INTRODUCTION

In March 2011, after successfully establishing more than 33 retail stores in large cities across China, Decathlon planned to launch its official Chinese online shopping website. Aaron Zhou, the e-commerce department head of Decathlon China, had experimented with several new Chinese social media channels in order to increase brand awareness among the region's online shoppers. In the upcoming executive meeting, Zhou wanted to persuade the chief executive officer (CEO) of Decathlon China, John Huang, to dedicate even more resources to social media to increase both online sales in the short term and market share in the long term.

COMPANY BACKGROUND

Decathlon, established in 1976, is a French manufacturer and retailer of sporting goods.¹ Decathlon produces and sells a wide range of products, from table tennis balls to treadmills, to a private label sports apparel line. In the past decade, the company has grown into a large multinational corporation, with more than 400 stores operating in Belgium, Brazil, France, Germany, Hungary, Turkey, India, Italy, the Netherlands, Poland, Portugal, Romania, Russia, Spain and the United Kingdom.

By 2009 Decathlon had become the top ranking sports retailer in Europe with global sales ranked number two among all sports retailers. In addition to its success in Europe and other countries, Decathlon was in the process of building its brand in China. A posting by a Chinese customer on an online outdoor sports forum illustrates the typical perception of Decathlon in China:

¹ Decathlon is the retail brand of the Oxylove Network. The company changed its corporate name from Decathlon to Oxylove in 2008, but it kept the Decathlon name for all its retail stores.
“Today, I got to know another giant multinational firm, Decathlon from France. After looking them up on Baidu [the Chinese Google], I was surprised to learn that Decathlon is the largest sporting goods retailer in Europe. I was buying two pairs of outdoor pants for my dad, and I ended up buying two t-shirts for myself, too. It is a really good bargain, and it [the Decathlon store] is like a treasure house. You can do returns or exchanges within one month.”

CURRENT MARKET STATUS IN CHINA AND NEW MARKETING INITIATIVES

Since opening its first Chinese retail store in 2003, Decathlon has grown significantly in China. In 2010 Decathlon China represented 5 per cent of the whole group in terms of annual sales revenue. Most of this revenue was generated through sales in the 33 retail stores located in major cities across China.

In the past Decathlon relied on traditional media to promote its brand. In contrast to the competition, Decathlon has allocated fewer resources to TV advertising campaigns and has not used high profile celebrities as spokespeople. Instead, it has focused a smaller marketing budget on a targeted marketing strategy aimed at specific key customer groups.

The traditional media used include outdoor billboards around high traffic areas, such as outside downtown buildings and near subway exits. Decathlon has also placed advertisements for new products and promotions in local newspapers and flyers distributed by mail. To build customer loyalty the company has offered memberships and organized outdoor sports events and contests. Examples of these events have included skating lessons for kids and basketball games between employees and customers. These promotions have been consistent with the targeted marketing strategy that focuses on specific customer groups and aims at creating positive word of mouth.

In the Chinese market, Decathlon competes not only with more established multinational companies, such as Nike and Adidas, but also with such local companies as Li-Ning (e-lining.com) 7,000 retail stores in China, annual sales revenue of RMB9.4 billion or €1,073 million or US$1,422 million\(^2\) and Anta (7,547 retail stores and annual sales of RMB7.4 billion or €845 million or US$1,120 million).\(^3\)

In January 2010 Zhou began to take notice of the competitors’ aggressive moves in pushing online sales. Anta started selling its products through such online stores as Taobao.com and Inshion.com (see Exhibits 1 and 2), LiNing had introduced its own online store at e-lining.com (see Exhibit 3). Zhou worried that Decathlon would be left behind if it did not enhance its online presence.

Chinese consumers of sporting goods, especially outdoor sports supplies, are predominantly young people who are also very active online. The target customer for sports retailers is primarily 20 to 40 years old. This age group also accounts for more than 50 per cent of the 420 million Internet users in China as of June 2010.\(^4\) The competitors’ online promotional campaigns and new online sales platforms were in position to dramatically change the competitive landscape in the industry.

Zhou and his colleagues decided to review Decathlon’s current online marketing strategy. Decathlon already had some Internet presence, including its official Chinese website, www.decathlon.com.cn, which was used to introduce the company’s major product lines and services in China. According to an Internet

traffic analysis from the statistic generating website Alexa.com, Decathlon’s Chinese website ranked 15,315 among all Chinese websites. This ranking was modest yet encouraging, compared to Lining.com’s 10,985 place, anta.com’s 16,843 place, and nike.com.cn’s 18,541 place.

After reviewing Decathlon’s current online marketing status, Zhou and his colleagues concluded that while effort had been made to develop a website, there had been no additional efforts made to drive traffic to it. Specifically, they needed to attract the potential target customers to their online store. After a long discussion within the marketing department, they decided to introduce a Decathlon online store following a two-step plan.

The first step was to establish an online branded Decathlon store under the largest Chinese online shopping gateway (or portal), Taobao.com (Taobao). As the Chinese equivalent of Amazon.com, Taobao allows companies to display their products and provide customer support by communicating with customers through an online messaging system. Taobao also provides payment processing for online sales. In return, it charges service fees. A branded store on Taobao can be set up very quickly, and it can facilitate connection to online shoppers. The second step would be to eventually establish Decathlon’s own online store.

Decathlon’s store on Taobao opened in March 2010 (see Exhibit 4). It received an average of less than 1,000 customers a day visiting the site, only 20 per cent of whom bought products. The online sales through Taobao increased steadily after opening. By the end of 2010 sales on Taobao accounted for 5 per cent of all Decathlon products sold in China. At the same time, the limitations of Taobao became evident. Decathlon had to rely on Taobao’s search engine to attract customer traffic. When a consumer uses Taobao to search for a sports related product, such as a bike, all stores on Taobao that carry bikes appear in the search results. Decathlon products and brand were not getting enough attention from shoppers in such an overcrowded shopping portal environment.

With the online store established on Taobao, the next question (before pursuing step 2 and setting up an online store outside of that portal) was how to attract more online shoppers. Zhou called for a meeting in early January 2011 to determine the best way to increase brand awareness among online shoppers. In the meeting a few colleagues mentioned that their competitors had been using social media to promote their products (see Exhibit 5). That got Zhou thinking about using social media to connect with Decathlon’s customers. After researching social media for two weeks, Zhou identified some of the most popular social media platforms in China.

OVERVIEW OF SOCIAL MEDIA IN CHINA

Social media platforms in China are dominated by local players (see Exhibit 6). The global players such as Facebook, Twitter and YouTube have all attempted to enter the Chinese market but were outperformed by their Chinese counterparts, which are mostly just clones with some local modifications.

The success of Chinese Internet companies is due in large part to support from the Chinese government. There are sensitive topics that the Chinese government wishes to keep from the wide population. Local companies are more likely to comply with the government hard line without resorting to lengthy negotiations. International companies may seek concessions and find it difficult to comply with all regulations because of pressure from their worldwide stakeholders. As a result, social networking websites such as MySpace, Facebook, Twitter and YouTube have been blocked permanently since the summer of 2009. Hence, Chinese nationals have turned to domestic social media sites (see Exhibit 7).
Chinese Facebook: Renren.com⁶ and Kaixin001.com⁶

Kaixin001.com is an online social media network that was launched in March 2008 to target white-collar workers. At the end of 2010, Kaixin001 had 90 million registered users. Renren.com (literally, “everyone network”), formerly known as Xiaonei.com (literally “on-campus network”), is an online social media network that was launched in December 2005 and primarily targeted college students. It was acquired by Oak Pacific Interactive (OPI), a Chinese Internet consortium that created a similar college social network called 5Q in October 2006. In March 2008 Xiaonei launched its WAP version, which allowed users access through mobile phones. Xiaonei featured an instant messaging service (Renrenzhuomian, literally, “people’s desk”) designed specifically for its users, which was more popular than Facebook chat. In August 2009 Xiaonei officially changed its name to Renren, as well as its domain to www.renren.com.

In early 2009 Renren purchased the kaixin.com domain and launched a Kaixin001 clone. Kaixin001 sued OPI for unfair competition. The court ruled that there was a lack of evidence, and the two parties shared the costs. At the end of 2010 Renren had 160 million registered users between the two platforms, Renren and Kaixin001.

Both Renren and Kaixin001 have similar functions to Facebook. In addition, Renren offers many online mini games such as adopting pets, winning luxury cars and others. The online games are more popular on these platforms than the games in Facebook.

Renren and Kaixin001 target college students and white-collar workers, and thus the primary age of users ranges from 18 to 34 years old. Renren operates an advertising vehicle that allows companies to display their ads under a section titled “Renren’s Recommendations.” As with Facebook ads, they are displayed on individual profile pages based on users’ selected interest groups. The cost of these ads is less than traditional advertising channels such as television or radio. Kaixin001’s advertising vehicle is similar to that of Renren. Both Renren and Kaixin001 welcome companies to use their social media websites to create their own individual profiles where they can interact with customers and make announcements.

Chinese Twitter: Sina Weibo⁷

Micro-blogs in China operate in the exact same fashion as their larger global equivalent, Twitter. Although many Chinese Internet players run micro-blogs, only Sina Weibo (t.sina.com.cn) has gained momentum. A Chinese micro-blogging site, owned by Sina Corp and launched in August 2009, it is designed to be easy to use on mobile Internet devices. These mobile users now account for 360 million people in China. In addition, the participation of the most popular celebrities attract a lot of attention. The company claims it now has more than 60,000 verified VIP accounts of celebrities, athletes and other stars.⁸ Sina Weibo encourages people to use their real identity, which they claim brings 50 per cent more followers to an account. Sina Weibo had more than 100 million registered users at the end of 2010. All age groups are represented, with the majority of users in the 18- to 34-year-old age group.

Like on Twitter, businesses can create a Sina Weibo company profile to announce news and promotions. One popular marketing strategy involves asking micro-blogging celebrities to endorse a company or brand.

in their blog posts. Some celebrities have up to five million followers, bringing instant brand recognition to a large online group. One company, a bookstore in China, sent a celebrity its monthly bestselling books. This celebrity used a micro-blog to offer thanks to the bookstore, which, in turn, gave the bookstore increased exposure and traffic. Other companies quickly followed suit, until celebrities caught on and stopped giving companies free publicity. Companies now need to find more creative and sincere approaches in order to generate endorsements.

**Chinese YouTube: Tudou.com**

Tudou (literally, potato), founded by Gary Wang and Dutchman Marc van der Chijs, was initially designed as a video blogging company and was launched on April 15, 2005, several months before YouTube. It was formerly known as Toodou.com. The name was changed to Tudou.com in August 2006 when that domain became available. According to CEO Wang, the name comes from the English idiom couch potato. The company’s motto is that everyone is a director of life. 10

Tudou is one of the largest video sharing websites in the world. Similar to the functionality of YouTube, it enables users to upload videos and share them with viewers and other users. In 2009 Tudou partnered with Chinese film production companies in an effort to produce and distribute short films that were first created in Tudou blogs.

Tudou’s monthly unique visitors reached 95 million in June 2009 and 170 million in June 2010. All age groups are represented on Tudou, with the majority in the 18- to 34-year-old age group.

Tudou created one of the largest video advertising platforms for Internet videos in June 2007. This platform allowed Tudou to insert video ad content before playing user-generated videos. Viewers must watch the attached ads before they are able to watch the video they have chosen. On each page, photo ads, much like prints of traditional media, line the exterior. These are large and colourful, making them impossible to miss.

As it is a similar platform to YouTube, many of the same promotional strategies apply with Tudou. It is common to ask Tudou-made celebrities to endorse a company and talk about their products. Tudou also enables companies to create and distribute their own unique and entertaining ads as video posts.

**Bulletin Board System (BBS)**

Bulletins are online forums where individuals can post questions and engage in discussions on any range of topics, from relationships to different toilet paper brands. Posters receive answers to their questions from anonymous bloggers or forum posters. For example, if one asks, “Please recommend which brand of eye cream is best for dark circles,” one would receive responses about various eye cream brands and people’s personal experiences with these various brands. The BBS have developed into two categories: one is a forum of the latest hot topics, and the other is focused on posts about one consistent topic. The Bulletin Board System (BBS) or online forum is very popular in China. There are three billion registered BBS users in the country. More than 96 per cent of Chinese online users have spent an hour or

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more a day on BBS sites, and BBS sites have accumulated 1.6 billion page views per day. Of the online users, 98 per cent have contributed to a BBS by publishing articles, replying to posts and participating in polls. The Chinese are rather reserved in real life but show little inhibition in expressing themselves online. BBS users also tend to be more mature, in the 20- to 40-year old age bracket, and from various professional backgrounds.

On BBS more than 80 per cent of users search for product information. Of these, 61.7 per cent are keen to ask other BBS users for opinions before making a purchase. Also, 47.3 per cent of users bought products directly from a BBS.

Studies suggest that Chinese people tend to respond well to word of mouth and consult others before making a purchase decision. Businesses must be aware of this influential community and about what is being discussed about their company or products. Proactive management is paramount in order to influence or control the information being passed along. Banner ads are the most popular means of advertising on BBS. Many companies have their own BBS, however, people seem to trust third-party BBS websites more.

**DECATHLON'S USE OF SOCIAL MEDIA**

In late January 2011, Zhou shared his research findings with his colleagues, creating a lot of interest in social media within the marketing department. After carefully analyzing the benefits and costs of using social media, Zhou and his colleagues concluded that this could be a low-cost and effective way to attract their target online customers and direct them to a particular destination. They decided to experiment with some of the social media to prepare them for using these media in the future when their own online store was launched.

**BBS**

**Taobao Bangpai**

The first social networking site that came to Zhou’s mind was the Taobao Bangpai, a BBS-like function built into the site that allows the seller to connect directly to customers. By using the Bangpai, Decathlon attempted to create a community attached to their Taobao shop, which groups all the visitors and shoppers of Decathlon products. However, the number of people who joined the community was very low. Zhou believed that this was because the mentality of a Taobao user is simply to shop and leave — Taobao is too commercially driven to build a social community.

**www.8264.com**

After seeing the limit of the Taobao Bangpai, Zhou decided to try a larger BBS that has a real atmosphere of community. Zhou soon identified 8264.com as the ideal test ground because it was a website about outdoor activities, including an introduction to outdoor activity knowledge, improving outdoor activity awareness and providing outdoor activity tips. The most popular webpage was bbs.8264.com (see Exhibit 8). The BBS provided a platform for people who shared the same passion for outdoor activities to interact with each other. The community members shared their travel experiences, travel tips and pictures. Members used nicknames but post actual photos, which helped bring a sense of trust and identity to the community. There were also groups for each geographic region to provide the opportunity for members to
find travel partners locally. The overall sentiment of interaction was fun, friendly and supportive, which had contributed to the continued growth of the community.

While 15 other outdoor equipment companies fought for viewers on the homepage of 8264.com, Decathlon strategically posted a noticeable banner ad on the webpage of bbs.8264.com, which had the highest traffic and least competition (see Exhibit 8). Clicking on the banner ads led viewers to Decathlon’s online store hosted on Taobao. Decathlon measured the effectiveness of the ads by a conversion rate calculated as purchase order per visit from bbs.8264.com. The strength of banner ads on bbs.8264.com was that Decathlon could target one of its major customer segments, that is, people who love outdoor activities. These ads helped generate brand awareness; however, ads in a community like this led to a low conversion rate (15 per cent of the Taobao store). People on this site were focused on being social and not on making a purchase. Were banner ads the most effective way to promote the brand and online store in a community? Were there other, more effective ways to promote a brand in a community?

**Chinese Micro-blog: Sina Weibo**

Decathlon created its official account under Sina Weibo (Sina’s micro-blogging site) in January 2011 and had attracted 1,098 followers as of March 2011. Decathlon used micro-blogging to announce news and discounts. To engage interaction in the community, Decathlon launched contests in March, in the form of question and answer sessions with prizes. Contest winners first submitted their answer to Decathlon at designated times.

The Sina blog seemed to generate some buzz and was mentioned among its followers. The strength of the micro-blog allowed Decathlon to target the massive number of mobile Internet users in China. Another strength of the micro-blog was the instant message function that transfers information at great speeds. The current priority was to gain as many fans, or followers, as possible.

**Chinese Facebook: Renren.com and Kaixin001.com**

Decathlon had not yet created an official profile on Renren or Kaixin001 as a marketing tool. However, Decathlon realized the importance of these social networks and planned to launch its marketing campaign on these sites soon. Decathlon existed in Kaixin001 as a group created by its employees. The group was initiated in 2008 with 110 employees who used it as a chat room for sports. Most other companies, such as Lancôme and Sony, operated company-related groups on these sites. Lancôme has the most fans with 298,000 followers.

**WHAT’S NEXT FOR DECATHLON’S SOCIAL MEDIA MARKETING STRATEGY?**

After their first attempts at social media marketing, Zhou and his colleagues found utilizing social media much more complicated than they first thought. Having explored social media platforms to drive traffic to their online store, they recognized the challenge of generating traffic within social media platforms.

**The Problem**

The annual meeting is being held in a few days, and Zhou has to put together a social media marketing plan proposal to present to the top management team for approval. The meeting will discuss how to
achieve a higher-than-industry sales increase in 2011, whereas the retailing industry is growing at roughly 10 per cent on an annual basis.

Although Decathlon has started using various social media platforms in China to promote its brand and to attract potential customers to the online storefront in Taobao, Zhou feels that the company’s use of these four major platforms is not as effective as it could be. He believes that social media will be the future direction for promoting the company’s brand to online shoppers and young consumers, and this new plan must fully take advantage of the opportunities available.

How can Decathlon better reach more consumers through the various social media platforms? In preparing the report, Zhou also feels that he is missing a framework to measure the effectiveness of using social media as a marketing tool. Traditional metrics, such as conversion rate, are only applicable to more traditional websites. He wonders how he can fully evaluate the sales impact of using social media platforms, especially in generating brand awareness.
Exhibit 1

SCREEN SHOT OF ANTA’S TAOBAO STORE
Exhibit 4

SCREEN SHOT OF DECATHLON'S TAOBAO STORE

Source: http://decathlon.taobao.com/view_page-91526494.htm Accessed April 1, 2011

Exhibit 5

HOW COMPETITORS DO ON SOCIAL MEDIA

<table>
<thead>
<tr>
<th></th>
<th>Nike</th>
<th>Adidas</th>
<th>Li-Ning</th>
<th>Anta</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 sales in China</td>
<td>RMB12 billion</td>
<td>RMB8.8 billion</td>
<td>RMB9.47 billion</td>
<td>RMB7.41 billion</td>
</tr>
<tr>
<td>RenRen(number of fans)</td>
<td>148,020</td>
<td>269,988</td>
<td>180,347</td>
<td>No presence</td>
</tr>
<tr>
<td>Weibo: fans</td>
<td>76,095</td>
<td>28,618</td>
<td>49,932</td>
<td>143,117</td>
</tr>
</tbody>
</table>

Reference for sales:
Li-Ning //money.163.com/11/0531/10/75CIDNM700253G87.html, accessed April 1, 2011.
### Exhibit 6

**CHINESE INTERNET PLAYERS VERSUS GLOBAL PLAYERS**

<table>
<thead>
<tr>
<th>Type</th>
<th>Leading player in China</th>
<th>Global player</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search Engine</td>
<td>Baidu</td>
<td>Google</td>
</tr>
<tr>
<td>E-commerce</td>
<td>Taobao</td>
<td>eBay</td>
</tr>
<tr>
<td>Instant messenger</td>
<td>QQ</td>
<td>MSN</td>
</tr>
<tr>
<td>Video hosting</td>
<td>Youku, Tudou</td>
<td>YouTube</td>
</tr>
<tr>
<td>Picture hosting</td>
<td>Yupoo, Bababian</td>
<td>Flickr</td>
</tr>
<tr>
<td>Student Social Networks (SNS)</td>
<td>Renren</td>
<td>Facebook</td>
</tr>
<tr>
<td>Working Class SNS</td>
<td>51.com, Kaxin001</td>
<td>MySpace</td>
</tr>
<tr>
<td>Business SNS</td>
<td>Tianji wealink</td>
<td>LinkedIn</td>
</tr>
<tr>
<td>Anonymous BBS</td>
<td>Tianya</td>
<td></td>
</tr>
<tr>
<td>Portal</td>
<td>Sina, Sohu</td>
<td>Yahoo</td>
</tr>
<tr>
<td>Blog Service</td>
<td>Blogbus</td>
<td>Blogger</td>
</tr>
<tr>
<td>Micro-blog</td>
<td>Sina Weibo</td>
<td>Twitter</td>
</tr>
</tbody>
</table>

### Exhibit 7

**SOCIAL MEDIA PLATFORM**

**(SUMMARY OF FUNCTIONALITY, DEMOGRAPHIC, MARKETING TOOL)**

<table>
<thead>
<tr>
<th>Platforms</th>
<th>Functionality</th>
<th>Demographic per Alexa</th>
<th>Marketing tool</th>
<th>Alexa ranking (past three months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renren</td>
<td>Social networking service, similar to Facebook</td>
<td>College students and white-collar workers (18 to 35 years old); mostly childless, more women with income less than $100,000</td>
<td>Display ads, company fan page</td>
<td>#103 worldwide; #16 China</td>
</tr>
<tr>
<td>Kaixin001</td>
<td>Social networking service, similar to Facebook</td>
<td>White-collar workers (25 to 35 years old)</td>
<td>Display ads, company fan page</td>
<td>#146 worldwide; #26 China</td>
</tr>
<tr>
<td>Sina Weibo</td>
<td>Same as Twitter</td>
<td>Students and professionals (18 to 40 years old) account for majority, while all age group are present</td>
<td>Company fan page</td>
<td><a href="http://www.sina.com">www.sina.com</a> #15 worldwide; #3 China Sina Weibo contributes 40.13 per cent</td>
</tr>
<tr>
<td>Tudou, Youku</td>
<td>Same as YouTube</td>
<td>Students and professionals (18 to 40 years old) account for majority, while all age group are present</td>
<td>Company information videos (ads, or interviews)</td>
<td>Tudou.com #52 worldwide; #13 China; Youku.com #48 worldwide; #10 China</td>
</tr>
</tbody>
</table>