

MARKETING

How Can China Improve Its National Brand?

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Few are as qualified as Huiyao Wang to analyze China's future. He is the founding director of the Center for China and Globalization, a Chinese think tank on global talents, returnees and migration, and he has also been a Ministry of Foreign Trade and Economic Cooperation official. Today Wang is a senior fellow at the Harvard Kennedy School, among other activities. Ahead of his October visit to speak at the Wharton Nation Brand Conference, Wang spoke with marketing professor David Reibstein about the best future course for Chinese business and the nation's brand.

David Reibstein: What is the Center for China and Globalization and its mission?

Huiyao Wang: The Center for China and Globalization is the largest independent think tank in China. We have been established almost nine years now, and we are lucky that we are ranked by the University of Pennsylvania's Think Tank and Civil Society Program as 110th out of the top

think tanks in the world, No. 7 in China and the No. 1 for independent think tanks in China. We're fairly large and have almost 100 people in research and on staff. We have several locations in China, including Beijing, Shanghai and Guangzhou.

The mission for the CCG is to become a bridge and a platform for the exchange of scholars and researchers and policymakers and the business academic community, in terms of strengthening the process of China and globalization. Also, its mission is to serve better the policy community, both in China and the outside world. We want to be a bridge and focus particularly on the globalizing of the talent and the enterprises, and the migration between China and other countries.

Reibstein: You have been a consultant to many global companies such as GE, Siemens, ABB, Westinghouse, Mitsubishi, and so on. And I'm assuming you have worked with them to better connect them with China. But you have also been responsible for numerous Chinese firms going global. Is that the primary responsibility of the center?

Wang: Yes. CCG hosted a large conference in Zhejiang Province, which just concluded the G20 Summit there. We had people from several hundred countries to talk about globalized enterprise in the contemporary world — basically how to invest in China and invest globally. We are having another conference called China Outbound Forum, which will have several hundred Chinese firms come regarding Chinese investment overseas. So, our center does involve a lot of exchanges and also promoting the cooperation between Chinese enterprises, multinationals, foreign enterprises and Fortune 500 companies. We do involve quite a bit of business exchanges and collaborations.

Reibstein: Let's talk about how China is perceived globally and how you're trying to promote the image to better attract businesses to China, as well as acceptance of China's businesses overseas. China is well known for its low-cost manufacturing. But I'm curious about what other characteristics you think should be better understood about China outside of China.

Wang: That's a very good question, thank you. I think since China has opened up, gradually the image of China, particularly for Chinese enterprises, has changed a lot. In the past, 30 years ago, all businesses in China were state-owned enterprises. Now, at least half of the enterprises are privately owned. That's probably the image that China should show the world, that China is not only a country with state-owned enterprises but with a very vibrant and actively rigorous private sector as well.

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For example, the private sector employs about 70% of the Chinese workforce. Multinationals and foreign enterprises have employed over 60 million to 80 million of the labor force at one point in time. I think there are a lot of good stories that should be told. For example, Wal-Mart, one of the biggest companies in the United States, is in China producing \$20 billion a year of different products that are made in China that keep consumer prices low in the U.S.

I think the dialogue and the communications between Chinese companies and outside foreign companies sometimes are less well understood. When a Chinese company is buying a company in the U.S., sometimes it would be regarded as negative. But some are good examples. For example, we know that the U.S. government in recent years has been calling for Made in the U.S.A., and trying to attract back the manufacturing sector. We know that some U.S. companies and government officials have come to China. We know that one of our friends, a company like Fuyao Glass, one of the largest auto glassmakers in China and probably one of the largest in the world, now has invested \$600 million in the United States. Now they have several factories in the United States, making all the glass for the American industry.

Examples like that should be well talked about and the story should be told so that they have a better understanding. They come to the United States, they begin to create jobs, they begin to offer employment, they’re going to generate income. I think this kind of a story on both sides, like Wal-Mart being one of the biggest foreign employers in China, is really good. The globalization benefits both countries, both countries’ people and the companies. I think in order to promote image, maybe those stories should be well told and explained.

Reibstein: Wal-Mart is an interesting story. By the way, I should let you know that my first time going to China was 1981.

Wang: Oh, that’s very early.

Reibstein: It’s very early. I’ve got all sorts of stories I could share about that, but I’ll do that when you’re here in the U.S. But I know that Wal-Mart got into China fairly early. I find Wal-Mart a really interesting example because when they were operating before going into China,

their trademark was that all of their products were made in America. Then they dropped that. Obviously, they get a large number of products from China. But if I think about a global brand for a company, it becomes very difficult because within the United States they're known as very low price. But in China, Wal-Mart is not the lowest-priced retailer.

Wang: That's right.

Reibstein: It's interesting how they have a different image within China than they do in the United States and elsewhere in the world. I suspect that's true for the brand China itself. Since you mentioned Made in the U.S.A. as something that at least our current political candidates have been bandying around, there was the Made in China campaign that has been advertised quite broadly. Do you have any thoughts about that particular campaign, whom it was really targeted toward and whether it's been successful?

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Wang: I'm not too familiar with that. But I think that one thing about Made in China is that there are also image and brand changes. In the past, Made in China meant cheaper — maybe quality-wise not really very good, but affordable. But now Made in China is trying to change that into also meaning quality and good service. I think there's another sense, too. For example, all the big automakers from the United States are in China. They're selling probably more cars in China than in the United States. So now Made in China can be a good example. Now you have all those big brands made in China and mostly selling in China as well.

Reibstein: Let me sort of tiptoe on what might be a delicate subject. The notion of Made in China might have translated to not necessarily the highest quality, not necessarily reliable. What is being done to try and change some of that image?

Wang: One of the things that could be utilized is that we have so many American companies in China, like Microsoft, GE, GM or Ford. GM cars are now made in China, and Ford cars made in China are really of a very good quality. Microsoft has several research centers outside the United

States. There's a center in Beijing. It's probably recognized by Microsoft as one of the best in the world that they have utilized the R&D talent and there are a lot of good products out of China. I think Wal-Mart has opened more Sam's Stores now in China.

There are a lot of things that are made in China that are of good quality. I think that the story can probably be better told by those U.S. companies regarding their products. This is probably one of the things that China hasn't realized. But if you really tell the story of these Fortune 500 companies that are coming to China and Made in China, and then we can demonstrate the products are of good quality, that can help change the image.

Reibstein: I have no doubt that there are some great products that are made within China, and the quality of many of the examples you just mentioned are excellent. But I'm wondering how China is trying to capitalize on that. I suspect that those companies that are making their products in China tend not to promote that very much because of this legacy reputation. What can be done to overcome that?

Wang: I think there are probably several ways to tackle that. First, I think the domestic companies really need to do a good job of the design of the brand and making them understood outside China. For example, Lenovo used to be called Legend. They changed their brand and redesigned their logos.

We often see in the United States and other international television, the spokesperson or the local representative of Chinese companies is from China most of the time. Just like multinationals do in China, they hire local Chinese. They have a Chinese base in China, and then people felt they are part of the companies that belong here. Whereas in the United States, you probably don't see that. You see a lot of Chinese representing Chinese companies. Maybe it's a good idea to have Americans representing Chinese companies, so that like the Japanese have done, you can see a Toyota ad and you don't see a Japanese talking there, you see an American representing Toyota. That could be the same method that the Chinese companies can adopt to tell the better story and explain better the quality and the product.

Reibstein: One of the examples you just mentioned is Lenovo. I believe Lenovo today is the largest PC provider in the world. They could have selected a name that was very Chinese sounding. I often joke that the name Lenovo almost sounds Italian. It's not, I think, the best ambassador for brand China. I think it is a great example of a company that's doing exceedingly well with a great product, but I don't know if it's carrying the brand China on its shoulders.

Wang: Well, they had a Chinese name in the past, Lianxiang. They'd been using that for quite some time, but they changed to their English name to reflect an international market. In the past, their old English name was Legend. But there were several brands already associated with Legend. I guess they wanted to try to demonstrate maybe innovative, novo, new. Like you said, a little Italian, a little French or European style stuff. But that's a good example that they used that English name before they embarked on this internationalization of the company.

Reibstein: But I'm worried about trying to help bring brand China up and who is carrying that banner. I'm wondering if there are any lessons that could be learned from Japan. At one point, Made in Japan had some baggage with it, as well as we could think about Made in South Korea. But the companies that we could think of, like I know you have worked with Mitsubishi, that is a very Japanese-sounding name. Samsung and Daewoo, both of those are not English sounding names. I'm wondering if there are some lessons for China that could be learned from Japan and from South Korea.

Wang: I think there are really good lessons to learn from them. And I think sometimes it's difficult to change the name. But to make the name, even in its own language, whether it's in Korean or in Japanese, when they're translating it into English, it's at least pronounceable. That's probably important. If a Chinese name is too difficult to pronounce, maybe it's good to change into a pronounceable name, like Lenovo.

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The second thing I think is that they could use the English alphabet. For example, TCL, one of the largest TV producers in China, or BYD, one of the largest battery and automakers in China for clean energy, is also using the letters of the English alphabet. Those are trying to suit the market. But I think the other thing is that when they do the ads, when they do the brand promotion, when they do the image, they should really use a lot of local representatives. I can give you a good example. At one time, they had an advertisement in Times Square. They flash all [famous] faces from China. But for the audience in the Western world, they don't know this particular figure or that particular figure....

Reibstein: What do you think China's global image will be in 10 years?

Wang: I think we see that China's image is really changing quite rapidly; probably every decade there's a big shift. For example, when World War II was finished, we saw the Western companies going global, multinationals emerging. Then in 1964, when the Tokyo Olympics happened, Japanese embarked on globalization. And in 1988, when the Seoul Olympics happened, Korean companies started the globalization and going global. In 2008, the Beijing Olympics happened and Chinese companies started going global. For the last ten or 20 years, we've seen China surpass Germany, surpass Japan, and now it's quite compatible with the U.S. with still some years to catch up on the GDP side. But maybe in 10 years' time, China will be the largest GDP country in the world. I think China has to really project its image as friendly for the climate now that China has just signed in Paris the climate change agreement with the U.S. We hope that we have maybe a clean and better China, and a more globalized China in 10 or 15 years' time.

We see China has half a million students studying in foreign countries every year. About 300,000 went to the United States and account for about one-third of the foreign students in the United States. China now is the largest country with 110 million people traveling around the world, spending \$100 billion outside China. I think the purchasing power, their GDP and their industrial processes will continue.

But I think what may be more important is the soft power. China has to match the soft power with the high power they acquire. What I really hope in the next 10, 20 years is that China should gain soft power, gain its compatible global image that other reputable countries have, try to be big stakeholders of this international family and play a more active role to maintain, strengthen and upgrade the global government system. I think there are a lot of things to expect.

The "Best Countries" report, published earlier this year by Reibstein and Wharton in collaboration with U. S. News & World Report and BAV Consulting, looked the perceptions of 60 countries. Their survey includes responses from more than 16,000 global citizens on 65 different national attributes. The attributes were then grouped into nine sub-rankings: Adventure, Citizenship, Cultural Influence, Entrepreneurship, Heritage, Movers, Open for Business, Power, and Quality of Life.