



MARKETING MANAGEMENT IN CHINA:

WEEK 4: BRAND BUILDING IN CHINA

OCEAN UNIVERSITY OF CHINA

25th INTL. CHINESE BUSINESS PROGRAM

Marketing Lecture Series

Rainer Appel

Thursday, 8:00-10:00 & 10:00-12:00

Video Case (1)

- **Buick in China**
 - 1994 - 2004
 - 3 partial surveys, each with 3,000 respondents
- **Harvard Business Review**
 - Inside the Mind of the Chinese Consumer
 - by William McEwen, Xiaoguang Fang, Chuanping Zhang, and Richard Burkholder



Branding

- **Creating, maintaining, protecting, and enhancing products and services.**
- **A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service.**

Branding

- **Advantages to buyers:**
 - Product identification
 - Product quality

- **Advantages to sellers:**
 - Basis for product's quality story
 - KFC franchises in China: 98% success rate
 - Provides legal protection
 - Helps to segment markets

Brand Equity

- **The positive differential effect that knowing the brand name has on customer response to the product or service.**
- **Provides:**
 - More brand awareness and loyalty
 - Basis for strong, profitable customer relationships

Brand Equity

- China Mobile is 5th most powerful brand in the world
- China's most powerful brands collectively gained more than 50% in value over past year
- China and other emerging economies are the most powerful drivers of growth for all brands.

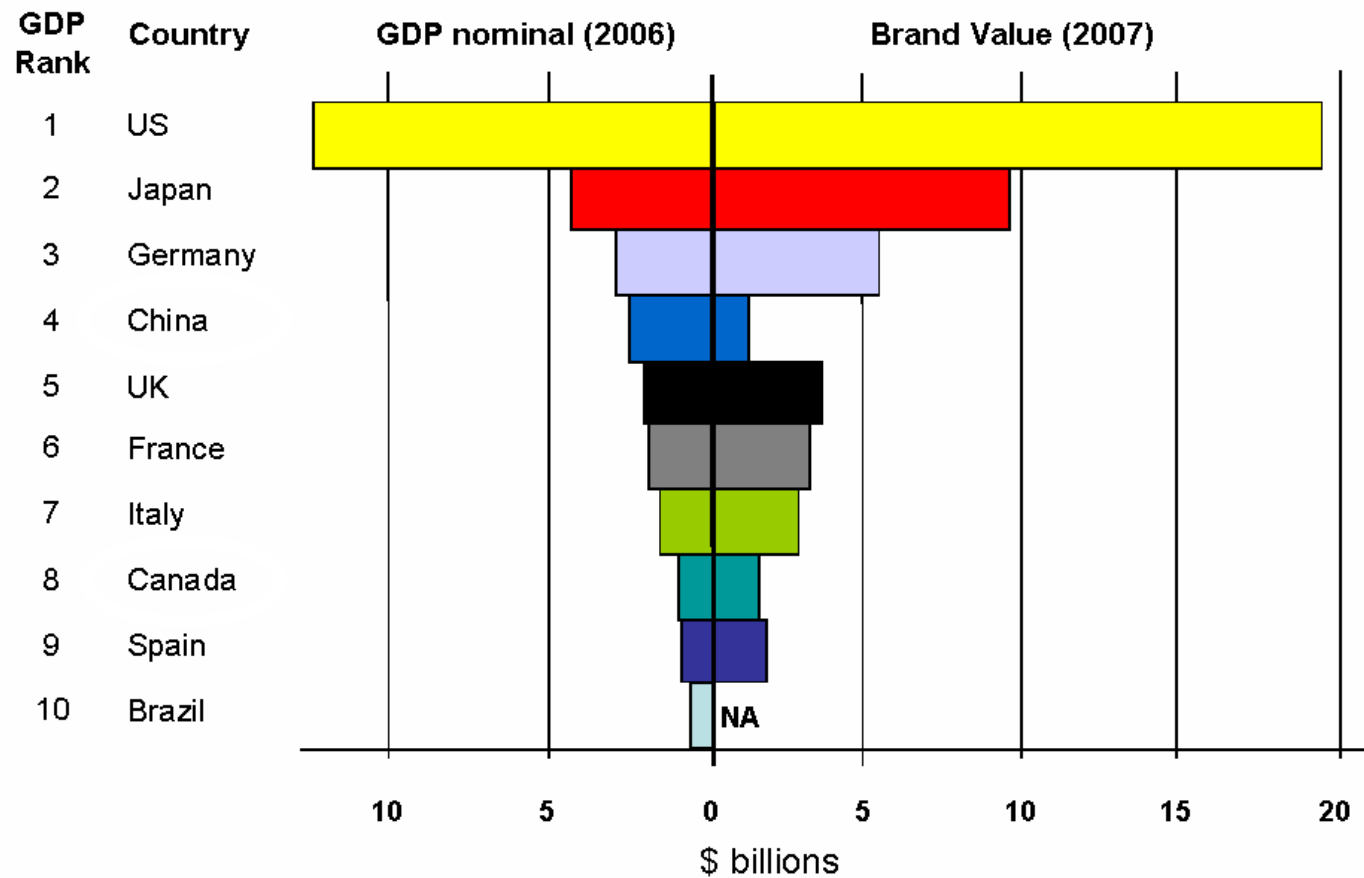
Top 100 Global Brands

#	BRAND*	BRAND VALUE \$M	BRAND VALUE CHANGE %
1	Google	86,057	30%
2	GE (General Electric)	71,379	15%
3	Microsoft	70,887	29%
4	Coca-Cola (1)	58,208	17%
5	China Mobile	57,225	39%
6	IBM	55,335	65%
7	Apple	55,206	123%
8	McDonald's	49,499	49%
9	Nokia	43,975	39%
10	Marlboro	37,324	-5%
11	Vodafone	36,962	75%
12	Toyota	35,134	5%
13	Wal-Mart	34,547	-6%
14	Bank of America	33,092	15%
15	Citi	30,318	-10%
16	HP	29,278	17%
17	BMW	28,015	9%
18	ICBC	28,004	70%
19	Louis Vuitton	25,739	13%
20	American Express	24,816	7%
21	Wells Fargo	24,739	2%
22	Cisco	24,101	28%
23	Disney	23,705	5%
24	UPS	23,610	-4%
25	Tesco	23,208	39%

Source: Brandz, 2008

Brand Equity

Gross Domestic Product vs. Brand Value



Source: Marketing & Strategy Innovation Blog



China's Emerging Global Brands

(source BusinessWeek/Interbrand survey 2008)

Slides 7 – 18 as seen in class

Source: Brandz, 2008

China's Domestic Brands

(source: BusinessWeek/Interbrand survey 2008)

2006 RANK	2006 BRAND VALUE (US\$ BILLIONS)	REVENUE (US\$ BILLIONS 2005)	NET INCOME (US\$ BILLIONS 2005)
1 CHINA MOBILE	35.51	30.46	6.71
2 BANK OF CHINA	10.29	24.14	3.25
3 CHINA CONSTR. BANK	8.53	16	5.9
4 CHINA TELECOM	4.01	21.22	3.5
5 CHINA LIFE	4.01	12.23	1.16
6 PING AN	1.63	8.11	0.53
7 CHINA MERCHANTS BANK	1.63	3.59	0.46
8 MOUTAI	1.32	0.43	0.14
9 BANK OF COMMUNICATIONS	0.93	6.73	1.15
10 LENOVO	0.77	12.99	0.03
11 NETEASE	0.56	0.2	0.11
12 GOME	0.48	2.26	0.06
13 ZTE	0.43	2.7	0.16
14 WULIANGYE	0.34	0.7	0.1
15 AIR CHINA	0.33	4.43	0.3
16 CHANGYU	0.29	0.21	0.04
17 VANKE	0.20	1.24	0.17
18 GREE	0.19	2.28	0.06
19 CHINA NETCOM	0.15	10.93	1.74
20 CHINA OVERSEAS PROPERTY	0.13	0.88	0.19





China's Domestic Brands

Slides 20 – 45 as seen in class

China's Domestic Brands

(source: *BusinessWeek/Interbrand* survey 2008)

Names to watch

The following 5 companies remain largely or wholly state-owned, or suffer from anemic profits, so they did not make the Interbrand list. But they are plenty well-known.

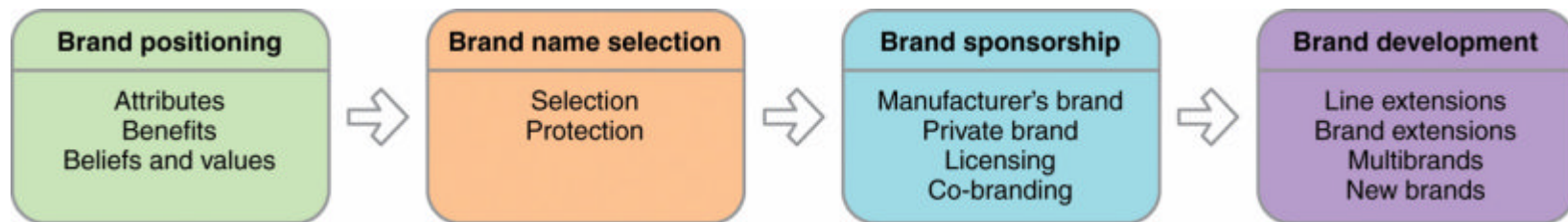




China's Domestic Brands

Slides 47 – 51 as seen in class

Brand Strategy Decisions



Major Brand Strategy Decisions

- **Brand positioning**
 - Foreign brands in China are often positioned in
 - Upper segment
 - Youth segment

- **Brand name selections**
 - Did you already pick a Chinese name?

- **Brand sponsorship**
 - In China high proportion of manufacturer's brands

- **Brand development**
 - Brand leverage pays off in China

Brand Positioning

- **Brands can be positioned at different levels:**
 - **Product attributes**
 - Quality
 - Features
 - Style & Design
 - **Product benefits**
 - Unique Selling Proposition (USP)
 - **Beliefs and values**
 - Identity vision
 - Belief/values
 - Capability
 - ...

Brand Positioning: Selecting a Positioning Strategy

Selecting a Positioning Strategy

- E.g. for 'Benefits'
- Question:
 - Where would the companies from the Li-Ning be located in the chart?

		<i>Price</i>		
		<i>More</i>	<i>The same</i>	<i>Less</i>
<i>Benefits</i>	<i>More</i>	More for more	More for the same	More for less
	<i>The same</i>			The same for less
	<i>Less</i>			Less for much less

Brand Name Selection

➤ **Desirable qualities for a brand name include:**

1. It should suggest product's benefits and qualities: **宝马 (BaoMa)**

2. It should be easy to pronounce, recognize, and remember: **51job.com**

3. It should be distinctive: **Tsingtao** vs. **Qingdao**



4. It should be extendable: **崂山水** , **崂山可乐**

5. It should translate easily into foreign languages (Chinese):
TCL Corp. → Schneider/Thomson/RCA , **阿里巴巴 (Alibaba)**

6. It should be capable of registration and legal protection:
Legend → Lenovo , **Hisense** 💣💣💣 **Siemens**

Brand Sponsorship

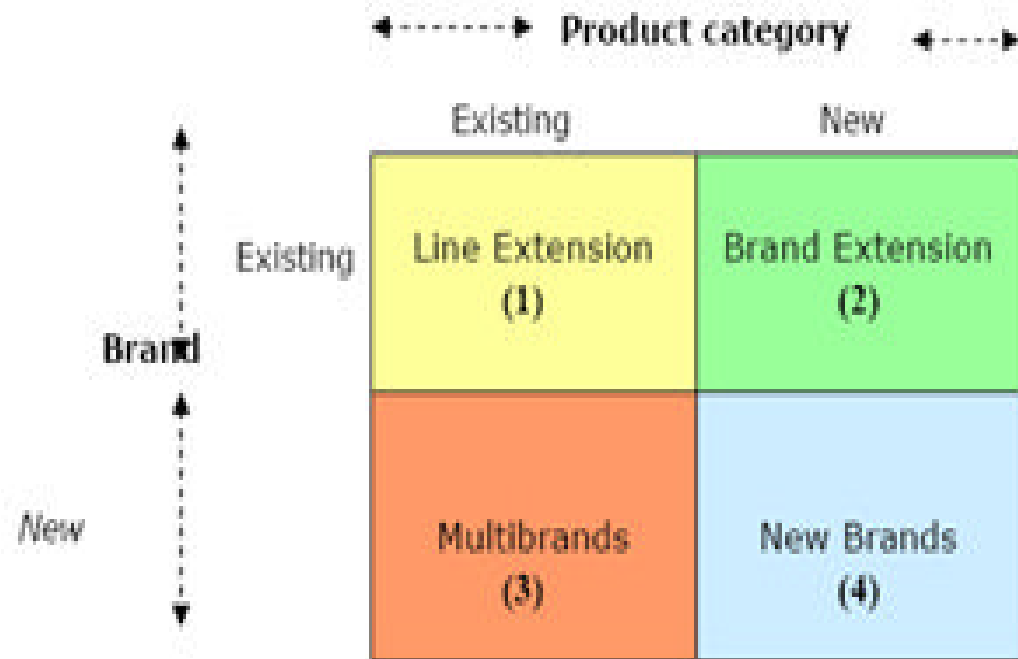
- **Manufacturer's brands**
 - OEMs
 - That's how *Lenovo* and *TCL* got started

- **Private brands**
 - E.g. market your own private pharma brand with supplies from *Kunming Dali Industry & Trade Co., Ltd.*

- **Licensed brands**
 - Franchises
 - E.g. most eyewear manufacturers

- **Co-branding**
 - E.g. *Lenovo + Thinkpad + Intel + Microsoft*
 - E.g. many

Brand Development



Sumber: Kotler, Armstrong, Brown, Adam and Chandler (2001)

Brand Development

- ***Line Extension:*** introduction of additional items in a given product category under the same brand name (e.g., new flavors, forms, colors, ingredients, or package sizes).
- ***Brand Extension:*** using a successful brand name to launch a new or modified product in a new category.

Brand Development

- **Brand Extension:** using a successful brand name to launch a new or modified product in a new category.



Qingdao Laoshan Mineral Water Co.,Ltd.



Brand Development

- **Brand Extension:** using a successful brand name to launch a new or modified product in a new category.



Brand Development

- **Line Extension:** introduction of additional items in a given product category under the same brand name (e.g., new flavors, forms, colors, ingredients, or package sizes).



Brand Development

- **Line Extension:** introduction of additional items in a given product category under the same brand name (e.g., new flavors, forms, colors, ingredients, or package sizes).



Brand Development

- ***Multibranding***: offers a way to establish different features and appeal to different buying motives.
- ***New Brands***: developed based on belief that the power of its existing brand is waning and a new brand name is needed. Also used for products in new product category.

Brand Development

- **Multibranding:** offers a way to establish different features and appeal to different buying motives.



Brand Development

- ***New Brands***: developed based on belief that the power of its existing brand is waning and a new brand name is needed. Also used for products in new product category.





MARKETING MANAGEMENT IN CHINA:

WEEK 4: BRAND BUILDING IN CHINA

OCEAN UNIVERSITY OF CHINA

25th INTL. CHINESE BUSINESS PROGRAM

Marketing Lecture Series

Rainer Appel

Thursday, 8:00-10:00 & 10:00-12:00