

# Few China brands prepared to capitalise on Olympics

The 2008 Games in Beijing are unlikely to catapult mainland brands into the world spotlight after all. By Arun Sudhaman

## LIVE ISSUE

Few people need reminding that the Beijing Olympics are barely a year away, least of all the many local Chinese brands that are hoping that the Games will help them achieve something akin to a global flowering. Despite the rapidly accelerating hype, however, the ranks of Chinese brands realistically hoping for global lift-off remain suspiciously thin. To some observers, it may simply be that the 2008 Olympics will come too soon to have the anticipated impact on local Chinese brand development.

On a recent trip to Shanghai, McCann Worldgroup chairman and CEO John Dooner placed himself firmly in this camp. "I'm not sure that aspiration will be reached to the level it was first hoped," he says. "And that certainly wasn't the aspiration I heard five years ago."

For a market that remains dominated by distribution, pricing and

product quality, it elicits little surprise that the emotional bonds which define true brands, and drive a corresponding increase in margin, are conspicuous by their absence. "Most local brands are still structured around sales and not marketing," explains JWT Greater China CEO Tom Doctoroff. "But the Olympics will not necessarily be an opportunity missed — local brands are just not ready yet. They are still building equity in the domestic market."

Doctoroff cites Li-Ning as one of the contenders that he feels could aim for global brand relevance by the time Beijing 2008 rolls around. "It is starting to establish a real emotional bond with consumers," he notes. "It is possible that it could start to be considered credible sources of equity, globally."

Interbrand's first Chinese brand ranking in 2006, however, features Li-Ning neither in its top 20 nor in its list of other prominent Chinese brands to watch. Instead, its top 20 is littered with state-dominated en-

## NETWORK CHIEF

"I think a number of brands have the desire, but not many — or any — are equipped."

John Dooner, McCann Worldgroup



## CHINA AGENCY HEAD

"A lot of Chinese brands will take this opportunity to create an aura for the brand in China."

Donald Chan, Leo Burnett China



ties such as China Mobile, Bank of China and China Telecom — perhaps reflecting a skew towards financial metrics. Another contender that is often cited as China's only real brand, Lenovo, comes in at number 10. "The challenge for Lenovo is that it is one of the latecomers in trying to build a global brand. It is way behind the Americans, Europeans, Japanese and Koreans — and latecomers have to pay a price," says Leo Burnett China MD Donald Chan.

Paying a price, though, is something several Chinese brands seem only too happy to do, shelling out millions of renminbi for Olympics sponsorship and partnership deals. Dairy brand Yili currently ranks at the top of R3/TNS Sport's Olympics branding research, after bombarding various types of media with its Olympics messaging. But few see a corresponding increase in real brand equity. "It's how you utilise the sponsorship," says Chan. "Everybody says they need branding, but everybody has

a different definition. Some clients just want a design or slogan."

Doctoroff believes local clients are "absolutely realistic about what they need to do" in terms of creating brand equity, but points to structural issues as the key obstacles. Neither are agencies necessarily helping the process, with many more focused on staying alive rather than launching brands. "We have not been our own best friends to a large extent," he says. "There's not enough of a quality focus. We do share some responsibility but, in large part, agencies are responsible for their own survival."

Other brands often cited as possible Chinese champions include Haier, Huawei and Tsingtao — even if none are expected to make the necessary leap by the time the Olympics kick off. Doctoroff, for one, is unconvinced that a true Chinese brand will originate from the usual suspects. "The biggest problem is structural," he explains. "It's going to be smaller, medium-sized brands that have more flexibility."