

# A Study on the Strategy of Cultivating China's Self-Owned Brands

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## Abstract

Self-owned brand reflects the national innovation. It is the essence of national culture and the hope of China economy. At present, the construction of self-owned brand in China faces a lot of problems, such as the small quantity of brands, the weak brand consciousness, the lack of brand-protection consciousness, the short life cycle of brand, the less added value, and the poor competence. In order to cultivate China's self-owned brands, we should improve the brand loyalty, create brand association, execute brand innovation, enhance brand protection, and stress on the effect of government.

**Keywords:** Self-owned brand, Brand loyalty, Brand association, Brand innovation

Self-owned brand is the synthesis of a company and its product. It has the integrated features of the company in innovation capability, corporate management, market-positioning, marketing, and after-sale service. The core of brand image and brand competence reflected by the self-owned brand is coming from the core product that integrates advanced technologies and continuous innovations together. Possessing the powerful capability of self-development and the core technology with self-owned intelligent right is the most fundamental and key competence for the company. China has already become the No.3 in world trade field. And the brand construction in China has already gained great progresses. However, the weak competence of China's self-brands has not been changed thoroughly. Most companies still stay in the backward position of the industrial chain, what harms China economy's further development to a great degree.

## 1. The importance of developing self-owned brands in China

### *1.1 Self-owned brands reflect the state innovation.*

Self-innovation is the focus of economic and social development during the period of the "11th five-year plan" in China. The national innovation system includes four aspects: knowledge innovation system, technology innovation system, fruit prevalence and pervasion system, government and social support system. The development of self-owned brands has to depend on the four systems at the same time. Therefore, the final representation of the state innovation system is the company's self-brand.

### *1.2 Self-owned brands are the essence of the national culture.*

Culture is an important element that distinguishes one nation from other nations in the world. Besides, culture is the key of a brand gaining success in the international market. "Half of the brand is culture." Brands are impressed with culture. As consumers accept a brand, they accept the special culture reflected by the brand. Brands display the national culture for the world delicately and completely. As the products with certain brand enter the domestic market, people choose them because of the quality and service. As the products enter the international market, people choose them not only because of the quality and service but also the culture of the country.

### *1.3 Self-owned brands are the hope of China economy.*

Brands directly reflect the economy and development of regions and countries. In certain region, the quantity and quality of brands can not only reflect the development of regional economy, but also create directly abundant material wealth for the region.

## 2. The present situation of China developing self-owned brands and the problems

Since the execution of reform and open policy, China's self-brand construction has already achieved historical breakthrough, gaining marvelous achievements. The influences of well-know brands have been extended gradually and the innovation capability of self-owned brands has been improved constantly. Hair, Lenovo, and many other self-owned brands have entered the world market. In 2001, no Chinese brand was in the list of "World Brand Top 500". But in 2005, four Chinese brands, Hair, Lenovo, CCTV, and Changhong were in the list. And in 2006, the number was 6, accounting for 1.2% of the list. In 2007, the number reached 12. And China Mobile, CCTV, and Hair

entered the list of Top 100. Although the number is still small, it reflects the continuous growth and development of China brands. At present, the construction of China's self-owned brands faces these problems as follow.

### *2.1 The number of brands is small and less are world-known brands.*

At present, China is the No.4 in the world manufacturing field. More than one hundred products generate the largest output in the world. China is worthy of the name of huge manufacturer. However, concerning with brands, China is trivial. China does not have advantages over world-famous brands in prices, classes, marketing, and research and development ability, what can not match China's position of being a giant in trade and exporting filed. As a result, it affects China's world competence severely. In China, corporate brands face three shortages, namely the self-owned brands, the influencing brands, and the world brands.

### *2.2 Because of the weak consciousness of brand, many domestic brands in China have been purchased or merged by multi-national companies gradually.*

Some Chinese brands that cooperate with foreign companies are disappearing from the market on the whole. In the cooperation process, Chinese brands recognize the brand crisis gradually. Although Chinese brands are still in use in the cooperation, their values are depreciating. Therefore, Chinese brands have to redeem themselves from the cooperation. Multi-national companies depreciate the values of Chinese brands by reducing the proportion of investment in Chinese brands. By the brand merge & purchase strategy, they can exclude the powerful Chinese competitors on one hand. On the other hand, they can occupy the market completely.

### *2.3 Chinese brands are lack of trademark-protection consciousness and most suffer from the foreign companies' trademark preemption.*

Brands are the products of market economy. The more competitive the market, the more the brand strategy is needed. Nowadays, although China holds Hair, Lenovo, Wahaha, and many other famous brands, many companies still do not have sufficient trademark consciousness and are short of self-protection of brands. Data show that since the execution of reform and open policy, because of the weak trademark consciousness in companies more than 200 domestic brands that work the export field in China have been preempted by foreign companies in foreign countries. And the loss of virtual asset is about more than 1 billion Yuan annually. The frequently happened trademark preemption cases serve as an alarm bell for Chinese companies. However, similar cases still happen one after another. Companies have to re-name themselves, paying high expenses for the recreation of fame. For example, the Reader, a well-know magazine in China, was named as Reader's Digest. However, because an American magazine, Reader's Digest registered the name both in English and Chinese, it has to rename itself as Reader.

### *2.4 China's brands have short life cycle, less added value, and poor competence, contributing less to economic development.*

In China, hundreds of thousand new brands appear every year, but their average life cycle is no more than two years. At present, only 3/10,000 Chinese companies possess the core technology that has self-owned intelligent right. 99 percent of companies do not apply patents. 60 percent of companies do not have self-owned trademarks. Although China has already become a giant in world trade field, 55 percent of exports belong to processing trade. Less than 10 percent of products in export possess self-owned brands. 90 percent of high-tech products in export are produced by foreign-funded companies. In the world market, China's exports' competence is lower in four aspects: namely the lower product level, the lower price, the lower market share, and the lower profitability.

## **3. The strategy of China cultivating self-owned brands**

Under the condition of economic globalization, the competition between countries focuses on the competition between companies, especially multi-national companies. The direct reflection is the sharp conflict between brands, which will bring about sudden changes for world brand map. Brand competence has become an important representation for a country's competence. Whether an company cultivates a self-owned brand and develop it into a world famous brand, and grow into a world-class company or not has become an important signal to evaluate whether a Chinese company possesses core competence and achieve sustainable development or not. Therefore, Chinese companies still have a long way to go.

### *3.1 Improve brand loyalty.*

Brand loyalty refers to consumers' inclination to make repetitive purchase because of preference for certain brand for a long period of time. Whether a consumer has the loyalty to one brand or not, no matter what it is emotional loyalty or behavioral loyalty, there is a precondition that the consumer must trust in the brand to a great degree. Brand trustiness means the company can fulfill all commitments to target customers. To improve the company's brand trustiness is one of the ways to improve the brand loyalty.

### 3.2 Create brand association

To arouse a series of associations from customers' minds is named as brand association. These brand associations form the brand image by integrating together. If there are brand associations, it is easy for consumers to retrieve useful information from memory.

(1) A specific brand usually stands for a kind of product. The characteristics of product and service are named as the product attributes. Once a brand becomes the No.1 brand, the attributes of the product with the brand will become the representatives of one sort of products. Consumers will accept these attributes and the sort of products.

(2) To combine the brand, the specific users, and the specific using conditions will enhance the brand image. Consumers' impression of one product is coming from their experiences or advertising. Therefore, the specific place, time, formal or informal situation will help to arouse similar associations of consumers.

(3) The natural environment, resources, culture, and tradition in one country or region have close connection with certain features of one product. Therefore, the brand's original source will affect consumers' brand association. In other words, to associate with one country or region's culture becomes a part of brand.

(4) The brand personality refers to the communication of products and brand features, and the consumers' recognition of these features. A brand has five unique personality elements: purity, stimulating, worthy, mature, and straightforward. The brand personality exists in every aspect of a product, such as the product itself, the founder of a brand, and the history of a brand. The cultivation of brand personality should meet consumers' preferences, making the brand personality be in accord with the personality of target consumers as much as possible.

(5) Communication is the core method to create brand association. ① Product package is extremely important. An excellent package can help to create association and popularizing a brand. ② The penetrating, profound, and meaningful advertisement has infinite communication power. It may become target consumers' life credo and even the life style. ③ The image presenter is the brand's signal. It can stand for the brand personality and make annotations for the emotional relations between the brand and consumers. As a result, many image presenters have become the representatives of certain product. ④ The core function of promotion is to stimulate the decision of purchase in a short term. ⑤ In the aspect of creating brand association, public relations are better than advertisement sometimes. Positive public relations are more reliable and attractive. Besides, public relations are especially useful in coping with brand crisis.

All these methods mentioned above can make consumers form unique brand associations, enhance the brand associations' intensity, and cultivate the preference toward the brand. By this way, consumers may buy products with the brand.

### 3.3 Carry out brand innovation.

It is necessary to extend more spaces for a brand in order to make it long-lasting and energetic in development. By means of continuous innovation and updating products, we can cultivate new growing point for the brand.

(1) New product or new technology is the key, which can show target consumers the features of a brand, reflecting whether a brand emphasizes on consumers' interests or not, whether a brand possesses the spirit of innovation or not, whether it can meet consumers' need immediately or not. Product innovation includes many aspects, such as functions, types, and packages, especially the aspect of technology innovation.

(2) Advertising is the most important way to cultivating a brand image. New, special, unique, and excellent advertising originality can bring about fresh feelings for people. And the advertising channels need for innovation either. Advertising innovation may concern many fields, such as advertising forms, time periods, media, and so on.

(3) Make innovation in marketing. For example, as Haagen-Dazs sales ice cream, it sales love at the same time. As Starbucks sales coffee, it sales an excellent environment either. All these innovations serve as valuable reference for us. We should make marketing innovations based on characteristics of target consumers in China.

(4) The strategic innovation can improve the brand competence. In order to improve the global competence, a company has to adopt industrial reengineering on one hand. Some needs to be given up and some integrated and some strategic alliance. On the other hand, it is also important to re-position the company. A company must compete with itself, focus on surpassing itself, give up former achievements, and change game rules continuously in order to improve the competence of self-owned brand.

(5) Along with the changes of business environment and consumers' needs, the form of brand is changing in order to meet the requirements of social and economic development. Therefore, as the corporate signal that is used to reflect the industrial attributes for a long period fails to transfer the information concerning services, humanism, and customer cares, it is necessary to change or construct new brand system.

### 3.4 Emphasize on brand protection.

(1) Protect the intelligent right. Apply patents. Patents serve as spears for brands on one hand, what can help to enlarge the market by technology certificate trade. On the other hand, patents are shields for brands, preventing other companies from entering certain field. Companies should familiarize with relevant patent knowledge and application procedures, and protect their technologies. Besides, companies can turn patents into exclusive technologies by secret-protecting measures.

(2) Protect commercial secrets. Commercial secrets, because of its exclusiveness and utility, can bring about economic benefits for owners. Commercial secrets are usually technological information and business information, including production ways, technologies, procedures, crafts, designs, market information, and customer list, that are protected by owners. Companies should keep these commercial secrets strictly. Any technologically visit is not welcome.

(3) Protect the trademark right. The key of protecting brand is to protect the trademark right. In the aspect of trademark register, companies should register their trademarks in advance. Only when a trademark is registered in relevant agencies, can it be protected by the law. Implement a complete trademark register, including vertical register, horizontal register, domestic register, international register, traditional register, and Internet register. Emphasize on trademark's defensive register. Register a brand for not only one sort or one product but also many sorts of products at the same time. Apply for the origin protection.

(4) Protect the quality of a product. Strict quality management is the most important way to protect a brand. Insist on total quality management and full management. Make up practical quality development goals. Adopt the international standards and foreign advanced standards. Form a series of excellent products with high quality and high taste. Improve the brand products' market share.

### 3.5 Stress on the effect of government.

At present, the government advocates self-innovation and self-owned brand, which contributes a lot to a favorable environment for companies. The government should exert its effects on direction and supervision, aiming at cultivating a healthy market environment.

(1) Construct and perfect the brand protection system. Constitute and perfect the Law of Trademark, the Law of Patent, the Law of Advertising, and the Law of Anti-Unfair Competition. Stick strictly on any action that invades companies' legal rights and interests. Exclude all fake and bad products from the market. Protect the rights and interests of brand owners. Clear away all barriers and jams that stop companies from developing self-owned brands.

(2) Constitute brand cultivation policy. All relevant professional official departments should cooperate together to make up a series of policies to support the self-owned brands' construction, development, and growth, providing with financial, information, training, and legal consultation services for companies' brand construction. The government should support and lead companies to achieve a sustainable development by enhancing the macro economic adjustment and pulling the increase of domestic demand. By this way, the government can help to create an initial market for companies developing self-owned brands and entering the world market competition gradually.

(3) Make up policies for brand popularization and communication. The government can help companies to popularize and advertise their brands by making up standards, organizing competitions, holding exhibit and cultural day. Besides, the government should emphasize on the consciousness of brand and execute the state strategy of innovation, driving the construction of self-owned brands in China.

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