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Brand Marketing Strategies in the Export of Maoming Litchi

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Abstract The thesis gives the brief overview of the development of Maoming litchi industry: it has the largest scale base and the output keeps going up; it has varieties of species and lots of famous special products; its standardized mass production ensures the safety of the products; the products go to market early with a broad range of sales; it has industrialized fruit production and deep product processing technology. After an introduction to the general situation of the export of litchis in China, the thesis introduces the current situation of the export of litchis in Maoming in terms of the continuously increasing exportations and the continuous expansion of the market and then, based on these, the thesis analyzes the existing problems in the export of Maoming Litchi: first, lack of brand awareness results in products with no brand; second, the instability of quality acts as a drawback to the exportation; third, fresh litchis are the main exportations, and the packaging and transportation technology of products are weak and thus the overseas markets are by no means well-explored. In order to adapt to the accelerating economic globalization, seize new opportunities for economic development, promote litchi exports from sluggish to healthy development and thus come to the successful transition of Maoming City as an agricultural city to a strong city in agricultural science and technology, corresponding strategies of the brand marketing of Maoming Litchi are put forward in the thesis: first, to enhance brand awareness and make it a famous brand; second, to build bases for litchis' export and make Chinese litchis known worldwide; third, to pay intensive attention to the preservation of litchis and propel industrial management; fourth, to improve the market distribution system and open up the international market.

Key words Maoming, Export of litchis, Brand strategies, Standardized production, Ecological brand, China

Maoming city of Guangdong Province in China, well-known for fruits such as litchis, longans, bananas and mangoes, is widely recognized as "the number-one home-city of fruit in China" and regarded as "the largest fruit production base in China" by the relevant department of the State Council in 1996. It lies in the southwest of Guangdong Province. Since it's located in the tropical and subtropical transition zone and a large area of hills are slightly acidic soil, it enjoys unique geographical conditions for the development of litchi production. Litchi is a leading industry of the "three highs" agriculture, namely high yield, high quality and high efficiency agriculture, in Maoming. Maoming has become a famous production base of such South Asia tropical crops as Baitangsu Litchi and Baila Litchi of the Ministry of Agriculture, national litchi standardized demonstration area and the world's largest high-quality litchi production base. However, there is only a small quantity of them for export, only about 1% of its total production. To adapt to the accelerating economic globalization, Maoming government and enterprises should expand the litchi export, carry out the brand marketing strategies to create a famous brand in litchi industry and build China's world-famous litchi brand, promote litchi export from sluggish to healthy development, promote industrial upgrading of Maoming Litchi, and as a result, speed up the transformation of Maoming City from an agricultural city to a strong city in agricultural technology and science.

1 The general situation of Maoming litchi industry

1.1 The largest planting area and increasing output

Maoming is the world's largest production base of litchi. In 2008, its litchi planting area amounted to 0.29 million acres, accounting for 41% of the city's fruit planting area and nearly 45% of the province's litchi planting area, 20% of the country's and 17% of the world's. The annual output of litchis is 400 – 500 thousand tons, making up 1/2 of the total output of litchis of the province, 1/4 of that of the country and 1/5 of that of the world. At present, there are over 280 thousand acres of litchis, most of which dated back to the 1990s and are coming to its high-productivity phase. Therefore, the city's output of litchis is going to increase sharply in a few years.

1.2 Rich varieties and lots of famous and special products

In the 1990s, great efforts were made to vigorously promote the cultivation of some high quality varieties in the city, such as Heiye, Feizixiao, Guiwei, Nuomici, Jinfeng, Baitangsu, Jianjianghongnuo, Baila. Currently, more than 95% of the city's litchis are the famous litchi varieties. In every Agricultural Expo and China International Agricultural Expo, a number of varieties won gold or silver medals or famous-product title. Baitangsu Litchi won the first prize as a high-quality early-maturing variety in the Guangdong Province fruit appraisal in 1988 and then was recognized as a famous brand at the third China Agricultural Expo; Baila Litchi won the silver medal at the second China Agricultural Expo; Jianjianghongnuo Litchi won the gold medal in quality appraisal at National Agricultural Expo; Jianjianghongnuo, Baila, Heiye and Guiwei have won the title of China Famous Brand. Baitangsu (now called the Zhonghua-

hong) Litchi, Matou Litchi, Yongfeng Litchi and Jinlong Litchi have been certified as green A-products; Gaozhou's Yongfeng Organic Litchi has been qualified by Organic Certification Center of the State Environmental Protection Administration; in 2004 Baitangsu (also called Zhonghuahong) won the national registered certification marks of origin and got a passport to enter the international market.

1.3 Standardized mass production and safe products In order to promote the development of litchi standardized production, according to the standard practices for fruit production issued by the Ministry of Agriculture, the Fruits Department of Maoming City and other related units formulated and promulgated the standard practices for litchi production in 2004, organized production strictly in accordance with the standards, set up standardized demonstration bases and actively conducted the certifying of litchis. Among them, 5 leading enterprises producing litchis obtained Green Food A-product certificate issued by the China Green Development Center; two leading enterprises' products was regarded officially as the pollution-free agricultural products in the province; 123.56 acres of litchis of two companies received the China Organic Food Certification.

1.4 Early maturity and a wide range of sales Owing to the unique climate in Maoming, its litchis are 20 days or so premature than those of the Pearl River Delta, South of Fujian and Southeast of Yunnan and over one month premature compared with those of Guizhou and Sichuan. The Hong Litchi in March is mature enough to go to market in mid April every year, Baitangsu Litchi and Feizixiao Litchi in early May and the Heiye and Baila Litchi in mid May. Even the varieties with relatively late maturity such as Guiwei, Nuomici, Jinfeng and so on, can be seen in market in June or so. At present, the products enjoy a very wide range of sales. 20% –30% of them are sold in the local market, 70% –80% in more than 30 other provinces (including cities or districts) and about 0.002 8% for export.

1.5 Industrialization of fruit production and deep processing of products Agriculture and fruit industry in Maoming intended to go through industrialization. The deep processing of litchis has been improved and the added value of litchis increased. Since 2006, the city has built more than 7600 earth furnaces for baking litchi nuts as a rough processing of the products and more than 70 professional mechanized production lines for fruit drying as a deep processing. Fruit processing enterprises developed at an unprecedented rate, which can be seen in the rapid rising of Guangdong Lingnan Weiduo Life Technology Corporation, Gaozhou Yuanfeng Fruit Industry Corporation and Gaozhou Golden Fruit Corporation. Because of the lead of these enterprises as well as thousands of families' joining in the baking of products, litchis' freshness processing rate exceeded 30%. According to statistics, the added value of fresh fruit through processing totaled up to 2 billion RMB.

2 The current situation of the export of Maoming litchi

2.1 The overview of litchi export in China The volume of the export of fresh litchi around the world is quite small, only a-

round 50 thousand tons a year and about 10 thousand of them are from China. China's litchi export markets (Taiwan included) consist of the Singapore-based Southeast Asian market, the United States, Canada and France-based European market and the Arab Middle East countries as new markets.

2.2 The status of the export of Maoming litchi

2.2.1 The continuous growth of export volume. Maoming Litchi is well-known all over the world for its excellent varieties, good quality, pretty color and early maturity. Since 1983, 80 tons of litchis have been delivered to Hong Kong and Macau. After that, its volume of export increased at an annual rate of 14% and reached 500 tons in 1997. In 1993, another 20 tons of Maoming Litchi were exported to the Southeast Asian market and since then its export volume increased year by year. Since 2001, the export volume has been doubled with 1 000 –3 000 tons of litchis exported to Japan, Southeast Asia, the United States, Canada, the European Union and other countries every year. In 2004, Maoming Litchi was exported to Australia as China's first batch of litchis coming to this country.

In 2007, there were 69 batches of litchis weighing 1 035 tons approved by Maoming Inspection and Quarantine Bureau for export, 18.8% more than that in 2006, which set a new record in the history of the export volume of litchis in China.

2.2.2 The continuous expansion of export markets. As a kind of fruit grown in subtropical areas, the litchi can only grow in few regions in the world, which brings a broad market space for its export^[1]. In recent years, Guangdong Dianbai County Zefengyuan Agricultural Products Corporation, the Fruit Industry Association of Maoming City, Maoming Fresh Fruit Processing Corporation and other enterprises have turned to the export of litchis as the breakthrough point, expanding markets and overseas markets incessantly. As a result, the export markets expanded to Japan, the United States, Britain, France, Canada, Australia and the United Arab Emirates and other European and West Asian countries, apart from the earlier ones like Hong Kong, Southeast Asia, and so on.

2.3 Problems existing in the export of Maoming litchi

2.3.1 The Lack of brand awareness. Although Maoming Litchi has a long history of its cultivation and culture, brand management is neglected in its export business. Most products have no brand, or just name after their varieties instead of a brand name. Heiye Litchi is a case in point. For the shortage of uniform registered trademarks, it would be difficult to achieve the positive effects brought about by a standard and unique brand. Besides, the shortage of propaganda also leads to a limited recognition of Maoming Litchi in overseas markets. Moreover, some products, in spite of a "passport", are still not marketable, such as Baitangsu Litchi, which won a gold medal at a National Agricultural Expo but remains unfamiliar to customers in many parts of the world. All of the above factors, to a certain extent, confine the sales of fresh Maoming Litchi mainly to local and domestic markets, resulting in its limited market space.

2.3.2 Instability of the quality. Currently, more than 80% of the city's litchi cultivation is mainly in small orchards of less than

100 acres run by retail businessmen while larger orchards, especially those of more than 1,000 acres, accounts for a much less proportion. In addition, Fruit growers' lack of the scientific knowledge about the use of fertilizers, pest control, fruit processing, management arts, and so on, often results in a low output per unit, a low quality, excessive pesticide residues and other undesirable consequences, which restricts the export of Maoming Litchi badly.

2.3.3 Poor packaging and transportation technology. With fresh litchis as main exportations, the litchis that have been processed, such as small package quick-frozen, vacuum-packed fresh, dehydrated, sugar salted and dried products, are rare. On one hand, fresh litchi processing period is short. The storage and transportation of a majority of fresh litchis still follow the traditional methods to keep fruits fresh. Fresh litchis are delivered in foam boxes with ice, bamboo basket filled with leaves, wooden boxes, and so on, often contributing to litchis' color change, skin damage, loss or decay of meat and flowing juice. On the other hand, technology of fresh litchi processing is so immature and unstable that the preservation of litchis is poor, which exerts a negative influence on the export of Maoming Litchi.

2.3.4 Outdated distribution system and limited foreign markets. Maoming Litchi is still in the phase of marketing its own products and delivering its own harvest in a blind way. The "Company plus Farmers" and other industrial operation mechanisms are in no way perfect; the distribution of products is still mainly done by the local intermediary services, and the delivering and marketing team is not strong enough; there is no mature center for collecting and issuing information, nor large-scale wholesale markets or mass production and circulation pattern. All of these disadvantages account for the passive sales of products, poor exploration of foreign markets, limited propaganda of products and as a consequence, a rather small export volume.

3 Brand marketing strategies of the export of Maoming litchi

3.1 Strengthen brand awareness and create a famous brand

3.1.1 Highlight the history of Maoming litchi. Maoming Litchi has always been among the tributes to royal courts. Nowadays, the city retains several litchi gardens in their original ecological conditions with an area of over 65.6 acres and more than 380 thousand-year litchi trees, including Gaozhou Genzibo Bridge Tribute Garden, Sishui Tandi Tribute Garden, Mao Gang Yangjiaoduduan Tribute Garden, Dianbai Xiadong Tribute Garden and so on. With old trees and tribute gardens as themes, the city should vigorously publicize and promote the themes like "China's Oldest Litchi Garden", "Gao Lishi Ancient Litchi Garden", "Feizixiao Ancient Litchi Garden" and so on, and thus make the long history and culture of Maoming Litchi well known, enriching the cultural background of Maoming Litchi^[2].

3.1.2 Build the ecological brand of Maoming Litchi. Combining the ecological landscape and historical & cultural attractions of Maoming Litchi and environmental protection, we

should develop green farms and ecological agriculture tourism, promote the themes like "the most green litchi", "China's most spectacular litchi country", "China's largest fruit base", "Litchi Miss Competition" and so on to widely publicize green litchi ecological culture, in order to improve the price and competitiveness of Maoming Litchi and expand the brand effect of Maoming Litchi.

3.1.3 Promote the humanistic brand of Maoming Litchi. As the birthplace of "Three Represents", Maoming is well known in various parts of China and Maoming Litchi became more famous after the former President Jiang Zemin planted a Zhonghuahong litchi tree in Genzi town on February 24, 2004. Currently, the litchi tree has become one of the red tourist attractions. With increasing visitors, Maoming Litchi will form an idea market^[3]. Its cultural connotation and value will be enriched through eulogizing its humanistic culture.

3.1.4 Attach importance to brand registration and protection. Maoming City, with many high-quality litchi varieties at provincial and national levels, enjoys a good reputation in China. In order to prevent its brand being pirated, we must attach importance to the brand registration and protection. The green marketing concept, uniform grading standards, uniform packaging specifications and uniform registered trademarks for the export of Maoming Litchi, can help create an excellent litchi brand, increase its market share as products of intellectual property and finally increase the profit.

3.2 Establish export bases and build a world famous brand of China Litchi

3.2.1 Establish export bases and cultivate leading enterprises. According to the needs of export of Maoming Litchi and requirements of the importing countries, leading enterprises should develop pollution-free bases and a group of litchi export bases. Besides, the product structure should be rationally adjusted according to the market in order to strengthen the capability against risks of the international market, providing the basis and protection for litchi export. In short, the export of Maoming Litchi should be promoted through increasing its export volume and improving its competitiveness in quality.

3.2.2 Highlight the authenticity of Maoming litchi with the registered marks of origin. Taking the advantages of Maoming Litchi in its geography, size, technology, politics and humanistic culture, to register marks of origin for the main varieties of litchi in Maoming, may help highlight the "authenticity" of Maoming Litchi, improve its competitiveness of quality, make a world famous brand and protect the intellectual property of Maoming Litchi.

3.2.3 Standardize production and apply for "green food" or "organic food" certification. Combining the standardized production and "pollution-free products", "green food" and "organic food" together, we should improve the management practices of litchis' standardized production, promote vigorously science retraction thinning, integrate pest control, make rational use of organic fertilizers and guide farmers to use pollution-free fertilizers and pesticides, in the process of the litchi's production, which can ensure the quality and safety of the litchi. Those without the certification of green food or organic food

should apply as soon as possible.

3.3 Focus on the preservation industry and speed up the industrialization process

3.3.1 Develop the preservation technology and expand the export of Maoming litchi. First, systematic research should be carried out into the storage characteristics of the litchi varieties, the postharvest browning and quality deterioration mechanism and effective control measures. Second, classification standards for major export varieties should be set up and the grading equipments should be developed. Besides, related advanced preservation technology abroad should be introduced. These suggestions, if adopted, will be helpful to expanding the export of Maoming Litchi.

3.3.2 Focus on improving the preservation technology of Maoming litchi. Research should be carried out on the deep processing of Maoming Litchi, so as to keep it fresh with the help of research institutes and agricultural institutions. We also need to develop foreign consumers' favorite new products such as litchi juice, litchi wine, canned litchi and litchi pulp. Besides, importance should be attached to developing famous litchi varieties into green food, cultivating a reputed brand, promoting the progress of the industrialization of Maoming Litchi, further lengthening its industrial chain and improving its added value, so that its competitiveness index of quality will be promoted and thus the export be expanded.

3.3.3 Build an integrated industry chain to speed up the process of industrialization. Governments and technological departments at all levels should be devoted to improving the system of technical services and information services, so as to collect and release information concerning the supply and demand of products in a systematical, timely and accurate way. With the help of the Fruit Industry Association, leading enterprises and litchi growers should form a "Company plus Farmers" model as a business community so that a complete industrial chain can be set up.

3.4 Perfect the market distribution system and explore the international market with a famous brand

3.4.1 Pave the way for "Green Passage" and build a sound market circulation system. Efforts should be made to enhance the coordination among the inspection, customs, banks and taxation departments, and set up a green channel for the export of Maoming Litchi. We need to speed up the a rapid and efficient inspection procedures, give priority to the litchi in its inspection by the customs while quarantining it strictly in accordance with related standards.

3.4.2 Aim at developed countries for market expansion. As a kind of fruit grown in subtropical regions, the litchi has great potential in the international market. As the European market has a huge and stable consumption and so do the markets in America, Australia and New Zealand, the expansion of markets for the export of Maoming Litchi should target developed countries and thus it is necessary to build a well-equipped large professional wholesale market and adopt preferential policies to attract foreign businessmen. In a word, efforts should be made to open up new markets abroad.

3.4.3 Give wide publicity to the famous brand and open up international markets. On one hand, we should give wide publicity to famous litchi varieties in Maoming through various activities concerning the selection of famous brands, such as National Brand Selection, Guangdong Province Brand Selection or various types of agricultural shows, agricultural expos, agricultural fairs and the like, in order to promote its reputation and competitiveness in domestic and overseas markets and thus promote its core competitiveness in the international market as well as the conversion of the growth pattern of its export volume. On the other hand, we should broaden the channel, reinforce the exploring ability of international brand market, popularize new trading mode actively, strive to put Maoming Litchi in the supply chain of international chain retail, set up trading network overseas, and promote the exportation of Maoming Litchi^[4].

4 Conclusion

Under the new circumstances, it's imperative to carry out brand marketing in the export of Maoming Litchi. The Maoming government and enterprises have to raise the awareness of development, foster the concept of brand marketing and implement the brand marketing strategies to make a famous brand and consequentially promote litchi exports from sluggish to healthy development.

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