Branding Trends in Asian Markets

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Abstract

This chapter examines current branding trends in significant Asian markets, namely Japan, South Korea, and India, with a special focus on one emerging branding nation, China. No generalizations towards the whole of Asia can be drawn from this research. However, research identified some aspects in the field of branding that have occurred in different Asian markets at different times. For example, the development of branding as a management strategy followed benefit-driven product management in both Japan and South Korea some decades ago. This development can now be witnessed in selected industries in China. Whether or not other Asian nations show similar developments (e.g. Indonesia) would be a topic for further investigation. Nevertheless, the following four Asian branding trends serve as the main outcomes of this research: extending the corporate brand into new fields of business, extending the corporate brand into diverse product categories, acquisition of Western brands by Asian investors and top-management support in brand building.

1 Introduction

The concept of branding has become a proliferated management strategy throughout the world since boardroom managers have long understood the value that brands can bring to an organization (Kapferer 2012). However, it is particularly the Western world where the concept of branding has started and from which the domain draws its leading principles and early success stories. For example, the fast moving consumer goods multinational Procter & Gamble from the USA, owner of numerous branded products, is widely believed to have first successfully

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implemented a brand management system that helped the company to build market-leading brands in most of the markets it competes (Aaker 2013). At the same time the academic discussion and theoretical foundation on branding has been US- and Euro-centric, originating from marketing scholars such as P. Kotler, D. Aaker, K.L. Keller, and J.N. Kapferer, among others (refer to the main publications by these authors: Aaker 2002; Kotler et al. 2002; Keller 2008 and Kapferer 2012). Nevertheless, building strong brands is a global phenomenon in the eye of many boardroom managers and owning them is the aspiration for many consumers of all backgrounds. For example, particularly in Asia, Western luxury brands are highly regarded and sought after by consumers. Although still an exception, there are cases of successful brands that have derived from Asia and made their mark on a global scale. Here, Japan can be considered one of the key markets with many successful global brands in the technology and automobile sector. More recently, an array of strong global brands in similar domains have come forward from South Korea with household names such as Samsung, LG, and Hyundai, just to name a few. Other successful Asian companies that rely strongly on branding principles throughout their entire delivery are Singapore Airlines and Lenovo from China. Overall, however, the Asian representation of global brands still remains under represented.

As Table 1 illustrates, only ten Asian brands make it into the highly-cited Interbrand Best Global Brand ranking in 2013. Seven Japanese and three South Korean brands make it into the top-100 (Interbrand 2013c). This chapter examines the Asian branding landscape in some selected markets and aims to establish key trends in Asian branding. A special focus will be given to the Chinese branding

Table 1 Interbrand's Best Global Brands 2013 (Interbrand 2013c)

Rank	Company	Brand value ($m)	Country
1	Apple	98.316	USA
2	Google	93.291	USA
3	Coca-Cola	79.213	USA
4	IBM	78.808	USA
5	Microsoft	59.546	USA
6	GE	46.947	USA
7	McDonald's	41.992	USA
8	Samsung	39.610	South Korea
9	Intel	37.257	USA
10	Toyota	35.346	Japan
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20	Honda	18.490	Japan
35	Canon	10.989	Japan
43	Hyundai	9.004	South Korea
46	Sony	8.408	Japan
65	Nissan	6.203	Japan
67	Nintendo	6.086	Japan
68	Panasonic	5.821	Japan
83	Kia	4.708	South Korea

culture. This market still lags behind in branding issues but shows great potential for an emergence of strong brands. To establish reference points for brands in the selected markets, the above-mentioned ranking system from Interbrand Corporation will be applied. The methodology of Interbrand's brand valuation is straight forward. An actual money figure on any evaluated brand is the amalgamation of market, brand, competitor, and financial data (Rocha 2014). Overall, the brand valuation is meant as a tool to determine a brand's contribution to the company's business results. Table 1 shows the top ten of the Best Global Brand ranking and a selection of other global brands that includes all Asian brands in the ranking. Currently, Apple is the world's most valuable with a brand value of over 93 billion US$.

2 Branding and the Role of the Corporate Brand in Asia

Before the discussion towards "branding trends" can commence, the key terminologies of interest, i.e. "brand" and "brand management", must be specified. The course of action will also put the focus on the viewpoints towards theoretical perspectives that shall enable more targeted and generalizable outcomes of this research. Brands are the outcome of brand management efforts and therefore interrelate closely. Hence, trends in branding can be seen as the main results of brand management efforts, which represent the managerial or organizational perspective. On the other hand, brands are a relative concept mainly taking place in the customer's mind and who has to determine the meaning of any brand individually. Strong brands from both the customer's and corporate perspective possess a lot of brand equity (Kotler and Keller 2006). The main desirable outcome of brand management efforts should then foremost result in strong, equity-holding brands, a concept which will be touched upon later when discussing trends in branding.

Brand management is the design and implementation of marketing programs and activities to build, measure, and manage brand equity (Keller 2008). Successful brand management should consequently bring forward strong brands that possess the most possible amount of equity. Measuring this equity or value is therefore a task at hand to see where a brand stands in relation to the efforts put into it. The extant literature and business practice provide several methods to measure and determine the value of brands. One common practice is to put a monetary value on a brand (Feldwick 1996). Aaker's "Brand Equity Ten" are measures categorized into variables, such as customer loyalty, brand image, and brand awareness, which are meant to broaden the discussion to more intangible and consumer-driven valuation techniques (Aaker 2002). Finally, numerous brand consultancies have developed methodologies to evaluate the strength and value of brands. Here, Milward Brown's "Brandz" or Interbrand's "Best Global Brands" annual hit list are often referred to (Kapferer 2012).

Multi-product companies have to decide on the brand architecture they want to apply to their product portfolio. An important point of concern in this context is the number of brand levels that are used and the role and visibility of the corporate brand in the market offering (Kapferer 2008). The extant literature mentions two types of brand architecture that are opposite from each other; that is, at one end of the extreme is the corporate brand-dominant strategy "branded house" and at the opposite is the individual brand-dominated strategy "house of brands". A branded house structure uses a single master brand, often the corporate brand, to give coherence and lend common values to all offerings (Rajagopal and Sanchez 2004). The house of brands strategy, on the other hand, is characterized by independent and unconnected brands without an intentional connection to the corporate brand (Aaker 2004). In most Asian markets, a branded house strategy is most common (Kapferer 2012). It is currently the norm in Japan, South Korea, and China, to apply a "flexible umbrella strategy" to most diverse product categories (Kapferer 2012). For example, the Mitsubishi Corporation, known worldwide for its automobiles, sells cars, home electronics, real estate, and even food under the Mitsubishi brand name in its domestic Japanese market (Mitsubishi 2014). Many other large Asian companies keep similarly branded product portfolios. According to Kapferer (2012), one key advantage to applying the corporate name to many of the organization's products is that, in Asia, "the more powerful a group, the more it is respected". Manufacturing everything under the corporate umbrella brand name supports this goal (Kapferer 2012). Whether or not this typical Asian branding culture is still the norm in Asia and is, in particular, applied by the companies researched in this book will be an additional subject of investigation of this chapter. The following section will review and analyze the current branding landscape in selected Asia markets.

3 The Current Branding Landscape in Asian Markets

When it comes to naming famous Asian brands, most likely some Japanese brands such as Toyota, Sony, or Nintendo, for example, will come to mind. Catching up with the West in the post-World War II era quickly lead the country towards an export-oriented economy (Segers and Stam 2013). An outward focus and Japan's constant drive for quality and innovativeness may have been the grounds for professional development of brands that started several decades ago. Taking a further look at today's market-leading branded goods companies in Asian markets, the majority of companies have a Western background. As Table 2 shows, six of the top ten companies such as Coca-Cola, Unilever, and Nestlé are FMCG "giants" that all have their headquarters in either Europe or the USA. The remaining market-leading consumer goods companies in Asia are all from Japan.

The Asian consumer perspective generally reflects a Western brand preference as well. It is predominantly Western brands such as Coke, Nike, Apple, or BMW that Asian consumers usually nominate when asked about their favorite brands (Baladi 2011). Looking at the top ten best Chinese-brand list alone, there is only one consumer goods company (Mautai Alcohol) that made it into this ranking (Interbrand 2012). The other brands are all Chinese brands in either the finance or telecom sector, where a local dominance in these industries is obvious. Overall, it

Table 2 Asia's top ten consumer goods companies (adapted from McKinsey 2014).

Company	Market share (%)	Country
Coca-Cola	3.69	USA
Unilever	2.16	Netherlands/UK
Nestlé	1.85	Switzerland
Procter & Gamble	1.65	USA
Suntory	1.33	Japan
Kao	1.31	Japan
Pepsico	1.1	USA
Shiseido	1.01	Japan
Kraft	0.99	USA
Meiji and Lotte	Tied at 0.87	Japan

can be stated that hardly any of the leading local Chinese brands have any stake in broader international markets.[1] A different picture is evident in the South Korean brand landscape. According to Interbrand's best South Korean brands ranking list, four world famous brands made it into the top ten of this regional brand hit-list (Interbrand 2013a). Among these world market-leading companies are "heavy-weights" such as Samsung and LG (electronics) and Hyundai and Kia (automobiles). When taking a closer look at the top two brands in South Korea, e.g. Samsung Electronics at number one and Hyundai Motor Corp. as runner up, both companies are "off-springs" of large parent companies that maintain wider varieties of businesses that also made it into the 2013 Interbrand South Korean brand ranking. Both companies apply the branded house strategy which implies a brand architecture with common use of the corporate brand. However, the two companies execute the strategy differently. Samsung, on the one hand, uses one brand logo for all divisions and specifies the business area with a descriptor (e.g. Samsung Life Insurance). Only the number one South Korean brand Samsung Electronics does not use a descriptor for the business unit. Hyundai, on the other hand, uses the brand name for all its divisions but applies a unique corporate design for each of its market appearances, as can be observed by differently-designed brand logos (see Fig. 1). Similarly, both market-leading companies in South Korea make use of the brand strength of the corporate brand which reflects the common corporate strategy in many Asian markets as mentioned above. That brand equity also plays an important role in the future of corporate business is revealed in the following quote from Hyundai's homepage on its brand business: "Hyundai Corporation creates newer brand values by expanding the brand power of 'Hyundai', which has grown into a global brand, to home appliances and small power generators" (Hyundai 2014). Already a global brand, mainly due to its automobile business, the company clearly intends to make use of the corporate asset "brand" as a tool to grow into other fields of business and future growth markets. The practice of Asian corporations, which have achieved a certain global fame, to extend the

[1] "Lenovo", a leading maker of personal computers is the only world-known Chinese brand in Interbrand's top-50 Chinese brand ranking.

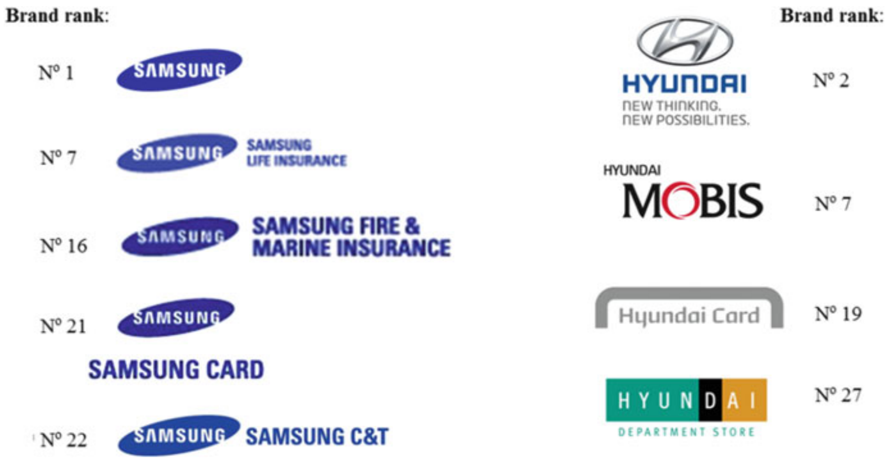

Fig. 1 Samsung's and Hyundai's South Korean Brand Portfolio (source: own and adapted from Interbrand 2013a)

(corporate) brand into new fields of business can be interpreted as a first trend in current Asian brand strategy.

Another notable market in Asia is India. It is the world's largest democracy and the size of the market, comprising of over 1.2 billion people, is massive (CIA 2014). The strongest brands in India are mainly the result of economies of scale reached by large and financially powerful organizations that have diversified businesses (Mishra 2013). A typical company and brand is "Tata". The brand is ranked as number one in India with a brand value of 10.907 million US$ (Interbrand 2013b). Just like many other famous Asian brands, Tata makes prolific use of its corporate brand name throughout its offering. From the over 60 marketed brands, more than 50 % bear the Tata name (Tata 2014). The use of the name across the range however is applied differently. In some cases, the product name is the corporate name plus a product category denomination such as Tata Automobiles, Tata Tea, or Tata Batteries. In other instances, the Tata name has more an endorsing role to the actual product name (e.g. i-Shakti food products) where it appears on the product packages in the form of the logo. Overall, it can be stated that the Tata brand name is stretched across a very diverse product range ranging from automobiles, food products, consumer electronics, heavy industry, financial services, telecommunication, and even home entertainment. This wide brand stretch into very diverse product categories is unusual in most Western markets, but can be considered a second Asian branding trend, as it has also been observed in other markets such as Japan and South Korea. This observation also confirms the above described "branded house" strategy typically applied in Asia after the examination of several markets up to this point. By taking a closer look at Tata's diverse brand portfolio, the company's automobile presence is obvious. Thirteen car brands can be accounted for that all follow an individual brand name strategy with evocative names such as Nano, Indica, Manza, or Aria. Next to these mainly Indian car brands, Tata can also call famous Western automobile brands its own. In 2008, Tata Motors purchased the Jaguar and Land Rover brands from Ford Motor Company and since then shows a presence in the global premium automobile market. The once struggling car brands have been turned around by Tata and are now turning in profits for the company (Jaguarlandrover 2013).

What happened to Jaguar and Land Rover has also been the fate of other formerly successful Western automobile brands that were acquired by mainly Chinese conglomerates. Volvo, Saab, and Rover are now all owned by Chinese holdings.[2] In addition to famous Western automobile brands acquired by Asian companies, the Chinese computer maker Lenovo purchased the personal computer unit from IBM including the world known ThinkPad brand name in 2005 (Lenovo 2004). The acquisition of Western brands by Asian and in particular Chinese companies can be considered an Asian branding trend.

The subject of the next section will be to make an assessment of the current Chinese branding situation and include an evaluation of recent Chinese foreign market entries by investments in foreign brands.

4 Branding in China

The Chinese economy ranks in top positions in many of the relevant criteria that can characterize a nation's economic power. It currently has the second largest GDP only trailing the USA by a shrinking margin (Segers and Stam 2013). Just the size of the population presently at 1.3 billion inhabitants makes China naturally an attractive market for many foreign and home grown brands. For instance, the mobile phone service provider China Mobile counted over 780 million customers, which makes the company "the world's largest mobile operator by subscriber base" (Zacks 2014). The sheer size of China's economy and its consumer base brings the possibility to this former developing country to take away significant influence from the West (Baladi 2011). This prediction provokes the questions as to whether or not Chinese brands are able to "conquer" world markets or whether or not Chinese consumers will favor them over Western rivals. As shown above in Sect. 2, only the personal computer maker Lenovo from China has a true global presence as the world market leader in PC sales (IDC 2013). With Huawei, another Chinese consumer electronics manufacturer is currently entering the world stage by gaining rapid market share in the mobile phone segment.[3] The company currently takes the number 3 spot in global smartphone market shares trailing only Samsung and Apple but surpassing former power houses such as LG and HTC (see Table 3).

[2] The MG Rover company was purchased by the Chinese Nanjing Automobile company who turned the Rover brand into "Roewe". The "Rover" brand name is now owned by India's Tata Motors.

[3] See also the company case study on Huawei in this book.

Table 3 Global smartphone market share (Strategy Analytics 2014)

Global smartphone vendor market share %	2012	2013
Samsung	30.4	32.3
Apple	19.4	15.5
Huawei	4.3	5.1
LG	3.8	4.8
Lenovo	3.4	4.6
Others	35.7	37.7
Total	100	100

Looking at Lenovo and Huawei, global consumers appear to accept the "Made in China" label on high-end consumer electronics products that have so far been exclusive to non-Chinese producers. It is notable that these two brands have also become household names in their local Chinese market.

This is also the case for Haier, a Chinese electronic appliances manufacturer which is the thirtieth most valuable Chinese brand in the domestic market according to Interbrand's best China brand ranking. The Haier Group has a dominating 27.2 % share of the appliance market in China and a considerable global market share of 9.6 % (Barris 2013). The brand is popular among Chinese consumers who often equip their kitchens and living rooms with Haier products fuelled by the Chinese push for urbanization. But the company and its brand must have global appeal, as the close to 10 % global market share may suggest. To compete overseas, Haier recently has increased its R&D spending to 4 % of revenues (Keller et al. 2012). With this strategy, backed by the company's CEO, Haier is even able to compete successfully in the USA where it was able to overcome cultural differences in the world's largest economy (Wu et al. 2011). The brand positions itself as a global brand in its foreign markets and stresses its global presence in production and product development. In the "About Us" sections on Haier's international homepages, no word mentions the company's Chinese roots or ownership. Instead, Haier praises its world market leadership and international facilities (Haier 2014).

A global brand-driven corporate strategy backed by top management has also been implemented successfully by Lenovo, the world market leader in personal computers. In a recent interview, Lenovo's CEO Yuanqing Yang emphasized the key role of innovation and branding for the company in becoming the world's leading PC manufacturer (Kirkland and Orr 2013). Although still the exception, it is noticeable that more and more Chinese CEO's of large companies are recognizing "branding" as a necessary strategy to gain consumer trust in domestic and international markets. This top management understanding of the brand's role for international expansion was a trend in South Korea decades ago that lead some of its at first obscure brands to global fame (Keller et al. 2012).[4] Now, in China, at least some companies are following suit and this can be considered as another trend in the

[4] South Korean automobile brands such as Hyundai and Kia, for example, first started out as good quality cars priced at the lower end and have now moved upscale into low- to mid-premium car brands.

Asian/Chinese branding culture. The similarities to some past South Korean brand life cycles are striking. Like many South Korean brands in the past, some notable Chinese companies tend to enter foreign markets by offering high quality products at very competitive prices targeting consumers of the leading competitors. The newly introduced flagship smartphone from Huawei for example has been labeled as "the iPhone killer" by product reviewers (NTV 2014a). The phone has the same or even better features and comes at a 40 % discount compared to its main quality rivals (NTV 2014a). The price discount is obviously also a sign of less brand value in the consumers eyes that Huawei has to account for in its pricing strategy. And while both Lenovo and Haier are already successful at the global stage, others are in the starting blocks. The aforementioned Huawei has an established presence in the global networking equipment market. Other notable Chinese brands outside "Red-China" include the athletic clothing and equipment maker Li-Ning and Tsingtao beer (Keller et al. 2012).

The foreign surge by Chinese companies is partly a function of the Chinese government's "Go Global" policy in 2000 that has led to a level of Chinese foreign direct investment in the recent past that has never been seen before (Wu et al. 2011). By this administrative initiative, up to 50 Chinese firms were meant to become "globally competitive" companies within a decade (Keller et al. 2012). And being global also resulted in Chinese corporations becoming multinationals and acquiring foreign assets. To illustrate the relevance of branding in this context is a quote from China's Commerce Minister Deming Chen in 2011 when he told parliament that the government would "encourage the best firms to acquire or build up overseas operations and to license or acquire famous global brands in order to obtain international recognition and improve the image and competitiveness of Chinese products" (Backaler 2012). Table 4 lists a selection of the recent and prominent brand purchases by Chinese firms.

Although such moves may have been the result of governmental policy, recent foreign direct investments by Chinese companies into brands can also be consumer demand driven, as the following example will illustrate.

"Made in China" does not essentially arouse feelings of high quality or high performance products among Western consumers and Chinese alike. Especially recent food scares have made Chinese consumers very suspicious of anything that is "produced in China and ingested into the human body" (Perkowski 2013). This consumer concern has recently culminated in the scandal of local baby milk powder that was made from milk adulterated with toxic chemicals in order to artificially augment the milk's protein amount (Giesen and Warmbrunn 2013). With sales of locally made baby formula coming to a near standstill, Western-made formulas are currently experiencing very high demands as Chinese consumers have been purchasing their products directly from German, French, or US shelves (Giesen and Warmbrunn 2013). Building on local distrust by Chinese consumers, Chinese national Steven Dai is now CEO and co-owner of IVC, an American-made vitamin supplements producer (see Table 4). With IVC's acquisition, the manager plans to export his vitamins to China because Chinese consumers "have the perception that 'US made' is a premium product, has high quality and high efficacy, is more

Table 4 Selection of foreign brand acquisitions by Chinese investors (source: author)

Foreign brand acquisition (year)	Chinese investor	Industry
Motorola Mobility Handsets (2014)	Lenovo	Mobile phones
Fisker Automotive (2014)	Wanxiang	Hybrid sports cars
Saab (2012)	NEVS	Automobiles
Volvo (2010)	Geely	Automobiles
IVC (2010)	Chinese private investors	Vitamin supplements
ThinkPad (2005)	Lenovo	Personal computers

trusted" (Giesen and Warmbrunn 2013; Hu 2013). It remains to be seen whether or not similarly motivated foreign brand acquisitions in the food and high-interest categories like the one with IVC will follow by Chinese companies. Certainly, many recent brand acquisitions have taken place in the automobile industry and tech sector (see Table 4). Famous car brands have been attractive targets for Chinese investors. Lenovo's investment into Motorola's mobile phone division, on the other hand, was especially directed towards the exploitation of the company's patents and, in particular, in a brand with global appeal and awareness (Kelly 2014).

To overcome the negative perceptions of the "brand China" both domestically and internationally, "Chinese firms must overcome negative perceptions including poor product quality and undercover political motivations" (Backaler 2014). One way Chinese firms can achieve this is by further acquisition of non-Chinese brands, which is expected to happen in the future. As an established branding trend above, the ongoing and possible future brand acquisitions out of China are expected to continue.

4.1 A Look at Chinese Customer Preferences

Why haven't more Chinese brands emerged to achieve global fame, given that they are coming from the world's second largest economy? This question is also fuelled by the 14 years that have passed since the Chinese government called for a corporate branding and foreign investment push ("Go global") in 2000. This section shall explore customer brand preferences within China and current practices in Chinese brand building for both internationally-famous companies and strong domestic companies. Firstly, primary data from a recent survey will be evaluated. The author of this chapter conducted a survey in April 2014 in Wuhan, Hubei province, China. The aim of the research is to assess consumer preferences of young Chinese adults aged 18–25 for Western/non-Chinese and domestic brands. The sample consisted of $n = 600$ and the interviews took place face-to-face by a self-administered questionnaire. Some preliminary results from the survey will be evaluated and discussed below.

As a starting question, the interviewees were asked to name their three favorite brands off the top of their heads. Table 5 exhibits the results of this question. Apple

Table 5 Favorite brands (source: author).

Rank	Brand	Percent	Industry	Country of origin
1	Apple	16.00	Mobile phones	USA
2	Samsung	10.40	Mobile phones	South Korea
3	Sony	9.13	Mobile phones	Japan
4	Pizza Hut	8.93	Fast Food	USA
5	Adidas	8.67	Sports/Athletics	Germany
6	McDonald's	8.20	Fast Food	USA
7	Nike	7.27	Sports/Athletics	USA
8	KFC	7.20	Fast Food	USA
9	Lamborghini	5.20	Automobiles	Italy
10	Laneige	4.33	Beauty Care	South Korea
11	Lancôme	3.73	Beauty Care	France
12	Ferrari	3.73	Automobiles	Italy
13	MAC	3.00	Personal Computers	USA
14	Mercedes-Benz	2.33	Automobiles	Germany
15	Uniqlo	1.87	Clothing	Japan

leads the brand ranking by a large margin followed by its main rival Samsung. In total five US brands were mentioned with German, South Korean, Japanese, and Italian brands also having multiple entries in this ranking. It is striking that no Chinese brand made it into the ranking. It is also notable that US fast food chains are popular among young Chinese adults. All of the mentioned brands have a strong presence in China. KFC, for example, operates more stores in China (4600) than in its home market in the USA (Yum 2013). McDonald's, on the other hand, is currently opening new stores in China and is planning to operate 2000 restaurants by year end (Yue 2014).

Another question from the survey that shall be discussed was the preference of those polled for Western/non-Chinese and Chinese brands. Table 6 summarizes the results and lists a total of ten industries or product categories. Overall, the results show that in most categories, non-Chinese brands are favored the most. The strongest preference is in automobile brands, which are preferred 92 % over their Chinese counterparts. Other strong product categories are mobile phones and watches, each at 84 %, and airlines (75 %). Soft drinks score about equal with only a small margin in favor of non-Chinese brands (51–49 %). This close call for Chinese brands despite the fierce competition in the domestic market from mainly famous US brands is due to the strong consumer focus on traditional Chinese flavors of soft drinks in China (Euromonitor 2013). Chinese brands are still quite popular in this category. The only category where Chinese brands can win over Western and non-Chinese brands is the refrigerator category. A 53 % majority of the sample favors a Chinese brand. It may be assumed that this result is due to the strong local Haier brand that has a market leading position in China.

According to these survey results, Chinese brands are mainly trailing Western brands and brands from either South Korea or Japan. For some industries and

Table 6 Preference between Western/non-Chinese and Chinese brands per industry (source: author)

Industry/product category	Western/non-Chinese brands in percent	Chinese brands in percent
Mobile phones	84.16	15.84
Automobiles	92.08	7.92
Clothing	57.64	42.36
Sportswear/athletics	55.00	45.00
Soft drinks	50.98	49.02
Personal computers	65.56	34.44
Airlines	75.00	25.00
Watches	84.00	16.00
TV's	59.82	40.18
Refrigerators	47.00	53.00

product categories, the results are not surprising. The automobile industry has been dominated by mostly Western and Japanese brands for decades and it will take time for Chinese auto makers to catch up. However, the first signs that Chinese car manufacturers are closing the gap are already visible. For example, the "Qoros 3", an automobile made by Chinese Qoros Auto Co. LTD, recently won the EuroNACP-Crash test beating out 30 other tested cars (NTV 2014b). And on top of this, safety is a product benefit that is traditionally owned by the Volvo brand, which is now also in "Chinese hands" due to the previously mentioned Chinese takeover of the Swedish car manufacturer.

Another dominant domain for non-Chinese brands in China is the mobile phone sector. Driven by Apple's "smartphone" invention and Samsung's prevalence with the very popular Android operating system, both brands have made it to global market leaderships and consumer preference—also in China. But, as mentioned before, Chinese smartphone makers such as Lenovo and Huawei are catching up both internationally and in the domestic market.

In summary, it appears that in most product categories, Western brands are still the norm and Chinese brands are left with a follower role. But as shown above, the incumbent role of market leadership and customer preference is not an exclusive right owned by non-Chinese brands. Selected industries and some product categories show strong signs of preferred status in the eye of Chinese consumers. The next section will highlight suggested reasons as to why the majority of Chinese firms still have weak brands. This excursion into Chinese branding insights will close with a brief case study on the Chinese internet industry to illustrate the branding dynamics on Chinese brand dominance in this sector.

4.2 Reasons for Weak Chinese branding

As the chapter headline suggests, Chinese brands can be, on a broad level, considered as weak. Most of the reasons for these weaknesses have been touched upon in the preceding discussions and findings of this chapter. In a recent post by the famous branding scholar David Aaker from Harvard Publishing, the same topic was discussed in detail (Aaker 2013). The main points of Aaker's opinion piece, on why Chinese firms have weak branding, will be highlighted and put into context in the following section.

Aaker's post was triggered by New York times writer David Brooks who claimed in his article that US firms still have a competitive advantage over Chinese firms due to their superior knowledge and skills in building and managing brands (Brooks 2013). Aaker supports this assessment but offers additional reasons for this competitive advantage of US and global firms. The **first** strength, or lack thereof by Chinese firms, is the availability of experienced brand managers in successful global firms that are fuelled by well-tested and applied brand management systems and processes. It is widely known that consumer goods multinationals such as Procter & Gamble and Unilever have been pioneers in establishing professional brand management systems from which many experienced brand managers have arisen (Keller et al. 2012; Aaker 2013). This long branding tradition does not yet exist in China and thus established branding systems and an abundance of well-trained branding specialists are still lacking. **Secondly**, China's businesses simply do not need branding in their corporate strategy just yet. According to Aaker, many of China's top firms are successors of state-owned companies that were able to operate without fearing too much competition (e.g. China Mobile). At the same time, Aaker states that due to the great growth in many Chinese markets, keeping up with manufacturing and distributing the goods have been the priorities over branding. With the recent slowing in Chinese growth and changes in the competitive landscapes, it is expected that branding will become more of a priority for Chinese companies in the future. Finally, Aaker brings forward a **third** reason for the slow development of branding as a corporate strategy in Chinese firms and that is the lack of support from the top management. Chinese top managers are not trained in marketing and focus more on operations, costs, and functional benefits (Aaker 2013). This performance focus also penetrates to much of China's brand communications as an expert and scholar in Chinese branding states.[5] Besides, most Chinese top managers lack international experience and maintain a domestic focus without having the global mind-set based on branding as a business model which American and other business leaders value (Aaker 2013).

In summary, branding as a business model still has a long way to go in China. Once growth potential must come from foreign markets, Chinese companies are expected to move along and will be required to play the "brand game" as it is

[5] Mentioned to the author of this article in a personal interview with Dr. Alison Lloyd on March, 20th, 2014.

currently perfected by mostly non-Chinese companies. That this is not "mission impossible" is demonstrated in the above-mentioned examples of companies such as Haier, Lenovo, and Huawei. In the meantime, the Chinese digital sector shows signs of marketing excellence and branding scale that is worth mentioning in more detail in the next section.

4.3 Digital Brands in the Chinese market

The Chinese market for online brands has been very dynamic and challenging over the past few years. Search engines like Google have been struggling and social media networks such as Facebook are even prohibited in the "Middle Kingdom". The ongoing global hype about the planned IPO for Chinese e-commerce company Alibaba will be used as an opportunity to examine China's digital big players. Alibaba Group Holding Ltd. is a Chinese e-commerce company that runs two popular shopping sites, namely "Taobao" and "Tmall". Together, both platforms have an 80 % stake in the Chinese online sales market and make more than 250 billion US$ in transaction volume by its estimated 500 million users (Osawa et al. 2014). Alibaba's sales are more than Amazon's and EBAY's annual sales combined (Osawa et al. 2014). To ease the payment process for millions of Chinese online shoppers, Alipay is the company's online payment service. Handling over 70 % of all Chinese online payment transactions, Alipay is the world's largest payment processor (Osawa et al. 2014). The majority of Alibaba is now owned by Yahoo Inc. and Japan's soft bank Corp. whilst the company's founder Jack Ma remains a minority shareholder.

Alibaba faces fierce competition from other successful online service providers in China. Tencent Holdings Ltd., which operates the popular Chinese "WeChat" mobile messaging service, has 300 million users of which 100 million are outside of China (Simcott 2014). Tencent recently bought a stake in the second largest Chinese online shopping portal JD.com (Carsten 2014). With this purchase, Tencent is expected to integrate its WeChat users into the shopping portal (Carsten 2014). Tencent also operates the Chinese social media platforms "RenRen" with nearly 200 million, mostly young, users and "Tencent Weibo" that can account for a user base of approximately 500 million users.

"Baidu" is China's most popular search engine. The NASDAQ-listed company operates countless other successful online based services such as travel booking sites, video platforms, and online dictionaries, just to name a few (IT Times 2014).

Six internet companies made it into Interbrand's "Best China Brands" ranking (Tencent # 8, Baidu # 13, Alibaba # 26). The examples listed above illustrate the dominance of local digital companies and their online brands in the Chinese market. The digital market in China illustrates a mix of the applied brand strategies. For example, both Alibaba and Tencent apply the typical Asian branded house strategy ("Alipay" or "Tencent Weibo"), but not exclusively. Most other brands in their portfolios bear a brand name where the corporate name does not appear (Alibaba's "Taobao" and Tencent's "WeChat", just to name a few). The reasons for the non-typical Asian brand strategy, in which the corporate brand generally is applied throughout the offering, could be manifold. For example, individual brand names for the products could be the result of mergers and acquisitions with inherited brand names. On the other hand, the digital market is "domain driven", i.e. the brand name is the name of the domain. Diversity in domain names for different e-commerce and online offerings seems logical and could be a reason for maintaining a house of brands strategy for Chinese digital marketing companies. This topic may require further investigation.

With the blocking of most foreign online domains, domestic companies have a clear advantage in the massive Chinese online market. Although the Chinese online and mobile market is highly competitive for the active players, it still offers great potential as new internet users will be entering the market for a longer time to come. But beyond the domestic market, Chinese digital companies, such as Baidu and soon Alibaba, are seeking financing in the foreign market place and run sites outside of their home territory. WeChat's 100 million users outside of China keep flocking towards the only serious WhatsApp competitor. Whether or not more Chinese digital brands will reach global appeal remains to be seen.

5 Conclusion

This chapter has examined current branding trends in significant Asian markets, namely Japan, South Korea, and India, and has dedicated a special focus to the emerging branding nation, China. It is obvious that no generalizations towards the whole of Asia can be drawn from this research. Like other geographical regions in the world, Asia consists of more than just four large economies. Asia offers an abundance of wealth in culture and there is no such thing as an "Asian way of doing business". However, the research identified some aspects in the field of branding that have occurred in different Asian markets at different times. For example, the development of branding as a management strategy followed benefit-driven product management in both Japan and South Korea some decades ago. This development can now be witnessed in selected industries in China. Whether or not other Asian nations show similar developments (e.g. Indonesia) would be a topic for further investigation.

Nevertheless, the following four Asian branding trends highlighted throughout this report will be briefly summarized and will serve as the main outcomes of this research. Their substantiation calls for further research and valorization.

Asian Branding Trend # 1: Extending the corporate brand into new fields of business

Successful global companies from Asia which predominantly apply a branded house brand architecture strategy are continuously putting emphasis on using the brand equity of the corporate brand for future business. This was illustrated with Hyundai that explicitly uses the "brand power" of its brand for product diversification. Similar approaches have been seen at Lenovo (personal computers, mobile phones), Huawei (networking technology, mobile phones), Samsung (across the board of all its services), Tencent (social networking), etcetera.

Asian Branding Trend # 2: Extending the corporate brand into diverse product categories

A wide brand covering very diverse product categories is typical, especially in Asian markets. Food and automobiles endorsed e.g. by the Mitsubishi brand in Japan is not unusual in Asia but is very unlikely in non-Asian markets. Many of the researched large Asian enterprises have built on their corporate brand and stretched it into diverse and fully unrelated product categories. A common culture where size and reputation matter most among consumers may be a key difference compared to Western markets where a large corporation may even be seen as an obstacle rather than an asset by consumers.

Asian Branding Trend # 3: Acquisition of Western brands by Asian investors

In the past years, Western brands in particular have been the target by Asian investors. The main purposes for these acquisitions remain manifold, whether to gain access to branding know-how, increase a reputation, improve product development capabilities, or off-set a lack of brand equity in domestic markets. The trust element in foreign brands remains a key motivation for Asian, and especially Chinese, consumers. As long as domestic brands are still seen as inferior, this branding trend is expected to continue.

Asian Branding Trend # 4: Top-management support in brand building

The examples of Japan and South Korea show that branding can play an important role in the corporate strategy, but that it needs the support of top-management if it is to be successfully applied to global markets. Some signs of this development have been revealed by this research in other Asian markets, namely China. In China, the majority of leaders are still focused inward without branding being on top of the agenda. Several successful Chinese global players have discovered the brand as a strategic item and the success stories of Lenovo and Haier will set the pace for others to follow. Driven by governmental policies, globalization of the brand as a concept will also proliferate in China and possibly other Asian markets.

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