BRANDZ™ TOP 100 Most Valuable Chinese Brands
最具价值中国品牌100强

2015 贰零壹伍年

CHINESE BRANDS COME OF AGE

Brand value rises 22 percent

Market-driven brands outperform SOEs

Technology surpasses banks in category value

Methodology and Valuation by
MillwardBrown

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WELCOME

Fifth Anniversary Edition

Brand value growth shifts sharply from SOEs to market driven-brands

59% five-year growth outpaces BrandZ™ Global Top 100

This is the fifth anniversary edition of our BrandZ™ report on the most valuable Chinese brands. In just five years our BrandZ™ report has become the definitive annual resource for the understanding Chinese brands and the dynamics that drive value growth.

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We began this project with a ranking of the Top 50 most valuable Chinese Brands and expanded to 100 brands last year to more fully examine the rapid emergence of China's valuable brands across 21 categories of products and services.

Identifying and ranking the most valuable brands was only the start of the process. We then analyzed the creation of brand value in China, uncovering the drivers that can help brand owners – both Chinese and western – build valuable brands in a rapidly changing China.

The development of valuable brands in China – and the future expansion of these brands onto the world stage – is interconnected with China's explosive growth during the past 35 years, the emergence of a prosperous middle class and the economic rebalance from production to consumption. Consider just of few this year's highlights:

- **Brand value increased 22 percent year-on-year, surpassing the growth of the BrandZ™ Top 100 Most Valuable Global Brands and the most valuable brands of Brazil and Latam.**
- **The Internet portal Tencent doubled in brand value and claimed the number one position in the BrandZ™ China Top 100, displacing China Mobile, which has held the top spot until now.**
- **Alibaba, the ecommerce giant, appeared in the BrandZ™ China Top 100 for the first time – at number two – after its IPO (Initial Public Offering), which raised a record $25 billion and introduced the power of Chinese brands to the public worldwide.**

Several consequential trends influence these impressive developments. Over the past five years, the growth of the BrandZ™ China Top 50 has increased 59 percent. And during that period, brand value growth has shifted sharply from the SOEs (State Owned Enterprises) to market-driven brands.

Between July 2010 and October 2014, a BrandZ™ stock portfolio, comprised of valuable brands with high brand contribution – a BrandZ™ measure of brand strength – increased 85 percent in value compared with the MSCI, a weighted index of Chinese stocks, which grew only 4 percent.

In other words, your $100 invested in a BrandZ™ stock portfolio comprised of valuable brands with high brand contribution would be worth $185 today. Invested in the MSCI, your $100 would be worth only $104. Clearly, the investments made to create valuable brands deliver superior shareholder returns.

These developments are important for anyone building brands in China for several reasons: (1) The market is open to more competitive activity; (2) Consumers are more receptive to brands; (3) Brand building is more critical than ever; and (4) The ROI for building meaningfully different brands comes in revenue, profit and stock market appreciation.

And as Chinese brands rapidly understand and create brand value, they increasingly aspire to international and global stature and look abroad for brand acquisition, collaboration and investment opportunities.

WELCOME | Fifth Anniversary Edition

GOING FORWARD

In summarizing the strategic framework for why the opportunity to build valuable brands in China is enormous and expanding, I've just touched the surface. This report adds to the framework and provides the market research and analysis that form its foundation. Brand experts from around 20 WPP operating companies in China contributed insights and thought leadership and brand building essays that provide deeper strategic understanding and tactical advice for implementation.

At WPP, the global communications services leader, our companies have been engaged in China for over 30 years. Today, almost 15,000 people, including associates, work across China in Beijing, Shanghai, Guangzhou and many other cities. We provide advertising, marketing, insight, data management, media, digital, shopper marketing and PR expertise. It's part of our global presence in 111 countries.

By linking all this talent, creativity, wisdom, and horizontality, we amplify global trends and insights that help our clients in useful and unique ways. We invite you to access our unrivaled Brand™ resource library. Along with the BrandZ™ Top 100 Most Valuable Chinese Brands, the library includes these titles: the BrandZ™ Top 100 Most Valuable Global Brands; the BrandZ™ Top 50 Most Valuable Indian Brands; and the BrandZ™ Top 50 Most Valuable Latin American Brands.

You'll also find insights about the Chinese market in these BrandZ™ reports: The Power and Potential of the Chinese Dream; The Chinese New Year in Next Growth Cities; and The Chinese Golden Weeks in Fast Growth Cities. To download these and other BrandZ™ reports, please visit www.brandz.com. For the interactive BrandZ™ mobile apps go to www.brandz.com/mobile.

The backbone of all this intelligence remains the WPP proprietary BrandZ™, the world's largest, customer-focused source of brand equity knowledge and insight, and the BrandZ™ brand valuation methodology of Millward Brown, a WPP company. First we analyze relevant corporate financial data and strip away everything that doesn't pertain to the branded business. Then we take a critical step that makes BrandZ™ unique and definitive among brand valuation methodologies.

We conduct ongoing, in-depth quantitative consumer research with more than 170,000 consumers annually, across more than 30 countries, to assess consumer attitudes about, and relationships with, over 10,000 brands. Our database includes information from over two million consumers. It reveals the power of the brand in the mind of the consumer that creates predisposition to buy and, most importantly, validates a positive correlation with better sales performance.

At WPP, we're passionate about using our creativity to create and build strong, differentiated brands that deliver lasting shareholder value. To learn more about how to apply our experience and expertise to benefit your brand, please contact any of the WPP companies that contributed expertise to this report. Turn to the resource section at the end of this report for summaries of each company and the contact details of key executives. Or feel free to contact me directly.

Sincerely,

David Roth
WPP

Eligibility criteria and definitions

ELIGIBILITY CRITERIA

Brands included in the BrandZ™ Top 100 Most Valuable Chinese Brands meet four eligibility criteria. Included brands are:

1. Created by a mainland Chinese enterprise;
2. Owned by a publicly traded enterprise;
3. Report positive earnings.
4. Financial brands derive at least 20 percent of earnings from retail banking.

DEFINITIONS

Brand Contribution

Brand contribution is a BrandZ™ measurement of a brand's uniqueness in the mind of the consumer and the impact of brand alone, without any other factors, on future earnings. Brand contribution is expressed with a scale of 1-to-5, 5 highest.

Brand Power

Brand power is a BrandZ™ measurement of a brand's competitive position in its category. It roughly correlates with volume share. Brand power is a BrandZ™ component of brand equity, which is the consumer predisposition to choose one brand over another.

Meaningful, Different, Salient

These are the three BrandZ™ components of brand equity: Meaningful, Different and Salient. Success on these components predisposes consumers to choose a brand and pay a premium for it.

MEANINGFUL: Consumers feel an affinity for the brand or think it meets their needs.

DIFFERENT: The brand feels different from other brands or sets trends for its category.

SALIENT: The brand comes to mind quickly and readily when activated by ideas relating to category purchase.

SOE

This acronym stands for State Owned Enterprise, companies in which China's central government, or a local jurisdiction, has an ownership stake. To better understand the dynamics of these brands, BrandZ™ divides them into two categories:

STRATEGIC SOES: These brands are in categories, such as banking or oil and gas, which are instrumental to development of the national economy. The government tasks these brands with implementing policy. Examples: Bank of China, Sinopec.

COMPETITIVE SOES: These are brands in consumer-facing categories, such as alcohol or food and dairy. Building brand equity is an important success determinant. Examples: Moutai, Mengniu.

The SOEs included in the BrandZ™ Top 100 Most Valuable Chinese Brands are publicly traded.

Market-Driven Brands

Market-driven brands are privately owned and responsive to customers and marketplace forces.

BRANDZ™ TOP 100 壹佰

Most Valuable Chinese Brands

最具价值中国品牌100强

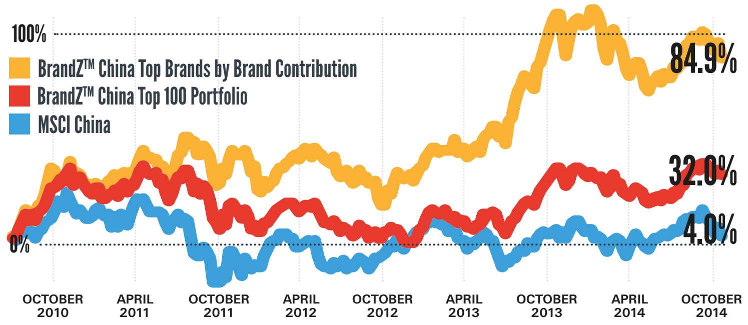
2015 贰零壹伍年

TOP 100 VALUE INCREASED 22%

TOTAL VALUE OF TOP 100 CHINESE BRANDS

$464.2 BILLION

VALUABLE BRANDS DELIVER SUPERIOR RETURNS



OVERSEAS REVENUE

Two brands derived over half their revenue from outside of China suggesting the growing global presence of Chinese brands.

lenovo联想 62%

ZTE中兴 53%

TOP 10 BRANDS

Tencent 腾讯	$66,077 Mil.	+95%
Alibaba.com	$59,684 Mil.	NEW ENTRY
中国移动 China Mobile	$55,927 Mil.	-9%
ICBC 中国工商银行	$34,521 Mil.	-13%
Baidu 百度	$30,897 Mil.	+55%
中国建设银行 China Construction Bank	$21,005 Mil.	-18%
Sinopec	$15,493 Mil.	+18%
中国农业银行 Agricultural Bank of China	$15,427 Mil.	-20%
PetroChina	$12,022 Mil.	-11%
中国银行 Bank of China	$11,861 Mil.	-13%

BRAND NEWCOMERS

	TOP 100 RANK
Alibaba	2
Letv	37
ZTE	48
Baiyunshan	54
Great Wall	61
Yonghui Superstore	68
Yihaodian	95
TCL	98

WELCOME

TOP 10 RISERS

% Growth

		% Growth
1	Tencent	95%
2	Ctrip	71%
3	BYD	69%
4	Xueersi	64%
5	Ming Jewelry	59%
6	Mengniu	57%
7	New Oriental	56%
8	Baidu	55%
9	Pearl River	48%
10	Hanting	45%

MARKET-DRIVEN BRAND VALUE DOUBLED, STATE-OWNED ENTERPRISE VALUE DECLINED

	VALUE OF TOP 100		GROWTH OF TOP 100
MARKET-DRIVEN BRANDS	47%	US$ 218,728 Mil.	+97%
SOEs	53%	US$ 245,506 Mil.	-9%

CATEGORIES

- ↑ 12 CATEGORIES
- ↓ 7 CATEGORIES
- — 2 CATEGORIES UNCHANGED

BANKS	-16%	US$ 96,291 Mil.	9 Brands
AIRLINES	+7%	US$ 8,248 Mil.	4 Brands
ALCOHOL	-22%	US$ 16,055 Mil.	11 Brands
APPAREL	-37%	US$ 2,424 Mil.	7 Brands
CARS	+141%	US$ 1,877 Mil.	2 Brands
CATERING	+18%	US$ 483 Mil.	2 Brands
EDUCATION	+57%	US$ 1,399 Mil.	2 Brands
FOOD & DAIRY	+14%	US$ 14,572 Mil.	7 Brands
FURNITURE	-1%	US$ 359 Mil.	1 Brand
HEALTH CARE	+1%	US$ 5,500 Mil.	4 Brands
HOME APPLIANCES	+20%	US$ 6,529 Mil.	7 Brands
HOTELS	0%	US$ 998 Mil.	3 Brands
INSURANCE	-10%	US$ 28,288 Mil.	6 Brands
JEWELRY RETAILER	-2%	US$ 1,241 Mil.	3 Brands
OIL & GAS	+4%	US$ 27,515 Mil.	2 Brands
PERSONAL CARE	+4%	US$ 978 Mil.	2 Brands
REAL ESTATE	0%	US$ 9,594 Mil.	10 Brands
RETAIL	+3,827%	US$ 62,287 Mil.	4 Brands
TECHNOLOGY	+78%	US$ 106,886 Mil.	9 Brands
TELECOM PROVIDERS	-4%	US$ 71,272 Mil.	3 Brands
TRAVEL AGENCIES	+48%	US$ 1,439 Mil.	2 Brands

Retail led the categories in brand growth driven by the addition of Alibaba. Even without Alibaba retail rose 64 percent.

Methodology and Valuation by MillwardBrown

www.brandz.com/china

% = Year on Year Growth

WPP

TOP 100: 1 Tencent 2 Alibaba 3 China Mobile 4 ICBC 5 Baidu 6 China Construction Bank 7 Sinopec 8 Agricultural Bank of China 9 PetroChina 10 Bank of China 11 Ping An 12 China Life 13 China Telecom 14 15 China Merchants Bank 16 China Unicom 17 Yili 18 Mengniu 19 Air China 20 Bank of Communications 21 Lenovo 22 CPIC 23 China Minsheng Bank 24 25 26 Vanke 27 PICC 28 29 Suning 30 Haier 31 32 Gree 33 Poly Real Estate 34 35 Midea 36 360 37 Letv 38 39 40 41 BYD 42 ONCI 43 Tongrentang 44 Ctrip 45 New Oriental 46 47 48 ZTE 49 50 Changyu 51 Snow Beer 52 53 54 Baiyunshan 55 Dahao 56 BeLLE 57 58 59 Hainan Airlines 60 61 Great Wall 62 Longfor 63 Industrial Bank 64 Gemdale 65 ROBAM 66 67 68 YH 69 70 71 ANTA 72 73 Meters/bonwe 74 75 Suofeiya 76 77 Bank 78 Hanting 79 Pearl River 80 Tata 81 Quanjude 82 Hisense 83 84 Greenland 85 Ming 86 87 Supor 88 89 Yonghui 90 91 Evergrande 92 TAL 93 CITS 94 95 Yihaodian 96 Semir 97 98 TCL 99 100

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REBALANCING MEANS BUILDING A VIBRANT ECONOMY WHILE RESPECTING CHINA'S CULTURAL HERITAGE.

PART

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INTRODUCTION

OVERVIEW | **Key Results**

Market-driven brands drive increase in Top 100 value

THE BRANDS

- The BrandZ™ Top 100 Most Valuable Chinese Brands 2015 increased 22 percent in total brand value year-on-year, to $464.2 billion.
- Almost doubling in value in one year, Tencent the Internet portal, rose to the number one rank, surpassing China Mobile, which had occupied the top spot since the inception of the BrandZ™ China ranking in 2011. Tencent brand value increased 442 percent over the past five years.
- The rise of Tencent reflected the strong brand value growth of market-driven brands compared with SOEs (State Owned Enterprises). The value of market-driven brands rose 97 percent year-on-year, while the value of SOE brands declined 9 percent.
- Because of the rapid rise in the value of market-driven brands, the value of the BrandZ™ Top 100 Most Valuable Chinese Brands now is roughly evenly split between market-driven brands, 47 percent, and SOEs, 53 percent.
- Three market-driven brands – Tencent, Alibaba and Baidu – comprise about half of the value of the Top 10 most valuable brands.
- Alibaba appeared for the first time in the BrandZ™ Top 100 Most Valuable Chinese Brands, ranking number two after Tencent and ahead of China Mobile, based on rapid appreciation in brand value following its record-setting IPO (Initial Public Offering), which raised $25 billion.
- Two brands derived over half of their revenue from outside of China: technology company Lenovo gained 62 percent abroad; and ZTE, the telecom equipment maker, 53 percent. This development suggests the growing global presence of Chinese brands.
- During the past five years, the BrandZ™ Top 50 most Valuable Chinese Brands increased 59 percent in value, outpacing the BrandZ™ Top 50 Most Valuable Global brands, which grew 41 percent in value during a comparable period.
- Over the 51 months between July 2010 and October 2014, the MSCI, a weighted index of Chinese stocks, increased 4 percent. In contrast, the BrandZ™ China Top 100 Portfolio (all of the Top 100 Most Valuable Brands) appreciated 32 percent. The results illustrate how valuable brands deliver strong shareholder return.

THE CATEGORIES

- Of the 21 product and service categories tracked in this report, 12 categories rose in value, seven declined and two remained unchanged. Slower economic growth and government policy changes impacted categories that declined in value, which included alcohol, apparel and banks, for example.
- Retail led the categories in brand growth. Retail grew 3,827 percent, driven by the addition of Alibaba. But even with Alibaba removed, retail increased 64 percent. That growth rate places retail just after the technology category, which improved 78 percent, and cars, which grew 141 percent because the number of car brands in the BrandZ™ China Top 100 increased from one to two.
- Two categories comprised predominantly of market-driven brands – technology and retail – are now among the Top 5 categories in total brand value, alongside three categories dominated by SOEs – banks, telecom providers and insurance.
- Technology surpassed banks as the category with the largest total brand value, $106.9 billion, or almost one-quarter of the total brand value of the BrandZ™ Top 100 Most Valuable Chinese Brands 2015.

OVERVIEW | Key Themes

Market challenges drive more innovation and resourcefulness

Brand value increases 22 percent continuing 5-year growth tend

Chinese brands have come of age.

Over the past five years the value of market-driven brands in the China Top 50 appreciated 278 percent compared with a rise of only 6 percent for SOEs (State Owned Enterprises).

The disproportionate growth rate of market-driven brands suggests that Chinese brand owners are increasingly accomplished at building valuable brands. And key results of this report underscore that assertion:

- Brand value rose 22 percent year-on-year for the Top 100 and 59 percent for the Top 50 over the past five years, outpacing the results of the BrandZ™ Global, Latam and Brazil rankings.
- Alibaba shot to number two in the ranking in its first year of eligibility, based on its record IPO, which raised $25 billion on the New York Stock Exchange.
- Tencent claimed the number one position, on a 95 percent year-on-year value rise, surpassing China Mobile, which led the BrandZ™ China ranking since its inception in 2011.

Because of sustained brand value growth, two stock portfolios of the BrandZ™ Most Valuable Chinese Brands 2015 significantly outperformed the MSCI China, a weighted index of Chinese stocks, between 2010 and 2014 (see story on page 21).

But the social and economic context for brands and branding is much different in this BrandZ™ Top 100 Most Valuable Chinese Brands 2015 than it was when we inaugurated the valuations in 2011, with a study of the Top 50 brands.

Behind the key findings, and across the 21 categories covered in this fifth anniversary edition of the BrandZ™ report on China's most valuable brands, the story is more nuanced.

A country of remarkable growth and steady order faced a slower economy and market disruption precipitated in part by government policy from the Third Plenary of November 2013, which moderated expansion to ensure that it would be sustained and equitable.

Some categories, such as technology and retail, exploded with growth. Others felt pressure.

And brands overall – both market-driven and SOEs – turned to innovation and resourcefulness either to sustain growth or strive for advantage in a competitive category.

MORE SOPHISTICATED AND EMPOWERED CONSUMERS

Consumers changed, too. More experienced and frugal, they've become increasingly discriminating, often seeking brands to affirm self-identity rather than project status. And they now see Chinese brands as comparable to multinational brands in many respects.

Trust in brands stabilized after a period of erosion that followed safety breaches in several categories, including food and dairy. Consumer quality and safety expectations have influenced the production practices and marketing messages of many brands.

And for the first time, consumers accessed the Internet more frequently by mobile than with a PC device. This shift to

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mobile intensified the need for brands to perfect ecommerce and be available constantly and seamlessly with well-coordinated O2O, online-to-offline programs.

Ultimately, forces triggered by China's social and economic rebalancing impacted brands in every category. The shift in economic driver from production to consumption crystalized the centrality of the consumer and the importance of brand building.

INITIATIVES VARY BY CATEGORY

As government austerity measures impacted business travel, hotel brands continued to expand rapidly. But they focused more on the budget and mid-price segments of the market for leisure travelers, and expanded electronic booking systems.

With less extravagant official government events and gift giving, brands of baijiu, the traditional white alcohol, lowered prices, repositioned from premium to mid-market and explored overseas sales. Baijiu brands also expanded both online and physical distribution channels.

Banking reforms opened the way for more market-driven banks to enter the category. Banks also faced competition from non-banking entities introducing financial products. Ecommerce giant Alibaba offered micro loans, for example.

Banks responded in many ways, including: expanding the focus on wealth management for private banking clients; and developing online banking presence, often with mobile apps made available through partner Internet brands.

TECHNOLOGY BRANDS COMPETE FOR ECOSYSTEMS

Local quotas on car purchases, in an effort to control air pollution, impacted sales in some cities. But incentives for buying environmentally friendly vehicles drove sales of hybrids by brands like BYD.

Some consolidation occurred in the real estate and apparel categories, and in food and dairy, where brands sought to build greater scale to face global competitors at home or abroad.

In an unfavorable climate of higher interest rates and slower real estate development, home appliance brands focused on producing innovative smart products, emphasizing performance rather than price.

Appliance brands also continued to gain overseas sales both as producers for other brand marketers and increasingly under their own brand names. Two Chinese technology brands, Lenovo and ZTE, derived over half of their revenue from overseas business.

But even technology brands that enjoyed high brand value and growth faced challenges – from each other. The BAT brands – Baidu, a search engine; Alibaba, an ecommerce site; and Tencent, a portal – expanded from their core competencies to enter each other's domain.

Through alliances and acquisitions, each attempted to become the default Internet ecosystem, the one-stop destination where customers could satisfy all their needs for search, news and entertainment, ecommerce, banking, email and myriad other services.

THE BROADER CONTEXT

The coming of age for brands is both full of possibilities and fraught with changing market dynamics including: more brand extension; increased innovation; the application of digital and technology throughout business operations; greater focus on going global and an attempt to restore consumer trust.

This report explores these dynamics in depth and also places them in the broader context of Brand China, the overall perception of Chinese brands, and the Chinese Dream, a national vision of a more prosperous and equitable modern China informed by the values and teachings of its 5,000-year-old civilization.

Brand China and the Chinese Dream are linked in a virtuous cycle. The pursuit of the Chinese dream drives the evolution of Brand China. And the increasingly innovative and higher quality products of Brand China help transform the Chinese Dream into reality.

OVERVIEW | Key Observations

Consumers spark brand creativity and innovation

MARKET-DRIVEN BRANDS DOMINATE VALUE GROWTH

Only five years ago, the BrandZ™ Top 5 Most Valuable Chinese Brands were SOEs (State Owned Enterprises). Today, three of the Top 5 are market-driven. Tencent and Alibaba rank first and second, respectively, and Baidu ranks fifth. The trend reaches well beyond the Top 5. Over the past five years the value of market-driven brands in the BrandZ™ Top 50 Most Valuable Brands grew 278 percent. The value of SOEs grew only 6 percent. The results indicate the growing importance of brands in China, which will become even greater as the market continues to liberalize.

TECHNOLOGY AND RETAIL LEAD INNOVATION

Chinese brand innovation is especially apparent in the intersection of technology and retail, in ecommerce and in mobile payments, for example. Among the factors driving innovation and creativity are: increasing demand from more sophisticated and better informed Chinese consumers; and increasing market competition, driven in part by liberalized economic policies.

CHINESE BRANDS NARROW THE GAP WITH MULTINATIONALS

Consumers increasingly see little difference between the local Chinese brands and multinational brands in China. More prosperous and sophisticated, Chinese consumers today choose brands based on the value offered rather than provenance. More Chinese brands are accepted not only because they may be well known, but also because consumers see them as meaningful and different in important ways.

BRANDS EXTEND TO NEW PRODUCTS AND CATEGORIES

Growth opportunities and competitive pressures in the evolving Chinese market are driving brands to enter new categories or new product lines within their current category. Some initiatives are similar to western brand extensions, while others are more specifically Chinese. Chinese are inclined to extend brands through overseas acquisition, for example, to move rapidly into the premium range.

MEDIA SPENDING GROWS AND MIX CHANGES

More varied media portfolios reflect growing brand competition and increasingly elaborate communication strategies. Total media spending doubled since 2009, and allocation of media investment shifted dramatically with the growth of Internet marketing. TV comprised less than half of media spending for the first time in 2014. Internet accounted for almost one-third of media spending.

Stock portfolios of the most valuable Chinese brands outperform market

Two portfolios of the BrandZ™ Most Valuable Chinese Brands 2015 significantly outperformed the MSCI China, a weighted index of Chinese stocks.

These results affirm (1) that valuable brands deliver superior returns; and (2) the investments brands make to build value by being meaningfully different are measurably rewarded in the stock market.

Over the 51 months between July 2010 and October 2014, the MSCI increased 4 percent. In contrast, the BrandZ™ China Top 100 Portfolio (all of the Top 100 Most Valuable Brands) appreciated 32 percent.

In addition, the BrandZ™ China Top Brands by Brand Contribution Portfolio grew almost 85 percent during the same period. This portfolio comprises brands with the highest brand contribution scores. Brand contribution is a measurement of brand strength, the influence of brand alone on earnings, with financial and other factors stripped away.

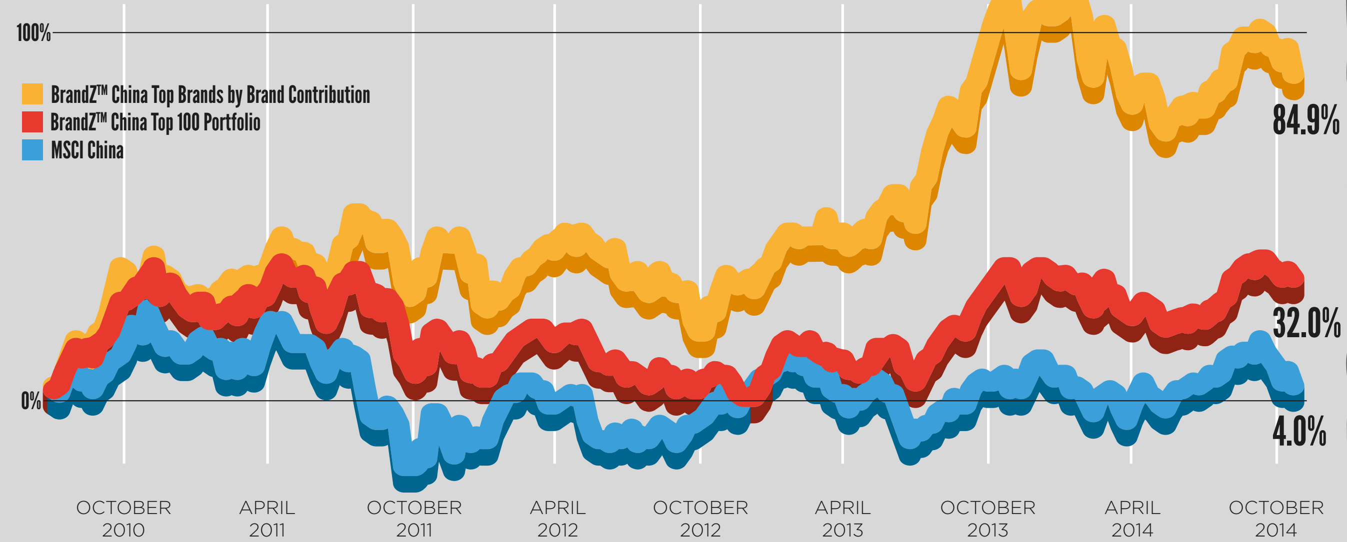
In concrete terms, $100 invested in the MSCI in July 2010 would be worth $104 today. That $100 invested in the BrandZ™ China Top 100 Portfolio would be worth $132. If invested in the BrandZ™ China Top Brands by Brand Contribution Portfolio, $100 would be worth $185.

This important relationship between brand value and strong returns is becoming even more critical in China as the country transitions to a more market-driven economy, brands become global competitors and investors expect results.

Valuable brands deliver superior shareholder returns

Two portfolios of the BrandZ™ Most Valuable Chinese Brands 2015 significantly outperformed the MSCI China, a weighted index of Chinese stocks.

Brand Z™ China Portfolios vs. MSCI China (July 2010 to October 2014)



Source: BrandZ™ / Millward Brown; Bloomberg

CHINESE CONSUMERS ARE CONNECTED ALL THE TIME, AND THEIR CONNECTION OF CHOICE IS MOBILE.

OVERVIEW | Market-Driven vs. SOE Brands

Market-driven brand value doubled, SOE value declined

The value of market-driven brands in the BrandZ™ Top 100 Most Valuable Chinese Brands increased 97 percent year-on-year, as China rebalanced and the government encouraged market competition.

The ecommerce giant Alibaba, whose IPO (Initial Public Offering) raised a record $25 billion, drove much of that brand value gain. Even without Alibaba, however, the value of market-driven brands rose 43.5 percent.

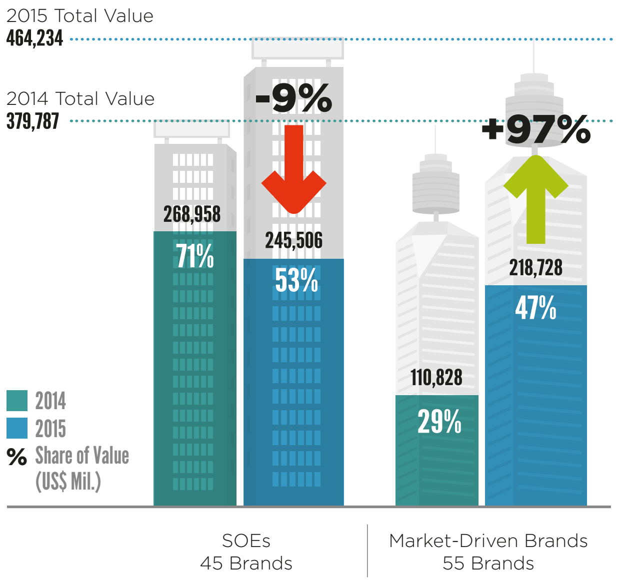
Meanwhile, the value of SOEs (State Owned Enterprises) declined 9 percent.

Market-driven brands now comprise 47 percent of the total value of the BrandZ™ China Top 100, up from 29 percent in 2014.

Market-driven brands rose 97% in value in 2015...

Market-driven brands almost doubled in value year-on-year, while the value of the SOEs (State Owned Enterprises) declined 9 percent.

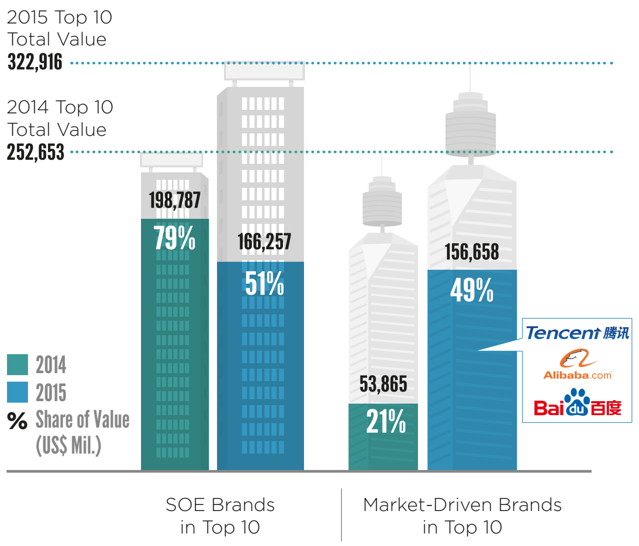
China Top 100 Brand Value by Ownership



... Market-driven brands comprise half the value of the Top 10...

Three market-driven technology brands – Tencent, Alibaba and Baidu – comprise almost half the value of the Top 10.

China Top 10 Brand Value by Ownership



Source: BrandZ™ / Millward Brown

The SOE proportion of the China Top 100 total value declined to 53 percent from 71 percent a year ago.

Similarly, three market-driven technology brands – Tencent, Alibaba and Baidu – comprise almost half the value of the Top 10. In the 2014 BrandZ™ China Top 100, market-driven brands made up only about one-fifth of the Top 10 brand value.

Because of the value growth of these three market-driven brands, 70 percent of the total brand value of the BrandZ™ China Top 100 2015 is concentrated in the Top 10, which increased 28 percent year-on-year. The Top 10 also includes seven SOEs.

In addition, the combined value of just these three market-driven brands – Tencent, Alibaba and Baidu – produced over one-third of the total value of the BrandZ™ Top 100 Most Valuable Chinese Brands 2015.

Although the debut of Alibaba in the BrandZ™ China Top 100 influenced the sharp year-on-year rise in market-driven brand value, the value of market-driven brands has increased steadily over the past five years, while SOE brand value has fluctuated.

Between 2011 and 2015, market-driven brands in the BrandZ™ Top 50 Most Valuable Chinese Brands appreciated 278 percent in value.

The brand value of SOEs grew just 6 percent.

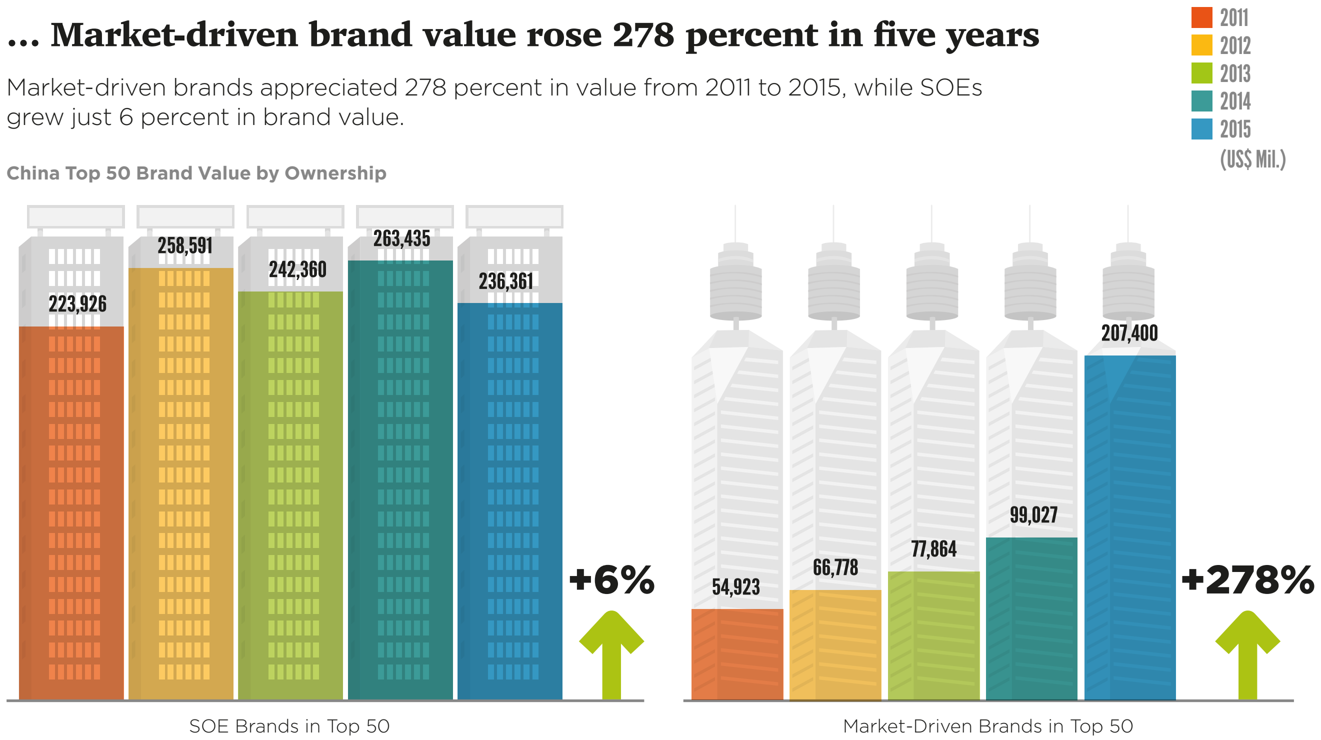
This disparity illustrates a global trend reshaping many national economies as some technology brands – social networks, device manufacturers, and software and network providers – become as valuable as large cap financial and industrial corporations.

The difference in China is that these large cap corporations are government owned or controlled. Within this ownership structure, SOEs increasingly recognize the imperative of effective brand building for sustained success in China's rapidly evolving economy.

... Market-driven brand value rose 278 percent in five years

Market-driven brands appreciated 278 percent in value from 2011 to 2015, while SOEs grew just 6 percent in brand value.

China Top 50 Brand Value by Ownership



Source: BrandZ™ / Millward Brown

OVERVIEW | Chinese vs. MNC Brands

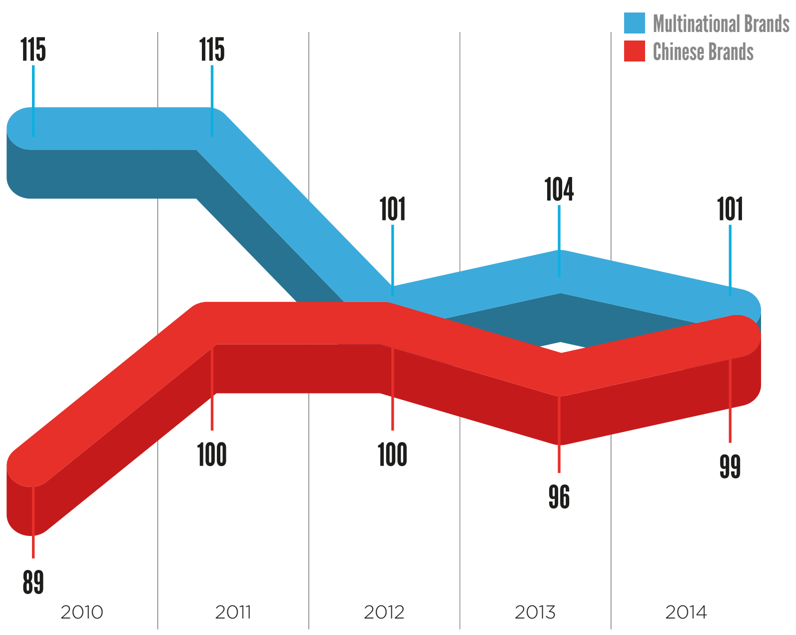
Chinese and multinationals now similar in brand power

Chinese brands have narrowed the gap. Consumers now see less difference between Chinese brands and multinationals, which are not always the default choice they were just a few years ago. Several factors drive this change:

- Chinese brands have improved in how they develop and execute marketing strategies. They increasingly use big data and analytics to understand consumers.
- Chinese brands integrate marketing and sales functions effectively. This collaborative approach leads to more rapid execution.
- Chinese consumers have changed. They increasingly see brand as a symbol of value and not simply a badge of status. This change results from greater sophistication, and also thriftiness as the economic growth rate slows.

Chinese and multinationals close in brand power...

Five years ago there was a 26-point spread between the brand power of Chinese and multinational brands as measured by the BrandZ™ Power Index. Today their scores are almost identical.



Source: BrandZ™ / Millward Brown

Five years ago, 26-points separated the lower brand power of Chinese brands from the multinational brands, as measured by the BrandZ™ Power Index. Today the scores are almost identical. The Power Index measures the potential volume share a brand could command based only on consumer perception of the brand.

In 2010, multinational brands achieved a Power Index score of 115 and Chinese brands scored 89. A score of 100 is average. In 2014, multinationals and Chinese brands were almost tied, scoring 101 and 99, respectively.

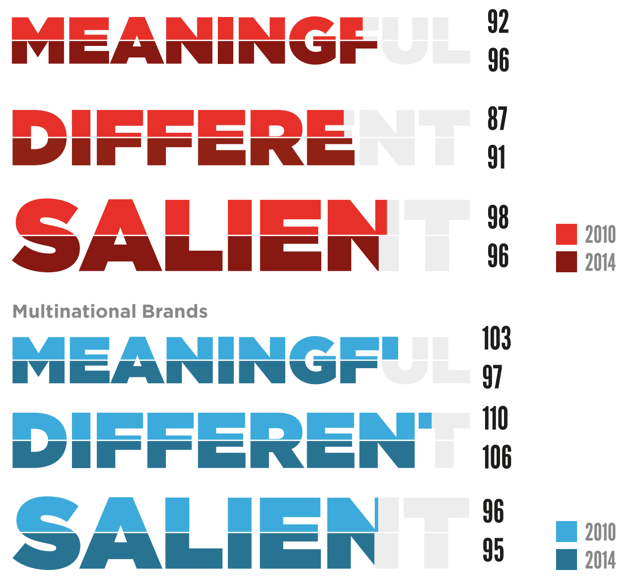
The BrandZ™ Power Index score increased over time for Chinese brands because they improved in being meaningful (meeting functional needs and forming an emotional bond) and remained consistently salient (being vibrant and coming to mind quickly), two of the three components of the Power Index.

Chinese brands improved slightly in a third component, being seen as different, but still lag the MNCs, which declined slightly in all three components. These results suggest that Chinese brands are making progress but do not match multinationals in the ability to stand out from the competition as being different and trend setting.

Closing this gap is critical because being differentiated is a key determinant of lasting brand value. It's necessary for competing successfully against foreign brands.

... But Chinese brands not seen as sufficiently different

Consumers view Chinese brands as meaningful (being relevant and meeting their needs) and salient (vibrant or coming to mind quickly), but not sufficiently different from other brands in the same category.



Source: BrandZ™ / Millward Brown

OVERVIEW | 5-Year Growth

Chinese brands outpaced global, Brazil and Latam in value growth

The BrandZ™ Top 100 Most Valuable Chinese Brands 2015 marks the fifth anniversary of the BrandZ™ China ranking.

During this dynamic period for the Chinese and global economies, China's most valuable brands increased steadily in value, outpacing the percentage gains of the global brand value leaders and the most valuable brands in Brazil and Latam.

Between 2011 and 2015, the BrandZ™ Top 50 Most Valuable Chinese Brands rose 59 percent in value.

Meanwhile, the BrandZ™ Brazil Top 50 fell 40 percent in value between 2011 and 2014, and the BrandZ™ Latam Top 50 grew just 3 percent in value between 2012 and 2014.

The BrandZ™ Top 50 Most Valuable Chinese Brands 2015 totaled $443.8 billion in brand value, significantly higher than the comparable BrandZ™ Top 50 totals for Latam, $129.2 billion; India, $69.6 billion; and Brazil, $45.9 billion.

The disparity in total brand value reflects the relative sizes of the respective national economies and the contrast in product categories that comprise the various BrandZ™ rankings.

Technology brands and banks drive around 44 percent of the total value in the BrandZ™ China Top 100 Most Valuable Brands 2015, with technology accounting for a 23 percent share and banks, 20.7 percent.

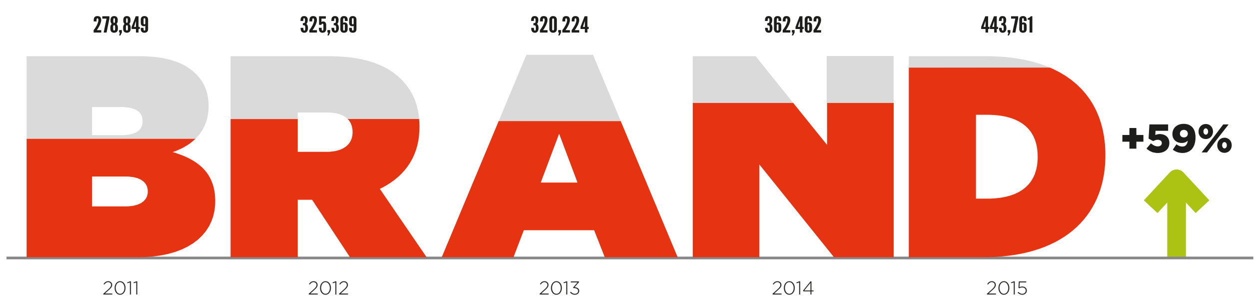
Technology brands make up 29 percent of the BrandZ™ Global 100 total brand value. In contrast, technology brands account for less than 1 percent of brand value in the Indian, Brazil or Latam rankings. Banks contribute a significant proportion of total brand value across the country economies.

Chinese brand value grew at the fastest pace...

The brand value of the BrandZ™ Top 50 Most Valuable Chinese Brands increased steadily over the past five years, outpacing even the BrandZ™ Most Valuable Global Brands in percentage growth.

China Top 50 Brand Value
(US$ Mil.)

2014 Global Top 100 brand value increase 41% vs. 2010
2014 Brazil Top 50 brand value decrease 40% vs. 2011
2014 Latam Top 50 brand value increase 3% vs. 2012

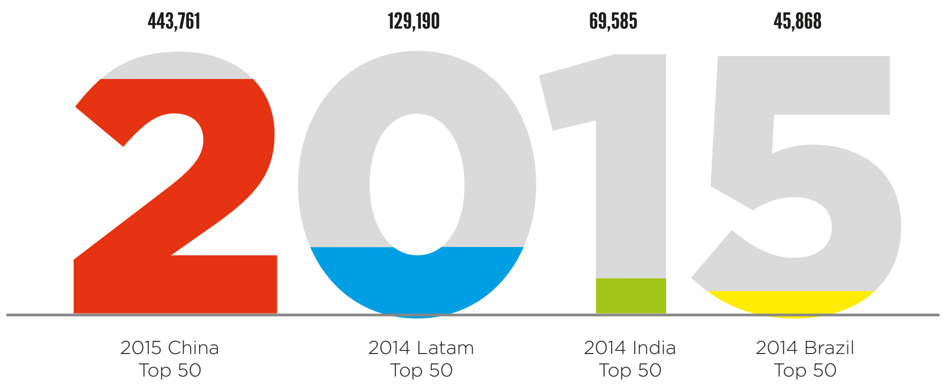


Source: BrandZ™ / Millward Brown

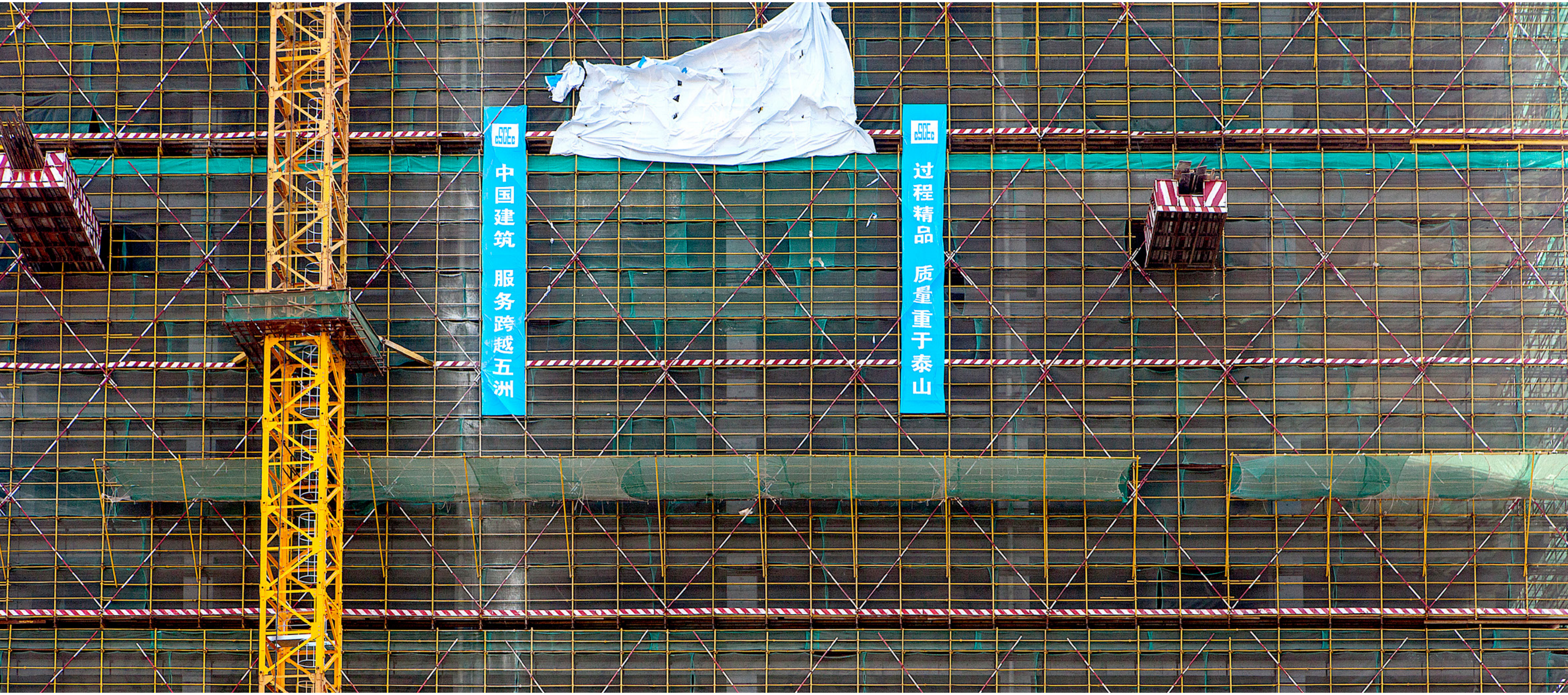
... And Chinese brands led fast-growing markets in total value

Chinese brands exceeded other fast-growing markets in total value, reflecting the sizes of the various economies and the product category composition of the respective rankings.

Top 50 Brand Value Across Rankings
(US$ Mil.)



Source: BrandZ™ / Millward Brown

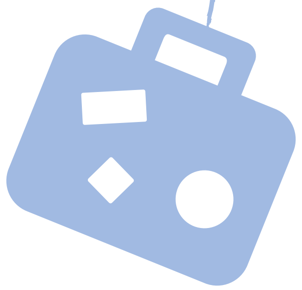


引文

AS TIGHT CREDIT SLOWS REAL ESTATE EXPANSION, DEVELOPERS SEEK NEW OPPORTUNITIES, EVEN OVERSEAS.

引文

HIGHLIGHTS | Cross Category Trends



Changing government policies and demographics drive trends

MOBILE

More brands interact on mobile devices

Mobile phone users totaled over 1.2 billion, 92.6 percent of China's population, at the end of August 2014, according to China's Ministry of Industry and Technology (MIIT).

And the China Internet Network Information Center (CNNIC) estimated that smart phone users would total 480 million in 2014.

In this connected country, brands rapidly increased their use of mobile to enhance product and services and communicate. Many brands developed mobile apps to interact with customers and some implemented mobile ad campaigns.

The travel brand Ctrip completed 80 percent of all transactions online or with mobile devices. Ctrip's mobile app has been downloaded over 200 million times. A provider of after-school tutoring services, Xueersi added physical locations, but online enrollment grew at a faster pace. Xueersi integrated its educational PC and mobile sites under the name Jia Zhang Bang, Helping Parent Community.

Most banks offered some form of mobile banking, and many included mobile payment. Mobile transactions increased 126 percent, for the first half of 2014, at Bank of Communications. China Everbright Bank's mobile initiatives included mobile banking and banking on WeChat, the social networking site. The total number of mobile login times in the first half of 2014 reached almost 274 million for China Merchants Bank, a year-on-year increase of over 182 percent.

O2O

Brands integrate physical and ecommerce presence

As brands expanded their ecommerce operations, they worked to integrate their O2O, online-to-offline, presence. The BAT brands – the search engine Baidu; Alibaba, the ecommerce giant; and Internet portal Tencent – drove much of this activity as they transitioned from their core businesses into integrated ecosystems to be constantly engaged with customers.

One of China's earliest car brands, and known for its popular Haval SUV model, Great Wall launched Haval Mall, an online car-purchasing site. Suning advanced plans to strengthen its core appliance business with its physical stores while opening its online platform to more third-party collaboration.

New Oriental established an online education joint venture with Tencent. The venture potentially helps New Oriental reach a wider audience and integrate its physical classrooms with an expanded online offering. Insurer Ping An continued to integrate its online, mobile and traditional channels to create a seamless customer experience. All products are branded Ping An.

The food company Sanquan launched a new click and collect business called Sanquan Fresh, which integrates online ordering and offline delivery. Tong Ren Tang, the Chinese traditional medicine brand, launched an online medicine store selling Tong Ren Tang over-the-counter medicines and cosmetics.

Online grocer Yihaodian strengthened its distribution capabilities, placing package pick-up locations in major apartment developments and at over 300 FamilyMart stores in Shanghai. Reservations made on the Jin Jiang hotel website increased 86 percent during the first half of 2014. Jin Jiang also launched email direct marketing and an English language app.

MEDIA

Digital reshapes brand communication

Brands organized their media around the rapid rise of digital, the increased amount of time consumers spend online, particularly with mobile devices, and the dynamic integration of online and offline consumer behavior.

Chinese multiscreen users looked at a screen almost eight hours daily, with two-thirds of this time divided about evenly between smartphones and laptops. TV watching occupied about an hour-and-a-half daily, and tablets about an hour. Internet accounted for almost one-third of media spending in 2014. And TV comprised less than half of media spending for the first time.

As TV viewing declined, brands sought ways to use TV more strategically. Several brands advertised around popular reality shows. CR Sanjiu sponsored the first season of one of China's popular reality shows, "Where are we going daddy?" The high-profile sponsorship was part of a larger focus on brand building in the competitive pharmaceutical category.

HIGHLIGHTS | Cross Category Trends

PREMIUMIZATION

Prosperity influences new products and services

To meet the desires of newly prosperous consumers, brands across more categories introduced premium products or services. Chinese consumers believe that top Chinese brands can justify a premium, according to the BrandZ™ Premium metric, which assesses how consumers view the ability of a brand to charge more.

The premiumization trend was especially evident in the airlines category. Air China upgraded service for high-paying passengers as part of an effort to distinguish the brand from competitors. China Southern Airlines also upgraded service for premium passengers. Hainan Airlines introduced free private limo service for business class passengers in Seattle, Chicago and Boston.

In part to reassure customers about the safety of its dairy products, Yashili promoted what it called ultra high-end imported milk products. Agricultural Bank of China, traditionally more focused on rural customers, was among the many banks creating wealth management products for affluent city dwellers. A leading cookware manufacturer, Supor recently built facilities for producing stainless steel and ceramic faucets, as part of a plan to become a supplier of premium bathroom fixtures.

The shift to the premium end of the market could help Chinese brands improve in the one component of brand equity in which they continue to lag – being seen as meaningfully different from the competition. But brands made progress.

In a related and parallel strategy to provide value-added services, appliance maker TCL entered joint ventures to create home entertainment devices and content. Appliance makers, such as Haier, shifted away from competing on price to marketing the product advantages of smart appliances. Several beers, including Snow Beer and Tsingtao Beer, promoted premium labels.

BIG DATA AND ANALYTICS

Brands seek consumer insight in market-driven economy

To enhance growth as the China's economic engine shifts from production to consumption, brands sought consumer behavior insights by collecting and analyzing big data.

Major Internet brands, such as Tencent and Baidu, gathered enormous amounts of user data to understand their customers, improve existing products and services and develop new ones. These Internet leaders also make data available to brand partners with which they work collaboratively to develop new offerings across categories.

Baidu opened a research center in Silicon Valley, in May 2014, and appointed a former Google head of Deep Learning as chief scientist. Deep Learning is the ability of machines to replicate the processes of the human brain, which is relevant for big data analytics.

Many brands individually have become more active collecting and analyzing data. With the launch of its mobile myStore app for shopping, Yonghui Superstores began to gather shopper data that it will integrate with the rest of its resource and logistical planning. The food and dairy brand Yashili introduced a membership program designed to learn more about customer needs, build loyalty and embrace shopper marketing. Around 400,000 consumers had joined the program by the end of June 2014.

The China Lodging Group, owner of the Hanting brand, operated 1,669 hotels in 270 cities at end of the first half of 2014, and over 90 percent of the bookings came from the company's 20 million loyalty program members. Gemdale Property studied customer desires and market trends and created home designs based on that research. China Unicom, the telecom provider, tracked the online behavior of new 3G customers to understand their habits and usage and supply customized products and services.

CONSOLIDATION

Category rationalization follows rapid growth

As the Chinese economy rebalances to the "new normal" after 30 years of intense economic expansion, some categories are experiencing a period of rationalization, driven in part by regulatory change aimed at fostering greater competition.

Until recently, for example, government urbanization policy drove intense real estate development. Real estate growth has slowed because of higher interest rates intended to moderate demand, reduce development and limit excess inventory. Greentown China planned to sell a minority stake of about 24 percent to Sunac China, a real estate developer that, like Greentown, is focused on up-scale projects. Wharf Holdings, another developer, purchased around 24 percent of Greentown in 2012.

As the food and dairy category consolidates, brands gain the scale necessary for facing global competitors. Mengniu acquired a stake in China Shengmu Organic Milk Ltd. It also entered into a joint venture with WhiteWave Foods, a US company, to operate Yashili, the Chinese food and dairy brand that Mengniu purchased in 2013.

Consolidation is also occurring in apparel, as a category with too many stores responds to a slowdown in demand and an increase in foreign competitors offering a value proposition that appeals to today's more informed Chinese consumer. Similarly, alcohol brands are adjusting to new market conditions because government restrictions on elaborate official entertaining and gift giving impact consumption.

AGING

New products aim at older citizens

China is an aging society. The median age in China is almost 10 years older than the median age in India, 36.7 compared with 27.0. Brands in several categories are beginning to respond to this demographic reality. In banking, China Everbright Bank offered more pension products. Health Care brand CR Sanjiu planned to introduce more over-the-counter remedies. Real estate developers planned retirement communities. Insurance brands offered wealth management products.

HIGHLIGHTS | Take Aways

12 insights for building valuable brands in China

要点

DEFINE CLEAR BRAND BUILDING PRACTICES

DEVELOP MEANINGFULLY DIFFERENT BRANDS

1 Chinese consumers now perceive many Chinese and multinational brands in China as almost comparable in the three BrandZ™ aspects of brand equity, the consumer predisposition to choose one brand over another. Consumers see Chinese brands as salient (coming quickly to mind) and meaningful (having affinity and meeting needs). But consumers see Chinese brands as less different (unique and trend setting). Chinese brands need to become more meaningfully different, which is the essential ingredient for increasing brand value.

INNOVATE AND CREATE

2 Brand China, the summary perception of Chinese brands, no longer suggests only inexpensive merchandise of questionable quality. Youth outside of China already associate Chinese products with innovation. Chinese brands have an opportunity to combine their reputation for affordability with innovation and creativity, a competitive value-for-money proposition.

BUILD TRUST

3 Lack of consumer trust is a worldwide issue that cuts across categories. The erosion of trust has stabilized in China. The rebound of trust is now up to brands. Chinese consumers place high importance on trust. They want products made with quality and safe raw materials and concern for the environment. Brands that build and sustain trust will accrue an enduring competitive advantage.

ADVANCE THE CHINESE DREAM

4 The Chinese Dream is about building a more equitable and prosperous modern nation that draws strength and from its 5,000-year-old civilization. Chinese and multinationals can advance this dream with products and services that help individuals live healthier and more comfortable lives. Serving the Chinese Dream strengthens a brand by linking its mission with national and individual aspirations. This is a high level mission that companies need to pursue holistically, aligning all departments – not only the marketing and brand teams – behind its fulfillment.

DIGITIZE BRAND BUILDING TOOLS

ANALYZE, STRATEGIZE AND EXECUTE – QUICKLY

5 As the key driver of China's economy shifts from production to consumption, it's not possible to succeed without understanding consumers in depth. Big data and analytics will yield important insights that require rapid execution. And rapid is the operative word. In the west, analyze, strategize and execute describes a linear process. In China, these functions often happen simultaneously, and on the run.

DIGITIZE PRODUCTS AND SERVICES

6 Brands need to digitize their products and services. It's a necessary step for meeting consumer expectations for product and service functionality and for effectively communicating with consumers. Digitization crosses all categories, from the smart products in the home appliances and technology categories to the Internet finance products and services, which are found primarily in the banks, technology and the telecom provider categories.

ENGAGE CONSUMERS O2O

7 Seamless online-to-offline consumer experience is a prerequisite of brand success. Consumers are mobile, ecommerce is sophisticated, and Internet players are competing to build the most useful ecosystems. Regardless of category – from alcohol to banking to retail – brands need to provide well-executed O2O programs that engage consumers conveniently and efficiently all the time.

ALIGN DIGITAL MEDIA WITH CHANGING CONSUMER HABITS

8 Chinese are watching mobile devices not just when they're out and about, but also at home. Multiscreen users are online about eight hours a day. Two-thirds of that time is divided roughly between smartphones and laptops. TV occupies about an hour-and-a-half. For the first time, TV comprises less than 50 percent of media budgets. Internet makes up about one-third. Brands need to devise media plans that match where the consumer is paying attention.

HIGHLIGHTS | Take Aways

要点

EXPAND BRAND BUILDING INITIATIVES

9

EXTEND BRANDS

As the Chinese market matures, brands face the opportunity – and sometimes the necessity – to add new lines or enter new categories. Whether taking this action proactively or in response to encroaching competition, Chinese brands have the ability to act nimbly in ways relevant to their consumers, and they should.

10

PURSUE PREMIUMIZATION

Premium is no longer the exclusive realm of luxury brands. As Chinese consumers become more prosperous and discriminating, there's a segment of the market that is prepared to pay for products of greater perceived quality and difference. Meeting the needs of these consumers holds the potential for more sales and higher profit margins.

11

GO GLOBAL

For decades consumers have purchased products made in China and branded in the West. Chinese brands increasingly are earning recognition and profit for the brands they create. The publicity surrounding the Alibaba IPO (Initial Public Offering) widened the window of opportunity. Alibaba's fame can help raise the profile of other Chinese brands, when they need to firmly establish themselves in overseas markets.

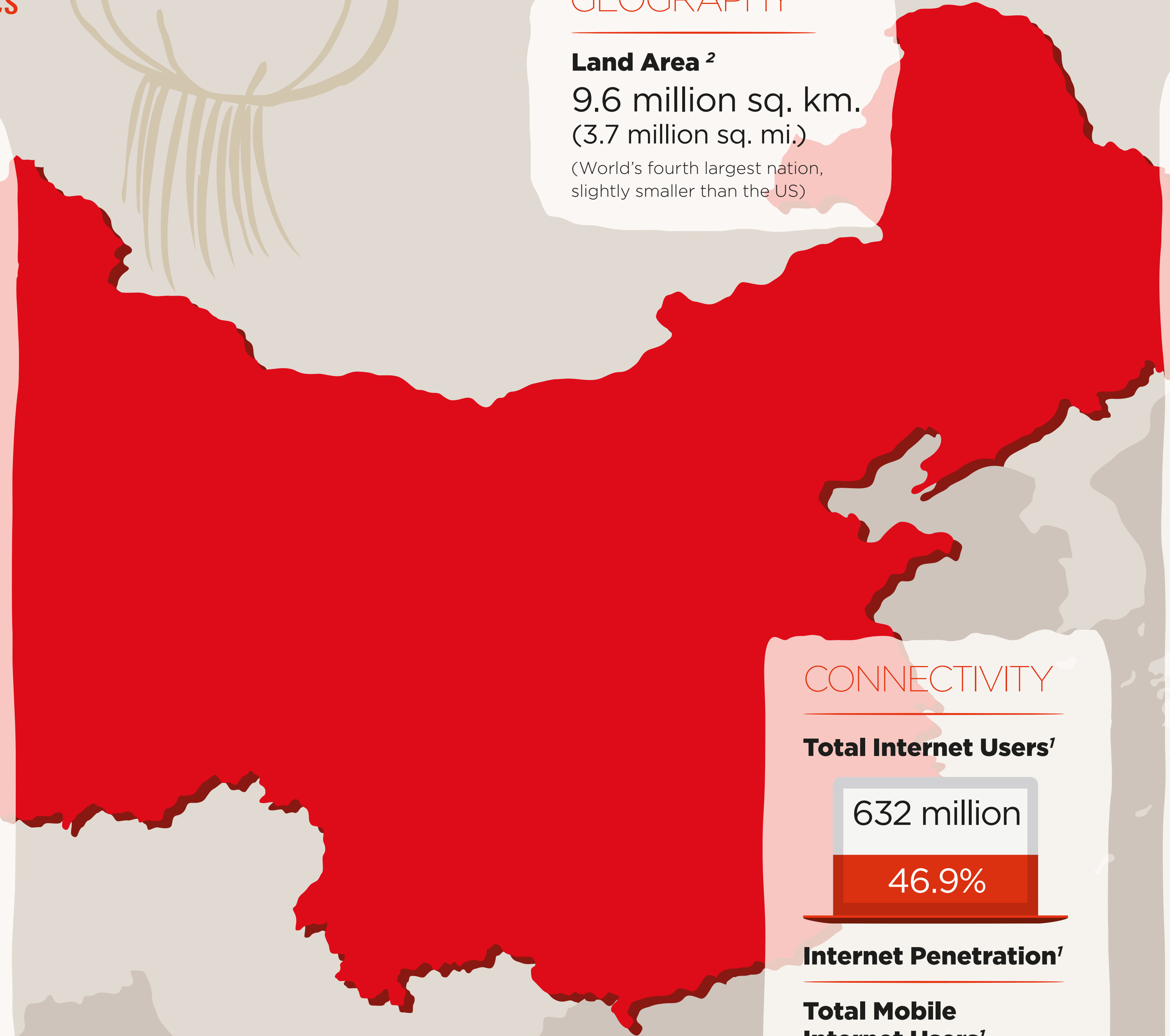
12

COLLABORATE

The rules of engagement are changing for all types of brands: SOEs (State Owned Enterprise), MNCs (Multinational Corporations), and market-driven brands. The more market-driven economy and open policy forces SOEs to be consumer-responsive. MNCs are learning when to partner with Chinese brands to more rapidly penetrate China and when to retain the multinational brand name for its premium appeal. Meanwhile, market-driven Chinese brands across most categories, and especially in technology and retail, are among the world's most valuable brands. Being a strong competitor in China's changing economy sometimes means being strong enough to collaborate, when working together, rather than acting alone, creates a superior product or service.

THE CHINESE DREAM ENVISIONS A PROSPEROUS MODERN NATION INFORMED BY THE TEACHINGS OF A 5,000-YEAR-OLD CIVILIZATION.

BACKGROUND | Economy and Demographics



ECONOMY

GDP

US$ 9.2 Trillion

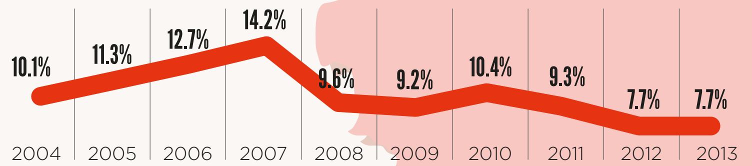
(Just over half the US GDP and three times larger than Japan's)

GDP Per Capita

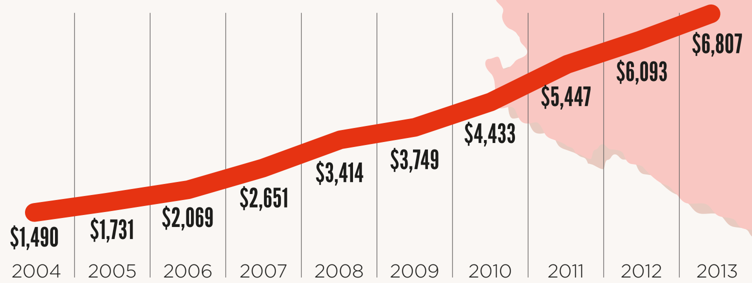
US$ 6,807

(Around the same as Iraq)

GDP Rate of Growth



GDP Per Capita Growth



Gross National Saving²

(2013 - saving as a percent of GDP)

China	India	EU	Brazil	US
50%	33.7%	19.2%	14.8%	13.5%

Foreign Direct Investment (2013)

China	US	Brazil	Russia
$347.8 Billion	$235.9 Billion	$80.8 Billion	$70.7 Billion

Exports²

US$ 2.2 Trillion

(Number one worldwide, followed by the EU and the US)

GEOGRAPHY

Land Area ²

9.6 million sq. km.

(3.7 million sq. mi.)

(World's fourth largest nation, slightly smaller than the US)

CONNECTIVITY

Total Internet Users¹

632 million

46.9%

Internet Penetration¹

Total Mobile Internet Users¹

527 million

Total Smart Phone Users¹

480 million

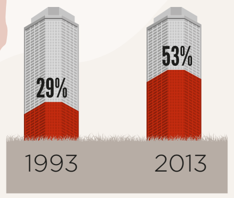
POPULATION

Total Population

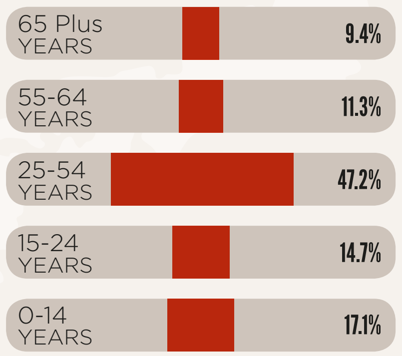
1.35 billion

Urban Population

(percentage of total population)



Population by Age ²



Median Age ²

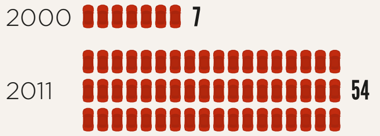
(2014 estimate)

36.7yrs 30.7yrs 27yrs

37.6yrs 38.7yrs 40.4yrs

Passenger Cars

(per 1,000 people)



Figures are from the World Bank for 2013 and pertain to Mainland China unless otherwise noted

¹China Internet Network Information Center (CNNIC) as of June 2014

²CIA World Fact Book 2014 estimate

BACKGROUND | Media Spending

Digital gains growing share of expanding media investment

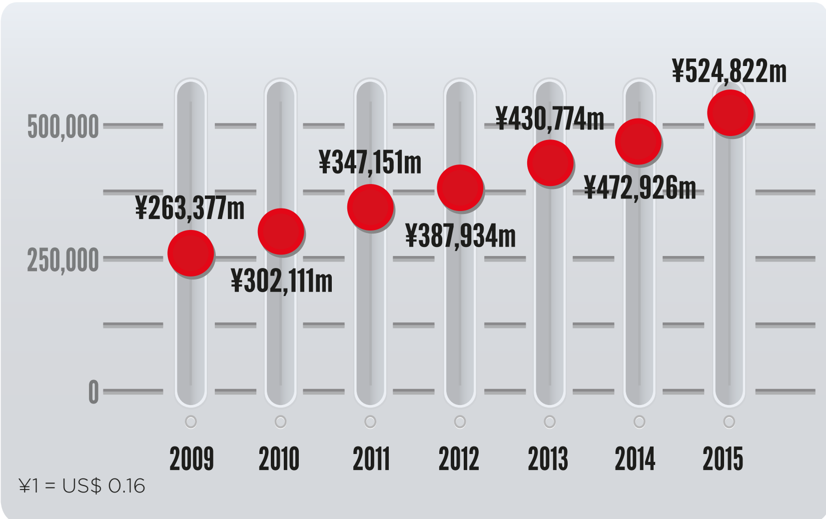
Total media spending is expected to reach ¥524.8 billion ($85.7 billion) in 2015, double the level of 2009, and allocation of media investment has shifted dramatically with the growth of Internet marketing.

TV will comprise less than half of media spending for the first time in 2014. Internet will account for almost one-third of media spending. Spending on outdoor, print and radio together will total about one-fifth of media spending and growth is flat or declining.

Internet, which totaled only ¥20.7 billion ($3.4 billion), 8 percent of media spending, in 2009, is expected to grow sixfold to ¥148.3 billion ($24.3 billion) in 2014, reaching a 31 percent share of media spending.

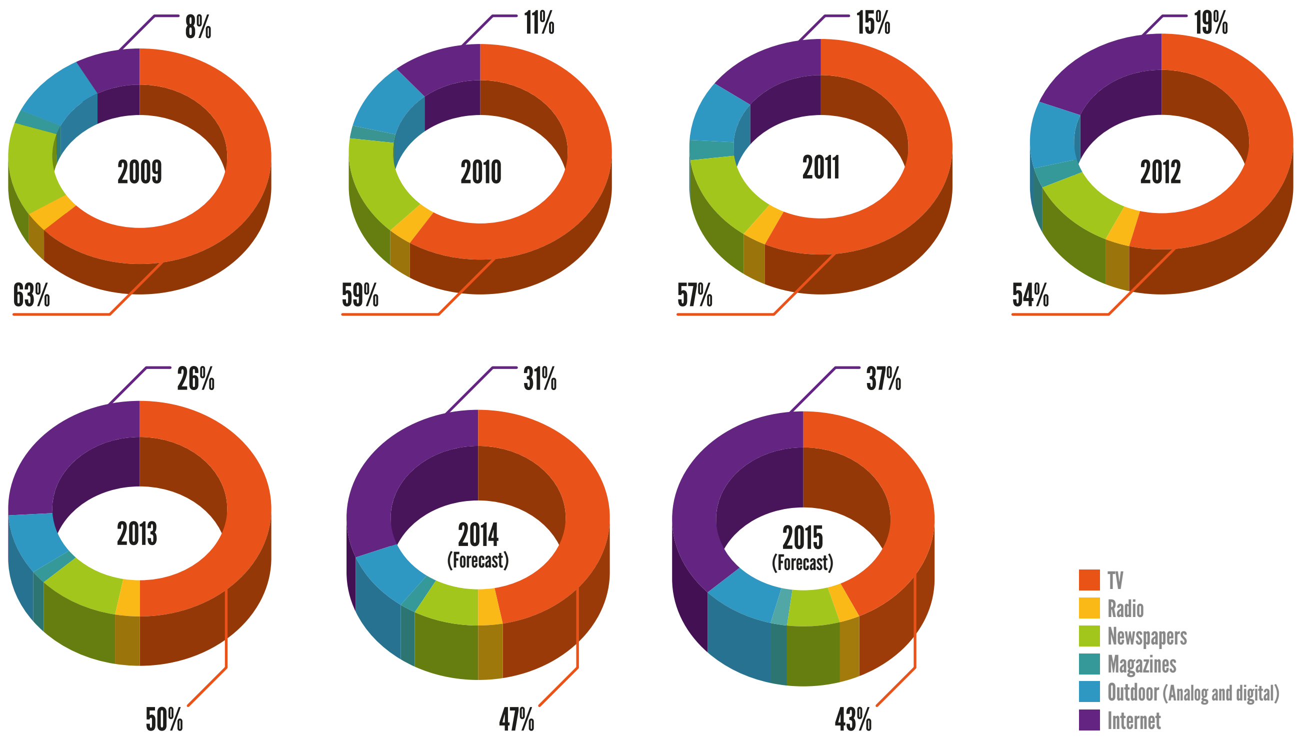
Total media spending is expanding rapidly...

Total media spending is expected to reach ¥524.8 billion ($85.7 billion) in 2015, double the level of 2009.



... TV spending will fall below 50% for the first time...

TV will fall below half of total media spending for the first time in 2014. Internet will account for almost one-third of media spending.



Source: GroupM "This Year Next Year: China Media Forecasts" 2014

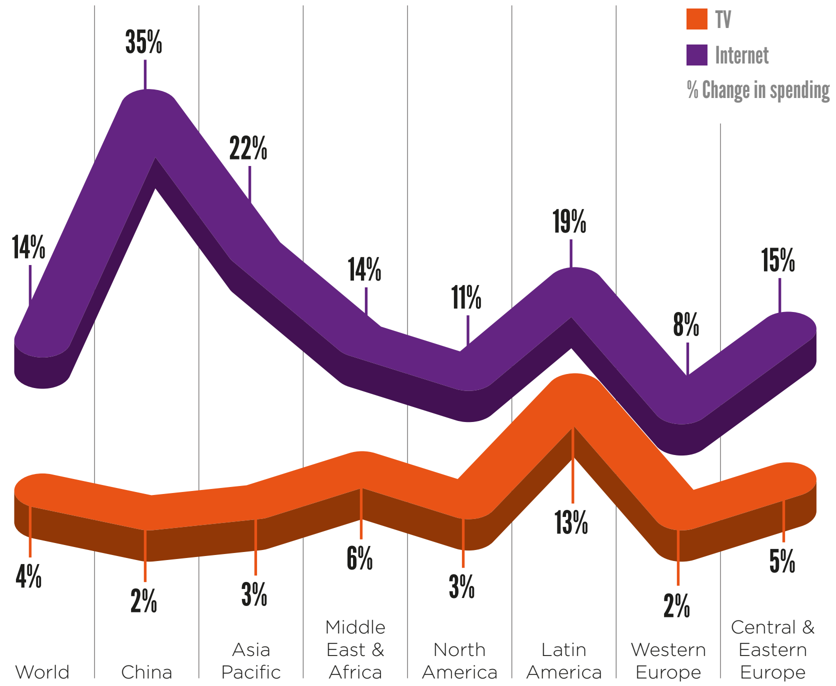
BACKGROUND | Media Spending

In contrast, TV spending increased only by about one-third, from ¥165.5 billion ($27.1 billion) to ¥221.2 billion ($36.2 billion), during the same period, and TV's media spending share declined from 63 percent to 47 percent.

This evolution brings TV spending in China into rough alignment with average TV spending worldwide. The growth rate for TV spending, low in most regions of the world, is lowest in China and Western Europe, at 2 percent.

TV spending pace is lowest in China and Internet is highest...

The growth rate for TV spending, low in most regions of the world, is lowest in China and Western Europe, at 2 percent. In 2014, Internet spending in China is expected to grow 35 percent, compared with a world average of only 14 percent.



Source: GroupM "This Year Next Year: China Media Forecasts" 2014

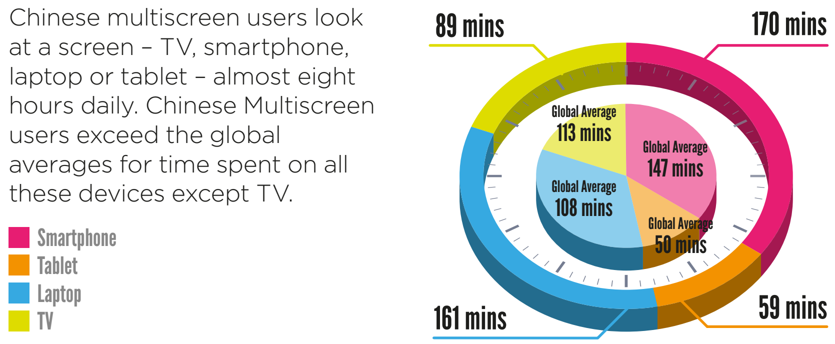
Meanwhile, spending on Internet advertising is growing more rapidly in China than in other country markets worldwide. In 2014, Internet spending in China was expected to grow 35 percent, compared with 8 percent in Western Europe and a world average of just 14 percent.

The shift in spending reflects the changes in how Chinese consume media. Multiscreen users look at a screen almost eight hours daily. Two-thirds of this time is divided roughly evenly between smartphones and laptops. TV watching occupies about an hour-and-a-half and tablets about an hour.

Chinese multiscreen users exceed the world averages for time spent on all these devices except TV. And at any time during the day, Chinese consumers are more likely to be using their smart phone than any other digital device.

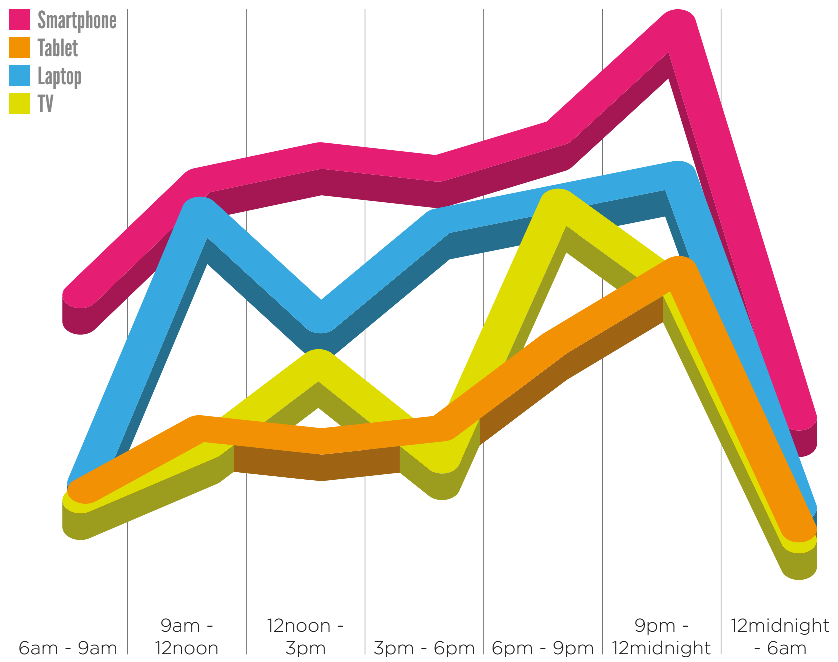
... Multiscreen users are viewing all day...

Chinese multiscreen users look at a screen – TV, smartphone, laptop or tablet – almost eight hours daily. Chinese Multiscreen users exceed the global averages for time spent on all these devices except TV.



... Users most often are on their smartphones

Throughout the day, Chinese multiscreen users are most likely to be on their smartphones than any other device, although laptops are popular, too.



Source: Millward Brown 2014 AdReaction China Report

O2O IS A KEY FORMULA FOR RETAIL SUCCESS AS ONLINE TIME DRIVES OFFLINE SALES.

MARKET DYNAMICS | Brand Extension

Quest for growth in evolving market drives brand extension initiatives

Brand extension is becoming more prevalent in China as the market and consumers evolve and brands seek growth by entering new categories (category extension) or new product lines within their current category (line extension).

Like in other parts of the world, Chinese companies sometimes extend brands proactively, driven by opportunity, retailer requirements or new leadership and vision. Other times brand extension happens reactively, when a brand, or more frequently an entire category, is under pressure, and brand extension becomes a survival strategy.

But regardless of motivation – proactive or reactive – Chinese brands tend to move quickly and are inclined to take risks. Execution can be particularly Chinese in a variety of ways such as these:

- Until the recent rise of China's middle class, some categories were relatively open – hotels or real estate, for example. In categories like these, brands extend organically to fill open space. In contrast, western brand extension often happens when brands look for space in crowded categories.
- Chinese brands extend brands defensively. Chinese companies sometimes buy into growth categories outside their core business, with the assumption that profit will happen over time. To preempt this activity, brands extend into related categories before new competition arrives.
- Chinese are inclined to extend brands through overseas acquisition. This approach often enables Chinese brands to move rapidly into the premium range.

The technology and ecommerce companies generally extend their brands as part of a strategic vision. These brands follow the changing needs of their customers and other consumers. And some brands, like Tencent with its introduction of WeChat, combine this desire to serve customers with ambition to become a megabrand.

Instances of brand extension appear throughout the brand profiles that appear in Part 3 of this report. Here are a few examples:

CATEGORY EXTENSION

Apparel In acquiring major stakes in children's education companies, Semir strategically broadened its mission from being a marketer of children's wear to becoming a one-stop provider of children's clothing along with education, entertainment and other services.

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Health Care In its ongoing initiatives to make a traditional Chinese medicine brand established over a century ago more contemporary and relevant, Yunnan Baiyao acquired the feminine care brand Qing Yi Tang, in 2014, and continued to extend into cosmeceuticals. Tong Ren Tang, an even older traditional Chinese medicine brand, dating from 1669, also has entered cosmeceuticals.

Oil and Gas With over 30,000 gas stations, the most of any Chinese brand, Sinopec leveraged its retail location strength by launching a bottled water brand available in its convenience stores, and making the stores a drop-off and pick-up site for SF-Express, the logistics company.

Technology The online video website Letv moved from content provider to device producer with the introduction of a low-price smart TV. In part to distribute its TVs, Letv launched an ecommerce site, shop.letv.com.

LINE EXTENSION

Apparel Faced with the continuing weakness of the apparel category, Anta, an adult sportswear brand, entered the growing children's wear business and promoted the move by holding children's Olympics.

Alcohol With consumption pressured by government restrictions against lavish entertainment, baijiu brands sought new ways to sustain sales. Yanghe introduced a wine formulated to have healthy properties.

Furniture Known as a maker and marketer of bedroom wardrobes, Suofeiya entered a joint venture with the French brand SALM as part of a strategy to expand the Suofeiya product line to include a wide range of storage furniture, such as wine cabinets and bookcases.

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Food and Dairy With the acquisition of Yashili and collaboration with Arla, Mengniu extended its liquid milk business into milk powder products.

Banks Seeing an opportunity to serve China's aging population, China Everbright Bank introduced pension products.

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MARKET DYNAMICS | Innovation

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Technology and retail brands lead in innovation, creativity

Technology and retail – categories comprised primarily of market-driven brands – produce the brands that Chinese consumers view as most innovative and creative.

Among the factors driving innovation and creativity are: increasing demand from more sophisticated and better informed Chinese consumers; and increasing market competition, driven in part by liberalized economic policies.

Innovation is especially apparent in the intersection of technology and retail, in ecommerce and in mobile payments, for example, where Chinese brands collaborate to create seamless online and offline experiences and apps that move a lot of daily activity, such as banking, from physical locations to smartphones.

Chinese consumers describe Chinese technology brands and retail ecommerce brands as creative, not a characteristic they normally associate with Chinese brands, which they're more likely to label wise or straightforward.

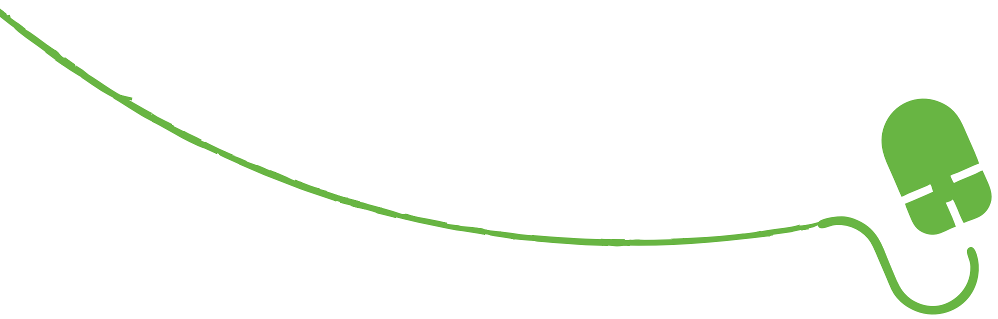
Creativity adds a dimension that enables Chinese technology brands to compare favorably in brand value with global brand leaders. Tencent is number five – after Google, Apple, IBM and Microsoft – among the technology category brands ranked in the BrandZ™ Top 100 Most Valuable Global Brands 2014. Baidu, the China's search leader, is number eight, just after Facebook and before Samsung.

Chinese consumers see technology brands as creative...

Chinese consumers consider China's technology brands and retail ecommerce brands creative, not a characteristic they normally associate with Chinese brands.

Rank	All Brands in China Top 100	Technology Brands in China Top 100
1	Wise	Wise
2	Trustworthy	**CREATIVE**
3	Straightforward	Trustworthy
4	Assertive	Kind
5	Friendly	Straightforward

Source: BrandZ™ / Millward Brown



... Chinese brands rank with global technology leaders...

Tencent is number five – after Google, Apple, IBM and Microsoft – among the technology category brands ranked in the BrandZ™ Top 100 Most Valuable Global Brands. Baidu, China's search leader, is number eight, just after Facebook and before Samsung. BrandZ™ ranks Alibaba and Amazon in the retail category.

	Brand	Brand Value ($ Mil.)	Brand Value Change 2014 vs. 2013
1	Google	158,843	+40%
2	Apple	147,880	-20%
3	IBM	107,541	-4%
4	Microsoft	90,185	+29%
5	**Tencent 腾讯**	**53,615**	**+97%**
6	SAP	36,390	+6%
7	facebook	35,740	+68%
8	**Baidu 百度**	**29,768**	**+46%**
9	SAMSUNG	25,892	+21%
10	ORACLE	20,913	+4%

Source: BrandZ™ / Millward Brown
Brand values from the BrandZ™ Top 100 Most Valuable Global Brands 2014
Tencent and Baidu brand values increased in the BrandZ™ Top 100 Most Valuable Chinese Brands 2015

MARKET DYNAMICS | Innovation

During the past few years, the brand value of Tencent has grown at a faster rate than the brand value of Facebook, to which it's often compared. Between 2014 and 2011, when Tencent first appeared in the BrandZ™ Global Top 100, its brand value appreciated 254 percent to $53.6 billion. During the same period, Facebook increased 87 percent in brand value to $35.7 billion.

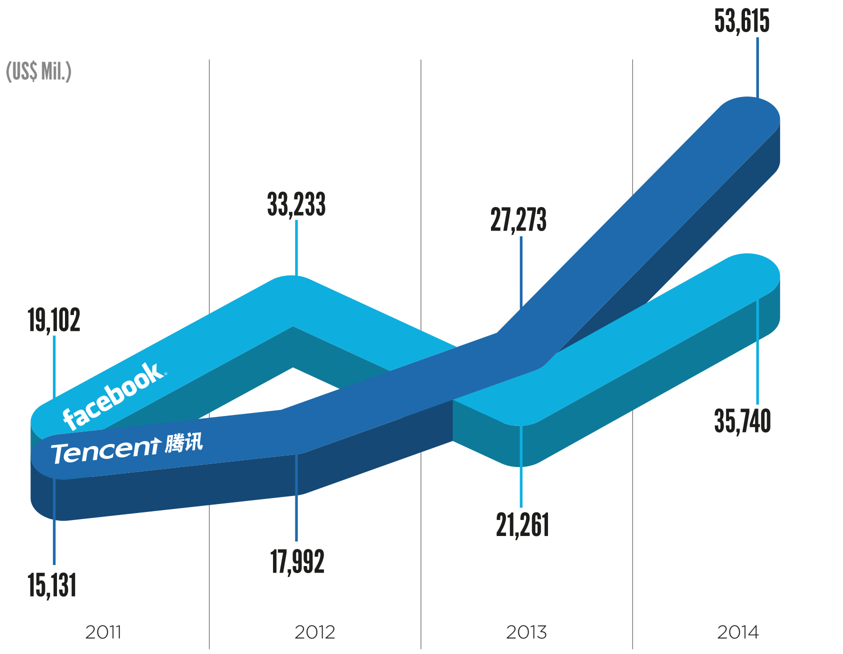
BrandZ™ ranks Alibaba and Amazon in the retail category. With its recent IPO (Initial Public Offering), Alibaba is approaching a brand value that took Amazon over a decade to achieve. Alibaba reached a brand value of $59.7 billion in the BrandZ™ Top 100 Most Valuable China Brands 2015, compared with Amazon's $64.3 billion brand value in the BrandZ™ Global Top 100 2014.

Alibaba also improved its score in the three BrandZ™ components of brand equity: meaningful (meeting functional and emotional needs), different (being seen as unique) and salient (coming easily to mind as a vibrant brand). Brand equity is the inherent power of the brand that predisposes a consumer to choose it.

Most important, Alibaba is seen as meaningfully different from the competition, a competitive edge that Chinese brands often lack. Tencent also scored high on these three BrandZ™ components of brand equity.

... Tencent outpaces Facebook in brand value growth...

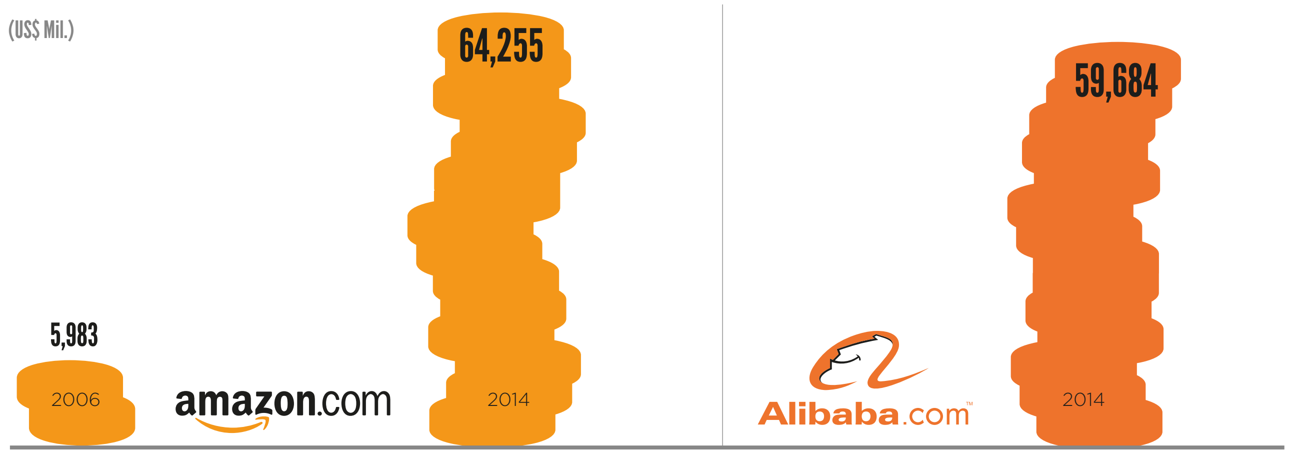
Often compared with Facebook, Tencent brand value has grown at a faster rate during the past several years.



Source: BrandZ™ / Millward Brown
Brand values from the BrandZ™ Top 100 Most Valuable Global Brands 2014

... Alibaba and Amazon are comparable in brand value...

With its recent IPO (Initial Public Offering), Alibaba is approaching a brand valuation that took Amazon over a decade to achieve.



Source: BrandZ™ / Millward Brown
Alibaba value from the BrandZ™ Top 100 Most Valuable Chinese Brands 2015.
Amazon value from the BrandZ™ Top 100 Most Valuable global Brands 2014.

... Alibaba and Tencent score high in the components of brand equity

Alibaba significantly improved its score in components of brand equity where Chinese brands typically lag, which is being seen by consumers as meaningfully different from the competition.

Tencent also scored high on the three BrandZ™ components of brand equity, especially improving its score in being seen as different.

Source: BrandZ™ / Millward Brown
100 = The average score on the brand equity components: meaningful, salient and different

ALIBABA GRABBED THE WORLD'S ATTENTION WITH ITS IPO, BUT MANY OTHER CHINESE BRANDS HAVE GLOBAL AMBITION AND ABILITY.

MARKET DYNAMICS | Digitization

Across categories Chinese brands leapfrog into digital universe

Chinese brands are digitizing rapidly, sometimes leapfrogging brands in developed markets, as digitization rapidly transforms businesses across categories in all regions of the world.

Three billion people, around 40 percent of the earth's population, are expected to be Internet connected by the end of 2014, according to the International Telecommunications Union (ITU), a UN agency. Internet use is highest in Europe, at 75 percent of the population.

Internet use in China more than doubled in five years, reaching 46.9 percent of the population, 632 million people, in 2014, according to the China Internet Network Information Center (CNNIC). The number of mobile Internet users reached 527 million and, for the first time, mobile surpassed PC as the access point to the Internet.

Digitization enables companies to gather and analyzed more data, distill insights, and share information rapidly, coordinating all functions from production, through supply chain, ecommerce, payment and customer communication. With digitization brands from any developed or fast growing country market can become more nimble and responsive.

A CHINESE ADVANTAGE

Because China's economy expanded rapidly in just the past 35 years, many companies can adopt digitization rather than adapt earlier analog technology. Adaptation is a slower process. It involves both renouncing the past and embracing the new, shifting inventory processing from paper pads to digital tablets, for example. Adoption is essentially one step, and it's a step at which Chinese companies excel for several reasons:

- Because Chinese consumers have embraced digital and mobile, Chinese brands have a lot to lose if they don't fulfill consumer desire.
- Because of the rapid pace of change in China, the Chinese leadership mindset has a bias to act quickly out of a fear of being left behind.
- Because Chinese companies are disposed to work collaboratively, they're able to recruit and coordinate diverse talent and technology expertise.

How Chinese brands are digitizing varies by category and brand, but digitization is present throughout companies, from production to distribution to communication.

PRODUCTS AND SERVICES

Digitization of products and services divides into at least two groups: the smart products, mostly from the home appliances and technology categories; and the Internet finance products and services, which are found primarily in the banks, technology and the telecom provider categories.

Each of China's major home appliance brands is creating some variation of smart appliances that consumers can regulate using the Cloud or Wi Fi. TCL, for example, cooperated with Baidu, Intel and Microsoft on connecting appliances using the Cloud. Midea launched its M-Smart program for creating digitally integrated appliances.

Mobile payment expanded rapidly, with around 205 million people paying with mobile apps by the end of June 2014, according to CNNIC. Among the many banks offering Internet financial products, Industrial Bank offered online and mobile banking options, including the mobile app WeChat bank, and a site called e-family Wealth for managing household finances.

Telecoms, such as China Unicom and China Telecom, introduced mobile payment systems. Alibaba has over 300 million users of Alipay, its online finance platform. Tencent added an app to WeChat that enables users to find and pay for a taxi.

Examples of business-to-business digitization include a Cloud storage service called Wo-Cloud introduced by China Unicom. And digitization is at the core of technology brands. Several developed wearable technology, including 360 and Baidu, which both introduced wristbands for sports and health monitoring.

DISTRIBUTION AND COMMUNICATION

Examples of using digital in distribution can be found across many categories. Yonghui Superstore introduced an app that enables customers to "click and collect," to shop and pay online with their mobile devices, and pick up purchases at a physical location.

New Oriental established an online education joint venture with Internet giant Tencent. The venture helps New Oriental integrate its physical presence with an online offering to reach more people with interactive curricula. Apparel brand Metersbonwe opened a store that integrates the consumer online and offline experience with several services, including the ability to reserve a fitting room time online.

Collaboration between Alibaba and Sina enables consumers to move seamlessly between ecommerce and social networking. In the first half of 2014, 80 percent of all transactions for travel agency Ctrip were completed online or with mobile devices.

Brands in most categories are engaged in digital communication. Several, like food and dairy brand Yili, sponsor online video content. The toothpaste brand Zhong Hua collaborated with the Tencent, the Internet portal, encouraging people to photograph themselves smiling and then share their photo online.

THE FUTURE

Digitization and reinvention comes at an inflection point for China and for Chinese brands, as the country transitions from a market-driven to a consumer-driven economy and brands evolve from being the world's OEMs (Original Equipment Manufacturers) to becoming brand marketers of value-added products and services.

Digitization doesn't guarantee business success. Establishing leadership in a world of new possibilities, such as 3-D printing, the Internet of Things and Artificial Intelligence, requires at least the combination of digitization, innovation and a strong consumer proposition .

But the rise of two technology leaders, Tencent and Alibaba, the top two ranked brands in the BrandZ™ Most Valuable Chinese Brands 2015, suggests the influence that digitization can have on the growth of brand contribution and brand value.

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MARKET DYNAMICS | **Going Global**

Chinese brands derive rising revenue proportion overseas

A year ago Alibaba was unknown in the West. Today it's the most publicized example of a Chinese brand with global ambitions and a resounding expression of western confidence in a Chinese brand and in China.

By raising $25 billion on the New York Stock Exchange, in the most lucrative IPO (Initial Public Offering) in history, Alibaba illustrates the potential brand value that can rapidly emerge from China.

For now, there are two Alibaba brands: the one that Chinese consumers see as a powerful ecommerce site; and the one viewed by westerners a singular investment opportunity. But those pictures will merge into stereoscopic alignment.

Meanwhile, even this distorted view of Alibaba should improve the international perception of Brand China, the cumulative notion of what Chinese brands represent. And a more positive perception of Brand China will help facilitate the overseas acceptance of Chinese companies, not just as hot stocks, but also as consumer brands.

Two leading Chinese technology brands already gain a significant portion of their revenue overseas. Lenovo, the world's leading PC maker, drives 62 percent of annual revenue from overseas business. Global business drives 53 percent of revenue for ZTE, a maker of telecommunications equipment and systems.

That airlines and oil and gas companies also derive a lot of revenue from outside of China, is not surprising. But so do the home appliance brands, both as manufacturers for other brands, and also from their own branded businesses. TCL gains one-third of revenue from overseas; Hisense, 30 percent; Midea, 22 percent; Gree, 15 percent; Haier, 11 percent; and Supor, 10 percent.

The brands with the highest proportion of revenue from overseas are SOEs (State Owned Enterprises): both Strategic SOEs, such as banks that help advance government policies, and Competitive SOEs in consumer-facing categories like food and dairy.

However, market-driven brands are building global business more rapidly, a development that resonates with Alibaba's stock market success. Of the 20 Chinese brands that lead in the proportion of revenue derived from overseas, half are market driven.

That's up from five market-driven brands only a year ago. Ecommerce giant Alibaba is among the new brands. But the market-driven brands operate in diverse categories, including: cars, home appliances, real estate, retail and technology.

The global expansion of Chinese brands depends on the determination of Chinese brands to shift from being manufacturers for western brands to being marketers of their own brands. The expansion also depends on changing international consumer perception of Brand China, so that the country long associated with low-price merchandise is viewed as a source for reliable, value-added products and services.

This transition would mirror how consumer perceptions of the products made in Japan or made in South Korea changed over time. And with China, the trajectory of change may be sharper, as illustrated not only by the explosive growth of Alibaba, but also by how a Chinese brand like Xiaomi, a maker of low price smart phones, can suddenly challenge South Korea's Samsung for market share in China.

Top 20 Chinese Brands in Overseas Revenue

Of the 20 Chinese brands that lead in the proportion of revenue derived from overseas business, half are market-driven.

	Brand	Category	Ownership	Revenue % from International Business
1	Lenovo	Technology	Competitive SOE	62%
2	ZTE	Technology	Market-Driven Firm	53%
3	Air China	Airlines	Strategic SOE	34%
4	PetroChina	Oil & Gas	Strategic SOE	33%
5	TCL	Home Appliances	Competitive SOE	33%
6	China Eastern Airlines	Airlines	Strategic SOE	33%
7	Hisense	Home Appliances	Competitive SOE	30%
8	Sinopec	Oil & Gas	Strategic SOE	27%
9	Midea	Home Appliances	Market-Driven Firm	22%
10	China Southern Airlines	Airlines	Strategic SOE	19%
11	Bank of China	Banks	Strategic SOE	17%
12	GREE	Home Appliances	Market-Driven Firm	15%
13	BYD	Cars	Market-Driven Firm	14%
14	Alibaba	Retail	Market-Driven Firm	12%
15	Hainan Airlines	Airlines	Strategic SOE	12%
16	Country Garden	Real Estate	Market-Driven Firm	11%
17	Haier	Home Appliances	Market-Driven Firm	11%
18	Supor	Home Appliances	Market-Driven Firm	10%
19	Great Wall	Cars	Market-Driven Firm	9%
20	Tencent	Technology	Market-Driven Firm	7%

Source: BrandZ™ / Millward Brown

MARKET DYNAMICS | Trust

Consumer trust in brands stabilizes but remains low

After a period of decline, Chinese consumer trust in brands has stabilized. Trust isn't rebounding, but it doesn't seem to be weakening further. About one-third of consumers regard brands, whether Chinese or multinational, as trustworthy.

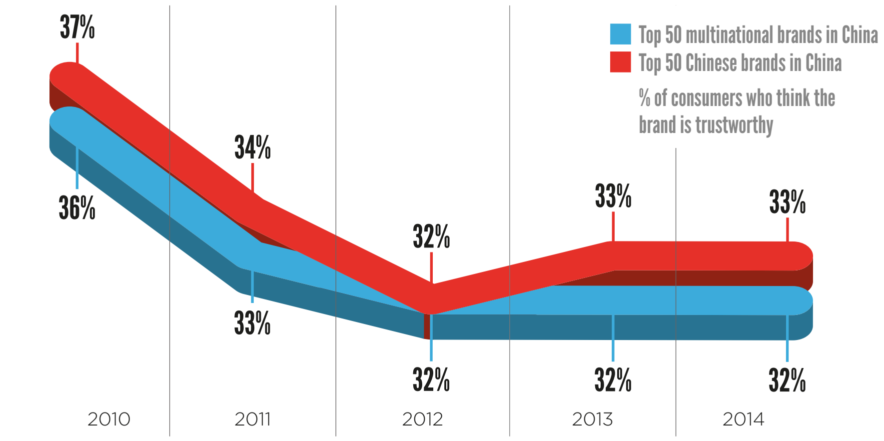
Erosion of consumer trust is a global issue, compounded in China by a series of highly publicized product safety problems, particularly a food scandal in 2008. As trust declined, it became a central factor in purchasing decisions. Today, over three-quarters of Chinese consumers say that trust has become more important to them.

Not surprisingly, trust declined most in categories that experienced safety problems, such as milk and other dairy products. At the same time, trust increased in other categories. In insurance, for example, brands have matured and improved the training of agents.

Trust depends on the interplay of category and brand, according to the BrandZ™ TrustR studies, which measure consumer trust in a brand over time and willingness to recommend it based on recent performance. Consumers expect brands to be most trustworthy in categories that require uncompromised reliability, such as baby care and airlines.

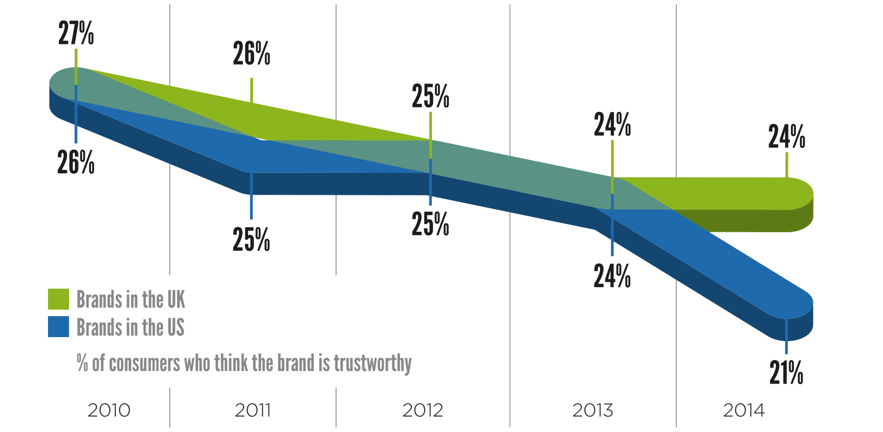
The erosion of trust has leveled in China...

After a period of decline, consumer trust in brands has stabilized. Trust isn't rebounding, but it doesn't seem to be weakening further.



... The erosion of consumer trust is a global issue...

Consumer trust is weak in the UK and the US, although the trust level has leveled in the UK.

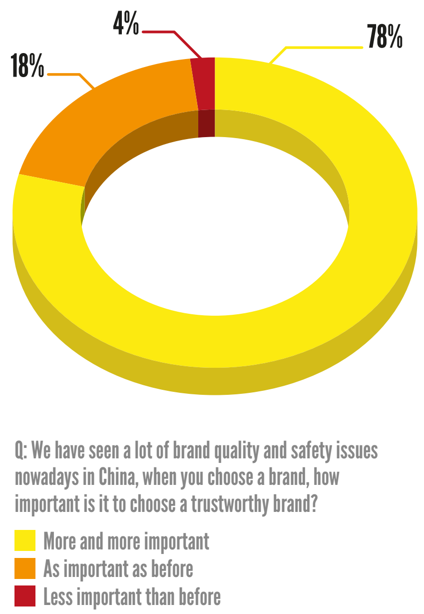


Source: BrandZ™ / Millward Brown

... Trust is an important factor in choosing brands...

Over three-quarters of Chinese consumers say that trust has become more important to them when selecting brands.

Importance of Trustworthiness when Choosing a Brand

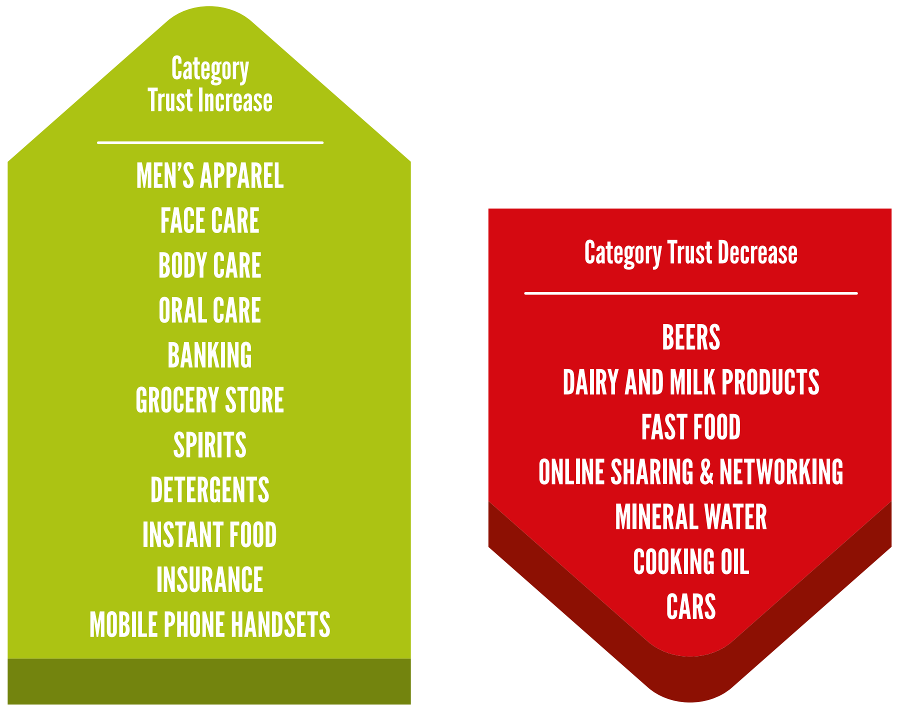


Source: Millward Brown Trust Study with Lightspeed Research

... Trust declined in some categories, rose in others...

Trust declined most in categories that experienced safety problems. At the same time, trust increased in other categories.

Trust Change by Category 2010 vs. 2014



Source: BrandZ™ / Millward Brown

MARKET DYNAMICS | Trust

The most trusted Chinese brand, Yunnan Baiyao, is a traditional Chinese medicine founded early in the last century. The second most trusted brand is Air China. Expectations are lower in other categories, like fast food, for example.

However, strong brands can outperform their categories. Two food and dairy brands rank high in trust. Yili, ranks sixth in trust, and Mengniu, also ranks relatively high. Both brands collaborated with overseas companies to improve production practices. Yili invited consumers to tour its factories.

The following characteristics are most important to Chinese consumers when thinking about the trustworthiness of brands: safety, high quality, good reputation and honesty. Consumers overwhelmingly agree that the most important actions a brand can take to win trust are to use safe raw materials and ensure that products and services meet high safety and quality standards.

… The most trusted brands cross many categories…

The level of consumer trust in a brand always depends on the interplay of category and brand. The most trusted Chinese brand, Yunnan Baiyao, is a traditional Chinese medicine founded early in the last century.

Top 30 Most Trustworthy Chinese Brands

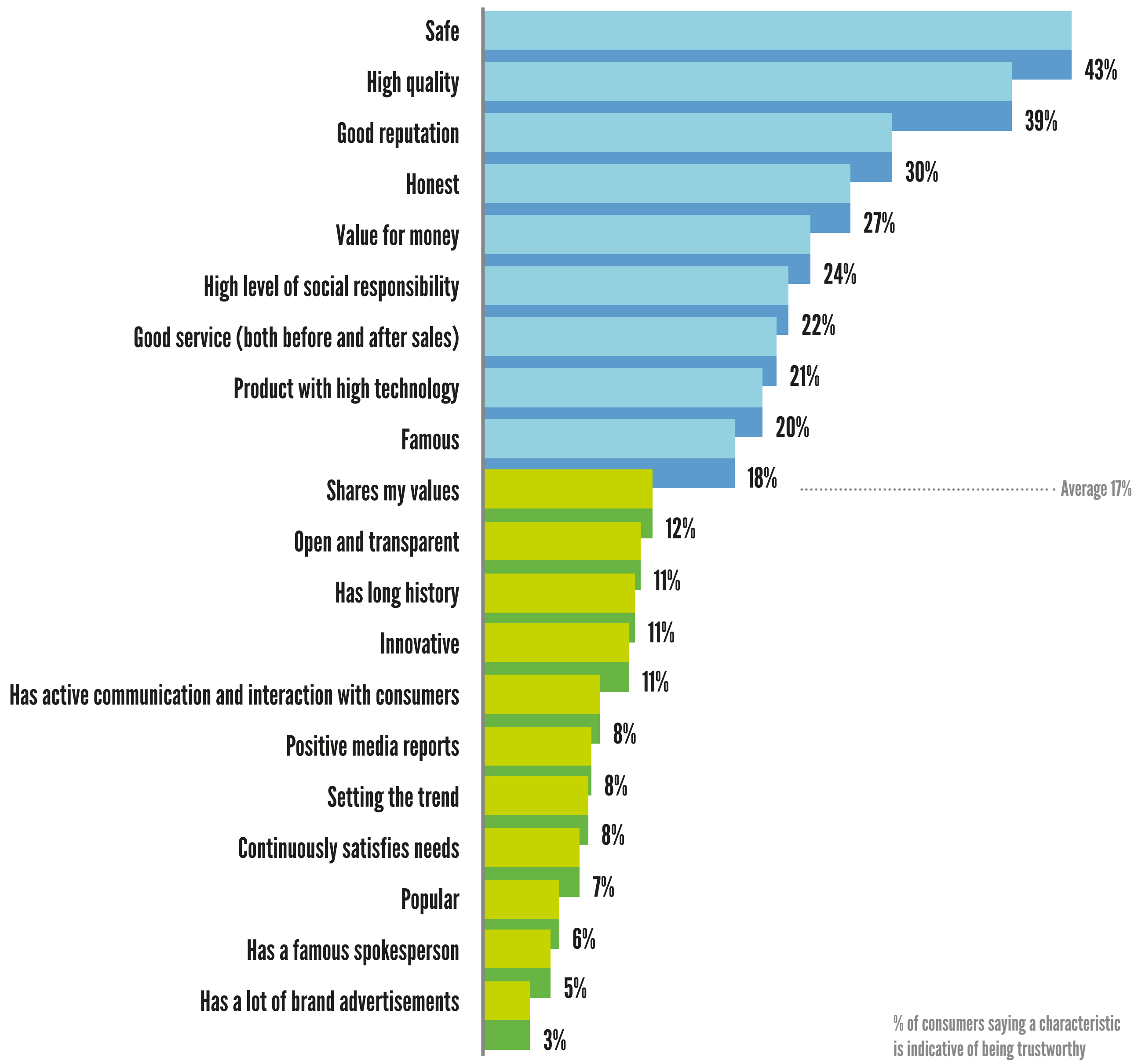
Rank	Brand	Trust Index
1	Yunnan Baiyao	142
2	Air China	140
3	Ctrip	137
4	CITS	135
5	Suning	132
6	Yili	129
7	PetroChina	128
8	Haier	126
9	Midea	126
10	Dabao	126
11	Sinopec	125
12	ChangYu	125
13	Gree	123
14	Wu Liang Ye	121
15	China Mobile	120
16	Tong Ren Tang	120
17	Evergrande Real Estate	119
18	China Eastern Airlines	118
19	Baidu	117
20	China Southern Airlines	116
21	Poly Real Estate	114
22	Vanke	114
23	Lenovo	113
24	Moutai	113
25	Bank of China	110
26	Mengniu	110
27	360	110
28	Zhong Hua	110
29	ICBC	107
30	China Life	107

Source: BrandZ™ / Millward Brown
Most trusted brands in the BrandZ™ Top 100 Most Valuable Chinese Brands 2015
Trust Index: Average = 100

… Product safety is the cornerstone of brand trust

The most important actions a brand can take to win trust are to use safe raw materials and ensure that products and services meet high safety and quality standards.

Characteristics of Trustworthy Brands



Source: Millward Brown Trust Study with Lightspeed Research

BRAND CHINA | Consumer Perceptions

Perceptions of Chinese and global brands differ

During China's rapid economic rise over the past 30 years, western consumers viewed Chinese brands as the makers of low-quality products or products of adequate quality marketed by western companies under their own brand names.

That perception should change as China's economy rebalances and Chinese brands leverage their decades of production experience to make and market quality, value-added merchandise under their own brand names.

To succeed abroad, Chinese brands need to bridge the gap between how consumers worldwide perceive Chinese brands and how they perceive successful global brands. Alibaba's record IPO (Initial Public Offering) will help improve the consumer view of Chinese brands. But changing long-held perceptions takes time.

Change begins with understanding the perception gap. To do that, we compared how the BrandZ™ Top 100 Most Valuable Chinese brands are perceived by consumers in China with how consumers worldwide perceive the BrandZ™ Top 100 Most Valuable Global Brands.

Based on how consumers ascribed 20 BrandZ™ brand personality characteristics to various brands, our analysis revealed some similarity between these perceptions of Chinese and global brands and some critical distinctions:

- The scores Chinese consumers give Chinese brands for being trustworthy, straightforward and friendly are higher than the scores global consumers give global brands for those characteristics.
- The scores global consumers give global brands for bring assertive and in control are higher than the scores Chinese consumers give Chinese brands for those characteristics.

This analysis suggests that the distinctiveness of Chinese brands could be based on greater approachability and empathy compared with their more distant and autocratic global competitors. As Chinese brands go global they'll need to leverage points of difference to stand out from the competition.

Just being Chinese should help Chinese brands establish distinctiveness, however. Recent BrandZ™ research about international travel found that people who travel outside their own country score China relatively high in being different as a destination. This idea of "difference" attracts travelers and is at the heart of potential tourism growth. The appeal of "difference" also applies to brands.

Being seen as different (setting trends, being unique in a positive way) is one of three BrandZ™ components of brand success. The other two are: meaningful (meeting functional and emotional needs), and salient (being the one that comes first to mind as the answer to what consumers perceive they want).

Brands that have a difference, which is meaningful in a relevant way to consumers, are on a strong path to growth.

Going Global Take Aways

Based on the BrandZ™ brand character analysis and the BrandZ™ international travel research, key take aways for Chinese brands going global are:

1. Brand China, the way Chinese perceive Chinese brands, provides a strong platform.
2. Being seen as different is an inherent advantage that Chinese brands can further cultivate.
3. But being different effectively means being different in a relevant way to ensure that brands meet the emotional and functional needs of consumers.

CHINESE BRANDS CAN BE FAST AND AGILE, PLANNING AND EXECUTING ON THE RUN.

CHINESE DREAM | The role of brands

Brands can help realize the Chinese Dream

Soon after ascending to head of the Chinese Communist Party, in 2012, President Xi Jinping articulated a national vision he called the Chinese Dream.

The term Chinese Dream first emerged in academic discussions around 2006. But a Chinese Dream dates back at least 2,000 years to 221 BCE, when King Ying Zheng united the warring states, established the Qin Dynasty and declared himself China's first emperor.

Unlike earlier dreams, however, today's Chinese Dream is not exclusively an assertion of government prerogatives. With limitations, the contemporary dream integrates national and personal aspirations.

Aspects of the dream include raising the nation's material wellbeing and distributing it more equitably; and restoring the legacy of an ancient civilization in ways that add meaning to contemporary life.

Realizing the Chinese Dream primarily is the responsibility of the people of China and their government. Brands can contribute, however. Brands that make the Chinese Dream tangible with quality and healthy products and services will benefit their customers, the society and themselves.

BRAND CHINA AND THE CHINESE DREAM

Chinese see a strong link between Brand China – the overall reputation of Chinese products and services – and the Chinese Dream.

The vast majority of Chinese say that the Chinese Dream is in part about shifting Brand China from a manufacturing Made in China essence to one of added value, Created in China.

Around two-thirds of Chinese believe that building strong brands worldwide is essential for advancing the Chinese Dream, and the Chinese Dream helps Chinese brands succeed abroad.

A majority of Chinese, 55 percent, also believes that both international and Chinese brands can help China achieve the Chinese Dream. They also say that Chinese brands can learn something from international brands about embracing a larger mission than profit alone.

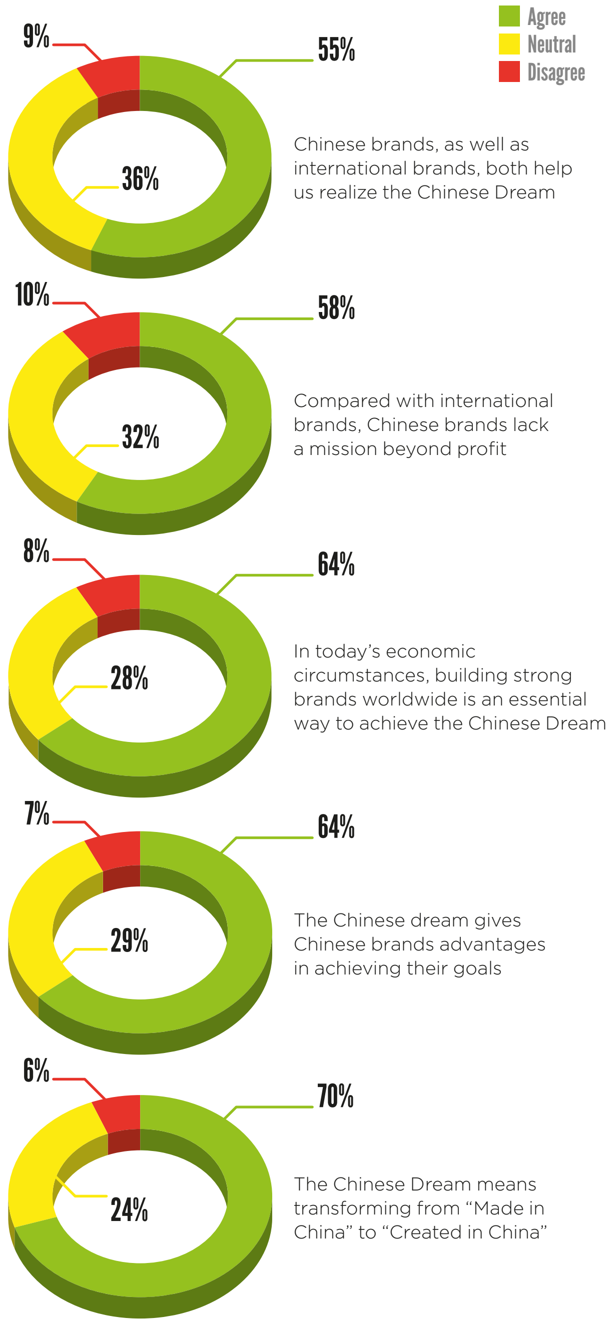
To the Chinese, no single Chinese brand symbolizes the Chinese Dream. The brands they associate with the Chinese Dream come from a variety of categories and ownership models. All have significantly improved the reality and image of China.

Many of the brands are market driven. Some are State Owned Enterprises (SOEs), banks that funded national economic growth, for example. Traditional Chinese medicines evoke historical heritage. Technology and Internet brands represent innovation.

To obtain a complimentary copy of the BrandZ™ report, The Power and Potential of the Chinese Dream, go to www.brandz.com

Brand China and the Chinese Dream are mutually beneficial...

Chinese see a close link between the development of strong Chinese brands and the realization of the Chinese Dream.



... Chinese associate strong brands with the Chinese Dream

Chinese associate brands from many categories with the Chinese Dream. All have helped improve the reality and image of China.

	Brand		Category
1	Haier	Haier	Home Appliances
2	Lenovo	lenovo联想	Technology
3	Alibaba	Alibaba.com	Retail
4	Huawei	HUAWEI	Technology
5	Taobao	淘宝网 Taobao.com	Technology
6	Moutai	MOUTAI	Alcohol
7	Tong Ren Tang		Health Care
8	Baidu	Bai du 百度	Technology
9	Bank of China	中国银行 BANK OF CHINA	Banks
10	Tencent	Tencent腾讯	Technology

Source: BrandZ™ China Dream Study 2014

TOP PERFORMERS | Brand Newcomers

Alibaba leads list dominated by retail, technology brands

Eight brands, from five categories, appear for the first time in the BrandZ™ Top 100 Most Valuable Chinese Brands. Retail is represented with three brands, technology with two, and health care, cars and home appliances with one each.

Six of the brands are market driven, and two are Competitive SOEs (State Owned Enterprises), which means they're subject to market forces even though the Chinese government has an ownership stake.

The dominance of market-driven brands is significant because these newcomers to the ranking are an indicator of how government policy shaped by the Third Plenary, in November 2013, produced more favorable conditions for open competition and brand value creation.

This dynamic is most clearly illustrated by Alibaba, which in its debut appearance in the BrandZ™ China Top 100 ranks number two, based on a brand value of $59.7 billion in the weeks after its Initial Public Offering (IPO) in September 2014. As a publicly traded company, Alibaba now meets the criteria for inclusion in the BrandZ™ ranking.

Alibaba's New York Stock Exchange IPO was historic because it raised the largest amount ever for an IPO, $25 billion. In addition, it lifted the profile of Brand China. As Alibaba became well known to the investment community, it also conditioned consumers outside of China to be aware of Chinese brands, most of which sit just below their radar.

These brands include several in the list of BrandZ™ China Top 100 newcomers. ZTE, a maker of telecommunications and systems, already derives more than half of its revenue from overseas business. One-third of TCL's revenue comes from its international business. The company makes a range of home appliances and focuses now on smart TVs and other entertainment devices.

Great Wall, a well-known car brand that enjoyed success with its SUV sales, particularly in tier two and three cities, also exports to Russia and other overseas markets. While online grocer Yihaodian conducts business only in China, Walmart owns a majority share and uses some of Yihaodian's best practices, if not its brand name, internationally. And around 12 percent of Alibaba's revenue already comes from outside of China.

Of course, China remains the predominant market overall for these newcomers and a source of great potential future growth. These brands reflect the ability of brands to appreciate in value as they deliver the innovative products and services desired by increasingly sophisticated and prosperous Chinese consumers.

Letv, for example, is a streaming video site that also produces its own branded smart TV. The company planned to raise investment financing to strengthen its core businesses and expand into retail and online financial services.

The health care brand Baiyunshan is a traditional Chinese medicine brand that offers both Chinese and western products. It became eligible for the BrandZ™ China Top 100 ranking after its recent acquisition by a publicly traded company.

The Brand Newcomers

Brand	Top 100 Rank	Category	Ownership	Brand Value US$ Mil.
Alibaba	2	Retail	Market-Driven Firm	59,684
Letv	37	Technology	Market-Driven Firm	1,551
ZTE	48	Technology	Market-Driven Firm	1,058
Baiyunshan	54	Health Care	Competitive SOE	762
Great Wall	61	Cars	Market-Driven Firm	563
Yonghui Superstores	68	Retail	Market-Driven Firm	448
Yihaodian	95	Retail	Market-Driven Firm	184
TCL	98	Home Appliances	Competitive SOE	171

Source: BrandZ™ / Millward Brown

TOP PERFORMERS | Brand Value Growth

Market-driven brands rise in value, led by Tencent

Market responsiveness, rather than size or government support, today drives brand value growth in China, as reflected in the BrandZ™ ranking of brands according to year-on-year value growth.

Of the Top 10 in brand value growth, eight are market driven-brands. And both SOEs (State Owned Enterprises) are classified as Competitive SOEs. These brands are more responsive to market forces than Strategic SOEs, such as banks, oil and gas companies or telecoms, which act in part as agents of government policy.

Almost doubling in value, with a 95 percent increase in brand value, Tencent leads the list of the fastest rising brands. This performance is particularly impressive because it follows several years of strong value gains. The Internet portal acquired new search, social media and gaming businesses. It continued to benefit from the popularity of WeChat, the messaging and sharing application.

Technology and education are the most represented categories, with two brands each. Technology and education are expanding categories that help propel brand growth, which is not the case for all of the other six categories represented: alcohol, cars, hotels, jewelry retail, food and dairy and travel agencies.

There are examples of fast-rising brands that have excelled in challenging categories, however, indicating the potential of a strong brand to outperform its category. Perhaps the best example is Pearl River, a beer that increased 48 percent in brand value, while the alcohol category declined 22 percent in overall brand value as consumption slowed. Pearl River focused on expanding geographically and establishing its premium beer credentials.

And although the brand value of the hotels category remained flat, Hanting grew 45 percent in brand value. Hanting continued its rapid roll out of locations and gained 90 percent of its bookings from its loyalty program members.

In food and dairy, a category still recovering from food safety breaches of a few years ago, Mengniu, which rose 57 percent in brand value, emphasized a new focus on food that's healthy and nutritious.

It's difficult to reduce the success of all brand value growth leaders to one common theme or shared attribute, but many brands attempted to better understand their customers and meet their changing needs.

Xueersi and New Oriental, which grew 64 percent and 56 percent, respectively, in brand value, are in the education category, which itself appreciated 57 percent in brand value, mostly on the strength of these brands and their agility in understanding consumer desire for education. Xueersi added physical locations and grew its online business. Enrollment surpassed one million for the first time. New Oriental launched an online education joint venture with Tencent.

Certain brands, such Ctrip and BYD, the number two and three in the brand value growth ranking, helped drive the overall brand value growth of their categories. Ctrip entered into several important strategic partnerships and reached the point where it transacted 80 percent of sales online or by mobile. A leader in the production and marketing of electric and hybrid vehicles, BYD benefited from government policies that encouraged the purchase of energy efficient cars.

The Top 10 Risers in Brand Value Growth

TOP 10 RISER

Because the BrandZ™ Most Valuable Chinese Brands report expanded from 50 to 100 brands in 2014, this 2015 edition for the first time includes year-to-year value changes for 100 brands.

	Brand		Brand Value % Change 2015 vs. 2014	Category	Ownership	Brand Value US$ Mil.	Top 100 Rank 2015
1	Tencent	Tencent 腾讯	95%	Technology	Market-Driven Firm	66,077	1
2	Ctrip	ctrip 携程	71%	Travel Agencies	Market-Driven Firm	1,224	44
3	BYD	BYD	69%	Cars	Market-Driven Firm	1,314	41
4	Xueersi	TAL 好未来	64%	Education	Market-Driven Firm	219	92
5	Ming Jewelry	MINGR 明牌珠宝	59%	Jewelry Retailer	Market-Driven Firm	260	85
6	Mengniu	MENGNIU 蒙牛	57%	Food & Dairy	Competitive SOE	4,869	18
7	New Oriental	新东方 XDF.CN	56%	Education	Market-Driven Firm	1,179	45
8	Baidu	Bai du 百度	55%	Technology	Market-Driven Firm	30,897	5
9	Pearl River	珠江啤酒 PEARL RIVER	48%	Alcohol	Competitive SOE	347	79
10	Hanting	HOTEL 汉庭	45%	Hotels	Market-Driven Firm	348	78

Source: BrandZ™ / Millward Brown

TOP PERFORMERS | Brand Contribution

Market-driven brands lead brand contribution ranking

Brand contribution measures the impact of brand alone, without financials or other factors, in the mind of the consumer. A high brand contribution score – on a scale of one to five, five being the highest – suggests that a brand is resilient and likely to produce strong future earnings.

Market-driven brands dominate the Top 20 Brand Contribution ranking, with 13 entries. Of the seven SOEs (State Owned Enterprises) ranked, five are Competitive SOEs, state owned enterprises in consumer-facing categories where a strong brand is critical for sustained success.

Even the two ranked Strategic SOEs, China Mobile and China Telecom, are consumer facing. Strategic SOEs, like banks or oil and gas giants, are typically tasked with implementing government policy.

The Top 20 brand contribution leaders come from 11 different categories and from throughout the BrandZ™ China Top 100 ranking, from number one, Tencent, the Internet portal, to number 87, Supor, a home appliance brand, suggesting that high brand contribution is possible regardless of category or brand size.

In fact, brands that appear lower in value in the BrandZ™ China Top 100 generally score higher in brand contribution. That's because market-driven brands dominate in the lower ranks, and these brands, compared with the giant Strategic SOEs, depend more on the power of their brands in the marketplace. And they derive more of their brand value from that power, which is an indicator of future growth potential.

Food and dairy and technology are the most represented categories with four brands each. Food and dairy includes three competitive SOE brands, Mengniu, Fortune and Bright, and Yili, which is a market-driven brand. Brand contribution may have been among the factors that helped sustain these brands even as the category lost public confidence after a series of food safety breaches several years ago.

The technology brands – Letv, Baidu, Sina and Tencent – are each market driven. Letv, which ranks highest in brand contribution, is a streaming video site that's constantly in front of consumers. Similarly, Baidu is China's leading search engine, Sina operates the popular Weibo social networking platform and Tencent, China's most valuable brand, is its ubiquitous Internet portal, a kind of combination of Facebook and Google.

Brands ranked lower score higher in brand contribution

Brands ranked lower in the BrandZ™ China Top 100 generally score higher in brand contribution because market-driven brands dominate in the lower ranks. These brands exert greater influence over consumer purchasing choices.

Source: BrandZ™ / Millward Brown
Brand contribution measures the influence of brand alone on earnings, on a 1-5 scale, 5 highest.

The Top 20 in Brand Contribution

Market-driven brands dominate the Top 20 Brand Contribution ranking, with 13 entries.

	Brand	Brand Contribution	Category	Ownership	Top 100 Rank 2015
1	Letv	5	Technology	Market-Driven Firm	37
2	Mengniu	5	Food & Dairy	Competitive SOE	18
3	Baidu	5	Technology	Market-Driven Firm	5
4	Yili	5	Food & Dairy	Market-Driven Firm	17
5	Fortune	5	Food & Dairy	Competitive SOE	83
6	New Oriental	5	Education	Market-Driven Firm	45
7	Lao Feng Xiang	5	Jewelry Retailer	Competitive SOE	60
8	Tsingtao Beer	5	Alcohol	Market-Driven Firm	31
9	Sina	5	Technology	Market-Driven Firm	47
10	Supor	5	Home Appliances	Market-Driven Firm	87
11	China Mobile	5	Telecom Providers	Strategic SOE	3
12	Quanjude	5	Catering	Competitive SOE	81
13	Belle	5	Apparel	Market-Driven Firm	56
14	Bright Dairy	5	Food & Dairy	Competitive SOE	49
15	Home Inn	5	Hotels	Market-Driven Firm	66
16	Hanting	4	Hotels	Market-Driven Firm	78
17	Suofeiya	4	Furniture	Market-Driven Firm	75
18	China Telecom	4	Telecom Providers	Strategic SOE	13
19	Robam	4	Home Appliances	Market-Driven Firm	65
20	Tencent	4	Technology	Market-Driven Firm	1

Source: BrandZ™ / Millward Brown
Brand contribution measures the influence of brand alone on earnings, on a 1-5 scale, 5 highest.

CROSSCURRENTS OF CHINESE LIFE ARE LIFTING BRANDS TO HIGHER STANDARDS OF QUALITY AND CREATIVITY.

PART

2

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THOUGHT LEADERSHIP

THOUGHT LEADERSHIP | Brand China

PERCEPTIONS OF BRAND CHINA DIFFER AT HOME AND ABROAD

Marketers need to mind the gap

For Brand China, the challenge to move up the value chain and create an image beyond the "factory of the world" remains significant. Chinese brands have a large part to play in this transformation. This article examines ways in which Chinese brands might address the challenge either by taking actions based on successful case studies or adopting new strategies.

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It is clear that in order to succeed in the global arena, Chinese marketers must have a good understanding of overseas consumers, then innovate and localize to meet their needs. To do this successfully a fundamental question needs to be answered: How do Chinese marketers address the gap between how they and Chinese consumers see Brand China and Chinese brands (internal perception) and how the rest of the world sees them (external perception)?

Chinese marketers see Brand China and Chinese brands pretty clearly. Their view of China is up-to-date with how China has been changing rapidly and reinventing itself. But even this internal perception is subject to potential bias. That's because when expanding overseas Chinese marketers shape their messages both for international consumers and for the domestic Chinese audience for which they want to create a powerful image. For example, Chinese banks expand overseas more perhaps to cater to their domestic consumers' needs for global banking services. They might pay less attention to external perceptions of overseas consumers than they should.

Conversely, the external perceptions of overseas consumers might not necessarily have caught up with the reality of Brand China today, and their impressions may consist of stereotypes that are trapped in the past. Most international consumers have little direct contact with China, and 59 percent of the overseas respondents in Millward Brown's 2013 Global Study learned about China through the filter of their own nation's media.

GAPS ARE LARGE BUT MARKETERS MISS THEM

The gaps between internal and external perceptions can be huge, but marketers are not always aware of the nature of these gaps and their magnitude. That blind spot can have serious consequences. The successes and failures of foreign brands entering China or Chinese brands going abroad have been, and will be, marked by how brands manage these gaps.

Just a few years ago, for example, a multinational white goods brand deployed a cobranding strategy with Chinese partners. The strategy seemed sound, but what the multinational failed to understand was how Chinese consumers at that time perceived international brands as a symbol of quality for which they were willing to pay a premium. By cobranding with local brands, the multinational could not sell at the high price that the international brand name on its own could command.

In another example, many international luxury brands rapidly expand in China to sell more products. In their rush, the brands too often dilute the value of their brands and the scarcity proposition of luxury. Today, many Chinese consumers want an exclusive brand rather than one that can be seen on every street corner. When luxury brands fail to close this perception gap they diminish their brand appeal.

Similarly, when Chinese brands go abroad and face a perception gap, historical examples can guide Chinese marketers on how creative concepts, better quality and clever marketing can come together to change the image of low price and shoddy quality to a certain extent. Most important is for Chinese marketers to understand image gaps and come up with innovative strategies on their own.

CHINESE IDENTITY CAN BE A BRAND ADVANTAGE

China's unique identity, offering meaningful points of differentiation, makes the engagement of Chinese brands at the global level interesting and imbued with potential advantages. The image of contemporary China is not just about Chinese cultural and social elements, but also about the country's modern day economic success. The differing ways Chinese and overseas consumers perceive this image will reveal gaps. Those gaps create unique opportunities or threats for Brand China and Chinese brands.

Millward Brown's Global Study researched the image of China as seen through the eyes of both Chinese consumers and overseas consumers from six countries. The study revealed and examined in detail the gaps between how these two groups perceive Brand China and Chinese brands. The sidebar to this article (see the following page) describes four of the gaps and approaches for dealing with them. These approaches include: changing misperceptions, as in tackling China's trust deficit head on; or accepting perception differences and leveraging them for brand advantage.

There are many more gaps, specific to various markets, industries and brands. Chinese marketers should find out where the image gaps are and make use of them to tell fresh stories. For example, traditional Chinese medicine can leverage the acceptance of homeopathic treatment in the West. Brands such as Tong Ren Tang and Yunnan Baiyao can tell a "pure and natural" story in uniquely Chinese ways. Chinese values such as diligence and integrity can also be deployed as brand personalities for banking and insurance brands.

THOUGHT LEADERSHIP | Brand China

Brand China perception gaps and strategies for closing them

1 THE ADVANTAGE GAP

There are many gaps between how consumers from various countries view Chinese brands and how Chinese consumers view Chinese brands (See chart). But there are also several areas of agreement. For overseas consumers, Chinese brands offer three main advantages: they provide value for money; they're international; and they're innovative. That's how Chinese consumers see the advantages of Chinese brands, too. Brands that offer these three advantages include Huawei, the telecommunications equipment provider, the Internet search brand Baidu, Great Wall Motors and the skin care brand Inoherb. They're in a good position to take advantage of these perceptions and shift the image of Brand China and Chinese brands.

Conversely, Alibaba's globalization efforts benefit small- and medium-size businesses all over the world that want to sell their goods and services in China. Alibaba's English language website, AliExpress, is already the top ranking ecommerce platform in Russia in terms of monthly users. Alibaba's recent IPO (Initial Public Offering) on the New York Stock Exchange helps improve the image of Brand China and publicizes the three perceived advantages of Chinese brands.

2 THE AGE GAP

The gap between how Chinese consumers and overseas consumers view the advantages of Chinese brands changes according to consumer age (See chart). The gap is narrowest among the young. Younger overseas consumers are digital natives in a hyper-connected world. They have been exposed to more cultural diversity and are well traveled at a younger age. They are more open-minded and less bound by the stereotypes of China that older consumers might harbor. They are also the generation that is more willing to experiment and consume. One way for brand marketers to leverage this opportunity is to target these younger consumers with the newest and best products, then turn whichever products do well with these younger consumers into low cost versions that older consumers may welcome.

WeChat has a stronghold among younger consumers who love many of its features, such as cartoon emoticons. In its overseas expansion strategy, WeChat localizes by using celebrities as brand ambassadors. In India, WeChat caused a sensation by featuring well-known Indian film stars as cartoon emoticons.

In terms of Chinese brands being innovative, 73 percent of young overseas consumers 24 years old and below (versus only 55 percent of those 25 years old and above) believe that Chinese brands have an innovative image. The smartphone brand Xiaomi is a successful case of leveraging the higher levels of acceptance of Chinese tech brands among younger users to ignite a limited user base and then grow.

3 THE HIGH-TECH GAP

Another gap is that 46 percent of overseas consumers believe that Chinese-made products have a high level of technology; only 41 percent of Chinese believe that. And while this may seem counter-intuitive, it is precisely through an understanding of a perceptual gap like this that a Chinese brand can find opportunities abroad by meeting the expectations for technological expertise that overseas consumers have for Chinese brands.

Xiaomi is a good example. The smart phone maker comes up with an innovative business model to crowd source product improvements for the user interface of its handsets. Some of its overseas fans even translate Xiaomi software into local languages for different overseas markets. These suggestions and improvements are then incorporated into weekly software upgrades, a speedy feedback loop that only makes fans come back for more. It is approaches like these that can change the positioning of Xiaomi from the "poor man's iPhone" to an innovative technology upstart brand that challenges the status quo.

And it's approaches like these that illustrate how Chinese brands can differentiate and gain competitive advantage with technology.

4 THE TRUST DEFICIT GAP

Bad quality and fake products, while concerns for Chinese consumers, become serious impediments when speaking to overseas consumers. Only 32 percent of overseas consumers (versus 63 percent of Chinese consumers) have faith in Made in China products. Chinese brands first moved into the international arena with low cost as a point of differentiation in order to get into the game in a significant way. They now need to move toward the high end of the value chain. In this process, Chinese marketers need to address the bad quality and fake products issues.

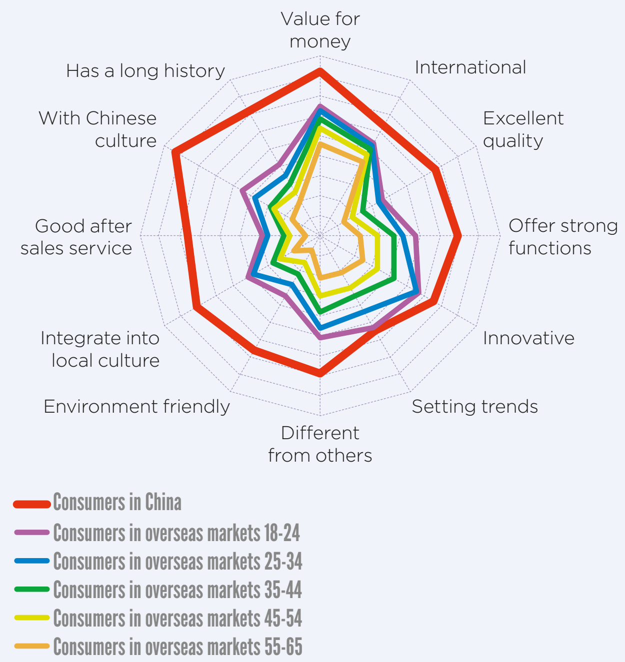
When the Chinese cosmetic brand Herborist expanded to Paris, it tackled the trust deficit gap by cooperating with Sephora, a trustworthy and credible retailer. Goodbaby, a maker of infant products, sets up R&D centers around the world to leverage international technology to innovate and to boost consumer confidence. The appliance brand Haier actively participates in international quality and standards agencies in its field. It designs products to meet and surpass standards, thus making its products reliable and efficient. These activities help increase trust for the Haier brand, the appliance industry and Brand China.

Perception gaps in advantages of Chinese brands (By country)

There are many gaps between how consumers from various countries view Chinese brands and how Chinese consumers view them. But there are also areas of agreement. For both overseas and Chinese consumers Chinese brands offer three main advantages: they provide value for money, they're international and they're innovative.

Perception gaps in advantages of Chinese brands (By age)

The gap between how Chinese consumers and overseas consumers view the advantages of Chinese brands changes according to consumer age. The gap is narrowest among young people, who also see Chinese brands as trend setting.



Source: Millward Brown China National Image Report 2013

THOUGHT LEADERSHIP | 020

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NEW STUDY FINDS FRESH INSIGHTS ABOUT CONSUMER ONLINE BEHAVIOR

Identifies effective marketing initiatives

We know that the consumer transition to online is well along and accelerating in China. But how do those consumers really behave? And what marketing activities most effectively reach and persuade them? Our new study revealed many important insights about how consumers engage with social media; combine their online and offline activities; and respond to influences at the moment of truth, the point of sale.

SOCIAL MEDIA

Almost two-thirds of respondents, 62.7 percent, reported following a brand on social media. Brands need to understand who these people are and why and how interaction takes place on social media. This knowledge can drive informed decisions about the right placement for the brand.

Our study revealed that for 63.8 percent of consumers promotions are the most prevailing reason to become brand followers on social media. Promotional features often involve the "like" concept to be eligible for a discount, the "in-it-to-win-it" mentality. Brands have an opportunity to measure the duration of these interactions and their impact on purchase intention and recommendation.

For almost half of respondents, 47.4 percent, learning the latest trends was the secondary motivation for being on social media sites, closely followed by product launch news, 44.8 percent. These findings make sense, as the ability to connect with a brand for the inside story is a key factor for building brand loyalty and gaining traction well before new products reach the shop floor.

The fourth highest rationale for social media engagement was sharing with friends, 37.9 percent. This connects with the role brands play in helping consumers define and communicate a personal identity.

To reach consumers and keep them engaged on social media, each brand needs to understand what works best. Brands can test the relative response rates of general posts compared with promotions and events, for example. For digital marketers, social media presents the opportunity to become a brand that someone would recommend to their friends. Instead of targeting individuals alone, social media advertising offers the ability to capitalize on the power of recommendation.

PRICE DRIVES ONLINE SALES

But the overarching question is what does this mean to incremental sales? Ecommerce made a big impact in the last decade, dominating in many markets and making brands re-think their approach to the shopper journey. But have these tables turned again? The topic of Online-to-Offline (O2O) is popular, and large ecommerce companies, such as Groupon and Alibaba, are connecting the offline and online worlds.

Our survey results suggest consumers are actively purchasing online, with 94.2 percent having done so in the past three months. Males showed marginally more online purchase activity, at 1.4 percent higher than females. When using only one electronic device, males favored mobile, while women are more likely to purchase on a PC. However, using multiple devices was the overriding trend for both genders.

Unsurprisingly, almost half of respondents, 49.4 percent say that price drives purchase online, followed by convenience, 28.4 percent. More brand choice and ease of comparing prices are also motivators, more influential online than offline. Certain categories dominate online purchasing, including: clothing, food and beverage, shoes, personal care and electrical items. Consumers are less likely to purchase furniture, health supplements and sports equipment online.

SEARCH BEGINS THE CONSUMER JOURNEY

But how do consumers reach the point of purchase? The vast majority of people, 93.3 percent, both male and female, search online before purchasing. Over half of respondents, 58.5 percent, said recommendation by a friend was important. What struck us, however, was that only 39.1 percent reported online ads as their source of product information before purchase. Similarly, only about a third of respondents, 32.7 percent, said that TV advertising was a component of their online purchase decision.

People currently buy online items that they're familiar and comfortable with, like beverages or shoes. They want to see and experience "newer" or more "risky" purchases, such as health supplements or furniture, before purchasing.

SEVERAL CONCLUSIONS AND RECOMMENDATIONS

Here are more of our conclusions:

- Many believe that having more choice and being able to do price comparison quickly are the reasons why people buy online. That's not the case based on our data. Low price and convenience are still the core reasons, as found from this study.
- We recommend that brand owners consider launching products that are "exclusive" (for familiar categories) to online shoppers, to drive traffic as well as to create a "snowball" effect for shoppers to buy other more regular items via the same channel. For "newer" categories, use offline concept stores to drive online purchase.
- For online retailers to expand the size and scope of their offers and customer base, using a combination of online and offline channels has to be the way forward, and that is how consumers would like to interact with brands nowadays.

This study only begins to skim the surface of how the marketing landscape is being transformed by online and technological advances. What it suggests is the need for better understanding of whether more traditional approaches are still important. Maybe it is the platform and the willingness to connect that has changed, rather than the inherent human needs behind brand loyalty. The big challenge for the year ahead is to embrace the opportunity to use a brand's own customer data, along with digging deeper into questions specific to the brand's own needs, before jumping onboard, online.

THOUGHT LEADERSHIP | Chinese Dream

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BRANDS CAN PLAY IMPORTANT ROLE IN REALIZING THE CHINESE DREAM

Chinese culture shapes brand building approaches

The BrandZ™ Top 100 Most Valuable Global Brands 2015 increased 22 percent in value to $464.3 billion.

Tencent, the Internet portal, almost doubled in brand value year-on-year and achieved the number one rank, displacing China Mobile, which had held that position since the inception of the BrandZ™ China ranking in 2011.

On the strength of its Initial Public Offering (IPO), which raised a record $25 billion, Alibaba entered the BrandZ™ China ranking for the first time, at the number two spot just below Tencent.

While demonstrating the power of these two particular brands, Tencent and Alibaba, these achievements also reflect several larger trends: the shift in brand value growth to market-driven brands and away from SOEs (State Owned Enterprises); the emerging presence of China brands in the global marketplace; and the influence of technology, a category that by itself accounted for almost a quarter of the Top 100 brand value.

These trends unfolded in a rebalancing China where the economic growth rate of around 7.4 percent remains robust relative to most other national economies, but half of what it was during years when China's economic expansion was at its peak.

Of the 21 product and service categories examined in this report, 12 rose in value, seven declined and two remained the same, in part because economic reforms from the Third Plenary at the end of 2013 propelled some sectors and slowed others.

Retail and technology, categories comprised primarily of market-driven brands, grew sharply. Banks and alcohol declined as government regulatory changes impacted both categories, which are predominately driven by SOEs.

The BrandZ™ China 2015 ranking marks the fifth anniversary of this report, which started by tracking the Top 50 brands, expanding to the Top 100 in 2014 to keep pace with rapid brand development in China.

The five-year history puts current results into a meaningful context. The conclusion is unequivocal: Even as China's growth slowed and economic policies evolved, brand value appreciated steadily.

Between 2011 and 2015, the overall brand value of the BrandZ™ China Top 50 improved 59 percent, surpassing the brand value growth rate for the BrandZ™ Top 100 Most Valuable Global Brands, and far exceeding the performance of BrandZ™ Top 50 Brazil and Latam rankings.

THE ROLE OF BRANDS

The role brands in China evolved over time. Deng Xiaoping's market "opening up" in 1978 unleashed 35 years of dramatic economic growth driven primarily by powerful SOEs. The Third Plenary Session under President Xi Jinping created conditions for more market competition among all brands, even SOEs, in virtually every category.

President Xi framed the possibilities as the Chinese Dream, the notion that the nation collectively, and individual citizens, can achieve equitable, sustained prosperity in a modern China informed by the values and teachings of its 5,000-year-old civilization.

Both Chinese and multinational brands can play a role helping China, and its people, realize the Chinese Dream, by providing quality and safe products and services that improve the lives of individual consumers and help drive economic growth. Brand success requires understanding the historical context that shapes China today.

The past 35 years of economic growth, when Chinese brands acted as the world's factory, reenergized the nation. China is now experiencing a period of national rejuvenation, reclaiming a heritage of product innovation and cultural originality that prevailed before the onslaught of western imperialism and the decline of the Manchu Dynasty in the nineteenth century.

Today's China, both proud of its past and also willing to look outward for ideas, recalls the period of the silk road when China was a vast and well organized society engaged with the world as a valued trading partner.

THOUGHT LEADERSHIP | Chinese Dream

CHINESE BRAND BUILDING CHARACTERISTICS

In this contemporary context, China is open for building valuable brands. And brand building in China is influenced both by western practices and the characteristics of Chinese business operations and management. (See the WPP book, The Thoughts of Chairmen Now, www.thethoughtsofchairmennow.com)

Managing on the run

Chinese companies adapt rapidly and take risks. Their flexibility may be shaped in part by a worldview. The western conception of time is linear. The world begins with creation. In eastern thought time moves circularly without beginning or end. Chinese companies look at year-on-year growth with an underlying sense of pragmatism, a willingness to take risks to find approaches that work. Brand extensions and other market adaptation can happen swiftly.

Entrepreneurial and collaborative

In the conventional wisdom, Chinese companies are labyrinths of holding companies and subsidiaries where complication and bureaucracy impede action. The important counterpoint to this perception is that China is fundamentally entrepreneurial, a nation of family businesses.

The collaboration necessary for brand building happens more organically in China than in the hierarchical and siloed organizational structures that have characterized western businesses.

Connecting with consumers

Chinese brands often originate and develop in lower tier markets before expanding to major cities. In contrast, multinational brands typically first establish in Beijing, Shanghai or Guangzhou before venturing more deeply into China. Therefore, Chinese brands are more likely to spend their formative years serving customers who are more concerned with product efficacy than image. Chinese brands understand how to meet the aspirations of this large group of consumers. At the same time, Chinese brands remain less adept at building emotional connections with customers.

BRANDS AND SOCIETY

Even more fundamental than the brand building practices of Chinese brands, the definition of brand success differs somewhat in China. Like western brands, Chinese brands aim to make a profit and reward shareholders. But success in China also has a communal aspect. A successful Chinese brand wants to be seen by consumers as helping the Chinese people and contributing to the welfare of nation.

This notion is similar to CSR (Corporate Social Responsibility) but different and deeper. In the West, even brands where CSR is most evolved, so that it's connected to a brand's essence and not simply a marketing tactic, the object of the social responsibility varies. A brand might affiliate with a particular charity or cause, for example. In China, the brand commitment is more likely to be about in some way making China better.

As Chinese consumers gain more experience with brands, attitudes are changing. With more brands to choose from, choosing is not only about status. Brand is also a marker of quality or safety. Younger people look to brands as an aspect of identity, which involves inward reflection, not just outward display.

Brand has become a symbol of lifestyle as well, especially in tier one markets. Similar to the West, there's a desire to realize personal aspirations quickly, and not postpone gratification.

Government policies in a rebalancing China encourage these aspirations, but attempt to shape them in ways that are consistent with the values of Chinese culture derived from Confucius and other Chinese philosophers. Honestly gained wealth is fine. Corruption is not. This approach aims for both sustained economic growth and social stability.

THE CHINESE DREAM AND BRAND CHINA

The unique characteristics of the Chinese market helped drive the growth of brand value leaders such as Baidu, Alibaba and Tencent. The incubation period these brands enjoyed without exposure to western competitors – Google, Amazon, Facebook and Twitter – provided undeniable advantage. But it doesn't completely explain their extraordinary development. Other factors were at work.

Reasons that help explain the success of these Chinese brands include native talent, vision, and operational skill. Even in the 1980s, Chinese individuals studied abroad to become IT experts and to develop their entrepreneurial instincts. And the Chinese technology leaders bring vision, speed and the ability to create collaborative work environments.

In addition, sociological factors and ironies drove faster adoption of the Internet. Chinese youth, like young people everywhere, search for identity. But in the family-centered culture of China, most conducted a search without the benefit of siblings, because of the country's one-child policy. Brands in a country with limits on self-expression built the world's largest networks of interpersonal communications.

The government enabled this Internet expansion to happen with the speed and coordination possible in state-directed economy. This interdependence of what's good for the individual with what also serves the welfare of the country is consistent with the Chinese Dream.

The dreams of the Chinese people, like the dreams of people everywhere, are about health and prosperity for self and family. The national dream includes some of these aspirations but also other goals. While personal and national priorities are not always aligned, they are achieved collaboratively. (See the BrandZ™ report, The Power and Potential of the Chinese Dream, www.brandz.com)

The fulfillment of the Chinese Dream influences the evolution of Brand China, the public perception of Chinese products and services. And the strengthening of Brand China will help accelerate fulfillment of the Chinese Dream.

Brands like Gree and Haier, well-known home appliance manufacturers in China, enjoy worldwide presence as suppliers to western brand marketers and are marketing more aggressively abroad under their own brands.

Still, the most famous Chinese brand outside of China, Alibaba, is best known to international consumers more for its record IPO than its products and services. As that changes, Alibaba, and brands that follow its example, will help fulfill the Chinese Dream and lift the perception of Brand China.

For more about the Chinese Dream and Brand China, refer to these WPP publications:

The Thoughts of Chairmen Now
Written by David Roth, WPP and Jon Geldart, Grant Thornton International
Book available on Amazon
www.thethoughtsofchairmennow.com
App for iOS and Android

The Power and Potential of the Chinese Dream
Available at www.brandz.com/china

> MANUFACTURERS ARE SEGMENTING FOR AFFLUENT CONSUMERS WHO DESIRE PREMIUMIZATION AND ARE WILLING TO PAY FOR IT.

THOUGHT LEADERSHIP | Luxury

CONSUMERS NOW WANT TOTAL LUXURY: FUNCTION, FEELING AND CRAFTSMANSHIP

The Chinese consumer has evolved at a bracing clip. In a country that has defied previous notions of international development to bring millions out of poverty in less than three decades, this is inevitable. Now, media and industry watchers are teeming with reports on how China's burgeoning middle and upper-middle class of nouveau riche consumers are changing the market in an anxious bid to keep up with their tastes. Most evident and eagerly discussed is the shift in China's luxury consumption.

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China is now the world's second largest luxury market. With a rapidly expanding middle class projected to reach 50 percent of the population by 2020, and an estimated 30 percent of consumers having already made luxury purchases, China's latent and existing luxury purchasing power is phenomenal. To better understand who these consumers are and break into this hugely prosperous potential market, marketers have developed new ways to talk about China's luxury consumers. Rather than demographics such as age and income, psychographic information reveals more about today's luxury consumers as it sheds light on how they self-identify and who they want to be. Middle class aspirants, fashionistas, entrepreneurs and luxury role models are the dominant forces driving luxury consumption in China today. It is increasingly apparent, that there is no one luxury market; as with many things, there are many Chinas.

Over the past few years, media and industry watchers have eagerly followed the evolving preferences of this vast cohort of luxury spenders. The cause and effects of their relatively recent shift from ostentatious luxury spending to spending driven more by refined taste and connoisseurship has been a leading topic of industry discussion for some time. Logo-fatigue and an increased desire for self-expression are now established trends, results not just of the crackdown on luxury gifting, but also just a natural progression to the next stage of luxury consumption. More confident and knowledgeable, Chinese increasingly look for brands that reflect their unique sense of individuality and sophistication.

And brands have responded accordingly. Determined to stay relevant in this lucrative market, luxury brands (and many non-luxury brands for that matter) have toned down loud logos and focused on understated aesthetics. Most have launched limited editions for a greater sense of exclusivity, and many have integrated Chinese cultural elements to show they understand today's more confident Chinese consumer. But in a market that has proven, time and time again, its uncanny ability to evolve, is this enough to stay ahead of China's luxury consumer?

There is a greater force driving these surface level expressions of changing consumer preference: China's concept of luxury has changed. Today, Chinese people expect more from luxury. Where Chinese once purchased luxury as an outward display of wealth and social status, luxury brands now must connect with consumers on a functional and emotional level. Beyond providing an exceptionally crafted product that is elegant, exclusive and encourages self-expression, luxury now has to be value oriented and offer personal meaning.

In other words, Chinese want a complete luxury experience. This luxury experience takes consumers from the initial phases of contact with the brand, to interacting with the brand, and finally to how the brand makes them feel.

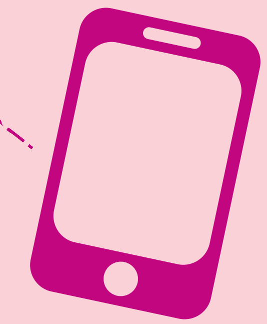
THOUGHT LEADERSHIP | Luxury

Key actions for creating a total luxury experience

1 BUILD BRAND PRESENCE ON SOCIAL MEDIA SITES

Digital connectivity has become an essential part of Chinese consumers' daily lives, with mobile playing an increasingly important role in how Chinese socialize and gather information. As luxury has been so closely linked to social status, China's luxury consumers rely more heavily on social networks to obtain information on which brands to buy compared to consumers of other products. Digital platforms are therefore an integral aspect of how China's luxury consumers learn about and experience brands.

As Chinese warm up quickly to new brands, staying ahead of the curve by owning new platforms and digital spaces is essential for luxury brands to build brand awareness and equity with today's hyper-connected Chinese consumers. Digital and mobile are also important tools to foster positive relationships with consumers, with 360-degree services, exclusive content, and most significantly, intimate one-on-one interactions between the consumer and brand via platforms like WeChat, China's largest social networking platform. Digital connectivity is inextricably linked to the overall luxury experience.



2 DESIGN IMMERSIVE LUXURY EXPERIENCES AT RETAIL

As the face of a brand, brick-and-mortar stores are pivotal in the way consumers experience luxury in China, and have great potential to create the real immersive luxury experience Chinese want.

First, though the majority of Chinese luxury purchases are still made overseas, largely as the amount of Chinese outbound tourism continues to increase, over 75 percent of these consumers also make luxury purchases in mainland China. What they bring back is a heightened awareness of the quality customer service experienced abroad and therefore, greater expectations for superior services in China. Increasingly sophisticated Chinese consumers now demand services that are consistent, professional, friendly and unpretentious.

What's more, Chinese luxury consumers shop in groups. The retail environment necessarily morphs into a social venue that needs to be entertaining. Exceptional design, interactive touchscreens the size of mirrors, and novelty sections for in-store customization, coupled with a stellar sales staff, turn the retail experience into a multi-touch point event consumers are thrilled to share with their friends, both in person, and on their own digital social networks.

3 CONNECT WITH NEW CONSUMER CONFIDENCE

The 2008 Beijing Olympic Games marked a significant turning point in the eyes of Chinese consumers that signified a new era of self-awareness. China had stood up and earned a prominent position on the world stage. With new-found confidence and pride, Chinese consumers began to see the future with infinite potential promised by the world's fastest growing economy and the sense of historical momentum that propels it.

Luxury brands should tap into this energy to engage today's Chinese consumers on a more emotional level. A brand that recognizes the importance of its heritage, but is progressive and forward looking, will inspire Chinese luxury consumers who will identify with the brand's sense of optimism and core values.

In the end, what it really comes down to is the entire brand narrative – from what the brand does on digital, to how it acts in-store, to its core guiding values – that will govern the luxury consumer's overall experience. And it is the overall experience that then dictates how consumers feel about a brand, which ultimately determines if a brand truly lives up to its "luxury" status. After all, the answer to what will define luxury over the next few years for sophisticated consumers is, "luxury will be whatever you want it to be."

Staying true to your brand's core values and weaving your brand narrative across channels in a holistic way is essential to exciting and building a loyal base of Chinese luxury consumers today.

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www.hkstrategies.com

THOUGHT LEADERSHIP | Digital

BRANDS FACE DAUNTING CHALLENGE TO REMAKE THEMSELVES AS DIGITAL

Consumers now spend more time online than watching TV

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GroupM is WPP's consolidated media investment management operation, serving as the parent company to agencies including Maxus, MEC, MediaCom, Mindshare and Xaxis. As China's leading media communications group, GroupM is one of the industry's biggest investors in syndicated and proprietary media research and optimization tool development.

www.lightspeedgmi.com

China's ultra-vibrant Internet has already surpassed TV to become the country's pivotal media, and brands are struggling to keep pace, particularly as China's Internet goes mobile.

GroupM research shows that last year, for the first time, daily Internet time (2.54 hours) surpassed TV daily time (2.28 hours) in China's tier one and tier two cities. Those born post-1990 spent 2.85 hours online versus 1.85 hours watching TV – a full hour extra spent online each day. And these figures do not include mobile Internet time, estimated to account for roughly 30 percent of media time spent.

Brand advertisers in China, on the other hand, still devoted a whopping 44 percent of their budgets to TV and just 19 percent to online in 2013. Overall brand ad budgets are still far too heavily weighted to traditional media, so the first step for brands is to align budgets with how their audience consumes media, which often means doubling the digital spend.

Aligning budgets to match digital time spent is the easy half the battle. Over the past few years, brand advertiser spending for online video pre-roll advertising has quadrupled, as a percentage of online ad spending, and now accounts for nearly half of all digital spending by brands, according to GroupM.

While video is arguably the most compelling format for online ads, too many brands in China have simply repurposed their TV ads into video pre-roll ads, poured in big budgets, and then pronounced themselves "digital".

START OVER IN DIGITAL

Effectively leveraging the Internet to build brands in China, however, requires brands to "start over in digital" and make genetic transformations in how they address their consumers, rather than to simply subject consumers to ever more pre-roll ads on video sites.

Advertisers with "digital DNA" are embracing content-based native advertising, while designing campaigns that leverage the dozens of digital platforms to connect with Chinese consumers on their own terms, in targeted, non-obtrusive and beneficial ways.

China's PC-Internet is taking a back seat to its rapidly rising mobile counterpart. Mobile traffic overtook PC traffic on social sites last year, and surpassed PC traffic on online video sites and search in the third quarter of 2014, according to company estimates.

In response to China's mobile Internet revolution, progressive brands are starting off their planning with a cross-screen mentality, and building for mobile first, ahead of TV and the PC-based Internet.

Brand spending on mobile accounted for 15 percent of all digital spending by brand advertisers in the first 10 months of 2014, according to GroupM. Mobile spending by brands on video and search already reaches the 20-plus percent range for those categories, and will continue its rapid rise as mobile advertising, which is still priced at a discount to the PC-Internet, delivers scale and improved ROI.

PROGRAMMATIC BUYING

Big Data and programmatic buying – aggregating information to reach target consumers most effectively – have been percolating for years in China's incredibly dynamic performance ad market. They are now becoming greenfield opportunities for brands looking to extend display and video ad reach at rock bottom prices. Google is likely the only player in programmatic with any scale in China that brands from overseas will recognize, however, as the China performance ad market is a sophisticated homegrown affair.

In addition to launching programmatic buys, brands in China with digital DNA are also building Data Management Platforms (DMPs), warehouses of marketing data. And they are discovering new technologies that enable data-informed performance-based ad buying, particularly as brands begin to push into ecommerce and seek to correlate their online media investment with actual sales.

The few brands that have not yet awakened to China's ecommerce revolution were surely shaken when Alibaba racked up $9.3 billion in sales during the 24-hour Singles Day online buying frenzy in November 2014. China is leading the world in online shopping; accordingly, China brand teams should be leading (rather than following) their respective global efforts in ecommerce.

With all the newness and complexity, the challenge brands face in remaking themselves digital is daunting, particularly in China where familiar global names such as Facebook and Google are nonstarters. But brands must realize that Chinese consumers are swapping their TVs for the mobile Internet faster than their peers in developed markets, and the brands these consumers find first and embrace in this brave new media landscape will be the winners.

THOUGHT LEADERSHIP | Going Global

FASHION AND APPAREL BRANDS WELL POSITIONED TO GO GLOBAL

They express and export Chinese culture

Turning the perception of Chinese products from Made in China to created in China is a key initiative in China's going global efforts. Some Chinese brands that do well in the international marketplace are already chipping away at the negativities connected to the Made in China image, but some industries and brands will be more convincing than others. With China having ranked number one in textile and garment export since 1994, and accounting for a one-third share of the global market, the fashion and apparel industries can tell an appealing story about an innovative and creative China. In a recent example, Peng Liyuan, the First Lady of China, showcased Chinese designer clothing in her international state visits, drawing much media attention to Chinese creativity.

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China's fashion and apparel industries are in a unique position to celebrate "Chineseness" and turn Chinese creativity from a perceptual weakness into a conceptual advantage. Chinese designs and motifs express the ideas and spirit of a nation that is full of creativity. They convey the intangibles, such as China's culture, lifestyle and the diversity of its people. China's heritage in silk, embroidery and other crafts also provides a solid foundation for fashion and apparel brands to move toward the high end of the value chain. Fashion and apparel, being at once a theme of the national story as well as the means to tell it, are emblematic of the national brand.

At its essence, the Shangxia brand creates a twenty-first century lifestyle founded on the finest of 5,000 years of Chinese culture. It promises an encounter with balance and harmony that is unique to Chinese design philosophy. Jackets from Septwolves, tailored with Chinese-style collars, are often given as state gifts to extend friendship to foreign dignitaries. Metersbonwe applies different lifestyle themes to various flagship stores around China to provide consumers with unique Chinese experiences. This marketing strategy will be extended to overseas retail stores soon. Then there is the formidable line-up of emerging designers, such as Guo Pei, Laurence Xu, and Ji Cheng, who often deploy Chinese motifs, directly or indirectly, in their designs.

Given the huge quantity of Chinese garments being sold in the international marketplace, fashion and apparel brands can play a strong role in enhancing the created in China image. In order to accelerate overseas market expansion, here are a few things that are worth considering when Chinese fashion and apparel brands go global:

1 TELL A GOOD STORY OF CHINA AND CHINESE LIFESTYLE

Chinese values embodied in design elements are well positioned to meet global consumers' needs for balance and harmony, health and wellness, and a holistic lifestyle. Fusing Chinese designs with western elements is one way to facilitate the international growth of Chinese fashion brands. This ability to harmonize the East with the West is also a message that Brand China wants to send out to the world. Since we are in an experience economy, creating lifestyle stores, such as what Shangxia is doing, also allows overseas consumers to experience the essence of Chinese culture.

2 DEPLOY DIGITAL TECHNOLOGY

Millward Brown's 2013 Going Global survey found that a high percentage of overseas consumers are willing to consider Chinese brands when purchasing IT and apparel products, 77 percent and 62 percent, respectively. That ranks both categories in the top five of the 16 categories surveyed. Applying digital technology on clothing design or manufacturing, and making it a part of the brand's story, offers many possibilities. Qingdao Unique Products, a technology brand, has developed a multi-function 3D printer that can scan the consumer's body shape and then print out a garment in soft fabric that fits the body shape perfectly. With wearable technology just around the corner, crossovers between IT and apparel brands will be win-win for both categories. The use of digital technology in retail stores to create new shopping experiences for consumers is also worth exploring.

3 TAKE ADVANTAGE OF ECOMMERCE

Internet and ecommerce produced new opportunities and threats for all brands that seek to expand beyond their national borders. In that sense, these factors created an equal playing field. Chinese marketers can now sell to the world from home instead of setting up distribution channels in overseas markets. For example, Chinese emerging designer Uma Wang's collection can be purchased on Farchet.com and shipped worldwide. Alibaba's IPO at the New York Stock Exchange demonstrates to the world that China has some of the most enterprising and innovative ecommerce business models. This should be a big confidence boost for Chinese entrepreneurs to take advantage of ecommerce.

4 JOIN INDUSTRY ASSOCIATIONS TO ACQUIRE KNOWLEDGE

Since most fashion and apparel brands are private entrepreneurial endeavors, they typically lack the government support that SOEs have when venturing overseas. The learning curve of going global is steep and full of stumbling blocks. Joining industry associations such as the China National Garment Association or the China Luxury Industry Association, where learning is fostered, resources are shared and strategic alliances can be formed, will facilitate expansion into the global market.

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"MANY CHOOSE BRANDS TO EXPRESS PERSONAL IDENTITY RATHER THAN TO SIMPLY PROJECT STATUS."

PART 3 参

THE TOP 100

The BrandZ™ Top 100 Most Valuable Chinese Brands 2015

	BRAND	CATEGORY	BRAND VALUE US$ Mil.	BRAND VALUE % Change 2015 vs. 2014	BRAND CONTRIBUTION
1	Tencent	Technology	66,077	95%	4
2	Alibaba	Retail	59,684	**NEW**	2
3	China Mobile	Telecom Providers	55,927	-9%	5
4	ICBC	Banks	34,521	-13%	2
5	Baidu	Technology	30,897	55%	5
6	China Construction Bank	Banks	21,005	-18%	2
7	Sinopec	Oil & Gas	15,493	18%	3
8	Agricultural Bank of China	Banks	15,427	-20%	2
9	PetroChina	Oil & Gas	12,022	-11%	3
10	Bank of China	Banks	11,861	-13%	2
11	Ping An	Insurance	11,086	0%	2
12	China Life	Insurance	10,134	-20%	2
13	China Telecom	Telecom Providers	9,851	21%	4
14	Moutai	Alcohol	7,608	-28%	4
15	China Merchants Bank	Banks	5,671	-16%	2
16	China Unicom	Telecom Providers	5,494	25%	3
17	Yili	Food & Dairy	5,094	1%	5
18	Mengniu	Food & Dairy	4,869	57%	5
19	Air China	Airlines	3,883	6%	3
20	Bank of Communications	Banks	3,829	-22%	2
21	Lenovo	Technology	3,252	26%	3
22	CPIC	Insurance	3,169	-7%	2
23	China Minsheng Bank	Banks	3,071	-10%	1
24	Yunnan Baiyao	Health Care	2,734	-9%	4
25	Shuanghui	Food & Dairy	2,723	2%	3
26	Vanke	Real Estate	2,577	1%	3
27	PICC	Insurance	2,376	1%	2
28	China Eastern Airlines	Airlines	2,027	8%	3
29	Suning	Retail	1,970	24%	2
30	Haier	Home Appliances	1,930	34%	4
31	Tsingtao Beer	Alcohol	1,808	5%	5
32	Gree	Home Appliances	1,785	8%	3
33	Poly Real Estate	Real Estate	1,758	-9%	3
34	China Southern Airlines	Airlines	1,704	7%	3
35	Midea	Home Appliances	1,615	33%	4
36	360	Technology	1,582	43%	3
37	Letv	Technology	1,551	**NEW**	5
38	Evergrande Real Estate	Real Estate	1,539	19%	3
39	Yanghe	Alcohol	1,333	-33%	3
40	Country Garden	Real Estate	1,317	-1%	3
41	BYD	Cars	1,314	69%	1
42	New China Life	Insurance	1,282	-26%	2
43	Tong Ren Tang	Health Care	1,280	-21%	4
44	Ctrip	Travel Agencies	1,224	71%	2
45	New Oriental	Education	1,179	56%	5
46	NetEase	Technology	1,117	12%	3
47	Sina	Technology	1,104	-6%	5
48	ZTE	Technology	1,058	**NEW**	2
49	Bright Dairy	Food & Dairy	1,019	1%	5
50	ChangYu	Alcohol	929	-36%	4

Source: BrandZ™ / Millward Brown.

Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.

The BrandZ™ Top 100 Most Valuable Chinese Brands 2015

	BRAND	CATEGORY	BRAND VALUE US$ Mil.	BRAND VALUE % Change 2015 vs. 2014	BRAND CONTRIBUTION
51	Snow Beer	Alcohol	911	19%	4
52	Harbin Beer	Alcohol	823	14%	4
53	Wu Liang Ye	Alcohol	786	-16%	4
54	Baiyunshan	Health Care	762	NEW	3
55	Dabao	Personal Care	747	4%	2
56	Belle	Apparel	734	-37%	5
57	CR Sanjiu	Health Care	725	-14%	3
58	Luzhou Laojiao	Alcohol	691	-25%	4
59	Hainan Airlines	Airlines	633	11%	2
60	Lao Feng Xiang	Jewelry Retailer	612	10%	5
61	Great Wall	Cars	563	NEW	1
62	Longfor	Real Estate	561	-6%	3
63	Industrial Bank	Banks	557	-8%	1
64	Gemdale	Real Estate	488	8%	2
65	Robam	Home Appliances	484	6%	4
66	Home Inn	Hotels	464	10%	5
67	Yanjing Beer	Alcohol	464	-10%	4
68	Yonghui Superstores	Retail	448	NEW	2
69	R&F Properties	Real Estate	441	4%	3
70	Sanquan	Food & Dairy	402	31%	4
71	Anta	Apparel	400	18%	3
72	SOHO China	Real Estate	387	4%	2
73	Metersbonwe	Apparel	374	-18%	3
74	Eastern Gold Jade	Jewelry Retailer	368	-9%	4
75	Suofeiya	Furniture	359	-1%	4
76	Gujing Gong Jiu	Alcohol	356	-17%	4
77	China Everbright Bank	Banks	348	-11%	1
78	Hanting	Hotels	348	45%	4
79	Pearl River	Alcohol	347	48%	3
80	Tata	Apparel	334	-39%	4
81	Quanjude	Catering	313	21%	5
82	Hisense	Home Appliances	300	7%	2
83	Fortune	Food & Dairy	299	-34%	5
84	Greentown China	Real Estate	298	-16%	1
85	Ming Jewelry	Jewelry Retailer	260	59%	4
86	Sohu	Technology	249	20%	3
87	Supor	Home Appliances	244	-4%	5
88	China Taiping	Insurance	241	19%	1
89	Youngor	Apparel	233	-26%	3
90	Zhong Hua	Personal Care	231	6%	4
91	China Overseas Property	Real Estate	229	-22%	1
92	Xueersi	Education	219	64%	4
93	CITS	Travel Agencies	215	-15%	2
94	Jinjiang Inn	Hotels	186	32%	4
95	Yihaodian	Retail	184	NEW	2
96	Semir	Apparel	178	13%	2
97	Septwolves	Apparel	171	-33%	4
98	TCL	Home Appliances	171	NEW	1
99	Yonghe King	Catering	170	12%	3
100	Yashili	Food & Dairy	167	26%	2

Source: BrandZ™ / Millward Brown.

Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest.

CATEGORY GROWTH

MARKET-DRIVEN CATEGORIES LEAD IN VALUE GROWTH

Of the 21 product and service categories tracked in BrandZ™ Top 100 Most Valuable Chinese Brands, 12 categories rose in value, seven declined and two remained the same.

Retail led the categories in brand value growth with a rise of 3,827 percent driven by Alibaba, which appeared for the first time in the BrandZ™ Top 100 Most Valuable Chinese Brands.

With Alibaba removed from the calculation the retail category still appreciated in value a healthy 64 percent.

Technology surpassed banks as the category with the largest total brand value, $106.9 billion or almost one-quarter of the total brand value of the BrandZ™ Top 100 Most Valuable Chinese Brands 2015.

These are important developments because they reflect how the liberalization of China's economy is unleashing dramatic growth in the value of market-driven brands.

Eight of the nine brands in the technology category are market driven, in contrast to the nine banks, which are predominantly SOEs (State Owned Enterprises).

The ascendancy of market-driven brands also is evident in the growth leading categories over the past five years. Between 2011 and 2015, retail appreciated 1,893 percent in brand value, driven by Alibaba and other market-driven brands. Technology increased 327 percent in brand value.

Brand value is concentrated among a few categories, with the technology and banks categories comprising almost 45 percent of the total value of the BrandZ™ China Top 100.

Retail led category value growth...

Category	Category Value % Change 2014 vs. 2013		Category Value US$ Mil.	Brand Contribution	Number of Brands in Top 100
Airlines	7%	↑	8,248	3	4
Alcohol	-22%	↓	16,055	4	11
Apparel	-37%	↓	2,424	3	7
Banks	-16%	↓	96,291	2	9
Cars	141%	↑	1,877	1	2*
Catering	18%	↑	483	4	2
Education	57%	↑	1,399	5	2
Food & Dairy	14%	↑	14,572	4	7
Furniture	-1%	↓	359	4	1
Health Care	1%	↑	5,500	4	4
Home Appliances	20%	↑	6,529	3	7
Hotels	0%	–	998	4	3
Insurance	-10%	↓	28,288	2	6
Jewellery Retailer	-2%	↓	1,241	4	3
Oil & Gas	4%	↑	27,515	3	2
Personal Care	4%	↑	978	3	2
Real Estate	0%	–	9,594	2	10
Retail	3827%	↑	62,287	2	4
Technology	78%	↑	106,886	4	9*
Telecom Providers	-4%	↓	71,272	4	3
Travel Agencies	48%	↑	1,439	2	2

Retail led in year-on-year value growth driven by the entrance of Alibaba. But even without Alibaba the retail category increased 64 percent in value.

Brand contribution measures the influence of brand alone on earnings on a 1-to-5 scale, 5 highest.

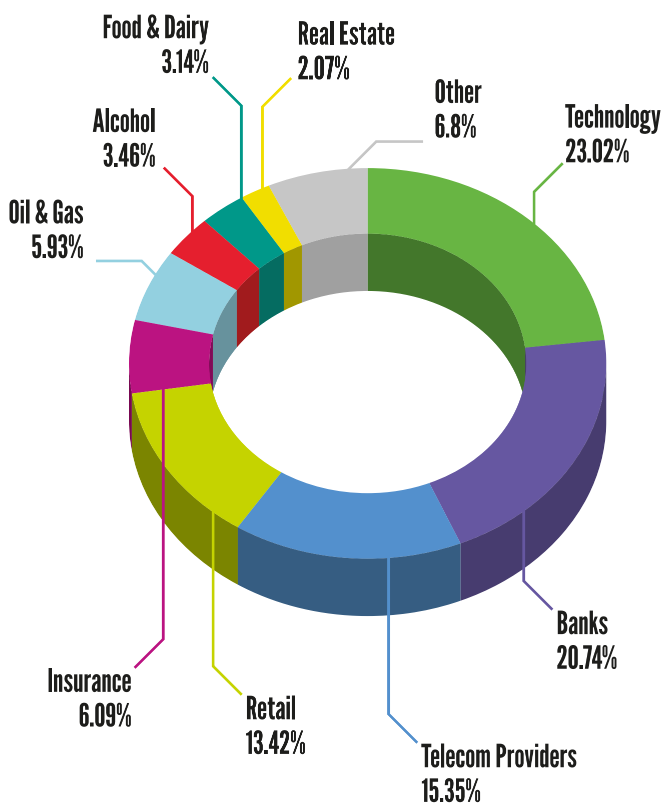
* The year-on-year value growth is large because only one brand appeared in these categories last year, and Alibaba was one of the new brands in retail.

Source: BrandZ™ / Millward Brown

CATEGORY GROWTH

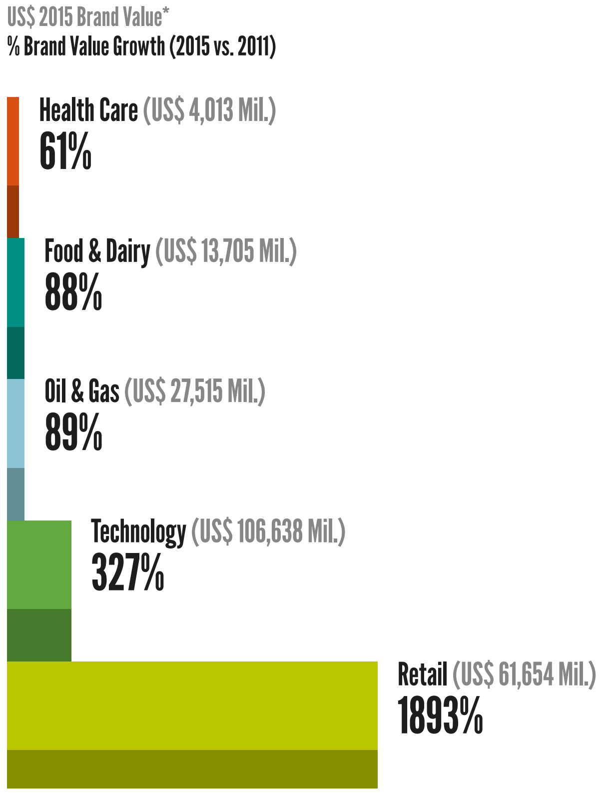
… Value was concentrated in a few categories…

The technology and banks categories together comprise 43.7 percent of the value in the BrandZ™ Top 100 Most Valuable Chinese Brands.



… Retail and technology led 5-year growth

Two categories in which market-driven brands predominate far outpaced the growth of other categories over the past five years.



*Based on the BrandZ™ Top 50 Most Valuable Chinese Brands

Source: BrandZ™ / Millward Brown

CATEGORY UPDATES

Airlines

AIRLINES IMPROVE SERVICE AS TOURISM DRIVES GROWTH

7%

Airlines enjoyed healthy growth, driven by leisure travel demand, particularly to overseas destinations, and government investment in airport construction. Carriers continued to add international routes, expand service to lower tier cities and focus more attention on understanding consumer needs to improve service and differentiate.

The three major national brands – Air China, China Southern Airlines, and China Eastern Airlines – continued to dominate the market. As they improved the customer experience for premium passengers, low cost carriers built their businesses by making air travel more affordable for a greater number of people.

Air China added a budget brand as part of the government's initiative to increase service to lower tier cities. Hainan Airlines added international flights from regional cities. And online sales, a relatively new trend in the airline industry, increased. Factors including government austerity measures and competition from rapid rail impacted category sales.

Alcohol

BAIJIU BRANDS PURSUE NEW STRATEGIES TO STIMULATE DEMAND

-22%

Demand for baijiu continued to weaken and makers of the traditional white alcohol experienced profit pressure as price premiums eroded because of government policies that discourage extravagant official gift giving and entertaining.

Baijiu brands responded with various strategies, including: lowering prices, repositioning from premium to mid-market, seeking overseas markets and selling the bi-products of brewing grain as animal feed. Baijiu brands also expanded both online and physical distribution channels

Chinese wine brands also experienced a decline in demand for premium products, because of China's slower economic growth rate, government austerity measures and the entrance of more foreign competition. Wine brands attempted to control costs, but also invested to improve grape cultivation and harvest.

Beer brands experienced stronger results. Several are owned by the major global brewers and benefited from resources and marketing expertise. Promotion around beer festivals and sponsorship of the FIFA World Cup helped drive consumption.

Apparel

FOREIGN COMPETITORS ADD TO PROBLEMS OF SLOWER GROWTH

-37%

Many Chinese sportswear brands continued to suffer from lower demand, excess inventory and overstoring. In response, brands continued to close physical stores while proactively increasing their online presence and executing brand extension strategies.

Anta, an adult sportswear brand, entered the growing children's wear business. Semir initiated a strategic shift to broaden from being a marketer of children's wear to becoming a one-stop provider of children's clothing, education, entertainment and other services.

For the marketers of business casual apparel, the problems of a slower economy and reduced demand were compounded by competitive pressure from international fast fashion brands, which offered a combination of high style and a low price that appealed to Chinese consumers.

Apparel brands continued to expand into lower tier markets. Some created flagship stores where customers could experience the brand in a physical location in an O2O attempt to match the offline and online brand presence.

Ecommerce increased, but shopping in physical stores remained the primary way Chinese purchased apparel. And online shopping was especially unlikely for certain items, like shoes.

CATEGORY UPDATES

Banks

BANKS FOCUS ON NEW BUSINESS DEVELOPMENT

-16%

The banks category adjusted to a combination of pressures that negatively impacted results, including slower economic growth, poorly performing loans and market reforms that lifted the interest rate ceiling on certain products making them less profitable.

Although most banks remained at least partially controlled by the government, reforms opened the way for more market-driven banks to enter the category. In addition, banks faced competition from non-banking entities introducing financial products. Ecommerce giant Alibaba offered micro loans, for example.

Banks responded with multiple strategies, including: expanding the focus on wealth management for private banking clients and developing online banking presence, often with mobile apps made available through partner Internet brands.

The banks category, which includes nine brands, comprises one-fifth of the total brand value of the BrandZ™ China Top 100. The category was surpassed in total brand value for the first time this year, by technology.

Cars

STEADY SALES GROWTH CONTINUES DESPITE PURCHASING QUOTAS

141%

China's car industry continued steady growth. Passenger car sales rose 10.2 percent year-on-year during the first nine months of 2014, according to the China Association of Automobile Manufacturers (CAAM).

Local government quotas on car purchases, in an effort to control air pollution, impacted sales in some cities. But incentives for buying environmentally friendly vehicles drove sales of hybrids by brands like BYD. Although a relatively small part of the market, CAAM statistics indicate that production of clean energy cars almost tripled during the first nine months of 2014.

Carmakers focused on sales opportunities in lower tier cities without car sales quotas. Brands also cultivated ecommerce channel with sales on Tmall and other shopping websites. And they sold cars abroad, mostly to other Asian countries, although exports softened, according to CAAM. Chinese consumers continued to favor foreign brands. GM sold more cars in China than in the US during the first half of 2014.

The Chinese brand Great Wall experienced strong sales, particularly for its SUVs. Industry sales of SUVs rose by a third year-on-year, CAAM reported. Great Wall's entrance into the BrandZ™ China Top 100 doubled the car brands represented in the ranking from one to two, which accounts for the sharp rise in category brand value.

Catering

INDUSTRY INCREASES RAPIDLY AS PEOPLE ENJOY DINING OUT

18%

More consumers are dining in restaurants as part of the Chinese middle class experience. Because of increased affluence, accelerated urbanization and changing household consumption habits, dining out has become a more frequent indulgence and social occasion.

China's catering industry is expanding rapidly because of this phenomenon, but it faces a number of challenges, including: food safety issues, a labor shortage, inadequate customer service and rising operation costs.

As suggested by the popularity of the TV program "A Bite of China," the appreciation of food has cultural significance in China. Even during the global financial crisis, catering industry growth remained stable. This resistance to economic cycles attracted more and more investors to the category.

Two catering brands rank in the BrandZ™ China 100: Quanjude, a chain of roast duck restaurants established in 1864; and Yonghe King, with a fast food menu specializing in soups and noodles.

Education

SCHOOLS EXPAND O2O OPTIONS TO SERVE GROWING ENROLLMENT

57%

The education category continued to benefit from a cultural commitment to learning, parents' desire to prepare children for the growing economy and the need to excel on the *Gaokao*, the national college entrance exam.

Brands offered broad curricula for entrance exam preparation. They also provided after-school and weekend tutoring for young children as well as adult programs to enhance career advancement.

School locations were added, but generally at a slower pace as brands attempted to increase profitability and strengthen the integration of their online and offline offerings.

Factors influencing future growth include reform of the NMET (National Matriculation English Test), and the relaxation of the one child policy. Both factors could increase demand.

Food and Dairy

FOOD SAFETY AND HEALTHINESS DRIVE PRODUCTS, PARTNERSHIPS

14%

Food and dairy brands launched initiatives to address the category's key issues: food quality and safety. To meet rising consumer health consciousness and demand for naturally healthy products, brands added healthier and more upmarket ingredients.

Meanwhile, food and dairy brands joined international testing organizations and formed alliances with overseas food leaders to improve production standards and overcome the trust issues that resulted from a series of food safety scandals several years ago.

To widen distribution, brands launched their own Internet stores or cooperated with leading Internet retailers. Some developed loyalty programs to retain customers and learn more about their food desires and habits.

In a category with a substantial number of SOEs (State Owned Enterprises), consolidation continued, motivated in part by the government's desire to create brands with the scale necessary to successfully face foreign competition at home or abroad.

Furniture

URBANIZATION, HOUSEHOLD FORMATION STIMULATE SALES

-1%

The furniture industry benefited from urbanization and household formation. The growing interest in home décor and remodeling, driven by rising prosperity, also helped sales.

Other than Ikea, the dominant foreign brand, the category remains fragmented with many Chinese brands. One of them, Suofeiya, linked with the French company SALM to extend the Suofeiya brand, known for bedroom wardrobes, into other kinds of storage cabinets.

As consumers prefer to physically see and touch furniture before purchasing, the furniture category was less impacted by ecommerce than many other retail segments. However, brands developed online shopping sites to heighten awareness.

In the near term, the recent slowdown in real estate development, because of higher interest rates, could impact furniture sales. But over time growth potential is enormous, particularly in lower tier cities. Suofeiya is the only furniture brand included in the BrandZ™ China Top 100 because it's the only brand in the category to meet all the ranking criteria.

CATEGORY UPDATES

Health Care

BRANDS RESPOND TO COMPETITION WITH MORE ACQUISITIONS

1%

Health care reform and heavy competition were among the factors that slowed value growth of the health care category and drove expansion into lower tier markets as well as increased merger and acquisition activity.

These corporate hook-ups often provided Chinese brands with resources and advanced technology, along with insight about the pharmaceutical business in developed markets. Brand extension opportunities also resulted.

Tong Ren Tang, a traditional Chinese medicine brand, purchased a major stake in Yaokang International, a medical center. Yunnan Baiyao, another traditional Chinese medicine brand, acquired Qingyitang, a feminine hygiene brand.

Both Yunnan Baiyao and Tong Ren Tang offered cosmeceuticals, cosmetics with pharmaceutical ingredients. CR Sanjiu, another traditional Chinese medicine brand, also continued to extend into new categories including over-the-counter remedies.

Home Appliances

BRANDS DEVELOP SMART PRODUCTS

20%

In an unfavorable climate of higher interest rates and slower real estate development, home appliances focused on producing innovative smart products in an effort to shift the consumer conversation from price to performance.

Along with producing smart features, like appliances that can be controlled from mobile devices, both the manufacturers of white goods and air conditioners improved the energy efficiency of their products. Letv continued to develop smart TVs, and also expanded into content creation.

Brands developed business in lower tier cities, facilitated by an increase in ecommerce and the expansion of distribution to those areas. Haier leveraged its distribution capability in a collaboration with Alibaba in which the appliance maker provides "last mile" delivery and installation support for the ecommerce giant.

Home appliance brands also continued to export products, both under their own brands and as OEMs (Original Equipment Manufacturers) for other brands. Six appliance brands rank in the BrandZ™ China Top 20 brands with the greatest percent of revenue derived from overseas.

Hotels

LEISURE TRAVEL DRIVES GROWTH

0%

Although hampered by slower economic growth and reduced government business travel spending, the hotel category continued to expand and competitors broadened their offerings to gain share across market segments from budget to luxury.

China's middle class, with its increased number of leisure travelers, drove the expansion of the budget and mid-price hotels. To win market share, brands opened new hotels rapidly, through organic growth, franchising and acquisition.

To assure consistent quality across their many locations and segmented offerings, brands managed locations with combinations of central and local control. And they developed loyalty programs to gain and retain customers. Online booking increased significantly.

Insurance

INSURERS ADD AGENTS TO IMPROVE SERVICE

-10%

Insurance brands added agents and strengthened various selling channels in an effort to reach consumers more effectively and persuade members of the rising middle class that insurance to protect their increasing assets is an important investment.

During a period of slower growth, and with the prospect of increased competition resulting from market reform, brands attempted innovative approaches to reach customers and improve service.

Extensive promotion drove e-insurance sales increases for New China Life. PICC Property and Casualty Company, Ltd. collaborated with Tencent, the Internet portal, to create a car platform that adds maps and other online resources to PICC's offline capabilities.

Six Chinese insurance brands appeared in 2015 BrandZ™ China Top 100, with a total brand value of $28.3 billion dollars, accounting for 6 percent of the ranking's total brand value.

Jewelry Retailer

MULTIPLE FACTORS SLOW SALES GROWTH

-2%

Jewelry retail continued to benefit from China's growing affluence, but several factors contributed to sluggish sales, including: slower economic growth, government policies discouraging extravagant official gift giving, and increased overseas Chinese tourism.

Chinese traditionally view precious jewelry as both a status symbol and an investment that holds its value even during periods of inflation. But costume and fashion jewelry are growing in popularity among young professionals, especially men.

Local brands benefit from this trend by offering relatively affordable jewelry in contemporary designs made with less expensive materials. Meanwhile, international jewelry retailers derive competitive strength from branding, design and quality.

Although store-based retailing continues to dominate jewelry sales, because consumers prefer to try on the merchandise, Hong Kong jewelers have started to incorporate ecommerce aggressively, even offering exclusive online designs.

Mainland Chinese jewelry retailers have yet to fully embrace ecommerce, however brands like Lao Feng Xiao integrate the online channel by providing detailed product and store information on their websites. Ming Jewelry built its official online shop on Tmall.com.

Oil and Gas

POLITICAL AND ECONOMIC CHANGE IMPACT CATEGORY

4%

Along with slower economic growth, political forces pressured a category considered vital to the nation's welfare. Policy emerging from the Third Plenary Session, at the end of 2013, directed the oil and gas category, dominated by SOEs (State Owned Enterprises), to become more market driven.

In addition, driving restrictions promulgated by local governments to reduce air pollution reduced demand for fuel. In an effort to ensure the supply of cleaner energy, PetroChina accelerated its shale gas operations in China. China signed long-term agreements with Russia to import massive amounts of gas through a network of pipelines spanning the two countries.

To develop potential outside its petrochemical core business, Sinopec partnered with Tencent. Together with the online portal, Sinopec will explore digital initiatives, such as ecommerce and mobile payment. Sinopec arranged with S.F. Express to use Sinopec service stations as package pick-up and drop-off locations.

CATEGORY UPDATES

Personal Care

DEMAND TRIGGERS SEGMENTATION AND PREMIUMIZATION

4%

The personal care category continued to expand, reflecting the interests and the financial wellbeing of China's widening middle-class. Personal care brands were among the most adept at ecommerce.

Brands introduced more benefits with line extensions in sectors like skin care. Segmentation resulted in more products for babies, children and men. Premiumization continued as more discriminating consumers sought high-quality products.

Concerned about product safety, especially the potentially deleterious effects of chemicals, consumers preferred products and brands with healthy and natural ingredients that inspired trust.

Meanwhile, international players such as P&G, Unilever and L'Oreal dominated the personal care category with both their own brands and local acquisitions. Dabao, a famous local skin care brand, is owned by J&J. Unilever owns the local toothpaste brand Zhong Hua. Both brands are ranked in the BrandZ™ China Top 100.

Real Estate

BRANDS ADJUST TO NEW MARKET DYNAMICS AND SLOWER GROWTH

0%

To rebalance the economy, and avoid a real estate bubble, the government slowed housing demand by raising interest rates, which tightened credit. Following boom years that were driven by rising affluence and rapid urbanization, the real estate market adjusted.

Brands advanced a variety of initiatives, including: shifting from building and selling to building and renting; expanding into lower tier cities and overseas; and extending brands into related sectors, like retirement communities.

Anticipating a period of consolidation, and a more market-driven industry because of government reforms, brands also took steps to better understand consumer preferences, improve customer experience and build loyalty.

Reflecting the dynamism of the past few years, 10 real estate brands are listed in the BrandZ™ Top 100 Most Valuable Chinese Brands 2015, making the category among the most represented in the ranking.

Retail

ECOMMERCE RAPIDLY RESHAPES RETAIL

3,827%

The BrandZ™ Top 100 Most Valuable Chinese Brands 2015, includes four retail brands compared with only one brand a year ago.

The most notable addition is Alibaba, whose arrival in the ranking, at number two, drove category value growth and suggests the impact of ecommerce. Even without Alibaba, however, retail brand value rose 64 percent.

Suning, the single retailer ranked last year, advanced plans to strengthen its core appliance business with its physical stores, but also devoted significant attention to ecommerce, opening its online platform to more third-party collaboration.

The grocer brand Yihaodian, which operates only online, expanded its product range and strengthened its distribution capabilities, locating package pick-up locations in major apartment developments and at over 300 FamilyMart locations in Shanghai.

In another example of effective O2O, online-to-offline integration, Yonghui Superstore introduced a click and collect app that enables customers to shop and pay online with their mobile devices and pick up purchases at a physical location.

Ecommerce was further strengthened with the rapid emergence of mobile payment options offered my most banks, often in collaboration with a powerful Internet brand like the portal Tencent, or Baidu, the search leader.

Technology

BRANDS DEVELOP ECOSYSTEMS TO COMPETE EFFECTIVELY

78%

Technology surpassed banks this year as the category contributing the largest share of brand value to the BrandZ™ Top 100 Most Valuable Chinese Brands. The nine technology brands in the BrandZ™ China 100 comprise almost a quarter its total value.

Tencent, the Internet portal, ranks number one, displacing China Mobile, which has led the BrandZ™ China ranking since its inception in 2011. The search engine Baidu ranks fifth.

Both Tencent and Baidu continued to evolve into online ecosystems to compete more effectively with ecommerce giant Alibaba for consumer time and advertiser revenue. Tencent, for example, bought a 15 percent stock share of JD.com and linked it with its WeChat messaging service to provide seamless shifting between ecommerce and social media.

Similarly, the Internet portal and media company Sina conducted an IPO (Initial Public Offering) of Weibo, its social media subsidiary. As Alibaba owns about 30 percent of Weibo, the transaction facilitates contact between Weibo users and merchants on Alibaba sites.

Technology brands also moved rapidly into mobile, particularly mobile payment. And some technology brands extended to other categories. Letv, a streaming video site, also produces its own brand smart TV. Some brands, such as Lenovo, expanded their global presence.

Telecom Providers

PROVIDERS EXPAND NETWORKS TO MEET RAPID MOBILE GROWTH

-4%

Consumer adaption of mobile drove the telecom provider category. Mobile surpassed the PC as the access point to the Internet in China for the first time. The number of people accessing the Internet with mobile devices totaled 527 million – over 90 percent with smartphones – at the end of June 2014, according to the China Network Information Center.

To meet the growing demand for voice and data transmission, China's three telecoms – China Mobile, China Unicom, and China Telecom – strengthened their 3G networks and accelerated deployment of 4G, at least in urban areas. China Mobile expanded its TD-LTE network, a variation of 4G developed in collaboration with several international technology and handset companies.

All of the telecoms added products and services, like mobile payment apps, to differentiate and connect meaningfully with customers. China Telecom, for example, introduced a banking app in partnership with China Minsheng Bank. In an initiative designed to reach young people, China Unicom launched its WeChat-Wo card, a SIM card specifically designed for the WeChat social network of Tencent, the Internet portal.

Travel Agencies

LEISURE TRAVEL DRIVES CATEGORY GROWTH

48%

Leisure travel continued to drive category growth, even as business travel slowed because of government austerity measures. Infrastructure development – rapid rail and airports in lower tier cities – facilitated movement domestically.

Meanwhile, China led the world in the growth rate of overseas travel, with spending by Chinese traveling abroad increasing 16 percent through the first nine months of 2014, according to the World Tourism Organization, an agency of the UN.

Travel agencies benefited from this growth and conducted an increasing amount of business online. Ctrip completed over 80 percent of all transactions online. Ctrip's mobile app has been downloaded over 200 million times.

The well-established travel brand CITS, with over 100 branches, focused on transforming from a traditional travel agency into more of an Internet-driven operation.

PUBLIC POLICY SHAPING THE MARKET-DRIVEN ECONOMY DEPENDS ON CHINA'S DEEPLY-ROOTED ENTREPRENEURIALISM.

BRAND PROFILES

COMPANY Tencent Holdings, Ltd.
BRAND VALUE US$ 66.1 Billion
YEAR-ON-YEAR CHANGE 95%
HEADQUARTERS Shenzhen
INDUSTRY Technology
YEAR FORMED 1998

MOST VALUABLE

Collaborations strengthen ecommerce and O2O

Tencent is China's most valuable brand and leading Internet portal. With a 95 percent year-on-year brand value increase, Tencent, in the BrandZ™ China Top 100 2015, become the first technology brand to hold the number one rank.

The brand increased in value 442 percent over the five years since it appeared in the first BrandZ™ China ranking, in 2011. This growth rate suggests the brand has been enormously successful at accomplishing its mission, which essentially is to help people find enjoyment and satisfaction in the parts of their lives they spend online.

It built the business incrementally, adding products and services over time to become a ubiquitous ecosystem spanning social media and ecommerce, enabling users to move seamlessly among Tencent offerings to keep them engaged and away from competitors.

On the Tencent portal people can text, talk and video (QQ Instant Messenger), chat (WeChat), play (QQ Games), find news and information (QQ.com), buy and sell (PaiPai) and make online payments (Tenpay). Tencent often provides these activities, and more, better than the competition.

The clearest exception is ecommerce, where Alibaba dominates. To strengthen its ecommerce and O2O, online-to-offline, positions, Tencent aggressively completed several strategic acquisitions and collaborations in 2014.

STRENGTHENING THE BUSINESS

It entered a joint venture with Baidu, China's leading search engine, and Wanda, a conglomerate with extensive holdings including films, movie theaters and shopping malls.

The three brands will collaborate on advertising and in other areas. Tenpay and WeChat payment apps, will be used to purchase goods and services available from Wanda, strengthening the O2O positions of both companies, and Tencent will broaden its offering with access to Wanda content.

Tencent earlier purchased a stake in the ecommerce website JD.com, an Alibaba rival, and merged its own ecommerce businesses, including the consumer-to-consumer Paipai, with JD.com.

It also bought over a one-third share of the Sogou search engine of Sohu.com, to strengthen its position against Baidu. It merged its own search business into Sogou. Tencent purchased a stake South Korea's CJ Games, and stakes in Sina Weibo, similar to Twitter, and AutoNavi, a mapping company.

All these acquisitions help Tencent fulfill a destiny it has shaped since its formative years, when Tencent anticipated the growth of social and mobile media. Tencent's first product, the instant messenger site QQ, launched around 15 years ago, reported 829.3 million monthly active users at the end of June 2014.

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Tencent

TOP 10 RISER

GAMES DRIVE REVENUE

WeChat, Tencent's social networking app for communicating and sharing, may best illustrate the brand's prescience and business acumen. The app is similar to WhatsApp and enables users to connect over-the-top, free of charge on the Internet rather than over a telecom provider network, for a fee.

Launched in 2011, WeChat, or Weixin as it's known in China, had 438.2 million active at the end of June 2014, a 57 percent increase year-on-year. In a recent campaign to promote its Smart car brand, Mercedes-Benz sold 338 cars in three minutes on WeChat. It received an additional 1,751 down payments and generated 6,677 sales leads.

In contrast to many Internet giants, however, Tencent doesn't make most of its money by building an audience and then charging advertisers to reach it. Advertising generated only 12 percent of Tencent's total revenue in the third quarter of 2014.

Instead, Tencent builds audiences with products like WeChat, and then sells the audiences a lot of stuff – games and virtual goods, for example – for relatively small individual transaction fees. Online games contributed 58 percent of revenue in the third quarter of 2014.

Tencent ranked five in the BrandZ™ Top 100 Most Valuable Global Brands 2014 technology category, following Google, Apple, IBM and Microsoft. Net income increased 60 percent to $2.0 billion on a 37 percent revenue increase to $6.2 billion, in the first half of 2014. For the full year 2013, net income improved 25 percent to $2.5 billion on a 41 percent revenue rise to $9.8 billion. Tencent became publicly traded in 2004, on the Hong Kong Stock Exchange.

COMPANY Alibaba Group Holding, Ltd.
BRAND VALUE US$ 59.7 Billion
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Hangzhou
INDUSTRY Retail
YEAR FORMED 1999

Record IPO improves profile of Chinese brands

NEW ENTRY

New this year to the BrandZ™ Top 100 Most Valuable Chinese Brands, Alibaba rose to the top of the ranking, appearing at number two.

Also new to most of the world outside of China, the ecommerce giant launched the world's most successful IPO ever, in September 2014, raising $25 billion on the New York Stock Exchange.

That stunning success reaffirmed how much the future of retail is tied to ecommerce and how much ecommerce is a borderless world where buyers and sellers from anywhere can connect. As a publicly traded company, Alibaba met the criteria for inclusion in the BrandZ™ China ranking.

The Alibaba IPO also improved the stature of Brand China, the popular perception of brands that originate in China. Implicit in the investor excitement around Alibaba was the notion that China, often perceived as a competent maker of low cost goods, could be a world-class marketer of consumer products.

What seemed in the West like an instantaneous magical feat, reminiscent of the original Ali Baba story, actually was the culmination of 15 years building a business to serve China's burgeoning online community, connecting buyer and seller with consumer-to-consumer, business-to-consumer and business-to business ecommerce sites.

THE ALIBABA DIFFERENCE

Taobao Marketplace and Tmall are well-known Alibaba sites. Similar to eBay, but without the auction aspect, Taobao offers around 760 million items from seven million sellers, mostly consumers and small businesses. Tmall is a business-to-consumer site specializing in branded products. It offers around 70,000 brands, including many major global names like Apple, which joined the site this year.

Alibaba active buyers totaled 307 million at the end of September 2014. This scale alone is not what separates Alibaba from eBay, Amazon and other western peers to which it's compared, however. Its business model is different. How Alibaba makes money varies by product or service. On Taobao, for example, Alibaba makes money from advertising sales, similar to Google. On Tmall the participating merchants pay an annual fee and a commission on sales.

In addition, Alibaba's portfolio of businesses differentiates the brand. Alibaba combines into one ecosystem the ecommerce and social network equivalents of Amazon, eBay, PayPal and WhatsApp, along with a music streaming service called, Xiami, similar to Spotify. Its Alipay online payment system has contributed not only to the success of Alibaba but also to the growth of ecommerce in China.

EXPANSION CONTINUES

And the company continues to diversify into new online businesses, often through acquisitions. Recent purchases include: First Dibs, a luxury site for furniture and home furnishings, jewelry and other items; Tutor Group, an online educator; and ChinaVision, producer of movies and TV shows. Alibaba also bought a 50 percent stake in a soccer team, Guangzhou Evergrande.

Because consumers today are most likely to engage online with mobile devices, Alibaba also purchased a stake in Sina Weibo, a Twitter-like site. Now Weibo's 500 million active users can move relatively seamlessly between their social network and ecommerce activities. Mobile produces around one-third of Alibaba's retail volume.

One of Alibaba's most notable success happens on China's Double Eleven Day. The holiday for single people, which takes place annually on November 11, has become a day devoted to shopping. Every year Alibaba generates consumer excitement with special promotions and sales on its Tmall site. Sales increase almost 60 percent year-on-year in 2014, to a new record of $9.3 billion for the day.

MANY SUCCESSES AND CHALLENGES

Jack Ma and a group of investors launched the first Alibaba site in 1999. Alibaba.com was an English language global marketplace, intended to connect Chinese manufacturers with overseas buyers.

The idea came to Ma, a former teacher, during his first trip to the US, in 1995, when the lack of Internet results for companies from China surprised him. The company then moved rapidly, launching Taobao in 2003 and Tmall, in 2005, the same year that Yahoo bought a 30 percent stake in the company.

Although China's Internet boundary has insulated Alibaba from most western competitors, it succeeded against eBay and fierce competition from other Chinese Internet brands. Like any company, Alibaba has faced challenges and it's been slower than competitors to develop its own logistics business.

Alibaba earned $1.5 billion in net income on revenue of $3.5 billion in the first half of 2014. For the full year 2013, net income improved 105 percent to $1.4 billion on a 75 percent revenue gain to $5.5 billion. Alibaba became publicly traded, on the Hong Kong Stock Exchange, in 2007, and delisted in 2012. It's now traded on the New York Stock Exchange.

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Newcomers

Eight brands, from five categories, appear for the first time in the BrandZ™ Top 100 Most Valuable Chinese Brands.

NEW ENTRY

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中国移动 China Mobile

China Mobile

COMPANY China Mobile, Ltd.
BRAND VALUE US$ 55.9 Billion
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Beijing
INDUSTRY Telecom Providers
YEAR FORMED 1997

World's largest telecom expands its 4G network

The world's largest wireless telecom, China Mobile had 790 million subscribers as of August 2014. The company expanded its network capacity, accelerating development of 4G. In addition, China Mobile:

- Continued to coordinate its other networks, so that 4G and 3G together accounted for 44 percent of traffic.
- Increased revenue from data transmission.
- Introduced new digital services for both consumer and business customers.

The SOE (State Owned Enterprise) China Mobile Communications Corporation owns China Mobile, which was listed on the New York and Hong Kong Stock Exchanges in 1997. China Mobile ranked 15 in the BrandZ™ Top 100 Most Valuable Global Brands 2014.

Net income for the first half of 2014 declined 8 percent to $9.4 billion on an 8 percent revenue gain to $52.7 billion. For the full year 2013, net income declined 3 percent to $19.8 billion on a 15 percent revenue increase to $102.5 billion.

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ICBC 中国工商银行

ICBC

COMPANY Industrial and Commercial Bank of China, Ltd.
BRAND VALUE US$ 34.5 Billion
YEAR-ON-YEAR CHANGE -13%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1984

Lending initiatives focus on supporting growth

ICBC focused its lending activity on sectors that expand China's economy, including construction, clean energy and agriculture. The bank also added innovations in Internet banking, mobile and cloud computing.

With the acquisition of a majority stake in Standard Bank Plc, ICBC accelerated growth overseas where, present in 40 countries and regions, ICBC is positioned to help Chinese brands going global.

ICBC was listed on the Hong Kong and Shanghai Stock Exchanges in October 2006, transforming from a state-owned commercial bank to a publicly traded entity with a major stake held by the Chinese government. ICBC ranks 17 in the BrandZ™ Top 100 Most Valuable Global Brands 2014.

Net income increased 7 percent to $24.0 billion on a 10 percent revenue rise to $80.7 billion, in the first half of 2014. For the full year 2013, net income rose 13 percent to $42.7 billion on revenue of $148.7 billion, a 12 percent gain.

Mobile drives strong search traffic growth

Mobile drove strong search traffic growth for Baidu, the leading Chinese language Internet search brand. Search on mobile devices exceeded desktop search for the first time, during some holidays and weekends when many users were away from home.

TOP 10 RISER

Baidu mobile search grew to over 500 million monthly active users in June 2014. Enhanced with more information and services, the Baidu mobile app reached around 70 million active daily users. Revenue from mobile accounted for 30 percent of Baidu total revenue in the second quarter of 2014.

The company opened a research center in Silicon Valley and appointed a former Google head of Deep Learning as Baidu chief scientist. The appointment indicates Baidu's interest in Deep Learning, the ability of machines to replicate the processes of the human brain, which is critical for big data analytics.

Internationally, Baidu launched a Portuguese language search in Brazil. Net income increased 30 percent to $985 million on a 59 percent revenue rise to $3.5 billion in the first half of 2014. For the full year 2013, net income rose 3 percent to $1.7 billion on a 47 percent revenue jump to $5.2 billion.

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Baidu

COMPANY Baidu, Inc.
BRAND VALUE US$ 30.9 Billion
YEAR-ON-YEAR CHANGE 55%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2000

陆 6

China Construction Bank

COMPANY China Construction Bank Corporation
BRAND VALUE US$ 21.0 Billion
YEAR-ON-YEAR CHANGE -18%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1954

Acquisition positions bank for growth in Latin America

In the largest international acquisition to date by a Chinese bank, China Construction Bank completed the purchase of 72 percent of Brazil's Bunco Industrial e Commercial S.A., in August 2014, with intentions to buy the outstanding shares.

China Construction Bank expects the new holding to facilitate Brazilian business in agriculture, mining and infrastructure construction, and accelerate further expansion in Latin America.

During the first half of 2014, the bank's corporate business focused on small businesses. In personal banking the brand introduced online loans and other credit products for financing purchases. It added new features to its online shopping mall, e.ccb.com, to build brand loyalty.

China Construction Bank was listed on the Hong Kong Stock Exchange in 2005, and on the Shanghai Stock Exchange in 2007. It ranked 33 in the BrandZ™ Top 100 Most Valuable Global Brands 2014.

Net Income increased 10 percent to $21.2 billion in the first half of 2014 on revenue of $68.7 billion, a 12 percent improvement. For the full year 2013, net income rose 14 percent to $34.9 billion on an 11 percent gain in revenue to $125.3 billion.

Company leverages non-oil assets for new businesses

In an effort to develop growth potential outside its petrochemical core business, Sinopec partnered with Tencent, the online portal, to explore opportunities such as online payment and cross marketing.

The company also entered an arrangement with S.F. Express to use Sinopec retail locations as package pick-up and drop-off locations. Sinopec operates China's largest network of service stations, with over 30,000.

Meanwhile, sales of premium petroleum products, such as gasoline and jet fuel, drove operating profit in the first half of 2014, despite a revenue decline because of weakened demand in China and abroad, a result of slower economic growth.

Net income increased 4 percent to $5.1 billion on revenue of $204.7 billion, a 9 percent decline, in the first half of 2014. For the full year 2013, net income increased 6 percent to $10.8 billion on a 6 percent revenue rise to $460.9 billion. China Petroleum & Chemical Corporation, or Sinopec, an SOE (State Owned Enterprise), is listed on the Hong Kong, London, New York and Shanghai Stock Exchanges.

柒 7

Sinopec

COMPANY China Petroleum & Chemical Corporation
BRAND VALUE US$ 15.5 Billion
YEAR-ON-YEAR CHANGE 18%
HEADQUARTERS Beijing
INDUSTRY Oil and Gas
YEAR FORMED 2000

捌 8

Agricultural Bank of China

COMPANY Agricultural Bank of China, Ltd.
BRAND VALUE US$ 15.4 Billion
YEAR-ON-YEAR CHANGE -20%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1951

Bank expands urban presence and promotes rural values

Agricultural Bank of China continued to expand in major cities to serve younger, high wealth clients with competencies developed in its core businesses in rural communities.

It advertised in airports and other major venues to promote its brand mission of helping develop China's agricultural potential and beauty.

The bank operated almost 23,550 domestic branches at the end of 2013. And it pursued its goal of becoming a major international bank worldwide, focusing first on cross border expansion into neighboring countries like Russia.

Originally state-owned, the bank was listed on the Shanghai and Hong Kong Stock Exchanges in 2010. Agricultural Bank of China ranks 54 in the BrandZ™ Top 100 Most Valuable Global Brands 2014.

Net income increased 13 percent in the first half of 2014, to $16.9 billion on a revenue rise of 13 percent to $64.5 billion. For the full year 2013, net income rose 18 percent to $27.1 billion on revenue of $115.4 billion, a 12 percent increase.

玖 9

Brand advances shale and pipeline projects

PetroChina

PetroChina

COMPANY PetroChina Company, Ltd.
BRAND VALUE US$ 12.0 Billion
YEAR-ON-YEAR CHANGE -11%
HEADQUARTERS Beijing
INDUSTRY Oil & Gas
YEAR FORMED 1999

PetroChina accelerated its shale gas operations in China, and it advanced construction of important oil and gas pipelines. Internationally, it completed several transactions that strengthened its oil and gas exploration efforts with acquisitions, including:

- Western Australia projects from ConocoPhillips and BHP Billiton.
- The West Qurna-1 project in Iraq from ExxonMobil.
- A project in Peru from a subsidiary of Brazil's Petrobras.

The company took these initiatives during a period when the slowdown of China's economic growth and geopolitical developments challenged the energy sector both domestically and abroad.

Net income improved 4 percent to $11.0 billion in the first half of 2014, on revenue of $187.2 billion, a 5 percent increase. For the full year 2013, net income grew 15 percent to $21.1 billion on revenue of $367.3 billion, a 6 percent gain. PetroChina was listed on the New York and Hong Kong Stock Exchanges in 2000, and on the Shanghai Stock Exchange in 2007.

拾壹 11

Diversified financial brand cross sells more products

中国平安 PING AN

Ping An

COMPANY Ping An Insurance (Group) Company of China, Ltd.
BRAND VALUE US$ 11.1 Billion
YEAR-ON-YEAR CHANGE 0%
HEADQUARTERS Shekou
INDUSTRY Insurance
YEAR FORMED 1988

A diverse financial services company, Ping An promoted cross selling of its core businesses: insurance, banking and investment. Over three million customers purchased products from multiple businesses.

The company continued to integrate its online, mobile and traditional channels to create a seamless customer experience. All products are branded Ping An. Life insurance grew at a particularly healthy pace as the company added and trained agents, which total over 600,000.

Ping An was listed on the Hong Kong Stock Exchange in 2004, and on the Shanghai Stock Exchange in 2007. Ping An ranked 77 in the BrandZ™ Top 100 Most Valuable Global Brands 2014, and it ranked first in brand value among all insurance companies worldwide. The company serves a total of around 80 million customers throughout China.

Net income in the first half of 2014 rose 20 percent to $3.5 billion on a 24 percent revenue rise to $43.5 billion. For the full year 2013, net income increased 44 percent to $4.6 billion on $69.1 billion in revenue, a 28 percent increase.

Services support economic growth and public welfare

拾 10

中国银行 BANK OF CHINA

Bank of China

COMPANY Bank of China, Ltd.
BRAND VALUE US$ 11.9 Billion
YEAR-ON-YEAR CHANGE -13%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1912

To help drive economic growth, the bank made credit more available and provided lending support to small- and medium-size businesses, farmers and key industries. It also aided businesses expanding overseas and increased its international currency clearing activities.

The bank improved retail services with activities like opening separate banking facilities for high-income individuals. Bank of China also introduced specialized credit cards for business travelers and students studying abroad, and other cards to simplify obtaining health and hospital services.

Bank of China was established in 1912 with the formation of modern China and served as the country's central bank until the establishment of the People's Republic of China in 1949. Bank of China was listed on the Hong Kong and Shanghai Stock Exchanges in 2006. It ranked 68 on the BrandZ™ Top 100 Most Valuable Global Brands 2014.

Net income improved 12 percent to $14.6 billion in the first half of 2014 on revenue of $60.8 billion, a 17 percent rise. For the full year 2013, net income rose 15 percent to $25.5 billion on revenue of $105.2 billion, a 7 percent gain.

拾贰 12

Insurer optimizes business for more competitive times

中国人寿 China Life

China Life

COMPANY China Life Insurance Company, Ltd.
BRAND VALUE US$ 10.1 Billion
YEAR-ON-YEAR CHANGE -20%
HEADQUARTERS Beijing
INDUSTRY Insurance
YEAR FORMED 2003

To navigate the heightened competition of the financial services industry, China Life focused on optimizing its existing life business in several ways, including adding more agents and improving their effectiveness. China Life ended the first half of 2014 with 640,000 agents. In addition, the brand:

- Expanded its group insurance channel.
- Strengthened the bancassurance channel, which has about 67,000 outlets.

China Life is part of China Life Insurance (Group) Company, a state-owned firm that was spun off in 1996 from its predecessor, People's Insurance Company of China (PICC), which was founded in 1949. China Life was listed on the New York and Hong Kong Stock Exchanges in 2003. In 2007, China Life was listed on the Shanghai Stock Exchange. China Life ranks 81 in the BrandZ™ Top 100 Most Valuable Global Brands 2014.

Net income increased 130 percent to $4.0 billion for the full year 2013, on 15 percent revenue hike to $67.9 billion. For the first half of 2014, net income increased 14 percent to $3.1 billion on a small revenue decline to $39.1 billion.

拾叁 13

4G license opens opportunity for new products and services

中国电信 CHINA TELECOM

China Telecom

COMPANY China Telecom Corporation, Ltd.
BRAND VALUE US$ 9.9 Billion
YEAR-ON-YEAR CHANGE 21%
HEADQUARTERS Beijing
INDUSTRY Telecom Providers
YEAR FORMED 2002

China Telecom received government approval to operate a 4G network, late in 2013. The license enables the company to introduce 4G handsets in 16 cities during 2014, and to plan for what it calls "New China Telecom" within five years. During the transition, China Telecom will serve users in rural areas with 3G and focus 4G on urban customers. Implementation includes:

- Accelerating 4G infrastructure development.
- Launching products that drive data usage and rely on multiple devices.
- Moving further into mobile payment and other innovations that especially appeal to young people.

China's largest fixed line telecom, China Telecom Corporation Ltd. operates through two holding companies that were listed on the New York Stock Exchange in 2002, and the Hong Kong Stock Exchange in 2006.

Net income increased 12 percent to $1.9 billion on revenue of $26.9 billion, a 6 percent rise, for the first half of 2014. For the full year 2013, net income rose 20 percent to $2.9 billion on a 17 percent increase in revenue to $52.3 billion.

Online and mobile banking help drive strong results

拾伍 15

招商银行 CHINA MERCHANTS BANK

China Merchants Bank

COMPANY China Merchants Bank Company, Ltd.
BRAND VALUE US$ 5.7 Billion
YEAR-ON-YEAR CHANGE -16%
HEADQUARTERS Shenzhen
INDUSTRY Banks
YEAR FORMED 1987

China Merchants Bank significantly expanded its online banking business during the first half of 2014, with 582 million retail transactions, up almost 38 percent year-on-year. The corporate online businesses increased significantly too.

Customers downloaded over 40 million Merchants Bank mobile apps. And mobile banking reached a rate of 55 million login times per month. The total number of mobile login times in the first half of 2014 reached almost 274 million, a year-on-year increase of over 182 percent.

China Merchants Bank maintains branches in Hong Kong and Singapore, and offices in New York, London, and Taipei. Established in 1987, China Merchants Bank was listed on the Shanghai Stock Exchange in 2002, and on the Hong Kong Stock Exchange in 2006.

Net income for the first half of 2014 improved 16 percent to $4.9 billion on revenue of $22.4 billion, up 42 percent. For the full year 2013, net income rose 17 percent to $8.4 billion on a 22 percent revenue rise to $34.1 billion.

拾肆 14

Pricing, distribution strategies help blunt austerity measures

Lower prices and increased online sales helped sustain business for this premium baijiu, despite government discouragement of the extravagant official spending that had helped drive consumption of traditional white alcohol.

In an effort to become more accessible, the brand entered a joint venture to sell its products in Yonghui Superstores. And it ended its presence on websites that sell liquor to avoid pricing schemes that could dilute the brand.

In 1951, the Chinese government combined several Moutai producers into a single state-owned venture. That company was restructured into the current corporate entity in 1997. Moutai was listed on the Shanghai Stock Exchange in 2001.

Net income increased slightly to $1.2 billion on a 3 percent rise in revenue to $2.2 billion, in the first half of 2014. For the full year 2013, net income rose 17 percent to $2.5 billion on revenue of $4.6 billion, a 22 percent increase.

MOUTAI

Moutai

COMPANY Kweichow Moutai Company, Ltd.
BRAND VALUE US$ 7.6 Billion
YEAR-ON-YEAR CHANGE -28%
HEADQUARTERS Renhuai
INDUSTRY Alcohol
YEAR FORMED 1951

拾陆 16

New product offerings target young customers

China unicom 中国联通

China Unicom

COMPANY China Unicom Hong Kong, Ltd.
BRAND VALUE US$ 5.5 Billion
YEAR-ON-YEAR CHANGE 25%
HEADQUARTERS Beijing
INDUSTRY Telecom Providers
YEAR FORMED 2009

China Unicom focused on enhancing customer experience with new voice and data packages, some designed particularly to appeal to young people. To better reach these customers, China Unicom expanded its ecommerce business, making its products available on various websites. China Unicom also increased its offering for enterprise customers. In addition, the company:

- Began promoting its 4G services.
- Accelerated expansion of its fiber optic network.
- Expanded its international coverage.

China Unicom mobile subscribers totaled 295 million in the first half of 2014. All subscribers, including landline and broadband reached around 440 million. China Unicom is listed on the New York and Hong Kong Stock Exchanges.

Net income increased 26 percent to $1.1 billion, in the first half of 2014, on a 4 percent revenue hike to $24.3 billion. For the full year 2013, net income rose 51 percent to $1.7 billion on revenue of $48.0 billion, a 22 percent rise.

CONSUMERS ARE INCREASINGLY EXPERIENCED AND DISCERNING AND BRANDS ARE MORE SOPHISTICATED ABOUT UNDERSTANDING THEM.

Brand engages partners for quality assurance

拾柒 **17**

To further ensure the safety and quality of its products, Yili engaged three international certification groups to oversee its operations. And it established a research center in Europe, in cooperation with Wageningen University, in the Netherlands.

Reflecting confidence in the brand, two private equity firms, including one co-founded by Alibaba Chairman Jack Ma, acquired a majority stake in Yili. The company produces about 1,000 products, with a focus on liquid and powdered milk, ice cream and yoghurt.

To promote the brand, Yili continued its product placement in the "Transformers" movies and sponsored a leading China reality TV show. It also was active on ecommerce sites.

The company was listed on the Shanghai Stock Exchange in 1996.

Net income increased 32 percent to $372 million on a 15 percent revenue rise to $4.4 billion, in the first half of 2013. For full year 2014, net income jumped 90 percent to $518 million on a 17 percent revenue rise to $7.7 billion.

Yili

COMPANY Inner Mongolia Yili Industrial Group Company, Ltd.
BRAND VALUE US$ 5.1 Billion
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Hohhot
INDUSTRY Food and Dairy
YEAR FORMED 1993

New services enhance passenger experience

拾玖 **19**

Air China

COMPANY Air China, Ltd.
BRAND VALUE US$ 3.9 Billion
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Beijing
INDUSTRY Airlines
YEAR FORMED 1988

Air China aimed to enhance customer experience, including in-flight service, baggage handling and flight delays. The airline opened the country's largest lounge, in Shanghai's Pudong Airport, and upgraded food quality.

Focusing these improvements on premium travelers, Air China tried to make the brand more distinctive, with an aesthetic that links East and West. The airline also increased destinations in North America and Europe from its hubs in Shanghai, Beijing and Chengdu, and also from lower tier cities, to serve the growing outbound tourist business.

China's largest airline, Air China was formed in 1988, and listed on the Hong Kong and London Stock Exchanges in 2004, and subsequently on the Shanghai Stock Exchange.

For the first half of 2014 Air China delivered net income of $83 million, a 55 percent decline on revenue of $7.7 billion, a 7 percent increase. Those results followed a 30 percent net income decrease to $531 million for the full year 2013, on a 2 percent revenue increase to $15.4 billion.

拾捌 **18**

Mengniu

COMPANY China Mengniu Dairy Company, Ltd.
BRAND VALUE US$ 4.9 Billion
YEAR-ON-YEAR CHANGE 57%
HEADQUARTERS Hohhot
INDUSTRY Food and Dairy
YEAR FORMED 1999

Profits rise as brand ensures food safety and healthiness

Mengniu reported a substantial profit increase as consumers responded positively to acquisitions and food safety initiatives the company implemented over the past few years. It announced a new brand vision, focused on meeting consumer needs for food that's healthy and nutritious. In related activities, Mengniu:

- Acquired a stake in China Shengmu Organic Milk Ltd.
- Entered a joint venture with WhiteWave Foods Company, a U.S. organic food producer.
- Improved yoghurt sales with new joint-venture partner Danone, which raised its stake in Mengniu to 9.9 percent.

TOP 10 RISER

Net income rose 40 percent to $170 million on a 25 percent revenue rise to $4.2 billion, in the first half of 2014. For the full year 2013, Mengniu net income rose 28 percent to $265 million on a 24 percent revenue rise to $7.1 billion. COFCO Group, China's large, state-owned food manufacturer, is Mengniu's largest stakeholder. Mengniu was listed on the Hong Kong Stock Exchange in 2004.

Strategic cooperation accords strengthen corporate business

贰拾 **20**

The bank signed strategic cooperation agreements with leading telecoms, agriculture and transportation companies, strengthening its corporate and institutional business. In personal banking, the bank marketed its wealth management business and added cross-border services.

A marketing campaign called "Red Friday" successfully increased bank credit card use for spending on daily necessities like groceries and gas. The bank also accelerated the integration of its online, mobile and offline banking services. Mobile transactions increased over 126 percent in the first six months of 2014.

One of China's oldest banks, Bank of Communications was restructured in 1986, in line with national economic reforms, and listed on the Hong Kong Stock Exchange in 2005 and the Shanghai Stock Exchange in 2007.

Net income improved 6 percent to $6.0 billion on a 15 percent revenue increase to $27.3 billion, during the first half of 2014. For the full year 2013, net income improved 10 percent to $10.1 billion on revenue of $48.3 billion, a 12 percent increase.

Bank of Communications

COMPANY Bank of Communications Company, Ltd.
BRAND VALUE US$ 3.8 Billion
YEAR-ON-YEAR CHANGE -22%
HEADQUARTERS Shanghai
INDUSTRY Banks
YEAR FORMED 1908

贰拾壹 21

Acquisitions expected to strengthen consumer and enterprise businesses

lenovo联想

Lenovo

COMPANY Lenovo Group, Ltd.
BRAND VALUE US$ 3.3 Billion
YEAR-ON-YEAR CHANGE 26%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 1984

Lenovo experienced growth across key product lines – PCs, tablets and smartphones. The acquisition of Motorola Mobility positions Lenovo to become a contender in smartphones the way it became a leader in PCs when it purchased IBM's PC division. At the same time, Lenovo announced plans to grow its enterprise business with the purchase of IBM's x86 server business.

These developments build Lenovo as a global brand. At the end of the first quarter of 2014, China comprised only a bit more than one-third of Lenovo's total sales. Lenovo expects both the Motorola and IBM acquisitions to add talent. In addition:

- Lenovo restructured into four business divisions: PC, Mobile, Enterprise, and Ecosystem/Cloud.
- The brand planned to build around 2,000 stores for selling smart TVs in China.

Net income rose 30 percent to $394 million on revenue of $18.6 million, an 11 percent rise, in the first half of 2014. For the full year 2013, net income advanced 34 percent to $635 million on revenue of $33.9 billion, a 15 percent gain. Lenovo is traded on the Hong Kong Stock Exchange.

贰拾叁 23

Bank aims to serve needs of private enterprises

中国民生银行 CHINA MINSHENG BANK

China Minsheng Bank

COMPANY China Minsheng Banking Corporation, Ltd.
BRAND VALUE US$3.1 Billion
YEAR-ON-YEAR CHANGE -10%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1996

Minsheng Bank continued to implement its strategy of becoming the bank for privately owned companies, what it terms NSOEs (Non-State Owned Enterprises), and small and micro businesses, what it terms MSEs (Middle and Small Enterprises). It also pursued business with high wealth individuals. The bank had over 12,000 NSOE customers at the end of June 2014.

To develop its NSOE business, the bank launched new cash management products and features customized for geographic regions. In its retail business, the bank increased its private banking customers by over 11 percent in the first six months of 2014.

Founded in 1996, China Minsheng Banking Corporation Ltd. was listed on the Shanghai Stock Exchange in 2003, and on the Hong Kong Exchange in 2009.

For the first half of 2014, net income increased 12 percent to $4.1 billion on revenue of $19.0 billion, a 9 percent rise. Net income rose 16 percent to $6.9 billion on revenue of $35.5 billion for the full year 2013, a 25 percent increase.

贰拾贰 22

Agency channel drives strong financials for leading insurer

太平洋保险 CPIC

CPIC

COMPANY China Pacific Insurance (Group) Company, Ltd.
BRAND VALUE US$ 3.2 Billion
YEAR-ON-YEAR CHANGE -7%
HEADQUARTERS Shanghai
INDUSTRY Insurance
YEAR FORMED 1991

CPIC experienced strong profit growth during the first half of 2014, following a positive performance a year earlier. In life insurance, the company improved its agency channel with new sales force recruitment and training initiatives. In addition, CPIC:

- Developed non-auto aspects of the property and casualty business.
- Introduced new investment products to develop third-party clients for the asset management business.

China Pacific is one of China's largest insurers. Life insurance drives about two-thirds of the revenue from a diversified portfolio that also includes property and casualty insurance products and a wealth management business.

The company was established in 1991. China Pacific Insurance (Group) Company, Ltd. was listed on the Shanghai Stock Exchange in 2007, and on the Hong Kong Stock Exchange in 2009.

In the first half of 2014, net income rose 26 percent to $1.1 billion on revenue of $17.9 billion, a rise of 7 percent. Net income rose 87 percent to $1.5 billion for the full year 2013 on an 18 percent revenue rise to $31.2 billion.

贰拾肆 24

Acquisition expands range of Chinese medicine brand

云南白药 YUNNAN BAIYAO

Yunnan Baiyao

COMPANY Yunnan Baiyao Group Company, Ltd.
BRAND VALUE US$ 2.7 Billion
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Kunming
INDUSTRY Health Care
YEAR FORMED 1902

Yunnan Baiyao completed the acquisition of a major stake in Qing Yi Tang, a maker of women's personal hygiene products.

The acquisition was part of Yunnan Baiyao's "New Baiyao, Big Health" strategy to leverage the reputation of the traditional Chinese medicine brand as it broadens its range of health care products. To build brand presence, Yunnan Baiyao invested in a multimedia strategy that included advertising in TV and other traditional media as well as increasing social media activity.

The company was established in 1902, after a Chinese medicine practitioner discovered that baiyao, a powder derived from ginseng and other roots, helped treat wounds and staunch blood.

Net income increased 21 percent to $183 million on an 18 percent revenue rise to $1.4 billion, in the first half of 2014. For the full year 2013, net income jumped 51 percent to $378 million on an 18 percent revenue rise to $2.6 billion. Yunnan Baiyao was listed on the Shenzhen Stock Exchange in 1993.

OUR INSIGHTS

PURCHASING BEHAVIOR

EMOTIONS MOTIVATE CONSUMERS, RATIONAL REASONS CLOSE THE SALE

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Consumption is becoming more emotionally motivated. According to our CNRS-TGI data, the agreement degree towards the statement, "I make purchases as long as I like the products, no matter if they are useful or not," has increased from 36.8 percent to 39.5 percent.

However, the purchasing process has become more rational. It's now a "must" to reference user reviews and make price comparisons before buying. The percentage of people who agree with the statement, "My family and friends often ask me about which brand of products they should buy," has increased from 57.7 percent to 63.8 percent. Similarly, 27.4 percent say they're willing to spend time and effort to do product comparison when it comes to making final purchases, up from 14.4 percent.

Brand owners must meet these twin challenges: create a shopping experience that connects to customers emotionally; and satisfy the customers' need for testimonials and other rational reasons to purchase.

MOBILE

SMALL SCREENS AND SHORT ATTENTION SPANS REQUIRE BIG, ENGAGING STORIES

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In 2014, mobile Internet usage surpassed PC Internet usage (desktop / laptop) for the first time in China, according to the China Internet Network Information Center (CNNIC).

Mobile devices are now the primary (and sometimes only) Internet access for 527 million Chinese consumers (and growing). How do brands tell big, engaging stories on small screens to consumers with shorter attention spans and unlimited content consumption options?

Brands aren't short of tools: micro video apps like Weishi as well as mobile video ad products are just a few examples of tools that can help brands meet consumers' growing interest in short, "snackable" mobile video content for entertainment and sharing.

Brands can't simply design content for the mobile consumer, they must also experiment with channel mixes to match their target consumers' behavior – whether they're searching, socializing or seeking a few seconds of entertainment on their morning commute.

QUALITY

RISING CONCERN WITH QUALITY CHANGES BRAND EXPECTATIONS

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As the Chinese middle class continues to grow, we are seeing a fundamental shift in consumers' "quality consciousness." This is occurring first at the high end, where Chinese luxury buyers are now looking beyond the label and scrutinizing craftsmanship, material quality and attention to detail.

But the same phenomenon is very much present at the mass level where issues like food and product safety, and by extension quality, are at the forefront of consumers' minds. As a group, Chinese consumers are increasingly attentive to the promises brands make and increasingly savvy about finding out whether there is substance behind a brand's surface.

While many international brands are experienced at delivering quality to discerning consumers, Chinese brands have not had to concern themselves with the issue until recently, and many foreign brands have felt that it was not a vital issue in China.

Those days are over. And just as in earlier decades in Japan and Korea, brand owners who understand this shift in quality will secure their futures in this essential market. Others will miss the boat. Now is the time for perceptive brand leaders to address this change.

DIGITAL

MARKETING NEEDS TO EVOLVE WITH CHINA'S CHANGING CONSUMER

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Two drivers are leading consumer changes in China:

AGE-DRIVEN DEMOGRAPHIC SEGMENTS
Consumers born in the 1970s, 1980s and 1990s are members of three different generations. The generation gap in China is 10 years, not 30 like in many other countries, because of the rapid socio-economic changes.

PERVASIVE ADOPTION OF MOBILE INTERNET
Just about 100 percent of the population has a mobile subscription, and almost 50 percent has smartphones.

Together these two factors are making generations of Chinese consumers both very different from each other (different values due to the generation gap) and very similar (due to access to mobile Internet, which is almost like the new "TV in the living room"). The post '80s and '90s generations are savvier consumers, more critical of marketing messages.

Marketing needs to evolve from selling to solving people's problems. Online campaigns need to be useful and thus need to be born in digital, not adapted for digital platforms. Digital campaign themes need to be long-term customer utilities, not short-term advertising gimmicks. Brands need to partner with other brands, bring more value to customers rather than just sell their own stuff online.

OUR INSIGHTS

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REBALANCING

BRANDS WILL BENEFIT AS POLICY SHIFTS DRIVE MORE CONSUMPTION

再平衡

While rebalancing the economy (moving from investment to consumption as a growth engine) has long been the policy of the Chinese government, Chinese consumption remains among the world's lowest at 37 percent of GDP (other large developed economies are around 55 percent).

However, recent government actions indicate the barriers to rebalancing are being dismantled and that consumption will grow to reach meaningful levels of 50-to-55 percent by 2025. This is good news for brand owners, as it means consumer spending will be encouraged by political and fiscal policy. For specific opportunities, track policies that are part of the rebalance, including:

GO WEST
Past policy has favored coastal and large tier one cities. Current policy, high-speed rail and relaxed residency registration rules, encourages growth of tier three cities in western China.

AFFORDABLE LUXURIES
Conspicuous consumption continues to be frowned upon, but a growing middle class, with access to personal credit, raises demand for affordable, everyday luxuries.

NEW EXPERIENCES
Policies to stimulate consumption have emphasized culture and entertainment, conditioning consumers to seek novelty in everyday life. Consumers, especially younger ones, increasingly demand variety in what they are offered.

TRUST

CONSISTENT BRAND MESSAGING IN-STORE, ON-SHELF BUILDS TRUST

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SMOLLAN

We know the consumers' trust is lower than ever and their access to information greater. Some of the information they receive about products is true; some is false. This phenomenon leads to more and more inconsistent "brand messaging," and may explain the lack of consumer trust.

As we have seen in the success of certain companies in China, the best way to gain long-term trust is with a simple brand message, supported by clear and consistent in-store messaging. We have seen how this brand consistency in all media and in-store gives consumers a sense of stability and therefore fosters trust in both the product and the brand.

Consistency is the key to long-term trust. For the next few years, the challenge facing manufacturers in China is achieving brand stability by focusing on the in-store and on-shelf appearance of the brand and its products.

DIGITAL

DIGITAL OPENS POSSIBILITIES TO CUT THROUGH THE CLUTTER

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Ogilvy & Mather

In an increasingly cluttered media environment, marketers in China are undoubtedly looking at new ways to better connect and engage consumers with their brands through digital. Three things really deserve brands' attention when using digital in China.

First is behavioral data, which we can use to extract insights and map out a customer's entire journey. Having this map allows us to construct relevant content across all touch points on a customer's journey, from social to online media, to ultimately build brand preference and close a purchase deal.

Second is the use of m-commerce, where consumers in China are now topping up their phones, paying cab fares and buying movie tickets all on their mobile phones. Third is exploring "made media" – innovative opportunities for brands to connect products with the Internet of Things to create an ecosystem of services that bring consumers even closer to brands and their products.

贰拾伍 25

Shuanghui cultivates global brand power and local market strength

双汇集团 SHUANGHUI GROUP

Shuanghui

COMPANY Henan Shuanghui Investment and Development Company, Ltd.
BRAND VALUE US$ 2.7 Billion
YEAR-ON-YEAR CHANGE 2%
HEADQUARTERS Luohe
INDUSTRY Food and Dairy
YEAR FORMED 1969

Shuanghui deepened its integration with Smithfield Foods, the US pork producer that it combined with in September 2013. Along with developing a global brand strategy, areas of focus included:

- Relying on Shuanghui's local market knowledge to develop new products and widen distribution.
- Adapting best practices to improve food safety and productivity, and streamlining processes to gain global efficiencies.

A subsidiary of international pork producer WH Group Ltd., which also owns Smithfield Foods, Henan Shuanghui Investment and Development Company, Ltd., was listed on the Shenzhen Stock Exchange in 1998.

Net income increased 30 percent to $356 million on revenue of $3.4 billion, a 4 percent rise, in the first half of 2014. For the full year 2013, net income rose 37 percent to $628 million on $7.3 billion in revenue, a 16 percent rise.

Deregulation, competition drive new growth strategy

贰拾柒 27

PICC

PICC

COMPANY PICC Property and Casualty Company, Ltd.
BRAND VALUE US$ 2.4 Billion
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Beijing
INDUSTRY Insurance
YEAR FORMED 1949

With a strategy it calls "transformation and upgrading," PICC implemented initiatives to grow sales and add efficiencies. Driving factors included: the role of insurance as a key component of national and personal economic health, increased market deregulation and the entrance of more competitors.

Deregulation is particularly a challenge in auto insurance, the company's largest business segment, and produced initiatives such as:

- Collaboration with Tencent, the Internet portal, to create a car platform that combines maps and other online resources with PICC's offline capabilities.
- Focus on customer service advantages at a time when many competitors compete with year-end price promotions.

Net income grew 2 percent to $1.3 billion on a 14 percent gain in revenue to $17.1 billion, in the first half of 2014. For the full year 2013, net income increased 4 percent to $1.7 billion on revenue of $31.3 billion, a 21 percent rise. As an SOE (State Owned Enterprise), PICC was founded in 1949, and spun off from corporate parent People's Insurance Company Group of China Ltd., in 2003. It is traded on the Hong Kong Stock Exchange.

Builder explores new market opportunities

贰拾陆 26

万科

Vanke

COMPANY China Vanke Company, Ltd.
BRAND VALUE US$ 2.6 Billion
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Shenzhen
INDUSTRY Real Estate
YEAR FORMED 1984

Despite the softening of the residential real estate market, Vanke benefited from its strategic focus on midmarket homes of modest size, wide geographic holdings in key cities and proactive marketing.

The group also advanced its international expansion, collaborating on projects in New York City, San Francisco and Singapore. In addition, Vanke explored emerging opportunities, such as retirement communities and resorts. And Vanke introduced an employee incentive program that enables executives of project teams to own a stake in the projects they manage.

Net income in the first half of 2014 increased 6 percent to $780 million on a 1 percent decline in revenue to $6.2 billion. For the full year 2013, net income rose 24 percent to $2.5 billion on a 31 percent revenue rise to $20.2 billion. Vanke was founded in 1984 and was listed on the Shenzhen Stock Exchange in 1991.

贰拾捌 28

Airline plans to enter growing budget sector

中國東方航空 CHINA EASTERN

China Eastern Airlines

COMPANY China Eastern Airlines Corporation, Ltd.
BRAND VALUE US$ 2.0 Billion
YEAR-ON-YEAR CHANGE 8%
HEADQUARTERS Shanghai
INDUSTRY Airlines
YEAR FORMED 1988

China Eastern Airlines plans to enter the growing but underserved market for low-cost air travel by converting one of its operating units, China United, into a budget carrier.

The airline increased capacity to Japan, Korea and North America, while trimming some domestic routes as business traffic softened because of the slower Chinese economy and increased rail competition. In related initiatives, the airline:

- Introduced a visual brand identity with a logo featuring stylized swallows intended to give the brand a more international look.
- Added direct service between Shanghai and Toronto, in anticipation of increased trade and tourism.

China Eastern Airlines is an SOE (State Owned Enterprise) and one of China's three largest airlines. It was listed on the New York, Hong Kong and Shanghai Stock Exchanges in 1997.

Net income declined 21 percent in the full year 2013 to $386 million on revenue of $14.4 billion, a 6 percent increase. For the first half of 2014, net income dropped 98 percent, although revenue increased slightly to $7.0 billion.

贰拾玖 29

Electronics retailer transitions to more open online platform

SUNING 苏宁

Suning

COMPANY Suning Commerce Group Company, Ltd.
BRAND VALUE US$ 2.0 Billion
YEAR-ON-YEAR CHANGE 24%
HEADQUARTERS Nanjing
INDUSTRY Retail
YEAR FORMED 1990

Suning advanced plans to strengthen its core appliance business with its physical stores, while opening its online platform to more third-party collaboration. Online sales increased during the first half of 2014, but not enough to offset an overall revenue decline.

Suning closed underperforming physical stores but continued to expand, opening 62 stores during the first half of 2014, mostly in second and third tier cities. As of June 2014, Suning operated 1,583 stores in mainland China, 27 in Hong Kong and 13 in Japan. In addition:

- The company received regulatory approval to launch an insurance company, the first retailer to offer insurance nationwide.
- Suning also became the first ecommerce company to receive a license to operate an international express delivery service, which potentially will support overseas ecommerce business.

Revenue declined to $8.3 billion, in the first half of 2014. For the full year 2013, net income fell 86 percent to $60 million on a 10 percent revenue rise to $17.1 billion. Established in 1990, Suning was listed on the Shenzhen Stock Exchange in 2004.

Innovation center focuses on new products, channels

叁拾壹 31

TSINGTAO 青島啤酒

Tsingtao Beer

COMPANY Tsingtao Brewery Company, Ltd.
BRAND VALUE US$ 1.8 Billion
YEAR-ON-YEAR CHANGE 5%
HEADQUARTERS Qingdao
INDUSTRY Alcohol
YEAR FORMED 1903

To maintain leadership during a period of slowing domestic beer consumption and intensifying international competition, Tsingtao Beer is upgrading its product mix and leveraging its full brand portfolio. Among brand building initiatives, Tsingtao:

- Established an innovation center to focus on new products and channels, including ecommerce.
- Introduced FIFA World Cup marketing with football-themed packaging.
- Strengthened its presence in Shangdong Province by acquiring a major stake in Shangdong Lulansa Brewery.

Founded by German and British settlers in 1903, and one of China's oldest beer brands, Tsingtao Beer is distributed to more than 80 countries and regions. The company is listed on the Hong Kong and Shanghai Stock Exchanges.

Net income increased 1 percent to $228 million on a 14 percent revenue rise to $2.5 billion in the first half of 2014. For full year 2013, net income increased 15 percent to $321 million on revenue of $4.2 billion, a 13 percent gain.

Company builds smart products, leverages distribution channels

叁拾 30

Haier

Haier

COMPANY Qingdao Haier Company, Ltd.
BRAND VALUE US$ 1.9 Billion
YEAR-ON-YEAR CHANGE 34%
HEADQUARTERS Qingdao
INDUSTRY Home Appliances
YEAR FORMED 1984

Haier entered strategic partnerships, including one with Alibaba, in which the appliance maker provides "last mile" delivery and installation support for the ecommerce giant. The relationship is part of Haier's effort to leverage its distribution channels.

The company continued to develop smart appliances that meet customer desires beyond price. Haier's range in China includes water heaters, air conditioners, refrigerators, washing machines, televisions and other major appliances. Haier is present in over 100 countries.

Established as Qingdao Refrigerator Company, in 1984, Haier was the successor to an old factory that, since 1949, had been run as a collectively owned enterprise. Qingdao Haier Company, Ltd. is listed on the Shanghai Stock Exchange. Its China subsidiary, Haier Electronics Group Company, Ltd. trades on the Hong Kong Stock Exchange.

Net income grew 21 percent to $418 million in the first half of 2014, on a 10 percent revenue improvement to $7.6 billion. For the full year 2013, net income surged 31 percent to $678 million on $14.0 billion in revenue, up 11 percent.

叁拾贰 32

GREE

Gree

COMPANY Gree Electric Appliances, Inc. of Zhuhai
BRAND VALUE US$ 1.8 Billion
YEAR-ON-YEAR CHANGE 8%
HEADQUARTERS Zhuhai
INDUSTRY Home Appliances
YEAR FORMED 1991

Innovation and aggressive marketing drive results

A leading air conditioner and white goods maker and marketer, Gree focuses on building appliances that are both smart and energy efficient. A recent innovation relies on solar power to minimize energy consumption. Gree markets its achievements aggressively and is identified with its well-known CEO and brand ambassador Dong Mingzhu.

The company does business worldwide as an OEM (Original Equipment Manufacturer) and is present with its own brand in 100 countries. It operates seven factories in China and others in Brazil, Pakistan and Vietnam.

Gree was established in 1991 by the merger of two small enterprises in Zhuhai, a southern coastal city now known as a center for hi-tech industries. It is a subsidiary of Zhuhai Gree Group Corporation, whose holdings also include petrochemicals and real estate. Gree was listed on the Shenzhen Stock Exchange in 1996.

For the first half of 2014, net income increased 43 percent to $927 million on revenue of $9.5 billion, a rise of 10 percent. Net income jumped 51 percent to $1.7 billion for the full year 2013, on revenue of $19.4 billion, up 23 percent.

叁拾叁 33

Developer plans projects to serve aging population

保利地产 | 和者筑善

Poly Real Estate

COMPANY Poly Real Estate Group Company, Ltd.
BRAND VALUE US$ 1.8 Billion
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Guangzhou
INDUSTRY Real Estate
YEAR FORMED 1992

Poly Real Estate opened 19 new projects during the first half of 2014, mostly in major markets, often the company's "Central Park" luxury accommodations with green space and high-end amenities. The company also expanded into third and four tier cities.

Viewing China's aging population as both a business opportunity and social responsibility imperative, Poly Real Estate planned to refurbish its existing senior facilities and add health care services, and also build new facilities throughout China.

To further cultivate a brand identity associated with welfare and harmony, the company sponsored many cultural and entertainment events.

Poly Real Estate Group Company, Ltd. is a subsidiary of state-owned China Poly Group Corporation. It was listed on the Shanghai Stock Exchange in 2006.

Net income grew 13 percent to $620 million in the first half of 2014, on an 11 percent revenue rise to $4.9 billion. For the full year 2013, net income rose 31 percent to $1.7 billion on a 40 percent revenue jump to $13.5 billion.

叁拾伍 35

Smart appliances, ecommerce drive sales and profit growth

美的 Midea

Midea

COMPANY Midea Group Company, Ltd.
BRAND VALUE US$ 1.6 Billion
YEAR-ON-YEAR CHANGE 33%
HEADQUARTERS Shunde
INDUSTRY Home Appliances
YEAR FORMED 1968

Midea improved revenue and profit with innovative advances in consumer appliances, both large and small, including air conditioners, washing machines and refrigerators as well as rice cookers and microwaves. In related initiatives, the company:

- Launched its M-Smart program for creating digitally integrated appliances.
- Established a Midea store on China's ecommerce Tmall marketplace.

Midea operates production facilities in Argentina, Belarus, Brazil, Egypt, India and Vietnam. Domestically, Midea has extensive distribution in first and second tier markets through major retailers. The company relies more on specialty shops in lower tier markets.

Net income leaped 151 percent to $1.1 billion on an 18 percent revenue gain to $12.5 billion, in the first half of 2014. For the full year 2013, net income grew 67 percent to $865 million on revenue of $19.6 billion, a 21 percent gain. The company merged with GD Midea Holding in September 2013. It is listed on the Shenzhen Stock Exchange.

叁拾肆 34

Airline builds brand, improves operations

中国南方航空 CHINA SOUTHERN AIRLINES

China Southern Airlines

COMPANY China Southern Airlines Company, Ltd.
BRAND VALUE US$ 1.7 Billion
YEAR-ON-YEAR CHANGE 7%
HEADQUARTERS Guangzhou
INDUSTRY Airlines
YEAR FORMED 1991

China Southern Airlines concentrated on brand building and operational improvements during the first half of 2014. The airline was pressured by slower economic growth, excess supply, higher costs and increased competition from other carriers and high-speed rail.

The brand worked to enhance the customer experience, particularly for premium travelers, with initiatives such as improved in-flight entertainment, foods and more responsive communication. Growth strategies included:

- Expanding international reach, including shorter trips to Japan and Korea.
- Increasing the cargo business sales and profitability.

From Guangzhou, its primary hub, and other Chinese cities, China Southern Airlines connects to around 1,025 destinations in 187 countries directly or with its carrier partners in Skyteam. China Southern was listed on the New York and Hong Kong Stock Exchanges in 1997, and was listed on the Shanghai Stock Exchange in 2003.

In the first half of 2014, net income dropped 408 percent to $171 million on a 9 percent revenue increase to $8.1 billion. For the full year 2013, net income fell 22 percent to $323 million on a 2 percent revenue rise to $16.0 billion.

叁拾陆 36

Revenue rises sharply with mobile search

360 www.360.cn

360

COMPANY Qihoo 360 Technology Company, Ltd.
BRAND VALUE US $1.6 Billion
YEAR-ON-YEAR CHANGE 43%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2005

The Internet security company introduced several mobile search products during the first half of 2014, and continued to expand market share in search. Search revenue drove strong financial results as the company increased advertising on its various platforms, like 360 Personal Start-Up. Game revenue also increased.

Around 641 million Chinese smartphone owners used 360's mobile security products, compared with 338 million a year earlier. The company's mobile security systems are used in Apple iOS, Android and Windows phone operating systems. Its share of PC security also increased. The brand plans to expand rapidly into the enterprise security software market.

Net income for the first half of 2014 increased 129 percent to $88 million on a revenue rise of 123 percent to $583 million. For the full year 2013, annual net income rose 113 percent to $100 million on a revenue increase of 104 percent to $671 million. The 360 brand was formed in 2005, and listed on the New York Stock Exchange in 2011.

WITH THE RELAXATION OF CHINA'S ONE CHILD POLICY OPPORTUNITIES WILL OPEN ACROSS MANY CATEGORIES.

叁拾柒 **37**

Online TV brand expands content and retailing

Letv

COMPANY Leshi Internet Information & Technology Corporation, Beijing
BRAND VALUE US$ 1.6 Billion
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2004

Letv is a streaming video site that also produces its own branded smart TV. The company planned to raise investment financing to strengthen its core businesses, and expand into retail and online financial services.

NEW ENTRY

The brand also enhanced its content offering with agreements that included a multi-year partnership with the NBA, in which Letv will air games of the National Basketball Association and programs featuring game highlights.

In addition, the brand established subsidiaries in the United States for Internet and smart TV research and development, and for video production. And it acquired a Chinese film and TV production company.

Net income rose 31 percent to $25 million in the first half of 2014, on a 294 percent jump in revenue to $474 million. For the full year 2013, net income rose 35 percent to $41 million on a 114 percent revenue rise to $380 million. Letv was listed on the Shenzhen Stock Exchange in 2010.

叁拾捌 **38**

Group grows steadily despite slower market

Evergrande Real Estate

COMPANY Evergrande Real Estate Group, Ltd.
BRAND VALUE US$ 1.5 Billion
YEAR-ON-YEAR CHANGE 19%
HEADQUARTERS Guangzhou
INDUSTRY Real Estate
YEAR FORMED 1996

The company continued to open new properties and experience positive financial results, despite government regulations aimed at slowing the growth rate of the real estate sector to protect against a potential market bubble. The group had 291 residential projects in 147 Chinese cities, 45 percent in first and second tier cities, as of early 2014.

In related developments, the company funded several social responsibility initiatives, including the Harvard Center for Green Buildings and Cities at the Harvard Graduate School of Design. And the Evergrande brand benefited from the high public profile of the Evergrande Group, with interests that include FMCG products and sports.

Net income improved 44 percent to $1.5 billion on a 52 percent revenue rise to $10.3 billion, in the first half of 2014. For full year 2013, net income rose 48 percent to $2.2 billion on a 47 percent hike in revenue to $15.2 billion. Evergrande was listed on the Hong Kong Stock Exchange in 2009.

叁拾玖 **39**

Brand innovates and markets to offset pressure on category

Yanghe

COMPANY Jiangsu Yanghe Brewery Joint-Stock Company, Ltd.
BRAND VALUE US$ 1.3 Billion
YEAR-ON-YEAR CHANGE -33%
HEADQUARTERS Suqian
INDUSTRY Alcohol
YEAR FORMED 1949

Yanghe introduced new products, expanded its international presence and developed an ecommerce business as part of an omni-channel marketing effort to fortify the brand during this challenging period when the baijiu category is under pressure from government restrictions on alcohol at official functions.

The innovations include a baijiu app for mobile devices that enables consumers to order Yanghe online and have it delivered. The brand also facilitated social networking on WeChat. In other initiatives, Yanghe:

- Developed new products, including a wine formulated to be a health drink.
- Raised its international presence with increased distribution in duty free shops.
- Designed packaging to appeal to Chinese travelers.

Net income for Jiangsu Yanghe Brewery Joint-Stock Company, Ltd. declined 13 percent to $463 million on an 8 percent decline in revenue to $1.4 billion, in the first half of 2014. For full year 2013, net income fell 17 percent to $814 million on an 11 percent decrease in revenue to $2.4 billion. Yanghe was formed in 1949 and listed on the Shenzhen Stock Exchange in 2009.

肆拾 **40**

Company expands outside Asia, to Sydney, Australia

Country Garden

COMPANY Country Garden Holdings Company, Ltd.
BRAND VALUE US$ 1.3 Billion
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Shunde
INDUSTRY Real Estate
YEAR FORMED 1992

In June 2014, Country Garden opened its first property outside of Asia, a residential development in suburban Sydney, Australia. Country Garden's portfolio of developments includes residential, retail and parking garages.

The company had 209 projects underway at the end of June, including 82 in Guandong Province, its headquarters market. Country Garden generates about two-thirds of its revenue outside of southern China, in other parts of the mainland and overseas, initially in Malaysia and now in Australia.

Established in 1992, Country Garden operates in property development, construction, decoration, property management, and hotel operations. It builds primarily in the suburbs around first tier cities and selected smaller markets with substantial growth potential. It was listed on the Hong Kong Stock Exchange in 2007.

Net income improved 26 percent to $880 million on a 43 percent revenue increase to $6.2 billion, in the first half of 2014. For the full year 2013, net income rose 28 percent to $1.4 billion on a 54 percent revenue jump to $10.2 billion.

肆拾壹 41

Government policies drive purchases of electric cars

A leader in the production and marketing of electric and hybrid vehicles, BYD benefited from government policies that increased subsidies to consumers purchasing energy efficient cars. Sales tax exemptions applied as well. Intense competition moderated sales growth of the company's gas-powered cars, however.

The company expanded international sales of its electric buses and taxis. And worldwide interest in energy efficient cars drove growth of the company's car battery business. In addition, the rapid growth of smartphones resulted in a sharp increase in the company's handset component and assembly business.

BYD began as a rechargeable battery manufacturer and now is the world's largest. It entered the car business in 2003, acquiring Xi'an Tsinchuan Auto Company, Ltd. BYD was listed on the Hong Kong Stock Exchange in 2002.

TOP 10 RISER

Net income increased almost 600 percent year-on-year to $90 million in 2013, on a 15 percent revenue improvement to $8.1 billion. Revenue continued to increase during the first half of 2014, but net income declined slightly.

BYD

COMPANY BYD Company, Ltd.
BRAND VALUE US$ 1.3 Billion
YEAR-ON-YEAR CHANGE 69%
HEADQUARTERS Shenzhen
INDUSTRY Cars
YEAR FORMED 1995

肆拾贰 42

New products and services respond to changing market

Business improved significantly, around a customer centric approach to meeting customer current demands and anticipating their future needs. The company ended the first half of 2014 with 176,000 life insurance agents, a year-on-year increase of 11,000.

Expensive promotion drove e-insurance sales increases. The sale of health insurance products during the first half of 2014 increased 113 percent year-on-year, suggesting the high priority middle class Chinese place on providing for their health needs.

Net income leaped 72 percent to $608 million in the first half of 2014, on a 30 percent revenue rise to $13.0 billion. For the full year 2013, net income rose 55 percent to $719 million on $20.8 billion in revenue, up 18 percent. Founded in 1996, New China Life Insurance Company, Ltd. was listed on the Shanghai and Hong Kong Stock Exchanges in 2011.

NCI 新华保险

New China Life

COMPANY New China Life Insurance Company, Ltd.
BRAND VALUE US$ 1.3 Billion
YEAR-ON-YEAR CHANGE -26%
HEADQUARTERS Beijing
INDUSTRY Insurance
YEAR FORMED 1996

肆拾叁 43

Heritage medicine brand opens ecommerce store

Tong Ren Tang launched an online medicine store during 2014, selling Tong Ren Tang over-the-counter medicines and cosmetics. It also introduced a wine with health improving qualities.

In addition, the brand increased its presence in Hong Kong by purchasing a 50 percent stake in Yaokang International, a medical center. Through a new subsidiary, Tong Ren Tang accelerated international expansion and operated 64 retail stores in 16 countries, during the first half of 2014, with plans to expand significantly in the United States and Europe. Tong Ren Tang has more than 1,500 pharmacies.

Net income increased 15 percent to $69 million, in the first half of 2014, on a 9 percent rise in revenue to $833 million. For the full year 2013, net income rose 18 percent to $107 million on revenue of $1.4 billion, a 19 percent rise.

Tong Ren Tang

COMPANY Beijing Tongrentang Company, Ltd.
BRAND VALUE US$ 1.3 Billion
YEAR-ON-YEAR CHANGE -21%
HEADQUARTERS Beijing
INDUSTRY Health Care
YEAR FORMED 1669

肆拾肆 44

Partnerships expand offering and access to more travelers

Both accommodation and transportation booking increased substantially during the first half of 2014, with 80 percent of all transactions completed online or with mobile devices. Ctrip's mobile app has been downloaded over 200 million times. In other developments, the company:

- Entered an agreement to acquire a 1,814-passenger cruise ship from Royal Caribbean Cruises and to operate cruises as a joint venture.
- Expanded its partnership with Priceline Group with reciprocal access to accommodation listings. And Priceline planned to invest $500 million in Ctrip.

Founded in 1999, Ctrip provides travel services for both consumers and businesses. Its offering includes transportation, accommodations, vacation packages and tours. Since its IPO (Initial Public Offering) in 2003, the company has been listed on the NASDAQ Stock Exchange.

TOP 10 RISER

Net income declined 32 percent to $40 million, in the first half of 2014, on a 37 percent revenue increase to $532 million. For the full year 2013, net income rose 44 percent to $165 million on revenue of $890 million, a 33 percent rise.

ctrip 携程

Ctrip

COMPANY Ctrip.com International, Ltd.
BRAND VALUE US$ 1.2 Billion
YEAR-ON-YEAR CHANGE 71%
HEADQUARTERS Shanghai
INDUSTRY Travel Agencies
YEAR FORMED 1999

肆拾伍

45

新东方 XDF.CN

New Oriental

COMPANY New Oriental Education & Technology Group, Inc.
BRAND VALUE US$ 1.2 Billion
YEAR-ON-YEAR CHANGE 56%
HEADQUARTERS Beijing
INDUSTRY Education
YEAR FORMED 1993

Educator adds enrollment, links online with Tencent

New Oriental established an online education joint venture with Internet giant Tencent. The venture helps New Oriental integrate its physical presence with an online offering to reach more people with interactive curricula. New Oriental will provide content and Tencent will market the venture, which is called Weixue Mingri, or Learning for the Future.

New Oriental offers over 2,000 courses in language, text preparation and other subjects on its Koolearn.com online website.

As part of its strategy for focusing on quality rather than quantity of locations, and improving margins, New Oriental ended its fiscal year 2014 with 703 locations, down somewhat from the prior year.

TOP 10 RISER

For the brand's fiscal year 2014, which ended in May, net income improved 58 percent to $216 million on $1.1 billion in revenue, a 19 percent rise. The company is traded on the New York Stock Exchange.

Games drive portal's steady financial gains

Mobile games, advertising and ecommerce contributed to NetEase's positive financial results, with almost 90 percent of revenue derived from online games. NetEase provides some of China's most popular online games, mostly MMORPGs (massively multi-player only role-playing games).

Advertising revenue increased 42.9 percent in the second quarter of 2014. NetEase maintains an advertising sales force of about 300 individuals. The online interactive NetEase community includes news, entertainment, micro-blogging, and free email for over 620 million registered users.

Net income rose 7 percent in the first half of 2014, to $375 million on a 16 percent revenue rise to $827 million. For the full year 2013, net income rose 26 percent to $734 million on revenue of $1.5 billion, a 15 percent gain.

肆拾陆

46

網易 NETEASE www.163.com

NetEase

COMPANY NetEase, Inc.
BRAND VALUE US$1.1 Billion
YEAR-ON-YEAR CHANGE 12%
HEADQUARTERS Guangzhou
INDUSTRY Technology
YEAR FORMED 1997

Weibo IPO links social media and ecommerce

A leading Internet portal and media company, Sina conducted an IPO (Initial Public Offering) of Weibo, its social media subsidiary, in April 2014, and remained the majority shareholder. Alibaba owns about 30 percent of Weibo.

The transaction enables mobile device users to move more easily between social media and ecommerce. It followed a transaction, a year earlier, in which Alibaba purchased an 18 percent stake in Weibo, a combination of Facebook and Twitter.

Sina operates three primary businesses: Sina.com, an online portal that offers news, entertainment and other content; Sina.cn, a mobile portal; and Weibo.com, the social networking and micro-blogging site with around 160 million active monthly users. Advertising generates most of Sina's revenue.

Net income declined 33 percent to $17 billion on a 26 percent revenue rise to $358 million, in the first half of 2014. For the full year 2013, net income increased 42 percent to $45 million on a 26 percent revenue rise to $665 million. Sina was listed on the NASDAQ Stock Exchange in 2000.

肆拾柒

47

sina新浪网 sina.com.cn

Sina

COMPANY Sina Corporation
BRAND VALUE US$ 1.1 Billion
YEAR-ON-YEAR CHANGE -6%
HEADQUARTERS Shanghai
INDUSTRY Technology
YEAR FORMED 1998

肆拾捌

48

ZTE中兴

ZTE

COMPANY ZTE Corporation
BRAND VALUE US$ 1.1 Billion
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Shenzhen
INDUSTRY Technology
YEAR FORMED 1985

Mobile, cloud drive business of telecom equipment maker

A maker of telecommunications equipment and systems, ZTE focused on developing new opportunities in mobile Internet and cloud computing. Its cloud radio technology, facilitating clear signal transmission to mobile devices, particularly drove sales.

Domestically, China's leading telecommunications providers are key ZTE customers. ZTE helps build their 3G and 4G networks. Also active abroad, the company's revenue is evenly split between its domestic and international businesses.

NEW ENTRY

The company employs almost 26,000 R&D specialists, over one-third of its workforce, and has filed to patent over 50,000 items. ZTE Corporation initiated an IPO (Initial Public Offering) on the Shenzhen Stock Exchange in 1997, and a second offering, in 2004, on the Hong Kong Stock Exchange. Zhongxingxin, a technology company, is the controlling shareholder.

Net income increased to $221 million for full year 2013, on revenue that declined 8 percent to $12.2 billion. Income jumped 265 percent to $183 million in the first half of 2014, on a 1 percent revenue gain to $6.1 billion.

Acquisitions bring supply and technical knowhow

肆拾玖 49

Several Bright Dairy initiatives sought to ensure an adequate supply of milk at reasonable cost and advance ongoing efforts to access state-of-the-art technology and improve food safety and quality.

The company signed an agreement to purchase milk from Australia's Pactum Dairy Group. Bright also entered a joint venture with Hong Kong private equity fund RRJ Capital, selling a minority stake in its Shanghai Bright Holstan Company subsidiary. In addition, Bright signed an agreement to purchase 56 percent of Tnuva, Israel's largest food producer.

Bright Dairy & Food Co., Ltd. was organized in 1996 from Shanghai Dairy Company and Shanghai Industrial Holdings Ltd. of Hong Kong. Bright Dairy became a publicly traded company in 2002. It's listed on the Shanghai Stock Exchange.

Net income increased 42 percent to $34 million in the first half of 2014 on revenue of $1.6 billion, a 33 percent gain. For the full year 2013, net income rose 34 percent to $66 million on a 21 percent revenue hike to $2.6 billion.

光明乳业 Bright Dairy

Bright Dairy

COMPANY Bright Dairy & Food Company, Ltd.
BRAND VALUE US$ 1.0 Billion
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Shanghai
INDUSTRY Food and Dairy
YEAR FORMED 1996

China's most consumed beer continues volume growth

伍拾壹 51

雪花

Snow Beer

COMPANY China Resources Enterprise Ltd.
BRAND VALUE US$ 911 Million
YEAR-ON-YEAR CHANGE 19%
HEADQUARTERS Beijing
INDUSTRY Alcohol
YEAR FORMED 1994

Snow Beer volume increased 5 percent during the first half of 2014. Promotions and capacity drove growth. The company operates over 95 breweries in China, including seven added with the acquisition of Kingway Brewery, at the end of 2013.

China Resources Snow Breweries Company, Ltd., the maker of Snow Beer, is a joint venture between China Resources Enterprise Ltd., an SOE (State Owned Enterprise), and SABMiller, the second largest global brewer, which markets around 200 beer brands worldwide.

China Resources Enterprise, Ltd. is listed on the Hong Kong Stock Exchange. Along with brewing, the conglomerate operates in retail, with about 4,000 stores, and food and beverages. It is part of state-owned China Resources (Holdings) Company, Ltd.

Net income of China Resources Enterprise Ltd. declined 9 percent to $120 million on a 16 percent revenue increase to $10.8 billion, during the first half of 2014. For the full year 2013, net income dropped 52 percent to $246 million on a 16 percent revenue increase to $18.9 billion.

Price promotion responds to wine market pressures

伍拾 50

张裕百年 CHANGYU SINCE 1892

ChangYu

COMPANY Yantai ChangYu Pioneer Wine Company, Ltd.
BRAND VALUE US$ 929 Million
YEAR-ON-YEAR CHANGE -36%
HEADQUARTERS Yantai
INDUSTRY Alcohol
YEAR FORMED 1892

ChangYu shifted its promotion focus to less expensive wines and brandies, in reaction to declining consumption of premium wine during a period of slower economic growth. The company also experienced heated domestic competition, including the market entrance of more foreign wine brands. Responding to these conditions, ChangYu also:

- Refined its distribution system to better match its products with the appropriate channels.
- Implemented new cost controls on advertising and other functions.
- Invested in capital improvement for its grape cultivation and harvesting.

ChangYu pioneered the modern era of Chinese winemaking 100 years ago, with the importation and cultivation of European vines. The company became publicly traded on the Shenzhen Stock Exchange in 1997.

Net income declined 14 percent to $103 million in the first half of 2014, on a 10 percent revenue drop to $352 million. For the full year 2013, net income declined 37 percent to $170 million on $664 million in revenue, a 21 percent decrease.

World Cup promotions help brand build national presence

伍拾贰 52

Since 1900 哈尔滨啤酒 HARBIN BEER

Harbin Beer

COMPANY Anheuser-Busch InBev NV
BRAND VALUE US$ 823 Million
YEAR-ON-YEAR CHANGE 14%
HEADQUARTERS Harbin
INDUSTRY Alcohol
YEAR FORMED 1900

Harbin Beer used its official sponsorship of the FIFA World Cup to build its profile and market share, particularly among young people. The messages during the World Cup ad campaign promoted Harbin Beer as a popular national brand for young people and a drink that adds to the pleasure of watching sporting events with friends.

Similarly, Harbin Beer's National Basketball Association sponsorship expressed the brand's position as "The coolest beer experience." These initiatives are part of corporate parent AB InBev's effort to grow Harbin Beer from a regional beer into a national brand. In its global portfolio of over 200 brands, AB InBev highlights Harbin as a local champion brand.

The Harbin Beer brand reached its highest consumer preference level ever. Its Harbin Cooling continued to gain popularity as a beer to pair with food. Harbin Beer traces its heritage to 1900 and one of China's earliest breweries. The city of Harbin, in Northeast China, celebrates its beer history with an annual festival. Harbin Beer also is an official sponsor of the Harbin International Ice and Snow Sculpture Festival.

OUR INSIGHTS

SOCIAL MEDIA

BRANDS FACE OPPORTUNITY AND CHALLENGE AS SOCIAL MEDIA EMPOWERS CONSUMERS

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Traditionally, pharmaceutical companies focus on marketing their products to physicians. Patients are largely ignored in the treatment decision, especially in China. But that is changing. As patients are increasingly empowered by social media and technology, they want more say in their treatment.

The Chinese culture of shai (sharing or "showing off" personal details online) means that many patients keep public online diaries, openly detailing their conditions, products they use and how they cope with treatment. Listening to these unique and voluntary insights into patients' day-to-day behavior patterns and needs will help pharmaceutical companies develop the best treatment for them.

Social conversation has the power to make or break brands. Plugging into current trends and conversations helps pharma companies communicate their brands to target audiences. Likewise, if patients feel a brand's message resonates, they are more likely to seek out that brand and listen closely to what the company has to say.

社交媒体

CUSTOMER EXPERIENCE

BRANDS MUST CREATE 'FRICTIONLESS' ONLINE AND OFFLINE EXPERIENCES

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The China Internet Information Center (CNNIC) recently reported: "E-business enterprises have shifted from being 'price driven' to being 'service driven' … which has improved the consumption experience of online shopping." And 61 percent of Chinese consumers would buy a vehicle online if given the opportunity, according to a recent independent study.

While China may be far from a country where consumers primarily buy cars online, auto brands must embrace the growing consumer preferences for on-demand information and improved shopping experiences, a principle that applies to brands across categories.

Done well, brands can deliver new consumer-centric, personalized service through digital and social channels that not only engage shoppers and deliver customer satisfaction, but also harness the digital "network effect" of happy consumers sharing their experiences with their digital communities.

The challenge is how brands manage traditional networks of dealers and service centers to meet consumer expectations of smooth, low friction digital shopping that still fundamentally requires real-life actions from consumers.

ECOMMERCE

INTERNET DRIVES SIGNIFICANT INCREMENTAL CONSUMPTION

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The globally minded middle class consumer has emerged as the dominant force in the Chinese market. These consumers look for goods and services that provide both high quality and emotional satisfaction. They are very loyal to brands they genuinely trust.

Also, they are more internet-savvy, and more likely to seek third-party shopping advice and experience through online portals and social media. Indisputably, China has become one of the world's largest e-retail markets. A disproportional amount of electronic purchases occur on ecommerce platforms where retailers and individuals provide products and services to consumers through online storefronts on Taobao.com or JD.com, which are analogous to eBay or Amazon.

This phenomenon is not simply a shift in distribution channels. Since technology provides wide consumer access to Internet and e-retail platforms, ecommerce drives significant incremental consumption, particularly from consumers in regions with less developed bricks and mortar retail.

OUR INSIGHTS

SOCIAL SHOPPING

CHINESE SOCIAL SHOPPING HABITS PROVIDE CONSUMER INSIGHTS

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A 2014 Blue Hive / YouGov survey found that in China 82 percent of passenger vehicle owners belong to an auto community (either offline or online); this is compared to 53 percent in India and a mere 24 percent in Australia.

An independent study found that 82 percent of Chinese car shoppers believed that positive comments on social media would make them more likely to buy a specific brand. An astounding 97 percent intended to post their new vehicle experience on social media.

The data shows that the emerging middleclass consumers of the post '80s and '90s generations regard auto purchasing and ownership as a fundamentally social activity.

Brands may find tremendous value through cultivating and influencing these conversations. The challenge is moving beyond giveaways and basic tactics toward developing a deep understanding of what triggers consumers to share their experiences and how/when consumers will welcome brand engagement.

PURCHASING BEHAVIOR

SLOWER GROCERY CHANNEL GROWTH REQUIRES FMCG BRAND INNOVATION

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Slower growth of the grocery channel, intense competition among brands, and thriftier shoppers mean that marketers can no longer grow a brand by riding on a category wave. The challenge is compounded because consumers are increasingly adopting online shopping, as the Chinese are more willing to use their smart phones and PCs to make purchases.

As Chinese shopper behaviors continue to evolve, both Chinese and multinational marketers have to adapt quickly. FMCG players have to continue building brand awareness and preference through the most relevant touch points. They must identify innovations that have the highest potential to win shoppers. And they must invest adequately in in-store assets at point of sale.

MOBILE

START WITH THE BRAND IDEA, THEN DEFINE CHANNEL ROLE

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Innovation has turbocharged the mobile space over the past year, most notably Tencent's WeChat with its stream of new product development that, unsurprisingly, track Tencent's rise in brand value.

Chinese marketing departments are abuzz with talk of mobile-first strategies, even in traditionally conservative and low involvement categories. Brand leaders are moving beyond ticking the box and toe-in-the-water testing to properly integrating mobile into long-term strategies based on increasingly solid data and analytic footings.

While the mobile opportunity is enticing to most, brands shouldn't start with the channel. Start with the consumer and a timeless brand idea, still the best source of sustainable differentiation. Define what role mobile is to play across the purchase journey and what types of content target consumers respond best to at each stage – from entertainment in video and games to utility in apps. Let creativity do the rest.

MULTINATIONALS

FOR MNCS, SUCCESS REQUIRES STAYING RELEVANT TO CHINA'S CHANGING GOALS

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When evaluating a foreign multinational company (MNC), many Chinese stakeholders care primarily about two things: to what extent is this company relevant to and contributing to the achievement of China's development goals; and does this company have a good attitude about China, is it responsible, respectful and understanding?

Many Chinese stakeholders view MNCs principally as instruments of China's development. At the same time – and from myriad aspects – Chinese stakeholders increasingly see certain foreign MNCs as impediments or less relevant to China's development in its current phase.

Foreign MNCs need to carefully monitor and evaluate China's evolving development agenda to position themselves effectively for success. China is changing fast and MNCs need to keep up.

Given China's goal to move up the value chain, foreign companies that can tell a story about contributing to innovation in and with China have a very good opportunity to differentiate.

BRANDS ARE EXTENDING INTO NEW PRODUCT LINES AND CATEGORIES TO SUSTAIN GROWTH AS THE CHINESE MARKET MATURES.

伍拾叁 53

Baijiu distiller looks abroad for growth

五粮液

Wu Liang Ye

COMPANY Wuliangye Yibin Company, Ltd.
BRAND VALUE US$ 786 Million
YEAR-ON-YEAR CHANGE -16%
HEADQUARTERS Yibin
INDUSTRY Alcohol
YEAR FORMED 1959

Wu Liang Ye is looking overseas for sales growth as the domestic demand for baijiu, the traditional Chinese white alcohol, continues to soften because of constraints on lavish spending at government events.

The brand intends to develop varieties of baijiu, possibly less alcoholic, to appeal to consumers outside of China, particularly young people. Meanwhile, Wu Liang Ye lowered wholesale prices to stimulate local sales.

In another development, Wu Liang Ye entered a joint venture with a major agricultural business to recycle distillery waste into animal feed. Baijiu is distilled from sorghum and rice. The Group is an SOE (State Owed Enterprise) whose other interests include printing, pharmaceuticals and logistics.

Net income of Wuliangye Yibin Company, Ltd. fell 31 percent to $649 million on a 25 percent revenue decline to $1.8 billion, in the first half of 2014. For the year 2013, net income. fell 18 percent to $1.3 billion on a 7 percent revenue decline to $3.7 billion. The company is listed on the Shenzhen Stock Exchange.

Following acquisition, company focuses on brand coordination

The company focused on building and unifying its many brands under a collective strategy, and engaging with partners such as the Internet portal Tencent and the FIFA World Cup. It also added three Chinese brands to its portfolio.

These developments are part of a larger strategy to energize a traditional Chinese medicine brand. Baiyunshan makes and markets Chinese and western medicine products. Guangzhou Pharmaceutical Holdings Ltd. (GPHL), predominately owned by the Guangzhou municipal government, acquired a major stake in Baiyunshan in 2013.

Net income in the first half of 2014 rose 15 percent to $109 million on revenue of $1.6 billion, an 11 percent gain. For the full year 2013, net income rose 38 percent to $159 million on 50 percent revenue jump to $2.8 billion. Baiyunshan is listed on the Shanghai and Hong Kong Stock Exchanges.

NEW ENTRY

伍拾肆 54

白云山

Baiyunshan

COMPANY Guangzhou Baiyunshan Pharmaceutical Holdings Company, Ltd.
BRAND VALUE US$ 762 million
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Guangzhou
INDUSTRY Health Care
YEAR FORMED 1997

New packaging suggests simplicity, naturalness

Dabao introduced new packaging designed to be more stylish, modern and youthful. The renewed look projects a brand essence of simplicity and naturalness, while continuing the brand's emphasis on moisturizing and hydration.

Sustaining its presence in social media, the brand used Weibo and WeChat for a campaign called "Ten moments of love," which featured 10 short films on the theme of enduring love and related the content to the everyday genuine care.

Johnson & Johnson, the US-based health care company, purchased Dabao in 2008, to expand its business in China by acquiring a well-established Chinese brand that fit well with its existing skin care offering.

伍拾伍 55

Dabao

Dabao

COMPANY Johnson & Johnson
BRAND VALUE US$ 747 Million
YEAR-ON-YEAR CHANGE 4%
HEADQUARTERS Beijing
INDUSTRY Personal Care
YEAR FORMED 1999

伍拾陆 56

BeLLE

Belle

COMPANY Belle International Holdings, Ltd.
BRAND VALUE US$ 734 Million
YEAR-ON-YEAR CHANGE -37%
HEADQUARTERS Shenzhen
INDUSTRY Apparel
YEAR FORMED 1991

Store expansion pace resumes but ecommerce remains slow

This well-known footwear, sportswear and apparel retailer, with over 19,000 stores in mainland China, resumed steady new store construction and focused expansion in underpenetrated second and third tier markets.

The slower rate of China's economic growth weakened in-store customer traffic, however. And despite the rapid rise of ecommerce, it wasn't generally a popular channel for purchasing high quality footwear.

Belle worked on integrating its joint venture partner Baroque Japan, a women's fashion apparel company, and it completed the acquisition of Longhao Tiandi, noted for high-end casual footwear.

Belle International Holdings Ltd. both manufactures and retails shoes and retails sportswear and apparel. It was formed in 1991 and listed on the Hong Kong Stock Exchange in 2007. For the full year 2013, net income grew 6 percent to $731 million on a 13 percent revenue rise to $5.9 billion.

伍拾柒 57

CR Sanjiu

COMPANY China Resources Sanjiu Medical & Pharmaceutical Company, Ltd.
BRAND VALUE US$ 725 Million
YEAR-ON-YEAR CHANGE -14%
HEADQUARTERS Shenzhen
INDUSTRY Health Care
YEAR FORMED 1999

To strengthen awareness brand sponsors popular reality show

CR Sanjiu sponsored the first season of one of China's popular reality shows, "Where are we going daddy?" The high-profile sponsorship was part of a larger focus on brand building in the competitive pharmaceutical category.

The company continued to leverage the strength of its popular 999 brand as it planned to introduce more over-the-counter household medications, such as lip balm, children's shampoo and gastrointestinal treatments.

The company distributes its products at over 90,000 points of sale and more than 5,000 hospitals throughout China. CR Sanjiu is a subsidiary of China Resources (Holdings) Company, Ltd., an SOE (State Owned Enterprise). The company was listed on the Shenzhen Stock Exchange in 2000.

Net income increased 3 percent to $100 million, in the first half of 2014, on flat revenue of $613 million. For the full year 2013, net income increased 19 percent to $192 million on a 15 percent revenue rise to $1.3 billion.

伍拾捌 58

Luzhou Laojiao

COMPANY Luzhou Laojiao Company, Ltd.
BRAND VALUE US$ 691 Million
YEAR-ON-YEAR CHANGE -25%
HEADQUARTERS Luzhou
INDUSTRY Alcohol
YEAR FORMED 1950

Heritage alcohol brand adjusts prices, channels

Luzhou Laojiao lowered the price of its premium baijiu, Guojiao 1573, and launched three new mid-range products. The company also investigated options for increasing its ecommerce presence.

These price positioning and distribution initiatives responded to the ongoing pressure on sales resulting from government policies aimed at limiting extravagant spending at official events.

Luzhou Laojiao is currently sold in over 40 countries, primarily to Chinese customers. An SOE (State Owned Enterprise), Luzhou Laojiao was listed on the Shenzhen Stock Exchange in 1994.

Net income declined 47 percent to $155 million on a 31 percent decline in revenue to $559 million, in the first half of 2014. For the full year 2013, net income decreased 20 percent to $559 million on a 5 percent revenue decrease to $1.6 billion.

伍拾玖 59

Hainan Airlines

COMPANY Hainan Airlines Company, Ltd.
BRAND VALUE US$ 633 Million
YEAR-ON-YEAR CHANGE 11%
HEADQUARTERS Haikou
INDUSTRY Airlines
YEAR FORMED 1993

Hainan enhances service on international flights

Hainan Airlines introduced non-stop service between Beijing and Boston, an important destination because of the city's many universities and colleges and the air travel needs of Chinese students and tourists.

To differentiate with customer service, the airline offered free limousine service to business travelers on flights from Beijing to Boston, Chicago, and Seattle. The airline also launched flights to Paris from two regional Chinese cities, Hangzhou and Xi'an.

Net income declined 25 percent to $78 million on a 17 percent revenue rise to $2.9 billion, in the first half of 2014. For the full year 2013, net income rose 12 percent to $342 million on revenue of $4.8 billion, a 9 percent increase. Hainan Airlines was listed on the Shanghai Stock Exchange in 1997.

陆拾 60

Lao Feng Xiang

COMPANY Lao Feng Xiang Company, Ltd.
BRAND VALUE US$ 612 Million
YEAR-ON-YEAR CHANGE 10%
HEADQUARTERS Shanghai
INDUSTRY Jewelry Retailer
YEAR FORMED 1848

Bold brand building puts company on Fifth Avenue

In a bold initiative that places the brand center stage globally, jewelry retailer Lao Feng Xiang prepared to open a flagship store on New York's Fifth Avenue in time for the yearend holiday season of 2014.

The move is part of the company's recent accelerated expansion, including 145 new locations in China opened during the first half of 2014. The China store count totaled 2,769 at the end of June 2014.

Lao Feng Xiang also invested in line extension, acquiring a producer of enamel products. The Fifth Avenue real estate and the acquisition are part of an effort to move the brand more upscale with an offering centered around jade, pearls, colored stones and enamel.

Net income increased 8 percent to $68 million on a 1 percent revenue rise to $3.0 billion, in the first half of 2014. For the full year 2013, net income jumped 49 percent to $145 million on a 32 percent revenue rise to $5.3 billion. Lao Feng Xiang is listed on the Shanghai Stock Exchange.

SUVs drive success of heritage brand

NEW ENTRY

One of China's earliest car brands, Great Wall is best known for its popular SUV models. It spun off its Haval SUV as an independent brand, and launched Haval Mall, an online car-purchasing site, in July 2014. The company also focuses on pick-up trucks and sedans.

It targets tier two and three cities primarily. Russia, Chile and South Africa are the brand's key export markets. Great Wall unit sales increased 24 percent in 2013, but declined year-on-year in the first half of 2014 as the industry slowed. Exports also declined.

With a brand proposition that emphasizes affordability, the brand also operates a car financing business. Great Wall Motor Company, Ltd. was listed on the Hong Kong Stock Exchange in 2003, and on the Shanghai Stock Exchange in 2011.

Net income eroded 3 percent to $641 million on a 9 percent revenue increase to $4.5 billion, in the first half of 2014. For the full year 2013, net income expanded 48 percent to $1.3 billion on revenue of $8.9 billion, a 35 percent improvement.

陆拾壹

61

长城汽车 Great Wall

Great Wall

COMPANY Great Wall Motor Company, Ltd.
BRAND VALUE US$ 563 Million
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Baoding
INDUSTRY Cars
YEAR FORMED 1984

陆拾贰

62

Longfor 龙湖地产

Longfor

COMPANY Longfor Properties Company, Ltd.
BRAND VALUE US$ 561 Million
YEAR-ON-YEAR CHANGE -6%
HEADQUARTERS Beijing
INDUSTRY Real Estate
YEAR FORMED 1995

Shopping mall developer adds to land holdings

Longfor experienced strong property sales and rental results during 2013. As the real estate market slowed and corrected, during the first half of 2014, Longfor took advantage of lower land costs to purchase property for future building in existing markets and new markets, such as Nanjing and Foshan.

The brand also marketed its commercial properties aggressively, linking its Paradise Walk shopping malls with ecommerce sites. Longfor develops shopping malls under three brands and areas of focus: Paradise Walk, urban; Starry Street, community; and MOCO, lifestyle.

Net income increased 5 percent to $650 million on a 5 percent hike in revenue to $2.6 billion, in the first half of 2014. For the full year 2013, net income rose 31 percent to $1.3 billion as revenue surged 53 percent to $6.8 billion. Longfor Properties Company, Ltd. was listed on the Hong Kong Stock Exchange in 2009.

陆拾叁

63

兴业银行 INDUSTRIAL BANK CO.,LTD.

Industrial Bank

COMPANY Industrial Bank Company, Ltd.
BRAND VALUE US$ 557 Million
YEAR-ON-YEAR CHANGE -8%
HEADQUARTERS Fuzhou
INDUSTRY Banks
YEAR FORMED 1988

Bank focuses on services that enhance the brand

Industrial Bank focused on enhancing its brand image, one of the bank's five transformation priorities, which also include accelerating growth and improving financial, operational and risk management.

The bank added more branches, for a total 826 at the end of 2013, and it refined telephone, online and mobile banking, including the launch of the mobile app WeChat Bank. It also introduced a site called E-family Wealth for managing household finances.

Industrial Bank's credit card business flourished, with year-on-year income up almost 80 percent in 2013. Private banking also experience strong growth, as the number of customers increased 44 percent during the year.

Net income grew 18 percent to $4.1 billion on a 23 percent revenue rise to $20.0 billion, in the first half of 2014. For the full year 2013, net income rose 22 percent to $6.7 billion on 28 percent revenue gain to $34.8 billion. Founded in 1988, Industrial Bank has grown to be a national institution, listed on the Shanghai Stock Exchange in 2007.

Developer increases appeal to first-time home buyers

Gemdale adjusted its residential product offering to appeal more to first-time homebuyers, based on its assessment of customer needs and fluctuations in demand because of national policy.

Results during the first half of 2014 reflected a decline in demand and excess inventory, resulting in part from tight credit. China's urbanization continues to drive long-term opportunity, however. And the stock performed well.

Established as a company in 1988 and in the real estate business since 1993, Gemdale develops residential housing throughout much of China and is present in 25 major cities. It also operates a real estate financing company called Wins Investment. Gemdale was listed on the Shanghai Stock Exchange in 2001.

Net income declined 50 percent to $26 million in the first half of 2014, on a 4 percent revenue rise to $1.4 billion. For the full year 2013, net income was flat at $587 million on a 10 percent revenue increase to $5.2 billion.

陆拾肆

64

Gemdale

Gemdale

COMPANY Gemdale Corporation
BRAND VALUE US$ 488 Million
YEAR-ON-YEAR CHANGE 8%
HEADQUARTERS Shenzhen
INDUSTRY Real Estate
YEAR FORMED 1988

陆拾伍 65

ROBAM 老板

Robam

COMPANY Hangzhou Robam Appliances Company, Ltd.
BRAND VALUE US$ 484 Million
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Hangzhou
INDUSTRY Home Appliances
YEAR FORMED 1979

Home appliance supplier expands sales channels

Robam focused on expanding its sales channels, which include specialty stores, TV shopping, architects and designers, and ecommerce. To sustain its technology edge, the company continued to collaborate with Wuhan University on the development of smart appliances.

Robam manufactures extractor fans, gas ovens, pressure cookers, kettles and juicers, with a promise of providing sophisticated technology at affordable prices. It invested heavily in TV commercials promoting the suction power of its range hoods.

Net income jumped 51 percent to $35 million in the first half of 2014, on a 39 percent revenue rise to $256 million. For the full year 2013, net income advanced 48 percent to $63 million on revenue of $427 million, a 39 percent gain. The company was listed on the Shenzhen Stock Exchange in 2010.

Rapid expansion includes recent hotel acquisition

陆拾陆 66

In an effort to strengthen leadership of the budget hotel segment, Home Inn has been adding hotels at a rate over one per day, ending the first half of 2014 with 2,374 locations in 306 cities, an increase of 421 in a year.

The company operates hotels under four brands: Home Inn, Motel 168, Yitel, and Yunshang Siji, a chain with 31 locations that the Group acquired in May 2014. Aimed at slightly different markets, the brands all emphasize quality consistency, which the company sustains with management involvement at the local level, either directly or, in the majority of instances, through franchise owners.

Net income of Home Inns & Hotels Management Inc. rebounded 141 percent to $30 million on revenue of $482 million, up 6 percent, in the first half of 2014. For the full year 2013, net income declined to $32 million on revenue of $970 million, up 13 percent. Home Inn has been traded on the NASDAQ Stock Exchange since its IPO (Initial Public Offering) in 2006.

如家 homeinn
如家酒店

Home Inn

COMPANY Home Inns & Hotels Management, Inc.
BRAND VALUE US$ 464 Million
YEAR-ON-YEAR CHANGE 10%
HEADQUARTERS Shanghai
INDUSTRY Hotels
YEAR FORMED 2002

Wider geographic distribution a high priority for beer brand

陆拾柒 67

Yanjing Beer continued to focus on increasing sales of its mid-range beers and its distribution in central and western China. It also planned to trial ecommerce sales.

One of China's largest beer brands, Yanjing Beer was named for the ancient capital that occupied the area now known as Beijing. The brand leads the market in Beijing and is strong in Guangxi and Hunan provinces and Inner Mongolia. It's exported to over 20 countries.

A subsidiary of Beijing Enterprises Holdings Ltd., Beijing Yanjing Brewery Company, Ltd. was listed on the Shenzhen Stock Exchange in 1997.

Net income rose 11 percent to $94 million on a 6 percent revenue rise to $1.1 billion, in the first half of 2014. For the full year 2013, net income for Beijing Yanjing Brewery Company, Ltd. rose 13 percent to $111 million on an 8 percent rise in revenue to $2.0 billion.

燕京啤酒
YANJING BEER

Yanjing Beer

COMPANY Beijing Yanjing Brewery Company, Ltd.
BRAND VALUE US$ 464 Million
YEAR-ON-YEAR CHANGE -10%
HEADQUARTERS Beijing
INDUSTRY Alcohol
YEAR FORMED 1980

陆拾捌 68

YH

Yonghui Superstores

COMPANY Yonghui Superstores Company, Ltd.
BRAND VALUE US$ 448 Million
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Fuzhou
INDUSTRY Retail
YEAR FORMED 2001

Retailer plans faster store growth, focus on fresh food

A leading hypermarket chain, Yonghui Superstores agreed to sell a 20 percent stake in the company to Dairy Farm International Holdings, Ltd, which operates around 5,800 supermarkets and convenience stores throughout Asia.

Yonghui Superstores, with approximately 290 hypermarkets in 17 provinces, planned to use the funds to accelerate store expansion and supply chain development. In addition, the two companies will collaborate on fresh food procurement and sales, strengths of Yonghui Superstores.

The company also launched a social network platform called myStore, which enables Yonghui Superstores to connect with customer communities, collect and analyze purchasing data, refine marketing and facilitate mobile shopping and in-store pick-up.

NEW ENTRY

Net income increased 17 percent to $73 million on a 23 percent revenue rise to $2.9 billion in the first half of 2014. For the full year 2013, net income leaped 47 percent to $117 million on a 27 percent revenue rise to $4.9 billion. Yonghui Superstores was listed on the Shenzhen Stock Exchange in 2010.

Malaysia projects signals overseas expansion plan

陆拾玖 69

R&F Properties

COMPANY Guangzhou R&F Properties Company, Ltd.
BRAND VALUE US$ 441 Million
YEAR-ON-YEAR CHANGE 4%
HEADQUARTERS Guangzhou
INDUSTRY Real Estate
YEAR FORMED 1994

R&F Properties entered its first joint venture outside of China, with a large land purchase in Johor Bahru, Malaysia, for a mixed-use development of housing and commercial space. The company expects to accelerate growth with future investments outside of China.

Other current R&F Properties projects include office buildings, shopping malls and hotels in 24 cities of various sizes throughout China. The company opened the Ritz-Carlton Chengdu, its sixth five-star hotel, late in 2013.

These developments took place as the government tightened credit to protect the property market from overheating. At the same time, two trends continued to propel industry growth: rising incomes and urbanization.

Net income rose 10 percent to $258 million on revenue of $1.6 billion, a 3 percent decline, in the first half of 2014. For the full year 2013, net income jumped 42 percent to $1.2 billion on a 23 percent revenue gain to $5.9 billion. Guangzhou R&F Properties Company, Ltd. was listed on the Hong Kong Stock Exchange in 2005.

Children's clothing business lifts results

柒拾壹 71

Anta

COMPANY Anta Sports Products, Ltd.
BRAND VALUE US$ 400 Million
YEAR-ON-YEAR CHANGE 18%
HEADQUARTERS Jinjiang
INDUSTRY Apparel
YEAR FORMED 1994

Sales growth in ecommerce and children's products drove strong profit improvement, following a period when the sportswear category overall suffered from weakened demand and excess inventory. The company continued to close underperforming stores, ending June 2014 with just over 7,700 Anta stores. Anta opened interactive flagship stores and continued to focus on lower tier markets. In addition, the company:

- Expanded its presence in developing markets in Southeast Asia, Eastern Europe and the Middle East with stores and marketing.
- Implemented multichannel, brand building initiatives, such as providing uniforms for the Sochi Winter Olympics and becoming sponsor for China's Gymnastics Team.

Anta Sports Products Ltd. designs, manufactures and retails footwear, apparel and accessories. Anta was founded in 1994, and was listed on the Hong Kong Stock Exchange in 2007.

Net income improved 29 percent to $130 million during the first half of 2014, on a 23 percent revenue rise to $669 million. For the full year 2013, net income declined 1 percent to $214 million on a 2 percent revenue decrease to $1.2 billion.

New O2O venture delivers fresh online purchases

柒拾 70

Sanquan

COMPANY Sanquan Food Company, Ltd.
BRAND VALUE US$ 402 Million
YEAR-ON-YEAR CHANGE 31%
HEADQUARTERS Zhengzhou
INDUSTRY Food and Dairy
YEAR FORMED 1993

The company launched a new business called Sanquan Fresh, which integrates online ordering and offline delivery. After introducing the service in Shanghai, the company plans to expand it to Beijing and other major cities.

In another effort to expand distribution and enhance customer convenience, Sanquan planned to introduce lunchtime vending machines in Shanghai. The company also worked to integrate the acquisition of H.J. Heinz's four Long Fong China packaged food businesses.

Sanquan produces and sells frozen sweet dumplings, frozen rice dumplings, frozen noodles, frozen pastries and other convenience foods. Sanquan Food is traded on the Shenzhen Stock Exchange.

Net income dropped 40 percent to $11 million on a 21 percent revenue increase to $357 million, during the first half of 2014. For the full year 2013, net income fell 13 percent to $19 million, while revenue rose 38 percent to $581 million.

Demand for prime office space strengthens sales and profit

柒拾贰 72

SOHO China

COMPANY SOHO China, Ltd.
BRAND VALUE US$ 387 Million
YEAR-ON-YEAR CHANGE 4%
HEADQUARTERS Beijing
INDUSTRY Real Estate
YEAR FORMED 1995

Demand for prime office space in Beijing and Shanghai drove Soho China's strong sales and profit growth in the first half of 2014. Shanghai's stature as an international financial center attracted overseas tenants.

Having completed its business model transition from build-and-sell to build-and-hold during 2013, Soho developed, leased and managed office space. The company also upgraded is properties, improving air quality and energy efficiency.

Net income increased 29 percent to $437 million, in the first half of 2014, on an 84 percent leap in revenue to $770 million. For the full year 2013, net income fell 28 percent to $1.2 billion on a 7 percent revenue decline to $2.4 billion. Founded in 1995, Soho China is listed on the Hong Kong Stock Exchange.

柒拾叁 73

Brand accelerates to catch fast fashion

Meters/bonwe

Metersbonwe

COMPANY Shanghai Metersbonwe Fashion and Accessories Company, Ltd.
BRAND VALUE US$ 374 Million
YEAR-ON-YEAR CHANGE -18%
HEADQUARTERS Shanghai
INDUSTRY Apparel
YEAR FORMED 1995

Metersbonwe launched a three-year store remodeling program aimed at strengthening its market position against competition from international fast fashion brands. Its first upgrade, a flagship store in Chongqing, included many digital enhancements. In one example, called "Mix and Match," customers scanned an article of clothing and received other wardrobe recommendations.

To help fund new initiatives, Metersbonwe sold a major stake in the company to China's Chang'An Fund.

Meanwhile, China's leading casual apparel brand continued trimming its extensive network of over 3,000 bricks and mortar stores, as it studied ways to effectively connect its offline and online businesses.

Net income fell 19 percent to $29 million on a 20 percent revenue decline to $481 million, in the first half of 2014. For the full year 2013, net income dropped 51 percent to $66 million on a 15 percent revenue decline to $1.3 billion. The company was listed on the Shenzhen Stock Exchange in 2008.

Bedroom wardrobe brand stretches to other rooms

柒拾伍 75

索菲亞®衣柜

Suofeiya

COMPANY Suofeiya Home Collection Company, Ltd.
BRAND VALUE US$ 359 Million
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Zengcheng
INDUSTRY Furniture
YEAR FORMED 2003

Known as a maker and marketer of bedroom wardrobes, Suofeiya opened the first of an estimated 100 kitchen cabinet stores in 2014. And it launched its first "custom home" flagship store, featuring storage solutions, in Guangzhou.

In a related development Suofeiya entered a joint venture with the French brand SALM as part of a strategy to expand the Suofeiya product line to include a wide range of storage furniture, such as wine cabinets and bookcases. The company continued to expand its dealer network in lower tier cities.

Net income increased 29 percent to $16 million on a 35 percent revenue rise to $136 million in the first half of 2014. For the full year 2013, net income rose 45 percent to $40 million on a 50 percent revenue rise to $288 million. Founded in 2003, Suofeiya is traded on the Shenzhen Stock Exchange.

Brand emphasizes history of jade in Chinese culture

柒拾肆 74

|東|方|金|鈺|
Eastern gold Jade

Eastern Gold Jade

COMPANY Eastern Gold Jade Company. Ltd.
BRAND VALUE US$ 368 Million
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Shenzhen
INDUSTRY Jewelry Retailer
YEAR FORMED 1993

Jewelry retailer Eastern Gold Jade introduced new jade products and expanded its presence in first, second and third tier cities with a combination of company-owned locations and franchises.

These initiatives continued to build the brand as culturally important because of the long association between jade and Chinese civilization. Eastern Gold Jade was formed in 1993 and listed on the Shanghai Stock Exchange in 1997.

Net income dropped 47 percent to $11 million on a 43 percent revenue decline to $405 million, in the first half of 2014. For full year 2013, net income rose 1 percent to $26 million on a 26 percent revenue gain to $964 million.

柒拾陆 76

Brand increases ecommerce and adds other channels

中国驰名商标 古井贡酒

Gujing Gong Jiu

COMPANY Anhui Gujing Distillery Company, Ltd.
BRAND VALUE US$ 356 Million
YEAR-ON-YEAR CHANGE -17%
HEADQUARTERS Bozhou
INDUSTRY Alcohol
YEAR FORMED 1959

As government restrictions on extravagant official entertainment continued to depress the baijiu industry, Gujing Gong Jiu emphasized its heritage in historical Anhui Province. It also developed new distribution channels, expanding its online presence.

Anhui Gujing Distillery Company, Ltd. was listed on Shenzhen Stock Exchange in 1996. It is the main business of Anhui Gujing Group Company, Ltd., an SOE (State Owned Enterprise), which also operates in other industries, including tourism and real estate.

Net income declined 4 percent to $58 million on a 4 percent revenue rise to $335 million in the first half of 2014. For the full year 2013, net income fell 12 percent to $101 million on a 14 percent revenue gain to $642 million.

IN A SOCIETY NOT KNOWN FOR SELF-EXPRESSION, YOUNG PEOPLE ENGAGE ON THE WORLD'S MOST EXTENSIVE SOCIAL AND ECOMMERCE NETWORKS.

OUR INSIGHTS

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Brand Union

EMOTION

EMOTIONAL BRAND EXPERIENCE CUTS THROUGH THE CLUTTER

China creates polarized views. Developments in this fast changing market shape and warp perceptions of brands in ways that don't happen in other countries. Scandals over tainted milk and counterfeit products create a negative impression. In contrast, a brand like Xiaomi successfully challenges global smart phone leaders, illustrating the potential of the Chinese Dream. One thing remains constant – Chinese consumers' passion and readiness to fall in love with brands.

There are three ways for brands to deliver experiences that cut through the noise and ambiguity, that tug at consumer emotions:

(1) DEFINE YOUR BRAND AS A PERSON

Who are you now?
Who do you want to become?
Who do your customers need?

(2) HUMANIZE YOUR EXTERNAL BEHAVIORS

What commitments, actions and manners encourage customers to bond with you? How do you want your customers to feel about you?

(3) SHAPE AN INTERNAL CULTURE THAT DELIVERS YOUR BRAND PERSONALITY

What styles and attitudes in your team lead to appropriate external behaviors? What recruitment processes, coaching and incentives can develop and reinforce these attitudes?

情感

HUMOR

AS CONSUMERS FEEL BETTER, BRANDS FIND THAT "FUNNY" SELLS PRODUCTS

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Chinese consumers for the first time in many years have reasons to be optimistic. They are enjoying the prospect of a better future and beginning to experience freer self-expression. This optimism takes shape in the form of humor and laughter, a common and rediscovered feature of the Chinese personality.

At the same, time humor provides consumers moments of escape from their newly adopted hectic business lifestyle. From exchanging digital humorous content to an increase of comedies in mass media, humor is making a triumphant comeback. Brands are increasingly tapping into this phenomenon for their communication, through the use of lighthearted tone of voice, puns, comical facial expressions, gags and sarcasm.

But this is only humor in its infant stages and early expressions. Emergent and more premium brands can employ a more intellectual type of humor that is the only logical evolution of the present condition. Wit, black humor and satire can prove powerful tools for brands that want to connect with consumers in the near future.

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BUZZ AND BEYOND

REACH CONSUMERS WITH GENUINE ENGAGEMENT, NOT MORE NOISE

Burson·Marsteller

Digital transformation is empowering Chinese consumers and reshaping their relationship with the brands, which seems to be weakening. The information and communications channels are richer than ever, but consumers are increasingly smarter and more impatient than ever.

Many brands have understood the importance of human interaction and engaging with consumers on social media. However, few brands have realized that consumers actually have few reasons to interact with useless "buzz" or fancy but meaningless "creative."

Brands need to review their positioning and stories from the perspective of target consumers, and engage them at the right place and right time. This means more investment in in-depth consumer insights that probe consumer values and culture, not only their media consumption or purchase behavior. It also means investing more to generate content and user-centric information, not just "buzz."

OUR INSIGHTS | Spotlight on Digital

FOUR STRATEGIES DRIVE BRAND DIGITAL SUCCESS

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To build and grow sustainably in China's digital world, brands need to do four things right. First, brands must give power to their fans, putting their customers first. This is something Chinese born after 1990 have grown to expect online. Second, brands must engage fans with online experiences, as opposed to message-centric approaches.

The "freemium" model is a third important strategy brands need to master for online success. Free experiences can launch lasting brand connections with consumers. Finally, brands can deliver solutions online rather than just ideas. Innovation online is not just a one-off affair, but something that can be continually revisited and renewed.

Online brand building requires a sustainable perspective informed by big picture thinking (rather than deepening silos), and a focus on synergy rather than efficiency. Brands also need to move beyond short-term ROI approaches, and instead think how best to lead the emerging generations into a "new world." Now is the time to strategically embrace "cooptition."

CONNECT WITH THEIR VIRTUAL LIVES BEFORE CONSUMERS CLICK AWAY

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Walking down the street, on the metro, or in a café with friends, most Chinese consumers have their nose in a mobile device. This isn't rude or anti-social; this is their time – time to stay informed, do some shopping, zone out with a game and to be social. Brands that want to compete in the digital space are now competing on consumers' terms.

Chinese consumers download and frequently use a lot of apps, and spend a significant amount of time on messaging and social media apps like WeChat. Brands need to be aware of the conversations that are happening and where in order to creatively weave their narrative into a dialogue with consumers that is participatory, engaging and inspires action. Creating emotional value is imperative. The trick is how to interrupt consumers' virtual lives to deliver value and connect them with something tangible all before they click away.

DATA AND CONTENT PREPARE BRANDS TO SUCCEED AT MOBILE MARKETING

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Data, creative content and mobile marketing play crucial roles in the success of digital communication these days.

Accurate data is the foundation to map the target audiences, understand their online behaviors and dig out insights. Most importantly, data enables us to hijack the hottest social topics and key opinion leaders by merging brand content into it. Data's value in digital strategy, content development, measurement, and brand reputation management is irreplaceable.

Great content always involves emotional linkages and social hot topics as triggers of engagement. Data based creative content that meets netizens' interests and emotional needs, with attractive copy and simple interactive visuals gets us closer to success.

Mobile marketing is today's most important digital battle in China. More than 527 million Chinese people use mobile phones, increasingly to search, communicate, share and even purchase and pay. To win the battle of mobile marketing, customize a brand digital strategy with data as background and content as sword. Then the honor of successful brand building will be ours.

DECISIONS HAPPEN INSTANTLY ON DYNAMIC PATH TO PURCHASE

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Chinese consumers love mobile and they want to be connected, all the time, anywhere. Digitally sophisticated, they use many channels from search engine, brand site, shopping apps, social brand communities, and instant message to seek out brand and product information, services and purchase opportunities. Therefore, the path to purchase journey is dynamic but conversion can happen instantly, when consumer needs are met at the right moment.

We see opportunities for brands to engage with consumers digitally to make business impact. But seamlessly integrating a brand's experiences across all touch points and devices throughout a consumer's lifetime requires science and art. Brands have to combine internal and external data to identify and capture the golden "Moments of Truth." At those moments, when consumers are ready to purchase or eager to switch, it's time to engage them with the personalized content. Success requires exceeding customers' ever-growing expectations.

柒拾柒 77

Everbright lists on Hong Kong Exchange and opens HK branch

China Everbright Bank was listed on the Hong Kong Stock Exchange in December 2013, a development that strengthened the bank financially. The bank also expanded beyond the mainland for the fist time, opening a branch in Hong Kong.

Retail banking, financing for companies of small and medium size, and the development of online banking were among the brand's most important priorities. It added more fee-based products. And China Everbright Bank launched digital innovations, including mobile banking and banking on WeChat, the social networking site.

Pursuing the opportunity to serve the needs of China's aging population, the bank introduced two pension products, Enjoyable Welfare Plan and Flexible Welfare Plan. The bank also expanded its private wealth business.

Net income increased 7 percent to $2.6 billion in the first half of 2014 on revenue of $12.4 billion, a 16 percent gain. For the full year 2013, net income grew 16 percent to $4.3 billion on revenue of $22.0 billion, up 22 percent. China Everbright Bank was founded in 1992 and is listed on the Hong Kong and Shanghai Exchanges.

China Everbright Bank

COMPANY China Everbright Bank Company, Ltd.
BRAND VALUE US$ 348 Million
YEAR-ON-YEAR CHANGE -11%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1992

柒拾玖 79

Brand seeks leadership in premium beer sector

Pearl River

COMPANY Guangzhou Zhujiang Brewery Company, Ltd.
BRAND VALUE US$ 347 Million
YEAR-ON-YEAR CHANGE 48%
HEADQUARTERS Guangzhou
INDUSTRY Alcohol
YEAR FORMED 1985

TOP 10 RISER

Pearl River accelerated its effort to claim leadership in the premium beer sector. While marketing intensively in Guangdong, its home market, the company also sought to raise the Pearl River profile in other provinces.

Marketing initiatives included promotion connected to the FIFA World Cup. In addition, the company focused on three of its Zhujiang brand names to establish itself as China's leading draft beer.

An SOE (State Owned Enterprise), Pearl River was established in 1985, in conjunction with InBev, the Belgium brewer, which in 2008 acquired Anheuser-Busch to become AB InBev. Pearl River was listed on the Shenzhen Stock Exchange in 2010, with proceeds targeted to help fund national expansion.

Net income increased 12 percent to $5 million, in the first half of 2014, on a 13 percent revenue hike to $236 million. For the full year 2013, net income declined 17 percent to $7 million on a 1 percent decreased in revenue to $492 million.

柒拾捌 78

Hanting

COMPANY China Lodging Group, Ltd.
BRAND VALUE US$ 348 Million
YEAR-ON-YEAR CHANGE 45%
HEADQUARTERS Kunshan
INDUSTRY Hotels
YEAR FORMED 2005

Rapid growth drives strong performance

TOP 10 RISER

The China Lodging Group operated 1,669 hotels in 270 cities at end of the first half of 2014, and over 90 percent of the bookings came from the company's 20 million loyalty program members. The Group added hotels at a 54 percent compounded annual growth rate between 2008 and 2013.

Most of the locations operate as Hanting Hotel, an economy brand aimed at mid-level business travelers and value-conscious tourists. The Group offers one other economy brand, Hi Inn, and four midscale or upscale brands: Ji Hotel, Starway Hotel, Joya Hotel and Manxin Hotels and Resorts.

China Lodging Group began hotel operations in 2005, and expanded into its current multi-brand management business in 2007. It completed an IPO (Initial Public Offering) in 2010 on the NASDAQ Stock Exchange, where it's traded as China Lodging Group, Ltd.

Net income increased 13 percent to $18 million on a 20 percent revenue hike to $370 million in the first half of 2014. For full year 2013, net income leaped 64 percent to $46 million on revenue of $678 million, a 33 percent gain.

Slow foot traffic hurts shoe sales

A fashion shoe brand, Tata is styled for young urban women. It's one of the footwear brands owned by Belle International, the vertically integrated maker and marketer of owned footwear and sportswear brands, and a distributor of licensed brands.

Tata shoes are sold in physical stores operated by Belle and on Yougou, the ecommerce platform built by Belle to integrate its online and offline sales. The company operates over 19,000 stores throughout China.

Sales softened as shoe shopper traffic declined in department stores without rapidly building in shopping malls and ecommerce. For the full year 2013, net income of Belle International Holdings Ltd. grew 6 percent to $731 million on a 13 percent revenue increase to $5.9 billion.

捌拾 80

Tata

COMPANY Belle International Holdings, Ltd.
BRAND VALUE US$ 334 Million
YEAR-ON-YEAR CHANGE -39%
HEADQUARTERS Shanghai
INDUSTRY Apparel
YEAR FORMED 2003

捌拾壹 81

Restaurant redesign, menu changes improve results

Quanjude

COMPANY China Quanjude (Group) Company, Ltd.
BRAND VALUE US$ 313 Million
YEAR-ON-YEAR CHANGE 21%
HEADQUARTERS Beijing
INDUSTRY Catering
YEAR FORMED 1864

Quanjude streamlined its menu, redesigned the layout of some of its restaurants and focused expansion around Beijing and Shanghai. These developments helped strengthen financial results impacted by the slowdown in official government entertaining.

In addition, Quanjude opened a museum, in central Beijing, devoted to its centerpiece menu item, roast duck. And a multimedia marketing campaign reached over 350 million people.

Founded in 1864, Quanjude operates over 100 roast duck restaurants, primarily in China but also overseas. Quanjude is listed on the Shenzhen Stock Exchange.

In the first half of 2014, net income rose 5 percent to $10 million on 3 percent revenue rise to $136 million. For full year 2013, net income declined 26 percent to $18 million on a 1 percent increase in revenue to $296 million.

捌拾叁 83

Marketing campaigns associate brand with nation's strengths

A leading cooking oil brand, Fortune initiated several marketing campaigns to drive sales and reinforce the brand, as overcapacity and weakened demand pressured pricing.

In a marketing campaign called "Golden Origin 321," each number symbolized a brand strength: "3" ensured that the oil came from one of three Chinese corn belts; "2" represented two strategic partnerships, with China's Olympic Committee and its Aerospace Development Foundation; and "1" signified COFCO, the corporate parent, as a singularly trustworthy name.

Fortune also launched an online campaign called "Find your happy moment," in which consumers were asked to submit uplifting, happy stories as a way to celebrate the founding of the Peoples Republic of China and associate the brand with positive attributes of the "Chinese Dream."

Revenue of China Foods Ltd. declined slightly in the first half of 2014, to $1.8 billion. For the full year 2013, revenue declined 15 percent to $3.4 billion. The Fortune brand is ultimately owned by COFCO (China National Cereals, Oil and Foodstuffs Import and Export Corporation), an SOE (State Owned Enterprise).

Fortune

COMPANY China Foods Ltd.
BRAND VALUE US$ 299 Million
YEAR-ON-YEAR CHANGE -34%
HEADQUARTERS Beijing
INDUSTRY Food and Dairy
YEAR FORMED 1993

Innovations drive sales as market growth slows

The home appliance company introduced innovative smart technology and energy-saving features to drive business as demand eased because of the slower real estate market and the end of government subsidies for appliance purchases.

Hisense Kelon Electrical Holdings Company, Ltd. manufactures and sells refrigerators, air conditioners, freezers and washing machines with the brand names Hisense, Kelon and Ronshen.

The company established in 1984 as Guangdong Shunde Pearl River Factory. It was renamed in 1992, and listed on the Hong Kong Stock Exchange in 1996, and on the Shenzhen Stock Exchange in 1999. It's a subsidiary of the SOE (State Owned Enterprise) Hisense Company Ltd., incorporated in 1979, in Qingdao.

Net income of Hisense Kelon Electrical Holdings Company, Ltd. for the first half of 2014 declined 13 percent to $99 million on revenue of $2.5 billion, a 19 percent gain. For the full year 2013, net income leaped 77 percent to $202 million on 32 percent revenue rise to $3.9 billion.

捌拾贰 82

Hisense

COMPANY Hisense Kelon Electrical Holdings Company, Ltd.
BRAND VALUE US$ 300 Million
YEAR-ON-YEAR CHANGE 7%
HEADQUARTERS Foshan
INDUSTRY Home Appliances
YEAR FORMED 1969

捌拾肆 84

Greentown China

COMPANY Greentown China Holdings, Ltd.
BRAND VALUE US$ 298 Million
YEAR-ON-YEAR CHANGE -16%
HEADQUARTERS Hangzhou
INDUSTRY Real Estate
YEAR FORMED 1995

Developer advances quality strategy with new alliances

Greentown China planned to sell a minority stake of about 24 percent to Sunac China, a real estate developer that, like Greentown, is focused on up-scale projects. The companies have already worked collaboratively on several projects. Wharf Holdings, another developer, purchased around 24 percent of Greentown in 2012.

These developments occurred as weakened demand and government restrictions on credit pressured financial results. Greentown China is known for using customer research to understand and meet market needs. As the name suggests, Greentown China attempts to differentiate with projects that combine quality homes, desirable communities and serene settings that emphasize the natural environment.

Net income declined 67 percent to $99 million in the first half of 2014, on revenue that rose 23 percent to $2.0 billion. For the full year 2013, net income increased 3 percent to $795 million on revenue of $4.7 billion, a 16 percent decline. The brand was formed in 1995 and listed on the Hong Kong Stock Exchange in 2006.

Jeweler increases mobile marketing to attract more younger consumers

捌拾伍

85

MINGR 明牌珠宝

Ming Jewelry

COMPANY Zhejiang Ming Jewelry Company, Ltd.
BRAND VALUE US$ 260 Million
YEAR-ON-YEAR CHANGE 59%
HEADQUARTERS Shaoxing
INDUSTRY Jewelry Retailer
YEAR FORMED 2002

TOP 10 RISER

Ming Jewelry added 18 company-operated stores and 64 franchise locations during the first half of 2014. It also introduced new products, including both mid-priced and high-end silverware and a new line of jewelry named Blue Wizard.

The company increased mobile and other online marketing to reach young consumers. These developments happened during a period when the China's gold jewelry market was under pressure from decreased demand as consumers became more cautious.

Ming Jewelry's main products are gold, platinum, and inlaid jewelry, which it sells domestically, particularly in Zhejiang and Jiangsu Provinces, the region around its headquarters, on the coast near Shanghai.

Net income jumped 382 percent to $24 million on revenue on a 15 percent decline in revenue to $702 million, in the first half of 2014. For the full year 2013, net income totaled $14 million, a 16 percent rise on revenue of $1.4 billion, up 32 percent. The company has been listed on the Shenzhen Stock Exchange since its IPO (Initial Public Offering) in 2011.

捌拾陆

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搜狐 SOHU.com

Sohu.com

COMPANY Sohu.com, Inc.
BRAND VALUE US$ 249 Million
YEAR-ON-YEAR CHANGE 20%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 1996

Advertising and mobile content drive revenue

Rapid increase in mobile use, driven in part by the launch of the Tencent WeChat search function, produced strong revenue growth. The World Cup helped increase ad revenue 49 percent year-on-year at the end of the second quarter. Online video costs impacted profit.

Sohu provides news, entertainment and other information and services along with Sohu search. The gaming subsidiary Changyou averaged of 250 million monthly users. In other initiatives, the company:

- Analyzed aggregated data to understand user habits and keep them engaged longer with more personalized content.
- Explored ways to monetize its mobile traffic.
- Introduced new mobile ad formats, which drew primarily car and FMCG advertisers.

Revenue rose 18 percent to $765 million in the first half of 2014. For the full year 2013, revenue increased 31 percent to $1.4 billion. Sohu.com issued an IPO in 2000, and is traded on the NASDAQ Stock Exchange, as is its online gaming subsidiary, Changyou.com.

捌拾柒

87

SUPOR 苏泊尔

Supor

COMPANY Zhejiang Supor Cookware Company, Ltd.
BRAND VALUE US$ 244 Million
YEAR-ON-YEAR CHANGE -4%
HEADQUARTERS Hangzhou
INDUSTRY Home Appliances
YEAR FORMED 1994

Cookware leader turns to faucet opportunity

A leading cookware manufacturer, Supor recently built facilities for producing stainless steel and ceramic faucets, as part of a plan to become a supplier of premium bathroom fixtures. The company also expanded its ecommerce presence, with sales of Supor gas cooking ranges accounting for about 30 percent of channel sales.

Supor initially gained fame for its pressure cookers, popular for both commercial and domestic use. Today, the brand offers over 800 products, which fall into three distinct families: cookware, small kitchen appliances and large kitchen appliances.

French home equipment company Groupe SEB owns a majority stake in Supor, which also serves as an OEM (Original Equipment Manufacturer). Supor was listed on the Shenzhen Stock Exchange in 2004.

Net income increased 21 percent to $54 million on a 13 percent revenue rise to $748 million, in the first half of 2014. For the full year 2013, net income rose 29 percent to $96 million on a 25 percent revenue increase to $1.4 billion.

Restructuring positions insurer for faster growth

The company gained additional profit when it acquired all of the insurance-related businesses from its corporate parent, the SOE (State Owned Enterprise) China Taiping Insurance Group Ltd. The company also made key strategic investments in its life insurance agents, improving professionalism and productivity. In addition, China Taiping:

- Entered cooperative agreements with 10 major companies, including China Mobile and China Merchants Bank.
- Experienced strong growth and efficiency gains from its overseas operations in Macau and Singapore.

In 2000, China Taiping became the first insurance company of the People's Republic of China to be publicly listed, on the Hong Kong Stock Exchange. A predecessor company was founded in Shanghai in 1929, making 2014 the company's 85th anniversary.

Net income increased 180 percent to $249 million in the first half of 2014, on a 3 percent revenue decrease to $6.7 billion. For the full year 2013, net income improved 16 percent to $197 million on revenue of $12.1 billion, a 45 percent gain.

捌拾捌

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中国太平 CHINA TAIPING

China Taiping

COMPANY China Taiping Insurance Holdings Company, Ltd.
BRAND VALUE US$ 241 Million
YEAR-ON-YEAR CHANGE 19%
HEADQUARTERS Hong Kong
INDUSTRY Insurance
YEAR FORMED 2000

BRANDS SERVE AN AGING POPULATION IN CHINA, WHERE THE MEDIAN AGE IS HIGH FOR A FAST GROWING MARKET.

捌拾玖 89

Men's apparel maker innovates products and expands online

Youngor

COMPANY Youngor Group Company, Ltd.
BRAND VALUE US$ 233 Million
YEAR-ON-YEAR CHANGE -26%
HEADQUARTERS Ningbo
INDUSTRY Apparel
YEAR FORMED 1979

A maker and retailer of men's apparel, Youngor focused on product innovations that combined fashion with functionality, including the use of hemp fabric and wrinkle-resistant fabric.

The company also expanded its ecommerce presence, setting up a partnership with Vip.com, an online discount retailer of branded products, while improving its presentation on the Internet shopping sites Tmall and JD, and accelerating other online activities.

The company operates around 1,300 physical stores. Youngor also manufactures for other brands. The Youngor brand is owned by Youngor Group Company, Ltd., which has interests in real estate and investing as well as apparel.

Net income of Youngor Group Company, Ltd. jumped 91 percent to $297 million, in the first half of 2014, on revenue that was flat at $1.2 billion. For the full year 2013, net income declined 13 percent to $221 million on a 38 percent revenue rise to $2.2 billion. Youngor was listed on the Shanghai Stock Exchange in 1998.

玖拾壹 91

Premium homes developer opens first shopping mall

China Overseas Property

COMPANY China Overseas Grand Oceans Group, Ltd.
BRAND VALUE US$ 229 Million
YEAR-ON-YEAR CHANGE -22%
HEADQUARTERS Hong Kong
INDUSTRY Real Estate
YEAR FORMED 1979

China Overseas Property, which focuses primarily on building premium residential projects, opened its first shopping mall, Jinan Unipark, in eastern China, with plans to build similar malls in Shenyang, Nanjing and Zhuhai. The malls are part of the company's investment portfolio, which includes mostly high-end office buildings.

To enhance customer experience, the company empowers staff with customer data on mobile devices. The company also established a customer community called China Overseas Property Club, with 300,000 members and branches in 30 cities.

China Overseas Property operates in these business areas – property development, management, planning and construction design and investment – primarily in 42 cities in mainland China, and also in Hong Kong and Macau. It is listed on the Hong Kong Stock Exchange.

Net income declined 31 percent to $139 million, in the first half of 2014, on revenue of $1.0 billion, a 1 percent decline. For the full year 2013, net income rose 31 percent to $404 million on revenue of $2.1 billion, a 64 percent rise.

玖拾 90

Whiter smile campaign intends to brighten toothpaste brand

Zhong Hua

COMPANY Unilever PLC
BRAND VALUE US$ 231 Million
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Shanghai
INDUSTRY Personal Care
YEAR FORMED 1954

Zhong Hua launched a new marketing campaign with a slogan that connected the power of a bright smile with a positive personality, emotional power and happiness. The brand engaged a well-known Chinese actress as spokeswoman and worked with a popular TV series to promote the brand.

In a related initiative, Zhong Hua collaborated with Tencent, the Internet portal, encouraging people to photograph themselves smiling and then share their photo online. The new smile campaign and an updated logo, are part of Zhong Hua's effort to refresh a 60-year-old toothpaste brand and widen appeal to a contemporary audience.

Zhong Hua is part of the Unilever oral care brand portfolio and is variously known as Signal, Pepsodent, Mentadent, Aim or P/S, depending on the national market.

玖拾贰 92

Enrollment increases in schools and online

Xueersi

COMPANY TAL Education Group
BRAND VALUE US$ 219 Million
YEAR-ON-YEAR CHANGE 64%
HEADQUARTERS Beijing
INDUSTRY Education
YEAR FORMED 2003

TOP 10 RISER

A provider of after-school tutoring services, Xueersi opened more locations, reaching its current goal of being present in 19 cities. Enrollment increased over 31 percent, surpassing one million for the first time, in fiscal 2014, which ended in February.

Although still a relatively small part of total enrollment, online grew at the fastest pace. Indicating its commitment to online education, Xueersi integrated its educational PC and mobile sites under the name Jia Zhang Bang, Helping Parent Community. Registration and other administrative functions increasingly happen online.

At the end of fiscal 2014, enrollment totaled 1,073,950, and Xueersi operated 274 learning center locations. Parent company, TAL Education Group is listed on the New York Stock Exchange. Net income increased 81 percent to $61 million on a 39 percent revenue rise to $314 million.

Heritage travel brand evolves to meet changing expectations

玖拾叁 93

To meet the changing expectations of customers who increasingly book their transportation and accommodations online, CITS focused on transforming from a traditional travel agency with 122 branches into more of an Internet-driven operation. The company operates websites in five languages plus Chinese.

CITS also enhanced its product offering for Chinese customers traveling domestically or abroad. It expanded its business of expediting visa applications, with an initial focus on Korea. For inbound tourists the company organized more packages around special interests, such as golf or traditional Chinese medicines.

China's heritage brand in the travel category, CITS is an SOE (State Owned Enterprise) with experience and long-established contacts overseas. Its parent company, China International Travel Service Corporation Ltd. also engages in duty-free sales and was listed on the Shanghai Stock Exchange in 2009.

For the first half of 2014, net income of the listed company increased 6 percent to $138 million on a 15 percent revenue rise to $1.4 billion. Net income for full year 2013 increased 32 percent to $211 million on $2.8 billion in revenue, up 11 percent.

CITS

COMPANY China International Travel Service Corporation Ltd.
BRAND VALUE US$ 215 Million
YEAR-ON-YEAR CHANGE -15%
HEADQUARTERS Beijing
INDUSTRY Travel Agencies
YEAR FORMED 1954

Growing hotel chain builds online presence

玖拾肆 94

Jinjiang Inn

COMPANY Shanghai Jinjiang International Hotels Development Company, Ltd.
BRAND VALUE US$ 186 Million
YEAR-ON-YEAR CHANGE 32%
HEADQUARTERS Shanghai
INDUSTRY Hotels
YEAR FORMED 1995

Reservations made on the Jinjiang Inn website increased 86 percent during the first half of 2014. The Group also launched email direct marketing and an English language app. It strengthened cross selling between its hotels and its travel agency and car rental holdings.

Jinjiang Inn Hotels made several acquisitions and divided its enlarged brand portfolio into two types of hotels: Full Service Hotels and Select Service Hotels. The Group owned or managed 1,260 hotels in China and 1,689 worldwide, primarily through its 50 percent holding in Interstate Hotels and Resorts.

Shanghai Jin Jiang International was established in 1995 as an SOE (State Owned Enterprise). Its IPO was listed on the Hong Kong Stock Exchange the following year.

Net income of Shanghai Jin Jiang International rose 11 percent to $30 million in the first half of 2014, on a 15 percent revenue rise to $210 million. For the full year 2013, net income rose 5 percent to $61 million on revenue of $414 million, an 18 percent gain.

玖拾伍 95

Yihaodian

COMPANY Wal-Mart Stores, Inc.
BRAND VALUE US$ 184 Million
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Shanghai
INDUSTRY Retail
YEAR FORMED 2008

Online grocer expands range and strengthens operations

An online grocer, in which Walmart owns a majority share, Yihaodian expanded its product range and strengthened its distribution capabilities, putting package pick-up locations in major apartment developments and at over 300 FamilyMart stores in Shanghai.

The brand also experimented with mobile applications, including the sale of prescription drugs, and virtual stores – rows of product photos with QR codes on the walls of subway stations and other high traffic locations.

NEW ENTRY

In an alliance with Dangdang.com, Yihaodian added books to the range of products available through its site. It experienced significant increases in sales of imported foods, especially around the Chinese New Year period.

For Walmart, which operates over 400 physical stores in China, Yihaodian represents another opportunity to accelerate its penetration of the Chinese market. Two Dell executives established Yihaodian in 2008.

Acquisition stretches brand to education

玖拾陆 96

In acquiring major stakes in children's education companies, Semir initiated a strategic shift to broaden its mission from being a marketer of children's wear to becoming a one-stop provider of children's clothing, education, entertainment and other services.

The company is buying a controlling interest in FasTracKids China, a specialist in early childhood education. The move follows other acquisitions that respond to the slowdown in the Chinese apparel market overall and position Semir to reach affluent consumers.

Semir sells fashionable clothing for children and teens under the Balabala brand, at over 3,500 stores in China. The company was listed on the Shenzhen Stock Exchange in 2011.

For the first half of 2014, net income of Zhejiang Semir Garment Company, Ltd. rose 21 percent to $56 million on an 8 percent revenue rise to $471 million. For the full year 2013, net income rose 22 percent to $147 million on revenue of $1.2 billion, a 6 percent gain.

Semir

COMPANY Zhejiang Semir Garment Company, Ltd.
BRAND VALUE US$ 178 Million
YEAR-ON-YEAR CHANGE 13%
HEADQUARTERS Wenzhou
INDUSTRY Apparel
YEAR FORMED 1996

玖拾柒 97

Apparel maker focuses on design innovation

Septwolves

COMPANY Fujian Septwolves Industry Company, Ltd.
BRAND VALUE US$ 171 Million
YEAR-ON-YEAR CHANGE -33%
HEADQUARTERS Jinjiang
INDUSTRY Apparel
YEAR FORMED 1990

Septwolves focused on design innovation, inviting three international designers to create distinctive menswear styles. The company also shifted its media emphasis to interactive marketing aimed at improving brand experience, although it increased traditional advertising at key airports to enhance brand image and reach business travelers.

The company advanced these initiatives as it continued to struggle with slow growth and excess inventory, the same challenges facing most apparel brands. Septwolves ended the first half of 2014 with 3,155 stores. Its online sales improved 20 percent year-on-year. The company also produces clothing for several major international brands.

Net income dropped 41 percent to $25 million on a 28 percent revenue decline to $164 million, in the first half of 2014. For the full year 2013, net income dropped 31 percent to $62 million on a revenue decline of 18 percent to $447 million. Fujian Septwolves Industry Company, Ltd. was listed on the Shenzhen Stock Exchange in 2004.

玖拾捌 98

In strategic shift, manufacturer brand adds content to offering

TCL Multimedia announced a strategic transformation from product maker to provider of multimedia entertainment technology. The shift mirrors the evolution of TVs toward high resolution, smart, Internet connected devices.

The brand entered a joint venture with IMAX Corporation to create home entertainment devices and content. In collaboration with Roku, it created a smart TV with streaming media. In a brand building exercise, the company opened the TCL Chinese Theater, the world's largest IMAX venue, on Hollywood's famous Walk of Fame.

TCL manufactures and sells TVs, air conditioners, refrigerators and other home appliances and electronics worldwide, through three subsidiary TCL companies, including TCL Multimedia Technology Holdings, Ltd.

Net income jumped 136 percent to $239 million on a 13 percent revenue rise to $7.1 billion, in the first half of 2014. For the full year 2013, net income grew 172 percent to $343 million on a 26 percent revenue increase to $13.8 billion. TCL Corporation was listed on the Shenzhen Stock Exchange in 2004.

TCL

COMPANY TCL Corporation
BRAND VALUE US$ 171 Million
YEAR-ON-YEAR CHANGE NEW
HEADQUARTERS Huizhou
INDUSTRY Home Appliances
YEAR FORMED 1981

玖拾玖 99

Fast food brand focuses on customer satisfaction

Yonghe King focused on improving customer satisfaction in its fast food restaurants and refining its menu of soups and noodles to position the brand as a specialist in Taiwanese flavor.

The company worked on increasing the speed of food delivery. And in a year when some of its foreign competitors were hurt by food safety issues, it established an R&D center devoted to ensuring food quality and safety.

Yonghe King is present in major Chinese cities with over 300 outlets that appeal to families and young people. Launched by Taiwanese investors in 1995, Yonghe King is substantially owned by Jollibee Foods Corporation, a Philippine fast food company.

Net income of Jollibee Foods Corporation increased 9 percent to $56 million on a 7 percent revenue rise to $983 million, in the first half of 2014. For the full year 2013, net income grew 25 percent to $110 million on $1.9 billion in revenue, a 12 percent rise.

Yonghe King

COMPANY Jollibee Foods Corporation
BRAND VALUE US$ 170 Million
YEAR-ON-YEAR CHANGE 12%
HEADQUARTERS Shanghai
INDUSTRY Catering
YEAR FORMED 1995

壹佰 100

Dairy launches loyalty program and brand building initiatives

Yashili

COMPANY Yashili International Holdings Ltd.
BRAND VALUE US$ 167 Million
YEAR-ON-YEAR CHANGE 26%
HEADQUARTERS Chaozhou
INDUSTRY Food and Dairy
YEAR FORMED 1983

Yashili enhanced its marketing strategy with a membership program designed to learn more about customer needs and build loyalty. Around 400,000 consumers had joined the program by mid 2014. The company also introduced products specifically for ecommerce.

In a brand building effort, Yashili anchored a multimedia campaign with TV commercials around the theme of "Care with Love." The company also interacted with customers through online and face-to-face events called "Yashili Moms & Babies Care with Love," and a mobile app to reach young parents.

Established in 1983, Yashili focused the business on baby formula and other healthy foods in 1998. The company was listed on the Hong Kong Stock Exchange in 2010. Mengniu Group, a dairy division of COFCO, the food conglomerate, purchased a majority stake in Yashili in 2013.

Net income declined 28 percent to $34 million on a 28 percent decline in revenue to $251 million, in the first half of 2014. For the full year 2013, net income decreased 4 percent to $71 million on a 9 percent revenue rise to $633 million.

BRAND BUILDING BEST PRACTICES IN CHINA

PART 4

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BRAND BUILDING BEST PRACTICES | Ecommerce

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O2O RESHAPES RETAIL, EXPANDS BRAND ECOMMERCE OPPORTUNITIES

But complex shopping system brings challenges

More and more people are accessing the Internet with their smart phones and mobile devices. They have embraced mobile ecommerce faster than expected. O2O combines online and offline business opportunities and turns the Internet into the front desk of offline transactions. It is reshaping the industry that we know. The concept of Internet access anytime and anywhere via localized and mobile devices has provided new opportunities for marketing brands and a wider space for ecommerce development.

O2O is the core element of the evolving structure of social commerce. With the advance of mobile Internet, consumption is becoming more transparent. Recommendations, information sharing and social networks are making a deeper impact on purchasing decisions. Social media platforms like WeChat generate new forms of social commerce services, such as friend circle, mobile payment and mobile shop. The "fans economy" spurs consumers to engage with their favorite brands and determines the brands' influence in the age of social commerce.

O2O is a multidimensional concept. On the one hand, it opens the door of augmented reality information for the brands, and helps physical stores transform into experience stores equipped with information terminals and display functions. On the other hand, it brings exhibition and interaction to the service repertoire of online retail stores and directs consumers into offline participation and experience. This means that all the places with access to information, online or offline, media or advertising, are able to draw attention and generate transaction.

SELECT ONLINE PLATFORM PARTNERS THOUGHTFULLY

Whether to choose Taobao, Tmall or JD as the key development platform or to enter all these marketplaces is a difficult decision for brands to make, as it not only involves competition among platforms, but also brings the challenge of managing ecommerce in different modes. Therefore, in the course of developing an ecommerce strategy, it is important not only to choose the right platform, but also to consider O2O integration and find the best way to offer shopping information and interact with the consumers on social media platforms such as WeChat and Weibo.

The Alibaba IPO has sent out a clear message: ecommerce is becoming the leading force of commerce. However, behind this market boom, online retailers face serious challenges. Take Taobao as an example. Many consumer-to-consumer sellers have moved their shops to Tmall and transformed into business-to-business network retailers, yet this has resulted in serious supply surplus and homogenization. The competition between Tmall and JD for valuable brands has also made it difficult to manage and control brand channels. Many medium- and small-size sellers have transferred to more covert and niche social media platforms. More importantly, as traditional consumer groups and online shopping groups increasingly overlap with each other, consumers' perception and decision-making have both changed. The failure to adapt to these changes has led to the fall of many retail brands and brand equity, and enabled new products to play catch-up in the market. By developing models targeted at particular consumer groups, these newcomers have won the recognition of the market with more effective product designing, manufacturing and marketing, as well as a more pleasant and valuable shopping experience.

COMPLEXITY BRINGS OPPORTUNITIES AND CHALLENGES

A complex online shopping ecosystem brings both opportunities and challenges for brands. No brand can build up a huge ecommerce team to conduct the unfamiliar business of online marketing on its own. Brands need to do what they do best: create the distinctive products, services and customer experiences that inspire consumer engagement and word-of-mouth communication. Successful brands develop or retain the supporting logistical and supply chain expertise necessary for delivering the brand promise. This marriage of the brand and its support structure are especially important in ecommerce. The rapid development of ecommerce in China has prepared the ground for a third-party-based service industry, from logistics, warehousing, marketing and sales to content, software, data and design. These services enable brands to cut costs and compete effectively. Building and sustaining a brand in an O2O world is not easy, but the sidebar to this story contains four directives.

POLESTAR 创品极地

Polestar is a third-party service provider offering ecommerce data and strategies, operation and marketing, O2O service, warehousing and logistics solutions.

www.cpjidi.com

Four directives for building brands in an O2O world

1 EMBRACE CHANGE

There are still plenty of opportunities for online retail despite the intensity of competition. One possibility is to focus the desires of smaller groups and identify niche segments.

2 ENHANCE CUSTOMER EXPERIENCE

Brands should cultivate their brand vision, present the unique selling points of their products and services and create the ultimate user experience throughout the shopping process, in order to exceeded the expectation of consumers, develop products that stimulate public interest and word-of-mouth communication, integrate social communication and shopping, and make consumers truly fall in love with the brands.

3 COLLABORATE

Build an open marketing structure, introduce new channels for brand operation, make full use of socialized and specialized third-party service provider resources, and adopt flexible means of cooperation on different ecommerce platforms, in order to reduce operating costs and boost the efficiency of supply chain response.

4 UNDERSTAND CHANGING CONSUMER NEEDS

New demands generate new concepts. With the analysis of data, it is much easier for ecommerce to gain insight into consumers and serve their needs while building a brand.

“ALL BRANDS BENEFIT FROM DIGITIZATION, FROM PRODUCTION TO DISTRIBUTION AND COMMUNICATION.”

BRAND BUILDING BEST PRACTICES | **Gamification**

CHINA'S GAMING CULTURE OFFERS BRANDS POTENTIAL TO MAKE DIGITAL PURCHASING FUN

Favorable factors will converge in 2015

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Gamification is the use of game mechanics and experience design in non-game environments to motivate and engage people to achieve their goals. Gamification is powerful because it drives fundamental human motivations, such as social needs (collaboration), esteem needs (status) and self-actualization needs (altruism).

Gamification is not a new concept in marketing. Brands have been using it for many years, as in frequent flyer programs (game points) and "star employee of the month" (leader boards). What is new, and transforming, is that gamification is now being played out in a digitally connected world and it can achieve immense scale. Consider the recent ASL Ice Bucket Challenge. People poured iced water over their heads to raise money for a charity that fights degenerative muscle disease. The viral phenomenon started in the US, and people in countries around the world participated within a short time.

The 2014 Gartner's Hype Cycle for Emerging Technologies, which maps the lifecycle of technology trends, puts gamification in the disillusionment stage, a low point, which is a true reflection of where gamification is at in China. There has been much misunderstanding and misuse of gamification. A lot of the endeavors to gamify have been half-hearted and piecemeal adjustments, bolting simple game mechanics here and there onto marketing programs. Marketers have also failed to utilize the huge amount of data generated by games to do real-time optimization.

A few converging trends, we believe, will reenergize gamification for the Chinese market. China has a strong gaming culture that is getting more widespread by the day. The number of Chinese gamers has reached 495 million and annual sales revenue of games and gaming has already climbed up to ¥83.17 billion ($13.7 billion). The rapid development of mobile games has 215 million gamers playing online via mobile phones and 84 percent of them play more than 10 minutes a day. Demographically, the post-90s generation is beginning to move into mainstream. These are digital natives who grew up with computer games. Motivating them using the language and rules of games will be more relevant.

BRAND BUILDING BEST PRACTICES | Gamification

Gamification offers lots of potential that marketers have not fully explored, and 2015 will be the year when all the favorable factors come together. It would be worthwhile for marketers to reboot their gamification efforts. Here are a few tips and examples:

1

MAXIMIZE THE USE OF MOBILE TECHNOLOGY

The advancement of mobile technology allows games to be played anytime and anywhere. Tying mobile technology with location-based information to create activities or offers for consumers are huge opportunities for gamification.

McDonald's collaborated with the Baidu Map mobile app to launch Sakura Run to promote its new sakura ice cream cone. When a consumer was within three miles of a McDonald's restaurant the app calculated the distance between the consumer's current location and the nearest McDonald's. A running time appeared on the screen together with a melting sakura ice cream icon. If the consumer raced and arrived at the store before the ice cream melted completely, he or she won a free sakura cone. Consumers commented on social media that the promotion created more excitement than the launch of iPhone 6.

2

WEAVE IN SOCIAL MEDIA

Gamification and social media have a symbiotic relationship. People choose to play to be with friends or because of friends' recommendations. Gamified solutions should be linked to social media sites to amplify achievements by spurring encouragement, collaboration and competition. This allows a brand to cultivate a relationship with not just a consumer alone, but with the consumer's circle of friends.

During Chinese New Year in 2014, Tenpay, the online payment platform of the Internet portal Tencent, recruited users by introducing a red packet game on WeChat. Consumers could send red packets to friends once they tied their debit/credit card to their WeChat account. Consumers had the option of appointing a total designated amount and the number of friends to receive red packets, but the amount of money in each red packet was randomly assigned. The element of chance, as a game mechanic in this game, largely increased the level of excitement. The game helped Tenpay recruit more than eight million users within two weeks.

3

REROUTE THE CUSTOMER JOURNEY

With increasing proliferation of data and the capability to analyze them, brands can now learn more about which points on the customer journey are important or problematic. Deploying gamification mechanics at critical points of the purchase pathway can allow brands to "reroute" the customer journey or improve brand experiences, thus creating a virtuous loop from awareness to post-purchase evaluation.

Smart Car found that consumers spent too much time between considering a Smart Car and actually purchasing one. By deploying flash sale as game mechanics, Smart Car created a sense of urgency via "seckill," a type of sale that creates a buying frenzy because merchandise is available for a strictly limited amount of time. This approach, derived from an online game, shortens the purchase decision time, cutting out asking friends' opinions and visiting physical and online stores. The approach worked for Smart Car, which sold 200 cars in less than three-and-a-half hours in 2010. Smart Car has deployed gamification in its ecommerce ever since. The most recent success was selling 388 cars in three minutes on WeChat in 2014

4

MOVE FROM SMALL PAYMENTS TO ECOMMERCE TO SOCIAL COMMERCE

There is a propensity to spend money in a gaming environment; 34 percent of Chinese mobile gamers are willing to spend money, albeit in small amounts, in games. If brands can integrate their products (real or virtual) into a gamified system, then there are opportunities to sell to consumers while they are in a gaming mood.

Tsingtao adopted a game + social + ecommerce program on WeChat and introduced fun to an otherwise mundane beer-buying process. Consumers played a game called "Everyone making beer," in which Tsingtao weaved beer-making technology into the game and guided gamers through the beer-making process. The virtual beer made in the game could then be shared with friends or redeemed as a free beer on Tsingtao's WeChat ecommerce site when consumers make beer purchases, thus completing the O2O, online-to-offline loop.

Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world, providing a range of marketing services.

www.ogilvy.com

BRAND BUILDING BEST PRACTICES | **Premiumization**

RISING INCOMES PRODUCE UPSCALE OPPORTUNITIES ACROSS CATEGORIES

Strong concepts will drive growth as categories mature

Premiumization. For manufacturers it's frequently the holy grail of brand growth – retain shoppers or attract new shoppers by offering a more expensive product. Done well, premium products can satisfy consumer desire while enhancing brand image and the bottom line.

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In China, premiumization has been a core growth engine across certain categories, as illustrated by the rapid emergence of automobile, fashion and technology luxury brands. Last year, nearly half of FMCG growth came from price increases at a rate far exceeding inflation. However, with the Chinese economy cooling and FMCG growth slowing, two questions arise: will the classical global model of trading up still apply? And can it be applied in more categories?

Within FMCG, the most visible exponents of premiumization frequently have been multinational brands like Estée Lauder and Lancôme, spending lavishly on media and celebrity representatives to extoll skincare products and capitalize on Chinese women's desire for beauty. The rapid development of business-to-consumer ecommerce through Tmall has allowed these brands to broaden their footprint, reaching consumers in more remote cities and towns, while retaining control of their brands visual merchandising. The number of online shoppers is growing twice as fast in lower tier cities compared with growth in the urban core markets of these prestige brands.

However, beauty experts who interact with consumers in department stores and beauty counters still have a strong role to play in educating consumers about the broad range of products offered by high-end brands. Brands will need to offer digital equivalents of these experts, online consultants who can support women living outside of the catchment area of traditional brick and mortar stores.

CHINESE BRANDS CHALLENGE MULTINATIONALS

While developments in ecommerce present opportunities for traditional premium concepts, the Chinese consumers' identification of premium is changing – challenging multinationals ownership of this concept. Xiaomi has become the most popular mobile handset by offering an affordable luxury concept – premiumization with Chinese characteristics. Consumers have become savvier, demanding quality products with superior functional properties but at a price point adjusted to the new more modest economic outlook. In FMCG we also see the first Chinese manufacturers responding to this new normal. Vinda, a facial tissue brand, delivered the combination of product and communications quality, convincing eight million new consumers to purchase the brand last year by offering a more affordable price point than premium multinational competitors.

Generational shifts within China point to continued opportunities. Young women from the 90s generation are already 30 percent more likely to purchase prestige face care brands like Laneige, in comparison to their older sisters of equivalent income. As members of this generation age, taking along with them their demand for premium brands, we will see this sector continue to boom, requiring manufacturers to shift brand portfolio balance. Catering to this younger generation requires a different set of brands. The plethora of niche brands available online provides a very different competitive set and enables women of the 90s generation to better express their individuality. Manufacturers may need to consider the launch of ecommerce-only brands to allow these new consumers to find the product that matches their personality.

EVEN COMMODITIES CAN BE PREMIUM

Strategically, an ability to premiumize offers new opportunities to marketers. When markets mature and competitors consolidate their share, offering an innovative new premium concept can be an effective tool for entry. In China we see Hengda differentiating by introducing premium rice, water and cooking oil, products usually considered commodities. Hengda has used Korean star Kim Soo Hyun to push premium water into new consumption occasions, moving beyond typical on-the-go drinking into more Chinese-suited cooking and tea brewing, with its healthy beauty concept.

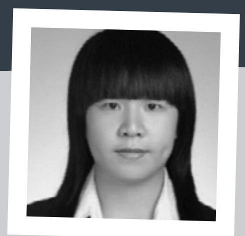
The emergence of locally tailored premium products in these previously low margin categories marks a milestone in the evolution of China's FMCG market. Across all categories, from high involvement products like facial care to staples like water, premium products are emerging and offer a continued route for brand growth over the coming five years. As categories continue to mature, and growth potential from expanding the size of the market basket diminishes, marketers will need to innovate and invest in building strong concepts and brands to drive growth.

BRAND BUILDING BEST PRACTICES | Multiscreen Viewing

SMARTPHONES DOMINATE ONLINE TIME OF CHINESE CONSUMERS

But brands must shape messages for multiscreen viewing

According to the China Internet Network Information Center (CNNIC) there were 632 million Internet users in China by mid 2014. And more Chinese now go online using a smartphone, 83.4 percent, rather than a PC device, 80.9 percent.



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Our own Ad Reaction 2014 study revealed that a typical China multiscreen user spends almost eight hours a day across TV, laptops, smartphones and tablets, compared with just seven hours spent by multiscreen users globally. And for Chinese multiscreen users, a smartphone, rather than a TV, now is the primary screen, taking up 2.8 hours daily.

Only sleep really breaks the multiscreen pattern. Even in the traditional TV peak-time viewing slots in the evening smartphones retain their hold as the most used device. And laptops have higher usage than a TV then. In fact, for about a third of the time Chinese consumers are simultaneously engaging across more than one screen.

These usage patterns show that smartphones are not all about being out and about. They are as much used when people are in fixed locations, such as at their workplace or at home.

WHY PEOPLE USE MULTIPLE SCREENS

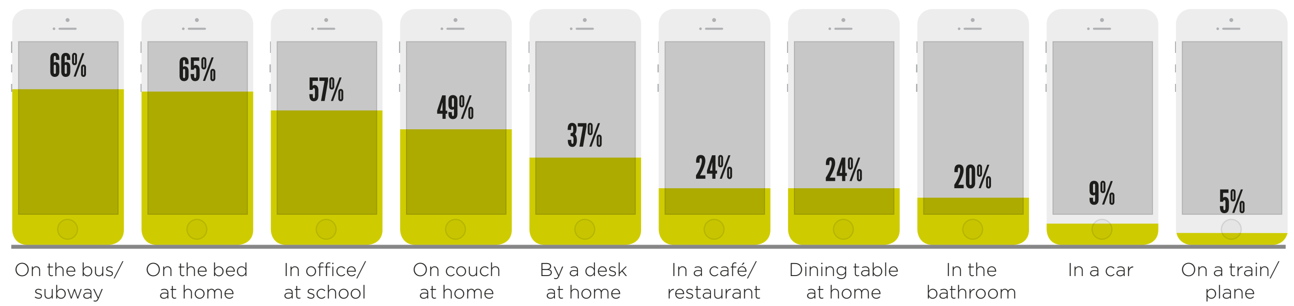
People have distinct roles and uses for different screens. And although the portability of the device (or not) is a factor in how it gets used, it is about far more than that. The nature of the content and communication that the user is engaged in – how personal it is, for example – is a major influence on what device he or she adopts.

Some communications, such as social media interaction, have almost entirely switched to mobile as there is no real advantage to accessing on other devices. The social media app WeChat is by far the most used app on mobile in China! In China, as elsewhere globally, the majority of social media interaction now happens via mobile devices. Because these interactions often are also personal, people prefer to use their personal devices.

At the same time, even if people sometime use phones to access video content, they still prefer to watch their favorite TV programs or films on larger screens. But that does not just mean on traditional TV. Now that might mean on a laptop or tablet instead. Usage of both laptops and tablets peak in the evening in China.

People use smartphones all the time...

Smartphones are not favored only for their portability. People are equally likely to use their smartphone at home and outside the house.



Source: Millward Brown 2013 Smartphone User Survey

MillwardBrown

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research.

www.millwardbrown.com

BRAND BUILDING BEST PRACTICES | Multiscreen Viewing

THE MARKETING CHALLENGE

How does a brand create coherent communications across screens to build powerful brand stories? The different properties of screen devices, as well as the different roles they play in Chinese consumers' lives mean that marketers cannot simply focus on delivering one standard communication across all screens.

This is apparent when we deep dive into the way that other devices are used simultaneously with TV. Viewers use other devices while watching TV to engage in an unrelated activity (stacking) or to enhance their viewing with other information (meshing).

While there are opportunities for brands to deepen engagement around related content across different devices, most of the time people's minds are in different places depending on the device being used. But maybe there is an opportunity to deliver synergistic, reinforcing impact through advertising delivered coincidentally through both devices. The key is still to deliver coherent brand communications that are also attuned to the way each screen is being used.

SMARTPHONES: THE CONNECTIVE TISSUE ACROSS ALL SCREENS

What is very clear through all this is that smartphones are becoming the always-on, constant companion of China consumers. They have been described as the first component of the human exoskeleton. And in that context they are becoming the connective tissue across all screens.

To maximize success, China marketers need to identify how they are going to activate their campaigns across screens. But most important, they must work out how to most effectively deploy smartphone connectivity as a core element with their marketing programs.

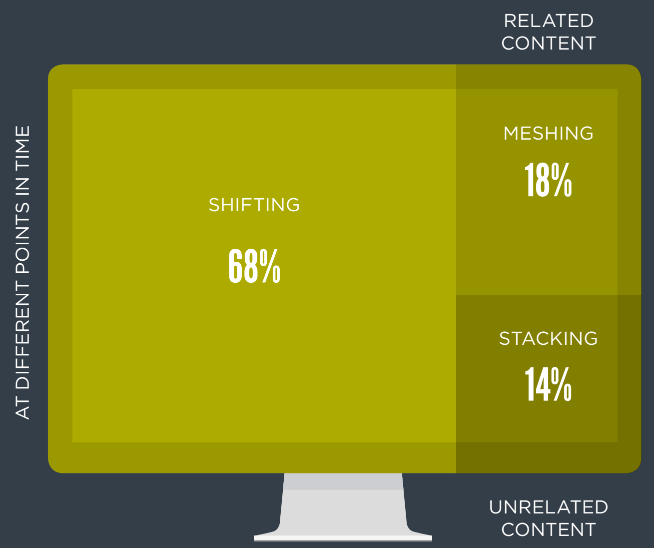
Already smartphones are becoming the go-to device to find out more, follow up or respond and to share things with others about anything, brands included. In fact just thinking within screens is too narrow-minded. Smartphones connect not just across screens; they connect across everything.

Smartphones allow all media to be interactive and they transform even the analog into digital. QR codes and other mobile response mechanics on print, out-of-home and point-of-sale brand communications, even packaging allows consumers to interact with brands wherever, whenever, and potentially however they want to.

Smartphones now form the connective tissue between the online and offline worlds in China. Even the smallest Chinese shopkeeper with a stall understands this now.

... Multiusers move across screens when watching TV...

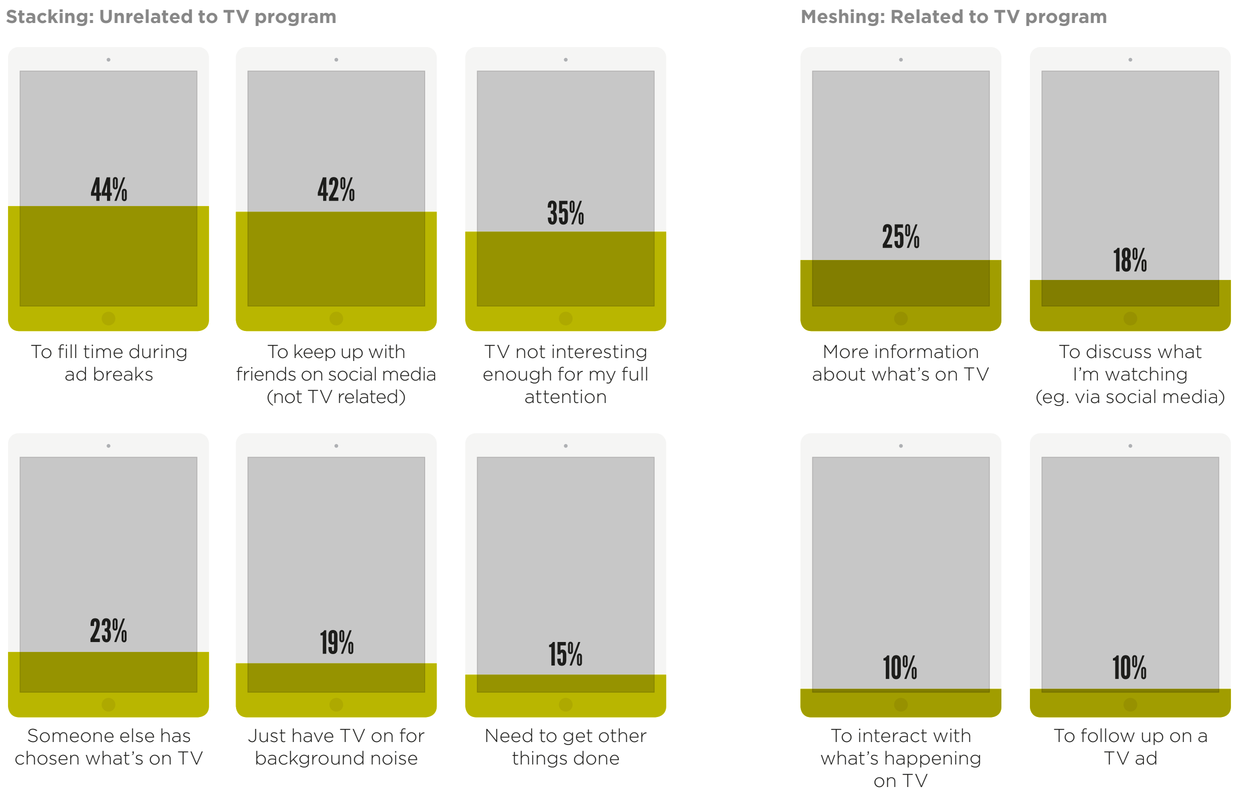
Viewers use multiple devices while watching TV. Sometimes they shift screens randomly. Other times they shift to engage with unrelated content (stacking) or to enhance their viewing with related content (meshing).



Source: Millward Brown 2014 AdReaction China Report

... TV viewers watch a second screen for many reasons

Multiscreen users have many reasons that they view a second screen while watching TV. Sometimes the second screen is more interesting than the TV content. Other times it enhances the TV content with more information or a social dimension.



Source: Millward Brown 2014 AdReaction China Report

Action points for brands in a multiscreen world

1 Optimize online owned media and sales channels in China for easy access and usability across screens.

2 Ensure that mobile interaction and connectivity is facilitated as easily as possible through all brand touch points.

3 Start placing mobile connectivity at the core of all marketing and communications strategies.

DRIVEN BY AN INSATIABLE PUBLIC AND ENABLED BY LOCAL EXPERTISE, CHINA'S TECH BRANDS BUILD WORLD-CLASS PRODUCTS OF GIANT SCALE.

BRAND BUILDING BEST PRACTICES | Trust

TRUST IN AN AGE OF TRANSPARENCY IS DIFFICULT BUT VITAL FOR BRANDS

Consumers listen to their peers

The erosion of consumer trust in both Chinese and foreign brands has stabilized. But it has not rebounded. Yet trust will continue to be an important component of brand equity. The Chinese people and government have little tolerance for fraud and corruption in both the public and private sectors. And the rise of China's middle-class in an era of rapid and ubiquitous digital communication makes rebuilding and sustaining trust critical for brand health.

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China's rising middle-class, estimated at around 230 million people, or 17 percent of China's population, enjoys an average annual household income several times greater than most Chinese. From our GroupM Project Deep Dive survey, it is clear that these consumers, more westernized in taste and lifestyle, pay attention not just to a brand's quality and price, also to its emotional appeal.

They're making their own judgments about brands they prefer, and not just blindly following the trends and promotions. These consumers are pushing advertisers away from one-way, price and product communication, toward more sophisticated and interactive conversations with consumers, at multiple contact points in social networks and mobile media.

Middle-class consumers are more information savvy. Therefore they consume more print media and engage on the Internet, while watching less TV, in contrast to most Chinese consumers. They consider the Internet almost equivalent to TV as a reliable source of information. But advertising doesn't influence them as much as their peer group and word of mouth. It's important and challenging to gain their trust.

CHALLENGING TIMES

And to gain trust today, what a brand does is more important than what a brand says. People find information literally at their fingertips. That makes brands transparent. If a brand does something wrong, consumers know instantly, and lying only makes it worse.

Earned media is more effective than paid and owned media. With the help of technology, such as smartphones and digital media, user-generated-content (UGC) is part of our daily lives. The beauty of UGC is that consumers trust it more than traditional advertising, and UGC may go viral. But wide dissemination is a double-edged sword, because both good and bad reviews travel across the Internet at the same speed.

It is clear that in the digital era brands primarily exist not on advertiser official websites, TV commercials, or out-of-home billboards, but rather in the minds of consumers. And active consumers, opinion leaders, can shape a brand, in a positive or negative way, through their extensive social networks.

When one of our clients recently had a product quality issue, the client created opportunities for people to personally evaluate product quality. Because consumers considered these evaluations reliable, the client was able to quickly regain consumer confidence and trust.

Trust is fundamental. Consider this Chinese proverb: 'A man cannot stand if not trusted'. Neither can a brand.

Recommendations for building trust

In this challenging environment, where empowered consumers have great influence over a brand's success or failure, it's critical for brands to build trust. Here are a few suggestions:

- **BE HONEST AND TRANSPARENT** It's the best strategy. And it may be the only strategy, since consumers are watching the behavior of your brand 24/7.
- **BE CONSISTENT** This applies to all aspects of brand communication, not only what the brand says about itself, but how it acts.
- **LISTEN TO CONSUMERS** Social listening has proved to be an effective way of learning what consumers think about a brand.
- **CULTIVATE BRAND ADVOCATES** Give consumers reasons to be passionate about your brand and enable them to speak for you.

BRAND BUILDING BEST PRACTICES | **Brand-Led Organizations**

BRAND-LED ORGANIZATIONS GAIN STRENGTH FROM THEIR SHARED VISION

And they deliver long-term positive impact

China is becoming a genuine brand land. We are now flooded with numerous brands down the street, up in the outdoor billboard and popping out in the Internet page. The smartest brands are moving beyond simple product ads to marketing the brand experience. Enabled by unprecedented technologies, entire industries are connecting with customers and one another in new ways.

Leon Zhang
Director
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Leading brands have taken deep dives into big data to generate insightful breakthroughs. They tap into purposeful positioning and give rise to consumer bonding and immersive customer experience that optimizes the depth and breadth of the brand promise. Innovative communication in the digital age bridges the connection between the brand and its audience. Barriers between brand and customer are disappearing.

Within this context, brand building has become too important to be left just to the branding or marketing functions. To deliver consistent and outperforming brand experience throughout consumers' lifecycle, all staff in the company, from R&D to sales, should be organized to share and live the same vision. In our "Marketing 2020" report, the most comprehensive and global leadership initiative ever undertaken, we explain how to build a brand-led organization with a common vision. We identified these five drivers of organizational effectiveness:

1 CONNECT BRAND TO THE BUSINESS STRATEGY AND TO THE ORGANIZATION

Brand strategy should not be isolated. It should be embedded in the organization as part of business strategy. Great marketers don't passively align their department activities with the company strategy. They actively engage in creating it. Leading companies go further to put marketing and other functions under a single leader. A year after Antonio Lucio was appointed CMO of Visa, he was invited to also lead HR, shaping the marketing recognition across the organization.

2 INSPIRE BY ENGAGING ALL LEVELS WITH THE BRAND PURPOSE

Employee engagement serves as the best tool to build brand ambassadors. In the more connected world, employees can be the interface of your brand – creating the first tangible consumer experience. It is always crucial to get everyone on board with irresistible messages and programs. Some high performing companies have started to measure employees' brand engagement as a key performance indicator. Google performance appraisals assess employees' "Googliness," for example.

3 FOCUS PEOPLE ON A FEW KEY PRIORITIES

Less is more – that's the power of focus. Focusing the organization on selected priorities, rather than on oceans of objectives, will bring surprise. Successful organizations often measure brand success against Key Performance Indicators, such as revenue growth and profit, and tie incentives at the local level directly to those KPIs.

4 ORGANIZE AGILE, CROSS-FUNCTIONAL TEAMS

From our perspective, marketers fall into three categories: "Think" marketers who apply analytic capabilities to tasks like data mining; "Do" marketers who develop content and design and lead production; and "Feel" marketers who focus on consumer interaction and engagement in social media and online communities. Thus, great market leaders need to be the orchestrators to lead and oversee the cross-function teams.

5 BUILD THE INTERNAL CAPABILITIES NEEDED FOR SUCCESS

Successful organizations never stop growing their people because the return-on-investment is a more effective operation. The best marketing organizations, including those at Coca-Cola, Unilever, and the Japanese beauty company Shiseido, have invested in dedicated internal marketing academies to create a single marketing language and way of doing marketing. No matter if you are a marketing rookie, senior manager or at the director level, there is always a valuable take away to apply in your work.

Great strength starts within, and internal effectiveness contributes to the external strength and financial success. It is time to beef up the organizational efforts to develop a high-performing marketing organization. How your organization looks and acts serves as the proof of where your brand is heading. Too many marketers get lost in creating buzz and generating temporary sensation out there. Instead, take the time to rethink about how to make your organization a better one. The road less taken, investing in building a unified brand-led organization, will deliver long-term positive impact. Your organization is your invaluable asset, so make the best of it.

MillwardBrown Vermeer

Millward Brown Vermeer is the only global marketing consultancy focused on unleashing brand-led business growth through the development and embedding of consumer insight-led marketing strategy, structure and capability.

www.millwardbrown.com

AS CHINA'S MEDIA CONSUMPTION RAPIDLY CHANGES, MEDIA IS OMNIPRESENT ON PERSONAL AND PUBLIC SCREENS.

PART 5 伍

RESOURCES

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BrandZ™ Brand Valuation Methodology

Introduction

The brands that appear in this report are the most valuable in China.

They were selected for inclusion in the BrandZ™ Top 100 Most Valuable Chinese Brands based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer research with rigorous financial analysis.

The BrandZ™ valuation methodology can be uniquely distinguished from its competitors by the way we obtain consumer viewpoints. We conduct worldwide, on-going, in-depth quantitative consumer research, and build up a global picture of brands on a category-by-category and country-by-country basis.

Globally, our research covers two million consumers and more than 10,000 different brands in over 30 countries. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of "experts" or purely financial and market desk research.

Before reviewing the details of this methodology, consider these three fundamental questions: why is brand important; why is brand valuation important; and what makes BrandZ™ the definitive brand valuation tool?

IMPORTANCE OF BRAND

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and other stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

At the heart of a brand's value is its ability to appeal to relevant customers and potential customers. BrandZ™ uniquely measures this appeal and validates it against actual sales performance. Brands that succeed in creating the greatest attraction power are those that are:

MEANINGFUL
In any category, these brands appeal more, generate greater "love" and meet the individual's expectations and needs.

DIFFERENT
These brands are unique in a positive way and "set the trends," staying ahead of the curve for the benefit of the consumer.

SALIENT
They come spontaneously to mind as the brand of choice for key needs.

IMPORTANCE OF BRAND VALUATION

Brand valuation is a metric that quantifies the worth of these powerful but intangible corporate assets. It enables brand owners, the investment community and others to evaluate and compare brands and make faster and better-informed decisions.

DISTINCTION OF BRANDZ™

BrandZ™ is the only brand valuation tool that peels away all of the financial and other components of brand value and gets to the core—how much brand alone contributes to corporate value. This core, what we call Brand Contribution, differentiates BrandZ™.

The Valuation Process

Step 1: Calculating Financial Value

Part A

We start with the corporation. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands. And we need to apportion the earnings of the corporation across a portfolio of brands.

To make sure we attribute the correct portion of Corporate Earnings to each brand, we analyze financial information from annual reports and other sources, such as Kantar Worldpanel and Kantar Retail. This analysis yields a metric we call the Attribution Rate.

We multiply Corporate Earnings by the Attribution Rate to arrive at Branded Earnings, the amount of Corporate Earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

Part B

What happened in the past or even what's happening today is less important than the prospects for future earnings.

Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple. It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at what we call Financial Value.

Step 2: Calculating Brand Contribution

We now have the value of the branded business as a proportion of the total value of the corporation. But this branded business value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the rational factors that influence the value of the branded business, for example: price, convenience, availability and distribution.

Because a brand exists in the mind of the consumer, we have to assess the brand's uniqueness and its ability to stand out from the crowd, generate desire and cultivate loyalty. We call this unique role played by brand, Brand Contribution.

Here's what makes BrandZ™ so unique and important. BrandZ™ is the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide on-going, in-depth quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and country-by-country basis. Our research now covers over two million consumers and more than 10,000 different brands in over 30 countries.

Step 3: Calculating Brand Value

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist.

Why BrandZ™ is the definitive brand valuation methodology

All brand valuation methodologies are similar - up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What's missing? The picture of the brand at this point lacks input from the people whose opinions are most important - the consumer. This is where the BrandZ™ methodology and the methodologies of our competitors part company.

HOW DOES THE COMPETITION DETERMINE THE CONSUMER VIEW?

Interbrand derives the consumer point of view from panels of experts who contribute their opinions. The Brand Finance methodology employs a complicated accounting method called Royalty Relief Valuation.

WHY IS THE BRANDZ™ METHODOLOGY SUPERIOR?

BrandZ™ goes much further. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers - constantly. Our on-going, in-depth quantitative research includes two million consumers and more than 10,000 brands in over 30 countries.

WHAT'S THE BRANDZ™ BENEFIT?

The BrandZ™ methodology produces important benefits for two broad audiences.

- Members of the financial community -including analysts, shareholders, investors and CEOs - depend on BrandZ™ for the most reliable and accurate brand value information available.
- Brand owners turn to BrandZ™ to more deeply understand the causal links between brand strength, sales and profits and to translate those insights into strategies for building brand equity.

BrandZ™ is the definitive resource for brand equity knowledge and insight

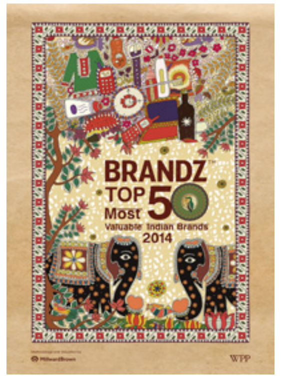
Reports, apps and iPad magazines powered by BrandZ™

www.BrandZ.com

BrandZ™ Top 100 Most Valuable Global Brands 2014

The report includes brand valuations and profiles of key categories along with analysis and insights about building and sustaining strong brands worldwide.

For the iPad magazine search BrandZ 100 on iTunes.



BrandZ™ Top 50 Most Valuable Indian Brands 2014

This groundbreaking study analyzes the success of Indian brands across 14 categories, examines the dynamics reshaping the Indian market and offers insights for building valuable brands.

BrandZ™ Top 50 Most Valuable Latin American Brands 2014

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia, Mexico, and Peru and explores the socio-economic context for brand growth in the region.

For the iPad magazine search BrandZ Latin America on iTunes.

The Chinese Golden Weeks in Fast Growth Cities

With research and case studies the report examines the shopping attitudes and habits of China's rising middle class and explores opportunities for brands in many categories.

For the iPad magazine search Golden Weeks on iTunes.

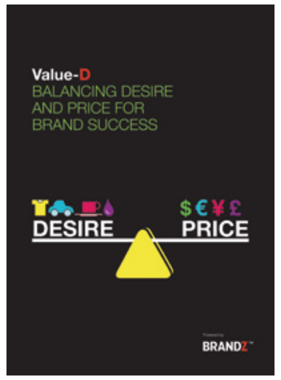
BrandZ™ on the move

Get the BrandZ™ Top 100 Most Valuable Global Brands, the Latin America Top 50, the India Top 50, the China Top 100 and many more insightful reports on your smartphone or tablet.

To download the apps for the BrandZ™ rankings go to www.BrandZ.com/mobile (for iPhone and Android). BrandZ™ is the world's largest and most reliable customer-focused source of brand equity knowledge and insight. To learn more about BrandZ™ data or studies, please visit www.BrandZ.com, or contact any WPP company.

Beyond Trust: Engaging Consumers in the Post-Recession World

An Index based on BrandZ™, TrustR measures the extent to which consumers trust and are willing to recommend individual brands. High TrustR correlates with bonding, sales and brand value. Complete information is available from WPP companies.



ValueD: Balancing Desire and Price for Brand Success

An index based on BrandZ™, ValueD measures the gap between the consumer's desire for a brand and perception of the brand's price. It helps brands optimize sales, profit and positioning. Complete information is available from WPP companies

The Chinese New Year in Next Growth Cities

The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China's lower tier cities.

For the iPad magazine search for Chinese New Year on iTunes.

The Power and Potential of the Chinese Dream

The Power and Potential of the Chinese Dream is rich with knowledge and insight and forms part of a growing library of WPP reports about China. It explores the meaning and significance of the Chinese Dream for Chinese consumers and its potential impact on brands.

WPP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ACTIVEARKJWT
DSG DEWEYSQUAREGROUP

WPP COMPANY CONTRIBUTORS

These companies contributed expertise and perspective.

ADDED VALUE

Added Value is a leading global strategic marketing consultancy providing brand strategy, innovation, insight and communications services. We are driven by one thought – to make marketing that works. Our approaches include qualitative insight and ethnography, segmentation and portfolio planning, brand positioning, cultural insight, innovation, brand equity studies, communications optimization and tracking.

Added Value has 17 offices in 11 countries across Europe, North America and Asia-Pacific, and is accredited among "Best Companies to Work For 2014." Added Value is part of Kantar, the data investment management division of WPP, the world leader in marketing communications services.

www.added-value.com

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BLUE HIVE

Blue Hive is a WPP joint venture that handles all aspects of Ford APA's marketing, including above-the-line, digital, DM, CRM and media planning, increasing coordination and synergies among Ford's WPP agencies. Blue Hive provides a full-service, integrated offering, created to respond to the rapidly changing consumer and media landscapes.

Blue Hive is more than an advertising agency (lots of other places say that, but it's actually true). For starters, we don't just do advertising - we drive regional strategies and connect markets to deliver true 360 marketing across the entire APA region. We're also not an agency in the traditional sense, but a partnership of JWT, Ogilvy & Mather, Mindshare and Wunderman working as a single entity.

Similar to the already established Blue Hive in London, Ford and WPP created a regional hub with Blue Hive Shanghai. It's our job to look after the diverse Asia Pacific region, overseeing Thailand, Indonesia, Philippines, India, China, Taiwan, Australia and New Zealand.

www.thebluehive.com/apa/

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BRAND UNION

Brand Union is a global brand agency with deep expertise in brand strategy, design, interaction, brand management and employee engagement. We serve every major market with a network of 500 people in 25 locations worldwide. Our belief, which informs the way we approach our work, is that the experience of the brand is the brand.

Experiences form the basis of all kinds of human relationships, with other people and with the world around us. Successful brands make lasting impressions on us as a result of continual, positive moments of interaction. These experiences influence satisfaction, build loyalty and create emotional attachment.

www.brandunion.com/
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BURSON-MARSTELLER

Burson-Marsteller is a leading global public relations and communications firm. Our strategic insights and innovative programming build and sustain strong corporate and brand reputations. We provide our clients with counsel and program development across the spectrum of public relations, brand marketing, public affairs, digital media, media relations, event management and other communications services. Our clients are global and local companies, industry associations, professional service firms, governments and other large organizations.

Burson-Marsteller entered China in 1985 at the invitation of the Xinhua News Agency, becoming one of the first global public relations firms to operate in the People's Republic of China. Today, we provide evidence-based communication and advisory services to clients from our offices in Beijing, Shanghai, Guangzhou and Chengdu.

Burson-Marsteller's China team includes accomplished communications experts who offer a unique blend of local market knowledge, understanding and contacts and international experience. Our consultants have diverse backgrounds ranging from government service to consumer marketing to finance and technology, and all are focused on delivering measurable results to our clients.

Burson-Marsteller guides clients towards success in the rapidly evolving and growing China market. Our services include corporate communications, brand and product marketing, issues and crisis management, and government relations and public policy consulting. We provide these services to clients in major industry verticals such as energy, banking, insurance, telecommunications, technology, healthcare, automotive, chemicals, retail, property and fast moving consumer goods.

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COHN & WOLFE

Cohn & Wolfe is a dynamic communications agency focused on public relations. With expertise in consumer, trade, digital and corporate PR, it works with domestic, regional and international brands across a number of sectors which include travel and tourism, automotive, art and design, fashion, retail and luxury goods, healthcare, technology and professional services and FMCG. Cohn & Wolfe – impactasia has officers in Hong Kong, Shanghai and Beijing. Cohn & Wolfe – impactasia is part of global agency Cohn & Wolfe.

www.cohnwolfe.com/zh-en
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WPP COMPANY CONTRIBUTORS

CTR

CTR analysts and experts help advertisers, media owners and advertising agencies measure their media image and impact. Born and raised in China, Chinese culture and values are a part of our DNA. We have witnessed the seismic transformation of the market, experienced numerous industry reforms, while building expertise in media management, brand and advertising communications and consumer research.

Our in-depth knowledge of the local market, with a global perspective, enables us to discover the insights that make sense of what is hidden beneath today's developments. We inspire our clients to make informed decisions based on our unparalleled and profound understanding of the critical challenges they face in the Chinese marketplace. This is what we bring you, China insights. We can do this because we know China better.

China Insight is at the core of our brand value. We aim to share unique viewpoints, look behind the numbers, beyond the trends and between the lines. In short, our job is to help companies and brands understand the Chinese market, its people, and to win in China.

www.ctrchina.cn/en/

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GROUP M

GroupM is WPP's consolidated media investment management operation, serving as the parent company to agencies including Maxus, MEC, MediaCom, Mindshare and Xaxis. GroupM is the global leading media investment management group.

With a staff of over 1,800 people, GroupM invests in more than 560 markets across China, with an overall activity volume of $9.9 billion (RECMA 2013). As China's leading media communications group, GroupM is one of the industry's biggest investors in syndicated and proprietary media research and optimization tool development.

www.groupmchina.com

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HILL+KNOWLTON STRATEGIES

Hill+Knowlton Strategies was the first international communications consultancy to establish a presence in China in 1984. Headquartered in Beijing, with offices in Shanghai and Guangzhou, H+K China is one of the largest PR agencies in this market, employing 250 bilingual communications professionals who provide cross-sector, integrated communications services to many Fortune 500 companies.

With 30 years of market experience and insights, H+K China has established itself as an industry leader in corporate communications, marketing communications, public affairs, media relations, crisis and issue management, and digital communications. Hill+Knowlton Strategies, Inc. is headquartered in New York, with 87 offices in 49 countries, as well as an extensive associate network.

www.hkstrategies.com

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JWT

For over 150 years, the J. Walter Thompson Company has existed to create pioneering solutions that build brands and businesses. Why? Because we believe pioneering can change how the world thinks, feels and acts. How? By imagining new relationships between people and brands.

As an early entrant into the modern Chinese advertising industry over 20 years ago, J. Walter Thompson China has proudly pioneered an enviable list of big, business-building ideas for an equal mix of multi-national and local brands. Ideas that have been recognized at almost every global and local creative and effectiveness award show, including China's first Cannes Lions Grand Prix.

www.jwt.com/china

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KANTAR HEALTH

Kantar Health is a leading global healthcare consulting firm and trusted advisor to many of the world's leading pharmaceutical, biotech and medical device and diagnostic companies. It combines evidence-based research capabilities with deep scientific, therapeutic and clinical knowledge, commercial development knowhow, and brand and marketing expertise to help clients evaluate opportunities, launch products and maintain brand and market leadership. Our advisory services span three areas critical to bringing new medicines and pharmaceutical products to market – commercial development, clinical strategies and marketing effectiveness.

www.kantarhealth.com

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KANTAR WORLDPANEL

Kantar Worldpanel is the world leader in continuous consumer panels. Our global team of consultants applies tailored research solutions and advanced analytics to bring you unrivaled sharpness and clarity of insight to both the big picture and the fine detail. We help our clients understand what people buy, what they use and the attitudes behind shopper and consumer behavior.

We have more than 60 years' experience in helping companies shape their strategies and manage their tactical decisions; we understand shopper and retailer dynamics; we explore opportunities for growth in terms of products, categories, and regions and within trade environments. Together with our partner relationships, we are present in more than 50 countries – in most of which we are market leaders –which means we can deliver inspiring insights on a local, regional and global scale. In China, we are one of services of CTR.

www.kantarworldpanel.com/cn
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WPP COMPANY CONTRIBUTORS

LANDOR

Landor

As a global leader in brand consulting and design, Landor helps clients create agile brands that thrive in today's dynamic, disruptive marketplace. Our work enables top brands – from Barclays to BMW and Tide to Taj – to stand for something while never standing still.

Landor's branding services include strategy and positioning, identity and design, brand architecture, innovation, naming and verbal branding, research and analytics, environments and experience, engagement and activation, and digital and social media.

Founded by Walter Landor in 1941, Landor pioneered many of the research, design, and consulting methods that are now standard in the branding industry. Today, Landor has 27 offices in 21 countries, working with a broad spectrum of world-famous brands. Clients include Jin Jiang Group, Shougang, Coca-Cola, Tong Ren Tang, Jiangkang, Yuanda, Midea, Leiyunshang, BMW, ECADI and Chia Tai Group among many others.

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LIGHTSPEED GMI

Lightspeed GMI

Quality-seeking researchers, marketers and brands choose Lightspeed GMI as their trusted global partner for digital data collection. Our innovative technology, proven sampling methodologies and operational excellence facilitate a deep understanding of consumer opinions and behavior. From award-winning survey engagement to fieldwork management, we add value at every stage of the research process. Focusing on local market knowledge, Lightspeed GMI's proprietary panels deliver access to more than four million online research respondents with unparalleled quality, capacity and targeting.

Our comprehensive product suite offers the tools and services needed to generate dependable research results across the consumer, B2B, financial and healthcare business segments. With office locations throughout Asia-Pacific, the Americas and Europe, staffed with experienced local talent, we understand the nuances of each market. Headquartered in Warren, New Jersey, Lightspeed GMI is part of the Kantar Group, the insight, information and consultancy division of WPP, the world leader in marketing communication services..

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MAXUS

maxus

Maxus is a global media agency with services including communications strategy, media planning and buying, digital marketing, social media strategy, SEO, SEM, direct response media, data analytics, and marketing ROI evaluation.

Maxus help marketers build profitable relationships between consumers and their brands, combining the disciplines of communications planning and customer relationship marketing to deliver "Relationship Media," our new model powered by creative media thinking and sophisticated, real-time customer data.

www.maxusglobal.cn

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MillwardBrown

We're experts in advertising, marketing communications, media, digital and brand equity research, and we work with 90 percent of the world's leading brands. We know brands that are meaningfully different capture more volume share, command premiums and grow their value. Our key areas of focus are brand strategy, creative development, channel optimization and brand performance.

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OGILVY & MATHER

Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world. It was named the Cannes Lions Network of the Year for three consecutive years, 2012, 2013, and 2014; and the EFFIEs World's Most Effective Agency Network for two consecutive years 2012 and 2013. The company is comprised of industry leading units in the following disciplines: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; health care communications; direct, digital, promotion and relationship marketing; consulting, research and analytics; branded content and entertainment; and specialist communications. O&M services Fortune Global 500 companies and local businesses through its network of over 500 offices in 126 countries.

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OGILVY ONE

OgilvyOne China is part of OgilvyOne Worldwide, the world's leading customer engagement agency as ranked by Forrester Research, Inc. Our core promise to clients is to help unlock the full value of their customers by turning big ideas and data into personal experiences. This will bring our clients more customers and makes them more valuable.

We achieve this by tapping into talent both at home and from our global network of more than 4,500 digital and customer engagement specialists. In China, we have approximately 300 in-house experts across Beijing, Shanghai and Guangzhou. We lead in both B2B and B2C multichannel marketing, and have deep industry expertise in categories spanning high technology, travel, consumer packaged goods, automotive, logistics and luxury. OgilvyOne China is a unit of Ogilvy & Mather, a WPP company (NASDAQ: WPPGY), one of the world's largest communications services groups.

www.ogilvy.com/About/Network/OgilvyOne-Worldwide.aspx

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POLESTAR

Polestar is a third-party service provider offering ecommerce data and strategies, operations and marketing, O2O service, warehousing and logistics solutions. Polestar is engaged in business integration based on Internet and ecommerce, providing import and export sales, marketing and ecommerce services for various customers.

We are devoted to creating full ecommerce industry platforms offering these areas of expertise: 020, marketing, advertising, agent operations, data analysis, management consulting, training and logistics. Polestar provides cutting edge ecommerce services to facilitate the entrance of international brands and manufacturers into the Chinese market.

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SMOLLAN

Smollan is a diversified field marketing services company focused on providing visibility, mobility, intelligence and growth for a vast spectrum of well-loved brands.

Smollan opened its doors in 1931, initially as a regional South African based sales agency. With its pedigree in field marketing, the Group has evolved to offer a diverse range of outsourced marketing services to multiple channels across a broad spectrum of industries.

It has also extended its geographical reach to become a global field marketing leader operating across five continents. In China, Smollan specializes in its core services such as field force or sales team design and management, technology implementation and retail execution.

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WPP

WPP is the world's largest communications services group with billings in 2013 of $72.3 billion and revenues of $17.3 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising and media investment management; data investment management; public relations and public affairs; branding and identity; healthcare communications; direct, digital, promotion and relationship marketing and specialist communications. The company employs over 179,000 people (including associates) in over 3,000 offices across 111 countries. For more information, visit www.wpp.com.

WPP was named Holding Company of the Year at the 2014 Cannes Lions International Festival of Creativity for the fourth year running. WPP was also named, for the third consecutive year, the World's Most Effective Holding Company in the 2014 Effie Effectiveness Index, which recognizes the effectiveness of marketing communications.

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David Roth is the CEO of The Store WPP for Europe, the Middle East and Africa (EMEA) and Asia and leads the BrandZ™ worldwide project. He has been doing business in China for 20 years and advises many companies and retailers on their China entry strategy and the changing Chinese consumer. Prior to joining WPP David was main board director of the international retailer B&Q.

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WPP IN CHINA

We help build valuable brands

In Greater China, WPP companies (including associates) generate revenues of $1.5 billion with almost 15,000 people in Beijing, Shanghai, Guangzhou and many other cities and provinces.

WPP is the world's largest communications services group with billings in 2013 of $72.3 billion and revenues of $17.3 billion. Through its operating companies, WPP provides a comprehensive range of advertising and marketing services including advertising and media investment management; data investment management; public relations and public affairs; branding and identity; healthcare communications; direct, digital, promotion and relationship marketing and specialist communications. The company employs over 179,000 people (including associates) in over 3,000 offices across 111 countries.

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