SEARCHLABORATORY
Global Search Engine Marketing

Trading Online in China

Seven Key Things You Need to Think About

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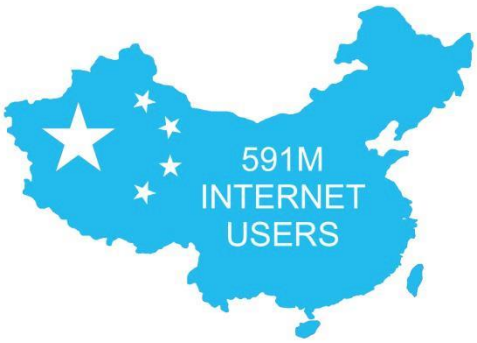
INTRODUCTION

China holds great promise for businesses looking to expand overseas. It is a region with huge potential. Home to 1.3 billion people, China's economy is going from strength to strength, with growth averaging around 10% year on year. China now has 591 million internet users and 464 million mobile web users, making it the biggest online population globally. For any business looking to find new customers overseas, serious consideration should be given to the Chinese market, whose consumers have an increasingly large disposable income and favour high-end foreign brands.



It is estimated that by 2015, China will have almost twice the number of internet users as the US and Japan. This audience is increasingly mobile: 78% already access the web via mobile devices and 17% of these mobiles users purchase goods via these devices. With over 1.1 billion phone subscriptions and over 300 million 3G users, smartphone usage is on the increase. In addition to this, McKinsey Global Institute predict that by 2020 Chinese e-tailing will match the combined size of the US, Japanese, UK, German and French markets reaching $420-650bn (RMB 2.7 – 4.2 trillion) in sales, making it a very exciting and lucrative opportunity for the right brands looking to tap into new markets overseas.

It's predicted that by 2020 Chinese etail will be worth $420-650bn (the same as the US, UK, Japan, Germany & France combined).

The Chinese market however does provide some challenges. Government censorship is very restrictive, and stringent checks operate on all online businesses, including the search engines, social sites and, of course, etailers as well. State-friendly companies (including Baidu, China's most popular search engine) dominate, rather than the more familiar Western names such as Facebook and Google. This adds a layer of complexity to online optimisation, and maintaining search engine visibility, which is inevitably trickier than in other markets.

There is also a distinct divide between the hyper-connected booming urban cities, and the multitude of rural households who often live on very modest incomes. Reaching these more rural consumers is a challenge for every retailer, even those operating locally as logistics are vastly underdeveloped in comparison with more familiar territories in the West. Fortunately for new brands entering this market, approximately 75% of internet users are located within major towns and cities meaning there is still a huge potential for selling online successfully in China.

The most enticing part of developing a strategy for tackling the Chinese ecommerce market is that while the size of the current web population is vast, the actual penetration is still quite low - less than 40% in fact. Staggeringly, another 10 million new internet users go online for the first time every month. It's predicted that by 2016, there will be over 700 million internet users in China with 20-somethings making up the majority of these.

China is an opportunity that is without doubt one your business should not shy away from. However preparation and creation of a defined strategy is key if you wish to tackle the market successfully. There is a lot a business must consider before investing heavily in this market. This paper is designed to give you the pointers you need to determine what your first steps should be and what factors you need to cater for in your market entry planning.

10 million new internet users go online in China for the first time every month.

Tapping into the lucrative ecommerce market may seem challenging but a raft of UK retailers have already taken the plunge and witnessed great success from their perseverance. Take the time to learn about, and understand how to navigate this complex country, and you will ensure your brand's success in the long term.

Ecommerce in China

Last year it was estimated China had 322 million online shoppers (more than the total population of the USA), and this figure is growing around 24% year on year. Almost half of the Chinese internet population made at least one online purchase in 2013, a figure significantly above the global average of 40%. By 2017, the number of online buyers is set to reach 75% of the total internet population. China has now surpassed the USA as the world's biggest ecommerce market and it shows no signs of slowing.

By 2020, the size of the online shopping market is set to exceed RMB 2.5 trillion (a three-fold increase from 2012's transaction figures). It is also estimated that by the same year, spending per capita will reach RMB 2,400 per annum (a five-fold increase on current figures). This is further supplemented by the fact that credit card penetration is rising, which only goes to help facilitate more online shopping.

The face of consumerism in China

With average disposable income on the up and living standards in the Chinese market improving, online shoppers are increasingly interested in the quality of goods they purchase. Credibility and quality assurance are key, and online shoppers in China also place a high value on customer service and accessibility to the retailers they purchase from (see pages 21-22).

Fortunately for Western businesses the Chinese have a natural disposition to shop with foreign brands. There is a general belief that Western brands can offer the very best quality products, superior to those sold by local companies.

Chinese consumers are now comfortable shopping online and the uptake is increasing year on year. Clothes, shoes and bags are undoubtedly the most popular internet purchases – 52% buy clothes online and 41% footwear according to the GlobalWebIndex /ADMA.

China's ecommerce market is predominately funded by the under 30s. Over 60% of those buying on the internet in fact are in this age group, with men buying marginally more online than their female counterparts. The most affluent and prevalent online shoppers are unsurprisingly those in coastal regions and tier one cities and provinces like Beijing, Shanghai, Guangzhou, Zhejiang, Jiangsu, Chongqing and Shenzhen. In 2013, the average spend per head was around 10,000 RMB (~£1,000).

A study by Aquity that surveyed more than 1,000 people across 150 cities found that the Chinese choose to shop on the internet most often for one of three reasons: they find there is more choice in products, they get a chance to compare prices from different sellers and, they enjoy the convenience. Price comparison is a big factor with 65% of the survey respondents saying they first compared retailers, rather than heading straight to a retailer they knew well or trusted.

Consumers in China love marketplaces. Such trading platforms, similar to eBay, are significantly more popular in China. Relatively unfamiliar sites to us in the West, for example Tmall (which boasts approximately a 57% Chinese market share), creates an additional market entry route for smaller manufacturers and sellers who are eager to tap into this exciting market.

Did you know?

November 11 is Singles Day in China. Singles Day is a festival created by etailers that essentially persuades singles to console themselves with retail therapy. It is the biggest ecommerce day with retailers enticing consumers with huge sales and promotions.

In the first six hours of trading alone, customers had spent $1.6billion on China's biggest online trading platform Alibaba. In total it took $5.7 billion in sales on this day alone! Taobao and Tmall, two major online shopping websites run by Alibaba, received a phenomenal 340,000 transactions in just the first minute of Singles Day with spending exceeding $16.4million.

Compare that to the $2.3billion in expected sales during America's biggest online shopping day known as 'Cyber Monday' which falls on December 2 and the $1billion spent on 'Black Friday' in the U.S. last year and you soon realise the size of the opportunity China provides etailers.

#1 | MARKET ENTRY METHODOLOGY

There are multiple methods of entry to the ecommerce market in China, which one you choose depends on what how much you have to invest in this region and what you want to get back. If China is a market you are serious about, one which you hope to mine and develop long-term, you may choose to start outright by building you brand presence and developing your localised site.

If however you wish to dip your toe in first and see how warm the water is, or if budgets are limited, you may prefer to trade via a third party platform in the short-term to gauge interest and obtain feedback on your products.

The most common market entry methods include:

- **Selling via a stand-alone website based outside of China**
  No ICP license is required (see page 8), but the site may potentially be blocked by the Chinese government without notice if deemed not appropriate or legitimate.

- **Selling via a stand-alone website from within China**
  An ICP license will be required, so an EU company must either set up an entity in China or find an adequate partner, distributor or agent to register the site.

- **Selling via a 3rd party platform outside of China**
  The cheapest option (e.g. Amazon / eBay), it is unlikely to be successful due to the delivery time and payment barriers.

- **Selling via a familiar 3rd party platform based inside China**
  E.g. selling through Taobao or Tmall. See below.

3rd party ecommerce platforms

Tmall

The well-known Alibaba Group own both Tmall and Taobao. Taobao blends eBay-like C2C auction functionality with e-commerce design and has more than 500 million registered users. Its popularity in the market is astounding. Tmall was introduced later as a B2C platform for Chinese and international brands to sell online to China. It currently features more than 70,000 major brands from more than 50,000 merchants. Brands with stores on Tmall.com include L'Oréal, Adidas, Gap, Ray-Ban, Nike and Levi's.

These types of mature sites have many advantages including an established customer base, local payment methods integrated and fast delivery. However there are some significant set up and

ongoing fees which must be taken into consideration when trading on Tmall including a $25k deposit and ongoing annual maintenance fees. These fees have risen dramatically year on year. In 2010 they were CNY 6,000 (€690) per year and by 2012 these had risen to CNY 30,000-60,000 (€ 3450 to 6900).

Third party platforms are however an excellent option for growing awareness quickly for your brand. Trading in such a secure and well trusted environment will also help you build a customer base short term that can share and promote their experiences of your brand with others and spread the word. The inherent fees that come with trading in this way, and the limited control you have over your brand may however be a concern to some.

Jingdong (formerly 360Buy)

Jingdong, also known as JD.com is the second largest third party trading platform in China. It's behind Tmall in terms of market share, with 19.6% compared with Tmall's dominant 56.7% share.

Jingdong differs from Tmall in that it makes the majority of its money selling and shipping its own stock, whereas Tmall serves as an online mall for brands and merchants. Seeking to offer a wider selection of products, compete more aggressively with Alibaba's dominant offering, JD.com launched its marketplace in 2010. By the end of 2013, approximately 23,500 third-party sellers were trading their products on the site. The Beijing-based firm operates its own network of couriers and warehouses; a major selling point that it claims ensures timely and efficient delivery.

#2 | BEING COMPLIANT

It goes without saying that censorship, regulation and legislation play a significant role in trading online in China. Baidu has very strict regulations and policies and actively censors website content in line with legislation from the Chinese government.

If you want your website to be able to rank on Baidu, make sure that your content does not include any explicit words or attacks on the Chinese government. The censorship is so strict that you should also avoid linking directly to websites or blogs that contain such content.

There are also specific licences which you may or may not need to investigate if you plan to launch your own website in China. The Internet Content Provider License, also known as ICP License or 备案 (Bei An) in Chinese, is a permit issued by the Chinese Ministry of Industry & Information that allows internet sites to legally operate in mainland China. You may notice these numbers on the bottom of Chinese hosted sites.

Any website hosted in mainland China must have its own ICP license regardless of its domain name (.cn or other). If your website is hosted in Hong Kong, Macau, Taiwan or overseas you won't need to apply for one. Any sites taking online transactions are required to submit additional documents to meet online payment security requirements in China.

There is no official fee for the application for an ICP licence which is provided at a provincial level, however the legal and administrative fees borne out of complying with the necessary regulations may incur separate costs. The process can take up to 60 days to complete from the start of your application. Failing to have a valid ICP licence can mean that your site could be blocked without warning or worse, incur financial penalties.

#3 | SITE LOCALISATION

Localisation is a big part of entering the Chinese ecommerce market. According to Baidu, English landing pages have over an 85% drop-off rate so while trading in English may work in other foreign markets, the Chinese market will without doubt require a fully localised website in order to make your business successful.

English landing pages have over an 85% drop off rate.

Language is inevitably a major hurdle UK brands wanting to tap into the Chinese market need to overcome. In mainland China, the spoken language is Mandarin while the written language is Simplified Chinese. While most people living in Mainland China can read Traditional Chinese characters, few in Hong Kong can read Simplified Chinese. If you are targeting mainland China and Singapore then the choice is clear, however if you are wishing to also target Hong Kong, Taiwan, or Malaysia you would need to determine where the use of Traditional Chinese will fit into your site localisation plans and how your customer services will adapt to the need for both Mandarin and Cantonese speakers.

Occasionally searchers may use English online - however they certainly prefer to search in their native tongue. Many people can read both forms of written Chinese, but not everyone can speak both Mandarin and Cantonese. Thus making appropriate linguistic choices from the outset is essential.

	Mainland China	Hong Kong	Taiwan	Macao
Spoken language	Mandarin	Cantonese	Mandarin	Cantonese, Hakka dialects, Mandarin
Written language	Simplified Chinese	Traditional Chinese	Traditional Chinese	Traditional Chinese

Translating your site is an extremely important part of the process. It's made more complicated due to the fact that there are a lot of different dialects spoken within China and there are often several different characters for the same word or many character combinations which hold different meanings.

Luckily for UK brands localising their site for China, Baidu solely indexes Simplified Chinese characters. This is an advantage because when you're translating your site, there is no need to

guess as to which characters to include or which dialects to focus on. Baidu also allows users to search in 'Pin-yin' (the official phonetic system used by the Chinese to transcribe Mandarin pronunciations of Chinese characters into the Latin alphabet).

It's advised that before you start localising your site you consult an expert in global SEO that can advise you how to localise your site most effectively while retaining as much search engine optimisation as possible. This will include helping you select the best keywords for your products and creating the optimum site structure and format for the search engines, most importantly Baidu, which has multiple key differences when compared to Google (see page 16-19).

You should also have a native linguist check over your site after it's been translated to ensure it has retained sense and its original meaning. Baidu places great emphasis on good spelling and grammar so it's essential you proof read and perfect your site before it goes live. Nothing undermines your credibility in a foreign market like bad translation!

Keyword research

Keyword research is critical when optimising for Baidu. However, just translating your English terms to Chinese terms using translation software and feeding it into keyword research tools to get the volume data is unlikely to help you much in finding the right keywords. You should therefore hire or ask a native speaker to look at the keywords that you are targeting and then use the appropriate tools to check the search volumes for each in Baidu.

Choosing a domain

It's not a compulsory requirement to register a .cn domain. There are many brands successfully trading online in China all using different approaches to domains. Consider these three popular site examples:

Apple is using a country specific TLD (.cn):	**http://www.apple.com.cn**
H&M China is using a subfolder from its .com:	**http://www.hm.com/cn**
Burberry is using a subdomain:	**http://www.cn.burberry.com**

Technically all work well, however Apple was the only site which would have had to register for an ICP licence given that it would have had to have a Chinese company with a physical local presence in order to obtain their .cn domain.

The latter two, could have chosen should they wished to, to host their sites outside of China and could have avoided some of the more complex trading and legal restrictions. In fact, all three sites have chosen to host their websites within mainland China. As a result of this, all required a valid ICP licence. The choice to host locally is likely to have been fuelled by a desire for a better user experience and faster site speed. Hosting in Hong Kong, Taiwan, Japan, South Korea and Singapore is also acceptable.

If you do decide to register a local domain name, you will need to have a physical presence in China. On the whole your Chinese company must be registrant and the contact person listed needs to be a Chinese national. It is still possible for foreign companies to register the .cn domain name using a European registrar; however your Chinese subsidiary still needs to be the registrant. If you do not have a Chinese subsidiary, you may want to consider trying to use a trustee or 'local presence' service such as a Chinese law firm to register the Chinese domain names on your behalf.

When it comes to ranking on China's largest search engine Baidu, as long as your site is accessible and not blocked for any censorship reasons then Baidu should spider and rank it within its search engine results pages (SERPs). Baidu will list both subdomain and subfolders equally.

There are arguments in favour of both domain options. A subfolder format can be useful as it allows a proportion of the root domain's authority to pass through to the subfolder. If using a subdomain, Baidu will essentially treat the site as brand new and rankings will need to be built up from scratch.

Localisation and SEO working together

During the localisation phase, SEO and how Baidu will interpret and rank your site should be at the forefront of your mind, along with how users will engage with it. Localisation is often a costly process which means there is all the more reason to get it right first time. By approaching your new site development from an SEO perspective, you should have less work to do long-term in terms of technical SEO.

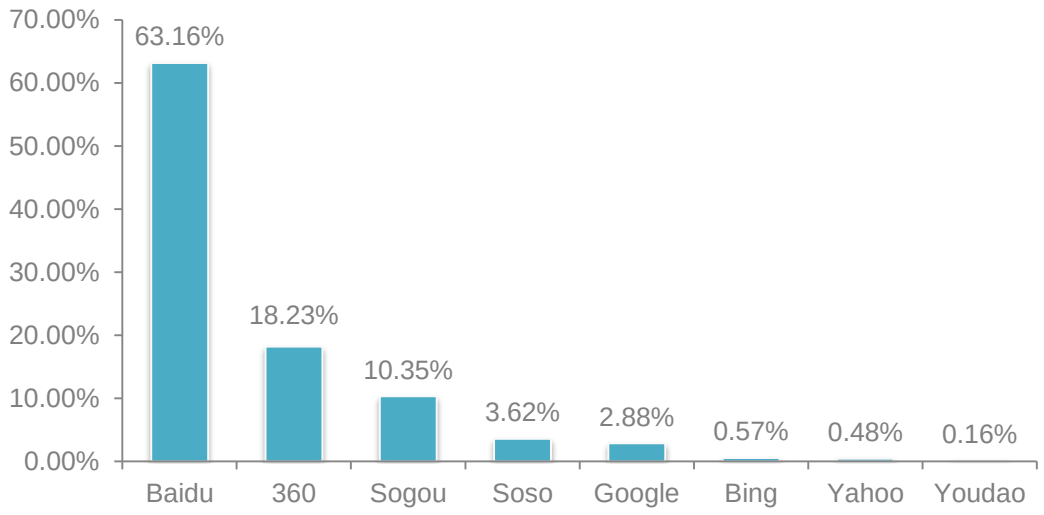
Consult an expert in SEO for Baidu, and ensure your development team implement their recommendations throughout the build process. Neglecting this and rushing straight into translating your site without thought for how it is structured and built may mean you have to make significant changes down the line which will cost more time and money.

#4 | KEY PLAYERS IN THE SEARCH LANDSCAPE

Baidu is the major player in the Chinese search engine market. One of the key differences affecting the search market in the East is the role recommendations, suggestions and trust play in the day-to-day internet usage of the Chinese. Trusted online sources are important and as a trusted search engine Baidu has evolved to develop other content services that supplement its offering including Baidu Baike, its own equivalent to Wikipedia.

Baidu has a 63% market share although it has declined in recent years (from 78.6% in 2012). That being said it is still the dominant force in comparison to Google which has a measly 3% share. In terms of popularity Baidu, is followed by China's Qihoo 360 (18% share), Sogou (10%) and Soso (4%). As a business looking to expand into this lucrative market, you cannot afford to neglect Baidu.

Search engine market share in China (2013)



Qihoo 360

Qihoo 360 started life selling antivirus software, but soon realised the potential in search opening its browser search functionality in 2012, with a focus on video search. Over time it grew to offer wider search functionality and slowly replaced Google with 360 search as the default browser setting.

Tencent Soso and Sohu's Sogou

Tencent (Soso) has recently invested a net $448 million in cash in Chinese firm Sogou, in a deal that gives it a significant stake in the Chinese search market.

For Tencent, it has helped the company gain an edge in search. For years, the Chinese internet giant had operated Soso search without gaining much traction in the market. Sogou is a popular search engine among China's higher end users. It was improved last year, when the company integrated its Pin-yin input directly into the search bar, drawing many users who previously used its Chinese character-writing software but not its search functionality.

Google

Google's market share has dropped significantly from 15.7% to 2.88% in August 2013. It is not surprising as Google no longer hosts its search engine within China, instead re-routing its Google.cn domain to Hong Kong where Google is still the dominant search engine and less restricted than in China.

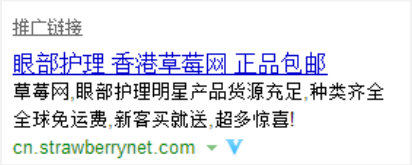
#5 | ONLINE PROMOTION – WHERE TO START?

For most businesses, building brand awareness in China means taking a different approach when it comes to working with Baidu vs. Google. The kudos attached to high organic search ranking on Google and the investment required in SEO to achieve this should form part of an overall SEM strategy rather than being the sole strategy used to gain traction on Baidu. Rather, a strategy that combines SEO with paid search will ensure that the brand is able to secure the recognition it requires to succeed in this growing market.

While Westerners have a tendency to be suspicious about anything that is paid for in the SERPs, the reverse is true in China – the Chinese believe that if brands are willing to pay for their presence on the front page of Baidu then they must have something worth looking at. This is an exciting opportunity for UK brands to gain traction quickly in China's ecommerce market while also testing which keywords are likely to be most successful and have the highest conversion rate.

Investment in PPC should probably be a first priority. Results are instant and it allows you more time to work out a defined strategy for optimising your site for the organic listings where results are slower to achieve. PPC allows you to test the market, analyse the demand for your products and brand, and gain valuable feedback on your newly localised website before you embark on the much longer-term project of optimising your website for the natural SERPs.

Baidu Pay-Per-Click



In Baidu, organic search and paid results are often blended because the ads are not clearly separated on the page in the way that they are on Google. The only indicators that the top three listings are not organic are the telephone and blue 'v' symbols as well as the grey 推广 symbol above the listing. When ads display on the left hand side, apart from the V logo, ads may also have a grey background colour (see below).

There are a maximum of eight paid listings on any page, with page two of the results only ever showing paid listings on the right hand side. The layout of paid adverts on page one varies and can be on both the right and left, just the left or even include three duplicate adverts at the top and bottom of the left hand column.

The principles of Baidu's paid search platform are very similar to Google's, both helping companies to promote products on search engines through a Pay-Per-Click model. Baidu Tuiguang is its own version of the AdWords platform. The interface is only available in Chinese. The good news however is there is no need to have a local Chinese operation in order to utilise PPC advertising on Baidu.

Much like on AdWords, an advert's position will depend on the quality score and the bid price. The quality score is adjusted by Baidu in real-time and is based on many factors including the click through rate (CTR), relevancy of the advert to the searched term and the overall account's performance.

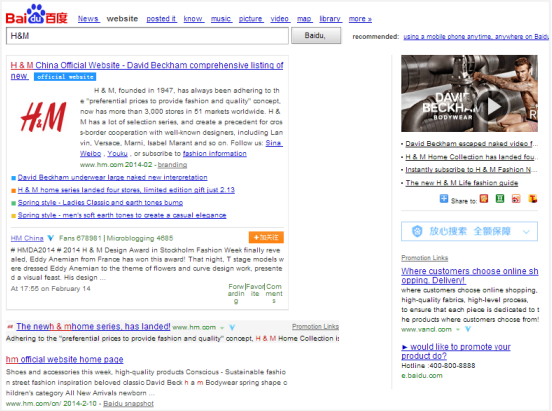
The key differences worth noting are:

- Baidu, unlike Google requires pre-payment for all advertising.
- The process for opening an account on Baidu is more complex, and can take up to two months. This includes time to settle balances, website checks, licence checking and initial keyword checks.
- Once registered, Baidu automatically allows you access to its free online chat tool called Baidu Shangqiao. This tool allows you to communicate with customers in real-time. This is a particularly important part of ecommerce in China (see the *Building Trust* section later on for more information).
- Baidu allows for much longer character limits for its adverts than Google.
- The layout is different as seen in the diagram above and changes between searches.
- The layout of the top and right hand column adverts are also different, ads showing on the left hand side in Baidu may or may not display the second description line of ads.
- Ads in the right hand column are broader matches with exact matches being shown in the left hand wider column.
- The Chinese public place a very high level of trust in Baidu adverts. As such they are more likely to click on a Baidu ad when compared with average CTRs on Google (believed to be around 2% more on average).
- When compared with CPCs on Google, Baidu can provide more affordable click prices.
- Advertising on your competitor's keywords is authorised and more commonly used in Baidu meaning brand protection is a key consideration. While it is allowed on Google also, 'passing off' is forbidden and relatively well moderated once identified.

BrandZone

BrandZone is Baidu's equivalent of a home page takeover and is offered to the biggest brands as an additional option on top of banner advertising. BrandZone clients can secure the space above the fold when their brand name is searched on Baidu. This is the best way to protect your brand and stop other advertisers using your key brand terms. While BrandZone is a high end advertising option, advertisers can enjoy phenomenal average click-through rates of 40-50%.

See below examples of BrandZone in action, a translated H&M BrandZone advertisement and one in Mandarin for ASOS.



SEO and ranking on Baidu

Despite its dominance and ongoing improvement regime, some SEOs still argue that Baidu is around five years behind Google in terms of development. Baidu's organic search results have also been criticised for not being as relevant or visible as their paid adverts which would hint toward a less developed offering in terms of its algorithms. That being said, its popularity cannot be knocked. It does however go some way to explaining perhaps why Chinese searchers do have a greater love for paid adverts than their Western counterparts.

The Baidu SERP, like Google's are dominated by Baidu's own products wherever possible including Baike, Tieba (forum), Zhidao (Q&A) and Wenku (file sharing). The sheer volume of such products is ever increasing and does sometimes appear to monopolise the first page results.

As a new site wishing to be ranked in Baidu, the sandbox process is a little longer than you may be used to on Google. New sites are audited thoroughly, and such auditing is stricter than ever before. Baidu takes longer to determine the reliability and usefulness of a site in the interim period, meaning it can take up to six months for rankings to be significantly affected. Older, more established sites however find rankings to be more stable as long as no black-hat techniques are employed.

Algorithms and organic ranking factors

Despite a sometimes criticised organic offering, Baidu is well aligned with Google in its decision to increase the importance of user experience in its algorithm, however it somewhat plays down the importance of links as a standalone measure of where a website should rank.

The key thing for Baidu is freshly added, quality content that helps users. This should not be an unfamiliar factor for any webmaster optimising for Google.

Baidu operates a similar system to Google's PageRank called BaiduRank. Rather than focusing its rank on quality and quantity of links however, Baidu ranks sites based on an estimate of traffic to the site from its keywords searched in the search engine. Click-through rates play a significant role in SERP positions, the higher the CTR the better the position it is likely you can achieve, thus meta titles and descriptions carry a lot of weight.

According to Baidu's official SEO guide, SEO emerged properly in around 1997 in mainland China. General SEO techniques, like in the UK, are classified into two categories: techniques that search engines recommend as part of a good strategy (white-hat), and those techniques of which search engines do not approve (black-hat). White-hat strategies produce good results which are sustainable; whereas black-hat techniques can result in the site concerned being banned either temporarily or permanently from the search engine once discovered. In recent years, Baidu has increased the severity of its punishments for black-hat SEO practices much like Google has.

Baidu, like Google releases periodic algorithm updates, the latest of which was the 'Pomegranate' update. The purpose of this algorithm was to penalise websites with floating adverts and pop-up windows which affected the user experience, similar in principle to Google's own 'Page layout algorithm improvement' announced in January 2012. Baidu releases two major updates to its algorithm every month. They aim to identify and block spam sites and helpfully routine updates always occur at the same time every week – 4am on a Thursday.

What Baidu dislikes

Recent major updates have included those that reduced the ranking of low quality sites, those that used nonsensical manipulative back linking, those that sold and bought links and penalising those sites trading without a valid ICP licence. Any link purchasing identified will be addressed, and depending on the severity of the manipulation, Baidu may either degrade the site or exclude it from the SERP altogether.

Baidu looks at outbound links and the quality of such links as a ranking factor, small websites which have more than 40 outbound links may be degraded by Baidu, as are sites with lots of reciprocal links. The quality of outbound links from your site is also a key indicator of quality in Baidu's SERPs. Baidu has demoted inbound links from blogs, forums and forum signatures. It is predicted that Baidu will not give any weightings to forum signatures in the future.

Baidu still also manually applies ranking factors regularly. For example if your ranking is high, but usability of the site is very poor, Baidu may impose a manual demotion. Avoiding linking to or receiving links from any networks with scraped or duplicate content is essential.

Technical SEO Considerations

Baiduspider

Baiduspider is the official name of Baidu's web crawling spider. It crawls web pages and updates the Baidu index. When Baiduspider comes to a web page it crawls the page and stores it, before adding the links found on this page into its list to check later on. This is no different than other search engine bots' crawling activities e.g. Googlebot. Baiduspider works on the robots.txt protocol so you can prevent Baiduspider from crawling certain parts of your site by specifying them in robots.txt as you would with Google.

Baidu puts a lot of emphasis on usability, and its methodology for spidering content reflects this. It is important that every page in your site is accessible from no more than four clicks. This and a sitemap linked from the homepage will help the search engine crawl your site quickly and efficiently. Avoid use of Flash and JavaScript as Baiduspider cannot read these formats.

Baiduspider should be thought of just a regular visitor of your site, if you try to conceal anything from, or deceive users, search engines will regard this as unethical black-hat activity. Acts of this nature include: adding hidden text or hidden links to a web page; placing irrelevant keywords in the page's content; deceptive jumps or redirects; creating doorway pages for search engines or flooding your site with adverts or malicious code.

Like Google, Baiduspider takes into account the page title and description and these factors also influence CTR which we know Baidu takes into careful consideration when rankings sites in its index. Unlike Google, Baidu still places significant emphasis on keywords. They should be optimised ethically and for the user's benefit.

Why speed matters

Usability and site speed in particular are considered less of an important factor in Google's algorithm whereas Baidu places great emphasis on this factor. Baidu's crawlers and algorithm are not as advanced as Google's, thus they are more reliant on on-page information provided by website being crawled.

The prevalence of poor connectivity in second and third tier cities where desktop access is less common means Baiduspider will often simply crawl only the first 100kb to 120kb of content on a page. It may also index less pages than Google would do for the same site, therefore it is vital your most important pages are well optimised and readily accessible to the search engine crawlers. Slow loading speeds will hinder the Baiduspider. This factor combined with the fact that many users will access websites via a 3G connection all add to the reasoning as to why sites need to load fast, be mobile optimised and easy to crawl for optimum results.

Anchor text

Baidu, like Google, has matured by starting to identify more metrics for determining anchor text value, such as link relevancy, and is determined by both the content of the source page and the content of the anchor text.

However, the impact of anchor text is quite strong in Baidu rankings compared with Google. Anchor text is still used by Baidu as a ranking factor thus it is important to use Simplified Chinese characters for links leading back to your site and those used internally.

Content marketing

Fresh content is key, so updating your content regularly, writing for the user, not Baidu and you'll be setting off on the right foot. Content and online PR is a key part of entering the Chinese market where your brand may be unfamiliar. If nothing else, these good traditional marketing practices will get your site noticed and talked about in a new marketplace.

Backlinks matter to Baidu in a similar manner to the more established search engines such as Google and Bing. However, Baidu is much less sophisticated in how it measures the characteristics of links and their quality and the extent to which this information influences rankings. Despite this, Baidu Baike states it is more important to build fewer high quality links with great relevance, than great quantities of low quality or irrelevant links.

Due to the fact that the Chinese search market is behind its European counterparts, link buying is still common in the Chinese SEO marketplace; although Baidu has published several algorithms to tackle this practice, therefore it should be completely avoided, as in any other market. Proactive content works best for natural link building thus it is important to create a company blog and use it regularly to publish interesting content.

While there is a temptation to exploit Baidu's inherent tardiness on the quality front, Baidu's algorithm becomes more sophisticated every day. The tools used to identify quality of links are becoming increasingly intelligent and stringent and it would be prudent to tackle content marketing and link earning for your Chinese site as you would for any site ranking in Google. After all, while their algorithms may not match Google's just yet, their penalties and manual demotions are considered just as harsh.

With this in mind all link earning efforts should concentrate on building breadth and diversity. This means obtaining links from different types of authoritative sites, using different anchor text that links to relevant pages and using diverse formats (not like those machine made by spammers). Outreach in this market is sometimes stifled by a lack of understanding about SEO but webmasters and publishers are generally receptive if there is genuine benefit to their readers.

Other ways to boost your organic ranking

Baidu has a large number of its own products that tend to dominate the SERPs. These include news, image and video as well as products such as Baidu Zhidao (Q&A), Baidu Baike (Wiki) and Baidu Tieba (Forum). Submitting relevant content to these sites and platforms will help increase your chance of climbing up the rankings.

Baidu will rank you for any news posts on your site but, to fully utilise this, you must submit your news posts to Baidu News Protocol. This will help more visitors find your site more easily. Getting citation links from Baike can also significantly boost your site's authority and rankings in Baidu's SERPs.

Baidu clearly states that user generated content (UGC) such as comments, reviews and feedback on sites will directly influence the value and authority of the page, therefore the implementation of social sharing or UGC fields is strongly recommended. It also uses social signals as a strong ranking factor as they help elicit trust in a website and reassure new customers your site is genuine and safe to use.

#6 | GETTING TO GRIPS WITH SOCIAL MEDIA

Social media plays a significant role in the Chinese market, but the landscape is very different to the UK's. A whopping 91% of the total number of internet users use social media with an estimated 597 million active social media accounts, (a figure which accounts for more than one per internet user). With 9 out of every 10 in the online population in China having a social media presence (compared to less than 7 in every 10 in the USA), it's clear to see why social media is such an important part of any successful market entry strategy.

9 out of 10 of the online population in China have a social media presence.

The CNNIC puts the number of Chinese internet users' blogging regularly at 319 million, the number of microbloggers at 250 million. Despite all this user generated content, strict censorship of social media sites such remains a challenge for brands entering the market from overseas. State-owned internet service providers and other organisations work to block and delete content which the Ministry of Information Industry find to be 'false', negative or dissenting.

The freedom offered by Facebook and Twitter has in the past led them to be blocked outright in China with the country's own much more well regulated sites taking their place in terms of popularity (six of the 10 largest social sites in the world are Chinese). While some Chinese users do manage to access such banned site usage is very low in comparison. For example Twitter is visited by only around 900,000 people each month while Facebook has approximately 500,000 users.

tencent.com

By contrast Qzone, Tenecent Weibo and Sina Weibo are the most popular sites in China with 712m, 507m and 500m users respectively (note Weibo is the Chinese word for microblog).

In 2012, Baidu agreed a partnership with Sina Weibo, the Chinese Twitter equivalent, and now indexes Weibo posts in its results pages.

These social networks are an important method of communication and the average time spent online on social sites in China is over 46 minutes per day. 66% of users follow brands online with each following at least eight brands they like. In 2013 Sina Wiebo had the highest sharing rate (15%) amongst its users, followed closely by Qzone (14.5%).

Although it may not be as easy to measure its effect on sales directly, the impact of social media cannot be neglected in this market. Social media sites have a very strong influence on purchasing decisions in China, more so than anywhere else in the world. For example according to Tech in Asia, 38% of Chinese users make shopping decisions based on recommendations from their social peers.

Chinese companies actively use social channels for branding, marketing, product promotion, event and information update etc. Social media is a key platform for company's online branding strategy and can't be ignored if you want to enter the Chinese market credibly.

Uptake amongst Chinese retailers is high, over 85% of companies have a page or microblog on social networks and Sina Weibo has over 230,000 company accounts. In addition, more than 25% of the Fortune 500 companies are already maintaining their presence on Chinese social media sites. In 2012, a report published by PR Newswire found that of the Chinese companies using social networking over a 12-month period, 68% reported an increase in product sales as a result of their activity.

Over 85% of companies have a page or microblog on social networks.

Social media also provides an excellent opportunity to listen to your unfamiliar market, 63% of companies examined in the PR Newswire's report also adjusted or modified their products, services or marketing strategies as a result of the feedback from their followers online.

Share and share alike

Baidu Share is Baidu's own social sharing button. Users can share content with Baidu Share on most of the popular Chinese social networking sites. Since its release there has been a large number of authoritative sites choosing to use it.

Baidu is also testing Google+ like features in its search results pages with a 'thumbs up' icon displayed with a number in the SERPs beside the display URL.

#7 | MAKING YOUR NEW CUSTOMERS FEEL AT HOME

Payments & Logistics

Payment processing in China is led by Alipay and Tenpay which together account for 67.8% of the market. Alipay has more than 650 million users and Tenpay has over 200 million registered users. Any companies, which want to have an online business in China should consider opening either an Alipay or a Tenpay account to help build trust in their Chinese customer base. Almost 70% of all electronic payments are processed via these companies, who operate a PayPal-esque model.

Largely unpopular in the UK, cash on delivery (COD) is still one of the common payment methods in China which may be an avenue you wish to consider but might not suit all retailers. Approximately 34% of all ecommerce orders were paid for in this way as recently as 2012.

Express or next day delivery is expected, more so than perhaps in the US or Europe, yet there is to some extent still an under-developed shipping infrastructure. This can be a challenge for new brands tapping into this market particularly when you are trying to ship to areas outside major cities in China. Luckily, given the lack of infrastructure, buyers in rural areas are used to not having such express shipping options available to them.

Building trust

The name and reputation of popular UK brands is certainly something new businesses entering this market should cash in on, whilst also having a clear sensitivity to the concerns that Chinese buyers may have when to comes to trusting a non-domestic brand who is new to the market.

Reviews are the most important factor for purchasing decisions, especially for unfamiliar items or brands. Chinese ecommerce is powered by reviews and social influence is important. The reputation of the brand, along with previous shopping experiences prospective buyers can draw from are also relevant in the decision whether to buy from you or from your nearest competitor. For more familiar products, price plays a much more important role in the decision making process.

Authenticity is a key consideration for online shoppers in China. The Chinese ecommerce market has experienced significant volumes of credit card fraud and the sale of counterfeit goods concerns some. We know that Baidu allows site owners to bid on designer brand keywords and that inevitably muddies the waters for buyers seeking out the genuine brand. However sometimes, the counterfeiting is even more subtle. In some instances a genuine product has been substituted for a counterfeit one during shipment. Inevitably this has caused concern among some online shoppers, thus every effort should be made to reassure purchasers that the shipping and payment methods used are secure and reliable.

The surveys mentioned earlier in this paper by Acquity also found Chinese online shoppers were dissatisfied when it came to online retailers returns policies. Almost 60% said it was not easier to return purchases made online than it was offline. The inherent geographical and infrastructure

issues make this a concern for online shopping. It's essential you make this process easy if you want repeat custom.

Be available to your customers

A unique difference between UK and Chinese ecommerce is that the Chinese love online chat. They like to speak to sellers online before making a purchase and having the freedom to ask questions could determine the difference between someone purchasing from you or choosing a more local or familiar seller.

Lots of tools exist in this space to help facilitate online chat and customers are likely to ask a lot of questions regarding the price, delivery time, and if the order includes any free gifts or promotions. Although often all this information is clearly stated on the website, the chance to ask in person adds a new level of reassurance for buyers. If you want to secure as much trust in the early days of trading, it is recommended you implement some form of online chat functionality on your localised site.

SUMMARY

In conclusion, ecommerce opportunities in China are vast and there's lots of space for UK brands to expand successfully in this lucrative market. The Chinese belief that Western brands offer the best quality products means reputable retailers with unique offerings should be welcomed with open arms if they get the approach right. There will be challenges and hurdles to overcome but the door is wide open for those brave enough to enter.

Understanding the subtle differences in consumer purchasing behaviour here vs. the East is key, as is having a clear understanding of how Baidu operates. Its dominance cannot be underestimated. Tailoring your offering is not just about site localisation and online promotion but also taking advantage of all the familiar tools available to you that will induce trust among your prospective new customers.

As with all new market endeavours, plan well, put an emphasis on SEO at the start of your site localisation plans, not after, and choose linguistic partners wisely. A lack of understanding of the language puts you on the back foot, so you must implicitly trust whoever is tasked with localising your site and SEM campaigns.

Hopefully this guide has given you a brief insight into some of the key areas you need to consider carefully in order to be successful in this market. China, more than any other country, is very unfamiliar territory with few (if any) of the UK's most famous online brands like Google present there to offer reassurance however this shouldn't be a deterrent. A market offering $420-650bn by 2020 is one too significant to be ignored.

HAVE QUESTIONS?

If you would like to discuss your expansion in to China in more detail, please get in touch. We would be happy to help answer any questions you may have:

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