

SURVEY OF NORDIC COMPANIES MARKETING IN CHINA

2023



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Foreword

In the constantly evolving landscape of international commerce, few markets are as dynamic, complex, and compelling as that of China. Especially in the post-pandemic era, the Chinese market has displayed remarkable resilience and adaptability, unveiling novel changes, challenges, and business opportunities worldwide. For Nordic brands, with their strong heritage and unique appeal, this market has been critical or intriguing as always.

According to some local Nordic business chambers' latest business climate survey results in China, "marketing/promotion" is one of the top investment focus for Nordic companies in China in 2023. Meanwhile, the Chinese market's transformation is also quite evident in the marketing field, which has undergone significant shifts in recent years. Companies are no longer merely experimenting with digitalization, social media and marketing automation, but rather, they are committing to them wholeheartedly.

Moreover, the recent trend has positioned artificial intelligence (AI) technologies at the forefront of marketing innovation. The use of AI technologies, from predictive analytics to AIGC toolkits, has redefined marketing workflow, enabling proactive professional skillsets uplift and the marketing data-based work change on an unprecedented scale.

With these considerations in mind, we have embarked on this first-ever "Nordic Companies Marketing in China Survey 2023". The purpose of this survey is twofold. Firstly, it seeks to better understand the current state of play, the challenges faced, and the strategies employed by Nordic companies in the Chinese market. Secondly, it aims to form a joint voice for Nordic companies, facilitating the sharing of insights, experiences, and best practices.

This survey is conducted by Nordic Friend Agency in collaboration with DCCC Danish Chamber of Commerce in China, FinnCham Shanghai, Norwegian Business Association China, and SwedCham China. We firmly believe that collaboration and shared learning are invaluable for individual and collective success. By bringing together diverse perspectives, we can co-create more effective and responsive marketing strategies that resonate with the Chinese market's evolving dynamics.

This survey's insights are intended not only for marketers and communication specialists working on the frontline but also for C-level decision makers and HQ management who shape broader business strategies. By offering a comprehensive picture of the current marketing landscape in China, we aim to support strategic decision-making that aligns with both local realities and global business outlooks.

Your engagement with this report contributes to a collective endeavour of learning, sharing, and growing. Together, we will shape the future of Nordic businesses in China, turning challenges into opportunities and aspirations into realities.

Survey Intro and Key Takeaways

This report is published by Nordic Friend Agency, the Danish Chamber of Commerce in China (DCCC), FinnCham Shanghai, Norwegian Business Association China (NBA) and SwedCham China, in May 2023.

A total of 101 respondents from various industries and different Nordic companies participated in the survey.

The survey contains four chapters reflecting on: 1) The participating companies and roles; 2) Marketing team, budget and outsourcing; 3) Marketing channels and activities; 4) Goals and Results of Marketing. Some key takeaways include:

- 60.4% of Nordic businesses in China identify B2B as their primary target market, with another 31.68% targeting both B2B and B2C.
- Many Nordic companies operating in China maintain small in-house marketing teams. A plurality of companies (45.88%) reported having a team size of 1 to 3 full-time marketing employees. 26.47% of companies reported having no full-time marketing team members in China.
- More than 75% of Nordic businesses outsource marketing tasks in their operations in China either partly or fully. "Social Media" and "Visual Design" are the Top 2 tasks needing external help.
- A majority (54.12%) of Nordic companies allocate "Less than 5%" of their total revenue in China for marketing activities. 29.41% of respondents reported that their marketing budget "Remains the same" in 2023 compared to the previous year. 27.06% indicated a "Slightly increase" in their marketing budget.
- "Trade shows and events" (37.97%) and "Social media" (35.44%) are recognized as the most effective marketing channels.
- "WeChat Official Account" is the most preferred channel among Nordic companies in China, with 84.81% of them having an official account. For B2C, Red/Xiaohongshu is getting popularity.
- "Referral/people's networking" emerged as the top source of new leads for companies (43.48%).
- The primary role and goal of marketing among Nordic companies in China is "Delivering business growth/Increase sales" (74.68%).
- 43.28% reported having no formal process to measure their marketing activities' effectiveness.
- The most common marketing challenge the respondents faces is the "Lack of resources such as budget and manpower" (39.13%).



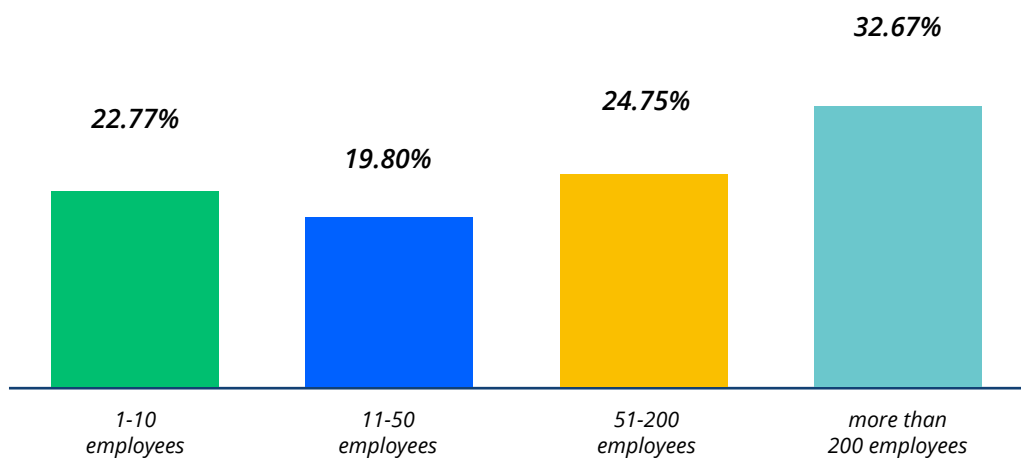
Participating Companies And Roles ■

Company Size

The size distribution of the survey respondents paints an insightful picture of Nordic companies' presence in China. The largest group, comprising 32.67%, is companies with more than 200 employees in China. This suggests a considerable number of Nordic firms have a strong, established presence in the Chinese market.

Following this, 24.75% of companies have a presence with 51-200 employees in China. Smaller companies with 1-50 employees make up a combined 42.57% of the respondents (22.77% for 1-10 employees and 19.80% for 11-50 employees).

Q: What is the size of your company's operation in China?

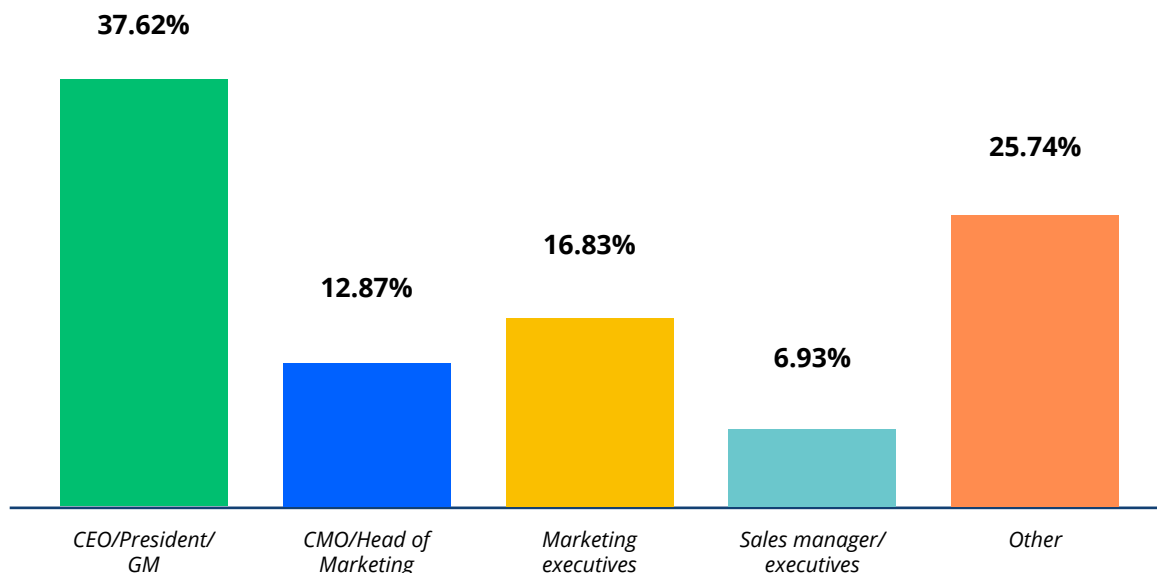


Roles of Respondents in Company

Regarding company roles, a significant portion of our respondents, 37.62%, are CEOs, Presidents, or General Managers. CMOs and Heads of Marketing constitute 12.87% of the respondents, which, coupled with Marketing Executives at 16.83%, shows interest from marketing professionals in understanding the Chinese marketing landscape and its challenges.

Also, 6.93% of respondents are Sales Managers or Executives, suggesting a keen interest from sales departments in aligning sales strategies with the broader marketing landscape. The group titled "Other" constituting 25.74% of the respondents, includes diverse roles such as admin heads, HR directors, and chief representatives in China.

Q: What is your role in the company?



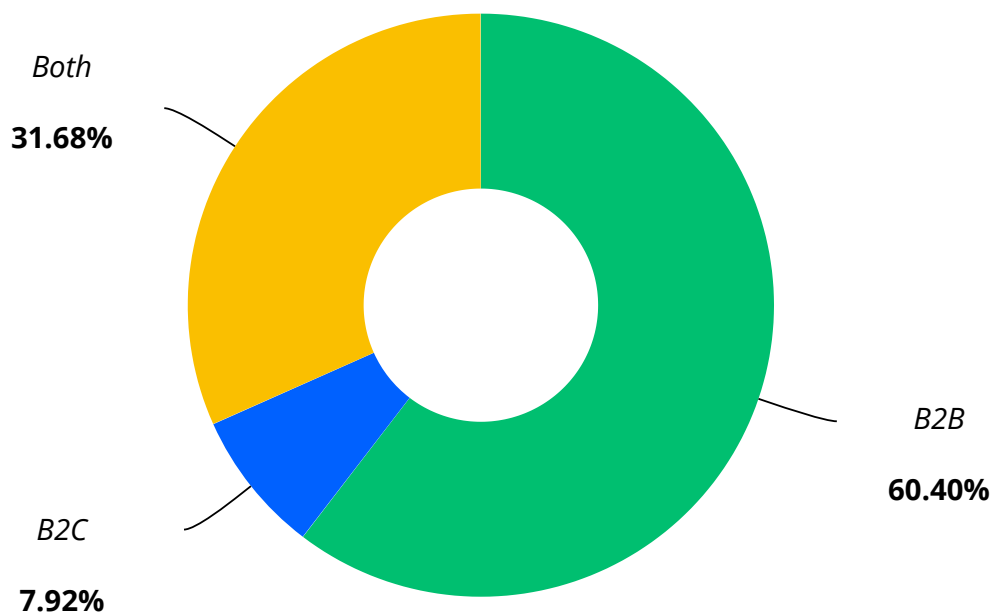
Target Market

A significant finding from our survey is the predominance of B2B operations among Nordic companies in China, with 60.4% of respondents identifying B2B as their primary target market. This result indicates that Nordic companies primarily seek to leverage their expertise and products to serve businesses in China.

Only 7.92% of respondents identify B2C as their primary and somehow only target market. And a considerable 31.68% of respondents indicated that they target both B2B and B2C markets.

60.4%
of Nordic businesses in China identify B2B as their primary target market, with another 31.68% targeting both B2B and B2C.

Q: What is the primary target market for your company's products or services in China?



Marketing Team, Budget And Outsourcing

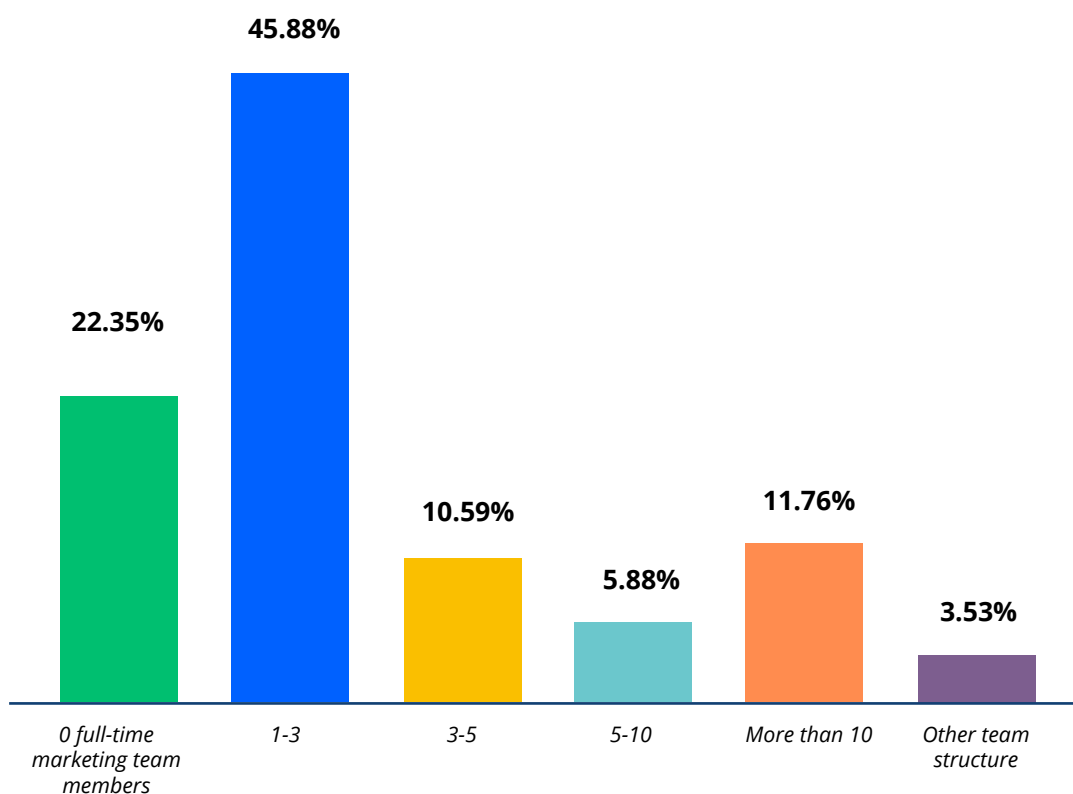
Marketing Team in China

The survey results show that many Nordic companies operating in China maintain small in-house marketing teams. A plurality of companies (45.88%) reported having a team size of 1 to 3 full-time marketing employees, suggesting that these companies operate with lean marketing teams.

26.47% of companies reported having no full-time marketing team members, indicating that these companies might be fully outsourcing their marketing activities or integrating marketing responsibilities into other roles within the company, or having not much marketing activities at all rather than direct sales, production and admin efforts.

Companies with larger marketing teams constitute a smaller proportion of the respondents. Only 11.76% reported having more than 10 full-time marketing employees, 10.59% have 3-5, and 5.88% have 5-10.

Q: What is the size of your company's in-house marketing team in China?

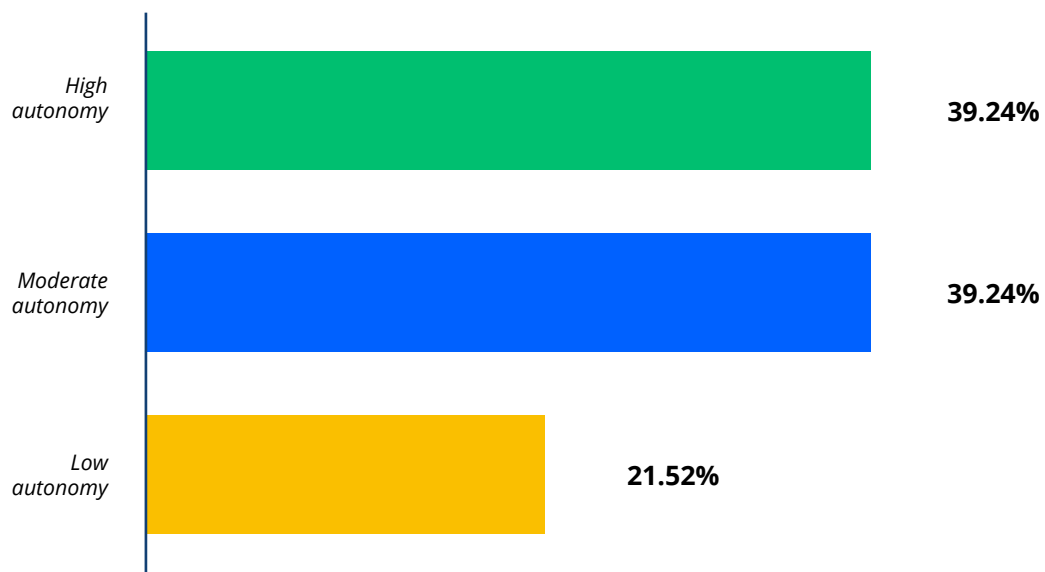


What could be “other team structures” though? We collected some single answers, reflecting that they have 0 marketing team members locally in China, but Chinese marketing work is managed by employees located in HQ in the Nordics. This is also an existing fact that for some companies, the decision-making and also execution of marketing for Chinese market, are conducted remotely from HQ rather than locally in China.

When answering the question “What is the level of autonomy given (from HQ) to your company’s local marketing team in China?”, the results suggest an almost equal split between companies offering “High autonomy” and “Moderate autonomy” to their local marketing team in China, both at 39.24%. This indicates that many Nordic companies recognize the importance of local knowledge and flexibility in navigating the Chinese market, and they trust their local teams to make informed decisions.

“Low autonomy” was reported by 21.52% of respondents, suggesting that some companies still prefer to maintain tighter control over global marketing decisions, likely due to the need for global consistency or to ensure adherence to the company’s overall strategic direction.

Q: What is the level of autonomy given (from HQ) to your company’s local marketing team in China?



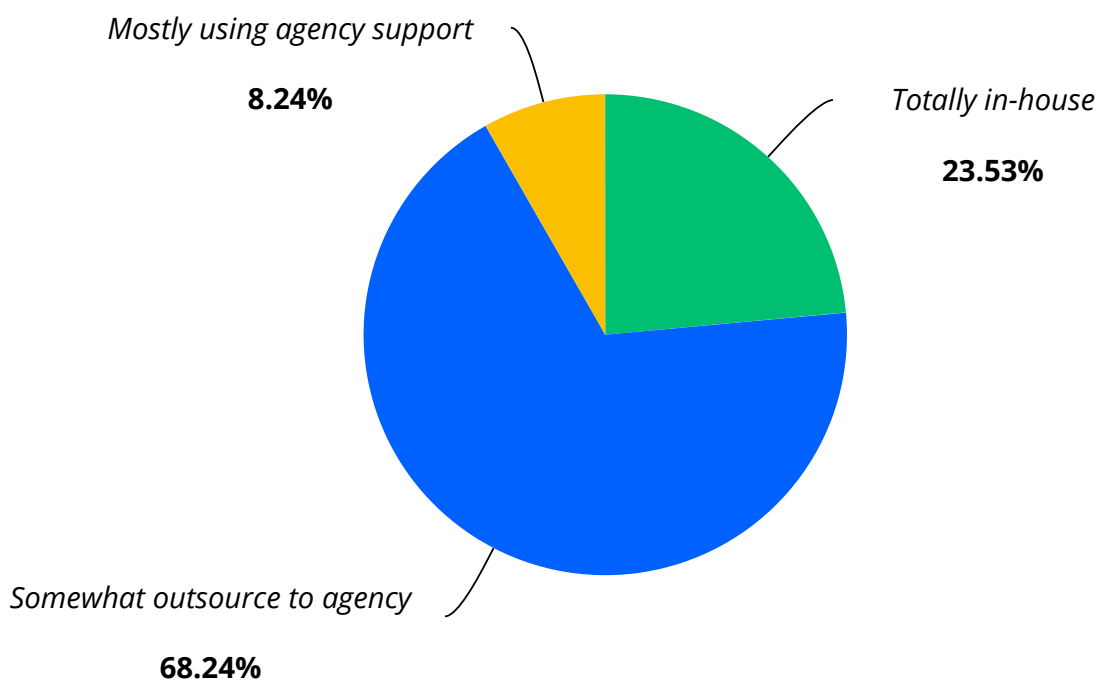
Outsourcing of Marketing Tasks

When asked about their reliance on outsourcing for marketing tasks, a notable 68.24% of respondents indicated that they “somewhat outsource to an agency”. This suggests that a substantial number of Nordic companies operating in China recognize the value of external expertise in navigating the unique challenges of the Chinese market. It also reflects a desire to focus internal resources on core competencies while leveraging the specialized skills and local knowledge of external agencies.

A smaller group (23.53%) reported managing marketing tasks “totally in-house”. This finding is indicative of a preference for retaining full control over marketing activities, possibly due to the specific nature of their products or services or due to the capabilities of their internal team to handle the Chinese marketing landscape.

A small percentage of companies (8.24%) reported “mostly using agency support”.

Q: Does your company currently outsource marketing tasks to an agency?



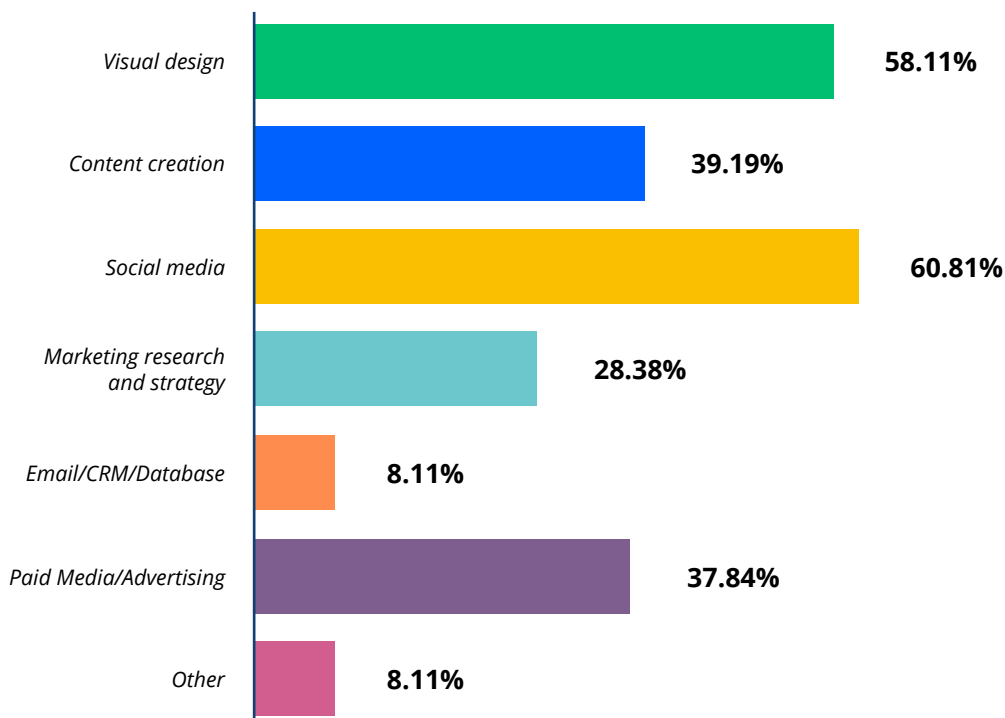
In terms of the types of tasks companies outsource to agencies, “Social Media” and “Visual Design” tasks led the responses, garnering 60.81% and 58.11% respectively.

“Content Creation” and “Paid Media/Advertising” followed closely, with 39.19% and 37.84% respectively, further highlighting the importance of local expertise in crafting culturally resonant messages and effectively navigating the complex landscape of Chinese media platforms. “Marketing Research and Strategy” tasks were outsourced by 28.38% of respondents.

“Email/CRM/Database” tasks were the least outsourced, with only 8.11% of companies choosing to do so. This could reflect a preference for keeping such data-intensive and potentially sensitive activities in-house and also the fact that these tasks are less widely accepted and used in the Chinese market.

More than 75% of Nordic businesses outsource marketing tasks in their operations in China either partly or fully. “Social Media” and “Visual Design” are the Top 2 tasks needing external help.

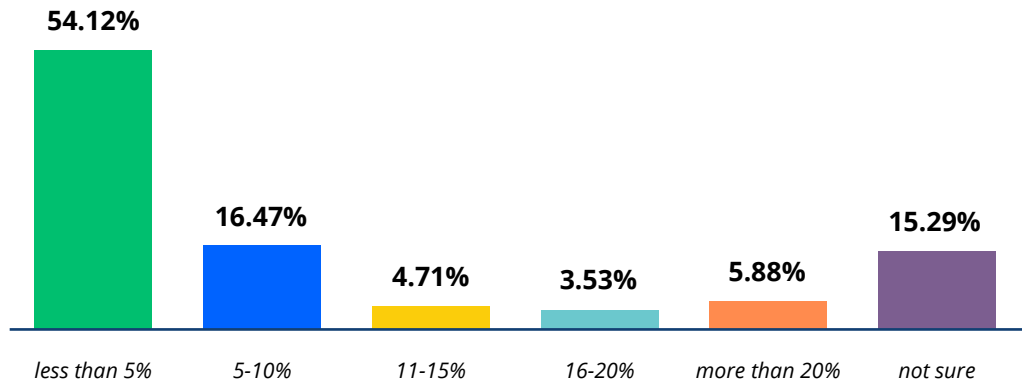
Q: If so, the type of tasks your company has outsourced to agency? (multiple choice)



Local Marketing Budget Scope and Change

The survey results indicate that a significant majority (54.12%) of Nordic companies allocate “Less than 5%” of their total revenue in China for marketing activities. Companies allocating “5-10%” of total revenue represented 16.47% of the respondents, and companies investing “more than 20%” are notably less, at 5.88%.

Q: What is the budget scope allocated for marketing as a percentage of total revenue in China?

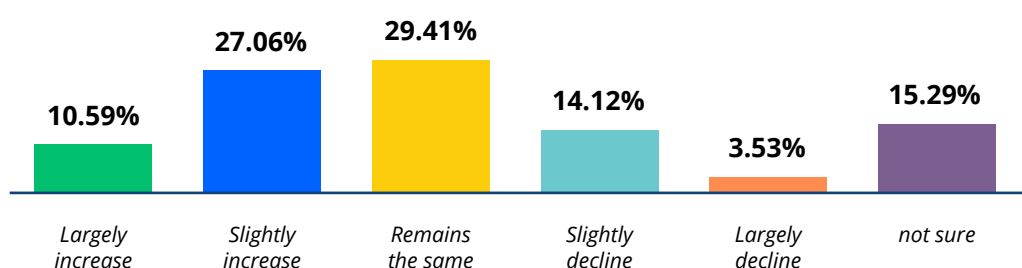


An interesting point to note is that 29.41% of respondents reported that their marketing budget “Remains the same” in 2023 compared to the previous year. This suggests a level of stability and consistency in marketing investment amid the evolving market dynamics.

However, a substantial number of companies (27.06%) indicated a “Slightly increase” in their marketing budget, possibly in response to the growing opportunities and challenges in the Chinese market. A smaller group (10.59%) indicated a “Largely increase”, which signifies a strategic shift or a heightened focus on the Chinese market.

On the flip side, 14.12% of companies reported “Slightly decline” in their marketing budget, and a small percentage (3.53%) experienced “Largely decline”, which could be due to various factors like changes in business strategy, market conditions, or financial constraints.

Q: Change in marketing budget in the Chinese market in 2023, compared to last year



Marketing Channel Choices

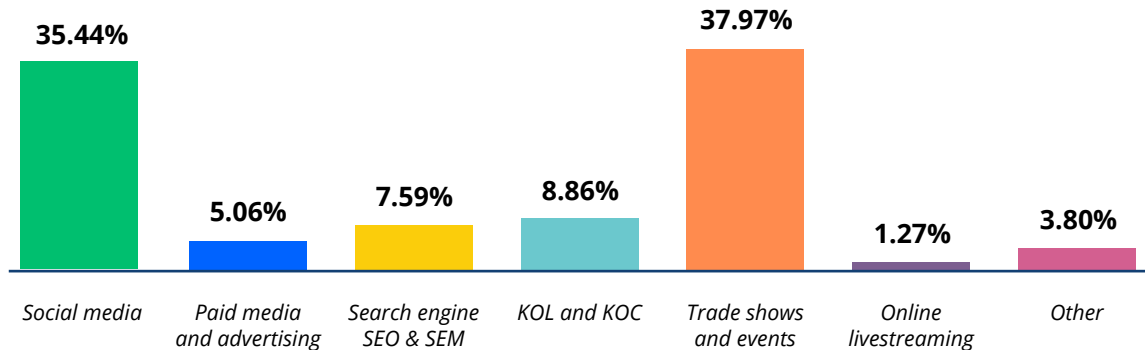
Effective Marketing Channel

The effectiveness of marketing channels varied significantly among the respondents. "Trade shows and events" (37.97%) and "Social media" (35.44%) emerged as the most effective channels, indicating that a combination of traditional face-to-face marketing and digital marketing is crucial in the Chinese market.

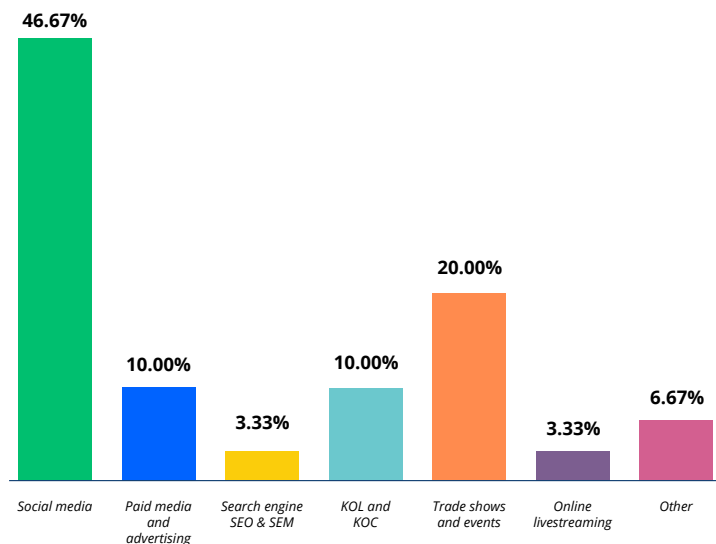
The influence of "KOL and KOC" and "Search engine SEO & SEM" was reported by 8.86% and 7.59% of companies, respectively. "Paid media and advertising" was effective for 5.06% of respondents, suggesting that this channel, while still relevant, might be less effective for some companies compared to others.

"Online livestreaming", despite its growing popularity in China, was identified as effective by only 1.27% of respondents, possibly indicating that it might be less familiar or more challenging for Nordic companies to leverage effectively.

Q: Which marketing channels are most effective for reaching your target audience in China?



We took a further cross-check, discovering among the B2C companies (those whose target market is either purely B2C or somewhat B2C) which marketing channels are most effective, the "Trade shows and events" option popularity drops to 20% only, and with a relative increase of "Social media" (46.67%), "Paid media and advertising" (10%) and "KOL and KOC" (10%).



Official Company Account Building

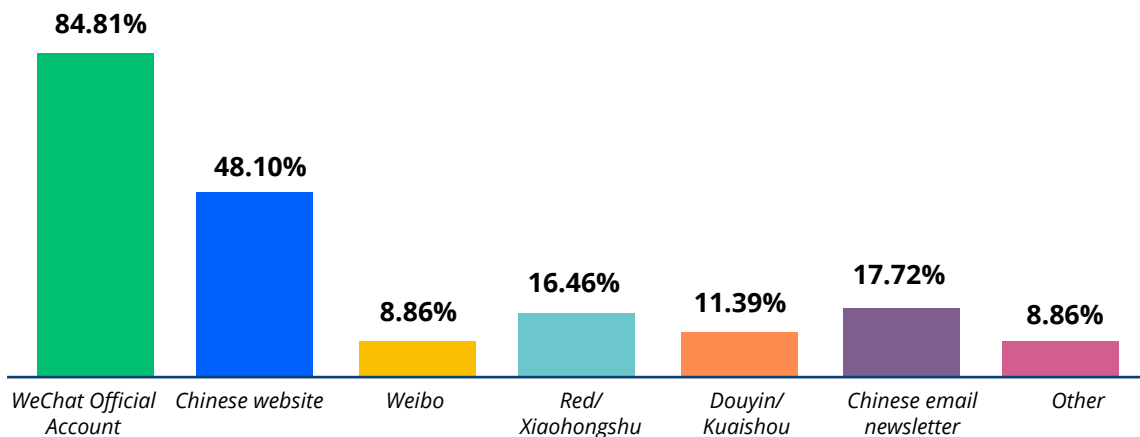
The survey also reveals that the “WeChat Official Account” is the most preferred channel among Nordic companies in China, with 84.81% of them having an official account. Given WeChat’s ubiquity and multi-functionality in China, it is no surprise that it is a key digital touchpoint for businesses.

“Chinese website” is the second most popular channel at 48.1%, suggesting that nearly half of the companies consider it important to maintain a dedicated website for their Chinese audience, potentially to provide detailed product information and enhance brand credibility.

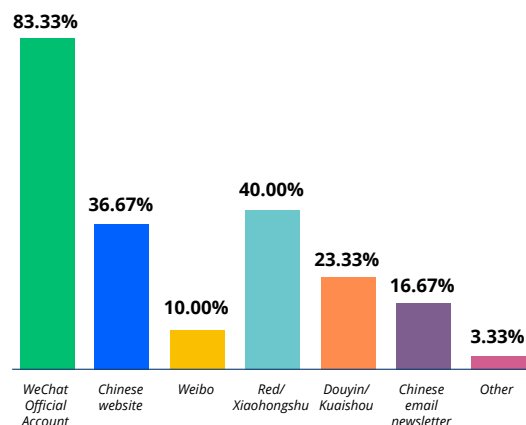
Other channels like “Chinese email newsletter” (17.72%), “Red/Xiaohongshu” (16.46%), “Douyin/Kuaishou” (11.39%), and “Weibo” (8.86%) are less popular. This could reflect the specific audience demographics or content preferences on these platforms.

A must-do thing for building a presence in the Chinese market? WeChat Official Account then - almost 85% of Nordic businesses choose to do it.

Q: What channels is your company active on regarding an official account/site? (multiple choice)



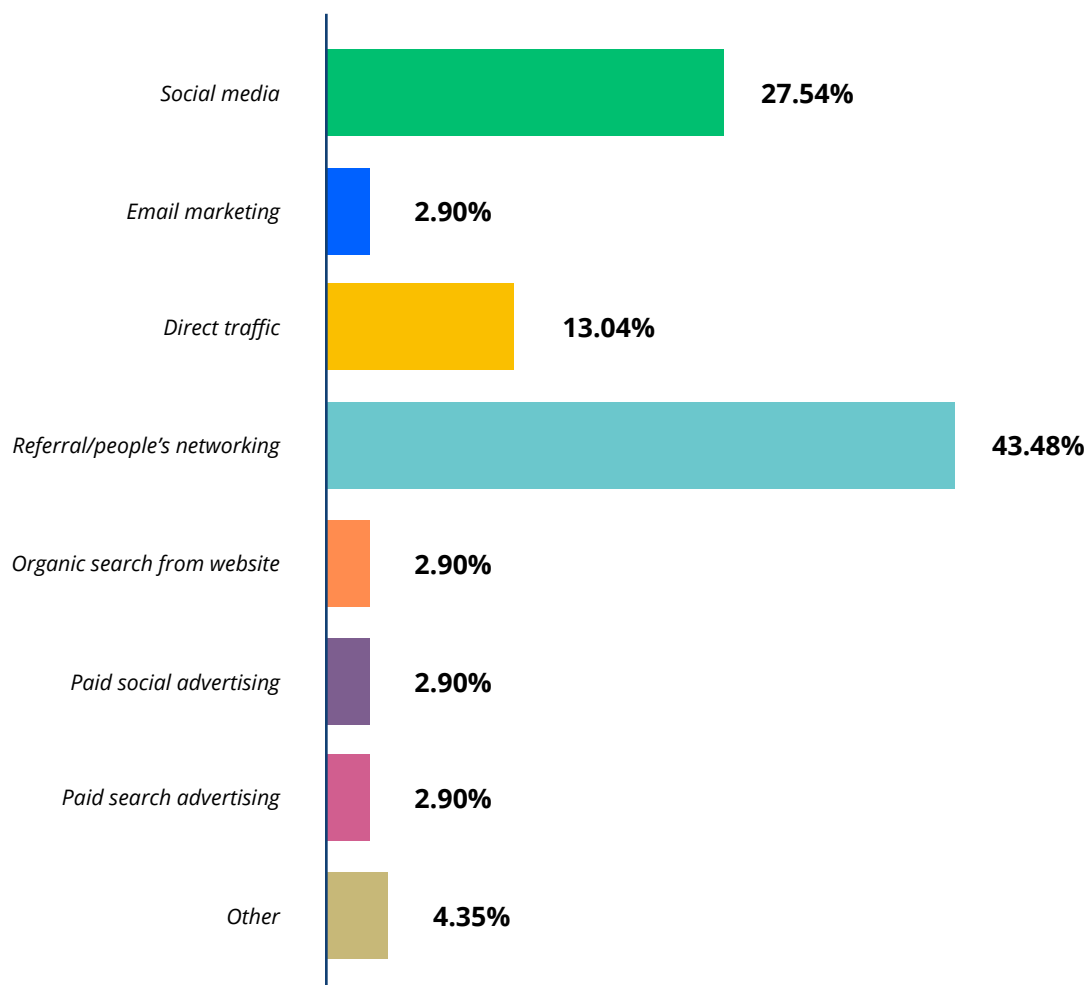
Again, how about the same question for B2C companies specifically? There is a major difference regarding the importance of Little Red Book/Xiaohongshu to B2C marketing in China, with 40% of B2C respondents seeing this channel as effective and useful. This also reflects the differences between B2B and B2C actions in China, while for B2B companies Chinese official website is still worth investing, but for B2C the Red channel is standing out quickly in recent years.



Lead Generation Sources

“Referral/people’s networking” emerged as the top source of new leads for companies (43.48%), indicating the enduring power of personal connections and word-of-mouth in business development. “Social media” was identified as the second most effective source (27.54%), emphasizing the role of digital platforms in lead generation.

Q: In terms of lead generation, what’s the TOP 1 source your company’s new leads are coming from?



Goals and Results of Marketing

Roles and Goals of Marketing

The primary role and goal of marketing among Nordic companies in China is “Delivering business growth/Increase sales”, as reported by 74.68% of respondents. This reflects the fundamental role of marketing in driving business performance in practice.

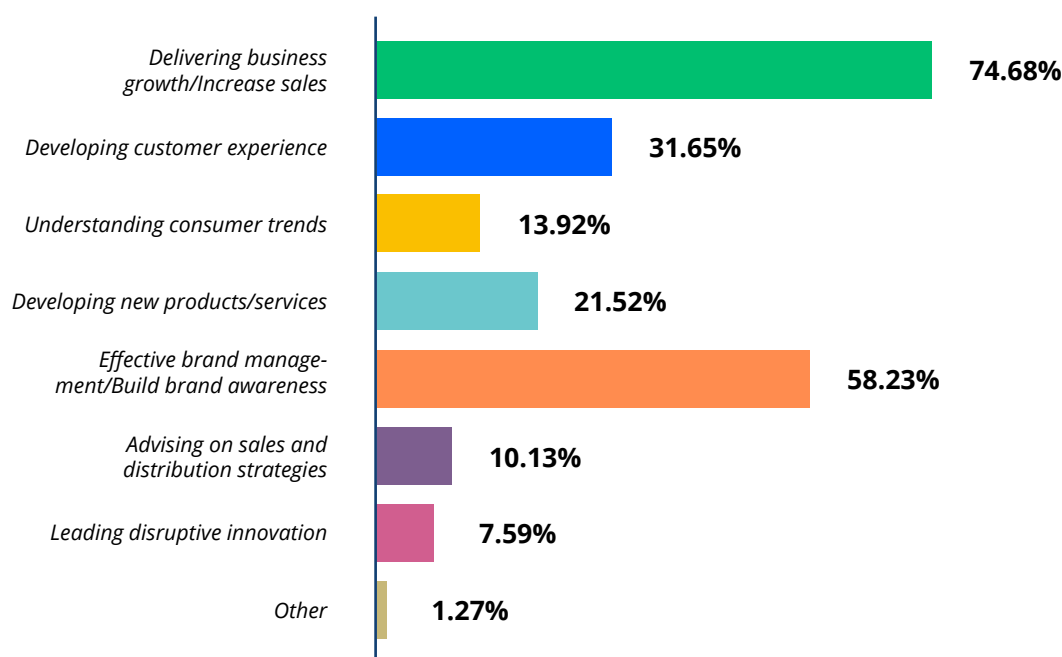
“Effective brand management/Build brand awareness” is the second most common goal at 58.23%, highlighting the importance of establishing and maintaining a strong brand presence in the Chinese market.

Other goals like “Developing customer experience” (31.65%), “Developing new products/services” (21.52%), and “Understanding consumer trends” (13.92%) are also deemed important, reflecting the multi-faceted role of marketing in delivering value to customers, innovating, and staying responsive to market trends. “Advising on sales and distribution strategies” (10.13%) and “Leading disruptive innovation” (7.59%) are less common.

Interestingly, one respondent characterized marketing as a “business support function to Sales working with channel sales partners”, implying a more collaborative and integrative approach to marketing and sales in their company and also echoing the common structural position of the marketing department in a company.

No.1 Goal of Marketing for Nordic Companies in China: Delivering Business Growth and Increase Sales

Q: What are the primary roles and goals of marketing in your company in China?



Measurement of Marketing Effectiveness

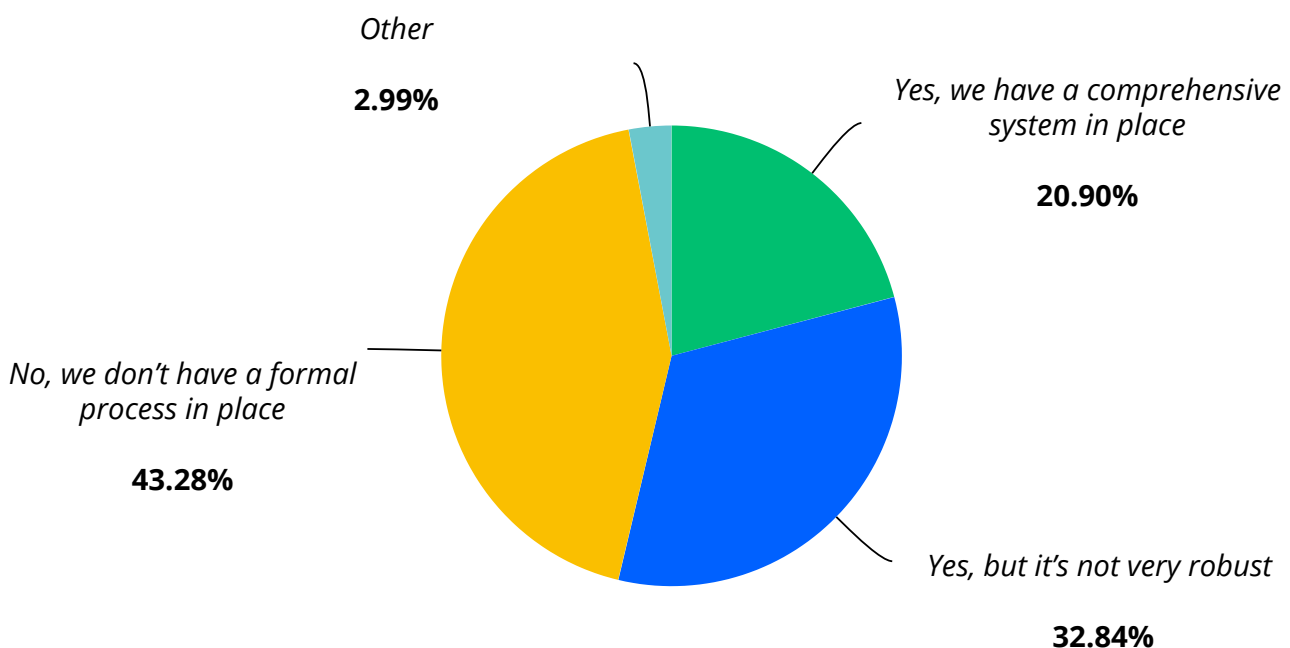
Despite the importance of marketing results evaluation, a significant 43.28% of the Nordic companies in China reported having no formal process in place to measure the effectiveness of their marketing activities. This could indicate a potential area for improvement, as metrics and evaluation are crucial for optimizing marketing activities and demonstrating their value.

43.28%
reported having no formal process to measure their marketing activities' effectiveness.

Around a third of respondents (32.84%) stated they do have a process, but it's "not very robust". This suggests a recognition of the importance of measurement, but the process might lack the rigor, consistency, or comprehensiveness required to generate actionable insights.

Only 20.90% of companies reported having a "comprehensive system in place".

Q: Does your marketing team in China have a formal process for measuring the effectiveness of its marketing campaigns?



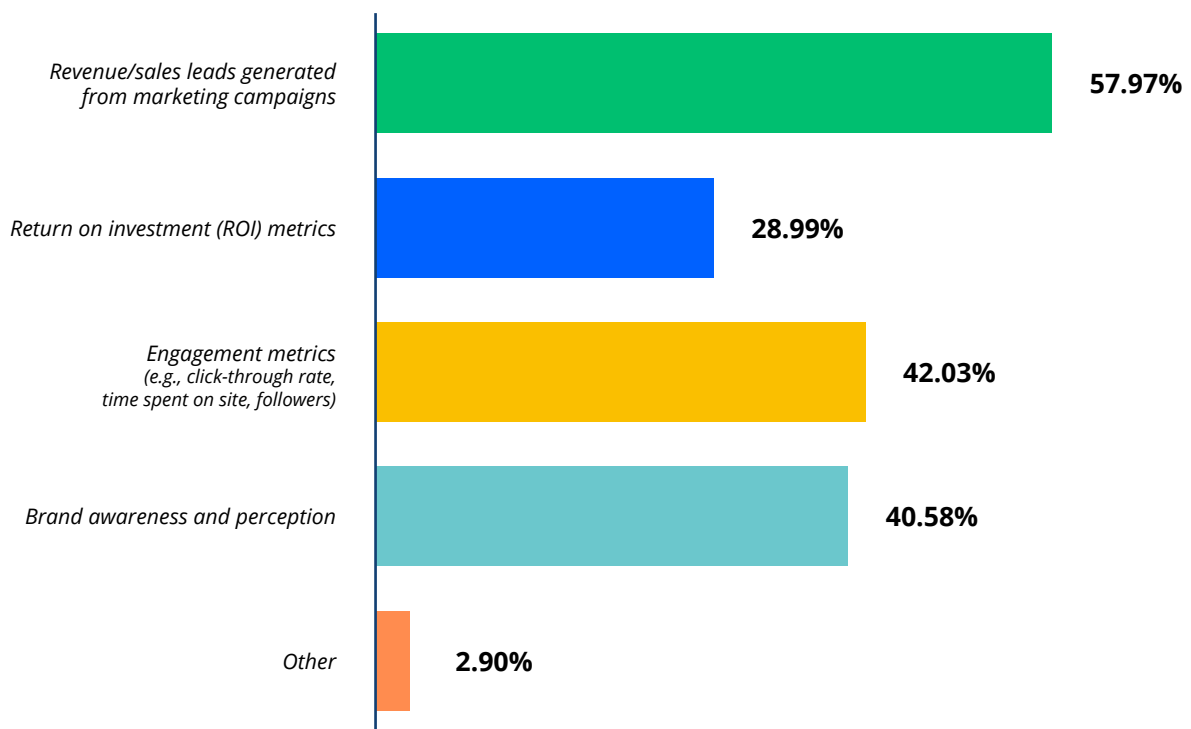
Measurement Metrics

The survey results show that “Revenue/sales leads generated from marketing campaigns” is the most common metric for measuring marketing success (57.97%), again emphasizing the focus on tangible business outcomes for marketing team.

“Engagement metrics”, such as click-through rate, time spent on site, and followers, are used by 42.03% of respondents, highlighting the importance of customer engagement in the digital era. “Brand awareness and perception” are also considered important by 40.58% of the companies, reflecting a recognition of the value of strong brand presence in the market.

“Return on investment (ROI) metrics” are used by 28.99% of the companies, suggesting that some companies are taking a more financially driven approach to evaluate their marketing effectiveness.

Q: How do you measure the success of your marketing team in China?



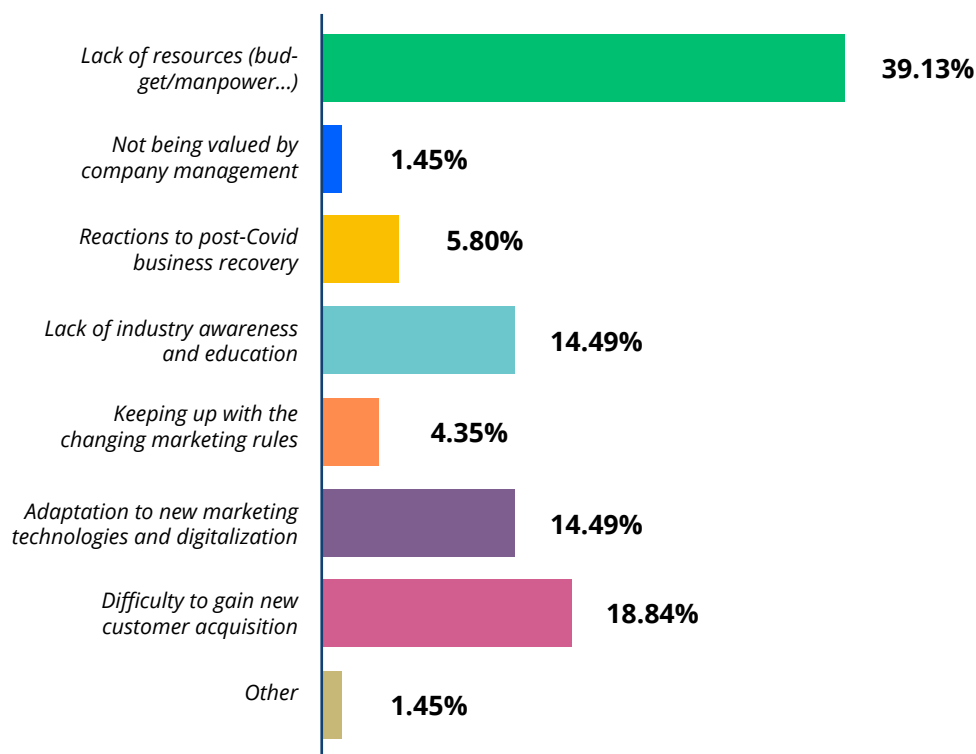
Marketing Challenges

The most common marketing challenge the respondents faces is the “Lack of resources such as budget and manpower” (39.13%), indicating the ongoing struggle to balance the need for marketing activities with resource constraints.

“Difficulty to gain new customer acquisition” and “Adaptation to new marketing technologies and digitalization” both reported 18.84%, suggesting the challenges posed by the competitive market environment and the rapidly evolving digital landscape. “Lack of industry awareness and education” (14.49%) suggests that some companies are dealing with challenges in understanding and navigating the unique features of their industry in the Chinese market.

Lastly, “Reactions to post-Covid business recovery” (5.8%) and “Keeping up with the changing marketing rules” (4.35%) indicate the ongoing impacts of the pandemic and the dynamic regulatory environment on companies’ marketing activities.

Q: What’s the biggest marketing challenge you currently face?



Concluding Remarks

The “Nordic Companies Marketing in China Survey 2023” has provided rich and valuable insights into how Nordic companies are navigating the multifaceted and dynamic Chinese market. The survey results highlight the ongoing challenges, strategic priorities, and evolving practices among these companies in their marketing efforts.

The respondent companies, varying in size, have shown a strong presence of senior decision-makers, illustrating the importance and strategic focus placed on the Chinese market. The primary market for these companies’ products or services in China is predominantly B2B, although a significant proportion also targets B2C, reflecting a diverse range of business models and market approaches.

The survey results indicate that outsourcing marketing tasks to agencies is common practice, especially in areas like social media and visual design. This suggests a strategic preference for leveraging external expertise and resources to manage the complexities and specifics of the Chinese digital landscape.

The choice of marketing channels shows a preference for trade shows and events and also social media, while WeChat is the most preferred platform for maintaining an official account, emphasizing the importance of direct interaction and digital presence in engaging with the Chinese audience.

There is a clear focus on growth and sales in the roles and goals of marketing, with a significant emphasis also placed on brand management and awareness. However, the survey results indicate room for improvement in measuring marketing effectiveness, with a need for robust processes reported by many companies.

The primary sources of lead generation remain referrals and social media, with less emphasis on digital advertising channels. This could reflect the specific dynamics of the Chinese market or suggest potential areas for further exploration and investment.

Lastly, the survey results highlight a range of marketing challenges, most notably the need for more resources and difficulties in customer acquisition. This underscores the need for efficient resource allocation, strategic focus, and continuous adaptation to market changes and technological advancements.

In conclusion, the survey results provide a snapshot of the current practices, trends, and challenges in Nordic companies’ marketing efforts in China. They underscore the importance of understanding the unique features of the Chinese market, leveraging digital and social media platforms, and continuously improving marketing strategies and processes to drive business growth. We hope that these insights will be valuable for not only marketers and communication specialists but also C-level decision makers and HQ management in navigating the Chinese market and driving their companies success.

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