

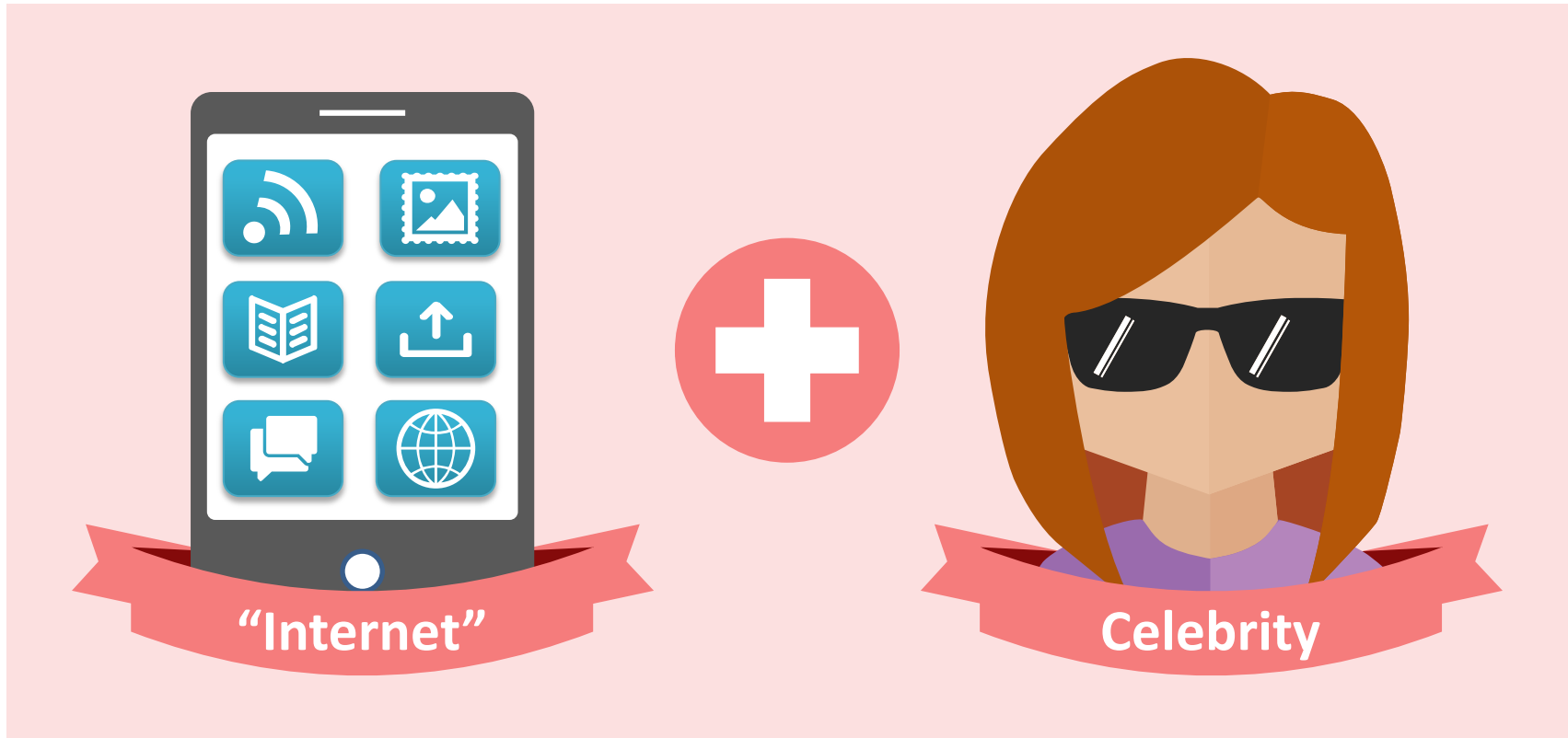
# Cewebrity Economy in China (1) Overview

Management Theories and Business Models

Winnie Lo, Gordon Lam

May 2016

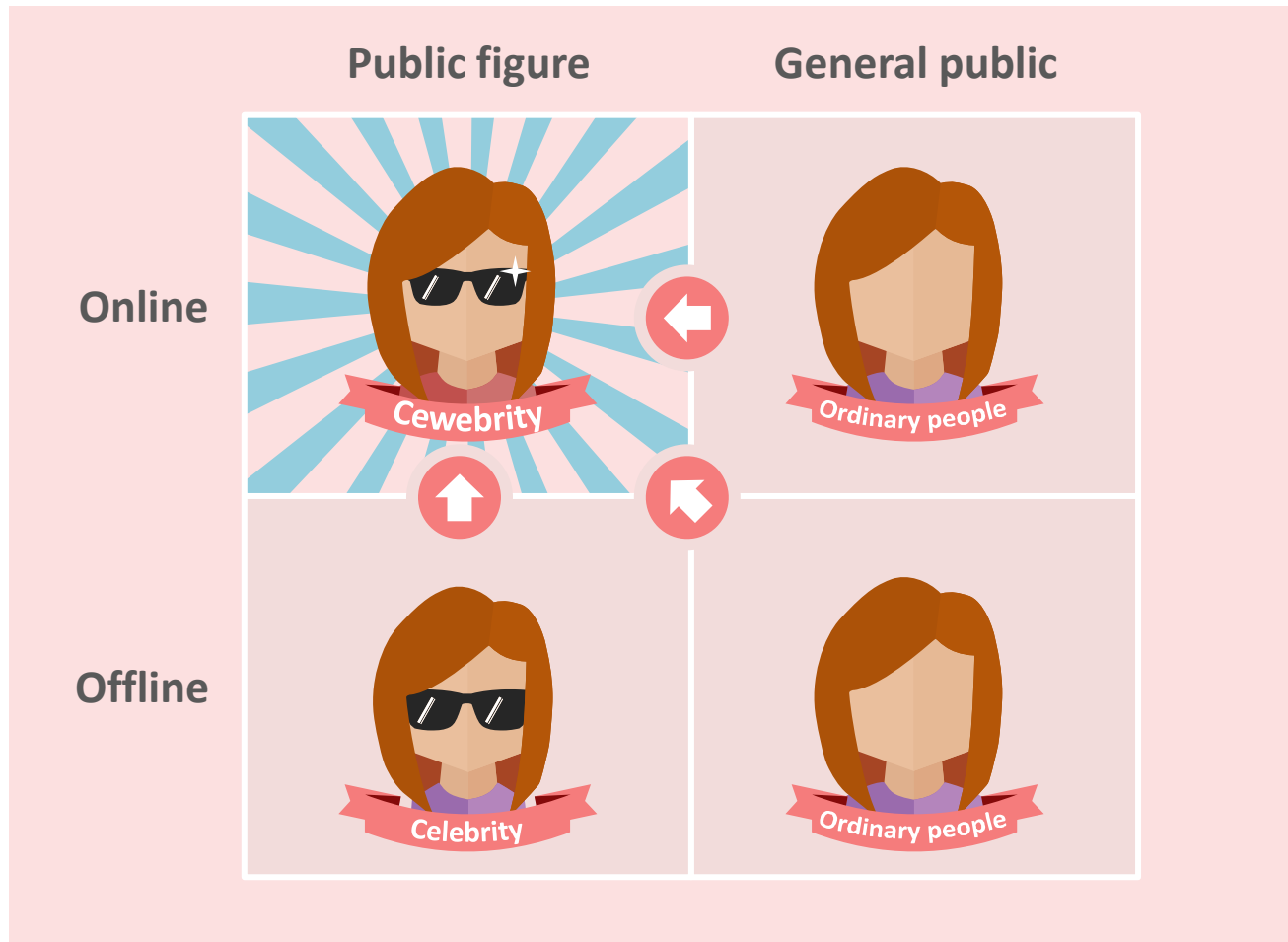
# What is Cewebrity?



“A cewebrity is somebody who is only, or perhaps mostly famous through their presence on the internet, an internet personality who crosses over to the mainstream. A WEB celebrity. A CEWEBRITY.”

~ BBC, 2009

# From ordinary people to cewebrity



- The path of being cewebrity: posting a few blog or video that go viral online
- According to Top 100 ranking of China's cewebrity<sup>1</sup>, over half of them are millennials

<sup>1</sup> <http://www.gsdata.cn/>  
Source: compiled by Fung Business Intelligence Centre

# Cewebrity in China



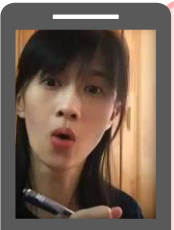
“罗永浩”

An English teacher has 13 million followers on his weibo. One day, he announced to sell mobile in his own brand. His fans earnestly settled down payment prior to the product on shelf...



“罗辑思维”

A former TV host, who has 5.6 million followers on his wechat official account, posts a piece of book review everyday. By end 2015, valuation of his company was RMB 1.3 billion in B-round VC funding ...



“Papi 酱”

An amateur video millennial has 10 million followers from multiple social media platforms. Her videos on Tencent were viewed over 0.1 billion times. The themes of video cover lifestyle, gossip, girls talk, etc. She got RMB 12 million VC funding months ago. Lately, a bid for a one-time pop-up Ad shown at the end of her video clip was closed at RMB 22 million and won by a cosmetic startup in China...



“同道大叔”

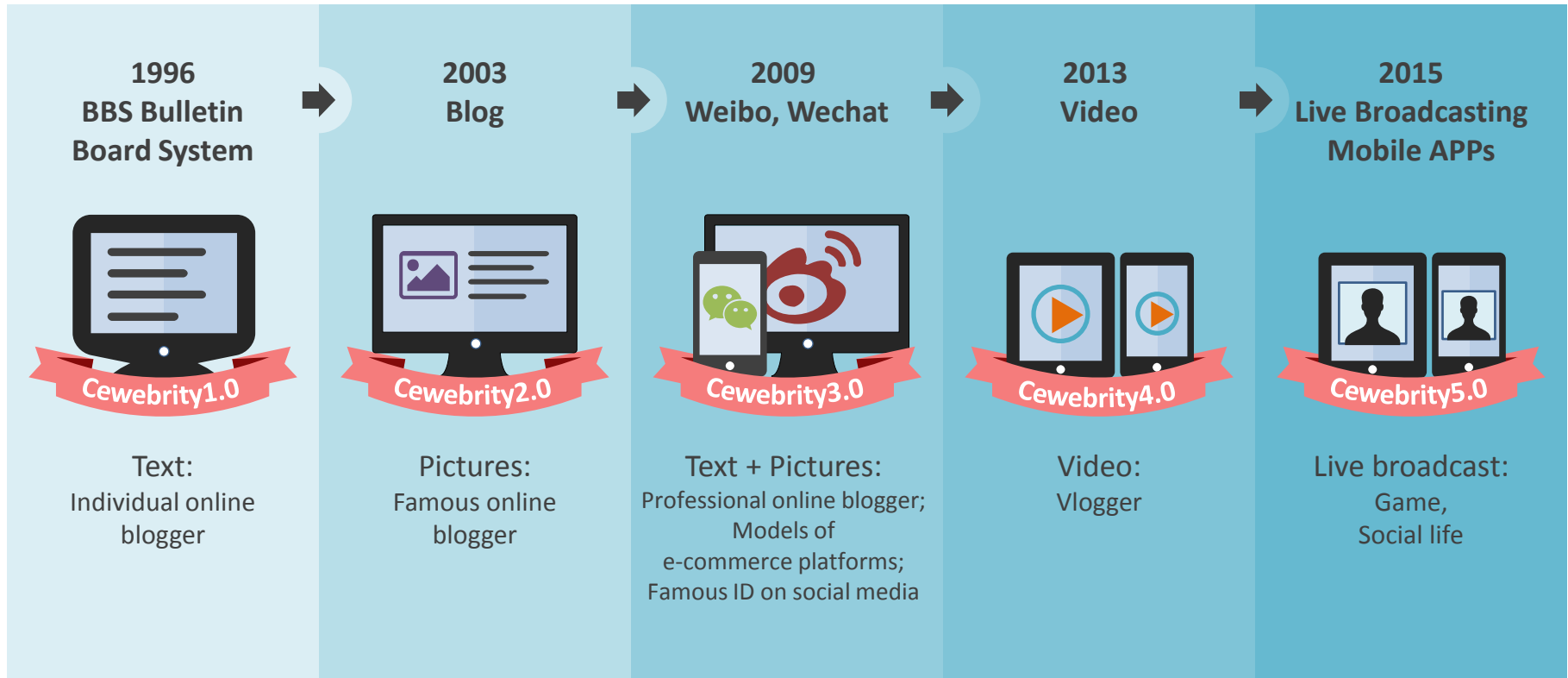
A UGC\* ID has more than 4 million followers on wechat and 7.8 million followers on weibo. The major themes of this ID are comics, horoscope, youth, gossip, etc. Most of the bloggers of this ID are millennials. Each of them earn more than RMB 1 million per year...

\*UGC = User generated content

Pictures source: internet

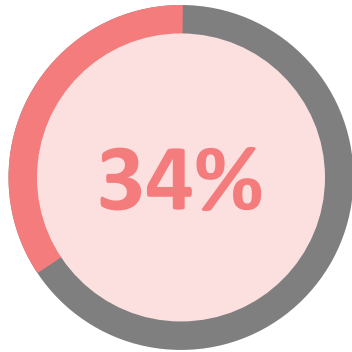
Source: compiled by Fung Business Intelligence Centre

# Development of cewebrity in China

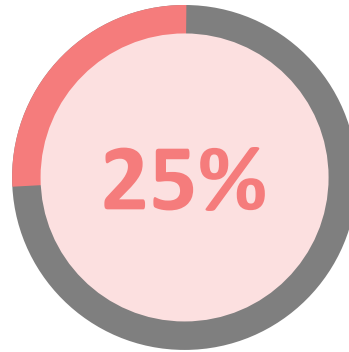


# China's cewebrity economy:

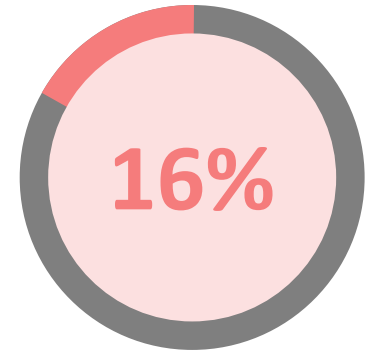
Turn cewebrity into a well-paying career by converting fans to consumers



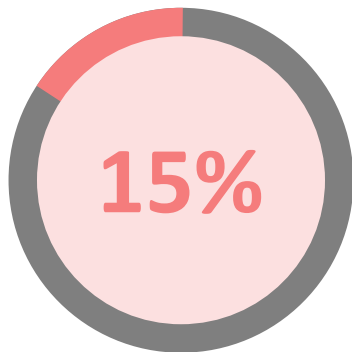
Set up a virtual store on Taobao



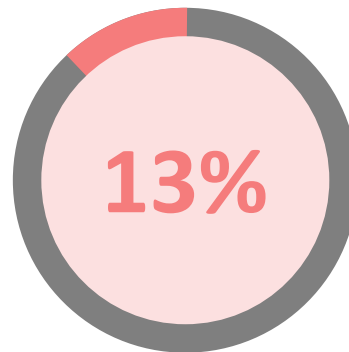
Advertising



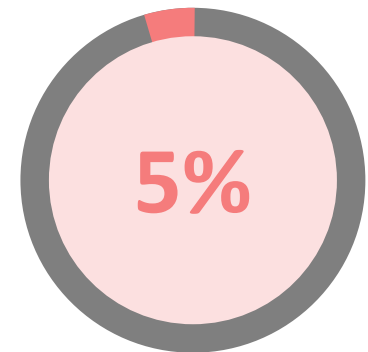
Start his/ her own company



Publish book(s)

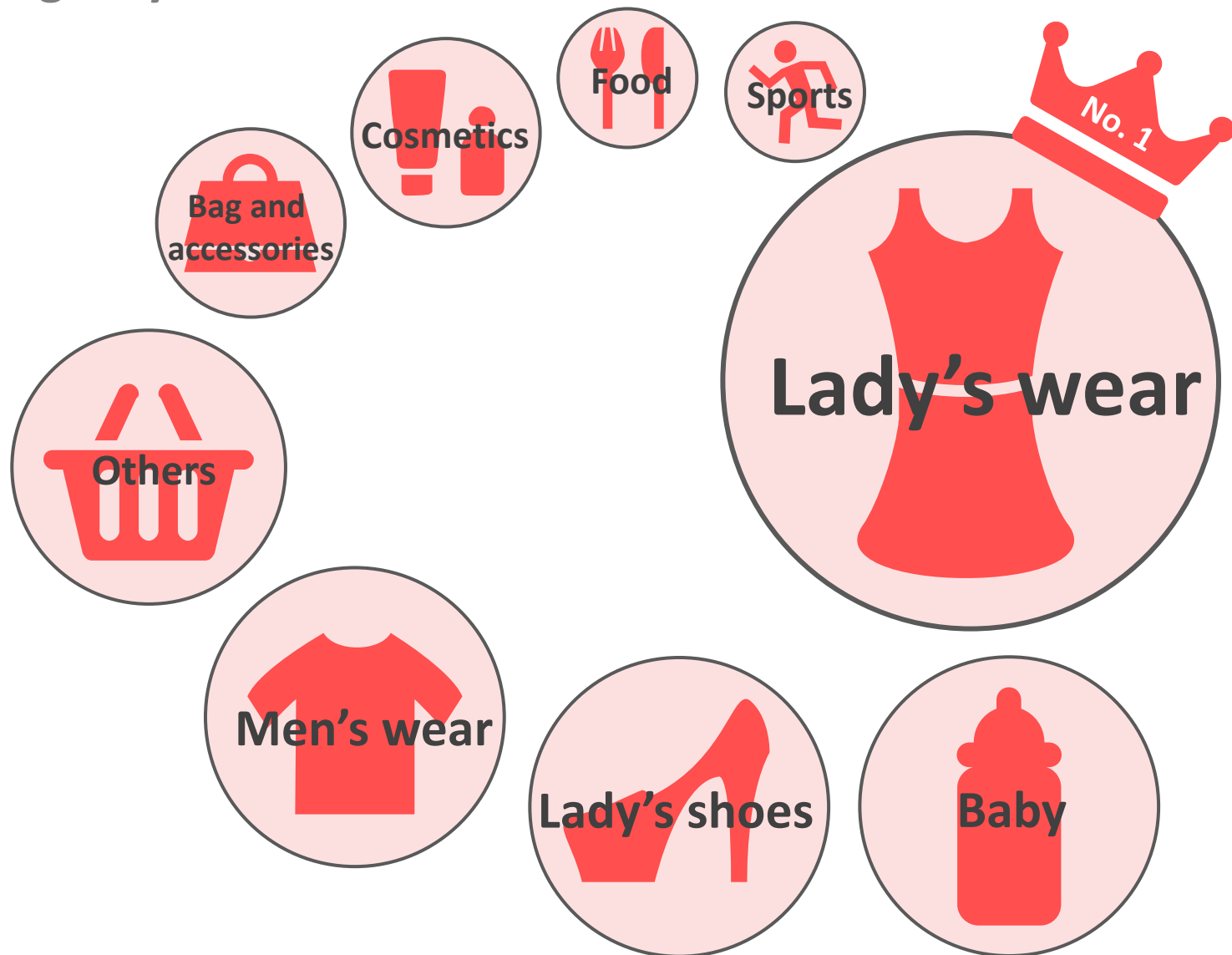


Join an cewebrity incubator



Share commission with E-commerce platform

In 2014 – 2015, most of the virtual stores of the cewebrity are selling lady's wear



# 3 critical elements in cewebrity economy



## Community

(Right contents to right audience at right time)



## Contents

(Talents/ Expertise in specific areas)

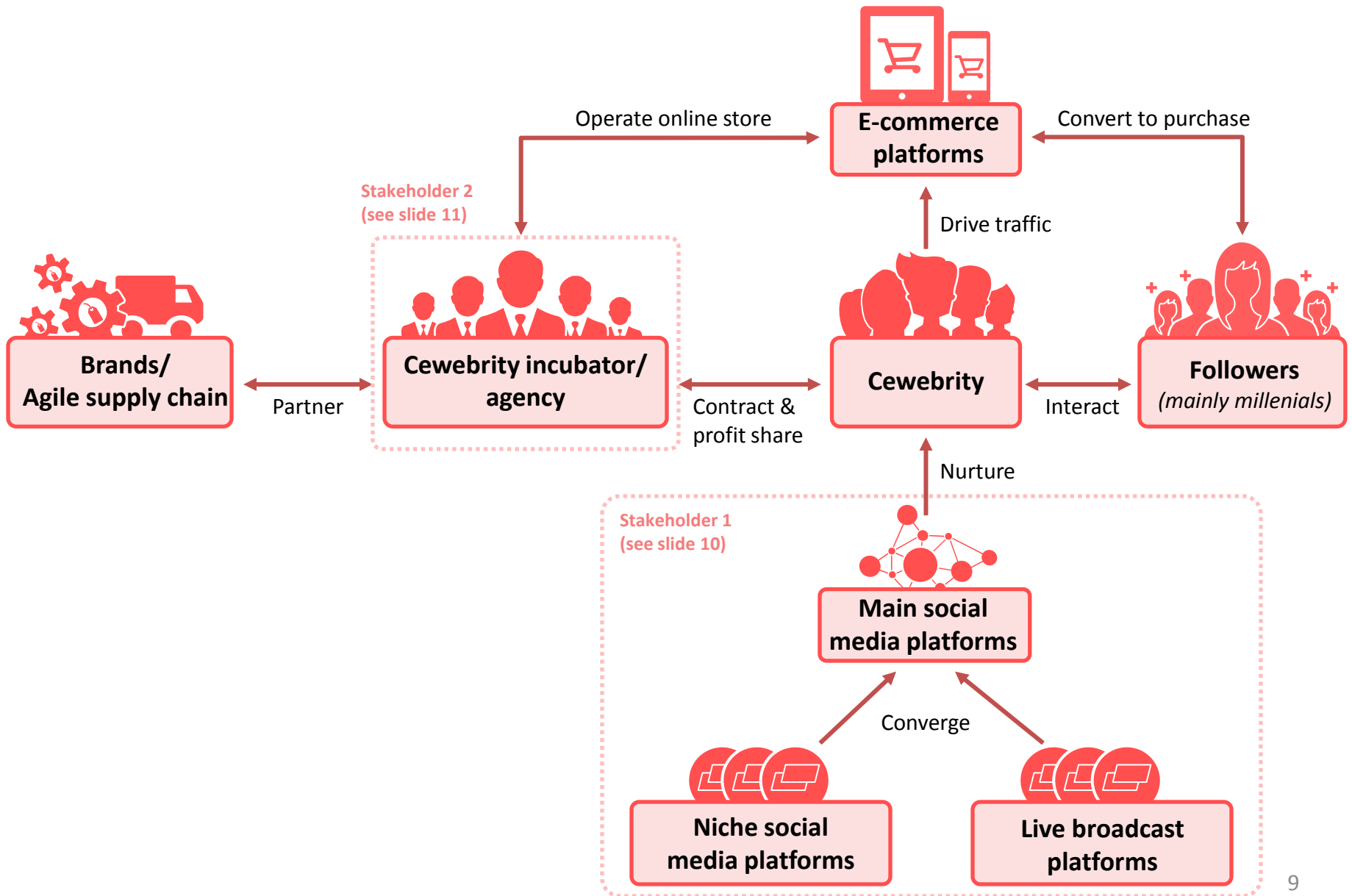


## E-commerce

(Higher conversion rate)

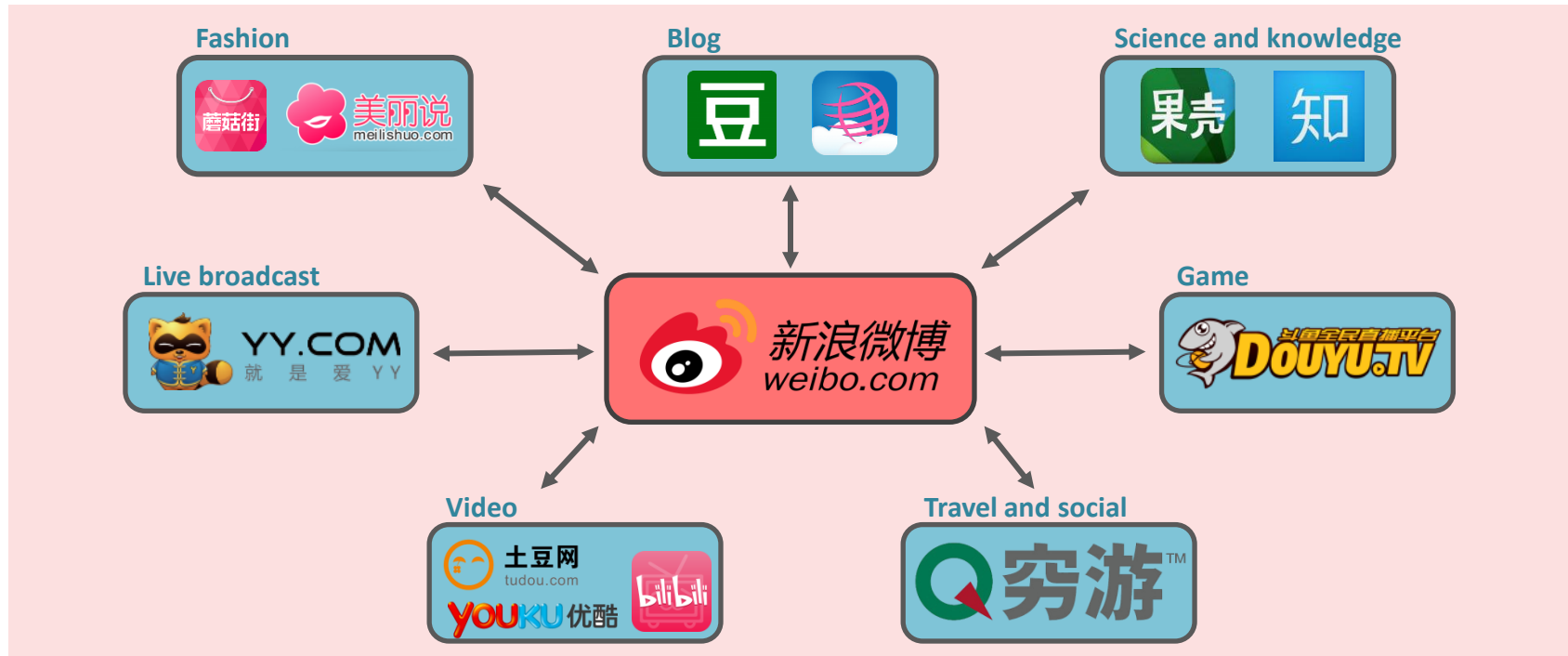


# Cewebrity economy in China



# Cewebrity economy in China:

## Stakeholder 1: Social media platforms



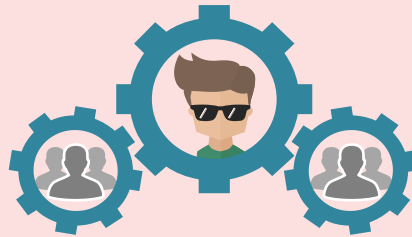
- Users, mainly millennials, often share similar views or possess specific expertise in particular areas on niche social media platforms.
- Some talents would gain attention when interact with each other.
- More followers they have, more likely to become cewebrities on a particular social media platform.
- Then, these cewebrities will convert their fans traffic from a niche platform to a mainstream platform, e.g. weibo, where the number of followers would grow exponentially.
- By converting the followers to consumers, these cewebrities can share profits with brand owners, e-commerce platforms, etc.

# Cewebrity economy in China:

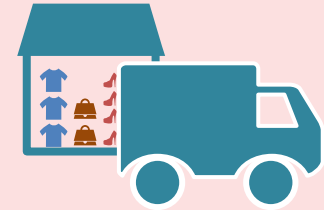
## Stakeholder 2: Cewebrity incubator/ Agency



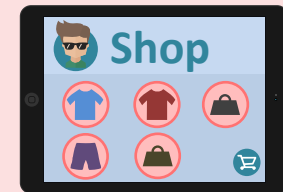
Look for potential cewebrity



Maintain the official accounts of the cewebrity on multiple social media platforms and interact with the followers by a professional team



Operate the supply chain for the goods promoted by the cewebrity



Operate online store(s) in the name of the cewebrity/ selling the goods promoted by the cewebrity

# KPI of cewebrity e-commerce?



Conversion rate



Number of followers



GMV of corresponding e-commerce platform

# Future of cewebrity economy in China



1. UGC evolves from text/ recorded video to live broadcast
2. Followers expect specific contents with innovative presentation methods
3. Cewebrities maintain their personal brand on multiple social media platforms
4. Identifying a smart way in converting fans to consumers is crucial
5. Sustainable growth of cewebrities comes with cross-sector integration

# Future of cewebrity economy in China

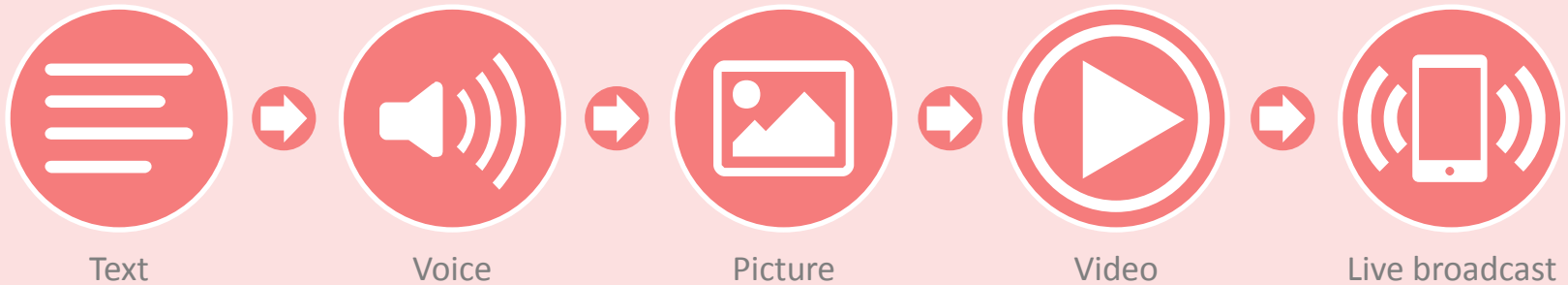
## 1. UGC evolves from text to live broadcast. Why?

- Technically speaking...



- Upgrade of internet bandwidth facilitates the use of 4G and free wifi
- 1080P high density video recording function is available at mobile devices
- Video editing APPs with special features are commonly used on mobile devices
- UGC video clips can be easily shared via social platforms

- Preference of Internet users are evolving



# Future of cewebrity economy in China (Cont'd)

## 2. Followers expect specific contents with innovative presentation methods



Functional factor: The content creates value for the followers, who expect 'professional advice' from the cewebrity



Interactive content: Followers can be inspired by interactive activities, e.g. quick responses from the cewebrities, offline event, games, etc.



Innovative presentation: Contents can be presented in the formats of text, video, 3D graphic, AR, VR, etc.

## Future of cewebrity economy in China (Cont'd)

### 3. Cewebrities maintain their personal brand on multiple social media platforms



Top cewebrities post their news feeds or run their live broadcast on various social media platforms in China, e.g. weibo, wechat, toutiao, miaopai, youku, zhihu, YY, etc.

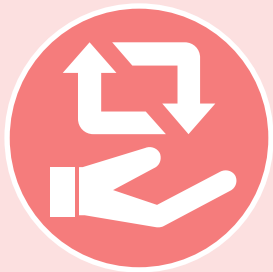


Using multi social media platforms can accumulate a lot of traffic. Also, recommendations from all these platforms create a positive multiplier effect to the branding of cewebrities



## Future of cewebrity economy in China (Cont'd)

### 4. Identifying a smart way in converting fans to consumers is crucial



Cewebrities should cautiously balance the level of embedded advertisement in their news feeds and the experience of followers. A cewebrity would lose their fans by posting too many hard-sell advertisements

### 5. Sustainable growth of cewebrities comes with cross-sector integration



Cooperation between cewebrity and professional media companies/ game developers leads to a win-win situation, in terms of traffic conversion, content production, etc.

# Closing



The beauty of selling goods through cewebrity is trendiness and uniqueness. An agile supply chain is essential for fulfilling the upsurge demand right after the promoting contents go viral.



With the aid of big data, cewebrity and his/ her incubator/ agency should work out an accurate demand forecast plan and a quick response supply chain with quality-guaranteed products.



Marketing through traditional and online channels are getting more expensive, while there is no guarantee these marketing messages will reach the potential consumers. Instead, using a cewebrity channel is a less costly but more effective alternative, which is getting more popular among some brand owners. Also, some brand owners strive to revamp their supply chain to fit in this new marketing model.

Forthcoming



## **Cewebrity Economy in China (2) Supply Chain of Fashion E-commerce**

# Contacts

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