

# PORKBRAND

## **WP5: Recommendations for branding strategies for Danish pork in China**

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*Report*

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## **1. Aim**

The purpose of the PORKBRAND project is to support branding of Danish pork meat in China by providing knowledge about how Chinese consumers form brand images and develop preferences for pork brands across sales channels, identify the pros and cons for different branding strategies and come up with recommendations for cooperation strategies with Chinese stakeholders. To this end, four work packages were carried out in the project, dealing with an initial screening of brands and branding practices on the Chinese market (WP1), the way in which Chinese consumers form brand images of pork brands (WP2), view of channel intermediaries on branding and their willingness to cooperate with Danish suppliers in this respect (WP3), and the appeal of different brand messages and message executions to Chinese consumers (WP4). Based on these results, major conclusions and recommendations are presented in the present document.

## **2. Current situation regarding branding of pork in China**

Branding of pork is pervasive in China. No reliable estimate is available, but we estimate that at least half of the sales of fresh pork in China are branded meat. Furthermore, the role of branded pork has been increasing in recent years and this development seems to continue. Our analysis of the market showed that there is a multitude of brands available and that all traditional branding tools are used.

It is easy to understand why branding plays a role in the Chinese market for pork. It is well-known that the role of brands is directly linked to the degree to which consumers perceive that a purchase is risky, because brands bundle previous experience with and information about the product and can therefore act as a risk reliever. Purchase of pork is regarded as risky in China because of the fear of food safety problems, an issue that is well-documented.

However, our research also showed that Chinese consumers are not very brand loyal. This may be related to the finding that the Chinese brands are not very differentiated from each other. Existing brands fall into two categories, mainstream and premium, the main difference between the two being the kind of pig used – premium brands are for meat coming from black pigs. Within these two groups consumers perceive little difference between the brands, and even across the two groups the perceived differences are small, except for race of pig being used.

Our research also showed that intermediaries are not very interested in the branding issue. Both traditional supermarkets and online stores typically carry several competing brands, and it seems that retailers have little incentive to promote a particular brand. They regard branding as an activity the producer has to take care of, with the retailer mainly providing space and communication channels, but otherwise having few stakes in the process.

This point of departure suggests that building a strong Danish pork brand in China is not an easy task.

### **3. Overall branding strategy**

In spite of the difficult point of departure just described, we do recommend that Danish suppliers pursue a branding strategy on the Chinese market rather than selling meat unbranded. There are two major reasons for this. The first is that the Chinese market has been moving and continues to move towards branded meat, and unbranded meat is by consumers regarded as having lower quality and also commands a lower price compared to branded meat. The second is the rising importance of online sales. When buying meat online, it is not possible to base buying decisions on a visual (and sometimes tactile) inspection of the meat available, and it becomes hence still more important to be able to rely on brands to make use of experience with previous purchases. As mentioned below, we regard the online channel as important for the future sales of Danish pork in China.

We recommend that branding takes place as a combination of B2B and B2C branding. Both of these are, of course, already ongoing.

As for B2B branding, many professional purchasers of pork in China already have an image of Danish pork, which they associate with high quality and safety. They also appreciate the strong and professional relationship to the Danish supplier. Maintaining and strengthening these relationships will be an important brand-building activity also in the future.

However, our research indicates that intermediaries feel no obligation to pass this brand image on to consumers. B2C branding therefore needs to be done by direct communication from the Danish supplier to the Chinese consumer. Our research also indicates that B2C branding done by the producer and resulting strong consumer brands are appreciated by intermediaries. Cooperation from intermediaries will still be needed in providing channels of communication

at the point of sale. This should be complemented by communication through the product itself, the packaging and out-of-store communication channels as mentioned below.

We recommend that B2C branding should concentrate on sales through online and offline retailers. We see little room for B2C branding in the food service market, except for very special cases where a Danish product is a mainstay in the food service company's menu. Apart from that, there seems to be little interest in ingredient branding in the food service sector.

#### **4. Brand positioning, target groups and sales channels**

Of the two strategic groups in Chinese pork brands, mainstream brands and premium brands, we recommend that the Danish brand is positioned as a mainstream brand. The main reason for this is that the premium brands are strongly linked to the use of black pigs. Furthermore, our study indicates that some consumers perceive meat that has been frozen as being of lower quality, making it unsuitable to attempt to brand such meat as a premium brand.

Within the mainstream group of brands, the Danish brand needs to be positioned in terms of benefits that are relevant for consumers, but that still allow some differentiation from Chinese brands. In addition, the benefits claimed need to be supported by characteristics of the production process that make them credible. We do not recommend to emphasize safety as the main benefit, because all brands emphasize safety and brand differentiation would need to be in terms of technical details. Still, as safety is of such importance to Chinese consumers, the overall branding message should imply – but not necessarily explicitly state - that Danish pork has a high degree of safety. Based on these considerations, we suggest that the branding messages should be built around sustainability, good taste and origin.

*Sustainability* is an issue of growing importance especially among young Chinese consumers and also one that is receiving increasing government attention. It can be supported by claims that also have a safety connotation, like the limited use of antibiotics and the full control over the production chain. *Good taste* is of course of universal importance and claimed by all brands, but nevertheless important also here because the distant origin of Danish pork can lead to doubts about the taste. *Origin* needs to be dealt with carefully, as the foreign origin is no longer unequivocally positive in China. The Danish origin can be used to support the sustainability claim and also has a safety connotation, but also can lead to reservations about taste and freshness, which can be addressed by a taste claim.

As for main target groups, we suggest to define these based on channel usage. Our research has shown clear differences between groups of Chinese consumers with regard to which channels they use to buy pork and this seems to be a promising way of delineating consumer segments. We suggest to concentrate on those segments that we have called *online buyers* and *high-end buyers*. Online buyers buy pork frequently online, but also in supermarkets and convenience stores. They are younger and have a higher level of education. High-end buyers buy pork in supermarkets including high-end supermarkets, convenience stores and imported goods stores. They are better educated and have higher income.

We believe it is meaningful that the online sales channel remains a priority. Not only is the online segment attractive, it also gives extra room for branding, both because of the communication possibilities it offers and because branding plays a larger role in buying decisions when physical inspection of the product is not possible. In addition, reservations about meat that has been frozen play a lesser role in online sales. In addition, upper-highend supermarkets and imported goods stores are a good channel for branded Danish pork

## **5. Brand implementation**

We have above suggested key brand benefits for the development of brand image for Danish pork, based on sustainability, good taste and Danish origin, and an underlying theme of safety. These key brand benefits need to be communicated in different executions (concrete examples of this were developed in WP 4) and across a variety of channels.

Brand messages should communicate one or several of the key brand benefits, supported by verifiable claims on the production process. Such messages can be implemented in different ways, and a major distinction is between a more cognitive approach, concentrating on the communication of facts, and a more emotional approach, concentrating on the elicitation of positive affect. Both types of messages should be used, as the cognitive approach will lead to the formation of beliefs about good quality, whereas the emotional approach will lead to the formation of beliefs about expected enjoyment, and our research has shown that both of these are central in the creation of positive brand attitude and brand purchase intention.

Chinese consumers buy pork in several different sales channel and have in addition various other touchpoints with brand information. It is therefore important that brand-related messages are disseminated via several channels. Two major types of communication channels can be distinguished: sales-related and not sales-related. Sales-related communication channels include product packaging, shelf-labels and in-store displays in physical supermarkets, and

information on online sales platforms. Not sales-related communication channels include outdoor advertising, advertising in public transport, print ads and social media. Channels differ in their characteristics – outdoor advertising and advertising in public transport are good for short, emotional appeals that can be processed in states of low involvement, whereas packaging, social media and online sites are more useful for messages with a cognitive approach that need more in-depth processing from the consumer.

Our research has shown that those consumers that are not attached to buying a major Chinese brand are price sensitive in their purchases. The expected market share for a Danish brand is therefore linked to the price differential between the Danish brand and the average Chinese mainstream brand. Pricing the Danish brand slightly above a Chinese mainstream brand but clearly below a premium brand would make the Danish brand competitive pricewise while signalling superiority in terms of brand benefits to the consumer.

## **6. Conclusion**

Research in the PORKBRAND project has shown that building a strong Danish brand in the Chinese pork market is difficult, as the market is very competitive, the brand loyalty of the Chinese consumers is low, and many Chinese consumer do not have clearly differentiated brand images. Still we think that building a strong Danish brand is possible. It should build on separate streams of B2B and B2C branding, compete in the mainstream group of pork brands, and concentrate on sales online and in upper-high end supermarkets. Promising brand benefits to be communicated are sustainability, good taste and Danish origin, with an underlying theme of food safety. These benefits should be communicated with a mixture of cognitive and emotional messages distributed via a range of different communication channels.