

# How to Build Brand Equity for the SMEs in the Chinese Catering Industry

Ying Peng<sup>1\*</sup>, Miao Yu<sup>2</sup>, Jinjing He<sup>3</sup>, Xiyuan Wang<sup>4</sup>, Haixin He<sup>5</sup>

<sup>1</sup>Chengdu No. 7 high-tech International Department 610041, Chengdu 610041 China

<sup>2</sup>Guangdong experimental high school AP department, 510000 Guangzhou China

<sup>3</sup>The Winchendon School, 01475 MA, US

<sup>4</sup>HUAMA INTERNATIONAL SCHOOL, Ningbo 315199 China

<sup>5</sup>The Winchendon School, 01475 MA, US

Corresponding author. Email: 3365755790@qq.com

## ABSTRACT

In recent years, the Chinese catering industry develops rapidly and enter a new level with increasing pressure. It is more and more difficult for the small brand to survive in this intensive market. This research aims to give some suggestions and examples about the strategy on building up brand equity for the small brand. This paper takes small and medium businesses in the food industry as the research object and uses brand awareness and brand association to determine the method and example to ensure the small brands can stand out in the intensive market.

**Keywords:** brand awareness, brand association, brand equity, storytelling, social media

## 1. INTRODUCTION

Recently, with increasing quality of life, catering weighs a heavier part of public consumption in China. The influx of mountains of money impacts the whole market. Data from the OIBP collection & EY analysis (2021) show that as of January 12, 2021, China has a total of 9.608 million catering-related businesses, a year-on-year growth of 25.5% [1]. Independent catering industries hold 83.2% partial of the whole catering industry. What is more, the catering industry in China becomes more diverse and creative because of technological development. Large enterprise groups firmly occupy the market, increasing pressure. Therefore, the establishment and application of SMEs are becoming more and more complicated and vital.

This study aims to research the branding for small or medium businesses SMEs in the catering industry. Branding is the process of creating a robust and positive perception of people's companies and their products in reader's customers' minds [2]. (What is branding. (n.d)) Moreover, it will use some concepts about brand equity from Keller, Merlo, and some scholars in this area. Keller has divided brand equity into two parts, and one is awareness, association. Small or medium businesses (SMEs) are enterprises or projects undertaken by an

entrepreneur to seek, develop, and validate a scalable business model [3].

This research will discuss brand equity in the Chinese catering industry, including the importance and how to build up the consumers' awareness and the brand's association for those SMEs. We first research the importance of brand awareness and how SMEs use awareness strategies to establish their brand. Besides, we will discuss brand association and the related strategies which can help SMEs with their branding. In this way, we can suggest brand equity to help the small brand in the catering industry.

## 2. LITERATURE REVIEW AND DISCUSSION

### 2.1 Brand equity

*Brand equity* is the differential effect the knowledge of the brand has on how consumers respond to a brand's marketing. The power of brands lies in what customers have learned, felt, seen, and heard about the brand due to their experiences over time [4]. Brand equity can separate into two parts. One is brand awareness the other is brand association.

## 2.2 Brand awareness

The purpose of brand awareness refers to the familiarity of consumers with a particular product or service [5]. The public thinks the taste is the most significant instead of anything else. However, for developing a brand, building up brand awareness should be put on the list. Brand awareness is essential that (1) consumers think of the brand when they think about the product category. (2) can affect decisions about brands in the consideration set. (3) By influencing the formation and strength of brand association in the brand image, it can influence the decision of consumers [6]. Brand awareness is the first step in the marketing strategy, which is also critical for acquiring customers.

Appearance for the company or the catering business would be a significant element, such as the logos. An extensive discussion of psychological principles by Alba and Hutchinson (1987) helps understand how a name choice affects the brand recall and identification process. Some criteria that other researchers have often noted are that brand names should be simple, familiar, and distinctive [7]. For example, “Ren He Guan” is a small Chinese restaurant in Shanghai. The logo of this restaurant conforms to the Chinese traditional culture (see Picture 1), the transformation of these Chinese words in English is “Shanghai traditional taste, the old name of this gang.” The logo is a Shanghai woman with a beautiful appearance and rich expression wearing a cheongsam. They are related to Chinese traditional culture and history. Make people feel curiosity and freshness, attracted by this restaurant or product.



**Figure 1** The logo of “Ren He Guan” [8]

Advertising is another essential part of raising brand awareness, and there are diverse ways in recent days--through the internet, celebrities, brand name, et cetera.

Firstly, social media. It is cheaper for small and medium businesses and easier to spread by these bloggers or vloggers, and these videos or colorful pictures easily attract consumers. For instance, a restaurant, called 5:59 Brunch & Bar, in Sichuan has a 14,000 "collection"(people collected) and 11,000 "like"(people gave thumb up). With cumulative exposure, more people can know the restaurant increasing brand awareness. On TikTok, numerous short videos are talking about different small shops, and it is often a popular topic, like “Reiko,” a person who has 2.845 million followers at TikTok, and every time her videos have a great influence.

Secondly, celebrities are another perpetual way of advertising that people like to chase the trend. Even though it would be an expensive way to invite celebrities to be their spokesman, people are more likely to visit those restaurants which the celebrities went to before. The restaurants in local are small, but they are famous because many actors went there for meals frequently. Almost all of these places would like to advertise themselves as the same restaurant with (the celebrities), and lasting time they become even a scenic spot. For example, the supper place called LiangLiangZhengXia is a restaurant many famous people work in and go there very often.

Thirdly, the brand name is the beginning of brand awareness and a brand, enhancing the likelihood of successful processing at encoding. The brand name should be easy to comprehend, pronounce and spell [9]. The name of a brand is the facade of a restaurant. A specific word can attract attention and reduce confusion among competing brands [10]. so a memorable name will attract people, and the name will give a different feeling to people. For example, a restaurant called “Mi Mi Lv Xing Vintage,” also called “Secret Journal Vintage,” when people see the name of this restaurant, would be interested in it because it sounds like a vintage store. This surprising contrast can make consumers notice and remember this restaurant.

## 2.3 Brand association

Brand association is the co-relation of a brand with a particular concept that a consumer recalls when he comes across that brand. The consumer recalls a brand by using the unique set of attributes, experiences, images, et cetera. that make the brand stand out. This unique set can include a concept, emotion, object, experience, personality, relation, human, thing, or image. It can be tangible or intangible. It can be directly related, indirectly related, or unrelated to the brand’s offerings. However, it is something that makes the customer remember and recognize the brand [9].

The brand association is very significant, affecting the company’s future because the customers will decide according to the brand association. In the eyes of a customer, a brand association is a kind of a mental linkage. Not just that, brand associations can influence product differentiation and user satisfaction [10].

People always associated with brands in traditional ways such as the environment, attitude, some sales products, et cetera. However, there are many ways to build up the association with technology and the internet in this digital time. The demand of consumers has become more and more diverse in this complicated society. A lot of different strategies can use in the business. Moreover, there are some strategies and examples in the following.

The first strategy is establishing a special experience such as increasing the quality of service. One of the

essential brand strategies adopted by the company making the product or providing the service is the most critical factor affecting the strength of the company's association with the brand [11]. Different brands provide different kinds of services, and the company's performance will influence the consumers' judgment. For example, the "Hi Hotpot" does not adhere to the authentic taste of hot pot, but to do the best service, to do the extreme details. Service attitude is a big pain point for customers who patronize the catering industry. For a restaurant company in the middle of the price range, customers should offer the same service as the high-end. "Hi hotpots" services are not only for existing customers, but they also catch up with customers who might leave out of the queue during peak times, and they offer a range of hot services, such as nails and snacks. So now, in China, "Hi Hotpot" has become popular.

What is more, brands need to make an emotional impact on consumers if they want to win them over, and sharing a compelling story can help them do that [12]. Steve Jobs also had said, "the most powerful person in the world is the storyteller." The SME appeal to people by telling some interesting stories. With these stories, people will quickly establish an association between the story and the brand, which is impressive.

Moreover, there are mountains of types of food created in long Chinese history with many stories, for instance, Nan Lai Shun, a Restaurant which is a time-honored restaurant famous for serving Beijing snacks and Halal dishes. "NanLaiShun" is a good storyteller. For example, "NanLaiShun" specialty "bursting paste" (a kind of fried pork). A long time ago, LiuBaoQuan, King of Drum book (a kind of Chinese art), went to eat fried pork at a meat stall every day during the "Pie Week." Since many people knew Liu well, there were always people talking with him. The meat could not eat in time. For a long time, the meat fry became brown and crisp and tender and had a unique taste. Later, South Shun asked the descendant of this dish HeiYinChi to restore this unique dish. To this day, every time people mention the "bursting paste," they will always think about NanLaiShun. So, as time goes on, people's image of Nan Lai Shun as a traditional and authentic Beijing snack and halal stir-fry restaurant grows deeper and deeper.

### 3. CONCLUSION

This research first studied how to brand for the small and medium businesses in the prior period. Nowadays, the SME takes a large proportion in the catering industry, so in this fierce competition, what marketing methods can the SME use for branding is worthy of discussion. This article provides some strategies of how SMEs can build up brand equity. Brand equity separates into two parts: brand awareness and association. Firstly, it discussed the importance of brand awareness that it affects the consumers' determination. It concludes that some

marketing strategies for the SME positively affect the brand building, including, firstly, the brand logos can attract the customers' attention, for example, with really light color. Secondly, the short slogans can make the consumers easier to remember. Moreover, advertising on the internet is crucial in building up brand awareness which finds that "Tik Tok" is one of the most successful examples of online advertising strategy for these brands. Finally, celebrities and the brands' names can have a great effect on building the brands. This research also discussed how to build up the brands' association which is the connection of the consumers and the brands, which includes increasing the quality of services such as the most successful restaurant called "Hi Hotpot" and also storytelling. These methods will profoundly affect consumers' final decisions and feelings about the brand concerning rational and emotional aspects.

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