BRANDZ™ TOP 100 Most Valuable Chinese Brands

最具价值中国品牌100强

2017 贰零壹柒年

IN UNCOMMON TIMES, CHINA LOOKS ABROAD, THE WEST TURNS INWARD

TRANSFORMING ECONOMY
SHAPES VALUE GROWTH
ACROSS CATEGORIES

Methodology and Valuation by
KANTAR MILLWARDBROWN

WPP


雪花
清爽
BREWED USING CHOICE HOPS BARLEY MALT
RELAX AND ENJOY THIS FINE TASTING BEER.
净含量:
568 ml X12
啤酒
精选酒花、麦芽酿制，口味纯正、
轻松享受。

BRANDZ™ TOP 100 壹佰

Most Valuable Chinese Brands

最具价值中国品牌100强

2017 贰零壹柒年

TOP 100 TOTAL VALUE INCREASED ↑ 6%

TOTAL VALUE OF TOP 100 CHINESE BRANDS

$557.1 Bil.

FIRST TIME:

When competing in China, Chinese brands surpass multinationals in Brand Power, the BrandZ™ metric of brand equity.

TOP 10 IN BRAND CONTRIBUTION

BrandZ™ measurement of brand strength.

- 乐视 Letv - Technology, Market-Driven
- Tencent 腾讯 - Technology, Market-Driven
- 蒙牛 Mengniu - Food & Dairy, State-Owned
- Baidu 百度 - Technology, Market-Driven
- Fortune - Food & Dairy, State-Owned
- Sina 新浪网 - Technology, State-Owned
- 伊利 Yili - Food & Dairy, Market-Driven
- Tsingtao Beer 青岛啤酒 - Alcohol, Market-Driven
- ROBAM 老板 Robam - Home Appliances, Market-Driven
- Lao Feng Xiang - Jewelry Retailer, State-Owned

TOP 10 MOST VALUABLE CHINESE BRANDS

$ = Brand Value

% = Brand Value Change 2017 vs. 2016

1 壹	Tencent 腾讯	Technology	$106.2 Bil.	+29%	Market-Driven
2 贰	Alibaba Group 阿里巴巴集团	Retail	$58.0 Bil.	+22%	Market-Driven
3 叁	中国移动 China Mobile	Telecom Providers	$57.9 Bil.	+1%	State-Owned
4 肆	ICBC 中国工商银行	Banks	$31.5 Bil.	-8%	State-Owned
5 伍	Baidu 百度	Technology	$23.9 Bil.	-11%	Market-Driven
6 陆	HUAWEI	Technology	$20.4 Bil.	+10%	Market-Driven
7 柒	中国建设银行 China Construction Bank	Banks	$18.4 Bil.	-7%	State-Owned
8 捌	中国平安 PING AN	Insurance	$16.5 Bil.	+5%	Market-Driven
9 玖	MOUTAI	Alcohol	$16.2 Bil.	+41%	State-Owned
10 拾	中国农业银行	Banks	$14.8 Bil.	-9%	State-Owned

NEWCOMER BRANDS

\# = Top 100 Rank

$ = Brand Value

#40	唯品会 vip.com	Retail	$2.2 Bil.	Market-Driven
#48	中信银行 China CITIC Bank	Banks	$1.5 Bil.	State-Owned
#50	iQIYI 爱奇艺	Technology	$1.3 Bil.	Market-Driven
#62	HLA 海澜之家	Apparel	$0.9 Bil.	Market-Driven
#79	caissa touristic 凯撒旅游	Travel Agency	$0.4 Bil.	Market-Driven
#93	吉利汽车 GEELY AUTO	Cars	$0.3 Bil.	Market-Driven
#99	vatti 華帝	Home Appliances	$0.2 Bil.	Market-Driven

TOP 10 RISERS

Xueersi TAL 好未来	Education	+58%
New Oriental 新东方 XDF.CN	Education	+43%
Sina 新浪网 sina.com.cn	Technology	+43%
MOUTAI	Alcohol	+41%
ROBAM 老板	Home Appliances	+37%
泸州老窖 LUZHOULAOJIAO	Alcohol	+36%
网易 NetEase www.163.com	Technology	+36%
SUPOR 苏泊尔	Home Appliances	+35%
Ctrip 携程	Travel Agencies	+32%
Tencent 腾讯	Technology	+29%

CATEGORY VALUE CHANGES

20 Categories: 12 ↑, 1 –, 7 ↓

$ = Total Category Value

Travel Agencies	+46%	$2.9 Bil.	3 brands
Education	+46%	$2.1 Bil.	2 brands
Apparel	+35%	$1.8 Bil.	3 brands
Alcohol	+24%	$25.9 Bil.	11 brands
Retail	+22%	$74.2 Bil.	6 brands
Cars	+20%	$3.1 Bil.	4 brands
Technology	+16%	$163.7 Bil.	10 brands
Hotels	+9%	$1.2 Bil.	3 brands
Home Appliances	+6%	$9.3 Bil.	8 brands
Healthcare	+3%	$5.9 Bil.	3 brands
Food & Dairy	+2%	$15.4 Bil.	6 brands
Telecom Providers	+1%	$71.4 Bil.	3 brands
Personal Care	0%	$1.6 Bil.	3 brands
Airlines	-3%	$11.1 Bil.	4 brands
Banks	-6%	$93.3 Bil.	10 brands
Insurance	-6%	$38.3 Bil.	6 brands
Oil & Gas	-6%	$21.9 Bil.	2 brands
Real Estate	-14%	$12.4 Bil.	9 brands
Baby Care	-25%	$0.3 Bil.	1 brands
Jewelry Retailer	-31%	$1.4 Bil.	3 brands

TOP 10 IN OVERSEAS REVENUE

% of total revenue from outside China

$ = total brand value # = Top 100 Rank

Lenovo	72%	Technology	$3.3 Billion	#27	State-Owned
HUAWEI	58%	Technology	$20.4 Billion	#6	Market-Driven
ZTE 中兴	47%	Technology	$1.4 Billion	#49	Market-Driven
TCL	44%	Home Appliances	$0.3 Billion	#92	State-Owned
AIR CHINA 中国国际航空公司	36%	Airlines	$4.8 Billion	#20	State-Owned
中国东方航空 CHINA EASTERN	35%	Airlines	$3.0 Billion	#29	State-Owned
PetroChina 中国石油	31%	Oil & Gas	$9.6 Billion	#15	State-Owned
美的 Midea	30%	Home Appliances	$2.8 Billion	#30	Market-Driven
中国南方航空 CHINA SOUTHERN AIRLINES	26%	Airlines	$2.4 Billion	#33	State-Owned
Hisense	22%	Home Appliances	$0.4 Billion	#83	State-Owned

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www.brandz.com/mobile

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WPP

TOP 100: 1 Tencent 腾讯, 2 Alibaba Group, 3 中国移动, 4 ICBC 中国工商银行, 5 Baidu 百度, 6 HUAWEI, 7 中国建设银行, 8 中国平安 PING AN, 9, 10 中国农业银行, 11 中国人寿 China Life, 12 Sinopec, 13 中国银行 Bank of China, 14 JD 京东 .COM, 15 中国石油, 16 中国电信, 17 招商银行, 18, 19 蒙牛, 20 Air China, 21 China Unicom, 22 中国太平洋保险 CPIC, 23 交通银行, 24 中国民生银行, 25 vanke 万科, 26 SUNING 苏宁, 27 Lenovo, 28, 29, 30 美的 Midea, 32 乐视, 33, 34, 35, 37 PICC, 37 Haier, 38 Ctrip 携程, 39, 40 唯品会 vip.com, 41, 42 New China Life, 43 BYD, 44, 45 GREE, 46 新东方, 47, 48 中信银行, 49 ZTE 中兴, 50 iQIYI 爱奇艺, 51, 52, 53 泸州老窖, 54, 55, 56 雪花, 57, 58 ROBAM, 59 华润三九, 60 海南航空, 61 sina 新浪网, 62 HLA 海澜之家, 63, 64, 65 长城汽车 Great Wall, 66, 67 Longfor, 68 Gemdale, 69 ANTA, 70, 71 兴业银行, 72, 73, 74 SUPOR 苏泊尔, 75 HERBORIST 佰草集, 76, 77 TAL 好未来, 78 汉庭, 79 caissa, 80, 81, 82, 83 Hisense, 84, 85, 86, 87 洋河, 88, 89, 90, 91, 92 TCL, 93, 94 长安汽车 CHANGAN, 95 Semir 森马, 96 中华, 97 CITS 中国国旅, 98 MINGR 明阳, 99 vatti 華帝, 100 Gome 国美

Contents

Welcome

REPORT EXAMINES BRAND VALUE GROWTH DURING UNUSUAL TIMES

When we first considered the key themes influencing Chinese brand building this year, it seemed as if Alice had gone through the looking glass. The UK had voted to leave the EU, other European political parties were considering similar action, and the US was turning inward. But as populism reshaped western geopolitics, the People's Republic of China looked outward.

DAVID ROTH
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The unusual events underscored how much had changed in the six years since we launched our annual analysis about brands and brand building in China, with the groundbreaking BrandZ™ Top 50 Most Valuable Chinese Brands 2011. Because groundbreaking doesn't last long in China, we followed up by doubling the number of brands analyzed with the BrandZ™ Top 100 Most Valuable Chinese Brands in 2014.

The question for this year resounded: Now what? What themes, research, and analysis would be invaluable for brand building after a year when China stepped imposingly onto the world stage; its economy both continued to slow and transform; the domestic media landscape became more fragmented; and Chinese brands increasingly looked abroad for growth opportunities.

The answer is contained in these pages. It's as multi-faceted as the question, and includes new groundbreaking research and analysis:

Emerging Brands
We identified the Top 30 Chinese Global Brand Builders. Some are in our BrandZ™ China Top 100, but others are among a group of smaller brands now making an impression in China and abroad. Our BrandZ™ research examines how overseas consumers view Chinese brands and offers recommendations for overseas brand building.

Going Global
We assessed the changing perception of Brand China, compared the competitive strengths of Chinese brands with local and global brands, and measured the impact of merger and acquisition activity on awareness and consideration.

Building Brand Value
We examined the challenges of building value in unusual times. We investigated increasing loyalty among millennials; reaching young trendsetters in the complicated landscape of traditional and digital media; and leveraging the impact of e-commerce and mobile across categories.

THOUGHT LEADERSHIP AND INSIGHTS

To this original research we added thought leadership and insights from our brand building experts in 17 WPP operating companies in China. Our companies have been engaged in China for over 30 years. Today, 14,000 people, including associates, work across China in Beijing, Shanghai, Guangzhou and many other cities and provinces. We provide advertising; insight; branding and identity, direct, digital, promotion and relationship marketing; media investment management, retail and shopper marketing; and public relations and public affairs. It's all part of our global presence with over 3,000 offices in 112 countries.

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

You'll also find insights about the Chinese market in these BrandZ™ reports: The Top 30 Chinese Global Brand Builders; Unmasking the Individual Chinese Investor; The Power and Potential of the Chinese Dream; The Chinese New Year in Next Growth Cities; The Chinese Golden Weeks in Fast Growth Cities; and 8 Retail Trends in China. 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. It is big data at its biggest, with 4.5 billion individual data points. Using the BrandZ™ brand valuation methodology of Kantar Millward Brown, a WPP company, 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 100,000 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,

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壹

INTRODUCTION

CHINA FACES OUTWARD AS WEST TURNS INWARD

TRANSFORMING ECONOMY IMPACTS BRAND VALUE FLUCTUATIONS

The first appearance of a Chinese president at the Davos World Economic Summit happened as the UK grappled with its Brexit strategy, nationalism gripped other EU countries, and just days before the new president of the United States proclaimed his America First policy. The moment symbolized a geopolitical reorientation, with China facing outward as the West turns inward.

In raising its presence in international affairs, China is reclaiming its place as a political and trading power during earlier periods of globalization, starting when the Silk Road linked East and West two millennia ago during the height of the Han Dynasty. It is also reshaping the western impression of Brand China, from imitator to innovator.

The increased overseas economic activity, including a record level of mergers and acquisitions, helps China transition the main drivers of its economy from production to consumption. China's GDP grew 6.7 percent in 2016, slightly less than a year earlier, but more vigorously than most industrialized countries.

These circumstances influenced the 6 percent increase in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, following a 13 percent rise a year ago, and informed related developments:

Of the 20 product categories examined in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, twelve increased in value, seven declined, and one registered no change.

Consumer-facing categories generally rose in value, and categories driven by production, or dominated by strategic State Owned Enterprises (SOEs), were more likely to decline.

Other influences on category value changes included millennials, e-commerce, and the uneven impact of economic change on the middle class and the less affluent.

As Chinese brands faced outward, they also increased in quality and marketing prowess at home, and competed effectively against multinationals. For the first time, Chinese brands exceeded multinationals in Brand Power, the important BrandZ™ metric of brand equity, the consumer inclination to select one brand over another.

GOVERNMENT POLICY INFLUENCES CHANGE

Along with the many economic, social, and market influences that affected category and brand value fluctuations, the Chinese government played a vital role. Having exerted its influence over the past several decades to drive record economic growth and lift hundreds of millions of people from poverty, the government now managed the emergence of a new economy, balancing the rate of change with the need for stability.

Supply-side policies to remove surplus and match production with the demand of the consumption-driven era impacted various categories, generally favoring market-driven brands over State Owned Enterprises (SOEs). The banks, insurance, and oil and gas categories, still dependent on the old economy, declined 6 percent in value.

There were exceptions. Alcohol and food and dairy, categories with substantial SOE presence, increased in value, usually because of the marketing activities of individual brands. Several brands of baijiu, China's traditional white alcohol, continued to rebound in value, for example, after repositioning to grow despite the government's discouragement of extravagant official entertainment. Moutai increased 41 percent in value.

In more typical examples, the two fastest-rising brands in the BrandZ™ China Top 100, Xueersi and New Oriental, increased 58 percent and 43 percent, respectively, and both are in the education category, which tied with travel agencies as the category with the greatest value increase, 46 percent. Both the education and travel agencies categories address the aspirations of the rising middle class that generally benefits from the government's promotion of the service sector.

Economic rebalancing affected consumers disproportionately, hurting those dislocated from industries in the production-driven economy, while helping others in the urban middle class associated with the service sector. This division affected diverse product categories and brands and was especially evident in fast moving consumer goods (FMCG). While sales slowed for mass products aimed at less affluent consumers, products desired by the middle class experienced premiumization. Kantar Worldpanel called this phenomenon, "Two Speed China."

Overview

In addition to these factors, brands contended with media fragmentation, which required insight about how to effectively shift investment to emerging digital options. Ultimately, a triangle of influences affected brand builders: the government, and its market impact; consumers, and the bifurcation of purchasing power; and media, with its greater complexity.

GOING GLOBAL

The government articulated its "One Belt, One Road" strategic vision in 2014, to encourage global expansion and cultivate overseas markets for its excess industrial capacity. The vision touched multiple categories. In 2011, the BrandZ™ China Top 50 brands with the greatest proportion of revenue derived from overseas business averaged 24 percent. In the 2017 BrandZ™ China Top 100 that proportion rose to 40 percent.

Not surprisingly, the list includes PetroChina, which gained 31 percent of its business overseas. But the technology brand Lenovo gained the largest proportion of revenue from overseas – 72 percent, followed by two other technology brands – Huawei, 58 percent and ZTE, 47 percent – indicating the importance of technology in shaping the future direction of China's economy. Huawei and ZTE are market-driven brands. Lenovo is an SOE, but consumer facing and market driven relative to SOEs in categories like oil and gas.

The concentration of technology brands also illustrates a shift in the overseas consumer view of Brand China. That shift resulted not only because of brands in the BrandZ™ China Top 100. Recent BrandZ™ global research, conducted in collaboration with Google, found that emerging entrepreneurial, Internet-driven Chinese brands are finding acceptance overseas. These smaller nimble brands, with increasing access to capital, are rapidly establishing overseas, in some cases before they develop in China.

This activity by Chinese brands of all sizes is having a measurable impact on the overseas consumer perception of Chinese brands. In 2013, 46 percent of consumers viewed Chinese products as technological, in BrandZ™ research about China's image abroad, and 54 percent held that view just two years later. Similarly, the impression of China as an innovator increased from 66 percent to 72 percent in just two years.

The change in perception is most pronounced among young people. BrandZ™ research across 18 countries in 2015 found that 40 percent of younger people, age 18 to 35, thought of Chinese brands as creative, compared with only 31 percent of people age 51 to 65. The change in perception is likely to continue as Chinese brands increase the pace of overseas growth.

Chinese brands spent $247.1 billion on overseas mergers and acquisitions in 2016, according to Bloomberg analysis. Among the overseas transactions conducted in 2016 by BrandZ™ Top 100 brands were: the acquisition of Kuka, a German robotics company, and Japan's Toshiba Appliances by Midea Group, parent of the appliance brand Midea; Haier's purchase of GE Appliances; and the acquisition of Skyscanner, a UK online travel aggregator, by Ctrip, China's travel e-commerce giant.

Overseas consumer awareness of the Chinese brands involved in the mergers and acquisitions, and consumer willingness to consider the brands, does not happen automatically. BrandZ™ research revealed that consumer awareness of overseas merger and acquisition activities by Chinese companies is extremely low overall. However, Chinese brand overseas mergers and acquisitions present a potential opportunity to build brand awareness, improve the perception of Brand China, and help facilitate future global growth.

Stock Performance

BRANDZ™ CHINA TOP 100 STOCKS OUTPERFORM THE STOCK MARKET

VALUABLE BRANDS DELIVER SUPERIOR SHAREHOLDER RETURNS

In a year of uncertainty and change, one reality remained reliable and consistent – high value brands outperformed the stock market.

The BrandZ™ China Top 100 Portfolio, which includes all the brands in the China Top 100 ranking, continued to appreciate, even during a period of slower GDP growth, economic transition, and geopolitical surprises. The portfolio has increased 76 percent since July 2010. In contrast, the MSCI China Index increased only 6 percent over the same period.

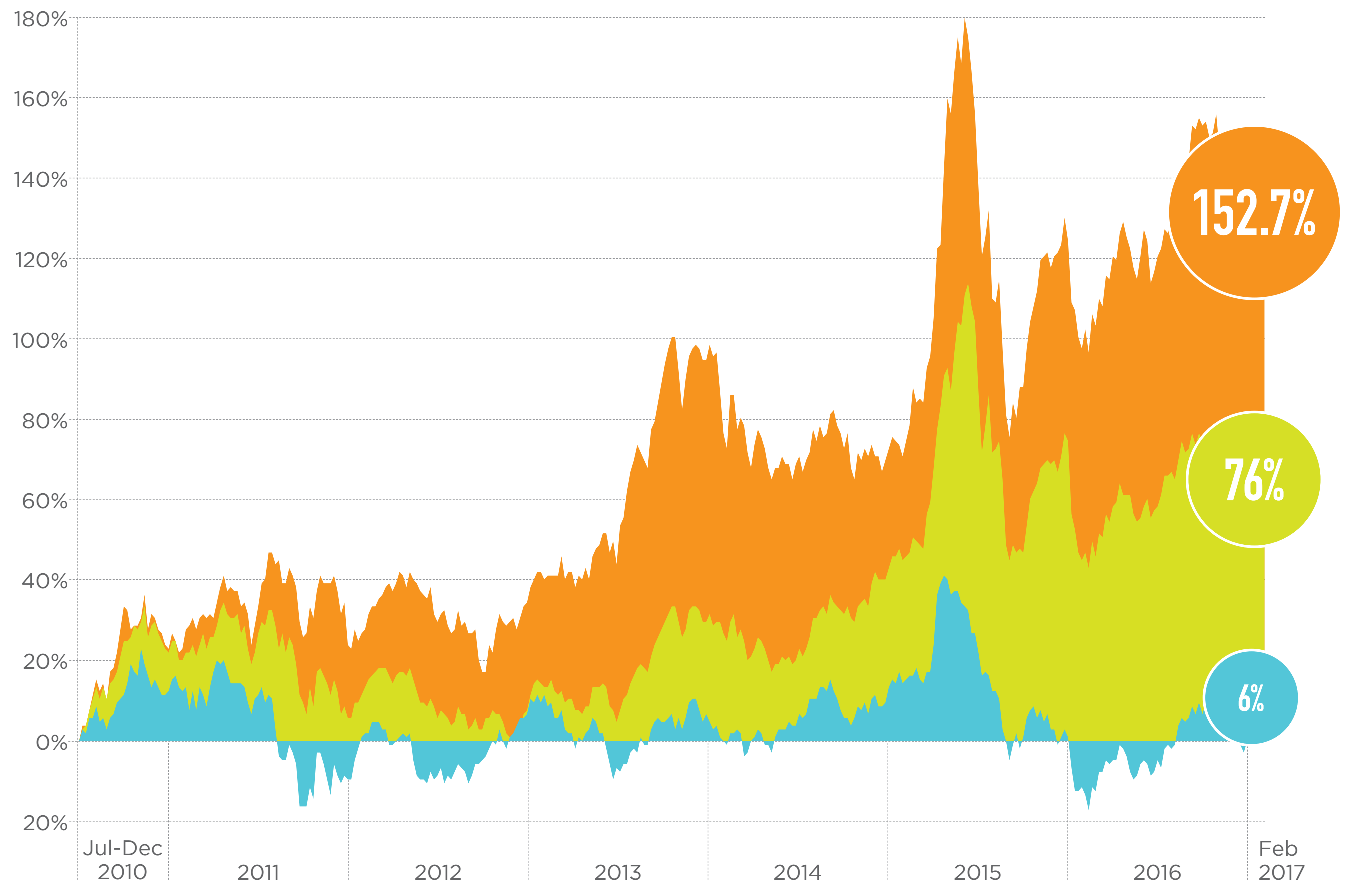
Even more striking is the 152.7 percent rise of the BrandZ™ China Top Brands by Brand Contribution Portfolio. This portfolio includes the brands in the BrandZ™ China Top 100 with the highest scores in Brand Contribution. Brand Contribution is a BrandZ™ measurement of brand strength, the influence of brand alone on earnings, with other factors stripped away.

These results demonstrate the reality that brand strength provides stability, even in volatile times, and the investments brands make to build value are measurably rewarded in the stock market.

Valuable brands deliver superior shareholder returns: $100 invested in the MSCI China in 2010 would be worth only about $106 today. That $100 invested in the BrandZ™ China Top 100 would be worth $176, and it would more than double to around $253 in the Brand Contribution Portfolio.

VALUABLE BRANDS DELIVER SUPERIOR SHAREHOLDER RETURNS

BrandZ™ China Portfolios vs. MSCI China July 2010 to February 2017



- BrandZ™ China Brand Contribution Portfolio (Brands in the BrandZ™ China Top 100 ranked highest in Brand Contribution, a BrandZ™ measurement of brand strength)
- BrandZ™ China Top 100 Portfolio (All BrandZ™ China Top 100 Brands)
- MSCI China (a weighted index of Chinese stocks)

Source: Bloomberg and BrandZ™ / Kantar Millward Brown

Top Line Results

6% RISE

The BrandZ™ Top 100 Most Valuable Chinese Brands 2017 rose 6 percent in value, to $557 billion.

NUMBER 1 BRAND

Tencent remained China's most valuable brand, increasing 29 percent, following a 24 percent increase a year ago and almost doubling in value in 2015.

MOVING UP

E-commerce giant Alibaba moved into second place in the BrandZ™ China Top 100, ahead of China Mobile, the world's largest telecom provider.

TOP RISERS

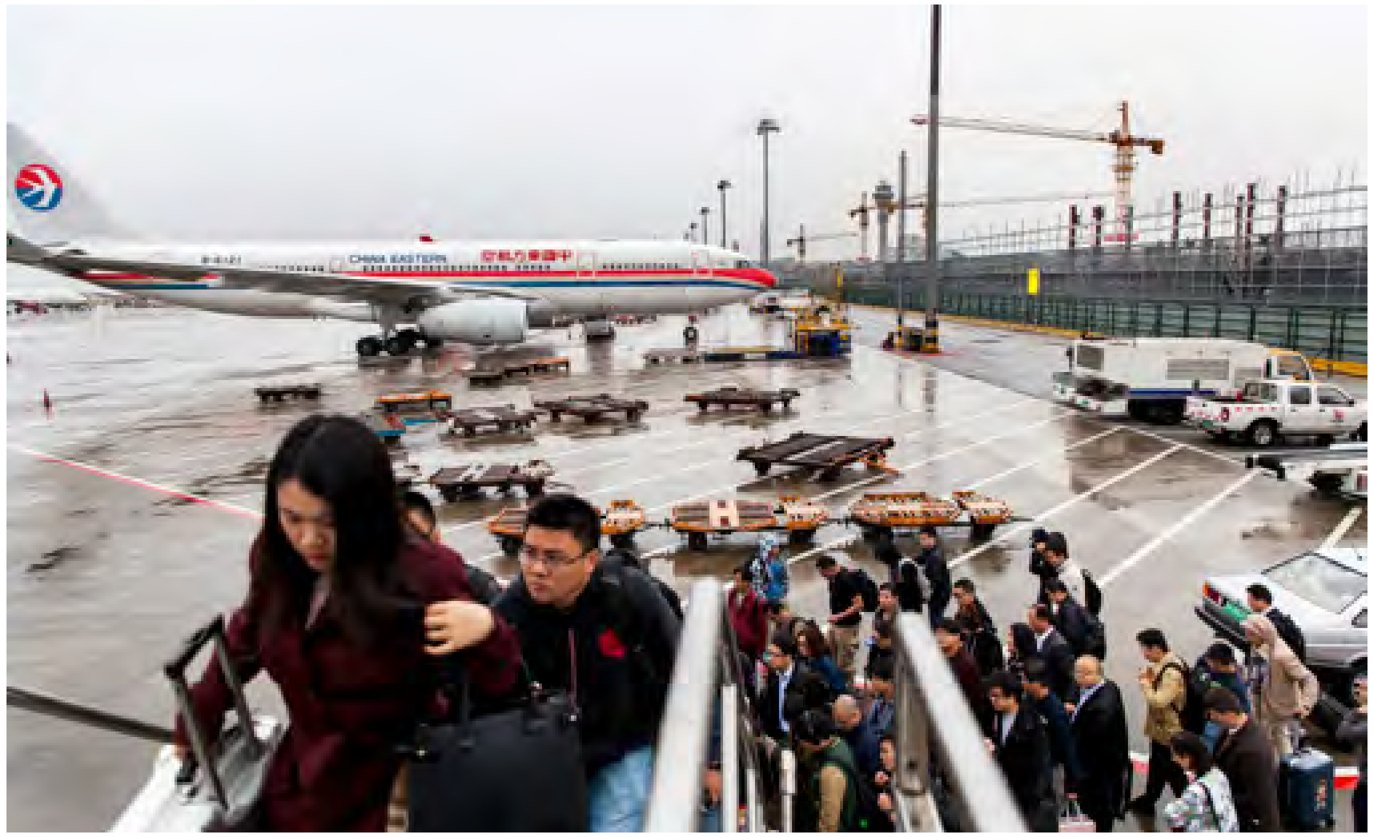
Xueersi and New Oriental, education brands, led brand value growth, rising 58 percent and 43 percent, respectively.

BRAND CONTRIBUTION

Letv and Tencent, technology brands, and the food and dairy brand Mengniu, led the BrandZ™ China Top 100 in Brand Contribution, the BrandZ™ metric that measures the strength of brand alone with financial and other factors stripped away.

NEWCOMERS

Seven brands entered the BrandZ™ China Top 100 for the first time in 2017: retailer vip.com; China CITIC Bank; technology brand iQiyi; Helian Home, an apparel leader; travel agency Caissa; the car brand Geely, and Vatti, a home appliance maker.



RETURNERS

Two retailers, Semir and Gome, returned to the BrandZ™ China Top 100 after an absence of several years.

CATEGORY LEADERS

Education and travel agencies led the 20 categories in the BrandZ™ China Top 100 in value increase, rising 46 percent, far outpacing the overall 6 percent ranking rise.

OVERSEAS REVENUE

Lenovo led the BrandZ™ China Top 100 in the proportion of revenue gained from overseas business, at 72 percent. Two other technology brands followed Lenovo in the proportion of global business: Huawei, 58 percent and ZTE, 47 percent.

76% STOCK RISE

The BrandZ™ China Top 100 Portfolio, which includes all the Brands in the China BrandZ™ Top 100, far outperformed the MSCI China Index, improving 76 percent since July 2010, compared with a 6 percent rise for the MSCI China Index.

152.7% STOCK RISE

A stock portfolio of the brands in the BrandZ™ China Top 100 with the strongest Brand Contribution rose 152.7 percent over the same period. Brand Contribution is the BrandZ™ metric that measures the strength of brand alone with other factors stripped away.

BRAND POWER

For the first time, Chinese brands exceeded multinationals competing in China in Brand Power, the BrandZ™ metric of brand equity, the consumer inclination to select a particular brand.

Economy, Demographics, and Connectivity

ECONOMY

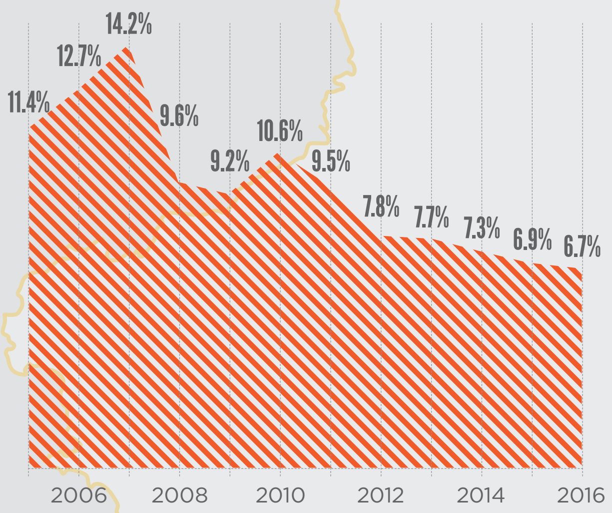
GDP

$11.0 TRILLION
(Over half the US GDP and over two times larger than Japan's)

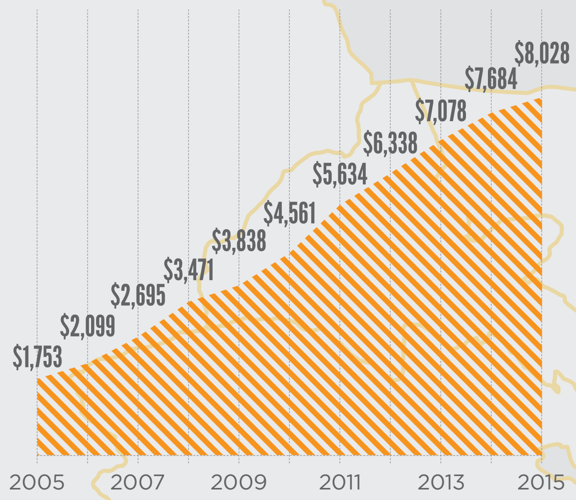
GDP Per Capita

US $8.03 BILLION
(Somewhat less than Brazil)

GDP Rate of Growth

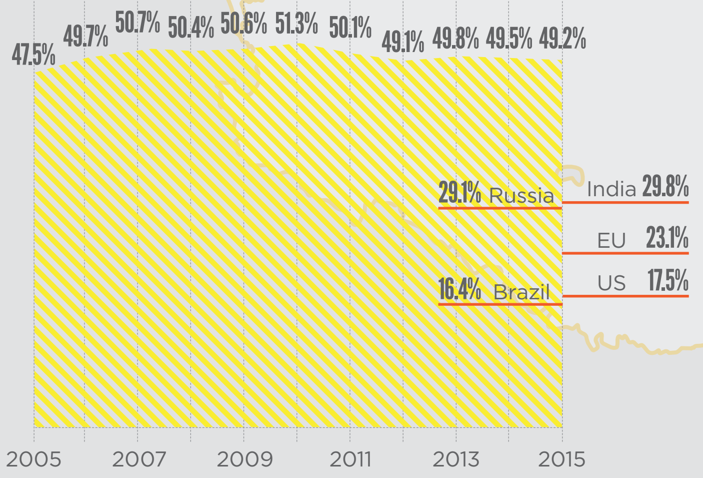


GDP Per Capita Growth



Gross National Saving

(% of GDP)



Foreign Direct Investment

China	US	Brazil	India	Russia
$249.8 BILLION	$379.4 BILLION	$75.1 BILLION	$44.0 BILLION	$6.5 BILLION

Exports[2]

$ 2.01 TRILLION
(Number two worldwide, following the EU and ahead of the US)

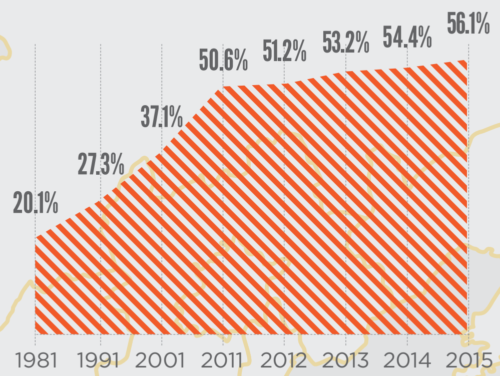
POPULATION

Total Population

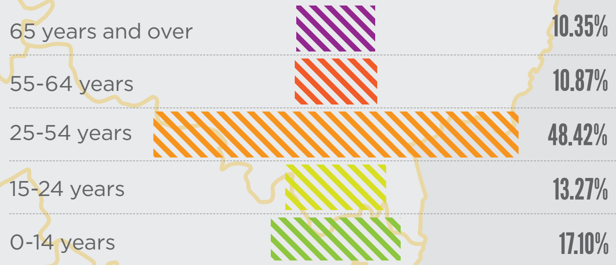
1.37 BILLION

Urban Population

(as percent of total population)



Population by Age[2]



Median Age[2]

China	Brazil	India	US	Russia	UK
37.1	31.6	27.6	37.9	39.3	40.5

GEOGRAPHY

Land Area

9.4 MILLION SQ. KM. / 3.6 MILLION SQ. MI.
(world's second largest nation after Russia, and slightly larger than the US)

CONNECTIVITY[1]

Total Internet Users

710 MILLION

Rural Internet Users

191 MILLION

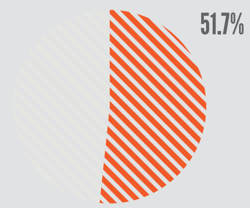
Total Mobile Internet Users

656 MILLION

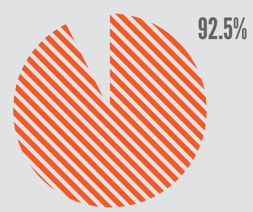
Internet user average time online per week

26.5 HOURS

Internet Penetration



Internet Users on Mobile



Figures are from the World Bank for 2015 unless noted
[1] China Internet Network Information Center (CNNIC) as of June 2016
[2] CIA World Fact Book 2016 estimates

EMERGING CHINESE BRANDS IMPRESS OVERSEAS CONSUMERS

BUT THEY NEED TO BUILD GREATER AWARENESS

Chinese entrepreneurial brands are rapidly emerging. Although most are too small to appear in the BrandZ™ Top 100 Most Valuable Chinese Brands, they are large enough to make an impression on consumers, even overseas. BrandZ™ examined overseas consumer attitudes toward both emerging and established Chinese brands at this pivotal moment, when China faces outward and transitions from being the world's product maker to potentially becoming one of its most powerful marketers.

The research considered nine product categories in seven developed markets, including three continental European countries, the UK, the US, Australia, and Japan. It compared how consumers view Chinese brands with how they view non-Chinese brands – both global and local country brands. The research concluded:

Entrepreneurial, Internet-driven Chinese brands are finding acceptance overseas, and consumer electronics brands dominate the ranks of Chinese exporters; however,

Consumers worldwide are still less likely to choose a Chinese brand in most categories; and

As Chinese companies continue to expand beyond nearby Asian countries, export success will require extensive market insight and brand building.

These findings are contained in the BrandZ™ Top 30 Chinese Global Brand Builders, a report produced by BrandZ™ and Kantar Millward Brown in collaboration with Google. The report identifies and ranks Chinese brands based on the strength of their BrandZ™ Brand Power outside of China. Brand Power is a BrandZ™ metric of brand equity, the consumers' inclination to select a brand. (For full details and methodology, please visit www.brandz.com).

The results reflect the transition of China's economy from a production-driven past to a consumer-driven future. Brands in the established categories dominate the top of the ranking. In general, these brands drove economic growth and built Brand Power over time. The Internet-driven brands are more present toward the bottom of the ranking. These emerging brands indicate the potential for economic growth and rising Brand Power.

CHALLENGES AND INSIGHTS

Six of the Top 10 Chinese Global Brand Builders also rank in the BrandZ™ China Top 100. These include technology brands Lenovo, Huawei, and Hisense; e-commerce giant Alibaba; Air China; and appliance maker Haier. But four of the brands are not in the BrandZ™ Top 100 because their valuations are not large enough. These brands include: game maker Elex; Anker, a maker of consumer electronics accessories; and smartphone makers Xiaomi and Cheetah Mobile.

These brands are at the thin edge of the wedge of Chinese brands expanding abroad and facing a set of challenges that requires new marketing insights, including these, developed from the BrandZ™ research:

Chinese brands need to build awareness and consideration. In the countries and categories studied, consumers are much less aware of Chinese brands – or likely to purchase them – compared with local market or international brands.

Awareness and consideration varies by country and category. Consumers in Spain and Australia are relatively more receptive to Chinese brands, especially compared with consumers in the US, the UK, and Japan. In established categories, Chinese brands enjoy awareness, but also face a lot of competition. Internet-driven brands are growing quickly in awareness and consideration.

Brands in established categories need to differentiate. Consumers say that brands in established categories have understood and met their needs in relevant ways, but the brands have not sufficiently differentiated. In contrast, the newer Internet-driven brands have had less time to meet consumer needs, but consumers are likely to view these brands as distinctive because of their technology and innovation.

Emerging Brands

CHANGING MARKET DYNAMICS

Chinese brands are increasing their export efforts at a time when several market dynamics are aligned in their favor. First, Chinese brands have changed. For several reasons, including pressure from increasingly sophisticated Chinese consumers, and production experience gained as Original Equipment Manufacturers (OEMs), Chinese brands have improved in quality during the past decade. They now are more capable of meeting international expectations. Second, consumers have changed. Equipped with greater product choice and knowledge, consumers worldwide are more capable of assessing brand quality and willing to select less well-known brands, when justified.

Chinese brands demonstrate their quality with their digital sophistication and ability to create ecosystems that integrate e-commerce with mobile payment apps and a wide variety of other services. Chinese innovation and quality is also evident in other technology sectors. DJI, ranked 13 in the BrandZ™ Chinese Top 30 Global Brand Builders, is a pioneer in drone development. While well known in the US, where the brand launched, awareness is lower in other overseas markets. Consumers in the seven markets studied were less aware of Chinese brands than non-Chinese brands, across all categories.

Similarly, brands like Huawei or Xiaomi produce smart devices that rival Apple and Samsung in function and design. Yet when BrandZ™ research compared the Number 1 Chinese mobile phone brand with the Number 1 global or local mobile phone brand in each of five markets (the UK, Germany, Australia, Japan, and Spain), consumers viewed the Chinese brand as less trustworthy, desirable, and creative. This disconnection between reality and perception particularly challenges brands that intend to reach a space where few Chinese brand have gone before – premium.

It seems as if the quality of Chinese brands is improving faster than the image of Chinese brands. The gap exists at a time when western consumers have greater access to products from China, in part because of the e-commerce brands that market Chinese products abroad. Those ranked in the BrandZ™ Chinese Top 30 Global Brand Builders include not only Alibaba, which reaches overseas consumers with its AliExpress site, but also GearBest and Light in the Box.

RANKING REVEALS POTENTIAL

Chinese brands have a good story to tell, but they need to tell it better and more often, BrandZ™ research suggests. Perception is changing, in part because of a generational influence. Younger consumers have experienced Chinese products differently than their parents or grandparents. For young people, China makes cool stuff. BrandZ™ research discovered that in one category, mobile gaming, consumers prefer Chinese brands over the local or global brands. They like the graphic style of Chinese games and the strategic thinking required to play.

The mobile gaming category illustrates the enormous potential spread throughout the BrandZ™ China Export Top 30 ranking. With one exception, Elex, the mobile gaming brands fall in the second half of the ranking, and four of them – Tap4Fun, IGG, Youzu, and Ourpalm, are clustered together in ranks 19 to 22. Compared with the Top 10, which represents 57 percent of Brand Power, the Bottom 10 produces only 16 percent.

Two consumer electronic brands, smart phone producers Oppo and Vivo, appear at ranks 26 and 27, respectively. Like the mobile gaming brands, they illustrate how China's export economy is tilting to technology and innovation, and how, with greater access to venture capital, Internet-driven brands have rapidly entered overseas markets to compete with more established Chinese and global brands. Many younger brands are in growth categories and are expanding organically now, having survived a competitive shake out in China.

These entrepreneurial brands can be nimbler than some of the larger BrandZ™ Top 30 Chinese Global Brand Builders in more mature categories, which have built their international presence through acquisition. These include Lenovo, with its purchases of the IBM personal computer and server divisions, and Motorola Mobility; Haier, which expanded US market share with the recent purchase of GE's home appliance division; and TCL the home appliance brand that achieved initial prominence with acquisitions, including the telecommunications brand, Alcatel.

Regardless of their category or export strategy China's export leaders are raising awareness of Chinese brands overseas and improving the perception of Brand China. As these companies build their brands abroad, they also enjoy a bonus return on investment at home. According to BrandZ™ research about the Chinese Dream, around two-thirds of Chinese believe that building strong brands worldwide is essential to achieving a better life. Exporting success confers status on a brand and potentially raises trust. Chinese consumers view acceptance by an international audience as an endorsement, a guarantee of quality.

BRANDZ™ TOP 30 CHINESE GLOBAL BRAND BUILDERS 2017

		Brand Power Score	
#1	Lenovo	1,682	Consumer Electronics
#2	HUAWEI	1,256	Consumer Electronics
#3	Alibaba Group	1,047	E-commerce
#4	elex	923	Mobile Gaming
#5	mi	716	Consumer Electronics
#6	AIR CHINA 中国国际航空公司	709	Airlines
#7	Haier	572	Home Appliances
#8	ANKER	501	Consumer Electronics
#9	cheetahmobile	498	Mobile Gaming/Internet Services
#10	Hisense	482	Home Appliances
#11	GO Launcher	481	Internet Services
#12	OnePlus	454	Consumer Electronics
#13	dji	431	Smart Devices
#14	中國東方航空 CHINA EASTERN	426	Airlines
#15	ZTE	410	Consumer Electronics
#16	FUNPLUS	386	Mobile Gaming
#17	360 www.360.cn	373	Internet Services
#18	TCL	366	Home Appliances/ Consumer Electronics
#19	tap4fun	346	Mobile Gaming
#20	IGG I GOT GAMES	332	Mobile Gaming
#21	YOUZU.COM 游族网络	309	Mobile Gaming
#22	OURPALM	264	Mobile Gaming
#23	GEARBEST	242	E-commerce
#24	中国南方航空 CHINA SOUTHERN AIRLINES	232	Airlines
#25	Lightinthebox.com	228	Online Fast Fashion
#26	oppo	227	Consumer Electronics
#27	vivo	226	Consumer Electronics
#28	ninebot	219	Smart Devices
#29	Tencent 腾讯	209	Mobile Gaming/Internet Services
#30	长城汽车 Great Wall	208	Cars

Source: BrandZ™/Kantar Millward Brown

ECONOMIC TRANSITION, CONSUMER ATTITUDES, TOUCH MOST CATEGORIES

MARKET BIFURCATION

CONFIDENCE VARIES AMONG CONSUMERS

Middle class consumers showed confidence, despite slower economic growth, as they continued to spend money, although with greater discretion, seeking quality over quantity. But not all Chinese consumers are middle class. The transitioning economy is dividing Chinese consumers into two groups: the middle class propelled by economic change, and the less affluent dislocated by change, who spend more cautiously. Sales accelerated for products desired by the middle class, and slowed for products needed by less affluent people. Kantar Worldpanel calls this phenomenon, "Two Speed China."

LIFESTYLE AND BASICS

CATEGORIES EXPERIENCE ECONOMIC SHIFT UNEVENLY

Lifestyle brands are thriving. Consumers in the rising middle class are looking for products that express their individuality and add fun to their lives. The categories that appreciated most in value – education and travel agencies – benefited from this trend. The overall impact of this phenomenon is nuanced, however. Within the personal care category, sales of beauty products accelerated, while sales of certain basic items slowed because of the frugality of people experiencing economic dislocation. Similarly, in the beer category demand was strong for premium, craft, and import brands, but sales slackened for mass brands.

PENETRATION / PREMIUMIZATION

BRANDS SATISFY ASPIRATIONS OF MIDDLE CLASS CONSUMERS

Penetration-led growth has reached its limit in many categories, although some room remains, especially in remote parts of China where e-commerce drives incremental growth. Profit primarily is coming from premiumization, as middle class Chinese become wealthier and more sophisticated consumers. This trend touches many categories. The travel agency brand Caissa, a newcomer to the BrandZ™ China Top 100, has identified a niche market of travelers looking for a more refined experience, for example. Until recently, premiumization was practiced more by multinationals than Chinese brands, which more typically competed on price. Chinese brands now go to market quickly with products that provide affordable innovation. Chinese brands have not reached the luxury level, at least not yet.

Cross Category Trends

BRAND STRENGTH

CHINESE BRANDS NOW MORE COMPETITIVE

Chinese brands today are more formidable competitors, even for lifestyle purchases. With improvements in product quality and innovation, they have more closely matched the core strengths of multinationals. Also, Chinese brands have leveraged their own core strengths: insight about the needs and wants of local consumers; and the ability to act quickly on those insights. For the first time, Chinese brands exceeded multinationals in Brand Power, the BrandZ™ measurement of brand equity, the consumer inclination to select a particular brand. The strength of Chinese brands across categories is evident in sales of Chinese brand cars, which surpassed 10 million for the first time.

GOING GLOBAL

BRANDS FROM MANY CATEGORIES GO ABROAD

For many reasons, including the need for new markets to help drive consumption, Chinese brands are increasingly going abroad. They are still relatively unknown outside of China, although the levels of awareness vary by country and product category. Spanish and Australian consumers are more likely to know about Chinese brands, for example, according to BrandZ™ research. And certain technology and consumer electronics brands are gaining recognition outside of China, particularly among young people. Lenovo gained over 72 percent of its sales outside of China. Chinese car brand BYD, the maker of electric vehicles, grew exports. Ton Ren Tang, the health care brand, opened Traditional Chinese Medicine stores in the US. And emerging Internet brands, many not present in the BrandZ™ China Top 100, found overseas consumers receptive to Chinese brands.

MILLENNIALS

CERTAIN ATTRIBUTES INSPIRE LOYALTY

The millennial influence in China is especially important because these young people, born since the period of economic liberalization that began over 35 years ago, grew up in a much more affluent and brand-conscious China than their parents. They like brands and influence the preferences of older consumers. Increasing millennial loyalty requires understanding what attributes they seek in brands. Consumers of all ages want products or services that offer quality, are trustworthy, and help make their lives better. Millennials are more likely to favor brands that are famous or trendy, while older consumers may look for brands that confer status or advance social responsibility. Brands that increased most in millennial loyalty include a mixture of brands that rank in BrandZ™ Top 100 Most Valuable Chinese Brands 2017, along with smaller brands. Brands increased millennial loyalty across diverse categories, including some unlikely categories such as insurance.

DIGITAL

E-COMMERCE AND SOCIAL MEDIA ARE CONVERGING

E-commerce and social media are rapidly evolving and converging in China, where digital ecosystems are more comprehensive than in the West, and more central to people's lives. Video is rising in importance with new niche platforms complementing the more traditional sites, and live streaming and self-broadcasting are rising rapidly in popularity. These developments are influencing how, where, and when brands need to interact with consumers.

MEDIA FRAGMENTATION

MEDIA ADDS CHANNELS AND CONTENT MARKETING

More than half of the brands in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 have increased their spending on new digital media, specifically elevator (TV, digital posters), in-store video, and cinema. CTR Market Research, a partner of Kantar Worldpanel, found that these media together reach almost 84 percent of trend-setting, high-potential consumers, age 20 to 45. No media channel dominates. Individual consumers rely on multiple media channels, especially in the cities. Plus, the kind of the information consumed is changing, with a rise in content marketing that is more informational than promotional.

Takeaways

10 PRESCRIPTIVE IDEAS FOR BUILDING BRAND STRENGTH IN TODAY'S CHINA

01

PAIR INSIGHT WITH INNOVATION

Brands with deep insight about consumer desires enjoyed a market advantage, as demonstrated by leading mobile handset brands, a category where offering sleek design and multiple features is just the starting point. Brands that distinguished themselves from the competition identified the top priorities of their target middle class consumers – listening to music and taking selfies. And once the brands identified these priorities, they responded with relevant innovation.

02

PURSUE QUALITY

Less is more. Members of China's middle class today prefer quality over quantity. Several factors influence this attitude. Most important, these consumers are sophisticated shoppers, and many already have a lot of stuff. In addition, many are moving into middle or old age. And in an aging society people with means are more likely to purchase treasures rather than collectables.

03

BE ON E-COMMERCE

E-commerce now accounts for 94 percent of the retail category value in the BrandZ™ China Top 100. But e-commerce growth potential is still significant, as market penetration was only 46 percent in 2016, roughly comparable to Brazil and the US, according to the Kantar TNS Connected Life study of e-commerce penetration across 56 country markets.

Takeaways

04

BE ON MOBILE

E-commerce increasingly happens on mobile. Chinese spend 65 percent of their online time on mobile devices, according to the Kantar TNS Connected Life study. Most important, this devotion to mobile includes not just young people, as is the case in many societies, but people across the age spectrum.

05

BE FUN

Chinese middle class consumers respond to products and experiences that help them express their individuality and enjoy themselves. This is a spirit to convey in the brand experience, when it is appropriate.

06

PERFECT OMNI-CHANNEL

Not long ago it was possible to penetrate the Chinese market simply by linking with major retailers with extensive store networks. That is history. Even major retailers are challenged by the rise of e-commerce and the change in consumer buying habits. Having an omni-channel strategy is imperative for entering or expanding in China.

07

MOVE FAST

This instruction seems self-evident. Speed and agility are critical to success in most of today's world, but those qualities count for more in China, where companies typically have a bias for action. It is important to be strategic and deliberative, but over deliberation creates a risk of being overtaken.

08

INVEST IN NEW DIGITAL MEDIA

Do not abandon traditional media, but understand that around 84 percent of China's trendsetters, affluent urban consumers age 20 to 45, are engaged with new digital media, including messages viewed in elevators, stores, and cinemas. Reaching young people requires being present where you increasingly find them.

09

DEVELOP CONTENT MARKETING

Chinese consumers are somewhat more receptive to branded content marketing compared with global consumers. Chinese consumers are more likely to say that they enjoy content from brands on social media and benefit from ads tailored to their needs. And Chinese consumers are also slightly less likely to become annoyed when brands seem to follow them online.

10

GO GLOBAL

Going abroad may not be for every brand, but it is no longer an option reserved for only the largest and most valuable brands. Even smaller entrepreneurial brands are looking abroad. And overseas growth is part of the founding plan of some start-ups. Two of the factors driving this trend are: the need to find new markets as domestic growth slows; and the increasing overseas consumer receptivity toward Chinese brands.

贰

CHINESE BRANDS GOING GLOBAL

CONSUMERS WORLDWIDE IMPROVE PERCEPTION OF CHINESE BRANDS

INNOVATION RISES AS QUALITY CONCERNS LINGER

Consumer perception of Chinese brands is changing worldwide from a presumption of lower quality to an expectation of technological innovation. We measured this change of perception – and the speed with which it is happening – by comparing the 2013 and 2015 results for the US and UK, India, South Africa, Russia, and Brazil in our BrandZ™ China National Image Global Survey.

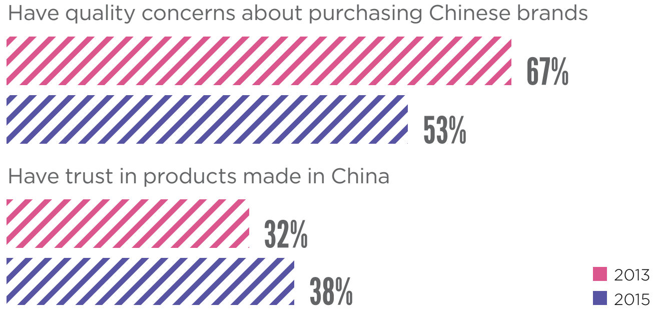
When we asked about the quality of Chinese products in 2013, about two-thirds of consumers said it was a concern. Just two years later, the proportion of consumers expressing concern had declined to just over half. Similarly, only about a third of consumers said they trusted Chinese products in 2013, but 38 percent expressed trust two years later. These results indicate that the perception of Brand China is still problematic, but the negative connotations are rapidly changing.

Conversely, positive impressions are also improving rapidly. In 2013, 46 percent of consumers said that products made in China are more technological, but 54 percent of consumers had that impression by 2015. In 2013, 66 percent of consumers already viewed China as good at innovation. Just two years later, 72 percent of consumers had that perception.

Factors driving this change in perception include: the improvement in Chinese product quality over the past decade; the global expansion of several leading Chinese technology brands; and the emergence of a generation of young people who are more positively predisposed toward Chinese brands than their parents or grandparents.

GROWING PERCEPTION OF QUALITY IMPROVES TRUST...

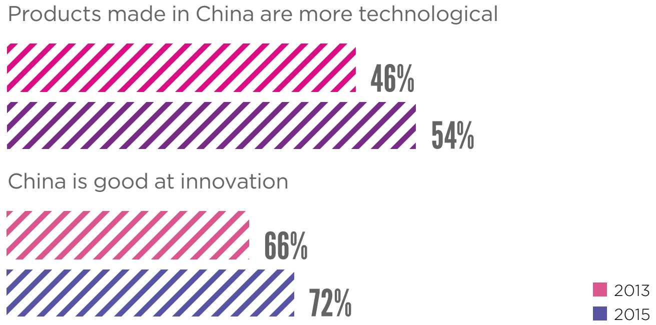
As perception of product quality improves, consumer trust in Chinese brands rises.



Source: BrandZ™ / Kantar Millward Brown and BrandZ™ China National Image Global Survey 2013/2015 – US, UK, India, South Africa, Russia, and Brazil

... AND CONSUMERS HOLD POSITIVE VIEW OF CHINESE PRODUCTS

Increasingly, consumers view Chinese products as technological and innovative.



Source: BrandZ™ / Kantar Millward Brown and BrandZ™ China National Image Global Survey 2013/2015 – US, UK, India, South Africa, Russia, and Brazil

BRAND IMPLICATIONS

There is no going back. The rebalancing of China's economy requires higher quality products to satisfy consumer expectations in both the domestic Chinese market and overseas markets where the competitive set includes both global and local brands. Chinese brands face a clear challenge, however. In a study of nine product categories across seven countries, our recent BrandZ™ Top 30 Chinese Global Brand Builders 2017 report found that only 15 percent of consumers were aware of Chinese brands, while 60 percent of consumers were aware of local or global brands. Chinese brands need to raise awareness, which varies by country, and continue to improve in quality and innovation. They also need to effectively communicate those improvements. There is no single way to expand overseas. In fact, the development of brand presence outside of China is not necessarily dependent on the brand's position within China. It is possible for a Chinese company to establish its brand outside of China first and eventually enter China – or not.

Global Presence

CHINESE BRANDS OBTAIN AN INCREASING PROPORTION OF REVENUE FROM OVERSEAS

BUT THE POTENTIAL IS MUCH GREATER

The questions have changed. Chinese brands today are less likely to ask whether they should expand overseas and more likely to spend time considering what strategy is best and how quickly to implement it. In the past, the few Chinese brands that contemplated overseas expansion usually did so as mature brands. Now, even some Chinese start-ups are developing plans for international growth.

Factors driving this change in attitude include China's rising international stature that results in part from government initiatives, including One Belt, One Road, which promotes international trade along the historic Silk Road routes. In addition, the Internet has greatly increased access to Chinese brands outside of China.

And consumers worldwide are more sophisticated. With greater access to information, they can make well-informed purchasing decisions and select less familiar brands when justified. Finally, generational factors influence the global acceptance of Chinese products, as more young people regard Chinese products positively for their technology and innovation.

Just 11 years ago, in 2006, only one Chinese brand – the State-Owned Enterprise (SOE) China Mobile – ranked in the BrandZ™ Top 100 Most Valuable Global brands. Today 15 Chinese brands from six categories – banks, insurance, oil and gas, retail, technology, and telecom providers – rank in the BrandZ™ Global Top 100. And three Chinese brands – Tencent, China Mobile, and Alibaba – are among the 20 most valuable global brands.

Nine SOEs compared with six market-driven brands are in the BrandZ™ Global Top 100. But the number of SOEs remains static, while the number of market-driven brands is increasing. With one exception, the market-driven brands are in technology or e-commerce

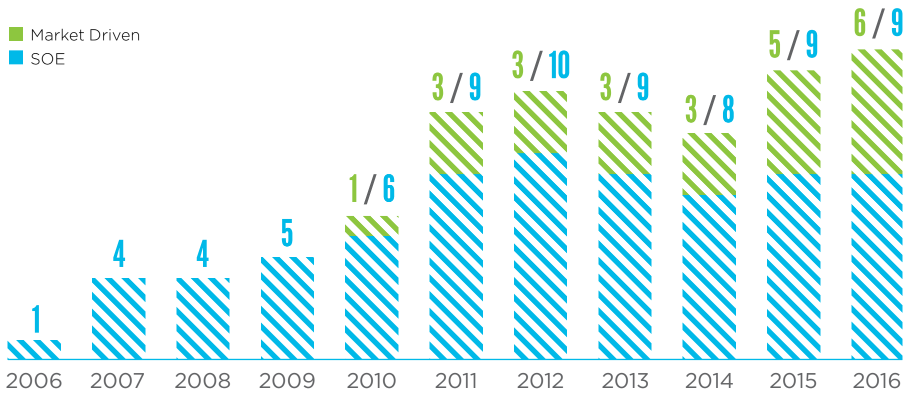
Photography by David Roth

retail. They represent the rise of Chinese entrepreneurialism and the new economy rebalanced toward the consumer. And the exception, insurance brand Ping An, is a sophisticated user of technology to create and market its products and services.

As more Chinese brands expand overseas, they also gain an increasing proportion of their total revenue from international business. We identified the 10 Chinese brands with the greatest proportion of revenue derived from overseas business. That proportion averaged 24 percent in 2011. In this current BrandZ™ China Top 100 ranking, the proportion rose to 40 percent. Lenovo gained the largest proportion of revenue from overseas – 72 percent.

MORE CHINESE BRANDS RANK IN THE BRANDZ™ GLOBAL TOP 100...

Fifteen Chinese brands rank in the BrandZ™ Top 100 Most Valuable Chinese Brands, up from only one Chinese brand in 2009. Nine are SOEs and six are market driven, but the number of market-driven brands is increasing, while the SOE count is static.



Number of Chinese brands in the BrandZ™ Top 100 Most Valuable Global Brands

Source: BrandZ™ / Kantar Millward Brown

Global Presence

... TECHNOLOGY AND E-COMMERCE CHARACTERIZE THE MARKET-DRIVEN BRANDS...

With one exception, the insurance brand Ping An, the market-driven brands are in technology or e-commerce retail. They represent the rise of Chinese entrepreneurialism and the new economy rebalanced toward the consumer.

Chinese brands in the BrandZ™ Top 100 Most Valuable Global Brands 2016

Maket Driven

6 BRANDS

Tencent 腾讯 – Technology

HUAWEI – Technology

Alibaba Group 阿里巴巴集团 – Retail

中国平安 PING AN – Insurance

Baidu 百度 – Technology

JD.COM 京东 – Retail

SOE

9 BRANDS

中国移动 China Mobile – Telecom Providers

MOUTAI – Alcohol

Sinopec – Oil & Gas

ICBC 中国工商银行 – Banks

中国农业银行 – Banks

中国银行 BANK OF CHINA – Banks

中国建设银行 China Construction Bank – Banks

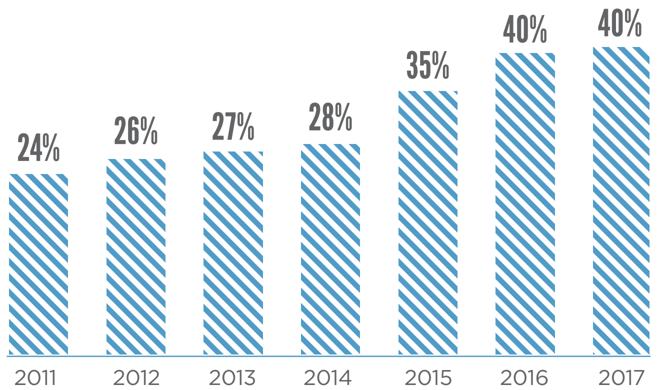
中国人寿 CHINA LIFE – Insurance

中国石油 – Oil & Gas

Source: BrandZ™ / Kantar Millward Brown

... AND CHINESE BRANDS GAIN MORE REVENUE FROM OVERSEAS BUSINESS

In 2011, the 10 Chinese brands that gained the greatest proportion of revenue from overseas, obtained less than a quarter of their revenue from outside China, on average. In the current BrandZ™ China Top 100 ranking, the average proportion rose to 42 percent.



% of revenue gained from overseas by the Top 10 Chinese brands in overseas revenue.
Based on the annual BrandZ™ Top 100 Most Valuable Chinese Brands.

Source: BrandZ™ / Kantar Millward Brown

BRAND IMPLICATIONS

The 15 Chinese brands in the BrandZ™ Top 100 Most Valuable Global Brands, make China the most represented country in the ranking after the US. Despite their high value, however, many of these Chinese brands remain relatively unknown outside of China. These brands derive an increasing proportion of their revenue overseas, but probably far below what they potentially could gain with increased consumer awareness. The opportunity is significant because two important market forces are aligned. First, with the slowdown of the rate of growth of the domestic economy, China's government encourages Chinese brands to reach consumers both at home and overseas. Second, overseas consumers are now more receptive to Chinese brands. While these propitious circumstances facilitate success, they do not guarantee it. That requires obtaining the insights and communication expertise necessary for reaching consumers across multiple complicated country markets.

Mergers and Acquisitions

CHINESE M&A ACTIVITY GROWS, BUT THE IMPACT ON CONSUMER BRAND PERCEPTION LACKS CLARITY

MORE COMMUNICATION COULD RAISE AWARENESS

This much is clear: the volume of merger and acquisition activity by Chinese brands has increased dramatically over the past several years. Driven by a combination of financial and brand building factors, Chinese brands linked with international companies from most regions of the world, and across a broad spectrum of categories.

Overseas investment represents a long-established Chinese government policy of "Go Out," which encouraged investment by State Owned Enterprises (SOEs). Between 2006 and 2016, the amount Chinese brands spend on overseas mergers and acquisitions rose from$16.3 billion to $237.7 billion, according to Bloomberg analysis. A recent spike in activity corresponds with the tenure of President Xi Jinping, and the rebalancing of the economy from a focus on industrial development to consumption.

This part is less clear: the impact of a merger or acquisition on the consumer attitude toward the Chinese brand and the combined entity. Our latest BrandZ™ research examines consumer awareness of several major acquisitions in three countries that differ in their acceptance of Chinese products and brands: Japan (relatively resistant), Germany (relatively accepting), and the US (in the middle but highly competitive).

The topline finding is that consumer awareness of overseas merger and acquisition activities by Chinese companies is extremely low overall.

Of the consumers we questioned, almost half of the Japanese, two-thirds of the Germans, and three quarters of the Americans said they were not aware of any of the acquisitions.

Some acquisitions, such as Lenovo's acquisition of IBM's personal computer division, took place several years ago. Others took place recently, including Haier's purchase of GE's appliance division and Ctrip's purchase of UK-based Skyscanner. Awareness was highest, across the three countries, for the Lenovo-IBM connection, perhaps because it received a lot of publicity at the time it happened, in 2005.

Respondents told us that an acquisition would most likely have either no effect on their use of the acquired brand or decrease their use of a brand slightly. Conversely, they also said that an acquisition usually would not increase their use of a brand. The results were more pronounced in Japan, where almost a third of consumers said they would decrease use of a brand either slightly or a lot after its acquisition by a Chinese brand.

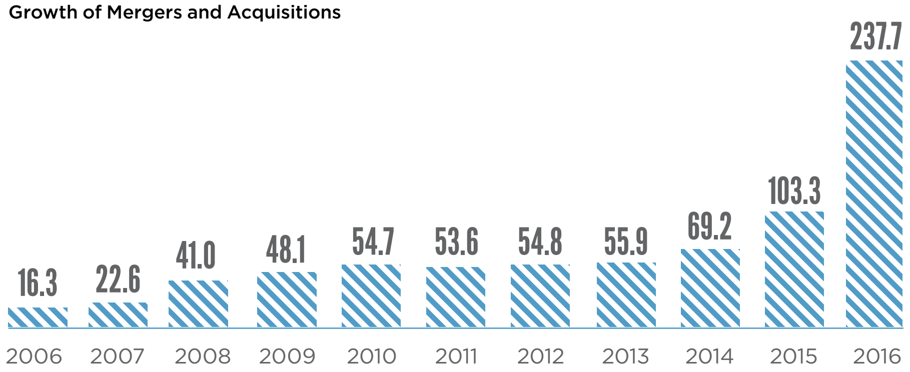
Consumers also expressed a neutral attitude when asked whether an acquisition would make them more likely to consider a Chinese brand when making a purchase. Half of the Japanese respondents, and about two-thirds of the Germans and Americans reported no change in attitude. However, acquisitions seemed to reinforce existing positive or negative attitudes toward Chinese brands. About a third of Japanese respondents said that they were a lot less likely to consider purchasing a brand after its acquisition by a Chinese brand. In contrast, almost a quarter of German respondents said they are slightly or a lot more likely to consider a brand after its acquisition by a Chinese brand. The impact on consideration was less pronounced for Americans.

Mergers and Acquisitions

M&A ACTIVITY SPIKES AND SHIFTS TO CONSUMER BRANDS...

The volume of merger and acquisition activity by Chinese brands has increased dramatically over the past several years, corresponding to the rebalancing of the economy from a focus on industrial development to consumption.

Growth of Mergers and Acquisitions



Volume of Chinese overseas M&A activity in US$billion Source: Bloomberg and BrandZ™ / Kantar Millward Brown

... BUT CONSUMER AWARENESS OF CHINESE ACTIVITY REMAINS LOW...

Consumer awareness of overseas merger and acquisition activities by Chinese brands remains low. Almost half of Japanese, two-thirds of German, and three quarters of American consumers said they were not aware of any of the acquisitions.

Awareness of Mergers and Acquisitions

Acquisition	Country	Year	Japan	Germany	US
Lenovo acquires IBM Personal Computing	US	2005	**45%**	19%	16%
Haier acquires GE Appliances	US	2016	**19%**	4%	12%
Midea acquires Kuka (robotics)	Germany	2016	4%	11%	6%
Midea acquires Toshiba Appliances	Japan	2016	**15%**	10%	8%
Wanda acquires AMC Entertainment	US	2016	3%	4%	8%
Wanda acquires Odeon and UCI Cinema	US	2016	3%	3%	4%
Ctrip acquires Skyscanner	UK	2016	2%	2%	3%
NONE OF THE ABOVE			**46%**	**68%**	**74%**

Which of these Chinese overseas acquisitions are you aware of?

Source: Lightspeed and BrandZ™ / Kantar Millward Brown

... CONSUMER USE OF ACQUIRED BRAND IS UNAFFECTED OR DECREASES SLIGHTLY...

An acquisition typically has little effect on consumer use of the acquired brand or results in a slight decrease.

Impact on use of acquired brand	Japan	Germany	US
Decrease use a lot	**20%**	**5%**	**12%**
Decrease use slightly	12%	12%	14%
No change	**63%**	**72%**	**66%**
Increase use slightly	2%	8%	5%
Increase use a lot	3%	2%	3%

How does the Chinese acquisition of a brand impact your use of the acquired brand?

... AND CONSIDERATION DOES NOT CHANGE SIGNIFICANTLY

Half of the Japanese respondents, and about two-thirds of the Germans and Americans reported no change in whether they would consider using a Chinese brand. However, acquisitions seemed to reinforce existing positive or negative attitudes.

Impact on consideration of Chinese brand	Japan	Germany	US
Decrease consideration a lot	**33%**	5%	**12%**
Decrease consideration slightly	**9%**	6%	**10%**
No change	51%	66%	63%
Increase consideration slightly	4%	**18%**	8%
Increase consideration a lot	**3%**	**5%**	**7%**

How does the Chinese acquisition of a brand impact your consideration of the Chinese brand?

Source: Lightspeed and BrandZ™ / Kantar Millward Brown

BRAND IMPLICATIONS

Merger and acquisition activity is likely to continue at a rapid rate as more Chinese brands seek overseas growth opportunities. But finding the right acquisition partner only starts the process. A critical phase happens after the brands are joined and need to communicate with consumers. For now, most consumers outside of China are unaware of Chinese acquisitions, which is not surprising, as most Chinese brands still fall below consumer radar internationally. Anonymity was not an issue during the earlier phase of mergers and acquisitions when industrial development drove China's economy. Brand is more important in the rebalancing economy that relies on consumption.

Each acquisition is different and the branding aspects correspond to strategic goals. In some instances, overseas acquisitions have been more about gaining market share than building brands. Chinese brands that focus on market share alone may be missing a brand building opportunity, however. And each acquisition also presents an opportunity to build the overseas awareness of Chinese brands, generally, and improve the perception of Brand China to help facilitate the future global growth of Chinese brands. Successful acquisitions also can increase brand stature at home where consumers often view global success as an assurance of quality.

CHINESE BRANDS OVERSEAS STILL LAG THEIR COMPETITORS IN ASPECTS OF BRAND POWER

BUT MILLENNIALS VIEW CHINESE BRANDS MORE POSITIVELY

Even Chinese brands that have established strong presence and consumer acceptance in China face challenges when expanding abroad and encountering global and local competitors that are already better known and accepted across many country markets.

Based on our study of the Brand Power scores of leading Chinese and non-Chinese brands, this challenge is pronounced in two established categories – mobile phone handsets and durables and white goods. Brand Power is the BrandZ™ measurement of brand equity, the consumer predisposition to select a particular brand.

In the 11 markets studied for mobile phone handsets, – Australia, Brazil, Germany, Italy, Japan, Korea, Mexico, Myanmar, South Africa, Spain, and the UK – we compared scores of the Number 1 Chinese and non-Chinese brands in the three ingredients of Brand Power: Meaningful (meeting functional and emotional needs in relevant ways), Different (being distinguished from the competition and trendsetting), and Salient (coming to mind quickly at the moment of purchase).

We found a large gap in scores. The gap was most significant in Different scores in the mobile phone handset category. Across the 11 countries, the Number 1 non-Chinese brand scored 185 in Different, while the Number 1 Chinese brand scored 65, a gap of 119 points. The size of this gap suggests that the leading Chinese brand in these markets needs to work harder at explaining how it is distinguished from the competition and trendsetting. An average score is 100.

Photography by David Roth

CHINESE BRANDS LAG OVERSEAS COMPETITORS IN KEY BRAND POWER INGREDIENTS...

When Chinese brands compete overseas against global and local country brands in established categories, they score lower in the three ingredients of Brand Power. For mobile phone sets the gap is greatest in Different. For durables and white goods the gap is greatest in Salient.

Chinese vs. Non-Chinese Brands

	Mobile Phone Handsets			Durables and White Goods		
	Meaningful	Different	Salient	Meaningful	Different	Salient
Top Chinese Brand	93	65	91	65	76	74
Top non-Chinese Brand	153	185	180	132	114	151
Chinese/non-Chinese brand gap	60	**119**	88	67	38	**77**

The mobile phone handset research compares the Number 1 Chinese and the Number 1 non-Chinese brands in these 11 markets: Australia, Brazil, Germany, Italy, Japan, Korea, Mexico, Myanmar, South Africa, Spain, and the UK. The durable and white goods research covers two markets, Australia and the US using the same approach, except that in Australia we looked at the top two Chinese brands. An average score is 100

Source: BrandZ™ / Kantar Millward Brown

Competing Abroad

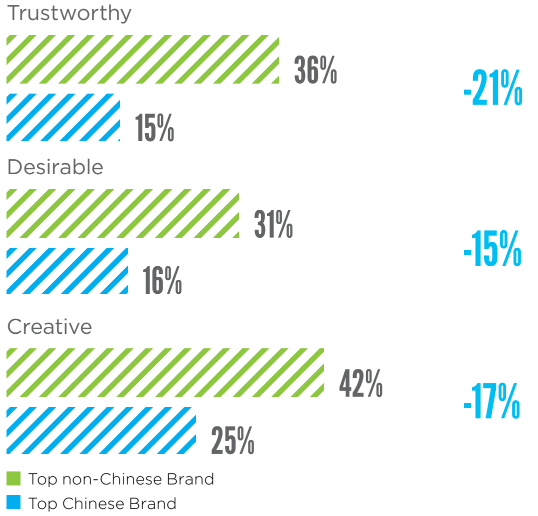
The Salience gap was widest in the durable and white goods category, where we applied a similar methodology in two key country markets – Australia and the US. Non-Chinese durable and white goods brand in the two markets scored an average of 151 in Salience, compared with an average score of 74 for the Number 1 Chinese brands. The resulting gap of 77 indicates that the leading Chinese brands needs to do a better job of coming to mind when the consumer is considering a purchase.

These wide gaps can be attributed in part to the lower awareness scores for Chinese brands outside of China. And there is also a significant gap in the way overseas consumers perceive Chinese brands compared with non-Chinese brands. Overseas consumers view Chinese mobile handset brands as less trustworthy, desirable, and creative. And they view Chinese durable and white goods brands as less trustworthy and desirable. But here is the good news. The overseas perception of Chinese brands is improving, and is likely to continue to improve because it is age related. In our BrandZ™ China National Image Global Survey we looked at consumer perceptions of Chinese brands across 18 countries. We found that younger people are much more likely to view Chinese brands as creative. Among the oldest respondents, age 51 to 65, 31 percent said that Chinese brands are creative. That favorable impression of Chinese Brands rose to 40 percent among the youngest respondents, age 18 to 35.

... CHINESE PHONE BRANDS FACE CONSUMER PERCEPTION CHALLENGE...

Overseas consumers view Chinese mobile handset brands as less trustworthy, desirable, and creative.

Perception of Chinese Mobile Phone Brands



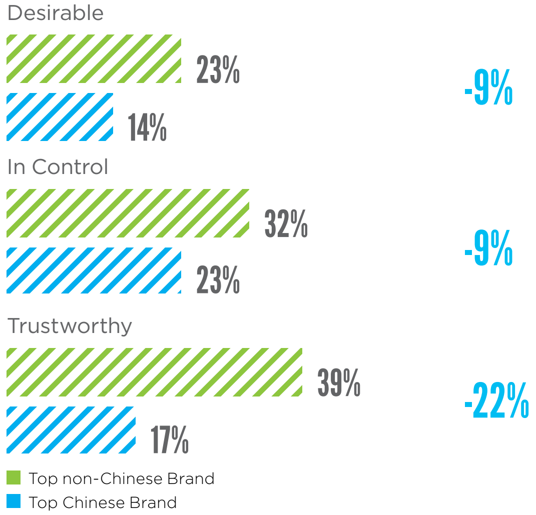
The mobile phone handset research compares the Number 1 Chinese and the Number 1 non-Chinese brands in these 11 markets: Australia, Brazil, Germany, Italy, Japan, Korea, Mexico, Myanmar, South Africa, Spain, and the UK.
% Endorsing the statement and the endorsement gap.

Source: BrandZ™ / Kantar Millward Brown

... AND CHINESE DURABLES BRANDS ALSO NEED TO IMPROVE IMAGE...

Consumers in the two important markets studied, the Australia and the US, view Chinese durable and white goods brands as less trustworthy, desirable, and in control.

Perception of Chinese Durables Brands



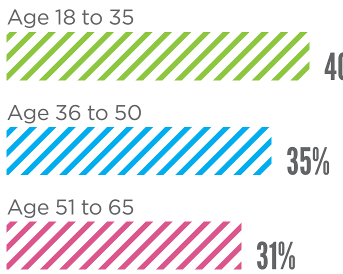
The durables and white goods research compares the Number 1 Chinese and the Number 1 non-Chinese brands in the US and top two Chinese brands and Number 1 non-Chinese brand in Australia.
% Endorsing the statement and the endorsement gap.

Source: BrandZ™ / Kantar Millward Brown

... BUT YOUNGER PEOPLE VIEW CHINESE BRANDS MORE POSITIVELY

The overseas perception of Chinese brands is improving, and it should continue to improve because it is age related. Young people are much more likely to view Chinese brands as creative.

Perception of Chinese Brands as Creative



% saying Chinese brands are creative

Source: BrandZ™ / Kantar Millward Brown China National Image Global Survey 2015

Photography by David Roth

BRAND IMPLICATIONS

Being a well-established Chinese brand in China does not ensure success overseas. Chinese brands lag non-Chinese brands in being perceived as Meaningful, Different, and Salient, the ingredients of Brand Power. These shortcomings are a problem because higher Brand Power scores correlate with market share gains and brand value appreciation. Although consumer trust in Chinese brands is improving, brands need to address old perceptions that do not square with the current reality. Changing the old perceptions requires that brands not only create innovative, well designed products, but also effectively communicate those achievements to consumers.

The potential to positively influence consumer perception about Chinese products is best illustrated by Internet-driven categories, such as mobile gaming, where consumers respond positively to the experience Chinese brands provide. Most importantly, Chinese brands have an important ally in influencing consumer perception – young people. They are much more likely to view Chinese brands as creative. Chinese brands need to reinforce the positive perceptions of young people and help them influence their parents and grandparents.

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BUILDING BRAND VALUE IN UNUSUAL TIMES

Competing at Home

CHINESE BRANDS STRENGTHEN, SURPASS MULTINATIONAL BRANDS IN BRAND POWER SCORE

THIS SHIFT SIGNALS LONG-TERM TREND

For the first time, in 2016, Chinese brands exceeded multinationals in Brand Power. Chinese brands have been steadily improving in quality and competitiveness, but until now they have lagged multinationals competing in China in this important BrandZ™ metric of brand equity, the consumer inclination to select a particular brand.

Only seven years ago, a significant Brand Power gap separated the Chinese brands and the multinational brands competing in China.

Chinese brands scored only 89, while multinationals scored 115. An average score is 100. During the ensuing years, Chinese brands strengthened while multinationals weakened in Brand Power. They converged in Brand Power a year ago and Chinese brands pulled ahead this year, scoring 101 in Brand Power compared with 99 for multinationals.

Over the past few years, Chinese brands have narrowed the gap with multinationals on each of the three ingredients that comprise Brand Power: Meaningful (meeting emotional and functional needs in relevant ways), Different (being seen as distinctive or trend setting), and Salient (coming to mind quickly at the time of purchase).

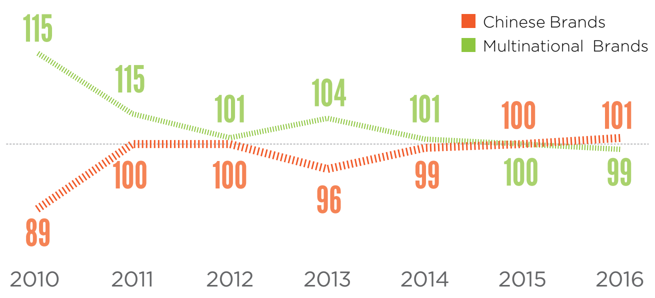
The shift in Brand Power was not consistent across all categories, however. Safety concerns still impact consumer acceptance of Chinese products, especially those that consumers put on or in their bodies. Consequently, some Chinese brands in these categories declined in Brand Power: dairy and milk products, instant food, face care, beer, and soft drinks.

Most importantly, Chinese brands improved their Different scores. They had lagged multinationals in being able to differentiate. And multinationals weakened in Salience, which had been an important strength. The decline in multinational Salience reflects a shift in media spending. Multinationals traditionally outspent Chinese brands. However, in 2016 the multinationals in China made up only about 20 percent of the media spending by the Top 15 advertisers in China, and Chinese brands made up around 80 percent, according to CTR Research.

CHINESE BRANDS SURPASS MULTINATIONALS IN BRAND POWER...

For the first time, in 2016, Chinese brands exceeded multinationals in Brand Power. Only seven years ago, a significant gap separated the Chinese and multinationals in Brand Power.

Power Index of Brands in China

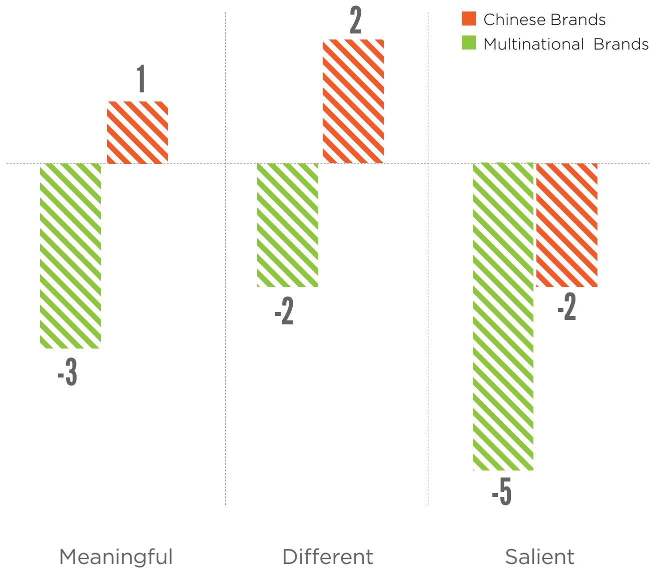


Source: BrandZ™ / Kantar Millward Brown

... AND CHINESE BRANDS NARROWED THE GAP FOR ALL THREE BRAND POWER INGREDIENTS...

Chinese brands performed better than multinationals in each of the three ingredients that comprise Brand Power: Meaningful, Different, and Salient.

Brand Power Ingredients 2013 vs. 2016

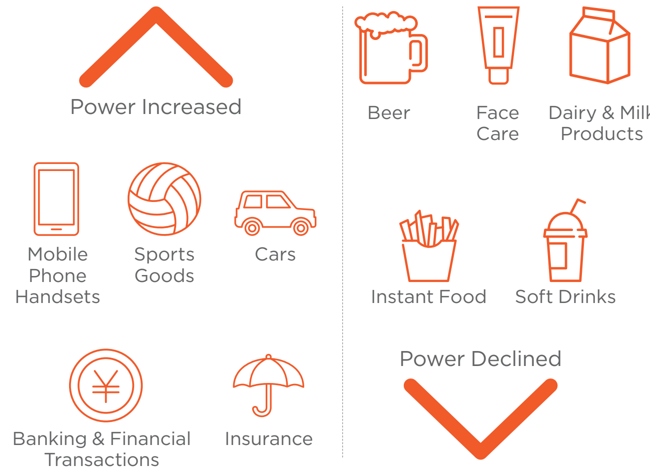


Source: BrandZ™ / Kantar Millward Brown

... BUT SOME CATEGORIES PERFORMED BETTER THAN OTHERS

The shift in Brand Power was not consistent across all categories. Safety concerns still affect categories in which consumers put products on or in their bodies.

Brand Power by Category
Score change 2014 vs. 2016



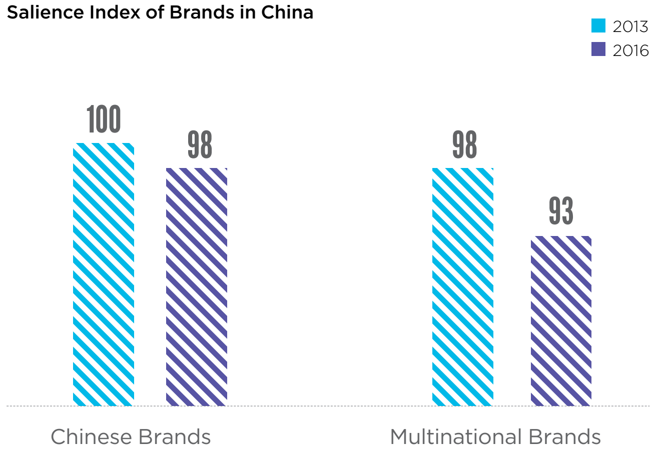
Source: BrandZ™ / Kantar Millward Brown

Competing at Home

MULTINATIONALS WEAKENED IN SALIENCE...

Multinationals weakened in Salience, which had been an important strength.

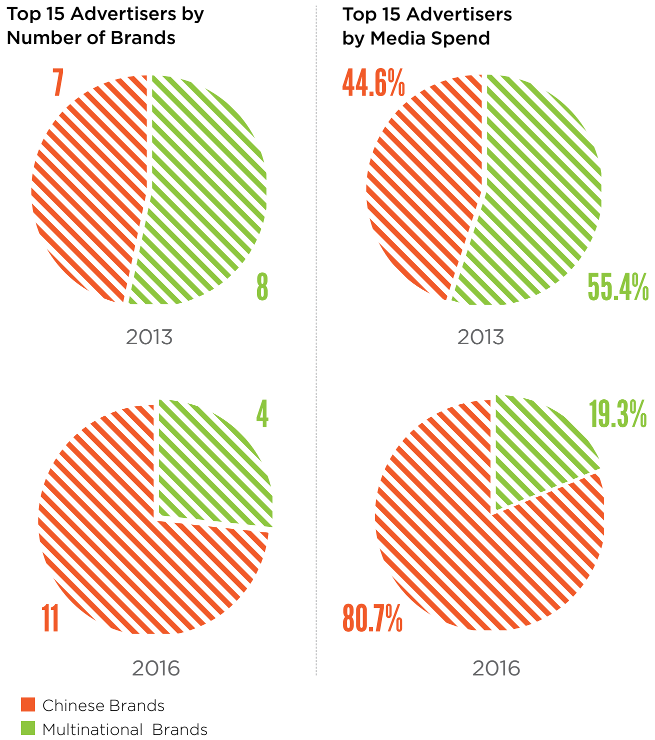
Salience Index of Brands in China



Source: BrandZ™ / Kantar Millward Brown

... AND LOWER SCORES CORRESPOND TO REDUCED MEDIA INVESTMENT

The decline in multinational Salience reflects a decline in media spending by multinational brands and an increase in spending by Chinese brands, reversing a traditional pattern.



Source: BrandZ™ / Kantar Millward Brown and CTR Research

BRAND IMPLICATIONS

As Chinese and multinational brands trade places as Brand Power leaders, they remain close in scores, but Chinese brands have the momentum. In many categories, Chinese consumers are willing to purchase Chinese brands because quality has improved and pricing is competitive. In addition, being local affords Chinese brands an advantage in understanding and responding to consumer needs in meaningful ways. Chinese brands need to continue to offer Meaningful products while they strengthen being Different and Salient. Greater use of media has made a measurable impact. Multinationals face a different, almost mirror image set of challenges. Chinese consumers had chosen multinational brands because they offered wider choice, assured quality, and status – perhaps at higher prices. With the improved quality of Chinese products, consumers enjoy greater choice. And status alone, without value, is less likely to satisfy today's Chinese consumers. Multinational brands need to develop the strengths of local brands, the ability to connect with consumers and to understand and meet their needs in relevant ways.

BRANDS ACROSS CATEGORIES INCREASE MILLENNIAL LOYALTY WITH INSIGHTFUL MARKETING

THE RIGHT CELEBRITY MAKES A DIFFERENCE

Millennials worldwide strongly influence brands and brand growth. The millennial influence in China is especially acute because these young people, born since the period of economic liberalization that began over 35 years ago, grew up in a much more affluent and brand-conscious China than their parents.

Our Kantar TNS research shows that Chinese Millennials value individuality, desire immediate gratification, seek novel experiences, enjoy online self-expression, and fear failure. Using BrandZ™ data we ranked Chinese brands based on increased loyalty among Millennials between 2014 and 2016.

We found that the brands that increased most in millennial loyalty include a mixture of brands that rank in BrandZ™ Top 100 Most Valuable Chinese Brands 2017 and smaller brands. We also found that brands can increase millennial loyalty across diverse categories, including: mobile handsets, insurance, internet portal, healthcare, food and dairy, beer, personal care, and retail.

The mobile phone handset brand OPPO led the millennial ranking with a 157 percent increase in loyalty between 2014 and 2016, followed by two insurance companies: New China Life Insurance and CITIC Prudential.

Increasing millennial loyalty requires understanding what attributes they seek in brands. Consumers of all ages want products or services that offer quality, are trustworthy, and help make their lives better. Millennials are more likely to favor brands that are famous or trendy, while older consumers may look for brands that confer status or advance social responsibility.

The right celebrity can help communicate these attributes. Millennials are more receptive to celebrities who are close to them in age. And compared with older Chinese consumers, who favor celebrities from Taiwan and Hong Kong, younger Chinese consumers are more likely to respond to celebrities from Mainland China, Japan, or Korea because their favorite entertainment originates in these places.

Harbin Beer is among the brands that increased millennial loyalty with a comprehensive marketing program. Recently, the brand's celebrity endorsers included Taiwanese rock star Chen-Yue Chang, and Sitar Tan, a popular Chinese singer in her mid-thirties. In its sponsorship of the World Cup, Harbin employed a diverse group of celebrities to relate meaningfully on social media with various segments of the millennial audience. The brand also sponsors a beer festival. The perception of Harbin Beer as fun and playful rose significantly between 2015 and 2016.

OPPO sponsored TV programs that appeal to millennials and populated its ads with young people. The brand also used subtle product placement in which characters in TV dramas used OPPO mobile phones in ways that reinforced brand strengths, such as speedy charging. New China Life Insurance collaborated with travel sites that are popular with millennials. Insurance brands also collaborated with relevant charity websites to reach millennials, a demographic group not traditionally associated with insurance.

MILLENNIAL BRAND LOYALTY CROSSES CATEGORIES...

Brands of varying size and from many categories can increase the loyalty of millennial consumers.

	Brand	Category	% Increase in Millennial Loyalty
1	OPPO	Mobile Phone Handsets	157
2	New China Life Insurance	Insurance	83
3	CITIC Prudential	Insurance	65
4	Youdao	Information, News & Search	59
5	CR Sanjiu	General OTC Manufacturers	59
6	Wandashan	Dairy and Milk Products	58
7	Wei-Chuan	Dairy and Milk Products	57
8	Harbin Beer	Beers	56
9	CR Vanguard	Grocery Stores	43
10	Chando	Face Care	41

% increase in loyalty 2014 to 2016 among consumers age 18 to 24

Source: BrandZ™ / Kantar Millward Brown

Reaching Millennials

... MILLENNIALS FAVOR BRANDS THAT ARE FAMOUS OR TRENDY...

All brands need to offer a product or service that offers quality, is trustworthy, and helps make people's lives better. After that, millennials are more likely to favor brands that are famous or trendy.

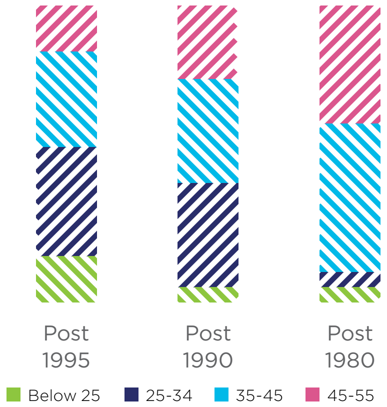
	Age 18 to 24	Age 55+
MORE IMPORTANT	Functionality	Trust
	Trust	Functionality
	Brand Ideal	Brand Ideal
	Brand Fame	Brand Status (want to be seen using brand)
LESS IMPORTANT	Brand Trendiness	Brand Fame

Source: BrandZ™ / Kantar Millward Brown

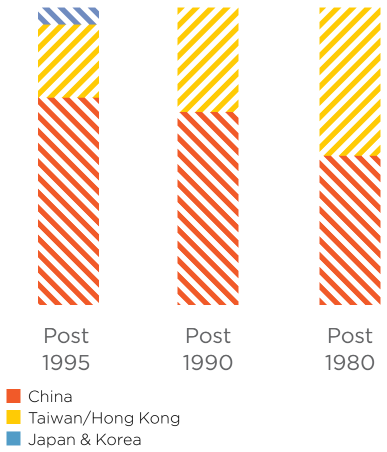
... AND MILLENNIALS RESPOND TO PARTICULAR CELEBRITIES

Millennials are more receptive to celebrities that are close to them in age. And compared with older Chinese consumers, who favored celebrities from Taiwan and Hong Kong, young Chinese are more likely to respond to celebrities from Mainland China, Japan, or Korea.

Millennial Celebrity Profile by Age



Millennial Celebrity Profile by Country



Source: BrandZ™ / Kantar Millward Brown and CelebrityZ Database

BRAND IMPLICATIONS

Millennials are influential consumers in China, as they are in most countries. Their relevance in China is especially critical, however. They tend to be more open to purchasing a range of brands than their parents or grandparents, but they also influence the spending of the older generations. Reaching this demographic group is important for brands across product categories. Mobile phone and beer brands might be expected to appear on a millennial loyalty ranking, but two insurance brands made the list, indicating an opportunity for diverse brands to establish their relevance to millennials.

Attitude is important. Brands must be genuine. Millennials can discern when brands deeply understand their needs, concerns, and preferences, and when they are just pretending. Young people like to see their lives portrayed in media. As they transition to adult life and struggle to identify and reach their aspirations, real-life examples reassure young people and help them navigate their journeys. Empathetic brands will be appreciated, especially when they communicate on the right medium. Live casting is popular. It creates Internet celebrities and helps young people feel interconnected as a generation. Finally, do not forget the younger siblings of these millennials. These teenagers have spending power, interest in brands, and are the next generation of consumers.

Leveraging E-Commerce and Mobile

E-COMMERCE DOMINATES RETAIL RANKING IN NUMBER OF BRANDS AND BRAND VALUE

SALES ARE INCREASINGLY TRANSACTED ON MOBILE DEVICES

Retail and e-commerce have become almost synonymous in China. In a country where mom-and-pop shops dominate, mom and pop today are buying and selling online with everyone else.

Our BrandZ™ Top 100 Most Valuable Chinese Brands research captures this change dramatically. Just four years ago, in the 2014 BrandZ™ China Top 100, only one retail brand appeared in the ranking – the bricks and mortar consumer electronics store Suning. This year, six retailers appear – predominately e-commerce brands. And Suning, which maintains a major online presence, is now part owned by China's largest e-commerce retailer, Alibaba.

E-commerce now accounts for 94 percent of the retail category value in the BrandZ™ China Top 100. Along with Alibaba and Suning, these other retail brands appear in the 2017 BrandZ™ China Top 100: JD.com, China's second largest e-commerce brand; Vip.com, a newcomer to the ranking; the supermarket brand Yonghui Superstores; and Suning rival Gome.

Among Chinese e-commerce users, music and travel are the most popular categories. Three-quarters of Chinese e-commerce shoppers purchase music online and two-thirds purchase travel products and services. Apparel, media services, and technology are also relatively popular online purchases.

E-commerce growth potential is still significant, as market penetration was only 46 percent in 2016, roughly comparable to Brazil and the US, according to a TNS Connected Life study of e-commerce penetration across 56 country markets. Although current online purchasing is low in hygiene products and food and drink, for example, a higher percentage of consumers say they would consider making a purchase.

The medicine category prompts the highest rejection rate for the use of e-commerce in purchasing, which is not surprising because of the safety issues. Automotive also generates a high rate of e-commerce rejection, but also illustrates potential, as China is one of the few countries where consumers purchase cars online.

E-commerce traffic increasingly happens on mobile devices. On Double Eleven Day, China's fall shopping holiday aimed at young people, when shoppers spent a total of $17.8 billion, Alibaba's Tmall site produced sales of $12.1 billion, 82 percent from mobile transactions, according to GroupM. The mobile proportion of Double Eleven Day online revenue more than quadrupled since 2013 when it drove just over 15 percent of online revenue.

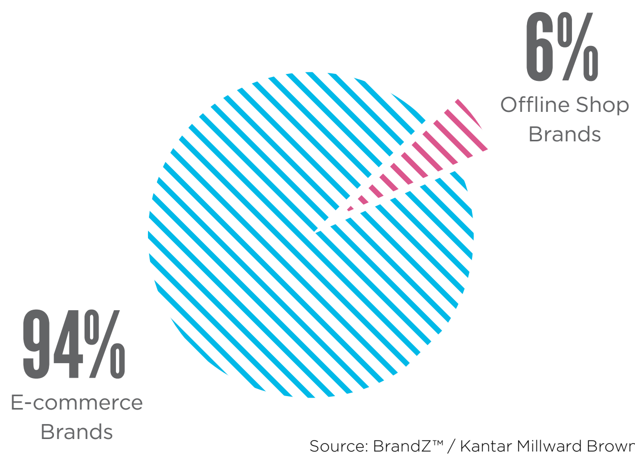
E-COMMERCE DOMINATES RETAIL IN NUMBER OF BRANDS...

In the 2014 BrandZ™ Top 100 Most Valuable Chinese Brands ranking only one brand appeared in the retail category – the bricks and mortar consumer electronics store Suning. This year six retailers appear, predominately e-commerce brands.

Source: BrandZ™ / Kantar Millward Brown

... AND IN THE PROPORTION OF BRAND VALUE...

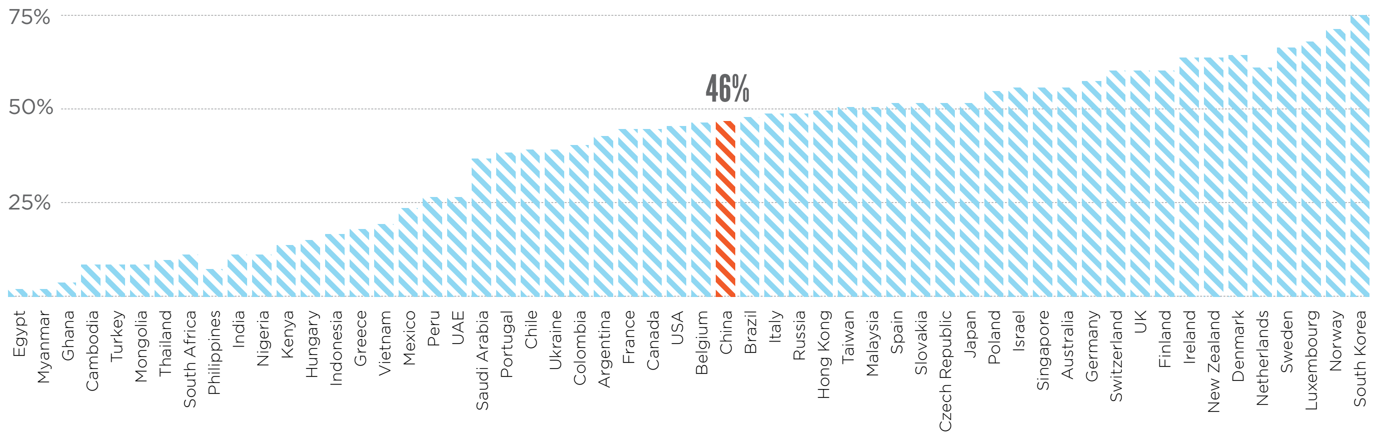
E-commerce brands comprise 94 percent of the retail category value in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017.



Source: BrandZ™ / Kantar Millward Brown

... BUT GREAT E-COMMERCE POTENTIAL REMAINS...

E-commerce is well developed in China, but the growth potential is significant, as market penetration was 46 percent in 2016, comparable to penetration in Brazil and the US.

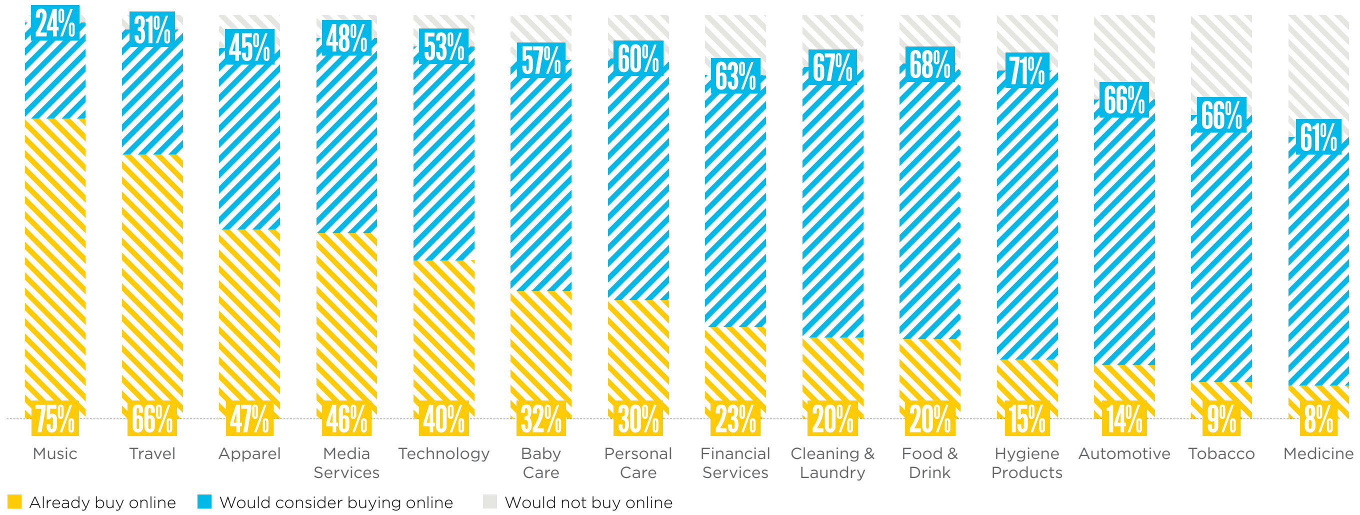


Source: TNS Connected Life and BrandZ™ / Kantar Millward Brown

Leveraging E-Commerce and Mobile

... AND E-COMMERCE POTENTIAL CROSSES MANY CATEGORIES

Among Chinese e-commerce users, music and travel are the most popular categories. Although current online purchasing is in low for hygiene products and food and drink, a high percentage of consumers say they would consider making a purchase.



% of Category Buyers

Source: TNS Connected Life and BrandZ™ / Kantar Millward Brown

E-COMMERCE INCREASINGLY HAPPENS ON MOBILE DEVICES

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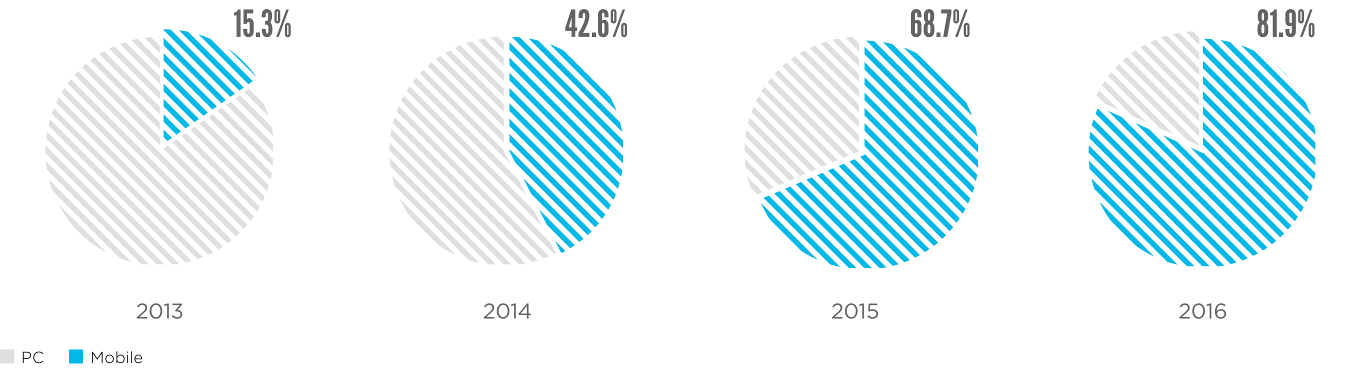


% percent of Tmall transactions on mobile during Double Eleven Day

Source: GroupM E-Commerce Insights for Double Eleven Festival, BrandZ™ / Kantar Millward Brown

BRAND IMPLICATIONS

E-commerce has grown tremendously over the past several years in China and, even more important, great potential remains. Retail brands must continue to develop their online capability and strengthen O2O (online and offline) coordination. Only the music and travel categories are saturated with e-commerce. In most categories, significant opportunity awaits brands that can combine the best online experience with rapid fulfillment.

Chinese operators are especially good at O2O execution, probably surpassing the West, in part because of their worldview. When confronted with competing channels, they are more inclined to seek holistic harmony rather than to make binary choices. Chinese operators also are fast. Categories can develop their e-commerce capability rapidly, and brand players need to be prepared to swim in a strong current. Finally, it is important not to neglect other channels, which still account for most retail business in China.

MEDIA FRAGMENTATION CONTINUES AS SPENDING SHIFTS TO NEW CHANNELS

CONTENT MARKETING DRAWS CONSUMER ATTENTION

Media investment has remained steady overall during the past several years, but the way advertisers allocate their media investment has changed substantially, with a decline in traditional channels and an increase in new digital channels.

Investment in print declined most significantly over the past four years, with newspaper and magazine spending dropping 39 percent and 31 percent, respectively, in 2016 alone. At the same time, Internet spending increased almost 18.5 percent, and spending on cinema ads spiked, growing 64 percent in 2015 and 45 percent in 2016, according to CTR Market Research, a partner of Kantar Worldpanel.

More than half of the brands in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 have increased their spending on new digital media, specifically elevator (digital TV and posters), in-store video, and cinema. CTR Market Research found that these media together reach almost 84 percent of trend-setting, high-potential consumers, age 20 to 45.

These higher income consumers, age 20 to 45, are members of China's growing middle class who desire – and can afford – premium and quality products and experiences. They are more willing to try new things, and to share their reactions with others. Advertisers targeting this group of consumers can expect higher ROI on their media investment.

No single media channel dominates, however. Across China, and among all age groups, consumers access multiple media channels. Media is most fragmented in China's largest cities, where people consume an average of three different media channels, but lower tier cities are not far behind.

The character of the information consumed is changing as well, with a rise in content marketing – brand messages presented in a tone that is more informational than promotional. In 2015, the proportion of ad budgets devoted to content advertising ranged from 4-to-15 percent, according to WPP research. By the end of 2016, some advertisers allocated as much as a quarter of their ad spending to content marketing.

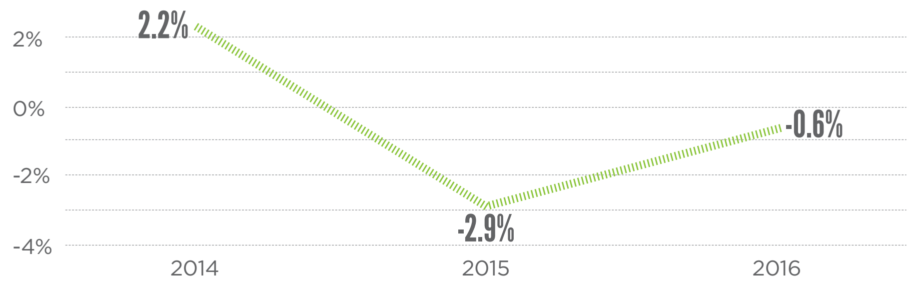
In addition, Chinese consumers are somewhat more receptive to branded content marketing compared with global consumers. Chinese consumers are more likely to say that they enjoy content from brands on social media and benefit from ads tailored to their needs. And Chinese consumers are also slightly less likely to become annoyed when brands seem to follow them online.

The reason for the shift to content marketing seems to be that it works, according to GroupM research. Content marketing, or brand-sponsored programs, exceeded every other type of advertising, other than TV and Internet commercials, in levels of both trust and reach.

AD SPENDING REMAINED STEADY...

Total ad spending has fluctuated only slightly over the last three years. Despite slower economic growth, advertisers spent only slightly less in 2016 than they did a year earlier.

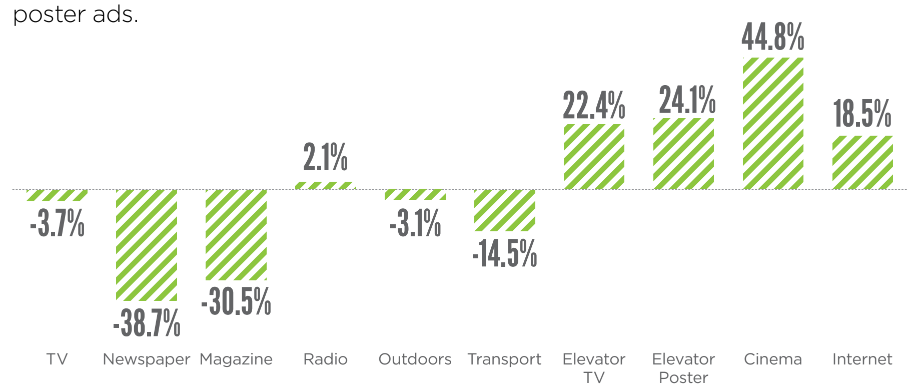
Media Investment Change Year-on-Year



Source: CTR Market Research and BrandZ™ / Kantar Millward Brown

... AND ADVERTISERS INVESTED IN DIGITAL MEDIA...

Investment in traditional media channels decreased in 2016, as advertisers spent more on new digital channels, including cinema and elevator TV and poster ads.

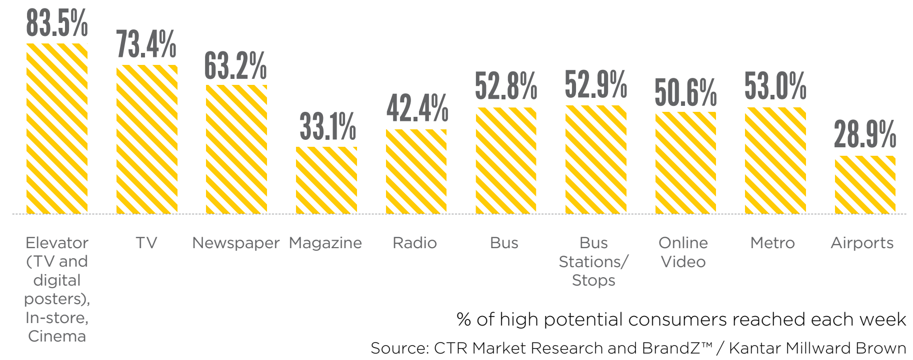


2016 ad investment change across media

Source: CTR Market Research and BrandZ™ / Kantar Millward Brown

... NEW DIGITAL MEDIA REACHES TREND-SETTING CONSUMERS...

New digital media – elevator (TV and digital posters), in-store, and cinema – reaches almost 84 percent of China's trendsetters, middle class consumers age 20 to 45, who desire and can afford quality, and are willing to try new things.



% of high potential consumers reached each week

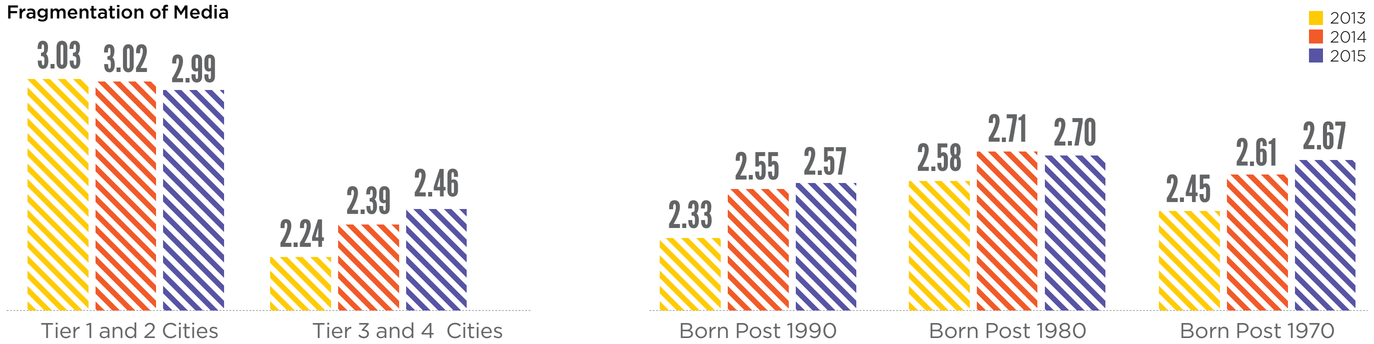
Source: CTR Market Research and BrandZ™ / Kantar Millward Brown

Investing in Media

... BUT PEOPLE CONSUMED MULTIPLE MEDIA CHANNELS

Across China, and among all age groups, consumers turned to multiple media channels for information. Media is most fragmented in China's largest cities.

Fragmentation of Media



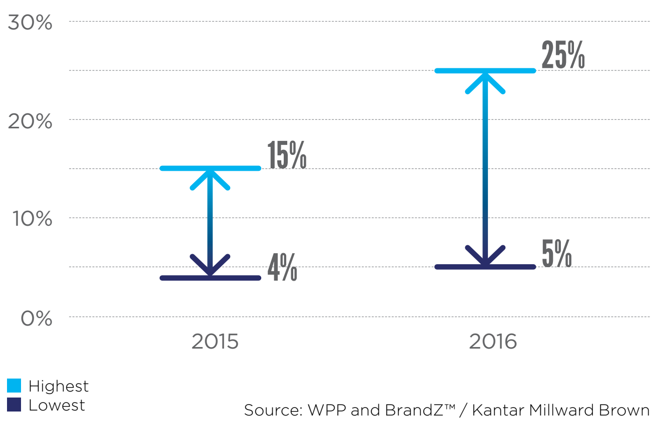
Average number of media channels consumed per person

Source: GroupM and BrandZ™ / Kantar Millward Brown

AD TONE SHIFTED TO CONTENT MARKETING...

In 2015 the proportion of ad budgets devoted to content advertising ranged from 4-to-15 percent, according to WPP research. By the end of 2016, some advertisers allocated as much as a quarter of their ad spending to content marketing.

Proportion of Content Marketing

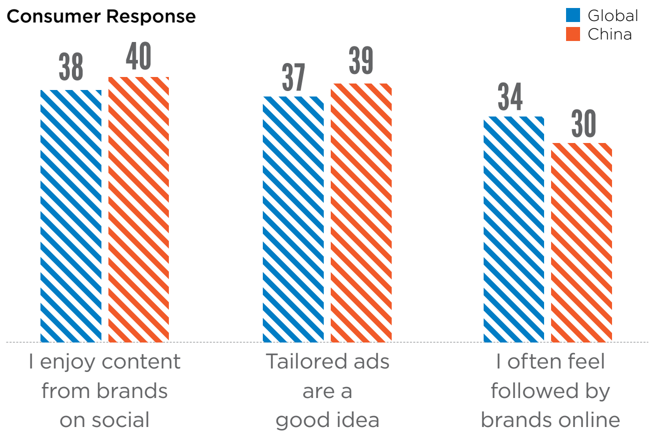


Source: WPP and BrandZ™ / Kantar Millward Brown

... CHINESE CONSUMERS ARE RECEPTIVE TO CONTENT MARKETING...

Chinese consumers are somewhat more receptive to branded content marketing compared with the global average for all consumers.

Consumer Response

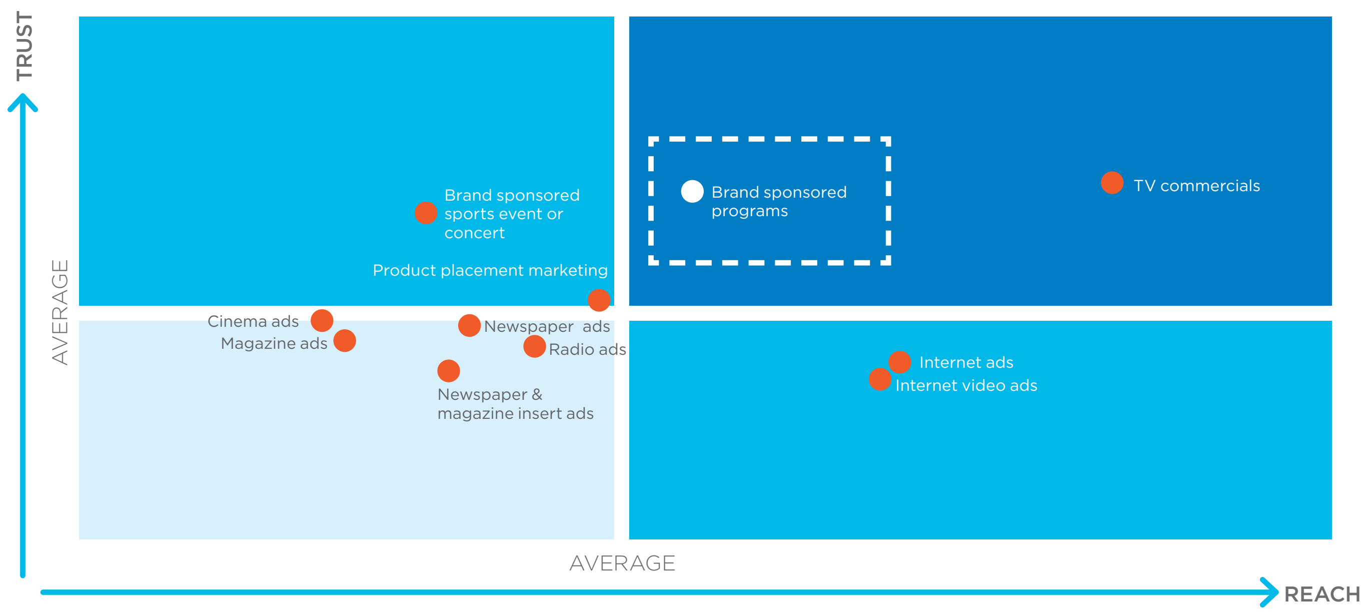


% of Global and Chinese respondents

Source: TNS Connected Life and BrandZ™ / Kantar Millward Brown

... AND CONTENT MARKETING SCORES HIGH IN TRUST AND REACH

Content marketing, or brand-sponsored programs, exceeded every other type of advertising, other than TV and Internet commercials, in levels of both trust and reach.



Source: GroupM and BrandZ™ / Kantar Millward Brown

BRAND IMPLICATIONS

Media is in flux. Chinese consume multiple media channels all the time. And no single media channel reaches both broad and targeted audiences. It is important to use a mix of media and experiment with new digital channels such as cinema and elevator TV and posters. Elevator TV ads often are found in stores and shopping malls as a component of experiential marketing. An elevator ad viewed by consumers with smartphones can lead to immediate purchase and payment. These new media deserve to be part of the mix, especially for reaching young people.

It may take a few attempts to optimize the use of these media, but it is critical for brands to remain engaged and to move quickly. This advice applies especially to global brands, which may be inclined to advance cautiously. In addition, execution should not be limited to major cities but extend to China's lower tier cities, where consumers have embraced these new media. The tone of the communication makes a difference. Like consumers in many parts of the world, Chinese are receptive to brands that attempt to be helpful and informational, rather than only promotional.

THE BIG IDEA

BIG DATA, WITH CONTEXT, HELPS IDENTIFY BIG IDEA

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As big data becomes more common, brands nowadays have the luxury of studying and leveraging data from internal and external sources to make business decisions. But data alone cannot replace context.

Data mostly reflects the surface, such as results and behaviors, but doesn't tell you the reason why. Understanding the drivers behind such results and behaviors is essential in generating effective communication context, which we often refer to as the "big idea" that aims to change consumers' behavior.

Take a local Chinese energy drink brand as an example. Internal sales data shows that in lower tier cities, the brand performs better in non-traditional sales channels – especially in motels and hotels - than in traditional channels such as local supermarkets and mom-and-pop stores.

Just by looking at the data, without any further information, can you identify the driver behind the sales numbers? Why do consumers buy more energy drinks at motels and hotels? You could start to guess and think: "the driver should be… well… sex, of course, because they need energy drinks to restore energy after sex."

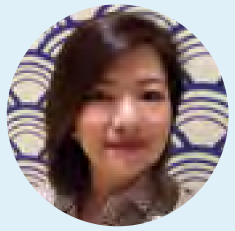
If we believe this, our big idea to trigger more purchases may revolve around sex. However, the real driver has nothing to do with sex.

Young consumers in lower tier cities, just like those in upper tier cities, crave nightlife, but they have no places to go. Thus, they turn to motels and transform motel rooms into "party rooms" where they hang out, play games, sing karaoke, and drink. They purchase energy drinks at motel rooms to mix with alcohol, or to stay awake when playing mahjong all night long.

The real driver is to have a fun time, not a sexy time.
In short, to generate an effective big idea, we need to put ourselves in consumers' shoes, not just "read" them through data.

CONTENT

DYNAMIC CONTENT HELPS FUTURE PROOF CONSUMER RELATIONSHIPS



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With our data and tech capabilities advancing so rapidly, we'd expect to have little problem getting in front of the right consumers at the right time. However, studies point out that as people multi-task with multi-screens, their average attention span drops to only eight seconds, not much better than a goldfish. Consequently, content platforms have improved, delivering information in shorter, crisper bites. They offer skippable ads, short news updates, and infotainment with 24-hour shelf life, all designed to deliver a much better experience and higher response rate.

But are we fully connecting with our consumers? Even if data and tech enable us to reach the right audience at the right time, brands still need the right content to extend the relationship beyond those eight seconds. Creating the right content is challenging. The world is getting noisier. In this competitive environment, while a clear business objective is the foundation of any winning strategy, the ability to understand the consumer's fragmented attention span, and be dynamic yet consistent in responding, requires content that is both dynamic and consistent.

So where do we start? Like many human one-to-one or one-to-many conversations, content needs to be carefully curated. How best do we connect brand and consumers? That depends on the current relationship between them. Do we need to establish an emotional connection for a new relationship or provide a solution for an existing relationship? Once we know where to start, we can assess whether it is best to create content ourselves or co-create it with brand partners that have a stronger relationship with the right consumers.

Content is not a one-time event. Sustaining relationships with consumers requires a smart always-on content. Like any healthy relationship, the art of a health long-term relationship lies in: (1) progressive understanding of interests and needs; and (2) finding the right balance between distance and intimacy.

Social and e-commerce giants are relentless in perfecting ecosystems that aid brands in tracking and predicting consumer behavior. Combining these ecosystems with brand owned data and insight, we can better identify, connect, and remember our consumers at an individual level. Creating the right dynamic content to maintain a healthy long-term relationship is a challenging but vital exercise in making a brand as future proof as possible.

CULTURAL STRATEGY

KEEP PACE WITH CONSTANT CHANGE TO STAY RELEVANT TO CHINESE YOUTH

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Young Chinese grew up under unique socio-cultural conditions. In contrast to the continuity of their cultural history and heritage, Chinese youth have spent their lives in a state of constant change. They experienced transformation both nationally, with China opening up and becoming an active agent of global culture, and personally, with improved living conditions as the nation realizes the Chinese Dream.

Because of this flux, and without properly recognizing it, youth have entered a vicious cycle. They constantly need to discover new thrills and experiment, seeking instant gratification, which leaves them only temporarily satisfied and searching for more intense and extreme experiences.

At the same time, youth are more demanding and sophisticated as consumers, so brands need to approach them with thoughtfulness and bespoke strategies to become more relevant. Brands can accomplish this objective by creating and curating meaningful experiences in the form of immersive digital activations, event sponsorships, and pop-up shops.

Pop-up shops create a spontaneous, unexpected feel of discovery and instant gratification when consumers encounter them unexpectedly. They are highly experiential. Brands can use them in many ways, from setting up art/design galleries and multisensorial environments, to offering product trial or other interactive promo activities.

Last, but not least, pop-up shops use the city, becoming a part of it. And, like its young consumers, China's cities are constantly changing and evolving rapidly into the future. The branding channel (urban pop-up stores) and consumer segment (youth) are in synch.

ADVERTISING

YOUNG PEOPLE RESPOND TO ADS, ESPECIALLY WITH FRESH CONTENT

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Advertising is important to Chinese young people, according to our 2016 GroupM Project Deep Dive report. More than half of post-'95 respondents in first-tier cities agree with these statements: "I don't have much trust in products that haven't appeared in any ad;" and "Advertising has a strong influence on what brand I choose." The results are similar in second-, third- and fourth-tier cities, where respondents agree with the statement: "Advertising means much to my choice of brands."

We also found a positive correlation between the frequency with which ad appears and the level of trust. At the same time, trust levels seem to decline when ads appear exclusively on the Internet, and this skepticism is more pronounced in lower-tier cities. This finding is interesting because we found that the post-'95 generation spends over two-and-a-half hours a day on the Internet engaged in activities other than watching videos and TV, which account for another period of more than two-and-a-half hours. To reach this important group of consumers we recommend:

1 UNLEARN "OLD TRICKS" AND LEARN NEW ONES

Members of the post-'95 generation that have grown up in an era of commercial prosperity are highly familiar with all types of brand marketing and repetitive marketing tends to generate fatigue and even resistance. This is also one of the reasons why live video marketing has been so successful this year.

2 "ACGIZE" YOUR CONTENT

The anime, comic, games subculture has become increasingly popular among the post-'95 generation. Many IPs from the ACG world, such as Onmyoji games, are fervently sought after as ACG content attracts more and more user traffic. Brands need to relate meaningfully to the ACG culture by "ACGizing" their content and presenting it in a more familiar format to post-'95 consumers.

3 FACILITATE CONTENT REWORKING

WeChat commentary, online videos, and e-commerce product reviews can all be forms of reworking of existing brand content. We advise brands to create space for members of the post-'95 generation to express themselves. Reworking brand content also makes brand content more down-to-earth and readily accepted by the post-'95 generation.

DEDICATION TO THE COLLECTIVE ENTERPRISE...

... HELPS PROPEL CHINA'S PRODUCTIVITY.

4

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THOUGHT LEADERSHIP

Going Global

CHINESE C-SUITE ATTITUDES, CONSUMER PRECONCEPTIONS, POLITICAL OBJECTIONS COULD IMPEDE GLOBAL EXPANSION

CHINESE BRANDS MUST EMPHASIZE WIN-WIN STYLE IN OVERSEAS GROWTH

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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.

www.hkstrategies.com

Since the beginning of the new millennium, the spectacular growth of China's overseas investment – continuing apace in 2016 by rising nearly 50 percent to reach $175 billion – has swiftly emerged as a game-changing phenomenon for global markets and swung the world's economic center of gravity ever eastward. As one of the most powerful currents sustaining these outward investment flows, the accelerating efforts of many Chinese companies to build brand value globally have seen them scour European and North American geographies for potential acquisitions, driving a dramatic rise in both the scale and volume of foreign takeovers. In most cases, these investments in high-income economies have focused on securing advanced technology, consumer products, and modern services, mirroring the ongoing reorientation of China's economic growth model away from exports and investment towards innovation, consumption, and services.

By acquiring the assets of western corporate leaders, Chinese firms can strengthen their international stature over the long term, with such purchases helping them to secure access to global distribution networks, enter new business segments and achieve greater business diversification, and forge closer relationships with international customers. Last summer, for example, Haier's purchase of General Electric's appliance unit for $5.4 billion enabled Haier to absorb an American division with more than a century of brand heritage as well as its strong customer base, management team, logistics and distribution network, and quality control systems. The acquisition is expected to firmly establish the Chinese household appliance maker in the U.S. market.

Similarly, Lenovo's purchase of two US businesses, IBM's personal-computer operations in 2005 and Motorola's handset business from Google in 2014, played a pivotal role in driving the Chinese company's international expansion and successful transformation into a global leader in PCs and tablets. In 2016, Lenovo derived 72 percent of its total revenue from overseas businesses.

Reflecting the strides of Chinese companies onto the world stage, WPP's ranking of the BrandZ™ Top 100 Most Valuable Global Brands 2016 featured a total of 15 Chinese companies, compared to only one 11 years earlier. In addition, the aggregate value of the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 rose 6 percent to reach well over half a trillion dollars. Of particular note, the majority of value in the leading Chinese brands has shifted to market-driven companies from state-owned ones, further signaling China's continued progress towards a market-based economy more conducive to brand development.

Going Global

OLD PERCEPTIONS LINGER FOR CHINESE COMPANIES, OVERSEAS CONSUMERS

However, while a number of Chinese companies have indeed established strong international identities, most domestic firms have struggled to build brands with a truly global reach and continue to lag far behind their counterparts in Europe and North America. The aspirations of Chinese executives to create iconic worldwide brands have rapidly materialized across the corporate world, but the four-decade legacy of China's origins – and extraordinary success – as a low-cost manufacturing economy remains deeply imprinted on many C-suite mentalities, constraining the resources and boardroom attention devoted to marketing functions. Investing the resources needed to successfully market their brands overseas understandably requires making a dramatic leap in mindset for those manufacturers with a long history of supplying components for the final product of another company. The elevation of marketing to an executive-prioritized function will ultimately be needed for the growth of more Chinese global brands.

China's roots as a manufacturing economy also result in Chinese brands often encountering the negative "Made in China" stereotype held by many global consumers long exposed to the country's well-documented struggles with counterfeits, food safety, and quality control, none of which particularly suggest domestic companies that are poised at the brink of the innovation and technology frontier. Fortunately, the abrupt arrival of impressive Chinese strengths in electronics and high technology, demonstrated by the striking global sales of domestic corporates such as Huawei and Lenovo, do indicate that headway has been made in both softening and boosting the appeal of China Inc.'s image overseas. Unfavorable consumer perceptions will not be shaken or unraveled overnight, however, and should be expected to persist for the foreseeable future. Chinese companies will need to continuously invest in efforts to further evolve global consumer mindsets towards viewing their home market as a nascent wellspring of quality brands rather than just a backwater of cheap products.

Political headwinds are also buffeting the efforts of Chinese companies to take their brands global. The intensifying wave of Chinese foreign acquisitions in developed economies has stoked the rise of protectionist sentiment in many targeted countries and subjected Chinese deal-making to mounting scrutiny. Reflecting the growing risk of politicization, almost $40 billion worth of planned Chinese deals had collapsed by the autumn of 2016 since mid-2015.

In particular, the perceived risk of selling off strategically important assets to China appears to be prompting western governments to erect greater roadblocks to Chinese investment due to competitive and national security concerns. For example, a rapid series of Chinese acquisitions in Germany last year – 24 in the first half, or about one per week – spurred deliberations in the government over how to protect its local high-tech companies from non-EU investors.

Across the Atlantic, escalating US congressional scrutiny of Chinese investments in American entertainment assets, prompted by high-profile acquisitions such as Dalian Wanda's takeovers of cinema chain AMC Entertainment in 2012 and Hollywood Studio Legendary Entertainment last January, suggest that Washington may be seriously considering widening the scope of what industries are limited or closed to Chinese investment beyond the traditional sensitive areas, such as defense, energy, and telecoms.

Moreover, Donald Trump's ascension to the American presidency could well prove to be the world's most troubling political event for the realization of China's global brand ambitions in 2017. Throughout his presidential campaign, Trump tapped into widespread popular discontent over the perceived negative effects wrought by globalization, notably the decimation of American manufacturing, and repeatedly charged Beijing with taking advantage of the US on trade deals and manipulating the Chinese currency. If Trump's hard line toward China on the campaign trail translates into actual policy dictated from the Oval Office, consequently resulting in far more adversarial Sino-U.S. relations, Chinese companies may well find the space for their deal-making, and subsequent brand development, severely constrained in the world's largest economy over the next four years.

BRANDS MUST TELL POSITIVE GLOBALIZATION STORY

With the specter of a protectionist backlash looming ever larger in the West, Chinese companies need to seriously consider the potential implications of more aggressive government interference that could disrupt or derail altogether their takeovers abroad and negatively impact their brands. In particular, China would be well-advised to continue emphasizing the positive "win-win" nature of its investment overtures and the considerable benefits yielded to host countries that adopt a welcoming approach to them.

For example, Chinese investment can play a significant role in stimulating local economic growth and supporting job creation and retention. A report by professional services network Grant Thornton estimated that the top 25 fastest-growing Chinese companies in the UK contributed over £35 billion ($43.3 billion) to the British economy in 2014. In the US, the number of Americans employed by Chinese-affiliated companies tripled in just three years, reaching 90,000 in 2015.

Chinese takeovers can also help reverse the sagging economic fortunes of troubled companies. For instance, after Chinese automaker Geely acquired Volvo from Ford in 2010, the ailing Swedish automaker ultimately transformed from a loss-making company into one that tripled its profits and sold more than half a million vehicles in 2015, an all-time high in Volvo's nine-decade history.

In addition, China's spiraling outbound investment is now making a substantial and rapidly growing contribution to the tax revenues of foreign governments. A survey of 250 Chinese firms operating overseas revealed that they paid $31.2 billion in taxes to their host countries in 2015, up 63 percent over the previous year.

Looking beyond their marked economic contributions, more Chinese investors are also demonstrating a strong appreciation of the need to give back to local communities. Over the past five years, Huawei's ICT talent program "Seeds for the Future" has already sent more than 500 students across the EU to study and gain experience at the company's Shenzhen headquarters. The initiative plans to train an additional 2,000 European students by 2020.

By continually reiterating these localized benefits enjoyed by their host nations, Chinese companies will go a long way towards easing concerns about their widening global footprint. Whether China manages to successfully establish major branded players in global markets or not will ultimately hinge a great deal on its ability to persuade western governments to keep their doors open to Chinese investment and not trigger more red lights to future takeovers.

Marketing Science & Art

DIGITAL MARKETING RISE DRIVES SPECIALIZATION, MARRIAGE OF KEY DATA AND TARGETED CONTENT

MESSAGES MUST LINK INSIGHT WITH INSPIRATION TO SUCCEED

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Fast developing digital marketing has disrupted Chinese ad business. Internet advertising surpassed TV advertising in China for the first time in market share in 2015 and was expected to account for almost half of China's advertising in 2016. Mobile Internet advertising has been rapidly growing at a speed nearly twice the overall growth of Internet advertising, with the online video market posting a 61.2 percent year-on-year increase, according to GroupM China's latest *<This Year, Next Year>* forecast.

This rapid change and increased complexity has puzzled advertisers who worry about these developments: (1) The fragmentation of attention and individualization of audience nullifying some traditional methods of mass communication; (2) Contact points of communication increasing exponentially; (3) Mobile media consumption increasing; (4) E-commerce platforms continuing to expand their already powerful influence, taking over marketing investments previously controlled by brands; and (5) Owned data scattered, across channels with external data, needing integration.

These developments have driven a shift in the focus of China's marketing industry, from the pursuit of market share to an era of specialization. In this new era, agencies need to be not only knowledgeable about diversified marketing tactics, but also effective in delivering integrated marketing, where data technology and content are at the core and powerfully combined.

THE SCIENCE OF DATA

Over the past five-to-ten years, we have witnessed great strides in data, technology, and tracking. In the digital world, user behavior has become increasingly transparent, with the accumulation of data and learning making our understanding of consumers more and more objective. A main challenge facing our industry is how to break data silos to profile consumers more comprehensively, and this is something that we at GroupM have been advancing.

On the other hand, it is very important for advertising companies to establish their own data platforms because in the audience-centered media planning age, media agencies differentiate themselves essentially in terms of the depth and breadth of their data. GroupM has been working to build its proprietary data assets. At the end of 2016, GroupM launched its [m]PLATFORM globally, an advanced technology suite of flexible media planning applications, data analytics and digital services, which improves advertisers' ability to use audience-defining insights from hundreds of data sources to find and communicate with their consumers across all media.

THE ART OF CONTENT

Besides data, content features importantly in marketing strategies. Content has become a product of its own right for modern consumers, and pan-entertainment is also gathering momentum. The robust development of the content industry is an inevitable trend accompanying China's economic rise. In a country with a massive population of 1.3 billion, a trend once established can open enormous opportunities.

In this era where consumers have many ways to refuse accepting information, it is already very difficult to impose brand information on consumers. In this respect, content marketing opens many possibilities for all advertisers. According to GroupM's data, the channels through which consumers get commercial information have shifted from advertising to content, with the reach and credibility of content placement seeing a significant improvement over the past four years.

In the digital world, it is easy to create content that relates to the audience in specific situations, but is "alignment of content" enough? No! Brands need to achieve "cultural fusion," where brands present themselves as a native part of the popular culture per se.

CULTURAL FUSION

The planning process is opposite to the traditional approach, with content planning starting from the audience's culture rather than from the brand and then relating the culture to the brand. For example, "What are the audience's interests? How can the brand become the core part of the story? How can the brand become a native part of the popular culture?"

Of course, brands have been trying to align to consumers' interests through various ways such as sports event sponsorship and celebrity endorsement. But in the digital era, brands need to do more. Popular culture evolves constantly. If your brand campaign can naturally relate to popular culture, it will be easier to trigger dialogue, effectively increase its visibility, and improve your brand reputation. Fusion with culture is not confined to sponsorship or passive aligning; brands can create elements of popular culture and stories easily to be disseminated, and make the stories part of the culture. This requires an artistic instinct.

In a word, marketing is an art of investment, and a smart investment is always based on sophisticated calculations and a rational decision. This is also true for media investment, where science and art need to be integrated. Marketing requires not just adequate data insights to help marketers make correct judgments, but also sparks of inspiration often associated with artists to capture shiny ideas. In content investment, for example, many scientific methods can be used to calculate the audience rating or ROI of different content investments, but there is one critical thing that defies calculation, that is, consumers' taste in the process of media content consumption. In marketing decision-making, it is important to find the right people to help you make this judgment call.

Going Global

CHINESE COMPANIES SET SIGHTS ON GLOBAL EXPANSION, BUT FACE BRAND CHALLENGES

NEED TO KEEP CHINESE STRENGTHS WHILE ADAPTING BEST PRACTICES

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Ogilvy & Mather is one of the largest marketing communications companies in the world. It was named the Cannes Lions Network of the Year for five consecutive years, 2012, 2013, 2014, 2015 and 2016; the EFFIEs World's Most Effective Agency Network in 2012, 2013 and 2016; and Adweek's Global Agency of the Year in 2016.

www.ogilvy.com.cn

Not so long ago people laughingly dismissed the notion that China would ever have a global brand. How could the country possibly be able to compete on a global stage? "Copy China" couldn't possibly do anything else but manufacture cheap knock-offs of famous western products and brands. Why would China set its sights on global markets when there is so much opportunity in China?

How things have changed in a few short years. With a slowing Chinese economy and Chinese companies of greater sophistication, China has set its sights on global expansion. Most Chinese companies still have the lion's share of their business in China, but we see the ratio of domestic versus international revenue shifting.

After a decade of turbo domestic growth, these companies still have little experience in what it means to go global. All they know is it's necessary for the company's future to look beyond China. They also know that going abroad and learning global best practices is hard, but will also help their domestic ambitions.

Today we spend most of our time talking to major Chinese companies about their global ambitions. We discuss how they can bring their business to global markets, create a global brand, compete with the best businesses in the world, and make themselves heard and matter in western markets. Some companies want to take a step-by-step approach and grow organically in overseas markets. Others simply buy themselves into global markets through major M&A activity, an extremely challenging approach because on top of an immediate business challenge there is a massive culture challenge to be managed.

We increasingly hear Chinese CEOs express a desire to become a Chinese global brand, with the focus being Chinese. These CEOs are very clear that they don't want to throw overboard the very characteristics that made them the success they are today. At the same time, they absolutely want to adopt global best practices for doing business. This attitude shows a new confidence Chinese companies have in their ability to compete with leading global players on their own terms.

Global experts are in very high demand by our Chinese clients. Bring us your best and brightest talent from across the world to Shenzhen, Tsingtao, Ningbo and teach us how you did it for IBM, Ford, GE, Unilever, etc. The conversation hardly ever starts with a campaign. Chinese companies want knowledge, strategy, brand thinking, and processes. On a C level there is astounding appetite for the power of a strong brand. Chinese CEO's get that stronger brands make for a stronger long-term business and especially in overseas markets provide a shield and a better welcome. Chinese CEO's probably think more long-term than most western CEO's, as a lot of them are either founders or owners and have a strong personal vision for the company.

AMBITIOUS LEADERS NEED BRAND STRATEGIES, PROCESSES

Most of these companies have commonalities. They have an ambitious founder or management team, are often extremely smart and not western educated, and they have brought in amazing second-level management, often not only with western education but also with experience in major multinationals. Often the old and new need time to gel and understand each other. Chinese CEO's want a brand model. They want a strategy and a brand architecture, and even more important, a process and structure to align the company internally. But they face several challenges.

Going Global

CHALLENGE 1 VISION AND EXECUTION DISCONNECT

The biggest obstacle we see with Chinese brands is that a long-term vision at the C level is hardly understood or implemented at lower levels of the organization. Chinese companies are extremely sales and result driven and often very competitive in nature, so lower level managers are extremely short-term and result driven, which doesn't incentivize any long-term brand building activity. Also the concept of brand building is often not entirely understood and mistaken with brand recognition and "noise" in the market.

CHALLENGE 2 MISUNDERSTOOD CMO ROLE

The second issue is that the role of a corporate CMO is hardly established and often not adequately empowered. The corporate CMO is often mistaken as a corporate PR officer, while budgets and strategic decision power sit within business units. In those rare cases where the internal alignment has happened and all parts of the business are aligned against a common brand strategy we usually get to discuss more practical issues of how to operate a global marketing organization. This starts from aligning country marketing folks behind a global strategy or brand idea, setting and managing global budgets and operating a multi-market program.

CHALLENGE 3 ADAPTING DOMESTIC OPERATIONS FOR OVERSEAS

The third major challenge to overcome is that Chinese companies need to learn an entirely new ecosystem when moving outside China. Established ways to manage a brand and operate a digital footprint need to be adopted. This in many cases means that responsibility has to shift from HQ to overseas offices, which in turn requires established marketing operation processes. We increasingly see Chinese companies adopt a test-and-learn model and use a limited geographic footprint to initially expand. Southeast Asia increasingly is being the testing ground, as it is physically and culturally closer to China and easier to manage from HQ. Once success has been found in markets like Malaysia, Indonesia, etc., our sights can set on larger global expansion.

All this is obviously an extremely interesting challenge for us, as we often come in as consultants, and then our role over time evolves into a global brand agency. In many cases a campaign is not the end result of our efforts, but rather a global brand strategy, a global marketing and communications management framework and internal enabler and capability builder.

Three simple tips on this journey are:

(1) Adjust and align a long-term brand culture with the often ruthless short-term sales culture;

(2) Empower a corporate CMO with a clear agenda and budgets; and

(3) Retain global experts who can help accelerate the learning curve.

Chinese brands will rise and in many categories become key global players. We see the next decade as the decade of Chinese global brands and look forward to an exciting journey ahead.

DIGITAL, SOCIAL MEDIA NOW INDISPENSABLE TO CHINESE PERSONAL AND BUSINESS LIVES

STUDY VIEWS CONSUMER HABITS AND OFFERS BRAND GUIDANCE

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KANTAR TNS.

Kantar TNS is one of the world's largest research agencies with experts in over 90 countries. With expertise in innovation, brand and communication, shopper activation and customer relationships we help our clients identify, optimise and activate the moments that matter to drive growth for their business.

www.tnsglobal.com

Digital media now plays an indispensable role in the life of most Chinese. Chinese Internet users spend three quarters of their time engaged with digital media and only a quarter of their time with traditional media, according to our Kantar TNS Connected Life study. In contrast, American Internet users spend only 61 percent of their media time engaged with digital.

Chinese Internet users spend time with a variety of digital media. For example, 78 percent of Chinese Internet users watch online video daily, compared with 63 percent of Americans. And 57 percent of Chinese read online articles daily, whereas only 13 percent read offline articles. Similarly, 48 percent of Chinese listen to online radio daily, but only 13 percent listen to traditional radio.

Mobile technology drives much of this activity, with smartphone penetration at 96 percent among Internet users in China. Chinese spend 65 percent of their online time on mobile devices, while Americans spend 35 percent. Our research observed a high level of mobile centricity not only among the young, but across all age groups, with Chinese Internet users age 55 to 65 spending 59 percent of their time on digital devices. In the US, young Internet users are highly mobile centric, while older users are more dependent on the PC.

A key takeaway for brands is that mobile is not only important for reaching millennials, but as China's population ages, mobile is an important channel for reaching older people, with considerable purchasing power, seeking ways to enjoy retirement.

SOCIAL IS A WORK AND LIFE TOOL

Enabled by digital and mobile, social media use in China continues to grow, with 89 percent of connected consumers using social media or instant messaging platforms on a daily basis. The online experience mostly happens on Tencent's messaging services, WeChat and QQ, each used by almost 90 percent of connected consumers, according to Kantar TNS.

WeChat is more than a personal communication platform and is already an indispensable working tool for white collar workers in China, with 91 percent of them using WeChat in their daily work, according to a separate research study by Kantar TNS. WeChat aids in various work tasks such as sending messages/work files, organizing work discussion groups/events, and making applications/approvals. And 68 percent of white collar workers using WeChat consider it "an essential tool" that helps them improve "work efficiency significantly."

While WeChat and QQ social sites are dominant, they are not alone. Weibo, the social site of online platform Sina.com, is used by 55 percent of connected consumers, while 44 percent use the Tieba site of the search engine Baidu, and 27 percent use the social platform Douban. Fewer Chinese use global social platforms, but they are present in China, with Facebook, YouTube, and Instagram attracting 19 percent, 16 percent, and 13 percent of users, respectively.

BRANDS MUST MATCH CHANNEL TO AUDIENCE

The Kantar TNS Connected Life results showed that on average, connected consumers use 8.7 social media or instant messaging platforms, highlighting that other channels still have opportunities in providing brands with a variety of ways to connect with consumers. And as Chinese consumers become increasingly sophisticated and look for something unique and "just for me," leveraging relatively "niche" channels to reach the right targets will be useful for brand building.

A careful approach with tailored contents is still needed in developing social and digital media. One out of five consumers blocks online ads. However, Chinese netizens are open to brands on social as long as the ads are well tailored. Indeed, 40 percent still enjoy contents from brands on social, and 39 percent consider tailored ads a good idea. These levels of acceptance are much higher than in the US, where only 28 percent of connected consumers say they enjoy contents on social and 26 percent say tailored ads are a good idea.

A proper media mix is necessary for effective marketing campaigns. Our Kantar TNS Connected Life study offers guidance for marketers in this regard. Traditional digital media, such as brand websites or brand mobile apps, are useful for attracting consumers to your brand before the purchase. Excellent store staff can lead customers to purchase. And word of mouth, online and offline, is powerful for creating brand advocacy.

“THE UNIVERSAL DESIRE FOR INDULGENCES AND LUXURY...

...IS REFLECTED WITH CHINESE CHARACTERISTICS.”

CHINA'S SOCIAL MEDIA LANDSCAPE IS THE MOST UNIQUE, FRAGMENTED, DYNAMIC IN THE WORLD

FIVE KEY TRENDS WILL SHAPE CHINA'S SOCIAL MEDIA IN 2017

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Kantar Media CIC is a leading social and digital business intelligence provider in China and Asia. The experts from Kantar Media CIC enable enterprises to fully leverage the power of social media.

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The Chinese social media landscape is one of the most unique, fragmented, and dynamic in the world. In the 12 years that Kantar Media CIC has been analyzing Chinese social media, the rate of change has only gotten faster. Here we take the pulse of China's social landscape and present five changes and developments – key trends that distinguish Chinese social media and are essential for brands, agencies, and tech players to understand for 2017.

In the West, brands may be able to get away with a two-platform strategy consisting of Facebook and Google. However, in China, there are not only unique platforms that do not exist anywhere else, but also multiple, overlapping platforms, as well as, multiple, overlapping ecosystems all of which are in constant flux. An environment like this requires persistent diligence in order to understand, plan and execute for maximum and appropriate impact internally. But they face several challenges.

TREND 1

SOCIAL MEDIA ECOSYSTEMS ARE MORE IMPORTANT THAN IN MOST GLOBAL MARKETS

Baidu, Alibaba, Tencent, and Sina (aka the BATS) together have upwards of eight different social media and/or e-commerce platforms, each with hundreds of millions of active users. They are the absolute core of China's social and digital landscape because of their cumulative almost four billion users. These apps are at the heart of making the Chinese Internet Viral, Informative, and Practical (VIP). The "I" and the "P" are particularly important in differentiating China from the rest of the world. Trusted Information in China can be scarce, while the plentiful information on social media such as news, word of mouth, and rumors is often the type of content that cannot be found anywhere else. This makes social media more important in China than in most global markets. The practicality of Chinese social media is unmatched due to the deep integration of payment solutions and services such as, Alibaba's Alipay and Tencent's Tenpay. For over 700 million netizens, WeChat is the go to platform not only for e-commerce transactions, but also peer-to-peer transfer, bill payment and even mutual fund investment. Nowhere else in the world is there a complete social media ecosystem connecting Internet word of mouth and payment so seamlessly.

TREND 2

E-COMMERCE GROWS IN COMPLEXITY AS BOUNDARY WITH SOCIAL MEDIA BLURS

As the number of consumers increases, the desire for a wide variety of products grows as well. Even today, some products are not always readily available offline or even on some of the largest e-commerce platforms like Taobao, Tmall, JD.com and Yihaodian. We are seeing an increasing number of e-commerce categories emerging in China. Some of these new platforms include: group sales sites such as Nuomi and Meituan; flash sales sites such as Glamour Sales; second hand sales sites such as Xianyu; crowdfunding sites such as JD Finance; O2O sites such as ticketing service Gewara; and cross boarder retail platforms such as Little Red Book.

Now that payment is so integrated with social media, we are seeing the boundary between social media and e-commerce becoming blurred. Traditional e-commerce sites are integrating social features such as Taobao's Weitao, Tmall's FanEr, JD's Discover, and Yihaodian's Yipintang. Not to mention, social platforms integrating e-commerce, such as Little Red Book.

Social Media

TREND 3

TRADITIONAL VIDEO PLATFORMS REMAIN IMPORTANT, AND NEW SEGMENTED SITES APPEAR

Traditional video sites like Youku and iQiyi continue to be important platforms. These platforms allow netizens to watch legal versions of local and imported long form content like TV dramas. Recently, many other sites have started to integrate Danmaku, the “rapid fire,” in-time netizen commentary, where the text appears right on your video screen. Danmaku was initially an innovation from the original Danmaku sites, Acfun and Bilibili, which show more youthful content like Anime, Cartoon and Games. Other video categories include short video apps like Meipai and Miaopai. These two apps have recently become a primary source of user generated content on the social web. “Live” video broadcasting apps similar to Periscope, including Panda TV and Zhanqi TV, have also gained traction with consumers and even the watchful eye of government regulators. Brands like Maybelline have started to use live video platforms to promote their products. Maybelline quickly sold over 10,000 units of lipstick in two hours, via a live video broadcast hosted by celebrity spokesperson @Angelababy.

TREND 4

NEW PLATFORMS PROVIDE OPPORTUNITY TO LEVERAGE KEY OPINION LEADERS AND CELEBRITIES

Have you ever wanted to ask a celebrity how much money she has? If you haven’t, at least now you have the option on “Ask Me Anything” sites like Fenda and Zhihu Live. Recently, these platforms have gained significant traction. For a fee ranging from a few hundred to a few thousand RMB, Fenda allows netizens to ask celebrities questions. Recently, celebrity Wang Sicong made over $45,000 on Fenda for responding to gossip about his personal life. Another platform, Zhihu Live features experts from various industries. The app launches private sessions which allow key opinion leaders (KOLs) to share information and insight with netizens. This gives netizens who are interested in certain categories the ability to easily communicate with industry leaders. Brands can consider how to utilize these sites to more effectively leverage their key opinion leaders and celebrities.

TREND 5

INTERNET FAME ADDS COMPLEXITY TO THE KEY OPINION LEADER LANDSCAPE

Recently, the rise of “Wang Hong,” the phenomenon of being famous just for being famous, has added a layer of complexity to the KOL landscape. We are now dividing KOL’s into three basic categories: experts, “Wang Hong,” and celebrities. Experts tend to focus on their specific fields, like beauty or fashion, where they are able to persuade and inform the masses with their expertise and experience. Wang Hong, such as QKXLJ, focus on turning their online fame into an actual business. This is achieved by creating unique personal brands. Wang Hong tap into their social media following to promote and sell their products, leading to e-commerce sales that could not have been achieved without their social media promotion. Wang Hong are more willing to share their personal life on social platforms which can make them seem more “authentic.” Celebrities that are famous online and offline command a premium price, yet do not appear as “authentic” as Wang Hong. With this increasingly complex KOL landscape, brands need to make more effort to obtain the right “fit” to optimize media impact.

PROGRAMMATIC BUYING EXPANDED MORE SLOWLY IN CHINESE MARKET, BUT CHANGE EXPECTED

TECHNOLOGICAL ADVANCES, MOBILE, AMONG FACTORS DRIVING GROWTH

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GroupM is the leading global media investment management company serving as the parent to WPP media agencies including Mindshare, MEC, MediaCom, and Maxus, as well as the programmatic digital media platform, Xaxis.

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Programmatic buying is complex in any market, with esoteric algorithms employed to optimize ad placement and place the brand message in front of targeted audiences at the best times. In China, you will find people scratching their heads trying to understand what programmatic means here.

Programmatic advertising is not new to China. And its growth has been steady, aided by numerous factors, including the expansion of media inventory being open to programmatic buying, the proliferation of e-commerce marketing, and the greater transparency of digital measurement, enabling advertisers to see the benefits of programmatic buying.

But programmatic buying has not expanded as quickly in China as it has in some other major markets. Although it will soon account for over half of all digital display advertising in China, according to some estimates, China lags behind the US and the UK, where programmatic buying accounts for over two-thirds of display ads. The factors that have moderated the growth of programmatic buying include:

QUALITY UNCERTAINTY

Inventory available in ad exchange has a reputation of being low quality. In addition, some advertisers – especially those focused on branding – worry about their brand being damaged by ad exposure with those uncertainties.

THE "WALLED GARDEN"

BAT (Baidu, Alibaba, Tencent), the three giants dominating search, e-commerce, and social, respectively, have formed a closed ecosystem, which undermines the possibilities of utilizing data creatively and effectively to maximize programmatic campaign effectiveness.

DATA VERIFICATION

There is a lack of effective and neutral audience data verification. More and more companies claim they have a data management platform (DMP) with specific segments. However, it is dramatically difficult for advertisers to pre-verify or post-verify the effectiveness of these DMPs. So far, third party tracking companies can only partly verify social-demographic data, but there is no better way to monitor this kind of "unique data."

CREDIBILITY ISSUES

After the programmatic market boomed, more than a hundred companies – good and bad – mixed together, creating a surge in the "make money fast" mentality. Advertisers need an agency with solid knowledge and rich execution experience to help them enjoy the benefits of real programmatic.

At the same time, programmatic buying continues to develop in China because of positive advancements, such as premium inventory, technological innovation, improved fraud protection, and the increase in mobile programmatic capabilities. Mobile will be the next growth engine of programmatic buying. It will gradually replace the dominant role of the PC, especially given the surge of smartphone adoption being facilitated by faster mobile networks, as well as price reduction for both devices and mobile network fees.

And as demand for programmatic buying among advertisers rises, media vendors become more willing to release their premium inventory for programmatic buying. For example, the programmatic platform Xaxis, leveraging GroupM buying power, enjoys close partnerships with iQiyi, the video platform, Tencent, and other key media to leverage their premium resources for programmatic buying.

Going Global

CHINESE BRANDS NEED MORE ENGAGING SOCIAL MEDIA CONTENT WHEN EXPANDING OVERSEAS

THEY MUST INFORM, ENTERTAIN, INSPIRE TO JOIN THE CONVERSATION

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Wunderman is Creatively Driven. Data Inspired. A leading global digital agency, Wunderman combines creativity and data into work that inspires people to take action and delivers results for brands.

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Chinese brands going abroad face the unique challenge of coping with a completely different social ecosystem beyond China's borders. As many of the global platforms such as Facebook, Instagram, and Twitter, are blocked in China, reaching a global audience often requires learning a completely new set of skills.

Cultural protocol also comes into play here. In China, there's always an imaginary content line that nobody dares cross, but it is often completely acceptable in the West to go there. In fact, Chinese brands may need to cross that line if they ever expect to connect with their target audience.

Despite opportunities to push boundaries, many Chinese brands continue to apply their Chinese standards to a western audience, often playing it too conservative by posting too much safe and factual product information that rarely gets liked or forwarded. It's time for these Chinese brands to lighten up a bit, stop interrupting what people are interested in and become what they are interested in. Consumers everywhere prefer to engage in social content that enables a value exchange by providing a combination of content that informs, entertains, and most importantly, inspires them to become involved in the conversation.

Western youth are a challenge, and yes, you'll find your target in the west very similar to your target in China: hard to reach, distracted, and generally skeptical about your brand. But it's also an opportunity: millennials everywhere are creative, expressive, and feel more empowered to take control of their lives than their older counterparts. They want experiences that are meaningful and don't want to be sold to. They don't normally trust brands and they seek authenticity and meaning. More importantly, they want to feel a part of something.

We always encourage our Chinese clients marketing abroad to involve millennials in the creative process. Creative agencies like Wunderman can make amazing videos, but there is sometimes nothing more engaging and effective than when you enable the target audience to participate in the creative process.

Our sister agency, Blast Radius, created a series of engaging social pieces for the US market around the launch of Lenovo's innovative laptop computer, Yoga. The campaign, "Yoga My Way" empowered the target audience to tell us what unexpected and innovative ways they could use the Yoga in their lives. In just four weeks, Lenovo received 2,100 submissions and over 241 million hashtag mentions.

Chinese social media is not just about WeChat and Weibo, and, global social media is not only Facebook, Instagram, YouTube, and Twitter. We often recommend that our clients expand in other platforms such as Snapchat, which has a huge millennial audience, and Pinterest, which is great to tap into special interest communities.

Western social media can be an excellent playground for Chinese brands to truly experiment and innovate their communications and message. And who knows? Maybe the social media strategies Chinese brands adopt in the west will influence the strategies and content they implement back home.

Retail

EVOLVING RETAIL SPACE MUST RESPOND TO NEW CONSUMER EXPECTATIONS AND DIGITAL CHALLENGES

BRANDS HAVE AN OPPORTUNITY TO INSPIRE WITH REINVENTION

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Looking at the record-breaking $17.8 billion in sales for Alibaba's Singles Day in 2016, it makes sense to worry about the prognosis for growth in traditional brick and mortar stores and malls. While it's true that traditional channels may be facing some new challenges, the issue is not irrelevance - it's reinvention.

By taking a step back to understand how people are interacting not just with retail space, but with space in general, we pinpoint four ways that brands can more proactively profit from change and build a more certain future.

While the rise of e- and m-commerce is the obvious driver of changing behavior in China, other macro shifts are changing how consumers use space and interact with physical shopping environments.

As urbanization explodes, and cities become denser, it becomes harder to maintain large private spaces. People, too, are exploring different roles – requiring different things from their space each time. These factors are blurring private and public boundaries, and driving the creation of multifunctional spaces.

People's relationships with physical objects are changing, as well, as they de-emphasize ownership in favor of the sharing economy, and turn away from conspicuous consumption in favor of experiences. This is changing their purchase patterns, and in turn what they expect from brands' physical stores.

Lastly, environmental threats like pollution are forcing the Chinese to do more indoors. This requires spaces that can provide enough variety to eat, play, work, and discover, without ever having to step outside.

LEVERAGING THE CHANGE TO DRIVE GROWTH

As these new needs and expectations come to the fore, available space continues to shrink, creating new tensions around the use of shared spaces. We've identified the two most provocative ones, arising from the interaction of the drivers mentioned above.

First, who controls the experience – businesses, or other consumers? Should we build spaces for our brand to connect to our consumers, or focus on facilitating connections between our consumers instead?

And second, what do people get out of the experience? Do people want spaces centered around driving discovery, or should they be built for convenience and efficiency (like supermarkets)?

By crossing these two themes to see how they might interact, we come up with four emerging territories that brands can use as a guide to rethink the role of their offline spaces.

Retail

1

BRANDS AS LEADERS

The standard of living for Chinese consumers doubled every seven years from 1974 to 2011. Chinese consumers have been catapulted into completely new purchase tiers, and are seeking guidance not just on mainstream trends, but what is best for them and how to put it together.

Brands should move beyond using their stores simply as a pick-up point for their global collections. Instead, they should use stores to showcase their own point of view on the category's latest innovations, while providing guidance on how to achieve it. For example, Samsung's latest store sells no products but instead showcases the brand point of view on the future smart home within an "experiential playground."

2

BRANDS AS CATALYSTS

Previously, specialized information rested with masters that trained apprentices to carry on the tradition. Nowadays, brands can play that expert role.

Brands can be the catalysts for transforming retail spaces into the centerpiece of a community – whether it's by passing on expert knowledge, connecting them with other members of the community, or by tailoring a lifestyle space (from food to products to events) just for them. As Apple puts it, their store is their largest product. What does your largest product look like?

3

BRANDS AS STORYTELLERS

Brands can facilitate connection between makers and buyers, rather than focusing solely around brand itself.

In traditional stores, wares are limited, and the transaction is limited to buying and selling in the name of efficiency. In this new marketplace, digital technologies like 3D printing and online purchase allow for a focus on interaction, rather than transaction, and making, rather than selling. Use your space to bring your craftsmen in, so people can connect to the makers behind your brand. Create an experience built around stories rather than purchase.

4

BRANDS AS DISCOVERERS

Spaces might be permanent, but what's inside them isn't. By constantly discovering and bringing home rare skills, objects, or insider knowledge, brands can generate immediacy and novelty even within their brick-and-mortar channels.

In Hong Kong, Little Square is just an empty space with white walls, set up to allow a variety of short-term tenants to make the space their own. The entire concept is completely new every time, allowing for novelty and excitement even in a permanent space. As the owners put it, "A lot can happen between four walls... If you're a brand, online shop, wholesaler, designer, artist, photographer, thinker, mover or shaker – Little Square is a pocket of spatial inspiration, at your service."

The Chinese market is undeniably challenging, and changing rapidly. E- and m-commerce will only grow in power, while offline spaces will be pressed to prove their value. For brands brave enough to change how they think about channels, though, there is an opportunity to pivot away from a win-lose mindset of stores vs. e-commerce and instead profit from change.

How are you planning on inspiring your consumers with your space?

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THE BRANDZ™ CHINA TOP 100

“CHINA RADIATES ENORMOUS CREATIVE ENERGY,

WHILE CONTROLLING ITS SPEED AND DIRECTION.”

BRANDZ™ TOP 100 MOST VALUABLE CHINESE BRANDS 2017

	Brand	Category	Brand Value US$ Mil.	Brand Value % Change 2017 vs. 2016	Brand Contribution
1	Tencent	Technology	106,181	29%	5
2	Alibaba	Retail	58,009	22%	3
3	China Mobile	Telecom Providers	57,899	1%	4
4	ICBC	Banks	31,482	-8%	2
5	Baidu	Technology	23,886	-11%	5
6	Huawei	Technology	20,383	10%	3
7	China Construction Bank	Banks	18,398	-7%	2
8	Ping An	Insurance	16,463	5%	3
9	Moutai	Alcohol	16,219	41%	5
10	Agricultural Bank of China	Banks	14,848	-9%	2
11	China Life	Insurance	13,134	-15%	3
12	Sinopec	Oil & Gas	12,366	-3%	1
13	Bank of China	Banks	11,778	-9%	2
14	JD.com	Retail	9,699	3%	3
15	PetroChina	Oil & Gas	9,550	-11%	1
16	China Telecom	Telecom Providers	8,887	-1%	4
17	China Merchants Bank	Banks	6,581	-1%	2
18	Yili	Food & Dairy	6,318	1%	5
19	Mengniu	Food & Dairy	5,023	6%	5
20	Air China	Airlines	4,845	-1%	4
21	China Unicom	Telecom Providers	4,589	-3%	3
22	CPIC	Insurance	4,216	-2%	2
23	Bank of Communications	Banks	4,195	-7%	2
24	China Minsheng Bank	Banks	3,494	2%	2
25	Vanke	Real Estate	3,424	13%	3
26	Suning	Retail	3,386	2%	3
27	Lenovo	Technology	3,309	-13%	3
28	Yunnan Baiyao	Health Care	3,074	1%	4
29	China Eastern Airlines	Airlines	2,953	-2%	3
30	Midea	Home Appliances	2,792	12%	4
31	NetEase	Technology	2,624	36%	3
32	Letv	Technology	2,576	-8%	5
33	China Southern Airlines	Airlines	2,407	-2%	3
34	Evergrande Real Estate	Real Estate	2,392	5%	3
35	Shuanghui	Food & Dairy	2,379	5%	3
36	PICC	Insurance	2,362	-21%	2
37	Haier	Home Appliances	2,320	-2%	3
38	Ctrip	Travel Agencies	2,260	32%	3
39	Poly Real Estate	Real Estate	2,180	3%	3
40	Vip.com	Retail	2,179	**NEW**	3
41	Tong Ren Tang	Health Care	1,905	5%	4
42	New China Life	Insurance	1,802	-1%	2
43	BYD	Cars	1,792	14%	1
44	Country Garden	Real Estate	1,783	21%	3
45	Gree	Home Appliances	1,763	-9%	3
46	New Oriental	Education	1,657	43%	4
47	Yanghe	Alcohol	1,535	-7%	3
48	China CITIC Bank	Banks	1,524	**NEW**	2
49	ZTE	Technology	1,403	-9%	2
50	iQiyi	Technology	1,334	**NEW**	4

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg).

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

BRANDZ™ TOP 100 MOST VALUABLE CHINESE BRANDS 2017

	Brand	Category	Brand Value US$ Mil.	Brand Value % Change 2017 vs. 2016	Brand Contribution
51	Tsingtao Beer	Alcohol	1,213	-16%	5
52	Harbin Beer	Alcohol	1,203	19%	4
53	Luzhou Laojiao	Alcohol	1,193	36%	4
54	Youku Tudou	Technology	1,141	6%	4
55	Wu Liang Ye	Alcohol	1,139	14%	4
56	Snow Beer	Alcohol	1,111	11%	4
57	ChangYu	Alcohol	1,052	-9%	4
58	Robam	Home Appliances	993	37%	5
59	CR Sanjiu	Health Care	964	6%	4
60	Hainan Airlines	Airlines	909	5%	2
61	Sina	Technology	900	43%	5
62	Heilan Home	Apparel	868	NEW	3
63	Bright Dairy	Food & Dairy	864	-15%	4
64	Dabao	Personal Care	836	13%	2
65	Great Wall	Cars	790	3%	1
66	Lao Feng Xiang	Jewelry Retailer	736	-14%	5
67	Longfor	Real Estate	685	6%	3
68	Gemdale	Real Estate	682	3%	2
69	Anta	Apparel	673	16%	3
70	Yonghui Superstores	Retail	651	0%	2
71	Industrial Bank	Banks	639	-2%	1
72	R&F Properties	Real Estate	539	2%	3
73	Gujing Gong Jiu	Alcohol	535	20%	4
74	Supor	Home Appliances	526	35%	4
75	Herborist	Personal Care	494	-16%	4

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg).

	Brand	Category	Brand Value US$ Mil.	Brand Value % Change 2017 vs. 2016	Brand Contribution
76	Home Inn	Hotels	471	-2%	4
77	Xueersi	Education	457	58%	4
78	Hanting	Hotels	448	25%	4
79	Caissa	Travel Agencies	429	NEW	3
80	Eastern Gold Jade	Jewelry Retailer	409	-21%	4
81	Sanquan	Food & Dairy	396	-5%	4
82	Yanjing Beer	Alcohol	380	-13%	4
83	Hisense	Home Appliances	377	10%	2
84	Fortune	Food & Dairy	373	10%	5
85	China Everbright Bank	Banks	357	-8%	2
86	SOHO China	Real Estate	349	-2%	2
87	Anerle	Baby Care	345	-25%	4
88	Greentown China	Real Estate	339	-2%	2
89	China Taiping	Insurance	313	-24%	1
90	Jinjiang Inn	Hotels	276	1%	4
91	Pearl River	Alcohol	273	-6%	3
92	TCL	Home Appliances	273	0%	2
93	Geely	Cars	272	NEW	1
94	Changan	Cars	255	4%	1
95	Semir	Apparel	243	NEW	2
96	Zhong Hua	Personal Care	243	-1%	4
97	CITS	Travel Agencies	235	-18%	2
98	Ming Jewelry	Jewelry Retailer	234	-30%	4
99	Vatti	Home Appliances	229	NEW	4
100	Gome	Retail	228	NEW	2

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 2017

1 壹

TOP RISER

Tencent

COMPANY Tencent Holdings Ltd.
BRAND VALUE US$ 106,181 Million
YEAR-ON-YEAR CHANGE 29%
HEADQUARTERS Shenzhen
INDUSTRY Technology
YEAR FORMED 1998

Founded in 1998, Tencent is China's most used internet service portal, offering value-added internet, mobile services, telecom, and online advertising services. Its diversified services include QQ, WeChat and Qzone for social networking; QQ Game Platform for online games; QQ.com and Tencent News for information, Tencent Video for video content and WeChat for communications. Many of WeChat's users have been persuaded to link their bank cards to the app. Mobile games remain an important growth driver. In 2016, Tencent added Supercell to its global network of game partners when it acquired a majority stake in the Finnish company.

2 贰

TOP RISER

Alibaba

COMPANY Alibaba Group Holdings Ltd.
BRAND VALUE US$ 58,009 Million
YEAR-ON-YEAR CHANGE 22%
HEADQUARTERS Hangzhou
INDUSTRY Retail
YEAR FORMED 1999

Alibaba was founded in 1999. Today, it combines in one ecosystem the e-commerce and social network equivalents of Amazon, eBay, PayPal and WhatsApp, along with a music streaming service called Xiami, similar to Spotify. Alibaba is China's biggest online commerce company. Its three main sites — Taobao, Tmall and Alibaba.com — have hundreds of millions of users, and host millions of merchants and businesses. Alibaba handles more business than any other e-commerce company.

3 叁

China Mobile

COMPANY China Mobile Ltd.
BRAND VALUE US$ 57,899 Million
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Beijing
INDUSTRY Telecom Providers
YEAR FORMED 1997

China Mobile is an SOE (State Owned Enterprise). It offers comprehensive communications services, including voice, data, IDD and international roaming through 4G LTE, 3G HSPA, GPRS, EDGE and other technologies. By the end of 2016 its 4G customer base had reached 510 million - nearly a third of the world's total. It also successfully launched a 4.5G mobile network. An ever faster network will help grow China Mobile's revenue by encouraging consumers to use more data for online videos and social networking.

4 肆

ICBC

COMPANY Industrial & Commercial Bank of China Ltd.
BRAND VALUE US$ 31,482 Million
YEAR-ON-YEAR CHANGE -8%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1984

ICBC was originally a state owned commercial bank. In 2006, it became a publicly traded entity (listed on the Hong Kong and Shanghai Stock Exchanges) with a major stake held by the Chinese government. The bank provides comprehensive financial products and services to 5.3 million corporate customers and 496 million personal customers. It also ranks as the largest bank in China in terms of the loans provided to small and micro enterprises. In 2016 it signed a partnership agreement with Singapore Press Holdings to develop South-east Asia's first bilingual B2B e-commerce platform to enhance cross-border trade between the two regions. Also in 2016, ICBC opened branches in Rotterdam and Antwerp, giving it a presence in a total of 19 major European cities.

5 伍

Baidu

COMPANY Baidu Inc.
BRAND VALUE US$ 23,886 Million
YEAR-ON-YEAR CHANGE -11%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2000

Baidu is China's most successful search engine. In addition to its core web search services it provides many online media marketing and community based platforms. It is increasingly active in markets outside China, such as Brazil, Egypt, Indonesia, Japan, and Thailand. Baidu is very focused on mobile search, which accounts for approximately two-thirds of its total search traffic and revenue. The company is also focusing on artificial intelligence. In 2016 it introduced DuSee, a new augmented reality (AR) platform for smartphones which will enable Baidu to deliver a real-time AR experience to the millions of users of its mobile apps.

6 陆

Huawei

COMPANY Huawei Technologies Co Ltd.
BRAND VALUE US$ 20,383 Million
YEAR-ON-YEAR CHANGE 10%
HEADQUARTERS Shenzhen
INDUSTRY Technology
YEAR FORMED 1987

From small beginnings as a sales agent for Private Branch Exchange (PBX) switches, Huawei has grown to become the largest telecoms equipment manufacturer in the world. Today, its cloud computing, storage, and SDN products, Safe City and Electric Power IoT solutions have been widely adopted in many sectors. The consumer business has also seen steady growth and Huawei is now one of the leading device brands in over 30 countries. The company has announced its Mobile Broadband 2020 strategy, outlining a blueprint to connect the unconnected, the intention is to support 6.7 billion mobile broadband connections.

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7 柒

中国建设银行 China Construction Bank

China Construction Bank

COMPANY China Construction Bank Corporation
BRAND VALUE US$ 18,398 Million
YEAR-ON-YEAR CHANGE -7%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1954

Founded in 1954 as a wholly state owned bank called People's Construction Bank of China, today China Construction Bank is one of the nation's 'big four' commercial banks. The bank has three principal business segments: corporate banking, personal banking, and treasury operations. With 14,917 branches and sub-branches in mainland China, the bank serves over 39 million corporate customers and 341 million personal customers.

8 捌

中国平安 PING AN

Ping An

COMPANY Ping An Insurance Group Company of China Ltd.
BRAND VALUE US$ 16,463 Million
YEAR-ON-YEAR CHANGE 5%
HEADQUARTERS Shenzhen
INDUSTRY Insurance
YEAR FORMED 1988

Ping An provides personal financial services across core businesses of insurance, banking and investment. It has recently experienced rapid growth in its online business as it puts an emphasis on internet finance. At the beginning of 2016 its online user base was around 242 million, a 75 percent increase on the previous year. The company is developing online platforms such as peer-to-peer lending and mobile payments.

9 玖

MOUTAI

Moutai

TOP RISER

COMPANY Kweichow Moutai Co Ltd.
BRAND VALUE US$ 16,219 Million
YEAR-ON-YEAR CHANGE 41%
HEADQUARTERS Renhuai
INDUSTRY Alcohol
YEAR FORMED 1951

Moutai is a distilled Chinese liquor that for many years was a staple of formal state gatherings in the country and a popular gift for Chinese officials. In 2013 - in response to the government's decision to promote a more frugal attitude towards entertaining amongst the elite - distributors dropped the price and began to target middle-aged, affluent consumers, positioning it as a drink to be shared among friends. 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.

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10 拾

中国农业银行 AGRICULTURAL BANK OF CHINA

Agricultural Bank of China

COMPANY Agricultural Bank of China Ltd.
BRAND VALUE US$ 14,848 Million
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1951

From its origins as the Agricultural Cooperative Bank, it has evolved from a state-owned specialized bank to a wholly state-owned commercial bank and subsequently a state-controlled commercial bank. Today, it has over 23,600 domestic branches in China, providing a range of corporate and retail banking products and services, treasury operations and asset management. The business scope also includes investment banking, fund management, financial leasing and life insurance. In 2010 it became a public shareholding commercial bank listed on the Shanghai and Hong Kong exchanges.

11 拾壹

中国人寿 CHINA LIFE

China Life

COMPANY China Life Insurance Co Ltd.
BRAND VALUE US$ 13,134 Million
YEAR-ON-YEAR CHANGE -15%
HEADQUARTERS Beijing
INDUSTRY Insurance
YEAR FORMED 2003

China Life is part of China Life Insurance Group Company, a state-owned firm that, in 1996, was spun off from its predecessor, People's Insurance Company of China. It is the largest life insurance company in China, providing individual and group life insurance, annuity products and accident and health insurance. China Life has approximately 231 million long-term individual and group life policies, annuities, and long-term health insurance policies in force.

12 拾贰

中国石化 SINOPEC

Sinopec

COMPANY China Petroleum & Chemical Corporation
BRAND VALUE US$ 12,366 Million
YEAR-ON-YEAR CHANGE -3%
HEADQUARTERS Beijing
INDUSTRY Oil & Gas
YEAR FORMED 2000

China Petrochemical Corporation (Sinopec Group) is a large-scale petroleum and petrochemical enterprise group. It is China's largest producer and supplier of refined oil products (including gasoline, diesel and jet fuel, etc.) and major petrochemical products, it is also the nation's second largest crude oil producer. During 2016 it counteracted low oil prices, by focusing on optimizing its exploration and production activities, uncovering both new natural gas and shale gas fields. An SOE (State Owned Enterprise), Sinopec listed on the Hong Kong, London and New York Stock Exchanges in 2000 and the Shanghai Stock Exchange in 2001.

13 拾叁

中国银行 BANK OF CHINA

Bank of China

COMPANY Bank of China Ltd.
BRAND VALUE US$ 11,778 Million
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1912

Bank of China was established in 1912; it served as the country's central bank until the establishment of the People's Republic of China in 1949. Today it is China's most international and diversified bank, serving customers across the mainland as well as 41 other countries and regions. The bank's core business is commercial banking, including corporate banking, personal banking and financial markets services. In 2016 the bank continued to pursue its overseas development strategy and also focused on growing its e-finance service; by mid 2016 e-finance customer numbers had increased by 78% on the previous year.

14 拾肆

JD.京东.COM

JD.com

COMPANY JD.com Inc.
BRAND VALUE US$ 9,699 Million
YEAR-ON-YEAR CHANGE 3%
HEADQUARTERS Beijing
INDUSTRY Retail
YEAR FORMED 1998

JD.com was founded as Jingdong Century Trading Co. selling magneto-optical products but quickly diversified into electronics, mobiles and computers. Today it is China's second-largest e-commerce player by gross merchandise volume (behind Alibaba) but China's largest e-commerce platform by revenue, JD.com offers online retail to around 200 million customers. It also offers third party merchants a direct-to-customer sales platform. In 2016, WalMart almost doubled its stake in JD.com from 5 percent to 9 percent. JD.com has been listed on the NASDAQ since 2014.

15 拾伍

中国石油

PetroChina

COMPANY Petrochina Co Ltd.
BRAND VALUE US$ 9,550 Million
YEAR-ON-YEAR CHANGE -11%
HEADQUARTERS Beijing
INDUSTRY Oil & Gas
YEAR FORMED 1999

PetroChina is China's largest oil and gas producer and distributor. It undertakes a wide range of activities related to oil and natural gas, including: exploration, development, production and marketing of crude oil and natural gas; refining, transportation, storage and marketing. In the first three quarters of 2016, faced with lower oil prices and intensified market competition, PetroChina reported a fall in profits. The listed arm of state-owned China National Petroleum Corporation, it has been on the New York and Hong Kong Stock Exchanges since 2000, and on the Shanghai Stock Exchange since 2007.

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16 拾陆

China Telecom

COMPANY China Telecom Corp Ltd.
BRAND VALUE US$ 8,887 Million
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Beijing
INDUSTRY Telecom Providers
YEAR FORMED 2000

One of China's three leading telecom operators, China Telecom provides internet access, mobile communications, information technology applications and fixed-line telephone services. It has subsidiary branches in over 30 provinces and in America, Europe, Asia-Pacific, Africa and the Middle East. In 2016, China Telecom signed an agreement with Nokia to increase coverage of 4G to 19 provinces, enhancing coverage and capacity as well as paving the way towards the introduction of 5G technology.

17 拾柒

China Merchants Bank

COMPANY China Merchants Bank Co Ltd.
BRAND VALUE US$ 6,581 Million
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Shenzhen
INDUSTRY Banks
YEAR FORMED 1987

Since its inception 30 years ago, China Merchants Bank has grown from a small bank with one branch and over thirty employees into a nationwide joint-stock commercial bank that has over 500 branches on the mainland and over 50,000 employees. It provides the full suite of personal and corporate banking services and in 1997 was the first bank to provide online corporate banking services in China. It was listed on the Shanghai Stock Exchange in 2002, and on the Hong Kong Stock Exchange in 2006.

18 拾捌

Yili

COMPANY Inner Mongolia Yili Industrial Group Co Ltd.
BRAND VALUE US$ 6,318 Million
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Hohhot
INDUSTRY Food & Dairy
YEAR FORMED 1993

From its roots as a dairy co-operative in 1956, Yili has grown to become China's largest dairy producer. Today, the Yili Group consists of five major business divisions including liquid milk, ice-cream, milk powder, yoghurt and raw milk, with nearly 100 subsidiaries and more than 1,000 products. The company was listed on the Shanghai Stock Exchange in 1996; in the intervening twenty years its revenue has multiplied by 150, from 0.4bn RMB to 60.3bn

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19 拾玖

Mengniu

COMPANY China Mengniu Dairy Co Ltd.
BRAND VALUE US$ 5,023 Million
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Hohhot
INDUSTRY Food & Dairy
YEAR FORMED 1999

China Mengniu Dairy Company Limited and its subsidiaries manufacture and distribute dairy products in China and internationally. One of the leading dairy product manufacturers in China, Mengniu is its core brand. The diversified products range includes liquid milk products (such as UHT milk, milk beverages and yogurt), ice-cream, milk formula and cheese. By the end of June 2016, the Group's annual production capacity had reached 9.11 million tonnes.

20 贰拾

Air China

COMPANY Air China Ltd.
BRAND VALUE US$ 4,845 Million
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Beijing
INDUSTRY Airlines
YEAR FORMED 1988

The original Air China was established in 1988. In 2004, as a result of the Civil Aviation System Reform Program, the airline was consolidated with China National Aviation Company and China Southwest Airlines to create the Air China Company. Today the company operates a fleet of 603 passenger and cargo planes across 377 routes, including 98 international routes, 16 regional routes and 263 domestic routes. It is the only designated carrier that also provides flights for Chinese leaders on their official visit to other countries and foreign leaders traveling within China. In 2016, Air China signed a wide-reaching partnership with the Lufthansa Group which will enable the two groups to jointly operate connections between Europe and China.

21 贰拾壹

China Unicom

COMPANY China Unicom Hong Kong Ltd.
BRAND VALUE US$ 4,589 Million
YEAR-ON-YEAR CHANGE -3%
HEADQUARTERS Beijing
INDUSTRY Telecom Providers
YEAR FORMED 2009

China Unicom was established in 2009 as a result of the merger of former China Unicom and China Netcom. A world leading telecom operator, it has subsidiaries and provincial branches in 31 provinces across China, and five overseas operating companies. The company offers both fixed and mobile telecom services via an extensive last mile, long haul and international network. In 2015, it set up China Unicom Global, with headquarters in Hong Kong. The remit of this wholly owned subsidiary is to deliver direct, local support to customers outside mainland China, including Asia Pacific, Americas, Europe, South Africa and the Middle East.

22 贰拾贰

CPIC

COMPANY China Pacific Insurance Group Co Ltd.
BRAND VALUE US$ 4,216 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Shanghai
INDUSTRY Insurance
YEAR FORMED 1991

CPIC (China Pacific Insurance Company) is one of China's leading integrated insurance groups and has been listed on the Fortune Global 500 for five consecutive years. It provides a broad range of risk and protection solutions, investment and wealth management and asset management services to about 80 million customers throughout the country.

In March 2016, the company signed an agreement with Shanghai Disney Resort, creating a multi-year strategic alliance which recognizes CPIC as an official insurance sponsor of the resort. In June, it signed a deal with internet giant Baidu to set up a joint venture to sell car insurance.

23 贰拾叁

Bank of Communications

COMPANY Bank of Communications Company Ltd.
BRAND VALUE US$ 4,195 Million
YEAR-ON-YEAR CHANGE -7%
HEADQUARTERS Shanghai
INDUSTRY Banks
YEAR FORMED 1908

The Bank of Communications was founded in China in 1908, making it one of the oldest banks in the country. It was also one of the first note-issuing banks in modern China. Today, its scope includes commercial banking, securities services, trust services, financial leasing, fund management, insurance and offshore financial services. The bank employs a total of 91,468 workers worldwide, spread across 3,141 branches in China and 56 branches overseas.

24 贰拾肆

China Minsheng Bank

COMPANY China Minsheng Banking Corp Ltd.
BRAND VALUE US$ 3,494 Million
YEAR-ON-YEAR CHANGE 2%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1996

China Minsheng Bank was founded in 1996 by Jing Shuping, a Chinese lawyer and businessman who was a prominent figure in the People's Republic of China. It is a national joint-stock commercial bank with investments mainly from non-state-owned enterprises (NSOEs). Employing nearly 59,000 people it provides corporate and personal banking, treasury business, finance leasing, assets management, and other financial services.

"FAMILIES THAT CAN AFFORD THE BASICS,

SPEND MORE ON THEIR ASPIRATIONS."

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25 贰拾伍

vanke 万科

TOP RISER

Vanke

COMPANY China Vanke Co Ltd.
BRAND VALUE US$ 3,424 Million
YEAR-ON-YEAR CHANGE 13%
HEADQUARTERS Shenzhen
INDUSTRY Real Estate
YEAR FORMED 1984

Vanke was founded in 1984 and has become the largest residential property development enterprise in the world. Since 1988, its main business has been real estate development and property services. Having strategically focused on city clusters, Vanke has established its presence in 71 cities in mainland China and provides property services in 843 residential communities. 2016 saw it enter the Fortune Global 500 for the first time.

26 贰拾陆

SUNING 苏宁

Suning

COMPANY Suning Commerce Group Ltd.
BRAND VALUE US$ 3,386 Million
YEAR-ON-YEAR CHANGE 2%
HEADQUARTERS Nanjing
INDUSTRY Retail
YEAR FORMED 1990

China's leading electronic retailer is renowned for the strength of its logistics operation. It sells a wide range of household and technological appliances, from TVs to air conditioners. Suning operates across China and in overseas markets, including Hong Kong and Japan.

In 2015, Alibaba purchased a 20% stake in the company in a significant step towards the integration of online and offline shopping. As part of this increased focus online, in the first half of 2016, Suning closed 114 of its older retail stores.

27 贰拾柒

Lenovo

Lenovo

COMPANY Lenovo Group Ltd.
BRAND VALUE US$ 3,309 Million
YEAR-ON-YEAR CHANGE -13%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 1984

Lenovo (known as Legend Holdings until 2004) is one of the world's leading personal technology companies. Its products include PCs, smartphones, tablets and smart TVs. It has more than 55,000 employees serving customers in over 160 countries worldwide. During 2015/16 Lenovo retained its position as global PC leader for the third consecutive year, with a record market share of 21%. It also achieved record market share in its tablet business, ranking as number three in the market by sales.

28 贰拾捌

云南白药 YUNNAN BAIYAO

Yunnan Baiyao

COMPANY Yunnan Baiyao Group Co Ltd.
BRAND VALUE US$ 3,074 Million
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Kunming
INDUSTRY Health Care
YEAR FORMED 1902

Yunnan Baiyao is the most famous of the patent remedies in China. It was created by a medicine practitioner who discovered that baiyao, a powder derived from ginseng and other roots, helped treat wounds and staunch blood. Yunnan Baiyao is only legitimately produced by Yunnan Baiyao Group Co., Ltd, one of the top state pharmaceutical companies in China, listed on the Shenzhen Stock Exchange since 1993.

29 贰拾玖

中國東方航空 CHINA EASTERN

China Eastern Airlines

COMPANY China Eastern Airlines Corp Ltd.
BRAND VALUE US$ 2,953 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Shanghai
INDUSTRY Airlines
YEAR FORMED 1988

China Eastern Airlines is an SOE (State Owned Enterprise) and one of China's three largest airlines. It flies a fleet of more than 550 long-haul and short-haul aircraft and serves more than 90 million travelers annually. In 2015, it formalized its collaboration with Delta Air Lines by selling a 3.5% stake to the US carrier, strengthening their strategic partnership. Currently China Eastern Airlines network covers 1,052 destinations in 177 countries.

30 叁拾

美的 Midea

Midea

COMPANY Midea Group Co Ltd.
BRAND VALUE US$ 2,792 Million
YEAR-ON-YEAR CHANGE 12%
HEADQUARTERS Shunde
INDUSTRY Home Appliances
YEAR FORMED 1968

Founded in 1968, Midea has grown from a local workshop into a leading global player in consumer appliances, heating, ventilation and air-conditioning systems, robotic and industrial automation systems. Online, Midea collaborates with platforms like Taobao and JD.com, and it has more than 2,200 flagship stores. With a global platform of 200 subsidiaries and ten strategic business units around the world, the company employs around 11,000 people.

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31 叁拾壹

TOP RISER

NetEase

COMPANY NetEase Inc.
BRAND VALUE US$ 2,624 Million
YEAR-ON-YEAR CHANGE 36%
HEADQUARTERS Guangzhou
INDUSTRY Technology
YEAR FORMED 1997

NetEase provides online services centered around content, community, communication and commerce. The company develops and operates some of China's most popular PC-client and mobile games, and provides advertising services, e-mail services and e-commerce platforms. It also partners with other global game developers - including Blizzard Entertainment - to license some of the most popular international online games.

32 叁拾贰

Letv

COMPANY Leshi Internet Information & Technology Corporation
BRAND VALUE US$ 2,576 Million
YEAR-ON-YEAR CHANGE -8%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2004

Letv is a leading global internet company which encompasses a range of businesses (content, internet and cloud, smart televisions, mobile phones, sports, and eco-friendly cars). Its content business attracts around 53m daily unique visitors who can access a library of more than 100,000 TV episodes and 5,000 films. In 2016 it acquired Vizio, the US maker of TVs, for $2 billion, it also announced a wide number of launch partners for the introduction of it LeEco Live streaming service in the US, including Vice and Lionsgate.

33 叁拾叁

China Southern Airlines

COMPANY China Southern Airlines Co Ltd.
BRAND VALUE US$ 2,407 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Guangzhou
INDUSTRY Airlines
YEAR FORMED 1991

From Guangzhou, its primary hub, and other Chinese cities, China Southern Airlines operates more than 2,000 daily flights to 208 destinations in 40 countries and regions across the world. Through close co-operation with its SkyTeam member airlines, China Southern Airline's total reach spans 1,062 destinations across 177 countries and regions. The airline was listed on the New York and Hong Kong Stock Exchanges in 1997, and on the Shanghai Stock Exchange in 2003.

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34 叁拾肆

Evergrande Real Estate

COMPANY Evergrande Group
BRAND VALUE US$ 2,392 Million
YEAR-ON-YEAR CHANGE 5%
HEADQUARTERS Guangzhou
INDUSTRY Real Estate
YEAR FORMED 1996

Evergrande Real Estate is the world's largest real estate enterprise, the group integrates businesses in property, finance, Internet, health, tourism, culture and sports. In 2016 it had more than 500 real estate projects in over 180 cities throughout China, employing more than 80,000 people. Since its inception around the time of the Asian Economic crisis of 1997 it has applied the strategy of "short development time, low price, fast construction".

35 叁拾伍

Shuanghui

COMPANY Henan Shuanghui Investment & Development Co Ltd.
BRAND VALUE US$ 2,379 Million
YEAR-ON-YEAR CHANGE 5%
HEADQUARTERS Luohe
INDUSTRY Food & Dairy
YEAR FORMED 1969

China's largest meat processing business, Henan Shuanghui Investment and Development Company is a subsidiary of international pork producer WH Group Ltd, which also owns Smithfield Foods. Shuanghui processes and markets pasteurized meat products including smoked sausages, hams and bacon. In all, it produces more than 200 cuts and styles of fresh and chilled meat. It excels at new product development, which helps to maintains its competitive advantage.

36 叁拾陆

PICC

COMPANY PICC Property & Casualty Co Ltd.
BRAND VALUE US$ 2,362 Million
YEAR-ON-YEAR CHANGE -21%
HEADQUARTERS Beijing
INDUSTRY Insurance
YEAR FORMED 1949

Founded as an SOE (State Owned Enterprise) in 1949, The People's Insurance Company of China (PICC) was the first insurance company in the Republic of China. Considered pioneers of the industry, insurance services include cover for life and health, property, marine cargo, travel, households, and cars. It is traded on the Hong Kong Stock Exchange.

37 叁拾柒

Haier

COMPANY Qingdao Haier Co Ltd.
BRAND VALUE US$ 2,320 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Qingdao
INDUSTRY Home Appliances
YEAR FORMED 1984

First established as the Qingdao Refrigerator Company in 1984, today Haier is a multinational consumer electronics and home appliances company. It designs, develops, manufactures and sells products including air conditioners, mobile phones, computers, microwave ovens, washing machines, refrigerators, and televisions. In 2016, Haier acquired the appliance subsidiary of the US General Electric company for $5.6bn.

38 叁拾捌

TOP RISER

Ctrip

COMPANY Ctrip.com International Ltd.
BRAND VALUE US$ 2,260 Million
YEAR-ON-YEAR CHANGE 32%
HEADQUARTERS Shanghai
INDUSTRY Travel Agencies
YEAR FORMED 1999

Ctrip.com International is a leading travel service provider of accommodation reservation, transport ticketing, packaged tours and corporate travel management in China. Outbound travel remains a key growth driver for Ctrip. The company is the country's largest online consolidator of accommodation and transportation tickets (in terms of transaction volume). It offers aggregated travel related information through an advanced transaction and service platform consisting of its mobile apps, websites and 24-hour customer call center. In 2016, the company acquired Skyscanner, a leading global travel search site headquartered in the UK.

39 叁拾玖

Poly Real Estate

COMPANY Poly Real Estate Group Co Ltd.
BRAND VALUE US$ 2,180 Million
YEAR-ON-YEAR CHANGE 3%
HEADQUARTERS Guangzhou
INDUSTRY Real Estate
YEAR FORMED 1992

Poly Real Estate Group Company is a subsidiary of the state-owned China Poly Group Corporation. Its principal areas of operation are the design, development, construction and sale of residential and commercial properties, and property management services. In 2016, it had more than 350 development projects across 70 cities in China, along with approximately 50 office buildings in core cities, 30 five-star hotels and 30 shopping malls. Since 2014 it has become increasingly active in the Australian residential property market.

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40 肆拾

NEW ENTRY

Vip.com

COMPANY Vipshop Holdings Ltd.
BRAND VALUE US$ 2,179 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Guangzhou
INDUSTRY Retail
YEAR FORMED 2008

VIP.com is China's leading online discount retailer for brands and the largest flash sale website. The company pioneered the specialized sales model, with flash sales that encompass a wide range of categories including clothing, accessories, cosmetics and homeware at significant discounts to retail prices. VIP.com works with over 13,000 brands, more than 1,600 of which are exclusive online partners. Since it was founded in August 2008, the company has rapidly built a sizeable and growing base of customers and established a dominant position in China's online discount retail market.

41 肆拾壹

Tong Ren Tang

COMPANY Beijing Tongrentang Co Ltd.
BRAND VALUE US$ 1,905 Million
YEAR-ON-YEAR CHANGE 5%
HEADQUARTERS Beijing
INDUSTRY Health Care
YEAR FORMED 1669

Founded in 1669 in Beijing, Tong Ren Tang is one of the oldest pharmacies in China. It was the designated medicine provider for the Qing Dynasty royal court, supplying medicine for eight different Qing emperors. Today, it is the world's largest producer of products for traditional Chinese medicine and it operates over 1,500 pharmacies. Tong Ren Tang's unique recipes are available in over 40 countries; in 2016, it opened its first three stores in the US. Also in 2016, the brand formed a partnership with a Canadian health product supplier to distribute its Natural Factors products in China.

42 肆拾贰

New China Life

COMPANY New China Life Insurance Co Ltd.
BRAND VALUE US$ 1,802 Million
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Beijing
INDUSTRY Insurance
YEAR FORMED 1996

New China Life Insurance was founded in 1996 and today is one of the most influential Chinese insurance brands. It has a sales team of over 175,000 agents and more than 1,600 branches across the country, providing life insurance, health insurance, personal accident insurance and pension insurance services to 26.15 million individual customers and 64,000 institutional customers. The company has several subsidiaries including New China Asset Management, Xinhua Village Seniors Business Management, and New China Life Excellent Health Investment Management.

43 肆拾叁

TOP RISER

BYD

COMPANY BYD Co Ltd.
BRAND VALUE US$ 1,792 Million
YEAR-ON-YEAR CHANGE 14%
HEADQUARTERS Shenzhen
INDUSTRY Cars
YEAR FORMED 1995

BYD began as a rechargeable battery manufacturer in 1995. It subsequently diversified to become a leader in the production and marketing of electric and hybrid vehicles. The Chinese government's active promotion of policies to reduce emission-related pollution has contributed to a massive growth in demand for BYD's electric vehicles. In 2016, it introduced an array of new models and sold over 60,000 vehicles to Chinese consumers. It plans to double production this year. 2016 also saw the company launch its new SkyRail business. This is an elevated monorail system which BYD hopes to sell around the world, particularly in smaller Chinese cities.

44 肆拾肆

TOP RISER

Country Garden

COMPANY Country Garden Holdings Co Ltd.
BRAND VALUE US$ 1,783 Million
YEAR-ON-YEAR CHANGE 21%
HEADQUARTERS Shunde
INDUSTRY Real Estate
YEAR FORMED 1992

Established in 1992, Country Garden is engaged in property development, construction, decoration, property management, and hotel operations. It builds primarily around China's first tier cities, offering luxury residences in the suburbs and selected smaller markets. Since its inception, it has undertaken more than 500 projects in over 300 cities and built housing for 3 million people. In 2016, the company's founder and chairman Yeung Kwok Keung announced the company's plan to invest $15 billion in ten "Tech Town" developments around major cities; these will mix Country Garden housing with office parks for startup companies.

45 肆拾伍

Gree

COMPANY Gree Electric Appliances, Inc. of Zhuhai
BRAND VALUE US$ 1,763 Million
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Zhuhai
INDUSTRY Home Appliances
YEAR FORMED 1991

Established in 1991, Gree Electric Appliances is an international air conditioning enterprise which has integrated R&D, manufacturing, marketing and service. It has developed three brands, Gree, Tosot and Kinghome. The wide product portfolio includes residential air conditioners, central air conditioners, air source water heaters, smart phones, and home appliances. Gree products span 20 categories and over 12,000 models are manufactured across 10 global production bases in China, Brazil, and Pakistan. They are sold in more than 160 countries and regions.

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46 肆拾陆

TOP RISER

New Oriental

COMPANY New Oriental Education & Technology Group Inc.
BRAND VALUE US$ 1,657 Million
YEAR-ON-YEAR CHANGE 43%
HEADQUARTERS Beijing
INDUSTRY Education
YEAR FORMED 1993

The largest provider of private educational services in China, New Oriental offers a wide range of educational programs, services and products. These include English and other foreign language training, overseas and domestic test preparation courses, primary and secondary school education, educational software and online education.

Since its inception in 1993, it has had over 27.9 million student enrolments - 3.6 million of which were in 2016. The network comprises over 19,700 teachers in 58 cities and 69 schools, 789 learning centers, 20 bookstores and access to a nationwide network of online and offline bookstores. Its online network has approximately 15 million registered users.

47 肆拾柒

Yanghe

COMPANY Jiangsu Yanghe Brewery Joint-Stock Co Ltd.
BRAND VALUE US$ 1,535 Million
YEAR-ON-YEAR CHANGE -7%
HEADQUARTERS Suqian
INDUSTRY Alcohol
YEAR FORMED 1949

Located in China's capital of spirits, Suqian, the Yanghe Distillery was founded in 1949 as a producer of the traditional baijiu spirit. Today it has more than 26,000 employees, and 179 branch companies and offices across the country. Three production bases with a total area of over ten square kilometers between them, make the company one of the largest liquor producers in the country, and a leader in the mid-end baijiu market.

48 肆拾捌

NEW ENTRY

China CITIC Bank

COMPANY CITIC Group
BRAND VALUE US$ 1,524 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Shenzhen
INDUSTRY Banks
YEAR FORMED 1987

China CITIC Bank is the seventh largest bank by assets in China. It has a network of 773 branches in mainland China that are strategically located in the economically fast growing eastern and coastal regions as well as in the key inner areas of the country. Its breadth of services cover corporate banking, international trade, retail and private banking, credit cards, as well as treasury and capital markets. China CITIC Bank is a part of CITIC Group (China International Trust and Investment Corporation), one of China's biggest state-owned conglomerates. China CITIC Bank operates in over 130 countries and employs nearly 34,000 people.

49 肆拾玖

ZTE

COMPANY ZTE Corporation
BRAND VALUE US$ 1,403 Million
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Shenzhen
INDUSTRY Technology
YEAR FORMED 1985

ZTE (Zhongxing Telecommunication Equipment Corporation) is a multinational telecommunications equipment and systems company and the world's fourth-largest mobile phone manufacturer. While the company mainly sells products under the ZTE brand, it is also an original equipment manufacturer (OEM), and has made several Android smartphones and tablets. Its key customers are China's leading telecoms service providers. Also active abroad, the company's revenue is evenly split between its domestic and international businesses.

50 伍拾

NEW ENTRY

iQiyi

COMPANY Baidu Inc.
BRAND VALUE US$ 1,334 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2010

Founded in April 2010, iQiyi is an internet and mobile video service provider. It is an independently operated subsidiary of Baidu, the world's largest Chinese search engine. In just six years, iQiyi has become a key player in China's rapidly evolving digital landscape. It currently provides over 30 different types of content from China and abroad – including film, TV series, cartoons, sport and news. At present, it operates both a freemium model, supported by revenue from advertisements, and a fee-based subscription model. The freemium model has over 250 million daily visitors, and by 2016 the subscription business had 20 million paying users.

51 伍拾壹

Tsingtao Beer

COMPANY Tsingtao Brewery Co Ltd.
BRAND VALUE US$ 1,213 Million
YEAR-ON-YEAR CHANGE -16%
HEADQUARTERS Qingdao
INDUSTRY Alcohol
YEAR FORMED 1903

Founded by German and British settlers in 1903, and one of China's oldest beer brands, Tsingtao is an authentic Chinese beer, only ever brewed in the sea port of Qingdao, in North Eastern China. Unlike many exported beers, Tsingtao is not brewed under license so every bottle is brewed in China to the same traditional recipe. Today, Tsingtao Beer China has a total of 69 breweries all over China; the brand is exported to more than 90 countries.

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52 伍拾贰

Harbin Beer

COMPANY Anheuser-Busch InBev NV/SA.
BRAND VALUE US$ 1,203 Million
YEAR-ON-YEAR CHANGE 19%
HEADQUARTERS Harbin
INDUSTRY Alcohol
YEAR FORMED 1900

TOP RISER

Founded by a Russian businessman in 1900, the Harbin Brewery was one of the first beer companies in China. After the foundation of the People's Republic of China, Harbin became one of the beer giants in North Eastern China. In 2004, Harbin Brewery was bought by Anheuser-Busch. A light beer, it is only 3.3% alcohol by volume. Today, the product is exported to over 30 major countries. In 2016, to celebrate the spirit of the Olympics and as part of an advertising campaign, the brand sponsored cross-border team sports events with five of China's neighbors.

53 伍拾叁

Luzhou Laojiao

COMPANY Luzhou Laojiao Co Ltd.
BRAND VALUE US$ 1,193 Million
YEAR-ON-YEAR CHANGE 36%
HEADQUARTERS Luzhou
INDUSTRY Alcohol
YEAR FORMED 1950

TOP RISER

This brand of strong baijiu liquor (50% alcohol by volume) takes its name from the city where it was first brewed, back in the days of the Qin and Han dynasties. It has continued to flourish across China ever since. Today Luzhou Laojiao is a world-famous brand, that is still exclusively produced by the Luzhou Laojiao Company, in Luzhou, Sichuan province.

54 伍拾肆

Youku Tudou

COMPANY Alibaba Group Holdings Ltd.
BRAND VALUE US$ 1,141 Million
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Beijing
INDUSTRY Technology
YEAR FORMED 2012

Youku Tudou was the result of the 2012 merger of China's two biggest video sites to create the country's leading Internet television company. Its platform enables users to search, view and share high-quality video content quickly and easily across multiple devices. Youku , which stands for "what's best and what's cool" in Chinese, is a recognized online video brand in China. In 2016, the company was acquired by Alibaba for $4bn.

55 伍拾伍

Wu Liang Ye

COMPANY Wu Liang Ye Yibin Co Ltd.
BRAND VALUE US$ 1,139 Million
YEAR-ON-YEAR CHANGE 14%
HEADQUARTERS Yibin
INDUSTRY Alcohol
YEAR FORMED 1959

TOP RISER

Wu Liang Ye is one of the most popular brands of baijiu, a spirit high in alcohol. Produced using traditional techniques, it is made with a selection of grains including broomcorn, rice, wheat and corn. During 2016, Wu Liang Ye took a "Glorious Tour" exhibition around cities in China, promoting the company's history and the baijiu culture itself.

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56 伍拾陆

Snow Beer

COMPANY China Resources Beer Holdings Company Ltd.
BRAND VALUE US$ 1,111 Million
YEAR-ON-YEAR CHANGE 11%
HEADQUARTERS Beijing
INDUSTRY Alcohol
YEAR FORMED 1994

CR Snow first began brewing Snow Beer in 1994. Today, it is the world's best-selling beer with about 18 billion pints produced each year. Until recently, the Snow Beer product range was brewed under a joint venture between China Resources Beer Enterprise Ltd, an SOE (State Owned Enterprise), and SABMiller. However, in March 2016, Anheuser-Busch InBev agreed to sell SABMiller's stake in China's Snow Breweries back to the SOE for $1.6 billion.

57 伍拾柒

ChangYu

COMPANY Yantai ChangYu Pioneer Wine Co Ltd.
BRAND VALUE US$ 1,052 Million
YEAR-ON-YEAR CHANGE -9%
HEADQUARTERS Yantai
INDUSTRY Alcohol
YEAR FORMED 1892

ChangYu pioneered Chinese winemaking over 100 years ago, with the importation and cultivation of European vines. Today it is China's biggest listed wine-maker and its Chinese vineyards cover more acres than all of Burgundy. In 2016, it prepared to increase its imports from Spain, France and other European countries. ChangYu currently accounts for nearly 22% of China's wine market, higher than any other domestic or imported wine brand. One of the company's goals for 2016 was to double the number of its 'Changyu Pioneer Wine Training Schools' in China to 16.

58 伍拾捌

Robam

COMPANY Hangzhou Robam Appliances Co Ltd.
BRAND VALUE US$ 993 Million
YEAR-ON-YEAR CHANGE 37%
HEADQUARTERS Hangzhou
INDUSTRY Home Appliances
YEAR FORMED 1979

TOP RISER

Founded in 1979, Robam's predecessor was the Hangzhou Yuhang Red Star Hardware Factory which focused on manufacturing kitchen appliances, as it still does today. The company, now known as Hangzhou Robam Appliances Ltd. manufactures and sells a range of high-end products including cooker-range hoods, gas stoves, disinfection cabinets, electric pressure cookers, induction cookers and a variety of smaller food preparation machines. Robam has benefited from the robust expansion of China's kitchen appliance market in recent years.

59 伍拾玖

CR Sanjiu

COMPANY China Resources Sanjiu Medical & Pharmaceutical Co Ltd.
BRAND VALUE US$ 964 Million
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Shenzhen
INDUSTRY Health Care
YEAR FORMED 1999

China Resources Sanjiu Medical & Pharmaceutical develops, manufactures and markets medicines, healthcare products, and medical instruments. Its pharmaceutical products include prescription and over-the-counter (OTC) drugs. CR Sanjiu distributes its healthcare and pharma products at over 90,000 points of sale (in China and overseas) and more than 5,000 hospitals throughout China. Currently, growth is being driven by rising health consciousness amongst consumers and the popularity of TCM (Traditional Chinese Medicine) amongst overseas customers. The company is a subsidiary of Chinese Resources (Holdings) Company, Ltd, an SOE (State Owned Enterprise).

60 陆拾

Hainan Airlines

COMPANY Hainan Airlines Co Ltd.
BRAND VALUE US$ 909 Million
YEAR-ON-YEAR CHANGE 5%
HEADQUARTERS Shanghai
INDUSTRY Airlines
YEAR FORMED 1993

Hainan Airlines' first official flight was made in 1993, from Haikou to Beijing. Today, it has 162 aircraft in operation, used for both passenger and cargo transportation across 500 international and domestic routes, covering 90 cities worldwide. It was the first airline in China to go 'green'; most of the fleet runs on biofuel as part of its goal to reduce the emissions created by the aviation industry in mainland China. In 2016, Hainan Airlines was one of only six international airlines to receive five-star certification from Skytrax, the global airline quality program.

61 陆拾壹

Sina

COMPANY Sina Corporation
BRAND VALUE US$ 900 Million
YEAR-ON-YEAR CHANGE 43%
HEADQUARTERS Shanghai
INDUSTRY Technology
YEAR FORMED 1998

TOP RISER

Sina is an online media company serving China and global Chinese communities. Its digital media network of Sina.com (portal), Sina.cn (mobile portal) and Weibo.com (social media), enable internet users to access professional media and user generated content in multi-media formats from the web and mobile devices. Sina generates the majority of its revenues from online advertising, Mobile Value Added Services (MVAS) and fee-based services. In 2016, it reported strong growth in advertising revenues, mostly through the popularity of its Weibo platform.

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62 陆拾贰

NEW ENTRY

Heilan Home

COMPANY Heilan Home Co Ltd.
BRAND VALUE US$ 868 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Jiangyin
INDUSTRY Apparel
YEAR FORMED 2002

Heilan Home, established in 2002, has taken a leading position in menswear in China. It positions its products as affordable, high quality wear; key items are suits, shirts and business apparel. The brand started establishing its presence in tier 3 and 4 cities, moving gradually into tiers 1 and 2.

63 陆拾叁

Bright Dairy

COMPANY Bright Dairy & Food Co Ltd.
BRAND VALUE US$ 864 Million
YEAR-ON-YEAR CHANGE -15%
HEADQUARTERS Shanghai
INDUSTRY Food & Dairy
YEAR FORMED 1996

Bright Dairy is one of the largest dairy enterprises in China; it was formed in 1996 from the Shanghai Dairy Company and Shanghai Industrial Holdings of Hong Kong. Principally engaged in the processing, production and distribution of dairy products, its star products are Mosley ANN, high quality milk, yogurt and changyou fermented flavored milk.

64 陆拾肆

Dabao

COMPANY Johnson & Johnson
BRAND VALUE US$ 836 Million
YEAR-ON-YEAR CHANGE 13%
HEADQUARTERS Beijing
INDUSTRY Personal Care
YEAR FORMED 1999

TOP RISER

Dabao produces and sells herbal cosmetic products in China and internationally. Its product portfolio encompasses a wide spectrum of skin and hair care products which are very well established across China. Originally owned by the Beijing Sanlu Factory and the Beijing Dabao Company, the brand was purchased by Johnson & Johnson in 2008.

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65 陆拾伍

长城汽车 Great Wall

Great Wall

COMPANY Great Wall Motor Co Ltd.
BRAND VALUE US$ 790 Million
YEAR-ON-YEAR CHANGE 3%
HEADQUARTERS Baoding
INDUSTRY Cars
YEAR FORMED 1984

One of China's earliest car brands, Great Wall is best known for its popular SUV models although it also focuses on pick-up trucks and sedans. China's SUV market is growing. Last year, the company set up a research and development base in Yokohama, Japan as part of a move to strengthen co-operation with Japanese auto parts makers. Great Wall is also focusing on its global brand ambitions, with sales networks in Asia-Pacific, Africa and South America.

66 陆拾陆

老凤祥

Lao Feng Xiang

COMPANY Lao Feng Xiang Co Ltd.
BRAND VALUE US$ 736 Million
YEAR-ON-YEAR CHANGE -14%
HEADQUARTERS Shanghai
INDUSTRY Jewelry Retailer
YEAR FORMED 1848

In 1848, the first Lao Feng Xiang Jewelry Shop opened, in Shanghai. Today the company has a network of 3,000 retail stores in mainland China's primary and secondary cities. With strong competition on pricing at the lower end of the market, Lao Feng Xiang differentiates itself by promoting its heritage and brand quality. It has been working to combat the slowdown in China's luxury market by focusing on its presence overseas, building upon its initial foray into Hong Kong, the US and Canada in 2015.

67 陆拾柒

Longfor 龙湖地产

Longfor

COMPANY Longfor Properties Co Ltd.
BRAND VALUE US$ 685 Million
YEAR-ON-YEAR CHANGE 6%
HEADQUARTERS Chongqing
INDUSTRY Real Estate
YEAR FORMED 1994

Longfor is a residential and commercial property development, investment and management company. One of the first developers of shopping malls in China, Longfor has been operating commercial properties for more than a decade. It has already established nine Paradise Walk shopping malls and in 2016 had a further seven under construction, including its first in Shanghai. Longfor's house building business has good geographical diversification, covering over 20 Tier 1 and 2 cities in China. The business has expressed its intention to make rental income a driver of business growth for the next 10 to 15 years.

68 陆拾捌

Gemdale

Gemdale

COMPANY Gemdale Corporation
BRAND VALUE US$ 682 Million
YEAR-ON-YEAR CHANGE 3%
HEADQUARTERS Shenzhen
INDUSTRY Real Estate
YEAR FORMED 1988

Established in 1988 and in the real estate business since 1993, Gemdale develops residential housing throughout much of China. It has expanded rapidly in size and strength over two decades. In 2015, the company built and sold over 45,000 residential condominium units in 29 major cities in China. Gemdale has created two types of floorplan, SMART and MAGIC, which can be adapted to customers' requirements. In recent years, the business has also embarked upon commercial/mixed-use developments as well as real estate private equity funds management.

69 陆拾玖

ANTA

TOP RISER

Anta

COMPANY Anta Sports Products Ltd.
BRAND VALUE US$ 673 Million
YEAR-ON-YEAR CHANGE 16%
HEADQUARTERS Jinjiang
INDUSTRY Apparel
YEAR FORMED 1991

ANTA Sports Products designs, manufactures and retails footwear, apparel and accessories. Founded in 1994, today the company has the largest retail network of sportswear stores across mainland China and Hong Kong - about 8,500.

ANTA has expanded into clothing for children and sales of its products are benefiting from the increasing interest in health and fitness, fueled by rising affluence and e-commerce. ANTA applies sports science and innovation to create its high-performance sports apparel; it has the only nationally certified sports science laboratory in the industry. In 2016, as partner of the Chinese Olympic Committee (COC), the company designed the Champion Dragon Outfit (the "winning outfit" worn by Chinese medalists at the award ceremonies in Rio).

70 柒拾

YH

Yonghui Superstores

COMPANY Yonghui Superstores Co Ltd.
BRAND VALUE US$ 651 Million
YEAR-ON-YEAR CHANGE 0%
HEADQUARTERS Fuzhou
INDUSTRY Retail
YEAR FORMED 2001

Yonghui Superstores is a hypermarket and supermarket operator based in Fuzhou, operating more than 460 supermarkets across 17 provinces in China. In 2015, Yonghui Superstores sold a 10% share to JD.com as part of a strategy to accelerate its e-commerce capabilities; in the same year, it sold a 20% stake to Hong Kong-based Dairy Farm International Holdings. Both deals were designed to strengthen Yonghui's supply chain management. The arrangement with JD.com, China's second largest e-commerce site, allows shoppers to order fresh food online and have it delivered to their homes within two hours. Yonghui Superstores is using JD.Com's internet technologies to expand its offline business.

MANY CHINESE VIEW LIFE FROM A WIDER VANTAGE...

...THAN WAS POSSIBLE IN THEIR YOUTH.

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71 柒拾壹

兴业银行 INDUSTRIAL BANK CO.,LTD.

Industrial Bank

COMPANY Industrial Bank Co Ltd.
BRAND VALUE US$ 639 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Fuzhou
INDUSTRY Banks
YEAR FORMED 1988

Founded in 1988, Industrial Bank is one of China's first joint stock commercial banks. With 95 branches and more than 815 sub-branches across China, the bank offers standard deposit, loan, wealth management, credit card, and e-banking products and services to personal and commercial banking customers. The bank has years of experience in managing market funding and operating its non-lending business. Now a national institution, it was listed on the Shanghai Stock Exchange in 2007.

72 柒拾贰

R&F

R&F Properties

COMPANY Guangzhou R&F Properties Co Ltd.
BRAND VALUE US$ 539 Million
YEAR-ON-YEAR CHANGE 2%
HEADQUARTERS Guangzhou
INDUSTRY Real Estate
YEAR FORMED 1994

Founded in 1994, R&F Properties is one of the leading property developers focusing on medium and higher-end property developments and targeting its sale to middle and upper-middle income residents. Today, the company has expanded out from Guangzhou into another 30 cities and areas across China and overseas. In addition to developing and selling quality private residential properties, the group also develops, sells and leases commercial and office spaces, and engages in other ancillary property-related services including architectural and engineering design, engineering supervision, property management and property agency services. R&F Properties has recently diversified its property portfolio by developing hotels and shopping malls.

73 柒拾叁

中国驰名商标 古井贡牌

TOP RISER

Gujing Gong Jiu

COMPANY Anhui Gujing Distillery Co Ltd.
BRAND VALUE US$ 535 Million
YEAR-ON-YEAR CHANGE 20%
HEADQUARTERS Bozhou
INDUSTRY Alcohol
YEAR FORMED 1959

Gujing Gong Jiu is a well-known brand of the popular baijiu liquor, made from a blend of sorghum, rice, barley, wheat, glutinous rice and corn. A strong, aromatic spirit, it is reputed to have been popular since 196 A.D. Used to toast and celebrate social and business occasions, baijiu is the most widely consumed distilled spirit in the world. This particular brand is produced by the Anhui Gujing Distillery Company, the main business of Anhui Gujing Group Company, Ltd., an SOE (State Owned Enterprise).

74 柒拾肆

SUPOR 苏泊尔

TOP RISER

Supor

COMPANY Zhejiang Supor Cookware Co Ltd.
BRAND VALUE US$ 526 Million
YEAR-ON-YEAR CHANGE 35%
HEADQUARTERS Hangzhou
INDUSTRY Home Appliances
YEAR FORMED 1994

Initially known for its pressure cookers, today Supor offers hundreds of kitchen and domestic products and appliances. The leader in China's cookware industry, and highly ranked in cookware manufacture worldwide, it is also a leading brand in the nation's small domestic appliances market. New product innovation is key to its success and it launches over 300 new products annually. Supor sells around 200 million products each year across more than 150 countries. In mainland China, Supor has approximately 40,000 points of sale.

75 柒拾伍

佰草集 HERBORIST

Herborist

COMPANY Shanghai Jahwa United Co Ltd.
BRAND VALUE US$ 494 Million
YEAR-ON-YEAR CHANGE -16%
HEADQUARTERS Shanghai
INDUSTRY Personal Care
YEAR FORMED 1998

Herborist is owned by Shanghai Jahwa, one of the largest personal care brands in China. The Herborist beauty and skin care product range is based on Chinese traditional medicine techniques that have also passed modern lab tests. Jahwa signed deals with both JD.com and Alibaba to sell its cosmetics and personal care products online. Jahwa's aim is to more than double online sales of cosmetics and personal care products in the next three years. Since 2008, Herborist has expanded to Italy, Spain, Germany and Poland; the brand is now looking to make an impact in North America.

76 柒拾陆

如家 如家酒店集团

Home Inn

COMPANY BTG Hotels Group Co. Ltd.
BRAND VALUE US$ 471 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Shanghai
INDUSTRY Hotels
YEAR FORMED 2002

Home Inns Group is a leading mid and budget hotel chain in China (measured by the number of hotels and hotel rooms as well as geographic coverage). The market is largely driven by the domestic Chinese traveler. In 2015, the group added a second hotel brand, Home Inn Plus, to its mid-range portfolio. The group also has Home Inn, Motel and Fairyland brands covering the low to high-end markets. Previously listed on the Nasdaq, in 2016 Home Inns completed its privatization and became a subsidiary of BTG Hotels, an all-encompassing publicly-listed Chinese tourism company.

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77 柒拾柒

TOP RISER

Xueersi

COMPANY TAL Education Group
BRAND VALUE US$ 457 Million
YEAR-ON-YEAR CHANGE 58%
HEADQUARTERS Beijing
INDUSTRY Education
YEAR FORMED 2003

Xueersi is the brand name under which the TAL Education Group operates. It provides tutoring services to students from pre-school to the twelfth grade through small classes and online courses. The tutoring covers the core academic subjects including mathematics, English, Chinese, physics, chemistry, and biology. Having begun in Beijing in 2003, the group has rapidly expanded its network: by 2016 it had 422 learning centers, located in twenty-five key cities in China. With the abolition of the one-child policy and the rise in expenditure on children's education, Xueersi has potential for further significant growth.

78 柒拾捌

TOP RISER

Hanting

COMPANY China Lodging Group Ltd.
BRAND VALUE US$ 448 Million
YEAR-ON-YEAR CHANGE 25%
HEADQUARTERS Kunshan
INDUSTRY Hotels
YEAR FORMED 2005

Hanting was the first brand of the China Lodging Group, which began hotel operations in 2005. Today its portfolio includes 12 brands ranging from economy to high end. In 2016, the company took a strategic decision to strengthen and differentiate Hanting, its flagship brand, in response to a demand for higher quality accommodation amongst Chinese consumers. The company has also begun to broaden the range of services available in the hotels.

79 柒拾玖

NEW ENTRY

Caissa

COMPANY HNA-Caissa Travel Group
BRAND VALUE US$ 429 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Beijing
INDUSTRY Travel Agencies
YEAR FORMED 1993

Caissa Touristic was founded in 1993 and has become a well-known business brand in China's outbound tourism industry. Its services span Chinese and foreign citizen travel, business travel, incentive travel, international co-operation and exchange, international conference and exhibitions, air, and online services, as well as tourism e-commerce services. It has branches in core cities across China and also in London, Paris, Hamburg and Los Angeles. In 2016, the company entered a strategic partnership with MSC Cruises, the world's largest privately-owned cruise line and market leader in Europe, South America and South Africa.

80 捌拾

Eastern Gold Jade

COMPANY Eastern Gold Jade Co Ltd.
BRAND VALUE US$ 409 Million
YEAR-ON-YEAR CHANGE -21%
HEADQUARTERS Shenzhen
INDUSTRY Jewelry Retailer
YEAR FORMED 1993

Eastern Gold Jade's main business consists of the processing, wholesale, franchising and retail of jewelry and accessories, and the wholesale of jade raw materials. Its products include bracelets, pendants, rings, necklaces and ornaments.

81 捌拾壹

Sanquan

COMPANY Sanquan Food Co Ltd.
BRAND VALUE US$ 396 Million
YEAR-ON-YEAR CHANGE -5%
HEADQUARTERS Zhengzhou
INDUSTRY Food & Dairy
YEAR FORMED 1993

Sanquan's founder, Chen Zemine, is a pioneer in the frozen food market in China, having decided to give up his career as a surgeon and turn to the production of frozen rice balls when he was 50 years old. Today, Sanquan is one of the four biggest players in China's frozen product market with over 400 products. In 2015, the company created a division called Sanquan Fresh Food in order to tap into the potential of lunch box vending machines. This innovative business model combines a mobile phone app, vending technology and central kitchens.

82 捌拾贰

Yanjing Beer

COMPANY Beijing Yanjing Brewery Co Ltd.
BRAND VALUE US$ 380 Million
YEAR-ON-YEAR CHANGE -13%
HEADQUARTERS Beijing
INDUSTRY Alcohol
YEAR FORMED 1980

One of China's largest beer brands, Yanjing Beer was named for the ancient capital that occupied the area now known as Beijing. It is brewed using natural mineral water from the Beijing YanShan Mountain. The brand leads the market in Beijing and is strong in Guangxi and Hunan provinces and Inner Mongolia. It has been the official sponsor of Team China, the Chinese National football team, since 2011.

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83 捌拾叁

Hisense

COMPANIES Hisense Kelon Electrical Holdings Co Ltd. and Hisense Electric Co Ltd.
BRAND VALUE US$ 377 Million
YEAR-ON-YEAR CHANGE 10%
HEADQUARTERS Qingdao
INDUSTRY Home Appliances
YEAR FORMED 1969

Founded in 1969 as a small radio factory, Hisense is now a household name in China and its products are sold in over 130 countries and regions worldwide. Hisense Kelon Electrical Holdings Co Ltd is the manufacturer of the white goods businesses. Hisense Electric Co Ltd is that of the TV and multi-media business. In 2015, the company was ranked number three in the global TV market and it has been China's market leader in flat-panel TVs for 13 consecutive years.

84 捌拾肆

Fortune

COMPANIES China Agri-Industries Holdings Ltd. and China Foods Ltd.
BRAND VALUE US$ 373 Million
YEAR-ON-YEAR CHANGE 10%
HEADQUARTERS Beijing
INDUSTRY Food & Dairy
YEAR FORMED 1993

The Fortune brand is a leading consumer-pack edible oil brand in China and is ranked number two nationwide in terms of market share. The brand is benefiting from the rise in health consciousness amongst Chinese consumers who prefer vegetable and seed oils, such as soybean oil. Also, the growing affluence of China's middle class is seeing consumers move away from traditional and inexpensive bulk food grade oil products and trade up to higher-priced, packaged oils, like those offered by Fortune.

85 捌拾伍

China Everbright Bank

COMPANY China Everbright Bank Co Ltd.
BRAND VALUE US$ 357 Million
YEAR-ON-YEAR CHANGE -8%
HEADQUARTERS Beijing
INDUSTRY Banks
YEAR FORMED 1992

China Everbright Bank was founded in 1992, under the approval of the State Council and the People's Bank of China. The Bank is primarily engaged in corporate banking, retail banking and treasury operations.

86 捌拾陆

SOHO China

COMPANY SOHO China Ltd.
BRAND VALUE US$ 349 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Beijing
INDUSTRY Real Estate
YEAR FORMED 1995

Founded in 1995, SOHO China focuses on developing and holding high-profile branded commercial properties in Beijing and Shanghai. As the largest prime office developer in Beijing and Shanghai, the company has developed commercial property of 54 million square feet. In 2015, it launched SOHO 3Q, which has become the largest shared office community in China. The serviced offices are popular with local and international internet companies such as Uber, Sina and Meituan Dianping. SOHO China anticipates that serviced offices will be a main driver of its future growth in the years to come.

87 捌拾柒

Anerle

COMPANY Hengan International Group Co Ltd.
BRAND VALUE US$ 345 Million
YEAR-ON-YEAR CHANGE -25%
HEADQUARTERS Jinjiang
INDUSTRY Baby Care
YEAR FORMED 1985

Anerle sanitary products are produced by Hengan Group. Established in 1985, the group has become China's leading manufacturer of sanitary napkins. Its Anerle branded products include diapers, a rapidly growing product sector - the current generation of parents being very willing and able to spend more on the health and wellbeing of their babies. In this sector, international brands offer strong competition to Anerle, but long term the brand looks certain to benefit from China's new two-child policy.

88 捌拾捌

Greentown China

COMPANY Greentown China Holdings Ltd.
BRAND VALUE US$ 339 Million
YEAR-ON-YEAR CHANGE -2%
HEADQUARTERS Hangzhou
INDUSTRY Real Estate
YEAR FORMED 1995

Greentown China Holdings builds up-scale residential properties. Based in Zhejiang Province, its property projects initially focused on the most economically prosperous cities in the province, such as Hangzhou and Ningbo. Increasingly its focus is on the first-tier and second-tier cities and other major cities overseas. As of June 2016, Greentown Group had a land bank of over 29.76 million square meters, creating a solid platform for future development.

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89 捌拾玖

China Taiping

COMPANY China Taiping Insurance Holdings Co Ltd.
BRAND VALUE US$ 313 Million
YEAR-ON-YEAR CHANGE -24%
HEADQUARTERS Hong Kong
INDUSTRY Insurance
YEAR FORMED 1929

China Taiping Insurance Group is a Chinese state-owned financial and insurance group. Established in Shanghai in 1929, it is the oldest insurance company in China, with a long history of international operations. Its business includes life insurance, property insurance, pension insurance, reinsurance, reinsurance brokerage and insurance agency, internet insurance, assets management, security brokerage, financial leasing, real estate investment and pension industrial investment.

90 玖拾

Jinjiang Inn

COMPANY Shanghai Jinjiang International Hotels Development Co Ltd.
BRAND VALUE US$ 276 Million
YEAR-ON-YEAR CHANGE 1%
HEADQUARTERS Shanghai
INDUSTRY Hotels
YEAR FORMED 1996

Founded in the 1920s, the Jinjiang brand originally focused on economy hotels. In recent years, its parent company, Jin Jiang International Holdings has acquired other hotel brands including France's Louvre Hotels Group and Plateno Group. These acquisitions have added more middle to high-end hotels to the portfolio and represent considerable expansion. The group now owns or manages 7,260 hotels with over 700,000 rooms in more than 60 countries across the world.

91 玖拾壹

Pearl River

COMPANY Guangzhou Zhujiang Brewery Co Ltd.
BRAND VALUE US$ 273 Million
YEAR-ON-YEAR CHANGE -6%
HEADQUARTERS Guangzhou
INDUSTRY Alcohol
YEAR FORMED 1985

Pearl River is a lager brewed by the Guangzhou Zhujiang Brewery (Zhujiang means 'Pearl River'). The brewery was established in 1985 and from 2002 began collaborating with Interbrew SA (as it was then). In 2016, the Zhujiang Brewery established a fully automated warehouse system for storage and distribution. This has significantly increased efficiency and cut operational costs. Every bottle or can of beer has a bar code which is logged across the supply chain from production to sales channel. The data generated is being used for customer insight, further strengthening their competitive edge.

92 玖拾贰

TCL

COMPANY TCL Corporation
BRAND VALUE US$ 273 Million
YEAR-ON-YEAR CHANGE 0%
HEADQUARTERS Huizhou
INDUSTRY Home Appliances
YEAR FORMED 1981

The TCL Corporation was founded in 1981 (originally TTK) and in the early days it manufactured recording tapes. Subsequently, it has expanded into telephone, TV, mobile phones, refrigerators, washing machines, air conditioning, small appliances and LCD panels. TCL Corporation currently sells its products in more than 160 countries and regions worldwide. The company has built a solid partnership with global mainstream operators such as Vodafone, Orange and retail giants including Walmart, Best Buy and Amazon. In 2016, Blackberry gave TCL the right to use its brand on phones in most international markets.

93 玖拾叁

NEW ENTRY

Geely

COMPANY Zhejiang Geely Holding Group
BRAND VALUE US$ 272 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Hangzhou
INDUSTRY Cars
YEAR FORMED 1986

From its earliest days as a maker of refrigerator parts, Geely has become a multinational automotive manufacturer of cars, taxis, motorcycles and delivery vehicles. Over the past few years, the group had restructured its three brands ('Gleagle', 'Emgrand' and 'Englon') to a single 'Geely brand. In 2016, it unveiled the Lynk; designed specifically to be a global brand, it will go on sale in China this year, and in Europe and the United States in 2018.

94 玖拾肆

Changan

COMPANY Chongqing Changan Automobile Co Ltd.
BRAND VALUE US$ 255 Million
YEAR-ON-YEAR CHANGE 4%
HEADQUARTERS Chongqing
INDUSTRY Cars
YEAR FORMED 1862

Changan has a 155-year history in manufacturing, the last 33 years of which have been primarily in automobile production. Today it is one of China's top four car manufacturers, producing and selling nearly 3 million vehicles a year. It has also developed over 60 smart driving technologies and in 2016, signed a strategic co-operation agreement with Baidu which will see them further incorporate internet technology, high-resolution mapping, and artificial intelligence to traditional car making, to build an ecosystem of smart automotive services.

The BrandZ™ Top 100 Most Valuable Chinese Brands 2017

95 玖拾伍

NEW ENTRY

Semir

COMPANY Zhejiang Semir Garment Co Ltd.
BRAND VALUE US$ 243 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Wenzhou
INDUSTRY Apparel
YEAR FORMED 1996

Semir is one of three brands owned by Semir Group, founded in 1996. The main brand in this portfolio, Semir is a smart casual fashion label that targets ages 16-25. The company places an emphasis on marketing to high school and college students with trendy, youthful fashion design concepts combined with price points below its competitors. This strategy has seen Semir become one of the most coveted brands among young Chinese consumers. The other brands in the company's portfolio are Balabala, clothing for children, and a womenswear label, Minette.

96 玖拾陆

Zhong Hua

COMPANY Unilver PLC
BRAND VALUE US$ 243 Million
YEAR-ON-YEAR CHANGE -1%
HEADQUARTERS Shanghai
INDUSTRY Personal Care
YEAR FORMED 1954

The Zhong Hua brand has been around for over 60 years. In 1994 it became 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. It's main competitor in China is Crest, owned by Procter & Gamble. Zhong Hua has traditionally been more popular with the older generation in China but in recent years Unilever have invested in improving its brand equity among a younger target audience - the 25 to 35-year age group.

97 玖拾柒

CITS

COMPANY China International Travel Services Corp Ltd.
BRAND VALUE US$ 235 Million
YEAR-ON-YEAR CHANGE -18%
HEADQUARTERS Beijing
INDUSTRY Travel Agencies
YEAR FORMED 1954

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, also engages in duty-free sales. The company's growth has been closely tied to China's stability, prosperity, reform and development.

98 玖拾捌

Ming Jewelry

COMPANY Zheijang Ming Jewelry Co Ltd.
BRAND VALUE US$ 234 Million
YEAR-ON-YEAR CHANGE -30%
HEADQUARTERS Shaoxing
INDUSTRY Jewelry Retailer
YEAR FORMED 1994

Ming Jewelry designs, produces and distributes jewelry. Its main products are gold, platinum, and inlaid pieces, which it sells domestically, particularly in Zhejiang and Jiangsu Provinces. Although the jewelry category has been impacted by the recent economic slowdown, Ming Jewelry have taken steps to broaden both their online sales channels and product range. In 2015 they purchased Shenzhen Zhou Jewelry, with the intention of developing an innovative brand that appeals to young people.

99 玖拾玖

NEW ENTRY

Vatti

COMPANY Vatti Corporation Limited
BRAND VALUE US$ 229 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Guangdong
INDUSTRY Home Appliances
YEAR FORMED 1992

Vatti specializes in the production and sales of integrated kitchens, and gas and household appliances. It's most popular product lines include cooker top and built-in ovens, range hoods and water heaters. Increasing urbanization has seen China's kitchen appliance market expand in recent years. Vatti is well placed to benefit from this continuing trend, particularly in the growing domestic market for ovens, which until recently, were rarely found in Chinese domestic kitchens.

100 壹佰

NEW ENTRY

Gome

COMPANY GOME Electrical Appliances Holding Ltd.
BRAND VALUE US$ 228 Million
YEAR-ON-YEAR CHANGE N/A
HEADQUARTERS Beijing
INDUSTRY Retail
YEAR FORMED 1987

GOME started selling TV sets, air conditioners and refrigerators at low prices by purchasing directly from manufacturers. By 2016, the company was operating 1,800 offline stores across China but it continues to strengthen its online presence - in the same year it joined Amazon's online marketplace for mainland China. The brand is transitioning from being a home appliance retailer to integrated home solutions. One illustration of this is its customized design service centers in-store which, combined with a nationwide network of online decoration companies, enable GOME to integrate kitchen design, household water processing systems, air purification and heating systems.

> TECHNOLOGY IS UBIQUITOUS, TRANSMITTING CONSTANTLY,
>
> AS IF IT WERE PART OF THE HUMAN NERVOUS SYSTEM.

Newcomers

SEVEN NEW BRANDS ENTER RANKING, AND TWO RETURN

DIVERSE CATEGORIES ILLUSTRATE BROAD OPPORTUNITY

NEW ENTRY

Seven brands entered the BrandZ™ Top 100 Most Valuable Chinese Brands for the first time in 2017, and two brands returned after an absence of several years. The brands came from seven categories, with retail and apparel represented twice. The other categories are: banks, cars, home appliances, technology, and travel agencies.

The diversity of categories illustrates opportunity across the economy, even as it rebalances from production to consumption. The two brands that returned to the ranking demonstrate resilience and the potential for strong brands to rebound even after being hurt by market forces.

Semir, a maker of casual clothing, reappeared in the BrandZ™ China Top 100 after an absence of several years when the apparel category was suffering from overstoring, excess inventory, and global competition. Semir markets an extensive range of children's clothing, under the brand Balabala, which was an important revenue driver for the company. Semir continued to expand overseas.

The rise of e-commerce initially hurt consumer electronics retailer Gome, which operates over 1,800 bricks and mortar stores. The brand returned to the ranking for the first time since 2014, having strengthened its online business and developed a complementary offline and online (O2O) presence.

Several qualities characterize the brands that joined the BrandZ™ China Top 100 for the first time. These brands have identified and responded to consumer needs, often related to the lifestyle aspirations of the rising middle class. And the brands met these needs in ways that differentiated them from the competition. Specifically:

THE NEWCOMER BRANDS

唯品会 vip.com

Vip.com is an online discount retailer of branded merchandise. Known for its daily flash sales, Vip.com offers a broad selection of branded products at deeply discounted prices, available only in limited quantity and for a short period of time. This value-for-money proposition aims to meet the Chinese consumer's desire to enhance quality of life. The brand also has combined e-commerce with social media and TV programs, launching several content marketing and product placement initiatives.

中信银行 CHINA CITIC BANK

In a similar combination of e-commerce and social media, China CITIC Bank joined Baidu, the giant search engine brand, to open China's first direct bank, Baixin Bank. The combined entity is expected to leverage the banking expertise of CITIC with the online capabilities and reach of Baidu. This year, for the first time, China CITIC Bank met the BrandZ™ China Top 100 eligibility requirement that retail banking comprise at least 20 percent of earnings.

iQIYI 爱奇艺 悦 享 品 质

Consumer interest in video, and the burgeoning phenomenon of live streaming, drove the growth of newcomer iQiyi. Founded in 2010, iQiyi is primarily owned by Baidu, which has announced plans for an Initial Public Offering (IPO).

Newcomers

Heilan Home is a major menswear brand that began in smaller Chinese cities and expanded to cities of all sizes throughout China, maintaining growth with aggressive store expansion and supply chain efficiency improvements.

The strength of the travel business in part explains the presence of travel agency Caissa among the newcomers. Most important, Caissa identified and serves an emerging niche market of consumers who desire a more premium travel experience, beyond traditional tour groups.

SUV popularity, and the introduction of new models, drove the strong sales performance of Geely, which entered the BrandZ™ China Top 100 for the first time. Geely also benefited from its ongoing consolidation of three brands and sales networks in to a single Geely brand.

Benefiting from the middle-class lifestyle interest in kitchen small appliances, Vatti, a maker of range hoods, microwaves and other small appliances, appeared in the ranking for the first time, at Number 99.

THE NEWCOMER BRANDS

Brand	Top 100 Rank 2017	Category	Brand Value US$ Mil.
vip.com	40	Retail	2,179
China CITIC Bank	48	Banks	1,524
iQiyi	50	Technology	1,334
Helian Home	62	Apparel	868
Caissa	79	Travel Agencies	429
Geely	93	Cars	272
Semir	95	Apparel	243
Vatti	99	Home Appliances	229
Gome	100	Retail	228

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg)

VALUE GROWTH LEADERS SERVE NEEDS OF CHINA'S MIDDLE CLASS

GOVERNMENT POLICY INFLUENCE CROSSES CATEGORIES

The Top 20 Risers, the brands that appreciated the most in value year-on-year in the BrandZ™ Top 100 Most Valuable Chinese Brands, reflect an economy that is growing, but at a slower pace, increasingly driven by the needs and aspirations of China's expanding middle class. In short, the performance of the Top 20 Risers – the pace of value growth and the categories driving it – is a window into the dynamics reshaping China's economy and the lives of Chinese consumers.

First, consider the pace of growth: Of the Top 20 Risers, the Number 1 brand increased 58 percent in value, and Number 20 increased 13 percent. Compare these results with the 2016 Top 20 Risers, where the Number 1 brand increased 81 percent and brand Number 20 increased 41 percent. This slower rate of growth is consistent with the overall slowdown in China's economy, which expanded 6.7 percent in 2016, compared with 6.9 percent in 2015.

Second, consider the categories: The 11 categories and the number of brands in each are: Alcohol with five brands; technology, three brands; education, home appliances, and real estate with two brands each; and with one brand apiece, apparel, cars, hotels, personal care, retail, and travel agencies. These are generally consumer-driven categories. Their presence indicates the direction of economic growth, as does the absence of strategic and infrastructure categories, dominated by State Owned Enterprises (SOEs), such as banks or oil and gas.

The categories also reveal both the impact of government policies on the economy and the ability of specific brands to either leverage policies or advance despite them. The Number 1 and 2 brands in value growth, both in the education category, meet consumer needs and advance national priorities. Xueersi increased 58 percent and New Oriental, 43 percent. These brands specialize in afterschool tutoring, test preparation, and English language learning. They prepare Chinese adults and children for success in the changing domestic and global economies.

Five brands in the 2017 Top 20 Risers also were listed in the Top 20 Risers a year ago: Moutai, an alcohol brand; Anta, an apparel brand; the appliance brands Robam and Supor; and NetEase, in the technology category. Their reappearance indicates that although economic and consumer trends, and government policies can impact entire categories, positively or negatively, value growth ultimately depends on brand building skills.

MARKETING INITIATIVES SPUR GROWTH

With five brands in the 2017 BrandZ™ China Top 20 Risers, the most represented category is alcohol, which includes brands of baijiu, the Chinese traditional white alcohol, beer, and wine. A year ago only one alcohol brand was represented because the category was still negatively impacted by the government policy discouraging extravagant official entertaining and gift giving. Using a variety of brand building tactics, including changes in pricing, distribution, and marketing, these baijiu brands made the Top 20 Risers: Moutai, Luzhou Laojiao, Gujing Gong Jiu, and Wu Liang Ye. Marketing initiatives, including event sponsorship and the use of celebrity endorsers, helped Harbin Beer increase in brand value. The second most represented category in the Top 20 Risers this year is technology, a category with strong representation of market-driven brands rather than SOEs. The three technology Top 20 Riser brands reflect the centrality of the category in Chinese life and in the advanced use of consumer technology in China compared with the West. Tencent, China's most valuable brand, increased 29 percent in value based on the strength of its social media apps, like WeChat. The web portal Sina's initiatives in live video and self-broadcasting helped build its following among young people and influenced its 43 percent value rise. NetEase, a maker of online and mobile games, and a major e-mail service supplier, increased 36 percent in value.

Top Risers

In contrast, the most represented category in the Top 20 Risers a year ago, insurance, does not appear in the Top 20 Risers this year. The category, dominated by SOEs, responds quickly to shifts in government priorities, such as the current supply-side policies aimed at curbing oversupply and, in the case of insurance, discouraging the sale of insurance policies for short-term investment rather than long-term risk protection. Over time, government priorities have helped to propel and slow insurance category growth.

INTERTWINED INFLUENCES

The intertwined influence of government policy, consumer demand, and consummate brand building efforts is evident across categories represented in the Top 20 Risers. A year ago, four appliance brands appeared in the Top 20 Risers. This year, only two appliance brands made the list. The reduction in brands occurred because large appliances have achieved significant penetration, in part because of governmental temporary incentives to stimulate sales. The two Top 20 Riser brands this year – Robam and Supor, which both specialize in small appliances – effectively communicated the lifestyle benefits of their brand to middle class consumers.

A combination of influences also explains the presence of one car brand, BYD, and one apparel brand, Anta. A government reduction in the purchasing tax for electric cars helped drive sales of BYD. At the same time, BYD positioned itself to meet consumer concerns about poor air quality in China's major cities. Growth of the sportswear brand Anta reflects the active lifestyle and interest in personal health among China's middle class, and it indicates the brand's ability to compete effectively against global competition. Anta also benefited from the government's promotion of sports to demonstrate Chinese soft power at international competitions.

Similarly, government incentives help drive the real estate category because building is an important driver of economic growth. When the housing sector overheated however, government regulations and higher mortgage rates helped control speculation. The two real estate brands in the Top 20 Risers – Country Garden and Vanke – effectively increased brand value despite this changing economic environment.

This ability to align aggressive brand building with favorable government policies also applies to the travel agencies and hotels categories and the brands in the Top 20 Risers, online travel agency Ctrip and Hanting Hotels. Both brands responded effectively to the increased desire for travel, enabled by growing consumer affluence. At the same time, both brands were well positioned to benefit from the government's focus on domestic tourism as driver of consumption.

Regardless of the boost or drag supplied by government policy, brand value growth depended on understanding and meeting the needs of the consumer in relevant meaningful ways. Brand was especially determinative in competitive categories like personal care. The one personal care brand in the Top 20 Risers is Dabao, China's Number 1 cosmetic brand, in Kantar Worldpanel's Brand Footprint report, which notes that over 23 percent of Chinese choose the brand an average of twice a year.

THE TOP 20 RISERS IN BRAND VALUE

	Brand	Brand Value % Change 2017 vs. 2016	Cateogry	2017 Brand Value US$ Mil.	Top 100 Rank 2017
1	Xueersi	**58%**	Education	457	77
2	New Oriental	**43%**	Education	1,657	46
3	Sina	**43%**	Technology	900	61
4	Moutai	**41%**	Alcohol	16,219	9
5	Robam	**37%**	Home Appliances	993	58
6	Luzhou Laojiao	**36%**	Alcohol	1,193	53
7	NetEase	**36%**	Technology	2,624	31
8	Supor	**35%**	Home Appliances	526	74
9	Ctrip	**32%**	Travel Agencies	2,260	38
10	Tencent	**29%**	Technology	106,181	1
11	Hanting	**25%**	Hotels	448	78
12	Alibaba	**22%**	Retail	58,009	2
13	Country Garden	**21%**	Real Estate	1,783	44
14	Gujing Gong Jiu	**20%**	Alcohol	535	73
15	Harbin Beer	**19%**	Alcohol	1,203	52
16	Anta	**16%**	Apparel	673	69
17	BYD	**14%**	Cars	1,792	43
18	Wu Liang Ye	**14%**	Alcohol	1,139	55
19	Vanke	**13%**	Real Estate	3,424	25
20	Dabao	**13%**	Personal Care	836	64

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg).

URBAN CHINA'S ECONOMIC TRANSFORMATION...

...ENABLES MORE PEOPLE TO LIVE THE CHINESE DREAM.

Overseas Revenue

OLD AND NEW ECONOMY BRANDS EXPAND ABROAD

GLOBAL GROWTH PRESENTS GREAT POTENTIAL

Going global is more of a potential opportunity for most Chinese brands rather than a reality, as overseas consumers remain relatively unaware of Chinese brands, according to BrandZ™ research. But the situation is changing. (See Part 2: Chinese Brands Going Global).

In the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, the Top 10 brands ranked by the percent of revenue derived from overseas business averaged 40 percent. Just a few years ago, in 2011, the Top 10 Chinese brands with business outside of China gained only 24 percent of revenue from overseas.

The same categories that appeared in last year's Overseas Revenue Top 10 are present again in the 2017 ranking, with some fluctuation in the amount of revenue derived from abroad. Technology, airlines, and home appliances are present with three brands each, and Oil & Gas with one brand.

These categories represent a mix of the old economy, led by strategic State Owned Companies (SOEs), and the new consumption-driven economy with the growth of market-driven brands.

Lenovo, the maker and marketer of PCs, smartphones, tablets, and smart TVs, leads the ranking with 72 percent of its revenue derived from overseas sales. Second and third ranked brands, Huawei and ZTE, gain 58 percent and 47 percent of revenue, respectively, from sales outside of China. Established in 1987 as a telecommunications manufacturer, Huawei today is the world's third largest maker of smartphones, in number of shipments.

Third-ranked ZTE provides information and communications systems and equipment in over 160 countries. TCL, Number 4 in overseas revenue, is a maker and marketer of consumer electronics worldwide, with a special focus on multimedia entertainment and smart TVs. The technology overseas revenue leaders are hardware brands. Despite the innovations of China's Internet brands, they do not gain substantial revenue outside of China because of Internet regulatory differences between China and the West.

The three airline brands – Air China, China Eastern Airlines, and China Southern Airlines – are all SOEs that collectively represent substantial share of the Chinese airlines business. They have aggressively expanded their international routes to facilitate, and benefit from, rapidly growing inbound and outbound travel.

Midea Group, owner of the appliance brand Midea, continued to drive overseas growth with the acquisitions of Kuka, the German robotics company and the appliance division of Japan's Toshiba. Hisense strengthened promotion in the US. With oil prices low, Petrochina looked overseas for opportunities to use surplus engineering and refining capacity.

THE TOP 10 IN OVERSEAS REVENUE

	Brand		Category	Revenue % from International Business	Top 100 Rank 2017
1	Lenovo	Lenovo	Technology	**72%**	27
2	Huawei	HUAWEI	Technology	**58%**	6
3	ZTE	ZTE 中兴	Technology	**47%**	49
4	TCL	TCL	Home Appliances	**44%**	92
5	Air China	AIR CHINA 中国国际航空公司	Airlines	**36%**	20
6	China Eastern Airlines	中國東方航空 CHINA EASTERN	Airlines	**35%**	29
7	PetroChina	中国石油	Oil & Gas	**31%**	15
8	Midea	美的 Midea	Home Appliances	**30%**	30
9	China Southern Airlines	中国南方航空 CHINA SOUTHERN AIRLINES	Airlines	**26%**	33
10	Hisense	Hisense	Home Appliances	**22%**	83

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg).

Brand Contribution

HIGH BRAND CONTRIBUTION BOLSTERS EARNINGS POTENTIAL

TECHNOLOGY, FOOD AND DAIRY MOST REPRESENTED

Brand Contribution is the unique BrandZ™ metric for assessing the most important, yet elusive, aspect of a brand: the impression it makes on the mind of the consumer. Brand Contribution measures the impact of brand alone, without financials or other activation factors.

A high Brand Contribution Index – on a scale of one to five, five being the highest – suggests that a brand is resilient and plays an important role in driving earnings. Brand Contribution is calculated from the ongoing, in-depth, worldwide quantitative BrandZ™ consumer research that distinguishes the BrandZ™ brand valuation methodology and elevates it above all competitors.

All but three of the 2017 BrandZ™ Brand Contribution leaders also appeared last year. This consistency reflects a defining characteristic of Brand Contribution. It accrues over time into a durable force that can stabilize brand value against normal market fluctuations.

Healthcare brand Tong Ren Tang, hotel brand Jinjiang Inn and personal care brand Herborist are the newcomers. Nine of the repeating brands moved up at least one rank: Tencent, the Internet giant; the cooking oil Fortune; online portal Sina; Robam, a maker of small household appliances; the baijiu Moutai; Zhong Hua toothpaste; small appliance maker Supor; alcohol brand ChangYu and the hotel brand Home Inn".

Technology and food and dairy are the most represented categories in the 2017 Brand Contribution Top 20, with four brands apiece. But seven other categories are also represented: alcohol, home appliances, personal care, hotels, education, healthcare, and jewelry retailer. This category diversity indicates the potential for building a strong brand across broad sectors of the economy.

Of the 20 Brand Contribution leaders, only three rank in the Top 10 brands of the BrandZ™ China Top 100, and 12 fall below rank 50, which is not surprising because the lower half of the ranking is populated with many fast growing, market-driven brands, typically strong in Brand Contribution.

THE TOP 20 IN BRAND CONTRIBUTION

	Brand	Brand Contribution Index	Category	Top 100 Rank 2017
1	Letv	5	Technology	32
2	Tencent	5	Technology	1
3	Mengniu	5	Food & Dairy	19
4	Baidu	5	Technology	5
5	Fortune	5	Food & Dairy	84
6	Sina	5	Technology	61
7	Yili	5	Food & Dairy	18
8	Tsingtao Beer	5	Alcohol	51
9	Robam	5	Home Appliances	58
10	Lao Feng Xiang	5	Jewelry Retailer	66
11	Moutai	5	Alcohol	9
12	Zhong Hua	4	Personal Care	96
13	Supor	4	Home Appliances	74
14	Home Inn	4	Hotels	76
15	Bright Dairy	4	Food & Dairy	63
16	New Oriental	4	Education	46
17	Tong Ren Tang	4	Health Care	41
18	ChangYu	4	Alcohol	57
19	Jinjiang Inn	4	Hotels	90
20	Herborist	4	Personal Care	75

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg).

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

CATEGORY UPS AND DOWNS SWING IN NARROWER RANGE

CHANGES MIRROR TRANSITION OF THE ECONOMY

Of the 20 product categories examined in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, 12 increased in value, seven declined, and one registered no change. The ups and downs of the categories generally reflected the dynamics of China's economic transition. Categories driven by consumption and the aspirations of the rising middle class were among the risers and categories driven by production, and those dominated by strategic State Owned Enterprises (SOEs), were more likely to decline. Several related trends crossed many categories, including: the influence of millennials; and the importance of e-commerce; and differences in how economic change impacted middle class and less affluent consumers.

The 6 percent rise in the BrandZ™ China Top 100 overall was less than half of last year's 13 percent increase, and a narrower gap separated categories that gained or lost the most value. It almost seems as if the government levers moderating economic swings worked like a mood stabilizing drug, making the highs less high and the lows less low. This stability is precisely what the government intended to achieve with its supply-side focus aimed at removing the excess of the production-driven economy to match the demand of the consumption-driven era.

The categories with the greatest increase in value, travel agencies and education, grew 46 percent, significantly less than the 61 percent increase of last year's value gain leaders, the personal care and jewelry retail categories. Conversely, the two categories with this year's sharpest declines, baby care and jewelry retailer, lost 25 percent and 31 percent in value, respectively. Last year, apparel and catering declined most in value, 46 percent and 29 percent. Two categories experienced extreme reversal of fortune, with jewelry declining from the top to the bottom of the value change list, and apparel moving in the other direction, from the bottom to near the top. Category-specific dynamics explain these changes. The jewelry retailer category was especially hurt by the decline in travel to Hong Kong, a center of jewelry retail sales. Apparel rebounded after a period of excess inventory and overstoring, with the sportswear sector aided by the government's promotion of sports as a way to display Chinese soft power at international competitions.

The alcohol category value continued to climb, rising after a sharp decline three years ago, when the government first articulated its displeasure with extravagant official events and gift giving. Government policy has not changed, but brands of Baijiu, the traditional Chinese white alcohol, beer, and wine adjusted with brand building – or rebuilding – initiatives, including pricing and distribution adjustments, and greater attention to exporting. The value of the alcohol category increased 24 percent, following a 30 percent rise a year ago.

CROSS CATEGORY TRENDS

Several trends crossed categories. In a phenomenon identified by Kantar Worldpanel, fast moving consumer goods (FMCG) categories targeting members of the urban middle class were more likely to grow in sales, while categories dependent on workers displaced because of lost factory jobs and other economic changes languished. Some categories, like alcohol, experienced a double effect. Sales of mass market beer weakened, but premium brands and imports strengthened.

Other categories that benefited from the aspirations of the rising middle class are travel agencies and education. Not only did the online travel leader Ctrip perform well, with a 32 percent rise in value, but newcomer Caissa targeted a niche group of travelers, people seeking a more upscale experience than the typical group tour. Both education brands grew significantly in value because of people's desire to prepare themselves, and their children, for the evolving domestic and global economies.

The power of e-commerce drove the retail category, where three of the six brands are e-commerce leaders and two bricks and mortar brands had successfully implemented online and offline (O2O) strategies. In contrast, e-commerce created fierce price competition among diaper brands, and facilitated the easy market entrance of many international options. E-commerce forced banks to reinvent their businesses to face non-banking Internet competitors and better meet the needs of millennials.

The banks are also an example of how the government policy levers affected categories. With the decline in loan businesses because of less infrastructure or factory development, banks shifted to consumer businesses like wealth management. Similarly, the insurance category growth slowed when government regulation discouraged certain products deemed too speculative. Government intervention also slowed real estate sales to avoid overheating the housing business. The banks and insurance categories declined 6 percent in value. Real estate lost 14 percent in value after a leading brand became private and, therefore, ineligible for inclusion in the BrandZ™ China Top 100.

Conversely, the prospective phasing out of sales tax reductions for electric cars drove the car industry to record annual sales. The value of the car category rose 20 percent. The articles that follow describe in detail how these and other trends influenced the 20 categories and 100 brands examined in this report.

CATEGORY VALUE CHANGES

Category	Category Value % Change 2017 vs. 2016		Category Value US$ Mil.	Number of Brands in Top 100
Travel Agencies	46%	↑	2,924	3
Education	46%	↑	2,115	2
Apparel	35%	↑	1,784	3
Alcohol	24%	↑	25,853	11
Retail	22%	↑	74,152	6
Cars	20%	↑	3,109	4
Technology	16%	↑	163,736	10
Home Appliances	9%	↑	9,273	8
Hotels	8%	↑	1,195	3
Health Care	3%	↑	5,943	3
Food & Dairy	2%	↑	15,352	6
Telecom Providers	1%	↑	71,375	3
Personal Care	0%	—	1,573	3
Airlines	-3%	↓	11,114	4
Banks	-6%	↓	93,296	10
Insurance	-6%	↓	38,290	6
Oil & Gas	-6%	↓	21,916	2
Real Estate	-14%	↓	12,372	9
Baby Care	-25%	↓	345	1
Jewelry Retailer	-31%	↓	1,378	3

Source: BrandZ™ / Kantar Millward Brown (including data from Bloomberg).

Categories in Brief

AIRLINES

3%

WEAKER OUTBOUND TRAVEL IMPACTS CATEGORY GROWTH

Several factors impacted both international and domestic air travel, slowing the growth rate of the airlines category, which declined 3 percent in value compared with a 39 percent rise in value a year ago.

A weaker yuan and the threat of international terrorism impacted outbound passenger traffic. After more than a decade of double-digit growth, outbound tourism grew only 4.3 percent in 2016, according to the China National Tourism Administration (CNTA). In addition, weaker global economic conditions dented the cargo business.

During the same period, inbound tourism increased 3.8 percent, about even with the prior year. The opening of Disneyland in Shanghai helped drive inbound passenger travel and lower fuel prices helped profitability. But the expansion of domestic high speed rail service added competition, and the growth of low cost airlines intensified price pressure.

The BrandZ™ Top 100 Most Valuable Chinese Brands 2017 lists four airlines, including the three State Owned Enterprises (SOEs) that together have significant market share: Air China, China Eastern Airlines, and China Southern Airlines. The other brand – Hainan Airlines – is privately owned. Only Hainan Airlines increased in value.

Two airlines – Air China, and China Eastern Airlines – derived over a third of total revenue from overseas business, placing them among the BrandZ™ Top 10 Chinese brands in international sales as a proportion of their business.

Air China added 25 aircraft, developed Chengdu as a regional hub, introduced a flight to Sydney, and added international routes in Shenzhen to meet demand for travel to southern China. The airline operates 377 passenger routes to 173 cities in 39 countries. Through its Star Alliance partners, Air China reaches 1,330 destinations in 193 countries.

China Eastern Airlines inaugurated flights between Shanghai and Chicago. The airline covered 1,057 destinations in 179 countries through its SkyTeam network, as of December 2015. Passenger volume increased by 14.6 percent in 2015, but cargo and mail improved only 1.3 percent. The airline operates mostly from Shanghai but also uses Xi'an and Kunming as hub cities.

Hainan Airlines operates around 500 routes to 100 domestic and international destinations. It enjoys a strategic partnership with Caissa Travel Group. A sister organization with the same corporate parent. Caissa is a travel agency devoted to offering upscale and personalized travel for members of China's expanding middle class who desire more than the usual tour experience.

% = Category Value Change 2017 vs.2016

ALCOHOL

24%

BRAND VALUE GROWS, BUT GROWTH RATE SLOWS

Alcohol is the most represented category in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, with 11 baijiu, beer, and wine brands. The category increased 24 percent in value, compared with 30 percent a year ago, making alcohol the fourth fastest-growing category among the 20 categories measured in the ranking.

The increase indicates sustained but slower growth compared with a year ago, when the alcohol category rebounded from the pressure on sales and profits caused by weaker economic expansion and government measures to limit extravagance at official events, which reduced demand for alcohol, especially premium brands.

Still, five alcohol brands are among the BrandZ™ Top Risers, the brands with the greatest year-on-year value appreciation. Moutai, an esteemed brand of baijiu, the traditional Chinese white alcohol, increased 41 percent in value, which propelled it up several slots in the ranking and into the Top 10.

The other four alcohol brands in the Top Risers are Harbin Beer and three baiju brands: Gujing Gong Jiu, Luzhou Laojiao, a premium brand established in 1573, and Wu Liang Ye. These other alcohol brands also are included in the BrandZ™ China Top 100: Yanghe, a baijiu, ChangYu, China's oldest wine producer, along with these beer brands – Tsingtao Beer, Snow Beer, Yangjing Beer, and Pearl River.

The baijiu brands increased in value because they expanded distribution and adjusted prices to reach a broader market. Some also expanded overseas marketing. Moutai launched a European sales initiative with an event in Hamburg, Germany, and it continued efforts to develop a market for baijiu in the US, focusing especially in San Francisco and New York.

Of the beer brands, Harbin Beer appreciated in part because of its success appealing to millennials with a combination of tactics, including event sponsorships and celebrity endorsements. The Rio Summer Olympics helped drive beer sales, but the slower economy hurt the middle of the market.

Affluent consumers sought imports and premium brands, and niche offerings, such as dark beers emerged, as brewers also offered flavor variations to attract millennials. Beer imports rose 18.7 percent during the first 11 months of 2016, according to the China Association for Imports and Export of Wines and Spirits.

The association also reported an 18.3 percent increase in imported bottled wine through the first 11 months of 2016. Meanwhile, ChangYu developed wines suitable for export, and affordable wines that catered to the increasingly sophisticated Chinese palate. Millennials influenced consumption trends, and more wine purchasing took place online.

Categories in Brief

APPAREL 35%

CATEGORY BOUNCES BACK ON SPORTSWEAR STRENGTH

After several years of slow growth because of weakened demand, foreign competition, excess inventory, and overstoring, the apparel category bounced back, growing 35 percent in value following a 46 percent decline a year ago.

Factors driving the rebound included the government's promotion of sports and health, and the resulting popularity of sports apparel. The end of the one-child policy and anticipation of rising demand for children's clothing added optimism. In addition, promotion around the Rio Olympics drove sales. And e-commerce was an important factor.

Three apparel brands ranked in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, but only one brand, Anta, remained from last year's ranking. Semir reappeared after an absence of several years. And Heilan Home joined the ranking for the first time.

A marketer of mass market functional sports apparel, Anta operated over 9,000 stores, many of which also sell its FILA brand and its children's brands. Anta created many of the uniforms worn by Chinese athletes at the Rio Olympics.

Semir, a maker of casual clothing, experienced strong e-commerce results, including an increase in "Singles Day" sales of around 65 percent. And the brand continued to expand overseas, particularly to Russia, the Middle East, and Southeast Asia.

Heilan Home is a major menswear brand that began in smaller markets and has opened stores in cities throughout China, maintaining growth with aggressive store expansion and supply chain efficiency improvements.

BABY CARE 25%

E-COMMERCE STOKES PRICE COMPETITION

The baby care category declined 25 percent in the BrandZ™ Top 100 Most Valuable Chinese Brands because of the performance of diaper maker Anerle, the only baby care brand in the ranking.

The market for disposable diapers remains strong in China, driven by the affluence of the expanding middle class and its desire for convenience. However, the market is also becoming more competitive. E-commerce has provided easier access for brands, particularly from overseas, and it has stoked fierce price competition for mid-market products, although a premium niche continues to flourish.

The recently imposed tariff on e-commerce imports should strengthen the position of Anerle, a domestic brand produced by a Hengan International Group Company, Ltd. Long-term, growth prospects for the diaper business are positive because disposable diapers are an urban phenomenon in China and penetration is low countrywide. In addition, the rescinding of the one-child policy should increase demand across the baby care category.

BANKS 6%

GROWTH SLOWS AS BANKS NAVIGATE TRANSFORMATION

The banks category declined 6 percent in value in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, following a modest increase in the 2016 ranking and a steep decline a year earlier.

After a decade of mostly rapid growth, the reversal of fortune resulted from China's rebalancing to an economy more dependent on consumer spending than on infrastructure investment largely funded by state-owned banks.

Slower economic growth left the banks with too many under-performing loans. And government attempts to stimulate growth have lowered interest rates and reduced fees, impacting bank profitability. As banks adjusted to this "new normal," they focused on new priorities, such as building retail businesses, offering wealth management services, and expanding online.

All 10 banks in the ranking declined in value, except for China Minsheng Bank and China CITIC, a newcomer to the ranking. All but China Minsheng Bank are State Owned Enterprises (SOEs). The banks represent 10 percent of the brands in the ranking and somewhat less than a fifth of the total value, down from almost a third in 2014. With the banks removed from the BrandZ™ China Top 100, the ranking rose 9 percent rather than 6 percent.

Seven banks rank in the BrandZ™ China Top 25: ICBC, China Construction Bank, Agricultural Bank of China, Bank of China, China Merchants Bank, Bank of Communications, and China Minsheng Bank. The other banks in the ranking are: Industrial Bank, China Everbright Bank, and China CITIC. The newcomer bank now meets the BrandZ™ China Top 100 eligibility requirement that retail banking comprise at least 20 percent of earnings.

As a strategic response to the challenging economic environment, China CITIC Bank joined Baidu, the giant search engine brand, to open China's first direct bank, Baixin Bank. The combined entity is expected to leverage the banking expertise of CITIC, and its over 1,350 physical outlets, with the online capabilities and reach of Baidu.

The development of online banking is one of the strategies intended to help position commercial banks during the transition to a consumer-driven economy. Online banking grew at a rate of 12.3 percent through the first half of 2016, according to the Chinese Internet Network Information Center (CINIC).

Other banks also integrated offline and online offerings (O2O). ICBC, for example, developed products for online banking (ICBC Mobile) and online commerce (ICBC Mall). But the banks also face new competition, and opportunities for cooperation, as non-banking organizations offer financial services, including Baidu, e-commerce leader Alibaba, and Tencent, the Internet company and Number 1 brand in the BrandZ™ China Top 100.

% = Category Value Change 2017 vs.2016

"CHINESE SOCIETY RESPECTS THE OLD...

...AND EXPECTS MUCH FROM THE YOUNG."

Categories in Brief

CARS 20%

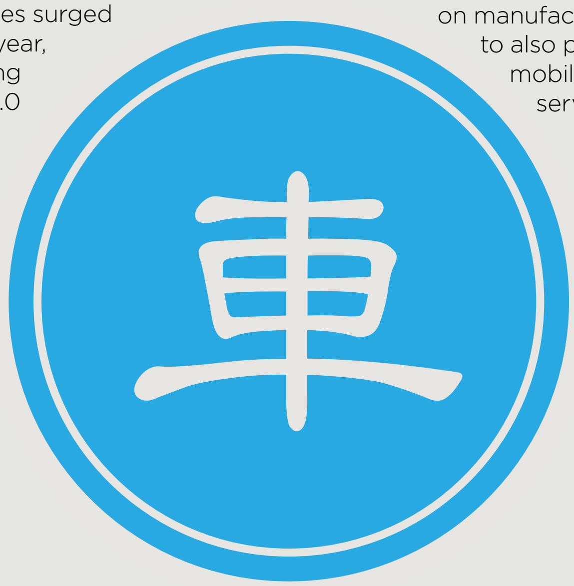
CHINESE BRANDS SURGE IN YEAR OF RECORD SALES

The cars category increased 20 percent in value, outperforming the 6 percent overall rise for the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, but down from the 38 percent category rise a year ago.

A total of four car brands rank in the BrandZ™ China Top 100 2017, up from only one car brand in 2014. The brands include BYD, Great Wall, Changan, and Geely, a newcomer to the ranking.

The sales of Chinese car brands overall surpassed 10 million vehicles for the first time, according to China Association of Automobile Manufacturers (CAAM), with demand driven especially by millennials and shoppers from lower tier cities.

Total car sales lagged during much of the year as carmakers contended with slower economic growth and government driving restrictions aimed at abating severe air pollution in major cities. Sales surged at the end of the year, however, increasing 13.7 percent to 28.0 million vehicles, a record according to CAAM.



The imminent end of a government sales stimulus program for certain low-emissions cars drove the spike in purchasing. In October 2015, the government introduced an incentive to encourage consumers to buy cars with smaller engines. The program, which discounted the purchase tax by 50 percent, is set to be phased out in 2017.

Chinese car makers sold 507,000 new energy cars in 2016, according to CAAM, an increase of 53 percent year-on-year. By eliminating tax incentives, the government is also trying to cull the number of brands producing electric vehicles and avoid over capacity, consistent with the government's supply-side structural reforms.

The interest in environmentally friendly vehicles helped propel BYD, the electric car brand, which rose 14 percent in value. BYD also addressed the larger strategic issue facing carmakers worldwide – the shift from focusing only on manufacturing to also providing mobility services.

The brand, which supplies electric buses worldwide, announced plans to build a monorail service in Shenzhen.

The two other car brands in the BrandZ™ China Top 100, Great Wall and Changan, increased more modestly in value. SUV sales increased 44.6 percent, far outpacing other market segments. Great Wall introduced a luxury SUV named Wey, to complement its popular and lower priced Haval SUVs.

SUV sales, and the introduction of new models, drove the strong sales performance of Geely, which entered to BrandZ™ China Top 100 for the first time. Geely also benefited from its ongoing consolidation of three brands and sales networks into a single Geely brand.

For geopolitical reasons, interest rate fluctuations, and low oil prices that impacted purchasing ability, total car exports declined 18.5 percent through the first half of 2016, according to CAAM.

% = Category Value Change 2017 vs.2016

EDUCATION 46%

QUEST FOR CAREER SUCCESS DRIVES STEEP VALUE RISE

With a rise of 46 percent, education, along with travel agencies, led the 20 categories in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 in year-on-year value increase.

The category rose steeply, following a modest increase a year ago, as Chinese consumers continued to invest in education to advance in their careers, improve prospects for their children, and generally become better prepared to participate in the Chinese and global economies. The end of the one-child policy should help ensure future category growth.

China's educational system, with its focus on entrance exams at each level of schooling, adds pressure to succeed that also drives the education category, which includes two brands, New Oriental and Xueersi.

New Oriental derives almost 85 percent of its revenue from language and test preparation courses, often for overseas exams. Enrollment rose 42 percent to 2.6 million, year-on- year, in the first six months of fiscal year 2017, and the brand operated 789 schools and learning centers in 58 cities.

Xueersi, focuses on after school tutoring for grades K-12. For the first nine months of its fiscal year 2017, which ended November 30, 2016, Xueersi increased enrollment almost 71 percent to nearly 2.6 million, and it added locations, ending the period with 474 learning centers in 27 cities.

The brand emphasized small classes and invested in expanding online and mobile services to coordinate an online and offline (O2O) presence. In 2015, Xueersi acquired an education company named First Leap, which will run as a separate division specializing in teaching various academic subjects in English.

Categories in Brief

FOOD & DAIRY

2%

BRANDS RESPOND TO CONSUMER DEMAND FOR HEALTHIER PRODUCTS

The six food and dairy brands included in the BrandZ™ Top 100 Most Valuable Chinese Brands produced a modest increase in category value, growing 2 percent compared with 3 percent a year ago. Among the dairy brands, Mengniu grew in value more than Yili, and Bright Dairy declined. Meat processor Shuanghui and Fortune, producer of cooking oil, increased in value. Frozen food brand Sanquan decreased.

China's rebalancing economy influenced the pace of category expansion, cutting the spending power of industrial workers, while enhancing it for consumers with service sector jobs. In fast moving consumer goods (FMCG), sales growth slowed for basic food and beverage products but accelerated, even with premium pricing, for the home and personal preferences of the middle class, according to Kantar Worldpanel, in its shopper report, Dealing with Two-Speed China.

Kantar Worldpanel also found that some dairy products, such as yogurt, performed well because middle class Chinese consumers perceive them as essential for healthy living. However, because of lingering concerns about food quality and safety, Chinese consumers have favored imported milk over domestic brands. The Chinese government has increased category regulation, particularly for infant formula.

Chinese brands responded to these conditions with improved production, marketing, and new products, including yogurts and healthier, low-sugar options. Mengniu upgraded its production systems and control of milk sourcing from ranches and farms. It gained some of this expertise from Arla Foods, its Danish partner.

To strengthen its baby formula business, Yashili, a subsidiary of China Mengniu Dairy, acquired a baby food company from Danone Group, which owns almost 10 percent of Mengniu. And to publicize the brand and its improvements Mengniu became the official dairy product partner of the Shanghai Disney Resort.

Yili also improved product quality and safety, investing in its three overseas R&D centers to create and introduce new products, such as QQ Star, a flavored milk drink. And Yili expanded its infant milk powder facilities in New Zealand.

According to the 2016 Kantar Worldpanel Brand Footprint Report, Yili is purchased by nine out of 10 Chinese households, making it China's Number 1 brand in market penetration.

Meat producer Shuanghui, which linked with the US meat processor Smithfield in 2013, began production and distribution of American-style products in China. Both companies are owned by China's WH Group Ltd. To meet the growing demand for food variety, Shuanghui continued to diversify its offering and included snacks and products with healthier ingredients. Marketing included a collaboration with JJ video games called, "Taste Shuanghui delicacies while playing JJ games." Higher prices slowed pork consumption and impacted sales of packaged meat products.

Investment in developing and marketing new products negatively impacted the results of frozen food maker Sanquan, which specializes in products such as boiled dumplings and rice balls. Fortune, a leading cooking oil brand owned by COFCO, the giant state-owned conglomerate, continued to expand distribution and introduced large-size containers to meet the needs of China's restaurant industry.

% = Category Value Change 2017 vs.2016

HEALTHCARE

3%

CHINESE TRADITIONAL MEDICINE DRIVES INTERNATIONAL EXPANSION

The value of the healthcare category increased 3 percent in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, as each of the three brands represented – Yunnan Baiyao, Tong Ren Tang, and CR Sanjiu – increased modestly.

Retail sales of western and Chinese medicines grew 12.4 percent during the first 10 months of 2016, according to China's National Bureau of Statistics. Meanwhile, the Chinese healthcare industry took steps to go global.

Tong Ren Tang opened three stores in the US at the end of 2016, one in San Francisco and two in New York. It also plans to open in Vancouver, Canada. These locations have large Chinese communities, but the brand expects to open 200 stores worldwide over the next five years.

Ton Ren Tang also entered a licensing agreement to be the exclusive distributor in China for the vitamins, nutritional supplements, and other healthcare products of the Canadian brand Natural Factors. Established in 1669, during the Qing Dynasty, Tong Ren Tang has almost four centuries of experience developing traditional Chinese medicine (TCM) and the brand is well known in China.

Although TCM is growing in popularity in the West, greater mainstream adoption in the US, for example, requires approval from government regulators and acceptance by insurance companies. Tong Ren Tang expects the growing popularity of acupuncture in the US to help facilitate its expansion. In addition, it plans to open a Chinese medicine cultural center with the American College of Traditional Chinese Medicine, in San Francisco.

Known for creating products fortified with the healing power of herbal ingredients, Yunnan Baiyao was well positioned to meet the rising consumer interest in natural personal care products. It derives a large portion of its revenue in oral care, where it faces significant competition from multinationals. Yunnan Baiyao also explored expanding into fragrances.

CR Sanjiu acquired Kunming Shenghuo Pharmaceutical Group, strengthening the brand's presence in cardiovascular health. CR Sanjiu is a subsidiary of CR Pharmaceutical, a holding of China Resources, the giant state-owned conglomerate.

Categories in Brief

HOME APPLIANCES

9%

SMALL APPLIANCE BRANDS PRODUCE LARGEST GROWTH

The home appliances category increased 9 percent in value in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, following a gain of 31 percent a year ago and 20 percent in 2015. Growth leveled primarily because of slower new home sales and high penetration levels for large appliances. Small appliances experienced a lift, according to the China Household Electrical Appliances Association (CHEAA).

These trends impacted the valuations of the eight home appliance brands included in the BrandZ™ China Top 100 Most Valuable Chinese Brands 2017. Two small appliance makers, Robam and Supor, increased in value 37 percent and 35 percent, respectively, placing them in the Top 10 Risers, the brands with the greatest year-on-year value appreciation. Vatti, a maker of range hoods, microwaves and other small appliances, appeared in the ranking for the first time, at Number 99.

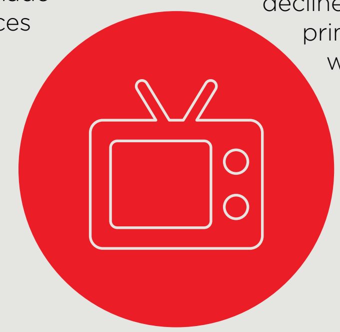
Robam leveraged the strength in its core products – range hoods and gas stoves – to introduce new products, and the brand made the sale of built-in appliances a high priority. Supor introduced innovated rice cookers and other small appliances aimed at meeting the lifestyle interests of middle class consumers.

The valuations of large appliance makers increased more modestly or declined. These brands continued to expand in e-commerce, collaborating with key players, including Alibaba and JD.com. They also produced smart appliances to gain leadership in the Internet of Things. And to balance slower growth at home, appliance brands more aggressively looked abroad.

Midea increased in value primarily because warm weather produced strong demand for one of its key products, air conditioners. The brand has also developed smart air conditioners capable of being operated by remote control. Midea, which gained 30 percent of revenue from abroad, acquired Kuka, the German robotics company and the appliance division of Japan's Toshiba.

Hisense also enjoyed strong air conditioner sales. And the brand collaborated with video brands, such as iQiyi, which offered a one-year free membership to Hisense TV buyers. Hisense derived 22 percent of its revenue from overseas business. It strengthened promotion in the US. TCL, a maker and marketer of consumer electronics worldwide, with a special focus on multimedia entertainment and smart TVs, remained flat in brand value because of competitive pressures.

To expand its presence in the US, Haier acquired the consumer appliances division of GE. Haier declined slightly in value, primarily because of weaker sales of large appliances in China. Gree also declined in value because of sales weakness.



% = Category Value Change 2017 vs.2016

HOTELS

8%

GROWTH SHIFTS TO MID-RANGE AS CATEGORY RATIONALIZES

The three hotel brands that rank in the BrandZ™ Top 100 Most Valuable Chinese Brands – Home Inn, Hanting, and Jinjiang Inn – grew 8 percent overall in value, down from an 11 percent increase a year ago, as the hotel category experienced a period of rationalization. Hanting increased 25 percent, in part because of strong performance in top tier cities.

The greatest opportunity – the mid-priced segment of the market – resulted from less high-end demand, in part because of the government discouragement of extravagance, and heated competition among budget brands.

Domestic tourism, a government strategy for driving consumption, remained strong. Budget airlines flying to more domestic destinations, and the growing network of high speed rail, facilitated more affordable travel.

In addition, local governments invested in historical restoration projects to attract tourists, and more theme parks, such as Disney World Shanghai, appeared. Inbound tourism rose 3.8 percent during the first half of 2016, according to the China National Tourism Administration.

Hotel category rationalization included the Homeinns Hotel Group merger into BTG Hotels Group, a State Owned Enterprise (SOE). Homeinns operates around 3,000 hotels in China, including the budget Home Inn brand and the more upscale Yitel brand.

Similarly, state-owned JinJiang International acquired a budget and midrange hotel group called Plateno.

Hanting increased the number of the more profitable mid-level hotels in its mix. It also launched a campaign focused on cleanliness to differentiate from other economy hotel brands. In addition, Hanting continued to expand and upgrade its properties, opening around 772 new locations and closing 205. And the brand also took steps to strengthen loyalty and direct sales.

Categories in Brief

INSURANCE

6%

REGULATIONS ADD STABILITY, BUT SLOW CATEGORY GROWTH

The insurance category, declined 6 percent in value, following a 44 percent rise a year ago. After a period of rapid insurance industry growth, the government intervened to ensure industry stability by restricting speculation and requiring higher capital reserves. In addition, insurers faced competition from e-commerce brands like Alibaba and JD.com.

The new regulations, promulgated by the China Insurance Regulatory Commission (CIRC), discourage the aggressive sale of insurance policies for short-term investment rather than long-term risk protection. They also limit the development of unusual insurance products, which the government views as more like gambling than insurance.

Factors that drove rapid industry category growth include the aging of China's population and the lack of a national financial security program for seniors. In addition, many insurers sold policies that promised high return on investment in addition to protection in old age.

Of the six insurance brands ranked in the BrandZ™ China Top 100, only Ping An, which ranks in the BrandZ™ China Top 10, increased in value. China Life fell one rank to Number 11. The other ranked insurance brands are CPIC, PICC, New China Life, and China Taiping.

Ping An continued to develop as a financial services company and benefited from cross selling among its banking, investment, and insurance businesses. It also expanded customer access. The number of Ping An Internet customers reached almost 300 million, with mobile Internet customers rising 70 percent to 182 million.

% = Category Value Change 2017 vs.2016

JEWELRY RETAIL

31%

WEAKER TOURISM, MALL TRAFFIC REDUCE SALES

The Jewelry retailer category declined 31 percent, more than any other category in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017. One brand dropped from the ranking and the three remaining brands lost value: Lao Feng Xiang, Eastern Gold Jade, and Ming Jewelry. Last year the Jewelry Retail led category value growth.

Brands experienced pressure on revenue and profit as sales slowed for the first time in a decade. During the first 10 months of 2016, retail sales of gold, silver, and jewelry declined 0.9 percent, according to China's National Bureau of Statistics. Multiple economic and demographic factors produced this category reversal.

Fewer tourists from Mainland China to Hong Kong, and lower spending hurt the category, as Hong Kong is an important center of Jewelry retail. Similarly, weaker customer traffic in Mainland shopping malls reduced sales. Purchasing that shifted from malls to e-commerce usually did not include expensive jewelry.

Changing spending priorities and tastes also affected the category. Chinese often buy jewelry, especially gold, to celebrate a wedding or another special event. Traditional designs drove most sales. Jewelry styles are evolving, however, influenced by the millennial consumer preference for items that are more personalized. Ming Jewelry responded to this trend with the acquisition of a jewelry brand specifically positioned to attract young customers.

Categories in Brief

OIL & GAS

6%

SOEs SHIFT PRIORITIES TO OFFSET LOW OIL PRICES

Primarily because of the China's slower economic growth, and the low global price for crude oil, the valuations of Sinopec and PetroChina, the two oil and gas brands in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, both declined, and the category lost 6 percent in value.

Five years ago, Sinopec and PetroChina ranked 8 and 9 in the BrandZ™ China Top 100. These State Owned Enterprises (SOEs) have slipped to ranks 12 and 15 in the 2017 report, reflecting the shift of China's economic drivers from production to consumption, and the rise of market-driven technology and e-commerce brands.

Consistent with the government's determination to reduce overcapacity, Sinopec and PetroChina limited production and focused instead on controlling costs and increasing exploration efforts for oil and natural gas. Retail sales of petroleum products grew only 0.1 percent during the first 10 months of 2016, according to China's National Bureau of Statistics.

In an initiative aimed at meeting supply side reforms, Sinopec launched a giant petrochemical complex in the southern coastal province of Guangdong, a cooperative venture being completed with Kuwait. As part of the government's effort to increase SOE competitiveness,

Sinopec planned to collaborate with private companies in the sale of refined petroleum products, and entered an agreement with JD.com.

The brands entered cooperative exploration projects in Asia and the Middle East to use surplus engineering and refining capacity overseas and gain access to oil and gas at favorable prices. The initiatives advance China's One Road, One Belt vision for reviving Chinese economic engagement along the ancient trade routes.

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% = Category Value Change 2017 vs.2016

PERSONAL CARE

– 0%

WIDER ECONOMIC FORCES SHAPE CATEGORY TRENDS

The value of the personal care category in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 remained unchanged, following a 61 percent rise a year ago when, tied with jewelry retail, personal care led all categories in value growth.

Of the three personal care brands included in the ranking, Dabao, a skin care cosmetic, increased 13 percent, in value; Herborist, known for natural ingredients, declined 16 percent; and oral care brand Zhong Hua declined only slightly.

These results tell only part of the story, however, as the personal care category reflects several trends shaping consumer purchasing. Because of the transition of China's economy, sales of fast moving consumer products (FMCG) are growing at two separate speeds, according to Kantar Worldpanel.

In some subcategories, such as packaged foods and beverages, sales are weaker because many of the customers are negatively impacted by economic change.

Conversely, sales of other categories, including personal care, benefit from of the aspirations of customers in the expanding middle class, the beneficiaries of economic change.

Because of premiumization, personal care market value grew 9 percent in urban areas during the first half of 2016, according to Kantar Worldpanel. In addition, Chinese brands are gaining in popularity, even in lower tier cities, especially brands that promote health benefits, natural ingredients, and safe use.

Sales of skin care and color make-up increased by 12 percent and 10 percent, during the 52-week period ending in June 2016, according to Kantar Worldpanel. Dabao, a skin care brand made by Johnson & Johnson, ranks as China's Number 1 cosmetic brand in Kantar Worldpanel's Brand Footprint report, which notes that over 23 percent of China's population choose the brand an average of twice a year.

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Herborist declined in value, however, because of competition in key channels, department stores and supermarkets. As cosmetics competition increased in China, over half of the cosmetic brands did not increase sales, according to Kantar Worldpanel. Herborist plans to shift distribution focus to cosmetic stores and e-commerce. Its corporate parent, Shanghai Jahwa, entered a strategic cooperation with JD.com to strengthen its multi-channel presence.

Established in 1998, Herborist creates products that link the practices of traditional Chinese medicine with modern technology. It introduced a collection of anti-aging products. Along with an extensive presence in China, Herborist is available in Europe and opened its first overseas flagship store, in Paris.

“TRANQUIL CANALS RECALL THE ACCOMPLISHMENTS...

...OF CHINA’S 5,000-YEAR-OLD CIVILIZATION.”

Categories in Brief

REAL ESTATE

14% ⌄

POLICIES COOL SPECULATION IN RAPIDLY GROWING SECTOR

The real estate category declined 14 percent in value in the BrandZ™ Top 100 Most Valuable Brands 2017, because a large real estate brand became private this year, and no longer met the BrandZ™ ranking eligibility requirements. Excluding the departing brand, the nine real estate brands in the BrandZ™ China Top 100 increased 8 percent in value, marginally higher than the rise of the ranking overall.

Two real estate brands, Country Garden and Vanke, were among the fastest risers in brand value, increasing 21 percent and 13 percent respectively. And two brands – Greentown China and SOHO China – declined in value. The other real estate brands in the BrandZ™ China Top 100, in order of their ranking, are: Evergrande Real Estate, Poly Real Estate, Longfor, Gemdale, and R&F Properties.

The nine real estate brands in the BrandZ™ Top 100 make real estate among the most represented categories in the ranking. And real estate remains one of the most critical sectors for driving the growth of China's economy. For the first 10 months of 2016, the National Real Estate Climate Index was 94.10, according to China's National Bureau of Statistics. The base rate is 100 and below 95 indicates slower growth.

Urbanization, the development of high-speed trains, and other infrastructure improvements continued to drive expansion long term, especially in lower tier cities. But real estate price appreciation slowed at the end of the year, after the national and local governments imposed regulations to curb speculation and avoid a housing bubble. Banks raised the minimum down payment for mortgages and tightened restrictions for purchasing a second home.

Revenue remained strong for most of the real estate brands, but margins weakened because of promotional pricing, marketing expenses, and the high cost of land acquisition in major cities. Demand was uneven geographically, with limited supply of residential space and high prices in large cities, and high vacancy rates in some smaller cities. Factors such as the aging population and the development of technology centers created specific real estate opportunities. Overseas expansion continued, encouraged by the government's One Road, One Belt policy. Country Garden operated four projects in Malaysia and one in Australia.

% = Category Value Change 2017 vs.2016

RETAIL

⌃ 22%

E-COMMERCE BRANDS DOMINATE GROWTH AND MOVE INTO GROCERY

E-commerce drove the healthy 22 percent retail category value rise in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017. Half of the six retail brands in the BrandZ™ China Top 100 ranking are e-commerce leaders: Alibaba, JD.com, and VIP.com, which entered the ranking for the first time this year.

In addition, two of three bricks and mortar brands have strategic partnerships with e-commerce brands. Alibaba has invested in the consumer electronics retailer Suning and JD.com has invested in Yonghui Superstores. The sixth retail brand, consumer electronics retailer Gome, returned to the ranking for the first time since 2013, having strengthened its online business to complement over 1,800 physical stores.

Total retail sales reached $4.8 trillion in 2016, an increase of 10.4 percent, according to China's National Bureau of Statistics. Online sales rose 26.2 percent to $750 billion. On November 11, 2016, China's Singles' Day, a major shopping event, Alibaba alone reported sales of $17.1 billion in a 24-hour period, a 24 percent year-on-year increase.

Having developed their businesses around hardlines, e-commerce leaders Alibaba and JD.com battled for share of grocery and everyday consumables, as consumers increased their online purchasing for those categories. On Singles' Day, 49 percent of families purchased groceries online compared with 30 percent in 2013, according to Kantar Worldpanel. JD.com bought the online grocer Yihaodian from Walmart to strengthen its competiveness against Alibaba's Tmall site.

Newcomer VIP.com, which began operations in 2008, does not compete in grocery and focuses primarily on apparel, although the brand has expanded its offering to include home goods, cosmetics, wellness, baby products, and other categories. VIP.com has been especially effective with flash sales, discounting brand products for limited time periods. VIP.com increased its active customer base 56 percent year-on-year through September 2016. Vipshop, owner of VIP.com, acquired Beifu, a payment company, to lower transaction processing costs and accumulate customer data.

In addition, VIP.com launched several content marketing programs such as shopping consultation, which reflect the ongoing integration of e-commerce and social media in China. JD.com collaborates with WeChat, the social media app of Tencent, China's largest Internet portal. Alibaba has created an ecosystem in which purchasing is only one aspect of consumer involvement with its sites.

In an analysis by Kantar Retail, manufacturers selected JD.com, Alibaba's Tmall, and VIP.com as the e-commerce retailers most likely to be China's "Power eTailers" in the next three years. VIP.com rose from Number 6 in the Kantar Retail study to Number 3 in one year, based on the brand's effective flash sales, creative marketing, and insight about women shoppers.

Some of the factors driving e-commerce growth, like the desire for convenience, also influenced the fortunes of bricks and mortar retail formats. Convenience stores and other small formats gained in marketshare, while supermarkets and hypermarkets declined, according to Kantar Worldpanel. Meanwhile, e-commerce leaders like Alibaba's Tmall and JD.com partnered with convenience store brands to develop seamless online and offline (O2O) customer engagement.

Categories in Brief

TECHNOLOGY

16%

ECONOMIC CHANGE CAUSES BRAND VALUE FLUCTUATIONS

The value of the technology category increased 16 percent in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017, down from a 32 percent rise a year ago. The change reflected the mixed results among the 10 technology brands in the ranking. Five brands increased value, four lost value and one brand entered the ranking for the first time.

The impact of the technology category, which produces almost 30 percent of the total value of the BrandZ™ China Top 100 from 10 percent of the brands, reflects the journey of China's economy toward consumer-facing businesses and the rise of market-driven brands. The brand value fluctuations reveal the bumps along the road, and the maturation of the category, which now is experiencing a rise in mergers and acquisitions and collaborations.

Tencent, China's leading Internet portal, remains China's most valuable brand. Baidu, the search leader, and Huawei, maker of telecommunications equipment and smartphones, also rank in the BrandZ™ China Top 10. The other Technology brands in the BrandZ™ China Top 100 are: Lenovo, NetEase, Letv, ZTE, Youku Tudou, Sina, and the newcomer this year, iQiyi, an online video platform similar to YouTube.

Tencent increased 29 percent in value based on the strength of its social media apps, like WeChat (Weixin in Chinese), which reached almost 850 million monthly active users as of the end of September 2016, a 30 percent year-on-year increase. These platforms helped drive advertising revenue with options including WeChat Moments, which connects ad content with relevant users and occasions. The payment functions of these platforms increased in popularity.

Along with Tencent, two other technology brands were among the BrandZ™ Top 20 Risers in value. The web portal Sina increased 43 percent. As of September 2016, Weibo, Sina's, social media platform had increased monthly active users 32 percent year-on-year to almost 300 million. The brand's new initiatives in live video and self-broadcasting helped build its following among young people. NetEase, a maker of online and mobile games, and a major e-mail service supplier, increased 36 percent in value. The brand had 890 million users as of the end of September 2016.

Consumer interest in video, and the burgeoning phenomenon of live streaming, drove the growth of newcomer iQiyi. Founded in 2010, iQiyi is primarily owned by Baidu, which has announced plans for an Initial Public Offering (IPO). iQiyi's competitor, Youku Tudou, also rose in value because of the popularity of live streaming and the impact of its acquisition by Alibaba, as China's e-commerce leader expands its ecosystem to seamlessly link entertainment with e-commerce and social media.

Letv also aggressively developed its ecosystem. Originally an online video streaming site, the brand has created original content, expanded into hardware with smart TVs and smartphones, and conducted electric car R&D. Because of costs associated with these initiatives, Letv declined somewhat in value, as did smartphone maker ZTE, primarily because of market competition.

As China's GDP growth slows and the economy rebalances, technology brands are leading the search for overseas opportunities. Three of the BrandZ™ Top 10 Chinese brands in overseas revenue are in technology. These include Lenovo, Huawei, and ZTE. Lenovo derives over 70 percent of its revenue from overseas business. Huawei gains almost 60 percent of its revenue from outside of China in over 170 countries. ZTE gains 47 percent.

Lenovo declined in value because of the global slowdown in the growth of PCs along with challenges integrating Motorola Mobility, the mobile phone business it acquired from Google in 2014.

% = Category Value Change 2017 vs.2016

TELECOM PROVIDERS

1%

BRANDS FORM ALLIANCE FOR 4G COMPETITIVENESS

The telecom provider category increased 1 percent in value in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017. China Mobile, China's third most valuable brand, increased slightly in value, while China Telecom and China Unicom declined somewhat.

The telecom providers, all State Owned Enterprises (SOEs), responded to government policies aimed at increasing competition, improving service, and lowering prices. Competition heated up as China Telecom and China Unicom, the nation's number two and three carriers, agreed to share resources, to match the 4G capability of China Mobile, the category leader.

China Mobile served 849 million customers, including 535 million on 4G, as of December 2016. China Telecom had 215 million total mobile subscribers, including 122 million on 4G. China Unicom had 264 million mobile subscribers, including 105 million on 4G.

The telecom providers also faced competition from the over-the-top (OTT) entities that provide free voice and data communication over the Internet, including, as of November 2016, the 846 million monthly active users of Tencent's WeChat.

In addition, the Chinese government issued a new telecommunications license to the China Broadcasting Network (CBN). The new challenger could accelerate the expansion of "triple play" service, including phone, Internet, and TV.

China Mobile advanced a smart home gateway branded China Mobile. China Unicom linked with Baidu, China's leading search engine, to cooperate on artificial intelligence (AI). These activities help the telecom providers implement the government's "Internet Plus" policy to promote technology innovation. Unicom reported a sharp profit decline for the first nine months because of operational spending to improve competitiveness.

Categories in Brief

TRAVEL AGENCIES

46%

DOMESTIC TRIPS, BOOKED ON MOBILE, DRIVE VALUE

Driven by the sharp brand value rise of Ctrip, the online travel site, the travel category increased 46 percent, tying it with the education category for value appreciation leadership in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017.

The category value growth resulted from the 32 percent value rise of Ctrip, China's travel agency leader and a pioneer on online travel services. Chinese tourists spent $87 billion on online travel purchases in 2016, up 34 percent year-on-year, according to Ctrip. And most of the online transactions happened with mobile devices.

In addition, a new travel brand, Caissa, entered the BrandZ™ China Top 100, this year, based on its success meeting the travel aspirations of China's rising middle class. Owned by the same corporate parent as Hainan Airlines, Caissa focuses on serving Chinese travelers seeking a more personalized experience rather than the traditional group tour. It intends to integrate Hainan flights with upscale accommodations and entertainment, particularly for outbound travel.

Outbound slowed to 4.3 percent growth in 2016 because of China's weaker yuan and the threat of terrorism abroad. Domestic tourism spending increased 3.8 percent in 2016, according to the China National Tourism Administration (CNTA). Domestic tourism is one of the government's levers for driving consumption, a national priority. Initiatives including rapid rail connections, budget airlines, and improved tourist facilities support this goal.

Ctrip acquired the UK-based Skyscanner, an online travel booking service, to help strengthen its overseas business. Almost a third of Ctrip's ticket sales are to international destinations, but customers are much less likely to use Ctrip to book overseas accommodations. Ctrip bought rival Qunar in 2015. Revenue increased substantially based on this purchase, the acquisition of two American agencies, and investment in India travel site MakeMyTrip.

These acquisitions, and the fact that Priceline.com holds a large stake in Ctrip, positions the company to be a global competitor, perhaps specializing in Chinese travelers, but not serving them exclusively. CITS, a State Owned Enterprise (SOE), with tourist offices throughout China, declined in value.

% = Category Value Change 2017 vs.2016

Q&A with Feng Xiao

Chief Financial Officer, Air China Ltd.

AIR CHINA FLIGHTS REACH DESTINATIONS AROUND THE WORLD

BRAND BUILDING EFFORTS INCREASE AWARENESS OUTSIDE OF CHINA

Feng Xiao
Chief Financial Officer
Air China Ltd.

AIR CHINA
中国国际航空公司

Air China is the flag carrier airline of China. As a member of Star Alliance, it is the only airline in Asia with flights to six continents. Air China operates 377 routes, including 98 international routes, flying to 65 cities in 39 countries or regions. Air China has collaborative flights in 193 countries around the world with other Star Alliance members. Chief Financial Officer Feng Xiao previously served in executive positions at Shandong Airlines, an Air China subsidiary. He has a background in engineering.

BRAND BUILDING

What is Air China's long-term goal as a global brand?

Air China is committed to becoming a large carrier that is recognized by the entire world. Meanwhile, we have a comprehensive, balanced network of flights, divided evenly between domestic and international markets. That is rare in Asia. Besides, we have a large customer base and have transported 143 million passengers. All of these factors can help Air China to stay on track for consistent operations and rapid development.

Do you expect international growth to happen organically or through merger and acquisition?

We prefer organic growth because this ensures consistency of brand development, without confusing passengers. Air China does not reject merger and acquisition opportunities. However, trade unions in developed countries have a big impact, so we need to be cautious about the choice of partner.

What are Air China's key challenges as it expands internationally? And how do those challenges vary by country or region?

The first challenge is competition, sometimes even with our Alliance partners. That is a typical phenomenon in the aviation industry. The second challenge is the need to understand cultural differences. The third challenge is to both expand and be accepted. It will take more time before markets worldwide recognize Air China as a mainstream carrier. Meanwhile, we continue to develop exceptionally strong operational capabilities and competence in product design and development. Regarding specific markets, we encountered challenges in South Africa, including visa restrictions and the poor infrastructure in some African countries we fly to from South Africa. We are rather satisfied with markets in developed countries. We are now profitable in the US and Europe, and doing well in Japan and Korea.

How does Air China position its brand globally?

Air China has consistently positioned the brand as a high-end provider, both at home and abroad. The brand image has already formed in China and needs to be enhanced overseas. Although current airfares are relatively low, they are merely a promotion and do not mean Air China follows a budget airline strategy. In fact, we do the opposite. Air China delivers a high level of passenger experience that starts with state-of-the-art equipment, and includes seat upgrades, quality entertainment systems and Wi-Fi, and improved food and beverage service.

In overseas markets, does a gap in brand recognition or customer preference exist between Air China and other airlines? How does Air China narrow any gap?

Frankly, there is a gap. Air China enjoys far greater brand recognition in China than in developed countries overseas, so we need to continue building brand popularity. Our main strategy for narrowing the gap is to improve passenger experience at each contact point, and to constantly improve our operational smoothness.

What is the overseas consumers' impression of Air China?

Passengers in developed countries still see Air China as an emerging brand that needs to raise the standards of its products and services. Specifically, crew members need to improve their language skills; the electronic and print entertainment need to offer richer content in languages other than Chinese; and the level of luxury and comfort needs to be higher. When passengers describe the Air China brand as a personality, they compare Air China to a person with college education – professional and dedicated, but still young and lacking in flexibility and humor.

Q&A with Feng Xiao

Chief Financial Officer, Air China Ltd.

Will the lack of flexibility in style be a problem for young passengers?

Yes, I think so. Young people are independent, self-centered, and prefer customization and self-service. To satisfy this generation, Air China is aggressively improving travel convenience. We have already made changes in Tokyo and Los Angeles. In addition, the younger generation does not trust authority and publicity, but loves social media. Air China invested heavily in social media and has collaborated with Facebook and Twitter since 2013.

What media strategies and tactics are most important as you build consumer awareness and acceptance of Air China overseas?

Google has been our trustworthy marketing consultant overseas, with one-stop services that begin with providing market and consumer insights. Google also helps with marketing strategy formulation, media selection, and ad placement. With the help of Google, Air China has made great strides in improving brand popularity and raising marketing effects overseas. In addition, Google's big data assets enable Air China to access a wide audience of consumers, while ensuring target marketing. Google's location-based services help reach the right customer at the right time and place. We have a multitude of new communication options, such as social media. We often launch a promotion overseas first and then introduce it in China.

BRAND CHINA

How do you think the reputation of China affects the overseas expansion of Chinese brands?

It's very important. Chinese brands must go global. China is growing in influence, and the whole world desires greater knowledge about China and Chinese brands. This is a wonderful opportunity for Chinese brands.

What advice do you offer Chinese brands that want to go global?

First of all, Chinese companies need to have deep knowledge of consumer preferences and the cultural background of target markets, especially in the case of brands in service industries. Second, Chinese companies need to improve quality and increase brand impact. Competing on price alone will lead the brands nowhere. Third, Chinese companies must continue to innovate. The whole company needs to be aligned to support clients, and it is important that the company is willing to adopt new technologies to improve products and services.

What does the airline sector need to do to improve Brand China?

In the mainstream markets of the world, the aviation industry is a traditional industry. Reviving this sector is the aim of China's aviation industry. We need to use Internet thinking and a big data mindset to understand and respond to consumer needs. These are business aspects that Air China is striving to improve.

Chinese companies need to improve quality and increase brand impact. Competing on price alone will lead the brands nowhere. Chinese companies must continue to innovate. The whole company needs to be aligned to support clients, and it is important that the company is willing to adopt new technologies to improve products and services.

Q&A with Zhiyu Chen

Chief Commercial and Product Officer, AliExpress (Alibaba Group)

EXPOSURE ON ALIEXPRESS HELPS CHINESE COMPANIES BUILD BRANDS GLOBALLY

STRATEGIES VARY FOR DEVELOPED AND FAST-GROWING MARKETS

Zhiyu Chen
Chief Commercial and Product Officer
AliExpress (Alibaba Group)

Alibaba Group

Launched in April 2010, AliExpress is a global retail marketplace targeted at consumers worldwide, many of them located in Russia, the US, Spain, Brazil, France and the UK. The platform enables consumers worldwide to buy an extensive range of products at competitive prices directly from manufacturers and distributors in China. AliExpress is a business of Alibaba Group. Zhiyu Chen is responsible for sales, business development, mobile marketing, CRM, services proposition, product management, payment, and logistics. Prior to his appointment at AliExpress, he was Head of Financial Products for Alipay International.

BRAND BUILDING

What important lessons can Chinese exporters learn from the global success of AliExpress?

It all starts with the products. Without a quality product it is not really possible to build an overseas business. Once you have a quality product, then it is important to invest in the brand building, which will facilitate business to go for long-term growth. A brand needs to acquire new customers, which becomes increasingly challenging when a brand goes overseas. Advertising has its role, of course, in brand building but let's not ignore the power of word-of-mouth. To achieve all of these objectives – a great product, a strong brand, a growing customer base, we need to recruit talented professionals with extensive experience in overseas operations and marketing. We can help Chinese brands that want to export for the first time or expand their export business. With high traffic on our website, exposure on AliExpress could help build a brand's presence across many markets.

What approaches have you found to be most effective in communicating the AliExpress brand?

It varies by market. In developing markets, such as Brazil, Russia, and Africa, we relied a lot on word-of-mouth communications. This approach worked because we deliver a good consumer experience that has led to high customer loyalty and engagement, and strong organic growth. We are adopting a different approach for developed markets, such as Europe and the US. In developed markets the products our sellers offer need to be more sophisticated. We want to communicate to consumers that we are a sophisticated brand and we provide a wide range of product offerings by quality Chinese sellers on our platform to meet their specific needs.

How do you communicate the brand in developed markets?

Because the developed markets are enormous and diverse, we look at niche sub-markets. Beyond these niche markets, we also look for opportunities to serve the needs of mass-market consumers in developed markets by providing diverse and sophisticated products from our quality sellers.

As you build your global business, and you face strong competition, especially from Amazon, what are your competitive advantages?

It's important to understand that AliExpress is a marketplace for individual merchants to sell their products directly to international consumers. AliExpress does not sell or store products directly, but we are a marketplace that connects global sellers and buyers. AliExpress targets millennials, and we are especially popular among young people in Russia and Spain. Also, in many overseas markets with large Chinese communities, consumers find it easy to shop on AliExpress. There also are operational or cultural differences between AliExpress and other e-commerce players. AliExpress is an open ecosystem that makes it easy for us to grow with our local partners in key markets.

How has Google helped AliExpress go global?

AliExpress has been working with Google since day one. Google and AliExpress cooperate broadly on mobile, branding and in other areas. AliExpress has a great YouTube channel and a live streaming promotion on Single's Day. In addition, we always early test Google's new products. We are using Google's Smart Bidding, for example, to rapidly review millions of signals and find the optimum bid.

Q&A with Zhiyu Chen

Chief Commercial and Product Officer, AliExpress (Alibaba Group)

What kinds of potential mistakes should Chinese exporters try to avoid?

It is important to understand and respect the customs and practices of local markets. Respect can be expressed in several ways, including setting up local companies and hiring local people. It is also important to be aware of government policies and regulations.

BRAND CHINA

Alibaba's record-breaking IPO on the New York Stock Exchange increased awareness of Chinese brands worldwide. Do you think that the image of Chinese brands and products is changing?

It depends on what part of the world we're looking at. In Europe the perception is changing slowly. Some consumers still hold on to the perception that the "Made in China" label signals low quality, but that's no longer true. China is moving through the same cycle that Japan and Korea went through a few decades ago and is building its reputation as a center for creation and high-quality manufacturing. But the transformation of Brand China will happen more quickly because of the increased speed of production and the information exchange in the Internet age. In addition, Chinese companies are among the leaders in new businesses and technologies, such as virtual reality shopping and mobile app development.

Are there any generational influences on the transformation of Brand China?

Yes. The real game changers are young people. These customers can accelerate the improvement in the image of Brand China because they were born during a period when Chinese industry has already improved, and they are more open to new things and products from overseas markets. They are consumers that would move the needle, and they enjoy online shopping.

What special steps is AliExpress taking to help change how overseas consumers view Chinese brands?

We are investing more in the effort to build consumer trust in the "Made in China" products that consumers can buy on our platforms. Some of the specific initiatives include co-branding and co-marketing with local brands in an effort to strengthen an image of trust and reliability. Russia is a good example of cooperation with local brands. With our app already downloaded to about 50 million smartphones in Russia, we receive a lot of orders from Russian consumers. But we cannot deliver to every address by ourselves. We work with local businesses to fulfill the delivery needs. The relationship leads to growth for both AliExpress and our local brand partners. It is win-win.

Ensuring customer satisfaction is critical for building and sustaining a brand and for elevating the image of Brand China. How do you ensure customer satisfaction across all the countries that you serve?

We have some standard practices across all country markets and we also adopt a tailor-made approach to cater to local conditions and local consumption behavior. In every place that we do business we will not tolerate any behavior that hurts the customer experience. We work closely with our partners to improve services.

> **Without a quality product it is not really possible to build an overseas business. Once you have a quality product, then it is important to invest in the brand building, which will facilitate business to go for long-term growth. A brand needs to acquire new customers, which becomes increasingly challenging when a brand goes overseas.**

Q&A with Glory Cheung

Chief Marketing Officer, Huawei Consumer Business Group
Huawei Technologies Company, Ltd.

WORLDWIDE LOCATIONS, HEAVY R&D INVESTMENT BUILD GLOBAL TECH BRAND

DIGITAL AND TRADITIONAL MEDIA STRATEGIES VARY BY COUNTRY

Glory Cheung, Chief Marketing Officer
Huawei Consumer Business Group
Huawei Technologies Company, Ltd.

HUAWEI

Established in 1987 as a telecommunications company, Huawei has successfully developed its consumer-facing business by focusing on innovation that emphasizes quality and design. Huawei is the first Chinese company to ship more than 100 million smart phones in a year, with many of those products purchased by consumers in Europe.

BRAND BUILDING

What are the key factors that explain Huawei's success overseas?

Huawei's success was not achieved overnight; rather, it resulted from two factors. The first is that Huawei has been devoted to international markets for many years. We now have 170,000 employees in over 150 locations around the world, of which 45 percent are R&D staff and 79 percent are overseas local employees. The other factor is our consistent commitment to R&D, an investment of at least 10 percent of each year's revenue. In the past 10 years, Huawei has invested $38 million in R&D, and established 16 R&D centers and 28 joint innovation centers globally. We can only say that current achievements are the result of years of continual investments.

How important was it to build a strong brand in China before expanding outside of China?

I don't think it was important. In the context of globalization and the emergence of mobile Internet, Huawei has been an international enterprise and positioned as an international brand from the very beginning. Our vision has always been to build up a first-class international brand while adapting to the cultural nuances of each market.

Do you position the Huawei brand differently outside of China than you do in China?

The brand positioning is the same in both overseas and domestic markets. Huawei is delivering a new Tech+Culture brand that empowers consumers to be our greatest advocates, and this applies to every market in which we operate. However, in different regions, considering the cultural differences and Huawei's business progress, each is at a slightly different brand development phase.

Would Huawei consider growing through acquisition or is the brand committed to organic growth?

Expansion is not our ultimate goal. What is important to us is that we can serve more users worldwide with more innovative and high-quality products. We'll consider anything that may help us achieve that goal.

How is the Huawei brand evolving? Do you expect that Huawei will become a luxury brand? If yes, over what period of time will that happen?

Actually Huawei's brand has been developed in less than five years. I hope that Huawei will be a trendsetter in future technology and culture. We want to be an integral part of consumers' lives all over the world. As for a luxury brand, we haven't given that much thought.

Does the Huawei media strategy or media mix change outside of China? Does the media strategy or mix change market-by-market?

There is no one-size-fits-all strategy. At our core we are a global brand, but digital media and traditional media strategies need to be adapted to align with the requirements of different local markets.

How has traditional and digital media assisted Huawei to build a global brand? What efforts has Google made to help Huawei go global?

Digital media provides more opportunities that enable brands to communicate with their target audiences. At Huawei, we actively use digital media to engage our customers and provide deeper understanding of Huawei. Our cooperation with Google has been great. Google has a mass of global user data and offers excellent support to help us understand the characteristics of consumers in different markets.

Q&A with Glory Cheung

Chief Marketing Officer, Huawei Consumer Business Group
Huawei Technologies Company, Ltd.

Our research suggests that awareness and consideration of Chinese brands is higher in markets such as Spain or Australia, and lower in Japan, the US, and the UK? Is that similar to the Huawei experience?

First of all, Huawei is an international brand that happened to be headquartered in China. Secondly, consumer tech brands can be impressively different from others. General consumer products may be greatly affected by their country of origin and cultural influences. However, for tech products, consumers are expecting more in terms of product innovation. Of course, there is still great cultural variation from country to country, so to tell a story based on local understanding is very important.

Huawei has enjoyed great success in Europe and less success in the US. Why is that, and do you expect to build the brand more aggressively in the US?

As an international brand center, the US is a very important market for Huawei. We will not give up on it, and will continuously provide competitive products and services to meet consumers' needs. We are very confident in Huawei products. Great products can always win the support of consumers, so opening up the US market is just a matter of time.

How does Huawei gain insights about the markets it enters?

We have our own methods. In general, we will look into three different factors: market, product, and consumer.

How do you explain with clarity the breadth of Huawei, with technology infrastructure and consumer smart device businesses fitting under one brand?

In my opinion, in the future there will be no difference between B2B and B2C brands. All brands should focus on B2C communications, because ultimately all communications are about influencing individuals.

How important to the brand are social responsibility initiatives, such making digital communication more widely available?

As an international company and responsible corporate citizen, Huawei has always been committed to sustainable development of the social economy, bridging the digital divide, network operation stability, and environmental protection, in order to build a connected society for everyone to enjoy.

BRAND CHINA

Has the way international consumers view brands or products from China changed? Is there still a perception that Chinese brands are imitators or is there a perception of Chinese brands as innovators?

International consumers are rational. They recognize authentic innovation in products and respect companies and brands that make real innovations. Take the P9 smartphone as an example. Our partnership with Leica brought revolutionary innovative dual-camera photography, and the integrated marketing campaigns globally helped to propel Huawei onto a new stage. We have figures indicating that global sales of the P9 series have already exceeded 9 million units and hopefully can reach 12 million. This is the clearest barometer for true innovation.

Is there a difference in the way younger consumers view brands and products from China, compared with the view of older generations?

Yes, there is a clear difference. Especially in the ways that technology enables greater day-to-day convenience, as well as opening up modes of self-expression, younger consumers are more open-minded about embracing the innovations.

Do particular cultural or operational styles provide Chinese brands with competitive advantage?

In the Web2.0 era, we have witnessed emerging collaborative innovations, with enterprises integrating social networking and open source culture. In light of this, Huawei has established a new model for engaging the collective wisdom of all our staff worldwide. We call it the Global Innovation Hive. First, we set up a high-level unified goal, then motivate the team through shared interest, and finally gather resources globally to realize innovations. A universal shareholder policy enables employees to become part owners of the company and make enterprise development a shared business operated by all Huawei people.

Does this approach provide other benefits?

That's also why Huawei can concentrate better on its development without capital constraints. Furthermore, we operate this model on a global scale like never before. We have established a user interface design center in San Francisco, a design center in London, an algorithm center in Moscow, a communication research center in Japan, and a software center in India, to collect top-level wisdom globally for innovations. We've learned a lot from traditional business models, and also created our own model for the new era.

In my opinion, in the future there will be no difference between B2B and B2C brands. All brands should focus on B2C communications, because ultimately all communications are about influencing individuals.

“CONSUMERS CHOOSE FROM AN EXTENSIVE RANGE...

...OF CHINESE AND WESTERN BRANDS.”

Q&A with Alice Lee

General Manager, Brand Innovation Center, TCL Corporation

AFFORDABLE INNOVATION MOTIVATES CONSUMERS ABROAD TO TRY THE BRAND

STRONG LOCAL PARTNERSHIPS BUILD MARKET CONNECTIONS

Alice Lee
General Manager
Brand Innovation Center
TCL Corporation

TCL manufactures and markets consumer electronics worldwide, especially multimedia entertainment and smart TVs. Having worked with leading brands, such as Samsung and Apple, Alice Lee is now applying her extensive brand experience to help TCL grow as a global consumer brand.

BRAND BUILDING

TCL is one of China's pioneering export brands. How did the company transform from a domestic to a global business?

The business started in 1981, so this year TCL celebrates its thirty-fifth anniversary. We first expanded internationally over 10 years ago with two acquisitions: Thompson Electronics for TVs and Alcatel for phones. Today, we're primarily in two businesses: multi-media, including smart TVs; and telecommunications. We have operations in over 160 countries, and almost half of our revenue comes from overseas, primarily from strong B2B relationships with telecommunication carriers.

TCL has built a substantial business in the US, a challenging market for many Chinese brands. What role did brand play? What can other brands learn from TCL's success?

In developed markets like the US, which are very competitive and sophisticated, a Chinese brand needs to overcome consumer preconceptions about the quality of Chinese products. Brands need to exceed consumer expectations. We took a lot of baby steps along the way in the US. Before consumers got to know us we needed to give them reasons to try our brand. Those reasons were innovation and quality. That approach is consistent with how we think of brand as a triangle with three major elements: our corporate commitment, our products, and the consumer perception. We want to be perceived as the corporation committed to producing brands that provide affordable innovation. That is our product strategy. It is why we produce products in our own factories to ensure quality.
In 2013 we purchased the naming rights to the famous Hollywood site then called Grauman's Chinese Theater. It is now TCL Chinese Theater. This building is not simply a movie theater, it is also a landmark, and it is one way that we demonstrate our respect for local culture.

How does TCL's US experience differ from its brand-building activities in developing or fast-growing markets?

We have strong business partners in Latin America, in Brazil and Argentina, for example. These partners distribute TCL products, but we think of them as true brand-building partners. They help us understand the local markets and how to promote the brand and connect with the consumer's life. We listen to their insights about the local market. For example, In China we sponsor soccer, basketball, and volleyball because we want consumers to associate TCL with a competitive spirit. In Latin America soccer is important, and we work with our partners to associate TCL with soccer. These local partnerships are our secret recipe.

How does TCL's success overseas impact its stature in China?

The Chinese customer learns that TCL is not only a local Chinese brand, but also a global brand that produces products of international quality. Similar to the development of Samsung from a local Korean brand to a global brand, we know that we need to begin with a strong brand in China.

Q&A with Alice Lee

General Manager, Brand Innovation Center, TCL Corporation

What are TCL's future goals and what steps are you taking to accomplish them?

As we grow beyond our thirty-fifth year, we need to take a very successful brand and unlock its potential for future growth. That requires unifying our brand across every country where we compete to ensure consistent quality and to deliver one brand for one world. We want to transform ourselves into a B2C business overseas. Next year we will do more B2C communication to demonstrate that we are serious about establishing deep roots in the US, for example. Our brand promises to help consumers live what we call, "The Creative Life."

BRAND CHINA

Has the perception of Chinese products as cheap and of low quality changed?

Chinese product quality is improving. And consumers are seeing this change. But there is still a gap between the new reality of Chinese products and the consumer perception. The gap is narrowing in part because of the changing perception of China itself. The country is influencing the world politically and economically. The more positive view of Brand China is one outcome of the rising global stature of China.

What other factors influence the more positive view of Brand China?

Starting 15 or 20 years ago, brand choice for Chinese consumers expanded from almost nothing to virtually unlimited. Chinese consumers suddenly could choose from international brands that entered China and international brands that they encountered traveling abroad. As their expectations changed, Chinese consumers raised the bar for Chinese brands, forcing them to improve quality to remain competitive.

Is the consumer perception about Chinese product quality changing across all categories?

The perception is changing fastest for brands in Internet-driven categories. But traditional categories such as fashion or food, are also transforming, although perhaps at a slower pace. Over the next five years, with the continued expansion of Internet infrastructure, all brands will be Internet brands. Then the improved view of Brand China will apply across all categories.

As they work to raise the perception of Brand China, do Chinese brands bring any competitive advantage that is specifically Chinese?

Speed. Chinese brands are fast. Also, many Chinese brands are relatively young, having been established during the past 30 years of economic reform. Many Chinese brands are still run by their founders, which results in a high level of entrepreneurship and adaptability. In contrast, western companies are more often run either by a later generation of family owners or by professional managers.

In what areas do exporting Chinese brands need to improve?

It becomes more difficult for Chinese companies to remain nimble as they expand to multiple overseas markets. They then encounter western companies that have in place the sophisticated systems that help control this kind of expansion. Chinese companies need to improve their use of systems as a way to facilitate speed and growth. Also, it is critical for exporting Chinese companies to remember that they influence the consumer perception of Brand China. Chinese brands need to be sensitive to local market needs. They need to be humble and respectful of other cultures.

As we grow beyond our thirty-fifth year, we need to take a very successful brand and unlock its potential for future growth. That requires unifying our brand across every country where we compete to ensure consistent quality and to deliver one brand for one world.

Q&A with Laura Xiong

Chief Branding Officer, JD.com

CUSTOMER CENTRICITY DRIVES BRAND STRATEGY, REQUIRING INVESTMENT, BUT ENHANCING ROI

RICH TROVE OF CUSTOMER DATA HELPS OPTIMIZE SUPPLY CHAIN

Laura Xiong
Chief Branding Officer
JD.com

JD.com is China's second largest e-commerce site, and ranks Number 14 in the BrandZ™ Top 100 Most Valuable Chinese Brands. Laura Xiong is the chief branding officer of JD.com. Prior to joining JD.com, she held several senior positions at P&G China.

SHOPPING EXPERIENCE

JD.com has become a major brand in a short period time. How did that happen?

JD.com has been in existence only 13 or 14 years. But if you look at the brand in the context of the Internet industry, that is a long time. We are a B2C e-commerce platform. Our founder, Richard Liu, began as an offline retailer. But this was during the period of the SARS epidemic. Retail sales were hurt during that period because people, fearing the contagion, shopped less in stores. That gave him the insight to move the business from offline to online. We started small, selling only 3C products (cameras, computing, communications) and we have grown, benefiting both from China's overall external growth, which helped the entire e-commerce sector grow dramatically, and from our own internal business model, our commitment to giving the customer a superior shopping experience.

When JD started, payment systems in China were much less developed than they are today. How did the company overcome this e-commerce infrastructure challenge?

That is one of the reasons that our founder decided to self-build the entire logistics fulfillment network. This did not happen overnight. And, over time, fulfillment speed accelerated. Today, 85-to-90 percent of our orders are delivered the same day or the next day. Ten years ago, e-commerce delivery sometimes took so long, you were surprised when you receive the product because you forgot that you had ordered it.

What drives JD.com to invest so much time and money in fast delivery? Is it that consumers demand instant gratification?

When you ask Chinese consumers about their key consideration factors when shopping, they will constantly say, "I want a high-quality product." They are saying that they want the genuine product, not a fake. This is a very important factor because counterfeiting, a global issue, has been a problem in China. Of course, customers also want one-stop shopping, with one platform supplying everything they need. Finally, when they've finished making the purchase, they want to receive it quickly. These are the core factors consumers are looking for from the shopping experience. Now that we have this delivery infrastructure, we need to make sure that it operates every day in a customer centric way consistent with our value system.

What do you do to consistently ensure that the thousands of people who work for JD.com throughout China have a customer centric mentality?

First, customer centricity is embedded in our culture. Second it is reinforced by our founder and the leadership team. And third, our system, all the technologies, enables us to be customer centric. I can share a personal example. We have a daily morning meeting at JD.com for the leadership group. During the first week after I joined JD, I was in a morning meeting when Richard, our founder said, "Last night I bought ice cream on our platform. When it arrived at my home it was a bit melted. How could that happen?" He wanted to know why we did not have refrigeration systems for delivery. Richard focused on the ice cream for most of the meeting, saying we needed to fix this problem before we do any expansion. That is why in every corner of our office you smell this customer centric culture.

Q&A with Laura Xiong

Chief Branding Officer, JD.com

BRAND AND CUSTOMER

Is control of the entire supply chain a key brand differentiator?

Yes, in the early years we were questioned by a lot of investors because of the heavy operations investment. But to ensure quality products and provide rapid delivery we needed to build our own warehouses.

But isn't that an expensive way to operate?

It is expensive, but because we have been able to rapidly deliver quality, authentic merchandise, we have become the preferred shopping platform of Chinese customers. That is why we are growing faster than our competitors. In the past couple of years, our growth rate has been almost double the industry average. However, the e-commerce infrastructure has improved in China, which benefits both ourselves and our competition. So we must continuously find new ways to satisfy our customers and add core competencies to keep ourselves differentiated.

What about the emotional aspects of the brand?

If I summarize the emotional appeal in one word it would be, trustworthy. We have given customers reliable and superior products and service. Cumulatively, that's built a strong trust relationship.

Is there a typical JD.com customer?

Our customers are middle class, meaning their household income is somewhat higher than the average e-commerce shopper. And 75 percent of our customers are 25-to-40 years old, and balanced roughly equally by gender. Our assortment, emphasizing 3C products and appliances, matches their family orientation.

How do you refine all your massive customer data and refine it for insights?

The quality of our data is very good. It's purchase data. We have almost 200 million active customers. We can provide customized recommendations, which improves sales. We also use the data to optimize our supply chain to make sure that our SKUs are distributed most efficiently across our 200 warehouses. Our inventory is relatively lower, which means we have a high turnover rate and can generate a lot of cash.

FUTURE GROWTH

As you've expanded the product assortment, what have you learned about the difference between delivering a computer, for example, compared with food?

The challenge with grocery is basket size. With 3C and appliances the product price is usually high enough to cover the fulfillment cost. The grocery basket price is less, so the fulfillment cost is a higher proportion of the order. We are not making money on groceries today, but we believe that we will. With big data analytics, we can combine the right products in a warehouse and optimize our operation. Strategically, grocery is an important category. It creates high frequency and loyalty.

You have a relationship with Walmart. Who's learning from whom?

We learn from each other because we are based online and Walmart is based offline, as the largest retailer in the world, with a supply chain system and philosophy it has built for years. We can also learn about e-commerce cross-border business. We are exploring O2O (online and offline coordination).

How do you see the relationship between online and offline?

I don't think in terms of O2O. We are customer centric as a retailer, and we need to think, where does the customer shop? Today, most customers shop in multiple channels. JD began online, but long-term we need to think about meeting the customer's needs in the different channels. E-commerce is growing rapidly now. And someday there will be a balance physical and retail stores, but it is not clear where that balance will be.

Thinking about the future, you have been experimenting with drones for delivery to remote locations. What have you learned?

We have used drones to deliver certain items up to 25 kilograms (55 pounds), over a distance of 30 kilometers (18 miles). We are in the early stages, but encouraged. To solve a key problem of scheduling delivery when a customer is home, JD.com will phone the customer first and reschedule delivery when necessary.

How are you also looking at ways to place JD.com at the center of home technology?

About 70-to-80 percent of orders are placed with mobile devices today. But with the Internet of Things purchasing will change. At JD.com there are two devices we are looking at now: a mobile devise that facilitates ordering and has other services; and a refrigerator with sensors for reordering.

What is JD's vision of globalization?

We look at globalization two ways. One is getting overseas products for Chinese consumers. This business, which we started about a year ago, is growing quickly on our worldwide channel. The other is exporting Chinese products to other markets. We are exploring that. We have two overseas markets: Russia and Indonesia, to which we particularly sell our core categories, 3C and home appliances.

> **"Because we have been able to rapidly deliver quality, authentic merchandise, we have become the preferred shopping platform of Chinese customers. That is why we are growing faster than our competitors. In the past couple of years our growth rate has been almost double the industry average."**

Q&A with Paul Xu

Vice President, DJI

DRONE CATEGORY PIONEER BRAND SEES ITS BUSINESS EVOLVING TO ROBOTICS

CUSTOMERS HELP TELL THE STORY OF AERIAL PRODUCTS THEY TRUST

Paul Xu
Vice President
DJI

DJI is a pioneer in developing and manufacturing innovative drone and camera technology for commercial and recreational use. Paul Xu joined DJI as vice president in 2015, after serving as Vice President, Asia Strategy and Marketing, for the Mersen Group, a France-based industrial company.

BRAND BUILDING

Many consider DJI a pioneer of the drone category. How did this development happen?

We started with a group of dedicated hobbyists that like to fly fixed-wing vehicles or helicopters and pod copters. We saw that these devices made aerial photography much easier. Many professional photographers and cinematographers then became our customers. For the past few years we've seen an increase in customers, other than photographers, who are interested in this technology. This change represents the evolution of our products from hobbyist products to consumer electronics that target a general population.

What is the next step?

We want to make flying easier for people so anyone can enjoy flying, or taking photos from a different angle and seeing the world from a different perspective. This is the vision of our founder, Frank Wong. Our growth is driven in part by the market, but also by the company vision and the technology that DJI develops. Our core business now is around building safe and easy-to-use airborne platforms. But we see ourselves more and more as a robotics company. People now talk about not only taking photos, but also about putting more sensors on the drones.

As you continue to develop the company, how do also build the brand?

DJI is a very product-driven company. We have always wanted to invest to make the best product that we can for the customer. And we want to make our products easier to use. Awareness of our brand happened naturally as we became known first to hobbyists and then to photographers and then to the public that likes to fly. We have communicated to customers about the brand primarily through the product. The product tells the story.

How do your customers describe the brand?

They talk about quality and reliability, a product they can trust when they have it in the air. We started with the hobbyists, and they are the people looking for the best and safest product. When other people see these serious hobbyists using our products they become interested and wonder how our technology could be used in their daily lives. This chain effect helps as we move into the mass market.

Along with product reputation, what marketing activities help DJI build the brand?

Building products that people believe in and trust is a marketing tool in itself. People use our products and create stories around them. That works because, ultimately, our products are tools for people to tell stories. This user generated content has worked well for us. At the same time, we have an extensive creative team around the world, because of how we position the brand as an innovator that empowers creators. We communicate this with our online assets, including our YouTube channel, Facebook channel, Instagram, and in traditional channels. We work hard to project the brand in a way that is consistent through all these different channels.

GOING GLOBAL

In what parts of the world is the brand best known?

We started our business in the United States. Our first group of customers was Hollywood cinematographers. Then we came back to China. This may be unique among Chinese companies, which more typically start in China and do most of their business in China before expanding overseas. Because of our start in the US, the US remains a key market, and the majority of our sales come from outside of China. However, China is our fastest-growing market. China is our biggest market in Asia-Pacific, and the US is our biggest market globally. We have users of our products in over 100 countries.

Q&A with Paul Xu

Vice President, DJI

BrandZ™ research has found the image of Chinese products improving outside of China, but old perceptions linger. Do you encounter any resistance as a Chinese company?

The landscape for Chinese brands outside of China has changed. We receive many overseas visitors at our headquarters in Shenzhen who want to learn about what we are doing and about our entrepreneurship. And Chinese brands, especially in technology, are coming up with innovative solutions that are making huge impacts on people's lives. DJI is one of many examples of Chinese brands that people see as delivering high quality technology.

Do you position DJI as a Chinese brand or as a global brand?

Many of our customers don't know that DJI is from China, at least not initially. The perceptions that people have about Chinese brands in some product categories may not apply here. DJI created this product group. And we've continued to be the technology leader in the market. We are the brand that tells people around the world what a UAV (unmanned aerial vehicle) is; what a consumer drone is; what it feels like to take aerial photography. We created the concept. It comes back to innovation and who tells the story first. And we are the first ones to tell the story.

KEY LESSONS

What should be the top priority for entrepreneurial Chinese brands that would like to replicate the kind of success that DJI has achieved?

Building a brand starts with a belief that you can achieve something great or different from what other people are already doing. From day one we wanted to create compact aerial technology and make it easy for anyone to use it. Ten years later we're still doing this and we want to take this industry to the next step, which we see as aerial robotics. We're happy. We're proud. But there is always more to do.

How do you get customers to share your vision?

Building up trust with the customers, and making them believe in what we're doing, results in a community empowered to help us tell the story. As we expanded the business from photographers to hobbyists to consumer electronics, we constantly expanded our customer community. And we empower them to tell their own story about using DJI products. We've created a good product experience along with communication between DJI and our customers and among customer communities. This is our emotional connections with customers. We enable them to see the world differently. We want to inspire people, open their imagination and invite them to co-create with us.

How do you keep the vision fresh?

It is critical to stay true to our belief and vision. It is also important to listen and learn. A brand is as much about the product as about the people who buy the products and services. It's about collaboration, understanding what customers need and working with them to improve the offering. We're exploring and defining standards. We always look to use our technology in ways people would never have experienced. For example, we're exploring ways to use the drone technology in search and rescue, in wild animal protection, and in infrastructure inspection. In exploring these initiatives, we show society our vision.

It's important to listen and learn. A brand is as much about the product as about the people who buy the products and services. It's about collaboration, understanding what customers need and working with them to improve the offering.

POST-MILLENNIALS

CLOSE TO MILLENNIALS IN AGE, BUT DIFFERENT IN ATTITUDES

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The "Now Generation" (born between 1995 and 2005), is growing up fully immersed in the digital era. Their comfort in navigating this environment is leading them to build different attitudes from the preceding millennial generation. Our MEC New Generation Youth Study 2017 examines the distinctiveness of the post-millennial generation, for example:

- Post millennials have less ambition and a more realistic attitude; interests come first and are diversified. They have an average of four leisure activities, and half are interested in ACG (Animation Comic Game)
- They seek group activities within a wide social network; 72 percent won't stay alone in their spare time, and 80 percent have friends from different schools or grades.
- They are logical and rational thinkers, less rebellious, and more respectful of information from different angles. When making decisions, 72 percent consult parents and elders, 44 percent consult friends the same age, and 30 percent consult older friends or other advisors.
- They show less preference for foreign brands; 52 percent think it doesn't matter, and 16 percent prefer local brands.

Influencing members of this post-millennial generation requires relevant communication, which can be different from communication that resonates with millennials. Our new study, and our work with other youth market segments, provide insights for effectively connecting with China's young people.

GOING GLOBAL

BRAND BUILDING ESSENTIAL PART OF OVERSEAS EXPANSION

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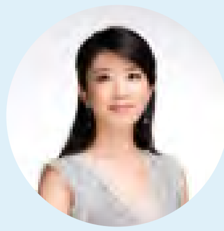

Ogilvy & Mather

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China's outbound investment continued to grow rapidly in 2016, drifting away from the previous heavy focus on natural resources and real estate M&A to embrace all sectors. We can see China following the same path pursued by major multinationals in the first wave of globalization many years ago. As they expand overseas, Chinese companies are also paying greater attention to the importance of brand building, with 2016 seeing several key trends emerging in this regard.

First, both big and small and medium-sized enterprises are starting to engage in or strengthen brand building initiatives in the countries they are entering or plan to enter. But a lack of strategic planning and sufficient budget have held them back from realizing their full potential.

Second, companies that formerly engaged as purely original equipment manufacturers (OEMs) are starting to create their own brands. As China's slowing economy and tepid recovery have shrunk OEM manufacturers' profit margin and market share, they have begun to discover the wisdom of setting up their own brands in the markets they are already familiar with.

Third, both Chinese companies and local governments have realized that their traditional communication strategy – relying on billboard advertisements in Chinese media outlets – is not effective. They have begun to experiment with new media channels, cooperating with leading foreign agencies to create their message and distribute content online.

Finally, with the rapid development of the hi-tech sector and other rising industries, a new breed of Chinese companies is set to enter the global market and build a strong presence.

With all signs pointing to a rapidly changing and unpredictable political and business climate in 2017, and as the Chinese government continues to promote industrial transformation and going global, numerous factors may negatively impact the growth of outbound investment. Nevertheless, we will likely see a continuation of the same trends that dominated in 2016.

SEARCH

AS SEARCH PROGRESSES, FUNDAMENTALS ENDURE

With the increasing fragmentation of China's Internet landscape, search marketing, especially on mobile, has been upgraded to more targeted keyword-based directed marketing for improving the effectiveness of native ads (that appear as editorial content) and DSP ads (placed by ad exchanges). As search evolves, it is vital that we retain its fundamentals:

groupm

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1 UNDERSTAND THE USER

Understand what users are looking for, what services they need, and their brand awareness. And use these insights to improve marketing strategies and products.

2 SOLVE PROBLEMS SUCCESSFUL

Search is driven by the needs of the client, rather than the fulfillment of key performance indicators (KPIs). It should solve any problems that slow optimum brand communication, promotion, and customer acquisition.

3 INTEGRATE WITH MEDIA

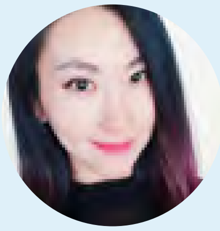
Search never stands alone. To maximize marketing effectiveness, search must be combined with other marketing means such as content, e-commerce, and programmatic buying.

4 MEASURE DIVERSE RESULTS

In addition to common KPIs such as cost per click (CPC) and click through rate (CTR), it is necessary to focus on media performance, traffic generation, and conversion to make maximum use of data and optimize results.

CONTENT

TAILORED CONTENT LINKS BRAND WITH CONSUMER



J. WALTER THOMPSON WORLDWIDE

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Some of the most exciting brand promotion today is happening in China, especially in mobile, with fast-evolving devices and technology getting deeply embedded in people's lives.

As elsewhere, the most efficient way to get into the Chinese market is to generate outstanding content and track and reach users on their online behavior loop. In the current era of big data, such content on digital platforms takes on more of a "guidance" role and "tells a story" rather than giving a hard sales pitch. Content is sorted into different categories for specific users, such as lifestyle, products, knowledge etc.

But some things don't change. All content developed for multiple media channels must maintain brand assets and stick to the original brand idea. That's the case whether content takes the form of articles and pictures, viral video, illustration, cartoon, or live online shows featuring the latest internet celebrities.

Moreover, to achieve a successful content marketing campaign in China, the content needs to have "appropriate" angles, maintain its brand image and be aware of cultural sensitivities. It also needs to reach users through a combination of showing up at hot events, promotion during public holidays, and maybe adopting subversive methods to gain attention.

Such a mixed matrix, combined with tailor-made content with the original brand idea at its core, is now seen as "the shortest distance" between brand and customers.

IDEALS OF BEAUTY TRANSCEND BORDERS,

INFLUENCING FACIAL CARE EAST AND WEST.

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BRAND BUILDING BEST PRACTICES

Beyond Reach

PROVEN STRATEGIES OFTEN NEED REVISION FOR BRAND SUCCESS IN THE CHINESE MARKET

MEDIA INVESTMENT NEEDS TO SPAN THE CUSTOMER JOURNEY

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The population of China is nearing 1.4 billion. While economic growth has slowed, GDP is still enormous and expanding at a healthy rate, above 6 percent annually. These are astounding numbers, but it's time to stop relying on them and focus instead on how to grow brands against the specific challenges China represents.

Brands need to continually reevaluate their communication and channel strategies, especially where they are following guidelines set down in the past or from outside China. Our most frequently observed sacred cow is the desire to achieve reach, primarily a contributor to awareness.

Reach goals are important. They help brands identify the percentage of their audience that needs to receive a particular message, usually at a set frequency. But here's the problem: reaching consumers is much more expensive in a country as vast as China. We routinely see brands investing 90-to-100 percent of their marketing budgets in pursuit of this single objective and the perceived awareness and business advantage reach delivers.

And increasingly indiscriminate reach alone is not delivering results. To compound the problem, brand communication could be more effective. Brands too often sacrifice the salience and coherence of their message in pursuit of multiple, and sometimes confusing, objectives, in an effort to get to conversion and purchase, before sufficiently explaining the brand.

This is not an effective approach in China where consumers encounter rapidly expanding brand choice, and being viewed as meaningfully different is a key determinant of success or failure. We believe our industry needs to get better at challenging these investment assumptions, often based on key performance indicators (KPIs) adapted from other markets.

Instead, brands need to build their knowledge of how brands in China develop and spread their message coherently and cost effectively. Brands need to put the consumer first and consider the roles various channels can play in driving brand growth.

Here's the good news. The consumer journey is somewhat different in China. Levels of bias towards brands in China are low, meaning a lot of decision making happens at the point of sale relative to other western markets. That attitude potentially creates great opportunity, especially for new and emerging brands with strong offers and stories.

BRAND BUILDING ACTION POINTS

1 REASSESS

Reassess your fundamentals. If you have hit your reach targets, but not delivered a change in brand consideration or purchase intent, then it's time to take a different approach.

2 TEST

Start slow and move systematically. Test and learn in one city and observe the results, building your own KPIs in the process.

3 MEASURE

Measure outcomes (business, behavior, attitude) not just outputs (reach, impressions). The results will help make media investment most effective.

4 INVEST IN E-COMMERCE

Assign more budget to performance and e-commerce media platforms as a way to reach consumers directly.

5 BUILD DIFFERENCE

Build more focus on driving meaning and difference for your brand. Achieving this objective almost always involves leveraging integrated communication plans that help the brand build deeper relationships with selected consumers.

Millennials and Luxury

MILLENNIALS HAVE MORE MONEY AND DIFFERENT PRIORITIES THAN EARLIER CHINESE GENERATIONS

THEY PURCHASE LUXURY ONLINE, IN-STORE, AND WHILE TRAVELING

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It's no secret that China's post-90s generation has a passion for luxury as powerful as the previous generation's in this voracious consumer market. The differences are the degree to which they're spending, what's motivating them to spend, and where they're spending.

As such, there are three things a luxury marketer looking for meaningful engagement with post-90s consumers must know: (1) Even in a cooling Chinese economy, young luxury consumers are buying more than ever; (2) Digital isn't just for discounts anymore; and (3) Your Outbound China marketing strategy matters.

Affluent post-90s Chinese consumers spend dramatically more on luxury goods compared to their peers in the rest of Asia – on average $4,000 per year versus just $2,500. And this aggressive spending on luxury goods is coming at a time when the traditional markers of success are feeling less attainable for the young than they were for their parents, who grew up in an era of double-digit annual growth. Here are several key insights into the millennials and their relationship to luxury.

High rollers Over half of post-90s Chinese believe home ownership is a burden, and nearly half say marriage is unimportant as long as they're happy. The money that once went to these big, expensive life goals now goes to fund discretionary luxury purchases, with nearly two-thirds of Chinese millennials saying they want more luxury goods now than they did five years ago. And they're putting their money where their mouths are, doubling individual spending in categories like luxury watches and jewelry over the past five years.

Online is the new in-store For older Chinese, making luxury purchases online meant one thing only – discounts. Chinese post-90s, however, are far happier than previous generations to pay full price for luxury goods via e-commerce, with 37 percent of 18-to-24 year olds doing so in the past year, versus 19 percent of those aged 40 to 49.

But post-90s shoppers are looking for shopping experiences online as rich, if not even richer, than what they'd find in-store. These buyers expect you to work for their money online. Half of them say they'd rather spend money on a luxury experience than a luxury product, so work to make your e-commerce a destination.

Luxury here, there, everywhere China's tourists are fueling one of history's largest tourism booms, and it's only just beginning. And where China's young tourists go, luxury purchases follow.

Half of all young travelers say they'll buy a luxury item in-store when they travel to another country. By way of example, year-on-year sales to Chinese tourists in Korean shopping malls are up over 60 percent in 2016. Further, Chinese tourists comprise nearly 80 percent of all duty-free sales in Korea.

Millennials and Luxury

BRAND BUILDING ACTION POINTS

1 GO YOUNG

Get your youth-oriented marketing right. Youthful key opinion leaders such as pop star Lu Han, a singer, actor and male style icon, are bringing venerable luxury houses like Cartier to a new, younger audience.

2 GO EXPERIENTIAL WITH E-COMMERCE

Given the challenges of executing brilliant in-store experiences consistently across China's vast market, digital channels allow you to get your brand perfectly delivered every time. Nearly two-thirds of post-90s consumers say the uniqueness of a product is worth more than a big brand name, and the same percentage reported that they want to be first in their peer group to try new things. Deliver novelty to customers through your e-commerce platform, and they'll buy your brand online.

3 GO FAR AWAY

Chinese post-90s consumers view being adventurous as a critical attribute to develop and maintain into adulthood. As travel is a key mechanism to realize that sense of adventure, China's outbound tourism boom will continue to grow. Several European airports are now targeting this market by using WeChat pushes to drive Chinese consumers to duty free offerings on-site. Follow their lead and begin activating your Chinese marketing overseas to reach travelers when they're in high-spending holiday mode.

Young Adults

CHINESE YOUNG ADULT GENERATION INFLUENCES HOW CHINA CONSUMES MEDIA AND BRANDS

MARKETERS MUST ENSURE RELEVANCE TO THIS AUDIENCE



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Kinetic is the global leader in contextually connecting and activating audiences on the move. With offices in 34 countries worldwide, Kinetic has the scale, partnerships, and location expertise to deliver the most efficient and accountable marketing solutions.

kineticww.com

China's young adults – more than 400 million strong – account for a third of China's population and are equal to more than the whole working population of the US and Western Europe combined. Their spending power is a primary engine not just of China's continued growth, but of global economic stability.

Arguably, this is the generation that is the most different from any generation before. It is already exerting significant influence in modern culture and attitudes towards family, relationships, and brands. Current estimates show that millennials in China will see their aggregate income grow by $3 trillion in the next 10 years.

This group is often categorized in two separate buckets: the Post-80s (born 1980 to 1990) and the Post-90s (born 1990 to 2000). However, they are both filled from a common well. Both grew up in single-child households because of the government's policy, and both find community in a digitally connected world. This first generation of digital natives is comfortable not only with buying online, but also with mobile transactions of all sorts.

These young adults are reshaping their society and overturning assumptions about how media is consumed and how marketers interact with consumers. China's millennials are already the most digitally active and aware group of consumers on the planet.

Marketers' brand strategies that worked in a double-digit growth era will not work in the coming years under the Chinese government's "new normal" policy to recalibrate the economy and manage GDP growth at 6.5 percent. To maintain sales momentum, brands need to rethink their approach to ensure their relevance in appealing to this critically important young audience.

CURRENT BRAND CHALLENGES

We observe many businesses struggling to find a relevant role in people's lives. This is often because brand perceptions of value do not match the viewpoint of those they are trying to influence, especially among today's younger generation. The key to success lies in selecting a context that fits not just the strengths of the brand but also the target audience.

In search of brand values
Young people are spending more time than ever before out and about, living their lives. They enjoy significantly greater disposable income than earlier generations and are willing to spend on brands based on shared values rather than price or status. In fact, young people demonstrate surprising price insensitivity when purchasing products or brands that connect with them. So, brands must offer meaningful services, experiences, and even a clear commitment to social responsibility to provide young people with the permission to believe in the brand and product.

Matching omni-channel needs with budget realities
The traditional purchase funnel of Awareness/Interest/Desire/Action has evolved into a complex purchase journey with more touchpoints than ever before. Within finite budgets, brands must engage these young people, using non-linear, omni-channel communications, in a personalized way, at the specific locations and times that most influence their exploration, their decisions, and their behaviors, motivating them to act. These tangible experiences help to reinforce brand identity and values, whether online or in-store.

Online or off-line
China is the world's greatest e-commerce success story. Now, when people are out and about, and are open to a brand interaction, they can scan with their mobile, read reviews about the product, purchase on the spot and have it delivered the next day. However, the much-used jargon of O2O is not about a shift to selling online but rather a seamless integration of shared services and experiences between digital and physical stores that enhance each other.

MEETING THESE CHALLENGES

Understanding triggers and barriers is the key to developing compelling brand relationships with the 80s and 90s generations. As they experience brands while on the move, their decision to engage comes down to a trade-off between the shopper currencies of time, money, and energy.

Each category is different but on-the-go brand engagement, which we call "Active Journeys," can bridge many communications with one-to-one connections that deliver seamless experiences that drive conversions.

Mobility is key. When we discuss mobility, it is not about a device; it is a mindset and fulfillment of lifestyle expectations. When the younger generations interact on digital platforms with brands that provide the services and experiences that quench their thirst for defining self-identity, they are very open with their personal identity. Brands can then use this data to improve service, enhance immersive experiences, or connect to those with shared social responsibility priorities.

Young Adults

BRAND BUILDING ACTION POINTS

1

THINK MOBILITY, NOT MOBILE

Mobility is a mindset and fulfillment of lifestyle expectations. Brands deliver value when they can relate to people wherever they are out and about living their lives.

2

EMPOWER AUDIENCES ON THE MOVE

Media consumption and shopping behaviors used to be tethered to specific times and places. Today, with the inevitable reality of the Internet of Things, everything can happen on the go, dissolving the boundaries between online and offline.

3

RETHINK OUT-OF-HOME AS A SPACE (NOT ONLY MEDIA) FOR MODERN COMMUNICATIONS

OOH is not a media channel but, literally, when you are not at home. Brands must determine the most influential OOH touchpoints and design the optimal omni-channel brand experiences to consistently give consumers reason to believe that your brand values align with theirs.

4

BRIDGE COMMUNICATIONS WITH ONE-TO-ONE ENGAGEMENT

Mass reach OOH communication can trigger more personal digital experiences. Be ready with relevant content that delivers a value exchange and content that can cross seamlessly between on-line and off-line touchpoints.

5

GIVE CONTENT RELEVANCE WITH CONTEXT (TIME, LOCATION, AND EMOTION)

Leverage people's intention and mindsets and understand how these can change across time, weather, location, activity, and emotion to deliver value through context. There are thousands of opportunities daily, so relevant brand content must be ready when people are ready to access, 24/7.

Celebrities

BRANDS COMBINE SOCIAL MEDIA, DATA TO HELP CUSTOMIZE CELEBRITY IMPACT

YOUNG MALE CELEBRITIES ENDORSE COSMETICS FOR FEMALE AUDIENCE

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MEDIACOM

MediaCom is "The Content + Connections Agency", working on behalf of its clients to leverage their brands' entire system of communications across paid, owned and earned channels to deliver a step change in their business outcomes.

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The main trends of celebrity endorsement in 2016 can be summed up as "light, social and data-driven." As traditional celebrity endorsement is expensive, brands are increasingly favoring "lighter" social media content marketing cooperation with celebrities rather than celebrity endorsement as traditionally understood.

Social media based celebrity endorsement offers more customization and variety of advertising, such as a Weibo advertising package that offers three forms of brand exposure on the celebrity's Weibo account, including ad display, text, and background image.

Meanwhile, big data tools are increasingly used to inform selection of brand endorsers. For example, the Digital Influence Score system used by MediaCom performs a systematic evaluation of a candidate based on more than 20 dimensions of social networking, search, and content, yielding an overall score for reference.

When selecting expensive brand endorsers, brands will perform a systematic evaluation to ensure a good ROI. A key indicator is the overlap between the target audience and the celebrity's followers in the relevance of the product and preference for it.

A related phenomenon this year is the increasing popularity of using young handsome male celebrities over female celebrities as endorsers of cosmetics products. "Little fresh meat" celebrities are favored because their followers closely match the target audience of brands of consumer goods and cosmetics products. Brands selecting "little fresh meat" celebrities need to consider the following key factors:

1. SELECT THE RIGHT CELEBRITIES

The post-90s generation has grown up with the Internet and social media. Along with traditional factors for selecting celebrity endorsers, brands should also consider celebrity candidates in terms of their influence, interaction, and reputation on social media.

2. ENGAGE THE FAN GROUPS

Many celebrities have their fan groups, and the major fan groups often have remarkable content generation and publicity capability, especially on social media. Cooperation with these groups can deliver content and publicity and spontaneous circulation of brand information among fans.

3. SPEAK THEIR LANGUAGE

Fans of celebrities often have their own expressions for communication among themselves, such as nicknames for fans and celebrities and unique patterns of diction. To communicate effectively with celebrity fans, marketing campaigns need to speak their language.

Content Marketing

CONSUMER SHIFT IN MEDIA HABITS DRIVES RAPID RISE OF CONTENT MARKETING

BRANDS MUST BALANCE HEALTHY RETURNS AGAINST POTENTIAL RISKS

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The past three years have seen major changes in the way consumers get commercial information, as they shift from watching ads, listening to radio, and reading newspapers to watching/listening to media programs. Most important, consumers are trusting the commercial information they obtain from these channels, even more than they trust advertising.

The credibility of TV, product placement, and online video ads – content marketing – has increased more than 20 percent over the past two years, according to our GroupM Project Deep Dive report. This sharp growth has been driven in part by the meteoric rise of a number of brands that substantially increased their brand premium through smart content marketing investments.

However, it is important to note that content marketing is high-risk and subject to many unpredictable factors, including uncertainties of the film and TV industry, policy changes, and the potential for brand-damaging celebrity scandal. The key challenge with content marketing is to identify the greatest opportunities and minimize possible risk.

To achieve this balance, we created a powerful content database with detailed information about China's variety show market, including videos of all programs and information about their audience rating, directors, writers, models, and featured celebrities. It enables us to simulate placement information of content marketing and compare the results with equivalent advertising.

Based on the relative CPM effectiveness, we can determine if the proposed content marketing can deliver a better return than equivalent advertising. If its return is lower than advertising, we will advise against content marketing. If it delivers a return comparable or significantly higher return than the equivalent advertising, we will advise in favor of content marketing. We verify our conclusion using a variety of other metrics.

BRAND BUILDING ACTION POINTS

THESE ARE THE THREE MOST IMPORTANT FACTORS IN CREATING CONTENT MARKETING:

1

FAME

Create content that attracts the targeted audience in sufficient size. Attracting enough "eyeballs" is the first goal of media marketing.

2

FIT

Find the right fit between content and brand tonality. Relevance of content is the second most important success factor after fame.

3

FOCUS

Because the same content is used across media, it needs to be both consistent in its message and level of brand prominence, but also capable of integrating with each medium.

CONTENT MARKETING OFFERS RICH POTENTIAL, BUT EXPOSES THE BRAND TO WIDER COMPETITION

LIKE THE BEST ADS, THE BEST CONTENT WILL REINFORCE BRAND EQUITY

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We all know the memorable phrase "Content is King," but the media, marketing, and consumer landscape has changed so much, and continues to change at such an increasing velocity, that the application of that belief in content needs re-evaluation, especially in China. In today's China, where all is connected and where digital places consumers and audiences in control, content is something that consumers must choose to engage with – thus, it shouldn't be interruptive and it should provide added value.

Engaging and relevant content works in a different way than a traditional brand message. It creates rather than simply reminds, and therefore has a much richer potential. To get it right, keep these three things in mind:

Start with a strategy for your content. Know why you are using content, what outcome are you're planning for, and the role of the content.

Source the content. Have trusted partners available, or in-house capability, or best – have both, to ensure quality content is delivered quickly.

Be aware from the start which platforms you will be using, and how you will distribute the content.

The key when it comes to content, is that the competition is not only the traditional direct competition, content is available everywhere and always and shared by an endless number of creators. In that context, attention is the key imperative, as it's important to understand that content serves different needs. It can inspire, inform, and involve.

Content Marketing

As the Content & Connections agency, MediaCom considers content at the heart of all communications, and works closely with its clients to ensure that relevant content drives the business. It is the fuel within Content & Connections. Here are our five "golden rules" that allow you to use content in the most innovative and effective way to drive your brands business:

1 OPTIMIZE YOUR CONTENT TO FIT THE PLATFORM

Every platform is different and consumers are engaging with them on their terms. A post in a WeChat Moments feed works differently than a pre-roll on Youku. When you place content on a platform it is important that you understand – and respect – the way it will be consumed. You need to create different iterations of your basic content to fit each platform. Or better yet: create specific content with the platform already in mind. When we relaunched Wrigley's Doublemint in China we used WeChat to re-introduce the element of surprise into the platform. Our Doublemint "Random Connections" campaign sparked conversations among friends and strangers and introduced the brand as the "Icon of Connections."

2 DON'T JUST HUB & HOLD, BUT DISTRIBUTE & AMPLIFY

If your content is relevant enough to consumers they might actively start looking for more. Thus, you need to have a "destination" or "hub" where they know they will find more content. But do not make the mistake to only "hub & hold" your content: most people are not going to come to you (they're just not that interested). You need to take the content to them. You need a strategy for distribution and amplification. For Wrigley's Extra we developed a partnership with Tencent during the 2016 Summer Olympics. We developed lots of real-time reactive Olympic content which we distributed across the Tencent ecosystem – but we multiplied brand reach by getting a few key opinion leaders (KOLs) to talk about that content on Weibo.

3 ENGAGE WITH A BROAD AUDIENCE

For most brands, broad reach is still crucial to overall success. Most of your consumers will be light users, not fans, and therefore whatever you do to engage with your audience you need to make sure that enough people get to see your content. Thus, when you are developing your content strategy it is crucial to think about how to make your content relevant to a large and broad audience. So beware of niche topics. In order to make shampoo brand Rejoice relevant to a large young female audience we partnered with a leading Chinese pop star and created a cool, new dance music video. This video was launched on the biggest Chinese video and music video platforms simultaneously and became a huge hit.

4 INSPIRE, INFORM, INVOLVE

Compared to advertising, content is all about adding value for consumers. Very often in China, this will be entertainment value: we are partnering with hot programs or KOLs to create something that people want to watch because it is fun or because it creates social currency. In some instances, however, added value can come from relevant information or utility. We can provide consumers with content that is useful to them. For Parodontax, a medicinal toothpaste to prevent bleeding gums, we created a weeklong series of motivational and informative content pieces that – together with a free sample – helped the audience to learn how to best treat their affliction.

5 HAVE A CLEAR STRATEGY FOR THE ROLE OF CONTENT

At Mediacom we believe in systems, not silos. Not just for the way we integrate different channels, but also with respect to how advertising and content work together. If advertising is about awareness, your content may be about engagement; it may be about adding new memory structures to a well-known brand or it may simply be about creating depth and relevance around a point of sale promotion. In any case, it is crucial to define the role of content within your overall strategy before you start ideating. For Gillette we created a highly innovative and engaging virtual reality experience as part of an on-pack promotion to boost online sales. For Pedigree we developed a bespoke OTV show including celebrity dog owners to create an entertaining context for the nutritional information we wanted to provide.

These golden rules are guidelines for a successful content strategy. The most important rule, however, is this:

LIKE ADVERTISING, THE BEST CONTENT ALWAYS REINFORCES BRAND EQUITY.

E-commerce

FOUR TRENDS WILL SHAPE E-COMMERCE EVOLUTION OVER NEXT SEVERAL YEARS, IMPACTING BRAND SUCCESS

IMPROVING CONTENT AND USER INTERACTIVE EXPERIENCE ARE KEY

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1 E-COMMERCE ENTERS THE INTEGRATED MARKETING AND CONTENT-DRIVEN ERA

China's e-commerce has progressed from price-driven competition for market share to an emphasis on sophisticated operations for a marketing-driven era. E-commerce marketing does not stand alone, but is combined with content, social media, live Internet hosting (IP), virtual reality (VR), and augmented reality (AR). Improving the user interactive experience will be key to brands' integrated marketing campaigns.

2 EXPERIENCE MARKETING HAS GREAT POTENTIAL IN BRAND COMMUNICATIONS

Brands can leverage new technologies to provide consumers with enhanced experiences. For example, clothing brands can use AR technology to present their product functions and details more intuitively, or allow users to virtually wear a dress to check if it fits well, thus enriching their online shopping experience. Brands of cars and durable products can use VR technology at their physical outlets to simulate their product experiences or production processes. Furniture brands can use AR to allow consumers to compare the effects of putting different products in their homes.

3 MOBILE, SOCIAL, PERSONALIZATION, AND CUSTOMIZATION WILL BECOME MAINSTREAM

Interacting with and converting mobile users is critical in e-commerce marketing. In addition, e-commerce platforms are placing an increasing emphasis on individualization and providing user-specific experiences. Integrated e-commerce marketing includes not only media buying, but also integration of content, social media, and creative production, along with better utilization of e-commerce big data to plan user traffic and operation and capitalize on the trends of user traffic customization. Brands can give more consideration to new formats of social media and content, and boldly try personalized brand campaigns that reflect the preferences and interests of the younger generation of consumers.

4 EFFECTIVE E-COMMERCE MARKETING REQUIRES CLEVER USE OF BIG DATA FROM CREATION THROUGH EXECUTION

E-commerce marketing will make more sophisticated use of data. We recommend these steps:

BEFORE MARKETING Help brands create a well thought out marketing plan targeting different groups based on analysis of big data, brand information, competitor information, and consumer insights.

DURING MARKETING Monitor ad placement data in real time and maintain effective reach by making dynamic adjustments to groups, creative productions, and quotations.

AFTER MARKETING Analyze marketing effects on different groups and help the client to establish its own user database for use in future marketing activities.

Social ROI

BRANDS MISS FULL IMPACT OF SOCIAL MEDIA WHEN THEY FOCUS METRICS ON NARROW OUTCOMES

COURTSHIP, NOT A ONE-NIGHT STAND, PRODUCES THE RICHEST RESULTS

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Ogilvy & Mather is one of the largest marketing communications companies in the world. It was named the Cannes Lions Network of the Year for five consecutive years, 2012, 2013, 2014, 2015 and 2016; the EFFIEs World's Most Effective Agency Network in 2012, 2013 and 2016; and Adweek's Global Agency of the Year in 2016.

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Social is an exchange. As with any exchange, we apply it to two economic principles: (1) finding market equilibrium; (2) identifying the point of diminishing returns. Market equilibrium, in the context of social, is supplying the desired amount of content to a market populated with a finite, albeit changing, audience. The point of diminishing returns is when content goes from exciting to wasteful, when additional content stops having incremental impact.

Now, from market equilibrium, we move to relationships (yes there is a link). Relationships are typically classified in three ways: courtship, marriage, and parenthood. Courtship is pulling out all the stops, making sure the person you woo has always got you on her/his mind. Marriage is typically a comfortable state of the relationship where things go from the unexpected to the expected. Parenthood is when people devote all of their inherited and learned knowledge to nurturing their children. Add to this the one-night stand. It is cheap, it is quick, it is transactional, there are no strings attached, and it makes you happy.

The problem with measuring ROI in social today, as it has been for the past 10 years, is that it continuously is measured through metrics that focus on the one-night stand. They are superficial at best and of no consequence to marketing directors and business owners. One-night stand examples continually repeat and haunt the industry today and include: the live broadcast interview with a celebrity hard selling a time-bound discount; the stock of a soon-to-be launched device offered up on a private sales campaign on Weibo; or the eight-second ad supported by a celebrity-ridden strategy to reach key opinion leaders (KOLs), and committed to delivering 200,000 followers.

Social ROI

Unfortunately, this is what many marketers are focused on. However, social is a behavior and should not be measured by flings, but flirtatious advances. It has to be exciting, it has to draw you in, it has to leave you looking away with a smile. And this is courtship. If marriage is constant, repetitive, and sometimes monotonous, and parenthood is influence, applying learned behavior to your kids, parents, in-laws and others, then courtship is an equilibrium of all three, struggling to minimize the onset of diminishing return. Here are ways to achieve courtship ROI:

1

KNOW YOUR POINT OF DIMINISHING RETURNS

This is measured by engagement over time. How much time does it take for a follower to stop sharing or engaging with your content after she/he has followed your account? Typically, in China, we see 30 percent attrition after the first day, and an additional 30 percent within the first month. Thereafter, followers tend to stay with the brand, but are typically less active and, therefore, not engaged as they were during the first 30 days of courtship. In our courtship theory, the first month is critical for marketers to maximize the impact of content and KOLs over new recruits. First impression followed by an initial 30-day onboarding experience matter the most. Be alert for warning signs, as when you start experiencing diminishing returns for each incremental post you publish to your social media account.

2

CATEGORIZE AUDIENCES BASED ON THEIR ROI

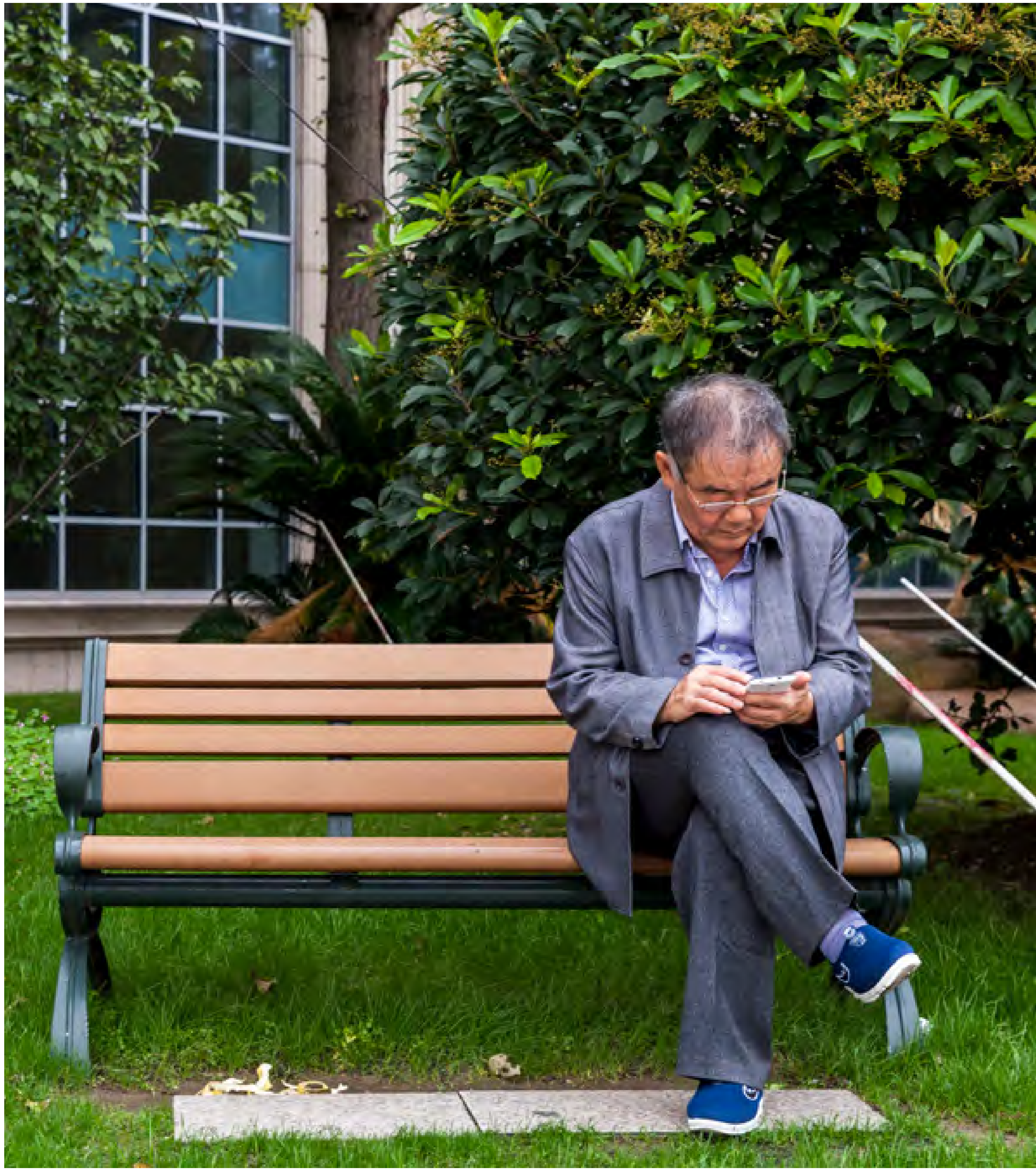
Not all audiences are equally valuable. Some have commercial value; others have communication value; and an even smaller set, less than 2 percent, have both. The former will buy, and the latter will share content for you. Ideally, you want them to do both. As a marketer, you want to segment your audiences so that you first focus your efforts on the 2 percent that provide both commercial and communication value. After that, focus on the 15 percent of the audiences that is diminishingly engaged over time, and then focus on others to expand the audience base.

3

QUANTIFY THE TOTAL COMMUNICATION VALUE

Avoid social media myopia. In other words, marketers tend to focus on what they can see nearby, and they lose sight of, and in most cases are unaware of, what could be. Communication value is calculated by the total volume of positive mentions of your brand on social media platforms, including e-commerce sites, which tend to lead in terms of product reviews, ratings, etc. Commercial value includes the number of people that have been pushed from a social media account to a brand's e-commerce site. In a pasta brand example, we found that buyers on Tmall are also the ones most engaged in recipe content directly sourced from our influencers on Weibo. In a fast fashion example, we found that over 10 percent of sales generated through the brands e-commerce store came through a social call to action on WeChat.

Setting these measures early is critical for long-term success. Too many times we have seen agencies and clients writing strategies and campaign plans without a business ROI plan. The plans have massive follower growth and engagement ROI expectations, but lack a tangible business contribution brief or expectation. We challenge all brands and marketers to commission their marketing agencies to share with them an assessment of the business ROI delivered through social.



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RESOURCES

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 2017 based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer insights 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 market-by-market basis.

Globally, our research covers three million consumers and more than 100,000 different brands in over 50 markets. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of "experts", or purely on financial and market desktop 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 others 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.

Brand valuation also enables marketing professionals to quantify their achievements in driving business growth with brands, and to celebrate these achievements in the boardroom.

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 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 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

So now we have got from the total value of the corporation to the part that is the branded value of the business. 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 in-market and logistical factors that influence the value of the branded business, for example: price, availability and distribution.

What we are after is the value of the intangible asset of the brand itself that exists in the minds of consumers. That means we have to assess the ability of brand associations in consumers' minds to deliver sales by predisposing consumers to choose the brand or pay more for it.

We focus on the three aspects of brands that we know make people buy more and pay more for brands: being Meaningful (a combination of emotional and rational affinity), being Different (or at least feeling that way to consumers), and being Salient (coming to mind quickly and easily as the answer when people are making category purchases). We identify the purchase volume and any extra price premium delivered by these brand associations. 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 market-by-market basis. Our research now covers over three million consumers and more than 100,000 different brands in over 50 markets.

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.

Methodology

ELIGIBILITY CRITERIA AND DEFINITIONS

ELIGIBILITY

The brands ranked in the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 report meet all of these eligibility criteria:

- The brand was originally created by a Mainland Chinese enterprise; or
- The brand is owned by a publicly traded enterprise, or its financials are audited by major global accounting practice and published in the public domain;
- Bank 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 as an index on a scale of one to five, with five being the 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

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

Different
The brand feels different to other brands in the category, or sets trends for the category.

Salient
The brand comes to mind quickly and readily when activated by ideas related to category purchase.

BrandZ™ Brand Valuation Methodology

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 consumers. 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 and is more relevant. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers, people who are actually paying for brands every day, constantly. Our on-going, in-depth quantitative research includes 3.2 million consumers and more than 100,000 brands in over 50 markets worldwide.

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 C-suite, 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 and fuelling business growth.

BrandZ™ Reports, Apps, and iPad Magazines

GOING GLOBAL?

WE WROTE THE BOOK

BRANDZ™ COUNTRY REPORTS: ESSENTIAL TRAVEL GUIDES FOR GLOBAL BRAND BUILDING

Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world's most exciting markets.

You'll find, in one place, the wisdom of WPP brand building experts from all regions, plus the unique consumer insights derived from our proprietary BrandZ™ database.

If you're planning to expand internationally, BrandZ™ country reports are as essential as a passport.

BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2016

This is the definitive global brand valuation study, analysing key trends driving the world's largest brands, exclusive industry insights, thought leadership, B2B trends and a look at Emerging Brands.

BRANDZ™ TOP 50 MOST VALUABLE INDIAN BRANDS 2016

This in-depth study analyzes the success of powerful and emerging Indian brands, explores the Indian consumer's shopping habits, and offers insights for building valuable brands.

BRANDZ™ TOP 50 MOST VALUABLE INDONESIAN BRANDS 2016

Now in its second year, this study analyzes the success of Indonesian brands, examining the dynamics shaping this fast-emerging market and offering insights for building valuable brands.

BRANDZ™ TOP 50 MOST VALUABLE LATIN AMERICAN BRANDS 2017

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.

SPOTLIGHT ON CUBA

Cuba is a market unparalleled both in the Caribbean region and the world. Brand awareness among Cubans is high, but gaining access to them uniquely challenging. Now is the time to plan your Cuba strategy.

SPOTLIGHT ON MYANMAR

The story of Myanmar is one of huge potential, as a new era of openness signals strong growth opportunity. Now is the time for brands to make an impression in this emergent economy.

SPOTLIGHT ON MONGOLIA

Mongolia's GDP has grown at rates as high as 17 percent in recent years, encouraging a growing number of international brands to gravitate toward this fast-growth market and make a beeline for one of Asia's hidden gems.

BrandZ™ Reports, Apps, and iPad Magazines

THE BRANDZ™ CHINA INSIGHTS REPORTS

IN-DEPTH BRAND-BUILDING INTELLIGENCE ABOUT TODAY'S CHINA

The opportunity to build brands in China is greater than ever. But so are the challenges.

The fastest growth is happening deep in the country, in less well-known cities and towns. Consumers are more sophisticated and expect brands to deliver high-quality products and services that show real understanding of local market needs.

WPP has been in China for over 40 years. We know the Chinese market in all its diversity and complexity. This experience has gone into our series of BrandZ™ China reports. They will help you avoid mistakes and benefit from the examples of successful brand builders.

UNMASKING THE INDIVIDUAL CHINESE INVESTOR

This exclusive new report provides the first detailed examination of Chinese investors, what they think about risk, reward and the brands they buy and sell. This will help brand owners worldwide understand market dynamics and help build sustainable value.

THE POWER AND POTENTIAL OF THE CHINESE DREAM

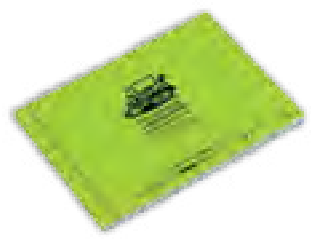
The Power and Potential of the Chinese Dream is rich with knowledge and insights, and forms part of a growing library of WPP reports about China. It explores the meaning and significance of the "Chinese Dream" for Chinese consumers as well as its potential impact on brands.

BRANDZ™ TOP 30 CHINESE GLOBAL BRAND BUILDERS 2017

This groundbreaking study aims its radar at the edge of the Chinese brand universe, exploring developed country markets where only a few Chinese brands have dared to go – so far.

8 RETAIL TRENDS IN CHINA FOR THE YEAR OF THE ROOSTER

With the continued rebalancing of the Chinese economy, 2017 - The Year of the Rooster, could be characterised as another year of change for China. The retail sector is at the intersection of much of this transformation, and with the rapid growth of e-commerce, Chinese retail is changing and adapting fast.



THE CHINESE GOLDEN WEEKS IN FAST GROWTH CITIES

Using 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.

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.

BRANDZ™ BRAND BUILDING TOOLS

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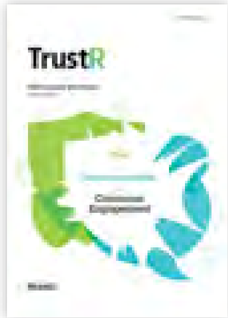
Discover InnovationZ, a dynamic new tool from BrandZ™. Discover innovation ideas from all around the world, personalized to your client's category.

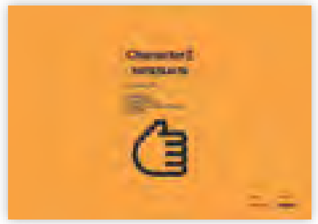


TRUSTR
ENGAGING CONSUMERS IN THE POST-RECESSION WORLD

Trust is no longer enough. Strong brands inspire both Trust (belief in the brand's promise developed over time) and Recommendation (current confirmation of that promise). This combination of Trust plus Recommendation results in a new metric called TrustR.

REPZ
MAXIMIZING BRAND AND CORPORATE INTEGRITY

Major brands are especially vulnerable to unforeseen events that can quickly threaten the equity cultivated over a long period of time. But those brands with a better reputation are much more resilient. Four key factors drive Reputation: Success, Fairness, Responsibility and Trust. Find out how your brand performs.



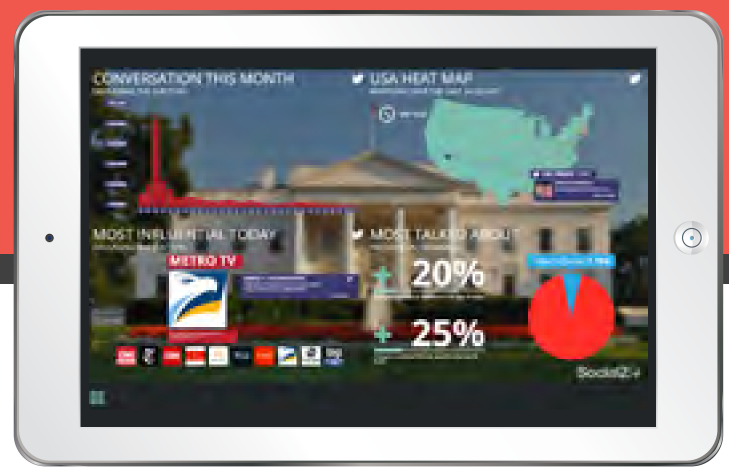
CHARACTERZ
BRAND PERSONALITY ANALYSIS DEEPENS BRAND UNDERSTANDING

Need an interesting and stimulating way to engage with your clients? Want to impress them with your understanding of their brand? A new and improved CharacterZ can help! It is a fun visual analysis, underpinned by the power of BrandZ™, which allows detailed understanding of your brand's personality.

BRANDZ™ SocialZ

REAL-TIME BRAND SOCIAL MEDIA ANALYTICS DASHBOARD

PART OF THE BRANDZ™ SUITE OF TOOLS



SocialZ is the new social media data visualization product from BrandZ™ that enables you to easily track, visualize and present a data-driven approach using the real-time view of the social landscape surrounding any brand.

SocialZ is a BrandZ™ real-time, social media data dashboard.
Exclusive to WPP, in partnership with BuzzRadar.

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CUBA WPP 2016

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ALWAYS MARKETING SERVICES

Always is the largest Field Marketing Services Agency in China, providing Total Field Marketing Solutions from "Sell In" to "Sell Out", from "Activation Strategic Planning" to "On-The-Ground Execution". With a network of 90+ fully-owned offices throughout China, Always has the capabilities to activate in 600+ Tier 1 to Tier 6 cities. Service Offerings include Promoter & Field Marketer Management, In-Store Activation / Promotion, Retail Audit / Mystery Shopper, Event / Road Show, POSM Management and Premium / Gifting. Always manages 800+ projects on an annual basis across 500+ cities, executing more than 3.5 million activations on behalf of a portfolio of Blue-Chip Clients. Client partners include Unilever,Nestle,Colgate, Johnson & Johnson, Ferrero, Nokia, Intel, Microsoft, Shell, VISA, Pfizer and many more...

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GROUPM

GroupM is the leading global media investment management company serving as the parent to WPP media agencies including Mindshare, MEC, MediaCom, and Maxus, as well as the programmatic digital media platform, Xaxis; each global operations in their own right with leading market positions. GroupM's primary purpose is to maximize performance of WPP's media agencies by operating as leader and collaborator in trading, content creation, sports, digital, finance, and proprietary tool development. GroupM's focus is to deliver unrivaled marketplace advantage to its clients, stakeholders and people.

www.groupmchina.com

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HILL+KNOWLTON STRATEGIES

Hill+Knowlton Strategies is an integrated creative communications and public relations agency with 87 offices around the globe. Headquartered in Beijing, with offices in Shanghai and Guangzhou, H+K China is home to more than 250 communication consultants working in the specialist areas of ideas + strategy, content creation and publishing + measurement. The team employ the 3PCommunications™ model to develop performance and purpose driven communications strategies.

Shanghai is also the home to our first Innovation + Creative hub, The Shanghai Addition. It houses a fluid and agile multi-national team focused on the new services and products demanded by a changing communications landscape. It serves the global ambitions of Chinese brands connecting audiences around the world through H+K's extensive network. The team currently works with Huawei, Honor and Envision among others.

www.hkstrategies.com

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J. WALTER THOMPSON

J. Walter Thompson Worldwide, the world's best-known marketing communications brand, has been creating pioneering solutions that build enduring brands and business for more than 150 years. Headquartered in New York, J. Walter Thompson is a true global network with more than 200 offices in over 90 countries, employing nearly 10,000 marketing professionals. The agency consistently ranks among the top networks in the world and continues to be a dominant presence in the industry by staying on the leading edge—from hiring the industry's first female copywriter to developing award-winning branded content today. For more information, please visit our website and follow us @JWT_Worldwide

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KANTAR

Kantar is one of the world's leading data, insight and consultancy companies. Working together across the whole spectrum of research and consulting disciplines, its specialist brands, employing 30,000 people, provide inspirational insights and business strategies for clients in 100 countries. Kantar is part of WPP and its services are employed by over half of the Fortune Top 500 companies.

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KANTAR ADDED VALUE

Kantar 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 so as to help clients build brands which shift categories and shape culture. Our approaches include qualitative insight and ethnography, segmentation and portfolio planning, brand positioning, cultural strategy, innovation, brand equity studies, communications optimization and tracking.

Now we have 11 offices in 9 countries across Europe, North America and Asia-Pacific. Kantar Added Value is part of Kantar, the data investment management division of WPP, the world leader in marketing communications services.

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Kantar Futures helps clients "Profit From Change." As the leading global strategic insights and innovation consultancy, with unparalleled global expertise in foresights, trends and futures, Kantar Futures offers a complete range of subscription services and consulting solutions. Kantar Futures was formed through the integration of The Henley Centre, HeadlightVision, Yankelovich and TRU.

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KANTAR MEDIA CIC

Kantar Media CIC is a leading social and digital business intelligence provider in China and Asia. The experts from Kantar Media CIC enable enterprises to fully leverage the power of social media. Kantar Media is a global leader in media intelligence, providing clients with the data they need to make informed decisions on all aspects of media and social media measurement, monitoring and selection. Part of Kantar, the data investment management arm of WPP, Kantar Media provides the most comprehensive and accurate intelligence on media consumption, performance and value.

www.ciccorporate.com

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KANTAR MILLWARD BROWN

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. Our team includes some of the most talented market researchers, consultants, storytellers and neuroscience experts in the industry. With offices in 56 countries, we understand the importance of both a global and local focus – and we understand consumers. Today, many brands are a company's most valuable asset. We can help you manage your brands to drive financial growth and wealth creation for your organization.

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KANTAR TNS

Kantar TNS is one of the world's largest research agencies with experts in over 90 countries. With expertise in innovation, brand and communication, shopper activation and customer relationships we help our clients identify, optimise and activate the moments that matter to drive growth for their business. We are part of Kantar, one of the world's leading data, insight and consultancy companies.

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KINETIC

Kinetic is the global leader in contextually connecting and activating audiences on the move. With offices in 34 countries worldwide, Kinetic has the scale, partnerships, and location expertise to deliver the most efficient and accountable marketing solutions.

What makes us different is that we use insights, powered by data and technology, to understand the entire consumer journey, from the physical to the emotional. And we infuse these insights into everything we do to create innovative, relevant experiences that drive people to take action.

2016 global recognitions include Cannes Lions, Effies, IAB MIXX, The Drum Awards, MediaPost Awards Global Cristal Festival, ADWEEK Media Plan of The Year, OAAA Plan of The Year and more.

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MEC

MEC is committed to growth. Growth for our people, our clients and our industry. MEC pushes the boundaries of what's possible in order to thrive in - Ad Ops - Analytics - Brand Partnerships - Content Marketing - Data - Insight - Integrated Planning - Mobile - Multi-cultural - Performance Marketing - Planning & Buying - Programmatic - Search - Social - Sport, Entertainment & Cause Marketing. Our 5,000 highly talented and motivated people work with category leading advertisers in 93 countries and we are a founding partner of GroupM. #dontjustlivethrive

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MEDIACOM

MediaCom is "The Content + Connections Agency", working on behalf of its clients to leverage their brands' entire system of communications across paid, owned and earned channels to deliver a step change in their business outcomes. MediaCom is one of the world's leading media communications specialists, with billings exceeding US$31 billion (Source: RECMA June 2016), employing 7,000 people in 125 offices across 100 countries.

MediaCom is a member of WPP, the world's largest marketing communications services group, and part of GroupM, WPP's consolidated media investment management arm.

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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 five consecutive years, 2012, 2013, 2014, 2015 and 2016; the EFFIEs World's Most Effective Agency Network in 2012, 2013 and 2016; and Adweek's Global Agency of the Year in 2016. 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.

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OGILVY PUBLIC RELATIONS

Ogilvy Public Relations (Ogilvy) is an award winning, multi-disciplinary, communications leader operating in over 85 offices worldwide. Ogilvy PR China was voted no.1 agency by clients in the latest R3 rankings, Ogilvy also topped the Holmes Report Global Creative Index, ranking no.1 or 2 since 2012, and holds Consultancy of the Year titles in APAC and Middle East. Ogilvy was crowned Cannes Lions Network of the Year 2016. Ogilvy PR is a unit of Ogilvy & Mather, a WPP company (NASDAQ: WPPGY), and deeply integrates across all disciplines. Follow us at @ogilvypr

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WUNDERMAN

Wunderman is Creatively Driven. Data Inspired. A leading global digital agency, Wunderman combines creativity and data into work that inspires people to take action and delivers results for brands. In 2015, industry analysts named Wunderman a leader in marketing database operations as well as a strong performer in customer engagement strategy. Headquartered in New York, the agency brings together 7,000 creatives, data scientists, strategists and technologists in 175 offices in 60 markets. Wunderman is a WPP company (NASDAQ: WPPGY). For more information, please visit our website and follow us @Wunderman.

www.wunderman.com

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Y&R

Y&R is one of the world's leading full-service advertising agencies and the first international agency in China having arrived in 1986.
Y&R's 'resist the usual' approach has been at the heart of the agency's philosophy which has helped make many of the World's most famous brands household names in China; brands like Colgate, Dell, Gap and Burger King to Danone's Mizone along with many local brands.

www.yr.com

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BrandZ™ China Top 100 Team

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Amandine Bavent is a BrandZ™ Valuation Manager for Kantar Millward Brown. She manages the brand valuation projects for BrandZ™ Her role involves conducting financial analysis, researching brands and performing valuations.

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ACKNOWLEDGEMENTS

With special thanks and appreciation to:
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Kantar Millward Brown Ben Marshall, Sophie Sun, Peter Walshe, Melonie Wang, Vivian Wang, Jin Zhou
Kantar TNS Jessica Chen, Yi Yang, Emy Zeng
Kantar Worldpanel Jason Yu

Richard Ballard, Tuhin Dasgupta, Ella Dong, Tamsin Grant, Jay Makwana and Anthony Marris

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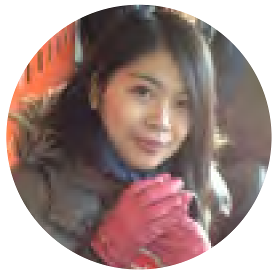
Cecilie Østergren is a professional photographer who has worked closely with WPP agencies since 2009. Cecilie specializes in documentary, consumer insight and portraits. She has travelled extensively in China, Brazil and other locations to photograph images for the BrandZ™ reports.



CLAIRE PAN

Claire Pan is Associate Account Director for research and development at Kantar Millward Brown, where she is responsible for brand research and analysis covering many categories to provide solutions for clients and detailed information for the BrandZ™ ranking studies.

DAVID ROTH

David Roth is the CEO of The Store WPP for Europe, the Middle East, Africa and Asia, and leads the BrandZ™ worldwide project. Prior to joining WPP, David was main Board Director of the international retailer B&Q.

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Ken Schept is a professional writer and editor specializing in reports and books about brands and marketing. He helped develop WPP's extensive library of global publications and has reported on the international retail sector as an editor with a leading US business media publisher.

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Raam Tarat is the Global Project Manager for BrandZ™, at Kantar Millward Brown. He project managed the production of the BrandZ™ Top 100 Most Valuable Chinese Brands 2017 report, as well as marketing communications for other BrandZ™ projects.

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Doreen Wang is the Global Head of BrandZ™ for Kantar Millward Brown, and a seasoned executive with 17 years' experience in providing outstanding market research and strategic consulting for senior executives in Fortune 500 companies in both the US and China.

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Marketing Director of Kantar Millward Brown China, Christine is responsible for Kantar Millward Brown China's brand communication and strategies, and helps organize research and fact checking for the BrandZ™ China ranking.

THE BRANDZ™ BRAND VALUATION CONTACT DETAILS

The brand valuations in the BrandZ™ Top 100 Most Valuable Chinese Brands are produced by Kantar Millward Brown using market data from Kantar Worldpanel, along with Bloomberg.

The consumer insights are derived from the BrandZ™ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world's largest, containing over three million consumer interviews about more than 100,000 different brands in over 50 markets.

For further information about BrandZ™ valuations, contact any WPP Group company or:

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The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries. (For more information, please visit www.bloomberg.com)

WPP

WPP is the world's largest communications services group with billings of US $74 billion and revenues of US$19 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising & media investment management; data investment management; public relations & public affairs; branding & identity; healthcare communications; direct, digital, promotion & relationship marketing and specialist communications. The company employs over 205,000 people (including associates and investments) in over 3,000 offices across 112 countries.

WPP was named Holding Company of the Year at the 2016 Cannes Lions International Festival of Creativity for the sixth year running. WPP was also named, for the fifth consecutive year, the World's Most Effective Holding Company in the 2016 Effie Effectiveness Index, which recognizes the effectiveness of marketing communications. In 2016 WPP was recognised by Warc 100 as the World's Top Holding Company (second year running).

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In Greater China, WPP companies (including associates) generate revenues of $1.6 billion with almost 14,000 people in Beijing, Shanghai, Guangzhou and many other cities and provinces.

WPP is the world's largest communications services group with billings of US$74 billion and revenues of US$19 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising & media investment management; data investment management; public relations & public affairs; branding & identity; healthcare communications; direct, digital, promotion & relationship marketing and specialist communications. The company employs over 205,000 people (including associates and investments) in over 3,000 offices across 112 countries.

To learn more about how to apply this expertise to benefit your brand, please contact any of the WPP companies that contributed to this report or contact:

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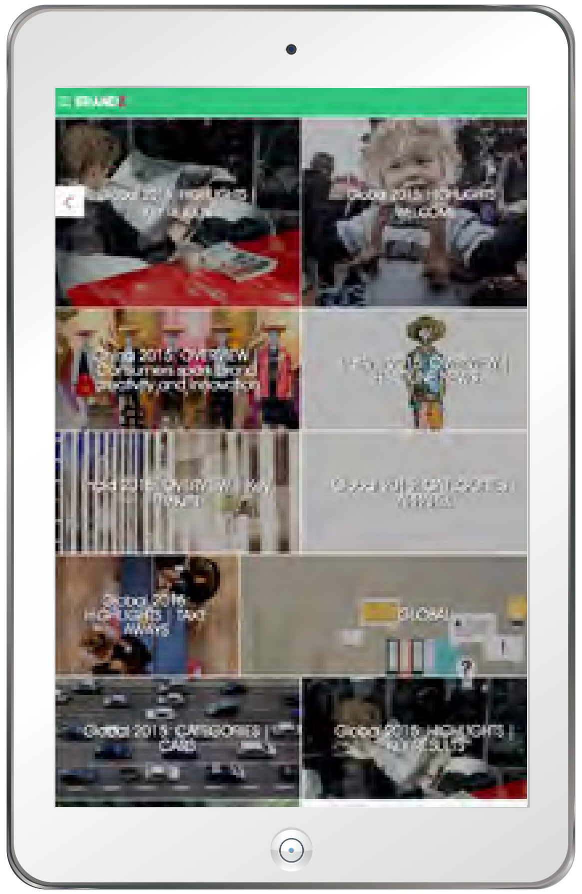

GET THE FREE APP

If you are interested in brands you need this app, valuation data, and a lot more at your fingertips. It enables you to:

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- Create your own ranking tables, and sort by value or brand
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- Create & print your own reports
- Test your brand knowledge with our BrandZ™ Quiz

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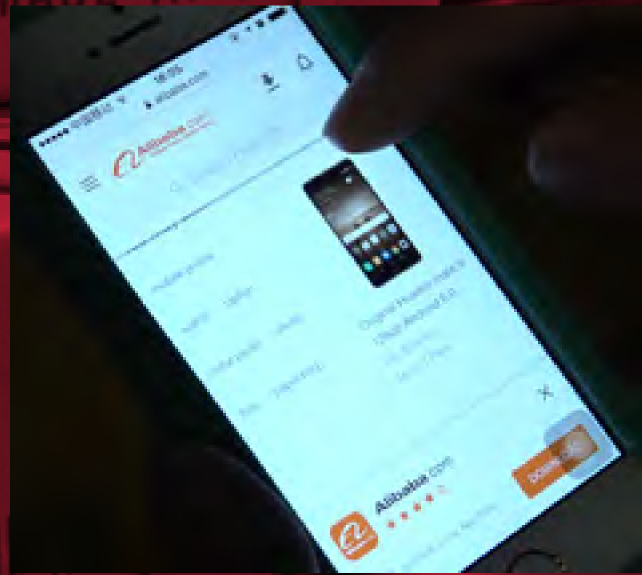
‘NOW SHOWING, ON A SCREEN NEAR YOU’

PUT YOUR FEET UP AND PASS THE POPCORN. WPP’S DAVID ROTH PRESENTS TWO SHORT FILMS THAT LIFT THE LID ON THE BOOMING E-COMMERCE MARKET IN CHINA.



‘BLAZING A TRAIL - HOW CHINESE E-COMMERCE LEADS THE WORLD’

Looks at how China has become the most dynamic and most valuable online shopping market on the planet. This is a country that barely had phone lines 20 years ago ... and where you can now buy a car with your mobile.

Consumer trends, rising wealth and home-grown innovations have turned e-commerce in China into a 600$ billion-a-year sector. It’s giving global brands an easy route to reach consumers, and turbo-charging the expansion of Chinese brands, both at home and internationally. David Roth looks at who and what is driving growth, how drone delivery is becoming a reality, and the huge potential that remains.

http://www.wppwrap.com/blazing

‘HIDDEN DRAGON - THE RISE OF AN E-COMMERCE GIANT’

Charts the development of China’s second-largest online brand, JD.com. Featuring an exclusive interview with JD brand officer Laura Xiong, this film explains what sets JD.com apart from its biggest rival, and how it’s become one of the fastest-growing brands in the world.

It looks at value of JD.com’s partnership with WeChat, the Chinese mega-app that consumers use to buy coffee, book a cab and just about everything else you can think of. And there’s a look at what’s next for JD.com. David and Laura discuss the role of big data in personalizing services, international expansion of the brand ... and the strategic significance of fresh fish and ice-cream.

http://www.wppwrap.com/dragon

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