

Charming Shandong, Hometown of Confucius

Brand strategy boosts Shandong prosperity

By **JU CHUANJIANG** AND
WANG QIAN

The rise of its well-known branded products and the growth of its industrial clusters have played a crucial role in promoting Shandong as China's second most prosperous province with a 2008 GDP of 3.11 trillion yuan.

Commenting on its success, Wang Junmin, vice-governor of the province, said: "Shandong province is the home to many famous brands in China. The government has successfully implemented a number of brand strategies, all of which enhance the competitiveness of its local products in domestic and overseas markets. They have also provided a dramatic boost for the province's economy".

Shandong has cultivated a range of well-known brands across several sectors, including manufacturing, innovation, and culture, as well as successfully enhancing its own urban profile. The brand strategy has become one of the key engines for driving the province's economic growth.

Guo Dalei, an officer with the Shandong Bureau of Technical Supervision, said: "During the 1990s, Shandong was a pioneer in promoting brand awareness in China. In October 2002, the Shandong Famous Brand Strategy Promotion Committee was established and initiated its long-term strategy.

"By the end of 2008, the number of famous brands originated in the province ranked the third in China. Currently, Shandong is home to 266 leading Chinese brands, 1,479 leading Shandong brands, 134 Chinese famous trademarks, 1,676 well-known Shandong trademarks and 203 respected brands in the service sector. Haier refrigerators and washing machine were recently recognized as global-level Chinese brands, two of only 10 Chinese brands to be awarded this distinction."

A large number of world-renowned branded products and businesses have their roots in the province, including Haier, Hisense, Inspur, SinoTruk and Tsingtao beer. In addition, 32 products have acquired the rights to assert their geographical origin, including Yantai apples, Longkou bean vermicelli, Zhanhua winter jujube, Rizhao green tea and Weifang radish.

These recognized brands significantly boost the competitiveness of products made in Shandong in the domestic and overseas markets. According to official statistics, by the end of 2008 the sales revenue of famous-brand businesses accounted for 25.1 percent of turnover of all companies above a certain size across the province, although the number of companies in the sector only accounted for 3.1 percent of the total.

The growth of the branded

goods strategy has promoted industrial restructuring across the province and driven the development of its hi-tech manufacturing industry.

Apart from branded products and services, the local government has also sought to build the brand of the region and its cities. In Shandong, 64 percent of its most well-known brands are focused in four cities - Weifang, Yantai, Qingdao, and Weihai.

Assessing the success of the strategy, Zhang Dekuan, a press spokesman for the Shandong provincial government, said: "The provincial government has put forward a series of effective measures to promote brand development. Many preferential policies have been put in place to support brand-friendly businesses in the fields of commerce and technological transformation as part of a bid to enhance their competitiveness."

A new round of economic development plans has seen 422 goods placed on the list of key supported products, accounting for 67.2 percent of the total.

The significant efforts made in developing branded products has spurred business innovation and has driven the establishment of a number of world-famous industrial clusters.

Among these industrial clusters are Qingdao home appliances, Yantai wine, Longkou vermicelli, Guangrao



Celebrating the success of its branded goods strategy: local officials gather to mark domestic and overseas success in Shandong.

tires, Zibo ceramics, Linqu aluminum alloy sections, Linshu compound fertilizer and a number of others. In Qingdao, "Haier" has become China's largest home appliances industrial cluster, with 18 leading Chinese brands and 460 supportive manufacturing enterprises.

These achievements have made the authorities in Shandong realize that implementing brand strategy is a key means of weathering the financial crisis and revitalizing the province's economy. Its 2009 development plan calls for the province to develop 350 leading Chinese brands, 1,800 leading

Shandong brands and establish 50 world-class production centers within three years.

Over the next five years, Shandong is set to focus on fostering 200 globally-recognized branded businesses across nine sectors, including iron and steel, automobiles, shipbuilding, petrochemicals,

light industry, textiles, non-ferrous metals, equipment manufacturing, and electronic information.

The province is also committed to supporting 58 leading industrial clusters, in a bid to cultivate a raft of high-quality production centers and create a range of regional brands.



Foreign visitors enjoy a guided tour of Foton's state-of-the-art production line. The company's self-developed and self-branded products include agricultural equipment, notably its combine harvester and tractor, proving export winners.

Ju Chuanjiang

Proprietary exports soar in 2009

By **ZHAO RUIXUE**

Shandong generated \$56.42 billion from exports during the first three quarters of this year, \$8.46 billion of which was accrued by branded products developed by businesses in the province. According to the Shandong Statistical Information Net, self-developed brands are playing an increasingly significant role in the province's foreign trade.

These self-developed and self-branded products include Foton's agricultural equipment, notably its combine harvester and tractor. The first

10 months have seen the company sell 7,000 sets of these to overseas purchasers.

This success has brought home to authorities in Shandong that cultivating proprietary brands is the key to the province's sustainable development of foreign trade.

Statistics from the Shandong department of commerce show the province has spent more than 25 million yuan on brand-building initiatives in a bid to establish the province's own-label presence in domestic and overseas markets and to further enhance its competitiveness.

Another five globally-recog-

nized brands are set to be introduced by 2010 according to Shandong's development plan. The number of companies now engaged in brand development has seen an average growth of five percent over the past five years. Twenty percent of the export-oriented companies now have their own-brands.

These own-brands cover a wide range of sectors, including textiles, mechanical products and food. Currently Shandong is focusing on developing 146 export-oriented enterprises with an own-label presence.

One of the pioneers in this sector is the China National Heavy Duty Truck Group Corp, which has enhanced its competitiveness in overseas market by investing in its independent innovation capability.

As part of its profile raising activity, the company has introduced the "SinoTruk" trademark. This marque is now used on a global basis, including its adoption by the company's 20 overseas distribution agencies and four assembly plants.

As well as the trademark, the company has independently developed more than 760 types of trucks in order to meet the local requirements of the domestic and overseas markets.

This year has already seen the company sell more than 20,000 trucks to overseas

purchasers, an endorsement of the success of its design and research centers, manufacturing bases and distribution agencies in 30 countries across the world. The company sees this as a sign of the success of its new global brand.

Export-oriented brands have naturally triggered export-oriented industrial clusters to develop. Currently, Shandong is home to several such clusters, representing global competitiveness in fields such as home appliances (Qingdao), home textiles (Wendeng) and tire manufacturing (Guangrao).

As an agricultural stronghold, Shandong has made a considerable effort to boost the export of its food and farm produce. This saw the province achieve agricultural exports of some \$9.3 billion last year. A total of \$1.48 billion worth of vegetables were sold overseas during the first three quarters of this year in Shandong, representing a year-on-year growth of 10.5 percent.

One successful example in this sector is the Longda Foodstuff Group Co Ltd, which sells 70 percent its products to more than 20 countries and regions across the world, including Japan, Korea and Germany. Longda is now a well-known food brand in Japan.

Urban branding bonanza proves tourism magnet

By **JI YUAN** AND
JU CHUANJIANG

Cities throughout east China's Shandong province have launched a charm offensive, aimed at building their national and global profiles.

The Shandong Peninsula is the epicenter of this ongoing branding process, which has already seen the city of Qingdao designated as one of China's Top Ten Branded Cities at the Third China Brand Festival. It was granted the title of Most Famous Branded City in China in November 2005. Now it is poised to become one of the world's most well-known cities.

Qingdao won the accolade through being the home to two of the world's most famous brand names, 69 of China's most well-known trade name and 36 leading Chinese brands, which together account for 25.1 percent of Shandong's turnover. It is now China's second-largest city for well-known brand-name products, number two only to Shanghai.

As the host city of the 2008 Olympic sailing events, Qingdao is building on its reputation as China's "Sailing City". The city now attracts more than 35 million visitors a year according to its own figures and sells 400 billion yuan branded products to domestic and foreign markets annually.

More than 50 cities in Shandong province are now seeking to brand themselves through cultural festivals, sport events and economic expos. Shandong has seen a spectacular growth in its urban branding sector.

Jinan, the capital city of Shandong and the setting for the 11th National Games, has branded itself as "the city of springs". It is the city with the most springs in China, with some 560 scattered across its landscape. Some 140 are concentrated in the downtown area and many have been historically listed under the "72

Famous Springs" initiative.

A total of 140 billion yuan over the past four years was invested as part of the run-up to the National Games, giving the city a totally new look.

The coastal city of Yantai, as the "International Grape and Wine City", is permeated with the heady bouquet of its most well known product. Its grape wine's 110-year history created the world's seventh "grape coast". Some 50 percent of China's wine is produced here and more than 50 well known wine brands have branches in the city. The Yantai International Wine Festival, held every two years, attracts some of the world's leading wine exhibitors.

Weifang is known as the "International Kite Capital". In 1984, the first International Kite Festival was held here. Since then, Weifang has held an International Kite Festival every year.

Centered around Mount Tai, the city of Tai'an has now held 23 International Climbing Festivals and established a mountain-alliance with other world famous mountains across the world, including Mount Fuji.

Zibo, whose ceramic connections date back more than 8,000 years, is renowned as the "capital of ceramics" due to its associations with the porcelain

and ceramics industry. The annual China (Zibo) International Ceramics Exposition highlights the city's ceramic output, currently exported to more than 70 countries and regions.

Qufu, known as Confucius' hometown, now stages the China (Qufu) International Confucius Cultural Festival every year in order to commemorate China's greatest thinker and educator. The sage has bestowed the city the reputation of being the "Eastern holy city" and sees it attract four million tourists every year.

Weihai, a coastal city in the province, attracts increasingly large numbers of residents from South Korea and Japan due to its high quality of life and optimum business environment.

Dezhou, known as the "sun city", has seen its solar energy industry expand by 20 percent each year. Its solar water heaters now account for 70 percent of the Shandong market. Officials in Dezhou now envisage an output of 50 million yuan from the solar industry by 2010, accounting for one third of the domestic market.

The growth of its branded cities has boosted tourism and investment in Shandong province. More than 200 international expos are now held annually in 10 cities of the Shandong Peninsula.



Luthai Textile Co Ltd, located in Shandong province, is a high grade yarn dyed fabric producer whose production lines include cotton planting, spinning, dyeing, weaving, finishing and shirts sewing at one point.



Qingdao beer: a branded product boosting the local economy.