

Chinese Brands Emerging in Africa

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Abstract

Chinese products have emerged as popular items of trade among African countries. A wide variety of products from China are exported directly to Africa markets. As a result, China's trade with Africa has been recorded favorable growth within the pass years. Chinese brands' on debut on the Africa market has been faced with barriers such as cross-culture brand building, global operations, and other trade issues. The price-sensitive markets in Africa have welcomed the easy availability of low-priced Chinese goods. Traders and merchants have also ventured in African market in order to seize the opportunity to increase their profit margins. Many African businessmen have begun stated sourcing good directly from the factories instead of going through middlemen and by so doing their profit margins have increased. This trend can be recognized in almost all of the countries on the continent and its effects are clearly visible. There has been a marked increase in the influx of flooded with low-priced Chinese goods; China is now the main supplier to Africa of goods such as tires, automobile part, mobile phones, electronics, computer hardware, furniture, or machinery.

Keywords: Africa, China, Africa's Market, and Chinese Brands, Foreign Imports

1. Introduction

The main products China exports to Africa are machinery, electronics, textile and apparel, hi-tech products and finished goods. China has been exempted import tariffs for certain commodities exported to Africa. Twenty-five African countries have signed this exemption treaty. These statistics show the increased trading activity between Africa and China. Chinese companies, known for their marketing and business skills, have been reaping rich dividends by promoting their products and services in the new and emerging markets of Africa. Evidently there is a growing number of Chinese cell phone manufacturers making great strides in Africa. The continent's huge population provides millions of customers for Chinese businesses and so has become as one of Chinese successful income base.

This paper seeks to identify the perception African consumer's hold of Chinese brands and so attempt to determine whether these consumers have a preference for goods branded "Made in China". Through an examination of several brand-building case studies of African and Chinese companies, this paper will come up with corresponding public relations strategies and tactics for Chinese firms to build up their brand image in Africa.

2. Literature Review

Hawkins, Best and Coney (2004) regards consumer need as influenced by both external factors such as culture, subculture, demographics, social status, reference groups, family, and marketing activities and aspects such as perception, learning, memory, motives, personality, emotion, and attitudes that serve as internal factors.

2.1 Brand

A brand can be recognized as a name, term, sign, symbol, design, service, person or place which supply buyer or user needs regarding uniqueness, adding sustainable value competition (DeChernatony & McDonald, 1999).

To create market differentiation, a brand might satisfy the same market needs of others products and services, though creating different dimensions, such as: functional, rational or tangible differences, related to the product performance and symbolic, emotional or intangible differences, related to what the brand represents (Kotler & Keller, 2006).

De Chernatony (1998) points that brand goes beyond differentiation and functionalism; it is more about personality that influence and creates clarity and closeness to consumers, influencing the brand success and overcoming its competitors. Companies use brands to be able to convey their marketing strategy and their positioning in the markets (Ghauri & Cateora, 2010)

2.2 Condition of Chinese brands in Africa market

From the African market view Chinese products are doing very well on the African market, most African countries have welcome Chinese products in their market. Chinese have study the Africa market well and have put up the right strategies for the African that explained why they have captured the market, this study would explore the reason behind this phenomenon

China has been the center of factory of the world as many entrepreneurs to invest in the productions have used it. Enterprises have been making products that they get order from their customers inside and outside

China.

Customers outside China, when place their orders they give their own requirement for personalization such as logo, brand, labels, quality of materials and other more. They don't order their goods according to the manufacturer requirements or manufacturer's design, but rather they order according to the brand name they want. This has made many products given identity as Made in China but has branded with foreign countries name (brand is not originated in China).

Chinese Brands found in Africa's Market – Tsingtao beer, electronic communications industry (1: Lenovo, Huawei and TCL), and digital home appliances industries (2: Haier, Hisense and Midea) (3: Great Wall Car) clothing (Lining) for comparative analysis.

2.3 Brand Positioning

Brand positioning refers to the strategy of developing a position in the market, increasing customer perception, gaining competitive advantage, and strengthening superiority or value over other brands (Hassan & Craft, 2012; Herrmann & Huber, 2000; Keller et al., 2002). The positioning of a brand relies on the identification of an ideal location of said brand in the mind of consumers and maximizing potential benefits to the firm in contrast to its competitors (Keller et al., 2008). It is also related to how the company intends to have the brand perceived by the target market (Fuchs & Diamantopoulos, 2010; Novak & Lyman, 1998)., This includes communicating what the brand is, what it offers and for who it is catered to (Hansen & Singh, 2008). As a part of the value proposition, brand positioning is concerned with demonstrating the competitive advantages of a certain brand to its target audience (Aaker, 1996). Hence, companies have to identify their brand capabilities in order to gain competitive advantage and build a strong brand positioning around these capabilities (Jalkala & Keränen, 2014).

2.3 International Brand Positioning

In an international marketing context, the understanding of differences and similarities between differing cultures fundamental to establishing a brand in a foreign market. (Solberg, 2002). Baack et al., (2013) argue that international positioning involves changing or creating attitudes in order to create a different component product or organization's image, thus creating a competitive advantage. For an international brand to strategically place itself on the market said company should consider some strategic points, these consist of: analyzing competitors, gathering data on the target market, deciding on the position in the particular market, developing a consistent marketing communication strategy, deciding on global local content mix, and creating a balance between.

3. Research Methods

a. Literature Research

This paper is based on both primary research and secondary research sources.

Qualitative secondary research included books, newspapers, magazines, blogs, websites, and social media sites such as Facebook, Twitter, and YouTube.

b. Questionnaire

In order to meet the targets of this research, the questionnaire has been divided into seven parts: the first part deals with the familiarity of African consumers with Chinese brands, their experience purchasing Chinese brands, brand country of origin, cultural differences, brand fit, self concept, and basic personal information.

c. Subject Investigated

The Brands investigated were: Tsingtao Beer, The electronic communications industry (1: Lenovo, HTC, ZTE, Hisense, and Huawei), Digital Home Appliances Industries (2: Haier, Gree, Gome, Suning, and TCL) (3: Great Wall Car) cloths and food (Tongrentang Mengniu) for comparative analysis.

d. Research Design

Research location: Nigeria, Kenya Ghana, Nigeria, Kenya, South Africa, Morocco, Tunisia, Ivory Coast, and Egypt.

Survey: local consumer (China) and Africa.

Sample Size: 200-300

Survey mode: Email Survey and Face To Face

e. Data Analysis Design

A secondary research method was designed to collect first hand data for this research through the form of a questionnaire.

Correlation analysis

Regression analysis

4. China Export to Africa

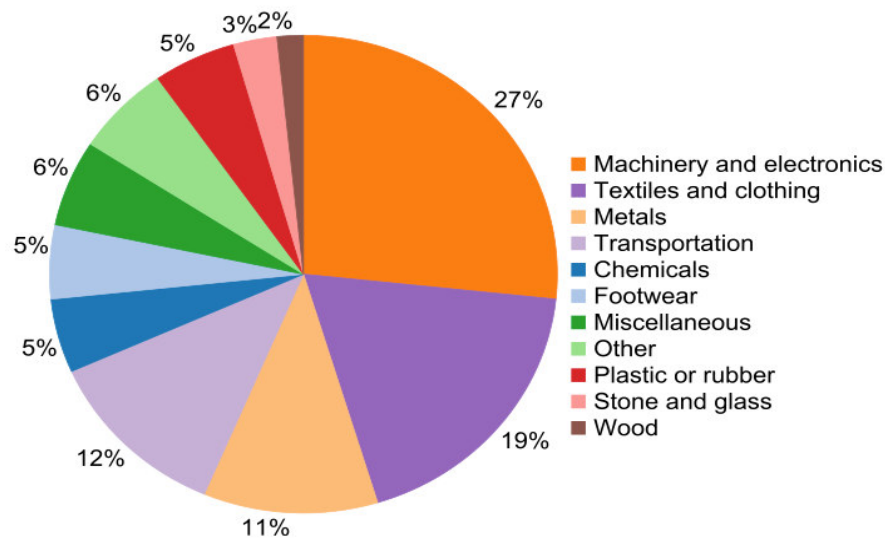


Figure 1. Imports from China by African Countries

The imports from China predominantly include textiles and clothing, electronics, vehicles, food products and home appliance. However, capital goods such as machinery, commercial electronics, and transportation equipment are also well represented. Chinese products are often less expensive than similar products imported from the European Countries or the United States, which makes the products attractive to firms and individual consumers.

China enables enterprises to purchase products and place their orders directly from primary sources. China with its successful industrialization has large factories, which can provide consumers with the opportunity to create unique products for their brand. When placing their orders, African companies can customize these goods and include their logo, brand, and labels, specify the quality of materials etc. China is unlimited to what they can produce. In other words, everything can and is made in China (Figure 1).

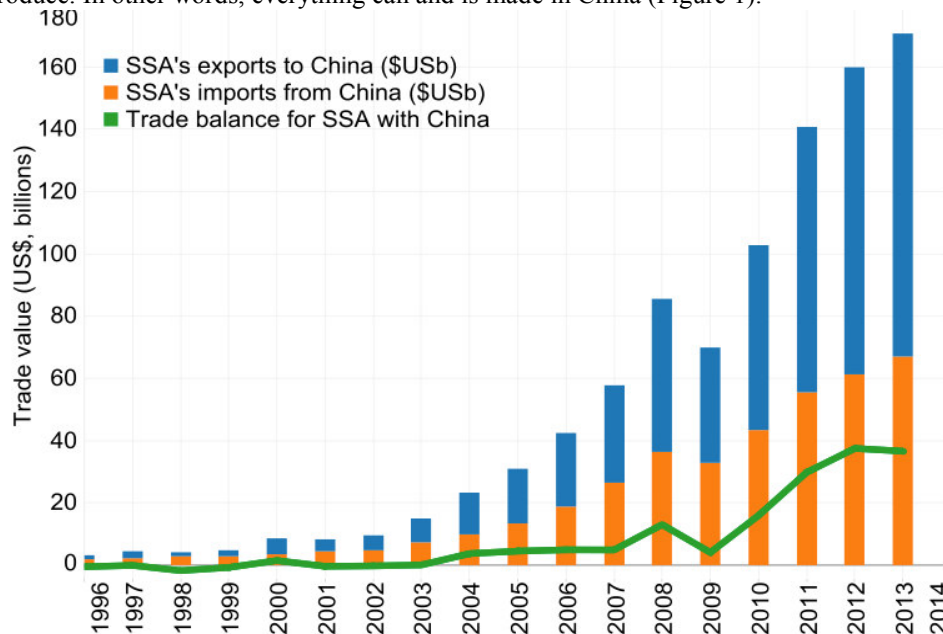


Figure 2. Trade Flow from China to Africa (Imports, Exports and Trade balance)

Chinese companies and investment projects are presently all over Africa, with more than 40 African countries having trade agreements with China. 2003 marked the year when Sino –African trade recorded its largest increase and since then trade values have steadily grown.

(Figure 4-2) shows this increase from just 40 million USD in 2003 to over 180 million in 2014.

4.1 Chinese Brands in Africa

Chinese Brands which can be found on Africa's Consumer Market are– Tsingtao beer, the electronic communications industry (1: Lenovo, Huawei and TCL), digital home appliances industries (2: Haier, Hisense and Midea) (3: Great Wall Car) sport wear (Lining) for comparative analysis. (Figure 4-3).

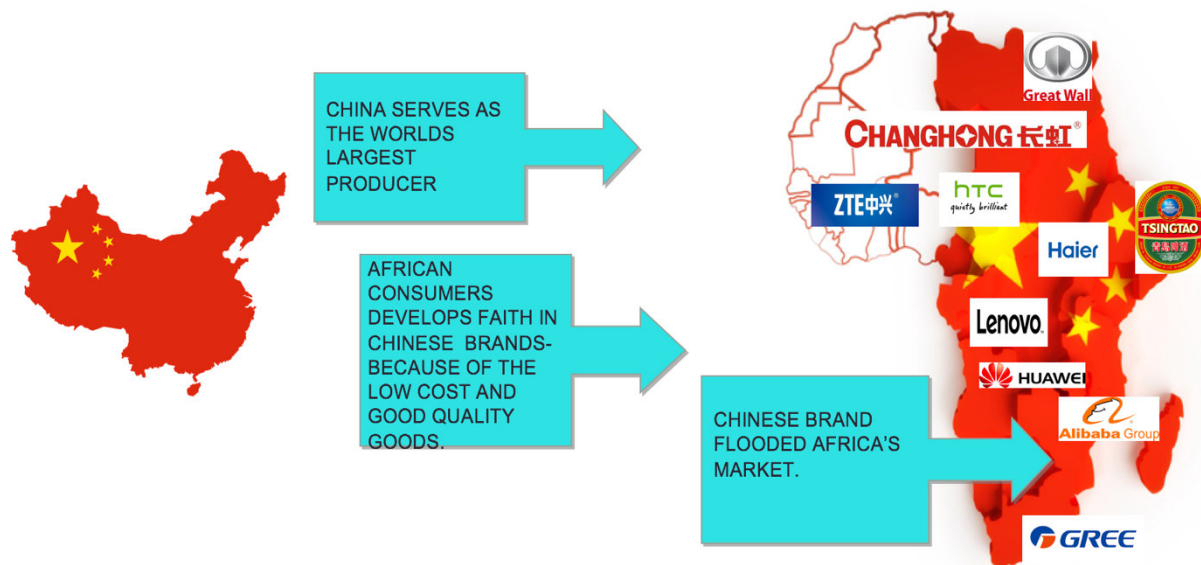


Figure 3. Brands in Africa

5. Influential Factors of Brand Internationalization

5.1 Product Quality

The quality and purchase intention are inarguably related to each other. In global business, quality is what separates one product from another. In order to remain competitive, deliverance of high quality of products is the key to maintaining advantage over other competitors. For instance, Chinese products are abundant, cheap and have variety in design and technology. Despite this, a lot of Chinese products are of low quality and so pose a threat to meeting customer needs. Freling and Forbes also mentioned that the perception of product quality affects a consumer's next buying decision, which can help explain purchasing behavior. Hence, quality plays a very important role in understanding and predicting human behavior. The term quality may differ from customer to customer; therefore, while some customers may be satisfied with the product they may still have a bad perception of it. As it concerns Chinese products on the African market, the issue of quality can be deemed as a key concern in attracting interest in Chinese goods.

5.2 Country of Origin

The term country of origin generally refers to where the products are made or where they were invented. In business, it is the usually the point of manufacturing. A product's origin has a great impact on consumers' perception of buying a product.

Papadopoulos argues that, the country of origin has a potential effect on product evaluation by consumers and it is related with the environmental and individual factors that may assist with purchasing intention. In the case of consumer interest in purchasing Chinese goods, it is usually held that, Chinese products are cheap and low quality regardless of its actual quality.

In this case, the effects of the country of origin strong and clearly observed to influence buying decisions. However, several important decisions must be made while buying Chinese products. The effect of country of origin can be mediated by a variety of factors. Product knowledge plays a key role in forming a pre-image in the mind of the consumer. This image comprises of existing knowledge of the reputation of the brand and product's attributes. According to Zhou, presently, China is considered as being one of the key-manufacturing bases for many multi-national companies due to its cheap labor force. This gives potential consumers the idea that quality goods may originate from China but the quality is largely questionable. It gives hope that the country of origin effect in this context may not be is not as dreadful as researchers sometimes assume it to be.

5.3 Price Sensitivity

Consumers purchasing intentions are directly related to price, as it is a core and considerable factor when

consumers conduct a transaction. Past research confirms there are several factors that influence consumers purchasing behavior and price sensitivity is one of these key factors. Additionally, it also can be said that, consumers usually show the optimistic approach towards an affordable product. For example, if homogeneous products are available in price variations, customers will purchase the lower price product. This theory in Economics also explains customer attitude towards a product. Even before goods are from China, African companies already calculate its retail price; this consideration may lead them to purchasing the cheapest product for resale.

6. Influential Factors of Consumer Brand Engagement

6.1 Factors Influencing Consumer Brand Engagements

Consumer engagement typically refers to the way in which consumers engage with a particular brand directly or indirectly. Directly meaning through frequent visit to the brand outlets and indirectly through digital channels, such as the brand's website, blogs, social networking sites and videos.

1. Brand Recognition

Brand recognition is the extent to which a consumer can correctly identify a particular product or service just by viewing the product or service's logo, tag line, packaging, or advertising campaign.

2. Brand Popularity

Brand popularity is influenced by word of mouth communication; as early adopters recommend the brand they have bought to later buyers. Early introduction is, however, a costly strategy. The timing of product introduction is therefore of strategic importance to firms.

3. Brand Advertisements

Brand advertisement can refer to the ways or mediums used to display a particular brand. Mediums such as TV, radio, and social media.

4. Celebrities Relationship with a Brand

A number of consumers solely rely on the review of their favorite celebrity when selecting a specific brand. This is evidential reason as to why many brands use celebrities to advertise their product.

6.2 Self-Concept of Consumer

Self-concept has been directed towards understanding the consumer behavior towards products. Giving a personality or a human appeal to the products, the symbolic representation is strengthened as it assists the consumer to associate with the brand.

Consumers have been said to evaluate brands based upon their self-concept and what they aspire to be. It helps in projecting the attributes of the brands so that identification with the brand becomes easy – marketers use human metaphors which have relevance with the consumers conscious and unconscious motives. Researchers have described four aspects of self-concept based on the individual's perspective: namely, actual self-concept, social self-concept, ideal self-concept, and ideal social self-concept.

- Actual self-concept: This is defined as how a person views himself or herself. For example, a person may think of himself or herself as traditional.
- Social self-concept: It can be defined as how others view him or her.
- Ideal self-concept: This refers to how someone will like to view himself or herself.
- Ideal social self-concept: Its meaning relates to how someone will like another to view him or her.

6.3 Cultural Differences

Culture can be defined as the ideas, customs and social behavior or way of life of a particular group of people or society. Cross-cultural issues are among the top factor that affects trade between African and China. Both countries' cultural practices have no common denominator. As a result, some Chinese companies are faced difficulties when trading with Africa. However, with the precise intel on the African market can lead to more accurate prediction as to what kind of product will satisfactory to their cultural needs.

7. Customer's Perception Towards Buying Chinese Products

Consumers undergo a specific physiological process when it comes to purchasing products. As mentioned in previous topics product quality, price and cultural differences etc. can lead to consumer perception towards a specific product. While ethnocentrism is effective within certain countries for example China, African consumers are more welcoming towards foreign products. There are a few related factors that influence these consumers' perception of country of origin. There is also a direct relationship between buying behavior and made in effect. Usually, consumers from developed countries prefer their own country's products. According to Wang and Lamb (1983), country image influences the consumers' willingness to purchase a product.

Buyers' decision process:

Need Recognition: the need for a particular product is recognized prior to actual act of purchasing.

Information Search: based on the need of the consumer, the following step is to conduct research on the actual product that is needed.

Evaluation of Alternative: In this process the consumer will consider alternative products that can server the same purpose. During this process, quality, and price country of origin are factors that are considered.

Purchase decision: consumers can then decide whether to purchase or not and what to purchase.

Pro-purchase behavior: this stage is where the buyer decision process occurs. A consumer may take additional action base purely on their satisfaction or dissatisfaction with a product or service. (Figure 7-1)

With full acknowledgement of these process Chinese traders are better equip to handle the needs of consumers. African consumers are open to the idea of Chinese products and are willing to make purchases. However, product quality is forever their concern.

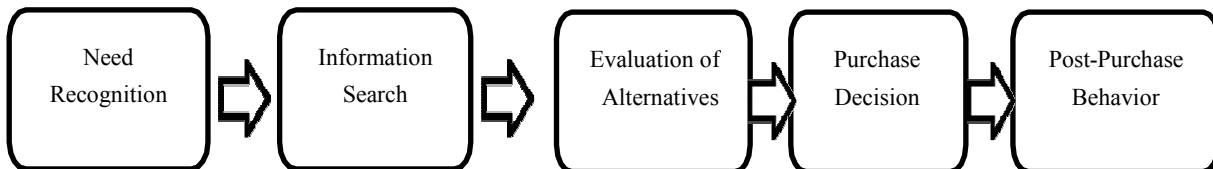


Figure 4. Buyers Decision Process

7.1 Consumer Brand Engagement

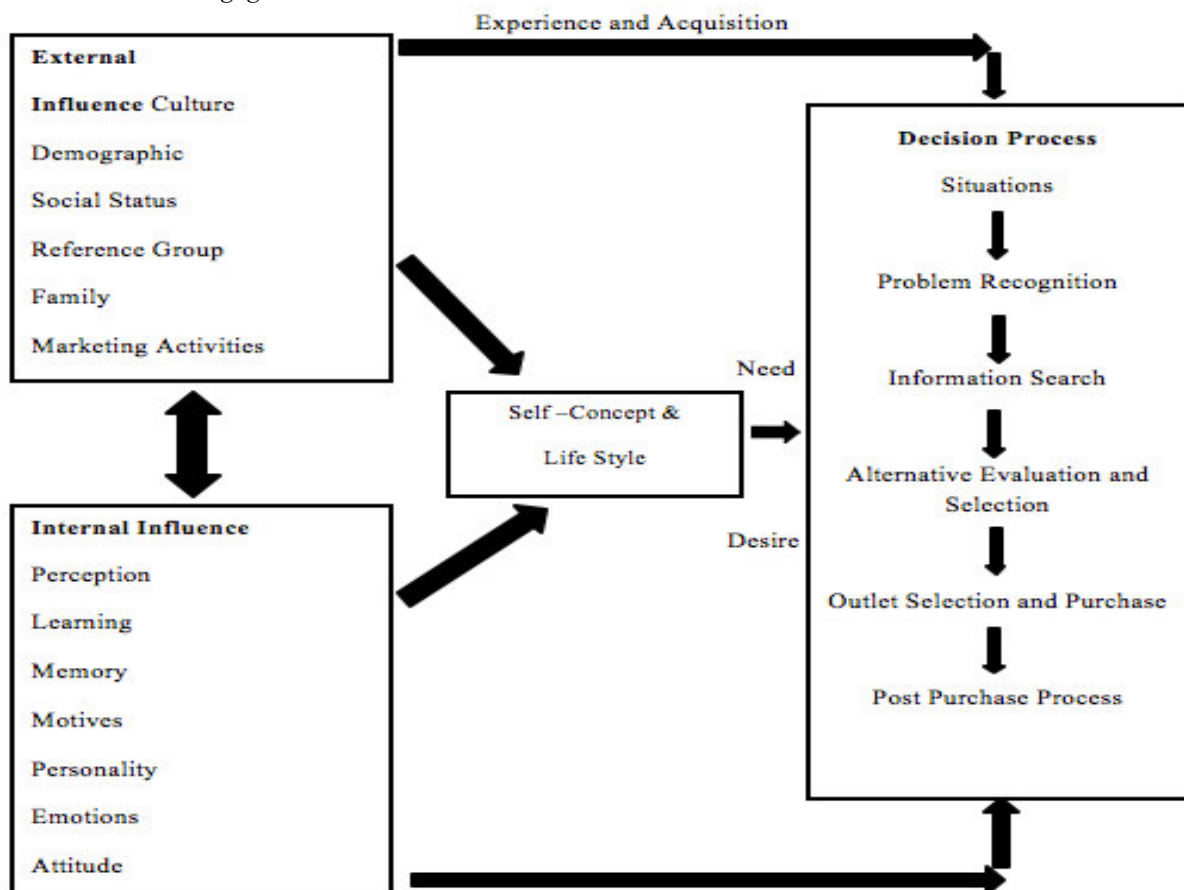


Figure 5. Consumers Decision Process

8. Conclusion

Product engagement and brand engagement have been established as key factors that influence consumers' response to a particular brand or product. Country of origin, price and product quality are also strong influential factors that contribute to the overall perception consumers may express towards a local brand but most importantly to foreign brands. Consumer brand engagement measures consumers' involvement in a product or brand.

If consumers are highly engaged in a brand it results in positive feedback and rating given to the brand.

Understanding consumers in terms of needs or wants and knowing their cultural backgrounds can better enable brands or companies to provide suitable and culturally relevant products to the right region.

Since Africa is known for its strong cultural beliefs and is not greatly exposed to international brands, foreign brands fear that African consumers' feedback may be unfavorable.

However, this study has shown that African consumers show a great interest in Chinese branded products.

In this research 'culture' discussed as being one of the key elements which leads to a high influential impact when it comes to the placements of brands in foreign markets. If more focus is allocated to cultural influence it can lead to increase in sales margin for foreign brands. Further discussion can be made from differentiating between fake and original goods. Seeing that there isn't much available literature on this subject, more should be done to raise awareness on identifying shoddy copied goods and promote the distribution of authentic products.

8.1 General Implications

The results of this study also illuminate the importance of attitudes toward Chinese products in the formation of brand collaboration for Chinese need to improve African consumers' attitudes toward Chinese products through marketing and promotional campaigns for building and strengthening brand equity for their brands.

Thus, it is recommended that Chinese marketers employ aggressive marketing strategies to improve African females' attitudes toward Chinese products. For example, advertisements can feature Chinese brands endorsed by African celebrities or reference groups. On the other hand, Chinese marketers should overcome the inverse relationship between African consumers' attitudes toward Chinese products and their quality perception toward Chinese products.

- First, Chinese marketers need to reshape their consumers' attitudes toward local brands through marketing and promotional campaigns. Quality improvement of local products and advertising campaign conveying this message may alter African consumers' perceived quality as well as their attitudes toward local brands. For quality improvement of local brands, Chinese marketers also should invest more in research and development and employ more sophisticated quality management. Second, because image and reputation of retail stores can signal high product quality (Dawar and Parker, 1994), Chinese marketers should endeavor image- or reputation-enhancing efforts.
- No impact of attitudes toward Chinese products was found on brand loyalty and BABAs for a local brand. Chinese marketers can encourage their consumers to be more loyal to local brands by providing good fit, ease of care, high quality with reasonable price, and improved services. In addition, investment in advertising could allow African consumers to be more aware of Chinese brands.
- Introducing more Chinese products in Africa
Base on these research paper Chinese brands has being accepted exceptionally well in Africa Market and the highest rated products are electronics. Through the structural equation it can be known that self-concept is the factor that creates brand engagements. With good product quality at low cost more Chinese investor should introduce more products in the African since COO shown the lowest influential factor contributing consumers care less as to the origin of products sold in Africa.
- Strengthen Chinese product quality
Some African consumer expressed their concern on Chinese product quality. Stated that Chinese product quality is bad and the life duration of the product is short. In North and East African where purchasing level are less is due to this reason. To resolve this it suggested that investors or traders filter the quality product they introduce to Africa market.

8.2 Recommendation to African Governments

Reduce tariffs on Chinese product imported in African

Tariffs reduction will reduce the cost of Chinese product that is imported in African. By doing so there can be an increase in purchase especially for the lower income individuals.

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