

BRANDZ™

BRAND VALUATION SERIES

BRANDZ™



**Most Valuable
Chinese Brands**

最具价值中国品牌100强

2019

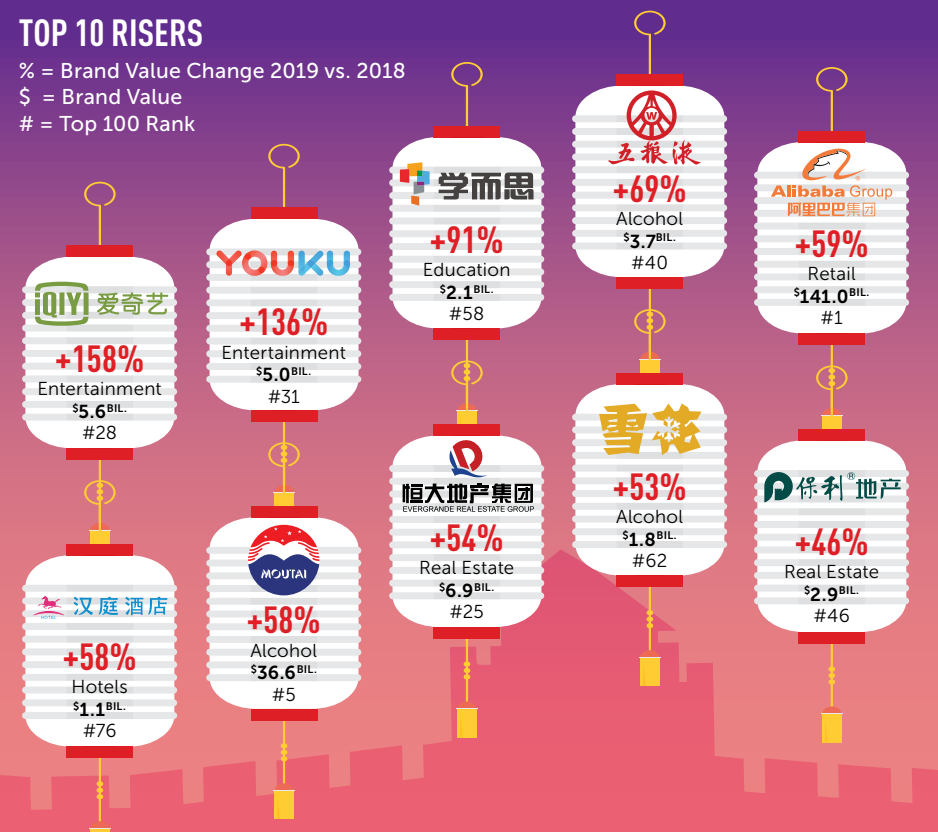
**VALUE RISES RECORD 30%
IN A TURBULENT YEAR**

Expanded ranking showcases
dynamic brand landscape

WPP

METHODOLOGY AND VALUATION BY
KANTAR





NEWCOMER BRANDS

\$ = Brand Value
= Top 100 Rank



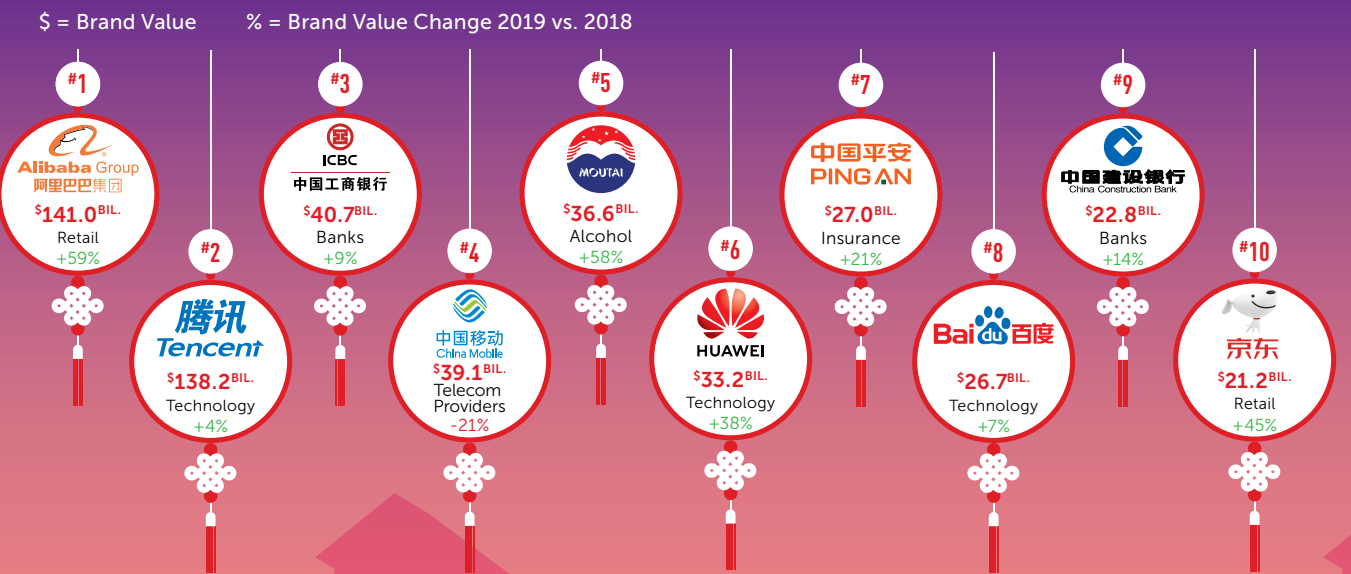
TOP 10 IN BRAND CONTRIBUTION

Brand contribution is the proportion of value driven by brand equity rather than other in-market factors (such as promotions or distribution). It tends to be a key driver of business growth and is measured on a scale of 1 to 5, with 5 the highest.



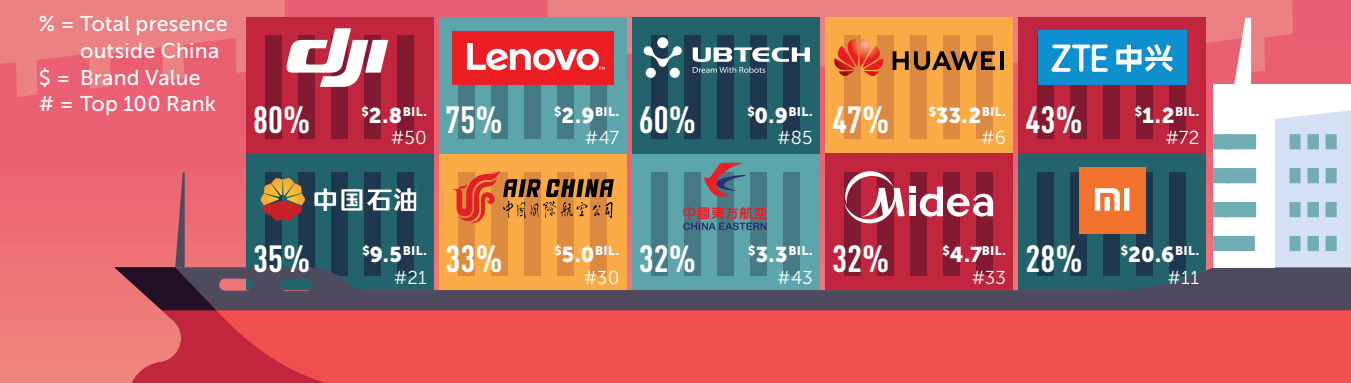
TOP 10 MOST VALUABLE CHINESE BRANDS 2019

\$ = Brand Value
% = Brand Value Change 2019 vs. 2018



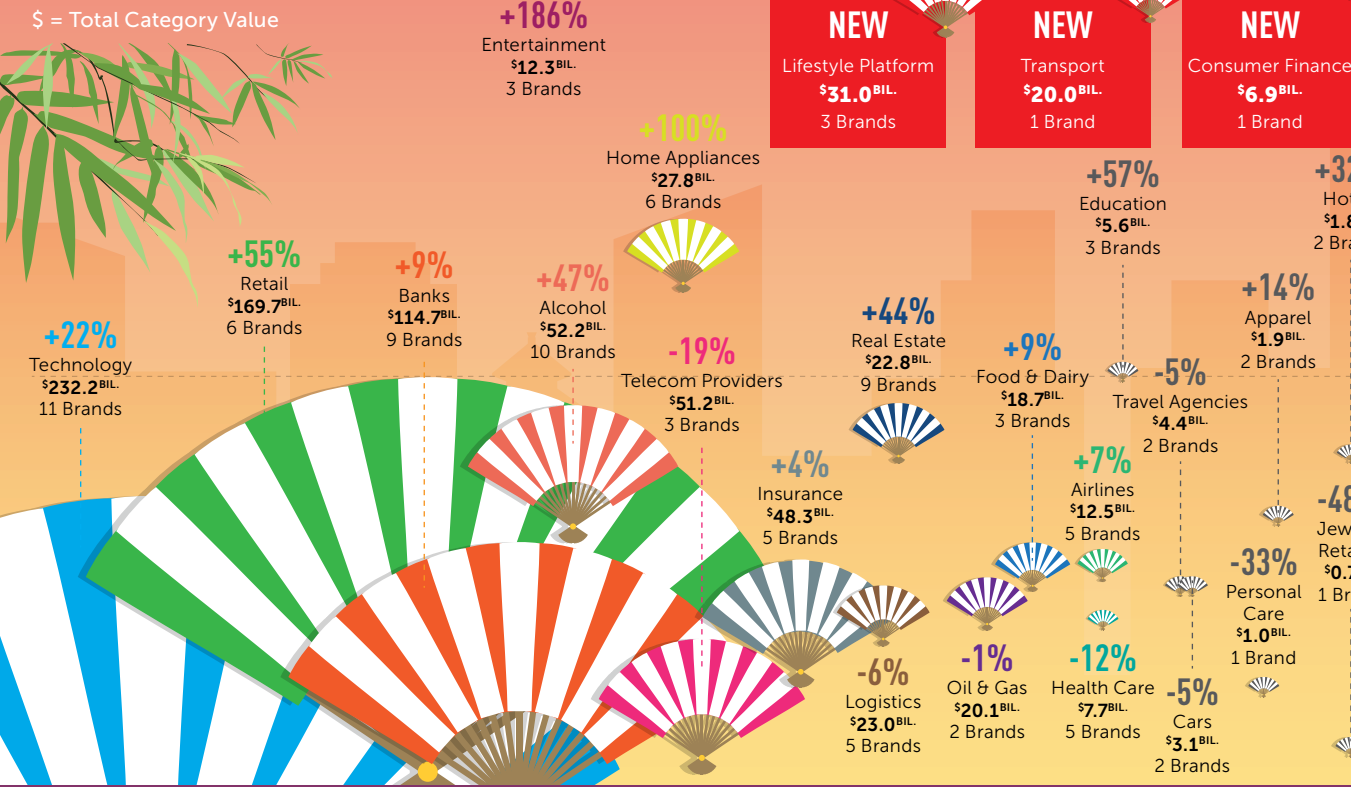
TOP 10 IN OVERSEAS PRESENCE

% = Total presence outside China
\$ = Brand Value
= Top 100 Rank



CATEGORY VALUE CHANGES

\$ = Total Category Value



WWW.BRANDZ.COM

METHODOLOGY AND VALUATION BY KANTAR

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Welcome

Expanded report probes vibrant forces reshaping China's brand landscape

Value rises record 30 percent in turbulent year

If you want a quick snapshot of the forces reshaping the brand landscape in China, stand on just about any street corner in central Shanghai and observe the scene: men and women rushing to work, often stopping first at a food outlet or coffee shop—a Starbucks or Luckin Coffee, its Chinese competition; people streaming in and out of malls carrying shopping bags imprinted with global and Chinese brand logos; and all this activity happening amid the rush of traffic dense with delivery men on cycles and carts darting and weaving as if their livelihood depended on maximum speed—because it does.

Some of the Chinese brands producing all this market energy did not exist just nine years ago, when we launched the BrandZ™ valuation and analysis of China's Most Valuable Brands. One brand that did not appear in our first BrandZ™ China report is Alibaba. Since joining the ranking in 2015, following its IPO, Alibaba has steadily moved up, and this year it reached No.1. The rapid rise of Alibaba contributed to the transforming changes in the Chinese market. Today, all brands need to work harder just to remain relevant. As noted in this report, many brands have met the challenge, often with transformative ideas and memorable, creative communications.

We expanded the 2019 report to create a more comprehensive and nuanced picture of this changed China. Consumers are wealthier, more sophisticated, rational and emotional about purchasing, and extreme in their expectations for convenience, including fast delivery. Over 800 million Chinese are online and using their mobile phone to conduct the daily business of their lives: ordering food, hailing cabs, shopping, and making cashless payments. We added four new categories this year—consumer finance, entertainment, lifestyle platform, and transport. And 17 newcomers joined the ranking. A modification to our eligibility criteria qualified unicorn brands that have their most recent valuation publicly available.

The Top 5 Newcomers illustrate how online-offline integration and the consumer convenience phenomenon is more advanced in China than any other country market

worldwide. The Top 5 Newcomers are: Xiaomi, among the world's leading smartphone makers; the ride hailing app Didi Chuxing; Meituan, the online services leader; Ele.me, Alibaba's food delivery business; and Lufax, an online peer-to-peer lender. The dynamism created by brands like these forms a counterpoint to the year's much more familiar narrative of geo-political tensions and stock market fluctuations. Despite these real issues, the value of the BrandZ™ China Top 100 rose a record 30 percent. And our BrandZ™ Stock Portfolios continued to vastly outperform China's MSCI Index, demonstrating how valuable brands deliver superior shareholder returns.

One more point about this dynamism. You don't have to be in Shanghai or another coastal city to observe it. Your street-corner vantage point could be in Wuhan or another lower tier city. The pace won't be quite as frantic, but consumer interest in brands and the presence of brands will be obvious. Less obvious, but vital for brand building, are the nuances: Although the street corner scene in coastal and inland cities will look similar, brands success will depend on gaining insight about the hidden differences in consumer attitudes and shopping habits. Experience in the lower tier markets gives Chinese brands an advantage. The other major opportunity for Chinese brands is overseas growth. Our recent BrandZ™ research, in collaboration with Google, revealed growing acceptance of Chinese brands among overseas consumers, but a lag in awareness that Chinese brands need to address.

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Welcome

Knowledge, analysis, and insights

The constant activity in China can seem random and chaotic, and decoding it into the insights required to build sustainable brand value can be daunting. That's where we can help. Our WPP companies have been engaged in China for over 30 years. Today, 14,000 people work across China in Beijing, Shanghai, Guangzhou and many other cities and provinces. We've pulled together these resources to create this report, which provides knowledge, analysis, insights, and recommendations for successful brand building in China. We've organized all this material to be both useful and easy to access. Here's a quick preview of what you'll find in the following almost 240 pages.

Part 1 Introduction

Start here and return as needed for summaries of the information contained in the report, including the trends that make the information comprehensible and actionable.

Part 2 Market Intelligence

Understand the report in the context of changes—in migration patterns, shopping habits, technology, and more—that impact the brand valuations.

Part 3 Thought Leadership

Gain perspective from some of WPP's most experienced brand experts on New Retail, brand experience, digital, media, and other topics.

Part 4 Brand Building Observations

Move from analysis to action with five specific market observations and brand building recommendations.

Part 5 The China Top 100

Examine brand trends across 24 categories with commentary from C-Suite executives at two BrandZ™ China Top 100 brands.

Part 6 Brand Building Best Practices

Get insights and tactics from WPP China experts on social media, expanding abroad, and other key challenges.

Part 7 Resources

Learn more about WPP capabilities and find all the contact information for brands experts who can help you build valuable brands in China.

Transformative ideas and outcomes

At WPP in China, we provide expertise in advertising; insight; branding and identity, direct, digital, promotion

and relationship marketing; media investment management, retail and shopper marketing; and public relations and public affairs. One of our key WPP strengths—and a benefit for our clients—is that when we say we cover the world of brands, that's exactly what we mean. We operate over 3,000 offices in 112 countries. WPP's proprietary BrandZ™ database includes information from over 3.7 million consumers about their attitudes about (and relationships with) 166,000 brands in 454 categories across 51 country markets. All that produces more than 5.2 billion data points.

We have assembled an extensive library of BrandZ™ reports and I invite to you access them with our compliments at BrandZ.com. Here are just some of the reports you will find there: The BrandZ™ Top 100 Most Valuable Global Brands; BrandZ™ Top 100 Most Valuable US Brands; BrandZ™ Top 50 Most Valuable Latin American Brands; BrandZ™ Top 75 Most Valuable UK Brands; BrandZ™ Top 50 Most Valuable French Brands; BrandZ™ Top 50 Most Valuable German Brands; BrandZ™ Top 50 Most Valuable Indonesian Brands; Top 40 Most Valuable Australian Brands; BrandZ™ Top 30 Most Valuable Italian Brands; BrandZ™ Top 30 Most Valuable Dutch Brands; BrandZ™ Top 30 Most Valuable South African Brands; and the BrandZ™ Top 30 Most Valuable Spanish Brands. Gain access to all these reports at www.brandz.com.

We have the data, knowledge, experience, insight, determination, and single-minded purpose to help you create the transformative ideas and outcomes necessary for building valuable brands. To learn more about how to harness our passion to work for 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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Introduction

Expanded China Top 100 showcases brand impact on fast- changing market

4 categories, 17 brands added, value rises record 30 percent

The value of the BrandZ™ Top 100 Most Valuable Chinese Brands 2019 increased 30 percent, the highest annual value increase since the launch of the BrandZ™ China ranking nine years ago.

With the addition of four categories—consumer finance, entertainment, lifestyle platform, and transport—the expanded ranking more fully depicts how the growing sophistication of Chinese consumers is altering the brand landscape and creating a unique marketplace of products and services available with unprecedented speed and convenience.

The added categories, and revised BrandZ™ eligibility criteria, qualified 17 brands to join the BrandZ™ China Top 100, more newcomers than ever before. With their innovations in artificial intelligence, e-commerce and New Retail, and social media, the newcomer brands are both inspiring and fulfilling the rising expectations of Chinese consumers.

Brands accelerated their expansion in lower tier cities. And with the growing global presence of Chinese consumer brands, overseas consumer attitudes toward Chinese brands became more positive, although awareness of Chinese brands continues to lag, according to recent BrandZ™ research conducted with Google.

Among the Top 10 brands in Overseas Presence, six are in the technology category, compared with only three just a year ago. The three technology brands added to the Top 10 in Overseas Presence are: DJI, the world's largest Drone maker; UBTECH, a leading developer of robots; and smartphone maker Xiaomi. Among other 2019 highlights:



Overview

Technology led the ranking in number of brands, 11, and contribution to total value, 26 percent. All but two of the technology brands rose in value. Of the 17 newcomer brands, technology is the most represented category, with four brands.

The increase in brand value crossed most sectors of the economy, with 13 categories increasing in value, led by entertainment, up 186 percent. Education, up 57 percent, and retail, up 55 percent, showed ongoing strength.

The mobile-centric, convenience-driven Chinese lifestyle drove the success of the five most valuable newcomers: Xiaomi, Didi Chuxing, the ride-hailing app; Meituan, the services booking site; Ele.me, the food delivery app; and peer-to-peer lender Lufax.

Chinese government initiatives to drive digitalization, expand consumption, foster more equitable prosperity, and promote selected strategic industries influenced these developments. They occurred despite China's slower economic growth, stock market volatility, and international trade tensions. However, the potential for continued brand growth comes with complications.

New competitive challenges

New Retail illustrates this dilemma. Over 800 million people use the internet in China, mostly with their mobile phones. With this unique scale, the major e-commerce retailers, Alibaba and JD, developed online shopping emporiums informed by vast amounts of customer data, and distribution systems that fulfill online purchasing with rapid offline delivery.

These systems have democratized access to brands throughout China. Shopping online, people living in lower tier cities see the same products, and usually the same prices, as people living in the Shanghai, Beijing, or Guangzhou. Inland delivery may take a day or two, while in the coastal mega cities, delivery can happen in just hours.

This online-offline phenomenon empowers brands to reach an ever-widening audience of customers throughout China. But because the e-commerce channel is open to all enterprises, well-established brands increasingly face competition from new, unknown businesses able to build sales volume without being actual brands, at least not yet.

These businesses may eventually reach a threshold where sustainable growth requires brand building. Meanwhile, e-commerce and social media

platforms have also enabled the emergence of what Kantar labels Chinese insurgent brands. These new fast moving consumer goods (FMCG) brands are small, nimble, and a threat to multinationals, especially in lower tier markets.

Succeeding in this hypercompetitive environment requires deeply understanding today's consumer, and personalizing the brand experience with relevant products, services, and communications. That level of personalization depends on access to customer data, which typically is gathered and controlled by the e-commerce platform rather than the brand.

Customer insight and communication

Alibaba and Tencent, in partnership with JD, are developing programs to share a wider view of shopper behavior. The challenge for brands is to understand how the various platforms work and to align with the platforms in ways that best yield pertinent customer insights and meet strategic objectives.

This competitive environment also requires brands to communicate effectively across media, particularly social media, which has become more complicated. Kantar divides social media into two types: core social media, like WeChat, which is used primarily for communication; and derivative social media, like gaming or video sites, which emphasizes content. Optimizing ROI requires that brands be present on social media in the most effective and relevant way.

It is also increasingly important for brands to understand how shopping habits are changing as Chinese consumers become more sophisticated and rational about purchasing decisions. At least two factors drive this development: greater knowledge about products and services because of the internet; and greater concern about the future because of slowing economic growth.

The premiumization trend of the last several years continues, but as part of a larger context. Chinese consumers are still willing to trade up when they want particular quality or prestige, but for other needs, when a good product or service is available at a lower price, consumers are ready to trade down. Kantar recognized this phenomenon in fast moving consumer goods and calls it Stratified Spending. This phenomenon is one of the reasons for the

emergence of Pinduoduo, an e-commerce competitor to Alibaba and JD, with a site that promotes lower-priced products and discounts earned by group purchasing.

Potential in lower tiers and overseas

Also increasing and complicating the potential for brand growth is the population shift to lower tier cities. Two complementary developments are reversing the traditional migration pattern: coastal cities are losing some of their appeal as they become more crowded, polluted, and expensive; and smaller cities, with a more relaxed lifestyle, are becoming more attractive.

As a result of central and local government policies, lower tier cities have benefited from improved infrastructure, including: highways, high-speed rail, airports, housing, and internet access. These improvements, along with government financial incentives, have attracted more industry and expanded employment opportunity.

While the brand growth potential in lower tier cities is significant, it comes with a challenge. Applying tactics that worked well in Shanghai or Beijing will not guarantee success. In general, consumers in lower tier cities prefer shopping that is less transactional and more based on personalized relationships. Because many Chinese brands began in lower tier cities and understand the distinctiveness of these markets, they currently enjoy an advantage.

Overseas expansion growth opportunities have also increased. As China moves beyond the industrial focus of the Belt and Road initiative, more consumer-facing brands, especially in technology, increase their international presence. This development fits with the government's China 2025 strategy to establish leadership in areas including artificial intelligence, robotics, and green energy.

To accelerate overseas expansion, Chinese brands need to understand the variations in overseas attitudes towards Chinese brands, and identify the countries where consumers are most receptive. Even then, Chinese brands need to differentiate more and build awareness, especially among young people. Whether going abroad or expanding domestically, the potential for brand growth is enormous, but realizing it requires the knowledge and expertise needed to surmount new challenges in ways that are creative and sometimes transforming.

China Top 100 grows steadily in value and Brand Power

品牌启示

BRAND IMPLICATIONS

Especially in a rapidly changing market like China, it is imperative for brands to strengthen the Power and Premium aspects of brand equity. This strength helps brands to grow value. It also enables brands to increase sales revenue by predisposing consumers to choose the brand when they encounter it with competitors at the point of sale. And when market share gains become difficult to achieve, this strength enables brands to continue increasing revenue by justifying price increases.

The driver of value shifts from Power to Premium

The BrandZ™ Top 100 Most Valuable Chinese Brands have grown steadily in value since 2014, culminating in the record 30 percent increase in 2019.

Over the past six years, the BrandZ™ China Top 100 has improved in Brand Power, a BrandZ™ metric of brand equity. The BrandZ™ China Top 100 increased in each of the three components of Power: Meaningful (meeting needs in a relevant way); Different (being distinctive); and Salience (coming to mind at the moment of consideration). Although the BrandZ™ China Top 100 scored better than average in each component, there is room for improvement, especially in Difference.

Power enables brands to grow revenue with expanded market share, by predisposing consumers to buy more. Premium, another brand equity metric, enables brands grow revenue with higher prices, by predisposing consumers to pay more. Over the past six years, the percent of China Top 100 total value contributed by the brands with the highest Power

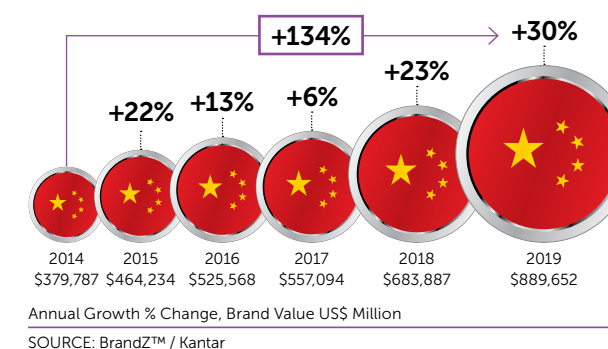
scores has decreased, while the percent of value contributed by the brands with the highest Premium scores has increased. This contrast reflects the maturation of the Chinese market as revenue growth through market share has flatten, and revenue growth through premium pricing has increased

Strong Power also predisposes consumers to select a brand. Brands with weaker Power are vulnerable to competition at the point of sale and depend more on POS promotion. The BrandZ™ Top 100 gain almost three-quarters of their sales volume because of their strong Power, and they gain the balance of sales from conversion at the point of sale. In contrast, brands not in the China Top 100 gain less than two-thirds of their sales from their Power. They are more dependent on winning at the point of sale by out-promoting the competition.

BrandZ™ China Top 100 steadily increases in value...

The BrandZ™ China Top 100 has increased 134 percent in value over the past six years. The 30 percent surge between 2018 and 2019 was the greatest year-on-year increase.

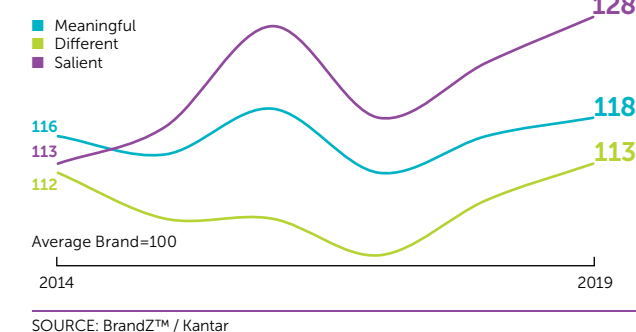
Value Growth 2014 to 2019



... And Brand Power strengthens

In addition, the BrandZ™ China Top 100 has increased in Brand Power. The ranking overall especially improved in Salience (coming to mind at the moment of consideration), but also in Meaningful (meeting needs in a relevant way) and Difference (being distinctive). The China Top 100 scored well over average in each component, but there is still room for improvement, most notably in Difference.

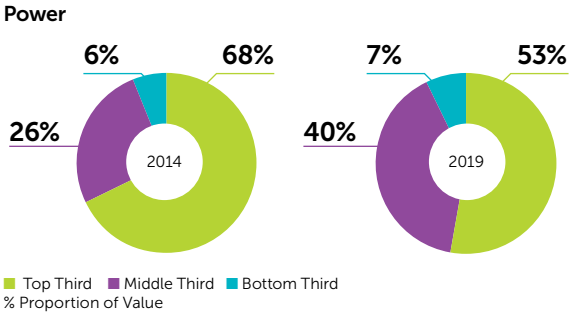
Brand Power



BrandZ™ Analysis

Power leader contribution to China
Top 100 total value declines...

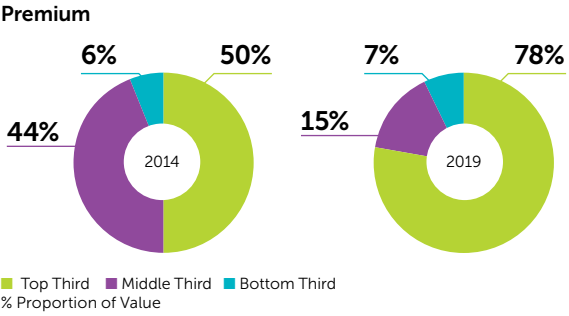
Brands that score high in Power, which predisposes consumers to buy more, now contribute just over half of the value of the BrandZ™ China Top 100. Six years ago, Power leaders contributed more than two-thirds of total value.



SOURCE: BrandZ™ / Kantar

... And Premium leader contribution to
China Top 100 value increases

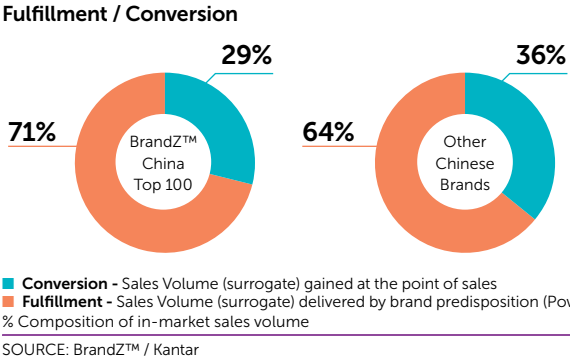
Brands that score high in Premium, which predisposes consumers to pay more, now contribute 78 percent of the value of the BrandZ™ China Top 100. Six years ago, Premium leaders contributed only half of total value.



SOURCE: BrandZ™ / Kantar

Brand Power predisposes consumers to purchase

The BrandZ™ Top 100 gain almost three-quarters of their sales volume because Power predisposes consumers to purchase the brand. In contrast, brands not in the China Top 100 gain less than two-thirds of their sales from Power and are more reliant on promotion to convert consumers at the point of sale.



Top 100 stock portfolios outperform volatile market

Valuable brands deliver superior shareholder returns

China's stock market volatility over the past year provided a real-life stress test for valuable brands, which continued to outperform the market over time, spiking higher during growth periods and moderating the impact of corrections.

The BrandZ™ China Top 100 Portfolio, which includes all the brands in the China Top 100 ranking, has increased 110.9 percent since July 2010, over four times the rate of the MSCI China Index, which has increased only 28.1 percent.

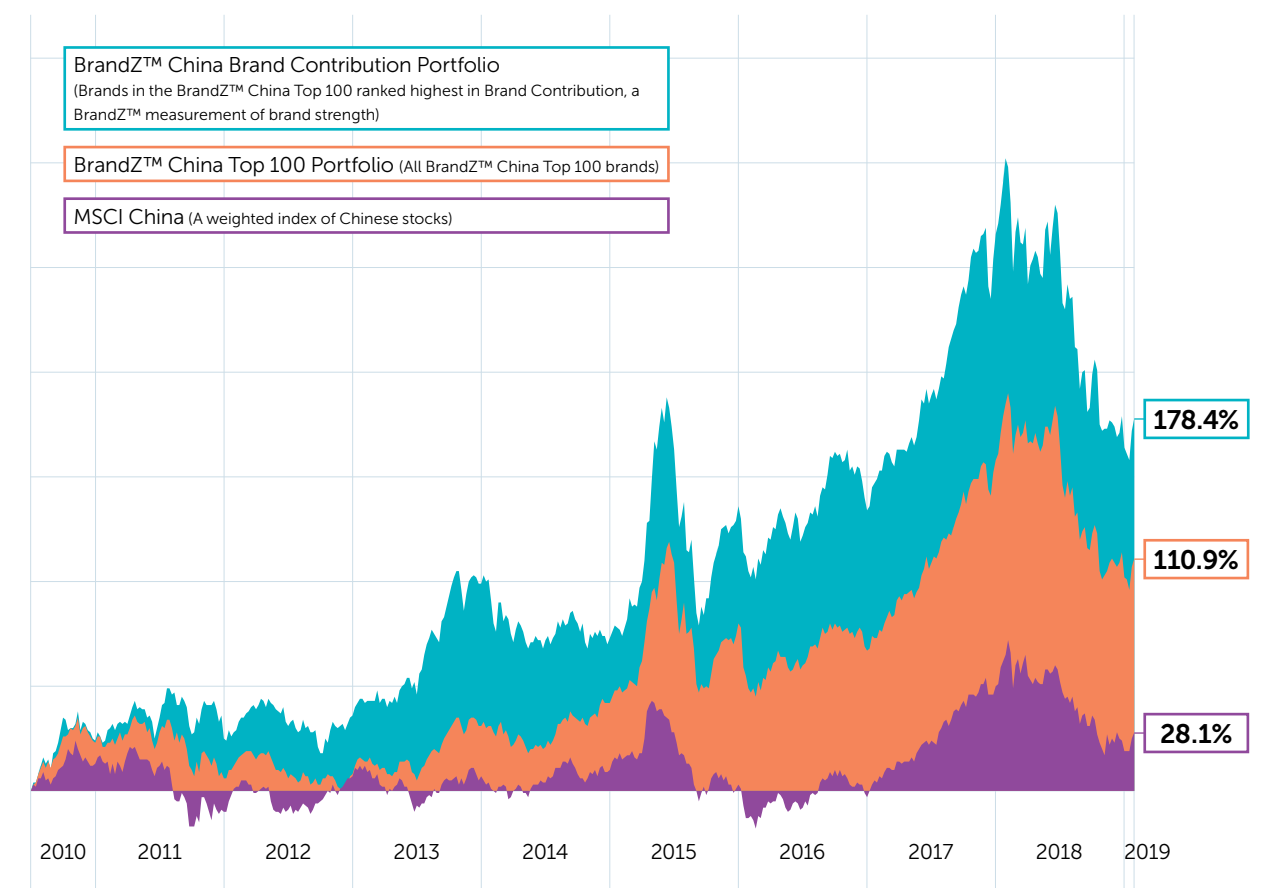
During the same period, the BrandZ™ China Top Brands by Brand Contribution Portfolio has increased 178.4 percent, around six times the rate of the MSCI. The Brand Contribution Portfolio includes the brands in the BrandZ™ China Top 100 with the highest scores in Brand Contribution, a BrandZ™ metric that assesses the extent to which brand alone, independent of financial or market factors, drives purchasing volume and enables a brand to command a price premium.

Most dramatically, the MSCI lost over half its value between January 2018 and January 2019. The BrandZ™ China Top 100 Portfolio and the BrandZ™ China Top Brand by Brand Contribution Portfolio were not immune to the stock market turbulence, but they declined less precipitously.

These results demonstrate that the investments brands make to build value are measurably rewarded in the stock market. For example, \$100 invested in the MSCI China in 2010 would be worth only around \$128 today. That \$100 invested in the BrandZ™ China Top 100 would be worth \$211, and it would be worth around \$278 invested in the Brand Contribution Portfolio. Valuable brands deliver superior shareholder returns.

Valuable Brands Outperform the Stock Market

BrandZ™ China Portfolios vs. MSCI China
July 2010 to January 2019



SOURCE: BrandZ™ / Kantar including data from Bloomberg

Top Line Results

Summary of brand and category changes

China Top 100 rises 30% in brand value

The BrandZ™ China Top 100 Most Valuable Chinese Brands 2019 rose 30 percent in value, the greatest one-year rise since publishing the first China ranking nine years ago.

Top 100 portfolio outperforms MSCI

The BrandZ™ China Top 100 Portfolio, which includes all the brands in the China Top 100 ranking, has increased 110.9 percent since July 2010, growing at almost four times the rate of the MSCI China Index.

Alibaba ascends to No. 1 in value

A 59 percent year-on-year value increase drove Alibaba to the No. 1 rank in the BrandZ™ China Top 100. Alibaba first appeared in the 2015 BrandZ™ China Top 100, having completed its IPO in September 2014. Over the past five years, Alibaba increased 136 percent in brand value, outperforming the BrandZ™ Top 100 overall, which increased 92 percent.

iQiyi rises 158 percent

Two entertainment video streaming brands led the ranking in year-on-year value increase, with iQiyi up 158 percent, followed by Youku, up 136 percent.



Six technology brands lead Overseas Presence

The technology category dominated the Top 10 in Overseas Presence with these six brands: DJI, the drone maker; PC maker Lenovo; the robot company UBTECH; the telecommunication and smartphone giants Huawei and ZTE; and smartphone maker Xiaomi.

Growth crosses most categories

Led by entertainment, with year-on-year growth of 186 percent, 13 of the 24 categories examined in the BrandZ™ China Top 100 report increased in value. Education and retail continued their strong performance, with rises of 57 percent and 55 percent. Eight categories declined.

Dairy brands lead Brand Contribution

The dairy brands Mengniu and Yili led the ranking in Brand Contribution, the BrandZ™ metric that assesses the extent to which brand alone, independent of financial or market factors, drives purchasing volume and enables a brand to command a price premium.

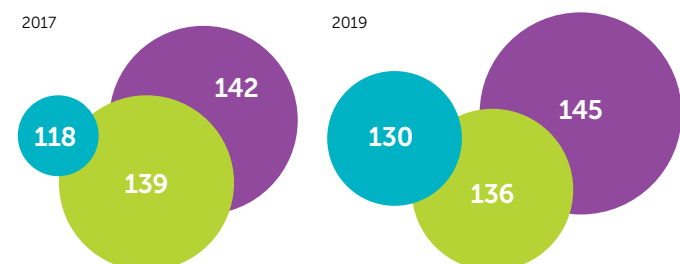
17 newcomers join the ranking

A record 17 brands entered the BrandZ™ China Top 100 for the first time, from 11 diverse categories, including four categories new to the ranking: consumer finance, entertainment, lifestyle platform, and transport.

Alibaba builds strong brand equity

With a score of 216, Alibaba has sustained a high level of Brand Power, a BrandZ™ measurement of brand equity. Average is 100. Alibaba's Brand Power is well balanced, with high scores in the three components of Brand Power: Meaningful (meeting needs in relevant ways), Different (being distinctive), and Salient (coming to mind at the moment of consideration.) Most important, the Meaningful score increased, suggesting that Alibaba initiatives created a closer connection with consumers.

Brand Power

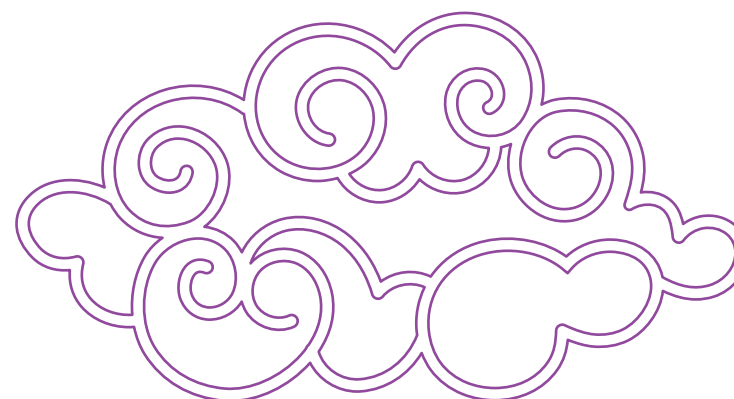


■ Meaningful
■ Different
■ Salient

Average Brand=100

SOURCE: BrandZ™ / Kantar

Market changes challenge brands to act with insight



EXTREME CONVENIENCE

Brands must deliver the goods, rapidly

Chinese consumers have come to expect a level of convenience that exists nowhere else in the world. They can order just about any product or service, online or in a physical store, and expect fulfillment almost instantaneously. With extensive online offerings and offline logistic capabilities, e-commerce leaders, like Alibaba and JD, drove this O2O trend and its cousin New Retail. And brands like Meituan, Ele.me, and Didi Chuxing, newcomers to the BrandZ™ China Top 100, have broadened the trend into services, such as food delivery. This extreme convenience phenomenon relies on a combination of factors that is unique to China, including: over 800 million consumers accessing the internet mostly on mobile phones; broad availability and acceptance of online payment; and extensive logistical infrastructure, including a vast pool of low-cost labor, to facilitate rapid delivery. Extreme convenience has redefined customer experience in China and raised expectations for brands to deliver—in every sense of the word.

STRATIFIED SPENDING

Consumers trade up and they trade down

These are interesting times in China—but challenging for brands. As the market becomes more sophisticated it also becomes more complicated. Consumers have new concerns, including the slower economy, geopolitical tensions, and the high cost of housing, which reduces disposable income in major cities. But consumers continue to spend. And they are willing to pay premium prices when merited by quality or lifestyle needs. They are also ready to trade down when it makes sense. Consumers might buy imported, premium-priced skin care products because of the brand prestige. For less ego-intensive purchases, they might click on Pinduoduo, the online e-commerce site that promotes group buying and other discounts. Kantar discovered this Yin Yang spending phenomenon in fast moving consumer goods and calls it Stratified Spending. As the market becomes more complicate, brands that understand the nuances will find opportunities.



Cross Category Trends

CUSTOMER
EXPERIENCECustomer personalization
requires access to data

The rapid growth of e-commerce and online competition has made it critically important for brands to offer a differentiating experience, personalized as possible for the individual customer. Paradoxically, the structure of e-commerce has impeded progress toward this goal. The purchasing, delivery, and social engagement data that can yield profiles of individual customers are controlled by the major e-commerce platforms. Recently, the platforms have developed various approaches for sharing data with brands. The Alibaba program is called Uni-marketing. And brands also use the mini program option of Tencent's WeChat to access customer data. These initiatives can help improve customer experience and accelerate brand building.

SOCIAL MEDIA

Engaging consumers
ever vital, now trickier

With over 800 million people accessing the internet, most of them with their mobile phone, it is relatively easy to reach individuals with brand-marketing messages. The challenge is reaching them at the right time with the right message. Most members of this vast online audience, particularly young people, want a message that is personalized and consistent with whatever content they are engaged with. Increasingly, that may be a game or a short video, often user-generated. In these instances, creative contextual content is more likely to engage than a traditional brand message, according to Kantar. Social media continues to evolve, opening more possibilities for brands to make progress—or mistakes.

TECHNOLOGY

Category demonstrates shift in Chinese economy

The presence of technology, and-technology-related brands, in the 2019 BrandZ™ China Top 100 demonstrates the shift of China's economy toward the consumer sector, and the impact of priorities set by the Chinese government to accelerate digitization and the growth of certain technologies, including artificial intelligence and robotics.

All but two of the 11 technology brands in the BrandZ™ China Top 100 rose in value. Technology led the ranking both in number of brands and in contribution to total value, 26 percent. Of the 17 brands that entered the ranking for the first time this year, four are in the technology category. Three of the newcomers—smartphone maker Xiaomi; DJI,

the world's leading drone developer; and UBTECH, a robotics company—also rank in the Top 10 brands in Overseas Presence. The other technology category newcomer is Meizu, a smartphone maker.

Technology is fundamental to many of the other newcomer brands in other categories. Among these brands are: Didi Chuxing, the ride hailing app; and the lifestyle service platforms Meituan and Dianping; and Lufax, an online financial services brand. In addition, the robotics company ECOVACS is listed in the home appliances category, and the education brand VIPKid depends on its online platform to connect students with English language teachers in North America.

GLOBAL GROWTH

As brands expand overseas, they need to build awareness

This year, six of the Top 10 in Overseas Presence are in the technology category, illustrating how Chinese brands continue to move along a continuum from “made in China” to “comes from China” to “innovated in China.” To accelerate overseas recognition, Kantar recommends that Chinese brands emphasize the unique features of their products and promote a “star” product. In addition, Chinese brands need to strengthen their Brand Power, a BrandZ™ metric of brand equity, particularly their distinctiveness, and they need to improve awareness, especially among young people, according to recent BrandZ™ research completed with Google. Other challenges facing Chinese brands expanding abroad include: gaining local insight, finding the right balance between local and global management, and establishing a long-term communications strategy, according to the Outbound practice at Ogilvy.

10 actions for building valuable brands in China

1 BUILD DIFFERENCE

Chinese brands generally score well in Meaningful (filling needs in relevant ways) and Salience (coming to mind at the moment of consideration), but they continue to lag in Difference, the ability to be seen as distinctive from the competition and even trendsetting. As the China market becomes even more competitive the importance of Difference increases.

2 GO DEEP

Go where the brand can win. China is growing fastest in lower tier cities, and it will for the foreseeable future. The potential is great both for winning business and making mistakes. Relying on the insights gained from competing in the coastal metropolises can help, but it can also create misunderstanding. The emergence of small insurgent Chinese brands with deep local knowledge presents a special challenge for fast-moving consumer product multinational brands.

3 GO GLOBAL

Chinese consumer brands are increasingly viewed positively by overseas consumers. To accelerate overseas growth, it is important to differentiate, build greater awareness, create a long-term communications strategy, and find the right talent, people familiar with both the local market the operating style of a Chinese company.

4 GO NEW RETAIL

To expand in China, it is necessary to participate in New Retail, to meet the consumer both online and offline and fulfill expectations for finding the right product or service and having the order rapidly fulfilled. The larger question is how best to participate in New Retail. It is important to choose ecosystems that share relevant consumer data and best align with the audiences a brand wants to reach.

5 REFINE THE BRAND EXPERIENCE

Delivering the right product on time is just the start. The development of e-commerce and seamless online-offline purchasing and fulfillment means that it is difficult for a brand to distinguish itself just by getting the basics right, although getting the basics right is critical. Standing out from the sameness requires delivering a memorable brand experience by personalizing one or more aspects of the brand, including product, service, and communications.

6 BE INTELLIGENT

Many of the recent Chinese start-up brands have ignored existing categories and instead build businesses by identifying an unmet consumer need. Some of these brands have expanded into conglomerates of disparate services that together produce the one-stop, extreme convenience lifestyle favored by many Chinese consumers. The path to this success usually involves a combination of human and artificial intelligence.

7 BE SOCIAL

To expand in China, and especially to reach young people, it is important to be present on social media. The challenge is understanding the complexities of social media, selecting the right platforms, and being present most effectively. Some platforms are useful for sending traditional brand messages. On other platforms, such as sites for playing games or watching short videos, it is more productive to introduce compelling, brand-relevant content.

8 OPTIMIZE MEDIA ROI

Too many consumers complain that they are confused by the marketing media they see. Strong marketing ROI depends on integrating the brand impression across the campaign. Celebrities spokespersons still influence Chinese consumers. But it is important to select the right celebrity, one aligned with the brand's purpose and values. Increasingly, messages delivered by peers, rather than celebrities, seem more authentic to Chinese consumers.

9 BUILD A BRAND

The size of the Chinese market and the ubiquity of e-commerce and mobile access make it possible to build a business fairly quickly. The challenge comes when growth stalls. At that point, a brand would be useful. It could convey trust and difference and help a business stand out from the crowd of seemingly comparable businesses. But that point might come too late.

10 BUILD A POWERFUL BRAND

Brands that score high in Power, a BrandZ™ metric of brand equity, grow market share more quickly. Power predisposes customers to select the brand, which becomes determinative at the point of sale. At the point of sale, physical or online, a powerful brand enjoys an important edge against all the other brands trying convert consumers to customers and close sales.



**Market
Intelligence**

Economy, Demographics, and Connectivity

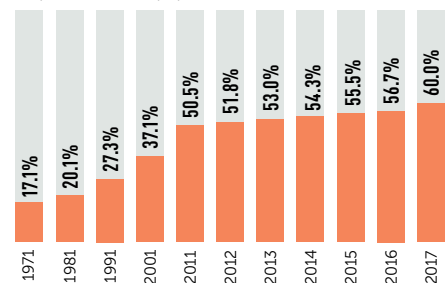
GEOGRAPHY

Land Area²
9.6 million sq. km.
3.7 million sq. mi.
 (World's fifth largest nation, slightly smaller than the US and larger than Brazil)

POPULATION

Total Population²
1.38 billion

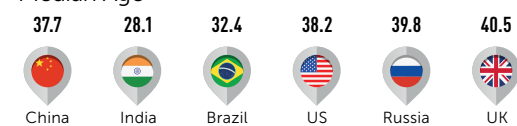
Urban Population²
 (as percent of total population)



Population by Age²



Median Age²



CONNECTIVITY

Total Internet Users¹
829 million

Rural Internet Users¹
222 million

Internet Penetration¹
59.6%

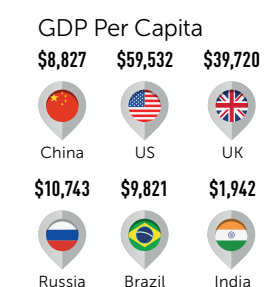
Total Mobile Internet Users¹
817 million

Internet Users on Mobile¹
98.6%

ECONOMY

GDP
\$12.2 trillion

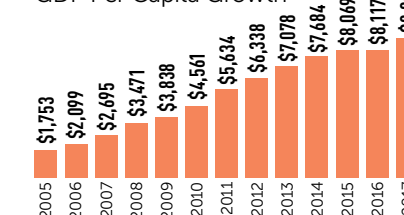
(No. 2 after the US, \$19.4 trillion and above Japan, \$4.9 trillion)



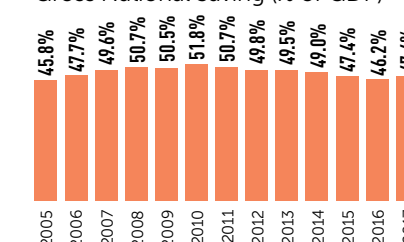
GDP Rate of Growth



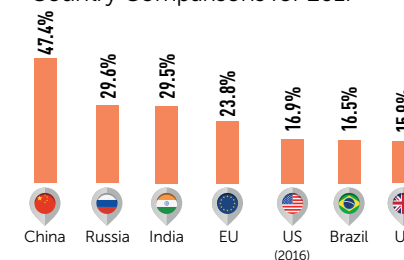
GDP Per Capita Growth



Gross National Saving (% of GDP)



Gross National Saving (% of GDP)
 Country Comparisons for 2017

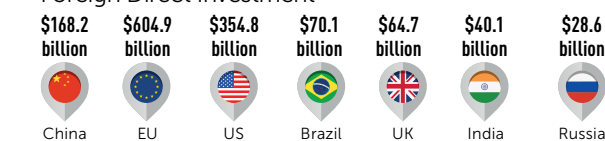


Exports²

\$2.22 trillion

(2017 est., No. 1 worldwide, above the EU, US, and Germany)

Foreign Direct Investment



Figures are from the World Bank for 2017 unless noted

¹China Internet Network Information Center (CNNIC) as of December 2018

²CIA World Fact Book, 2018 estimates unless noted

More jobs, housing attract migration to lower tier cities

Brands need additional insights to grasp new opportunities

During China's economic expansion over the past three decades, millions of people left rural areas and lower tier cities to find employment and a better future in the bustling economies of the coastal metropolises, particularly Beijing, Shanghai, and Guangzhou. Now, not only has that trend slowed, in many cases it has reversed, creating new challenges for brands.

Two primary factors disrupted the traditional migration pattern. First, the upper tier cities have become competitive, crowded, and expensive. Second, the lower tier cities are rapidly changing, offering more job opportunities, good salaries, and a more balanced life. For similar reasons, people are moving from villages into nearby small cities.

The improvement of living standards in interior China happened rapidly because it is a top priority of the

Chinese government. State-Owned Enterprises and public-private partnerships have built housing, added high-speed broadband, and improved infrastructure, including better roads, high-speed rail, and more airports. Improved infrastructure has enabled industry to move inland and benefit from lower-cost real estate and labor, and favorable tax policies.

At the same time, the major e-commerce platforms and other internet brands have developed online-offline ecosystems that equalize consumer access to products and services throughout much of the country. Today, residents in many lower tier cities can often expect one-day delivery on brands they purchase on Alibaba's Tmall, JD, and other major e-commerce sites.

In addition, both Alibaba and JD have launched businesses to streamline the movement of products from the manufacturer through to the final retailer destination. Greater efficiency in the supply chain results in comparable pricing in the lower and upper tier cities.



ACTIONS FOR BRAND SUCCESS IN LOWER TIERS

1 Understand local differences
Because of developments in e-commerce and distribution, lower and upper tier cities should become more comparable in product availability, service levels, and prices. However, brands need to remain mindful that consumer lifestyles differ according to city tier. Understanding those differences remains vital for brand success.

2 Personalize communication
Communicating effectively with residents of lower tier cities requires understanding their distinctiveness. They are less transactional than upper-tier residents and prefer personalized, relationship-based shopping. Although many brands may not operate physical stores in lower tier cities, they still need to deliver an engaging experience with personalized messages and creative packaging.

3 Premiumize when appropriate
It is no longer axiomatic that consumers in lower tier cities will shop price alone. Parents in lower tier cities are just as likely to want the best for their children and are often ready to pay for a higher-priced product when the premium is merited.

Along with these changes, the less stressful lifestyle in lower tier cities attracts inhabitants. Because daily commuting is faster, people have more personal time. Because of lower real estate costs, they can afford more living space. Couples in lower tier cities are more likely to have a second child than couples in upper tier cities.

Lower tier cities are expected to drive China's population growth and the demand for certain categories, especially those related to raising children, a development with important implications for brands.

Case Study | Wuhan

Government incentives stimulate economic and population growth

Wuhan •



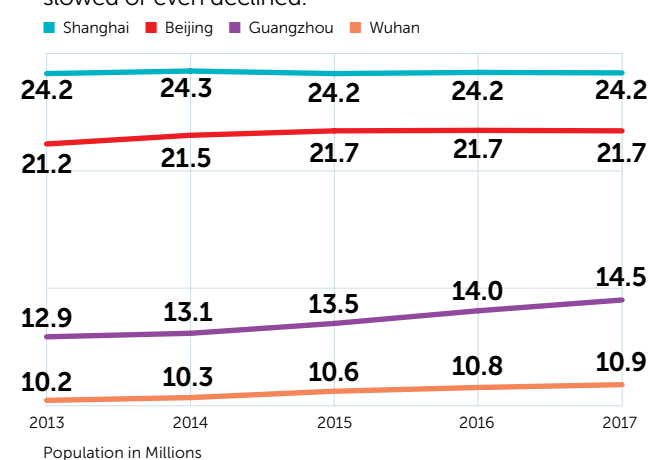
The population of Wuhan, the capital of Hubei Province in central China, has increased over the past several years, reaching around 10.9 million, while population growth in Shanghai and Beijing has slowed or even declined, in part because of the high cost of living, but also because of government policies that control household registration. At the same time, the GDP growth rate of Wuhan is greater than the rate for Beijing, Shanghai, and Guangzhou.

To drive economic growth, and incentivize people to move to Wuhan, the local government intends to construct new housing and make it available to educated workers for 20 percent under market rates. In addition, the city has issued a schedule of recommended salaries that increase according to level of education.

College graduates would earn 50,000 yuan annually (\$7,400), while individuals with doctoral degrees would receive 80,000 yuan (\$11,800). (China's GDP per capita is around \$8,800, according to the World Bank.)

Wuhan outpaces upper tier cities in population growth...

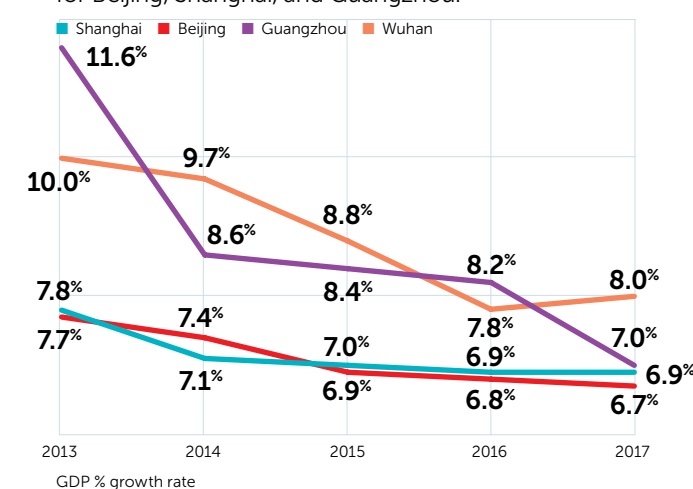
Wuhan has increased in population over the past several years, while the population of Shanghai and Beijing has slowed or even declined.



SOURCE: BrandZ™ / Kantar / Statistics bureaus of respective cities

... And Wuhan outpaces upper tier cities in GDP growth...

The GDP growth rate of Wuhan is greater than the rate for Beijing, Shanghai, and Guangzhou.



SOURCE: BrandZ™ / Kantar / Statistics bureaus of respective cities

Consumer brands move beyond Belt and Road

Gaining local insight tops list of global growth challenges

The presence of Chinese products and services abroad is probably most associated with the government's Belt and Road initiative to build infrastructure and other projects overseas as a way to extend the China's soft power. But Chinese consumer-facing brands are moving beyond Belt and Road with ambitious plans to build businesses in both the developing markets of Asia and Africa and in the mature, competitive markets of Europe and North America.

Global expansion is evident in the product categories that dominate the BrandZ™ ranking of Chinese brands with the greatest overseas presence. In 2013, half of the Top 10 Brands in Overseas Presence were State-Owned Enterprises, either airlines or oil

and gas companies. This year, six of the Top 10 are technology brands. One is a home appliance maker. And the remaining three are SOEs.

This shift is not incidental. It includes a combination of established and start-up brands that fit into the key industries of the Chinese government's Made in China 2025 strategy, a plan to transform China from the world's factory to a leading maker and marketer in categories that include artificial intelligence, particularly the Internet of Things and Smart Appliances; robotics, green energy and vehicles; medicine and medical devices.

The three newcomers to the Top 10 Brands in Overseas Presence are DJI, the world's leading maker of consumer and commercial drones; UBTECH, a leader in artificial intelligence and humanoid robots used for business, education, and entertainment; and Xiaomi, a leading smartphone maker in China and India, now devoting attention to artificial intelligence and the Internet of Things.

Local Insight

The No. 1 challenge facing Chinese brands expanding abroad is lack of local insight.

Brand Management

Brands struggle to understand with whether it is best to manage the brand globally or locally.

Communications

Some brands rely on short-term fixes to successive problems when success requires being guided by a long-term communications strategy.

Talent

Expanding brands need to find the right balance between hiring talent who know the local market and relying on people who know the operating style of Chinese brands.

How to establish the brand overseas is another question, however, according to the China Outbound practice at Ogilvy. Some brands choose to establish themselves as global citizens without special reference to their national origin because they define themselves as leading experts in their category. For brands in certain categories, traditional Chinese medicines, for example, their provenance adds obvious credibility.

Most Chinese brands still face similar challenges when expanding abroad. Some challenges are category-specific, like the intellectual property debates in technology. Other challenges are geopolitical, like the security concerns that limit access to certain Western markets. Finally, many challenges faced by Chinese brands looking to go global are operational, according to Ogilvy. Among these challenges are:

Chinese brands make steady progress overseas

But building awareness and Brand Power remain urgent challenges

Chinese brands continue to make steady progress in overseas expansion, but they need to address two urgent challenges, according to the third annual Chinese Global Brand Builders ranking, produced by BrandZ™ and Google. The challenges are:

AWARENESS



Brand building begins with awareness. All Chinese brands competing outside of China, especially those that do not yet appear in the ranking, need to raise their level of awareness overseas. Greater awareness is best achieved by increased digital presence.

BRAND POWER



Brand Power enables brands to enjoy sustained market share growth. Only brands with sufficient Brand Power scores appear in the ranking. And those brands need to strengthen their Brand Power by increasing their levels of Difference and Salience.

Brand Power is a BrandZ™ measurement of brand equity comprised of three components: Difference (being distinctive); Salience (coming to mind at the time of consideration); and Meaningfulness (filling needs in a relevant way).

The good news is that since the Chinese Global Brand Builders report launched in 2017, with 30 brands, the Top 30 have increased steadily in Brand Power, based on the appraisals of overseas consumers. In fact, year-on-year, Brand Power increased 15 percent for the 2019 Top 30.

Brands in the Top 30 experienced strong year-on-year Brand Power across categories, led by online fast fashion (not a category in the BrandZ™ China Top 100), home appliances, and e-commerce; and across countries, led by Japan, France, and Spain.

By raising their levels of Difference and Salience, brands already in the Chinese Global Brand Builders ranking can strengthen their Brand Power and narrow the Brand Power gap that separates them from the BrandZ™ Top 100 Most Valuable Global Brands.

Higher Brand Power depends on increased awareness. And, most troubling, awareness among overseas young people has declined significantly overall. In 2016, almost 20 percent of 18-to-34-year-olds were aware of Chinese brands. That proportion declined to less than 15 percent in 2018.

The awareness challenge is greatest for brands not yet in the ranking. Among overseas consumers of all ages, only 7 percent recognize these brands. Brands already in the ranking enjoy a much higher 22 percent level of awareness, but it has not increased over the past three years.

Digital presence is the key to increasing awareness. Over the past three years, Chinese Global Brand Builders increased 14 percent in the Google search index and 16 percent in the YouTube search index. In contrast, brands not in the Chinese Global Brand Builders ranking declined 21 percent in the Google search index and 24 percent in the YouTube Index.

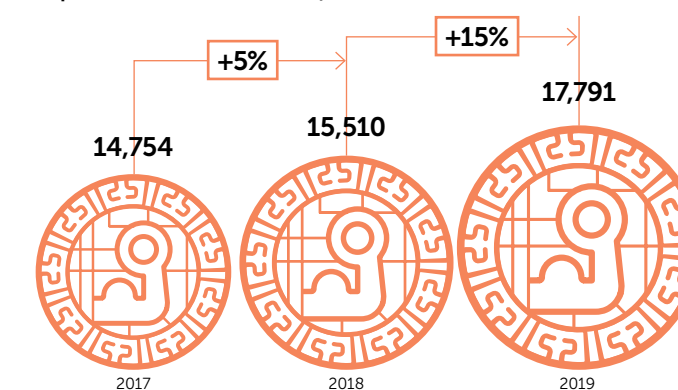
SUMMARY CONCLUSIONS

- 1 Building greater overseas awareness of Chinese brands is critical.
- 2 Awareness leads to Brand Power, which varies in strength by category and country.
- 3 Strengthening Brand Power requires investment in building Difference and Salience.
- 4 To be more effective, Difference and Salience need to be amplified by digital presence.

The Brand Power of Chinese Global Brand Builders is strengthening

Since the Global Brand Builders report launched in 2017 with 30 brands, the Top 30 have increased steadily in Brand Power, based on the appraisals of overseas consumers.

Top 30 Brand Power Growth | Year-on-Year



Total Top 30 Brand Power and % year-on-year change

SOURCE: BrandZ™—Google Chinese Global Brand Builders / Kantar

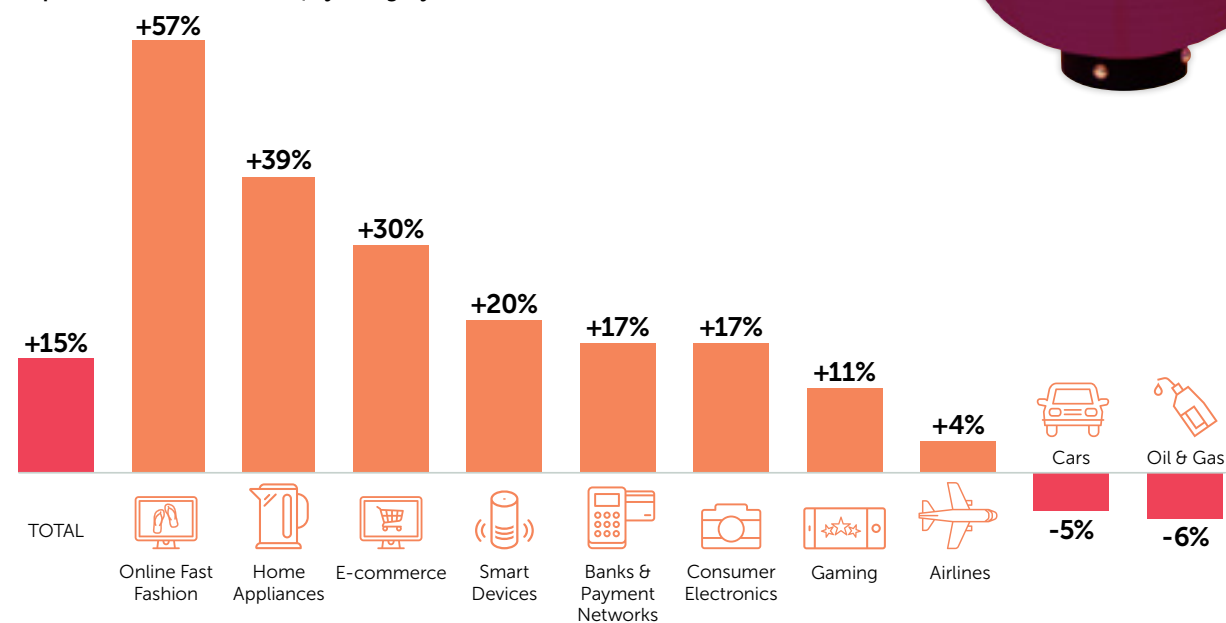
Going Global



Brand Power growth crosses categories....

Brands in the Top 30 experienced strong year-on-year Brand Power growth of 15 percent, on average, across categories, led by online fast fashion (not a category in the BrandZ™ China Top 100), home appliances, and e-commerce.

Top 30 Brand Power Growth | By Category

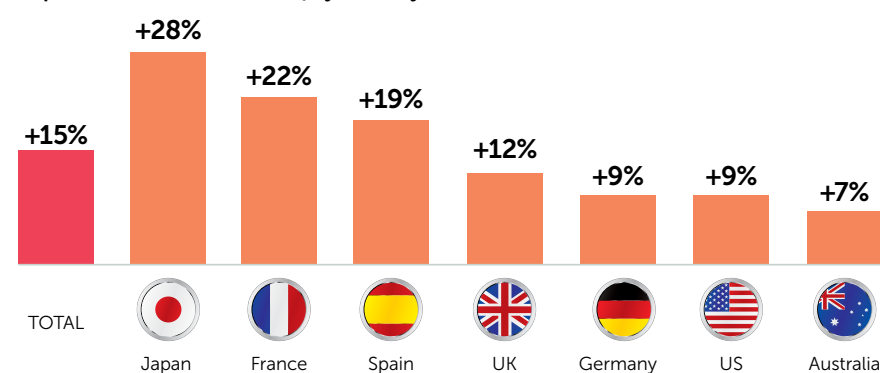


SOURCE: BrandZ™–Google Chinese Global Brand Builders / Kantar

... And Brand Power growth crosses countries...

Brand Power growth in three countries exceeded the average 15 percent growth: Japan (28 percent), France (22 percent) and Spain (19 percent). These countries experienced more moderate growth: the UK, Germany, the US, and Australia.

Top 30 Brand Power Growth | By Country

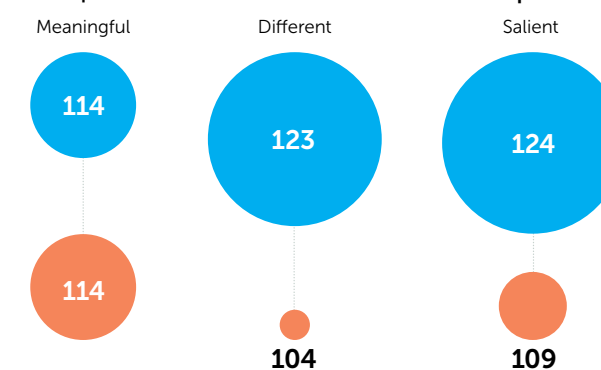


SOURCE: BrandZ™–Google Chinese Global Brand Builders / Kantar

... Greater Difference and Salience will increase Brand Power

By raising their levels of Difference and Salience, brands already in the Chinese Global Brand Builders ranking will strengthen their Brand Power and narrow the Brand Power gap that separates them from the BrandZ™ Top 100 Most Valuable Global Brands.

MDS | Chinese Global Brand Builders vs. Global Top 100



■ Overseas Brands in 2018 BrandZ™ Global Top 100 (86 brands)
■ 2019 Chinese Global Brand Builders Top 50

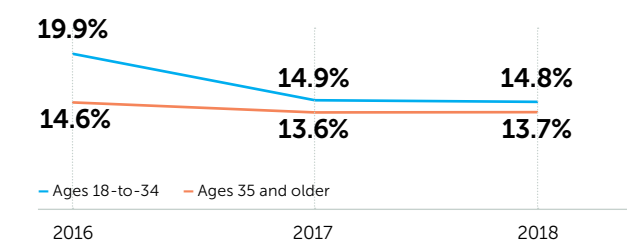
SOURCE: BrandZ™–Google Chinese Global Brand Builders / Kantar

All brands need to improve awareness, especially among young people...

Awareness of Chinese brands overseas has declined significantly among young people, both for brands in the Chinese Global Brand Builders ranking and for brands not yet in the ranking.

Awareness | All Brands

3-year change in awareness of Chinese brands among overseas consumers



SOURCE: BrandZ™–Google Chinese Global Brand Builders / Kantar

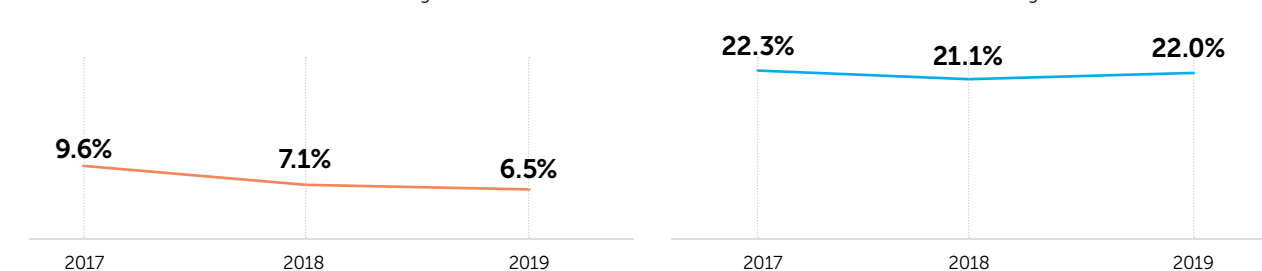
... The awareness challenge is greatest for brands not yet in the ranking

Among overseas consumers of all ages, only 7 percent recognize brands not yet in the ranking. Brands already in the ranking enjoy a much higher 22 percent level of awareness, but it has not increased over the past three years.

Awareness | Comparison of Brands

Brands not in the Global Brand Builders Ranking

Brands in the Global Brand Builders Ranking



% of overseas consumers aware of the brands

SOURCE: BrandZ™–Google Chinese Global Brand Builders / Kantar

Shoppers make smarter, more rational decisions

Premium remains an option when justified

Recent economic realities, abetted by greater consumer sophistication and access to product knowledge, has fostered a new shopping rationality. People are stratifying their needs: trading up when product efficiency or a lifestyle desire merit a higher price; and trading down when a need can be satisfied with an acceptable product at a lower price.

This stratified spending, identified by Kantar, has impacted the Chinese market in many ways, including the emergence of Pinduoduo, China's third-largest e-commerce platform, after Alibaba and JD. The site, which completed an IPO during 2018, offers price-competitive products and incentivizes customers to purchase with friends and earn volume discounts.

Similarly, Starbucks, which has opened over 3000 stores in China since entering the market almost 20 years ago, now faces stiff competition from a new Chinese entry, Luckin Coffee, which sells its coffee at around half the Starbucks price, and has around 2,000 outlets. And, consistent with the Chinese phenomenon of extreme convenience, Luckin Coffee promotes rapid delivery.

Where Starbucks created, and premiumized, the "third space" between home and office, a place to experience a cup of coffee and a respite from the day's stress, Luckin Coffee has identified a complementary need for times when people desire just a good cup of coffee at a fair price, delivered quickly, to home or office. The chain's physical locations vary, from small and convenient to larger and more

Complicated impact

The ways Pinduoduo and Luckin Coffee illustrate stratified spending can be complicated. Some consumers may be trading down when they select Luckin Coffee, but other consumers may be trading up, or they may be traditional tea drinkers trying coffee for the first time, a development that would potentially expand the coffee market. Similarly, Pinduoduo can be an on-ramp for new consumers, especially from lower tier markets.

These competitive developments also drive incumbent brands to improve. Starbucks continues its traditional positioning in China. Its Shanghai Roastery is an enormous destination location with an immersive experience that attracts lines of visitors. At the same time, Starbucks has partnered with Alibaba for the necessary online/offline logistics to offer delivery.

The partnership includes some delivery from Hema stores, the Alibaba supermarket known for its fresh products, which serve as both a retail store and distribution center. Starbucks has recently introduced coffee delivery in the US, its home market, an illustration of how developments in China, in this case the redefinition of convenience, can find expression in other global markets.

Young people illustrate a way that Chinese consumers stratify their spending. These internet citizens are part of the same global village as their peers in North America and Europe. They see the same fashions and lifestyle trends and are willing to pay a premium for them. Young Chinese consumers also will try a less expensive local brand if the brand offers something valuable.

For young consumers, the reputation of Chinese brands has improved tremendously in their lifetimes. And local brands communicate effectively on social media. Chinese brands can be interesting to young people. And by educating consumers about the ingredients or components of their products, local brands facilitate rational buying decisions.



Insurgent Chinese Brands

Entrepreneurial brands defy FMCG slow growth

Both penetration and premiumization drive revenue

A group of entrepreneurial Chinese brands is greatly outperforming the slow growth pace of fast-moving consumer goods (FMCG). These brands increased almost 20 percent in revenue across 33 FMCG categories, between 2015 and 2017, while representing only 6 percent of market share.

Around two-thirds of these brands increased revenue at least twice as fast as their category average. And, in contrast to the FMCG market overall, where brands resort to premiumization to compensate for flattening penetration, the insurgent brands gained only 20 percent of their revenue growth from price and 80 percent from volume.

Kantar analyzes this phenomenon in its China Shopper Report: Local Insurgents Shake Up China's Two-Speed Market. The report, completed with Bain & Company, studied 46 Chinese FMCG insurgent brands and found these defining similarities: Insurgent brands attempt to fulfill the unmet needs of Chinese consumers; and they accelerate decision-making and execution.

To maximize the effectiveness of limited resources, insurgent brands also share these three operating characteristics:

- 1 They simplify their offering and focus closely on consumer desires, sometimes limiting their assortment to the most popular, fast-moving items.
- 2 They communicate efficiently on high-traffic platforms, such as Alibaba and JD, as well as social media platforms like Douyin (known as Tik Tok outside of China), and many focus intently on lower-tier cities where multinational competition is relatively limited.
- 3 They stay nimble and flexible, testing, learning, and revising, and they establish partnerships for manufacturing and marketing to reduce asset investment.

Several factors drive the emergence of insurgent Chinese brands. Digitalization lowers barriers to entry, and venture capital is available to fund digital start-ups. New Retail has opened niche opportunities for more personalized products, and it has diminished economy of scale advantages. In addition, the growing consumer

preference for products that are healthy and respectful of the environment requires a level of innovation that sometimes is easier for smaller brands to achieve.

The emergence of insurgent brands is consistent with the FMCG sales volume trend that Kantar and Bain & Company have tracked for several years, with growth of food and beverages lagging the growth of home care and personal care. The insurgent brands also participated in the modest recovery of FMCG categories during the first half of 2018, when sales volume continued to decline, but average selling price increased 4.6 percent, yielding a 3.3 percent increase in total spending.

COMPETING WITH INSURGENTS REQUIRES A “3-D” APPROACH

- 1 **Design for Chinese Consumers**
Global experience is important, but it needs to be complemented by local consumer insight, and that generally requires local product design, branding, and marketing. These priorities become more urgent as trends rapidly change, often influenced by young people.
- 2 **Decide in China**
Making decisions abroad can slow down the process and result in the wrong outcome. Systems for incentivizing local teams need to match the programs offered by the insurgent brands.
- 3 **Do it at Chinese Speed**
Large scale does not automatically mean slow speed. Alibaba and Tencent, for example, grew scale quickly by building ecosystems rather than physical assets. FMCG multinationals can mirror this approach by owning some core functions, like product development and marketing, and relying on partners for manufacturing and distribution. Multinationals can also focus on narrow initiatives that can later be scaled.



AI impacts brands across categories

Vital tool helps personalize products, services, communications

Brands across the categories analyzed in the BrandZ™ China Top 100 report increasingly rely on artificial intelligence to help understand and fulfill rising consumer expectations for more personalized products, services, and communications.

By converting data into insights, and progressively refining those insights based on experience, AI enables brands to create ever-more detailed portraits of individual customers and groups of customers. Rather than defining a customer segment as all people 19-to-35 years old, for example, a segment might include only the people in that age group who commute on a rental bike and order in food a few nights per week.

Brands also use AI to create more relevant new products and services, optimize supply chains, and reduce costs. And because the accuracy of AI learning is generally a function of the amount of available data, China enjoys an enormous advantage with its population of over 1.3 billion people and relatively less restrictive attitudes about privacy.

However, China's population is not monolithic in its needs and wants, which means that data from one region do not necessarily yield the correct insights for another region. This distinction is important as brands seek opportunities in rapidly-growing lower tier markets or overseas, where most Chinese brands lack significant experience.

Deeper understanding requires collecting and analyzing more data—the text, sounds, and images that can yield new insights. And, as in any market, it is also important to leave room for less predictable behavior because serendipity can make the brand experience more engaging. How Chinese brands implement AI varies by category.

Across categories

In the technology category, the search engine Baidu expanded its commitment to AI, including a partnership with Xiaomi, the smartphone maker. Xiaomi's strategic focus on AI and the Internet of Things, also includes partnerships with Ikea, the furniture brand, and Ji Hotels.



AI is central to the strategies of home appliance brands, such as Haier and Midea, that are developing smart appliances to meet the needs of more affluent and sophisticated Chinese consumers who increasingly look not simply for individual appliances or devices, but for products with the smart home connectivity.

At the 2019 Consumer Electronics Show in Las Vegas, ECOVACS introduced its first robotic vacuum cleaner with a camera to view and understand its environment in a manner similar to an autonomous car. The new vacuum becomes smarter with experience. Rather than halting when it encounters a stray sock, for example, it will recognize the object and drive around it.

In entertainment, iQiyi, a streaming site similar to Netflix, uses AI to understand the preferences of its

audience and produce relevant content. The online travel brand Ctrip uses AI to understand customer travel habits and market relevant hotel and restaurant offers.

Lifestyle platforms, such as Meituan, Ele.me, and Dianping, depend on AI to rapidly interpret and respond to customer needs. Using AI software, for example, Meituan refines its food delivery service by identifying and categorizing images that consumers upload to Meituan's app every day.

Analysis of these data, such as photos of menu items and restaurant facades, help make customer searches more effective. AI can also help increase the accuracy of estimated delivery time, potentially improving customer satisfaction.

Mobile connectivity shapes self-expression

New apps change how brands engage consumers

Over 800 million people use the internet in China, and almost all of them access it with a mobile device, according to the China Internet Network Information Center (CNNIC), a government agency. This unprecedented connectivity is a key factor influencing self-expression in China and the ways brands engage consumers.

When consumers are not using a mobile device for practical needs, such as shopping, making a payment, calling a cab, or ordering food—activities that can happen on WeChat or Meituan—people are increasingly filling in their mobile online moments with entertainment, often user-generated short videos. And they are using apps for lifestyle conversations and decisions.

These behaviors, most prevalent among young people, are ways to form communities, express individuality, and find genuineness. They are adding new challenges and possibilities for marketers. The high viewership of younger consumers on the short-video site Douyin (known as Tik Tok outside of China) attracted the attention of Coach and Hermès. The luxury brands are present on Douyin, but with relevant content, such as a video of a hip-hop artists, not a standard ad.

On Little Red Book, a site devoted to personal care, fashion, and other lifestyle concerns, people share their own experiences, which now are considered more genuine than those of online celebrities. Although topics on Little Red Book may relate to specific products, they often generate broader lifestyle conversations.



The site becomes a platform for disseminating word-of-mouth, which had been the function of search engines. And Little Red Book combines social with commerce, making it possible to purchase without leaving the site. To close the online-offline loop, and experiment with New Retail, Little Red Book opened a location in Shanghai.

While mobile sites such as these appeal primarily to young people, other sites are designed for an older, educated audience, an expanding segment of the Chinese market as the country ages. These sites, such as Zhihu, often are focused on knowledge. Several brand implications flow from the growing mobile communication and entertainment phenomenon, including:

- 1 Younger Chinese people are less likely to get information from TV and other traditional media. They are more likely to turn to their mobile phones. It is important to understand the power of word-of-mouth and the kinds of Key Opinion Leaders that have influence.
- 2 The brand communication on these entertainment and social apps needs to be the kind of content that engages users on the site. In the instances of social commerce sites, compelling content can lead directly to purchase.
- 3 As brands expand deeper into China and reach new audiences, online entertainment can be an important medium because it is especially popular in lower tier cities where offline options are relatively limited.

China leads world in media investment, but growth slows

Total media spending will soften during 2019, rising only 5.5 percent, following a 6.9 percent rise in 2018, according to GroupM estimates. Excitement around the World Cup explains some of relative strength in 2018. International trade tensions explain the more conservative estimate for advertising investment in 2019.

Spending is expected to decline in all traditional media, although the growth of luxury and fashion brands should slow the rate of decline in magazine spending, according to GroupM. Similarly, GroupM expects Out-of-Home spending to increase moderately, as more brands include OOH in their media mix. And price resistance will affect the continued growth of internet spending.

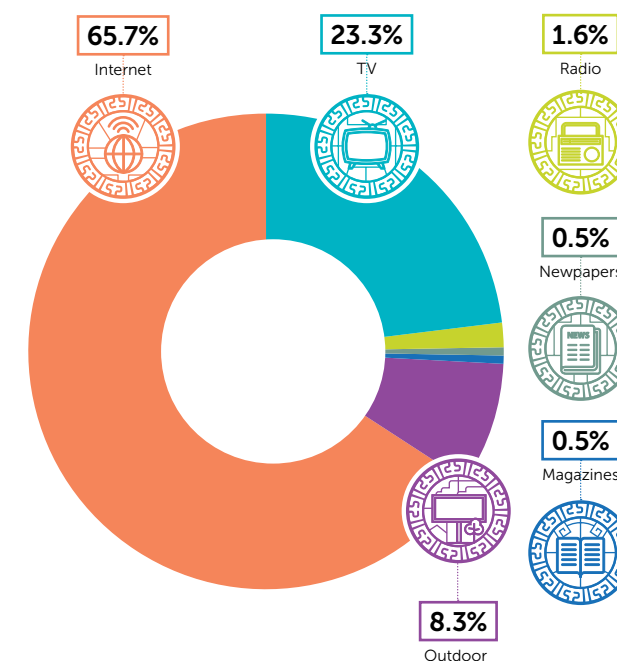
Despite the slowdown, China's growth rate exceeds global growth forecasted by GroupM: 4.3 percent in 2018 and 3.6 percent in 2019. And China remains the world's No. 1 advertising market, with spending in 2019 expected to reach \$4.8 billion



Internet dominates investment...

Internet continues to dominate media spending, comprising almost two-thirds of investment, followed by TV which garners about a quarter of media investment. The three other traditional media—radio, newspapers, and magazine—together receive less than 3 percent of investment. Outdoor comprises 8.3 percent of investment.

Share of Media 2019

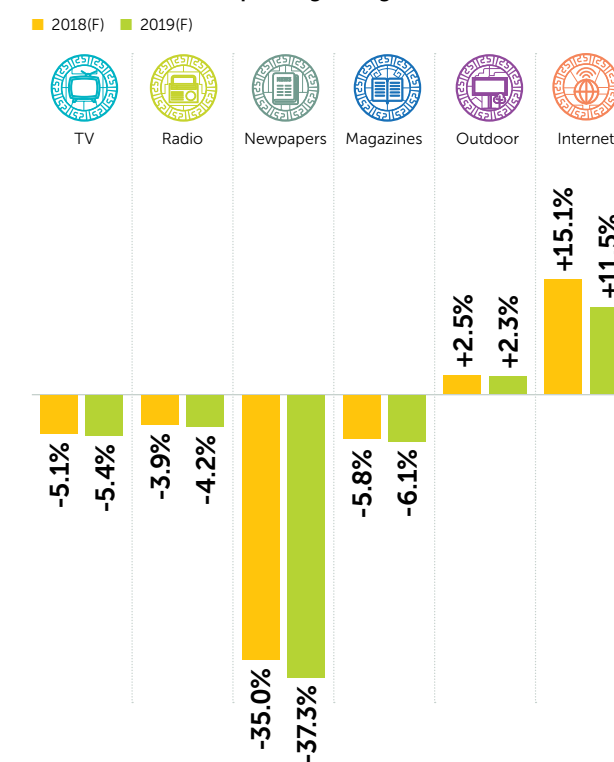


SOURCE: GroupM

... And internet leads growth

Traditional media continues to decline, while outdoor and internet continue to grow, although also more slowly.

Year-on-Year Media Spending Change



SOURCE: GroupM

03



**Thought
Leadership**

Brand marketing in digital, mobile era requires three new relevancies



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GroupM is the world's leading media investment company responsible for more than \$45B in annual media investment.

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Brands must achieve a deeper, emotional and cultural connection

Over the past 20 years, China's internet users have moved from the conventional internet era into the mobile internet era, driving a rapid transition towards digital, online, and mobile technologies that are dramatically changing the ways Chinese consumers shop, socialize, play, and work.

The rise of big data, cloud computing, the Internet of Things, virtual reality and augmented reality, as well as the implementation of cutting-edge technologies such as artificial intelligence and iterative upgrades to hardware equipment, have been accompanied by a further shift towards digital technology and seamless connectivity. These changes are altering consumer living environments, behavior, and even thoughts and emotions, erasing the boundary between the online and offline worlds.

For the foreseeable future, these trends will continue to drive profound changes in people's perceptions of themselves, and their interactions and relationship with the world. This, in turn, will result in severe fragmentation and diversity of the channels through which people obtain information and content. All of this is overturning and reshaping marketing paradigms and raising key questions: "How can we communicate effectively with consumers? What innovative methods can we use to improve the performance of marketing communication?"

Those are two questions that marketers frequently ask. To begin my answer, I would like to emphasize that the essence of marketing has not changed; what needs to change is people's thinking. It's not just about strategic thinking in marketing. It is about breaking down barriers between traditional departments and properly integrating internal and external resources to focus on the consumer experience and business development. No matter how complicated the marketing environment becomes, brands and marketers need to constantly focus on consumers, be sensitive to the drivers and directions of change, and use new technologies and capabilities to amplify the influence of media and content, in order to make them more personalized and refined.

The following "three relevancies" must be adhered to when formulating marketing plans:

- 1 Brand/Product Relevance**
In the last two years, many marketers have strived to achieve viral, eye-catching or "explosive" content. However, despite some creative ideas have achieved significant but brief exposure, it is rare that people remember the brands or products themselves. Marketers must remain focused on essential considerations: How to use creative ideas to tell brand and product stories, enhance relevance, or imbue products with product and brand power, in order to create brand IP and build longer-term brand assets.
- 2 Audience Relevance**
Consumer demand for consumption, products, and brands are becoming refined and segmented to a greater degree than ever. Brands need to communicate precisely with different segmentation and ensure that the content of communications is "relevant" to the audience, feels fresh and experiential, and triggers emotional resonances and cultural identification. Brands can also provide audiences with platforms to express themselves and communicate with others, further increasing their relevance.
- 3 Social/Cultural Relevance**
Marketing today is no longer about simply presenting product features; it must reflect cultural and emotional values. By conveying aspirational and progressive values, brand marketing can generate greater social influence, not only giving it greater commercial value, but also creating social value.

Greater ROI requires adjusting for a more complex, fragmented media environment

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Brands need to focus on strengthening in-campaign capabilities

Digitalization has made the media environment more complex and fragmented than ever. Every day consumers spend enormous amount of time across multiple screens. They are bombarded with out-of-home messaging while being exposed to TV and traditional print. From the moment consumers wake up until they go to bed, they are constantly engaged with media for at least three reasons:

1. Digital media channels have overtaken traditional channels, while traditional channels, like TV, have evolved to include Over-the-Top (OTT) options and addressable TV.
2. Digital media itself is diversifying and fragmenting, not only with digital media channels (PC, mobile, OTT, etc.), but also with new ad formats across platforms.
3. Publishers are introducing new monthly or quarterly products that can enhance experience or increase dwell time.

While the digital era has opened more opportunity for brands to engage with consumers, it has also increased and complicated a central challenge: to run precision marketing, driven by data and technology. Marketers must get the media mix right by reaching the right target audience at right moment, when the audience is most receptive, and present customized creative that provides a personalized brand experience.

To achieve greater ROI in this complex, fragmented media environment, marketers need to change the way they manage campaigns. They must shift priorities and focus more on building stronger in-campaign capabilities and less on pre or post-campaign insight capabilities.

Improving operations

Meeting this challenge is possible, but it requires marketing operations that are integrated and synergistic, and capable of producing campaigns with goals that are clear and results are measurable. These elements are critical:

Integration

All brand-building business units—from media, brand and marketing, insight and e-commerce—need to be integrated. That includes both message creation and delivery of the message across media platforms.

Synergy

The synergistic impact will have a far better chance of directing attention and influencing brand association to deliver both short-term conversions and longer-term returns.

Measurement

Achieving the right campaign objective, requires setting the right business goals and measuring them by the right metrics, not just observable behaviors like click for campaigns designed to build brand awareness, for example.

Focusing on activation

Precision marketing, driven by data and technology, has also changed how media activation should be managed. Currently, marketing is largely deployed through planning, launching, and learning cycles. In this wave of digital or fragmented channel marketing, however, this approach no longer seems the most effective way to practice media activation.

Instead, brands must now: (1) Focus less on campaign planning and more on in-campaign optimization; and (2) Focus less on setting a high-level media strategy and more on building the operational capability required for campaign optimization.

What becomes more critical to drive the success, or higher campaign ROI, is largely determined by organizational capability to track campaign performance—targeting, creative, and media mix efficiency—against pre-defined campaign objectives. In addition to implementing real-time measurement systems, organizations must be able to convert trackable measurement into immediate and direct actions. That requires building a cohesive decision-making system across brands, media agencies, publishers, or ad-serving platforms.

Some marketers already acknowledged the importance of building real-time tracking and insight and they have invested in real-time campaign optimization systems. In fact, there are companies, like Kantar, that provide in-campaign measurement and insight services to brands (advertisers). These systems measure short-term conversions and long-term brand building KPIs against campaign objectives. Artificial intelligence analysis of the creative content and media mix has enabled brands to do better real-time campaign optimization.

Advertisers can benefit from these developments. However, some key problems remain. The biggest barrier that we foresee is the lack of connected intelligence that integrates and forms insights from all the data gained at myriad customer touchpoints. Connected intelligence will enable industry to achieve the ideal goal, which is to create a seamlessly immersive environment where brands and consumer interact more efficiently and meaningfully with each other. This final piece of the puzzle will be in place when all the parties involved in the industry—advertisers, publishers, media and AI agencies—collaborate to build a connected intelligence platform.



“Currently, marketing is largely deployed through planning, launching, and learning cycles. In this wave of digital or fragmented channel marketing, however, this approach no longer seems the most effective way to practice media activation.”

Innovative brand experience adds to differentiation, competitive edge



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Difference helps brands grow share, command a premium

Building brand equity to accelerate market share and the ability to command a price premium depends on three components: being **Meaningful** (meeting customer needs in relevant and emotional ways); being **Salient** (coming to mind quickly when the consumer is considering a purchase); and being **Different** (being seen as distinctive, even trend-setting).

Here's the challenge: Most Chinese brands are stronger at being Meaningful and Salient than they are at being seen as Different. Hence if a brand wants to gain a competitive edge in the intense competitive Chinese market, building Difference is critical.

Innovation is key to building Difference. Product innovation is an important way to achieve Difference, but it is not the only way. Anything that makes it seem that the brand is leading the way, shaking things up or standing out because of being creative gives a perception of being innovative and different. At a time when product differentiation is harder to achieve (just look at the retail shelves and e-commerce sites creaking under the weight of tons of variants and flavors!), difference in marketing communication, customer experience, and business model are just a few of the other ways that brands can get ahead.

Although creating more products and services is important, it does not guarantee incremental growth. Instead, delivering a holistic experience that extends beyond the core functions of the product/service, creates better differentiation and expands growth opportunities. Today, it is vital to find new ways to excite consumers by offering experiences. The explosion of digital touchpoints and retail innovation enables that, with the added bouns of microtargeting and

personalization of the experience to make it not only unique but relevant to that individual's needs.

Across all categories, brands have the opportunity to differentiate by creating great experience.

For example, with its Reserve Roastery concept, Starbucks is creating a completely new brand experience for Chinese consumers. These large exhibition-like locations combine the drama and educational experience of seeing an actual coffee roasting operation with the warm atmosphere of a coffeehouse and retail shop.

Consumers can start from hearing the unmistakable sound of beans being freshly ground, to inhaling that rich aroma and sipping the perfect blend, brewed just right. The entire new customer experience strengthens Starbucks's differentiation. Chinese consumers view Starbucks as a more advanced, digital, and premium brand, rather than just a coffee shop chain.

The Starbucks Roastery responds to a challenge that most Chinese brands face: Difference. Difference enables brands to command a price premium in a market where more consumers seek higher quality products and have the money to pay for them.

Brand Experience

Innovate across touchpoints

Being seen as Different in market communication increases brand competitiveness and accelerates brand growth. Particularly in China, the brand Difference and experience needs to be communicated coherently and seamlessly across online and offline touchpoints.

Brands need to understand how best to use social media as it evolves from platforms for sharing information to platforms for also finding expert advice; from platforms purely for communication to platforms linked to T-mall, Taobao or other commercial opportunities.

A recent Kantar whitepaper about the centennial generation (people born between 1994 and 2010), found that social touchpoints play pivotal roles in all stages of centennials' shopping journey. Compared with older generations, centennials are 1.5 times more likely to know a brand through a social touchpoint and eventually buy it. More than 30 percent of centennials will do research of a brand/product to know more about it. They trust the information they obtained through their social interest groups, where there are a lot of active Key Opinion Leaders (KOLs) of specific areas. Centennials are eager to share their shopping result or/and experiences because sharing contributes to their identity-building efforts.

Celebrities and KOLs are commonly used in marketing in China. However, the Kantar whitepaper also has found that celebrities and mega KOLs are useful only in the early stage of Chinese centennials' shopping journey, as 30 percent said they would be influenced by celebrities and mega KOLs. During the later stage of shopping journey, mini KOLs or amateur influencers have more meaningful impact on centennials because their narratives are closer to everyday life. Brands should consider the innovative ways in multiple touchpoints to build brand difference.



BRAND BUILDING ACTION POINTS

- 1 **Link brand experience with brand purpose**
Start with the brand purpose, what the brand stands for, and make sure that all aspects of the brand ecosystem and experience fit with the core purpose in a meaningful way.
- 2 **Personalize the experience**
Deliver a personalized connection between the brand and the individual customer across the ecosystem.
- 3 **Integrate experience across all experience points**
Engage with consumers well before they typically engage with the brand offer. Make them familiar with the brand by consistently delivering at all points of interaction (decision points, touchpoints, experience points).
- 4 **Create opportunities to share**
Millennials and centennials, especially, love to share experiences with others, and this naturally provides brands with an opportunity to spread advocacy. The experience should first be share-worthy and, second, easy to do. Make it easy to share across digital platforms.
- 5 **Build on the halo effect of the experience**
Consumers love happy experiences, and happy/positive experiences become memorable experiences. Find ways for the brand to leverage the halo effect of the positive emotions associated with the experience.

Overseas expansion in a more contentious world requires new brand-building skills



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Dear Chinese CEO,

The world has become a rather complicated place. The political environment over the last year has changed dramatically. The trade war between the US and China has changed the playing field for Chinese brands in their quest to “go global.” Where Chinese companies were welcomed with open arms only a few years back, now, more than ever, they are looked upon with a skeptical eye and given a wary welcome (if they’re welcomed at all).

In addition, there has been a shift in leadership. Many Chinese companies are now world leaders in their respective fields, especially technology.

But these leading Chinese brands often run into trouble on the global stage.

Operating as a follower in a politically welcoming environment is a completely different game than being seen as a global leader in a complicated, protectionist environment.

Chinese companies going global need to think about their brand much more carefully than they have done in the past. Selling in foreign lands is relatively easy, but building a global brand is difficult and requires steadfast commitment. A brand is not an ad campaign, but a platform and belief that guides everything a company does and how it behaves—it must be crafted carefully.

A brand platform—a clearly articulated point of view on the world and the company’s role in it—should resonate across all stakeholders (government, press, customers, consumers, employees) and position the company as the embodiment of a set of values irrespective of the company’s bottom line. Building this platform requires brands to take these actions:

You must lead

A company needs to be human, it needs to be understood. This is what the world expects from leaders now, and companies are beholden to the same expectations.

You must do more

Connecting the world and making it digital is no longer enough, providing a smartphone to everyone is no longer enough. Neither is building good affordable cars or the best value refrigerators. That is what every company aims for. Companies today need to answer these questions: What’s in it for the world? For the people? For customers? For governments?

You must build trust

There is a general fear of all tech companies (new and old, Chinese and Western). People are worried about privacy, jobs, data—innovation in general. While they see the benefit of advances, they’re also worried about where this is all leading to. Now add to that the reputation that comes with being a Chinese company—the misconceptions and lack of understanding; one can understand why the world fears a tech or auto leader coming from China.

You must own the narrative

To overcome this, Chinese companies must open up and tell their story to the world. They must clarify purpose and intent. They must act as a good person—emulating transparency, humility, compassion, and hope.

Tell a human story

A company's story needs to be told in a human and exciting way. Products need to be explained in language that a normal person can understand. The problem is, most Chinese companies are lost in tactics—because they sell (mostly) and forget about a narrative. Tactics, however, eat brands. There is certainly a need for the immediate and tactical work, but it needs to lead into a broader narrative. Strong brands use good communications to build shields for when things go wrong, or when products are not as good as they could be.

Chinese companies need a “Smarter Planet,” a “Network Intuitive,” or a “Just Do It.” Not a slogan, but a belief—a belief supported by products, solutions, behaviors, and innovation to bring the company to life. This belief can be expressed in many ways, including: CEO speeches, events, products, interviews, ads, and employee attitudes and behavior. But all of it needs to build up to one consistent brand platform.

To build this type of shield requires someone in your company to own the message, someone senior and strategic who can make decisions. Someone who is interested in the whole company and not driven by

short-term financial goals, but clearly sees the long-term goals of the company. A strong Corporate CMO, a caring and involved CEO.

It requires a financial commitment. Many multinationals have spent hundreds of millions in branding efforts when they entered China, how is a Chinese brand going outbound any different? There is no “Chinese Way” in going global.

It also requires time. Those big, bold ideas that are needed can't just be produced and executed overnight. No brand platform can be built in a few weeks, even months. A long-term commitment and vision are vital.

Many Chinese companies continue to struggle to do it right, simply because there isn't enough focus on long-term and a lack of empowerment within the organization.

I am 100 percent certain that if this is done right, it will change how the world sees your company. It will create a much more positive and favorable environment around the globe to operate in. I am also absolutely confident that the return will be 100-fold. This is the key ingredient to becoming a true, global brand.

Thanks for reading.

“Many multinationals have spent hundreds of millions in branding efforts when they entered China, how is a Chinese brand going outbound any different? There is no “Chinese Way” in going global.

”



New Retail evolves, confronting brands with opportunities, more complexity



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geometry

Geometry Global is the world's largest and most international brand activation and shopper marketing agency.
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Added competition, social commerce accelerate change

The term entered the retail lexicon in 2017, introduced by Alibaba founder and CEO Jack Ma. It described a historic, transformative shift from the reliance on physical locations to distribute merchandise to a consumer-data-driven system that integrates all retail functions to distribute merchandise with a seamless online or offline shopping experience and efficient delivery.

New Retail enables brands to expand their reach, consumers to access more brands, and retailers and brands to more efficiently manage inventory. Speed is fundamental to New Retail. Not surprisingly, New Retail has changed rapidly in just the two years since the phenomenon received a name.

Added to China's retail lexicon is the abbreviation ATJ, which stands for the key players: Alibaba, of course, and the alliance of Tencent, China's leading online platform, and JD, Alibaba's main rival and a logistics leader in China. These New Retail players have evolved differently, and those differences affect how brands can most effectively understand China's changing consumers and expand market share.

Alibaba tends to centralize all its web traffic into Alibaba. In contrast, Tencent acts as an enabler, decentralizing its operation and typically using its WeChat social platform to direct customer traffic to its partners. Both organizations have recently made important strategic investments to strengthen their competitive standing by expanding their ecosystems and adding more presence in the physical world, Alibaba through acquisition and Tencent with alliances.

Alibaba has a major stake in Suning, the electronics mass marketer, and it owns Hema, the supermarket known for the freshness of its products, especially seafood. Alibaba also purchased a controlling position Ele.me, the food delivery operation. Tencent entered into alliances with retailers, including Walmart, Carrefour, and Yonghui Superstores. It also aligned with the rapidly-expanding e-commerce site Pinduoduo. To strengthen delivery, Tencent aligned with Meituan.

Despite their operational differences, Alibaba and Tencent-JD share a strategic priority: the customer. Customer expectations vary, however, depending on where the consumer lives. In higher tier cities, customers can shop in a luxurious shopping mall and visit the physical stores of just about any Chinese or international brand. In lower tier cities, gratification is not quite as immediate, but customer access to brands is greatly expanded by the combination of shopping online—on Alibaba's Taobao or Tencent's WeChat—and having purchases delivered.

Choosing an ecosystem

Given how rapidly New Retail is evolving, brands have little choice about participating. Whether to participate on one ecosystem or the other, or on both, depends on the ambitions of the brand. Often a leading Chinese brand will join Alibaba in part because the global reach of the T-mall site enables Chinese brands to sell overseas. A smaller competitor whose priority is deeper penetration into the Chinese market might work with WeChat and Taobao. Brand owners often sell their products and services on both sites. Retail brands need to align with just one of the ecosystems.

WeChat clearly demonstrates differences between the Alibaba and Tencent-JD models in how customer data is gathered and shared. WeChat has a mini program within its app that serves as a kind of shopping mall of third-party apps from retailers and brands. It extends the customer-centric ethos of New Retail by enabling a customer to shop conveniently at a variety of sites without having to move from app to app.

New Retail

The advantages for the retailer or brand are: (1) the ability to reach the consumer with the least number of clicks; and (2) access to all the customer data for Customer Relationship Management. It is also possible to gain a wider view of a customer's shopping behavior through Tencent.

Access to customer data becomes ever more important in the New Retail world, where sustaining a brand depends on cultivating customer relationships and providing personalized experiences. Some brands are reluctant to build their own apps and then pay WeChat for space on the WeChat app. Data is available through Alibaba as well, but in that ecosystem, Alibaba owns the data and make reports and insights available for a price is part of its business model.

Advertising is also an important component of the Alibaba model because it can deliver large audiences. Traditionally reluctant to monetize its social media site, WeChat recently has opened up possibilities for brand advertising as Tencent seeks to compensate for a decline in gaming revenue after the government objected to certain content.

Social commerce accelerates change

Meanwhile, social commerce is accelerating the rise of New Retail and making it more complicated, as illustrated by the emergence e-commerce site Pinduoduo, which in just two years reached a level of general merchandise transactions that took Alibaba five years to achieve, and JD 10 years.

Pinduoduo is similar to Groupon. Shoppers earn discounts when they increase their order by inviting friends to purchase together. The higher volume purchases enable Pinduoduo to beat the prices of most other sites. The lower prices, the browsing possibilities, and the social experience make Pinduoduo popular, especially in lower tier cities. Shoppers typically access Pinduoduo on WeChat.

To compete in such a rapidly-changing environment, both Alibaba and Tencent are looking to both enhance and streamline their ecosystems. Alibaba's Taobao recently integrated within its site user reviews from Little Red Book, which is a community of people interested in personal care and makeup. This addition means that shoppers see not only peer reviews but

also comments from people who are beauty industry professionals in the field.

Alibaba announced it would merge its two food delivery services, Ele.me and Koubei. This development echoes the earlier combining of Tencent-backed Meituan with Dianping, to become a super platform for a wide range of services, including entertainment ticketing, travel reservations, and food delivery.

The impact on traditional retailing

For almost 40 years, from the period of opening up the Chinese market in the late 1970s, two imperatives drove retail: entering the market and building scale. The objective of traditional retailers in China, like retailers in other parts of the world, had been to get the customer into the physical store with advertisements, promotions, and other persuasive communication. With New Retail, the imperative changed to getting the customer to transact online.

Traditional retailers are aligning with e-commerce giants and adopting the relevant shopping technology. The possibility of transforming excess retail space into a distribution location provides an opportunity for hypermarkets and other big-surface stores to reinvent themselves in ways that better serve how people shop today, with more frequency and a higher priority placed on convenience. RT Mart, part of Alibaba, adopted the logistics system of Hema, which synchronizes in-store and online orders, using the store as retail outlet and a distribution center.

Although seamless online and offline purchasing is a worldwide phenomenon, the way it is expressed as New Retail seems particular to China because of a variety of intersecting factors, including the availability of low-cost labor to provide delivery, and the influence of government policies that are favorable to driving consumption and advancing digitization.

New Retail thrives in China in part because of the almost ubiquitous use of mobile devices. Not only is the future potential of internet penetration substantial, China already leads the world in absolute numbers, with a staggering 802 million people using the internet, 98 percent accessing it with mobile devices, according to the China Internet Network Information Center (CNNIC), a government agency.

BRAND ACTIONS FOR SUCCESS IN NEW RETAIL

- 1 Be there**
Brands need to be a part of New Retail. The only question is how to participate.
- 2 Learn**
Each ecosystem offers unique strengths. Study what each ecosystem is doing and how it fits best into the brand's business objectives. Alibaba offers the potential of high profile, even overseas exposure. Tencent's WeChat creates a social context for the brand. The best way to understand which approach works best for the brand is to take a test drive.
- 3 Be efficient**
Go where the market is growing, which is the lower tier cities. It is possible to reach the shoppers in lower tier cities using mobile, which is much more efficient and cost-effective than building physical assets
- 4 Experiment**
Once a brand selects an ecosystem, or ecosystems, it is important to experiment, to get to know the potential of the ecosystem and how it can help the brand advance its objectives.
- 5 Move quickly**
Chinese consumers prefer speed over perfection. In China's rapidly-changing market it is easier to correct a mistake than to make up for lost time.

04

Brand Building Observations

Observation 1:

Building Difference | China

Economic factors, consumer attitudes heat up competition

Difference drives brand growth in disrupted market

Competition is rising in China as new brands emerge, the rate of economic growth slows, and Chinese consumers become more rational about their purchasing decisions. These market disruptions make being seen as Different increasingly critical for brand success.

Seventeen newcomer brands entered the BrandZ™ China Top 100 this year, more than twice the number of newcomer brands that entered the BrandZ™ Global Top 100. The China ranking changes reflect the dynamism of the Chinese market and the impact of unicorn brands, which appear in the China Top 100 for the first time because of revised eligibility criteria.

In part because of the newcomers, the brand value of the China Top 100 rose a record 30 percent year-on-year. And the level of brand value required to enter the China Top 100 more than doubled. Brands need to achieve almost \$700 million in brand value to rank in the 2019 China Top 100, compared with a threshold of around \$300 million a year ago.

In addition, the average Brand Power of a Top 100 brand rose to 169 from 162. Brand Power is a BrandZ™ metric of brand equity and correlates with the ability to grow market share. Average Brand Power is 100. Brand Power is comprised of three components: Meaningful (meeting needs in relevant ways), Difference (being perceived as distinctive or trendsetting), and Salience (coming to mind when consumers are considering a purchase).

Difference made the difference. The BrandZ™ China Top 100 brands scored an average of 113 in Difference overall, which is strong, but the China Top 10 Risers, brands that increased most in value year-on-year, scored a stronger 118. Meaningful and Salience scores were comparably high in both instances.

The need to be seen as Different applies to both Chinese and foreign brands that compete in China. Consumers view Chinese brands as more Meaningful and Salient across Tier 1, 2, and 3 cities, but not as Different as foreign brands, at least in Tier 1 cities. Chinese brands need to strengthen Difference in Tier 1 cities, and foreign brands need to sustain Difference as they expand deeper into China.

品牌启示

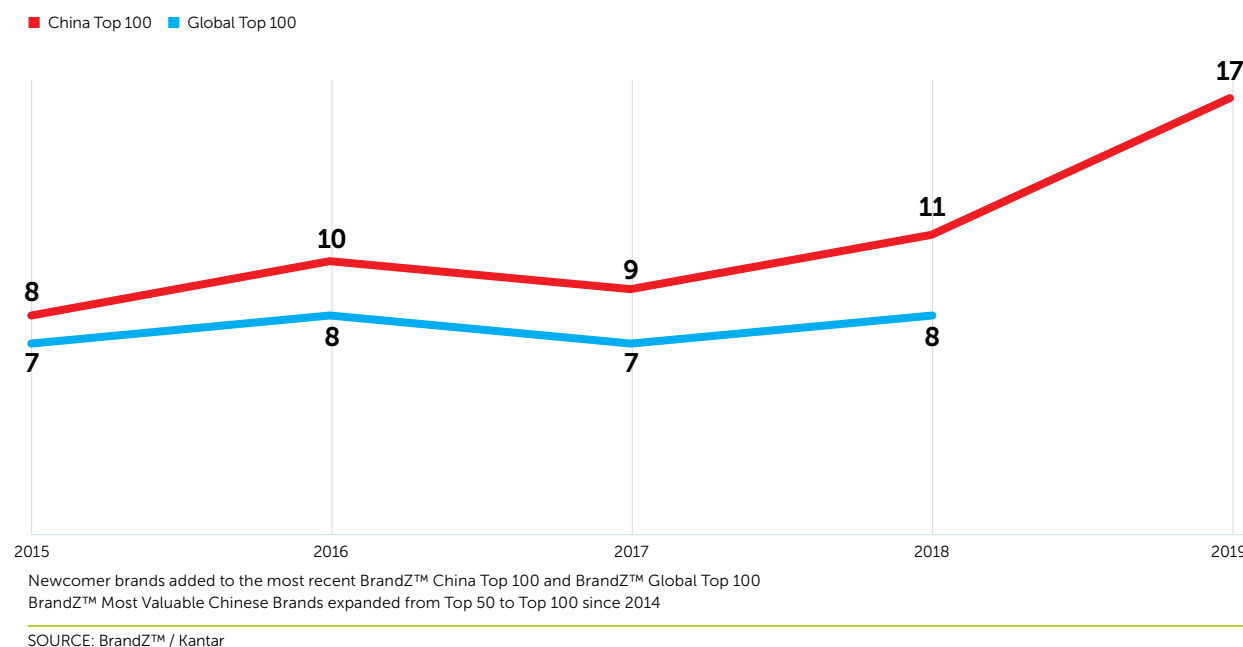
BRAND IMPLICATIONS

- Being seen as Different is no longer an option for brands competing in China. It is an imperative for rapidly growing market share and brand value.
- The BrandZ™ China Top 10 Risers, which scored strongly in Different, represent six categories, indicating the potential for brands across all categories to strengthen Difference.
- Chinese brands have an advantage across Tiers 1, 2, and 3 where they are seen as more Meaningful and Salient than foreign brands. To fully benefit from this advantage, Chinese brands need to strengthen Difference with innovative products and marketing.
- Both Chinese and foreign brands need to work harder at being seen as Different, although foreign brands have an advantage over Chinese brands in Tier 1 cities. To sustain that advantage as they expand to lower tier cities, foreign brands need to base Difference not on provenance alone, but rather on meeting local needs in relevant ways.

China Top 100 outpaces Global Top 100 in newcomer brands...

Reflecting the impact of unicorns, 17 newcomer brands entered the BrandZ™ China Top 100 this year, more than twice the number of newcomer brands that entered the BrandZ™ Global Top 100.

Newcomers: China Top 100 vs. Global Top 100



SOURCE: BrandZ™ / Kantar

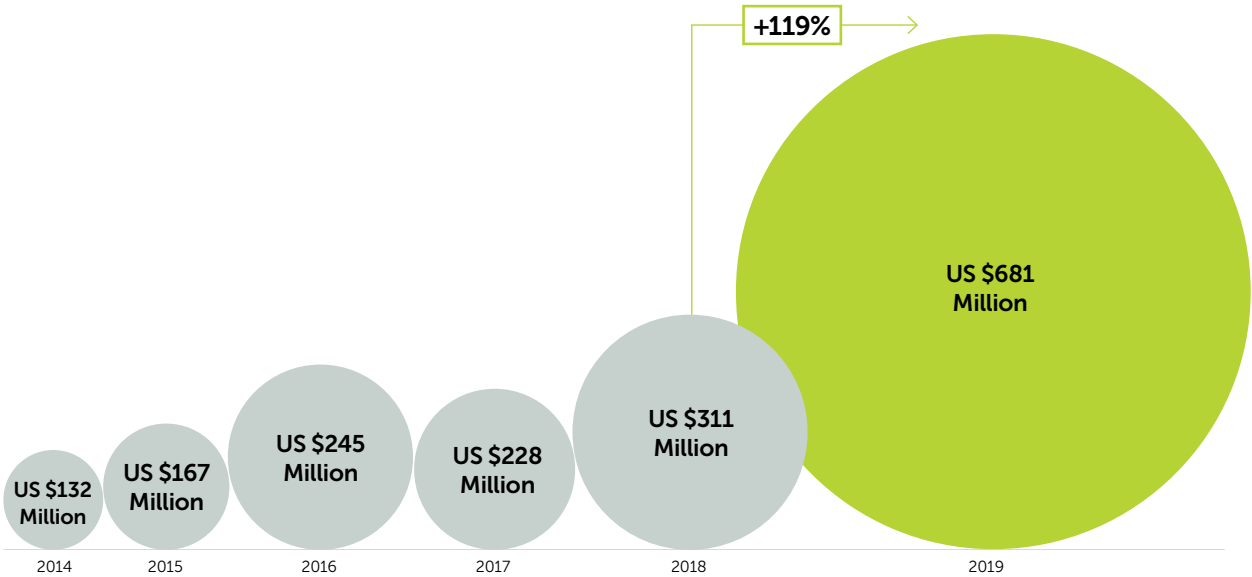
Observation 1:

Building Difference | China

... Threshold to enter China Top 100 more than doubles

Brands need to achieve almost \$700 million in brand value to rank in the 2019 Top 100, compared with a threshold of around \$300 million a year ago.

Threshold to enter BrandZ™ Top 100



Top 100 Power

Average Brand=100



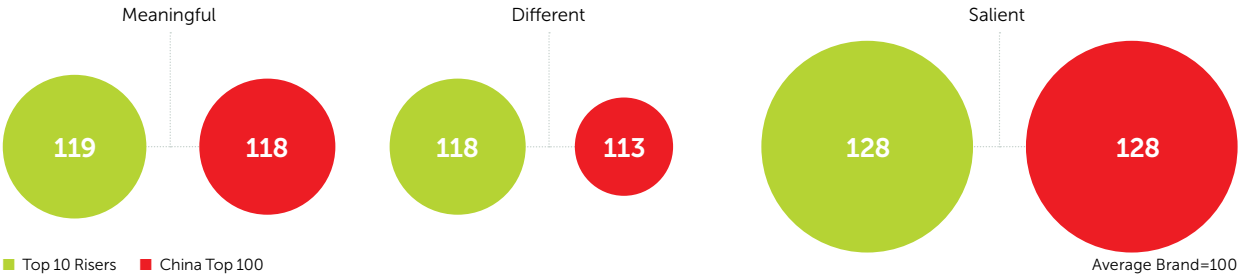
BrandZ™ Most Valuable Chinese Brands expanded from Top 50 to Top 100 since 2014

SOURCE: BrandZ™ / Kantar

Difference makes the difference...

The BrandZ™ China Top 100 brands scored an average of 113 in Difference overall, which is strong, but the China Top 10 Risers, brands that increased most in value year-on-year, scored a stronger 118. Meaningful and Salience scores were comparably high for the China Top 100 and the Top 10 Risers.

Meaningful, Different, Salient | Top 10 Risers vs. Top 100



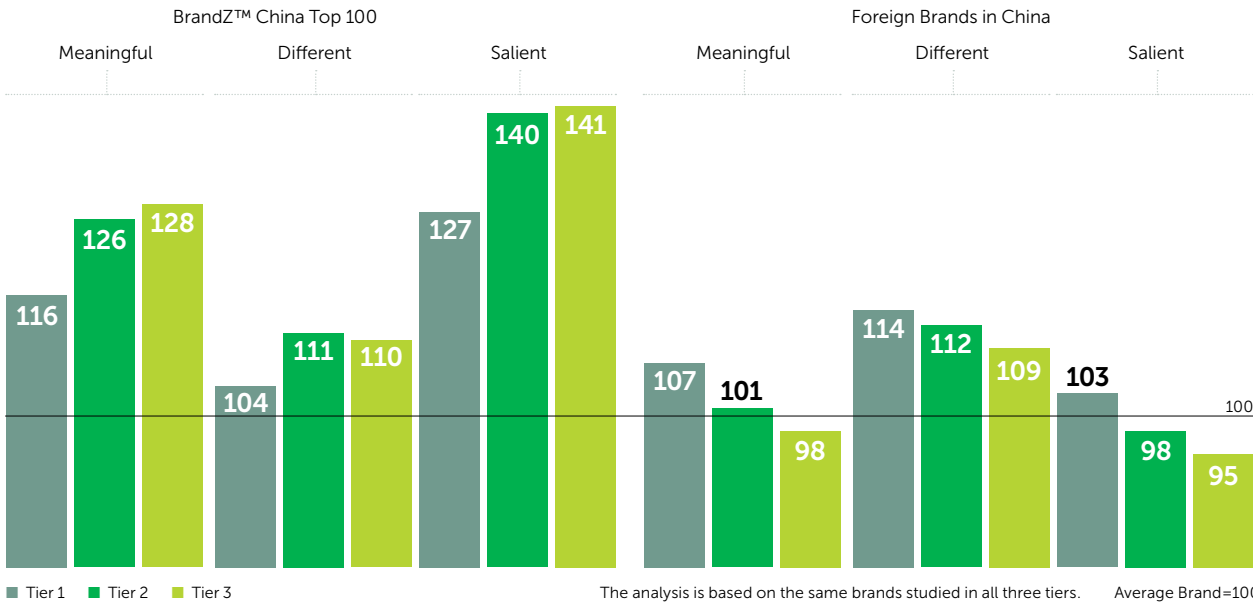
Legend: Top 10 Risers (Green), China Top 100 (Red)

SOURCE: BrandZ™ / Kantar

... And Chinese brands must strengthen Difference in Tier 1 cities

Consumers view Chinese brands as more Meaningful and Salient across Tier 1, 2, and 3 cities, but not as Different as foreign brands, at least in Tier 1 cities. Chinese brands need to strengthen Difference in Tier 1 cities, and foreign brands need to sustain Difference as they expand deeper into China.

Meaningful, Different, Salient | Across City Tiers



Legend: Tier 1 (Grey), Tier 2 (Green), Tier 3 (Yellow)

The analysis is based on the same brands studied in all three tiers.

Average Brand=100

SOURCE: BrandZ™ / Kantar

Observation 2:

Building Difference | Global

Significant growth opportunities await Chinese brands in overseas markets

Brand building efforts will accelerate progress

Chinese brands are rapidly expanding globally and increasing in brand value, often faster than brands from any other region, including North America.

The number of Chinese brands in the BrandZ™ Global Top 100 increased from just one (China Mobile) to 14 over the past 12 years, while the number of North American brands (mostly US) increased from 54 to 57. Similarly, the value of Chinese brands in the BrandZ™ Global Top 100 increased 1,445 percent over the past 12 years, while North American brands, increased 239 percent.

Despite this progress, Chinese brands still lag North American brands in total value. The 57 North American brands (55 US brands) in the BrandZ™ Global Top 100

account for 71 percent of the ranking's value, while the 14 Chinese brands account for just 14 percent.

The number of categories represented in the BrandZ™ Global Top 100 by Chinese brands increased from one (telecom providers) 12 years ago, however, to seven today. The banks category is most represented, with four brands, followed by technology, with three brands.

In the 2019 BrandZ™ China Top 100, the technology category dominates the list of brands with the greatest proportion of revenue derived from overseas business. Six of the Top 10 Brands in Overseas Presence are technology brands. Only three other categories are represented in the Overseas Presence Top 10: oil and gas and home appliances, with one brand apiece, and airlines, with two brands.

To maintain or accelerate their overseas impact, Chinese brands must strengthen their Brand Power, a BrandZ™ measurement of brand equity. Although the 14 Chinese brands that rank in the Global Top 100 score high in Brand Power, 218 on an index where 100 is average, they lag behind the "Fearsome Five" (Amazon, Apple, Facebook, Google, and Microsoft), which score 294.

Chinese brands need to improve in each of the three components of Brand Power—Meaningful, Different, and Salient. They especially need to strength Difference and Salience. The 14 Chinese brands in the BrandZ™ Global Top 100 score 130 in Difference, compared with 176 for the "Fearsome Five." In Salience, the Chinese brands in the Global Top 100 and the "Fearsome Five" score 158 and 188, respectively.

The 86 brands in the China Top 100 that do not appear in the Global Top 100 scored relatively high in Brand Power and its three components—Meaningful, Different, and Salient. But they need to score even higher, especially in Difference, to appear in the Global ranking.

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BRAND IMPLICATIONS

- Chinese consumer brands now have an opportunity to leverage the overseas presence established by Chinese business-to-business brands that have been implementing Belt and Road initiatives.
- Chinese brands should go where they can win, which often is in the emerging markets of Southeast Asia and Africa.
- The success of technology brands, and China's leadership in artificial intelligence, have helped create a more receptive overseas environment for Chinese brands across many categories and have opened up opportunities in Europe and North America.
- Young people, especially those that have experience with Chinese internet games, are a receptive customer group that views Chinese brands as innovative.
- Until now, most Chinese brands have had limited experience competing successfully against Amazon, Apple, Facebook, Google, and Microsoft outside of China. Chinese brands lag the "Fearsome Five" in Brand Power and especially in Difference. Chinese brands will need to rapidly strengthen these metrics—especially Difference—to compete successfully abroad.
- Trade tensions will ebb and flow with the political winds. Meanwhile, Chinese brands need to understand the differing characteristics and nuances of overseas markets and focus on making their products and services—and communications—relevant to these new customer groups.

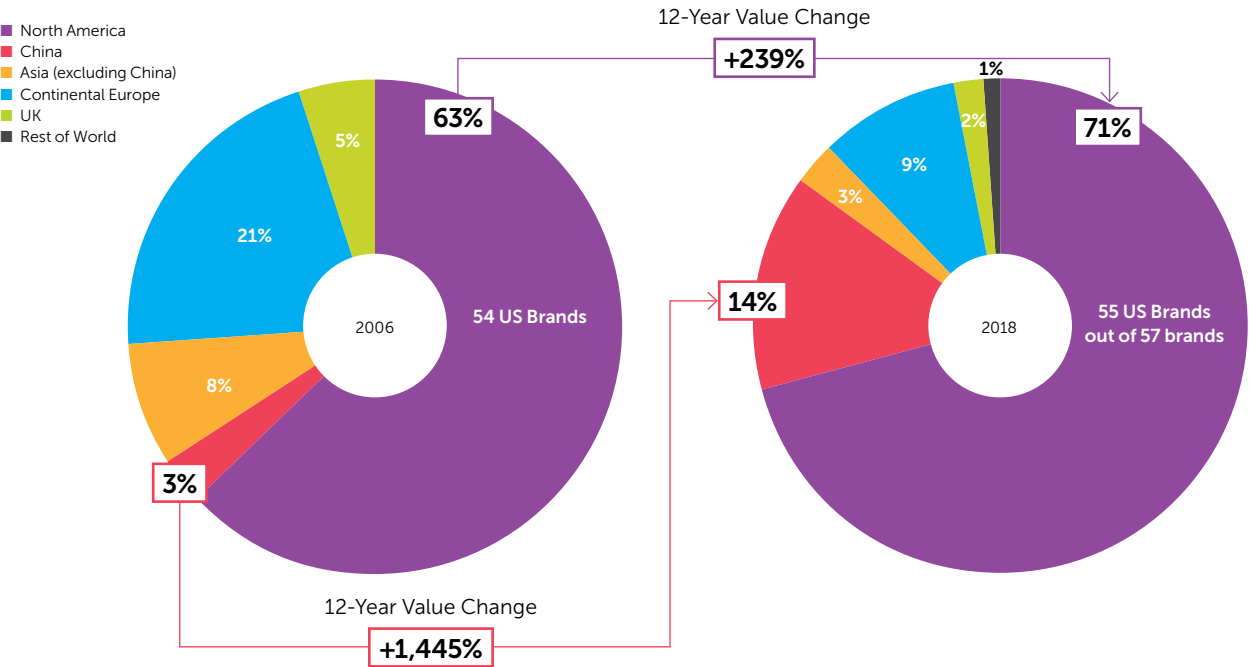
Observation 2:

Building Difference | Global

The value of Chinese brands grows globally...

The value of Chinese brands in the BrandZ™ Global Top 100 increased 1,445 percent over the past 12 years, while North American brands, increased 239 percent. North American brands (mostly US) comprise more than two-thirds of the Global Top 100 value.

BrandZ™ Global Top 100 | Value

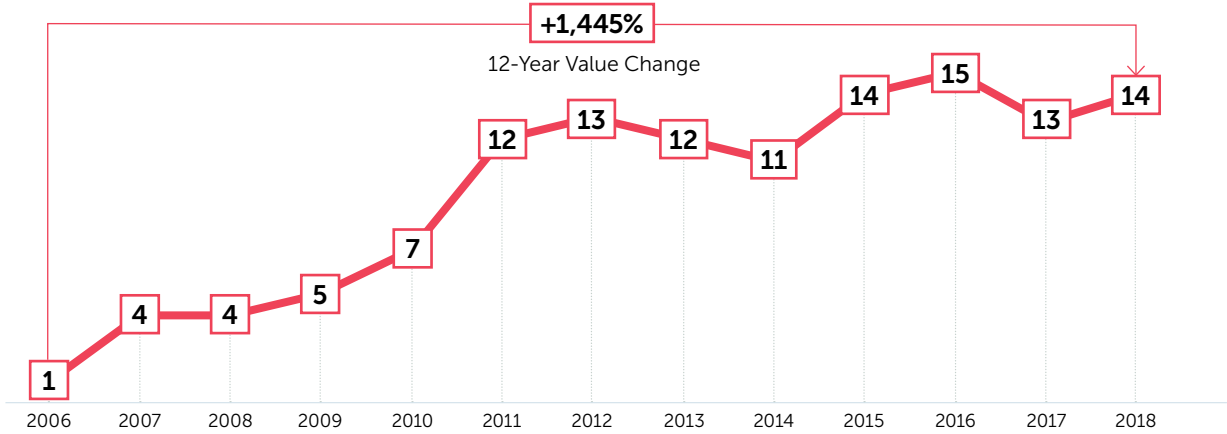


SOURCE: BrandZ™ / Kantar

... And the number of Chinese brands grows globally

The number of Chinese brands in the BrandZ™ Global Top 100 increased from just one (China Mobile) to 14 over the past 12 years, while the number of North American brands (mostly US) increased from 54 to 57.

BrandZ™ Global Top 100 | Chinese Brands



SOURCE: BrandZ™ / Kantar

Building Difference is key to accelerating global impact

To maintain or accelerate their overseas impact, Chinese brands must strengthen their Brand Power, a BrandZ™ measurement of brand equity. Although the 14 Chinese brands that rank in the Global Top 100 score high in Brand Power, 218 on an index where 100 is average, they lag behind the “Fearsome Five” (Amazon, Apple, Facebook, Google, and Microsoft), which score 294. Building Difference and Salience is critical.

Chinese Brands vs. “Fearsome Five

	China Top 100 (86 brands not in Global Top 100)	Global Top 100	14 Chinese brands in Global Top 100	Fearsome Five (Amazon, Apple, Facebook, Google, Microsoft)
POWER	157	176	218	294
MEANINGFUL	114	117	132	142
DIFFERENT	109	124	130	176
SALIENT	121	129	158	188

SOURCE: BrandZ™ / Kantar

Observation 3:

Sustaining Difference | Brand Character

Sustaining Difference requires balancing brand characteristics

Consumers expect brands to be creative, but also trustworthy

Brands that score highest in Difference in the BrandZ™ China Top 100 exhibit a balance of characteristics. Unsurprisingly, highly differentiated brands are creative and adventurous, but they are also trustworthy, in control, and wise.

The unicorn brands lack this balance. Compared with other brands in the BrandZ™ China Top 100, consumers view unicorns as more playful and fun, but less trustworthy and straightforward. A reputation for being rebellious and creative helps to build Difference, but sustaining it requires a more balanced brand personality.

The technology brand Huawei illustrates how balance helps sustain Difference over time. Between 2012 and 2019, Huawei increased its scores in being creative and rebellious, while also increasing its scores in characteristics such as trustworthy, assertive, and wise.

During the same time period, Huawei steadily increased in Brand Power, a BrandZ™ measurement of brand

equity, from a weak score to a superior score of 282. An average score is 100. Huawei increased sharply in Difference, as well as the other two components of Brand Power, Meaningful and Salient. Difference is not strictly the province of technology brands, of course, and there are myriad ways to be Different.

In the dairy category, Yili is seen as Different. The category leader is rapidly expanding its product offering to meet the consumers' desire for healthy products. Yili amplifies its Meaningful Difference by driving Salience. In the alcohol category, Moutai scores high in Difference because of its positioning as a premium baijiu. The heritage brand has recently expanded its appeal, and increased Salience, with new packaging and taste variants.

Regardless of how brands achieve Difference, Difference linked with brand experience accelerates value growth. Brands in the BrandZ™ China Top 100 that were low on Difference and Experience increased an average of only 6 percent in value, year-on-year, while brands high in both Difference and Experience increased 31 percent in value.

品牌启示

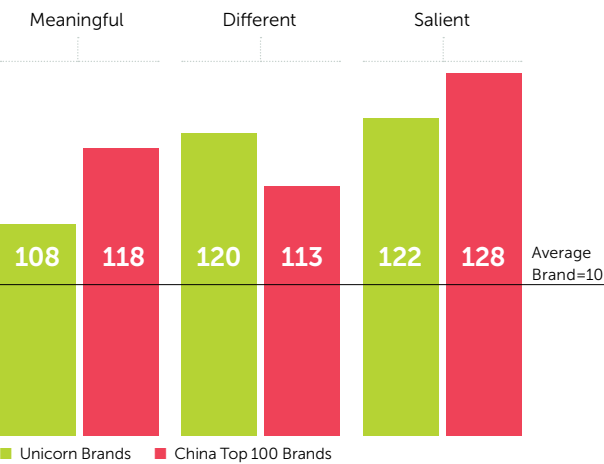
BRAND IMPLICATIONS

- Times are changing. Consumers continue to be enamored with creative brands that can improve their lives with innovative products and services. But consumers expect more. They respond more positively to brands that deliver their promises safely and responsibly.
- Being perceived as fun and rebellious defined unicorns as Different and lifted them into the BrandZ™ China Top 100. To sustain growth and remain in the China Top 100, unicorns need to balance these youthful characteristics with trustworthiness and other characteristics that signal stability.
- Established brands in the BrandZ™ China Top 100 need to balance their stability with some of the attitudes of unicorn brands. That balance becomes more necessary to accelerate brand value growth and remain in the China Top 100 now, as the value threshold for eligibility rises.
- Both unicorns and established brands can grow value faster when they match strong Difference with memorable Brand Experience.
- Brands can demonstrate their multidimensional personalities with innovative products and communication, as illustrated by the Huawei example.

Unicorns build Difference with vibrant personalities...

Compared with other brands in the BrandZ™ China Top 100, consumers view unicorns as more Different, based on a perception that unicorn brands are playful and fun.

Difference | Unicorns vs. China Top 100



SOURCE: BrandZ™ / Kantar

... But sustaining Difference requires balance

To sustain the perception of being Different, unicorn brands need to balance their playful and fun side by communicating that they are also trustworthy.

Difference: Unicorns vs. China Top 100 | Personality

	Behind China Top 100	Ahead of China Top 100
Adventurous		8
Playful		7
Rebellious		7
Fun		5
Creative		5
Different		5
Idealistic		5
Friendly	-5	
Caring	-5	
Assertive	-7	
Straightforward	-8	
Trustworthy	-8	
Kind	-11	

SOURCE: BrandZ™ / Kantar

Observation 3:

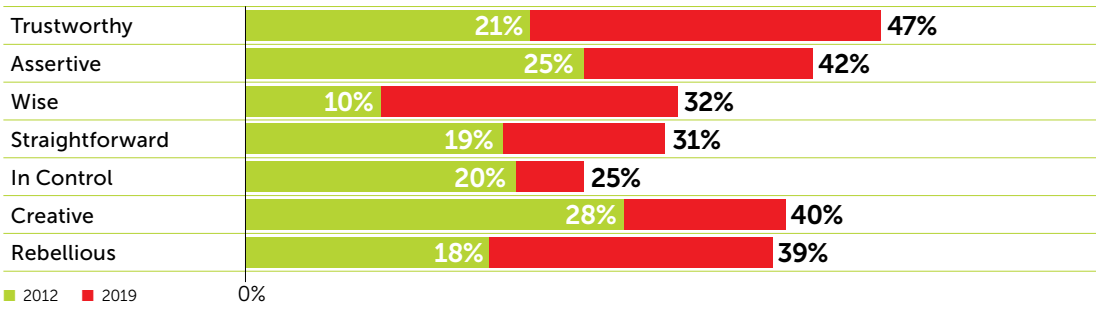
Sustaining Difference | Brand Character



... Personality balance helps sustain Difference...

The technology brand Huawei illustrates how balance helps sustain Difference over time. Between 2012 and 2019, Huawei increased its scores in being creative and rebellious, while also increasing its scores in characteristics such as trustworthy, assertive, and wise.

Huawei Brand Character 2012 vs. 2019

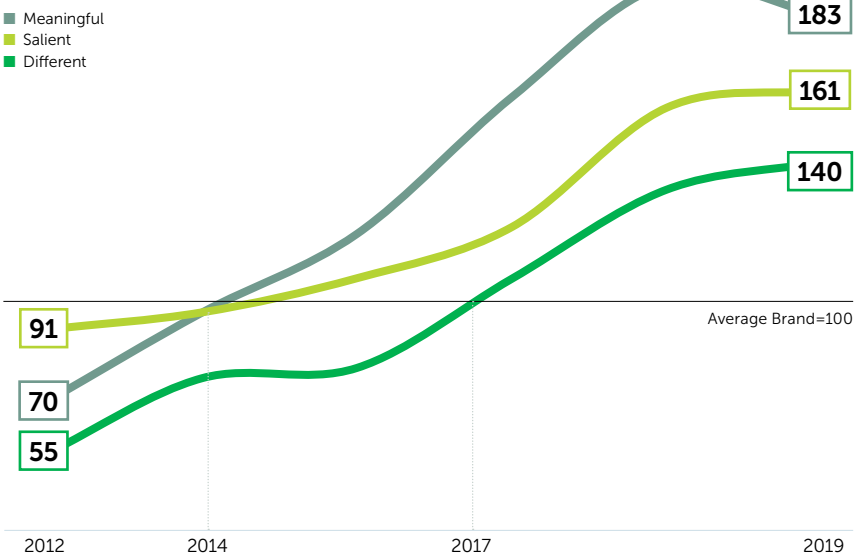


SOURCE: BrandZ™ / Kantar

... Balance lifts Difference as a component of brand equity

Between 2012 and 2019, Huawei steadily increased in Brand Power, a BrandZ™ measurement of brand equity, from a weak score to a superior score of 282. An average score is 100. Huawei increased sharply in Difference, as well as the other two components of Brand Power, Meaningful and Salient.

Huawei Brand Equity 2012 vs. 2019



SOURCE: BrandZ™ / Kantar

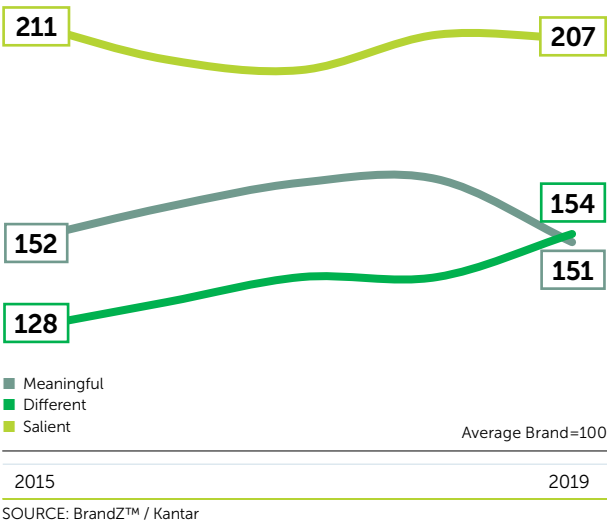


Ranking Year	Power Index
2012	15
2014	80
2015	117
2017	191
2018	270
2019	282

Difference is not strictly the province of technology brands...

Dairy brand Yili is seen as Different. Yili amplifies its Meaningful Difference by driving Salience.

Yili Brand Equity 2015 vs. 2019

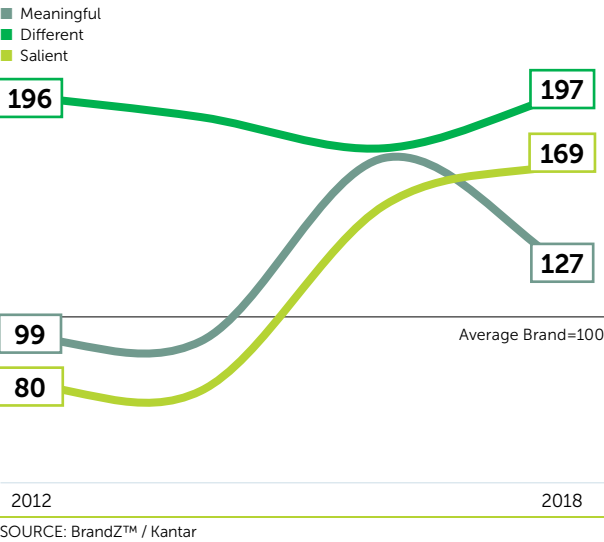


SOURCE: BrandZ™ / Kantar

... The importance of Difference crosses categories

In the alcohol category, Moutai scores high in Difference because of its positioning as a premium baijiu. The heritage brand has recently expanded its appeal, and increased Salience, with new packaging and taste variants.

Moutai Brand Equity 2012 vs. 2018



SOURCE: BrandZ™ / Kantar

Plus, Difference linked with brand experience accelerates value growth

Brands in the BrandZ™ China Top 100 that were low on Difference and Experience increased an average of only six percent in value, year-on-year, while brands high in both Difference and Experience increased 31 percent in value.

Difference Plus Experience | Value Growth



BrandZ™ China Top 100 % Value Growth 2019 vs. 2018

SOURCE: BrandZ™ / Kantar

Observation 4:

Amplifying Difference | Salience

Strong salience helps Meaningfully Different brands grow share faster

Salience requires coordination of content, reach, placement

It is fine to be a famous brand, but fame alone does not grow brand sales over time. Rather, it is important to first build—and then communicate—Meaningful Difference. This process creates brand Salience, meaning that the brand comes easily to mind when the customer is considering a purchase.

Brands that are Meaningfully Different and Salient are able to drive sales and accelerate market share gains. However, given China's fragmented media landscape, along with rising interest rates and currency factors, the challenge today is to create Salience in the most effective way, ensuring maximum ROI.

Building Salience requires a process that begins with creative content to present the brand in ways that make people feel positively disposed to the brand and motivated to purchase it. The content needs to reach the right audiences and repeat for optimal impact. Then placement, scheduling the right media for when consumers are most receptive, needs to achieve optimal engagement.

The most effective media mix varies by product category. In categories that require mass reach, such as drinks or telecommunications, the most effective mix is 40 percent TV, with the balance of media divided evenly between online video on PC and mobile, and elevator LCD. For more targeted categories, the mix changes according to the audience.

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BRAND IMPLICATIONS

- Given all the pressure on ROI today, it is critical to create Salience with smart media decisions.
- It is most effective to build a brand's Meaningful Difference first, then communicate it with the right content, reach, and placement.
- With media mix, one size does not fit all. The most effective media mix varies, depending on the product category, targeted audience, and media budget.
- Forget business as usual. Be openminded about exploring new media channels, including Out-of-Home and streaming video.
- The internet has changed the game. In many ways, media behavior is similar across city tiers and age groups. People are online clicking the latest apps for news and entertainment.

For example, the most effective mix for messages about casual food, which often target young women, is 40 percent PC and mobile video, with the balance evenly divided between TV and elevator LCD. For messages about consumer electronics and cars, which typically target medium-to-high-end customers, the most effective media mix is 40 percent elevator LCD, with the balance evenly divided between TV and PC and mobile video.

Placement opportunities are expanding. In 2018, advertisers increased spending on elevator LCD and posters, for example, while reducing spending in some traditional media. This spending pattern aligns with changing consumer media habits. Time spent with traditional media, such as newspapers and magazines, continues to decline. Although the internet exceeds

other media in daily reach, the growth rate of internet time spent by consumers is slowing.

Effective placement also requires not getting lost in the bombardment of messages that saturate consumers. Brand owners and media planners need to manage long-tail media channels and be open to emerging media.

Linking a brand with entertainment is one of the most effective options for placing content and avoiding saturation. Across all city tiers and age groups, people are spending more time online watching webcasts and other short videos. This is an important option for achieving Salience with the right content, reach, and placement.

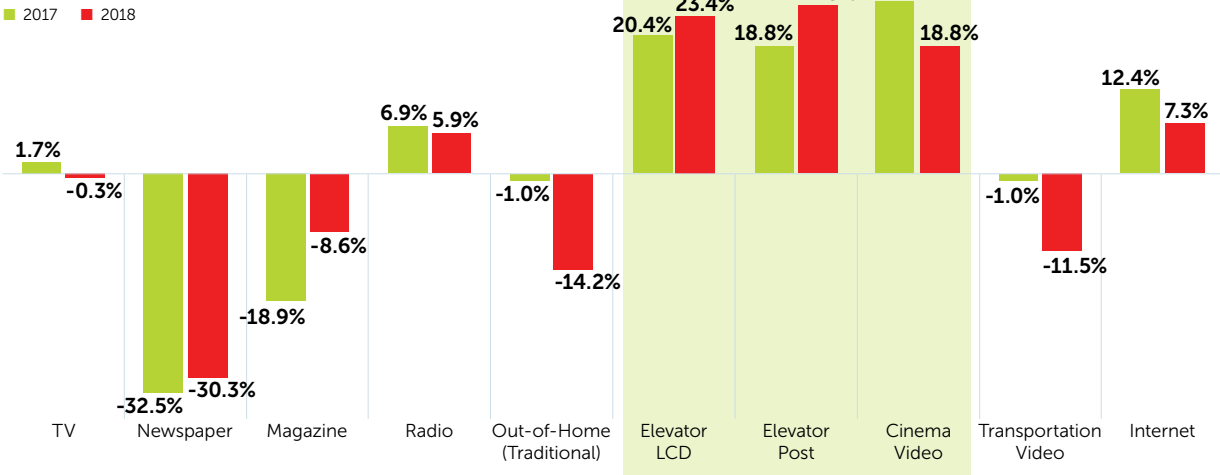
Observation 4:

Amplifying Difference | Salience

Advertisers turn to new media to build Salience...

Building Salience starts with creative content. Opportunities for effectively placing creative content are expanding. In 2018, advertisers increased spending on elevator LCD and posters, for example, while reducing spending in some traditional media.

Media Placement | Change by Channel

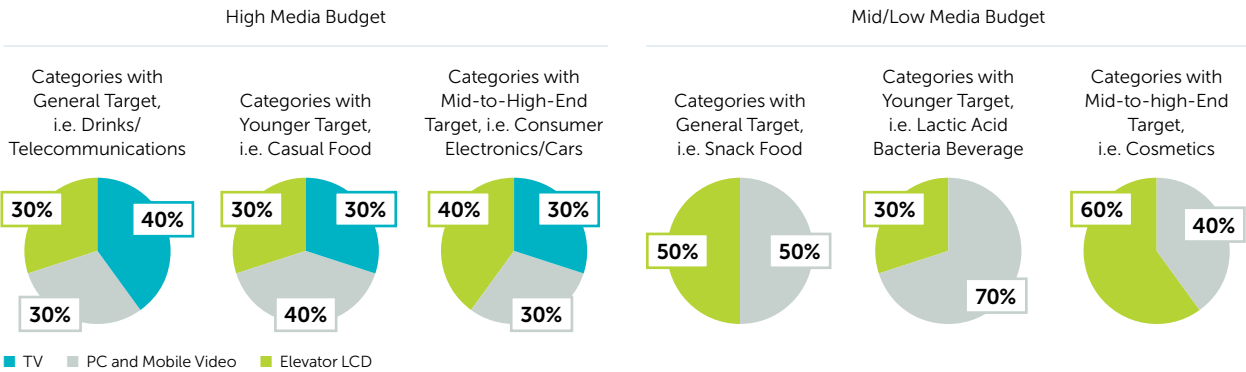


SOURCE: CTR Market Research

... But the optimal media mix varies by product category

In categories that required mass reach, such as drinks or telecommunications, the most effective mix is 40 percent TV with the balance of media divided evenly between PC and mobile video, and elevator LCD. For more targeted categories, the mix changes according to the audience.

Media Mix | Optimizing Investment



Note:
High Media Budget: it refers to a budget that allows 3+ reach achieving 40%.
Mid/Low Media Budget: it refers to a budget that allows 3+ reach achieving 20%.

SOURCE: BrandZ™ / Kantar

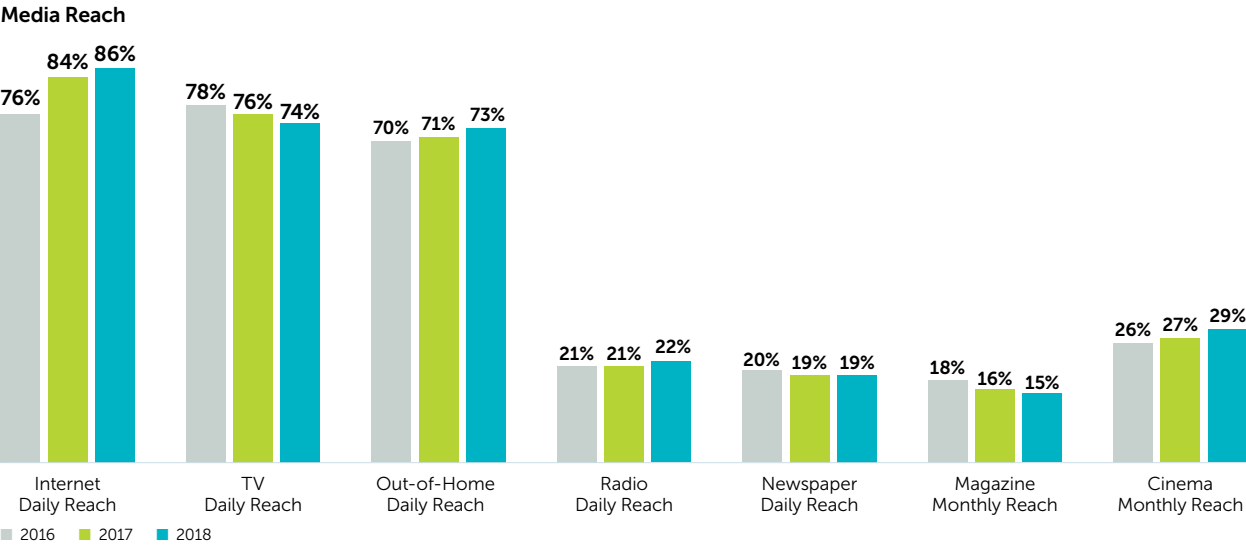


Observation 4:

Amplifying Difference | Salience

As consumers spend less time with traditional media...

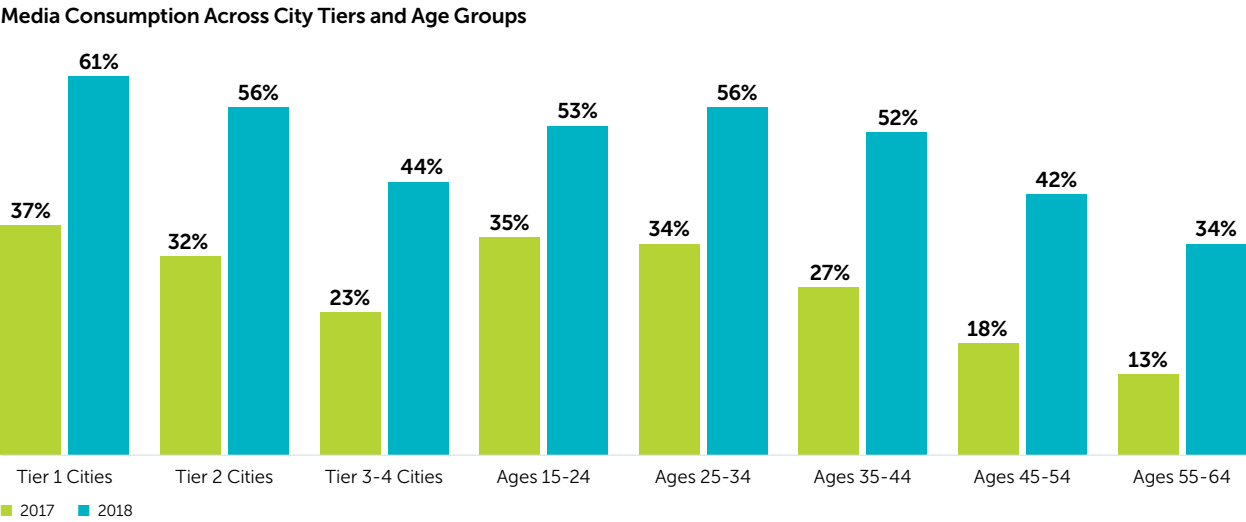
Time spent with traditional media, such as newspapers and magazines, continues to decline. Although the internet exceeds other media in daily reach, the growth rate of internet time spent by consumers is slowing.



SOURCE: GroupM Knowledge/ 2018 GroupM Shan Han Jin, 15-64 y.o.

... Consumers spend more time watching online entertainment

Across all city tiers and age groups, people are spending more time online watching webcasts and other short video. This is an important option for achieving Salience with the right content, reach, and placement.



SOURCE: GroupM Knowledge/ 2018 GroupM Shan Hai Jin, 15-64 y.o.



Observation 5:

Communicating Difference | Integrated Campaigns

Campaign integration maximizes the ROI in reach and placement

Consistency across all brands assets is vital

After brand owners create content and achieve the best reach and placement, they face another challenge: ensuring clarity. Content that is insufficiently coordinated across media may raise brand awareness, but it can also leave consumers confused, diminishing ROI.

Although 82 percent of marketers believe that they have developed integrated campaigns, only 58 percent of consumers agree. Sometimes this disconnection between marketer belief and consumer perception results from structural problems, specifically marketing siloes inside the brand organization.

Consistency across brand assets is vital to avoid confusion and ensure maximum ROI. The logo, color

scheme, and visual theme should be easily associated with the brand. In this respect, the China market is consistent with most other global markets.

The China market differs from most global markets in at least one marketing element: celebrities. Chinese consumers, like consumers in other parts of Asia, especially Korea and Japan, are more likely to respond to celebrity spokespersons. Celebrities serve as role models.

Of the brands in China that continued using a celebrity spokesperson over the past three years, 39 percent increased Brand Power, a BrandZ™ metric of brand equity that correlates with market share gain. Brands without a celebrity endorsement increased 23 percent in Brand Power. And brands with on-and-off celebrity endorsement increased only 13 percent.

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BRAND IMPLICATIONS

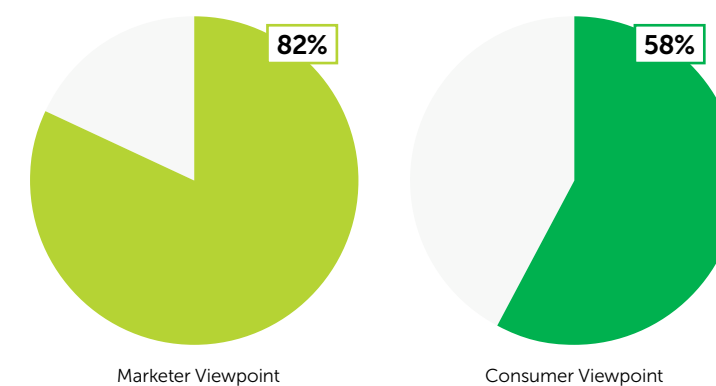
- To protect the investment in creating and communicating content, brands must make sure that all messaging is coordinated, and campaigns inform consumers and do not confuse them.
- There are so many celebrities in China today, brands need to be careful about appointing the right celebrity brand representative, which can be a movie star or a more relatable internet star. Choosing a celebrity in China often requires selecting a person who not only represents the qualities a brand wants to communicate, but also the image that the nation wants to project.
- It is sometimes useful to select a celebrity for tactical short-term sales gains. It is always useful, and more reliable, to select a celebrity that aligns with the brand's long-term strategic goals. And it is important to track the fluctuations in how various celebrities are accepted. Consumers can be fickle, and fame can have a short shelf life.

Disjointed media campaigns confuse consumers...

Although 82 percent of marketers believe that they have developed integrated campaigns, only 58 percent of consumers agree.

Campaign Integration | Marketers vs. Consumers

How well do the ads you see from most brands fit together across different ad formats? (% Integrated)



SOURCE: Getting Media Right 2018 / Kantar

Observation 5:

Communicating Difference | Integrated Campaigns

... Consistency across brand assets is vital to avoid confusion...

Consistency ensures strong ROI. The logo, color scheme, and visual theme should be easily associated with the brand. Like consumers in other parts of Asia, Chinese consumers more likely to respond to celebrity spokespersons.

Campaign Integration Brand Assets		% most helps consumers realize that different ads are linked together	
Same logo		38%	41%
Same overall style/approach		22%	35%
Same strapline/slogan		32%	34%
Same celebrity		18%	29%
Same visual theme		25%	27%
Same message		26%	31%
Same kind of story		20%	23%
Same fundamental idea behind the ads		22%	23%
Same color scheme		18%	20%
Same brand personality/character (non-celebrity)		15%	18%
Same music/soundtrack (audio-video content)		14%	19%
Same joke/type of humor		13%	13%
Same website address		11%	13%
Same person or person doing the voiceover (audio-video content)		12%	13%
Same social media hashtag		10%	11%
Something which is different from how all other brands advertise		9%	11%

Cues ranked by % of consumers that said a cue helped them link different ads

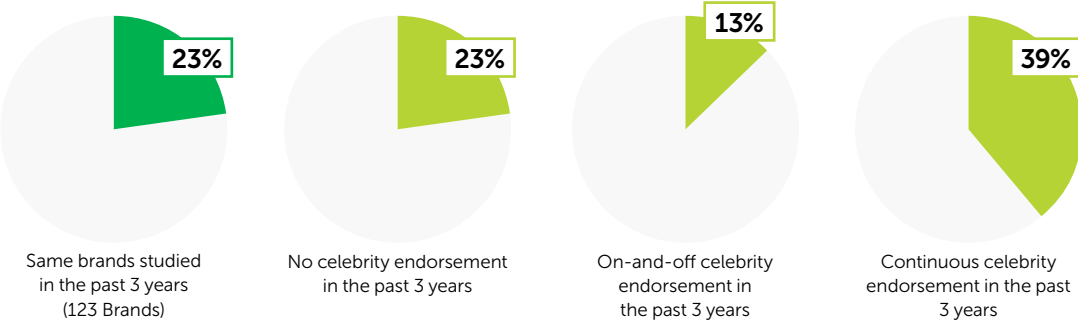
Chinese Consumers Global Average

SOURCE: AdReaction 2018, the Art of Integration / Kantar

... Consistency with the right celebrity builds market share

Of the brands that continued using a celebrity spokesperson over the past three years, 39 percent increased Brand Power, a BrandZ™ metric of brand equity that correlates with market share gain.

Celebrities | Brand Power



% of brands that increased Brand Power continuously in the past 3 years


























SOURCE: CelebrityZ / BrandZ™ / Kantar










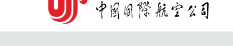










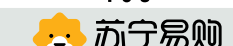








**The BrandZ™
China Top 100**

BrandZ™ Top 100 Most Valuable

	Brand		Category	Brand Value US\$ Mil.	Brand Value % Change 2019 vs. 2018	Brand Contribution
1	Alibaba		Retail	140,953	+59%	3
2	Tencent		Technology	138,158	+4%	5
3	ICBC		Banks	40,725	+9%	2
4	China Mobile		Telecom Providers	39,103	-21%	4
5	Moutai		Alcohol	36,555	+58%	5
6	Huawei		Technology	33,167	+38%	3
7	Ping An		Insurance	26,967	+21%	3
8	Baidu		Technology	26,710	+7%	5
9	China Construction Bank		Banks	22,841	+14%	2
10	JD		Retail	21,183	+45%	4
11	Xiaomi		Technology	20,624	NEW	3
12	Didi Chuxing		Transport	20,041	NEW	4
13	Meituan		Lifestyle Platform	19,918	NEW	5
14	Agricultural Bank of China		Banks	18,430	+14%	2
15	Haier		Home Appliance Ecosystem	16,272	N/A	5
16	SF Express		Logistics	13,708	-6%	5
17	Bank of China		Banks	13,095	0%	2
18	China Life		Insurance	11,902	-13%	3
19	Sinopec		Oil & Gas	10,630	0%	1
20	China Merchants Bank		Banks	9,810	+18%	2
21	PetroChina		Oil & Gas	9,467	-2%	1
22	Yili		Food & Dairy	9,068	+19%	5
23	China Telecom		Telecom Providers	8,047	-9%	4
24	Ele.me		Lifestyle Platform	7,269	NEW	5
25	Evergrande Real Estate		Real Estate	6,930	+54%	3









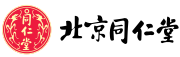
















SOURCE: BrandZ™ / Kantar (including data from Bloomberg).

Chinese Brands 2019

	Brand		Category	Brand Value US\$ Mil.	Brand Value % Change 2019 vs. 2018	Brand Contribution
26	Lufax		Consumer Finance	6,890	NEW	5
27	Mengniu		Food & Dairy	6,760	+26%	5
28	iQiyi		Entertainment	5,642	+158%	4
29	CPIC		Insurance	5,124	-1%	3
30	Air China		Airlines	4,965	-5%	4
31	Youku		Entertainment	4,961	+136%	4
32	Bank of Communications		Banks	4,782	+14%	2
33	Midea		Home Appliances	4,678	+20%	4
34	Vanke		Real Estate	4,111	+13%	4
35	China Unicom		Telecom Providers	4,062	-21%	3
36	Gree		Home Appliances	4,032	+28%	4
37	Dianping		Lifestyle Platform	3,846	NEW	5
38	Netease		Technology	3,823	+7%	4
39	Suning		Retail	3,763	+11%	3
40	Wu Liang Ye		Alcohol	3,715	+69%	4
41	ZTO Express		Logistics	3,359	+29%	4
42	Country Garden		Real Estate	3,349	+42%	3
43	China Eastern Airlines		Airlines	3,259	+8%	3
44	Ctrip		Travel Agencies	3,075	0%	3
45	Yunnan Baiyao		Health Care	2,897	-20%	4
46	Poly Real Estate		Real Estate	2,884	+46%	4
47	Lenovo		Technology	2,879	+11%	3
48	Yanghe		Alcohol	2,864	+41%	4
49	Shuanghui		Food & Dairy	2,829	+9%	3
50	DJI		Technology	2,793	NEW	5


























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

BrandZ™ Top 100 Most Valuable

	Brand		Category	Brand Value US\$ Mil.	Brand Value % Change 2019 vs. 2018	Brand Contribution
51	New Oriental		Education	2,734	+12%	4
52	Yunda Express		Logistics	2,725	+5%	4
53	China Minsheng Bank		Banks	2,680	-17%	2
54	China Southern Airlines		Airlines	2,624	+5%	3
55	PICC		Insurance	2,356	-7%	2
56	BYD		Cars	2,230	+20%	2
57	SUNAC		Real Estate	2,102	NEW	3
58	Xueersi		Education	2,089	+91%	4
59	Tong Ren Tang		Health Care	1,969	-1%	5
60	New China Life Insurance		Insurance	1,949	-15%	2
61	YTO		Logistics	1,858	-35%	4
62	Snow Beer		Alcohol	1,818	+53%	4
63	Bilibili		Entertainment	1,689	NEW	4
64	Luzhou Laojiao		Alcohol	1,644	-7%	4
65	China CITIC Bank		Banks	1,592	-4%	2
66	vip.com		Retail	1,531	-18%	3
67	National Cellar 1573		Alcohol	1,426	+40%	4
68	STO		Logistics	1,380	-24%	4
69	Tsingtao Beer		Alcohol	1,341	+5%	5
70	Qunar		Travel Agencies	1,292	+11%	3
71	Uxin		Retail	1,256	NEW	4
72	ZTE		Technology	1,236	-35%	3
73	Dong E E Jiao		Health Care	1,167	-22%	4
74	Longfor		Real Estate	1,161	+31%	3
75	Harbin Beer		Alcohol	1,141	-9%	4

SOURCE: BrandZ™ / Kantar (including data from Bloomberg).

Chinese Brands 2019

	Brand		Category	Brand Value US\$ Mil.	Brand Value % Change 2019 vs. 2018	Brand Contribution
76	Hanting		Hotels	1,059	58%	5
77	Yonghui Superstores		Retail	1,051	25%	2
78	Robam		Home Appliances	1,043	-30%	5
79	Meizu		Technology	1,033	NEW	2
80	Supor		Home Appliances	1,025	40%	5
81	Dabao		Personal Care	990	8%	2
82	Anta		Apparel	986	27%	3
83	CR Sanjiu		Health Care	957	-5%	4
84	Heilan Home		Apparel	951	3%	3
85	UBTECH		Technology	910	NEW	2
86	HAVAL		Cars	892	NEW	2
87	Shenzhen Airlines		Airlines	887	NEW	2
88	ChangYu		Alcohol	885	-7%	4
89	Sina		Technology	861	-23%	5
90	Greenland Group		Real Estate	823	-5%	2
91	Gujing Gong Jiu		Alcohol	802	33%	4
92	R&F Properties		Real Estate	768	20%	3
93	Industrial Bank		Banks	758	7%	1
94	VIPKID		Education	752	NEW	3
95	ECOVACS		Home Appliances	751	NEW	4
96	Hainan Airlines		Airlines	751	-13%	2
97	Home Inn		Hotels	727	6%	5
98	Lao Feng Xiang		Jewelry Retailer	711	-15%	5
99	By-Health		Health Care	694	17%	3
100	Shimao		Real Estate	681	NEW	2

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

Newcomers

17 brands, a record, join China Top 100

Newcomers add fuller view of fast-changing market

A record 17 brands entered the BrandZ™ China Top 100 for the first time. The newcomer brands come from 11 diverse categories, including four categories new to the ranking: consumer finance, entertainment, lifestyle platform, and transport.

Seven of the newcomer brands rank in the top half of the BrandZ™ China Top 100; three are in the Top 20. These high valuations for newcomers resulted because revised eligibility criteria enabled several unicorn brands to join the ranking. (Please see Methodology for full details.)

The newcomer brands, and the added categories, form a more complete picture of brand development and consumer behavior in China today, especially among young people. And they reflect how the rapid

development of technology, particularly smartphones and artificial intelligence, has shaped a distinctive Chinese style of daily living that values extreme convenience.

The newcomer brands also illustrate the high priority the Chinese government assigns to technology leadership, and the growing influence of Chinese technology outside of China. Three of the technology newcomers—Xiaomi, DJI, and UBTECH—also rank in the Top 10 in Overseas Presence. Newcomer Meizu, a smartphone maker, recently introduced a model that it makes and sells in Indonesia.

Technology and lifestyle platform categories dominate the list of newcomers, with four and three brands, respectively. The real estate category accounts for two newcomers. And one newcomer brand appears from each of these categories: transport, consumer finance, entertainment, retail, cars, airlines, education, and home appliances.



The Top Performers

Newcomers

Convenience and young people

The convenience phenomenon, and the seamless integration of online and offline purchasing and delivery, is well illustrated by the Top 5 Newcomers. Xiaomi, one of the world’s largest smartphone makers, is investing heavily in artificial intelligence to secure a leadership position in the Internet of Things. And Xiaomi is marketing its own range of smart devices.

















Newcomer Didi Chuxing made life more convenient for Chinese consumers with its ride hailing app. It dominates that sector in China, having facilitated Uber’s departure from the Chinese market.

The lifestyle platform Meituan, part of Meituan Dianping, began as a group buying site and today is China’s largest booking site for services, such as reserving a restaurant or renting a bike.

Meanwhile, its sister lifestyle brand, Dianping, (newcomer No. 6) also offers a variety of services, having started as a peer review site, similar to Yelp. Backed by Tencent, Meituan Dianping competes with newcomer Ele.me, a food delivery app owned by Alibaba.

Developed by Ping An, the insurance and financial services giant, the No. 5 newcomer, Lufax, is an online wealth management tool accessible to a broad audience of potential new customers, particularly young people. Also popular with young people, is the entertainment brand Bilibili, which offers online entertainment, including videos and games, and makes the content easy to share. Meizu designs and prices its phones specifically to appeal to young people.

The Newcomer Brands

					
	Xiaomi	Didi Chuxing	Meituan	Ele.me	Lufax
Top 100 Rank 2019	11	12	13	24	26
Category	Technology	Transport	Lifestyle Platform	Lifestyle Platform	Consumer Finance
Brand Value	US \$20,624 Mil.	US \$20,041 Mil.	US \$19,918 Mil.	US \$7,269 Mil.	US \$6,890 Mil.
					
	Dianping	DJI	SUNAC	Bilibili	Uxin
Top 100 Rank 2019	37	50	57	63	71
Category	Lifestyle Platform	Technology	Real Estate	Entertainment	Retail
Brand Value	US \$3,846 Mil.	US \$2,793 Mil.	US \$2,102 Mil.	US \$1,689 Mil.	US \$1,256 Mil.
					
	Meizu	UBTECH	HAVAL	Shenzhen Airlines	VIPKID
Top 100 Rank 2019	79	85	86	87	94
Category	Technology	Technology	Cars	Airlines	Education
Brand Value	US \$1,033 Mil.	US \$910 Mil.	US \$892 Mil.	US \$887 Mil.	US \$752 Mil.
					
	ECOVACS	Shimao			
Top 100 Rank 2019	95	100			
Category	Home Appliances	Real Estate			
Brand Value	US \$751 Mil.	US \$681 Mil.			

SOURCE: BrandZ™ / Kantar

Robotics and tradition

Several brands that specialize in robotics illustrate China’s growing leadership in artificial intelligence and technology, and its international influence. The world’s largest manufacturer of consumer drones, DJI is refining its technology to accelerate expansion into commercial applications.

With new funding, from Tencent and others, UBTECH is advancing its development of humanoid robots. A global leader in robotic vacuum cleaners, ECOVACS is expanding in to other robotic home-related devices.

Using internet technology, VIPKiD is adding a new dimension to English language education in China. It recently raised record funding from Tencent and other investors to expand its online platform that connects over 500,000 students in China with over 60,000 teachers in North America.

Shenzhen Airlines inaugurated its first route from Shenzhen, in southern China, to London. HAVAL is an SUV brand of Great Wall and replaces Great Wall in the ranking. Great Wall is the name of both the parent company and a particular car brand that is lower in value than HAVAL. During a challenging period for the real estate category, the real estate developer Shimao diversified into related businesses, including hotels.

Top 20 Risers in Brand Value

Robust growth rate crosses categories

Two entertainment brands more than double in value

The Top 20 Risers, brands that increased most in value year-on-year, and the nine categories they represent, reflect the dynamics shaping the Chinese market, which include: the explosive growth of entertainment, the priority assigned to education, the dominance of New Retail, and the ongoing preference for premium products and services.

Leading the Top 20 Risers, iQiyi and Youku, increased in value 158 percent and 136 percent. Both brands appeared in the China BrandZ™ Top 100 last year in the technology category and were moved this year to the just-added entertainment category.

iQiyi was spun off from the search giant Baidu, which remains a major stakeholder. The online streaming site has expanded its audience with original content. A subsidiary of Alibaba since it was acquired in 2016,

Youku is part of an effort to attain market leadership in the distribution of family entertainment and international content.

The 91 percent year-on-year increase in value for Xueersi followed a 139 percent rise a year ago when the education brand led the list of Top 20 Risers. The consistent rapid growth reflects both the overall strength of education in China as a cultural value and government priority, and the specific strengths and brand-building efforts of Xueersi, which operates both physical learning centers and has expanded its online presence.

Of the nine categories represented by the Top 20 Risers, Alcohol dominates with six brands, including five makers of baijiu, the traditional Chinese white alcohol, and Snow Beer. The baijiu brands, often positioned at the premium end of the market, have recently expanded their appeal. These brands include Wu Liang Ye, Moutai, Yanghe, National Cellar 1573, and Gujing Gong Jiu. Snow Beer, like other Chinese brewers, also marketed more premium offerings.



The Top Performers

Top 20 Risers in Brand Value




The two retail brands among the Top 20 Risers, Alibaba and JD fortified their positions as leaders in the rapid and convenient delivery of products and services by leveraging customer data and state-of-the-art logistics to create a seamless online/offline experience. Both Alibaba and JD entered new partnerships. Alibaba introduced programs to help brands on its sites become better marketers.

Despite the economic slowdown and regulatory moves by the Chinese government to moderate housing development to avoid oversupply, four real estate brands—Evergrande, Poly Real Estate, Country Garden, and Longfor—rank in the Top 20 Risers, indicating the power of these brands to grow even during challenging market conditions, and their ability to control costs and find new growth opportunities, such as constructing facilities for older citizens and cultural centers to support the booming tourism industry.

Benefiting from the strength of tourism, the Hanting Hotel brand appeared in the Top 20 Risers, growing 58 percent year-on-year in brand value, which followed a 50 percent increase a year ago when Hanting also ranked in the Top 20 Risers. The appearance of two home appliance brands, Gree and Supor, also indicate the ability of strong brands to grow, despite weakness in the real estate sector. Both Gree and Supor appeared in the Top 20 Risers a year ago.

Similarly, ZTO Express grew in value, although the logistics category declined overall. Alibaba and Cainiao Network, its logistics business, purchased a stake in ZTO Express. And the technology brand Huawei increased 38 percent in value on the strength of its telecommunications equipment and smartphone business, despite geopolitical pressures.

The Top 20 Risers in Brand Value

				
1iQiyi	2Youku	3Xueersi	4Wu Liang Ye	5Alibaba
#28	#31	#58	#40	#1
Entertainment	Entertainment	Education	Alcohol	Retail
US \$5,642 Mil.	US \$4,961 Mil.	US \$2,089 Mil.	US \$3,715 Mil.	US \$140,953 Mil.
+ 158%	+ 136%	+ 91%	+ 69%	+ 59%
				
6Hanting	7Moutai	8Evergrande Real Estate	9Snow Beer	10Poly Real Estate
#76	#5	#25	#62	#46
Hotels	Alcohol	Real Estate	Alcohol	Real Estate
US \$1,059 Mil.	US \$36,555 Mil.	US \$6,930 Mil.	US \$1,818 Mil.	US \$2,884 Mil.
+ 58%	+ 58%	+ 54%	+ 53%	+ 46%
				
11JD	12Country Garden	13Yanghe	14Supor	15National Cellar 1573
#10	#42	#48	#80	#67
Retail	Real Estate	Alcohol	Home Appliances	Alcohol
US \$21,183 Mil.	US \$3,349 Mil.	US \$2,864 Mil.	US \$1,025 Mil.	US \$1,426 Mil.
+ 45%	+ 42%	+ 41%	+ 40%	+ 40%
				
16Huawei	17Gujing Gong Jiu	18Longfor	19ZTO Express	20Gree
#6	#91	#74	#41	#36
Technology	Alcohol	Real Estate	Logistics	Home Appliances
US \$33,167 Mil.	US \$802 Mil.	US \$1,161 Mil.	US \$3,359 Mil.	US \$4,032 Mil.
+ 38%	+ 33%	+ 31%	+ 29%	+ 28%

= 2019 Top 100 Rank
\$ = 2019 Brand Value
% = Brand Value Change 2019 vs. 2018

SOURCE: BrandZ™ / Kantar

Top 10 in Overseas Presence

Technology brands now dominate the ranking

Shift is dramatic, even from a year ago

Six of the Top 10 in Overseas Presence are technology brands, a dramatic shift from even a year ago, when only three technology brands ranked in the Overseas Top 10. The dominance of technology illustrates the dynamics of the Chinese market. The three additional technology brands joined the BrandZ™ China Top 100 for the first time this year after changes to the eligibility requirements.




New this year are DJI, the world’s leading maker of consumer and commercial drones; UBTECH, a leader in artificial intelligence and humanoid robots used for business, education, and entertainment; and Xiaomi, a leading smartphone maker in China and India, now devoting attention to artificial intelligence and the Internet of Things.


The technology brands appearing again in the Overseas Top 10 ranking are: Lenovo, the world’s leading marketer of PCs and a maker of smartphones and other devices; Huawei, the telecommunications infrastructure


giant, with operations in around 170 countries, and the world’s second-largest maker of smartphones; and ZTE, also a major global telecommunications equipment provider and smartphone manufacturer.


The other Overseas Presence Top 10 brands include Midea, a home appliances brand that has invested heavily in international expansion, with a focus now on artificial intelligence. The remaining three brands that have significant presence outside of China are two state-owned airlines, Air China and China Eastern Airlines, and the oil and gas brand PetroChina.


Top 10 by Overseas Presence


























1	DJI	2	Lenovo	3	UBTECH	4	Huawei	5	ZTE	6	PetroChina	7	Air China	8	China Eastern Airlines	9	Midea	10	Xiaomi
	#50		#47		#85		#6		#72		#21		#30		#43		#33		#11
	Technology		Technology		Technology		Technology		Technology		Oil & Gas		Airlines		Airlines		Home Appliances		Technology
	US \$2,793 Mil.		US \$2,879 Mil.		US \$910 Mil.		US \$33,167 Mil.		US \$1,236 Mil.		US \$9,467 Mil.		US \$4,965 Mil.		US \$3,259 Mil.		US \$4,678 Mil.		US \$20,624 Mil.
	80%		75%		60%		47%		43%		35%		33%		32%		32%		+ 28%

= 2019 Top 100 Rank
\$ = 2019 Brand Value
% = Overseas Presence

SOURCE: BrandZ™ / Kantar

Top 20 in Brand Contribution

High Brand Contribution helps brands earn a premium

Possibility open to brands of all ages across categories

The BrandZ™ Brand Contribution metric assesses the extent to which brand alone, independent of financial or market factors, drives purchasing volume and enables a brand to command a price premium.

The ability for a brand to achieve a premium is especially important in the Chinese market today, where sophisticated customers trade down or up depending on their needs but are prepared to pay a premium price when it is merited.

The Brand Contribution Top 20 come from 10 of the 24 categories examined in the 2019 China BrandZ™ Top 100, indicating that it is possible to build strong brands in all sectors of the economy. In addition, 15 of the brands in the Brand Contribution Top 20 also appeared last year, indicating the sustaining nature of Brand Contribution.






At the same time, five of the brands added to the Brand Contribution for the first time are newcomers this year to the BrandZ™ China Top 100, illustrating that the achievement of high Brand Contribution is not the province of established brands alone.

The brands that rank in the Brand Contribution Top 20 for the first time are: the lifestyle platforms Ele.me, Meituan, and Dianping; Lufax, a consumer finance brand in peer-to-peer lending; and the technology brand DJI, the world leader in drone manufacturing.

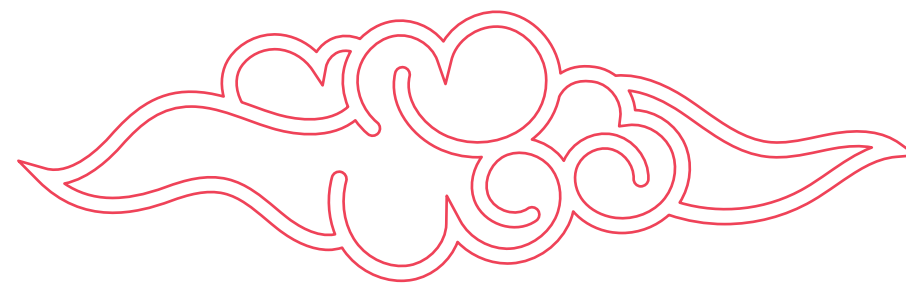
Meanwhile, Mengniu and Yili, the Nos. 1 and 2 brands in Brand Contribution, are both well established in the food and dairy category, which has been under the competitive pricing pressure felt by fast moving consumer goods generally. Product innovation and brand strength helped both Mengniu and Yili rise significantly in value.

Brands that score well in Brand Contribution are viewed positively by consumers. Brand Contribution is expressed on a scale of one to five, five being highest. (For complete details, please see the BrandZ™ Valuation Methodology in the Resources section).

Top 20 by Brand Contribution

				
1 Mengniu #27 Food & Dairy 5	2 Yili #22 Food & Dairy 5	3 Tsingtao Beer #69 Alcohol 5	4 Ele.me #24 Lifestyle Platform 5	5 Robam #78 Home Appliances 5
				
6 Home Inn #97 Hotels 5	7 Meituan #13 Lifestyle Platform 5	8 Lufax #26 Consumer Finance 5	9 Tencent #2 Technology 5	10 SF Express #16 Logistics 5
				
11 Haier #15 Home Appliances 5	12 Moutai #5 Alcohol 5	13 Baidu #8 Technology 5	14 Lao Feng Xiang #98 Jewelry Retailer 5	15 Tong Ren Tang #59 Health Care 5
				
16 Supor #80 Home Appliances 5	17 DJI #50 Technology 5	18 Hanting #76 Hotels 5	19 Dianping #37 Lifestyle Platform 5	20 Sina #89 Technology 5

= 2019 Top 100 Rank Brand contribution measures the influence of brand alone on earnings, on a 1-to-5 scale, 5 being highest. SOURCE: BrandZ™ / Kantar



Category Overview

Analysis of 24 categories details dynamism of Chinese market

Changing consumer attitudes and priorities drive value changes

The addition of consumer finance, entertainment, lifestyle platforms, and transport brings the number of categories in the China BrandZ™ Top 100 to 24, more than ever before, in an effort to more fully document the increasing sophistication of Chinese consumers, the dynamics shaping the Chinese market, and the trends that may ultimately influence markets beyond China.

Led by entertainment, with year-on-year growth of 186 percent, 13 categories increased in value. Education and retail continued to increase in value, with rises of 57 percent and 55 percent. Eight categories declined. The valuation of the home appliance category doubled, primarily because Haier is now valued as an ecosystem of interrelated businesses.

To varying degrees, several factors influenced these value changes, including: Chinese cultural priorities; changing consumer expectations, including the technology-enabled desire for maximum convenience; and an economic climate in which shoppers became more rational, slowing spending when possible but also paying premium prices when merited.

Cultural priorities

The cultural priorities are best illustrated by the entertainment and education categories, opposite pursuits in many ways, in which Chinese young people, especially, spend much time. Two brands, iQiyi and Youku, previously listed in the technology category were assigned to entertainment, along with newcomer Bilibili.

These brands demonstrate both the importance of entertainment in China and the ability of entertainment brands to improve the quality of their content and effectively monetize it.

The value growth of the education category follows two years of sharp growth, making education the category that has most consistently increased in value. Education in China is a cultural ideal, a government priority, and a parental preoccupation to prepare children to compete successfully and enjoy a better life than earlier generations.

Maximum convenience

The desire for maximum convenience, a function of the online-offline transformation of retail, has stretched across many categories and reshaped consumer expectations. The four categories added to the ranking this year especially reflect this change. For example, the lifestyle platforms—Meituan, Ele.me, and Dianping—enable people, especially in large cities, to conduct the business of daily life using just a few apps to order and pay for almost any product or service.

New Retail epitomizes this trend. The retail category continued to increase in value, 55 percent, over a 47 percent rise a year ago. As the category leaders Alibaba and JD continued to add to their data and logistical advantages, they also encountered more competition, from brands like Pinduoduo, which emphasizes price discounts, often earned through group purchasing.

Technology, of course, enabled this O2O convenience revolution and the technology category increased 22 percent after consecutive annual increases of 19 and 16 percent. All but two of 11 technology brands rose in value. (Four technology brands joined the ranking for the first time based on the revised eligibility criteria.) Technology led the ranking both in number of brands and in contribution to total value, 26 percent.

The strong value rise occurred despite economic and geopolitical pressures felt by many of China's technology brands. Chinese government regulations impacted the gaming business of internet platforms, like Tencent, and US government security concerns slowed expansion of some technology brands, like Huawei. In addition, brands faced competition from startups.

Stratified spending

Many categories contended with the evolving spending habits of China's more sophisticated consumers who engaged with what Kantar calls stratified spending, trading down when appropriate and trading up when a premium price seems justified. In the alcohol category, most brands of baijiu, the traditional Chinese white alcohol, both maintained their premium offerings and marketed to a wider group of customers. Beer brands introduced more premium offerings.

Although the home appliance category was affected by government regulations aimed at reducing housing overcapacity, customers who purchased home appliances often upgraded to built-in models with connectivity engineered for the Internet of Things. In food and dairy, prices languished for certain basic items, but consumers were willing to pay more for other basics, like instant noodles, when brands added new tastes or packaging to signal a premium difference worth paying for.

Brands that declined in value lost momentum for a variety of reasons, including economic uncertainty, which slowed car sales. But even in the car category the premium end of the market retained strength. The following articles describe in detail how cultural priorities, consumer expectations, the economy, and other factors impacted the 24 categories of products and services analyzed in this report.



Airlines

Pricing reform expected to enhance profitability

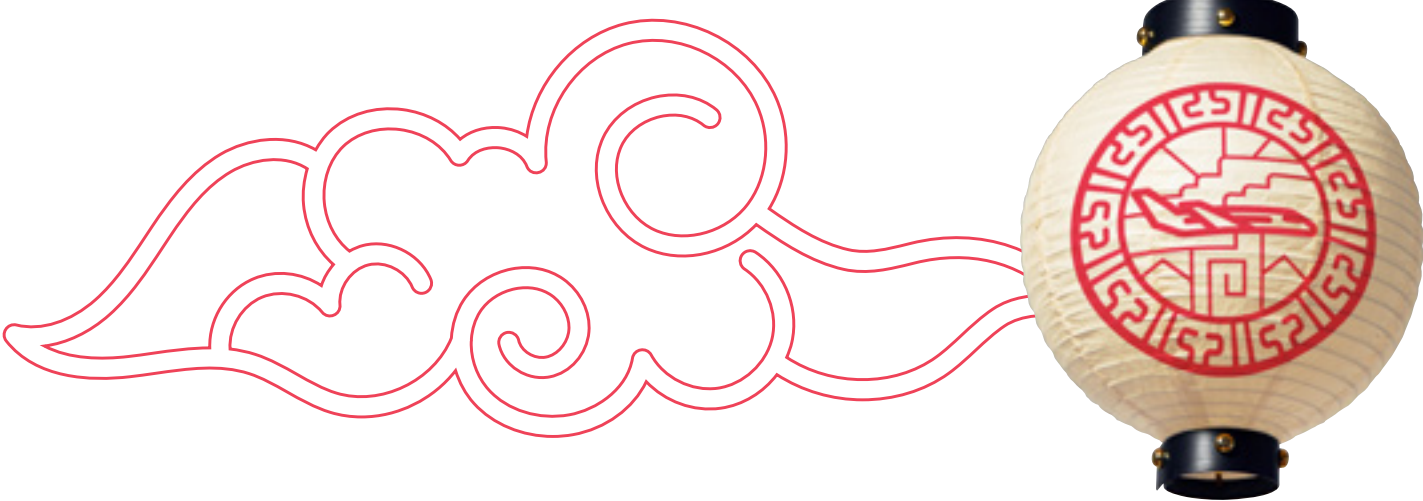
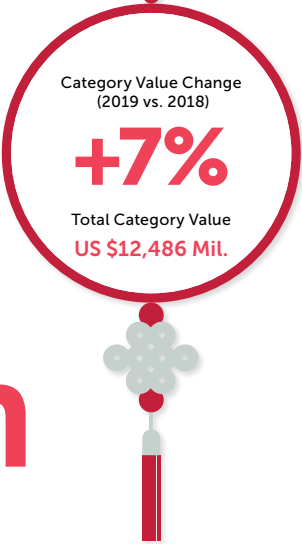
Passenger and cargo volume increases

The airlines category increased 7 percent in value, following a 5 percent increase a year ago. With the addition of Shenzhen Airlines, the BrandZ™ China Top 100 now includes five airline brands. The newcomer joins Hainan Airlines, a market-driven firm, and three State Owned Enterprises: Air China, China Eastern Airlines, and China Southern Airlines.






Reforms enabling airlines to set prices on most domestic routes drove airline stock prices higher and were expected to enhance profitability, which had been hurt by rising fuel costs and a weaker yuan. Because it serves the most domestic routes, China Southern Airlines, in particular, is expected to benefit from the reforms, announced by Civil Aviation Administration of China (CAAC).

Both passenger traffic and cargo volume increased through the first nine months of 2018, although cargo grew at a slower rate. Passenger travel increased 7.9 percent on domestic routes and 10.5 percent on international routes, according to the CAAC. Cargo and mail volume increased 2.3 percent

China continued to be the world's fastest-growing aviation market, a trend is expected to continue. When Daxing International Airport opens outside of Beijing, in late 2019, it will be the largest airport in the world, and part of the Chinese government's investment in infrastructure to support the growth of tourism and trade.



Airline Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 AIR CHINA 中國國際航空公司 Air China	4,965	30	-5%	Air China Ltd.	Beijing	1988
 中國東方航空 CHINA EASTERN China Eastern Airlines	3,259	43	+8%	China Eastern Airlines Corp. Ltd.	Shanghai	1988
 中国南方航空 CHINA SOUTHERN AIRLINES China Southern Airlines	2,624	54	+5%	China Southern Airlines Co. Ltd.	Guangzhou	1995
 深圳航空 Shenzhen Airlines Shenzhen Airlines	887	87	NEW	Shenzhen Airlines	Shenzhen	1993
 海南航空 HAINAN AIRLINES Hainan Airlines	751	96	-13%	Hainan Airlines Co. Ltd.	Haikou	1993

SOURCE: BrandZ™ / Kantar

As members of airline alliances, the Chinese airlines integrate with other global carriers. Air China and Shenzhen Airlines are part of Star Alliance. China Eastern Airlines is part of SkyTeam, which had also included China Southern Airlines until the carrier left the alliance early in 2019.

Air China served 189 cities in 42 countries and regions. It implemented brand promotion campaigns in China and Europe and entered marketing agreements with several national tourist boards. It also implemented several initiatives to improve customer service. Air China holds a major interest in Shenzhen Airlines, which operates both passenger and cargo businesses. Shenzhen inaugurated its first route from Shenzhen, in southern China, to London.

China Southern Airlines focused on developing routes from Guangzhou to Asia-Pacific destinations. The carrier, which has a growing partnership with American Airlines, flies to 224 destinations in 40 countries and regions. China Eastern Airlines entered special cooperative agreements with Delta, Qantas, and Japan Airlines. The airline worked to improve customer experience by increasing self-service and mobile check in.

Even as Hainan Airlines continued to expand its international routes and become more independent from HNA Group, the restructuring of its corporate parent affected the airlines brand value.

Categories

Alcohol

Category value increases with more premiumization

New product variants aim at younger drinkers

An increase of 47 percent in value made alcohol one of the fastest growing categories in the 2019 BrandZ™ China Top 100 report. The growth followed 37 percent and 24 percent improvements in the two prior years. Although sales volume remained relatively flat, sales value grew because of the premiumization trend that crosses most categories in China.

With 10 brands of baijiu, beer, and wine included in the China Top 100, alcohol is among the most represented categories in the ranking. Five the Top 20 Risers, brands that appreciated the most in value year-on-year, are brands of Baijiu, the traditional Chinese white alcohol. The Top Risers are Wu Liang Ye, Moutai, Yanghe, National Cellar 1573, and Gujing Gong Jiu. A sixth Chinese alcohol brand, Snow Beer, also appears in the Top Riser ranking.

While traditional gift giving continued to benefit the baijiu brands, they also widened their appeal with marketing initiatives, including updated packaging and flavor variants. Moutai introduced packaging for a variety of festivals, including the Lunar New Year. In an effort to extent its appeal to younger consumers, Moutai introduced a chocolate liqueur.

Moutai also continued to expand its online distribution into lower tier cities, and it worked with a blockchain specialist to guard against counterfeiting. Moutai rose to No. 5 in the BrandZ™ Top 100, not long after its corporate parent surpassed Diageo in market capitalization, making it the world's most valuable alcohol company

Category Value Change
(2019 vs. 2018)

+47%

Total Category Value
US \$52,190 Mil.

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Categories

Alcohol

Beer brands also introduced premium versions. The corporate parent of Snow Beer, China Resources Holdings, entered a collaboration with Heineken that will license Heineken’s Chinese distribution to China Resources. The deal expands Heineken’s access to the Chinese market and strengthens the China Resources portfolio with a premium brand.

The deal also potentially enables Snow to export abroad using Heineken’s distribution network. China Resources acquired Snow from SAB Miller, which divested the brand to clear the way for its merger with AB InBev. The collaboration between Snow and Heineken should help strengthen Heineken’s position in China against the other international competitors, AB InBev and Carlsberg.

Snow introduced new packaging and promoted new brewing technology. It launched a variant called Super X to reach younger drinkers. To support the variant, Snow Beer turned to a new spokesman, sponsorship of popular TV shows, and association with the FIFA World Cup. Among Snow Beer competitors are Tsingtao Beer and Harbin Beer, which is owned by AB InBev and also associated with the FIFA World Cup.

Occasions are important to beer marketing in China. Harbin, in particular, targets meal occasions. The major beer brands in China also compete with many local brands and they compete with wine for meal occasions. Wines, such as the ChangYu brand, are growing in popularity in part because they are perceived as healthy and fit with the wellness trend.











ChangYu acquired a majority stake in Kilikanoon Wines, from Australia, as part of its strategic effort to gain expertise and diversify its offering. The Australian brand produces some high-end wines that complement other ChangYu’s global acquisitions of mid-tier products from older wine growing traditions in France, Spain, and Chile.



Brands seek new growth avenues

Alcohol category dynamics in China increasingly resembles the dynamics in other country markets. Chinese alcohol brands—baijiu, wine, and beer—are aggressively looking for ways to expand market share. To reach younger drinkers, the baijiu brands, often premium-priced, are adding packaging, taste variants, and new distribution channels. Meanwhile, influenced by the giant international brewers in China, the beer brands are introducing more premium products. As in other countries, beer and wine are competing for meal occasions. With a lot of room for growth, wine offerings are expanding and becoming more sophisticated.

Alcohol Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Moutai	36,555	5	+58%	Kweichow Moutai Co. Ltd.	Renhuai	1951
 Wu Liang Ye	3,715	40	+69%	Wuliangye Yibin Co. Ltd.	Yibin	1959
 Yanghe	2,864	48	+41%	Jiangsu Yanghe Brewery Joint-Stock Co. Ltd.	Suqian	1949
 Snow Beer	1,818	62	+53%	China Resources Beer Holdings Co. Ltd.	Beijing	1994
 Luzhou Laojiao	1,644	64	-7%	Luzhou Laojiao Co. Ltd.	Luzhou	1950
 National Cellar 1573	1,426	67	+40%	Luzhou Laojiao Co. Ltd.	Luzhou	1573
 Tsingtao Beer	1,341	69	+5%	Tsingtao Brewery Co. Ltd.	Qingdao	1903
 Harbin Beer	1,141	75	-9%	Anheuser-Busch InBev Harbin Beer Ltd.	Harbin	1900
 ChangYu	885	88	-7%	Yantai ChangYu Pioneer Wine Co. Ltd.	Yantai	1892
 Gujing Gong Jiu	802	91	+33%	Anhui Gujing Distillery Co. Ltd.	Bozhou	1959

SOURCE: BrandZ™ / Kantar

Apparel

O2O initiatives fuel strong sales growth

Brands expand at home and abroad

The apparel category increased 14 percent after a decline of 5 percent a year ago. The two apparel brands included in the BrandZ™ China Top 100, Anta and Heilan Home, both increased in value, driven by the premiumization trend and strong sales. Total apparel sales increased 9.2 percent for the first half of 2018, according to China's National Bureau of Statistics. During the same period, apparel e-commerce sales increased 24.1 percent.

These trends helped sportswear brand Anta increase a substantial 27 percent in value. The brand is well-positioned with its multi-brand and O2O (online/offline) strategy and its alignment with the Chinese government's support of wellness and fitness, and its promotion of sports as a demonstration of national soft power.

Celebrating its tenth year as a publicly-traded company, Anta designated 2018 as the year of "Innovation



Unleashed and Delivering on our Multi-Brand Strategy." Sponsorship at the 2018 Olympic Winter Games in South Korea helped Anta build global awareness and position the brand for export. To position itself for expansion in Europe, Anta prepared to acquire the Finnish brand Amer Sport Oyj.

Menswear brand Heilan Home also benefited from the positive apparel sales trend and its O2O initiatives. Heilan Home added to its almost 6,000 physical stores in China, and it entered into an agreement with Meituan, to have the lifestyle brand pick up online orders in stores and deliver them to customers within about an hour.

Heilan Home also expanded its e-commerce business with stores on Tmall and JD.com. Its stock spiked after an affiliate of Tencent invested in the brand as part of Tencent's growing interest in retail. The relationship potentially will drive more traffic to Heilan Home.



Apparel Brands in the 2019 BrandZ™ China Top 100

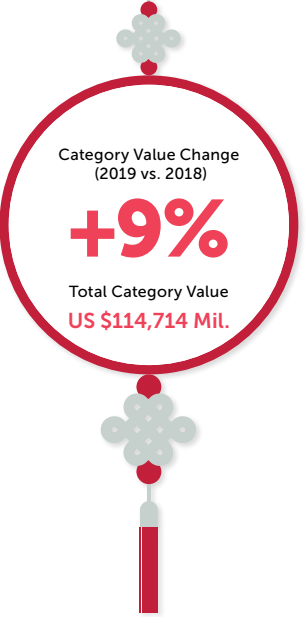
Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Anta	986	82	+27%	ANTA Sports Products Ltd.	Jinjiang	1991
 Heilan Home	951	84	+3%	HLA Corp. Ltd.	Jiangyin	2002

SOURCE: BrandZ™ / Kantar

服飾

Banks

Despite economic pressures, category rises in value again



銀行



Belt and Road funding opportunities help largest lenders

Continuing the value growth of last year, the nine bank brands ranked in the BrandZ™ China Top 100 increased 9 percent, which follows an increase of 13 percent. One bank brand dropped from the ranking.

In general, larger banks were better positioned to withstand the year’s economic challenges, including slower growth, stock market volatility, international trade tensions, and concerns about shadow banking, although banks have been reducing the shadow banking practice of making off-balance-sheet, riskier loans at higher interest rates.

Three state-owned banks—China Construction Bank, Agricultural Bank of China, and Bank of Communications—each rose 14 percent. Opportunities to help fund national Belt and Road initiatives especially helped the four largest state-owned banks: ICBC, China Construction Bank, Agricultural Bank of China, and Bank of China.

The four largest banks also announced plans to open wealth management subsidiaries, soon after regulators introduced reforms related to investments made by commercial banks. The new rules relax restrictions on wealth management investments while controlling risk by isolating the investments from the rest of the banks’ businesses.

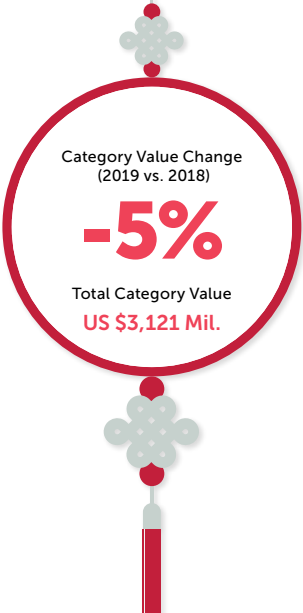
Bank Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 中国工商银行 ICBC	40,725	3	+9%	Industrial & Commercial Bank of China Ltd.	Beijing	1984
 中国建设银行 China Construction Bank	22,841	9	+14%	China Construction Bank Corp.	Beijing	1954
 中国农业银行 AGRICULTURAL BANK OF CHINA	18,430	14	+14%	Agricultural Bank of China Ltd.	Beijing	1951
 中国银行 BANK OF CHINA	13,095	17	0%	Bank of China Ltd.	Beijing	1912
 招商银行 CHINA MERCHANTS BANK	9,810	20	+18%	China Merchants Bank Co. Ltd.	Shenzhen	1987
 交通银行 BANK OF COMMUNICATIONS	4,782	32	+14%	Bank of Communications Co. Ltd.	Shanghai	1908
 中国民生银行 CHINA MINSHENG BANKING CORP. LTD.	2,680	53	-17%	China Minsheng Banking Corp. Ltd.	Beijing	1996
 中信银行 CHINA CITIC BANK	1,592	65	-4%	China CITIC Bank Corp. Ltd.	Beijing	1987
 兴业银行 INDUSTRIAL BANK CO. LTD.	758	93	+7%	Industrial Bank Co. Ltd.	Fuzhou	1988

SOURCE: BrandZ™ / Kantar

Cars

Economic trends slow growth of car category



Premium segment of the market performs well

The car category declined 5 percent in value following a 5 percent increase a year ago. Several factors influenced the decline, including the slowdown in the rate of economic growth and caution about big-ticket spending because of the trade tension between China and the US.

Other influences on car sales included the growth of ride-hailing services, the increase in the sales tax rate, and the decline of government incentives for car purchasing. Annual passenger car sales volume fell in 2018, for the first time in decades, declining 4.1 percent to 23.8 million vehicles, according to the China Association of Automobile Manufacturers (CAAM).

Cars remain an aspirational purchase, however. The premium segment of the market continued to perform well. As the replacement market grows, consumers are looking to trade up with their next car. Although this trend is mostly concentrated in the major cities, it is beginning to happen in lower tier cities as well.

The environmental-friendly or new energy segment of the market was also strong, as China's vehicle charging infrastructure continued to expand and the government incentivized car makers to produce electric vehicles. Sales of electric cars increased 62 percent to 1.26 million units in 2018, according to CAAM.





Shopping habits vary by intent and region

As cars sales slow, it becomes especially important to understand what motivates Chinese consumers to purchase a first car or trade up. Awareness and quality reputation are key for mainstream brands. Premium shoppers seek experience. How consumers shop for cars depends on where they live. In higher tier cities, consumers go to online car sites. In lower tier cities consumers are more likely to go to the traditional search engines. Auto shows are important. In higher-tier cities consumers use the shows to gain knowledge about new models. In lower-tier cities, consumers search for price discounts from local dealers.

The electric vehicle brand BYD, one of the two car brands ranked in the BrandZ™ China Top 100, increased 20 percent in brand value. The other brand, the popular SUV brand Haval, is new to the ranking because its results are for the first time broken out from its corporate parent, Great Wall, which appeared in prior BrandZ™ China rankings.

Great Wall is among the Chinese car makers with aspirations to build the brand abroad. Focusing on some of the countries targeted in China's Belt and Road initiatives, Great wall is building a plant in Russia to begin production in 2019. Great Wall has also announced plans to enter the US market in 2021. Chinese car brands are also studying South American markets.

Car Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 BYD	2,230	56	+20%	BYD Co. Ltd.	Shenzhen	1995
 HAVAL	892	86	NEW	Great Wall Motor Co. Ltd.	Baoding	1984

SOURCE: BrandZ™ / Kantar

Consumer Finance

Attitudes about debt change, and ranking adds a category

Traditionally savers, Chinese learn to borrow

Added to the BrandZ™ China Top 100 this year, the consumer finance category reflects a fundamental shift in Chinese society, where historically people have placed a high priority on savings rather than consumption.

Although China continues to have one of the world's highest savings rates—47 percent of GNP, according to the World Bank—the economy is in the midst of a transition to being driven by consumption rather than production. Easier availability of credit, often online, stimulates spending, particularly among young people.

In the consumer finance category's inaugural year in the BrandZ™ 100 it includes one brand, Lufax, ranked No.26. Created in 2011 by Ping An, the giant insurer, Lufax has become China's largest online wealth management brand, with almost 38 million users during the first half of 2018. It is expanding internationally from a base in Singapore.

Officially named Shanghai Lujiazui International Financial Asset Exchange Company, Ltd., Lufax has delayed an IPO, pending a clearer and more positive regulatory environment for peer-to-peer lending. It was among the brands to survive a shakeout of peer-to-peer startups after the government intervened to curtail irregularities.



Consumer Finance Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
陆金所LU.com Lufax	6,890	26	NEW	Shanghai Lujiazui International Financial Asset Exchange Co. Ltd.	Shanghai	2011

SOURCE: BrandZ™ / Kantar

Education

Education again among category growth leaders

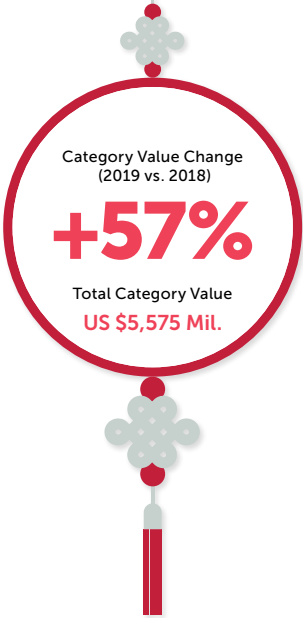
Cultural and competitive concerns drive value increase

Education rose 57 percent in value, a growth rate exceeded only by entertainment among the 24 categories analyzed in the BrandZ™ China Top 100. The sharp year-on-year increase follows value increases of 68 and 46 percent in the prior two years, making education the category that has consistently increased substantially in value.

The sustained value growth of the category reflects the importance of education in China as a cultural ideal, a government priority, and a parental preoccupation to prepare children with the knowledge needed to compete successfully and enjoy a better life than earlier generations. The consumer desire for quality education is part of the broader move to upgrade, which reaches even to China's lower tier cities.

Education brands typically prepare students for China's primary and high school entrance exams and for the rigorous college entrance exam, the gaokao. Recent government reforms are easing the pressure of the gaokao by expanding entrance criteria and increasing flexibility for considering career options. Brands also tutor students for exams required to study abroad.

Of the three education brands ranked in the BrandZ™ China Top 100, Xueersi almost doubled in value, New Oriental expanded modestly, perhaps reflecting the competitive environment for language education, with and another brand, VIPKiD, entering the BrandZ™ China Top 100 for the first time.






Newcomer VIPKiD operates an online platform for English language immersion. It is present in over 35 countries. In China, VIPKid matches over 500,000 school children with around 60,000 teachers in North America. Financing in 2018 raised \$500 million from investors, including Tencent. The funds will be spent in part to expand VIPKiD to 100 countries over three years.

Both Xueersi and New Oriental, have increased their online presence over the past few years, having established their brands as networks of physical locations. Xueersi, has an enrollment of around 5 million students. Along with its online presence, Xueersi has around 650 physical learning centers in over 40 cities throughout China. With a student enrollment of over 1.7 million students, New Oriental operates around 1,200 physical locations in China.

The education category is in the sweet spot of the Chinese Dream, aligned with both the government's objectives and the aspirations of individuals, especially of parents for their children. This opportunity is likely to attract more competition, perhaps shaped by the evolving attitudes toward education in China, the desire to complement rote learning with critical thinking.

Education Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 New Oriental	2,734	51	+12%	New Oriental Education & Technology Group Inc.	Beijing	1993
 Xueersi	2,089	58	+91%	TAL Education Group	Beijing	2003
 VIPKiD	752	94	NEW	Beijing Dami Technology Co. Ltd.	Beijing	2013

SOURCE: BrandZ™ / Kantar

Entertainment

Category added this year leads ranking in growth

Platforms feature broad menu of content

With its 186 percent value increase, entertainment led all 24 categories analyzed in the BrandZ™ China Top 100. Added to the ranking this year, the entertainment category includes three brands: iQiyi and Youku, which were listed last year in the technology category, and Bilibili, a newcomer. Chinese brands have improved the quality of content, including TV shows, and have effectively monetized it.

The market size of online entertainment in China is over \$47 billion, according to Bilibili company reports, and it is expected to grow to over \$97 billion by 2020. The category exists at the intersection of mobile and social media and primarily includes online games and streaming video. Each of the ranked entertainment brands is affiliated with one of China’s BAT online technology leaders. Baidu is aligned with iQiyi; Alibaba owns Youku; and Tencent is a major investor in Bilibili.

An online streaming site often compared to Netflix, iQiyi completed an IPO that spun off the brand from Baidu, which remains a major stakeholder. iQiyi quickly formed a partnership with JD to attract new members, and it announced plans to also partner with Alibaba and Tencent. iQiyi has successfully grown a membership program in part by making premium content available. It also expanded its audience through an arrangement that includes iQiyi content on Xiaomi smart TVs.

iQiyi has successfully produced its own content, including titles that won awards at the Shanghai International Film Festival. The brand uses artificial intelligence to better understand what content elements most delight audiences. It also has developed virtual reality content. iQiyi has enjoyed success with reality shows, including one in which people debate various topics.






Youku also has leveraged the popularity of reality shows in China. A subsidiary of Alibaba since it was acquired in 2016, Youku benefits from the reach of the Alibaba ecosystem. Access to Youku content is a benefit of the new Alibaba membership program, 88 VIP. In addition, Alibaba signed a licensing agreement that will make classic Disney animated content and other popular Disney movies available on Youku as part of a strategy to lead in online family entertainment and distribution of international content.

Bilibili is somewhat different from the other two video platform brands. It has succeeded with unique positioning aimed at young people, which comprise around a quarter of China’s population, according to Bilibili company reports. Around 82 percent of Bilibili’s 93 million Monthly Active Users (MAU) are members of GenZ. The brand offers a wide range of animated features and a lot of user-generated content to build engagement and community.

Bilibili derives much of its revenue from users who pay for games and other content, and from advertising that is relevant to the content. In contrast, iQiyi and Youku generate revenue with subscriber fees as well as advertising. All the brands benefit from the amount of time Chinese people in dense urban areas seek entertaining diversion during long daily commutes to and from work.

The growth of the entertainment category has increased brand marketing possibilities. The online entertainment sites depend on strengthening engagement with user-generated content. The platforms then become attractive to advertisers that can provide both traditional brand messaging and brand-relevant content. With improved quality and viewer appeal, video shows have become strong platforms for brands.

Entertainment Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 爱奇艺 iQiyi	5,642	28	+158%	iQIYI Inc.	Beijing	2010
 YOUKU Youku	4,961	31	+136%	Alibaba Group Holding Ltd.	Beijing	2006
 bilibili Bilibili	1,689	63	NEW	Bilibili Inc.	Shanghai	2005

SOURCE: BrandZ™ / Kantar

Food and Dairy



Consumers are willing to pay for healthy, lifestyle options

Premiumization lifts category growth

The three food and dairy brands ranked in the BrandZ™ China Top 100 drove a 9 percent increase in category brand value, following a 12 percent increase a year ago. The consistent growth reflects changing consumer behavior, specifically willingness to spend more for products that fulfill lifestyle expectations and health and wellness concerns.

Demographic and social factors, including the aging of China's population and the increase of out-of-home eating, are depressing traditional food sales, however. FMCG sales volume declined, but a 4.6 percent rise in average selling price yielded a 3.3 percent increase in FMCG revenue, the first increase in at least six years, according to Kantar.

The rise in average selling price resulted from the two-speed nature of FMCG revenue growth in China. In some traditional food categories, revenue is declining or growing slowly. At the same time, revenue is rising for food and non-food categories that meet the desire of affluent Chinese consumers for products that promise quality and additional benefits, such as healthiness.

The premiumization trend has also opened opportunities for Chinese brands. Premium variants of instant noodles have driven the revival of a mature sector that had languished over the past several years because more affluent consumers no longer rely on instant noodles for sustenance, although they can be convinced to purchase them for taste.



Food and Dairy



Of the three food and dairy brands ranked in the BrandZ™ China Top 100, Shuanghui, China’s largest meat processor, increased 9 percent in value. Shuanghui, which several years ago purchased Smithfield, the US meat producer, has become more consumer focused, although much of the revenue comes from business customers. Two leading dairy brands, Yili and Mengniu, increased 19 percent and 26 percent respectively.

Both Yili and Mengniu have introduced more premium products, such as yogurts, and other products, like cheeses, that appeal to a Chinese palate more open to Western influence. However, heavy competitive price promotion sometimes offset the revenue boost gained from premiumization.

Mengniu leveraged its relationship with Western dairy partners, Danone and Arla. Yili and Mengniu have focused on reaching deeper into lower tier markets, where consumers are becoming more receptive to premium products, and Chinese brands face less

competition from multinationals. Yili plans to expand its positioning and become a brand known not only for healthy dairy, but for a broader range of healthy foods, including cereals and snacks.

Meanwhile, the interest in more premium products, and the ability to afford them, has attracted more imports to China, at least in first tier markets. A brand of Greek yogurt entered the Chinese market with a subscription model, for example. In sub-categories, such as infant milk or milk powder, Chinese consumers still prefer imported brands because of residual food safety concerns. And foreign brands continue to dominate the ice cream sector.




Based in Inner Mongolia, both Yili and Mengniu are partly government owned. Both brands are of strategic importance to China’s global ambitions. A bookend to China’s assertion of leadership in technology, strong food and dairy brands demonstrate that China can produce ample safe and healthy food.

Yili and Mengniu are pursuing growth opportunities in Southeast Asia, particularly in Indonesia. Yili bought a majority stake of a well-established Indonesian manufacturer of ice cream and other desserts. Mengniu opened a plant in Indonesia to make healthy beverages and yogurts.

Premium sector offers brand opportunities

Opportunities exist in food and dairy. Kantar analysis has identified the emergence of insurgent Chinese brands, growing because of several factors, including: deeper understanding of local demand; faster decision making; and penetration in lower tier cities where incomes are rising, and consumers now are more willing to purchase premium products. The challenge for multinationals is to increase insight into consumer segments and respond with more innovative products, which can mean adding more premium imports. Often Salient (coming to mind quickly when the consumer considers a purchase), food and dairy brands could benefit by being seen as more Different. Food and dairy brands also have an opportunity to build their Salience as meal occasions expand with growth of the out-of-home eating trend.

Food and Dairy Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Yili	9,068	22	+19%	Inner Mongolia Yili Industrial Group Co. Ltd.	Hohhot	1993
 Mengniu	6,760	27	+26%	China Mengniu Dairy Co. Ltd.	Hohhot	1999
 Shuanghui	2,829	49	+9%	Henan Shuanghui Investment & Development Co. Ltd.	Luohe	1969

SOURCE: BrandZ™ / Kantar

Healthcare

Health trend stimulates consumer spending

But market disruptions impact category value

Four of the five healthcare brands ranked in the BrandZ™ China Top 100 declined in value, producing a drop of 12 percent in the value of the category overall.

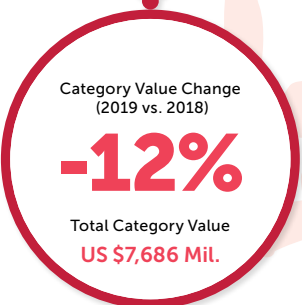
Although retail sales for both Chinese and Western medicines increased 9.3 percent for the first 10 months of 2018, according to China's National Bureau of Statistics, other factors, including changing consumer attitudes and the fluctuating cost of ingredients, pressured performance.

By-Health, a marketer of vitamins and supplements, increased in value. Added to the ranking last year, By-Health implemented an e-commerce strategy with branding and communication designed to appeal to young consumers. It also acquired a children's nutrition brand. By-Health is the only healthcare brand in the ranking that is not state-owned.

Healthcare brands that declined in value included Yunnan Baiyao, a well-established market leader, along with the traditional Chinese medicine brand Tong Ren Tang, established in 1669. Pharmaceutical giant, CR Sanjiu, and Dong E E Jiao, which specializes in health and beauty products made from extracts derived from donkeys, also dropped in value.

Government reforms have improved the country's healthcare system over the past several years, but also created some disruptions, according to Kantar. The reforms focused on three areas: quality, affordability, and elevating China's stature globally as a pharmaceutical producer.

To improve quality, China accelerated the entrance of new drugs into the country by shortening delays in the clinical trials process. It has also focused intensively




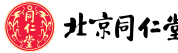



on regulations for generic medications to ensure that the efficacy and safety of the generic version matched the standards of the original drug.

The availability of more generic drugs also was part of the government's strategy for improving healthcare affordability. The prospect of greater affordability prompted investor concern that the government would encourage drug makers to lower prices

In addition, the government has promoted traditional Chinese medicine and added new safeguards to address both the affordability and quality challenges. The Chinese government considers pharmaceuticals a strategic industry capable of global leadership.

Mirroring the government's activities, Chinese consumers are becoming more assertive about their healthcare needs, turning to over-the-counter medication and TCM to take control of their healthcare and increase affordability. Aligned with an overall trend to premiumization, people are willing to pay for branded drugs, over generics, if they can afford them.

Healthcare Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Yunnan Baiyao	2,897	45	-20%	Yunnan Baiyao Group Co. Ltd.	Kunming	1902
 Tong Ren Tang	1,969	59	-1%	Beijing Tongrentang Co. Ltd.	Beijing	1669
 Dong E E Jiao	1,167	73	-22%	Dong-E-E-Jiao Co. Ltd.	Dong E, Liao Cheng	1952
 CR Sanjiu	957	83	-5%	China Resources Sanjiu Medical & Pharmaceutical Co. Ltd.	Shenzhen	1999
 By-Health	694	99	+17%	By-Health Co. Ltd.	Zhuhai	1995

SOURCE: BrandZ™ / Kantar

Home Appliances



Product upgrades, smart home ideas draw consumer interest

Housing regulations impact appliance category

The value of the home appliance category doubled, primarily because of the change in the valuation of Haier, which now includes the brand's many businesses that together form an electronics ecosystem. The ecosystem strategy is intended to stabilize growth in a volatile market, countering softness in the real estate sector and appealing to consumers looking for smart systems rather than individual products.

Without the Haier change, the home appliance category grew 6 percent in value, based on the performance of the five ranked brands. Three smaller home appliance brands dropped from the ranking this year, pressured by the slower expansion of the Chinese economy and

government's efforts to curtail real estate speculation, which reduced home purchasing, at least in top-tier markets, impacting appliance demand.

At the same time, the consumer interest in trading up stimulated the introduction of more innovative, well-designed smart home products to sell in China and also abroad. Consumers interested in trading up increasingly favored built-in appliances. Air conditioner sales were especially strong, which benefited Gree, a large air conditioner manufacturer. Home appliances sales increased 13.1 percent, with profits up 15.9 percent, during the first half of 2018, according to China's Ministry of Industry and Information Technology.



Categories

Home Appliances

Driven by the purchasing power of the middle-class, the sub-category of robotic vacuums experienced strong sales, reflecting the consumer interest in smart home technology, the importance of convenience in China, and the high priority placed on artificial intelligence development. Major domestic brands, like Haier and Midea, which invested heavily to develop artificial intelligence capability, competed with imports for the robotic vacuums market share. And ECOVACS, a robotic vacuum brand, entered the BrandZ™ Top 100 for the first time. In an effort to advance its smart home strategy, Midea planned to acquire Little Swan, a manufacturer of washers and dryers.

Brands specializing in small appliances, or kitchen appliances, like Robam and Supor, whose offering includes kitchen ventilators and pressure cookers, also were affected by the overall slowdown. Government regulations that prevented owning a second home for investment purposes, in certain upper tier cities, especially impacted Robam, which concentrates in those markets. Supor, which increased in value, emphasized innovation in its marketing communications.

As with shopping across most categories in China, people increasingly purchased their appliances online. Along with consumer electronic products, appliances were among the top five products sold during the Double Eleven shopping holiday. Over one-third of home appliance shopping happened online in 2018, compared with only 7.6 percent just five years ago in 2013, China's Ministry of Industry and Information Technology reported.

As the domestic market slowed, overseas growth become more important. Haier continued to invest in international growth, particularly in developed markets, with the acquisition of an Italian home appliance maker and a major investment to expand the dishwasher and washer and dryer production capacity of GE, the US brand Haier purchased in 2016. The purchase of the Italian brand, Candy, is expected to strengthen Haier in Europe, especially in its smart home efforts.

Over the past years, Haier brand has transformed from the leading manufacturer of household appliances to an ecosystem brand that incubates entrepreneurs in its own business (essentially making all managers micro entrepreneurs). The Rendanheyi model of management and ecosystem brand - that turned the business into a

highly flexible and innovative networked enterprise. Mr. Zhang Ruimin is currently extending this further across society through socialnomics where consumers co-create with the business and this has a profound influence on the economy and creation of more social entrepreneurs.

Intending to serve the growing demand for air conditioners in India, Midea began construction of a center for conducting R&D and building appliances in the state of Maharashtra. Uncertainty about the China-US trading relationship impacted prospects for future overseas growth for Chinese appliance brands, however. Portable appliances, such as vacuum cleaners are more likely to feel the impact rather than refrigerators, washing machines, and air conditioners, according to the China Household Electrical Appliances Association.

Interest in smart home shapes shopping journey

Chinese middle-class consumers are attempting to upgrade, which includes an interest in smart home initiatives. Consumers are looking not only for individual products, but for integrated systems. That interest shapes the shopping journey. The smart home shopping journey begins earlier, with a detailed planning stage that anticipates all the connectivity needs and the appliances, which increasingly are built-ins. Consumers seek functional excellence and emotional experience. Reaching these consumers depends on engaging content, sometimes created by the brand, sometimes by consumers. Effective selling increasingly requires a partnership between a sales person to explain how the product functions and a designer who can explain how it solves problems in the consumer's life.



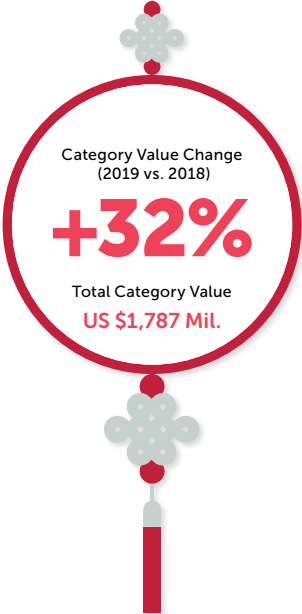
Home Appliance Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Haier	16,272	15	N/A	Haier Group	Qingdao	1984
 Midea	4,678	33	+20%	Midea Group Co. Ltd.	Shunde	1968
 Gree	4,032	36	+28%	Gree Electric Appliances Inc. of Zhuhai	Zhuhai	1991
 Robam	1,043	78	-30%	Hangzhou Robam Appliances Co. Ltd.	Hangzhou	1979
 Supor	1,025	80	+40%	Zhejiang Supor Co. Ltd.	Hangzhou	1994
 ECOVACS	751	95	NEW	Ecovacs Robotics Co. Ltd.	Suzhou	1998

SOURCE: BrandZ™ / Kantar

Hotels

Hotel brands face new competition



But category value continues to rise



The hotel category increased 32 percent in value, a strong performance that followed a 13 percent rise a year ago. Of the two hotel brands represented in the BrandZ™ China Top 100, Hanting rose 58 percent and Home Inn rose 6 percent.

The growth occurred despite pressure in the budget segment of the market, and more competition from Chinese and foreign brands, most recently Oyo Rooms, an Indian budget brand. In addition, Muji, the Japanese

design brand opened a couple of hotels in China. And Airbnb and other shared-economy brands are attracting hotel customers.

Two of China's leading online platforms—Alibaba and Baidu—also entered the hotel category. Both brands are linking their artificial intelligence capabilities with their hospitality businesses to create smart hotels that with high levels of guest service provided by robots and other electronic wizardry. A robot receptionist operates in the Alibaba hotel, for example.

Hotel Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 汉庭酒店 Hanting	1,059	76	+58%	Huazhu Group Ltd.	Kunshan	2005
 如家酒店 Home Inn	727	97	+6%	BTG Hotels Group Co. Ltd.	Shanghai	2002

SOURCE: BrandZ™ / Kantar



Insurance

New regulations expected to improve performance

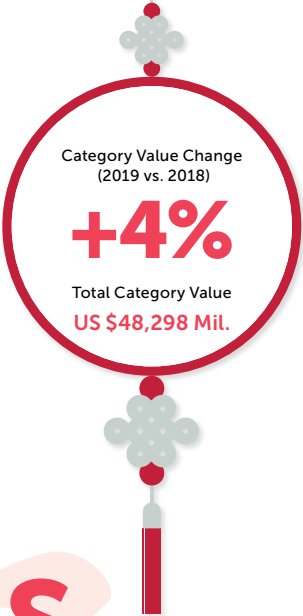
Category strong despite slower economy and volatile stock market

The insurance category increased a modest 4 percent, following a 21 percent increase a year ago, as the economy slowed, stock market volatility hurt profits, and the government continued efforts to restrain investments it deemed too risky.






All but one of the five insurance brands ranked in the BrandZ™ China Top 100 declined in value. Still, because of growing consumer acceptance of insurance products, premium income increased for four of the largest insurance brands: China Life, CPIC, PICC, and New China Life.

Ping An, a diversified financial services brand, rose 21 percent. The positive result resulted from an increase in the number of retail customers, reflecting the success of Ping An's strategic shift from corporate to retail business. Two of Ping An's start-ups also performed well: Lufax, an online lending platform, and the healthcare platform Ping An Good Doctor.

Insurance brands were expected to benefit from regulatory reforms aimed at strengthening the stock market. The changes enable insurance companies to invest a larger proportion of their assets in equities.



Insurance Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Ping An	26,967	7	+21%	Ping An Insurance Group Co. of China Ltd.	Shenzhen	1988
 China Life	11,902	18	-13%	China Life Insurance Co. Ltd.	Beijing	2003
 CPIC	5,124	29	-1%	China Pacific Insurance Group Co. Ltd.	Shanghai	1991
 PICC	2,356	55	-7%	PICC Property & Casualty Co. Ltd.	Beijing	1949
 New China Life	1,949	60	-15%	New China Life Insurance Co. Ltd.	Beijing	1996

SOURCE: BrandZ™ / Kantar

Meanwhile, China's insurance market was about to become even more competitive with the expansion of foreign brands following the liberalization of regulations. The government approved the market entrance of Germany's Allianz Group, as the first foreign insurer to enter China without a Chinese partner. And France-based AXA said it would purchase the remaining stake in its Chinese partner, AXA Tianping.

In addition, the consumer need for healthcare coverage, and the determination of major fintech players to meet

that need, has caught the attention of government insurance regulators and tested the very definition of insurance. Alibaba's Ant Financial, and Shuidi Huzhu, a Tencent product, share risk across groups of online members. The fintechs have called these offerings mutual protection products, to comply with government assertions that these offerings to not meet the regulatory guidelines.

Jewelry Retailer

Slower discretionary spending impacts value

One brand drops from ranking, leader declines

The impact of more fragile consumer confidence and the China-US trade tensions, which slowed discretionary spending, contributed to a 48 percent decline in value for the Jewelry Retailer category. One brand dropped out of the BrandZ™ China Top 100 and the remaining brand, Lao Feng Xiang, declined 15 percent.

Lao Feng Xiang, a venerable Shanghai brand established in 1848, has expanded abroad during the past several years, and operates flagship stores in Australia and North America, including one on New York's Fifth Avenue.

Jewelry Retailer Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Lao Feng Xiang	711	98	-15%	Lao Feng Xiang Co. Ltd.	Shanghai	1848

SOURCE: BrandZ™ / Kantar

Lifestyle Platform

Category demonstrates the O2O phenomenon

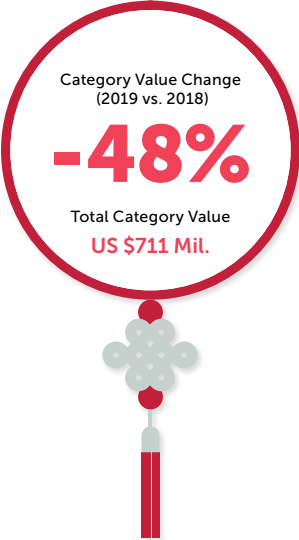
Chinese brands deliver extreme convenience

Added to the BrandZ™ China Top 100 for the first time this year, the lifestyle platform category does not appear in any of the other BrandZ™ country reports or in the BrandZ™ global report. It describes a uniquely Chinese phenomenon—the radical integration of online platforms and offline capabilities (O2O) to provide products and services with extreme consumer convenience.

Although consumer desire for convenience is fairly universal, China is furthest evolved. Only in China do hundreds of millions of people, especially in major urban centers, conduct their daily lives, generally without cash, using only one or two apps to order and pay for almost any product or service they need. Delivery is just about instantaneous.

The three brands ranked in the lifestyle platform category—Meituan, Ele.me, and Dianping—illustrate this phenomenon. Meituan and Dianping are owned by the same corporate parent, Meituan Dianping, which enjoyed a successful IPO in September 2018. Tencent is a major investor. Meituan began as a group buying site (like Groupon) and Diaping was a peer review site (like Yelp). The two brands merged in 2015.

Today, Meituan is China's largest online booking site for services. People use the Meituan app for reserving a restaurant, renting a bike, buying movie tickets, ordering food for delivery, or making travel arrangements. Meituan facilitates China's O2O lifestyle, linking online purchasing with offline delivery. Meituan sometimes refers to itself as the "Amazon of Services."



Categories

Lifestyle Platform






Ele.me is a food delivery platform owned (since April 2018) by Alibaba. The two rivals, Alibaba and Tencent, compete in food delivery with Ele.me and Meituan, respectively. To compete more effectively, Alibaba merged Ele.me with Koubei, another Alibaba brand that began in food delivery but expanded its portfolio of O2O services.

These moves are part of a fierce battle for dominance of O2O in China. When Meituan added ride-hailing to its services, it went up against Didi Chuxing, the leading ride-railing brand and a newcomer in the BrandZ™ China Top 100. In response, Didi added food delivery, a core Meituan service. This competition is producing some deep price promotion, making consumers the only clear winner, at least for now.

China was able to rapidly leapfrog to this cashless, extreme convenience because of a confluence of conditions that is specific to China. These include: abundant data and advanced artificial intelligence capabilities coupled with relatively relaxed privacy restrictions; minimal existing use of credit cards; wide mobile penetration; a low-wage labor force required for rapid delivery; and an enormous rising middle class willing to spend money.

Ultimately, the lifestyle platform category aligns with the government’s key agenda to improve peoples’ lives, and the category benefits from many government core initiatives, such as the development of a digital economy and the improvement infrastructure necessary to interconnect cities of all sizes throughout the country.

Lifestyle Planforms Brands in the 2019 BrandZ™ China Top 100						
Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Meituan	19,918	13	NEW	Meituan Dianping	Beijing/ Shanghai	2015
 Ele.me	7,269	24	NEW	Shanghai Rajax Information Technology Co., Ltd.	Shanghai	2008
 Dianping	3,846	37	NEW	Meituan Dianping	Beijing/ Shanghai	2015

SOURCE: BrandZ™ / Kantar

Logistics

Slower growth, price promotions erode profits

E-commerce customers become competitors

With a decline of 6 percent, the logistics category was among eight categories that lost value in the 2019 BrandZ™ China Top 100. The logistics category was added to the ranking for the first time a year ago. Of the five logistics brands in the ranking, only two—ZTO Express and Yunda Express—increased in value.

Driven by the rapid growth of e-commerce in China, the logistics category continued to expand during the first three quarters of 2018, but the rate of growth slowed somewhat, according to the State Post Bureau of China. Still, 49 billion parcels were expected to be shipped in mainland China this year, up 20 percent from around 40 billion last year.

Despite the growth, promotional shipping discounts by online retailers and competition among the logistics brands has put pressure on profits. And a new competitor entered the category when JD, China's

second largest e-commerce site, opened its own logistics network to consumers, often with the promise of same-day or next-day delivery.

Meanwhile, Alibaba and Cainiao Network, its logistics business, purchased a stake in ZTO Express. The strategic investment was intended to strengthen Alibaba's logistical capabilities as it expands its New Retail, enabling consumers to purchase online and receive their purchases rapidly and conveniently.

In separate developments, YTO Express joined with Alibaba's Cainiao Network to build a logistics center in Hong Kong. SF Express entered a joint venture with UPS to improve service from China to the US. It also acquired the China supply chain business of Germany-based DHL, which is expected to accelerate the business-to-business growth of the SF Express.

Category Value Change
(2019 vs. 2018)
-6%
Total Category Value
US \$23,031 Mil.



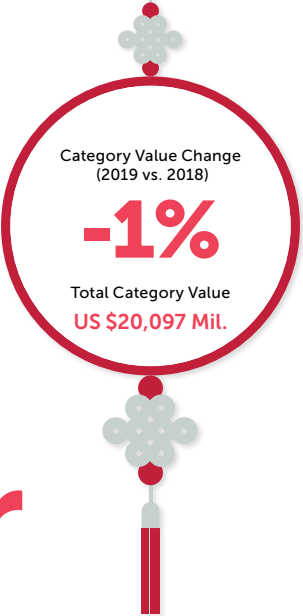
Logistics Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 SF Express	13,708	16	-6%	SF Holding Co. Ltd.	Shenzhen	1993
 ZTO Express	3,359	41	+29%	ZTO Express (Cayman) Inc.	Shanghai	2002
 Yunda Express	2,725	52	+5%	Yunda Holding Co. Ltd.	Shanghai	1999
 YTO Express	1,858	61	-35%	YTO Express Group Co. Ltd.	Shanghai	2000
 STO Express	1,380	68	-24%	STO Express Co. Ltd.	Shanghai	1993

SOURCE: BrandZ™ / Kantar

Oil and Gas

Value dips modestly after years of decline



Weaker yuan increases importing costs



The oil and gas category decreased 1 percent in value following a 7 percent decline a year ago. Both of the state-owned brands ranked in the BrandZ™ China Top 100 experienced only modest change in value, with Sinopec remaining flat and PetroChina down 2 percent.

The drop in global oil prices and stock market weakness drove the results, although profitability improved late in the year, because of strengthening global oil prices and surging local demand.

China surpassed the US as the world’s leading importer of crude oil. To satisfy that demand, Sinopec and PetroChina entered into agreements with overseas oil companies, primarily from the Middle East. These strategic arrangements are part of China’s Belt and Road Initiative.

Although Chinese consumption of oil and natural gas, and the transition away from coal to cleaner fuels, drives business for oil and gas companies worldwide, the weakened yuan makes importing more expensive for the Chinese companies.

Oil and Gas Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 中国石化 SINOPEC Sinopec	10,630	19	0%	China Petroleum & Chemical Corp.	Beijing	1998
 中国石油 PetroChina	9,467	21	-2%	PetroChina Co. Ltd.	Beijing	1999

SOURCE: BrandZ™ / Kantar



Personal Care

Young, Chinese brands shake dynamic category

Multinationals retain appeal as market fragments

The one personal care brand ranked in the BrandZ™ China Top 100, Dabao, increased 8 percent in value, but a personal care brand dropped out of the ranking, resulting in a 33 percent decline in the category. The decline followed a 6 percent drop a year ago. These results do not reflect the overall vitality of the personal care category, however.

The value of personal care sales increased 9.3 percent during the first half of 2018, according to Kantar, which attributed the increase to premiumization, with selling prices up an average of 11.5 percent, which offset a 2 percent decline in sales volume.

The market has fragmented with more brands entering the personal care category as shopping habits in China evolve and Chinese consumers become more discriminating about their purchases. Shopping for hair care, skin care, or beauty products, consumers sometimes trade up to premium brands and other times they trade down, when value-for-money is their priority. Natural products, healthy ingredients, and

cosmeceuticals, particularly in skin care and makeup, drove the premiumization. While the multinational brands retained their appeal, the growth also reflected the growing influence of young, insurgent Chinese brands. These brands gained popularity because of their use of natural ingredients.

In addition, the Chinese brands benefit from e-commerce and easy access to consumers throughout China. Rapid local decision making also adds advantage. And Chinese brands excel at communicating on e-commerce and social media sites. Both Chinese and multinational brands rely on important influencers, including online bloggers and beauty sites such as Little Redbook.

Penetration contributed most to the growth of the Chinese personal care brands, in contrast to dependence on premiumization for FMCG brands overall. Kantar found that Chinese brands have impacted the skincare market with the ability to both expand penetration and command a premium.



Health and wellness draws more brands

The concern with health and wellness opens opportunities for more product introductions. But it is important to act quickly because of the number of brands entering the category. And because of the fragmentation of the market, with so many brands competing for the same customer, it is important to add emotional messaging to the functional benefit that the brand provides. In skin care, for example, the brand that produces healthier skin also can be helping the user improve self-confidence. Engaging sophisticated consumers on social media sites requires a brand to have a clear unique selling point. Being Meaningfully Different is critical.

Over the past five years, Chinese skin care brand Pechoin grew to market leadership, for example. Rather than rely on only on traditional product and price advertising to build awareness, Pechoin introduced brand stories, sponsored of TV reality shows, used celebrity spokespersons, and created local content for social media and video sites. As a privately-owned brand that does not make its financials publicly available, Pechoin does not meet the eligibility criteria for inclusion in the

BrandZ™ China Top 100 ranking. Dabao is China's No. 2 skincare brand.

Although women primarily drive the personal care category in China, male grooming has become a growing sub-category. Brands are using young male celebrities to promote personal care products to men, and also to women. With the aging of China's population, and the high level of stress in top tier cities, products that slow aging or hair loss are becoming popular.

Personal Care Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Dabao	990	81	+8%	Beijing Dabao Cosmetics Co. Ltd.	Beijing	1999

SOURCE: BrandZ™ / Kantar

Real Estate

Value surges again, despite tighter credit, other controls

Brands drove growth with marketing and new ventures

Real estate was one of the fastest-growing categories in the 2019 BrandZ™ China Top 100, with a 44 percent increase in value that followed a 28 percent increase a year earlier. A total of nine real estate brands were listed in the BrandZ China Top 100, after two newcomers, SUNAC and Shimao, joined the ranking, and two brands dropped out.

The value of real estate brands continued to surge despite counterforces, including government attempts to limit speculation with tighter credit and other policies. While still eager to expand the stock of affordable housing, the government argued that housing is for living in, not investing in. It prohibited the purchase of a second properties in certain instances.

These factors depressed demand, not only in China’s largest cites, Beijing, Shanghai, Guangzhou, and Shenzhen, where prices soared over the past few years, but also in some lower tier cites, where certain subsidy programs ended, and developers put some projects on hold. As credit tightened, cash requirements pressured developers to lower selling prices. To stimulate sales, some real estate brands resorted to promotions that included lower down payments.

The larger brands were better positioned to endure market pressures. Three of the real estate brands in the BrandZ™ China Top 100 increased in value by over 40 percent, and only one brand declined. In some instances, brands grew through acquisition,



Real Estate Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 恒大地产集团 Evergrande Real Estate	6,930	25	+54%	China Evergrande Group	Guangzhou	1996
 vanke Vanke	4,111	34	+13%	China Vanke Co. Ltd.	Shenzhen	1984
 碧桂园 Country Garden	3,349	42	+42%	Country Garden Holdings Co. Ltd.	Shunde	1992
 保利地产 Poly Real Estate	2,884	46	+46%	Poly Developments and Holdings Group Co. Ltd.	Guangzhou	1992
 SUNAC 融创 SUNAC	2,102	57	NEW	Sunac China Holdings Ltd.	Tianjin	2003
 Longfor 龙湖地产 Longfor	1,161	74	+31%	Longfor Group Holdings Ltd.	Chongqing	1994
 绿地集团 GREENLAND GROUP Greenland Group	823	90	-5%	Greenland Holdings Corp. Ltd.	Shanghai	1992
 富力地产 R&F PROPERTIES R&F Properties	768	92	+20%	Guangzhou R&F Properties Co. Ltd.	Guangzhou	1994
 SHIMAO 世茂房地产 Shimao	681	100	NEW	Shimao Property Holdings Ltd.	Shanghai	1994

SOURCE: BrandZ™ / Kantar

driving consolidation of the real estate industry. Brand leaders also rebalanced their priorities somewhat, from aggressive land acquisition to profit control. They also investigated new real estate ventures, such as building facilities for health care and elderly care, and cultural centers to support tourism.

At the end of 2018, for the first time in almost two years, interest rates stopped rising, suggesting that government initiatives had effectively curtailed speculation and that actual demand is driving the real estate market. The market is expected to remain challenging.

Retail

Value growth continues as category transforms

Online and offline brands enter new partnerships

Retail category value continued to increase despite slower economic growth, more prudent purchasing, and ongoing category transformation as e-commerce platforms and traditional retailers collaborated to deliver products and services rapidly and conveniently.

Led by Alibaba and JD, the retail brands ranked in the BrandZ™ China Top 100 collectively rose 55 percent in brand value on top of a 47 percent increase a year ago. One brand, VIP.com, declined in value. And the online used car retailer, Uxin, joined the ranking for the first time, bringing the total of retail brands to six. Retail category growth resulted in part from symbiotic partnerships among online and offline brands.

For example, in partnership with online retailers, some hypermarkets changed from a destination for weekly, big-basket shopping into a giant convenience store and distribution point. This arrangement helped hypermarkets reverse declines in shopper traffic. And it provided online retailers, like JD.com, distribution centers in close proximity to customers.

Smaller stores reallocated their space, too. Reducing retail displays and adding products and staff to pick orders, they evolved into hybrid locations with both retail and warehouse space. Brands that specialize in delivery, such as Meituan and Ele.me, enabled the smaller stores to participate in this transformation to convenience-centered New Retail.

Meanwhile, developments in New Retail, a term invented by Alibaba, impacted Alibaba. No other brand has surpassed Alibaba's ability to employ technology in ways that embrace consumers into a branded ecosystem in which they can purchase online or offline, pay with the Alipay QR code on their mobile phone, and have their orders rapidly delivered. But for Alibaba, the cost of sustaining this ecosystem and recruiting new users is increasing. And new competition is emerging.

Pinduoduo, an online site known to Chinese consumers for group purchasing at discount prices, is expected to gain around 7 percent of the e-commerce market this year, according to Kantar. The brand successfully listed on NASDAQ during the summer of 2018. At the other end of the value spectrum, NetEase Kaola is a leading cross-border platform that enables Chinese consumers seeking high-quality premium products to access international brands.

Category Value Change
(2019 vs. 2018)

+55%

Total Category Value
US \$169,736 Mil.



Categories

Retail

To help accelerate its growth, Alibaba has initiated programs to help brands on its site become better online marketers. One of Alibaba’s core strengths is its ability to gather and integrate consumer data. These new programs share some of these data with certain brands, enabling them to better understand their customers and create better messaging and more engaging experiences, and also identify potential new customers.

Suning, which partnered with Alibaba, continued to move aggressively into online while closing underperforming physical stores and strengthening selected stores with new technology. Because of its physical store legacy, Suning is especially present in Tier 3 and 4 cities. This physical presence in lower tier cities benefits Alibaba, which has partnered with Suning as well as another retailer that is well represented in lower tier cities, RT-Mart.

Alibaba connected with RT-Mart when it purchased a minority interest in Sun Art Retail Group, which operates hypermarkets under the RT-Mart and Auchan banners. Alibaba has been upgrading the RT-Mart stores with some of the knowledge gained from its acquisition of Hema, a supermarket known for its fresh food and technology that makes the store both a place to shop and a distribution center for order delivery.

Yonghui Superstores continued to thrive because of its emphasis on freshness, which is one of the few incentives for customers to shop in physical stores. Yonghui has been focusing on quality and pioneering new in-store technologies. It is especially strong in lower tier cities, which is where the Chinese market is experiencing its highest rate of growth.







The presence in lower tier markets also helps VIP.com. As part of its shift away from its discount orientation, Vip.com is working in partnership with JD. Vip.com is especially strong among women and expands JD’s access to those shoppers. Conversely, VIP.com hopes to expand its reach to men shoppers through JD.com.



More sophisticated, shoppers control Double Eleven spending

On Double Eleven day, the shopping festival and indicator of retail industry health, consumers spent \$30.8 billion, just on Alibaba sites alone, up 27 percent from a year earlier. Mean spending per person was just under \$400, somewhat less than planned, according to Kantar, which found that Chinese consumers have become much more sophisticated. They shopped on two-to-three platforms and almost two-thirds reported that they had spent “just the right amount.”

Retail Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Alibaba	140,953	1	+59%	Alibaba Group Holdings Ltd.	Hangzhou	1999
 JD	21,183	10	+45%	JD.com Inc.	Beijing	1998
 Suning	3,763	39	+11%	Suning.com Co. Ltd.	Nanjing	1990
 vip.com	1,531	66	-18%	Vipshop Holdings Ltd.	Guangzhou	2008
 Uxin	1,256	71	NEW	Uxin Group	Beijing	2011
 Yonghui Superstores	1,051	77	+25%	Yonghui Superstores Co. Ltd.	Fuzhou	2001

SOURCE: BrandZ™ / Kantar

Technology

Advance to global leadership energizes sustained growth

Challenges include stock market fluctuations, regulations, and trade tensions

The technology category increased 22 percent in value year-on-year, after annual value increases of 19 percent and 16 percent. Measured both by the number of technology brands in the BrandZ™ China Top 100—11—and their contribution to total ranking value—26 percent—technology is the most represented category in the BrandZ™ China Top 100.












All but two of the 11 brands increased in value. In addition, four of this year’s newcomers, about a quarter of brands entering the ranking for the first time, come from the technology category. These developments reflect both entrepreneurial advancements in China and the Chinese government’s determination to make China a leader in technology as part of its Made in China 2025 policy.

The technology brands in the BrandZ™ China Top 100 divide roughly into two groups: internet platforms and device makers. The internet platforms include: Tencent, Baidu, Sina, and Netease. The device makers are: Huawei, Xiaomi, Meizu, Lenovo, ZTE, DJI, and UBTECH. New to the ranking this year are Xiaomi, DJI, Meizu, and UBTECH.

Fluctuations of the Chinese stock market and national and geopolitical developments impacted the category. Chinese government concerns about the suitability of online content affected several internet platform brands. A few device maker brands felt the impact of China-US trade tensions, including Huawei, the fastest-rising technology brand, with a 38 percent value increase.



Technology Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 Tencent	138,158	2	+4%	Tencent Holdings Ltd.	Shenzhen	1998
 HUAWEI	33,167	6	+38%	Huawei Technologies Co. Ltd.	Shenzhen	1987
 Baidu	26,710	8	+7%	Baidu Inc.	Beijing	2000
 Xiaomi	20,624	11	NEW	Xiaomi Technology Co. Ltd.	Beijing	2010
 NETEASE	3,823	38	+7%	NetEase Inc.	Guangzhou	1997
 Lenovo	2,879	47	+11%	Lenovo Group Ltd.	Beijing	1984
 DJI	2,793	50	NEW	Shenzhen DJI Technology Co. Ltd.	Shenzhen	2006
 ZTE	1,236	72	-35%	ZTE Corp.	Shenzhen	1985
 MEIZU	1,033	79	NEW	Meizu Telecom Equipment Co. Ltd.	Zhuhai	2003
 UBTECH	910	85	NEW	UBTECH Robotics Inc.	Shenzhen	2012
 Sina	861	89	-23%	Sina Corp.	Beijing	1998

SOURCE: BrandZ™ / Kantar

Internet platforms

Among the technology brands, the internet platform Tencent exerts the greatest influence. Along with Alibaba (ranked in the retail category), Tencent is one of China’s two largest online-offline ecosystems, providing products and services that enable Chinese consumers to conduct most aspects of their daily lives from their mobile phones.

Tencent’s ubiquitous WeChat app, with around one billion monthly active users, drove much of Tencent’s revenue. To position for future O2O development, and

compete effectively with rival Alibaba, Tencent invested in Meituan Dianping, a leader in O2O services.

After several consecutive years in which brand value increased over 20 percent, Tencent edged up 4 percent in value, in part because regulatory concerns about online content hurt Tencent’s gaming business, a major revenue contributor. Late in the year, revenue from advertising and cloud computing began to offset the gaming revenue shortfall. Around the same time, Tencent listed its music business on the New York Stock Exchange.

Categories

Technology

Gaming content restrictions also hurt the results for Baidu, China’s search engine giant. Advertisers cut back spending because of uncertainty about the China-US relationship. Advertising generates most of the Baidu’s revenue. To increase revenue from offline advertising, Baidu invested in an elevator advertising company. It also continued to aggressively develop its automated intelligence capabilities, which include advertising and other ventures, such as autonomous cars. It entered into a partnership with Shanghai to build an innovation center in the city.

Online video and gaming provider Netease provided one of China’s popular mobile game, “The Day After Tomorrow,” but, facing fierce competition, it curtailed its live streaming platform. Sina, the online portal, derived strong profits from the advertising on its Weibo site, a Twitter equivalent.

Device makers

Having grown to become one of the world’s largest smartphone makers, enjoying market dominance in China and India, Xiaomi announced a strategic commitment to artificial intelligence and the Internet of Things, which will include partnerships with Ikea, the furniture brand, and Ji Hotels. Racing to introduce 5G-enabled smartphones, Xiaomi also expanded into smart speakers, where its competitors include Baidu and Alibaba. Huawei, which produces a voice assistant for China, is planning to develop a voice assistant for its overseas markets.

With operations in around 170 countries, Huawei is the world’s largest supplier of telecommunications equipment and the second-largest smartphone maker,

after Samsung. Because of security concerns, the US government blocks Huawei’s participation in the American market. These restrictions prevent Huawei from pursuing a major opportunity, the development of 5G infrastructure in the US. The arrest of a top Huawei executive in Canada put the brand at the center of China-US tensions.

Another leading Chinese telecommunications equipment supplier and smartphone maker, ZTE, was also impacted by the security concerns of Western governments. Trade tensions hurt other Chinese technology brands, including, Lenovo, which continued its efforts to expand the smartphone business that it purchased from Motorola in 2014. The market leader in PC sales, Lenovo benefited from industrywide growth. Its Yoga line of premium PCs was well received.

China’s success in achieving international stature with its technology products was also demonstrated by DJI, a BrandZ™ China Top 100 newcomer, and the world’s largest maker of drones for both consumer and commercial purposes, including agriculture, energy, and construction. Like other Chinese technology companies, DJI was affected by Western security concerns and Chinese stock market fluctuations.

Two other newcomer brands also illustrate the breadth of China’s technology industry. Meizu makes and markets smartphones specifically priced and designed to appeal to young people. UBTECH is a leader in artificial intelligence and humanoid robots used for business, education, and entertainment. Tencent led a recent round of investment funding.



Telecom Providers

Telecoms help implement China's digitization agenda

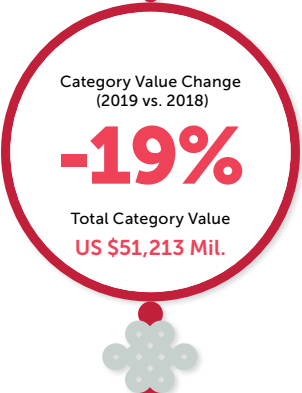
Lower pricing, higher spending squeeze profits

The telecom providers category declined 19 percent in value in the BrandZ™ China Top 100, following a 12 percent decline a year ago. Value dropped for all three telecom provider brands in the ranking: China Mobile, China Telecom, and China Unicom.




Government directives to cut data costs by 30 percent, while also accelerating broadband, including the 5G rollout, squeezed the profit performance of all three state-owned brands. As part of its plan to accelerate digitization, the government also directed the brands to eliminate roaming fees.

At the same time, consumers viewing entertainment or other interesting content on their smartphones typically accessed one of the Over-the-Top (OTT) carriers, many of which are operated by China's leading internet platforms, including Baidu, Alibaba, and Tencent.

These pressures compounded the impact of slower economic growth and intensified competition among the carriers as the market matures. Of the over 800 million people accessing the internet in China, around 98 percent are using mobile phones, according to the China Internet Network Information Center. China Mobile is the world's largest telecom provider, with over 900 million subscribers.



Telecom Provider Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 China Mobile	39,103	4	-21%	China Mobile Ltd.	Beijing	1997
 China Telecom	8,047	23	-9%	China Telecom Corp. Ltd.	Beijing	2000
 China Unicom	4,062	35	-21%	China Unicom Hong Kong Ltd.	Beijing	2009

SOURCE: BrandZ™ / Kantar

电信服务

Transport

Car-hailing leader widens ambitions

Brand implements reforms to meet security problems

Added to the BrandZ™ China Top 100 this year, the transport category includes one brand, the car hailing service Didi Chuxing, which joined the ranking at No. 12.

Didi grew rapidly after its introduction in 2012, filling a gap in the market. At the time, Chinese consumers looking for convenient mobility had one option—traditional taxis. Growth accelerated four years later, when Uber’s Chinese business merged into Didi.

Recently, Didi has been promoting its service and recruiting drivers in lower tier markets. It also expanded into the automobile aftercare market with an acquisition, and it plans to open more physical locations.

These moves are part of Didi’s broader strategy to diversify across automobile services, including lease and rental, car sharing, fueling stations, and aftercare. Other growth initiatives include overseas expansion, with an acquisition to establish the brand’s presence in Latin America, initially in Brazil and Mexico. Didi also operates in Australia and Japan.

Rapid growth forced a reckoning, however. Didi restructured parts of its business to rebuild consumer trust and satisfy government regulators who criticized certain practices, including background checks on drivers. To better protect both passengers and drivers, Didi added two new positions, a safety officer and a chief security officer.

Transport Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 滴滴 Didi Chuxing	20,041	12	NEW	Beijing Xiaoju Technology Co. Ltd.	Beijing	2012

SOURCE: BrandZ™ / Kantar



Travel Agencies

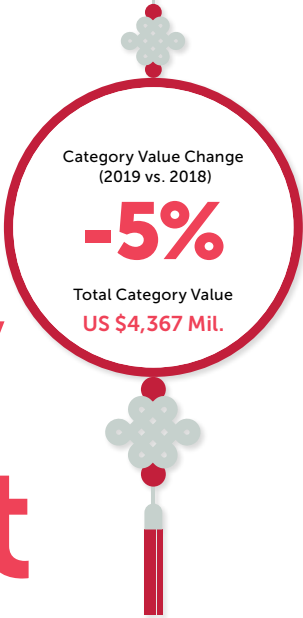
Travel industry remains robust

Stock market volatility impacts value changes



The travel agency category declined 5 percent, primarily because of stock market volatility and the value decline of one travel brand that dropped out of the BrandZ™ China Top 100. Of the two travel brands remaining, the value of Ctrip, China’s largest online travel agency, was unchanged, and the value of Qunar.com, a budget-travel brand owned by Ctrip, rose 11 percent.

Travel remained robust, with outbound travel increasing 15 percent during the first half of 2018, when over 71 million Chinese traveled abroad, according to China’s Ministry of Culture and Tourism. Inbound travel rose 11.4 percent during the same period, when 23.8 million overseas visitors came to China.

Despite strong volume increases, a one-time reduction in commissions received from airlines hurt Ctrip’s results. Celebrating its fifteenth year a publicly-traded company, Ctrip is well positioned to benefit from future domestic and international travel growth. Among the factors expected to drive growth are improved infrastructure—China’s extensive high-speed railroad network and new airports—and additional travelers—over 90 percent of Chinese do not own passports.



Travel Agency Brands in the 2019 BrandZ™ China Top 100

Brand	Brand Value US\$ Mil.	Rank	Brand Value % Change 2019 vs. 2018	Company	Headquarters	Year Formed
 携程 Ctrip	3,075	44	0%	Ctrip.com International Ltd.	Shanghai	1999
 去哪儿 Qunar.Com Qunar	1,292	70	+11%	Beijing Qunar Information Technology Co. Ltd.	Beijing	2005

SOURCE: BrandZ™ / Kantar

Travel Agencies

However, growth potential has attracted many competitors, such as Meituan Dianping, which completed an IPO, and Tongcheng-Elong a travel website that completed an IPO with backing from both Tencent and Ctrip. Alibaba operates a travel platform called Fliggy. Didi Chuxing, the ride-hailing brand, entered the hotel-booking business through an arrangement with Booking.com.

Ctrip, which has focused primarily on serving Chinese travelers, is positioning to meet the needs of overseas visitors to China, with its acquisitions of Trip.com and Skyscanner, a recommendation site. In planning for the future, Ctrip has invested in hotels, tour groups, and even a company devoted to supersonic air travel.

Across its several brands, Ctrip has around 200 million users according to the company. Using artificial intelligence, Ctrip analyzes the vast amount of data it collects from its customers to understand their travel habits and market relevant offers, such as hotels and restaurants. Artificial Intelligence is part of the brand's strategy for providing strong customer service and increasing sales.



Sun Weimin
Vice Chairman
Suning.com Group Company, Ltd.

Leading electronics chain transforms into multi-category O2O marketer

Brand consistency across channels is vital for growth

Sun Weimin is Vice Chairman of Suning.com, a leading online-to-offline (O2O) smart retail company. Suning.com operates a network 10,000 stores in China and overseas under these brand names: Suning Plaza, Suning.com Plaza, Suning Cloud Store, Suning Convenience Store, SuFresh, JIWU, Redbaby, Suning Supermarket, and Motor Company. Suning.com is among China's top three B2C platforms.



BACKGROUND AND GROWTH

The story of Suning's transformation from electronics merchant to leading O2O retailer across multiple categories is unusual. What overarching vision unifies the brand?

The vision of Suning is "Global Suning Built to Last," which means that Suning aims to become a centuries-old and an ever-green enterprise. An enterprise with open and inclusive spirit, Suning has partners around the world and serves users from all regions. In the future, Suning will become even more international.

What were the key developments that helped Suning realize this vision?

Since starting the business in 1990, Suning has always followed the tenet "Service, Our Only Product. Customer Experience, Our Sole Standard." At the same time, with the rise of China's economy, Suning, like other Chinese enterprises, gradually gained the leadership ability to provide good products and services for the customers around the world.

How did the relationship with Alibaba influence the transformation?

Suning and Alibaba reached a strategic partnership in 2015. Cross-shareholding will integrate both online and offline resources, improve efficiency, and provide better business services for Chinese and global consumers. The cooperation allows Suning to expand online sales channels and Alibaba to develop its offline network. Both partners have carried out in-depth cooperation in areas such as big data,

Internet of Things, mobile applications, and financial payments. The cooperation between Suning and Alibaba has accelerated the integration of e-commerce and traditional retail business in China.

How does Suning sustain expertise across so many sectors?

Suning is a multi-service conglomerate with retailing as its core business. All Suning businesses focus on retailing to ensure competitiveness. The logistics and finance industries are directly related to retailing. Sports and culture and entertainment can also drive traffic to the retailing business. Real estate can provide Suning with the most suitable retail properties. The technology sector focuses on the research and development of new retail technology.

What are the key challenges facing Suning as it attempts to sustain success?

Suning ranks second among national non-state-owned enterprises in China, and Suning.com has been on the Fortune Global 500 list for two consecutive years. But Suning is facing fierce competition. To gain an edge, Suning must further strengthen the integration of its businesses and supply chain abilities and accelerate the retail application of new technologies, such as artificial intelligence, cloud computing, big data, and Internet of Things.

How will you manage rapid growth?

While maintaining high-speed growth, Suning is focusing on its customer service. Its 30/30/365 after-sales policy (30-day price guarantee, 30-day return guarantee, and 365-day replacement guarantee) is the highest service standard in the household appliance industry. Suning also ranks first in several third-party surveys of e-commerce user satisfaction.

How will you attract and keep the brightest talent?

Human Resource is Suning's most valuable asset. Mr. Zhang Jindong, the founder of Suning and chairman of Suning Holding Group, once said: "Human capital is far more valuable than financial capital." Suning is known for its substantial investment in cultivating talent. The 1200 project of Suning, known as the Chairman's Project, is the No. 1 project for talent cultivation. This project recruits a large number of outstanding college graduates every year and places them on the fast-track for executive development. Although a lot of internet companies are cutting their budget for recruitment, Suning recruited 60,000 employees, despite the economic downturn in 2018. In terms of business development, Suning provides employees with a clear career path. In terms of salary and benefits, Suning offers high salaries and a shareholding plan to motivate high performance.

BRAND BUILDING AND MARKETING

What recommendations do you have for building and sustaining valuable brands in China?

Brand building is a long-term process that requires continuously refining brand value, perfecting brand characteristics, expressing brand purpose, and transforming and upgrading. A brand needs to stay young and stylish, so brand building needs professional talent, continuous input, and unique creativity. Chinese brands are emerging in large numbers, and some of them have begun to appear on the international stage. Behind these brands are the increasing competitiveness and the growing brand awareness of Chinese companies. Brand is one of a company's most valuable assets. Suning attaches great importance to its own brand. In the future, Suning will invest more resources in brand building, and continue to enhance the brand value of Suning.

What recommendations do you have for renewing and transforming brands in China?

Brand update and transformation must be on a company's checklist to maintain brand value. When a company's businesses change, its brand must be transformed accordingly. This transformation is risky, since you should first ensure that your original brand will not lose its value. Meanwhile, you should add new information about the brand. After 29 years of development, Suning has become a well-known brand in China. "Choosing Suning for buying electrical appliances" is a deep-rooted impression in the minds of many Chinese consumers. But along with its business transformation, Suning has launched a comprehensive e-commerce platform Suning.com and developed stores across many sectors. Suning is not only a brand that is connected with selling electrical appliances, Suning has realized a brand update and transformation.

How will Suning advance the evolution of New Retail? What role do you see for physical stores? For the internet?

Suning believes that smart retail is the future. In the era of smart retail, both online and offline sales modes have advantages. It is important that both online and offline sales modes become more and more integrated and complementary, so that consumers can get the goods and services they desire, anytime and anywhere.

How does Suning integrate the customer experience seamlessly across all channels?

The online and offline integration strategy of Suning is to provide a consistent customer experience across all channels. First, Suning matches the prices online and offline. Second, thanks to the highly efficient distribution system of Suning Logistics, it is possible for customers to receive merchandise soon after shopping online. Similarly, merchandise purchased in a physical Suning store, can be delivered in half an hour within a three-kilometer radius of the store.

“Brand building is a long-term process that requires continuously refining brand value, perfecting brand characteristics, expressing brand purpose, and transforming and upgrading. A brand needs to stay young and stylish, so brand building needs professional talent, continuous input, and unique creativity.”

What media mix do you use to market Suning and how is the mix changing?

Suning's media mix includes not only traditional media, but also new media, social media, and overseas media. In the future, Suning's stores all over the country will be used as advertising platforms to display the goods and services of its partners.

THE MARKETPLACE AND CONSUMERS

What are the most important Chinese consumer changes/trends you are witnessing?

In recent years, the most obvious trend has been consumption upgrading, which means that Chinese consumers need better goods and services. Upgrading challenges retailers to meet changed consumer expectations. Along with upgrading, cross-border e-commerce business has risen. Meanwhile, specialty supermarkets, specialty furniture stores, and other business formats have also begun to spring up, and consumers in rural markets also hope to buy quality goods. Suning global shopping has grown swiftly.

How have young people influenced the development of Suning?

Young consumers are a group that cannot be ignored by any retailer. We've noted that consumers born after 1985 are an emerging force of social consumption, and they are the main group of upgraders. Suning pays much attention to its interaction with young consumers and has set up several specialty stores for them, such as: Suning Redbaby Store, a purveyor of maternity and baby products; Suning Jiwu Store, which sells imported fashion; Su Fresh, a boutique supermarket; and Suning CVS. Social e-commerce is also a popular shopping method among young people, and Suning's online group purchasing site has developed rapidly.

How do you expect the aging of China to affect the growth of your businesses?

China's aging population is not only a challenge, but also an opportunity for retailers. Elderly customers are more loyal. They prefer to shop in physical stores and rely more on the sense of trust physical stores provide. These are the advantages for Suning. At the same time, the aging population has brought more demand for community services, such as clean and healthy meals, household cleaning, home appliance maintenance, and other services. All these are the advantages for Suning Convenience Store. Therefore, aging will also bring development opportunities to Suning.

“Brand update and transformation must be on a company’s checklist to maintain brand value. When a company’s businesses change, its brand must be transformed accordingly. This transformation is risky, since you should first ensure that your original brand will not lose its value.”



How will the trade tension between China and the US impact your brand?

As a retailer, our business is customer oriented, which means regardless of the market circumstance, we always insist on providing quality products and services to our customer. This will never change.

How is the new generation of China’s tech leaders different?

The new-generation leaders of scientific and technological enterprises in China have broader international vision, more sensitive business acumen, and better judgment about the new business models. The smart retail development strategy of Suning is advanced by such leaders and managers. Suning’s management development program has enabled many young managers to stand out. At present, people born after 1985 account for 67 percent of Suning executives. They represent China’s new-generation leaders in science and technology, and they are the future of Suning.

ARTIFICIAL INTELLIGENCE

Through your collaboration with Baidu, when do you expect to produce an autonomous vehicle? And how will that vehicle help solve Suning’s logistical challenges?

In spring 2018, the first Suning unmanned distribution vehicle was formally put into operation in Beijing, making Suning the first enterprise owning unmanned vehicles in normal operation in China. Also, the Huangqu Suning Convenience Store has become the first community store regularly operating unmanned vehicles. Suning Logistics and Baidu Automated Driving Business Department plan to realize the large-scale mass production of unmanned distribution vehicles by 2020. At present, Suning is building a smart logistics system to provide a stage for the application of

driverless technology. The system includes three smart logistics scenarios: intelligent community (unattended delivery carts + self-pick-up cabinets); local life instant distribution (Suning stores + unattended distribution carts); and mobile distribution (unmanned distribution cars + fixed routes). With this system, it will be easier to implement the popularized application of automated driving technology and the large-scale mass production of unmanned vehicles.

What do you hope to accomplish in artificial intelligence and the Internet of Things through the strategic partnership with SAP? And how does this partnership connect across all your businesses?

Suning and SAP will develop innovative practices in machine learning, blockchain, and Internet of Things. For example, we will match Suning’s capabilities in IT, data, supply chain, finance, and logistics with SAP’s big data platform and HANA real-time technology. These combined capabilities will enable Suning and SAP to launch innovative projects that capture and analyze customer behavior, predict demand, and provide individualized products and services for a ubiquitous, one-stop service experience. Using the latest AI and big data technology of SAP, Suning will research and develop internal intelligent solutions for managing the supply chain, customer service, finance, and risk control.

SOCIAL RESPONSIBILITY

What is the key contribution the company wants to make to society?

We believe that only enterprises driven by a desire to improve society will have a future. Suning focuses on alleviating poverty with programs that provide training for people seeking employment and support for farmers. Suning recently raised employee’s average salary by 15 percent and implemented a program to help employees finance their homes. We are committed to protecting the environment and have implemented programs to limit and recycle packaging.

“In recent years, the most obvious trend has been consumption upgrading, which means that Chinese consumers need better goods and services. Upgrading challenges retailers to meet changed consumer expectations. Along with upgrading, cross-border e-commerce business has risen. Meanwhile, specialty supermarkets, specialty furniture stores, and other business formats have also begun to spring up, and consumers in rural markets also hope to buy quality goods. Suning global shopping has grown swiftly.”

David Qian
Chief Executive Officer
ECOVACS Robotics Co., Ltd.

Visionary plan for home service robots energizes global expansion

Time-saving robotic vacuum cleaners are just the start

David Qian is CEO of ECOVACS Robotics, a maker and marketer of robotic vacuum cleaners and other artificial intelligence devices intended to reward people worldwide with the personal time they otherwise would devote to household tasks.



BACKGROUND AND GROWTH

When and how was the company established?

We started 21 years ago, in 1998, as a traditional OEM manufacturer for Western vacuum cleaner marketers. Our growth reflects the changes in China over the past two decades. We launched our robotics business just over 10 years ago. By combining robotics with vacuum manufacturing, we wanted to elevate ourselves above low-end competitors. We wanted to do something that was more high-tech, value-added, and brand-driven.

Where do you see the company today? What is your core vision?

We enjoy large market share in China and have expanded outside of China over the past three years. As it says on the wall of our office, our core mission is, "A Robot for every family in the world." Our vacuum cleaners contain technology that understands the spatial information needed to navigate around the house. We see tremendous value in this uniqueness. We want to be known as a robotics brand.

What is next for the brand?

When you think about a home, understanding the spatial information—the dimensions of each room—is just the first step. Two homes could be exactly the same spatially but look extremely different because of how the homeowners use and decorate the rooms. In the next few years, using artificial intelligence, we will understand these complexities. This change will push us further toward our goal of having a robot for every family.

Are vacuum cleaners just the first step toward becoming a total robotics company?

Absolutely. We have always been labeled as a home appliance company. We are OK with that. But we are also aligned with all the trends that appear at the Consumer Electronics Show, which I attend every year. Regardless of the trend—AI, robotics, smart home, Internet of Things—we are there with our products and capabilities. We are not a one-hit wonder. We have been here for a while and we will be here for a long time into the future. And not just with vacuum cleaners, but with robotics at the center of the home.



C-Suite Q&A

Do any of your new products illustrate this ambition?

Yes. We introduced a new DEEBOT at the 2019 Consumer Electronics Show, a vacuum cleaner with embedded machine vision. We put a camera into the product. This innovation solved a problem that we discovered in our focus groups. People resisted buying a robotic vacuum because they believed they needed to clear the floor before the vacuum cleaned the floor. For example, in the past, a pair of socks would be an obstacle. You would need to pick all the obstacles off the floor before using the vacuum. Our new innovation makes this double cleaning unnecessary. It is similar to autonomous driving. The moving object recognizes selected household obstacles lying around the floor, such as cables, shoes, socks, and charging docks. With this new capability, DEEBOT optimizes its navigation route. By recognizing obstacles, it can plan and fulfill its cleaning tasks in the most intelligent and efficient way.

What gives you passion for this business?

The benefit of being in this industry is the endless possibilities and chances to innovate. Although people may stereotype us as a Chinese manufacturing or small appliance company, we don't put that label on ourselves. We will continue to innovate and eventually how people see us will change.

BRAND BUILDING AND MARKETING

What is your brand message?

Our message is, "Do more of what you love." You put the product on and it cleans the house, enabling you to do something else. That message resonates in China, which is increasingly urban, and where everyone is busy working and households rely on double incomes. The message also resonates outside of China, with recent college grads in the US, for example.

“
We are not a one-hit wonder. We have been here for a while and we will be here for a long time into the future. And not just with vacuum cleaners, but with robotics at the center of the home.”

Does this message differentiate the brand from its competition?

We're up and coming. We're not that big relative to a lot of competitors that have been around for a long time and are very good at what they do. We are different in several ways. The typical home appliance brand specializes in traditional retail. We have built significant expertise in digital media and e-commerce. Home appliance products are usually about supply chain management. Our products are about sensors and computing. Rather than being another manufacturer, we position ourselves as a robotics brand.

What media mix to you use to communicate this brand vision?

We have tremendous growth space globally. To most effectively pursue that opportunity, we may need to change our media approach. Until now, we've been successful by telling our story online to the right people. Going forward, we might need to be a little bit different. We might need to be more present in traditional media, including TV and billboards. That would get our message to a more mass audience. Without change, it's possible that our advantage, being exclusively online, could become a disadvantage.

How do you position the brand in China?

Because we want to be a robotics brand, you'll never see us venturing into small appliances. That's because our brand strategy and our product strategy are in alignment. Brand, not manufacturing capacity, drives our business. To address the perception that ECOVACS is a small appliance brand we present a more complete portfolio of robotic products. We do not have only robotic floor cleaners. We also have robotic window cleaners and air purifiers. When we present these capabilities the consumer views us differently.

How do you build the brand outside of China?

The greatest challenge for all Chinese companies expanding out of China is not technological or logistical; it's cultural. When we first entered the US as a newcomer eight years ago, the people we hired to explain the market said that we needed to be in all the major big box retailers, such as Walmart and Costco. That is a difficult goal to accomplish because the US is a huge market. And working even with one giant retailer requires major investment in production, marketing, branding, and distribution to thousands of physical stores. We tried this approach. But three or four years ago we decided to scrap that plan and shift to e-commerce. That fit with our advantage, because that is the way we go to market in China.

“
Although people may stereotype us as a Chinese manufacturing or small appliance company, we don't put that label on ourselves. We will continue to innovate and eventually how people see us will change.”

Is your go-to-market strategy outside of China exclusively e-commerce?

No, it's not just e-commerce. As our US colleagues reminded us, big-box retailing is still important. We combine the e-commerce knowledge and strategy that we bring from China with adjustments to meet the expectations of the local market. About 80 percent of our business in China happens online. Outside of China about 50 percent of our business is online.

C-Suite Q&A

Outside of China, is being a Chinese brand an advantage or disadvantage, or is it neutral?

Our goal is to become a global brand in the same sense as Proctor and Gamble or Unilever. They may come from the US or Europe, but they operate locally. They have local products and teams. And they may have local brands designed for local market tastes or needs. We have around 150 employees working outside of China, in Japan, the US, and Europe. And we're adding more people.

Do current trade tensions affect the brand?

We need to take out the ebb and flow of politics and focus on the customer. And over time, it's been proven that companies can come from different countries and be successful on the global stage. Our largest markets outside of China are the US, Europe, and Asia Pacific, in that order. I look at the success of DJI, the world leader in drones. The brand is from China but it is viewed as global. The lesson is that you just need to deliver a really great product.

THE MARKETPLACE AND CONSUMERS

Who is your core customer?

Both in China and abroad our core customer is the new-age middle class. China has this up-and-coming middle class. It is difficult to convince a grandma in Germany to give up her Siemens vacuum or a grandma in the States to give up her Hoover. But recent college graduates moving into an urban lifestyle will be receptive to our message.

Will ECOVACS focus exclusively on consumer products, or will you serve businesses as well?

We do have a subsidiary that runs on the business side, but our focus is mainly on the home. The home is the perfect environment to develop robotics.

Have changes in Chinese consumer attitudes or purchasing habits affected your business?

In the past five years, e-commerce helped our business a lot. Introducing a product as complicated and new as a robotic vacuum cleaner is challenging. But we enjoyed great success. Why? Social media, including reviews, helped us explain the product. Videos told our story clearly. These factors helped push us forward.

Does e-commerce continue to be helpful?

Retail in China is changing. To quote Jack Ma, we're in the era of New Retail, online to offline. When I talk to the big retailers in China—Alibaba, JD, or Suning, for example—I don't just talk about online or offline. I'm always talking about both, about how we can work together in China and abroad. Shopping in China is a unique experience. It is already fast and cashless. In the future it will become unlike anything outside of China.

Has the slowdown in China's housing market impacted ECOVACS as it has other brands in the home appliance category?

Last year we had our best performance, both inside and outside of China. It was the best performing year for the category globally. In China, the market grew 50 percent. Our penetration is less than 10 percent in China, so we have a lot of room for growth. Looking at macro factors, we are entering the next three years of fast growth for the industry.

Is the growth coming from the major coastal cities, or from the lower tier markets?

Because our business is 80 percent e-commerce in China, we've always had the opportunity to sell anywhere in China. We do well in the first-tier cities. But some of our best-performing markets are second-and-third tier cities.





Brand Building Best Practices

Data analytics drives rise of online brands, but brand equity will determine their future

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Commanding a premium requires more than algorithms

Within China, we've seen an incredible transformation in online commerce that has given rise to many digitally-native brands, defined as those brands exclusively flourishing online with no traditional brick and mortar presence.

Brands such as Three Squirrels, a nuts and snacks startup; local cosmetics brand, AFU; or even pet food category killer, Crazy Doggy, have disrupted their respective categories on online with slick packaging, unique product offers, and in-depth knowledge of consumer needs.

These brands have not always evolved from the traditional "see a need, fill a need" lucky entrepreneurs who just happened to fall into the right opportunity, but from data analysts who poured through search data and identified key product gaps not currently served by their respective category competitors.

Welcome to China's version of Marketing 2.0, where innovation in products and services are now instantaneously driven by changes in consumer demand. Product variants are not created by a committee or a laboratory in the company, but as the result of what's hot at the moment. Personalization is the rage.

Because digitally-native brands have lower investment costs, they can adapt quicker than traditional brands and deliver shorter product life cycles. An anti-aging dog food variant? Carbon fiber pet diapers? They're for sale on Tmall! To me, this is pure marketing, and there's never been a more exciting time to be in the business in China than now.

Crossing borders

When I came to China in 2005, brands grew at meteoritic levels, and we would always congratulate ourselves on a brilliant advertising campaign. However,

we have to be honest that brand awareness could also be attributed to increased distribution and not to advertising. Sales of Oreos, for example, will increase 30 percent year-on-year as they start appearing on shelves for the first time in lower tier Chinese markets.

“Despite all the trade tensions, there are also many new, digitally-native Chinese global brands driving opportunities abroad. There are thousands of Chinese brands in this space.”

Age of Marketing 2.0

Despite all the trade tensions, there are also many new, digitally-native Chinese global brands driving opportunities abroad. There are thousands of Chinese brands in this space. These are some of the more recognized: Anker and Sunvalley, consumer electronics marketers; DJI, the world's largest drone brand; and ECOVACS, the robotics company best known for its robotic vacuum cleaners.

Amazon is home to most of these new brands, with cross-border trade from China now approaching \$10 billion on the platform. Last year, China-sourced exports on Amazon grew a whopping 50 percent, and this growth is likely to continue. Search almost any product category on Amazon.com today, and you will likely see brands you have never heard of competing against the traditional brands. And yes, many of these brands are from China.

Among the thousands of brands, there are a lot of digitally-native brands that are simply getting it right and are growing exponentially abroad, and many, like ECOVACS, rank in 2019 BrandZ™ China Top 100. Similar to their local counterparts, these digitally-native brands are often organized in nimble teams, combining e-commerce, product development, marketing, supply chain and customer service experts working together.

Following the data is critical, and the big players are masters of optimization. By understanding search, brands can understand demand, and by combining it with the current product portfolio, gaps can be identified and filled. It's therefore not a surprise to see successful digitally-native brands seeing their data analyst as senior and as crucial as their company chief technology officer. Once you have the data, successful digitally-native brands participate in growth hacking practices, ensuring that the product is discoverable, and traffic is being driven to your listings.

Building brand equity

Many of China's digitally native brands going abroad rarely make it to this level, ending up competing with the masses in the low-priced sector. For those who have reached the top in e-commerce, what's next? How do you evolve from a master manipulator

of Amazon algorithms to a product that consumers actively seek out and are willing to pay a premium?

Chinese manufacturer, Mpow, for example, makes an excellent noise cancellation pair of headphones retailing on Amazon at \$59.99. By contrast, a similar pair of Bose headphones can run \$350, and Bose is the No. 1 seller. Besides a premium price, the difference between Mpow and Bose is brand equity.

Going to the next level will require Chinese brands to start investing in marketing because online optimization can only go so far, and it's those non-tangible, psychological factors that make people move from a rational purchase to an emotional one. Many activities within the global digital environment will help Chinese brands reach a broader audience, and many aren't crazy expensive.

At Wunderman, we recommend that clients adopt omnichannel e-commerce and social strategies, including these three initiatives:

1. Engage in more Direct-to-Consumer (D2C) activities on the brand's own e-commerce platform. A brand's D2C platform will also enable it to have more enriching conversations with the target audience.
2. Take full advantage of segmented direct marketing and Dynamic Creative Optimization (DCO), which enables campaign effectiveness to be perpetually improved in real time.
3. Pursue Consumer Relationship Management (CRM), a recommended strategy both within the Amazon platform and outside of it. Start out simple: you should have a way to ensure you are utilizing warranty programs, newsletters, and downstream promotions.

Chinese digitally-native brands provide the ultimate combination of creativity, innovation, and data science, adapting many local business practices and delivering a new era of marketing on the global stage that is both disruptive and growing rapidly. While e-commerce is all the rage, it still represents a tenth of the retail market in North America. We still have a long way to go.

“Going to the next level will require Chinese brands to start investing in marketing because online optimization can only go so far, and it's those non-tangible, psychological factors that make people move from a rational purchase to an emotional one.”



Rational shoppers trade up or down, deciding to spend according to need

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KANTAR

Kantar is the world's leading data, insight and consultancy company. We know more about how people live, feel, shop, vote, watch and post worldwide than any other company.
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Brands must revise their understanding of consumers and channels

The once-prevailing belief in “consumption upgrading” or “premiumization” has recently been questioned. It had been assumed that Chinese consumers would now buy better products/services for higher quality and no longer care too much about prices. Shaking the belief, is the quick rise of so-called “consumption downgrading” apps and brands.

The bellwether of these apps and brands is the social group shopping/discount app Pinduoduo. Pinduoduo enables consumers to buy small-brand (or even copycat-brand) products at very low price and achieve even deeper discounts if they invite WeChat friends to buy together. Pinduoduo went public on Nasdaq only three years after its founding and has more than 300 million users.

Netease Yeation, the e-commerce platform that Chinese internet portal Netease founded in 2016, offers consumers mostly white label products. Using the slogan “The good life is not that expensive,” Netease Yeation has become one of the mainstream e-commerce shopping channels among young urban consumers. The key question is: Does the strong growth of these new app/brands indicate that Chinese consumers are downgrading?

The answer is no, according to the Worldpanel data coming from Kantar's consumer panel that tracks FMCG purchase. Total fast-moving consumer goods sales in China is still growing. The annual growth rate has rebounded since 2016. In the 12 months ending in June 2018, the FMCG growth rate was 4.5 percent higher than a year earlier, faster than the full-year pace of 2017.

These data confirm that consumption upgrading is still continuing and expanding. Our data showed that price continued to expand its contribution to the total FMCG sales growth: from 42 percent in the 12 months ending in June 2017, to 64 percent in the 12 months ending in June 2018.

“As China's consumption landscape keeps evolving, brands have to explore and constantly add new paths to reach the consumer. That requires understanding how Chinese consumers and social and purchasing channels are rapidly changing.”

Stratified Spending

From a channel perspective, online is still the fastest-growing sector: its growth rate in the 12 months ending in June 2018 was 30.3 percent, six times that of the total FMCG growth rate. With online accounting for an increasingly big share of total sales, omnichannel shopping is becoming mainstream. From June 2017 to June 2018, 57 percent of urban families were buying FMCG from both online and offline sources.

Understanding the new shopping era

Chinese consumers buy a lot of premium goods online, and strongly supported the premiumization of online shopping. With Chinese consumers entering a new era of shopping, brands need to understand shoppers even better. We believe that consumer needs in the near future will grow around three themes: health, instant satisfaction, and personalization.

Health

Consumers are demanding that brands offer healthier products/services. The concept of health needs to start from the foundation of brand offers. Only brands with truly healthy ingredients can convince increasingly sophisticated consumers. Soybean milk, for example, has promoted itself as a “non-additive” drink and the category sales in the 12 months ending in June 2018 were 87 percent higher than a year earlier. Soda water, which is alkaline and sugar free, increased its sales by 37 percent during the same period.

Instant Satisfaction

Instant satisfaction and efficiency have become a major competitive edge for many new products, such as washing capsules (annual sales growth of 34 percent) and high-end instant noodles (annual average sales growth of 20 percent). These innovative products have

won over new shoppers because of their convenience in usage.

Among cosmetics, products packaged in ampoules can help improve skin condition quickly and hence achieved great growth. They increased 81 percent increase in shoppers. Similarly, sales of concealers increased 92 percent. In terms of channels, small supermarkets and vending machines offer quick buying solutions and have become more popular. Shopper visits to small supermarkets have grown 5 percent and use of vending machines has grown 26 percent, according to Kantar’s Out-of-Home Panel.

Personalization

Last but not least, brands that offer personalized services and fun can stand out. Jo Malone London invites consumers to create their individual scents. “Cross-category joint marketing” is another trend. Popular milk tea brand HEYTEA worked with L’Oréal Paris to launch a lipstick gift package. Japanese brand Nissin launched cup noodles according to flavors that had appeared in the series “Ms. Koizumi Loves Ramen Noodles,” which was hosted on Bilibili, a leading online entertainment platform for young people. The brand showed TV commercials at the end of each episode. It has successfully raised brand awareness among young audiences.

Key strategic considerations

As China’s consumption landscape keeps evolving, brands have to explore and constantly add new paths to reach the consumer. That requires understanding how Chinese consumers and social and purchasing channels are rapidly changing. We recommend that brands focus on three key directions:

1. Redefine the relationship between brand and consumers

Brands are trying to make breakthroughs in their relationships with consumers. International brands continue to build their images among young consumers. High-end cosmetics brand Estée Lauder has invested heavily to attract young consumers, especially those younger than 25. The strategy has paid off, as in the past 12 months 50 percent of sales growth came from this group.

At the same time, brands also need to leverage the power of Key Opinion Leaders (KOLs) and celebrities. Compared with celebrities, KOLs are closer to consumers and trusted by them. They are very effective at influencing the behavior of young consumers.

Brands can also benefit from celebrities’ halo effect through partnership on content marketing platforms. Social shopping platform RED has invited many female celebrities to open accounts to share their experiences of using inexpensive products. On the one hand, it gives celebrities an opportunity to show the “real me” side. On the other hand, it is impactful in creating consumers’ interests in those products and eventually buying from RED’s e-commerce platform.

2. Redefine the relationship between social and purchasing

WeChat and social shopping app Pinduoduo have demonstrated the sales-driving power of social media. Our data has shown that 20 percent of urban Chinese families have purchased FMCG

through WeChat. Consumers would proactively show off what they’d bought on their WeChat Moments feed, which is an invaluable “earned media” for brands.

Pinduoduo invites its users to form “buying groups” through the WeChat platform to earn deeper discounts. The app successfully leveraged the close connections established on WeChat, supplemented by the much cheaper unit price of goods on its platform compared with other channels, to earn more than 300 million shoppers within three years of its launch.

3. Redefine the boundary and mission of channels

As online and offline retail channels keep merging, the boundary and mission of different channels are being redefined. Previously, each channel had a clear and distinctive positioning: hypermarkets like Walmart stood for value-for-money shopping; e-commerce retailers, such as Taobao, meant endless options; convenient stores, like FamilyMart, meant easy and quick shopping.

Now, with technologies empowering everyone, the boundary is blurring. Consumers can buy from Walmart’s website or app to get goods not only at reasonable prices but also with convenience. People can order food from popular restaurants through take-away apps without queueing for a table for hours anymore. Channels have also become media because they also publish contents to engage consumers. These blurred boundaries will have profound impacts on reshaping the future marketing landscape.

Social media is now divided into two types that require varied messaging



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Brands must understand this evolution to optimize ROI

Social media marketing in China is becoming more complicated in ways that will dramatically affect brand building. Change No. 1 is the division of social media into two distinctive types of platforms that require distinctive brand initiatives. Change No. 2 is the influence of artificial intelligence, specifically on the use of Key Opinion Leaders (KOLs).

In change No. 1, China's social media platforms have evolved into a new, dual-layer ecosystem. The first layer is fundamental social media. These Core Social Media Platforms aim to strengthen interpersonal relationships. The second layer, Derivative Social Media Platforms, leverage these social media connections and personalize filtered content to drive platform visits.

For effective brand building and maximum social media ROI, it is critical that brands understand how these different types of social media platforms serve different purposes, and then fit them appropriately into brand-building strategies. Investment approaches and evaluation methods differ for each type of platform. Think of the distinction between platforms like this:

Core Social Media Platforms

These are relationship-centric platforms. Brand strategy should focus on building connections with the brand's customers by embedding the brand's own products and services into online personal social dialogues. By doing so, the brand could also gather valuable data for its consumer database.

Derivative Social Media Platforms

These platforms are content-driven. Brand strategy should focus more on content to maintain or increase user engagement and thus grow traffic. A new KOL hierarchy has emerged on these platforms. Chinese social media users' attention is gradually shifting from influencers whose primary appeal is entertainment, to influencers who impart knowledge. Reflecting the evolving sophistication of social media users, KOLs who can provide expertise in a particular field are gaining popularity and marginalizing KOLs who specialize in entertainment.

Artificial intelligence provides brand opportunities

In addition, artificial intelligence (AI) has powered a wave of new users on social media—AI avatars. AI technology can efficiently render highly creative content on social media. The content gets vastly distributed to users thanks to social media algorithms. When a lot of users enjoy the content, its creator (in this case an AI avatar) becomes popular.

AI provides new opportunities for brands to interact with social media users to increase brand affinity and advocacy. While AI is a disruptive factor in the current user relationship, it gives everybody a new starting point on social media investment. The earlier a brand invests in social media AI, the better performance it may achieve. It is also likely that AI technology will change the usual growth path of opinion leaders.

In a related development, AI could also be used to break the "walled garden" approach, in which social media platforms create closed systems that prevent third-party auditable measurement for evaluating performance across platforms. Using blockchain technology, it would be possible to validate and compare KOL performance and authenticity in social media marketing.

Social Media

In this highly diversified and rapidly-changing Chinese social media environment, influencers and marketers need to work together to promote and develop an industry-wide, third party auditable measurement system that all stakeholders can willingly accept to ensure transparency in social media influences. Only with that transparency can marketers manage KOL/celebrity price inflation, calculate real influence, and measure return-on-investment scientifically.

Optimizing social media ROI

With such a diverse and rapidly evolving social media landscape, social media investment in China needs strategic thinking. Here are three related actions brands need to take:

1. The social media portfolio should include core social media and derivative social media, but their benchmark and optimization approach should be different.
2. It is vital for brand owners to have a comprehensive pre-investment analysis before investing in KOLs and celebrities. The composition of which should include three parts: accurate profiling, third-party evaluating technology, and an ROI measurement system.
3. Establishing social listening across all social media platforms is the key. This will help a brand have an accurate tracking of its performance online and identify key audience, key platforms, key driving forces, and key timing for campaigns.

There are existing solutions to analyze category buzz and evaluate brand performances. These solutions, such as Kantar's Cooperator XI, can help brand owners understand consumers' interests and concerns regarding certain topic or brand to support its brand marketing strategies. Brands can then gain a clear understanding of their social marketing performance to invest better and unlock potentials to reach and engage their target audience more effectively.



“For effective brand building and maximum social media ROI, it is critical that brands understand how these different types of social media platforms serve different purposes, and then fit them appropriately into brand-building strategies.”

Brands must assert control and gain access to customer data

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re-founded to make brands
matter in a complex, noisy,
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New insights will improve experience, raise margins, and lower costs

Since the dawn of commercial trade, there have only been three sustainable ways to increase sales: (1) sell to more customers; (2) sell more to the same customers; and (3) sell more expensive items to the same customers.

More than ever, digital and data are empowering brands to pull all three levers to drive their businesses. Digital transformation is accelerating in every facet of life and none more so than in the retail environment. Some researchers predict that spending on technology in the retail sector will exceed \$200 billion this year. eMarketer predicts that e-commerce this year will contribute 30 percent of China's total retail sales, which are expected to grow 7.5 percent.

Despite—or because of—this enormous growth, brands have a serious problem. Lured by the appeal of reaching more customers from upper to lower tier markets, brands have given up their customer data to the behemoths of e-commerce platforms. The last mile in every transaction has been owned by Alibaba and Tencent, who built their Data Management Platforms and Consumer Data Platforms from the data they collect from the customers that brands attract to their sites.

Unless brands take action, this trend is likely to continue as spending on retail technology increases. Much of this spending will go into offline retail, with more digital widgets leveraging data to produce better customer experiences. Many brands will be trying (albeit in vain) to keep up with the trail blazed by Alibaba's Hema and JD's Fresh, as they continue to leverage their deep customer understanding and fuel the ever-increasing demands of the Chinese consumer for fresh food and rapid delivery.

The adoption of augmented reality, virtual reality, robotics and the Internet of Things will rapidly expand in a mall near you, where brand experiences—at least those in owned retail spaces—are easily managed, and direct contact with the consumer is more readily available. Ironically, it's in the online world (where many companies expect growth to come from) where we see a greater data challenge.

Data vital in competitive market

The rapid growth in e-commerce has made selling to more customers more viable than ever. China's huge e-commerce platforms (and the myriad of smaller ones) have enabled brands to penetrate provinces that were previously geographically and logistically impossible to operate in (at least profitably). Brands that were once the privilege of the Tier 1 populace are now available, usually delivered in 24 hours, anywhere in China. Whether movement of Chinese consumers from "needs" to "wants" or the massively increased availability of products are the driving forces, the net result has brought more customers to brands large and small.

This development produced unanticipated consequences. Due to the lower barriers to entry, e-commerce channels have enabled numerous smaller brands to get access to the market, driving up competition and forcing all brands to spend heavily to maintain market share. Alibaba generated RMB 218 billion (\$31.6 billion) in advertising revenue in 2018 (larger than all the ad revenue spent on TV combined), a clear reflection of the opportunity and the challenge brands are facing.

Cleverly, Alibaba and Tencent then turn around and charge brands for data on their own customers—which can only be used within the platform’s ecosystem. The costs for using platform data (essentially being able to place the right content in front of the right type of customer) have increased in the last three years.

So, although the precision of the marketing within these platforms has increased, and the functionality of Alibaba’s UniMarketing and Tencent’s Blackdragon are providing brands with more customer data more than ever, it’s the commerce platforms that have become the intermediary in the brand-to-customer relationship. It’s as if all brands, including the luxury ones, have receded into a classic FMCG-type consumer engagement, where the retailer owns the customer and the experience, the brand just supplies the products.

This is all fine when sales keep increasing. But as sales start to stall, competition increases, and margins are squeezed, brands start to ask questions: Who is my most valuable customer? Which of them can I get to buy more? Who should I target to upsell? Who might be the right one to target to cross sell?

Brands must reclaim the customer relationship

Brands need to know their consumers better themselves in order to establish their own relationship with the consumers that they own.

Data, of course, is the key building block of this relationship, enabling an understanding of product purchase, consumption, usage and ultimately re-purchase. Consumer data, when used correctly, enables the upsell and cross-sell of products,

personalization and, importantly these days, the enhanced experiences that seem to be all the rage.

Perhaps driven by a slowdown in growth, or an awakening to ever-reducing margins on e-commerce, the change is coming.

Once a brand has a direct relationship with its customer—which means it has direct access to its own consumers—promoting a product or a service is a much lower cost or (if through owned channels) free. In addition, the effort spent to learn more about the customer tastes, household make-up, family demographics will improve the “right time, right place right” message and have a direct correlation to sales or customer satisfaction scores.

Evidenced by the development of more than five million WeChat mini programs in 2018, brands today not only want to improve their customer experience, but they also want to take control of their own data. These apps, living within the WeChat ecosystem, enable brands—with a little bit of tech—to capture every single customer data point.

This enables brands to really know their customers and allows them to build meaningful relationships with customers, pulling data into their Customer Relationship Marketing systems and pushing exclusive, personalized experiences back to customers. Brands then can know who will buy more, and who will buy at a premium.

Not only that, knowing who your customer is means a brand can deliver a better experience, increasing the likelihood of repeat purchases and driving down the cost of acquisition, therefore improving margins. Alibaba and Tencent may still own a majority of the inventory to reach these customers, but brands are pushing hard to take back control of their own customers.

“Knowing who your customer is means a brand can deliver a better experience, increasing the likelihood of repeat purchases and driving down the cost of acquisition, therefore improving margins.”

Abrupt change in ancient culture produces a wide generation gap



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Brands have an opportunity to bridge the gap and add harmony

Chinese culture is like a very large and deep river that—in the way all cultures evolve—flows towards the future. A river that has two streams; one runs in the depths and is very slow and one runs on the surface and is very fast.

The former represents older generations that have deeper knowledge of the cultural tradition, are bound by its ideologies and values, and in general are more spiritual, ethical, and warm-hearted. They are more patient and calmer but slow to adapt. The latter

stream represents younger generations that are more detached from tradition and its values and are, in general, more materialistic, shallow, ambitious, and “addicted” to change. Having spent all their lives in a state of constant progress, they are all about instant gratification, the search for the Chinese Dream and extreme experiences.

“Change that normally takes many generations’ time, in China takes place within one or two. This creates a huge gap in continuity, as the ideas of the past cannot be bridged with the radical ones of the present.”

In most cultures, the generation gap is caused by cultural evolution, technological progress and the new parameters that these set, in terms of experiencing and consuming everyday life. This is a healthy sign that creates necessary tensions upon which culture drafts its passage into the future, harmoniously evolving its traditional values and re-appropriating its beliefs to fit contemporary conditions. Evolution in this case is an unconscious end-result of this tension between generations. It is resolved through a middle ground where old ideas, beliefs, and behaviors are fused with new ones creating a cultural continuity of the past into the future.

In China, such harmonious continuity of culture is threatened; instead of cultural continuity we are talking about cultural change. The generation gap has acquired gigantic proportions and is a normal side effect of the very abnormal and abrupt change that has taken place in the last decades. Never before in history has such an old, deeply philosophical, potent, and self-reliant culture, closed for many years, suddenly opened up to new ideas and influences and adopted them so fast and so passionately. Change that normally takes many generations’ time, in China takes place within one or two. This creates a huge gap in continuity, as the ideas of the past cannot be bridged with the radical ones of the present.

Generation Gap

This can be a frustrating and emotionally charged situation. I remember many instances, while talking with old Chinese artists, when their usual calm and tranquil expression changed into anger as they started discussing new artists and their radical way of thinking, doing, and talking about art, devoid of any traces of respect or acknowledgment of tradition, methods, and principles. And of course, the old artists are more right than wrong. The old generations are trying to understand the new world and how it changes, even incorporate new methods and technology into their practices. The new generations wish to completely cut off tradition and disrupt the status quo. And while this is the nature of the new, eternal ideals and values that are the foundational pillars of the Chinese cultural DNA need to be persevered, embraced, and re-appropriated.

Branding opportunities

From a branding perspective this phenomenon presents a unique opportunity. Brands can successfully and meaningfully tap into the generation gap phenomenon in ways that relate to both old and new. One way of doing this is by actually making 'generation bridges' a brand's social mission and cultural purpose; a strategy whereby the brand's philosophy, internal mechanisms and external expressions stand for facilitating a harmonious cultural continuity where the ideals of the old meet with the practices and energy of the new. Brand actions here would range from internal mechanisms where employees represent both generations, to campaigns that portray old and new living together in harmony, to activities and events bringing old and new together under a common platform upon which they can merge their philosophies and practices.

Another branding opportunity would be to tap into relevant contemporary cultural production, sponsoring and facilitating its output. There are many instances in culture where the new and old merge creating great value and meaning. In fashion, crafts and architectural

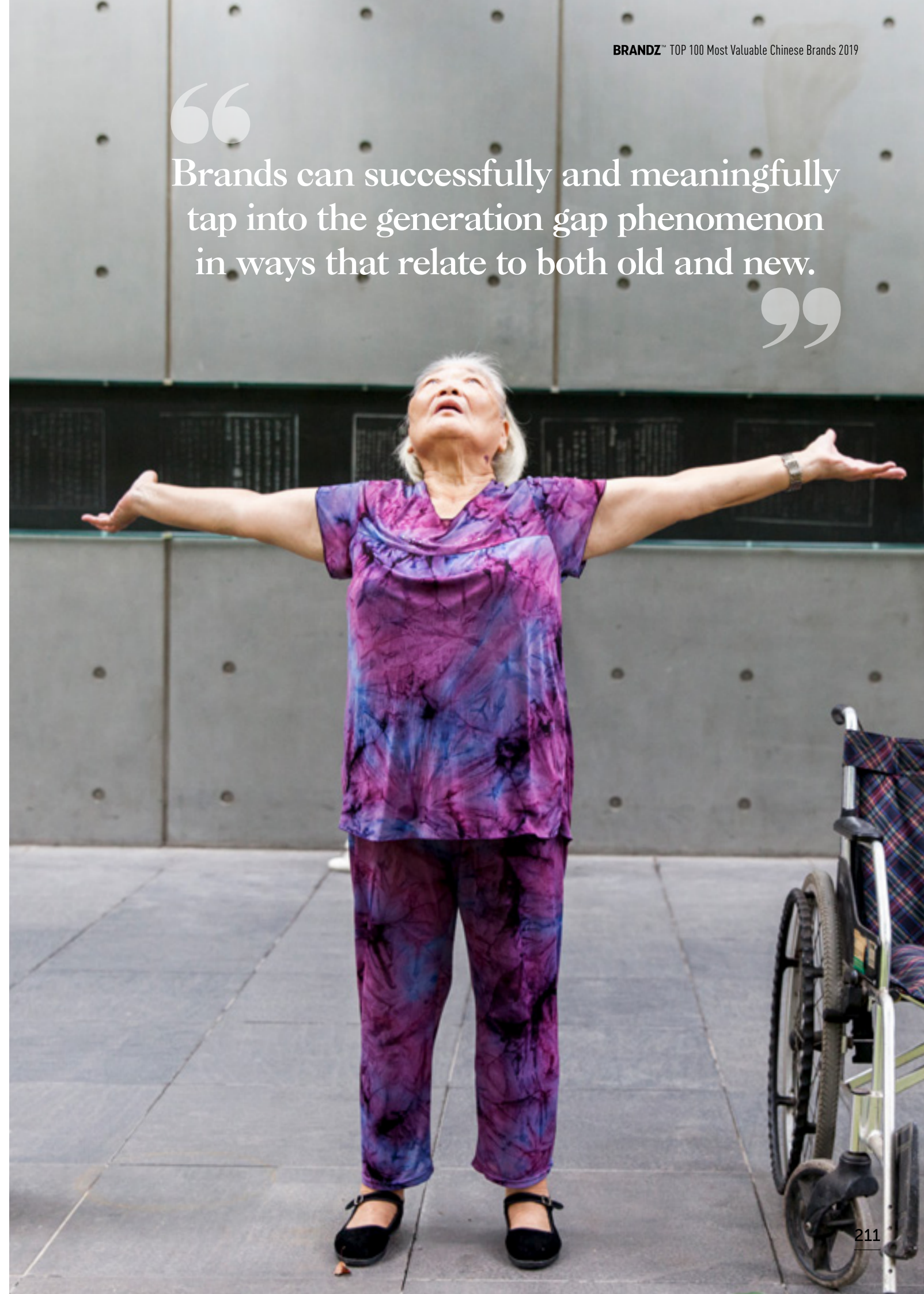
iconographies, patterns and motifs as well as techniques of the past are inspiring new forms of contemporary expressions creating a sense of cultural vibrancy and continuity that comes as a result of old and new. Even films and videogames are using traditional iconography, heroes and legends to construct their narrative. In advertising and graphic design many great examples portray traditional iconography with contemporary, usually animated, aesthetics.

Yet another way that brands can address this is through technology. Scientific and technological progress have always been sources of fascination for Chinese people and a sign of a thriving culture. The old generation is fascinated by understanding the new technology and many brands have tapped into this idea using comical scenarios where the old try to use the technology of the new. A deeper and more meaningful way of addressing this is by seeing old ideals and philosophies through the prism of new technology. In this way, old and new are simultaneously educated about practices and values that each other represent.

A great example has been Herborist, the personal care brand that reimagines the Yin-Yang by picturing it in neon colors, suggesting a new form of balance between the nature of the old and the technology of the new. Herborist collects the best of traditional Chinese medicine ingredients and, with new technology, distills their essence to meet contemporary skincare needs. Technology can act as an amplifier that enables old generations to better hear and comprehend the newer generation and, at the same time, educate newer generations on old values and ideals that can be modernized and readopted to the new conditions.

To sail the river of Chinese cultural change, brands need to chart a course that touches both streams but finds a middle route that is both relevant to old and new and distinctive to the brand.

“Brands can successfully and meaningfully tap into the generation gap phenomenon in ways that relate to both old and new.”



07



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 2019 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 use consumer viewpoints to assess brand equity, as we strongly believe that how consumers perceive and feel about a brand determines its success and failure. 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 3.7 million consumers and more than 165,000 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 other stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

At the heart of a brand’s value is its ability to appeal to relevant customers and potential customers. BrandZ™ uniquely measures this appeal and validates it against actual sales performance. Brands that succeed in creating the greatest attraction power are those that are:

Meaningful

In any category, these brands appeal more, generate greater “love” and meet the individual’s expectations and needs.

Different

These brands are unique in a positive way and “set the trends,” staying ahead of the curve for the benefit of the consumer.

Salient

They come spontaneously to mind as the brand of choice for key needs.

Importance of brand valuation

Brand valuation is a metric that quantifies the worth of these powerful but intangible corporate assets. It enables brand owners, the investment community and others to evaluate and compare brands and make faster and better-informed decisions.

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. 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.

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.

Here’s what makes BrandZ™ so unique and important. BrandZ™ is the only brand valuation methodology that obtains the customer viewpoint by conducting worldwide on-going, in-depth and consistent 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.

ELIGIBILITY CRITERIA

The brands ranked in the BrandZ™ Top 100 Most Valuable Chinese Brands 2019 report meet all of these eligibility criteria:

- The brand was originally created by a Mainland Chinese enterprise.
- The brand is owned by a publicly traded enterprise, or the brand’s financials are audited by a major global accounting practice and published in the public domain.
- Bank brands derive at least 20 percent of earnings from retail banking.
- Chinese unicorn brands have their most recent valuation publicly available. (In prior years, only publicly-traded or audited companies were eligible.)

WHY BRANDZ™ IS THE DEFINITIVE BRAND VALUATION METHODOLOGY

All brand valuation methodologies are similar – up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What’s missing? The picture of the brand at this point lacks input from the people whose opinions are most important – the consumer. This is where the BrandZ™ methodology and the methodologies of our competitors’ part company.

How does the competition determine the consumer view?

Interbrand derives the consumer point of view from different sources like primary research and panels of experts who contribute their opinions. The Brand Finance methodology employees a complicated accounting method called Royalty Relief Valuation.

Why is the BrandZ™ methodology superior?

BrandZ™ goes much further and is more relevant and consistent. 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, regularly and consistently. Our on-going, in-depth quantitative research includes 3.7 million consumers and more than 165,000 brands in over 50 markets worldwide. We have been using the same framework to evaluate consumer insights since we first introduced the BrandZ™ brand building platform in 1998 which allows historical understanding of the change in brand equity.

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. Since we have been using the same framework to measure these insights, this enables historical and cross-category comparisons.

BrandZ™ Genome Mapping

The Science Behind Our Art

One of humanity’s greatest recent achievements was successfully sequencing our own genome in 2003, revealing the key building blocks of what makes us each unique.

Now BrandZ™ gives you the ability to do the same for your brand of choice

BRAND EQUITY

BRAND EQUITY BUILDING BLOCKS

BRAND STORIES

DIGITAL FOOTPRINT

BRAND VALUATIONS

BEST COUNTRY RANKINGS

POWERED BY BRANDZ

25

GLOBAL

(100)

BRANDZ™ Genome Product Number

BRANDZ™ Genome Symbol

Name

Number of Brands Ranked

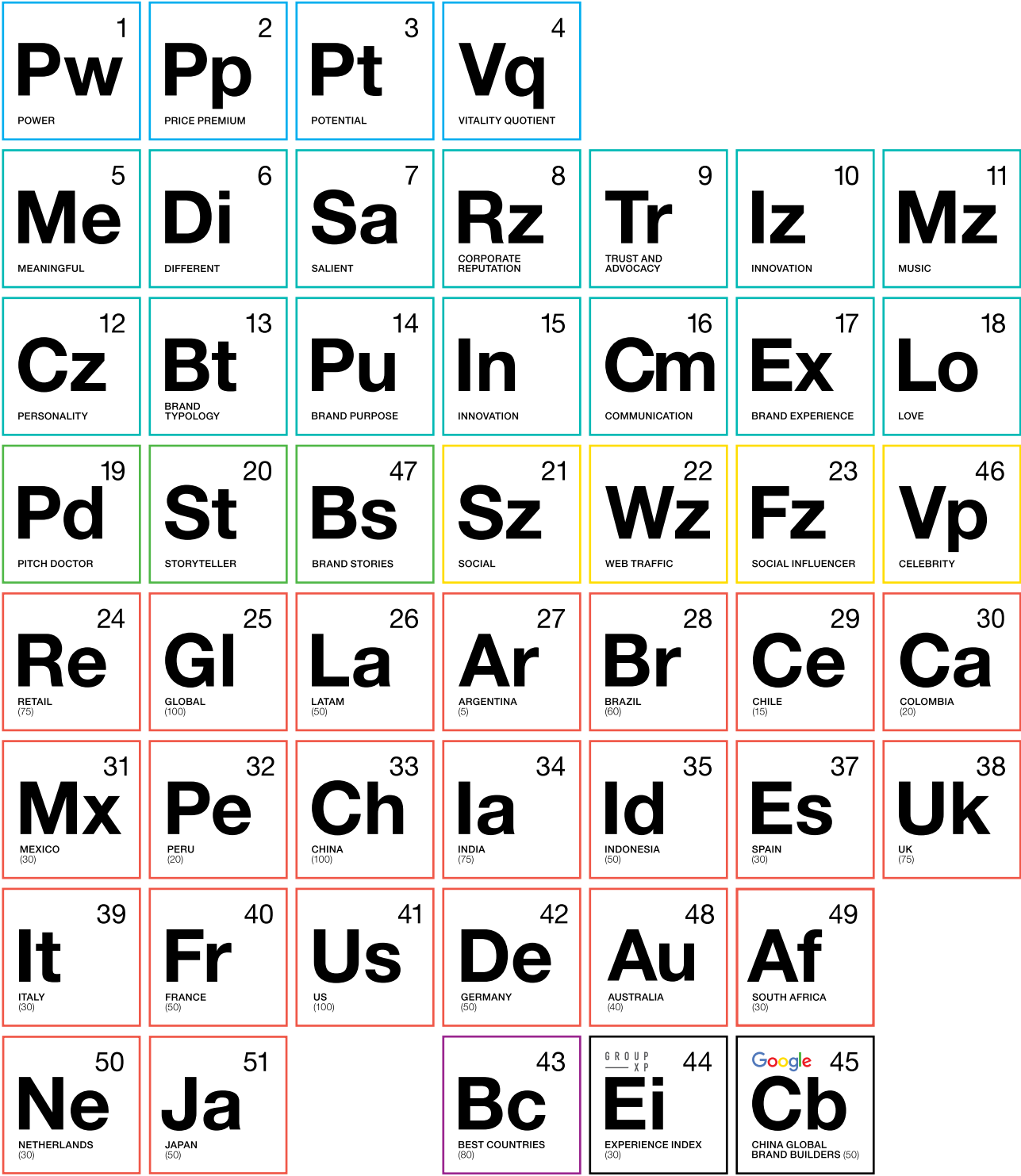
The BrandZ™ Brand Genome visualizes your brand’s “genome” on a page, with all the genome sequence measures providing an instant overview of your brand.

The ultimate tool for a new business pitch and a lot more

Brand Genome is a unique BrandZ™ tool, exclusive to WPP. It’s free, available 24/7 and takes just seconds to create.

Visit <http://genome-measures.wppbrandz.com/> where you will be able to find out about each of the BrandZ™ measures, what they are, how they are calculated and how you can access a report which contains the measure.

To download a sample genome map visit: <http://wppwrap.com/bg.pdf>



The Science Behind Our Art

BrandZ™ Brand Building Tools and Personalized Publications

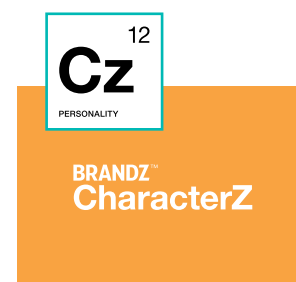
Only available via your WPP Agency



TrustR
Consumer trust and advocacy are both important for brand growth but the combination of the two is the real sweet spot. TrustR examines this relationship in detail.



InnovationZ
Evaluate a brand's perceived innovative power, what drives it and why it's important. Discover sector-relevant real-time innovation and startup ideas, sourced via the exclusive Springwise global network of spotters.



CharacterZ
This innovative deck allows you to diagnose brand character and delve into the dynamics, clarity and consistency of a brand's personality.



PitchDoctor
Everything you need to know about your brand's strengths, weaknesses, opportunities and threats in one easy-to-digest page.



StoryTeller
An interactive data visualization tool to allow anyone to create story-led insights on how to build and maintain brand equity.



SocialZ
A real-time social media analytics dashboard that allows you to take a deep dive into the world of real-time consumer sentiment around the world.



WebZ
Analyze how traffic is driven to a brand's website, understand audience demographics and gain insights into viewer trends.



Vitality Quotient (vQ)
Diagnose a brand's health based on five elements that are proven to grow brand value: purpose, innovation, communication, brand experience, and love.



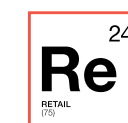
RepZ
Maximize brand and corporate integrity using four key factors to drive reputation: success, fairness, responsibility and trust.

Going Global?

We wrote the book

BrandZ™ Country Reports: Essential Travel Guides For Global Brand Building

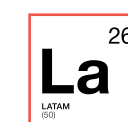
Our BrandZ™ country reports contain unparalleled market knowledge, insights, and thought leadership about the world's most exciting markets. You'll find, in one place, the wisdom of WPP brand building experts from all regions, plus the unique consumer insights derived from our proprietary BrandZ™ database.



BrandZ™ Top 75 Most Valuable Global Retail Brands 2018



BrandZ™ Top 100 Most Valuable Global Brands 2018
brandz.com/region/global



BrandZ™ Top 50 Most Valuable Latin American Brands 2018
brandz.com/report/latin-america/2017



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BrandZ™ Top 75 Most Valuable Indian Brands 2018
brandz.com/report/india/2018



BrandZ™ Top 50 Most Valuable Indonesian Brands 2018
brandz.com/report/indonesian/2018



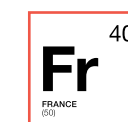
BrandZ™ Top 30 Most Valuable Spanish Brands 2019
brandz.com/region/spain



BrandZ™ Top 75 Most Valuable UK Brands 2018
brandz.com/region/uk



BrandZ™ Top 30 Most Valuable Italian Brands 2019
brandz.com/region/italy

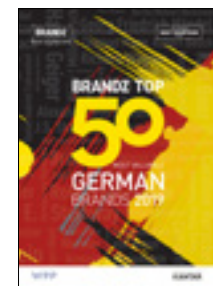
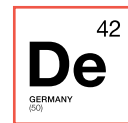


BrandZ™ Top 50 Most Valuable French Brands 2019
brandz.com/region/france

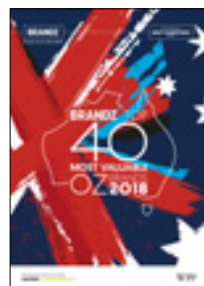
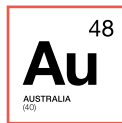


BrandZ™ Top 100 Most Valuable US Brands 2019
brandz.com/region/us

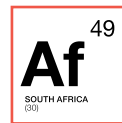
The Science Behind Our Art



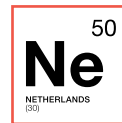
BrandZ™ Top 50 Most Valuable German Brands 2019
brandz.com/region/germany



BrandZ™ Top 40 Most Valuable Australian Brands 2018
brandz.com/region/australia



BrandZ™ Top 30 Most Valuable South African Brands 2018
brandz.com/region/south-africa



BrandZ™ Top 30 Most Valuable Dutch Brands 2019
brandz.com/region/netherlands

Spotlight on...



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.

brandz.com/article/spotlight-on-cuba



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.com/article/spotlight-on-mongolia

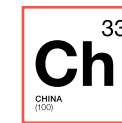
Looking East

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 50 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.



BrandZ™ Top 100 Most Valuable Chinese Brands 2019
brandz.com/region/china



BrandZ™ Top 50 Chinese Global Brand Builders 2019
brandz.com/article/chinese-global-brand-builders-2019-2549



Unmasking the Individual Chinese Investor



The Power and Potential of the Chinese Dream



The Chinese Golden Weeks in Fast Growth Cities



The Chinese New Year in Next Growth Cities

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These companies contributed knowledge, expertise, and perspective to the report



BAV Group is a global consultancy with expertise in consumer insights and brand marketing strategy. Using BrandAsset® Valuator, a proprietary brand management tool and global database of consumer perceptions of brands, BAV informs strategic and creative solutions that drive business results. Over 27 years, BAV has captured data and consumer insights on more than 60,000 brands in 50 countries around the world, evaluating 75 brand image and equity dimensions that matter. BAV Group is a unit of VMLY&R.

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Geometry is the world's largest and most international brand activation and shopper marketing agency. We help brands thrive in an Omni Channel world by shaping and changing people's behavior at Pivotal Moments along the Purchase Decision Journey. With teams in 56 markets, Geometry has expertise in physical retail, eCommerce, experiential, branding & design and consultancy.

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GroupM is the world's leading media investment company responsible for more than \$45B in annual media investment through agencies including Mindshare, MediaCom, Wavemaker, Essence and m/SIX, as well as the outcomes-driven programmatic audience company, Xaxis. GroupM creates competitive advantage for advertisers via its worldwide organization of media experts who deliver powerful insights on consumers and media platforms, trading expertise, market-leading brand-safe media, technology solutions, addressable TV, content, sports and more.

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Hill+Knowlton Strategies is a global public relations integrated communications agency; offering senior counsel, insightful research and strategic communications. With over 85 offices in more than 45 countries, our teams collaborate across time zones, languages, and cultures to help clients make informed decisions and craft compelling campaigns in today's measurable world. Our world-class teams of trusted advisors and creative experts have a wealth of experience in helping clients strengthen brands and reputations. We work with over 50 percent of the Fortune Global 500 companies and some of the world's most transformative social enterprises and technology companies in both established and emerging markets.

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MediaCom helps brands unlock growth through media. We do this by applying our unique Systems Thinking approach to data, technology and creativity to design communication strategies that build brands and generate sales. MediaCom is one of the world's leading media communications specialists, with billings of US\$13.5 billion (Source: COMvergence, March 2019), employing 8,000 people in 125 offices across 100 countries. Its global client roster includes adidas, Alibaba Group, Air China, Dell, Mars, P&G, PSA, Richemont, and Shell.

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We were born in Asia in 1997, a start up with a desire to change the media world. Now we are a global agency with 116 offices in 86 countries and billings of \$35bn (source: RECMA). We aim to be our clients' lead business partner, to grow their business and drive profitability through adaptive and inventive marketing. We do this through speed, teamwork and provocation because in today's world everything begins and ends in media. We create new things and have fun doing it. Mindshare is part of GroupM, the media investment management arm of WPP, the world's leading communications services group.

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Ogilvy has been producing iconic, culture-changing marketing campaigns since the day its founder David Ogilvy opened up shop in 1948. Today, Ogilvy is an award-winning integrated creative network that makes brands matter for Fortune Global 500 companies as well as local businesses across 131 offices in 83 countries. The company creates experiences, design, and communications that shape every aspect of a brand's needs through six core capabilities: Brand Strategy, Advertising, Customer Engagement and Commerce, PR and Influence, Digital Transformation, and Partnerships.

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The Store is a global retail practice of WPP, specializing in providing expertise, support and added value to client initiatives in retail dynamics. The Store is a knowledge hub, built to help clients navigate through insights for consumers, retailing, marketing and sales activation, and technology. The Store is also a host of global workshops that bring together retailing and branding experts to share their vision and expertise for future growth.

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Wavemaker is a next generation agency that sits at the intersection of media, content and technology. We are obsessed with the customer's purchase journey and this is what connects our mission directly to our client's business challenges. We invented WM Momentum, the world's most comprehensive study into how people make purchase decisions and have conducted over 500,000 surveys in 40 markets and across more than 80 categories. We are a business that is powered by the creativity and curiosity of our 8,500 people in 90 countries, united by our PACED values. We are a part of GroupM, WPP's global media investment management company.

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Wunderman Thompson is a creative, data and technology agency built to inspire growth for its clients. Headquartered in New York, the agency provides end-to-end solutions through creative, data, commerce, consulting and technology services at a global scale. Wunderman Thompson brings together over 20,000 creatives, data scientists, strategists and technologists in 90 markets.

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VMLY&R is a global marketing agency with more than 7,000 employees worldwide with principal offices in Kansas City, London, New York, São Paulo, Shanghai, Singapore and Sydney. VMLY&R works with client partners including Colgate-Palmolive, Danone, Dell, Ford, Office Depot, PepsiCo, Pfizer and Wendy's.

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Kantar is the world's leading data, insights and consulting company. We understand more about how people think, feel, shop, share, vote and view than anyone else. Combining our expertise in human understanding with advanced technologies, Kantar's 30,000 people help the world's leading organizations succeed and grow.



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China website in Chinese language: cn.kantar.com
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WPP in China

WPP is a creative transformation company. We build better futures for our clients through an integrated offer of communications, experience, commerce and technology.

For more information, visit www.wpp.com.



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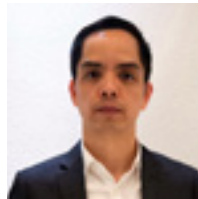
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The brand valuations in the BrandZ™ Top 100 Most Valuable Chinese Brands 2019 are produced using market data from Kantar and Bloomberg.

The consumer viewpoint is 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 3.7 million consumer interviews about more than 165,000 different brands in over 50 markets.

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