

PORKBRAND

WP3: Collaboration between producers and channel partners around the branding of pork

Report

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This report is an outcome of the third work package in the PorkBrand project (2019-2020), which is funded by Svineafgiftsfonden (*Muligheder for branding af dansk grisekød på det kinesiske marked*). The project is led by Klaus G. Grunert with participation of Yanfeng Zhou, Hanne Kragh, Karen Brunsø, Stephan Zielke, Maartje Mulders and Susanne Pedersen. The advisory board consists of Søren Tinggaard, Vice President, Danish Crown and Nicolaj Christoffersen, Head of Sector, Danish Agriculture and Food Council. The advisory board has not been involved in writing or commenting on this report.

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1. Introduction

The purpose of the PorkBrand project is to support branding of Danish pork in China by providing knowledge about how Chinese consumers form brand images and develop preferences for pork brands across sales channels, how the different channel intermediaries perceive branding of pork and cooperation with pork producers. Furthermore, the project seeks to identify the pros and cons for different branding strategies and come up with recommendations for cooperation strategies with Chinese stakeholders. The short-term aim is to improve the basis for decisions on export strategies for Danish pork, so that Chinese consumers will establish preferences and a willingness to pay a premium. The longer-term aim is to continue the growth of Danish export of pork to China based on stable preferences among the Chinese consumers.

The first work package provided knowledge about the major brands currently on the Chinese market, their positioning and the currently used branding practices on the Chinese market. The second work package used focus groups and an online survey to investigate the current brand image for major pork brands among Chinese consumers as well as differences in brand image according to sales channels used and interaction with different touchpoints across the customer journey.

The third work package focuses on the different channel intermediaries between pork producers and consumers. The aim is to gain insights into the activities and opinions of Chinese channel actors within the retail and the food service channels in order to understand the motivation and competencies for collaboration around the branding of Danish pork within these channels. This is done by the means of qualitative interviews with different types of channel actors.

1.1. Covid-19-related limitations

This work package has been severely affected by the Covid-19 pandemic. As the study is based on interviews with different Chinese channel actors, the original plan was for the researchers from Aarhus University to travel to China to conduct the interviews together with the research partner from Sun Yat-sen University. Due to travel restrictions, this was not possible, and instead the researchers from Aarhus University had to orchestrate the study from Denmark and were not able to take part in the interviews. In order to maintain control over the study, we decide to change the somewhat

complex scenario-based design to a more ordinary interview-based study. Still, the reader must be aware of a number of limitations of the study. These are detailed in section 3. *Methods*.

2. Background

There are different potential channels connecting pork producers with Chinese consumers. The most important channels are illustrated in Figure 1¹.

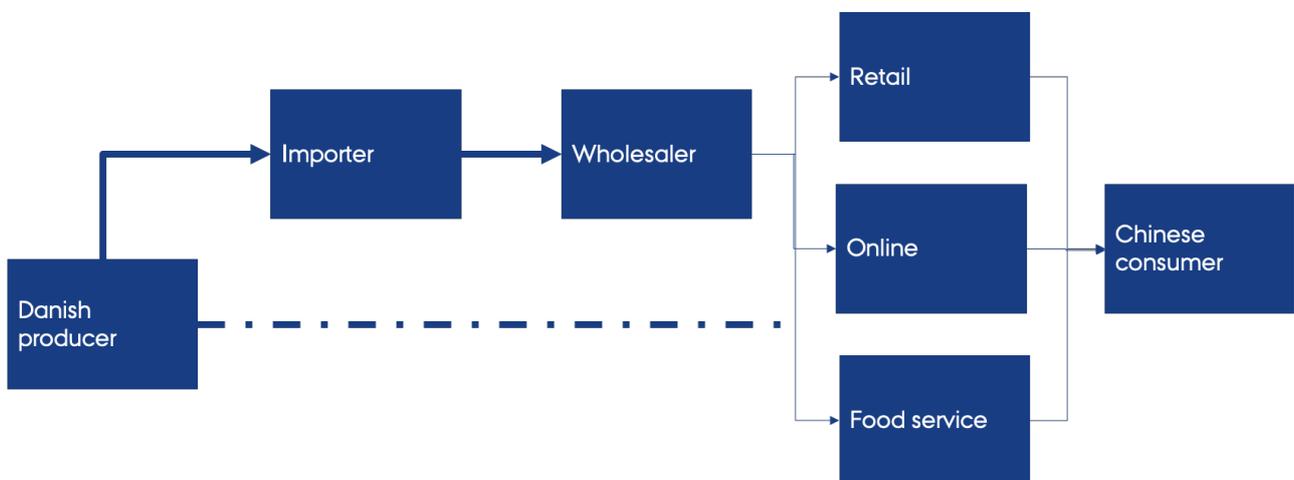


Figure 1. Overview of marketing channels for foreign pork in China.

All channels use one or more intermediary actors to reach the consumer, but the length of the channels vary. A common channel is for foreign pork producers to sell to importers in China. These importers will then typically sell to wholesalers or sometimes directly to firms at the retail or food service level. An alternative to selling through importers is to approach the retail and food service level directly, which requires the producer to take over activities performed by importers and wholesalers and to build up relationships directly with retailers and food service companies. This work package has investigated branding of pork at the retail/food service level of the marketing channel including the relationships between pork producers and retailers/food service companies.

¹ Wet markets are an additional important sales channel for pork. However, as pork is most often sold unbranded in wet markets, this channel is not included.

Many brands require the support of local marketing channels in order to reach international consumers (Glynn, 2009; Gupta, Foroudi, & Yan, 2018). These channels often involve resellers, who are typically also dependent on their own brands for success and sometimes these brands may even play a more important role than the brand of their suppliers (Glynn, 2009). This is the case for instance with retailers and food service companies, who first and foremost manage the brands of their stores and restaurants and who work with producer brands within their own branded context. Producers seeking to brand their products through such resellers must therefore not only manage their own brands in the eyes of consumers and towards resellers but must also be aware of the resellers' branding activities and priorities (Glynn, 2009).

A producer's brand can benefit retailers in different ways (Glynn, Motion, and Brodie, 2007). In addition to *financial benefits* related to e.g. price premiums and profit margins, Glynn et al. (2007) point to *customer benefits*, which covers the ability of a producer brand to satisfy the demands of the retailer's customers; and *managerial benefits* including the producer's support of the retailer in terms of e.g. category development and promotion. These benefits result in relationship outcomes such as brand satisfaction, commitment to the brand, trust in the brand, dependence on the brand and cooperation with the producer (Glynn et al., 2007). Decisions made by retailers influence the performance of a producer's brand. For instance, decisions regarding shelf space, display location and promotion in general can impact consumer choice. Retailers' decision-making processes depend, among other things, on product category and brand strength (Glynn, 2009).

The ability of producers to promote their brand through resellers requires collaborative relationships (Gupta et al., 2018). Especially for firms with minor brands it is relevant to build strong reseller relationships as a means to get resellers to support their brand (Glynn et al., 2007). At the same time, building such relationships may be difficult for producers owing among other things to the dynamic nature of the interaction between producer brands and resellers, the size and power of retailers; and the presence of competing brands.

3. Methods

The study is based on semi-structured interviews with representatives from the retail channel, the food service channel and pork importers. Each of these channels encompasses a wide range of

different types of actors and there are substantial differences related to the buying and selling of pork within each channel depending on e.g. firm size, firm structure, location, geographical coverage, customer target groups etc. Companies were selected for the study with help from Danish Crown and the research partner from Sun Yat-sen University. Sampling of companies and contact persons were based on convenience sampling and relied on existing contacts and industry knowledge. Whereas we believe the selected companies give an interesting insight into the retail and food service channels, they are by no means exhaustive and a different selection would most likely reveal additional insights.

A semi-structured interview guide was followed covering three main topics of interest: The buying process for pork, the branding of pork, and the collaboration between the different types of channel intermediaries and pork producers. The interview guide was made by researchers from Aarhus University and discussed with and translated by the Chinese partner. Two versions of the interview guide were used; one for the retail channel and one for the food service channel. Both versions are enclosed in appendices 1 and 2. For the pork importing firms, questions from the food service interview guide were adapted.

The interviews were carried out in June and July 2020 over Wechat due to Covid-19-restrictions. Whereas the plan had been for researchers from Aarhus University to travel to China to carry out the interviews together with the Chinese partner from Sun Yat-sen University, as described in the introduction, this was not possible. Instead the interviews were carried out by an experienced Chinese professor and one of her PhD students. The interviews were audio recorded and transcribed by a PhD student and a Master student. The interview content was translated and cross checked by two PhD students and two Master students all of whom work with the professor at Sun Yat-sen University. All four had strong English and marketing backgrounds. The data were analyzed using the software program NVivo for qualitative data analysis. All interviews were coded by two different researchers who then discussed their individual interpretations to reach a shared understanding of the data.

Due to the fact that data collection could not be organized as originally planned, the data underlying this work package must be interpreted with some caution. In particular, the reader should be aware of the following limitations. First, the interviews were conducted in Chinese and then translated into English. In some places, this resulted in some ambiguity as to how to interpret the statements. Second, the atmosphere of most of the interviews seems to have been one where answers were kept short and

follow-up questions were rarely asked. This means that for some results we only have an overall impression of the perceptions and attitudes of informants, but not the underlying reasoning and ‘deeper’ meaning behind the statements. Third, for the interviews with importers, these are all customers of Danish Crown, which leads them to talk a lot about Danish Crown in a very favorable way. Some of the limitations above are related to cultural aspects. We have taken the above aspects into consideration when interpreting the data and try to report only the most robust findings.

4. Results

As the results vary between the different types of channel intermediaries, in the following, they will be presented under three headings: Retailers (section 4.1.), food service (section 4.2.) and importers (section 4.3.).

4.1. Retailers

Three types of retailers were interviewed; offline retailers, online retailers, and one imported goods store (i.e. a smaller so called ‘boutique supermarket’). See table 1 (next page) for an overview of informants. In the following, the main findings from the retail interviews will be presented. Differences between the different types of retailers will be pointed out where appropriate.

The following analysis contains a number of quotes from the different informants. It should be noted that these quotes are not verbatim as they have been translated from Chinese to English by a Chinese project assistant and the language has been corrected where needed.

ID	Type ¹⁾	Position	Date	Duration
RC1	Offline supermarket	Fresh Product Purchasing Manager	29 May 2020	20 min.
RC2	Offline supermarket	Store Operator	5 June 2020	55 min.
RC3	Offline supermarket	Store Operator	9 June 2020	35 min.
RC4	Online supermarket	Meat Production Center Manager	17 June 2020	60 min.
RC5	Online supermarket	Protein Purchasing Director	17 June 2020	55 min.
RC6	Offline supermarket	Meat Purchasing Manager	19 June 2020	45 min.
RC7	Offline imported goods store	Fresh Product Purchasing Director	24 June 2020	20 min.
RC8	Offline supermarket	Fresh Procurement Manager	24 June 2020	20 min.
RC9	Offline supermarket	Fresh Food Purchasing Manager	24 June 2020	25 min.
RC10	Online supermarket	Purchasing Manager	24 June 2020	60 min.
RC11	Online supermarket	Meat Purchasing Manager	28 June 2020	45 min.

1) Some of the retailers operate both offline and online. The type indicates the affiliation of the informant. In all cases, this is also the main business area of the retailer.

Table 1. Overview of informants from the retail channel.

4.1.1. Supplier choice

All retailers interviewed for this study sell mainly Chinese pork products. This choice is linked mostly to the availability of a stable supply of high quality, domestic pork and to the fact that imported pork products are almost always frozen and therefore according to many – especially offline – retailers not very well suited for the retail channel (see more in section 4.1.4. *Barriers to branding and cooperation*). Most of the retailers also sell a limited amount of imported pork. One online retailer estimates the split between domestic and imported pork to be 90/10 for the retail channel as such. Among the retailers interviewed, the percentage of imported pork (where stated) varied between 0 and 25%. One online retailer is planning to start selling imported pork because the domestic pork production will not continue to be large enough. One offline retailer also says that frozen meat has been increasing in recent years.

Overall, the online channel sells more frozen pork than the offline channel. An online retailer, that also operates offline, explains the difference like this.

“Firstly, the pork we sell online is mainly imported, frozen pork, because the foreign pork has an advantage in price, besides, the online pork has large packages and it’s more suitable for Western-style cooking. However, the pork we sell offline is more popular with

the public and with better packages, therefore the price of our pork are also higher. Secondly, there is no limitation on the number of shelves online, so there are more kinds of pork online that people may not be able to buy in offline stores.” (RC11)

The role of branded pork by most informants are seen as increasing and on average the share of branded pork in their stores has increased in recent years. In one case, the sales of branded pork is estimated to have gone up from 10 % to 50 % over the last five years. Others confirm the increase, which is linked to the increased buying power and focus on food safety of consumers as exemplified below.

“Customers are becoming more and more receptive to pork brands. There are several reasons. First, their income is higher than before; their awareness of food safety is also higher, so their acceptance of pork brands is higher. Because the price of branded pork is relatively high, the increase of customers’ acceptance of branded pork is related to people’s economic status. Second, the rich people are also more interested in the high-quality pork, and are more willing to buy better pork, that’s because their awareness has changed. Third, the branded pork itself has a good quality, so it can capture a portion of these core customers, and then influence more customers.” (RC2)

As for the imported goods store, they sell mainly branded pork, but carry only 1-2 brands per store as their customers are more interested in buying (imported) beef.

Despite the increase in the share of branded pork sold, there is generally a lack of clear brand distinctions among the retailers and especially many offline retailers do not seem to care about brand as much. This will be discussed in more detail in section 4.1.4. *Barriers to branding and cooperation.*

Three key aspects are mentioned across most interviews as being the most important aspects when choosing suppliers of pork: quality, price and stability of supply/logistics. Whereas quality is important for all retailers, in particular the offline retailers repeatedly refer to quality when talking about choosing and collaborating with pork suppliers. Overall, high quality is associated with Chinese black pig brands and less so with imported pork. According to one offline retailer,

“The reason we don’t like imported pork is that the product quality is average but with a famous brand. Except for the brand difference, the quality of the product is not different from others”. (RC6)

As discussed in section 4.1.4. *Barriers to branding and cooperation*, the offline retailers consistently mention that their customers consider frozen pork to be of a lower quality than fresh pork. Along with quality, all retailers consider price important for the choice of supplier. The quote below illustrates this.

“We are purchasing pork based on price advantage and there is no designated area or brand that we prefer, we purchase pork nationwide because there are not many slaughterhouses in East China.” (RC4)

Furthermore, stability of supply is important across the offline retailers. As stated by one retailer when asked what characterizes a good supplier relationship:

“The first one is pork quality, the second one is stable supply. We think stable supply is very important especially in epidemic situation at present when supply would be more unstable.” (RC9)

Similarly, another retailer replies, *“Stable supply of goods, quality assurance and price advantage.” (RC8)*

For the online retailers, the above factors are also important, but they report being even more concerned with delivery and logistics aspects. This concern is related to the challenges of managing the long supply chain from pig farmers to consumers in the case of e-commerce. One online retailer explains,

“The biggest challenge is that supply chain and sales chain are longer than that of offline, so it means that its quality needs to be better so that when the food products are delivered to consumers’ home, their quality are still good.” (RC4)

4.1.2. Branding of pork

The informants mention a number of examples of promotion activities for branded pork. Some of these are ongoing and include professional staff cutting the meat at designated counters as well as general display material. Other activities are ad hoc and include discounts, tasting sessions, small complementary gifts, or particular events related to e.g. particular seasons. As an example, if in winter there is a local habit of making pickled meat, the supermarket may run a promotion for the products to be used for that in order to accommodate the needs of their local community. Although some of these activities require interaction between producers and retailers, the responsibility for the branding activities lies mainly with the producer. Most expenses (e.g. materials, discounts, staff for specific activities) are borne by the producer and the individual stores seem to contribute with limited staff time only.

Altogether, the branding and promotion taking place at the level of the retailers are limited to ‘traditional’ activities (see WP1 report for an overview) and generally, the informants express limited

interest in doing more branding of pork on their own. Instead, they expect the producers to take responsibility for the overall branding as expressed by this retailer who also prefers to work with mature brands,

“We do not only evaluate the branding promotion ability in the supermarket, but also outside the supermarket. For our supermarket, we wish to bring in the mature brand rather than brands, which need us to do the promotion.” (RC6)

For online retailers, promotion is difficult due to the lack of possibility to see, touch and taste the product and must diverge from the traditional means described above. When asked, online retailers most often mention discounts as a way of promoting pork. This may involve placing discounted products in particular places on the website. Other activities include online advertising and activities to attract traffic to online stores. Sometimes retailers do additional promotion such as activities related to different food cultures, such as Western style, Japanese style and Chinese style, and sell pork cuts that are adjusted to different ways of cooking within these cultures.

Overall, the retailers interviewed perceive the brand of the retail stores to be more important than the brands of producers as described by an offline retailer.

“The brand reputation of the supermarket is more important. As I know, customers have few requirements to branded pork, and few desires to know which producer the pork comes from while buying pork. Instead, they come to buy pork mainly because that they trust the supermarket.” (RC3)

Overall, more of the online retailers share this perspective, but some also point to the role of the pork brand when selling pork online, where consumers cannot feel and taste the pork, but must rely on pictures and text when making their choice. An online retailer explains:

“With consumers’ food safety awareness growing, suppliers pay much attention to branding, which also helps guarantee the quality. And people will pay more for better quality. As for our platform, we are different from open market that we will have our products packaged by suppliers and attached with their brand logo.” (RC5)

Furthermore, according to the retailers, the origin of the brand does not play a major role for consumers, except for a few Chinese black pig brands. Only the imported goods store has a different perspective. Customers come to these stores to buy imported and high-end products and the informant considers the brand of the supplier to matter more.

4.1.3. Cooperation around branding of pork

Overall, there is not much cooperation between pork producers and retailers when it comes to branding. As described above, for some promotion activities there are some shared tasks, but these do not involve close collaboration. One possible reason for this is that retailers regard cooperation around branding of pork as a zero-sum game for the retailer, as described here:

“If adding a new brand, it will shrink the market share of the existing brands. Since the cake won’t be bigger, I don’t care who will share it.” (RC2)

Another reason for the limited cooperation is the small gross profit of pork, which essentially makes cooperation on branding less relevant especially for generic pork. An online retailer says,

“Because pork is not like manufactured goods and it has a low profit margin. Great companies may have brand promotion cooperation, but not for general companies, even for Jinluo, Shuanghui. But for foreign pork producers like Danish Crown, we may have some promotions in the future, but we haven’t had any deep cooperation with these foreign brands yet.” (RC4)

As seen in this quote, some retailers are open to more cooperation in the future; however, none of them were specific with respect to how this could be done.

Interestingly, when asked about what they believe constitutes a good relationship with a pork supplier, almost all retailers reverted to the things related to supplier choice, i.e. quality, price and supply stability. As such, rather than thinking about traditional relationship qualities like e.g. trustworthiness, commitment, honesty, the retailers to some extent use product features as proxies for the relationship. This may help explain the relatively low interest in (cooperation around) branding. A quote from a retailer illustrates this:

“I think it is still necessary to highlight the product rather than the brand. As for the brand with good performance, we are also willing to carry out brand promotion, but if we just promote a brand, this is relatively useless.” (RC8)

4.1.4. Barriers to branding and cooperation

The interviews indicate a number of barriers to the branding of pork and related cooperation between producers and retailers. First, a major barrier to the branding of imported pork, especially in the offline retail channel, is related to the fact that imported pork is frozen. It is the general perception among the retailers interviewed that consumers consider frozen pork to be of a lower quality than fresh pork. This combined with the different cutting of imported pork can act as a major deterrent for imported pork brands, as explained by an offline retailer:

“Since restaurants offer consumers with cooked pork, they don’t have to consider the shape and color of original pork. The cutting way of imported pork is different from domestic pork. Besides, foreigners are rigid and they would not change their cutting way in order to fulfill our domestic consumption. We have contacted a lot of foreign factories and they won’t change for us, no matter how big the need is. I am a Chinese professional manager and I should be responsible to my domestic customers.” (RC6)

Whereas this retailer seemed opposed to imported pork in general, similar quality perceptions permeate several interviews with offline retailers and also some online retailers, as exemplified below:

“...some Chinese customers cannot accept foreign pork’s taste because of its different breeding and processing way.so that some customers may provide feedbacks that foreign pork tastes badly.” (RS10)

Another retailer acknowledges that the quality of frozen pork is not lower per se, but says that the consumers do not know that:

“Though we insiders have a good impression of [foreign brand] because its feeding environment is good and its pork is antibiotic-free and hormone-free and so on, consumers are not aware of that.” (RC8)

Difficulties related to branding frozen pork are particularly evident for offline retailers as frozen pork is more common in the online channel.

Second, a number of retailers mention the limited importance of pork in attracting customers to supermarkets. They link this to the fact that pork brands are not a stable way of attracting customers because their brand preferences vary and furthermore, as explained other product categories are more important:

“At present, pork is not the main category to attract customers to supermarkets. The supermarket attracts consumers mostly by other categories.” (RC1)

Although many informants view the importance of pork as a means of attracting customers as limited or weakening, there are still some who believe pork has a high importance.

Third, the low perceived difference between pork brands also seems to result in a low motivation from retailers to engage in extensive branding and collaboration activities as exemplified by a retailer like this:

“There is actually no differentiation. We choose brands mainly based on the advantages in price and quality. in my opinion, the differentiation of pork online is not so obvious.

Because Chinese consumers' cognitions about pork brand are not enough, and they don't have much preference for the national brands and big regional brands. That is to say, I feel that the differentiation of pork brands is not as much as that of other kinds of products. (RC4)

Fourth, the low profit margin of pork is mentioned by some as a reason for why they do not find the branding of pork very interesting. According to more retailers, low profit margins make it difficult to invest the necessary resources in marketing and branding.

4.2. Food service

Two types of food service companies were interviewed; restaurant chains and caterers. See table 2 for an overview of informants. In the following, the main findings from these interviews will be presented. We have not been able to identify systematic differences between the two types of food service companies, so results will be reported for the group as such.

ID	Type	Position	Date	Duration
FS1	Fast food restaurant chain	International Purchaser	29 May 2020	40 min.
FS2	Japanese restaurant chain	Chief Consultant and Director	5 June 2020	60 min.
FS5	Chinese fast food restaurant chain	Purchasing Manager	17 June 2020	50 min.
FS7	Catering	Purchasing Manager	19 June 2020	40 min.
FS9	Catering	Purchasing and Sales Manager	25 June 2020	25 min.
FS10	Chinese restaurant chain	Purchasing Manager	3 July 2020	35 min.

Table 2. Overview of informants from the food service channel.

The following analysis contains a number of quotes from the different informants. It should be noted that these quotes are not verbatim as they have been translated from Chinese to English by a Chinese project assistant and the language has been corrected where needed.

4.2.1. Use of foreign pork by restaurant chains/caterers.

Restaurants/caterers mention the same three aspects as important for the choice of pork suppliers as did the retailers: quality, price and stability of supply/logistics.

Most of the restaurant chains and caterers interviewed use imported pork to some extent, but do not disclose the brand or origin of the pork to their clients. The reason for using foreign pork is linked mostly to the lower price point than fresh domestic pork. However, many restaurant chains perceive barriers with regards to importing or using imported pork.

All restaurant chains and caterers are focused on the quality of the meat that is used, rather than the brand. This is illustrated in the two quotes below:

“In the end, it comes down to the source, or the quality of the product. The restaurant is just an intermediary, a platform. The consumer always knows that the pork is not produced by your restaurant, and it must be purchased from the outside... So there are two factors that consumers can really remember, one is whether your food is delicious or not, and the other one is your brand. Whether it is delicious or not, it can be traced back to the origin of your product” (FS2)

“I think customers care more about the quality of the product, where the product is made and the brand doesn't matter. When customers buy pork belly, for example, they look at the fat's thickness and don't care if it's from Danish Crown or Patel, Argentine or Brazil.” (FS9)

In contrast to the retail channel, for restaurant chains and caterers, there is more room for foreign pork over domestic pork, as long as the quality is deemed better. For example, one informant mentioned the following:

“People may prefer fresh pork because they think fresh pork is of better quality, but this is not the case. In the food industry, frozen products should meet strict transportation and inspection requirements, so they are safer and better guaranteed than fresh products. In supermarkets, some pork from brands is safe and traceable. However, it is difficult to guarantee the quality of hot fresh meat in wet markets, especially in summer.” (FS7)

However, it should be noted that despite the perception of foreign pork being of high quality, there are also perceived downsides to using imported pork over domestic pork, mostly due to differences in the provided product such as e.g., the smell of the meat. This perception of frozen pork is similar to that found among retailers and is illustrated by the following quote:

“We buy less foreign brands of pork [...] because we do not like to buy foreign brands of pork. Domestic pigs are different from foreign pigs in species and production ways, the foreign pork's smell is relatively strong, we do not like to use that for certain dishes.” (FS7)

4.2.2. Branding and the role of pork brands for restaurant chains/caterers

The role of branded pork by most informants is seen as very limited, as their customers have virtually no interest in particular pork brands. However, some restaurants or caterers are open to using brand promotions sometimes. Moreover, there is generally a lack of clear brand distinctions among the restaurant chains and caterers, like previously found in the offline retailers as well.

Familiarity with brands is relatively low, mostly because there is no interest in the brand of pork used in restaurants or by caterers from the consumers' perspective. This is explained by the following two quotes:

“Because we are restaurants, our purchasing is not the same as traditional trade; we mainly focus on the needs of customers and try to meet the demand of their taste and pork quality. Meat from different countries and cities may have different taste and quality, so our original intention is to satisfy customers' recognition of our products, which has nothing to do with brand.” (FS1)

“There are only customers who just want fresh meat but no customers who just want pork of certain brands. It's OK as long as they know that the meat used by our company is from the famous brands in the market, they will not target individual brands.” (FS7)

One additional reason for why the brand of the meat is not put forward by restaurant chains is because the restaurants themselves are the brand, and not the meat they use:

“We focus on our own brand. We don't promote other brands; after all, we are running our own brand.” (FS1)

As a consequence of this low importance of pork brands, the restaurant chains/caterers only carry out limited promotion and branding related to pork. One of the restaurant chains include the logo of a pork brand on the menu. The main product of this restaurant is ribs, which explains their interest in pork brands. As mentioned by the importers interviewed (see section 4.3. *Importers*), the general lack of interest in advertising specific pork brands is also related to the fact that the restaurants/caterers would like to retain flexibility in choice of brand.

Other than sometimes including brand logos on their menus, the restaurant chains/caterers only mention the origin or brand of pork they use upon consumer questioning, to ensure the safety of the pork:

“The percentage of actively branded pork is relatively small. [...] There are still some customers asking questions but not many, for example, they may ask, “Now there is swine

fever everywhere, where do you get your ribs?" I think some questions like these are very normal, because they need the sense of safety." (FS5)

Due to the low level of branding of pork products in their restaurants, there is also no significant collaboration around branding between producers and restaurant chains/caterers. A few restaurant chains/caterers talk about the collaboration in general terms and emphasize aspect such as quality, price, delivery stability, service and problem-solving ability as being important for collaboration. Furthermore, two of the restaurant chains/caterers indicate an interest in cooperation around product development. One of them explains how collaboration is impeded when cutting methods are not adapted to Chinese requirements:

"The biggest challenge we face is the degree of cooperation around the product. For example, foreign cutting methods are not the same as ours. So they do not have the products we want sometimes, which is difficult for our product development, I find it difficult to cooperate in this respect." (FS7)

4.2.3. Perceived barriers for using imported pork for restaurant chains/caterers

The interviews with restaurant chains/caterers point to several barriers to the use of imported pork and consequently, the branding of pork and collaboration with the food service channel. The overall low interest in pork brands discussed above is a main barrier to the branding of foreign pork on the Chinese market. In addition, the informants mention a few other barriers.

First, the price and low profit margins of pork make branding of pork difficult because they mean that restaurant chains/caterers change suppliers frequently which makes the promotion of a particular brand irrelevant from their perspective. This is illustrated in the quote below.

"The division of work in the restaurant chain is very detailed. In the procurement department, we purchase products after we receive their demand. Then we compare prices and choose products with price advantages. We don't have to buy products from a certain country like Denmark, Spain or England." (FS10)

Similarly, a restaurant chain explains that they only buy foreign pork, when the price is right. Furthermore, the restaurant chains seem unwilling to incur the costs of promoting certain brands due to low profit margins. As illustrated in the quote below, they see promotion and branding mainly as a cost and not an opportunity and they expect producers to do the branding:

"For example, I need to display and promote [pork brand] in my store and let consumers remember this brand, which requires investment costs. So for restaurants, they are not willing to increase the cost for [pork brand] because they want to minimize the marginal

cost. The brand belongs to the producer, so these restaurants are not willing to do that, so the producer itself needs to do it.”

However, one informant states that with a developing economy and increased income levels in China, now is the right time for foreign brands to start promoting their products in China.

Second, the fairly long supply chain, where restaurant chains/caterers buy through wholesalers seems to act as a barrier for the use of foreign pork for some of the informants. This is illustrated in the two quotes below.

“The difference is that the [foreign brand] products we buy are mainly futures, and the delivery cycle will be long, but domestic suppliers respond quickly and the products will arrive within a week.” (FS7)

“We hope to cooperate directly with the upstream factories to get the first-hand source of goods. Because sometimes we buy goods through international traders, in this case, it may be a little more troublesome and inefficient to connect with the factories.” (FS9)

The concern about the supply chain is to some extent mitigated by the fact that a stable quality is important for the restaurant chains/caterers and they believe that they can obtain stability in quality by buying from large producers with large factories and standardized production.

4.3. Importers

Four companies in the study operate at the wholesale level of the marketing channel. See table 3 for an overview of informants.

ID	Position	Date	Duration
FS3	Purchasing Manager	17 June 2020	45 min.
FS4	General Manager	17 June 2020	45 min.
FS6	Purchasing Manager	17 June 2020	30 min.
FS8	General Manager	24 June 2020	30 min.

Table 3. Overview of informants from importers.

It should be noted that all four importers are customers of Danish Crown, who for all four is an important supplier. This relationship may have affected the importers’ answers, which therefore must be interpreted with caution. Furthermore, the interviews with importers seem to suffer particularly

from some of the limitations mentioned earlier and we therefore report only the main findings that we find to be valid across more importers. Also, as importers typically do not engage in promotion and branding, the interviews focused more on the importers' impression of the branding activities and barriers to branding in the marketing channel for pork at a general level.

4.3.1. Supplier choice

For all of the four companies importing foreign pork, mainly from European suppliers, is a main business area. Some of them also import other types of meat and some of them also trade domestic products. The main activities of the importers are buying and selling of pork. They typically buy pork without prior agreements with customers, but sometimes they purchase particular pork brands and cuts requested and ordered by specific customers.

Price and quality are the two factors mentioned by the wholesales as important for supplier choice. These requirements are determined by the preferences of the importers' customers. For instance, if their customers are processing factories, importers may have a stronger focus on price than if customers are restaurant chains, as explained by one importer below.

“They are price oriented because we mainly sell products to processing plants, restaurants would choose certain brands such as [brand name], but the factories won't, because they directly carry on the processing after they get pork and doesn't care about other factors, but the restaurants need stable quality of product, so they prefer brands...”
(FS3)

Another importer says the choice is mainly about quality, whereas the importer below points to the combination of price and quality, however with more emphasis on price:

“If [brand name] does not have an absolute advantage in quality or price, many consumers may try other new brands. However, if [brand name] products have a very low price and stable quality, other competitors will not pose a great threat to it.” (FS4)

In addition to price and quality a couple of informants also mention familiarity with the brand and the supplier as being important for the choice of supplier. This is linked to the fact that large familiar brands are associated with stability of supply which is important for the customers of the importers as explained by the same importer:

“... catering enterprises do not necessarily need raw materials of the highest quality or lowest prices; stable supply is more important for them. A lot of factories have limited production, for example, there is a black pig brand in Spain whose quality is very good, but it is in short supply and its supply channels are very narrow, restaurants may sell out the dishes in three months and can't get the new ingredients.” (FS4)

The customers that this importer refers to prefer to buy from big suppliers who can offer stable supply at stable prices.

4.3.2. Cooperation with producers

When it comes to the relationship between pork producers and importers, the importers mention a number of aspects as being important, many of which are well-known characteristics of buyer-supplier partnerships.

In contrast to the retailers, the country of origin is important for the importers. This is perhaps not surprising as they make a living selling imported products and are familiar with the specifics of pig breeding and pork processing in different countries. As such, they have a professional perspective on pork products, whereas retailers' perspective is much more linked to their understanding of consumers' preference. As one importer explains:

“Because I have been to Denmark, the pig species there is very good, but for people who are not professional, [brand name] is just a brand selling frozen goods, people may not associate the brand with the pig species, the feeding environment and the quality.... So I think Denmark is a very strong endorsement for [brand name].” (FS3)

One important aspect of the relationships with producers mentioned by importers is loyalty to certain producers. Some of the importers have been buying certain brands of pork ever since China opened up to import of pork in 2003-05, as exemplified in this way:

“Third, we began to sell Crown's products at the very beginning of our company, so Crown is of great help to our business, and we continue to sell their products after the company's business volume is larger, although we also sell products from other countries.” (FS4)

This informant goes on to explain the association between a foreign brand is associated with the history of pork import in China and over the years *“has developed a stable customer base, developed certain customer loyalty and formed the brand effect.”*

In addition to this high brand loyalty, retailers mention trust as being important. Buying imported products is seen as being uncertain and the risk characterising the buying situation can be mitigating though trust as explain by one of the importers:

“After all, when we buy imported products, we are not sure about the quality of the products and we don't know what accidents will happen. If we have confidence in the company and the staff, even if we have problems, we can solve them properly.” (FS3)

Others also mention the problem-solving ability of the producer to be important in the complex process of importing pork where problems may be encountered not only in relation to products, but also to e.g. delays in shipping and inconsistency in documentation. In these situations, the importers rely on the timely assistance of producers. Along similar lines, importers also mention timely communication as being important in a good relationship.

4.3.3. Barriers to the branding of pork

A number of barriers to the branding of pork on the Chinese market can be inferred from the interviews with importers. However, as the informants are speaking of barriers to the branding activities of other actors in the marketing channel, they were not discussed in much detail. Furthermore, different barriers were often not mentioned consistently across interviews. Therefore, only those barriers mentioned by more importers and/or corresponding to barriers mentioned by retailers or restaurant chains are mentioned briefly below.

- Many of the customers of importers have a low degree of brand loyalty (e.g. processing factories and importers). Only restaurant chains may be loyal to a brand and in some cases will add their logo to their menus.
- The products sold by importers have a low profit margin, making branding difficult and less relevant.
- Lack of supply stability of imported products means that e.g. restaurants are reluctant to advertise a particular brand because they risk not being able to offer the product on a regular basis.
- Pork is not a high-end product and many consumers do not care about the brand of pork.

5. Concluding remarks

In this study, we have focused on the different channel intermediaries between pork producers and consumers on the Chinese market. The aim of the study was to gain insights into the activities and opinions of Chinese channel actors within the retail and the food service channels in order to understand the motivation and competencies for collaboration around the branding of Danish pork within these channels. We did this by means of semi-structured qualitative interviews with representatives from the retail, food service and importer levels of the marketing channel. The study has been impacted by restrictions related to the Covid-19 pandemic and results must be interpreted with caution.

The overall impression from the interviews with retailers is that they are not very interested in selling imported pork, mainly because imported pork is or has been frozen and therefore is perceived by retailers and their customers as having a lower quality than fresh pork. Frozen pork is more relevant for the online retailers, but both types of retailers seem to associate the highest brand value with Chinese black pig. A number of 'traditional' promotion and branding activities take place at the retail level, but they seem to be quite similar for different brands. Despite the increase in the share of branded pork sold, there is generally a lack of clear brand distinctions among the retailers and especially many offline retailers do not seem to care about brand as much. Retailers sometimes relate this to the fact that even if one brand is able to attract more consumers, such increased attention on one brand will just deduct from other brands carried by the retailer. As such, the retailers' motivation to engage in more branding cooperation is quite low. Actors in the food service channel also show a low interest in co-branding with producers. Although restaurants will sometimes put the logo of pork producers on their menu, they are generally reluctant to do so because it obligates them to stick to a particular brand, which can be difficult due to shortage of supply. However, this channel still has potential for suppliers of imported pork as product features reported to limit the interest of customers in the retail channel are not as important in the food service channel. For restaurants and caterers, it does not matter that the meat is frozen, and the exact way of cutting the meat also may play a minor role. Instead, purchasers appreciate the high quality, fair price and safety of imported products. Also, these purchasers appreciate stability in the supply chain and clear communication with suppliers.

6. References

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Appendix 1. Interview guide retail channels (physical and online)

Questions are numbered
Sub-questions are bulleted
Instructions for interviewer in italics

INFORMATION ABOUT THE INTERVIEW

Basic information about the interview and the informant. To be filled out by interviewer before/at the beginning of the interview.

Company name:

Type of retailer:

Supermarket, high-end supermarket, imported goods store, online retailer etc

Date:

Place:

Name of informant:

Position:

Level:

Corporate HQ, regional HQ/office, local office/store

INTRODUCTION

Thank you for taking the time to take part in this interview.

The interview is part of a research project on branding of Danish pork in China. The project is carried out in collaboration between Aarhus University in Denmark and Sun Yat-sen University in Guangzhou. The purpose of the interview is to get insight into the branding of pork at the level of physical retailers and to learn more about how Chinese retailers collaborate with pork producers when it comes to branding.

We are interested in your opinion on the questions asked and encourage you to provide as many details as possible.

Data will be treated confidentially and it will not be possible to link the statements that you make back to you in reports or publications resulting from the project.

The interview is expected to last around 30 minutes.

BACKGROUND

1. How long have you been working at [company name]? In the same or different positions?

How many years and in which different positions

2. What are your main tasks and responsibilities in relation to the buying and selling/branding of pork?
The purpose of this question is to get an impression of the informant's involvement in the branding of pork at [company name]

3. Please describe the buying process for pork at [company name]

- How much pork do you buy annually?
Monetary value of annual purchases at corporate level + regional and store level if relevant
- Which suppliers of pork do you work with (Chinese vs foreign)?
Names of suppliers and names of brands from each supplier
- Where are your foreign suppliers from?
- Where are your Chinese suppliers from?
Local, regional, further away?
- How is the buying of pork and pork supplier relationships organized?
The purpose of this question is to understand how [company name] organizes the buying of pork. For instance, at what level (corporate, regional or local) are what decisions made? How is the work structured – for instance, which departments handle which tasks and do they use category management? Where is the responsibility for the relationships with pork suppliers anchored – at what level and in which departments?

BRANDING OF PORK AT [COMPANY NAME]

4. Please describe the typical branding activities for pork products at [company name]
For example, price promotion, in-store TV, banners, recipes, pictures at counters, general brand promotion or any other activities

5. Who is typically responsible for these activities and who have influence on them?
Go through the activities mentioned above and discuss whether they are typically the responsibility of the retailer, the supplier or both. In those cases, where the activities are the responsibility of one actor, ask about the extent to which the other actor has an influence the activities even if they are not responsible

6. Does the branding of premium pork brands differ from the branding of mainstream pork brands and if so, how does it differ?
Here, we are interested in finding out if there are differences in the branding activity and intensity between the two types of brands

7. What is the role and importance of the producer's brand, the retailer's brand and the country/region-of-origin of the brand when it comes to selling pork?
The purpose of this question is to understand the informant's perceived importance of different types of branding of pork that may interact in the branding of pork.

8. On a scale from 1-10, how helpful is the branding of pork to the business of [company name]? Please explain why you chose this particular rating

The purpose of this question is to understand the informant's perceived importance of branding of pork.

9. What, in your opinion, are the biggest challenges in branding pork products in physical retail stores?

COLLABORATION BETWEEN [COMPANY NAME] AND PORK SUPPLIERS

10. How do you cooperate with individual suppliers of pork around branding of pork products in your stores?

Please instruct the informant to select one of the most important suppliers of branded pork and focus on this supplier in the following questions.

- Briefly describe the supplier
Which products do you buy from them, where are they from, how long have you worked together etc.
- What branding activities do you do together and what do you do separately?
- Who does what?
- Who initiates new branding activities?
- Who pays for branding activities?
- Other aspects that are important?
- How is this supplier relationship similar or different to other supplier relationships when it comes to branding?

11. What, in your opinion, characterizes a good relationship with a pork producer?

12. What are the main challenges when cooperating with pork producers around branding?

13. On a scale from 1-10, how interested is [company name] in cooperating with pork producers when it comes to branding? Please explain why you chose this particular rating

14. Any plans or ideas for future co-branding activities that you are not already doing today?

15. Any other aspects related to the branding of pork you would like to share?

Appendix 2. Interview guide food service channel

Questions are numbered
Sub-questions are bulleted
Instructions for interviewer in italics

INFORMATION ABOUT THE INTERVIEW

Basic information about the interview and the informant. To be filled out by interviewer before/at the beginning of the interview.

Company name:
Type of restaurant chain:
Date:
Place:
Name of informant:
Position:
Level:
Corporate HQ, regional HQ/office, local office/restaurant

INTRODUCTION

Thank you for taking the time to take part in this interview.

The interview is part of a research project on branding of Danish pork in China. The project is carried out in collaboration between Aarhus University in Denmark and Sun Yat-sen University in Guangzhou. The purpose of the interview is to get insight into the branding of pork at the level of food service companies and to learn more about how Chinese food service companies collaborate with pork producers when it comes to branding.

We are interested in your opinion on the questions asked and encourage you to provide as many details as possible.

Data will be treated confidentially and it will not be possible to link the statements that you make back to you in reports or publications resulting from the project.

The interview is expected to last around 30 minutes.

BACKGROUND

16. How long have you been working at [company name]? In the same or different positions?
How many years and in which different positions

17. What are your main tasks and responsibilities in relation to the buying of pork?
18. Please describe the buying process for pork at [company name] <ul style="list-style-type: none"> • How much pork do you buy annually? <i>Monetary value of annual purchases at corporate level + regional and restaurant level if relevant</i> • Which suppliers of pork do you work with (Chinese vs foreign)? <i>Names of suppliers and names of brands from each supplier</i> • Where are your foreign suppliers from? • Where are your Chinese suppliers from? <i>Local, regional, further away?</i> • How is the buying of pork and pork supplier relationships organized? <i>The purpose of this question is to understand how [company name] organizes the buying of pork. For instance, at what level (corporate, regional or local) are what decisions made? How is the work structured – for instance, which departments handle which tasks and do they use category management? Where is the responsibility for the relationships with pork suppliers anchored – at what level and in which departments?</i>

BRANDING OF PORK AT [COMPANY NAME]
19. What type of branding activities do you do for your restaurants? <i>For example, advertising, use of social media, special offers, events, or any other activities</i>
20. Do you do any branding of the pork you use in your restaurants? <i>IF NO, please ask questions 6 and 7</i> <i>IF YES, please continue to question 8</i>
21. Why do you not brand the pork you use?
22. Would you like to start branding pork in the future and how could you image doing that?
23. What type of branding activities do you do for the pork you use in your restaurants? <i>For example, advertising, use of social media, special offers, logos and pictures on menus, or any other activities</i>

24. Who is typically responsible for activities related to the branding of the pork ingredient and who have influence on them?

Go through the activities mentioned above and discuss whether they are typically the responsibility of the food service company, the supplier or both. In those cases, where the activities are the responsibility of one actor, ask about the extent to which the other actor has an influence the activities even if they are not responsible

25. How do you train your restaurant staff (chefs and waiters) when it comes to the following?

- The origin of the pork?
- When and how to use specific types/cuts/brands of pork?
- How to communicate with guests about the pork used?

26. How do you decide which pork products to actively brand and which to keep 'anonymous'?

Please ask the informant to tell about how that decision was made for their most important pork brand.

Restaurants most likely only brand one or a few pork brands and never mention the name of the rest to their guest. We are interested in finding out how they decide who to give the status of branded pork.

27. What is the role and importance of the producer's brand, the restaurant chain's brand and the country/region-of-origin of the brand when it comes to selling pork?

The purpose of this question is to understand the informant's perceived importance of different types of branding of pork that may interact in the branding of pork.

28. To what extent do you think branding of pork helps the business of [company name]?

The purpose of this question is to understand the informant's perceived importance of branding of pork.

29. What, in your opinion, are the biggest challenges in branding pork products in the food service sector?

COLLABORATION BETWEEN [COMPANY NAME] AND PORK SUPPLIERS

30. How do you cooperate with individual suppliers of pork around branding of pork products in your restaurants?

Please instruct the informant to select one of the most important suppliers of branded pork and focus on this supplier in the following questions.

- Briefly describe the supplier

Which products do you buy from them, where are they from, how long have you worked together etc.

- What branding activities do you do together and what do you do separately?
- Who does what?
- Who initiates new branding activities?
- Who pays for branding activities?
- Other aspects that are important?
- How is this supplier relationship similar or different to other supplier relationships when it comes to branding?

31. What, in your opinion, characterizes a good relationship with a pork producer?

32. What are the main challenges when cooperating with pork producers around branding?

33. To what extent is [company name] interested in cooperating with pork producers when it comes to branding and why?

34. Any plans or ideas for future co-branding activities that you are not already doing today?

35. Any other aspects related to the branding of pork you would like to share?