

Lenovo essay



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Brand, Brand Strategy and its Interpretation in Analyzing Brand Integration: The Global Brand Strategy of Lenovo

Abstraction

Purpose – This survey aims to use the reviewed literature of trade name individuality, trade name scheme, and merchandise placement to analyse the lessons and betterments on how Lenovo, a No. 1 Personal computer maker in China, implements trade name integrating as portion of its planetary trade name scheme to increase trade name consciousness and acknowledgment.

Approach – This survey introduces multiple methods to analyse the pros and cons of trade name integrating, and trade name & A ; merchandise placement such as merchandise cleavage and perceptual map every bit good as the company ' s gross comparing.

Findings – Lenovo ' s co-branding scheme in its first two stages of planetary trade name scheme profit its gross growing dramatically but in limited degree to its ain trade name consciousness. And the planetary gross revenues loss happened after Lenovo forgone co-branding with IBM trade name on its ThinkPad/ ThinkCentre trade name lines in its 3rd stage of planetary stigmatization scheme. Furthermore, the unsatisfactory gross revenues public presentation forced the company to trade-off the premium monetary value of ThinkPad in effort to provide to more consumers, deriving market portion and gross growing, but merely consequence in the opposite state of affairs due to the ill-defined repositioning of ThinkPad.

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Research limitations/implications – The unavailability of the overall statistics on the gross revenues of ThinkPad by Lenovo in abroad market over the past five old ages impacts the truth of the analysis consequence. Besides, the deepness of the survey is hindered due to the deficiency of Lenovo ' s investing in stigmatization and selling publicities, every bit good as gross revenues volume of its major rivals such as US, Europe, etc.

Practical deduction – Leveraging a well-known ThinkPad trade name can hasten Lenovo ' s entree to the cutting-edged engineering and distribution channel apparatus, nevertheless, it will takes a long procedure to construct and increase a strong trade name of Lenovo globally. Apart from focal point on quality and engineering invention, Lenovo should stress its value-added trade name placement, i. e. fostering the trade name in the dimensions of relationship, personality and civilization. The separation of Lenovo and ThinkPad should be the best solution for the interest of maximising each trade name equity.

Originality/Value – This survey is an effort to discourse disjunction of typical trade names like Lenovo and its sub-brands ideapad/ideacentre from ThinkPad / ThinkCentre to maximise each trade name equity.

Key words – Lenovo, trade name scheme, trade name architecture, co-branding, trade name individuality, trade name equity, trade name placement and repositioning, IBM, ThinkPad, ThinkCentre, ideapad, ideacentre

Literature Review

Harmonizing to Arnold (1992) , trade name scheme is the procedure whereby the offer is positioned in the clients ' head to bring forth a perceptual experience of advantage. And scheme implies the executing of the organisation ' s vision, mission, and aims. In another word, the kernel of the trade name needs to be reflected in everything the company does, particularly those that impact the consumer. When doing branding schemes, a company should foremost hold an penetration into their trade name and trade name equity.

Brand equity is the differential consequence that cognizing the trade name name has on client response to the merchandise or its selling (Kotler, 2009) . A successful trade name has high trade name equity and its image (B) can be thought of as the combination of three elements: a good merchandise (P) , a typical individuality (D) , and added values (AV) , i. e. $B = P * D * AV$. Particularly the trade name penchant depends on added values that give clients assurance that this merchandise has qualities, position or associations non possessed by alternate picks (Doyle, 2008) . It helps clients navigate the pick procedure by cut down hazards and salvaging clip of rating (Doyle, 2008) . Brand direction Centres on making perceived added value for the company ' s offer among clients, which can be achieved by determining the trade name ' s individuality. Brand Identity is everything the company wants is trade name to be perceived by client (Temporal, 2002) . It has six dimensions, which is besides called now as ' brand individuality prism ' (Kapferer, 2007) , viz. , physical, contemplation, relationship, personality, civilization and relevancy (Kapferer, 1997) . The individuality of

strong trade names reminds us that individuality is non merely a affair of functional properties (Kapferer, 2007) . With clip, trade name associations typically move up from touchable to intangible values – ‘ No trade name should be without a strong intangible constituent ‘ became the top precedence of 10 cardinal rules of strategic trade name direction (Kapferer, 2007) . Due to the increasing ferocious competition and rapid imitation, the focal point of maintaining clients in marketing high spots the edifice enduring relationships on trade name direction, viz. , sorting the different types of relationships consumers have with trade names (Fournier, 1998) , or the different types of interactions companies engage in with their clients (Rapp and Collins, 1994 ; Peppers and Rogers, 1993) .

Kapferer (2007) claims the constitution and acknowledgment of trade name individuality is one of the cardinal phases in the procedure of trade name globalisation. That is, the trade name must hold an individuality that will function as a medium for its globalization, specifically for its trade name placement and trade name scheme. Clearly, for bing trade names, positioning derives from individuality. But it exploits a particular, coherent and outstanding facet of individuality at a given point in clip in a given market and against a precise set of rivals. At the degree of planetary trade names, the trade name positioning stressing a incorporate individuality should busy a distinguishable topographic point in the mark market ‘ s head (Kotler, 2000) , guarantee the typical place of the merchandises of a company from its rivals offerings, maintain or increase market portion by fulfilling current or possible clients, and eventually accomplish higher gross (Hassanien and Baum, 2002) . Bingham and Raffield (1995) identified six

positioning options for houses: monetary value, engineering, merchandise quality, distribution, image and service. Although repositioning is progressively inevitable as the altering selling environments that influence administrations (Trout and Rivkin, 1995 ; Kotler, 1997) , any determinations companies need to do about shifting will demand careful consideration of all of the trade name ' s properties (Park et al. , 2002) .

When trade name directors decide trade name scheme, the added-value lever on which a merchandise is based should be taken into consideration as an of import parametric quantity in taking different trade name architectures. A individual (corporate) trade name umbrella or maestro trade name scheme is frequently recommended when the added value in a peculiar market is linked to repute and graduated table (Kapferer, 2007) . However, the more segmented the market, with top-quality, individualized merchandises, the more 1 has to favor either an backing trade name scheme or a new portfolio of merchandise trade names.

Besides, cost factors have to be considered. Doyle (2008) gave insightful account and said that the aim of following trade name schemes is to increase long-term economic net incomes, which leads to an orientation to sharing trade name names For companies in its initial stage of traveling planetary with limited resources, the simplified trade name lines can reenforce each trade name ' s selling power and cut down selling cost, provided that the company has complementary merchandises.

Another factor that can non be neglected in explicating trade name scheme is the state background of a trade name. COO (Country of Origin) refers to

the impact that generalizations and perceptual experiences about a state have on a individual 's rating of the state 's merchandises and trade names (Nebenzahl, Jaffe, and Lampert 1997 ; Lampert and Jaffe 1998 ; Dinnie 2004) . COO helps or hampers the development of trade name equity in the new market. Yet to some extent, acquired trade names can bring forth a short-cut to get the better of the negative consequence of COO in trade name globalisation (Ying, 2008) and co-branding provides a bombilation around the trade name among sentiment leaders to make an image (Kapferer, 2007) easing trade name into planetary sphere, but it is non a replacement or option for trade name edifice in the long term. Co-branding can bring forth greater gross revenues from the bing mark market every bit good as unfastened extra chances with new consumers and channels as it can increase hard currency flow through increased figure of touch points between trade names (Srivastava et al. , 1998) . In add-on, co-branding can cut down the cost of merchandise debut and aid present a trade name into a new market by leveraging the bing trade name with planetary consciousness. This is reflected in the increasing figure of instances of amalgamations and acquisition of such sort worldwide. Undeniably, it can hike the concern of a company but does non needfully intend the success of incorporating trade names (Swystun, 2001) . It is hard to alter an established trade name individuality and a good ' fit ' between trade names is indispensable to the successful ' marriage ' . For a company traveling planetary, a typical and consistent trade name individuality should be nurtured and affairs most in separating itself from other rivals despite of fabricating the same high quality merchandises.

Clayton M. Christensen (2004) noted that most organisations can get resources, but it is the application of the procedure (how to work out jobs) and values (past investings) that distinguish a company. And branding scheme is the procedure of such sort as one of the key factors which will finally find a company ' s future success.

About Lenovo and its internationalisation and planetary trade name scheme

Founded in Beijing, China, Lenovo is No. 1 Personal computer maker in China and the universe ' s 4th largest Personal computer shaper with its gross in 2007-2008 making 16. 4 billion US dollars and its market portion in China stabilise at 29 % -30 % . In 2004, its acquisition of IBM Personal computer concern (' Thinkpad ' trade name) for 1. 25 billion US dollars made the company the universe ' s No. 3 Personal computer company after Dell and HP and signified the beginning of its stairss into international market. Since so, Lenovo has established more than 200 subdivisions in 66 states (Lenovo functionary web site: [hypertext transfer protocol: //appserver. lenovo. com. cn/About/aboutus_ overview. html](http://appserver.lenovo.com.cn/About/aboutus_overview.html), accessed Nov 23, 2009) . Lenovo ' s athleticss selling, the Olympic selling, and co-brand selling scheme heighten the trade name image and capture the market portion. Its planetary stigmatization scheme incorporates three stages. In the first stage – focused on the continuity of the trade name in abroad states to beef up the relationship between the Lenovo and Thinkpad ; In the 2nd stage – to consolidate the high-end concern Thinkpad image. And in the 3rd stage – to speed up Lenovo trade name edifice (Gu, 2006) .

We can compare Lenovo ' s stigmatization scheme with its gross over the past five old ages. Investing in the trade name must come foremost to

guarantee gross sweetening. (Jeff Swystun, 2001) From the comparing, the dramatic gross growing in 2004-2006 seems to verify that the branding scheme of leveraging IBM trade name and reenforcing ThinkPad profit the corporate public presentation. Meanwhile, nevertheless, Lenovo ' s planetary trade name consciousness got increased during the procedure? Since Lenovo had the right to utilize the IBM trade name merely for five old ages until 2010, the company decided to drop it two old ages in front of agenda, such was its assurance in its ain trade name ([hypertext transfer protocol: //www.economist.com](http://www.economist.com), 2008) . Despite of the right move, the consequence is the lessening in the corporate gross: Lenovo ' s gross revenues volume was down by 5 per centum in the 3rd one-fourth 2008, gross revenues gross dropped by 20 per centum, and market portion declined from 7. 5 per centum to 7. 3 per centum (Ming, 2009) , particularly, the gross revenues in America and Europe fell by 17 % in the 3rd one-fourth compared with the same period last twelvemonth due to the sulky demand in those markets and notably, its domestic sale grew and accounted for 48 % of its entire gross revenues ([hypertext transfer protocol: //www.economist.com](http://www.economist.com), 2009) . Actually, the unsatisfactory consequence can be attributed in a sense to the disconnected trade name displacement from IBM ThinkPad to Lenovo ThinkPad. Whereas, the point is that it is non the inappropriate timing to waive co-branding with IBM trade name, but it is during the initial stage of implementing planetary stigmatization schemes when Lenovo did non manage good the dealings between leveraging IBM trade name and, more significantly, sweetening of Lenovo trade name ' s individuality and differentiated advantage in its new market outside Asia where the trade

name name was small known, particularly in US and Europe, the focal point of Lenovo concern outside China.

To derive an penetration on the trade names scheme, we can look at ' Lenovo trade name architecture passage ' below for the major merchandise lines and trade name integrating in the early 2008. After the trade name integrating, under the corporate umbrella trade name of Lenovo, the streamlined merchandise trade names ensuing in planetary selling cost-effectiveness can be categorized into ideaPad and ideacentre sub-brands for consumers and ThinkPad sub-brand for consumers and commercial section and ThinkCentre sub-brand for companies. Notably, there is a alteration in client placement for ThinkPad by functioning companies merely exchanging to companies chiefly and consumers secondly served with single theoretical accounts of ThinkPad merchandises. This is to run into the increasing demands for consumer Personal computer. Besides, ThinkPad is spread outing its place from high-end merely to both in-between and high-end in visible radiation of Lenovo ' s pricing system. And a inquiry comes to originate: Is Lenovo ThinkPad is every bit good quality as IBM ThinkPad? Lenovo ' s reaction to the doubting voices is the monetary value cut of ThinkPad is to provide to those clients experiencing pinch in the current state of affairs. But the passage hazard should be foreseen that the clients who know ThinkPad really good may non hold that sense of advantage that the original trade name individuality confers, and finally the transmutation may harm the trade name equity.

Let ' s expression at the trade name placement of Lenovo and its rivals. Over clip, PCs has become omnipresent and play a turning function in many of

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import facets of day-to-day life. Consumers are hence looking for more invention (Quelch and Knoop, 2006) with appropriate pricing. Caping the merchandise characteristics of each company in footings of invention and pricing, we can see that HP, Dell and Acer-the strong rivals of Lenovo in US and European market –are wholly positioned as economic system trade name whereas Lenovo as deal trade name positioned as overall high degree of invention and IBM as premium trade name. Highly recognized by its clients, ThinkPad trade name, with high invention and high monetary value of a differentiate advantage, best represent the civilization of IBM trade name. The stigmatization scheme should first take into consideration the environment and clients (Doyle, 2008) . Although Thinkpad trade name has nil to make with IBM after the acquisition, the client ‘ s perceptual experience of high degree of invention and pricing of Thinkpad trade name is deep-seated, therefore, it is non necessary and even harmful to its original image in its client ‘ s head for any effort to take down its pricing arrange. As for Lenovo trade name, on one manus, competitory pricing is the nucleus value that the company embraces to contend its cardinal rivals internationally, and on the other manus, like many other Chinese company traveling planetary, it still take clip for Lenovo to acquire off from ‘ Made in China ‘ image interpreted as fabrication inexpensive merchandises. Therefore, the execution of its bargaining pricing system in its another trade name line ideapad and ideacentre can incarnate its differentiating advantages – lower monetary value but good quality and higher degree of invention – and lower the entry barrier to the consumers in the new market (Doyle, 2008) . Of class, this is what Lenovo is making, advancing its thought trade name line in US, Europe and other major abroad market

(Lenovo functionary web site: hypertext transfer protocol: //appserver. lenovo. com. cn/About/aboutus_overview. html, accessed Nov 23, 2009) . It can be concluded that there is distinctively different trade name individuality between ThinkPad/ ThinkCentre and Lenovo and its sub-brands ideapad/ideacentre.

Discussion on betterment

In developing a planetary trade name, Chinese companies could take between a traditional and modern attack (Ewing, Napoli, and Pitt, 2001) . And Lenovo has adopted the modern (although more hazardous) attack that accelerates internationalisation via joint ventures and acquisition of foreign trade names, enabling them to leapfrog to the advanced phase in the procedure. Product distinction and trade names direction separation – Lenovo should restart the high-end trade name individuality of ThinkPad aiming companies and high-end consumers to derive premium monetary value and high borders. And this stigmatization scheme can non hesitate give uping to the current economic conditions. And for the medium and lower-end market, thought trade name line can play its flexible function providing to different subdivision market. In add-on, the ideapad/ideacentre individuality should be enriched to increase its value-added specifically in its relationship and personality prospective to distinguish with other rivals ‘ trade names. Apart from merchandise publicity, making clients ‘ merchandise experience should be the redress to hold them derive better cognition of the new entry trade names and heighten the acknowledgment of Lenovo.

Most of import, ThinkPad/ThinkCentre trade name should be separated from Lenovo and its sub-brands. The instance of the separation of merchandise trade name Lexus and company trade name Toyota means the success of the both trade names even though few know Lexus trade name is under Toyota. (Jean-Pierre and David, 2002) .

Decision

This survey emphasizes on the analysis and treatment on the trade name integrating of Lenovo, thought trade name line, and IBM ' s ThinkPad trade name, which features an indispensable procedure of execution of planetary trade name scheme by Lenovo. The scheme of co-branding of Lenovo and IBM in ThinkPad merchandises in the initial stage impelled the procedure of Lenovo trade name into international sphere. At the same clip, nevertheless, Lenovo should hold engaged in its ain trade name individuality and equity, which will relieve the loss originating from the disjunction of IBM and Lenovo. An effectual positioning/repositioning trade name scheme should foreground the consistent procedure of heightening trade name consciousness. At this point, Lenovo took a either slower or inappropriate action which entail betterment and transmutation. As for the established ThinkPad trade name, the dimensions of its trade name individuality should be taken into full consideration otherwise any branding enterprises will damage its trade name value through confounding or striping the sense of position and pride from its clients. To avoid the hit of two typical trade name individualities – ThinkPad and Lenovo with its sub-brands ideapad/ideacentre, disjunction is the best solution to maximise trade name equity.

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