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MARKET AND BRAND POSITIONING OF CUPSTOCK IN FOOD SERVICE BOARD IN CHINA

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<p>The topic of the thesis is "Market and Brand Positioning of Cupstock in Food Service Board in China". In order to build a successful brand and occupy a unique place in consumers' mind nowadays, brand positioning has become increasingly important. This thesis is aiming at analyzing the Chinese market and brand positioning in cupstock products in a Finnish pulp and paper manufacture, predicting the cupstock products future trends and finally come up with the strategic business plans.</p> <p>This study is defined for exploratory purpose, single-case methodology is followed and semi-structured interview is selected as the main research strategy to obtain the primary data. Samples are carefully selected and interview questions are tested in advance to avoid any unclearness. Mainly qualitative data will be collected and together with secondary data, raised research questions are answered and deeper reasons behind those are explored.</p> <p>Market and brand positioning focus are found through the interviews and according to company's strategic objectives, three different strategic stages including brand awareness building, brand positioning on functionality, brand positioning on renewability and recyclability are built for the brand development. Followed by strategic business plans accordingly which offer an overall strategic guidance to the company. Further research directions and needed resources for the related topics are indicated at last.</p>

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LIST OF SYMBOLS AND ABBREVIATIONS

CB	Consumer Board
CBBE	Customer-Based Brand Equity
FSB	Food Service Board
IP	International Paper
JPA	Japanese Paper Association
SMEs	Small and Medium-Size Enterprises
STP	Segmenting, Targeting, Positioning

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1 INTRODUCTION

The topic of the Master's Thesis is "Market and Brand Positioning of Cupstock in Food Service Board in China" and the case company is a Finnish pulp and paper manufacture. As the modern economy has entered into a profound era of brand competition, brand building has become a golden rule of business competition and survival. Brand positioning is the primary link to build a brand, no matter in terms of theory or practice it plays a crucial role in corporation's brand building. Brand positioning is also the primary task of brand management, the basis of brand building, the prerequisite for brand management success. It takes an immeasurable role in brand management and establishes an internal contact between the brand and its corresponding target consumer group (Ali 2014). Company without brand means company without future. In the fierce competition, the company's brand is more and more prominent, and the brand is the company's vitality (Ostasevičiūtė 2008). The most important link in brand promotion is brand positioning, and the ultimate intention of brand positioning is to establish a product or cooperate associated brand image, and let it be in possession of a valuable position in consumers' hearts (Keller 2003).

The purpose of brand positioning is to transfer a product into a brand, in order to facilitate the correct understanding of potential customers. Successful brands all have a feature that they are in a consistent form connecting with the brand's functions and consumers' psychology. In this way the brand positioning information could accurately communicate to consumers. Thus, corporation may has a variety of initial brand positioning but the ultimate goal is to establish the most attractive competitive advantages to populations, and through certain means to convey this competitive advantage to the consumers' awareness and further transfer into consumers' minds. (Chowdhury 2013)

Brand positioning has to be appropriately utilized especially in the increasing competition in food industry since it has a huge market base and promising potentials. According to the Passport report in 2015, the global consumer food service sales and growth presents a stable increase each year. Significantly in 2014, the global annual sales had already reached \$ 2.7 trillion which was the most successful year of the recent history. 2014 had witnessed a real growth of more than 2% on the sales and 2015 is predicted with a further rise. (Passport 2015)

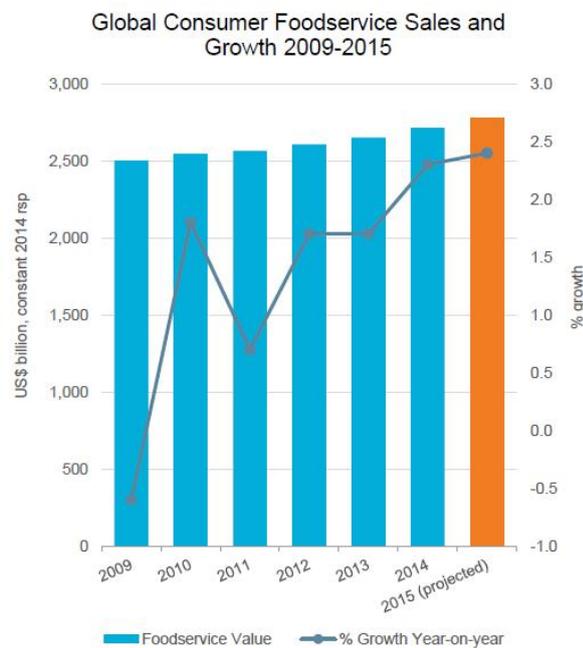


Figure 1 Global Consumer Foodservice Sales and Growth 2009-2015 (Passport 2015)

The global consumer food service industry presents a strong and stable increased trend in recent years and concerning the market background of this thesis research, if we examine the exact consumption in Chinese market, Pira 2012 report has given a clean overview of food and beverages consumption in food service outlets among certain major countries. From the figure below, we could find that every year China occupies the leading position and especially in 2016, the consumption in China will reach nearly more than twice as much as the consumption in US which will be obviously leading the global trends still. (Pira 2012)

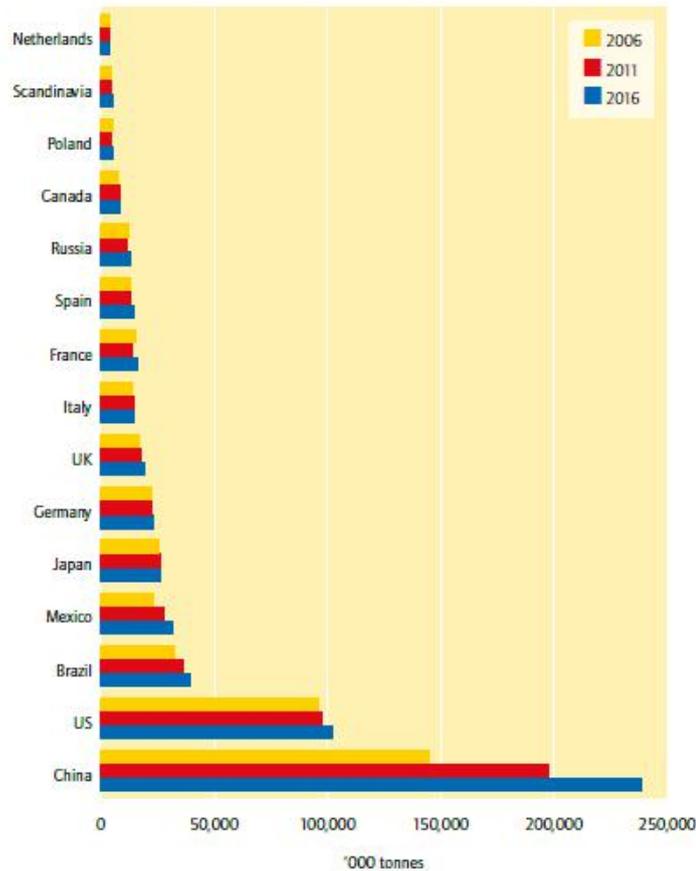


Figure 2 Consumption of food and beverages sold in food service outlets by the countries under review, 2006-16 ('000 tonnes) (Pira 2012)

From the data discussed above, we could recognize how much market potential in Chinese market currently and how much fierce competition the food service industry are facing. Only with a clear brand position, cooperates could be outstanding and remain even enlarge their consumer group. Positioning a brand must dig a certain point from consumers' interests, when this consumers' need comes, first they will think of this brand positioning, in this way the corporation could establish a clear brand image in the market which differentiates from other compete opponents and be in line with the image that consumers need. All of those aim at occupying a favorable position in potential consumers' minds. (Chowdhury 2013)

This study was defined for an exploratory purpose. With a designed research framework, primary data were collected through a semi-structured interview with 33 participants. The interview focused on developing ideas for potential problems, combining participant's own experience and findings from daily life.

The final emphases of brand positioning for the case company's cupstock brand "C" were analyzed by inductive approach. Based on the main focuses, the strategic stages including brand awareness building, brand positioning on functionality, brand positioning on recyclability and renewability were indicated, followed by responding strategic business plans.

The empirical findings give a practical guidance and have a profound implication on the case company. It helps the company to clearly see the future trends in the cupstock area and occupy a unique and advantageous position in the consumers' minds which is significant in this age of high product homogeneity and product differentiation. Only in this way, when consumers have the demands for this product category or services, this successful brand could immediately jump out from the consumers' mind among various brand candidates in this category. The research is only restricted to Chinese market, deeper understanding on relationship between company, converter and brand owners is still needed to be explored as the further direction.

1.1 Research Gaps

From the theoretical perspective, previous brand positioning models are established and they analyzed brand position from variety aspects, such as brand identity, brand equity or brand association, etc. Different models have different emphases on varied industries. Aaker created the Brand Identity Planning Model which indicated the brand positioning execution from brand identity perspective (Aaker 1996); Keller built the Customer-

Based Brand Equity Pyramid in order to reach the resonance between the brand and the consumers (Keller 1993); while Krishnan discussed brand position mainly from brand association aspect, balanced and evaluated the relationship among the number, reference, uniqueness and source of the association (Krishnan 1996) and Alexander summarized from brand image side which includes company image, user image and product/service image (Alexander 1993). Those main theories of brand positioning are introduced in literature review part due to the goal of the thesis. The theories that are applicable to the case company and case product were highlighted. Through successful cases of brand positioning in reality, we realized that an appropriate brand positioning can make the companies be outstanding and let consumers remember them by heart.

Chowdhury examined that the successful positioning creates the brand from the perception of customers' eyes and Sengupta supplemented that consumers' perceptions offered a framework to the brand positioning strategy (Chowdhury 2013; Sengupta 2005). There are certain proposed criteria to evaluate the brands such as by considering the financial value (Kapferer 2008; Raggio & Leone 2007; Salinas & Ambler 2009) or from the brand equity (Aaker 1996; Ambler 2003; Reynolds & Phillips 2005; Yoo & Donthu 2001). However, de Chernatony, Dall'Olmo Riley, Harris and then Drury and Segal-Horn stated that a combination of different dimensions should be utilized to measure the success of a brand (Dall'Olmo Riley et al. 1998; Drury et al. 2005). The previous literature does not have an overall picture of how those brand position needed elements interact to form the final brand positioning. Especially the brand identity and the brand image are not combining together in order to check the interrelationship and balance level between the brand itself and consumers' perceptions (Aaker 1996; Alexander 1993). Namely they only analyzed independently from brand identity or brand image aspect which means there is probably a gap between companies' expectations and consumers' perceptions. In addition, Chinese market as a representative of emerging markets has its own characteristics and companies may encounter numerous obstacles when entering and starting to establish their brands. The

previous literature and market resources are limited, especially most of the researches or theories are from US and European companies' practice (Aaker 1996). Moreover, in cupstock area the case company has not done much research or development to make the products have a clear market and brand positioning in Chinese market.

The mentioned research gaps determine the general purpose of this study. In most of cooperates, they need a balance and evaluation on how they want consumers to perceive their brands and what's consumers' current perceptions and when entering Chinese market, normally they all have an independent system on analyzing the situation (Maimon 2005; Sanfelice 2014). From a narrow perspective, the Consumer Board Division in the case company currently needs a clearer brand positioning concerning its cupstock products in order to convey the products messages to customers and consumers intentionally. This research is from both brand identity and brand image perspectives so as to eliminate the mentioned academic gap. Combining the status quo of brand building of the case company's cupstock brand "C", analyzing the importance of brand positioning and taking it as a basis, a practical research framework for brand positioning of cupstock brand "C" will be illustrated in the research framework part. The thesis is aiming at increasing the understanding of current market situation and how consumers perceive the cupstock product brand, what brand position and practical business plan should be executed.

1.2 Research Questions

In order to fulfill the research gaps, the research area has been narrowed down and will be focusing on Chinese cupstock market to examine the current market situation and appropriate brand positioning strategies.

According to the Passport report 2015, it showed the value growth in terms of different categories in food service sector. In the whole Asia Pacific area, except street

stalls/kiosks, the value in China are predicted to exceed the sum of the rest countries in Asia Pacific which proves the undeniable importance of Chinese market in the Asia Pacific area even in a worldwide range. (Passport 2015)

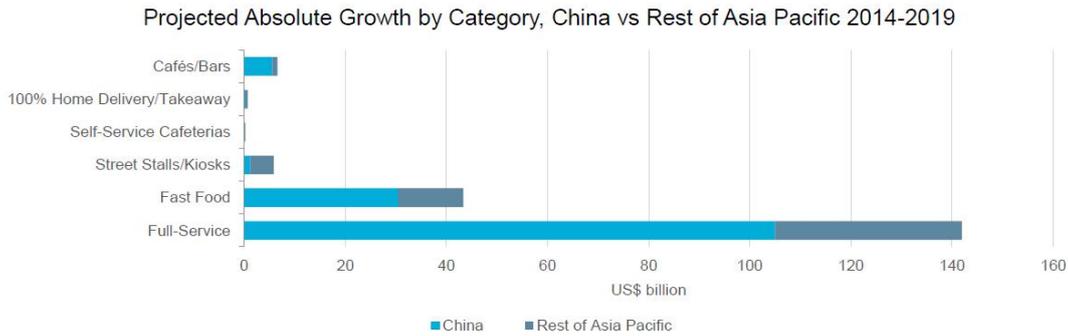


Figure 3 Projected Absolute Growth by Category (Passport 2015)

Two figures below illustrate the consumption of paper cups in the countries in terms of value and unit independently. In relevant mature markets, the demand of paper cups remains a modest increase. In Eastern Europe and South America the anticipated growth is generally at 3-5% though the rate at Poland was predicted at roughly 10%. In China, a double-digit increase was predicted with a result of a 10% value growth and a 10 billion consumption unit by 2016.

TABLE 4.11 Consumption of paper cups in the countries under review, 2006-16 (\$ million)							
	2006	2010	2011	% change 2010-11	CAGR (%) 2006-11	2016	CAGR (%) 2011-16
France	175	193	195	1.0	2.1	221	2.6
Germany	248	260	261	0.7	1.1	283	1.6
Italy	143	159	160	0.7	2.3	179	2.3
The Netherlands	55	58	59	2.5	1.3	64	1.7
Scandinavia	69	71	71	0.7	0.7	77	1.5
Spain	143	159	160	0.7	2.3	178	2.2
UK	247	258	267	3.7	1.6	291	1.7
Poland	37	44	47	7.7	5.0	75	9.7
Russia	48	53	57	7.2	3.2	76	6.1
Brazil	73	90	96	6.3	5.5	121	4.8
Canada	178	192	197	2.8	2.1	226	2.8
Mexico	65	86	89	3.0	6.3	104	3.2
US	1,714	1,896	1,920	1.2	2.3	2,241	3.1
China	200	314	350	11.6	11.8	583	10.7
Japan	567	606	616	1.7	1.6	637	0.7
Total	3,963	4,436	4,545	2.4	2.8	5,357	3.3

Note: totals may not add up due to rounding

Source: Smithers Pira

Figure 4 Consumption of paper cups in the countries under review, 2006-16 (\$ million) (Pira 2012)

TABLE 4.12 Consumption of paper cups in the countries under review, 2006-16 (million units)							
	2006	2010	2011	% change 2010-11	CAGR (%) 2006-11	2016	CAGR (%) 2011-16
France	3,429	3,576	3,611	1.0	1.0	4,131	2.7
Germany	3,795	3,759	3,764	0.1	-0.2	4,066	1.6
Italy	2,226	2,342	2,345	0.1	1.0	2,612	2.2
The Netherlands	936	922	941	2.0	0.1	1,019	1.6
Scandinavia	1,053	1,026	1,027	0.1	-0.5	1,103	1.4
Spain	2,224	2,340	2,343	0.1	1.0	2,609	2.2
UK	3,572	3,531	3,641	3.1	0.4	3,951	1.6
Poland	683	767	822	7.1	3.8	1,303	9.7
Russia	891	923	984	6.6	2.0	1,316	6.0
Brazil	1,349	1,569	1,658	5.7	4.2	2,091	4.7
Canada	2,666	2,727	2,789	2.2	0.9	3,185	2.7
Mexico	1,128	1,407	1,440	2.4	5.0	1,676	3.1
US	28,648	30,003	30,206	0.7	1.1	35,138	3.1
China	3,690	5,473	6,076	11.0	10.5	10,082	10.7
Japan	8,679	8,767	8,865	1.1	0.4	9,132	0.6
Total	64,968	69,132	70,512	2.0	1.7	83,414	3.4

Note: totals may not add up due to rounding

Source: Smithers Pira

Figure 5 Consumption of paper cups in the countries under review, 2006-16 (million units) (Pira 2012)

Above data give us a comprehensive overview of the current food service industry development and paper cups' recent consumption trends. China undoubtedly will be the

future focus of the consumption target and probably will lead a global lifestyle trend. Thus, one scope of the research is to investigate consumers' future consumption trends in cupstock market and impact on the case company, converters brand owners and retailers. Then the other scope is how to translate needs into regional value proposition, develop market and brand positioning and strategic business plans for cupstock products according to the investigation.

Thus, two research questions are raised at this stage.

1. What are the Chinese consumers' future consumption trends in cupstock market?
2. What market and brand positioning should be established in China?

1.3 Research Methodology

The research is defined as an exploratory study. According to the features of the study, mainly qualitative data as primary data will be processed during the research. Specifically, semi-structured interview is decided as the data collection techniques and open questions will be asked from interviewees in order to obtain the valuable information for the brand development. In addition, secondary data such as Euromonitor reports, conference proceedings, journals, theses, previous market research studies and company internal data will also be used to support the study. Inductive approach will be used to analyze the data and corresponding strategic business plans and general conclusion based on the interview findings will be given for the case company at last.

1.4 Limitations

This study is only restricted to Chinese market, and all the results rely on Chinese citizen's lifestyle and consumption behaviors. Thus, the findings and conclusions have a

geography limitation and could not be applied to other general markets. In addition, due to the special supply chain between the company and end-users, there are converters, brand owners and retailers also convey the messages in the process. Therefore, deeper relationships behind them should be further developed so as to have an overall understanding about the whole supply chain. The suggested strategic business stages probably need to be slightly modified according to the company's real development performance. We could not promise the market and the company will proceed as what we planned, but at least the rough direction gives a guidance to follow. Company also has to consider the interaction between Chinese market and other related markets. Re-positioning is needed in case of facing unpredictable changes.

2 LITERATURE REVIEW

Several theories related to the study will be introduced and analyzed in this chapter in order to figure out the most suitable research structure for the case company and its specific research questions.

2.1 Market Positioning

Market positioning concept is raised by the US market scientist Al Ries and Jack Trout in the 1970s. Market positioning is a market communication technique that market workers utilize in order to shape the minds of the products, brand or organization's image or identity to the target groups (refers to current customers and prospects). According to existing enterprise competitors' products situation on the market, focusing on the consumer attention level on the certain properties or attributes, company should powerfully build distinctive features and images of the products, convey these vividly and accurately to the customers, so that to determine the appropriate position for the product in the market. (Trout et al. 1972)

Market positioning is not what you do on a product itself, but what do you do in the minds of potential consumers. The essence of market positioning is to make this enterprise strictly separate from other enterprises, so that customers will clearly feel and recognize the differences, and then company has to occupy a special position in the eyes of consumers. In short, the purpose of market positioning is to make the company's products and image occupy a unique and valuable position in the target customers' psychology. (Trout et al. 1972)

2.2 Product Positioning

Product positioning aims at the consumers' or users' emphasis of a product on certain attributes in order to create a distinct personality or characteristics for the product or business, and establish a certain products image in the market, so that the target customers will get to know and understand the products of the corporation. (Sengupta 2005)

Product characteristics, some can be expressed from the product entity, such as morphology, composition, structure, properties, trademarks, origin; some can be reflected from consumer's psychology, such as luxury, simple, stylish, elegant; and some are presented from the price and some from the quality and so on. Regarding enterprises position, on the one hand, strategists have to understand what kind of characteristics that a competitor's product has which means the position of competitors in the market; on the other hand, they need to study the importance level of various attributes to the consumers, including product characteristics needs and psychological requirements, and then analyze them in order to determine the characteristics of the company's products and corporation image. (Karadeniz 2009)

2.3 Brand Positioning

Brand positioning theory comes from the strategic positioning created by "the father of the positioning", Jack Trout's. Brand positioning is commercial decisions made by an enterprise according to the cultural orientation and personality differences of a specific brand based on market positioning and product positioning, and it is a process and result of the brand image built with a target market. In other words, it means to identify an appropriate market position for a particular brand, so that the goods will occupy a special place in the minds of consumers. When a sudden need comes, then consumers will think of the brand, such as a sudden thirst in the hot summer, people immediately think of the cool and refreshing "Coca Cola". (Trout et al. 1981)

Consumers have different types, different consumption levels, different consumer habits and preferences, thus corporation's brand positioning has to search for the target consumers which satisfy the requirements of competition objectives from the subjective and objective conditions and the factors. The companies have to meet the specific needs of particular customers, identify the market niches, refine the brand positioning according to the specific market segments in the whole market. Consumers' demands are also constantly changing, companies can also guide the target consumers to generate new demands and form new brand positioning based on the era progress and trends in and new product development. Brand positioning must gauge hearts of customers, appeal to their inner needs, which is the focus of brand positioning. Therefore, the key of brand positioning is to seize the hearts of consumers. How to do this? Definitely the products must bring tangible benefits to consumers, to meet their certain real needs. While, having done this does not mean that your brand can be favored, because there are many companies producing the same products in the market, which also give consumers the same benefits. Now there is no product could monopolize in the current market, so if the corporation's brand want to stand out, they must try to create differences, and only distinctive features could make it easier to attract attention. Therefore, in order to achieve a strong brand position in the market, the brands should have one or more features which look like it is the "only" one in the market. This difference can be manifested in many ways, such as quality, price, technology, packaging, service, and can even from some imaginary concept out of the product itself. Marlboro reflects a free and unrestrained, generous, power, manly image of wilderness, however it does not have any relationship with the cigarettes, but an abstraction concept rendered by men. Thus, if a brand wants to be accepted by consumers, it is completely unnecessary to portray an image of omnipotence, as long as it has one unique advantage. Many foreign brands often rely on one aspect of the advantages to become famous. For example, in the mobile phone market, Motorola's propaganda was "small, thin and light" features, Nokia claimed its "no radiation" feature; in the automotive market, Volvo emphasized its "safety and durability", Fiat told "energetic", Mercedes declared

"noble, king, prominent, extreme", Saab said "flight technology" and BMW has talked about its "driving joy". These brands all have their own fertile ground for growing. Therefore, as much as possible to meet consumers' desires is foolish, each brand must dig some points of consumers' interests, and once consumers have a demand in this regard, they will immediately think of this brand first. (Sengupta 2005)

A good brand positioning is a prerequisite for a successful brand management, it plays a navigation role for enterprises to enter the market and expand the market. If the brand could not be effectively positioned and could not establish a unique brand personality and image that consumers identify with, the product will be drowned out by many commodities with similar product quality, performance and service. Brand positioning is the objective basis for brand communication, and brand communication relies on brand positioning. Without the pre-design of the brand overall image (brand positioning), then brand communication will inevitably follow blindly and lack of consistency. In brief, through a variety of means to integrate the use of brand management, the overall determined brand image will reside in consumers' minds, which is also the direct result and direct object of brand management. Without the correct brand positioning, no matter how high quality of the product it has, how well the performance it owns and how best promotion strategists make, the brand could not succeed. We can say that the next business war will be the positioning war, that winning positioning leads to winning brand. (Chowdhury 2013)

2.4 Relationship between Market, Product and Brand Positioning

In the current market, there are a lot of people do not distinguish product positioning and market positioning and think that they are two same concepts. In fact they have some differences. Specifically, market positioning refers to the target consumers or target consumer market selection from the business point of view; and product positioning is what kind of products an enterprise needs to meet the target consumers or

target consumer market. In theory, market positioning comes first, then followed by the product positioning. Product positioning is a combination process of target market selection and enterprise products. It is also an enterprization and productization process of market positioning.

Brand positioning is the core and the focused performance of market positioning. Once the enterprise has selected the target market, and then it will be necessary to design and create their own respective products, brands and corporation image in order to gain recognition from the target consumers. Since the ultimate goal of market positioning is to achieve product sales, and the brand is the foundation of the product-related information that corporation communicates. Brands are also the primary basis when consumers buy products and therefore brands become a bridge connecting products and consumers, and brand positioning has become the core and focused performance of market positioning. (Trout et al. 1981)

Brand positioning and market positioning is closely related, and brand positioning is the core and an extension of market positioning, and a mean of realizing market positioning. Therefore, the process of brand positioning is the process of market positioning. The core is called STP, which named by market segments (segmenting), the target market selection (targeting) and specific positioning (positioning). The relationship between them is represented by the following figure.

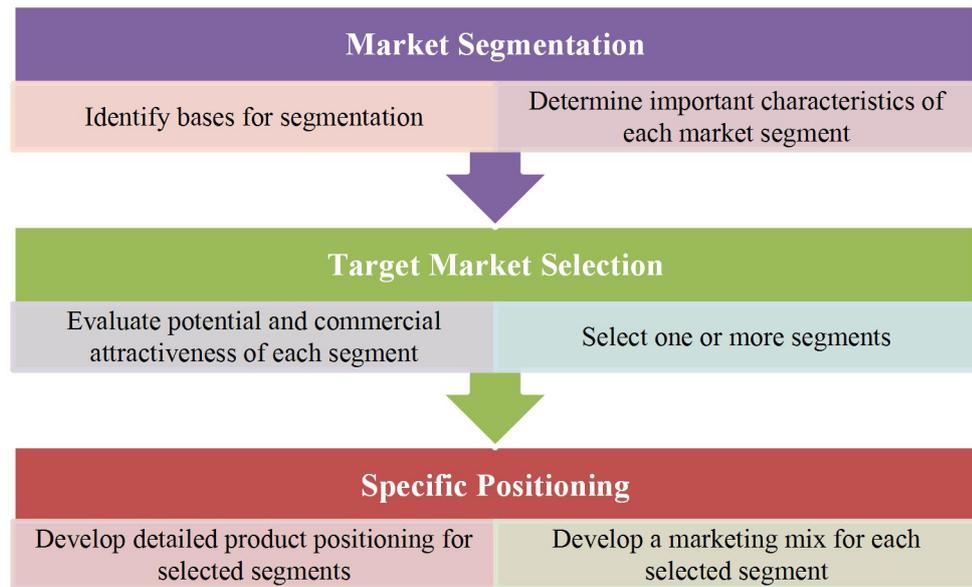


Figure 6 STP Model (Philip 1997)

Market segmentation concept was firstly raised by the American market expert Wendell Smith in 1956. Someone call it as a revolution in market after "Consumer-concentric concept". (Smith 1956) Thereafter, another American market expert Philip Kolter refined and further developed Wendell Smith's theory and eventually formed a mature theory of STP (Kolter 1997). Market segmentation is that an enterprise divides consumers into smaller sub-markets with some similar characteristics according to different standards, based on the corporation's business condition and their intent. The reason to do the enterprise market segmentation is because that in modern market conditions, the consumers' demands are diversified, and the large number of population is widely distributed, any enterprises cannot use their own limited resources to meet the various requirements of all consumers in the market. Through market segmentation, providing their own products or services with good advantages to a specific group of consumers is the most basic premise of a modern market. (Smith 1956)

By evaluating, brand managers will find one or several market segment worthy to enter for the product and the brand, which is called the target market selected by brand operators, then following thing to consider is the way and the channel to enter into the target market, namely the issue of how to enter the business. (Kolter 1997)

The process of target market selection and target market entry is also the process of brand positioning. As stated before, the core of brand positioning is to demonstrate its competitive advantage, through a certain strategy to communicate competitive advantage to consumers. Therefore, after determining the objectives, the most important is to choose a right brand positioning strategy and establish attractive competitive advantages for the majority of consumers in the target market. (Kolter 1997)

Brand must position itself to meet consumers' demands, and ultimately obtains a favorable position in the minds of consumers by the aid of communication (Christoph et al. 2010). To achieve this goal, first cooperates must consider the needs of the target consumers. By a consumer behavior interview, they will understand the lifestyle or psychological situation of the target objects. All this is needed in order to find consumer brand benefit points to hit consumers' interests. The focus of thinking should turn from the product attributes to consumers' interests. Positioning of the consumers' interests is based on the consumers' standpoint, which is what value consumers expect to get from a brand. So for positioning points of interest, in addition to product benefits, psychology and benefits symbolic sense are needed as well, which makes the product turn into a brand. Therefore we can say that positioning and branding is actually the two sides of one thing, if the brand is the consumer awareness, then the positioning is the process how company offer the brand to the consumers. (Kotler 2012)

Market has proved that there is no one brand could serve for all customers, only by making the market segments and positioning it correctly, can help the brand win the competition. Only a clear and distinctive brand positioning will have a clear target

consumer level. Only a clear positioning, consumers will feel the uniqueness of the goods and differences over other products from the same category, the brand will form a stable consumption group. Moreover, only the brand with a clear positioning will form a certain taste, and become a symbol of cultural tastes for a certain level of consumers, resulting in the recognition of consumers, so that the customers will get emotional and rational satisfaction. In order to stand out in the competition, the only option is the differentiation, and the positioning is one of the most effective means to achieve strategies differentiation. If the company does not know how to locate its business, it will lose in the vast market absolutely. (Kotler 2012)

2.5 Porter's Five Forces Model

Porter's five forces model is raised by Michael Porter, and it presented that there are five forces deciding the competition scale and level in the industry, which together affect the industrial attractiveness, competitive and strategic decision-making of existing enterprises. These five forces are the threat of established rivals, the threat of new entrants, the threat of substitute products or services, the bargaining power of suppliers and the bargaining power of customers. (Porter 1979)

In a sense, competitive strategies are based on the company's deep understandings of competition rules which decide the industry attractiveness. Whether domestic or international companies, companies producing products or providing services, competition rules will all be reflected on these five competitive forces (Porter 1980). Therefore, Porter's five force model analysis is a strategic tool often utilized by companies when developing competitive strategies. Detailed five forces information is presented in the figure below.



Figure 7 Porter's Five Forces Analysis (Porter 1979)

The threats of established rivals

Most enterprises in the same industry have closely linked mutual interests. They consider competitive strategies of enterprises as a part of the overall strategy, and are all aiming at obtaining their own advantages over competitors. Thus conflict and confrontation happen during their implementation which constitutes the existing competition between enterprises. Existing competition among enterprises is often reflected on the price, advertising, products, service and other aspects, and its competitive strength level depends on many factors. (Porter 1979)

The threats of new entrants

New entrants bring in new production capacity and new resources to the industry meanwhile they are eager to win a place which has been already carved up by current corporations in an existing enterprise market. That may cause a raw material and market share competition with current existing companies, eventually leads to a lower profitability of existing ones, and could also endanger the survival of these enterprises in a worst case scenario. The severity of the competitive entry threat depends on two factors, the barriers when entering into a new field and the expected reactions of existing companies to the new entrants. (Porter 1979)

The threat of substitute products or services

Companies in the same industry or in different sectors business may have a mutual competition which comes from substitutes due to the fact that products are substitutes to each other. It will affect a variety of forms industry competition strategy of existing enterprises. (Porter 1979)

The bargaining power of suppliers

Suppliers mainly through its ability of improving the input element prices and lower unit value quality to influence the profitability and product competitiveness of existing enterprises in the industry. Supplier-side power depends on what they offer to the buyer. When suppliers' inputs account for a large proportion of buyers products' overall cost and turn out to be rather important to the buyers' production process and seriously affect the quality of the product, suppliers' bargaining power will be greatly enhanced for potential buyers. (Porter 1979)

The bargaining power of customers

Buyers affect the industry in profitability of existing enterprises through its ability to lower prices and requiring a higher quality of products or services. (Porter 1979)

3 RESEARCH FRAMEWORK

Four different brand positioning related models are listed below, they divide brand into variety aspects and analyze them within different stages.

3.1 Brand Positioning related Models

Due to the complexity and situationality characteristics of brand positioning, consumers give it different meanings and contents at different times, places and usage scenarios,. Researchers proposed different brand knowledge models from their professional research angles. The selected models are the most noted and applicable in the recent years.

3.1.1 David A. Aaker Model

A strong brand could bring the brand awareness to the consumers namely means the brand intensity from consumers' perspectives. From a consumer how to "memorize" a brand, we could understand the brand position in consumers' minds. To get a certain level of brand awareness, firstly the brand should have an excellent performance on revenue. It is important for a brand within short history and low revenue to build a high awareness. Vice versa, if sub products are all supporting their main brand, that will be much easier for the company to set up its brand awareness. Secondly, in the future years, the companies who know how to utilize non-traditional methods to promote its business will be more successful to make their brand visible and get their name out. Those "non-traditional methods" such as: by using event market, organizing activities, taking participates in public campaign or other ways which may draw the public attention. (Aaker 1996)

Strong brand could confirm the product quality. The product endorsement from consumers is a part of the brand property, mainly based on the following reasons:

among all the brand associations, only this one has the direct help to the product sales; quality get endorsed normally is an important strategic purpose for an enterprise; the opinions for a brand quality from consumers always influence their perception to other aspects of the brand. (Aaker 1991)

Strong brand could increase consumers' loyalty. Firstly, for the companies, the brand value in most cases is from the brand loyalty of consumers. Secondly, listing brand loyalty as a part of property could encourage practitioners make efforts on building brand loyalty so as to improve brand value as well. To increase the consumer loyalty actually is to enhance the relationship between consumers and the brand. High awareness, endorsed quality plus powerful brand design, all could assist to achieve this goal. For most of industries, those market strategies which could establish brand loyalty directly have played more and more important roles. (Aaker 1996)

Strong brand has an abundant association. Making consumers associate with brand peripheral assets helps to build brand value. For instance, in order to set up attractive product characteristics, company could search for a famous public figure as the brand spokesman or design an impressed business trademark or logo. However, the brand peripheral assets still depend on the identity of the brand that means how companies would like consumer to perceive this brand. In other words, for building a strong brand, it is crucial to have clear brand identity. (Aaker 1996)

"Brand position is the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands". The four salient characteristics of a brand position are reflected by the phrases "part," "target audience," "actively communicated," and "demonstrates advantages." (Aaker 1996)

According to David A. Aaker's Brand Identity Planning Model, in order to make brand identity have texture and depth, the brand operator should treat their brand as: product, organization, person and symbol. (Aaker 1996)

The concept of brand-as-product relating to product features and attributes play an important role during the brand identity building process. Those features and attributes have a direct influence on consumers' satisfaction and purchase decisions. Brand should combine with the following dimensions: associations with product class, product-related attributes, quality or value, associations with use occasion, association with users and link to a country or region. One of the basic elements of brand identity is brand class. In other words, when we mentioning a brand to consumers, what kind of products they may associate. For example, when mentioning Häagen-Dazs, ice-cream comes to our minds, when mentioning Visa, credit card comes to our mind and when mentioning Buick, automobile comes to our mind. The brand associates tightly with the product class it represents, means when consumers think of this product, they will think of this brand. A leading brand generally will become the only associated brand. However, we are not aiming at letting the consumers associate the product which this brand represents. It is not important if consumers think of rental cars when mentioning "Hertz", the most important thing is, when mentioning "rental cars", consumers will immediately speak out "Hertz". (Aaker 1996)

The brand-as-organization emphasizes the attributes of the organization rather than products or services. Those attributes of the organization includes the innovation ability, quality requirement, the concern for environment quality, etc. Those are all created by employees, culture, values and company's internal strategies. The attributes of the brand, some could be classified as product attributes, some could be enterprise attributes. Quality and innovation could be regarded as product-related attributes if they specify the performance on product design. However, quality and innovation on company's

culture, values and strategies should be treated as organizational-related attributes. In some cases attributes could be a combination from both of sides. The attributes of an enterprise could also have a direct influence on its enterprise image. In addition, advanced technology, the concern for the environment and attention on local market those organizational attributes may help to promote consumers to have good image feeling, respect even admiration, and then be emotional to this brand. With this phenomenon, extended products from this brand will benefits a lot. (Aaker 1996)

From the brand-as-person concept we realize that brand identity could be richer and more interesting. As a person, brand may have different identities and brand styles, such as with a good taste, youthful, confident, impressive, trustworthy, humorous, active and casual. There are several ways to promote brand identity to be stronger. Firstly, consumers will choose the one which satisfies self-identity and could express self- identity. Secondly, as what may happen on human-beings that self-identity could influence the social relationship, brand identity may also determine the relationship between the brand and its consumers. Thirdly, brand identity could strengthen the product attributes which help the functions of the product become stronger. (Aaker 1996)

Brand-as-symbol could integrate and reinforce the brand identity, and will make consumers have a more impressive cognition on this brand. In the development of the brand, on the one hand, if there is such a symbol or logo exists, it will have a decisive impact on the brand building, on the other hand, without such a symbol, it will be a serious obstacle to the brand's success. Let the symbol be a substantial part of a brand identity, we will see its potential power. (Aaker 1996)

Generally, there are many elements are extremely crucial to the brand identity and value proposition, but not all of them will be focused on as main parts in brand positioning.

Value proposition means in the brand's or corporation's strategy, it needs to reach the excitement point of market demands. In addition to meet the demands of the market, at the same time, companies also need to make a profit. Here the corporation's profits are not unilateral, they are the value proposition that could be obtained by market, enterprises and individuals. Brand value proposition not only includes the interests of consumers, but also the brand's attitudes and opinions to the society and humans. The interests of consumers can be obtained through investigations and the opinions and attitudes to the society are mainly from the grasp of industry trends. (Aaker 1996)

"Brand-Consumer" Relationship Model

There are two factors may influence the relationship between individuals and the brand. One is the relationship between anthropomorphic brand and consumers which more looks like the relationships between two persons. The second one is the brand personality, which means what kind of person it represents and the relationship depth, sensation and preference given by the brand personality. Brand-Consumer relative relationship could also be based on functional benefit, such as pure business relationship between individuals. For most of the brands, believe, dependency, understanding, concern are the primary message they would like to convey to the public. Focusing on consumer relationships rather than brand personality will have more space and flexibility on brand identity satisfaction. (Aaker 1996)

How to choose the right elements included in brand positioning becomes the core issue in brand positioning decision process. Aaker suggested 3 places need to be looked before doing brand positioning: core identity, points of leverage and the value position. Core identity demonstrates the most central and valuable aspects of a brand, which means a cluster of brand elements will surround each core identity element in order to form a healthy and rich system. Brand positioning should include the core identity and the surrounding elements which serve it profoundly in a right track. A brand positioning

could be established on a leverage point, and in fact this point may not necessarily exist in the core identity, and sometimes this leverage point could be effectively offered by the sub brands, features or services. The benefits got from customers are a part of the value proposition and it is the basis of the relationship between a brand and its customers, and this could also be an important measurement while doing brand positioning. (Aaker 1996)

Brand positioning has to be set with a specific target which may only be a part of brand's all target groups. Concerning the target group, there is also a difference between primary and secondary target audience. Thus, the brand has to consider the needs of the secondary target groups but not only concentrate on the primary ones. (Aaker 1996)

With the clear target groups, the active communication strategies between the brand image and customers play a crucial role to enhance the brand-customer relationship. Brand image reflects a customer's perception of the brand, which could be regarded either positively or negatively by customers. Perception means that buyers may insist on an overview of the brands which even is not close to the fact. Sometimes, the buyers hold opinions about a product or a company without any objective evidence. Certain opinions perceived by one consumer may have an obvious influence on other potential customers and even on the relationship between them and companies. Once the relationship get deeper, it may also have a substantial influence on other features of a product. Brand positioning should represent associated perception that strategist would like to create with customers. When doing a brand positioning, it is useful to compare the brand identity and brand image from different dimensions. It also should represent the competitive advantages over other competitors. These advantages should have a vibration with customers in a long-term need basis and differentiate among other numerous competitive products. (Hague et al. 1994) Detailed information in Aaker's Brand Identity Planning Model is presented below.

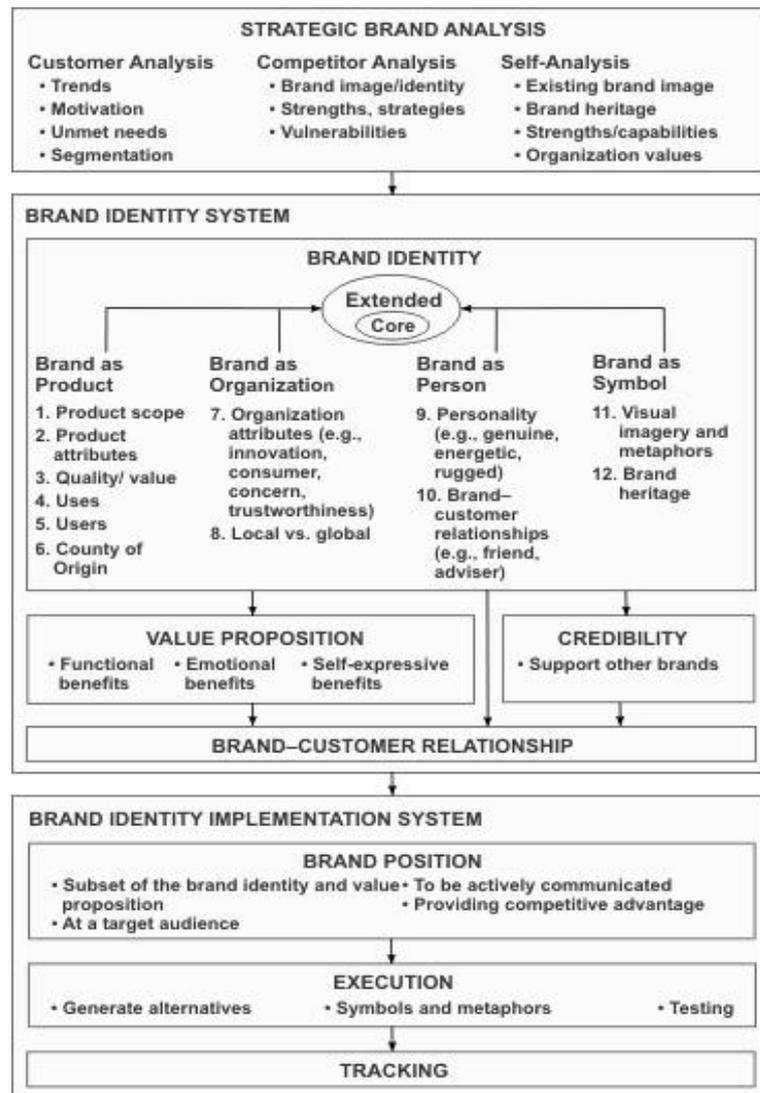


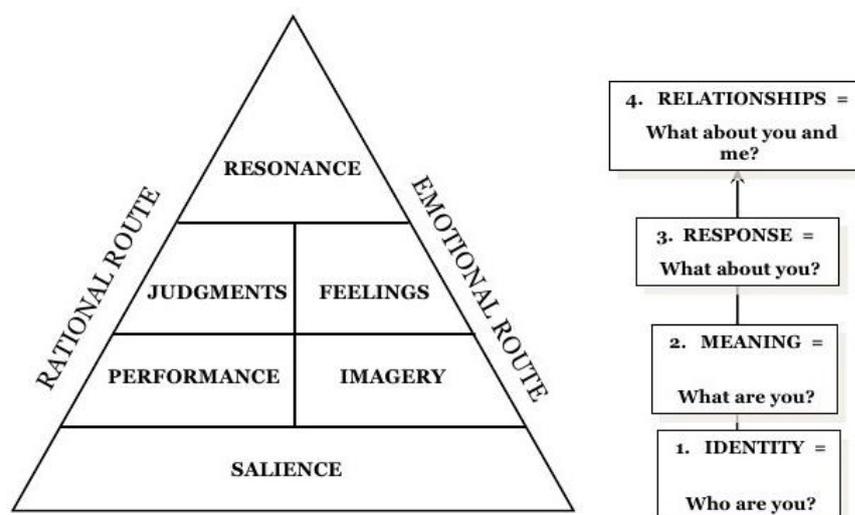
Figure 8 Brand Identity Planning Model (David A. Aaker 1996)

3.1.2 Kevin Lane Keller Model

American scholar Kevin Lane Keller proposed CBBE model (Customer-Based Brand Equity) in 1993. He believes that the consumer-based brand value model provides a critical way on building a self-owned-brand. In this model, the design of various elements seeks to be comprehensive, interrelated and feasible. However, CBBE model implies a premise that brand power exists in consumer brand knowledge, feelings and experience on the brand, which means the brand power is the sum of all experiences that consumers have in the minds as times goes on. Therefore, the purpose of the work

in an enterprise is to try to ensure consumers has the experience corresponding to the characteristics of brand's products and services that have given, hold a positive attitude on corporation's market behavior as well as have a positive evaluation of brand image. (Keller 1993)

According to Keller's point of view, the creation the model is designed to answer the following two questions: First, what elements constitute a strong brand; second, how a corporation builds a strong brand. In CBBE model, building a strong brand needs four steps: establish the right brand identity; create the right brand meaning; guide the correct brand response; create a proper consumer brand relationships. At the same time, these four steps are also dependent on six dimensions of brand building: salience; performance; imaginary; judgment; feeling and resonance. Specifically, salience corresponds to the significant brand identity; performance and imaginary correspond brand meaning; judgment and feeling correspond to brand response; resonance corresponds to brand relationships. (Keller 1993) The above structure can be represented by the following diagram.



All credit goes to Kevin Lane Keller, *Strategic Brand Management 3e*

Figure 9 Customer-Based Brand Equity Pyramid (Keller 1993)

Set a correct brand identity needs to create a consumer-based brand salience. Brand salience also associated closely with the following problems, such as the frequency and the level of difficulty of the brand that can be referred to the consumer in a variety of situations; to which extent the brand could be easily recognized by consumers; how much persuasiveness the brand has on its brand awareness and so on. The key dimensions to distinguish the brand salience are the brand depth and brand breadth. Brand depth refers to the ease degree that brand could be recognized by consumers, and brand breadth refers to the purchase range and consumption condition when consumers think of the brand. A brand with a high salience fully enables consumers to buy its products and always think of the brand within their range of options. (Keller 2001)

In terms of creating the right brand meaning, the key is to create the brand with high performance, a good brand image and build brand salience based on the consumers. The identification of the brand meaning, from the function perspective it refers to consumer association related to brand performance and from the abstract point of view, it refers to a brand association related to brand image. These associations can be formed directly from the consumers' own experiences and can be connected with the information obtained through word of mouth or advertising information dissemination. (Keller 2001)

The brand performance is an external manifestation which products or services use to meet the functional requirements of consumers. It includes the brand internal products' or services' features, as well as the elements related to products and services, specifically the dimensions of brand performance, including product features and additional features on the basis of reliability, durability and maintainability, service efficiency, service effectiveness and service personnel attitude, product style, product design and price. (Keller 2001)

Another dimension of the brand meaning is the brand image. Brand image links to the external assets of product or service, including that the brand needs to meet consumers' psychological or social abstraction demands. The brand image referred in CBBE model consists of 4 elements in consumer-featured purchase funnel and conditions of use: personality and values, brand history, tradition and development process. (Keller 2001)

Concerning on how to guide a correct brand response, company needs the efforts on two aspects. Brand judgment, referring to that the company should focus on the consumer perception about the brand. Consumers' brand judgment includes the quality, reliability, purchasing consideration and superiority. Brand feeling means the emotional behaviors of consumers towards a brand, mainly includes passion, entertainment, excitement, security, social acceptance, self-esteem and other factors. (Keller 2001)

On building an appropriate brand-customer relationship, the key is to create a consumer resonance towards a brand. The brand resonance can be decomposed into four dimensions: loyalty refers to the frequency and the number of repeated purchases; attitude attribute refers to that the consumers think the brand is very special and unique, be enthusiastic on this brand and will not swift to other brands of similar products; the sense of belonging refers to the connection and sub-culture group generated through this brand between the consumers and active engagement, referring to the consumer in addition to buy this brand, they also actively concerned the brand-related information, such as to visit the brand website and actively participate in related activities. (Keller 2001)

3.1.3 H. S. Krishnan Model

Krishnan model is a brand research based on CBBE model conducted by Keller. Krishnan defined various association properties based on the customers' brand equity through memory network model. Memory network model indicates that memory

composes of the knowledge organization proceed by a network of interconnected knowledge, and nodes form the network model, which is used to store all the information. (Krishnan 1996)

Krishnan's study is mainly on the brand equity, therefore the focus of his research is also on a series of associations stimulated and reflected by the brand. He discussed brand association from the following 4 aspects: the number of association, preference of association, uniqueness of association and source of association. Krishnan did empirical researches from these four aspects through the evaluation of differences between high and low brand equity. The results showed the difference of consumer association and external brand equity indicators are consistent, so that it can discern strong and weak parts of each brand. (Krishnan 1996)

The number of association

Number of association refers to that after a long time efforts, consumers establish a various series of brands associations. Among them, some of the associations are brand salience and brand benefit, others represent the consumer's brand experience. With an increase in the number of brand association, on the one hand, the increasing number of the association makes it easier for consumers to reach the brand node of the memory (such as association network model) because that the association offers a variety of ways to contact with brands, on the other hand, due to the mutual interference between these associations it leaves a large amount of associations to a low-level brand memory. However, for mature brands (as opposed to new brands), such interference will not be strong. The reason behind it is that the brand has established a mature and high brand awareness. Thus, a large number of the association is very important to the brand. (Krishnan 1996)

Preference of association

Only emphasizing the number of association may cause misleading, because there are both positive and negative associations existing. Therefore, we must evaluate the relative number of positive and negative association. Association preference is to explain the common measurement of the brand relative preferences. It is a net positive perception idea (amount of positive associations minus the amount of negative associations). Thus, the total number of association is controlled by the net value of preferences. In fact, brands with two extremes have a lot of associations, by considering these brand preferences can effectively achieve the brand differentiated positioning. (Krishnan 1996)

Uniqueness of association

Brands need to share some associations with other brands to indicate that they are part of such products, however, when the number of shared association increases, the brand will increasingly become the representative of the category rather than its own. Therefore, the brand's unique association has a huge impact on the category image and brand positioning in the minds of consumers and it is the symbol of the brand. The ideal situation is to have a large number of shared associations in order to correctly and quickly classify itself, but also have some unique associations, which stand out from the category. (Krishnan 1996)

Source of association

Consumers understand the products from many sources and form the associations. The main source of association is the direct brand experience (try and use) and indirect experience (advertising and word of mouth). Compared with the indirect experience, the associations arising from direct experience may be more relevant, more determined, and form a more vivid memory to the individual. Therefore, the brand whose association comes from the most direct experience of the brand will be in a better

position and have higher assets. For indirect experience, the further distinction lies in whether a company can control the sources. From a consumer's perspective, they rather believe in non-controllable source of the business, for example, word of mouth. Therefore, the brands owning a large number of associations on the basis of the reputation will not only benefit from the free dissemination, but also benefit from the growing credibility. Such association would become a symbol of the brand image and brand equity. (Krishnan 1996)

3.1.4 Biel Model

A.L. Biel proposed that the brand image was represented by the company's image, the user image, and the product / service image itself. Brand image mainly originated from the consumers' feature-related brand association, including "hard" and "soft" attributed association. Wherein the hard attributes is the brand's tangible and functional attributed awareness, the soft attributes reflect the brand's emotional benefits. For those three sub-images they all have hard and soft attributes. (Biel 1993)

The so-called "hard" attribute means the physical or functional awareness of the brand. For cars, the relevant hard feature refers to great horsepower, be fast to start. Such hard attribute is a very important factor for the brand. Once a certain functional attribute is monopolized by a brand, it will be hard for other brands to position in this attribute, and some market-lead brands have always achieved monopoly in some functional properties. However, the hard attributes are not the absolute factors anymore in the formation of brand differentiation. (Biel 1993)

The soft attribute reflects the emotional benefits of the brand, for example, the Mustang is reminiscence of men, freedom and adventure. This soft attributes now has become an increasingly important factor to distinguish among brands. The reason is that once these emotional benefits establish, it is difficult for others to imitate. (Biel 1993)

Consumers will take all kinds of company's information and product's use experience as the company's image, which is an important part of the brand image, also known as organization image. Its components include: innovation, historical continuity (such as corporation's history, size and strength, etc.) and social market awareness in order to give consumers a sense of trusting. User image refers to the demographic characteristics of the brand users, which belongs to the hard aspects of the feature. In addition it also includes the user's personality, values, lifestyle and other aspects of the soft features. Product or service image is the brand identity corresponding with the benefit features that product or service itself brings. Moreover, the origin of the products, packaging, and its other features meeting the needs all constitute a product or service image. (Biel 1993)

The contribution of these three different sub-images to a brand image varies in terms of different products or brands. For example, Marlboro cigarettes, Philip Morris' Marlboro brand corporate image almost have no contribution to the image. However in China, the company's brand image is very important. The company's image makes Chinese consumers feel more confident to the brand, because Chinese consumers at this stage is still relatively more concerned about the product's functions and performance, therefore large corporations' brands give more reliability to the consumers. In short, the positive company image will strengthen the positive perception of the company's products. When a brand name is closely associated with the company name, then the contact between the company's image and brand image is particularly important.

Biel model suggests that the brand image includes the company's image, products and services image and user image. Any of these three sub-brands is presented in the brands. (Biel 1993) However, different types of products have the different importance level of these three sub-images. For example, consumer goods are necessities of life, and everyone use and consume it, and users could be anyone in the social class, so the product's user image is not clear. For some other products, particularly industrial

products, many consumers rarely know, or do not even know the production companies. Therefore, the company's image is out of the question. For luxury goods or special goods, because of its inherent characteristics, people all have some understanding on these three sub-images. Moreover, special products belong to the imaged brand, and they establish a competitive advantage based on their unique brand image. Therefore, use Biel model to measure special goods' brand image, has a direct significance on corporation's advertising theme, spokesperson and choosing the way of promotion.

As with all models, Biel model also has its own shortcomings. It does not describe the relationship between the various components, and without considering the relative importance of the three elements.

3.2 Research Framework for the Case Company's Cupstock Product in China

Based on the previous brand positioning related models, combined with the current market situation of the case company cupstock brand "C" and competitors' performance, Aaker and Biel Model are the most applicable framework in this case since they conclude brand association, brand identity and brand image concepts from detailed branches and other two models are more focus on brand association and brand equity. Thus, a research framework designed for the company is dug out to guide the practical issues.

3.2.1 General Information of Case Company's Cupstock Brand "C"

The case company's history dates back to 1288 earliest that some claim it is the world's oldest existing cooperation in the world. At the end of 1998, the Swedish mining and forestry products company and Finnish forestry products company merged and then the case company group was founded. Nowadays the case company is a pulp and paper manufacturer headquartered in Helsinki, Finland. The group is divided into five divisions: Consumer Board, Packaging Solutions, Bio-materials, Wood Products, and

Paper. They have shares listed on the NASDAQ Helsinki Oy and Nasdaq Stockholm AB, and traded in the USA as ADRs in the International OTCQX over-the-counter market. Currently, the group has 26 000 employees in more than 35 countries with a sales of EUR 10.0 billion in 2015. Their customers' base includes publishers, printers, paper distributors, as well as the packaging, joinery and construction industries production. (Stora Enso 2016)

The case company is a global biomass materials, paper, packaging and forest products creator. They are constantly re-examining the situation, explore new areas, and use renewable materials to provide innovative solutions for customers. The case company offers products and services of paper, packaging, wood products and bio-materials. (Stora Enso 2016)

"Do Good for the People and the Planet". Their values "Lead" and "Do What's Right" are a natural part of their purpose. Company is pursuing to be the leading position in every aspect of their business and responsibility. (Stora Enso 2016) *"The case company is transforming from a traditional paper and board producer to a renewable materials growth company."* They are focusing on transformation, and they response the market trends and customer's needs for renewable materials based on a strong customer focus and innovative solutions. (Stora Enso 2016)

The case company's Consumer Board produces a full range of food service boards targeting on fast food, catering and vending markets. The cupstock brand "C" is using pure, safe and recyclable boards for drinking cups as well as other food service and food packaging applications. The safe and food contact approved baseboard offers purity and versatility for all your needs. Due to the technically advanced material, "C" drinking cups are light but with good functionality. Currently the case company's biggest key account customer in this segment is Huhtamaki. (Stora Enso 2016)

3.2.2 Research Framework for Brand "C"

According to the previous brand positioning related models, combined with general information of cupstock area and market condition, the research framework was figured out on the basis of David A. Aaker model and Biel Model. This research framework is also the basis for the following interview conduction.

The framework is divided into brand identity and brand image two parts which means that brand identity is from the case company's cupstock brand "C" side and brand image is from our customers and consumers side. Brand identity means brand associations that the company aspires to create or maintain for our customers and consumers, and brand image reflects our customers' and consumers' current perception of our brand. Since the case company's cupstock brand "C" has rather low brand awareness to Chinese customers and consumers, we decide to focus on end-consumes first and according to their preference, make the brand positioning and figure out the influence that the customers purchasing willing may have on the customers in return. These will be the base to position our brand in my study. If we look at the brand identity, we may have numerous identities would like to convey to target groups but only a few of them could go to the value proposition part.

Then based on the needs and comparison from both side, the market condition and consumers reaction, a strong brand-customer relationship should be established conveying messages from and to both side. This is also the base to figure out the focus of brand positioning which actively communicate to our target audience and demonstrates an advantage over competing brands. Brand positioning should balance the brand identity and brand image and at the end accordingly come up with the strategic business plans.

The following interview questions are all based on this model. The questions begin either from brand identity or brand image side, followed by value proposition, brand-consumer relationship and future trends. In addition, I will try to avoid those terminologies and use more visual way to ask my interviewees. The detailed research framework could be found below.

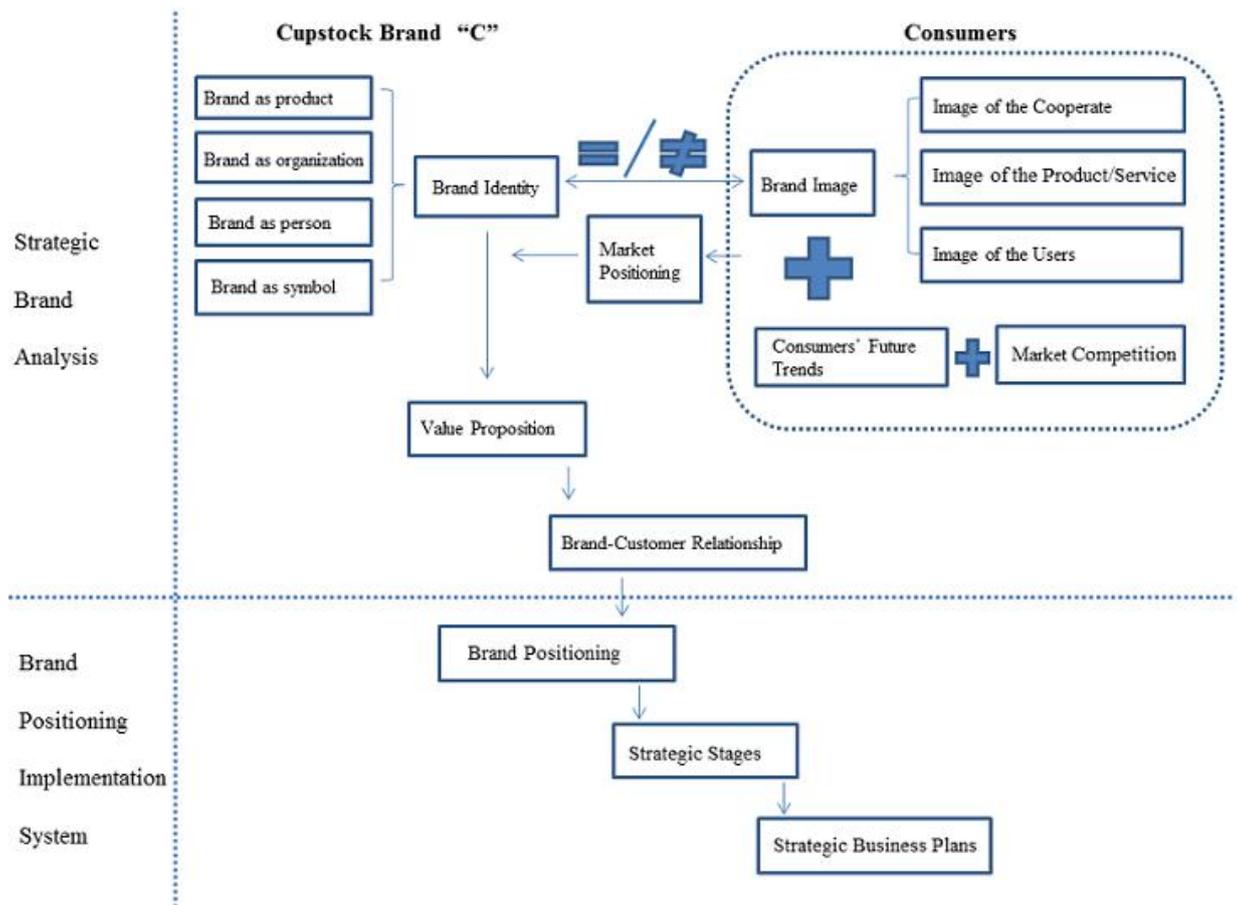


Figure 10 Research Framework for Brand "C"

4 METHODOLOGY

In this chapter, the methodology used during the research process and research design ideas will be introduced step by step. Research strategies presented in this part are the basis of the following empirical study.

4.1 The Purpose of the Research

The purpose of the research is to examine the Chinese paper cups market situation, analyze the consumers' impact on the cupstock products and figure out the suitable brand positioning and strategic business plans.

Each research strategy could serve for three purposes, exploratory, description and explanation. The reason to decide to use which study approach is not based on the priorities, but rather to clarify the three conditions discussed below. We should note that classifying a variety of research strategies, does not mean that there are clear boundaries between them, on the contrary, they have a lot of overlaps between the cross place. (Yin 2003)

The basic purpose of the exploratory study is to provide some information to help investigators recognize and understand the faced problem (Babbie 2007). It is often used to help investigators define the problem more accurately, to help identify the relevant routes of action or for more information before a more formal research study (Shields et al. 2013). Exploratory study reveals an occurring phenomenon, seeks new perspectives, asks questions and it is a valuable approach evaluating phenomenon from a new angle. The information required at this stage is imprecisely defined and the research process is very flexible, without structure. The original data is commonly qualitative and the results of exploratory research are in general only experimental, temporary, or as a start for further research (Robson 2002).

Investigation of descriptive studies is one of the conclusive studies, by definition, the result of the study is to describe something, usually general features or functions of something, and specifically describe the market features or functionality (Shields 2013). Descriptive research has the following main elements: describe the features of related group; estimate the population proportion of a certain behavior group in a particular population; determine the concept of product features; determine the relationship between the variables; make a specific forecast. Descriptive research assumes that investigators have gained much knowledge related to the issue previously. In fact, the main difference between exploratory and descriptive research is that the latter one had made a specific assumptions available in advance. Therefore, the required information has already been clearly defined. The design of formal research plan specifies the way of selecting the information, and a method for collecting data from these sources. (Robson 2002)

The aim of explanatory study is to obtain evidence about the link between cause and effects. The objective of this relationship study includes the following content: to understand which variables are independent variables and which are the dependent variables; to determine the corresponding relationship between the independent variables and the predictable dependent variables. Same as descriptive studies, explanatory research also need to have plans and structural design. (Robson 2002) Although descriptive study could determine the closeness level between variables, but it could not confirm a cause-and-effect relationship. To examine the cause-and-effect relationship we must control the variables that may affect the results, so that the impact has on the dependent variables from independent variables can be measured. The main research method is experimentation. Of course, some advanced statistical methods also can be used to test the cause-and-effect model. (Brains et al. 2011)

Concerning the market and brand positioning research for the case company's cupstock brand "C", as it mentioned before, the case company did not have many related studies before, so with the aid of this project, it helps the strategists to recognize and understand the current market situation of brand "C" in China more accurately and decide what following actions and plans should be executed. Cupstocks produced from the case company are not sold directly to the consumers, in most cases, consumers get paper cups from brand owners or retailers which indicates that end-users may do not have a precise perception on the paper cups since they are regarded as attachments to drinks. In this sense, the data collected more or less will be influenced by the main products but anyway it fulfills the perception gaps of paper cups.

Interview will be used as the data collection techniques and the results are more concentrating on targets' experience, opinion, feelings and knowledge. Information on current market situation is mainly from the consumers' perception to the products though both consumers and competitors influence the market condition. It is not hard to understand that competitors' business actions are also decided according to consumers' attitudes, which means consumers are the final decision makers for corporation.

At this moment, the needed information is not precise but the materials collected will be used in more formal studies afterwards. The research process is quite flexible and the information needed at this stage does not need to be much specific. According to the above attributes that this study has, the research is concluded as an exploratory study.

4.2 Research Methodology

In this part, the overall research methodology and needed data are presented. In addition to it, details concerning the interviews such as which kind of interview type will be used and sample selection criteria will be included in the following sections as well.

4.2.1 Research Strategy and Data Type

Each research strategy including case study, grounded theory, action research and ethnography could serve for three purposes, exploratory, description and explanation (Yin 2013). In my research, the single case study is utilized as the research strategy. This is the most popular and common strategy in business management research, mostly often used to answer "why, what and how" questions. Therefore, it is always used in exploratory and explanatory studies. Case study has various data collection methods such as interview, observation, documentary analysis and questionnaires, and we could also combine them together if necessary. In addition, the case study strategy is usually considered authoritative, relatively easy to get to be interpreted and understood.

In terms of the cupstock research, we will study the consumers' paper cup consumption behaviors by utilizing evidence from different sources such as from company's portfolio, interviews and even from social media reports. Those give a general background of the happening phenomenon that how consumers treat paper cups in their daily life. Using single case study method allows to control more over the research process, and from the samples we can obtain a result representing the overall samples with a lower cost than collecting all the samples. It needs to spend time on it in order to ensure a representative sample and design. By using data collection tools we could ensure a good recovery. With the following single case study method, we will combine the market reality, take the case company as the research target, through analysis to push strategists enter into the specific paper cup marketing situation and process and then figure out the real marketing feeling of using paper cups and come up with the solutions.

In the previous discussion, we have already mentioned quantitative and qualitative data. Both quantitative and qualitative terms are widely used in business management research, and are distinguished by the method of data collection and data analysis procedure. One way to differentiate them is to focus on numeric data (numbers) or non-

numeric data (words). Quantitative is a synonym for data collection methods (such as questionnaires) or data analysis process (such as graphs or statistics) of numerical data producing or utilizing (Denzin 2005). In contrast, qualitative is a synonym for data collection methods (such as interviews) or data analysis process (such as categorizing data) of non-numeric data producing or utilizing. Thus, in addition to words it also refers to the data (such as pictures and videos). (Given 2008)

This research is a qualitative research since non-numeric data will be mostly used as the primary data during the analysis and process. Interview questions are designed to have a general understanding of the current paper cup market overview and to examine the attributes of internal decisive factors. The study will describe the phenomenon from the intrinsic principles between relevant elements. Based on the previous brand positioning model and life experiences from consumers, the main features of the market will be tightly seized with qualitative data. Interview questions are listing without any selective answers which indicate that interviewees do not have any limits or guided logic to consider the questions, in this case, all the answers collected are from the first sensation of consumers and it reflects the true attitudes from them as well. There is neither statistical analysis nor model building using to deal with the collected results and the qualitative conclusion is only drawn by word description but not data or figures.

Secondary data are mainly divided into three categories: documentary secondary data, survey-based secondary data and multiple-source secondary data. In this research documentary secondary data were collected such as Euromonitor reports, conference proceedings, journals, theses, previous market research studies and company internal data.

4.2.2 Semi-Structured Interview

Interviews can be highly formal planned and structured conversation, using standardized questions for each respondent, or it can be informal, unstructured

conversation. It can also stay in between. Thus, dividing interviews according to formalization and structuralization is a commonly used method, and three types of interviews are structured interviews, semi-structured interviews and unstructured or in-depth interviews. (Saunders 2009)

In this study, I chose single case study as the research strategy and semi-structured interview as the data collection technique. Semi-structured interviews or in-depth interviews (unstructured) are not standardized, often refer to qualitative research interviews (King 2004). It could generate rich data since it allows new ideas to be raised up during the process based on the explored framework (Edwards 2013).

During the process of my interviews, there is a list of covered subjects and questions, although these may vary along the interviews. I might delete some questions at one interview, especially in a particular organizational environment related to the research subject. The order of questions may change depending on the flow of the conversation. Moreover, with specific targets, in order to explore the questions and objectives of this research, there is also a need for additional questions depending on the nature of the event. The nature of the questions and the following conversation will be followed by recording and notes. All the features mentioned above conclude that semi-structured interview is the most suitable data collection technique concerning on this topic.

Trust can be improved through providing relevant information to the participants prior to interviews. Before the interview, at the appropriate time I provided a list of interview subjects to participants by email to help promote trust. The interviewees considered the required information and they had opportunities to collect supportive and organized documents with the help of the list beforehand so as to improve the effectiveness and reliability of the research from respondents' side. Some interviewees also ask the unclear information from me to avoid any misunderstanding.

4.2.3 Sampling and Respondents

I understand well the related-background knowledge of my case study targets. In the semi-structured interview, such information helps me to prove the credibility of my study, and thus it also encourages respondents to provide more details in the following discussion. After some interviews, I will conduct a preliminary analysis of previous collected data.

As introduced in the previous chapter, interviewees were carefully selected by the age distribution and study or working area. Age distribution is designed according to the consumption behavior in different age range in Chinese market, and their areas are almost equally distributed including IT, business, market and sales, environment, mechanism, service and other social science area so as to avoid the possible biases. According to the previous Chinese paper cup market research of the case company, young people between 20-30 years old has relative strong consumption ability and corresponding utilize concepts. More importantly, when study a phenomenon in different age distribution, the percentage of one same indicator in each age slot are utilized to compare with other age slot to reduce deviation than simply comparing the total amount in different age slot since some age slot has more base than others.

The sample of this research is quite small due to the time and resource limitation, so the most criteria of respondents selection is that they all have a close and direct contact with paper cups in daily life. Since the most of paper cups end-users focus on the age 20-30, some on 30-40, rarely above 40, I interviewed 80% person who is at age 20-30, 12% at 30-40 and only 8% at the age above 40. Total interview number is 33 so corresponding number for each age range is around 27, 4 and 2 interviewees. Roughly, we have interviewees from different study or working area, and in each area we try to have same amount of participants in order to avoid bias due to background factors. The table below presents the detailed background information.

Age Distribution	Numbers of Interviewees
21-25	18
26-30	9
30-40	4
40-50	2

Table 1 Age Distribution of Interviewees

Study/Working Area	Numbers of Interviewees
IT	5
Business related (Finance & Business Management)	6
Market & Sales	2
Environment	6
Mechanism	5
Services	4
Others (Language, wine)	5

Table 2 Study/Working Area Distribution of Interviewees

4.2.4 Analyzing Qualitative Data

The interview was carried out from the middle of July to the beginning of August, and the interview questions designed according to the research framework have been approved by the case company's internal discussion. A list of interview questions was sent one week before the interview to the interviewees and a reminder message was sent 3 days before their interview days. A total number of 33 completed interviews were collected within 3 weeks.

Inductive approach was used to analyze the qualitative data. The so-called inductive approach is based on part objects with certain properties from a class of things, through collection and exploration, and come up with a conclusion that all the objects of such things have these features (Glaser and Strauss 1967; Schatzman and Straus 1973; Strauss and Corbin 2008; Yin 2003).

4.2.5 Quality of the Research

Reliability, validity and generalizability three measurements are mostly used to verify the quality of the research (Miles and Huberman, 1994; Eriksson and Kovalainen, 2008). Reliability is concerned with to which extent the data collection techniques or analysis process could lead to consistent results. It can be measured by the following aspects: will it lead to a same result on other occasions, will the similar results could be obtained by other observers, and how about the transparency level. (Easterby-Smith et al. 2008:109). Robson also pointed that subject or participant error, subject or participant bias, observer error and observer bias those aspects would threaten reliability (Robson 2000).

In market research, validity refers to if the thing we attempt to measure is actually what we need to measure and if the thing we collect is available for any further research use. Robson asserted that history, testing, instrumentation, mortality, maturation and ambiguity would threaten validity. (Robson 2000) Generalizability explains whether research results are generalized and could be equally apply to other research settings or studies in other organizations. If the theories, results or findings could not be generalized to all situations, the main task have to do is to specify what is going on in your particular studies and claim that this is not available to be generalized. (Saunders et al. 2009)

Concerning on this market and brand positioning research study, the interview questions were carefully planned according to the designed research framework and opinions from professionals and experts were also been taken into the interview. The overall idea and design of the interview are reviewed and discussed internally in order to avoid any

possible theoretical and practical mistakes. The interview questions had also been tested in advance to make sure that the questions were easily to understand without any confusion. There are totally 7 questions and it does not take too long time to answer for participants. The data collected during the whole process are transparent but the empirical results could not be generalized to other countries or other industries since the theoretical framework and research process are specifically designed for the case company's cupstock brand "C" performance in Chinese market.

5 EMPIRICAL FINDINGS

Based on the research framework introduced in 3.2.2 and methodology introduced in the 4th chapter, interviews were smoothly processed. Thus in this chapter, the results of the interviews and related data will be presented and also the explanation is included to illustrate the reasons behind.

5.1 Interview Findings

The first question is to ask about where people will use or contact with the paper cups in their daily life and what liquid they are using paper cups to take. The occasion may happen both in active use and passive use. Active use means when people have many other choices than paper cups and they have the right to choose whether to use paper cups or not. Moreover they could buy the paper cups in terms of their own willing and have the right to choose the paper cups within a broad range according to their preference. Interviewees mentioned that the main active use is in family parties, business place, traveling or outdoor activities such public places due to the convenience of paper cups. In family parties, people will treat the visitors with paper cups especially when a big amount participants presenting. In business place, the employees will use paper cups to take water, drinks or coffee from the vending machine. When traveling and doing outdoor activities, people prefer paper cups due to the high portability and light weight. Based on the interview results, more than half of the interviewees choose to use paper cups while visiting others, receiving visitors at home or doing parties which is the one mentioned most among active use.

Concerning the passive use, it means people do not have the right to choose whether they want to use paper cups or change to other containers such as plastic cups, namely they are forced to use the paper cups either as containers with the stuff they buy or just

for own use. This happens in coffee shops, fast food restaurant, other restaurants, beverage shops, canteen and some public places such as conference or even again business occasions. Coffee shops are mostly using paper cups for taking hot drinks and using plastic cups for taking cold drinks. Fast food restaurants such as McDonald's and KFC are using them to serve cola or other beverages. Beverage shops are also using both paper cups and plastic cups serving their products. Canteens in work or study places are selling hot coffee or beverages by using paper cups for their employees or students, so they have a big consumption of disposable goods. Moreover, in some public places for instance during a conference or in a company visiting, audiences and visitors are offered with paper cups and that is the only choice for them at that moment. In addition, according to Chinese living habit, the most liquid that people using paper cups to take is hot water and hot drinks such as tea and coffee. Coffee shops and restaurants seem to be the most popular place where the passive use happens because of their main products category. The detailed data in terms of both active and passive use could be found in the following figures.

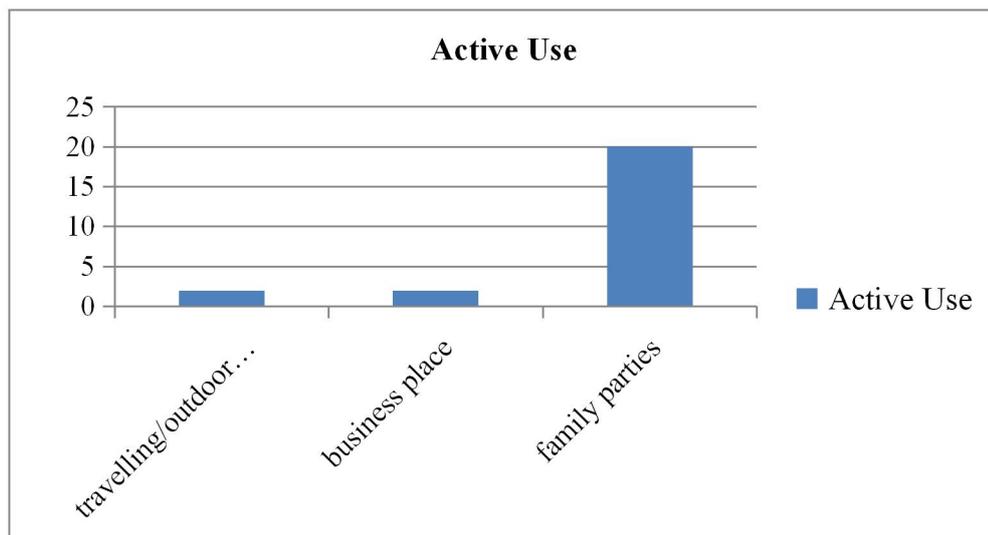


Figure 11 Active Use in different occasions

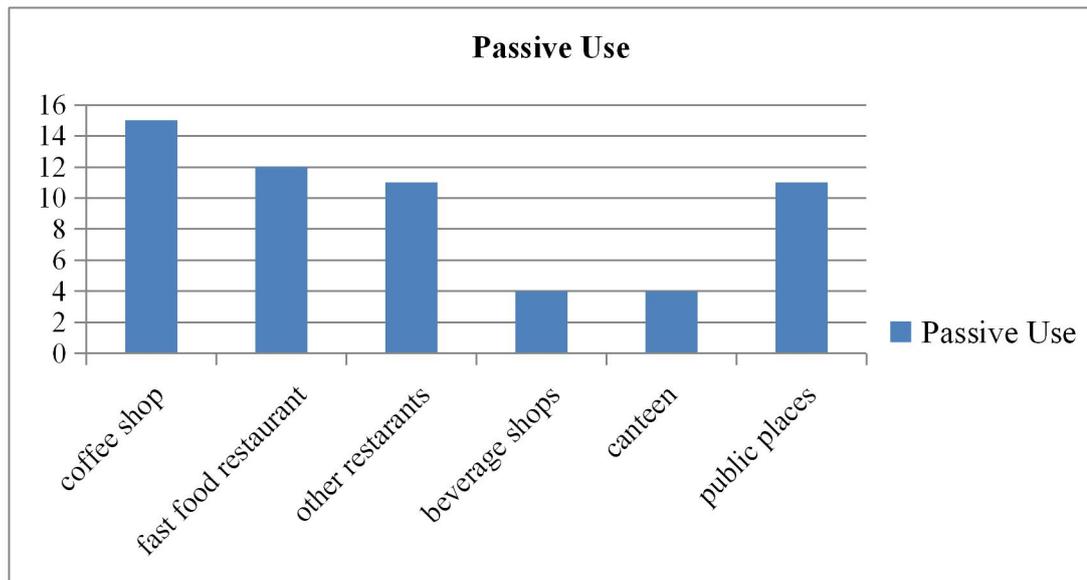


Figure 12 Passive Use in different occasions

The second question is about the users' frequency of using paper cups and what they could associate with paper cups. This question is designed for analyzing the brand association. Since the case company doesn't offer cupstock directly to the consumers, it is hard for consumers to associate with any paper cupstock production company. However, through the association people may have with the paper cups, we still could try to connect our brand to the items or icons what have already been in consumers' mind. First, from the figure below, we could found that all the interviewees have the needs of paper cups, regardless of age, more than two third people will use at least one paper cup per day, and six people will use 2 cups or even more in one day. The proportion of people using at least one paper cup every day in the age 21-25 occupies most among other ages, which accounts for 60% and this proportion decreases with age. These all result from the different lifestyle and attitudes in different age slot. Detailed number and proportion are presented in the figure below.

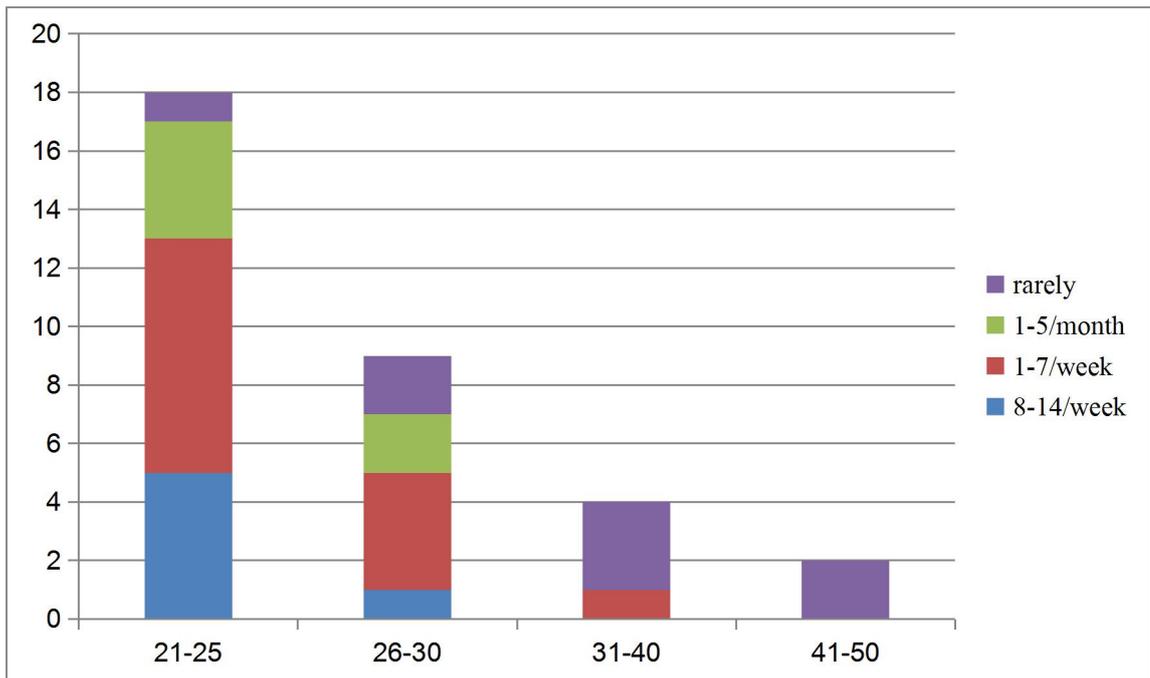


Figure 13 User Frequency

In order to find out the brand associations, we have to figure out that what items that consumers will associate with paper cups. Through the interviews, there are mainly three branches that they will associate.

One is the attribute that paper cups have, such as convenience, disposability, lightness, safety problems, cups with good pattern design and bright color will more impress the consumers, and cup lid may cause leakage problems and that is why sometimes people have to use 2 or 3 paper cups together which results in a big waste.

Another one is about the environmental issues. When mentioning paper cups, people will think of environment pollution, wood generation, forest resources and waste disposal. In china, people will easily and randomly throw the paper cups away after using it and due to the unclear production process, the materials are not recyclable as what sellers have promised. Without a systematic recyclability process, disposals are not going to the right place in the right form. All these result in serious environment

pollution, large paper product consumption and waste disposal problems. Moreover, an argument raised that choosing between either paper or plastic products comes in front of people, that should paper products instead of plastic products since the former comes from easily degradable wood and the latter comes from oil which is not environmental-friendly and not degradable.

The last branch of associations is related with the products and shops where people could get the paper cups, namely famous brand associations. For example, 7 interviewees would think of coffee, beer and tea and 8 interviewees directly pointed out the coffee shop name "Starbucks" and their classic logo and design would come into their minds even without their coffee products. "Costa" was mentioned 3 times and also one Korean coffee shop brand "Caffebene" was mentioned once. In addition, fast food restaurant including McDonald's, KFC and Burger King were mentioned 7 times. Specially, two female interviewees said that hot chocolate or hot coffee in the winter time make them feel happy.

The third question aims at the consumers' preference when selecting or commenting paper cups. 9 aspects are given in the interview questions and the aspect "size" was finally added as the 10th aspect because 8 out of 33 interviewees mentioned it during the interview. Hygiene reflects whether the producer use 100% healthy materials without any harm to human beings. In China generally the paper cups production process is not clear and familiar to mass consumers, so consumers are always suspecting if producer add chemical elements to the paper cups in order to ensure the shape or the whiteness of the products. Some mentioned that when they hold paper cups, they could even feel a peculiar smell from the cup. 23 interviewees commented it as the priority when choosing paper cups and many of them hope to promote the transparency of the production process and accountability of the producers.

Safety aspect is more concerning on the material reaction when it contacts the hot liquid. Due to Chinese people's lifestyle, people are more enjoying hot water, hot tea or other hot drinks. However, when they pour hot liquid into the paper cups, they are afraid of that the liquid will react with the wax inside of the cups or with other poisonous elements of the cup, which leads to harm to the human's body.

The third factor that consumers concern most is about the paper cups' functionality. People need to hold the paper cups well when they buy drinks from coffee shops or other beverage shops and sometimes they are going to work or going somewhere with big luggage to the train station or airport in a hurry. Paper cups with good quality will offer consumers a comfortable holding feeling, appropriate temperature, and no possibility of leak. Many interviewees commented that though some paper cups have a matched lid with it, when they hold it with full liquid inside, they still couldn't give a full trust and actually the liquid sometimes do leak. Moreover, if the cup does not have a trustful quality, it will become soft and lose its shape easily. From the environmental-friendly aspect, people are more willing to use the cups at least more than just one time on the premise that health and cleanness are ensured.

Size aspect was not collected when designing the interview questions, but 8 interviewees found that except passive use which means you will get your products together with the paper cups, the ones you buy from the supermarket or with an active use purpose are always in a small size than they expect. The liquid capacity is only enough for one or two mouth which is far away from their needs. People wish they could get the paper cups with a same capacity as the one they get from coffee shops for example. Especially in family parties or outdoor activities, people do not want to full their cups every five minutes.

Concerning the cup design aspect, women put more attention on this criterion. Paper cups with artistic design and pattern attract them more. 3 people regard Starbucks' logo as a classic sign and its brief cup design looks so deeply into the human's mind. Cup pattern design has to align with the concept and culture of the shop, the atmosphere of the place and the service attitude that the sellers want to offer. For example, Starbucks' logo come from Siren who is a seductive mystery mixed with a nautical theme. This mermaid logo, the dark green and white color combinations make a few symbolic meanings: beautiful, mysterious, historic, very attractive, people cannot extricate from themselves. There is no more appropriate things could be used in Starbucks coffee, and from the store to the quality of the brand are always full of these feelings. However, the paper cups in McDonalds give a happy, relaxed, energetic image which aligns with the concept of fast food.

In terms of innovativeness, most of interviewees do not have a clear concept of innovativeness in paper cups area. I took 2 cases as examples and tried to explain the innovations within this area. One is the paper cup handle commonly appearing in European market which has not widely shown in Chinese market yet. Some people understood the meaning of the handle which helps to avoid heat from the paper cup itself, but still some questioned if the paper handle is stable and strong enough to stand the whole weight of the liquid inside. Though the test proves that the paper handle will bear the weight, but the unsafe and uncomfortable feelings on hands are still come to consumers mind and they even prefer the ones without paper handles. Thus it turned out that paper handles are not a good choice to develop in Chinese market. The second example would be "Magic Add-technology" of Huhtamaki's hot cup jointly developed by global packaging company Huhtamaki and Finnish start –up company Magic Add which includes a unique temperature sensitive IPAddCode printed on the cups to connect the digital content with packaging (Huhtamaki, 2015). The consumers could go into a mobile web, and input the unique code, then people will enjoy the service whatever the code leads to (Huhtamaki, 2015). This offers a new way of adding

valuable content to the service packaging and at the meantime it strength the co-branding with leading media and digital content brands (Huhtamaki, 2015). After the explanation of this case, interviewees showed their interest towards those ideas and they were willing to get more useful and practical information from the paper cups but not only the product promotion news from the seller. However, then they expressed that if this happened at the expense of the cost, probably they would not like to offer the extra money to buy this kind of cups.

In renewability part, the result turned out to be intriguing. Only 3 interviewees actively mentioned that they concerned for renewability. After mentioning the renewability direction to interviewees, nine people claimed that they will consider it but probably only in the last step. The rest still do not care about it too much though renewability had already been highlighted during the interview.

Some interviewees came up with the idea that in our daily life, we just regard paper cups as a disposal, and we do not have any emotional connection with the thing you will use once and throw away. Therefore, companies should have a clear brand value and image that offer consumers other values than product itself. For instance, when seeing "Starbucks" logo, people will not only think of Starbucks coffee but also consider their coffee as a cultural symbol, a way of life. Starbucks has become a representative of a better life, the high-end, art, contemporary, fullness of flavor, and it establishes an emotional connection with consumers. This is really appropriate to be used in the coffee products, and Starbucks coffee from the store to the quality is always full of feelings. For a business continuing successful development, implicit value is very critical, namely an increase of cultural property on the product attributes that make stickiness strengthened, because only culture can raise resonate and sympathy.

In terms of price and production origin, interviewees did not show much interests and attention on those two items. Generally paper cup products cost is in a low price that almost all the household could afford it and it does not account for much in the daily consumption. Interviewees even showed that they would like to pay for a higher price to purchase higher quality and more well designed paper cups. People do not pay much attention on the production origin because the origin information is hard to find on the bottom of the cups and another reason is that the origin seems will not make a much difference and affect the preference. Detailed number and priority information in terms of different aspects could be found in the figure below.

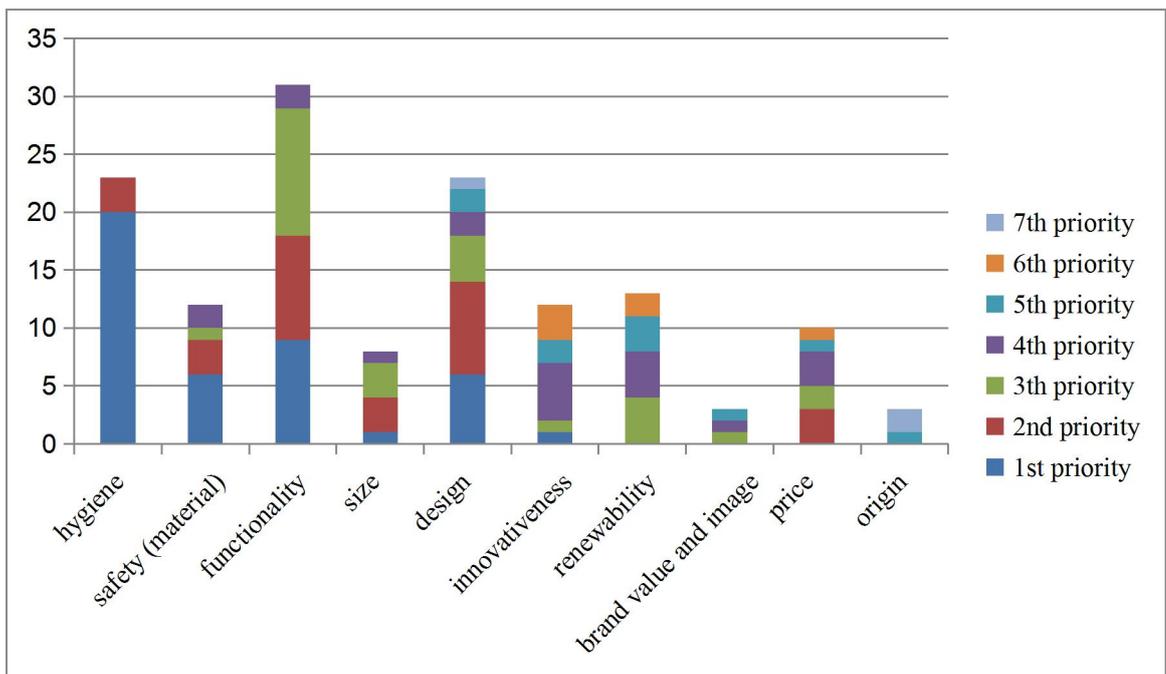


Figure 14 Consumers' preferences

The purpose of the fourth question is to evaluate the current Chinese paper cups market. There are mainly 2 comments found from the interviews. One is concerning the product itself, and another focus is on the waste treatment afterwards.

When consumers purchase paper cups mostly for own use, they found that cups sold in supermarket do not make any differences, only in a small volume size and always sold in a package with a big amount. Therefore consumers do not have a concept of the brand, that is why they treat paper cup products as consumables and just cheap products. The quality of the Chinese paper cups is also worrying. It does not have an independent package for each cup, thus when you forget to cover the cups or even you turn the cup upside down to avoid the dust, still the cleanness could not be promised. There is no advertisement, no place of production origin and production standard marked on the cups that consumers do not know the raw materials. Not clean wax, no-promised quality of the paint, no cup sleeve sold with cups together, and when pouring the hot water inside it will have peculiar smell, obvious quality differences between good ones and bad ones, liquid leakage happens so people have to use 2 or 3 cups together which result in a huge waste of resources. You will hardly find innovation and special design on cups due to the cost limitation. Even when consumers get the cups from the brand owners, some problems happens. For example, it is hard to keep the shape and the cup becomes soft when it is filled with liquid, and cups will be hot for hands to hold without cup sleeves. Specifically, people considered that the paper cups got from the famous brand owner such as Starbucks, McDonald's and KFC, their quality makes consumers feel safety and comfortable with the attractive design and functionality. Moreover, government does not do well at waste treatment due to the huge amount of disposal waste and the non-recyclable products' materials, let alone the power generation from the garbage incineration, and further utilization could almost be ignored compared to 40% waste sorting in Finland.

The fifth question tries to figure out the existing problems of paper cups in China. Many interviewees reflected that when they are in a hurry or only have one hand free, they couldn't open the cup lid with another hand. Moreover, small hole on the cup lid is easy for drinking but also easy to leak especially in a shake, and the tightness between the cup and lid could not be promised since many people come across the liquid leakage

problems while walking. To some extent, cup sleeves solve the problem that the cup itself may be too hot or too cold and water mist generated outside the cup, but some claimed that those two separate parts affect the holding comfort level, therefore the users cannot stop holding it tightly which leads a shape change of the cups. In this case, the softer cups will have bigger problems. Another way to prevent hot or cold feeling from the cups is the design of cup handles, however, most people expressed their concerns on how much weight the cup handle could stand and even it can, consumers still have the psychological feeling that the handles with thin and weak paper does not work. Besides, according to Chinese tea drinking behavior, people would like to remain the tea bag inside the cup while drinking in order to enhance the flavor of the drinking for a longer time, so some suggested that if there is something could fix tea bag, and then it would not slip or move to other places while drinking. Based on the paper cup volume size and its shape, people realized that the cup itself occupies too much space, so if some folded ones are invented, they would like to give a try.

Another concern interviewees indicated is the disposability of paper cups. If the cup's shape doesn't change a lot after its first use, they would use it for a second or third time, on the premise of health and hygiene, especially they have to ensure the safety of the wax inside. So they hope that probably with more eco-friendly materials, the renewability and repeated usage of paper cups will be realized to avoid unnecessary waste. Moreover, because people treat paper cups only as a disposal, so there is no value or emotion connection between the products and consumers, thus producers should try to customize the paper cups combines with corporation's business culture in order to create some valuable elements for consumers.

In addition, some interviewees mentioned that when having party or many people using paper cups together, it will be hard to recognize their own cups and whose cup is whose, and taking a marker with them everywhere every time to mark their own cup seems not

possible and convenient, so they hope that there will be some innovative ideas to solve this problem. We could see that most of the problems consumers are concerning on are about the functionality of the paper cup products.

The next question roughly reflects one aspect of the brand-consumer relationship. Interviewees were asking whether they will communicate with the related staff in terms of functionality or design problems on the paper cups. Concerning functionality and quality problems, less than half of the interviews decided directly convey the message to the seller at that moment, and hope to get a reasonable response or solution. However, if they think the paper cup appearance design doesn't fit their taste, only 3 interviewees would like to communicate with the seller. The ones who do not want to communicate, they expressed that if they come across those problems, they would change to another shop next time. Detailed data is shown in the following table.

Functionality		Design	
communicate	not communicate	communicate	not communicate
14	19	3	30

Table 3 Communication situation

The last question concerns that how interviewees consider the future trends of Chinese paper cups market. 27% hold the opinion that the future paper cups consumption would increase in China and 36% think the number would decrease and the rest 36% suggest that there would neither be a huge increase nor decrease, but in a stable condition. The following figure represents the detailed numbers.

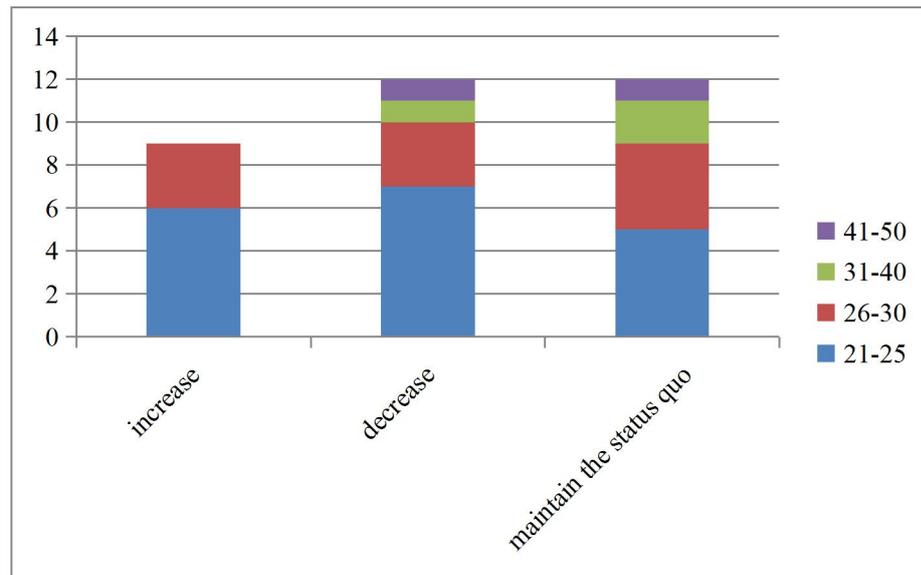


Figure 15 Future trends of Chinese paper cup market

Owing to the quickening pace of life, young people in tier one and tier two cities would like to take fast food or coffee products, and paper cups will be more widely used in public places such as in automatic vending machine, hospital, metro station, shopping mall due to its convenience and low cost. Within a short time, paper cup has its absolute advantages, especially in public places. People become busy and more relies on technology development, so they do not have extra time wasting on cleaning and washing their own bottles. Especially compared with plastic cups which are not environmental-friendly and has a bad thermal insulation, paper cups will not easily be replaced. In more formal occasions people prefer paper cup than plastic cup since white color represents high-end attribute and better cleanness to some extent. If we look at European developed countries, it is not hard to see that paper cup has almost instead of plastic cups for the environmental protection reason. We could even predict that more and more paper packing will replace plastic ones and China as a developing country will develop towards the developed countries' direction. Furthermore, people are looking forward to having an improvement on the current materials and a visual recyclable process of the products.

The people who are holding the opposite opinion expressed their concerns on cleanness, forest resources, waste treatment, waste management and recycling issue. They do not trust Chinese production quality and are disappointed with the waste treatment process. However they believe that with the arising environmental awareness, people will change their life habit, decrease the chance of using paper cups and start to use glasses or take own bottles. The idea is good but in reality it will be rather hard to come true or only few people will use their own bottles and follow it. Moreover, they have the confidence that more environmental-friendly materials will be developed in the recent future to finally realize the environment sustainable development.

The rest believes that paper cup has its own market, and it will not be replaced by any chances. People benefit a lot from its convenience, low cost and low price. Due to this attractive market and target groups, tough competition happens between big formal companies and also in small informal workshops, they together balance the total market share. Small non-standardized producer always imitate the design and ideas from others due to a weak patent consciousness and patent's unprotected condition in China. In this case, the case company has to come up with certain personality innovation which is hard for others to imitate. In addition, some particular groups will not care too much on paper products, especially for some senior citizens who have a fixed living habit and get used to thermos cup for drinking hot water.

5.2 Product Positioning

The quality of paper cups in Chinese market is really in a huge difference. Good price you can get excellent paper cups while with a low price you will get a poor one instead. But concerning the outlook design and paper cup appearance, except the customized ones in shops, those sold in the supermarket do not have many differences between each other, most of them are just white without any special design or innovative points. Moreover, interviewees expressed that they really prefer the paper cups got from some

coffee shops, with the shop's logo and corresponding pattern on the cup, they feel the shop's culture and atmosphere, and when they take it outside it well represents their better taste. The case company could promote different theme cups for different use of consumers, for example, business theme, party theme, traveling theme, etc. In this way, we could solve the products differentiation problems, and makes our products outstanding from others. Furthermore, The case company should try to build relationship with brand owners directly or through the converters, utilize the reputation of those famous shops to establish our own brand awareness.

5.3 Strategic Brand Analysis

In this section, what we should focus on in terms of market and brand positioning both from brand identity and brand image sides will be explained.

5.3.1 Brand Identity

As written in the main website, *"The case company is on a transformation journey where we want to be seen as more than an efficient producer of paper and board. We need to develop our brand to reflect all the new opportunities we see coming in the future"* (Stora Enso 2016). The case company positions itself as a global renewable materials company and the company creates easy to understand product portfolios, have a brand hierarchy with a one company approach, protect technologies and concepts for efficient market programs, use updated visual system and digital channels, and realize it with modernized communication tools.

The case company has already realized that brand identity tightly connects with customers' and stakeholders' mind in terms of our product or service offering and comparison with competitors. *"The case company wants customers to think of it as their solution to the world's demand for eco-friendly renewable materials."* (Stora Enso 2015) They hold the concept *"Everything that's made with fossil-based materials today can be*

made from a tree tomorrow." They are innovative and constantly develop renewable materials to replace fossil-based materials in order to make their paper and board offer more attractive and be the experts in forest-based renewable materials area. "Rethink" is the theme how employees deal with the old and expand into new applications for forest-based materials and what they follow on the case company's transformation journey.

5.3.2 Brand Image

Most of the interviewees do not know the case company and its cupstock brand "C", it gives difficulties on figuring out brand image. Brand identity could be achieved from internal materials and employees, but without an awareness of the brand from consumers, it is hard to understand how consumers perceive the brand and products. Thus, in the interviews, how consumers perceive the paper cup products instead of a certain brand or its product was studied. From an overall perception and understanding, the consumers' short-term focus on functionality and long-term focus on renewability and recyclability and how to build a brand-customer relationship on it are figured out.

5.3.3 Consumers' Future Trends

China now is the world's largest sales market of paper cups and paper bowls that annual output is more than 50 billion, more than 40 billion in sales and the annual consumption is a market scale of more than 20 billion RMB. The data released by foreign research institutions HighBeam estimated that, although US and European markets have a higher penetration levels of paper cups and bowls, but the Asia-Pacific market becomes the world's largest consumption market relying on the large consumer groups which accounted for 42.3% of the total global market and EU accounted for 25.3%. The fast food is the largest paper cup and bowl consumption industry in the Asia-Pacific region which is expected to account for about 65% of total consumption. Affected by health awareness and rapid development of the food industry, the Chinese market has grown rapidly in recent years with an average annual growth rate of over 10%. An expansion of

the consumer market stimulates domestic producers to expand production capacity desire, and a large number of production enterprises have emerged which result in a rapid capacity growth and yield of the domestic market. Statistics showed that in 2013 the paper cup production would reach 35.6 billion and the paper cup annual production would remain more than an average growth rate of 10%, and it is forecast that in 2020 the paper cup production in China will reach 74.6 billion. (HighBeam 2009)

5.3.4 Main Competitors

Porter's Five Forces Analysis

The threats of established rivals are rather strong. According to IBISWorld, small local firms occupy 94.8% of the market share in worldwide which leads a low industry concentration in pulp and paper area. Moreover, little differentiation between the firms and products in this area, the ease level of importing and exporting raw materials, these all result in an intense competition between both domestic and foreign companies, especially in a considerable price competition (IBISWorld, 2014). With a specialization and a high capital cost in the mill construction, barrier to exit this area remains quite high which also drives increased rivalries (Dilworth, 2014). In emerging economics, the competition and industry fragmentation have also been driven by strong competition from industries such as in South America where labor rate and agricultural advantages have enabled markets to expand their pulp capacity with a growing domestic demand against competitors (Deloitte, 2013). What's more, merger and acquisitions mode has been very common in this industry over the past five years as what happened on the case company as well, primarily because of the desire to control the supply chain of the industry and to acquire the necessary know-how to support innovations (IBISWorld, 2014; Dilworth, 2014; PricewaterhouseCoopers LLP, 2013).

The threats of new entrants are medium. The threats from large-scaled companies are rather low but from small-scaled companies are rather high. Due to the structure of this industry, it takes time and needs supports from different aspects to establish a new

paper product corporation in China, while the small local firms' establishment is much easier than the former. If multiple small firms get merged, then they may have the power to against the bigger competitors.

The threats of substitute products or services in this area are in a medium position and it is growing. The threat of substitute of cupstock is on a rise though the threat of substitute for timber is low (IBISWorld, 2014). For now, this is due to the use of plastic cups and ceramic cups, or even more environmental-friendly materials created in the recent future. Those advancements have led to a significant decline in the needs for paper cups. Especially because of the lower cost of plastic cups, in developing countries such as China this threat is predicted to rise. Furthermore, more innovative packaging will step by step replace the traditional basic paper cups. Such as "Magic Add" created by Huhtamaki and Finnish start-up company Magic Add last year (Huhtamaki 2015).

The bargaining power of suppliers is strong in forest, paper and packaging industry since the timberland owners have more substantial powers than the customers. If we take a look at the current market situation, there are only a small number of large-scaled corporations could have the access to the primary timber real estate in the world. Moreover, most of them have tight relationship with local government and are under the control of the related corresponding regulations for harvest quantities and environmental standards. In addition to those, in terms of the mill cost, inputs such as chemicals, wood chips, recycled paper and pulp accounts for about 60% of this segment's revenue which means the most part of the revenue. (IBISWorld, 2014) In those input suppliers are more concentrated compared with buyers and the essential transportation costs make wood product suppliers costly to switch the supplier from the geographically closest ones. Another significant input comes from the utility companies due to the utilization of substantial quantities of fuel, water and electricity for daily operation in this industry (IBISWorld, 2014). Those suppliers are typically government

entities or some large energy companies operated under the government regulations. They are highly concentrated and have an absolute power control on pricing and energy that give firms rather little space to bargain with them.

The bargaining power of customers is moderate in this industry. We regard converters as our first layer customers. The cupstock converters' purchase is basically a standardized product, while theoretically it is entirely feasible if they purchase it from other sellers. In fact, more detailed fragmentation breaks down the market from few numbers of large companies to a large number of smaller and independent mills that the wholesale and retail market got dispersed. Therefore, customers are sensitive to the price and they could have more choices from other competitors. However the buyer power is also limited because they are unwilling to switch the supplier due to the transportation cost and the products occupy most of the cost structure.

The mentioned five forces have different level importance to the case company. The most significant one is the threats of established rivals since it is rather strong in this industry and other factors are either in a strong or medium level. Thus, the following two main competitors are introduced below so as to have an overview of the current market situation.

International Paper

International Paper is a global leader in paper and packaging industry. Their vision is to be one of the most respected and successful companies and devote themselves to improve the world by renewable resources. (IP 2016)

IP promises to make the high-end grades products and try to be a global low-cost producer in paper and packaging in the world. According to the supply demand economics and margin pressures, it turns out that the right economic decision for IP is to make more sophisticated packaging instead of lower and general folding carton grades, which means less product but better result. They are also start to focus on the emerging markets and they regard growing emerging market presence as an attractive long-term strategy. To continue growth the plan of expanding into emerging markets like China, Brazil, Russia and India have been decided as the company's chief strategy. (IP 2016)

Another strategy plan for IP is to establish joint venture in order to help IP grow its global packaging presence and better serve its global customer base. The IP-Sun joint venture, which started in 2006, was co-established by IP and Shandong Sun Paper Industry. It was reported that, as early stage of the cooperation, International Paper thought that the product produced by joint venture has a huge market demand, and the demand is more than the supply, so the overall profitability will be very promising. Thus, it had invested heavily into Chinese paper packaging market. However, in 2008 the financial crisis came and even local famous paper groups got into bankruptcy rumors. Many years ago, Chinese government made a regulation to attract foreign investments that there is a call off tax discount for foreign companies, then the market has many local private enterprises and state-owned business competitors. Since 2007, for fear of foreign monopoly of China's industrial sector, it had set off "the state advances, the private sector retreats" policy which caused a huge blow to

International Paper. From 2010, Chinese paper industry's oversupply situation appears for the first time, up to 5 years the paper industry winter continues. In 2012, there were reports saying that Chinese ivory board had an overcapacity and paper enterprises were mostly in poor operating conditions. In recent years, International Paper's corrugated packaging plant in China has encountered Dongguan plant close, the Panyu factory strikes, Shanghai factories layoff, showing the company's business in China became slightly powerless. Finally, the deterioration of investment environment resulted in IP failure investment in China. (IP 2015)

Japanese Paper Enterprises

Japanese Paper Enterprises have experienced a rapid development speed followed by a low speed, and even negative growth. This experience made them to take early measures such as adjusting industrial structure and upgrading transform, and currently is still going on. They achieved encouraging results, although the growth rate decreased, but the quality of development goes up instead. Especially they are at a forefront of the world in terms of sustainability, supply of raw materials, specialty paper development, solutions against climate change and other outstanding performance. (JPA 2012)

Referring to sustainability issues, they take effective actions to fight global warming and put efforts to establish a recycling society. According to their Environmental Action Plan, they will reduce the oil consumption and carbon dioxide emissions annually. Government will further popularize recycling paper products and increase waste utilization rate to 64% in 2015. Moreover, they are promoting the effective use of forest resources, increasing the use of domestic joinery and forest planting, in order to ensure a stable supply. (JPA 2012)

In addition, there are two new trends of pulp paper industry in Japan. One is entering into the power generation business. Some Japanese companies through operating their

own power plants start to enter into the power supply business. Since July 2012 the Japanese government implemented the electricity acquisition, the manufacturers used its advantages in wood biomass, as well as the advanced technology in cellulosic biomass, expanding its operations in biomass electricity generation business. Japan's paper industry would have 6 biomass power plants with total annual capacity of 150,000 kilowatts, and they planed to start operations in 2015. Another one is entering into the biomass business. The paper industry has begun through its advanced cellulosic biomass technology to create innovative biomass technology products, such as biomass alcohol, cellulose Nano-fiber. Innovative wood biomass is expected to be widely used in chemical products, cosmetics, pharmaceuticals, and even more used to replace traditional products, bringing more environmental footprint. (JPA 2012)

5.3.5 Value Proposition and Brand-Customer Relationship

Since the cupstock product has rather low brand awareness among Chinese consumers, functional and emotional value proposition should be built in order to convey the valuable information. Thus, brand-customer relationship helps to build a bridge between the company and the consumers. Currently, due to the special supply chain in the cupstock area, company rarely communicates with consumers directly which leads to a gap between both sides.

According to the interview, the brand-customer relationship should be built on the basis of brand value proposition includes two perspectives: functionality from a short-term perspective and renewability and recyclability from a long-term perspective.

5.3.6 Market and Brand Positioning

Based on the interview, we could found that most of the consumers focus more on functionality and hygiene, and they would like to believe that a paper cup with a good functionality will have a good hygiene as well since the hygiene is the most basic

requirement. Thus, from a short-term period, we could say that in order to build a good image in consumers' mind, we could first position our products on functionality to satisfy the second level requirements of consumers. First level is hygiene which all the paper cups brands have to meet and we could not stand out only with a good hygiene.

From a long-term period, we could see that still more than half of the people do not believe the increasing trend of paper cups in Chinese market in the future. Main reason focuses on environment related issues. With the raised environmental awareness, people probably will decrease the use of disposals (Euromonitor 2016). Thus we have to come up with more environmental-friendly materials and actively communicate with consumers what we will do on waste treatment and management.

5.4 Brand Positioning Implementation

In this part, strategic stages and strategic business plans are built based on the case company's strategic objectives. Strategic business plan refers to all plans and action programs that aim to achieve strategic objectives at the stage through determined business model under the strategic guidance.

Developing business plans need to start with in-depth analysis of industry trends, study competitors' competitiveness and competitive strategies, clarify own basic conditions, choose the direction of business development and determine the business model including products and services, competitive strategy and profit model, develop business objectives and action plans including organizational resources, allocation of resources, risk prevention, etc., and prepare a business plan-based budget.

Business plans are a file that proves enterprises have the ability to provide a certain number of products and services, to obtain a satisfactory profit, to get concerned parties

to support, to provide analysis basis for the information exchange and business management. It helps to guide and monitor corporation's behavior in order to improve enterprise management operating efficiency.

5.4.1 Strategic Objectives

"The case company is on a transformation journey where we want to be seen as more than an efficient producer of paper and board. We need to develop our brand to reflect all the new opportunities we see coming in the future" (Stora Enso 2016). Considering a short-time period objective, the case company should devote itself on brand awareness promotion. It has to actively cooperate with converters, brand owners, retailers, consumers and social media, optimize our product line, launch series of high, medium and low series of products, make continuous development and optimization of new product series and emphasis on product differentiation. Now the case company positions itself as a global renewable materials company and this could be considered as a long-term objectives. Our final strategic thinking is to let our products to become the industry leader and make human beings live a better future life.

To achieve this final strategic objective, the company has four missions. Firstly, the company has to achieve and maintain high growth momentum of development; secondly, we hope that the case company is a place where employees are pleased to work; thirdly, we hope that our company will become as a good corporation citizen. We are not only pursue the corporation's performance, customer value and achieve the interests of shareholders, but also serve for the interests of employees, create more values for the community; fourthly, namely our ultimate mission "to become the industry leader". We realize the strategic importance of corporation's moral values, and it is related to the business development and long-term sustainability. Almost all great business organizations with a long history of development are very focused on the construction of business ethics and we are not an exception on this principle.

5.4.2 Strategic Stages

Three strategic stages are needed in order to achieve the final objectives: brand awareness building, brand positioning including functionality positioning, renewability and recyclability positioning.

The case company and its cupstock brand "C" has really low brand awareness in China, mainly because that brand "C" goods is not a direct product selling to the end users, but through converters and brand owners. So the first step we need to do is to build brand "C" brand awareness. Brand awareness refers to the level of how consumers know the brand and it reflects the brand's impact scope or impact breadth. Brand awareness is divided into 3 different levels: brand identity, brand association and top of mind. There are some principles need to follow. First, it needs to be simple. Be sure that the task is to build awareness and tell people who we are and what we do, that is sufficient. We must first introduce ourselves to customers and consumers, and do not expect express too much in advertising that make consumers know even how many production lines and what processes we have, those are all later problems. Our first and foremost task is to shout it out loud - I'm coming! Second, it needs to be direct. Try to be less convolute and all ideas are blasting around the product. Thirdly, it needs to be surprising. To get people remember us, we have to make ourselves look different. We know what we need is visibility, no matter what way we use as long as people can know our company's and brand's name. We have to use our intellect to contribute to bold and creative ideas. If others use beauty, then we use bald men, if others say, then we sing. The most illogical way is the most logical way to spread our advertising. Fourth, set the product as the lead. We should not ignore products for purchasing creative advertising, especially in the first appearance, the product should be fully displayed, and zoom in the entire creative product as the protagonist. This does not mean that just let products fly on the screen like some advertising, but display it in a clever way. Fifth, it needs a memory point. People are most likely attracted and impressed by details, in the human's mind

some plots often emerge, for example perhaps you forget the specific content of a movie, but a plot still remain fresh in your memory. Sixth, say the product name two more times. People need to be reminded to remember, for the first time to meet people, in order to impress others we have to say our name more than two times. Remember that in 30 seconds or 15 seconds advertising, if the brand name only appears once that definitely will be a mistake. We have to call twice more, and then consumers will likely to hear. Do not be afraid to repeat, more is better than less.

From a short-term period perspective, the main problem nowadays user has come across is the functionality of paper cups. Many believe that a paper cup with a good functionality definitely has a good quality ensured. In order to promote our products at the first step, we have to let customers and consumers recognize the good functionality of our products and offer them joys while using our product, and try to create emotional connection between them and us.

From the interview result, in terms of the future trend of paper cups, it is not hard to find that the people who hold a negative opinion mostly worry about the environment related issues in a long-term development of paper cup products. In a short period, it is undeniable that people will have increasing needs for paper cups due to its convenience and low cost, however in a long period, how to appropriately allocate the forest resource and deal with the waste will become the main topic of using such disposals. Thus the case company has to position its paper cup brand "C" as a renewable and recyclable products in order to correspond the arising environmental awareness in China.

5.4.3 Strategic Business Plans

Detailed strategic business plans are given in this section in terms of different strategic stages: brand awareness building, brand positioning in short-term and long-term independently.

Brand Awareness Building

First step, we have to clarify ideas and find our strategic direction. Do brand market, the most important part is that we must know, who on earth are our consumers. Many people think that is simple, of course I know who are the consumers. But in fact, they may not really know. Through the market insight, we find that there is often a gap between real consumer groups and our imagined consumers. After determining the target consumers, to further understand of consumer needs, we need to figure out whether our products meet the needs of consumers or not, but we are not sure if consumers are willing to pay and buy our product in order to meet this demand. Core consumer demand should be extracted and then we need to tell the value to consumers.

Second, as soon as possible to let people know you, we have to communicate our brand. Advertising media is a bridge linking businesses and consumers. For companies, the right advertising can raise awareness and increase sales volume, get access to opportunities for cooperation and so on. Therefore choosing a right way of publicity is rather crucial for the development of enterprises. Generally there are two ways. One is looking for celebrity endorsements. Celebrities tend to have a large fan and visibility, and we can make use of the celebrity aura, and extend it into our brand and product. The second approach is not using celebrity endorsements but give it a brand symbol. However, this costs too much for many SMEs. Brand symbols can be shaped based on brand positioning, and then we extract the brand value, to strengthen people's memories of the brand, and this is very advantageous to the brand communication.

Third, do the network hype. Internet market has become an indispensable way to enhance brand awareness and establish a brand image. It targets strongly, has a good effect, and the cost is much lower than the cost of traditional advertising. The brand promotion of an Superman Electrical with the celebrity Jun Hu endorsement, this event had been hyped on the network for five waves of speculation, and in a short period of time, network hit had reached tens of millions, rapidly enhanced this appliance's brand awareness (Superman 2016).

Fourth, utilize public relations activities. In brand promotion we often use this method. For example, concerning the saving features of the product, Superman Electric planned green energy public relations activities to response to the "Earth hour". On the "Earth Hour" day, at that time point, the whole Superman electrical plant had power outage for an hour, and did the live on the matter through the Internet broadcast. To Superman appliance, the power plant outage for one hour is a small thing, but through online live event coverage and follow-up on this spread, public aware that Superman appliance is really doing energy saving actions, so that Superman largely enhance the brand and corporation image. (Superman 2016) Following this rule, the case company should also continue to take actions on social activities to raise public's awareness and establish a good reputation for the brand.

Fifth, combine online and offline activities. All the things we do, whether public relations activities or speculation online, these things must be combined online and offline. The things do online need to have the performance offline and activities do offline must be spread online. For instance the "Earth Hour" campaign held by Superman electrical appliances is not just turn off the power for an hour, if so nobody knows what they did in public (Superman 2016). So the live needs to be broadcast widely on the Internet and let more people get involved in this issue. But if you just do a webcast and that will not be enough and not much effect comes. Thus followed

reports about this event was put into Superman electrical terminal stores nationwide, and was used in the sales, so as to achieve a better enhance of the brand influence and dissemination results (Superman 2016).

Brand positioning on Functionality

From the results of interviews, we could see that in the current market situation, young people are more focus on the functionality of the paper cups. Paper cups with good portability for consumers they would like to believe that it also has good quality and high level cleanness generally. Main problems consumers have on functionality are about holding paper cups with liquid inside while walking. On the one hand they are afraid of liquid leakage either due to cup lid tightness problem or walking in a fast speed, on the other hand they concern the holding comfortable feelings much. Furthermore, under the premise of cleanness and good shape kept after the first use, they would like to use the same cup for the second and third time.

We could predict that in the recent future, paper cup will not easily be replaced anyway and due to its convenience and low lost, it still has a promising future. Based on the real needs from consumers, they regard functionality of paper cups as the first priority. Thus at least from a short time period, the case company should make their brand positioning on paper cups functionality which directly points to the consumers' core needs. On the basis of satisfying the consumers' current demands, companies also need to figure out some innovative ideas on functionality to occupy the market resources first.

Two interviewees mentioned two different problems on functionality when they use paper cups in parties. One found that when friends are in a party and everyone normally has their own paper cups, but soon they will easily confuse which cup is theirs and which one is others. We start to think if we could do some marks on the cups and make it non-removable, then we realize that we could not always take a marker with us. Then

we think that maybe on the cups, we could make a special area that allows users to draw some patterns within limited time. After one minute for example, you could not change the pattern anymore and it will stay for a long time. In that way, everyone has their own pattern on the cups that no one will mix with others anymore.

Another idea was raised to enhance the fun in the parties. One interviewee suggested that at the bottom of each paper cups we could set a film with different flavor powder below, when we add water inside, the powder will immediately dissolve with the water. In this way, we do not need to buy different flavors drinks anymore and to some extent it solves the drinking waste problems. Just with water we will get a flavored drink.

Brand positioning on renewability and recyclability

If we consider the paper cups market in a long-term period, we could predict that with the increasing environmental awareness, people may have higher demands on paper cups. They regard the paper cup as disposal and it comes from the forest resources which is not an abundant resource in China though it is renewable. Furthermore, due to the inappropriate waste treatment and management condition in China, people throw away the disposals randomly and could not make it reused in a proper way. That is why some believe that the paper cup will be used less in the future. According to this situation, the case company should set renewability and recyclability as their long-term brand positioning focus. It needs to develop more environmental-friendly materials and try to reduce the use of forest resources. Moreover, it will help a lot no matter on brand image or brand reputation if the case company could promise that how much recyclability percentage it can do.

6 DISCUSSION AND CONCLUSION

In this part, the summary and conclusion will be drawn on the basis of the study and suggestions for further research will be given at last.

6.1 Summary

The aim of this study is to analyze the current market situation of cupstock area, based on the consumers' perception of the product, figure out an appropriate market and brand positioning and come up with the corresponding strategic business plans. Through the discussion within the case company internally, two research questions are defined: what are the Chinese consumers' future consumption trends in cupstock market and what market and brand positioning should be established in China.

In order to get an overall view of the research questions, literature review was done and main brand positioning related theories were studied especially several famous model were presented and learned for the interview use. Based on the current cupstock market and competitors' condition, a specific research framework was eventually design for the case company. In the following chapter, detailed research methodology and design process were decided on the basis of the mentioned research framework to explore the internal relationship of the questions. The study was defined as exploratory research and semi-structured interview was decided as the data collection techniques and mostly qualitative data was processed afterwards.

The interview samples and interview questions were carefully defined and needed preparation was done in advance. Findings were used as the basis of the market and brand positioning analysis. According to the results, different strategic stages were suggested to build for the case company's cupstock brand "C" promotion and development in Chinese market and corresponding strategic business plans were given.

6.2 Theoretical Implication

Based on David A. Aaker's brand identity system, brand identity implementation system and Biel's brand image model, combined with current paper cup products market situation and the case company's own positioning, here comes the research framework for brand positioning and strategic business plans for the case company's cupstock brand "C". Detailed research framework refers to Figure 5 Research Framework for Brand "C", and five main theoretical conclusions could be gained from the study.

Firstly, matching level of brand identity and brand image should be checked and ensured. Brand identity is the brand strategists wish how people perceive the brand, and the brand image is in reality how people think of the brand. The link between them is that brand identity is the source and basis of the formation of brand image, and brand image in some way is the results of brand identity implementation. The perfect condition is consumers perceive the brand as what strategists want to convey to them. However, in the most case, those two elements are not matching well, either strategists send message in a wrong way or consumers consider towards a wrong direction. So that is why the first step we have to check how much do brand identity and brand image match each other, and figure out the problems if they do not match quite well.

Secondly, right value proposition should be recognized from brand identity. Companies provide the value through its products and services to consumers and value proposition confirms the practical significance that the company has to consumers. Brand value proposition not only includes the interests offered to consumers, but also expresses the opinions and attitudes of the brand in terms of society and human beings. The interests of consumers can be obtained through researches. The attitudes and opinions on society that the brand has are mainly from the grasp of industry trends. Value proposition must be true and credible and other products do not have.

Thirdly, strong brand-customer relationship should be established based on the right value proposition. Brand is a consumer-centric concept. Without consumers, there is no brand, and brand-customer relationship is the best characterization of brand value. The reason why brand is able to exist is because the brand can create values and benefits for consumers. Long term and strong brand-customer relationship will consolidate the current customers and consumers, and also give advantages on promoting our brand through "word of mouth".

Fourthly, with a stable and strong brand-customer relationship basis and focused value proposition positioning, right brand positioning generates. After deciding the value proposition and building a corresponding brand-customer relationship, then we also know what to position and among value propositions which ones should be actively communicated with our target audience and provide our competitive advantages. We may have some same value propositions with other competitors, but brand positioning should make us be understanding among competitors.

Fifthly, with a correct brand positioning, corresponding strategic business plans are come up with in order to realize the strategic objectives. Strategists have to know that sometimes, re-positioning is needed for brand positioning according to the changing market situation and changing consumers. Companies have always to keep their eyes on the market and prepare to come up with solutions to against competitors or consumers' new demands. If necessary, companies could divide their business development into different stages, from nothing to everything, step by step, execute strategic business plans according to different strategic objectives in different stage, in order to achieve the final business goals.

The research framework built for the case company connects the brand identity and brand image which have not shown in the previous literature. It eliminates the perception gaps between the company and its consumers and increases the understanding of the brand-customer relationship.

6.3 Managerial Implication

From the internal materials we get to know the brand identity of the case company cupstock brand "C" which means what messages strategists would like to deliver to consumers. According to the interview questions, we know how end-users currently perceive paper cup products. Companies may have numerous items in the brand identity and only few are needed in value proposition which means what consumers really need. From the specific interview questions, we got the information that what is the most important aspect that consumers focus on, in short time period functionality and in long time period renewability and recyclability.

Due to the low brand awareness of the case company cupstock brand "C" in Chinese market, we decided first to build brand awareness and then position our brand afterwards. Three business stages and corresponding strategic business plans were come up with based on the business objectives and current market conditions: brand awareness building, brand positioning on functionality and brand positioning on renewability and recyclability.

Brand awareness focus on promoting the case company's cupstock brand and make consumers perceive a positive brand and corporation image. First the company needs to know who the real target audience. Customers who bought paper cup products according to the type of procurement channels can be roughly divided into two categories. The first category is active purchase and the second one is passive purchase.

The first one buy paper cup products for its own use and second one that people get paper cups from brand owners. Both of these two categories do not know the case company's cupstock brand "C", or even not the company's name. Thus now what we can do is to select the feelings and values extracted from active consumers, and then to promote, disseminate and attract more passive consumers into believing that the correctness of their choice, so that they will still stick with our products in the future. This is through the initiative's "word of mouth" to make more passive consumers change to active ones. At the same time, identify those drivers from active consumers' values, so as to influence those who often change brands, and ultimately facilitate corporation's core proactive consumer groups, in order to refine the brand to represent a certain clear value orientation. In addition to this, company could also utilize Internet hypes, social relation activities, online and offline activities combination in order to highly increase the brand and product exposure to the public and raise the brand awareness eventually.

Brand positioning on functionality from a short term perspective was formed from the results of the interview. Especially focused on the main target audience young people, whom expressed the problems with paper cups by daily life experience. For example, they concerned on the comfortable feeling while hold the cups and worried much about leakage problems while walking. Currently, company should pay attention on those details of functionality and try to develop users experience as much as possible.

Brand positioning on renewability and recyclability from a long term perspectives was formed from the results of the interview as well. More paper cups and related disposals will be widely used due to a faster speed of people's future life. However, meanwhile, with the increased environmental awareness in China, people will recognize the disadvantages of disposals and will strictly treat the waste management problems. In this case, company should focus on developing more environmental-friendly materials,

reduce the use of forest resources and have a detailed system on how to do the recyclability after use. That will not only benefit the product sell, but also benefits the brand image and corporation's social responsibility.

6.4 Suggestions for Further Research

Strategic business plans are divided into three business stages. However, with the changing market environment and consumers, we could not promise that the company will develop as what planned. The stages and the real time of accomplishment depend on many factors. Moreover, Chinese market will be influenced by the global market and no one could predict what factor and which continent has the most effects on Chinese market. Therefore, company always needs to examine the internal and external environment and redesign or re-positioning the strategic business plans if necessary.

Due to the special supply chain in the paper cups industry, we could not contact with our end-users directly and that's why it leads to a low brand awareness in public. We have converters and brand owners between that weaken the brand information convey. Though we serve converters directly, but the opinions and comments from end-users are extremely important and it will offer guidance on how to develop the cupstock products and it will show the influence on converters and brand owners. Detailed relationship and business process between converters and brand owners should be further developed in the future research.

In Chinese market, the interview results are much depends on Chinese citizens' lifestyle. For example, Chinese people prefer hot water than cold one and they drink more tea, those all influence the consumers' different focus on paper cup products and lead to a totally different brand positioning followed by strategic business plans. Thus, generally the interview findings and following conclusion could not be apply into other circumstance such as European or American markets.

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APPENDIXES

APPENDIX 1. Cover Letter of Interview

Dear Sir or Madam,

I am writing to ask your assistance for my Master's Thesis study on a paper and pulp company. The study is focus on the market and brand positioning of the company's cupstock products. Please find the enclosed interview questions for your preparation. I will send you a reminder 3 days before your interview to confirm your availability.

Your answers are completely confidential and will be released only as summaries in which no individual's answers could be identified. If you have any questions or comments about this study, please do not hesitate to contact me.

We thank you for your cooperation.

Best regards,

Zi Yuan

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APPENDIX 2. Interview Questions

Background information:

1. Age
2. Gender
3. Occupation (study/working area)

Questions concerning the brand positioning:

1. How do you use paper cups, where do you use paper cups and where do you encounter paper cups in your daily life?
2. How often do you use paper cups and you would like to connect paper cups in which kind of context? (brand association)
3. What features will you take into consideration when selecting cups? Please rate them in order of importance. (Hygiene, safety, functionality, design/attractive appearance, innovativeness, renewability, brand value and image, price and production origin.)
4. How do you evaluate the cup product in the market currently? (Food safety/Hygiene, price, quality, material, functionality, design/attractive appearance, innovative structure design/user experience, insulation layer, brand origin, brand value and image, renewability)
5. What do you want to improve in paper cups area according to your actual needs and user experience? (problems and improvement)
6. Have you ever tried to convey any messages about the product or the service? If yes, to whom and what was the result?
7. What do you think the future trends in paper cup area will be?