A Model Analysis on rand Construction of Food Processing Enterprises in Henan Province under the Perspective of Industrial Cluster

XIAN-FENG CHEN
Henan University of Animal Husbandry And Economy, Henan, 364000, China

ABSTRACT:
Industrial cluster refers to industrial agglomeration in one region that can gain scaled earnings and reduce production cost. The rapid development of industrial cluster can facilitate China’s economic development significantly and thereby promotes enterprise development greatly. Enterprise brand is one market phenomenon of related industrial development and plays an important role to growth of enterprises’ economic benefits. In this paper, brand construction of food processing enterprises in Henan Province and existing problems were analyzed from the perspective of industrial cluster. On this basis, the brand construction model of food processing enterprises in Henan Province was established and discussed. Results demonstrated that brand construction of food processing enterprises is mainly accomplished by local government, industry association and enterprises in three stages. The first stage is enterprise product and characteristic product stage, which is known as the preparation stage of brand construction. The second stage is prototype stage of enterprise brand, which is the preliminary stage of brand construction. The third stage is the brand management and promotion stage, which is the brand formation stage. During brand construction, food processing enterprises shall understand all stages fully and create a good brand image by using strengthened brand concept, product standardization and brand innovation to expand the brand effect gradually. Research conclusions have important theoretical references to brand construction and product management optimization of food processing enterprises.

INTRODUCTION

With the accelerating integration of world economy, the food internationalization is inevitable under the background of industrial cluster. The food field has been integrating with the world market gradually since China’s accession to the WTO. With the gradual opening-up of the international food market, the sphere of food circulation is expanding gradually, which brings strong competitive pressure to Chinese food processing enterprises. International brands enter into the Chinese market quickly. They win good reputation and attract wide attentions of Chinese consumers continuously. Although China’s food enterprises possess great quality advantages, the food export is restricted by international food standards, which is against benign development of Chinese food processing enterprises. Therefore, Chinese food processing enterprises begin to construct their own brands in order to improve international competitiveness. However, brand construction of food processing enterprises are causing various problems at present, such as low enterprise branding, low technological content of products, poor brand publicity, etc. These problems hinder the enterprise brand construction. To address these problems, a brand construction model of food processing enterprises in Henan Province was analyzed. Some suggestions for brand construction of food processing enterprises in Henan Province are proposed from the perspective of industrial cluster. Research conclusions can help food enterprises to construct enterprise brand and increase economic benefits.

2. Literature review

Industrial cluster is a kind of unique industrial organization form and plays an important role in facilitating regional economic growth [1]. In foreign
countries, M Bell et al. (1999) made a systematic study on industrial cluster. They found that industrial cluster can be understood by different methods as time goes on, but all methods shall focus on positive ability of industrial cluster [2]. Later, ZL Zhan (2011) interpreted industrial cluster and pointed out that industrial cluster has become the main form of regional economic development. It not only can drive regional economic growth, but also can boost regional innovation and regional competitiveness [3]. With social progress, many scholars discussed more research scope of industrial cluster and analyze influence factors of industrial cluster. Based on the perspective of clustering social network, JJ Wu et al. (2011) tested the relationship among network strength, network openness and cluster performance based on industrial clusters in Zhejiang Province, finding a positive correlation among them. With the increase of network strength and network openness, the cluster performance is enhanced significantly [4]. L Li et al. (2012) were confined to the static research perspective and discussed the influencing mechanism of territory on clustering evolution from life cycle of industrial cluster. They concluded regional great gap of cluster effect [5]. Gereffi et al. (2016) connected industrial cluster and international economy and found that enterprise social responsibility (CSR) is closely related with industrial cluster and global value chain by combining the evolution process of CSR [6].

Brand was used to distinguish different feeders firstly in foreign countries. BB Gardner and SJ Levy gave a milestone definition to brand, which symbolized the beginning academic theoretical study on brand. They believed that brand is rooted in reality and can reflect personal habits. They suggested to paying more attentions to personalized development of brand during brand construction [7]. Kevin Lane Keller (1993) believed that enterprises shall build one brand in four steps. Firstly, establish the brand logo. Secondly, understand connotation of brand. Thirdly, guide the correct reflection of brand reflection. Fourthly, create the brand [8]. ML Wang et al. (2013) observed brand construction of white wine enterprises and discussed future development trend of white wine brand, aiming to explore core competitiveness of white wine brands. Under the perspective of industrial cluster, many scholars began to discuss enterprise brand construction [9]. AM Yang (2008) studied the relationship among industrial cluster, leading industry and regional brand in underdeveloped regions, finding that industrial cluster can provide ideas for regional economic development when facilitating regional brand construction [10]. ZF Yang (2011) discussed necessity of brand construction from the perspective of industrial cluster. He pointed that enterprises shall create unique brands according to regional and industrial characteristics in view of government, industry and enterprises in the cluster [11]. SJ Peng et al. (2011) discovered that enterprise brand construction based on industrial cluster has become an effective measure to improve core competitiveness of small and medium-sized enterprises [12]. ZQ Cao et al. (2017) studied brand construction of turbat culture enterprises in China under the perspective of industrial cluster and found that product advantage, technological advantage, market advantage, resource advantage and industrial organizational service and industrial policy orientation formed by the industrial cluster can promote enterprise brand construction significantly [13]. However, there are few researches on brand construction of food processing enterprises under the perspective of industrial cluster. L Huang (2009) discussed brand construction of agricultural product processing enterprises under the perspective of industrial cluster and discovered that it is necessary to recognize roles of government, enterprises and farmers in brand construction [14]. TB Liu et al. (2014) concluded that brand construction for agricultural product processing enterprises in Hunan Province based on industrial cluster is in favor of sustainable development of enterprises [15]. To sum up, scholars have made many researches on enterprise brand construction under the perspective of industrial cluster. However, only few researches on brand construction of food processing enterprises from the perspective of industrial cluster have been reported yet. Moreover, they involve relatively single sphere of research and haven’t establish a brand construction model of food processing enterprises in one region under the perspective of industrial cluster. Therefore, this paper is of important significance.

3. Brand construction status and problems

Henan Province has been the political, economic and cultural center in China. Basins and plains in Henan Province cover an area of about 93,000 km², accounting for 55.7% of the total area in Henan Province. Rest landforms like mountainous regions and hills cover an area of about 74,000 km², accounting for 44.3% of the total area in Henan Province. Such geographical advantages create good conditions for settlement of some enterprises. The quantity of food enterprises in Henan Province is increasing gradually, which force associated enterprises to pay attention to brand construction. Recently, food processing enterprises in Henan province has achieved outstanding progresses in
brand construction by making full use of local brand advantages. Food brand economy plays an important role in China. Various influential food brands, including Shineway, Kedi, Zhongpin, Zhiyuan, Huaying Duck, Sinian, Sanquan, WSYSSXGW and Dukang Wine, have been created.

Although brand cluster has been formed preliminarily in Henan Province and number of food processing enterprise brands is increasing gradually, brand construction of food processing enterprises in Henan Province still has some problems. Firstly, food processing enterprises have low branding degree. Food processing enterprises in Henan Province scatter around, which weakens the brand effect of enterprises to some extent. Viewed from established brands, agricultural product brands occupy a large proportion and characteristics of some traditional food enterprise brands are weakened, resulting in the overall degeneration of food processing enterprise brands and further decreasing branding degree of enterprises. Secondly, brand products of food processing enterprises have relatively low technological content. Food processing enterprises in Henan Province give few investments to technical reform and product innovation as well as few technological investments to storage, insurance and transportation after food processing. These influence technological content of food processing enterprise brands significantly. More seriously, foreign monopoly exists in some kinds of food, which are against brand construction and operation of food processing enterprises. Lastly, food processing enterprises have poor performance in brand publicity. At present, food enterprises in Henan Province lack of diversified propaganda to existing food brands. Moreover, the use value and related features of a popular brand are not highlighted, resulting in great food inventory and declining brand awareness. These will bring adverse impacts on food processing enterprise operators and follow-up brand construction of enterprises.

4. Model analysis

Food processing enterprise brand belongs to the collective public brands. According to above analysis, food processing enterprises in Henan Province shall stand on their own brands and make full use of brand marketing during brand construction. Therefore, it is suggested that the Henan Provincial government, industrial association and leading enterprises shall dominate brand construction. Specifically, local government shall serve as the brain of brand construction. It shall be responsible for planning of brand construction. The industrial association and leading enterprises serve as two hands and responsible for brand construction. Such brand construction mode of “dominated by Henan Provincial government and implemented by industrial association and leading enterprises” is adopted to create food processing enterprise brands. Besides, brand construction is mainly divided into two stages: establishment and construction. The former one is to form the prototype of food processing enterprise brands, while the latter one is to maintain food processing enterprise brands and mainly determines whether the established brand can increase core competitiveness of enterprises. Therefore, products of food processing enterprises and characteristic products of enterprises were involved in actual brand construction to build a brand construction model for food processing enterprises in Henan Province under the perspective of industrial cluster (Fig.1).
It can be seen from Fig.1 that product of food processing enterprises and characteristic product of enterprises are integrated into one stage. The established model can be divided into three stages.

The first stage is enterprise product and characteristic product stage, which is known as the preparation stage of brand construction. In Fig.1, if products of food processing enterprises own natural resources, production techniques and historical culture of enterprises, they can develop products with local characteristics during the development process, which are called “characteristic products”. There are abundant characteristic products in Henan Province, such as Lankao grape, Baizi peach, Xuchang dried beancurd sticks, Qixian allium sativum, Changchunxuan spiced hare, etc. They all have been successfully developed into special brands of related enterprises, but the related brand construction is only on the level of characteristic product and lack follow-up brand construction. Therefore, they are difficult to create international brands, not to mention influential brand effect.

The second stage is prototype stage of food processing enterprise brands, which is the preliminary stage of brand construction. Fig.1 shows that local government, industrial association and food processing enterprises play key roles in this stage. The Henan Provincial government is mainly responsible for selection and approval of enterprise brand products, that is, project assessment. Later, it assigns functions of industrial association and food processing enterprises, makes a series of implementation plans, and offer supports to follow-up brand construction of food processing enterprises. Food enterprises serve as the executors in this stage and are responsible to build the brand prototype. Scientific researches that involving certain production scale and certain research period are needed to ensure product quality and labor of division between government and the industrial association. In this stage, the industrial association cooperates with local government as monitors. It also guarantees product quality of food processing enterprises.

The third stage is the brand management and promotion stage, which is the brand formation stage. In this stage, the Henan Provincial government separates from brand construction basically and is responsible for monitoring industrial association and food processing enterprises. Except for early quality monitoring, the industrial association also shall go deep into food processing enterprises, make all-around package of products after approval to enterprise technologies and involved persons, and ensure quality of product brands. Meanwhile, food processing enterprises are mainly responsible for brand orientation, brand marketing and brand maintenance. Brand orientation is to make accurate orientation to established brand management and propaganda, and then make related marketing to the target market. Brand marketing, or known as brand propaganda, is the brand maintenance stage. The brand marketing quality determines operation of enterprises directly. If proper marketing strategies are used and the target market is opened, food processing enterprises can establish good brand images. Subsequently, it might be able to drive fast
expansion of established brands around the whole nation effectively through late endeavors of local government, industrial association and food processing enterprises.

5. Suggestions to model implementation

5.1 Strengthen brand concept and brand awareness of food processing enterprises

To achieve leapfrog progress of established brands, food processing enterprises in Henan Province must enhance their market competitiveness. Related local governments and food processing enterprises shall update production concept continuously and establish brand awareness gradually. Local governments shall implement food processing enterprise brands as one job and protect the smooth brand construction of food processing enterprises. Besides, they shall enhance individual guidance to related enterprises to make established brands win popular support, strengthen monitoring and management of food processing enterprises, and support enterprises in future brand construction by issuing a series of favorable policies and feasible measures. On the other hand, food processing enterprises shall be realize importance of brand maintenance fully, make brand publicity by combining current popular elements, maintain brand consciously, and expand sphere of influence of brands.

5.2 Standardize products and strengthen product quality monitoring

Enterprises shall master principles of internationalization, modernization and generalization when establishing private brands. They shall develop a standardization system with characteristics by combining with product demands. Firstly, domestic market standards shall be set up. These standards shall meet domestic market demands, reflect product characteristics fully and ensure basic safety of products. Secondly, food processing enterprises shall adapt to international market demands while meeting domestic market standards. They shall reflect characteristics of products and adjust their standard level to meet international standards and standards of different countries. In addition, professional standardized quality monitoring agency of enterprise quality shall be set up in Henan Province, which is responsible to monitoring and management of established quality standard systems, unify quality standards in one region and help established brands to win certain international popularity and reputation.

5.3 Protect uniqueness of production technologies and improve innovation of enterprise brands

The market environment is changing continuously. Particularly, consumers’ demands might change at any time. Therefore, food processing enterprises shall protect uniqueness of production technologies during the late brand development in order to improve innovation of enterprise brands. They shall strengthen technological R&D of products, especially those related with product collection, package, storage, transportation and processing technologies. The value added and technological content of products can be increased through finish machining, thus increasing brand effect of products and core competitiveness of enterprise brand. Moreover, they shall study innovative technologies continuously to increase technological contents and market shares of the brand. They also can lengthen the technological conversion chain, convert more high-tech technologies into carrier of product processing, choose appropriate varieties and technologies to produce high-quality products according to local conditions, and enhance brand marketing speed and effect.

6. Conclusions

Recently, establishing good enterprise brand and realizing growth of enterprises’ economic benefits become important measures for development of existing food enterprises. However, brand construction of Chinese food enterprises are still challenged by many problems, such as ambiguous orientation and inadequate explicit brand images. These are against promotion and generalization of enterprise products. In this paper, brand construction status and existing problems of food processing enterprises in Henan Province are analyzed. A brand construction model of food processing enterprises is established. Research results demonstrate that food enterprises, local government and industrial association shall cooperate to establish the enterprise brand prototype after the characteristic products are developed, adopt appropriate marketing strategies and finally form good brand images, thus enabling to improve popularity of products. Later, food enterprises shall enhance brand awareness and product quality monitoring, and protect uniqueness of production technologies to open international market and increase sales volume steadily. Some suggestions for brand construction of food processing enterprises in Henan Province are
proposed from the perspective of industrial cluster. Food processing enterprises shall go deep into target market, understand consumer demands, and implement brand marketing through different strategies, thus enhancing influence of enterprise brand and increasing economic benefits of enterprises.

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8. REFERENCES