

Study

Digital Business in China

a demanding and rewarding challenge

April 2010

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Core statements

- China is a highly attractive market with impressive rates of growth and further growth potential.
- The middle class and the affluent sections of society will expand very rapidly, and this will lead to an en-largement of the relevant consumer base.
- Affluent Chinese can be found not just in the mega-cities, but also in all conurbations and larger urban structures.
- These urban areas with a strong middle class are located mainly in the east of China. There is a high correlation between strong economic performance, high income levels and the eastern provinces.
- The affluent target groups of the middle and upper classes with high purchasing power can be easily reached online. Well-educated and well-off Chinese have access to the Internet and navigate the web.
- Internet users behave differently than in western industrial nations. They are more playful and entertainment-focused, which has something to do with the very young average age of online users.
- There is a clear digital divide between eastern China with its high income level and an Internet penetration comparable to that of the EU and western China with online usage rates similar to that of developing countries.
- China has the world's largest Internet population, and the reach of the online portals is comparable to that of their international equivalents.
- This reach is still little-used by advertising companies, and there are good chances for successful placement.

- The Internet in China is dominated by completely different players than in the rest of the world and they have already implemented very successful business models with impressive returns and a far lower dependence on advertising revenues than US Internet companies.
- Mobile communications is widespread and can be used to connect efficiently with consumers. However, the 3G standard and thus broadband mobile communications usage have still not established themselves in China.
- E-commerce is growing rapidly. The market has so far been heavily influenced by C2C and B2B platforms, but B2C models are catching up.
- China's economy is characterized by small and medium enterprises that can easily be reached via the Internet. The online business in the B2B field is highly professional.