

China perspectives on building a healthy brand

Brand health in the complex Chinese market must be based on detailed consumer understanding, says **Susie Hunt**, HuntHaggarty

WHEN WORKING RECENTLY with Motorola in developing their retail brand experience for the Chinese marketplace (see box), I was reminded once again of the key challenge faced by global brands in translating their brand storytelling and experience for these consumers.

While consumers in the West may value a relatively minimal 'less is more' curated experience at retail, brands in China, especially in the technology sector, thrive on 'more is more' experiences; these radiate a sense of leadership and success, while a minimal experience can feel passive and less compelling. So how do we manage to create these compelling, energised experiences for such a demanding consumer, while remaining simple and clear in our brand message?

It's a challenge respected by experienced practitioners in the market, as Kitty Yung, general manager of Levi's China comments: 'The more we investigate this rapidly-changing market the more we realise how much we still have to learn'.

The rise of a SuperCommunity

Ms Yung's point of view can be further appreciated when we consider the speed of change influencing consumers in China as the market takes on economic superpower status. Lawrence Summers recently pointed out that during the Industrial Revolution the average European's living standards rose by about 50% over the course of his lifetime (then about 40 years). In Asia, principally China, he calculates the average person's living standards are set to rise by 10,000% in one lifetime. He further points out that China has experienced in two decades the same degree of industrialisation,

'China is now the third largest importer of goods and the seventh largest consumer market in the world'

urbanisation and social transformation as Europe did in two centuries. (Source: *Newsweek*).

China is now the third largest importer of goods and the seventh largest consumer market in the world, with a middle-class consumer segment numbering over 100 million. And while the global economy may be softening, average household income for this segment is growing by 12-15% per annum. This economically powerful community's relative value to global brands is likely to increase further if the forecast US and European market recessions take hold.

One geography, different mindsets

Successful in-market engagement of these new middle-class consumers requires consideration of unique strategic and operational challenges. Though in landmass China is only slightly larger than the US, unilateral brand communication is less effective than regionally-customised messaging. As Ms Yung says, 'One has to be aware that China is not one market with a uniform group of consumers. We have to respect China as a very diverse country with very diverse cultures'.

A brand implementation strategy for China therefore requires an understanding of regional variations in the consumer mindset – for example, northern consumers can be markedly more conservative than those within the southern Pearl River Delta.

Furthermore, a tiered city approach needs to be considered in any implementation planning. First Tier innovators such as Shanghai and Beijing (the latter fuelled by Olympic responsibilities) have a well-established infrastructure, with consumers spoilt by global brands in the post-World Trade Organisation (WTO) spotlight. By comparison, the lower-tier cities have had less global exposure and have instead become a hub for regional and national brands. This has been especially true in the telecoms industry, in which local brands have held a tighter grip compared with global players in these lower-tier cities.

Motorola : localised targeting

One brand that has understood the varying urban markets is Motorola, which has led the telecoms sector in creating a globally consistent brand experience targeted locally to the different urban environments in China. This localisation has included multiple retail formats – from flagship stores and branded stores to intense shop-in-shop and point-of-sale (POS) – and customising the retail toolkit in line with the geographic distribution and low-cost requirements.

Consumer connections

Unlike the West, which has a more established consumer relationship model, marketers have no such basis to follow when building connections with a Chinese audience, whose marketplace and relationship with brands is changing so fast. Instead, brands require a more flexible approach to successfully engage with Chinese consumers. Our experience and learnings on trends from fellow practitioners in the market provides the following key platforms to consider in developing a successful brand experience:

1. Online community empowerment

With over 140 million online users in China and the high popularity of blogging (latest estimates suggest 35 million consumers have blog sites that they update more than once a week) – the internet can play a vital role for brands building their presence in China. While these user figures only represent 10% of the population, for many brands, particularly in the technology and youth sectors, the web has now gone far beyond being a possible influencer on purchase decisions, to becoming a viral forum in which brand perceptions are either built or destroyed. As Edward Bell, regional planning director, Ogilvy Beijing, says, 'The internet is now not only demonstrating brand health, but is also creating it'.

In light of such findings, Bell continues, 'Brand marketing in China can only be effective through an understanding of how opinions of a brand are being formed online. A brand's personal relationship

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with a consumer is driven by what role the brand plays in the online consumer community and how much it is talked about. Brands that succeed are the ones that identify the key bloggers and the micro online communities relevant to their brands, and target them'.

2. Retail re-invention

Unlike the more established global markets, the retail estate in China allows greater flexibility in space and commercial working terms. This enables a more ambitious retail brand experience, which leverages retail in new ways to build brand relationships with consumers.

Levi's has taken the lead in this arena, developing a strategy that is a global first for the retailer, which fuses permanent and pop-up retail. Pop-up stores are erected overnight in the middle of malls, department stores, or the middle of the street. The stores sell the product, but they are primarily a live interactive brand experience with events such as catwalk shows, live concerts and body scanners.

Kitty Yung comments, 'Pop-up is a form of retail marketing for Levi's, but it goes way beyond this. The experiences really excite our customers and help us to reach out and interact with them. Our research has also showed that our consumers like to experience the brand and feel in touch with it beyond conventional

TV and print, which can feel rather detached and distant. Walking into a pop-up store they can better experience the brand and Levi's feels tangible and close to them'.

3. Creative risk takers

Edward Bell of Ogilvy Beijing identified that research has shown that the brands making the most impact on the Chinese youth market are those taking creative risks and doing something new. 'Adidas is a good example of this in retail brand experience, adopting a dominant black and white brand experience, which is unmistakably Adidas. It is impossible to leave one of their stores without feeling you have absorbed some of the brand's culture'.

He goes on to say, 'Brands that put themselves ahead of current consumer retail expectation behaviours are the ones that are going to succeed in the future'. He highlights that seven years ago classic mobile phone retailing in Hong Kong and Taiwan was a cluttered wet-market experience, with very intense merchandising, focused on promotion and price. Now the experience is being simplified because it is acknowledged that the consumer is being overwhelmed and will better connect with brands that challenge conventions, creating a simpler experience.

4. Brand storytelling

Leveraging the mainstream consciousness and popularity of Anime, Manga and CosPlay (1), there is an opportunity for brands to build their relationship with consumers further through a distinctive storytelling brand experience. HuntHaggarty's recent Asia Anime Research and Insight study highlights one brand leading this trend, Carhartt. Its recent campaign in Hong Kong created its own Anime advertising, seen in billboards in Times Square and other popular youth destinations.

Bell highlights the fact that best-in-class brands will be those that group the product experience into a narrative to which people can relate: 'People are getting bored of the square-faced businessman seen in billboards. Using a local narrative creates a feeling of

authenticity and realness for the aspirational target versus conventional styles of communications. This new reality will start to filter through into the culture of brand communications in China'.

Measuring success

With such a complex consumer and marketplace, brand marketers are also challenged on how to measure progress.

Conventional quantitative and qualitative methods for measuring brand health including consumer focus groups, which track recommendation rates, and Global Brand Equity studies are still used by the major players in China. However, this is no longer sufficient, because the internet and blogging in China have provided a new forum for consumers to discuss and evaluate brands. Brand success is now driven by consumer take up off-line and by how much it is 'talked up' in the on-line community.

To track this, marketers in China have led new tracking techniques to enable brands to listen to the web and understand how much their brand is talked about compared with their competitors' brands.

SuperCommunity leadership for the future

Looking ahead to the future, continuous innovation, which respects the rapid development of the many consumer communities in China, will be vital for brand success.

As Ms Yung comments for Levi's, 'Consumers in the big cities are under the world's spotlight and global brands are already doing whatever they can to please them. Chinese consumers are proud to be under the spotlight. Our challenge is to treat them, not as a developing market, but as global fashion leaders for the next decade, because I have no doubt they will be just that'.

Such advice will surely be valued far beyond the fashion industry. ■

1. 'Costume play' especially involving dressing up as characters from anime and manga stories.



Motorola employ multiple retail formats, from flagship stores (pictured) to intense shop-in-shop and point-of-sale



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