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Potential lessons from Chinese businesses and platforms for online networking and marketing: An exploratory study

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Highlights

- Existing literature does not cover the most recent Chinese digital marketing approaches.
- This study explores western businesses' attitudes towards learning from an emerging market.
- For greater e-commerce success in the future, live-streaming, short videos, customer reviews, and private traffic management are recommended focus areas.
- Developing online media collaborations will help businesses with their international trade.

Abstract

This study aims to investigate the potential for improving New Zealand small-and-medium sized enterprises' (SMEs) digital marketing strategies by learning the different approaches from their Chinese counterparts. Digital marketing is an important topic, especially after the pandemic of the last two years, as online shopping has gained further ground. On the other hand, original digital marketing practices in a dynamic and large market such as China still has not received enough attention within academic literature. Therefore, this study is seeking to answer the following two research questions: 1) How are SMEs in China adopting digital marketing strategies and platforms? 2) Can local SMEs learn from Chinese SMEs' adoption of digital marketing for SMEs in New Zealand? Survey and semi-structured interviews were conducted with Chinese participants to gain insights of digital marketing applications by Chinese SMEs. After acquiring data from Chinese participants and building the framework of online marketing strategies and platforms in China based on data analysis, semi-structured interview questions were designed and conducted with New Zealand experts. Findings from this study reveals that Chinese SMEs increase their online customer traffic through three main sources: e-commerce platform, social media, and private traffic, which is a controllable traffic pool of loyal customers or the brands' social media followers. In addition, digital marketing technologies from China have the potential of being transferred to New Zealand. However, the process can be long-term, due to cultural and attitude barriers. This study also suggests a tentative model examining the likelihood of transferring (LOT) based on the Technology Acceptance Model (TAM).

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1. Introduction

Digital online marketing has transformed the relationships between retailers and customers, and provided more opportunities for small-and-medium sized enterprises (SMEs) to reach a broader audience. Research indicates that small business can benefit from digital marketing by increasing by 26% revenue and saving 22% on costs on average (SNC, 2018). Digitalization has transformed consumer behaviour by providing interactive channels and accessible product information (Kaplan & Haenlein, 2010). The purpose of this study is to explore how and in what ways Chinese SMEs are using digital marketing strategies to increase their business competence and the possibilities of New Zealand and other western SMEs to learn from Chinese digital marketing experience and to improve their digital capability. Existing literature on digital marketing strategies in Chinese companies does not include the most recent applications, and business owners' attitudes towards learning from non-western countries (e.g., China) and their platforms have not been explored widely.

There are two research questions, with new findings for each one:

- How are SMEs in China adopting digital marketing strategies and platforms?
- Can New Zealand SMEs learn from Chinese SMEs' adoption of digital marketing?

Section 4 presents the findings from the Chinese SMEs, to answer the first question. According to Chinese participants, Taobao, social media and private traffic are the main source for their online store traffic. The online shopping platforms in China have actively developed their own algorithms and acted as effective search engines for customers to find appropriate products, e.g., on Taobao. Section 5 reveals findings from New Zealand marketing experts familiar with American and European platforms, aiming to answer the second question. The local participants were presented the results from Chinese surveys and interviews, and asked about opinions about the possibilities of applying similar strategies and platforms.

2. Related literature

Previous literature has illustrated benefits for SMEs to adopt online marketing strategies from various perspectives. [Mokhtar et al. \(2014\)](#) suggested that decision-makers of SMEs follow the Market Orientation (MO) strategy to address consumers' needs. In particular, products and services should be created to meet specific customer demands. The abilities to identify, react, and involve in new market trends will help SMEs to establish long-term competence and success ([Al-Qirim, 2007](#)). The importance of social media in managing customer relations continues to grow since the disruptions caused by the COVID pandemic ([Obembe et al., 2021](#)).

Small businesses can benefit from the application of e-commerce technology and information technology systems by opportunities they provide ([Paraskevas & Buhalis, 2002](#)). In particular for New Zealand SMEs, which are facing a relatively narrow market due to geographical distance and small population. Currently, China is a major export destination for many New Zealand businesses, and it is crucial to understand Chinese social networks and consumer habits ([Ren & Gao, 2020](#)).

The Chinese context is unique due to political and cultural differences, which also pose challenges for foreign brands. [Tate et al. \(2016\)](#) suggest that brands seeking to enter Chinese market should conceptualize their social media relationships as online friendship, so that customers could relate to their social network content. However, the data they gained for developing this research was from participants from previous generations, and their ideas and understandings are different from the current Generation Z, who are a major shopping force in Chinese market.

Understanding knowledge transfer is important for companies that want to distinguish themselves in the market ([Demers, 2007](#)). Knowledge has become a firm's most fundamental resources. The success of an organization depends not only on the products but also the flows of knowledge ([Ai & Tan, 2018](#)). For a company, transferring knowledge will lead to an advantage over its competitors and facilitate internal strategy implementation ([Murray & Peyrefitte, 2007](#)). [De-Graft et al. \(2018\)](#) argued that the ability to transfer technology skills still account for a considerable part of competitive heterogeneity, and transferring tacit knowledge is essential for companies to expand overseas ([Murray & Peyrefitte, 2007](#)). Furthermore, due to the fact that knowledge transfer process may enable members to gain more integrated information, make sound decisions, and prompt innovations ([Chen & McQueen, 2010](#)), decision makers should pay attention to opportunities for transferring knowledge.

Effective cross-cultural knowledge transfer is greatly built on learning, which is the process that translates context-specific experience to general knowledge and then back to context-specific knowledge (Kayes et al., 2005). In addition, Kayes et al. (2005) concluded that the factors for successful cross-cultural knowledge transfer include:

- A person or group to lead the process;
- A systematic cycle of learning;
- Ability to comprehend the potential limits

Appreciation for different cultures, building connections in the host culture, observation, coping with ambiguity, translating complicated opinions, taking action and management of others are important competencies (Kayes et al., 2005). In summary, when suitable circumstances and motivation exist, it is possible to learn business and technical practices from other cultures.

The digital marketing adoption by SMEs has been well-researched from different perspectives. For example, researchers have studied how SMEs can apply online marketing strategies to increase sales (Diehr & Wilhelm, 2017; Karimi & Naghibi, 2015), and the possibilities of SMEs' use of internet technology systems are also explored (Vassileva, 2017). In particular, O'Donnell (2014) identified marketing planning, resources management, customer retention, customer acquisition, customer understanding, competitor understanding, products promotion, and delivery management are the key determinants for marketing activities of SMEs.

Small businesses are at different maturity stages in terms of digital marketing application, and some SMEs are better at managing and making use of consumer data. Businesses that are performing relationship marketing strategies are better equipped with CRM systems, while some business owners or marketing managers from SMEs are not familiar with this term (Harrigan et al., 2012).

Marketing activities by SMEs can be limited by various constraints. Marketing function is not as mature in SMEs as in large organizations (Turow, 2008), and the owners of SMEs are always the decision maker, whose marketing knowledge and skills impact online marketing strategies and results. Usually, the marketing strategies by SMEs are unstructured, informal, and adopted in a bottom-up method. Furthermore, limited resources such as marketing professionals, finances and structured planning activities may hinder small companies' marketing strategies (Boyles, 2011).

Studies hold similar opinion about the importance of entrepreneurs' managerial ability as well as business motivation, which are the key determinants for the success of a SME. However, most SME owners tend to favour marketing activities that generate immediate or short-term results, some researchers believe that this is caused by their limited resources (Gamble & Gilmore, 2013), while this is a problem to be understood and investigated more specifically. Eggers et al. (2012) argued that the intention for growth also affects business owners' expectation for marketing strategies. For companies with low growth intention, they tend to focus more on the current customers' demand rather than acquiring new customers, while for companies with entrepreneurial intention, products and processes

innovation are their priority (Eggers et al., 2012). O'Donnell (2014) stated that the marketing function grows with a firm's lifecycle stage, and it becomes more established when the firm moves through. In addition, for small businesses seeking to enter global market, owners should improve their managerial competence in order to boost their international performance. Brands should acquire social media knowledge and competence to engage with targeted consumers (Tate et al., 2016). The more positive engagement with customers, the more likely a brand is to gain loyal customers. This way, the business may be able to not only convey standard functional information, but also create emotional value, in terms of customer loyalty and personal appeal (Kato, 2021).

3. Methods and data collection

Qualitative research can help researchers gain an in-depth view of emerging events or phenomenon (Brooks et al., 2012). Using a qualitative method is appropriate as the topic of digital marketing is a constantly developing phenomenon. Two previous examples are O'Donnell (2014) where the researcher adopted a qualitative method to explain what marketing techniques SMEs use to promote their products and services, and Mokhtar et al. (2014) where they studied the relationship between SMEs' performance and marketing orientation qualitatively. For this paper's contemporary topic, the gaps in prior research and frameworks suggested an exploratory and qualitative direction.

As this study intends to examine both how the digital marketing applications are used by Chinese SMEs as well as the attitudes of New Zealand marketing experts towards these digital marketing techniques, this study contains two sample groups.

The sample from China was targeted according to the following criteria: 1) Being an SME with less than 20 employees, 2) Having online presence and using online marketing strategies, at a level that can provide interesting information, and 3) Having a level of homogeneity and similarity, to ensure effective comparisons and contrast across these businesses.

Based on these criteria, it was decided to include Chinese SMEs with online shops from Taobao.com. Taobao was the only e-commerce platform discussed in this study in consideration of its large market share, innovative aspects and integration of social networks. The researchers succeeded in getting a positive response from a sample of business owners and marketing/operation managers with an average three years of experience in using digital marketing to drive sales. Purposeful sampling is an efficient method for small sample size data collection, and it ensures that participants can provide relevant and effective information to help fulfil the researchers' objectives (Kornhaber et al., 2014; Robinson, 2014). Moreover, participants with expertise in their field and broad opinions can provide favourable data to support research findings (Michelle et al., 2014). Participants selected with the purposeful sampling method can contribute to the researcher's understanding of in-depth personal experience (Frels & Onwuegbuzie, 2013). In this research study, the key informant approach was adopted. A senior manager or business owner was selected from each SME as the key informant to gather data (Daghfous et al., 2013).

For the second sample, it was important that the participants could evaluate the data that was collected from the Chinese SMEs. Some of these concepts, platforms, and marketing terms from can be difficult or

unfamiliar for ordinary New Zealand SME owners. Therefore, New Zealand marketing experts were included as participants, who have expertise and marketing knowledge to be able to understand unfamiliar marketing concepts and relate them to the application of New Zealand market. The New Zealand marketing experts were recruited by seeking the advice of peer digital marketing experts. For qualitative and descriptive research, snowball sampling is helpful when the number of respondents is limited, and trust is required to initiate conversations (Noy, 2008). In this research, a small number of experts was contacted with a research introduction and requirements, and they provided more contacts by sending introduction emails.

The New Zealand sample was limited to the following criteria: 1) Experienced with digital marketing and social media, and 2) Experienced in conducting digital marketing campaigns for SMEs with less than 20 employees. New Zealand marketing experts were thus recruited, each with at least five years of working experience in the marketing industry.

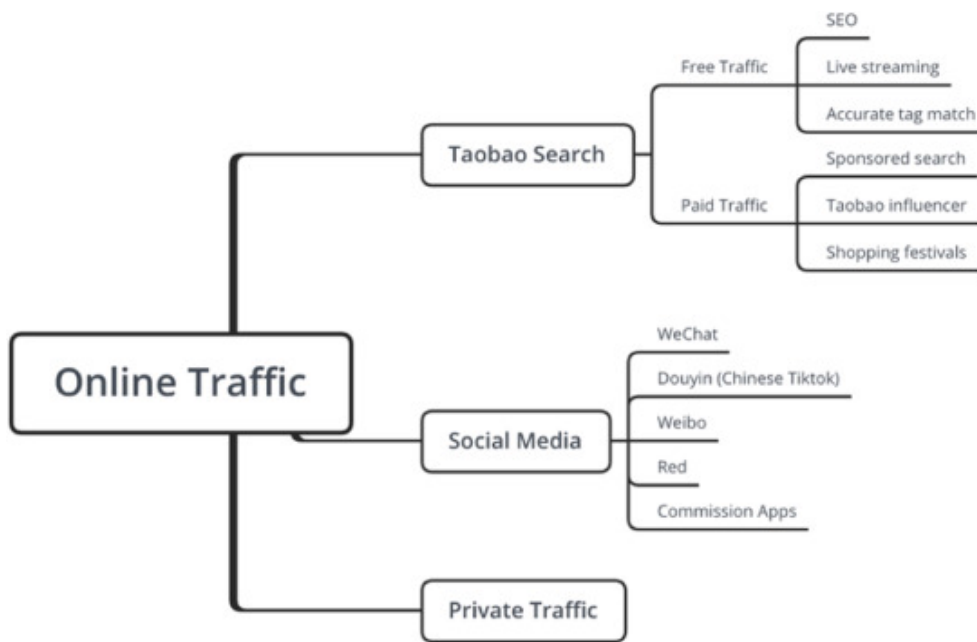
The Chinese participants were informed of their rights and given the research consent form prior to the data collection process. The Chinese participants acknowledged their willingness to participate by sending emails or officially agreed on WeChat, a mainstream social network used in China.

The process of collection primary data from Chinese participants started by speaking with participants over the phone. The data collection instrument was a combination of an online survey and semi-structured interview. The online survey had 33 questions in order to gain an understanding of the participants' backgrounds and the digital marketing platforms they use. The survey was written in both English and Chinese. The researchers used Tencent Wenjuan, a survey system that supports Chinese language. The raw data and field notes were saved in Microsoft Excel, and further transferred to NVivo 12 for data organization. The goal has been to find themes and patterns, and identify and critique the trends, as well as the major topics and possibly conflicting perspectives.

The collection of primary data from the New Zealand sample started the research consent forms were signed prior to each interview. Participants were assured complete confidentiality and privacy, and the notes from each interview and the summary of the findings were shared with them. This also ensures results credibility and respondent validation, by returning the interview notes back to participants to check for accuracy. A semi-structured interview was used. Followed by example of digital marketing cases from China, the interviewees were invited to discuss them. Open-ended questions were used to encourage discussion and with the purpose of getting a detailed picture of the participants' ideas and thoughts.

4. Findings from Chinese SMEs

This section presents findings from surveys and interviews with Chinese companies. The purpose of this section is to highlight repeated themes across twelve case studies, find out their attitudes towards digital marketing, application of digital marketing strategies and platforms, investigate digital marketing barriers and explore trends of digital marketing adoption in China. Fig. 1 is a brief summary of the strategies covered; these are discussed in detail individually.



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Fig. 1. Chinese SMEs' online traffic sources.

All twelve cases agreed that digital marketing benefit them in terms of improving sales and revenue. They believed that digital marketing helped them to reach a larger group of audience, reduce marketing cost, gain measurable results of marketing campaigns, and better retain loyal customers.

However, there are some negative attitudes towards digital marketing, such as increasing competition and cost for acquiring new customers, the falsification of data from sponsored cooperation with internet celebrities, and information overload.

Chinese participants all agreed that increasing traffic is the first step and the most important procedure in driving sales, which is the ultimate goal of digital marketing. The major traffic source for Chinese SMEs is Taobao. When shopping online, Chinese consumers are distinctive from western consumers who use search engines to find products, instead, Chinese consumers would use e-commerce platforms to find products. The online shopping platform in China have actively developed their own algorithms and acted as effective search engines for customers to find appropriate products. Therefore, the term “searching” discussed in this section is not on searching engines, but on Taobao, a mainstream marketplace platform in China. The algorithms of Taobao allow sellers to gain free customer traffic by search engine optimization (SEO), live streaming and accurate tag match.

4.1. Free traffic strategies

4.1.1. Free traffic: search engine optimization (SEO)

Search engine optimization (SEO) is defined as the process of making a website show near the top of lists (Erdemir, 2015). There has not yet an official definition of SEO on Taobao, but SEO methods on Taobao

have similarities to that on search engines like Google. For example, both Taobao and Google present searching results based on users' location, demographics and preferences (Google, 2020). There are some common techniques used by Chinese SMEs for optimizing search rankings for their products. First, Taobao offers free user behaviour data analysis software to shop owners, so they can understand what keywords customers are searching and adjust their product title accordingly. The second strategy is to optimize the content/picture/video. Attractive pictures and videos are major reasons for customers to visit the detail page of a product, and the key factors to improve conversion rate. When customers are presented with a list of products, they are more like to go into details of the ones with attractive photos and videos.

The tendency of customers' purchases to be influenced by previous customer reviews is already known. As stated by the participants of this study, Chinese customers constantly read reviews from others before placing an online order, and they trust comments from other buyers as opposed to just the product details from shops.

Participant 8: "There are still many new customers that can be tapped on the Taobao platform, but now in this industry products are becoming similar and customers are relying more on reviews, so you need to have some strategies before running marketing campaigns. When customers click the link but realize the product is not what they want, they will leave your page. If they want this product, they will read reviews from other customers and the product details before making the final decision. In this process, the most important factors will be your item's pictures and title."

Finally, it is important to optimize store performance and ranking. To a large extent, companies from China rate their shopping experiences, and monitor their store data on a daily base. According to the Taobao algorithm, a shop's performance scores are based on its click-through rate, save rate, add to shopping cart rate, re-purchase rate, customer feedback, and conversion rate.

4.1.2. Free traffic: live streaming on Taobao

Chinese SMEs made use of Taobao live streaming as a free method to attract new customers and increase store exposure. Additionally, they believed that the real-time communication with customers can increase their conversion rate, since they can answer customers' questions and present products themselves.

Chinese small business owners were aware of the physiological effects created by live streaming. They not only introduced their products during live streaming, but also provided coupons and lucky draws to encourage customers purchasing. According to Gong, Ye, Liu, et al. (2020), live streaming can encourage customer impulsive buying behaviour by real-time and interactive conversation as well as inviting atmosphere. In addition, interaction during live streaming can increase consumer trust and loyalty.

4.1.3. Free traffic: persona tags match

Data was one of the words that frequently appeared during interviews. Taobao empowers its sellers with enhanced database for generating tags of consumers. A functional marketing campaign not only targets right audience, but also achieves satisfying results by promoting products or services. In addition, a

successful promotion helps customers to discover their demands for products or services, which they would otherwise not realize.

4.2. Paid traffic strategies

4.2.1. Paid traffic: sponsored advertisement

Sellers on Taobao can bid for business traffic based on specific spots and target crowds. On Taobao, the two most used paid advertisements are called Express Train and Drillings. Express train's pricing method is based on cost per click (CPC), and sellers will not be charged if there is no click, while Drillings charge sellers based on cost per mille (CPM).

4.2.2. Paid traffic: Taobao Influencer (Taoke)

The idea of Taoke (Taobao influencer) started in 2007 as the Alibaba Group founded Alimama (https://www.alibabagroup.com/en/news/press_pdf/p071120.pdf ↗), a marketing technology and big data platform. Taoke is now a popular term when small businesses looking to find some sponsored promotion by influencers. Sellers on Taobao can find Taoke on an open social platform and negotiate commission percentage based on a Taoke's previous performance. Taoke create content such as videos and photos with shopping links, which may appear on the front page of Taobao or Weitao, a built-in social channel of Taobao for sellers or influencers to interact with customers.

4.2.3. Paid traffic: shopping festivals

Shopping festivals on Taobao are shopping events when customers are offered lucrative prices, and sellers take advantage shopping festivals to increase sales and brand exposure. Major shopping festivals on Taobao include New Year, International Women's Day, 18th June, Double 11 and Double 12. Promotional activities have been proved to engage with customers and drive online store performance, despite that they reduce customers' actual payment amount and intensify strategic customer behaviour (Zhang et al., 2020).

4.3. Social media traffic

The Chinese participants considered social media as a significant tool to boost sales. Among the twelve cases, all of them used WeChat to engage with customers, six used Red, five used Douyin, five used Weitao and two used Weibo. According to the interviews, WeChat is an effective channel to engage with loyal customers and boost re-purchase rate, Douyin is helpful in terms of acquiring new customers, while Red is a platform for both customer acquisition and customer retention. However, participants have both positive and negative perspectives towards the application of social media. Influencer marketing is another popular technique used by SMEs in China. Despite that SMEs have little tendency to adopt social media (Durkin et al., 2013; Nakara et al., 2012), small businesses in China showed confidence in social media's capability of improving sales.

4.4. Private traffic

This is a term appearing in recent years, it refers to the marketing method of extracting traffic from search engines or online marketplace to private pools. Since small businesses have low budgets to manage marketing campaigns, they have been focusing on building their own traffic pools to retain loyal customers and increase repurchase rate. WeChat is the most used social network and messaging APP in China. On WeChat, retailers can reach their customers by creating groups and sharing product-related contents such as photos, videos, and links on Moments. The mini-program function on WeChat also enabled small retailers to create their own mini-APPS, in which they can build online shops.

In addition to WeChat, Chinese SMEs took advantage of Taobao's social functions. Retailers on Taobao can post micro-blogs with links on Weitao, a built-in social channel on Taobao. Moreover, retailers can also create customers groups, where they can share coupons, red pocket, new-arrivals, and all kinds of promotion events. Companies also used social media such as Weibo, Red and Douyin to engage with their followers. Compared to Weibo and Douyin, users on Red are younger and with a higher purchase desire.

4.5. Short videos

Fragmented and stimulating information is preferred by most internet users. Characteristics like short time, high entertainment, convenient production and sharing have made short videos the naturally popular media for marketers. Moreover, as Douyin has been aggressively attracting users, small businesses in China have seen great opportunities in getting traffic by generating short videos.

4.6. Live streaming

Chinese customers are accepting live streaming as a way to get personal shopping experience and great discounts. Although participants had complaints and concerns for live streaming data, they still showed optimistic attitudes towards the future of live streaming marketing. Live streaming can also be used as a method to supplement product detail pages. For example, when presenter introducing a product, the video can be recorded and added to the product detail page on Taobao, and customers can watch the recorded live streaming video for specific introduction. Participants who expressed live streaming as a future digital marketing direction focused either on live streaming themselves, or on cooperating with celebrities for live streaming.

Participant 9: "Later, I will focus on Taobao live broadcasts. I have to say that they are very effective. Shops that obtain the right to emerge can easily sell tens of thousands of live broadcasts for an hour or two. This has become a hit for many merchants. We will also cooperate with KOLs on platforms like Douyin, Kuaishou, and Red to sell through live-streaming."

4.7. Summary

Effective management of private traffic can help brands, especially small businesses to retain customers. Since companies agreed that acquiring new customers is getting more difficult and expensive, they have become more aware of the importance of customer retention through private traffic management.

Compared to large organizations, SMEs are facing unique challenges. The major difficulties SMEs encountered when managing digital marketing campaigns include: lack of marketing budget, lack of

professionals to produce social media content, and the trust while working with online influencers.

The budget is the first thing that decision-makers in SMEs consider before conducting paid marketing campaigns. From the interview results, limited budget was one of the major obstacles for online shop growth. Chinese participants also found some solutions. Since it is becoming more and more expensive to acquire new customers and gain online traffic, SMEs with limited budget are seeking other options such as optimizing searching results and creating engaging content to boost store traffic.

For SMEs, the right choice of marketing strategies is also more important. Some participants claimed that they need to gain more marketing knowledge and expertise. Good online store management can attract customer with low cost, while wrong marketing decisions can waste money. Despite the insufficient digital marketing knowledge, some businesses owners said they learned how to manage their online store from Taobao University, which is a platform founded by Alibaba Group providing lectures on building a digital business (Gilchrist, 2018).

While SMEs are trying to attract customers on social media by using entertaining content, they may lack the ability to produce engaging photos, articles, and videos. A digital marketing content strategy relies on creating consistent, relevant and valuable content for customers. If they can overcome this challenge and produce content quickly, it can lead to customer engagement and stimulate sales.

Chinese SMEs considered cooperating with key opinion leaders (KOL) is an effective method to boost sales, since KOLs are able to influence a great number of followers. However, some participants expressed their concern about trust. When companies pay for online celebrities to promote products on live streaming, they need to pay endorsement fees and commissions. Sometimes these may be too high when it is uncertain whether many orders will result from cooperating with a KOL.

When asked about new digital marketing trends, the Chinese participants expressed strong passion for live streaming, creating short videos, and managing private traffic. Interesting marketing content such as videos are believed by retailers to better catch audiences' attention.

5. Findings from New Zealand marketing experts

All participants mentioned that they had been aware of Alibaba. Some participant had personal experience in using Ali Express, and a smaller number had used WeChat as well as WeChat Pay. These marketing professionals had a preliminary understanding of Chinese digital marketing applications and platforms. Participants mainly gain new digital marketing knowledge from the US instead of China, which is often seen as a politically and culturally different country.

Compared to Chinese customers, who search products on e-commerce platforms, New Zealand consumers use Google as the major platforms when they search for items. When talking about Search engine optimization (SEO), New Zealand marketing experts focused more on the optimization of keywords rather than optimizing product details, customer reviews or store performance, which are key points from the interviews with Chinese SMEs. All marketing experts agreed that Google is the most similar website to Taobao searching. Marketing experts believed that SEO on Taobao was similar to SEO on Google, and

tend to use similar SEO techniques to benefit from Google traffic. However, the experts also expressed some scepticism towards local SMEs' effective management of keywords optimization to increase website visits. They also expressed other thoughts around improving local SME's digital marketing strategies. Compared to Chinese SMEs, local SMEs currently apply simpler approaches for processing the pictures, videos and descriptions on online stores. Although customer reviews are considered to be important for improving the conversion rate in e-commerce, local SMEs seem to receive limited benefits from customer reviews. The algorithms for ranking and search results are not widely considered by local businesses. Although local SMEs have not started to focus on writing their own product details or encouraging more customer reviews, the experts interviewed believed that doing these would improve online businesses. The following sections will mention specific strategies and tools that were found useful.

5.1. Free traffic: live streaming

All marketing experts considered live streaming can be an effective tool for New Zealand SMEs, since live streaming provides customers a better direct-viewing experience and allows customers interact with streamers. Barriers for local SMEs use live streaming included the market size of New Zealand, SME owners' perception and budget.

5.2. Free traffic: persona tags match

All New Zealand participants reported that Google Analytics can be used to analyze consumer demographics and find accurate users based on the tags match, while three participants mentioned the exact way of operating. However, local SMEs did not make the full use of it due to sophistication. Taking advantage of these algorithms could be difficult for local SMEs. Despite that Google searching and Google analytics are strong tools for online businesses, local SMEs lacked the understanding or professionals to make use of them.

5.3. Paid traffic

Sponsored search is very similar to Google Adwords. According to the interview participants, local SMEs were aware of Google Adwords or other sponsored searching tools, but their limited budget could be a constraint. They also reported that influencer marketing had been used by retailers less systematically; as no New Zealand e-commerce platform had similar influencers or commission systems.

Boxing Day or Black Friday are opportunities for New Zealand retailers to promote, however, compared to Chinese SMEs, who are using each festival to drive sales, the local businesses only focus on certain holidays.

5.4. Social media traffic

Since social media tools used in China have unique aspects, the interview participants were first given a brief review of Chinese social media applications, and then asked about similar social networks used by local SMEs, and how these similar networks can be used in ways similar to Chinese small businesses.

Overall, among all the social media presented to the interviewees, only Douyin has a very close Western equivalent as TikTok, which is still less sophisticated in terms of business functionality. WeChat, Weibo and Commission apps have similar Western counterparts, while Red has no comparable platform. In addition to content marketing, SMEs are also suggested to encourage UGC (Mussol et al., 2017). Chinese small business managed their UGC mainly on Taobao customer reviews and Red, which are major places customers visit when they look for reviews. Social media such as Weibo and WeChat were also used by Chinese SMEs for creating a word-of-mouth effect.

Wechat: Facebook was reported as the most equivalent social media to WeChat. WeChat's messaging and moments features are like Facebook messaging and Facebook wall. Facebook business page and messenger were the main functions most by New Zealand SMEs to engage with customers.

Problems associated with using Facebook including the information privacy issue and excessive advertising, which prevented users from using Facebook. WeChat has more features for businesses that are not well developed on Facebook, e.g., WeChat Mini-Apps, marketplace, and payment.

Douyin: TikTok has already been popular among New Zealand young people. On Douyin, retailers can add their product link to a video, or sell directly on live streaming, but these functions are not yet available on TikTok. New Zealand marketing experts considered the influencer marketing on TikTok to be effective. In addition, participants believed that the product link and live streaming sell would be powerful if these functions were available.

Participant A: "I think TikTok appeals to the probably slightly younger user base. But its engagement is a lot higher than any other social media platform. My niece is using TikTok, and if there was the ability for the influencers she follows to sell products, she would probably buy them."

Weibo: The New Zealand equivalent social platform of Weibo is Twitter; however, SMEs in New Zealand do not use Twitter as a platform for promoting businesses. In addition, customers do not use Twitter as much compared to Facebook or Instagram.

Red: Although Red has proved its success in Chinese market, there has not been a similar sized platform for customer reviews. New Zealand marketing experts mentioned similar platforms like Yelp, Facebook Reviews, Google Reviews and customer.co.nz, but these platforms are not comparable to Red in terms of size and functions.

Commission APPs: Participants believed the Chinese Commission APPs used similar marketing strategy as affiliate marketing, from which customers could earn commission by promoting products to their friends. Similar platforms mentioned by experts include: Amazon, Ali Express, Grab One, Shopify.

However, experts have varied opinions on its effectiveness.

5.5. Private traffic

According to the experts, New Zealand SMEs have already adopted email marketing, Facebook Page and Instagram official account for customer engagement, as a form of private traffic management, but since

“private traffic management” is not yet a specified field in marketing, New Zealand small business only applied fundamental techniques of private traffic management.

Perceived barriers included different mindset and regulation. Chinese SMEs usually provide red pocket or coupon as incentives for customers to join social media groups or follow accounts, which would not be effective in other countries, since customers have different mindsets. Furthermore, New Zealand has strict regulations on sending text messages or emails to customers. Without consumers’ explicit permission, business may not send advertisement by email or by text messages.

5.6. Possibilities of using Chinese platforms/strategies to sell within New Zealand

All participants agreed that New Zealand SMEs could use some of Chinese digital marketing strategies to sell in New Zealand. However, the availability of technology, platforms and professionals were considered to be the major barriers. In particular, video, live streaming, and targeted group marketing were believed to be the most effective methods for New Zealand SMEs sell in New Zealand.

Participant A: “I think there are a lot of cues that we could take from, you know, from you sort of mentioned about, I think China is surging in terms of technology, and things like COVID-19 have accelerated and moved us to a cashless society. There's still more that we could do.”

5.7. Possibilities of using Chinese platforms/strategies by local SMEs to sell to China

Business looking to sell into Chinese market definitely need to use the local strategies and platforms. However, for New Zealand companies, who are faced language and cultural barriers, they need to use reliable intermediate that are familiar with Chinese market.

5.8. Summary and barriers for local companies to learn Chinese strategies and platforms

Major barriers perceived by New Zealand marketing experts involved language and culture, which are fundamentally different from New Zealand. Other factors included attitudes and technology adoption. Culture was considered to be the major barrier for marketing knowledge transfer from China. Chinese consumers have distinctive shopping habits compared to New Zealand customers, and sellers need to adjust their marketing strategies correspondingly. Participants reported the difficulty they have when trying to acquire information about Chinese online marketing since they did not know Chinese and had to rely on websites written in the West instead of Chinese marketers.

Participant D: “... but there are a couple of barriers, like the use of technology, integration, and attitudes. Everything you just talked about, like live shopping, video, and payment, starting to really prioritize in terms of the business owner themselves coming to terms with the new technology. But also, it takes them a while to adopt new technology, but the short-video, absolutely.”

6. Discussion of findings from Chinese companies

According to [Fan \(2019\)](#), Chinese SMEs hold positive attitudes towards applying digital marketing strategies and platforms. According to the findings here, they seem to be constantly working to enhance

their online capabilities. Chinese SMEs themselves have the potential for developing a strong understanding and measurement of marketing activities because of global competition, cheaper technology infrastructure, and information visibility (Chong et al., 2011).

Searching, social media and private pools are three major sources for Chinese small business to gain customer traffic. Chinese consumers rely on e-commerce marketplace rather than search engines when they make online purchases, and e-commerce platform like Taobao has developed sophisticated algorithms to satisfy customers searching demand and present searching results based on personal interests. Accordingly, retailers on Taobao studied its algorithms and optimized their online stores to stand out from their competitors. Small businesses had to make use of their limited budget; hence they turned to free traffic and applied every resource to increase their related knowledge. This result indicates that Chinese SMEs are actively enhancing their online marketing techniques in a systematic way, and it contradicts the claim made by Gilmore et al. (2004), who considered SMEs' marketing strategies were informal and reactive. In the following pages, each sub-section discusses one of the six important themes.

6.1. Free traffic

To optimize search results on Taobao, Chinese SMEs study Taobao algorithms and follow each update. Past literature exploring Taobao algorithms focuses on technological aspects rather than applications from business's perspectives. In addition, sellers' responses for negative reviews may influence consumer shopping behaviour (Liu et al., 2020).

Live streaming was considered as one of the most effective digital marketing tools by Chinese SMEs. Shop owners can either hire a model or present products themselves. This study confirms the findings from Wongkitrungrueng and Assarut (2018) that live streaming method is beneficial regarding building trust and maintain customer loyalty. Moreover, this result contributes to the literature by providing new perspectives of live streaming adoption and usage, such as gaining accurate online customers, increasing sales as well as conversion rate, and supplementing product details page.

Data was one of the major tools used by Chinese SMEs to increase business performance. This finding disagrees with the results from Mohamed and Weber (2020), who claimed that SMEs had low awareness of data benefits and inadequate knowledge of big data power. Reasons for Chinese SMEs' enthusiasm for using big data can be several. First, the fierce competition in e-commerce industry has been driving SMEs to operate their online shops with more data-driven techniques. Taobao sellers have free access to Taobao University, which provide techniques and information to boost online performance. Finally, the whole society is passionate about information technology, and Alibaba Group is using big data and AI to create enormous business miracles, which drives SMEs to follow Alibaba's rules and stay updated with the innovative application of information technology.

6.2. Paid traffic

Like Google AdWords, Taobao provides both pay-per-click (CPC) (which is called Express Train) and pay-per-mille (CPM) (named Drill) advertisements. The results showed that sellers with more experience tend to use paid advertisements, while the new sellers were more careful and conservative when it comes