



Brand Asset
Management

Brand
Performance

Brand
Experience

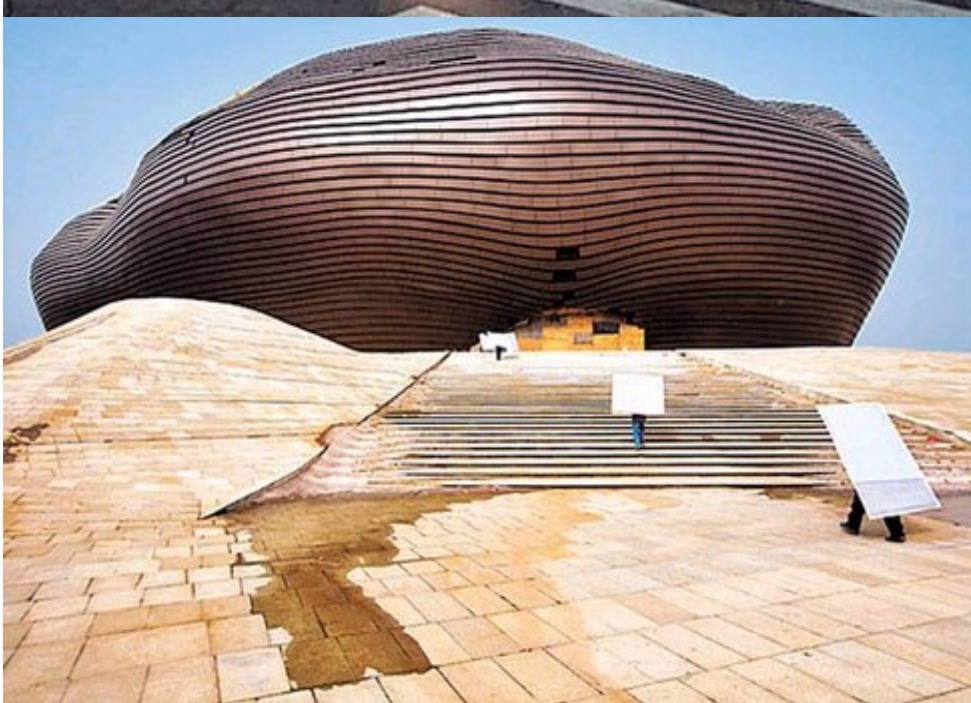
Customer
Perceived
Value

Building and Promoting Brands in China: Understand Chinese Customers First

Dr. Sherriff Luk



Which city is it?

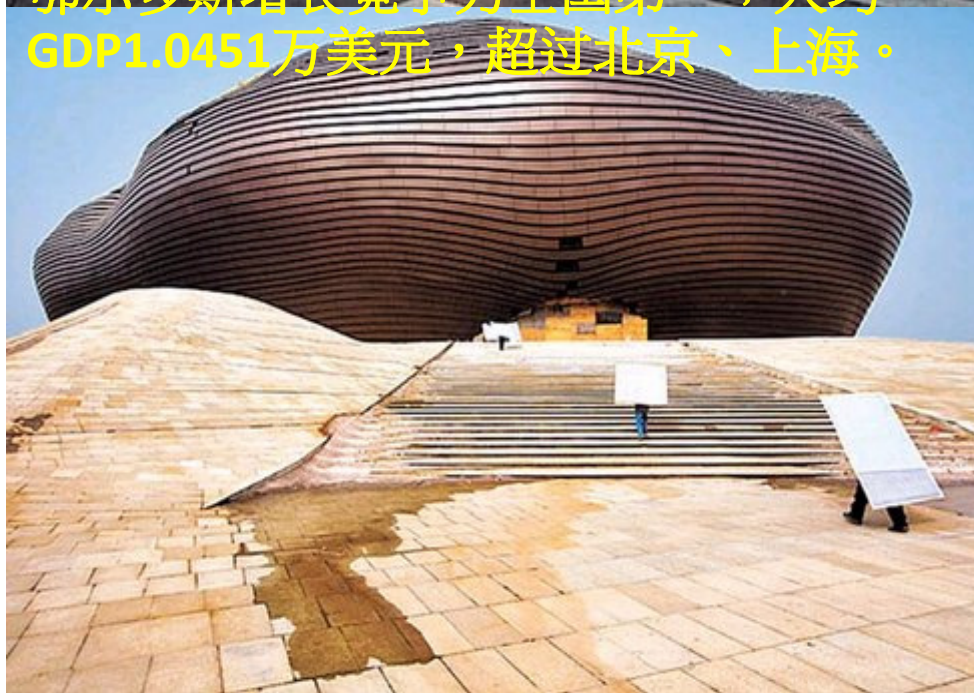


Which City in China?

- “眼前这条舒畅伸展的大道，便是人们惊呼的‘上班大道’了……因为市政府机关刚搬迁不久，商业的经营尚属空白，几乎是机关人员的来回跑道。现在是早上8点多钟，赶班点的汽车们轰轰烈烈……我乘坐的这辆沃尔沃轿车身前身后是一片车的涌流。”“奔驰、保时捷、宾利、法拉利们跑得气咻咻，一个个志在超越；后边的宝马、福特野马、兰博基尼、凯迪拉克们你追我赶，使着绝不甘于居后的情绪；就是那享有豪族尊位的劳斯莱斯、阿斯顿马丁也是那种飞翔的姿影，正在望风绝尘、不可一世地冲来……”



2007年年底，中国城市竞争发展力排名：
鄂尔多斯增长竞争力全国第一；人均
GDP1.0451万美元，超过北京、上海。



鄂尔多斯



THE MESSAGE IS CLEAR

The China market has been changing rapidly and you have to closely monitor the changes to ensure your understanding of the market

Characteristics of China Market

● Today only cover 3 factors

- ◆ 1. Government
- ◆ 2. Marketing Channels
- ◆ 3. Chinese Customers' Buying Behavior

1. Government

- Various kinds of support
(Economy: from investment-driven to consumption-driven)
- Policies
 - ◆ In some provinces: export -> domestic consumption
 - ◆ New urbanization policy/measures
 - ◆ Others
- Major buyer of retail goods
- Less interested in well-known China brands

2. Marketing Channels

Agent

National

Distributors

Regional

Wholesalers

Provincial

Retailers

Local

Customers



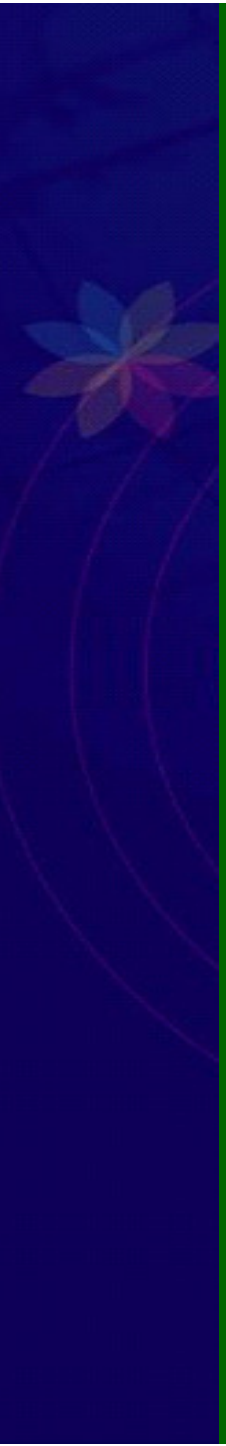
Retailers

- International retailers:
 - Branding
 - Quick expansion
 - Market leaders in some cities
 - Localization (staff, operation, supplies and knowledge)
 - Scale and cost advantage
 - Emergence of private labels



➤ Local retailers:

- Location is no longer an advantage,
- Floor size relatively smaller on average
- Improve retail management know-how gradually
- Difficult to change mindset,
- Product and service quality relatively low

- 
- Recent changes that have profound impact on retail strategy and retail operations:
 - Shopping malls and chain stores
 - consumers' consumption patterns, choice criteria, and expectations

Let channel partners do it for you?

- Guanxi with government
- Known by local consumers
- Location as an advantage
- Understand local consumers better
- Cooperation: Mode, level, and scope
- Credibility, commitment, management capabilities, and strategic intention

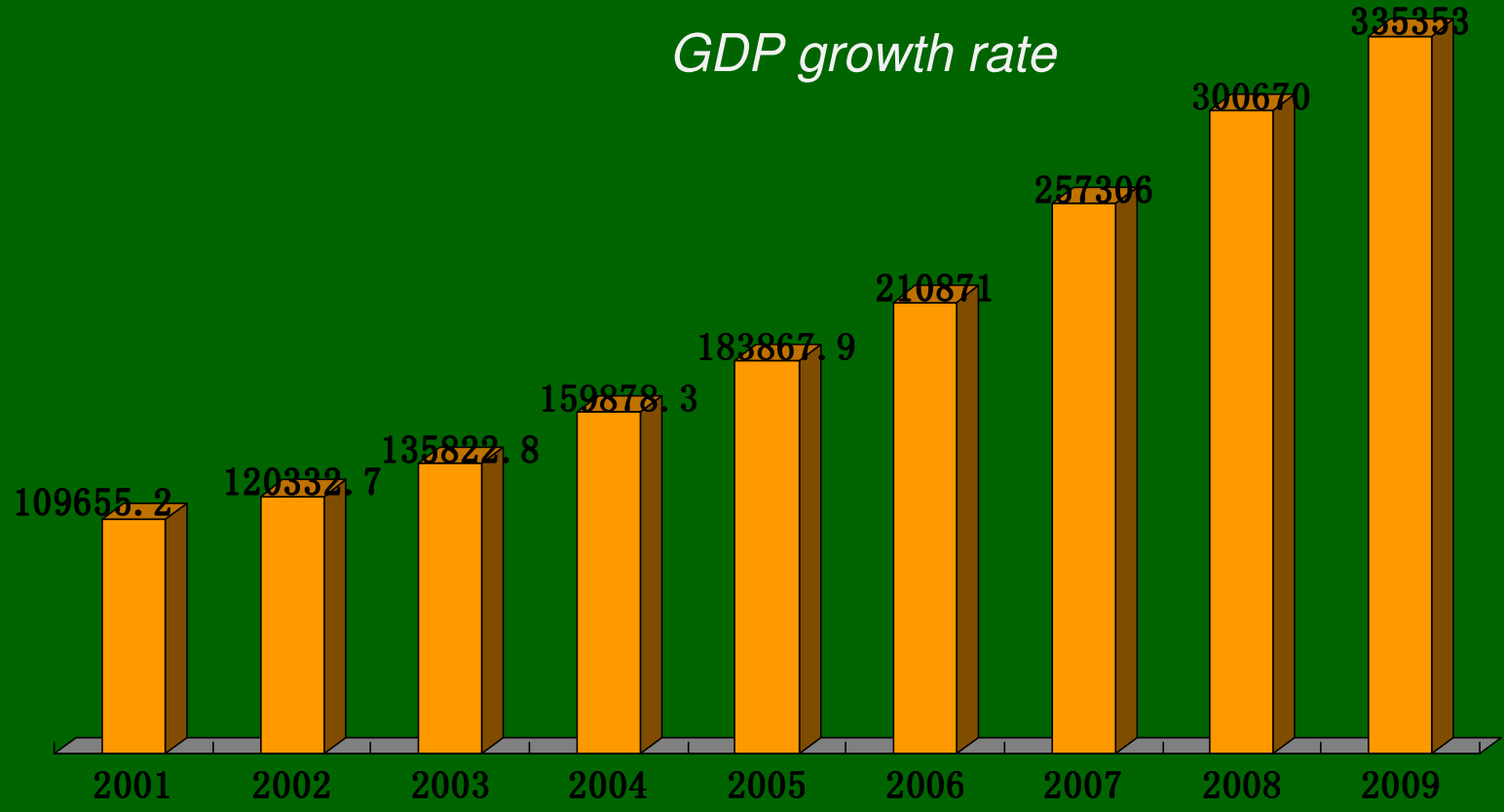
Customer/Consumers

- Increase in real and disposable income
- Product and brand knowledge
 - ◆ Learn very fast: Implications of high-speed-train network
- Attitudes towards emotional/lifestyle branding
- Five generations: 50s, 60s, 70s, 80s, 90s
- Plus children market
- Rapid growth of middle-class families
- Wealthy consumers: Many of them are in 2-3 tier cities
- Urbanization: Pace, policies, and new measures => impact on customer demand

Impressive growth of Chinese economy

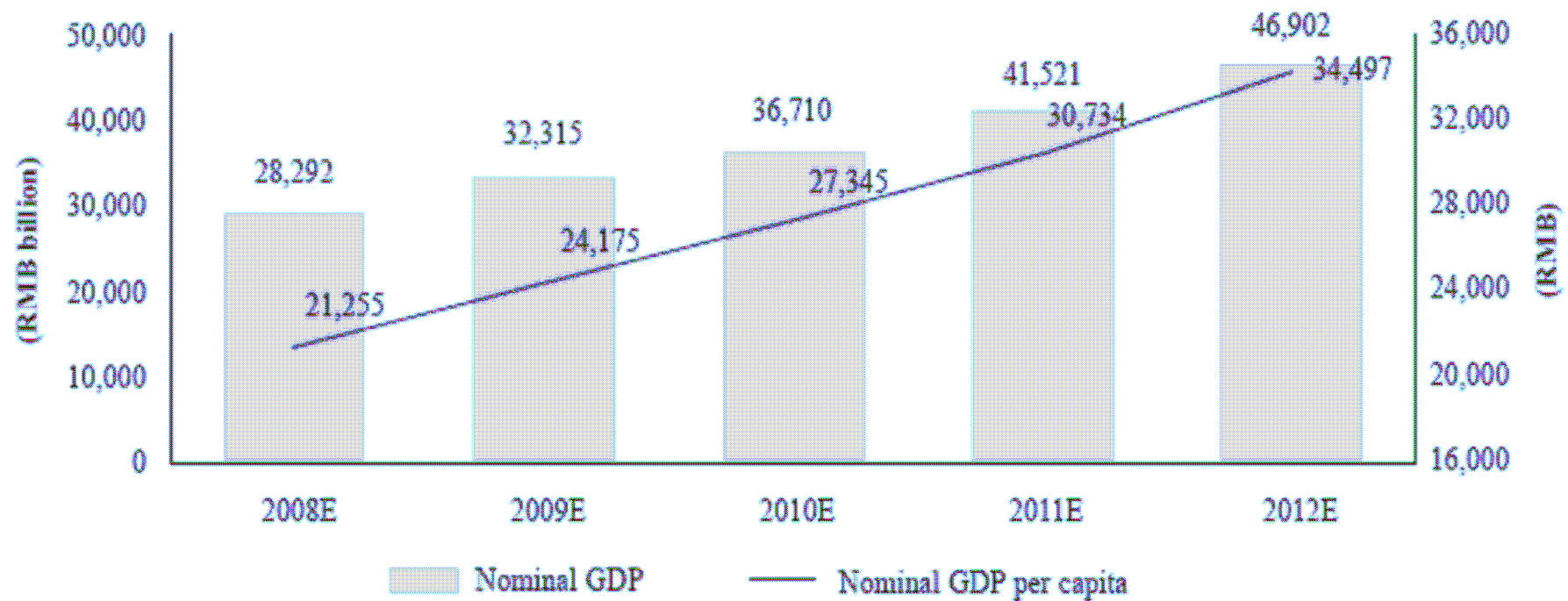


GDP growth rate



Forecast of Economic Growth

2008 — 2012 Nominal GDP and nominal GDP per capita in the PRC¹



Urbanization

2003 — 2007 Growth of urban population in the PRC

	2003	2004	2005	2006	2007	CAGR
Urban population (millions) .	524	543	562	577	594	3.2%
Total population (millions) . .	1,292	1,300	1,306	1,314	1,321	0.6%
Urbanisation rate (%)	40.5%	41.8%	43.0%	43.9%	44.9%	

社会环境：城镇化

Urbanization on the rise

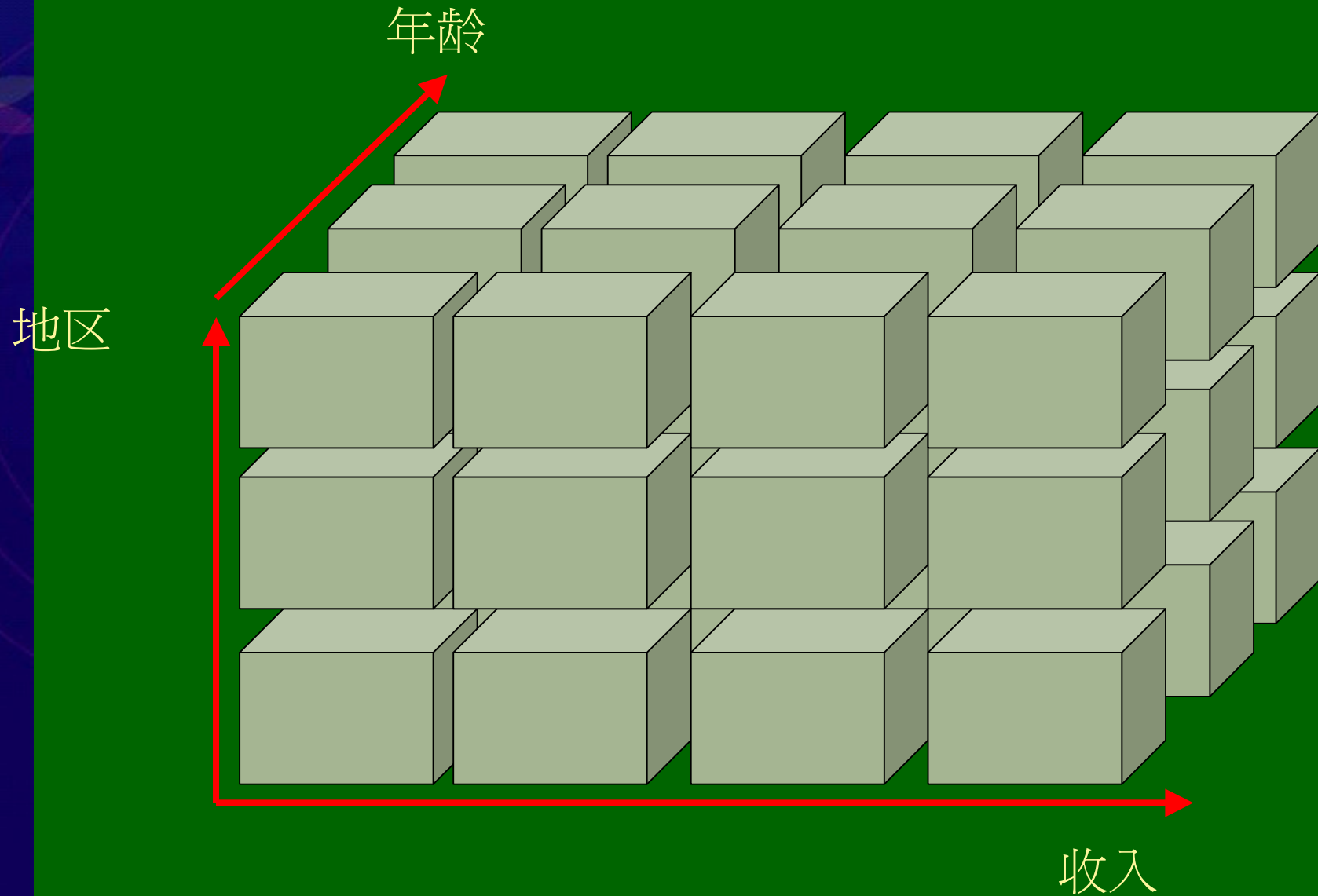


Year	Persons (Mns)			Urban %
	Total	Urban	Rural	
2000	1,268.2	457.5	810.7	36%
2008	1,328.0	627.1	700.9	47%
2020	1,406.8	809.0	597.8	58%

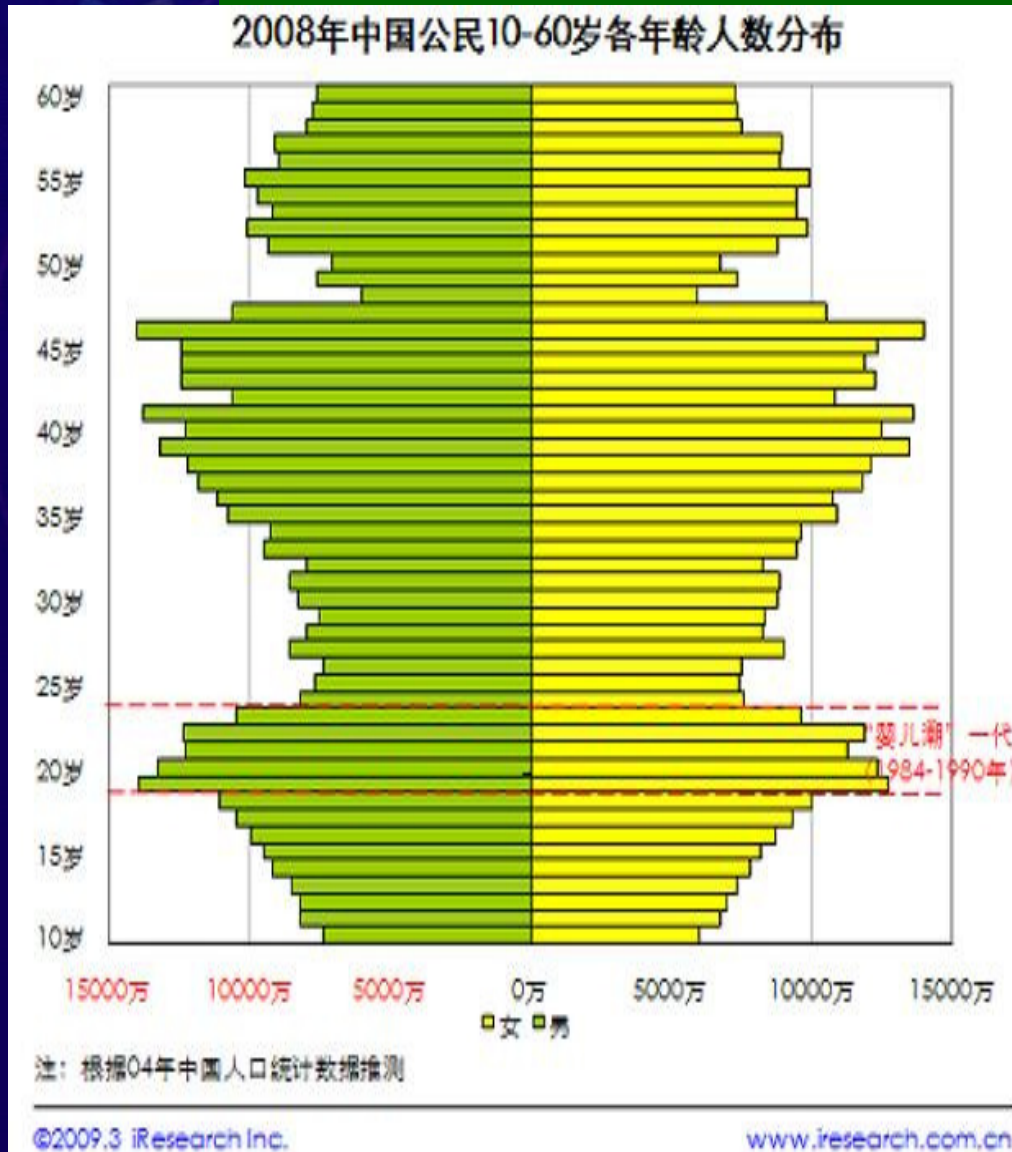


3亿城市家庭2亿农村家庭
300多个百万人口城市
新增4亿中产阶级

How to segment the China market?

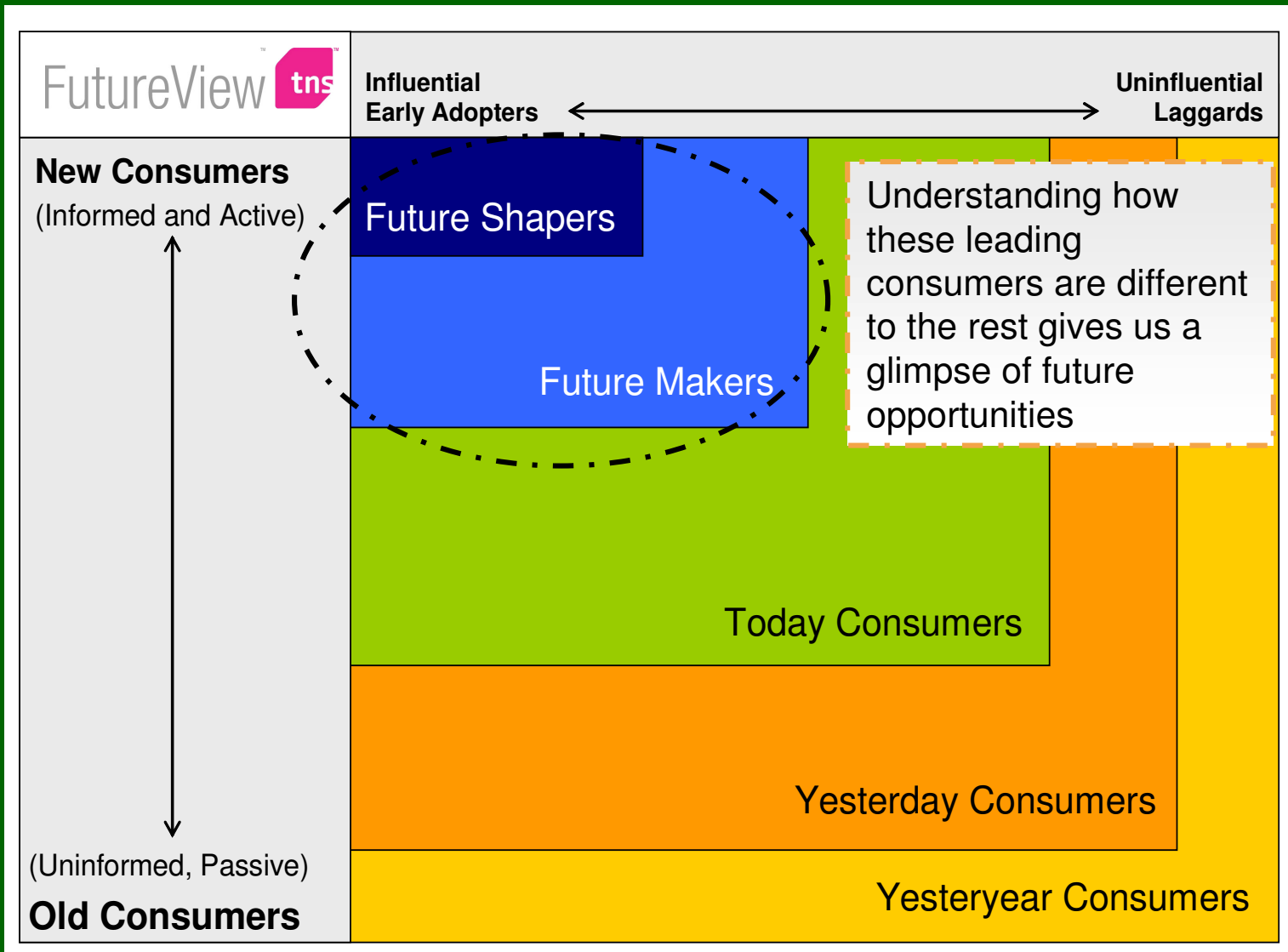


Which age group is the largest?



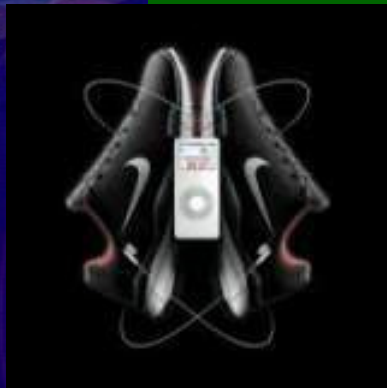
- 中国的人口高峰集中在目前的15岁—25岁，和40-45岁，年轻一代消费群体庞大；
- 而15-20岁的父母正好来自实力雄厚的40-45岁一代，正是“一个孩子政策”的独生子，有较强的支付能力；
- 大学毕业生是重要的新生经济力量，他们接受良好的教育，对自己长期赚钱能力有自信，并不倾向于储蓄。有较长的支付潜力；
- 年轻一代对奢侈评判的知识缺乏，更欣赏特定购买的功能优势，更关注功能和时尚；

For building the future market



Source: TNS

品牌（青岛啤酒的情感联想）



卖的不单单是产品和服务
还要“真感情”与“好体验”



**FINALLY NEVER TREAT IT A
SINGLE MARKET!**