The Brand market place in China

Global marketing brand strategies show effective results, but in most of cases, they cannot be applied on local markets…Especially when focusing on the Chinese environment. China is widely viewed as being one of the world's fastest growing markets. In pursuing this rapid economic expansion, Chinese companies have now begun to recognize the importance of brands, and their development. Brand capital is one of the key drivers of growth and wealth in the business world. Creating and managing brands in China has become a crucial component to success in the China market. We will try, focusing on example of different nature, to reach a recipe that both limits the level of risks that can occur when setting up a brand in China, and that actually adds value to any kind of business.

In industries going from food retailers to luxury emerging products such as wine, China's "brand war" is on. We all are consumers, and as consumers living in cities such as Shanghai, Beijing, Hangzhou, Hong Kong, Guangzhou… try to count the amount of brand communication you are confronted to, in your daily routine. Bus, subways, taxis, boats, trains, construction sites, roads… every mean is good to catch the eye of a potential customer for a glimpse of a second. May it be global brands or small to medium enterprises, all have a good card to play in this advertising game.

Why does localization matter? The answer lies in a unique combination of market characterists; the product, the competition, and a few other factors. The rapid and dynamic pace of the market environment in China since 1978 is well known. So one could understand the need of topicality when working on brand management in China. Let's take the KFC example. In 2007, KFC had just over 1,800 restaurants serving in China. KFC's overwhelming and unexpected success was the result of combining the right timing and location plan, while leveraging their brand's position. We could also mention their strong organizational implementation capabilities, and a couple of well planned strategic "hits". This to point out that, KFC's entry in 1987 was a success because they did not attract Chinese people with a custom made American product, but they opted for a more flexible market approach.

If we now focus on another example, the Henry Wine Estate based in the U.S, has had trouble launching itself at first when wanting to export their red wine in China. However after having requested local expertise, he found that he hadn't developed his brand in the most "Chinese" effective way. Wine, as one of China's new luxury products in vogue, had to be marketed, packaged and branded in a very specific manner. After having properly invested in that sense ($250,000 efforts with local partners), and having repositioned its brand to a much higher profile of customers, they finally managed to build solid foundations, and quality partnerships. Implementing a comprehensive, flexible, and localized business strategy seems to be one answer to Brand relevancy in China.

The right mix is a big question in all big consumer goods companies (i.e. the balance between what parts should be global and what parts should be local). For Kodak in China, new products, quality of products and services, brand, value propositions and Kodak values are global while retail concept, advertising, promotion and packaging are localized. Knowing that when a brand owner seeks to appeal a new local environment, he creates the risk of losing previous brand consistency.

As western brands, Chinese brands are amazingly competitive. Li-Ning's "Anything is possible"(sport brand), has learned all about large-scale advertising, now recognized by million of consumers. Lenovo (computer technology) is one of the top Beijing Olympic sponsors. Throughout all this excitement around brands in the market place, we could ask ourselves, which brands will they stay in the front seat, how long will they stay there, and what will be the costs of them staying in power?

