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A Hong Kong SAR programme for EXPO 2010 Shanghai



THE ASSOCIATION OF ACCREDITED
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HK4As release landmark survey results on
“Chinese Brands Going Global – Success Factors Now and the Future”

A Hong Kong SAR Programme for Expo 2010 Shanghai

The Association of Accredited Advertising Agencies of Hong Kong (HK4As) has today released the findings of a landmark global survey that examines the perceptions and potential of Chinese Brands as they venture into international markets.

The “**HK4As’ survey on Chinese Brands Going Global – Success Factors Now and the Future**” is an unprecedented joint research programme among the HK4As’ BIG FOUR networks – Omnicom, WPP, Interpublic and Publicis. The HK4As initiative was strongly supported by research partner, TNS.

The survey results were announced in Shanghai today at a high-level creative industry forum, an official Hong Kong SAR Programme for Expo 2010 Shanghai – “Creative HK, Branding China”, jointly organised by the HK4As and the Hong Kong Trade Development Council (HKTDC).

The survey collected opinions and insights from 490 brand experts from Advertising Agencies’ global offices in 29 countries.

The survey results serve as a benchmark for the Advertising Industry’s global perceptions about Chinese Brands, which the brand experts believe have the potential to dramatically impact on the domination of foreign brands in the international marketplace. It also serves to demonstrate the reach and sophistication of HK4As’ member agencies, a small glimpse at the value they can bring to Chinese brands.

The survey findings also provide valuable insights that can assist Hong Kong’s Advertising Industry to grasp this golden opportunity, using their expertise, connections and global outlook to help Chinese Brands expand their appeal and recognition beyond the Mainland market.

The survey found that, internationally, Chinese Brands are generally still in their infancy but can be fast to catch up with International Brands, in terms of recognition and quality.

HK4As Chairman Richard Thomas said the brand experts do see great potential for Chinese Brands to succeed outside of China over the next five years, particularly those in Technology and Automotive industries.

“Brand experts generally agree that if Chinese Brands can improve on some key issues relating to quality, trust (safety, reliability), awareness-building and after-sales service they can be as good as, if not better than major international brands in the future,” said Mr Thomas.

“With time and good brand management, we can expect more and more Chinese Brands to succeed outside China, but developing these brands into global brands will require hard work and a focus on marketing initiatives we have

outlined in the report.”

TNS research Director, Thomas Isaac, said the survey had found the main strength of Chinese Brands was in its good value. With a relative cost advantage, this ‘value for money’ proposition resonates well with consumers particularly in the Middle East & Africa region. However, in other markets the low price often equated with low quality, which the study found to be the major barrier against purchasing Chinese Brands.

“Despite price being seen as a major advantage of Chinese Brands, a fifth [of those surveyed] believe that pricing is important to improve Chinese Brands,” said Mr Isaac. “Some of these opinions on changes in price relate to increasing prices as much as decreasing prices further.”

Mr Isaac said that despite the fact that Chinese enterprises were able to produce high quality, high-end goods for International Brands, there was also a strong perception that Chinese Brands did not impose the same quality standards on their own products as they did for their international competitors.

“Chinese Brands need to convince the rest of the world that their quality standards are at least as good as, if not better than, those of major International Brands,” he said. “Getting both international and local certifications of quality standards could be a first step towards this, followed by effective communications to change consumers’ perceptions.”

Based on the survey results and feedback from Brand Experts, the report identified six ways to enhance the image and market share of Chinese Brands:

- Upgrade quality standards so they are consistent with international competitors
- Communicate improvements in quality through positive PR and other channels
- Develop and enhance the after-sales culture to build consumer trust
- Build trust and awareness with positive word-of-mouth endorsements and campaigns
- Advertise to build brand awareness and communicate the ‘good value’ positioning of Chinese brands
- Re-evaluate current prices, and aim to set prices that signal higher quality

Other key findings of the survey include:

- Awareness of Chinese Brands was highest in technology-related fields such as consumer electronics, computer hardware and mobile phone/telecommunications products
- Computer hardware; mobile phone/telecommunications; internet, gaming, media; and banks/insurance products or services were rated on par with or better than International Brands by a majority of the Brand Experts surveyed
- The Top 10 Chinese Brands for awareness among those surveyed were (in order): Lenovo (75%), Air China (72%), Bank of China (61%), CCTV (51%), Haier (46%), Tsing Tao (40%), Huawei (34%), Alibaba (30%), Chery (26%) and Baidu (21%).

The full report is available online at www.aaaa.com.hk.

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The Association of Accredited Advertising Agencies of Hong Kong (the HK4As) is an association of major advertising agencies in Hong Kong. The Association’s objectives include the setting and maintaining of standards of business ethics, enforcing an advertising standard code, acting as a means of arbitration between agencies, and providing a forum for the exchange of views between advertising agencies and others engaged in the industry. The Association currently has 23 Full Members and 18 Affiliated Members.