

Online buzz crucial to China auto sales

Auto companies are now tapping into bustling online communities to help drive revenues in China, writes Jin Bo

CHINA There is no doubt that word of mouth is an important way of marketing, and in this increasingly wired era a large part of these conversations originate in the online world. But to what extent do internet discussions impact sales? A recent study by R3 and CIC, tried to give a quantified answer to that question by analysing the auto sector.

The study ranks brands and models by a new metric: "revenue per buzz" (RPB). The Audi A6L model, which registered an estimated sales of US\$8.2 billion and 306,000 web mentions, topped the chart with an RPB of US\$26,765. Volkswagen's Passat Lingyu and the Nissan Teana, were in second and third place, respectively.

According to the China Association of Automobile manufacturers, China has already overtaken US to become the largest auto market in the world. In 2009, auto sales surged by 46 per cent from the previous year to 13.6 million.

Georgia Zhuang, head of auto research at Nielsen China, points out, though,



Auto sales...most car companies in China have recognised the importance of IWOM

that the majority of Chinese auto customers are still first-time buyers without any first-hand experience, and usually put the opinion of other car owners ahead of the dealerships.

In this rapidly growing market, R3 and CIC claim internet word of mouth is

important because of the "intense competition and a cultural climate of skepticism and distrust that advertisers face."

The study also looks at the sentiment of internet word of mouth (IWOM), and finds that there is a high correlation between positive

and negative views. Those who are active online tend to be neutral.

Interestingly, Zhuang says negative reviews do not necessarily influence sales negatively. In some cases, they actually helped promote brands' visibility. "Cars are not like toothpaste or soap.

Potential buyers in China tend to be extremely cautious in their decision-making," she says.

Having realised the importance of electronic word of mouth, many auto companies have already started tap into the bustling online communities to monitor or even create online buzz.

Autumn Guo, associate director at Ogilvy Public Relations, says last year the agency helped Volkswagen promote its new engine and transmission technology through IWOM and achieved "some fantastic results."

Bryce Whitwam, GM of Wunderman Shanghai, says the car industry can really innovate online. "It's where the automotive opinion leaders share their views," he says. "In China, which is now the world's biggest car market, cars are the number one discussion topic online. Anyone who can work out how to take advantage of that is going to be in a seriously strong position."

See the full MediaTV interview at www.media.asia

Industry comments



Carson Zhang
Associate account director Publicis Shanghai

"Viral videos such Vias SUV by Chevrolet, when well done, can not only raise the profile of car manufacturers and their products but also convey in a fun way the key assets of the specific product to its target audience. Most automobile companies in China have recognised the fact that IWOM is very important."



Georgia Zhuang
Head of auto research, Nielsen Greater China

"Online is one of the most important sources of information for consumers looking to buy. The key point is that people are using the internet at all stages of the decision making process. TV commercials and magazines are complementary but aren't involved in the decision making cycle."

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Number of autobrands R3 and CIC studied in China

2,500

Number of auto-themed sites included in the study

133m

Number of posts each auto site had to have to qualify

306

Number, in thousands, of web mentions for the Audi A6L

\$26

Value of revenue per buzz for the Audi A6L

46%

Increase in 2009 of auto sales in China

Ogilvy and PHD stay ahead of closing pack in July

Creative Performance League July					
Rank	Agency	Wins	Billings gained (US\$m)	Billings lost (US\$m)	YTD totals (US\$m)
1	Ogilvy & Mather	Australia Victorian Govt, China; Unicef, India	24.4	-	231.4
2	DDB	Asobio, Hong Kong; Origin Energy, Australia	56	1	181
3	Leo Burnett	Proton, Malaysia; Sony Alpha, Hong Kong	33.4	0.5	134.3
4	Grey Group	Ranbuild, Australia; Daewon Pharmaceuticals, Korea	18.1	-	110.1
5	McCann Worldgroup	ESPN (Champions T20 League), India; Ngong Ping 360, Hong Kong	30.5	8.1	88.8
6	Euro RSCG	Sanguan, China; Hershey's, Philippines	6.3	0.1	88.1
7	Y&R	Singapore Navy, Singapore; Piku Media, Japan	8.8	-	77.1
8	Bates141	Center for Sight, India; Colgate Palmolive, India	17.3	2.8	46.3
9	TBWA	Orion Confectionery, Korea; Fullerton (Financial), China	2.3	-	42.6
10	JWT	Wu Gu Dao Chang (COFCO), China; Tarragon Capital Advisors, India	7.3	-	36.8
11	Low	-	-	-	20.2
12	DraftFCB	Mengniu Dairy Group; Telunsu, China; MTR Corp; Area 56, China	1.9	-	14
13	BBDO	Valvoline Cummins Limited, India; Rage mobile Handsets, India	1.8	-	10.3

Media Performance League July					
Rank	Agency	Wins	Billings gained (US\$m)	Billings lost (US\$m)	YTD totals (US\$m)
1	PHD	-	-	-	544.9
2	Carat	Fidelity Investments, Hong Kong; Air Asia, Korea	7	-	405.1
3	MEC	-	-	-	327.5
4	Starcom	Tourism Authority of Thailand, India; Radio One, India	10.1	-	197.7
5	Maxus	Parle, India; L'Oréal India, India	55.4	-	151.9
6	Zenith Optimedia	Ministry of Energy, Thailand	3.2	3.2	115
7	MPG	M3M, India; PUIG, Australia	68.2	2.2	66
8	Dentsu Media	Taiwan Plus (Stationery), Taiwan; Wangi Jaya, Indonesia	1.7	1.5	61.1
9	UM	Origin Energy, Australia; Dave Company, Korea	4.9	-	40.1
10	MediaCom	-	-	-	38.9
11	Vizeum	-	2.7	-	29.9
12	OMD	Alliance Cosmetics, Indonesia; Kuwait Finance, Malaysia	2.7	2.9	11.4
13	Initiative	Hydro Tasmania, Australia; Automotive Alternative Fuels Registration Board, Australia	0.7	1.3	6.1
14	Mindshare	Warid Telecom International Limited, Bangladesh; Herbalife, China	10.5	1	-395.5

METHODOLOGY The Business Performance Leagues are compiled, but not audited, by Media magazine with the assistance of PricewaterhouseCoopers Hong Kong on a monthly basis. Business performance is measured according to the annualised billings value of accounts won and lost. Agencies are ranked according

to their net billings gain in the year to date. It is assumed that the annualised billings data submitted by the agencies is complete, accurate and valid as per the agreed methodology, which can be found in full with the tables at www.media.asia.



VERIFICATION Where possible, information submitted by agencies is validated for accuracy on a sample basis against the advertising spend data compiled by Nielsen Media Research, TAM India and NDT Japan.

