



Mind the Gap: New Rules of Engagement for Chinese Brands Going Global

New Research by Weber Shandwick and PRIME
Research Highlights a Trust Gap for Chinese
Technology Brands in the West



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engaging, always.





Encouraging Chinese companies to become leaders in the global knowledge economy is a core goal of the Chinese government's current economic development plan. Achieving that goal offers a great opportunity for emerging Chinese multinationals. Yet, according to new research conducted in 2012 by leading global public relations firm Weber Shandwick and PRIME Research, this goal faces significant challenges and unrealized opportunities.

Not surprisingly, many brands on the forefront of China's ambitions for international expansion hail from the technology industry. In order to better understand how those brands are currently faring against their Western competitors, a comprehensive media and content analysis of opinion-leading and technology publications in the United States and Germany was conducted over a six-month period (January to June, 2012). In addition, a supplementary analysis of Alibaba Group and its chairman and CEO Jack Ma was completed to serve as a baseline for better understanding effective executive communications and visibility. Ma and his Internet-based group of companies surfaced as the most visible Chinese technology company in the analysis.

Overall, the research revealed that Chinese technology companies have challenges to overcome that are frequently covered in the Western media. Yet, they also have perceived strengths that could be more proactively maximized to enhance their reputations and counter some of the negative perceptions. They also suffer from harmful perceptions borne out in the Western media surrounding cyber security, legal and regulatory issues and trust. This "Trust Gap" could be narrowed by embracing a more strategic approach towards executive engagement and more transparent story telling on the world stage.

FINDINGS

The Weber Shandwick/PRIME research surfaced four specific insights about Chinese technology brands and how they can achieve greater leadership stature across regions:

1

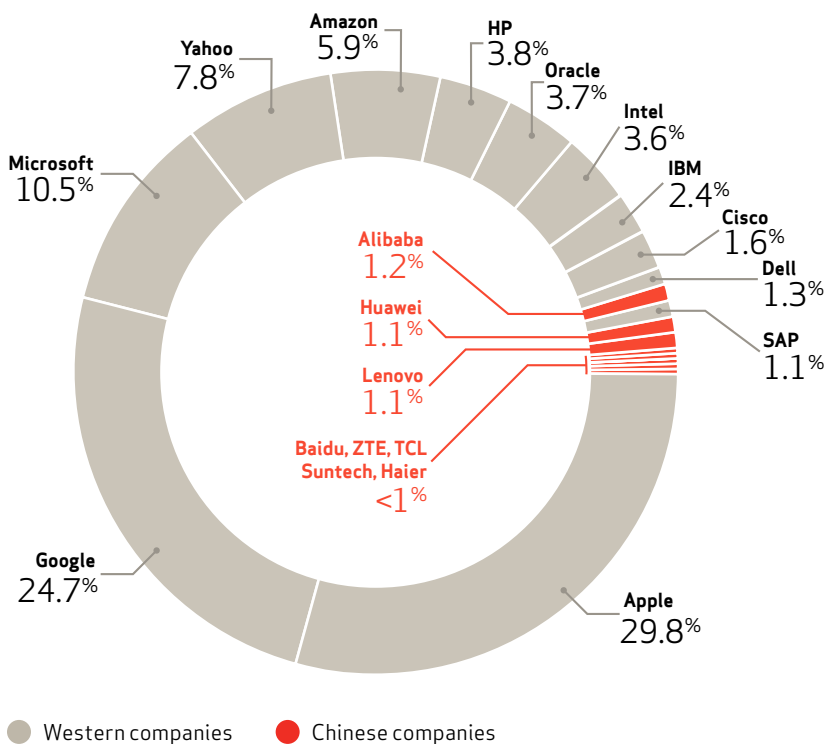
Plenty of room left to grow share of voice:

Chinese technology brands (see Figure 1) accounted for just 5% of overall share of voice among technology brands analyzed in the Western media. The highest ranking Chinese company was Alibaba, with a 1.2% share of voice, compared to highest-ranked companies' Apple (29.8%) and Google (24.7%). Alibaba's share of voice in the Western media, however, was not far from Dell (1.3%) and Cisco Systems (1.6%). Huawei and Lenovo were

the only other brands who barely topped 1%. None of the Chinese companies examined broke the top 10 among the 20 companies surveyed. Despite Alibaba's greatest share of voice for Chinese technology brands, it only placed 12th in the ranking.

On a side note, media coverage peaks when the paths of Chinese and Western interests intersect, for example, Alibaba's relationship with Yahoo and Huawei's network setback in Australia.

FIGURE 1: Technology Companies' Western Media Share of Voice (% Media Coverage Per Company)

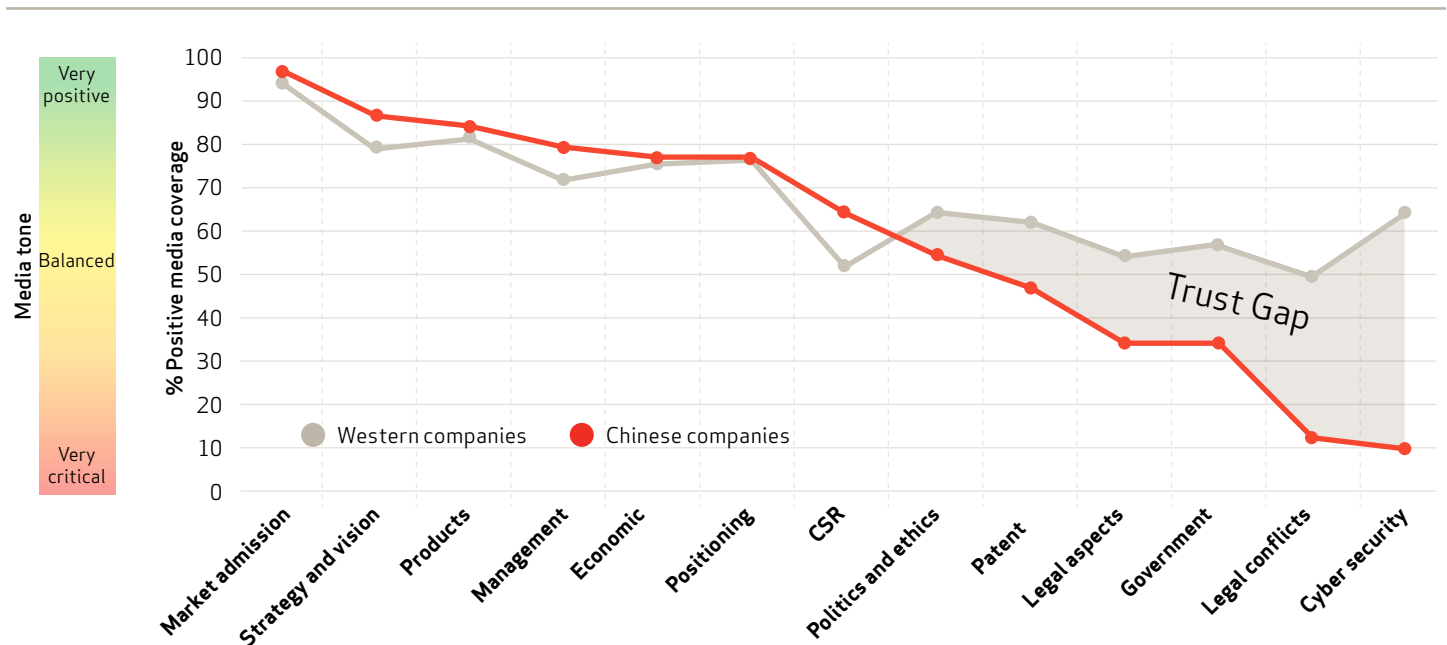


2

Management and strategy are strengths for Chinese technology companies. The topics covered the most positively by Western opinion-shaping and trade publications in the technology arena were market access and strategy/vision (see Figure 2). Chinese and Western companies received fairly equal positive coverage on several dimensions – market access, strategy/vision, product introductions/launches, management, economic performance and positioning. However, Chinese companies received somewhat greater positive coverage, in particular, for strategy and

vision and management relative to their Western counterparts. These are areas that should be capitalized on in the future to build positive impressions. Interestingly, Chinese technology brands received greater positive recognition in the Western media for their corporate social responsibility (CSR) initiatives relative to Western technology brands. This finding may be due to the fact that the Chinese companies analyzed were dominant and leading brands that have already evolved their corporate social responsibility platforms over the years and promote them widely.

FIGURE 2: The Trust Gap



3

Cyber security and legal issues are weaknesses for Chinese technology brands. The greatest gaps – where Chinese technology companies underperformed in terms of garnering positive media coverage compared to Western technology companies – were on topics such as cyber security, legal conflicts, regulatory issues, intellectual property and ethics (see Figure 2). Negative coverage for Chinese technology brands was most pronounced, however, for cyber security and legal conflicts and consequently, where the greatest gap exists in shaping a positive impression for Chinese

companies through the media. Greater transparency on these topics and less prominence of legal issues coupled with greater positive coverage on well-covered topics such as management strategy might help to narrow the trust gap that now exists.

When it comes to legal issues, Huawei topped all brands with a 19.6% share of coverage, followed by Google (16.6%). Other Chinese brands with 10% or more coverage on legal issues in the Western media were Baidu and TCL.

4

Chinese technology executives should consider greater visibility. Chinese executives lagged behind their counterparts from Western technology brands in terms of visibility and thought leadership in the Western media. Chairman and CEO Jack Ma of Alibaba was the only Chinese CEO to make it into the top 10 in terms of media visibility among the 20 companies analyzed, registering in 8th place. Ma had greater visibility than chairman and CEO John Chambers of Cisco and almost as much as new IBM chairman and CEO Virginia Rometty. The other two Chinese technology company CEOs with better visibility were Baidu's founder Robin Li and

Huawei's president Ren Zhengfei. Deeper analysis of Alibaba's Jack Ma revealed that consistent and active CEO media involvement led to an increase in his positive media tonality. Ma used interviews in magazines, speeches at conferences and panel participation in university settings to raise media awareness for his role and to improve the media reputation of his company. Greater executive visibility for the CEO and possibly other top executives can shift some of the negative tonality surrounding perceptions of Chinese technology brands.



RECOMMENDATIONS – Changing the rules of engagement

For Chinese technology companies to bridge the trust gap revealed in this research, Weber Shandwick believes they should seriously consider rethinking their current rules of engagement. Based on our findings, here are five recommendations:

1 **Embrace transparency:**

With dozens of Chinese companies de-listing (or planning to) from Western stock exchanges and increasingly being criticized in the media for regulatory issues, cyber-attacks and lax governance standards, Chinese brands must meet transparency demands head on and accept their importance to building better workplaces, consumer engagement, partnerships, vendor relationships and trust with wary Western governments (and some developing nation states).

2 **Be visible leaders:**

The low level of executive media visibility uncovered in this research hinders Chinese technology companies from leveraging their existing management strengths. Attending prestigious global forums is important, but even more critical for Chinese executives would be paying attention to and actively communicating what they stand for and what they're doing to advance business and societal goals. The research looked deeply into how chairman and CEO Jack Ma of Alibaba Group communicated with a variety of stakeholders and signaled through the media his company's strategic directives and trustworthiness (see Case Study). The Chinese domestic market faces many of the world's same major challenges — food and energy security, climate instability, rapid urbanization, an aging populace, an over-burdened public healthcare system, educational inequality and growing wealth disparity. Chinese CEOs have an unprecedented opportunity to posit solutions for these challenges and communicate their initiatives more broadly.

3 **Engage early and often:**

Some Chinese technology companies wait too long to engage with policy-makers in Washington, D.C. and other Western capitals and lose precious time in countering perceptions that Chinese companies are directly or indirectly associated with the Chinese government or military. Understanding who, how and when to engage with other international regulators and legislators to make their messages understood is critical to the future success of Chinese technology companies.




4 Power lies in numbers:

Chinese companies would best be served by pooling resources and building new industry coalitions or joining existing ones that advocate for the interests of a block of companies, not just one. Some efforts in this direction are just beginning, such as the Aigo Entrepreneurs Alliance (AEA), but greater coordination and focus is needed to be successful. AEA is a club founded by Chinese entrepreneur Feng Jun to help private Chinese companies navigate the uncertain world outside China.

5 Make social impact real:

With most Western governments still focused squarely on economic recovery and specifically job creation, Chinese companies should consider aligning their communications with the creation of employment and economic development in their target markets. Many Chinese brands have good stories to tell stakeholders and the media on this front and should proactively take the opportunity to build goodwill with target communities and their political representatives. Being seen as good neighbors through corporate social responsibility efforts could go a long way to creating a beneficial brand halo.

CASE STUDY: **Chairman and CEO Jack Ma of Alibaba Group**

Jack Ma	Message Focus	Stakeholders
	Openness	Government (USA, Europe)
	Keep Happy	Government (China)
	Power	Yahoo (Carol Bartz)
	Ambition	IT sector
	Motivation	Staff
	Responsibility	Society (USA, Europe)



...tournament from various
Ontario cities.

See **GIRLS HOCKEY** | Page A2

Prior to the quake, the funding
paid the salaries of 47 staff mem

residential."

a safe arrival home. They were

They also believe building on the
property, which has been used so long.

He also lent a hand at just
ntaylor@orilliapacket.com

proof? May I suggest

Chopra says in a telephone inter-
says he's safe.

lay is suspected.

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ck from Mexico and
have swine flu

disease, might sneeze or cough or
anything," said Emerson Abrego.

Canadian folk icon Valdy will also be
performing during the July 3 to 5 festl-
They are Breen Public School,

Montana Public School and
lights in his backyard.

"I advised them this property

mother were politically

story to our readers. Mad...
the **One Nick's Ramax** Really saved
SWs are being used in

empty bed pans — tasks cur-

hospitals, Riley said.
series events and meetings. Ed-
at home cooking treats to share

learning to fix her car instead of

See **TECHNOLOGY** | Page A2

not to occupy in...
in town.

those multi-purpose program-
disease expected to claim 75,300
tious diarrhea in hospitals and

long-term care homes.
our turn?

Staff is still in the planning

Note on Research Methodology:

The research investigation by PRIME Research sampled media coverage in the United States and Germany over a six-month period in 2012 (January to June). It compared volume and tonality of that coverage across a range of topics, comparing eight Chinese leading technology companies (Alibaba, Baidu, Haier, Huawei, Lenovo, Suntech, TCL and ZTE) against 12 Western counterparts (Amazon, Apple, Cisco, Dell, Google, HP, IBM, Intel, Microsoft, Oracle, SAP and Yahoo).

For further information, please visit Emergent China, or contact

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About Weber Shandwick

Weber Shandwick is a leading global public relations firm with offices in 81 countries around the world. The firm has won numerous awards for innovative approaches and creative campaigns including being named both The Holmes Report's 2012 Global Agency of the Year and the "Most Creative PR Firm in the World," based on the agency's first-place finish in its "Creative Index," as well as PR News' 2012 Digital PR Firm of the Year. Major practice areas include consumer marketing, healthcare, technology, public affairs, financial services, corporate and crisis management. The firm has deep, award-winning expertise in social media and digital marketing that helps drive engagement. Weber Shandwick is part of the Interpublic Group (NYSE: IPG). For more information, visit www.webershandwick.com.

About PRIME Research

A communications research innovator, PRIME Research ranks among the largest global public relations research firms with operations in nine continental hubs and serving clients in 50 countries in the Americas, Western and Eastern Europe, the Middle East, Africa, Australia and Asia. With fifteen industry practice areas as well as a complete array of public relations research, evaluation and consulting services, PRIME leverages its marketing and corporate communications expertise in helping clients to build corporate and brand reputations. For more information about PRIME, visit www.primeresearch.com.

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