Chinese consumers are willing to pay premium prices for the technology brands they like. Constantly communicating innovation, setting up brick-and-mortar stores, engaging fans and users with marketing events as well as being socially responsible can help brands to foster popularity among Chinese consumers.’

– Terra Xu, Senior Research Analyst

This report looks at the following areas:

- The importance of brands in technology purchase
- Building up word-of-mouth reputation
- Attracting fans among affluent users

The technology market in China has become more competitive and fragmented. Fostering fans is important for technology brands, as Chinese consumers are willing to pay premium prices for the technology brands they like.

To drive brands’ popularity, constant innovation is essential. It is also important to communicate the innovation with consumers, for example, allowing them to experience the latest products in brick-and-mortar stores. Secondly, engaging fans in marketing communications can help brands to build up word-of-mouth reputation, which is important for Chinese consumers to decide their favourite brands. Last but not least, to appeal to affluent consumers, being socially responsible may help brands to stand out.
What we think

The importance of brands in technology purchase

The facts
Building up word-of-mouth reputation

The implications

Attracting fans among affluent users

The facts

The implications

Expenditure on technology and communication grows steadily

Smartphone markets struggling after years of strong growth

State policies and consumers’ interest drive market growth

Market Trends

Expenditure on technology and communication grows steadily

Figure 9: Consumer expenditure, by sector, 2015

Figure 10: Chinese technology and communication expenditure and growth, 2011-2015

Struggling smartphone markets after years of strong growth

Figure 11: Smartphone total volume sales and growth in China, 2011-2015

State policies and consumers’ enthusiasm drive market growth

Companies and Brands – What You Need to Know

International players’ latest developments
Domestic players’ latest developments
Technology product brands building up holistic ecosystems
Internet service brands leverage power of VR, festival marketing and develop online financial services
Experience stores help establish brand image and display products
Smart devices applied in more areas
Being moral

Key Players

International players
Apple Inc.
Samsung Group
Microsoft Corporation
Google
Amazon.com, Inc.
Domestic players
Baidu, Inc.  
Alibaba Group  
Tencent Holding Limited  
Huawei Technologies Co. Ltd.  
Xiaomi Inc.

**Competitive Strategies**

- Building holistic ecosystems
- Leveraging the power of VR
- Holiday marketing
- Online financial services become essential for internet service brands

**Who’s Innovating?**

- Experience stores help establish brand image and display products
- Huawei’s first experience store in Tokyo, Japan
- DJI’s store in Shenzhen to introduce drones
- Casio opens experience store for Exilim digital cameras
  - Figure 12: Casio brick-and-mortar store, K11 Shopping Mall, Shanghai, May 2015
- Smart devices applied in more areas
- Smart watches for children
- Smart pet feeders
  - Figure 13: FeedPeek smart pet feeders, at the Consumer Electronics Show Asia, May 2016
- The ONE smart piano
  - Figure 14: The ONE Smart Piano Classroom, at the Consumer Electronics Show Asia, May 2016
- Being moral
- Apple going green
- WeChat to the rescue

**The Consumer – What You Need to Know**

- Fiercely competitive technology market
- 'BAT' continues to dominate the market, while Apple and Huawei gain popularity in tier one cities
- Leading technology brands face challenge from lapsed users as well as attracting trial
- Apple is the most liked technology product brand, while Samsung and Huawei vie for next place
- Product quality is the most important reason for preferring technology product brands
- 'BAT' are the most liked internet companies
- Being user friendly is essential for internet service brands
- Most consumers are potential loyal consumers of technology brands
- Innovative functions may drive consumers to switch brands
- Innovation can draw consumers’ interests in brands
- Optimistic outlook for paid internet services

**Awareness and Usage of Technology Brands**

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Fiercely competitive technology market
Figure 15: Awareness and usage of leading technology brands, March 2016

The drop in usage implies a more fragmented market

'BAT' continue to dominate the market

Apple and Huawei gain popularity in tier one cities
Figure 16: Users of leading technology brands in tier one cities, March 2016 and July 2014

Samsung, Sony, Lenovo and Google face lapse in users
Figure 17: Lapsed users of leading technology brands, March 2016

Xiaomi, Amazon, Sony and Huawei need to attract trial

Xiaomi can use differentiate approaches to appeal to different demographic groups

Huawei on the way to consolidating brand identity

Amazon needs to attract more male consumers

Sony should continue offering high quality products
Figure 18: Non-users of leading technology brands, March 2016

Apple is the most liked technology product brand

Samsung and Huawei compete closely
Figure 19: Favourite technology product brands, March 2016

International technology brands enjoy higher popularity

Domestic brands appeal to young consumers

Large minority of consumers in their 40s do not have favourite technology product brands
Figure 20: Favourite technology product brands, by demographics, March 2016

Product quality is essential to develop fans
Figure 21: Reasons for favouring technology product brands, March 2016

Leading technology product brands demonstrate various appealing features
Figure 22: Reasons for favouring technology product brands, by brands, March 2016

'BAT' are the most liked internet companies

Older consumers and those with lower income care less about internet service brands
Figure 23: Favourite internet service brands, March 2016

Baidu is more popular among young consumers

Tencent and Alibaba enjoy popularity across different demographics

Offering business solutions drives favourability for Microsoft and Google
Figure 24: Favourite internet service brands, by demographics, March 2016

Being user friendly is essential for internet service brands
Figure 25: Reasons for favouring internet service brands, March 2016

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Baidu well performs in offering free services
Tencent is well recognised for its mobile services
Alibaba outperforms in terms of variety of services
Microsoft enjoys good word-of-mouth reputation
Sina should establish competitive advantage as information source
Google outperforms in being socially responsible

Figure 26: Reasons for favouring internet service brands, by brands, March 2016

Attitudes towards Technology Brands

Most consumers are potential loyal consumers of technology brands
Innovation is important to promote premium prices
Offering a holistic ecosystem can help drive loyalty
Consumers want technology brands to reflect social status
    Figure 27: Attitudes towards technology brands, March 2016
Innovative functions may drive consumers to switch brands
Consumers in their 30s and 40s care more about functions
    Figure 28: Attitudes towards technology brands, continued, March 2016
Innovation can draw consumer interest in brands
    Figure 29: Attitudes towards technology brands, continued, March 2016
Offering promotions for existing users to attract future purchase
Optimistic outlook for paid internet services
    Figure 30: Attitudes towards technology brands, continued, March 2016

Meet the Mintropolitans

Mintropolitans prefer international brands
    Figure 31: Favourite technology product brands, by consumer classification, March 2016
When it comes to tech brands having trustworthy leaders appeals more to Mintropolitans
    Figure 32: Reasons for favouring technology product brands, by consumer classification, March 2016
Mintropolitans are less price sensitive about internet services
    Figure 33: Attitudes towards technology brands, by consumer classification, March 2016

Appendix – Methodology and Abbreviations

Methodology
Mintropolitans
Why Mintropolitans?
Abbreviations