BRANDZ™ TOP 50

Most Valuable Chinese Brands

最具价值中国品牌50强

2013 贰零壹叁年

Brand Importance Rising
Despite Dip in Top 50 Valuation

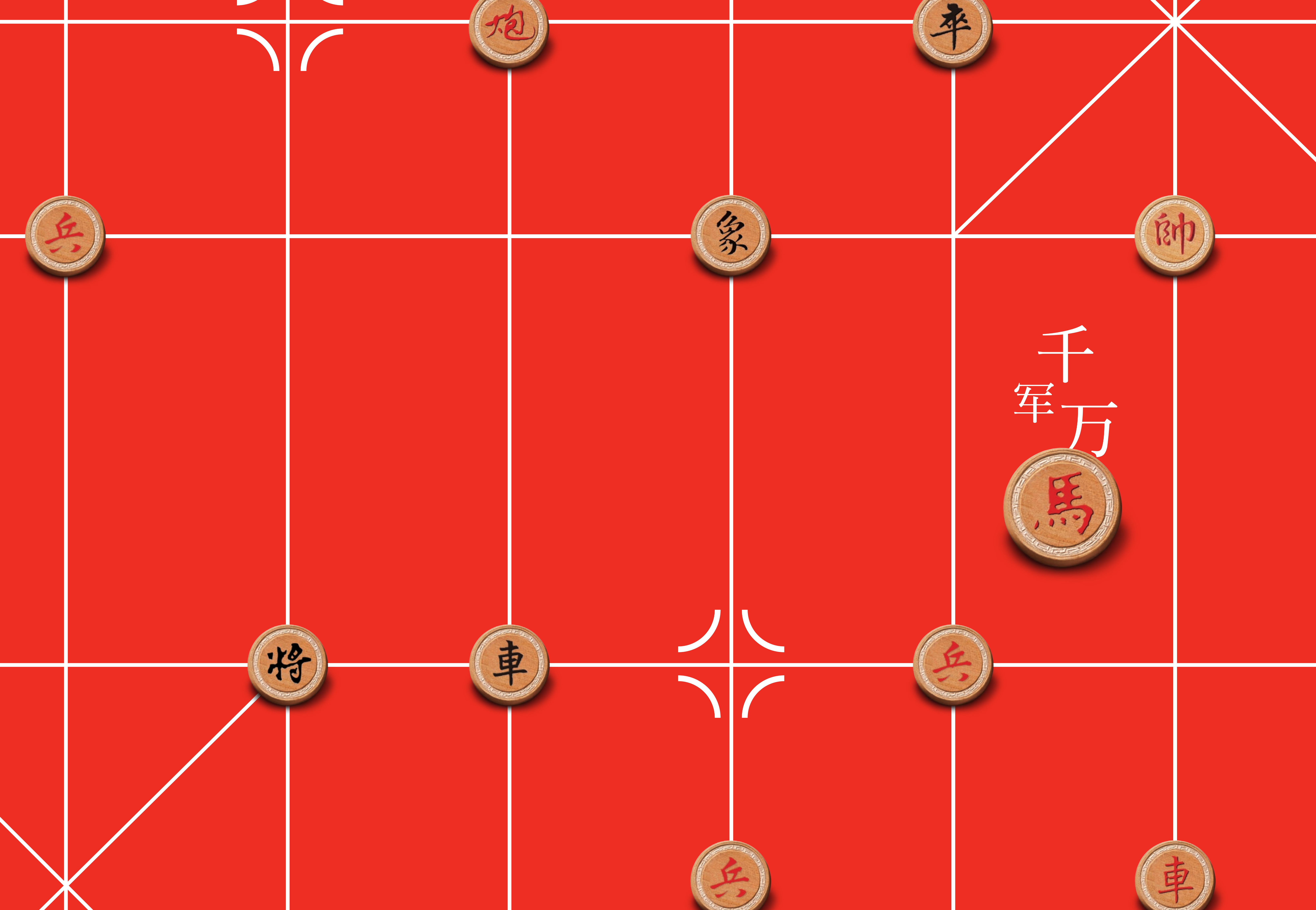
Overseas Market Entrance
Increases Across Many Categories

Top 50 Brand Portfolio
Outpaces China Stock Market Index

5

Methodology and Valuation by
MillwardBrown Optimor

WPP


千
军
万
馬
炮
卒
兵
象
帥
将
車
兵
兵
車

David Roth

CEO, The Store WPP Europe, Middle East, Africa (EMEA) and Asia

Welcome

It is again my pleasure to welcome you to the annual WPP BrandZ™ Top 50 Most Valuable Chinese Brands.

The 2013 edition marks the third year that we've published this definitive study of brand valuations, analysis and insights. The results again illustrate that brands are becoming stronger and more important in China, and strong brands create financial strength. Some examples:

- The China Top 50 grew in stock market value by 5.8 percent between July 2010 and September 2012, while the stocks in MSCI index of Chinese stocks fell by 5.6 percent. (Please see chart on page 27)

- Chinese brand builders are increasingly active overseas across many categories and including both State Own Enterprises (SOEs) and market-driven organizations, like Lenovo, which has become the world's largest PC brand. (Please see chart on page 31)

- These market-driven brands now comprise 27 percent of the China Top 50, up from 22 percent in 2011. (Please see chart on page 27)

As the study also documents, achieving and sustaining brand strength in China is challenging and complicated. Like winning at the ancient game of Chinese chess, brand strength requires understanding and evaluating all the possible moves, developing thoughtful strategies, and maneuvering with purpose and determination.

Brand strength is key to sustained commercial success, as this year's survey demonstrates. For the first time since we first published this study in 2011, The China Top 50 declined in brand value. The decrease, a relatively minimal 1.6 percent, is attributed mostly to the slower growth rate of China's economy.

In contrast, the Brand Contribution level of the China Top 50 increased. Brand Contribution is the portion of brand value that depends solely on brand, stripping away other factors, like financial performance. The rise in Brand Contribution helped mitigate the decline in brand value caused by economic forces.

Even as China's economic growth rate slows, it will continue to outpace the rates of other countries. But a somewhat slower economy will accelerate an ongoing shift in consumer attitude. As people become more discriminating about their purchases, they'll increasingly look to brands for assurances of quality and safety. Building strong and meaningfully differentiated brands, always a wise investment, is crucial in this kind of changing market environment.

The study examines many of the key issues shaping China's most valuable brands and the Chinese market. We begin the study with highlights of the extensive data and analysis that's presented in four sections: Part 1. Trends and Insights; Part 2. The Top 50 Results and Analysis, including the ranking of the 2013 China Top 50 according to their valuation results, and profiles of each of the Top 50 brands; Part 3. Best Practices for Building Brands and Part 4. Resources.

WPP's Millward Brown Optimor conducted the brand valuations based on BrandZ™ Brand valuation methodology. BrandZ™ is the world's largest and most reliable and comprehensive brand analytics and equity database. It's available exclusively to WPP companies. Many other WPP companies contributed specialized expertise.

WPP companies that provided commentaries on relevant topics include: CIC, CTR, Grey, Millward Brown, MEC, Ogilvy & Mather, and Wunderman. These other WPP companies also generously contributed analysis and insights that appear throughout the report: AKQA, Burson-Marsteller, Kantar, Kantar Retail, Hill+Knowlton Strategies, Maxus, Mediacom, Mindshare, Ogilvy One, Oracle Added Value, Y&R and Landor. I also want to acknowledge the accounting firm Grant Thornton for its viewpoint about the connection between high brand value and a strong balance sheet.

"The Top 50 Most Valuable Chinese Brands" is part of our rapidly growing library of WPP BrandZ™ reports about brand valuations and the insights and strategies required for building and sustaining valuable brands. These reports also include: the annual "BrandZ™ Top 100 Most Valuable Global Brands," "BrandZ™ Top 50 Most Valuable Latin American Brands," "The Chinese New Year in Next Growth Cities," and "The Chinese Golden Weeks in Fast Growth Cities."

You'll find all our smart phone apps at *www.brandz.com/mobile.* For all of our iPad interative magazines, including the "BrandZ Top 100", the "Latin America Top 50", "Chinese New Year" and "Golden Weeks" simply go to the Apple app store and search for WPP BrandZ.

Like all these excellent reports, "BrandZ™ The 50 Most Valuable Chinese Brands 2013" offers just a glimpse of insightful and useful market knowledge produced by our combined WPP capabilities in China. Located in Beijing, Shanghai, Guangzhou and many other cities and provinces, WPP companies—with all our significant resources, including over 14,000 employees in Greater China—are here to help you gain competitive advantage. We offer insights, advertising, digital, PR, promotion, marketing, media, retail and shopper marketing—the knowledge and implementation necessary to understand China and build and sustain brand value.

To learn more about how to apply this expertise to benefit your brand, please contact any of the WPP companies that contributed to this report. Turn to page 172 for summaries of each company and the contact details of key executives. Or feel free to contact me directly.

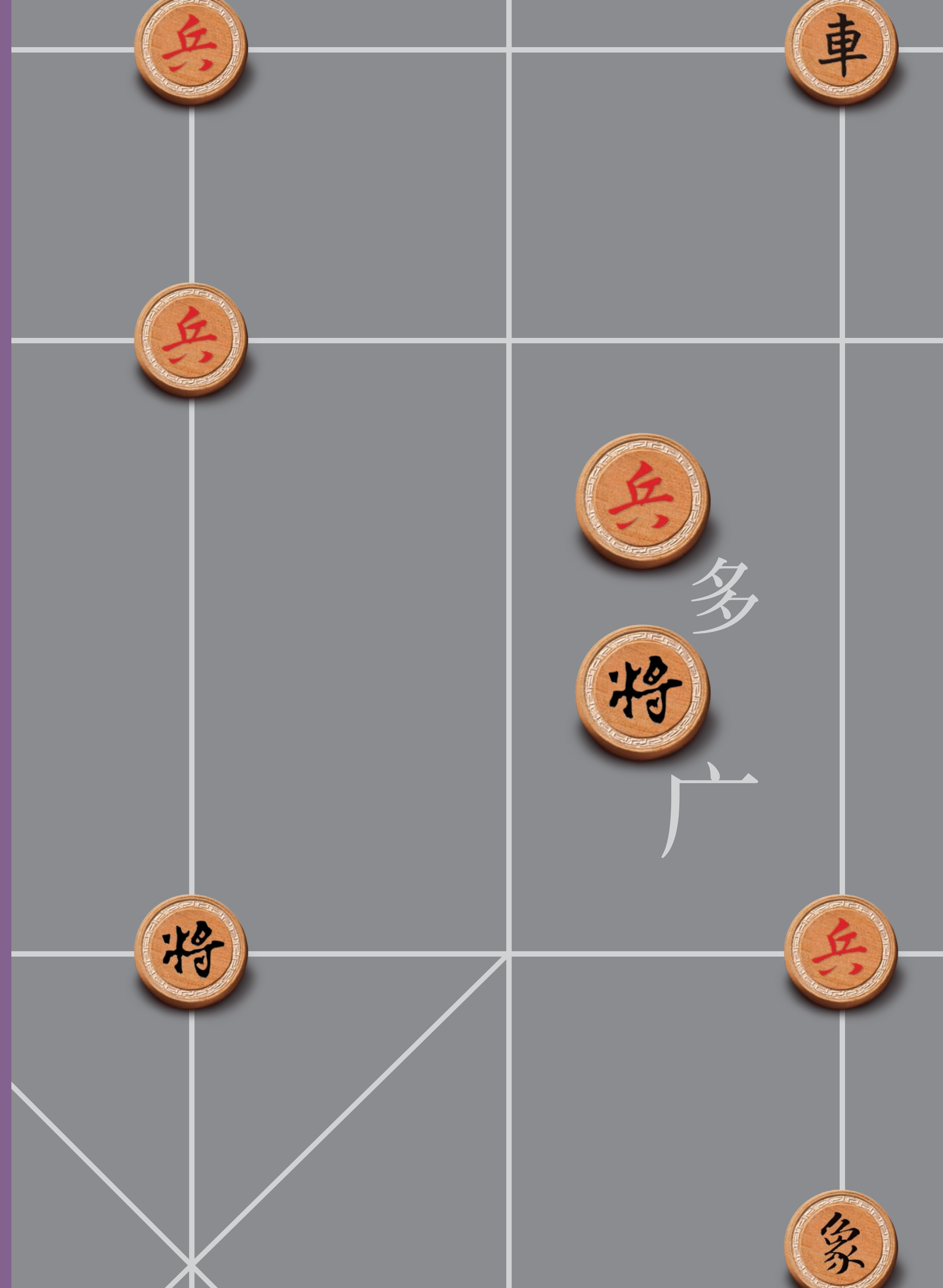
Sincerely,

David Roth
WPP
david.roth@wpp.com

Contents

PART 1

Key Trends & Insights



Highlights

Key Results

The BrandZ™ Top 50 Most Valuable Chinese Brands 2013 experienced a 1.6 percent decline in brand value to US$320.2 billion, the first decline in the three years that the study has been conducted.

The decline resulted primarily from pressure on revenue and profits, the financial components of the brand value equation. They decreased mostly because of the slowdown in the rate of growth of China's economy.

Brand Contribution actually increased. Brand Contribution is the component of brand value driven by brand alone stripped of any other factors, such as financial performance. (Please see Methodology on page 160).

Of the Top 50 Most Valuable Chinese Brands, 14 increased in value, 30 declined and two remained unchanged. In addition, four newcomers joined the Top 50 ranking.

Three categories appreciated in brand value. Technology rose 35 percent, followed by the traditional Chinese liquor baijiu, up 19 percent, and beer, with a 17 percent increase.

Two of the brands that appreciated most in brand value were in the technology category. Social media leader Tencent led the Top Riser ranking with 60 percent growth in brand value. Baidu, the search engine, was fourth in brand value rise with 40 percent appreciation.

Apparel brand Septwolves was the Number 2 Top Riser, with 44 percent growth in brand value, followed by Moutai, the traditional Chinese baijiu alcohol, at 42 percent.

Privately held companies comprised around 27 percent of the China BrandZ™ Top 50 total brand value in 2013, up from 22 percent in 2011. In contrast, the portion of total value attributed to State Owned Enterprises (SOEs) decreased somewhat to 74 percent from 78 percent.

Trends

Consumer Preferences

Consumers expected more choice and began to express a preference for more specialized products. They expressed interest in less casual, smarter clothing. Beer consumption continued to increase, but with a growing taste for more premium brands.

Differentiation

As the market becomes more competitive, and price alone is no longer sufficient motivation to purchase, meaningful differentiation becomes more important. Meaningful differentiation not only attracts customers, it measurably adds to brand value. In a recent Millward Brown BrandZ™ study meaningful differentiation raised brand value 37 percent.

Meaningful differentiation is in part about being relevant, but it's more. The most meaningfully differentiated brands start with consumer insights to find ways for the brand to be distinctive in all aspects, from functionality to communication to how it makes the consumer feel.

Health and Safety

Product health and safety remained important concerns. Dairy brands, especially hurt by tainted food scandals, took steps to make food safer, such as forming alliances with international brands to rapidly achieve production, supply chain and marketing best practices. Unlike most past alliances, these seemed intended to build the reputation of the Chinese brand rather than the foreign entrant.

Innovation

Innovation continued to be critical and was especially evident in technology, the category that appreciated most in brand value. The speed of innovation was so rapid, however, sometimes rivals offering new ideas and incremental improvements surpassed the innovators of just a few years ago. Loyalty is low because the next best idea is just a click away.

International Expansion

Chinese brands continued to expand overseas. With some notable exceptions—like Lenovo, which derives 58 percent of revenue from overseas business—they remain better at the logistics of international growth and less effective at the brand building.

The State Owned Enterprises (SOEs) led the global push. Banks added overseas branches, airlines acquired new routes, oil and gas brands formed overseas ventures to explore reserves. Brand should become more important for SOEs as they expand to new overseas markets where they're relatively unknown.

Overseas consumers are open to Chinese brands, according to Millward Brown research, but they express reservations about the quality and durability of Chinese products.

Highlights

Trends

Lower Tier Cities

Both Chinese and international brands competed beyond Beijing, Shanghai and Guangzhou in tier two and three cities where purchasing power is increasing. In some instances, the absence of major international or Chinese brands opened a market niche. Some brands aimed to become the upper tier brand in the lower tier cities. Despite converging household income levels, the tiers remain culturally distinctive. Consumers in the lower tier cities are generally more practical and tend to choose value over bling.

Trust

Concern with food and dairy safety generalized to a measurable erosion of trust that crosses many categories. The Trustworthy Score for the Top 50 Most Valuable Chinese brands declined 2 percent, according to Millward Brown analysis of BrandZ™ data.

The decline in trust in part mirrored the rise of social media as a popular communication channel where the information and opinions recorded by bloggers reaches and influences a wide audience. Understanding the immense brand building power of digital and mobile communication, brands tried to understand how to most effectively insert themselves into the ongoing conversations.

Take Aways

1 The growth rate of China's economy slowed but only in relative terms. The market opportunity remains enormous.

2 Consumer sophistication is increasing rapidly. It's critical to keep up with shifting tastes and to respect the quest for value.

3 The convergence of these two factors—the slowdown in the rate of economic growth and the acceleration of consumer sophistication—may signal an emerging era of more cautious and discerning customers.

4 To reach customers as they adopt these new attitudes, brand owners will need to be more precise in their targeting and messaging. Brands will need to be more relevant.

5 Both entrepreneurial companies and State Owned Enterprises (SOEs) can enjoy success with these changing consumers. The integrity of the brand is more important to consumers than its pedigree.

6 International brands also can enjoy success, but in a market with greater choice and more sophisticated consumers they may need to work harder.

7 Sustaining success is another story. In several product categories the leading brands of just a few years ago declined in value either because they misunderstood the customers' needs or they responded more slowly than the competition.

8 As consumer attitudes change, they will not be uniform across all of China's geographic markets. It's possible—and important—to isolate the factors that that most contribute to consumer bonding with brands in the various tier cities. These bonding drivers help to both design market entry strategies and improve the performance of brands currently competing in the market. The BrandZ™ data that produces the Top 50 report contains this intelligence.

9 Many Chinese brands are good at providing functional benefits, but few do an excellent job bonding emotionally with consumers. Bonding is important for several reasons. It's a way to gain consumer insight. And bonding correlates positively with sales.

10 As China's media environment becomes more complicated and fragmented, many small ideas can be more effective than one big idea for reaching multiple audiences with diverse media consumption habits, with many people still tuning into TV but social media users rising dramatically.

Thought Leadership

Jonathan Geldart

Global Marketing Director
Grant Thornton

Xu Hua

CEO of Zhi Tong,
the Chinese member
firms of Grant Thornton

Grant Thornton offers assurance, tax and advisory services to a range of public companies, State Owned Enterprises (SOEs), private companies and foreign investment enterprises across mainland China and Hong Kong.

Kelly Jiang
Grant Thornton China
kelly.jiang@cn.gt.com

Jonathan Geldart
Grant Thornton International
jonathan.geldart@uk.gt.com

Brand Valuation

High Value Brands Have Healthy Balance Sheets

Business leaders in much of the world have sought for a long time to build local, regional and global brands that add significant value to their organizations. Today, in China, we see the same phenomenon emerging as Chinese brands move from being local to regional to national and now to global entities.

China's people drive the change. Historically, the people of China generally have been savers rather than spenders. However, as the economy strengthens the Chinese are changing and causing the businesses they buy from to change too. Government policies and initiatives encourage the formerly conservative Chinese consumers to release some of their hard earned money and spend it on goods and services, driving GDP growth.

This slow but steady, and now very noticeable, transformation is affecting every business across China. Consumers are learning to buy more products and services for reasons other than price. They're paying attention to brand.

Brand Increasingly Influences Purchasing

This brand awareness has been the case in major cities for some time, but we are now seeing it in second, third and even fourth tier cities. The effect is a flight to quality and a more consumer-driven attitude that you get what you pay for. With the growing appreciation of quality comes the demand for brands that offer the reassurance of quality and value.

And with consumers paying more attention to brands as they make purchasing decisions, it's important to understand how brand is valued. The Chinese government and the Chinese Institute of Certified Public Accountants, and brands themselves are demanding improvements in the measurements of brand because these numbers are essential for winning the confidence of investors, inside and outside China.

The credibility of brand value is essential for facilitating brand growth. In China's rapidly evolving brand landscape, having a highly regarded brand means a lot more than simple name recognition. Brands are expected to adhere to their industry's international best practices and the highest standards of management and governance. Perceptions are changing and it is a brave business that ignores the change in demands.

Chinese Companies Evolve from Suppliers to Brands

The Chinese interest in brands began with affection for Western brands. The explosion of foreign brands in China over the last 10 years has been in direct proportion to the growth of China's economy. Indeed, many foreign brands have seen a massive explosion in growth that far outstrips the Chinese economy.

The major American car manufacturers sell more units here than they do domestically. The premium European fashion houses are opening up more stores across China than in other countries. And global sports franchises are doing commercial deals based on the Chinese consumer's appetite for brands.

But a growing consumer society changes many dynamics. As wages increase, the middle class expands. And with more disposable income to spend, the new middle class drives economic growth. But as wages rise, labor costs increase and China relinquishes its status as a low cost provider. In this evolving economy, companies that prospered as Original Equipment Manufacturers (OEMs) supplying Western brands may themselves move up the value chain to become brands serving global markets.

When Chinese suppliers existed as OEMs, we determined their value based on tangible assets, their real estate, plants and machinery. But as these suppliers evolve to become both manufacturers of products and marketers of brands we need to consider the intangible value of those brands when we evaluate the overall value of the company.

Valuable Brands, Healthy Balance Sheets

Chinese companies now create products as good as anything made in Europe, Latin America, the US and the rest of the world, but our wealthy and influential Chinese consumers may be tempted by foreign alternatives. The challenge for Chinese brand owners in the future is to continue to win the emotional hearts of Chinese consumers as well as their patriotic heads.

We advise our clients to focus on activities that generate both short-term and long-term commercial success. The acquisition of established Western brands by successful Chinese companies appears to be a long-term plan for both balance sheet growth and strategic brand management, both of which impact on brand valuation.

Building strong brands alone is not enough, but the evidence is that those companies that are aware of the power of brands end up building the biggest and most successful enterprises. The commercial success of the BrandZ™ Top 50 Most Valuable Chinese Brands is evidence that the strongest brands are also often the most successful businesses.

Once the appetite has been created for brands, and it most certainly has in China, we will never see a time when brands don't matter. In China, we now live and work in a consumer economy. Consumers will choose the products and services that best meet their rational and emotional needs—and they may be willing to pay a premium. In this world, organizations that own the most valuable brands will enjoy the healthiest balance sheets.

Brand Building In The Weibo Age

Being Part of the Conversation Protects and Builds Brands

Scott Pollack

Senior Strategy Director, China
Wunderman | AGENDA

With the amazingly quick rise of both Sina and Tencent Weibos, the media landscape in China fundamentally changed. Since their launch in August 2009 and April 2010 respectively, Sina and Tencent have each amassed over 300 million Weibo users, that's significantly more than the total number of Internet users in the United States registered for each of these Twitter-like services (hereinafter collectively referred to as Weibo).

In China, a country in which traditional media is tightly controlled by the state, Weibo has become a powerful consumer-to-consumer (C2C) media platform that has increased the broader Chinese public's consciousness in ways that most could not have even imagined only five years ago. And with the rise of these C2C media platforms, the challenges and opportunities facing brands in China have also changed radically.

The Weibo Effect

In the last couple of years as Weibo penetration accelerated and the reach of this always-on, fast-moving C2C media platform grew exponentially, the number of high profile brand crises in China also increased. From tainted milk, sports drinks and pork to recycled cooking oil in restaurant chains to refrigerator door problems to questionable import furniture origins to faulty car tires, it seems as if there is always one brand or another that is under fire from consumers. Therefore, it also seems no coincidence that overall trust of Chinese brands, as measured by Millward Brown's BrandZ™ research, has declined.

There is no reason to believe that the number of product or service issues underlying brand crises has increased in recent years; however, the new C2C media outlet provided by Weibo has significantly extended and amplified the voice of disgruntled consumers, thereby escalating these brand crises in the minds of consumers.

As many brands in China have learned, negative word of mouth can spread like wildfire across Weibo calling into question even the most respected brands. These negative 'tweets' can come from anyone including unsatisfied customers, disgruntled employees, ruthless competitors and even third party companies paid to manufacture Weibo posts. Yes, this is happening. In this environment, brands cannot afford to sit back and only listen to the conversation.

From Brand Protection ...

At a minimum, brands must proactively defend themselves. This starts with actively listening in real time to what's being said about the brand—getting a finger on the pulse of Weibo word of mouth. The next step is to become part of the conversation; however, success in this realm is highly dependent on perceived openness and genuineness from the brand, particularly when it comes to responding to negative feedback.

To make matters more challenging, many well-known brands in China lack the kind of strong and

Thought Leadership

consistent brand identity that is a necessary foundation for consumer trust. Thus, when a crisis occurs, consumers can be quick to link the crisis with the brand's identity. It is important that these brands are part of the conversation long before such a crisis occurs, building trust through open and genuine dialogue with their consumers. While this may not be enough for brands to build clear and meaningful identities with their consumers, it is certainly a start.

... To Brand Building

Beyond brand protection, top companies in China are seizing the opportunity to build and strengthen their brands on Weibo. They are going beyond listening and participating in the conversation to initiating conversations with their consumers. For this they are creating and posting engaging social objects—immersive videos, amusing cartoons, celebrity photos, topical stories, etc.—that are central to conversations with and among their consumers (and potential consumers) on Weibo. Further, these social objects are building clear and consistent brand images in the minds of their consumers—the kind of brand images that are the foundations for enduring brand trust.

Wrigley's Extra chewing gum, the leading confection brand in China, is an example of a brand that has done a particularly good job. Over the last few years Extra has produced a series of very popular emotionally charged mini "movies" to tell its brand story, but that is just the beginning. The reach and impact of these feature videos has been significantly enhanced by a continuous flow of consistently-themed social objects across Weibo: TV commercial pre-roll videos and mini-movie trailers; "in-the-making" and "behind-the-scenes" video content; contests asking consumers to submit their own similar stories; live events featuring the stars of the videos attended by thousands of fans; movie posters, desktop wallpaper, photos, postcards, etc. All of these have become the seeds of consumer conversations on Weibo, enabling Extra to garner literally billions of branded video impressions.

So What's Next?

As Weibo and Weibo marketing continue to evolve, expect that there will be plenty of new brand communication opportunities. And with mobile now the top channel for accessing the Internet in China, new social, local and mobile (SoLoMo) C2C media platforms will further change the game. For example, Tencent's Weixin (known as WeChat outside China) has rocketed to over 200 million users in just 20 months, and brands such as Starbucks are already using it to engage their customers in new conversations and further bolster their brands. Fellow marketeers, hold on to your hats because this wild ride is just beginning.

Advertising Age ranks Wunderman as the Number 1 digital and Number 1 Customer Relations Management (CRM) agency in the world.

www.wunderman.com

Going Global
Chinese Brands Take Early Steps On a Long and Winding Road

Lyndon Q. Cao

Director, China Practice
Ogilvy & Mather Worldwide

Ogilvy & Mather is one of the largest marketing communications companies in the world,

www.ogilvy.com

While splashy TV commercials of Chinese brands are nowhere to be seen outside China, the drumbeat of Chinese companies going global has been heard around the world for a long time.

The emerging global brands from China, many of which used to be Original Equipment Manufacturers (OEMs) for leading Western brands, are no longer content to nest on the lower end of the value chain. Instead, they are stepping up efforts to sell flat-screen TVs, smart phones and cars and buses bearing their own logos.

In the developing markets, Chinese brands such as Lenovo, ZTE, Huawei, Haier, Yutong Bus and Great Wall Motors are gaining traction and posing a direct threat to Western incumbents. In the developed markets, a steady stream of Chinese brands flows onto the shelves of Costco, Walmart and other mass merchants.

It is worth noting, however, that as Chinese brands export to overseas markets, their top priority isn't brand building. Rather, they're creating the foundations for sustained growth, sometimes with an organic approach (establishing sales channels) or, more frequently, through acquisitions (finding leading, mature but financially struggling top global brands).

Whether or not these Chinese companies decide to pour resources into brand building will be determined later, by the sales numbers and market share gained in this early stage of internationalization.

Market Entry With Entry Price Points

Not surprisingly, low price remains the core competitive edge for many Chinese companies that, at the same time, try to avoid being labeled cheap. Driven by pragmatism, most Chinese companies harbor no ambition to challenge the top brands in their industry, but rather hope to become a second tier leader. In so doing, these bands aim to differentiate themselves from close competitors, usually from China as well, to avoid cutthroat price wars.

For the first movers among Chinese brands going global, branding efforts, often led by country sales managers, are at best sporadic and fragmented (Lenovo is an exception). At this stage, just keeping the communication smooth and effective between the international outposts and headquarters in China is a daunting task. It will only become more complicated as brands attempt to develop and execute worldwide campaigns launched and coordinated from China.

Early On The Learning Curve

Meanwhile, another crop of Chinese companies has become the pet of international and Chinese media of late. These cash-rich, State Owned Enterprises (SOEs) and leading private companies have been making headlines with cross-border mergers and acquisitions. A noteworthy trend in this game is that many Chinese players, having learned from earlier high-profile debacles, now put branding and PR on the to-do list.

Last year's acquisition of Manassen Foods of Australia by Shanghai Bright Food (an SOE) serves as a case in point. To diffuse any concerns, Bright Food communicated early and regularly with key Australian stakeholders. It is fair to say that the transaction was concluded successfully and smoothly at least in part because of the friendly environment established by Bright Food's charm offense.

Thought Leadership

Leading B2B brands from China, a group that traditionally shuns branding initiatives, are prompted to answer the question "who am I" when stepping out of their comfort zone in China to face scrutiny in unfamiliar global markets. Suddenly, the ability to tell the brand story effectively to international stakeholders becomes a high priority. For these B2B brands it's time to replace the exquisitely printed yet soulless corporate brochure and the company websites narrated in "Chinglish." They need a succinct and persuasive elevator pitch to impress internat ional clients at the first meeting.

Riding Robust Momentum

We see progress. The emerging Chinese brands are riding a healthy and robust momentum. Although the world economy is still recovering from recession, the rise of the middle class in emerging economies continues. This development should generate immense purchasing power to sustain the growth of Chinese brands. In addition, the current economic slowdown in developing markets forced consumers to balance excessive optimism with a strong dose of reality. It reminded consumers to seek value, the relationship between price and performance, which happens to be the primary competitive edge the Chinese brands enjoy.

With the recent troubles experienced by some long-time global titan brands, emerging global brands from China, hardened by fierce competition in the Chinese market, are emboldened to reenact the feat accomplished first by Japanese and recently by South Korean companies. The Chinese brands will enter new international markets at the low end of the value continuum but attempt to evolve quickly to provide premium products and services with better margins. The upsurge of disruptive force of social media in branding might offer Chinese brands the late-mover advantage as well.

To enter global markets and develop strong and profitable brands will require the Chinese brands to follow these three fundamentals:

- Gain thorough and useful market-specific consumer insights.
- Execute in a robust and well-choreographed way.
- Sustain the investment in brand building over time.

Early evidence suggests that the Chinese brands, in the infancy of global brand building, have great potential and understand the need for these fundamentals, but the brands have much to learn and a long and winding road to navigate as they seek long-term success.

Key Initiatives for Going Global

1. **Give People a Reason to Buy**
Don't use the "Made in China" label as an excuse to avoid overseas expansion or to explain overseas failure. Over 65 percent of overseas consumers are willing to consider Chinese brands, according to Millward Brown research. They may ask where a product is made, but what they really want know is, "What benefits does the product offer? How will it enrich my life?"

2. **Leverage Online Experience**
Because of the size and prominence of e-commerce and social media in China, Chinese brands often have a lot of experience communicating with consumers online. Overseas audiences will bring new challenges, but the knowledge about online brand building should help Chinese brands establish their presence in new country markets.

3. **Invest Long Term**
Going global requires commitment and investment. Once you make the decision to expand overseas, don't be tentative. International expansion is a strategic decision not a tactical step for topping up revenue and profits.

Thought Leadership

Jane Liu

Researcher
Analytics & Insight
MEC China

Theresa Loo

National Director of
Strategic Planning,
Analytics and Insight
MEC China

Going Global

Brands Expand Out of China, Travel Up the Value Chain

Ever since the 1978 Open Door Policy, China has become the most capable and competitive Original Equipment Manufacturer (OEM) in the world. This drives enormous economic growth in the country. Yet in order for China to sustain long-term economic prosperity, it cannot stay a low-cost manufacturing base forever. It has to move up the value chain to sell higher value-added products.

Building multinational corporations is seen as a way to improve a corporation's capabilities in international business and fast track the learning curve. In addition, China's domestic market is also becoming more competitive as companies battle fiercely for their slice of the most populous consumer market in the world.

Driven by these economic pressures and fired by the urge to partake in the global economy, the Chinese government declared the "going abroad" policy in 2001 to encourage Chinese corporations to move into the international arena.

Since then, many Chinese corporations have made forays into international markets. Some, such as Lenovo, which purchased majority share of IBM's PC division in 2005, and Haier, which became the global leader in compact refrigerators and wine coolers, have achieved phenomenal results. However, despite global achievements by individual corporations, most Chinese brands are not well known in overseas markets. As Nobel Prize winning economist, John Nash, Jr., has written, "We know Chinese products, but not Chinese brands." Millward Brown's 2011 Going Global Study validated this point, revealing that 83 percent of consumers outside of China could not name a Chinese brand.

The real impact to global competition will come from an abundance of these relatively unknown Chinese brands with expertise in low cost mass production and the ability to manufacture good quality, affordable products. If, however, overseas consumers cannot name Chinese brands and do not recognize their benefits, then Chinese corporations attempting to penetrate international markets face a difficult barrier.

Overseas Brand Success Requires Customized Strategies

Chinese corporations going abroad fall into four categories, according to business school professors Ming Zeng and Peter J. Williamson: "National Champions," "Dedicated Exporters," "Competitive Networks" and "Technology Upstarts" (Please see page 21). Due to the differences in their business models, corporations in these four categories face a varying mix of challenges and opportunities in branding. Advertising agencies and communication professionals can play a role in bringing Chinese brands to the international marketplace by devising precise and focused branding strategies.

With their enormous success as domestic leaders, "National Champions" can afford to invest in building up their own global brands from day one. The fastest way of doing so is by associating the brands with celebrities or sport sponsorships. Sponsoring mega-events, such as the Olympics or World Cup, give the brands an image boost almost overnight. In addition to gaining publicity by winning air-conditioning contracts for the 2008 Beijing Olympics and the 2010 World Cup in South Africa, Gree uses film star Jackie Chan to endorse its "Created in China" proposition. Furthermore, since these are scale businesses, "National Champions" can examine global consumer segments to determine the most promising international markets.

"Dedicated Exporters," brands that expand overseas for the economies of scale, tend to align with respectable retailers or strike alliances with distributors rather than go it alone in international markets. They use the retailer brands to signal their quality and help establish their credibility and reputation. Once retailers bring in customer traffic, dedicated exporters need to present a persuasive brand story. They need to truly understand shopper behavior, provide memorable user experience and creatively brand themselves at a retail level.

One of the weaknesses of "Competitive Networks" is inherent in their core strength. Being a collective of individual companies makes it difficult to agree about the investments necessary for brand building. And because these networks do not conform to the conventional notion of an organization, it is not easy to brand them. Place branding, as in coffee from Colombia or wine from Burgundy, can be an option. Cigarette lighters can be branded as "Made in Wenzhou", or neckties as "Made in Shengzhou." A good story about the heritage, culture and expertise of place of origin can be a strong point of differentiation.

While "Technology Upstarts" have to invest in their brand building efforts like all other marketers, they have the Chinese diaspora as a springboard for penetrating overseas markets. In addition to enlisting the technological knowhow and management expertise of Chinese people residing all over the world, "Technology Upstarts" also can solicit these individuals as early adopters or key opinion leaders to tell their brands' stories. For this segment, digital and social media can be heavily deployed. Since many in the Chinese diaspora can read Chinese, they can even be exposed to brand communications via Chinese websites.

Going Global

Brands Expand Out of China, Travel Up the Value Chain

Making Up for Lost Time Possible but Challenging

Brands are intangible assets that are slow and costly to build. China, as a latecomer to the global marketplace, is at a disadvantage. A quick way to catch up is by mergers and acquisitions, an option that Chinese companies now are pursuing. Recent examples include Lenovo, which acquired a majority stake in Medion AG, a German home electronics company, in 2011, and Haier, which acquired the small and large appliance businesses from Japan's Sanyo in the same year. In cases such as these, the strategy for rebranding the newly merged or acquired companies is crucial. One of the greatest problems that mergers and acquisitions face is cultural integration. When a Chinese company acquires a Western company, combining companies means integrating Eastern and Western cultures. This requires sensitivity in internal communication with employees.

Last, but not the least, crisis management skills also are important. A product's country of origin affects purchase decisions because consumers tend to infer the quality of a country's products from its country image, as Theresa Loo and Gary Davis wrote in "Branding China: The Ultimate Challenge in Reputation Management." In today's digitized world, any product quality incident, safety crisis, or mining accident within China will affect how overseas consumers see Chinese brands. In fact, close to 70 percent of international consumers have concerns over the safety of made-in-China products, according to Millward Brown's 2011 Going Global Study. Industries in which consumer concern with safety is high, such as food and beverage, airline, pharmaceutical, banking, are especially impacted by this phenomenon. The finding doesn't exclude Chinese-made products from consideration by overseas customers, but it does require ensuring consumer confidence with evidence of product safety.

MEC delivers value by creating, implementing and measuring communication solutions that actively engage people with brands.

www.mecglobal.com

Global Chinese Brands Divide into Categories

National Champions are home grown corporations that have beaten international competitors to become domestic leaders. They often tackle niche segments that leading brands in overseas markets are not participating in. They then use their production prowess in China to develop specialty benefits, drive down production costs and grow volume businesses. A successful example is Haier making compact refrigerators and wine coolers.

Dedicated Exporters mainly go into international markets to gain global economies of scale. When they first enter a market, they tend to work with retailers or distributors. Once they develop market expertise and scale the business, they migrate to high value products. They are aggressive in striking partnerships or acquiring smaller companies in order to move up the value chain. BYD started out supplying rechargeable batteries to Apple, Nokia, Motorola and Samsung. It evolved into an electric vehicles manufacturer. The company sold a 10 percent stake to Warren Buffet's Berkshire Hathaway in 2009, and formed a partnership with Daimler in 2010. The company expects to export its plug-in hybrid to North America.

Competitive Networks are groups of small, specialized companies that exist separately in close geographic proximity but operate as a single, interdependent yet unofficial entity. To minimize internal rivalry, they organize production into specialties, with the smaller manufacturers making components and the larger ones doing the assembly. Examples are entrepreneurs in Wenzhou manufacturing cigarette lighters or in Shengzhou making neckties. In this way, China has already taken huge shares in the global market for watches, socks, shoes, precision electronics and Christmas decorations.

Technology Upstarts use technological innovations to enter commercial markets. For example, a group of scientists from China's Institute of Computing Technology started Legend, Lenovo's holding company. "Technology Upstarts" challenge the conventional wisdom that hi-tech is restricted to high-end products. They often acquire foreign brand names and the technology and market access that come with them. "Technology Upstarts" also enjoy the benefit of being closely related to computer and electronics, home appliances and computer games—three of the top five "Made in China" product categories that overseas consumers are most likely to consider purchasing, according to research by Millward Brown. In addition, many of China's e-commerce companies, such as Alibaba.com and Ctrip.com, like to enlist cooperation and support from individuals in Chinese diaspora. These individuals often have technological knowledge and international business experience, providing these companies with a resource for world-class capabilities.

Thought Leadership

Shen Ying

General Manager
CTR Media &
Consumption Behavior

Ada Luk

Group Account Director
Millward Brown Shanghai

CTR is a leading market information and insight provider in China.

www.ctr.china.cn

Millward Brown is one of the world's leading research agencies.

www.millwardbrown.com

Lower Tier Cities

Vast Opportunity Requires Understanding the Consumer

Over the last four years, the economy of China has grown by over 30 percent in real terms. It has become the world's second largest economy and is fueling the country's global growth. However, its domestic consumption rate remains notoriously low while saving is astoundingly high as a share of GDP. As the global financial crisis subsides, China's leaders realize they must recast China's economic focus from export-led to domestic consumption-driven in order to maintain sustainable growth. In 2011, China began its twelfth five-year plan, designed to encourage consumer goods imports, foster urbanization and optimize the consumer market. It plans to nurture 10 million new consumers each year to enter the market.

Until recently, most of China's wealth has been concentrated in the higher tier cities. The average disposable income of a higher tier family is about three times higher than that of a lower tier family. However, the consumer market in the higher tier cities is fast approaching saturation. Fortunately, China has more than 100 lower tier cities with populations in excess of one million. As their incomes rise in these cities, as a result of favorable government policies, consumption patterns will be the main driver of China's domestic economy. In fact, across all product categories, lower tier cities are already beginning to account for a significantly larger proportion of consumption.

In China, higher and lower tiers are generally accepted terms for organizing such a large and diverse country into a comprehensible hierarchy of population centers. Tier one includes the great coastal cities—Beijing, Shanghai and Guangzhou. Historical provincial capitals comprise some of tier two. Factors including history, population and income determine other tier designations. What's most clear is that the golden age of growth of China's consumer class appears to be taking place outside the higher tier cities and in the lower tiers cities. Any business serious about establishing a meaningful presence in China's consumer market must acquire a deep understanding of the purchase behavior of consumers in the lower tier cities. One way to understand this behavior is to compare it to consumer purchasing behavior in the more familiar higher tier cities. Here are seven important insights:

1 Purchase intentions are more family centric.

The majority of lower tier consumers focus their shopping on the purchase of family items first, according to the CNRS-TGI tracking study. With relatively larger families and lower disposable income, these consumers seek products and packaging that are designed to satisfy family consumption and fit family budgets.

2 Kids have less say for routine items, more say for specialty products.

In order to keep their limited budgets under control, parents in the lower tier cities give their kids less say in purchasing decisions for routine items, such as clothing and food. When purchasing new or trendy products like electronic gadgets however, lower tier parents are more likely rely on their kids as information sources.

3 Value-for-money and functional attributes influence more than brand.

Although price is the most important influence on purchase decisions across all tiers, lower tier consumers will spend more for products with more or better functional attributes, while higher tier consumers will pay more for brand. For example, lower tier consumers ranked "image quality" and "technical performance" most important when purchasing a digital camera. Higher tier consumers, in contrast, ranked "image quality" and "brand" as the most important purchase criteria.

4 Brand, ads and word-of-mouth exert a greater influence on purchasing.

Lower tier consumers show a higher tendency to treat ads as a fair source of product knowledge. They even click online ads more frequently. With fewer channels for obtaining product information, and greater apprehension about purchasing mistakes that will stretch limited budgets, lower tiers consumers are more eager to seek reassurance from word-of-mouth or from brand. In more expensive or safety-related product categories, such as automobiles or baby formula, the need for brands to play the quality assurance role is even greater.

5 TV is still the most effective mass media for product ads or infomercials.

Unlike higher tier viewers who watch TV mostly for entertainment, lower tier viewers are more serious minded. They usually watch news and utilitarian programs to acquire knowledge, perhaps for career advancement. CCTV (Chinese Central TV) is especially dominant and popular in lower tier cities.

6 Higher tier or global brand fame doesn't guarantee lower tier success.

What consumers in lower tiers look for in a brand is quality assurance or prestige. However the qualities that connote prestige in a lower tier city may be specific to the locality and different from the qualities that confer stature in higher tier cities. To succeed, a brand requires a communication strategy that assimilates local culture. Blind replication of strategy from other markets can sometimes create only the adverse perception of expensiveness without the value for money.

7 Online purchasing is more prevalent.

Many popular brands or retail chains have not yet expanded into lower tier cities. Sometimes online ordering is the only access channel for these consumers. Yet they may desire trendy products and brands as much as consumers do in the higher tier cities. With relatively limited product selection available in local stores, consumers in lower tier cities are more likely to shop online.

PART 2

The BrandZ™ China Top 50

BrandZ™ China Top 50 Overview and Analysis

Brand Importance Increases, Touches all Categories Buoys Value in Slower Economy

Brand importance in China continues to increase.

As the Chinese become wealthier and more sophisticated consumers, they grow more aware of their relationship with brands and the impact brands have on their lives.

Increasingly, Chinese consumers view brands not simply as badges denoting accomplishment and wealth, but rather as useful symbols embedded with cues about product quality, design and safety and other data necessary for making informed purchasing decisions.

The growing importance of brand in China emerges from a close analysis of this third annual BrandZ™ Top 50 Most Valuable Chinese Brands study, which finds that the total value of the BrandZ™ Top 50 2013 declined 1.6 percent to a total of US$320.2 billion.

The first brand value decline in the three years of doing this study reflects the slowdown in the growth rate of China's economy, which expanded at an annual rate of around 7.5 percent, much faster than most of the developed world, but well below the annual rates that characterized China's growth during the past few decades.

The decline touched most sectors of the economy, with 30 of the Top 50 brands decreasing in value, 14 increasing, two remaining unchanged and four newcomers joining the Top 50 ranking. Three categories appreciated in brand value. Technology rose 35 percent, followed by the traditional Chinese liquor baijiu, up 19 percent, and beer, with a 17 percent increase.

Given this background, the more revealing result is not that brand value declined, but that the decline was minimal both in absolute terms and relative to the decrease in brand value in some fast growing markets, such as Brazil, where the BrandZ™ Top 50 Most Valuable Brazilian Brands declined 24 percent *(www.brandz.com/latam)*.

Stock Appreciation Mirrors Brand Contribution

The key to understanding this result is that the growing importance of brand in China mitigated the depressive effect that lower financial results can have on brand value. The level of Brand Contribution for the Top 10 brands increased to 36.9 percent from 33.2 percent. The level of Brand Contribution for the Top 50 increased to 38.8 percent from 38.2 percent. Brand Contribution is a key metric that indicates the portion of brand value that can be directly attributed to the sole influence of the brand after other factors, such as financial performance, have been stripped away. (Please see Methodology on page 160)

The power of Brand Contribution also is evident in stock market performance. All of the Top 50 brands are publicly traded, mostly on the Hong Kong or Shanghai Stock Exchanges, but on other exchanges as well. The BrandZ™ China Top 50 Portfolio consists of the BrandZ™ Top 50 Most Valuable Brands and tracks their stock market performance. Measured over 14 months, starting in July 2010, against MSCI China, an equity index of Chinese stocks, the BrandZ™ China Top 50 Portfolio consistently outperformed the equity index of Chinese stocks and was up 5.8 percent in September 2012 when the MSCI was down 5.6 percent. The BrandZ™ China Top 50 Portfolio outperformed the market by 11.4 percent.

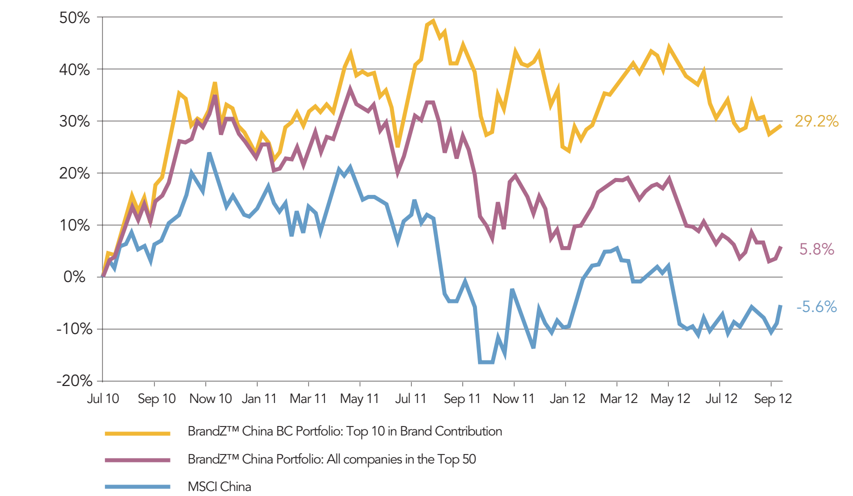
Even more compelling, the share price of the Top 10 brands in Brand Contribution gained an extraordinary 29.2 percent over the same period. (Please see the stock market chart) This contrast in stock performance indicates both how important brand is to stock appreciation and how stock appreciation is a return on investment in brand.

Some of the strongest evidence revealing the increasing importance of brand comes from the shifting balance between State Owned Enterprises (SOEs) and private brands driven by market forces alone. Market-driven brands comprised 27 percent of the China BrandZ™ Top 50 total brand value in 2013, up from 22 percent in 2011. (Please see the SOE chart) And the importance of brand varies even among SOEs.

SOE brands deemed to have strategic national importance, such as banks or energy companies, are more tightly controlled than SOE brands in categories like baijiu, the traditional Chinese clear liquor. The brand value of these competitive SOEs increased 12 percent, while the brand value for the more state-involved brands declined 7 percent. This contrast indicates that the investment in brand building by the competitive SOEs yields higher brand value.

BrandZ™ China Top 50 Portfolios Outperform MSCI China Index

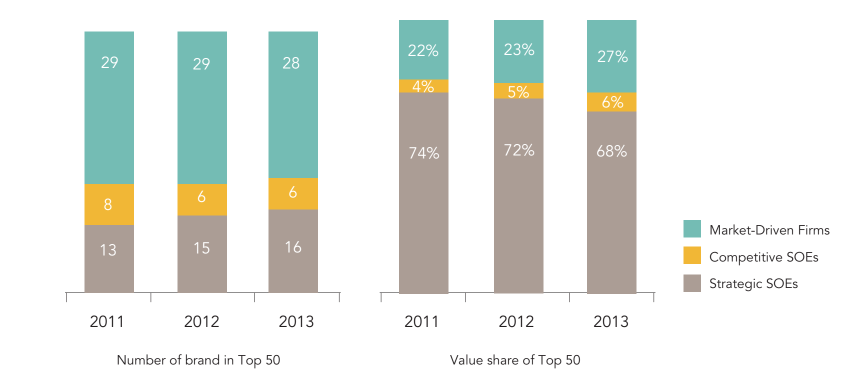
The MSCI China, a weighted index of Chinese stocks, declined 5.6 percent in value during the 14 months ended September 2012. The BrandZ™ China Portfolio, up 5.8 percent over the same period, and the BrandZ™ China BC Portfolio, up 29.2 percent, outperformed it. The BrandZ™ China Portfolio consists of the brands in the China BrandZ™ Top 50 Most Valuable Chinese Brands. The BrandZ™ China BC Portfolio is a subset of the Top 50 that includes only the Top 10 Brand Contribution leaders. Brand Contribution is a metric that isolates the influence of brand from other factors, such as financial results, in the calculation of brand value (Please see Methodology on page 160) The performance of the BrandZ™ China Top 50 Portfolios demonstrate a clear correlation between brand strength and positive stock market performance.



Source: BrandZ™ / Millward Brown Optimor, Bloomberg

Shifting Balance of SOE and Market-Driven Brands

The BrandZ™ Top 50 Most Valuable Chinese Brands fall into two broad categories of ownership: State Owned Enterprises (SOEs) and private firms. BrandZ™ analysis further divides SOEs into two sub-categories: strategic (financial institutions, utilities, for example) and competitive (consumer products, for example). While the number of strategic SOEs in the China BrandZ™ Top 50 remained fairly consistent during the past three years, their share of total Top 50 brand value decreased. Competitive SOEs and market-driven firms increased their share of Top 50 value. The shifting balance of value reflects the growing importance of brand.



Source: BrandZ™ / Millward Brown

Most important, a BrandZ™ analysis of the performance of more than 1,100 Chinese brands over three years reveals a strong correlation between Brand Contribution and market share. In other words, higher Brand Contribution translates into higher sales. (Please see the Brand Contribution chart)

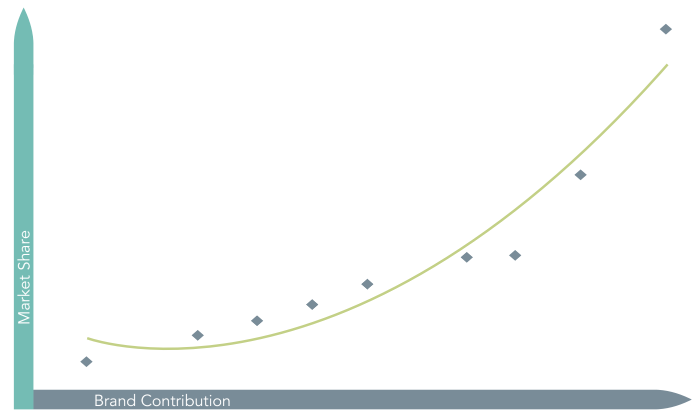
Consumers Influence Brand Development

With the expansion of the middle class, rise in disposable income and shift from rural to urban living, the influence of Chinese consumers on the development of brands has increased in many ways, including: faster innovation; more choice and competition; and increased focus on brand identity and communication. And this consumer influence touches all categories and is felt across the country as both Chinese and international brands establish presence in the large urban centers other than Shanghai, Beijing and Guangzhou.

Opportunity awaits brands that can get it right in these lower tier cities. A strong presence in lower tier cities is one of the reasons why the brand value of Hainan Airlines appreciated 23 percent while most of its competitors felt the effects of a slowdown in international air travel. Being a top tier brand in a lower tier setting proved to be a successful strategy for the apparel brand Septwolves.

Higher Brand Contribution, Higher Sales

There is a strong correlation between Brand Contribution and market share. Brands with higher Brand Contribution scores enjoy greater market share or, said another way: higher brand contribution, higher sales. The data comes from over 1,100 Chinese brands clustered according to Brand Contribution.



Source: BrandZ™ / Millward Brown

Although the tiers are converging in income level, consumer attitudes and behavior differences remain. Consumers in lower tier cities tend to be more driven by practical concerns like price and performance rather than status.

Serving China's large and diverse market helps strengthen Chinese brands and even prepares them for overseas ventures. Brands also are tempered by an attitude shared by Chinese consumers regardless of where they reside. They expect more today. Simply being a famous brand is no longer enough. Sustained success requires anticipating and meeting consumer desires or, put another way, constant, useful and relevant innovation.

Innovation, Competition and Choice

The impact of this market dynamic is evident in the technology category. Of all the categories measured in this report, technology gained the most in brand value—35 percent—with the increase led by Tencent, China's largest Internet portal that connects over 700 million users. Formed in 1998, Tencent shifted its business during 2012 to focus more intensively on its mobile messaging app, Weixin, which reached about 200 million users by March 2012, just over one year after launch. The brand's value surged upward 60 percent.

Similarly, Baidu, China's largest search engine, formed in 2000, invested heavily in the Cloud during 2012, and its brand value increased by 40 percent. In contrast, the social media site Renren felt the impact of these innovative competitors and its brand value declined by 77 percent. In part, consumer interest in the Internet and social media, which drove the rapid rise of Renren, left the company vulnerable as consumers discovered newer ideas and wider choice.

Some of China's greatest innovators, brands that identified and developed entirely new businesses, now face intense competition as rivals enter the market offering an incremental improvement or change calculated to steal market share. The brand Ctrip, for example, pioneered online travel services in China in 1999. Today, the e-commerce sites of airlines, hotels, other travel providers and online shopping malls, such as Taobao, battle for the revenue generated by the tourism of China's expanding middle class. In this crowded field, Ctrip's brand value declined 39 percent.

Increased Focus on Brand Building

Having built a multi-channel approach to travel, with access online or through an extensive network of call centers, Ctrip is meeting this heated competition by investing in its brand with a $US500 million promotion and marketing campaign. As competition increases in just about every product category, brands look for ways to differentiate and increase their appeal. Apparel brands face a particularly difficult challenge in a category that declined 18 percent in brand value because of weakened demand, excess inventory, a competitive field of domestic and international players and shifting consumer preferences away from casual wear and toward smarter everyday wardrobes.

Despite these pressures, certain apparel brands did relatively well in part because of their clarity of focus. Septwolves took greater control over its brand, shifting priorities from wholesale to retail with plans to open over 1,000 company-owned stores during the next couple of years. Building on its heritage as a clothing manufacturer, Youngor is marketing under its own brand. Semir effectively targeted the youth market. Both brands ascended to the Top 50 ranks for the first time.

Effective brand positioning was evident also in the performance of the Moutai, the traditional Chinese baijiu liquor, and Harbin beer. Both brands faced considerable competition in categories where brand plays a central role. Harbin associated the brand with the sports, including the National Basketball Association, and appealed to the growing taste for more premium beer. Harbin entered the Top 50 ranking for the first time. By emphasizing its long brand heritage and leveraging the popularity of baijiu, Moutai increased 42 percent in brand value.

The Next Opportunities

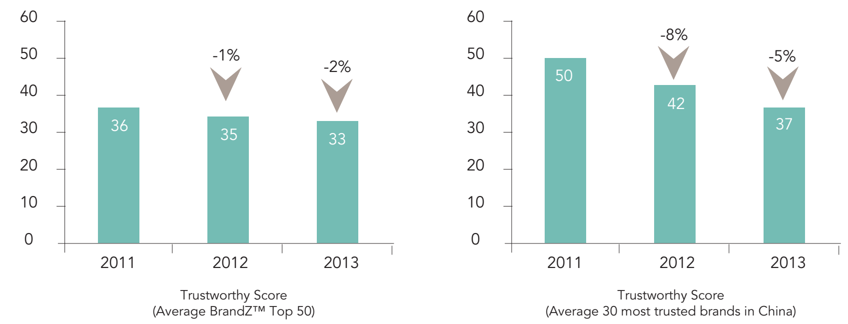
Despite the growing importance of brand in China, many challenges remain. Product safety lapses continue to erode consumer trust. Although the issue most directly impacted the food and dairy category the fallout has affected consumer trust in general, which has declined steadily during the past several years, even among the most trusted brands. (Please see page 30)

Brands are acting strategically to repair reputations damaged by safety issues, and also to build long-term brand strength by forming alliances with international businesses that can introduce world-class production, supply chain, quality control and marketing best practices. Mengniu entered an arrangement with the Danish dairy group Arla Foods. Determined to become the leader in the premium dairy segment, Bright made a series of overseas acquisitions. Its brand value rose 34 percent.

Chinese companies have formed overseas partnerships before. In the car category, for example, Western manufacturers traded their technological knowledge for access to the world's largest consumer market. There's a key difference between the car industry example and some of

Trust Erosion Continues

Continuing problems with product safety have produced a measurable erosion of consumer trust in both the BrandZ™ Top 50 Most Valuable Chinese Brands and China's 30 most trusted brands. The bars indicate the percent of respondents who said they considered a brand "trustworthy."



Source: BrandZ™ / Millward Brown

these new arrangements, however. These alliances often are designed to raise the profile and credibility of the Chinese brand, not of the foreign partner.

Internationalization, of course, works the other way round, with Chinese brands exporting merchandise, not simply as manufacturers for Western brands, but as Chinese brand marketers. Most international activity takes place in categories dominated by SOEs: financial services, airlines, financial services and oil and gas. Brand becomes more important as SOEs, renowned at home, increasingly compete in countries where they're relatively unknown.

Entrepreneurial Chinese companies, without state ownership, are active overseas, too, building global brands in categories such as technology and household appliances. Lenovo, which recently became the world's largest PC maker, derives 58 percent of its revenues from outside China. For air conditioner supplier Midea, overseas sales amount to 28 percent of revenue. (Please see the international revenue chart)

While consumers outside of China remain mostly uninformed about Chinese brands and wary about Chinese products, they are willing to try Chinese brands, according to a recent Millward Brown study.

Achieving quality consistency and an emotional connection remain the critical challenges for Chinese brands that, ultimately, can have an enormous impact in a global economy where a product's provenance is less important than its quality, design and value - the improvement it makes in the life of the consumer.

Chinese brands are still early in the brand development process. Generally well known in China and considered relevant, the brands typically have failed to form the strong customer bonds that can lead to intense loyalty, even brand advocacy. (Please see BrandZ™ Pyramid chart) Chinese brands are growing in strength, as evidenced by the appreciation in Brand Contribution scores in the BrandZ™ Top 50. Brands can gain additional value and unlock enormous competitive advantage with meaningful differentiation by more actively connecting emotionally with consumers.

As brand continues to become even more important in China, the winners across all categories will be those brands that offer consumers products and services with relevant functional and emotional advantages that the brands communicate, using both traditional and social media, in original and compelling ways.

The Top 10 in International Revenue

These six State Owned Enterprises (SOEs) and four market-driven brands lead the China BrandZ™ Top 50 in the proportion of revenue they derive from business overseas. Leading the ranking, market-driven Lenovo, recently became the world's leading PC maker.

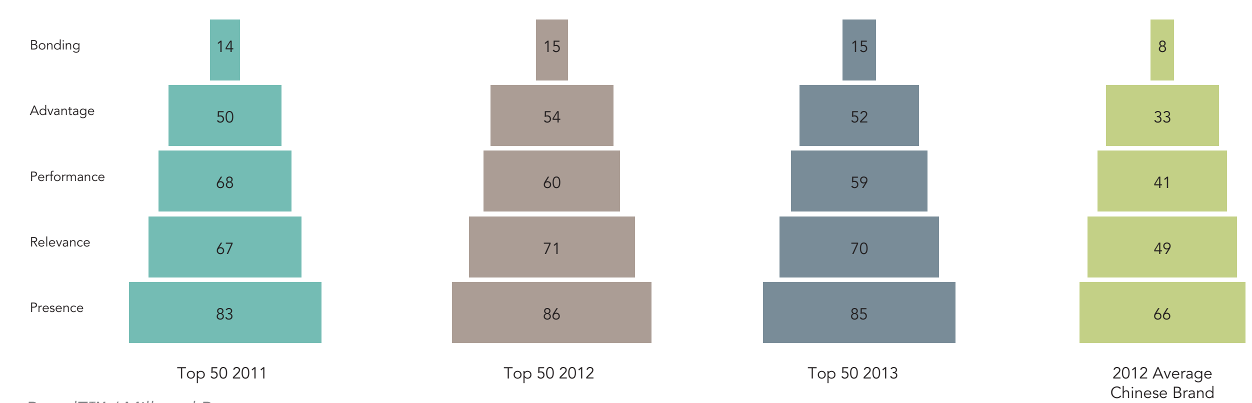
Brand	Category	Ownership	Revenue % from Int'l Business	YoY Chg.
1. Lenovo	Technology	Market Driven	58%	4%
2. Air China	Airline	SOE	33%	-4%
3. China Eastern	Airline	SOE	29%	-4%
4. Petrochina	Oil & gas	SOE	31%	-1%
5. Midea	Home Appliances	Market Driven	28%	0%
6. Youngor	Apparel	Market Driven	23%	-3%
7. Gree	Home Appliances	Market Driven	19%	2%
8. China Southern Airlines	Airline	SOE	18%	0%
9. Bank of China	Financial Institutions	SOE	18%	-2%
10. Hainan Airlines	Airline	SOE	15%	0%

BrandZ™ / Millward Brown Optimor

Strong Market Presence, but Weak Emotional Connection

The BrandZ™ Pyramids representing the China's Top 50 Most Valuable Brands remained relatively stable over the past three years. The structure of the pyramid indicates the overall the Top 50 are well established in the market, and demonstrably stronger than the BrandZ™ Pyramid for the Average Chinese Brand. But the Top 50 have not formed substantial emotional connections with consumers.

The BrandZ™ Pyramid measures consumer engagement with a brand. Engagement begins on a foundation of presence (familiarity with the brand) and builds with successive levels: relevance (meets needs and makes the consideration set), performance (proves functionality and makes the short list) and advantage (provides benefits over the competition). Strength at each level correlates with increased share of wallet and loyalty. Strength at the top of the pyramid, bonding (emotional engagement), can indicate active brand advocacy. The numbers on the pyramid show the percent of consumers that engage with the brand at each level.



Source: BrandZ™ / Millward Brown

Top Risers

Brand Building Creates Value

The Top 10 Risers are the brands that appreciated most in brand value year-on-year.

Seven of the Top 10 are market-driven firms and only three are State Owned Enterprises (SOEs), demonstrating the connection between brand strength and brand value appreciation. In most cases, the Top 10 greatly outperformed their category.

Tencent, the social media giant, and the search engine Baidu benefitted from the overall strength of the technology category, which grew 35 percent in brand value. But the brands outperformed the category on the strength of aggressive innovation. Tencent launched its micoblog Weixin in 2011, and by March 2011 had gained 200 million users. Baidu invested heavily in setting up a cloud computing center.

Similarly, Moutai outperformed the baijiu category, which appreciated 19 percent. Moutai leveraged its market leadership position but also updated its image with efforts to appeal to new, younger consumers. Tsingtao beer was one of the few brands in the beer category to appreciate as the category adjusted to rising consumer preference for premium products. Tsingtao marketed aggressively with sports tie-ins and Olympic sponsorship.

Hainan Airlines not only made the list of Top Risers, it was the only brand in the airlines category to increase in brand value. Factors that contributed to its rise included a reputation for good customer service and focus on domestic travel, with strong presence in lower tier cities. Also, its routes were not impacted by the increase in high-speed intercity rail service. Septwolves, the men's apparel brand, also benefited from an effort to become a top tier brand in lower tier cities, avoiding to some extent fierce head-to-head competition with international rivals. Septwolves also took more control of its brand, concentrating on design, improving the premium part of its range and raising the priority of company-owned stores.

The presence of three food and dairy brands in the Top 10 Risers represents, in part, the recovery of brand value following food safety issues that impact most brands in the category. It also reflects brand building activity. Bright purchased a major stake in Weetabix, a UK brand. Shuanghui increased production capacity. Yili invested heavily on advertising, on Chinese TV and at the London Olympics.

China Construction Bank benefitted in part from the government's investment in infrastructure improvement, a tactic to help stimulate economic growth.

The Top 10 Risers

Brand	Brand Value Growth	Category	Ownership	Brand Value US$ Mil.	Top 50 Rank
1. Tencent	60%	Technology	Market Driven	20,220	5
2. Septwolves	44%	Apparel	Market Driven	651	38
3. Moutai	42%	Baijiu	SOE	12,957	9
4. Baidu	40%	Technology	Market Driven	22,740	4
5. Bright	34%	Food & Dairy	Market Driven	713	36
6. Shuanghui	30%	Food & Dairy	Market Driven	1,670	27
7. Hainan Airlines	23%	Airlines	SOE	524	41
8. Yili	13%	Food & Dairy	Market Driven	2,722	21
9. Tsingtao	10%	Beer	Market Driven	1,228	31
10. China Construction Bank	9%	Financial Institutions	SOE	23,993	3

Source: BrandZ™ / Millward Brown Optimor

Brand Contribution

Market-Driven Brands Dominate Leadership

Brand Contribution is the portion of brand value directly attributable to brand after other factors, such as financial performance, are stripped away. (See Methodology on page 160)

Eight of the Top 10 Brand Contribution leaders are private, market-driven firms. The two State Owned Enterprises (SOEs) belong to the category of SOE BrandZ™ analysis designates as competitive. In contrast to the more strategic SOEs, such as utilities, these brands market consumer products.

Both groups have reasons for investing in brand building. Snow, for example markets beer, a category in which brand plays a central role.

Eight of the Top 10 brands are in either food or drink categories in which the consumer relationship with the brand especially depends on individual preferences and level of trust. Two other brands—Baidu and Tencent—are technology leaders that have developed major brand presence, particularly in social media, in only a few years.

The level of Brand Contribution achieved by the Top 10 requires brand-building investment. The Yili brand reached consumers in both conventional and online media, for example, and was even featured in ads on the sides of London buses during the 2012 summer Olympics. ChangYu plans to invest over $1 billion in a wine research and commercial center expected to open by 2016.

The Top 10 in Brand Contribution

Brand	Category	Ownership	Brand Contribution
1. Mengniu	Food & Dairy	Market Driven	5
2. Baidu	Technology	Market Driven	5
3. Yili	Food & Dairy	Market Driven	5
4. Tsingtao	Beer	Market Driven	5
5. Yanjing	Beer	Market Driven	5
6. Bright	Food & Dairy	Market Driven	5
7. ChangYu	Wine	Market Driven	4
8. Snow	Beer	SOE	4
9. Tencent	Technology	Market Driven	4
10. Fulinmen	Food & Dairy	SOE	4

Source: BrandZ™ / Millward Brown Optimor

Newcomers

Bank, Beer, Apparel Brands Make Top 50

These four brands appeared for the first time this year in the BrandZ™ Top 50 Most Valuable Chinese Brands ranking.

Bank of Communications not only earned a place in the ranking, it landed well toward the top at Number 15. The financial institution earned 20 percent of its earnings from retail banking, a key eligibility criterion of the BrandZ™ China Top 50 ranking.

Both brand and financial factors drove the brand's appreciation in value. During 2012, Bank of Communications raised $4.7 billion in a stock offering on the Shanghai Exchange. However, the bank also took long-term, brand building steps with an event-based marketing campaign aimed at cultivating loyalty.

Apparel brands Youngor and Semir successfully grew value in a category where many of the contenders suffered from slowing demand, excess inventory and foreign competition. Youngor benefited from a menswear shift in tastes away from the excessively casual to more somewhat smarter attire. Semir continued its focus on casual clothing for youth and invested both in its network of more than 4,000 stores and in optimizing its supply chain.

Harbin continued its rise from a regional player to a national beer brand. The brand linked advertising and promotion to sports, including the 2010 World Cup and, more recently, the National Basketball Association. Like the other newcomers, Harbin carved a distinctive niche in a crowded and competitive category.

The Newcomers

Brand	Category	Brand US$Mil.	Value Top 50 Rank
1. Bank of Communications	Financial Institutions	4,958	15
2. Harbin	Beer	601	39
3. Youngor	Apparel	446	45
4. Semir	Apparel	286	49

Source: BrandZ™ / Millward Brown Optimor

Category Update

Market Forces Affect Categories Unevenly

The small 1.6 percent decline in overall brand value for the 2013 BrandZ™ Top 50 Most Valuable Chinese Brands unevenly affected the 15 product categories tracked in the study, with large gainers offsetting some of the categories that declined.

Only three categories rose in overall brand value—technology (+35 percent), baijiu (+19 percent) and beer (+17 percent). Arranging the categories that declined in value according to the size of the decline, they divide like this:

- Decline of 0 percent to 10 percent: insurance, food and dairy, financial institutions, health care, wine and telecom providers.
- Decline of 11 percent to 22 percent: oil and gas, home appliances, apparel and airlines.
- Decline of 30 percent or more: retail and e-commerce, but the financial performance of a limited number of brands drove this steep decline in the generally robust e-commerce category.

Among the many trends that produced these results are the slowdown of China's economic growth; intense competition from both Chinese and international brands; and shifting product preferences in an evolving consumer society.

These general trends were manifested in category-specific ways. The intensity of competition, for example, was particularly evident in retail and e-commerce as shoppers sought deals on electronics both in physical stores and online. Changing product preferences in an evolving consumer society impacted the beer category, as beer drinkers moved to premium, and apparel as consumers expressed desire for less casual, smarter clothing.

The following summaries describe in more detail how these and other market forces affected overall performance of the categories and their brand leaders.

Changes in Category Brand Value

Category	Brand Value Growth	Brand Value US$Mil.	Brand Contribution	Revenue % from Int'l Business	Number of Brands in Top 50
Technology	35%	46,661	4	12%	5
Baijiu	19%	15,685	4	2.7%	2
Beer	17%	3,087	5	0.5%	4
Insurance	0%	28,428	3	0.1%	3
Food & Dairy	-2%	7,891	4	2.0%	5
Financial Institutions	-4%	107,052	2	5.0%	6
Health Care	-4%	3,265	4	2.8%	3
Wine	-5%	3,057	4	0.0%	1
Telecom Providers	-10%	63,341	3	0.8%	3
Oil & Gas	-11%	24,546	1	14.3%	2
Home Appliances	-14%	4,013	3	19.2%	3
Apparel	-18%	3,210	3	4.2%	6
Airlines	-22%	7,061	3	22.9%	4
Retail	-33%	2,439	2	0.9%	2
E-commerce*	-39%	489	2	0.0%	1

** The financial performance of a limited number of brands drove the steep decline in a generally robust category.*

Source: BrandZ™ / Millward Brown Optimor

Category Update

Airlines

Softening overseas demand and rising fuel costs, compounded by a weakened Yuan, impacted airline profits. Competition from new high-speed rail linking major cities hurt airlines with heavy domestic business. The market continues to consolidate, and the four major international carriers—Air China, China Southern Airlines, China Eastern Airlines and Hainan Airlines—account for around 90 percent market share.

Only Hainan grew in brand value, on the strength of its strategic focus on lower tier cities and its reputation for superior customer service. Meanwhile, medium-size airlines are striving to differentiate themselves by sharpening operational strengths, introducing secondary routes and expanding into the cargo transportation business. China's airline industry is expected to grow by 13 percent annually from 2011 to 2015, according to the China Civil Aviation Bureau's twelfth five-year plan.

Apparel

Chinese apparel brands continued to grow, but in an environment shaped by slower economic growth, inventory overhang and intense competition from international brands. In addition, consumer tastes are shifting to a preference for smarter everyday clothing. Brands with a clear niche weathered the market's challenges better than the larger generalists, like Metersbonwe. Youngor is positioned well for the growing interest in more refined clothing. Semir aims at young professionals. Septwolves intends to be a higher tier menswear provider in lower tier cities.

Chinese sportswear brands, such as Li-Ning and Anta, are placing more emphasis on branding strategy. Li-Ning went back to basics, returning to its original strength as marketer of sports performance clothing rather than casual apparel. Internationals brands Nike and Adidas are attempting to seize share by expanding their distribution networks in lower tier cities and broadening the more affordable part of their product range. The London Olympics was an important forum for both Chinese and International brands.

Baijiu

Sales of Baijiu continue to grow rapidly, driven by the popularity of the traditional Chinese white alcoholic beverage and the rising affluence of Chinese consumers. Sales volume increased 40 percent year-on-year to ¥375 billion ($60 billion) in 2011, and is expected to reach ¥871 ($139 billion) by 2015, according to the China Alcoholic Drinks Industry Association (CADA). This market opportunity is drawing more competition.

The three established brands—Moutai, Wu Liang Ye and Jian Nan Chun—face challenges from relatively newer entrants, such as Shui Jing Fang, National Cellar 1573, and Yanghe. Several issues complicate industry growth, including: charges of unfair competitive practices, counterfeit products and government moves to limit alcohol drinking at official events. Industry evolution may lead to some brand consolidation. Despite these pressures, Moutai grew substantially in brand value on the strength of its brand appeal to its core customer base and attempts to promote the brand to a younger audience.

Beer

The Chinese beer industry continues to experience rapid expansion in both output and consumption. Although the country grew to become the world's largest beer market in just a few decades, per capita beer consumption is still significantly less than in more developed markets, such as the US, where the level is twice that of China. Chinese market leaders include Snow, Tsingtao, and Yanjing.

At the same time, foreign premium beer brands are increasingly popular as international brewers continue to acquire local brands or invest in added production facilities to drive expansion. Consumer tastes preference is starting to shift toward premium beers, influenced by the availability of premium international brands and the expansion of drinking occasions with increased patronage of bars and restaurants. Regional player Harbin is rapidly achieving national presence, in part because of aggressive marketing that links the brand with sports, including the 2010 World Cup sponsorship and, more recently, with the National Basketball Association.

E-commerce

The large swing in brand value primarily was driven by the performance of a limited number of companies and resulted from two factors: heated competition among e-commerce brands and the relatively small size of the category. The size of China's e-commerce market is expected to more than triple over the next three years, however, according to some estimates, with sales reaching $420 billion by 2015, around 20 percent larger than the US e-commerce market.

Factors driving sharp e-commerce growth include the appeal of bargain prices and the limited product range at traditional brick-and-mortar stores, especially in lower tier cities. Tier two and three cities account for three-quarters of e-commerce sales. Growing rapidly, the business-to-consumer segment is expected to comprise 40 percent of China's e-commerce by 2015. Taobao, the online marketplace of the Alibaba Group, remains China's e-commerce leader with $2.4 billion in transactional revenues predicted for 2012.

Financial Institutions

Driven by the increased need for financial services among the country's growing middle class, China's banks are rapidly adding financial products and improving customer service. Brand building has become an important industry priority. At the same time, the largest banks are more aggressively expanding overseas.

International growth reflects both the need to serve Chinese corporate customers as they go global, and an effort by banks to balance their domestic business with new revenue streams. Overseas initiatives add new branding challenges as banks enter markets where they're not well known. The world's most valuable bank is Chinese—Industrial and Commercial Bank of China (ICBC), according to the 2012 BrandZ™ Top 100 Most Valuable Global Brands.

Category Update

Food and Dairy

Product safety remained an issue for the dairy category during 2012, with several incidents involving tainted milk and infant formula drawing a lot of media attention, eroding consumer confidence and hurting sales and brand reputations. The safety issues happened as national brands took steps to recover from earlier problems.

Chinese brands upgraded production facilities and formed alliances with overseas dairy brands to introduce new products and to maintain international best practices and industry standards. National brands felt increased competitive pressure as some Chinese consumers chose international brands for safety, despite higher prices.

The cooking oil market is growing rapidly, especially in lower tier cities. Three national brands—Fulinmen, Jinlongyu and Luhua—dominate the category. Growing consumer concern with wellness has resulted in the introduction of new healthy cooking oil varieties. Fulinmen is among brands promoting corn oil.

The world's largest meat producer, China processed close to 80 million tons of meat in 2011, according to the National Bureau of Statistics of China. Continued growth is forecasted, with 2015 production expected to reach 86 million tons based on China's twelfth five-year plan. Achieving this growth seems possible, but challenging.

Growth requires larger, high-tech facilities and improvements in the quality of livestock. Difficulties monitoring standards and the increasing popularity of some processed meats have led to health and safety concerns. Greater grain cultivation to support cattle can negatively impact the environment. And despite increasing production, the threat of price inflation continues.

Health Care

Over-the-Counter (OTC) sales continue to grow, driven by government policy reform, urbanization, the aging of the population and changing public attitudes. The shift to OTC is accompanied by increased consumer concern for product reliability, which especially challenges small and local suppliers.

Marketing strategies have become more sophisticated. Moving beyond a focus exclusively on price, Chinese OTC brands now are better positioned to compete with international brands both at home and abroad. Suppliers also need to adjust quickly to channel changes, including the rapid expansion of drug store retailers.

Home Appliances

Domestic consumer interest in buying appliances cooled somewhat with the end of government incentives to stimulate purchasing. However, China's home appliance brands derive a significant portion of their revenue from overseas sales. The home appliance category is second among all categories in the percent of international sales.

Two of the category leaders, Haier and Gree, are considered pioneers in the globalization of Chinese brands. Haier continued its leadership in white goods and invested heavily in e-commerce. Gree, the world's leading air conditioner maker, is attempting to leverage a reputation for technology excellence to expand its product range into other appliances.

Insurance

The insurance industry is expanding rapidly with the growth of private industry and the expansion of a middle class that has accumulated assets requiring protection. Some insurers took steps to sell products online and also to broaden their offering of financial services.

However, the economic slowdown moderated investment growth and new regulations governing the insurance industry also brought challenges, hurting the performance of some companies and the industry brand value. Some regulatory changes, such as creating a more formal agent system to improve reliability and industry image, should help strengthen the category.

Oil and Gas

Meeting the enormous energy requirements of China's expanding economy remains the key challenge and priority of the country's oil and gas industry. China is second only to the US in the amount of oil consumed annually. And China is overwhelmingly dependent on overseas supply.

To meet this demand and increase energy independence, the major Chinese energy companies—PetroChina, Sinopec and China National Offshore Oil Corporation (CNOOC)—are acquiring companies and entering joint ventures to explore oil and gas reserves in China and in many other parts of the world.

Category Update

Retail

Retail remained relatively fragmented except for the electronic sub-category, where fierce competition continued. Retail brands sought opportunities in fast-growing lower tier cities, adding stores to meet increased demand from households with rising incomes. To drive sales, both multi-channel players, such as Suning and Gome, and pure online brands, like 360buy.com, promoted heavily online. The impact on results for Suning and Gome largely accounts for the category's brand value decline.

The multi-channel brands attempted to keep their physical stores relevant with improved service and special offerings, and to present their brand in an integrated way offline and online. Competition became especially heated during the run-up to the fall Golden Week holiday, a major period for appliance purchasing. As in other country markets, but not yet to the same extent, consumers visited physical stores to experience merchandise and compare features, but purchased online to gain the best price. Rising operating costs, including wages and real estate, also squeezed retail profits.

Technology

Chinese technology brands are focused on understanding and serving changing consumer needs with innovations and multi-channel initiatives. The search engine Baidu expanded its mobile presence with a Cloud-based operating system. Lenovo, which became the world's largest PC maker, expanded its smartphone and tablet offering and acquired a Cloud computing business.

Online portal Sina enjoyed solid advertising revenue and its Weibo microblogging site continued to grow in popularity. Tencent, also an Internet portal, enjoyed success with its Weixin microblogging site and also pursued acquisitions and partnerships to enrich its Internet offering with games and TV. Brand loyalty remains a category issue because of the ease of switching by clicking.

Telecom Providers

China Mobile continues to dominate the telecommunication market in number of customers, but other major competitors, such as China Telecom and China Unicom, emphasized a variety other benefits including more extensive 3G offerings, improved broadband and availability of smart phones. China Mobile expanded its 3G base while also conducting 4G trials.

All of the major telecom providers responded to the rapid increase in mobile Internet users, which reached 388 million by June 2012, according to China Internet Network Information Center (CNNIC). To attract more young consumers, China Unicom and China Telecom promoted their WO and e-Surfing-Young brands, respectively, emphasizing 3G and mobile Internet access.

Wine

Wine is growing in popularity among Chinese consumers as incomes rise, interest in Western products continues and domestic industry leaders invest in brand building. Chinese wine brands promote their own products, educate the public about wine and attempt to establish China's reputation as a wine producer.

Chinese wines are expanding to overseas markets as well. China's credibility as a wine producer received affirmation when Waitrose, the upscale British grocer, included a ChangYu vintage in its "World of Wines" range. ChangYu distributes its wines in about 20 countries.

Ranking	Brand	Brand Value (US$ Millions)	Year-on-Year Change	Ranking	Brand	Brand Value (US$ Millions)	Year-on-Year Change
1	中国移动通信 CHINA MOBILE Telecom Providers	50,589	-6%	14	招商银行 CHINA MERCHANTS BANK Financial Institutions	6,769	-20%
2	ICBC 中国工商银行 Financial Institutions	40,444	-8%	15	交通银行 BANK OF COMMUNICATIONS Financial Institutions	4,958	n/a
3	中国建设银行 China Construction Bank Financial Institutions	23,993	9%	16	China unicom中国联通 Telecom Providers	4,142	-34%
4	Baidu 百度 Technology	22,740	40%	17	太平洋保险 CPIC Insurance	3,453	1%
5	Tencent 腾讯 Technology	20,220	60%	18	AIR CHINA 中国国际航空公司 Airlines	3,276	-31%
6	中国农业银行 AGRICULTURAL BANK OF CHINA Financial Institutions	17,278	0%	19	CHANGYU since 1892 Wine	3,057	-5%
7	中国人寿 CHINA LIFE Insurance	14,401	-6%	20	五粮液 Wu Liang Ye Baijiu	2,728	-32%
8	中国银行 BANK OF CHINA Financial Institutions	13,611	-27%	21	伊利 Yili Food and Dairy	2,722	13%
9	Baijiu	12,957	42%	22	蒙牛 Food and Dairy	2,391	-31%
10	Sinopec Oil and Gas	12,539	-9%	23	lenovo Technology	2,254	-3%
11	PetroChina Oil and Gas	12,007	-13%	24	SUNING 苏宁电器 Retail	1,946	-19%
12	中国平安 PINGAN Insurance	10,574	9%	25	中國東方航空 CHINA EASTERN Airlines	1,743	-22%
13	中国电信 CHINA TELECOM Telecom Providers	8,610	-21%	26	云南白药 Yunnan Baiyao Health Care	1,743	-8%

Ranking	Brand	Brand Value (US$ Millions)	Year-on-Year Change	Ranking	Brand	Brand Value (US$ Millions)	Year-on-Year Change
27	双汇集团 SHINEWAY GROUP Food and Dairy	1,670	30%	40	燕京啤酒 YANJING BEER Beer	580	-2%
28	GREE Home Appliances	1,628	0%	41	海南航空 HAINAN AIRLINES Airlines	524	23%
29	中国南方航空 CHINA SOUTHERN Airlines	1,518	-6%	42	GOME 国美电器 Retail	492	-60%
30	Haier 海尔 Home Appliances	1,313	-17%	43	ctrip.com 携程旅行网 E-Commerce	489	-39%
31	TSINGTAO 青岛啤酒 Beer	1,228	10%	44	999 CR Sanjiu Health Care	452	-7%
32	sina新浪网 sina.com.cn Technology	1,201	-37%	45	YOUNGOR Apparel	446	n/a
33	Meters/bonwe Apparel	1,198	-21%	46	福临门 Fulinmen Food and Dairy	394	4%
34	美的 Midea Home Appliances	1,072	-26%	47	LI-NING Apparel	316	-69%
35	Tong Ren Tang Health Care	1,071	4%	48	ANTA Apparel	314	-50%
36	光明乳业 BRIGHT DAIRY Food and Dairy	713	34%	49	Semir 森马 Apparel	286	n/a
37	SNOW 雪花啤酒 Beer	677	-26%	50	人人网 renren.com Technology	246	-77%
38	SEPTWOLVES 七匹狼男装 Apparel	651	44%				
39	哈尔滨啤酒 HARBIN BEER Beer	601	n/a				

Source: BrandZ™ / Millward Brown Optimor

NAME *Zhao Qifang, 20* *PLACE* *On a train*
I'm the woman in the yellow sweater. My friends and I are traveling from Datong, where I live with my parents, to Ping Yao, to visit the old city. I'm a student at Shanxi Agriculture University, in Taiyuan. My area of study is urban planning, but if I had unlimited resources I'd prefer to travel.

1 壹

China Mobile

COMPANY: China Mobile Ltd.
BRAND VALUE: US $50.6 Billion
YEAR ON YEAR CHANGE: -6%
HEADQUARTER CITY: Beijing
INDUSTRY: Telecom Providers
YEAR FORMED: 1997

WORLD'S LARGEST PROVIDER EXPANDS 3G AND TRIALS 4G

As the company's base of 3G users continued to grow, China Mobile trialed 4G, the next generation of high-speed wireless, with plans to involve 13 cities by the end of 2012. The brand also shaped its offering for urban smartphone users with apps providing services such as food source tracking and GPS.

Responding to the dramatic increase in mobile data transmission, China Mobile launched its Wireless City Wi-Fi data plan in 321 cities during the first half of 2012. The plan facilitates access to the Internet from mobile devices and uses the cloud to offer multiple applications.

The company also cooperated with China UnionPay and Shanghai Pudong Development Bank to develop mobile wallets, and it invested in perfecting Mandarin language voice technology similar to Apple's Siri.

To expand the brand's overseas reach, China Mobile International, a wholly owned subsidiary, began work on a Global Network Center, a major physical facility in Hong Kong that will serve as a cloud computing center, a submarine cable landing and other functions. China Mobile entered an agreement with Clearwire, a wireless broadband provider, to develop 4G roaming between China and the US.

Intense competition slowed profit growth during 2012, and China Mobile continued to be hampered by being the only major Chinese carrier not to carry iPhones on its network. With almost 700 million subscribers, China Mobile is the world's largest wireless provider. The company was listed on the New York and Hong Kong Stock Exchanges in 1997.

__NAME__ He Jun, 38 *__PLACE__ The old city, Ping Yao*
I am from Guizhou Province in the southwest and I'm here in the north, in Shanxi Province, on business. I'm a civil servant. Now that the workday is over, I'm touring this famous old city.

2 贰

ICBC

COMPANY: Industrial and Commercial Bank of China Ltd.
BRAND VALUE: US $40.4 Billion
YEAR ON YEAR CHANGE: -8%
HEADQUARTER CITY: Beijing
INDUSTRY: Financial Institutions
YEAR FORMED: 1984

GLOBAL EXPANSION TARGETS FAST-GROWING MARKETS

ICBC continued to aggressively pursue its international expansion, focusing primarily on Latin America and other fast-developing markets where Chinese corporations are active.

It prepared to become the first Chinese bank in Argentina, agreeing to purchase 80 percent of the Argentine operations of South Africa's Standard Bank Group for US$600 million. ICBC also received approval to operate in Brazil and plans to open in Peru. It opened its first Indian branch, in Mumbai, in 2011, and continued expansion in the Middle East.

The bank's overseas activities are driven in part by the desire to become a global financial institution not dependent exclusively on the Chinese market. Especially in its investment banking business ICBC emphasizes its Chinese roots to differentiate from competition and the recent failures associated with Western financial institutions.

ICBC operates around 17,000 branches in China and 252 internationally in 34 countries and territories. It also maintains a network of almost 1,600 correspondent banks in 137 countries. It has issued debit cards in 18 countries and territories and credit cards in 11.

When the company was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, in October 2006, ICBC set a record as the world's largest IPO with a value of $21.9 billion. The listing transformed ICBC from a state-owned commercial bank to a publicly trade company with a major stake held by the Chinese government. ICBC ranks 13 in the BrandZ™ Top 100 Most Valuable Global Brands 2012. It's the world's most valuable financial brand.

NAME Yang Changyin, 41 PLACE Xijiang
I live with my wife and son in this village in southwestern China, which is home to the Miao people, one of China's ethnic minorities. The village is well known for its traditional wooden houses. And I work in the construction business. I supervise the workers who transport the logs for building. I try to earn enough to afford a good life for my family.

3 叁

China Construction Bank

COMPANY: China Construction Bank
BRAND VALUE: US $24.0 Billion
YEAR ON YEAR CHANGE: 9%
HEADQUARTER CITY: Beijing
INDUSTRY: Financial Institutions
YEAR FORMED: 1954

INFRASTRUCTURE PROJECTS STIMULATE NEW GROWTH

Government borrowing to fund infrastructure projects and stimulate the economy helped China Construction Bank navigate the country's recent economic slowdown.

To broaden its business, control risk and assure steady domestic growth going forward, the bank developed strategic partnerships with major corporations like PetroChina. It recently entered a cooperation agreement with Ningbo to help the coastal city develop its marine economy.

One of China's largest banks, China Construction Bank traditionally has differentiated itself by focusing on providing loans to Chinese industrial corporations in oil and gas, power, telecommunications and infrastructure.

In part to balance its domestic business, and to fund infrastructure projects abroad, China Construction Bank has used its large cash reserves for international expansion. It acquired the Brazilian assets of the German bank WestLB AG, during 2012. The bank also is present in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Ho Chi Minh City and Sydney.

The China Construction Bank Corporation was formed as a joint-stock company in 2004. It was listed on the Hong Kong Stock Exchange in 2005, and on the Shanghai Stock Exchange in 2007. Its history dates to 1954, when it was formed as the state-owned People's Construction Bank of China to fund state economic development plans.

With the emergence of Chinese entrepreneurs and the growth of China's middle class, China Construction Bank has been expanding its business to include small-and mid-size companies, multinationals and consumers. China Construction Bank operates a network of more than 13,600 branches in China. China Construction Bank ranks 24 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

***NAME** Li Pusheng, 65* ***PLACE** The old city, Ping Yao*
I'm from Hubei province. I belong to a calligraphy association and since retiring I design signatures for people. I'm often invited by companies to lecture about ancient Chinese civilization because I spent my career as a university professor of literature.

4 肆

Baidu

COMPANY: Baidu, Inc.
BRAND VALUE: US $22.7 Billion
YEAR ON YEAR CHANGE: 40%
HEADQUARTER CITY: Beijing
INDUSTRY: Technology
YEAR FORMED: 2000

SEARCH ENGINE INVESTS IN MOBILE AND CLOUD

Baidu moved aggressively to expand its mobile presence during 2012, with the launch of a low-cost smartphone using its own operating system, Baidu Cloud. It also rolled out its own mobile browser for Android phones. The company's mobile sales tripled during 2012.

The moves reflect the brand's determination to make money from mobile Internet, where it faces tough competition. Almost 340 million of China's roughly 540 million Internet users now access the Web from mobile devices, according to government figures.

In the first five months after opening in March 2012, the Baidu Developer Center, a platform for developers to submit mobile apps, had attracted more than 80,000 submissions. The following month Baidu announced a $1.6 billion investment in a new cloud computing center as part of its mobile strategy.

The largest search engine in China, and second only to Google worldwide, Baidu continued to generate strong revenue and profit in 2012, mostly from advertising. Like Google, Baidu has increasingly focused on personalizing its users' search results, storing browsing histories to improve the accuracy of its results and the targeting of its ads.

A deal with UK-based flight search website Skyscanner should strengthen Baidu as a provider of travel information. The brand also released an acclaimed fourth generation of its maps, showing locations in 3D. Other Baidu products include a Chinese language encyclopedia.

The name Baidu literally means "hundreds of times," and was derived from an old Chinese poem about a man's persistent search for his lover. The company was founded in 2000. Listed on the NASDAQ Stock Exchange in 2005, Baidu became the first Chinese company listed in the NASDAQ-100 Index. Baidu ranks 25 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

NAME *Yan Sijia, 22* ***PLACE*** *The old city, Ping Yao*
I'm a business administration student at Jiaotong University in Beijing, where I live with my parents. I traveled almost 500 miles from Beijing to Ping Yao to tour the old city wall and see the historic houses. If I had a lot of money I'd like to travel and experience many more places.

5 伍

Tencent

COMPANY: Tencent Holdings Ltd.
BRAND VALUE: US $20.2 Billion
YEAR ON YEAR CHANGE: 60%
HEADQUARTER CITY: Shenzhen
INDUSTRY: Technology
YEAR FORMED: 1998

DYNAMIC TECH LEADER DIVERSIFIES, EXPANDS

Driven by the rise of mobile, Tencent is shifting priorities. Tencent Weibo, the brand's Twitter-type service, and its mobile messaging app Weixin, are now among Tencent's most significant products.

The open nature of Weixin and its variety of mobile features make it an important part of Tencent's strategy to diversify and expand internationally. Meanwhile, QQ, Tencent's well-known instant messaging service claims over 700 million active users, making its audience in China comparable in size to Facebook's globally.

Tencent reorganized its business during 2012 to more effectively develop Internet opportunities. The company purchased 49 per cent of Singapore game maker Level Up for $27 million and a minority stake in Epic Games, a US 3D technology company. Tencent also entered an agreement with Disney in which Disney will help develop animation content for distribution on Tencent platforms.

In another deal, Tencent will provide software for a 26-inch flat-screen TV made by TCL that allows users to shop and access online games and videos. The deal marks Tencent's first collaboration with a consumer electronics maker. The deal illustrates the dynamism of Tencent, a brand that achieved market leadership in about a decade.

Tencent derives most of its revenue from Internet value-added services but also relies on mobile and telecommunications, online advertising and e-commerce, with a brand called buy.qq.com, which it launched in December 2011. In 2004, Tencent Holdings Ltd., was listed on the Hong Kong Stock Exchange. Tencent ranks 37 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

NAME Tong Baoshan, 80 PLACE Xi'an
Although I'm originally from Shanxi Province, I've lived here in Xi'an for decades. I run a store on the street selling snacks. This year I turned 80. I have five children and six grandchildren. Islam teaches us to not be greedy or expect things beyond our reach. That's why I feel young and happy and hope to enjoy the rest of my years.

6 陆

Agricultural Bank of China

COMPANY: Agricultural Bank of China Ltd.
BRAND VALUE: US $17.3 Billion
YEAR ON YEAR CHANGE: 0%
HEADQUARTER CITY: Beijing
INDUSTRY: Financial Institutions
YEAR FORMED: 1951

TECHNOLOGY, EXPANSION POSITION BANK FOR FUTURE

Agricultural Bank of China expanded its overseas presence while simultaneously using innovative technology to improve its contact with domestic customers.

In taking these steps, the bank responded to pressure on profit from the slowing Chinese economy and recent interest rate deregulation, factors that reduced the banks profit by half during the first six months of 2012.

Still, first half profit grew by a healthy 21 percent compared with 45 percent a year earlier, indicating that a strong and extensive rural clientele positions Agricultural Bank of China to effectively navigate the less favorable domestic market conditions.

The bank operates around 24,000 branches in China and serves over 400 million customers. It recently set up video contact centers in some branches to increase interaction between customers and bank employees. It plans to roll out video-enabled ATMs in the future as well.

Agricultural Bank of China recently opened branches in London, New York, Seoul and Vancouver and is seeking a banking license in Australia. The bank currently operates in 11 overseas branches in nine countries and regions, and maintains relationships with 1,362 banks in 111 countries and regions.

Agricultural Bank of China is one of the country's largest commercial banks. Reflecting its roots as Agricultural Cooperative Bank, serving farmers in rural China, the bank today specializes in providing financial products and services to agricultural, industrial and other businesses in rural China.

Originally state-owned, the company in 2009 became a joint-stock limited liability company. The following year it completed a tremendously successful IPO, raising over $22 billion, and was listed on the Shanghai and Hong Kong Stock Exchanges. Agricultural Bank of China ranks 38 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

NAME *Kuo Huiru,70* ***PLACE*** *A park, Luoyang*
My dream has been to become a fashion model. For the past 10 years I've come to this park every morning at 6:30 to spend two hours dancing. I enjoy this time very much. My husband and I have lived in this city for 50 years. We have adult children, two daughters and a son, and hope they'll have great career success.

7

柒

China Life

COMPANY: China Life Insurance Company Ltd.
BRAND VALUE: US $14.4 Billion
YEAR ON YEAR CHANGE: -6%
HEADQUARTER CITY: Beijing
INDUSTRY: Insurance
YEAR FORMED: 2003

OFFERING FINANCIAL SERVICES FOR THE RISING MIDDLE CLASS

China's largest insurance company, China Life operates the country's most extensive insurance service network with around 700,000 exclusive agents supplemented by other representatives.

The company has benefited from the rise of a middle class that views life insurance as a good investment and also seeks asset management products and property insurance to protect accumulated wealth. At the same time, investment appreciation has moderated with China's economic slowdown, pressuring profits.

To drive growth in this environment the company has introduced new products, including medical insurance for rural cooperatives. It's also developing new distribution channels such as telemarketing and online sales.

Meanwhile, to strengthen trust among current customers, many of whom may be buying insurance for the first time, the brand is emphasizing honest and efficient service. It's also appealing to younger people through association with basketball star Yao Ming.

China Life is part of China Life Insurance (Group) Company, a state-owned organization that was spun off in 1996 from its predecessor, People's Insurance Company of China (PICC), which was founded in 1949 with the establishment of the People's Republic of China.

China Life was listed on the New York and Hong Kong Stock Exchanges in 2003 and was the year's largest IPO. In 2007, China Life was listed on the Shanghai Stock Exchange. China Life ranks 53 in the BrandZ™ Top 100 Most Valuable Global Brands 2012, which lists the brand as the world's most valuable insurance company.

NAME Wang Li, 27 *PLACE* Downtown Chongqing

I'm from Sichuan Province, but I attended college here and stayed after graduation. I've lived here for eight years. I rent a flat in the city and work in the human resources department of a local company. As I become more independent, I think about someday starting my own company.

8 捌

Bank of China

COMPANY: Bank of China Ltd.
BRAND VALUE: US $13.6 Billion
YEAR ON YEAR CHANGE: -27%
HEADQUARTER CITY: Beijing
INDUSTRY: Financial Institutions
YEAR FORMED: 1912

GLOBAL EXPANSION CONTINUES WITH NEW BRANCHES, TRADING

Bank of China opened its first branches in Poland and Sweden in 2012, the first Chinese bank to enter these countries. The bank also received a license to open a branch in Kenya and it became the first Chinese mainland bank in Taiwan.

This expansion reflects the globalization of Chinese banking generally and the international leadership of Bank of China, which now is present in 36 countries. The bank opened a yuan trading headquarters in Shanghai in anticipation of the city becoming the global center for trading in the currency.

Expanding its commodity trading business, the Bank of China's investment banking subsidiary became the first Chinese trading member of the London Metal Exchange during 2012, and plans to open a metals and energy trading desk in New York.

To meet the growing demand for private banking among China's wealthy, Bank of China formed a partnership with the Swiss private bank Julius Baer to undertake joint marketing activities and cross-refer private banking clients.

The Bank of China offers a full range of banking services along with insurance, meeting the financial needs of both business and private customers throughout China, with more than 10,300 branches. The slowdown of China's economy, along with global uncertainty, weakened profits.

The Bank was established in 1912, with the fall of the Qing Dynasty, from the Da Qing Bank, at the direction of Dr. Sun Yatsen's provisional government. The bank became the first government-charted international exchange bank in 1928, and served as the nation's central bank until 1949. Then, with the establishment of the Peoples Republic of China, it became a specialized foreign exchange bank.

Bank of China became a state-owned commercial bank in 1994, and publicly traded after an IPO in 2006, when it was listed on the Hong Kong and Shanghai Stock Exchanges. Bank of China ranks 61 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

NAME *Wu Qingshan, 50* **PLACE** *A restaurant, Luoyang*
My daughter just got married to a young man who lives here in Luoyang. We're from Shanxi, about 200 miles west. Today is the third day of the wedding celebration and the family is gathered in this restaurant. I am very happy for my daughter and I wish her and her husband great happiness.

9 玖

Moutai

COMPANY: Kweichow Moutai Company Ltd.
BRAND VALUE: US $13.0 Billion
YEAR ON YEAR CHANGE: 42%
HEADQUARTER CITY: Renhuai
INDUSTRY: Baijiu
YEAR FORMED: 1951

BUILDING BAIJIU SALES OVERSEAS

Benefitting from China's booming liquor market, Moutai enjoyed healthy sales and profits and moved forward with efforts to grow its global presence.

A producer of baijiu, the clear sorghum-based liquor produced in China for more than 2,000 years, Moutai positions the brand as China's national drink. To update its image as a brand favored by business and government leaders, and to reach a wider and younger audience, Moutai created a special label called Jackie Chan Moutai, associating the brand with the popular film star. The brand also is sponsoring scholarships for 20,000 university students.

Baijiu, a cultural phenomenon in China, is not well known abroad. Moutai is trying to change that disparity. Now sold in 100 countries and regions, Moutai opened its first store in France in April 2012, and is partnering with a French distributor to promote the brand in luxury hotels and selected restaurants and shopping malls. Moutai also participated in Chinese cultural events at the 2012 Olympics in London.

During the first half of 2012, Moutai's overseas sales grew by almost 80 percent year-on-year. Overseas sales increase in importance as China's economy slows and government regulations discourage excessive spending on official banquets.

In 1951, the Chinese government combined several Moutai producers into a single state-owned venture. That company was restructured into the current corporate entity in 1997. Listing on the Shanghai Stock Exchange followed in 2001.

NAME *Sun Junlan, 40* ***PLACE*** *A crossroads, Hohhot*
I'm from Luoyang in Henan Province, where I live with my husband and 14-year-old daughter. I came here to visit the city and tour some of Inner Mongolia.

10 拾

Sinopec

COMPANY: Sinopec Corporation
BRAND VALUE: US $12.5 Billion
YEAR ON YEAR CHANGE: -9%
HEADQUARTER CITY: Beijing
INDUSTRY: Oil and Gas
YEAR FORMED: 2000

VENTURES AIM AT DOMESTIC AND OVERSEAS PRODUCTION

Sinopec signed deals worth over US$10 billion during 2012 in an effort to diversify, build overseas revenue and reduce dependency on imported oil, as the combination of rising costs and government price controls impacted profits.

The cap on fuel prices especially affected Sinopec because refining generates much of the company's revenue and it operates China's largest network of services stations, which sell gasoline and other petroleum products. The company plans to at least double its oil and gas generation from overseas projects by 2015.

The company's investment and acquisitions during 2012 included a 49 percent stake in Canada's Talisman Energy (TLM), to form a joint venture with Talisman's UK business for oil and gas exploration in the North Sea.

Completing the purchase of Canada's Daylight energy, Sinopec formed Sinopec Daylight Energy to explore the oil and gas fields of western Canada. Through a joint venture with US-based Devon Energy, Sinopec is expected to gain technical knowledge necessary for shale gas extraction in China.

Along with energy exploration, Sinopec Corporation is a petroleum refiner and producer of petrochemical products such as fertilizers and synthetic fibers. It was formed in 2000 and listed on the Hong Kong, London, New York and Shanghai stock exchanges. Sinopec Corporation is a subsidiary of China Petrochemical Corporation, also known as Sinopec Group, a state owned enterprise established in 1998.

PetroChina

COMPANY: PetroChina Company Ltd.
BRAND VALUE: US $12.0 Billion
YEAR ON YEAR CHANGE: -13%
HEADQUARTER CITY: Beijing
INDUSTRY: Oil and Gas
YEAR FORMED: 1999

CHINA'S LARGEST ENERGY BRAND LOOKS OVERSEAS

While continuing to develop its enormous domestic business, PetroChina is accelerating plans to become a major international energy company. Through a combination of acquisitions and joint ventures the company intends to increase its overseas oil and gas output from 9 percent to 50 percent of production by 2020.

Recent significant investments in Canada, for example, include a 20 percent stake in Royal Dutch Shell's Groundbirch shale gas project in British Columbia. PetroChina purchased a bitumen project in northern Alberta. The company also is active in Russia, Venezuela, the Middle East and Central Asia.

At the same time, PetroChina is exploring reserves in China in cooperation with Western energy companies, including Shell with which it's involved in shale gas projects. In a joint venture with Hess, the US operator, PetroChina plans to explore shale oil reserves in China's northwest Xinjiang region.

PetroChina operates extensive pipeline networks to distribute oil and gas throughout China and to connect with Central Asia and Russia. Along with exploring for crude oil and natural gas, the company also refines and markets related products, such as gasoline, fuel oil, lubricants and rubber. PetroChina is directly or indirectly involved with the operation of more than 19,000 service stations in China, which creates high brand awareness.

PetroChina was formed in 1999 from the restructuring of the government enterprise China National Petroleum Corporation (CNPC), which emerged, in 1988, from the Ministry of the Petroleum Industry. CNPC holds a controlling stake in PetroChina.

The company was listed on the New York Stock and Hong Kong Stock Exchanges in 2000 and on the Shanghai Stock Exchange in 2007. Petro China ranks 68 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

NAME *Pan Laoshan, 37* ***PLACE*** *Kaili*
I own this motorbike and take passengers wherever they need to go. I've been a motorbike driver for three years. The business supports my wife and me and our two children.

11 拾壹

Ping An

COMPANY: Ping An Insurance (Group) Company of China Ltd.
BRAND VALUE: US $10.6 Billion
YEAR ON YEAR CHANGE: 9%
HEADQUARTER CITY: Shekou
INDUSTRY: Insurance
YEAR FORMED: 1988

EVOLUTION CONTINUES TO FINANCIAL SERVICES

Financial conglomerate Ping An integrated Shenzhen Development Bank into its operations in 2012. Ping An had been the bank's largest shareholder.

Ping An also launched a ¥1 billion (US$160 million) venture capital fund to provide financial support for technology start-ups, particularly those focused on the Internet, mobile and data storage. The moves continued the company's evolution from property and casualty insurer to financial services provider.

The company took steps to strengthen its insurance business as well. Recognizing opportunities in China's fast-growing e-commerce sector, and the increasing willingness of consumers to buy financial products online, Ping An formed joint ventures with Chinese Internet firms, including Alibaba Group and Tencent Holdings, to sell insurance products online.

And the company launched a dedicated shipping insurance operation center in Shanghai. Ping An pursued limited international activities, cooperating with Germany's Munich Re to develop insurance products and services for Chinese renewable energy companies.

Work continued on the company's most significant branding effort, construction of the 660-meters-tall (2,165-feet) Ping An Finance Center building in Shenzhen. When completed in 2015, the tower is expected to be the tallest building in China and the second tallest in the world.

Ping An serves around 74 million corporate and private customers with its insurance, banking and investment services. The organization has more than 490,000 sales agents. Ping An was listed on the Hong Kong Stock Exchange in 2004, and on the Shanghai Stock Exchange in 2007. Ping An ranks 78 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

NAME *Yuan Wentao, 24* ***PLACE*** *Drum Tower, Xi'an*
I am from Gui Zhou Province in the southwest, not too far from here. I graduated from South China University of Technology, which is on the coast. My boyfriend and I traveled to Xi'an to see this famous Drum Tower from the Ming Dynasty. I enjoy travel and hope to do more when I have more money.

12 拾贰

China Telecom

COMPANY: China Telecom Corporation Ltd.
BRAND VALUE: US $8.6 Billion
YEAR ON YEAR CHANGE: -21%
HEADQUARTER CITY: Beijing
INDUSTRY: Telecom Providers
YEAR FORMED: 2002

3G ACQUISITION BOOSTS NATIONWIDE NETWORK

In an aggressive effort to gain competitive advantage, China Telecom agreed to acquire the 3G network of its state-owned corporate parent, China Telecommunications Corporation.

With this ¥84.6 billion (US$13.4 billion) purchase, expected to be completed by the end of 2012, China Telecom will rapidly achieve 3G presence throughout China, in 30 provinces and in most autonomous regions, at a time when customers are rapidly migrating up from 2G.

China Telecom also is improving broadband infrastructure in underserved areas. Between 2011 and 2015 (China's twelfth Five-Year Plan) the company expects to invest ¥20 billion (US$3.2 billion) in broadband projects in the Xinjiang Autonomous Region in northwestern China, for example. Along with network expansion, China Telecom also worked to increase voice and data use by improving customer service in its stores and promoting smart phones. It promoted a related sub-brand called Young.

In addition, to better serve China Telecom customers outside of China, the company continued to form partnership agreements with telecoms, such as Orange and Japan's IIJ, whose geographic coverage complemented its own. China Telecom also expanded its services to South Korea and established a Mobile Virtual network Operator (MVNO) arrangement in which it purchased network access in bulk to provide service to its customers in the UK.

Having developed as a state-owned telephone company, China Telecom operates the world's largest fixed-line network. The company expanded from its core telecom operation to an integrated services provider in 2004. It received government approval to offer 3G service in 2009. China Telecom operates through two holding companies that were listed on the New York Stock Exchange in 2002, and the Hong Kong Stock Exchange in 2006. China Telecom ranks 90 in the BrandZ™ Top 100 Most Valuable Global Brands 2012.

__NAME__ Yue Guanzhe, 41 __PLACE__ Outside a train station, Hohhot
I live here in Hohhot, in the same place as my parents, and I work at a nearby car rental agency. Most of our customers are tourists. My own dream travel destination would require more than a rental car. I'd like to travel to the moon.

13 拾叁

China Merchants Bank

COMPANY: China Merchants Bank Company Ltd.
BRAND VALUE: US $6.8 Billion
YEAR ON YEAR CHANGE: -20%
HEADQUARTER CITY: Shenzhen
INDUSTRY: Financial Institutions
YEAR FORMED: 1987

IMPROVING SERVICES TO CORE CUSTOMERS

China Merchants Bank concentrated on improving services to its traditional customer base—small and medium businesses and individuals. It added to its credit card business with an "All-in-One Business Card" for small business owners.

Recognizing the importance of mobile banking, China Merchants Bank, in cooperation with Taiwanese cell phone manufacturer HTC Corp, created a payment technology called CMB Wallet that facilitates rapid payment using a mobile device at the point of sale. The number of mobile banking customers totaled about seven million by June 2012, and the number of mobile transactions, excluding mobile payments, reached, 3.8 million for the first half of 2012, a year-on-year increase of 429 percent.

China Merchants also benefitted from its wealth management activities, expanding its Sunflower Finance division, which provides financing for high-income customers, and establishing a Wealth Management Investment Committee to grow that business. These steps, and the bank's customer base of small and medium size businesses, helped it increase earnings at a time when interest rate liberalization, enabling large companies to borrow at lower rates, pressured the profits of major state-owned banks.

With over 800 locations in around 90 cities, China Merchants Bank primarily focuses on the domestic market, especially the urban areas along the coast and larger inland cities. The bank also operates two wholly-owned subsidiaries in Hong Kong and maintains offices in Taipei, London and New York.

Established in 1987, China Merchants Bank was an early example of banking industry reform and the shift to private ownership. It was listed on the Shanghai Stock Exchange in 2002, and on the Hong Kong Stock Exchange in 2006.

NAME *Liang Huiling, 40* ***PLACE*** *A crossroads, Hohhot*
I'm doing some shopping. My husband and I live in this city with our 19-year-old son who just finished the Gaokao, the university entrance exam. We're waiting for the results and hope that he'll be admitted to a good school.

14 拾肆

Bank of Communications

COMPANY: Bank of Communications Company Ltd.
BRAND VALUE: US $5.0 Billion
YEAR ON YEAR CHANGE: n/a
HEADQUARTER CITY: Shanghai
INDUSTRY: Financial Institutions
YEAR FORMED: 1908

INTERNATIONAL AND DOMESTIC BUSINESSES PERFORM POSITIVELY

Bank of Communications experienced strong profit results during the first half of 2012, and continued to advance its stated strategy to expand internationally and also specialize in wealth management.

One of the first Chinese banks with an extensive international business, the Bank of Communications maintains an extensive presence in Hong Kong and operates branches in Frankfurt, Ho Chi Minh City, London, Macau, New York, Tokyo, Singapore, Seoul, San Francisco, Sydney, San Francisco and Taipei.

The bank connects with its Mainland Chinese customers with 2,700 locations in 175 cities. In a joint venture with Commonwealth Bank of Australia it operates an insurance business called BoCommLife Insurance to develop a bancassurance business offering insurance products in China.

The bank launched an event-based marketing campaign during 2012 to build brand presence and loyalty by gathering and analyzing collected data that could lead to more customer-centric products. Bank of Communications raised ¥29.7 billion (US$4.7 billion) in August 2012, selling shares on the Shanghai Stock Exchange to comply with the government's new stricter capital requirements, a precaution following the global financial crisis.

China's fifth largest bank in assets, Bank of Communications was established in the last years of the Qing Dynasty to fund major infrastructure and transportation including shipping and railway. Publically traded, the bank's major owners include the Chinese government and HSBC Holdings plc. Bank of Communications was listed on the Hong Kong Stock Exchange in 2005 and the Shanghai Stock Exchange in 2007.

NAME Li Hegong, 29 PLACE Yangzi River cable car, Chongqing
I live with my wife and three-year-old son in the city. I love photography and work as a freelancer. I think it's important to do what you like and hope I can build a career as a photographer.

15 拾伍

China Unicom

COMPANY: China Unicom Ltd.
BRAND VALUE: US $4.1 Billion
YEAR ON YEAR CHANGE: -34%
HEADQUARTER CITY: Beijing
INDUSTRY: Telecom Providers
YEAR FORMED: 2000

EXPANDS BOTH 3G NETWORK AND FIXED-LINE BROADBAND

China Unicom focused on growing its 3G network during 2012, reaching a total of almost 58 million subscribers by the first half of the year. It also expanded its fixed-line fiber optic broadband network.

To drive mobile sales, the company invested in lower priced smartphones, less expensive services and faster network speed, benefits that appeal especially to young urban customers, a growing and important demographic. The company's emphasis on affordability should help drive smart phone ownership and data consumption in China.

China Unicom offered some smart phones for under ¥1,000 ($160), a budget price for average customers with incomes that can total a few thousand RMB per month. Along with offering inexpensive smartphones from domestic suppliers, China Unicom also promoted a free iPhone 4S with a three-year contract and it planned to offer the new iPhone 5 by yearend 2012.

In an effort to strengthen its global network, which reaches 240 countries, China Unicom opened an office in Toronto during 2012. The company intends to market its services to Canadian companies expanding into China and to Chinese businesses looking to establish themselves in Canada.

The company enjoyed strong revenue and profit growth during 2012. As its name implies, Unicom provides both mobile and fixed-line service. The company was incorporated early in 2000, and listed on the New York and Hong Kong Stock Exchanges in an IPO later in the same year. In 2002, China Unicom was listed on the Shanghai Stock Exchange.

China Unicom is a subsidiary of Unicom Group, which was established in 1994. Telefónica Internacional holds about 5 percent of China Unicom and public shareholders own about 20 percent. The balance is held by China United Network Communications Group Company Ltd., a State Owned Enterprise.

NAME Liu Yuan, 30 PLACE The old city, Ping yao
I live with my husband and three-year-old son here in the old city, where I've run my own clothes store for two years. I hope to make my business more prosperous and help my son live a happy life.

16 拾陆

CPIC

COMPANY: China Pacific Insurance (Group) Company Ltd.
BRAND VALUE: US $3.5 Billion
YEAR ON YEAR CHANGE: 1%
HEADQUARTER CITY: Shanghai
INDUSTRY: Insurance
YEAR FORMED: 1991

OPERATING IMPROVEMENTS BALANCE ECONOMIC ISSUES

China Pacific Insurance focused on customer efficiency improvements, cost control and new business opportunities during 2012, to balance the pressure on profits from China's slowed economy and tightened regulations.

The economy negatively impacted both the company's income from investments and premiums. The regulatory issues hurt the bancassurance channel of the company's life insurance business. Popular in Asia, bancassurance is a distribution channel in which banks and insurance companies collaborate on the sale of insurance products. One recent regulation prohibits insurance sales people from selling products in bank branches.

To compensate for these pressures, the company attempted to increase agency sales and the direct sales channel. It also focused on developing new channels, including telemarketing. To serve the changing needs of China's emerging middle class, the company enhanced its passenger accident insurance business and sought new opportunities in areas such as travel insurance. And it expanded further into the rural cooperative medical insurance market.

Initiatives to improve customer experience included refinements to its 3G network-based claims system that enables customers to quickly obtain detailed quotes from their mobile handsets for a variety of different types of insurance. The company is developing its online presence to increase customer access to product information and to promote product cross selling.

China Pacific is one of China's largest insurers, with a diversified portfolio of life and property and casualty insurance products and a wealth management business. It serves 70 million customers through 6,000 branches and more than 32,000 agents.

The company was established in 1991. China Pacific Insurance Company Ltd. was listed on the Shanghai Stock Exchange in 2007, and on the Hong Kong Stock Exchange in 2009.

NAME Ji Guoqin, 36 PLACE Family home in the grasslands, Inner Mongolia
My husband, Wu Ritunasheng, is a herdsman here in the grasslands. We met through a matchmaker. We are self-sufficient farmers, feeding our family with the vegetables that we grow and the sheep and chickens that we raise. Our son, who's 10, is home for the summer holiday, but usually he's away at school. We hope that he will have the opportunity to attend university and get a good job.

17 拾柒

Air China

COMPANY: Air China Ltd.
BRAND VALUE: US $3.3 Billion
YEAR ON YEAR CHANGE: -31%
HEADQUARTER CITY: Beijing
INDUSTRY: Airlines
YEAR FORMED: 1988

APPEALING TO TRAVELERS WITH ENHANCED SERVICE

Air China spent much of 2012 developing and marketing service improvements to enhance its appeal to international and increasingly discerning domestic customers.

The service investment marked a shift from the recent focus on building an extensive network of routes, including major destinations in Europe and North America. It also reflected the carrier's response to profit pressure resulting from a slowdown in demand and higher fuel costs.

The brand upgraded its booking system technology to provide easy access from mobile devices. A solution from Amadeus, a technology provider, enables customers to reserve both flights and rail transportation in the same booking. For its flights between China and North America the airline replaced its Boeing 747 with the Boeing 777-300, an extended range aircraft selected to improve passenger comfort and reduce fuel consumption.

To save money and to more effectively reach its target audiences, Air China refocused its marketing budget on social media. A two-month microblog campaign called "The Moment of Reunion," attracted 450,000 new visitors. The brand also enabled more flight planning and check-in to take place on Weibo and Facebook.

The expansion of the airline's destination network continued, although perhaps at a slower pace. Air China sought to fill in its North American coverage through a partnership with JetBlue. Air China became a member of Star Alliance in 2007. One of China's three leading airlines, Air China operates around 282 passenger routes, including 197 domestic and 71 international routes, reaching 143 cities in 30 countries.

The airline was formed in 1988, when the Chinese government divided the operating divisions of the Civil Aviation Administration of China into multiple airlines.

The company was listed on the Hong Kong and London Stock Exchanges in 2004, and subsequently on the Shanghai Stock Exchange.

NAME He Hongxia, 28 *PLACE* Airport of Chongqing
I live here in Chongqing and work as a sales person. I'm about to board a flight to Shanghai and I'm excited to have this short holiday to travel as a tourist.

18 拾捌

ChangYu

COMPANY: Yantai Changyu Pioneer Wine Company Ltd.
BRAND VALUE: US $3.1 Billion
YEAR ON YEAR CHANGE: -5%
HEADQUARTER CITY: Yantai
INDUSTRY: Wine
YEAR FORMED: 1892

OVERSEAS RECOGNITION HEIGHTENS PRESTIGE

As rising affluence and changing tastes drive the growing popularity of wine in China, ChangYu is benefiting from the domestic market while also looking abroad for opportunities.

The emerging international stature of the brand was illustrated when Waitrose, the upscale British grocer, included ChangYu Cabernet Gernischt, a Chinese vintage, in its "World of Wines" range during 2012, pricing a bottle at £9.99 (US$16).

The international recognition should help strengthen the brand in its domestic market where consumers associate quality with foreign labels. To demonstrate its wine expertise, ChangYu plans to open a $US1billion wine production research and commercial center in Yantai, its headquarters city in China's northeast Shandong Province. Expected to open by 2016, the site will include wine and brandy chateaus.

ChangYu also cultivates an up-market image with wines like Chateaux Alifei, which is grown at the company's European-style wine growing estate, and ChangYu ice wine, a dessert wine made from frozen grapes. The company produces a wide variety of white and red wines, brandies and specialty wines. It distributes throughout China and to around 20 countries.

China's wine heritage dates back 2,000 years to the Han Dynasty. But the modern era of Chinese wine began 100 years ago with the importation and cultivation of European vines by ChangYu. The company became publically traded on the Shenzen Stock Exchange in 1997, issuing a combination of state-owned and publically traded shares.

NAME Wu Quanxin, 48 PLACE A wine store, Hohhot
My wife and I have run this store for many years. It's enabled us to live a comfortable life. My dream is to expand the business, but it already keeps us very busy. I wish I could spend more time with my aging parents. Our son, who's 20 years old, works as an architect. We're proud of him and hope he can build a good and stable career.

19 拾玖

Wu Liang Ye

COMPANY: Wuliangye Group Company Ltd.
BRAND VALUE: US $2.7 Billion
YEAR ON YEAR CHANGE: -32%
HEADQUARTER CITY: Yibin
INDUSTRY: Baijiu
YEAR FORMED: 1959

EXPANDING APPEAL TO YOUNG PEOPLE

Although the luxury brand continues to earn strong profits, up over 50 percent for the first half of 2012, Wu Liang Ye is attempting to reach a wider audience, especially young people.

The company hopes that its investment in new technology and ecologically friendly brewing methods will help update the company's image. In an attempt to diversify and gain market share, Wu Liang Ye plans to spend ¥10 billion (US$1.6 billion) in acquisitions in the next few years, buying smaller, regional liquor brands.

The attempt to broaden the brand's appeal comes at a time when the government has discouraged excessive spending on alcohol for its official events. In new initiative to publicize the brand the alcohol producer also intends to name a new transportation hub, now under construction in its headquarters city, Yibin Wu Liang Ye Airport.

Yibin is located along the Yangtze River in an area of southeast China known for more than 2,000 years of liquor culture. Wuliangye Group Company Ltd. was formed from Sichuan Yibin Distillery, China Monopoly Company, which was jointly founded in early 1950s by several historical distilleries.

The Wuliangye Group is an industrial conglomerate that, in addition to its liquor business, manufactures precision plastic products and injection molds. The Group also is engaged in pharmaceuticals, printing, packaging, electronics and logistics.

***NAME** Ding Yadong, 30 **PLACE** A restaurant, Xijiang*
I travelled here with colleagues to tour this historic village of the Miao people. I've studied economics in Canada and now work as a civil servant in the southeastern province of Jiangxi. I'm a new father and I hope that my daughter, now only six months old, will grow into a strong and independent woman. Prospects for her future happiness look good as life continues to improve in China.

20 贰拾

***NAME** Chen Ye, 29 **PLACE** The grasslands of Inner Mongolia*
I came to these grasslands of Inner Mongolia for work. I'm originally from Chengdu, which is the capital of Sichuan Province, in the southwest. I live here with my parents, who are retired. They've worked hard and I want them to be happy everyday during retirement. I wish I had enough money to enable them to travel and tour interesting places.

21 贰拾壹

Yili

COMPANY: Inner Mongolia Yili Industrial Group Company Ltd.
BRAND VALUE: US $2.7 Billion
YEAR ON YEAR CHANGE: 13%
HEADQUARTER CITY: Hohhot
INDUSTRY: Food and Dairy
YEAR FORMED: 1993

MARKETING INCLUDES OLYMPICS AND US TV

Yili marketed the brand aggressively in China and abroad, at the London Olympics and in a product placement initiative on US TV, in a comedy series called The Big Bang Theory.

Integrating traditional and online media, Yili attempted to reach consumers with an emotional message connecting the brand and dairy products with healthy living. Yili ads appeared on London's double-decker buses during the Olympics.

The ads featured photos of healthy-looking Chinese people, including a retired couple backpacking around the world. The campaign, called "Let's Olympics Together," included a short video of the couple visiting exotic locations and even gliding through the air on parachutes. The video was viewed online 10 million times in its first week.

Although extensive exposure improved brand awareness, persistent food safety scares blunted the message in China. Yili had been investing heavily in supply chain improvements and profit gains indicated a return of consumer trust. But the company needed to recall contaminated infant formula in Spring 2012.

Yili's milk, ice cream, yogurt and cheese businesses include over 1,000 product varieties. The Yili Industrial Group was established in 1993 from Hohhot Muslim Dairy Food General Factory. It was listed on the Shanghai Stock Exchange in 1996.

NAME *Yue Yue, 4* ***PLACE*** *Ciqikou, Chongqing*
I'm visiting with my parents. We live in Tianjing with my grandparents. But now we're on holiday. Today, my parents said they wanted to visit these old shops. I'm having a good time. At home, dancing is one of my favorite things to do.

22 贰拾贰

Mengniu

COMPANY: Inner Mongolian Mengniu Dairy Company Ltd.
BRAND VALUE: US $2.4 Billion
YEAR ON YEAR CHANGE: -31%
HEADQUARTER CITY: Hohhot, Inner Mongolia
INDUSTRY: Food and Dairy
YEAR FORMED: 1999

NEW PREMIUM PRODUCTS, PROCESS IMPROVEMENTS

China's leading milk producer expanded its premium and specialty products to take advantage of rising consumer affluence and a growing taste for dairy.

At the same time, Mengniu invested heavily in technology to improve its processes and reassure customers over safety issues following food scares that affected the dairy industry.

Mengniu opened the country's first combined factory and pasture site in Hengshui, Hebei province, near Beijing. To increase its control over the total supply chain and sustain product safety, the company pledged to increase the proportion of milk coming from dairy ranches.

The company also entered a long-term strategic relationship with the Danish dairy group Arla Foods to upgrade technology, quality control, branding and generally meet and sustain international dairy industry standards.

Mengniu aired television commercials with the theme "Selection through Trust" to communicate its safety commitment. Designated the dairy brand of China's space program, Mengniu also timed ads for the successful Shenzhou 9 mission in June 2012.

The company launched a new milk product for children age three-to-six, and fortified milk for the elderly. It hopes to capture the rising popularity for European-style ice cream with a series of premium products. Based in the dairyland of Inner Mongolia, Mengniu operates production facilities throughout China to make its key products—liquid and powered milk, yogurt, ice cream and cheese.

COFCO Group, China's large, state-owned food manufacturer, is Mengniu's largest stakeholder and strategic partner. Mengniu was listed on the Hong Kong Stock Exchange in 2004.

NAME *Liu Chunhui, 24* ***PLACE*** *Harmony Guest House, Ping Yao*
I studied oil painting but concluded that becoming a famous artist would take a long time. My dream now is to have my own business. Meanwhile, for the past several months, I've worked at the Harmony Guest House, here in the ancient walled city of Ping Yao. My friend is the son of the guest house owner.

23 贰拾叁

Lenovo

COMPANY: Lenovo Group Ltd.
BRAND VALUE: US $2.3 Billion
YEAR ON YEAR CHANGE: -3%
HEADQUARTER CITY: Beijing
INDUSTRY: Technology
YEAR FORMED: 1984

BECOMES THE WORLD'S LEADING PC MAKER

Lenovo expanded its smartphone and tablet businesses and acquired a US-based cloud computing businesses called Stoneware during 2012.

Although the company's PC and laptop sales remain strong, these recent developments are intended to help Lenovo remain a world leader in personal technology as consumers interest shifts away from PCs and laptops to lighter, more mobile devices.

The company also strengthened its business-to-business presence by entering a partnership with EMC, the storage product supplier. And it positioned itself to benefit from long-term growth in Brazil with plans to purchase Brazilian consumer electronics manufacturer CCE. Lenovo also intends to introduce its smartphones in India, the Philippines and Indonesia.

To strengthen the brand in its home market, particularly among young people, Lenovo planned to introduce in China its successful slogan "For those who do." Lenovo generated interest with "Seize the Night," a YouTube video campaign that encouraged viewers to submit ideas for an alternative ending.

Established as Legend Group Holdings Co., a small electronics supplier, in 1984, the company formed a subsidiary that began making PCs in 1990. The subsidiary, Legend Holdings went public in 1994, and soon became China's leading PC producer.

The company launched the Lenovo brand in 2003, and acquired IBM's Personal Computing Division, including the ThinkPad™ notebook, in 2005. Legend Holdings, a state-controlled organization, owns almost half of Lenovo, which is traded on the Hong Kong Stock Exchange.

NAME *Liu Hai, 44* *PLACE* *Chongqing*

I live here with my wife and 20-year-old daughter who is now attending college. I hope that she'll find a good job when she graduates. I work in a trading company. Today, I'm shopping for a few things I need for work.

24 贰拾肆

Suning

COMPANY: Suning Appliance Company Ltd.
BRAND VALUE: US $1.9 Billion
YEAR ON YEAR CHANGE: -19%
HEADQUARTER CITY: Nanjing
INDUSTRY: Retail
YEAR FORMED: 1990

ELECTRICALS RETAILER BROADENS ITS APPEAL

China's largest retailer of home appliances and consumer electronics announced plans to remodel four flagship locations - in Shanghai, Beijing, Nanjing and Guangzhou - into superstores with general merchandise added to the core electronics range.

The strategic change comes as sales growth and profit declined during the first half of 2012 because of lagging consumer demand and aggressive pricing by competitors. The company, which operates around 1,700 stores throughout China, expects to open 20 superstores during 2012 with 400 more planned over the next three years.

Meanwhile, the company experienced strong e-commerce success during 2012, more than doubling online sales in the first half compared with the same period a year earlier. Investing in after-sales service, Suning also became the first retailer in China to offer family "smart" plans, which use cloud computing to allow users to control all the electrical products in their home.

With an entertainment-driven marketing strategy targeting young consumers, Suning signed contestants from Voice of China, a talent show, as brand representatives. At the end of May, Suning began the "All Star Party," 100 days of events held in major cities to promote its summer sales.

Suning began in 1990, when an entrepreneur named Zhang Jindong opened a small shop selling air conditioners in Nanjing, where he had attended university. In 2000, Suning began expanding into a chain operation. In 2003, Suning broadened its strategy to become a "3C" retailer, meaning it offers a full range of consumer electronics, computer and communication products. After a successful public offering, the company was listed on the Shenzhen Stock Exchange in 2004.

NAME *Wang Xiali* ***PLACE*** *Pudong International Airport, Shanghai*
I have lived and worked in Shanghai for several years. Today, I'm going home for a visit. My family lives in Sanya, a city on Hainan Island in the South China Sea. The flight will take around two and a half hours.

25 贰拾伍

China Eastern Airlines

COMPANY: China Eastern Airlines Corporation Ltd.
BRAND VALUE: US $1.7 Billion
YEAR ON YEAR CHANGE: -22%
HEADQUARTER CITY: Shanghai
INDUSTRY: Airlines
YEAR FORMED: 1988

ADDING MORE INTERNATIONAL AND DOMESTIC DESTINATIONS

China Eastern acquired Shanghai Airlines during 2012. The ¥9 billion (US$1.4 billion) deal enabled the carrier to significantly expand its share of business in Shanghai, China's financial hub. The airline also planned to focus on expanding its overseas reach, and it boosted capacity, acquiring 21 new planes in 2012, with 47 more purchases planned in 2013.

The company also agreed to a codeshare with Etihad Airways of the United Arab Emirates, adding destinations and cooperating on frequent flyer programs and other airline benefits. In a joint venture with Qantas, China Eastern and its Australian partner will form Jetstar Hong Kong to introduce budget Asian carrier Jetstar in China.

China Eastern also is developing its cargo business. All these initiatives reflect both long-term strategic growth plans and a response to immediate profit pressure that higher fuel costs, the sluggish global recovery and the weakening Yuan have imposed on China's airline industry.

China Eastern Airlines Corporation Ltd. is one of China's three major airlines and among the world's 20 largest in passenger capacity. It operates both domestic and international routes, with an emphasis on Asia, North America and Australia. Established in 1988, the airline grew steadily through a series of acquisitions culminating in 2009 with a merger with competitor Shanghai Airlines, now a China Eastern subsidiary.

The airline joined SkyTeam Alliance in 2011. The arrangement enabled China Eastern to expand its destination offering and improve its service and IT systems. China Eastern was listed on the New York, Hong Kong and Shanghai Stock Exchanges in 1997.

NAME *Shi Wenjun, 42* ***PLACE*** *Harmony Guest House, Ping Yao*
I work from eight in the morning until five in the afternoon as a room attendant here at the Harmony Guest House. I live in the old city of Ping Yao with my husband and our two children, a daughter who's 18 and our 15-year-old son. My husband works as a driver. We want to provide for our children so that they can live well and do what makes them happy.

26 贰拾陆

Yunnan Baiyao

COMPANY: Yunnan Baiyao Group Company Ltd.
BRAND VALUE: US $1.7 Billion
YEAR ON YEAR CHANGE: -8%
HEADQUARTER CITY: Kun Ming
INDUSTRY: Health Care
YEAR FORMED: 1902

DIVERSIFICATION TO HEALTHCARE

Yunnan Baiyao continued to evolve from its origins in traditional Chinese natural healing to a provider of a broad pharmaceutical and healthcare product range.

The company has six marketing divisions, including medicine, transdermal products, health products, original herbal medicines, Yunnan Province Pharmaceuticals Company and overseas business. Yunnan Baiyao views the worldwide interest in Traditional Chinese Medicine as a major growth opportunity.

The company is best known for baiyao, a white powder derived from ginseng and other roots, which is used to stop bleeding. In 2005, the company launched a two-part strategy aimed at extending the Baiyao range and leveraging the brand to include baiyao as an ingredient in other first aid and daily health products.

The brand-stretch initiatives succeeded, resulting in strong sales for products such as bandages, toothpaste and skin care creams containing baiyao. The company emphasizes the efficacy of its toothpaste by selling it in pharmacies. It intends to grow its share of the shampoo market.

Yunnan Baiyao was founded in 1902, when a Chinese medicine practitioner named Qu Huanzhan discovered the medicinal properties of baiyao, in Yunnan Province, in southwestern China. The brand became legendary after Qu donated his herbal remedy to Chinese troops battling the Japanese in 1937.

According to the company's history, the Red Army used the medicine to treat its wounded during the Long March retreat from the Nationalist army in 1945. And when Qu refused to divulge the medicine's formula to the Nationalist Party he was placed under house arrest, the story continues, and released only after the founding of the PRC.

Yunnan Baiyao Group Company Ltd. was listed on the Shenzhen Stock Exchange in 1993.

NAME *Yao Ai, 37* *PLACE* *a pedestrian street, Datong*
I am a thermodynamics engineer. I live with my wife and seven-year-old son in the suburbs. I hope to see my son grow to become a wise individual with a clear sense of his direction in life.

27 贰拾柒

Shuanghui

COMPANY: Henan Shuanghui Investment and Development Company Ltd.
BRAND VALUE: US $1.7 Billion
YEAR ON YEAR CHANGE: 30%
HEADQUARTER CITY: Luohe
INDUSTRY: Food and Dairy
YEAR FORMED: 1958

MEAT PROCESSOR CULTIVATES TRUST, BOOSTS PRODUCTION

Shuanghui planned to increase production of pork by around 50 percent in 2012, and invest ¥6 billion (US$950 million) on production projects in Harbin, Changchun, Shenyang, Nanning and Kunming.

The company also entered into a partnership with Shanxi Coking Coal Group enabling the coal producer to move into meat production. As demand for commodities slows, China's coal and steel groups have been diversifying into other industries.

These initiatives took place as the company recovered from a 2011 food safety incident involving chemical additives found in meat produced by a company affiliate. In an effort to rebuild consumer trust, the company invited the public to visit its production facilities and hosted a visit from Chinese Premier Wen Jiabao.

Shuanghui is one of China's largest meat processors. The company operates factories and distribution centers across the country and sales offices throughout Asia. Its main products, including fresh and frozen beef, poultry and pork are exported worldwide.

Henan Shuanghui Investment and Development Company Ltd. was established in 1998 and listed on the Shenzhen Stock Exchange. Goldman Sachs is among the major shareholders. It is a subsidiary of Shuanghui Group, which was founded in 1958, and originally operated as a cold storage warehouse, entering the meat packing business in 1969.

***NAME** Wang Shengan, 64 **PLACE** Ping Yao*
This is my daughter, Wang Jingping, and my 17-year-old grandson, a high school student. We live together in the old section of this ancient city. For the past seven years we've run a family business making and selling Chinese cheese bread. Life here has improved during my lifetime and I hope that it will become even better for my grandson.

28 贰拾捌

Gree

COMPANY: Gree Electric Appliances Inc.
BRAND VALUE: US $1.6 Billion
YEAR ON YEAR CHANGE: 0%
HEADQUARTER CITY: Zhuhai
INDUSTRY: Home Appliances
YEAR FORMED: 1991

GLOBAL AMBITION BRINGS BRAND TO THE US MARKET

The country's leading air conditioner maker is avidly pursuing its ambition to become a global brand.

Gree began construction of a manufacturing plant in the US to localize production despite higher labor costs compared with its other production centers in China, Brazil, Pakistan and Vietnam.

Counter to the prevailing wisdom for finding production economies, the initiative reflects the company's interest in the US market. In a related move to raise its international profile, Gree promoted the brand on a giant outdoor digital screen in New York's Times Square.

Meanwhile, China's best-selling maker of air conditioners reported a striking 30 percent rise in profit in the first half of 2012, boosted by government subsidies on energy saving appliances and the spending priorities of a rising middle class able to afford more comfortable lives.

Gree intends to maintain its market leadership in China by developing higher-end products and expanding its share of the commercial market. In 2012, Gree introduced its E-Series of air conditioners. Able to be controlled over the Internet using China Mobile technology, the product meets China's growing interest in home automation.

One of the world's largest manufacturers and marketers of air conditioners, Gree has an annual production capacity of 60 million residential and two million commercial units. Gree was established in 1991 by the merger of two small enterprises in Zhuhai, a southern costal city now known as a center for hi-tech industries. It is a subsidiary of Zhuhai Gree Group Corporation, also based in Zhuhai, whose holdings also include petrochemicals and real estate.

NAME *Chen Ye, 29* **PLACE** *Shanghai Hongqiao International Airport*
I grew up in southwestern China, in Sichuan Province, but I've been living on the coast, in Shanghai, for more than four years. I came to Shanghai to start a career. My first job was in technical support, but I didn't enjoy it. Instead I've decided to become an interpreter for conferences and I'm now studying for the licensing exam.

29 贰拾玖

China Southern Airlines

COMPANY: China Southern Airlines Company Ltd.
BRAND VALUE: US $1.5 Billion
YEAR ON YEAR CHANGE: -6%
HEADQUARTER CITY: Guangzhou
INDUSTRY: Airlines
YEAR FORMED: 1991

NEW ROUTES, HEADQUARTERS ANTICIPATE FUTURE GROWTH

In an attempt to become a leading hub connecting China, Australia and Europe, China Southern launched its new "Canton Route," a stopover in Guangzhou that links its flights from Sydney and Melbourne with continuing service to London.

China Southern began its Guangzhou-London flights in spring 2012, making London the third European capital with China Southern direct service from Guangzhou. The airline also flies direct to Paris and Amsterdam from Guangzhou. China Southern also introduced A380 Airbus equipment on its flights to Los Angeles and, in a codeshare arrangement with Air China, to Paris.

Preparing for long-term growth, the company planned to break ground on a new headquarters at a 988-acre site on the outskirts of Guangzhou, by the end of 2012. In addition, the airline planned to strengthen the brand with service improvements.

China Southern operates around 2,000 flights daily to 175 destinations in 34 countries. It's expanded its international reach since joining SkyTeam in 2007. Its 2012 initiatives came during a period when rising fuel costs, falling domestic demand and a weakening Yuan impacted Chinese airline profits generally.

China Southern Airlines is part of the state-owned China Southern Air Holding Company, which was formed through the merger of China Southern Airlines, China Northern Airlines and Xinjiang Air.

Through China Southern Air Holding Company the Chinese government owns just over 50 percent of China Southern Airlines Company Ltd. In 1997, China Southern was listed on the New York and Hong Kong Stock Exchanges. In 2003, it was listed on the Shanghai Stock Exchange.

NAME *Yang Xiaoli, 54* **PLACE** *Xi'an*

I am from Gansu Province in the northwest part of the country, where my daughter and two sons still live and farm the land. I live alone here in this ancient city of Xi'an. And I've worked selling cakes in this store for about a year.

30 叁拾

Haier

COMPANY: Qingdao Haier Company Ltd.
BRAND VALUE: US $1.3 Billion
YEAR ON YEAR CHANGE: -17%
HEADQUARTER CITY: Qingdao
INDUSTRY: Home Appliances
YEAR FORMED: 1984

WORLD WHITE GOODS LEADER CULTIVATES BRAND AWARENESS

One of China's most competitive global brands, Haier continued to strengthen awareness of the brand in China and internationally.

The electronics and appliance company announced a two-year sponsorship of the Science Museum in London to build the brand in the UK and associate it with technology and innovation. China's spacecraft Shenzhou 9 carried a Haier refrigerator on its successful 13-day mission, in June 2012, to dock with the Tiangong 1 Space Station.

In the US, Haier renewed its sponsorship of the Haier Shooting Stars basketball competition, an annual event where players from the National Basketball Association (NBA) and the WNBA (the women's league) compete in a basketball shooting contest.

Among its many R&D projects worldwide, Haier became a partner with Roku, a leader in streaming video technology, to develop televisions that can access programming directly from the Web without a set-top box, such as Roku currently produces. Other product innovations included "smart" refrigerators that help update food shopping needs.

Haier also continued to invest heavily in e-commerce, both through its own site, ehaier.com, and the popular tmall.com run by the Internet giant Alibaba. Although profit remained strong, it was affected by online discounting, which caused Haier to halt cooperation with one e-commerce partner.

Haier sells its products in more than 100 countries. Established as Qingdao Refrigerator Company, in 1984, in the coastal city of Qingdao, Haier was the successor to an old factory that, since 1949, had been run as a state enterprise. Haier is traded on the Hong Kong Stock Exchange. Haier's holding company, Qingdao Haier Company Ltd. is listed on the Shanghai Stock Exchange.

Tsingtao Beer

COMPANY: Tsingtao Brewery Company Ltd.
BRAND VALUE: US $1.2 Billion
YEAR ON YEAR CHANGE: 10%
HEADQUARTER CITY: Qingdao
INDUSTRY: Beer
YEAR FORMED: 1903

AGGRESSIVE MARKETING DRIVES SALES IN SLOWER ECONOMY

Marketing aggressively during 2012, Tsingtao increased sales despite somewhat reduced beer consumption tied to China's economic slowdown.

To reach its key male sports-watching demographic, Tsingtao engaged leading Chinese Olympic athletes as spokespeople. They included gymnast Chen Yibing, diver He Zi, hurdler Liu Xiang and basketball player Yi Jianlian.

Leveraging interest in the London 2012 Summer Games, Tsingtao launched an online Olympics game called "Applause to Excitement" and ran a campaign on microblog Weibo offering fans the chance to win a trip to London.

Cultural marketing remains key for the brand. The twenty-second Qingdao International Beer Festival, during August, attracted almost four million visitors to the brand's home city. The brand is sold in more than 60 countries.

Tsingtao also announced a joint venture with Japanese beverage firm Suntory to produce and sell beer in Shanghai and neighboring Jiangsu province. Shanghai is a key market because of its affluent, young urban population.

Operational improvements during 2012 included development of the brand's sixty-first production facility, in Lushan, Jiangxi province, in the southeast, and a fermentation laboratory in Qingdao.

Tsingtao benefits from its heritage as China's oldest beer brand, established more than 100 years ago by German and British brewers. Tsingtao Brewery was listed on the Hong Kong and Shanghai Stock Exchanges in 1993.

NAME *Zhou Xiao, 21* ***PLACE*** *A restaurant, Datong*
I'm single and live and work here in Datong. I'm employed in the coal mining industry. With enough money I'd buy a car and a big house.

31 叁拾壹

Sina

COMPANY: Sina Corporation
BRAND VALUE: US $1.2 Billion
YEAR ON YEAR CHANGE: -37%
HEADQUARTER CITY: Shanghai
INDUSTRY: Technology
YEAR FORMED: 1998

ONLINE MEDIA BRAND ADDS REVENUE, USERS

Online portal Sina enjoyed solid advertising revenue profit growth during 2012, a dividend of its constant innovation.

The brand's popular Weibo, or microblogging site, reached 368 million accounts by August 2012, a rise of 14 percent on the previous quarter, even with a new government stipulation requiring users to register with their real names.

To generate more income from Weibo, Sina introduced premium membership where, for a monthly fee, registrants receive services such as templates allowing greater personalization of their page, voice posts and the ability to follow a higher number of users.

Sina also moved into "social television" to increase its user base and compete effectively with rivals.

The joint venture with BesTV of Shanghai Media Group allows microbloggers to watch television on a computer or smartphone and simultaneously share and comment on Weibo.

In addition, a new service called "fan headlines" allows brands to post targeted ads to their followers once every 24 hours. Sina is an online media company primarily known for its Chinese-language information and entertainment Web portal, Sina.com. It also operates Weibo.com, a social media micro-blogging site.

These sites and their local variations serve China and regions with large Chinese communities. The brand also operates an English-language site. Advertising and services drive revenue. Sina is traded on the Nasdaq Stock Exchange.

NAME *Lin Baiwan, 40* ***PLACE*** *Chongqing*
I like my life. It's improved over time. I sell fish on the street. The income helps me support my two children, a daughter who is seven years old and a boy who's 17. I hope that they'll find good jobs when they grow up. If I suddenly came into a lot of money, I'd donate some to help others improve their lives.

32 叁拾贰

Metersbonwe

COMPANY: Shanghai Metersbonwe Fashion and Accessories Company Ltd.
BRAND VALUE: US $1.2 Billion
YEAR ON YEAR CHANGE: -21%
HEADQUARTER CITY: Wenzhou
INDUSTRY: Apparel
YEAR FORMED: 1995

BRAND EXPANDS STORE COUNT AND FOCUSES ON CUSTOMERS

A leader in casual fashion retailing, Metersbonwe continued its rapid expansion and worked to strengthen and clearly differentiate its brands for their respective target audiences.

The company added 346 new stores during the first half of 2012, including 192 company-owned stores and 154 franchises, raising the total store count to over 5,000. To support its effort to reach young professionals with its fashionable business attire, the company planned to open stores in the central business districts of China's cities.

The company markets the casual fashion Metersbonwe brand to the 16-to-25 age group. The Tagline series provides urban flair for 25-to-30-year-olds, while the Me & City brand specializes in more high-end apparel and business styles for somewhat older customers.

The marketing investment continues to include product placement in entertainment projects. One of the characters in the 2011 science fiction film Transformers: Dark of the Moon wore a Metersbonwe t-shirt, for example. The exposure should help Metersbonwe accomplish another key objective: presence in the world's leading fashion centers—London, Milan, New York and Paris—within three to five years.

Metersbonwe sought operating efficiencies in its stores and supply chain during 2012, and the company enjoyed healthy profit growth, although international fast fashion retailers, such as Zara, H&M and Uniqlo, now compete in China for market share. The first Metersbonwe store opened in 1995, in Wenzhou, in the eastern coastal Zhejiang Province. The company was listed on the Shenzhen Stock Exchange in 2008.

NAME Pan Kaisheng, 36 PLACE A shopping street, Kaili
My younger sister and I have operated a clothing stall here for more than a year. We usually open for business at about one in the afternoon and close at 10 p.m. My sister's family and my family—my wife and five-year-old daughter—live together.

33 叁拾叁

Midea

COMPANY: GD Midea Holding Company Ltd.
BRAND VALUE: US $1.1 Billion
YEAR ON YEAR CHANGE: -26%
HEADQUARTER CITY: Foshan City
INDUSTRY: Home Appliances
YEAR FORMED: 1968

APPLIANCE MANUFACTURER BUILDS BRAND WORLDWIDE

Faced with a softening domestic economy, Midea focused on strengthening its brand overseas, where it's present in more than 200 countries and regions.

The brand targeted customers in the Middle East with the sponsorship of the Diving World Series held in Dubai. The Chinese national team, which Midea sponsored, won all eight gold medals.

Midea signed a joint venture with Carrier, which makes heating and cooling appliances, to manufacture and distribute air conditioning in India, one of Midea's fastest growing markets. The deal adds to the brand's partnerships with Carrier in China, Egypt, Brazil, Argentina and Chile.

The brand also formed a domestic alliance with Suning. The consumer electronics and appliance retailer will sell a complete line of Midea household goods ranging from refrigerators to rice cookers, with a sales goal of RMB ¥50 billion (US$8 billion) within three years. In partnership with Japan's Toshiba, Midea will produce and market LED lights and lighting controls for the Chinese market.

Operational improvements enabled Midea to increase profits despite a sales decline resulting from the slowdown of China's economy, the related downturn in real estate, and the weak global recovery.

Midea manufactures and exports a full range of household appliances. It is the largest part of the Midea Holding Company, a conglomerate with interests in real estate and logistics. The company uses the Midea brand for its entire household product range, which includes residential and commercial air conditioners, refrigerators, washing machines, dishwashers, water heaters, vacuum cleaners and small kitchen appliances.

The Midea business started in 1968, in Beijiao, in south China, making plastic bottle tops. It entered the household appliance business in 1980, with the production of electric fans. The company was listed on the Shenzhen Stock Exchange in 1993. Midea acquired China's Little Swan home appliance brand in 2010.

NAME *Sha Rengerile, 62* **PLACE** *Hohhot*
I have lived here in Hohhot for 50 years. But I'm alone now since my husband died and our two grown children moved with their families to live and work in other cities. It's important to me that they're happy and successful, and that they return often to visit.

34 叁拾肆

Tong Ren Tang

COMPANY: Beijing Tongrentang Company Ltd.
BRAND VALUE: US $1.1 Billion
YEAR ON YEAR CHANGE: 4%
HEADQUARTER CITY: Beijing
INDUSTRY: Health Care
YEAR FORMED: 1669

CHINESE MEDICINE BRAND PLANS TO DOUBLE SHOPS WORLDWIDE

Tong Ren Tang plans to increase its overseas outlets from fewer than 50 in 2011 to 100 in 2015, opening across Europe, the US, the Middle East and Japan.

A Dubai store, opened in 2012, is the brand's first in the Middle East.

The brand operates around 1,000 stores in China and sells its products internationally through joint ventures and subsidiaries. Combining its more than 340-year experience in traditional Chinese medicine with contemporary practices, Tong Ren Tang today is present in modern pharmacy, retail and medical services.

A series of Tong Ren Tang museums planned worldwide will celebrate the brand's long history, while a TV channel launched with Asia Media Group will promote the place of medicine in traditional Chinese culture. The brand also expects to open a hospital in Malaysia.

Recent corporate social responsibility activities, which help the brand engage with customers, include providing free cataract operations to more than 200 patients in Beijing and holding lectures to educate women on nutrition and disease prevention.

The company was established as Tong Ren Tang in 1669, the eighth year of the reign of Emperor Kangxi, at the beginning of the Qing Dynasty.

NAME *Wang Hellian, 57* ***PLACE*** *The old city, Datong*
I'm retired and live with my child and two-year-old grandchild here in Datong. I take care of my grandchild during the workweek. As a grandmother, I hope that my grandchild will grow into a happy adult and that I will live a long and healthy life to see that happen.

35 叁拾伍

Bright

COMPANY: Bright Dairy and Food Company Ltd.
BRAND VALUE: US $713 Million
YEAR ON YEAR CHANGE: 34%
HEADQUARTER CITY: Shanghai
INDUSTRY: Food and Dairy
YEAR FORMED: 1996

DAIRY LOOKS OVERSEAS FOR PRODUCTS, GROWTH

Bright focused on international acquisitions during 2012, in an effort both to expand abroad and to strengthen its position with domestic consumers and the growing preference for western foods.

The company purchased a 60 percent stake in the UK-based international brand Weetabix, which markets several breakfast and snack brands. The deal followed its purchase of a year earlier of a 75 percent stake in Manassen Foods of Australia and failed attempts to purchase stakes in Yoplait, the French yogurt and the US vitamin and supplement brand GNC.

Bright is betting that Chinese consumers will grow to like the taste and convenience of Weetabix. By introducing these international products, Bright also is responding to the erosion of consumer trust in Chinese dairy brands in general, because of instances of tainted or spoiled products.

Bright Dairy and Food Company Ltd. was organized in 1996 from Shanghai Dairy Company and Shanghai Industrial Holding Ltd. of Hong Kong. Bright became a nationally known brand in just a few years and a publicly traded company in 2002. The company operates a large research and development center.

NAME *Liu Fenhua, 60* ***PLACE*** *Inner Mongolia*
My husband and I have run this shop for eight years. We have three grown children, two sons and a daughter. We're happy that each of them has a good job. Life has improved for us over the past couple of decades. Our small business provides a good income.

36 叁拾陆

Snow Beer

COMPANY: China Resources Snow Breweries Company Ltd.
BRAND VALUE: US $677 Million
YEAR ON YEAR CHANGE: -26%
HEADQUARTER CITY: Beijing
INDUSTRY: Beer
YEAR FORMED: 1994

WORLD'S MOST CONSUMED BEER REINFORCES PRESENCE IN CHINA

The world's leading beer, in volume consumed, continued to build its presence in China with new brewing facilities and marketing efforts.

Two new facilities, in Henan and Zhejiang Provinces, began operation early in 2012. And to further strengthen the brand's position in central China, Snow broke ground on facilities in Shangqiu and Xinzheng, in Henan Province.

In addition, Snow introduced Miller Genuine Draft to the Zhejiang market with its partner SABMiller, the second-largest brewer. Aimed at China's growing premium segment, the development should help Snow improve margins pressured by increased competition.

In the fall 2012, Snow launched "Snow Global Trekker—Breaking the Snow Line," in which teams competed in a 12-day climb of Gongga Mountain, located in Sichuan Province. The event continued Snow's ongoing "Global Trekker" campaign featuring expeditions that reinforce the brand's claim to be rebellious and innovative, qualities that enabled the beer to rapidly achieve market leadership.

The brand also underwrote a documentary about architecture in ancient China, produced with Tsinghua University and aired on Chinese TV during spring 2012. The project is intended to associate Snow with Chinese history and culture at a time when the brand is encountering increased international competition.

China Resources Snow Breweries Company, Ltd. was formed from a 1994 joint venture between China Resources Enterprise Ltd. and SABMiller. Since its formation, the company has expanded rapidly through acquisition and organic growth. It produces Snow Beer and 30 local brands from more than 80 breweries.

China Resources Enterprise Ltd. is listed on the Hong Kong Stock Exchange. Along with beer brewing, the conglomerate operates in retail, with about 4,000 stores, and food and beverages. It is part of state-owned China Resources (Holdings) Company Ltd.

NAME *Ji Jiguang, 38* ***PLACE*** *A bar in the old city, Ping Yao*
I'm from Ping Yao, but I now work in Beijing as a photographer and TV program producer. I've fulfilled many of my dreams and feel satisfied with my life. My son is 22 and attending a university. My expectation for him is that he'll also do whatever makes him happy.

37 叁拾柒

Septwolves

COMPANY: Fujian Septwolves Industry Company Ltd.
BRAND VALUE: US $651 Million
YEAR ON YEAR CHANGE: 44%
HEADQUARTER CITY: Jinjiang
INDUSTRY: Apparel
YEAR FORMED: 1990

BRAND CONTROL INCREASES WITH MORE COMPANY STORES

China's leading men's fashion brand plans to open 1,200 new stores over the next two years, including 60 flagship locations.

In taking these steps, Septwolves, a designer, manufacturer and retailer, intends to take greater control of its brand by shifting away from wholesale distribution and franchising in favor of company-owned stores. The company is known for maintaining a large team of designers and encouraging originality and entrepreneurship.

Septwolves plans to promote its bestselling Black Label range, described as modern urban leisurewear with a European edge, after sales of the range grew by more than 50 percent in the first half of 2012.

The company partnered with Huayi Brothers, a media group and record label, to stage an haute couture fashion show in Beijing. Huayi's leading male entertainers—Zhang Hanyu, Li Chen, Shao Bing and Bao Jianfeng—modeled the brand's designs.

Septwolves also marketed to its fashion-conscious, male urban customers with a movie awards ceremony in Beijing. And it named Chinese actors Li Chen and Feng Shaofeng as the new faces of Septwolves. In September 2012, Li Chen attended New York Fashion Week as a representative of the brand.

In addition to designing, manufacturing and retailing under the Septwolves brand, the company acts as an Original Equipment Manufacturer/Original Design Manufacturer (OEM/ODM) producing garments for brands such as Tommy Hilfiger, Marks & Spencer and Polo. The company was listed on the Shenzhen Stock Exchange in 2004.

NAME *Li Lei, 26* ***PLACE*** *Huaihai Road, Shanghai*
I'm from An Hui Province, a few hundred miles west of Shanghai. I moved here to pursue my dream, which is to become wealthy. I'd like to buy a house and a car. My colleagues and I work in this store.

38 叁拾捌

Harbin Beer

COMPANY: Harbin Brewery Group Ltd.
BRAND VALUE: US $601 Million
YEAR ON YEAR CHANGE: n/a
HEADQUARTER CITY: Harbini
INDUSTRY: Beer
YEAR FORMED: 1900

REGIONAL BEER BRAND WINS NATIONAL FANS

Harbin recently developed into a national brand, building on regional strength in northeast China and a heritage as the nation's oldest brewery.

Marketing intensified after Anheuser-Busch purchased Harbin in 2004. AB InBev now owns Harbin. The company formed when Anheuser-Busch of the US joined with Europe's InBev in 2008 to become the world's largest brewer.

Although AB InBev has exported Harbin to North America and Europe, the brand remains a "local champion" in the company's portfolio of more than 200 beers, with China remaining its core market.

Harbin marketed aggressively throughout China during 2012, with advertising and promotion linking the brand with the National Basketball Association and NBA star Shaquille O'Neal. TV and print ads featured O'Neal and NBA graphics appeared on both bottle labels and point-of-sale material.

In addition, the brand continued to sponsor the annual Harbin International Beer Festival, which takes place over almost two weeks during the summer. Harbin, where the brand was founded, is the capital city Heilongjiang Province in northeast China.

A Polish immigrant established the brewery in 1900, when he identified a market for beer among Russian workers building the Chinese Eastern Railway, part of the Trans-Siberian Railway. The name of the brewery was changed to Harbin in 1932, after ownership transferred to a group of Chinese and Czechs.

***NAME** Zeng Yurong, 32* ***PLACE** Shanghai*
I am from Guangdong Province, which is along the coast and about 800 miles south of Shanghai, where I've come to visit my friend. At home, I work as a hairstylist. I enjoy this work and someday would like to open my own hair salon.

39 叁拾玖

Yanjing Beer

COMPANY: Beijing Yanjing Brewery Company Ltd.
BRAND VALUE: US $580 Million
YEAR ON YEAR CHANGE: -2%
HEADQUARTER CITY: Beijing
INDUSTRY: Beer
YEAR FORMED: 1980

EXPANDED PRODUCTION ANTICIPATES GROWTH

With revenue and profit rising steadily as beer consumption expands in China, Yanjing strengthened its sales effort, especially of medium and premium products, and added capacity to grow market share. Yanjing also raised its international profile.

The domestic initiatives are funded in part by a public offering with which the company plans to raise around ¥2.6 billion (US$415 million) to expand production capacity. The funds are designated for 11 of its subsidiary companies in China's central and western provinces.

These companies include Xinjaing Yanjing Brewery Co. and Sichuan Yanjing Brewery Co. This investment in capacity follows the construction of production facilities in Guizhou and Xinjiang during 2011, along with the expansion of six existing facilities.

Domestic marketing efforts included becoming a partner of the China Lunar Exploration Program, associating the brand with technological excellence and national pride. To raise international brand awareness the company sponsored Beijing Culture Week during the London Olympics and became a partner of the Chinese Table Tennis Association.

Yanjing, especially strong in five cities and regions—Beijing, Guangxi, Fujian, Hubei and Inner Mongolia—operates 30 production facilities. Yanjing's premium beers include Yanjing Chunsheng and Yanjing Wuchun. It also offers mid-priced Yanjing Draught and Yanjing Refreshing Beer at the low end.

Beijing Yanjing Brewery Company Ltd. was listed on the Shenzhen Stock Exchange in 1997. It is part of Beijing Enterprises Holdings Ltd. (BEHL), whose other interests include energy, water, technology and toll roads.

NAME Zhao Xiaoxu, 24 PLACE A restaurant, Hohhot
My boyfriend and I are enjoying a night out with friends. I'm able to visit restaurants and rent a flat with roommates because I have a good job as a real estate agent covering nearby areas of Inner Mongolia. I like my job and intend to continue at it. Someday, with more income, I'd like to travel.

40 肆拾

NAME *Yang Shengfen, 40* ***PLACE*** *Lao Yang Jia Hostel, Xijiang*
My husband and I run this hostel and another one that together include more than 40 rooms. Many of our guests come from other countries and enjoy their stays here. We have a son, age 20, who works in Guiyang. Our 18-year-old daughter is finishing high school. Life has improved for my husband and me and I hope it will continue to improve for our children.

41 肆拾壹

Hainan Airlines

COMPANY: Hainan Airlines Company Ltd.
BRAND VALUE: US $524 Million
YEAR ON YEAR CHANGE: 23%
HEADQUARTER CITY: Haikou
INDUSTRY: Airlines
YEAR FORMED: 1989

ACQUISITIONS ADD ROUTES AND AFRICA CONNECTION

Hainan Airlines spent ¥3.7 billion (US$600 million) over the past year buying stakes in small Chinese carriers and investing in an African joint venture, the first for a Chinese airline.

Called Africa World Airlines (AWA), the joint venture with the China-Africa Development Fund, Ghana SAS Financial Group and Ghana Social Security and National Insurance Trust, will operate domestic routes in Ghana. The plans, which include expansion to elsewhere in West Africa and to Sri Lanka, reflect the growing China-Africa business link.

Hainan also launched a new direct route to Bangkok and increased the frequency of flights to Brussels and Berlin. It gained approval to fly on the competitive Beijing-Chicago route as well, with a connection scheduled to open in 2013.

In a strategic partnership agreement, Hainan Airlines will help Foxconn, a supplier to Apple and other leading technology companies, accelerate supply chain deliveries from a manufacturing center and airlines hub Foxconn will build on the island province of Hainan.

Known for quality customer service, Hainan flies from cities throughout China, but Beijing, in the north and Haikou, on the island province of Hainan in the South China Sea, are the primary operations centers. Hainan Airlines is part of the HNA Group, a conglomerate with holdings in tourism, retail, industry, real estate and other areas.

The Group was formed in 1993 from the Hainan Provincial Airlines Company. The name eventually was changed to Hainan Airlines Company Ltd. (HNA). The airline was listed on the Shanghai Stock Exchange in 1997. The Hainan Provincial Government substantially owns it.

NAME *Chen Shenwei, 24* ***PLACE*** *A Gome store, Chongqing*
I'm from neighboring Sichuan Province and came to Chongqing to visit a friend. While I'm here in this big city, I'm taking time to visit some of the shops.

42
肆拾贰

Gome

COMPANY: Gome Electrical Appliances Holding Ltd.
BRAND VALUE: US $492 Million
YEAR ON YEAR CHANGE: -60%
HEADQUARTER CITY: Beijing
INDUSTRY: Retail
YEAR FORMED: 1987

MAJOR ELECTRONICS RETAILER TURNS FOCUS TO CUSTOMERS

One of China's major consumer electronics and appliance chains, Gome overhauled its store network closing 45 underperformers and opening 62 new locations, bringing the total store count to around 1,100 by the first half of 2012.

The changes were part of a strategic effort to increase store productivity in tier one and tier two cities by enhancing the customer experience, while improving brand presence in fast-growing third and fourth tier cities by adding stores. Gome expects appliance sales in those markets to double to ¥1 trillion (US$160 billion) by 2016.

Gome also plans to implement supply chain improvements to produce efficiencies and relevant product mix serving both higher and lower tier markets. It's also aligning online and bricks and mortar procurement to yield competitively advantageous economies of scale.

In a strategic partnership with Lenovo, the PC and mobile device maker will develop customized products sold only in Gome, while the retailer's flagship stores will feature a Lenovo Experience Center to promote the Lenovo brand. Gome also plans strategic partnerships with Haier, Samsung and Siemens.

To rapidly broaden its online impact, Gome will partner with the e-commerce platform Dangdang to launch the Gome Online Mall, which will sell general merchandise, such as books and electronics. Gome's e-commerce sales rose 242 percent in the first half of 2012 compared with the same period in 2011.

These strategic efforts to reinforce the brand occurred during a period of fierce competition and a downturn in the real estate market that eroded consumer demand for home appliances, hurting Gome's sales and profits. Gome was formed 1987, and listed on the Hong Kong Stock Exchange in 2004.

__NAME__ Liu Yongqian, 33 __PLACE__ Xijiang
I'm from Hebei Province near Beijing, but I'm here in Xijiang, in the southwest, for business and also to tour this village of the Miao ethnic minority. I've been to several places in Guizhou Province already, and I'm now going to my next destination. I'm a teacher. I like my job and try to be a good teacher. I hope that someday my young daughter will have the opportunity to study abroad.

43 肆拾叁

Ctrip

COMPANY: Ctrip.com International Ltd.
BRAND VALUE: US $489 Million
YEAR ON YEAR CHANGE: -39%
HEADQUARTER CITY: Shanghai
INDUSTRY: E-Commerce
YEAR FORMED: 1999

TRAVEL SERVICE RAISES INVESTMENT IN BRAND

Travel services provider Ctrip dramatically increased brand promotion and marketing, planning to invest US$500 million in 2012 and 2013, the brand's largest campaign in its 13-year history. The investment comes at a time of increasing competition from other travel companies and airlines eager to gain leisure market share from Ctrip.

The innovative travel operator pioneered online travel booking in China and is well known for its travel mobile apps. It operates a network of offices throughout China and 24/7 call centers. Confident that it will continue to gain market share despite heated competition, Ctrip increased the number of staff to more than 20,000 at its call center in Jiangsu Province on China's eastern coast.

To serve the growing ranks of wealthy Chinese customers and strengthen margins, the company, which offers a comprehensive menu of consumer travel services including hotel reservations, flight ticketing and package tours, launched HHTravel.com, following its acquisition of Trip TM, a luxury vacation operator.

At the same time, Ctrip strengthened its appeal to budget-conscious customers by upgrading its Smart Choice Hotel program, for booking discount rooms, and it invested in booking hostel accommodations. Since its formation in 1999, Ctrip has grown rapidly as members of China's expanding middle class increasingly spend disposable income on travel. The company was listed on the NASDAQ Exchange in 2003.

NAME *Yang Haiying, 65* *PLACE* *The zoo, Chongqing*
I'm retired and enjoying my life now. Every morning I come here early to practice Tai Ji for a couple of hours. I feel young and would travel the world if I had the money. I have two adult children, a son and a daughter, and two grandchildren. I hope that they have opportunities to travel and live happily.

44 肆拾肆

CR Sanjiu

COMPANY: China Resources Sanjiu Medical and Pharmaceutical Company Ltd.
BRAND VALUE: US $452 Million
YEAR ON YEAR CHANGE: -7%
HEADQUARTER CITY: Shenzhen
INDUSTRY: Health Care
YEAR FORMED: 1999

EXPANDING RANGE THRU ACQUISITION

Driven by the recent concern about wellness among Chinese consumers, CR Sanjiu is searching for acquisitions to meet China's rising demand for prescription and over-the-counter (OTC) drugs, which drove the sale of its 999 brand during 2012 and produced strong profit.

The company produces over-the-counter and prescription drugs, such as antibiotics, under the brand name 999, as well as traditional Chinese medications. An OTC leader in China, the company is particularly well known for producing the country's leading cold remedy—999 Ganmaoling.

The company acquired Guangdong Shunfeng Pharmaceutical Company, Ltd. For ¥600 million (US$95 million) during 2012, to expand its range with drugs under the well-respected Shunfeng brand. Brand awareness is especially important because of the pending government ban on TV and print OTC advertising.

In part driven by the regulations and the related pressure to diversify, Sanjiu plans to establish an R&D center for creating new dermatological medications, and a biomedical industrial park in Beijing.

China Resources Sanjiu Medical and Pharmaceutical Company Ltd. operates as a subsidiary of China Resources (Holding) Company Ltd., a state-owned company with diversified interests including consumer goods, power and finance. CR Sanjiu Medical and Pharmaceutical Company Ltd. was listed on the Shenzhen Stock Exchange in 2000.

NAME Li Liangsong, 38 PLACE A Youngor store, Chongqing
I live here in Chongqing, with my wife and six-year-old son, and work as a general manager of a construction company. Our lives and my career are going well. I want to give my son a good foundation for his future. If I had the money to invest, I'd start my own business.

45 肆拾伍

Youngor

COMPANY: Youngor Group Company Ltd.
BRAND VALUE: US $446 Million
YEAR ON YEAR CHANGE: n/a
HEADQUARTER CITY: Ningbo
INDUSTRY: Apparel
YEAR FORMED: 1979

MARKETING APPAREL IN CHINA, OVERSEAS

Youngor is a vertically integrated maker and marketer of branded men's apparel, particularly shirts, which it sells both in the domestic market and overseas. While the company's range also includes fashionable suits and casualwear, it has recently experienced stronger margins from its more functional, no-iron clothing.

The company distributes its apparel in over 2,000 locations throughout China, including 400 company-owned stores. The brand strategy segments the market into Youngor Mayor, clothing for public officials; Youngor CEO, for business executives; and Youngor GY for the young and trendy. In addition, the company created Hemp Family, a "green" brand of apparel made from a natural fiber grown with minimal impact on the environment.

In China, Youngor also sells merchandise from Hart Schaffner Marx, a heritage American brand of classic men's clothing, founded in 1887. Through a subsidiary, Younger operates as an Original Equipment Manufacturer (OEM) for several international fashion brands, including Polo and Calvin Klein.

Several factors depressed both sales and profit during 2012, including China's economic slowdown, higher labor costs and reduced exports because of tighter import regulations in the West. Youngor produces its merchandise in China and increasingly in lower-cost Asian countries.

Apparel is the founding business of Youngor Group whose other interests include real estate development and investment. Younger Group Company Ltd. was listed on the Shanghai Stock Exchange in 1998.

NAME *Yang Xingfei, 60* **PLACE** *Xijiang*

I live with my family about an hour's walk from here in another village. We raise pigs and grow vegetables that I sell here every weekend. I arrive by around seven in the morning and stay all day. With three children and three grandchildren, we need the income, and there are more customers here than in my home village.

46 肆拾陆

Fulinmen

COMPANY: COFCO
BRAND VALUE: US $394 Million
YEAR ON YEAR CHANGE: 4%
HEADQUARTER CITY: Beijing
INDUSTRY: Food and Dairy
YEAR FORMED: 1993

BRAND EMPHASIZES HEALTH AND FAMILY

Rising costs for fuel and commodities, like peanuts, forced Fulinmen and other cooking oil producers to raise prices by almost 10 percent during 2012.

While the price rise may impact some consumers, Fulinmen is well established in China and sales for cooking oil—especially for esteemed brands like Fulinmen—spike almost regardless of price several times a year around the Golden Week holidays when time off is spent relaxing and feasting with family.

To assure food quality consistency and safety, Fulinmen has invested in controlling its supply chain. And it continued to communicate the healthiness and safety of Fulinmen with a brand personality that evokes a mother's concern about the health of her family.

Fulinmen is part of China Foods Ltd. a subsidiary of China National Cereals, Oil and Foodstuffs Import and Export Corporation (COFCO), a state owned enterprise and one of China's largest food conglomerates. China Foods Ltd. is listed on the Hong Kong Stock Exchange.

Along with Fulinmen, COFCO's other famous brands include Great Wall wine and Leconte chocolate. COFCO entered into an agreement with the China Olympic Committee to supply 36 brands, including Fulinmen, to feed Chinese athletes competing in world-class events starting with the 2012 London Summer Games through 2019.

NAME *Li Jing, 4* ***PLACE*** *Xinhua Square, Hohhot*
I am four years old. My mother brings me here so I can practice skating. I like skating and am learning to become better. My parents bought me my pink dress and skates.

47 肆拾柒

Li-Ning

COMPANY: Li Ning Company Ltd.
BRAND VALUE: US $316 Million
YEAR ON YEAR CHANGE: -69%
HEADQUARTER CITY: Sanshui
INDUSTRY: Apparel
YEAR FORMED: 1990

OLYMPICS REINFORCE PRO BRAND IDENTITY

Li Ning, the Olympic gymnast who catapulted to fame in the 1984 Summer Olympics, returned, in July 2012, as operating head of the company he founded over 20 years ago.

He and the co-executive chairman are expanding their responsibilities until the appointment of a new CEO. Once the undisputed leader in Chinese sportswear, Li-Ning has found competition from international brand leaders in China increasingly challenging.

The brand's global expansion goals have proved elusive, too. In December 2011, Li-Ning launched an e-commerce venture aimed primarily at gaining it international marketing experience. But overseas sales remain less than 5 percent of total revenue, far off the target of 20 percent set 10 years ago.

Meanwhile, China's economic slowdown affected the impact of new strategies. Li-Ning plans to market itself as a provider of professional sportswear, rather than sports clothes as leisurewear, an approach pursued by other brands. The company also plans to overhaul production and product design. Having shut 1,200 underperforming stores, Li-Ning expects to grow its China store count from 8,163 to 9,000 by 2013.

Li-Ning sponsored the Chinese Olympic teams in gymnastics, shooting, diving, table tennis, and badminton. Timed for the London games, the brand launched a multi-media campaign integrating TV, in-store, outdoor and other media to associate the brand with the teams, which together won 60 percent of China's gold medals in London.

Li-Ning collaborated with Tencent to promote the brand online during the Olympics. Li-Ning also signed a deal to sponsor the China Basketball Association over five seasons, from 2012 to 2017. China's basketball stars have great influence over the fast-growing teenage market. Li-Ning was listed on the Hong Kong Stock Exchange in 2004.

NAME *Shao Bing, 25* ***PLACE*** *A shopping street, Luoyang*
My girlfriend and I are here shopping. I work in interior design and dream about starting my own company. I don't expect to become a millionaire, but I intend to be creative and live a good life.

48 肆拾捌

Anta

COMPANY: Anta Sports Products Ltd.
BRAND VALUE: US $314 Million
YEAR ON YEAR CHANGE: -50%
HEADQUARTER CITY: Jinjiang
INDUSTRY: Apparel
YEAR FORMED: 1994

BUILDING THE BRAND AT HOME AND ABROAD

Anta focused on brand building both domestically and abroad during 2012.

To strengthen its association with products for running and to promote its women's sportswear, Anta launched its "Comfort in All Conditions" campaign featuring the Chinese pop singer Jane Zhang. The company also worked to strengthen its online presence both domestically and internationally.

In taking these steps, Anta acknowledged an industry-wide problem of oversupply and weakened demand that impacted its 2012 first-half results. These new initiatives complement the company's ongoing arrangements to supply uniforms for Chinese sports teams, a strategy that culminated with Anta as an official partner of China's Olympic Committee and the outfitter of Chinese athletes at the London games.

The brand continued its association with basketball with endorsements from several players in America's National Basketball Association (NBA), involvement with the Chinese Basketball Association and the launch of the outdoor Street Basketball League, a high school program in 12 cities.

Anticipating a continuing slowdown in demand, Anta planned to open more factory outlets and discount centers to dispose of excess inventory while protecting margins in the more than 7,800 stores it operates under the Anta, Sports Lifestyle, Kids and Fila brands. Anta obtained rights to the Italian Fila brand in 2009.

One of China's leading branded sportswear enterprises, Anta Sports Products Ltd. designs, manufactures and markets footwear, apparel and accessories across the country, in every province. Anta was founded in Fujian Province, in Southeast China, in 1994. The company was listed on the Hong Kong Stock Exchange in 2007.

NAME *Zhou Jiaxin, 15; E Bo Er Fu, 13 and Cheng Wo, 17* ***PLACE*** *Xinhua Square, Hohhot*
I'm Zhou Jiaxin. My friends and I all live in Hohhot, but we attend different middle schools. We know each other because of hip hop. We've been practicing together for about a year, gathering here at about seven in the evening to dance. We've competed in a dance contest, and we won fourth place out of all the groups in Hohhot. Our dream is to compete in a worldwide contest.

49 肆拾玖

Semir

COMPANY: Zhejiang Semir Garment Company Ltd.
BRAND VALUE: US $286 Million
YEAR ON YEAR CHANGE: n/a
HEADQUARTER CITY: Wenzhou
INDUSTRY: Apparel
YEAR FORMED: 1996

PRODUCT PLACEMENT EXPANDS AWARENESS

Semir produces t-shirts, jeans, shirts, coats, shoes, and accessories. The brand focuses on fashion-forward designs for youth and is sold in over 4,000 company and franchise stores throughout China.

To promote the brand both at home and abroad, Semir recently entered an agreement to supply the clothing for the Black Widow character in Iron Man 3, a film set for release in spring 2013. Semir supplied the costume for Iron Man 2.

Under the Balabala brand, established in 2002, the company designs clothing, accessories and shoes for the children of urban families. The brand is sold in more than 2,500 stores throughout China.

Like many other domestic apparel companies, Semir faces profit pressure caused by rising labor and lease costs as well as increased competition from foreign brands. To control costs the company is working on supply chain optimization, including a ¥250 million (US$40 million) investment in a logistics base near Tianjin to more efficiently serve northern China.

Entrepreneur Qiu Guanghe established Semir in 1996, and opened the first Semir store a year later in the costal city of Xuzhou. Qui holds most of the shares in the company, which was listed on the Shenzhen Stock Exchange in 2011, in an IPO that raised $734 million.

NAME *Liu Beibei, 22 and Liu Xinli, 25* **PLACE** *Xi'an*
I'm wearing the red blouse. I live here in Xi'an and operate my own clothing store. My cousin currently works on the support staff of an advertising agency, but she's ambitious and hopes to open her own business. With more income we could both help our parents improve their lives.

50 伍拾

Renren

COMPANY: Renren, Inc.
BRAND VALUE: US $246 Million
YEAR ON YEAR CHANGE: -77%
HEADQUARTER CITY: Beijing
INDUSTRY: Technology
YEAR FORMED: 2005

SOCIAL SITE DOUBLES ITS GAMING REVENUE

One of China's leading social networking sites, Renren more than doubled its revenue from games during the first half of 2012.

Renren differentiates itself as a real name site, meaning that users are clearly identified, which potentially makes the site more appealing to marketers. The site had around 162 million users by mid-2012, up from 124 million a year earlier.

Because of gaming growth, combined with a decline in advertising income, attributed to several factors including the overall economic slowdown, games now comprise more than half of the company's total revenue.

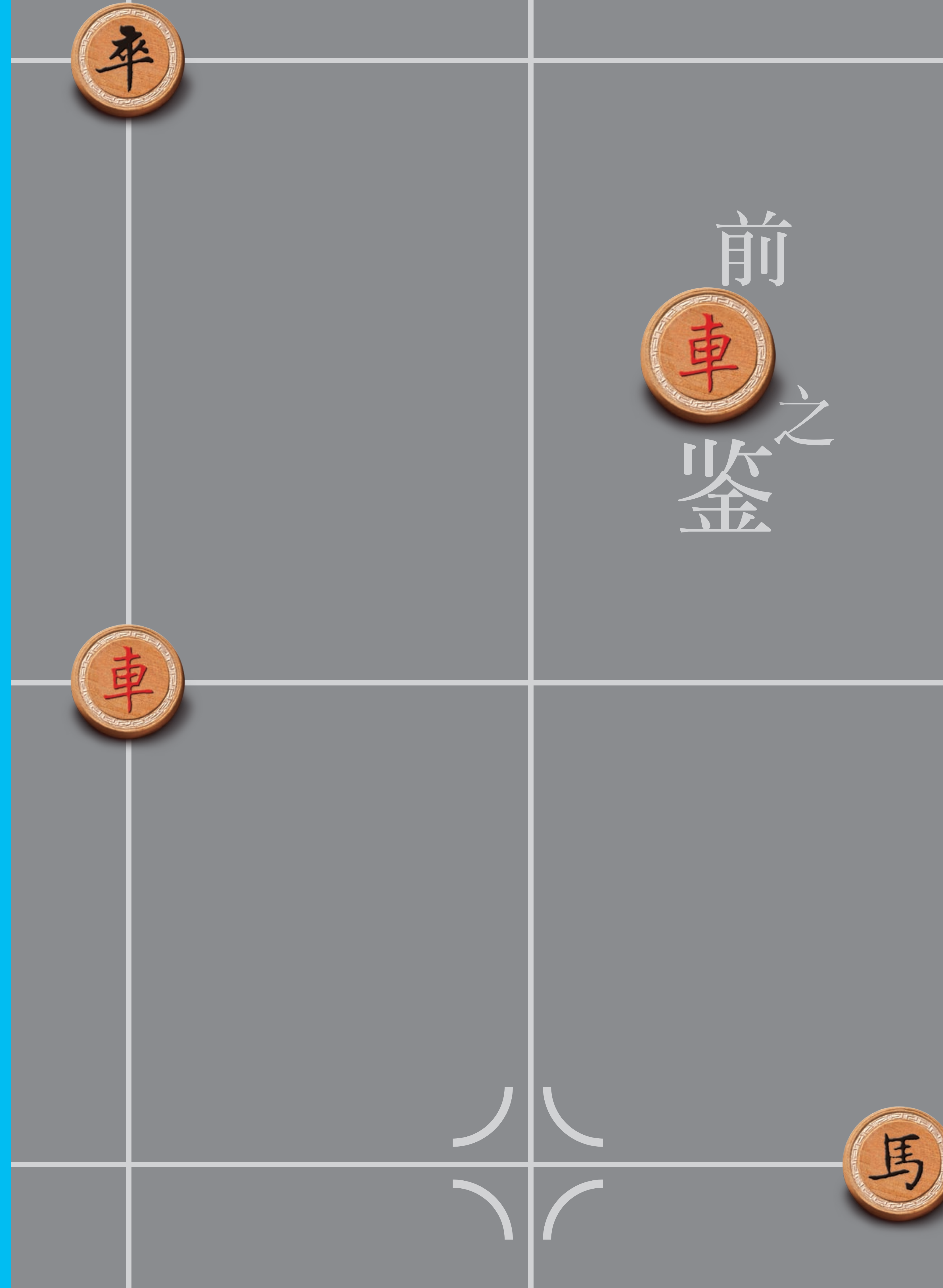
Renren is in discussions with Finnish game maker Rovio Entertainment to make its popular mobile Angry Birds mobile app available on Renren. With over 55 percent of Renren users accessing their accounts via handheld devices, the mobile channel is rapidly growing in importance. But mobile gaming competition is fierce.

To complement gaming with other revenue sources, Renren is working to integrate its group buying site nuomi.com, launched in 2010, with location-based services that make the offers more immediate and relevant. It also entered a partnership with Intel to increase personal identity protection, which is especially important for a network whose distinguishing advantage is that members use their real name when communicating, playing games or sharing content.

The company was formed in 2005, under the name Xiaonei. Similar to Facebook, it was aimed at students at elite colleges. An Internet operation called Oak Pacific Interactive acquired the company in 2006, and in 2009 the name become Renren. The company completed an IPO on the New York Stock Exchange during 2011.

PART 3

Best Practices for Brand Building



Ivan Yuen

Managing Director
Grey Beijing

Trust

Vision and Values, Persistently Delivered, Can Earn the Trust of Skeptical Consumers

Ah Niang Noodle is a household name in Shanghai. A small unassuming noodle shop settled in the old French enclave on Si Nan Road, Ah Niang draws a big crowd queuing up on the pavement daily. People have to wait 30 minutes to an hour, as there are just a few small tables. To be seated, patrons must first take a numbered stub and chances are latecomers will get a number way over 100. Prices are reasonable but not exactly cheap, and people from all walks of life come to Ah Niang for its signature offer—Yellow Fish Noodle.

"The secret is in the soup," Ah Niang, the founder of the shop once said in an interview. For decades, Ah Niang awakened in the middle of the night to begin preparing the soup by 3 A.M., and to visit the market at around 5 A.M. for the freshest yellow fish available. It took a lot of perseverance to consistently follow that routine. And An Niang already was an old woman at the time of the interview. When asked why she didn't make her shop bigger, or open more shops, as business was good, Ah Niang responded, " I can only make that much soup everyday. The noodles can only be served while the soup lasts."

Ah Niang died in 2008, but the legend of Ah Niang Noodle lives on. She never dreamed of getting rich or famous. But everyday Ah Niang did what she believed was the right thing to make a good indigenous Ningbo style soup noodle. What do we learn from Ah Niang?

Frantic Pursuit of Wealth Corrupts Confucian Principles

It is sad to say, but too many Chinese brands today suffer from a credibility deficit. Consumers are conditioned to be skeptical about a lot of things. They are doubters, but we cannot blame them. Confucius doctrine teaches us to follow the five ethical principles as our behavioral guideline: To be kind, to be respectful, to nurture wisdom, to be righteous and to be honest. Those principles defined Chinese people for thousands of years. It's not exactly the case nowadays, however. In the frantic pursue of monetary wealth for the past three decades, a lot of people believe the most important thing in life is to get rich fast, to be ahead of the herd. And in the course of chasing money, a lot of people have abandoned the Confucian guidance.

So our health is at risk from consuming tainted cooking oil or meat buns with questionable fillings. Industrial chemicals pollute our food chain and medicines sometimes damage rather than cure. A current satirical joke says that Chinese people learn about chemistry and the Periodic Table from food contamination and poisoning. So how could people not be skeptical when a lot of products, sugar-coated as great and healthy, potent and fast, quality reassured, are in fact bad stuff in disguise?

People become doubters for a reason. Trust can no longer be taken for granted. It has become a dear rarity in China. When the market is overwhelmed with claims that are fake and empty, resembling those in the Big Leap Forward days, trust becomes an asset that marketers have to work doubly hard to win and retain. But how?

Promise Less, Deliver More

There is a belief that if we claim to deliver more functions to a bigger audience across a wider age bracket, then we are able to capture a greater market share and hence better profit. The formula doesn't always work. Trying to be all things to all people creates a thin proposition that's difficult to fulfill and is more likely to produce disappointment than satisfaction. It also results in brand weaknesses that invite competition. Ah Niang didn't have an extensive menu because she knew that she couldn't handle that much. She was just doing a few right things persistently and delivering the same high quality time after time. Are we able to be that focused?

We need to reflect on a brand's reason for being. Why do we want to create this brand and product to begin with? What contribution do we want to deliver? How is our brand superior to the competition? What experience do we want to create for the consumer? How does that brand and product want to be remembered? Answers to these questions define the DNA of the brand and help direct our pursuit of excellence. It's important to walk the talk. Ah Niang wanted to give Shanghai the best and most indigenous Ningbo style noodle, nothing more. What do we want to give?

Gaining Trust Takes Time and Requires a Process

We cannot command trust. We can't even buy trust with media spending. Brand awareness is important but it doesn't equate to trust as knowing doesn't necessarily translate into believing. Trust requires a brand to begin with an honest vision about the contribution it wants to make to the community it serves. It requires translating that vision into a business that ensures consistent quality by implementing systems for vigorous checks and balances and by allocating necessary resources. Trust requires a passion for pleasing customers with peerless Yellow Fish Noodle and being willing to lose sleep to achieve that vision.

There is a Chinese saying that "Good news won't go beyond the doorsteps, but scandals travel a thousand miles." This notion is even truer in this social media age. Virtues are easily forgotten, but faults seem indelible. So it takes cumulative actions over time to create and sustain a positive brand impression. In other words, trust needs to be a high priority, engineered through the concerted effort of the entire organization.

Grey Group ranks among the world's top advertising and marketing organizations.

www.grey.com

Key Initiatives for Cultivating Trust

1. Be Honest
Consumers are skeptical. They've come to expect dishonesty, so hearing the truth can be surprising and appreciated.

2.Be Proactive
Don't wait until a brand mistake becomes the main topic of a Weibo conversation. Be part of the ongoing social conversation in a way that presents the brand in a positive way.

3.Be Patient
Trust can be destroyed overnight but it takes time to cultivate. Make growing and sustaining trust a strategic priority throughout the organization.

4.Advertise
At a time when consumers are concerned about product quality and counterfeiting, they view willingness to spend money on advertising as evidence of brand legitimacy.

5.Apologize for Mistakes
Apologize for mistakes fully and quickly. Humility and a clear expression of the facts can go a long way toward restoring trust in the brand.

6.Take Corrective Action
An apology won't completely restore trust, however. Words need to be accompanied by actions that demonstrate a sincere effort to right any wrong.

Differentiation

Coherent Ideas Build Brands, Win Customers, Add Value

Sacha Cody

Head of Client Solutions
Millward Brown Shanghai

Key Initiatives for Differentiation

1. Be Distinctive
Being different from the competition is important, but difference alone isn't a winning strategy. The difference needs to benefit the lives of consumers in a distinctive way that they recognize and appreciate.

2. Be Memorable
Consumers are bombarded with a lot of information. Don't add to the noise and confusion. Instead, cut through it with one simple idea, an easy-to-understand proposition that clearly identifies the brand.

3. Be More Than Memorable
The simple idea that cuts through the noise is more likely to build long-term brand equity if it's not simply clever communication, but also an expression of the brand's real emotional and functional benefits.

It pays for a brand to be meaningfully different from the competition.

Across over 1000 brands in China, both local and international, being considered meaningfully different by target consumers produced a 37 percent higher contribution to brand value. In other words, if a brand's contribution to overall brand value is US$1 billion, meaningful differentiation has the potential to add another $US370 million. In addition, well-differentiated brands are 12 times more likely to grow in value than brands with only average differentiation. Poorly differentiated brands tend to decline in value.

These are not small or insignificant consequences. They indicate the importance of differentiation to any boardroom discussion of brand value and brand strategy. The findings are based on analysis using Millward Brown's BrandZ™ database, the world's largest brand equity database with information on more than 50,000 brands gathered from over two million consumers in over 30 countries. Brand contribution, a brand's uniqueness or differentiation, is one of several factors, including financial performance, that determine brand value.

Defining Differentiation

Defining what is meant by meaningful differentiation appears to be simple, yet it requires some clarification especially regarding what it is not. First and foremost, it is not just relevance. Relevance is important, of course, but relevance alone doesn't provide sufficient brand appeal. If your hair is dirty any shampoo is relevant. But having dirty hair doesn't influence you to choose one shampoo brand over another.

Second, meaningful differentiation is not being different for its own sake. Video sites like Youku in China and YouTube across the globe are littered with brand attempts to be different by having striking marketing material that lacks any connection to what the brand is fundamentally about. Being different from other brands may be attractive in its potential for disruption and buzz, but without any anchoring principle in what is special about this brand the approach falls short of the mark.

To embrace meaningful differentiation marketers must acknowledge what philosophers observed hundreds of years ago and what Millward Brown has written about with increasing frequency recently: We humans find it difficult to think of something in isolation. We find it necessary to consider what something is and is not within some kind of context, often with similar or very close alternatives. We look to distinguish between objects within these contexts in order to evaluate the options in terms of attractiveness.

Achieving Meaningful Differentiation

To simply achieve differentiation brands seek to distinguish themselves vis-à-vis alternatives. But to achieve meaningful differentiation requires that these differences are important to consumers, and that they are based on an insight that has a business value attached to it. In short, to be meaningfully different, brands require distinguishing features, alternatives that are important to consumers and from which financial profit can be gained. Nigel Hollis of Millward Brown and JWT's Tom Doctoroff have explored these ideas in great detail.

In addition, there are arguably different degrees of meaningful differentiation. For example, marketing communications is often called upon to create perceived meaningful differentiation with memorable communications. But memorable doesn't mean convincing. A communication can leave a viewer or reader entertained but without any clear understanding of why to select one brand over another.

Therefore, marketers more and more don't view marketing communications as the exclusive agent for defining and explaining how a brand is meaningfully differentiated. A glance at the 2013 BrandZ™ Top 50 Most Valuable Chinese Brands provides some insight. Brands that effectively differentiated themselves—Yunnan Baiyo or Haier, for example—did not limit their efforts to branded communication but infused all aspects of the enterprise, product to service delivery, with the brand essence.

Yunnan Baiyao leverages its heritage of medicinal remedies, for example, while Haier has a powerful service model it employs throughout China. Consider the definition of a brand offered by Nigel Hollis: "A brand consists of a set of enduring and shared perceptions in the minds of consumers. The stronger, more coherent and motivating those perceptions are, the more likely they will be to influence purchase decisions and add value to a business."

Context, Insight and Value

All meaningful differentiation is perception based. However, some will stem from marketing communications that makes the brand seem special (e.g. the potato chips I like have better advertising), while others will weave all the brand's meaningful differentiated aspects into their communications, from product functionality and actual experience, to how it makes you feel (e.g. my washing machine is a smart choice because it's durable and maintenance is a reliable and makes me feel great). Arguably, the latter is a more powerful and solid foundation on which brands should invest to meaningful differentiate. It permeates through all aspects of the brand experience including, but not limited to, marketing communications.

Finally, there is a popular saying: "The definition of a fool is someone who tries to make everyone happy." There is a lesson here. A meaningfully differentiated brand is not all things to all people. Meaningful differentiation is a carefully thought out and executed business and brand strategy that looks for important differences for a brand in a relevant context, grounded in insight, targeted at certain people, and magnified for consumer admiration and ultimately business value.

Carey Loh

General Manager,
TEAM MSFT
MEC Beijing

Media

Creative and Media: A Marriage of Equals

Building brands has always been a serious challenge for companies big and small. The popular belief was that a great creative product alone would suffice for effective brand building. But that's no longer the case. Now more than ever, a creative "big idea" needs the "voice of media" to breathe life into its communications. Today, the strategic cooperation between creative and media often may be the only way to ensure campaign success, and build long-term brand success. Why?

Smaller Budgets to Reach Fragmented Audiences

First, in a developing market like China, with its complicated media environment, advertisers already face a seller's market in which media cost inflation is double digit for TV, print and even digital channels. Most advertisers are also working with smaller advertising or media budgets and are expected to be more accountable for their investments. Yet the current practice usually relies on the creative agency to come up with a "big idea" and then the media agency to unleash that creative at the best rates. This means that advertisers need to avoid a case of barking up the wrong tree. The best ideas or creative when broadcasted to the wrong audience will never generate or maximize the returns on advertising.

Diversified Media Consumption Habits

Second, consumers in China get information very differently from 10 or 15 years ago. Ratings for local TV are declining in the presence and growth of strong national and provincial satellite TV stations. Digital has experienced exponential growth by the world's largest Internet and smart phone population. Younger consumers are also watching more than one screen (i.e. TV, PC, mobile), concurrently using social media to provide feedback even as they consume regular TV. Social platforms with no paid media can generate 5-to-10 percent of sales of when used right.
This means that advertisers will no longer have the luxury of creating one "big idea" on one channel, most often TV, and expect that it will provide coverage across enormous audiences. This approach no longer will work in our world of diversified media consumption habits. Instead, advertisers must pay closer attention to the activation of their media, ensuring ideas that can be implemented in a way that touches, permeates and spreads.

The New "Big Idea" is A Bundle of Small Ideas

Third, advertisers who always have worked with their agencies to create that "big idea" may find that in a market like China it may be worthwhile to explore creating a bundle of smaller ideas, with a consistent brand expression that when combined may yield results that surpasses even the "big idea." Advertisers have to consider closely their target audience and the relevant channels for addressing them. Sometimes a "big idea" may be the solution, but more often brands will need separate programs that address varied audiences. To plan for this change, media strategies and tactics need to be factored in early on in the process. Thus media planning is not just an exercise of securing inventory at the lowest cost and or the ability to generate the largest media rebates. The media agencies of tomorrow will need to deliver to advertisers both scale and skills.

Today, the Best Ideas Originate Anywhere

Ideas used to be the sole property of creative agencies. Today, some of the best ideas originate elsewhere in the "supply chain." Creative directors are breaking down the siloes that divide traditional and digital advertising. They're coming up with ideas that are channel agnostic or cut across channels and platforms. When media agencies and creative agencies work side-by-side from the earliest stages of idea development, advertisers have a very potent formula for increasing campaign success.

Sometimes, the media execution itself forms the basis of the "big idea." For example, The Mercedes B-Class e-commerce campaign was so successful that all 400 cars were sold in a matter of two-and-a-half hours from launch. It was not a creative "big idea" in the usual sense, but it took into account insights about a target audience that wanted something before others could get it. An insights-driven idea executed by MEC with the e-commerce platform provider enabled the campaign to achieve superior results for the client.

Key Initiatives for Gaining Media Attention

1. Plan Multichannel Investment
Don't try to outshout the competition. It's tempting, but too many brands are shouting. The brand message may not be heard, making the ad spending ineffective and inefficient, and leaving consumers more irritated than impressed. Take a more sophisticated approach, building brands long term.

2. Create Compelling Content
Journalists are looking for good stories, not brand promotions. Offer ideas that have news currency and place the brand in the broader context of an important social issue or hot topic.

3. Demonstrate a Genuine Social Commitment
Chinese consumers respond positively to activities that reflect a commitment to improving Chinese society. And these kinds of activities often receive media coverage.

4. Engage on Social Media
Establish the brand voice online through videos, games and other utilities. Reach both the broadest possible audience and narrow targeted groups. Constantly monitor and update the brand sites and be vigilant for potential problems, which can flare and spread quickly.

Chris Maier

Director, Media and Digital Solutions
Millward Brown,
Greater China

Vivian Ying

Research Manager, CIC

CIC is China's leading social business intelligence provider.

www.ciccorporate.com

Social Media

Strategic Brand Building Replaces "Spray and Pray"

Chinese brands are taking social media ever more seriously and understanding how to more meaningfully incorporate social media touch points into digital marketing strategies. Rather than remain content with "spray and pray" tactics, as observed in the not-too-distant past, brands today take a more planned approach for matching their objectives with various social media options, such as online video, social network brand channels or brand-sponsored websites.

Most important, advertisers are learning which types of social media activities are best suited to engage with consumers at various levels of the brand-building process. The BrandZ™ Pyramid illustrates the brand-building levels (Please see chart). The levels form a hierarchy of the brand-customer relationship, which becomes progressively stronger, starting with presence or awareness and culminating at the pinnacle of the pyramid with emotional engagement of the customer and even brand advocacy.

A mix of traditional and social media is prescribed for brands to succeed at each level and move up the pyramid. While traditional advertising remains important at every level of the pyramid, combining it with various social media can strengthen the influence on consumers as they ascend.

A Coherent Combination of Entertainment and Communication

Not surprisingly, China's online community is enormous compared with that of other countries. But China's online community is different not just in size, but also in behavior. While Chinese netizens depend on social media sites for the usual purposes—as communications tools for staying in touch with family and friends—they also use social media much more for recreational purposes. On average, they spend more than three hours daily online, according to the China Internet Network Information Center (CNNIC) 2012 report of digital habits, which documents 274 million microbloggers and 331 million online gamers.

China's leading social media sites have effectively combined entertainment and communication utilities. Tencent, with almost 800 million active accounts in 2012, is known both for online gaming and for its instant messenger, QQ. The interplay of these utilities forms a coherent environment for brands to advertise and create a brand experience. Similarly, Sina Weibo, the micro-blogging leader in China, offers great user flexibility with options not just to write short comments, but also to "retweet," keep updated with latest news, play online games, use video and blog.

The opportunities for marketers in these multifunction environments are vast. Rapid evolution challenges marketers to stay current, as illustrated by the rise in popularity of Tencent's Weixin (WeChat). Weixin (WeChat) is a mobile app much like instant messenger, but with voice messaging capability along with photo sharing, location sharing and other options that can take place within the large Tencent social network. Brands take advantage of the platform by registering Weixin accounts to communicate with targeted users directly.

Using Social Media for Selling and Brand Building

Advertisers are experimenting with ways to use this communication and entertainment combination for both short-term goals, like driving sales, and for building long-term brand equity. Digital content, when done well, can accomplish both goals, initially connecting with core customers and reaching larger audiences through viral sharing. Among the BrandZ™ Top 50 Most Valuable Chinese Brands, the apparel brand Metersbonwe provides a good example.

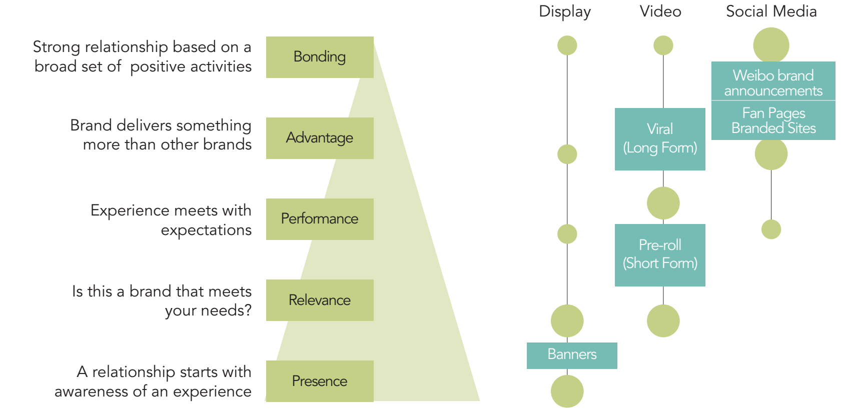
In 2012, Metersbonwe became the official marketer of clothing based on the World of Warcraft online game. Metersbonwe held a competition among gamers. The company categorized potential participants into groups that included fashion trend leaders, normal players and heavy game users. It then delivered customized social media content for each group. Four blogs generated 271,623 visits and 1,126 replies, six microblogs with 3,290 "retweets" and 1,192 comments. Eight days after the event launched, Metersbonwe sold out its first consignment of World of Warcraft clothing. After replenishment, the second consignment sold out within four days.

A Social Media Environment Can Inspire Trust

Online entertainment and communication environments yield one more benefit. They can inspire trust. Consumer trust is an important prerequisite for sales. But consumer trust has eroded in China. Though e-commerce is an enormous industry, the fear of unwittingly purchasing fake goods can be a constant concern. For brands, finding suitable platforms to communicate and sell effectively is a key priority. Online utilities like T-Mall, a B2C offshoot of local e-commerce giant Taobao.com, have thrived by helping advertisers create branded entertainment within a credible environment. Brand equity can be strengthened through association with the appeal of mainstream social media platforms.

Digital Can Help Build Long-Term Equity

The BrandZ™ Pyramid measures consumer engagement with a brand. Strength at each level correlates with increased share of wallet and loyalty. Strength at the pinnacle can indicate active brand advocacy. Chinese brands are increasingly combining digital and social media with traditional media to influence and accelerate consumer engagement and build brand equity.



Social Media

Valuable Brands More Present in Social Media

China's most valuable brands are increasingly present in social media. Their presence cuts across most categories. These conclusions emerge from ranking the 2013 BrandZ™ Top 50 Most Valuable Chinese Brands according to their engagement in social media.

State Owned Enterprises (SOEs) especially increased their engagement. Of the six newcomers among the Top 15 brands in social media presence, five were SOEs. The beer brand Tsingtao was the sixth.

In addition, the ranking again confirms a positive correlation between brand value and social media presence. Among the BrandZ™ Top 50 Most Valuable Chinese Brands, the Top 20 brands in social media presence average $10 billion in brand value, compared with an average brand value of $3.9 billion for the other 30 brands.

The social media strategies and campaigns executed by these brand leaders in social media presence reveal several best practices that can benefit Chinese brands looking to use social media more effectively. These best practices include:

- Reach and Impact: Aim to drive both audience reach and impact to fully enhance campaign value. As with traditional media, social media marketing becomes effective when enough of the right consumers see the communication and are positively impacted.
- Targeted Focus: Focus whatever social media tactic is used—online video, micro-site, Weibo or Weixin—on consumers with affinity for the brand. Those unfamiliar with the brand are less likely to invest time on the brand's deeper level engagement activities.
- Holistic Approach: Select the tactic or tactics that best meet the objectives of reaching the targeted audiences and having the greatest impact. A structured, holistic approach to social media will build brands most effectively.

For this 2013 report, we expanded the social media ranking to the Top 20 from the Top 15 last year. The methodology for creating the ranking remains the same. It's based on a Social Media Index developed by Millward Brown using BrandZ™, the world's most extensive consumer research database. The Social Media Index is based on responses from social media users who are also relevant category consumers for each brand. The Index comprises three measures:

1. FanZ: The percent of consumers who claim to be a fan/follower and keep up with the brands via social networks
2. Digital Brand Presence: The percent of consumers who have seen, heard or read about the brand online recently
3. RecommenderZ: The percent of consumers who are likely to recommend a brand

The Social Media Presence ranking is based on a combined view of social media from Millward Brown BrandZ™ consumer research and CIC, China's leading social media research firm. CIC corroborated the Social Media Index findings by looking across both social networking sites (Renren) and leading microblog platforms (Sina and Tencent) to evaluate each brand's fan followership (number of followers), brand passion for interacting with customers (number of brand-initiated tweets) and brand related buzz (number of brand-related tweets).

Only brands in the BrandZ™ China Top 50 were included in the Social Media Presence ranking. All portals, social networking sites and e-commerce sites were removed, since consumers use these platforms to engage with brands in the digital space. The removed brands include Baidu, Renren, Sina, Sohu and Tencent. CIC data includes verified brand accounts (including top sub-brands) on each social media platform as of the end of August 2012.

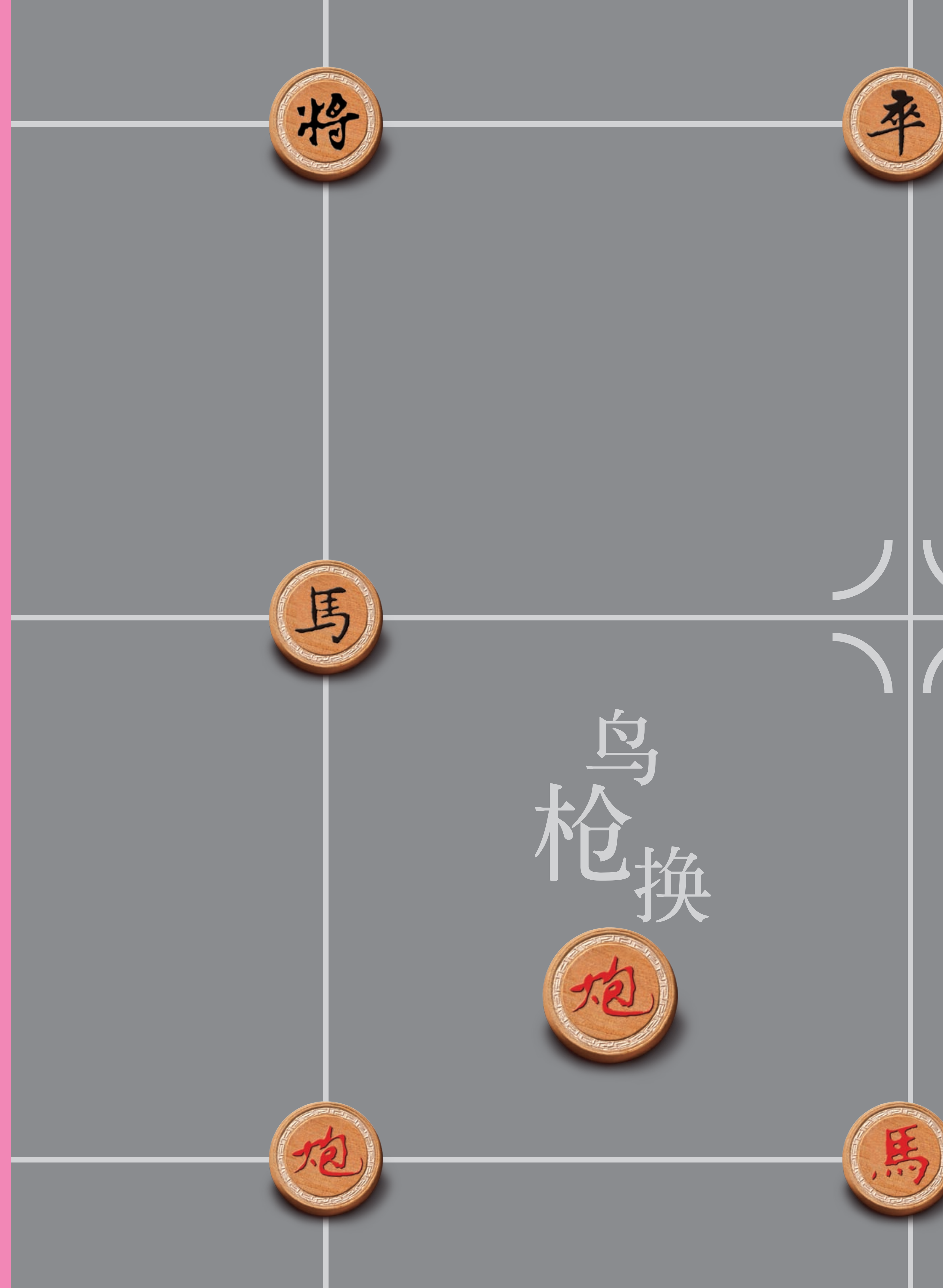
The Top 20 in Social Media Presence

2013 Rank	Brand	Category	2012 Rank
1	China Mobile	Telecom Providers	2
2	China Telecom	Telecom Providers	1
3	Ping An	Insurance	9
4	Construction Bank of China	Financial Institutions	N/A
5	China Southern Airlines	Airlines	5
6	Suning	Electronic Retail	7
7	Mengniu	Food & Dairy	4
8	Petrochina	Oil & Gas	N/A
9	China Merchant's Bank	Financial Institutions	N/A
10	Tsingtao	Beer	N/A
11	Lenovo	Technology	10
12	Sinopec	Oil & Gas	N/A
13	Bank of China	Financial Institutions	N/A
14	Air China	Airlines	8
15	China Unicom	Telecom Providers	11
16	Metersbonwe	Apparel	N/A
17	Li Ning	Apparel	12
18	Yili	Food & Dairy	15
19	ICBC	Financial Institutions	N/A
20	Gome	Electronic Retail	6

Source: BrandZ™ / Millward Brown, CIC

PART 4

Resources



BrandZ™ Valuation Methodology

Introduction

This introduction answers three questions: Why brand is important; why brand valuation is important; and why BrandZ™ is the definitive brand valuation tool.

Brands embody a core promise of values and benefits consistently delivered. Brands provide clarity and guidance for choices made by companies, consumers, investors and others stakeholders. Brands provide the signposts we need to navigate the consumer and B2B landscapes.

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.

BrandZ™ is the only 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™.

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 Worldpanel. 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 the 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

We now have the value of the branded business as a proportion of the total value of the corporation. 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 rational factors that influence the value of the branded business, for example price, convenience, availability and distribution.

Because a brand exists in the mind of the consumer, we have to assess the brand's uniqueness and its ability to stand out from the crowd, generate desire and cultivate loyalty. We call this unique role played by brand, Brand Contribution.

BrandZ™ is the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide on going, in-depth quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and country-by-country basis. Our research now covers over two million consumers and more than 50,000 brands in over 30 countries.

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 exit.

Eligibility Criteria

Along with high value, the brands ranked in the the BrandZ™ China Top 50 ranking also meet these criteria:

They are publicly traded, report positive earnings and were formed by a mainland China enterprise.

The financial institutions category includes only banks that derive at least 20 percent of their earnings from retail banking.

The telecom providers category includes land line, wireless, cable and Internet businesses to reflect the convergence happening in the category.

Finally, the availability of more data each year helps improve each successive annual ranking.

The BrandZ™ Distinction

The BrandZ™ brand valuation methodology by Millward Brown Optimor produces the world's most robust and reliable ranking of brand value for these reasons:

1. The BrandZ™ methodology uses consumer-level research—funded every year by WPP—to identify how brand influences purchase decisions. Other rankings rely on subjective opinion or the views of an "expert" panel.

   This means that our measure of Brand Contribution is the only one that is entirely objective and consumer based.

2. The BrandZ™ research methodology has been in use since 1998 and has been sales validated.

   This means that the causal links between brand strength, sales and profit have been proven over time.

3. BrandZ™ is the world's most comprehensive source of brand equity knowledge and insight.

   This means it has unparalleled ability to provide a validated and benchmarked understanding of Brand Contribution, what it is, what it means, and what it represents for a brand.

Index of the BrandZ™ China Top 50

BrandZ™ on the Move

Free apps for smart phones, tablets and iPad magazines

Get the BrandZ™ Top 100 Most Valuable Global Brands, the Latin America Top 50, the China Top 50 and many more insightful reports on your smart phone or tablet.

To download the apps for the brand rankings go to www.brandz.com/mobile (for iPhone and Android). The iPad interactive magazine BrandZ™ Top 100 packed with exclusive content is available from the Apple App store (search for BrandZ 100).

BrandZ™ is the world's largest and most reliable customer-focused source of brand equity knowledge and insight. To learn more about BrandZ™ data or studies, please visit www.brandz.com, contact any WPP Group company or contact:

Peter Walshe
Global BrandZ™ Director
+44 (0) 1926 826 213
peter.walshe@millwardbrown.com

Elspeth Cheung
Head of BrandZ™ Valuation,
Millward Brown Optimor
elspeth.cheung@millwardbrown.com

ValueD: Balancing Desire and Price for Brand Success
An index based on BrandZ™, ValueD measures the gap between the consumer's desire for a brand and perception of the brand's price. It helps brands optimize sales, profit and positioning. Complete information is available from WPP companies.

The Chinese Golden Weeks In Fast Growth Cities
With research and case studies the report examines the shopping attitudes and habits of China's rising middle class and explores opportunities for brands in many categories. For the iPad magazine search Golden Weeks on iTunes.

The Chinese New Year in Next Growth Cities
The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China's Lower Tier cities. For the iPad magazine search for Chinese New Year on iTunes.

Beyond Trust: Engaging Consumers in the Post-Recession World
An index based on BrandZ™, TrustR measures the extent to which consumers trust and are willing to recommend individual brands. High TrustR correlates with bonding, sales and brand value. Complete information is available from WPP companies.

BrandZ™ Top 50 Most Valuable Chinese Brands 2013
The report profiles Chinese brands, outlines major trends driving brand value growth and includes commentary on the growing influence of Chinese brands at home and abroad. Go to www.brandz.com/mobile.

BrandZ™ Top 50 Most Valuable Latin American Brands 2012
The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia and Mexico and explores the socio-economic context for brand growth in the region. For the iPad magazine search BrandZ Latin America on iTunes.

The Top 100 Most Valuable Global Brands 2012
The report includes brand valuations and profiles of key categories along with analysis and insights about building and sustaining strong brands worldwide. For the iPad magazine search BrandZ 100 on iTunes.

WPP Resources

WPP is the world's leading communications services group, providing national, multinational and global clients with advertising; media investment management; consumer insight; public relations & public affairs; branding & identity, healthcare communications, direct, digital, promotion & relationship marketing and specialist communications. WPP companies provide communications services to clients worldwide including 340 of the Fortune Global 500; 64 of the NASDAQ 100 and 28 of the Fortune e-50. Collectively, WPP employs over 162,000 people (including associates) in 3,000 offices in 110 countries.

www.wpp.com

Credits

Research, Insight and Analysis, Editorial, Photography and Production

Elspeth Cheung is head of BrandZ™ valuation for Millward Brown Optimor. She is responsible for research, analysis and external communication for the BrandZ™ rankings and other brand strategy engagements.

Amanda Harrison serves as communications assistant for the Store WPP and project manager for the BrandZ™ Top 50 Most Valuable Chinese Brands 2013 study as well as the Pioneer Studies series that includes the Chinese New Year and Golden Weeks reports.

Karen Jones manages the marketing and communications of the BrandZ™ projects at Millward Brown, liaising with contributors worldwide and coordinating production.

Cecilie Østergren is a professional photographer, based in Shanghai, who has worked closely with WPP agencies since 2009, and currently produces documentary consumer research for Added Value. She's traveled extensively to photograph images the for BrandZ™ reports. In collaboration with Danish book publisher Politikens Forlag she's photographed travel books about India, Greece and Denmark, her native country.

David Roth is the CEO of the Store WPP for Europe, the Middle East and Africa (EMEA) and Asia and leads the BrandZ™ worldwide project. He has been associated with China for the past 18 years and advises many companies and retailers on their China entry strategy and the changing Chinese consumer. Prior to joining WPP David was main board Director of the international retailer B&Q.

Ken Schept is a professional writer specializing in articles and reports about brands, marketing and retailing. He began his career as a reporter and editor for a leading US publisher of business journals and developed international publications, research, conferences and study tours before starting his own editorial business.

Lucia Su is Knowledge Management Manager at Millward Brown. She helps consolidate and summarize Millward Brown's market research learning through case studies, independent hot-topic studies, and cooperative studies with other organizations.

Peking Tan is R&D Director of Millward Brown Greater China. He leads innovation, developing and standardizing several data analysis and market research models, through the integration of IT, data mining and cognitive science.

Peter Walshe, Global Director of BrandZ™, was involved in the creation of this brand equity and insight tool 15 years ago, and has contributed to many valuation studies and developed BrandZ™ metrics, including CharacterZ, TrustR and ValueD.

Doreen Wang, Millward Brown Head of Client Solutions Beijing, has extensive experience providing branding research and consulting services and often is invited to share her knowledge at prestigious forums, including the China Ministry of Commerce and the Cambridge University Judge School of Business.

Sirius Wang is a director at Millward Brown and leads new solution development and implementation in Greater China. He has extensive experience in brand building and uses this to provide unique insights into his current role.

Christine Zhang, Associate Marketing Director, Millward Brown China, is responsible for marketing development of Millward Brown in China and enhancement of the agency's awareness and impact on the industry and clients.

Specialized Analysis and Insight

Brad Burgess is Associate Director Burson-Marsteller China and oversees the Burson-Marsteller Leadership Institute and strategy and execution for B-M China's marketing and thought leadership. A native of the United States, Brad is fluent in Mandarin and literate in Chinese.

Lyndon Cao heads Ogilvy's Global China Practice and is responsible for developing synergies with Ogilvy's worldwide resources to help build China's emerging global brands.

Mickey Chak is Chief Planning Officer of Ogilvy & Mather Group China. As a planner, he has been working on a variety of brand development and communication projects covering different categories, including international and local clients in the China market.

Leon Chen is the Managing Director of Maxus Greater SH & Head of Strategy of Maxus China. In addition to managing all client business, he is in charge of the communication strategy for all key accounts of Maxus China, and also the integration of online and offline.

Becky Cheung is Corporate Marketing & Communications Director of CTR Market Research. Her responsibilities include client-experience driven seminars, media relations, advertising promotion, web and the corporate programs to ensure consistency of brand messaging in all marketing collateral and media.

Sacha Cody is Head of Client Solutions with Millward Brown Shanghai and leads client development. An Australian, he has lived in China for 10 years and has witnessed vast changes in China during this time.

David Friesen is a writer and editor originally from the UK who has been living in China since 2005. His current roles include Managing Editor of China-Britain Business FOCUS, Copy Editor for LittleStar magazine and contributor to Global Times and CKGSB Knowledge.

Benoit Garbe is Managing Director of Millward Brown Optimor of Greater China, Africa, the Middle East and Asia (AMEA) and the Pacific region. Benoit leads key global brand strategy assignments and on-going business development initiatives for Optimor.

Haze He is Research Executive in R&D for Millward Brown ACSR. She works on brand research and analysis and new solution development in China. Currently, she is based in Shanghai.

Tina Hu is General Manager of Consulting Services at CIC. Using social media insights and intelligence, she helps clients develop, design and deploy customized social business solutions.

David Johnson has 17 years' experience in strategic planning, including four years in China, working across both creative and media agencies. Presently, he is working for Mindshare in its Beijing office across a portfolio that includes both Nestlé and Artistry.

Darryl D. Juinio is General Manager for Y&R Shanghai where he oversees client management.

Paul Lin leads the Planning Team at Wunderman AGENDA Shanghai. He's in charge of insight, strategy and innovation development for multinational clients who are looking to reach Chinese netizens and to understand their online behavior across the digital ecosystem.

Jane Liu is a researcher at the Analytics & Insight department at MEC China. She works on Chanel, H&M and Ikea. She is currently working on white papers exploring how Chinese brands (both mass and luxury) can move into the international arena.

Jinghuan Liu is an Associate Director of Qualitative Research at Oracle Added Value. She has extensive experience with clients both in China and in North America. She specializes in research with women and children and integrating technology into the process of studying consumer behavior.

Carey Loh is the General Manager of MEC Beijing. In the last two years, he has led Microsoft's global Windows media campaign in China.

Theresa Loo joined MEC China in March 2010 as head of Strategic Planning, Analytics and Insight. She has a broad remit to develop MEC's strategic planning and analytic and insight product across MEC's three offices in China.

Ada Luk is a Group Account Director at Shanghai ACSR Millward Brown. She leads her team to provide her clients with branding consultancy and quantitative research expertise in Greater China.

Peter Mack, Landor Associates Executive Director of Marketing, is responsible for strategy, new business development and thought leadership development for Landor, and for client relationship management of key clients throughout Greater China.

Chris Maier is Millward Brown Media and Digital Director for China. He has been with Millward Brown for nine years, in the US, Europe and Asia.

Dominic Ng is Managing Partner for MediaCom. He is responsible for driving the development of new business as well as the marketing of the MediaCom brand in China.

Melinda Po is Director of Client Service at AKQA Shanghai. She develops business solutions and integrated digital marketing strategies including digital, CRM, social research, search and mobile.

Scott Pollack is the Senior Strategy Director for Wunderman China with responsibility for driving innovation and enhancing strategic thinking and solutions across the Wunderman offices in China.

Chirantan Ray is the Deputy Managing Director of Millward Brown Shanghai. Chirantan leads the Unilever North Asia relationship at Millward Brown and helps Unilever build strong brands by providing innovative and leading edge work.

Azhar Shah, a Millward Brown market researcher, has successfully helped to grow some of the biggest brands in the world over the past 10 years, both in research agency and client-side planning roles spanning brand, communications and innovation.

Sophie Shen is General Manager of Media and Consumption Behavior at CTR. She is responsible for the CNRS-TGI Survey as well as the China Business Executive Survey and China Top Lady Survey.

Albert Sim has over 20 years of marketing research experience in Malaysia and China. For the past seven years, Albert has led the Millward Brown Beijing office as Managing Director. He previously managed the Millward Brown Shanghai office and has hands-on experience in both quantitative and qualitative research.

Ivy Soonthornsima is the Managing Director of Hill+Knowlton Strategies Shanghai. A 20-year communications veteran who specializes in communications strategy, brand building and risk and crisis management, Ivy is responsible for driving growth and managing business operations for the Shanghai office.

Jason Spencer is the Managing Director of the Millward Brown office in Shanghai. He has worked in China, Hong Kong and Taiwan for close to 20 years, is fluent in Mandarin and is a two-time winner of WPP's Atticus award.

Scott Spirit is the Chief Strategy Officer for WPP. Based in Shanghai, he has a global role developing corporate strategy and implementing WPP's focus on new media, new markets, consumer insight and collaboration.

Will Towler, Group Account Director with Millward Brown, Shanghai, has been helping organizations drive sustainable growth through market intelligence for over 15 years. His experience spans consumer and shopper insights, retail and channel research, and advanced analytics.

Lily Tung Managing Director of OgilvyOne Beijing, oversees key clients and agency business development. She focuses on fostering outstanding creative and effective work with the ultimate goal of gaining trusting and long-lasting relationships with clients.

Serene Wong is Kantar Global Account Director where her role is to help key clients connect the dots and leverage the best assets from the Kantar Group of companies, bring across the right expertise and best talent to work on their business issues and contribute to their growth ambitions.

Vivian Ying is Research Manager for CIC. She develops social media research standards, workflow, and innovation of data analysis, methodology and models, through the integration of traditional research, information technology, advanced text mining, and other emerging science.

Ivan Yuen is the Managing Director of Grey Beijing. A veteran with over 20 years of agency experience, Ivan is currently overseeing Mengniu, Tencent, GSK, and driving new business development.

Jason Zhang is Director of Consulting at Kantar Retail. He specializes in go-to-market strategy, channel strategy and capability building.

Suki Zhao is Senior Consultant for Hill+Knowlton Strategies. She specializes in brand communication, event management and media relations within the Marketing Communications team. She provides strategic counsel on integrated marketing communications, sponsorship activation and develops proposals for consumer, lifestyle, finance and investment banking, luxury and fashion brands.

With Appreciation

These Millward Brown China directors and their colleagues supplied knowledge and insight about the categories summarized in this report: Chirantan Ray, Tiger Shang, Susan Yan, Norman Yao, Derek Dong, Elaine Su and Lucy Yu. The summaries also benefited from the input of these colleagues at Kantar Worldpanel: Peter Lee, Gladys Yang, Justin Cook, Rachel Lee and Sam Zhao.

WPP Company Contributors

These companies contributed the thought leadership and best practice commentaries that appear in this study.

CIC

CIC is China's leading social business intelligence provider, enabling businesses to fully leverage the power of social media and IWOM (Internet Word of Mouth) intelligence across the organization. Since 2004, CIC has pioneered the industry by providing social media research and consulting services, and technical dashboard and solutions. As the thought leader, CIC has continued providing Trend Watch and White Papers to make sense of Chinese social media, IWOM and best practices. CIC is a member of WPP's Kantar Media, the media research and insight division of Kantar.

www.ciccorporate.com
marketing@cicdata.com

CTR

CTR is a leading market information and insight provider in China. It specializes in media and advertising, shopper purchase and usage, audience and consumer behavior research. Its local expertise coupled with 17 years of unparalleled experience enables CTR to transform data into valuable insights, which inspire clients to make more effective decisions in the rapidly evolving Chinese marketplace.

www.ctrchina.cn

Sophie Shen
General Manager
Media and Consumption Behavior
sophie_shen@ctrchina.cn

MEC

MEC delivers value by creating, implementing and measuring communication solutions that actively engage people with brands. The company offers expertise in these areas: media planning and buying; digital media; search; performance marketing; social media; analytics and insight; sport, entertainment and cause; multi-cultural; content; retail and integrated planning. The company's 4,000 highly talented and motivated people work with domestic and international clients in 84 countries. MEC is a founding partner of GroupM.

www.mecglobal.com

Michelle Yang
Managing Director
Michelle.Yang@mecglobal.com

Grey Group

Grey Group ranks among the world's top advertising and marketing organizations. The company operates in 154 cities in 96 countries with 10,000 employees and serves one-fifth of the Fortune 500 under the banner of "Grey Famously Effective Since 1917."

www.grey.com

Ivan Yuen
Managing Director
Ivan.yuen@grey.com

Millward Brown

Millward Brown is one of the world's leading research agencies and is expert in effective advertising, marketing communications, media and brand equity research. Through the use of an integrated suite of validated research solutions—both qualitative and quantitative—Millward Brown helps clients build strong brands and services.

www.millwardbrown.com

Sacha Cody
Head of Client Solutions Shanghai
Sacha.Cody@MillwardBrown.com

Doreen Wang
Head of Client Solutions Beijing
Doreen.Wang@MillwardBrown.com

Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world, providing a range of marketing services including: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; and healthcare communications. Ogilvy & Mather services Fortune Global 500 companies as well as local businesses through its network of more than 450 offices in 120 countries.

www.ogilvy.com

Lyndon Q. Cao
Director, Global China Practice
lyndon.cao@ogilvy.com

Wunderman

Advertising Age ranks Wunderman as the Number 1 digital and Number 1 Customer Relations Management (CRM) agency in the world. Wunderman has 170 offices in 60 countries and specialist teams in social, mobile, data and analytics that add depth and breadth to a full range of digital and direct client solutions.

www.wunderman.com

Steve Hsia
CEO, AGENDA Group
COO, Wunderman Asia/Pacific
Steve.Hsia@wunderman.com

WPP in China

We help build valuable brands.

WPP in China employs over 14,000 people in Beijing, Shanghai, Guangzhou and many other cities and provinces. Our areas of expertise include: advertising, branding and identity, digital, insight and consultancy, public relations, promotion, marketing, media, retail and shopper marketing. We provide the knowledge and implementation necessary to understand China and build and sustain brand value. To learn more about how to apply this expertise to benefit your brand, please contact any of the WPP companies that contributed to this report or contact:

Scott Spirit
Global Chief Strategy Officer
sspirit@wpp.com

TB Song
Chairman for Greater China
tbsong@wpp.com

Belinda Rabano
Head of Corporate Communications
brabano@wpp.com

For further information about WPP companies worldwide, please visit:
www.wpp.com/wpp/companies

or contact:

David Roth
CEO The Store WPP EMEA and Asia
david.roth@wpp.com

The increasing sophistication of the Chinese consumer challenges all brands to remain relevant. Every brand has its own story. To watch short individual brand videos containing unique content about China, and to learn more about the BrandZ™ Top 50 Most Valuable Chinese Brands 2013, please scan this QR code, or go to http://thestorewpp.tv/china50.