



A Study on the Relationship between Public Relations and Brand Strategy

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June 2005

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Foreword

Kristianstad, June 2005

With this dissertation, I am going to graduate from Kristianstad University. During the ten months' study as an international student, I learned a lot from teachers and classmates. At the beginning of writing dissertation, I chose to complete it by myself, which is a little ambitious for me at the time. Actually, it is a tough work for me. Fortunately, I got a lot help from teachers and classmates.

I would owe my completion of the dissertation to my tutor Christer Ekelund's encouragement. I would express my sincere thanks to Lisa Nilsson who help me to complete the dissertation as perfect as possible.

I greatly appreciate timely help to improve the language of the dissertation from Annika Fjelkner, our English teacher.

Finally, I would like to thank my family and friends for all help and support.

Xu Yuangzhong

Abstract

Title: A Study on the Relationship between Public Relations and Brand Strategy

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Problem: Brand strategy is a useful way to strengthen competitive competence of products. However, the researches on how to implement a successful brand strategy using public relations were rarely found in the existing literature.

Purpose: The main purpose with my dissertation is to investigate the relationship between public relations and brand strategy. In addition, I hope the dissertation can give some suggestions to Chinese companies when they want to implement a brand strategy using public relations.

Methodology: A combination of interview and questionnaire was used to find research questions. My sample is a famous enterprise named Lenovo Group in China.

Conclusions: The research indicated that public relations is a useful tool to implement brand strategy. Public relations plays an important role in the five stages of executing a brand strategy.

Keywords: Brand Equity, Brand Strategy, Public Relations

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Chapter 1

Introduction

The first chapter introduces the background of the dissertation. The research problems and the purpose are discussed. Further, the limitations and definitions are illustrated. Finally, the outline is presented.

1.1 Background

Implementing a brand strategy is important for market development and competition for enterprises. When market develops to a certain stage, a brand strategy will become the core of the business strategy. A brand strategy is of great importance for enterprises to participate in the market competition, to carry through market transforming, to steady and strengthen marketing status, and to compete and win in the international market.

Presently, China is a huge manufacturing base in the world but unquestionably it is a weak brand country. According to some surveys, Chinese brands have never appeared in the list of the world's 100 most valuable brands. There are many factors leading to this phenomena such as lack of leadership consciousness of preeminence and uniqueness in planning and implementing their brand strategy, lack of competition consciousness of going all out to the world, lack of full quality management consciousness of succeeding by providing excellent products and without doubt, mostly, lack of public relations consciousness of going together harmoniously with the environment and building good image and reputation which are prerequisite for a long term enterprise's brand strategy.

Although many enterprises have realized the importance of a brand strategy, they do not understand the inner relationship between public relations and enterprises' brand strategy very well. As a result, public relations has been little used in enterprises' brand strategy. Further more this misunderstanding prevents the process of Chinese enterprises building up international name brands.

During my studies at Kristianstad University, I found this topic to be an interesting and a good area for my master dissertation. This paper discusses the importance of a brand strategy for an enterprise, and then analyzes the functions of public relation. I found that there are benefits and advantages to use public relations in the implementation of a brand strategy. I hope that this paper can give some useful suggestions for Chinese enterprises when they are developing a brand strategy.

1.2 Problem

The problem is that there are few studies focusing on the relationship between public relations and a brand strategy. Most researchers think of public relations as an ordinary way of in a brand strategy and ignore the real importance of it. How to combine public relations and a brand strategy is rarely discussed in relevant books and articles. The fact that many Chinese enterprises have a problem in implementing a brand strategy indicates there is a need for an introduction of the function of public relations and of the use of public relations together with the implementation of a brand strategy.

1.3 Purpose

The purpose with the dissertation is to discover the function of public relations in the implementation of a brand strategy in enterprises. This paper analyzes both the importance and functions of a brand strategy and public relations focusing on how to combine them on a theoretical and practical level. Further, the purpose of the dissertation is to provide some suggestions for Chinese enterprises on how to use

public relations when executing a brand strategy. Finally the lack of academic research in this field encouraged me to do the work and to make an effort to give some ideas about public relations and a brand strategy.

1.4 Limitations

I have studied many researchers within the field of a brand strategy and public relations. However, some factors limited me when I wrote the dissertation. First, relevant source materials are not enough, especially in the area of a brand strategy of Western researchers. Second, because of studying and writing in Sweden, collecting Chinese enterprises' data is inconvenient for me so I decided to only do one case study about the topic. Third, the time constraint limited me to concentrate on the most famous researchers' theories and might neglect most other theories. That might lead the results to be too simple in a theoretical field.

1.5 Research Questions

The dissertation is based on the following research questions:

- How does a brand strategy combine with public relations?
- How to put public relations into the implementation of a brand strategy?

1.6 Definitions

Here I present some definitions of the terms most commonly used in the dissertation. I select the suitable definitions for the dissertation among the researchers'. Apart from the definition that I adopted, other researchers' definitions are discussed in the dissertation too.

- Brand: A brand is a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same needs.
- Brand equity: A set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to

a firm and to that firm's consumers.

- Brand strategy: refers to the careful planning, designing and the implementation process progressed by enterprises for the creation and development of the brand to improve marketing competition and economic profits, which embodies brand owners' long and sustainable plans for the structure of brand resource and its use and scheme.
- Public relations: Refers to the public environment that is formed when an organization, using all kinds of spreading and managing methods, realizes the bi-directional communication, understanding, recognition and cooperation between the public and itself for the organization's sustainable development.

1.7 Outline

The dissertation has the following outline.

Chapter 2: The methodological strategy, research design and scientific approach are presented.

Chapter 3: The theoretical framework is presented. First, I analyze brand. It includes the definition of brand, and the function of brand. Second, I explain about brand equity. It focuses on the definition of brand equity, brand equity dimension and how to manage brand equity. Third, I discuss brand strategy. It emphasizes the factors of brand strategy. Fourth, I interpret the relationship between brand strategy and public relations. Finally, I specify public relations. It includes the definition and the function of public relations.

Chapter 4: I illustrate how public relations functions in the implementation of a brand strategy. This chapter focuses on my own idea of how to explain the relationship between public relations and brand strategy.

Chapter 5: The Case Study is presented. I start by describing the Research Method where the entire process is explained. Then the interview and questionnaire are showed. Finally, the Interview and Questionnaire Analysis is discussed.

Chapter 6: The conclusions are presented. First, I summarize the dissertation. Further, I show the relationship between public relations and brand strategy according to my own opinion. Then, the limitation of the dissertation and suggestions for further research are presented. Finally, the practical implication is discussed.

Chapter 2

Methodology

In the second chapter the choice of the methodology is discussed. The primary and secondary data collections are presented. The dissertation's research approach is described.

2.1 Choice of Methodology

I chose to conduct my research on public relations and brand strategy, since I think that public relations is important in the implementation of brand strategy. Therefore most of the literature is focused on brand strategy as well as public relations.

I adopted a deductive research approach and reviewing the literature and research from China and foreign countries about brand strategy, public relations and the relationship between them to get the basic knowledge of this area. Then I began to do my own research based on this basic knowledge.

When reviewing the literature and reading former researchers' studies. I found many detailed and practical theories covering brand strategy and public relations. But most of them have not connected public relations with brand strategy or have studied the relationship between brand strategy and public relations deeply. Some of the studies focus on brand strategy while others emphasize public relations. In the modern society, I think that public relations is becoming more important for enterprises to execute their brand strategies. Therefore, I wanted to create my own idea and clarify the functions of public relations in the implementation of a brand strategy. In order to create this idea I reviewed existing theories and highlighted the issues I perceived most important according to the theories, and from there I was able to create some statements. I think that these statements are some of the most important characteristics of using public relations in the implementation of a brand strategy.

In my own research I conducted a qualitative interview as well as an email questionnaire and adopted the statements as a basis for my questions. By evaluating the issues from the interview and the email questionnaire I wanted to test if public relations can be used in a brand strategy according to my idea. I did not use a quantitative research because the relationship between a brand strategy and public relations is embodied mostly in a qualitative way. Most factors cannot be explained by numerical data. The case that I chose is highly typical and persuasive in China. At the same time by using the interview and the email questionnaire I could be flexible with my questions. Furthermore, by using a qualitative research I could discuss the issue in more detail.

2.2 Secondary Data

Saunders, Lewis & Thornhill (2003) suggest that secondary data consists of three parts: documentary, multiple source and survey. This dissertation is built on documentary. Documentary secondary data contains written materials such as books, newspapers and organizations' websites etc. Documentary secondary data also consists of non-written materials such as taped interviews, media, etc.

The concepts of brand strategy and public relations are widely known. This dissertation mostly used written books and articles as secondary data. Brand strategy and public relations belong to different research areas. Brand strategy belongs to the area of business while public relations belongs to public management. As I mentioned in the former passage, not very many studies combine them together to investigate their relationship deeply. Because my research is to study the functions of public relations in the implementation of brand strategy, I had to read these two kinds of books to conduct a literature review to learn more about the subject.

There are many books and articles about brand strategy. I read relevant books, as many as possible, to have a whole idea of this topic. Then I focused on some great

researchers such as Aaker, Keller and Kotler's works and adopted their views. I also read many books on public relations in order to make understand this subject better. Some famous researcher such as Cultip, Gruning, and Hutton's opinions were taken into use in my dissertation. Although there are few books that introduce the relationship between brand strategy and public relations in a detailed way, I learned some ideas from these studies that work as the foundation of my dissertation.

Because my dissertation focuses on Chinese enterprises, it was also important for me to read books and articles about brand strategy and public relations written by Chinese scholars. Two reasons are obviously. One reason is that there are more and more scholars beginning to investigate the areas of brand strategy and public relations. Many scholars' opinions are mature and noticeable. Another reason is that Chinese scholars are more familiar with Chinese enterprises and understand Chinese condition well. Their research has a high relationship with the Chinese situation. I have adopted some well-known Chinese scholars' studies.

2.3 Primary Data

Saunders, Lewis & Thorhnull (2003) point out that primary data is information that is collected for the first time. This data may be collected by various methods. The primary data of my dissertation is based on a face-to-face interview and an email questionnaire. After I had examined the theories, I summarized the main issues in five statements, which were the basis for my own idea. In order to test the statements I conducted the face-to –face interview and asked the nine-question questionnaire. The purpose of the statements was to study how and to what degree the functions of public relations can be put into use in the implementation of a brand strategy.

2.4 Research Approach

I used a positive research philosophy since I simplified the theories by editing them into my own idea. Furthermore, I was influenced by an interpretive research

philosophy as well since I made my own interprets when I analyzed my interview and questionnaire. I adopted a deductive research approach because I began with the literature about brand strategy and public relations concepts and their functions as well as their relationship. Then I created my own idea based on these theories. I chose the case study methodology to conduct my inquiry since it is the best way to get a good understanding of brand strategy and public relations.

The case study can be divided into two steps. The first step is a direct interview where I met the staff of the company and collected some main materials from the company. The second step is an email questionnaire where I sent nine questions to a company so as to get more relevant information. In order to make it easy for the Chinese enterprises to understand this subject, I chose a typical Chinese enterprise for my case study. Because of the limitation of time and other conditions, I only did one case study. But this case study could illustrate the functions of public relations in the implementation of a brand strategy in Chinese modern society at large.

Chapter 3

Theoretical Framework

The theoretical framework is presented in this chapter. First, I analyze brand. It includes the definition of brand and the function of brand. Second, I explain brand equity with a focus on the definition of brand equity, brand equity dimension and how to manage brand equity. Third, I discuss brand strategy. This passage emphasizes the factors of brand strategy. Fourth, I interpret the relationship between brand strategy and public relations. Finally, I specify public relations, which includes the definition and the function of public relations.

3.1 Brand

3.1.1 Introduction

Branding is not a new phenomenon. It has been with us for a long time since the earliest times. However, in the last one hundred years, the use of branding has developed considerably (Murphy, 1990). Researchers have defined brand and its function in different ways, but the essential meanings is similar.

3.1.2 Brand Definition

The concept of brand can be traced back to product or service marketing where the role of branding and brand management has been primarily to create differentiation and preference for a product or service in the mind of the customer. The American Marketing Association (1960) defines a brand as “ a name, term, sign, symbol, or a combination of them, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of a competitor.”

Many researchers such as Watkins (1986), Aaker (1991), Stanton *et al.* (1991), Doyle (1994) and Kotler *et al.* (1996) adopted this definition (cited by Lisa Wood, 2000). Keller (1998, p4) makes a definition of a brand as: “ a brand is, therefore, a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same needs”. Murphy (1990,p1) defines a brand as: “a brand is the product or service of a particular supplier which is differentiated by its name and presentation.” Ambler (1992) proposes the definition of a brand as: “the promise of the bundles of attributes that someone buys and provides satisfaction....” The attributes that make up a brand may be real or illusory, rational or emotional (cited by Lisa Wood, 2000).

The purpose of branding is essentially to build the product image. This image will influence the perceived worth of the product and will increase the brand’s value to the customer, leading to brand equity to the firm.

3.1.3 Functional Characteristics of Brands

A brand is the product or service of a particular supplier that is differentiated by its name and presentation (Murphy, 1990). Apart from the primary function of presenting differentiation, a brand has other functions as researchers supposed.

Keller (1998) suggests that a couple of perspectives can be taken to uncover the value of brands to both consumers and firms. He points out that, to consumers, brands carry out the following important functions:

- Identification of source of product. A brand identifies the source or maker of a product and allows consumers to assign responsibility to a particular manufacturer or distributor.
- Risk reducer and search cost reducer. Based on what the consumers already know about the brand---its quality, product characteristics, and so forth, they can make assumptions and form reasonable expectations about what they may not know about the brand. Thus the risk and search cost for consumers are reduced.

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- Promise, bond, or pact with maker of product. Consumers offer their trust and loyalty with the implicit understanding that the brand will behave in certain ways and provide them utility through consistent product performance and appropriate pricing, promotion, and distribution programs and actions. Consumers realize advantages and benefits from purchasing the brand, and as long as they derive satisfaction from product consumption, they are likely to continue to buy it.
 - Symbolic device. A brand can serve as a symbolic device, allowing consumers to project their self-image. A certain brand is associated with being used by certain types of people and thus reflects different values or traits. Consuming such products is a means by which consumers can communicate with others---or even to themselves.
 - Signal of quality. Because of the difficulty in assessing and interpreting product attributes and benefits with some kinds of goods, a brand may be a particularly important signal of quality and other characteristic for this type of product.

Keller argues that to firms, a brand has some important functions. Fundamentally, it serves an identification purpose to simplify product handling or tracing for the firm.

Operationally, a brand has the following functions:

- A brand helps to organize inventory and accounting records.
- A brand is a means of legally protecting unique features. A brand can retain intellectual property rights, giving legal title to the brand owner. The intellectual property rights ensure that the firm can safely invest in the brand and reap the benefits of a valuable asset.
- A brand is a signal of quality level to satisfy customers. A brand can signal a certain level of quality so that satisfied buyers can easily choose the product again. A brand also endows a product with unique associations and meanings that differentiate it from other products.
- A brand is a source of competitive advantage and financial return. Brand loyalty provides predictability and security of demands for the firm and creates barriers of entry that make it difficult for other firms to enter the market. This favors the

firm a competitive advantage. A brand represents enormously valuable pieces of legal property and it can provide the security of sustained future revenues to its owner.

Kotler (1996) suggests that a brand as a usual substitute for consumers evaluating products has at least six meanings of its inner value:

- Product's characteristics and functions.
- A product can give consumers actual profits.
- Manufacturers reflected by the product itself and value concepts pursued mutually by buyers.
- Culture.
- Personality of the buyer reflected by the product itself.
- Types of users indicated by the product itself.

As a summary, a strong brand increases the consumers' attitude strength toward the product associated with the brand. Attitude strength is built by experience with the product. The consumers' awareness and associations lead to perceived quality, inferred attributes, and eventually, brand loyalty (Keller, 1993).

3.2 Brand Equity

3.2.1 Introduction

In the view of its importance, researchers and firms have emphasized more and more on brand equity. The issue of brand equity has emerged as one of the most crucial topics for marketing management in the 1990s according to Hong-Kumm Kim, Woo Gon Kim and Jeong A.An (2003). They based on the works of Aaker (1996) and Keller (1993). Brand equity management becomes a strategic component of business management in many firms.

3.2.2 The Definition of Brand Equity

In the late 1980s and early 1990s, researchers were exploring the concept of brand equity. Analyzing the studies of the researchers, there are three broad views of brand equity. They are: (1) From a customer perspective, where equity is viewed as the difference in a customer's response to a branded product compared with his/her response to a similar product not identified by a brand name (Keller, 1993). (2) From a financial perspective, where equity is viewed as the value of the marketing mix given that the brand name is attached versus the value of a similar marketing mix without the corresponding brand name (Simon and Sullivan, 1993, cited by Hong-bumm Kim, Woo Gon Kim & Jeong A.An, 2003). (3) The combined perspective. This article focuses on the first perspective.

The customer-based equity subsumes two multi-dimensional concepts of brand strength and brand value(Srivastava & Shocker, 1991. cited by Hong-bumm Kim, Woo Gon Kim & Jeong A.An, 2003). Brand strength is based on perceptions and behaviors of customers that allow the brand to enjoy sustainable and differentiated competitive advantages. Brand value is the financial outcome of the management's ability to leverage brand strength via strategic actions to provide superior current and future profits. According to these two concepts, researchers have defined brand equity in different ways. Keller (1993) defines brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. Aaker (1991,p15) defines brand equity as: “ set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and to that firm's consumers”.

3.2.3The Dimension of Brand Equity

In the marketing literature, brand equity generally is divided into two kinds: those involving consumer perception and those involving consumer behavior.

(Cobb-Walgren et al., 1995; Yoo & Donthu, 2001. cited by Hong-bum Kim & Woo Gon Kim, 2004).

Aaker(1991) and Keller(1993) have both provided conceptual schemes that link brand equity with various consumer responses. Aaker(1991) identifies five major consumer-related bases of brand equity:

- **Brand loyalty.** Brand loyalty is a key consideration when placing a value on a brand that is to be bought or sold because a highly loyal customer base can be expected to generate very a predictable sales and a profit stream.
- **Name awareness.** This refers to the strength of a brand's presence in the consumers' mind. Awareness is measured according to the different ways in which consumers remember a brand.
- **Perceived quality.** It is a brand association that is evaluated to the status of a brand asset for following reasons:
 - among all brand associations, only perceived quality has been shown to drive financial performance.
 - perceived quality is often a major strategic thrust of a business.
 - perceived quality is linked to and often drives other aspects of how a brand is perceived.
- **Associations.** Brand equity is supported in great part by the associations that consumers make with a brand. These associations include product attributes, a celebrity spokesperson or a particular symbol.
- **Other proprietary assets such as patents and trademarks.**

Keller (1993) argues that brand equity has two dimensions: Brand awareness and Brand image. Brand awareness is made up of brand recognition and brand recall performance. Brand recognition relates to customers' ability to conform prior exposure to the brand when given the brand as a cue. Brand recall relates to consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. A positive brand image is created by marketing programs that link strong, favorable

and unique associations to the brand in the memory of customers. Brand image consists of favorability, strength and uniqueness of brand associations.

The focus on consumer behavior has led to an offering of measures such as overall preference, perceived value and a measure of utility or satisfaction that is an intangible value. Kamakura and Russel (1993) in the use of scanner panel data utilized three components of brand equity: (1) Perceived value. It is defined as the value of the brand, which cannot be explained by price and promotion. (2) Brand dominance. Brand dominance ratio provides an objective value of the brand's ability to compete on price. (3) Intangible value. It is operationalized as the utility perceived for the brand minus objective utility measurements (cited by Chris A. Myers, 2003). Srinivasan (1979) argues brand equity as the component of overall preference not explained by objectively measured attributes. He thinks brand equity by comparing actual choice behavior with those implied by utilities obtained through conjoint analysis with product attributes instead of brand names (cited by Chris A. Myers, 2003).

3.2.4 Managing Brand Equity

Researchers have tested that there is a positive relation between brand equity and a firm's performance (Aaker, 1996. cited by Hong-bumm Kim & Woo Gon Kim, 2004). Strong brand equity is expected to lead to a higher operational performance. Enhancing brand equity has been one strategic target for firms. Strategic brand management involves the design and implementation of the marketing program and activities to build, measure, and manage brand equity (Keller, 1998).

Keller (1998) proposes four steps in strategic brand management: (1) Identifying and establishing brand positioning and values. (2) Planning and implementing brand marketing programs. (3) Measuring and interpreting brand performance. (4) Growing

and sustaining brand equity.

Randall (1997) suggests some methods to build brand equity: (1) Advertising. (2) Promotion, involving two scopes, trade promotion aimed at distributors to encourage them to stock the brand and try to sell more, and consumer promotion aimed directly at consumers to encourage them to buy. (3) Relationship, involving adopting individual communicating ways to a consumer rather than homogenous mass. (4) Two-way communication where free telephone services and Internet are two main methods.

Aaker(1997) proposes three steps to implement the brand identity and value proposition so as to manage brand equity:

- Establishing the brand position. Brand position is the part of the brand identity and value proposition that is to be communicated to the target audience and that demonstrates an advantage over competing brands.
- Executing the communication program. According to Aaker's theory, the following ways can be adopted to communicate with the target audience:
 - Advertising.
 - Event sponsorship provides relatively unobtrusive but high-impact name exposure coupled with positive associations.
 - Clubs and usage programs provides new ways to generate personalized customer relationships.
 - Direct response marketing allows customers to bypass retailers and link directly to firm via catalogues, infomercials, the Internet or other means.
 - Public relations efforts offer low-cost exposure with enhanced credibility(since this article mainly discuss brand strategy and public relations, this topic will be illustrated comprehensively in the following chapters).
 - Publicity stunts generate visibility.
 - Promotions.

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- Product shows and event stores provide ways to make a unique and involving personality statement.
 - Packaging carries a major part of the identity for many brands.
 - Tracking.

Keller (1998) proposes a four-stage suggestion to build brand equity: (1) Choosing brand elements including: Brand names, URLs (Uniform Resource Location), Logos and Symbols, Characters, Slogans, Jingles and Packaging. (2) Designing marketing programs that cover product strategy, price strategy and channel strategy. (3) Integrating marketing communications such as: Advertising, Promotion, Event marketing sponsorship, Public relations and publicity and personal selling. These options can be utilized individually or in an integrated way. (4) Leveraging secondary brand knowledge.

From the theories above, we can perceive that building and managing brand equity is a quite complicated program. A firm should make and implement a correct brand strategy prudently according to its developing strategy to deal brand equity.

3.3 Brand Strategy

3.3.1 The Concept of Brand Strategy

Researchers think that brand strategy is a part of marketing strategy. Aaker (1996) mentions the concept of brand strategy and he has put it in the dimension of marketing strategy. Keller (1998) describes how to manage brand equity in the book *Building, Measuring, and Managing brand equity* and he mentions designing a branding strategy. Murphy (1990) in his book *Brand Strategy* looks at the ways in which companies can manage and develop their brands to maximize their success and value. He covers a broad spectrum of topics, including the branding of new products; branding of service; the use of the corporate brand and the development of corporate

identities; branding industrial products and pharmaceuticals; the success of ‘own label’; developing new brand principles of sound brand management; international branding; trade marks and intellectual property and brand valuation and analysis.

In recent years some Chinese researchers have done studies on this arena. Yu (2001) argues that brand strategy is a strategic choice for an enterprise to establish good brand images and to promote products’ reputation in order to develop its market, to attract consumers, to pursue larger profit return and cultivate consumers’ loyalty to the enterprise as well as its products. Lu & Lu (2004) define brand strategy as a general plan for an enterprise to develop competitive brand advantages according to its conditions and various factors so as to reap long-term profitability. Zeng (2001) proposes brand strategy as the careful planning, designing and the implementation process progressed by enterprises for the creation and development of the brand to improve marketing competition and economic profits, which embodies brand owners’ long and sustainable plans for the structure of brand resource and its use and scheme.

3.3.2 The Function of Brand Strategy

Yu (2001) argues that brand strategy is the essence of modern marketing. Its primary function is to fully utilize the influence of brands, to bring enough credibility of consumers and to give them physical and psychological satisfaction. Zeng (2001) proposes three functions of brand strategy: First, it is a powerful method for an enterprise to enhance competitive advantages and to strengthen its prior position. Second, it is the leading strategy in marketing strategy. Brand strategy is indispensable for products of an enterprise to obtain its stable, long-term and favorable marketing position. Third, it is an important instruction to lead marketing and consumers. Consumers’ purchasing and consuming decision-making need sufficient and accurate marketing information, enterprise’s and products’ information.

The implementation of brand strategy can provide enough information for consumers as well as give them the reasons and references to choose brands. Thus, it gives consumers confidence to buy the brand of products. As a result, it can provide consumers' physical and psychological satisfaction whereas it helps an enterprise to expand its marketing share.

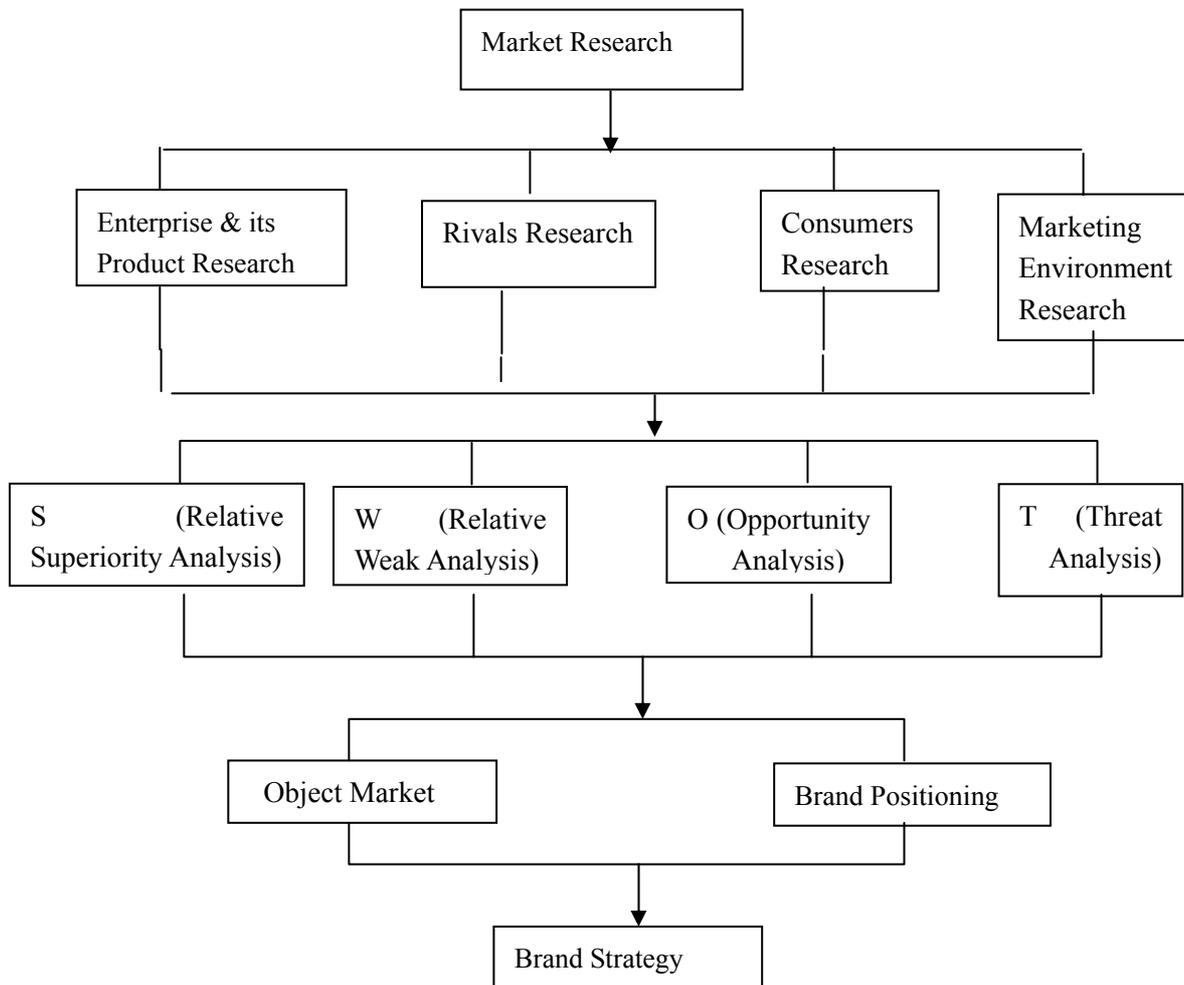
3.3.3 Component of Brand Strategy

Few studies have been done to discuss the component of brand strategy directly. Chinese brand strategy researcher Zeng (2001) has explored the topic. He supposes that brand strategy is made up of five factors: brand strategy planning, brand individuality positioning, brand propagation and popularization, brand management and brand protection. Therein lies that, strategy planning is the necessary stage before the implementation of strategy, and the other four parts belong to the implementation stage of brand strategy, each part bending itself to the realization of different brand strategy goals.

3.3.3.1 The Brand Strategy Planning Stage

Brand strategy planning is the start of a brand strategy, whose starting point of framing is a comprehensive, full, objective, accurate, and timely marketing survey and study, including that of enterprises and products, of competition rivals, of consumers, and of marketing environments. Based on these surveys and studies, a SWOT strategic analysis is constructed. Further, conclusion on target market and brand positioning is drawn and finally the brand strategy is framed. In this process, the lack of any step or any mistake will finally affect the efficiency of the whole brand strategy. As you can see in figure 1, brand strategy planning includes many factors and all these factors are important. See figure 1 for more information on the flow of brand strategy planning.

Figure 1 Information on the flow of brand strategy planning



Source: Zeng (2000) “Study on the key Questions of Chinese Enterprises’ Brand Strategy Making and Implementation,” *Journal of Huaqiao University*, 1st volume

3.3.3.2 The Implementation Stage of Brand Strategy

The implementation stage of brand strategy mainly includes brand individuality positioning, brand propagation and popularization, brand management and brand protection.

- Brand individuality positioning refers to the individuality style consumers have and market positioning, including positioning of market and of brand image. Market positioning, namely, consumer group positioning, price level positioning, regional

market positioning, and so on, is the foundation of brand personality positioning. Brand image positioning is the image style preference in consumers' mind confirming brand.

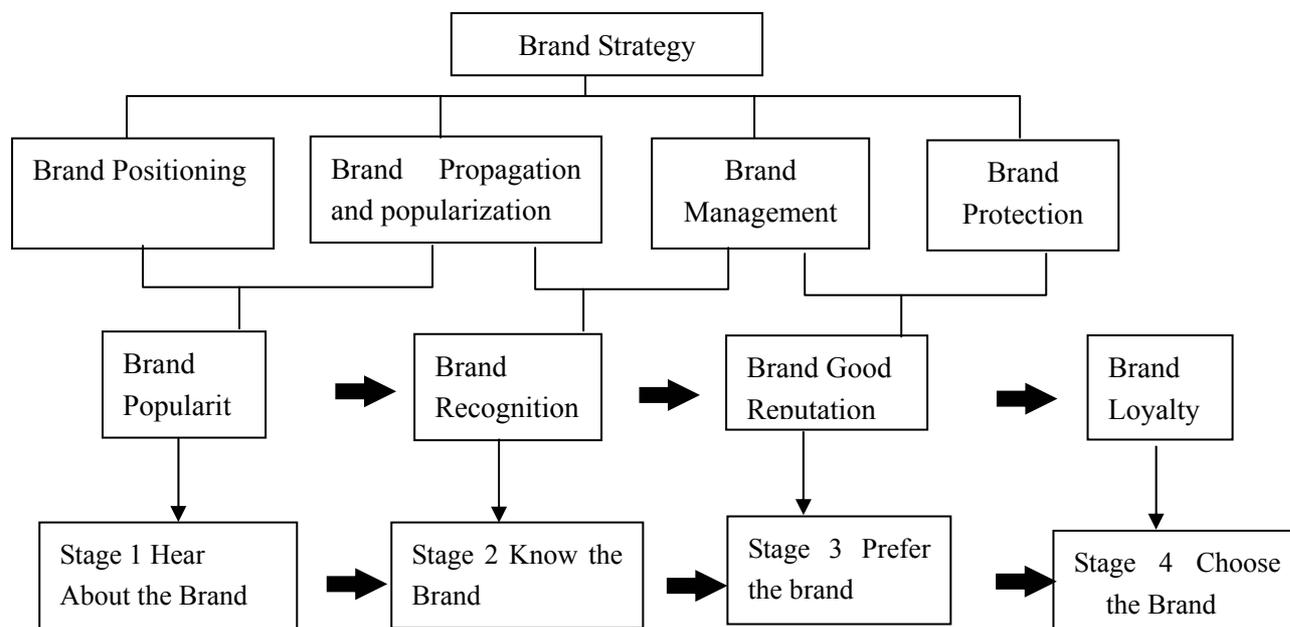
- Brand propagation and popularization is the process pushing the brand towards market and consumers. Its purpose is to let consumers be conscious of and know the enterprises and their products.

- Brand management refers to the whole process of creating, maintaining and strengthening brand and is the omni-directional management process of supervising and controlling effectively the relationship between brands and consumers. Omni-directional management means propagandizing enterprise's brand from every aspect connecting consumers, aiming to create consumers' loyalty to brand.

- Brand protection includes legal protection and image protection. Legal protection mainly refers to defeat fake products and prevent substandard products and by legal means safeguard brand' holiness and protect it from being damaged. Image protection is the timely supervision of image and timely handling crucial affairs.

The four aspects of brand strategy mentioned above proceed gradually in a special sequence and constitute mutually a complete strategy system cultivating and developing brand. This is demonstrated in figure 2. Figure 2 shows how each stage of the process of implementation of brand strategy effects consumers. In the same time, the purpose of each stage of implementation of brand strategy is illustrated.

Figure 2 Implementation of brand strategy



Source: Zeng (2000) “Study on the key Questions of Chinese Enterprises’ Brand Strategy Making and Implementation,” *Journal of Huaqiao University*, 1st volume

A mature brand needs a long and sustainable cultivation process. The object of this process is mainly continuously to improve brand value, including five guidelines as brand’s popularity, brand’s image, brand’s recognition, brand’s good reputation, and brand loyalty.

It is obvious from the process figure above that implementation of a brand strategy is a long and sustainable process. In this process, the former stage and the after stage are closely connected. The former stage is the foundation of the after one and the after one is the object of the former one. Therefore, to give up halfway or to act against the rules in the process should be especially avoided as a convention. Meanwhile, the crucial problems encountered in different stages are different so that the emphasis should be different. Under the circumstances that the core strategy of each stage is obvious, interrelated corresponding strategy combination should be carried out

simultaneously.

As a summary, brand strategy holds a dominant status in organizing enterprises' marketing strategies. It should be the foundation, core and starting point of other marketing strategy framing. Meanwhile, brand strategy must be based upon clear and uniform brand positioning with diversity and personality, and relevant marketing strategies are comprehensively used. The ideal market results can be achieved.

3.4 Brand Strategy and Public Relations

Brand strategy is an important part of enterprises' strategy and its purpose is to enhance brand equity, and finally to achieve a better general strategy. In modern society, implementing brand strategy demands the cooperation of many factors. Zeng(2000) argues that there are two basic factors. One is equipments and high-qualified employees that are the fundamental conditions for modern enterprises to create name brands. The second factor is application of public relations. Public relations can help enterprises improve employees' quality, activate employees' feeling of enterprise belonging, make employees in high-pointed manage the high-modernized technological equipments, and thus create name brands for enterprises. Public relations is the prerequisite for enterprises' brand strategy, without which, even having the most advanced technological equipments, brand strategy cannot be carried out efficiently.

Previous studies have disclosed the importance of public relations in brand strategy. Public relations efforts offer low-cost exposure with enhanced credibility (Aaker, 1997). Advertising, promotion, event marketing sponsorship, public relations and personal selling are ways of marketing communication (Keller, 1997). In the latter part of this paper the author will detail the function of public relations. Then we will find that public relations has two basic functions namely establishing image and

corresponding communication. The author thinks that these two functions embody three ways in practice. They are propaganda, management and communication.

First, the implementation of brand strategy needs public relations to propagate. The ultimate purpose of brand strategy is to make consumers accept and recognize the brand and to improve consumers' consuming desire and purchasing power, so as to increase enterprises' selling income and interests and brand equity. In order to achieve this goal, enterprises have to release information to consumers in time so that consumers can know and accept the brand. The characteristic of third party authenticating the brands makes public relations the best vehicle for propagating and spreading information to consumers. Of course, for public relations this propagation should be based on perseverant and sincere efforts to serve the society and the public. It is this "the public go first" thinking of public relations that can create the conditions necessary for the increase of brands' intangible value.

Secondly, the implementation of a brand strategy needs public relations to manage for enterprises. Brand strategy is a systematical engineering that influences the overall situation, the implementation of which calls for the support of six conditions as talents, equipments, capital, information, management, and markets. Public relations management function plays an important role in brand strategy. Public relations management builds up a bridge for brand strategy for enterprises' communication with the outside information and ensures the smooth spreading of information; and by strengthening enterprises' inner public relations management, makes closer the relation between enterprises and their staff and digs enterprises' resources.

Finally, the implementation of brand strategy needs public relations to communicate. The public relations communication function runs through enterprises' brand strategy at all times. When enterprises are carrying out a brand strategy, regardless of the

framing of brand objects, they need public relations communication in the positioning of brand individuality or brand protection and so on.

To sum up, public relations is essential to execute an enterprise's brand strategy efficiently. Since China's brand strategy is the product of the impact of foreign name brand in the Chinese market and not the result of a mature development of the market economy, the brand strategy in China is immature. The main mistakes made are confusing the concepts of name brand and brand, replacing name brand strategy with brand strategy, and taking those successful enterprises with foreign name brands as the source of brand strategy experience. In addition, Chinese enterprise in the course of carrying out brand strategy act too impatiently and, therefore, public relations has not functioned really in brand strategy. For example, Chinese enterprises' owners are often impatient and dream of becoming famous overnight. They replace public relation with advertisements in the course of building brands. As a result, those enterprises become famous overnight but they also disappear overnight. Hence emphasizing the function of public relations is especially important for Chinese enterprises.

3.5 Public Relations

3.5.1 The Definition of Public Relations

Public relations is a comprehensive and marginal application science. Theoretically, it covers different subjects as management science, marketing and mass-communication etc. In practice, it is applied by all social organizations. Many scholars have advocated their opinions about public relations and made definitions of it. They all define public relations differently or slightly different.

Cutlip, Center & Broom (1999, p6) define public relations in the following way: Public relations is the management function that establishes and maintains mutually

beneficial relationships between an organization and the publics on whom its success or failure depends.

Hutton (2001, p373) proposes public relations to be defined as “managing strategic relationship.” He argues public relations as: (1) Persuader. (2) Advocate. (3) Educator or dispenser of information. (4) Crusader. (5) Image-maker or reputation manager. (6) Relationship builder.

Gruning (1984, p6) define public relations as the “management of communication between an organization and its publics.”

Ledingham and Gruning (1998) argue public relations as “relationship management”. This implies that the focus of public relations is the management of an organization’s relationship with the public through a four-step management process of analysis, planning, implementation and evaluation.

The most representative and authoritative definition is the one proposed in the meeting of the World Public Relations Association held in the August 1978 in Mexico. The concept of public relations in this definition goes that public relations is an art and a sociology. To implement public relations is to analyze the tendencies, to observe the consequences, to provide advice to the leaders of the organizations and to carry out a series of planned activities so as to serve for the organizations and public’s benefits”(cited by Dong Newsom, Alan Scott, & Judy V. Turk, 1993).

Some Chinese scholars have done researches in the field of public relations. Ming (1986, p124-125) defines public relations as “the so-called public relations is, in order to gain trust and support inside and of the public and to create the best social environment for its business development, a series of scientific means of spreading and policy activities taken by an enterprise or organization in analyzing and handling all kinds of internal or external relations it faces.”

Mao (1992) supposes that public relations is the relationship of mutual understanding and reliance built by an organization through using all means of propagandizing between the public and itself so as to achieve its own objects.

3.5.2 The Function of Public Relations

From the developmental history of public relations, we can find out that the function of it has been changing. On the whole, the function of public relations is expanding. Nowadays, public relations has attracted extensive attention to organizations. Cutlip, Center & Broom (1999) argue that public relations includes the following activities and specialties: publicity, advertising, press agency, public affairs, issues management, lobbying, investor relations and development. Hutton (1996) supposes public relations primary functions are: research, image, making, counseling, managing, early warning, interpreting and communicating.

Public relations is believed to be a strategic part of organizations' strategic management (Wilson 1997, 2000). She thinks that strategy is the way to reaching an overall goal. It is a coordinated effort by elements such as public relations in long-range planning to achieve organizational goals. Public relations is strategic when it aids in formulating the organization's approach to accomplishing overall goals and then supports that effort in a coordinated and consistent manner. Grunig (1992) proposes that the best practice of corporate communication can be checked by four dimensions: Micro level, Managerial level, Macro level and effects of Excellent public relations. Oliver (1991) points out public relations as an important operational communication for a corporate.

Some scholars adopt public relations to execute marketing strategy. Harris (1991) calls it marketing public relations. He insists that the growth of public relations is practically universal. Companies assign public relations staff specialists to product

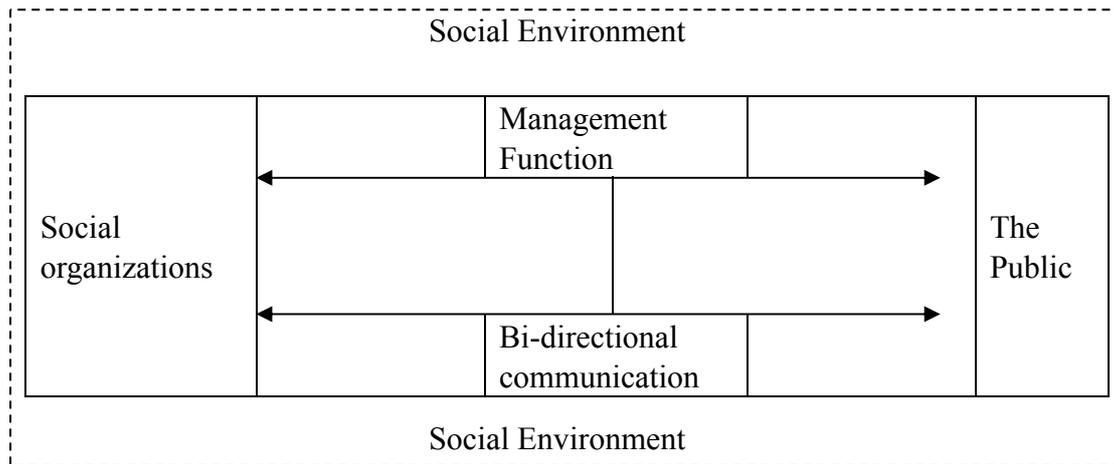
marketing teams and engage public relations firms to help get maximum mileage from product introductions, to keep brands prominent through the product life cycle, and to defend products at risk. McCarthy (1975) also proposes that marketing public relations basic task is to combine four elements into a marketing program to facilitate the market exchange, known as the marketing mix: product, price, place and promotion.

In recent years, Chinese scholars have adopted function of public relations by their views. Ju (1993) clarifies public relations function as gathering information, offering consultation and advice, participating in decision-making, corresponding communication, penetrating and organizing daily affairs and planning special topic activities. Sun (1997) insists that public relations include five aspects: establishing image, communicating information, corresponding relations, decision-making consultation and planning special topic activities. Dong (1996) argues public relations function as commanding information, offering consultation and advice, making contacts, planning activities and handling crisis. At the same time he points out that the core functions of public relations are establishing image and corresponding relations.

From the various types of definition and function of public relation proposed by researchers above, we can draw such the conclusion that public relations is the public environment which is formed when organizations, by using all kinds of information spreading and management, realize the bi-directional communication, understanding, recognition and cooperation and which suits the organizations' sustainable development. This concept has the following four characteristics: (1) Clarifying the four factors of public relations. They are social organization, spreading media, management function and the public. (2) Embodying the main function of public relations that focus on information communication. (3) Reflecting the basic characteristics of public relations that are scientific management and bi-directional communication. (4) Embodying the public concerning social organizations and its

goal to enlarge the organizations' prestige and to set up good organizations' images. Figure 3 shows the model of the four factors.

Figure 3 The Four Factors of Public Relations. (The arrowhead shows the direction of information movement)



Although researchers have different opinions about function of public relations, the essential concept is relatively similar. The basic function of public relations should be that which is shouldered and functioned by public relations to social organizations, individuals and to the whole society.

In present academic view, especially in China, establishing image and corresponding communication are the core functions of public relations. Establishing organizations' image is one core function of public relations. In the arena of public relations, enterprises and academia's understanding of enterprises' image has experienced through a concept development from image (refers to organizations' form, appearance and out-look, etc.) to identity (refers to the special status or individuality characteristic identification of organizations in industrial structure and social structure). Along with the coming of the world market enters the buyers' market from the sellers' market and the time of homogeneity, all social organizations have to consider attracting the public and enlarging the market by giving prominence to individuality difference. Thus,

organizations' image identification strategy has emerged as the times required.

Another core function of public relations is to correspond with the public. Carylip's bi-directional symmetrical balance theory is the important theoretical footstone of public relations corresponding communication. Corresponding communication is an acting course of both sides, including self-propaganda and impression feedback (cited by Dong, 1997). The main contents of corresponding communication of organizations with the public are interests corresponding, objects corresponding, attitudes corresponding and conduct corresponding, communicating with the public by means of leading, scattering the stream of interest, so as to achieve the organizations' goal of solidarity inside and development outside.

The reason why the author theoretically analyzes the core functions of public relations-- establishing image and corresponding communication-- is that these two functions of public relations have close connection with enterprises' brand strategy.

Chapter 4

Describing the Functions of Public Relations in a Brand Strategy

In this chapter, the idea that public relations can be used in each stage of a brand strategy is discussed.

4.1 Introduction

According to Zeng's (2000) theory, the main task of a brand strategy is brand strategy planning, brand individuality positioning, brand propagation and popularization, brand management and protection etc. I think that each stage of the brand strategy needs the support of public relations functions. This chapter will discuss the functions of public relations in a brand strategy at each working stage.

I chose this literature as the base of my research since there were following reasons. Firstly, I thought that Zeng's (2000) theory seems reasonable to analyze a brand strategy being made up of five stages. If I can support the idea that the functions of public relations can be used in these five stages, that means public relations is of use undoubtedly in the whole process of implementation of a brand strategy. Secondly, it would be easier for readers to understand that how public relations supports a brand strategy. Furthermore, readers can know how to make use of public relations in the different stage of brand strategy since different stage has different needs for public relations' function to support. Thirdly, there are some relevant former studies as reference for my research. These studies could be used for my own research as the basic literature. Finally, this is a relatively new arena that few researches have been done. I thought that it might be an interesting topic to study.

4.2 The Functions of Public Relations in Each Stage of the Brand

Strategy

4.2.1 Public Relations and Human Resource of Brand Strategy Planning

In shaping a brand, an enterprise should at first set up their long-range prospect of brand and make sure what on earth the brand should be good for, what its positioning is and what its future goal is. To answer these questions, the enterprise cannot start from the subjective imagination but should start from the consumers' opinions. The enterprise must go deep into the market to know and calculate consumers' real needs and then build the structure of brand development strategy.

I think that the public relations function of supervising and analyzing the environment, which is mainly embodied in the public relations function of collecting information, can help an enterprise know more fully and truly about the public's wills, thus guaranteeing an outside information smoothness of brand strategy planning.

Wu (2004,p30) points out that "information is the foundation of public relations activities and is the premise and condition under which public relations can function effectively for social organizations' managing and operating activities." In order to manage and to make decisions, the management of an enterprise must take hold of all information including all sorts of information on economics, policy, social environment, rivals, consumers' tendency, on the public's evaluation of the enterprise's images and so on.

Fang (2004, p23) thinks that one function department of an enterprise usually is limited to collect information of one aspect. For example, the sales department is only interested in collecting information on marketing supply and needs as well as price, technology department focuses on gathering information of technological data,

whereas the financial department pays attention to that of bank loans. Such omni-directional information collection cannot be done by other department in an enterprise and has to be handled by public relations department, which is also the foundation on which public relations department carries on its activities.

Meanwhile, a public relations department also has to pass information to the outside through propagation, that is, through all kinds of promulgation medium, to release the public information of the enterprise to the outside timely, correctly and efficiently, in order to gain the public's understanding and support of the enterprise, and to increase the enterprise's well-knownness and good fame, so as to build up a good social image and to create a good public opinion. Fang (2004) suggests that all the information that needs to be collected and sent out mainly includes the following:

- Enterprise's image.
- Products and service.
- The inside members of the enterprise.
- Rivals.
- The objects of enterprise's service; and
- Other social information, such as international and national politics, economics, culture, and changes in science and technology.

Enterprises' inner public relations conformity stresses to seek inside solidarity, advocates humanitarian management, strives for transferring culture into inner relations, and takes the increasing of an enterprise's cohesion and the staff's feeling of belonging awareness to the enterprise. All these are the embodiments of inner requirements for the enterprise's brand strategy planning and the guarantee of the enterprise's effective implementation of brand strategy. It is public relations conformity that the objects of sustainable development of brand strategy can be achieved.

4.2.2 Public Relations and Brand Individuality positioning

Brand positioning means that enterprises hope to differentiate their products and services from those of competitors' by taste, ideas and feelings. What enterprises wish and what consumers' priorities is not often the same thing, the latter is more important.

Zhang (2003) argues that a strong brand positioning should be clear and lasting. Brand positioning includes market positioning and brand image positioning. Public relations can function in brand positioning in two ways. One is to collect and deal with the information and the other is that public relations positioning confirms the whole image style of enterprises' brands.

I think that brand positioning is the product information signal designed on the basis of market research to distinguish itself from other products. Meanwhile, brand is born particularly for some specific consumer group segmentation market. How to catch most efficiently this consumer group is the key point of brand positioning.

What public relations can do for brand positioning is to do market research before brand positioning is finished and to feed back information after the product's brand is produced. Detailed and exact market research is essential to brand positioning. Enterprises must investigate the marketing deeply and by scientific means collect, record, settle and analyze the information concerned with marketing systematically, offer suggestions on settling the problems, and ensure the smooth progress of brand positioning.

Public relations can get valuable information through means of inquiring, observing and conducting a questionnaire etc in a market research so as to understand the cultural background of the objected public, the demands' tendency and purchasing characteristics, to understand the objected public's evaluation of enterprises' image,

management level, staff, and products, and to understand whether the brand that will be produced fits consumers' demands and whether the brand is competitive.

After establishing market positioning and brand image, enterprises need to know timely about consumers' opinions and advice in order to make product and their brand better fits consumers' demands. Therefore, public relations activities such as new product demonstration meeting, learning communication, speech, and exhibition etc can be adopted to introduce new brands and new products, and to gather information. Gathering information about products and brands through these activities helps implement the brand strategy effectively.

Public relations is a science concerned with enterprises' image shaping. An image's root is positioning. An image without positioning is bound to be hollow, blur, and lack of sustainable development. The success of a brand strategy calls excellent quality products as its precondition, but not all products with excellent quality are name brands. High quality products can only become real name brands with the help of good images of excellent brands established in consumers' minds. Li (2004, p10) says "the final result of brand positioning is not positioning itself but brand's position in consumers' mind."

4.2.3 Public Relations and Popularization of Enterprises' Brands

After finishing brand positioning, enterprises should propagate and spread brands. Enterprises' brand propagation and popularization also needs the support of public relations. Therefore, enterprises should utilize effective ways to catch consumers' attentions apart from advertisements.

Public relations can remedy advertisements' shortcoming of lack of deepness and is the most effective way of brand propagation and popularization. Generally speaking,

an advertisement aims to propagate the products and to make consumers understand enterprises' products and services as well as to make consumers desire to purchase them. Public relations aims to propagate the enterprises and to build up good images and make consumers know the enterprises better and then support them. Therefore, on the contents of propagation, public relation is more comprehensive. Advertisements focus on the present marketing of products or service, and public relations that focuses on propagating the enterprises and its functions can only be exerted with the building up of enterprises' good image and good fame.

Generally the advertisement function is to make the public buy the products directly and then know the enterprise through the product according to the pattern of "the public—product—enterprise". On the contrary, public relations makes the public know the enterprise and then purchase its products or service according to the pattern of "the public—enterprise—product." Thereby, on the effect of propagation, public relations is potential and indirect. As a result, in propagating and popularizing brands, public relations can make up the shortcoming of lack of deepness of advertisements.

Li (2002, p226) points out that "the goal of advertisements is to make people buy my product, is to promote some product or service; and public relations is to make others love my product, it aims to set up the whole organization's good image and to seek the public's support and cooperation and make successful the whole business of the organization." Fruitful results can be achieved in the process of propagating and popularizing brands if it has the guidance of public relations.

For example, through propagating the service and investment of the enterprise for the social commonweal activities, setting up a good image of enterprise caring and returning to the society by making the public aware of and praising the enterprise and gaining their recognition and acceptance. With this brand strategy, an enterprise can increase its rate of marketing occupancy, attract the public's attention more effectively, and promote the communication of enterprise' brand and its sale of products and

service. Therefore, public relations is the most effective means of brand propagation and popularization.

4.2.4 Public Relations and Brand Management

Brand management is the whole process of establishing, maintaining, and consolidating a brand. It is an effective way to supervise and control the relationship between brand and consumers. The main purpose of brand management is to create a harmonious environment so as to achieve the objects of a brand strategy and enhance brand equity.

Public relations activities can create such an environment for enterprises. Brand regards consumers as its center. The process of brand management depends on gaining and keeping consumers and its long-term strategic object is to cultivate consumers into brand loyalists. Traditional marketing ideas think that its goal is to sell products to consumers. However, modern marketing theory believes that selling is not at all the ultimate goal. Selling is only the beginning of setting up good relations with consumers, and it is the chance to turn brand purchasers into brand loyalists.

Public relations is the best means for enterprises to realize the goal. Since public opinions and the media are independent third parties, they are not in control of enterprises and do not directly serve enterprises' purposes. They have their own acting rules and judging standards. Media's attitudes, as a third party, make consumers believe that it can be trusted in. During the process of being appraised by public opinions, consumers will accept enterprises' good images as well as brand images.

A good example of how public relations improves enterprises' brand management is the Customer Relation Management (CRM). CRM sets up a customers' database and gathers, analyzes, and uses every information about customers, including customers' demography information, demands, preferences, income, and personal way of living

etc. Then it provides them with individualized products and special service, satisfies different customer's special needs, and observes or measures consumers' reaction. According to their reaction, enterprises can consolidate or adjust marketing projects, so as to maintain the long-term and good relations between brands and customers. When consumers are extremely loyal to brands, they are unwilling to change to other brands. Meanwhile, loyal consumers act as role models and they influence the brand positively as well as attract new consumers. Some studies show that a little improvement in brand loyalty can lead to a great increase in brand profits. Improving brand loyalty is the most effective way for enterprises to achieve a sustainable profit increase.

4.2.5 Public Relations and Brand Protection

Due to a continuously changing inside and outside environment, enterprises will confront various challenges during their development. A brand is very fragile and just like a crystal glass that is easily broken. It is hard to build a brand but quite easy to destroy it. Under some certain circumstances, public relations can handle brand crisis effectively.

Li & Qiu (2002, p226) argue that a public relations crisis refers to the sudden events that affect the normal operations of social organizations, threaten their existence and development and thus damage their images. It has the characteristics of suddenness, harmfulness, notableness, and universality. When handling a public relations crisis, social organizations should obey those principles of timeliness, openness, objectiveness, completeness, and honesty, and should have the courage to shoulder the due liabilities.

Because sincerity and honesty is the lifeline of public relations, enterprises ought to initiatively bear the liabilities to solve the brand crisis. Furthermore, enterprises should actively handle the crisis. They should frankly and sincerely speak to both the

media and the public. Furthermore, enterprises must show the truth of the event and genuinely accept criticisms, so as to win the public's favor and trust, desalt the conflict, and transform the crisis. On this point, public relations' function of handling crisis is a strong umbrella for protecting brands.

For instance, because of a misleading speech of Minister of Public Health, consumers all refused to buy Cranberry-products of American Ocean Spoonrifts Company. The company was on the edge of bankruptcy. Fortunately, the company used public relations dealing with the crisis. By telling consumers' facts and asking president candidates to eat Cranberry, finally the company made consumers understand the causes of the incident and removed their misunderstanding. Once again Cranberry products came back on people's tables.

4.3 Summary

Public relations can be used as an effective method in the implementation of a brand strategy. Figure 4 illustrates the functions of public relations that support the implementation of a brand strategy in an enterprise.

Figure 4 The functions of public relations used in a brand strategy

Brand strategy stage	Functions of public relations
Brand planning	<ol style="list-style-type: none"> 1. Collecting information such as economics, policy, social environment, rivals, consumers, tendency and public's evaluation of the enterprise's images to understand more truly and more fully about public's willing. 2. Releasing information to the outside to gain the public's understanding and support, to increase the enterprise's well-knownness and good fame. 3. Strengthening the belonging awareness of the staff to sufficiently mobilize their enthusiasm and creativity to create a harmonious environment for brand planning and implementation.
Brand positioning	<ol style="list-style-type: none"> 1. Getting information through means of inquiring, observing and questionnaire etc in market research so as to understand whether the brand fits consumers' demands and whether the brand has market competitiveness. 2. Using activities such as new product demonstration meeting, learning communication, speech and exhibition and etc to know timely about the consumers' opinions and advice in order to make products and brands fit better consumers' demands.
Brand propagation and popularization	<ol style="list-style-type: none"> 1. Remediating the advertisements' shortcoming of lack of deepness in brand propagation. 2. Through propagating the service and investment of the enterprise for the social commonweal activities to set up a good image of the enterprise caring and returning to the

	<p>society in order to make the public know, praise, recognize and accept the enterprise.</p> <p>3. Attracting more effectively the public's attention and increasing the enterprise's marketing occupancy.</p>
Brand management	<p>1. Cultivating customers into brand loyalists by means of establishing Custom Relation Management and etc.</p> <p>2. Influencing the media's opinions so as to influence the public's opinions.</p>
Brand protection	<p>Winning the public's favor and trust, desalting the conflict and transforming the crisis.</p>

Chapter5

Empirical Case Study

In this chapter the research strategy is presented. The case study is conducted. Finally, the case study conclusion is drawn.

5.1 Empirical Method

5.1.1 Research Strategy

Using a deductive research approach I first did a literature review about brand strategy and public relations. There are many books and articles covering these two areas, from which I have learned a lot of relevant knowledge about brand strategy and public relations. Based on this knowledge I formed my own idea about how the public relations function can be put into use in different stage of the implementation of a brand strategy. This idea mainly consists of five statements. In order to test my idea I first conducted a face-to-face interview and then an email questionnaire about a Chinese enterprise named Levono.

I started my research with reading books and articles concerning about brand strategy and public relations so as to get a whole concept of this area. I read some celebrated researchers' studies including some Chinese scholars. Why I spent so much time to read Chinese scholars' studies related to the areas of brand strategy and public relations and used these ideas in my research is that these scholars are familiar with Chinese enterprises' situation. Further more my intention to write this dissertation is to contribute to help Chinese enterprises to understand how to use public relations in the implementation of brand strategy.

There are multitudes of researches that have been done about brand strategy and

public relations, few researches connect these two topics closely. On one hand, studies on brand strategy seldom mention public relations or only write a small chapter to illustrate it. On the other hand, books and articles on public relations scarcely talk about brand strategy. This phenomenon inspires me to explore this field. In modern society I think that public relations is becoming more and more important for enterprises. Brand strategy is an essential strategy for enterprises. Enterprises will gain a lot if they make full use of public relations because the public relations functions are helpful to an enterprise to implement its brand strategy. For example, public relations can collect information for the enterprise to plan or and implement a brand strategy. Furthermore, public relations can help the enterprise to establish a harmonious environment with the public and to build a highly consumer loyalty. I did a case study to test my theory based on the studies conducted by the previous researchers.

Saunders (2003, p93) defines a case study as: “ a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.” I chose to do the research as a case study because it was suitable to fulfill my purpose since the case study will test my idea to a certain extent. I used an interview and a questionnaire as my data collecting method since I thought that an interview and a questionnaire would ensure we to get more reliable and deep information. Another reason why I chose an interview and a questionnaire was that I had bigger flexibilities to adjust the questions to the interviewees.

I made the case study by two steps. The first one was a face-to-face interview. I did it in Feb. 2005. During this step I met some people who worked in the enterprise that I chose it as my case study. These people included high-level managers as well as ordinary staff, in order to get a more objective view. The second one was an email questionnaire in which I conducted in Apr. 2005 with nine questions to the enterprise mainly based on the statements of my idea. In the email questionnaire I asked the

enterprise to answer my questions mainly focusing on public relations. These questions covered how the enterprise thought about the functions of public relations in its brand strategy, what sorts of public relations function the enterprise had used during the implementation of brand strategy, and what effects the enterprise had gained and so on. The letter to the enterprise and the questionnaire content are in appendix 1 and appendix 2 respectively.

5.1.2 Validity

Validity is concerned with whether the findings are really about what they appear to be about (Saunders, Lewis & Thornhill, 2003, p101). Saunders, Lewis and Thornhill (2003) point out that when using semi-structured interviews validity refers to the extent to which the researcher gains access to their participants' knowledge and experience. I think that I gained access to the knowledge and experience of the interviewees. Since I have some good friends in Lenovo, I conducted the interview much more easily. They helped me a lot when I did the interview in the enterprise. Under their useful help, the interviewees were unexpectedly open and some were rather enthusiastic to tell me their news. From the top managers to common workers all people were cooperative. Especially the manager of the brand department of the enterprise Lilan gave me much valuable help.

According to Saunders, Lewis and Thornhill (2003) a second aspect of using semi-structured interview is the ability of the researcher to infer a meaning that the interviewee intended from the language that was used by this person. Since the interviewees are all Chinese like me, we had no trouble communicating during the interview. They could understand me well and their true ideas could be extracted without any obstacle. Another fact was that my questions to the interviewees were relatively easy. The third fact was that the interviewees were all high educated and they had enough knowledge to answer my questions. Although there might be some

minor errors, I think that they can be neglected.

5.1.3 Reliability

Saunders, Lewis and Thornhill (2003) argue that in general if using non standardized interviews there are always concerns about reliability, since for quality research reliability is concerned with whether alternative researchers would reveal similar findings. Since most of the interviewees were focused on revealing the facts and not opinions or views, I think that the interviewees would give the same answers to other researchers. I assume that the interview is repeatable.

There are four threats to reliability, namely subject or participant error, subject or participant bias, observer error and observer bias (Saunders, Lewis and Thornhill 2003). With the respect to the participant error, I think that this might have been the case during my interview. Sometimes the people I interviewed did not know the answer very well. Some people might answer my questions depending on their guess. I do not think that my interview and email questionnaire were affected by subject or participant bias. On the contrary I was surprised how open my interviewees were and how much some of them told me, as well as, showed me. Most of them did not hesitate to tell me things that I thought of as company's secrets. I was aware that my interview might probably not be free of observer error since the questions were designed subjectively. Furthermore, I might be partly subjective when interpreting the results of the case study.

5.1.4 Generalisability

Generalisability refers to the extent to which the research result can be generalized to a larger population (Saunders, Lewis & Thornhill, 2003). In order to be able to generalize a research, the case has to represent the whole study. Lenovo is a typical enterprise, successful in using public relations in the implementation of its brand

strategy. On this point, I think that this sample has a relatively low representativity to show the public relations function in the implementation of a brand strategy because of its specification, but the sample can give much enlightenment for other enterprises in China. Due to only one sample, I cannot assume this sample can represent all enterprises. Furthermore, this sample reflects the situation of relationship between public relations and a brand strategy in China. I am not certain whether it is the same in other countries. In this aspect, the generalisability of the case study does not meet the standard.

5.2 Case Study

5.2.1 Introduction

I chose a Chinese enterprise, Lenovo, as my case study object. Lenovo is a well-known enterprise and its main industries are IT and computer making etc. In recent years, Lenovo has developed very quickly thanks to its managerial strategy including the brand strategy. An obvious feature is that the enterprise realizes the usefulness of public relations and puts it into use in the implementation of its brand strategy. Here is the brief introduction to the enterprise. All the background information about the enterprise comes from the company's official website: <http://www.lenovo.com.cn>.

5.2.2 Enterprise Background

Established in 1984 by 11 researchers with an initial capital of RMB 200,000(\$ 24,200) funded by the Chinese Academy of Sciences, the Lenovo Group today has become a great enterprise group in the industries of computer making and IT etc. For the fiscal year ending March 31, 2004, Lenovo reported a turnover of HK\$23.2 billion (\$3.1 billion) and net profit of HK\$1.05 billion (\$0.14 billion). It has more than 10,000 employees. Lenovo has entered the stock market in Hong Kong (stock

code: 992), and is a constituent stock of the Hang Seng Index. Currently, Lenovo engages primarily in the manufacturing and sale of desktop computers, notebook computers, servers and peripherals, mobile handsets and printers in China, with a yearly capacity of producing five million computers. Meanwhile, the Lenovo Group has a massive cellphone manufacture base in Xiamen. Since 1996, Lenovo brand PCs have been the bestseller in China for nine consecutive years, commanding a 26.3 percent unit share of China's PCs market in 2004. Till the end of March 2004, Lenovo PCs was also ranked number one for 16 consecutive quarters in the Asia Pacific market (excluding Japan).

For nearly two decade, Lenovo has devoted itself to "making things easier for customers" and persisted in providing leading-edge technology products to Chinese users and in improving the development of the Chinese information industry. In the future, as a supplier of IT technology and service, and under the principle of complete client tendency, Lenovo will continue to satisfy the needs of four types of customers which are families, individuals, mid-size and small enterprises, and large industries and enterprises by offering customer-oriented computer products and services.

In today's increasingly scorching competition of technology, the Lenovo Group continuously increases its investment in research and invention and in establishing researching and inventing system. In the fiscal year of 2003 (from April 1, 2003 to March 31, 2004), the Lenovo Group has applied for an accumulative total of 480 national patent rights, among which invention patents occupy 50%. It won the Golden Medal of patent rights of China in 2003, and was awarded China's Excellent Patent Right by the World Intellectual Property Organization (WIPO). It got the prize of National Enterprise of Tech Innovation awarded by the State Intellectual Property Office of China for owning the most intellectual property rights. It has formed a core technology system with its own intellectual property rights. In 2003, the Group bid on the national network junction point of 863 Plans and successfully developed the "Deepcomp 6800" supercomputer with a computing speed of over 4000GFLOPS and

was issued as an important special result of the National 863 Plans by the Science and Technology department. "Deepcomp 6800" was ranked 14th among the world's top 500 supercomputers (TOP 500).

For many years, the Group's achievements have been well recognized. Lenovo was ranked 6th on Fortune's list of China's 100 Largest Companies published in September 2002. The Lenovo brand is the 4th most valuable brand in China and its brand value was estimated to RMB 26.805 billion (\$3.245 billion) in 2003. In the 11th Best Managed Companies Poll by *Asia Money* in 2003, Lenovo was also the first in the "Best Managed Company", "Best Investor Relations" and "Best Financial Management".

However, far before Lenovo registered its English logo "Legend", the English logo had already been registered by at least more than ten companies abroad. In the European area, Lenovo's English logo has always been "QDI" of its computer main field. The coexistence of "Legend" and "QDI" obviously influences the communication of Lenovo's brand. It would be impossible to buy it back from so many companies.

After a long-term planning and careful preparation, in April 2003, the Lenovo Group officially announced at Beijing that the Group had adopted a new logo "Lenovo 联想". It replaced the original English brand name "Legend" with "Lenovo", and registered it worldwide. At home it still keeps using the logo of "English add Chinese" and at abroad it only uses the English logo. The new logo "LENOVO" stands for the Lenovo brand's four top characteristics of "faithfulness and honesty, innovation and vitality, excellent special service and easiness".

5.2.3 Results of the Interview and the Questionnaire

I summarized the answers of the face-to-face interview and the email questionnaire to

show the application of public relations in the Lenovo Group's new logo strategy. The following is the results of these two activities.

5.2.3.1 Result of the Face-to-face Interview

In order to collect first-handed materials for my research, I did an interview with some people in Lenovo in Feb. 2005. I met Li Lan, the manager of the brand department of the enterprise. We talked about the history, the present situation and the future of Lenovo. During the conversation with Li Lan, I asked questions mainly on the management of brand.

The manager explained to me that Lenovo has put a high priority on its brand strategy. It established a brand department already from the beginning. There is a vice president of the enterprise group board responsible for the brand strategy. In these years, Lenovo has introduced public relations into its business management. The brand department is one of the first departments to use public relations in their work. Since then Lenovo has created many public relations' activities to promote its brand strategy and reaped a good result. With a combination of public relations and the brand strategy, the enterprise's image and reputation increased, a highly consumer loyalty was established and the sale volume rocketed. To a certain extent, the quick development of the enterprise depended on its correct brand strategy especially the use of public relations to build a harmonious environment with the public and consumers. Other people gave me much valuable information during the interview too.

This face-to-face interview gave me a full picture of Lenovo and its successful use of public relations in the implementation of a brand strategy. This motivated me to do my research on this topic since I found it very interesting. I believed that the practice of Lenovo might work as a mirror to other enterprises in China. I collected much information about brand strategy and public relations. This gave a foundation for my email questionnaire.

5.2.3.2 Result of the Email Questionnaire

Question 1. “Legend 联想” is already a quite mature brand and, according to the industry circle’s evaluation, the Lenovo brand value should be around RMB 40 billion(\$4.843 billion). Why did your company change it to a new logo?

This question is intended to give a general introduction to new brand logo strategy of the Lenovo Group.

Answer: We think that it is the need to cater for the enterprise’s international development strategy. When Lenovo was first set up and named LEGEND, it was the last one in Hong Kong companies’ ranking. Therefore, in the first place it was to make a living without a piece of internationalization thinking.

Today, Lenovo’s development calls for internationalization. To be internationalized, first of all, Lenovo needs an English brand that is unblocked in the international market and loved by consumers. But the English logo “Legend” had been registered in many countries and could not be used. This is the first reason. Secondly, Lenovo needs to plan its brand strategy again. In the past, Lenovo’s overseas operation was mainly production and processing, without a real brand operation. Thirdly, Lenovo needs to redefine “What kind of company Lenovo is”. Lenove launched its new logo, and defined its brand meaning as the four characteristics of “faithfulness and honesty, innovation and vitality, excellent special service and easiness.”.

Question 2: How did you prepare to execute the new brand logo strategy?

This question is to test how the enterprise uses public relations in brand strategy planning.

Answer: As a matter of fact, changing the logo wasn’t a single strategy of Lenovo facing internationalization. It took two years to prepare the program. Early in 1999, the Lenovo Group began to think about the conformity of its brand. In May 2002, Lenovo formed a brand-switching panel with the vice president Yuanqing Yang (now the president of the Lonovo Group) as its leader. The panel summed up eleven aspects like questions item and goals the brand was facing and so on. The panel carried out

the following activities in new brand logo strategy.

Firstly, it visited thousands of Lenovo employees from the vice president to ordinary staff in order to consult Lenovo people of their feelings about the spirit of Lenovo brand. Secondly, through a deep communication and a strict bidding process, it sought its cooperation partner of brand management items from many professional service companies. Lenovo finally chose a world famous brand designing and consultancy company Future Brand to execute the new brand logo strategy program. The whole process lasted for more than two years, including researching and studying market, brand strategy planning, brand symbol designing, and the popularization of the new logo. This program covered visiting 2,800 consumers, 700 enterprise clients and holding six global meetings in five foreign countries. Finally, it studied repeatedly the cases of brand logo replacing of other enterprises of the same industry such as Sony, BenQ and Motorola etc to get more relevant knowledge from their experience.

Question 3: What have you done during the process of new brand logo positioning?

This question is intended to test if the public relations' function is used in brand positioning.

Answer: On July 31, 2003, we held Lenovo science and technology exhibition 2003. A great number of people visited the exhibition. This exhibition reaped two important effects. One effect was letting people know our most advanced products. The other was letting us understand more about our products and service from the feedback of our customers and the public. We also consigned special investigation companies to spot check, follow and visit 500 consumers and studied their perceive about the new brand logo in order to make ourselves sure if the strategy was successful or not.

Question 4: After changing the new logo, your company faced the work of propagating and popularizing it. How did your company get this done?

This question is intended to test if the public relations' function is used in the stage of brand propagation and popularization.

Answer: We carried out a series of activities aiming at the propagation and popularization of the new brand logo. According to our brand-switching plan, starting from April 28, 2003, our advertisements were changed to the logo of LENOVO. For our products, like cellphone, we produced new products with the new logo. On Oct. 15, 2003, Lenovo carried out a series of spreading activities nationally with the topic of “Only you can imagine”. Lenovo appealed the idea of “to have idea means innovation, to have imagination means creation, only if you could think, and everything is possible”. Together with the successful launch of “Divine Boat Airship No. 5” which indicates China’s independent spirit of science and technology innovation, Lenovo showed the lofty quality of the Chinese people daring to dream and to innovate and to make dreams come true and absorbed the public’s eyes at the first time.

Question 5: In April 2003, the fear of SARS spread throughout China and the people and the media first of all paid attention to this issue. Was it not of great danger that Lenovo changed and propagated and popularized its new logo at the same time? It is said that your enterprise denoted a large number of money to the local government for fighting against SARS. What was the purpose of this action?

This question is intended to test how the function of public relation is used in brand propagation and popularization.

Answer: SARS did influence us greatly. But our brand-switching panel had complete recognition and preparation for it. On the sufficient base of public relations research and study, we at first held news release meeting and invited reporters of all the main media of China and answered their questions. Meanwhile, in order to repay to the society and also to make the best use of the positive functions of the crisis accident, Lenovo donated RMB 10 million (\$ 1.21 million) to the Beijing City to fight against and prevent SARS. This aroused the media’s general attention and gained praise from the public. This fact demonstrated that our donation of public relations was quite successful.

Question 6: The direct reason for Lenovo's changing its logo is its international development. Besides the extensive propagation and popularization carried through in China, on the international level, what did you do?

This question is intended to test if the function of public relations is used in brand propagation and popularization in international level.

Answer: In the next half-year of 2003 we made a more far-reaching plan for the coming three to five years. One very important plan among them was that on March 26, 2004, the Lenovo Group as the first Chinese enterprise concluded a cooperation agreement and thus became the worldwide cooperation partner of the International Olympic Committee.

Over the next four years (2005-2008), Lenovo will provide computing technology equipment including desktop computers, notebooks, servers, and desktop printers, and provide funding as well as technological support to the 2006 Turin Olympic Winter Games, the 2008 Beijing Olympic Games and over 200 national and regional Olympic committees around the world. Just like the manager of the brand department Li Lan said, we hope that we can improve our recognition degree overseas. It is safe to say that "Lenovo" is quite strange to overseas consumers. We hope that there is a carrier or a platform through which we can extend our brand to different countries. And by sponsoring the Olympic Games, we desire to achieve the goal of improving the recognition degree at abroad and the fondness at home.

Question 7: It is very important for an enterprise to keep a favorable relationship with its consumer. What have you done in this area? How did you influence media's opinions to create a good environment for your enterprise?

This question is intended to test if the function of public relations can be used in brand management.

Answer: In order to create a harmonious relationship with our customer, we think that the most important thing is to provide high quality products and service for them. We believe that selling a product is only the start of our work. Our final goal is to make

the customers love our products and love our enterprise. In other words, we want to cultivate high loyal customers for our enterprise. But it needs a long way to go since a high consumer loyalty is not easy to establish. In the recent years, we have adopted Customer Relation Management in our brand department of the enterprise. It seems works well. By the means of establishing the Customer Relation Management, we can serve our customers much better by providing special products and service to them.

We put a high priority of the effect of media's opinion since it can influence very much on the public's thoughts. For instance, on Oct. 18, 2003, Lenovo started a Brand Communicating Day and arranged a face-to-face mutual acting communication of the senior staff of Lenovo and the media of Beijing, conveying further the meaning of "Lenovo 联想" and propagandizing Lenovo's new brand logo strategy. All these media gave a positive report on this communication meeting.

Question 8: The more production lines you have, the more confused your brand will become. How do you carry through your brand management?

This question is intended to test how the function of public relations is used in brand protection.

Answer: While choosing the new brand logo, we were constructing Lenovo's brand management system We will keep on using the brand logo of "Lenovo 联想", attaching importance to 联想 at home and to Lenovo abroad. In management we emphasize Lenovo's four characteristics, especially emphasize the management of faithfulness.

Speaking of faithfulness, there is such a story in Lenovo. Tens of years ago, Lenovo was still a small company. Once it sent a set of machines to a client with the wrong fittings. It was not an important one and the client didn't realize it. But Lenovo still decided to notice the important client and ask for forgiveness and replace the fittings. Finally Lenovo not only got the client's pardon but also gained this client's support for years. Now, each new employee of Lenovo on the first day of before-job training

will hear this story.

Question 9: How do you evaluate the result of this strategy of replacing the new logo with the combination of public relations?

This question is intended to test if the new brand logo strategy is successful through the support of public relations.

Answer: The strategy of replacing the new brand logo of Lenovo was very successful. Lenovo brand's public exposure rate increased 20% compared to that of last year and really made year 2003 Lenovo's Brand Year. Among this:

- Reports: more than 1,000 articles;
- Film and TV reports: TV coverage more than 20 big cities;
- Consumers' investigation:

Knowing rate of the new Logo: 83%

Recognition rate of the new Logo: 91%

Purchasing intents in the future: 62%

We think that public relations was of great importance in the implementation of our brand strategy. Without using the public relations in our work, we believe that the result might be different.

5.2.4 Analysis of the Interview and the Questionnaire

5.2.4.1 Introduction

The exertion of public relations concepts, public relations activities, and of public relations functions was carried out during the whole process of the Lenovo Group's new brand Logo strategy. In order to analyze the functions of public relations in the whole process, I start from five aspects, that is, from brand strategy planning, brand individuality positioning, brand propagation and popularization, brand management and brand protection of the Lenovo Group's brand strategy of replacing its new Logo, analyzing what functions public relations had in the new logo brand strategy and the reasonableness, pertinence, feasibility and effectiveness of the combination of public

relations and the brand strategy.

5.2.4.2 Function of Public Relations in Brand Strategy Planning

Zeng (2005) points out that brand strategy planning is the beginning of the brand strategy. The starting point of a brand strategy is full, sufficient, objective, correct and timely market research and study. The phase requirements of a brand strategy are outside information smoothness and inside talents solidarity. The public relations' function of supervising and analyzing the environment can help enterprises know more fully and more truly about the public's willing, thus can guarantee relevant information for brand strategy planning.

In the planning stage of the new brand logo strategy, the Lenovo Group made full use of the public relations' function of supervising and analyzing the environment. It asked a world famous brand designing and consultancy company to carry out a consumer research and study for more than two years, and commanded all information including all sorts of information on economics, policy, social environment, rivals, consumers' tendency, on the public's evaluation of enterprises' images and so on. Meanwhile, by studying repeatedly the case of brand logo replacing of rival enterprises like Sony, BenQ and Motorola to get useful information as reference. Moreover, by visiting staff and asking for their feelings of Lenovo brand spirit and its internationalization development strategy, the Lenovo Group stipulated and encouraged its staff's will, inspired their ardor and creativity, strengthened their feelings of belonging, and thus created a harmonious inner environment for the implementation of Lenovo's new logo replacing strategy.

5.2.4.3 Function of Public Relations in Brand Individuality Positioning

Zeng (2005) suggests that a brand strategy of protracted nature, continuity, system, overall situation, oneness, stability, and wholeness must be based on clear and uniform brand positioning of difference and individuality. Brand positioning is the product and the way of service that enterprises wish consumers to taste, to think, and

to feel. Brand individuality positioning includes marketing positioning and brand image positioning.

In the brand positioning stage of the Lenovo's new logo replacing strategy, public relations functioned importantly in two aspects, one is to collect and deal with the information; the other is that public relations positioning confirms whole image style of enterprises' brand. By collecting information necessary through new products exhibition to learn about consumers' needs, consigning special investigation companies to spot check, follow and visit consumers to gather more information about the new brand logo strategy, Lenovo finally decided its new logo and defined its brand meaning as the four characteristics of "faithfulness and honesty, innovation and vitality, excellent special service and easiness".

The Lenovo Group vigorously exercised public relations' positioning theory, attached importance not only to enterprise's manufacture scale, products' covering area and market occupation rate, but also to brand's well-knownness and influence; meanwhile, public relations positioning held as a principle creating unique style and image individuality of brand in consumers' hearts.

5.2.4.4 Function of Public Relations in Brand Propagation and Popularization

Fang (1998) thinks that after the work of brand positioning is done, enterprises have to propagate and spread the brand as planned. Stirring effect can only be made after omni-aspected and fruitful propagation and popularization. Successful propagation and popularization can make enterprises set up as a goal the good image of the whole organization and constantly and seek the public's support and cooperation, and thus obtain success of the whole business. This requires enterprises to carry out deep propagation and popularization. And because public relations has the characteristics of comprehensiveness in contents, lastingness in time, potentialness and indirectness in effect, it becomes the most effective means of brand propagation and popularization.

According to the public relations' propagation function, the Lenovo Group carried out a series of highly effective activities of propagation and popularization, such as holding Lenovo technology show to make the public understand the enterprise better. With the successful launch of "Divine Boat Airship No. 5", Lenovo started a national series of spreading activities with the topic of "Only you can imagine". Meanwhile it donated a large number of funds to Beijing municipal government for fighting against and preventing SARS. In the international level, it carried out brand propagation and popularization by sponsoring the Olympic Games. Through these activities the Lenovo Group not only succeeded in propagating and popularizing its new logo, but also successfully set up a good enterprise image, formed the lasting influence of replacing logo, and created its unique brand style and image individuality in consumers' hearts.

5.2.4.5 Function of Public Relations in Brand Management

Li (2002) argues that brand management is the whole process of establishing, maintaining, and consolidating a brand. Its main purpose is to create a harmonious environment that is beneficial to achieving brand strategy goals and to increasing brand assets.

The Lenovo Group has always regarded faithfulness as the most important thing of Lenovo brand. For Lenovo, faithfulness is not only a promise to the customers but also more of passing down of enterprise's brand, culture and strategy. On this foundation, the Lenovo Group has always attached importance to provide high quality products and excellent professional service to consumers and this is very point that consumers recognize and accept Lenovo. The Lenovo Group thus did well consumer relation management and because of this it maintained a long and good relationship with consumers and achieved their brand loyalty. In order to strengthen the relationship between the customers and the enterprise, Lenovo has used Customer Relation Management for its brand strategy management. This good omni-directional management absorbed all media's attention and gained their positive reports, and thus

further created a harmonious environment for the Lenovo Group and increased Lenovo's brand value.

5.2.4.6 Function of Public Relations in Brand Protection

Li & Qiu (2002) suggest that the anfractuons inside and outside public people and the constantly changing environment faced by enterprises in their operating activities are filled with uncertainty. This uncertainty now and then tests the enterprise. Under this condition, the most crucial thing is that enterprises should make the best use of public relations, following the goal of enlarging enterprise's degree of credit standing and establishing good enterprise's image. The enterprise should exert completely public relations' propagation function, honestly face the media and the public, tell the truth, cordially accept the comments, so as to gain the good feeling and trust of the public, desalt the conflict and transform the crisis, and change uncertainty into certainty.

The Lenovo Group told the truth to one of clients about its carelessness in providing the wrong fittings, which are not very serious, although the client had not figure out the problem. Furthermore Lenovo replaced the high quality fittings with the wrong ones actively. This made the client very satisfied with Lenovo's service and the client gave much more business to Lenovo to do for years. This action brought Lenovo a good reputation in the industry. Here Lenovo turned a harmful accident into a favorite chance of business through using public relations.

To sum up, in the Lenovo Group's new logo replacing strategy, public relations played a role of great importance. This case basically proved the reasonableness and feasibility of the theory idea combined by public relations and brand strategy. Figure 5 shows the function of public relations used in the Lenovo Group's new logo replacing strategy.

Figure 5 Public Relations in the Use of the Lenovo Group's New Logo Replacing Strategy

Brand strategy stage	Functions of public relations used in the Lenovo Group
Brand planning	<ol style="list-style-type: none"> 1. Choosing a world famous brand designing and consultancy company to carry out the new brand logo replacing strategy program, which covered visiting 2,800 customers, 700 enterprise clients and holding six meetings in five foreign countries. 2. Studying the cases of brand logo replacing of rivals such as Sony, BenQ and Motorola to get more relevant knowledge. 3. Visiting thousands of staff to consult its perceive about the spirit of Lenovo brand to create a harmonious inner environment for implementation of its new logo replacing strategy.
Brand positioning	<ol style="list-style-type: none"> 1. Holding Lenovo science and technology exhibition 2003 to make the public and consumers understand its products as well as to collect information from them. 2. Consigning special investigation companies to spot check, follow and visit 500 consumers to gather more information about the new brand logo strategy.
Brand propagation and popularization	<ol style="list-style-type: none"> 1. Carrying out a natural series of activities with the topic of “ only you can image”. With the successful launch of “Divine Boat Airship No.5”showing its lofty quality to innovate and to make dreams come true, thus absorbed the public’s eyes. 2. Donating funds to Beijing Municipal Government for preventing and fighting against SARS and making itself a good image in the public’s minds. 3. Sponsoring the Olympic Games to carry out international propagation and popularization.
Brand	<ol style="list-style-type: none"> 1. Regarding faithfulness as the most important thing of Lenovo.

management	<p>Providing high quality products and excellent service for customers to build a high consumer loyalty. Adopting Customer Relation Management to strengthen the relationship between the customers and itself.</p> <p>2. Holding a Brand communicating Day and arranging a face-to-face mutual acting communication of the senior staff and all the media of the Beijing City.</p>
Brand protection	<p>Asking forgiveness faithfully from the client for wrong fittings in a set of machines and replacing them actively with good ones, thus winning trust of the client.</p>

Chapter 6

Conclusions

In this chapter, the conclusions are presented. First, I summarize the dissertation. Further, I show the relationship between public relations and brand strategy with my own opinion. Then, the limitation of the dissertation and suggestions for further research are discussed. Finally, the practical implication is covered.

6.1 Summary of Dissertation

Kotler (1997) argues that a brand in its nature is a promise given by the seller to his buyer offering a series of products, benefits, and service for a long time. For consumers, a brand carries out four main functions as identification, concentrated information, high safety and supply of additional value; for manufacturers and proprietors, a brand has the functions to increase enterprises' intangible value, to function as advertisements, and help enterprises subdivide market and set up good enterprises images. But if a brand lacks core value, its personality of brand positioning is unclear. Furthermore, if it lacks brand management consciousness, its brand value would be little. Even if it is famous and popular for a while, it is impossible for it to last. Therefore, an enterprise must combine the brand strategy tightly with its enterprise strategy.

Zeng (2000) suggests that brand strategy refers to the careful planning, designing and the implementation process progressed by enterprises for the creation and development of the brand to improve marketing competition and economic profits, which embodies brand owners' long and sustainable plans for the structure of brand resource and its use. A brand strategy is made up of brand strategy planning, brand individuality positioning, brand propagation and popularization, brand management, and brand protection. Thereinto, strategy planning is the necessary stage before the

implementation of strategy, and the other four parts belong to the implementation stage of brand strategy, each part bending itself to the realization of different brand strategy goals.

Public relations is the public environment which is formed when organizations, using all kinds of means of information spreading and management, realize bi-directional communication, understanding, recognition and cooperation, which suits the organizations' sustainable development. Its core values are shaping organizations' images and helping communicating with the public.

An important task of the enterprise's management is to rapidly increase its brand's well-knownness, the degrees of recognition and of good reputation, and to build a strong consumer loyalty. While the task of public relations is to enlarge the recognition of enterprises and their products, to improve their good reputation, to focus on the creation of enterprises' intangible value, and to serve for the implementation of enterprises' brand strategy. On one hand, the implementation of brand strategy calls for public relations' functions of propagation, management and communication; on the other hand, the object pursued by public relations is to enlarge organizations' credit standing and to set up a good organization image.

Brand strategy is an important part of enterprises' strategy and it helps enterprises finally achieve a better general strategy. The efficient implementation of a brand strategy is crucial for enterprises to succeed in the market competition. A reasonable effective use of public relations in the scientific operation of enterprises is the best way to set up a good reputation and well-knownness of enterprises and their products. This means that only when it is used in the implementation of a brand strategy, public relations can contribute best for the society. At the same time, only being combined with public relations can a brand strategy implement successfully.

6.2 Forming Relationship of Public Relations and Brand Strategy

Idea

After having studied the above theories, this paper initially set up an own idea about the functions of public relations in the implementation of a brand strategy. This idea believes that public relations can be used in the different stages of a brand strategy. Public relations is the information source and the guarantee of human resource in brand planning. Meanwhile, public relations can help an enterprise achieve the positioning of brand individuality. Beside these, public relations is a good way to communicate with the society in order to propagate and popularize the brand and products for an enterprise. Furthermore, public relations is an important means of brand management. Finally, when a crisis happens, public relations can be used to solve the problem so as to protect a brand.

In order to prove the reasonableness and correctness of the idea in the practice level, this paper analyzes and demonstrates the idea from the point of view of positivism. I conducted a case study, which consists of a face-to-face interview and an email questionnaire, on a famous Chinese enterprise named Lenovo. The face-to-face interview gave me a general concept of how the enterprise uses public relations in its brand strategy. The email questionnaire lets me get more useful detailed information on this topic. I then analyzed the case study and compared the theoretical idea of the functions of public relations with the practical result of how the public relations' functions work in a brand strategy.

Actually, during each stage of the implementation of replacing a new brand logo strategy, Lenovo has used most of the functions of public relations as the idea of my research. In the period of brand planning, Lenove Group asked a world famous consultancy company to carry out a research to collect information and visited thousands of staff to consult the brand strategy in order to create a harmonious environment for brand planning and implementation. Lenovo got consumers'

demands and other information through exhibitions and asked some investigation companies to feedback the opinions of consumers during brand individuality positioning. In the process of brand propagation and popularization, Lenovo carried out a series of activities to make the public understand its new brand logo and products, such as donating funds to local government in preventing against SARS, co-operating with Olympic Games Committees etc. These activities promoted Lenovo's image in the public. By providing high quality products and excellent service as well as establishing Customer Relation Management system, Lenovo performed well in the brand management. With an honest action Lenovo turned a crisis into a business chance by the support of public relations.

All these facts above prove that the idea of this research seems reasonable. The successful implementation of replacing of a new brand logo strategy in Lenovo Group depended on its correct use of public relations to a certain extent.

6.3 Limitations of Dissertation and Suggestions for Further Research

This paper has some limitations due to some factors. The most important question this paper encountered is how these two variables are linked. Though this paper analyzed it quite elaborately, the quantitative analysis of the concrete function ways of and the effectiveness of their combination still calls for lots of research data and scientific survey. Therefore, this paper can only emphasize qualitative analysis, construct a logic reasoning structure and prove it simply. These shortages should be improved in the further research.

In order to determine the applicability of my idea on public relation and brand strategy, further research should be concerned with the following issue: more cases and interviews need to be carried out to support the idea. The scope of cases should be wider with a possibility of comparing the successful samples and failed samples. If western enterprises could be used as samples, the credibility of the research would be

much higher.

6.4 Practical Implications

Using public relations in a brand strategy is very important for enterprises. Public relations contributes enterprises to get valuable information, to propagate products and brand, to build good image, and to establish consumer loyalty etc. As a result, the brand equity as well as competitive competence will enhance. I think that my idea of using public relations function in each stage of brand strategy is helpful for enterprises to make use of public relations in their brand strategy. Just as mentioned in the former chapter, Lenovo is a good sample.

I hope that my idea in the research will be beneficial for enterprises, especially for Chinese enterprises to build strong brands, furthermore, to improve their business management.

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Appendices

Appendix 1a

联想集团品牌管理部：

我是一名浙江省宁波市政府派往瑞典攻读公共管理和国际商务硕士学位的政府公务员。现在我正在撰写硕士论文，论文主题是如何利用公共关系功能实施企业品牌战略。今年 2 月份，我曾经到贵集团采访有关情况。贵集团的这些做法和成功经验对我很有启发，我想对我论文写作必定大有裨益。

我这次写信的目的是想更加详细地了解贵集团在利用公共关系促进品牌战略的做法和经验。我在信中提出了 9 个问题，希望你们能够提供真实的信息，以便我论文的写作。本人承诺贵集团的有关信息只用于本人论文写作，不对外发布。在问题答复中，请你们主要回答涉及公共关系问题，其他问题请不要太多展开。我的联系方法是：手机 0046-0768806776。电子邮件：xuyz0126@yahoo.com.cn。我的事情给你们增添麻烦了，请谅解！

谢谢你们的帮助！

徐源忠

2005, 04, 06

Appendix 1b

April 6th, 2005

Lenovo Group Brand Department:

I am a civil servant sent by Ningbo municipal government to Sweden for a Master Degree. Now I am writing my dissertation that is about the relationship between brand strategy and public relations. In Feb. 2005, I once visited your Group and got some valuable information about your brand management that is very helpful for me to write dissertation.

This letter is intended to get further information about how you improved your brand strategy through public relations. Nine questions were asked in the letter and hope you can answer the question based on your real activities. I make sure that all information collected from the questionnaire will only be used in my dissertation and will be kept confidentially. Please be careful that all the answers to the questions might be given from the perspective of public relations.

If you finish the questionnaire, please call 0046-0768806776 or email me to xuyz0126@yahoo.com.cn.

Thank you for your time!

Yours sincerely

Xu Yuanzhong

Appendix 2a

调查问卷

问题一：“Legend 联想”已经是一个非常成熟的品牌，根据业内评估，联想集团的品牌价值至少有 40 亿人民币左右，相当于近 50 亿美元，为什么你集团还要换新的品牌标识？

问题二：你们在实施新的品牌标识战略中是怎样做准备的？

问题三：在新的品牌标识定位中你们做了一些什么？

问题四：在更换品牌标识后，你们公司如何宣传新的品牌标识？

问题五：2003 年 4 月，SARS 病毒曾肆虐中国，所有的公众和新闻媒体都很关注 SARS，在这个时候宣传你们新的品牌标识，你们认为是不是存在一定的风险？听说你们公司为地方政府防止 SARS 捐赠了数目可观的资金，你们当时是出于什么考虑？

问题六：联想集团品牌标识更换的直接目标是拓展国际市场，在国内大量宣传的同时，在国际层面你们做了些什么？

问题七：对一个企业来说同顾客保持良好的关系非常重要，你们在这方面做了些什么？你们是怎样影响媒体的观点来为企业创造一个好的环境？

问题八：随着产品种类的增多，你们的品牌管理会越来越复杂，你们怎样实施品牌管理？

问题九：你们怎样评价新的品牌标识更新战略？在这方面公共关系起到了什么作用？

Appendix 2b

Questionnaire

Question 1: “Legend 联想” is already a quite mature brand and, according to the industry circle’s evaluation, Lenovo brand value should be around RMB 40 billion(\$4.843 billion). Why did your company change it to a new logo?

Question 2: How did you prepare to execute the new brand logo strategy?

Question 3: What have you done during the process of new brand logo positioning?

Question 4: After changing the new logo, your company faced the work of propagating and popularizing it. How did your company get this done?

Question 5: In April 2003, the fear of SARS spread throughout China and the people and the media first of all paid attention to SARS. Was it not of great danger that Lenovo changed and propagated and popularized its new logo at the same time? It is said that your enterprise denoted a large number of money to the local government for fighting against SARS. What was the purpose of this action?

Question 6: The direct reason for Lenovo’s changing its logo is its international development. Besides the extensive propagation and popularization carried through in China, on the international level, what did you do?

Question 7: It is very important for an enterprise to keep a favorable relationship with its consumer. What have you done in this area? How did you influence media’s opinions to create a good environment for your enterprise?

Question 8: The more production lines you have, the more confusing your brand will become. How do you carry out your brand management?

Question 9: How do you evaluate the result of this strategy of replacing the new logo with the combination of public relations?