



University of Twente

Online branding in China

A review and classification of the know-how on online branding at Energy Source

Master thesis report

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This report was written in the context of a graduation assignment to obtain the title of Master of Science in Industrial Engineering and Management.

Assignment executed at:

Energy Source Communication (China) Ltd.

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Amsterdam, April 2007

Management summary

The recent growth in personnel at Energy Source has resulted in an influx of new personnel that lack experience in the field of online branding while more experienced personnel at ES have accumulated considerable know-how and expertise on this field. The asymmetry and fragmentation of know-how that was observed at ES was considered an issue and hence research has been done aimed at contributing explicit knowledge to ES that could be distributed and diffused. The research has been aimed at reviewing and classifying the know-how on online branding at ES and proposing points of improvement from a theoretical perspective. The documented knowledge is to be diffused in the organization contributing to the explicit knowledge of (newer) personnel. In addition, the research was to consider the Web 2.0 developments and other trends and factors as these are believed to have a profound impact on the industry and it was deemed necessary to evaluate the impact on the different aspects in online branding.

Findings and recommendations

A framework of analysis was developed based on conventional brand theory, the online brand experience as proposed by de Chernatony and McDonald (2003), the strategic role of the medium, contextual and macro- factors that determine definition of the brand and indicators concerning the utilization of the Internet medium. The framework was used to identify whether these theoretical aspects could be observed in ES know-how and methods, how they could be classified and where points of improvement could be observed. The important trends and factors researched were: the rise of blogs and social media, CGM in marketing, rich media, online video and web-casting, the growth of search, behavioral targeting, the Chinese social and cultural context and the Chinese censorship.

- The Web 2.0 development is most accurately reflected in a distributed network philosophy relating to application development, data and services. Its most important effect is believed to be psychological: as the attitude of the Internet user and hence the consumer will change drastically.
- The aspects concerning the online brand experience are most prominently present in ES know-how and methods. Differences with theory can be perceived in brand theory/definition that is more pragmatic in ES know-how and methods making no distinction between rational and emotional values. The meta aspects of online branding are for the greater part not considered in ES know-how and methods except for the role of the medium, the concept of integration, interactivity of the medium and the idea of the brand as a lifestyle.
- Points of improvements are proposed in brand theory/definition and the meta aspects of branding. The aspect differential reward/motivation was also considered a point of improvement as the link with brand theory/definition was not perceived to be prominently present and this aspect was perceived to be the most affected by the important trends and factors influencing the Chinese Internet market.

The points of improvement are to be realized by introducing the use of additional brand analysis tools and supplemental organizational procedures. The brand analysis tools that were developed are: the online branding framework, the brand triangle and checklist, branding strategy indicators and the differential reward taxonomy.

Consequences

- The presented instruments are to be implemented through education and training resulting in the distribution of the documented knowledge.
- Knowledge management is to play an active role at ES or diffusion of know-how among personnel will remain difficult.
- Further brand analysis expertise is to be developed for future services aimed at consultancy.

Preface

In April 2006, after great efforts searching for a suitable assignment in China, I commenced on my graduation assignment at Energy Source in Shanghai. China has been the focus of my ambitions for some time now and although it has taken a lot of time and effort to realize a graduation assignment in China I am grateful this could eventually be realized.

My time at Energy Source has been at times hectic, arriving without a clear mandate or job description and at the time, an outsider to the advertising industry. The company proved a very interesting and challenging environment and I can honestly say it has been a relished and valuable experience that has awakened an interest in me for the advertising industry.

This report is the final product of my graduation assignment and the accumulation of my research in online branding and practical experiences at Energy Source. It also signifies the final step in the completion of my Msc course in Industrial Engineering and Management.

I would like to thank the people whose support, insight and great willingness to help have made the successful completion of this report possible:

The people at Energy Source for the warm welcome at the company: Alan Hua, for granting me the opportunity to work on his team. Tony Yeung, for the opportunity to work on the Škoda case with him. A word of thanks to CEO Ken Ying for answering my questions regarding his ideas on online branding and being an inspiration in general. And a special word of thanks to Zoë Yo for helping me get around in the company and being a dear friend.

A word of thanks to my supervisors from the University, Dr Efthymios Constantinides and Dr Sirp de Boer, for providing valuable support and academic insight to the completion of this report. I would like to extend an additional word of thanks to Dr Sirp de Boer for his time and support prior to my graduation assignment in China.

Finally, my gratitude goes to the ones close to me, my family and friends who have never doubted me and continued to extend their help and support.

Roy Tai,
Amsterdam, 20 April 2007

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1. Introduction

This chapter explains the research background and outline, the motives that led to this research and the contribution to the company that is aimed for with this thesis.

1.1 Research background

1.1.1 Energy Source Communications

Energy Source Communications (China) Ltd. is a leading¹ interactive agency based in Shanghai. Founded in 2001, Energy Source (ES) is still a relatively young company. ES has an impressive track record however: over 80 clients served being Fortune 500 companies. Ever since its founding ES has seen a steady growth in market share and personnel. Starting out as a web design firm ES has since then expanded its services and has evolved into a full service interactive agency. Interactive agencies offer advertising services focused primarily on the Internet medium. Activities span a wide spectrum ranging from website development and online advertising to complete e-marketing campaigns.

1.1.2 Online branding

The majority of ES' clients consist of large multinational firms producing consumer goods with well known brands. Activities at ES are therefore often focused on online branding. As a consequence of the company's recent growth and the resulting influx of new personnel, know-how on online branding is fragmented and asymmetrically present in the organization. As online branding is evidently an important part of ES' activities diffusion of this knowledge should be a priority.

1.1.3 Recent developments in the online advertising market

The market for online advertising in China may be relatively young, its potential is unquestionable. With 123 million internet users (CINIC 2006) China is currently the second largest internet nation globally only surpassed by the US. China's online advertising market reached 4.17 billion RMB in 2005 (approximately 523 million USD) and estimates are the market will grow by at least 55.9% in 2006 (Shanghai iResearch 2006a). The market seems relatively small compared to the UK (1.4 billion GBP in 2005; approximately 2.5 billion USD [IAB UK 2006]) and the US (12.5 billion USD in 2005 [IAB 2006]) but considering the rate of internet diffusion in China and the size of its population, there are strong indications it will be the largest market for online advertising in the future.

The Internet landscape in China is an interesting stage as the PRC government continues its efforts to regulate the medium in China². In addition, the recent developments that are changing the Internet landscape globally can also be observed in China. These developments that have been characterized by O'Reilly (2004) as 'Web 2.0' are according to many professionals in the industry redefining the fundamental structure of the Internet and are having an unprecedented impact on the interactive industry.

¹ ES' work has been recognized on several occasions as being of high industry standards. In the recent years ES has won multiple awards at the China Online Advertising competition (2003, 2004 and 2005), the Shanghai Multimedia Industry Association Awards (2004), the China Animation Association, Computer Graphics Association Awards (2004) and the Shanghai Website Awards (2002).

² 'The Great Firewall of China' – http://www.businessweek.com/technology/content/jan2006/tc20060112_434051.htm (12/1/2006)

1.1.4 Motives for research

In the recent years ES has been very successful, growing at a steady rate and gaining much recognition in the Chinese multimedia world by winning multiple awards and by the appointment of their CEO as the president of the Shanghai Multimedia Association. The year 2005 exhibited an immense growth for the company with the personnel base effectively being doubled from 30 to approximately 70 employees. ES is constantly searching and redefining its place in the Chinese interactive advertising industry. Being a young company with relatively young personnel, experience is not abundant at ES and company procedures and routines are constantly under development. Due to the recent growth a great variation exists in the know-how and expertise among personnel: certain key individuals have accumulated a lot of know-how and expertise while newer personnel lack this *tacit knowledge*³. In the current situation we can observe a fragmentation and asymmetry in the know-how at ES while procedures and documented knowledge are not as abundant as they could be.

ES has proven that its current know-how on online branding can be applied successfully in the Chinese Internet market but unfortunately, as was stated above, the know-how is not well diffused in the organization. In the course of time natural diffusion of tacit knowledge will occur, through a process that is described by Nonaka and Takeuchi (1995) as *socialization*: the transfer of tacit knowledge through the sharing of experiences, observation and practice. However, the company could benefit significantly if the current know-how is reviewed, classified and documented in order to stimulate diffusion of this knowledge in the organization. Hence, the objective of this research was stated as:

Review and classify the current know-how on online branding at ES, identify points of improvement and initiate diffusion of the documented knowledge.

This research was set against the current developments in the Chinese Internet market. The research aimed to make the following contributions:

I. Review the theoretical field of online branding and identify relevant theoretical aspects; contribute to the documented knowledge at ES.

A review on the theoretical field of online branding will contribute *explicit knowledge*⁴ to the company as it will provide a view on existing methods in the theoretical field of online branding.

II. Review and classify the current know-how at ES and propose points of improvement in their methods.

Ideal would be the execution of the integral knowledge creation process depicted in the SECI model by Nonaka and Takeuchi (1995) (refer to Appendix A for a review of the theory) but considering the time restrictions that existed on this research and the nature of tacit knowledge, it was unrealistic to set this as aim. The focus was therefore set on the externalization and combination processes described in the SECI model (Nonaka and Takeuchi, 1995). Reviewing and classifying the know-how and methods at ES in accordance to the theoretical field of online branding will exhibit which theoretical aspects can be perceived in ES know-how, how they are being utilized in their methods and where points of improvement can be identified.

³ Tacit knowledge: "(...) personal knowledge embedded in individual experience, and involves intangible factors such a personal belief, perspective, and the value system" (Nonaka and Takeuchi, 1995, p. viii).

⁴ Explicit knowledge: "(...) which can be articulated in formal language including grammatical statements, mathematical expressions, specifications, manuals, and so forth" (Nonaka and Takeuchi, 1995, p. viii).

1.2 Research outline

1.2.1 Problem formulation

As was stated in the research background and motives, the aim of this research is to review and classify the current know-how on online branding at ES, identify points of improvement and initiate diffusion of this knowledge in the organization. The following specifications were made in order to further define the scope of this research.

- ES can claim a leading position on the Chinese interactive industry due to its know-how and expertise. These factors are a combination of both tacit and explicit knowledge. This research aims primarily to contribute to the explicit knowledge at ES by reviewing the theoretical field of **online branding** and subsequently reviewing and classifying the ES methods according to the relevant theoretical **aspects**. Successfully initiating the diffusion of this knowledge is expected to contribute to the explicit knowledge while contributions to the tacit knowledge are considered to be on the long term.
- The **Chinese Internet market** is a very dynamic environment; changes on the Internet landscape have seen the rise and fall of various business models adapting to these changes. This research will aim to review and classify the current know-how at ES according to a theoretical perspective. It would be unwise however to disregard the dynamics of the industry environment and an exploration of the market, focusing on current trends and contextual factors, will therefore be included in this research to consider its effects.
- ES' clients are predominantly companies that market consumer goods. Hence branding in this thesis is reserved to B2C branding.

These considerations were incorporated into the following problem formulation which forms the main research question in this report:

What **aspects** of the **online branding** methods, suitable for the **Chinese Internet market**, can be adopted and implemented by Energy Source?

Ad 1. The term 'implemented' was chosen in order to reflect that the research would be covering the research objective to *initiate diffusion of the documented knowledge*.

1.2.2 Research questions

As the diffusion of knowledge at ES formed one of the main motives for this research, and part of this research can be characterized as a knowledge creation or conversion process, the processes externalization and combination⁵ were incorporated as activities in this research. It was stated above the research would focus on these two processes⁶ due to time constraints, hence aiming for primarily a contribution of explicit knowledge to ES.

The first research question is aimed at an exploration of the theory on online branding and identifying the relevant theoretical aspects to establish a framework of analysis. Similarly, research question 2 was formulated in order to support the exploration of the Chinese Internet market and the important trends and factors affecting the industry. The externalization and combination process are reflected respectively in research questions 3 and 4; reviewing and classifying the know-how at ES is reflected in research question 3 while research question 4 reflects identifying points of improvement in the ES methods.

Based on the research phases the following research questions were formulated:

- 1) ***What framework of analysis is appropriate for researching know-how on online branding? (Q1)***
 - a) *What relevant aspects can be identified in the current theories on branding?*
 - b) *What relevant aspects can be identified in the current theories for online branding?*
- 2) ***What are the characteristics of the Chinese Internet market? (Q2)***
 - a) *Which trends will have a significant impact on the Chinese Internet market in the next two years?*
 - b) *Which contextual factors will have a significant impact on the Chinese Internet market in the next two years?*
- 3) ***How can the know-how on online branding at ES be classified according to the framework of analysis? (Q3)***
 - a) *What aspects in the framework of analysis can be identified in the know-how on online branding at ES?*
- 4) ***What points of improvement can be identified in the ES methods? (Q4)***
 - a) *What points of improvement can be identified based on the theoretical aspects?*
 - b) *What points of improvement can be identified as priority areas based on the important trends and factors affecting the Chinese Internet market?*

⁵ Two remarks can be made in regard to the use of the SECI model: the SECI model is an organizational process for knowledge creation, while this research is largely executed by the author as an individual. This raises a question about the validity of this model. Second, the SECI process is described as a spiral process for knowledge creation, being a continuous process that makes several iterations. Appendix A provides insight into the validity of the SECI process on these points.

⁶ Considering the author has occupied the position of 'Sales Executive' at Energy Source for the period of six months, the process of 'socialization' has proven to be an important part of the knowledge transfer for this research. The socialization process is difficult to plan as a structured activity and has therefore been left for the most part out of the formal discussion. The socialization process at ES did however form an integral part in acquiring knowledge about the company, industry and other relevant data.

1.3 Research methodology

In this paragraph the research methodology is further elaborated. For each phase the activities conducted are described as are the sources and the instruments for analysis that were utilized. The research was divided into three phases: *exploration*, *externalization* and *combination*.

Exploration

During this phase an exploration of the theory was conducted in the form of a literature study. Relevant literature was examined and a framework of analysis was established based on the theoretical aspects identified in the research areas of branding and online branding. Subsequently, the research focused on an exploration of the Chinese Internet market which consisted of research on 3rd party research reports and relevant websites and articles on recent trends and developments. Desk research formed the predominant activity in this phase while the socialization process also formed an integral part: informal dialogues with ES personnel and the activities the author conducted in context of the function as 'Sales Executive' provided additional information and insight in identifying the main actors of the Chinese Internet market. Although the socialization process is hard to plan and hence has been largely left out of the formal discussion, it was imperative in setting the main context for this research and should therefore be explicitly mentioned.

Externalization

After having established the theoretical framework, the aim of this phase was to identify the know-how and expertise on online branding at ES. The research was conducted by means of interviews with senior management and research on the company database and relevant documentation. Several cases were analyzed consisting of a selection of projects conducted by ES. Criteria for the selection of these cases were: availability, actuality, degree of documentation, degree of success and differentiation. Research material consisted of proposals, the completed websites, personal experiences and other relevant documentation. The ES know-how and methods was reviewed by considering these in relation to the framework of analysis and classifying the know-how according to the framework of analysis. The documented know-how was corrected, supplemented and verified in interviews with aforementioned senior management.

Combination

In the combination phase points of improvement were identified by comparative analysis between the framework of analysis and the ES know-how and methods. These were the points of improvement in the ES know-how and methods that exhibited room for improvement based on the theoretical aspects. Priority areas were derived by relating the important trends and factors from the exploration of the market to the framework of analysis. Based on these priority areas a selection of points of improvements was made that would be addressed. Activities in this phase consisted of further desk research.

For implementation of the documented knowledge several instruments were created (refer to Appendix D for the brand analysis and planning instruments). An implementation plan including the required training material was written.

As mentioned above, the research approach was based in part on the SECI model as proposed by Nonaka and Takeuchi (1995). This theoretical model served as the main structure for both the knowledge creating processes and this thesis. The framework of analysis that was established served as the main instrument of analysis for reviewing the know-how on online branding at ES and identifying possible points of improvement. The literature that was utilized in determining the framework of analysis was also used to suggest improvements to the ES methods and to operationalize these improvements.

1.4 Research structure

The structure of this research was directly derived from the prior mentioned research phases and research questions. During exploration of the theory a review was performed on the theoretical field of online branding in order to establish a framework of analysis. Subsequently an exploration of the market was performed to establish the important trends and factors in the Chinese Internet market. In the next phase the know-how on online branding at ES was reviewed and classified according to the framework of analysis. Subsequently points of improvement in the ES methods were identified. Relating the trends and factors to the framework of analysis resulted in specific priority areas that would be predominantly affected. These priority areas were used as indicators to identify the points of improvement with the highest priority, and a selection was made of points of improvement that were to be addressed. Finally, in order to initiate the diffusion of the document knowledge and to implement the suggested points of improvement an implementation plan was written.

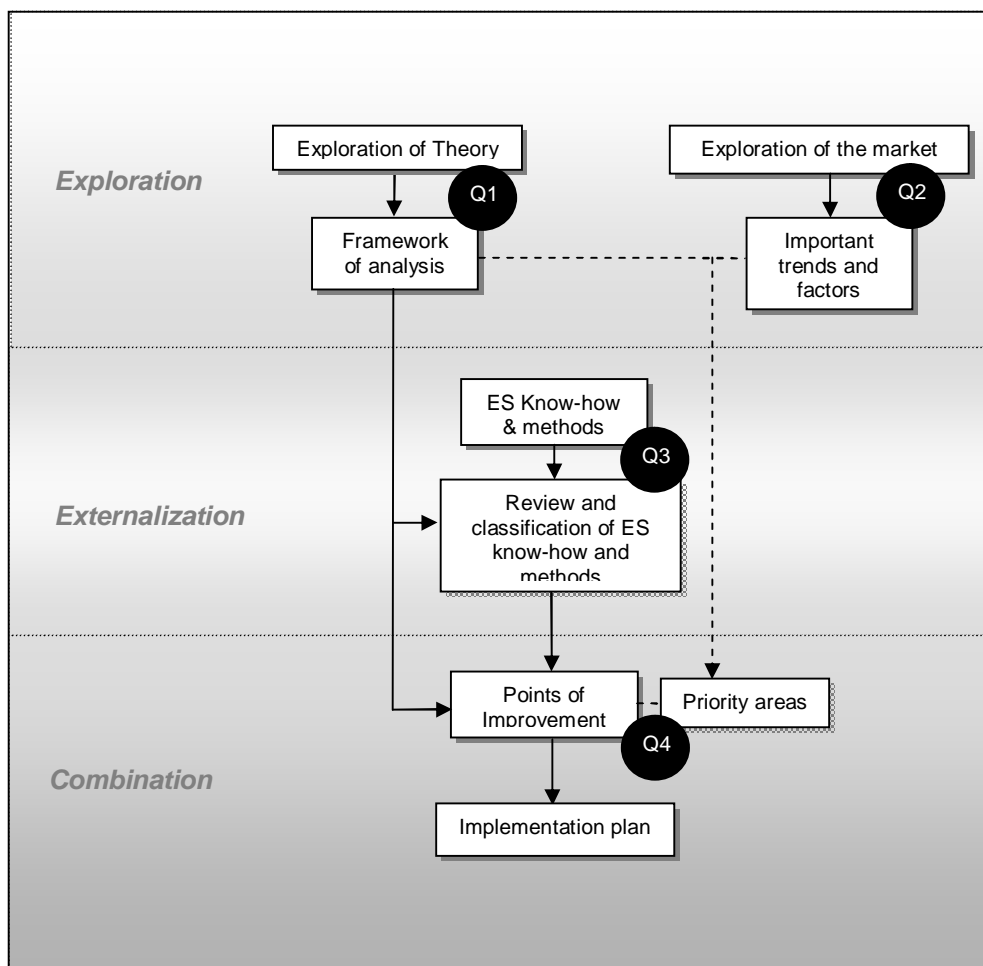


Figure 1, Research structure

In the above figure the research questions (Q1-Q4) have been indicated at the corresponding phases and research items.

2. Exploration of Theory

In this chapter the framework of analysis is presented that was established based on the relevant theoretical aspects identified in the exploration of the theory. The actual discussion of the theory on branding and online branding can be found in Appendix B – Branding and online branding theory.

2.1. Branding and online branding theory

In order to conduct the research into online branding the definition of the brand as defined by de Chernatony and McDonald (2003, p.20) was chosen for this thesis: “A successful brand is an identifiable product augmented in such a way that the buyer or user perceives relevant unique added-values which match their needs most closely. Furthermore, its success results from being able to sustain these added-values in the face of competition”.

The activity branding is defined as consisting of the functions **brand creation** and **brand management**. The process of ‘brand creation’ is defined as: *developing the brand positioning, differentiation, personality: defining a brand image*. The process of ‘brand management’ is defined as: *creating and sustaining the added value in the perception of the consumer and assuring all interactions between brand and consumer reinforce the brand image*.

2.2. The context of the agency

The context of the agency has several implications for the discussion on branding. The advertising agency is an organization that is dedicated to services related to the creation, planning and execution of advertising. In the relationship between the client and agency, creative production is in essence outsourced to the agency; the agency is dealt the task of finding creative solutions to advertising/communication problems. Although some agencies have taken up a consultancy role towards brand definition and positioning, within the relationship between client and agency, it is regularly the client that determines brand positioning and brand image while the agency is responsible for creating and planning the brand building activities that will create the desired positioning and image in the consumer’s perception.

Thus when we consider the process of branding consisting of brand creation and brand management, the activities at an advertising agency are formally limited to that of brand management: “*creating and sustaining the added value in the perception of the consumer and assuring all interactions between brand and consumer reinforce the brand image.*” In order to achieve successful branding however, both brand creation and brand management need to be well aligned and an intricate understanding of the brand is imperative. Although the responsibilities that are delegated to the agency fall without doubt under the above definition of brand management, the responsibilities in respect to brand creation are defined to a lesser degree. Depending on the relationship between client and agency the agency’s role in the value adding process can vary in practice. In the discussion regarding branding it is therefore important to consider that an agency is often expected to focus on external branding (advertising, promotion) while its influence on internal branding (internal brand communication/education, organizational alignment) and brand creation can be limited or non-existent.

2.3. Framework of analysis

In the exploration of the theory, referenced in Appendix B, the theories on branding and online branding have been discussed and the relevant theoretical aspects of online branding have been identified. These theoretical aspects have been incorporated in a framework of analysis that was utilized as the main instrument for analysis in this research.

The online brand experience from de Chernatony & McDonald (2003) is selected as basis for the framework of analysis as it is established that: the online brand experience differs significantly from the offline brand experience (Lindstrom, 2002), the Internet is able to deliver positive and meaningful experiences (Aaker, 2004) and although a different execution is warranted the medium holds significant advantages over traditional media (Elwood, 2000).

The four levels of the brand (Levitt, 1980) is considered an accurate model of the brand but considering the online brand experience already incorporates the aspects in this model, it was deemed unnecessary to further incorporate the model in the framework of analysis. The aspects brand relevance and brand preference were supplemented to the framework of analysis as they were not considered in the online brand experience but considered relevant.

The success factors as established by Aaker (2004) can be directly related to the aspects within the online brand experience. The success factors have been integrated by reflecting these on the different aspects in the framework and supplementing the theoretical concepts where necessary:

- 1) The author argues a **clear brand identity and vision** should be present which is reflected by the aspects *promised experience*, *emotional values* and *functional values* in the online brand experience. No further specification or supplement is deemed necessary.
- 2) The **organizational aspect** is considered a success factor and is reflected in the online brand experience by the aspects: *physical delivery and returns* and *personal support*. The success factor identified by Aaker (2004) encompasses a larger definition than the aspects considered by the online brand experience and is considered a larger domain where both aspects are part of (e.g. an aspect like organizational culture is not considered by the aspects in the online brand experience). This organizational aspect is appropriately reflected in the framework of analysis.
- 3) **Design relevance** as identified by Aaker (2004) is reflected by the aspects *site appearance* and *navigation*. No further specification or supplement is necessary. Design relevance is appropriately reflected in the framework of analysis.
- 4) The author defines the **motivation** to return to the website as a success factor which can be achieved by: information, entertainment or interactive communication. The factor shows overlap with the aspect *differential reward* in the online brand experience but is a fundamentally different concept as differential reward is defined by the added value the website/medium can provide in comparison to the brand's offline activities. The aspect differential reward is hence supplemented with motivation to reflect this success factor.
- 5) **Linking the online branding activities** to other brand building activities or the product/service is a success factor that is not considered in the online brand experience and is supplemented to the framework of analysis.

The remaining concepts identified by Lindstrom (2006), Goodyear (1995), Aaker (2004) and de Chernatony & McDonald (2003) are incorporated in three additional factors which are supplemented to the framework: **the role of the medium**, **the context of the brand** and **the utilization of the medium**. These factors are considered to be 'meta-aspects' to the online brand experience and cover aspects of online branding discussed in the exploration of the theory that are not addressed by the online brand experience but essential for analysis.

Subsequently, the web experience taxonomy (Constantinides, 2004) was utilized in order to further specify and expand the framework of analysis where it was deemed necessary. Some considerations had to be made however as directly migrating these aspects into the framework of analysis can be complicated due to the transaction focused nature of the WE taxonomy. The apparent dichotomy that exists between e-commerce - the focus on the immediate transaction - and e-branding - the focus building brand equity and hence on future transactions - is to be carefully considered.

- The specifications of **Interactivity** - *customer service/after sales, interaction with company personnel, customization and network effects* – are considered reflected respectively in the aspects: *physical delivery and returns, personal support, better tailored offerings and genuine relationships*. The concept customization is substituted for better tailored offerings as the former is considered a more appropriate concept extending beyond commercial offerings and including personalization and informational preferences in the concept. The concept ‘genuine relationships’ is expanded to ‘network effects and relationships’ in order to include the network effects that are not sufficiently covered in the concept from de Chernatony and McDonald (2003).
- The factor **Aesthetics** is considered reflected in the site appearance and specification is considered unnecessary as the link between the brand values and design is sufficient to reflect this factor for branding purposes.
- The specifications of **Usability** are considered either transaction focused and irrelevant (*ordering payment/process*), already reflected in the framework of analysis to a relevant degree (*site navigation, information architecture, site speed, findability/accessability*) or irrelevant to specify from a branding perspective (*convenience, search facilities/process*). The factor of usability itself is considered relevant though to the online brand experience and was hence included in the framework of analysis linked to the speed of download.
- The factor **Trust** as proposed in the WE taxonomy is considered from a different nature than the trust that is relevant in branding. Whereas the trust in the WE taxonomy is an enabler and prerequisite of the transaction, the trust in branding is rather an aspect of brand equity and a cumulative product of branding activities. This is supported by Riezebos (2003) who argues the importance of trust in e-tailer brands; where the brand is strongly transaction-oriented. Trust in a brand can be built from a successful transaction and a positive experience with a product. These factors are considered reflected in personal support and physical delivery and returns and is hence not incorporated nor supplemented in the framework of analysis.
- The **Marketing mix** was considered inappropriate in the framework of analysis as branding by the advertising agency is considered a part of the marketing process in this thesis, specifically the Product aspect; augmenting the product in *such a way that the buyer or user perceives relevant unique added-values which match their needs most closely*. The marketing mix could be included as a meta factor but there was little added value perceived in doing so considering not all elements of the marketing mix are relevant to online branding.

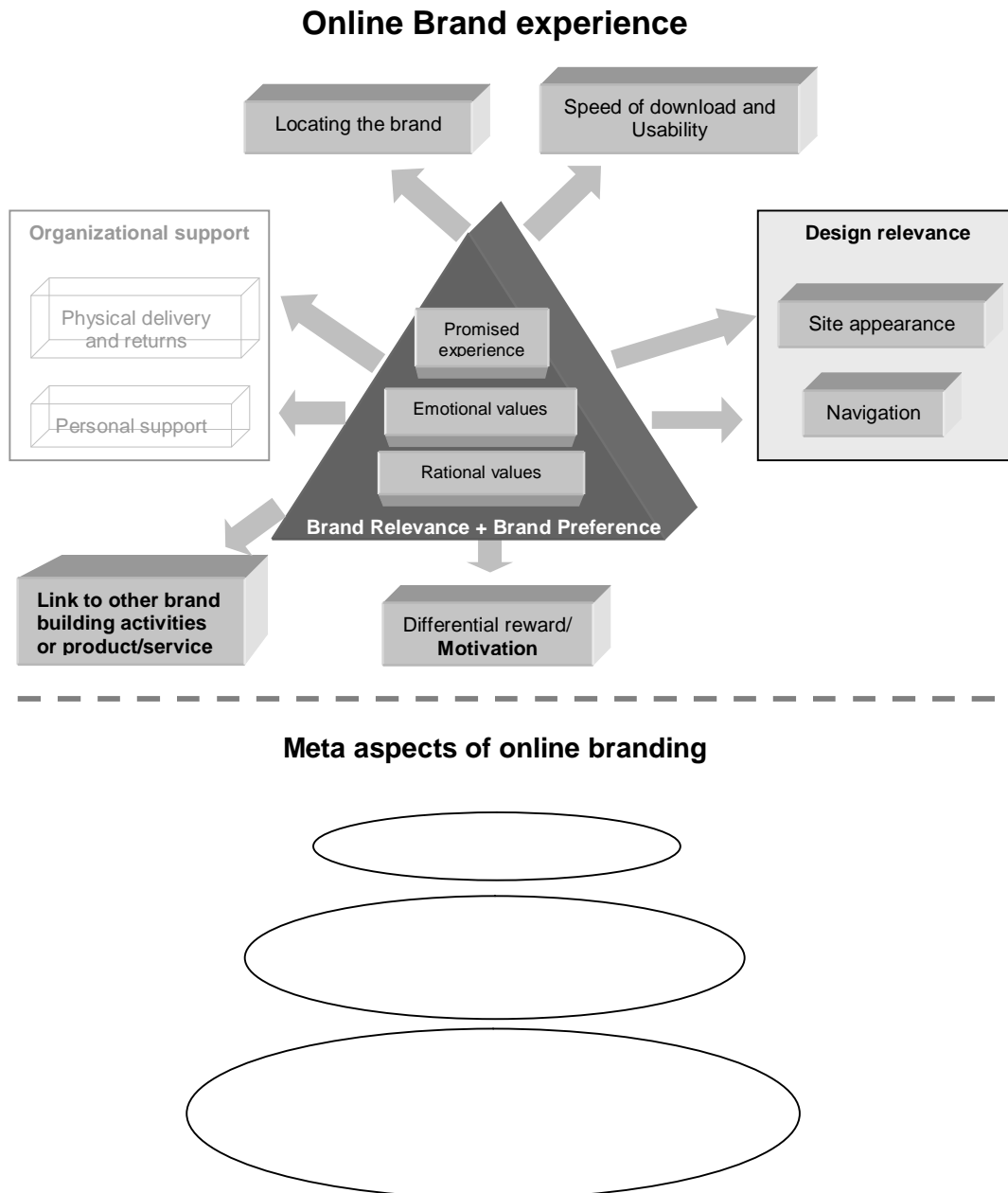


Figure 2, Framework of analysis

Ad 1. Within the framework of analysis a restriction had to be made in order to accommodate the context of the agency. It has been established earlier that the branding efforts of the agency are confined to a specific part of the entire branding process. Hence in the framework of analysis the aspects of organizational support have been omitted as the influence the agency has on these aspects is limited.

3. Exploration of the Market

This chapter will discuss an exploration of the Chinese Internet market by first defining the Web 2.0 development and its manifestations in the interactive industry. The Web 2.0 development and other trends are discussed. Subsequently, the contextual factors that affect the Chinese Internet market are identified and reviewed.

3.1. The Chinese Internet landscape

In order to understand the setting in which the branding activities of ES are conducted, the Chinese Internet Landscape was first examined. The Internet landscape was explored by identifying the major actors and websites that are relevant for the Chinese Internet user. Due to the language difference, political forces and the resulting relative isolation of the Chinese Internet environment the Chinese Internet landscape has developed into a unique setting. The major actors of the Chinese Internet Landscape are identified and discussed in Appendix C – Actors in the Chinese Internet Landscape. Although it is not necessary for comprehension of this chapter, it is recommended Appendix C is first examined as it provides an increasing insight in the Chinese Internet landscape.

3.2. The Web 2.0 phenomenon

3.2.1. What is Web 2.0?

Recently the term Web 2.0 has been object of discussion in the Internet research field. The term was first introduced by O'Reilly (2004) at O'Reilly media but has now been widely adopted. Some observers like Tim Berners-Lee, the inventor of the Internet and chairman of the World Wide Web Consortium, dispute the need for such a term⁷ as Web 2.0 and there are others who dispute the phenomenon as no more than a hype or marketing ploy. The phenomenon has gained a lot of exposure in mainstream media lately and was recognized by Time Magazine as once of the most important developments of 2006 by declaring the most important person of 2006: **You**⁸.

O'Reilly first coined the term in 2004 in order to identify the changes and developments that could be observed in the way Internet was perceived being developed and evolving. According to O'Reilly (2004) Web 2.0 is based on the following principles:

- The web as a platform
- Data forms the core
- Architecture of participation
- Leveraging the power of 'the long tail'
- Lightweight business models through content and service syndication
- Distributed, open source development
- Perpetual, incremental development

The way the author describes the phenomenon, Web 2.0 is more a philosophy or paradigm rather than a technological development. The phenomenon shows similarity with the Open Source philosophy and relies on this philosophy to certain extend. The Web 2.0 Meme map (see Figure 3) has been devised by O'Reilly media and illustrates the main principles and practices of Web 2.0. These principles are discussed in more detail below to elaborate what these principles envelop in practice.

⁷ 'Web 2.0 = a piece of jargon' – <http://blogs.zdnet.com/BTL/?p=3552> (31/8/2006)

⁸ 'Time's Person of the Year: You' – <http://www.time.com/time/magazine/article/0,9171,1569514,00.html> (13/12/2006)

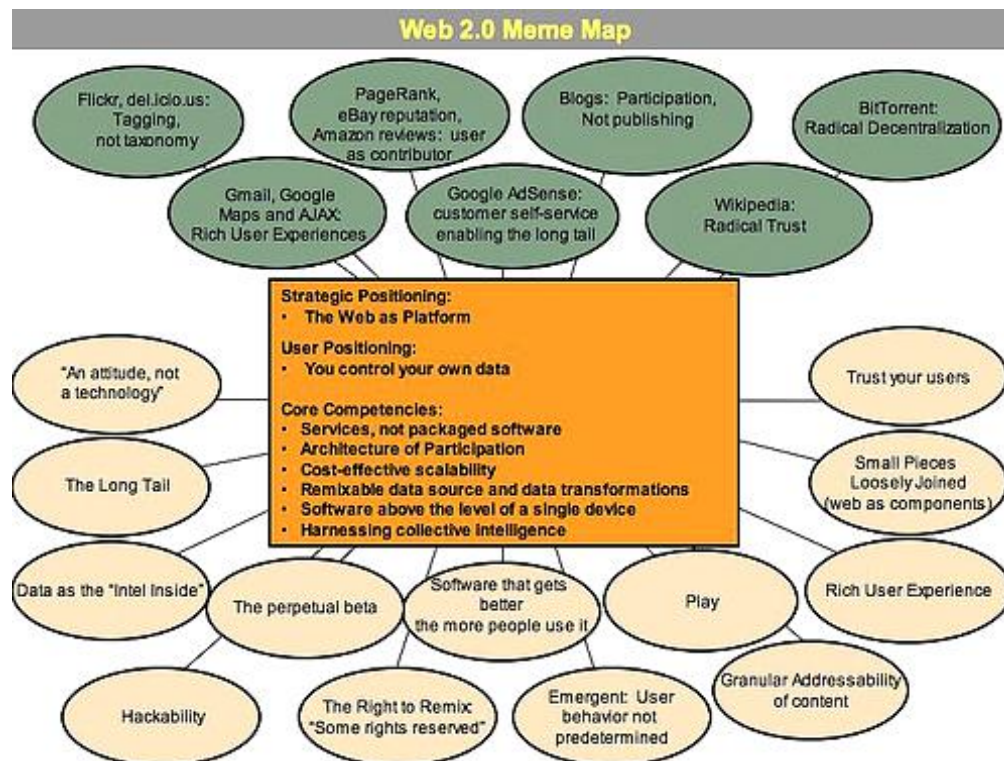


Figure 3, Web 2.0 Meme Map

(Source: O'Reilly 2004)

The web as a platform

A key difference between the Web 2.0 services and 'conventional' software is that the Web 2.0 services operate on the web as a platform. The advantages are that the service is highly accessible and that frequently no additional software is required. Utilizing the web as a platform is what lends the Web 2.0 service its high flexibility, accessibility and adaptability and many hold the conviction that this model will ultimately triumph over the software update cycle inherent to contemporary software development.

Data forms the core

The core value of a Web 2.0 service exists in its data; Google focuses on indexed websites, eBay focuses on item listings, both Flickr and Youtube gain their value from respectively uploaded photo's and video. The individual data has limited value but the accumulated data and the data mining and data processing services that are a natural consequence of the accumulation enhances the value significantly. The data is greatly enhanced with quantity and the added value will grow exponentially.

Architecture of participation

In order to achieve the high accumulation levels of the aforementioned data, an architecture of participation is necessary. Flickr and Youtube are examples of websites that enable the user to upload his own content. Participation is enhanced by the *folksonomy* which enables the user to suitably tag and categorize the content. A rating and comments system further contributes to a participatory attitude. The system is organized in a way that the collective intelligence is harnessed to process and further enhance the content.

Leveraging the power of 'the long tail'

Instead of focusing exclusively on the 'head', Web 2.0 services include 'the long tail': the many small(er) websites and users whose individual contribution might be limited but whose numbers are great. This strategy results in a very large target audience and consequently a wide audience will be attracted to the services offered. A good case that illustrates this principle is eBay who allows transactions of only a few dollars. Although the benefits of such transactions seem limited, the sheer numbers of transactions that are executed compensates for this issue and are able to turn it into a profitable business.

Distributed, open source development

The Open Source philosophy is strongly reflected as Web 2.0 services adopt business and software models that are open and adaptable. Instead of protecting the secrecy of the source code, the code is held simple and pragmatic stimulating development by 3rd parties. The development of the software/service by other parties is encouraged effectively stimulating the syndication of development.

Lightweight business models through content and service syndication

Syndication of content and service is both a philosophy of Web 2.0 as a consequence of adoption of an architecture of participation and leveraging the power of the long tail. It allows for flexibility and topicality which is hard to achieve with other business models. An excellent example is the successful Wikipedia, an online encyclopedia that operates under the unlikely notion that everybody can submit and edit the content. Despite the fact that everybody is able to alter the content, the articles are highly accurate. The Wikipedia philosophy has successfully adapted the Open Source principle that "with enough eyeballs, all bugs are shallow" to content creation.

Perpetual, incremental development

Unlike the software development cycle where updates to the software are released periodically, Web 2.0 services are under perpetual development. The software or service is constantly being developed incrementally, facilitated through the distributed open source development.

3.2.2. Manifestation of Web 2.0 in the online advertising industry

After determining what the Web 2.0 development constitutes the next step is to determine how this development manifests itself in the interactive advertising industry. The Web 2.0 development has resulted in the development of new types of services and business models affecting the way users interact on the Internet. In this paragraph a further discussion will be conducted on some of the developments in the interactive advertising industry that can be related to the Web 2.0 development.

Blogs & Social media

Often attributed as one of the latest Web 2.0 developments, social media have in fact been around since before the emergence of Web 2.0. It is only recently though that social media, like social networking sites or social review sites have seen a dramatic rise in popularity. A website that has had a lot of media exposure recently is the social networking site Myspace.com. Myspace.com has seen a tremendous growth in members since its launch in 2003. Currently the website has over 100 million users and is the 3rd most visited website in the US (Alexa, 2006). This makes the medium a very interesting opportunity for marketing and branding purposes and established brands like Toyota, Nike and Sony have utilized this medium successfully in their branding efforts. Having been acquired by News Corporation in 2005 social networking sites are now being accepted as an established medium.

Just like social networking sites the blog has been in existence for some time now and goes as far back as 1998. However, blogs only became a mainstream medium after an enormous growth in popularity the last few years. The blog started to gain momentum as major public and political figures began to utilize the instrument. The blog is an excellent instrument to stay in touch with the public and influence public opinion. As more and more ordinary Internet users started to utilize blogs themselves the medium evolved increasingly into a mainstream medium.

Similar to social networking sites blogs have been utilized as branding tools by brand-owners. Some companies like GM utilize the blog predominantly as a PR device, having set up a website with several GM corporate blogs (Kingdon, 2006; General Motors, 2006). Other companies, like the earlier mentioned Toyota, utilize the blog on a more creative level: in their Canadian Yaris campaign the character Uncle Yaris was devised in order to market their new Yaris model (Wegert, 2005). The Uncle Yaris character was a quirky, eccentric persona that was aimed to attract a youthful audience. Utilizing several online media that are popular with the target audience, including a personal blog and a Myspace.com page, the campaign succeeded in making a connection with the target audience. The case illustrates well how the blog as a medium can be successfully utilized as a branding instrument. A multitude of brand-owners have jumped on the bandwagon and started a blog without thoroughly understanding the medium. This has resulted in an immense growth of corporate and brand blogs of mediocre quality with little differentiating or added value. The blog can be a powerful branding instrument, but just like every other medium it needs to be planned and managed carefully.

CGM in marketing

Another phenomenon that has seen a lot of exposure lately is CGM, Consumer Generated Media. The term was first coined by Peter Blackshaw, CMO of Nielsen Buzzmetrics, and is a more specific term than the term User Generated Content. The latter refers to the content that is created by the general users of the Internet instead of (professional) traditional media or broadcasters. CGM refers specifically to the media content that is generated by users/consumers and that is related to a company, brand or product. It is often referred to as the word-of-mouth of the Internet and is an effective form of advertising that has exploded globally as well in China recently.

CGM encompasses the blogs and social media that have been discussed in the previous paragraph but is discussed separately in this paragraph concerning the use of CGM in marketing campaigns. The latter perception of CGM has different implications for the industry than the previously discussed 'instruments' and is hence discussed as a different development. Although CGM is basically outside the brand-owners sphere of control, there have been several companies who have successfully integrated the use of CGM in their campaigns. Converse for instance, launched a video contest where consumers were encouraged to make their own video about their Chuck Taylor brand (Stein, 2006). The brand-owner essentially gave the opportunity to the consumer to express their views and interpretations of the brand. The Chuck Taylor brand has a rich history and is strongly embedded in popular (sub) culture. Hence the brand could tap into positive consumer emotions and the campaign resulted in a very successful branding effort. Several of the consumer generated videos were even converted into television-ads. In this case the brand essentially gave the consumer control over the brand, similar as what is proposed by de Chernatony & McDonald (2003). This does not always work out for the best as is illustrated by the Chevy Tahoe case.

Chevy organized a similar video contest for the launch of their new Tahoe model (Stein, 2006, Wegert, 2006). Consumers were given the opportunity to create their own Chevy Tahoe commercial through the brand's website. The website utilized a Flash interface to select and edit pre-shot video footage. The consumer could make his own commercial by selecting the footage he desired and the time and order in which it was displayed. Music and text could be added with the music being pre-selected tracks and the text anything inputted by the user. Own-shot footage or custom music could not be utilized but save for these factors the user had a great freedom of expression. The campaign concept did not differ substantially from the Converse Chuck Taylor campaign. However, Chevy had not considered the huge unsympathetic feeling that exists towards SUV products among a large

number of consumers. In addition to the expected video commercials that were created, a lot of (pro-environmental) consumers took the opportunity to express their feelings about the SUV in general and created anti-commercials for the Chevy Tahoe resulting in media exposure that Chevy neither intended nor desired.

Rich media, video & web casting

The year 2006 has been the year of the online video with the explosive growth of the website Youtube and the launch of various other video websites in its wake. The appearance of a multitude of online video platforms has created a new online branding channel that has already been utilized to great extent by brand-owners. The utilization of online video has for some time now been a successful method to generate exposure on the Internet. In particular the use of viral videos has been applied frequently with great success. The current developments however have dawned a new era where online video is no longer reserved for professional media producers. Youtube represents a new generation video sites that allows the user to upload videos of his own creation creating a participation and involvement of the user on an unprecedented level. Synergy is created with the increasing popularity of video blogs or vlogs and with the now widespread camera phone which has made the creation of (video) content more convenient.

One can dispute whether this is truly a revolutionary development; the technology for all the former mentioned services have been available for some time now. A significant change in attitude can be observed though, as the casual video is gaining ground on the Internet and the common Internet user is now getting used to two-way communication through video. Evidence can be observed in the rapid adoption of video responses on the Youtube website, where users instead of posting a reply in traditional BBS fashion are now uploading their self-made videos as a response. The increased use of video can also be observed on 3rd party websites: online video reports were already present on many news sites but have seen a growth in usage: links to trailers are often included with movie re- and previews and increasingly links are posted to relevant videos like relevant commercials about products or companies that are discussed in articles concerning these. The change of attitude can be attributed to a wide scale adoption of online video by the greater mass. Consequently, for the first time the television no longer holds a monopoly in its positioning as an entertainment and relaxation medium for video content as the Internet medium is maneuvering into this segment as well (Businessweek, 2006).

According to some industry experts the rise of online video will possibly see the return of the advertising agency to its former glory. The conventional 30 second TV commercial has been in decline for some time now, losing to other forms of (online) media and decreasing in effectiveness due to overuse and overexposure to the consumer. With the rise of online video the old standards and constraints of the TV commercial are being redefined and the competences of the agency, communicating a strong (emotional) message is gaining in relevance again (Blackshaw, 2006).

The change of attitude and the appearance of these online video websites have made online video as a branding instrument more controllable as there are now specific channels the brand-owner can utilize to distribute and control content. Hence it comes as no surprise that the larger brands have been at the frontline in adopting this new medium in their branding efforts.

3.3. Other trends and developments

3.3.1. Growing market share in search

Another global trend on the field of the Internet is the increasing growth of search. Google, the undisputed market leader in search is the 2nd best visited website in the US only surpassed by Yahoo⁹ according to Alexa (2006). Search has become the primary means through which consumers locate desired information and is therefore a prominent means for marketing and branding on the online platform. The field of search engine marketing is a complex field of technological nature and its contribution to branding might not be apparent at first sight. However as is reflected in the framework of analysis, locating the brand is an important aspect in the online brand experience and it is here where the aspect of search comes into play. Search Engine Marketing (SEM) concentrates on Search Engine Optimization (SEO), Paid Inclusions and Pay Per Clicks or search engine advertising.

Paid inclusion is the inclusion of your website in the rankings by buying a place in the ranks. The technique is offered by certain search engines as it takes time for a search engine to index a website. By utilizing paid inclusions the time it takes to index the website is effectively negated as the website is immediately included in the ranking. Ranking is still based on other factors as paid inclusion insures placement, but does not affect the ranking itself.

Pay Per Click (PPC) is a technique that involves the display of advertisements based on a user initiated search query. Companies are able to bid on certain keywords they want to be associated with and when a search is performed involving these keywords a link to their website will appear next to the search result as a sponsored link. In the field of PPC, Google Adwords and Yahoo Overture are the main providers of PPC search. There are other forms of PPC that are not focused on the main search engines like: Product PPC and Service PPC. These PPC links are displayed as sponsored links when a search is performed on a specialized product or service website. Prominent product websites are: BizRate.com, Shopzilla.com, NexTag, PriceGrabber.com, and Shopping.com. Prominent service websites are: NexTag, SideStep, and TripAdvisor.

SEO focuses on optimizing the content and structure of the website in order to obtain a high listing in the search engines' result. In SEO a distinction is made between White hat SEO and Black hat SEO. There is no clear cut definition of White hat and Black hat SEO, the two practices are rather distinguished by intentions and ethical standards. White hat SEO involves optimizing the website and its ranking according to the search engines' guidelines and involves no deception. Black hat SEO involves techniques that intentionally deceive the search engine in order to gain a higher ranking. Although Black hat SEO is not illegal, sanctions will be taken by search engines when Black hat SEO practitioners are caught. This can include a lower ranking or even exclusion of the website from search engine results. A recent prominent case was de exclusion of the German BMW website from Google's results after the discovery of deceptive practices¹⁰. Sanctions were canceled after a formal apology from BMW and discontinuation of the practices.

3.3.2. Behavioral targeting

Much like online video, behavioral targeting was widely discussed in 2006 and expectations are high as behavioral targeting will become more sophisticated and widespread in the coming years. Behavioral targeting can be considered an evolution of contextual targeting, the latter being the adaptation of suitable advertisement based on the context - the website currently being displayed. With behavioral targeting this is taken a step further by accumulating all the websites a user has visited prior, deducing surfing behavior and determining appropriate advertisement. Utilizing the

⁹ It should be noted that Yahoo offers several portal services in addition to search, contrary to Google which predominantly is a search engine and only recently started offering similar portal services. Hence the ranking of Yahoo above Google does not accurately reflect the dominance Google holds in search in relation to Yahoo.

¹⁰ "BMW given Google 'death penalty'" - <http://news.bbc.co.uk/1/hi/technology/4685750.stm> (6/2/2006)

surfing behavior of consumers undoubtedly comprises several privacy issues. According to providers of behavioral targeting techniques, consumers are anonymized through technical solutions resulting in non-personally identifiable data.

The emergence of behavioral targeting can be related to the trend of customization and personalization in Internet marketing and the need to achieve higher click-through rates¹¹ (CTR). Currently CTR has been lower than 1% or 2% (Kaye, 2006). Just like in conventional media, the consumer is exposed in increasing rate to advertising and evidence suggests that the consumer is becomes less sensitive to advertising (Greenspan 2004). Behavioral targeting has the ability to address two important aspects: relevancy and personalization. With the large exposure to advertising the Internet user is subject to nowadays, the majority of the advertising is lost in the clutter. Utilizing behavioral targeting will ensure the advertising is relevant to the consumer and hence the probability of the advertising being noticed is increased. However, for the advertising to be successful there must be a propensity from the consumer. This likeliness is achieved by ensuring the personalization of the advertising. In essence, behavioral targeting focuses on locating the consumer: deducing the consumer's interests from its surfing behavior determines whether the consumer is considered part of the target audience. From the marketer's perspective behavioral targeting can be considered utilizing a 'pull strategy' for advertisement placement: the consumer initiates the trigger to advertise by visiting the website and the advertising is only displayed when the consumer is considered an appropriate candidate. The technique results in a more efficient form of advertising as the purchased media impressions are not wastefully spent on each visitor and are only displayed when a targeted consumer is encountered.

Advertising networks form the predominant means for behavioral targeting. These networks consist of a large number of websites where the surfing behavior of consumers are tracked, profiled and appropriately segmented. Future visits by the consumer to a website within the advertising network will result in appropriate advertising according to the visitor's profile. Behavioral targeting techniques are also utilized by portals and individual websites although less effectively due to lesser profiling capabilities. Both Microsoft¹² and Yahoo¹³ have begun utilizing behavioral targeting techniques on their advertising network. Google AdSense has no plans to utilize behavioral targeting techniques and continues to rely on contextual targeting instead.

¹¹ The click-through rate is obtained by dividing the number of clicks on an ad through the number of impressions of the ad, hence obtaining the percentage of people who have viewed the ad actually clicking on it.

¹² 'Microsoft demos behavioral targeting' - http://publications.mediapost.com/index.cfm?fuseaction=Articles.showArticleHomePage&art_aid=38484 (13/1/2006)

¹³ 'Yahoo! Behavioral targeting is better than ever' <http://advertising.yahoo.com/marketing/bt/> (22/1/2007)

3.4. The Chinese context

3.4.1. Social and Cultural forces

Successful branding requires a thorough understanding of the context in which the branding activities are to be undertaken. Discussing the social and cultural values of Chinese society is an extensive matter and in this respect will only be limited to the predominant aspects that are perceived in relation to the research objectives. These aspects have been identified based on interviews with ES staff, research of literature, empirical findings and interaction with Chinese society and culture.

Social developments

An interesting observation that can be made in regard to contemporary Chinese society is the radical shift that has taken place from puritan communistic to the present day consumerism. Opinions vary on what causes can be attributed to the dramatic, fast changes in Chinese society where social life and social impressions reflect a modern western capitalistic society. Further analysis however reveals strong nationalistic beliefs and deeply rooted traditional values.

The effects of consumerism on local culture can be observed globally yet the speed at which consumerism has been integrated into the modern Chinese society is highly remarkable. Causes can be attributed to the increase in wealth after years of minimalism and the rise of a previously non-existing power: the Chinese middleclass consumer. With the rise of the Chinese middleclass a formidable purchasing power was unlocked in China which was rapidly sustained by global brands and industries as well as the PRC government. In fact, the Chinese consumer has been one of the driving motors of the Chinese economy in addition to the large influx of FDI and the increase in export.

Consumerism is having a large social impact as the modern Chinese consumer likes to flaunt his new found wealth and status (KPMG, 2006). As brands are often about status, the Chinese culture is very receptive to brands. Ergonomics, design and fashion are considered increasingly important aspects by the Chinese consumer (Interbrand, 2006); a continuous desire for new trends and products has given rise to a highly materialistic lifestyle. As Chinese brands are relatively young a strong preference for foreign brands can be perceived – the quality of local brands is perceived as inferior¹⁴.

It is remarkable how quickly the Chinese consumer has adapted to foreign brands considering these were practically non-existent in China during the more ideological years of the governmental regime. Having gained more ground during the ‘open door’ policy, these brands from a practical perspective have only existed in China for little more than a decade. The Chinese consumer has developed a high sensitivity to both foreign and domestic brands in product groups like cars, fashion, cosmetics and electronics indicating a high degree of brand consciousness and understanding. The ability to understand brands and the affinity with them is high although it will take time for the society to fully comprehend the brand as it remains a complex and abstract concept. Sensitivity to brands is evidently perceivable; the factors individualism and self-expression in this regard are however relevant to a lesser degree as one would expect.

Parallel to the increasing consumerism a social trend of hedonism is perceivable; the modern Chinese consumer has developed a high propensity to spend on entertainment and lifestyle¹⁵. Influence of the Hong Kong and Taiwanese jet set and entertainment industry is evident as the Chinese consumer has adopted a fascination with the various Hong Kong and Taiwanese celebrities and the fashion and trends originating from these regions. The celebrity is an important role model to the Chinese consumer and is strenuously exploited by brand owners in intensive celebrity endorsement that is rarely replicated outside of Asia. Celebrity endorsement appears to be such an effective marketing

¹⁴ Statement based on empirical findings and interviews with local consumers.

¹⁵ Statement based on empirical findings and interviews with local consumers.

strategy it is replicated for a wide variety of products ranging from herbal tea to cosmetics and has even extended to the use of foreign (Hollywood) celebrities in local markets.

Social and Cultural values

Social and cultural values are imperative factors to consider in advertising as they predetermine local preferences and interpretations of communication. A strong understanding of Chinese culture is necessary; the ability to create the right brand associations requires an insight in the way the consumer interprets an advertising message. Additionally, it is essential to comprehend the social and cultural boundaries to which communication and consequently advertising is subjected. Disregarding these boundaries can result in damage to the brand and potential financial loss due to decreasing sales. Confucian and conservative values remain of influence in modern day China and are important to consider as they continue to affect the way the Chinese perceive social structures, hierarchy and human relations. Many Chinese rituals and traditions find their origin in Confucianism as well as Buddhism, Taoism and Chinese folklore. Despite the influence of consumerism, Chinese rituals and traditions are deeply imbedded in society and have even been object of capitalization by commerce as seasonal festivities are exploited for promotions. A strong indicator of the traditional values rooted in Chinese society is that the society is still strongly patriarchic. Although female emancipation has seen great achievements the last few years and the role of women in society has improved – specifically in China's greater cities – the subordinate role of women is still apparent in Chinese culture. In the more rural areas of China, the role of women remains largely unchanged in comparison with their position in the early 20th Century.

Another important factor is the turmoil in the previous century and the psychological scars it has left in Chinese society. China's historical heritage continues to affect Chinese society and can be perceived in a greater sensitivity to cultural criticism¹⁶ despite the nature of the criticism and the absence of any malevolent intentions. Strong nationalism can also be perceived in this regard.

According to Hofstede (2003) Chinese culture can be characterized by a high power distance, low individualism, high masculinity, high uncertainty avoidance and a very high long term orientation. These dimensions can provide an indication of the cultural context although stronger nuances and insights are necessary in pragmatic use for advertising purposes. For instance, a higher masculinity suggests specific types of communications focusing on rational/functional messages are more suitable yet a greater insight into what other factors define masculinity for the Chinese consumer is necessary. The low individualism can be related to the communistic tendency in Chinese culture and is reflected in the importance of peer opinion or reference group. Word of Mouth (WOM) is of great importance in China as the social reference group remains a strong factor in opinion forming.

A final aspect of Chinese society that is worth mentioning in the context of this research is that a remarkable high tolerance to advertising can be perceived in the average Chinese consumer. This phenomenon is perceived in traditional media, where billboards and neon signs are flooding the streets in China and LCD screens displaying advertisements are placed in locations as taxi cabs, elevators, subway trains, underground passageways and POS¹⁷. The high tolerance to advertising is consistently perceived in the online environment where websites are filled with banners and buttons and various types of sponsored links. Although part of this phenomenon can be attributed to the aggressive advertising of Chinese marketers, the willingness with which the Chinese undergo this bombardment of commercialism remains remarkable.

¹⁶ 'China tightens up TV ad rules' – <http://news.bbc.co.uk/2/hi/business/4090243.stm> (12/12/2004)

¹⁷ Point Of Sales: the physical location where an economical transaction is executed. An illustrating example is the placement of LCD screens at cashiers in convenience stores in Shanghai, creating an advertising opportunity while the customer is waiting in line to pay for his products.

3.4.2. Political forces

Rather peculiar, yet inherently related to the dramatic societal shifts, is the quick adoption, diffusion and development of the Internet in China. According to Qiu (2003) these developments can be traced back to techno-nationalistic convictions of the Chinese governmental institutions. Study of Chinese history reveals continuity in the strife for Chinese technological advancement, leading to technological advancement programs as the 'Great Leap Forward' in modern Chinese history (Qiu, 2003). Indeed a strong governmental influence can be observed in the historical and current development of the Internet in China.

One of the most profound examples of governmental control and a frequent object of discussion is the Chinese Golden Shield Project or as it is frequently known outside of China: "The Great Firewall of China". The Golden Shield Project is owned by the Ministry of Public Security of the People's Republic of China (MPS) and is officially an instrument to enhance the capabilities and efficiency of the Chinese police (Walton, 2007). In practice the Golden Shield Project's existence is to protect domestic interests from the disrupting and subversive elements that seek to increase awareness and their sphere of influence by means of the Internet: censorship of any content that is considered harmful or undermining to the authority of the CCP. The project utilizes a multitude of technological solutions consisting of IP blocking, DNS filtering and redirection, URL filtering, packet filtering and connection resets (Edelman, 2002). In addition to the Golden Shield Project a multitude of governmental institutions are in existence whose functions in addition to research and development of the Internet consist of its monitoring and control. These government institutions in their actions can rely on the cooperation of MNCs who in order to operate in China consciously cooperate with the PRC in a degree of censorship¹⁸. These idiosyncrasies have created an online environment whose development is controlled by governmental forces on one hand yet on the other hand is being destabilized by societal and political forces who utilize the medium to materialize their endeavors and own agendas. The apparent dichotomy has given form to an online environment where predominantly the entertainment and informational aspects of the Internet are emphasized by the majority of the users – an Internet shaped in great effect by the government forces whose intentions are to create the Internet as a sole economic instrument excluding expressive elements concerning social and political perspectives (Qiu, 2003). In context of the greater societal developments the correlation with the social consumerism is apparent. In effect, the Internet is utilized by the Chinese netizen as an instrument for gratification, ignoring the social and political possibilities in favor of superficial hedonism and escapism.

As mentioned above, contrasting to the general mass of the Internet medium there are social and political forces that operate to increase awareness for several social and political issues. These forces – existing predominantly of social rights movements, political idealists, journalists and sexual and ethnic minority groups – endeavor to increase awareness for their social or political cause. Many Chinese journalists write blogs as despite the enforced regulations the medium allows a greater freedom of expression compared to traditional media. Governmental forces striving to counteract these forces usually operate reactionary, counteracting new forms of communication and organization only when they arise and begin to approach a critical mass. Despite these seemingly disruptive forces, social and political awareness is limited with the average Chinese netizen – the entertainment and lifestyle perspective that most Chinese netizens adopt effectively neutralizes the propensity for such awareness. Despite the expressive and social reforming potential of the Internet medium, the high growth of the Internet can be maintained within the confinements of the PRC's current political system (Qiu 2003).

¹⁸ 'Microsoft censors Chinese blogs' - <http://news.bbc.co.uk/1/hi/technology/4088702.stm>

In short, the Internet landscape in China is subject to a multitude of political forces continuously exerting their influence on the evolution of the medium. The regulation of the Internet may appear as a clearly defined policy but is in reality executed by various governmental institutions that lack a coherent direction or central authority. An illustrating example is an interview conducted by the New York Times with former president Jiang Zemin, where the former president openly praised the newspaper without knowledge of the website being inaccessible from China. The website nytimes.com was removed from the ban list in China shortly after this interview.

The Internet has always been fueled by a bottom up development and it remains to be seen for how long the PRC government can continue to enforce a top down control on the medium. Despite the efforts of the PRC government to continue regulating the medium, the Internet in China has developed in to a significantly more pluralistic and diversified phenomenon compared to the uniformity of traditional media. Although the Internet in China remains predominantly an economic and entertainment instrument for the average Chinese netizen, social and political awareness is slowly growing and creating fruition for a more liberalized medium. The Web 2.0 development and the expected resulting increase in citizen journalism will give rise to a new generation of Chinese netizens who will attempt to utilize the medium for more than solely entertainment purposes. Some experts like Michael Anti¹⁹ expect that the Web 2.0 development will severely catalyze the liberating development. It is however essential to acknowledge that the Internet censorship regime in China has more than political aspects; the regime is as much a result of the complex political environment as it is from the bureaucratic heritage and economic agendas.

¹⁹ Michael Anti is the alias for prominent Chinese journalist and blogger, Zhao Jing, who writes about freedom and human rights in China. His blog was censored last year by Microsoft proactively after the company decided the blog wasn't abiding to local laws.

3.5. Conclusion

In this chapter an exploration on the Chinese Internet landscape has been conducted and the relevant actors, the current trends and developments and the contextual factors concerned have been identified. The following characteristics are discussed with their implications and conclusions:

- An interesting fact that was exposed in the exploration of the industry is the strong representation of Chinese companies in the Chinese Internet landscape. Where companies like Google, Yahoo and eBay are frequently found to be the market leader in many countries worldwide, we see this role occupied by a local company in China. Companies like Sina, Sohu, 163.com and QQ.com occupy the role of portals while search in China is dominated by Baidu contrary to Google. eBay is but one of the many players in the Chinese C2C market which is dominated by Taobao.com. The dominance of Chinese companies can be attributed to the later entrance to the market of their western counterparts. The fact that global companies like Google, Yahoo and eBay have not been able to rise to the position of local market leader, a fact that has occurred in many other occasions, can possibly be attributed to the first mover advantage and relevant social and cultural factors.
- The Web 2.0 phenomenon is characterized by many developments and principles but is most accurately reflected in a distributed network philosophy relating to application development, data and services. An important consequence of the Web 2.0 development is the empowerment of the common Internet user, both in media generation as in the creation of added value. This development is analogue to the philosophy proposed by de Chernatony & McDonald (2003) who propose a looser control of the brand. The online branding community should not only follow the Web 2.0 developments closely in order to determine what media, channels and activities will be appropriate in the near future, but perhaps more importantly to understand the shift in mentality this development will instigate in the Internet user. Although the Web 2.0 development is frequently characterized by its technical developments and applications, its most important effect is psychological as the attitude of the Internet user and hence the consumer will change drastically. Consequently, the philosophy proposed by de Chernatony and McDonald (2003) will no longer remain a strategy to online branding but rather a fact inherently related to the medium. Although the online advertising industry in China appears to be adapting to the Web 2.0 development, the realization of this significant change in attitude is not immediately apparent.
- The social and cultural context in China is influenced by many and complex factors originating from longtime traditions and values and the historical legacy of a tumultuous 20th century. One of the peculiar social developments in China is the radical shift the society has seen from an ideological communistic society to a society that embraces the concepts of consumerism and capitalism. The opening of China to foreign influences has seen an increase in newfound wealth and prosperity and has given rise to an apparent form of ultra-consumerism. The development appears to be stimulated by the PRC government who indulges the population with superficial wealth and economic development in order to distract them from issues like social and political freedom/development. The Internet in China has been carefully shielded and developed with a similar strategy and is hence predominantly utilized as an economic and entertainment instrument. However, the medium shows more pluralism in comparison to the traditional media and the liberating potential of the medium is slowly opening up more social and political discussion, despite the institutional efforts to undermine these. The effects of the Web 2.0 developments in China will be hard to predict. While the instruments and applications associated with the development are already manifesting in China, the change of attitude in the Chinese Internet user will have more difficulties manifesting.

4. Review on the know-how on online branding at ES

In this chapter the know-how and methods on online branding at ES are reviewed and classified according to the different aspects of the framework of analysis (see Figure 2). Research has been conducted by interviews with senior management and desk research examining websites, documented cases and other relevant material.

4.1. The interactive agency

In the recent years interactive agencies have emerged in the advertising industry. Having not yet fully embraced the Internet medium, traditional creative agencies lacked the insight and technical expertise to offer advertising services on this new medium creating the opportunity for such a specialized agency to evolve. Interactive agencies have much in common with web design firms, utilizing similar technology and know-how and often servicing the same clients. An interactive agency offers a different range of services however which are inherently strongly advertising oriented. The core business of web design firms can often be defined as: the design and development of websites and/or consultancy services related to e-business or e-commerce; whereas the core business of an interactive agency can be defined as: advertising and marketing through primarily the Internet medium and all consultancy services in relation to these activities.

4.2. Online brand experience

This paragraph reviews which of the different aspects of the online brand experience – *brand values, the promised experience, design relevance, locating the brand, speed of download and usability, link to other brand building activities, differential reward/motivation* - can be identified in ES know-how and methods and how these aspects are utilized in practice.

4.2.1. Brand values and the promised experience

Unsurprising for a creative agency, ES has a very pragmatic view on branding. The perspective on a brand focuses predominantly on the concept of brand equity as stated by Aaker (1993). The brand is considered an asset that ensures future sales can continue to be driven. Managing brand equity through brand building activities like advertising ensures the brand remains a strong asset.

Brand building or branding is considered a process where through interactions like events, promotion and advertising, the right experience is delivered to the customer. It is here where we can observe the fundamental nature of the agency: the focus lies with planning and creating the right experience to communicate and build associations with the brand values.

Rational values, emotional values and the promised experience

In the advertising industry brands are often defined by their core values and the concept of the brand as defined in the brand triangle in the framework of analysis is very similar to how brands are defined in practice at ES. Although both rational and emotional values are considered in practice, ES makes no distinction between the two. This can be attributed to the way clients define their brands as often this distinction is not made by the client either. As is common in the industry, knowledge about the brand is gained by the agency through a briefing. In a briefing the client communicates to the agency the essence of the brand, what the objectives are for a promotional event or campaign or, as is common on the online platform, what the objectives are for a specific (brand) website. Through the briefing and possibly additional material provided, ES can then obtain the necessary information about the brand to develop their proposal. Adequate briefings or materials are not always provided as it is sometimes left to the agency to research how the brand is defined by the client.

As mentioned above, the brand experience takes a central role in the ES branding process and brand building activities are aimed at providing the customer experiences that are linked to the brand values. Brand experiences are defined and shaped based on the core values of the brand. Within the course of a pitch or project the brand experience that is to be communicated is determined through creative meetings and brainstorm sessions. The proposal itself is then written by the creative director or account manager in charge of the project. The aspect *promised experience* in the framework of analysis is hence considered prominently present in ES methods.

Brand relevance and brand preference

The concepts of brand relevance and brand preference are present in ES methods although these concepts are not explicitly identified or defined. A customer-interaction process similar to Aaker 's customer-interaction process (Aaker, 2004) forms the basis of marketing and branding activities at ES (See Figure 4).



Figure 4, ES' consumer purchasing process

(Source: ES proposal for SVW Interactive Marketing Strategy 2007)

The consumer purchasing process has only recently been developed at ES and is still largely unfamiliar with a large part of the organization. As was mentioned prior, rational values are not specifically defined in ES methods. However, in the context of the consumer purchasing process product benefits or advantages are often identified for analysis purposes.

4.2.2. Design relevance

Graphic design has always been an important part of ES' activities as the company originated as a production house/web design firm. It was from this part of the value-adding process the company integrated vertically and eventually expanded to provide services associated with an (interactive) agency. A great number of the ES personnel bases consist of graphic designers making up what is known as the creative department in the industry.

Site appearance

Advertising has always been strongly associated with graphic design; the earliest advertising media consisted of billboards, posters and other physical image carriers. Inherently, the graphical aspect formed an important part of communicating the brand image. Even though graphics are not necessarily the most important aspect in online branding, it remains prominent as visual appearance is what most people rely on to establish a first image and remains a strong factor in appraisal.

Adopting the correct visual style is a highly intuitive process at ES. There are clients that have detailed manuals on style and design parameters, yet in many cases the agency is left to research for itself what would be the appropriate style. With lack of a detailed manual the visual style is often adopted from any hardcopy reference material or past advertising. It is a simple and straightforward solution that will ensure consistency of the brand image on the online medium. In cases where prior information or material is not available, meetings or briefings between account manager and designers can be held in order to determine the right brand image. Creating the appropriate visual style is then left to the designer's discretion but is frequently communicated and verified with the account manager.

Navigation

The interactive potential of the online medium can be greatly utilized for branding purposes in the navigational aspect of a website. With the use of technologies like Flash or Shockwave, a website can be associated with a trendy or high tech image by utilizing non-conventional navigation methods. An illustrating example at ES is the SVW Touran brand web site where the navigation consisted of strong visual aspects and imagery. The method of navigation is not immediately apparent and can be confusing at first. However, the visitor is challenged to discover the website and it quite rapidly becomes apparent that the navigation focuses on the highlights of the various technical and aesthetic aspects of the Touran model. By clicking on these navigational elements the user can access detailed information about these aspects. The navigation has a playful and intuitive style as it enables the visitor to virtually explore the inside and outside of the car. The visual style is further supported by the use of 3D models and imagery, enabling the user to observe the car from multiple angles, viewing cross sections of the car and enabling the user to perceive the inner workings of the car like engine, suspension, brakes, etc. In order to avoid confusion, the navigation is supported in certain sections with a conventional navigational menu.

Concluding, design is the most conventional part of online branding; it is the aspect that is most easily understood and checked by the client. Hence, with very few exceptions, the brand image is consistently communicated online in relation to the design aspect. This is in combination with a solid background and great talent in graphic design, contributes to the aspect of design relevance being well covered in ES know-how and methods.

4.2.3. Locating the brand

At ES there are seven channels considered in online branding: *the website, online pr, e-mail, chat, search, online media* and *advertising*. These channels are imperative when considering in what ways the consumer is able to locate the brand.

Website

The website forms an essential part in the online branding process. The brand website, or the 'mini-site' as it is typically known at ES, forms an important part of ES' activities and is essentially a website dedicated to a specific brand or product. Even though the website continues to be the focus of a great number of online branding campaigns, there is a trend perceivable where other channels are gaining in importance. This trend can be partly attributed to the Web 2.0 development as social media and blogs are increasingly gaining ground. However, the website remains the focal point of an online campaign as in the current situation other channels are usually employed in service of the web site. This is to be expected as the website not only fulfills the role as a branding channel, but is perceived by the consumer as a direct representative of the company; a virtual version of the company on the Internet.

Another role we can observe is the role as integrator (Aaker, 2004) as was mentioned in Chapter 2, a role that reinforces the role of virtual representative: the website can provide product information, special services, customer feedback, e-commerce, etc.

A dynamic aspect can also be observed in the website's central role in an online campaign. In a campaign a website can start of as a teaser website, displaying minimal information, designed with the specific role of enticing the consumer and awakening curiosity or creating buzz²⁰. During the course of the campaign the website is redesigned in structure and appearance as it is adapted to the current role in the campaign. We can observe this strategy in a case where ES cooperated with Ato Ato, a media production house, in producing an online video show for Teflon - a contest was held in order to find an official Teflon spokesperson. The campaign consisted of three phases. During phase 1 the website's main function was creating buzz for the show and enabling contestants to sign up for the show. A teaser video and information regarding the contest, dates and competition rules formed the main content. Phase 2 was characterized by a popularity contest where visitors could vote for the most popular contestants and view their profiles and promotional videos. The website was redesigned for this phase in order to focus more on the contestants and their profiles. During the 3rd and final phase the online video show was being broadcasted and the website's main function consisted of an archive for the online videos. The website was redesigned to focus on the video episodes and to accommodate a user- friendly interface for viewing videos.

Online PR

An interesting channel is that of online PR, a branding activity that is not widely known outside of the industry. Within this channel a distinction can be made between a 'soft' and a 'hard' approach. The soft approach is considered the use of online media and opinion leaders; through the controlled diffusion of information through these actors the brand image is carefully managed. This soft approach is what is commonly referred to as online PR. In addition to the soft approach, ES employs another approach for online PR which is identified here as a hard approach. Through ghostwriters and clone accounts the ES online PR team actively attempts to influence the public opinion in a specific community (e.g. forums) by posing as a consumer itself. The online PR team's endeavors consist of neutralizing criticism and subtly creating positive support for the brand. Both the soft and hard approaches are employed extensively by ES and have been very effective in their online campaigns.

E-mail

Mail is predominantly used as a supporting channel in the form of EDM, Electronic Direct Mail. ES has assisted clients like ELLE China set up an electronic magazine but use of EDM as a long term branding instrument is commonly not executed by ES itself. The main reason for this is that it requires specialized knowledge about the product/industry in order to set up and maintain an e-zine with regular appearance. Hence this kind of branding instrument is usually done in-house by the client itself after initial setup by ES. EDM is actively employed in order to alert existing clients on new promotions or to the launch of a new brand website or product. Another motivation for using this channel is for generating exposure and buzz. EDM can be used to notify a population of consumers that have been selected from a database or from previous purchases or mailings. This population is targeted with an electronic mailing and through a viral option, either embedded in the mail or on a website, these consumers can alert friends or family and create exponentially growing exposure.

Online advertising

As was mentioned in the previous chapter, the portals like SINA, 163.com or Sohu form important pillars of the Chinese Internet landscape. The portals fulfill an important function for the Chinese Internet user and centralize and integrate a variety of topics of interest. With a large number of visitors attracted to these portals daily and the different topics of interest enabling focused targeting, the portals make up the frontline for online advertising in China. Just like e-mail, online advertising is predominantly used for supporting a new brand/product website or online campaign. Banners and buttons are applied in different industry formats to advertise and create exposure. An important aspect

²⁰ Buzz is a term used in the industry to signify topics or interests that are currently in the news or talked about.

in ES' online advertising is their cooperation with the US Eyeblander. Eyeblander is a Flash service provider and delivers Flash technology to create advanced (interactive) banners in different Flash formats.

Another interesting development in this channel is the rise of online video or web casting in 2006. This development was discussed in the previous chapter and it is a development that should undoubtedly be taken into consideration with future branding activities. ES is currently investing time and resources in researching this new channel as it is expected to create new branding opportunities for the coming year.

Search

The increasing importance of search is one of the developments that can currently be perceived in the Chinese Internet landscape. Traditionally the portals held the largest share in information distribution but with the continuing growth of Baidu, Google and MSN, search is becoming an important factor within branding activities. In the current situation at ES, SEO and SEM is predominantly outsourced to a specialized company. The use of SEO and SEM in branding efforts is as of yet limited. An aspect of search engine marketing that is actively employed by ES is the use of PPC advertising. ES has a specialized media team that uses a mix of PPC advertising at portals and search engines depending on the product/service.

Chat

The use of real time messenger software or chat as a channel for branding activities is still very limited. Although the channel offers a very specific target audience for targeting purposes, the channel has not yet been fully accepted as an adult medium. There have been cases however where this channel has been successfully exploited. Not an ES case but a very good example is a prior campaign by Coca Cola China focused on the customization of QQ avatars. The campaign was very successful as the avatars were very popular with the target audience and hence created tremendous buzz and exposure. The Coca Cola and QQ cooperation had a lot of branding synergy as both brands communicate a fun and energetic image. However, as the medium is not accepted fully yet, the branding and marketing potential of this medium is still limited to a few brands. ES has utilized this channel in the past by creating branded MSN pictures and Smilies but use of this channel remains limited.

Online media

With the portals in China occupying a prominent role in online media, it should come as no surprise that the portals are used frequently for branding activities at ES. A portal like SINA has several categories that specialize in a certain topic or area of interest. Within such a category, e.g. Sports, content can consist of news, articles, reviews, columns etc. Branding through such online media will consist of the release of specific articles or information through a predetermined channel.

Another use of online media consists of creating a separate channel in itself to promote the brand or a specific campaign. A new section is then created on the portal and dedicated to the promotion. For instance, in the earlier mentioned Teflon case a separate section was reserved on the SINA portal to display the content and footage of the video show. No separate website was constructed and the section on SINA remained the only official source of information and video footage. The advantages of such an approach are mainly in creating exposure. The added value from a branding perspective is limited when creating a reserved section on a portal; a section reserved for the brand is not much different from an independent brand web site. This is not the case when articles are released through a specific category or topic of interest. For instance, a brand that wishes to build on its healthy image and brand association could select the Sports channel on SINA to release new product information.

The case is also different when the partner website is chosen to create a specific association. This is illustrated by the case of an undisclosed²¹ soft drink manufacturer whose objective consisted of creating an association between the brand and the dining experience. In order to achieve this, the soft drink manufacturer approached Dianping.com for a cooperation. With Dianping.com being a highly popular dining web site in Shanghai, a strong association could be created by advertising and conducting branding activities through this website. In addition, a promotional campaign would be launched enabling visitors to download an e-coupon from Dianping.com. This e-coupon could be redeemed at participating restaurants from the Dianping.com network for a free drink from the soft drink brand

4.2.4. Speed of download and usability

Speed of download

Speed of download is not explicitly considered in ES methods and there are no explicit guidelines to the maximum download time of a website. In most cases examined download times for websites were within the 10 seconds²² although there were some exceptions incorporating heavy rich media and Flash where the download time of a website could exceed the 60 seconds.

Online video, Flash and Shockwave are powerful instruments for branding but can increase the download speed of a website significantly. Although consumers that visit a website with the intention of obtaining specific information they can be more forgiving and willing to wait for richer content like Flash and video, this not the case when dealing with advertising and a consumer is 'ambushed' or unwillingly submitted to the brand in a seemingly unrelated context (e.g. the use of banners and buttons on portal websites).

Usability

The convenience with which a site can be navigated is considered in varying degree in ES methods. In larger projects the usability is carefully considered in the planning process and websites are designed page by page in so called 'web flows', detailed, abstract lay-outs depicting the locations of links, image, buttons and various navigation elements. In other projects though, often smaller ones, the usability factor is not considered though and will only be addressed in an iteration rather late in the production process or after the website has gone live and navigational issues are exposed.

4.2.5. Link to other brand building activities

According to Aaker (2004) linking brand building activities to the website is of uttermost importance. Visiting the website should reinforce the brand experience by being an important part of the brand experience itself and exhibiting clearly how all the brand building activities form part of this larger brand experience.

ES has frequently used offline activities in conjunction with a website. An example is the case of Olay where consumers could use several media, including the website to obtain a special code or e-coupon. This e-coupon could then be redeemed at specified distribution points for a free sample. The case not only illustrates the linking of brand building activities, but also the use of cross media promotion. The website is also used as an integrator (Aaker, 2004) here as it not only functions as one of several media through which the coupon can be obtained, but is also an excellent source for information about the promotional campaign, regarding the new product, how to redeem your free sample and at which distribution points the coupon could be redeemed. The case illustrates exceptionally how the visit to the website is integrated in a larger branded experience.

²¹ At the time of this research the project at the soft drink producer was still being pitched. Because of confidentiality reasons regarding this case the name of the soft drink producer has been omitted.

²² The 10 seconds rule is neither an explicit guideline nor an industry benchmark rather it is frequently used as a rule of thumb to pass judgment on the download time of a website.

4.2.6. Differential reward/motivation

Finding a way to create motivation to return to a website can be quite difficult as concepts can easily be copied on the Internet and quickly tend to become industry standard. ES has employed instruments like games, downloadable ring tones, branded wallpapers, e-cards and other commonly employed instruments for creating branded content. It is imperative to keep on finding new ways to differentiate a website, either by developing new differentiating aspects or reinventing the current instruments to a new standard.

The website ES designed for SVW Racing featured the reinvention of an existing instrument: an online racing game was developed that offered the first game in China of high playability combined with 3D graphics. The game had great impact because of its sophistication and created huge exposure for the website. The website itself won gold in the China Online Advertising Awards 2004.

Instruments that are also applied are CGM in marketing and the online community. CGM is known at ES as DIY (Do It Yourself) media but is fundamentally the same concept. ES has used this instrument in several campaigns although not in such a high degree or level of sophistication as in the previous mentioned Converse Chuck Taylor and Chevy Tahoe cases. The use of CGM has been limited to entertaining features on the website like the possibility to create your own wallpaper or e-card.

Another commonly employed instrument is the virtual community. The virtual community has been a popular branding instrument with many brand owners for some time now. It utilizes certain aspects that are considered to be advantages of the Internet medium by de Chernatony & McDonald (2003): network effects and relationships, interactivity and even customization to a certain degree²³. The virtual community allows the consumer to be engaged by the brand to a level that was previously unattainable hence creating an evident differential reward. Consumers can share the brand experience and communicate with others on a large and frequently global scale, hence sharing experiences, exchanging ideas and deepening the experience of the brand. The aspect of involvement as defined by Aaker (2004) can be observed in this context.

It is extremely difficult to set up a successful virtual community and the factors that contribute to such a community are a complete study in itself. Hence, only the branding aspects of a virtual community have been considered in this research. A case that has been examined at ES is the MySVW Club which was partly implemented by ES for SVW. The SVW Club involves a combination of privileges, social media, blogs and premium content to create a differential reward for the visitor. From a branding perspective the SVW Club aims to create an experience that ensures visitors return to the website and continue to interact with the brand. Interactions with the brand will consist of updated content while the brand experience itself is deepened by the interaction between members; the interaction being a branded experience due to the SVW environment.

²³ Virtual communities like the Samsung Fun Club enable members to exchange phone media and software in order to personalize their phone. – <http://www.samsungmobile.com> (8/12/2006)

4.3. Meta aspects of online branding

In this paragraph a review is conducted on ES know-how and methods by considering whether the different meta aspects of online branding – *the role of the medium, the context of the brand, utilization of the medium* – can be identified in ES know-how and how they are utilized in their methods.

4.3.1. Role of the medium

ES senior managers often claim the ES perspective on online branding is that it is no different than branding on any other platform. This philosophy is reflected in the online channels ES considers for branding as all branding activities that are conducted through offline media are considered portable to the online medium and have an online equivalent in ES philosophy. It is further reflected in the ES philosophy that the interactive aspect that is normally attributed to the Internet medium is considered an aspect that can be replicated in different media types.

The company has been built on two core values: integration and interactivity. These values are reflected in both branding philosophy and company strategy. The concept of integration has been applied to their company strategy by vertically integrating services related to the online medium: ES started out as a web design firm focusing solely on the production of websites but has integrated services like photo production and media planning in the course of time. In addition, integration has been applied by venturing into branding activities through other media: ES has organized offline promotional events for several key-accounts. At first offline events were conducted only as supporting activities but later on campaigns were created integrating online and offline branding activities to a high degree. The ES philosophy on this point shows similarities with Aaker (2004), who sees the Internet as an integrator of branding activities, although an important distinction can be made: ES not necessarily sees the Internet as *the* integrating factor in their branding model. Despite their theoretical perspective, in practice the Internet is recognized as a powerful medium that is capable of redefining business models. This is illustrated by the ELLE China case where ES proposed the client restructured the website into a profit center and concentrated more effort into the online medium. The reasons for this strategic move were the decline of readers for ELLE magazine and the entrance of a large competitor to the Chinese market. ELLE has a considerable market share in China but was losing market share to this new competitor. It was reasoned the stronger focus on the online medium and a redefinition of the online presence could both consolidate the decline of readers of the magazine and in addition create a strong differentiating factor in comparison to the competitor(s). Concluding, the ES perspective on the role of the Internet is rather ambiguous as it is considered in some cases as comparable to conventional media, while in other cases a strategic instrument that can redefine business models and industry.

4.3.2. Context of the brand

One of the strong points of ES is that they have intricate knowledge and understanding about the Chinese market due to their background and experience with the Chinese market. This is especially true for knowledge on Chinese culture and the target audience. It is imperative the agency understands the social and cultural context thoroughly in order to achieve the desired results through communication. With a deep understanding of social and cultural values, semiotics and insight in the purchasing behavior of consumers and their lifestyle ES has considerable expertise in advertising on the Chinese market.

However, the marketing literacy as proposed by Goodyear (1993) identifies a different aspect in societal context. This aspect identified by the author relates to the marketing exposure a society has been subjected to and the capabilities the society has developed in interpreting the marketing communication to which they are exposed.

At ES the marketing literacy or a similar concept is not considered as a factor in their branding activities. Communication towards the consumer appears to be on a dictating level: one-way communication is predominantly used for branding activities. However, ES has attempted to engage the consumer more with a dialogue by loosening the brand's control similar to what is proposed by de Chernatony & McDonald (2003). There is also a shift perceivable in ES perspective as it is getting more and more important to cooperate with the consumer in defining the brand at ES. A deeper understanding and exploration of the marketing literacy of the target audience is recommendable in order to develop a more sophisticated dialogue with the consumer and achieve more effective results.

Brand development from the perspective of selling propositions is also not considered in ES know-how or methods. The selling proposition is a concept that is significantly different from the way a brand is perceived at ES. Although the brand is perceived as an economic asset at ES, the marketing aspect of differentiation is not strongly considered: *how or what differentiates the brand and creates its Unique Selling Proposition*. Rather the emphasis remains on communicating the brand values as they are presented by the client without considering the differentiating aspect.

A selling proposition that has been applied by ES on occasions is the brand as a lifestyle. Within this concept either a lifestyle is created around the brand or the brand is actively associated with a specific lifestyle through the branding actions. This approach can be observed in the successful SVW Touran case where a lifestyle of freedom in traveling is created around the Touran brand.

4.3.3. Utilization of the medium

Aaker (2004) identified three concepts that contribute to a greater involvement of the consumer in branding activities. Of the three concepts, amplification, differentiation and integration, only the latter is explicitly referred to in ES know-how or methods. The concept of amplification is not explicitly identified as an important concept in online branding but the effects of amplification are known. Online channels or branding instruments have been employed in order to achieve amplification, e.g. distributing content on the ELLE China portal.

Differentiation is not as much a goal as a result of creative urges and the nature of the advertising industry which continually demands new ideas. Hence, the differentiation aspect is present in ES practice, but the need for differentiation is not a strategic consideration as it is considered by Aaker (2004).

Integration is strongly considered in the ES philosophy although it is slightly different to the concept as is proposed by Aaker (2004). Where the author sees a central role for the Internet medium, the ES philosophy not necessarily focuses on this medium. This is peculiar considering their background as an interactive agency, but originates from the conviction that the branding activities that are conducted on the Internet medium can be ported to any other media type and vice versa. Hence, the integrating role is not necessarily reserved for this medium.

Concluding, the concepts amplification and differentiation can not be identified as important aspects in ES know-how or methods but the concepts are known to a certain degree. The integral concept of involvement as identified by Aaker (2004) is more actively considered instead of the specific concepts. As mentioned earlier the philosophy that the brand should be defined and interpreted in cooperation with the consumer, comparable to a looser brand control as stated by de Chernatony & McDonald (2003), is gaining more ground.

The advantages of the medium defined by de Chernatony & McDonald (2003) are more consciously utilized. These advantages are applied to various degrees in ES methods. The potential of network effects and relationships is an advantage of the Internet medium that is actively utilized and is mostly reflected in the former mentioned involvement aspect and the use of virtual communities for branding purposes. However, these methods remain on the level of 1-n communication or n-n communication. In order to build genuine relationships a higher degree of personalization (1-1 communication) is necessary.

This brings us to the next aspect: customization. At this moment there is no true 1-1 communication in the branding activities at ES. This type of communication is what is considered by many industry specialists to be a prominent development in online marketing. In order to cope with this trend and better utilize this advantage in the future, ES has recently set up a CRM development team and is developing its own instruments and expertise on this field. In the future this aspect will be actively incorporated in ES practice.

As mentioned earlier, interactivity is considered one of the main pillars of ES methods and philosophy. For this reason, the aspect of interactivity is thoroughly considered in all ES branding activities. The aspect is considered a very important factor to interest and involve consumers in the current arena of branding. It is often hypothesized in the industry that advertising is becoming less and less effective as consumers are nowadays confronted with a multitude of media and both the increase in frequency and intensity have led to the consumer developing a selective and shorter attention span. Interactivity is considered a factor that can entice the consumer to continue their interest in advertising and is therefore considered a very important factor in branding at ES.

4.4. Branding in China

In the previous paragraphs the methods in respect to online branding at ES have been reviewed utilizing the framework of analysis. The framework of analysis has been composed of relevant theoretical aspects identified by western authors and one can justifiably question to what extent these aspects are relevant when branding in China. According to Tom Doctoroff, CEO Greater China at JWT, China can be defined as a classic branding market where there is no fundamental difference in the principles of building a brand. Considering the methods that are employed at ES and own personal experiences, there is little ground to doubt this statement; methods employed at ES follow the principles of classic branding and the aspects that are considered are no different than in the western methods. There are however some characterizations in the way branding is executed, predominantly related to the relative newness of branding in China and the way brands are perceived in Chinese society. These characterizations are derived from the research on ES methods and the observations of branding and advertising activities in China and are as follows:

- A large factor of influence in branding in China are the brand-owners as the field of branding is relatively new in China and companies frequently need to be 'educated' on the concept of the brand. A change of mentality is needed as the very organizations themselves are sales-driven rather than marketing driven focusing on stimulating the transaction rather than fulfilling consumer's needs. A short term orientation is maintained and research is scarcely utilized. Branding in China is frequently focused on creating brand awareness without enough emphasis on building brand equity. Hence branding is often limited to external branding, specifically aggressive promotion and advertising without any organizational or product alignment or customer support in order to manifest the brand promise in practice.
- Another characterization can be found in a certain degree of conservatism and self-censorship that can be perceived in Chinese advertising. Advertising often pushes on social boundaries, playing on sexual innuendo, risqué matters and utilizing humor, both as a differentiating and amplifying factor. In China there are however limitations to what a brand can say or project hence we see more restraint in the topics or ideas utilized. Analogous to the different media (broadcasting channels and newspapers) advertising in China seems more homogeneous and project more neutral messages avoiding explicit sensitive issues.
- As was stated above, advertising in China seems preoccupied with finding the latest gimmick or buzz. Although this is inherent to the advertising industry, this is more strongly the case in China where the latest instruments can be employed without strong consideration in the added value it can create in branding. Two factors can be attributed to this: the affinity and interest in new technologies and gadgets that can also be observed in countries like South-Korea and Japan, and the Chinese obsession with new (technological) developments and the rejection of old things. The latter has been mentioned above in Chapter 3 but is also observable in the value-perception of the Chinese consumer which will favor newer products and fashionable topics over those that are older.
- The last characterization that is observable in branding in China is the increased importance of WOM and its online variant. This can attributed to the importance of the social reference group, a derivative of the Chinese social values. Branding in China therefore needs to consider the reference group as a factor, not only utilizing the mass media for influencing public opinion, but specifically identifying the influencing actors and factors in the reference group.

4.5. Classifying the ES know-how and methods

In this chapter the know-how and methods on online branding at ES have been reviewed utilizing the framework of analysis and the aspects that were considered in ES know-how and methods were identified. The ES know-how and methods are classified according to the framework of analysis (Figure 2) and for each aspect in the framework whether and how the aspect is considered in ES methods is discussed. Where ES methods show improvement according to the theoretical aspects a possible point of improvement is identified.

Aspects in Framework of Analysis	ES know-how and methods in practice
Online brand experience	
<i>Brand definition</i>	
Brand values	Brand values are used as the predominant means of defining a brand. However, the brand values are not always defined in a project and no distinction is made between rational values and emotional values. Coordination with client regarding brand values shows room for improvement. Method is designated as a <i>point of improvement</i> .
Brand experience	The brand experience is used in creative meetings and brainstorming session in order to determine branding strategy and activities for projects or campaigns. Proposals are written utilizing the brand experience but the aspect is not always incorporated. Coordination with client regarding brand values shows room for improvement. Method is designated as a <i>point of improvement</i> .
Brand relevance	In the consumer purchasing process the brand relevance is not explicitly considered but understanding of the concept and its importance is evident. Brand relevance is predominantly used for planning of marketing and branding activities and remains largely tacit knowledge residing with the creative director and account managers in charge. Method is <i>not</i> considered for improvement.
Brand preference	In the consumer purchasing process brand preference is not explicitly considered. There is an understanding of the concept but the aspect is not used in planning of marketing and branding activities and remains largely tacit knowledge residing with the creative director and account managers in charge. Method is considered a <i>point of improvement</i> .
<i>Design Relevance</i>	
Site appearance	The graphical aspect is considered strong in ES know-how and methods. ES has a talented and extensive creative department capable of performing to the highest industry standards. The graphical aspect of branding is well understood by the client and frequent communication and coordination result in high performance on this aspect. Method is <i>not</i> considered for improvement.
Navigation	Navigation is actively considered in some projects while in others the aspect is largely neglected. This can be attributed though to the nature of the navigation aspect and the fact that the navigation style can not always be utilized for branding purposes. Method is <i>not</i> considered for improvement.
<i>Speed of download and usability</i>	Usability is considered in varying degree at ES. With larger projects the method of creating web flows is utilized which is an excellent method to analyze this aspect thoroughly and to communicate externally with the client. The method can be time-consuming though and is hence not consistently utilized, frequently in smaller projects. Speed of download is not formally tested or considered nor are there actual guidelines or benchmarks to aim for. Method is considered a <i>point of improvement</i> as consistently utilizing the creation of web

	flows will consider this aspect more carefully and the speed of download should have a norm to which projects can be evaluated.
<i>Location of the brand</i>	ES has a strong understanding of the various channels that are available for online branding. The ES utilization of these channels is considered very effective in the current situation. Method is <i>not</i> considered for improvement.
<i>Link to other brand building activities or product/service</i>	ES has frequently linked their online branding activities to other brand building activities or the product/service. The methods that are used to realize this in practice are often creative meetings and brainstorming sessions for generating ideas for such possibilities. This aspect can be very case specific and usually can only be considered when a project can count on offline support of the client's marketing department. In the current situation little room for improvement is perceived. Hence, method is <i>not</i> considered for improvement.
<i>Differential reward/motivation</i>	This aspect is considered in ES methods but not as explicitly as intended by Aaker (2004). Several interesting cases have been identified at ES incorporating this aspect but structured documentation or methods are not present. More detailed information on the various instruments and cases is advisable as well as a stronger link with brand theory/definition. Method is designated as a <i>point of improvement</i> .
Meta aspects of online branding	
<i>Role of the medium</i>	The role of the medium is an aspect that is ambiguous in ES philosophy. Reconsiderations are advised about the fundamental nature of the medium and how it differs from the other (conventional) media. Especially considering ES is increasingly conducting advertising activities through other offline media and is envisioning consulting activities for future activities. Hence, method is designated as a <i>point of improvement</i> .
<i>Context of the brand</i>	
Marketing literacy	The marketing literacy is not considered in ES methods. The aspect is therefore considered a <i>point of improvement</i> in ES methods.
Selling propositions	The selling propositions are not considered in ES methods. The aspect is therefore considered a <i>point of improvement</i> in ES methods.
<i>Utilization of the medium</i>	
Amplification	The concept amplification is not actively considered in ES methods. There is understanding and insight in the amplifying potential of the medium but the concept is not utilized with strategic implications. Method is considered a <i>point of improvement</i> .
Integration	The concept of integration is strongly considered in both ES philosophy and methods although it differs from the concept as is described by Aaker (2004). The author identifies the integrating potential of the Internet medium for a company's branding activities, whereas the concept at ES is more identifiable as a company vision or value. Although identifiable in ES methods the strategic aspect is not strongly considered. Method is designated as a <i>point of improvement</i> .
Differentiation	The concept differentiation is not actively considered in ES methods. The differentiating potential of the Internet appears largely neglected with differentiation usually only manifesting as the drive to present new technologies or trends to the client. Method is considered a <i>point of improvement</i> .

Network effects and relationships	Network effects and relationships are only considered from an operational perspective; instruments like forums and e-mail are utilized to build relationships with consumers. The strategic implications appear to be neglected though as they are often not linked to the branding strategy and are employed without a clear functionality. Method is hence considered a <i>point of improvement</i> .
Interactivity	The concept of interactivity is also strongly considered in both ES philosophy and methods as it forms one of the company's core values together with integration. The aspect is frequently considered during the development of proposals and projects where it is made sure the interactive advantage of the Internet medium is utilized. Considerations are made whether interactive elements are sufficiently represented in a project by several personnel involved in the specified project: graphic designers, account managers, creative directors and occasionally even the CEO. Therefore, the methods concerning this aspect are <i>not</i> considered for improvement.
Customization	The customization aspect is not actively considered in ES methods. The concept appears to have gained in importance as there has recently been an initiative in developing know-how on CRM applications. Concept is neglected though in current methods and this aspect is considered a <i>point of improvement</i> .

Table 1, Classification of ES know-how and methods

In the next chapter a selection will be made of these possible points of improvement that will be addressed.

5. Points of improvement

In this chapter the points of improvement will be identified in the ES know-how and methods (Chapter 4)). Subsequently the important trends and factors identified in the Chinese Internet market (Chapter 3) will be related against the framework of analysis (Chapter 2) in order to determine what the likely priority areas are. Based on the priority areas, a selection will be made of points of improvement that will be addressed.

5.1. Points of improvement in ES know-how and methods

In the previous chapter the ES know-how and methods have been reviewed and classified according to the different aspects of the framework of analysis (see Table 1). Points of improvement were identified in this table and for each of these points of improvement suggestions will now be made.

Brand theory

Brand theory and brand definition at ES are dominated by the concepts of brand equity and brand values, pragmatic concepts that can be applied effectively by an agency whose core activities are creating advertisement and building brand equity. The concept brand equity is used in economic valuation where the brand is considered an asset that needs to be planned and managed. The brand values are used in brand communication: creating and developing branding activities and determining the appropriate communication and brand associations. The economic valuation of the brand is an important aspect to consider but no significant improvements can be perceived in light of the current research nor is it the most relevant for an advertising agency. The point of improvement is perceived in the brand communication, where a better brand theory definition will structure and possibly catalyze efficiency in the branding process. Brand definition can be improved as in the current use of brand values no distinction is made between rational and emotional values. Expanding the brand theory on this level will allow for a more sophisticated analysis and a thorough understanding of the brand.

Possible improvements:

- 1) Specifying brand values in rational and emotional values as depicted in the framework of analysis (see Figure 2) will improve brand analysis. The identification of rational values of the brand should be incorporated in ES' brand analysis methods. Identifying rational values will enable functional and motivational analysis of the product/brand which can be used for determining a communication strategy and deeper analysis on brand relevance; a better understanding of the functional value of a brand can determine whether and what kind of rational message will be appropriate.
- 2) The identification of emotional values of the brand should be incorporated in ES' brand analysis methods. Identification of the emotional values can be used for determining and improving communication strategy and enabling a clearer definition and utilization of the branded experience.
- 3) The brand values and brand experience need not only to be improved in internal communication but also in external sense. It is imperative that the brand analysis and definition that ES performs is consistent with the brand-owner's interpretations off the brand. Hence a mechanism for control and feedback should be incorporated that ensures brand definition is consistent during the course of a project.
- 4) Both the concepts of brand relevance and brand preference should be utilized by introducing the customer-brand -interaction process from Aaker (2004). At the time of this research no formal documentation of the customer purchasing process existed. Recommended is the utilization of the customer-brand interaction process instead of ES' consumer-purchasing process and the use of this instrument in ES methods and practice.

Speed of download & usability

The aspect 'speed of download' as is depicted in the framework of analysis is not consistently considered in ES methods and is therefore considered a point of improvement. Considering the extensive use of rich media and Flash in ES projects this factor should be more consciously incorporated in ES methods in order to ensure the download time of a website is within acceptable parameters.

In a similar way the aspect of usability should be addressed more consistently. The method ES currently utilizes is very effective although time-consuming. Consistent use of this method remains difficult hence additional instruments are recommended.

Possible improvement:

- 1) A benchmarking should be performed in order to determine what the industry standards are for rich media and flash websites and a norm determined that is consistently checked in quality control.
- 2) Consistent use of the creation of web flows is recommended. A checklist or questionnaire that checks the usability of a website is recommended to support the use of web flows or replace it in smaller projects.

Differential reward/motivation

The differential reward/motivation is well considered in ES methods although the motivation for such considerations originate more from a creative drive and the tendency of the industry to keep on finding new ways to ensure the attention of the consumer. New 'branding instruments' and trends like use of CGM in marketing or blogs are quickly adopted and utilized in branding activities. It is however recommended that these branding instruments and trends are researched prior in relation to brand theory and assessed thoroughly before being applied in practice.

Research should not be extensive as the novelty of new 'branding instruments' and trends will rapidly dissipate and a great exposure can be gained with a first mover advantage. In order to successfully execute effective branding activities through these instruments, an understanding of both the instruments as the brand is necessary; a more thorough analysis is required to consider *how* and *whether* an instrument can be utilized for a specific brand or campaign.

Possible improvements:

- 1) Knowledge management activities should be incorporated into the ES methods in order to ensure the knowledge on this aspect is up-to-date. The knowledge management activities should research channels through which knowledge can be maintained: literature, websites and other information sources to keep up to date. Research is to be processed and documented in a knowledge management system/database.
- 2) In addition, the knowledge should be assessed on pragmatic and commercial use and distributed on regular basis; meetings and brainstorming sessions are practical instruments to enable this in practice.

Role of the medium

The role of the online platform should be actively (re)considered at ES as it is currently ambiguously defined and does not accurately reflect the ideas in ES philosophy. Although the current methods reflect the philosophy that the Internet medium does not differ significantly from conventional media, parallel to this philosophy there are ideas about developing the I-business concept. The I-business concept revolves around the vision that marketing can generate profit instead of being a cost-center. ES is currently exploring the possibilities of offering consultancy services utilizing this I-business concept. As the concept will bring ES close to services of e-business and e-consultancy nature, the philosophy that the Internet medium is not different from other media needs to be (re)considered and the role of the medium should be considered on a project to project basis.

Possible improvement:

(Re)consider strategic impact and vision concerning the Internet medium. The assessment of the role of the medium should be incorporated on a more practical basis, preferably through an instrument that can assess this aspect for each individual project.

Context of the brand

The aspects that have been dubbed ‘meta aspects’ in this thesis are not considered within ES knowledge and methods. Even though ES has considerable knowledge about Chinese culture and the behavior of the Chinese consumer, the marketing literacy should be incorporated in order to determine the scope of possible branding activities. For instance, use of CGM in marketing can only be applied effectively in a reasonably marketing literate society.

Another different aspect that is considered in the context of the brand is the selling proposition. Lindstrom (2005) identified six types of selling propositions that have been used in the course of time. The six types of selling propositions are considered the trend in relation to the chronological development of the brand and hence illustrates the evolution of the branding proposition. The evolution of the branding proposition is different for every brand though and multiple different branding propositions exist parallel to each other: some brands are still utilizing a USP while other brands are considered a MSP.

Possible improvements:

- 1) The context of the brand, the marketing literacy and selling propositions, can further increase the depth and sophistication of brand analysis when introduced in ES’ brand analysis methods. The marketing literacy (Goodyear 1995) is an aspect that ES can employ to predict to what degree the Chinese market can comprehend a brand.
- 2) Incorporating the theory of selling propositions will enable ES to better analyze the brand and also forms a powerful tool for brand planning. Based on the current state of the brand the selling proposition can indicate the brand’s potential development or expose positioning opportunities or possibilities that have not been considered prior.

Utilization of the medium

The concepts of amplification, differentiation and integration are not considered in ES know-how or methods although the concept of involvement is present. These aspects can be used as ‘strategic indicators’ in order to determine and plan an online branding strategy. Campaign goals can be related to these aspects and a selection of branding activities and instruments can be based on these.

Similarly, the aspects considered in the advantages of the Internet medium should be incorporated in ES methods. In particular in combination with the prior mentioned aspect ‘differential reward/motivation’ the ability to analyze and plan the contributions of branding activities can improve considerably. Where the differential reward/motivation is an aspect on a more operational level, these aspects can be used for analysis and evaluation of the specific branding instruments.

Possible improvement:

- 1) Incorporating the aspects amplification, differentiation and integration in ES methods can create better insight and control in how a branding strategy affects customer involvement. Utilizing these aspects as strategic indicators will contribute to the operationalization of branding goals and the selection of branding instruments.
- 2) Utilizing the advantages of the Internet medium as operational indicators for the various branding instruments will contribute in the evaluation and selection of branding instruments. Research should be conducted in order to determine and assess the various branding instruments on each of these indicators. In addition, instruments can be rated on the contributions to the strategic indicators amplification, differentiation and integration.

5.2. Priority areas

5.2.1. Discussion and rating of effects

In the previous paragraphs suggestions have been made in order to address the points of improvement identified in ES methods (see Table 1). In this paragraph the important trends and factors identified in the Chinese Internet market are discussed on how they will affect the different aspects in the framework of analysis. Effects are considered by reflecting the trend/development against the current situation that has been discussed in Chapter 3 and predicting (future) effects on the relevant aspect. Ratings are assigned to signify to what degree each trend/factor affects the specified aspect. Based on these ratings priority areas are identified exposing the most urgent areas for points of improvement as the current trends and developments are considered to have the greatest impact on these areas. The effects of the different trends and factors are rated accordingly (see Table 2):

- : little or no perceivable effect
- +/- : possibly effects aspect
- + : effects aspect
- ++ : great effect; designated as priority area

Brand theory

- The aspect rational values is mostly affected by blogs and social media, search and behavioral targeting. Effects are however limited and have been rated accordingly.
- The emotional values will be greatly affected by both CGM in marketing and ‘rich media, video and web casting’ as these two trends are currently changing the attitude of the consumer towards the Internet medium. Online video is starting to show more similarity with the television medium opening up emotional branding opportunities for the Internet commercial. CGM affects the emotional values as it will enable the consumer to express their emotions and ideas on a brand. This is illustrated in the earlier mentioned Converse Chuck Taylor and the Chevy Tahoe case. The Converse Chuck Taylor contest relied on the nostalgic and positive emotions consumer have for the product and utilized this in a powerful advertising campaign. In contrast, the Chevy Tahoe campaign enabled the consumer an outlet for the negative emotions that existed towards SUVs and inadvertently enforced associations of these negative emotions with the brand.
- The promised experience is greatly affected by the development of blogs, social media and CGM as brand-owners will begin to engage the consumer in dialogue and enable the consumer to express his own ideas on the brand. The promised experience will become something in the consumer’s sphere of influence and will catalyze a change of attitude in the consumer: no longer is the brand solely owned by the company, the consumer gains partial ownership of the brand as it is moving into the public domain.
- The influence of Chinese contextual factors on both emotional values and the promised experience is evident and requires little elaboration: both continue to shape the way the Chinese consumer reasons and interprets advertising and both remain important factors in rational and emotional values and the promised experience. The factor Chinese censorship may decline in influence on the long run, but no severe policy changes are likely within the time-horizon of this research.
- The effects of the trends and developments on both brand relevance and preference are considered limited and have been rated accordingly in the table.

Design relevance

- Site appearance is largely affected by Chinese social and cultural values. This is not unexpected as the social and cultural values will determine to great lengths the perception of aesthetics, semiotics and iconography.
- The effects of the various trends and factors are considered limited on the navigational aspect.

Locating the brand

Locating the brand will predominantly be affected by blogs, social media, search and behavioral targeting. Both search and behavioral targeting will increase the effectiveness in consumers and the brand locating each other. While search will enable the consumer to locate the brand quicker and easier, behavioral targeting will increase targeting effectiveness and will make it easier for the brand to locate the consumer or more specifically: prospects.

Blogs and social media will affect locating the brand in a different way: the brand will seek out the consumer in its own environment and effectively place itself among the consumer. Blogs and social media are platforms that enable the brand to engage the consumer as peers hence initiating a different type of communication and a different way for the consumer to locate the brand.

Speed of download & usability

The important trends and factors in the Chinese Internet market show limited influence on the aspects speeds of download & usability. The speed of download is greatly affected by rich media, online video and web casting. Furthermore some effect of the Chinese social and cultural context is possible on usability as this factor predetermines some perceptions of convenience and navigation. Other effects are however not perceivable.

Link to other branding activities or product/service

This aspect is considered to experience limited effects of the researched trends and developments. An explanation is found in that it is an aspect that is heavily related to offline activities and is in addition greatly determined by the agency or brand-owner itself. Hence the trends and developments in the Internet industry are unlikely to exhibit great effects on this aspect.

Differential reward/motivation

The differential reward/motivation is greatly affected by blogs, social media and rich media, online video and web casting. Effects are evident as the social aspects of blogs and social media will enable consumers to share their brand experiences with each other creating value that is hard to replicate with the same efficiency in an offline environment. The motivation in rich media, online video and web casting lie in the content fulfillment these instruments can provide. Differential rewards in these instruments can be achieved through diversity and quality of the content.

Role of the medium

- Virtual communities and chat have been around for some time now yet with the development of blogs and social media the Internet medium has gained a new social aspect. Social networking sites and blogs enable the user to efficiently search for potential friends or contacts. This social interactive aspect cannot be replicated outside of this medium with the same sophistication and effectiveness. Hence the role of the medium is greatly affected by blogs and social media.
- Another trend that affects the role of the medium is the rise of rich media, online video and web casting and the broadcasting function the Internet is gaining as a consequence. This effect has been mentioned prior when discussing the impact on the emotional values in the brand triangle.
- The Chinese censorship continues to affect the role of the medium in China as the economical and entertainment aspects remain to be predominant in the medium.

Context of the brand

The marketing literacy of the society is strongly affected by rich media, online video and web casting. This observation is based on the increasing presence of viral videos on online video websites like Youtube. These online videos employ a subtle approach and are not recognizable immediately as an 'Internet commercial'. Exposure to such branding actions will increase the realization and awareness of the consumer to the nature of these branding actions.

The increase in marketing literacy will also be affected by the use of CGM marketing. The nature of CGM and the fact it is essentially created by peers will trigger the realization with the consumer will catalyze a more active approach in its perception of marketing and advertising. A more active role based on dialogue will emerge manifesting a higher marketing literacy in the consumer. The effects on branding can be perceived in that a greater understanding in the concept of the brand will manifest in the consumer and the use of more complex branding propositions will be possible.

Utilization of the medium

- An impact of the trends CGM in marketing and rich media, online video and web casting can also be observed on the aspects amplification and differentiation. Both trends will stimulate active user involvement which is related to these different aspects. CGM in marketing will amplify the branding activities as the consumer will have a deeper, meaningful relationship with the brand when able to engage the brand in a dialogue. The differentiation aspect is less strongly affected by CGM in marketing yet brands that successfully integrate CGM in their branding activities will differentiate themselves strongly from the competition. Integration is hardly affected; integrating aspects might be observed in a better understanding of the brand due to CGM but are not likely.
- The changing attitude towards the Internet medium due to rich media, online video and web casting has been mentioned before and the effects can also be observed on amplification, differentiation and integration. The effects on amplification and differentiation are obvious: the development of this channel will result in enhanced, richer experiences and better defined brand image/personality. The effects on the integration aspect are just like with CGM in marketing negligible.
- The advantages of the medium: network effects and relationships, customization and interactivity are predominantly affected by the emergence of blogs, social media, CGM in marketing and rich media, online video and web casting. The use of CGM in marketing will affect the network effects and relationships and interactivity due to the increased ability of the consumer to voice his own opinion on brands hence building relationships and showing greater interactivity. Effects of CGM in marketing on customization are limited. Blogs and social media will evidently enable the consumer to build relationships with each other and the brand hence greatly increasing interactivity. The effects on customizations are limited. Somewhat unexpected is the potential of increased interactivity with the use of rich media, online video and web casting. The effects can be perceived on a website as Youtube where the possibilities of online video are greatly exploited by the users in the form of video replies. The possibilities of video evoke a more responsive attitude with the user subsequently increasing interactivity.

5.2.2. Identification of priority areas

The trends and developments and the rated effects on the different aspects in the framework of analysis are depicted in table 2.

	Blogs + Social media	CGM in Marketing	Rich Media, Video and Web casting	Search	Behavioral targeting	Chinese social & cultural context	Chinese censorship
Online brand experience							
<i>Brand triangle</i>							
Rational values	+	+/-	+/-	+	+	+/-	-
Emotional values	+	++	++	+/-	+/-	++	+
Promised experience	++	++	++	-	+/-	++	+
Brand relevance	+	-	+	+	+	+	+/-
Brand preference	+	+	+	-	+/-	+	+/-
<i>Design Relevance</i>							
Site appearance	-	-	+	-	+/-	++	+
Navigation	-	-	-	-	+/-	+	+/-
<i>Link to other brand building activities or product/service</i>	+	+/-	+/-	+	+/-	-	-
<i>Location of the brand</i>	++	-	+	++	++	+/-	-
<i>Speed of download & usability</i>	-	-	++	+/-	-	+	-
<i>Differential reward/motivation</i>	++	+	++	-	-	+	+/-
Meta Branding aspects							
<i>Role of medium</i>	++	+	++	-	-	-	++
<i>Context of the brand</i>							
Marketing literacy	+	++	++	+/-	+	++	+/-
Selling proposal	+/-	+	+	+/-	+/-	+	-
<i>Utilization of the medium</i>							
Amplification, Differentiation and Integration	++	+	++	-	-	-	-
Network effects and relationships, customization, interactivity	++	++	++	-	+	+/-	-

Table 2, Effects of important trends and factors on aspects in framework of analysis

The following aspects were perceived to be affected the most by the researched trends and factors and have been identified as priority areas:

- The **emotional values** in relation to *CGM in marketing, rich media, video and web casting and the Chinese social and cultural context*.
- The **promised experience** in relation to *blogs + social media, CGM in marketing, rich media, video and web casting and Chinese social and cultural values*.
- **Site appearance** in relation to the *Chinese social and cultural values*.
- **Location of the brand** in relation to *blogs and social media, search and behavioral targeting*.
- **Speed of download & usability** in relation to *rich media, online video and web casting*.
- **Differential reward/motivation** in relation to *blogs + social media and rich media, video and web casting*.
- **Role of the medium** in relation to *blogs and social media and rich media, video and web casting and the Chinese censorship*.
- **Marketing literacy** in relation to *CGM in marketing, rich media, video and web casting and Chinese social and cultural values*.
- **Amplification, differentiation and integration** in relation to *blogs + social media and rich media, video and web casting*.
- **Network effects and relationships, customization and interactivity** in relation to *blogs and social media, CGM in marketing and rich media, video and web casting*.

These priority areas have been identified based on their rated effects on the different aspects in the framework of analysis. The priority ratings only reflect however which areas are predominantly affected by the important trends and factors in the Chinese Internet market. The priority areas are used as a decision factor in determining which points of improvement will be addressed but are by no means the only factors in the decision process. The decision which points of improvement are to be addressed is elaborated in the next paragraph.

5.3. Selection of points of improvement

Based on the possible points of improvement and the priority areas the points of improvements are proposed in **brand theory, differential reward/motivation** and **the meta aspects of online branding**. The following improvements are proposed:

- 1) Expanding the theory and definition of the brand as it is currently employed at ES by introducing the rational values and emotional values as they are defined in the framework of analysis in ES' brand analysis methods.
- 2) Incorporating brand relevance and brand preference by introducing the customer-brand interaction process from Aaker (2004) in ES methods.
- 3) Improving external communication with client concerning the brand values and experience.
- 4) Setting up knowledge development and knowledge management tasks to research and document branding instruments that are to be utilized for the aspect differential reward/motivation. In addition, a stronger link with the brand values and promised experience needs to be made.
- 5) (Re)considering the role of the medium and considering the marketing literacy and the selling propositions in brand analysis and planning.
- 6) Introducing the aspects amplification, differentiation and integration as strategic indicators that can be used for selecting branding instruments or activities. In addition these aspects are introduced as operational indicators to categorize and rate the different branding instruments mentioned prior under #4.
- 7) Introducing the aspects network effects and relationships, customization and interactivity as operational indicators to categorize and rate the different branding instruments mentioned prior under #4.
- 8) Finally, the online branding framework is presented as a conceptual model.

Considering brand theory and definition forms the core in the online brand experience it is an area where several points of improvement are proposed. The way the brand is defined is fundamental to how all branding activities are planned and created and is hence considered the highest priority to develop. All aspects in the online brand experience are linked to brand theory so an improvement in the brand theory will enhance the online brand experience itself. The aspects brand values, the promised experience, brand relevance, brand preference, are linked with each other and are therefore selected together as a points of improvement. An instrument had been devised that will operationalize and improve the use of these aspects in ES methods.

For similar reasons the meta aspects of the brand are selected as point of improvement in ES methods as it will include the means for structured contextual analysis previously unaccounted for. Another consideration in selecting the meta aspects as points of improvement is that they were previously hardly considered in ES methods and would therefore be a new contribution. These aspects are incorporated in various ways; the selling propositions from Lindstrom (2005) are utilized in analysis instruments while the role of the medium and the aspects that are considered in utilization of the medium are utilized as strategic and operational indicators.

Of the factors affecting online brand experience only the aspect differential reward/motivation is included. It is the priority area that is mostly affected by Web 2.0 developments hence additional research and development would be advisable. Other priority areas like the impact of search and behavioral targeting are currently being researched by ES and a CRM team has been instated to develop the knowledge to anticipate on these developments. The Chinese social and cultural factors and censorship are not selected as points of improvement as the knowledge that ES has exhibited to cope with these factors is considered sufficient. The speed of download and usability are also not selected as points of improvement as they will require additional research to devise a sufficient instrument and norm due to their technical nature.

6. Implementation

This chapter addresses how the selected points of improvement will be implemented at ES. An implementation plan is presented with several action points that are to be taken in order to incorporate the improvements in the ES methods in practice.

6.1. Implementation strategy

In the previous chapter three points of improvement were identified and selected that will be addressed in ES methods for online branding. For the points of improvement to be successfully implemented, the explicit knowledge needs to be transferred and the intended personnel will need to be trained in the use of the proposed instruments and procedures.

Successful implementation will require two factors to be addressed: the human factor and the organizational factor. The human factor will consist of education and training; education on the expanded theory and proposed instruments – training will focus on instruction in the devised instruments and procedures and developing the required analytical skills. The organizational factor will consist of developing the appropriate organizational procedures, assigning the required teams or individuals for research and determining and creating the responsibilities and tasks required for these teams or individuals. The implementation strategy is to first introduce the expanded brand theory and definition in order to lay the foundation for the other aspects. The meta aspects are then introduced as they propose a higher conceptual level to online branding. Finally the instruments and knowledge in respect to the differential reward/motivation aspect are introduced as these are related to brand theory on a more practical/operational level.

The following action points have been devised for the three points of improvement:

Point of improvement	Suggested Improvements	Action Points	Priority
Brand theory and definition	<ul style="list-style-type: none"> Expand the theory and definition of the brand as is currently used at ES by incorporating rational values and emotional values. Incorporate brand relevance and brand preference by introducing the customer-brand interaction process form Aaker (2004). Improve external communication with client concerning brand values and the brand experience. 	<p>Develop brand triangle instrument</p> <ul style="list-style-type: none"> Develop brand theory and definition into brand triangle checklist/mapping (+) Incorporate brand relevance and brand preference in brand analysis instrument <p>Training of staff</p> <ul style="list-style-type: none"> Develop training program and materials (+) Assign implementation manager that will train the intended staff in the use of the online branding framework Execute training program Evaluate use of instruments and adapt where necessary <p>Development of organizational procedures (+)</p> <ul style="list-style-type: none"> Develop organizational procedures for internal and external communication of the brand values and brand experience <ul style="list-style-type: none"> Develop templates for briefings internally Develop templates for contact reports with client externally 	High

<p>Meta aspects of branding</p>	<ul style="list-style-type: none"> • The role of the medium is to be (re)considered. • Marketing literacy is to be considered • The selling propositions are introduced and incorporated in brand analysis methods. • The aspects amplification, differentiation and integration are introduced as both strategic indicators as operational indicators • The aspects network effects and relationships, customization and interactivity are introduced as classification and operational indicators to categorize and rate the different branding instruments. 	<p>Develop branding strategy instruments (+)</p> <ul style="list-style-type: none"> • Develop branding strategy instruments for analyzing branding strategy and selecting branding instruments or activities. • Incorporate use of aspects: amplification, differentiation and integration as strategic indicators. • Incorporate use of selling proposals in brand analysis and planning instruments. • Incorporate role of the medium in branding strategy instrument. • Incorporate marketing literacy in brand triangle instrument. <p>Training of staff</p> <ul style="list-style-type: none"> • Develop training program and materials (+) • Execute training program • Commence on use of methods in practice with two or three pilot projects • Evaluate use of instrument and adapt where necessary 	<p>High</p>
<p>Differential reward/motivation</p>	<p>Setting up knowledge development and knowledge management tasks to research and document branding instruments that are to be utilized for the aspect differential reward/motivation. A stronger link with the brand theory/definition needs to be made.</p>	<p>Develop differential reward/motivation taxonomy</p> <ul style="list-style-type: none"> • Develop differential reward/motivation taxonomy • Incorporate aspects: network effects and relationships, customization and interactivity as operational indicators <p>Setting up knowledge development and management tasks</p> <ul style="list-style-type: none"> • Assign one or two researchers within the intended staff for conducting research and mapping current branding instruments and trends. • Document research and organize workshops with the intended staff • Expand knowledge base including cases illustrating the use of branding instruments and trends with the use of brand theory. 	<p>Moderate</p>

Note: Actions points indicated with a (+) have already been realized

Table 3, Relation between action points and points of improvement

In order to execute these action points an implementation plan has been set up that will introduce the theory and devised instruments to the intended staff through training and education. The implementation plan encompasses a period of three months with the training program taking up the largest portion of this period.

The different instruments and training material have been written as part of this research and can be found in **Appendix D – Brand analysis and planning tools** and **Appendix E – Supplemental organizational procedures**. Resources that need to be dedicated to this implementation plan consist of man-power and –hours:

- First, the implementation manager needs to be carefully selected. The implementation manager should be someone that is capable of comprehending the full extends of this thesis and the implications and be able to instruct the training material that has been written for implementation purposes.
- Second the implementation manager should be able to reserve the time in his/her schedule to fully acquire the knowledge and prepare the training program and workshops. Time needs to be dedicated to this project for it to be successful and this should be taken into account when considering the implementation manager’s other responsibilities and duties.
- Third the intended staff will need to reserve time for following the training program. This will take up one – one hour/week for the period of six weeks.

Appendix D consists of the actual branding tools and training material. The appendix can be split in four handouts that are to be utilized as the training material. These handouts consider the use and the following instruments: online branding framework, the brand triangle, branding strategy indicators and the differential reward/motivation taxonomy.

Appendix E consists of the supplemental organizational procedures and two templates that are to be used for supporting these procedures. These templates consist of the augmented template for ‘Job briefing’ and the augmented template for ‘Contact report’.

6.2. Implementation plan

The action points considered in the previous paragraph will be implemented phase-wise according to the implementation schedule (see Figure 5). The phases and the action points that are to be executed are elaborated below:

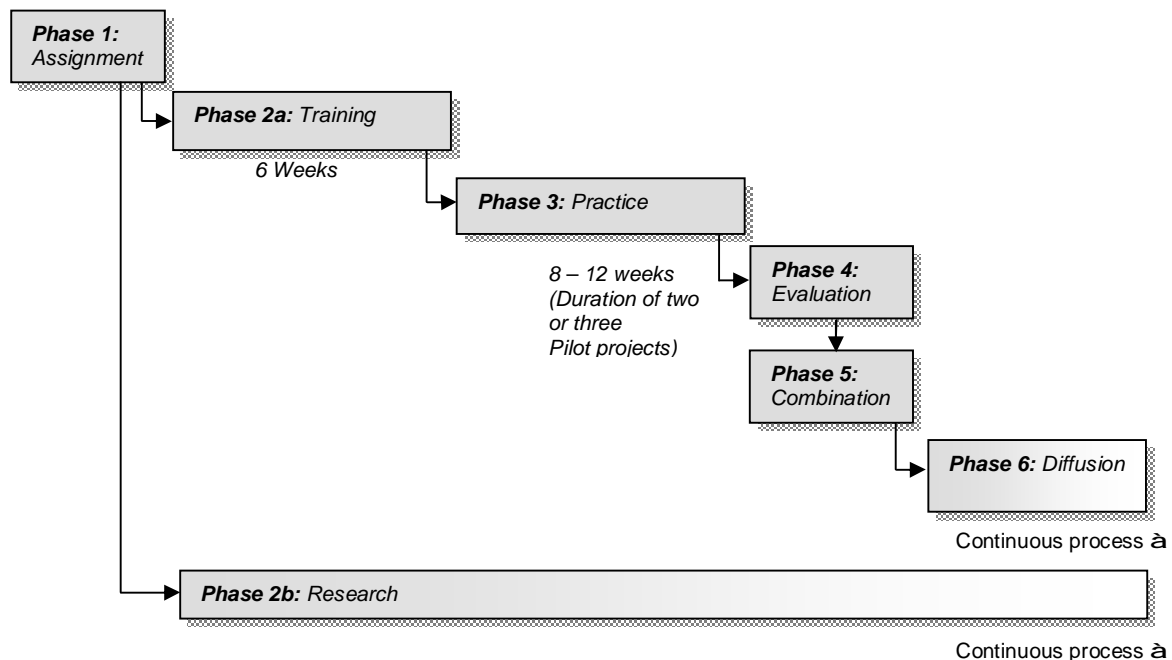


Figure 5, Time schedule implementation plan

Phase 1 – Assignment

Assign an implementation manager that will train the individuals that will be working with the online branding tools and proposed methods: creative director, account managers and the vice general manager(s). The implementation manager is to familiarize him-/herself with the online branding tools in Appendix D.

In addition to the assignment of the implementation manager a research team should be assigned that will research the various branding instruments and activities that are currently available. The team should include members with different backgrounds as at least a technical and a marketing/advertising perspective are required. As the use of these branding instruments is to be improved in connection to branding theory the research team should participate in the training.

Phase 2a - Training

Schedule the different elements of the trainings program in a period of six weeks ensuring a weekly session. During this training program the implementation manager will instruct the intended staff in the online branding framework and the brand analysis and planning instruments: the brand triangle, the branding strategy indicators and the differential reward/taxonomy. The sessions will consist of workshops where the theory is discussed and a case examined. The product of these meetings should be the documentation of the selected cases utilizing the online branding framework as analysis instrument, documenting the different aspects for each case.

Phase 2b - Research

Parallel to the training the research team will commence research into the various branding instruments. Distribution points and channels for (industry) knowledge are to be identified and relevant information is to be researched and documented. The task should be set up as a continuous knowledge development task with the members of the research team appointed a permanent responsibility in acquiring new knowledge on the branding instruments for differential rewards/motivation. A knowledge management system/database is set up based on the research findings which is to be continuously updated.

Phase 3 - Practice

The methods are tested in practice by utilization in several projects. Two or three pilot projects are suggested.

Phase 4 - Evaluation

The projects should be evaluated and documented. Based on the evaluation the ES methods should be adapted and/or aspects of the ES methods should be further developed and improved in practice. These are the externalization and subsequently the combination process of the SECI model.

Phase 5 – Combination

The combination process is performed as the results of the research are related to brand theory. The various branding instruments are discussed and assessed in light of the new knowledge on branding and specifically rated on the operational indicators: network effects and relationships, customization and interactivity. The knowledge is documented and should be systematically stored in the knowledge management system/database. Any staff individual associated with branding activities and planning can thus rapidly retrieve this knowledge for reference.

Phase 6 – Diffusion

The developed knowledge should then be further diffused in the organization. This will be accomplished by setting up workshops that will be attended by other ES personnel. The workshops should be led and managed by members that were initially being trained: the creative directors, account managers and vice general managers.

7. Conclusions and recommendations

This chapter presents the final conclusions to this research and will reflect the outcome of this research to the research objective, the research questions and the main question. Recommendations are made and suggestions for further research in the area of online branding.

7.1. Conclusions

The motives for this research were based on the current situation at ES and the developments in the Chinese Internet market. The asymmetry and fragmentation of knowledge that was observed at ES set the main direction of this research guided by the important developments that were manifesting in the industry and the unique context of the Chinese Internet market. Hence the research objective was set to review and classify the know-how on online branding in at ES, propose points of improvement from a theoretical perspective and initiate diffusion of this knowledge. The main research question of the research was stated as follows:

“What aspects of the online branding methods, suitable for the Chinese Internet market, can be adopted and implemented by Energy Source?”

The know-how at ES that corresponded to the different aspects in the framework of analysis was reviewed, classified and documented and suggestions were made to improve on these methods as were additional aspects suggested. Improvements were selected based largely on the priority areas derived from the important trends and factors in the Chinese Internet landscape that were considered to have great effect. The research findings are further elaborated with each research question:

What framework of analysis is appropriate for researching know-how on online branding?

A framework was developed based on conventional brand theory and the online brand experience as proposed by de Chernatony and McDonald (2003). The framework was expanded with factors concerning the strategic role of the medium, contextual macro-factors that determine definition of the brand and indicators concerning the utilization of the Internet medium. The framework deliberately incorporated operational as well as strategic aspects for brand analysis and planning.

What are the characteristics of the Chinese Internet market?

The Chinese Internet landscape is a very unique setting and hence the main actors consisting of prominent companies, portals and websites were identified. The implications of Web 2.0 were observed in predominantly three trends: blogs and social media, CGM and rich media, online video and web casting. Two other developments were considered to affect the industry greatly in the near future were: the growth of search and behavioral targeting.

In addition to these developments the context is defined by the social and cultural setting and the political climate in China. The social development of consumerism is considered to be greatly affecting the Chinese consumer as are the continuing influence of traditional Chinese values originating from Confucianism, Taoism and Buddhism. In addition, the political aspect is of great effect as there continues to be a policy of censorship imposed on the Internet medium. Due to these constraints the Internet medium has evolved into a predominantly economic and entertainment instrument for the greater mass. However, because of the liberating potential of the medium various interest groups exploit the medium for their agendas and the medium has evolved into a far more pluralistic medium in comparison to conventional Chinese media.

How can the know-how on online branding at ES be classified according to the framework of analysis?

The majority of the aspects of the framework of analysis can be observed in the know-how at ES. In particular the aspects concerning the online brand experience are prominently present. The main differences can be perceived in brand theory and definition that is more pragmatic in ES know-how and methods as there is no distinction being made between rational and emotional values. This is unsurprising considering ES is an advertising agency with commercial interests and hence has to maintain a certain degree of pragmatism. This consideration can also be perceived in the meta aspects of branding which for the greater majority are not considered in ES know-how and methods. Only the role of the medium and the aspects integration and interactivity were presently considered.

What points of improvement can be identified in the ES know-how?

Points of improvements were predominantly identified in brand theory and the meta aspects of branding. In the aspects concerning the online brand experience the aspect differential reward/motivation was also considered a point of improvement as the link with brand theory/definition was not perceived to be prominently present.

The aspects that were not considered in ES know-how and methods were supplemented by proposing additional brand analysis tools and organizational procedures. The presented instruments can only be implemented with the required training. Diffusion of the developed knowledge is the eventual goal and is what is aimed for in the implementation plan and training schedule that are presented. Hence the aim of initiation of diffusion of the knowledge can be achieved with the presented material, but the suggested points of improvements can only be realized if the knowledge is successfully incorporated in ES' methods in practice.

7.2. Reflections

Certain remarks and observations can be made concerning the research output and research process in reflection to the research objectives:

- In order to achieve the intended objective, initiating diffusion of the developed knowledge, the training is essential. The decision to implement the formal methods and invest time and resources in training lies with ES however. Although the output of this report will be presented to ES with its recommendations, this part of the research objective is outside the researcher's sphere of influence. The research objective is considered to be met, but the actual contribution will not be made unless the actions to implement these methods are approved.
- The research objective was formulated based on the fragmentation and asymmetry of knowledge present at ES. Although this report can provide a solution to this phenomenon, it is only a temporarily solution. In order to truly address this phenomenon for the longer term, knowledge development and management tasks need to be developed that can cope with the situation.
- Other points of improvements have been identified in this research and have not been addressed in this thesis due to time constraints. Instruments should be developed that address these points of improvement; the aspect speed of download and usability require a research and benchmarking in the industry standards and the development of a checklist to ensure usability issues are being met. The aspect *link with other brand building activities or product/service* can also be incorporated in the knowledge development tasks. The differential reward/motivation taxonomy can serve as starting point for the knowledge base on this aspect but needs to be adapted utilizing other operational indicators to accurately reflect and rate instruments for this aspect.

- In regard to the framework of analysis that was developed for the purpose of this research was meant to analyze practical methods that were being employed at ES. Currently possible overlap exists in some of the aspects in the framework of analysis and further research is suggested in refining this framework of analysis. Specifically in the relation between the online brand experience and the meta aspects of branding possible overlap and correlation exist and a further research into the correlation between these aspects can contribute new insights into the effectiveness and the importance of these aspects in relation to one another.

In retrospect a more structured approach could have significantly improved the efficiency and decrease the time spent on this research. Specific factors complicated the research context that should have been resolved in an early stage.

The first factor existed in the definition of the author's responsibilities as a 'Sales executive'. As it was not clear how much time could be reserved for research on this thesis, the best course of action was to define a research area that would be closely related to the activities and responsibilities of the 'Sales executive'. Unfortunately these were not clearly defined which contributed to the problem that the research area was for long time unclear. The research area was focused for a long time on online marketing, without knowing for certain whether this research area could be realistically executed in the existing context or whether this research area would contribute to the most pressing matters at ES. Although this contributed to a second factor, the late development of the framework of analysis, this was not the sole cause. The framework of analysis should have been earlier developed, but was not done so as the author had considered ethnography to be the best method to observe the ES methods and externalize these. It was believed that the framework of analysis could be defined based on ethnographic data but this proved to be an error of judgment as the author's activities at ES as 'Sales executive' and the language barrier proved to be too large barriers to overcome. After ethnography was ruled out as research method the framework of analysis was defined from literature and current research methods were selected.

7.3. Recommendations

It is advised that ES expands its knowledge base on branding theory and considers additional theories and multiple perspectives for analysis and planning. Especially considering the fact that ES is aiming to evolve into a full-service agency the ability to successfully apply branding knowledge to other platforms is necessary. In the current situation ES has organized a limited number of events and BTL²⁴ promotions but the use of more conventional media has been limited. In order to develop competencies to support these kinds of activities the following recommendations are made:

- Ø In the current situation the majority of the personnel base at ES has a background in graphic design. In addition, there are a great number of IT specialists, but a lack of staff with a marketing or business background exists. Considering the I-business concept that ES is developing, ES should attract more personnel with a marketing or business background in order to develop the competencies for a consultancy role. The marketing and business perspective are essential as it brings different considerations and essential disciplines to the ES team.
- Ø Knowledge development and knowledge management should be expanded considerably and incorporated in ES practice. The suggestions made in this thesis are basic activities relating to the research aims. Expanding these activities are however essential for the continuity of ES. It is essential that ES keeps on building its knowledge and competencies. A dedicated knowledge manager is advised, someone that has the authority and responsibility to coordinate and control these tasks. As of December 2006 the company counted 125 staff members, a growth of

²⁴ BTL: Below The Line advertising is characterized by smaller, sometimes unconventional and often more personal approaches contrary to Above Te Line advertising which is characterized by mass communication media like TV, Radio, newspapers and magazines.

approximately 50% in comparison to 2005. It is evident that the asymmetry and fragmentation of knowledge will continue to remain an issue when no adequate knowledge development and management activities are incorporated and internal education is expanded. The aim of knowledge development is twofold as in the first place it should focus on keeping up-to-date on the industry developments. Second, the knowledge development process should focus on developing the competencies for consultancy services. Considering future strategy is focused on the I-business concept, developing skills in the area of e-business and business strategy are necessary.

7.4. Further research

In this thesis the scope was limited to the effects the trends and factors exhibited on the aspects of the framework of analysis, but effects can be perceived between the different trends and factors. For instance the effect of Chinese social and cultural context on the CGM trend can be very interesting. Similarly the effects of the Chinese censorship on blogs and social media have been mentioned prior by researchers like Qiu (2003) but ample research opportunities still exist in this area.

A second suggestion is made concerning the operational indicators for categorizing and rating the different branding instruments. In this thesis the advantages as proposed by de Chernatony & McDonald (2003) are proposed as operational indicators. Further (quantitative) research into the effectiveness of these indicators is advisable as well as research into expanding the instrument with additional indicators.

Research into the use of the aspects, amplification, integration and differentiation, as proposed by Aaker (2004) are also recommended. The research field of online branding has seen some considerable contributions these few years but topic of online branding strategy appears to be largely untouched. Once again, further (quantitative) research into the effectiveness of these indicators is advisable as well as research into expanding into additional strategic indicators.

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Appendix A – The SECI model

The SECI model is a model proposed by Nonaka and Takeuchi (1995) as a model for knowledge creation processes in organizations. The model stands for Socialization, Externalization, Combination and Integration, the four types of knowledge conversion and creation processes identified in an organization. According to the authors there are two types of knowledge: explicit knowledge and tacit knowledge. Explicit knowledge is the well-defined, formally-expressed knowledge that can be found in literature, manuals, data, models, etc; tacit knowledge consists of know-how and expertise and is more associated with the skills, experience and insights and intuitions from employees. The four processes are each based on the transfer or augmentation of knowledge. The SECI model is described as a spiral process in which through an iterative process several loops result in knowledge creation. Each loop corresponds to a knowledge creation process in itself though.

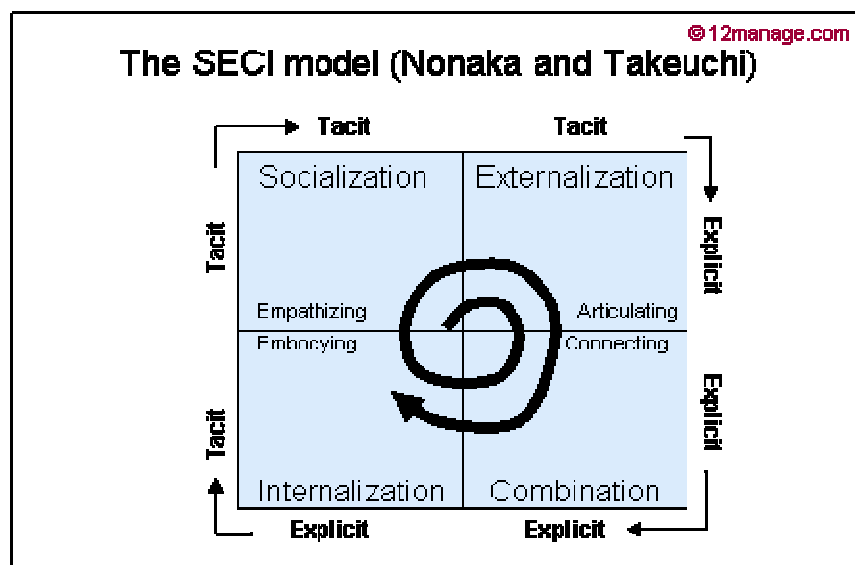


Figure 6, the SECI model

Socialization

The socialization process is based on shared experiences and is often associated with internships and apprenticeships. The student or apprentice gains tacit knowledge by working with the holders of the tacit knowledge and by socializing and conversing with them. In essence, the student or apprentice is 'learning by observing others' or 'learning by doing'. The socialization process is defined as a transfer of tacit knowledge between organizational members.

Externalization

This process occurs when the tacit knowledge is being defined and documented. Although experienced workers may have know-how and expertise on how to accomplish a certain task, it may not always be immediately apparent how or why the task is executed. The externalization process facilitates learning and transfer of knowledge by making sure the knowledge is well defined and comprehensible for others. Although this process is often associated with documenting knowledge, the documentation of knowledge is not necessarily the most important aspect of this task. Rather the definition of know-how and expertise and the facilitation of communication of comprehensible concepts forms the focus of this process. The externalization process is defined as a conversion of tacit knowledge to explicit knowledge.

Combination

The combination process occurs when the explicit knowledge that is available is accumulated and combined to form greater systems of explicit knowledge. Research can sometimes be characterized as a combination process although this is not always the case. Combination is often utilized to develop existing knowledge or apply existing knowledge to new products or situations. The combination process is defined as combining elements of explicit knowledge.

Internalization

This process occurs when certain skills or know how are developed from explicit knowledge. The process is usually associated with training or education. Through the absorption of explicit knowledge the receiver of knowledge acquires the definition of methods and theoretical procedures to perform certain tasks. The knowledge of how to perform the task will not necessarily mean a good execution and it is not until the knowledge has grown into skill through time and practice that we can say that the knowledge has truly been internalized. The internalization process can be defined as the conversion of explicit knowledge to tacit knowledge.

Appendix B – Branding and online branding theory

Definition of branding

The origin of the brand

In order to conduct research into the area of online branding a clear definition of the brand is imperative. Brands have appeared as early as during the Roman Empire, where the brand was applied as a differentiating device and a physical sign of its origin or manufacturer. In its earliest form, the brand associated a product with a specific manufacturer creating expectations of a certain level of quality or style and hence differentiating it from other products in its category.

Although the brand as a differentiating device has existed for a long time, the practice of actively creating associations to a brand through means of advertising did not take place until the late 19th century. It was during this time that some of the world's most famous brands were created and contemporary branding started to take shape (Elwood, 2002).

Several authors have proposed various definitions to the concept of a brand. Both Kotler (1998) and Keller (1998) define a brand as *“a name, term, sign, symbol or design, or a combination of the intended to differentiate them from those of competitors”*. This definition fits the earliest appearances and interpretations of a brand, focusing specifically on the differentiating aspect. However, Keller (1998) also argues that the a brand gains further meaning for customers by their personal experiences with the brand, commercial messages, interpersonal communications and other means; all possible interactions that take place between customer and brand.

Kapferer (1997) identifies the interactions between customer and brand as the most relevant aspect: defining a brand as a living memory built upon a person's interaction with a brand. The author further states that additional meaning associated with the brand differentiates the brand from its competitors. The additional meaning that is associated with a brand is an aspect that is focused on by Riezebos (2003), who defines this as *“the contribution of the brand name and its related connotations to the consumer's valuation of the branded article as a whole”*.

Two aspects can be clearly identified in these definitions: differentiation and additional meaning. Furthermore, we can deduce that the brand's existence in the customer's perception is an important aspect as the interactions that occur between the customer and brand are considered to be fundamental to the process that 'creates' the brand.

For this thesis the definition as proposed by De Chernatony and McDonald (2003) will be used as all prior mentioned aspects are emphasized in this definition and it therefore is considered the most complete definition: *“A successful brand is an identifiable product augmented in such a way that the buyer or user perceives relevant unique added-values which match their needs most closely. Furthermore, its success results from being able to sustain these added-values in the face of competition”*

Contemporary branding

Creating a brand can be as elementary as creating a name for a product and depicting name and/or logo on product or packaging. This is branding in its most basic (differentiating) form but is far from the process of branding as we know today. Modern day branding is considered a complex process that aims to create additional meaning to a brand by actively building associations in the mind of the consumer through means of advertising and other interactions between consumer and brand.

The process of branding is ambiguously defined in the literature; authors frequently focus on specific functions on the area of branding rather than defining the process of branding or identifying the functions that are considered part of the branding process. More specific concepts like brand equity or brand management are more often the objects of discussion.

Contemporary branding is defined by functions as brand analysis, brand creation, brand development and brand management (Ellwood, 2002). Although the author does not explicitly define the branding process, according to the author, branding can be implicitly broken up into these functions.

From De Chernatony and McDonald's (2003) definition of a brand we can identify two main functions of branding: *augmenting a product in such a way that the buyer or user perceives relevant added values (1)* and *sustaining these added-values (2)*. These functions can be described as the functions brand creation and brand management.

Aaker (1991) defines brand management as creating and sustaining brand equity, where brand equity is the added value that is associated with the brand. The author therefore does not make a distinction between brand creation and brand management or more accurately, considers brand creation part of brand management.

In this thesis branding will be defined as consisting of the functions **brand creation** and **brand management**. The process of 'brand creation' is defined as: *developing the brand positioning, differentiation, personality: defining a brand image*. The process of 'brand management' is defined as: *creating and sustaining the added value in the perception of the consumer and assuring all interactions between brand and consumer reinforce the brand image*.

How brands create added value

According to Levitt (1980), quoted by De Chernatony and McDonald (2003), a brand can exist on four levels: the generic level, the expected level, the augmented level and the potential level (Figure 2, The four levels of the brand [Levitt 1980]).

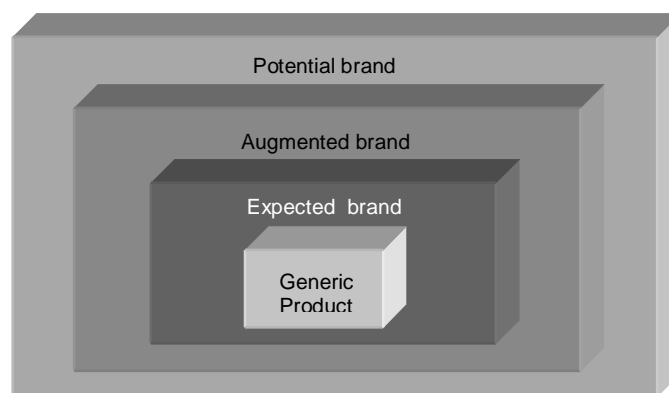


Figure 7, The Four Levels of The Brand

(Source: Levitt 1980)

On the most basic level, brands exist as a **generic product** or service. At this level there is no added value or differentiation and competitors can easily copy the brand's product or service.

The first level of differentiation emerges at the level of the **expected brand**. At this level consumers are gaining an insight into what the minimum characteristics are that differentiate the brands in the same product category. Attributes are considered like names, packaging, design, availability, price, quantity etc. Differentiating aspects are focused on functional attributes at this level and once a consumer has decided what set of minimum requirements is applicable to him, only price will be the differentiating factor. To maintain customer loyalty and price premiums, brands should be augmented to include additional benefits when minimum requirements start to shift in the industry.

At the next level, the **augmented brand**, consumers will base their purchasing process on more than just functional attributes. Consumers will perceive brands as a means to satisfying their motivational needs and will base their purchasing process on a preselected subset of brands that fall into the corresponding category. A consumer may for example be looking for refreshment and hence considers the brands Heineken, Stella Artois or Fosters to satisfy this motivational need.

Finally, at the level of the **potential brand**, the brand should strive to identify and develop new added values. Aim is to identify new areas where added values can be created to further augment the brand. In essence, instead of satisfying motivational needs *reactively* the brand *proactively* either seeks new ways to create motivational needs for the consumer or satisfy motivational needs that are not currently associated with the product or service but will create added value nonetheless. The potential brand will then succeed in exceeding consumer's expectations.

Brand relevance

As is stated in our definition of a brand, an important aspect of branding is that the value-adding functional and emotional characteristics are perceived as **relevant** by the consumer. This aspect is described by Aaker (2004) as **brand relevance** and is further elaborated in the customer-brand interaction (Figure 3). In the first stage, the consumer identifies a need and is hence triggered to search for a suitable product/brand. The consumer then determines a category that is considered relevant to this need. Within this category a subset of brands is considered and subsequently a choice for a specific brand is made. Through the experience with the brand a brand preference is then possibly developed if the experience was valued positive. The importance of brand relevance is that the brand has to be associated to the right categories in order to be considered during the customer-brand interaction.

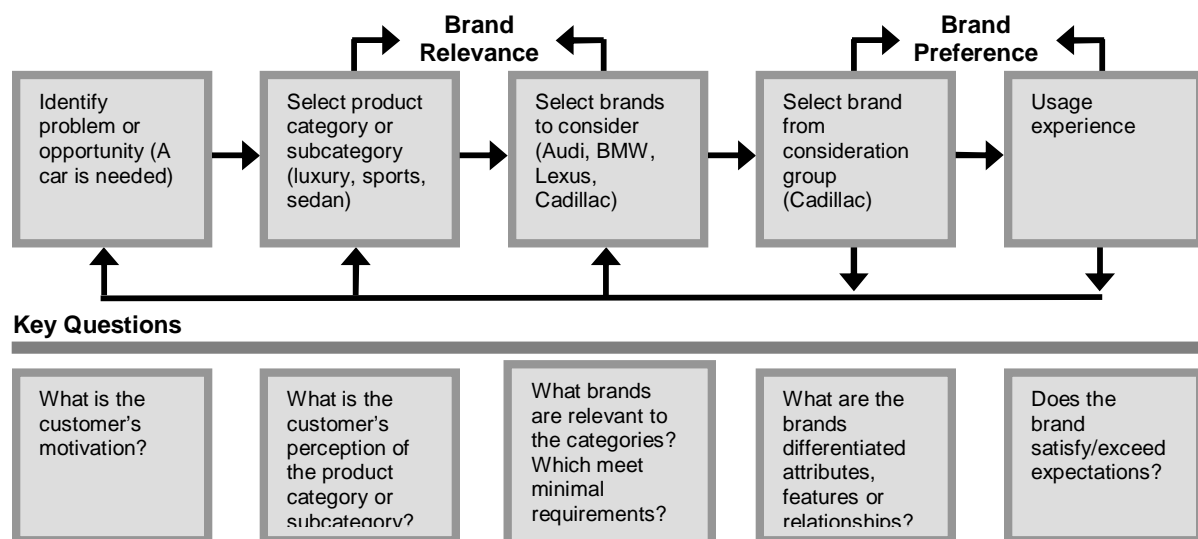


Figure 8, Customer-Brand Interaction

(Source: Aaker, 2004)

Interesting observations can be made in relation to the four levels of the brand (Levitt 1980): the four levels are considered in order to determine the brand for consumption. First, a motivational need is established, a consideration on the augmented level. Once the relevant category has been established, brands are then considered on a functional/expected level before considerations on the augmented and potential level potentially lead to **brand preference**. Brand preference is further developed by experiences with the brand but can be reinforced by aiming for considerations on the potential level.

Context and evolution of the brand

Both Goodyear (1996) and Lindstrom (2005) argue that the context affects the way added value is associated with a brand. The proposed evolutions show similarities with the four levels of the brand (Levitt, 1980) but add new insights by relating the sophistication to a societal or evolutionary context.

Goodyear relates the added value of a brand to the societal or cultural environment and argues that the marketing literacy of a society or culture predetermines the parameters to which a brand can develop. Goodyear identifies five stages in the 'consumerisation continuum' and depending on the stage that is relevant, advertising and branding should be adapted to this stage.

In a *seller's market* there is a high demand for the product and the manufacturer has a high degree of market power. There is no direct need for advertising or branding as the product will be consumed due to high demand.

The next stage sees the rise of marketing as competition begins to manifest itself: consumers gain more choice and manufacturers are forced to create differentiation among their products. This stage is characterized by *product-marketing* and the aim of manufacturers should be to make their products stand out in a way that is unique and attractive.

Transition into the next stage, *classic branding*, exhibits a change of attitude as instead of attempting to "sell the product" the marketer focuses on "persuading the consumer to buy". At this stage we see the development of "three-dimensional brands" supported by emotive advertising and conative research.

After classic branding there comes a stage identified as *post-modern marketing*. At this stage the literacy of the consumer has reached an advanced level and consumers attitudes towards brands turn more critical. Consumers will appraise brands using detailed product knowledge and/or political convictions. Companies and their policies will become subject to consumers' scrutiny.

The final stage, *customer-driven marketing*, is associated with "icon branding". Brands have become meaningful symbols and their added values are associated with primary motivational drives like caring (Persil), aggression/wining (Nike), machismo (Marlboro), harmony with nature (Body Shop) etc. Consumers use these brands to express these values to society and reaffirm their self-image (Goodyear, 1995). Brands at this stage can be considered in the public domain; brands are as much owned by the consumer as the marketer.

Lindstrom (2005) identifies a similar evolution of brands but rather than relating the brand to the marketing literacy of a culture or society the author places this evolution in time. The author identifies the following six era's of branding: the USP (Unique Selling Proposal), the ESP (the Emotional Selling Proposal), the OSP (the Organizational Selling Proposal), the BSP (the Brand Selling Proposal), the MSP (the Me Selling Proposition) and the HSP (the Holistic Selling Proposal).

The USP is comparable to the most basic level of a brand and sees differentiating factors existing on a pure functional level. The USP can be compared to the *expected level* of the brand (De Chernatony & McDonald, 2003).

On the next stage, the ESP focuses on the emotional aspects and relates more to the motivational needs of the consumer. In essence, the ESP is similar to the *augmented level* of the brand (De Chernatony & McDonald, 2003).

After the USP and ESP, the OSP started to manifest itself. In the OSP the organization behind the brand forms an important part of the criteria for selecting brands. Although not entirely similar, the OSP can be considered a brand in post-modern marketing (Goodyear, 1995).

Rather unique in this perspective is the BSP or Brand Selling Proposition where the brand itself becomes the main selling point. The product becomes irrelevant at this stage and consumers will buy the product as long as the brand name is attached. Harry Potter, Pokémon and Teenage Mutant Ninja Turtles are brands that are examples of the BSP.

The MSP is considered the current stage, where standardization of the product or brand is being reversed and consumers increasingly demand personalization and customization of the product. Another important aspect of this stage is that the consumer assumes ownership of the brand and will assume a significant portion of the brand communication. The MSP shows some resemblance to the customer-driven marketing stage (Goodyear, 1995), although the icon branding aspect of this stage is more considered in the HSP.

The HSP is what Lindstrom predicts for the future of branding. In the HSP stage the consumer seeks something which he can believe in, ranging from an ideology, a set of values and beliefs to a form of pseudo-religion. This stage also shows resemblance to the customer-driven marketing stage (Goodyear, 1995), but the icon branding aspect is more pronounced and exists on a higher level. Brands like Apple, Linux and Firefox are examples of brands in the HSP stage.

Theory on online branding

Online vs. offline branding

One of the main issues when discussing online branding is whether a distinction can be made between online and offline branding. One perspective is that the Internet is simply another platform and that, although certain aspects may differ, the essence of branding remains the same through different platforms like television, billboards, newspapers and the Internet.

According to de Chernatony and McDonald (2003) a brand is a brand, regardless of the platform, but the way the brand's promise is executed differs depending on the medium. Although the nature of the brand remains the same across all platforms, branding actions will differ.

Ellwood (2000) argues that branding should not be simply reproducing the same experience in all forms of media and that it is important to segment your branding effort. The author identifies a form of online branding termed 'rational branding' where the online brand message is focused on the rational or cognitive aspects. The more emotional aspects of the brand message are then reserved for media channels like television. This kind of strategy focuses on exploiting the consumers' motivations for using the different type of media. The Internet is used in a more active way: consumers go online to actively search for information. The television medium is employed more passively: consumers seek relaxation and entertainment making the medium more suitable for an emotional brand message. The attitude towards the medium can be an important factor to this respect and is further illustrated in the comparison between online and offline shopping. In the earlier days of e-commerce price comparison and superior information were characteristic to the online consumer's attitude. The online shopping experience was approached with a rational attitude, choices are made systemically and the consumer is goal-oriented. The offline shopper in contrary will casually browse stores and proceed in 'window-shopping'; the shopping experience can often be characterized as a leisure activity where the necessity to proceed with the transaction is more optional. This dichotomy is often referred to as 'fun shopping' vs. 'run shopping' in the research field of e-commerce. Analogue to the shopping experience, the online branding experience is greatly influenced by this difference in attitude and the role of the medium is hence an important determinant to consider.

Aaker (2000) sees a strategic role for the online platform when it comes to branding. The author argues that the Internet can be utilized as an integrator, a platform that supports and integrates all branding efforts. According to the author, the integrating capabilities are what distinguish the online from offline branding. Brand-building programs supported by online activities are more effective and can mean the difference between success and failure according to the author. The role of the Internet medium should be reformed in the brand marketers' perception as too often it is seen as just another channel. Three concepts are introduced that can be achieved with brand-building through this medium: *amplification* (add continuity and depth to your branding, increase consumer engagement), *differentiation* (support a feature or service that will differentiate the brand by augmenting a firm's services or products with information, entertainment or other added values) and *integration*. Behind all three concepts lies a single force: **involvement**.

The authors de Chernatony & McDonald (2003) also identify involvement as an important distinctive aspect between online and offline branding although from a different perspective. Classic branding is characterized by a tightly controlled approach and considers the consumer as a passive recipient of communication. The Internet medium levels the playing field by empowering the consumer and giving them the ability to co-create the brand experience. This is best illustrated by the multitude of forums and bulletin boards that have risen on the Internet, each forming a potential interaction point with the brand, yet outside the brand's sphere of control. Hence, the authors propose a looser form of control over the brand as they state that to thrive on the Internet; brands should welcome consumer's participation.

A parallel can be drawn between the co-creation of the brand on the Internet and WOM advertising in classic branding. Both are outside the brand-owner's sphere of control and the former can actually be considered the migration of the latter to the Internet. The greatest difference between the two can perhaps be found in a concept earlier mentioned by Aaker (2004) *amplification*. The co-creation of the brand by the consumer has significantly more impact due to the enhanced abilities of the consumer to influence its peers.

Aspects of online branding

Lindstrom (2002) has compared online branding to offline branding in 'bricks and mortar' stores. The author argues that the main disadvantages online branding has compared to offline stores are that the latter are able to offer more sensory input and provide a human experience, the feeling of belonging and enjoying the world with others. The first aspect focuses on the sensory experiential values which can only be met within the physical world: the principle of real contact (with product or environment), touch, smell, taste, atmosphere etc. The second aspect focuses on a shared or social experience. Rather than downloading a movie and watching it at home, people still enjoy going to the cinema where viewing a movie in a theater is shared with many people and is a fundamental different experience with its own rituals and interactions.

Elwood (2000) also identifies interactivity as a key advantage over traditional media and argues it can improve a customer's perception of brand value when used correctly. The author argues that the multimedia potential of the Internet can express ideas that are difficult to communicate easily through the real world or other media: e.g. companies can enable the consumer a view in their factories by providing video footage of the factory floor or through a simulation game car manufacturers can offer consumers test drives of their latest models.

Success factors for online branding

Aaker (2004) considers branding on a more strategic level. As stated earlier, the author sees the Internet as an integrator of all branding activities. The author argues that the involvement power of the medium is of central importance in branding. The relationship between customer and brand is what determines the strength of the brand which subsequently is determined by the accumulated experiences the customer has undergone with the brand. Depending on the medium or platform, experiences can vary in quality, intensity and quantity. The Internet medium has a disadvantage in delivering intense experiences but it provides ample opportunities to create positive and meaningful experiences that should be exploited.

Increasing involvement is the key issue and can be accomplished by considering the following concepts: amplification, differentiation and integration. In order to successfully apply these concepts to online branding one should realize the following success factors:

1. A clear brand identity and vision should be present: what associations should be connected to the brand, what user profiles, brand personality, organizational associations, emotional and self-expressive benefits and functional benefits?
2. An organization should be created that allows the Internet to be integrated in the total brand-building efforts of the firm.
3. Design is relevant and the Web site and other Internet components have to reflect and support the brand with a look, feel and personality that is consistent with brand communication through other media.
4. Motivation to return to the site regularly is imperative. This can be achieved by providing information, entertainment or interactive communication.
5. Visiting the web site should not be a discrete action but part of a larger brand experience. In order to achieve this, the brand web site should be linked to other brand building programs or to the product or service.

Online brand experience

De Chernatony & McDonald argue that the online brand experience should be the focus of online branding. It differs significantly from the off-line brand experience as there are different factors that affect this online brand experience. These factors are stated in the Framework for the Online Brand Experience:

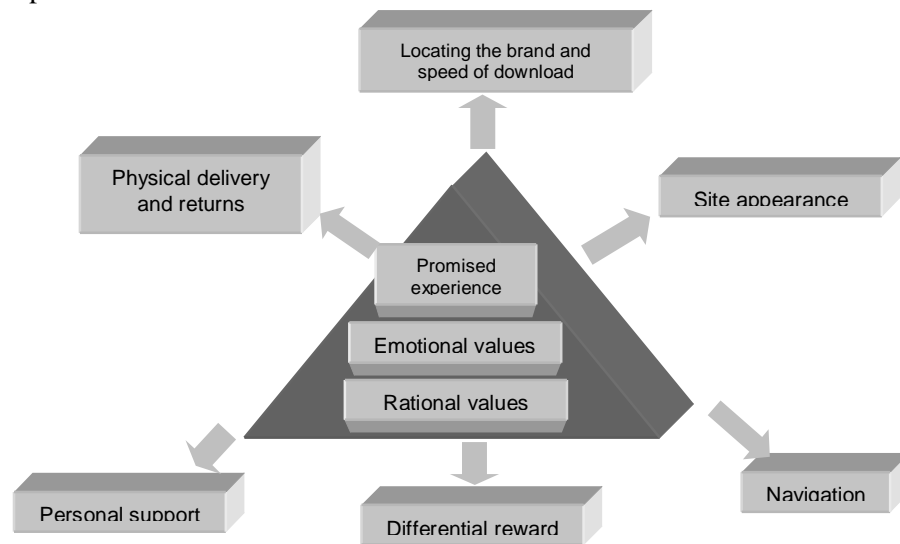


Figure 9, Framework for the Online Brand Experience

(Source: de Chernatony & McDonald 2003)

Interestingly, rather than utilizing the four levels of the brand, in this model De Chernatony and McDonald make a distinction between three aspects of the brand: the *rational values*, the *emotional values* and the *promised experience*. Although the depicted aspects are very similar to the four levels of the brand, an important distinction can be found in the *promised experience*. Despite having established earlier that the experiences and interactions with a brand are what actively build the brand image in the consumer's mind (Kapferer, 1997, Riezebos, 2003), de Chernatony and McDonald have not considered it necessary to emphasize the experience in any general definition or model.

De Chernatony and McDonald (2003) state: "*The characteristics of a brand can be understood from recognizing that a brand is a cluster of rational (functional) and emotional values that enable a stakeholder to recognize a promise about a unique and welcomed experience.*" In this view the rational and emotional values form the core of the brand message and are what is needed to be communicated so that the consumer can *derive* the promised experience. Compared to offline platforms, the online platform exhibits some advantages that enable it to deliver on the promised experience in an effective way. These are identified as: the ability to build genuine relationships, better tailored offerings and greater interactivity.

Within the context of the brand experience the authors also identify a very important development: the online brand experience is increasingly being co-created by the consumer. We can perceive a development that is expected in a consumer-driven market (Goodyear, 1993) where brands are moving more into public domain and the consumer assumes brand ownership to a greater extent. The authors argue that the Internet is the medium where brand owners best can engage in dialogue with their consumers and hence a looser form of brand control is needed to thrive on the Internet. Rather than talking to the consumer about your brand, brand owners should learn to listen to consumers about what they think about the brand.

Web Experience Taxonomy

The online brand experience is greatly determined by what is identified as the web experience, the consumer's perceptions on the online company. The web experience is further specified by Constantinides (2002) as being *“under the marketer's direct control, likely to influence the buying behavior of the online behavior of the online consumer.”*

From the definition of the web experience the transaction focused nature of this concept is evident and the concept is not immediately portable to the research field of online branding. However, the web experience consists of a set of factors, further specified in categories, that the (online) marketer can manipulate in order to influence the behavior of the consumer. These factors provide increasing insight into how a consumer's impressions are influenced through online elements and can contribute to the online branding discussion by further specifying the online brand experience.

FUNCTIONALITY FACTORS		PSYCHOLOGICAL FACTORS		CONTENT FACTORS
USABILITY	INTERACTIVITY	TRUST BUILDING	AESTHETICS	MARKETING MIX
Convenience	Customer service/after sales	Transaction security	Design	Communication
Site navigation	Interaction with personnel	Customer Data Misuse	Presentation Quality	Product
Information architecture	Customization	Customer Data Safety	Design elements	Promotion
Ordering/payment process	Network Effects	Uncertainty reducing elements	Style/atmosphere	Price
Search facilities and process		Guarantees/return policies		Fulfillment
Site speed				
Findability/accessibility				

Table 4, Main building blocks of the Web Experience

(Source: Constantinides, 2002)

Appendix C – Actors in the Chinese Internet Landscape

This Chinese Internet Landscape is explored by identifying the major actors which are defined as the websites or companies dominant in the following sectors: portals, e-mail, search, e-commerce, instant messaging, online games and blogs and social media. Each sector is discussed in short and several tables with relevant figures regarding market share and revenues are presented.

Portals

In China there are several major portals that make up the industry segment of infotainment: Sina, Netease or 163.com, Sohu.com, TOM Online and Tencent QQ.com. Sina is considered the biggest portal claiming over 90 million registered users. The portals are a frequently used channel for online advertising. Sina's online advertising revenue's in 2005 were 629 million RMB, with Sohu and Netease exhibiting online advertising revenue's of 587 million RMB and 240 million RMB. The visitors' demographics of Sina and Netease are heterogeneous, attracting visitors from all layers of the population. TOM Online tends to attract more male visitors due to their position as leading Auto and IT channel. Sohu.com has a greater share of higher educated visitors while QQ.com has the highest percentage of high school students among all portals (Shanghai iResearch, 2005b).

An interesting fact is that MSN China, although not ranked among the top portals in China, has a high percentage of visitors from first tier cities (Beijing, Shanghai, Guangzhou and Chengdu). This is similar for TOM Online. QQ.com shows a higher percentage of second tier cities (Chongqing, Hangzhou, Harbin, Sanyo, Nanjing, etc.). The portals Sina, Sohu, Netease, Yahoo China, TOM Online and MSN China provide their own Instant Messenger software. MSN and QQ are unique in that their IM software is widely used and is strongly integrated with their business activities. IM software is a strong advantage in marketing terms and is considered in a separate paragraph later on.

The portals are frequently used for marketing and branding activities as they can generate a great amount of exposure. In addition, the portals are useful channels from a marketing perspective as the portals exhibit differing demographics and geographic exposure and hence provide good means for targeting.

E-mail

Personal e-mail accounts are largely associated with the large portals with 120 million e-mail accounts attributed to Netease and 40 million e-mail accounts to Sina in 2005. There are estimated to be 270 million registered e-mail accounts in China, 252 million (93 %) being free e-mail accounts (Shanghai iResearch, 2005b).

The number of personal pay e-mail accounts is estimated on 12.5 million. The market size of personal pay e-mail is estimated to be 510 million RMB in 2005, a growth of 31% compared to 2004. For enterprise pay e-mail the market size was estimated on 130 RMB, a growth of 18% compared to 2004. (Shanghai iResearch, 2005c)

Search

Of the major search-engines Baidu, a Chinese company, exhibits the largest market share in China (46.5%) followed by Google (26.9%) and Yahoo (15.6%). The three largest search engines make up for 89% of the total search market (Shanghai iResearch, 2005d). Interestingly the largest revenues are generated by Yahoo with 26.9%; Baidu and Google follow with respectively 26% and 15.9% of search engine revenues in China in 2005 (Shanghai iResearch, 2005d).

Unique to China is the address bar search; the address bar search is a search query that is entered directly into the address bar. This type of search has been popular in China as the Chinese user has difficulty memorizing URL's in Roman alphabet and address bar search enabled the use of

Chinese characters as the search query. In practice the address bar search is a hybrid form combining search with quasi Chinese URL's. For instance, entering the Chinese characters 百度 (bǎi dù) in the address bar will direct the browser directly to the URL: <http://www.baidu.com>. A search query like 电脑 (diàn nǎo; translation: *computer*) will direct the browser to the URL: <http://www.goods.cn/pc/>; a supplier of pc hardware that bought this specific keyword. Searching on Chinese characters that have not been bought will return a list of search results comparable to a search engine.

E-commerce

In China there are currently several C2C e-commerce operators with the most important ones being: Taobao.com, eBay eachnet, 1pai, Paipai, Godele.com, C2C.6688, and Brojoy.com. Taobao is the market leader with a market share of 57%, followed by eBay China with a market share of 34%. Taobao.com is operated by Alibaba.com, a Chinese company which is the largest B2B marketplace website globally. In 2005, Yahoo took a 40% share in Alibaba.com (Shanghai iResearch, 2005e).

The B2C e-commerce market showed a transaction volume of RMB 5.6 billion in 2005 which is a growth rate of 33% compared to 2004. The C2C e-commerce market showed a transaction volume of RMB 13.71 billion which is a growth rate of 253% compared to 2004 (Shanghai iResearch, 2005f). Although the C2C e-commerce market is evidently the largest growth market it offers limited branding potential contrary to the B2C market.

Instant messaging

Instant messaging is a relatively new medium that has seen an explosive growth in popularity in the recent years. Initially introduced to the younger generation of Internet users, instant messaging is now being embraced by all layers of the population and is quickly gaining acceptance. As mentioned earlier, all major portals in China provide IM software and there are now over 10 well known IM operators in China: Tencent QQ, MSN China, Netease Popo, SinaUC, Sohu SouQ, TOM Skype, Yahoo messenger, Google Talk, Taobao Wangwang and Shanda QuanQuan. The market is dominated however by Tencent QQ (78.8 % market share) and MSN (13% market share) (Shanghai iResearch, 2005h).

Within the IM market there are interesting demographics related to these two operators: QQ has a large share of (high school) students and younger users while MSN is more often used in an office environment with users predominantly found in the first tier cities. Another interesting IM operator is Taobao Wangwang which effectively provides IM software to support her e-commerce activities. Due to the different positioning of this product Taobao Wangwang has been able to acquire a 2.1 % market share ranking third in the market.

Online games

Similar to the global trend online gaming has seen an immense growth in China. Online gaming can be divided into two categories: the casual game and the MMORPG. The MMORPG, Massive Multi-player Online Role Playing Game, is operated on a specific game platform with limited branding opportunities and hence will not be discussed in this thesis. Casual gaming is identified as a potential growth market (Shanghai iResearch, 2005g) and is considered a realistic branding instrument. The saturation of the MMORPG market and the social implications currently arising with MMORPG are expected to reinforce the growth of the casual game market (Shanghai iResearch, 2005g). The portal 163.com already dedicates a lot of its activities on online games as most of its revenues are earned from online gaming (Shanghai iResearch, 2005b). The online gaming market was sized at RMB 6.1 billion in 2005 and showed a growth rate of 51% compared to 2004 (Shanghai iResearch, 2005g).

Blogs & Social media

As is the case with other internet services, blogs as well as personal spaces are offered by all major portals. Currently there are 19.87 Million Chinese bloggers worldwide and 52.3 Million Chinese blogs worldwide (Baidu, 2006). These include Chinese bloggers outside of China. The top BSP's in China are according to Baidu: QQ-Zone, Sina-blog, MSN Live Spaces, Sohu Blogs, Baidu Space, Netease Blog, 51.com, Bokee, Blogbus and Hexun Blog (Baidu, 2006). According to the Internet Society of China Web 2.0 Report (ISC, 2006) the most frequently used blogging services are Bokee(51.4%), Sina Blog(26.3%) and Sohu Blog(18.0%). The survey does not include the MSN Spaces service.



Figure 10, Campus social networking websites in China

Following the success of MySpace, which will launch its own Chinese version in the near future, a great number of social networking websites have appeared in China. Leading social networking websites are Yeeyoo, UUZone, ChinaCircle, You2You, Niwota, UUMe and Linkist (ISC, 2006). Recently there has also been a rise in campus social networking sites, focusing on alumni and students, equal to the popular Facebook concept.

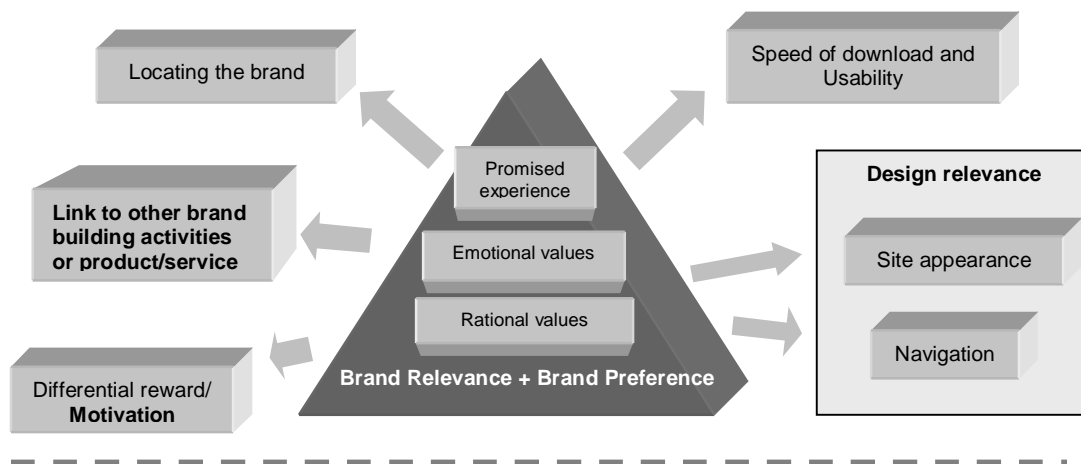
Finally, a different type of social media that has started to gain ground in China recently are the social review websites. These websites rely on consumers to evaluate and review a specific service or product. As these reviews are submitted by peers, consumers perceive the reviews to be more reliable and trustworthy. In addition, the size of the community contributes to the credibility of the reviews. Popular websites are Dianping.com - which focuses on restaurants reviews, Douban - which focuses on book reviews, Myetone - which focuses on music review and Buykee - which focuses on social shopping.

Appendix D – Brand analysis and planning tools

Online branding framework

The online brand experience incorporates various types of aspects that differ in nature. Within the online brand experience a distinction can be made between the antecedents: *rational values*, *emotional values* and the *promised experience*. *Brand relevance* and *brand preference* are considered related to these antecedents and can be considered operational indicators for planning branding activities.

The factors *locating the brand*, *speed of download and usability*, *site appearance*, *navigation*, *differential reward/motivation* and *link to other brand building activities or product/service* are in fact the enablers that the brand manager can manipulate in order to influence the online brand experience. The aspects *speed of download and usability* are considered enablers in the strictest definition as the aspects speed of download and usability enable the online brand experience but lack the experience enhancing potential of the other aspects. This is an important distinction to make as these aspects lack the potential to *create relevant unique added values* to the product or brand, contrary to the other online experience enablers: *locating the brand*, *design relevance*, *differential reward/motivation* and *link to other brand building activities or product/service*.



Meta aspects of online branding

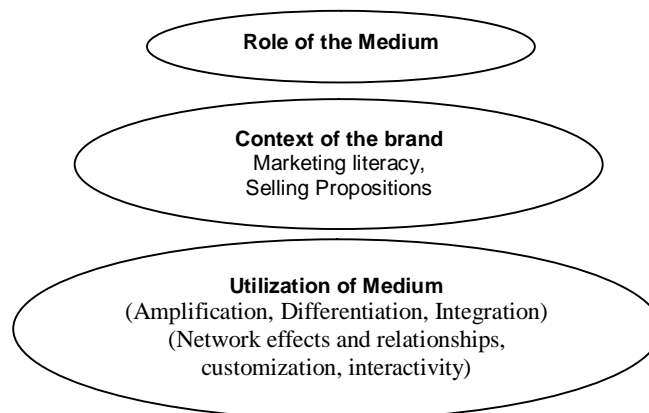


Figure 11, Online branding framework

The purpose of the online branding framework is to plan branding activities on an operational level. The main question of the online branding framework is to establish:

“How to create the online brand experience by utilizing the different aspects/experience enabling factors?”

A checklist of action points is presented to consider the various aspects of the online branding framework and systematically plan the different aspects. In order to utilize the online branding framework the brand triangle mapping, presented later on, should be performed first as the brand values are necessary to give form to these aspects.

Brand triangle	<i>An instrument for this specific aspect was developed and introduced in the context of this thesis. Refer to the brand triangle checklist and mapping for extended analysis on this aspect.</i>
Location of the brand	<ul style="list-style-type: none"> • Considering the brand values and promised experience, determine appropriate channels for communication: website, online PR, e-mail, online media, online advertising, chat and search. • Select channels that can enable or reinforce the promised experience. • Disregard channels that contradict or have no association with the promised experience. • Utilize brand relevance and brand preference (refer to brand relevance and preference checklist) to select when and where the channels are utilized; rational vs. emotional branding.
Differential reward/motivation	<i>An instrument for this specific aspect was developed and introduced in the context of this thesis. Refer to the differential reward/motivational taxonomy for extended analysis on this aspect.</i>
Link with other branding activities or product/service	<ul style="list-style-type: none"> • Determine how the brand or product can be linked to the website: <ul style="list-style-type: none"> ○ Rational level: What are functional attributes or technological features that distinguish the product? ○ Emotional level: Are there any cosmetic features to highlight? • Is there an informational component to the product/service that the website can contribute or facilitate? • Determine how the website can be made part of the brand experience, e.g. by facilitating or augmenting use of the product/brand. • Are there offline promotional activities, events or sponsorships that can be linked to the website?
Site appearance	Determine in what way the promised experience and brand values can be enacted utilizing the site appearance: imagery, colors, semiotics, design language, etc.

Navigation	Determine in what way the navigation can contribute to the promised experience and brand values: information architecture, interaction scheme, navigational elements, theme of navigation menu, etc.
Download speed and usability	<ul style="list-style-type: none"> • Utilize a checklist to ensure usability (this instrument was not developed in the context of this thesis). • Utilize benchmarking to ensure download speed is acceptable (benchmarking was not determined in the context of this thesis).
Meta aspects	<i>An instrument for the meta aspects was developed and introduced in the context of this thesis. Refer to the branding strategy indicators for extended analysis on this aspect.</i>

Table 5, Checklist online branding framework

As was stated in the context of the thesis, not all aspects in the framework of analysis were considered for improvements, hence only for the aspects of the brand triangle, meta aspects and differential reward/motivation specific instruments were developed. The framework is meant to increase insight and analysis on the online brand experience and to structure and formalize the current methods of online branding. By utilizing the framework consistently more consistent and effective online branding activities can be planned and executed.

The Brand triangle

The brand triangle in the online brand experience from de Chernatony & McDonald (2003) is composed of the aspects *rational values*, *emotional values* and the *promised experience*. These aspects are the antecedents in the online brand experience as they determine in what way the experience enhancing aspects can give form to the online brand experience. The brand triangle and its derivative instrument, brand triangle mapping are presented as an analysis instrument.

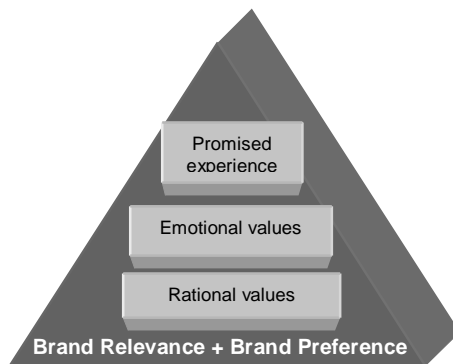


Figure 12, The brand triangle

The main question that the brand triangle focuses on is:

“How does the brand create added value to the customer?”

The added value that is associated with the brand can be defined and specified in the prior mentioned antecedents. The purpose of this instrument is to systematically determine the antecedents for a brand in order to have sufficient insight and knowledge on the specific brand and what the consumer’s motivation can be for choosing this brand. Although there is a certain hierarchic structure

to the brand triangle, with emotional values and the promised experience building on rational values like functionalities or product features, certain emotional values associated with the brand can sometimes be easier to determine. Hence an iterative approach to the checklist is required as it can be necessary to identify relevant product features after the relevant emotional value has been determined.

Brand triangle checklist and mapping

Rational values

The first aspect identified in the brand triangle are the rational values, the attributes or specifications of the brand/product that are considered by the consumer from a rational/functional perspective. The rational levels correspond to the generic product and the expected level of the brand in the four levels of the brand by Levitt (1980) (refer to Appendix B for the specific theory). The following action points are meant to determine what the relevant attributes and functions are of the specified product/brand that are to be communicated to the consumer and how these are related to the brand values.

1. The first action point is to determine the brand values as they are defined by the client or brand-owner. These can be obtained either through the briefings with a client, formal documentation from the client or research by the agency. In the first and last case it is imperative that these brand values are communicated and verified with the client (refer to Appendix E for formal procedures). Research by the agency can be executed by examining all prior advertising and communication of the brand directed to the consumer. Several media are to be considered: magazine ads, TV commercials, website, etc. Specifically when this alternative is concerned the feedback by the client/brand-owners is essential.

2. Once the brand values have been determined a distinction should be made between the rational and the emotional values.
3. Determine the functionalities, attributes or technological features of the product/brand. Make use of the USP concept by Lindstrom (2005). Make a selection of the main competitor brands and determine the relative positioning of the brand towards them.
4. Once the functionalities, attributes or technological features are listed determine the associations between these and the rational brand values in the brand triangle mapping (see below).

Emotional values

The emotional values are the next level of the brand and correspond to the augmented level of the brand in the four levels of the brand (Levitt, 1980). Emotional values fulfill certain social and psychological needs and can be related to aesthetic features, brand image and the consumer's self image. The consumer's self image is the consumer's perception of how he perceives himself. This self-image can be augmented or reinforced by the use of brands, for example, the use of a Louis Vuitton purse contributes to a consumer's self image as a fashionable person; the use of an American Express Gold card contributes to a consumer's self image as being a successful person, a member of an exclusive club.

5. Identify additional (aesthetic) attributes, functionalities or features that can be related to emotional values. Make use of the ESP as identified by Lindstrom (2005).
6. Describe the brand image in terms of characteristics or attributes, e.g. *luxurious, domestic, innovative, masculine, trendy, conservative, exclusive*, etc. The brand image contributes to the consumer's self image by projecting the values onto the consumer; by association with the brand the consumer communicates to others individualistic ideas and hence forms a self-expressive element of the brand.
7. Describe the brand personality in terms of characteristics or archetypes, e.g. *joyful, serious, extravagant, witty, rebellious, distinguished*, etc. The brand personality can be used as an instrument in itself but is employed here as an exercise to further analyze and identify emotional values. For a more extensive use of brand personality and the utilization as a brand analysis instrument further reading is recommended in the theory by Aaker (1997)
8. Determine the associations between the functionalities, attributes or technological features of and the emotional brand values in the brand triangle mapping (see below).

Promised experience

The promised experience is the amalgamation of the rational and emotional values and is defined by the holistic experience that the consumer is to undergo by consumption of the brand. The promised experience is the antecedent that should be perfectly aligned with the experience enhancing enablers in the online brand experience in order to achieve an effective and consistent brand on the internet. The following questions are to explore the brand experience and assist in further defining it:

9. Can the product/brand be related to social reference group(s)? In what way does the brand contribute to the consumer's self image? Does consumption of the brand project the accurate image?
10. Make use of the selling propositions identified by Lindstrom (2005): USP, ESP, OSP, BSP, MSP and HSP. Does the brand promote a certain philosophy? A lifestyle?
11. Consider how the marketing literacy (Goodyear, 1995) of the target audience affects the brand image.

Example: Apple iPod

The Apple iPod has been a success story since its introduction and Apple currently dominates the MP3 player market with its iPod brand. Apple was capable to achieve this due to a unique customer focused brand positioning.

The brand triangle mapping illustrates how the promised experience, “*be your own DJ*”, is shaped by the various rational and emotional values. The experience connects with the customer and contributes in shaping its own self-image and expressing his own ideas through creativity and individualism.

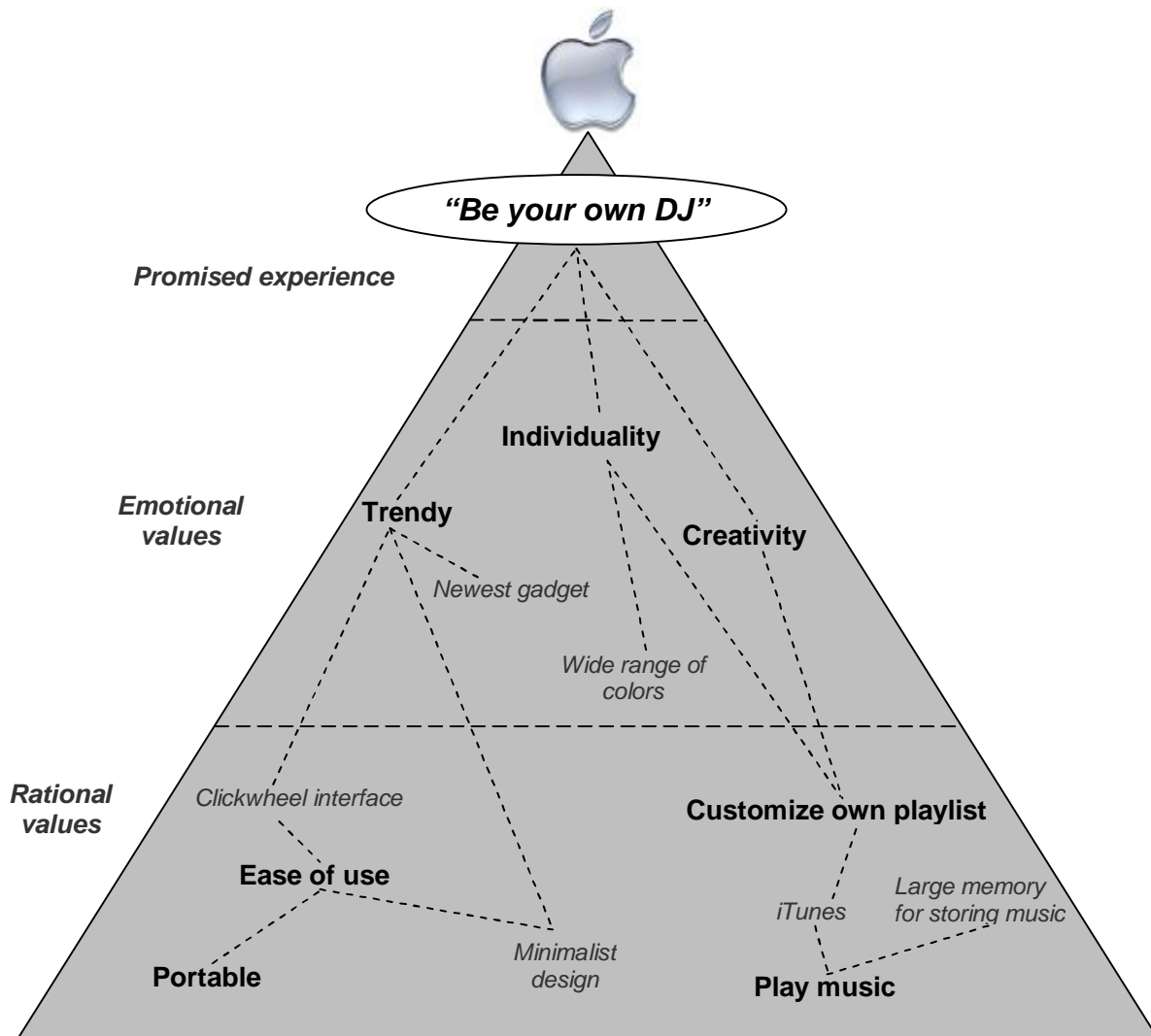


Figure 13, Brand triangle mapping for Apple iPod

The brand triangle mapping includes the most relevant features and attributes of the product/brand. These features and attributes are chosen as they exhibit strong associations with the brand values. The brand triangle mapping should be as extensive as possible in the initial phase. In later stages the mapping can be condensed and the most relevant attributes/features identified. The associations expose insights in how communication towards the consumer can build the brand values.

Brand relevance & preference checklist

Where identification of the aspects in the brand triangle are meant to determine how communication towards the consumer can be shaped, the concepts of brand relevance & brand preference are meant to determine how this communication is to be planned. The brand relevance & preference checklist are to determine how the aspects in the brand triangle influence the concepts brand relevance & brand preference, in order to determine where these aspects are of importance in the customer interaction process.

Brand relevance

In order to determine brand relevance the customer's motivational need and the corresponding product category need to be established. The following action points assist in determining these:

11. Examine the rational values and determine which ones are fundamental and are considered part of the generic product. Using the Apple iPod as example, the rational values 'ease of use' and 'customize own playlist' are not fundamental to the product. The rational values 'portable' and 'play music' are fundamental. Based on these fundamental rational values we can deduce the motivational need of the consumer: *'the need to listen to music wherever I go'*.
12. Based on the motivational need it can be determined which product category is considered relevant. In this case the product category 'mp3-players' can be identified as the relevant product category. One should however consider several alternatives and think outside of the box in order to expose all relevant categories. For instance the product category 'portable audio-players' can also be defined as the relevant product category in which case cellular phones with mp3-player function are very relevant competitors. On the other hand portable radios can also be considered competitors when the rational value 'customize own playlist' is not considered relevant for the product category. Another interesting observation is that the rational value 'large memory for storing music' creates a relevancy for the product category 'portable storage devices'. Hence, multiple product categories can be relevant but the brand should decide which product categories are relevant based on the target audience and brand positioning.
13. Utilizing the four levels of the brand (Levitt, 1980) one can determine which values are relevant for the expected level of the brand. The best way to determine this is through research with consumers in a focus group or survey. Although the expected level can be determined by desk research, it will be more accurate and reliable if done through quantitative research with the target consumers. In our example the expected level consists of the values 'portable', 'play music' and 'customize own playlist'.

Brand preference

In order to determine brand preference the following action points are suggested:

11. Consider the remaining values and determine which of these are considered 'order winners' in the product category. Each of these values is theoretically adding value to the product/brand as they fall outside of the expected level and hence add to the augmented or potential level of the brand. The order winners are the values that will determine whether brand preference is developed for the brand, contrary to the expected values. Once again it is recommended to conduct a survey or focus group interview with the target consumer but can also be executed as an exercise for analysis. In our example the potential order winners are 'ease of use', 'trendy', 'individuality', 'creativity' and the holistic promised experience 'be your own DJ'.

12. An extended analysis can be performed by performing the brand triangle mapping for competitors in the relevant product category and determining the order winners for each of them. This can establish an effective benchmarking with similar order winners and additionally expose other brand values that are considered order winners in competitor's brands. In our example, the MP3 player product category, we can observe that the 'ease of use', 'trendy', 'individuality' or 'creativity' can be order winners for a brand. Competitor's brands may enact these brand values in a different way but most of these values can be perceived in these brands. It is however the holistic approach to branding with these values that has successfully created the iPod positioning and created the brand promise of *'being your own DJ'*.
13. After establishing which values determine brand relevancy and which values determine brand preference, planning of branding activities can be adjusted using the customer-brand interaction process. Through careful media planning and segmentation one can emphasize more rational branding with consumers considering brand relevancy while the consumer in a latter stage can be targeted with more emotional or holistic brand communication in order to stimulate brand preference.

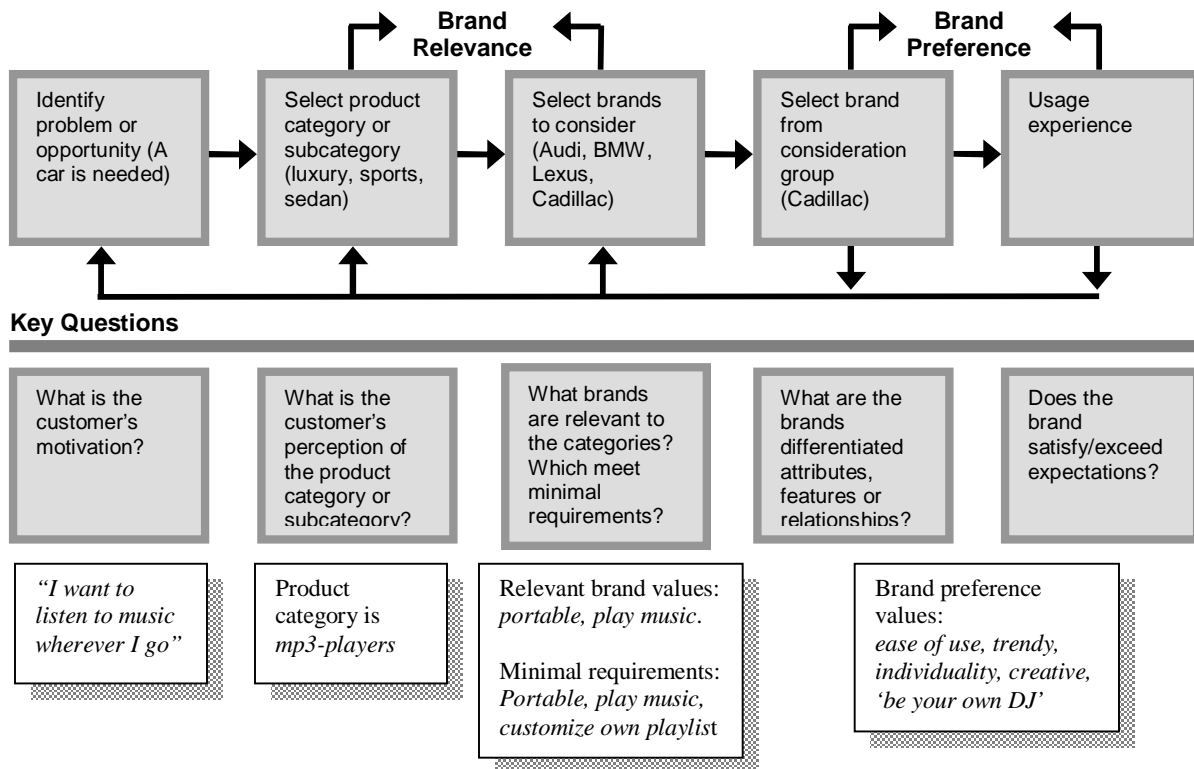


Figure 14, Apple iPod brand values depicted in the customer-brand interaction process

Branding strategy indicators

A distinction can be made between the online brand experience and the meta aspects; the online brand experience focuses on the aspects that the brand manager can manipulate in order to determine and shape the branding activities on the internet. The meta aspects are considered higher level antecedents and factors that determine the brand or how the medium is utilized.

The role of the medium addresses the strategic role the medium occupies in the total branding effort and is considered a strategic factor that can be manipulated by the brand manager. The context of the brand addresses the relevant aspects of the brand development: marketing literacy (Goodyear, 1995) and the selling proposals as proposed by Lindstrom (2005). These factors are contextual antecedents to the brand and branding environment although the selling proposals can also be considered strategic factors that can be manipulated. The utilization of the medium emphasizes the advantages of the medium and focuses on the aspects by Aaker (2004), amplification, differentiation and integration and the advantages argued by de Chernatony & McDonald (2003), network effects and relationships, customization and interactivity. These factors are considered indicators on how well the medium is being utilized for branding purposes.

The purpose of this instrument is that of strategic decision support tool to determine the online branding strategy by determining what branding activities or instruments are appropriate through the use of strategic indicators.

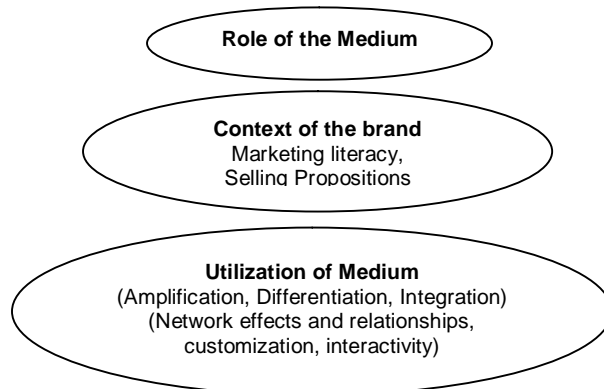


Figure 15, The meta aspects of online branding

The main question that is sought to be answered in this instrument is:

“How can the characteristics and role of the Internet medium be utilized to build the brand?”

In this instrument the aspects *role of the medium, amplification, differentiation and integration* are considered. The aspects marketing literacy by Goodyear (1995) is not considered a determinant that can be influenced by the brand manager, but rather an aspect inherent to the specific society. Hence this aspect is utilized in the brand triangle instrument

introduced earlier in addition to the selling propositions by Lindstrom (2005). Although the selling propositions can be utilized as a strategic planning instrument they have been introduced as analysis instruments in the brand triangle as they could not be incorporated suitably into this instrument. The aspects *network effect and relationships, customization and interactivity* by de Chernatony & McDonald (2003) are not utilized in this instrument either but in the differential reward/motivation taxonomy which forms the successive instrument for this one.

Strategic decision support tool

The first aspect that is considered in this instrument is the role of the medium. Aim is to determine what role the Internet medium occupies in the total branding effort and how it is integrated in the business model.

1. Determine the role of the Internet medium in relation to the other media. What are the other media that are utilized for branding activities? What strategy is envisioned or expectations

- are there from online branding? Aim is to determine the company's attitude toward the medium.
2. Determine how the consumer utilizes the medium in relation to the brand. Does the consumer's main concern relate to obtaining product specifications and price? Or is the consumer more concerned with experiences from other consumers and reviews? What is the post-transaction attitude of the consumer? Do consumers share user experiences about the product? Are the consumers involved with personalization and customization of the product/brand? Aim is to determine the consumer's attitude towards the online presence of the brand.
 3. What role does the Internet medium currently occupy in the business model? Is it part of the primary process or a supporting activity? If it is currently not considered a core activity in the primary process, consider how and whether integrating Internet activities and redefining the business model creates (branding) opportunities.

After determining the attitudes and intentions towards the medium and identifying any opportunities, the three dimensions amplification, differentiation and integration can be utilized to further assess the online branding strategy:

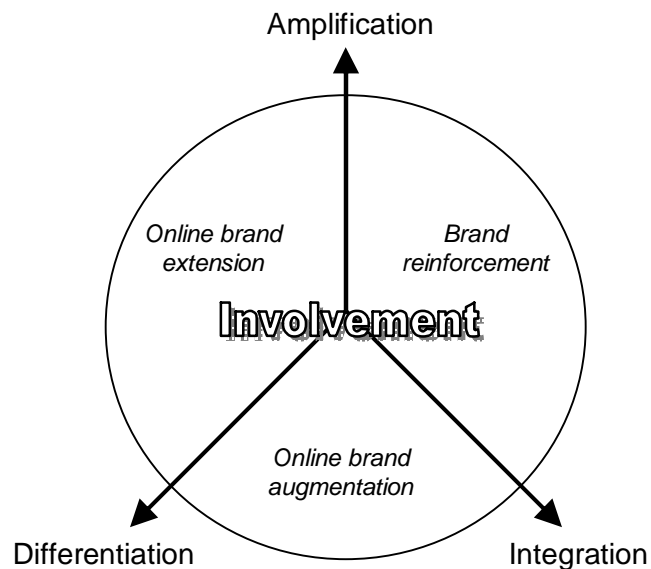


Figure 16, Strategic indicators and domains

The online branding strategy can be assessed utilizing the three axes of amplification, differentiation and integration in order to determine whether the branding strategy has the desired effect. Branding instruments (refer to the differential reward/motivation taxonomy) can then be selected in order to tune the online strategy to the intended effects. Three strategic domains can be identified next to the three dimensions: online brand extension, online brand augmentation and brand reinforcement.

Online brand extension occurs when an online branding strategy focuses on differentiation and amplification. The Internet medium is utilized to create a differentiating effect by augmenting the brand with information, entertainment or other added values. Amplification is utilized to deepen the relation and meaning of the branding activities and increase the engagement with the consumer. The resulting effects are an online brand that can be considered having a different identity from the offline brand hence the denomination as a brand extension.

Online brand augmentation occurs when an online branding strategy focuses on differentiation and integration. The differentiation effects are similar to the effects with online brand extension but unlike with the former case the effects of integration allow the online brand to retain a strong link with the offline brand. Hence, rather than a distinctive online brand coming into existence, the offline brand augments the brand and adds additional values to the existing brand.

Brand reinforcement occurs when an online branding strategy focuses on amplification and integration. Without the differentiation effects enacting on the online brand, online brand activities will reinforce the current brand; amplification will increase customer engagement while integration will create synergy and consistency with the offline brand. Brand reinforcement is frequently seen as online branding strategy as operationalizing differentiation remains difficult for a brand.

Finally, an involvement strategy can be considered when all dimensions are equally utilized. An involvement strategy can appear the ideal choice but it can often be difficult to base a good strategy on all three dimensions and accurately reflect the brand promise. The danger that exists with this strategy is the ability to sustain the added values to the brand, as competitors are more able to copy the strategy when efforts are spread out over all the dimensions.

Example 1: Nike iD

Nike was the first sports brand to offer customized sport shoes through their website. The website was launched under the name Nike iD and enabled consumers to customize their sport shoes through an interface on the website and subsequently place an order for the customized shoes. It was one of the first examples of e-commerce utilizing the customization potential of the Internet medium and although there were initial complications where the brand was subjected to some criticism, this branding activity proved to be a success. In the current situation similar service are offered by major sport shoes manufacturers like PUMA, Adidas and Reebok.

This example can be considered an online brand augmentation strategy: Nike iD utilized the differentiating potential of the Internet medium to include customization as a brand value. Integration effects are perceived in the engagement of the consumer by enabling direct influence on the product and hence creating a strong link with the physical product/brand. As the online brand retains strong linkages with the offline brand it can be considered a brand augmentation adding the brand value of individualism to the brand.

Example 2: ViaMichelin.com

ViaMichelin.com was started by the mother company Michelin in 2001 and provides route planning and traveling solutions through Internet, mobile and satellite products. Although ViaMichelin brand was able to utilize the existing Michelin guides as brand equity, the potential of the Internet medium is once again emphasized as the online brand extension strategy has given rise to a true brand extension. Whereas the Nike iD brand does not stand on its own and retains strong linkages to the mother brand, the ViaMichelin brand is shaped around its own brand values of facilitating the traveler both in functionality and comfort.

Example 3: IKEA

IKEA is considered to follow a brand reinforcement strategy as its online branding activities focus on amplification and integration. The website's main function is that of an online catalogue enabling the consumer to enact the same promise experience online by browsing and selecting the products one would otherwise do at the physical IKEA store. The online branding strategy is tightly integrated with the business model where cost savings are obtained by outsourcing certain tasks to the consumer: the utilization of the medium is a logical extension of their business model where e-commerce can create cost savings for the consumer.

Unrelated to the strategic direction that is chosen for online branding, one should ensure the promised experience is enacted by the online branding strategy. The strategic indicators are

introduced as instrument and decision support tool to assess and operationalize the chosen online strategy but should still be regarded as an enactment of the promised experience. In all above mentioned cases the brands remain true to their original brand values and have a strong link with the promised experience although sometimes in an augmented form.

In order to further analyze and plan the branding strategy the selling propositions by Lindstrom (2005) can be utilized. As was mentioned these selling propositions represent the brand evolution as can be observed in time and can be utilized to plan the future of the brand. As brands exist in different stadiums and hence utilize different selling propositions, it is possible to determine what the current selling proposition of the brand is. Once can then determine based on the brand values, brand experience, the target audience and the selling propositions of the competitor's brands whether there are opportunities to evolve the brand to the next level.

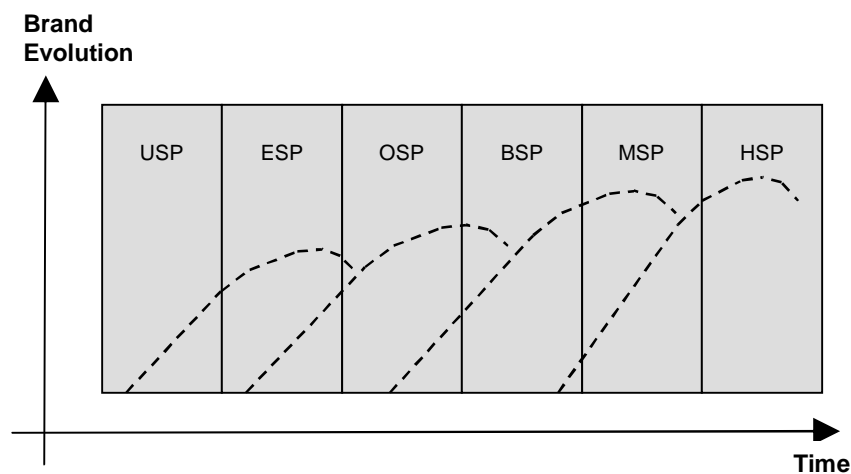


Figure 17, Evolution of the brand

(Source: Lindstrom 2005)

4. Utilize the questions listed under the rational values, emotional values and promised experience in the brand triangle checklist. Relate the answers to these questions to the selling propositions from Lindstrom (2005) and determine which selling proposition is relevant.
5. Repeat the exercise for a number of competitor's brands and determine their selling propositions. Utilize the questions under brand preference in the brand relevance and preference checklist.
6. Once a benchmarking has been made of the selling propositions one can relate the selling propositions with each other and determine whether the selling propositions are in different stadiums or not. Consider how augmenting or evolving the current selling proposition can redefine and/or reinforce the brand positioning.

Differential reward/motivation taxonomy

The differential reward/motivation taxonomy is introduced as an instrument in assisting the selection from the wide variety of branding instruments utilized for online branding. These branding instruments are considered functional enablers and elements that can be utilized for enacting the online brand experience by incorporating them into the website or other online media. Examples of these functional enablers are: *forums, photo galleries, chatboxes, online video, e-cards, blogs, virtual product representations, flash games, customizable interfaces*; basically anything that can be implemented on the Internet medium and can be utilized for branding purposes.

These instruments are generic instruments and many brands make use of these instruments already. Although these instruments can be utilized it is recommended more specific web applications are considered, reviewed or developed. Specific web applications can contribute directly to the promised experience if they can represent the brand experience or be made part of it. For instance, an online racing simulator can be a powerful branding instrument for a sports car brand. The racing simulator can give the consumer the virtual version of the brand experience. Furthermore it has a high engagement factor, entertainment value and creates a motivation to return to the website. The previously mentioned Nike iD forms another example where an online application delivers a contribution to the brand experience. By enabling the consumer to directly influence the physical product the application creates high engagement and a strong link with the physical product; the application is made part of the greater brand experience.

Devising an online application that can deliver a contribution to the brand experience is no easy task. It requires not only a thorough understanding of the brand, but often knowledge and insight in the product and an understanding in the capabilities of the medium. Hence the differential reward/motivation taxonomy is presented as an instrument to build a knowledge base in this respect. The taxonomy can be utilized for profiling and categorizing the existing branding instruments known at ES. With all the existing branding instruments included in this knowledge base the knowledge bases functions as a reference source in the first place. The intended personnel can use this reference source for inspiration and selecting instruments for branding activities. Additionally, the knowledge base will form the starting point for research & development in respect to branding instruments. Concepts for future branding instruments can be devised by researching the data on existing ones, augmenting these instruments and applying them to new situations or new uses or functionalities. For this to work however, it is imperative the knowledge development and management functions are strongly defined and implemented in the ES organization as is suggested in Chapter 6 of the thesis.

In the differential reward/motivation taxonomy the instruments are profiled and rated and considered on the following aspects:

- The level of *differential reward and motivation*.
- Potential for communication of: *rational values, emotional values and the promised experience*.
- The operational indicators as identified by de Chernatony & McDonald (2003): *customization, interactivity and network effects and relationships*.
- Potential for contributing to the strategic factors identified by Aaker (2004): *amplification, differentiation and integration*.

Example 1: Forums

Type of branding instrument: <i>Forums</i>	
Description: Forums are the predominant means to create a virtual community and can therefore be a powerful branding instrument. The forum environment needs to be carefully maintained and stimulated before a healthy virtual community is grown that can sustain itself. Additionally, differentiating a forum can be very difficult.	
Related instruments: <i>guestbook, blogs</i>	
Differential reward	<i>Moderate</i>
Motivation	<i>Moderate</i>
Rational values	<i>Moderate</i>
Emotional values	<i>Moderate</i>
Promised experience	<i>Low</i>
Interactivity	<i>High</i>
Network effects and relationships	<i>Very High</i>
Customization	<i>Low</i>
Amplification	<i>High</i>
Differentiation	<i>Very Low</i>
Integration	<i>Low</i>

The screenshot displays the PlayStation Forums website. At the top, there is a header with the PlayStation logo and a search bar. Below the header, there is a navigation menu with links for Register, FAQ, Members List, Calendar, New posts, and Search. The main content area shows the 'English Forums' section with a table of sub-forums. The table has columns for Forum, Last Post, Threads, and Posts. The sub-forums listed are: English Community Lounge, Announcements & Events (1 Viewing), Fan Art (4 Viewing), Fan Fiction, Fan Reviews, Small Talk (41 Viewing), and PlayStation 3. Each sub-forum entry includes a link to the forum, a view count, and a list of recent threads with their authors and timestamps.

Forum	Last Post	Threads	Posts
English Community Lounge			
Announcements & Events (1 Viewing)	Beta Trials and Beta Trial... by zurge 05-03-07 23:07	22	1,919
Fan Art (4 Viewing)	Signature Competition entries by DEVIL Today 20:24	698	11,353
Fan Fiction	Magpies and lesbians. by LiamB 04-03-07 17:14	45	1,026
Fan Reviews	Reviews of my Xbox 360 games by ComradeSaim Today 18:58	125	2,391
Small Talk (41 Viewing)	MSN Spyware by Lewsterrr Today 20:24	6,765	171,084
PlayStation 3			
General PS3 Discussion (174 Viewing)	GDC: Phil Harrison's Keynote by PanixATK Today 20:28	5,511	121,834

Figure 18, The forum on the PlayStation website

Example 2: Online racing simulator**Type of branding instrument: Online Racing simulator**

Description: The previously mentioned online racing simulator is an instrument that can be applied excellently for car brands. It can be applied as branding instrument in other product categories if a suitable link can be made to the brand promise. For instance the brand promise of 'energy' makes this instrument applicable to a brand like 'Red Bull'. Similarly the entertainment value can be linked to a fun and youthful brand like 'Coca Cola'. However, with the multitude of existing online games available nowadays and the sophistication of these games it is difficult to develop a game that truly stands out and has re-playability. Hence it is an instrument that should only be used when dedicated resources are available or when a distinct and original concept is devised.

Related instruments: Flash games

Differential reward	High
Motivation	Moderate
Rational values	Low
Emotional values	High
Promised experience	High
Interactivity	Very High
Network effects and relationships	Very Low
Customization	Very Low
Amplification	Moderate
Differentiation	Low
Integration	Low



Figure 19, Online racing game by Vredestein

Example 3: Virtual model

Type of branding instrument: <i>Virtual model</i>	
Description: The model is a functional branding instrument that can be utilized for clothing and fashion brands. It allows the user to try out clothing and fashion accessories and visualize. Unlike the previously mentioned racing simulator the virtual model has functional value and hence has a longer lasting value. Sophistication of this instrument is also required though, both to allow a great range of options, but also to allow the user more accurate control and identification with the virtual model.	
Related instruments: <i>Virtual interior decorator, Car configurator</i>	
Differential reward	<i>Very High</i>
Motivation	<i>Moderate</i>
Rational values	<i>Moderate</i>
Emotional values	<i>Very High</i>
Promised experience	<i>High</i>
Interactivity	<i>High</i>
Network effects and relationships	<i>Very low</i>
Customization	<i>Very High</i>
Amplification	<i>Moderate</i>
Differentiation	<i>Moderate</i>
Integration	<i>High</i>



Figure 20, A virtual model serves as a shopping tool at iVillage

Example 4: Virtual interior decorator**Type of branding instrument: Virtual interior decorator**

Description: The virtual interior decorator is a similar concept as the virtual dress-up doll, but rather applies the concept to a living or bedroom. The user can decorate the room as he/she sees fit making the branding instrument suitable for furniture brands and home decoration brands. However, the link can also be made with less obvious brand values: in the Sony Wega theatre case by ES one of the brand values that was to be communicated was the stylish appearance of the brand and how it could be seamlessly integrated in your home environment. This branding instrument was successfully utilized to communicate this message.

Related instruments: *Virtual model, Car configurator*

Differential reward	Very High
Motivation	Moderate
Rational values	Moderate
Emotional values	High
Promised experience	Very High
Interactivity	High
Network effects and relationships	Very low
Customization	Very High
Amplification	Moderate
Differentiation	Moderate
Integration	High



Figure 21, Arrange-a-Room at BHG.com

Example 5: Training videos

Type of branding instrument: Training videos	
Description: Nike focused its branding strategy on a sportive, dancing experience in their targeting of women. Their branding campaign was created around a brand promise of performance through dance with branding activities like sponsoring of dance events and music videos with female dancers. Training videos were utilized as a branding instrument on their website by providing workouts that users could perform. These training videos enable the user to directly enact the brand experience and additionally have a high functional value.	
Related instruments: <i>Online video, online video show, instruction videos</i>	
Differential reward	<i>Moderate</i>
Motivation	<i>High</i>
Rational values	<i>High</i>
Emotional values	<i>High</i>
Promised experience	<i>High</i>
Interactivity	<i>Low</i>
Network effects and relationships	<i>Very Low</i>
Customization	<i>Very Low</i>
Amplification	<i>Moderate</i>
Differentiation	<i>High</i>
Integration	<i>Moderate</i>



Figure 22, Nike women provides training videos on their website

Example 6: Car configurator**Type of branding instrument: Car configurator**

Description: The car configurator is an example of how an excellent branding instrument can quickly become industry standard. Similar to the virtual dress-up doll or the virtual interior decorator, the car configurator allows a user to virtually customize a car by selecting model, color and all the options he/she desires. Usually the car configurator then provides the user with a quote and the location of several official dealers in the neighborhood. The car configurator is a very effective branding instrument as it makes a connection with the physical product and integrates the online activities seamlessly with the total brand experience. It should therefore come as no surprise that this instrument is utilized by all major car brand-owners.

Related instruments: *Virtual model, virtual interior decorator*

Differential reward	<i>Very High</i>
Motivation	<i>High</i>
Rational values	<i>High</i>
Emotional values	<i>High</i>
Promised experience	<i>High</i>
Interactivity	<i>High</i>
Network effects and relationships	<i>Very Low</i>
Customization	<i>High</i>
Amplification	<i>High</i>
Differentiation	<i>Moderate</i>
Integration	<i>Very High</i>

The screenshot displays the Mercedes-Benz online car configurator. At the top, the Mercedes-Benz logo is on the left, and the text 'Configure your car' is on the right. Below the logo is a progress bar with five steps: 1. Select class, 2. Paint & upholstery (highlighted in orange), 3. Equipment, 4. Your car, and 5. Your contact. The main content area is titled '2. Paint and upholstery'. It features two sections: 'Paint' and 'Upholstery'. The 'Paint' section shows a grid of color swatches with 'Cubante silver metallic' selected. Below it is a 3D rendering of a silver Mercedes-Benz CLS 320 CDI. The 'Upholstery' section shows a grid of fabric and leather swatches with 'Leather - black' selected. Below it is a 2D rendering of the car's interior. On the right side, a summary box titled 'Your choice/Price (GBP)' lists the model 'CLS 320 CDI', a total price of 43,595 (including VAT and excluding OTR), a list price of 42,475, and the cost of the selected leather upholstery (1,120). It also shows 'Option equipment' with a total of 0.

Figure 23, the Car configurator at Mercedes-Benz

Appendix E – Supplemental organizational procedures

1. *Internal briefings*

The ‘Account manager’ in charge of the project is responsible for providing an accurate internal briefing on which the team members can base further efforts in the project.

In order to ensure the client’s brand is accurately reflected, the ‘Account manager’ is to perform a thorough analysis of the client’s brand utilizing the brand triangle checklist and mapping in the case that there has been no prior relation with the client and brand analysis has not previously been conducted and verified.

Product of this analysis is documented in the ‘Job briefing’ utilizing the specified template. The ‘Account manager’ can use own judgment to determine the contents of the ‘Job briefing’ save for the predetermined required sections.

In the case that there has been a prior relation with the client and brand analysis has previously been conducted and verified, the section ‘brand definition’ can be omitted from the ‘Job briefing’.

The ‘Account manager’ can delegate the writing of the ‘Job briefing’ to an ‘Account executive’ involved with the project. The brand analysis remains the responsibility of the ‘Account manager’.

The ‘Job briefing’ is distributed among the relevant team members by internal mail.

2. *External communication with client*

The ‘Account executive’ involved with the project is responsible ensuring that Energy Source has an accurate definition of the client’s brand.

In order to ensure this, the ‘Account executive’ is responsible for verifying the product of the brand analysis and is responsible for writing the contact report utilizing the specified template ‘Contact report’ in the case that there has been no prior relation with the client and brand analysis has not previously been conducted and verified.

The ‘Account executive’ can use own judgment to determine the contents of the ‘Contact report’ save for the predetermined required sections.

In the case that there has been a prior relation with the client and brand analysis has previously been conducted and verified, the section ‘brand definition’ can be omitted from the ‘Contact report’.

The ‘Account executive’ can determine when the ‘Contact report’ is to be written, but it is imperative the ‘Contact report’ is e-mailed to the ‘Client’ within three days after the date of the initial meeting.

JOB BRIEFING

首次工作要求单

Brand: _____	Project Number: _____
Client: _____	Briefing by: _____
Briefing Date:	
Internal Copy to:	
Project Type:	
Deadline:	
Is this for Pitch: <input type="checkbox"/> Yes <input type="checkbox"/> No	If it is, indicate the pitch date: _____
是否需要网站备案: 是 <input type="checkbox"/> / 否 <input type="checkbox"/>	备注: _____

Background

Brand definition (品牌定义)

Rational values (理性价值): _____

Emotional values (感性价值): _____

Promised brand experience (品牌经历): _____

AE: _____ / date: _____ AM: _____ / date: _____

AD: _____ / date: _____ Dept. Head: _____ / date: _____

CONTACT REPORT

联系报告

Client: _____

Attendees: _____

Date: _____

Venue: _____

Topics:

-
-
-

Brand definition (品牌定义)

Rational values (理性价值): _____

Emotional values (感性价值): _____

Promised brand experience (品牌经验): _____

AE: _____ / date: _____ AM: _____ / date: _____

AD: _____ / date: _____ Dept. Head: _____ / date: _____