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## THE MAIN FACTORS IN THE FORMATION OF BRAND TRUST AMONG THE POPULATION OF CHINA, CONSIDERING CULTURAL CHARACTERISTICS

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**Abstract.** For Russian companies, the Chinese market offers vast opportunities to increase the scale of their activities and maximize profits. But when entering the market, companies face a number of problems: the difficulty of gaining consumer confidence, unfamiliarity with China's domestic market, its needs, misunderstanding of differences in the mentality and psychology of consumption. Therefore, the purpose of the study was to identify the main factors in the formation of brand trust among Chinese consumers. The results of the work will be useful for food manufacturing companies seeking to export their products to the Chinese market.

**Key words:** brand trust, cultural characteristics, customers needs, brand adaptation and positioning, China.

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## ОСНОВНЫЕ ФАКТОРЫ ФОРМИРОВАНИЯ ДОВЕРИЯ НАСЕЛЕНИЯ КНР К БРЕНДУ С УЧЕТОМ КУЛЬТУРНЫХ ОСОБЕННОСТЕЙ

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**Аннотация.** Для российских компаний китайский рынок открывает обширные возможности увеличения масштаба своей деятельности и максимизации прибыли. Однако при выходе на этот рынок возникает ряд проблем: сложность завоевания доверия потребителей, незнание внутреннего рынка Китая, его потребностей, непонимание различий в менталитете и психологии потребления. Поэтому целью исследования стало выявление основных факторов формирования доверия к бренду среди китайских потребителей. Результаты работы будут полезны российским компаниям – производителям продовольственных товаров, стремящимся экспортировать свою продукцию на рынок КНР.

**Ключевые слова:** доверие к бренду, культурные особенности, потребности потребителей, адаптация и позиционирование бренда, КНР.

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**Introduction.** In a competitive environment, companies face the task of maintaining their positions in the market and maintaining profits. Many experts are increasingly inclined to conclude that the main factor in the success of most businesses is customer loyalty.

In order for the consumer to be loyal to a particular product, you need to create an impression of it as a brand. According to David F. D'Alessandro, general manager of John Hancock Financial: "A brand is more than advertising or marketing. That's all that comes to a person's mind about a product when he sees its logo or hears the name" [1, 2].

Well-known global brands have been holding their positions at the very top of success for many decades, each of them has its own secret of success, but the common feature of all these brands is the trust in the product from consumers. Trust plays a key role in the interaction of companies that create value for consumers. Trust can serve as a major indicator of brand equity. The higher the functional risk associated with the choice of goods, the greater the importance of the trust factor [3, 4].

Consumer trust is very powerful, and emotions play a big role in building trust. A. Rice and J. Trout argued that the idea of a product should find a meaningful and unique place in the minds of target consumers, since the choice of goods by buyers is not influenced by the product itself, but only by its perception [5-8]. If consumers experience pleasure and comfort when interacting with a brand, they have a good feeling. If a brand wants to be closer to people, it must give them pleasure, inspire confidence [9-11].

In modern conditions, when entering the Chinese market, any enterprise leads to profit maximization, increased sales and increased efficiency. At the same time, the "trial and error" method does not always give fast and high-quality results, without loss of economic benefits. In this case, an understanding of the Chinese mentality, the emotional needs of the Chinese population, an understanding of their perception of brands and factors that can inspire brand confidence plays an important role. In this regard, the conducted research to identify the main factors of brand confidence formation among the Chinese population, taking into account cultural characteristics, can be of great importance both for Russian food producers seeking to enter the Chinese market with their products, and for exporting companies wishing to increase their sales in the PRC market.

**Materials and Methods.** Empirical research methods are used in the work. The information base is the survey and interviewing conducted among the Chinese population. To identify factors influencing the formation of brand trust among the population of China, a study was conducted using the method of questionnaires and interviews. Based on the previous study, where the most promising Chinese cities for the export of Russian products were identified as respondents, residents of these cities were selected, namely: Mudanjiang, Harbin, Jinan, Urumqi and Anshan aged 19 to 45, since people in this age group is the main driver of demand growth. In this study, for a representative sample with a confidence level of 95% and an error of 5% according to formula 1, it is necessary to interview at least 384 people [12-17].

$$SS = \frac{Z^2 * (p) * (1-p)}{c^2} \quad (1)$$

where:

Z = value of the normal distribution function for the given probability of deviation;

p = percentage of respondents or responses of interest, in decimal form (0.5 default);

c = confidence interval, in decimal form.

It is important that the size of the general population does not appear in the formula. Because if the population is large, it has little to no effect on the sample size. As a result, 574 people took part in the study, among them 60.10% of the respondents were women, 39.90% were men, and more than 90% of the respondents were students.

**Results and Discussion.** Since each country has its own specific cultural characteristics that affect consumer behavior and brand perception, an important condition for

promoting a brand and gaining consumer confidence in a foreign market is competent localization and adaptation of the brand, taking into account the cultural characteristics of local consumers.

As a result of the study, it was revealed that for the successful adaptation of the brand in the Chinese market, it is necessary to consider two factors that affect the consumer behavior of the Chinese: the popularity of social networks and online shopping. According to the study, more than 70% of respondents say that the opinion of other people and the way the product is placed influence their perception of the brand. Chinese people's mentality plays a role here: they are skeptical about formal marketing messages, but they trust informal recommendations, the opinions of other consumers and prefer to buy goods online.

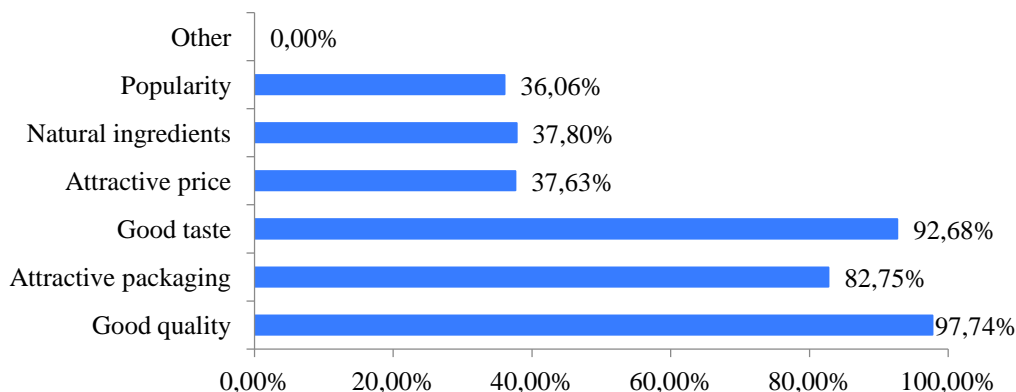
The survey revealed that 73.17% of respondents have favorite brands of food products. The majority of respondents mentioned Chinese brand Daliyuan (36.81%), Swiss brand Nestlé (13.89%) and American brand Oreo (12.04%) as preferred brands.

Having studied the features of the adaptation and positioning of the Nestlé and Oreo brands in the Chinese market, it can be noted that the success of Oreo lies in the competent adaptation of the product to the tastes of Chinese consumers. For this market, the company produces products with less sweet, varied flavors. In the perception of the Oreo brand, promotional content plays a big role, where Oreo uses “friendly” humor and positions itself as “playful”. To capture the attention of the Chinese consumer, the cookie brand uses the Chinese audience's enthusiasm for streams with Chinese stars, which increases its popularity [17].

Nestlé, like Oreo, is transformed for each country, taking into account national characteristics. The trust and loyalty of consumers is formed due to the strong position of the brand. Nestlé positions itself as a manufacturer of high-quality products and guarantees 100% quality, which means 100% enjoyment of the product, where each brand product has unique properties that distinguish it from other brands [18].

The basis of Daliyuan brand positioning is emotional appeal. Emotion is a feeling of leisure and psychological satisfaction and happiness. Therefore, it is especially important to consider this psychology of consumers. At the same time, it also fulfills certain rational appeals and promotes the concept of healthy eating. Celebrity endorsements play an important role in brand success [19].

According to Chinese consumers, the products of their favorite brands are of good quality (97.74%) and taste (92.68%), have attractive packaging (82.75%), and every third respondent notes an attractive price, natural ingredients and popularity of the brand. Full distribution of the percentage of answers to the question: “What properties do you think the products of your favorite brands have?” can be seen in figure 1.



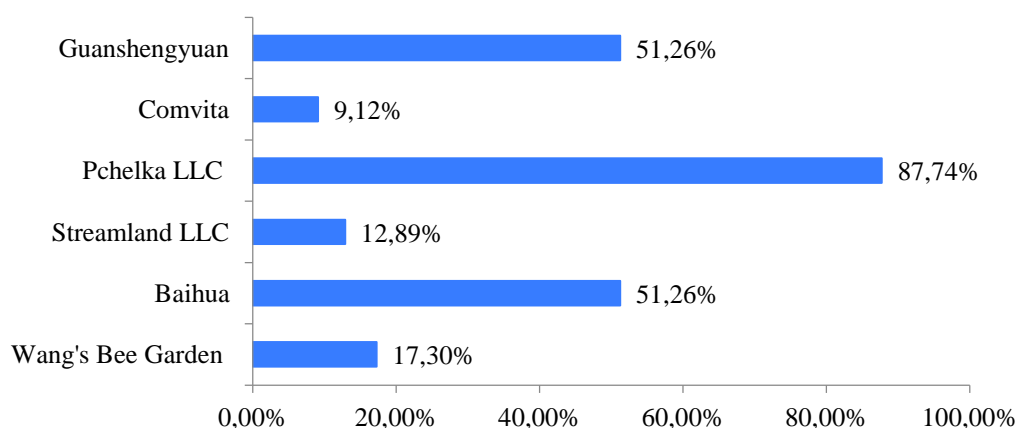
Source: compiled by the author.

Figure 1. Chinese consumers' opinions about their favorite brand products

According to the study, more than half of the respondents, when choosing a product, pay attention to the country of origin (73.34%) and 93.73% of respondents prefer Chinese brands of food products, as they consider them more familiar in taste, inexpensive and of good quality.

As a result of the study, it was revealed that for 83.97% of respondents, the appearance of the goods of their favorite brands is important. For some consumers, it is important that the product is in a convenient and practical package, others note the importance of beautiful and festive packaging.

More than 70% of respondents say that advertising content can influence their opinion about the brand. 87.74% of respondents choose honey from the Russian manufacturer Pchelka LLC, 51.26% choose the Chinese manufacturer Guanshengyuan and 51.26% Baihua. The distribution of consumer preferences regarding the honey brand is shown in figure 2.



Source: compiled by the author.

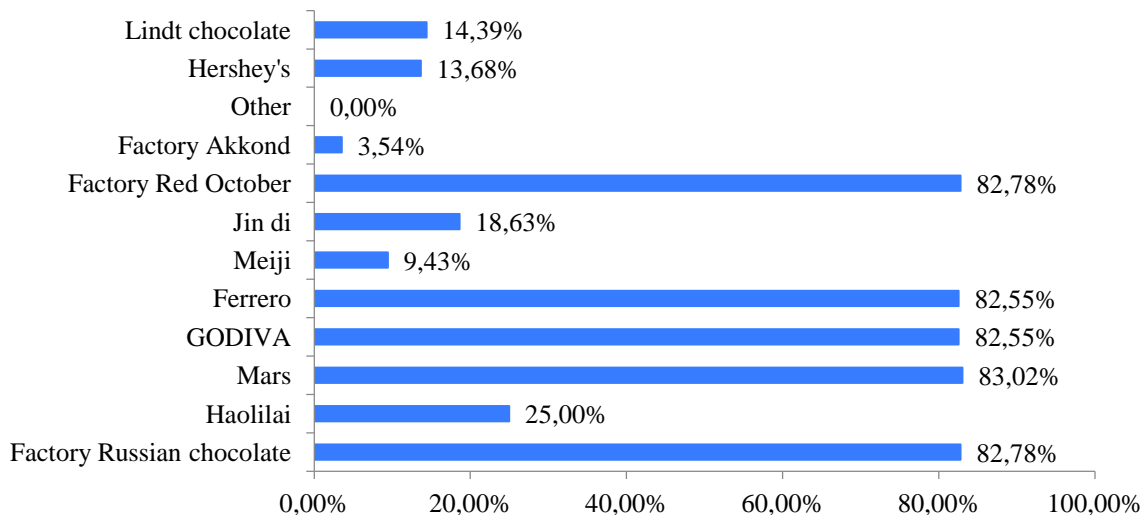
Figure 2. Consumer preferences for honey brands

Consumers note that the advertising content of their favorite Chinese brand is interesting, informs about the benefits of honey and a healthy lifestyle, leaves a pleasant impression, and buying a product brings joy.

Consumers of chocolate confectionery mainly purchase chocolate bars (98%) and chocolates (92%) of the following chocolate brands: factory “Russian Chocolate” (82.78%), factory “Red October” (82.78%), Mars (83.02%), Godiva (82.55%), Ferrero (82.55%). The distribution of preferred brands of chocolate confectionery products can be observed in figure 3.

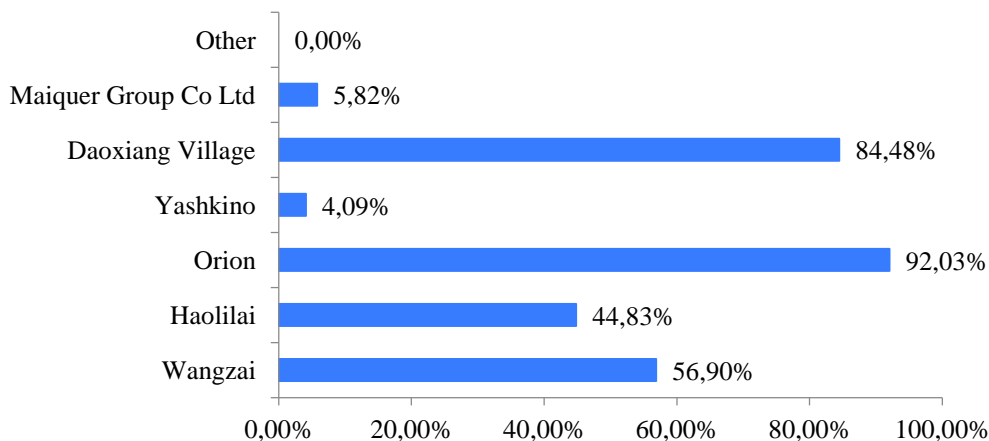
The advertising content of the Belgian chocolate brand Godiva immerses in an atmosphere of pleasure, dreams and enjoyment. And the design of sweets and gold packaging creates an impression of luxury and emphasizes the elite status of the product. The Ferrerropackaging concept, like Godiva, is elegantly and luxuriously designed [21,22]. The visual effect created by the packaging is very popular with consumers. Ferrero chocolate is a very popular gift to people during Chinese New Year and festivals. Especially during the Spring Festival, the Chinese usually welcome the golden packaging of Ferrero and Godiva chocolates, symbolizing good luck and wealth.

Among flour confectionery products, Chinese consumers prefer cookies (95.47%) and biscuits (90.95%) of the Korean brand Orion (92.03%) and the Chinese brand Daoxiangcun (84.48%). The percentage distribution of consumer preferences in relation to flour confectionery products is shown in figure 4.



Source: compiled by the author.

Figure 3. Consumer preferences for chocolate confectionery brands



Source: compiled by the author.

Figure 4. Consumer preferences for brands of flour confectionery products

In positioning its brand, Orion adheres to the principle of “customer first”, therefore, it selects first-class raw materials and conducts the most stringent product quality control [20]. As a result, delicious taste and excellent quality make the product popular. Orion's popularity in the Chinese market was also influenced by the fact that the brand's products largely meet the emotional needs of Chinese culture: the favorite red color of the Chinese was chosen as the main color of the brand, embodying enthusiasm and joy, and the brand's advertising content impresses the consumer with friendship. In the minds of consumers, Orion is the approval of friends. This warm, healthy and lively image has become widespread and has influenced the emotional perception of the brand.

The Chinese brand Daoxiangcun has a long history and is considered a proven brand in China [23,24]. The brand's advertising content creates the atmosphere of a traditional Chinese holiday and evokes emotions of joy and feelings of reunion with loved ones. The advertising also focuses on the quality of ingredients and traditional craftsmanship, so that Chinese consumers consider the brand's products to be of high quality and healthy.

According to the results of the study for each product category, 39-50% of respondents noted the high quality of their preferred brands, 48-61% noted good quality. The conducted selective interviews showed that the most frequent emotion that arises when buying a product of a favorite brand is joy. The respondents also noted that light colors and shades of yellow predominate in the packaging of the honey brands they purchase, saturated colors, black, red, gold in the packaging of chocolate products, and pink and red in the packaging of flour confectionery products. Residents of the cities under study prefer to buy goods at a discount (57.49%), but the presence or absence of a discount does not affect their attitude towards the brand (84.15%), since most consumers, when choosing a product, first of all pay attention to quality, taste and appearance of the product.

As a result of the study, it was found that the way the product is sold affects the perception of brand products. More than 80% of respondents prefer to buy honey in the supermarket, chocolate and flour confectionery on online platforms. The conducted interviews explain this data by the fact that for these categories of goods this method of purchase is the most convenient. 93.90% of those surveyed prefer to buy on Taobao and 61.15% on Pinduoduo. Taobao is considered by Chinese consumers to be the most popular and convenient platform in China, while Pinduoduo allows you to purchase goods cheaper.

**Conclusions.** Thus, the study showed that in advertising and promotion of goods it is advisable to rely on the emotions of consumers, since emotions are necessary when communicating with the consumer, they have a significant impact on the perception of the brand. Advertising content, product packaging evoke certain feelings in consumers. It is important to understand the emotional needs of Chinese culture in order to be able to evoke positive emotions for the product and accordingly form the perception of the brand as capable of generating experiences and feelings desired by the Chinese consumer. Involving Chinese celebrities in product advertising increases brand popularity and helps to reduce the distance between the consumer and the product, making the general consumer feel like they are interacting with celebrities through the purchase of the same product, brand. The way the product is placed also has an impact on the Chinese buyer, most of the respondents find it convenient to be able to purchase products online.

The foreign brands chosen as favorites by consumers are examples of successful product adaptation to the taste preferences of Chinese consumers, and their choice of packaging colors is in line with the Chinese perception of colors. However, when placing products on the Chinese market for the first time, it is also worth considering the volume of packaging, it should be small so that the consumer can try the product, and the price of the product should be attractive, not exceeding the price level of Chinese similar products.

So, the main factors in the formation of brand trust among the population of China, in addition to the quality and taste characteristics of products, are the appeal to the emotions, feelings and experiences of the Chinese consumer.

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