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# Research Challenge for the Large Enterprises Brand Internationalization in China

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## Abstract

This paper presents the meaning of the brand and brand internationalization and explores the current large-scale enterprises in China's brand management status through the "foreign brand" in China's success and it will face the most important issues in brand internationalization. And at last, we should take what kinds of strategies to solve the problems.

## 1. Introduction

The brand is the strategic weapon for the company to develop. The goal of brand management is to create a strong brand for the company and to bring market share and considerable profits for the company. The research about brand business strategy is how to create a strong brand, and how to use the brand to develop services for the company. In China different industries have various levels of development and different competitive environment. As a result, corporate brand management strategy should be different. And with China's accession to the WTO, both in the domestic market or in the international market, Chinese enterprises are facing the situation which compete to many world-renowned brands [1]. But so far it is regrettable that China's brand has not really been recognized by the world as an international brand.

## 2. The Development of Large Enterprises in China

### 2.1. The Present Situation of Export of Large Enterprises in China

Since the implementation of the reform and opening up policy in 1978, especially after entering the twenty-first century, the export of products produced by China's large enterprises shows a sustained rapid growth. According to the World Trade Organization Secretariat announced that in 2004 China's import and export of goods ranked third in the world, China has become the world's third largest trading country, the total import and export amounted to 11.548 billion US dollars, and was up 35.4% over the previous year. And it's reported that China accounted for 6.5% of the total size of the world trade which is 18581.8 billion in 2004. Today's impressive Arab figures have increased again in 2005, with China's exports up 32.7% and the trade surplus of US \$ 39.65 billion in the first half of 2005, breaking the 2004 annual level. Some people have done such statistics that the Americans are 24 hours a day, from the wake of the alarm, work briefcase, dinner tables and chairs, travel casual shoes and children's toys to sleep slippers pajamas, where we can see "Made in China" label is everywhere. We can see that "Made in China" not only push

Forward into the overseas process in the Great Leap, but also the wind and fire will send their country to the prominent position of the trading power, which will also shape itself as a rapid image of the manufacturing power [2].

## **2.2. Comparison of Brand Competitiveness of Large Enterprises in China**

From the beginning of reform and opening up to September 2004, there are about 50 million foreign-funded enterprises in China to manufacture products, most of which are processed and assembled products in China to meet the export orders of foreign orders. Therefore, not China's domestic enterprises but a large number of foreign direct investment to enter, so that China has gradually become the world's "manufacturing center", or that has become a processing trade-based import and export base. Although China's economy in 2004 ranked sixth in the world, international trade volume ranks third in the world, the total manufacturing industry ranks fourth in the world, and 172 kinds of products in the world's first production. However, in the World Economic Forum published in 2004-2005 annual global competitiveness report, China is only ranked 44. In the world famous brand of forest, China's progress is also slow surprise: In August 2005, "Global Brand 100" list published in the United States "Business Week" in 2005, the Chinese brand is still no one on the list. Because there is no brand name, China's manufacturing industry is in the third stage in the world industrial pattern division (US monopoly standards and rules, the Japanese monopoly technology, China engaged in processing). With the same material consumption, and finally produced the amount of value, China is only developed countries 1/4 to 1/6. Because there is no brand name, it is not uncommon a boat clothing only exchange for a box of CPU, hundreds of millions of pants can only change the case of a plane in the newspaper [3]. China's industries are facing a brand crisis from the steel, petrochemical, automotive to the textile industry, consumer goods and other industries. No wonder Nobel Prize winner Nash said: "We only know China's products, but do not know the Chinese company."

It can be seen that although we have a huge export volume, we have become an unassailable manufacturing power. However, due to the poor quality of our country's export products, the brand competitiveness and the well-known brands are far apart. It is the undisputed brand of weak countries. Competitiveness greatly reduced therefore. "Made in China" in the experience of suffering and torture came to the need to re-focus and force of the mark.

## **3. China's Brand Internationalization of the Problems**

### **3.1. Enterprise Brand Concept Awareness Lag Self-protection Awareness Weak**

Some of our advantages of large enterprises already have a

strong international brand awareness. Since 1999, Li Ning company referred "brand international" to the strategic agenda. Li Ning people regard "international" as a clear direction of the internal behavior of the process, rather than a simple goal or iconic symbol. Like the Olympic spirit, the movement is boundless, and the sporting brand is the same. Since "Li Ning brand born that day, they has doomed its fate and international brands directly compete!" Sponsor the Chinese national team to Li Ning brand began to take the country, and began to look for opportunities in the international market. But most of our large enterprises do not have such a sense of awareness, which cause China's large-scale enterprise brand internationalization is facing a challenge.

It's later for Brand concept into China, most enterprises in the longer period practice product economy model, and in the business still follow the traditional concept of conservative - product concept. In the old concept, the enterprise focus on products, and use organizational management methods. Business goal is to increase the amount of products to profit. Although many companies already have a brand awareness, but it is still very weak. Cognitive lagging behind, many companies directly equal brand or a product to the brand, and some even only have product category name no brand name. Years of planned economy cause many of our corporate trademark awareness is weak, and lack of brand awareness of self-protection. In recent years, the international market has repeatedly occurred that China's well-known brands were foreign registered things. For example, "Hongta Mountain" was registered in the Philippines, "Tong Ren Tang" in Japan was registered, "Kelon" in Singapore was registered and so on.

### **3.2. Enterprise Brand Management Scale Is Small**

With 20 years of development, China's corporate brand has formed a certain scale, and make a certain influence, China is growing, there are Lenovo, Haier, TCL, Huawei, such as some of the international influence of the enterprise brand, which is of great significance in brand competition in China Force. But put the Chinese excellent brand into the global business group to see, the influence of these enterprises is still limited. In the case of the 2005 top 500 Chinese enterprises, our operating income accounted for only 5.4% of the world's top 500 operating income. Total assets accounted for 5.7% of the world's top 500 total assets, and profits accounted for only 5.33% of the world's top 500 profits, the size of the brand can be seen large. Today "old" has bad situation that we have a few decades or even hundreds of years [4], a major reason is the small size of the brand did not form the industrialization, and a firm in the United States and derivatives formed the value of the industrial chain exceeded the sum of the value of Chinese firm market.

### **3.3. Enterprise Management Model Development Lag**

Based on the inherent requirements of the development of

modern enterprise system, efficient and efficient management mode is an important foundation to enhance the brand competitiveness. China's enterprise management mode is lagging behind, weakening the important support function of the system mechanism to the development of brand competitiveness. The concrete manifestation is: management thought tradition, management system is out of line, management means backward, management responsibility is unknown and management efficiency is low and so on. Such as the management of people and the management of things confused, the individual will higher than the system will, group awareness is higher than the system awareness, team consciousness and collective decision-making awareness and weak intelligence and light regulation and re-regulation of light communication and other phenomena in the enterprise management has been a commonplace, which largely weakened the effectiveness of enterprise management and brand competitiveness of the institutional basis for the development.

### **3.4. R & D Investment and Implementing Agency Issues**

From R & D investment sources and implementing agencies of view, the developed countries enterprises are the main body of R & D activities and the implementation, and our country is government-led, Chinese enterprises have not yet assumed the burden of research and development of the main force. In 2001, the sum of all state-owned enterprises in China and R & D funding for a certain size of non-state enterprises was not as much as half of the R & D expenses of a Ford car company. This shows that China's business sector R & D activities have a serious shortage of capacity, thus restrict the development of enterprise technological innovation. In the international high-end market competition, domestic brands almost do not have their own core technology, many of the key components of Chinese products have to use the people's brand, "Made in China" simply can not match with foreign brands [5].

### **3.5. Enterprise Information and E-commerce Level Development Lag**

Enterprise information level is a measure of enterprise management level, efficiency level and the size of the important criteria of competitiveness. Advanced enterprises are largely due to the advanced means of information technology and the high level of information technology, and make it one of the advantages of brand competitiveness. And the competitiveness of multinational brands based on the strong support of information technology. CISCO has managed to migrate its management and operations to the Internet, and its entire product (routers, switches and other network interconnects) has created a virtual ordering system. At present, Cisco's 80% orders are handled in network. In contrast, most of our enterprises lack of information understanding and position about information is not clear, in addition many companies will be regarded as dispensable or

simply show their strength of things; some companies believe that it can bring high efficiency as long as they use computers, use the network, regardless of management, business and technology supporting the development, only mechanically put the business onto the computer system. Compared with the developed countries, the problems about China's enterprise information and e-commerce is still a lot.

### **3.6. Corporate Culture Is Weak**

In the world, world famous can integrate the local culture, guide the concept of consumption, affect consumer behavior, and cultivate consumer culture. However, the awareness of many enterprises in China's brand has not yet risen to the cultural level, most enterprises often overlooked China's deep cultural accumulation and the enterprise's own cultural heritage in shaping the brand culture, what is popular in the market, what direction culture orients, it is difficult to have their own unique culture, and ultimately make their own brand image is not specific. Brand culture is not deep enough. But foreign brands in the Chinese market can research Chinese culture very thoroughly. Such as Procter & Gamble was in the Chinese market, it put the Chinese culture into the brand's full integration of the name. And "Rejoice", "Pantene", "Head & Shoulders" creating a rich Chinese characteristics are deeply loved by Chinese consumers, and cleverly use our culture to open the market for themselves [6].

### **3.7. Chinese Enterprises to Survive the External Environment Led to the Brand Competitiveness of Weakness**

China's accession to the WTO is beneficial to state-owned enterprises. We believe that the most important thing is that it is conducive to China's equal participation in the world economic competition, and promote the development of China's market economy. Now, the global economic integration trend is irreversible, the era of global change in the wave of information is a wave after wave, in such a situation and the background joining the WTO, Chinese enterprises are facing the pressure and challenges can be imagined. Especially such as TCL consumer electronics companies, the impact is positive. Foreign enterprises will not suddenly become a great advantage because of China's accession to the WTO, China's large enterprises are now very competitive, We are playing in the strength of the war, which is the brand, product quality and service competition, and China's enterprises and foreign companies fight.

The healthy growth of international brands is inseparable from its well-established market legal environment, standardized market competition order and effective brand management policy. As a new market economy countries, regardless of its market environment or national policy environment, there are detrimental to the brand healthy growth factors in China. Mainly in: First, local protectionist exists barriers. Fake and shoddy and smuggling phenomenon is serious, and the national protection of the brand's policies failed to play an effective role in protecting the market

environment policy, which are not conducive to improve the quality and strength of the brand scale strength for Chinese enterprises themselves, in addition it can weaken the brand's reputation and market influence. Second, China's regional industrial chain and the value chain is not a system, and because the regional industrial structure is extensive, concentration is low, and it fail to form a regional industrial cluster advantage effect, it can lead to the lack of the international industry brand of Chinese enterprises, and the industry image is a whole poor. For example, the German brand is the world's precision manufacturing industry representatives, and the US brand focused on behalf of the world's high-tech industry. Yet "Made in China" in the international brand market is equal to cheap, low-quality concept, which is also deep-rooted.

## **4. The Countermeasures to Promote China's Large-Scale Enterprise Brand Internationalization**

### **4.1. Shape the Correct Brand Concept to Strengthen the Brand's Awareness of Protection**

Shaping the correct brand awareness is the prerequisite for brand competitiveness, you can proceed from the following aspects: First, change the old concept of product focus, and establish the brand concept which centers on market and users, so that enterprises use the market management approach and make the goal of the enterprises that they meet users requirements to obtain profits, and then establish the correct business ideas. Second, establish a special brand management and protection organization within the enterprise, so that brand image, brand culture and brand protection are in a professional norms under the process, They can also make Brand-name products be protected by law by strengthen the registration of foreign brands. As for their own national brands, especially the brand which is market well-known and good prospects must not easily give up in the process of joint venture with foreign investors. Third, learn more and learn from foreign famous brand concept management model. They should be good at setting up a bridge between the brand and consumer communication through using professional institutions on the market's soul and experience.

### **4.2. Set up Enterprise Groups and Expand the Scale of Enterprises**

Market share is a measure of brand competitiveness of an effective standard Brand competitiveness and business scale make a linkage effect to a certain extent. Brand need size. It is possible for large-scale enterprises to have a strong strength in the introduction, development and innovation of technology, advertise large-scale and establish a sound sales and service network and engage in international business operations, this way they can maintain brand lasting competitiveness. If it have no size, the brand can not expand the market share, and

the product can not be "excellent" into the market "potential". The expansion of enterprises should be based on capital as a link take the advantages of enterprises as the core, then realize restructuring and the optimal allocation of resources for the leading industrial [7]. They can not rely on government administrative means and must be form a cross-regional and cross-industry enterprise groups through the market. They can also expand the size of the advantages of enterprises to reduce the transaction costs of enterprises and at last they can achieve the economies of scale, expand the brand's market share and economies of scale, and increase business and multinational companies competing chips.

### **4.3. Accelerate the Reform of Traditional Business Management Model**

The effective operation of the modern enterprise system must rely on the modern management mode to promote and the establishment of enterprise modern management model is an indispensable way to obtain sustainable development by improving the productivity and operational efficiency of enterprises and enhancing the core competitiveness of enterprises. We can proceed from the following aspects: First, continue to learn and learn from and use foreign enterprises advanced management ideas. Implement people-oriented human management and humanistic management philosophy, which is the key to enterprise management model innovation. Second, by reducing the management level of enterprises they can establish a flat management model, and change business management from the pyramid to flatten. Reducing the management level can reduce the coordination and management costs, speed information transmission, enhance the adaptability of enterprises and ensure the unity of the policy. Third, it is necessary to establish the market of professional managers as soon as possible and realize the recruitment system of the enterprise management, and make the management play the correct role in the market and social behavior of the enterprises through the establishing and perfecting of the management rules and systems within the enterprise. This also fundamentally break the control of enterprises within the situation, prevent the formation of vested interests, so that make the power control of enterprise management model give way to the learning organization and management model.

### **4.4. Enhance the Ability of Independent Innovation Enterprises and Enhance the Competitiveness of Brand Technology**

The life of the brand is mainly reflected in the product innovation, and enterprise technological innovation is an important prerequisite for product innovation and market development. In today's knowledge economy era, product technology updates faster, and the product life cycle becomes shorter and shorter. So enhancing the ability of independent innovation and promoting enterprise scientific and technological progress, is the source of brand competitiveness to enhance. In this process we should note the following: First,

enterprises should establish a management system to promote technological progress and supporting policies, set up their own R & D center and maintain its independence, and at last they should create a good environment for technological innovation. Second, the enterprise's technology development is not just a purely technical problem. Enterprises must base technology building on market customer demand, then select the appropriate technical line. Achieve Enterprise technology innovation goal through technological inventions, innovation, cooperation and technology [8]. Third, strengthen relationship of the enterprises, colleges and universities, and domestic and foreign scientific research institutions. It can help establish a combination of production, learning, research and technology alliance, at the same time strengthen development efforts and growth about their own scientific and technological research. Fourth, the key to scientific and technological progress is the talent, so enterprises should put recruit and the introduction of the talent on an important position, and must improve the incentive mechanism for technological innovation, so that enterprises can retain the core technical talent and lay a solid technology foundation for the development of enterprises.

#### **4.5. Speed up the Process of Enterprise Information Development with Chinese Characteristics of E-commerce**

Due to its own development and the constraints of the environment, there is a big difference on facing e-commerce environment between China's enterprises and the developed countries. Thus, they must develop by combining with their own characteristics, you can proceed from the following aspects: First, play a full role of the government's guidance and promote, and actively create the external environment of good corporate information construction. Second, they regard large enterprises as pioneers to develop and use e-commerce. At first the enterprise realize the electronic of supply chain management, through the Internet, the home business (home) and the next home (vendors) will be connected as a whole, and establish online procurement system. Third, as for the limited size of small and medium enterprises, you can regard intermediary sites (such as the current domestic famous Alibaba e-commerce site) as the entry point of e-commerce, and gradually achieve online transactions. Fourth, establishing enterprise information management, operation and personnel training mechanism can develop to provide organizational security, improve the level of information and efficiency for enterprise information, and then following the global network information system, they can synchronize with the international synchronization.

#### **4.6. Creating a Deep Brand Culture Is the Core of Corporate Brand Competitiveness**

To improve the brand culture connotation and let the brand go to the international, the most critical is to create a deep, open brand culture, so that their brand personality culture can merge with local culture. You can proceed from the following

aspects: First, learn and learn from foreign brands in the brand design, try to do simply and strikingly, easily to know and easily to read, so that the brand is attractive and affinity. Such as McDonald, Microsoft, IBM, etc, which are very simple and bright brand. Second, nurture the outstanding national traditional culture in the brand by putting it into. the world culture, and develop the concept of consumption of other countries with their own brand culture, At last, lay a cultural foundation for the enterprise brand into the foreign market. Third, in the brand planning, they should be fully aware of and understand the local culture so that they can progress the brand value of the concept of image and advertising planning, then pouring the more local cultural implication into advertisement, and developing local consumers on the brand Goodwill and loyalty in the subtle. Fourth, they need to strengthen the maintenance and enrichment of brand equity, and be oriented by customer demand. Then exceed customer expectations in the product, quality, service, personnel and other aspects services, provide services of customer expectations of potential psychological and improve customer satisfaction [9].

#### **4.7. Strengthen the Government's Guidance and Promote the Role of Improving the Survival of the External Environment**

International experience shows that the government in the process of creating corporate brand has an important guiding role. In the socialist market economic system, the government's behavior on the formation of well-known brands will inevitably have a significant impact.

Therefore, in the work of improving the level of competitiveness of Chinese enterprises the government, they should be in the following areas to strengthen its guidance and promote the role: First, the government should cultivate and support the market base of its own brand, then deepen the understanding and effective use of WTO rules, and guide enterprises to maximize the opportunities brought by the rules and provide policy for the promotion of corporate brand competitiveness guide. Second, the government should improve the administrative system and measures, and should severely punish behavior of the local competition for malicious competition and of the local closed. At the same time they should protect the laws and regulations of the perfect and strict implementation through the national brand exhibitions, then increase the crackdown to play the government and civil society collaboration, fake and shoddy, smuggled dumping of goods. Third, national brand plan led by government should rationally use industrial factors changes and economic geography changes in the favorable factors at the same time, and accept the production elements of the global configuration system as much as possible. In addition, focusing on supporting several advantages of industry is necessary, because it can form rapidly the advantages of industrial clusters to achieve the key breakthrough in China's industrial clusters. Fourth, establish of national brand promotion mechanism, establish of national brand promotion fund, and support a number of key industrial brands, regional brands, cluster brands. They can give rewards and tax and

financing and other concessions for those who show breakthrough in the international enterprises. Fifth, in international affairs the government should strengthen the promotion and coordination of China's large-scale enterprise brand, and strengthen the promotion of Chinese brands and means. At the same time, make uniform norms and requirements to engage in overseas market development of corporate behavior, then they can ensure that the internationalization of Chinese enterprises runs in a positive, institutionalized industrial track to speed up the realization of China's "industrial brand" and "brand industrialization", And eventually they become the world famous [10].

Half a century ago, China's large enterprises have undergone tremendous changes. From now on, they should face a more intense international and domestic competitive environment. As long as China's large enterprises develop a correct development strategy, and unswervingly imply the development goals, which will be achieved eventually.

## 5. Conclusion

Through the use of theory, after the analysis of the status of large enterprises in China, it is pointed out that brand internationalization is an important way for China's large enterprises to gain competitive advantages. Then, by using the theory of brand management theory and the internationalization of the brand, combined with the successful cases at home and abroad, for domestic enterprises to implement brand internationalization strategy, put forward the feasible suggestion to enhance capability of independent innovation to enhance the brand competitiveness of technology; the shaping of enterprise right brand concept to strengthen the protection of brand awareness; the traditional management mode of the acceleration the reform of enterprises; the brand advertising as the core brand promotion, supplemented by a certain degree of publicity, with sales promotion; to strengthen the government's guiding and

promoting role to improve the external environment for the survival of the enterprise.

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