

# How brands survive in China

After six years of research into why businesses succeed or fail in China, Emily Chong, the active vice president of design and marketing for Frog innovation specialists, tackles the subject of survival strategies for brands in China. The parallels and differences in marketing to South Africans were startling.

 By [Keenan Harduth](#) 13 Mar 2013

Here are some of the insights for anyone thinking of taking their products or services East, or for anyone venturing into new territories.

## Stop thinking these are nascent markets

Particularly in the main cities, the uptake and proliferation of certain platforms or mediums may be lagging, but consumers have been consumers since they were children. These are often economic and cultural hurdles and brands need to invest enough resources to build teams who can then build their brands. Chong cites being under-resourced as one of the main reasons brands fail.

## There is no such thing as "The Chinese Consumer"

While this may be true for any market, in China, where the top three cities alone have a bigger population than Canada, it is even more noteworthy. The complexity in income, culture and language (there are over 2 dialects of Mandarin) are all barriers to creating effective brand stories. China is essentially a collection of many countries, yet most brands think they can paint them all with the same brush.

## China is not big enough for everyone to succeed

This is probably one of the biggest parallels to Africa. Companies think that the size of the opportunity means that they can make money off just a small percentage of the market.

In China, selecting which city is imperative for success. The proliferation of your brand needs to start in a place that it can grow from. Some Tier 1 cities like Beijing are not always the best place to start, yes, they have the buying power but the hyper-competitive market makes scalability difficult. In Africa, monopolies make it difficult to do the same.

## Brand awareness is rising, brand loyalty is not

Perhaps a global trend, Chong is seeing a growing consumer base who use both local and international brands. This means that consumers are openly fickle and experimental in their choices.

Marketers have to work exceptionally hard to retain customer's interest through activations, integration of services, mobility, quality, social media integration and progress.

## The Silver Segment poses a problem

In China, a third of the population is over 60 years old. Due to the boom of the middle class in recent years this segment has a noteworthy buying power that marketers are struggling to tap into.

In Africa, we have the reverse where younger people are the fastest growing economic resource for marketers. Whichever it is, understanding their needs and what values they use to make buying decisions key. The Silver segment are brand loyal and will make decisions based on habit and availability.

## The Little Emperors are the influencers

With China's one child policy, the last three decades has spawned a mass of young people who are chasing the "Chinese Dream".

These are middle class, financially secure and globally savvy youth who demand quality and design excellence. They want to align with aspirational brands like Apple and Samsung. They are happy with the Shanzhai culture and products, but not for themselves. They uphold the innovation and progress that the copycat culture generates, but still want the quality, original product. They are digitally connected consumers who believe that Chinese products should be optimised for China, and if they are not, they'll buy the international brand.

50% of them prefer to buy Chinese brands, but 64% trust international brands more. They are intolerant of any mistakes, lies and quality issues and will even go so far as to mobilise against brands who lie to them.

## The Chinese do not like faceless brands

Chinese consumers want to relate to their brands, they want to see that your brand fits into their lives, values and view of the world; a view that is often centered around family, progress and image. Marketers often use people in images, adverts and online to reinforce this notion.

Understanding your market is built on solid research that gives you an understanding of why people make the decisions they do, not just who they are. Do not try and find a quick solution but instead optimise your brand strategy and campaign models to target the correct people.

Brands are funneling massive resources and budgets into research in China because they have seen the value in having these answers; hopefully we can see the same start happening in South Africa.

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## ABOUT KEENAN HARDUTH

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