

SaaS+X 2022 White Paper on Digital Operation by iClick

Preface

One billion users accessed the mobile Internet in 2021, and China has established the largest and most dynamic digital society in the world.

In the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through to 2035 released the same year, there was an entire chapter dedicated to "Accelerating Digital Development and Building a Digital China", proposing a new index to measure the added-value of core industries in the digital economy as a proportion of GDP. It has also set a clear goal for the digital economy to rise from 7.8% in 2020 to 10% in 2025 – a growth rate of 28%. With regards to China's national strategy, digitalization is highly acknowledged as a vital driver for high-quality economic development.

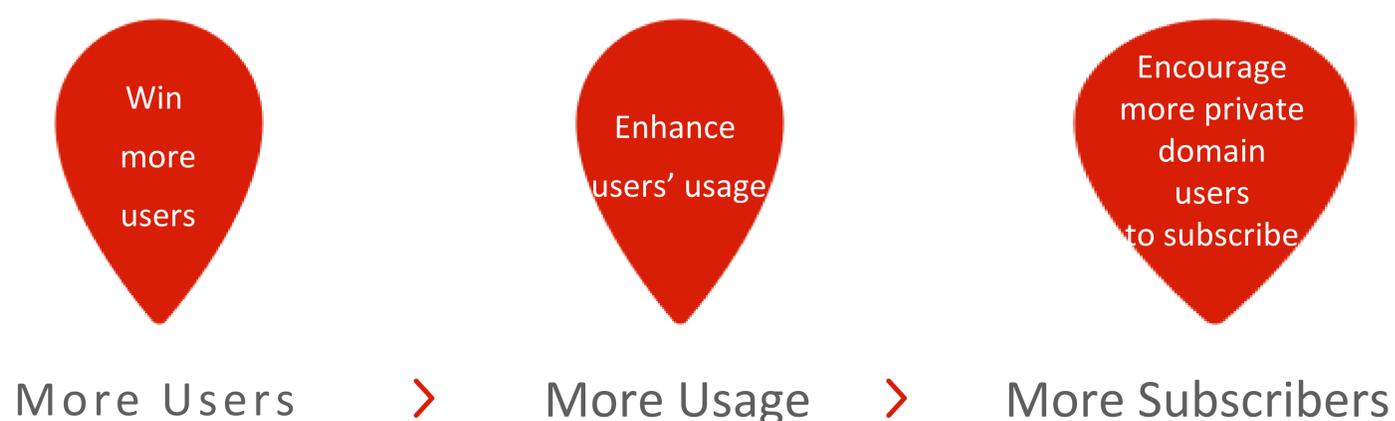
In the foreseeable future, digitalization will become the cornerstone of every aspect of business, and existing business models will be redefined from a digitalization perspective. Sticking to conventions will only hinder development as the future becomes more and more digital. Therefore, the question of how to thrive in an increasingly digital business world will become a long-standing issue for enterprises.

Not surprisingly, Chinese enterprises will gradually reach a consensus on their digital transformation path in the next 30 to 50 years. However, the COVID-19 pandemic has caught everyone off guard. In the past, digitalization only benefited certain enterprises, but now it has become the key to survival for enterprises in all kinds of sectors. Driven by the pandemic, the digitalization of enterprises has greatly accelerated, meaning that the digitalization process will be shorter, and is now expected to last just one or two decades.

Enterprises are marching into digitalization with unprecedented urgency. Implementing digitalization both in terms of sales and customer interaction, i.e. "digital operation", is generally considered as the optimal path for enterprises on their route to digital transformation.

Such a consensus stems from the purpose and value of digital operation. It can be summed up as the "3Ms", i.e. More Users (an increased number of users), More Usage (increased user interaction time), and More Subscribers (an increased number of private domain users). These three aspects accurately reflect to the common demands of almost all enterprises - more revenue and faster growth.

"3M" Value Model of iClick's Digital Operation



Through conducting surveys, iClick published the 2021 White Paper on Digital Operation based on the Group's many years of in-depth research on digital operations and the service experience of over 1,000 benchmark customers. This annual report is vital reference material for all enterprises engaging in digitalization, currently attempting to achieve digitalization, increasing digitalization, and those that are encountering problems and obstacles during the digitalization process.

Content overview

This report will take a deep dive into the concepts, technologies and systems of digital operation, and provide a full review of the background, current situation and development trends of digital operation through third-party authoritative data and our first-hand insights.

On this basis, the report will introduce the two pillars of digital operation in enterprises: "SaaS", representing the technical tools, and "X" representing value-added services. Focusing on the entire interaction network between enterprises and consumers, this report introduces the "SaaS + X" mode application cases for content creation, target marketing, sales conversion, and private domain operation. Remarkable results can be seen from the related data.

We also will present how enterprises from different sectors and with diversified business models apply "SaaS + X" model to multiple scenarios to create a successful digital operation chain for themselves, according to our real client showcases.

While outlining a benchmark case, we will discuss how the digital technology and operation methodology can be fully implemented in all aspects of organization and teamwork in enterprises. Through a set of ready-to-use "self-checking" maturity models for the digital operation of enterprises, we provide enterprises with feasible development suggestions and action guidelines for each stage of the digitalization process.

After experiencing the public domain and private domain eras, digital operation is now embracing the all-domain era. At the end of the report, we will explore how enterprises can build an all-domain business "position", scale up, reactivate existing traffic, and make every decision quantifiable and predictable, so as to truly build a business strategy for sustainable growth through digitalization.

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01

What is Digital
Operation?

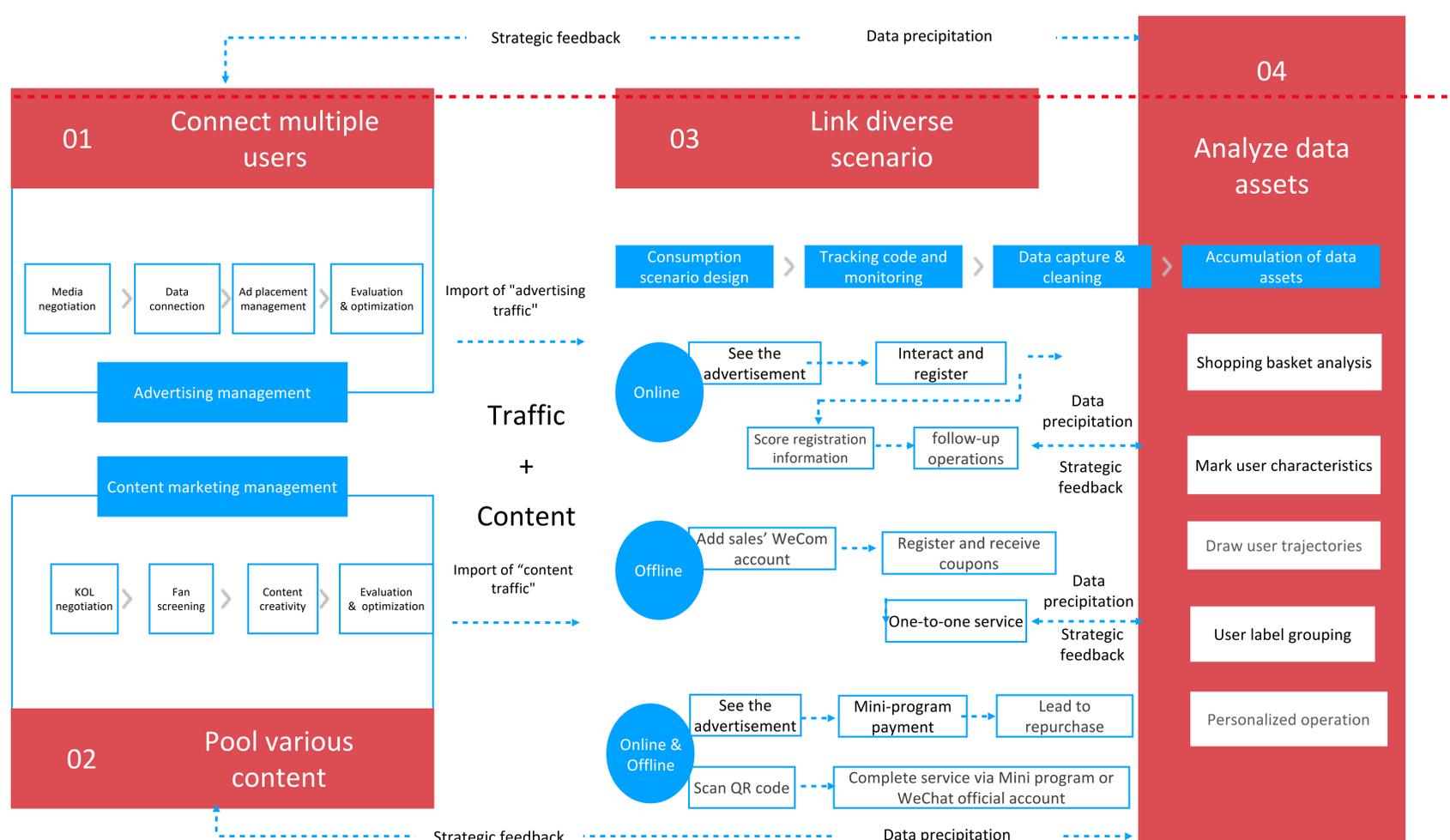
1.1 Basic system of digital operation

Digital operation is not simply an IT upgrade. With digital operations, we will build new business models, offer novel products and services, reduce costs, improve efficiency and create new sources of revenue for companies. For example, for retail companies, common digital operational capacities include:

- Establishment of online stores on e-commerce platforms, mini programs, live streaming platforms, etc.; and LBS-based online-offline integration.
- Back-office operation systems for employees of online or O2O stores to manage sales promotions and view sales performance.
- Membership systems synchronized across online and offline channels that manage traditional rewards points as well as digital membership marketing features such as coupons, distribution, lucky prize draws and bonus payment.
- Full-end data integration management allowing us to collect consumer information such as basic characteristics, interactive behaviors, purchase behaviors, interests, commodity preferences, etc.
- Connection with mainstream digital media or social media (Douyin, Weibo, Xiaohongshu (Little Red Book), WeChat Moments, etc.) to achieve precision advertising based on user data tags.
- Connection with mainstream digital platforms (WeCom, etc.), so that sales and operating personnel can provide personalized services or conduct customized community operations based on user tags
- Digital brand content assets, such as sales pitches, advertising materials, event publicity materials, etc., which employees can retrieve and access as and when necessary.

These capabilities are the external manifestations of digital operation. If they were summarized in the four aspects of connecting multiple users, pooling various contents, linking diverse scenarios and analyzing data assets, the basis of enterprise digital operation is formed.

Logical Diagram of Digital Operation System



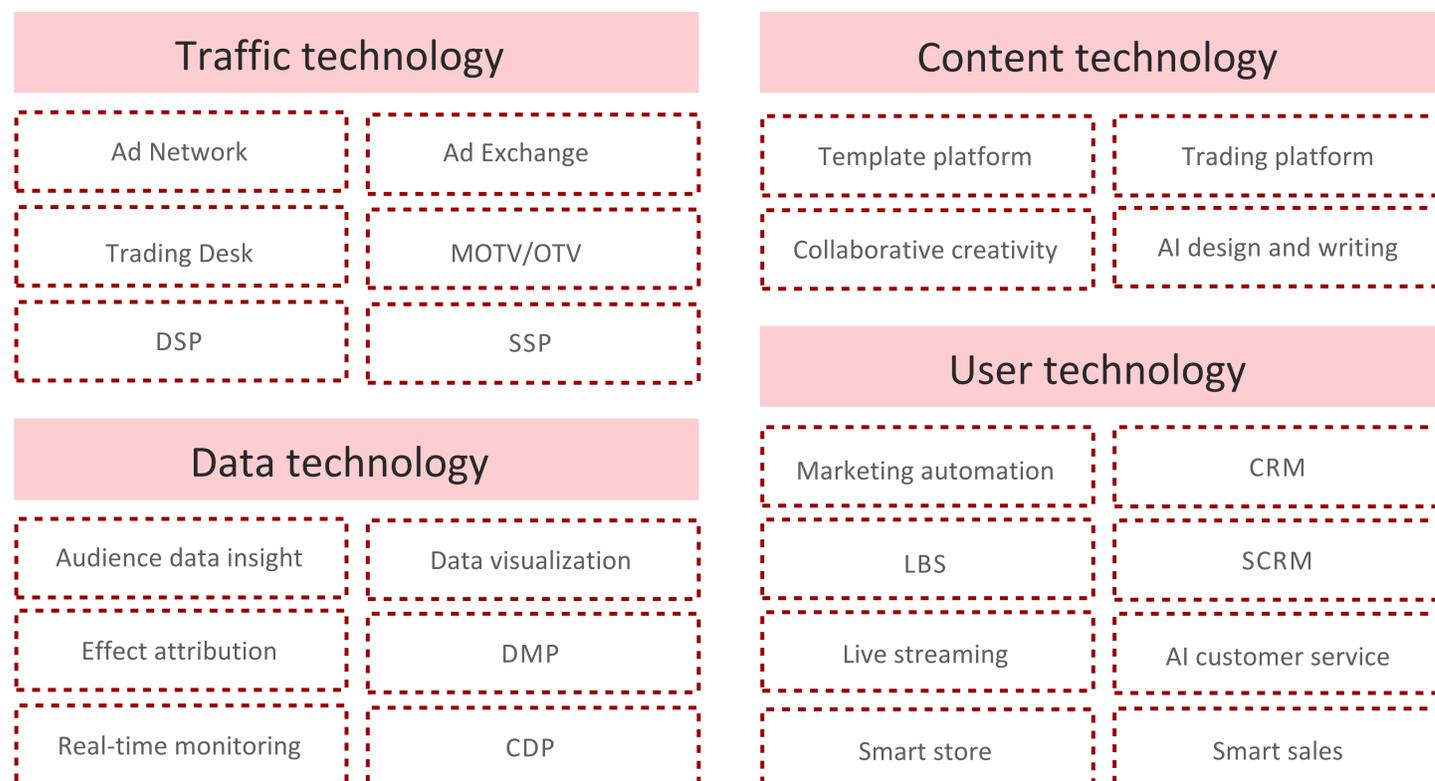
Briefly speaking:

- 1) Digitalized advertisements will reach users with various backgrounds, providing endless public domain traffic to the consumer scenarios.
- 2) Thanks to the digitalized content marketing, diversified content may not only create traffic flow but also content material specific for the diversified consumer scenarios.
- 3) The digitalized consumer scenarios in various forms, online or offline, from public domain or private domain, enable sales conversion and also give birth to more channels and contacts connecting more users for advertisements and content creation.
- 4) Replying on what is mentioned above, the enterprises will be enriched with first-hand data assets in their data archive, and will be guided via data review and predictive modeling to prepare the strategies and launch the optimization measures accordingly.

1.2 Technology map of digital operation

With a general understanding of the digital operation system, it is important to clarify that all capabilities in this system are based on the corresponding digital technology. To summarize, we have four technology categories - traffic, content, users and data, as shown in digital operation technology map below.

Some common digital operation technologies

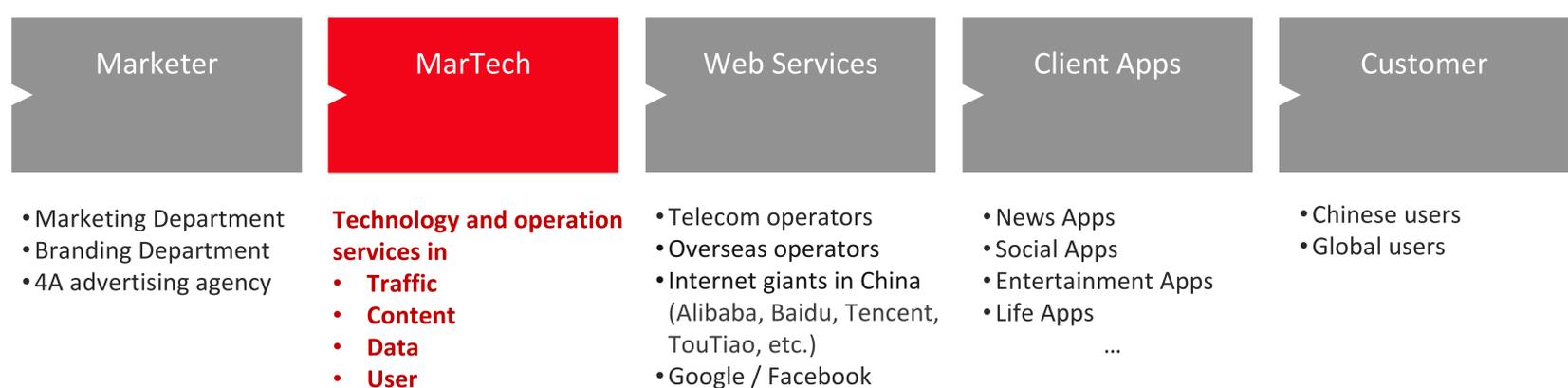


1.3 Market positioning of digital operation

The consumer market has multiple players, beyond enterprises and retailers providing products and services and consumers. They have different positioning and functions, and ultimately connect with each other to form a complete vertical chain.

Across the entire market, digital operation serves as a connecting link and plays a very important role. For example, it requires us to fully understand product features and brand needs for launching marketing campaigns, and it also requires us to work closely with different network service providers and user Apps to enhance interaction with consumers.

Position of digital operation in the chain of consumer market



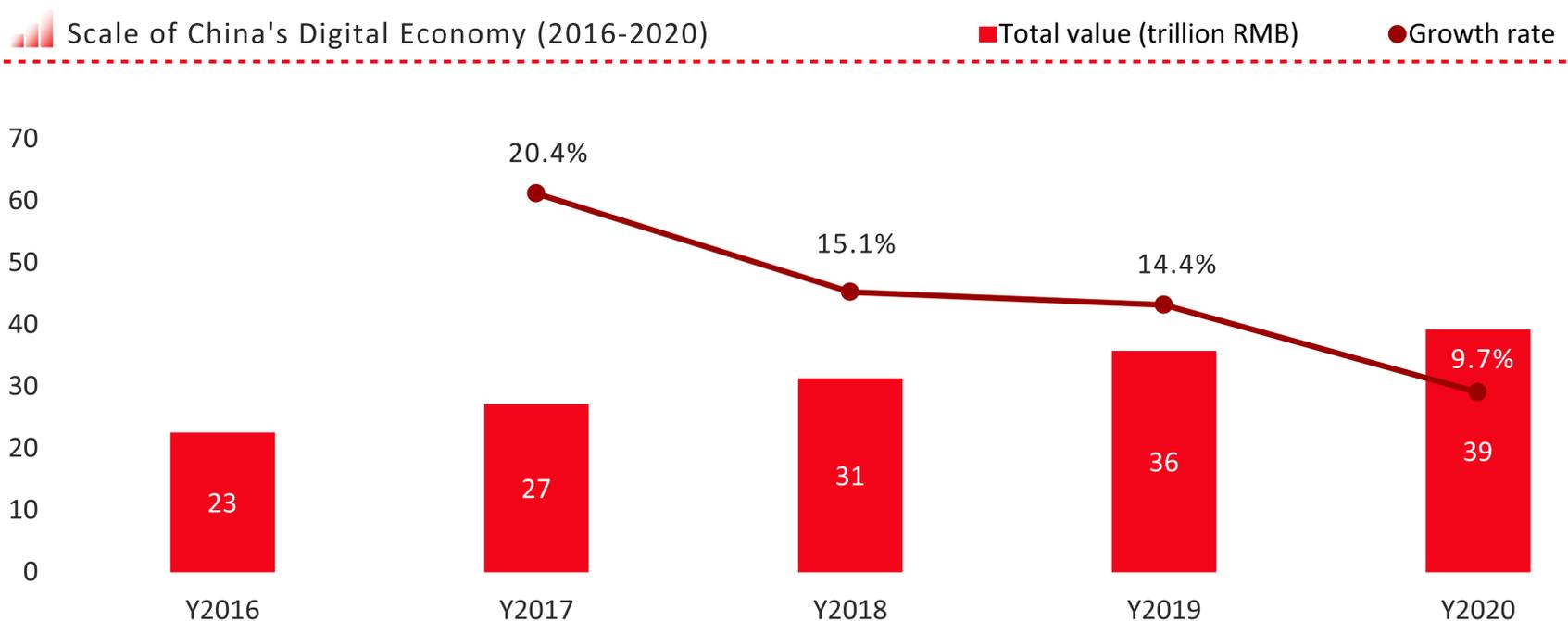
02

Why do We Need
Digital Operation?

2.1 Mega trend: China's digital economy provides vast opportunities

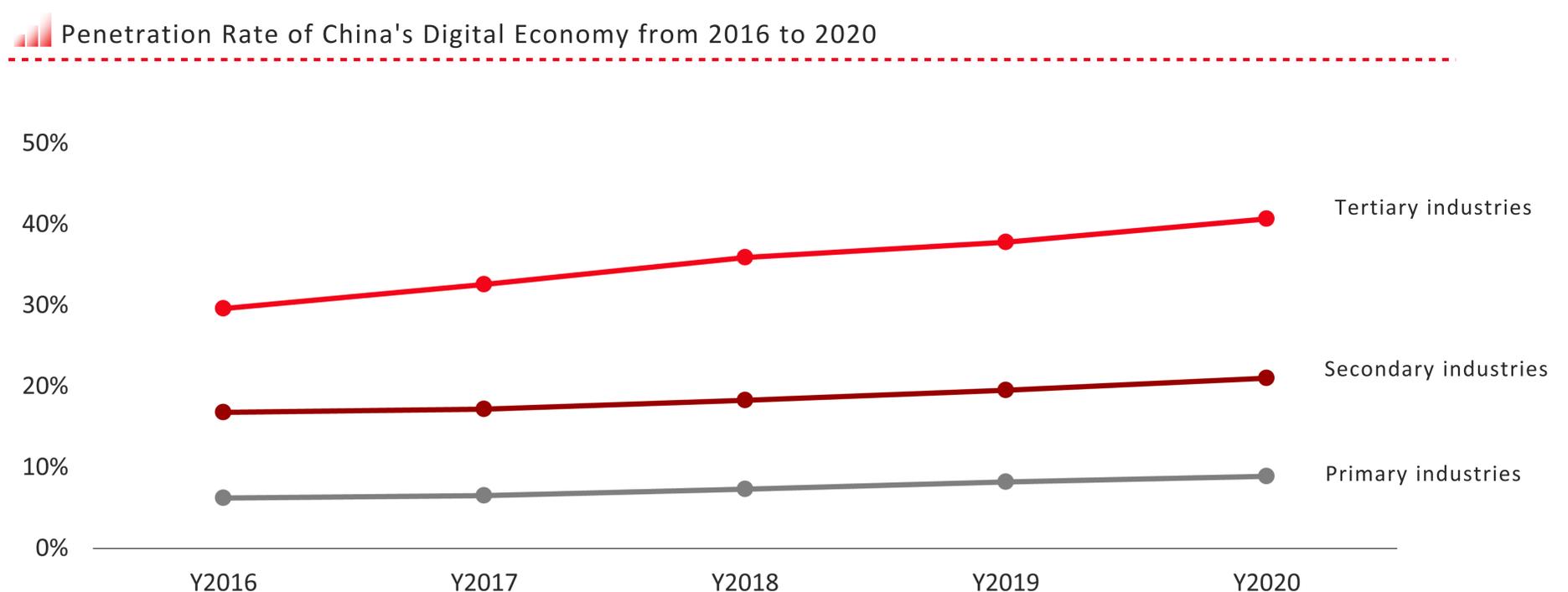
The scale of the digital economy continues to grow, accounting for nearly 40% of GDP

In 2020, the value of China's digital economy reached 39.2 trillion RMB, an increase of 9.7% compared with 2019, accounting for 38.6% of GDP in that year. The digital economy is playing an increasingly prominent role in the national economy.



Tertiary industries have the highest digital economy penetration rate, providing fertile ground for digital operations.

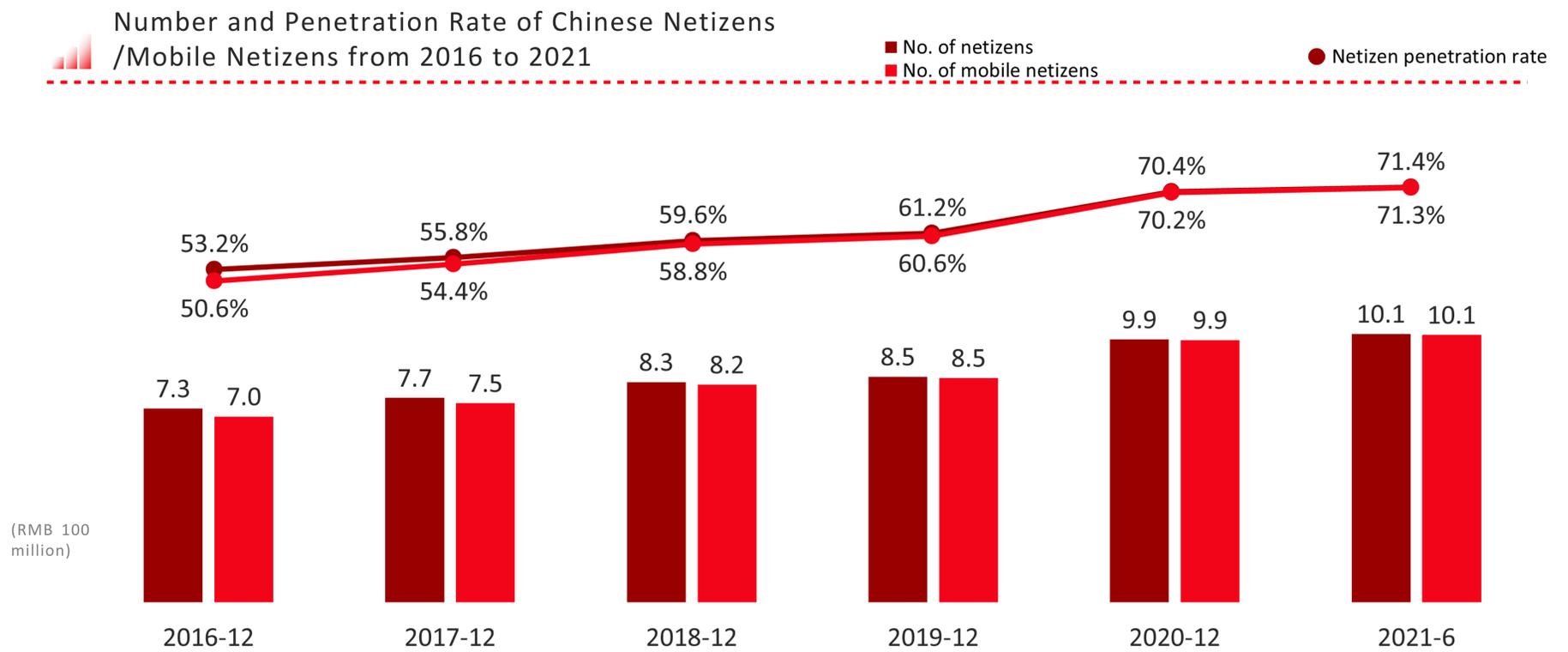
In tertiary industries more closely related to digital operations such as retail and catering, the penetration rate of China's digital economy was as high as 40.7% in 2020, which was significantly higher than those of primary and secondary industries.



Data source: China Internet Network Information Center (CNNIC)
Statistical Report on Internet Development in China, as of the end of June 2021

The number of digital users exceeded one billion. Despite a slowing growth rate, there is still room to increase dividend further.

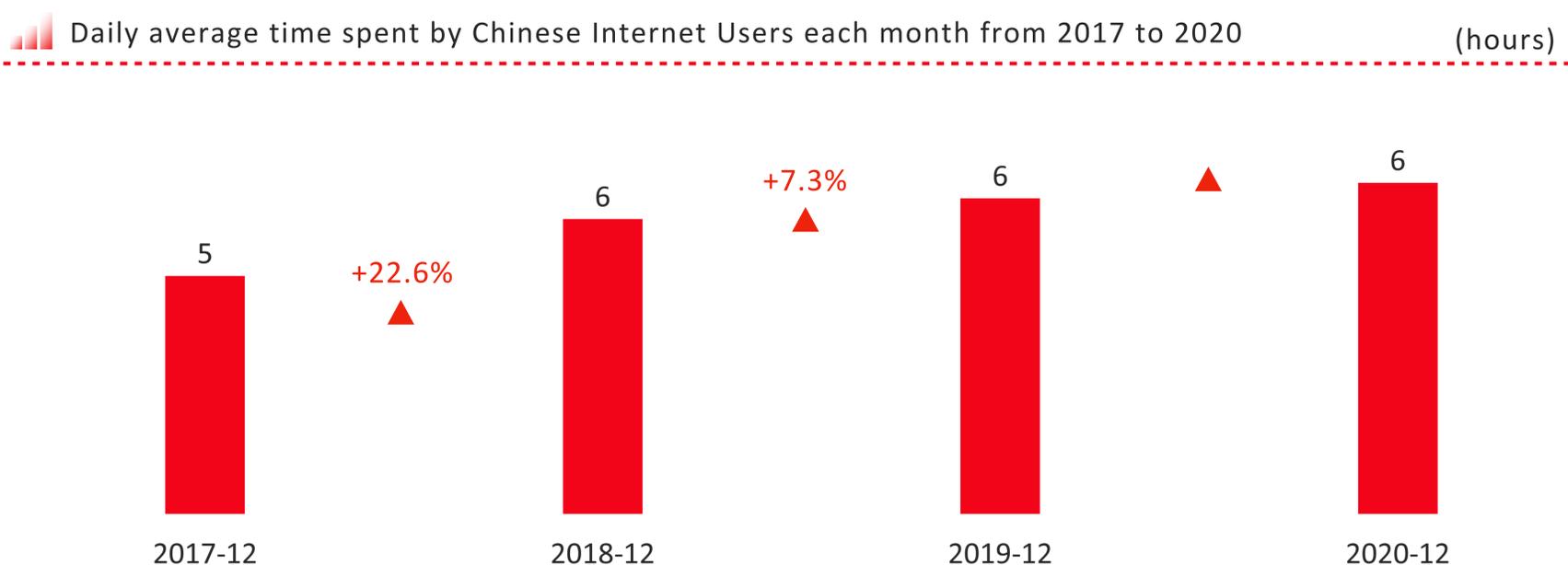
The digital market has grown as a result of China's large digital demographic dividend. In 2021, the number of netizens in China was 1.011 billion, including 1.007 billion mobile netizens. After years of progress, the penetration rate of digital users in China reached 71.3%.



Data source: China Internet Network Information Center (CNNIC) Statistical Report on Internet Development in China, as of the end of June 2021

Users have developed digital lifestyle habits, and the digital consumer market has gradually matured

According to the statistics for December 2020, the average monthly usage time of CMNET (China Mobile Net) users was as much as 6.4 hours, up 4.9% year-over-year compared with the end of 2019, meaning that users spent an average of 40% of their time (24 hours, excluding 8 hours of sleep) surfing the Internet with their mobile phones. Such a large and loyal digital population has seen a digital consumer market emerge that is young yet already well-developed, providing a stage for enterprises to show off their abilities.



Data source: QuestMobile China Internet Annual Report 2018 & 2020 China Internet Annual Report

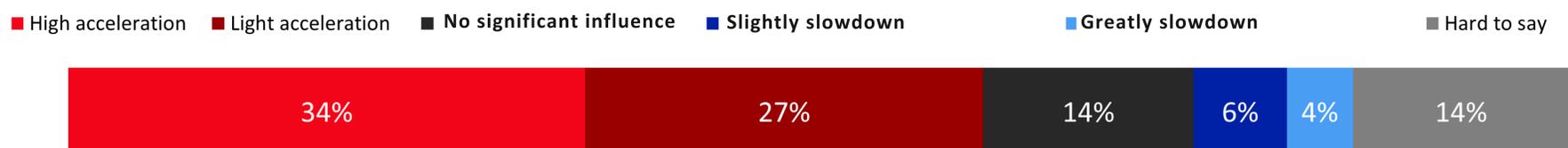
2.2 New situation: Increasing risks and challenges during the pandemic

Most enterprises accelerated their digital transformation due to the pandemic, and are expected to increase their investment

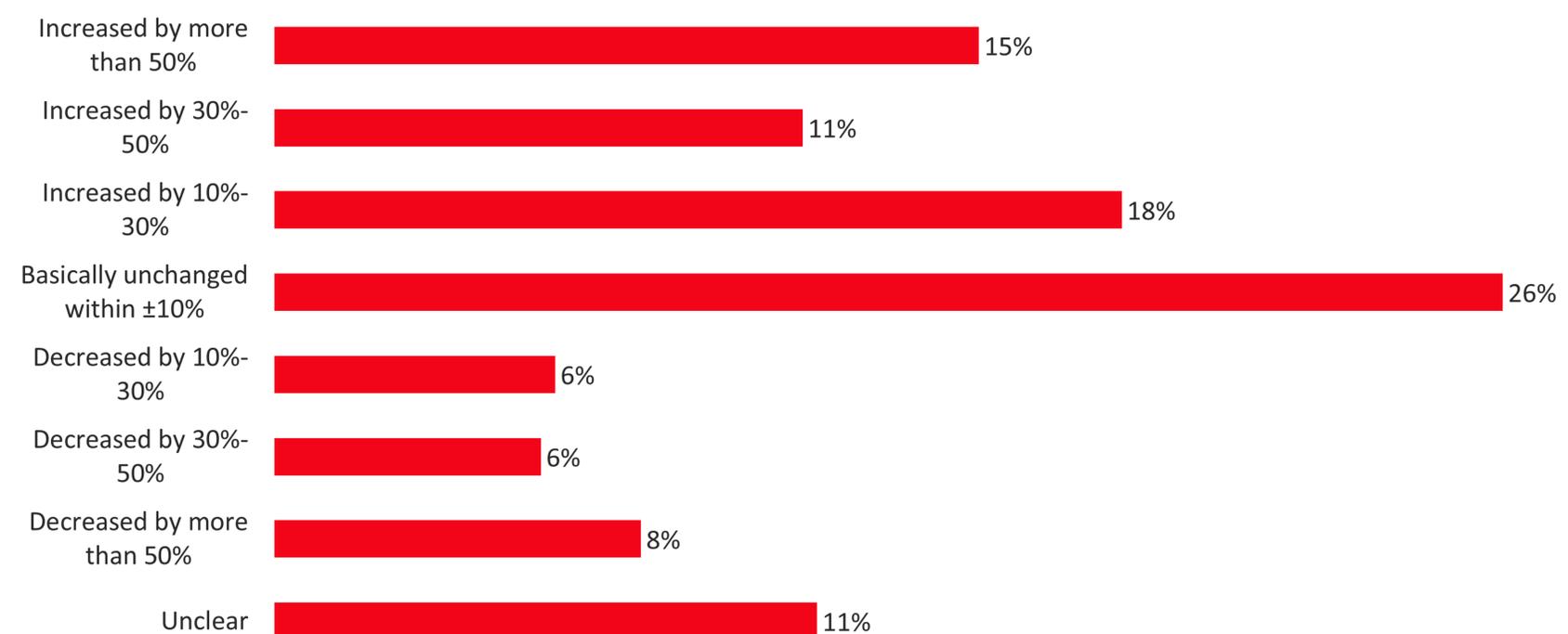
The COVID-19 pandemic in early 2020 almost put a complete stop to offline consumption, and digital operation has become a lifeline for many enterprises in crisis. Faced with increasing risks and challenges, enterprises are relying more and more on digital operation to improve their ability to overcome various obstacles and safeguard their survival.

A Digital Survival Survey involving 1,638 enterprises was conducted during the Pandemic. Over 60% of these enterprises are expected to accelerate their digital transformation. Data from the same survey showed that more than 43.7% of enterprises are willing to increase their digital transformation budget, with the expected growth rate ranging from 10 to 30%.

Influence of the COVID-19 Pandemic on the Progress of Enterprise Digital Transformation



Influence of the COVID-19 Pandemic on the Enterprises' Digital Transformation Budget



Data source: Survey by Tencent Research Institute, together with Qingteng University and WeChat Pay, May 2020

With the alleviation of the pandemic, digital operation has further compensated for lost consumption. Once people's desire to consume fully returns, there will be greater growth momentum than before thanks to increased convenience and a smarter consumer experience.

Profound changes in user consumption characteristics have forced enterprises to conduct digital operation

In the digital age, users are becoming increasingly accustomed to their interconnected environments, and are becoming more personally unique, wiser and more independent. The information gap and blind spots between users and enterprises have been smoothed out by the huge network. People want to consume anytime and anywhere, their requirements regarding the consumption experience are getting higher and higher, and they express their satisfaction or dissatisfaction and opinions more actively. As a result, enterprises need to adopt proper digital approach to cope with these changes in user behavior.

How do enterprises cater to the changes in users' consumption experience needs

User preference	User characteristics and needs	Enterprise handling strategy
Inter-connected	Expect to buy goods and acquire services anytime and anywhere	Provide a simple, intuitive and quickly accessible consumption place across all channels online or offline.
Personalized	Expect a personalized consumption experience	Offer customized product recommendations, marketing content, consumption process and post-clickstream marketing services.
Intelligent	Can obtain and identify huge amounts of information through the Internet and mobile terminals	Meet users' requirements for transparency and honesty, and provide users with consistent experience as much as possible on the basis of respecting platform differences.
Independent	Actively express their views and actively seek channels to express them	Guide users to publish content, form social recommendations, understand extensive opinions of users and carry out various innovations.

03

Status of Digital
Operation in
Enterprises

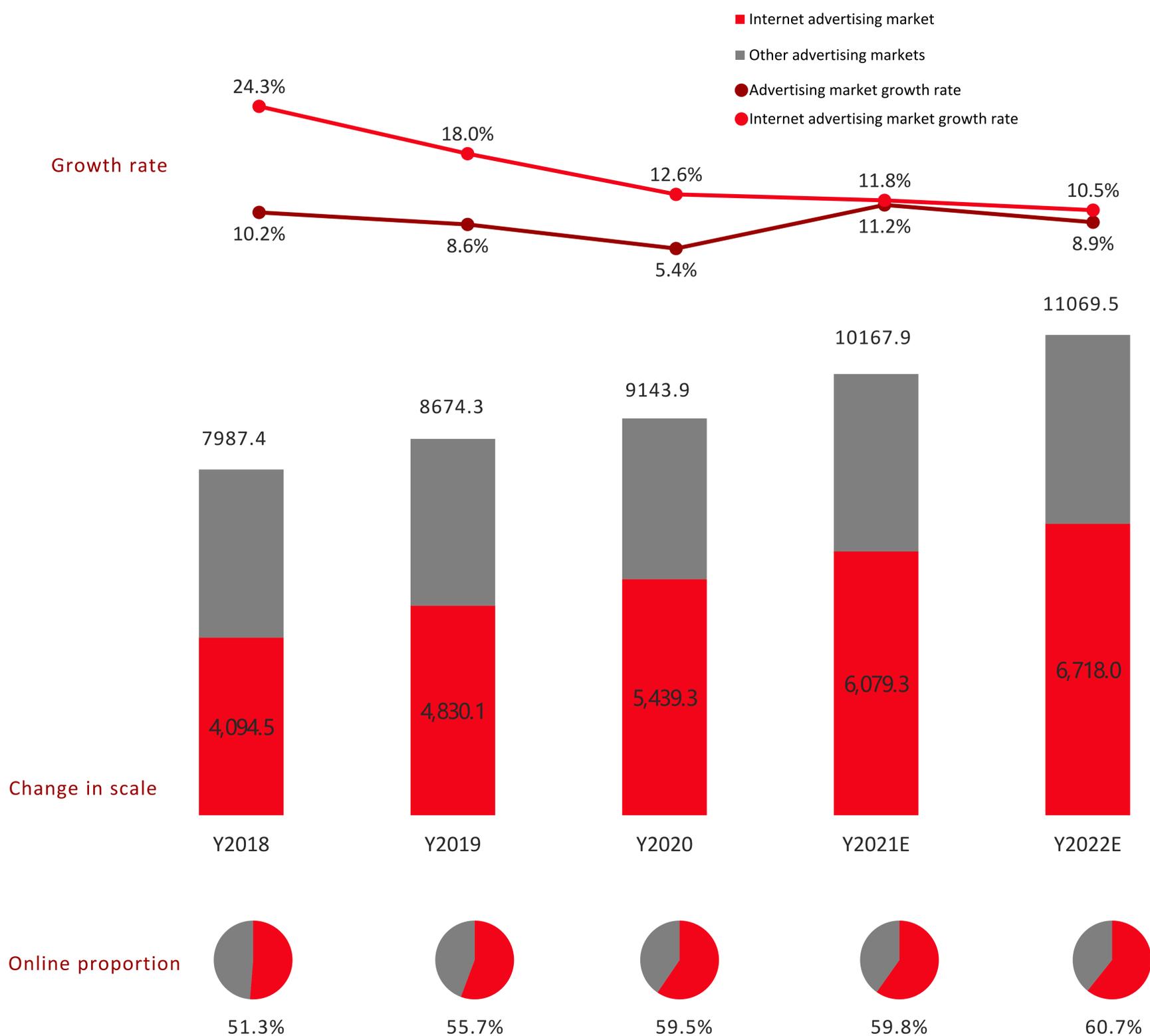
3.1 Market data insight

3.1.1 Digital marketing market

Marketing budgets continue to shift online, and the Internet advertising market keeps on growing.

In 2020, China's Internet advertising market reached RMB 543.93 billion, accounting for 59.5% of China's entire advertising market, and this share is set to increase year by year. Despite being affected by the pandemic, 2020 saw an increase of 12.6% compared with 2019, thanks to online Internet advertising.

Change in China's Internet Advertising Market from 2018 to 2022 (in RMB 100 million)



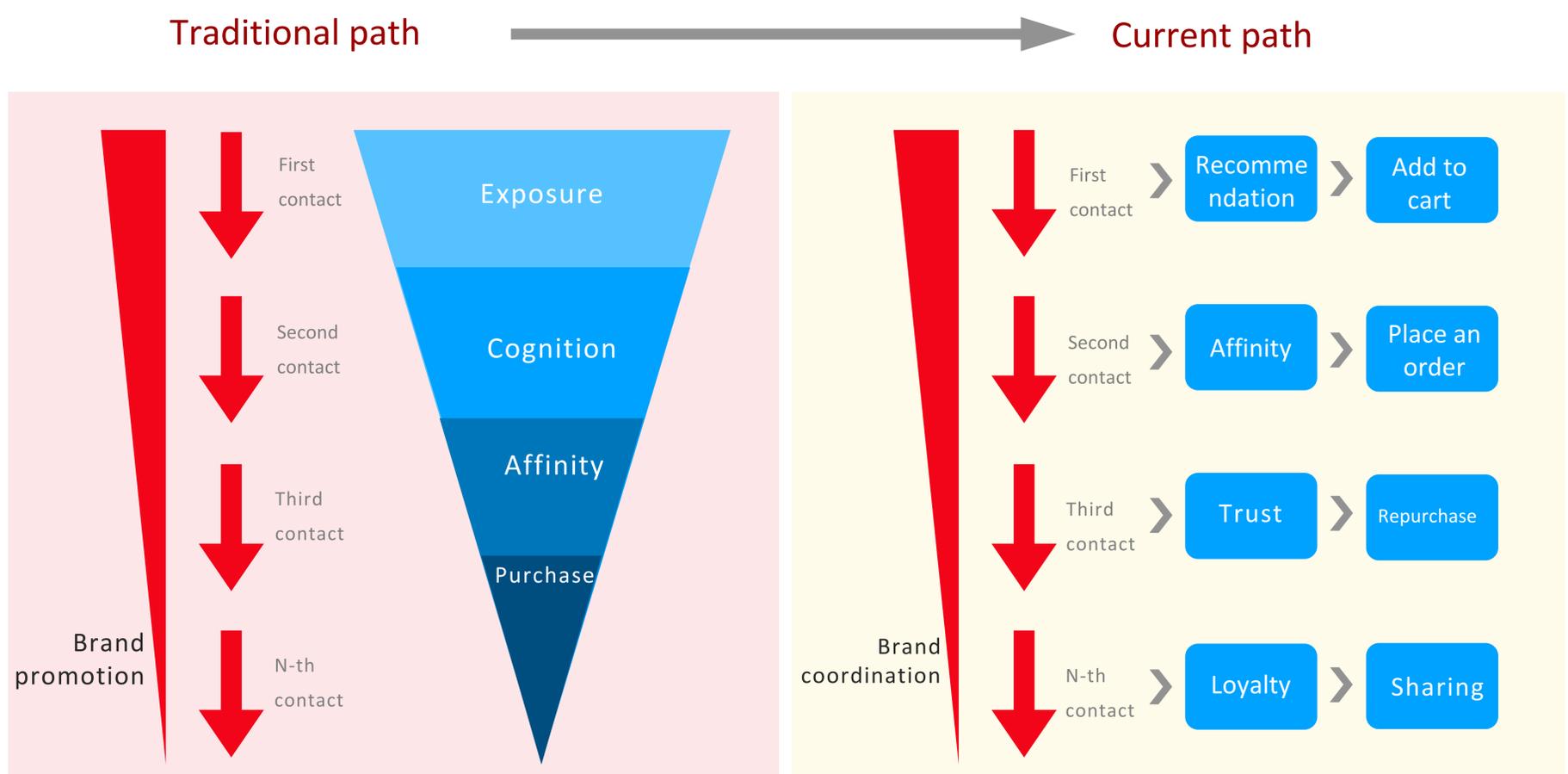
Data source: QuestMobile, 2020 China Internet Annual Report

Real time-consumer decision-making to facilitate marketing shift from product advertising-effect integration to product-sales synergy.

The improving efficiency brought about by the Internet and mobile technology is causing marketing concepts and marketing logic to change rapidly. As a result, the path users take from discovering products to purchasing them is rapidly shortening.

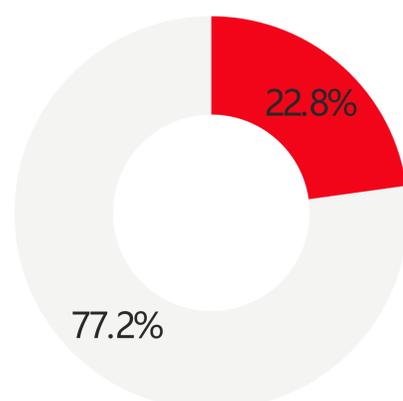
In the past, enterprises needed to promote their development using exposure, cognition, affinity and purchase through continuous brand building with users. Sales transformation was generally only present during the final procedure. Now, products can be recommended immediately through KOL and social recommendation. Convenient purchase methods allow users to collect products, add products to their cart and place orders immediately, which means that transformation will happen everywhere over time.

Fundamental changes in consumer decision links



Proportion of Advertising Expenses for E-commerce Platforms used for the Landing Page in 2020

■ The landing page is the e-commerce platform



Data source: QuestMobile, 2020 China Internet Annual Report

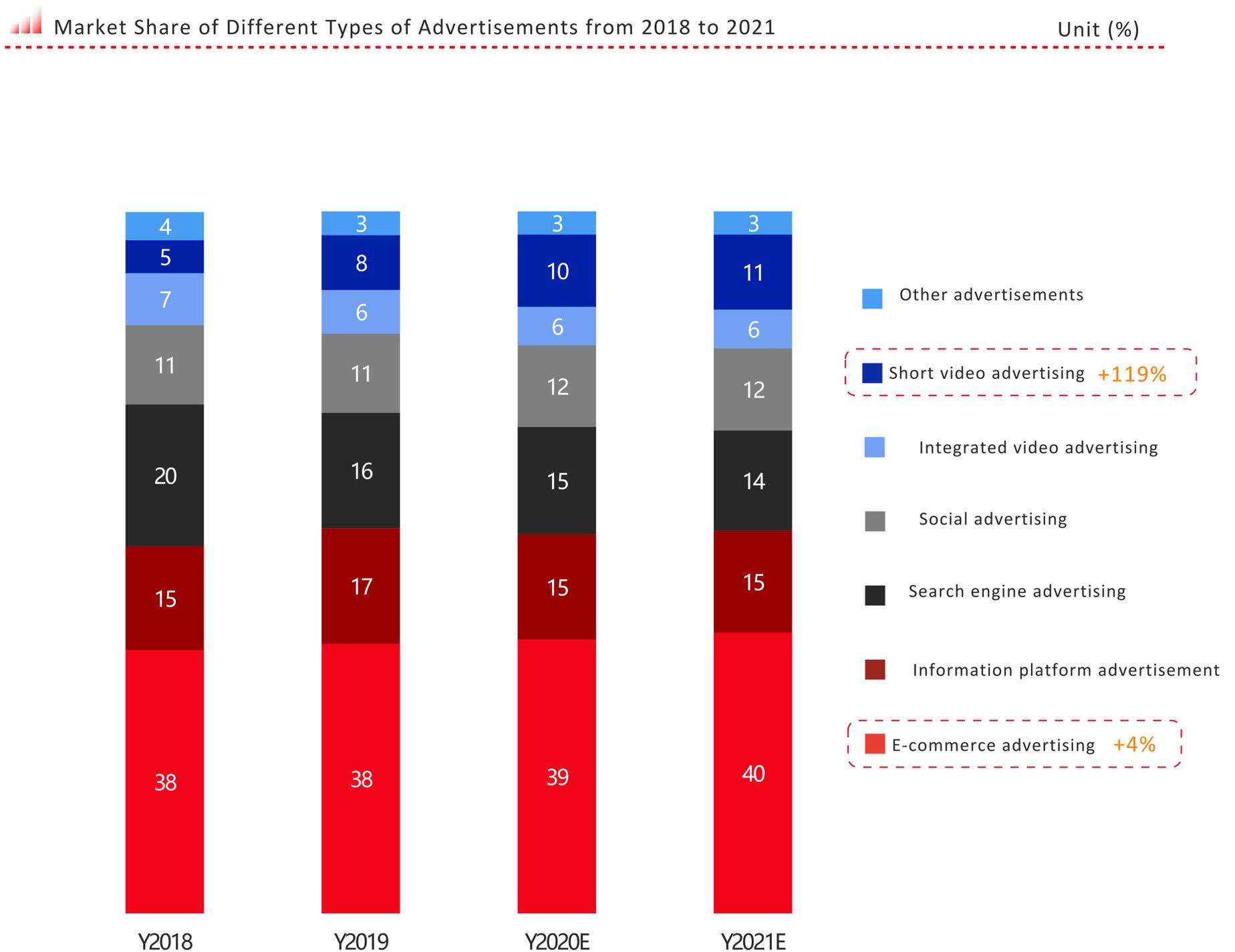
For the above reasons, the marketing needs of enterprises have both transformation effects from the previous brand building and guide the coordination of products and sales more actively.

Today, enterprises are paying more attention to the sales growth that can be directly driven by advertising, which requires a shorter path from advertising to purchase. Data show that in 2020, 22.8% of online advertising landing pages were directly linked to the e-commerce platform in order to meet the needs of enterprises.

Media are chosen based on traffic and revenue streams, and the share of short video and e-commerce platforms is increasing

With consumption moving more and more to online platforms, companies are taking actions on content and landing pages while favoring platforms that generate revenue more easily, and are choosing media to advertise on according to current traffic trends.

Data show that the market share of e-commerce and short video advertising has continued to grow in recent years and it is expected to increase by 4% and 119% respectively in 2020 compared with 2018.



Data source: QuestMobile, April 2020 statistics

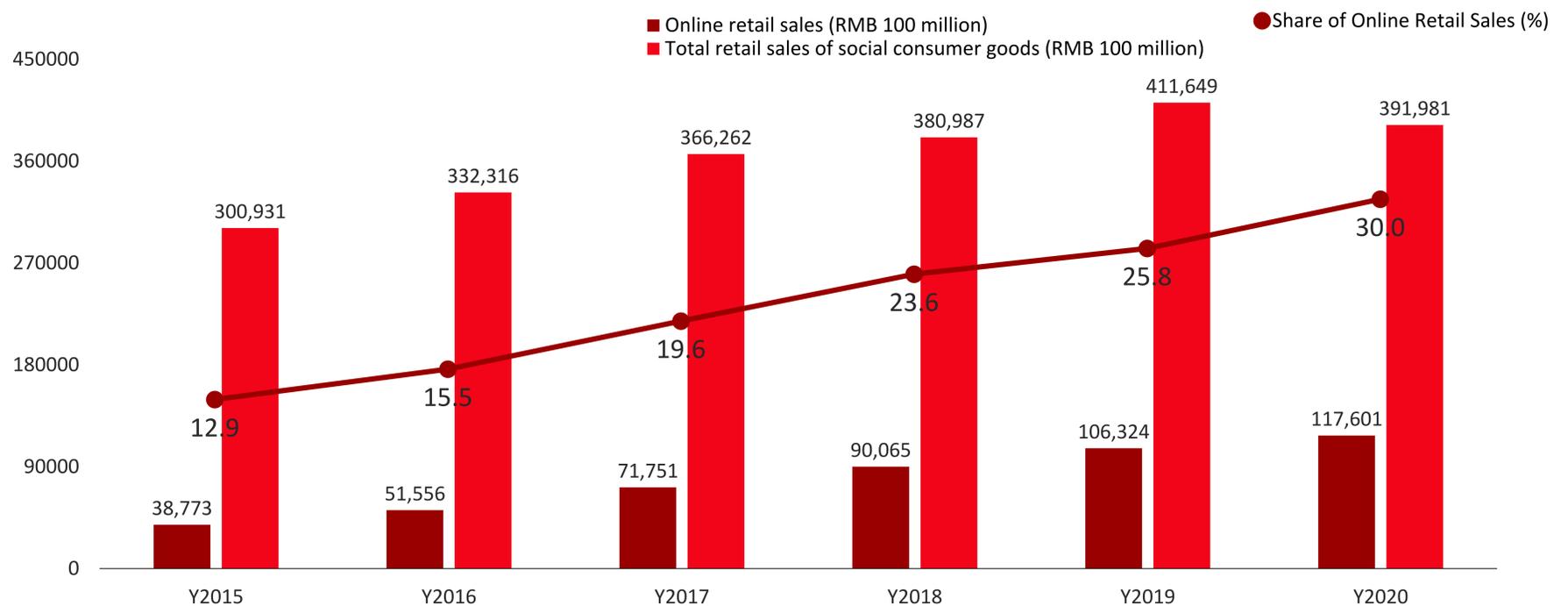
3.1.2 Smart retail market

Online retail continues to penetrate, providing a strong boost for smart retail.

According to the National Bureau of Statistics, during the six years from 2015 to 2020, China's online retail sales continued to grow, with sales in 2020 reaching RMB 11.76 trillion.

Meanwhile, the share of online retail sales has also risen rapidly, accounting for 30% of total retail sales in 2020.

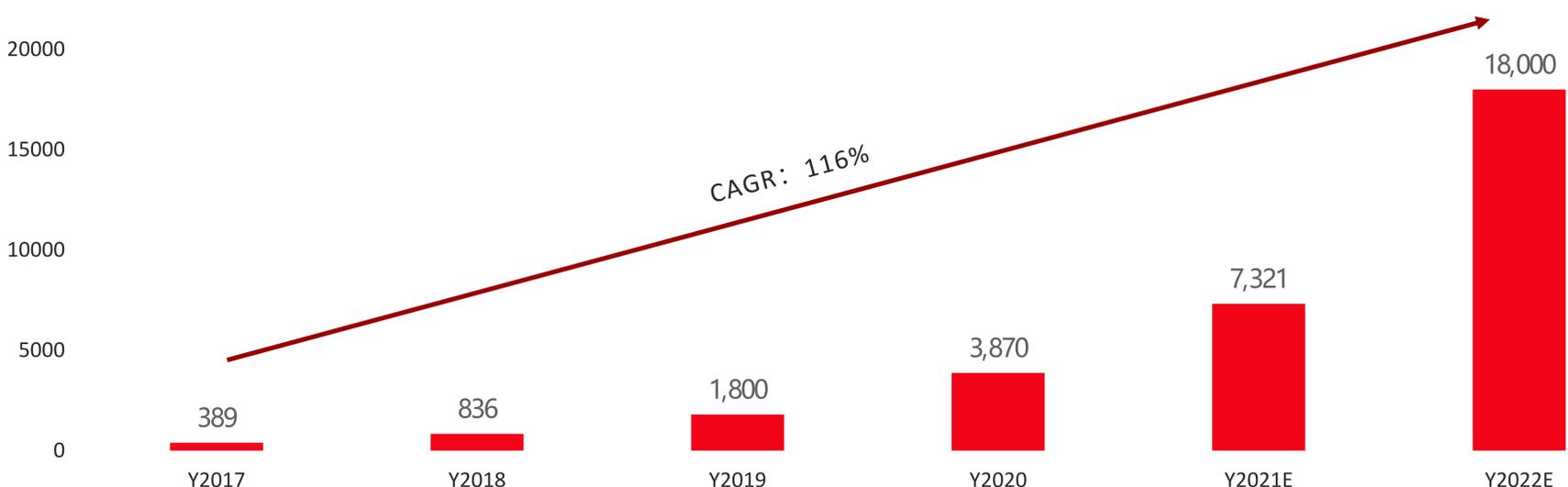
Size and share of the Online Retail market in China from 2015 to 2020



Data source: National Bureau of Statistics, iClick

Online retailing is primarily digital in nature, and its continuous penetration is giving a major boost to the development of smart retailing. In 2020, China's smart retail market was worth RMB 387 billion, accounting for 1% of China's total retail sales in that year. It is estimated that by 2022, China's smart retail market will have reached RMB 1.8 trillion, with a compound growth rate of 116%.

China Smart Retail Market Growth from 2017 to 2022 (RMB100 million)



Data source: ASKCI Corporation

Offline retail is embarking on the path of smart transformation, and digital operation is becoming the focus of investment

Online retail is in full swing, but offline retail still accounts for 70% of the entire retail market. Only by solving the problems faced by offline retail enterprises through digital operation can the size and share of smart retail truly achieve explosive growth.

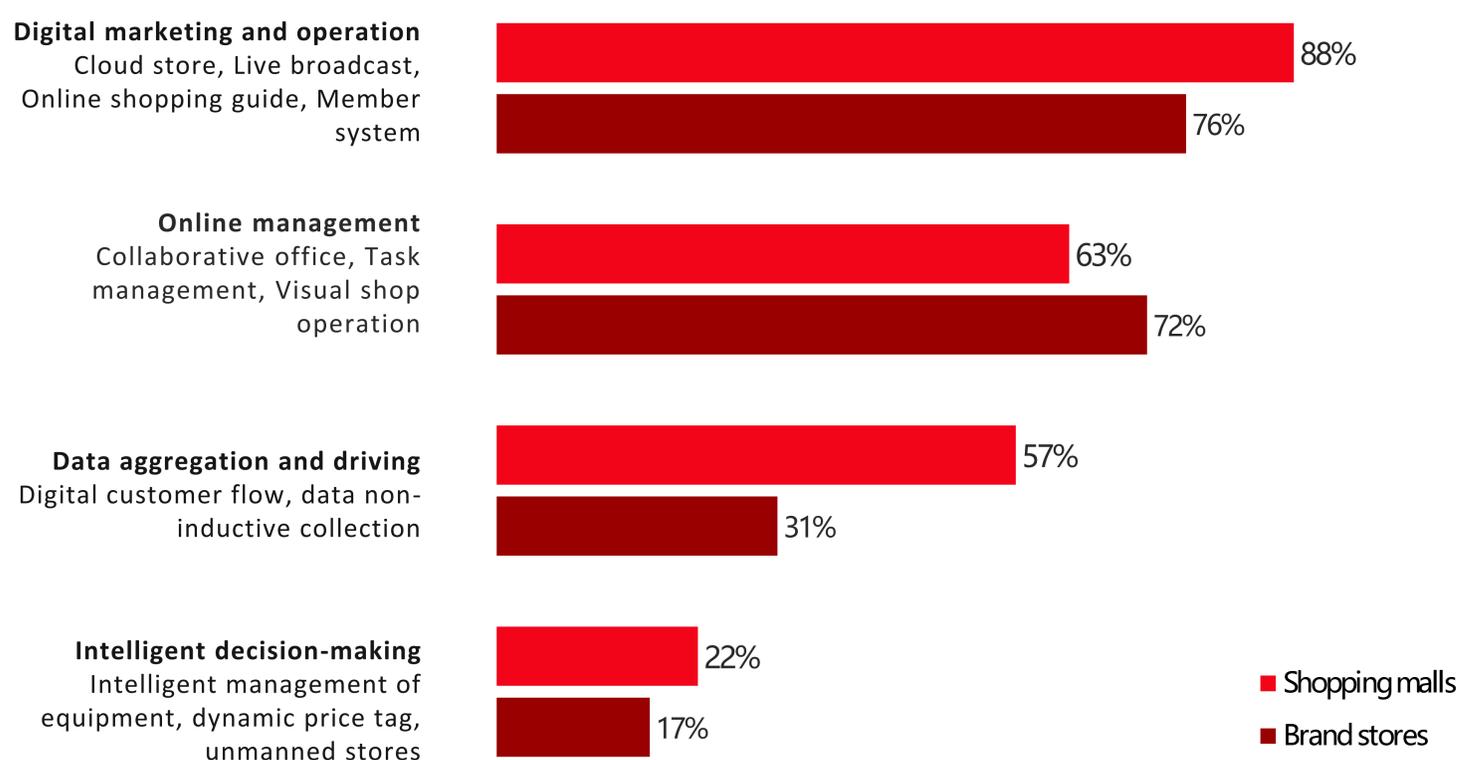
According to the survey data released by the *Ten Billions of Industrial Institute* and *China Chain-Store & Franchise Association* respectively, we summarized the digital investment of common offline formats and found that: 67% of shopping malls, 74% of brand stores and 84% of convenience stores have started digital transformation.

Digital Transformation of Offline Retail Enterprises with Different Business Formats



Focusing on the question "What digital technologies have been applied by enterprises", the shopping malls and brand stores were surveyed respectively, and it was found that the investment focus of enterprises at present are digital marketing and operation technologies such as cloud store malls, live broadcasts, online shopping guides and membership systems.

Types of digital technology applied by enterprises



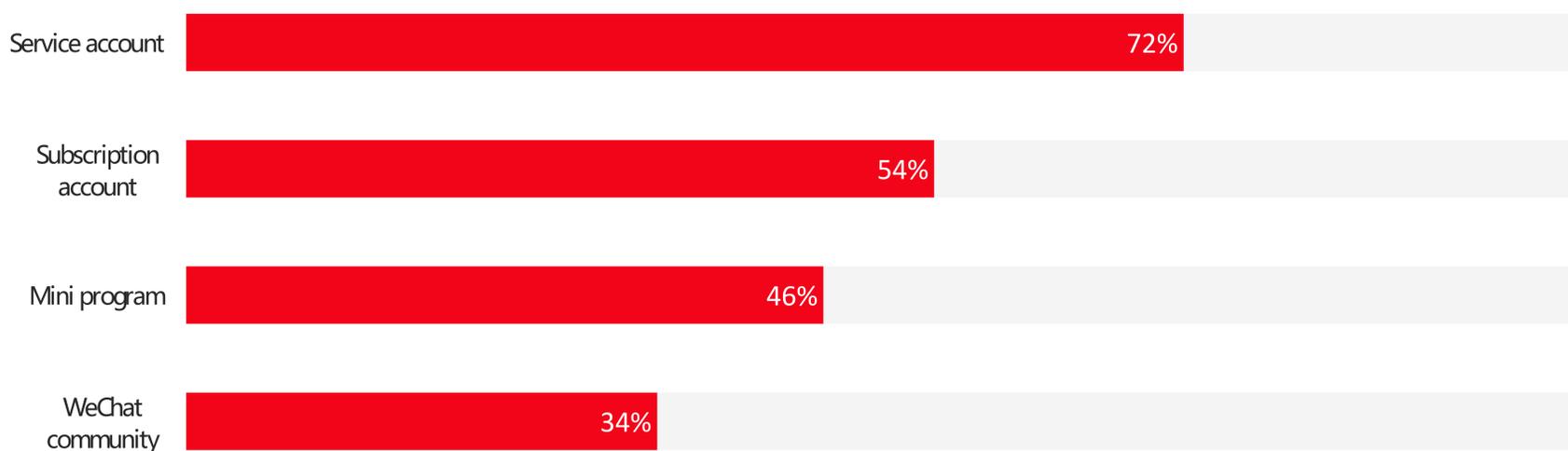
Data source: Ten Billions of Industrial Institute, China Chain-Store & Franchise Association, iClick

Under the concept of digital operation, online e-commerce and physical retail are gradually moving from independence and decentralization to integration, cooperation and additional advantages. As more and more enterprises increase their investment in smart retail, digital operations will lead to the development of new omni-channel, all-category, all-time and all-experience activities for all online and offline customers.

Traffic shows that the trends of decentralization and private domain e-commerce based on WeChat ecology are increasing in size.

As the customer acquisition cost of centralized platforms continues to rise, the trend of traffic decentralization is clear. In the past few years, private domain traffic under WeChat social ecosystem has developed rapidly. According to the survey data, the service accounts (72%), subscription accounts (54%) and mini programs (46%) of enterprises have the highest utilization rate. The digital operation of enterprises is based on the collaborative matrix of these applications, creating new marketing methods and closed-loop marketing.

Utilization Rate of Different Applications in the WeChat Ecosystem by Enterprises



Source: MalltoWin Lab, China Chain-Store & Franchise Association

According to WeChat Open Class data, in 2020, the annual growth rate of mini program ecological GMV was 100%. The annual growth rate of physical commodity transactions was 154% and the daily active number reached 440 million. 5.5 million companies opened self-operated mini programs and GMV increased by 255%, which not only ushered in the milestone of a single mini program GMV breaking 10 billion, but it has also seen 20 enterprises generate GMV exceeding RMB1 billion, and over 80 enterprises generate GMV exceeding RMB 100 million. According to recent calculations and statistics, private e-commerce GMV currently account for 10-20% of the brand e-commerce market.

Performance of Various Indicators of WeChat Mini program Ecosystem in 2020

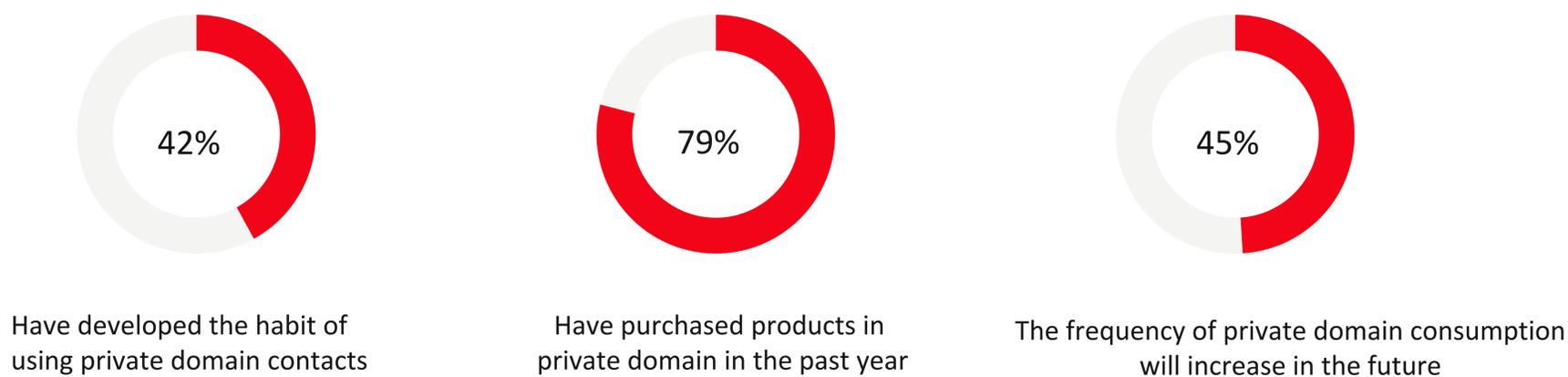


Data source: WeChat Open Class

Users' private domain consumption habits are developed, and private domain information has a marked influence on purchase intention.

According to Tencent Marketing Insight data, 42% of consumers have developed the habit of using private domain contacts, 79% of consumers have purchased products in private domains in the past year, and 45% of them said they would increase their purchase frequency.

Usage and Consumption of Users in Private Domain Contacts



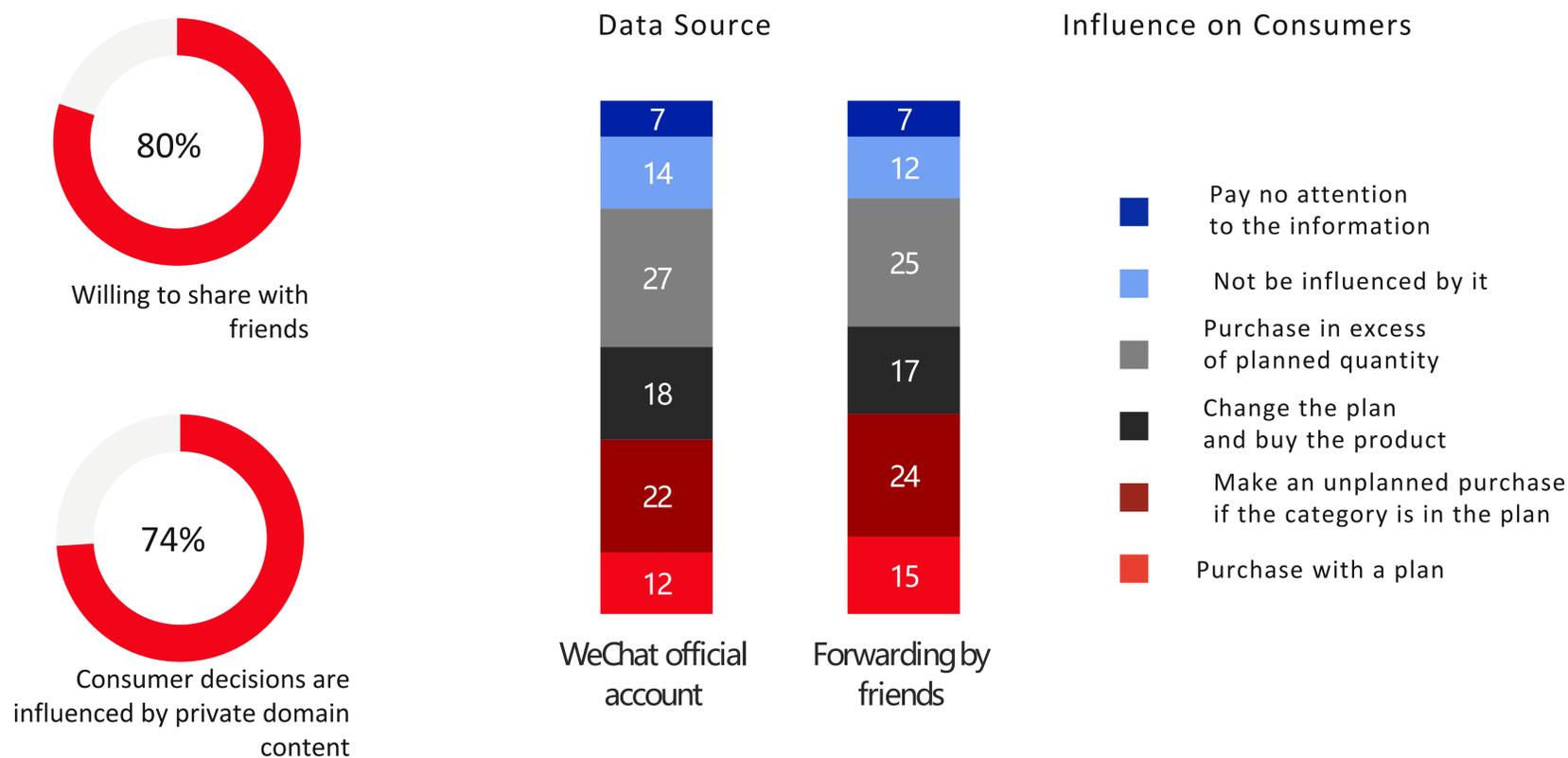
Data source: Tencent Marketing Insight

In the private domain, consumers are both the recipients and promoters of information, which makes the e-commerce model change from the traditional "people looking for goods" to "goods looking for people".

According to the survey, 80% of users in private domains are willing to share socially, while 74% say that their consumption decisions are influenced by private domain content.

Consultancy Nielsen has also investigated the impact of information from WeChat official accounts and WeChat friends on users' purchase plans. They found that 40% of users will make unplanned purchases and pre-planned purchases, while another 40% will change their purchase plans or tend to buy the brand products in the planned categories.

Influence of Private Domain Information on Users' Consumption Behavior



Data source: Tencent Marketing Insight

Data source: Nielsen, Meet the Future of Chinese Consumers in the Era of Big Connection

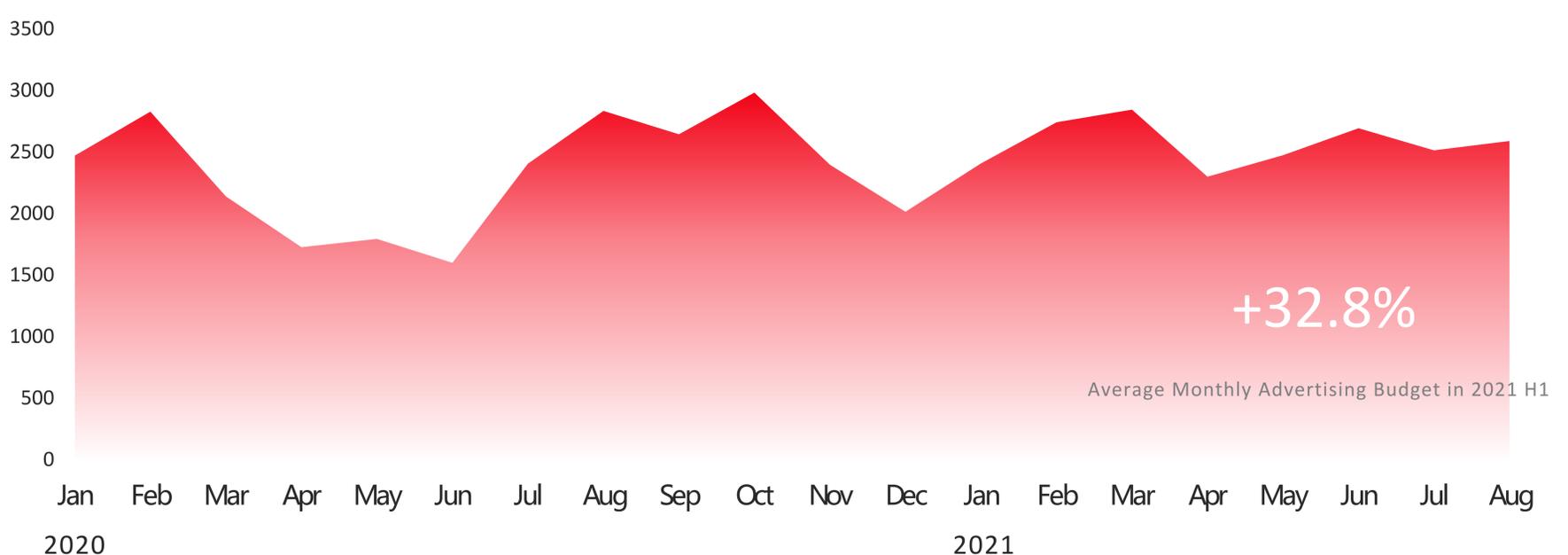
3.2 iClick Data Insight

3.2.1 Digital marketing customers

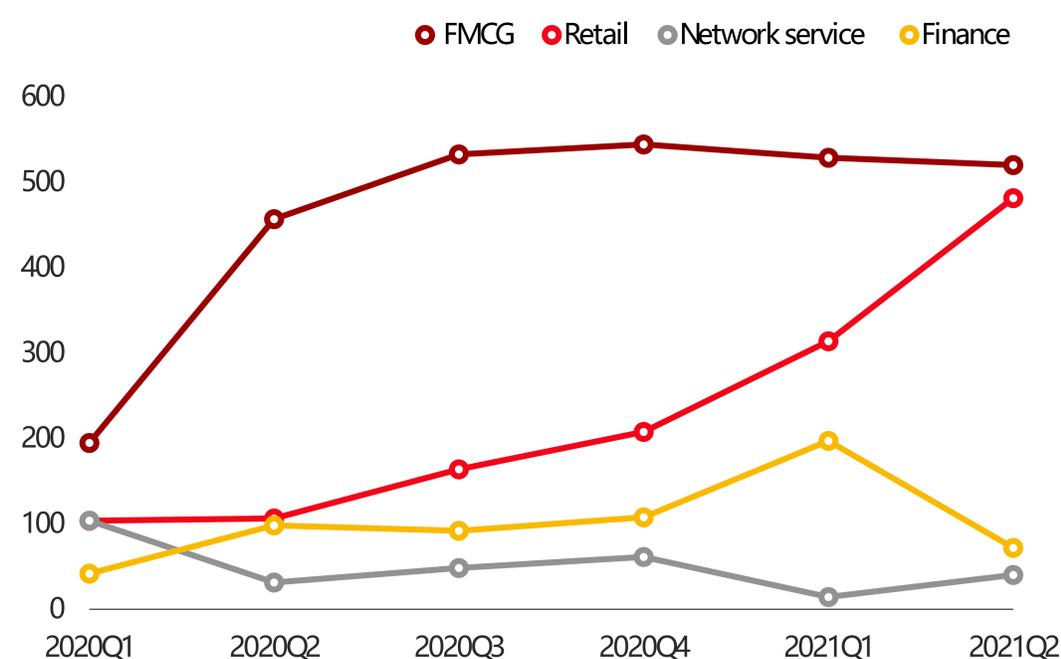
After the pandemic outbreak, the advertising budget of enterprise customers rebounded rapidly and the competition for public domain traffic became more and more fierce

We took the sum of the monthly advertising indexes of the TOP 200 iClick digital marketing customers since 2002 and found that in the early stage of the outbreak, the overall advertising actions of enterprises were relatively conservative and the index dropped rapidly. With the arrival of the third quarter of 2020, the index rebounded rapidly and has continued smoothly to this day.

 Monthly Change Trend of Enterprise Customer Advertising Index



 Trend of Advertising Index in Representative Industries



We selected four representative industries, namely FMCG, retail, network services, and finance, in order to record the changes of the advertising indices of their TOP10 customers and draw trend charts.

The analysis found that the FMCG advertising index ushered in explosive growth when it resumed in the second quarter of 2020, and it was the first industry to pick up as the pandemic restrictions started to ease. However, recovery in the retail sector has been relatively stable, but growth has continued to increase significantly in 2021.

* Based on the label classification of Tencent's advertising media: FMCG refers to beauty, daily use, food and beverage, etc.; retail refers to durable goods such as shoes, clothing and bags, as well as retail channels such as supermarkets and stores.

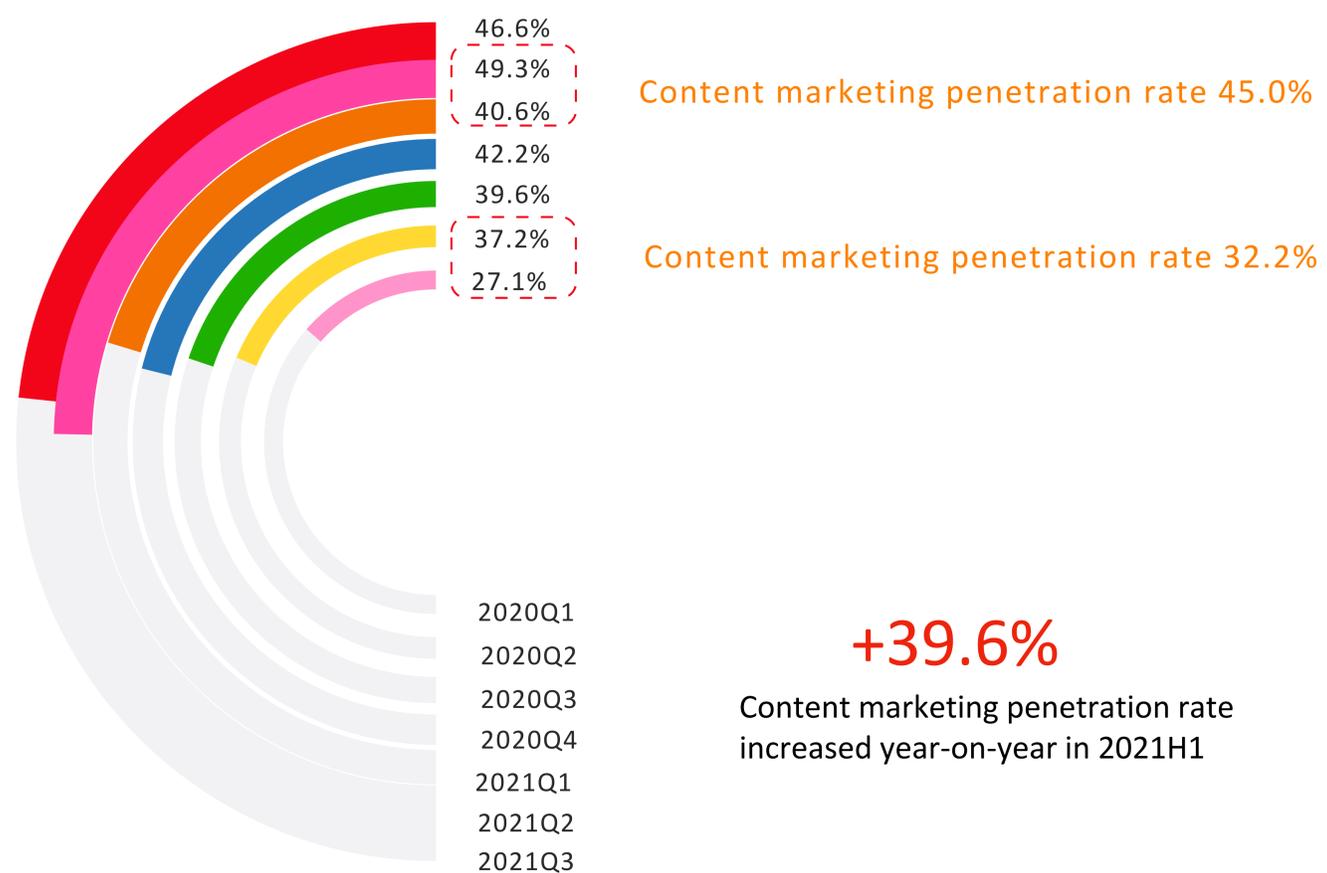
Data source: iClick advertising insight database

Statistics as of the end of August 2021 only showed their respective growth trends and the absolute values were not comparable.

With both interactive and consumption attributes, KOL recommendation and marketing position are of prominent value.

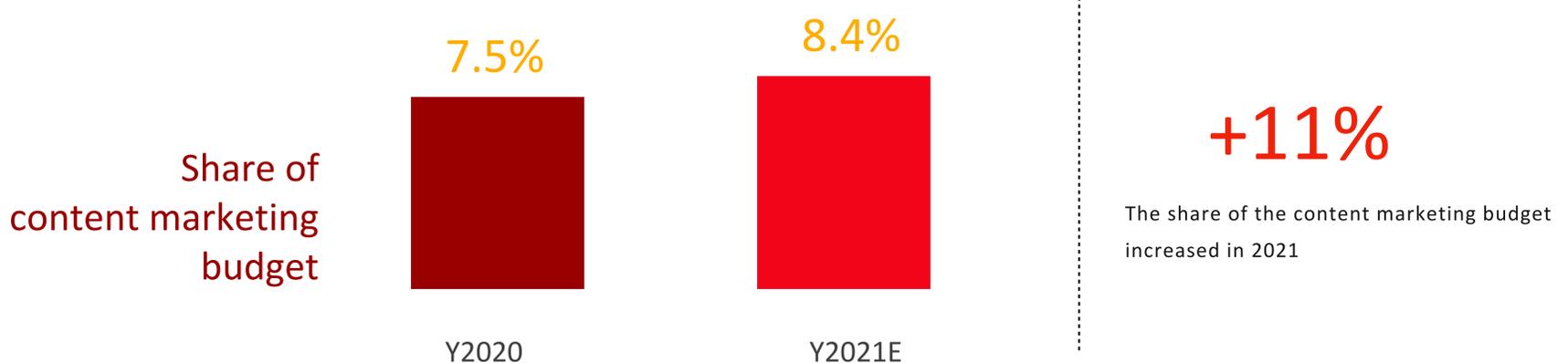
By analyzing the TOP 200 customers in iClick’s digital marketing department, it was found that compared with the same period last year, these customers’ involvement in content marketing increased significantly in the first half of 2021. In addition, the average penetration rate increased from 32.2% in the first half of 2020 to 45.0%, with an increase rate of 39.6%. This means that from the perspective of enterprises, more and more customers realize that brand building and sales promotion can be achieved more effectively through content marketing.

Changes in Enterprise Customer Content Marketing Participation



As a result, recommendation through KOLs has become a greater part of enterprises’ marketing budget. We investigated and estimated the budget input of these customers' content marketing and found that their share in the marketing budget rose from 7.5% in 2020 to 8.4% in 2021, with a growth rate of 11%.

Changes in Budget share Undertaken by Enterprise Customer Content Marketing



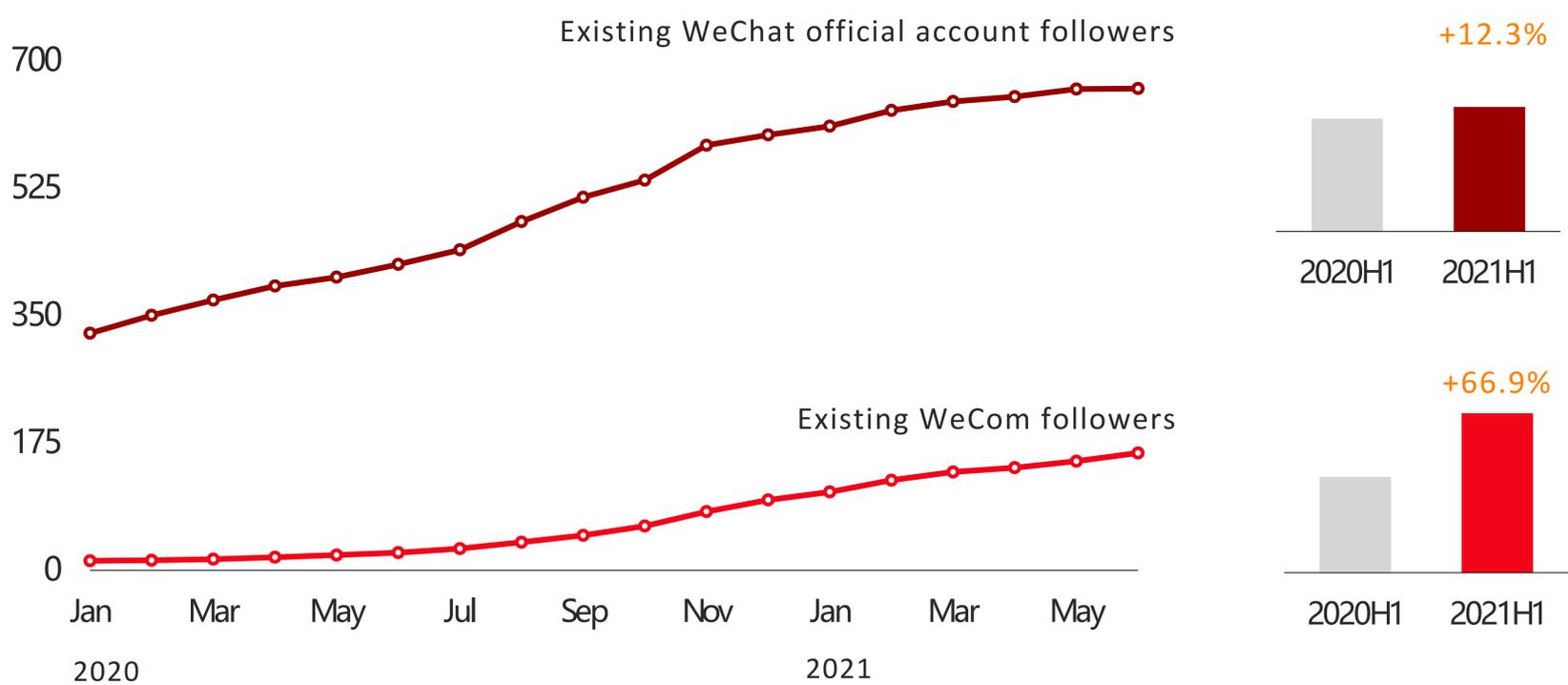
Data source: iClick Advertising Insight Database, statistics as of the end of August 2021

3.2.2 Smart retail customers

The construction of private domains by enterprises is in full swing, and beauty, household and personal care products, and food have become popular categories.

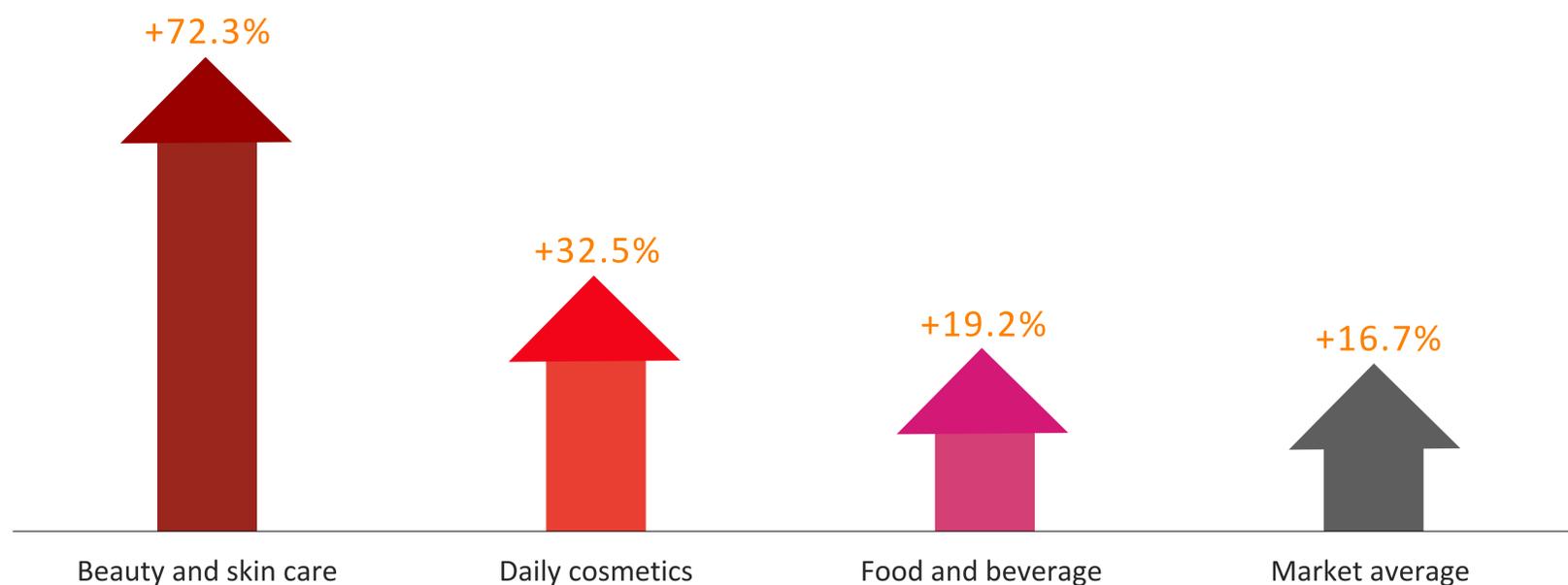
We took a look at the changes in the number of fans in the TOP 50 WeChat official accounts and the number of WeCom existing users. Data shows that in the first half of 2021, the total number of fans in WeChat official accounts increased by 12.3% month-on-month compared with the end of 2020, while the total number of WeCom existing users rose more sharply month-on-month, reaching 66.9%.

 Growth of Enterprise Customer WeChat Official Accounts and WeCom Existing Users



In terms of revenue, the total private domain GMV of these customers in the first half of 2021 increased by 16.7% compared to the first half of 2020. If these customers are counted according to their categories, the average growth rates of GMV of customers in beauty and skin care, department stores, and food and beverage are higher than the market average, increasing by 72.3%, 32.5% and 19.2% respectively, which corresponds to current private domain operations.

 GMV Growth Rate of Representative Category Private Domain E-commerce



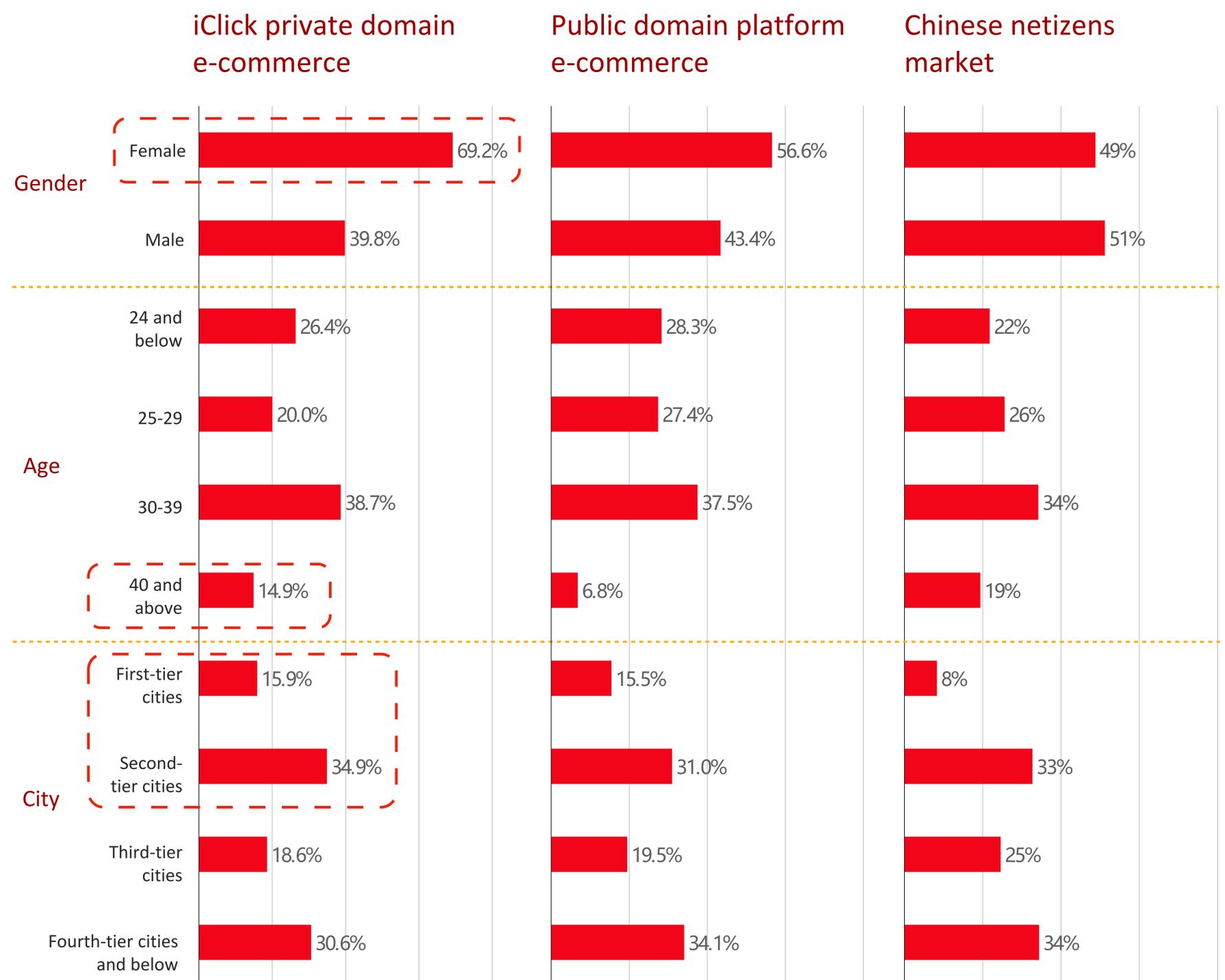
Data source: iClick Smart Retail Data Platform, statistics as of June 2021

Outstanding characteristics of private domain users: Many middle-aged and female users. High penetration rates in first-and second-tier cities.

iClick gained insights into the TOP 50 customers of Smart Retail Division, and made comparisons based on inter-city, age and gender distribution of users in its self-operated mini program mall, the public domain integrated e-commerce platform, and the Chinese netizens market, and found some remarkable characteristics.

- 1) In terms of gender distribution, nearly 70% of private e-commerce users are women, which is significantly higher than the e-commerce and netizens market combined.
- 2) In terms of age distribution, although consumption of private e-commerce is consistent with that of integrated e-commerce of users born after 1985, it can also be seen that the share of users aged 40 and above in private e-commerce is significantly higher than that of integrated e-commerce, which is closer to that of the netizen market. This may depend on WeChat having a higher penetration rate among middle-aged and elderly people than e-commerce apps.
- 3) In terms of location, the proportion of users in first-and second-tier cities of private e-commerce is slightly higher than that in public e-commerce, but compared with the netizens market, there is still room for the market to sink.

Comparison between the Characteristics of Private Domain E-commerce Users and Public E-commerce and Chinese Netizens Market



Data source: iClick Smart Retail Data Platform, August 2021;

According to the summary calculation of public information such as the annual reports of Taobao, Jingdong, Pinduoduo and other head e-commerce platform enterprises.

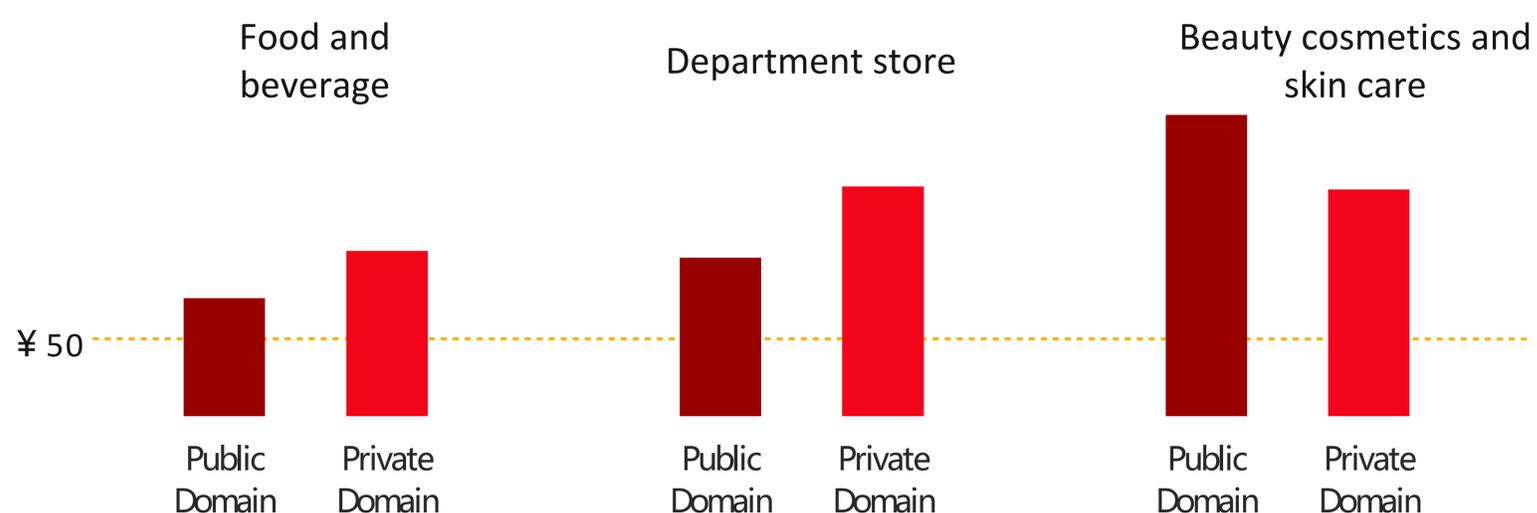
iResearch; CNNIC Statistical Report on Internet Development in China, June 2021;

The consumption behavior of private domain users complements that of the public domain. They prefer medium priced products, and spending sprees during commercial festivals is high.

By selecting the SKUs of TOP5 hottest goods in these customers' self-operated e-commerce mini programs respectively and comparing them with the hottest products in the self-operated Tmall flagship store, we can find that the unit price of hot products in private e-commerce is more concentrated between ¥ 50 and ¥ 150. However, the unit price of hot products in public e-commerce is lower than ¥ 50 or higher than ¥ 150, which is more spread out than that in private e-commerce.

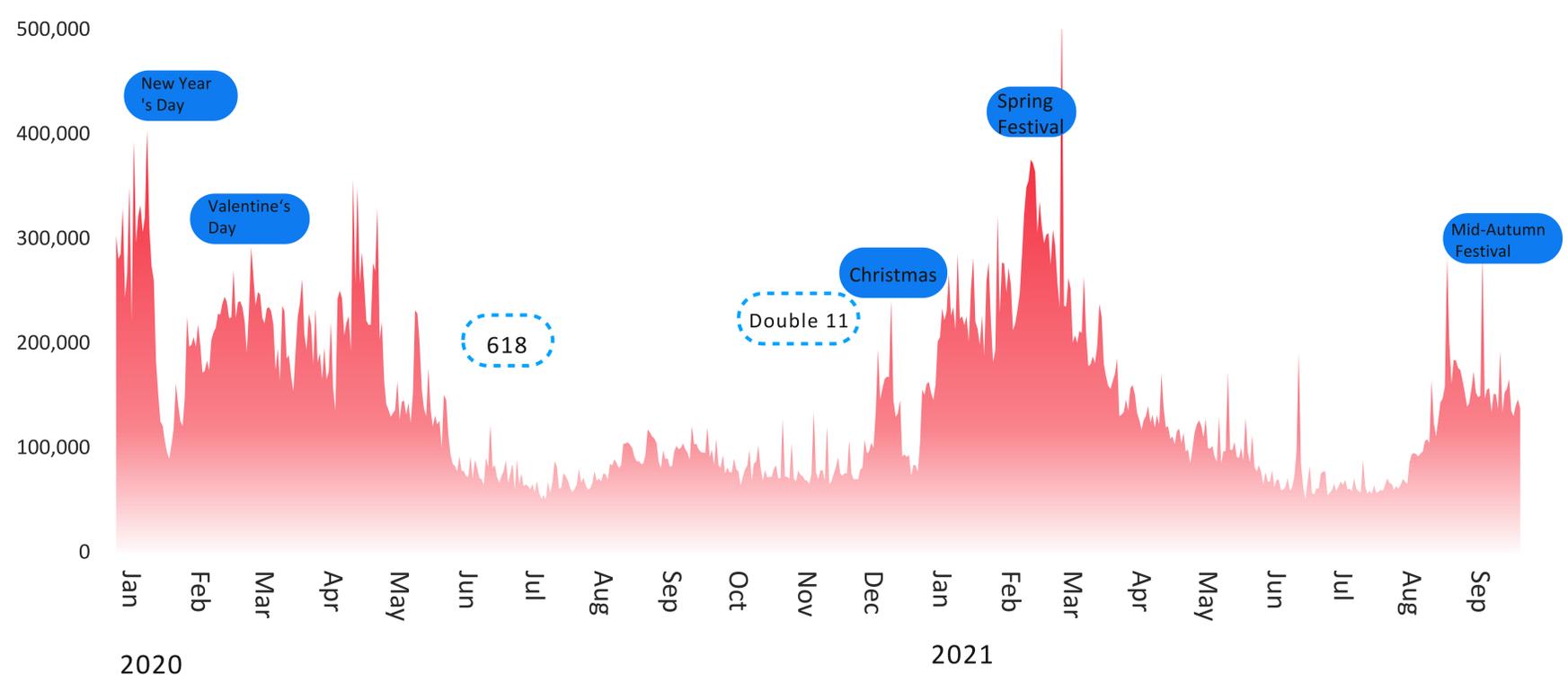
Such price preference is more obvious in distinct categories. The average price of hot goods in the private domain is higher than that of hot goods in the public domain in the food and beverage sector and department stores with low unit prices. However, the average price of hot goods in the private domain is lower than that of hot goods in the public domain in the field of personal beauty care brands with a higher unit price.

 Comparison between SKU Average Price of TOP5 Private E-commerce Hot goods and Public E-commerce



Unlike the public domain e-commerce platform, which is keen on creating "commercial festivals" and features concentrated around spending sprees, the growth of private domain e-commerce spending sprees is often linked to real festivals, such as New Year's Day, Spring Festival, Valentine's Day, Christmas Day and the Mid-Autumn Festival. In addition to the increase of users' own consumption plans brought about by festivals, since enterprises adopt different operation strategies from public domain e-commerce, they usually use holidays to reward members and conduct limited-time promotional activities.

 Trend of Private E-commerce Spending Sprees



Data source: iClick Smart Retail Data Platform, statistics as of September 2021

04

The Two Pillars of Digital
Operation: SaaS and X

4.1 From Tools to Achievements, Intelligent Upgrade of Digital Operation

How can enterprises move towards digitalization faster and more effectively? Some think that "SaaS" can lead enterprises to digitalization, but simply changing tools is not sufficient to bring qualitative breakthroughs to enterprise digitalization. Technology cannot solve all the problems encountered by enterprises in digital operation, or even solve the core problems themselves. Regardless of how good the technological tools are, if they do not match the business needs, and employees do not know how to use them, cannot use them well, or lack operational methodology, they cannot realize their true potential.

Our understanding of digital operation requires huge improvements. In fact, in addition to the crucial "SaaS", enterprises need more value-added services. iClick has summarized these value-added services matched with technology in two pillars: "SaaS" and "X", which together support enterprise digital operations.

Within the scope of "SaaS"-

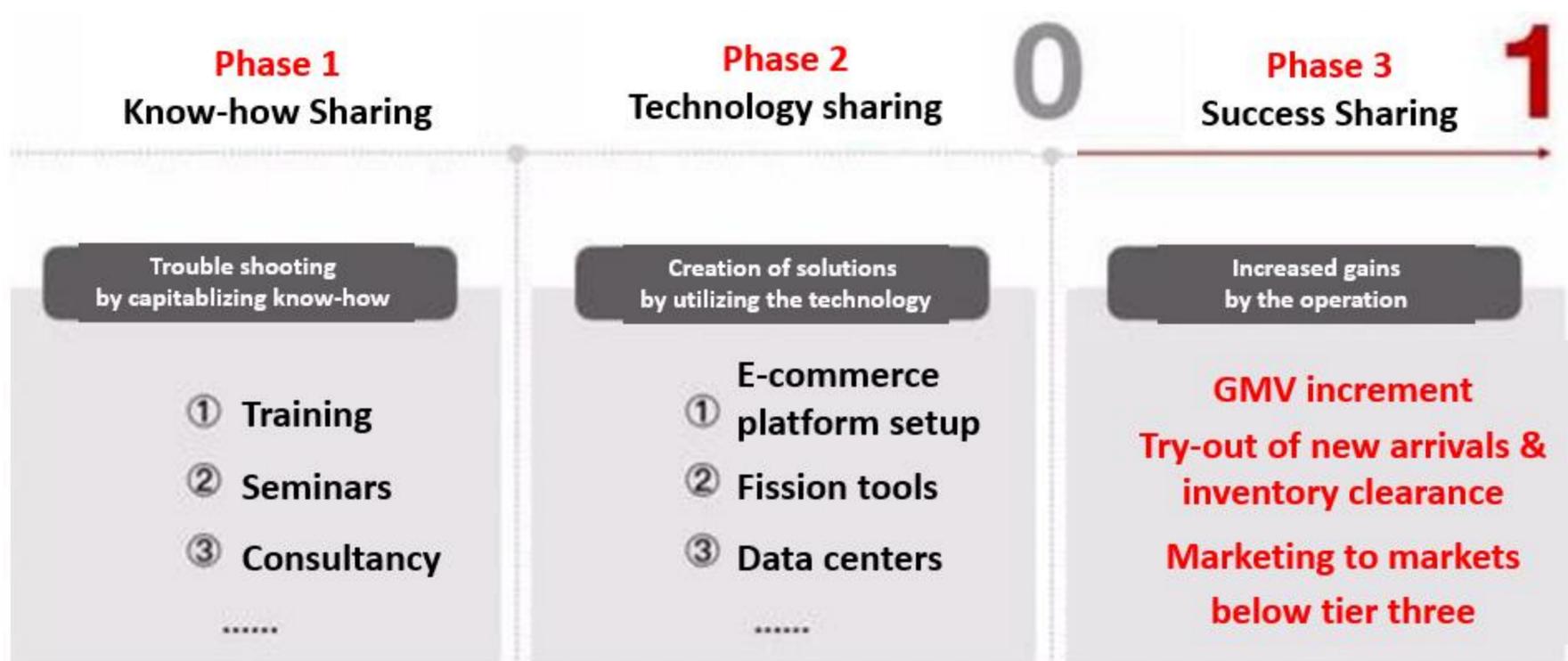
iClick offers diagnosis, technology and training for enterprises, and collects, abstracts and refines the personalized needs of enterprises based on a standardized digital operation product matrix, then customizes the most suitable system solutions for enterprises.

Within the scope of "X"-

iClick coordinates internal and external resources for enterprises, provides execution teams and continuously reviews and optimizes the execution, and assists enterprises at every step of the marketing and operation process with its nurse-level service. iClick can even provide hosting services fully covering an enterprise's digital operations.

Only when cognition and method go hand in hand can we find a path to sustainable development. Based on the cognition of creating achievements with customers, iClick always follows the "three-phase" method of diagnosing problems with knowledge, forming solutions with technology and boosting performance through operations as shown in the following figure.

iClick "Three-phase" Theory on the Operating Results



4.2 "SaaS" capability, and infrastructure of digital operation

The following is an iClick product matrix, containing three platforms of advertising, data operation, social retail, including the core "SaaS" capabilities for enterprise digital operation, all of which lay a sound foundation for success.

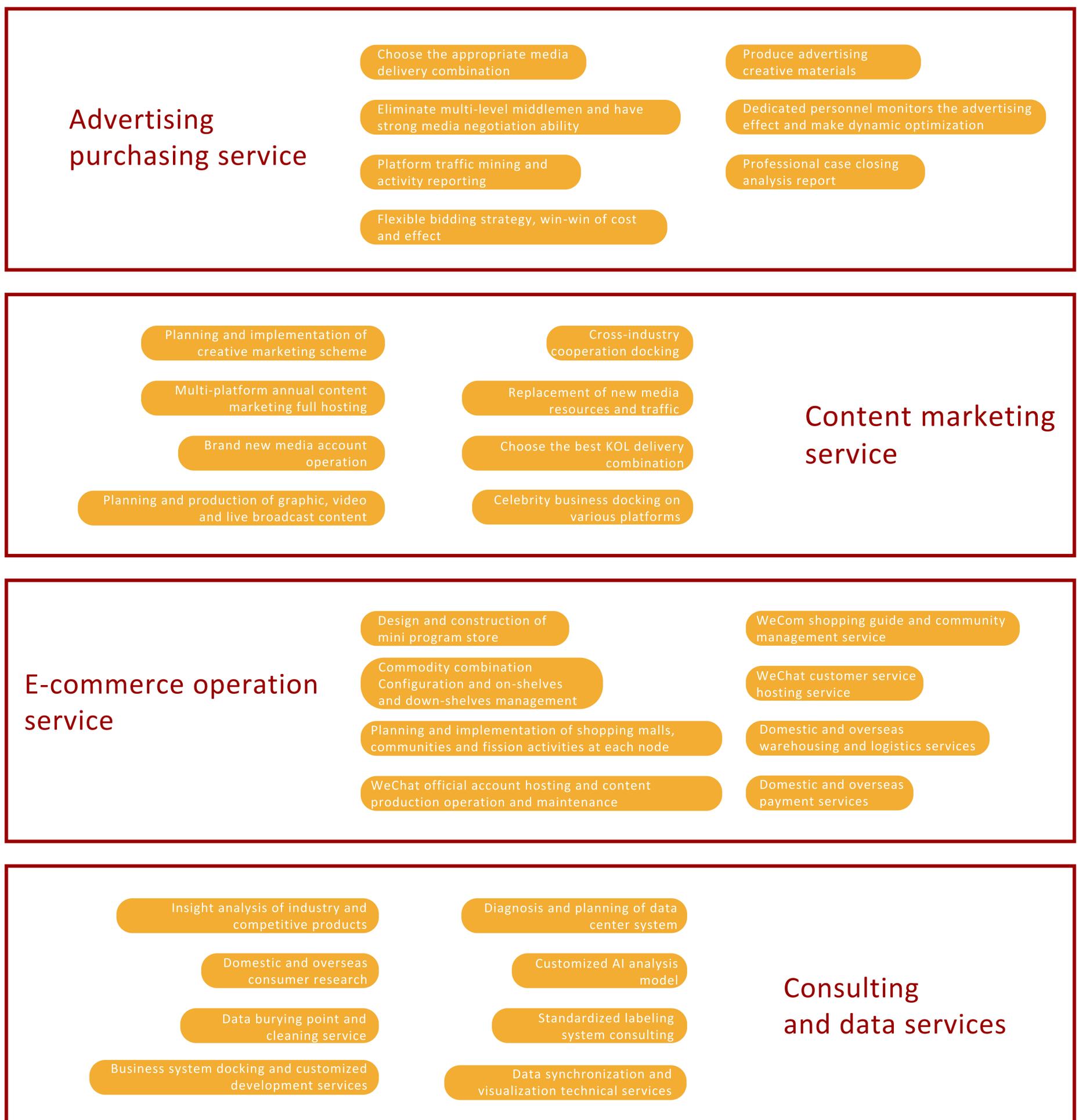
iClick Digital Operation "SaaS" Capability Matrix



4.3 "X" service, value-added digital operation

To help enterprises use the above digital SaaS tools and give full play to the greater value of technology, iClick not only provides customers with basic online training and Q&A services, but also offers more value-added services around the scenarios covered by these tools, such as project execution, and agency operation hosting, effectively solving the shortage of digital operation manpower and capacity of some enterprises.

iClick "X" Digital Operation Service Matrix



05

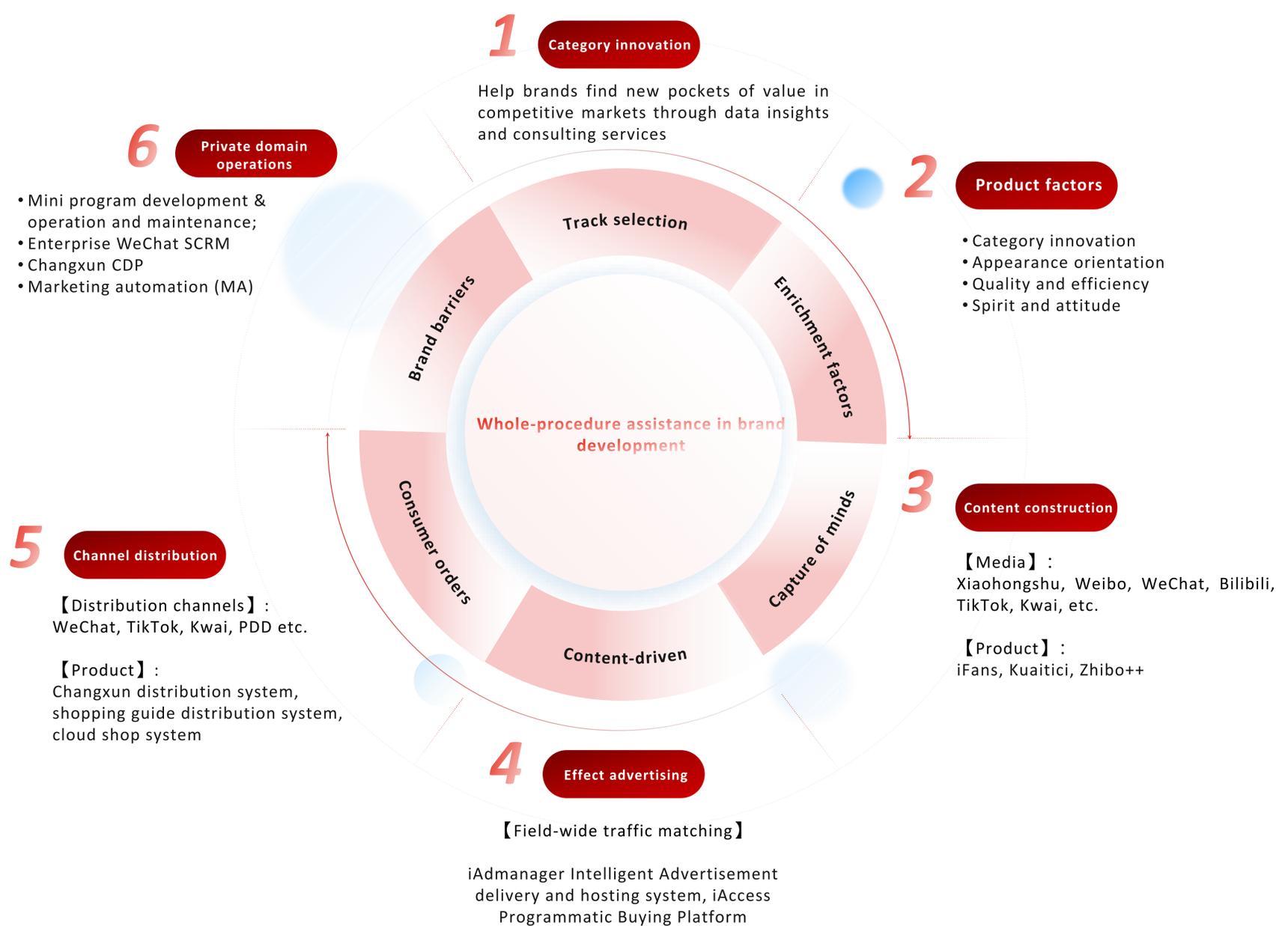
Typical "SaaS + X"
Digital Operation
Scenarios and Cases
for the Market

Four new "SaaS + X" Digital Operation Scenarios

The market has grown and so have consumers. The "good old days" when a brand could become popular through a simple set of advertising slogans is gone forever. If an enterprise wants to achieve growth both in terms of brand volume and sales volume, it needs to consider the competitiveness of the product itself, the accuracy of its advertising reach, and the smoothness of the transformation link. It must also pay attention to retaining consumers and forming a strong emotional connection with them.

Therefore, the end-to-end digital business system is a cyclical process consisting of category strategy, product innovation, content construction, effect flow, channel distribution, and private domain operation, and enterprises need to put in place to help brand growth.

Six underlying steps to help brand growth



iClick embedded its existing "SaaS" products and "X" value-added services into the six steps above, forming four digital operation "SaaS + X" scenarios:

- 1) "**Brand Content Construction and Marketing Scenario**", to capture the minds of users through the value of recommendation
- 2) Efficient access to the public domain to achieve the "**all-domain precision based streaming scenario**" to attract consumers
- 3) Online and offline linkage to promote the "**multi-channel distribution transformation scenario**" for consumer purchasing
- 4) Development of a "**private domain user retention operation scenario**" to cultivate user loyalty and stave off competition

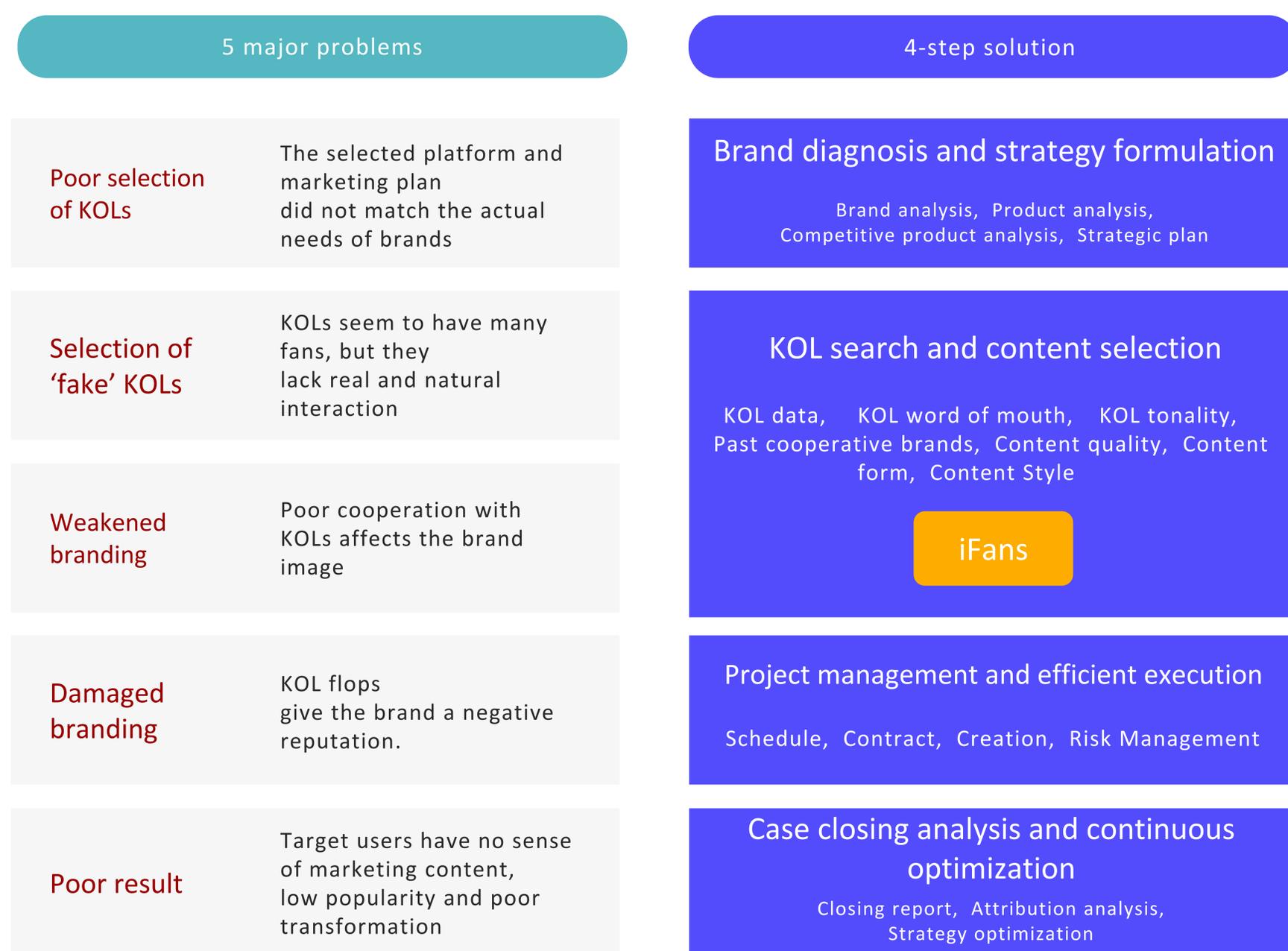
What kind of reshaping effect have these scenarios brought to the digital operations of enterprises? How have they improved operating efficiency and increased the income of enterprises? Below, we will analyze each scenario and demonstrate cases to get a close look at a glimpse of their operations.

5.1 Brand content construction and marketing scenarios

As a relatively new field, KOL content marketing is filled with positive and negative aspects. As many enterprises lack the corresponding awareness, they make little impact and may even have a negative effect despite investing a large share of their budget in such services.

How can enterprises avoid falling into traps when utilizing KOL? It is necessary to adopt various content delivery strategies in line with industry characteristics and development stages of enterprises. In addition, enterprises need to choose the right time and platform, and produce high-quality content that enhances users' sense of identity through KOL, word-of-mouth, recommendations, transformation, "cultivation", and "harvesting".

"Five Major Problems" and the "Four-Step Solution" for successful KOL Cooperation

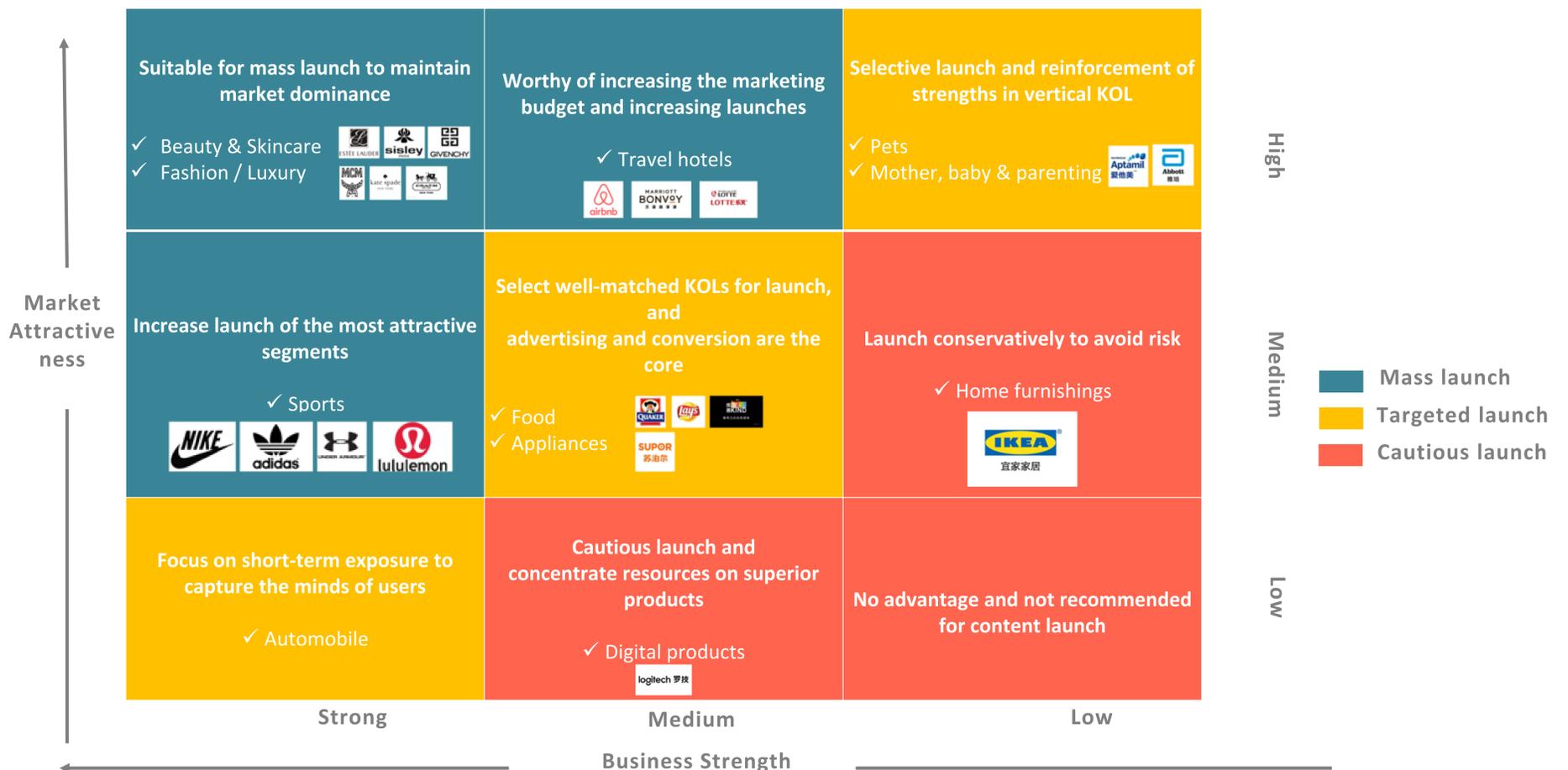


KOL delivery effect of a brand after adopting the "four-step solution" of iClick content marketing



In the "four-step solution", brand diagnosis and strategy formulation drive success. Different categories contain different levels of competition. The competitive advantages of different brands can be high or low. The size of audiences and the distance from end users determine the attractiveness of brand marketing. Just like lipstick advertising, compared with car advertising, it can always resonate with more people. At the beginning of the project, we must fully understand the brands' characteristics and their advantages and disadvantages, and adopt different KOL strategies.

KOL strategies that can be adopted by different categories and brands



Choosing the right people and producing the right content is the key to success in content marketing. In the past, some brands often only used number of fans to measure success. Nowadays, the search team comprehensively evaluates the various conditions of KOL not only from a professional perspective, but also through professional KOL marketing value analysis platform iFans by iClick. Evaluation can also be conducted based on the KOL's exposure, interaction, collection, CPE, conversion ability, and other aspects to effectively remove exaggerated traffic.

How does iFans find the right people and content for the brand?



FOTILE

FOTILE: Enhancing content marketing Leading the new wave of generation Z home living

In 2020, FOTILE joined forces with iClick to launch the "Better Home Living" project on Xiaohongshu. It worked with a network of high-quality KOLs to spread word of mouth and recommendations, and enhanced content marketing of the household appliance industry in Xiaohongshu. In addition, it fully explored the official marketing resources of the Xiaohongshu platform and jointly built a strong household and home recommendation-based community with a sense of style and design.

During implementation of the project, FOTILE's brand index ranking rose dramatically (from 940 to 129) and the interactivity of the delivered content surpassed the performance of competitor products and benchmarking at the same time, successfully creating the first IP-based gameplay activity in the household appliance sector.

Select the right KOL

#Identify#

Directly reach target users of FOTILE, enhance the brand through high-quality KOLs in the field of fashion, home, mother and baby, food, pets and other fields, and create a matrix of head + waist + tail + KOC to create product popularity.

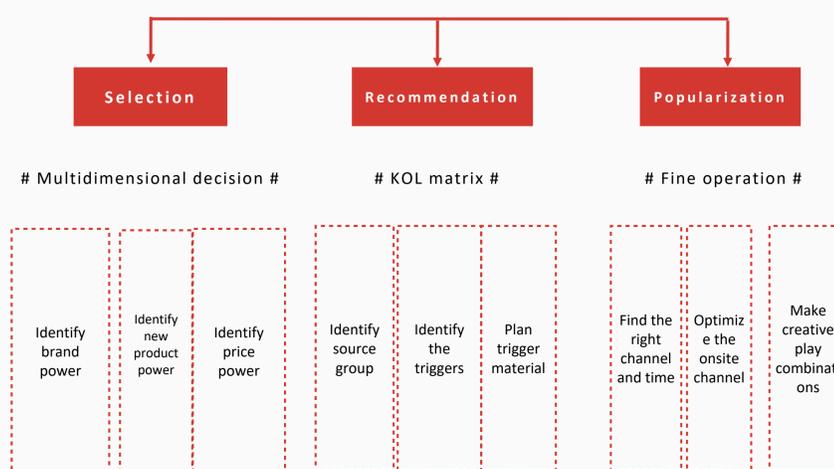
Release the right conte

#Matching People and goods#

Conduct in-depth analysis of FOTILE's home appliance product characteristics and application scenarios, determine the main recommendation products based on the needs of consumers and produce content that users like to attract the attention of more people.

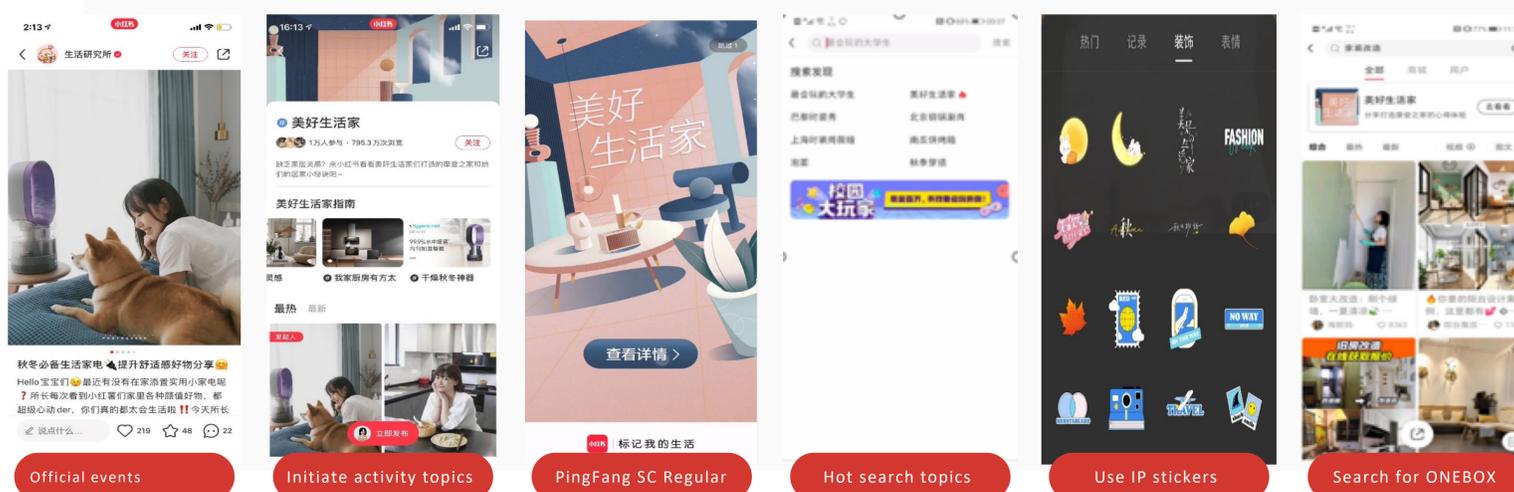
Strive to promote word of mouth

Put high-quality contents on top and users can accept recommendation easily



Make full use of platform marketing resources

Conduct marketing activities + enterprise operation and maintenance, maximize use of these platforms resources, precipitate high-quality content in the topic, and stimulate more UGC at the same time



+19.8m
Cumulative content exposure

+180k
Natural increment of UGC content

+88k
Number of interactive recommendations

811th
Ranking for interactive recommendations

Statistical range: 2020.1-2020.12



Lingnan University: Content is interaction, and we can use suitable audience language to communicate with generation Z

After the DSE (Hong Kong Diploma Examination) in 2020, in order to familiarize more students with Lingnan University and stimulate their interest in registration, LingU launched a content marketing campaign focusing on social media. Instead of featuring image based videos, international rankings and online courses like most universities, iClick used the audience language of Generation Z to create a series of interesting videos and gamification interactions for LingU, shared personal experiences through the perspective of "virtual ambassadors" and peers, and replaced mundane introductions about the school environment and subjects with more stimulating content.

Understand the target audience and create content that they like to look at and listen to

InfoTrip guided tour



Create three virtual tour routes and introduce the characteristics of the three departments with three virtual ambassadors.

Who stole my notes?



The first Ins detective game on the Hong Kong market, which allows students to find out about LingU quickly throughout the game.

What are you playing? LingU



Create different Q&A and share interesting LingU events.

Cat's guide around the campus



Use LingU's mascot to introduce the campus environment from a cat's perspective.

LingU, my new home



Shoot a short video and let LingU students share course information and campus life.

Sparkling subject books



12 stories about LingU courses, animated video to allow students to quickly learn about these majors.

The success of this marketing campaign also benefited from a comprehensive media layout created by iClick combined with the characteristics of LingU's various platforms. For the first stage, immersive interactive game videos were released on Instagram to engage student users. For the second stage, helpful campus tips were displayed on Facebook to encourage users to actively obtain more information. For the third stage, it was not directly posted on the school's official website, but a navigation landing page was set up, allowing users to browse all the information about LingU in one space.



Gamification content

Arouse interest

Have fun and gain a sense of accomplishment in interaction and imperceptibly, find out more about LingU campus.

Redirect Instagram users

Redirect history access



Advertisement placement

Customized student crowd package



Targeted content

Engagement and traffic

Understand real campus life of LingU students and the characteristics of different disciplines through easy content.

Facebook external link



Guide map

Content integration hub

Collect information about landing pages on the Web. LingU's information provides experience-friendly navigation allowing users to quickly find the required information without searching.

+1m

Video viewers

40k+

Average daily interactions with the game

12k+

Number of users led to the official website

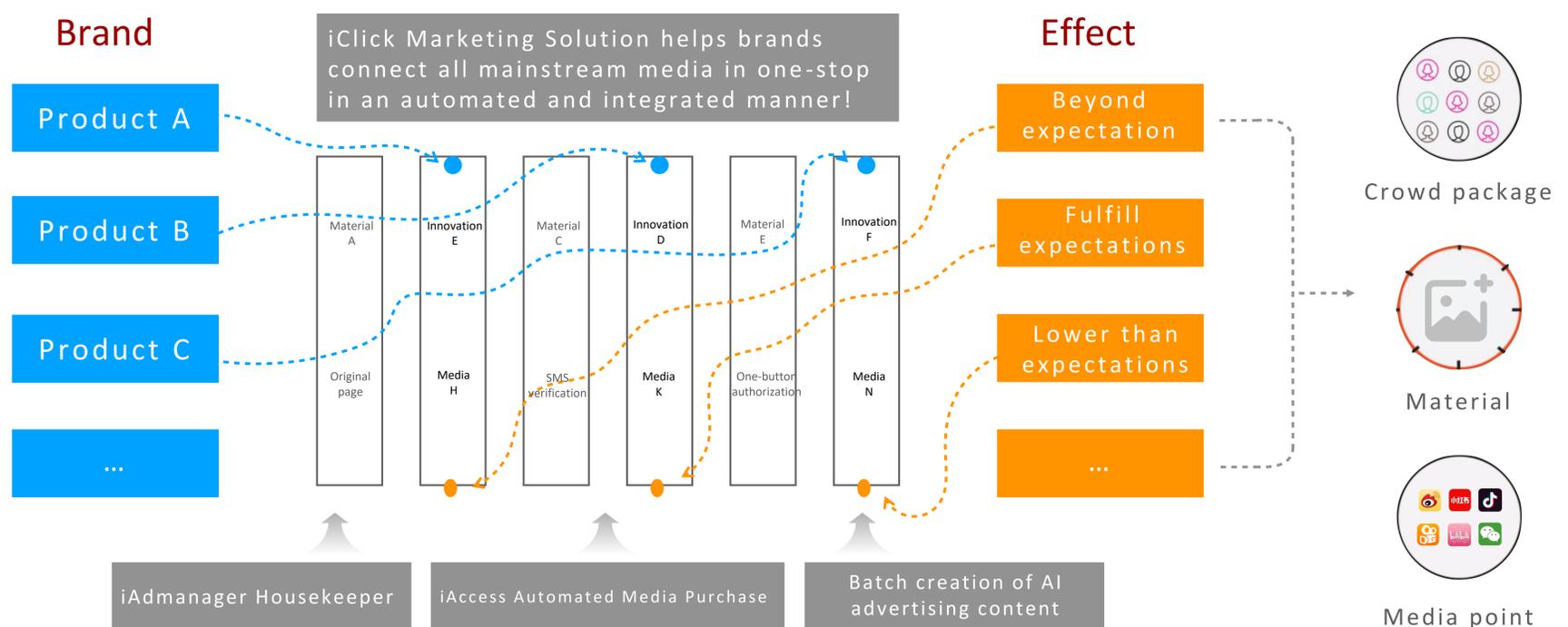
85%

Proportion of social media redirections

5.2 All-domain precision based streaming scenario

In the past, brands used to plan, execute, evaluate and optimize their advertising work in stages. Now, in order to further improve the effectiveness of their marketing, they must achieve dynamic optimization in the advertising process. This includes monitoring the effects of advertising in real-time and then quickly adjusting strategies, audiences, media, and materials based on feedback.

Real-time optimization of data-centric advertising



Optimization details

Change the placement point strategy

The target consumer group of the brand is Women aged 18-25	Real-time monitoring of two kinds of video patch effects in title vs insertion	The proportion of target consumer groups reached through inserted advertisements is higher
--	--	--

Calculate the best matching materials of each channel

Channel A	Test the click-through rates of different advertising materials in different channels respectively	1-minute full brand advertisement
Channel B		15-second streamlined brand advertisement
Channel C		8-Second effect advertisement

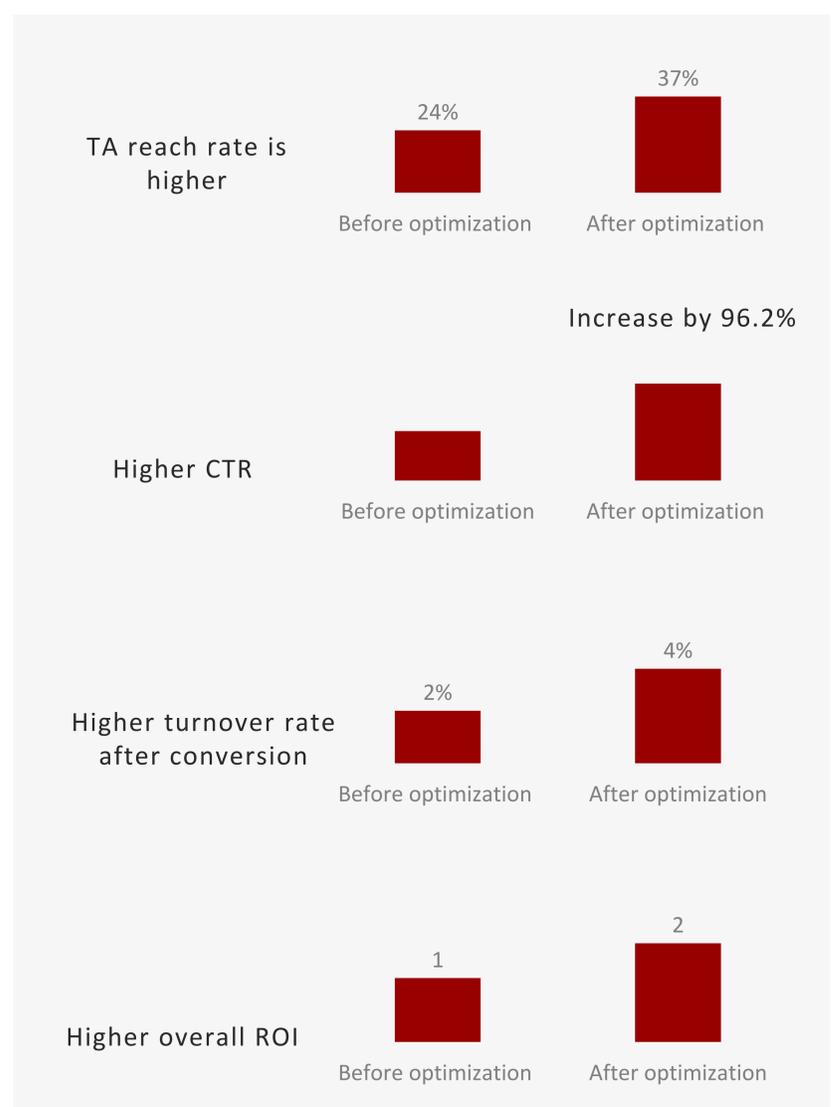
Adopt marketing activities for target audiences

Define the portraits of potential customers according to the characteristics of past transaction users	Define the scoring system and evaluate the score of each clue	Define the focus and follow up the target audience with a limit of 60 points	Carry out marketing activities for the target audience to promote transformation
--	---	--	--

Adjust the media mix and proportion

Media A	Sales contributed 45%	ROI 0.89	Reduce placement
Media B	Sales contributed 6%	ROI 3.5	Increase placement

Optimization effect





Lululemon: Multi-platform joint advertising enhances brand image around users' rich online scenarios

In the era of information, consumers receive a large amount of information every single day, and in some cases, they will get put off by a brand's communication if they are bombarded with it too heavily. There are many factors that affect consumers' decision-making, so it is difficult for brands to realize transformation immediately through just a few contacts. In fact, before purchase, brands and users often have countless contacts, which also play a vital role in the transformation of users.

In order to reach the target audience as comprehensively as possible, it is necessary to enhance the influence a brand image has on target audiences and take into account certain sales transformation. iClick, together with many different types of media platforms, has created a multi-level advertising scheme for lululemon. The professional service team has worked tirelessly at all stages of investment to maximize potential energy for marketing, so that users can "see, remember and buy".

Enrich people's cognition

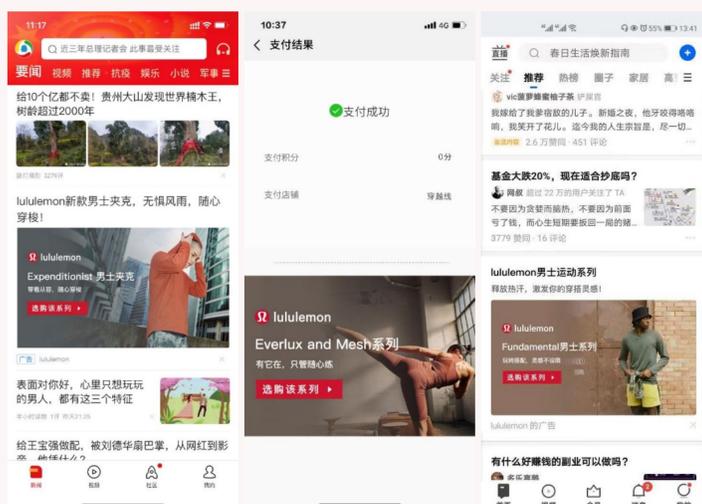
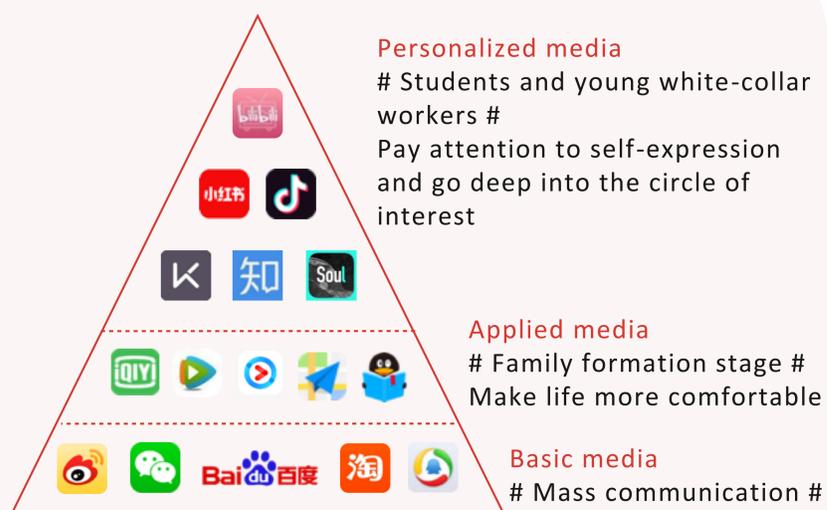
Fashion clothing # # exercise and fitness

Before placement, iAudience is used to gain insight into the characteristics of Lululemon's target audience in terms of media preference, advertising behavior preference, interest preference, consumption preference and life stage.

Optimize media combination

Multi-role, multi-pursuit, multi-contact

iClick sees over 6 billion media placements every year and is familiar with the distribution of users on different media platforms. The performance of different categories in various media points is assessed, so as to configure exclusive media combination for lululemon and improve the effectiveness of the advertising.



Directional placement model

Exclusive point # # Landing conversion page #
Crowd package # # Product line # # Creative material

During the placement process, iClick built an exclusive "point + landing page + user experience" placement model at Tencent News, WeChat Pay, Zhihu, and Guangdong for Lululemon.

Yoga, fitness, men's lifestyle, and other packages are reached and brand-oriented materials are used to display different ranges of products from different angles, with a focus on effective exposure, and speed up effective exposure after conversion.

Precision remarketing

Effect quantification #
Data model training #
Crowd package optimization # # Cross-platform secondary placement

Quantify the effect of materials and crowd packages, optimize subsequent placement and accumulate crowd data for cross-platform secondary launches by iClick professional data reports.

+10.7m
Monthly advertising exposure

150k+
Advertisement clicks in a single month

1.4%
CTR

Statistical range: 2021.3

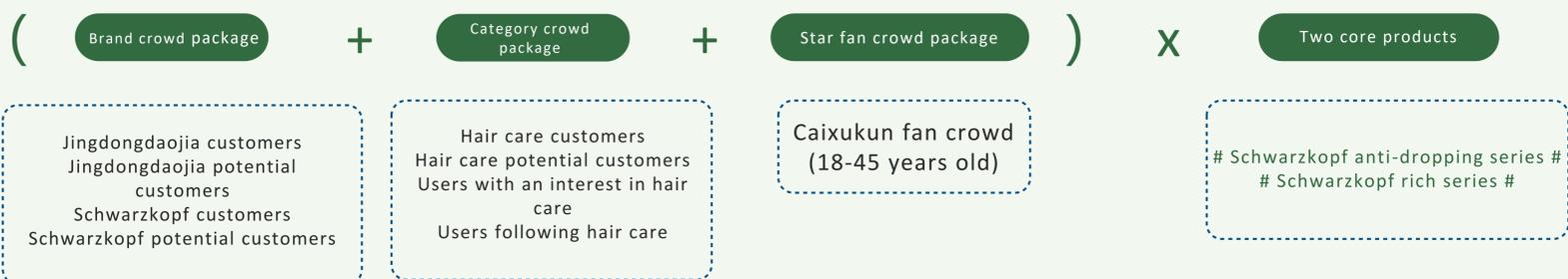


Jingdongdaoia: Customize creative materials by groups of people to achieve efficient reach of target customers through WeChat Moments advertisements

With the shortened transformation and realization paths of WeChat traffic and the explosive growth of consumption on mini programs, WeChat's Moments, with 1.2 billion monthly active users, has become a public domain traffic pool, which enterprises must identify as an important part of their global marketing map.

In order to attract users' attention and drive growth of new users, Jingdongdaoia launched a 14-day advertising campaign in Moments. iClick integrated multi-dimensional interested users, formed nine crowd packages, grasped the different concerns of these users, customized creative materials, took advantage of celebrity endorsements, built strong advertising attraction around the promotion benefits and product selling points of the two main products, reached target customers efficiently, and formed effective communication.

Exclusive crowd packages, mainly pushing two core products



Grasp the different concerns of users and customize creative materials in multiple dimensions

Real-time monitoring of the relationship between material, crowd package and effect

Material strategy

Optimize the delivery model at any time

Amount increasing strategy

Real-time adjustment combining consumption and cost. Start with one click and quickly prepare a quality plan.

14 days
Placement duration

+17.2m
Total advertising exposure in 14 days

+190k
Advertisement hits in 14 days

1.1%
CTR

5.3 Multi-channel distribution transformation scenario

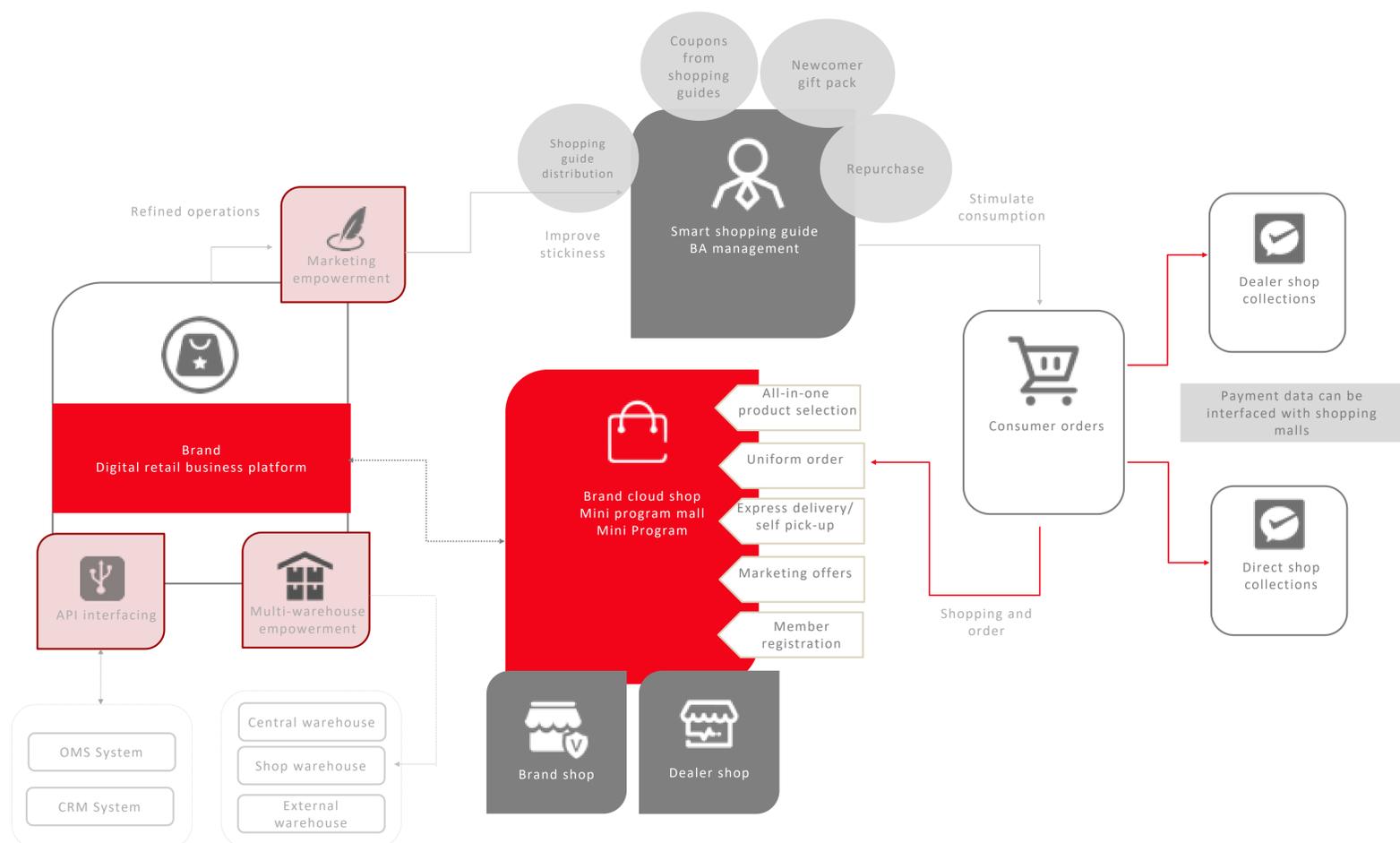
Some brands and retailers have huge online/offline sales channels, which were done in their own way. Faced with a brand-new competitive environment, and in order to improve the operational efficiency of various channels, it is now necessary for them to open up multiple consumption scenarios through digital operation.

However, it is often more difficult to reform a relatively mature system than to build from scratch. In this process, there will be many practical problems, such as:

- Online and offline channels conflicting in pricing, process and service standards
- Profit sharing when orders are made through multiple channels
- The question of sharing member assets precipitated by brand self-operation and dealer channels
- Shopping guides may not be suitable when there an online sales result-oriented KPI is in place

The above problems can be effectively solved through iClick's multi-channel digital sales management platform.

The core process of multi-channel integrated distribution management



Provide offline orders for stores

Non-working hours
Average proportion
of orders **10%**

Provide the store with passenger flow to the store

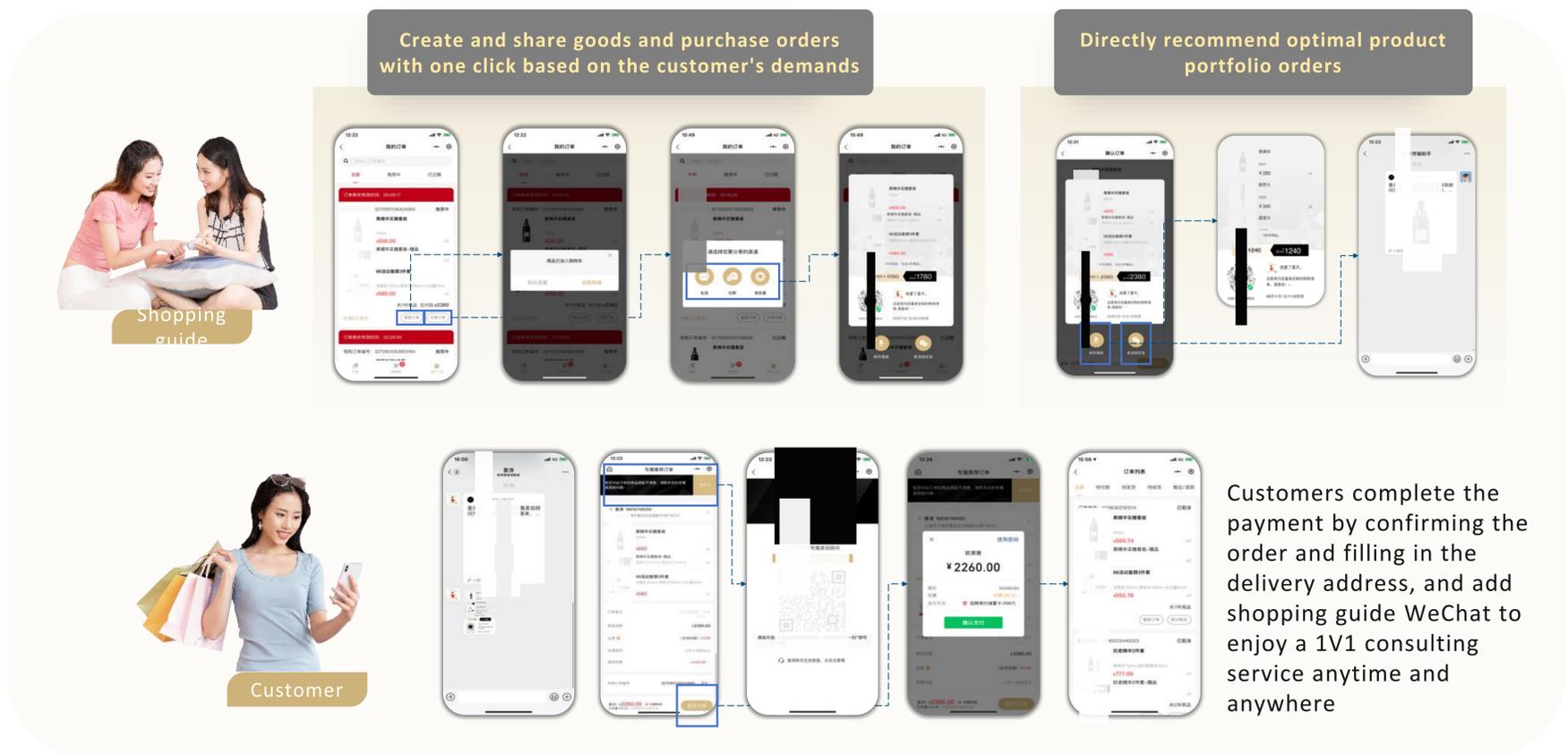
A brand's store
Passenger flow
to the store has
increased by **20%**

Drive business growth for stores

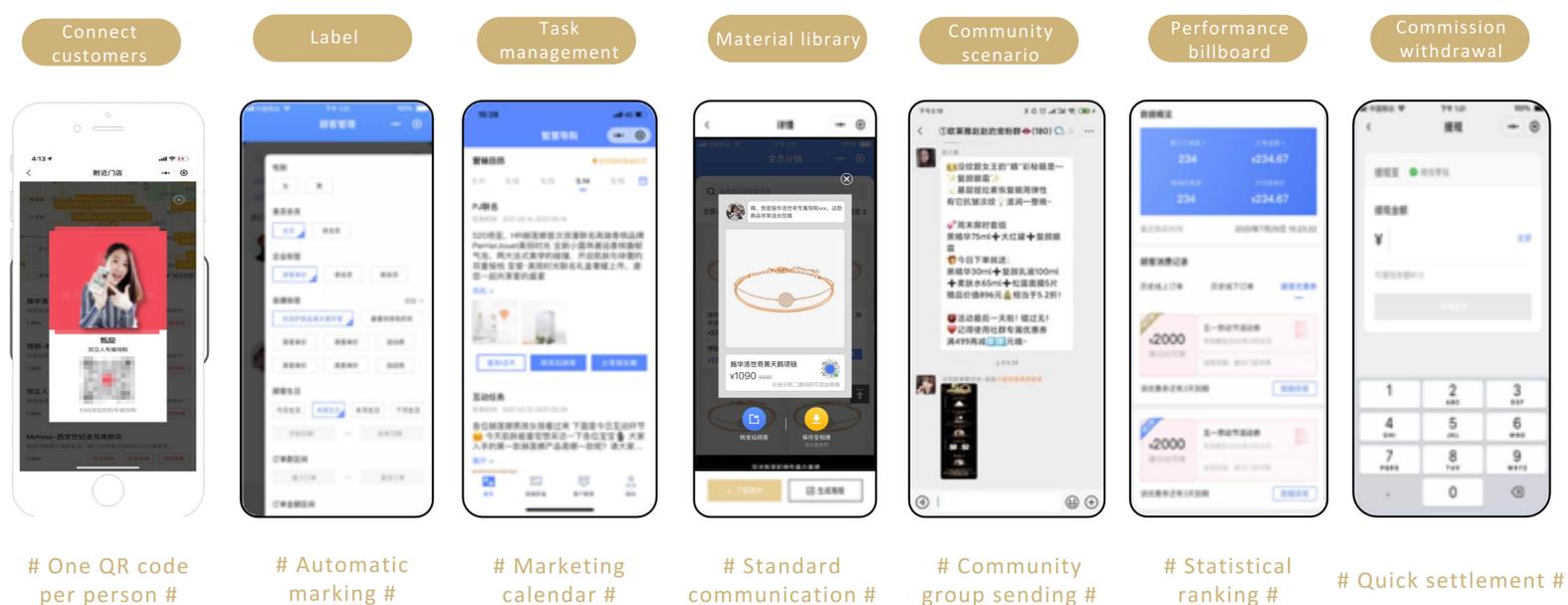
A brand's store
Sales continue to
grow by **20%**

An internationally renowned beauty group: Launch of online service for multiple stores Shopping guide services and distribution which can be accessed anytime and anywhere

iClick has built an intelligent marketing cloud store, featuring quick adaption to various scenarios, centered on offline shopping guides for an internationally renowned beauty group. It has developed exclusive functions such as Remote Sales (below) for the beauty industry in combination with business scenarios, and given store shopping guides more marketing authority and personalized gameplay support. It has also created online and offline refined operation and private domain realization links, and facilitated efficient transactions and repurchasing for loyal customers.



It has also customized WeSocial, a customer digital operation platform based on WeCom, which supports the access and reuse of multiple brands under the Group. It connects 1.2 billion WeChat users and links the Group, thus realizing the rapid and large-scale landing of private domain full-link customer operations.



90+
No. of stores the system is expected to cover

450+
Expected number of online tour guides

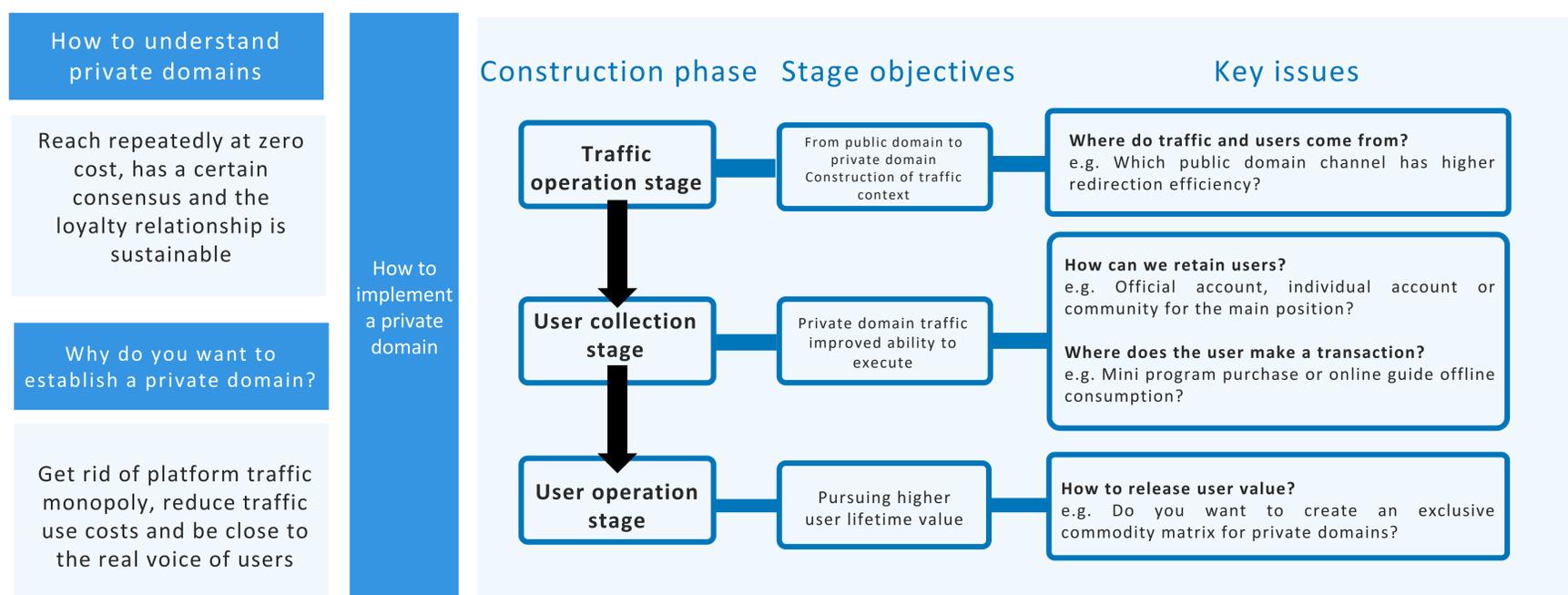
10+
Expected access to department store ERP

Statistical scope: Large-scale landing data of its Helena Rubinstein brand cloud store model

5.4 Private domain users retain operation scenarios

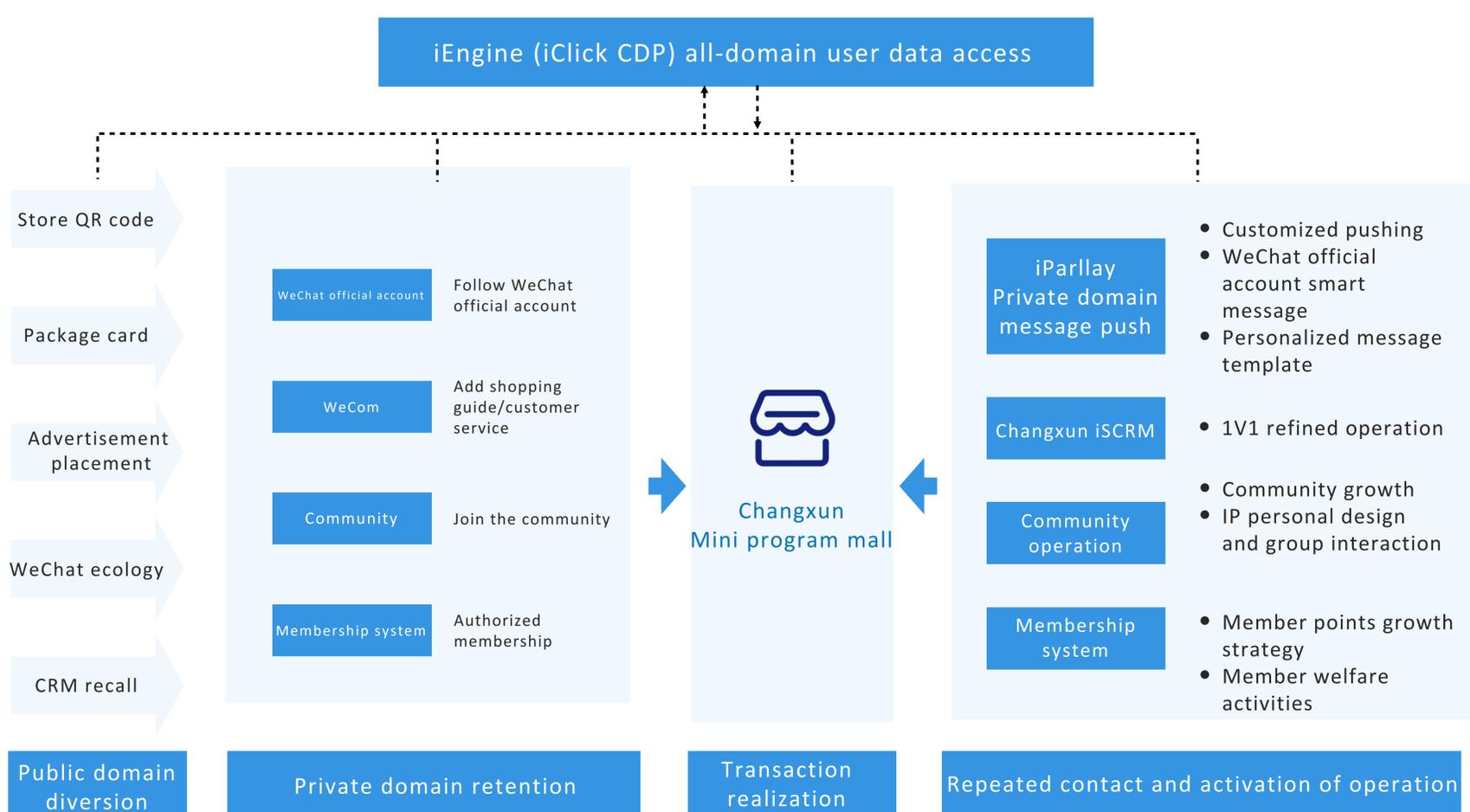
In order to further “reuse” traffic, many enterprises have begun to build their own private domains. However, when shifting to the private domain, enterprises should promote their own reality, advance in sequence and create a unique private domain operation process that matches their own business, while maximizing the value of the private domain. Therefore, the map of "how to build a benchmark private domain" can be summarized as follows.

Private domain construction map



The following visual shows the core process of private domain operations. From the public domain, users who could only be reached once in the past are introduced into the private domain to precipitate and the private domain is realized for transactions. In the post-link of the private domain, users are repeatedly reached through various operational means and users are activated regularly to encourage them to repurchase. The user data generated by the above process is uniformly collected in CDP, forming analysis and prediction and feeding back the optimization of the whole link scenario.

Example of the core process of private domain user retention and operation

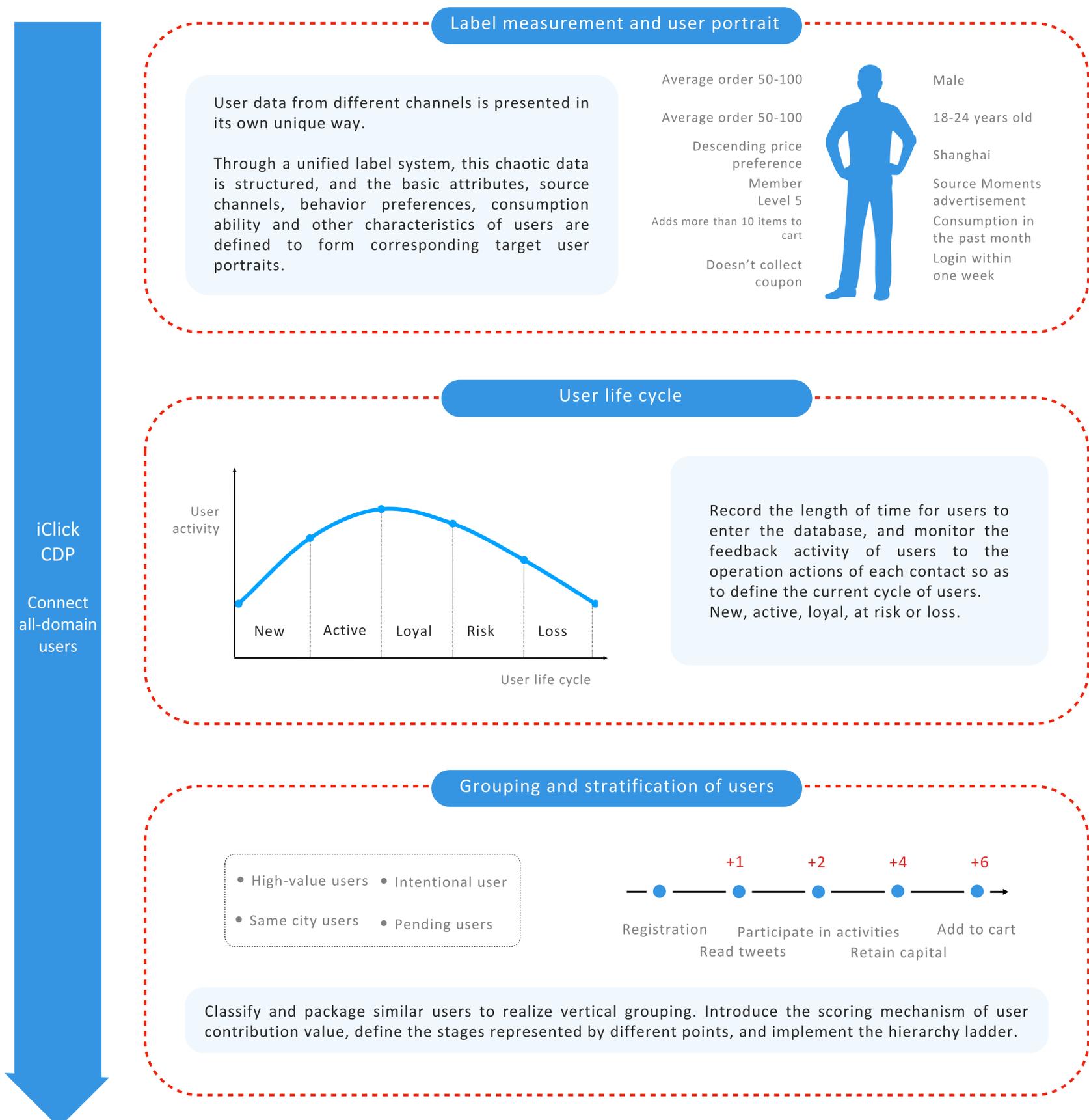


User grouping and hierarchy based on whole process data

In the above scenarios and processes, the final retention and transformation effect of users depends on refining enterprise user operation, and its core point lies in "adopting different operation strategies for different users".

The first question is, how can a large number of users be grouped or layered correctly? As shown in the following figure, after the user data is precipitated to CDP, the target user portrait can be formed through systematic tags, the life cycle of users can be judged through user activity, and users can be packaged into groups through multi-dimensional conditions including value scores.

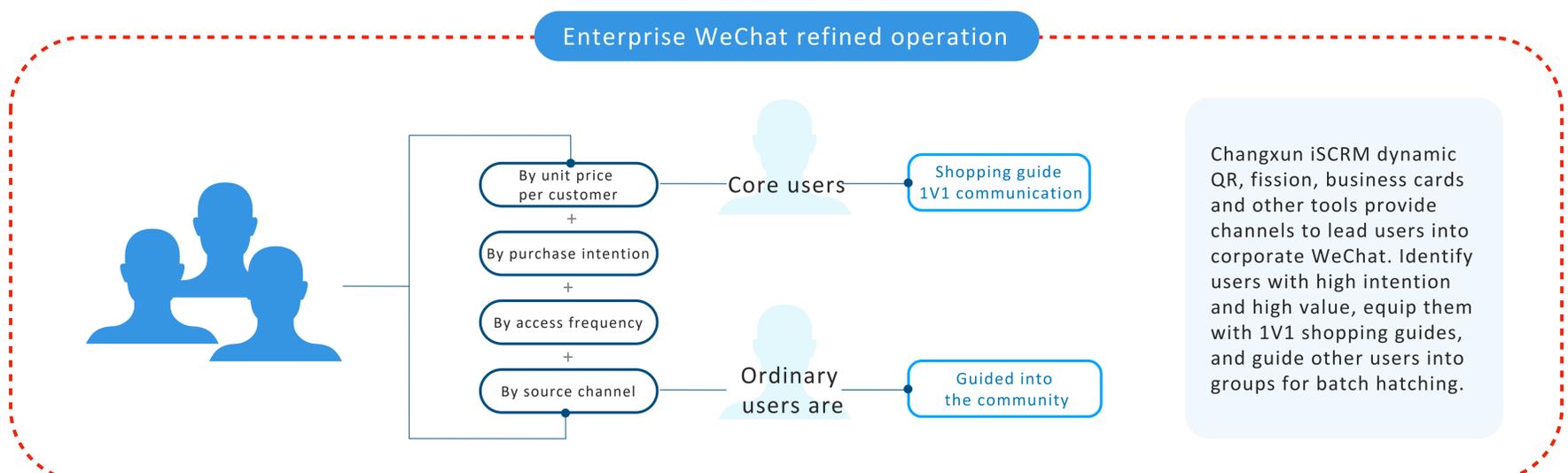
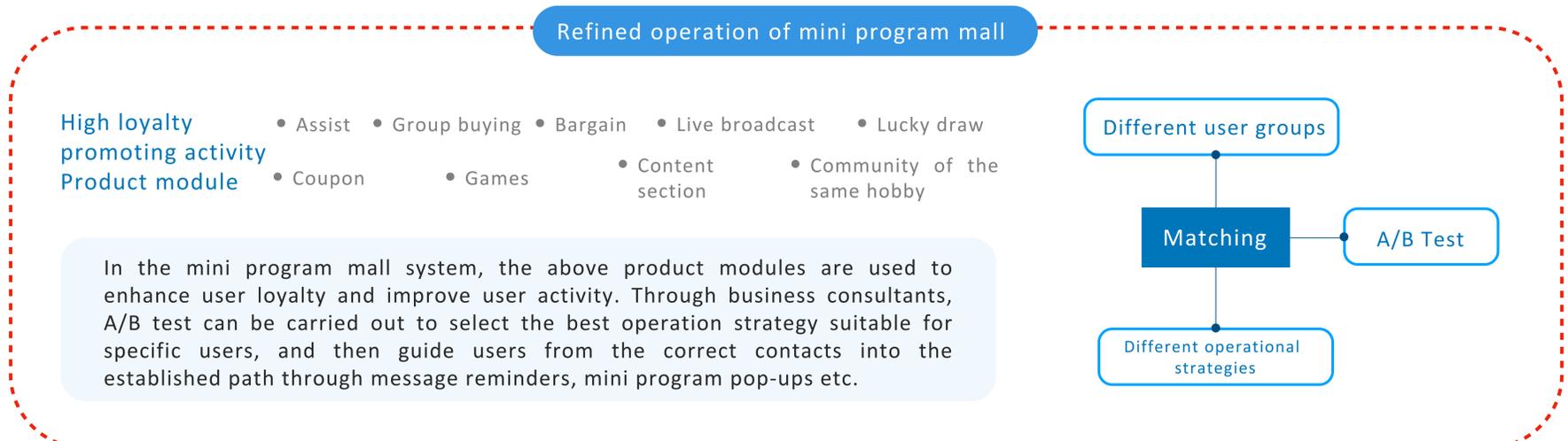
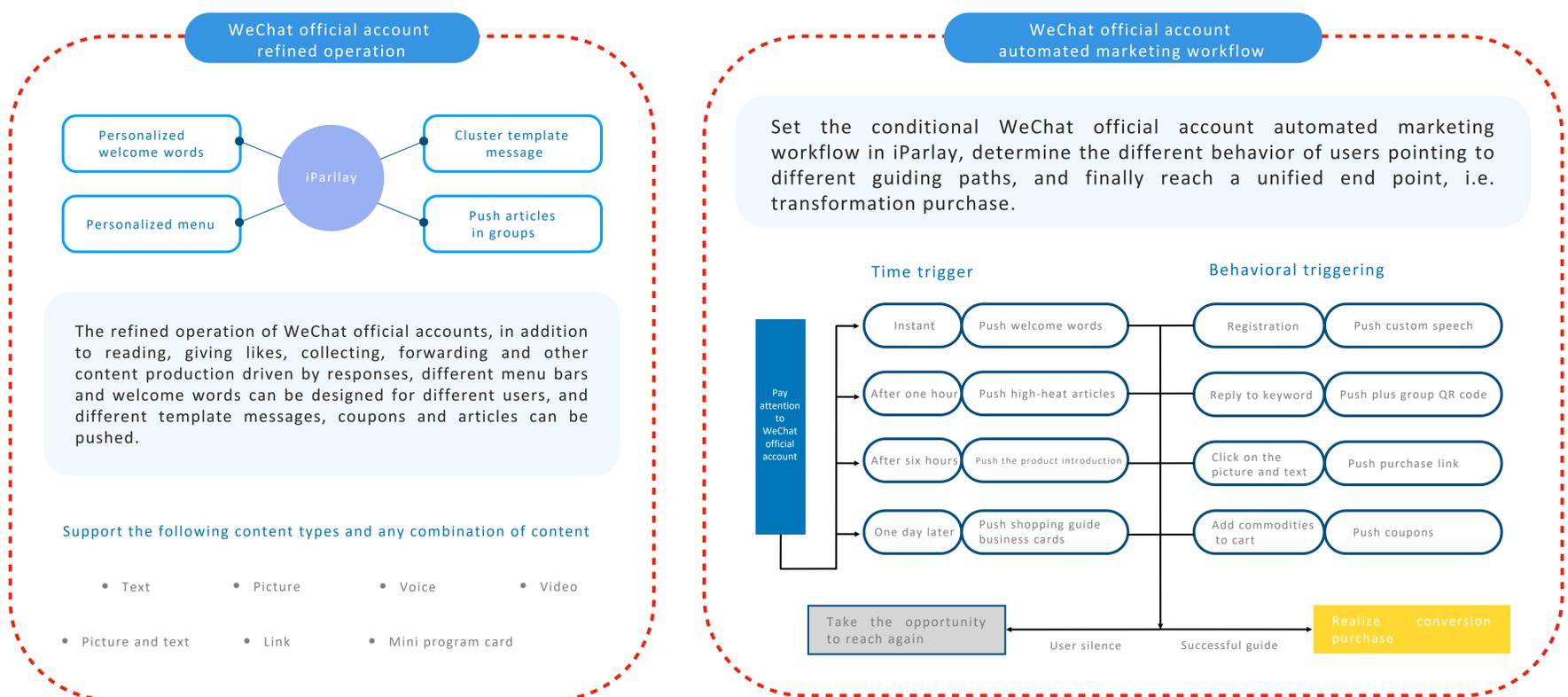
Disassembly of user grouping and layering steps



Refined private domain user operation strategy

After completing the grouping and stratification of users, another important question is, what kind of refined operation strategy should be adopted for users? Below, you may wish to use the WeChat official account (using iParlay assisted management), mini programs (Using Changxun mall system and Changxun business staff assisted management) and WeCom (using Changxun iSCRM-assisted management). These three "private domain transformation fields" have been further developed to find more details of private domain user operation scenarios.

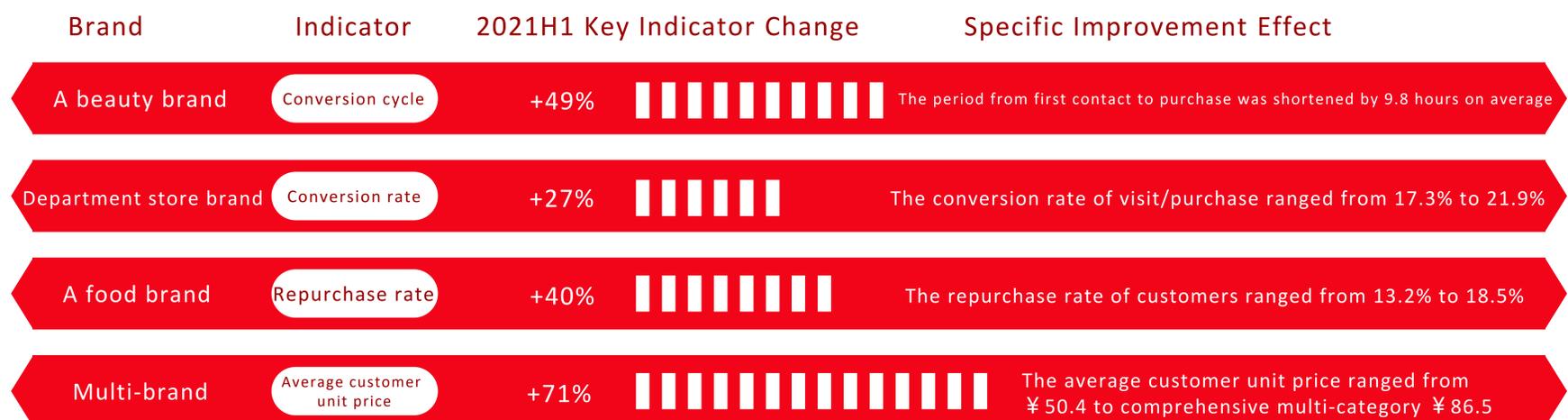
Details of link operation policy after private domain



The "Three Promotions" Effect in Private Domains

A Key operational indicators have improved significantly

With the establishment and improvement of the private domain and the continuous optimization of the SOP in private domain operations, the key operational indicators of enterprises will be significantly improved. We selected several brands that entered the private domain in early 2020 and have recorded the changes in certain key indicators after more than one year of operation optimization.



B The efficiency of shopping guide work has been significantly improved

In the past, shopping guides needed to spend a lot of time and energy on adding customers, identifying customers and recording customers' preferences. With the support of the system, the work of shopping guides has become more automated and batched, which has brought significant improvement to their work efficiency.



C The comprehensive profit margin of enterprises has increased significantly

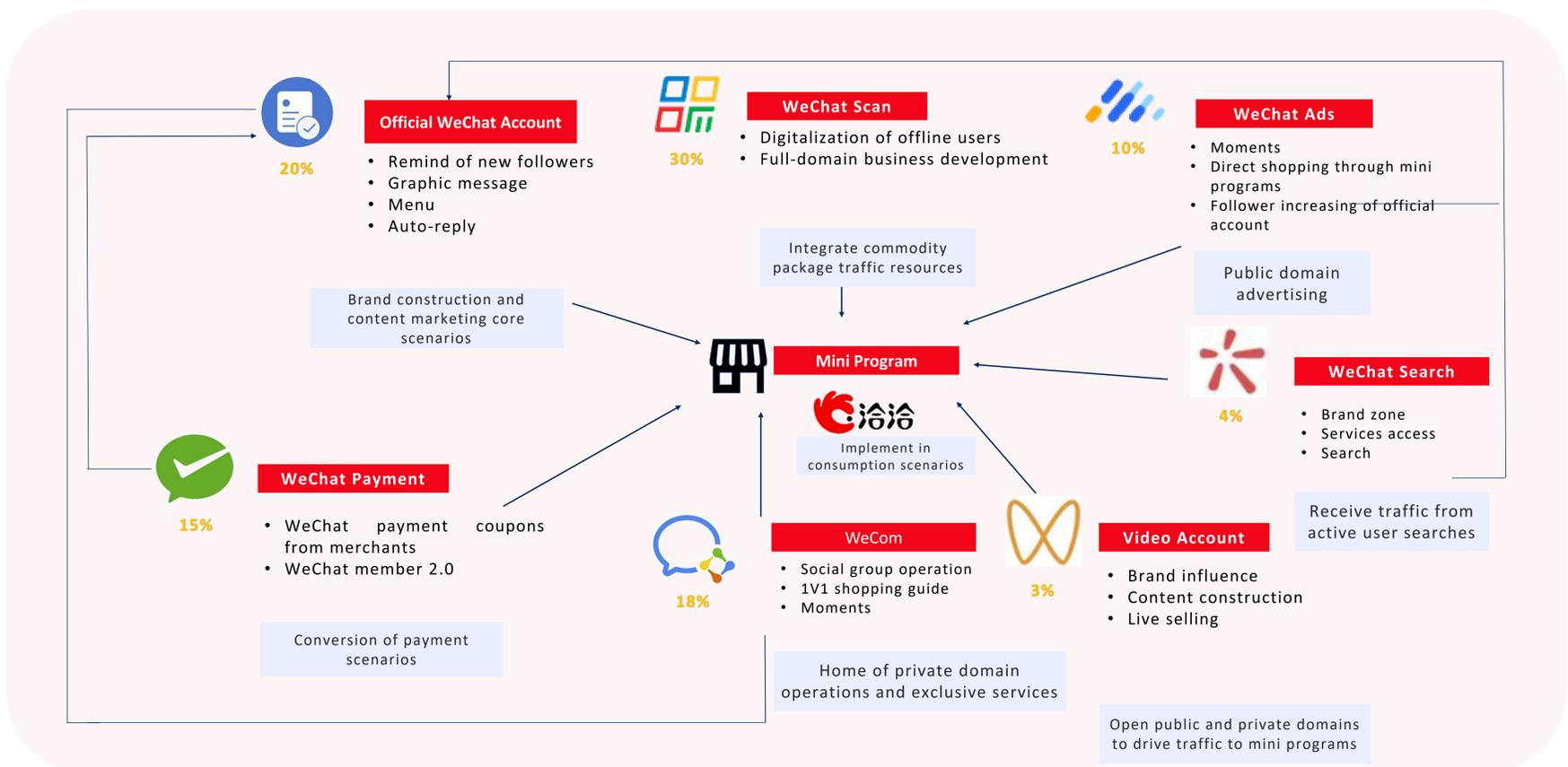
Comparing the costs of offline stores with platform e-commerce and private domain e-commerce, we can see that the comprehensive operating costs of private domain e-commerce are markedly lower than the other two. This is after excluding the rent and platform deduction points that account for the bulk of the costs and the salary expenses saved due to improvement in work efficiency. This cost reduction means that the comprehensive profit margin of enterprises is larger.



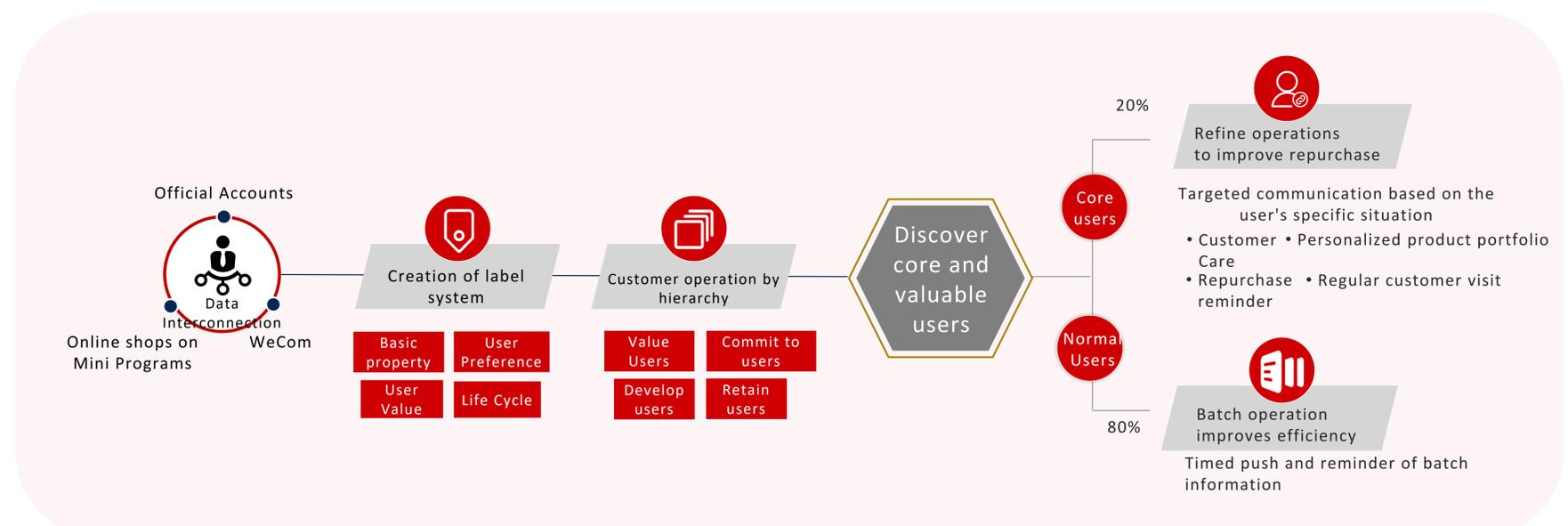


Qiaqia: Global traffic mining + refined operation to create a multi-contact private domain system centered on mini programs

How to supply private domain traffic continuously is the primary issue in private domain construction. For mass consumer brands like Qiaqia, trillions of goods make up its core offline traffic resources. Qiaqia realized “one QR code for one article” at the outer packing through iClick and fully integrated these traffic resources. At the same time, Qiaqia further tapped into the ecological traffic of WeChat by searching Brand Zone, Tencent Huiju, Moments and WeChat Pay for accurate vouchers, the official WeChat accounts of brands, and video account operations.



Qiaqia not only combined the above multi-channel traffic, but connected the data generated by these contacts, discovered core value users by labels and layering, and conducted batch or refined differential operations in the backlinks to realize the precipitation, transformation and split of traffic. While ensuring operational efficiency, the service satisfaction and repurchase frequency of core users improved and the lifetime value (LTV) of private domain users was enhanced.



+100m
Accumulated GMV of the shopping mall

+600,000
Individual buyers (excluding repeat purchases)

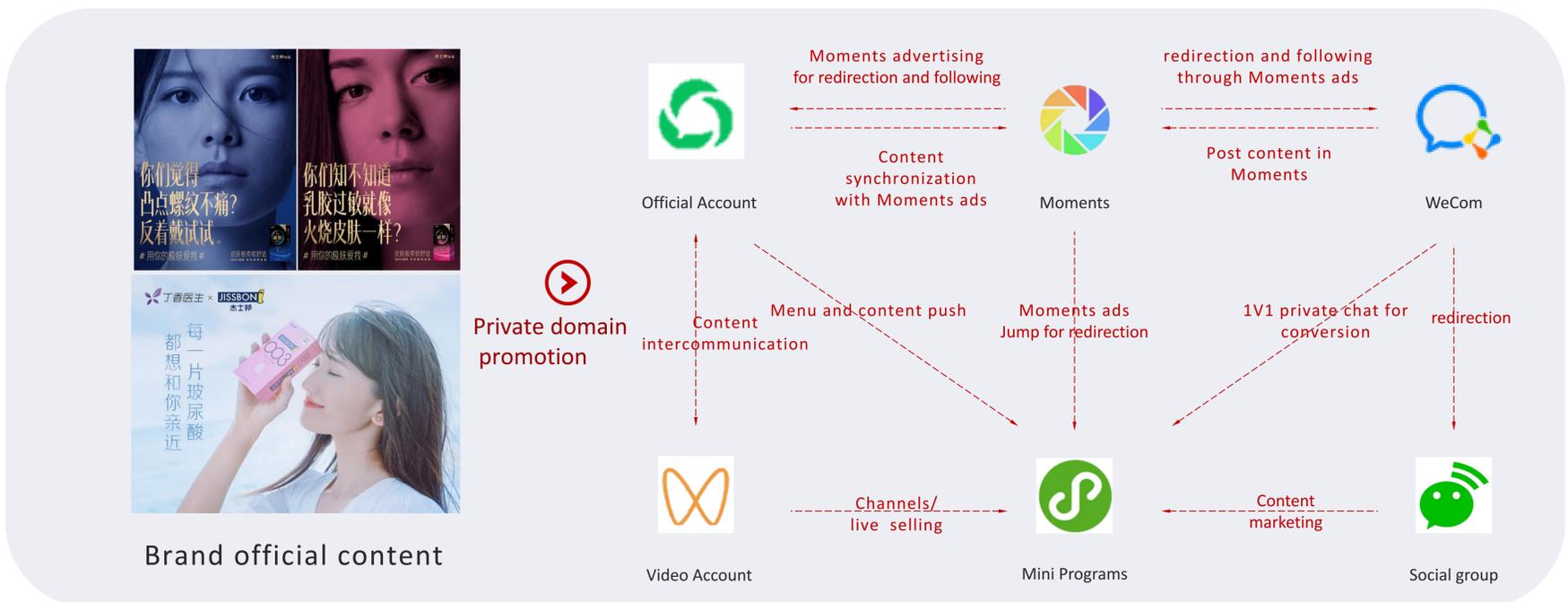
43%
Year-on-year increase in repeat customers

20%
Year-on-year increase in average customer unit price

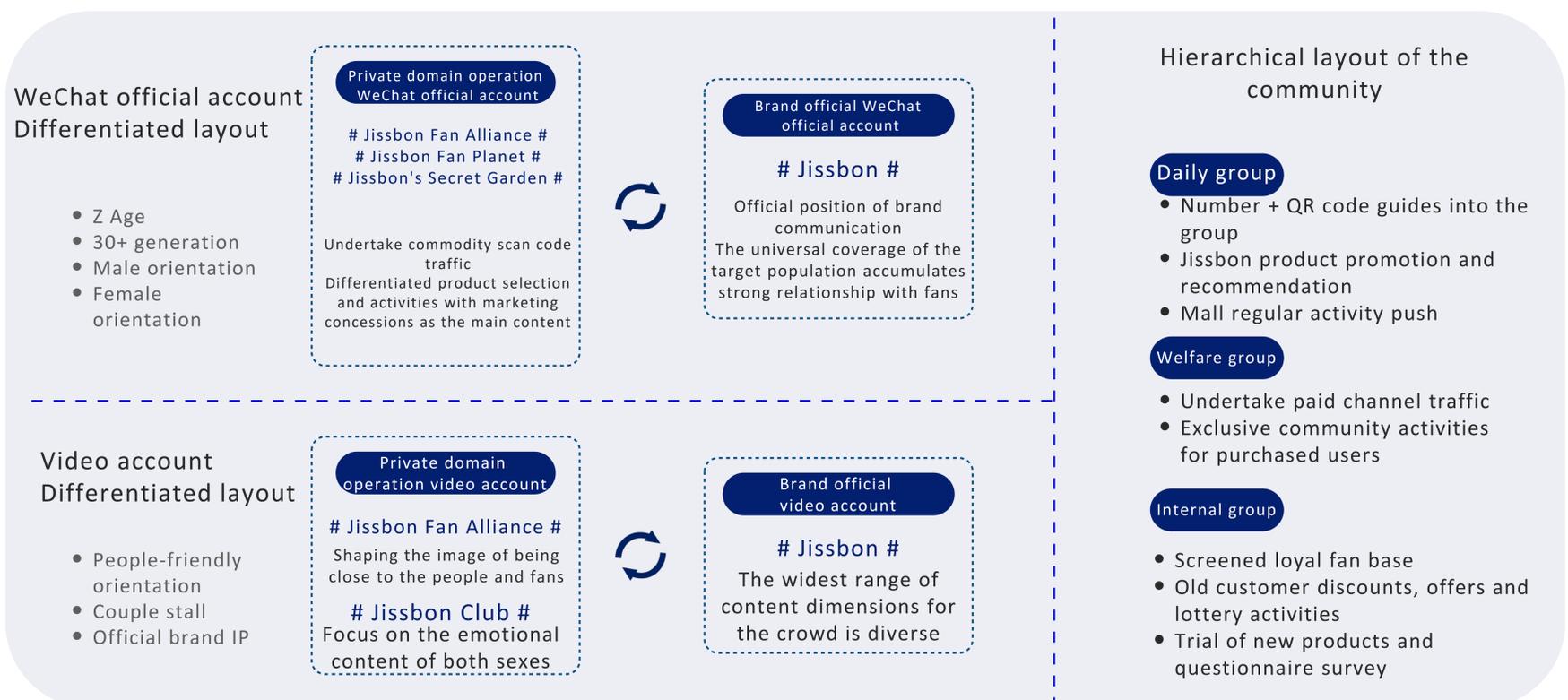
Statistical scope: from April 2019 to January 2021

JISSBON 杰士邦 Jissbon: Three-dimensional private domain content matrix helping brand IP businesses succeed with high-value content

No content, no marketing. Content can be drained from the public domain for the private domain, which can improve the loyalty of private domain users and promote sales conversion in the private domain. Through content construction in every private domain contact with users, Jissbon builds the brand image, enhances brand awareness and reputation, and increases its potential to generate sales. The private domain also brings content closer to users and makes it accessible at a higher frequency, which helps to create personalized IP, achieve emotional resonance and further increase the value of brand content.



As enterprises enter private domains one after another, users' become more distracted. Compared with scattered content, vertical content for different groups is more popular. Based on the understanding of the brand target user group, the iClick team has created a number of differentiated WeChat official accounts and video accounts for Jissbon. It has also operated a number of communities with different positioning and functions, and combined it with user tags to push refined content, thus constructing a three-dimensional private domain content matrix.



+6m
Accumulated GMV of the shopping mall

+13k
Monthly new WeCom users

20 times
Content opening rate is higher than average

5-8 times
Customer interaction is higher than average

Statistical scope: 5 months after launched from March 2021 to July 2021

06

For Enterprises,
Organizational Ability is
Key to the
Implementation of
Digital Transformation

It is not necessarily the case that digital transformation can be achieved with a mere solution. The most important factor that determines how the solution is implemented is the internal organizational ability of each enterprise.

How can each individual's initiative be stimulated to make them the driving force of digital operation? How can we confidently challenge traditional norms, and bypass skeptics or ideas that may hinder digital transformation? How can an enterprise's digital transformation scheme be fully implemented to ensure it is applied effectively? The following approaches are the result of reproducible experiences accumulated by iClick when helping enterprises implement their digital operation solutions.

● "Two Foundations", "Three Principles" and "Four Connections"

Two Foundations

- Concept: Publicize digital culture in the company to promote concept change
- Organization: Form a more agile organizational structure, with the digital leading group pushing for comprehensive organizational change

Three Principles

- Pay close attention to user experience: Foster willingness among employees to use the digital operation solution, and take the initiative to use it. The more they use it, the more effective it will be, forming a positive cycle.
- Seek common ground while putting aside different opinions from departments: Strike a balance between the needs of different departments, and between standard services and personalized needs.
- Agile tracking iteration: At different stages of development, digital operations have different needs and are continuously upgraded

Four Connections

- Account connection: Identify multiple accounts with the same user ID in different channels.
- Data connection: Structured summary of multiple user data with different contacts
- Standard connection: Adopt a consistent "data field" system, implement standards and assessment standards
- Resource connection: Reusable resources are shared internally, and the allocation of consumable resources follows the principle of maximizing value

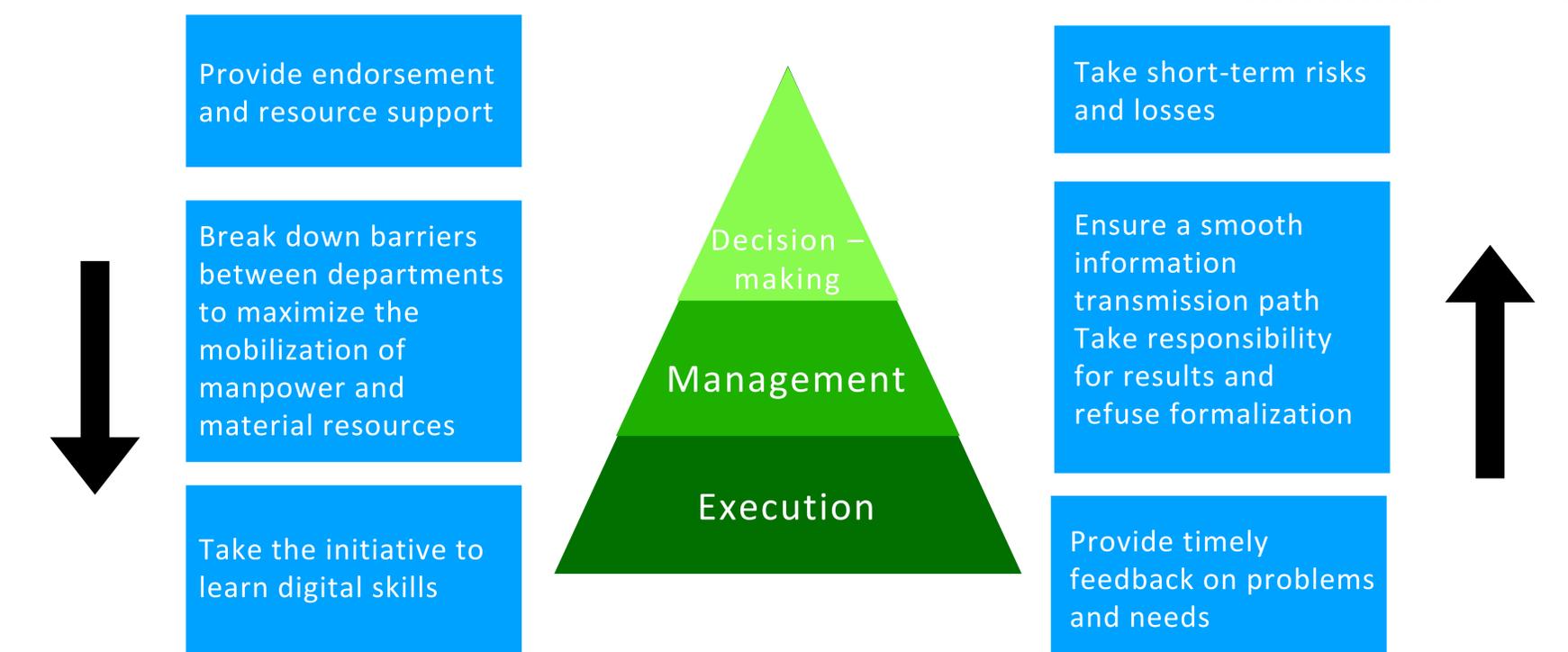
6.1 Two Foundations

Concepts

Publicize digital culture in the company to promote concept change

The environment and problems arising from digital operation are changing all the time, and require quick decision making. From the perspective of efficiency and timeliness, the ideal situation is to make more decisions at the front line of business, rather than only at top level. However, in traditional enterprises, employees rarely combine data to make scientific decisions. To achieve this goal, enterprises need to intensify the internal spread of information, so that employees can fully embrace the ethos of digitalization. In this way, enterprises can make digital ethos a part of corporate culture and improve the digital literacy of all employees. Also, active participants can be given certain incentives.

Top-down and bottom-up tasks and goals under the influence of digital concept



Key points of concept change at decision-making level

Firm digital determination: The lack of top-level design will lead to insufficient motivation for digital transformation. Therefore, managers should be open-minded, and realize that digital operation is a strategy that needs continuous investment and iterative upgrading, and that it is not a short-term project. They must also be prepared to bear short-term losses and risks, and not abandon their digital transformation project halfway through due to unconvincing returns.

Key points of concept change at management level

Abandon short-sighted ideas: Traditional middle-level management often tries its best to resist any changes to the status quo. To carry out digital transformation, middle-level management must abandon this short-sighted approach and grasp a pragmatic attitude at the same time, instead of pursuing 'superficial' digitalization in order to complete tasks and reducing digital operation to a formality.

Key points of concept change at execution level

Actively adapt to changes: Front-line employees are the first group to feel the impact of digital changes on their own work. Instead of resisting such changes, they should actively learn digital skills, get familiar with the various operations in the new process, and provide timely feedback to the upper management levels on the problems and needs in the digital operation process.

Organization

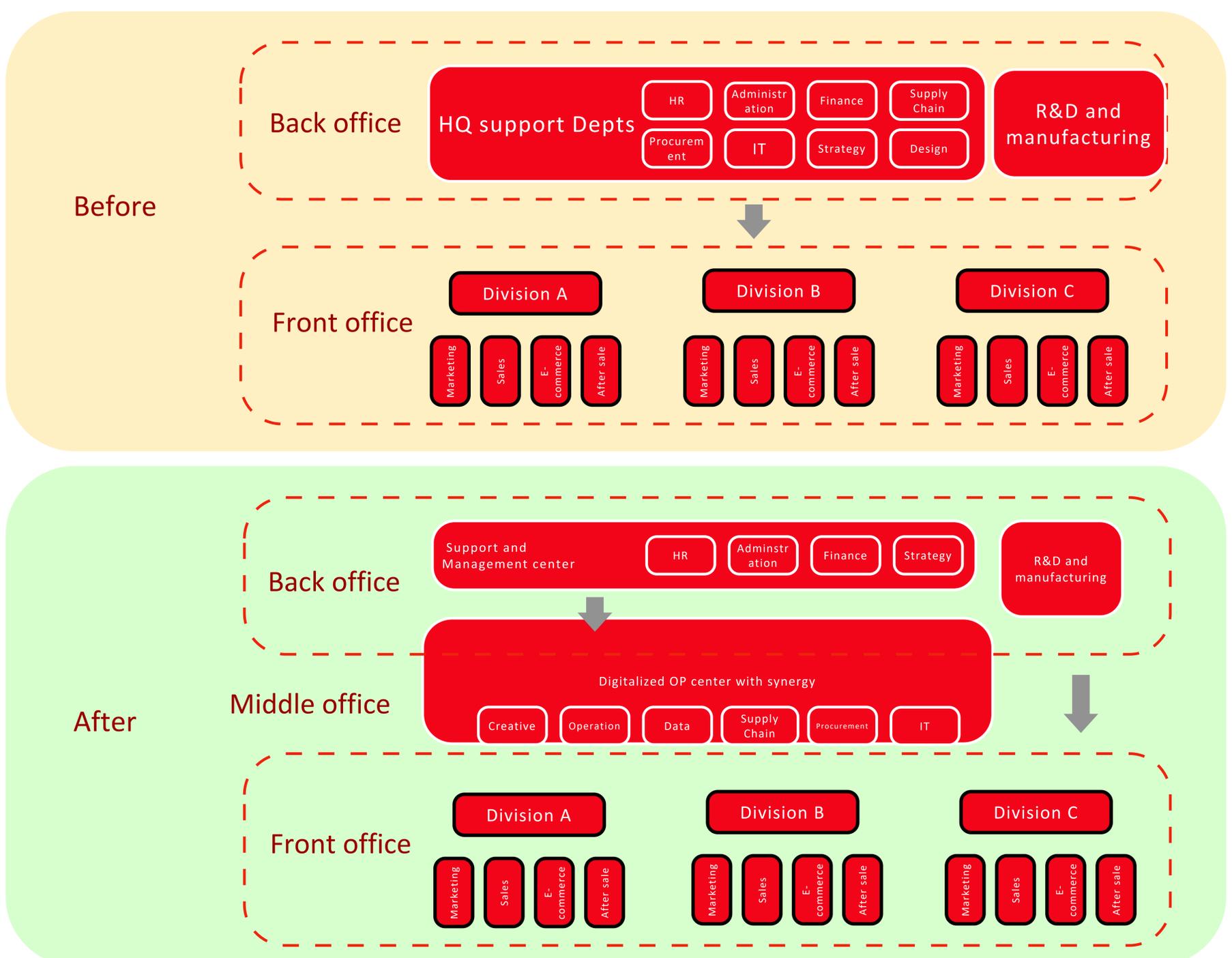
Form a more agile organizational structure, while the digital leading group pushes for comprehensive organizational change

Under the traditional model, in the front-end organization of an enterprise, i.e. where there is customer interaction, different product lines and different channels often form their own systems. To build an organizational form with digital characteristics, it is necessary to design unified channel contacts, pay attention to the consistency of service experience, share information and make decision-based analysis through the same data platform, and shift from "what do I think" to "what does the client think", to facilitate business optimization.

When the front-end organizational structure is transformed to make it more customer-centric, in order to make the internal coordination of the enterprise smoother and more efficient, and make its operation more efficient, the supporting departments, resource departments and decision-making departments should also shift to a more flat organizational structure, and then form a digital "middle and back office" that effectively supports the digital "front office".

This will make it possible to collect first-hand information about the market and customers in a comprehensive manner, and at a faster pace.

● Shift from a traditional organizational structure to a collaborative and integrated organizational structure



If a company has no business divisions, it can replace the above business divisions with departments cooperating at the same level. Given that adjusting an organizational structure is a sensitive task, in practice, it is often possible to keep the original structure unchanged, fill in the gaps among various departments through processes and data, and then gradually shift to the ideal situation.

6.2 Three principles

Attach importance to user experience

Convenience is the biggest demand of employees regarding digitalization. Only by improving employees' experience of digital tools will they be willing to use and take the initiative to use them. The more they use them, the more effective they will be, thus forming a positive cycle.

Two main factors that affect employees' experience are the performance of system's software and hardware, and its compatibility with the business processes. If the above two aspects are not well handled, the system will collapse frequently, the process design will be problematic, and the coordination methods and assessment standards will change constantly, which will affect the efficiency of employees and dampen their enthusiasm for participating in digital transformation.

Therefore, the digital transformation leadership team should go deep into the front line, understand the real problems faced by the business, understand the daily working mode and workload of employees, and carry out digital transformation and optimization on the basis of respecting everyone's habits, instead of building a castle in the sky and having to forcefully reverse the original mechanism.

Seeking common ground while having differences across departments

When defining the general design of an enterprise's digital operation, it is necessary to balance the needs of different departments, standard services and personalized needs, in order to find the optimal solution.

The vital interests and concerns are always going to vary from department to department, and each enterprise has its own unique models and processes. Common ground can sometimes be difficult or even impossible to find. Enterprises need to fully consider whether the differences between departments involve core processes, how much they can spend on personalized configuration, and how long the development cycle is.

Agile tracking iteration

As a long-term strategy of an enterprise, digital operation has different needs at different stages of its development, so it is necessary to track these changes closely and carry out agile iterative upgrades.

The digital development stage of the enterprise itself is constantly advancing, and so are the technology, market, users and competitors. Therefore, the corresponding digital operation solutions should not be static. We need to analyze and judge these factors regularly, and adjust immediately after the changes occur to realize circular iteration.

Such agile changes should be tracked by a special team, which can consist of an expert organization within the enterprise or an external consultant of the service provider. The former has a deeper understanding of the enterprise, while the latter has richer experience and a sufficient external perspective. Both parties can cooperate and give full play to their respective advantages.

6.3 Four connections

We have implemented the concept of digitalization, changed the digital organization and followed several digital transformation principles, but we still have a long way to go before we succeed.

We now know that data sharing is needed among various departments, but how should it be applied? How can each department easily understand the data from other departments? For example, we know that we need to collect the behavior of users on all contacts, but how can we identify users and make corresponding feedback on different channels in real-time?

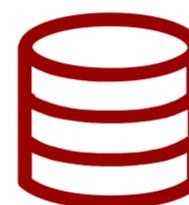
In this regard, we need to fully connect internal channel accounts, data information, various standards and required resources with both hardware and software, so as to build a solid channel and transform the way enterprises cooperate internally.

● How to transform the way enterprises cooperate internally with "four connections"



Account connection

- Unique ID for identification of different channel accounts
- User ownership and contribution allocation of contact points
- Any changes are synchronized to all channel accounts immediately



Data connection

- Structurize data from different sources
- Rationalize configuration of data access and usage rights
- Clean up abnormal data in a timely manner



Standard connection

- Unified data index system
- Unified information collection and entry standards
- Unified KPI assessment and implementation of quality management system



Resource connection

- Create a collaborative content library to reuse resources many times
- Allocate budgets according to a value maximization strategy
- Deploy human resources in flexible manner

07

The Only Way for
Enterprises to Run
Digital Operations

7.1 Maturity Model for Enterprise Digital Operation

When seeing other enterprises in the market doing well in their digital operations, you may feel pressure to catch up with them.

However, no one learns to run before they can walk, and the same applies to how enterprises switch to digital operations. Digital operation is a process that can go from simple to complex, and may consist of one single unit, or be made up of individual elements. Just like when one has just graduated, it takes many years of experience to change from a detail-oriented project executor to a project manager covering a global situation. For digital operations, enterprises will first focus on the immediate business and solve scattered problems, but they will often fail to see the whole picture and its significance.

So, how many stages does an enterprise need to go through in order to achieve success in their digital operations? What kind of performance is required for such stages and what are the key objectives?

Only by knowing oneself can one be confident when surrounded by competition. iClick has defined a set of "digital operation maturity" models to help companies assess their own development stages and discover the reasons why their transformation does not meet certain standards. This will help them improve in the right way, thereby taking a leap forward on the road to digital transformation.

 Indicators and supporting elements of the digital maturity model

Indicators	Supporting elements	L1 initial level	L2 unit level	L3 network level
Degree of digitization	Consumer experience	You can see some digital portals but there is no corresponding service	Contact digitization has been achieved and has brought about a certain degree of improved efficiency	Consistent digital experience can be obtained by all contacts
	Collaboration process	Not automated, still collaborating and circulating in the traditional way	The core business processes are digitalized, and the work efficiency has been improved to some extent	Digital technology transforms and upgrades the process itself with increased flexibility
	Technology application	There is a "storefront signboard" for digital operation, which has a low degree of integration with businesses	Some single digital technologies have been applied	Digital technology and the enterprise's business model work hand in hand with one another
	Data application	There is basically no data insight, or only simple statistics can be produced	Data is highly available within departments, but it is difficult to communicate for departments to communicate with one another	Data sharing, global penetration, and real-time insight and optimization
Digital transformation management ability	Digital strategy	No digital strategy has been formed	A preliminary but imperfect digital strategy is in place, with a focus on short-term development	A complete digital innovation strategy is in place, covering all aspects of the business and focusing on long-term development
	Parties involved in the transformation	Individuals or small teams	Business units (BUs)	The whole enterprise from top to bottom

L1-Initial level

Enterprises have started applying digital technology, by launching work on the digital operation infrastructure such as digital media, database systems and mini programs. However, the degree of integration with business is not high and the ability to reach the company's business growth targets is poor. They still deal with the same customers as before, adopt traditional business models, entity/e-commerce channels, processes and indicators, and still adopt pre-digital transformation habits with poor data concepts.

On an internal level, enterprises have begun to explore digitalization in the form of independent project teams, and improved and enhanced processes, contacts, employees and customer experience. However, a clear strategic goal, tactical plan and time scale for digital transformation have not yet been established.

L2-Unit level

Enterprises have systematically adopted individual applications, partners and external resources for digital technology. They have independently optimized the main business units, and made progress with their digital products, service innovation and customer experience, thus realizing digital landing on a small scale. However, the digital contacts of these enterprises are limited, meaning that they have to juggle two lines of business as they continue to serve their traditional customers. As a result the information flow is not smooth and 'data silos' form frequently.

By using professional knowledge, models, processes and systems of digital operation within the enterprise, the execution of the digital transformation of its business is divided into different functions and departments. The focus here is more on the growth of the core business and key links.

L3-Network level

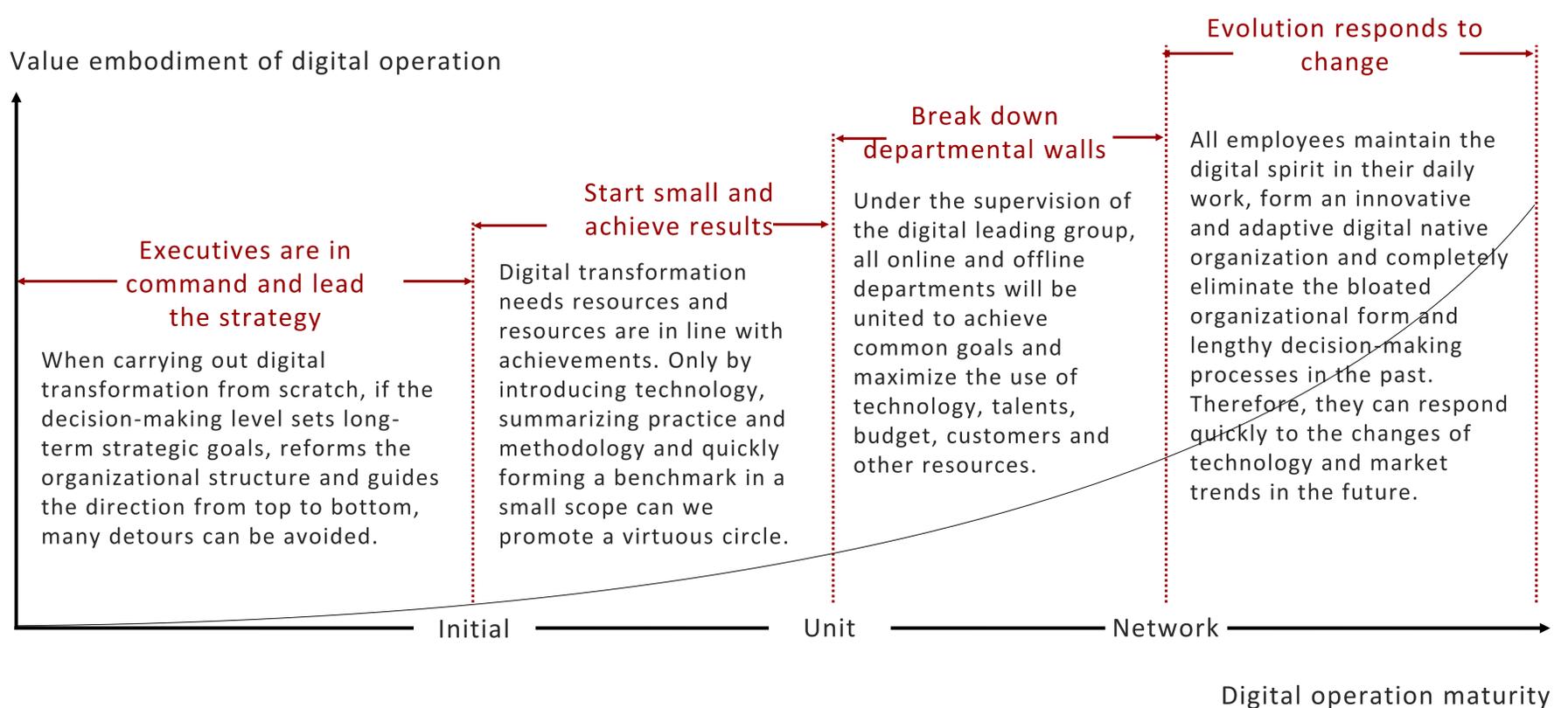
Digital technology and enterprise management have been integrated, and the business model has been synchronized with the development of digital technology. Enterprises have built omni-channel digital contacts around consumers' life situations, and designed links such as stores, e-commerce, live broadcasts and mini programs. In the business network, global data integration has been completed and enterprises can provide real-time insights and feedback based on data, thus creating a positive self-cycle of optimization.

Digital operation has become part of the overall strategy of enterprises, and employees generally have the capabilities required for digital operations. Digital teamwork is not only improving the customer service experience, but is also further digitally exploring important aspects such as product R&D and production, supply chains, and is supporting the transformation process.

7.2 Advanced Path of Digital Operation Maturity

Around the "two indicators" and "seven supporting elements" in the maturity model, enterprises at each stage have their own specific tasks. By completing these tasks, enterprises can slowly improve their digital operation maturity.

Advanced path of enterprise digital maturity



Top-down strategy first

Many enterprises have invested a great deal of manpower and material resources in digital transformation. However, as they have not always thought clearly about the strategy and goal of digital operations and have not always provided timely organizational support, they have encountered a great deal of difficulties.

It has been suggested that enterprises starting their digital transformation from scratch should be led by senior executives, should formulate long-term achievable strategic goals, and should guide the general direction of digital transformation management from top to bottom. In this way, they can reduce the lack of digital understanding of various departments and minimize detours during the digital process.

Promote work in all areas by drawing upon the experience gained on key points

For enterprises that stall initially and find it difficult to make progress, their digital infrastructure may be limited to appearing as a superficial "signboard". This is often because their integration with actual business is not high. They are not able to produce corresponding results when they operate and this even lowers the team's work efficiency. Over time, digital transformation will be seen as a "vanity project" and will be abandoned.

Everyone knows that digital transformation needs high-level support, but it is only when the business has substantially improved that the high-level can see the value and provide resources. Therefore, it is necessary to create an achievement benchmark of digital operations. The fastest way to obtain results could be to start with key single businesses and small points such as live e-commerce or online shopping guides, so as to reduce high-level concerns about the return on investment and realize a virtuous circle of "input-output-input".

(Followed by P57)

(Continued from P56)

At this time, the head of the business department can lead his team to explore the best practice process and unique methodology of digital operations within the corresponding business scope. For example, when is the best time to publish content? Does the landing page for the advertising require the registration pages of mobile phones? If so, how can it be designed? How does user group speech cooperate with new product releases? In addition, is it necessary to provide assistance for internal communication with other colleagues, such as IT department assisting businesses online, HR departments conducting team performance appraisals and incentive plan adjustment? Is it worth introducing service providers and their professional knowledge and skills to make up for the lack of internal capabilities?

At the same time, enterprises in the initial level often lack reliable data recording and analysis. In order to make progress, it is very important to establish corresponding databases in order to gain insight into users and business data. Enterprises can recruit more team members with data analysis skills so as to transform data into corresponding business strategies, solutions and plans.

Multi-pronged and organic integration

If unit level enterprises continue to operate as they are, they will still be able to improve performance in a short time. However, this "hill-top" organizational form leads to conflicts of interest among departments, which is not conducive to maximizing the value of talents, technology, customers and other resources.

For example, this situation often occurs in independently operated digital departments. The data monitored by Department A cannot be obtained by Department B in real-time and it is necessary to repeatedly ask or even set up another 'burial point'. It is important that the two departments A and B can increase the overall profits of the enterprise through such cooperation, but they cannot be improved due to inconsistent interests. As a result, their respective so-called best decisions are in fact, not the best decisions for enterprises.

An enterprise may want to integrate all offline and online teams by setting up a digital steering committee at enterprise level with groups led by and composed of senior managers. It may also want to set up a cross-departmental and cross-functional digital operation project team. If it puts these teams and processes in place, all kinds of fields such as creativity, operation, sales, supply chain, data, consulting and IT can be brought together to work hard to achieve common KPI.

Digital ecology, agile evolution

At present, few enterprises can reach the network level, but this does not mean the end of digital operation. Can enterprises benefit from omni-channel and all-contact digital operations all the time? Not necessarily. Today, consumers use mobile phones to shop, but tomorrow they may use watches and glasses. The design of the consumer experience will be completely different. Today, consumers still use microblogs and WeChat, but maybe everyone will stop using them tomorrow.

This requires enterprises to respond to changes by evolving and gradually establishing an innovative and adaptive digital ecosystem. This will allow them to make agile responses to future changing technologies and market trends. At this point, when the digital spirit becomes completely immersed in the enterprise, a digital native organization can be formed.

08

Self-sufficiency -
The Future of Digital
Operation

8.1 "Self-sufficiency" – an essential asset for enterprises

Market innovation is non-stop, bringing wave after wave of new traffic and new channels, just like platform e-commerce in the previous decade, KOL recommendation in the previous five years, live broadcasts in 2019, and mini program e-commerce in 2020. Many brands have risen rapidly, and their growth formulas are now considered as standard models. However, many people often ignore the hidden concerns behind the positive image of an “industry change-maker”.

There is no guarantee that channels can maintain high levels of traffic and turnover in the long term. As soon as a window of development closes, past strategies and styles will suddenly fail, as we have seen in the past.

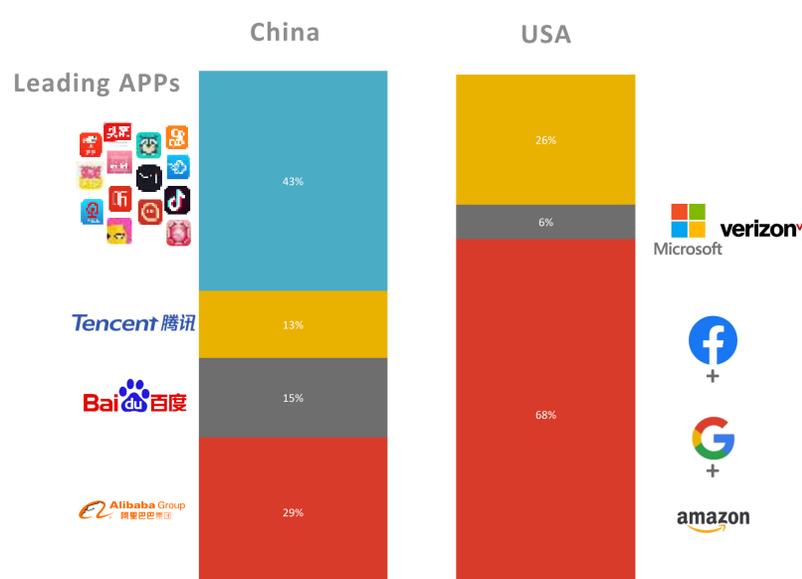
Some enterprises mistakenly consider the resources and advantages of the platforms they use as their own, thus failing to understand what their enterprises are capable of achieving on their own. This means that in order to function, they rely on the work and innovation of third parties, which makes for a very fragile business model. Any external factors such as the emergence of other channels, rising traffic costs, data privacy policy changes, or even a platform’s resources becoming incompatible, could have a seismic effect on their operations.

The self-sufficiency of an enterprise cannot be taken away or stolen by others, which means that no matter how the market changes and whether a certain platform exists or not, the enterprise has a solid foundation on which it can face future challenges. Enterprises need to constantly consolidate their field collection, content exposure, and data integration capabilities, which together constitute the self-sufficiency they require when implementing their future digital operations..

8.1.1 Field collection capability

Compared with the media ecosystem of the United States, we can see that China finds itself in a more fragmented marketing environment. The following figure shows the statistical data before 2019. In the past three years, "BAT" has seen declining shares, which has resulted in a distribution structure dominated by "BBAT + online celebrity ecosystem+ long video“ supplemented by other apps.

With the advancement of interconnectivity, mid-stream platforms will usher in more room for development. It can be seen that the decentralized media ecology, the ensuing blurred sales scenarios and stratified consumers have become commonplace the Chinese market.



In the future, brand marketing and digital operations of Chinese enterprises will encounter more larger decentralized channels. Due to this and their larger number of contacts, brands will be overwhelmed on their multi-point layout. At the same time, the social attributes of channels will get increasingly stronger and the links with the consumer will become ever more complex, thus invalidating the strategy of winning by seizing "traffic depressions".

The more fragmented the marketing environment is, the more it needs the ability to maintain order and stay focused. Simply put, it needs to gather channels and the accompanying traffic in the “field” of the private domain of an enterprise and turn the traffic into "reserved" traffic.

Data source: Huatai Hong Kong Research Report in October 2018, eMarketer and Management Team Estimate in March 2019

8.1.2 Content exposure capability

Both the traffic in the public domain and the "reserved" traffic in the private domain require continuous transformation. However, public domain traffic is controlled by platforms and media, and repurchases by private domain users cannot be easily achieved by simple promotion.

Only content can attract the attention of users and win their hearts. Content can survive without a channel at any time. It is a controllable self-sufficiency of an enterprise. For one thing, content can enhance pre-click user acquisition; for another, content serves as a carrier for long-term user operation and fission. Like capillaries, content connects a wide range of information islands on the Internet platforms.

To achieve content exposure, enterprises should not only refine their content to render better user experience, but also attract users with quality content by adopting specific distribution strategies rather than just mass content release.

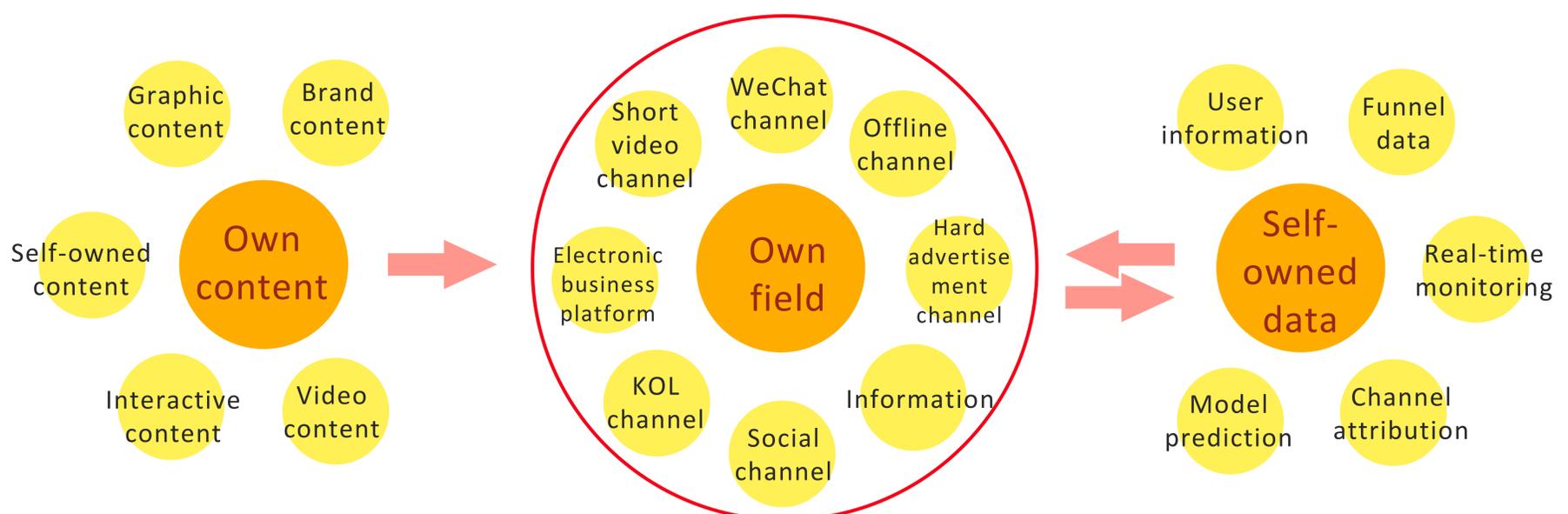
8.1.3 Data integration capability

Data are collected through real-time monitoring or post-project reviews.

To meet the data analysis needs of enterprises, each platform has developed its own set of data standards and even data analysis background. Enterprises can view various marketing activities on the platform and even analyze them with the help of big data. The data on the platform however, belong to the platform, so enterprises have viewing authority only. They pay costs to train the models, but end up as a "contributor". Moreover, the data on one platform can only help enterprises understand the marketing effect of this platform.

Enterprises should be capable of integrating data from all channels and turning them into their own data assets, including multi-point data collection, cleaning and structured precipitation. They must form their own multi-dimensional data analysis, understand the performance of their businesses in different channels, and then make their businesses more predictable.

Matrix of "Self-sufficiency" of an Enterprise



In short, enterprises need to make great efforts to cultivate the following capabilities: Field collection causing multiple channels to return to the same central point; content exposure with one center radiating many channels and data integration, which is the concretization of all action effects and runs through the whole system.

These capabilities are the prerequisite for enterprises to realize universal set operation in the future.

8.2 Deploy universal set operation

8.2.1 Evolution from public domain, private domain to universal set

Paid traffic should by no means be treated as if it is a poison. In the early stage of Internet development, the fast-growing market brought ultra-low-cost traffic and those enterprises that made preemptive efforts gained higher income than their peers with the same marketing costs.

Enterprises have begun to like rather than hate such traffic. There is actually nothing particularly wrong with it. It is only when the increasingly high traffic costs begin to affect the sustainability of their business models that enterprises stubbornly insist on their own ideas.

After operating in the external environment, another group of enterprises shifted their attention to the "reuse" of traffic and started to operate in private domains. Through user assets that can be accessed free of charge, they employed meticulous operation means to enhance repurchase and fission and spread out the cost of traffic purchases.

Many enterprises gradually started following the trend, but were unsuccessful. There was nothing wrong with private domain itself, but users are different and competitors catch up quickly. Some enterprises however, found that the method they had been using three years previously still worked.

In light of the above evolution process, successful enterprises are not trapped in a limited time window, but adopted the trend early and took the initiative to adapt to changes. We may only see the sudden success of these enterprises, but their preemptive planning ahead of market change and their continuous investment despite a rough start can sometimes be hidden from public view.

With this on board, enterprises should deploy their own universal set operation as soon as possible.

8.2.2 Value of universal set operation

Marketing while in the public domain focuses on the short-term ROI of traffic and often has an immediate effect on a single platform.

In the private domain period, enterprises can judge the precipitation efficiency of public domain traffic from the private domain and can also measure the promotion effect of different private domain operation strategies on user transformation and repurchasing. However, due to the separation between public and private domains, enterprises can only conduct separate verifications and there cannot achieve the overall improvements.

Public-private domain linkage has become a trend for the future. When the public domain and the private domain are no longer divided and ruled, but rather integrated into the universal set operation position, the traffic can be traced back in a long-term coordinated system. It can then be captured in the public domain, enter the private domain and take the flow path of the post-click of the private domain.

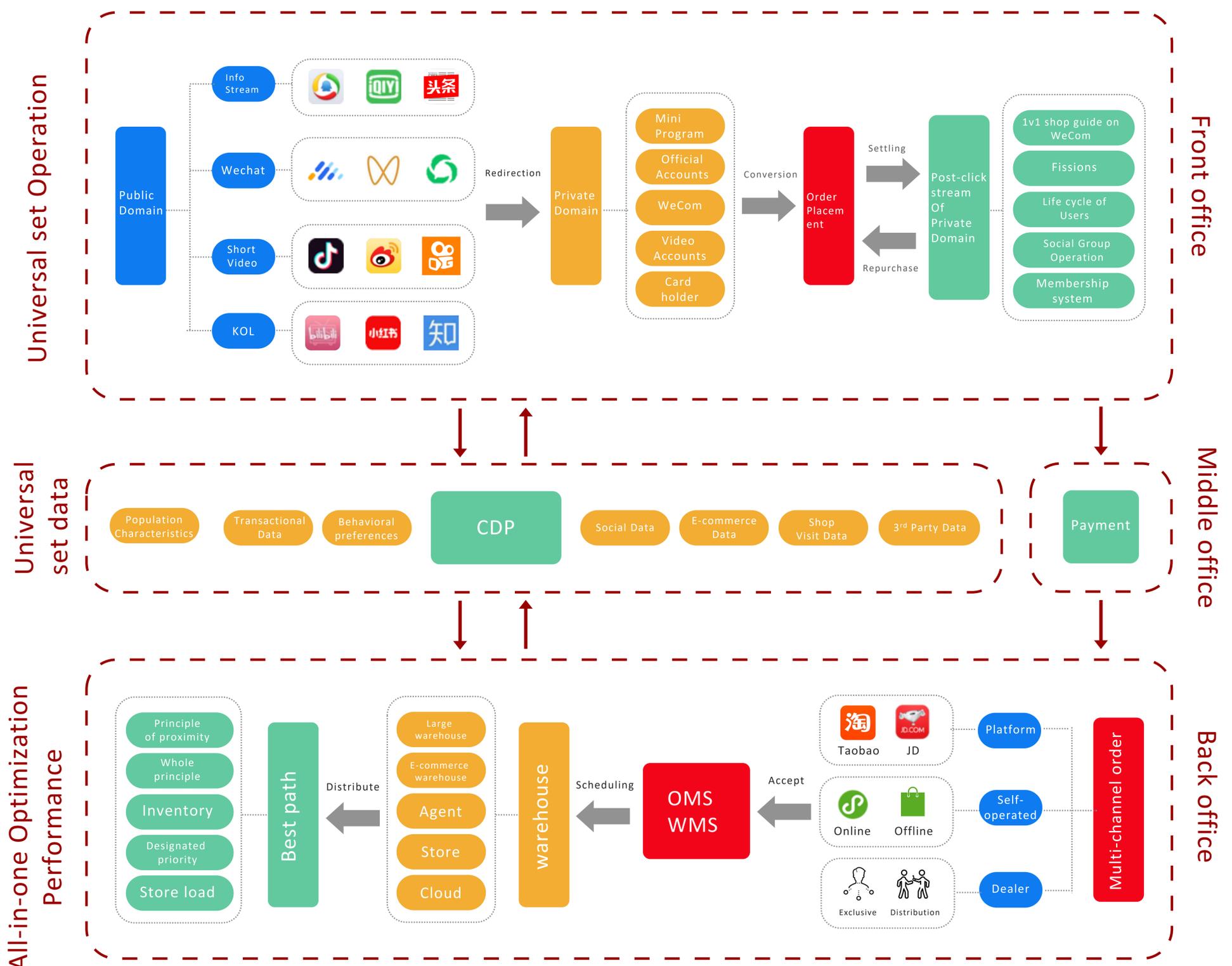
In this way, the relationship between the cost of the traffic and the lifelong user value that the corresponding cost can bring to the long-term business of enterprises is enhanced. Therefore, enterprises can consider how to operate traffic on multiple platforms, how to divert traffic from the public domain at a lower cost on a large scale, how to improve the efficiency of private domain transformation and how to ensure overall optimization.

8.2.3 Prospect of the future universal set operation model

So how can enterprises build their own universal set operation model? Even in a universal set, enterprises should find a main base (WeChat Ecology seems to be the most suitable at present) and then extend the scope with the main base as the center. Then, enterprises should grasp the principle of "one data + consistent experience", build a "two-field" collaboration platform and strike a between short-term benefits and long-term growth.

In the future, digital operations will further leap from one or two enterprises "fighting alone" to the stage of "co-construction of the whole industry". Enterprises should not only build their own digital systems, but also enhance their collaborative digital capabilities together with upstream and downstream partners. iClick has reached strategic cooperation with BaoZun to give full play to the advantages of both parties. It has also provided enterprises with a universal set service of "integration of front, middle and back office" from SaaS station building, marketing and operation to payment, procurement, warehousing and performance.

Enterprise universal set integration operation model



The universal set may not be the end point, but if enterprises want to cross the economic cycle and survive, they should always be keen on changes. Being one step ahead, they will accumulate short-term benefits and finally they will achieve long-term success.

Conclusion: Exert the true value of both "sales" and "marketing"

As it is the beginning of the "14th Five-Year Plan", 2021 has been a crucial year for digital transformation shifting from single-point attempts to comprehensive development.

With the deeper concentration of digital operation practice, enterprises engaged in advertising and marketing gradually realize that businesses supported by platform payment traffic distribution will collapse after one hit. When competitors of enterprises engaged in user operations quickly enter the private domain, the increasingly homogeneous style of the enterprise will undoubtedly impair the repurchase rate.

Under sustainable business logic, rapid growth and long-term value are not necessarily contradictory and the choice between incremental and stock mode is not an either-or situation. Based on the ecological layout built by the three platforms of advertising, retail and data, iClick connects universal set delivery and transformation procedures through digital "SaaS" technology and "X" services. It also optimizes the utilization efficiency of limited resources and meets the incremental needs of enterprises. On this basis, iClick helps them switch from incremental mode to stock mode.

- On the one hand, it brings increment to enterprises through intelligent and automated marketing with data and technology as the core. It connects high-quality online and offline media resources and major platforms for enterprises including mobile advertising, video advertising and content marketing in order to realize users' universal set reach.
- On the other hand, it brings stock to enterprises through private and refined operation. It builds an integrated user data middle office system and manages and operates user assets on the basis of this middle office in order to enhance the ability of enterprises to serve and retain customers.

Through the cooperation between these two ends, obtaining and retaining customers, improving loyalty and improving repurchasing rates, iClick can build a consumer-based closed loop for enterprises and help brands achieve "sales and sales" on the road of new business growth in the digital age!

About iClick Group

iClick (NASDAQ: ICLK), established in 2009, is a leading digital operation enterprise and marketing cloud platform in China and is committed to using big data technology to help industry customers achieve commercial success. After 12 years of rapid development, it now has branches in 11 major cities around the world, including Shanghai, Hong Kong, Beijing, Shenzhen, Guangzhou, Hefei, Xi'an, London, Seoul, Singapore and Bangkok. iClick has stably served more than 3,000 large and medium-sized business customers around the world and was listed on NASDAQ in the United States in 2017, described as "the first digital operation share in China" by foreign media.

About iClick College

iClick Interactive Asia Group Limited (NASDAQ:ICLK), a leading enterprise and marketing cloud platform in China, aims to promote innovation research, industry insights, talent development and project implementation leveraging the emergence of Big Data, Cloud Computing and AI technologies in the field of what enterprises are looking for to survive in the market and maintain its growth. Inherent with a vision to infuse "innovative thinking", we establish a network and innovation platform, research-based learning system and practical training scheme based on today's enterprise business needs on digital transformation and O2O business model. We strive to embrace and foster innovation with the aim to further drive business growth and development for enterprises, industrial IoT, SaaS, MarTech and other related fields.

Declaration

This report was prepared by iClick College, a subsidiary of iClick Group.

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The third-party data and other public information quoted in this report come from the opinions publicly expressed by senior experts in the industry, government public data and information, macroeconomic data, survey data of well-known research institutions and corporate financial report data. The above market data are intended to assist the views in the report and help readers gain market insight. iClick does not guarantee the accuracy, completeness or reliability of the above information and does not assume any responsibility or obligation for it.

iClick data description

The data analysis provided by iClick in this report comes from iClick's own "Advertising Insight Database" and "Smart Retail Data Platform". The statistical scope covers some digital marketing customers and smart retail customers served by iClick and the above data have been desensitized. Apart from the case section, no data included in this report point to a specific enterprise or individual. At the same time, due to objective factors such as data availability, some data may not fully reflect the real market situation.

Note: The White Paper in English is for reference only. The White Paper in Chinese shall prevail in case of any discrepancies.

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