Research on brand development of Central Public-interest Enterprises

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Abstract. The author of this article divided the development of central public-interest enterprises into four stages according to the different emphases stressed in every period, thoroughly analyzed the actuality, achievement and problems and advanced opinions on the concept and reform aim of Chinese trademark system. It is dedicated to clarify some basic concepts relating to brand strategy, on the basis of which, analyze ways to build trademarks and the important role brand strategy plays in achieving sustainable development of enterprises.

1 Introduction

Along with the development of global economic integration, brand has become one of the key elements of national economic strength. The world's economic powers have raised the brand construction to the strategic level, and the brand strength has been constantly highlighted. In today's globally competitive world, because of the globalization, new business patterns and the changing nature of consumers, the companies feel the necessity to act strategic in the market and to reach up the target markets and sustain maximum customer satisfaction in order to compete and survive. Due to the industrial economic development of western developed countries, such as Europe and the United States, which has experienced a hundred years of development, and has a more comprehensive development around brand management and research, brand marketing. Many foreign enterprises of influence have further enriched their brand connotation and value through international development and expansion, and gradually formed global well-known brands [1].

In recent years, accompanied by the economic boom in China, it has become an inevitable trend for Chinese brands to enter the world. To the central public-interest enterprises themselves, they will achieve sustainable development, if they can improve ability from all aspects and enhance brand influence.

2 Brand development stage of Central Public-interest enterprises

2.1 The period of Enlightenment (the 1980s)

In the first 10 years of China's economic reform and open up, the competitive environment of enterprises in China is

not very fierce. Domestic enterprises are still in the competitive situation of small scale and weak strength. Chinese enterprises and consumers have a superficial knowledge of brand cognition in the enlightenment period.

2.2 The period of Development (the 1990s)

With the further development of China's economic reform and opening up, a large number of foreign-funded enterprises have entered China. As Chinese enterprises are still in the stage of pursuing product quality, and lack of modern brand awareness and brand construction concept, the living environment of Chinese brands has become unprecedented tense. In 1993, the Chinese government revised and promulgated the Trademark Law of the People's Republic of China. As a result, the Chinese trademark system has been gradually established and put on the right track. In addition, registration and management of brands have been improved.

2.3 The initial period of Internationalization (the 2000s)

With China's accession to the WTO (world trade organization), Chinese enterprises have been sharpened by market competition, and their technical level has been improved and gradually matured [2]. Chinese entrepreneurs begin to realize the urgency and necessity of brand for international competition. The brand awareness of domestic consumers is also gradually enhanced. Meanwhile, the Chinese government actively encouraged powerful enterprises to "go out" in terms of policy, which greatly promotes the participation of Chinese enterprises in the process of internationalization, and a number of well-known brands have emerged. However, misunderstandings exist in recognition and innovation of brand in many enterprises, which leads to the weak international competitiveness of China's brand [3].

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2.4 The fusing period of Internationalization (the 2010s)

In this period, Chinese enterprises, represented by the central enterprises, have grown rapidly in terms of scale and efficiency, and their international status has gradually improved. The position of market competition has shifted from traditional product price to brand competition. As the world's famous brands have entered the Chinese market in an all-round way, While Chinese national brands have also taken the step of "going out". With the continuous improvement of brand awareness, central public-interest enterprises have made steady progress in playing core competitive advantages and building well-known brands. The positive competition between international brands and domestic brands has begun.

3 Achievements and Problems

In recent years, the central public-interest enterprises have generally strengthened the brand construction and made significant developments ^[5], mainly reflected in the following aspects:

3.1 Improvement of brand system

The central public-interest enterprises have established brand strategic planning in different degrees for brand construction, and integrated brand construction with quality assurance, scientific and technological innovation, information dissemination, culture corporation, and social responsibility management.

3.2 Deepening of brand management

Most enterprises have developed or are making brand strategy formulations which are in line with their own positioning. Some enterprises have established protection system of brand, using legal and administrative means to crack down on trademark infringement.

3.3 Enhancement of brand innovation

The first one is to build famous brand of good quality. Besides, the central public-interest enterprises have cultivated independent brand by new technology. The third one is that these enterprises formed brand images with social responsibility. Last but not least, they enhanced brand influence through merger and reorganization

Although China's central public-interest enterprises have made some achievements in brand construction in recent years, there is still a gap compared with the world-class enterprises ^[6].

3.4 Weak awareness of brand culture construction

On the one hand, influenced by the traditional concept of planned economy, central public-interest enterprises generally lack awareness of brand. On the other hand, some enterprises pay more attention to tangible assets than

intangible assets in operation and management, which makes it difficult for customers to perceive the culture and value of enterprises' brand.

3.5 Limitations of brand construction

Most of the central enterprises have many business sectors, and lack understanding of the positioning and role of product brands, business brands, and group brands. These enterprises lack the ability of brand integration, affecting entrepreneurs' ability to think laterally.

3.6 Lack of centralized management and professional team

At present, the functions of central public-interest enterprises are still relatively scattered, and the professional team and talents of brand construction are relatively scarce. Most enterprises have not established a full-time department of brand management, which is difficult to ensure the overall improvement direction.

3.7 Low level of internationalization

China's public-interest enterprises mainly serve the basic and strategic fields of their respective industries, and there are few personalized and differentiated brand innovations according to the market demand, relying on the existing business capacity to develop the international market is insufficient, which weakens the international communication ability of public-interest enterprises.

4 Environment Analysis

4.1 Political environment

Since the 18th National Congress of the Communist Party of China, SASAC (state-owned assets supervision and administration commission) has put brand construction as the top priority, further strengthening the top-level design and strategic deployment of brand construction, which fully reflects the country's high attention to brand issues. Under the background of policy dividend and historic window period of comprehensively deepening the reform of state-owned enterprises, the central public-interest enterprises should strive to build "world-class enterprises with global competitiveness" and realize new leap forward development.

4.2 Economic environment

From the international perspective, although there is uncertainty about international environment, the world economy is recovering, and there is still much room for expansion of foreign economic and trade cooperation ^[7]. From the domestic point of view, China's economy has changed from the stage of high-speed growth to the stage of high-quality development, which will further boost market vitality and the internal growth momentum of the economy.

4.3 Social environment

At present, the main social contradiction in China is "the contradiction between the people's growing need for a better life and unbalanced and inadequate development". People have a stronger need for social intercourse, self-esteem, knowledge seeking and aesthetic appreciation. The change of life style, cultural tradition, values, consumption psychology and other social environment changes will have an impact on the brand strategy of enterprises.

4.4 Technical environment

Since the 18th National Congress of the Communist Party of China, the mechanism of scientific and technological innovation has been improved [8]. To upgrade industries and increase their competitiveness, we will strengthen research and development of key technology and industry-specific technology and accelerate the application of research results to production and their dissemination. University-Industry Cooperative Innovation (UICI) is one of the important forms for the technology transfer of universities.

5 Opportunities and challenges

At present, facing the period of global resource allocation, central enterprises have inherent advantages in technology, resources and reputation, which is also a good opportunity for China's central public-interest enterprises to enter the international market and participate in international competition. The markets bring the companies both essential opportunities and difficulties. The central public-interest enterprises could seize the opportunity to make breakthroughs in brand construction, so as to create a number of world-class products and brands, which can promote the internationalization of domestic industries [9].

Following the continuous acceleration of the globalizing economy and the wide application of information technology, China's enterprises are facing increasingly fierce market competition. The central public-interest enterprises should make strategic innovation for development, accelerating the internationalization of brand. Only correctly understand the brand strategy of necessity of implementation brand strategy in market economy, study its way, strengthen the construction of characteristic brand, keep itself quality and promote systematic popularity, can the China's enterprises be in an invincible position in the intense competition of international market.

Currently, brand has become more than an intangible asset that plays a pivotal role in businesses, it lies at the core of corporate value and of competitive power. Therefore, a brand that enjoys a superb reputation is the most precious intangible asset and will thus bring inexhaustible fortune to the enterprise [10]. The formulation and application of the brand strategy can bring into full play the competitive advantage of the brand. the brand strategy is the key for enterprises to enjoy everlasting prosperity. It also constitutes a significant means to

achieve sustainable development.

6 Brand strategy

6.1 Definitions of Brand

A brand is the sum total of a customer's (the market) experiences over time. According to Bradley (2002), ultimately brand strategy will benefit MNCs to expand international markets, achieve economies of scale and pursue market segmentations. Rodriguez-Pinto (2005) compared brand strategies with positioning strategies that values, personality, voice, brand architecture, image and identity system integrate a brand. With Emotional appeal, creative expression and brand equity being the strategic evidence in the presentation of a brand. Whereas the strategic evidence of market positioning being analytical appeal, logical expression and market understanding (e.g. customer segmentation). Heaton then defines branding as the communication of characteristics, values, and attributes and essentially support sales or marketing activities. It demonstrated the core difference of branding and marketing that branding is strategic and marketing is tactical.

Miles (2000) believes that marketing is a push tactic namely an active promoting behavior and a message in aim of sales. Whereas branding is a strategic act of 'pull', an expression of the corporate value, product or service. For example, an advertisement of Apple usually attaches feelings of simple, powerful and high quality which is what Apple as a brand hold. A marketing act on the other hand would be the initiating banners in the underground stations to attract attention and increase sales, or Dell's promotional offer by delivering PCs directly to customers.

6.2 Understanding Brand Strategy

Doonar (2004) further identified that brand strategy is neither branding nor brand alone but about understanding core principles and the behavior business. He listed out two rules to brand strategy: firstly, brand strategy is bound to be aspirational and supporting corporate strategy, secondly, he corresponded with Heaton, that brand strategy is a communicative agent of the corporate visions, consistently to consumers. Brand strategy is critical because it is the means by which the enterprise can help consumers understand its products and services and organize them in their minds. The brand strategy for an enterprise reflects the number and nature of common or distinctive brand elements applied to the different products sold by the enterprise. Doonar (2004) describes strategy as, 'the development of a strategy and acting upon it ensures an organization's ability to continuously sell or service, better and divergently than its nearest competitors.' It is easy to conclude that scholars and professional marketers unanimously stressed on the fact that branding strategy is set to ensure the long-term business consistency and feasibility by communicate and highlight their selling point such as price leadership or differentiation of design.

We live in a world that is driven by perception and

brands represent customers' opinion of a company's credibility, products, reputation and customer experience. A brand strategy is essential because it provides clarity about the competitive landscape, market position and customer expectations. This information is critical to develop effective marketing strategies and to fine-tune marketing messages to maximize your competitiveness and build strong brands. Branding significantly enhances the brand's market performance and profitability by improving name recognition, building credibility and trust, increasing advertising effectiveness and inspiring employees.

6.3 Importance of Global Branding

Increasingly, global branding has become important also for consumer products where cross-border advertising through international TV channels has become common. Even in some markets such as Eastern Europe, many consumers had become aware of brands offered in Western Europe before the liberalization of the economies in the early 1990s. Global branding allows a company to take advantage of such existing goodwill. Companies pursuing global branding strategies may include luxury product marketers who typically face a large fixed investment for the worldwide promotion of a product.

Global branding encompasses customers' perceptions and awareness of a corporation. On one hand, for a small medium sized company going abroad, building global strategy helps develop branding programs which forms an introduction to reaching across multiple advertising venues. Whereas for the worldwide giant corporations, Ginsberg (2004) believes that 'A global brand is incredibly powerful,' for example apple is worth two-figured millions. She explained that the reason behind a powerful global brand is the instant recognition and preferable feelings towards the brand. On top of that, those brands could leverage the brand value by creating sub-brands or products which not only would probably turn out with high level of sub-brand awareness and 'emotional tie', but also reduced cost of promotion, advertisement etc.

In sum, for global brands with strongest brand valuations including brand attributes, characteristics, values and images, quite often utilize their brands as form of assets or investment

6.4 Objectives in Developing Global Brand Strategies

The objectives in building a global brand strategy involve methods of managing the employees, company and product names and slogans, packing as well as buying and user experience schemes, distribution channel arrangements. Furthermore, choosing the right branding strategy means to firstly, achieve brand awareness and higher valuations towards the brand and stabilize influence for market participants, secondly, increase competitive environment and increase pricing premiums to achieve better profit margins, thirdly, global branding strategies help corporations to enter product categories and overseas markets more easily - lower risk factor and

promotional cost facilitates customer loyalty. And last but not least, a powerful global brand would build employee and partner pride in company.

From another perspective, Bradley (2002) demonstrated three main criteria for global brands to aim for in planning brand strategies: firstly, high quality of product experiences, secondly, financial strength which in essence concerns dominant shares in large domestic and foreign market as well as facing unique challenges of international markets in smaller countries, thirdly, cash flow in domestic market, in regard to attention in international distribution due to the comprehensive distribution systems and international networks.

In this respect, the companies- especially international and multinational companies- should look for powerful competition strategies. It is suggested that the companies should begin to point out that the technology and investing in technology is the most valuable competition asset of the company that creates value for the products, services and the company itself. It should also be considered that as the companies realize that their products become homogeneous in the customers' eyes, the companies differentiate their technology and this is attained through the companies' effective branding strategy.

It can be stated that the process of positioning and global branding set the pace for acquiring competitive advantage for a company. Positioning and global branding involve formulation of competitive marketing strategies and marketing mix in order to market the product.

7 Conclusion

Globalization has been seen particularly at the beginning of 1980s, and there have occurred many changes in marketing and other functions of the enterprises. With those changes, all of the enterprises have existed face to face in a common market. In this new global market, the core of success has become to be products and globally known brands. Moreover, customer demands have become homogeneous and product-service quality has reached up high levels in global markets. All those factors and the growing competition have been the major factors that the enterprises concern about. To the central public-interest enterprises themselves, in order to compete in the market, they should evaluate the major characteristics of the market and their products. The markets bring the companies both essential opportunities and difficulties. In other words, the central public-interest enterprises have to develop effective competitive strategies in order to survive in the market.

Consequently, it can be implied that, the central public-interest enterprises need to focus on those customers whose needs they can profitably meet and with whom they can build a loyal, long-term relationship despite the competition. Companies need to understand and track competition constantly and recognize there are many different strategies in which to address the competition, and also need to describe those segments they can most profitably serve in terms of multiple variables.

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