The Strategic Management of Brand Equity in Emerging Markets

Tommy Lee Wong, MBA (UWA)

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Doctor of Philosophy

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Declaration

I, Tommy Lee Wong, declare that this thesis entitled The Strategic Management of Brand Equity in Emerging Markets contains no material which has been accepted for a degree or diploma by the University or any other institution, except by way of background information and duly acknowledged in the thesis, and to the best of my knowledge and belief no material previously published or written by another person except where due acknowledgement is made in the text of the thesis, nor does the thesis contain any material that infringes copyright.

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I, Tommy Lee Wong declare the research associated with this thesis abides by the international and Australian codes on human and animal experimentation, the guidelines by the Australian Government’s Office of the Gene Technology Regulator and the rulings of the Safety, Ethics and Institutional Biosafety Committees of the University.

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Abstract

Over the past thirty years, the Asia-Pacific region has recorded some of the fastest real-Gross Domestic Product (GDP) growth around the globe. The majority of this growth has been generated by one country in the Eastern Asia sub-region – China. Driven by the ‘Open Door’ economic reforms in the 1970s, China’s economy has grown by an average of 10 per cent (in real GDP terms) since the early 1980s, and has emerged as the second largest economy in the world. At the same time, major Western economies such as the US and the EU have both experienced significant financial downturns in their economies. The disparity of growth between the Chinese economy and the Western developed economies provide a strong motivation for Western organisations to seek growth opportunity outside their highly saturated domestic markets. As Western organisations continue to expand into Asian emerging markets as part of an accelerating globalisation phenomenon, the possession of a strong and well-established brand is viewed as an essential requirement. A critical issue therefore, is how can internationalising organisations establish, maintain, and develop their brand effectively in new emerging markets. Recently, there has been a call by Delgado-Ballester and Hernandez-Espallardo (2008) in the brand literature to develop a finer-grained understanding of the antecedent factors associated with the strategic management of Brand Equity, i.e. the specific resources and capabilities linked with ‘Brand Awareness’, ‘Brand Association’, ‘Perceived Quality’, ‘Brand Loyalty’, and ‘Other Proprietary Brand Assets’.

This thesis explored these antecedent resources and capabilities by undertaking a quasi-longitudinal analysis of Marriott’s international entry into the emerging
Chinese market from 1997 to 2012. A detailed history of Marriott’s entry into China was constructed, and this was tested against a series of semi-structured interviews with senior Marriott executives that were involved directly in the process as it unfolded. The findings of this thesis indicated that the strategic management of Brand Equity required Marriott to develop and leverage eight specific resources (‘Financial Capital’, ‘FDIs, ‘Functional Business Areas’, ‘Internal Operating Systems’, ‘International Brand Reputation’, ‘Human Capital’, ‘Compatible Goodwill’, and ‘Domestic Stakeholder Relationships’). The findings also indicated that Marriott mobilised these specific resources through five critical capabilities (Define and Communicate a Desired Market Position; Conduct Brand Equity Audits; Accurately Define Resource and Capability Deficiencies in the Organisation; Overcome the Resource and Capability Deficiencies Identified; and Establish, Maintain and Develop the Desired Market Position).

This thesis identified three key areas for future research. Firstly, the applicability of these findings to organisations in different industry settings and different emerging markets. Secondly, the impact different stages of an organisation’s operating cycle may have on the strategic management of Brand Equity. Although this research broadly analyses the organisation’s entry and establishment in an emerging market, it was unable to consider, inter alia, other stages such as ‘decline’ and ‘divestment’. Thirdly, there is an opportunity to explore the concept of ‘Compatible Goodwill’ in terms of its composition and a finer-grained understanding of the role it plays in the strategic management of Brand Equity.
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List of Acronyms

APEC  Asia-Pacific Economic Cooperation
CCP   Chinese Communist Party
CCTV  Closed-Circuit Television
CNTA  China National Tourism Administration
CRF   Corporate Research Foundation
CRM   Customer-relationship Management
EPZs  Export Processing Zones
ETDZs Economic and Technical Development Zones
FDIs  Foreign Direct Investment
GDP   Gross Domestic Product
GFC   Global Financial Crisis
HMCs  Hotel Management Companies
IB    International Business
IMF   International Monetary Fund
IO    Industrial Organisation
JVs   Joint Ventures
LSOP  Localised Standard Operation Procedures
MES   Modern Enterprise System
MICE  Meetings, Incentives, Conferences and Exhibitions
MNCs  Multinational Corporations
PLC   Product Life Cycle
R&D   Research and Development
RBV   Resource-Based View
ROIs  Return on Investments
SEZs  Special Economic Zones
SOBs  State-Owned Banks
SOEs  State-owned Enterprises
SOP   Standard Operation Procedure
TCE   Transaction Cost Economics’
TVEs  Township and Village Enterprises
UNCTAD United Nations Conference on Trade and Development
US    United States
VRIN  Valuable, Rare, Imperfectly Imitable and Non-substitutable
WTO   World Tourism Organisation
WTO   World Trade Organisation
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