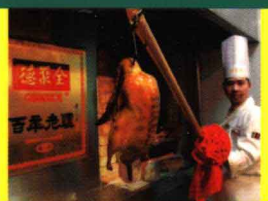


时尚中国

FASHION CHINA



# *Brand in China*



CHINA  
INTERCONTINENTAL  
PRESS

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**Fashion China**

# **Brand in China**

Written by Wang Yifan

Translated by Pan Zhongming & Gao Jinan

**CHINA**  
INTERCONTINENTAL  
PRESS

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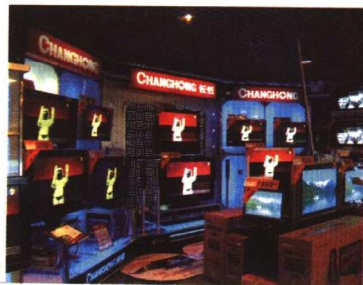
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# Preface

At a time of global economic integration, brands have become the strategic resource of a country or a region and are growing to be a symbol of its strength. The more famous brands a country has, the more competitive the country is. Statistics indicate that world-class brands account for less than 3 percent of the world's total brands, but their products account for more than 40 percent of the global market, and their sales volume has reached about 50 percent. In certain industries, the sales volume exceeds 90 percent. In developed countries, 60 percent of the GDP (gross domestic product) comes from industries with brands. This demonstrates that modern economic





competition has shifted from an era of product competition to one of brand competition.

Since its opening to the outside world, China's economy has maintained a rapid growth. According to the revised statistics from the National Bureau of Statistics of China in July 2007, China's GDP reached 21,087.1 billion yuan (about \$2,800 billion, \$1=7.55 yuan), up 11.1 percent from that of 2005. Per capita GDP in the year exceeded \$2,000. The living standards of urban and rural residents improved considerably as their awareness of brands strengthened and brand-product consumption and exports continued to grow. A group of Chinese brands such as Haier, Huawei, Lenovo and TCL, which have basically established an international presence, are growing rapidly.

We have entered the era of the brand economy. The impetus of forming a brand comes from the development of the industry. The growth of brands has deeply reflected the progress of the industry. Statistics indicate the average brand value of the top 20 brands in China has grown from 4.799 billion yuan in 1995 to 43.87 billion yuan in 2006, an increase of 8.14 times.

With the new era in China, various brand activities occur one after another. On April 30, 2005, the Business Channel of China Central Television (CCTV) hosted the "China Brand Summit Forum". At the forum, 103 Chinese companies at the forefront of China's healthy and rapid economic development jointly issued the *China Brand Declaration*, saying that Chinese enterprises "must complete their upgrading in brands, products, services and talents as early as possible and establish more Chinese brands as global brands while keeping their traditional advantage in order to gain a higher development platform and greater growth space in the future." The *declaration* demonstrates that "brand" has become a keyword in China's economic development.

# 新文明的体验场



中美村广场购物中  
WELCOME TO ZHONGGUANCUN PLAZA SHOPPING CENTER





## Brands and Life





HUA LIAN COMMERCIAL BUILDING

華聯商厦

界

☆☆☆☆☆☆☆☆☆☆

上海市第一食品商店

上海市第一食品商店

时美公司

东亚饭店

白牡丹客房  
选座房  
海鲜中  
宵夜  
宵夜

麦当劳

麦当劳

**S**ince China opened its door to the world, many foreign brands have flocked in. Local brands have also developed rapidly as a result of this market competition. Brands have penetrated the life of every person in urban China – IT, telecommunications, finance, home electrical appliances, real estate, food, media, culture, education, leisure and entertainment... The dazzling neon lights in Chinese cities are all about famous brands. Consumers crowd downtown markets eager to choose various brand products.

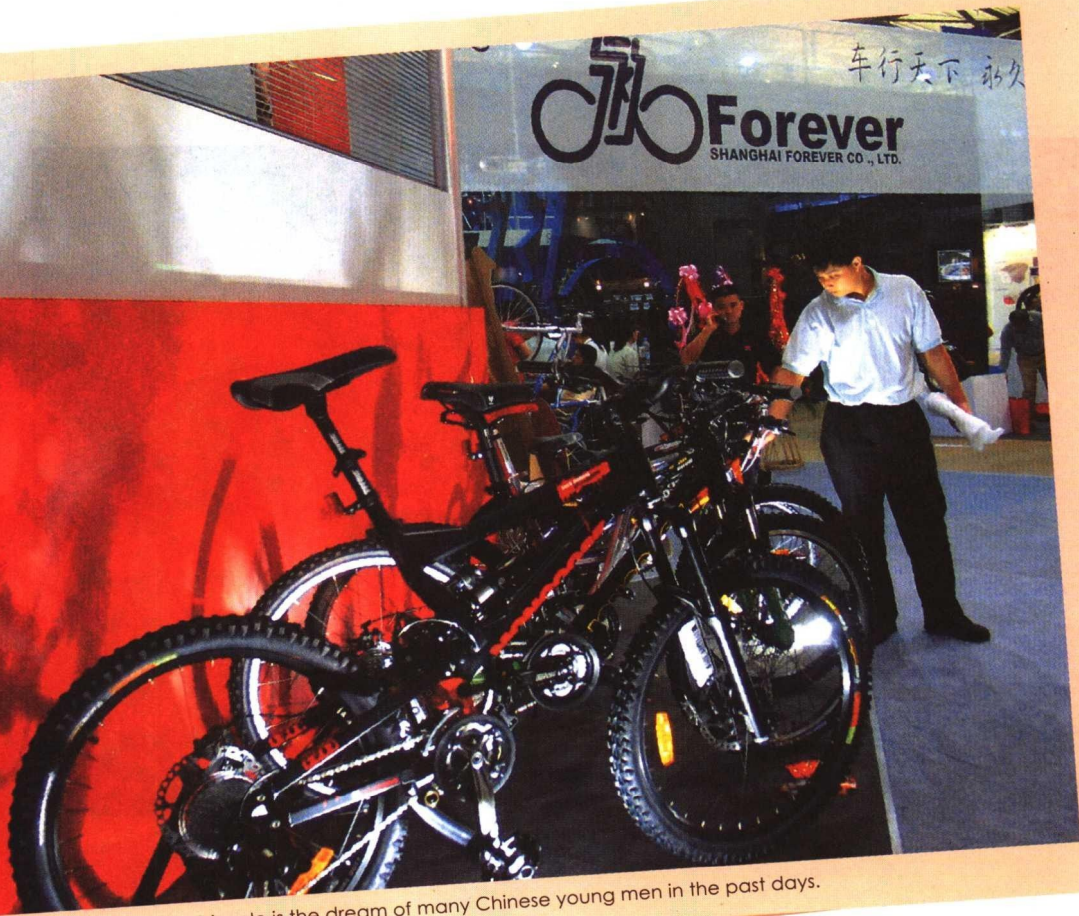
After experiencing more than 20 years of a market-oriented economy, people's tastes have gradually improved. The consuming concept continues to change. It is no longer a decisive factor for consumers to buy a product whether the price is high or low. The awareness of the brand starts to be rooted in people's hearts. An investigation in 2006 showed that more than 80 percent of the consumers said they "at least will buy famous brand products occasionally". Sixty-nine percent of the respondent said if they could afford them, they would buy more brand products.

# **Brand Awareness of the Chinese People and the Growth of China's Brands**

**T**he process of the growth of China's brands is, to a great extent, closely related with the growth of the brand awareness of the Chinese people. After nearly 30 years of rapid development after reform was launched, China's economy and society have witnessed fundamental changes. Most Chinese people have passed from the era of "feeding and wearing" and are seeking fashion and quality. Correspondingly, the consumption structure and concepts of the Chinese people have also witnessed unprecedented changes. They have jumped from an era when each category of product had only several or even one or two kinds, to an era when various categories of goods are in rich abundance. People have turned their attention from the practicability and durability of the products to the characteristics and enjoyment that the products represent.

The period between the founding of the People's Republic of China in 1949 and the end of 1970s, before China opened its door to the outside world, was the era of China's "shortage economy". The raw materials and finished goods were all allocated according to plans. There were very few products both in terms of number and variety. This saved producers and consumers from thinking more about brands. Without competition, it was the same for producers whether there was a brand or not. But this did not mean that the Chinese people at the time did not have any awareness of brand. Although there was not a term called "brand", there did have terms such as "product





Having a Forever bicycle is the dream of many Chinese young men in the past days.

name", "trademark" and "famous name". Any commodity bearing a product name, be it small daily necessities such as a towel, would be in greater demand than those without any name, especially major commodities of the era such as bicycles and a transistor radios. At the time, young people were eager to get a "Flying Pigeon" or "Forever" bicycle. The two kinds of bicycle were the most famous at the time. It can be said that before China's reform, brands had already become an indispensable part of the life of the Chinese people.

Since 1978, China has started to implement its opening policy. China's



Advertising at CCTV's prime-time is one of the important market strategies of Chinese and foreign brands.

economy and society have entered a period of rapid development. People's demand for various commodities continues to increase and the awareness of brand strengthens day by day. Particularly, with respect to consumer durables, brand products are usually people's first choice. This has had an unprecedented impact on manufacturers' production and marketing. On July 29, 1989, the *People's Daily*, raised the concept of "brand" for the first time: A brand refers to the commodity characteristics composed of the name, package, price, texture, color and advertisement form of a commodity. Since then, advertisements of various brands of products have shown on television, newspapers and on billboards. Before that the commercial proverb popular among the Chinese

was “fragrant wine does not worry about lanes that are too long” — as long as the quality of a product is good, the business will be booming even if it is concealed at a place that catches the attention of less people. Today, however, many Chinese manufacturers realize that “fragrant wine needs to worry about lanes that are too long”. They must make their products impressive to consumers by means of various advertisements. CCTV hosts a grand advertisement auction every year. Many companies spend large sums of money to strive to become the “king of the bidding” to ensure their advertisement is broadcast at prime time. There is only one purpose: to make their own products famous brands.

In the early 1990s, China started to establish a market economy. With the intensification of the market economy, the quality and brand awareness of the Chinese people grew. State leaders and business leaders gave sufficient affirmation to the importance of brands. They pointed out that the implementation of the famous brand strategy is a matter of the revitalization of the national economy, and that famous brands and quality are an undertaking of the nation for generations. Governments at provincial and city levels set up leading groups or similar organizations of famous brand strategies. At the same time, competition in market economy conditions accelerated the growth of Chinese enterprises and domestically made brands. Enterprises’ understanding of a brand has gradually transferred from the simple form of “making advertisements” in the early stage to the “brand strategy” stage of recognizing, studying and using brands. At the time, books and opinions discussing brand theory and cases emerged in quick succession.

Beginning from the late 1990s, high-taste and rich cultural connotation consumption became a new hot spot. Brand culture became a popular of