sony Ericsson's Walkman phones account for 60% of mobile music usage, and are also driving other activities. The study says that Sony Ericsson device owners are 1.7 times more likely to send a photo message, and almost twice as likely to browse mobile internet content compared with the market average. So how does the parent company capitalize on this? In late 2007, Sony BMG Music Entertainment struck a deal with content aggregator Global Music International to distribute the company's music videos, full track songs and ringtones to mobile subscribers in China. Global Music distributes the Sony content through China Unicom, allowing subscribers to buy and download songs, music videos and ringtones onto their handsets. Global Music International will be able to offer a wide range of music from Sony BMG, including content from Chinese and Western artists.

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<sup>4</sup> John C. Tanner: *China rocks the west in mobile music*. TelecomAsia.net, February 12 2008.

Such is the expectation in China that even as local pirates have managed to crack the iPhone's lock-in with AT&T, tech enthusiasts in China are predicting that an ad-supported Google phone could very well be on the cards. Such a device would further blur the lines between manufacturer, software provider, and internet company.



### 3. Entertainment's viral value: Amusing ourselves to death

This is a trend that has already exploded on the Web, but it seems there's a lot more to come. In October 2006, Google acquired the red-hot online video property YouTube. Soon after that, more than 100 copycats in China have built their own video sites. A large number of heated discussions surround Internet TV and 3G, while the consensus is that the future of Internet entertainment should be higher quality pictures, more powerful streaming, personalization and sharing.

In 2007, a few interesting trends were found to emerge across China and U.S., especially among young users. For example, young people in China were found to watch more Internet video than U.S. youth. The video platform Tudou, which claims a 47% China market share, reported that 15 billion minutes of video was uploaded per month, compared to 3.5 billion minutes for YouTube.



Average session on Tudou lasts 40 minutes, compared to 15-20 minutes on YouTube. Young people in China are also found to watch more Internet video: 33% say they watch video online, as compared to 18% in the United States. 45% of young people in U.S. say that they will turn on the TV to watch a television show while in China only 30% would do so.

For Motorola, we decided to leverage a trend that was spreading like wildfire through-out China's online population. Lipsyncing is the act of recording yourself, miming to a popular song. It burst into the internet driven spotlight in China in mid 2005, driven by two regular students from Guangzhou in Southern China. Originally recorded as a joke, their parody of the US band 'Backstreet Boys' song 'As long as you love me' became an overnight sensation in China, inspiring hundreds of imitation performances and turning the two students into stars overnight.

Knowing we wanted to refresh and strengthen Motorola's presentation to China's youth via music and drive sales of those four mobile phones, the two stars were quickly signed on by Motorola. With creative technologies like movie making software and digital cameras now so accessible, the physical barriers to creativity are being eroded. A key part of the strategy was to provide a platform for those youth who were inspired by the Backdorm Boys to create their own lipsync performance and in doing so, perhaps engage in the first of many acts of creativity. The lipsyncing minisite aimed to enable





people to create their own music performance. Creating a viral capability was another key component of the experience and the functionality of the lipsyncing minisite. With a convenient platform for uploading lipsync performances and viewing those of others, the viral tendency of youth was very much encouraged. Special functionality was built into the site, enabling visitors to enter their friends' email IDs, thereby sending links to the Motomusic Lipsyncing minisite to them.

The viral value of entertainment is not limited to the popularity of online video among the youth. It is also seen in countless activities where users produce spoofs of commercials, movie mockeries, or even political satires on the Internet. In 2006, Hu Ge's DV called "A Murder Sparked by a Chinese Bun," a spoof of Chen Kaige's million-dollar investment movie "The Promise", set the Web on fire.

Since then, from old revolutionary-theme movies to online games, from the Chinese soccer team to the Iraq War, virtually anything can be the subject of viral video entertainment. Behavior of this kind in China is named "e gao," which means 'fooling around'. The degree to which things or people can be 'fooled around' on the Internet is often a reliable indicator of how popular they are in real life.

The prevalence of "e gao" behavior on the Internet today reflects the attitude that Chinese consumers are taking whatever that's out there to amuse themselves. They have changed from being fed news and entertainment into actively seeking and co-creating content that will be of greater relevance and interest to them.

Some brands have been quick at capturing the viral value of online video and blogging. For example, Rejoice launched a young and vibrant TV campaign on video-sharing websites including Tudou.com and backed it up by a string of regional beauty contests. Likewise, Pepsi pursued a digital campaign strategy that utilizes consumer-created content in blogging and online communities at China's NetEase, 51.com and Zhanzuo.com. In 2007, it organized a nationwide competition for Pepsi advertising scripts. The winning script, voted by consumers, was filmed with popular star Jay Chou and aired on national TV. The subsequent "Team China" campaign consistently played around the 'human appeal' theme and created a big stir among young web users.

歌曲名称	演唱者	票数
1 彩虹	randolf	17982
2 黄昏	and2500	17116
3 对他讲	hwgogo	16234
4 他没有错	980308	7031
5 百分百女孩	jkgcsb	3739
6 九百九十九朵玫瑰	adafaa	2317
7 你为什么都没有变	141414	1300
8 雨一直下	lala	1208

歌曲名称	演唱者	欣赏
1 爱情无关是非	周慧	▶
2 貌似狂潮	苏永康	▶
3 Back Home	周传雄	▶
4 不想让你走	徐婕儿	▶
5 当时	范玮琪	▶
6 对的人	范玮琪	▶
7 国王的新衣	徐婕儿	▶
8 哈萨雅琪	周传雄	▶

**FAST FACTS**  
65.7% of all internet users in China have posted information online.  
31.8% have uploaded pictures.  
17.5% have uploaded movies, TV programs or other video format content.

#### 4. Blend between the virtual and the real

The widespread broadband penetration and declining cost will continue to enable the web to go from 2D to 3D. According to Xu Hui, founder of China's first and largest virtual community website HIPIHI, the contextual web as we know it today will become a truly experiential web, as users and providers explore new ways to effect functionality, creativity and generally improve the online environment. Subscription to HIPIHI is free. The website currently makes money by charging members for services and selling branded products.

What Xu Hui refers to as a "truly experiential web" is part of the larger trend of "immersive living", where people "live" in games, music, mobile phones, PSP devices, blogs and online social network sites. Through the experiences a singular, truthful identity will be forged. It will become difficult to separate the virtual world from the real, as the Internet is becoming an extension of real life.



Virtual worlds such as Second Life and HIPIHI will redefine "reality": the camera is our eyes, the recorder is our ears, and life on the net is the liberation of human spirit. Virtual world will not only have an impact on our social life, but also on psychology, law, ethics, commercialization and points-of-view on intimacy.



"Virtual world gives the Chinese people an excellent opportunity to express themselves," says Xu Hui (seen on the far right above), "because Chinese people are in general reserved, and not very good at expressing themselves. Even in a virtual world, you can see traces of this characteristic. For example, if someone throws a private, virtual party on HIPIHI, where guests are asked to take off all their clothes, a Chinese guest will go to an inconspicuous corner in the room to take off his clothes. Here you see how real life characteristics become blended with the virtual world. Even



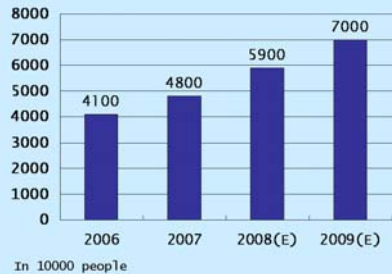
though you know it is artificial, you treat it as if it were your actual body.”

A similar trend can be seen in online games. Though it is possible to take on different identities or roles, a player cannot truly pretend to be someone he is not. “You have to put at least a part of yourself inside the game to be a participant. If not, you will get nothing out of it,” says Zhang Jian, an online gaming expert who runs a gaming community forum, “It’s the same thing in reality. If you don’t act as yourself, you won’t feel you are actually living.”

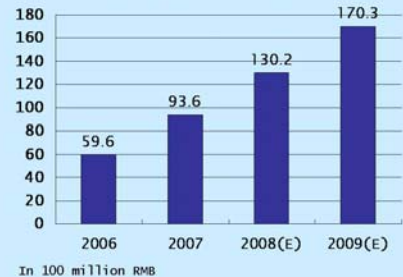


Brands have been actively pushing in the direction of using virtual characters that interact and bond with consumers. McDonald’s geeky “Professor Super Savings” makes consumers laugh and attracts them with mini films broadcast on popular video sharing sites and QQ.com. The “Midnight Salon,” created by P&G brand Vidal Sassoon, aims to bring the real-life salon experience online, and is now preparing to take it virtual by joining forces with HIPIHI.

Population of online gamers: China



Online gaming market size: China



## 5. The wide application of P2P technology renegotiates the boundary of private and public.

The year 2006 and 2007 continued to see the rapid market expansion of P2P technology. The market revenue for P2P video platforms was 100 million yuan in 2007, a 150% increase over 2006. Assuming there is no major policy shift, P2P will show a stronger growth momentum than other video sharing and video search technologies. As P2P technology secures a critical mass of audiences, and advertiser evaluation system matures, P2P platform will become an attractive channel for marketers. Yet what is more remarkable about P2P technology is not its market potential, but the extent to which it shapes the perception of what is public and private.

November 27, 2006, at 7 pm EST, the 13<sup>th</sup> episode of Prison Break, Season Two was aired on Fox TV. In Beijing, it was 8 on the morning of November 28, 2006. Enthusiastic American drama fans had been waiting anxiously in front of their computer screens for the latest update to download. A few minutes after the show ended, video clips in AVI format began to appear on BT websites in the U.S. Then a voluntary organization called “the Subtitle Group” took over and transmitted the video clip via proxy servers from foreign sites to domestic FTPs. Using a subtitle conversion software, the English audio file was changed into text format, and sent through MSN or QQ to a translation director based in China. The director assigned a programmer who would “clean” the episode of its commercials and bind the subtitles with a time axis. This



would take an experienced programmer another two hours. The director then allocate the translation work to four translators, who each worked for 10 minutes, consulted Google whenever they had difficulties, and translated 200 lines. At 4 pm on the morning of November 28<sup>th</sup>, seven hours after the show was initially broadcast, the Chinese subtitle for the new episode of Prison Break, was downloaded for more than 10,000 times on shooter.cn.



Behind the incredible speed of subtitle production and professional-style management of the “Subtitle Group” lies an even more remarkable fact that members who participated in the project barely knew---another powerful testament of Granovetter’s “the strength of weak ties.” All of the production work was voluntary and unpaid. It is probable true that if this is a paid job, things will happen more slowly and in a more cost-inefficient way. This Internet-enabled organization, primarily connected through MSN and QQ, was surprisingly resourceful in bringing together the right people, the right events, at the right time. To them it was fun to re-write the rules, to challenge authority and provide free and open access, which is in line with the spirit of the Internet. By sharing their work with all Internet users, they connect themselves with a larger community, where being a member means to “serve the public.”

## 6. Technology with Chinese Characteristics?

The optimistic belief that China’s mobile and Internet market are so huge that everyone can make a fortune out of it and that what works in the U.S. market may as well work in the Chinese market have largely been dispelled. Today, international companies and investors wake up to the sobering notion that they may be facing more barriers and difficulties than their local competitors, as is demonstrated in the competition between international companies and local operators: Google vs. Baidu, YouTube vs. Tudou, Ebay vs. Taobao, and Yahoo vs. Sina.

As foreign companies reflect on their past mistakes and lessons it seems all the more obvious that there is a “Chinese way of doing things.” If corporations continue to dismiss or ignore the Chinese characteristics, chances are that they will stand to lose more. The Chinese way of doing business implies a localized, sensible understanding of culture. For example, Chinese consumers tend to group into communities online. Word of mouth and inner circle connections have proved to be very effective and enjoys the glue-effect. According to a Netpop survey, Chinese youth are twice as likely as Americans to join communities built around





content. This explains why group bids are popular and successful in China.

“An interesting observation about Chinese consumers,” says Porter Erisman, Vice President for PR at Alibaba, (below) “is that they like to explore on the Internet. They like to browse, look around, open interesting links and see new things.” When it comes to purchase decisions, Chinese youth spend about 30 minutes more on online research than Americans. They are also more likely to use an online source and turn to user-generated content such as consumer reviews when doing their research: 27% use comparison-shopping sites as

opposed to just 11% of Americans.<sup>5</sup> As a reflection of this character, Taobao maintains a website look that’s noisy and flashy. “Being on Yahoo is like walking down the main street of an American town. Being on Taobao is like walking down Nanjing Lu.”

With e-commerce going mainstream in China in 2007, the next key issue in Internet development was monetization. 22.1% of all surfers have bought or sold something online, spending an average of Rmb 466 in the last 6 months. However, despite a growing Internet-savvy middle



class, online purchases in China have been slow to take off with traditional payment systems. Credit card-based payment systems that succeeded in North America and Europe have proven ineffective in China, where credit card usage remains low. In China, there are approximately 30-40 million credit card users. Even more important than credit card penetration rates, is the issue of trust between buyers and sellers in a business environment where personal relationships and cash-based transactions have served as the traditional means of securing and settling a deal.

AliPay is China’s leading online payment service by both number of users and total transaction volume. Since its launch in 2004, AliPay has become the most popular and extensively used online payment tool for all areas of e-commerce in China, and is fast becoming the industry standard. As of 20 Dec 2007, AliPay had more than 62 million users and a daily transaction volume exceeding 31 million Euro, through more than 1.350.000 daily transactions.

AliPay has extended its leadership in online payments to merchants outside of the Alibaba and Taobao marketplaces, with more than 300,000 external merchants using AliPay as their preferred online payment platform, including leading local brands Lenovo, CCTV, Aigo, and New Oriental. To provide service, Alipay has partnered with all the leading banks in China, including Bank of China, China Construction Bank, Agricultural Bank of China, and the Industrial and Commercial Bank of China, as well as Visa and other financial institutions. AliPay has received the endorsement of traditional banks and financial institutions, because of its advanced

<sup>5</sup> Media Screen LLC: Netpop : Nations – China and the U.S. in a Web 2.0 World, Nov 5 2007





# Reflections in Society

## 1. Identity renaissance

In 2006, the Gallup Organization published the results of a ten-year (1994-2004), nationwide survey in China, in which it reported that Chinese workers are demonstrating an increasing desire to express their individuality. Self-satisfaction is the number one motivator in the big cities of Beijing, Shanghai and Guangzhou.

Identity renaissance is taking off in China. The drivers behind this movement are:

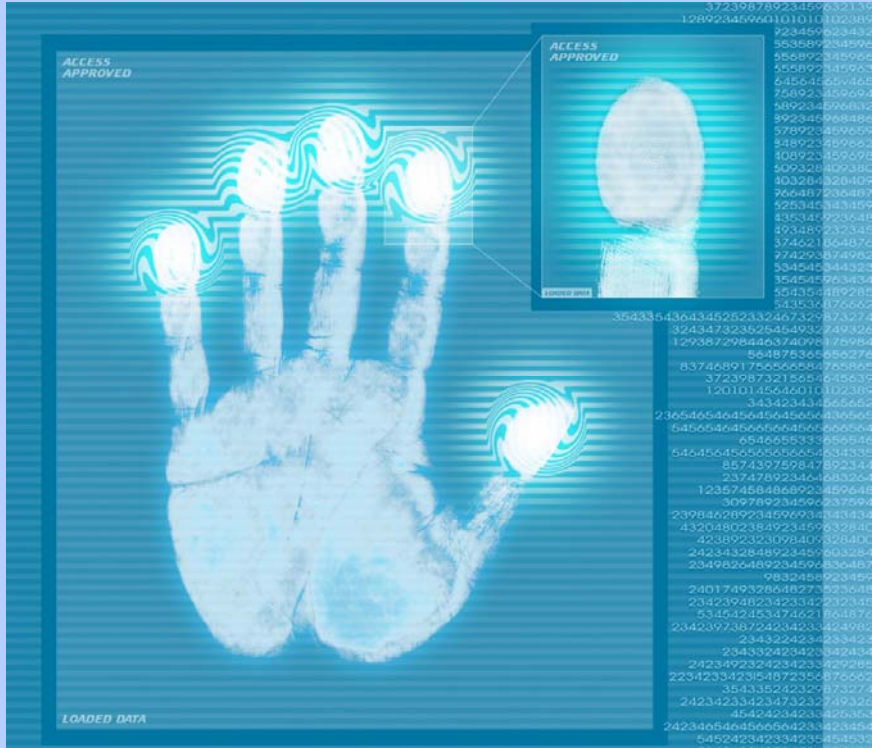
- E-commerce needs financial credibility and demands truthful identity online;
- Our virtual lives are an extension of life in the real world, and that requires consistency;
- Power flows from authorities to celebrities, minor celebrities and grassroots as technology becomes more accessible, can be manipulated and is open to all.

From another angle, what might the presence of so many more Chinese users mean to the global internet? The explosion among China's internet users suggests a newfound confidence with respect to their native identity – with language being a prime marker. Although some of China's new users will speak English, virtually all of them will speak Chinese (the exceptions being speakers of Tibetan and other regional languages). In a recent survey on the "Future of the Internet" by the Pew Internet & American Life

e-commerce payment technology and sophisticated risk management system.

“The infrastructure is even better built in China than in the U.S.,” says Porter Erisman The payment procedure of Alipay, which is essentially an escrow service, makes it easier for people to trust each other, and discourages the incidence of fraud. In a society where people used to trust only family members and relatives, it is an inventive as well as Chinese solution to “making trust flow” on the Internet.

The media buying system Alimama, launched in December 2007, is an attempt to create financial incentives for bloggers and niche websites. In the long run, people will be empowered with more options to trade, publish, bid and essentially, realize value online.





Project<sup>6</sup> experts addressed the question of shifting language balance and use on the global internet. Opinions varied about the future of language use on the internet. Some experts suggested that English would remain dominant; others said that language dominance might shift to another language, like Chinese; others thought that a few languages would share a big online presence.

One linguistic change is already underway: The development of text translation tools makes it possible even now to translate web pages from one language to another. This means that English users can get at least the gist of the contents of Chinese blogs, news reports, articles, etc. And of course, this works the other way around, potentially opening up the wealth of English language postings to Chinese users.

This phenomenon opens up not only a world of shared information and content, but also tremendous global social networking possibilities: What if Americans and Chinese could communicate with the aid of translation tools? Imagine the opportunities for human contact from tens of millions of new internet users, particularly ones who are only just now taking the first step by connecting with the outside world via mobile phones.

Finally, the particular case of Chinese language presents an opportunity for an unprecedented linguistic situation. The Chinese diaspora, with about two-thirds of its population living in mainland

<sup>6</sup> [http://www.pewinternet.org/PPF/r/203/report\\_display.asp](http://www.pewinternet.org/PPF/r/203/report_display.asp)

China and about one third spread around the rest of the world, includes speakers of Mandarin, Cantonese, and many, many other Chinese dialects. The languages are mutually unintelligible in their oral forms, but are virtually identical in their written form. The internet, by offering a shared use of the common written system, makes it possible for all the far-flung speakers of a multitude of Chinese dialects to communicate with each other through their written language. It provides an unprecedented vehicle for people with different native languages to communicate with each other thus creating a new, coherent, virtual community among the now disparate Chinese diaspora.

Also fuelling the confidence about Chinese identity are phenomena such as the ranking of actress-model-film director Xu Jinglei's blog being ranked as #1 by technorati. What makes her popularity interesting is that she has achieved it without writing about sex or kiss-and-tell stories, but by focusing on her work and day-to-day life: reporting on her day-to-day moods, reflections, travels, social life and cats. She blogs in an uncontroversial but quite reflective manner, aiming to





ending with 'I have to be up early' or a promise to report tomorrow on a DVD she is watching, is followed by many hundreds of comments from readers – affirming their love, offering advice, insisting she take care. It is by laying bare her real self that she has indeed connected with millions of fans.

Identifying such 'real people' early is an ongoing challenge for trendspotters and marketers. Sony Ericsson picked popular blogger Tian Xian Mei Mei as the spokesperson for its 'Simple Happiness' series of low-end mobile phones. This 'pure country girl' from Sichuan province, who became all the rage on Tom.com and Tianya.com BBS, was plastered on Sony Ericsson promotion media all over Shanghai and the rest of China: on light boxes on Huai Hai Road, in store displays (right next to their Da Vinci Code promotion), and on brochures. What was different with other companies using net stars is that Sony Ericsson pushed Tian Xian MM as a significant part of their marketing for the series.<sup>7</sup> She was not just on the net in a contest or in a viral video ... marketing renminbi pushed her image both online and offline.

Such inhabitants of China's cyberspace represent the cream of the Me Selling Proposition (MSP) generation. This generation assumes personal ownership of their favoured brands, thus turning the power dynamic between consumers and corporations on its head. Rather than brands controlling consumers' power of choice, these consumers demand their own input, even customization, of products.

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<sup>7</sup> Sam Flemming: <http://www.seeisee.com/sam/2006/05/28/p184>



## 2. Pragmatic values

Chinese prosumers are realistic, down-to-earth, and therefore much more focused on the end results than the “bells and whistles” of a product. They are less likely to be aspiring consumers and will not buy things that are not relevant to their needs. Prosumers buy brands only when assured of the brands’ superior quality, and only when they’re convinced that the investment will be worthwhile in the long run.

“When buying a cell phone, someone may want a Nokia, others may want a Moto. But I just look at function, price, and how it feels in my hand. I usually combine these multiple factors to decide whether I should buy the product,” explains Bobby Peng, who single-handedly put together a professional music studio by learning from the Internet. “I check expert reviews. But I don’t really follow them. Everyone has their own perspective, as some people may favor a certain brand, a model or a series. For me those are not relevant.” On his BBS, Bobby recommends DJing equipment and software to his friends and admirers – encouraging them to pay more attention to the user experience rather than just the brand.

The much-written phenomenon of *tuangou*, or bulk buying, is yet another example of their pragmatism. This demonstration of crowd clout represents the coming together of social affirmation and the economic bargaining power that can be its outcome. At the same time, it is only through the influence

of the web that such clout can be mustered up, in a short period of time. As the collage below (put together by the shoppers themselves), the shopping experience is as important as the bargain.

To manufacturers and marketers, such phenomena suggest that prosumers are more inclined to spread positive word-of-mouth for even inexpensive products of excellent quality. Likewise, they are more inclined to spread negative word-of-mouth about a product if it does not live up to their expectations. To a prosumer, quality and experience always come before the style.



# simongao



### 3. The rise of aesthetic culture

There is a rising aesthetic culture among Chinese consumers, with professional consumers at the forefront of the trend. To prosumers, beauty is created by ordinary people, and in the most frivolous form of social interactions.

Prosumers believe that beauty is more than skin deep. There's more to a person's appearance than it seems. "Appearance is not superficial. It connects a man with every aspect of his life. It influences the way he treats people and objects, and essentially, the way he thinks," says stylist Simon Gao, who blogs about his beliefs and philosophy in beauty.

Simon originally started his blog to present his work to clients. But as time went by, the blog began to gather an unexpected large number of readers and supporters. Some were complete strangers who came across the blog on the Internet, and then became regular visitors. Simon also uses this blog to recommend music and books in which he found inspiration. His sense of style and professionalism affected people in and beyond his friend circle. For instance, a female friend regained confidence by learning to find the right style for her. An office assistant who read Simon's blog finally quit her job as a government clerk and joined Simon's studio.

The rise of the aesthetic culture for ordinary people implies that every aspect of life can be 'fashionized'. A report published in fall 2006 by Horizon Research Consultancy indicated that for urban 20-somethings in China, being fashionable could mean consuming

anything from black chocolate to coffee, becoming a vegetarian, going backpacking, or shunning the glitzy apartment buildings their parents buy in favor of an old (or old-style) courtyard house. This trend carries implication for brands and manufacturers. Nokia's Nkool, for example, let users upload and vote for photos of urban scenes, apparel, gadgets and places on a "hot or not" basis. June Liao operates a fashion store on Taobao.com, and has drawn a set of likeminded artistic, young people who generally agree with his fashion recommendations and have become his loyal customers. He promotes his favourite brands such as Replay, Diesel, Energie and Y3, attaching the brand stories behind each item of clothing and helping buyers appreciate the spirit underlying the brand. And he does this without being urged or paid.

"Beauty is free of constraints. It cannot be calculated and prescribed," says Simon Gao. By arguing that there is not a universal sense of beauty, prosumers have successfully opened up and contested the definition of beauty. They encourage mass creativity and believe in the wisdom of the commoner. Compared with the

1950s, when all Chinese wore standard blue cotton jackets and pants, and the 1980s and 1990s when western standard of beauty dominated in China, consumers today are developing their own sense of style and possibly a Chinese way of presenting themselves. The diversity of this aesthetic standard breeds more tolerance, and leads to a society of greater openness and maturity.

SIMONGAO



#### 4. The game nature of online interactions



To prosumers, online interactions are like games, which are played for its own sake, for the pleasure received from the very act of taking part. On the flip side, many online game enthusiasts like Zhang Jian treat games as a kind of society. "I'm more interested in games that are group oriented," he says. "Like PS – which involves three parties simultaneously, with 150 members in each team. It is really a game that tests your teamwork," he explains. Vicky Yang (below), a top blogger on Sina and SOHO Xiaobao, says that she views her blog as a toy. "I should let my life lead my blog. I should never let my blog lead my life." By writing about light and sometimes meaningless accounts of everyday occurrences, Vicky developed a style that resembles the casual, formless "small talk" between friends. Her readers found her blog amusing, endearing, and highly entertaining. It was also in writing about things "of no particular importance" that she was able to derive pleasure that cannot be fulfilled by work and reality.

The proliferation of personas, and the diversity within online culture provide a richness in the form of social interactions in which prosumers can choose to take part in. For Vicky, the opportunities have been many. As her blog gained popularity and become known to a wider range of people, Vicky became acquainted with ideas, personalities and events which were previously unrelated to her life. She



was invited to a chocolate store opening because the store owner found her positive attitude and contagious humor a strong endorsement for the chocolate store 'Awfully Chocolate'. In 2006, Cisco invited her to be an advocate for "online gift exchange for students in need" campaign. In 2007, Vicky appeared as the leading actress in Wang Xiaofeng's DV film "The Jaded Wife," which was broadcast on the Internet and generated widespread discussion on and offline.

It must be noted that the game nature of online activities does not necessarily imply identity switch, deception or shift of personality. Zhang Jian says, "People in China have a real interest in everything that concerns quest and adventure, including the idea of a team." Zhang has been gaming for over 10 years. He is also the BBS administrator for a gaming community for over five years - introducing new games to his community members and periodically organizes offline social gatherings. Zhang Jian plays game to make friends. He likes the team-building style of games, such as EQ (Endless Quest) and World of Warcraft. He regards cyber life an extension of social life and would rather be truthful than be someone not. When he was in an isolated job as a computer programmer, playing games to meet friends provided him comfort after work.

Most prosumers treat the Internet as an extension of real life, and prefer to stay the same way whether they are online or offline. "The fun part about being on the Internet is I can do things that can be difficult to do in real life, such as talking to a large number of friends at the same time, sending gifts to my grandpa whenever I

feel like, or getting to know people whom I don't have to meet face-to-face," says Cheng Liang, founder of a white-collar social networking site, "the Net is a place where I can be myself."

The gaming industry has spawned another kind of online 'worker'. At his workstation in a small, fluorescent-lighted office space in Nanjing, China, Li Qiwen sat shirtless and chain-smoking, gazing purposefully at the online computer game in front of him. The screen showed a lightly wooded mountain terrain, studded with castle ruins and grazing deer, in which warrior monks milled about. Twelve hours a night, seven nights a week, with only two or three nights off per month, this is what Li does - for a living. The game on his screen is, as always, World of Warcraft, an online fantasy title





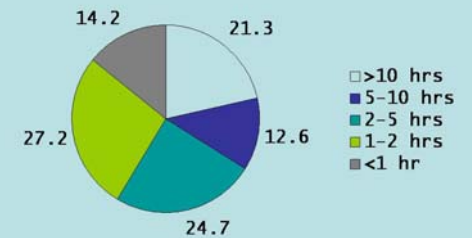
in which players, in the guise of self-created avatars - night-elf wizards, warrior orcs and other Tolkienesque characters - battle their way through the mythical realm of Azeroth (the city of Darnassus is pictured above), earning points for every monster slain and rising, over many months, from the game's lowest level of death-dealing power (1) to the highest (70). For every 100 gold coins he gathers, Li makes 10 rmb, or about \$1.25, earning an effective wage of 30 cents an hour, more or less. The boss, in turn, receives \$3 or more when he sells those same coins to an online retailer, who will sell them to the final customer (an American or European player) for as much as \$20<sup>8</sup>. This trade in virtual items, spawned by gaming is estimated to

<sup>8</sup> Julian Dibbell, *The Life of the Chinese Gold Farmer*. The New York Times, June 17 2007.

be \$ 1.8 billion worldwide. This is nothing but monetization of online interactions.

For a gaming company, the over 25 million avid gamers – those who play games for more than 10 hours a week (see chart on the right) – represent a huge commercial opportunity. At present, the most popular games in China include NetEase's Fantasy

% Distribution of online game players, by hours played weekly



Westward Journey, a game based on the 16th-century Chinese classic *Journey to the West*, which has 1.5 million peak concurrent users (PCUs); Zhengtu Network's in-house-developed role-playing game Zhengtu Online, which regularly records 860,000 PCUs; and Nineyou Information Technology's dancing game, Audition, licensed from a South Korean game company, which records more than 800,000 players at peak times. They are followed by The9's World of Warcraft (WoW), developed by US-based Vivendi Universal subsidiary Blizzard Entertainment, which has 680,000 PCUs, and NetEase's Westward Journey Online II, which has 600,000 PCUs.

Sze Yan Ngai, convenor of China Game Publishers Association HK, attributes the success of domestic online companies to a better understanding of people's tastes and the government's regulatory barriers affecting the import of foreign online games.





## 5. The clash between traditional and new values

One of the distinctive features of Chinese traditional value is the “relational self,” that is, “self” only exists in its relationship with “others.” The personal relationship is first conceived in family roles, such as father and son, husband and wife, brother and sister, and second as social roles, such as supervisor and subordinate, official and citizen, mentor and protégé.

Prosumers attempt to re-interpret the boundary of “relational self” and forge a new identity that’s independent of social and familial obligations. This new identity is reflected in a set of core values which guide prosumers’ action and their decision making, as June Liao, the Taobao fashion store owner put it, “Conformity characterizes a Chinese man’s whole life. Since childhood, we’ve been taught to work hard, to go to a nice college, to find a good job, to earn a decent salary, to get a good husband or wife.... Every stage of our life is prescribed. And now, I want to lead a life of my own.”

June quit his job in March 2006 and started the store, specializing in menswear. Prior to this, he trained as an architect at Tsinghua University, and worked for advertising agencies in Beijing for three years. He does not view his decision as a break from his previous plans. Rather, he sees it as a continuation of his life path. On fulfilling family obligations, June believes that his parents would be happy for him as long as he is content with what he is doing.

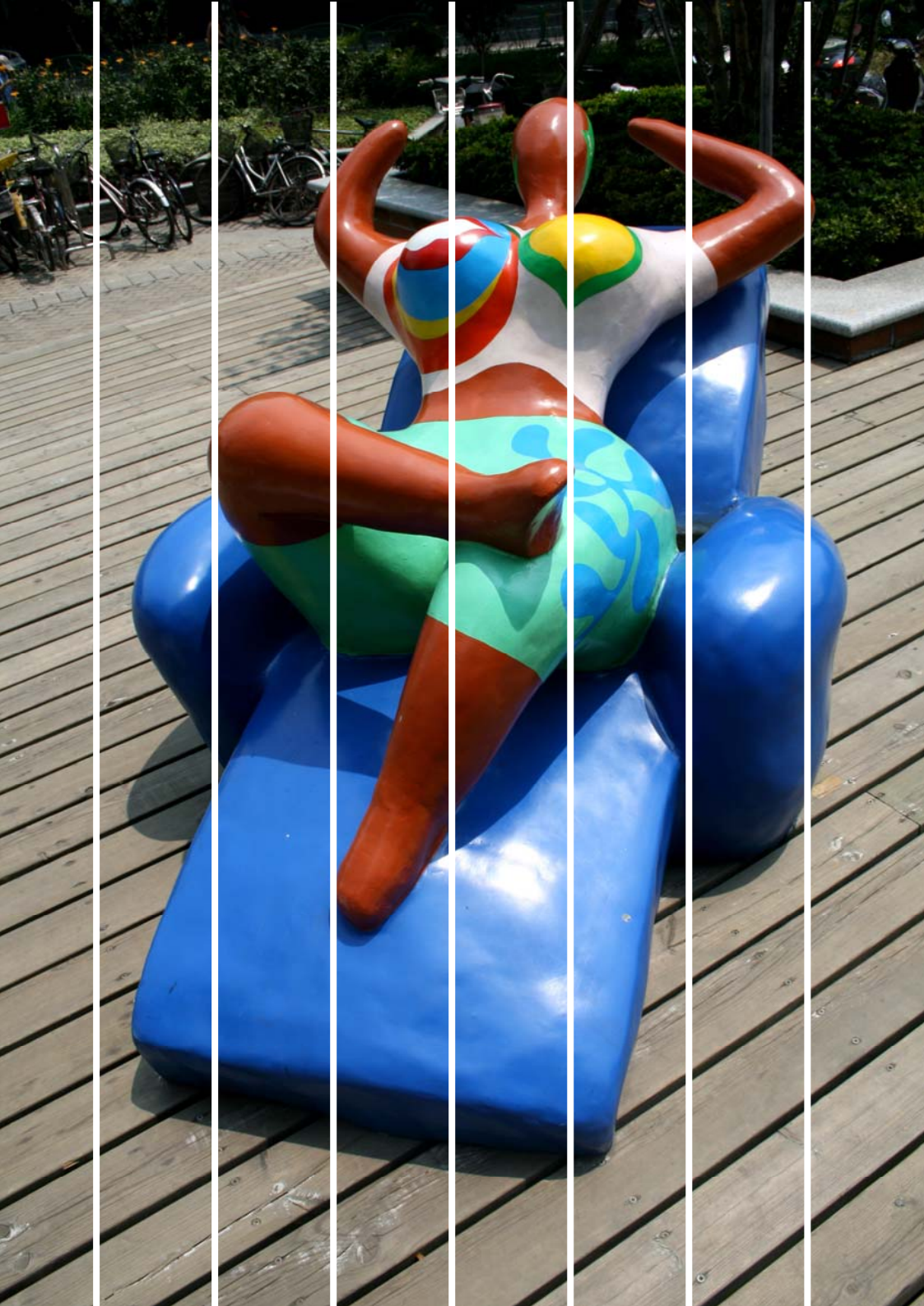
By choosing and walking on a path of his own creation, June has

influenced a number of like-minded young people. His friend Sam quit his 9-to-5 job to take care of the entrepreneurial business with him. Young artists, who represent a large proportion of the clientele, gather around him in admiration of his fashion senses. The new rules that June set up for his online business such as “unconditional return,” “payment upon delivery,” and using ordinary people rather than trained models to demonstrate a fashion piece have been adopted by other sellers on Taobao.

June’s view on “living for oneself” was echoed by Bobby Peng, “My parents always told me to be a good child. Do my homework, get a good job. But you see, we grew up in a time when China was opening up. Many new ideas came from abroad and they were easy for us young people to accept. But our teacher would think of us as rebellious kids.”

One of the surprising outcomes of the renegotiated identity that the Internet has enabled is that older people are being able to jettison some of the stifling traditions and are able to embrace new ideas. Yang Liu leads a merry band of sixty-year olds, all dancing hip-hop for their own enjoyment and fitness. Unlike the past, she did not rely on good-old word of mouth to find like minded enthusiasts. She set up a website, posted pictures of herself dancing, and invited anyone who was old but agile to join her. “I decided to write a blog ‘I want to dance hip-hop’. It was really unexpected that there were so many reactions. Without those reactions, I couldn’t have organized the dancing group. Gradually I sent messages on BBS asking who wanted to dance with me”, she said with her eyes and toes twinkling.





## 7. Hedonism and consumer culture

As Georg Simmel said in his observation on consumer culture, the modern consumer is essentially a hedonist. In China, the century-old ethic of hard work and frugality is being replaced by a new set of principles that emphasize the fun and fulfillment of consumption.

The action oriented to the principle of hedonistic pleasure emerges often as the result of a drastic transformation of cultural values, or the birth of a new personality type. It is no doubt that the current boom in hedonism and consumer culture goes hand in hand with the rapid economic development. The Chinese Academy of Social Sciences estimated that the percentage of middle class in China was around 20% in 2003, and will be growing by one percent annually. Per capita income in the eastern coastal area exceeded \$10,000 when adjusted for purchasing power parity. The majority of the middle class are well-educated professionals with an annual household income of 75,000 to 100,000 yuan. Many of the prosumers fall into this category.

Given their financial strength, prosumers often become the first group of consumers to use and experience a luxury product, while the lack of material comfort in the past and the childhood memories of a life based on mere subsistence only serve to fuel the appetite for luxury goods.

“I have never had a weak appetite,” says Vicky Yang, who was born in the late 1970s in a working class family in Beijing. “I remember



in the past that we couldn't afford things we want. As a child I used to dream of having delicious foods such as fried soy beans and boiled eggs." Today Vicky drives a Mini Cooper Blue Berry, carries a Marc Jacobs handbag and eats at high-end cuisine restaurants. "I definitely qualify as a hedonist. And I don't see anything wrong with it. I don't feel at all guilty because I have worked very hard to help myself and many others." Vicky agrees that buying and using luxury products can be contagious among friends, although the fundamental appeal of a luxury brand is its superior quality rather than the brand logo. "I like exquisite things such as handbags and designer clothes. I care about the

quality of the handicraft, not the brand per se. But good brands do have good quality." Read her blogs, and you will find her approving of the iPhone and hair stylist brand Toni & Guy. "If you go to a small store like in Dongsu hutong you may find items that have a good design. But soon you'll discover small defects such as fraying lines and faux leather. I don't like to see things like that," she says.

Aside from recognizing and embracing the hedonistic culture enabled by material affluence, some prosumers are actively making use of the trend to build communities and identify new business opportunities. Cheng Liang, a film director and president of Metroer, a Shanghai-based white-collar social networking website,

explains his business approach.

"For someone who works in one of the most sleek offices in the city and earns a handsome salary, he must have a certain expectation of his life: It could be about the kind of clothes he wears, or the type of car he drives." Leveraging his understanding about Shanghai's culture, Cheng Liang organized many successful white-collar social networking programs, such as avant-garde art shows, movie clubs, playwriting and small-theater dramas, allowing participants to pursue their interest and have fun the way they want. Cheng Liang's connections in art circles enabled him to expand his influence into other fields. "We are talking about market fragmentation these days, namely, people with differing interests flocking into small, close-knit circles. What I want to do is to meet the needs of various small groups and by connecting these small groups, build a much larger community."

★发起搜索

全部城市 24 全部星座 女 搜索

话题 搜索

热门关键字: 陈冠希 情人节

5min当红社区 | 王啸坤 | 我是懒人 | 大胃王 | 汽车人 | 御宅族 | 败家精 | 天堂电影院 | 搞事情 | 背包客 | 脱线人 | Geek | OT狂 | 小恶魔 |

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HELLO, STRANGER

王者之争 王者之争 3月27日登场

今日必读 社区流言

[上海]上海流行帅哥导购 有些人很排斥

在上海的各大百货商场内,有这样一支导购员队伍,他们都是清一色的年轻小伙,服务对象却是形形色色的女性顾客。

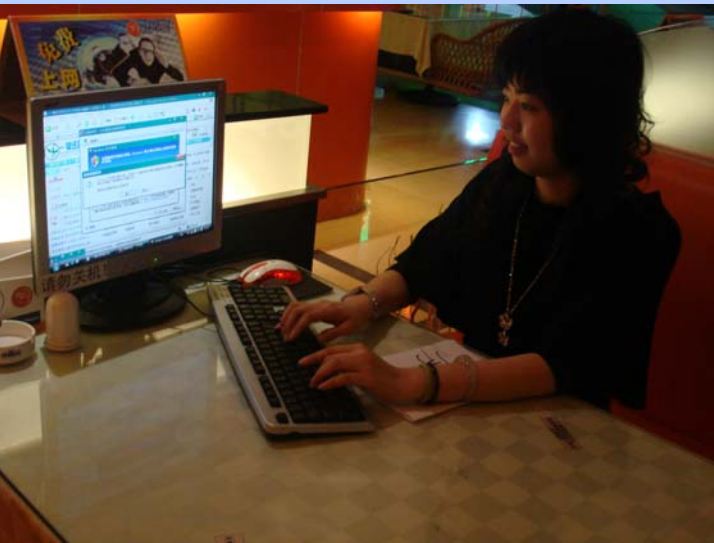
- [麦力宏] 王力宏是华人娱乐明星第一棒
- [音乐] 都市夜归人
- [闲聊] 上海地铁推出安全套广告涉嫌违法
- [飞车手] <生态>雨润
- [背包客] 令人惊艳的古装美女VS插画
- [脱线人] 全城邂逅之脱线人搭水果(第四季)
- [小恶魔] 下一站全速开往"时尚国度"
- [天堂电影院] 怀旧:49前中国电影的光辉岁月
- [上海] 沪语考核! 欢迎新上海人、老上海人都来参加!



What serves a primary pleasure for Chinese prosumers? The answer can be surprisingly simple: eating. Eating is perhaps the most baffling yet taken for granted part of Chinese culture that even the Chinese couldn't explain why they are so much into it. "Eating is the best thing I'd like to organize," says Vicky Yang, whose day job is as a risk management consultant. It has become a standard practice for people to form business relationship over lunch or dinner table. Moreover, eating is also an effective way for personal bonding. It is a convenient excuse for all and a favorite topic for many. It creates a relaxing atmosphere where the dumb show their wit, and the ingenious unveil their flaws. Eating is a quick path that connects politics, art, intellectual life, popular culture, hobby, private affairs, etc. More importantly, eating is a basic way for people to see where they draw their social boundary:

"When we dine out together I don't care about expenses. But some people do, even though they earn the same salary as I do. This is a way to tell how people differ in values and thinking," says Vicky, "We are a group of people who want to have fun together. I try not to go out with people who have different view of having

fun." It is only fitting that we saw restaurant tables fitted out with computers at Heshan, a small town in Guangdong province.



## 8. Solitude as an inner drive, and the necessity of sharing



The pain of solitude and isolation in modern life is present in prosumers' life as much as it is present in the life of ordinary people. Huang Ying, a third-year graduate student at Xiamen University, said that she just wanted to "stay on the Net" to feel that she is connected, whereas cutting off the Internet makes her feel isolated and lonely. Huang has been blogging for four years. She has gathered a group of loyal readers who like to share her travel stories and photographs. "I need to feel that I belong somewhere. When I'm all by myself I like to log on the Internet, chat with friends, or know what others are doing."

Some of the acquaintances Huang made online became travel companions and friends with her in real life. She organized two group trips to Yunnan and Hangzhou, respectively, by bringing together strangers on the Internet.

Huang is a senior member at "Photography as Play," a Xiamen-based, nonprofit online community which was set up to provide a venue for professional and amateur photographers to get together and share their experiences. The website has been operating for four years and turned down a buyout offer and maintained a self-sustained operating model. Members feel that it is important to remain independent to keep the genuine "photography as fun" flavor of the site.

"The website is a place you amuse and entertain yourself. It's like a

home open to you 24/7, whenever you feel like returning to. We never have promoted the website, never participated officially in a photography contest. But it's a dream place for us all."

For prosumers, creating a way of self-expression, be it through text, picture, music, game or video, is the path to connecting the private and the public, the individual and the collective, the imagination and the reality. It enables them to reach out to others and through sharing, make sense of what they are doing. "Some people are very ordinary in reality, but influential on the internet," Huang goes on. "Old Fish is the kind of person who has written many articles online. I don't know her and I guess she's just an ordinary person in reality. Sometimes, my net friends hold parties. They're ordinary in reality, but influential on the internet. Others are willing to listen to them."

As the feeling of solitude and isolation constantly replenishes itself in the routine of urban living, it becomes a renewed source for productivity and sharing.

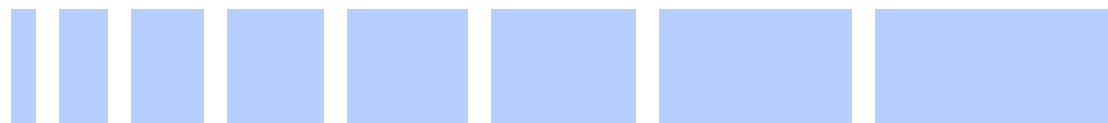


## The unifying characteristics of China's Prosumers

Our study – and the preceding section – shows that prosumers share a set of common traits. Some of these traits might, of course, be more pronounced in certain individuals than others. But these traits are important because they help determine the nature of influence, and also lead us to assert that, as long as they are present, the prosumer may not necessarily have to be famous in order to exercise influence.

These traits are:

- Adventurous: willing to take risks in life;
- Open-minded and curious: willing to try out new things and experiences in life;
- Independent: they make up their own minds and stay true to themselves;
- Individual: they enjoy being different or eccentric, don't like to conform or follow;
- Stay informed: new information is their currency and provides them credibility;
- Social: they are good at communication and stay at the center of the social cliques;
- Freedom: they don't like being held down and pursue a sense of freedom in life.





So, how likely is it that such people will recommend a brand or company to a friend, family member or colleague?

In 2007, Sinomonitor and i-merge<sup>9</sup> surveyed 1200 internet users in over a dozen cities in China – ranging from Beijing and Shanghai to Shenyang and Wuhan to assess the extent of customer recommendations and the role of the internet in the same. The results are quite significant and support our own qualitative findings.

- On an average, a Chinese consumer communicates with 8 people about brands in a month. But what's interesting is that 17% of the consumers talk about brands with more than 10 people every month. These are the avid communicators who should be of greatest interest to us.
- Consumers who communicate with >10 people about brands also have the highest influence index.
- Women communicate more than men do, but the influencing power of men is greater. Also, as in our everyday lives, age and experience helps: those between the ages 30-39 have greater influence.
- 31% of the respondents were sure that their friends and peers had bought something recommended by them; 26% had been able to convince their peers *not to buy* a certain brand.
- 80% of those surveyed thought that the internet was the most important medium in their lives. It is also the most important medium for consumers to learn – for the first time – about a

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<sup>9</sup> [www.i-merge.com.cn](http://www.i-merge.com.cn)

new brand or new product (90%); TV commercials was second (81%).

- Almost all the respondents (98%) wish to stay informed about a brand after they bought it, and the internet is their preferred medium (91%).
- 49% of the respondents said that the internet had the greatest influence in terms of helping them buy a brand; the second most influential medium was friends (28%).

Striking figures indeed. They suggest that it is indeed time for companies to understand how the online conversations between the influencers and the influenced are shaping out, in an ongoing manner, and use the power of the positive user experience to their advantage.

**What makes the nature of online influence unusual is that the prosumers aren't so much leading trends as acting as mouthpieces for underlying social movements that are either already in progress or lying fallow waiting to be triggered. It is our belief that successful marketing wouldn't depend so much on finding influential people and seeding them with ideas, so much as doing the kind of research that exposes embryo trends, and then helping prosumers discover them. Simply because the prosumers are curious, yet independent, we must allow them to discover ideas rather than plant them. Most trends are started, not by one influential person, but by a critical mass of easily influenced people, each of whom is exposed to an idea or product by a single member of their community.**



## Unleashing Prosumer Power

### Becoming part of the conversation

For a brand, there is a huge opportunity to benefit from the dialogue between prosumers and the influenced, within communities and between itself and its users / enthusiasts. Fundamental to engaging the prosumer is to make a shift from a monologue to a dialogue. It is a shift that is hard to make, given that a vast majority of brands have been built in the age of the mass media.

In the online world, getting noticed and being talked about starts by having a character, or a unique expression – and remaining authentic. Brands can immerse themselves in a social network to



express a facet of themselves that people normally don't see, and encourage them to interact with it. For example, Motorola's support for lipsyncing in China unleashed a wave of participation, with self-expression being a key motivation. As brands remain engaged in conversation, the Accidental Experts (who we referred to earlier) start identifying themselves. Some of them actually welcome associating themselves with a brand because it either furthers their own expression to their social network, or expresses their own individual interpretation of the brand.

The route that we would advocate for brands is to move towards 'conversational marketing', which is a bit different from 'word of mouth marketing'. We must view the prosumer as 'friends of' rather than just 'consumers of' a brand. Their role, like the brand's role, would be to seed ideas within their respective networks.



## Aligning the brand with its online archetype

With thousands of potential brand advocates out there, how should a brand choose who to align itself with? The framework of the Brand Archetype, proposed by Margaret Mark and Carol Pearson in their book, 'The Hero and the Outlaw: Building Extraordinary Brands through the Power of Archetypes', is something we find eminently suitable. By and large, the prosumers we interviewed seem to match the descriptions of most of the 12 archetypes that the book proposes (please see the following page); they share similar goals, and their behaviour – both online and offline - is consistent with their archetype personae.

What this suggests is surprisingly simple. In their book, Mark and Pearson have already, neatly, divided up the world of brands by their archetypal characteristics. For example (and the examples are mostly MNC brands in the book), McDonalds is the Innocent, Rockport is an Explorer, Nike is a Hero, Apple an Outlaw and Budweiser a Jester. Looking at the world of Chinese brands and their personas, it can be safe to conclude that Lenovo is a Hero, Haier is a Magician, South Beauty (the chain of Sichuan restaurants) an Explorer, Soho a Creator, and China Mobile a Ruler.



Archetype	Goal	Prosumer	Characteristic
Hero	Exert mastery	June Liao	Takes on challenges and overcomes them
Ruler	Create a prosperous community	Chen Liang	Smooth social operator, with extensive contacts
Caregiver	Help others		
Creator	Give form to a vision	Simon Gao	Contributes to beauty consciousness
Lover	Attain intimacy	Huang Ying	Eager to make friends, easily hurt
Outlaw	Disrupt what is not working		
Explorer	Experience a more fulfilling life	Bobby Peng	Always experimenting with the new
Innocent	Be happy	Vicky Yang	Optimistic, values friendship
Regular guy/gal	Belong / fit in	Wang Xintian	Organizes group activities
Magician	Make dreams come true		
Jester	Lighten up the world		
Sage	Use intelligence to understand the world		

We now have a straightforward match between a brand and its most appropriate advocates. Since the archetype framework tells us what their motivations are likely to be, we can devise strategies to engage the prosumers favorably with the brand. Voila!

## The Brand as an Ideal

Prosumers, as we have found, are an independent, free-thinking lot. In their social networks and through their blogs, they propagate their own ideals about society, family, culture and consumption behaviour. On the other hand, we know that brands ultimately exist to fill in for human emotional inadequacies / vulnerabilities - the challenge is to find that weakness / vulnerability / inadequacy and make the brand's larger purpose to remove it from the world. According to the concept of the Big Ideal, brands finally exist to improve human beings and human life, and not just deliver rational or emotional benefits and connect with their values. Every Big Ideal should give birth to a movement or a cause which the brand can start and champion. The online world is a great place to start such movements; and prosumers can be their most valuable champions.

As sportsgear brand Adidas set out to expand their business in China, they found themselves challenged with a more onerous task of inspiring and creating a running culture in China – where jogging is nonexistent. Rather than promote the brand through product advertising, Ogilvy Interactive devised a social networking platform for running fans: [www.funrun.cn](http://www.funrun.cn). Note the lack of obvious branding. On the platform, runners were encouraged to create their favorite running routes throughout China and attach pictures,

videos and comments to the routes. Other users could also find and share routes, and rank them by popularity.

In its first month, more than 600,000 visitors joined the movement, creating hundreds of running routes, uploading pictures and amazingly crafted videos. The sporting prosumers had taken over.



## The final word

The number of brands that have been prescient in terms of embracing the power of the prosumer have been few, not only in China, but in the world. We hope that this study helps address part of the reason – an inadequate understanding of how the phenomenon of influence works, an underestimation of the power of online influence, and a framework for applying it to brands.

It is now up to you - the brave planner or account person, to devise programs that involve the online influencer, and you – the brave client, to support those programs. Don't be late for the party. As Jack Ma of Alibaba says, there's a lot of fun to be had. As we would add, there's a fortune waiting to be made.

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## Prosumer

In the 1980 book, *The Third Wave*, futurologist Alvin Toffler coined the term "prosumer" when he predicted that the role of producers and consumers would begin to blur and merge (even though he described it in his book *Future Shock* from 1970). Toffler envisioned a highly saturated marketplace as mass production of standardized products began to satisfy basic consumer demands. To continue growing profit, businesses would initiate a process of mass customization, that is the mass production of highly customized products.

However, to reach a high degree of customization, consumers would have to take part in the production process especially in specifying design requirements. In a sense, this is merely an extension or broadening of the kind of relationship that many affluent clients have had with professionals like architects for many decades.

Toffler has extended these and many other ideas well into the 21st-century. Along with recently published works such as *Revolutionary Wealth* (2006), we can recognize and assess both the concept and fact of the *prosumer* as it is seen and felt on a worldwide scale. That these concepts are having global impact and reach, however, can be measured in part by noting in particular, Toffler's popularity in China. Discussing some of these issues with Newt Gingrich on C-Span's *After Words* program in June 2006, Toffler mentioned that *The Third Wave* is the second ranked bestseller of all time in China, just behind a work by Mao Zedong.

Don Tapscott more fully elaborated on the concept in his 1995 book *The Digital Economy* calling it "Prosumption."

**Source:** <http://en.wikipedia.org/wiki/Prosumer>