



Building Chinese global brands through soft technology transfer

Building Chinese
global brands

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Abstract

Purpose – The purpose of this paper is to examine the different strategies implemented by a number of successful Chinese firms currently striving to build global brands in order to improve their export capabilities. A particular emphasis is put on the transfer of marketing technology for brand engineering in order to achieve this goal.

Design/methodology/approach – The analysis uses case study methodology to understand what many prominent Chinese exporting firms have achieved, and develops a theory about their general strategy. Five firms have been chosen: Lenovo, Haier, Cosco, Tsingtao, Geely. Aside from these five, information is also given on the branding strategy of Li Ning and Suntech Power. A great part of the information collected is coming from “desk research”, except for Haier, Lenovo and Tsingtao for which personal contacts and visits took place in 2005 and 2006.

Findings – The findings suggest that some of the most successful Chinese firms in the field of development of brand image either use some marketing tools, such as increasing their communication spending, improving quality control, emphasizing their corporate social responsibility visibility, or by seeking a partnership through mergers/acquisition with successful foreign brands. A basic global branding model has been defined as consistent with Chinese firms’ experience.

Research limitations/implications – The study was limited to seven firms to be considered among the most successful Chinese businesses. It does not intend to be perceived as statistically representative. The period of observation of the effect of the strategy which was implemented was short and during a time of booming Chinese economy. It was impossible to isolate the extraneous variables linked to the economic or competitive situation, knowing that they could affect the observations on the firms that were studied.

Originality/value – Though the entry strategies on the Chinese market as well as inbound foreign direct investments have been the object of a great number of publications, the outbound strategies of Chinese exporting firms, as well as the impact of technology transfer, has been covered less frequently. Therefore, this paper can have value for candidates for the improvement of global branding.

Keywords China, Brands, Marketing strategy, Globalization, Exports

Paper type Research paper

1. Introduction

For the last 20 years, China has grown faster than all other economies. It has also simultaneously developed the image of a world workshop, especially in the fields of low-cost products (Tucker, 2006). A new direction was given in May 2007 when, speaking to business and government representatives at the Chicago Council of Global Affairs, the Commerce Minister Bo Xilai explained that his country could no longer continue to be perceived as a manufacturing facility for Western enterprises, but China now had to become an exporter *per se*, thanks to its own brands. This is a new step in the development of the “socialist market economy” defined by Deng Xiaoping aimed at being globally competitive not only as a producer but also as a marketing country. Unfortunately for Chinese firms, the reputation of Chinese brand does not allow them to appear among the top brands in the 2007 Interbrand Best Global Brands (Interbrand 1, 2007). Besides, an American study of “Made in China” shows that “over 60 per cent of recalls of consumer goods in the US, in 2007 has been for products from China” (Mays, 2007).



The respondents in this study describe the following attributes for Chinese brands as most frequently “cheap” (Interbrand 2, 2007), “a good value”, “youthful”, dynamic”, none of which are very appealing. In the same study the highest brand familiarity refers to Lenovo (59 per cent), Tsingtao (46 per cent), Haier (37 per cent), Bank of China (35 per cent), CCTV (33 per cent).

Hence, Chinese firms are facing the challenge of improving their global perception, learning from the West by transferring soft technologies related to social sciences, such as marketing. The evolution is now from the world factory to the World company (HEC study, 2006).

This article will study how Chinese firms position themselves with respect to the main characteristics of global companies. Then, once these variables have been defined, what are the different domains in which Chinese companies are still working to achieve this with the contribution of “soft” technology transfer. This concept can be characterized by emulating and using knowledge related to soft skills previously used by other enterprises for instance in the fields of marketing strategies, management techniques or communication (Bessant, 2005).

2. Research setting and method

In order to identify how Chinese brands are trying to achieve a global status, the choice of companies was made subjectively, by focusing on data coming from five major Chinese firms: Lenovo, Haier, Cosco, Tsingtao beer and Geely, all of them chosen for their present international image. We also provided some basic strategic branding elements for Li Ning and Suntech Power Holdings whose future growth is potentially very high.

The exploratory case study approach (Yin, 2003) has been selected since a survey would have been in any case biased in the selection process. This approach may be the prelude to a more complete research.

The first part will be dedicated to identify the main characteristics of a global brand for which we reviewed academic literature and success stories from the industry.

In a second part, we will study the examples of the test companies and examine whether they comply with these characteristics try to achieve them.

3. What is usually understood by global brands?

According to Gregory Lee, chief marketing officer (CMO) of Samsung Electronics (Lee, 2006) “any brand, which has a large global presence and the ability to affect consumer behaviour globally and consistently trades around the globe, is a global brand”. He considers his Korean firm to fulfil all the criteria. This is obviously true of the Interbrand ranking leaders such as Coca-Cola, Microsoft, IBM, General Electric, Nokia or Intel, mostly all Americans, to name just a few (Interbrand 1, 2007).

Another important ranking published by Milward Brown Optimor (Seddon *et al.*, 2007) shows China Mobile and several Chinese banks (Industrial Commercial Bank of China, Bank of China, China Construction Bank) in the top 100 world brands based on brand value 2006.

Among other studies, the World Brand Laboratory (2007) “Top 500 World’s 500 Most Influential Brands” includes Haier, Lenovo, CCTV and Changhong TV sets in their list, as well as Lan’s study (Lan, 2005).

A research project (Holt *et al.*, 2004) conducted on 3,300 consumers in 41 countries, found that differences in a brands’ global qualities are the primary cause as to why consumers are choosing one global brand over another. It appears that world

consumers evaluate global brands on the basis of three main characteristics when considering what to buy:

- (1) The level of quality (as subjectively perceived by users or as measured by some objective indicators).
- (2) The cultural myths that brands generate with their related emotional content.
- (3) The firms' efforts to address social problems that can be related to corporate social responsibility (CSR) such as workers treatment, environment protection for sustainable development.

To these three variables, we will add a fourth one: the amount and quality of communication either at the marketing level or at the corporate level.

As far as the country of origin (COO) effect is concerned, Holt discovered rather surprisingly that although companies often assume that the factor of "American values" is critical in consumers' global brand decisions, it matters little to consumers. "I hate the country, but I love their products" as a respondent put it. Saying it differently, "people may love or hate transnational companies, but they can't ignore them" (Holt *et al.*, 2004). Still, the COO effect for a product influences the purchasing decision, since most consumers relate the quality of a country's products to its national image (Jaffe and Nebenzhal, 2001).

In the China Benchmark study on Corporate Communication Practices (Wang (I) and Goodman, 2006), the focus on corporate image is noticeable on a sample of 23 Chinese companies including those chosen in the present article. The budgets are rising at a steady rate of over 15 per cent. This study also recognizes the need for Chinese companies to develop a strong CSR policy, just like it has become a priority for some of the top global brands. In this domain, Allen and Root (2004) as well as Werther and Chandler (2005), mention the enviro-nics millennium status: "at least two thirds of 25,000 consumers who were surveyed in the USA, Canada and Western Europe form impressions regarding product's choice partly on company's ethics, environmental impact and social responsibility". Liu Ping, Director of Department of Employers at China Enterprise Confederation (Han and Li, 2007) emphasizes the importance of CSR in the new China as stated by the 16th Central Committee of Chinese Communist Party "We should focus on the social responsibilities of our citizens, enterprises and various organizations". CSR reports were started by some Western multinational enterprises in the 1970s, private enterprises are now publishing it in China and more recently State Grid Corporation was the first state-level corporation in China to issue a CSR report in March, 2006 (Han and Li, 2007).

3.1 Which difficulties do Chinese brands face in trying to achieve their global brand status?

Young and Rubicam's BrandAsset[®] Valuator (BAV) study which involved 500,000 consumers in 45 countries over 14 years showed the following country branding perceptions, whereas China sees herself high in dependability, pleasure and glamour. "How others see China" (Cooper, 2007, p. 24) shows a high in vitality but lows in dependability, originality and glamour: there is little to attract consumers with this type of country image.

When looking at the first characteristic for a successful branding strategy such as the creation of quality products, an example is the printed letter that was published on 5 July, 2005 by The Global Times (Zhang, 2005) in which a man posing as a beer

inspector wrote that many Chinese breweries were using formaldehyde as an additive, as a cheap way to prevent sediment from forming during storage. Tsingtao brewery later refuted this information.

Western countries are also bringing up some problems of image related to political issues, frequently mentioned by Western media, though the facts may sometimes be distorted.

In March 2006, Premier Wen Jiabao remarked on CSR report by state grid 2005: “this is well done”. Corporations have to be “responsible to the society and subject to the monitoring of society” as reported in the study of Sustainability reporting in China (Syntao, 2007) “Many Chinese enterprises published the sustainability report for the first time”, but at least it means they are now doing it. . . (Wang II, 2007). In order to improve the international image in economic cooperation, Mr Hu Deeping, Vice President of All China Federation of Industry and Commerce. (14 July 2007) mentioned in his speech at the Global Compact Leaders Summit in Geneva, some examples of Chinese companies participating in environmental issues: Yili group in Inner Mongolia, Kerui in Northern China or the Chuanhua chemical group.

Interbrand has published since 2006 a Best Chinese Brands ranking which shows at the top for 2007, with two different rankings (Interbrand 2) (Table I).

Still, in spite of the difficulties in building a brand, the level of brand registration in China has increased sharply in the last 30 years growing from 32,589 brands cumulatively registered in 1979 to 370,000 at the end of 1992, then 1,150,000 (170,000 in 1999 only) at the end of 1999, and 452,095 in 2003 only (vs. 375,000 in the USA, in 2000) (An Qinghu, 2004). In 2007 cumulatively, over 4,000,000 brands were registered with a yearly average close to 400,000 new brands. This growth demonstrates the desire of Chinese enterprises to reach an international recognition through becoming players in brand competition.

Another factor associated with the development of branding in China has certainly been the emergence of the private sector (Schoonhoven, 2006). The growth of entrepreneurship has created a need for the self-branding of China to become a strong corporate brand.

China still has a long way to run to improve the typical image perceived by the standard Western consumer. When asked, “would you buy a Chinese product” (Shenkar, 2005) 40 per cent of the respondents demonstrate a low interest and 37 per cent a medium interest for buying products imported from China (Shapiro and Associates, 2003). This is very dependent on product family with an interest varying

Table I.
Level of familiarity with Chinese brands and evaluation of brands as ambassadors of China abroad, according to “Made in China” brand study

Familiarity with brands %		Brands as ambassadors of China	
Lenovo: 59	Tsingtao: 46	Tsingtao: 4.02	Lenovo: 4.02
Haier: 37	Bank of China: 35	Haier: 3.7	Bank of China: 3.69
CCTV: 33	China Mobile: 32	China Mobile: 3.66	Huawei: 3.56
Huawei: 29	TCL: 20	Baidu: 3.38	CCTV: 3.33
Chery: 18	Baidu: 18	ChinaUnicom: 3.24	TCL: 3.17
Ch. Unicom 16	Sina: 14	TCL: 3.17	Sina: 3.12
Sohu: 12	Geely: 10	Sohu: 3.09	Moutai: 2.95
Note: Made in China, 2007, Brand Study, Interbrand China, 570 Huaihai West Road, Shanghai, PRC			

from below 10 per cent for food, to over 20 per cent for DVD or VCR players and 18 per cent for computers.

4. Case studies of successful Chinese brands

In order to assess the efforts made by Chinese firms to meet the expected characteristics, we selected some firms which do not exactly reflect the Interbrand China or World Brand rankings but are the ones for which information could be collected by a non-Chinese speaker.

4.1 *Lenovo*

Lenovo is the most prestigious Chinese brand. Its original company, Legend, changed its name into Lenovo in 2003, and bought the personal computer (PC) division from Industrial Business Machines in 2005. (Quelch and Knoop, 2006). The process of acquiring foreign strategic assets for international expansion was analyzed as a “government underwriting because when the negotiation was in progress, Lenovo was a State Owned Enterprise” (Deng, 2009). The major competitive advantages that contributed to Lenovo success were related to:

- strong brand recognition in China with several sub-brands covered by the umbrella Lenovo (Tian desktop series, Soleil and Xuri notebook computers, Wanqan servers . . .);
- highly efficient operations, namely a product delivery lead-time of three to five days.
- diversified distribution channels, including value-added resellers as well as franchised shops;
- co-branding strategy in adopting the Lenovo-IBM logo to its products; and
- communication campaign in the early 1990s with the slogan “What is the world going to be if we stop dreaming” for Legend.

Lenovo became a “corporate brand and a master product brand” (Kotler and Pfoertsh, 2007). In May 2005, it selected Ogilvy & Mather to handle worldwide brand advertising for Lenovo for a campaign of integrated marketing communication that would include online ads, event sponsorships and TV in addition to print. They are also using one worldwide tagline “New World, New Thinking”.

In March 2004, Lenovo joined the Olympic Partner Program of the International Olympic Committee (IOC) as the first Chinese company to become the computer technology equipment partner of the IOC for the period from 2005 to 2008. A Beijing 2008 Olympics partnership will give Lenovo a tremendous opportunity to communicate to billions of TV viewers on a par with prestigious global brands such as GE, McDonald’s, Samsung, Panasonic or Kodak. The charismatic personality of Mr Yang Yuanqing, graduated from Shanghai Jiao Tong University, elected “2004 Man of the year in Asia” by China Central Television (CCTV) will promote the image of the brand through a macro-marketing process.

Yang Yuanqing has implemented the transfer of technology to build a global brand through several spectacular actions:

- Launching advertising campaigns with the combination of corporate names of Lenovo and IBM and retaining the ThinkPad and ThinkCentre brands.

- Appointing the head of IBM PC and then switching to Dell former Asia VP Amelio, as CEO of Lenovo.
- Designating English as Lenovo's principal language for business communications within Lenovo.
- Establishing the world HQ of Lenovo in the USA at the headquarter (HQ), of the former IBM PC division. The senior executives team was composed of a mix of Chinese and American citizens. As *The World is Flat* puts it: "would you call that an American or a Chinese company or just a global one?" (Friedman, 2005).
- Strong quality requirements aiming at zero default as testified by Vladimir Djurovic, CEO of Labbrand brand image consultant from Beijing (Fontaine, 2007).
- Sports sponsoring in another component of the communication strategy of Lenovo: they now sponsor the Washington Redskins hockey team in the USA, a baseball team in Japan.

The technology transfer that Lenovo has benefited after IBM ThinkPad acquisition has also helped some other Chinese computer manufacturers as an illustration of the horizontal spillover theory (Wang IV and Zhao, 2008).

Lenovo's global branding strategy uses the four characteristics with quality requirements as the "physical" characteristic, CSR as the "intellectual" aspect giving satisfaction to the users that they make a good choice, brand image as the "emotional" element and finally the three previous components linked together by an aggressive communication policy.

4.2 Haier

Its motto "patently geared for global stardom" (Batey, 2002) emphasizes the global objective of his leader Zhang Ruimin. "The Jack Welch of China", born in 1949 in Laizhou, Shandong, and who was appointed in 1984, chairman of Qingdao Refrigerator Company.

In an interview with *Business Week*, the charismatic Zhang stressed that when he took over the company in 1985 "The real problem was that workers had no faith in the company and did not care. Quality did not even enter into anybody's mind," According to Zhang, the implementation of their global brand strategy consisted of several stages:

- building the local brand (1984-1990): in this process quality was key;
- diversification (1991-1997) from refrigerators to washing machines, AC's etc. Association of the image of Haier to family appliances industry; and
- international (1998-2005): exporting under its own brand and setting up 18 subsidiaries. Example Haier America established in 1999, headquartered in the Landmark building in New York City.

The author had the chance to visit Haier headquarter in Qingdao in 2005 when it was at the early stage of Globalization (from 2006 onwards): becoming local in foreign markets (Akio Morita's "glocalization" concept.) As Mr Zhang puts it "Brand strategy is the most powerful weapon to defeat economic recession" (Whisperbrand, 2007). Zhang Ruimin has established the guidelines "if we can effectively compete in the mature markets with such brand names as GE, Matsushita and Philips, we can surely take the markets in the developing countries without much effort" (Palepu *et al.*, 2005).

The priority given to training as a key to quality and efficiency lead to the foundation of the Haier University that was started in November 1999, for the training of managers (Hull 1, 2008).

In the field of CSR, Haier decided to follow the early recommendations of the International Standards Organization (ISO), which decided in 2004 (ISO, 2004) to form a social responsibility (SR) Working Group to develop a guidance standard on SR: ISO 26000 which should be published in 2010. It will apply to all types of organizations, not just the private or corporate sector. China was identified as one of the major sources for CSR sustainable development problems (Hohnen and Potts, 2007). Some Chinese multinational enterprises are now picking a fast-track learning process of CSR (Shi, 2007). “Up to 2004 Haier was the only Chinese brand recognized by the World Brand Laboratory for brand evaluation. Zhang Ruimin emphasizes priority on “energy saving and health” “Haier will become an integral part of the society” (Wang III and Kang, 2002). As a result in 2007, Haier received twice China’s highest ranking in the top ten Chinese brands in Las Vegas consumer electronics show.

Again the four basic components found with Lenovo seem to be present and we could propose this as a Chinese model for global branding.

4.3 Cosco

Captain Wei Jiafu (Meyer, 2008), president and CEO of China ocean shipping group (Cosco) Group, the world number five largest container shipping company explained the strategies he implemented in order to grow its business to a leading global brand in a country that counts six out of ten of the world busiest harbors. A former seaman, Captain Wei, took over as chairman of Cosco in 1998 and applied some principles of GE’s prestigious former CEO, Jack Welch, with three basic operating concepts:

- (1) maximizing operation profits;
- (2) maximizing corporate value; and
- (3) maximizing shareholder return.

One characteristic of Cosco’s strategy in order to make its container’s business, Coscon, the future number one is cooperation among their industry. They have created an alliance called CKYH with the Japanese Kawasaki line, the Taiwanese Yangming, and Hanjing career shipping. Captain Wei explained to Marshall Meyer that as the old Chinese saying states “You cannot see the whole picture of the mountain because you are inside this mountain”. He therefore, calls for experts to help him make the strategic plan that, according to him, is the biggest leadership problem. COSCO mission statement’s puts emphasis next to the objectives to “be a leader in shipping and logistics services” providing “best services to clients and maximizing returns to shareholders”, but also “to build “credibility and reliability”

Captain Wei acknowledges the need for soft technology transfer that comes from Western experts. He was the first one to propose reorganizing the group and, at first, nobody at Cosco accepted it. The wise businessman then called in AT Kearney who made the same recommendation. It was then easily accepted since it was “the opinion of US experts”. Sometimes using Western technology can seem like snobbery as it gives value to concepts purely because they are Western. A strong believer in co-operation, Wei was one of the engines of the collaboration between Cosco and China Shipping: “in most industries there should be some big companies to serve as leader to integrate the whole industry”.

In the field of CSR, COSCO has been working on poverty relief work since 1995 in such areas as Fugong County in Yunnan Province, Luolong County in Tibet, and Yanshan and Haixing Counties in Hebei Province. Up to now, COSCO has donated over 60 million Renminbi (RMB) to construction in these regions. Activities focus on building primary and secondary schools under Project Hope, constructing roads, and other projects. Besides, in 1998, during flooding in the Yangtze River region, COSCO raised donations totaling over 10 million RMB to help victims rebuild their homes. During the SARS epidemic in 2003, COSCO staff donated 6 million RMB to frontline medical staff, helping them to buy personal accident insurance. In 2005, the group and its staff raised 100 million RMB to establish the “COSCO Charity Foundation”, the first enterprise-initiated charity foundation in Mainland China (Cosco, 2005). Finally, COSCO is also actively promoting the ISO 9000 quality management system, ISO 14001 environment management system, and OHSAS 18001 occupational health and safety assessment series. COSCO has also established its own comprehensive management system.

COSCO appears to be working on quality as a “physical” characteristic (with multiple certifications), SR as an “intellectual” characteristic (charity donations and workers treatment), brand image as an “emotional” characteristic, all of them topped by a strong communication lead by the CEO and using transfer of soft technology.

4.4 Tsingtao

Tsingtao brewery was created in 1903 as a German–British brewing company to produce German style beer in this part of China occupied at this time by the Germans after the boxer’s war (Hull 3, 2007). In 1972, Tsingtao beer was introduced in the US market. It is sold in more than 50 countries worldwide and accounts for 50 per cent of China’s beer exports, along with the other brands of the group such as Dragon and Phoenix, making it one of the most popular Chinese brands. Beijing Brand Assets Assessment Company ranked Tsingtao tenth among the 42 worthiest Chinese brands (whereas Haier and Lenovo rank 1st and 2nd).

As a move towards more cross national ownership, 27 per cent of the company is owned today by Anheuser-Busch and the Chinese government has 32 per cent shares. Since 1997, it has acquired more than 40 domestic and foreign breweries and tripled its annual production. Tsingtao beer communicates namely through the “International Beer Festival” which hosted 3.4 million people in 2005. Its Beer Museum was established in 2003, for the hundredth anniversary of the company.

In August 2005, at the time the author visited their Qingdao head-office, it became the Official Domestic Beer Sponsor for the Beijing Olympics by signing a sponsorship agreement with the BOCOG (Beijing Organizing Committee for the Games of the 21st Olympiad). Its marketing campaign started in the summer 2006 on the theme of “Passion, dream and success” (Zhao, 2007). The partnership with Anheuser-Busch is opening the doors to the world market making Tsingtao the Chinese brand that can be found in the greatest number of countries. Tsingtao product quality was under attack when it was found in the 1990s that the barley grown in China was to be so polluted by the pesticides and fertilizers that it was not qualified for brewing. After the formaldehyde complaints, Tsingtao Brewery Co confirmed in a statement issued in 2005 the safety of its product, saying the per-litre formaldehyde content of its product is much lower than the standard set by the World Health Organization. China’s State administration of quality supervision, inspection and quarantine also said that Chinese beer, including big-name Tsingtao beer, is safe to drink. (People’s Daily, 2005)

Here again, we find Tsingtao demonstrating intense efforts on quality, CSR, image and increasing communication to build its global image.

4.5 Geely

The number eight car manufacturer in China produces the Geely Haoqing model sold for 5,800 US\$. The Zhejiang Geely Holding Company started in 1986 producing refrigerators in Hangzhou, Zhejiang province. In 1994 it started producing motorcycles and automobiles in 1998. In 2003, it had 4 per cent of the Chinese market. Its production capacity is 300,000 cars. It employs 8,000 people and it is listed on Hong Kong Stock exchange. The CEO is Yue Guisheng (Hull II, 2007).

As far as quality policy is concerned, Geely is ISO 9001 certified.

In the field of international exposure, Geely was the first Chinese automobile manufacturer to participate to the Detroit Auto Show in January 2006. Founder and Chairman Shufu Li announced that Geely was going to enter the US market in 2008. By 2006, it had 26 dealers and 128 sales networks outside China. It exported 15,000 units and plans to build an assembly plant in South Africa that will export to Australia and Europe.

In the domain of communication, Geely participated to the Qingdao Auto Show in May 2007 with prestigious brands such as Bentley, Ferrari and Porsche but also Mercedes, Ford, Volkswagen, Peugeot, Citroen or Nissan. It is not a partner of the Beijing 2008 Olympics which will not give them the same audiences than Shanghai Automotive Industry Company or Dong Feng motors. Their position within the Interbrand ranking of Chinese brands is still modest.

Executive Education Beijing Geely University with 800 million US \$ investment started in 2000 in Zhong Guancun Chang Ping Science and Technology Park, in Beijing. In the field of CSR, Geely Group has invested more than 1 billion Yuan for education, (Hurun, 2007) and board chairman Li Shufu ranked seventh on the list, with 278 million Yuan in donations.

Likewise, for other Chinese companies, we found the basis of the same theoretical global model.

4.6 Li Ning

Li Ning was created by an Olympic gymnast who became a kind of hero in China, and started his Sportswear Company in 1990. In 2003, Li Ning spent almost 10 per cent of its revenue of 120 millions US \$ on marketing and branding (Roll II, 2006). Though this figure is much lower than some Western competitors in that industry, it is impressive compared to Chinese standards. The Olympics opening ceremony in which the CEO “flew” to light the Olympic flame after was one of the great marketing moments of the Games.

4.7 Suntech power holding

Based in Wuxi, province of Jiangsu, Suntech power holdings (STP) is one of the leading solar cell manufacturers in the world, as well as one of the world fastest-growing alternative energy companies. STP is also one of the five makers of photovoltaic cells in the world. The company founded in 2003 by Dr Zhengrong Shi, a world authority in the field of solar cell efficiency (Hsu, 2008) is rapidly expanding in Asia and purchased recently 67 per cent majority stake in making solar work (MSK), Japan's leading Solar Cell Company for \$107 million.

The same desire to work on quality, CSR, image and communication based on some level of technology transfer seem to be present at Li Ning apparels as well as Nice household products and Suntech technology products.

Another aspect of the global strategy of Chinese firms is the attempt to buy successful existing enterprises whose brands are already famous, Lenovo/IBM being of course the best example, China National Offshore Oil Corporation attempted to take over Unocal, the US oil company. The opposition of the US congress stopped this process. The increasing amount of China outbound Foreign direct investments (63 B\$ in 2006 alone) stresses this trend toward more foreign acquisitions of strategic assets (Deng, 2009).

5. Findings

The various components of global brands applied to the firms that were studied are summarized in Table II.

Although the estimations of advertising billings in China are quite approximate and vary between 2.4 billion \$ (Datamonitor, 2005) and 15 to 20 billion \$ in 2007, according to Tom Doctoroff, CEO of J. Walter Thomson for China (Power, 2007), even the highest figure corresponds to a per capita expense of about 12 to 15 \$, which has to be compared with the US figure of around 1500 \$ in 2002 (Belch and Belch, 2004). These figures are very unevenly distributed among the Chinese companies and even the leading ones still have a long way to go before they can influence the consumers the same way western companies do.

From 20 to 23 September, 2007 the first Chinese advertising festival was held in Qingdao. The Chinese agencies seem to be quite ambitious, eager to learn from the outside world and determined to demonstrate their achievements (Madden, 2007). They are working for the development of the China Brand “into a coherent whole and project a clear and attractive image that meets the needs of most of the nation’s different output” (Loo and Davies, 2006).

Another component of global branding concerns joint ventures with multinational corporations generating knowledge transfer from MNCs but this also has some disadvantages related to overdependence upon MNCs and also a reduction for innovation incentives (Li and Changhui, 2008).

Outside the stories of these famous Chinese brands, the transfer of marketing or “soft” technology in China has been described by Swanson (1992) in the guide to teach marketing, and Chan *et al.* (1993). Marketing technology is defined as “the techniques which are employed to accomplish marketing objectives”. The dissemination of this technology in the PRC. is realized at the same time through academics, to business managers and to lower levels of management. The content analysis realized by Chan on the ten leading Chinese academic marketing journals showed that there was a new way to pass on the technology from the “knowledge creators” to the “knowledge users”. The number of Chinese students studying abroad jumped from 860 in 1978 to 125,000 in 2002 (An Qinghu, 2004). While he was teaching marketing at Ocean University in Qingdao in 2005-2006, as well as in the Shanghai Center for Quality of Management, the author of this article noticed the strong desire to learn about branding techniques from his MBA students. Global branding was the favorite subject of MBA students and frequently been discussed.

The previous summary shows that the four main characteristics of global brands are widely covered by our small sample of Chinese leading firms. The effect of soft technology transfer appears in the fields of development of social corporate

					Building Chinese global brands
Company	Quality	Cultural myth	CSR	Communication	
Lenovo	Aiming at zero default – Efficient operations (short delivery lead- time)	Bought an American icon – 59 per cent of respondents to Interbrand study are familiar with it. (Made in China, 2007)	Implement ISO 26000 guidance – listed on Hurun list of CSR	Hired Ogilvy & Mother in 2008 Olympics Partnership	<div>57</div>
Haier	Award in Las Vegas consumer electronic show - created its own university to emphasize quality	“patently geared for global stardom”	ISO 26000 CSR report Recognized by World Brand Laboratory for brand evaluation – listed on Hurun list of CSR	Zhang Ruimin’s charisma	
Cosco	AT Kearney’s advise for quality improvements – ISO 9000 certified	Alliances with Kawasaki and Yangmin	OHSAS 18001 multiple donations and support for environment protection – listed on Hurun list of CSR	Macromarketing with charismatic Chairman Wei Jiafu	
Tsingtao	ISO 9002 certified in 1995 and ISO 9001 in 1999.	Tenth worthiest Chinese brand – sold in more than 50 countries	27 per cent shareholder Anheuser Busch is number 1 in CSR for beverage firms according to Fortune magazine.	Official sponsor for the 2008 Olympics “Passion, dreams and success” programme Beer festival	
Geely	ISO 9001 certified - first Chinese car producer at the Detroit auto-show – Geely university	Image still has to be built	Mr Li Shufu on Hurun’s list of major philanthropists	Planning to launch seven new models of the high end including a series of “green air” vehicles	
Li Ning	ISO certified - New R&D center in Hong Kong	Proud of Chinese people after Li Ning Olympic success	Mr Li Ning on Hurun’s list of philanthropists	Celebrity endorsement by famous Olympic gymnast	
Nice group	ISO9000 certified in 1995	Motto: “We work hard only for upgrading quality of your life”	Investing in a biodiesel plant in Taiwan	Trying to imitate P&G advertising strategy	
Suntech power	One of the leading solar cell manufacturers	Supporting China’s long term strategy to replace dependence on oil	Global compact member since (CSR News Network) 22 March 2006	Established subsidiaries in the USA and Japan	

Table II.
Components of global brands for the Chinese companies of the study

responsibility (SCR), an increase in the communication budgets, establishment of foreign subsidiaries through mergers and acquisition as well as implementation of quality standards. Technology transfer can also go going through ethnic networks of Chinese Americans conveying their knowledge to the PRC. (Kerr and Roberts, 2007).

6. Conclusion

Considering the recent developments of the Chinese enterprises in their marketing strategies to achieve a global brand status, China should no longer be considered as an outsourcing workshop for Western firms. Several examples show the use of soft technology transfer such as marketing techniques in the fields of improvement of CSR by means of implementation of the ISO 26000 guidance, or better communication by increasing strongly the advertising and corporate communication budgets. Other frequent techniques used by Chinese firms are mergers and acquisitions as illustrated by the development of Lenovo after buying the ThinkPad business of IBM. Finally, the development of corporate universities aiming at developing corporate culture to follow the track of Western firms toward global branding.

Chinese firms are using the marketing technology tools that have been transferred by Western universities and firms and that are providing efficient ways to improve the various components of the image visibility. Some other examples of acquisition of strategic assets not mentioned in the article relate to BOE Technology acquisition of Korea's Hydis or TCL acquisition of Germany's Schneider Electronics (Deng, 2009).

This exploratory study of the variables defining the characteristics of global brands would deserve to be followed by a descriptive research quantifying the trends on a statistically significant sample. This will probably be difficult because of some difficulties in having access to this type of information.

Our study has shown the evidence of what could be called a pattern for global branding based on three main characteristics: the "physical" aspect of the quality policy, the "intellectual" content of CSR, the "emotional" relationship with brand image, all of them linked together by a strong communication policy.

The achievement of the global status may still take time for Chinese firms and we may wonder whether the prediction of Zhou Yi, who founded one of China's first industrial design consultancies in Shanghai in 1997, will be true: "China's first global brand is more likely to come out of architecture, furniture or interior design, where Chinese culture can show through. Still, I think it could take another generation, 10 or 15 years for that to happen" Zhou (2006).

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