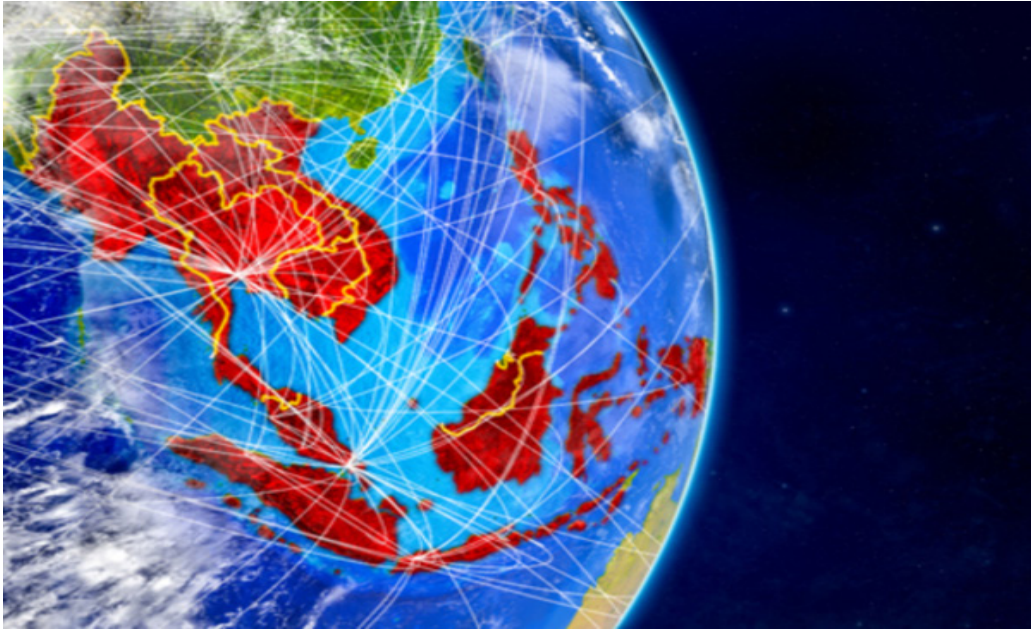


# Money and Minds

## Is China Dominating ASEAN Social Media and eCommerce?

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### Abstract

Social media, digital marketing, and e-commerce are a part of citizens' daily lives across the globe. As of 2021, nearly two-thirds of the world's population are active Internet users, and more than half are active social media users. With more than \$3.8 trillion spent in the online business-to-consumer market and global trends shifting information power to content creators and curators, it is crucial to recognize the importance of digital environments. Democracies are particularly vulnerable to influences in these sectors because malign actors can directly manipulate their citizens. China's attempts to dominate the social media, digital marketing, and e-commerce sectors in Southeast Asia highlight the potential for the weaponization of these environments. Ignoring the risks associated with this development may erode key US partnerships in a strategically important region. In the worst-case scenario, China may leverage this building influence to undermine democracies in the region and encourage pro-Chinese Communist Party administrations.

Influencer marketing and e-commerce activity are closely tied to social media usage. Under legitimate applications, these activities are generally beneficial to influencers, brands, marketing agencies, and consumers. Additionally, moderate social media usage can be considered a positive thing in the highly connected world. However, significant risks become apparent when malign actors seek to co-opt these legitimate activities. While Western nations have some degree of inherent resilience to these malign activities, less mature markets such as those in Southeast Asia are at significant risk as China seeks to control information and e-commerce activity. There is a significant risk that the United States will be shut out of strategic partnerships in the region should these vulnerabilities be ignored. There is mounting evidence that this is not a matter of *if* but rather a matter of *when*.

It is challenging to quantify the effectiveness of influence campaigns because it is hard to attribute changes in a population's behavior or perceptions to a specific cause. The macro-level social interactions and public opinions in democracies develop through the exchange of many complex factors such as economics, societal issues, cultural matters, and current events, to name a few.<sup>1</sup> When examining social media specifically, it is possible to generally characterize the potential vulnerability of a nation or region when considering platforms, e-commerce habits, and influencer marketing. However, these vulnerabilities are not often closely examined in intelligence reporting or academia, despite the inherent underlying risks of democratic capitalist nations. By controlling the money and the information, one can directly manipulate the citizens from which governments derive their power.

The information power of influencers or the ability of social media influencers to affect user behaviors is a significant risk factor for democratic societies. This idea is echoed by the limited academic research and the Office of the Director of National Intelligence's *Global Trends 2040* report. The report identifies the natural tendency of platforms to create echo chambers, stating, "social media can create echo chambers of like-minded users who share information that confirms their existing worldviews and limits their understanding of alternative perspectives."<sup>2</sup> These echo chambers can cause adverse effects, such as increased polarization and decreased societal cohesion. Malign actors' manipulation of this process further exacerbates these issues. The report also asserts that these developments will continue to expand the information power wielded by content creators and curators on social media platforms, which could further increase the public's vulnerability to influence campaigns.<sup>3</sup> This development applies to influencers individually and social media marketing companies. The concentration of information power al-

lows malign actors to affect a more significant percentage of a target population through commercial interactions and content curation.

Social media usage characteristics—such as platform penetration and daily usage—are another major vulnerability factor. Generally, the more people are on social media and the longer they dwell on the platforms, the more likely they will be exposed to disinformation. This assertion is mainly based on the concepts of target density and exposure rates. Additionally, there are issues specific to social media regarding high daily usage. While moderate social media usage can be positive in today's highly connected world, extreme cases have been linked to increased risks of depression.<sup>4</sup> The stakes are particularly profound when high social media usage disrupts standard sleep patterns. The combination of sleep deprivation and depression, even in moderate cases, can result in cognitive impairment and increasing difficulty in processing information.<sup>5</sup> The level of cognitive ability has been directly tied to vulnerability to fake news in an article from *Scientific America*.<sup>6</sup> Based on the dual risks from increased exposure to disinformation and possible cognitive impairment, macro-level daily social media usage statistics well above global averages can be considered a general risk indicator. It is also worth noting that the ability to identify false information on social media does not directly correlate to a decrease in intentions to share information.<sup>7</sup> So, even in individual cases where high social media usage has lesser effects on cognitive ability, there is still a significant risk of disinformation being shared via social media.

### **Social Media Use and the ASEAN States**

Many countries in Southeast Asia have incredibly high social media penetration rates relative to their general population. Even in nations such as Indonesia, where the Internet penetration is well below 80 percent, social media penetration is nearly 100 percent of all Internet users.<sup>8</sup> Second, social media users in Southeast Asia generally put a much higher degree of trust in influencers than users in Western nations do, resulting in strong impacts on consumer behavior. Most nations in the region have high-context cultures and tend to value word of mouth. As a result, information obtained from social media platforms and online influencers is often considered more trustworthy than in Western nations. For example, in Indonesia, about 70 percent of social media users reported changes in purchases based on influencer recommendations or endorsements.<sup>9</sup> This example is in stark contrast to Germany, which has a corresponding impact on consumer behavior of about 30 percent.<sup>10</sup> Table 1 provides a comparison of selected ASEAN members and Germany, comparing social media penetration, average daily social media use, and percentage of social media users who rely on influencer product recommendations.

**Table 1. Social Media Statistics, ASEAN Selection vs. Germany**

	SM-Penetration	Daily Use (min)	Influencer Power
Indonesia	70%	197	70%
Malaysia	90%	182	55%
Philippines	80%	246	70%
Germany	95%	89	30%

Note: Germany is representative of Western nations at the lower end of typical statistics. All percentages are rounded. Data adapted from Simon Kemp, "Digital 2022: Indonesia," DataReportal, January 2022, <https://datareportal.com/>; Simon Kemp, "Digital 2022: Malaysia," DataReportal, January 2022, <https://datareportal.com/>; Simon Kemp, "Digital 2022: Philippines," DataReportal, January 2022, <https://datareportal.com/>; and Simon Kemp, "Digital 2022: Germany," DataReportal, January 2022, <https://datareportal.com/>.

While these indicators do not guarantee the success of malign influence campaigns in Southeast Asia, it indicates a vulnerability to campaigns explicitly targeting social media as an influence conduit. The relative immaturity of the e-commerce markets in Southeast Asia further exacerbates this trend. The level of maturity and potential for growth present an opportunity for malign foreign actors to capture the social media influencer markets. Doing so provides them the opportunity to shape the environment to their benefit.

### Building a Common Market

Based on the assessed vulnerabilities in Southeast Asia to disinformation disseminated via social media, China's attempts to dominate the online influencer markets in the region are of particular concern. Primary points of concern are the capture of individual influencers for disinformation and propaganda and the capture of commercial activity related to social media marketing. In mid-January 2022, China hosted the inaugural China-ASEAN Online Influencers Conference in Fuzhou, Fujian province, China.<sup>11</sup> The event invited government representatives and social media influencers from the various ASEAN members. State media outlets highlighted influencers as cultural ambassadors and the exchange as mutually beneficial from a cultural and economic standpoint.<sup>12</sup> One of the stated goals was to bring key figures from the various influencer markets to engage on the benefits of ASEAN access to digital markets in China and vice versa. For example, one of the significant benefits highlighted was more than 1 billion active social media users in China.

A recent push to establish a domestic Chinese multi-channel network (MCN) focusing on ASEAN exacerbated this state-sponsored push to impress the influencer markets. A multichannel network is an organization that manages a group of influencers and social media marketing for major brands across multiple major social media platforms. Their goal is to establish a one-stop shop for brands and influencers to provide start-to-finish support for online marketing campaigns.

This situation is relevant because a Chinese MCN startup launched a major branch in Jakarta, Indonesia, within a few months of being created. The company has rapidly expanded its influencer network in Southeast Asia and collaborates heavily with Chinese e-commerce giants and social media platforms like TikTok.<sup>13</sup> The rapid expansion of a Chinese MCN coinciding with a Chinese-ASEAN annual influencer conference indicates the People's Republic of China's (PRC) strategic interest in dominating a common China-ASEAN e-commerce and influencer market. The fact that the seed funding for the company was primarily acquired from a domestic Chinese firm that specializes in investments aligned with Chinese government priorities reinforces this assertion.

### **Leveraging Influencers**

Evidence of Chinese attempts to directly leverage influencers in Southeast Asia is limited. However, the practice has been observed from a global standpoint. For example, Beijing often leverages Western influencers to counter pessimistic views on the Chinese treatment of Uyghurs in Xinjiang.<sup>14</sup> The tactics typically invite amenable influencers to visit Xinjiang on highly choreographed tours. Chinese media then conducts interviews with the individuals and shares the influencers' social media statements through state-owned accounts. While this tactic is not widely observed throughout Southeast Asia, examples have occasionally been identified, such as Noel Lee's case. Mr. Lee is a Singaporean native who was allowed to travel and vlog his experiences in Xinjiang. His vlogs on YouTube were less controlled than many Western examples, but his videos are supportive of the PRC. Interestingly his three-part video series received well over a quarter-million views compared to his average viewership of less than one thousand. Western pro-Chinese Communist Party (CCP) influencers also praised his videos, and Chinese state media conducted interviews with him after his trip.<sup>15</sup> Based on the apparent state support and unusual viewership growth, it is plausible that he benefited from social media amplification techniques seen in other state-backed messaging.

The amplification networks are a common tactic of Chinese actors attempting to increase disinformation or propaganda's reach and perceived veracity.<sup>16</sup> Typically, the tactic involves having a single account push content on social media that presents pro-CCP messaging. Then, sets of accounts access the posts or videos and artificially increase engagement metrics through liking, sharing, following, and other interactions. The posters and amplifier accounts are generally kept separate and only perform their designated function. This tactic results in obvious patterns when conducting visual social network analysis due to the creation of distinct clustering.<sup>17</sup>

With sufficient data, identifying such networks during periods of high activity is not difficult. However, government entities will likely have a more challenging time identifying and characterizing specific amplification networks, ongoing campaigns, or standard tactics. Social media platforms are hesitant to openly share social media data with the government, despite sharing this data with non-governmental researchers. Public sentiment would also likely oppose sharing this data with government intelligence agencies, even pursuing valid foreign intelligence priorities. The issue is further exacerbated because Chinese activity may be routed through commercial entities in the future. This tactic shift could break up the amplifier networks that social media platforms are often willing to take down. If disinformation and propaganda are disseminated through influencers via MCNs, labeling the activity as inauthentic would be impossible. The information would no longer be amplified by fake accounts but rather by individuals conducting social media marketing directed at their followers. Private companies and government entities have already established similar legitimate commercial activity as normal behavior.

## **Conclusion**

China's concerted efforts to deepen ties in the ASEAN e-commerce and influencer markets represent a twofold threat. If successful, China could economically control Southeast Asia and control the flow of information. In the digital age, e-commerce and information flows are remarkably intertwined as social media platforms and online shops integrate into single platforms. Under the current trends, it will become more challenging to identify or take action to disrupt Chinese influence campaigns in Southeast Asia over time. China's strategic campaign aims to undermine the cornerstone of US policy to create and maintain regional partnerships to counter shared threats. Should the US government and its allies continue to underestimate the danger, it is likely that most of Southeast Asia will be dominated by China, leaving little to no room for US-ASEAN partnerships.

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Master Sergeant Reeser is an active-duty operations intelligence analyst and current graduate student at the National Intelligence University (NIU), which operates under the Office of the Director of National Intelligence. At NIU, he is completing his Master of Science and Technology Intelligence degree with a dual concentration in emerging technology and geostrategic resources (ETGR) and influence and information intelligence (I3), focusing on Chinese influence operations in Southeast Asia. Prior to this assignment, he was assigned to the Joint Intelligence Operations Center Analytic Center under US European Command, where he was the noncommissioned officer in charge of the Plans and Exercises Branch.

## Notes

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