

CHAPTER 1: INTRODUCTION

1.1 Background

Brand construction is strongly associated with companies and businesses being capable of gaining a better position in the market and business competition. Business competition is gaining momentum and developing into a strong issue with more cutthroat competitions with the passing days in the globalisation era, with this form of competition generally focusing between businesses wanting to gain more consumers (Rizkiyanti and Leisthari, 2024). Such business competition among companies and firms are often led with rivalry among businesses. Businesses intend to build better competition opportunities for their brands in their respective industries, such as the beverage industry businesses and companies in China.



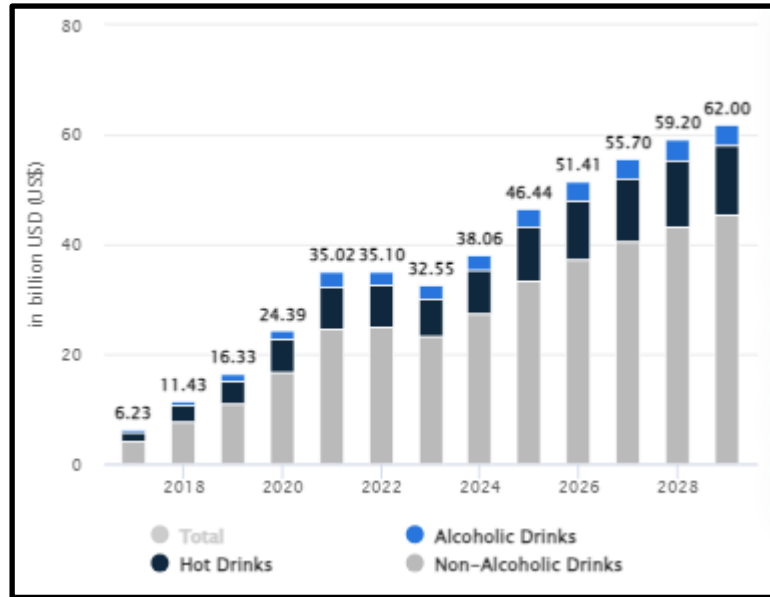


Figure 1.1.1: Beverage industry revenue growth, China

(Source: Statista, 2024)

The beverage industry of China is one of the growing industries that have also been observing increasing trends of competition and growth among businesses operating in the sector. The industry has grown from 24.39 billion USD in 2020 to 35.10 billion USD in 2022 and is predicted to grow to over 62 billion USD by 2028, with China coming second in the industry globally (Statista, 2024). This presents the potential trend of growth in businesses in the beverage industry in China. The development of market growth is also understood as related with the increasing business competition among the businesses to expand and gain competition among the beverage businesses.

China has been observing a positive trend of growth in the recent few years with the economic growth in the industry. For example, China's GDP has been

increasing in the past few years and there is also improving development in the beverage industry market as well. The GDP for China in 2023 was recorded at 126,058.2 billion Yuan, with an 5.2% increase in the GDP from the year before, and the retail sales of the consumer goods have improved with beverages increasing by 3.2% in 2023 (Gov.cn, 2024). Such improving developments showcase the growing business opportunities in the beverage industry in China along with the potential of increasing competition among brands in the beverage industry with improvement in performance of businesses in the market.

Brand awareness is identified as some of the most connected aspects to the development of brand and business competition among the companies involved and competing in the industry. Brand awareness is considered essential for acquiring new customers along with securing the old consumers of the companies. Brand awareness is developed through the brand's identity and possible benefits that it may provide to its customers (Sariipek, 2023). The development of brand awareness is essential for businesses to secure an opportunistic position in the market through focusing the attention of consumers in the industry by differentiation of the brand with competitors in the market. For fast moving consumer goods such as beverages, different techniques are understood as linked with the development of brand awareness among customers against "dominant competitors" (Su and Kunkel, 2021). Brand awareness is often understood to function through the development of comparison and differentiation of the products that businesses and companies are marketing to the

target customers for attracting and retaining customers and their intention to purchase from the brand against its competitors.

The development of brand awareness is attached with the way businesses are behaving in the industry through the perspective of ensuring the issues and challenges that are identified through the perspective of the brand awareness projected to the target customers. Specific brand awareness is capable of attracting the customer's interests in buying products in a more willing nature (Li *et al.* 2022). The development of brand awareness is concerned with the businesses being able to gain advantage against their competitors in the industrial market. Brand awareness and its association with needing to differentiate or make the brand distinctly identifiable among the consumers are also related with the development of brand construction as an important feature to establish competitive advantage.

The activity of brand construction is strongly associated with the development of an identifiable and distinct brand in the market for businesses to gain more purchasing tendency and growth in the number of customers. Brand construction is effective in securing the awareness and identity of the brands for gaining loyalty of customers as well as securing economic gains from shaping the brand (Huang, 2022). Brand construction and building is not limited to the development of a brand's image but it also possibly expands towards the factors of customers and their approach of attention towards the brands present in the market. This is connected with the procedure of brand building and construction for businesses. Multiple factors are at

play in the case of brand image and its development in the market, for securing the interests and attention of customers.

The development of brand construction could be understood as expanding towards building an attractive brand that is capable of increasing the number of new and loyal customers in a globalising market. The development of a globalising industry is essentially some of the concerning factors that are associated with the development of businesses in a competitive globalised market for recognised brands in China depending on brand construction (Yao, 2022). The factor of brand construction is an advantageous development that businesses and brands alike are capable of integrating, for the success of brand's awareness and identity in strong competing markets such as in the beverage industry in China.

Marketing is an essentially significant aspect for ensuring the success of a brand in the industry for securing the success of a brand in the industry. There are multiple features associated with the strategy of marketing that includes elements of brand differentiation influencing the development of customer loyalty and intention of purchasing from businesses (Gupta *et al.* 2020). The marketing of businesses and brands are also essential in building the brand in terms of instilling the differentiation and distinction of the brand against its competitors. Brand construction and development is connected with marketing for driving customer retention through awareness and differentiation of the brands in a strong and competitive market to the customers of the businesses. In addition, Wahaha has also launched different sponsorships and promotional campaigns to foster the loyalty of consumers and

increase their brand image. The research and Studies have shown the importance of product innovation, leadership styles, digital practices and internal control mechanisms, and leadership styles, in raising Wahaha's growth.

The buoyancy of the economy in China over the past several decades has crucially changed its market landscape, transforming it into the most valuable and competitive market internationally. A corporate brand represents an important covenant between the organisation and their stakeholders (Balmer *et al.* 2020). This competitive environment causes different and unique challenges for all other companies, especially in the beverage and food sector, where strategic marketing and brand differentiation are crucial for success. One of the leading Chinese companies well known for its beverages, The Wahaha Group, has provided an outstanding case study for understanding the statistics of marketing and brand construction in China. Zong Qinghou established The Wahaha Group in 1987 in Hangzhou, Zhejiang Province. The growth trajectory of the company is marked by product innovation, aggressive tactics of marketing and strategic brand management, which enabled The Wahaha group to maintain its position and competitive edge in such a crowded market.

At first a small company that's selling nutritional drinks, Wahaha rapidly expanded its market reach and its product range, becoming one of the largest beverage manufacturers in China. Markets in China have been marked by high competition, especially in the fast-moving consumer goods (FMCG) sector. The rise in domestic players and the entries of multinational companies have boosted

competition, demanding different and innovative strategies for marketing and brand construction. Wahaha's success in this competitive environment showcases its ability to, understand consumer preferences, adapt to new changes in the market and leverage its brand equity. The strategy that is followed by Wahaha's for brand construction is rooted in several key principles: consumer trust, innovation, and uniqueness. Brand love and brand trust are some of the important bridges for brand construction (Zhang *et al.* 2020). The academic studies and research on Wahaha's marketing and brand construction provide valuable knowledge into the elements that contribute to Wahaha's success.

The company has heavily invested in research and development to create uniqueness in their product that stands out in the market. For example, Wahaha's product portfolio includes varieties of beverages such as tea drinks, milk drinks, health drinks and fruit juices, each designed to meet consumer preferences and specific consumer needs. The branding efforts of Wahaha are also supported by inclusive marketing campaigns that maintain the connection with consumers and the brand's core value on an emotional level. The marketing strategies of Wahaha are multifaceted; it combines modern digital marketing techniques with traditional advertising. The company has responsively used print media, outdoor advertising and television to reach a broader audience. The channel of digital sales refers to the sales of services and products by different internet-based platforms (Steenkamp, 2020). By creating a partnership with popular influencers and celebrities, Wahaha has now can enhance its brand appeal and visibility to a broader audience.

After its establishment in 1987, Wahaha Group became one of China's top beverage companies. The company is known for its innovative marketing strategy and extended product range. The company's growth and market presence make it suitable for the study. The company diversified its product line with dairy products, soft drinks, bottled water, and more. This shows the company's adaptability to market trends. The brand's success depends upon some factors (Iyer *et al.* 2021). They are strategic partnerships, understanding of customer behaviour and promotional campaigns in China. The study is focused on the process behind the Wahaha brand's construction. This includes the analysis of strategic decisions that lead the brand to get its current position in the market.

Further, the study is aimed to focus on the competitive challenging market with traditional and digital marketing techniques. The process that helps overcome such challenges by the brand is important in the study. Analysing the journey of the Wahaha group is majorly to understand its best strategies for building the brand. These strategies can help to improve other sectors also in China and outside. The background of the study is for proper exploration of the factors that influence the success of the Wahaha group. The study defines the resource for business strategists, scholars and marketers for the dynamics of brand management in current markets.

Hangzhou Wahaha Group Co Ltd (Wahaha), a beverage and food manufacturing firm, is situated in China and manufactures food, non-alcoholic drinks, and medical supplies. Under the company's names Wahaha, Nutri-Express, Shuangwaiwai, U-Yo, Future, G-Vital, Ruwawa, Smoothy C, Qili, Jiaosu, and Hello-

C, the firm sells its goods (Globaldata, 2024). The firm sells its goods both domestically in China and internationally. The main office of Wahaha is located in Hangzhou, Zhejiang, China. Food and non-alcoholic drinks are two of Hangzhou Wahaha Group Co Ltd main business categories. The non-alcoholic beverage industry held a dominant position in overall sales in 2022. Through 2027, Wahaha's nonalcoholic beverage company is expected to have a bright future.

Changing consumer buying patterns in the food and beverage market can be considered as one of the main reasons behind the growth of demand for brand construction and marketing perspectives especially in the Chinese business context. Utilising a \$22,000 family loan, Zong Qinghou launched Wahaha's precursor in 1987, and during the boom years that helped boost China's middle class, the owner built it into a multibillion-dollar enterprise (Livemint, 2024). The company's milk drinks gained a lot of popularity in the 1990s when parents wanted to provide their single child superior nutrition and could afford to buy more. The French dairy giant Danone and the elder Zong had launched many cooperative ventures by 1996. However, as per the current statistics, the organisation is facing a critical lack in the proper marketing aspect which resulted in the dropdown of the sales of the organisation.

At the foundation of brand management is an understanding of the way customers view brands. It aids in the development and positioning of new goods, competition analysis, and the production of impactful marketing collateral for managers. A common conceptualization of brand perception is as an association network, in which ideas about the characteristics, advantages, and attitudes of the

brand are represented as memory nodes. According to Dzyabura and Peres (2021), these connections may be made with the brand's functional advantages, its symbolic worth, the components of the marketing mix, customer experiences and attitudes, and use scenarios, among other things. The brand's competitive edge, equity, and place in relation to other brands are all determined by how favourable, strong, and distinctive these connections are.

Since the sensory components of the consumer experience are essential to a brand's productivity, a comprehension of the sensory experience is vital for successful brand administration and research. The literature on marketing has long since proven the significance of brand management. Brands are important to businesses in a number of ways, such as increased revenue, better customer preservation, premium pricing, better staff retention, and lower risk of expanding into adjacent sectors (Iyer *et al.* 2021). Even while brand management is clearly important, it may be difficult because of how difficult it is to keep offers consistent while still changing with the market. Numerous instances of businesses that have either failed to adapt or to consistently deliver value to customers can be found during the last few decades.

1.2 Rationale

Selection to study the marketing strategies and brand construction of the Wahaha group is influenced by various factors. The transformation of the Wahaha group from a small company to a leading brand shows the effectiveness of the marketing strategies and brand management. The success of the brand defines the

knowledge and understanding of customer behaviour, competitor strategies and other influences in the Chinese market. The study aims to explore these plans and factors that support the success of Wahaha (Minghui and Chelliah, 2022). Even the study shows the insights that can be adopted by other businesses also in the market. Various nations around the world follow various traditions and cultures. China also follows its cultural traditions that impact and influence the Chinese business market. Based on those factors, how the Wahaha group practices its marketing strategies is the focal point of the study.

The brand initiated its journey in the Chinese market to sell beverages based on milk in Hangzhou. Over the time, the company diversified its product line. It now includes carbonated beverages, water bottles, other dairy products, health supplements, and fruit juices in its existing product line. This helps the Wahaha group to become successful in the Chinese market. The current situation in the Chinese market shows that the Wahaha Group is one of the largest and leading brands. The brand is influential among the beverage manufacturers in China (Zhang, 2022). Even they have an important presence in the domestic market as well as in the international market. Wahaha's journey to be a national leader brings up many critical factors of marketing and brand construction. The knowledge of Wahaha's success journey provides a base to analyse the strategic steps that transform its position in the market. Strong distribution channels, diverse product lines and innovative marketing plans are the major factors that contributed towards the success of the brand.

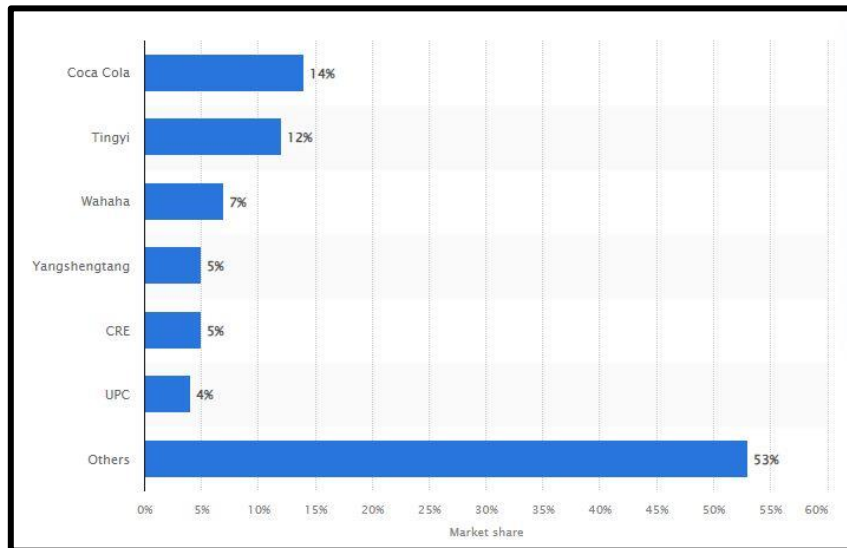


Figure 1.2.1: Market Share of beverage brands in China

(Source: Statista, 2024)

The construction of a brand helps create competitive advantages in the market. This construction includes the development of an identity and value that relates to the customer's trust factor and loyalty. The Wahaha group's brand identity is focused around the principles of innovation, reliability and quality. The brand succeeded in placing itself as a genuine and trusted manufacturer of refreshing and healthy beverages. This statement is repetitively enforced around the several marketing channels in the China (Hennart, 2020). Brand construction for the Wahaha group is pivotal. This helps to distinguish the products of the brand in a market full of crowds. The brand focuses on the health benefits which aligns with the customer preferences and cultural values of China. The reason is due to the increasing interest of the consumers in the health and wellness. Building a strong brand identity helps Wahaha to differentiate itself from the other competitors and create a loyal base of customers.

Perception of the consumer or the brand image is also important in the construction of a brand. The Wahaha group has successfully generated an effective and positive brand perception. They did it by elaborating the benefits of the products along with maintaining the standards and the control over the quality of the products. The brand is committed towards the innovation. This commitment is sustained by the diverse products offered by the brand (Hu, 2020). This also helps the Wahaha group to continuously improve their efforts in the innovation. Along with that, this construction of the brand helps strengthen the identity of the brand. The study aims to explore this brand construction planning or strategies. The reason behind this is the strategies that help the Wahaha group to adapt and evolve over the brand's journey to match the market demand, which is changing.

The Wahaha group is successful in implementing the culture of China in the workflow of the brand. They prepare the marketing strategies that are a mix of modern techniques and the cultural and traditional approaches. This method helps to reflect the ability of the brand to transform the landscape of media. Traditional media like billboards, hoardings, print media, and television commercials are used efficiently. They are used to increase the brand awareness by reaching many audiences (Yu and Yu, 2021). Practising these techniques helps the brand to generate its identity. The techniques are successful in establishing the Wahaha group as a popular household brand across the China. Strategic planning for accomplishing these methods plays a significant role for the Wahaha group. Analysing the trends of the

consumer preference influences the brand to adopt these marketing strategies for the success of the brand.

Modern-day customers are tech-savvy and young. For the purpose of reaching these customers, Wahaha adopts digital marketing. As the young customer base is more into digital platforms to maintain engagement in their social presence, the brand analyses and works on that. They use the social platforms like Weibo, Douyin (TikTok) and WeChat, where they post interactive promotions and campaigns (Gou and Liu, 2023).

They even collaborate with the influencers and organised events to directly engage with the customers. Posting several customer-generated contents on the platforms helps them to reach various new young customers, which increases their brand identity. This kind of step in the world of digital marketing helps the Wahaha group to sustain itself in the market with relevance in the continuously changing market. Along with that, this helps to reach a new customer base.

One of the most significant aspects of Wahaha's strategy is "Integrated Marketing Communication" (IMC). This IMC works by combining several marketing channels. They circulate a consistent and cohesive message, which ensures the Wahaha brand's identity across various customer touchpoints. This approach of IMC helps to enhance the recognition of the brand (Foster and Watkins-Mathys, 2020). Along with that, this strengthens the brand's emotional relationship with the customers. The Wahaha group organise various campaigns, which are included in their marketing strategy. One of the noticeable campaigns of the brand is the

“Healthy China” initiative. The campaign highlights the healthy benefits of brand products. They aimed to encourage the customers to lead a healthy life by promoting the healthy products manufactured by them. This promotional campaign is widely promoted by print media, digital media and television. Resulting of the promotion leads to increased brand awareness along with increased sales. Another fruitful campaign by the brand is to collaborate with various influencers and Chinese celebrities who are popular. The collaboration helps the brand to tap into their big fan base. This enhances the brand's appeal to the younger generation of customers. The strategy helps boost the brand's visibility and strengthens the credibility of the brand.

Cultural nuances are important to understanding the effects of traditions in marketing. The Chinese market is significantly influenced by traditions, cultural values, and social norms. Wahaha's marketing strategy is deeply integrated based on local traditions, which are a tool for the brand's success. The tradition of the customers in China is placed on high quality of well-being and health (Wu *et al.* 2024). Wahaha efficiently capitalises on that trend of the culture. The brand focuses on the health benefits of their products. That resembles well with the traditional preference of the customers. Wahaha Group utilised the related themes in their marketing strategies. They include campaign advertisements with the theme of traditional festivals and family values. This helps to build a stronger and emotional bond between the brand and the customer.

Strategies based on the localization are another significant aspect of the marketing of the Wahaha brand. They customised the products and the marketing

messages to suit the tastes and preferences of the local customers. Wahaha focused on ensuring the promotions were relevant and appealing to its customers. This approach helps the brand to build stronger loyalty along with maintaining an edge over the competition in various markets across the China. The cultural nuance plays an important role in transforming the perceptions of the customers based on trust and brand loyalty (Wang, 2022). Social harmony and collectivist values are highly priced in China. The brands that are related to social responsibility and community are more connected with the customers. Wahaha became successful by integrating these cultural values into their marketing strategies. This helps them to position as a brand that cares for the wellbeing of the customers and other communities.

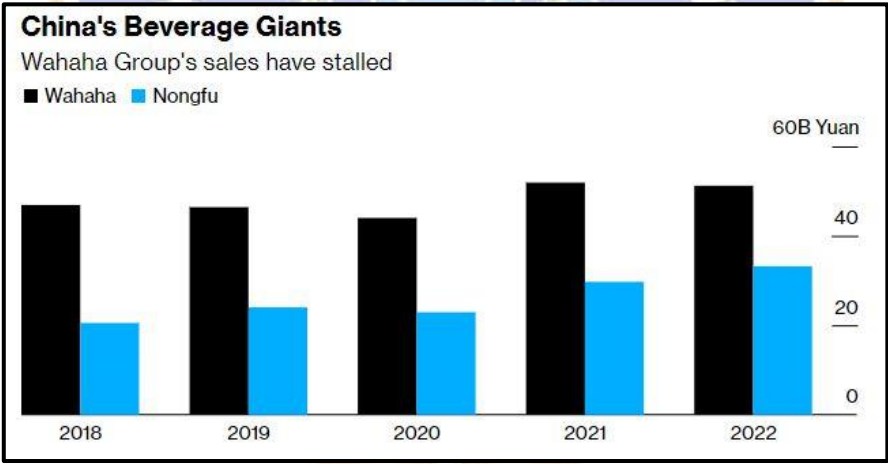


Figure 1.2.2: Wahaha vs Nongfu

(Source: Feng, 2024)

Wahaha Group operates in a highly competitive situation in the market. They face challenges from both the international and domestic brands. International players like PepsiCo and Coca-Cola are two big giants. Domestic competitors Huiyuan Juice

and Nongfu Spring are significant. Although these important brands are tough competition, the brand Wahaha successfully secured the leading position in the beverage market in China (Yan and Yin, 2021). The widely spread market distribution channel of Wahaha helps to ensure the products are widely available in the rural and urban markets. This type of reach allows the brand Wahaha to get a diverse community base of customers. That helps to create and maintain a stronger presence in the market. The ability of Wahaha's diversity in the market is possible for the stronger network. This shows the strong logistical abilities and proper strategic planning of the brand.

Innovation plays another critical and important role in the success of the Wahaha group. This innovation keeps the brand Wahaha ahead of its competitors. Wahaha has majorly focused on the research and development of new products. Even they continuously introduced various new products to the market. They even keep an eye on the existing products too for the improvement of the currently existing products (Sun, 2022). This type of approach helps the brand to stay ahead of the latest trends. Along with that the approach helps to create the image about the brand that it is a forward-thinking company. This approach of continuously introducing new products to the market keeps the product line of the company fresh. The freshness helps to create appeal to the customer, which ensures sustained loyalty and interest in the brand.

Major challenges faced by the brand Wahaha include changing customer preferences, increasing production costs, and increasing regulatory scrutiny.

However, the brand Wahaha effectively handles these challenges. They adopt various strategies to overcome those challenges. The brand invests in the sustainable practices for the reduction of costs along with the need to match the regulatory requirements (Xiang *et al.* 2023). That helps to enhance the identity of the brand along with the responsibility towards the society and ethnicity of the company. The proactive techniques of the brand to address the challenges in the market help it to ignore the ability to navigate a dynamic and complex business situation. With the help of innovation in various marketing strategies, the brand easily faces the challenges and becomes successful in the Chinese market.

One of the best practices by the Wahaha Group is the marketing efforts that help to build the trust of the customer. This is essential to identify the factors that drive the trust factor of the customer towards the brand. The study is focused on identifying customer perceptions of the brand Wahaha (Qu *et al.* 2023). The key factors in these areas are the factors that influence their trust in the brand, along with the attributes that they value most. Trust for the brand and the driver's influence for that is important to understand. The understanding helps to provide insights regarding the factors. Action can be taken to enhance the retention strategies for customers. The study focused on uncovering the major elements that influence the strong customer relationship and long-term trust in the brand.

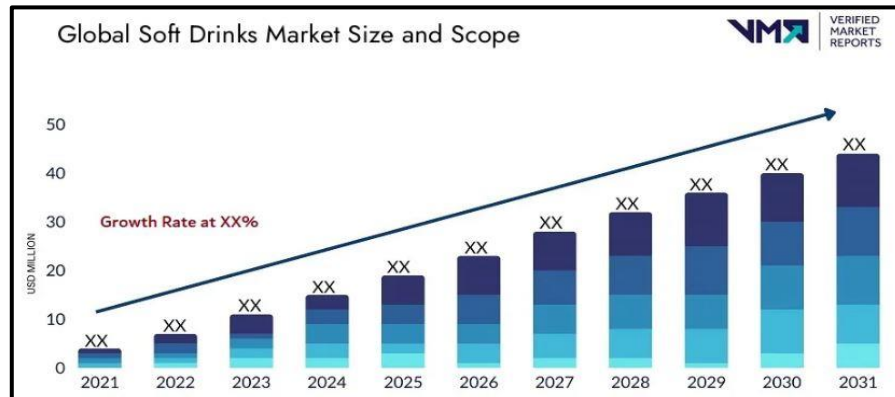


Figure 1.2.3: Scope of global soft drink market

(Source: Verifiedmarketreports, 2024)

The increased rate of customer awareness regarding the sustainability and the ethical practices impacts on the business. This offers both opportunities and challenges. The research study aims to explore the practices of Wahaha. The process of Wahaha that incorporates ethical consideration and sustainability works for the brand's marketing strategy, which is important (Xue, 2022). That involves the response of the consumers regarding these practices and the impact of that on the reputation of the brand. The sustainability becomes critically important for the brand management. This becomes essential to understand the approach of Wahaha for the sustainability, which can offer great value for businesses. Other brands are also looking forward to adopting those ethical practices into their businesses for long-term sustainable growth.

The regulatory compliances are critical challenges in the beverage industry. These regulatory norms are strict and controlled by the government bodies. They provide safety and ensure the standard of the product. Advertising, distribution,

labelling, and production all fall under these compliances. The brand must follow and maintain these guidelines to grow sustainably (Nardon and Velliet, 2020). Failing to these regulators attracts legal notices, which damages the brand image of Wahaha. Even penalties for product recall also can affect the reputation of the brand. The study aims to explore the requirements of the regulators. This also focuses on the strategies to comply with these challenges. The role of these strategies, practices for risk management and the corporate governance to ensure the standards are important to understand. The impact of these regulators on the business of Wahaha will also be analysed along with the strategic planning and operations.

The Wahaha Group is one of the leading beverage brands in the China. The company operates in an economic environment that is highly dynamic and influenced by various policies. For the last few times, the economy of China has shifted to a more market-oriented approach from a centrally planned economy. They adopt crucial and significant growth in the private sector. This change in the economy helps Wahaha to get opportunities for the expansion, increased market share and innovation (Yu and Yu, 2021). They often come with the challenges along with the opportunities. The regulatory scenario is complex in the Chinese market. This requires the continuous adaptability of the companies. The government focus more on the economic sustainability and on the reduction of unethical practices. That is due to the increase in social responsibility, which directly affects profitability and company strategies. The study is majorly focused on these aspects as they have a direct impact

on the brand's image and performance in the market. Along with this, they are responsible for the construction of the brand in the Chinese market.

The international operations of the Wahaha group are influenced by the trade relations and global economic policies. The expansion of the company in the global market depends on the international agreements, FDI regulations, and tariffs. The trade fluctuation among the China and other trading partners like Europe can affect due to the trade regulations (Foster and Watkins-Mathys, 2020). They directly affect the cost structure and export strategies of the Wahaha group. Various other economic factors like currency exchange, inflation and many others also play an important role in transforming a brand's global business strategies. To deal with these policies, the brand needs to be more strategic, balancing and leveraging opportunities to get the increased growth. Innovation is also an internally connected factor in the global economy.

Customer preferences continuously evolved along with the market saturation. Maintaining loyalty to the customer's satisfaction needs a robust system of "Customer Relationship Management" (CRM) strategy. The major challenge in performing this type of management system is to address the customer data that are scattered in various online and social platforms. Integrating a system to collect all the data in a single space is complicated. Efficient CRM requires a comprehensive view of the customer preference and interaction. That helps to customise the marketing strategies and helps to improve customer engagement. However, the current CRM system of Wahaha faces challenges with inconsistency in the data that leads to the

ineffective segmentation of the consumers and impacts the personalised marketing. These challenges create obstacles while delivering a smooth and personalised customer experience. The seamless customer experience is essential for retaining the loyal customers, and it also helps to attract new customers for the brand.

Rapid technological advancement also creates problems for the CRM system of Wahaha. The new generation of customers are expecting that the brand will always engage with them through mobile and digital platforms. They expect various personalised suggestions and offers. Wahaha is required to improve its CRM system to match the expectations of the customers and stay in the competitive field. They need to include AI, machine learning, and data analytics to get in-depth knowledge about customer behaviour. That can also help to predict the trends for the future. Integration of these features in the system helps to get a more accurate consumer profile, enables properly targeting the marketing campaigns, and has improved customer support. The study is to analyse these gaps in the support system of Wahaha, along with the impact of this on their marketing strategy and brand construction in the Chinese market.

Most companies in this trending situation in China deal with the efficiency and effectiveness of employees within the organisation. Due to the growing awareness among customers, most prefer *organic food items* to packaged soft drinks. The gradually increasing rate of “food-related disorders” among customers initiates several changes within their lifestyles, and thus, they prefer organic drinking supplements rather than processed drinks. The prevalence of “Diabetics” and

“obesities” related to unhealthy food habits creates a challenge to the WAHAHA group in China. Most customers change their preferences from packaged food to “plant-based alternatives” made from fresh raw fruits in front of their eyes. Studies show that 500 million people have had diabetes, and the proposed number has exceeded 1.3 billion in the last few years (Shi *et al.* 2022). They are the victims of the added sugar and “other preservatives” in soft drinks, instigating various health issues, and this is the reason behind the gradual awareness of people related to organic food supplements and products by eliminating the conventional types of packaged drinks.

Behind that, the increasing rate of concern of the Chinese population related to the pollution rate of the country reduces the excessive use of packaged drinking supplements. Most of the “beverages” are supplied with plastic containers, and due to their abrupt unorganised use and disposal system, the environment has been greatly affected. Plastic pollution has become the “most pressing” climate issue that has drawn immense attention from the population regarding reducing the usage of materials manufactured by plastics and non-disposable materials within the environment. Studies show that China produces “60 Million Tons of plastic waste”; 16 Million can be recycled and used for other purposes (Earth, 2024). The high rate of climate pollution and the factors associated with the environmental challenges within China create enough consciousness among consumers to replace their choice of plastic containers for these drinks. The Yangtze River is the “third longest river” globally and the producer of most plastic pollution in China; most of the habitats

living beside the riverside have to experience severe health issues due to the increasing rate of environmental pollution of China.

In addition, the constraints related to the economic situation and the increasing inflation rate have impacted the overall purchasing rate of those beverages in China. As the most developed nation, the population of China has experienced the highest inflation rate within this country, and due to the increasing rate, they have to be strategic in their expenses when purchasing those products of the WAHAHA group. This company has enforced the strategy of maximising profit maximisation. They have gradually increased the price of the products, which has become a challenge for the general public to afford those drinks. According to the research, China's inflation rate will be 0.2% in 2023, and the rate will be 2.8% in 2022 (Textor, 2024). Most of the population in China has experienced different issues in accessing those products due to the high inflation rate in this country. The WAHAHA group has to develop its product prices to enhance its market strategies and compete with other competitors in the country.

Wahaha Group is one of the largest beverage companies in China that produces various types of beverage. There are many issues or challenges in China for this Wahaha group in marketing and brand construction. China faces a lot number of economic challenges which could dampen future growth, including distracted financial policies which resulted in over-dependent exports for economic growth and fixed investment. Chinese local compliances and laws are complicated. The procedure of entering the Chinese market and embedding a local entity can be costly

and tiresome. Obtaining permits, local licenses, and tax registrations also causes a momentous delay in the operations of starting a business in China. Growing the business in 2024 in the Chinese market provides various opportunities and at the same time, there are so many challenges also (Hutt *et al.* 2021). The marketing in China has become less reliable, predictable and efficient and the cause is, that the business environment in China is more politicized. The commitment of China to outstretched economic growth refers to momentous facilities for the business ready to adapt to the environment of local business. Particularly, corporate reorganisations for the Sino-foreign joint ventures are underneath as companion row the necessity of China's Foreign Investment Law 2020 before 31st December 2024.

Innovation and adaption remain key as businesses grapple with aligning with China's push for sustainable practices and technological advancement. A perusal of China's advancement to the circular business models is exactly incidental to develop the looking of countries for participating in the enlarged Chinese market. Additionally integrating the strategies of digital marketing has become increasingly important, with gamification being established as a proposal approach for desiring over various business kingdoms. Expanding or entering the Chinese market needs strategic equality between adapting to the identical local culture and global best practices and economic conditions (Paul, 2020). The companies must count the landscape with a responsive that the marketplace of Chinese is emphasising innovation, sustainability, evolving rapidly and digitisation. The business climate in

China is going to be discussed here; those have to follow the Wahaha group also for brand construction and marketing.

China has been accomplishing various reforms to streamline the operations of business and motivate inbound investment. Getting the general regulatory environment and these reforms is non-negotiable for the aim of business improvement. A study on the topic of China's business environment policy changes awards valuable insights into the growth of the economic policies in every country, fortifying the commitment of China to creating many open market environments for international subsistence (Paul, 2020). The economic overview: The economy of China continues to diffuse a main role in the sector of global manufacturing, though the transition to an economy which is customer-driven has gained momentum. As per the report of the 2025 economic forecast, the growth pattern of a country is adjusting to a new model.

There are so many strategies in the china market for all the companies and Wahaha is not exceptional in this, also follows each and every regulation for marketing in China. It is required to enter the China market, considering carefully the dynamic investment pay-offs, a tactical approach, analysing customer markets and optimizing the supply chain. A stable supply chain is important to operate the companies in China. The nation, its limitless manufacturing capabilities offers countless facilities for streamlining distribution and production. However, companies must assess the impact of organisational environments and the entire regional dynamics on the supply chain ability (Bhuiyan *et al.* 2020). Bayesian logistic

regression can give insights into supply chain procedures and supply market entry between various Chinese regions.

The stakeholders seeking for entering the Chinese market of China must envisage sectors instructed for diversification and growth. Policy reforms to develop business comfort have manufactured the dynamic for strategic investment among various industries. The companies should assess the chance for mergers, joint ventures or limited partnerships that can grant a faster entry into the access and market to local expertise(Bhuiyan *et al.* 2020). It is essential to understand the consumer market in China for long-term growth. Companies must pickle in-depth analysis to outfitter the marketing strategies to purchasing behaviour and local preferences. Moreover, it is important to be aware of the competitive environment, as conducting highly competitive regions execute enforces more invasive access to market penetration.

Insights into designing assets and how they impact market entry modes can conduct the development of product positioning and effective market strategies. There are a few strategies for entering the Chinese market. China has its own consumer behaviour, unique customs, digital ecosystem and cultural nuances(Katsikeas *et al.* 2020). Because of all of these, entering the Chinese market can provide hard challenges, especially for Western companies. The Chinese market is a highly target market with 1.05 billion customers, those who are ready to spend money online. The mere size of the digital population of the country meant that its trends and needs were not limited to demographics or one region. It also changes

across many local tastes and industries. Hosting with domestic brands referred they had an edge on business practices and local knowledge over the western business (Liu *et al.* 2021). Considering the fast growth of Chinese markets, the economy must also keep an eye out for the waned regulations which related to online advertising, digital marketing, e-commerce and data privacy.

With the state-wide basically under control in China, the economic presence is recovering. The major issues or challenges, faced are also alterations to new ground. Rather than extra stocking and various short-term difficulties, they now narrate for changing the customer's needs and habits. Due to the COVID-19 outbreaks, Chinese customers have preferred online shopping and China is becoming one of the most developed and wired e-commerce markets (Wang *et al.* 2020). China is clasping the rise of e-commerce at an unusual rate and customers now have the high-level expectations of online shopping and trade, especially of product function and product safety. Wahaha invested in this year 1 billion RMB for establishing a China-based e-commerce platform and healthcare. Entering the china market is not easy for any company or industry; it is more challenging sides for the Wahaha also.

There are a few ways or steps to entering the Chinese market and maintaining the brand construction and the market demand. The first step of this Chinese market strategy is to determine the entering the Chinese market. The second step is, to conduct thorough market research. The third step is to find unfailing domestic partners & collaborate with local experts; the fourth step is, to localize the brand for the Chinese market(Liu *et al.* 2020). The fifth step is to select the sales and marketing

channels are suiting the brand. The sixth step is to make a long-term business strategy. The seventh stage is to launch a marketing campaign or event. The eighth step is to adapt to market changes and customer needs rapidly and the final or last step is to set a realistic account before entering the Chinese market.

The political status of an area for growing a company is a more effective matter. Sometimes it seems that many huge companies cannot grow because of the political effects of that area. The political party always wants to take benefits from all aspects and if the owner of the company or business does not give the commission to the local political parties, cannot develop in business (Liu *et al.* 2020). This enviousness of political parties creates more bad impacts on the way to the success of the business. Those companies or business owners can agree to provide a huge amount of commission to the local political parties, the party also help the company to grow and sometimes it becomes a more negative factor for a company or business.

The people of China are more peaceful, basically, they do not want to commit to these political factors and if a company or business provides these commissions to the political parties the local people or workers do not want to join with this type of company. It creates a more negative impact on the business environment. The staff availability is crucial for any company or business if there is any disagreement between the workers or employees, workers and the management department it can affect the way of achieving success.

1.3. Research Questions

- 1) Is the Chinese market favourable to building a brand construction of the Wahaha group?
- 2) What is the marketing status for the business of the Wahaha group in China?
- 3) What are the facilities or opportunities for marketing in China?
- 4) How the Wahaha group will develop its brand construction and marketing demand in China?
- 5) What are the strategies to face the challenges and issues, those are faced by the Wahaha group in marketing in China.

Research objectives

- 1) To evaluate the Chinese market to build a brand construction of Wahaha Group
- 2) To evaluate the marketing status for the Wahaha group in China
- 3) To analyse the marketing demands and brand construction of the Wahaha in China
- 4) To formulate strategies to the challenges and issues, those are faced by the Wahaha group in marketing in China.

1.5 Significance of the study

The significance of this study or research is to establish a clear vision of the marketing strategy and the brand construction of the Wahaha group in China. The

strategies of Chinese marketing, and how it creates a huge impact on the marketing demand of the Wahaha group in China. The strategy of marketing planning helps a company identify a clear brand message including the mission and the vision and the core values (Hariset *al.* 2023). It also qualifies for creating a unique value proposition to make the business stand. It is important to analyse the marketing strategy, the economic status, and the business environment of an area where the company has planned to grow. The Wahaha group in China has a huge goal and is on the way to its success. The customer's behaviour, the customer's choices, and the economic status of the area are more crucial for developing a business. The economic status of the customers is more important for a company or business because if the financial condition of the customers is high then their needs will be higher also. The market demand of a company or business also depends on the financial condition of the customers, the financial ability of customers increases the sales of any company or business and the needs of the product among the customers improve the marketing demand of a company.

That is the reason to analyze the marketing strategies in China for improving the brand construction and marketing demands of the Wahaha group. The challenges or issues in the Chinese market have also been explored in this study or research. Discussing the challenges which create barriers on the way to achieving the success of the Wahaha group is more significant because if the company or business can point out the problem issues then it becomes easier to mitigate the problems. There have been discussed many challenges and this study or research has cleared the issues

significantly (Xue, 2022). The challenges are faced by the Wahaha group faced now mitigate these challenges and develops the marketing demands and the brand construction will be easier for the management department of the Wahaha group. The essentials of the products are the most important thing for the improvement of the company because the availability of the raw materials in the local market and the prices are more significant for a company's development.

It can be said from this study or research that the overall view of the area is much more significant for developing a brand and all these are discussed or pointed out from this research or study. It is an important factor to discuss the business strategies, marketing demands, and marketing strategies of an area to develop a business or company. All these factors have been discussed here, in this study or research. The research or study is more significant by using authorized articles, websites and scholars. This study or research can be used in future as a source on this topic by using these authorized sources. Creating a clear image of marketing strategy in China is crucial for the Wahaha group and this is the reason for this study to point out the marketing strategies, and marketing policies in China.

1.6 Publication Planning

This study will be published in academic journals within the realm of consumer behavior; marketing; and emerging markets. The Journal of Economic and Business is accessible at [Egjen - Jurnal Ekonomi dan Bisnis](#). Established in 2012, the journal has been publishing scholarly articles for over decades, focusing on economic, marketing and business within the Asia Pacific region.

