



**Brands and Branding: An Analysis of the Evolutionary
Development of Baijiu Industry Clusters in China**

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For my parents

Abstract

Research into industry clusters and brands and branding has emerged and developed in the Western world for decades. In China, the Reform and Opening up policy adopted since the late 1970s, has resulted in impressive economic growth around economic clusters, including some manufacturing processing industries, and some industries related to high-technology, and traditional industries (i.e. agricultural and Baijiu products). This thesis aims to contribute to the academic and political understanding of these issues through exploring the emergence, agglomeration and development of Chinese alcoholic beverage/Baijiu industry clusters. Inspired by theories of industry clusters, and brands and branding, this thesis proposes to find out and understand the development of Chinese industry clusters formations and their branding strategies, especially in a traditional industry sector. These ideas are described and analysed through a qualitative-oriented fieldwork investigation in seven industry clusters within three Chinese prefecture-level cities, namely, Luzhou, Yibin and Zunyi.

From a theoretical perspective, industry clusters and brands and branding theories/strategies are not separate from, but are associated with, each other. Brands and branding strategies are not only marketing concepts but also have diverse meanings from economic, social, ecological, political and cultural perspectives. With the characteristics of *geographical entanglements* (Pike, 2009b), *dynamic network frames* and *creative activity*, the brands and branding strategies are geographically linked to multi-layer industry clusters. This makes it possible to identify industry clusters from brands and branding insights, especially in this global world. The concepts of brands and branding, and industry clusters, and the relationship between them form one part of the thesis's contributions. In addition, evolutionary economic geography theory is useful to explore

industry clusters, which has been utilised to explain the brands and branding of Chinese Baijiu regional agglomeration and industry clusters.

From an empirical perspective, the Chinese Baijiu industry's clusters, brands and branding strategies can be analysed from four aspects, namely, price and some intangible brand value factors; ecological and environmental elements; the Baijiu organisational structure of the production, circulation, and consumption; and the policies and regulations of regional agglomerations and industry clusters. Price is a tangible brand value factor which differentiates Chinese Baijiu commodity with multi-level prices. Enterprise structures and scales help form the Baijiu industry cluster formations as well; natural-related elements of environment/ecology include water, grains, human activities and cultural and historical backgrounds, which explain the meanings of origins, and influence the regional agglomerations of Chinese Baijiu; societal consumption and investment extend industrial chains of Chinese Baijiu and drive its agglomeration and dispersion; multi-layer governmental policies and regulations force and impede the emergence and development of Chinese Baijiu industry clusters. Regional agglomerations provide spatial backgrounds for Chinese Baijiu industry clusters. Drawing upon this, seven Chinese Baijiu industry clusters are identified and their evolutionary developments are explored: Chinese Baijiu Golden Triangle Baijiu Industry Development Zone, Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square, Renhuai Economic Development Zones (including three functional parks: National Baijiu Industrial Park, Renhuai Famous Baijiu Industrial Park, and Tanchang Modern Service Park), Wuliangye Group, Jiudu Yibin · Wuliangye Culture Features Street and Qionglai Basic Baijiu Production Zone. Driven by the branding strategies of both enterprises and government policy guidelines, these seven Chinese Baijiu industry clusters show a development characteristic of enterprises/products branding–industry cluster branding–place/province branding.

Furthermore, more detailed brand identification, industry clusters and global value chains, and globalisation and branding strategies all provide future research possibilities for Chinese Baijiu industry. This thesis still has its limitations, which may need more quantitative methods to measure and examine the formation and development of Chinese Baijiu industry. Basically, this thesis also offers potential research connecting to other Chinese agricultural industries, manufacturing industries and tourism industries.

Key words: Industry clusters, brands and branding, Chinese Baijiu Industry

Dedication

Here, I declare that what presented in this thesis is my original work and contribution, except explicit attribution is made in references and footnotes. This thesis has not been previously submitted for any other award.

The author may choose to withhold her thesis from public view (an 'embargo') for up to three years, if, for instance, it contains commercially sensitive information, or potential for adaption into a book or journal article(s).

Signature:

Hui Yang

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Publications and Conferences

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- ✚ Attended the SESPGR17 and showed a poster about “The Evolution of Traditional Industry Clusters for the Green Economy: A Case Study of the Liquor Industry” (26th January 2017, University of Hull, UK).

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- ✚ Attended the “2017 Researcher Links Workshop on Innovative Building Renewable Energy and Latent Heat Thermal Energy Storage Technologies in China and the UK” and gave a presentation of “Could brands and branding be a new way to identity the spirit/baijiu industry clusters in China?” (October 2017, Chengdu, China).

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- ✚ Attend 2019 RGS-IBG Annual International Conference (27-30th August, 2019, London, UK).

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Chapter 1 Introduction

1.1 Introduction

Since the 1980s, the industry cluster has emerged and has been utilised as a strategy for economic development in both academic and political fields in the Western countries. Since the late 1970s, China has adopted the Reform and Opening up policy which has resulted in notably impressive economic growth around economic clusters, including some traditional industries, such as agricultural and Baijiu products, in addition to manufacturing processing industries and some industries related to high-technology. Two phenomena emerged and developed during this period (Luo, 2016). The first of these phenomena is the emergence of the industry cluster or regional agglomeration format, especially in Zhejiang province (a coastal province in eastern China) (Luo, 2016). The second phenomenon is the gradual development of brands and branding research. Most research in this area focuses on products and enterprises in the economic field, and city/urban brand and place branding from an economic geography perspective. This leaves regional or industry cluster brands a relatively underexplored research topic (Mauroner & Zorn, 2017).

1.1.1 Overview of industry clusters / regional agglomerations

Although different industries have emerged and developed in different formats, there are some common key features of industry clusters or regional agglomerations. The enterprises and industries in those agglomerations are geographically located close to each other, sharing the same public facilities

and welfare. Some agglomerations are formed by many small or medium enterprises with similar workshops and functions, such as the “Third Italy” in northern Italy (Boschma, 2005). Some more classic enterprises even form complete industrial chains with up-stream companies and down-stream companies agglomerated together, like the wine industry cluster in California in America (Cholette et al., 2005). Most regional agglomerations have succeeded in cost-saving and efficiency improvements, and more importantly, some of them are so successful that they form branded industry clusters, pushing more enterprises and governments to design related policies to adopt this format.

In the food industry, some opportunities have arisen in recent years, such as the rising consumer interest in food origin and quality (Renko & Rudawska, 2014; Czaczelewski et al., 2017; Margarisová et al., 2018), the “growing interest of retailers to present themselves as distributors of quality products”; a “relatively high interest of food businesses in quality schemes”, and “certification systems creates a favourable environment that can stimulate farmers to also participate” (Margarisová et al., 2018:1555).

In China, at the very beginning of the People’s Republic of China (PRC), some functional and specialization zones were built across several coastal provinces to take part in the chains of global production networks. For example, small commodity processing and manufacturing enterprises agglomerated in one village or town to manufacture toys, eyeglasses, festival ornaments or textile-products (Luo, 2016) in Zhejiang province. Over time, some high-tech industry clusters or parks have been established based on the

state policies for guidance and economic needs, which tend to be located in developed or prosperous cities or even metropolitan areas. These are generally in areas with easy access to talented employees, regional commercial markets and a large customer base, such as some high-tech, bio-tech industry clusters in Beijing (e.g. Zhongguancun)¹, Shanghai (e.g. Shanghai Zhangjiang High-tech Industrial Development Zone)² and Guangzhou (e.g. Guangzhou Economic and Technological Development Zone)³. For some more traditional or agricultural-related industries, such as the Chinese Baijiu industry⁴, some natural-related elements need to be taken into consideration in addition to the above elements. These natural-related elements include accessing freshwater, local raw materials, like grains, and unique cultural and historical factors associated with them. Nowadays, it is generally accepted that Baijiu tastes very different depending on where it is distilled, similar to national spirits of other countries. Therefore, geographical locations are key to the distilling process and the origins and environmental elements of Chinese Baijiu industrial agglomerations are of great importance. Chinese Baijiu is a traditional beverage and the Baijiu industry has grown

¹ Note: Zhongguancun has been named as China's Silicon Valley and is home to the headquarters of several large tech companies and tech start-ups.

² Note: Zhangjiang Hi-Tech Park (or Zhangjiang independent innovation demonstration zone central park) is located in Shanghai Pudong New Area, together with Lujiazui, Jinqiao and Sunqiao, are the first four key development areas in Pudong. Available online: http://www.gov.cn/zhengce/content/2008-03/28/content_5289.htm, Accessed on 23/12/2019.

³ Note: Guangzhou Economic and Technological Development Zone was one of the first batch of state-level economic and technological development zones, which was approved by the State Council, and was established on December 15, 1984. Website http://www.gdd.gov.cn/hp/hpgk2015/zjhp_list.shtml

⁴ Note: According to Zheng and Han (2016:19), Chinese “Baijiu is a type of Chinese traditional distilled liquor and regarded as one of the most famous distilled liquors in the world, together with brandy, gin, rum, vodka, and whiskey”. Baijiu also known as “samshu, baigan (白干), or shaojiu (烧酒)”, which is a kind of alcoholic beverage, and which could be obtained “by complex fermentation processes using natural mixed culture starters” (Zheng & Han, 2016:19).

around some traditional and major inter-provincial regional agglomerations (e.g. “Upper Yangtze River Baijiu Agglomeration”, covering Sichuan and Guizhou provinces), where regionalisation and global expansion of the industry have gone hand-in-hand.

For the identification of Chinese Baijiu industry agglomerations or clusters, there is no standard concept about the Chinese Baijiu industry agglomeration yet in regional, especially inter-provincial regional, agglomerations, especially from an economic geography perspective. Some scholars have begun research into the Chinese Baijiu industry agglomerations, but they have focused more on the regional economy and Baijiu products’ marketing and branding strategies within China. For example, researchers divide these agglomerations into five parts (such as Yang, 2009b). Yang (2009) divided the Chinese Baijiu agglomerations based on both administrative divisions of the PRC and physical geography or ecological conditions.

1.1.2 Brands and branding in a geographical context

The identification of brands could be traced back thousands of years and the concept of brands originally comes from marketing strategies. Most research focuses on the products’ and enterprises’ brands and branding, regarding them as competition strategies of enterprises (Porter, 1990; Porter, 2000; Yang, 2016). In addition, the brand concept is socially and culturally related, the brand refers to “the roles of actors who engage in the social life of the commodity”, which “is the sum of the product’s cultural-economic biography, through which it is perceived by the audience” (Landa, 2005; Chanorn,

2019:325). Brands are ultimately defined in the context of the local cultural industry, such as the “indigo-dyed textile industry landscape in Sakon Nakhon, where numerous indigo-dyed products are mass-produced, and successful entrepreneurs apply branding strategies to differentiate their products” (Chanorn, 2019:315). A branding strategy has become one of the most important marketing strategies for various enterprises (Luo, 2016:6).

Regional brands

In recent years, research about regional brands has become a hot topic for marketing-related academic and industry research because of the importance of branding for regional economic development (Yang & Liu, 2018). In this, some scholars pay attention to the regional branding of agricultural products (Ma, 2010). As a regional public resource (Ma, 2010), the regional branding of agricultural products is a complex and systematic ecosystem, which contains all kinds of brand elements, such as diverse regional characteristics, stakeholders, formations and development processes (Rainisto, 2003; Weng & Li, 2016). In addition to this, according to (Lee & Lee, 2009), the geographical added value of a high-quality agricultural product illustrates the potential for regional branding of agricultural products. The reputation and culture of the specific place of origin further increases the trust of consumers, and reduces the transaction costs of the agricultural products within the region. Based on this, differentiated marketing is utilised to “improve consumer regional awareness and thus promote regional branding of agricultural products” (Yang & Liu, 2018:1022). For example, the construction of tea regional branding is of great significance to promote the development of the

tea industry in certain Chinese regions, and under the complicated market environment, many tea enterprises are faced with many challenges to their survival and success (Pu et al., 2019:764).

Normally, regional brands are more competitive than a single brand because innovation is often shared by many enterprises, and thus could create more branded products compared with just one enterprise. The development model in which industrial clusters rely on demonstration parks and bases has been a great success in practical use in China. Furthermore, “once it's accepted by people and the market, it will produce a broader and more sustained brand effect, thus it is easier to form a good city brand” (Fan, 2018:233).

City brand

As mentioned above, one positive regional brand may form a good city brand (Fan, 2018). In setting development targets for Chinese cities, city brands play important roles based on urban development policy in China (Lu et al., 2017:1). Also, in the world of globalization, “city branding has become a useful strategy utilised by decision-makers in cities to promote their cities in the race for limited resources” (Yang et al., 2018c:161). More specifically, the increasing utilisation of city branding in the past decade has been used to “attract specific target groups of investors, high-tech green firms and talented workforce and reflects the desired shift from old, polluting manufacturing industries to new, clean service industries” (Han et al., 2018:1).

Nation brands and branding

National brands and branding could “be achieved through three main ways, namely, experience branding, cluster branding and cultural branding”. Many countries today have adopted experience branding through developing tourist programmes, aiming to “create an authentic local experience to tourists”, for example, agro-tourism or rural tourism in Greece (Gogreeceyourway, 2017; Hassan & Mahrous, 2019:152). Also, the formulations of national branding strategies are increasingly diverse: there are many national “brand strategic options, such as brand extensions (e.g. Poland and ecotourism), brand sponsorship (e.g. Brazil-FIFA) and cluster branding alliances i.e. co-branding (e.g. Korea-Japan World Cup), industry cluster (e.g. fashion industry Italy) and advertising alliances (e.g. Silicon Valley)” (Hassan & Mahrous, 2019:153). It seems that national branding is constructed mainly through the tourism industry and is dependent on smaller-scale spatial entities, such as industry clusters, regions or cities.

Place branding

At the end of the 1960s, places were regarded as potential brands by academics for the first time and Philip Kotler was one of the pioneers of the conceptualisation of place branding (Lopes et al., 2018:498). The word places could represent all types of spatial locations, such as cities, city regions, regions, communities, areas, states and nations (Zevedo, 2004). Place brands and branding are multi-disciplinary practices, with multiple applications according to Lopes et al. (2018:525). Based on an empirical analysis of references, and classified into seven different categories on the subject of place branding, where Lopes et al. (2018:497) found “that the association

between place branding and agro-food products can generate synergistic effects for the parties involved”. For place branding strategies in China, there are some examples and case studies, such as Fuling Mustard industry in China (Liao & Qian, 2019), China’s textile and clothing industry brand by structure equation model (Zhang et al., 2015) and tea brand of the tea culture industry clustered development (Qu et al., 2017).

1.1.3 (Regional) Industry cluster brands and branding

In basic terms, research about regional cluster brands is an area that has been relatively unexplored (Mauroner & Zorn, 2017), although there is more brands and branding research related to other spatial scales as above (e.g. regions, cities, nations and places). The industry cluster brand can be defined as being “the sign of a cluster differed from other clusters is the enterprises’ long-term standardized management with good quality, comprehensive service, accumulated good reputation” (He, 2019:1909). The cluster brand is a cluster’s shared brand name, regardless of the complementary or competitive relationships among the enterprises in the cluster. Such cluster brands have some basic elements: 1) the “region” is the location of industrial cluster, 2) the “industry” or “leading products” is the products manufactured in the industrial cluster, and 3) the “brand” is “the industrial reputation and market influence of the products” within the cluster (Chanorn, 2019:317-318). Cluster branding is one function of cluster management, which means “the process of identifying the identity of a particular cluster brand and reflecting this core value of the targeted stakeholders” (Mauroner & Zorn, 2017:291).

From research into factors to improve cluster brands, it seems that “local government supervision and other activities have a great effect on regulating corporate transactions and enhancing the reputation of cluster brands” (He, 2019:1913). For example, the government has played an essential role in the growth of the Keqiao⁵ industry cluster brand in Zhejiang province according to Luo (2016). Zhou (2013a) highlights that “the five forces of growth for cluster brands are learning ability, government support, industry association cohesion, and power and support among cluster members” (Chanorn, 2019:318). Furthermore, the cluster brand is conducive to enhancing the cluster’s influence. In the context of economic globalisation, the competitiveness of the cluster industry is closely related to the cluster brand. The cluster brand is effectively the “business card” of the cluster industry, and the development of the cluster brand is most effective in enhancing the cluster’s influence and market competitiveness (Zhang et al., 2015:2). In addition, as the intangible asset of an industrial cluster, the cluster brand is important in the long term and sustained development of industrial clusters (Li, 2009:18).

The relationship between a cluster brand and its enterprises is interactive. Scholars believe that the cluster brand has played an essential role in the enterprises within the exact cluster, and for regional economic development, Also, the shaping and cultivating of the cluster brand would be affected by the behaviour of consumers and enterprises (He, 2019). In China, with its long

⁵ Note: Keqiao (柯桥) is located in Zhejiang province, which is close to Shanghai, Hangzhou and Ningbo, with convenient trade and communication environment. Keqiao used to be the silk centre and now has become a huge textile production agglomeration zone/industry cluster according to Luo (2016).

cultural history, many brands have been named using the “Place of Origin + Product” formula, for example, Yangcheng Lake Hairy Crab, Wuyou Drunk Snail, Jingdezhen Porcelain, Jinhua Ham and Yunnan Pu’er. Most of these brands depend on the resources and cultural advantages of the brand location. In addition, given China’s “long history and cultural heritage, they have also deeply imprinted the hearts of consumers”. These brands have “a relatively long-lasting commercial value that other brands do not have” and have “high reputation in the market” (He, 2019:1910). In this context, one of the cluster brands’ functions is that they could affect the enterprise’s brand value (Zhao et al., 2012; He, 2019:1909). It was found that the individual brands obtained a boost from the growth of the cluster brand, and their developments also helped to enhance the brand equity of the cluster (Luo, 2016). The branded cluster could attract more buyers and bring more businesses to the enterprises within it, helping “the companies grow, and some have a better chance to become a well-known brand” (Luo, 2016:7). On the other hand, when more enterprises are located in the cluster, and especially large and influential enterprises settled in it, the cluster becomes a famous brand name in its industry based on both the quantity and quality of the enterprises within it (Luo, 2016:7). In addition, based on empirical research on the Datang socks manufacturing industry cluster, there are two most significant factors that influence the establishment of both enterprises’ brand and clusters’ brand, which are whether there are leading enterprises within the specific cluster and whether the leading enterprises play a driving effect (Li, 2009).

In summary, research on industry clusters and brands and branding is relatively new compared to that on place branding research. There are very

few studies specifically analysing the relationship between the cluster brand and its various components, especially in China according to Luo (2016). There is a limited theoretical framework and practical exploration of industry cluster brands in the Chinese context, a topic which requires a more complete theoretical framework and practical exploration.

Since the 1980s, the concept of industry clusters has been applied to the analysis of regional economic development, focusing upon the role of agglomeration economies and the types of innovative activities shaping the industrial organization. However, less attention has been paid to the role of brand development as a component of cluster strategies. Brand development is often regarded as an endogenous element of enterprise strategies. However, besides their obvious economic function, brands and branding also capture some complex nature of geographical processes in shaping regional economic development. In this case, branding strategies involve not only the promotion of products but also their production, circulation, consumption and regulation processes, which permeate society, culture and policy fields (Miao, 2002; Pike, 2013). This thesis sets out to investigate whether brand recognition is an important regional development tool for Baijiu industry clusters in modern China, specifically exploring: 1) the relationship between industry clusters and brands and branding, 2) the factors and their functions behind the drive for brands and branding of Chinese Baijiu interprovincial regional agglomerations and thus to build a theoretical framework based on the analysis and findings of the factors and functions, and 3) the specific branding strategies of branded industry clusters and their relationship with the enterprises' branding strategies within them.

1.1.4 Methodology

For the industry cluster research and the brands and branding research, especially for the methodology and methods of place branding research, both quantitative and qualitative and the combination of qualitative and quantitative methodological approaches have been utilised (Acharya & Rahman, 2016). For the qualitative research, Sun (2017:382) discusses the macroscopic and microscopic influencing factors of the brand building of agricultural products in China, and constructs and analyses the model of agricultural product brand construction. In relation to quantitative research, Yang (2017) first analyses the cultivation of tropical bananas and the market share of bananas in each region, and then analysed the competitiveness of the Ledong banana industry cluster through the Groundings-Enterprises-Markets model (Pang, 2015)⁶. For a combination of qualitative and quantitative methods, Luo (2016) uses exploratory research to investigate the Keqiao industry cluster development from a branding perspective.

Guided by the post-positivism and critical realism philosophical underpinnings, this PhD thesis mainly utilises a qualitative methodology through the subjective approach epistemology, including the main method of

⁶ Note: Groundings-Enterprises-Markets (GEM) model (Pang, 2015) is a modification and an improvement of diamond model (Porter, 1990), which was “put forward by two Canadian scholars Tim Padmore and Henrev Gibsontakes” (Yang, 2017:71) a regional industry as the analysis object, and build a comprehensive evaluation of the industry clusters competitiveness according to Yang (2017). There are six factors within GEM model, and these factors could be divided into three pairs, namely groundings (including resources and facilities), enterprises (including suppliers and related auxiliary industries and enterprise structure, strategy and competition) and markets (including local market and external market).

case study, combining interviews, observation and simple questionnaires. The case study is the primary method, together with some complementary methods, such as observation and interviews. Different from other more pure qualitative research, this thesis combines the qualitative and quantitative methods to some degree in some specific parts of chapters (e.g. section 4.3.3) to gain feedback or results with more “empirical and explanatory rigour” (Martin, 2001:197). This is mainly because the research of this thesis is related to how the specific phenomena occur, how the policies and regulations are designed and conducted, referring to in-depth fieldwork interviews to investigate the principles and machines hidden in economic, cultural and political or institutional factors in our society. Also, during this time, some intangible elements or factors need to be reflected upon in a more direct and simple way, so some quantitative tools are needed in this research. For the writing process of the thesis, the comparative approach and socio-spatial biography are useful approaches. The methodology and related methods will be described and analysed in Chapter 3.

1.1.5 Summary

The research and study of industry clusters and brands and branding have emerged and developed since the late 1970s and 1980s. The literatures on clusters and branding, respectively, have largely developed independently of each other with little cross-fertilisation of themes and concepts. The industry clusters format has reached maturity in the Western world with complete industrial chains. Whilst cluster theory has developed into a coherent analysis of how industrial sectors have emerged and developed within particular regions, it has not considered how regional industry clusters may be branded

and marketed. For example, the literature on Chinese industry cluster development focuses more on the formation of the Chinese industry clusters (Wang, 2002a; Guo, 2006), and the relationship between industry clusters and regional economic and social competition (Yan, 2012; Yang, 2016). In China, some functional and specialization zones/clusters have only gradually emerged or developed, including both traditional manufacturing industries and high-tech industries (Dunford & Liu, 2018:409).

Conversely, the literature on brands and branding has tended to focus on individual products and sectors, but has often failed to address the role of branding in the development of regional industry clusters. In China, for example, branding plays an important role in the development of certain industry clusters, such as the socks manufacturing industry cluster, textile and clothing industry, and some food industry clusters, but very little research has been conducted into the case of the liquor/Baijiu industry. The aim of this research is to use case studies of Baijiu industry clusters in China as a means to bring these two strands of literature – cluster development and branding – into closer dialogue.

1.2 Research objectives and questions

Objective 1: To investigate the relationship between industry clusters, brands and branding.

→Question 1: What are the key characteristics of industry clusters, brands and branding in the Chinese context?

→Question 2: How do industry clusters interact with geographies of brands and branding?

Objective 2: To explore the factors and their functions behind the drive for brands and branding of Chinese Baijiu interprovincial regional agglomerations in China and to build a theoretical framework based on the analysis and findings of the factors and functions.

→Question 3: What are the driving factors of brands and branding of industry clusters from the aspects of economy, ecology, society, culture and policy?

→Question 4: How do these factors drive or obstruct the brands and branding of Chinese Baijiu industry regional agglomerations?

→Question 5: Which theoretical framework would be most appropriate to analyse the industry cluster brand and branding of the Chinese Baijiu industry?

→Question 6: What is the relationship between interprovincial regional agglomerations and industry clusters in the case of China?

Objective 3: To analyse the specific branding strategies of branded industry clusters and their relationship with the enterprises' branding strategies within them.

→Question 7: What form do classic Chinese Baijiu branded industry clusters take?

→Question 8: What are the drivers of evolutionary paths of branding development of Chinese Baijiu industry clusters?

→Question 9: What is the relationship between branded industry cluster branding strategies and enterprises' branding strategies?

→Question 10: What is the consumers' perspective on industry cluster brands and branding?

In summary, through addressing and answering the above objectives and questions, this thesis aims to build a guide for sustainable and long-term development theoretical strategies for the transformation and improvement of the Chinese traditional Baijiu industry. In this it will provide some practical suggestions for the further development of some Chinese specific industries in a global world.

1.3 Structure of the thesis

Based on these issues, Figure 1.1 provides a brief framework structure for the thesis.

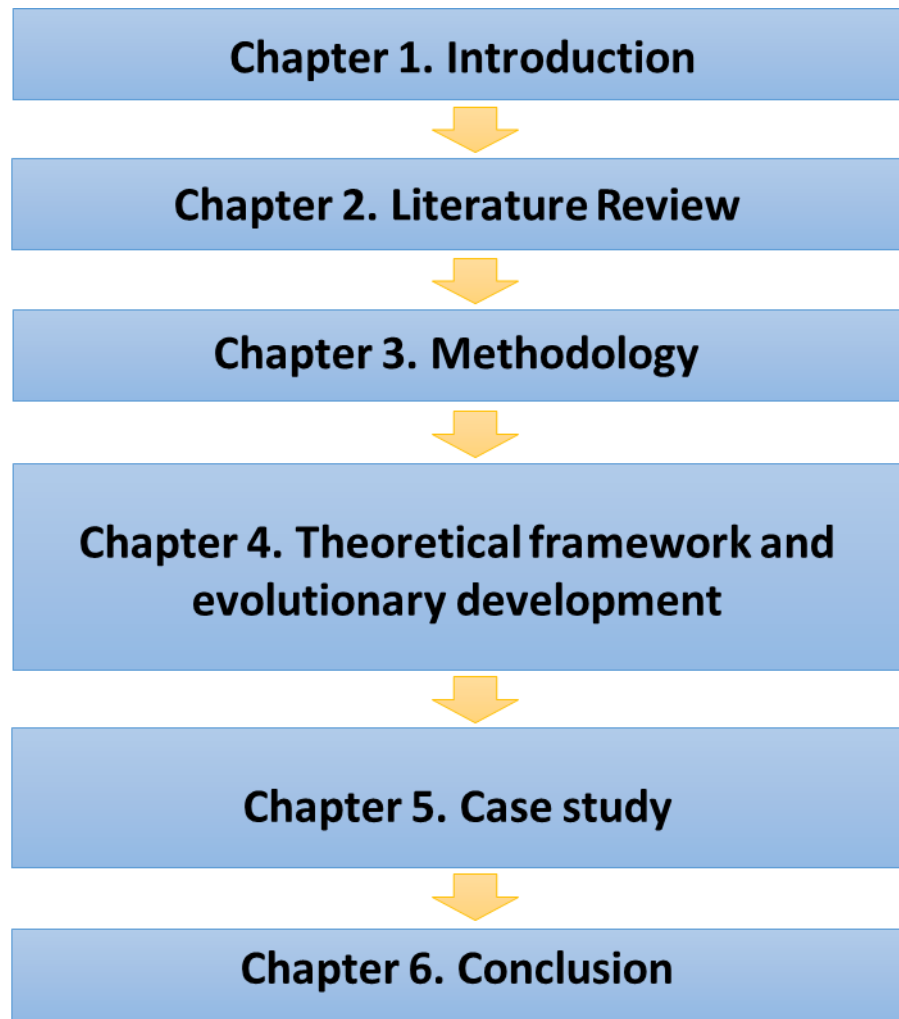


Figure 1.1 Brief structure of the thesis.

Source: Drawn by author.

This chapter has provided the initial background to the thesis, detailing the origins of the topic of this thesis and how the goals of the thesis will be achieved through objective setting and question answering. While there has been past research into industry clusters and brands and branding separately, the relationship between the cluster brand and its various components remains underinvestigated, particularly in a Chinese context (Luo, 2016). There is therefore a gap in existing research, with a lack of attention paid to the theoretical framework and practice of the industry cluster brand in the Chinese context. Thus, Chapter 2 sets out to explore 1) the research topics

and characteristics of industry clusters, and brands and branding, 2) the interactive relationship of industry clusters and geographies of brands and branding. In Chapter 3, the philosophical underpinnings of this thesis are introduced, describing the qualitative methodology and diverse methods (i.e. case study, secondary data collection, participant observation, interview methods and questionnaire methods) used in the empirical research, and the thesis writing approaches (e.g. comparative approach and socio-spatial biography approach). In Chapter 4, a theoretical framework of Chinese Baijiu industry clusters brands and branding is developed. In this chapter, factors of brands and branding of industry clusters from economy, ecology, society, culture and policy insights are laid out, and the way in which they drive or obstruct the brands and branding of Chinese Baijiu industry interprovincial regional agglomerations is discussed. In Chapter 5, the fieldwork case studies are analysed, focusing on the seven branded industry clusters and their locations, formations and characteristics. Also, the evolutionary development drivers and paths of Chinese Baijiu industry clusters are explored. In addition, examples of classic enterprises' branding strategies are explored and the relationship between the industry clusters and enterprises branding strategies is discussed for the branding strategies perspective. Chapter 6, is the concluding chapter, where the main results of the objectives and questions are reached. The thesis ends with a summary of its contribution and limitations, outlining areas for potential future research and remaining questions.

Chapter 2 Industry clusters and brands and branding

2.1 Introduction

Since the 1980s, the concept of industry clusters has been applied to the analysis of regional economic development, focusing upon the types of innovative activities shaping industrial organisations, such as the “diamond model” pointed out by Michael Porter (Porter, 1990; Porter, 2000), to explain the role of clusters in national/regional competition. The cluster concept has gradually become more frequently used in research into the spatial economy and policy (Hoffmann et al., 2017). Nowadays, with the institutional and cultural transformation in economic geography, branding and marketing specific industry clusters, cities and regional development has emerged and become more and more popular. My research “fits” with this transformation, trying to combine the two kinds of concepts/strategies together, exploring the sustainable and long-term development strategies for Chinese traditional industry transformation and upgrading. In addition, this chapter examines the concepts of regionalism and globalisation as they interact with branding and cluster development, in order to explore the development of interconnections between China and the world.

With this context in mind, this chapter mainly discusses the concepts and characteristics of brands and branding, industry clusters and related concepts, exploring the relationship between the brands and branding and industry clusters. Also, as mentioned above, this chapter tries to explore the interaction between regionalism and globalisation and branding and development of

clusters. The structure of this literature review chapter is as follows. Firstly, it focuses on the theoretical/conceptual background to the thesis, such as the industry clusters and brands and branding strategies, outlining the main arguments in this context, for example, brands and branding are often central to the successful marketing of products and services produced within industrial clusters in some Western countries. However, there has been little systemic literature research into the relationship between cluster strategies and regional brands and branding. The later sections of this chapter lay out the conceptual framework that is going to be used throughout this research. Also, regional and global insights are utilised to provide a wider theoretical and practical background. Finally, the chapter concludes and summarises the contribution of this thesis, with a focus on the theoretical framework and empirical research. This section also describes the limitations of the theoretical views and the future development trends.

2.2 Literature review on industry clusters

The concept of clusters has been used by researchers in the field of economic geography since the 1980s, although the definition of, and research on, clusters is originally derived from economics (Weber, 1909; Marshall, 1920; Becattini, 1990; Porter, 1990; Krugman, 1998; Porter, 1998; Porter, 2000), which previously paid more attention to cost saving and the comparative advantage of products. Since then, the industry clusters strategy has been applied to the analysis of regional economic development, focusing on the types of innovative activities shaping industrial organisations. The widely accepted concept of industry clusters was proposed by Michael Porter in his

book, *The Competitive Advantage of Nations* (1990), where it was developed in order to demonstrate how national competitiveness was underpinned by the presence of highly specialised regional industrial clusters. In this respect, an industrial cluster can be defined as the geographic area within which closely-related companies, specialised suppliers and service providers, as well as other ancillary industries and institutions, tend to agglomerate, and the resulting cluster processes and their associated economies of cooperation and agglomeration generate competitive advantages. As Porter (2000) argues, the combined effects of geographical agglomeration and inter-firm interactions and collaboration within industry clusters is what makes regions, rather than national economies, globally competitive. Michael Porter (Porter, 1990; Porter, 2000) first proposed a “diamond model” to explain the role of clusters in national/regional competition, exploring the relationship between the six elements of this “diamond model” (production factors, enterprises strategies and horizontal competition, demand conditions, related supporting industrial factories, government policies and opportunities) and competitive advantages. According to the OECD, government agencies and local authorities, as well as private sector actors have sought to uncover, invent and reinvent the concept of clusters to improve related sectors’ and regions’ competitive positions (Lundequist & Power, 2002). Furthermore, the concepts of industry district, new industrial district, cluster, industry cluster, enterprise cluster, local enterprise regional cluster, regional industrial cluster, and local production system are often used as equivalent terms in both academic research and policy-related empirical studies. With the growth in importance of regional competitiveness and the influence of the new regionalism in the 1980s, there has been growing attention paid to the role of culture,

institutional and policy factors in economic competitiveness (Miao, 2002). Nowadays, the cluster strategy is widely used in the study of the spatial economy and policy (Hoffmann et al., 2017) with economic geographers highlighting the role of spatial clustering and agglomeration as a fundamental condition of production and economic development.

2.2.1 The characteristics and research topics of industry clusters

Path dependence: the industry cluster characteristic

One research perspective within industry clusters' research is on the characteristic of path-dependence. This initially focused on how inefficient technologies may become locked-in as an industry standard (Madsen, 2008) and this would result in subsequent evolution of new industries through a path-dependent process (Boschma, 2007). Based on this, some scholars began to research the path-dependence method to explore the historical (or even geographical) development of industries (Sydow et al., 2005; Martin & Sunley, 2010). An industry's economic evolution experiences pre-formation, path creation, path lock-in and path dissolution phases, which could happen in a given location, such as the specific region or city, or across locations. In this way, the eventual spatial locations of industries are interpreted as being the outcome of early (chance) events and subsequent spatially selective path dependent cumulative processes. However, the downsides of path dependence could become apparent over time, especially in old industrial regions (Boschma, 2007). Moreover, path dependence pays little attention to radical disequilibria phenomena, such as "new technological and industrial paths" (Martin & Sunley, 2010:26).

The regional innovation system

An industry cluster is also regarded as a regional-level innovation system. In innovation systems, the interaction and the functional complementarity of different institutions and stakeholders and their relationships are important (Pohl, 2015), which could be regarded as a knowledge and learning network and multi-level competitiveness and cooperation network. A cluster is a network of related companies formed by specific competition and cooperation. The spill over of knowledge and learning processes are shaped during the interaction of cluster enterprises, which could strengthen the existing entity network. The manifestation of a cluster shows the essential characteristic of an innovation system. Also, the format of an industry cluster improves the competitiveness of regional economies, even at the global level (Porter, 2000). The creation of path dependencies of future economic growth, and new industries clustering are driven by historic sedimentation of agglomeration economies, which happens in some specific regions (Agnew, 2018:28). Some scholars (Huggins & Thompson, 2018:118) regard interaction-based frameworks as the complement to the resource-based frameworks in regional innovation growth theoretical exploration. The former is conceptualised as a regional innovation system, innovation milieu and clusters, and provides diffusion channels, allowing innovation knowledge to flow within and across regions. The relationship between resource-based frameworks, interaction-based frameworks, regional innovation theories and innovation-based theories of regional growth are shown below in Table 2.1.

Table 2.1 The comparison between regional related theories and frameworks.

	Regional innovation theories	Innovation-based theories of regional growth
Resource-based frameworks	Industrial structure, (smart) specialisation, diversity, relatedness, path dependency, absorptive capacity, knowledge economy, entrepreneurship	Endogenous growth, agglomeration, human capital, creative class, entrepreneurship capital, knowledge capital and research capital
Interaction-based frameworks	Regional innovation systems, innovative milieu, technopoles, industrial districts, local production systems, networks, buzz, knowledge pipelines, learning regions, clusters and open innovation	Network-based view of regional growth, knowledge accessibility, network capital social capital and spill-overs

Sources: Collected and edited from (Huggins & Thompson, 2018:118).

According to Sohn (2018:302), the mobilisation of the regional border as an object of recognition allows display of the multicultural nature of some cross-border regions and the opportunities this represents to shape a regional identity or attract international business and talented workers in a context of global competition. Furthermore, the symbolic value of the border becomes involved in a place-making strategy at the local and regional levels and refers to the establishment of public goods, such as regional identity and territorial branding.

The “diamond model” and its utilisation

The “diamond model” is one of the core models to analyse and examine some specific industry clusters. Based on the classic model mentioned by Michael Porter (Porter, 1990; Porter, 2000), many scholars started to build different versions of the “diamond model” and modifications according to the

individual situations of their countries (Moon et al., 1998). Some Chinese economic geography scholars have researched industry cluster formations (Wang, 2002a; Guo, 2006) and some have added competitive elements to build a new model based on local or regional situations (Yan, 2012; Yang, 2016). Yan (2012) built the “nine elements model”, adding a specific social and cultural background, and exploring the evolution of Chinese endogenous traditional industries, with the case study of the stone industry in Shuitou Town, Quanzhou city, Fujian province. Yang (2016) built a new “diamond model” dynamic system to analyse the competitiveness of Chinese endogenous traditional industry clusters in different development stages, setting up the competitiveness evolutionary structure of Chinese endogenous traditional industry clusters. Along with the spatial co-evolution machine, the scale of industry clusters’ continuous expansion, and enhanced cooperation strengthens both inside and outside of the clusters, which forms the regional brand potential and further improves clusters’ competitiveness (Figure 2.1). The left-hand side of the model shown in Figure 2.1 is the Yang (2016) adaption of the “diamond model”. Porter’s competitiveness model has strong practical uses, but it pays more attention to endogenous factors rather than exogenous factors. Yang’s framework researched the effect and interaction between cluster competitiveness dynamics and cluster evolution and deepened studies of the development and evolution of the traditional industry clusters in China.

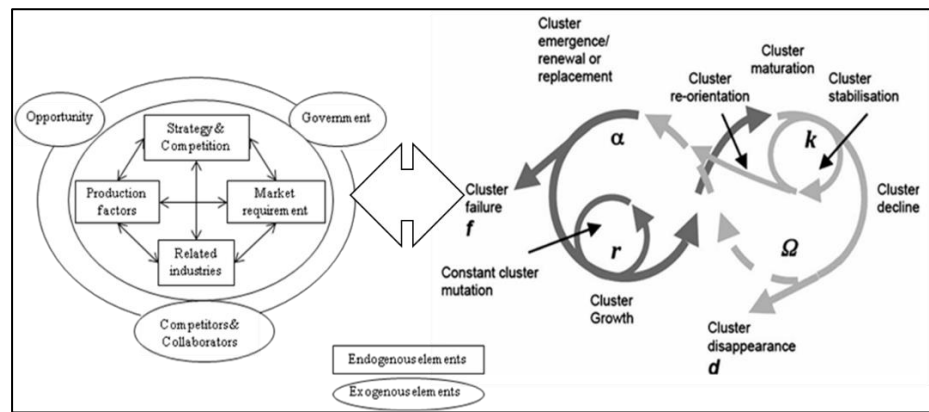


Figure 2.1 Traditional industry cluster general evolution mechanism framework.

Sources: Drawn by the author and edited from (Martin & Sunley, 2011:1313).

The research of industry clusters evolution

Industrial cluster development and related research emerged in western countries and the theoretical and policy implications have been derived from studies in developed country clusters, some of which have been developed over a long time, with different development paths. However, many contemporary industry clusters are just emerging, in the process of being established, or are experiencing an upgrading period in developing countries such as China. Martin and Sunley (2011) suggest that while some clusters remain active all the time, others have declined, have undergone renewal or even elimination, especially in traditional industry clusters, such as steel or coal industries. There are at least six evolutionary trajectories based on their adaptive cycle model, which are cluster full adaptive cycle, constant cluster mutation, cluster stabilisation, cluster reorientation, cluster failure and cluster disappearance. The phases of evolutionary and typical characteristics are shown as follows (Table 2.2). For a cluster full adaptive cycle, the industry

cluster shows the phases of emergence, growth, maturation, decline and eventual replacement by a new cluster, which is also a classic evolutionary trajectory of industry clusters based on the adaptive cycle model. In reality, the other five paths also exist among different places.

Table 2.2 Six alternative cluster evolutionary paths.

Evolutionary trajectory	Phases of evolution and typical characteristics
1. Cluster full adaptive cycle	<p>Emergence, growth, maturation, decline and eventual replacement by a new cluster.</p> <p>Follows the archetypal adaptive cycle.</p> <p>The replacement cluster is likely to draw upon resources and capabilities inherited from the old cluster.</p>
2. Constant cluster mutation	<p>Emergence, growth, and constant structural and technological change.</p> <p>The cluster continually adapts and evolves, possibly by the successive development of new branches of related activity.</p> <p>This is particularly likely where basic technology has a generic or general-purpose characteristic.</p>
3. Cluster stabilisation	<p>Emergence, growth and maturation, followed by stabilisation, though possibly in a much reduced and restricted form.</p> <p>The cluster might remain in this state for an extended period of time.</p>

4. Cluster reorientation	Upon reaching or nearing maturation, or upon the onset of early cluster decline, firms re-orientate their industrial and technological specialisms, and a new cluster(s) emerges.
5. Cluster failure	The emergent cluster fails to take off and grow. Any remaining firms do not constitute a functioning cluster.
6. Cluster disappearance	Emergence, growth, maturation, decline and elimination. No conversion into or replacement by a new cluster. Classic life cycle trajectory.

Sources: Edited from (Martin & Sunley, 2011:1313).

2.2.2 Industry clusters development formation and trends in China

Industry clusters development formation

The industry cluster in China has a long history, with several types of formation. According to Luo (2016), there are at least five paths for industry cluster development formation in China, which is shown in Table 2.3:

Table 2.3 The industry cluster development formation in China.

Number	Characteristics	Industry types	Example locations
1	Traditional advantages of the localities: local	Related to crafts, such as pottery and	Zhejiang province

	traditional culture, local traditional business, and local resources.	porcelain, silk, and firecrackers.	
2	Location advantages in terms of markets and transportation.	Electronic clusters and apparel clusters.	Pearl River delta (e.g. Guangdong province)
3	Some large enterprises (e.g. state-owned enterprises).	State-owned enterprises + individual new businesses.	No specific examples
4	The advantages of human capital, concentration of some universities and research institutions.	High-technology.	Beijing, Shanghai
5	Directly under the planning and working of governments, which may be deviated from the market principles, and the clusters may have the risk of failure.	High-tech industrial parks, economic zones, and other clusters with different names but similar functions.	No specific examples

Sources: Edited from (Luo, 2016:81-84).

It seems the types of the Chinese industry cluster could be broadly conceptualised as “bottom-up” (individuals or enterprise-driven) and “top-down” (government-driven). The first four kinds of forms belong to “bottom-up” formations, while the last one belongs to “top-down” formation.

Industry clusters, industrial parks and urban clusters

Nowadays, the urban agglomeration has become a new direction to enhance regional competitiveness and international influence. Industrial agglomeration and diffusion, as one of the main factors of urban agglomeration development, are used as a means of promoting the development of urban agglomeration. On the other hand, the development of urban agglomerations provides necessary spatial conditions and material resources for the formation and development of industrial zones and even industrial clusters. According to Pang (2019), the industrial park, a new concept combining industrial clusters and urban clusters, explains the industrial development of urban agglomeration. Industrial parks or industrial zones are the main carriers for forming industrial clusters, and industrial clusters are the stable choice and sustainable support for promoting the further development of related industrial parks. From an economic perspective, urban agglomerations form through urban clusters. Industrial clusters and industrial parks are the spatial organisation of economic activities and the spatial allocation of resource elements in urban agglomerations. Within the urban agglomeration, different cities have set up different types of industrial zones or clusters, promoting the branding and developing of specific urban areas or cities.

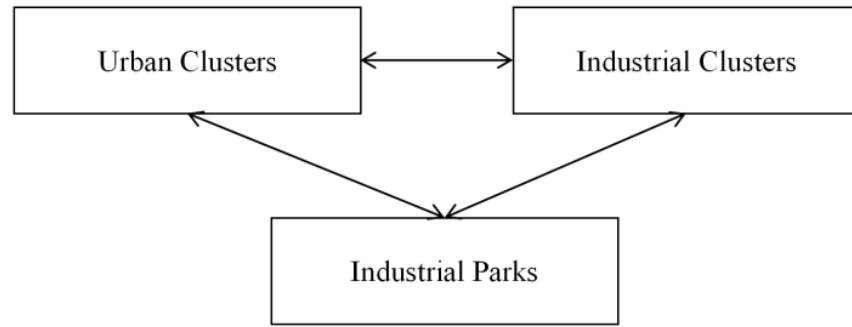


Figure 2.2 The relationship between urban agglomeration, industrial clusters and parks.

Sources: Adapted from (Pang, 2019).

In addition, an innovative urban agglomeration, industrial cluster and industrial park have the characteristics of symbiosis, interaction, competition and cooperation. Fostering and cultivating the innovation of institutional culture could give rise to the competitive advantages of industrial clusters (Pang, 2019).

The Chinese industry zones/clusters development, spatial planning practices, and evolutionary development

Based on territorial regional policies, central government has also focused on China's metropolitan areas. China's Eleventh Five Year Plan added a growth centre strategy, mainly focusing on metropolitan areas and clusters of cities. The agglomeration of economic activities acts as a source of productivity growth and innovation (Dunford & Liu, 2018:422). While for developing countries or South World countries, such as China, there are also some similar industry zones or clusters designed by multilevel governments (e.g. central,

provincial or local governments) since the establishment of the PRC in 1949. There are special administrative units beside normal administrative entities, such as “Special Economic Zones (SEZs), Economic and Technological Development Zones (ETDZ), High-technology Development Zones (HTDZ), and state-level New Areas/New Districts”, which were set up and “granted preferential policies and special privileges to carry out economic policy experiments as part of China’s experimentalist’ modes of governance” (Dunford & Liu, 2018:409). These zones were administered by special government agencies, and the research into these zones have been transformed from looking at industrial zones to “new urban” areas recently.

Space, society, culture, scale, institution and relational transformations in cultural and economic geography have provided abundant and diverse research insights and analysis dimensions for the research of urban agglomeration space governance since the 1970s (Ma & Tang, 2019). The urban agglomeration illustrates regional development and spatial planning. Broadly, Chinese regional development has experienced three periods until now (Table 2.4). From the establishment of the PRC to the Reform and Opening up period, the Chinese government mainly utilised a top-down centralised management approach and focused on the balanced distribution of productivity, and most of the cities and provinces developed at similar paces. In the early period of the Reform and Opening up policy, along with the rise of the place and city dominations, some eastern coastal areas and cities developed faster and became the economic leading regions and provinces within China. The imbalanced and diverse characteristics of regional development and spatial planning emerged during this time. After

China became one member of the World Trade Organisation (WTO) in 2001, spatial planning towards urban areas was scaled up and down, decentralisation deepened, and regional coordinated development and specific spatial centralisation coexisted. It seems that with the development in economic and political areas, the Chinese governmental management and spatial governance planning gradually paid more attention to urban areas and cities, and regionalism changed from a top-down centralised management approach to decentralisation, from a balanced layout to the development of special zones, showing a characteristic of co-existence of regional coordinated development and trends towards urban agglomeration.

Table 2.4 Evolutionary orbit and characteristics of state spatial selectivity in China.

History periods	Policies and spatial programmes
Planned economic period (1949-1978)	<p>Political and economic background: Planned economy; Regional egalitarianism.</p> <p>State spatial programme: Top-down centralised management; Establishment of inter-provincial regional institutions.</p> <p>State spatial strategies: Balanced distribution of productivity; “Three-line” construction; Regional redistribution policies.</p> <p>State spatial selection formation: Space control with national scale as the primary criterion.</p> <p>State spatial selection characteristic: Centralisation, equalisation, unity and consistency.</p> <p>Major contradictions and conflicts: Urban-rural dual structure.</p>

<p>Early period of reform and opening up (1979-2001)</p>	<p>Political and economic background: Opening to the outside world; Pursuing economic development efficiency.</p> <p>State spatial programme: Decentralisation; Various types of development zones enjoy special management authority, etc.</p> <p>State spatial strategies: Priority development of the eastern coastal areas and cities; The construction of special economic zones and various development zones, etc.</p> <p>State spatial selection formation: The rise of the place, the big city dominates.</p> <p>State spatial selection characteristic: Decentralisation, customisation, imbalance and diversity.</p> <p>Major contradictions and conflicts: Intense competition among cities; Serious environmental and ecological problems, etc.</p>
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After joining the WTO (2002-)	<p>Political and economic background: Market economy; The establishment of a scientific outlook on development; Entering a new era of socialism with Chinese characteristics.</p> <p>State spatial programme: Coexistence of power and decentralisation; The reform pilot zones and the new zones have unique management system and authorities; Withdrawal counties and set up districts and withdrawal counties and set up cities.</p> <p>State spatial strategies: Regional coordinated development; Urban agglomeration planning; Main functional areas planning; Rural revitalisation strategies, etc.</p> <p>State spatial selection formation: Scale up and down towards urban areas (urban agglomerations).</p> <p>State spatial selection characteristic: Centralisation, customisation, coexistence of regional coordinated development and specific spatial centralisation, and diversity.</p> <p>Major contradictions and conflicts: Lack of regional identity; State-led scale reorganisation; Imbalance and inadequate development, etc.</p>
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Sources: Translated and edited from (Li et al., 2015; Wu, 2016; Ma & Tang, 2019).

According to the “13th Five Year Plan”, there are 19 city agglomerations across the whole of China, which includes the central and southeast parts of Sichuan province and most parts of Guizhou province along with the Upper Yangtze River (those two provinces include the case study areas discussed in later chapters) (Li et al., 2015).

2.3 Industry clusters and the brands and branding

From the above literature review, we find that the industry clusters strategy has predominantly developed theoretically as a western concept. Path dependence is the main characteristic of the industry cluster, which is the capital and knowledge cumulative process and may cause path lock-in development, especially in old industrial regions, or path creation based on positive spatial location choice. Path creation is the explanation of the other related concept of industry clusters – the regional innovation system. The regional-level innovation system is a multi-level knowledge, competition and cooperation network, which gradually develops from a resource-based spatial entity to interaction-based network. The “diamond model” is the first and one of the classic structural frameworks used to analyse specific industry clusters. The modification of the “diamond model” has been used in analysing different situations in different regions or countries, with case studies in both Western countries (Lee et al., 2015) and developing countries, like China. Chinese economic geographers and governments have also explored the industry cluster strategy in the Chinese context. For example, in China, there is some research into Baijiu industry clusters from the perspective of

competitiveness (Huang, 2012; Yang & Yin, 2015). Industry cluster evolution is one of the important research topics, which takes time and history into consideration, exploring the developing traces and paths of different contemporary industry clusters. In practice, the industry clusters, industrial parks and urban clusters are three different concepts, albeit they have interacted with each other. The industry cluster or agglomeration is one of the key factors of urban agglomerations/clusters development and urban agglomerations/clusters offer spatial conditions and material resources for both industry clusters and industry parks. The Chinese government has also established some different industry clusters or industry park formats since 1949. However, the research focuses on brands and the branding of industry clusters and the Baijiu industry cluster is generally under-investigated. Nevertheless, there are growing pressures on the Chinese Baijiu industry to improve the overall social consumption level, and public demand for quality food and drink along with safety has gradually increased. With rapid economic growth in recent decades, environmental issues (i.e. global warming, and climate change) have brought new challenges for clusters. Both the theoretical and empirical research into industry clusters demonstrates an expanding and a more complicated development trend. This poses the question of what should be done to motivate the industry cluster to achieve further development, or is there a new way/strategy to identify the industry cluster to highlight its importance again, especially in developing countries, such as China?

This thesis thus considers the role of brands and branding in the development of traditional (e.g. Baijiu) industry clusters in China. Brands and branding

strategies are often central to the successful marketing of products and services produced within industrial clusters. In economic geography and regional studies, there is a growing interest in the relationship between branding and regional economic development. However, there has been little research into the relationship between cluster strategies and regional brands and branding. Branding involves not only the promotion of specific products, but also their production, circulation, consumption and regulation (Pike, 2009a; 2009b; 2011; 2013). Brands and logos not only permeate many spheres of contemporary capitalist society, culture and policy (Klein, 2000), but the process of branding itself is underpinned by, and often reinforces, uneven regional development (Miao, 2002; Pike, 2013). In a regional context, branding strategies can be crucial for how regions and their associated products are marketed and consumed. Indeed, the economic success of a region can depend on the strength of its brand identity: this is particularly a challenge for regions reliant upon the production and marketing of specialised food and drink products, e.g. New Zealand's lamb and wine industries (Clemens & Babcock, 2004; Forbes et al., 2009). In the latter, country-of-origin labelling (COOL) is used as a "country brand", to differentiate lamb production, while in the wine industry, consumers have a strong demand for wines produced by "green" production practices, indicating that an environmentally sustainable brand identity could improve prices and market benefits. While some scholars (Beebe et al., 2013) highlight the importance of the branded characteristic of clusters in economic development (especially clusters of cultural production), until now, little attention has been paid to the role of branding as a systematic component of regional cluster strategy.

There are some examples of successfully branded industrial regions in western contexts, such as Silicon Valley, Route 128 and Hollywood and, in the case of drink and liquor industries, the wine making regions of Bordeaux, Burgundy and the Rhone in France, Douro in Portugal and California in the USA, all of which have high global profiles. The essence of regional geographical brands and branding is the identification and recognition of high-quality products linked to industrial agglomerations. Holt (2006a) demonstrates the distinctive role of brands through a geographic case study of Jack Daniel's Whiskey. Pike (2009a; 2009b; 2011; 2013) has explored the geographies of brands and branding through case studies of Newcastle Brown Ale and Burberry, which also highlights the importance of socio-spatial biographical methods in combining economic geography, culture and policy, which will be discussed in the methodology chapter of this thesis. Some scholars have undertaken research into place branding for technology clusters as an economic development strategy (Nathan et al., 2018). Bell (2016) explores place reputation beyond place branding. However, almost all the case studies focus on advanced economies in the West (Lee et al., 2015), and very few case studies are available on industry cluster brands and branding in developing countries or regions, such as in China. In addressing the role of brands and branding in the development of Baijiu industry clusters in China, the next section of the chapter reviews the concept and characteristics of brands and branding, followed by a summary of research on establishing the relationship between industry clusters and brands and branding.

2.3.1 The concept review of the brands and branding

Brands have always been recognised as an identity mark, which could be traced to 5000 BC, illustrating the mark of the owners of the specific goods. Craft guilds required that members mark their goods so that the quantity and quality of products could be controlled (Sudharshan, 1995). Throughout the 20th century, trademarks became an increasingly popular format of brands. Brand names and trademarks usually guarantee specific products with uniform quality, which is especially important for those consumers who could not communicate with producers or sellers directly. Brands are “elemental to markets since traders first marked their goods as a guarantee for customers who lived beyond face-to-face contact” (Holt, 2006b:299). It is quality and service rather than advertising that is the better way to create brands (Doyle, 1990). Ogilvy (1955:1) believes that “every advertisement is part of the long-term investment in the personality of the brand”, which means advertisements must be considered as contributions to brand image - as part of the long-term investment of the brand reputation. This illustrates the interconnected relationship of advertisements, brand, brand image and even brand reputation. A brand is identified by consumers’ impressions and their experience (Zhang & Zhang, 2004). In modern society, “brands are important to firms because they lead to customer loyalty which in turn ensures demand and future cash flows”, which also captures the potential promotional investment over time, so many businesses highlight their brands (Motameni & Shahrokhi, 1998). In this context, brands are not only an intangible feeling (e.g. loyalty), but also could transform into more specific things, such as cash and cash flow. Some scholars (Zhuang & Yu, 2009) regard the brand as the medium, which is the result of the marketing and communication process, connecting products with consumers and/or other interest groups, and creating new value at the same

time (Xia, 2007). The brand thus seems a complicated concept, which refers to both intangible and tangible entities, involving producers, sellers and consumers. One widely accepted definition of the brand is proposed by the American Marketing Association (AMA): “A brand is a name, term, design, symbol or any other feature that identifies one seller’s good or service as distinct from those of other sellers” (American Marketing Association, n.d.)⁷. The branding enables producers to obtain the benefits of providing products with unique (or superior) quality and offers an opportunity to transfer this identifiable relationship to other products (or services). The inception of place branding evolved in various research fields, including place image and marketing. Place branding research has shifted from the tourism discipline to branding and business (Hanna & Rowley, 2008).

It seems that the concepts of brands and branding were originally a marketing concept to promote specific commercial goods and services. However, the brand is a more complex concept beyond the marketing idea, which highlights the different types of identifiable goods and service commodities constituted by values or “equity” (Aaker, 1996), including associations, awareness, loyalty, perceived quality, and crucially origin, identities and value (Pike, 2013). Through such values, brands are unavoidably imbued to varying degrees and differing ways by spatial connections and meanings. The brand is a mixed idea of economy and culture, showing both the value of capital

⁷ Note: A brand “is an intangible asset” according to ISO brand standards, which is intended to create “distinctive images and associations in the minds of stakeholders, thereby generating economic benefit/values”. Available online. <https://www.ama.org/the-definition-of-marketing-what-is-marketing/> Accessed on 29/12/19.

ability and cultural meaning, which represents its functional and symbolic effect. In the food industry, specific food brands are often “marketed in ways which try to exploit the cultural meanings attached to the region of production”, which link products to “cultural markers or local images such as landscapes, cultural traditions, and historic monuments”. In this case, “their value can be enhanced because consumers come to identify certain products with specific places” (Ilbery & Kneafsey, 1999:2208-2209). In addition, the brand concept relates to policy, because “quality” is one core element of brands and “qualities” are regulated by specific policies, practices and institutions (Pike, 2009b:640). In summary, the intrinsic nature of brands makes them simultaneously “economic” as goods and services in relation to marketing, “social” as collectively produced, circulated and consumed objects, “cultural” as entities providing meanings and identities, and “political” as regulated intellectual properties, financial assets and traded commodities (Pike, 2009b:620; 2013:320). Branding has become “one of the core strategic and commercial competences driving firms, clusters, regions, and nations in the contemporary economy” (Power & Hauge, 2008:124), which is a process that seeks meaningfully to articulate, connect, enhance and represent the facets and cues embodied in brands (Moor, 2007). The meaning of branding is deeper, more complete and more complex than marketing. For example, while marketing focuses more on how to sell products, services or the attraction of clusters, branding pays more attention to improving the overall image or reputation of the cluster (Andersson et al., 2015), with both functional and representational aspects (Caldwell & Freire, 2004).

Comparing brands and branding, brands are stable objects while branding is more concerned with dynamic processes. Branding is the circulation of value and meaning of branded objects, extending their influence and imbuing symbolic qualities and cultural meaning (Pike, 2009b:630) through production, circulation, consumption and regulation. Branding is a form of communications strategy of a desired brand identity (Robichaud et al., 2012:712), which is also a spatial practice of specific brands. For instance, taking physical space and time into consideration, the branding strategy may cover different places or locations between different enterprises or even sectors/industries, which then means the branding strategy is a kind of spatial practice of these communications strategy of specific brands.

2.3.2 Characteristics of brands and branding and concepts framework

Brands and branding strategies show at least three characteristics, which are *geographical entanglements* (Pike, 2009b), *dynamic network frames* and *creative activity*. Geographical entanglements mean strong or weak spatial linkages to places, such as local areas, regions and nations. The dynamic network frame characteristic describes the broad and multi-level meanings of brands and branding. Creative activity illustrates one of the key elements by which brands and branding can create and expand, thus a branded object can be creative itself and branding is a way to enhance this innovation and add value. Taking each of these in turn:

Geographical entanglements

The strategy of brands and branding is not just a marketing strategy, but also involves spatial behaviour that has strong or weak links to localities, regions and even nations through the whole industry chain. First, branded products utilise original resources in specific origins and provenances. They have a strong connection with local markets and culture, drawing on their unique nature, value and meaning. When in circulation, suppliers usually mark “Made in.....” to identify the geographical origins of specific products and to guarantee the quality of the products. With the complicated international spatial division of labour nowadays, “Made in.....” could also encompass feelings entangled with specific places (such as countries, regions, cities or localities). But “Made in.....” does not always represent a good or positive product or image (Pike, 2009b). For example, while a “Made in Germany” trademark meant the guarantee of high-quality and reliability for many decades, in earlier decades, “Made in Germany” meant a label of low-quality products when it was first introduced in Britain in 1887 and the scandal of the VW brand regarding emissions in 2016 detracted from the value of the brand to some degree (Hess et al., 2016). Consumers choose the production they prefer based on their understanding, trust and emotion of the high quality of origins of production, especially in the food industry. Regulation also helps to make certain the security and quality for related production of specific locations. For example, the EU designates products by “PGI (Protected Geographical Indication), PDO (Protected Denomination of Origin)” (de Roest & Menghi, 2000:439) and TSG (Traditional Speciality Guaranteed) to protect the origins of branded objects. Some brands have strong links with localities, setting up in local areas and insisting on adopting elements of its local character all the time, even in times of global change, and highlighting

its unique meaning and value (Dicken, 2015). This shows that not just some smaller locally-based companies, but also some Transnational Corporations (TNCs), like Nestlé, have honoured the global brand reputation, while it keeps highlighting the locally-based characteristics of its products and keeps its origination all the time. Conversely, although some global brands deliberately ignore geographical entanglements to show their global characteristics, like Coca Cola and Nike, they still have weak links to origins and variable connections with different places of the division of labour. The geographical entanglement of brands and branding also has an interaction with uneven development. Strong/positively branded objects usually promote local development and create a gap with places with poorly branded objects. Uneven development forces policy makers/regulators to develop creative policies to attract more branded objects or improve the quality of local products. The geographical entanglements of brands and branding are thus an intrinsic character of brands and branding strategies. In addition, brands and branding have an inescapable geographical association, which could be conceived as territorial and scalar, as well as rational and networked from a spatial historical perspective (Pike, 2015). From a relational perspective, the place is open and unbounded, influenced by globalisation and social processes, helping to create the distinctive identity, while a territorial approach regards places like cities and regions as more scalar and bounded, showing tendencies which are more focused on specific spatial entities (Jonas, 2012; Bell, 2016). This means the relational method pays more attention to characteristic identity, while the territorial method focuses more on entity areas.

Dynamic network framework

As a multiple concept, the branded object and its branding process illustrate a network framework (Martínez, 2016) that refers to economy, society, culture, polity and ecology, involving the spatial transition of time and different levels of space. For example, branded objects and the branding process can identify quality goods and services, extending their quantity and market through highlighting the unique values and meanings in circles of production, circulation, consumption and regulation. Increasingly, consumers are concerned about the security of food and beverage production and preferring to know the origins of their food and beverage, questions of purity and a guarantee of quality production have become important issues. Thus, the branding process may pay attention to their unique and clean origins (Forbes et al., 2009; Gabzdylova et al., 2009), highlighting the importance of related food safety strategies (Bader et al., 2010; Kussaga et al., 2015) and environmental sustainability. As a result of economic growth and environmental damage in recent decades, the concept of sustainable development appears to deal with the complex interaction between continued economic growth and social equity and ecological protection (Gibbs, 2018:182), and even the promotion of green economy strategies based on sustainable development. The sustainability concept involves not only the local scale, but also regional, national and even global scales. Green economies may offer an alternative pathway for existing economic development, which more focused on small-scale and disjointed practices, such as Slow Food (Grasseni, 2014; Gibbs, 2018). Those ideas offer

challenges for policy makers and to lifestyles within regions, illustrating the dynamic extension possibility of brands and branding in a regional scale.

Creative activity

The creation of value and meaning of branded objects is an important element to make them appealing, especially the unique character and creation in cultural and historical aspects. The branding process helps to create value-added and thus extends the difference and gap between branded objects and unbranded ones, causing uneven development in different regions. Both branded objects and branding processes depend on innovation, which is one of the key reasons that brands and branding exist, which in turn means that a brands and branding strategy is a creative activity.

According to the description of characteristics of brands and branding, we could find that brands not only involve economy, society, culture and polity fields, but have an interaction with “ecological” aspects through their environmental impact in specific locations, such as the origins of specific goods and services. Based on this, the concept of brands and branding could be built as follows in this thesis (Figure 2.3):

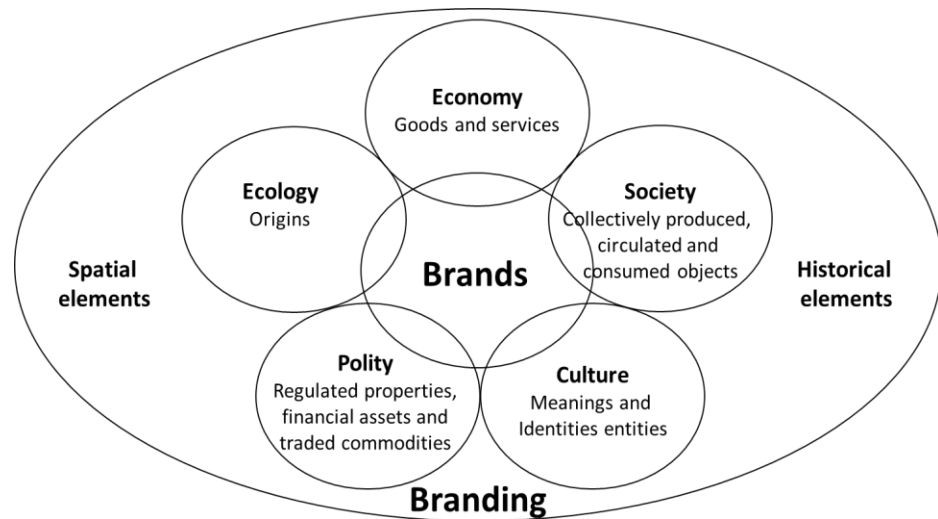


Figure 2.3 The concept of brands and branding.

Source: Compiled by the author.

In addition, in terms of city research, brands mean the overall image of, and set of associations about developing through a concerted strategy designed by local growth coalitions, which faces diverse audiences and changes over time to keep attractive and successful, and which are also questioned and contested by some other groups among the society (Jonas, 2015:185).

2.3.3 Brand identity and regional identification

Several established successful branded industry clusters exist (e.g. Silicon Valley, Route 128, Hollywood), the basic structure and formats of which have been used by many other countries' governments (e.g. China and India) to design similar industry clusters or parks to boost the local economy. These are detailed and analysed in Chapter 4. Thus, brand identity could be one necessary step for an industry cluster's brands and branding process.

Brand identity could be regarded as a media (namely brand) personality (Aaker, 1997; Robichaud et al., 2012), similar to brand essence and brand promise (de Chernatony, 2001) and could form a “picture” for senders and recipients, built by organisations and assessed by consumers (de Chernatony, 2001; Robichaud et al., 2012). This “picture” forms the specific brand image, presenting some meanings or imagined ideas to recipients, and improving the brand reputation or encouraging consumption. In this context, the “picture” is a “bridge” that connects producers/sellers/organisers and consumers, which means the brand identity could also be recognised as a communication, involving six elements such as physique, relationship, reflection, personality, culture and self-image (Kapferer, 2008:291) (Table 2.5).

Table 2.5 The six elements of brand communication.

No.	Brands elements	Characteristics
1	Physique	Either salient objective features or emerging ones; The backbone and its tangible added value of brand.
2	Relationship	The crux of transactions and exchanges between people.
3	Reflection	Reflecting refers to customers, not describing the target, rather, the customer is reflected as he/she wishes to be seen as a result of using a brand.
4	Personality	Shows what kind of person it would be if it were human.
5	Culture	The set of values feeding the brand’s aspiration.
6	Self-image	Our attitude towards certain brands, through which we develop a certain type of inner relationship with ourselves.

Source: Collated and redrawn from (Kapferer, 2008:291).

These six elements build a brand identity and pyramid model together with other evolutionary driven elements. The base of the pyramid is brand themes, acts and products, which includes physique, reflection and relationship.

Physique is the brand's backbone through a tangible added value relationship, and reflection describes the customer's feelings for a brand. Also, according to Kapferer (2008), the model shows a brand style in the middle level: personality is a brand character that tells customers what kind of product/service it is; self-projection/self-image is a brand's self-reflection, while culture means a set of values feeding the brand's inspiration. The kernel of the brand occupies the top of the pyramid. Kernel imparts coherence and consistency (Kapferer, 2008).

More precisely, brand identity describes a kind of brand value, potentially encompassing objective, subjective, attributive, narrative and associative values (Lewi, 2005; Robichaud et al., 2012). Lewi (2005) builds a branding framework through desired identity, perceived identity and objective attributes, in which desired identity exists first, followed by perceived identity and objective attributes. The brand is influenced by the political and legal environment, technology environment, socio-cultural environment, and economic environment.

At the same time, brand identity contains "brand equity" or "brand value", which could be visible or invisible and is normally recognised in economic terms. Brand value could include some visible elements such as image, look and style (Pike, 2013:321), which also could be the "current financial value of the flow of future profits attached to the brand itself" (that is, "the potential future contribution linked to the name in the current distribution context") (Kapferer, 2008:142). This means brand value could connect the entity image to finance value, from the present to the future. Brand equity refers to brand awareness, brand preference, prestige, quality image, first and second buying

preferences (namely, what customers prefer buying firstly and secondly), and when the favoured brand is not available, or liked. Brand tracking aims at measuring sources of brand power, which is measured in different types (Kapferer, 2008). Kapferer (2008) describes the tracking study to explore brand equity, assessing its progress year after year and using a series of tools for diagnosis and action.

There are also some consultancy companies which have developed measures of brand equity/value mainly from an economic aspect. For example, to compare brands, six parameters are utilised in the Megabrand System, which are brand awareness, stated use, stated preference, perceived quality, a mark for global opinion, and an item measuring the strength of the brand's imagery (Kapferer, 2008). Brand Finance defines a brand as the "trademark and associated IP including the word mark and trademark iconography". Based on this definition, Brand Finance produces the "Global 500" to estimate the brand value of world-class companies. In a word, brand equity and brand value are the same and interchangeable with each other, identifying the specific brand together. In this thesis, brand equity and brand value are regarded as having the same conceptual meaning.

Brand identity is a concept that shows what the product and services are, what it means/represents for both consumers and itself, what it can bring to the economy and society. Industry clusters or broadly speaking, specific production agglomerations/regions, need brand identity to define their position in a modern competitive world. According to the multi-level meanings of brands and branding mentioned above, the identification of

brands is included in at least three levels, such as product identity, enterprise identity and industry cluster identity. Most of brands' identity methods are focused on specific products or enterprises as above. As the composition of branded products and enterprises, the brand identity elements of industry clusters have some factors in common (such as brand equity/value, including price, quality, loyalty etc.), which means that the brands and branding of products and enterprises could explain industry clusters to some degree, while the industry cluster still has its own specific identity elements, such as spatial elements like regional ecology, culture, economy, society and policy, which are included in the conceptual framework of brands and branding. In addition, taking time into consideration, the evolutionary development of industry clusters refers to the regional branding process, in which the historical related elements provide explanation.

In addition, regional branding could be a strategy to increase the competitiveness of local areas, cities, regions, provinces, countries and other geographical areas, with the aim of "conquering foreign markets, attracting investors, tourists, new residents and skilled migrants" (Fedyunina & Panichkina, 2016:6524). Regional branding has become an important tool to appeal to tourists, potential investment and even an opportunity for migration management. Cluster branding is a result of both products and enterprises brands and regional brands, which means the main components and strategies of the cluster branding originate from branded products of branded enterprises, and at the same time, cluster branding strategies form some parts of active and attractive region and place brands.

2.4 The relationship between industry clusters and brands and branding

The cluster concept has been widely used by economic geographers and regional studies scholars (Weber, 1909; Marshall, 1920; Becattini, 1990; Porter, 1990; Krugman, 1998; Porter, 1998; Porter, 2000). With the growth in importance of regional competitiveness and the influence of the new regionalism from the 1980s, there has been growing attention to the role of culture, institution and policy factors in economic competitiveness (Miao, 2002). Some scholars (Lury, 2004; Hudson, 2005; Holt, 2006a; 2006b; Hudson, 2008; Pike, 2009a; 2009b; 2011; 2013) began to undertake research into brands and branding of goods and services, discovering the importance of origin and provenance, the characteristics of the geographical association of brands and branding, and the tangle between brands and branding and uneven development, showing the interaction with society, culture, policy and even ecology/environment.

On the basis of the summary in Chapter 1 and the literature review in this chapter, it is evident that both the research and study of industry clusters and brands and branding have first emerged and developed in the Western world. In China, some functional and specialization zones/clusters have gradually emerged or been specifically designed in recent decades. Branding strategies are more focused on specific products and enterprises and, in relation to geographical brands and branding research, a focus on city/urban areas, the region, nation, and place brands and branding have become dominant, both inside and outside China. However, there is a lack of research on the

connections between clusters and branding strategies in China, especially taking the clusters' evolutionary development into consideration. Thus, the following section provides evidence of the detailed relationship between industry clusters and brands and branding in the theoretical perspective, especially in the Chinese context.

Theoretical analysis of the relationship between industry clusters and brands and branding

The relationship between industry clusters and brands and branding can be partially explained through reference to their potentially common characteristics. Brands and branding strategies and industry clusters have some characteristics in common, which facilitates interaction between them. First of all, the geographical association (Pike, 2013) of brands and branding shows a spatial character. Any branded object and branding process needs to locate or be “sticky” to specific places, embedded in unique local society, culture, policy and environmental backgrounds. A good branded object and branding process are usually closely related to their origins/provenances, emerging from those places and developing associated with path dependence and path creation, which causes uneven development to some degree. An industry cluster is a spatial entity, which assembles related actors, utilising social, cultural, and political capitals in the local area. Thus, brands, branding and industry clusters have connection with places (Figure 2.4).

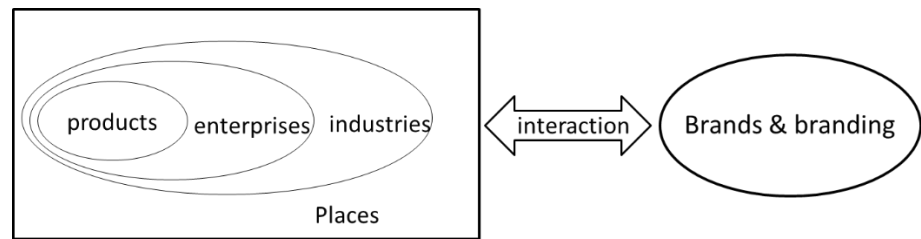


Figure 2.4 The interaction of industry places and brands and branding.

Source: Compiled by the author.

Second, brands, branding and industry clusters are network frameworks. Brands and branding are dynamic network frames, while an industry cluster is a multi-level competitiveness and cooperation network, formed by the main and related companies of different scales (e.g. state-owned, and small and medium enterprises), where the managers and workers in different companies communicate or cooperate. As per the description above, brands and branding refer to the economy, society, culture, polity and ecology aspects and form a dynamic network frame. An industry cluster not only contains mainly industry chains, but also a regional-level innovation system, illustrating a network of related companies formed by specific competition and cooperation, with the spill over of knowledge and learning processes, strengthening the existing entity network, and improving the competitiveness of regional economy. An industry cluster is also recognised as one circle or circles of Global Production Networks (GPNs) and Global Information Networks (GINs), and formed by the larger/SMEs firms (main parts) and related industries, enhancing the supply-production-consumption chain at a larger scale at the global level.

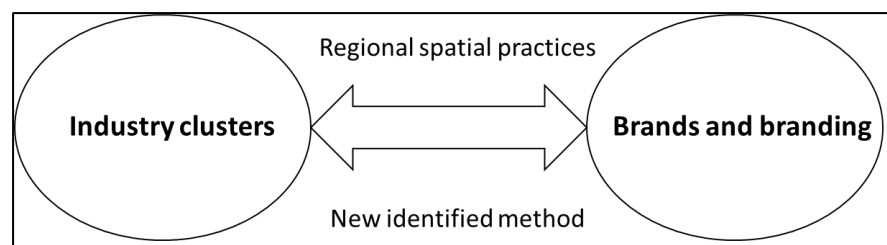
Last but not least, both brands and branding and industry clusters are innovative strategies, which aim to stimulate economic development. Brand

management systems were utilised as an organisational structure in the 1930s, and currently brands and branding strategies are seen as a way to spur economic development (Crombie, 2011). Industry clusters act as a creative strategy to promote regional development, which is actually a regional innovation system gathering valuable capital, labour and skills in specific spaces or places, in which the interaction and the functional complementarity of different institutions and stakeholders and their relationships are important (Pohl, 2015).

Based on the similar characteristics between brands and branding and industry clusters, we find that compared with brands and branding, an industry cluster strategy is a stable format that mainly focuses on local/regional development, while brands and branding integrate characteristics of both stability and dynamism, which could cause added value and meaning. Regarding an industry cluster as a branded object and branding a specific industry cluster could be a key idea to attract economic development, spawn set-up activity, innovation and growth (Crombie, 2011), leading to further development. Just as branding works for companies as diverse as Coca Cola or McDonalds, to be successful themselves and foster the development of regional or global economy, clusters should identify what they stand for, what their brand is, and are able to voice it in a clear message (Crombie, 2011). To date, most clusters highlighting the above elements are consumer goods industries, such as wine industry clusters in France and sheep industry clusters in New Zealand. In some manufacturing clusters, however, they also start to realise the importance of clear brands and branding

messages, such as base Baijiu industry clusters in Qionglai city (belonging to Sichuan city), China⁸.

The brand of a cluster refers to the place brand specific to an industrial cluster (Lu, 2012), which also serves as an umbrella for individual businesses within the exact cluster, and the marketing and promotion strategies of the cluster's brand directly influence the attractiveness of individual businesses' brands (Porter, 1990; Mihailovich, 2006; Lu, 2012). On the other hand, the industry cluster is a spatial entity that links brands and branding strategies to a specific object. In a word, brands and branding ideas would be a useful conceptual identity for industry clusters (Figure 2.5). Brands and branding of industry clusters is a new idea that complements and extends the meaning of industry clusters, which is also a practical/empirical application of place brands and branding and geographies of brands and branding. As a regional innovation system and the driver of regional economy and policy, industry clusters are mainly researched from a regional or city-regional level, therefore the research relating to brands and branding of industry clusters mainly focuses on regional spatial practices in this thesis.



⁸ Note: The base Baijiu is one of the part products of Baijiu distilling.

Figure 2.5 The relationship between industry clusters and brands and branding.

Source: Drawn by the author.

More specifically, as reviewed in section 2.2, the industry clusters have experienced evolution and development since their emergence. Industry clusters are spatial entities, whereby geographical scales could be dynamic based on both physical and human activities and conditions. Branding strategies are also dynamic, and these changes are based on enterprises' and clusters' structures and regulations. As the main contents of specific clusters, the branding strategies of products and enterprises within them form the significant reference points for cluster branding strategies, together with related governmental policies. Referring to the economy, ecology, society, culture and policy fields, the identification of the importance of brands and branding on industry clusters seems essential given the emergence of specific clusters, and subsequent variations during their development.

2.5 Globalisation and branding strategy

A discussion of global development trends is complicated, especially from an economic perspective. With the old geographies of production, circulation, consumption and regulation disrupted by global trends, new geographies of production, circulation, consumption and regulation were created. At the same time, international economic integration and the concept of a “global economy” have become more common phenomena, while other trends such as regionalisation and localisation have also deepened during this period. Some scholars (Jones, 2018:105), regard regionalisation and globalisation as

two positive concepts. In some accounts globalisation is an unstoppable process of global integration, which is driven by free market capitalism, and “necessitates all free market reforms of neoliberalism” (Gregory, 2009:308). However, economic globalisation and regionalisation are in tension and in competition with one another in modern society. As a result, in a global context, there has been a tendency towards the co-existence of globalisation and regionalisation (Jones, 2018:105). Albeit in a global context, recent interventions have tended to lead to focus “towards the regional scale in the integration of economic activities” (Jones, 2018:105), which means that the regional agglomeration still exist and remains strong even in a more global and integrated society. According to (Dicken, 2015:7) (Figure 2.6), all these concepts and processes such as localising processes, regionalising processes, globalising processes and international processes are not separate, but are associated with each other to some degree, which means localising is a geographical concentration of economic activities with varying degrees of functional integration and internationalising is more a simple geographical extension. The combination of the processes of localising and internationalising forms the globalising process through the interrelationships between functional integration and geographical spread. The regionalising process occurs at the intersection of localising and globalising processes, albeit that the scale of the regionalising process is not limited to one specific format and outcome (e.g. this could be through EU expansion or regional economic agreements) (Dicken, 2015). Conversely, “pure globalisation” is the result of a high level of geographic spread of activities with a high level of functional integration.

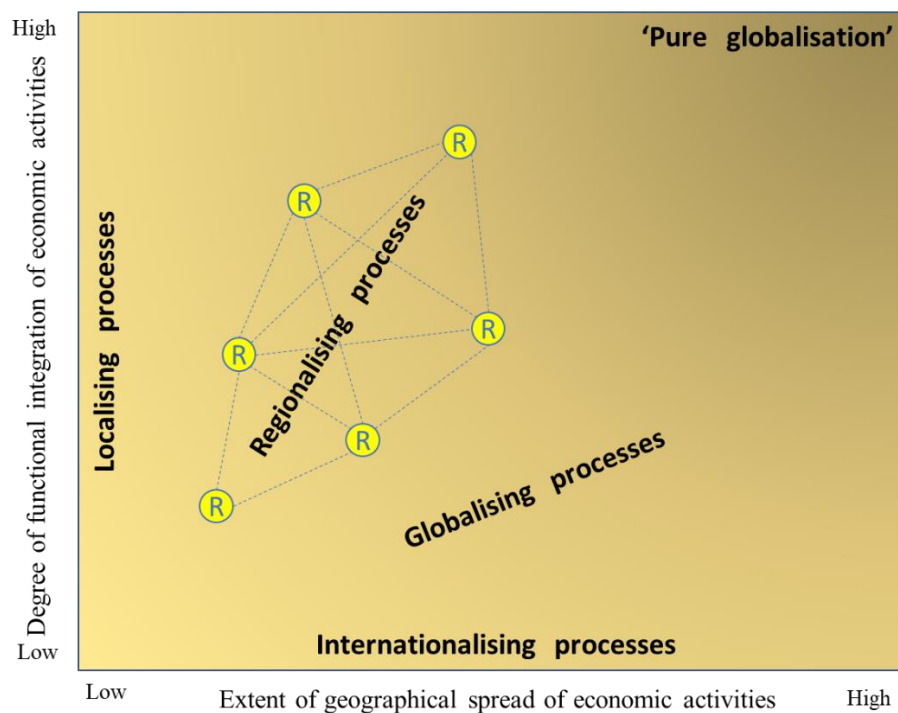


Figure 2.6 Processes and scales of global economic transformation.

Sources: Picture redrawn from (Dicken, 2015:7).

Certainly, globalisation is a main trend in the world economy in recent years, and has a relationship with industry clusters, which has been explored through the concepts of Global Value Chains (GVCs)⁹. Globalisation has developed quickly over the past 20 years (Parrilli et al., 2013), and has become one of the major issues facing the contemporary world (Jones, 2012). In human geography, globalisation mainly concerns the nature of place and space, which broadly means the rise of more interconnected human societies on

⁹ Note: According to OECD, “International production, trade and investments are increasingly organised within so-called global value chains (GVCs) where the different stages of the production process are located across different countries. Globalisation motivates companies to restructure their operations internationally through outsourcing and offshoring of activities. Firms try to optimise their production processes by locating the various stages across different sites. The past decades have witnessed a strong trend towards the international dispersion of value chain activities such as design, production, marketing, distribution, etc. This emergence of GVCs challenges conventional wisdom on how we look at economic globalisation and in particular, the policies that we develop around it.” Available online: <https://www.oecd.org/sti/ind/global-value-chains.htm>; Accessed on 22/01/2020.

Earth, especially after World War II (Jones, 2012). As an economic development tendency, globalisation is a phenomenon which influences modern human society, covering economy, sociology, culture, political and environmental ecology. For industry, globalisation achieves the global transformation of production, circulation, consumption and regulation, connecting different regions, countries, cities and even local places with networks and flows of information, knowledge and labours. On the other hand, from the insight of an exogenous approach, GVCs could be regarded as organisational clusters in the global context, which involve the dynamic transformation of local and regional development (Parrilli et al., 2013:985). From this perspective, an industry cluster becomes a location in one region or place within the global production/development chains. From the endogenous perspective, the consideration of the industry cluster is a key regional competitive and trans-local dynamic set in GVCs, which involves enterprises that are directly or indirectly related to sectors and industries. The industry cluster is a spatial entity of an innovation network, and formed by the firms with different scales (such as larger enterprises or SOEs, and SMEs as the main part) and related industries, which are related to GVCs as shown in Table 2.6.

Table 2.6 The features of GVCs for local or regional development.

No.	Criteria	GVC
1	Scientific discipline	Economics and sociology (mainly)
2	Reference literature	Business, economics and <i>development studies</i>
3	Analytical focus	<i>Value creation and distribution</i>

4	Main unit of analysis	Firms (indirectly on sectors / industries)
5	Types of agents involved	Firms
6	Relationships among agents	Chain/linear
7	Governance	<i>Well-defined typology</i>
8	Regional upgrading processes	<i>Product, process, function and sector</i>
9	Measurability	Tracing cost/value per phase / operation

Note: In italics the strength of each approach from a “regional development” perspective.

Sources: Edited from (Parrilli et al., 2013:972).

2.6 Discussion and conclusion

This chapter has focused on the literature review of industry clusters, brands and branding, and some concepts and research trends related to them. First of all, the chapter has summarised the related concepts and characteristics of industry clusters. As a form of new strategy guiding local or regional development, the industry cluster is promoting a spatial entity, which recognised as a regional innovation system. The industry cluster strategy could be used to explain the diverse national and regional competition according to Porter’s “diamond model” and the modifications in the contexts of different countries. The evolution of industry clusters shows the effect of history and the spaces which they are located in. In addition, industry clusters and urban agglomerations/clusters have interactions at a regional level. Industry clusters could drive urban agglomerations/clusters’ development.

Urban agglomeration provides necessary physical materials and space for the emergence and development of industry clusters. These are all promising research directions in the industry cluster field. When it comes to the case of China, most policies of industry clusters focus on different functional zones and the spatial planning practices change from different political and economic backgrounds, illustrating characteristics of market-oriented and cities-regional agglomerations development formats in recent years.

The industry clusters research gap and the importance of brands and branding in industry clusters have been discussed, highlighting the need to research brands and branding industry clusters from both theoretical and empirical perspectives, especially for the branding practice of Chinese traditional industry clusters. From the analysis in the literature review, in terms of the economic meaning, brands and branding illustrate goods and services of markets, pointing at specific products and services, and are mainly created by producers. Compared with its economic meaning, the social meaning is wider and more thorough, involving production, circulation and consumption fields, recognised as collectively produced, circulated and consumed objects. From a social perspective, researchers, government and business people focus more on how the method of production and consumption works, or the nature of the products, focusing on industrial chains and consumer insights. From a cultural perspective, brands are regarded as entities, providing meanings and identities. Culture is an intangible element itself while it is usually “located” or included in more obvious objects which we could find easily, such as prices, the package, label or logo style of the specific products, namely goods or services meaning in economic terms. From a political perspective, brands

mean regulated tangible and intangible goods and services, which involve both economic and social components. Branded objects usually involve patents or official certifications according to some sectors or governmental standards, which often become leading players or gatekeepers. Brands not only take a cultural form but also constitute a modality of economic power according to Lury (2004), which shows differences beside sameness and identity, not only as an object that can be circulated but also potential possibilities. Last but not least, based on the *geographical entanglements* (Pike, 2009b), *dynamic network frames* and *creative activity* characteristics of the brands and branding, brands involve the origination of specific goods or services from an ecological perspective, which are influenced by, and affect, local or regional environments. Some goods, especially some food and beverages, are highly dependent on specific places and their environmental elements, such as water, soil, grains and weather. “Made in.....” is a label used to show the origins of specific objects, to guarantee the “original taste” of its products, which can even become some form of guarantee for high quality and safe products.

Branding, as a process of specific branded objects, usually needs to be joined to a specific place or spaces. The branding of specific goods or services involves business, economies, society, culture and politics. Branding has a close connection with history and may itself “create” history. The branding process takes time, from the design and planning of branding to implementing a branding strategy, and finally being accepted and supported by consumers, therefore branding involves historical behaviour. Many branded objects experience ups and downs while some of them are consistent from economic,

social, cultural, political and ecological aspects. The branding process is historical itself – indeed the history of Chinese branding behaviour could be traced back to ancient times.

By conjoining theories of cluster development and branding, the research aims to shed light on key branding processes, including geographical entanglements, dynamic network frames and creative activity, within Chinese Baijiu industry clusters. It is anticipated that these processes play a key role in (1) the regional identification of Baijiu industry clusters within China and (2) the evolution and globalisation of the Chinese Baijiu industry in general. As such, the analysis of branding can provide a crucial point of entry into understanding how industry clusters can be identified (e.g. regional identity and demarcation) and how their constituent products and processes spatially evolve and develop (e.g. regionalisation versus globalisation)

For the regional identification of Baijiu industry clusters, we could find that brands and branding could provide a useful theoretical framework based on above review, which are not only marketing strategies, but are important in terms of economic, societal, cultural, political and ecological factors. With tangible or intangible elements interacting with each other, brands and branding cover a diverse spatial scale and last for varying periods of time. More specifically, branding seeks meaningfully to articulate, connect, enhance and represent the facets and cues embodied in brands (Moor, 2007), and has become “one of the core strategic and commercial competences driving firms, clusters, regions, and nations” (Power & Hauge, 2008:124) in modern society.

Also, based on this literature review, the brands and branding and industry clusters have interactive relationships, thus the interplay between brand identity and regional identification needs more investigation in future research. As one part of the smile curve of global value chains, brands and branding strategies could not only identify industry clusters, but also provide potential transformation and improvement guidance for specific industry clusters, in terms of both basic industry development and in relation to global development trends. Thus, brands and branding strategies could be used to frame some regional agglomeration and industry clusters phenomena in this context.

For the evolution and globalisation of the Chinese Baijiu industry in general, the Baijiu industry is a long standing traditional industry, while the processes of agglomeration and cluster development in China has just started. Branding is a strategy which involves many facets of the human society, and which is also a spatial design – covering diverse and multi scalar spaces, namely, local, region, city, nations and even across nations. While at the same time, the branding strategies change in different spaces or places – paying more attention (i.e. capital, labour and promotion) to some places while pay less attention to, or even ignoring, some specific places. This thesis focuses on branding as a globalisation strategy in the Chinese Baijiu industry to investigate whether Chinese industry (as well as China as a country) is in a new more intense phase of globalisation. In summary, the view taken here is that globalisation is an “unstoppable process” in modern times, and that regionalisation and globalisation are important and increasingly relevant

topics in this global world. Regionalisation is conceptualised here as one of the process formations of globalisation. The industry cluster phenomenon is the combination of both regionalisation and globalisation to some degree. The relationship between globalisation, regionalisation and industry clusters illustrates the potential possibility of governance of cooperation beyond provinces, as well as the cooperation between different enterprises. Also, the research highlights a growing trend of a shift in China from industrial zones to “new urban” areas (Dunford & Liu, 2018:409), emphasising the importance of urban and city studies.

Chapter 3 Methodology

3.1 Introduction

In the case of this thesis, the research aims to identify Chinese Baijiu industry clusters from a perspective of brands and branding. As previous research indicates (Pike, 2009a; 2009b; 2011; 2013), the analysis of brands and branding can be used to demonstrate how industry clusters are geographical entities, which emerge and develop based on economic, cultural, policy and environmental contexts. Many aspects of the factors involved in these processes are hard to investigate from a quantitative approach. There is no official comprehensive data on brands and branding which could adequately reflect the production and consumption situation in China, and some intangible elements such as culture and history could not be explored directly. Given this context, I mainly use the case study method guided by qualitative methodology to explore the specific social phenomena and economic activities, which helps readers to understand the complexities involved better (Yin, 2011).

In this chapter, I frame the theoretical context and empirical investigation through describing the main philosophical bases for the thesis, such as post-positivism and critical realism, and their ontological underpinnings. Qualitative research methods have gradually dominated the methodological trend in Human Geography (Winchester & Rofo, 2010), especially in social and cultural geography, and lately in economic geography, where the intensive case study and ethnographic approaches are becoming more popular

(Martin, 2001). Based on the above trends and thesis requirements, this chapter describes the qualitative research methodology used in the analysis of brands and branding in the Chinese Baijiu industry. It includes a discussion of the case study method, participant observation, and the interview and questionnaire methods used to explore the diverse meaning of brands and the branding strategies of Chinese Baijiu industry clusters.

3.2 Philosophical base and methodology

Philosophical assumptions and choices affect and often determine a piece of geographical research and its value. Generally speaking, the purpose of any PhD thesis in Human Geography is to produce new “geographical knowledge” (Flowerdew & Martin, 2005:9), through researching a specific research question or questions and providing answers through academic empirical research and fieldwork. Philosophical thought provides the researcher with an idea to choose the methodologies and to use those diverse methods in an academic way. Given that “philosophy is to research as grammar is to language” (Flowerdew & Martin, 2005:10), therefore, philosophy acts as the building blocks of all research, providing it with key frameworks and structures to be followed and utilised throughout the research process. The next section briefly introduces and discusses some philosophical bases of the thesis in this context.

3.2.1 Ontology, epistemology and methodology

If philosophy acts as the building blocks of all research as mentioned above, then the structure of each block is defined by its ontology. Ontology is the

belief about reality, or in other words, *what is*. Realities are socially constructed entities that are under constant internal influence (Scotland, 2012:13). Scholars should have an opinion “regarding their perceptions of how things really are and how things really work” (Scotland, 2012:13). There are diverse types of ontology and critical realism is one of them. According to Scotland (2012:13), the critical realism paradigm is based on historical realism (e.g. historical realism is the view that reality has been shaped by social, political, cultural, economic, ethnic, and gender values). In Western countries, ontology is a logical system of existence and philosophical underpinning, which affects and could be traced by epistemology and methodology.

Epistemology refers to the relationship between the researcher and the research, referring how to get new knowledge, which concerns “how knowledge can be created, acquired and communicated” (Scotland, 2012:9), and which depends on what kind of ontology is framed. Normally, there are two ways to obtain knowledge and discover new things, which are the objective approach (or namely etic approach) and the subjective approach (or namely emic approach). Objective approaches are mainly utilised in positive realist ontology. The subjective approach, involving what the truth means is needed, can be found in both realism and relativist ontologies.

Based on ontology and epistemology, the methodology refers to “why, what, from where, when and how data is collected and analysed” (Scotland, 2012:9), exploring how the knowledge should be gathered. The methodology connects the knowledge to philosophy, which could also be regarded as the

practice or empirical fieldwork between ontology and epistemology in academic research in this context. What should be paid attention to is that the methodology and methods are different concepts. The latter involves specific ways to gather data involving techniques such as interviews or surveys.

In summary, the research question drives everything in reality (related to ontology), so it needs to make sense for the questions the research is asking. There is a basic logic about the above described concepts, which is ontology types decide the epistemology; epistemology approaches decide the specific methodology, and methodologies dictate the detailed and empirical methods.

3.2.2 The comparison of three main philosophical basic practices / methodologies

There are diverse formats of academic research paradigms if the research combines the different types of ontology and epistemology. However, there are also potential logics and associations between different ontology and epistemology types and three types of research paradigms are mainly utilised in some social sciences. Here is a brief comparison about these three types - the philosophic bases, the advantages and disadvantages of them are listed as follows (Table 3.1):

Table 3.1 A brief comparison about positivism, critical research and interpretivism.

Types name	Ontology	Epistemology	Advantages	Disadvantages	Common methods
Positivism	Realism	Objectivism	<p>Positivists go forth into the world impartially, discovering absolute knowledge about an objective reality;</p> <p>Phenomena have an independent existence which can be discovered via research, through descriptive and factual data and facts;</p> <p>Inferential statistics allow sample results to be generalized to population (Scotland, 2012).</p>	<p>The discoverable knowledge is considered to be absolute and value free;</p> <p>It is not situated in a political or historic context;</p> <p>The related methods are not always directly transferable to the social world;</p> <p>Hard to find some hidden or potential variables;</p> <p>Inferential statistical tests are often misused and their results are often misinterpreted;</p> <p>Actions are not fully understood (mainly because positivistic generalizations ignore the intentionality of the individual) (Scotland, 2012).</p>	<p>Quantitative data:</p> <p>Standardized tests;</p> <p>Closed ended questionnaires;</p> <p>Standardized observation tools (used to describe phenomena) (Pring, 2000:34).</p>

Critical research	Historical realism	Subjectivism	<p>It is based on real world phenomena and linked with societal ideology;</p> <p>It seeks to address issues of social justice and marginalism;</p> <p>Knowledge is not valuable (as it is culturally derived, historically situated and influenced by political ideology);</p> <p>It considers how things ought to be and judge reality, involving making people critically aware their situations and change through actions;</p> <p>The relationship between theory, data, research questions and interpretation are emergent and recursive (Talmy, 2010:130; Scotland, 2012:13);</p> <p>It should fully acknowledge its context (culturally, historically and politically) and promote dialogical relations of equality between the researchers and participants, and enhance the lives of the participants if possible (Cohen et al., 2007:139; Scotland, 2012:14).</p>	<p>Knowledge production is influenced by politics;</p> <p>Often, the critical paradigm is not favoured by existing policy makers, mainly because it refers to agenda change;</p> <p>The equals are nearly impossible because the participants may under control of the specific agenda (Scotland, 2012).</p>	<p>Qualitative data:</p> <p>Open-ended interviews;</p> <p>Focus groups;</p> <p>Open-ended questionnaires;</p> <p>Open-ended observations, journals (Scotland, 2012).</p>
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Interpretivism	Relativism	Subjectivism	<p>Interpretive methodology aims to understand the phenomenon or behaviour from an individual's perspective, and do not dominate the participants;</p> <p>Investigate interaction among individuals as well as the historical and cultural contexts which people inhabit (Creswell, 2009:8);</p> <p>Main utilised methodologies include case studies, phenomenology, hermeneutics and ethnography.</p>	<p>Interpretive methodology rejects a foundational base to knowledge, which makes validity questioned;</p> <p>The limited transferability makes it harder to be judged by generalizations, which loses its advantage for policy design to some degree (while in policy design, generalizations are important);</p> <p>The incomplete explanations of specific phenomena. For example, the possibility of compromised participants' privacy, the limited control of participants and the pre-existed ideology of the researcher (Scotland, 2012).</p>	<p>Qualitative data:</p> <p>open-ended interviews;</p> <p>Focus groups;</p> <p>Open-ended questionnaire ;</p> <p>Open-ended observations;</p> <p>Think aloud protocol, and role-playing (Scotland, 2012).</p>
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Sources: Based on Scotland (2012).

In summary, according to the comparison, we could find that these different paradigms form the diverse scientific research formats, with their own advantages and disadvantages. Commonly, the ontology choice is the main base which decides how the real world or the research field is, and epistemology provides a philosophical idea of how to get knowledge. Based on this,

What knowledge is, and ways of discovering it, are subjective. Regarding educational research, the scientific paradigm seeks to generalize, the interpretive paradigm seeks to understand, and the critical paradigm seeks to emancipate. Each paradigm has its own ways of realizing its aims. (Scotland, 2012:14)

3.2.3 Philosophical underpinnings and methodology of the thesis

Post-positivism

Positivism often appears in the natural sciences (e.g. physics or chemistry), and is ordinarily used to construct causal explanations by observation, experiments and empirical evidence. Empirical evidence is usually used to frame and test general theories. Not only do natural scientists utilise a positivist philosophy, but also social scientists use it to conduct empirical research and claim it as a fundamental base for research. In the geographical field, positivism frequently refers to “hypotheses”, “test” or “laws”, forming, examining or modifying some specific theories by observation, empirical evidence or some other methods. However, with the obvious limitations of positivism (Clark, 1998), there is a post-positivist trend, mainly because of the possibility of involved human experience (Ley, 1982; Clark, 1998) and language expression and meaning (Clark, 1998).

Post-positivism does not reject the truths present in methodologies focusing on the experiences or meanings of individuals, as encompassed by the phenomenological, grounded theory and other interpretive methodologies. Also, post-positivistic inquiry had a less ambitious aim attached to inquiry than the positivists, that of gaining a greater approximation of truth. Clark (1998:1245)

In this context, post-positivism claims that post-positivistic knowledge is more certain and objective than knowledge which originated from others (Scotland, 2012:10), which is more complete to some degree. This also means that the post-positivist philosophy idea mainly guides the use of qualitative methodologies and qualitative data collection, paying attention to the importance of “subjective reality, but does not abandon tenets of conventional positivism” (Henderson, 2011:342), which is a clear way to admit the problems with the traditional scientific method (Henderson, 2011:344). This trend illustrates a decrease in “pure” positivism (which is widely used in the natural sciences) and an increase of the hybrid or interaction between natural sciences and the behaviour, expression and even imagination of people in the society. As a subject of social science, Human Geography combines the natural sciences with the humanities of social sciences. Various economic and social relationships and spatial linkages form the diverse research topics of human geographers, such as the relationships between people and environment and global places, regions or localities.

Critical realism

Besides positivism and post-positivist philosophical underpinnings, critical realism is recognised as the potentially only viable alternative of positivism

and post-modernism, which is founded on a philosophical approach that recognises the “possibility of naturalism” (Bhaskar, 2014). Critical realism was born out of a realist ontology and is based on historical realism (Scotland, 2012:13), which admits the functions of culture and history. Similar to social constructionism, critical realism claims the pre-existence of society, which is made up of structures of relations, which constituted and pre-existed the individual.

This pre-existing social system is organised by “consensuses about knowledge that have already been reached and are still being reached” (Scotland, 2012:13). Human activity transforms or reproduces the pre-existing social forms (Halfpenny, 1980), which means “society is both the ever-present condition (material cause) and the continually reproduced outcome of human agency” (Bhaskar, 2014:37). Based on this framework, “languages, forms of political and economic organization, and cultural and ethical norms are all ultimately embodiments of human subjectivity” (Bhaskar, 2014:36), which in turn, help extend the diversity of the society human beings live in.

Qualitative research methodology

From the late 20th century onwards, qualitative research methods gradually began to dominate methodological trends in Human Geography (Winchester & Rofo, 2010). Initially in social and cultural geography, and subsequently in economic geography, the research methods used show a tendency to shift from “extensive modes of empirical inquiry to the intensive case study and

ethnographic approaches” (Martin, 2001:197). Human Geography and its sub-disciplines such as economic geography, social geography and cultural geography have a say in public policy design and conduct. In principle, in the public policy area, intensive qualitative methods play an equally if not more important role as that of quantitative methods (Martin, 2001:197). Qualitative research methodology relates to why and how some policies or practices are determined, decisions are made and helps researchers understand the specific economic, cultural and even institutional phenomena in a deeper and more complete way. For example, when a researcher hopes to understand the meaning of a specific space or region for different ethnic groups, qualitative methods involving in-depth interviews often seem to be the most appropriate choice (Flowerdew & Martin, 2005:10). More broadly speaking, qualitative research is a useful term covering different research traditions within the study of the human experience and meaning:

- it is subjective;
- observations cannot be described meaningfully numerically;
- typically, samples are smaller and less scientifically representative;
- the research attempts to answer the question of how people negotiate the complexities of everyday life or gain insight;
- entails interviews or observations;
- qualitative methods are emphasized in ethnomethodology and ethnography;
- used in attempting to understand peoples' responses and meanings that they bring to experiences;
- observations, surveys, case studies, biographies, interviews, questionnaires are used to gather data.

(Sacramento State University Library, n.d.)

3.2.4 Brief discussion of philosophical underpinnings and methodology

In the geographical field, scholars undertake research about nature and human society, thus a brief logical frame could draw the relationship between nature and society based on the description and analysis of post-positivism and critical realism. Both post-positivism and critical realism originated from the realist ontology, which provides the philosophical underpinning for this PhD thesis and methodology building. More specifically, the framework admits the independent reality of nature and pre-existing society. It is not stable all the time, with the subjective interaction of human beings as the epistemological function within specific society, more and more knowledge become available and new knowledge being created. The accumulated knowledge is valuable, which further guides a more equal and harmonious society. Especially, critical realism makes it possible to investigate the internal properties of social and natural systems and discover their causal mechanisms and conditions of activation. In this context, society develops and/or is driven by specific culture, history and political ideology. All these underpinnings offer an academic and unique background for nature-society relations/analysis in human geography.

In my research, both post-positivism and critical realism provide the main philosophical underpinnings and idea, which form, guide and affect the logical design, question construction, methodology and methods choices and empirical evidence findings throughout the PhD thesis. In the empirical research of the thesis, I am “getting inside” Chinese Baijiu industry clusters and trying to understand what are their location layouts, how they are organised, operate and what conditions might help them develop and/or expand, aiming to examine the existing cluster strategy policies and outline

policies for branding specific industry clusters and regions based on them.

When it comes to methodology choice, the research undertaken for this PhD study mainly employs a qualitative research methodology instead of a quantitative methodology. First of all, the Chinese industry cluster strategy is a new policy which is derived from Western countries and regional quantitative data on this sector are not readily available for earlier time periods. The Chinese version of the cluster strategy is more a “top-down” policy guided by the state within the transformation of a planned-economy to a market economy. The existing cluster and regional agglomeration degree are different in different industries, and the cluster formats are diverse with unique characteristics, especially for some traditional industries (e.g. the Chinese Baijiu industry). So, a scientific large sample for statistical analysis is hard to achieve, while each empirical cluster is valuable and needs in-depth fieldwork and analysis, together with local, regional and/or national cultural, historical and political backgrounds.

Secondly, Pike’s (Pike, 2009a; 2009b; 2011; 2013) research into brands and branding reveals that the characteristics of geography and industry clusters are geographic entities, which emerge and develop based on economic, cultural, political and environmental backgrounds. Hence, it is necessary for the researcher himself or herself to become immersed in the specific situations and collect first-hand data including observations of activities and events unfolding in the sector and its regions. Different enterprises within industry clusters have different branding strategies and industry clusters have macro and micro planning strategies at the same time, thus investigating what

the detailed branding strategies are and how they work is important, while most of the information refers to the business secrets of enterprises or industry clusters, which needs the researcher to discover by face-to-face interviewing and/or participant observation, exploring the hidden or potential causal mechanisms and conditions. In addition, some of the latest Chinese academic and governmental reports are paper document materials, which have not been officially published and are not available online or as some other second-hand or published primary data, while they are available when conducting face-to-face interviews. In this context, the case study method is a good method which could deal with the problems of building a large database to statistically analyse the dynamic level of variables and relationships between different variables for such factors, which I will introduce in the next section.

Last but not least, there are also some limitations in capturing or tracing the behaviour and relevance of socio-economic and cultural contexts through quantitative methods (del Río González, 2009). Therefore, qualitative research has been selected as the primary methodology for this PhD thesis. However, some simple quantitative related methods are utilised to supplement the results, in cases where qualitative and quantitative methods “work best in combination, each informing, reflecting back on and complementing the other (the common tendency for the two to be portrayed as incommensurate alternatives is highly misleading)” (Martin, 2001:197).

3.3 Choice of research methods

3.3.1 Case study and secondary data collection

The society that we live in is a complex system comprised of many distinct phenomena for which deeper analysis is often best suited to qualitative research. The understanding of brands and branding activities is both tangible and intangible. It is often difficult to build a large enough database during the data collection process of social science research, particularly for some intangible factors, such as the reputation of the industry cluster. As such, utilising the case study research method, a method which helps us to understand the intricacies involved in complex subject matters, can often be a more useful and realistic approach when exploring specific social phenomena and economic activities (Yin, 2011). For example, case studies can be used to explore the activities of some leading companies or gatekeepers in some industry clusters. The case study research method involves collecting material through various means and analysing this material in an in-depth manner without focusing too much on mathematical and statistical analysis (Bogden & Biklen, 1982). The case study is an empirical research tool (Perry & Kraemer, 1986), which involves existing objects, and focuses on the identification of the specific problems or success and discussion of why certain phenomena could happen. Case studies aim to deduce the related theoretical conclusion (analysis deduction) and the theoretical framework tends to be constructed before data and materials are collected (Denzin & Lincoln, 1998). More specifically, there are seven different case study types (Table 3.2):

Table 3.2 Definitions and examples of different types of case studies.

Case Study Type	Definition	Published Study Examples
Explanatory	This type of case study would be used if you were seeking to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. In evaluation language, the explanations would link program implementation with program effects (Yin, 2003).	Joia (2002). Analysing a web-based e-commerce learning community: A case study in Brazil. <i>Internet Research</i> , 12, 305-317. (Joia, 2002)
Exploratory	This type of case study is used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes (Yin, 2003).	Lotzkar & Bottorff (2001). An observational study of the development of a nurse patient relationship. <i>Clinical Nursing Research</i> , 10, 275-294. (Lotzkar & Bottorff, 2001) Luo, M. (2016). The development of industrial cluster from branding perspective: the Keqiao model. The Hong Kong Polytechnic University. (Luo, 2016)
Descriptive	This type of case study is used to describe an intervention or phenomenon and the real-life context in which it occurred (Yin, 2003).	Tolson, Fleming, & Schartau (2002). Coping with menstruation: Understanding the needs of women with Parkinson's disease. <i>Journal of Advanced Nursing</i> , 40, 513-521. (Tolson et al., 2002)
Multiple-case studies	A multiple case study enables the researcher to explore differences within and between cases. The goal is to replicate findings across cases. Because comparisons will be drawn, it is imperative that the cases are chosen carefully so that the researcher can predict similar results across cases, or predict contrasting results based on a theory (Yin, 2003).	Campbell & Ahrens (1998). Innovative community services for rape victims: An application of multiple case study methodology. <i>American Journal of Community Psychology</i> , 26, 537-571. (Campbell & Ahrens, 1998)

Intrinsic	Stake (1995) uses the term intrinsic and suggests that researchers who have a genuine interest in the case should use this approach when the intent is to better understand the case. It is not undertaken primarily because the case represents other cases or because it illustrates a particular trait or problem, but because in all its particularity and ordinariness, the case itself is of interest. The purpose is not to come to understand some abstract construct or generic phenomenon. The purpose is not to build theory (although that is an option) (Stake, 1995).	Hellström, Nolan, & Lundh (2005). “We do things together” A case study of “couplehood” in dementia. <i>Dementia</i> , 4(1), 7-22. (Hellström et al., 2005)
Instrumental	Something other than understanding a particular situation. It provides insight into an issue or helps to refine a theory. The case is of secondary interest; it plays a supportive role, facilitating our understanding of something else. The case is often looked at in depth, its contexts scrutinized, its ordinary activities detailed, and because it helps the researcher pursue the external interest. The case may or may not be seen as typical of other cases (Stake, 1995).	Luck, Jackson, & Usher (2007). STAMP: Components of observable behaviour that indicate potential for patient violence in emergency departments. <i>Journal of Advanced Nursing</i> , 59, 11-19. (Luck et al., 2007)
Collective	Collective case studies are similar in nature and description to multiple case studies (Yin, 2003).	Scheib (2003). Role stress in the professional life of the school music teacher: A collective case study. <i>Journal of Research in Music Education</i> , 51,124-136. (Scheib, 2003)

Sources: Adapted from (Stake, 1995; Campbell & Ahrens, 1998; Lotzkar & Botorff, 2001; Joia, 2002; Tolson et al., 2002; Scheib, 2003; Yin, 2003; Hellström et al., 2005; Luck et al., 2007; Baxter & Jack, 2008:547-549).

According to the list of case study types and explanation, it seems that the case study in this thesis is more related to multiple-case studies and collective case studies. In this thesis, seven branded Baijiu industry clusters were chosen. The branded cluster formations and branding strategies of these had something in common, and also differences within and between cases. The case study method of this thesis also aimed to replicate findings across cases.

Secondary data collection and analysis have been used in this PhD to identify the key locations for case study analysis, at the very beginning of the research, and was necessary during and after the whole fieldwork process. Secondary data analysis is a form of data analysis which has been collected by someone else for another primary goal (Johnston, 2017). The researcher could know more related information about the person, enterprises and the regions before they do fieldwork, which is an essential method for those who are not familiar with the case studies' areas. Also, the existing data utilisation provides a possibility to collect information as much as possible for researchers who may have limited time and first-hand resources (Johnston, 2017). Nowadays, some secondary data could be collected from online official websites or pages. While in general, secondary data sources should be used cautiously, no matter if data is collected by official websites or not, as errors patterned by geographical locational setting and by functional source (commercial, public, online) are still unknown, which need double checking if the first-hand data is available when conducting fieldwork (Cummins & Macintyre, 2009).

3.3.2 Participant observation

Participant observation is one of the scientific methods for knowledge

justification, which has attracted the attention of researchers in social sciences (Flowerdew & Martin, 2005:111). This method often involves “living or/and working within particular communities in order to understand how they work ‘from the inside’”, and during this period, “a number of practical and more academic considerations have to be taken into consideration to do this kind of research well” (Flowerdew & Martin, 2005:111). The fieldwork research can vary in length from conducting short research through visits and interviews of just a few hours to living and/or working in the fieldwork community for a year or more to make the observations. The required time can vary and should be determined by the value of information that can be obtained. When it comes to data collection, a field diary is a way to construct the data, recording how the research has progressed in terms of what the researcher has participated in and what he or she has observed in each day during the fieldwork period, and what the researcher has come to understand or misunderstand as the result. Some detailed factors can also be recorded, such as how the research would work in the specific research community, the enterprises, the clusters or the parks, in what kind of context the pictures or maps were taken or sketched.

3.3.3 Interview methods

Before the conversational-style interview, the researcher should have a draft list of who to talk to, how to recruit research participants and where to hold the interview. Regarded as a research methodology, interviews are not standardised compared with questionnaires, and are usually unstructured or semi-structured – involving a “conversational, fluid form, each interview varying according to the interests, experiences and views of the

interviewees”, and which is analysed by a textual approach, relying on words and meanings, rather than statistics (Flowerdew & Martin, 2005:110-111). More specifically, the aim of an interview is “not to be representative but to understand how individual people experience and make sense of their own lives”, which can never be replicated (Flowerdew & Martin, 2005:111). Usually, the chosen interviewee needs to be an illustrative one, representing a specific area of research interest. Snowballing is a way to help the researcher recruit additional contacts by using one contact he or she already knows, which helps the researcher overcome some main obstacles in the recruiting process, gaining the trust of participants and seeking out more related interviewees (Flowerdew & Martin, 2005:117). The snowball method is a useful way to research populations that are inaccessible or hard to reach, such as the medium-level or high-level managers in specific enterprises, clusters or related institutions. Finding more interviewees by recommendation through snowballing is also an effective way of researching through interviews in China due to its unique “*guanxi*” (relationship) culture (Fan, 2002). *Guanxi* (pronounced “*gwan-shee*”), loosely translated as “connections”, is the latest Chinese word to gain entry into English parlance (Gold et al., 2002:3), which is a Chinese characteristics phenomenon tied to and rooted deeply in Chinese culture. It is generally agreed that *guanxi* is a unique Chinese idiom of social networks, closely linked to other idioms of Chinese sociality such as *ganqing* (sentiment), *renqing* (human feelings), *mianzi* (face), and *bao* (reciprocity) (Gold et al., 2002:4). “*Guanxi* is absolutely essential to successfully complete any task in virtually all spheres of social life” in the PRC (Gold et al., 2002:3). In this context, the snowball method of introducing more potential interviewees by existing interviewees

is appropriate in a Chinese context.

3.3.4 Questionnaire design and sample

The use of questionnaire surveys is a research tool where the primary data refer to people, such as their attitudes, opinions, behaviour, and awareness to specific issues. Normally, the data relate to opinions, attitudes, beliefs and even imagination which are the hardest to collect, and which may involve patterned responses and insincerity and “attitude forcing” -- the embarrassment of no particular opinions of respondents or the way the opinions are elicited (Flowerdew & Martin, 2005:79). Usually, there are four main variables in questionnaire design based on data analysis requirement, namely experimental or independent variables, dependent variables, controlled variables and uncontrolled variables (Oppenheim, 1992), which means dependent variables are related to experimental or independent variables and if the variables change with time, they are called controlled variables, otherwise, they are uncontrolled variables.

3.3.5 Discussion

In summary, case studies, participant observation, interviews methods and questionnaire design and sample are common methods in qualitative research strategies. The qualitative research pays more attention to why some policies are pursued or some practices are designed and how specific economic, cultural and even institutional phenomena happen and the reasons behind those. Most of the reasons are diverse and even unique, which need in-depth exploration. Case studies method admit this diversity and allow research into

specific social or economic situations in a deeper way. Before fieldwork for the case study is undertaken, collecting secondary data is important to learn background information and even find and contact potential interviewees by social media. Participant observation and interview methods are two essential methods during fieldwork and first-hand data collection. Participant observation is a support for interviews, which requires researchers' immersion into specific environments, feeling and collecting more related information and data before, during and after the interviewing process. Interviews are significant for researchers to know an individual's experience, feeling, and the strategies of enterprises and industry clusters for which he or she is a representative. Questionnaire design and sampling are needed if some data are required and need supplementing. All the above research strategies and methods are useful for exploring specific social, economic, cultural and even institutional phenomena, especially when complete statistical data for related sectors or industries are lacking.

3.4 Fieldwork sites and data collection processes

Three issues are addressed in this research 1) the relationship between industry clusters and brands and branding; 2) brand recognition and regional identification; and 3) the key elements of brand identity for the development of Baijiu industry clusters. All these factors are hard to research using standard statistical data, because some elements are intangible and hard to count directly, and some elements of economic and social aspects need in-depth interviews to investigate the strategies and opinion. Also, the examples of each Baijiu enterprise and clusters are unique and most of them have

different cluster and branding strategies, which means every example/case is important in identifying the specific clusters. The detailed exploration of every example/case is necessary and essential in this context. In summary, the case study is the main research method, together with other detailed methods such as interviews, observation and questionnaires. Also, secondary data were used to help build the primary research and frame the core fieldwork case study areas or locations, but the interview method was the main method to collect first-hand data, together with other important and related methods mentioned above. The following sections present my research method utilisation process and data collection details.

In this PhD research, the literature review and secondary data analysis have been used to identify the key locations for case study analysis. To date there has been only limited research on the topic of Baijiu industry agglomerations or industry clusters. Some scholars (Yang, 2009:82) have briefly outlined the Chinese Baijiu interprovincial regional agglomerations on the basis of the physical environment, social traditions, and economic behaviours of some branded Baijiu enterprises. These agglomerations cover Sichuan, Guizhou, Anhui, Jiangsu, Henan and Shandong provinces. Also, compared to the other four provinces, the research and exploration on the theme of Baijiu regional agglomerations and clusters development has focused much more on Sichuan and Guizhou provinces (Yang, 2009; Zhang et al., 2019). Sichuan and Guizhou provinces have huge advantages in Baijiu production, circulation and consumption in terms of diverse elements forming the meaning of brands, such as policy regulation, ecological environment, product price advantages and economic influence, cultural and historical functions based on natural raw

materials. More specifically, at the prefecture-level, most branded Baijiu enterprises and clusters are located in four prefecture-level cities (Luzhou city (泸州市), Yibin city (宜宾市), Zunyi city (遵义市) and Chengdu city (成都市)) within Sichuan and Guizhou provinces.

Among these four cities, Luzhou city has been regarded as the heartland of the “Chinese Baijiu Golden Triangle” according to Chinese Baijiu Golden Triangle Heartland Planning, 2013 (Jiuzhi Network, n.d.). The “Chinese Baijiu Golden Triangle” is a governmental strategy plan, which covers Luzhou, Yibin and Zunyi and has a natural ecological environment "trinity" of good climate, water source and soil, favourable to producing high-quality Baijiu. The most famous and branded Baijiu factories or enterprises in China are located here. Luzhou Laojiao Baijiu is the representative Baijiu of Luzhou city. Wuliangye Baijiu is the representative Baijiu of Yibin city, Moutai Baijiu is the representative Baijiu of Zunyi city. Shuijingfang and Wenjun Baijiu are the representative Baijiu enterprises in Chengdu city. There are 159 enterprises with production permission licenses and 23 provincial branded products. These Baijiu companies form a strong brand pool of Baijiu/baijiu products. As such, the strategies of these enterprises, the official government development plan and the geographical layout of this region receive high attention from related enterprises, stockholders, universities, institutions and government officials. Therefore, it is of great value to examine the identity and influence of brands and branding of the Baijiu industry areas within the four cities in the context of fast industrialisation and globalisation in modern China. Based on above explanation and analysis, the case studies use cluster examples from these four cities, according to the theoretical framework of the

identification of the industry cluster brands and branding.

Baijiu industry clusters were then analysed to gain a deeper understanding of the development of branding strategies of some classic branded Baijiu industry clusters based on existed interprovincial regional agglomerations. In summary, I undertook fieldwork in seven industry clusters and/or Baijiu theme parks, which were Chinese Baijiu Golden Triangle Baijiu Industry Development Zone, Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square, Renhuai Economic Development Zones (including three functional parks), Wuliangye Group, Jiudu Yibin · Wuliangye Culture Features Street and Qionglai Basic Baijiu Production Zone (See Table 3.3 and Figure 3.1). As mentioned above, all these specific enterprises, industry clusters, and related industry parks selected for this research are located in Luzhou, Yibin, Zunyi and Chengdu cities. Most industry clusters and Baijiu theme parks have at least one leading enterprise, so the empirical fieldwork began with the main formation of “semi-structured interviews for enterprises managers/owners/director of clusters/parks committee” plus “participant observation as a Baijiu theme park visitor”.

Table 3.3 Locations and characteristics of case study industry clusters.

Numbers	Names	Branded enterprises	Locations	Scope(sq.km ²)
1	Chinese Baijiu Golden Triangle Baijiu Industry Development Zone	Luzhou Laojiao, Wuliangye, Moutai Group	Luzhou city (泸州市), Yibin city (宜宾市), Zunyi city (遵义市)	6.67
2	Sichuan Luzhou Baijiu Industry Park	Luzhou Laojiao	Luzhou city (泸州市)	82
3	Guojiao 1573 Square	Luzhou Laojiao	Luzhou city (泸州市)	0.36
4	Renhuai Economic Development Zones (including three functional parks)	Moutai Group, Guotai	Zunyi city (遵义市)	43.11
5	Wuliangye Group	Wuliangye Group	Yibin city (宜宾市)	18
6	Jiudu Yibin · Wuliangye Culture Features Street	Wuliangye Group	Yibin city (宜宾市)	18 (about)
7	Qionglai Basic Baijiu Production Zone	Shuijingfang and Wenjun	Chengdu city (成都市)	5

Sources: Data collected from fieldwork and (Wang, 2002b; Zhang, 2010; Yiming, 2011; Luzhou Netwrok, 2015; Remen Sousuo, 2019; Baidu Baike, n.d.-b; Wuliangye Group, n.d.).

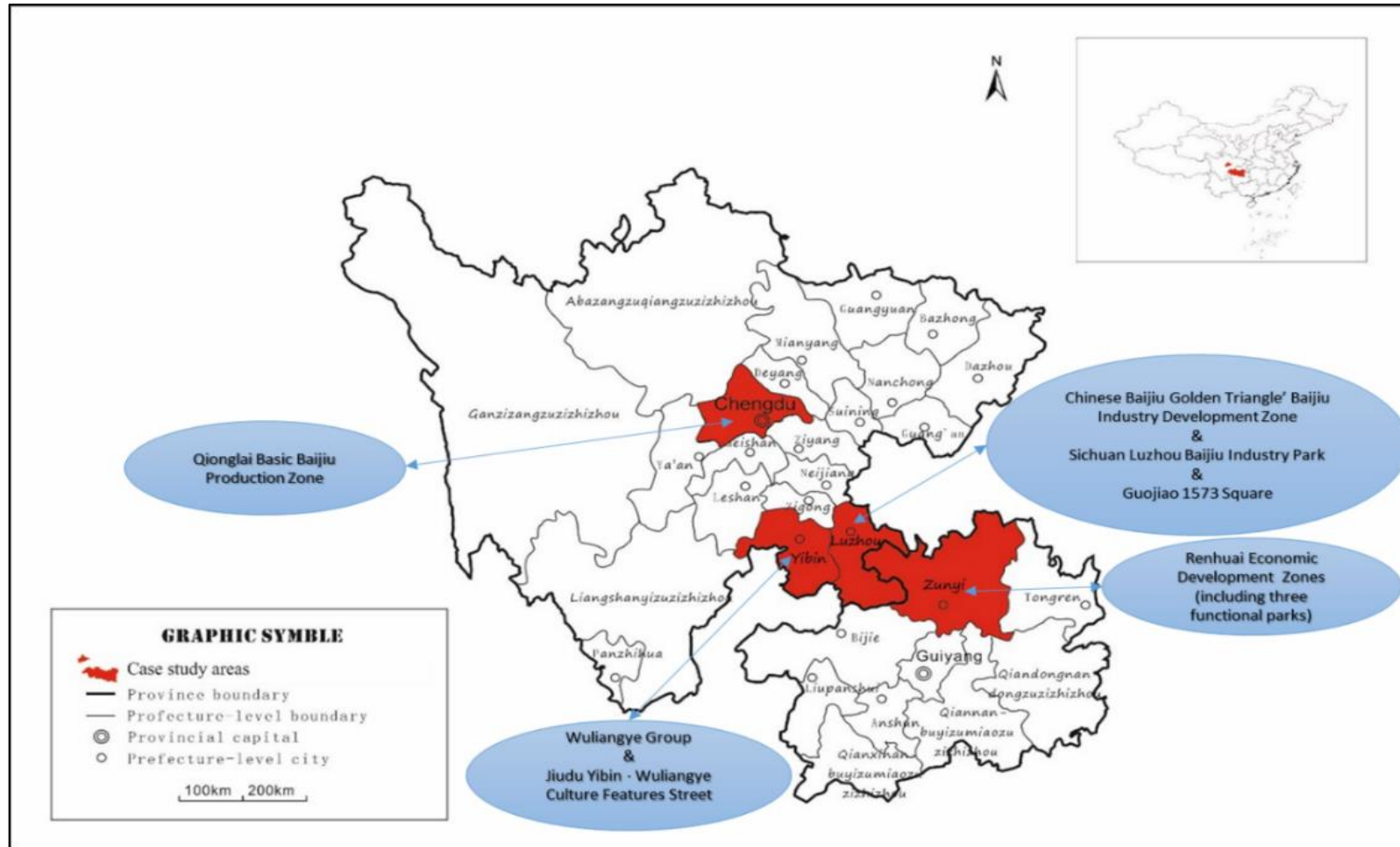


Figure 3.1 Locations of case study sites.

Sources: Drawn by author. Data collected from fieldwork and (Zhang & Wang, 2011; Government office, 2016).

In addition, online communication methods and modern research tools, such as social media, were used to conduct interviews and collect data when necessary to identify and extend the research fieldwork scale. Through the popular Chinese social media platform, WeChat, some key research participants were identified and contacted in advance, which is an efficient and time-saving way for researchers. In some instances, this allowed for research to be conducted remotely and for communication to take place between different places when it was not possible to meet in person, collecting some background information.

The aim of the fieldwork research component of this study was to interview participants involved in the Chinese Baijiu industry area in order to explore the topic of brands and clusters in the Baijiu industry in China. Potential interview participants included Baijiu enterprises (production, circulation and consumption) managers, officials or directors of the industry clusters' management committee, local, provincial, regional, or national governmental officials and experts of universities and institutions with related educational backgrounds or research interests. Some participants in related industries, such as Baijiu tourism and agricultural industries, were also interviewed. Most of the research participants of this study are "gatekeepers" of the Baijiu industry – individuals who are usually responsible for the brand design and branding strategies for specific enterprises or governmental sectors and individuals with key positions (middle-management or higher) in their companies or related sectors. The roles of such individuals are often essential and potentially hold key information related to the development and functioning of the enterprises and industry clusters that they are involved in. Due to their senior positions and the sensitive information that they hold, participants were often quite reserved during the interview process. This was especially the case for participants working in China where, due to local business culture, it is rare for people in high

positions to talk to someone that they are not familiar with or someone without an official government or high-level positions. As mentioned above, the local business culture mainly means the “*guanxi*” culture background in China. The snowballing method was important in this situation when I tried to interview related interviewees and recruit more related interviewees. Therefore, contacts interviewed often recommended some other experts, directors, officials or managers based on their suggestion, cooperation relationship and/or preference to take part in future interviews.

For example, in my research, Shanxi province is my hometown, and it was easier for me to contact some senior managers in Baijiu enterprises and related institutions. However, the case study locations were identified and selected in Luzhou city, Yibin city, Zunyi city and Chengdu city, so I contacted and talked with them in advance through informal communication, asking them to recommend some potential interviewees. After the main fieldwork in the seven industry clusters within the four cities, I interviewed some managers and experts in Shanxi province to collect more data about the Baijiu industry cluster. That also explained why the first formal interview process was in Luzhou city rather than Shanxi province. Some of the interviewees (e.g. interviewee 18) even have good cooperation relationships with the subsector managers in Sichuan province, and the subsector managers in Sichuan provinces have cooperation relationships with other Baijiu state-owned enterprises (SOEs)¹⁰ and local enterprises managers, even institutions’ directors and/or university experts. In Sichuan province, I interviewed some brand

¹⁰ Note: State-owned enterprises (SOEs) are business bodies owned by government through legal means (full, majority, or significant minority ownership), which could take part in commercial activities, namely, SOEs are created to undertake commercial activities on behalf of the government. SOEs are the backbone of many countries (especially developing countries such as China), aiming to spur economic growth. Available online: <https://corporatefinanceinstitute.com/resources/careers/companies/state-owned-enterprise-soe/>. "State-Owned Enterprises Catalysts for public value creation?" (PDF). PwC. Retrieved 16 January 2018. Accessed on 19/02/2020.

managers of Luzhou Laojiao enterprise at first, and they recommended some private owners with whom they have a cooperative relationship for Baijiu production. Also, the brand managers of Luzhou Laojiao enterprise recommended the tourism landscape points of Guojiao 1573 park and Chinese Baijiu Golden Triangle industry cluster.

Most interview data from enterprise managers and private owners were recorded by paper or electronic notes. Most interviews of Baijiu experts and director of industry clusters were recorded by audio recording. The average length of interviews was 45 minutes (from 30 minutes to 70 minutes). All the interviews were conducted in Mandarin Chinese and language representation and interpretation is significant in this case. Notes were taken and related information recorded during the interviews and during the research process of the alcoholic beverage brew, scheme and trade information of EU, UK and USA. Notes were also taken during the translation of the first-hand recorded materials into English, and comparisons were made when necessary. In some cases, translations were made translating directly into pinyin (拼音), the standard system of Romanised spelling for transliterating Chinese, instead of English in order to keep some Chinese characteristics and so as to not lose meaning for words that do not translate well, keeping the translated transcripts accurate and objective as much as possible.

24 interviewees were interviewed by semi-structured, face-to-face interview methods: for specific companies, enterprises' brand strategies managers and companies' marketing managers were interviewed; for Baijiu industry clusters, business/marketing representatives from each industry cluster were interviewed; for government agencies, local, provincial and regional government economic development/marketing representatives were interviewed; for related organisations, related institutions and trade delegations, such as trade organisations both from the regions in China and international

organisations and tourist bureaux officials, were interviewed. Some experts from universities were interviewed to explore the research and development of local Baijiu products and to learn more about the Baijiu education and training situation in China. Several fieldwork trips to Baijiu-related theme parks were undertaken to research the layout, landscapes and information presented. After finishing the Chinese fieldwork, individuals from other countries (e.g. UK and USA) where the Chinese Baijiu industry is already operating were interviewed. As mentioned above, the snowball approach of finding participants was used to identify appropriate interviewees throughout the research process. The list of interviews undertaken can be seen in Table 3.4. Most of the interviews were undertaken in Sichuan province (such as Luzhou city, Yibin city, and Chengdu city), with 9 semi-structured interviews in all, and some of the interviews conducted in Guizhou province (such as Zunyi city), with 1 semi-structured interview. Some of the interviews were undertaken in Shanxi province (4 semi-structured interviews), where there is a branded Baijiu SOEs named Fenjiu Group, which is also the representative of Fen flavour. Because Shanxi province is not the case study scale in this research, the interviews I did mainly focused on the Baijiu knowledge supplementation, the Fen flavour Baijiu distilling process, and even some Baijiu flavour history of the Baijiu emergence, development and migration. Also, I did some supplementary interviews in other cities or provinces such as Shanghai, around the topic of Baijiu and place branding strategies in Luzhou city, Yibin city, Chengdu city and Zunyi city within Sichuan and Guizhou provinces. I also conducted a limited number of interviews in the UK (2) and USA (1), exploring the Chinese Baijiu global development situation overseas. Besides the face-to-face interview method, I did some research through the participant observation method both inside and outside China, visiting some Baijiu enterprises, industry clusters, related Baijiu tourism industry parks, trade fair and even some alcoholic beverage seminars, which I will discuss in later paragraphs. More specifically, when I contacted potential

interviewees during fieldwork, the balance between the different case studies was an issue, for example, there were different numbers of interviewees in the different case studies. In order to address this, I supplemented interviews with secondary materials to make up for low numbers of interviewees in some case studies (e.g. I supplemented Moutai Group's materials through published material and collected governmental and institutional Baijiu annual reports and used the group's official webpage).

Table 3.4 The list of interviewees.

Number	Job title	Type of organization	Year to enable positioning	Location
1	Oubama Baijiu owner	Private company	30/08/2017	Hull-London (by phone)
2	The company strategy designer of Luzhou Laojiao	Luzhou Laojiao	12/10/2017	Luzhou city
3	Online brand marketing manager of Luzhou Laojiao	Luzhou Laojiao	12/10/2017	Luzhou city
4	The tourism guide in Guojiao 1573 park	Luzhou Laojiao 1573 tourism	13/10/2017	Luzhou city
5	Audio guide in China Baijiu golden triangle	Management committee	13/10/2017	Luzhou city
6	Leaders in small or medium enterprises	Private company	14/10/2017	Luzhou city
7	Leaders in small or medium enterprises	Private company	14/10/2017	Luzhou city
8	Official of Renhuai city government	Renhuai city government	18/10/2017	Renhuai city, Zunyi city, Guizhou province

9	Sichuan provincial marketing managers of Fenjiu Group	Fenjiu Group	20/10/2017	Chengdu city
10	Dean of Jinjiang College in Sichuan university	Sichuan university	23/10/2017	Chengdu city
11	Leaders in small or medium enterprises	Gufeng company	24/10/2017	Chengdu city (Qionglai city)
12	Official of Sichuan provincial Baijiu production institution	Sichuan provincial Baijiu production institution	25/10/2017	Chengdu city
13	The professor in Sichuan social science faculty	Sichuan social science faculty	28/10/2017	Chengdu city
14	Chief engineers of Fenjiu Group	Fenjiu Group	31/10/2017	Shanxi province
15	National Baijiu production institution	Fenjiu Group	20/11/2017	Shanxi province
16	Subsidiary company (named Dongqi company) manager of Fenjiu Group	Fenjiu Group	6/12/2017	Shanghai
17	The registered senior Baijiu taster	National spirit institution	10/12/2017	Shanghai
18	Chief accountant of sale sector in Fenjiu Group	Fenjiu Group	08/11/2017	Chongqing

19	Director of moister sector in Fenjiu Group	Fenjiu Group	27/12/2017	Shanxi province
20	Marketing manager of Fenjiu Group	Fenjiu Group	28/12/2017	Shanxi province
21	Visiting Wuliangye Group but failed to talk with workers there	By myself	15/10/2017	Yibin city
22	Guotai company	Guotai	18/10/2017	Moutai town, Renhuai city, Zunyi city, Guizhou province
23	Publishing show	Fenjiu Group	08/11/2017	Chongqing
24	Attending “The 97th China Food and Drinks Fair”	Chongqing international expo centre	10/11/2017	Chongqing
25	Director of engineering school, University of Hull	Team Chinese New Year Party	16/02/2018	Beverly town, UK
26	A wine drinkers guide to geology seminar	BSF 2018	17/09/2018	Hull, UK
27	Market managers	Wine & Spirit Show	12/10/2018	London, UK
28	Employee in Moutai Group	By Wechat (one Chinese social media)	01-10/04/2019	Washington, USA

29	The Founder of Cheng International	Private company	15/05/2019 10.45- 11.30am	London, UK EC4V 3DS
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Sources: Fieldwork records by job title, type of organisation, author's interview, year to enable positioning.

In addition, in my research, I took field notes every day in the form of a diary, as can be seen in Figure 3.2. Related information (e.g. the weather, methods of public transportation taken, specific buildings, houses and the landscapes passed along roads etc.) was noted after arriving at the interviewee's working place. Each evening during the fieldwork period, the main activities were summarised in the field diary, noting thoughts about the experience and feedback related to the interviews and trying to connect them with the research topic. Sometimes, interview questions needed to be modified for future use or ways/practice of approaching interviews for further interviews was adjusted according to the experience of the previous interviews. During the fieldwork, I usually acted as a visitor when visiting some Baijiu theme clusters or parks, participant observation was the main method used to collect data in this case. Different from face-to-face interviews, I mainly used participant observation when I visited some case study locations when I had not contacted any potential interviewees, such as the Wuliangye trip of Yibin city. In these situations, most of the clusters are open to the public without gates and guards, and some of them are underground, so it is easier to observe the layout of the buildings and factories (e.g. Renhuai Branded Baijiu Industrial Zone and Luzhou Baijiu Agglomeration Development Zone). Sometimes, guide services were used to introduce the background information about the emergence and development situations of specific clusters, and their planning for the next few years or decades (such as Guojiao 1573 Square, Renhuai Branded Baijiu Industrial Zone and Luzhou Baijiu Agglomeration Development Zone). Pictures were taken in the Baijiu museum, exhibitions and landmarks to act as visual evidence for this thesis. The Baijiu theme park, where I watched how the raw materials are stored in

the mud pits and how the Baijiu is brewed from stored and processed raw materials, was researched and studied as an ordinary visitor would experience it, purchasing an entrance fee (e.g. Guojiao 1573 Square) and ordering the introduction guide service for theme parks. All these observation experiences added the ‘theory-to-practice’ linkage, which allowed the Chinese Baijiu industries clusters and parks to be researched in a more direct and broad way. The different angles from which this topic was studied allowed the functions and the importance of some factors, such as political, ecological and environmental, and cultural and historical elements, to be better understood.

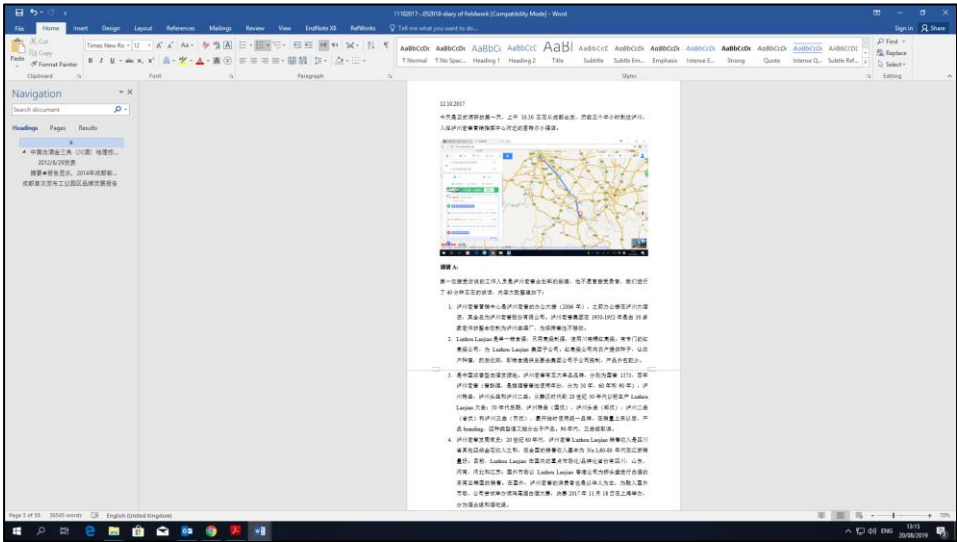


Figure 3.2 Field notes/dairy examples of the author during interviewing period.

Sources: Screen captured from author fieldwork diary.

As mentioned above, the participant observation method is more useful when it comes to a situation with which the researcher is unfamiliar, and he or she has not found any potential interviewees in that place. In this situation, the researcher acts as one of the group members, observing what others are doing, how others are feeling and the interaction between other people. Or when the

researcher is alone, he or she could observe the human and nature environments around him or her. Field notes, the diary and pictures were all useful to help the researcher collect related information and data. Pictures were the most convenient way to collect data in time when observing, and field notes and the diary were the textual supplement for the researcher to record (such as the hotel the researcher stayed in, the café bar or the restaurant) when it was available. These two ways both help the researcher capture more related information, which supplement the fieldwork diary and even form an imaginary map of the place in the researcher's mind. Secondary information was used to compare alcohol consumption regulation between different countries and regions, involving online searches and some interviewees were then queried based on these primary findings. Through this research, I found some US states and UK have very restrictive points of sale for alcoholic beverages and in the case of China, the drinking and driving principle has become restrictive in recent years, while for the age of drinking, there are not clear regulations. These points could be involved in positive and negative aspects of governmental policies, affecting the branding strategies and even Baijiu regional agglomerations to some degree. Based on that, I researched the Chinese governmental policies on Baijiu advertising, branding and marketing.

After the interviews, it was realised that most of the interviewees are managers or experts in Baijiu enterprises or the Baijiu industry institution and they are gatekeepers in this field, while most of their answers and opinions are given in terms of the producers and experts, focusing more on producers and regulators, while lacking the voice of consumers. To attempt to remedy

this, I conducted a survey of consumers, but the most appropriate way to do this was via an on-line questionnaire rather than a face to face survey, because of the physical distance, time and expense limitations. A small-scale sample questionnaire was used to supplement the interview method in this research, assuming all the elements/variables are experimental or independent variables, without change over time. The questionnaire was designed based on feedback and primary data collection from the interviews.

The questionnaire was designed according to the research topic and interviewees' feedback. This consumer survey was regarded as a pilot survey (based on its funding and timeline limitation), which may need to be expanded in the future, within both China and internationally, in order to make a significant contribution in this field. Firstly, the consumer survey was mainly designed for the Chinese Baijiu industry context and was not presumed to have general applicability outside the Chinese context. This survey formed part of the supplementary material for the fieldwork interviews and participant observation, especially to provide some initial data in relation to consumers' identification of brand. Second, as a pilot survey, it could form the basis of a larger survey that could be applied more generally to investigate perceptions of cluster brands and branding by consumers in other countries, including those relating to the Chinese Baijiu industry. Third, the survey was not designed to investigate Chinese consumer awareness of branding and globalisation strategies by Baijiu industries based in other countries; however, the results of the survey could potentially be used to develop such a survey.

As almost all the interviewees are Chinese, so a Chinese online survey

platform was used called “Wenjuanxing”. The questionnaire aimed to collect data about how different consumers identify the meaning of branded products, enterprises and industry clusters. Two main questions were asked, which are the “the perception of Baijiu products or enterprises brands” and “the brand awareness of the Chinese Baijiu industry clusters”. This was posted online in November 2017 and 109 responses were received and analysed over the 22 months period. The original questionnaire data are outlined in Appendix 1. The online questionnaire was comprised two main parts. The first part was the basic information collection such as the gender and age. The second part was formed by two questions. In each question, for the specific elements of brand perception listed in the table, respondents were asked to tick the corresponding box.

Summary

In order to summarise the above information, a complete outline of the research and interviewees network based on above methods choice and fieldwork inside and outside China has been created (See Figure 3.3). Case study research was the main method used before and during the fieldwork period. The participant observation method was used at the initial stage of each fieldwork period and the semi-structured interviews were the main first-hand data collection methods used. A simple questionnaire was then designed to collect data relating to consumer awareness of brands products, enterprises and industry clusters based on participant observation and interviews. Participant observation, interviews, and questionnaires are not separate or isolated methods, but instead they are interactive with each other and often

have logical connections (e.g. the participant observation and interviews, the interviews and questionnaires) throughout the whole fieldwork period. The interviewees are from both inside and outside specific clusters, zones or Baijiu industrial theme parks of the case study, individuals living in China and in other countries, with most of the participants being of Chinese nationality.

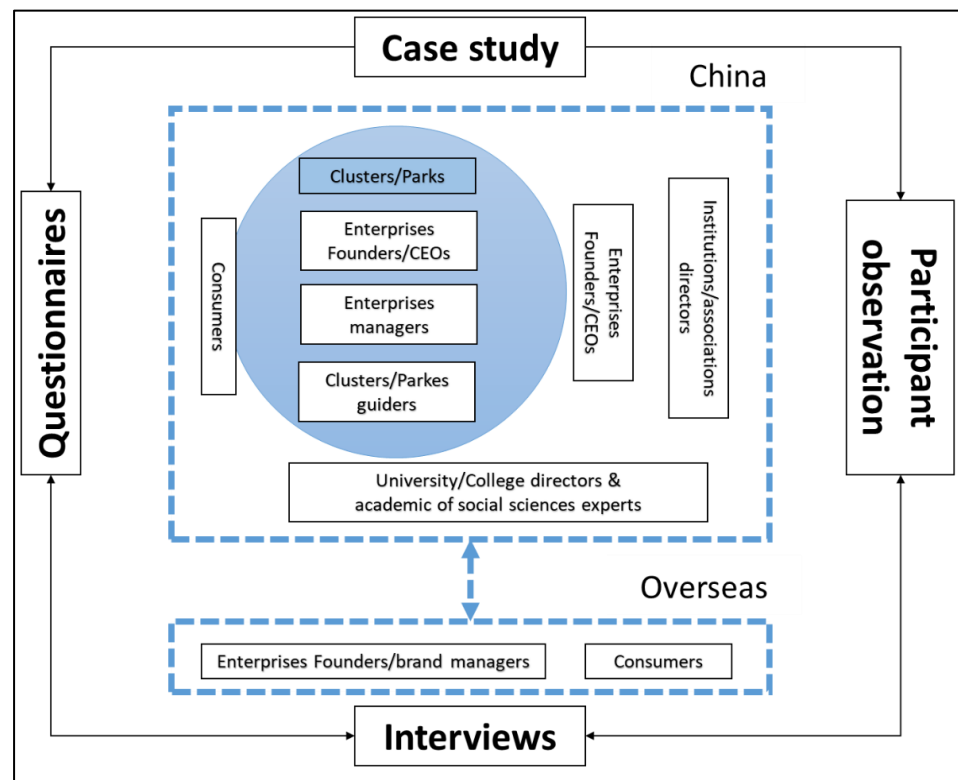


Figure 3.3 Outline of the research and interviewees network.

Sourced: Collected and drawn by the author.

3.5 Data collection and analysis

When it comes to analysis of the first-hand and second-hand document process, materials could be voluminous and transcription and coding processes are essential to refresh and highlight the researchers' ideas about the subject in qualitative research (Flowerdew & Martin, 2005:190). Below I

outline the steps describing how participants were interviewed, data collected, and transcriptions coded during the research process:

Step 0: Set interview format in advance: I wrote some background information before the interview. For example, research and write the profile of interviewees (e.g. career, position, awards, or hobbies), the interview information such as time, place and interviewee numbers, and I also wrote some background notes as an observation method in the fieldwork, for example which city I did the interview, what the landscape there was like and how I felt about this place.

Step 1: In this step, I separated each interview transcript into an isolated Word.doc as isolated categories, named them original “interviews” and put them into NVivo (NVivo is a software tool for collecting and analysing simple data in social sciences, such as Human Geography). Then I read the transcripts and notes thoroughly, aiming to be immersed into the primary data (Rogers, 1951; Burnard, 1991), and adding extra comments during this time. This step is important as it not only ensured that the first-hand interview records were preserved, avoiding coding in later steps losing the integral transcripts and some key information, but also could offer the data collection and analysis for the first time. Several copies of the original complete interviews were kept.

Step 2: Based on the thorough reading in Step 1, I realised that because of the preference difference of different interviewees and the open-ended character of semi-structured interviews, some interviewees listened to all the prepared questions first and feedback a long conversation or talk containing most of

the answers within it, so I needed to reduce the original categories and set re-categories by the questions and combine some similar questions according to answers of interviewees. I collected the re-categories into NVivo software and then named them “interviews by questions”. Then I re-read contents of interviews along with the new categories, making sure the categories covered all aspects of the interviews.

Step 3: Transcripts translation: I needed to translate the contents of “interviews by questions” in Step 2 because the fieldwork is processed in China and almost all of my interviewees were Chinese. Interviewing them and making notes in Chinese was convenient for both sides - for them, they could talk more fluently and share as much as they know, and for me, I could write or record as many details of the transcripts’ content as possible without losing any of the meaning through quick translation. In this step, I usually used or made references to dictionaries (paper or online), websites of related topics, English literature which does Chinese research or some translation software (e.g. Google translate, Youdao etc.) to assist me with translating the contents, especially for some proper nouns.

Step 4: Code data and double check: After transcript translation, I coded the data by cutting some description words and highlighting the key sentences or key words. For example, I abstracted 13 first-tier code names based on listed interview questions and interview feedback from fieldwork in Nvivo, which are “brand value”, “branding development history”, “branding strategies”, “cooperation”, “distilling process”, “enterprises”, “flavours”, “global branding”, “government policies & regulations”, “industry chains”, “industry

clusters locations and development”, “products” and “raw resources”. For “enterprises”, “industry chains”, “products” and “raw resources”, I named “small and medium enterprises (SMEs)” and “state-owned enterprises (SOEs)” as second-tier codes of “enterprises”; “production”, “circulation” and “consumption” as second-tier codes of “industry chains”; “Luzhou Laojiao”, “Moutai Group” and “Shuijingfang” as second-tier codes of “products” and “grains”, “land” and “water” as second-tier codes of “raw resources”. I needed to double check the coded data in case of any change of meaning through the cutting process. In addition, my supervisors helped me double check the quotations and that the quotations fitted the category through peer review, which is a useful way to maintain validity.

Step 5: Select quotation and keep complete interviews: In this step, I picked up the quotation as the direct reference when writing thesis findings. As mentioned in Step 1, I kept the copies of complete interviews at hand during the writing period. If I was not sure or unclear about the reference, I could go back to the copies of complete transcripts or the recording to double check.

Step 6: Writing key chapters and use quotation examples: In this step, I started to write the key parts of the PhD thesis and selected diverse examples of data in related sections or gave analyse or comments which links to some examples. During this period, I went back to the original interviews’ transcripts or phone recordings now and then, trying to ensure the data stays “closer to original meanings and contexts” (Burnard, 1991:464).

Step 7: Data and comments link choice: According to Burnard (1991), there

are two options for a researcher to decide whether or not to link the data and comments to literature:

First, the researcher may write up the findings, using verbatim examples of interviews to illustrate the various sections. Then, he may write a separate section which links those findings to the literature on the topic and make comparisons and contrasts. Second, the researcher may choose to write up the findings alongside references to the literature. In this way, the ‘findings’ section of the research becomes both a presentation of the findings and a comparison of those findings with previous work. The first approach seems more ‘pure’ but the second is often more practical and readable. (Burnard, 1991:464)

In this step, I mixed those two ways, having a separate literature review chapter first and putting “findings” in later chapters. While writing those chapters, I sometimes picked up and analysed existing theoretical literature and regulations or practices made by government and presented my findings and compared them at the same time when necessary, trying to make it more practical and easier to read. In summary, this data analysis method combines the content analysis with various aspects of the grounded theory approach mentioned by Glaser and Strauss and this method allows researchers to be both systematic and alternative at the same time, and attempt to represent others’ thoughts and feelings in a systematic but honest way (Burnard, 1991).

3.6 Approaches to thesis writing

3.6.1 Comparative approach

A comparative approach has been adopted to write this thesis based on a literature review and data (both first-hand and second-hand materials) collection and analysis. The comparative approach has at least two key

advantages to frame and extensively complete the discussion of the relationship between industry clusters and brands and branding. First of all, comparison enables more general theoretical statements to be made about specific processes in different contexts. As Pickvance (1995) argues, “[c]omparative analysis is best defined as the collection of data on two or more situations, followed by an attempt to make sense of them by use of one or more explanatory models” (Pickvance, 1995:36). Furthermore, comparison enables theoretical generalisation and even modification in different situations, which may breed potential innovation. For example, the idea and the concept of the ‘industry cluster’ originates from Western countries and the Chinese government also utilises this concept to design “cluster” development policies, with some changes and creation in Chinese industry clusters formations and layouts being made based on the Chinese situation. This then illustrates the second advantage of comparison – the comparative approach is important for identifying similarities and differences in the operation and outcome of general processes:

On a very rudimentary level, to compare means to examine more than one event, object, outcome or process with a view to discovering the similarities and/or differences between them. (Ward, 2010:473)

The analysis of similarities and differences of diverse factors helps deepen the understanding of the brands and branding strategies inside and outside of China, discovering something new when using the same strategies in different contexts. More specifically, comparing the brands and branding of Chinese industry clusters in theoretical and empirical terms may extend and augment cluster theory and knowledge of branding. For instance, some case study

examples of Chinese Baijiu industry clusters within three main Baijiu regional agglomerations were chosen to assess whether developing different branding strategies around clusters is more or less significant or worthwhile than copying/translating similar branding strategies from other countries.

The above discussion of comparative approaches has implications for the study. For example, as mentioned above, this thesis discusses the similarities and differences of different governmental policies in clusters and branding regulations and strategies. As an economic development tendency, globalisation has also become a phenomenon which influences modern society, the economy, sociology, culture, political and environmental ecology fields. For the development of global industries, globalisation achieves the global transformation of production, circulation, consumption and regulation, connecting different regions, countries, provinces, cities and even local places with network and flows of information, knowledge and labours, creating the perception of a “flat” Earth (Friedman, 2007), while there still exists an opposite power, regionalisation seems stronger at some places during this time. Therefore, both globalisation and regionalisation trends and the relationship between them and brands and branding of Chinese Baijiu industry clusters need to be analysed through a comparative approach.

In summary, comparative research means making comparisons between two or more subject matters, by some variations or models, discovering useful results. Globalisation plays an important role in the comparative research process. How the Chinese Baijiu industry clusters conduct their branding strategies or even global branding strategies in the context of globalisation

and regionalisation era is a worthwhile area of discussion. In addition, in this thesis, when undertaking the comparison of specific case studies, some brand value elements remained constant, such as the commercial meaning of Baijiu products and services, and national governmental policies and regulation. The commercial meaning of Baijiu products and services in this thesis remained the same, no matter which regional agglomeration and clusters are explored. The Baijiu concept is identified in Chapter 4. Also, national governmental policies and regulations are held constant, which provides the standard principal frames and regulations for Baijiu industry and regional development, although sometimes, it may experience some changes and extension based on the changing situation. Conversely other factors, such as social, cultural and historical factors, environmental ecological elements varied mainly based on different geographical locations and local peoples' activities.

3.6.2 Socio-spatial biography approach

When exploring the evolutionary development of Chinese industry clusters, and talking about the functions of historical factors, the socio-spatial biography approach aims to place the brands and branding's geographical entanglements. Originally getting the idea of branding genealogy (Holt & Holt, 2004), the socio-spatial biography approach could be used to examine the form, nature and extent of its changing geographical attachments, which also could piece together the history of some companies' brands and its branding, organising its account around its spatial circuits of production, circulation, consumption and regulation (Pike, 2011). A socio-spatial biography approach addresses complexity, diversity and variety while

holding onto systematising rationales and tendencies (Pike, 2011). According to Pike (2011), situated in geographical context, this approach constructs socio-spatial biographies of the brand and branding of particular commodities,

.....uncovering their “social and spatial histories” (Morgan et al., 2006). It draws from social lives and histories of commodities (Appadurai, 1986), commodity “biographies” and “careers” (Kopytoff, 1986:66) and material culture ethnographies (Miller, 1998) as well as geographical approaches to “biographies” and “lives” (Watts, 2005:534), “commodity stories” (Hughes & Reimer, 2004:1) and “life stories” (Bridge & Smith, 2003:259). Analytically, the socio-spatial biography seeks to place the geographical entanglements of brands and branding. (Pike, 2011:209-210)

He then utilised the socio-spatial biography method to empirically analyse the Newcastle Brown Ale (NBA), explaining “how NBA’s geographical entanglements have been (re)constructed in its contrasting survival in the UK and growth in the US” (Pike, 2011:206). More specially, the analysis is divided into producing, circulating, consuming and regulating parts, mainly exploring the changes of different forms, degrees, and the nature of geographical entanglements, and connecting the geographical places and brands and branding with time goes by. “Branded objects and branding processes accumulate histories that are social and spatial and matter to their evolution” (Pike, 2009b:620). Space and place are written through branded objects and the social practices of branding.

I mainly use this method in Chapter 4 and 5, when analysing the importance of natural-related elements, highlighting the origins in the forming of brands concept, through describing the influence of emergence and development of

flavours. Also, for the examples of enterprise, the story telling of Shuijingfang is one of the explorations to analyse the relationship between geographical entanglements and products and the region branding, and its evolutionary development within a global trend.

3.6.3 A multi-scalar / multi-level approach

Together with environment, space and place, scale is regarded as one of the key concepts in geography (Giovanardi, 2015:598). Some scholars have utilised multi-level or multi-scalar approaches to analyse diverse case studies in society, referring to different spatial territories, levels and scales. For example, Marchetti et al. (2019) used a multi-scalar approach to assess the impact of dams: a large-scale (regional/national) perspective offers a complete overview of the strategies put in place where the cultural heritage is threatened by hydraulic infrastructures at a national or regional scale; medium-scale (river) provides an understanding of specific landscape features (i.e. the Upper and Middle Euphrates valley), and small-scale, including individual dam and the dam still in the planning stage. For the application of a multi-scalar approach to brands and branding research, the scalar hierarchy among “national/regional/local territories remained significant for the actors involved in the place branding process since it is useful for the purposes of coordination and identification” (Giovanardi, 2015:604). Some scholars have underlined the need for a multi-scalar approach to changes in planning systems and planning cultures in Europe, putting emphasis on the ‘intrinsic logic’ of place and the overlooked aspects of actor constellation, knowledge and policy styles, at different scales of planning practices (at the project, local, city, regional, cross/ border and the

national level) (Getimis, 2012:26). Thus, this thesis actually uses the multi-level or multi-scalar approach to identify and analysis the empirical study -- inter-provincial Chinese Baijiu agglomeration and prefectural-level industry clusters.

3.7 Ethics and risk

The research ethics and risk statements for this thesis were approved by the research ethics committee of the University of Hull's Department of Geography, Geology and Environment, University of Hull (Appendix 3). As a native Chinese and given that the fieldwork was undertaken in China, the author faced very few cultural conflicts in the case study locations. There were some Chinese table manner customs and, due to the research topic being related to food and beverage, some of the interviews were processed at lunch or dinner time whilst eating and drinking the specific branded Baijiu under question, which is also a common Chinese format when people do interviews or do business. Although the fieldwork areas were thousands of kilometres away from the author's hometown and there were some differences in eating habits and dietary preferences, café/tea houses and restaurants were chosen as the interview location so that both the interviewee and interviewer were comfortable. On some occasions, the interviewees chose some restaurants with local characteristics, which deepened the author's understanding of the relationship between local food and local Baijiu, the importance of the Baijiu to locals, and allowed the author to be properly immersed in the local environment or community. No animal experimentation or dangerous goods were involved at any time during the interviewing process.

As mentioned above, as a *Chinese* researcher, there were few language and cultural issues involved when undertaking interviews in the fieldwork period, which made the process relatively simple. Also, there are many Baijiu distilling and sales factories and enterprises in my hometown where I was born and I am therefore familiar with some Baijiu factories' formations and some distilling processes. In addition, I mainly used snow-balling methods to contact (potential) interviewees, because both of my parents work in a state-owned enterprise (SOE) called Fenjiu Group. This group distils and sells branded Fen-flavour Baijiu and has an essential position in Chinese Baijiu industry/sector, the branch of the groups covers almost every province within China, beside its leading headquarters in my hometown (Shanxi province). My father used to work as a marketing manager, responsible for Fenjiu products promotion and marketing in some northern cities and provinces (i.e. Beijing, Hebei, Shandong and Henan), and also worked as a monitor in some southern cities and provinces (i.e. Shanghai, Nanjing, Zhejiang) in recent years. Although he hasn't worked in Sichuan and Guizhou provinces directly, many of his friends and colleagues work there and have good cooperation with some other Baijiu distilling and sales enterprises, food and alcoholic beverage monitoring institutions, related Baijiu institutions and universities and Baijiu business people, which provided access to many related interviewees. This also helped build interviewees' trust before and during the interview process. Thus, the researcher could collect more data with high validity.

All the participants were over 18 years old and there was no possible risk to participants' physical well-being. Participants were told the purpose, methods and function of the research and they were provided with the "Consent Form" in advance, making sure all participants knew the research process, that no important information was deliberately withheld from the participants, and that all the participants voluntarily participated in the interviews without forceful behaviour. All questions involve the Chinese Baijiu industry and no private-related questions (e.g. personal life, family background, etc.). There were some questions which may touch confidential areas of specific enterprises, such as newest products, branding strategies and key markets areas layout. Participants were informed that they could say anything that they would like to express and/or were allowed to express, and that anything that participants did not want to be recorded could be removed from the notes under these circumstances¹¹.

3.8 Conclusions and reflection

In this methodology chapter, post-positivism and critical realism explain and provide ontological underpinnings, which forms the philosophical base of the whole PhD thesis. Nature is an independent reality and society is pre-existing, and society develops and/or evolves in the context of specific culture, history and even political ideology. Together with a subjective epistemological approach, the qualitative methodology was deduced. Guided by the

¹¹ Notes: In the case of China, many enterprises managers prefer no audio recording and giving oral consent permission instead when interviewing.

qualitative research methodology, the case study is a main method to use, due to the difficult in building a large database to statistically analyse the relationships between different variables. At the same time, the semi-structured interview was the main detailed method used to collect first-hand data, together with participant observation method to supplement data before, during and after the interview. Also, a simple quantitative related method (e.g. online questionnaire survey) was utilised to supplement the results in some section of the specific chapter. Semi-structured interviews and participant observation methods are interactive with each other throughout the fieldwork period. In addition, as a researcher and author of the case studies, I gave the interviewees a list of questions before interviewing, leaving several minutes for them to think about the listed questions first, then tried my best to guide them to answer the questions or extend topics when necessary, without interrupting them frequently or claiming my opinion about specific questions during the interviewing process. A strategy of “smile more and speak less” helped to reduce the influence of the responses obtained during the interview process as much as possible.

When it comes to data analysis, a grounded theoretical approach was used to code and analyse data in a systematic way. From the case study sites examined during the fieldwork, three inter-provincial Baijiu agglomerations were analysed, and seven branded industry clusters of prefectural-level cities were identified, the same and different branding characteristics between them was then analysed. In addition, the evolution and the connection of their branding strategies were complex. In this context, during the thesis writing period, a comparative research method, the socio-spatial biography approach

and multi-scalar approach were utilised. In summary, this PhD thesis is an integration of mainly qualitative research and some ancillary quantitative methods.

Chapter 4 The Chinese Baijiu inter-provincial agglomeration identification and theoretical framework

4.1 Introduction

Despite being a fast-growing sector, the Chinese Baijiu industry is an under-researched topic in economic geography and regional studies. Although some of the top branded Chinese Baijiu products are listed in international beverage rankings and some global branded western enterprises have begun to cooperate with some Chinese Baijiu companies, few studies explore its organisational development and underlying geographical attributes, especially from the perspective of brands and branding. This chapter mainly focuses primarily on three issues. First, it examines the factors involved in identifying branded industry clusters, the Baijiu interprovincial regional agglomerations, and the theoretical framework of the Chinese Baijiu industry cluster's brands and branding. Second, it provides the brand meaning of the Chinese Baijiu industry cluster from the perspective of economics, ecology and society, and finally outlines the governmental policies that support and restrict the regional agglomerations of the Chinese Baijiu industry.

This chapter is divided into four sections. The first section provides a brief background of the Chinese Baijiu industry and its development situation. The second section explores and explains the four factors related to the Chinese Baijiu industry cluster brands and branding strategies: price, natural-related factors (e.g. ecological, environmental and cultural and historical factors), industry's organisational structure, and regional agglomeration policies. The

third section describes the three Baijiu interprovincial regional agglomerations in China, briefly framing some of the regional agglomerations that are examined in this thesis. A theoretical framework of the Chinese Baijiu industry clusters' brands and branding is outlined in the final section.

4.2 Background of the Chinese Baijiu industry

This section provides the background of the brand meaning of Chinese Baijiu products from the perspective of Chinese Baijiu economic behaviour, development periods of Baijiu industry, governmental branding strategies in Baijiu industry and the problems and challenges faced by Chinese Baijiu industry.

4.2.1 Chinese Baijiu: An emerging global industry

From a macroeconomic perspective, China's Baijiu industry has grown at a stable rate since 2004. Between 2009 and 2012, China's Baijiu industry saw a reasonably rapid rate of growth which gradually slowed down between 2012 and 2013. However, with the transformation of Baijiu consumption (i.e. from public and business consumers to individual consumers and private enterprises), there has been an increase in its growth from 2014 onwards. Demand is now higher than ever before, as can be seen in Figure 4.1.

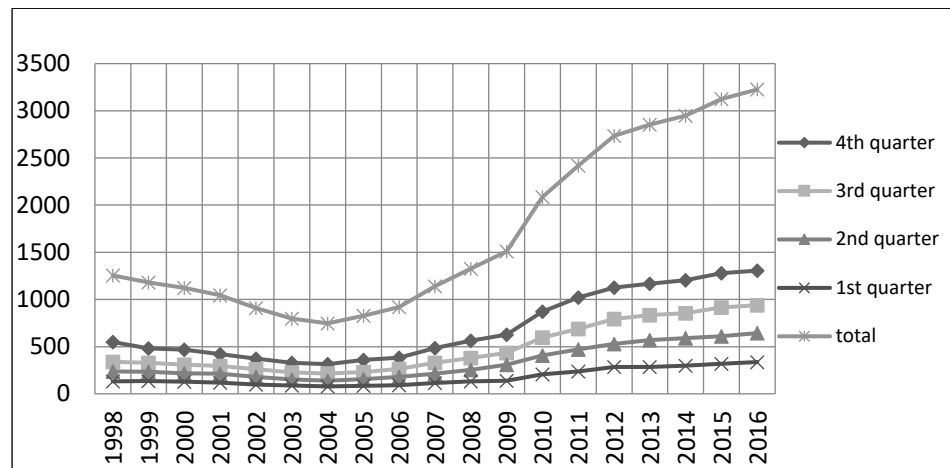


Figure 4.1 China's Baijiu industry sales volume (65degree, commodity amount, million kilolitres).

Sources: National data of (National data, 2019).

The Chinese Baijiu industry has started to attract the attention of international consultant companies and related institutions since 2016. Well-known Chinese Baijiu brands have started to appear on the global stage and have been highly placed in global rankings. For example, Table 4.1 shows the beverage's ranking within the Global 500 ranking list, which shows that some Chinese Baijiu products such as Moutai (ranked 3rd) and Yanghe (ranked 11th), are included in the "Global 500" published by Brand Finance in 2017. Brand Finance even stated that "2017 is the year of Baijiu brands". For the first time, Baijiu has surged to 37.5% of the total brand value of the Brand Finance Top 50 Drinks. The world's leading Baijiu brands have a combined value of over US\$22 billion (Brand Finance Alcoholic Beverages March 2017). From the analysis of Table 4.1, it can be inferred that 1) the Chinese Baijiu industry is, like the rest of the sector, dominated by a select few global brands and that 2) Chinese Baijiu companies/enterprises are rapidly ascending the international league tables.

Table 4.1 Beverages brands ranking within Global 500 ranking list (Brand Finance, 2017).

Name	Rank 2017	Rank 2016	Country
Coca-Cola	27	16	United States
Pepsi	67	55	United States
Moutai	118	184	The People's Republic of China
Red Bull	227	205	The Republic of Austria
Bud Light	232	291	United States
Budweiser	278	328	United States
Heineken	317	350	Nederland
Gatorade	372	380	United States
Johnnie Walker	374	317	United Kingdom
Sprite	388	415	United States
Yanghe	398	-	The People's Republic of China

Sources: Data collected and edited from (Brand Finance, 2019).

More specifically, Moutai, Yanghe, Luzhou Laojiao and Wuliangye rank 1st, 3rd, 6th and 9th respectively in the list of Top 50 Drinks, with all showing values increasing over 50% in 2017 (Table 4.2). The ranking list is based on the brand value using the “Royalty Relief approach”, which estimates ‘the likely future sales that are attributable to a brand and calculates a royalty rate that would be charged for the use of the brand, assuming it were not already

owned' (Brand Finance, 2017:6). Even in China, compared with the Chinese beer, wine, yellow liquor and other alcoholic beverage industries, the Chinese Baijiu industry dominates the Chinese alcoholic beverage market, accounting for more than 50% (Wang, 2018:4) in terms of enterprise numbers, sales income, and sales benefits.

Table 4.2 The list of Brand Finance Top 50 Drinks (Brand Finance, 2017).

Name	Rank 2017	Rank 2016	Country	Brand Rating
Moutai	1	1	The People's Republic of China	AAA-
Johnnie Walker	2	2	United Kingdom	AAA-
Yanghe	3	3	The People's Republic of China	AA
Jack Daniel's	4	5	United States	AAA-
Hennessy	5	3	France	AA
Luzhou Laojiao	6	9	The People's Republic of China	AA+
Bacardi Limited	7	8	United States	AA+
Smirnoff	8	7	United Kingdom	AAA-
Wuliangye	9	14	The People's Republic of China	AA

Absolut.	10	10	The Kingdom of Sweden	AA+
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Sources: Edited from (Brand Finance, 2017).

4.2.2 The development periods of the Chinese Baijiu industry and policies

As illustrated by the literature review in Chapter 2, an industry cluster is a complex dynamic system, which normally emerges from small to large and weak to strong and whose evolutionary development needs a continuous change process of material, energy, and information flows with external sources, thereby enhancing the energy of its development (Yang, 2016). As one of the Chinese traditional industries, the Chinese Baijiu industry has experienced ups and downs since it emerged thousands of years ago. In summary, the evolutionary development of the Chinese Baijiu industry since the establishment of the PRC in 1949 can be divided into five key periods (Yang et al., 2018b).

1. The first development period of the Chinese Baijiu Industry (CBI) (1949–1978)

The distillation of Chinese Baijiu has been prevalent since ancient times, while the active development of the Chinese Baijiu industry began with the establishment of the PRC in 1949. In the early period after the establishment of the PRC, the planned economic system guided Baijiu production and marketing and branding – the state government completely controlled the production and operation of the Chinese Baijiu industry. Under this planned

economy system, the Baijiu enterprises owned the production rights, while the management rights belonged to the state. Baijiu was mainly produced and operated in a decentralised way by some SOEs, with an annual production output at about 100,000 tonnes. Despite the lack of market competition, production and marketing were entirely under the unified management of the state, and the Baijiu industry developed steadily. Baijiu production gradually recovered from the World War II era and increased gradually as economic recovery and social stability occurred. By 1979, Baijiu production had risen from 100,000 tonnes a year to 1.44 million tonnes (Yang et al., 2018b:151-152). In Guizhou province, for example, the government set up some Baijiu distillation SOEs through the redemption and confiscation of original private distilleries. In 1951, the Guizhou government set up the Guizhou Provincial Monopoly Administration Bureau to be responsible for the production of Baijiu and authorised the Guizhou Sugar and Tobacco Company to perform the administrative functions related to of Baijiu sales (Huang, 2018a:185). In addition, the state launched two branded Baijiu competitions in 1952 and 1963, and Moutai (茅台) and Dongjiu (董酒), both of which are famous Baijiu products in Guizhou province, were awarded the official honour of becoming nationally branded Baijiu. Furthermore, in 1963, Guizhou province introduced eight provincial branded Baijiu under the name of “Old Eight Branded Baijiu”, establishing a number of Baijiu brands.

2. The second period of the CBI (1979–1997)

The Reform and Opening up policy introduced in China in 1979 opened the door for the rapid development of the Chinese Baijiu industry. Production

output reached its peak at the end of 1997, with 8 million tonnes being produced in total. The quick development was facilitated by China's huge economic transformation and rapidly increasing productivity. There are detailed reasons for this phenomenon. First, considering the policy aspect, the establishment of the market economy system was based on the planned economic system and stimulated the innovation potential of the Baijiu sector employees. Moreover, as the household contract responsibility system principle (农村家庭联产承包责任制)¹² was gradually implemented in rural China, farmers began to give greater priority to agricultural production choice, which encouraged them to improve their work-related attitudes and actions. There was a significant increase in agricultural production during this period, and more abundant raw materials were provided for the distillation of Chinese Baijiu, improving Baijiu production output. Regarding the financial and economic aspects, the local tax contribution of the Baijiu industry helped farmers to access more support policies designed by local and even central governments. In addition, the low cost of entering the industry at this time

¹² Note: Nongcun Jiating Lianchan Chengbao Zerenzhi (农村家庭联产承包责任制): At the end of the Cultural Revolution (1976), the domestic productivity level was very low and the drought in Anhui province in 1978 directly drove the transformation of the Chinese land/territory system. Based on the new land/territory system, called “Baochan Daohu (包产到户)”, farmers make contracts individually with the state. There is a stipulation that the farmers will give a considerable number of agricultural products to the state, and the surplus grains can be freely processed by the farmers and could also be sold to the free market. However, the land is still collective (state-owned). This new system encourages positive attitudes and actions among farmers, which indirectly improves the productivity and the quantity of grains.

Available online:

<https://zh.wikipedia.org/wiki/%E5%AE%B6%E5%BA%AD%E8%81%94%E4%BA%A7%E6%89%BF%E5%8C%85%E8%B4%A3%E4%BB%BB%E5%88%B6>. Accessed on 01/08/2019.

contributed to the quick emergence of Baijiu distillation factories (Yang et al., 2018b:151-152).

3. The third period of CBI (1998–2002)

After 20 years of strong development, the growth of the Chinese Baijiu production and market decreased because of changes in national industrial policies and consumption habits. For example, in 1997, the government published a series of regulations, such as “Baijiu-based Blending Method Products were uniformly taxed as Baijiu products”; in 1998, it stated the ‘Regulations on the advertising of grain-based Baijiu do not obey pre-tax deduction principle’ (Yang et al., 2018b:151)¹³; and in 2001, the annual alcohol tax was readjusted, and the taxing method combining the ad valorem and specific tariffs was implemented. These regulations, together with the strict production licence system for Baijiu enterprises, were extremely unfavourable for the development of the whole Baijiu industry and led to a significant decline in Baijiu production during this period (Yang et al., 2018b:151-152).

4. The fourth period of CBI (2003–2012)

The gradual opening of the Baijiu market occurred as the methods of managing and operating enterprises gradually matured. Since 2003, several

factors, including gross domestic product (GDP) growth, the increase in the per capita income level of residents, local government incentives, the influence of the Chinese Baijiu culture and changes to consumer habits, have driven the high-speed increase in Baijiu production and consumption. Official and business consumption, as well as consumption in the broader Chinese population, significantly contributed to the increase in production during this decade. According to data published by the National Bureau of Statistics (Yang et al., 2018b), Baijiu production output increased to 11.5 billion litres, and overall profit increased to 81.9 billion ren min bi (RMB) (Yang et al., 2018b:151-152). There were more branded enterprises, and their development achieved improvements in scale, production output, and brand value. During this period, some provincial governments, such as the Guizhou regional city and provincial governments, organised a series of activities for the selection of branded Baijiu products and enterprises in 2005, 2008 and 2011 (Huang, 2018a:189). At the same time, some provincial governments started to pay attention to the brand effect and competition improvement in the Baijiu industry. For example, the Sichuan and Guizhou governments formulated suggestions for creating the “Chinese Baijiu Golden Triangle” and put this forward to be reviewed at the national level, forming a Baijiu industry cluster with regional landmarks and listing the support plan as the core national strategy for developing China’s western provinces. In Henan province, the government formulated the principle of ‘Controlling the total amount, improving quality, rising efficiency and expanding influence’ to promote brand influence in the high-end market in China. The Shanxi government drafted the “Strategic Planning of Xinghuacun Baijiu Industry Development Zone” in 2011 and other less-developed provinces designed

related policies to take advantage of their provincial Baijiu industry chains (Li, 2011).

5. The fifth period of CBI (2013–present)

From the end of 2012, the Chinese Baijiu industry entered a long and deep adjustment period, which was negatively affected by some regulations on Baijiu industry production and consumption. For instance, the State Council convened the “Fifth Clean and Honest Administration Government Work Conference”, stating clearly that it is necessary to strictly control the “Ban on Public Consumption” (Chinese anti-extravagance campaign) and prohibit the purchase and consumption of high-price Baijiu products with public funds. The Chinese Baijiu industry said farewell to a “Golden Decade” and entered a “Cold Winter Period”. The production outputs and sales income of designated enterprises decreased to the lowest level since 2009. A slight recovery of the whole Baijiu industry began in the second quarter of 2014, and the performance recovery was reversed in 2015 and then recovered again in 2016. However, the differentiation between the tiers intensified during this period. There is a large gap between the first- and second-tier enterprises and the third-tier enterprises: The production, marketing, and branding of the first- and second-tier industries increased, but those of the third-tier enterprises continued to decrease (Yang et al., 2018b:151-152). Some of the first level brands such as Moutai and Wuliangye recovered from the Chinese anti-extravagance campaigns, while some less branded enterprises continued to struggle. When considering branding strategies at the provincial level, as one of the main Baijiu production and consumption provinces, the Guizhou

government promoted all provincial Baijiu brands through a series of “Qianjiu (Guizhou) China Tour” activities to recover from the previous damage to the Baijiu industry (Huang, 2018a:191).

Based on the above Chinese Baijiu industry development periods, it can be seen that the multi-level governments have played an important role since the building of the PRC. The positive regulations and official Baijiu consumption contributed a great deal to the quick development of the Chinese Baijiu industry, especially during the fourth period (2003–2012), which also witnessed the emergence of a series of planned Chinese Baijiu industry clusters or parks, as well as establishment of some Baijiu industry clusters based on existing branded products and enterprises. In contrast, the negative regulations such as the restrictions on the Chinese anti-extravagance campaigns¹⁴ and the resulting prohibition of high-price Baijiu consumption caused an obvious drop in the volume and growth rate of Baijiu production and consumption. Along with the developing of the domestic economy, the transformation from the planned economic system to the market economic system and the production, circulation, and consumption of the Baijiu

¹⁴ Note: Chinese anti-extravagance campaigns have caused a dramatic decline in hundreds of thousands of Baijiu companies in China, most of which showed falling profits in the three years following 2012. Anti-extravagance is a regulation published by The State Council of PRC on 26th March 2012. The State Council formulated a series of policies to reform the utilisation and management of administrative funding, including the strong control of official reception expenses, the purchase and operation of official vehicles, and the expenses associated with overseas fieldwork. The part about the control of official reception expenses bans the purchasing of cigarettes, luxury Baijiu, and gifts with public funding. The policy originally aimed to meet the people’s expectations and decrease the corruption phenomenon in some powerful administrative and financial resources sectors and SOEs, and among leaders, in case of the “death of the regime” (which has become a rigorous challenge in modern China). This policy immediately affected some related sectors and industries when it was implemented in 2012: The Chinese Baijiu sales volume rate slowed dramatically in 2012 and 2013.

industry are more flexible and keep increasing despite fluctuating at times. More SOEs have explored new formats for enterprise structures formats to accumulate potential innovation and increase competition and some small and medium enterprises (SMEs) emerged and developed during these periods. Consumers' consumption ability and choice in modern society have also influenced the transformation of Chinese Baijiu enterprises.

4.2.3 Chinese brands and branding policies

Beside state regulation and standardisation of products quality and security, Chinese central and provincial governments have also explored and designed policies to guide the Chinese Baijiu industry's regional development. China is a socialist country controlled mainly by the communist party, together with other parties. The Communist party of China (CPC) is China's ruling party and the majority of senior officials are CPC members, and "the Organization Department of the CPC operates a strict hierarchical cadre responsibility system to evaluate and appoint officials, which is similar to the traditional Mandarin system" (Dunford & Liu, 2018:408). Therefore, the CPC owns a powerful top-down strategic decision-making, which forms the main foundation and characteristic of China's strong state system. The state system covers every sector and when it comes to spatial division, geography plays an important role in China's territorial development (Dunford & Liu, 2018:421) at the same time, some division of boundaries between different provinces and cities are based on geographical elements such as rivers and mountains. At present, there are five-level administrative divisions in China, outlined in Table 4.3:

Table 4.3 The Chinese five-level administrative divisions.

Levels	Name and scale of each level
1	Provincial-Municipalities directly under the central government; Province; Autonomous regions and Special Administrative areas.
2	Prefectural-Prefectures; Prefecture-level cities; Autonomous prefectures; Districts in a Municipality, and Leagues in Inner Mongolia.
3	County (Counties, Autonomous countries, County-level cities, Districts of a Prefecture-level cities and Banners in Inner Mongolia).
4	Township (Townships, Ethnic townships and Towns).
5	Village (administrative villages).

Source: Edited from (Dunford & Liu, 2018:421).

The regional and territorial development of China show new characteristics and trends after the foundation of the PRC, and most of its regional development strategies and transformations can be found in the designation of China's Five-Year Plans (FYP), some of which provided the potential direction for some Baijiu production and consumption provinces or regions. For example, in the Third and Fourth Five Year Plan (1966--1975), China's central government relocated industry to central and western areas, and some traditional Baijiu production provinces kept their advantages and influence and the SOEs played the leading roles within China, such as the Fenjiu Group in Shanxi. In the Fifth FYP period (1976-1980) and subsequent FYP periods, along with the Reform and Opening up policy, coastal areas (e.g. Jiangsu and

Shandong provinces) began to develop rapidly based on the emergence of export-oriented industries and some of these enterprise and industry agglomerations became one circle of the global production chains, while the economic gap between coastal areas and central and western provinces increased. Later on, the State Council launched the Western Development Strategy to reduce regional development disparities during the Ninth National Plan (1996-2000), especially the imbalance between western city, provinces and regions and other parts of China (e.g. northeast and north China and coastal areas):

The scope of policy for the Western Development Strategy regions includes Chongqing Provincial-Municipalities, Sichuan Province, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Shaanxi Province, Gansu Province, Ningxia Hui Autonomous Region, Qinghai Province, Xinjiang Uygur Autonomous Region, Inner Mongolia Autonomous Region, and Guangxi Zhuang Autonomous Region. (Guofa [2000] No.33)

The aim of the Western Development Strategy is to form three cross-administrative economic regions such as the Xilong Hailan Xinxian (西陇海兰新线) (a train-line which goes across Jiangsu, Anhui, Henan, Shaanxi and Gansu provinces), the upper reaches of the Yangtze River, and South (Ning) Gui (Yang) Kun (Ming), driving the development of other regions and promoting the development of the whole western region in a step-by-step manner, through transportation infrastructure such as the Eurasian Continental Bridge, the Yangtze River Waterway, the southwest channel, as well as through the functions of central cities. The Revitalization of the Old Northeast Industrial Bases strategy was adopted in 2013, hoping to re-develop the so-called rust-belt industries (resource-based, with outdated technologies

and SOEs). Besides the regional policies in coastal areas, northeast and western areas, the “uplifting central China” strategy was published to avoid Central China’s “drop” into a situation led by other supported areas in 2004. The Central China area covers six provinces, Shanxi, Anhui, Henan, Hubei, Henan and Jiangxi, which are the major grain production zones, and most of them have been the main Chinese Baijiu distilling and selling provinces since the establishment of the PRC. Almost all the policies are cross-provincial and designated as central, northeast, western and coastal regions. The format of regional development can be seen as “balance — guided-unbalanced — rebalance”, aiming to improve the economic benefit of whole China and keep society harmonious at the same time. The series of policies outlined and operating within the FYP focus on domestic improvement, development and balance in economy, society, policy, culture and ecology fields and have achieved positive results.

Chinese state government also designs cross-country policies to develop its cooperation with other countries, extend its trade scale and international influences at the same time, forming its new regionalism strategy (Dunford & Liu, 2018:425), including Eurasian cooperation, and the “Internationally Go West” policy at an international and global level. The Silk Road Economic Belt and a twenty-first century Maritime Silk Road are also current new strategies to extend further cooperation between China and middle Asian and European countries. The Belt Road Initiative project aims to recreate the traditional land and maritime trade routes in the Eurasian heartland and link them to Africa (Jessop, 2018:95). As Table 4.4 shows, although most of the policies focus on some national energy, basic infrastructure, and

telecommunications investment, the idea and practice of these policies guide a direction and build a “bridge” for the global development of some fast-moving commercial industries (e.g. Chinese Baijiu industry). In the Chinese context, as mentioned above, the strong state governmental system means the governmental decision is powerful. If one enterprise, especially a SOE, obeys the national macro industry guidance, this could help it get more policy priority and support. That is why some Baijiu SOEs (e.g. the Moutai Group, the Fenjiu Group etc.) start to highlight their “Go West” and Belt Road Initiative global strategies (the examples of this regulation will be shown in Moutai Group branding strategies in Chapter 5). In another word, it is a kind of global branding and marketing strategy of enterprises, which combines the state macro strategies and their need for growth, promoting their products’ benefits.

Table 4.4 Summary of some China-Eurasian regionalism strategies.

Strategies	Date	Aims
Go West	2000	To ensure the energy and product supply lines; To develop cooperation of trade and investment and assistance of economy; To create wider Eurasian community by rising “win-win” economic co-operation, infrastructural connectivity and cultural exchange.
Belt Road Initiative	2013	To drive infrastructure and economic development, such as pipelines, roads, railways, ports, airports, telecommunications networks, development zones and cities); To diversify trade routes; To reduce dependence on the Straits of Malacca and the South China Sea.

Sources: Edited from (Dunford & Liu, 2018:425).

In order to strengthen regional development practices across China, the Chinese central government has launched several specific policies to directly encourage and strengthen the development of industry clusters, improving the level of regional agglomerations from a governmental planning perspective. For instance, in 2007 the National Development and Reform Commission (NDRC) announced eight measures Promoting the Development of Industrial Clusters (The National Development and Reform Commission, 2007). These eight measures were designed as development directions for industry clusters, covering several areas, from strengthening and optimising the planning of regional and industrial layouts to standardising and guiding regional industrial transformation practices (Table 4.5) (The National Development and Reform Commission, 2007). Measure six specifically addresses brands and branding strategies, illustrating the attention paid to branding industry clusters and regions from a government level. This policy covers almost all kinds of Chinese industries and different manufacturing circles of different enterprises (SOEs, SMEs etc.). This policy asserts the different stages of Chinese industry clusters, highlighting the importance of the careful planning of different levels of industry clusters in different regions within China.

The first measure¹⁵ is related to the strengthening and optimisation of the planning of regional and industrial layouts. It clearly defines the five cross-

¹⁵ Notes: All of the eight measures of the policy come from the Promoting the Development of Industrial Clusters (2007), which are edited and translated from Ministry of Commerce of The People's Republic of China website. Available online: <http://www.mofcom.gov.cn/aarticle/b/g/200804/20080405470305.html>

provincial regions that make up China's key planning areas. These areas are the eastern regions of China, central and eastern regions of China, northeast part of China and the central cities and regions. The second measure of the policy mentions the importance of the efficient utilisation of land, territory and other resources, and the importance of "integrating and upgrading various development zones (including economic development zones, high-tech zones and industrial parks)" to promote the agglomerated development of industries with their own specific characteristics. This measure clearly outlines the different development formats of industry clusters, which are various development zones, such as economic zones, high-tech zones and industrial parks. This measure provides priority to some environmentally-friendly and technology-based enterprises, which illustrates an ecologically-oriented planning approach.

The enterprise is the core element of the industry clusters and leading enterprises have strong negotiating power and influence within their industries. Measure three stresses that the functional and professional cooperation improvement of these enterprises would strengthen the functional effect of industrial clusters. Measure four focuses on the improvement of technological standards and industrial chains of Chinese enterprises, simulating innovation and manufacturing. Measure five pays attention to the green-related circular economic and ecological modes as a way of implementing the industrial clusters formation, encouraging the transformation and development of industry clusters from high-consumption and high-pollution levels to encourage cleaner production, resource-saving, pollution control and elimination of backwardness by selecting some pilot

clusters to build a recycling network of materials and energy. Measure six is related to cultivating brands of products, enterprises and industry clusters and developing branding strategies in other related industry clusters and regions (discussed in further detail below). Measure seven aims to establish some public service centres and platforms, agglomerating intelligent-oriented and capital-oriented industries and supporting networks. Measure eight is related to the industrial transformation and puts forward a transformation approach that combines the capacities of regional resources and the environment of central and western regions, and the “Three No” approach to regulate green transformation.

Aimed at directly targeting the brands and branding strategies, measure six gives an approach comprised of four parts:

- 1) “Governments should combine the building of enterprises brands and regional brands, focus on developing a number of branded products and enterprises with high technology backing and great market potential, and support qualified enterprises and products to create internationally renowned brands” (The National Development and Reform Commission, 2007). This first point of the measure highlights the importance of cooperation and logical connection between branded enterprises and branded regions or cities, and the international development of some top branded enterprises. Branding strategies of enterprises and regions are not separate, but associated with each other - the advantages of branded enterprises could increase brand reputation for the related regions, and appeal to both investors

and enterprises to take part in the regions or clusters. On the other hand, the branded regions could guarantee the development of the enterprises within them, and offer many bonuses, such as reputational improvement and potential commercial opportunities of branded enterprises. In addition to this, the international development of some branded enterprises may need the strong backing of related regions or even the whole country.

2) “Support industrial clusters based on brand sharing, and vigorously cultivate regional industrial brands (collective brands or collective marks, origin registration, etc.)” (The National Development and Reform Commission, 2007). This idea pays attention to the method of developing regional brands, through brand sharing in this case of China. In actuality, one region will not be a real brand unless it contains some branded contents or entities (e.g. branded commodities, products or enterprises), so this idea complements the first point of measure six.

3) “Encourage relevant commercial chambers, institutions or other intermediary organisations to apply for the protection of Geographical Indication (GI) and Geographical Indication Products (PGI) of export enterprises, and apply for registration of collective marks according to related laws” (The National Development and Reform Commission, 2007). This point provides a detailed brand sharing method strategy such as collective brands or collective marks, origin registration, which have the potential to increase the brand reputation

of high-quality products and guarantee the priority of related enterprises and regions.

- 4) “Encourage advantaged industrial clusters develop industrial tourism and increase the visibility and reputation of regional brands” (The National Development and Reform Commission, 2007). This point provides further development guidance for branded regions to utilise the brand reputation as much as possible. These four parts form a complete branding strategy guide to some degree, involving the detailed contents of regional branding and the methods of increasing the brand reputation of specific regions or cities, explaining the relationship between brands and branding strategies, industry clusters and regions in the policy insight.

Table 4.5 The eight measures for the Promoting the Development of Industrial Clusters.

Number	Measures	Contents
1	Strengthen and optimise the planning of regional and industrial layouts	<p>According to state "Industrial Structure Adjustment Guidance Catalogue" and national industrial policies, and the inherent principles of industrial cluster formation, evolution, and upgrading, governmental officials should accurately grasp the characteristics of different stages of industrial cluster development, combine regional advantages and characteristics, scientific planning, rational layout, and coordinate regional coordination.</p> <ul style="list-style-type: none"> • For eastern regions of China: Promote the development of processing and manufacturing industrial clusters to innovative clusters and accelerate the division of labour in the global value chain. • For central and eastern regions of China: Undertake industrial transfer in developed regions, extend the industrial chain, and accelerate the development of industrial clusters, whilst taking advantages of regional unique character industry and natural resources. • For northeast part of China: Promote the formation of new equipment manufacturing clusters in those traditional industrial bases with complete mechanism and specialised cooperation and support. • For some central cities and regions: Develop cultural, creative design and other emerging clusters moderately, promote the development of the modern services industry and high-tech industrial clusters with international competitiveness and greater influence.

2	Improve the utilisation efficiency of land, territory and other resources	<p>According to the principles of layout requirement, land and territory intensive utilisation and ecological and environmental protection, conditions of resources, and level of infrastructure such as transportation, electricity, water supply and drainage, governments should accelerate the construction of industrial concentration zones.</p> <ul style="list-style-type: none"> • Promote the integration of land/territory resources, revitalise the stock of land, and prioritise the use of land indicators to advantaged industrial clusters. • Integrate and upgrade various development zones (including economic development zones, high-tech zones and industrial parks) to promote the agglomerated development of industries with their own specific characteristics. • Plan the direction of land use rationally, and give priority to small-scale land use of environmentally-friendly and technology-based enterprises, and provide necessary space for the spatial agglomeration of enterprises.
3	Strengthen and improve the functions of leading enterprises and level of professional cooperation	<p>Governments should cultivate leading enterprises with strong relevance and strong influence within their industries, driving the role of “leader” in product and technology demonstration, information diffusion and market network.</p> <ul style="list-style-type: none"> • Leading enterprises to adopt a variety of methods, to separate specialised parts and production processes (e.g. outsource enterprises), developing specialised supporting enterprises, and improving the level of professional cooperation among enterprises, and thus accelerate the solution of weak links (e.g. heat treatment, electroplating and other related enterprises) in the industrial chain. • Support enterprises (with the development direction of the industry and have relevant conditions) implement the industrialisation of independent intellectual property rights and extend the industrial chain in this case.

4	Enhance the ability of independent innovation and the manufacturing capabilities of industries	<ul style="list-style-type: none"> • Guide enterprises to adopt advanced technology standards at home and abroad, actively integrate international manufacturing standards, promote product international standard certification, and support enterprises to participate in the formulation and revision of national and international standards. • Encourage enterprises to enhance the level of industrial design, and adopt advanced information technology in product design, manufacturing and other aspects, and thus promote the acceleration of traditional industrial clusters from Original Equipment Manufacturing (OEM) to Original Designing Manufacturing (ODM) and Original Brand Manufacturer (OBM) transformation. • Encourage the cooperation of research institutes and industrial clusters to strengthen the alliance of production, education and research, and actively attract multinational corporations and advantageous enterprises to set up manufacturing bases, R&D centres, procurement centres and regional headquarters within industrial clusters. • Crack down on counterfeit and shoddy behaviours, protect technological innovations, protect honest and trustworthy people, and form a positive market order and innovative atmosphere.
5	Promote the development of the circular economy and ecological industries	<ul style="list-style-type: none"> • According to laws and regulations, such as the “Clean Production Promotion Law” and the “Energy Conservation Law”, governments should encourage and promote the transformation of high-consumption and high-pollution industrial clusters to adopt resource conservation and eco-environmental industry clusters, through clean production, resource conservation, pollution control, and elimination of backwardness. • Strengthen the comprehensive remediation of cluster pollution of waste materials recycling. For industrial clusters with concentrated emissions and serious pollution, related government sectors should explore centralised management methods, promote common technologies for energy conservation and emission reduction, and reduce corporate governance costs.

		<ul style="list-style-type: none"> • Select a number of industrial clusters to carry out pilot projects of the circular economy, establish a network of material energy recycling in industrial clusters, and develop eco-industrial and eco-industrial clusters or parks.
6	Implement and cultivate brands and branding strategies and related regional brands	<ul style="list-style-type: none"> • Governments should combine the building of enterprises brands and regional brands, focus on developing a number of branded products and enterprises with high technology backing and great market potential, and support qualified enterprises and products to create internationally renowned brands. • Support industrial clusters based on brand sharing, and vigorously cultivate regional industrial brands (collective brands or collective marks, origin registration, etc.). • Encourage relevant commercial chambers, institutions or other intermediary organisations to apply for the protection of Geographical Indication (GI) and Geographical Indication Products (PGI) of export enterprises, and apply for registration of collective marks according to law. • Encourage advantaged industrial clusters develop industrial tourism and increase the visibility and reputation of regional brands.
7	Develop the productive service industry and social service system	<ul style="list-style-type: none"> • In accordance with the principle of “government promotion, market operation, self-employment, and paid services”, government bodies should focus on supporting the construction of public service organisations such as R&D centres and testing centres, building a third-party information service platform and some service industries such as finance, information and commerce, within the large-scale industrial clusters. • Develop a batch of commodity wholesale markets based on industries with their own specific characteristics. • Accelerate the establishment of a socialised and professional modern logistics service network system. • Establish vocational and technical colleges and technical schools based on industrial clusters, introduce domestic and foreign vocational training institutions, and strengthen vocational education. • Guide and promote the establishment of industry institutions (commercial associations, trade associations, etc.) within the industrial clusters.

8	Standardise and guide regional industrial transformation	<ul style="list-style-type: none"> • According to the principle of reducing resources across regions and large-scale mobilisation, governments should encourage the transfer of production capacity in line with the national industrial policy and the ability to exert regional advantages to the central and western regions, along with the guidance of industrial transfer, combining regional resources and environment carrying capacity, development basis and potential ability. • In the process of industrial transfer, it is necessary to strictly implement the national industrial policy, industry planning and market access conditions, adhere to the principle of “no pollution, no damage to resources, no low-level redundant construction”, prohibit transfer of “high energy-consumption, heavy pollution or resource dependent sectors” and the backward production capacity (which is banned by national regulation), and efficiently strengthen supervision and inspection.
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Source: Edited and translated from (The National Development and Reform Commission, 2007).

In addition to the above industry cluster policies, in recent years, the Chinese central government has designed a series of policies related to branding development, the improvement of the Chinese national image and the transformation of industrial structures. This was especially prominent in 2016, which was given the name “branding year” because many brands and branding policies were launched in that year. These policies referred to industry clusters, economic development, innovation, intellectual property, quality, credit system, management system, professional services, talent training, evaluation criteria, and finance and communication promotions aspects (China Brand Strategic Planning Institute, 2016). Those policies have clearly detailed brands and branding strategies in a complete way, most of the regulations provide the direction for Chinese industrial transformation and upgrade and regional development, and some of them refer to Chinese Baijiu regional agglomerations or more specifically things such as consumer goods industries (Table 4.6). These policies and strategies include the, “Notice on Printing and Distributing Consumer Product Standards and Quality Improvement Plans (2016-2020)”, “Notice on Printing and Distributing the 2016 Action Plan for Implementing the Quality Development Program”, “Opinions on Launching the “Sanpin” Special Action of the Consumer Goods Industry to Create a Good Market Environment” and “National Innovation Driven Development Strategy Outline”. The aforementioned policies all define the relationship between brands and branding strategies and industry clusters, involving products quality and security, industry market environment and national innovation.

For the products' quality improvement, the "National Brand Policy Year" series of policies focused on the promotion and development of leading enterprises and industry clusters-based regional brand building. At the same time, the policies highlight the importance of protecting the environment, producing agricultural food in "green" and organic ways. For the industry market environment, this series of policies tries to produce consumer goods with variety, quality and brand gradually, and upgrade the global industrial value chains of Chinese consumer goods. In terms of innovation, these series of policies promote the Chinese national image through building and improving the branded image of enterprises and industrial clusters, with a system that improves quality and integrity. As can be seen from Table 4.6 below of policies related to the 2016 National Brand Policy Year, the branding strategies, put forward and encouraged at a national governmental level, have the potential to improve quality, upgrade industrial chains and extend innovation. The measures specifically relating to "Brand and Economic Development" set out new industrial cluster formats (e.g. National Free Trade Areas) as branding strategies of export-oriented regional economic development. In summary, the series of policies published in the 2016 "National Brand Policy Year" explained in detail the regulations and principles of brands and branding strategies, encouraging the upgrade of different industries and the improvement of the overall living standard of the Chinese population.

Table 4.6 2016 “National Brand Policy Year” policies inventory.

Topic	Official document name	Content
	Notice on Printing and Distributing Consumer Product Standards and Quality Improvement Plans (2016-2020)	Promote the quality of products and services of leading enterprises to close or reach the international advanced level, and cultivate a group of high-quality, market-competitive, internationally well-known consumer goods, and create a group of modern enterprises and industrial clusters with outstanding brand image and top-level quality management. (Note: The Chinese Baijiu belongs to the consumer goods category)
	Opinions on Launching the “Sanpin (三品)” Special Action of the Consumer Goods Industry to Create a Good Market Environment	Develop personalised, fashionable, functional, and green-oriented consumer goods, and publish a number of high-tech, high value-added, well-designed and well-produced, and top functional products, and further enhance the status of China's consumer goods industry in the global industrial value chain. (Notes: Sanpin stands for variety (<i>pinzhong</i> 品种), quality (<i>pinzhi</i> 品质) and brand (<i>pinpai</i> 品牌))

Brand and industry clusters	Notice on Printing and Distributing the 2016 Action Plan for Implementing the Quality Development Program	<p>Organise brand-related activities such as corporate brand cultivation, pilot demonstration of regional brand building based on industrial clusters, and enhance the brand cultivation ability of enterprises and the level of brand building of industrial clusters.</p> <p>Support the development of pollution-free agricultural products, green food, and organic agricultural products. Create a number of agricultural products brands and food brands with high quality and security.</p> <p>(Note: The Chinese Baijiu is a kind of agricultural-related consumer good)</p>
	National Innovation Driven Development Strategy Outline.	Promote China brand building through improving the quality and integrity system, and forming a number of advantageous enterprises and industrial clusters with outstanding brand image, complete service platform and first-class quality.
Brand and economic development	Notice on Printing and Distributing the 2016 Action Plan for Implementing the Quality Development Program.	<p>Implement the National Free Trade Area Strategy along the “Belt and Road” and promote the negotiation of the Regional Comprehensive Economic Partnership (RCEP).</p> <p>Promote the export growth plans of Chinese independent brands.</p>

Brand and intellectual property	Notice on Printing and Distributing the 2016 Action Plan for Implementing the Quality Development Program	Strengthen the Chinese environmental label. Create a group of well-known brands identified by inspection and testing. Promote the trademark brand strategy and improve the public services level of trademark.
	National Innovation Driven Development Strategy Outline.	Implement intellectual property, official standards, quality and branding strategies. Improve the ability to create, use, protect and manage intellectual property. Guide and support market entities to create and utilise intellectual properties, and use sharing mechanisms of intellectual property as a link to promote the intellectual property of innovation.

Brand and credit system	Opinions of the General Office of the State Council on Playing the Leading Role of Brands to Promote the Upgrade of Supply and Demand Structures	<p>Establish a joint disciplinary mechanism for untrustworthy products in the areas of product quality and intellectual property rights, improve the blacklist system, and substantially increase the cost of untrustworthiness. Study and improve the sentencing standards for criminal acts such as product quality laws and intellectual property rights protection laws and regulations, establish a punitive damages system for commodity quality, and ban the relevant enterprises and the responsible person access to the market.</p> <p>Encourage intermediaries to carry out corporate credit and social responsibility evaluations, publish enterprises credit reports, and monitor enterprises to adhere to the bottom line of credit and improve credit levels, establishing a good enterprise image in the minds of consumers.</p>
	Notice on Printing and Distributing Consumer Product Standards and Quality Improvement Plans (2016-2020)	<p>Guide the enterprises to enhance branding and marketing awareness and consolidate the foundation of branding development.</p> <p>Organise brand related benchmarking activities, enhancing enterprises brand awareness and promoting enterprises brand strategy.</p>

Brand and management system		<p>Guide enterprises to strengthen brand culture construction, strengthen brand research, brand design, brand positioning and brand communication, and improve brand management system.</p> <p>Support enterprises to increase brand promotion investment and enhance brand planning and marketing capabilities. Guide consumer goods companies to establish quality brand innovation centres, improving the reputation and loyalty of Chinese consumer goods brands, and creating high quality Chinese products.</p>
	Opinions on Promoting Brand Leading Role to Promote the Upgrade of Supply and Demand Structure	<p>Support key enterprises to aim their targets to international benchmark enterprise standards, innovating product design, optimising process flows, strengthening cooperation between upstream and downstream enterprises, and launching a series of high-quality, high-value-added products as soon as possible to promote manufacturing upgrading.</p> <p>Support enterprises to increase investment of brand building, enhance independent innovation capability, pursue top-level quality, continuously enrich product varieties, improve product quality, establish brand management systems, and improve brand</p>

		cultivation ability. Guide the enterprises to operate honestly, obey commitments and fulfil social responsibilities, enhancing overall brand image as a result.
	Opinions on Launching the “Sanpin” Special Action of the Consumer Goods Industry to Create a Good Market Environment	<p>Encourage enterprises to develop brand development strategies around R&D innovation, design creativity, manufacturing, quality management and marketing services, and clarify brand positioning through reasonable pricing and differential development, integrate channel resources.</p> <p>Encourage leading branded enterprises to implement and further develop international exchanges and cooperation, introducing international brand management talents and business ideas, and build overseas R&D and design institutions and marketing channels. Support branded enterprises to take part in international related exhibitions and exhibitions, exploring overseas markets, and increasing the proportion of branded products exports.</p>

Brand and professional services	Opinions on Promoting Brand Leading Role to Promote the Upgrade of Supply and Demand Structure	<p>Encourage industrial associations to play roles of intermediaries, and provide professional and effective services for enterprises brand building and industrial upgrading.</p> <p>Encourage the development of a number of brand-building intermediary service enterprises, building a number of brand professional service platforms, and providing professional services in design, marketing, consulting and other aspects.</p>
	Opinions on Launching the “Sanpin” Special Action of the Consumer Goods Industry to Create a Good Market Environment.	Encourage industrial associations to rely on industrial clusters and national new industrialisation industry demonstration bases to guide the creation of regional brands for consumer goods.
Brand and evaluation criteria	National Innovation Driven Development Strategy Outline	Formulate international standards for brand evaluation, establish an international mutual recognition formation of brand evaluation system, and promote the internationalisation of high-quality Chinese brands.

Brand and communication promotion	Notice on Printing and Distributing Consumer Product Standards and Quality Improvement Plans (2016-2020)	Strengthen the advertising planning and promotion of high-end domestic consumer goods brands. For example, set up National Brand Day, hold Chinese brand exhibition promotion and publicity activities in core countries and important emerging markets regions, and promote Chinese brands to the world.
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Sources: Edited and translated from (China Brand Strategic Planning Institute, 2016).

Brand Strategy and the Baijiu Industry

In China, the draft Baijiu management regulations normally were approved by central government and implemented by provincial governments (Guo & Huang, 2015). According to central government macro policy designs for industry clusters, many provincial governments hereafter gradually published a series of related branding promotion policies based on central governmental measure guides and their provincial production and consumption reality. Table 4.7 outlines examples of regulatory measures adopted by the Guizhou provincial government. The Guizhou government has started to pay attention to the brands and branding of industry clusters since 2007. In the regulation of “Guiding Opinions on Promoting the Better and Faster Development of Guizhou Baijiu Industry”, the provincial government mentioned “brand-drive strategy” for the first time, highlighting the brand status improvement of Moutai as a national Baijiu product, and the provincial brand building of the Guizhou brand. In 2009, the government launched brand building regulations from technological transformation aspect. In 2011, the government reclaimed the brand agglomeration of “Guizhou Baijiu” and in 2012, the government detailed the Baijiu branding strategy, which focused on “resources and technological advantages of the Chishui River Basin”, paid attention to the product’s quality and built the national Baijiu production zone based on previous accumulation, maintaining provincial brand reputation. It has injected a strong impetus into the development of Guizhou Baijiu industry. Besides Guizhou government, other provincial governments also designed related Baijiu industry extension, marketing and branding strategies in their development planning for the “12th Five-Year Plan”. The Sichuan government designed the “Chinese Baijiu Golden Triangle” (locations of three cities form the shape of triangle) and upgraded it to national level, hoping to form a Baijiu industry cluster with regional landmarks, and listing the support plan as the core strategy for the national strategy of

developing China's western provinces. In Henan province, the government designed the principle of "Controlling the total amount, improving quality, rising efficiency and expanding influence" to promote the brand influence in the higher-end of the Chinese market. The Shanxi government completed the "Strategic Planning of Xinghuacun Baijiu Industry Development Zone" in 2011 and some other less developed provinces designed related policies to take advantages of their provincial Baijiu industry chains (Li, 2011). All these policies help to illustrate the growing importance of brands and branding strategies in Chinese regional economic and social development. They are not just regulations developed by central government, but multi-level formats which covers central government, provincial and regional governments and even local government, making sure the consistency of the branding idea.

Table 4.7 The Guizhou government regulation of Chinese Baijiu industry.

Time	Regulation title	Purpose & Strategies
13/12/2007	<p>"Guiding Opinions on Promoting the Better and Faster Development of Guizhou Baijiu Industry" (QIANFUFA [2007] No. 36)</p> <p>"Provincial People's Government on Promoting Guizhou Moutai Group the Better and Faster Development Guide"</p>	Vigorously implement the brand-driven strategy, consolidate and enhance the brand status of the national Baijiu of Moutai, and strive to build the Guizhou Baijiu brand.
2009	"Guizhou Baijiu Industry Revitalization Plan"	Support traditional branded Baijiu from technological transformation (e.g. Moutai Group, Xijiu Group et. al), technological progress, and brand building (e.g. Renhuai

		Baijiu Industrial Park, Xishui Baijiu Industrial Park and other park projects).
26- 27/10/2010	“Top Ten Industrial Revitalization Plan for Guizhou Province”	Implementation of the strategy of strengthening the province by industry and promoting the process of new industrialisation; providing strong support for accelerating development and accelerating the transformation and promoting leapfrogging
29- 30/06/2011	“12th Five-Year Plan for Baijiu Industry Development in Guizhou Province”	Build three “Guizhou Baijiu” branded agglomerations and the national and regional Baijiu series.
12/01/2012	“Several Opinions of the State Council on Further Promoting the Better and Faster Development of Guizhou’s Economy and Society”	Using the resources and technological advantages of the Chishui River Basin to develop Baijiu moderately, ensuring product quality, maintaining brand reputation, and promoting the construction of an important national Baijiu production base”. It has injected a strong impetus into the development of Guizhou Baijiu industry.

Sources: Edited from (Li, 2011; Huang, 2018a:189).

Based on this series of support policies, some provincial governments have begun to explore the spatial division of related industry agglomerations in practice, trying to put the theoretical policies into use. For instance, Sichuan and Guizhou governments launched an idea of the division of the Chinese Baijiu industry agglomeration based on fieldwork in France and on Chinese production characteristics – “Chinese Baijiu Golden Triangle”, which is a preferential level division over some cities in both Sichuan and Guizhou provinces. “Chinese Baijiu Golden Triangle” is a new idea, which focuses on

the development of existing advantaged Baijiu and Baijiu production zones at prefecture-level. The original concept of the “Chinese Baijiu Golden Triangle” covered Yibin city, Luzhou city and Zunyi city. Later on, some officials and experts tried to extend the concept to the whole of Sichuan province and Zunyi city (based on disagreements with some other prefecture cities and the negative attitude of the Guizhou government) (Deng, 2010), while the core location of “Chinese Baijiu Golden Triangle” remained in Luzhou city. After much debate, the “Chinese Baijiu Golden Triangle” now covers 18 administrative preferential cities within Sichuan province, divided into three levels. This means Luzhou city, and Yibin city are designated as key distilling areas, which is also called the first level; Chengdu city, Deyang city, Mianyang city and Suining city as second level areas and other cities as third level areas. The second level areas mainly produce Baijiu products with less added value or lower prices, and the third level areas mainly produce local Baijiu products (Zhou, 2013b).

4.2.4 Problems and challenges in Chinese Baijiu industry agglomerations

There are several common problems found in the China Baijiu market. The Chinese Baijiu industry is highly dependent on natural elements such as water and raw materials. The uneven planting and growing of the main grains cause the differentiated layout and agglomeration of Chinese Baijiu enterprises. The non-standard, incomplete, domestic Baijiu-distilling technology makes it difficult to form strong regional Baijiu agglomerations and further regional brands. The marketing and branding barriers abroad make it difficult for Chinese Baijiu branding to have a national brand image with a high brand reputation.

The main problems and challenges of Chinese Baijiu

Baijiu production is highly dependent on grains such as sorghums, and the quality and quantity of the grain is extremely important; therefore, several factors related to Baijiu ingredients influence its production. One factor is that sorghum production is not equal across cities or provinces, leading to sourcing and distribution problems. Additionally, the geographical agglomeration of Chinese Baijiu distilling is low, the technology and production equipment in this industry are underdeveloped, and there have been relative shortages, as with national food production since 1990s. As a result, the national government has listed the Chinese Baijiu-processing industry as “restricted”¹⁶, meaning that the production volume of the listed industries is guided and controlled by the national government. To date, based on its low-technological production ability, low-level excessive production capacity, disordered and excessive number of enterprises, negative effect on national food security, and industry-sustainable development strategy, the Chinese Baijiu industry continues to be classified as a restricted category. These cause issues of production capacity affecting Baijiu quantity and evenly improving Baijiu quality in every province.

First, the quantity of Baijiu production varies based on different statistical collection arrangements or methods. In the case of China, at least two departments/sectors collect and estimate the production quantity of Baijiu enterprises, such as the industry and business sectors. The industry sector counts the number and production based on the data

¹⁶ Notes: According to the 2005, 2011, 2013, and 2019 “Industrial Structure Adjustment Guidance Catalogue” published by the National Development and Reform Commission, the “restricted” categories mainly include those industries (especially their production abilities, process technologies, equipment and products) with low-technological capacity, and noncompliance-related industrial production conditions and regulations, which forbid the building of new production factories and require supervision by the government. Available online: <https://jiu.ifeng.com/c/7oKAIMehGuQ>, http://www.ndrc.gov.cn/fzgggz/fzgh/zcfg/200512/t20051222_65963.html, <https://news.tianyancha.com/detail/c5348dee16aef839a5972d715b17eace5a1cbd96.html>. Accessed on: 01/10/2019.

collected by the tax department, which collects data mainly by counting the number of pits which are working at that time. The business sector, however, counts and estimates Baijiu production quantity based primarily on the number of registered enterprises. The Baijiu enterprises do not need to cancel/delete the registered record even if they stop distilling, and they can simply sell the remaining Baijiu products that were distilled years ago until they have all been sold. Based on this, the estimated production quantity that is based on industry sector statistics is more accurate, although some official institutions, in terms of GDP achievement needs related to government performance, prefer using ‘nice data’ (higher production quantity, in this case). All the above factors add to the difficulty of finding a set of complete Baijiu industry data.

Second, the structure of the solid raw Baijiu market is not complete. The production structure of high-quality solid raw Baijiu products is such that there is a scarcity while there is an oversupply of low-quality solid raw and liquid Baijiu products. This is mainly due to the low-technology Baijiu production process, the low-level excessive production capacity, and the disordered and excessive number of enterprises, as previously mentioned.

Third, in comparison with other manufactured products, the issue of intellectual property protection in the Chinese Baijiu industry continues to be a prevalent problem. Within China, the Baijiu industry lacks a comprehensive standardisation system for technology and quality control, which adds to the difficulty of recognising and even identifying Chinese Baijiu at the global level. To date, there is no exclusive commodity code for Chinese Baijiu, which means that it does not have its own independent “identity card” in the global market (Yang et al., 2018b). According to the geographical indication (GI) explanation of the *Official Journal of the European Union* and related identification in

this chapter, many alcoholic beverages (especially spirit types) of European and other countries are listed in the appendix, while the definition of Chinese Baijiu has been excluded (The European Parliament And The Council Of The European Union, 2008). Additionally, in terms of domestic market protection abroad, there are strict market and branding barriers for Chinese Baijiu entering foreign markets. For example, Chinese Baijiu was listed as a general consumer good, while the alcoholic beverages of other countries were regarded as special commodities when China entered the World Trade Organization (WTO) in 2011. Various standards differentiated the Baijiu marketing and branding ability in China from those in other countries. Additionally, different countries set different import regulations for inspections and tariff standards for alcoholic beverages. Most of them have set high tariffs for Chinese Baijiu, such as 180% (tax rate) in South Korea, 200% in Thailand, and 300% in Russia (Jianiang website, 2019), and adding to the export cost of Chinese Baijiu further weakens its international competitiveness.

In addition, the policies and campaigns related to the reduction of consumer extravagance have had a negative effect on the Chinese Baijiu industry, especially during the 2012—2014 period, with the Chinese Baijiu production and revenue rates decreasing across the industry since then (Hu, 2018a:145). In particular, some less branded, advanced Chinese Baijiu provinces and cities have suffered as a result. Like other main Baijiu production and consumption provinces, Anhui's Baijiu industry has suffered a great deal as a result of the "Ban on Public Consumption" introduced in 2012. Looking at the sales revenue of the Baijiu industry in Anhui alone, it is evident that although the sales revenue kept rising from 2005 to 2016, the growth rate dropped heavily from more than 40% in 2011 to about -5% in 2012. It then showed an increase in 2013 but decreased to about 0% in 2014, 2015,

and 2016. Looking at other provinces—for example, Shandong province—we can see similar trends.

Finally, the international branding and marketing practices of Chinese Baijiu are still in what is referred to in the Chinese literature as the “experimental period”. The promotion of the Chinese Baijiu industry via the use of Chinese Baijiu as the “national slogan” of China and as a key component of the Belt and Road Initiative (BRI)¹⁷ global strategies (Dunford & Liu, 2018:425) requires greater cooperation between central and local governments, CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA)¹⁸, and related enterprises and sectors.

The Chinese Baijiu problems and challenges at the provincial level

More specifically, there are some certain problems and challenges (China Baijiu Industry Development Report (2017-2018), 2018; Guo, 2018; Huang, 2018b; Jiangsu Suqian Production Zone Baijiu Industry Development Report, 2018) that arise in the six main Chinese Baijiu industry marketing and branding provinces. Sichuan and Guizhou

¹⁷ Note: The Belt and Road Initiative is a global development strategy involving infrastructure development that connects China with Middle Asia and Europe, thereby extending the global cooperation channel and improving the influence of Chinese products (Dunford & Liu, 2018:425).

¹⁸ Note: the CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA) is a national non-profit social organisation, voluntarily formed by distilling enterprises (utilising bioengineering and related technologies) and other related service companies and sectors. The main functions of CADA are: carry out Baijiu industrial management work; reflect industrial situations and suggestions; safeguard the legitimate rights and interests of association members; promote the gradual improvement of production, management, equipment, distribution, and technological level in terms of the needs of the development of a socialist market economy; coordinating the cooperation and exchanges with other industries; expanse international exchanges; and make contributions to promoting the healthy development of the Baijiu industry and the development of the national economy.

Available online:

<https://baike.baidu.com/item/%E4%B8%AD%E5%9B%BD%E9%85%92%E4%B8%9A%E5%8D%8F%E4%BC%9A/954617> ; <http://www.chinanpo.gov.cn/search/vieworg.html> . Accessed on 14/02/2020.

provinces are the two provinces in which most top branded enterprises operate, and they almost provide an indicator of the state of the whole Chinese Baijiu industry, although they face the simultaneous challenges of production structure pressures and consumption competition, as well as the existing tax burden and shortage of financial support. However, Anhui, Jiangsu, Henan and Shandong provinces face stricter challenges compared with the above agglomeration. They all suffer from the serious competition of branded products from Sichuan and Guizhou provinces, in addition to product competition within their own provinces.

First, looking at the Baijiu industry clusters in Sichuan province, we can clearly see that several problems and challenges exist. For instance, taking Yibin city as an example, one core brand, Wuliangye, has a strong presence in the national market, while the entire Baijiu industry structure has an incomplete hierarchy due to the lack of medium-level Baijiu brands (medium-level Baijiu companies have a product price range of 300 to 600 RMB), particularly private Baijiu enterprises. Second, there is tough competition due to the lack of growth in the number of alcohol consumers and the changing taste trends in recent years. Third, there is a lack of ability to utilise modern technology to increase production volume without sacrificing quality and taste.

In Chengdu city, the capital of Sichuan province, the tax burden is higher than in Yibin and Luzhou cities. The enterprises are small scale with low production levels, and most are located outside industrial parks. This makes it more difficult to agglomerate and results in weaker cooperation networks; most of the enterprises leaders think about themselves first and, in some cases, will compete with each other. Third, most Baijiu companies are local brands, with less interprovincial marketing share. Fourth, government support and other sources of finance are weak. Because the decreasing credit

and reputation of Baijiu companies suffered from the governmental anti-extravagance effect, many banks stopped issuing loans in 2015. In Guizhou province, there is a lack of medium- and low-level branded products compared with Sichuan province; the Moutai Group is the leading company, while other enterprises lack competition, and the ability to gain from benefits of scale is weak.

In Jiangsu province, the Baijiu production quantity is higher than consumption needs, and the development of distilling enterprises is unbalanced. This is especially the case in Suqian city, where the Baijiu market is highly competitive, sector regulations are lacking, the development cost of SMEs is increasing, and the national policy is restrictive (Jiangsu Suqian Production Zone Baijiu Industry Development Report, 2018:69). In Anhui province, local Baijiu enterprises are weak compared to those in Sichuan and Guizhou provinces.

In Shandong province, regional Baijiu brands and branding strategies are relatively weak, without any strong branded product or enterprise. The local Baijiu products face strong competition from some branded Baijiu products from other provinces, such as Moutai, Wuliangye, and Yanghe. Moreover, the industrial structure is incomplete, with few high-level price products, low enterprise management skills, a lack of marketing and strategy managers, a raw materials base zone and industrial park building that is progressing only theoretically, and insufficient capital input (Zhang, 2018b). In Henan province, the high-level Baijiu market is mainly controlled by the Baijiu products of Sichuan, Guizhou and Jiangsu provinces, while most Henan provincial branded products sold in its province are from the medium- or low-level Baijiu market (Hu, 2018b). What is worse, the brands and branding strategies of these two provinces have faced a number of challenges. For instance, some enterprises assembled in Shandong and Henan provinces created a

temporary prosperous phenomenon called the “Baijiu advertisement branded cluster” after the establishment of the PRC. These enterprises did not distil base Baijiu (基酒) themselves; instead, they imported it from Sichuan and sold it after blending, and they advertised their products extensively on television. Then, the closure of Qinchi Tequ (秦池特曲) and the decline of other Baijiu enterprises in Shandong province deeply affected the brand reputation of the Qionglai Basic Baijiu Production Zone and caused consumers to gradually realise that its temporary popularity was mainly “based on advertisements but not on real high quality” (Interview 12).

Consequently, the advantages and abilities of the Chinese Baijiu industry agglomerations are weak, the brands and branding strategies vary in different provinces, and there is a lack of sufficiently detailed and efficient branding strategies.

4.3 Chinese Baijiu industry: Interprovincial regional agglomeration brand factors and functions

4.3.1 The tangible brand value: Price

As a visible indicator, the price of products means a lot for specific commodities. It includes both tangible and intangible meanings, and it reflects origin, associations, awareness, loyalty, and perceived quality, as well as cultural and historical background. Especially, from a brands and branding perspective, the Chinese Baijiu has a specific meaning, and the Baijiu values or ‘equity’ could be identified in the Chinese and global markets. The brand values always refer to both tangible and intangible elements, such as industry macroeconomic behaviour, product prices, origin and associations, while the intangible elements include awareness, loyalty, perceived quality and others which usually involve the cultural and historical background. In the Chinese context, Chinese

Baijiu and the tangible and intangible meanings of Baijiu brand values could be the real description of its unique characteristics. More specifically, as a basic and important manufacturing industry, the Chinese Baijiu industry keeps increasing in terms of both production volume and sales revenue (Baijw, 2019), with the production and consumption of Baijiu products being over 100 billion RMB per year. The Baijiu alcoholic beverage is a spatial entity of a fast-moving consumer good, which is also the basic meaning of the branded Baijiu industry cluster. There are hundreds of thousands of Baijiu products in China, and the quality and reputation of Baijiu differ within the Chinese market. This fact is mainly illustrated through product prices. Although the prices of Chinese Baijiu products are mainly set by enterprises themselves, the price combines many other related factors, such as the local, regional or provincial market sale revenues and benefits, governmental regulations regarding Baijiu branding and marketing, and competition from other enterprises. Several kinds of products are popular and are representative of multi price levels. In China, there are four Baijiu price levels as shown in Table 4.8. The price-level division table illustrates that in the Chinese Baijiu market, the lower level Baijiu means a price of less than 100 RMB per 0.5L, and the medium level Baijiu means that the price is between 100 and 300 RMB per 0.5L. These two price levels account for most of the Baijiu market in China, about 44% and 40%, respectively. The second-high level Baijiu means the price is between 300 and 600 RMB per 0.5L, accounting for the lowest proportion of the Baijiu market, about 5%. The high price of Chinese Baijiu products is those with the price of more than 600 RMB per 0.5L, which accounts for about 11% of the Baijiu market. Additionally, from Table 4.8, it can be seen that the Chinese Baijiu market is dominated by low- and medium- level products, and the main production locations cover central provinces, such as Hebei and Anhui. The main production locations of the second-high level Baijiu products cover more regions and

provinces, such as Sichuan, Jiangsu, Anhui, and Shanxi provinces, and most high-level Baijiu products are produced in Sichuan province.

Both Baijiu provincial economic behaviours and governmental policies illustrate the geographic agglomeration of the Chinese Baijiu industry, which coincides to some degree with the findings on the perspective of brands and branding analysis (Figure 4.2). For example, there are twenty-five “JIU” brands in the Top-500 brands list and twenty of them belong to the Baijiu style (others include beers and wines). Among the twenty brands, we could discover that most branded products are located in main Chinese Baijiu interprovincial regional agglomerations. For instance, six branded Baijiu companies are located in Sichuan province: Wuliangye, Luzhou Laojiao, Langjiu, Jiannanchun, Shuijingfang and Tuopai. Moutai and Xijiu are located in Guizhou province and Moutai ranks first in the brands list, with a brand value of 131.323 billion RMB. Guijinggong and Kouzi are located in Anhui province and Yanghe in Jiangsu provinces. In addition, the Moutai, Wuliangye, Yanghe and Luzhou Laojiao brand values are worth over 40 billion RMB, according to in the 2016 “10th China Top-500 Brand Value” list, leading the branding development trend of branded Baijiu enterprises in China.

Table 4.8 The four price levels of Chinese Baijiu products.

Baijiu levels	Price (RMB/0.5L)	Market share (%)	Main products	Main locations (provincial level)
High	>600	11	Moutai, Wuliangye and Guojiao1573	Sichuan
Second-high	300-600	5	Shuijingfang, Yanghe, Shede and Fenjiu	Sichuan, Jiangsu, Anhui and Shanxi

Medium	100-300	40	Gujinggong, Kouzijiao and Jinshiyuan	Anhui
Low	<100	44	Laobaigan, Jinzhongzi and Yingjia Gongjiu	Hebei, Anhui

Sources: Edited and translated from (CHYXX, 2018).

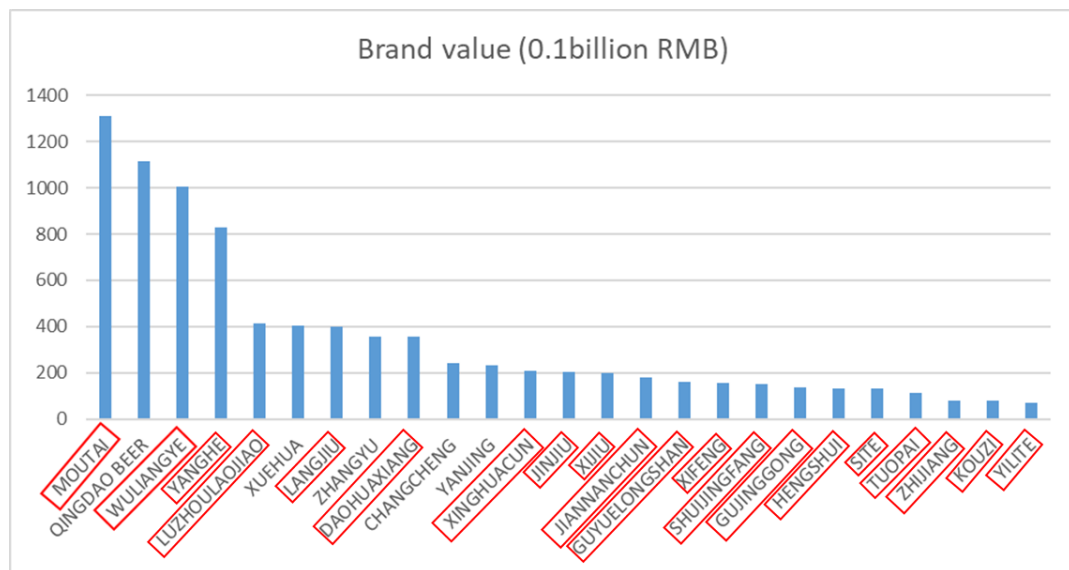


Figure 4.2 “JIU” brands ranking in “2016 the tenth China's Top 500 brand value”.

Note: This “JIU” ranking list includes Baijiu, beers and wines, named the single title — “JIU” in Chinese (Baijiu brands are labelled in red boxes).

Source: Edited from "2016 the tenth China's top 500 brand value" (China Network, 2016).

At the provincial level of economic development, competitiveness follows the principles of output in regional areas to some degree. For example, Sichuan ranks at the top in regard to agglomeration of Baijiu production, accounting for about 28% of all Baijiu production provinces in China, followed by Shandong (9%), Henan (9%), Jiangsu (7%), Hubei (7%) and other provinces (Figure 4.3).

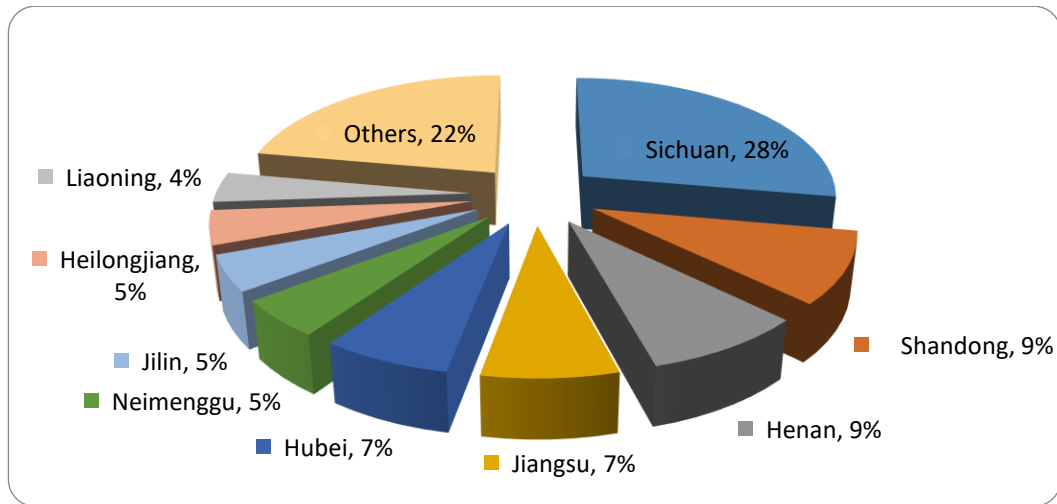


Figure 4.3 The agglomeration of Baijiu production in provincial level (2014).

Source: National Bureau of Statistics.

4.3.2 Ecological or environmental factors and cultural and historical functions

Introduction

Normally, where there is enough water (from rivers or lakes) or a spring, there are draft Baijiu-distilling workshops. Water is not the only raw material which could distil the Baijiu; grains are also important for the addition of the various flavours. In addition, Chinese Baijiu is a traditional industry, with a prolific culture and a long distilling history of thousands of years. These elements also form part of, and are utilised in, brands and branding strategies.

This section first describes the detailed natural-related elements which create and drive the emergence and development of the Chinese Baijiu industry and its spatial agglomeration based on Baijiu flavour types. The section then focuses on the cultural and historical elements and analyses the empirical branding strategies based on these.

This section is mainly structured into two parts. First, it describes and analyses ecological or environmental elements of importance, which is the key to understanding the soil, land, or territory condition of the Chinese Baijiu industry. Through the impact of some natural environmental elements in specific locations, goods or services are diverse in different places. Some original distilling materials are essential, even compared with liquor distilling practices in the Western world. Second, the section focuses on the cultural and historical elements, which are more intangible compared with the environmental elements and are often included in the meaning of specific economic commodities. These elements are not separated from water and grain, but are associated with them in the case of China.

Ecological or environmental factors

Ecology or environmental elements are the key to understanding the locational needs of the Chinese Baijiu industry. Through the impact of some natural environmental elements in specific locations, goods or services in those places differ. For Chinese Baijiu, the water element of rivers or lakes and original distilling materials are essential, because one of the main raw materials is water, which accounts for more than 70% of the product. Internationally, distilled liquor is divided into seven types, including brandy, whiskey, vodka, gin, rum, baijiu and pulque (Table 4.9). As one of the seven kinds of distilled liquor, Chinese Baijiu (which is also called Baijiu in this case, translating from Chinese directly) is a type of grain-made liquor that is similar to whiskey, but differs from the other six distilled liquors. The definition of spirit is an alcoholic beverage which is intended for human consumption, possesses particular organoleptic qualities, has a minimum alcoholic strength of 15%, and has been

- a) either directly:

- by the distillation, with or without added flavourings, of naturally fermented products, and/or
- by the maceration or similar processing of plant materials in ethyl alcohol of agricultural origin and/or distillates of agricultural origin, and/or spirit drinks within the meaning of this Regulation, and/or
- by the addition of flavourings, sugars or other sweetening products listed in Annex I (3) and/or other agricultural products and/or foodstuffs to ethyl alcohol of agricultural origin and/or to distillates of agricultural origin and/or to spirit drinks, within the meaning of this Regulation,

b) or by the mixture of a spirit drink with one or more:

- other spirit drinks, and/or
- ethyl alcohol of agricultural origin or distillates of agricultural origin, and/or
- other alcoholic beverages, and/or
- drinks.

(The European Parliament And The Council Of The European Union, 2008)

Table 4.9 Seven world-class distilled liquors.

Breeds	Raw Materials
Baijiu	Wheat, sorghum
Brandy	Grapes
Whisky	Pre-treatment barley, corn, rye and wheat
Vodka	Any fermentable ingredients: like potato, barley, rye, wheat, corn, beet, grape or even sugarcane
Rum	Sugarcane
Gin	Juniper berry, submerged in alcohol
Pulque	Maguey

Source: Edited by (Chinese industry information network, 2015).

According to the EU definition of alcoholic drinks, Chinese Baijiu belongs to this kind of alcoholic beverage (i.e., high-strength [18%–68% alcohol]), which is made primarily from agricultural raw materials—water and grains, such as sorghum and peas—as well as leavening agents, such as yeast (including distiller’s yeast) or mouldy brans, and it involves the processes of stewing, saccharifying, fermenting, distilling, ageing, and blending. Similarly, the production of whiskey also highlights the importance of water. Today, some distillers mention the water source in their promotional materials, as if this

makes an essential difference to the quality of their brands and is far more significant than other elements, such as operational methods (MacLean, 2015:112). The Baijiu taste varies based on different detailed distilling processes in different locations, and there are four basic flavour types in China: The Fen, Lu, Jiang, and Mi flavours. These four flavours have their own distilling characteristics based on their materials, qu (saccharifying starter), fermentation containers, production processes, storage, blending technologies, and geographic conditions (Interview 10). The materials used for each flavour are shown in Table 4.10.

Table 4.10 Four basic Baijiu flavour types and their distilling processes in China.

Names	Fen flavour	Jiang flavour	Lu flavour	Mi flavour
Materials	Sorghum	Sorghum	Sorghum (or sorghum, rice, glutinous rice, wheat, corn)	Rice
Qu (Saccharifying starter)	Low-temperature da qu (or mix of da qu and bran qu, or xiao qu)	High-temperature da qu	Medium-high temperature da qu	Xiao qu
Fermentation containers	Ceramic ground cylinder (or cement pond or jar) and solid-state fermentation	Stripe cellar and solid-state fermentation	Mud pit and solid-state fermentation	Semi-solid fermentation in large stainless-steel tank or pottery tank
Time	4-30 days	8-9 months	45-90 days	7 days

Production and blending technologies	Steam	Fermentation after solid-state multi-cycle accumulation	Proportion of continuous grains and mix of steam and burn	Semi-solid short-term fermentation
Geographic conditions		Soil conditions	Soil conditions	

Sources: Edited from PPT document from interview10, 2017.

From the above table, it is evident that most Baijiu is made from sorghum and one is made from rice. As the saccharifying starter, qu is diverse, the potency of which is dependent on different temperature levels. “One of the characteristics of Chinese Baijiu production skills is the use of one integrated ingredient called ‘qu’, usually made by using peas and/or rice, accumulating fermentation, and adding flavours” (Interviews 10 & 17). Different fermentation containers and blending technologies also contribute to the diversity of Chinese Baijiu. In short, the distilling of Chinese Baijiu is a complex and creative process which combines raw materials with the external environment. Chinese Baijiu has developed twelve flavours based on the above four flavours. For example, the Jiang and Lu flavours create the Jian flavour; the Lu and Fen flavours create the Feng flavour; the Jiang, Lu, and Fen flavours together create the Te or Fuyu flavour; and the Jiang, Lu, and Mi flavours create the Yao flavour (Figure 4.4).

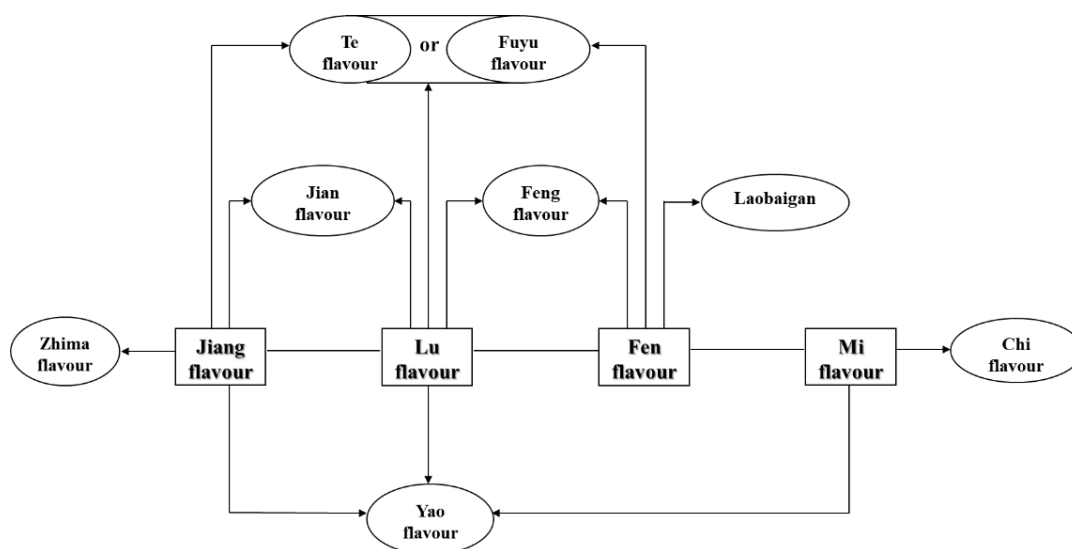


Figure 4.4 The framework of twelve Chinese Baijiu flavours

Sources: Edited from PPT document from interview10, 2017.

As previously mentioned, the fermentation and production processes of the various Baijiu types differ, and some flavours are more complicated than others and need a longer time to be created. For example, the production process for the Lu and Jiang flavours is open, as the pits are exposed to air to some degree, requiring a specific environmental condition (e.g. humid, warm weather and microorganisms used for fermentation). Here, we take the distilling process for the Jiang flavour (e.g. Moutai products) as an example: Moutai belongs to the Jiang flavour and the distilling time is the longest, usually taking about eight to nine months. The complete Jiang Baijiu distilling circle often has four stages—making qu, making Baijiu, blending and storing, and packaging. The first two stages are started together, followed by the rest (See Figure 4.5).

1) Making qu: This is the preparation stage for the saccharifying starter (qu). In this stage, workers first crush the wheat and add the mother's qu and water, mixing them together and making the embryo qu. After the qu is separated and stored for 40 days in a house (the special house made by straw for storing qu), the workers decant and store the qu for six months before it is used for Baijiu production (after spreading out the sorghum).

2) Making Baijiu: ① The grains mixing stage. In this stage, the workers should put in sorghum in two batches during the Chinese Chongyang Festival period—namely, Xiasha and Zaosha (*sha* means sorghum in Chinese). After crushing the sorghum, the workers start to heat and hydrate the crushed sorghum using warm water and then steam and spread it out. Then, the qu that was made in the first stage is added and mixed with the sorghum and then piled together until meeting the technological requirements. After the materials have been stored in the cellar for 30 days, the distillers take them out and mix them with broken and heated Xiasha sorghum, and then they are steamed again and recycled, in keeping with the above steps. ② The Baijiu-distilling stage. There are seven rounds in this stage, and each entail spreading, adding qu, stacking, putting it into the pit, and distilling. Normally, the whole Baijiu-distilling process includes repeating the distilling stage nine times, drying sorghum, adding qu, and putting mixed grains into pits eight times, and distilling the Baijiu seven times, which forms a complete production cycle and usually takes close to one year.

3) Blending and storage: In this stage, the workers should divide the base Baijiu (round Baijiu) into three typical flavours, storing them in separate pottery jars. The workers then blend different rounds, different typical bodies, different Baijiu alcohol contents, and different Baijiu ages, and then they store mixture in the pottery containers. The storage blending process always lasts for at least three years.

4) Packaging: This is the final stage and happens after the blended Baijiu has passed inspection. In this stage, the Baijiu is packaged into opaque containers for sale.

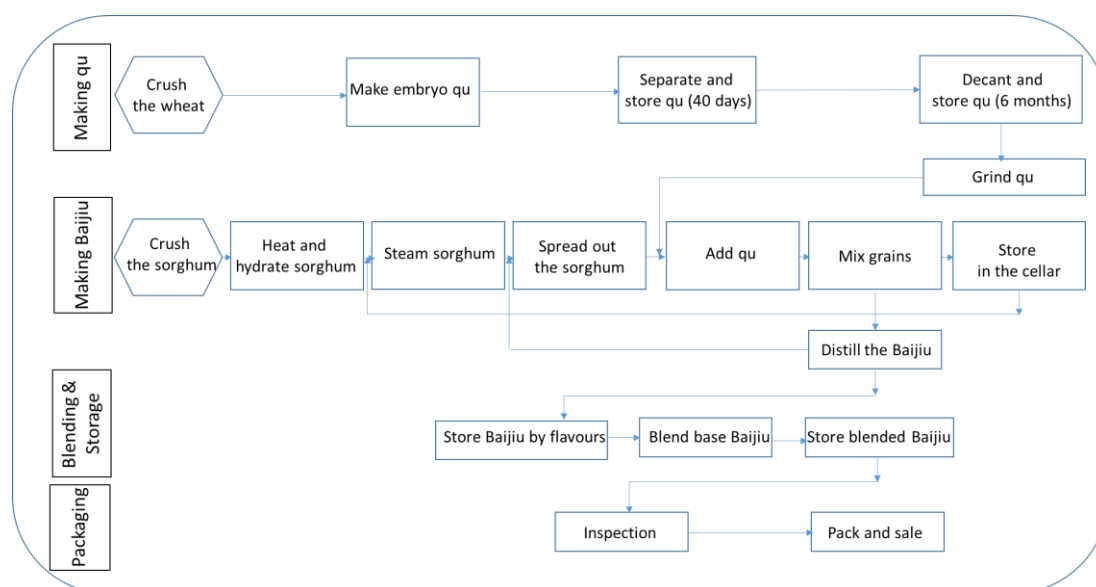


Figure 4.5 The Baijiu distilling process of Jiang-flavoured Moutai Baijiu.

Sources: Edited from (Baidu Baike, n.d.-a).

Ecological or environmental influences

According to the distilling process for raw materials, Chinese Baijiu has grain and distilling technology processes that are similar to EU regulations, although the making qu stage and the solid-state fermentation process are obvious differences which make Chinese Baijiu harder to be recognised and accepted by international consumers. However, as one of main alcoholic beverages consumed by the Chinese, it has a strong root in the Chinese market and shows geographical regional agglomerations based on its flavour types. For the original four basic flavours, the Jiang and Lu flavours are created in the regions of the upper Yangtze River (mainly along the Chishui River branch), crossing Sichuan and Guizhou provinces. The Fen flavour originated from Shanxi province (in the central part of China), and the southern China provinces (e.g. Guangxi) are the hometown of the Mi flavour (Figure 4.6). The other eight flavours are usually the innovations of other provinces, most of which are located close to these original provinces. Different geographical environments give rise to different flavour types, and

the division of the Baijiu production zones can be based on these. For example, according to the fieldwork,

Some academic experts think it is more scientific to divide the production zones or agglomerations based on the geographical products' characteristics rather than administrative divisions. For instance, it is reasonable to divide the Baijiu industry production zone according to rivers, such as Yangzi River. (Interview 17)

The Baijiu industry is highly dependent on production location: Local people and professional experts all admit that environment elements, such as soil, weather, and latitude (400 to 600 degrees), are important. Moutai and Guotai are located within this area. In addition, local people could distinguish the taste difference between city-distilled and suburb-distilled Baijiu. (Interview 8)

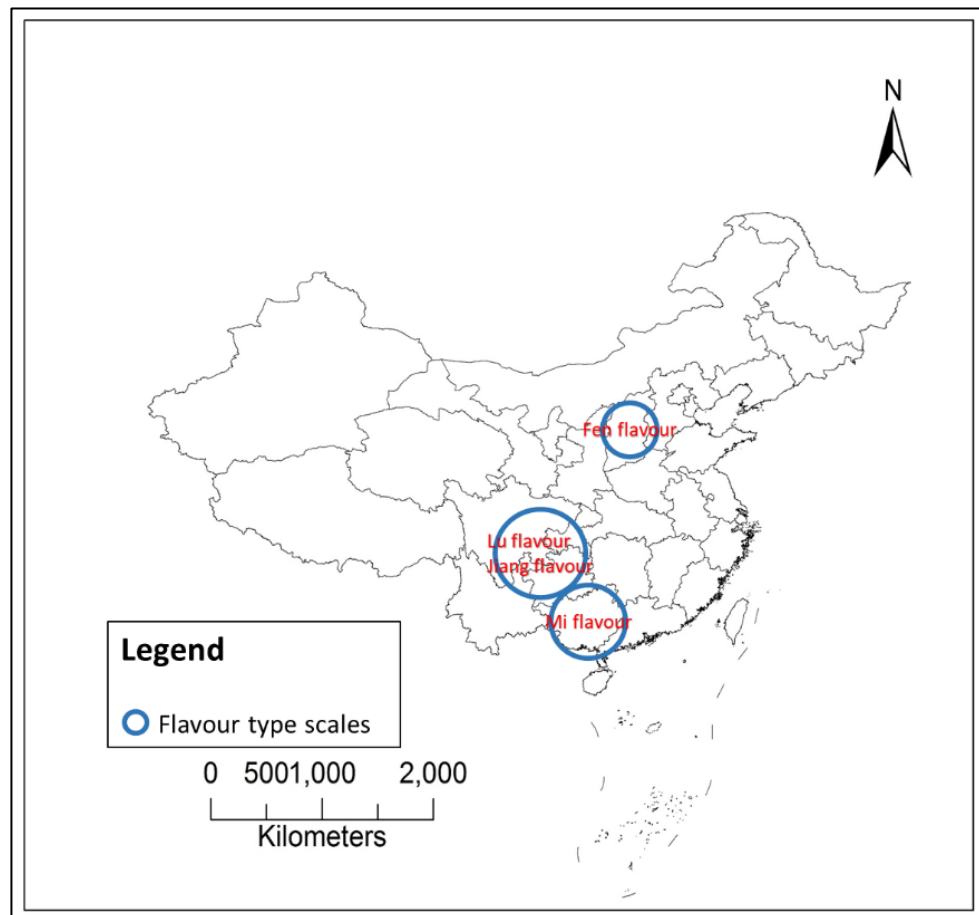


Figure 4.6 The four Baijiu flavour types location within China.

Sources: Drawn by the author.

In most cases, one enterprise mainly does research and produces one Baijiu-type flavour within one place, while some enterprises market and brand several flavour types, such as Langjiu. This not only shows the compatibility of different flavours within one enterprise or spatial entity, but also illustrates the potential branding strategies for diverse development. This kind of branding strategy increases the flavour-oriented agglomerations and diffusion simultaneously:

Both Luzhou Laojiao and Langjiu regard themselves as the origin of the Lu flavour because they are all located in Luzhou city, and all put this slogan in their promotions. Different from the branding scale of Luzhou Laojiao (promotion in the entire China market), Langjiu uses this slogan mainly in the Jiangsu province market. While most Langjiu products actually belong to the Jiang flavour actually, it promotes this specific attribute together with Moutai products, branding their products as sisters born in Chishui River. (Interview 13)

Moreover, the distilling process used by some enterprises adheres to the traditional method—“Master to Apprenticeship”—by which the master teaches the apprentices how to make Baijiu personally, which is a kind of body language that inherits the distilling skills as much as possible, especially because most Baijiu-distilling regions are less developed economically and have limited education facilities and academic or technological training. After generations, the skills are strengthened and mature, and regional agglomerations accumulate around the enterprises. “Skilled employers may not know the exact scientific principle of distilling; some of them just acquire the knowledge by watching their masters and can also produce tasty Baijiu” (Interview 13).

Cultural and historical elements

Compared with ecological and environmental elements, cultural and historical elements are more intangible and are often included in, or behind, the meaning of specific economic

commodities. These elements are not independent without any interaction with other elements, thus “nature produces particular cultures and politics of urban place, and vice versa” (Jonas, 2015:227), which is also true in the Chinese context. As one of the traditional and long-term existing Chinese industries, the method of utilising local water, grains, soil, pits, and weather in the Baijiu-distilling process and the unique technological process involved give birth to the unique local and regional culture. Culture is a more intangible concept, but has been encapsulated in various forms. For example, there are many different paper records (such as stories, poems, and even songs) about how people distilled and drank Chinese Baijiu in ancient times. Some of these poems have been collected in students’ textbooks, and some distilling machines are exhibited at local museums. In some situations, the Chinese Baijiu even became the main object and the idea of some poets’ creation, expressing their feeling for something or someone. Chinese Baijiu even became an emotional sustenance in this case, such that it has become prominent in Chinese minds and memory.

The ancient feudal emperors and modern politicians drink Baijiu, and the purpose of [this] is to woo subordinates’ hearts and minds, but also to avoid arousing suspicion; the militarists drink Baijiu, mainly aiming to treat the soldiers for an illness; the poets drink Baijiu, for the sake of poetry ideas, reading, or painting; the ordinary people drink Baijiu for the sake of normal life manners and habits, such as to say congratulations and farewell, show respect and reject humiliation, spreading joy and interest, or releasing sorrow, etc.

Junhui Chen “Chinese Baijiu/Baijiu Code” (Jiu, n.d.)

The importance of these cultural elements for today’s Baijiu industry was outlined by an interviewee:

In China, 70% of the brand value of branded Baijiu products refers to culturally related elements, while physical elements, such as what makes it and how it is distilled, account for just 30%. (Interview 15)

History and nature have chosen this specific place. The time factor is also very important, and the world’s alcoholic beverage industry is obsessed with culture and history. For example, there were only a few places that distilled Baijiu in Sichuan province and Chongqing city. That is to say, brand clusters

or industrial clusters are determined by natural conditions at the very beginning. The existing local areas are suitable for Baijiu distilling at first, and then more Baijiu-distilling factories begin to concentrate to those specific areas later on based on production and consumption needs. After concentration, there are several workshops, followed by public-private partnerships. After that, a big brand appears gradually, which is the case of the Chinese Baijiu brand clusters' or industrial clusters' emergence and development process. Also, when talking about alcoholic beverages, culture and history are two important elements which cannot be avoided, such as the existence of wineries in the French Bordeaux region, which have been lasted for more than 200 years without huge changes. This also explains the reason for the higher price and value of French wines, compared with Australian and American ones; it is culture and history that are valuable. (Interview 15)

The Chinese Baijiu industry emerged from the country's long history of cereal production, and as a traditional product made from cereals, Baijiu has been distilled and consumed by local people for more than 8,000 years, according to some records (Li, 1995). Especially when taking time into consideration, culturally related elements thus reflect a more macro background and historical process to some degree. These cultural and historical elements are time-related and illustrate the shape and agglomeration of the various histories of different industries and different aspects of specific industries (e.g. the flavour variety across different regions within China), and regional and spatial elements describe the unique development of the Chinese Baijiu industry. The emergence and development of the Chinese Baijiu industry thus involve cultural and historical elements, referring to time and spatial change as well. Space and place are written through branded objects and the social practices of branding. In contrast, the ecological and environmental elements are affected by existing local or regional cultures, politics, and history, increasing the function of local or regional natural factors or decreasing or transforming them.

Sometimes, the relationship between origins/production zones and quality is easier for consumers to identify than brand and quality; therefore, spatial elements can be central to

brands and branding for food and alcoholic beverages (Guerrero, 2001). As previously mentioned, although as a resource-oriented industry, the Baijiu industry agglomeration is affected by national policy measures, natural and environmental geographical conditions, and cultural and historical background, the further development and evolution of specific industry agglomerations and clusters should take spatial elements into consideration in this case. According to some research (Dicken, 2015), the geography of the production, circulation, and consumption of goods, especially some high-value food and alcoholic beverages (e.g. coffee, wine, and spirit), combines special elements of global, regional, and local scales simultaneously:

Globally, the emergence of southern hemisphere producers, basing their advantage on their seasonal complementarity with the temperate markets of the northern hemisphere, generates massive flows of long-distance trade. Regionally, the existence of areas of more exotic production within the major regional markets of North America, Europe, and East Asia has led to strong intra-regional trade flows of high-value foods. Locally, the increasing interest in alternative food networks, especially those which focus on local (often organic) production, has created much shorter movements of agro-food products. (Dicken, 2003:429)

The relationship between raw materials, culture, and history forms and explains the food and alcoholic beverages' GI regulation of EU quality schemes (e.g. "The GI protects the name of a spirit drink or aromatised wine originating in a country, region or locality where the product's particular quality, reputation or other characteristic is essentially attributable to its geographical origin") (European Commission, n.d.-b) and Chinese GI regulations (e.g. "A geographical indication product is a product that is produced in a specific geographical area and whose quality, reputation or other characteristics are essentially determined by the natural and human factors of the place of origin" (General Administration of Quality Supervision Inspection and Quarantine, 2005), illustrating the importance of food, wine, and Baijiu culture for the production and its function in political utilisation. Additionally, regional food and alcoholic beverage culture has become a tool

to promote economic and rural growth, especially when the regions are suffering from a recession (OECD, 1995; Kneafsey, 2000; Tregear, 2003; Nordic Council, 2005; Tellström et al., 2006).

Thus, cultural and historical elements play an essential role in Chinese Baijiu regional agglomerations and even its evolution and dispersion, which is obvious in Baijiu flavour types, along with its raw materials and distilling technology. For instance, as previously mentioned, Chinese Baijiu has developed into twelve flavours based on the original four basic ones. The Jian flavour is created from the Jiang and Lu flavours, and Baiyunbian is the representative Baijiu product, which is distilled in Songzi city, Hubei province (Hubei Provincial People's Government, 2013). The Feng flavour is created from the Lu and Fen flavours, and Xifeng Baijiu is the representative product, which is distilled in Baoji city, Shaanxi province. The Te and Fuyu flavours are created from a combination of the Jiang, Lu, and Fen flavours, and Site Baijiu and Jiugujiu are the representative products, respectively, which are distilled separately in Yichun city, Jiangxi province and Jishou city, Hunan province. The Yao flavour is created from a combination of the Jiang, Lu, and Mi flavours, and Dongjiu is the representative Baijiu product, which is distilled in Zunyi city, Guizhou province. Additionally, the Zhima flavour is the extension of the Jiang flavour, and Jingzhi is the representative Baijiu product, which is distilled in Jingzhi town, Shandong province. Laobaigan is the extension of the Fen flavour and is distilled in Hengshui city, Hebei province. The Chi flavour is the extension of the Mi flavour, and Yubingshao is the representative Baijiu product, which is distilled in Foshan city, Guangzhou province (Figure 4.7).

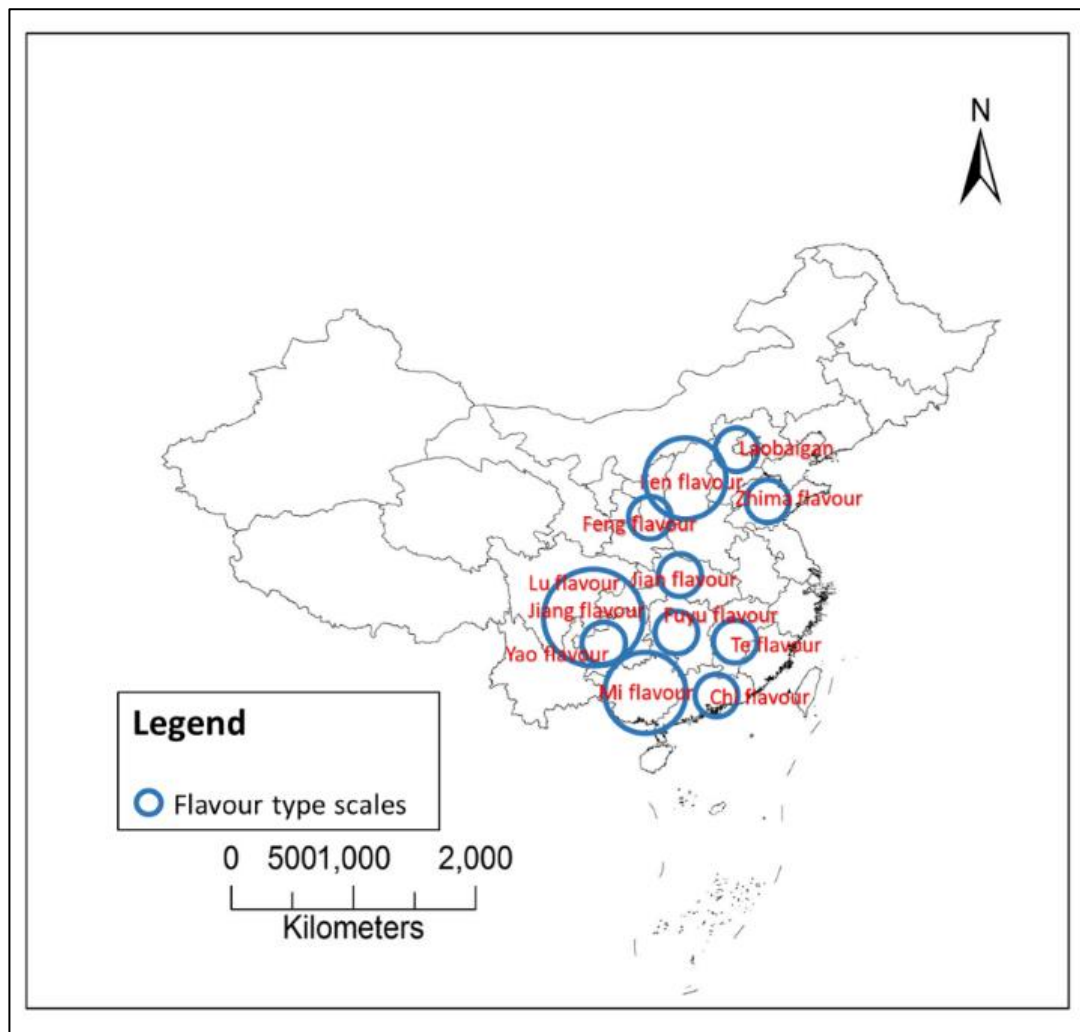


Figure 4.7 Main location of the twelve Baijiu flavour types.

Sources: Drawn by the author.

4.3.3 The Baijiu organisational structure and its regional agglomeration processes

The natural-related factors form the Baijiu interprovincial regional agglomerations based on raw materials (e.g. water and grains), the distilling process and related human activities. As with other industry clusters, the Chinese Baijiu industry clusters are spatial entities with their specific organisational structures, involving production, circulation, consumption, and even regulation. The production, circulation, and consumption chains of Chinese Baijiu products are not just linked to specific regions, the chains of some products extend to neighbouring provinces, across regions or even to the whole of China

or overseas in some cases. The variety and complicated development formation of the Chinese Baijiu industry chain increases the difficulty of a branding strategy for this industry. Chinese Baijiu industry clusters consist of different spatial regional agglomeration entities, driven by diverse elements. More particularly, the framework of Chinese Baijiu industry clusters has been shown to conform to a “diamond model” (Yang, 2016). The main part of the Chinese Baijiu industry clusters is the supply-produce-market chain. In the supply process, the subsidiary company, supply sector of the company, or agricultural-related private companies’ plant or acquire raw materials of Baijiu products (for example, sorghum and pea), then the Baijiu production factories brew Baijiu products according to a specific distilling technology and process. After the qu and Baijiu are made and the blending, storing, and packaging steps are completed, the Baijiu products are ready to be sold to local, regional, national, or even international markets. During this time, there are many auxiliary and related industries involved in packaging of base/original Baijiu and promotion of, and research into, Baijiu, such as bottles, caps and labelling companies and Baijiu distilling universities and Baijiu R&D institutions. In addition, provincial or city governments offer Baijiu distilling and development regulation support or guidelines for a macro-level insight as described in the section 4.2.3 of Chapter 4. Other domestic or international Baijiu industry clusters and opportunities also influence the form of the Baijiu industry clusters (Figure 4.8). The framework provides a basic formation of Chinese Baijiu industry clusters or parks based on an existing industry cluster model, although there are slight changes or differences in local practice. In addition, there are some indirect opportunities and challenges outside of the Baijiu industry clusters, such as cooperation and competition within different sectors, enterprises and consumers.

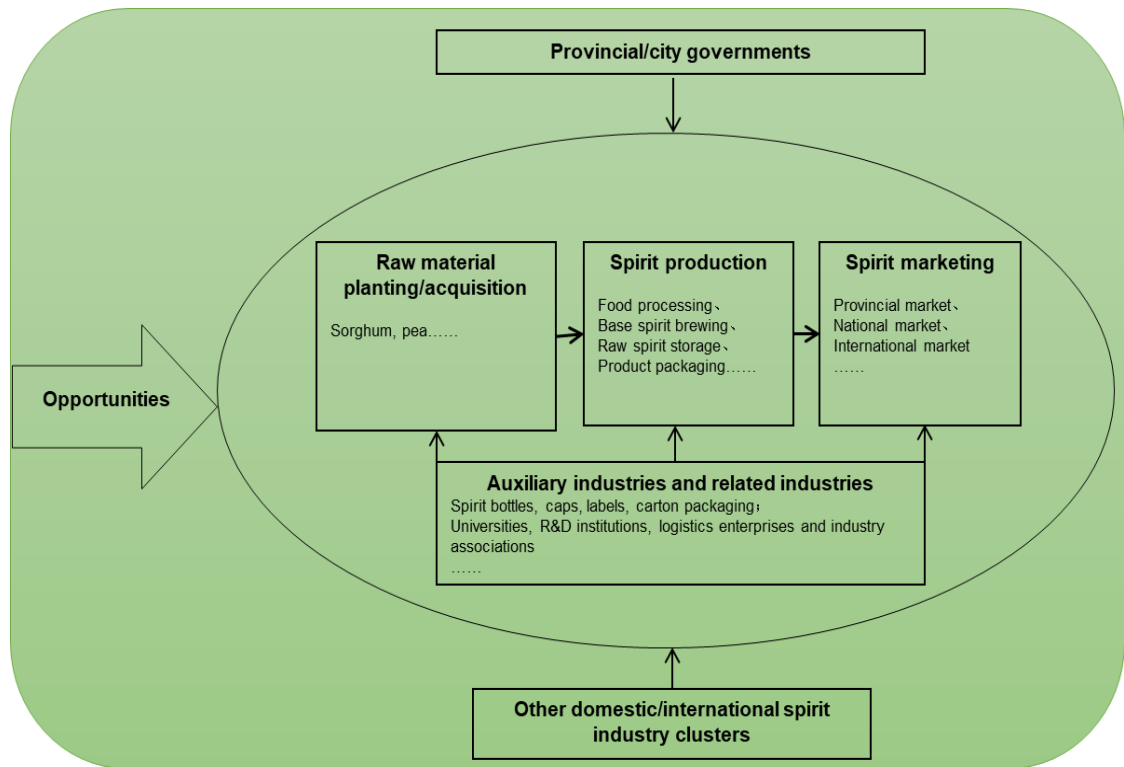


Figure 4.8 The framework of Chinese Baijiu industry clusters based on a “diamond model”.

Sources: Edited and translated from (Yang, 2016).

One Baijiu industry cluster cannot survive without consumption and investment, and when extending the main industrial chain of Baijiu industry clusters to the whole Chinese Baijiu industry, the consumption and investment of the social aspect form the main drivers of the Chinese Baijiu development format machine, which explains the possibility of sustainable development in the Baijiu industry and forms the development circle that aims to improve the production and economic benefits of the whole region (See Figure 4.9). First, the consumption need is the primary driver of this machine format. More specifically, the consumption need can be divided into three categories: public consumption, business consumption, and family consumption (Zeng et al., 2018:101). When there is sufficient need or an increasing potential for extra need while production remains at the same level, the products do not meet the needs of consumers or investors, which pushes up the prices of the products and improves the sales revenue of Baijiu

enterprises. In such cases, GDP improves, the local government may encourage more consumption to further improve GDP achievement. At the same time, enterprises attempt to extend supply, meeting the increasing consumption and achieving more sales revenue and benefits. This decision may force the extension of investment, and with more investment, production ability is also extended, which potentially decreases the gap in consumers' needs. In an ideal situation, this format machine of Chinese Baijiu industry happens repeatedly. This illustrates the local or regional economic and social development format, and when taking the industry clusters into consideration, these clusters mainly situate the "products price increase", "revenue growth", "enterprises: supply", "investment extend", and "production ability extend" positions. These spatial entities accept the information regarding the need for increased consumption, distil more Baijiu, and brand and market it to local regions and/or other provinces, together with other related companies or institutions, creating some new industries in the process. In practice, benefitting from the building of an independent and stable country and the emergence of the Chinese characteristic of the market economy as a macro background, the consumption of distilled Baijiu gradually increased after the founding of the PRC, especially with the Reform and Opening up policy in 1978. This background offers the possibility of the continuous need for and increased consumption of Baijiu products, but it may also fluctuate and even decrease slightly because of policy changes and consumption opinions related to Baijiu.

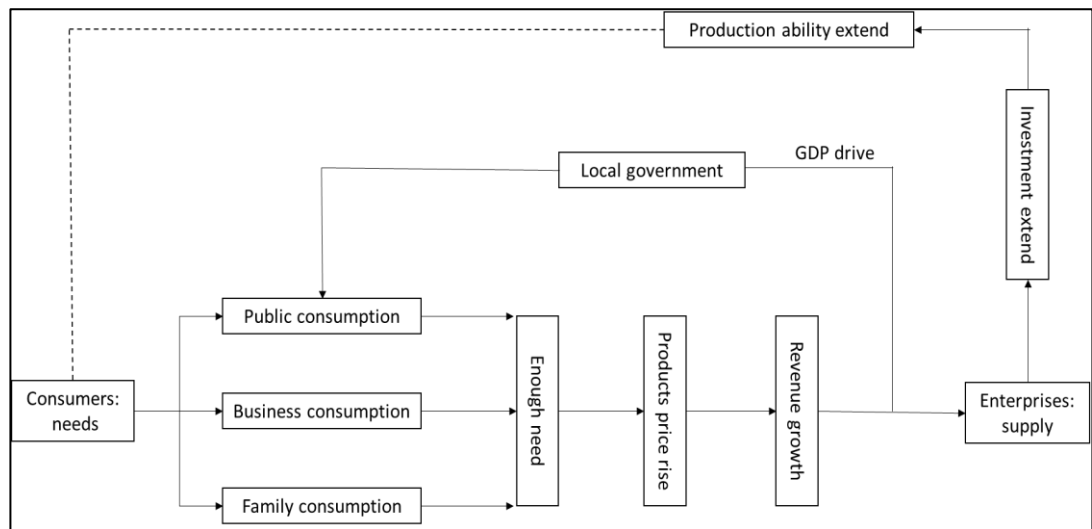


Figure 4.9 The brief development format machine of Chinese Baijiu industry.

Sources: Translated and edited from (Zeng et al., 2018:101).

More specially, according to above analysis, it seems that consumers' needs are a key for the development format machine of Chinese Baijiu industry. According to the brand communication of six elements designed by Kapferer (2008) outlined in Chapter 2, reflection is the customers' feeling for a brand. This illustrates that brand is a medium which could be delivered to consumers, and the consumers' cognition could decide their needs and then affect specific brands. The Baijiu industry cluster is not only a commercial brand identify of Baijiu products and enterprises, but also a prefectural-level city space entity. The regional recognition and choice of Chinese Baijiu industry from the consumers' perspective helps to illustrate this and this thesis used a simple questionnaire to find out the consumers' identification of branded products, enterprises and industry clusters. When asking about "how people feel about the Baijiu industry clusters/parks brand" (See Appendix 1) to explore the consumers' recognition of Chinese Baijiu industry clusters, most consumers regard the products' popularity within specific industry clusters as the most important element compared with others, with the average mark of 8.78 score (ranking first), followed by the region/province cultural influence of industry clusters/parks (8.7 score) and original place advantage of products in clusters/parks (8.7

score). Also, according to the consumers' recognition, the region/province GDP is the least significant element compared with other elements. It could be found that products are the key points of specific industry clusters. The branded industry cluster recognition depends highly on products' popularity in consumers' impressions. As one of the traditional Chinese industries with long distilling history, consumers think highly of region/province cultural influence. And as the processing manufacturing industry closely related to natural-related factors, the original place advantage of products in clusters/parks is also very important.

The first to third brand awareness elements are consistent with the PGI regulation in previous chapters, highlighting the products' popularity (which could be regarded as the quality and security of specific products according to the marks of brand perception elements) and natural-related factors such as water, grains and related cultural and historical factors.

4.3.4 Regional agglomeration policies of the Chinese Baijiu industry

Quality division of Chinese Baijiu industry regional agglomerations

Chinese Baijiu is a traditional beverage, and the Baijiu industry has grown around some traditional and major provinces, where the regionalisation and global expansion of the industry have gone hand in hand. Polity is an important driver when describing the Chinese Baijiu industry. Baijiu production and consumption and especially some macro Baijiu industry policies are decided by not only Baijiu enterprises but also central and provincial governments. Central and provincial governments have started to pay attention to the improvement of Baijiu industry competitiveness and brand effects.

Chinese policies and regulations governing the food and Baijiu/beverage industries' brand and branding strategies have been based on an understanding of policies in Western countries, such as France and Germany, which are mainly focused on the wine industry. Learning from the experience of Western countries, China's government (central, provincial, and local levels) designed a series of principles to regulate and improve the brands of Chinese food and Baijiu/beverages. Protected geographical indication (PGI) is one of the most important designations which guarantees the quality of specific food and Baijiu/beverages and the origins of their production. Rather than targeting only the quality of specific products, the government also designed a series of beverage-related regional development plans for Chinese industry clusters.

Western countries' experience with alcoholic beverage regulations

As previously mentioned, most Chinese alcoholic beverage policies are implemented based on the experiences of some Western countries and especially specific regulations and principles, such as GI and PGI. Against this background, for the design and implementation of regulations and the standardisation of food and Baijiu/beverage policies, the extensive experience of these Western countries provides many useful ideas. For instance, there are many regulations and laws governing the wine industry in the Western world. Different countries divide wine production zones and wine quality into multi-level categories (Table 4.11) (The portable wine tour, 2006). France's *Appellation d'Origine Contrôlée* (AOC) is considered the benchmark of wine classification systems. It defines the boundaries that demarcate appellations (wine-making regions) within appellations, and it prescribes various viticultural and wine-making practices, such as authorised grape varieties, methods of cultivation and vinification, and minimum and maximum degrees of alcohol. Labelling according to grape variety is almost never

permitted for appellation wines (with the exception of AOC Alsace). However, in such a rigid system, it can be difficult for dynamic, quality-conscious winemakers to innovate and improve their wines. This state of affairs has led some producers to opt for the less prestigious but much less restrictive *vin de pays* classification, which is a category between *vin de table*, which is the most basic French wine, and AOC. Other European nations have similar systems. Italy, for example, has the *Denominazione di Origine Controllata* (DOC). Basic wines are labelled *vino da tavola* (VDP), while quality wines are called DOC or, for wines from supposedly the best regions, *Denominazione di Origine Controllata e Garantita*, which means controlled and guaranteed designation of origin. Conversely, some other countries impose far fewer restrictions. The American Viticultural Area (AVA) system is a typical example. AVAs (grape-growing regions) have the same climate, soil, elevation, and other similar properties that give the wine a certain characteristic. When an AVA is indicated on the wine bottle's label, 85% of the wine must come from the AVA. In general, rules govern some procedures and additives, with each country taking its own path, but New-World winemakers are far freer than their European counterparts in regard to what they are permitted to do. Whereas winemakers in Burgundy are restricted to using pinot noir or chardonnay, producers in the Hunter Valley (in Australia) and Willamette Valley (in the USA), for example, can plant whatever varieties they choose and blend these with other varieties and grapes from other regions, provided they comply with local labelling laws. Personal preference and commercial considerations will play a role in a New-World (namely, some newer wine making countries such as USA, Australia, Canada, Argentina and Chile, South Africa, and New Zealand) winemaker's decision-making. A wine bottle's label reflects the different approaches to wine-making regulations. New-World wine labels are usually the easiest to understand because they nearly always state the grape variety or varieties used, which is rarely stated on European labels. New-World wine labels also include the vintage,

place of production (appellation), and the all-important producer name. In America, “reserve” denotes that this is the producer’s premium wine and that it should be of a high quality, and the “unfiltered” label may be considered positive by some consumers. In addition, as one of the famous distilled liquors, whiskey made in Scotland also has a similar origin division and protection system and labelling requirement. The government regulated a principle of local and regional GIs, which include Highland, Lowland, and Speyside (Scotch Whisky Association, 2019:8).

Table 4.11 Details of the regulation of wine production zones and quality in Western countries.

France	Most of the significant French winegrowing areas have been divided into sub-regions based on the characteristics of their terroirs. Such distinctions form the basis of France’s national classification system, known as appellation <i>d’origine</i> controlee, often abbreviated to AC or AOC. The appellation system was created in the 1930s to protect the authenticity of wines and the livelihoods of their producers. It does this by defining boundaries and, within each area, stipulating the permitted grape varieties, yields, and alcohol content; cultivation, vinification, and maturation practices, as well as labelling producers.
Germany	The wine law placed German wine production into three categories in 1971: Tafelwein (the most basic), Qualitätswein (QbA) and the superior Qualitätswein mit Prädikat (QmP), which consists of further quality categories, rising from Kabinett to Trockenbeerenauslese).
Italy	The wine law follows the standard EU breakdown into “quality wine” and “table wine”. Quality wine in Italy has two categories, denominazione di origine controllata (DOC) and the higher-level denominazione di origine controllata e garantita (DOCG). DOC wines have basic controls on origin, grape varieties, and style, and several cultivation and wine-making parameters. DOCG was conceived as a class apart to represent the top wines, though it is often awarded to a wine that has commercial or historical significance rather than high quality. Indicazione Geografica

	<p>Tipica (IGT) is the higher subcategory of 'vĕno dă 'tăvōlă (Vdt), and allows producers a chance to apply for DOC and eventually DOCG status.</p>
Portugal	<p>The Instituto da Vinha e do Vinho (IVV) set in place the current recognized wine quality level in 1999, which include denominação de origem controlada (DOC), “denomination of controlled origin”, and is the equivalent of Spain’s DO. Indicação de proveniência regulamentada (IPR) is a category created for emergent wine areas which may eventually seek promotion to DOC. Table wine divides into two categories: vinho regional (VR) are country wines from fairly large areas; vinho de mesa (VdM) is a simple table wine. It may be made in and blended from grapes from any part of Portugal.</p>
United States of America	<p>The appellations in the USA are called AVAs, American Viticultural Areas. AVAs are official grape-growing regions that have been designated by the Bureau of Alcohol, Tobacco, and Firearms (ATF). When an AVA is designated on the wine bottle’s label, 85 percent of that wine must come from the AVA. AVAs are geographic locations that have the same soil, climate, elevation, and similar properties that give the wine a certain characteristic. This system guarantees the geographical origin of the wine, but does not indicate anything about the wine’s quality. The term ‘appellation’ is often used instead of AVA. However, not all appellations are designated an AVA by the Bureau of Alcohol, Tobacco, and Firearms. Any region in the US can apply to become an AVA.</p>
Spain	<p>The laws are controlled by regional Regulating Council. Vinos de calidad producidos en regiones determinadas (VCPRD) or “quality wine produced in specific regions” meet European Union export regulations. Denominación de origen (DO) and Denominación de origen calificada (DOCa) are similar to their French counterparts, and vino de la tierra (VdlT) is the highest level of table wine. Crianza, reserve, and gran reserve refer to the age of the wine and amount of oak aging before release, and refer to longer aging in Rioja than in the other DOs.</p>
Canada	<p>The Vintners’ Quality Alliance (VQA) governs the use of geographic or varietal designations, grape types, and viticultural and winemaking practices. With the recent official recognition of VQA Canada, international acceptance is growing rapidly. However, provincial laws act as a brake on the wine industry. With the exception of Alberta, the sale of</p>

	alcoholic beverages is controlled by provincial monopolies and, consequently, wine prices carry heavy mark-ups. These monopoly mark-ups systems are so inflexible that many Canadian wines are sold only in the province of origin.
Argentina and Chile	<p>In Argentina, the Instituto Nacional de Vitivinicultura (INV) regulates wine terms such as DOC (similar to the French AOC) and the new GI (Geographic Indication), similar to the Italian IGT. If a grape is named, the wine must contain 80% of that grape.</p> <p>In Chile, the wine laws are similar to those in other parts of the New World, where wines are marketed primarily by varietal labelling rather than by regional appellations, along with reserve and gran reserve designations (aged in French oak barrels). Since 1995 the local agriculture boards have regulated regional, varietal, and vintage indications.</p>
South Africa	The appellation system, Wine of Origin (WO), was established in 1973 along the lines of the then European Economic Community rules. Wine-producing areas are divided into WOs, and include Constantia, Paarl, Stellenbosch, Franschhoek Valley, Robertson-Bonnievale, Durbanville, and Swartland and Tulbagh; these are further divided into districts and wards. The term “estate” is regulated, and wines must contain 75% of the varietal stated on the label.
Australia	Australia does not have a strict set of regulations similar to the French AOC system, but the Australian Wine and Brandy Corporation defines viticultural regions and governs labelling. If a grape variety is named, the wine must contain 85% of that variety. If two grapes are used in a blend and neither represent 85%, both must be listed on the label in order of importance. Blended wines must state the percentage of each grape used, and if an area, district, or region is mentioned, 85% of the wine must come from that place.
New Zealand	New Zealand does not have strict regulations like those of France, but wine laws also differ from those of the USA. If a single grape variety is stated on the bottle, and if the wine is sold only in the local market, the wine must contain 75% of that varieties. If the wine is sold in European Union countries or the USA, it must be 85%. If more than one variety is stated, the varieties must be listed in descending order of proportion.

Sources: Edited from (The portable wine tour, 2006).

Based on the above description of the wine origin division system, as one agricultural-related industry, the territory-based natural elements are significant for grape planting and wine making. For example, the government designs serious division systems for the origination of grape planting, guaranteeing the quality of the wine from the very beginning. Some countries, such as Italy, even control the grape varieties and style, as well as the cultivation and wine-making parameters. Compared with wine in some traditional countries such as France, Germany, Italy, and Portugal, regulations are not as strict in some newer wine making countries (e.g. USA, Australia, and New Zealand), which mainly highlights the content of labels to claim the percentage of specific grape varieties. Some regulations may even differ when selling to local or international markets, such as New Zealand.

Besides the above origination and territory division system and bottle label regulations in the wine industry, there are other related regulations, principles, and schemes in the European Union that apply to different products, including diverse foods and beverages. The European Commission launched the aims of the EU quality scheme (European Commission, n.d.-b), protecting “the names of specific products to promote their unique characteristics, linked to their geographical origin as well as traditional know-how” (European Commission website, “Quality Schemes Explained”). More specifically, there are detailed EU quality schemes which help customers to trust and distinguish between qualified products, encourage producers to market their products more effectively, and guarantee the taking place of trade negotiations between the EU and other countries (Table 4.12).

Table 4.12 Regulatory framework of EU quality schemes.

Scheme name	Explanation	Products	Specifications	Examples
Protected designation of origin (PDO)	Product names registered as PDO are those that have the strongest links to the place in which they are made.	Food, agricultural products and wines	Every part of the production, processing and preparation process must take place in the specific region. For wines, this means that the grapes have to come exclusively from the geographical area where the wine is made.	Kalamata olive oil PDO is entirely produced in the region of Kalamata in Greece, using olive varieties from that area.
Protected geographical indication (PGI)	PGI emphasises the relationship between the specific geographic region and the name of the product, where a particular quality, reputation or other characteristic is essentially attributable to its geographical origin.	Food, agricultural products and wines	For most products, at least one of the stages of production, processing or preparation takes place in the region. In the case of wine, this means that at least 85% of the grapes used have to come exclusively from the geographical area where the wine is actually made.	Westfälischer Knochenschinken PGI ham is produced in Westphalia using age-old techniques, but the meat used does not originate exclusively from animals born and reared in that specific region of Germany.

Geographical indication of spirit drinks and aromatised wines (GI)	The GI protects the name of a spirit drink or aromatised wine originating in a country, region or locality where the product's particular quality, reputation or other characteristic is essentially attributable to its geographical origin.	Spirit drinks and aromatised wines	For most products, at least one of the stages of distillation or preparation takes place in the region. However, raw products do not need to come from the region.	Scotch Whisky GI has been produced for over 500 years in Scotland, including the distillation and maturation, but the raw materials do not exclusively come from Scotland.
Traditional speciality guaranteed (TSG)	Food and agricultural products.	n/a	n/a	Gueuze TSG is a traditional beer obtained by spontaneous fermentation. It is generally produced in and around Brussels, Belgium. Nonetheless, being a TSG, its production method is protected but could be produced somewhere else.
Mountain product	The quality term "mountain product" highlights the specificities of a product, made in mountain areas, with difficult natural conditions.	Agricultural and food products	Raw materials and animal feed come from mountain areas. For processed	n/a

	Recognising this is an advantage for farmers as well as consumers as it enables to market the product better but also ensures certain characteristics to the consumer.		products, production should take place in such areas as well.	
Product of EU's outermost regions	Agriculture in the EU's outermost regions face difficulties due to the remoteness and insularity, including difficult geographical and meteorological conditions. To ensure greater awareness of agricultural products from the EU's outermost regions (the French Overseas Departments -Guadeloupe, French Guiana, Réunion and Martinique- and the Azores, Madeira and the Canary Islands) a dedicated logo has been created.	Agricultural and food products	Produced in outermost regions.	n/a

Sources: Edited from (European Commission, n.d.-b).

According to Table 4.12, the EU regulation of distilled liquor belongs to the scheme of “Geographical indication of spirit drinks and aromatised wines (GI)”, while the spirit alcoholic beverage types have excluded the specialised definition of Chinese Baijiu in EU’s related report till now (other six world-class distilled liquors could be found in the report). In GI related report, the identification of spirit drinks normally means an alcoholic beverage “originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of that spirit drink is essentially attributable to its geographical origin” (The European Parliament And The Council Of The European Union, 2008:22; Scotch Whisky Association, 2019). Generally speaking, according to the EU’s Intellectual Property Rights (IPRs) system, this means that a specific protection agreement has been signed, and in this case, the GI products are legally protected against imitation and misuse within the EU and in non-EU countries.

More specifically, 100 years ago, France was the first country that published special laws to guarantee GI utilisation (Zhou, 2013b). The details of the GI-related laws and regulations in France are as follows (Table 4.13).

Table 4.13 The Geographical Indication regulation of France.

Name	Regulation levels	Regulation details	Regulation contents
The legal and regulatory system	National level	<ul style="list-style-type: none"> Functions: Define the basic principles of protection, such as, French appellations of origin are determined by the No. L.115-1 of “Consumer Code”. Property rights arrangements: The Geographical Indications (GIs) belong to national intangible assets and cultural heritage and belong to the category of public rights and public law, which must be protected and supervised by the state. The state grants the utilisation right to collectives and associations composed of private individuals, and the GIs are the common property used by the private. 	Almost all aspects of wine planting, picking, transportation processing, storage, preparation, quality

		<ul style="list-style-type: none"> • Geographical division: the scale is determined by national laws. On the one hand, the law determines the geographical scope, on the other hand, it is clear that the plots and areas planted in the wine garden cannot be changed at will. 	control, sales, etc. The process is transparent, open, detailed, and operable
	Administration sectors level	<ul style="list-style-type: none"> • Functions: Publish specific scope, traditional process methods, product quality characteristics requirements, market supervision, etc. • Management settings: France implements two levels of management. This level is the first-level quasi-official institutions set body, and there are rules and regulations to formulate and issue the right. 	
	Institutions levels	<ul style="list-style-type: none"> • Functions: Publish nationally recognised implementation rules and practices; • Management settings: The main body of the second-level quasi-government organisation, namely the National Cognac Industry Office and the Champagne Industry Committee, which is also quasi-official institutions with rules and regulations to issue and publish rights. 	

Sources: Edited from (Yang, 2011).

From the table above, it can be seen that GI is an important principle with regard to standardising the specific alcoholic beverage and aromatised wine industries, among all the other quality schemes, which illustrate potential connection between raw products, the stages of distillation or preparation, and the region. Compared with GI, PGI involves more food, agricultural products, and wines, also claiming a kind of loose relationship between the production, processing, or preparation of products; raw materials (e.g. grape variety origins); and regions. In France, there are three governmental levels to regulate and guide the production, circulation, marketing, and branding of alcohol products. The French use of GI and PGI and the regulations associated with these helped to form the basis of Chinese regulations for the Baijiu industry and other agricultural products.

Reflection

The advantages of the above system are obvious, and it can, as far as possible, guarantee the quality of wine based on a strict multi-level division system and can protect the livelihood and rights of producers based on wine making. In this case, producers would like to follow the regulations, be protected by related regulations such as EU quality schemes and the Geographical Indication regulation, and do this job for decades or even hundreds of years. These division systems can also guide the utilisation of the soil or territory in a more scientific way, avoiding misuse and damage. In addition, the “governmental supervision agency + associations + producers” origination protection module in France combines the product markets, governmental policies, and producers; shares the same label within protected territories; and shows the exclusivity character, guaranteeing the priority and rights of protected products (Wang et al., 2010). However, some aspects can still be improved, if possible. The regulation should also take environmental/climate change into consideration. Because of climate change and environmental damage, some origins may no longer be the first choice for grape planting and wine making. Additionally, strict regulation may lead to a lack of innovation in the wine-making process. A more flexible and dynamic monitoring system and regulations should be implemented based on the modern societal background, in order to keep with modernisation.

Chinese Experiences with Geographical Origination Legislation

Drawing upon the experience of wine producing countries and particularly upon those designations for wine in European countries and upon EU legislation, China has been exploring its own alcoholic beverage/Baijiu regulations and principles. The development

of these regulations started in 2001 with China's accession to the WTO, when the former State Administration of Entry–Exit Inspection of Import and Export and Quarantine promulgated the Regulation of the Marks of Origin (RMO), promoting international trade and protecting IPRs. RMO is the predecessor of the PGI, which I will introduce and discuss later in this section. In 2008, the agricultural sector published the “National Advantage Agricultural Product Regional Planning (2008–2015)” (Dong, 2008), focusing on the regional development of advantaged products and promoting regional agglomerations and industrial upgrading and integration. However, the scientific agricultural regional planning based on agricultural origins has been slow, and there is no specific sector for advantaged or protected agricultural regional planning and supervision. In addition, most of the national advantaged grain and bean production is located in northern China (e.g. In the Loess Plateau, there are huge Baijiu-distilling SOEs, such as the Fenjiu Group, which is one of the top branded Baijiu enterprises, while in northeast China, there are few top branded enterprises), while most branded Baijiu production and consumption zones are located in China's southwest territories (e.g. Sichuan and Guizhou). It seems the main grain production need not necessarily take place in the main Baijiu-distilling zones. Therefore, the regulation of Baijiu is not the same as that of the main agriculture products; some parts of the regulations are similar but do not have exactly the same meaning. While differences and functions in the regulations have been divided clearly as a protected designation of origin (PDO), PGI, and GI of alcoholic beverages and aromatised wines in the case of the EU quality scheme, in China, these regulations are learned step by step.

Chinese Baijiu quality, security, and origins: Review of the development of regulations for China's food and Baijiu industries

This section mainly describes the development regulations for the Chinese Baijiu in regard to its quality, security, and originations, and it summarises the GI and PGI utilisation and implementation in the case of China. The regulation of GI in China is a relatively new policy practice for domestic and international trade and IPRs¹⁹, compared with the wine industry division system of Western countries and the EU quality schemes and related reports about spirit drinks, which have developed gradually since the 1990s. The majority of Chinese regulations are based upon the EU's report about GI identification and the protection of alcoholic beverage drinks. The emergence and development of China's institutional GI exploration has experienced three periods to date. The first was the beginning of GI exploration and lasted from 1990 to 2000. During this period, the former State Administration of Quality and Technical Supervision initiated the establishment of China's gradual protection of GI products based on the experience of learning from the protection system of Appellation of Origin in France, utilising the regulation to divide and control Chinese products. In 1999, the Regulation of The Protection of Designated Origin Products (PDO) was promulgated in accordance with the Law of Product Quality and the Law of Standardisation (General Administration of Quality Supervision Inspection and Quarantine, 1999), which was the first regulation governing GI protection in China, symbolising the initial establishment of the GI product protection system. Later on, as an approach to coping with China's accession to the WTO, the former State Administration of Entry-Exit Inspection of Import and Export and Quarantine promulgated the Regulation of the Marks of Origin RMO (The National Entry-Exit Inspection and Quarantine Bureau, 2001) in 2001 in accordance with the Law of the Inspection of Import and Export Commodity, which, for the first time, defined GI

¹⁹ Notes: The GI and PGI regulations are new policies in Chinese Intellectual Property Right (IPRs) aspect, and many related policies are still being developed and designed. The contents of this section are based upon the official website of Chinese government such as "China Protected Geographical Indication Products". Available online: <http://www.cgi.gov.cn/Home/Detail/525/>. Accessed on 01/11/2019.

according to the definition of WTO/The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and played a positive role in promoting international trade and protecting IPRs.

Subsequently, following the establishment of the General Administration of Quality Supervision Inspection and Quarantine (AQSIQ), the GI protection system within the Chinese context was launched. For example, in 2005, the Regulation of the Protection of Geographical Indication Products was promulgated, leading to the protection of GI products which aimed to enable rapid growth with improved norms. Similar to the wine industry division systems of some Western countries and some international organisations, the GI policy also highlights the importance of the origination and natural elements of specific regions in China. However, we should realise that Chinese GI regulations are relatively new compared to the regulations in European countries and regions, and are in the initial stages of development and improvement. From the regulation of Chinese PGI identification and description (See Table 4.14), it can be seen that the specifications (as outlined in the table) are almost the same as those identified in the EU report, as both highlight the origination, quality, reputation, and other characteristics of specific alcoholic beverage/Baijiu products which contribute to geographical origin. However, there is a slight difference: The specifications of Chinese Baijiu point to the “human factors” that illustrate that Chinese Baijiu is not only an alcoholic beverage, but also contains some Chinese cultural and historical factors and may include “social-manner intermediary” (as mentioned in section 4.3.2, to express respect, joy or sorrow feelings, or in other cases, for business purposes) in some situations. A detailed description and analysis of these factors will be provided in later chapters.

Table 4.14 The contents of the Regulation of the Protection of Geographical Indication Products in China.

Regulation name	The Regulation of the Protection of Geographical Indication Products
Basic laws	People's Republic of China Product Quality Law The People's Republic of China Standardisation Law The People's Republic of China Import and Export Commodity Inspection Law
Products	(1) Planting and distilling products from the region. (2) All raw materials come from the region or partly from other regions and the products are produced or processed with specific technology in the region.
Specifications	A geographical indication product is a product that is produced in a specific geographical area and whose quality, reputation or other characteristics are essentially determined by the natural and human factors of the place of origin.
Regulator	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ)

Sources: Edited and translated from (General Administration of Quality Supervision Inspection and Quarantine, 2005).

In summary, with the development of the GI-related regulations within China, the protection system for GI products has exerted AQSIQ's jurisdiction on quality supervision from the root of production and is cracking down on counterfeit products, as well as the regulatory work for import and export goods, achieving some positive feedback and results. The GI products protection system has played an important role in improving product quality and increasing asset values, attacking fake and counterfeit products and promoting international trade. It also has a say in protecting specialties and enhancing their market competitiveness. The State Council issued the Outline of the National Intellectual Property Strategy in May 2008, which affirms to undertake the

legislation for GIs. Moreover, it emphasizes improvement of the GI protection system by establishing and perfecting a GI system of technical standards, quality assurance, and inspection and carrying out nationwide surveys for GI resources to sustain GI products and promote the transformation of natural and human resources with local characteristics into productive forces. To date, AQSIQ has set up a system geared towards standards, inspection, and quality assurance that conforms to the international practices of the sui generis GI system. A compulsory quality and technical requirement are formulated for every protected GI product, along with the respective technical norm or local standard. The provincial quality supervision and inspection department is authorised to set up the inspection and quality assurance system and to designate qualified inspection bodies to carry out routine supervision.

As a hybrid of French GI policy and Chinese characteristics, GI protection has had an impact in Chinese national agriculture and industry areas. A total of 1,192 GI products have been registered by AQSIQ after a decade, and over 6,000 enterprises and producer groups have been authorised to apply the GI symbol to their products (Department of Science and Technology, 2011c). The registered products range from wines, Baijiu, Chinese liquors, teas, fruits, and flowers to Chinese herbal medicines, condiments, marine products, and other foodstuffs. The quality of the protected GI products is guaranteed, and the market environment has improved since then. Furthermore, the price and market competitiveness of GI products have generally increased, resulting in improved social and economic benefits for GI applicants. For instance, many branded Baijiu enterprises, such as Moutai, have applied PGI, forming one of the elements that have allowed an increase in the prices of its products. This indicates that the protection of GI products has gained overwhelming support from different enterprise applicants and local governments. The protected GI products have been gradually recognised and accepted by domestic

consumers and GI designation is part of attempts to spread their influence to the international stage.

GI products' regulation and application policy suggest that there are at least three kinds of obvious or potential benefits and achievements for marketers of these products and even the whole Chinese society. First, GI products increase economic benefits significantly (Department of Science and Technology, 2011a; 2011b). The protection system for GI products has improved the products' already favourable reputation, their quality credibility, and the value of their intangible assets, which could also translate to the brand improvement of specific products. Take the example of the agricultural products which consist of about 60% of all the GIs registered by the AQSIQ. A nationwide survey shows that the purchasing price of the agricultural GI products generally increases by 15%–20% (Department of Science and Technology, 2011b). Meanwhile, the overall exports and economic benefits of the registered GI products are usually raised or even doubled. Second, GI products could affect quality improvement of specific products. In light of the overall requirement of the National Intellectual Property Strategy, AQSIQ has set up a system for standards, inspection, and quality assurance that conforms to international practices. To date, AQSIQ has concluded the drafting of standards for over 600 GI products and over 700 quality and technical requirements that generalise the quality features of each GI product and clarify the key elements of production, thus creating the necessary conditions for producing quality products with uniform quality features. AQSIQ has included GI products in the “Catalogue of Supervision and Random Check at National and Local Levels” in order to carry out regular and irregular supervision and random checks, along with specific supervision and examination to safeguard the unique quality features of GI products. AQSIQ also takes measures regarding import–export inspection procedures to strengthen the protection of both

domestic and foreign GI products. The protection system for GI products has made contributions to AQSIQ's undertaking of its responsibility to supervise quality safety, advance regional economic development, protect the IPRs, and improve farmers' income. It also plays an important role in promoting the trade of specialties and shaping the positive image of Chinese products. Third, GI products promote trade and extensive international cooperation. The GI products' regulation for foreign products is a part of Chinese GI regulation. Normally, the products which are manufactured in their own countries need to apply and adhere to China's quality and production regulations. More specifically, it is easier for them to apply GI protection in China once they have already applied for PGI or GI status in the EU or given similar status in other countries; however, they need to follow the Chinese laws and regulations and should be beneficial to people's health. The practice of specifically protecting GIs in China, which has gained widespread interest and international recognition, has demonstrated that through special and high-level protection, the specific characteristics of GIs are effectively safeguarded, the IPRs of GI producers are protected, and international trade is facilitated and promoted. For example, AQSIQ and the EU launched the 10+10 Pilot Project for Mutual Recognition of GIs between China and EU in 2006. Five Chinese GIs were recommended by AQSIQ up to October 2011: Longkou Fensi (vermicelli), Longjing Cha (tea), Shaanxi Pingguo (apple), Guanxi Mi You (grapefruit/pomelo), and Lixian Ma Shan Yao (yam) have been registered as PGI or PDO by the European Commission. Concurrently, AQSIQ has granted GI protection in China for Comte (cheese), Roquefort (cheese), Scottish Farmed Salmon, West Country Farm Cheddar, Sierra Magina (olive oil), Priego de Cordoba (olive oil), and Pruneau d'Agen (prunes). In the alcoholic beverage field, cognac and Scottish whiskey were granted GI protection in China in 2009 and 2010, respectively. Meanwhile, Napa Valley and Champagne have also filed applications for GI protection in China, illustrating that the Chinese protection system for GI products has started to link to, and

connect with, those of the advanced countries and regions, improving its food/beverage quality and security reputation and international influence. In addition, as the main regulator of GI, AQSIQ has implemented special measures to strengthen the protection of GI products. As an approach to further improve GI protection, it has introduced the warning and notification mechanism against fake GI products. AQSIQ will further improve the system construction for GI protection, strengthen its supervision, and regulate management behaviour. It will accelerate the construction of exemplary zones for GI protection and deepen international cooperation; AQSIQ is committed to making a greater contribution to the perfection of China's GI protection system (Department of Science and Technology, 2011a).

The regulation and development of GI mean that it is not only a regulation practice but also an identification label to be recognised as a specific brand. "China's Protected Geographical Indication Products Regulation" was published on 15th July, 2005, and used of the revised label/logo started on 1st November, 2005 (Figure 4.10). According to the China's Protected Geographical Indication Products Regulation, there is no time limitation for PGI-honoured products (Department of Science and Technology, 2006). The geographical scale is not limited in just one specific valley or town, which could even cover a whole province. The "Chinese Baijiu Golden Triangle (Chuan Baijiu)" (covering Sichuan province) has successfully applied for PGI.

■ 中华人民共和国地理标志保护产品专用标志



Figure 4.10 The label/logo of PGI.

Sources: Screenshot from (Department of Science and Technology, 2005).

According to the author's data collection, there are currently 100 PGI Baijiu products in China. As shown in Figure 4.11 and Table 4.15, almost every province has Baijiu products honoured as "China's Protected Geographical Indication Products". While most provinces, such as Beijing, Hubei, Jiangsu, Shandong, Jilin, and Hebei, own fewer than six PGIs, there are 10 PGI products in Anhui province and 24 in Sichuan province (Figure 4.11 and Table 4.15).

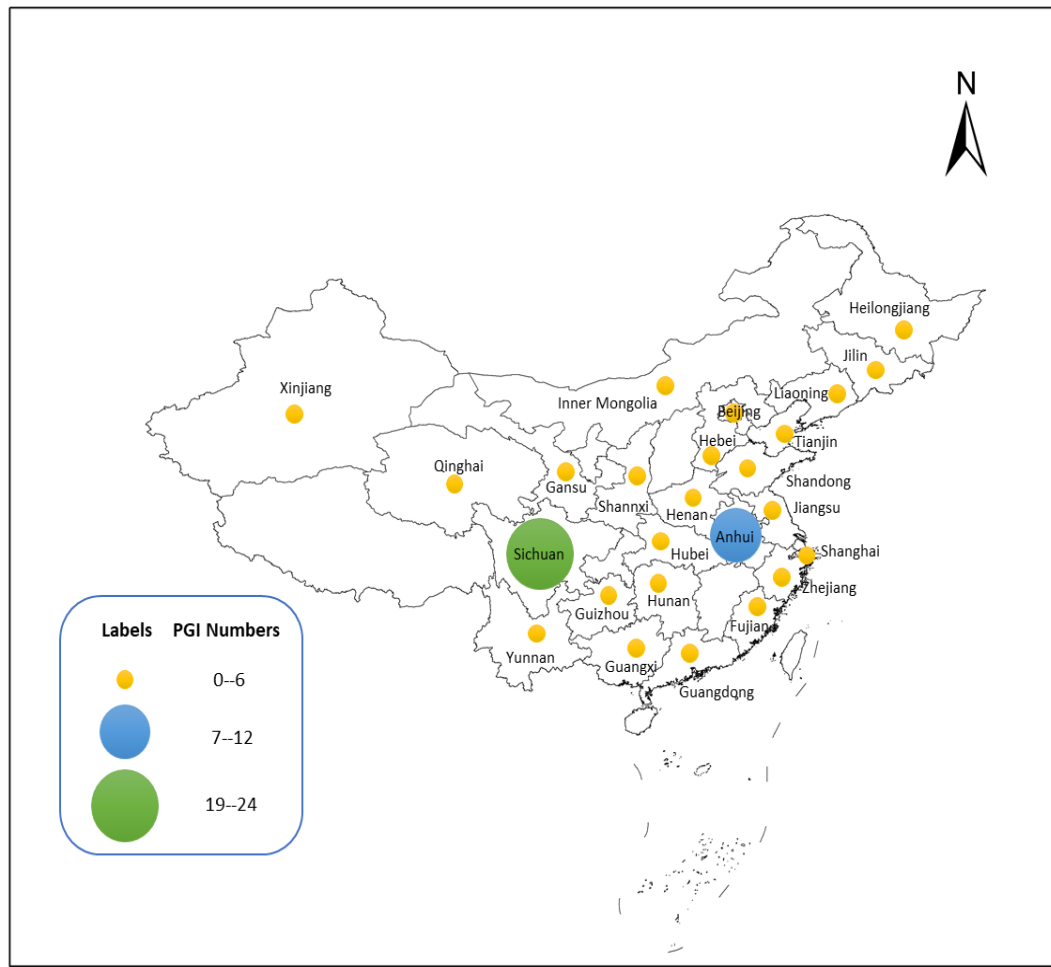


Figure 4.11 The China Protected Geographical Indication Products companies' volumes and locations.

Sources: Drawn based on data collected and edited from (China Protected Geographical Indication Products, n.d.).

From the above description and analysis, it is clear that there is an identification gap between the provincial economic behaviour based on state statistics and annual reports and the actual application of PGI. For example, the advanced/popular Chinese Baijiu production and consumption provincial agglomerations are Sichuan, Guizhou, Jiangsu, Henan, Anhui, and Shandong provinces, while only two provinces (Sichuan and Anhui) have a high quantity of labelled PGI (Figure 4.11). It seems that for Baijiu industry protection in regard to brands and branding, the government-oriented policy needs more promotion and practices in the Chinese Baijiu industry in the future.

Table 4.15 Chinese Baijiu products - PGI details by provinces.

Provinces	PGI products	Numbers
Sichuan	Luzhuang Baijiu (李庄白酒), Shuijingfang Baijiu(水井坊酒), Jiannanchun Baijiu (剑南春酒), Langjiu (郎酒), Jianzhuang (尖庄), Wuliangchun (五粮春), Wuliangye (五粮液), Jiannanchun (剑南春), Minzhu Daqu (绵竹大曲), Chongyang Baijiu (崇阳酒), Yibin Baijiu (宜宾酒), Jiangkouchun Baijiu (江口醇酒), Baoning Yajiu (保宁压酒), Wangsi Baijiu (王泗白酒), Qiong Baijiu (邛酒), Chujiang Qingmeijiu (出江青梅酒), Guojiao 1573 (国窖·1573), Luzhou Laojiao Tequ (泸州老窖特曲), Shede Xiliejiu (舍得系列酒), Tuopai Xiliejiu (沱牌系列酒), Wuliangchun (五粮醇), Luzhou Baijiu (泸州酒), Chuanjiu/Chinese Baijiu Golden Triangle (川酒/中国白酒金三角)	24
Anhui	Kouzijiao (口子窖), Gaolu Jiajiu /Gaolu Baijiu (高炉家酒 (高炉酒)), Xuan Baijiu (宣酒), Minglv Yujiu (明绿御酒), Sanhe Mijiu (三河米酒), Wucheng Mijiu (五城米酒), Yingjia Gongjiu (迎驾贡酒), Gujing Gongjiu (古井贡酒), Zhongzi/Zuisanqiu (种子/醉三秋), Linshui Baijiu (临水酒)	10
Hebei	Shanzhuang Laojiu (山庄老酒), Shilixiang (十里香), Wuhejiao (五合窖), Congtai Baijiu (丛台酒), Baicheng Shaoguojiu (板城烧锅酒), Liulingzui (刘伶醉)	6
Liaoning	Lingta Baijiu (凌塔白酒), Quansheng Hejiu (泉盛河酒), Hengren Bingjiu (桓仁冰酒), Laolongkou Baijiu (老龙口白酒), Fengcheng Laojiaojiu (凤城老窖酒), Jinzhou Daoguang 25 Gongjiu (锦州道光廿五贡酒)	6

Henan	Shedian Laojiu (赊店老酒), Tianhu Gujiu (天湖古酒), Yinchuna Dukangjiu (伊川杜康酒), Baofeng Baijiu (宝丰酒), Yangshao Baijiu (仰韶酒), Zhanggong Baijiu (张弓酒)	6
Jilin	Yushuqian Baijiu/Yushu Daqu (榆树钱酒/榆树大曲), Longquan Chunjiu (龙泉春酒), Jilin Gaoliangjiu (吉林高粱酒), Taonan Xiangjiu (洮南香酒), Daquan Yuanjiu (大泉源酒)	5
Heilongjiang	Wuyingdu Shiguojiu (五营都柿果酒), Fuyu Laojiaojiu (富裕老窖酒), Wuying Shiguojiu (五营柿果酒), Beidacang Baijiu (北大仓酒), Yuquan Baijiu (玉泉酒)	5
Fujian	Longyan Chengangjiu (龙岩沉缸酒), Pingnan Laojiu (屏南老酒), Fujian Liaojiu (福建料酒), Jishan Laojiu (吉山老酒), Fujinan Qinghongjiu (福建青红酒)	5
Shandong	Yunmen Chenniangjiu (云门陈酿酒), Bandaoling Baijiu (扳倒井酒), Jingzhi Shenniang (景芝神酿), Mengtai Yanjiu (盟台宴酒)	4
Guizhou	Yaxi Jiaojiu (鸭溪窖酒), Huishui Heinuoni Baijiu (惠水黑糯米酒), Xijiu (习酒), Moutai Baijiu/Guizhou Moutai Baijiu (茅台酒/贵州茅台酒)	4
Jiangsu	Shuanggoujiu (双沟酒), Tanggou Baijiu (汤沟白酒), Yanghe Daqujiu (洋河大曲酒)	3
Guangdong	Shiwan Yubing Shaojiu (石湾玉冰烧酒), Yare Guojiu (亚热果酒), Jiujiang Shuangzhengjiu (九江双蒸酒)	3
Hubei	Zhijiang Baijiu (枝江酒), Muzidian Laomijiu/Dongshan Laomijiu/Dongmu Laomijiu (木子店老米酒/东山老米酒/东木老米酒)	2
Hunan	Jiugujiu (酒鬼酒), Xiduhuzhi Baijiu (西渡湖之酒)	2
Shannxi	Xifengjiu (西凤酒), Taibaijiu (太白酒)	2

Gansu	Jinhuijiu (金徽酒), Hongchuanjiu (红川酒)	2
Guangxi	Donglanmo Mijiu (东兰墨米酒), Guilin Sanhuajiu (桂林三花酒)	2
Inner Mongolia	Guiliuhe Baijiu (归流河酒), Kailu Laobaigan (开鲁老白干)	2
Beijing	Niulanshan Erguotou (牛栏山二锅头)	1
Shanghai	Chongming Laobaijiu (崇明老白酒)	1
Tianjin	Lutaichun Baijiu (芦台春酒)	1
Zhejiang	Yandongguan Wujiapi Baijiu (严东关五加皮酒)	1
Yunnan	Heqingqian Baijiu (鹤庆乾酒)	1
Qinghai	Huzhu Qingkejiu (互助青稞酒)	1
Xinjiang	Yiliji (伊犁酒)	1

Sources: Collected and edited from (China Protected Geographical Indication Products, n.d.).

In summary, the governmental policy regulates the food and Baijiu growth and production requirements to guarantee the different quality levels and to guide consumption. According to above quality standard policies, the specific labels and application processes are designed to visualise and guarantee the quality, security, and reputation of products and link these to the original or specific geographical places where most regional agglomerations or industry clusters start to emerge or develop in this case. The brands' guarantee regarding specific products and enterprises improves the competition for goods, economic benefits, and positive influences, providing and driving the further branding strategies for products, enterprises, and related industry clusters in specific regions. However, the policy also needs more promotion based on its current development gaps between different provinces.

Control policies for the Chinese Baijiu industry

The Chinese central government has designed a series of policies since the establishment of the PRC for the Baijiu industrial chain of production, circulation, consumption, and branding or marketing. According to the World Health Assembly, through a series of regulations on alcohol reduction, numerous resolutions, and the reduction of alcohol-related harm through the publication of alcohol policies has received worldwide attention and recognition since 1975 (Guo & Huang, 2015). In China, due to its large population, the continuous growth of the Baijiu industry may also be a threat to food scarcity. Because Baijiu is distilled using mainly grains, and their utilisation increases as Baijiu production rises, this may represent a threat to food production, an important cultural issues given that China has experienced famine since the establishment of the PRC. Consequently, the government has designed a series of control policies for the Baijiu industry in order to balance grain production and Baijiu distilling. For example, from 1949 to the early 1980s, the Chinese central government used a monopoly system of administration to control the production and consumption of Chinese Baijiu, and it involved industry, commerce, and taxation. Additionally, there are negative policies related to the state's political influence and long-term development which affect the production volume and expansion of the Chinese Baijiu industry, and these changes may have impeded the regional agglomeration process of the Chinese Baijiu industry. For instance, the Chinese anti-extravagance campaigns have caused a dramatic decline in hundreds of thousands of Baijiu companies in China, most of which experienced reduced profits in the three years following 2012. Anti-extravagance is a regulation published by the State Council of the PRC on 26th March 2012 (BBC NEWS, 2012). The State Council set a series of policies to reform the utilisation and management of administrative funding, including strong control of official reception expenses, the purchase and operation of official vehicles, and expenses for overseas fieldwork. The section on the control of official reception expenses relates to the

ban on purchasing cigarettes, luxury liquor/Baijiu, and gifts using public funding. The policy originally aimed to meet the people's expectations for better life conditions and decrease the corruption phenomenon in some powerful administrative and financial resource sectors and SOEs, and among some leaders in potential danger of the "death of the regime" (which has become a rigorous challenge in modern China) (Nanyang, 2012). When it was implemented in 2012, the policy affected some sectors and industries immediately: for example, the Chinese Baijiu sales volume increase rate slowed dramatically in 2012 and 2013.

In the Chinese alcoholic beverage market, although there has been increased consumption of beer and wine in recent decades, Baijiu accounts for the main intake of pure alcohol in China (Guo & Huang, 2015). Besides the above policies governing Baijiu production, with regard to consumption, many countries have published regulations, laws, and principles to guide the development of the alcoholic beverage industry, and there are some policy similarities and differences between them. Some Chinese scholars (Guo & Huang, 2015) started to conduct research in keeping with the policy design of some developed and developing countries, and they explored the policies on alcohol consumption in China. Here I make a simple comparison between China and consumption restrictions in the UK and USA (Table 4.16). In China, there is no law regulating the minimum age for Baijiu consumption. The informal regulation is often set by families and is based on their drinking habits and preferences. This informal rule designed by family members may even be rooted in the Chinese long-term drinking preferences within Baijiu culture and historical background. For example, normally, males have a higher alcoholic beverage drinking volume than females according to the survey by Ma et al. (2005). There is less tolerance and recognition for females drinking alcohol, because parents and the public typically regard young girls who drink Baijiu as "bad" and "badly behaved", and most

families refer to their daughters as “good girls” who behave like ladies. However, for young males, the situation is different, as some parents (especially fathers in this case) even encourage their sons to have a sip of Baijiu when they are children (under 10 and even at 5 years old) to demonstrate their bravery and power as many ancient Chinese heroes did. With respect to licencing laws, the regulations in the UK and USA are clearer and more classified with regard to detailed rules and content. All three countries have strict laws on “drinking and driving” which are related to the transportation departments in these countries.

Table 4.16 The comparison of Baijiu consumption laws in UK, USA and PRC.

Countries	Drinking age (years)	Licencing laws	Drinking and driving
UK	Over 18	Licencing Act 2003: flexible opening hours; single premises licences; and personal licences.	Driving and transport law
USA	Over 21 (some states have exceptions)	Some retail outlets are only allowed to sell beer and wine, and some can sell liquor, depending on the licences that the business has obtained. (Also, this varies by States)	United States Department of Transportation, The National Highway Traffic Safety Administration (NHTSA)
PRC	Over 18	Ministry of Commerce	Road Traffic Law

Sources: Adapted from (HM Government, 2012; Guo & Huang, 2015; Staff, 2019; Drinkware, n.d.; UK Legislation, n.d.).

In some European countries, the regulations governing alcoholic beverages are more restrictive compared with the three countries above, especially in regard to preventing young people from drinking. Some countries even have serious regulations governing alcoholic beverage advertisements targeting young people. The regulations in France provide a clear definition of alcoholic drinks (Regaud & Craplet, 2017):

- All drinks over 1.2% alcohol by volume are considered as alcoholic beverages
- Places and media where advertising is authorised are defined:
- No advertising should be targeted at young people
- No advertising is allowed on television or in cinemas
- No sponsorship of cultural or sport events is permitted
- Advertising is permitted only in the press for adults, on billboards, on radio channels (under precise conditions), at special events or places such as wine fairs, wine museums

When advertising is permitted, its content is controlled:

- Messages and images should refer only to the qualities of the products such as degree, origin, composition, means of production, patterns of consumption
- A health message must be included on each advertisement to the effect that “l’abus d’alcool est dangereux pour la santé”: alcohol abuse is dangerous for health

In China alcoholic beverage advertisements are also designed and regulated by the government; specifically, the Management Approach to Advertisement Broadcasting by the State Administration of Radio Film and Television published the regulations on forbidden information and restrictions on different media (Table 4.17). The former includes alcohol advertisements in general, while the latter focuses on Baijiu commercial advertising (Research Team on Rule of Law Studies in China, 2011). Regarding forbidden information, “Directly or indirectly owing success at personal, business, society level to alcohol drinking” (Guo & Huang, 2015:25) is banned. This regulation was passed in 1995 and is the first related to alcoholic beverages; it seems it may need some modification and clarification based on the current situation in China.

Table 4.17 Forbidden information and Restrictions on alcohol advertising in PRC.

Regulations	Contents details
Forbidden information	<p>Statements encouraging or tempting people to drink more alcohol.</p> <p>Actions reflecting that drinking alcohol is good.</p> <p>Videos and/or images of young people drinking alcohol.</p> <p>Visual presentations of people drinking while driving cars and boats and piloting airplanes. Revealing direct or indirect unscientific outcomes, such as “eliminate strains and anxiety” and “enhance physical strength”.</p> <p>Directly or indirectly attributing success at personal, business, and societal levels to alcohol drinking.</p> <p>Comparing the alcohol content or quality of different brands.</p>
Restrictions on different media (only Baijiu commercial advertising)	<p>TV allowed to show at most two Baijiu advertisements from 19:00 to 21:00 per channel per day and at most 10 items per channel per day at bedtime.</p> <p>Radio allowed to issue at most two Baijiu advertisements on per channel per hour.</p> <p>Newspapers and magazines allowed to publish at most two Baijiu advertisements per volume, and Baijiu advertisements are not allowed to appear on the front page or cover.</p>

Sources: Edited from (The State Administration for Industry and Commerce, 1995; Zhang, 2004) and (Guo & Huang, 2015:25).

The media is an important intermediary, which delivers information from producers to consumers, and how it is presented may influence consumers’ behaviour. It seems that the regulation of alcoholic beverage consumption is an important issue which will affect and even be affected by consumers’ behaviours and their interaction with brands and branding strategies, such as “marketing and advertising affect drinking behaviour” (HM

Government, 2012:17). In addition, the geographical spatial element has some affection on consumption behaviour to some degree, “store layout and product location affect the type and volume of sales.” (HM Government, 2012:17).

Enterprises must conquer certain obstacles when they want to globally brand or market their products, whether this takes the form of countries targeting China or China targeting other countries. I will discuss this issue in later chapters.

To successfully tap China’s alcoholic beverage market, companies must overcome certain obstacles. For example, companies must determine how to alter or market their products to appeal to Chinese consumer tastes and increasing health concerns. They must also market through a changing regulatory environment. (Nelson, 2011)

Chinese Baijiu regulations for institutions

In addition, the CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA) has also attempted to design agglomeration or production zone strategies to further develop the industry whether governmental policies have been favourable or not. In 2017, the China Baijiu Industry Association published the “Top 10 World Spirit Production Zone” (six are located in China, others are located in Cognac, Scotland, Puerto Rico, and Guadalajara), and named related branded products, which was first launched at the Shanghai International Baijiu Trade Expo (China Baijiu Industry Association, 2017). It showed the emergence of the “production zone” trend in modern China. There are six Baijiu production zones in China: Luzhou city, Yibin city, Zunyi city, Suqian city, Bozhou city, and Lvliang city (Yu, 2017). In summary, existing research and definitions categorise the Chinese Baijiu industry agglomeration based on natural resources and social elements, especially water resources and administrative divisions. The Baijiu industry clusters in the Chishui area and some prefectural level cities, such as Luzhou,

Zunyi, and Yibin, are examples of this categorisation. More detailed elements list or benchmark standards that have not yet been published, especially in regard to brands and branding perspectives.

Discussion

In the first part of section 4.3.4 that addresses governmental policies, this described the related food and beverage policies launched by some Western countries and international organisations (e.g. the EU). These experiences provided the main basis for Chinese food and beverage products and related industry guarantees, especially in regard to quality, security, and origination. According to those experiences, the AQSIQ of the PRC published the regulations about GI and the application of PGI, and some of them started to be recognised and accepted by the EU and other countries. Additionally, in China, according to the application and identification of the PGI of Chinese Baijiu products, there are two provinces (e.g. Sichuan and Anhui) which show a high number of regional agglomerations, illustrating the effective and efficient utilisation of this regulation.

The “Five-Year Plan” series published by China’s central government illustrates its macro control and regional development guidance based on the existing administrative division, as well as the influences in economic, social, cultural, and even ecological and environmental perspectives. These policies provide a macro and state policy background for the development of the Chinese Baijiu industry and its regional agglomeration.

Additionally, the National Development and Reform Commission (NDRC) claims its interested in promoting regional specialisation and regional and urban agglomerations by launching eight measures geared towards Promoting the Development of Industrial

Clusters (2007). As a national policy, it includes almost every industry in China based on the need for modern production, circulation, consumption, and branding, highlighting at least four important development directions: high-tech industry development; environmentally friendly or ecological industries; related service industries; and branding strategies for products, enterprises, and related industries. Especially in regard to the branding strategies and regional brands, it lists the food and alcoholic beverage regulations in the EU, UK and other countries, describing and comparing these with Chinese alcoholic beverage regulations. It specifically mentions the PGI and GI regulations, which are closely associated with some traditional or agricultural-related industries, such as the Chinese Baijiu industry. These policies are directly consistent with the previous Chinese regulations on food and beverage quality, security, and origination. These policies and regulations are not separate from each other but are associated with and guide the food and alcoholic beverage industries and sectors from different perspectives. However, as the Chinese Baijiu industry is complex and relates to both agriculture and manufacturing, the policies also change based on the situation. Some “restriction” policies (e.g. monopoly system of administration and Chinese anti-extravagance campaigns) have been implemented to guide the production, consumption, and branding of Baijiu industry clusters, thereby improving the development of the industry. In addition, the CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA) has also published a series of principles and has organised many related activities to provide detailed guidance on the direction of Chinese Baijiu and to strengthen the utilisation of some scientific divisions.

4.4 Chinese Baijiu industry interprovincial regional agglomerations

As discussed in the literature review in Chapter 2, the diverse factors and meanings of brand value have been explained in detail. They have formed the brand identity for

Chinese Baijiu interprovincial regional agglomerations. Thus, there are three main Chinese Baijiu interprovincial regional agglomerations, and each covers two neighbourhood provinces: “Upper Yangtze River Baijiu Agglomeration” (Sichuan and Guizhou provinces), “Downstream Yangtze River Baijiu Agglomeration” (Anhui and Jiangsu provinces), and “Downstream Yellow River Baijiu Agglomeration” (Henan and Shandong provinces) (Figure 4.12).

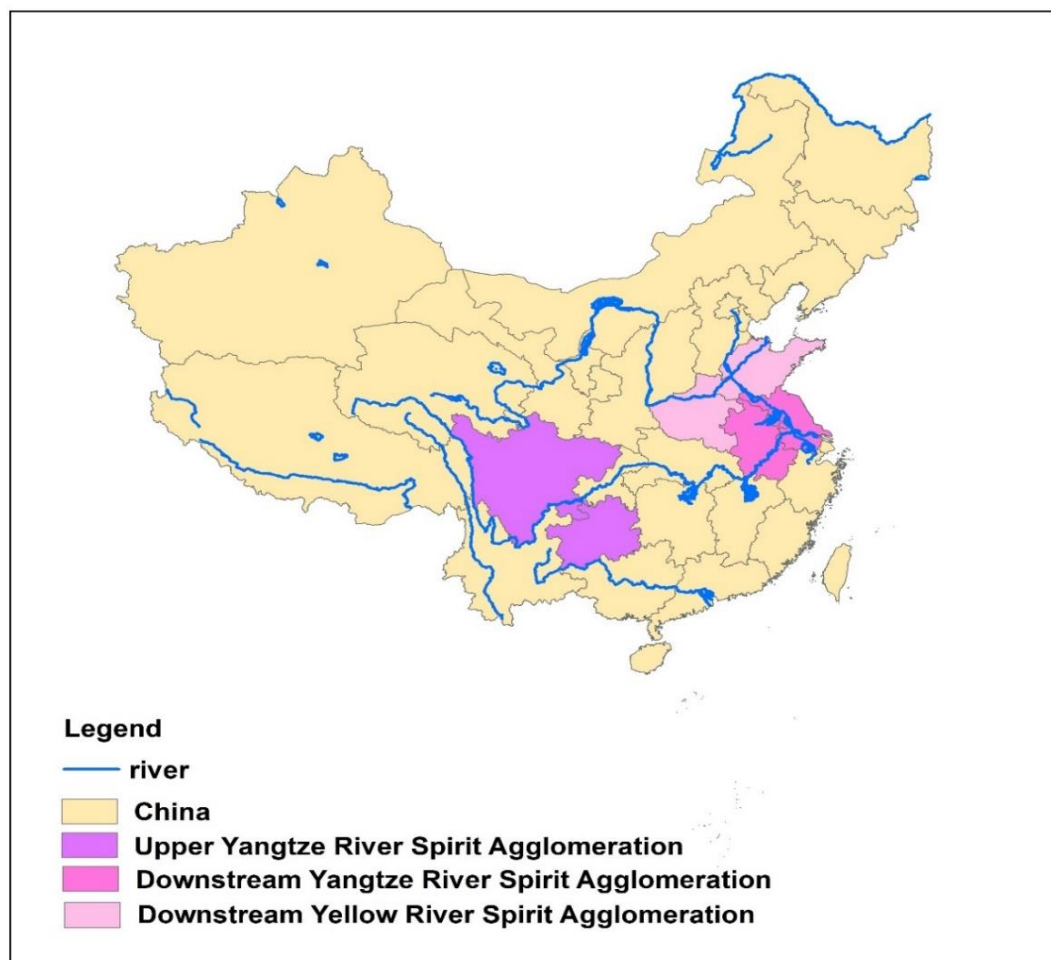


Figure 4.12 The location of main Chinese Baijiu agglomerations.

Sources: Author’s research.

4.4.1 “Upper Yangtze River Baijiu Agglomeration”

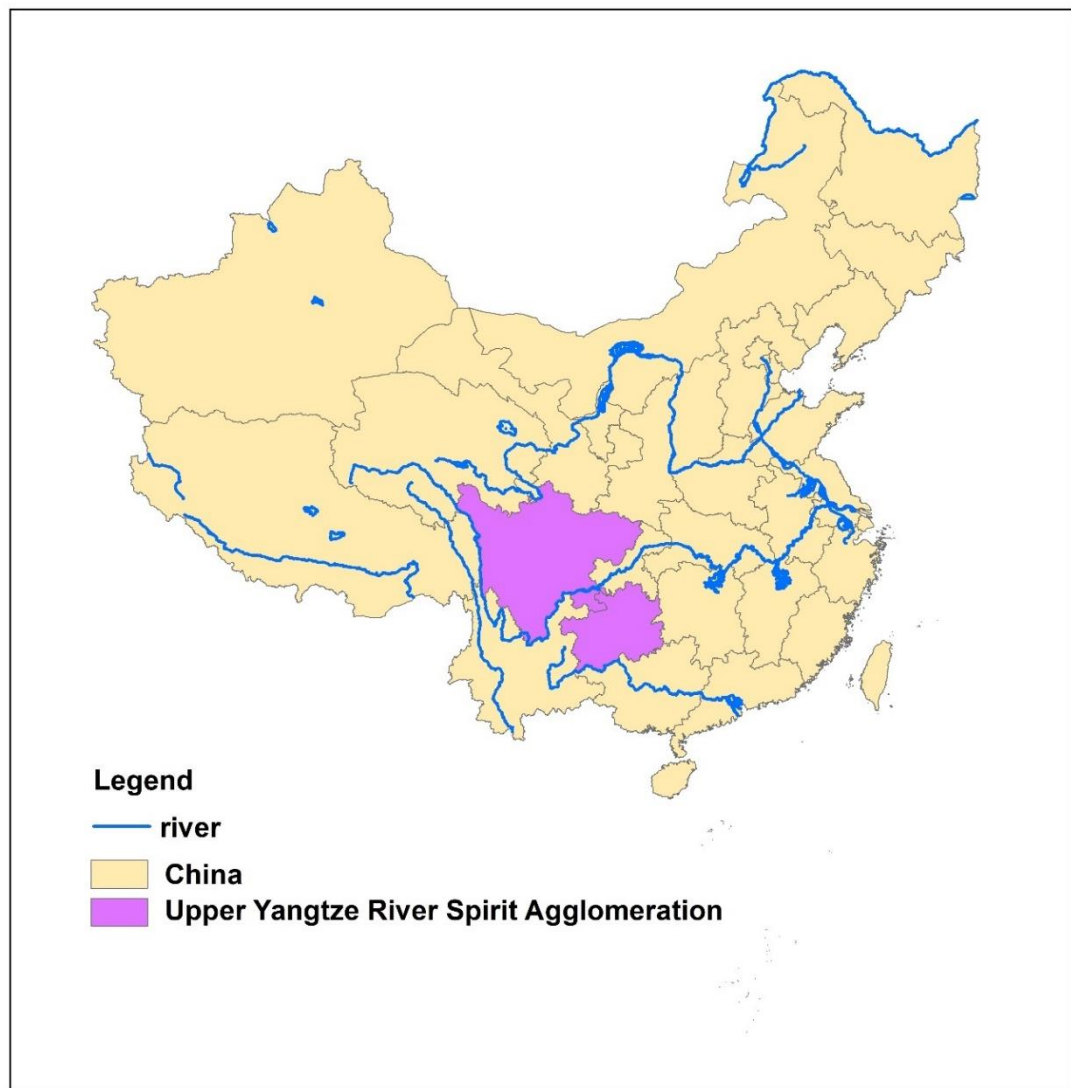


Figure 4.13 “Downstream Yangtze River Baijiu Agglomeration” location.

Source: Author’s research.

Sichuan province

The “Upper Yangtze River Baijiu Agglomeration” (Figure 4.13), in Sichuan province is the clear leading player of all the Baijiu production and consumption provinces in China. Sichuan is home to a strong development base of the Baijiu industry, including water and grain resources, skilled workers, a long Baijiu development history, and a long-standing Baijiu culture. In terms of geographical and ecological resources, Sichuan is located in the southwest region of China, between east longitude 97°21’ – 108°33’ and northern

latitude 26°03' – 4°19'. Lying in the upper reaches of the Yangtze River, producers in this region have easy access to several branches of the Yangtze River and surrounding lakes. The purple fertile soil in the Sichuan basin is the source of important nutrient elements, such as calcium, phosphorus, and potassium. Many brands of Baijiu are produced and consumed in Sichuan province, primarily in Luzhou city, Yibin city, and Chengdu city. The Baijiu enterprises are divided into three levels based on their brand value identity, and marketing: nationally branded Baijiu, provincially branded Baijiu, and Sichuan base Baijiu products. The national first-class brands are Wuliangye, Jiannanchun, Luzhou Laojiao, Langjiu, Quanning/Shuijingfang, and Tuopai, which are also called the “Six Flowers of Sichuan”. They form an enormous production supply base, leading to the development of many new related provincial brands, such as Xiaojiaolou and Jiangkouchun. The simultaneous development of Baijiu within all three levels has, in turn, led to the development/upgrading of Baijiu brands and market in the whole province, and has allowed the consumption needs of the province to be adequately met. For the past decade, the production quantity and sales revenue of Baijiu in Sichuan province have ranked the highest amongst all Baijiu-producing provinces in China (Yang et al., 2018b). Good natural resources and strong economic development have resulted in Sichuan having unique cultural Baijiu roots. Historically, Sichuan Baijiu has existed for more than 3,000 years, and this was confirmed through the discovery of unearthed drinking vessels and cellars. The Baijiu industry production and consumption agglomeration emerged in Luzhou and Yibin cities (two prefectural cities in Sichuan) during the Ming Dynasty.

According to the case studies undertaken during fieldwork for this thesis on provincial Baijiu production and well-known consumption agglomerations in Sichuan province, focusing on Chinese Baijiu products, enterprises, clusters, and parks within three prefectural level cities (Luzhou city, Yibin city, and Chengdu city), some interviewees

highlighted the importance of the distilling history and current development of the Baijiu industry in Sichuan.

Sichuan has a long history of Baijiu distilling, which forms some Baijiu agglomerations, along with the development, adjustment, and elimination of the economic structure in cities such as Luzhou, Yibin, Chengdu, and Mianzhu. These Baijiu regional agglomerations are formed by many Baijiu production companies, and some companies are state-owned enterprises and play a leading role, with an extending influence. Nowadays, there are several main Baijiu industry clusters in Sichuan province in all. (Interview 12)

Guizhou province

Guizhou province lies between east longitude $103^{\circ}36'$ – $109^{\circ}35'$ and northern latitude $24^{\circ}37'$ – $29^{\circ}13'$, which is a famous mountain province and tourist destination and is home to the National Ecological Civilisation Test Area and the Test Area of the Inland Open Economy. Guizhou province is located in the crisscross area upstream of the Yangtze River and the Pearl River water system, which provides abundant water sources (such as Chishui River) for Baijiu distilling. The terrain is high in the west and low in the east, and the weather is generally warm, humid, and rainy. These unique landscapes and natural features lead to the growth of diverse natural species, such as grains, oils, and economic crop species. Owing to the ecological environment in the area, the high quality and security of agricultural products are guaranteed, thus in turn guaranteeing the high quality of local Baijiu.

The Baijiu industry of Guizhou has assets of more than 100 billion RMB²⁰. Together with the gradual rise in the number of Baijiu enterprises, the scale and total profit of the

²⁰ Note: Only two provinces have an asset size of more than 100 billion RMB; the other is Sichuan.

Guizhou Baijiu industry has increased yearly since 2015. The total profile of the designated size of Baijiu enterprises even ranked first within China in 2015 (Ou, 2016). The Guizhou government has also paid more attention to the industry cluster development format in recent years. The Moutai Group is recognised as the national number-one branded Baijiu in China, as a result of its highest domestic brand value and traditional and creative distilling technology. Many SMEs are located close to the Moutai Group. SMEs often have the opportunity to learn how to use some specific knowledge technology through skills cooperation with the Moutai Group or communication with Moutai Group workers, which, in turn, enables them to expand their brand influence of production and sales volume. Renhuai, where Moutai is produced, was identified as the “China Baijiu City” in 2004 (Qilu, 2019), and “Renhuai Baijiu Industry Cluster” was awarded for being one of “The 3rd China Top-100 Industry Clusters”, which was the unique Baijiu cluster that won the prize. The Renhuai government started to set up the “Renhuai Famous Baijiu Industrial Park” in 2010, and this was upgraded to a provincial-level economic development zone in 2011. In addition, the Baijiu industry in Sichuan and Guizhou provinces produces the largest volumes and receives the largest income from sales of all producers, accounting for 40% of Baijiu output for all provinces within China in 2012.

4.4.2 “Downstream Yangtze River Baijiu Agglomeration”



Figure 4.14 “Downstream Yangtze River Baijiu Agglomeration” location.

Source: Author’s research.

Anhui province

In the “Downstream Yangtze River Baijiu Agglomeration” (Figure 4.14), Anhui and Jiangsu provinces contain numerous rivers and lakes that provide basic water resources for Baijiu distilling; they include branches of the Yangtze River, Huaihe River, Hung-tse Lake, and Taihu Lake. Anhui province is a vast Baijiu production area. For the past 100 years, the Baijiu industry has been one of the pillar industries in Anhui. Most of Anhui’s branded Baijiu enterprises are located in the north or west of Anhui province.

Jiangsu province

There are more than 1,000 Baijiu enterprises in Jiangsu, of which 41 are designated size²¹ (Hu, 2018a:150). In 2017, Suqian city was regarded by the CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA) as one of the Baijiu production zones. Suqian city is a world-famous wetland and spirit-distilling area and is one of the main Lu-flavour production zones. Suqian city is a traditional Baijiu-distilling area that has a reputation for being a key innovator in the Baijiu industry: 235 patents, including 23 invention patents, were developed in Suqian city in 2017. Yanghe Co. Ltd. set up related institutions based on its R&D needs, and the government and university worked together to build the related industrial technology research institution. Regarding Baijiu products, there are “Yanghe” and “Shuanggou”, which are two “Traditional Chinese Brands” (Jiangsu Suqian Production Zone Baijiu Industry Development Report, 2018:67). In addition, Yanghe and Shuanggou cooperated to set up a new group called the Su Baijiu Group (苏酒集团).

4.4.3 “Downstream Yellow River Baijiu Agglomeration”

²¹ Note: Enterprise above designated size is a statistical term used by the PRC since 1996. After January 2011, it has been utilised to refer to all industrial enterprises with an annual main business income of RMB 20 million and above. Available online: <https://zh.wikipedia.org/wiki/%E8%A7%84%E6%A8%A1%E4%BB%A5%E4%B8%8A%E4%BC%81%E4%B8%9A>



Figure 4.15 “Downstream Yellow River Baijiu Agglomeration” location.

Source: Author’s research.

Henan province

The “Downstream Yellow River Baijiu Agglomeration” (Figure 4.15) is the birthplace of the history of Chinese civilisation and has long and traditional Chinese cultural history. Both Shandong and Henan provinces are important Baijiu production and consumption areas. Henan province is one of the hometowns of Chinese Baijiu and is where the Lu and Fen flavours, being the two main Baijiu flavour types, are produced. In 2016, the Baijiu production volume in Henan province ranked 2nd, following that of Sichuan province,

this was also the first time that the Baijiu production volume of Henan province ranked higher than that of Shandong province. Many of the Baijiu products are famous in local regions within Henan, while some branded companies, such as Henan Yangshao Liquor Co. Ltd, have little branding influence or a limited market outside Henan province.

Shandong province

Shandong is one of the Baijiu production and consumption provinces. Production and consumption in Shandong were the highest in China for several decades before 2007. The Lu and Zhima flavours are the two main Baijiu flavour types produced and consumed in Shandong province. There were 1,578 designated-size Baijiu enterprises in Shandong in 2016, and Jingzhi town is one of the top branded Baijiu production zones (China Baijiu Industry Development Report(2017-2018), 2018:95). Shandong Jingzhi Co. Ltd. is a famous Baijiu enterprise in Jingzhi town, owning the distilling industrial park, Qilu Culture Industrial Park, and three production factories. The enterprise owns two branded trademarks, namely “Jingzhi” and “Jingyangchun”. One of the products series in Jingzhi is “Yipin Jingzhi”, which is one of the “National Geographical Indications Protection Products” products in Shandong (China Baijiu Industry Development Report(2017-2018), 2018:97). Today, there are four branded Baijiu products in Shandong province, and the government and related institutions have attempted to increase this to nine (Zhang, 2018b:222).

In summary, the “Upper Yangtze River Baijiu Agglomeration” (Sichuan and Guizhou provinces), “Downstream Yangtze River Baijiu Agglomeration” (Anhui and Jiangsu provinces), and “Downstream Yellow River Baijiu Agglomeration” (Henan and Shandong provinces) are the three main Baijiu production interprovincial regional

agglomerations in China. Their production volume and sales revenues account for more than 50% of total Chinese production volume and sales revenue in recent years (Hu, 2018a:134). Most of these provinces or regions also have huge populations (e.g. Shandong, Henan, Sichuan, Jiangsu, and Anhui provinces) (World Population, 2019), advanced economies (e.g. Jiangsu, Shandong, Henan, and Sichuan) (Mianzhou Huyan, 2018), and a long and traditional Baijiu-distilling history (e.g. Sichuan and Guizhou). Due to the aforementioned multi-chain and multidimensional characteristics and policy needs, as well as the background of the basic Baijiu industry, conceptualising and utilising a theoretical framework of industry cluster brands and branding is necessary in practice in this context.

4.5 The theoretical framework of Chinese Baijiu industry clusters' brands and branding

Chinese Baijiu is one of China's main alcoholic beverage commodities, and the Chinese Baijiu industry is one of the largest beverage industries in the Chinese market. The production and consumption of Chinese Baijiu has a long history, and its production shows a regional and local agglomeration trend. The brand value meaning of Chinese Baijiu involves the economic, ecological, societal, political, cultural, and historical fields, which illustrate various meaningful aspects of the Chinese Baijiu industry and its interprovincial regional agglomerations (Table 4.18).

Table 4.18 The brand value aspects of Chinese Baijiu industry clusters.

Elements aspects	Theoretical meaning	Detailed Chinese Baijiu industry clusters brands and branding elements
Economy	Goods and service	Products prices, enterprises structures and scales

Ecology	Origins	Water, grains, human activities (e.g. distilling process)
Policy	Regulated properties, financial assets and traded commodities	Multi-level governments (local, regional, provincial and national), Baijiu regulations and principles (positive & negative); PGI (positive)
Society	Collectively produced, circulated and consumed objects	Production, circulation, and consumption chains of Chinese Baijiu products
Culture	Meanings and identities entities	Associations, awareness, reputation, brands labels and styles.....
History	/	Diverse industry trajectories

Source: Based upon theoretical framework in Chapter 2 and fieldwork analysis.

More specifically, to enable the theoretical framework building of Chinese Baijiu industry cluster brands and branding (Figure 4.16), it is necessary to define the interprovincial regional agglomerations and industry clusters according to the multi-scalar approach. Although both regional agglomerations and industry clusters are spatial entities in the economic geography field, their meanings, scales, and functions differ slightly in this thesis. The interprovincial regional agglomeration is a spatial concept that comes from previous related studies and which offers a wide spatial background for the analysis of Chinese Baijiu production, circulation, and consumption. The interprovincial regional agglomeration is easier to understand vis-à-vis the Chinese administration division situation, which forms a spatial bridge that connects industry clusters, brands, and branding strategies. In the case of China, industry clusters mean spatial entities within prefecture-level cities, which are included in interprovincial regional agglomerations.

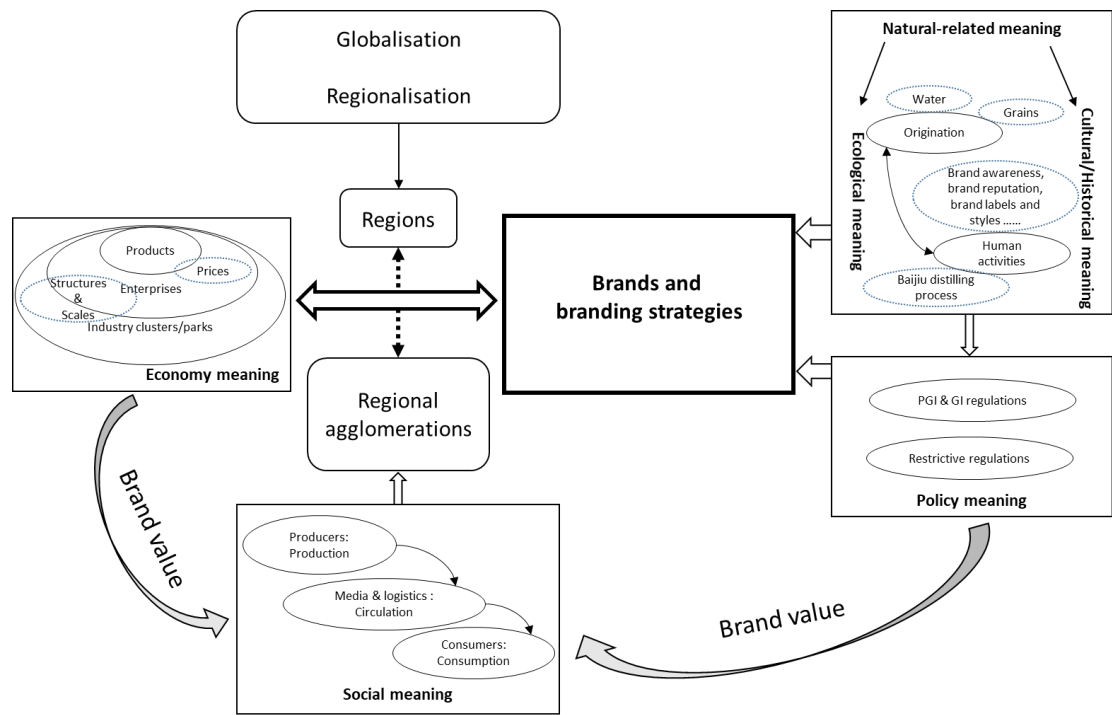


Figure 4.16 The theoretical framework of the identification of the industry cluster brands and branding.

Reflection

In summary, this chapter has explored the theoretical framework of Chinese Baijiu brands and branding, based on four types of brand factors and three Chinese Baijiu interprovincial regional agglomerations. Chinese Baijiu industry cluster brands and branding are extremely complex according to this research. They are formed based on numerous related factors: tangible and intangible brand value elements; ecological and environmental factors; the organisational structure of Baijiu production, circulation, and consumption; and industry clusters (or, broadly speaking, regional agglomerations), policies, and regulations.

With its four types of key brand elements—namely, economy, natural-related environmental ecology (including culture and history), policy, and society—the theoretical framework of the Chinese Baijiu industry illustrates the importance of each

factor. First, the price of products is a tangible element that can directly identify the Chinese Baijiu commodity, and the prices of products and enterprise economic behaviours can enable recognition of the provincial agglomeration level. Second, ecological or environmental factors are important, as they are core points in regard to understanding some natural-related elements, such as the soil, land, or territory conditions of the Chinese Baijiu industry. Through the impact of some natural environmental elements in specific locations, Baijiu goods or services differ and even offer some advantages compared to those in other places. Some original distilling materials are essential and unique (e.g. qu) compared with the Baijiu-distilling materials in the Western world. Both the raw materials and distilling process create four basic Baijiu flavour types, which form the original Baijiu regional agglomerations within China. Together with some intangible elements, such as water- and grain-related cultural and historical elements, twelve Baijiu flavour types have evolved from the four basic ones over time, and their production sites are located within or close to the original sites of four types. This flavour evolutionary development phenomenon illustrates the Baijiu regional agglomeration and spatial dispersion simultaneously. The natural-related elements, such as raw materials, local culture, and history, are essential for the Chinese Baijiu regional agglomeration, especially for the Baijiu flavour agglomeration and even product dispersion. More importantly, these natural-related elements form the detailed meaning of the ecology component of the concept of brands—their origins. Third, Baijiu production, circulation, and consumption form the specific Baijiu organisational structure in Chinese society. Multi-level policies and regulations shape and influence the Baijiu production zones' regional agglomerations. Consumption keeps increasing based on the basic distilling materials and multi-level governmental policies. Many enterprises, especially some SOEs, have started to explore both domestic and overseas marketing and branding strategies to upgrade brand identity in a global level. Fourth, according to section 4.3.4,

origins and origination are, thus, significant elements which are the main components of some food and alcoholic beverage quality and security scheme regulations (e.g. PGI and PDO).

In the Chinese context, the brand identity of Chinese Baijiu interprovincial regional agglomerations is formed, and the three main Chinese Baijiu interprovincial regional agglomerations (i.e. “Upper Yangtze River Baijiu Agglomeration”, “Downstream Yangtze River Baijiu Agglomeration”, and “Downstream Yellow River Baijiu Agglomeration”) are established. However, this research also finds that several common problems exist in the Chinese Baijiu market as a whole (e.g. the uneven planting and growing of the main grains, non-standard and incomplete Baijiu-distilling technology, and marketing and branding barriers), as well as some challenges in specific interprovincial regional agglomerations. For example, the Sichuan and Guizhou provinces of the “Upper Yangtze River Baijiu Agglomeration” face the challenges of production structure pressure and consumption competition, as well as the problems of the existing tax burden and a shortage of financial support. Both the Anhui and Jiangsu provinces of the “Downstream Yangtze River Baijiu Agglomeration” and the Henan and Shandong provinces of the “Downstream Yellow River Baijiu Agglomeration” face more severe challenges than the above agglomerations. For example, they all suffered serious competition from the branded products in the Sichuan and Guizhou provinces. In addition, the interprovincial regional agglomeration and industry clusters differ, as in the case of China, industry clusters point to the spatial entities of prefecture-level cities, which are covered by interprovincial regional agglomerations.

4.6 Summary

In summary, sections 4.3 and 4.4 of this chapter mainly explored the theoretical framework of Chinese Baijiu brands and branding, based on four types of brands factors and three Chinese Baijiu interprovincial regional agglomerations. It was found that Chinese Baijiu industry cluster brands and branding strategies are extremely complex. They are formed out of many related issues: both tangible and intangible brand value elements; ecological and environmental factors; the Baijiu organisational structure of production, circulation, and consumption; and the policies and regulations of industry clusters (or, broadly speaking, regional agglomerations).

With its four key brand elements—namely, economy, natural-related environmental ecology (including culture and history), policy, and society—the theoretical framework of the Chinese Baijiu industry illustrates the importance of each factor. First, the price of products is a tangible element that can enable the direct identification of the Chinese Baijiu commodity, and the price of products and enterprise economic behaviours can enable recognition of the Baijiu provincial agglomeration level. Second, ecological or environmental factors are important, as they are the core aspects of understanding some natural-related elements, such as the soil, land, or territory conditions of the Chinese Baijiu industry. Owing to the impact of some natural environmental elements in specific locations, the goods or services differ and even have some advantages compared with those in other places. Some original distilling materials are essential and unique (e.g. qu) compared with the Baijiu-distilling materials in the Western world. Both raw materials and the distilling process create four basic Baijiu flavour types, which form the original Baijiu regional agglomerations within China. Combined with some intangible elements, such as water- and grain-related cultural and historical elements, twelve flavour types have evolved from four basic types over time. This phenomenon illustrates the Baijiu regional agglomeration and spatial dispersion simultaneously. It is evident that the

natural-related elements, such as raw materials, and the local culture and history are essential for the Chinese Baijiu regional agglomeration, especially for the Baijiu flavour agglomeration and dispersion at the same time. More importantly, these natural-related elements form the detailed meaning of the ecological aspect of brands and branding—origins. Third, during this period, Baijiu production, circulation, and consumption form the specific Baijiu organisational structure in Chinese society. Multi-level policies and regulations guide the Baijiu production zones' regional agglomeration. Consumption keeps increasing based on the basic distilling materials and multi-level governmental policies. Many enterprises, especially some SOEs, have started to explore both domestic and overseas marketing and branding strategies for further development. Fourth, according to section 4.3.4, origins and origination are significant elements which are the main aspects of some food and alcoholic beverage quality and security scheme regulations (e.g. PGI and PDO).

In the Chinese context, the brand identity for Chinese Baijiu interprovincial regional agglomerations is formed, and three main Chinese Baijiu interprovincial regional agglomerations (i.e. the “Upper Yangtze River Baijiu Agglomeration”, “Downstream Yangtze River Baijiu Agglomeration”, and “Downstream Yellow River Baijiu Agglomeration”) are established. However, the research also found several common problems in the whole Chinese Baijiu market (e.g. uneven planting and growing of main grains, non-standard and incomplete Baijiu-distilling technology, and marketing and branding barriers) and some challenges in specific interprovincial regional agglomerations. For example, Sichuan and Guizhou provinces in the “Upper Yangtze River Baijiu Agglomeration” face the challenges of production structure pressure and consumption competition, as well as the problems of the existing tax burden and a shortage of financial support. Both Anhui and Jiangsu provinces in the “Downstream

Yangtze River Baijiu Agglomeration” and Henan and Shandong provinces in the “Downstream Yellow River Baijiu Agglomeration” have more severe challenges than the first agglomeration. In addition to the similar problems that Sichuan and Guizhou provinces face, they all suffer due to the serious competition from the branded products from Sichuan and Guizhou provinces. In addition, the interprovincial regional agglomeration and industry clusters differ in the case of China, as industry clusters point to spatial entities in prefecture-level cities, which are covered by interprovincial regional agglomerations.

Chapter 5 Case study ---- Chinese Baijiu industry clusters identification, evolutionary development and branding strategies

5.1 Introduction

Both government policies and natural-related elements have formed the interprovincial regional agglomerations of Chinese Baijiu, and they will continue to drive this trend in the coming years. At the prefecture-level city, some industry clusters have emerged and developed. As the Chinese governmental policy, the eight measures for Promoting the Development of Industrial Clusters (2007) has stated: “Government should combine the building of enterprises brands and regional brands, focus on developing a number of branded products and enterprises with high-technology backing and huge market potential, and support qualified enterprises and products to create internationally renowned brands” (See Chapter 4). It should also “support industrial clusters based on brand sharing, and vigorously cultivate regional industrial brands (collective brands or collective marks, origin registration, etc.)” (The National Development and Reform Commission, 2007). The brands and branding strategies of Chinese Baijiu products, enterprises, industry clusters, and regions are interactive and long-term programmes, which thus require practical examples to keep them active.

Additionally, research on the evolutionary development of industry clusters is one of the hot topics in economic geography (Martin & Sunley, 2011). Martin and Sunley (2011) suggest that the evolutionary traces of different industry clusters are diverse, which means that some clusters remain active at all times, while others have not or have undergone renewal or even elimination, especially in traditional industry clusters, such as the steel and coal industries. Most of the case studies they mention are in Western countries, while

by comparison most Chinese industry clusters are just emerging or being set up or are experiencing an upgrading period. This indicates that Chinese clusters are at a different evolutionary stage and may not experience the same evolutionary paths as those in the West. This indicates that there are gaps in the existing literature and that research into the development of Chinese clusters may throw new light onto the explanatory power of cluster theory. There is therefore a need for research into the evolutionary development of Chinese Baijiu industry clusters, especially its spatial evolutionary characteristics and its paths in an increasingly global world.

In this context, this chapter focuses primarily on four points: 1) the locations, formations and characteristics of seven branded Chinese Baijiu industry clusters are outlined from a branding perspective, 2) the paths of the evolutionary branding development of these seven Chinese Baijiu industry clusters are explored 3) how some branded enterprises brand their products and enterprises as producers, acting in response to national governmental policies within these industry clusters, and 4) the identification of the relationship between the branding strategies of enterprises and industry clusters, as well as how they co-exist and interact in practice. More specifically, regarding the third point, this chapter outlines the background of some branded enterprises (e.g. the Moutai Group, Wuliangye, and Luzhou Laojiao) and analyses their branding strategies. With respect to the fourth point, the chapter explores the interactive relationship between enterprises, and industry clusters from the branding strategies perspectives.

5.2 Baijiu industry clusters' identification, characteristics and branding strategies

5.2.1 Case study locations

As stated previously, there are three main Chinese Baijiu interprovincial regional agglomerations: the “Upper Yangtze River Baijiu Agglomeration” (Sichuan and Guizhou provinces), “Downstream Yangtze River Baijiu Agglomeration” (Anhui and Jiangsu provinces), and “Downstream Yellow River Baijiu Agglomeration” (Henan and Shandong provinces). In each agglomeration, there are branded enterprises that form the centre poles for local and regional economic development in different ways, and their branding strategies are, or are becoming, important aspects of the branding strategies of potential industry clusters. According to the literature review, in addition to the fieldwork research I undertook, seven classic and branded Chinese Baijiu industry clusters have emerged in the interprovincial regional agglomeration of the “Upper Yangtze River Baijiu Agglomeration”. They are the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone, Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square, Renhuai Economic Development Zones (comprising three functional parks: the National Baijiu Industrial Park, Renhuai Famous Baijiu Industrial Park, and Tanchang Modern Service Park), Wuliangye Group, Jiudu Yibin · Wuliangye Culture Features Street, and Qionglai Basic Baijiu Production Zone. The Chinese Baijiu Golden Triangle Baijiu Industry Development Zone is a cross-prefecture city-level industry cluster that originally covered three cities: Luzhou, Yibin, and Zunyi. Both Sichuan Luzhou Baijiu Industry Park and Guojiao 1573 Square are located in Luzhou city. Both the Wuliangye Group and Jiudu Yibin · Wuliangye Culture Features Street are located in Yibin city. Qionglai Basic Baijiu Production Zone is located in Chengdu city. All six industry clusters or parks are located in Sichuan province. Renhuai Economic Development Zones are located in Zunyi city.

5.2.2 Seven Baijiu industry clusters formations and branding strategies

This section mainly lists seven formations of Chinese Baijiu branded industry clusters and describes their branding strategies according to secondary sources, semi-structured interviews, and participant observation.

Chinese Baijiu Golden Triangle Baijiu Industry Development Zone

The concept of the “Chinese Baijiu Golden Triangle” comes from the Sichuan government. Mr Liu, the provincial leader, wrote a draft report after doing fieldwork in Bordeaux, France. The boundary covers some prefecture-level cities within two provinces—Sichuan and Guizhou. According to Mr Liu, he hopes to achieve the cooperation beyond the administration division and agglomerate the top branded enterprises in interprovincial level. But there were many obstacles to the implementation of this idea. For example, the negotiation between these two provincial officials were difficult and time-consuming, mainly because the officials in each province preferred to think about their own benefits from this cross-province cooperation. (Interview 12)

In summary, the “Chinese Baijiu Golden Triangle” is a good idea and an advanced strategy, which shows the tendency of the competition–cooperation beyond administration division. But, in my opinion, it won’t come true unless it’s strongly guided by the central government. What’s worse, the cooperation in the marketing and branding area has almost been a daydream till now. (Interview 8)

The Chinese Baijiu Golden Triangle Baijiu Industry Development Zone is a branded industry cluster, cross prefecture–level city which originally comprised Luzhou city, Yibin city, and Zunyi city in geographical scales. The core location of this industry cluster is Luzhou city. It is not a governmental policy produced out of thin air and has an actual predecessor called the Luzhou Baijiu Industry Development Zone. Based on the advantage of long-term Baijiu-distilling skills and consumption habits, Luzhou city formed the Luzhou Baijiu Industry Development Zone, under the guidance of the local government in 2006, which has been large-scaled development and industrialisation since then. The development zone mainly uses the slogan of the “Chinese Baijiu, Luzhou Production Zone” as its branding strategy for regional economic development (Sichuan Luzhou Production Zone Baijiu Industry Development Report, 2018:74). Later, along

with its gradual positive development, the Luzhou Baijiu Industry Development Zone has been boosted and designed as the core area of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone. Now, the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone is a geographical extension of the Luzhou Baijiu Industry Development Zone, which has formed a classic mature cluster with complete industry chains, including a leading enterprise (Luzhou Laojiao) and SMEs (e.g. some production factories) (Figure 5.1). There are diverse companies beside the Baijiu production factories, such as packaging companies, as well as printing, filling production, and finished production inspection; warehousing and logistics companies; and related institutions (e.g. National Liquor Packaging Product Quality Supervision and Inspection Centre). In recent years, the concept of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone has become a provincial branding strategy for the improvement and upgrade of branded Baijiu enterprises, related industries, and the local economy within the entire Sichuan province (The Industry Association for The Golden Triangle of Chinese Liquor, n.d.).



Figure 5.1 Core location of “Chinese Baijiu Golden Triangle”, Luzhou city.

Sources: Photographed by author.

Sichuan Luzhou Baijiu Industry Park

Sichuan Luzhou Baijiu Industry Park is also located in Luzhou city, which is the upgraded and renamed Luzhou Baijiu Industry Development Zone, as previously mentioned; this, therefore, means that the geographical location of this industry cluster is the same as the core zone of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone in Luzhou city. In this context, the main part of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone is the Sichuan Luzhou Baijiu Industry Park, which is the main part of the classic mature Baijiu industry cluster.

Compared with other Baijiu-distilling clusters/zones, the Sichuan Luzhou Baijiu Industry Park development is more mature, with pillar enterprises, intermediary agencies, and government (mainly local town government). All of them play important roles in the formation of this cluster. (Interview 13)

Sichuan Luzhou Baijiu Industry Park was almost the first Baijiu industry cluster to emerge in China. The emergence of this cluster relied on the agglomerated advantage of Baijiu-distilling factories in Luzhou city. “Luzhou city is one of the main Baijiu-distilling hubs in Sichuan province, where there are more than 300 registered enterprises, 700 production factories, and 1,000 marketing companies” (Interviews 8 & 2). Most of the branch factories of the leading enterprises are located in Luzhou, which is becoming the main driver of industry cluster formation. “Nowadays, many Baijiu production factories in Luzhou Laojiao are located discretely in Luzhou city” (Interview 2). Additionally, the positive support of the related institutions helps to improve the agglomeration atmosphere:

Luzhou city shows a strong agglomeration atmosphere. The CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA) provide diverse opportunities for SMEs, for example, by organising some study activities and visiting some famous Baijiu-producing factories or manufacturers within China or even overseas, such as Myanmar. (Interview 7)

Leading enterprises in Luzhou city pay attention to the quality and security control of the Baijiu product and have cooperated with other SMEs, all of which have formed cluster developments in recent decades. For example,

The Luzhou Laojiao Group controls the importation of original materials, making sure that the quality of Baijiu production is identical. For instance, Luzhou Laojiao uses the sorghum grown in the southern parts of Sichuan to guarantee the distilling requirement and taste. The Luzhou Laojiao Group even set up a subsidiary, which is mainly responsible for distributing seeds to farmers and acquiring grains from farmers; few of the grain materials are outsourced in this case. (Interviews 2 & 3)

In regard to sales, Luzhou Laojiao cooperates with SMEs, selling its part base Baijiu to them and authorising brand sharing with SMEs. (Interview 5)

The branding strategy of this cluster is designed at a national level, based on the slogan of the “Chinese Baijiu, Luzhou Production Zone” (Sichuan Luzhou Production Zone Baijiu Industry Development Report, 2018:74), aiming to brand it as a national production zone, according to its existing agglomeration priority and brand reputation.

Guojiao 1573 Square

Guojiao 1573 is one of the branded products of the Luzhou Laojiao enterprise, and has a distilling history of more than 440 years. The Baijiu theme park is named after it, and some related landscape attractions have been set up in the surrounding area, driving the local Baijiu industry and increasing branding and market promotion. Guojiao 1573 Square is located on Sanxing Street (Luzhou city), and the landscape points are diverse, though they are all related to the Guojiao 1573 product. They include the 1573 National Treasure Cellar Pool Group, a historical embossed figure, the Longquan well, cultural relics, the “Classic Lu Flavour” stone monument, and the Luzhou Laojiao Museum, and they list the utilisation of local raw materials, draft-distilling technological processes, and Baijiu-related pomes and picture exhibitions. All of these historical and cultural elements simultaneously promote the local Baijiu industry as an attraction, enhance branding, and improve local tourism industry development (Table 5.1):

Table 5.1 The brief landscape points introduction of Guojiao 1573.

Name	Landscape points
1573 National treasure level series fermentation pits cluster	Built in Wanli Year of Ming Dynasty (AD 1573). It is the earliest construction, the best preserved, and the longest-lasting production period in China's Baijiu distilling history.
Historical embossed stone	This giant stone emboss is 79 meters long, also referred to as the “drinking Baijiu map”, vividly shows the drinking and

	Baijiu-making style of the people of Luzhou city. It records that the Baijiu industry emerged in the dynasties of Qin and Han.
Longquan Well	Longquan Well water is said to be the best source of distilling water, which is very suitable for the fermentation of distilled grains. The water of the well can be used to distill top Baijiu. The shape of the well looks like a dragonfly and it is said that you must touch the nose and mouth of this dragonfly, which will not only bring good blessings and good luck, but also increase the amount of alcohol you can drink.
Cultural relics	The cultural relics of Luzhou Laojiao illustrates the honoured history of the Luzhou Laojiao 1573 National Treasure Cellar Pool Group from 1986 to 1996.
“Classic Lu-flavour” monument	The words “Classic Lu-flavour” are written by Mr. Zhou Henggang, the famous Baijiu industry leader, who officially announced the statue as being a typical representation of Luzhou Laojiao Daqu Baijiu.
Luzhou Laojiao Museum	The museum lists many cultural relics and pictures related to Luzhou Baijiu, from Qin and Han Dynasties to the present day, such as the Tang Dynasty green glaze bowl, the Qing Dynasty Airen Tang Baijiu bottle, and a picture of Premier Zhou receiving guests in Bandung Conference.

Sources: Fieldwork in Luzhou and edited from (Phoenix Network Baijiu Industry, 2019).

Jiudu Yibin · Wuliangye Culture Features Street

The Jiudu Yibin · Wuliangye Culture Features Street is located in Yibin city and is part of the Wuliangye Group. Unlike Guojiao 1573 Square, this Baijiu theme park is located within the main body of the Wuliangye Group, and many landscape points are parts of functional structures, such as office buildings. The landscape points go through the entire Wuliangye Group, like pearls on a necklace, decorating the entire factory. Century Square, Wuliangye Museum, Flag Square, Anle Spring, Pengcheng Square (Wuliang

Yaochi), Baijiu Saint Statue Mountain, and Ri-yue Palace are representative points (Table 5.2).

Table 5.2 The introduction of Jiudu Yibin · Wuliangye Culture Features Street.

Name	Landscape points
Century Square	A centralised office area and the main office zone of Wuliangye comprised of major attractions, such as Fenfei gate, Guanlanhai statue, Headquarters Building and Baiwei Garden.
Wuliangye Museum	The museum covers an area of 2,060m ² . It consists of the Jinbeilin, and the Calligraphy Gallery, showing the long distilling history of Wuliangye Baijiu and its achievements.
Flag Square	This is a square with many flags of Wuliangye subsidiaries. It is said that the flags here are sorted by their marketing or branding performance. If the performance of the subsidiary is good, it will be close to the central big flag. Tourists can go here to see which subsidiary is performing best!
Anle Spring	This is the largest Chinese classical garden landscape in the Wuliangye Group. The tower, bridges, stone mountains, spring, colourful flowers, plants and trees, are said to release your pressure.
Pengcheng Square (Wuliang Yaochi)	There is an office building in the shape of a huge Wuliangye Bottle. The building is 74.8 meters high and the bottom diameter is 26.24 meters. The bottom of the building is a pumping station and testing centre. There is also a high-water tower with a volume of 1,600 tonnes at the top of the building. In addition, it has been listed as the "biggest physical advertisement - Wuliangye Baijiu bottle" in the World Book of Guinness Records.
Baijiu Saint Statue Mountain	This mountain is the highest spot of this Baijiu City, with an altitude of 320 meters. There is a 255-step ladder leading up to the mountain, known as the "Saint Mountain Ladder".
Ri-yue Palace	This is a place for receiving domestic and foreign VIPs. Sitting behind Jiusheng Mountain, the Ri-yue Palace has a unique style and interior design.

Sources: Edited from (Yibin Lingjuli, 2019).

It took me about half a day to visit this cultural street. I took numerous pictures at that time, including the picture below (See Figure 5.3), which was taken when I observed this feature street during my fieldwork. The Baijiu Saint Statue Mountain is the highest spot in Baijiu City; it has an altitude of 320 metres and enables a wide field of vision. I stood on the platform of the mountain, viewing the layout of the entire enterprise, surprised by its scale and views.



Figure 5.2 The Baijiu saint statue mountain picture.

Sources: Photographed by author in fieldwork, Yibin city, Sichuan province, China.

The Wuliangye Group and its branding strategies

Like Luzhou city, Yibin city is located in Sichuan province. The Baijiu-distilling industry has a 4,000-year history in Yibin city, which is the hometown of one of the Sichuan's

branded Baijiu products—Wuliangye. The Baijiu industry in Yibin city is responsible for a significant proportion of the economic development of Sichuan province. Baijiu is the number-one industry in Yibin city, accounting for approximately 40% of sales revenue, and total profit is maintained at more than 60%. In recent years, production volume has risen consistently, increasing by about 20% from 2014 to 2017, and the year-on-year growth rate was slightly more than 15% in 2016 and 2017, which is higher than the national average and the Sichuan province growth rate. Sales revenue also keeps increasing, while the growth rate of sales revenue is a bit lower than the volume growth rate (Guo, 2018:59-61). Additionally, the price of Baijiu has risen after adjustment; the high-priced Baijiu market has revived and left space for the second-high price level market, creating a positive competitive background. According to the needs of modern consumers, more and more companies are starting to pay attention to innovation, producing and selling Baijiu with a lower degree of alcohol content, such as Wuliangye, hoping to cater to more women and foreigners. For the Baijiu industry chain complication and cluster building, Wuliangye is a huge SOE with a national brand reputation, while other Baijiu-distilling factories or enterprises are of a smaller scale and have little influence outside Yibin city. Compared with Luzhou Laojiao, Wuliangye has less cooperation with local SMEs. “Wuliangye is a huge enterprise in Yibin city, where other smaller Baijiu factories or enterprises develop slower compared with Wuliangye” (Interview 12). However, the situation is changing gradually along with the management adjustment of governmental regulations.

The Wuliangye Group belonged to the provincial government, namely provincial-owned assets supervision; but now, it has changed to the town government. The change of the state supervision sector changed the branding strategies of Wuliangye, which has also started to cooperate with other SMEs, although it used to ignore other SMEs based on its own strong advantages. (Interview 13)

The name “Wuliangye” means “the liquid made by five grains” in China: rice, glutinous rice, corn, sorghum (sorghum is grown between the southern Sichuan and northern Guizhou provinces), and wheat. These create its special flavour and are representative of the Lu flavour, like Luzhou Laojiao. Wuliangye was first distilled during the Tang dynasty and officially became an SOE in 1952 (Wuliangye Group, n.d.). It has achieved high economic growth. As shown in Figure 5.4, the income revenue from Wuliangye has continued to grow in recent years, although its growth rate has undergone continuous fluctuations. Wuliangye achieved its highest growth rate in 1997 and its lowest in 2014. This is partly due to the “Ban on Public Consumption” introduced in 2012, as described in previous chapters.

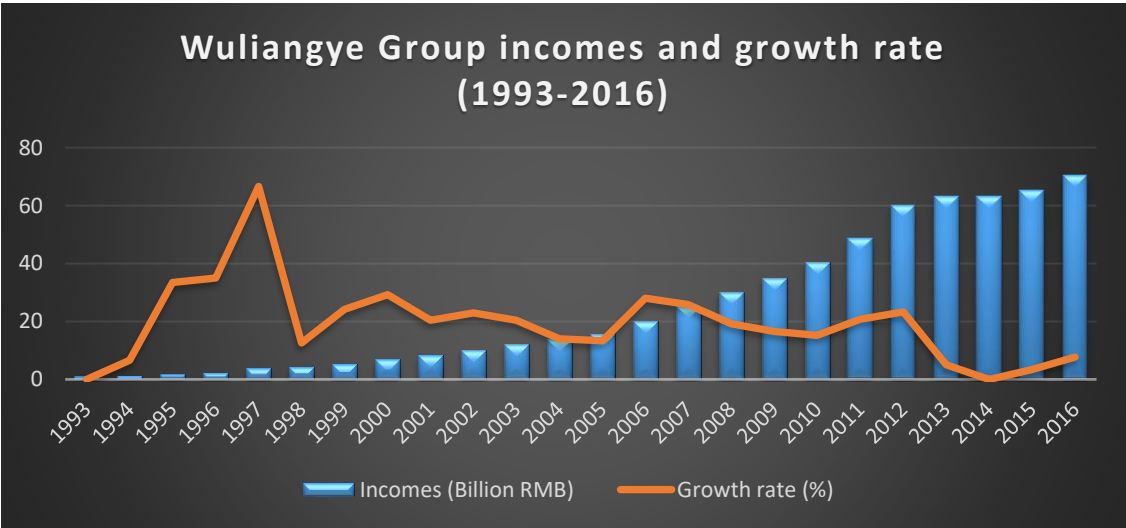


Figure 5.3 Wuliangye Group spirit production locations.

Sources: Accessed in Wuliangye Museum (Yibin city, Sichuan) and edited by author.

The Wuliangye Group has earned brand reputation as “King of Chinese Baijiu” on its huge production and selling volume of products. Based on its economic capacity, Wuliangye’s branding strategy seems highly effective. In recent years, Wuliangye has eliminated some marginal products and focused more on the branding of series products, which has contributed to the increase in sales revenue. In addition, Wuliangye has

attempted to create brand value through a complete system strategy that includes the four drivers of branding strategy. It regards “brand first” (or “brand priority”, which means regarding brand as the priority) as its main driver; core competition as its base driver; product structure and market management as its action driver; and advertising, event sales, and cultural and media promotion as its background driver, and all of these improve the brand ability of the whole group (Sichuan Yibin Wuliangye Group Co., 2018:342). On a global level, the Wuliangye Group has designed the branding slogan “Wuliangye for China and for the World”, and its main products and related series of products cover almost all continents (Figure 5.5). Although most of its products are made in local areas in Yibin city, Wuliangye pays a great deal of attention to its global branding process, which even consisted of advertising in New York’s Times Square in 2011 (Figure 5.6).



Figure 5.4 Wuliangye sale and branding strategies cover areas in the world (Stars).

Sources: Drawn by author during fieldwork analysis.

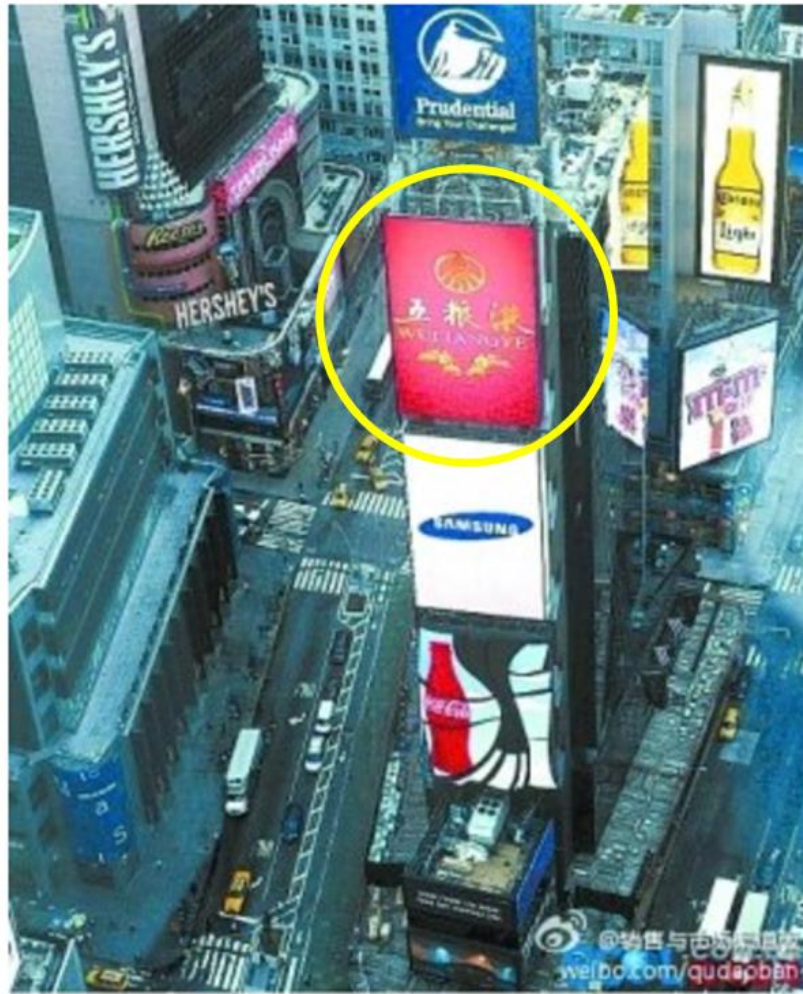


Figure 5.5 The branding of Wuliangye in USA (Labelled in the circle, 2011).

Sources: Cited photo from (Hainan Online, 2011).

Qionglai Basic Baijiu Production Zone

The Qionglai Basic Baijiu Production Zone is located in Chengdu city, covering about five square kilometres (sq.km); is known as the hometown of base Baijiu in China; and is the largest base-Baijiu production zone (China Baijiu Industry Development Report (2017-2018), 2018:103). The production volume has fluctuated slightly in recent years, with negative growth in 2015 and a slow revival in 2016 and 2017. The designated enterprises achieved a production volume of 80,500 kilolitres in 2017 (Figure 5.7). Additionally, the “Qiong Baijiu” (Baijiu distilled in Qionglai of Chengdu city) is an

attempt to reshape the brands through mergers and the reorganisation of the enterprise structure, as well as by amending the production skill regulations for Baijiu quality improvement, completing a sewage treatment project, and undertaking a drainage pipeline project for environmental protection in 2017. In addition, governmental organisations guide the Baijiu enterprises in Qionglai city by encouraging them to attend the “Sugar and Baijiu Trade Fair” and “Agricultural Fair” and to extend and complete the Baijiu industry chains, aiming to further the branding of “Qiong Baijiu” (China Baijiu Industry Development Report (2017-2018), 2018:104).

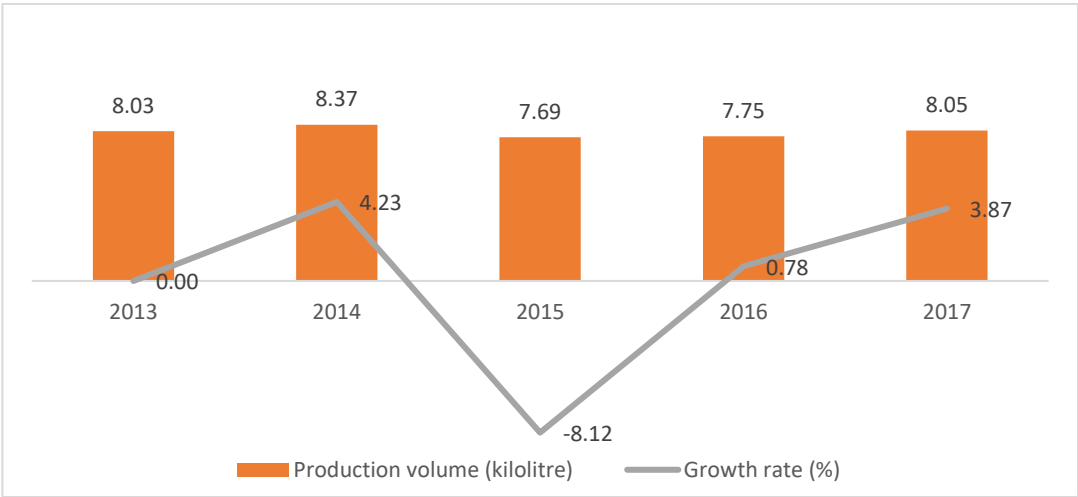


Figure 5.6 The Baijiu production volume of designated enterprises (kilolitre) in Qionglai city, Chengdu city.

Sources: Edited from (China Baijiu Industry Development Report (2017-2018), 2018:103).

Renhuai Economic Development Zones

Guided by the central government and driven by the necessity of further provincial Baijiu development, the Guizhou government has published a policy about Baijiu industry cluster/park design and planning since 2009. Nowadays, there are several clusters/parks in the Moutai town of Zunyi city, some of which are entities, such as the Baijiu production cluster/park and support cluster/park. The economic development zone, however, is more

about a conceptual relational scale, which covers the scale of Baijiu production zone, and supports the industry park, cultural tourism industry park, and even the Moutai Group. (Interview 8)

As one of the key areas of the “Chinese Baijiu Golden Triangle” designed by the government, most famous Baijiu companies are located in Renhuai of Zunyi city. Renhuai city has been honoured as the “National New Industrialisation Industry Demonstration Base (National Famous Baijiu)” and the “National Jiang-Flavour Baijiu-Distilling Industry Famous Brand Creation Demonstration Zone” by the Ministry of Industry and Information Technology and the Administration of Quality Supervision. The “Renhuai Jiang-Flavour Baijiu” received the “National Geographical Indications Protection Products” award due to its brand value of 7219.1 billion RMB, and it ranked 1st on the “National Famous Brand Creation Demonstration Zone” list (Huang, 2018b:33).

Renhuai city (included in Zunyi city) ranked third on the Chinese Baijiu production zones list, with sales revenue of 40.7 billion RMB. There are 328 Baijiu production enterprises, with 90 designated-size enterprises. The Renhuai’s sales revenue is the only one that kept rising in 2014, compared with Luzhou city and Yibin city. The government of Renhuai city is proposing the branding of Moutai Baijiu (one of the leading enterprises in Renhuai city) as the “World’s Top Brand of Distilled Baijiu”, depicting Moutai town as “The Heart of Chinese National Baijiu”; building Renhuai city as “The Capital of Chinese Baijiu Culture”; and, finally, ensuring that “in next decade, the Chinese Baijiu industry will learn from the Guizhou experience” (Huang, 2018b:34). In addition to the Moutai Group, the Baijiu companies did well financially in Zunyi city in 2015; for example, all top 10 Baijiu enterprises had sales revenues exceeding 10 million RMB.

Nowadays, there are 4,328 registered trademarks, including six “well-known Chinese trademarks” (such as Guizhou Moutai and its logos, Guotai, Benqiang, Zhenjiu, and Huaizhuang), 119 “Guizhou branded trademarks”, 11

valid brand-name products, and one geographical indication certification trademark in Renhuai city. (Interview 8)

5.2.3 Seven Baijiu industry clusters characteristics and branding strategies

These seven industry clusters have formed and designed their branding strategies with their own characteristics. According to the main characteristics of each cluster, these seven clusters can be divided into five types.

The first type is the conceptually oriented Baijiu industry cluster, which includes the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone and Renhuai Economic Development Zones. These two clusters are the spatial integrations of some smaller functional industry cluster entities. The spatial scale of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone keeps changing since it was initially developed, and the geographical scale has extended from three prefectural-level cities to the entire Sichuan province. This development zone now includes five other industry clusters within Sichuan province. In this context, the branding strategies of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone are not only for the branding of the Luzhou Baijiu Industry Development Zone but also for the entire Sichuan province. This also means that the branding strategies of the other five industry clusters within Sichuan province (Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square, the Wuliangye Group, Jiudu Yibin · Wuliangye Culture Features Street, and the Qionglai Basic Baijiu Production Zone) can be regarded as the strategy branches of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone. Additionally, the Renhuai Economic Development Zones are a spatial integration of three functional industry cluster entities, which consists of three functional parks: The National Baijiu Industrial Park, Renhuai Famous Baijiu Industrial Park, and Tanchang Modern Service Park. These three parks have formed the different Baijiu production levels and matched service systems.

The promotion of the Baijiu-distilling experience of the entire Guizhou province based on this economic development zone has become the main branding strategy in recent years.

The second type is the classic Baijiu industry cluster—namely, Sichuan Luzhou Baijiu Industry Park. This industry cluster owns the complete Baijiu supply–production–market chain and is supported by related service companies, institutions, and governments. The branding strategies of this cluster are dependent on its cluster formation and priority, and the aim is promotion at the national level.

The third type is the culturally and historically oriented Baijiu industry clusters, which are Guojiao 1573 Square and Jiudu Yibin · Wuliangye Culture Features Street. China’s diverse geographical water and grain resources—which are also called “liquid jewellery”—create famous Chinese Baijiu through the hard work and intelligence of the Chinese people. The cultural and historical factors based on raw materials and the long development history of Baijiu help diversify and improve the marketing, branding, and reputation of Chinese Baijiu, especially within China.

The fourth type is the SOE-oriented industry cluster, referring to the Wuliangye Group, which is the main part and almost the only one industry cluster. The branding strategies of this industry cluster are the same as the Wuliangye ones.

The fifth type is the basic Baijiu production agglomerated industry cluster, referring to the Qionglai Basic Baijiu Production Zone. This industry cluster focuses on basic Baijiu distilling, and the branding strategies focus on the brand reputation of the “Qiong” brand.

5.3 The evolutionary branding paths of seven Baijiu industry clusters

The seven branded Chinese Baijiu industry clusters in the case study show similar and different characteristics during their emergence and development processes. More specifically, these seven branded Chinese Baijiu industry clusters within the “Upper Yangtze River Baijiu Agglomeration” can be classified into five types. In addition, these clusters have interactive relationships during their branding evolutionary development periods, which are driven primarily by enterprises and government.

5.3.1 Enterprise-driven brands and branding evolutionary development

The production and consumption demand of specific products in some enterprises drives the branding strategy, which gives the birth to the Baijiu industry cluster. The Sichuan Luzhou Baijiu Industry Park is today’s classic Baijiu industry cluster, upgraded from the Luzhou Baijiu Industry Development Zone. The emergence of this cluster comes from both the increased demand for the Luzhou Laojiao products and the branding and marketing needs. According to one interviewer, there are some reasons for the building of this cluster, “in order to reduce the production costs of Luzhou Laojiao when extending production scale, a Baijiu industry park was established, and attract related enterprises, such as the production of bottle caps, printing, and irrigation, to be centralised in the park at the same time” (Interview 5). Some production sectors in Luzhou Laojiao and other private companies moved to the cluster, acting as the production players. All the basic Baijiu is provided by Luzhou Laojiao, and other SMEs are responsible for further distilling, blending, storing, and packaging. Other SMEs can have their own names on the labels of the Baijiu bottles while also needing to add “Luzhou Laojiao” in a smaller font. This is a brand-sharing measure, which increases the Luzhou Laojiao production quantity and simultaneously guarantees the high quality of Lu-flavour Baijiu. This model

is the first case that was established in the Chinese Baijiu industry, and Luzhou Baijiu Industry Development Zone was officially set up with the guidance of the local government in 2006. This zone has become the prefectural-level city agglomeration area of the full Baijiu production industry chain, covering raw grain cultivation, traditional distilling, and the production of packaging materials; putting Baijiu products into jars for packaging; and dealing with logistics, modern transactions, and educational training (Li et al., 2017).

Additionally, the enterprise selling and branding of products through experience marketing and branding strategy (Tang & Zhou, 2017), together with the unique cultural and historical background, has spawned Baijiu-themed tourism clusters/parks - Guojiao 1573 Square is an example that was examined in this context. As the leading enterprise of Lu-flavour Baijiu, Luzhou Laojiao has built up a Baijiu-themed tourism park called Guojiao 1573 Square in Luzhou city. This square originated from the national treasure-level series fermentation pits cluster, which was built in 1573, has been used continuously, and is now the National Key Cultural Relic Unit²². The series fermentation pits cluster is one of the producing and distilling parts of the Luzhou Laojiao Group and has become one of the key landscape points.

Besides the integration of upstream and downstream enterprises and horizontal industry expenditure, some enterprises focus on a diversified organisational structure building to brand the whole group, which forms a kind of closed industry cluster. This means that

²² Note: the National Key Cultural Relic Unit means “全国重点文物保护单位” in Chinese, which is the highest protection level (national level) approved by the PRC for immovable cultural relics. Available online: <https://zh.wikipedia.org/wiki/%E5%85%A8%E5%9B%BD%E9%87%8D%E7%82%B9%E6%96%87%E7%89%A9%E4%BF%9D%E6%8A%A4%E5%8D%95%E4%BD%8D>

most of the upstream and downstream enterprises, as well as the related enterprises and institutions, belong to the group itself. The Wuliangye Group is an example that is examined in this case. As a huge SOE, the Wuliangye Group regards producing and selling Baijiu as its core business, combining this with its five other subsidiaries: the large-scale machinery, packaging, logistics, finance, and health industries.

5.3.2 Government-driven brands and branding evolutionary development

The Luzhou Laojiao SOE and other SMEs are the main body of the Sichuan Luzhou Baijiu Industry Park. However, with the decline of the Baijiu market, the development of the cluster has encountered bottlenecks, which need to be resolved by functional government departments. Against this background, the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone, designed and led by the Luzhou government, was born. The government of Luzhou city is the management body of this development zone. Beyond the original aim of improving and branding Baijiu production and consumption, the objectives of this cluster are as follows: “integration of three industries, integration of production and city, [and] integration of urban and rural areas” (Li et al., 2017). This idea illustrates a branding strategy with a complicated geographical association. Besides the main supply–production–consumption Baijiu enterprise chain, the branding idea of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone refers to the agriculture and service industry (namely, the “integration of three industries”), extending the industry chain from the horizontal aspect. The aim of the “integration of production and city” is to combine the development of both industries and cities in which they are located. The “integration of urban and rural areas” aims to balance different social space structures through the branding of Baijiu industry clusters and reducing the development gap between urban and rural areas. Accordingly, as a conceptually oriented branded industry cluster, the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone

is close to a place brand which has been upgraded into the whole Sichuan province Baijiu branding strategy. The Qionglai Basic Baijiu Production Zone is the result of the branding strategies of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone in the geographical space, together with its existing basic Baijiu-distilling agglomeration background. The branding strategies of this cluster pay attention to the cooperation of enterprises inside and outside the zone (e.g. Shuijingfang and Diageo). The Renhuai Economic Development Zones used to be one part of the cross-provincial and prefectural city-level industry cluster called the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone. Today, the Renhuai Economic Development Zones and the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone are two parallel but separate branding strategies for Guizhou province and Sichuan province.

Both the central and Sichuan governments have started to guide the development format of the industry cluster and its related industrial and theme parks and have encouraged some leading enterprises to explore diverse development formations. The Wuliangye Group has built a theme park called Jiudu Yibin · Wuliangye Culture Features Street, based on the policy development format of the industry cluster designed by the Sichuan government in 2006, thereby driving the enterprises' attractiveness and promoting the local Baijiu-related tourism industry.

The paths of the branding evolutionary development of the above-mentioned seven Chinese Baijiu industry clusters; their relationships; and the branding evolutionary development of products, enterprises, industry clusters, place, and province are outlined in Figure 5.8:

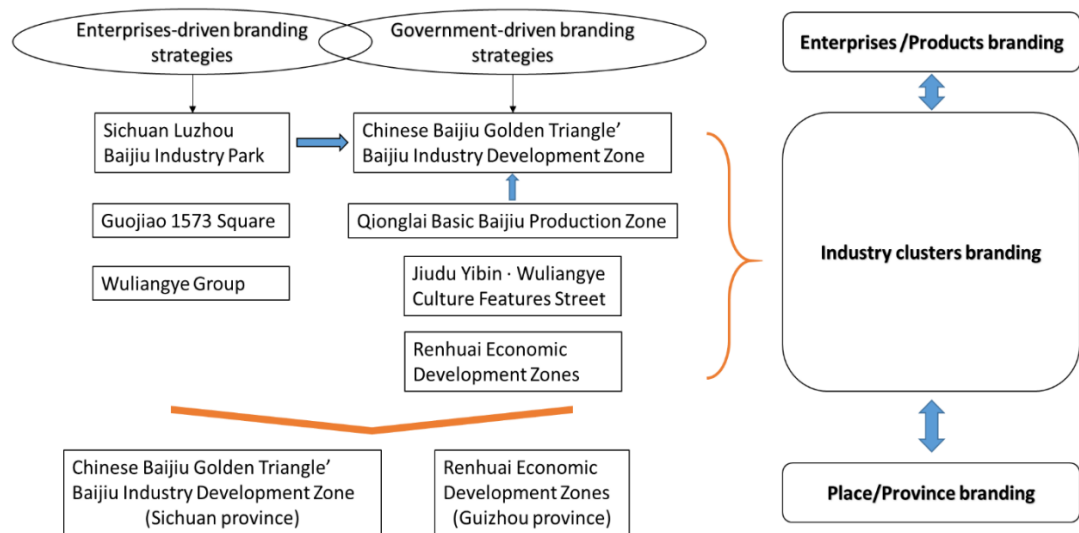


Figure 5.7 The paths of the branding evolutionary development of seven Chinese Baijiu industry clusters.

Sources: Drawn by the author.

5.4 Brands and branding strategies: Examples of branded enterprises

In keeping with the theoretical framework in previous chapters and the data collection and analysis of fieldwork in China as part of this research, it was discovered that there is an abundance of research related to the branding strategies of specific Chinese branded enterprises. This is also according to the annual report published by the Sichuan Academy of Social Sciences (Sichuan Academy of Social Sciences, 2014; Yang et al., 2018a). However, there is little academic research about the brands and branding strategies of Chinese Baijiu industry clusters, especially from the perspective of economic geography. Therefore, this section focuses on the branding strategies of some branded enterprises in the seven aforementioned branded industry clusters within the “Upper Yangtze River Baijiu Agglomeration”, exploring their different branding strategies—specifically how they react to the macro policies published by central and local governments. The emergence and development of these enterprises differs, and the brands and branding

strategies are unique. This has led to the establishment of China's Baijiu market formats and to the exploration of potential for further global extension or development, although this has involved both successful and unsuccessful strategies. This section describes and analyses the branding strategies of leading branded enterprises—Luzhou Laojiao in Luzhou city, the Moutai Group in Zunyi city, and Shuijingfang and Wenjun in Chengdu city—providing us with examples of how effective the branding strategies are and their effects and evolutionary development.

5.4.1 Luzhou Laojiao Group's branding strategies

The Luzhou Laojiao Group is the Chinese Baijiu brand that is most representative of the Lu-flavour Baijiu and is one of the branded enterprises within the Luzhou Baijiu industry clusters. The Luzhou Laojiao Group is a large SOE, and 51% of its stocks are controlled by the central government. It is also a listed enterprise in China. As an alcoholic beverage commodity, Luzhou Laojiao is the original producer of the Lu-flavour Baijiu, and most of its ingredients are planted and harvested in the local area. The Luzhou Laojiao Group has gradually integrated 36 ancient distilling factories since 1950, extending the production scale and keeping the traditional flavour at the same time. Most of its production factories are located in the 18 original historical sites along the banks of the Yangtze River and its branches (See Figure 5.1). High-level products (with a selling price of more than 600 RMB) are the main income sources of Luzhou Laojiao, according to some researchers (Yang et al., 2018a). Luzhou Laojiao is one of the traditional branded SOEs in China. It was called Luzhou Qujiu factory in the middle of the 1980s, and the first workshop was Guojiao 1573, which has a 400-year history. The Guojiao 1573 production location has developed and is now branded as Guojiao 1573 Square, as discussed in section 5.9.



Figure 5.8 Luzhou Laojiao spirit the 18 original places (first photograph) and Guojiao 1573 production locations (second photograph).

Sources: Photographed by author.

The name Luzhou Laojiao is a branding strategy itself. The enterprise uses the Baijiu “origination + distilling method” model to express its location and distilling process, which illustrates the high quality of the product and the enterprise. “For the Lu flavour-type Baijiu, it’s said that the longer the pits are utilised, the better the Baijiu quality, which can be shown in the name of this kind of Baijiu—namely, ‘Laojiao’” (Interview 2).

The product marketing and branding strategies of the Luzhou Laojiao Group have continuously changed according to the country’s overall economic and social development and consumer choice. For example, according to one interviewee, “In the late 1950s [after the establishment of the PRC], there were four kinds of basic products, and more sub-products and series have been created since then, and it changes now and then” (Interview 2). The Group manufactured four products as part of its main series of products from 1980 to 1990 and has gradually placed more focus on its highest luxury brand, Guojiao 1573. The enterprise has developed a “one head and several wings” (Interview 2) branding format, which means that Guojiao 1573 is regarded as the top brand of the “one head”, with several other branded products, such as Tequ (特曲), Jiaolingjiu (窖龄酒), Touqu (头曲), Erqu (二曲), Yangshengjiu (养生酒), and Bai Diao (百调), underneath it acting as the “several wings”.

The details of the Luzhou Laojiao branding and marketing promotion strategy include online and offline promotion methods, based on the internet trading technique (e.g. e-commerce trade and social media interaction promotion) and societal development trends (e.g. online shopping and consumption). For the offline method, Luzhou Laojiao promotes its products at mainstream airports, at highway service areas, and in city squares. In addition, Luzhou Laojiao started the “health Baijiu concept” in 2013, hoping to combine the traditional and health industries (i.e. Luzhou Laojiao grandly launched

Health Baijiu strategic publishment in 2017), thereby hoping to open a new era and gradually changing the traditional habit of excessive alcohol consumption and improving consumers' table manners (Sichuan Luzhou Production Zone Baijiu Industry Development Report, 2018:75).

As the new way of branding, the online promotion model pays less attention to direct sales volume and more attention to publishing some specific events and promoting some products to appeal to the consumers' senses and perceptions. The offline promotion model is more traditional, including advertisements on TV, billboard advertising, [and] promotion in supermarkets, which have a stronger connection to product sales when compared with the online promotion method. (Interview 3)

The geographical association between the spatial branding strategies of Luzhou Laojiao has changed along with the policy regulation and subsequent adjustment. With the establishment of the PRC and the national Reform and Opening up policies, Luzhou Laojiao branding strategies gradually transformed from being based around local places to some advanced provinces and regions, and in recent decades, the three interprovincial regional agglomerations are the main branding and marketing strategy areas in China. The branding strategy used by Luzhou Laojiao illustrates a change in the spatial marketing layout in recent decades. There has been a shift: from traditional Baijiu production provinces to some economically advanced coastal provinces, then, a turn to the main Baijiu production and consumption provinces of mainland China. A special administrative region has become the link to overseas branding during this period.

The sale of the Luzhou Laojiao product was number one in Sichuan province, and in terms of marketing, it was one of the top branded enterprises in the whole of China during the 1960s. From the 1960s to the 1980s, the main marketing target area was coastal regions, such as Jiangsu and Zhejiang provinces. Nowadays, the important domestic branding provinces cover Sichuan, Shandong, Henan, Hebei, and Jiangsu provinces, while Hong Kong is the main link for Baijiu exportation to countries in South East Asia. (Interview 2)

5.4.2 Moutai Group's branding strategies

Many companies and factories in Zunyi city distil the famous Jiang-flavour Baijiu. The Moutai Group in Guizhou province is the top branded enterprise among them, and it is also the leading enterprise of the Chinese Baijiu industry in terms of product prices and financial success. In 2016, the enterprise's operating income (including tax) was 50.24 billion RMB, and regarding foreign exchange earned through exports, it accounted for 72% of the nation's Baijiu industry. Many of the company's financial indices, such as operating income, tax and profits from the main products, and per capita income, rank at the top of the Chinese Baijiu industry. As shown in Figure 5.10, the income of the Moutai Group has continued to grow since 1998, although the growth rate has seen continuous fluctuations. The highest growth rate occurred in 2011, while the lowest was in 2014, which is similar to the trends for Wuliangye. It seems that the "Ban on Public Consumption", implemented by the government in 2012, deeply affected huge SOEs, such as the Moutai Group and Wuliangye Group, and had disastrous consequences for the whole Chinese Baijiu industry.

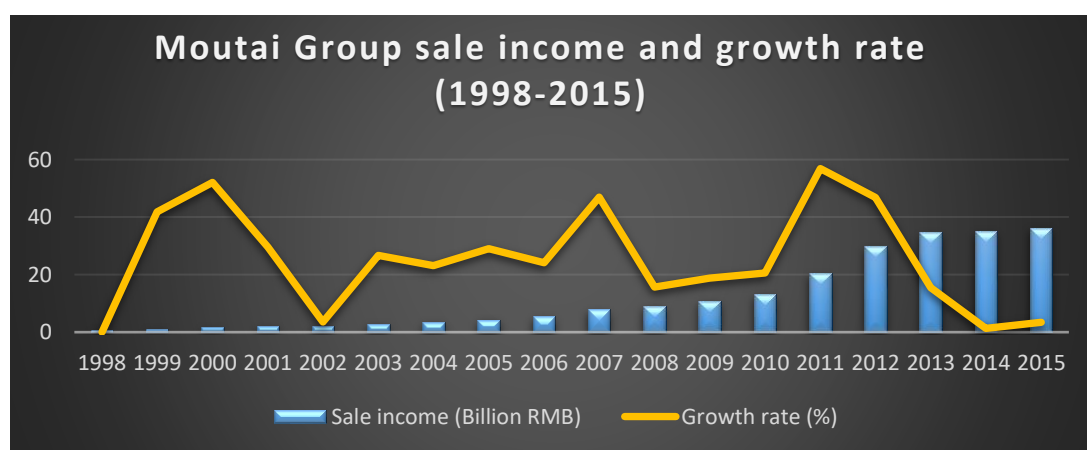


Figure 5.9 Moutai Group's sale income and growth rate (1998–2015).

Source: (Moutai Group, n.d.-a).

The main enterprise structure of the Moutai Group is described below, and Moutai is one of the main provincial enterprises that are controlled by the Guizhou provincial government.

The Moutai Group has many subsectors, and Moutai Co., Ltd is one of them. Unlike other subsectors, Moutai Co., Ltd is a listed company producing three main products and a series of Moutai Baijiu. This company does not cooperate with other companies, and its production and quality control processes are very strict. It owns the whole production chain itself, accounting for a 90% interest proportion of the whole group. (Interview 8)

Compared with other huge SOEs, such as Luzhou Laojiao and Wuliangye Group in Sichuan province, the majority of the production value of Moutai belongs to the Limited company of the Group due to the provincial Baijiu production ability and governmental regulation policies. For example, “There are many listed companies and much capital in Sichuan province, and Wuliangye Group is in charge of prefectural-level government of Yibin city, while there are few listed companies in Guizhou province, and the Moutai Group is under the charge of the Guizhou provincial government” (Interview 8).

The brand value of Moutai is very high, even at the global level, according to some international consulting companies (e.g. Brand Finance), and this is “partly because of the scarcity of local raw materials and the complexity of the distilling process” (Interview 15). It is said that “regarding production ability, the maximum limit of Moutai products is 700,000 kilolitres” (Interview 8). These characteristics, coupled with the recommendations of some political leaders and celebrities, have helped Moutai earn its brand reputation. “Political leaders or superstars can influence the product brand and consumers’ tastes. For example, the reputation of Moutai Baijiu, which is entangled with the preferred taste choices and grateful feelings of political stars (e.g. Zhou Enlai)” (Interview 15). Although there is no national standard regulation labelling Moutai the

“National Baijiu”, “most people think of Moutai when talking about Baijiu in China” (Interview 8). “Now, all these characteristics have become part of the company’s branding strategies” (Interview 15).

Despite suffering due to the previous anti-extravagance policies, the Moutai Group keeps its planning of branding strategies global. The “13th Five-Year Plan” of the Moutai Group has claimed its position:

Dedicated to becoming the world-class distilled Baijiu brand, through creating a diversified and large-scale Baijiu investment group, and being honoured as a respected world-renowned national Baijiu Moutai. (“13th Five-Year Plan” of the Moutai Group)

The content mentioned in the Moutai Group’s “13th Five-Year Plan” guides the framework of the group’s macro-branding strategy, aiming to transform it from a traditional manufacturer into an international enterprise with core-industry dominance, a capital link, an elements integration endorsement, and a cross-disciplinary focus. Besides theoretical strategy planning, the Moutai Group pays attention to the international brand reputation improvement of its products and itself in practice; for instance, the Moutai Group was listed in the “BrandZ Global Top 100 Brand Value List” from 2013 onwards and is the only distilled Baijiu brand in China. The branding strategy used by the Moutai Group targets most of the globe. Currently, there are 115 overseas distributors covering 67 countries and regions on five continents, and the market network layout is becoming more complete overseas²³. The specific global branding strategies of the Moutai Group mainly pay attention to the overseas promotion activities, which “have been used consistently for five years and have received positive feedback”, according to Chief

²³ Note: This content originally comes from First Finance, to which the copyright belongs.

executive officer Li of the Moutai Group (Xinhua News, 2019). In addition, in response to the national state strategy of the “Belt Road Initiative”²⁴—although the series of events have been launched in the United States, Russia, Italy, Germany, South Africa, and Australia—the most obvious increase in of Moutai’s products has occurred in those markets, regions, and countries along the “Belt Road Initiative”. It is said that Moutai’s total sales volume along the “Belt Road Initiative” market accounts for a quarter of its total overseas sales (Xinhua News, 2019). In addition, the sales volume and sales revenue of the African market have doubled, achieving rapid growth (Xinhua News, 2019). At the same time, the Moutai managers would like to learn from other developed countries’ brand marketing and sales marketing experience, such as that of Australia (Zhang, 2018a). In addition, the Moutai Group received the “China Geographical Indications Product Dictionary” award in 2015 (Moutai Group, n.d.-b). At present Moutai products are sold in international markets, such as at international airports and some luxury shopping malls (Figure 5.11).

²⁴ Note: This is a national strategy introduced in 2013 (Dunford & Liu, 2018:425), also see section 3.4.1.



Figure 5.10 Moutai Products in International Markets (left: Heathrow airport; right: Harrods, London)

Sources: Photographed by author.

Note: Moutai products are labelled within yellow circles.

5.4.3 Shuijingfang's branding strategies

One of the branded Baijiu enterprises in Sichuan province is called Shuijingfang, which is located in Chengdu city and has a long history of Baijiu distilling. The development and expansion of Shuijingfang starts with a nice story. It is said that the Shuijingfang factory has existed since 1408 and was built by a Baijiu master called Mr Wang (Shuijingfang, n.d.-b). Someone later found the heritage site of a distilling pit in a place called Shuijingfang in 1998. In 2000, a new Baijiu product named “Shuijingfang” was officially created. The brand advantage of heritage influence and the topic-related packaging design of the product made it famous once it was marketed to the public. Subsequently, the enterprise attempted to develop its international capital operations

(Shuijingfang officially cooperated with Diageo in 2007), and Shuijingfang was acquired by Diageo step by step.

During the year ended 30th June 2012, Diageo received approval from the Chinese Securities Regulatory Commission to launch, and Diageo did launch and settle the mandatory tender offer to all the other shareholders of Shuijingfang. A nominal number of shares of Shuijingfang were tendered into the offer and the deposit was returned to Diageo. On 29th June 2012 at the annual general meeting, additional Diageo directors were appointed to the board of Shuijingfang which gave Diageo control over the board and the operating and financial policies of the company. Up to 29 June 2012 Diageo accounted for Shuijingfang as an associate and following the change in control on 29th June 2012 it became a subsidiary. (Diageo, 2012:30)

This is the first case of cooperation and acquisition between Chinese Baijiu enterprises and global branded alcoholic beverage enterprises. Currently, the “Shuijingfang” label is listed on the Diageo website as one of its local stars (Figure 5.12).

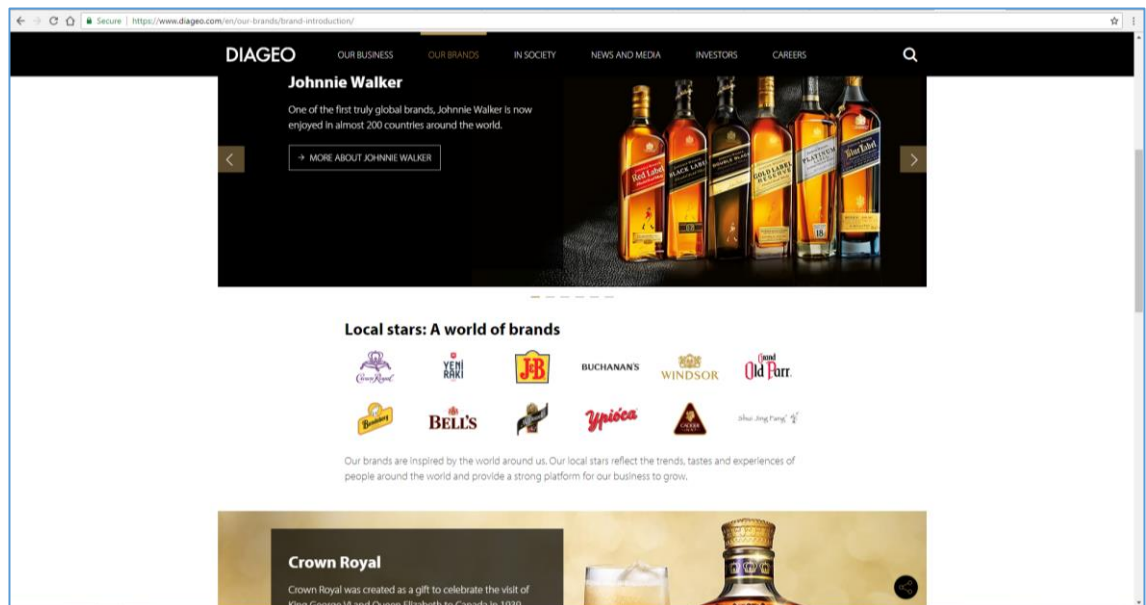


Figure 5.11 “Shuijingfang” label on Diageo website page.

Source: (Diageo, n.d.).

The following is a brief introduction to Diageo and the history of cooperation between Diageo and Shuijingfang.

Diageo

Diageo is the largest global alcoholic beverage company; its products are sold in more than 180 countries worldwide, with more than 150 production zones; and it is supported by many of its distributors (China Network, 2019). The company is listed on both the London Stock Exchange (as DGE) and the New York Stock Exchange (as DEO). According to the official Diageo website, “Diageo is a global leader in alcoholic beverages with an outstanding collection of brands across Baijiu and beer—a business built on the principles and foundations laid by the giants of the industry” (Diageo, 2018). Diageo’s successful branding strategies in so many countries depend on its combined brand management format (namely, global brands, local star brands, luxury goods, and exclusive brands) and on meeting the needs of customers in different regions and groups (China Network, 2019).

“2011 saw Diageo become the first global company to own a majority stake in the fast-growing Chinese White Baijiu category through the acquisition of a controlling share of Shuijingfang” (Diageo, 2017); this is also the milestone of Diageo international branding development, which is, in turn, also a milestone of Shuijingfang’s international branding strategy. The cooperation details are outlined below.

Since 2011, Diageo has made a series of investments to expand its footprint in key emerging markets and high-growth categories (e.g. China, Vietnam, and Korea), driving future growth based on brand portfolio (Ghostine, 2011). For example, in 2011, Diageo acquired an additional 4% equity stake in Shuijingfang from Chengdu Yingsheng Investment Holding Co., Ltd. In accordance with Chinese takeover regulations and the

approval to the China Securities Regulatory Commission, Diageo became the largest indirect shareholder of Shuijingfang on 14th July, 2011. At the same time, Diageo expects to make a mandatory tender offer to all the other Shuijingfang shareholders, according to Diageo's preliminary results (Diageo, 2011:26-27). This action received favourable feedback in the economic and financial fields, according to the company's preliminary results (Diageo, 2012:14). For example, Diageo gained £124 million on the revaluation of the group's equity holdings in Quanxing and Shuijingfang, with business sales of £147 million throughout 2012. The following year, Diageo continued increasing its shareholding in Quanxing/Shuijingfang by 4%, and from 29th June, it owned more than 50% of Shuijingfang stock, gaining control capacity. This means that the 2013 fiscal year was the first full year in which Diageo consolidated the company's results as the main owner of Shuijingfang.

As a result of Quanxing and Shuijingfang becoming subsidiaries of the group, a gain of £124 million arose on the difference between the book value of the equity owned prior to the transactions and the market values on the completion dates which has been disclosed as a sale of businesses in the consolidated income statement. (Diageo, 2012:30)

In contrast, Quanxing is primarily a holding enterprise which has a 39.7% equity stake in Sichuan Shuijingfang Co., Ltd. (Shuijingfang), a super-premium Chinese Baijiu company listed on the Shanghai Stock Exchange. During the year ending 30th June 2010, £123 million was deposited with China's securities depositary and clearing agency in respect of the tender offer to all other Shuijingfang shareholders. The consideration for the additional 4% equity stake was £14 million. The acquisition of the 4% equity stake brought Diageo's shareholding in Quanxing to 53%. Quanxing was accounted for as an associate up to 14th July 2011, but following the acquisition of the additional 4% equity stake, it became a subsidiary with a 47% non-controlling interest (Diageo, 2012:30).

The non-controlling interest in Shuijingfang has been calculated as 79% of the fair value of the net assets of the company and the non-controlling interest in Quanxing has been valued at 47% of the fair value of its net assets. The fair values of the net assets disclosed are provisional and have been estimated by Diageo based on information obtained in accordance with all relevant Chinese laws and regulations. The fair values will be finalised in the year ending 30th June 2013. The goodwill arising on the transaction represents the strategic premium in respect of entering the Chinese Baijiu market and the synergies arising from combining operations. Directly attributable transaction and integration costs of £16 million have been charged to other operating expenses in the year. (Diageo, 2012:30)

In addition, the AQSIQ officially approved and began implementation of the original geographical protection of “Chengdu Shuijingfang Baijiu”, which made it the first Lu-flavour Baijiu to receive the honour of “Geographical Origin Products of the People’s Republic of China” (Shuijingfang, n.d.-a).

For the global branding strategy of Shuijingfang, the timeline is as follows. In 2011, the Shuijingfang products were sold in the airports of main cities in America. The UK and France are the next target for Shuijingfang’s global branding strategy, followed by Italy, Spain, and the Middle East. Most of the branding strategies are similar though in they are undertaken in different countries. For example, there are 43 airport duty-free stores selling Shuijingfang products, and one marketed a Shuijingfang-based cocktail in Los Angeles in 2013 (Diageo, 2012:12). By June 2012, driven by price increases and an expanded distribution footprint, Shuijingfang was available in the duty-free channels at 40 airports, on two airlines worldwide, and in seven domestic markets (Diageo, 2012:12).

The feedback of this cooperation case study shows that this type of cooperation in the Baijiu industry is a sort of double-edged sword, having both positive effects and obstacles. On the positive side, with the help of Diageo, Shuijingfang has seen some positive results and has benefited from further development opportunities. For example, with Diageo’s expertise and guidance, Shuijingfang has successfully entered the duty-free markets of

international airports and routes in Asia, Australia, Europe, and the United States, as well as the main market in many countries around the world (Shuijingfang, n.d.-b). Contrary to the above positive influence or brand advantage, some experts do not think that this cooperation has led to much positive benefit in terms of different obstacles, according to the interviews, which is mainly “because of the different evaluation criteria on distilling process and taste between Western countries and China” (Interview 15). For example, in terms of taste preferences, “Consumers in Western countries prefer the flavour of the alcohol itself, while Chinese consumers are keen on the aroma (which is mainly created by the trace substance)” (Interview 15), which affects the potential Chinese Baijiu benefit in other countries.

5.4.4 Wenjun Baijiu’s branding strategies

One of the branded Baijiu products in Qionglai (Chengdu city) is Wenjun Baijiu, which has been famous since the 1980s. Similar to Shuijingfang, Wenjun Baijiu was merged into Hennessy’s product portfolio, with a 55% acquisition (China Baijiu Industry Development Report (2017-2018), 2018:105). Thereafter, Wenjun production volume increased, the company started to use more efficient tools, the production and sales strategy was modified (e.g. a greater focus on medium-level price products and improvement of Baijiu taste quality by recruiting masters of Baijiu distilling), unique products were designed, and efforts were made to tell a good Wenjun Baijiu story. Normally, a good story links consumers’ imagination with ancient legends, promoting the brand image of a specific product and then improving its sales benefits. Chinese Baijiu is one of the famous traditional products that are bonded closely with the local culture and history, and there are many related stories, poems, paintings, and other artistic records about this kind of product. This helped to revive the Wenjun Baijiu brand. Wenjun is one of the leading enterprises of the Qionglai Basic Baijiu Production Zone, which is, in turn,

on its way to branding itself as a branded Baijiu production zone (Qionglai News Center, 2018).

5.5 The relationship between the brands and branding strategies of enterprises and industry clusters

This section explores the interactions between branded enterprises and the seven Baijiu industry clusters, giving us insight into the relationships between the spatial industry clusters and the enterprises within and outside them.

Together, the raw-material provider and the related cultural and historical elements form the unique evolutionary development path of the Chinese Baijiu industry and Baijiu industry clusters. Additionally, guided by the central and provincial governments and driven by the SOEs' production, marketing and branding necessity, a new and related industrial cluster formation occurs. This takes the form of Chinese Baijiu-themed parks, which are actually one of the branding strategies used by some classic SOEs (classic SOEs mainly refer to the enterprises which are located within or close to the basic Baijiu flavour type originations, and these flavours are their branded products tastes) and a governmental tourism-oriented strategy for industrial agglomerations and regional branding. Although not located among the case study sites examined in this thesis, the Fenjiu Group was the first SOE to build the Baijiu cultural tourism landscape based on its Baijiu-distilling origins (Zhuang & Yu, 2009). It also got the idea from a famous poem written by Du Mu²⁵. Besides, it set up landscape points, such as the Fenjiu industrial

²⁵ Note: This is a poem written by Du Mu, a famous ancient Chinese poet. The complete sentences are as follows: "A drizzling rain falls like tears on the Mourning Day. The mourner's heart is breaking on his way. When I ask a shepherd boy where I can find a tavern? He points at a distant hamlet nestling amidst apricot blossoms". The poem describes a situation in which a mourner is walking on Mourning Day and asks for the location of a tavern. A shepherd boy points to a tavern nestled amidst apricot blossoms. It is said that

garden, Baijiu workshop, Baijiu cellar, and Fenjiu cultural square. In summary, these enterprises are the gatekeepers of the related industry clusters, theme parks, and production zones. Luzhou Laojiao is the leading enterprise of the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone and Sichuan Luzhou Baijiu Industry Park, and the main enterprise of Guojiao 1573 Square. The Moutai Group is the gatekeeper of the Renhuai Economic Development Zones. The Wuliangye Group is the main part of the industry cluster which it creates and the main bearing space of Jiudu Yibin · Wuliangye Culture Features Street. Both Shuijingfang and Wenjun are the important enterprises of the Qionglai Basic Spirit Production Zone, and they both cooperate or have a merger with international companies in other countries. Among all of these industry clusters or parks, Sichuan Luzhou Baijiu Industry Park is the first Baijiu industry cluster/park, and it has changed its name several times based on the positive feedback received on this format, as well as the need for further development. The Chinese Baijiu Golden Triangle Industry Development Zone is the spatial extension and nationally upgraded form of the Sichuan Luzhou Baijiu Industry Park and the location for exploring the potential for the interprovincial regional place/territory branding strategy. The Renhuai Economic Development Zones are spatial concepts, with three functional park entities, which mainly emerged according to national and provincial policies (See section 5.2.2), and the Moutai Group contributes extensively to the brand value of this industry cluster. The branding strategy of this industry cluster depends highly on the existing brand reputation of Moutai products and its Jiang-flavour consumption-oriented market. Jiudu Yibin · Wuliangye Culture Features Street is located in the factory of the Wuliangye Group, combining natural views, artificial attractions, and factory buildings and branding to bring

the tavern was located in the same place where the Fenjiu Group is situated now. This poem illustrates the long history of Baijiu distilling in this area, showing the cultural and historical meaning of the Fenjiu Group. <http://english.cri.cn/7046/2013/04/04/167s757698.htm>

the whole Wuliangye Group together (See Chapter 5). The Qionglai Basic Baijiu Production Zone is China's biggest basic spirit production zone, which once provided base spirit to the enterprise in other provinces (e.g. Anhui, Henan, and Shandong provinces) (Qionglai News Center, 2018). Suffering from the scandals and failure of some enterprises in Shandong province, this basic spirit production zone decreased in both Baijiu production volume and benefit, thereby affecting its sustainable branding strategy and consumer identification. Although this production zone has been attempting to re-brand its basic production image and upgrade to the branded zone in recent years, it seems to still need to undertake considerable work compared with the other industry clusters and parks mentioned above. As the sector's leading firms, most design branding strategies are aimed at both domestic and overseas markets. As mentioned in previous chapters, as a traditional industry in China, the Chinese Baijiu enterprises could not exist without the local soil, land, territory, and all other natural-related elements around them. The brands and branding strategies of leading enterprises, industry clusters, and regions are encouraged to grow and develop through governmental policies. In this case, the positive feedback and achievement of the enterprises is of great importance to industry clusters and regional brands and branding; the branded industry clusters and regions may attract and support the further branding of the enterprises located within them.

5.6 Summary

This chapter focused on the formations of seven Chinese Baijiu branded industry clusters; the branding strategies of some branded enterprises as producers, actions in response to national governmental policies within these industry clusters; and the interactive relationships between the branding strategies of enterprises and industry clusters.

Sections 5.2 and 5.3 of this chapter explored the characteristics of classic branded Chinese Baijiu industry clusters and their branding evolutionary development paths. It was found that there are seven branded Chinese Baijiu industry clusters within the “Upper Yangtze River Baijiu Agglomeration”. These seven clusters can be divided into five types: 1) the conceptually oriented Baijiu industry cluster, referring to the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone and the Renhuai Economic Development Zones, 2) the classic Baijiu industry cluster—namely, the Sichuan Luzhou Baijiu Industry Park, 3) the culturally and historically oriented Baijiu industry cluster, illustrated by Guojiao 1573 Square and Jiudu Yibin · Wuliangye Culture Features Street, 4) the SOE-oriented industry cluster—namely, the Wuliangye Group, and 5) the basic Baijiu production agglomerated industry cluster, the Qionglai Basic Baijiu Production Zone. The paths of their branding evolutionary development are mainly driven by enterprises and governments, together with other cultural, historical, and social factors. At the same time, the Chinese Baijiu industry clusters’ branding evolutionary development paths illustrate the characteristic of enterprises/products branding—industry cluster branding—place/province branding.

It was found that the examples of the branded enterprises mainly focus on their own branded products and the reputation of their own group. Most top branded enterprises with different brands and branding strategies have experienced success and become leaders or gatekeepers of the local or regional Baijiu industry, boosting its development. This is especially the case for some famous Chinese Baijiu industry clusters in these cities. The description and analysis of these enterprise brands and branding strategies have further developed the Baijiu industry clusters’ spatial designs and plans.

Based on the above examples, we also found that having a global branding strategy does not necessarily mean that a company will be successful. For example, Chinese Baijiu is one of the Chinese characteristic products and almost all of them are distilled in mainland China. Some leading enterprises have started to explore a global branding strategy while suffering from some obstacles and achieving limited benefits. Shuijingfang is an example in this case. It seems that the fundamental differences in retail, cultural gaps, local competition (Dicken, 2003) and evaluation criteria and consumption preference (i.e. taste) all contribute to the difficulty.

In summary, the later sections of this chapter have explored the different branding strategies employed by some branded Chinese Baijiu enterprises, focusing on the representativeness of their specific industry clusters and particularly how they design diverse branding strategies to attract more consumers; improve sales volume and benefit; transform the enterprise structure; and react to the macro policies published by the central, provincial, regional, and local governments. Most of the brands and branding strategies are unique, and this provides insights into the branding experience and future development of the whole Baijiu industry within China, especially in regard to its future global expansion and development.

Chapter 6 Conclusion

6.1 Introduction

The concept of industry clusters is often applied when analysing regional economic development, focusing on the types of innovative activities shaping industrial organisations. Since the 1980s, industry cluster strategies have been widely used in many different countries, including China, for promoting regional and national competitiveness. In the field of economic geography, as research moves towards studying institutional and cultural trends, the branding and marketing of specific industry clusters has become an emerging topic that requires more in-depth research and exploration. However, there is a lack of systematic research into the relationship between cluster strategies and regional brands and branding; the existing empirical research into these issues in China is almost non-existent. The research in this thesis has attempted to combine these two concepts/strategies, by studying and supplementing the existing brands and branding strategies research, examining the theoretical framework utilised in China, and exploring the theoretical framework based on empirical research through fieldwork in specific Chinese case studies.

Furthermore, the thesis has examined the role of globalisation in shaping branding and cluster development strategies in China. It has explored the Chinese Baijiu interprovincial agglomeration phenomena, the Baijiu industry cluster situation, and the global branding strategies of the major branded enterprises, providing potential development interconnections between China and the world, especially in relation to a traditional Chinese industry. Thus, this thesis aims to build a theoretical framework for the identification of industry cluster brands and branding, focusing on different evolutionary

pathways of branding strategies in seven Chinese Baijiu industry clusters. It has investigated the use of theory on brands and branding and cluster development in the Chinese case to see how applicable that theory is in explaining and examining the Chinese Baijiu industry's development and policies.

Brands and branding strategies are key strategies for the successful promotion of specific products and services, which are also efficient practical tools for some existing industrial clusters in Western countries, but are less well understood in the Chinese regional development context. The key findings of the thesis can be summarised as follows.

6.2 Research findings

The introductory chapter of this thesis showed that there is a distinct lack of existing research related to the relationship between Chinese cluster strategies and geographical brands and branding. It also noted that existing theory related to clusters and branding has been developed in a Western context and highlighted the importance of examining these existing frameworks in a Chinese context. In response to this, this thesis reflected upon, and supplemented, existing brands and branding strategies research in order to examine whether existing theoretical ideas or concepts relating to branding have relevance in explaining developments in China, specifically those of the Chinese Baijiu industry. More specifically, the concept of brands and branding refers to economy, society, culture, polity, ecology and spatial and historical elements according to Chapter 2. The detailed factors within these seven parts drive the emergence of Chinese Baijiu agglomeration in inter-provincial level. These seven parts were interpreted and explained mainly through the answer 5 outlined below in the following section. The theoretical framework of the identification of the industry cluster brands and branding was formed based on the

concept of brands and branding, and meanings and functions of the factors. Then the relationship between interprovincial regional agglomerations and industry clusters were explained based on a multi-scalar approach, which formed the answer 6. The seven Chinese Baijiu industry clusters formations and evolutionary paths were listed in answers 7 and 8. The SOEs play significant roles in the branding strategies development of the Baijiu industry clusters as outlined in answer 9. In addition, consumers' opinions and choices are also important for the identification of branded Baijiu industry clusters, through their choice of branded products and related enterprises within specific Baijiu clusters. In summary, through extensive fieldwork and case studies exploring the framework of the development paths of the branding of seven Chinese Baijiu industry clusters, this thesis has discussed the applicability of existing theory in explaining and examining the Chinese Baijiu industry's development and policies.

6.2.1 Reflections on Chinese industry cluster brands and branding

The first part of this section reflects upon the main findings for the following research questions:

→Question 1: What are the key characteristics of industry clusters, brands and branding in the Chinese context?

This question tries to find out the characteristics of industry clusters and brands and branding separately, hoping to figure out the potential connections between these two concepts.

Chinese industry clusters and brands and branding characteristics

As discussed in previous chapters, industry clusters show the characteristics of path dependence, and the potential path creation, path lock-in and path dissolution. The industry cluster is a useful spatial entity which can be used to promote and guide regional development. While industry clusters are a well-established topic of research in the West, in China many contemporary industry clusters are only just emerging or have only recently undergone a period of development. In the limited Chinese literature on this subject, there are several development formations and related concepts. The Chinese industry clusters' development, spatial planning practices and evolutionary development reflect a trend of a co-existence of regional coordinated development and urban agglomeration. From a geographical perspective, industry clusters and urban agglomerations/clusters have varying degrees of connection, from weak to strong, with specific places at the regional level. Brands and branding strategies illustrate three characteristics: geographical entanglements involve strong or weak linkages to specific places, such as local areas, regions and nations; the dynamic network frame characteristic describes the broad meanings of brands and branding; creative activity illustrates that a branded object can be creative itself while branding provides a channel to spread this innovation and add value.

→Question 2: How does the industry cluster interact with geographies of brands and branding?

This question explores the relationship between industry clusters and brands and branding strategies in the theoretical perspective, especially in the geographical insight, finding out how they are associated with each other.

The interactive relationship between industry clusters and the geographies of brands and branding

Industry clusters and brands and branding strategies have an interactive relationship. Firstly, they have some shared or similar characteristics. Both brands and branding strategies and industry clusters are related to geography. Regional ecology, culture, economy, society and policy form the conceptual framework of brands and branding, and therefore these various aspects form a theoretical framework to identify the industry cluster brands and branding. Both brands and branding strategies and industry clusters are network frameworks and both branding strategies and industry clusters are innovative strategies. Regarding the industry cluster as a branded object and branding a specific industry cluster are important methods that policy makers and businesses have attempted to utilise to foster economic development and further innovation. These strategies can be regarded as geographical brands and branding approaches.

Chinese Baijiu industry clusters, geographical brands and branding

The Chinese government has explored and designed a series of policies to guide regional development, with a particular focus on interprovincial regional development. The formation of regional development strategies in mainland China shows the development characteristics of what is termed in the Chinese context “balance -guided-unbalanced – rebalance”. This is consistent with the industry cluster design and development plan of the Chinese government that has been outlined in the thesis. Most of the Baijiu production and consumption areas are situated in later developing provinces, such as Shanxi, Anhui, Henan, Hubei, Henan and Jiangxi. The brands and branding strategies of industry cluster policies and practices in these provinces are weak compared with other provinces. At the

national level, the NDRC's 2007 development strategy, Promoting the Development of Industrial Clusters, details China's national strategy for strengthening and optimising the planning of industrial and regional layouts, standardising and guiding regional industrial transformation practices, and branding industry clusters and regions. In response to this, several leading enterprises of specific industry clusters combined the state macro strategies with their own growth requirements to promote their products at a national and global level.

Under the main Research Objective 2, the following research questions were posed:

→Question 3: What are the driving factors of brands and branding of industry clusters from the aspects of economy, ecology, society, culture and policy?

→Question 4: How do the factors identified in Research Question 3 drive or obstruct the brands and branding of Chinese Baijiu industry regional agglomerations?

→Question 5: Which theoretical framework would be most appropriate to analyse the industry cluster brand and branding of the Chinese Baijiu industry?

These three questions try to analyse the brand value factors and their functions for the brands and branding of Chinese Baijiu inter-provincial agglomerations and build a theoretical framework according to the factors' functions in economy, ecology, society and policy fields.

The theoretical framework for the identification of the industry cluster brands and branding: economy, ecology, society and policy

As discussed in Chapter 4, there are four main factors that drive the brands and branding of industry clusters of the Chinese Baijiu industry, covering economy, natural-related factors of environment/ecology, society and policy. Firstly, the product price is a tangible brand value element, which identifies the Chinese Baijiu commodity level with specific differentiated price levels, to form the Baijiu provincial agglomeration according to price differences of products and enterprise economic behaviour. The economic brand value of Chinese Baijiu industry clusters is measured by goods and services, covering product prices, enterprise structures and scales.

Secondly, the natural-related factors of environment/ecology are essential for the distillation and production of Chinese Baijiu. The long and different regional histories and cultures of China has led to the differentiation of Baijiu flavours and the diversification strategies of Baijiu enterprises. Indeed, some branded enterprises and industry clusters have developed tourism-oriented and eco-environmental-oriented industry cluster formations based on the historical and cultural backgrounds of their distilling technologies and processes. These include Baijiu theme parks, branding their main Baijiu products, local lifestyle and regions. The natural-related factors of environment/ecology brand value of Chinese Baijiu industry clusters are measured by their origins, referring to water, grains, human activities (e.g. distilling process) and related cultural and historical backgrounds.

Thirdly, societal consumption and investment extends the main industrial chain of the Baijiu industry and is the main driver for its development. The society brand value is measured by collectively produced, circulated and consumed objects, involving

production, circulation, and consumption chains of Chinese Baijiu products (See section 4.3.3 of Chapter 4).

Fourthly, policy at a local and national level has the potential to both generate and stifle growth and development in the Baijiu industry. The CHINA ALCOHOLIC DRINKS ASSOCIATION (CADA) plays an important role in the formation of industry cluster brands, as well as the promotion of the healthy production and consumption of Chinese Baijiu. Thus, the top-down policy of government interacts with bottom-up initiatives and responses from businesses and other local cluster actors. As discussed in section 4.3.4 of Chapter 4, the top-down policy format is seen to be the main policy driver in the emergence and development of the Chinese Baijiu industry clusters. The policy brand value is measured by regulated properties, financial assets and traded commodities, involving multi-level governments (local, regional, provincial and national), Baijiu regulations and principles (both positive and negative aspects). In particular, PGI regulation is a positive governmental policy in guaranteeing the quality and security of Baijiu products. 100 Baijiu products have registered as PGI till now, illustrating the agreement, action and behaviours of Chinese Baijiu enterprises.

→Question 6: What is the relationship between the interprovincial regional agglomeration and industry clusters in the case of China?

The relationship between Chinese Baijiu interprovincial regional agglomerations and industry clusters

This question comes from the interview data collection and analysis process, a multi-scalar approach was utilised for dividing and explaining the spatial diversity of industry clusters branding strategies in this context.

The spatial regional agglomeration of Chinese Baijiu is formed based on environmental natural drivers, such as proximity to raw materials, similar distilling technologies and processes, and the national “top-down” regional development design and planning drivers (e.g. industry cluster strategies). This thesis has discussed how the four factors mentioned above drive Chinese Baijiu interprovincial regional agglomerations. The interprovincial regional agglomeration provides a useful spatial background for the analysis of Chinese Baijiu production, circulation and consumption. Based on this, from the research conducted throughout prefectural-level cities, seven branded Baijiu industry clusters have been identified. In China, the Baijiu industry clusters refer to prefectural-level city spatial entities which are included in interprovincial regional agglomerations.

The third Research Objective identified the following research questions:

→Question 7: What form do classic Chinese Baijiu branded industry clusters take?

This question explores the formation of branded Chinese Baijiu industry clusters and their categories according to the obvious characteristics.

The seven branded Chinese Baijiu industry clusters within the “Upper Yangtze River Baijiu Agglomeration” that form the case study sites of this thesis are the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone, Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square, Renhuai Economic Development Zones (including three

functional parks: National Baijiu Industrial Park, Renhuai Famous Baijiu Industrial Park, and Tanchang Modern Service Park), Wuliangye Group, Jiudu Yibin · Wuliangye Culture Features Street and Qionglai Basic Baijiu Production Zone. These seven industry clusters can be divided into five types according to their similarities and differences, namely conceptually oriented Baijiu industry clusters, the classic industry cluster, cultural and historical oriented theme cluster/parks, the SOE oriented cluster, and basic Baijiu agglomerated industry cluster.

The first type, the conceptually oriented Baijiu industry clusters, encompasses the Chinese Baijiu Golden Triangle' Baijiu Industry Development Zone and Renhuai Economic Development Zones. These two branded clusters are spatial concepts that cover some functional cluster entities. The second type is the classic industry cluster of which Sichuan Luzhou Baijiu Industry Park is a good example; this is a cluster with complete supply-production-market industry chains, together with other related enterprises, industries, universities and institutions, and it is also the first industry cluster in Chinese Baijiu industry history. Guojiao 1573 Square and Jiudu Yibin · Wuliangye Culture Features Street belong to the third type, cultural and historical oriented theme cluster/parks, which are mainly are set up according to enterprises branding strategies. Wuliangye Group is a SOE that adopts the “main business + four subsidiaries” branding strategy, and therefore belongs to the fourth group, the SOE oriented cluster. Qionglai Basic Baijiu Production Zone is categorised as the fifth industry cluster type, a basic Baijiu agglomerated industry cluster, consisting of an agglomeration of many basic Baijiu production enterprises and factories.

→Question 8: What are the drivers of evolutionary paths of branding development of Chinese Baijiu industry clusters?

The drivers of evolutionary paths of the branding development of Chinese Baijiu industry clusters

As discussed in section 5.3 of Chapter 5, there are two main factors that drive the evolutionary paths of the branding development of the seven Chinese Baijiu industry clusters, namely the branding strategies of enterprises and government policy guidelines. For branding strategies of enterprises, the production and consumption demand of products, the unique related cultural and historical background, and enterprises diversified organisational structures all drive the development of the Baijiu industry clusters, such as Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square and Wuliangye Group. However, the government is the determining driver in cluster development when the effect of enterprise-driven branding strategies is in decline or when an enterprise loses its power. Jiudu Yibin - Wuliangye Culture Features Street, Chinese Baijiu Golden Triangle' Baijiu Industry Development Zone (including Qionglai Basic Baijiu Production Zone) and Renhuai Economic Development Zones are three examples of industry cluster branding strategies mainly guided by government strategies. As a result of government guidance, the Chinese Baijiu Golden Triangle Baijiu Industry Development Zone (including Qionglai Basic Baijiu Production Zone) and Renhuai Economic Development Zones have become two place brands in addition to being part of the cluster branding strategy, aiming to brand Sichuan province and Guizhou province separately.

→Question 9: What is the relationship between branded industry cluster branding strategies and enterprises' branding strategies?

The relationship between branding strategies of the branded industry cluster and enterprises

In China, some huge enterprises, especially some SOEs, act as gatekeepers of the related industry clusters, topic parks and production zones. For example, Luzhou Laojiao is the leading enterprise of Sichuan Luzhou Baijiu Industry Park, and the main enterprise of Guojiao 1573 Square. Moutai Group is the leading gatekeeper of Renhuai Economic Development Zones. The branding strategies of these enterprises form the main part of the branding of related industry clusters. In addition, many enterprises, especially SOEs, have started to explore both domestic and overseas marketing and branding strategies as a means of further development.

→Question 10: What is the consumers' perspective on industry cluster brands and branding?

Consumer recognition of industry cluster brands and branding

Brands and branding strategies are the medium that connects producers and consumers. Therefore, the branding strategy is not just a single channel coming from producers, but rather the brand identification and imagination of consumers also play a significant role in the overall consumption process. The branded products and enterprises of the specific clusters or parks form the main recognition and perception of consumers of the branded industry clusters or industry parks, with consumers often paying attention to the specific quality, security and the reputation of the Chinese Baijiu products. The successful branding strategies of single enterprise can contribute to the overall performance of

industry clusters and regional brands and branding, and branded industry clusters and regions can benefit from the branding strategies of enterprises located within them.

6.2.2 Theoretical, empirical and methodology contributions

In summary, the framing and identification of industry clusters through brands and branding is an underexplored topic in the field of economic geography, which connects the diverse aspects of human society and the environment. Brands and branding strategies refer to tangible and intangible elements, interacting with each other to form the detailed factors and meanings associated with specific brands. The unique value of this thesis lies in its contribution to ‘new knowledge’ to the field of economic geography, particularly, in regard to the potential development of marketing economic geography in at least three ways based on the research in this thesis.

Theoretical research contribution

First of all, it has its worth in supplementing and complementing existing theoretical framework based on existing theoretical ideas and methodologies developed in Western countries. Although neither industry clusters nor brand concepts come directly from geography, however, both of these two themes have substantial potential research value in the field of economic geography. The industry cluster concept originally comes from the Harvard business economist, Michael Porter (Porter, 1990), and was originally used as a means of highlighting the role of local clusters in regional and national economic development (Porter, 1990; Porter, 1998). With its path-dependent and possible path innovation characteristic, the industry clusters are associated with geographical places, which provide research space for economic geographers. Taking time into consideration,

the evolution of specific industry clusters shows different characteristics and situations, which have caught the eyes of some scholars (Martin & Sunley, 2011). Located within or across specific cities or regions, industry clusters interact with urban clusters, illustrating a new trend in this area. The brand concept comes from the marketing subject within business studies. Rather than a simple label, the brand is a meaningful concept which is entangled with geography in many ways, especially economic geography (Pike, 2009b; 2009a). Brands and branding are complicated strategies which involve the natural environment and human society, namely, ecologic, economic, cultural, political and social parts, which in turn form the diverse meanings of brands and branding. However, there is a lack of in-depth research relating to brands and branding strategies of industry clusters.

The aforementioned gaps and contributions to existing research offer theoretical contributions for this thesis, which mainly combines some topics and ideas across different academic areas and subjects: 1) this thesis explores and lists the possible characteristics of brands and branding, as mentioned in Chapter 2, which are geographical entanglements, dynamic network frame characteristic and creative activities, exploring the potential connection between brands and branding and geographical space, human activity related fields (e.g. economy, society, culture, polity and ecology) and innovation. Based on this, the thesis describes the diverse meanings of brands and branding according to existing research (Holt & Holt, 2004; Pike, 2009a; 2009b; 2011; 2013; 2015; Hess et al., 2016), drawing a brief conceptual framework based on detailed theoretical content analysis. In the framework, there are five parts that form the meaning of brands, which are economy (e.g. goods and services), society (e.g. collectively produced, circulated and consumed objects), culture (e.g. meaning and identities entities), polity (e.g. regulated properties, financial assets and traded commodities) and ecology (e.g. origins). This study

also asserts the brand identity and regional identification for industry clusters, explaining the brands and branding meanings from the perspective of senders and receivers (e.g. producers and consumers), and from products, enterprises and cluster entities. Then 2) this thesis builds the interaction frame of industry, brands and branding and place to help describe and analyse the brands and branding of industry clusters, and furthermore, the relationship between industry clusters and brands and branding. In addition, 3) in a global world, the co-existence of globalisation, regionalisation and even localisation provide wider insights for brands and branding of specific industry clusters. This thesis also mentions the potential and need for the adaptation and upgrading of specific industry clusters across GVCs.

Empirical research contribution

In relation to the empirical research contribution, although Baijiu forms one of China's famous traditional industries, studies in this area have paid more attention to distilling technology skills, Baijiu flavour innovation, products and enterprises marketing and branding and Baijiu production zone building (Zeng, 2007; Xu, 2013; Guo & Zhou, 2018; Yang et al., 2018b), with little research focusing on Baijiu industry regional agglomerations, industry cluster development and regional brands and branding strategies. Thus, in this part, this thesis focuses on the theoretical framework building based on the conceptual framework of brands and branding and the framework of the relationship between industry clusters and brands and branding in Chapter 2, and the drivers of Baijiu industry development and interprovincial regional agglomerations in Chapter 4. The theoretical framework of Chinese Baijiu industry clusters, brands and branding provides the analysis and explains the framework of identification of the industry cluster brands and branding in a Chinese context. According to this framework, it seems that in the

Chinese Baijiu industry, both ecological and cultural factors could belong to natural-related environmental ecology. In this situation, the cultural and historical meanings are human activities which are related to origination and are created based on origination. This also forms the meaning of PGI regulations in China (see Table 4.14 PGI specifications: “A geographical indication product is a product that is produced in a specific geographical area and whose quality, reputation or other characteristics are essentially determined by the natural and human factors of the place of origin”). In the economic part, as the spatial agglomeration comprises entities of different enterprises and related institutions, industry clusters include not only product prices but also the enterprises’ structures and scales. Although as an intangible concept, the brand value itself is created during the Baijiu production, circulation, consumption and even regulation periods. Producers are the main bodies of the production and consumers are the main bodies of consumption, which means the brand value in Baijiu industry clusters should not only be identified by producers but also be recognised by consumers (which I will discuss in the next paragraph). Also, based on the description and analysis in Chapter 4, it is found that interprovincial regional agglomerations can provide the bridge to further research the branded Baijiu industry clusters, which also form one research spatial level of the multi-scalar approach. According to the above, the empirical research of brands and branding strategies industry clusters (including specific products and enterprises branding strategies within them) examines and complements the built theoretical framework in the Chinese context. This thesis comes to the conclusion that there are three main branded Chinese Baijiu inter-provincial regional production and consumption agglomerations (“Upper Yangtze River Baijiu Agglomeration”, “Downstream Yangtze River Baijiu Agglomeration” and “Downstream Yellow River Baijiu Agglomeration”) within the China alcoholic beverage market. More specially, there are seven branded Baijiu industry clusters within the “Upper Yangtze River Baijiu Agglomeration”.

In addition, this thesis explores the relationship of branding strategies between industry clusters and enterprises/products within them based on the case study of the seven branded Chinese Baijiu industry clusters. The enterprises-driven branding strategies are the start and the main drivers of industry clusters branding strategies. Branding strategies of Baijiu industry clusters depend on the effect of the specific enterprises' branding strategies (e.g. Sichuan Luzhou Baijiu Industry Park, Guojiao 1573 Square and Wuliangye Group). The government-driven branding strategies focus more on the territory and place branding the enterprises and industry clusters located within them. The industry clusters branding strategies seem a means to brand the whole region or province (e.g. "Chinese Baijiu Golden Triangle" Baijiu Industry Development Zone and Renhuai Economic Development Zones). In this context, the branding strategies of industry clusters is the middle step from enterprises/products branding to place/province branding.

Also, as mentioned above, one of the important compositions of brand value is the consumer. This thesis briefly examined the consumers' recognition of Baijiu products and enterprises brands, and brand awareness of the Chinese Baijiu industry clusters. Consumers think highly of the quality and security of Baijiu products and enterprises brands, even for the brand awareness of the Chinese Baijiu industry clusters, the products' popularity within specific industry clusters is the most essential element in the consumer's mind. This feedback supplements and justifies the results of government regulations, which is consistent with the PGI regulation.

Methodology and methods analysis

Although a wide range of secondary data is utilised, including newspapers and articles online, various reports and government documents, the analysis has mainly depended on primary data during fieldwork periods, such as interviews, participant observation and simple questionnaires. Among these, the interview turns out to be the most useful method, providing much useful contextual and deep insight into the development, agglomeration and branding processes shaping this industry. There are two versions of semi-structured interviews, one for enterprises and one for government and related institutions. This thesis tries to use case study dominated fieldwork and theoretical-practice research. Seven Baijiu industry clusters, industry theme parks or specific groups are researched through in-depth interviews and observation methods. During the thesis writing period, a comparative approach, the socio-spatial biography approach and a multi-scalar approach were utilised, providing a complete and in-depth analysis of brands and branding of Chinese Baijiu industry clusters.

Thus, the study not only has academic significance, but also has relevance and potential implications for clusters, especially traditional industry clusters in China for their further growth and branding strategies. Thus, the findings of this thesis may be used as a reference for policy-making related to the transformation and upgrading of the Chinese traditional Baijiu industry, on both a regional and national level.

6.2.3 Rethinking geographical brands and branding

The Chinese application of the theoretical framework of the identification of the industry cluster brands and branding

This thesis concludes that the concept of geographical brands and branding put forward and developed by Pike (2009a; 2009b; 2011; 2013; 2015) can be used to successfully examine and analyse the identification and development paths of the Chinese Baijiu industry clusters. However, there are some points which are worth refining according to the results of empirical research in the China context. First of all, the main body of this research is related to the industry cluster, and therefore the main research subject is much more than a simple commercial commodity (e.g. goods and service) and instead covers several aspects of goods and services of products and enterprises, including prices, enterprise structures and scale factors.

Brand identification

In relation to the brand identification of the Chinese Baijiu industry cluster, the history and cultural aspects could be categorised as elements of natural-related environmental ecology due to cultural and historical factors being key components of the raw materials of local and regional places. In addition, Baijiu production zones display regional agglomeration trends that are a product of multi-level policies and regulations. It is better to clarify the administrative division level of the researched industry clusters, based on the five administrative division levels in China. The industry clusters at prefectural-level cities are better suited for the in-depth case study research of this thesis.

Industry clusters and global value chains

As mentioned in Chapter 2, GVCs connect enterprises inside and outside specific industry clusters together at a global level. The smile curve can be used to structure and explain the GVCs, and the right end of the curve contains “marketing, advertising and brand

management, specialised logistics, after-sales services” (Ye et al., 2015:3), which are associated with the brand function of enterprises, helping to explain the growth and expansion of specific enterprises globally.

Brands and branding concepts are closely dependent on specific enterprise branding strategy examples, “top-down” oriented industry clusters/industry parks developments and practices, ecological, cultural and historical factors guiding branding methods. This thesis tries to paint a more systematic and complete picture of industry cluster brand and branding development strategies, exploring their potential meaning and functions in a globalised world. As discussed in Chapter 4 and 5, the Chinese Baijiu industry cluster is almost a 100% locally-based industrial agglomeration phenomenon in China, the government regulations of the industry cluster branding driving regional upgrading or place branding. The branded enterprises’ branding strategies, such as those listed on the website of a famous brand consulting company (e.g. Moutai Group) and through cooperation or merger with foreign companies (e.g. Shuijingfang and Wenjun enterprises), help the Chinese Baijiu industry clusters to create a GVC of the Chinese Baijiu industry or add to existed GVCs in the global alcoholic beverage market.

Globalisation and branding strategies

Due to globalisation, the governance of trade in general and specific branding strategies in a single province or country need more theoretical exploration. As a result of globalisation, supranational institutions and organisations have been formed, such as the EU, UN and WTO. Such institutions and organisations provide the international context for this thesis, acting as a starting point for the creation of Chinese regional and (traditional) industry cluster development policies. Through description, analysis and

comparison of the related regulations (i.e. alcoholic beverages), the experiences of specific branding strategies of Chinese traditional industries (i.e. the Chinese Baijiu industry) have been explored. This thesis has shown that the interaction of industry clusters, globalisation and regionalisation illustrate the potential possibility of governance of cooperation beyond provinces, as well as the cooperation of different enterprises inside and outside specific industry clusters or zones, which are potential future research directions for both academics and key players in the Chinese Baijiu industry.

More specifically, branding strategies are essential in the globalisation of the Chinese Baijiu industry. Together with some other relative factors, such as market dynamics, geopolitical and trade relations shifts, branding strategies shape China's globalisation gradually. First of all, it could be found that factors such as market dynamics, geopolitical and trade relations shifts all influence the specific branding strategies of the Chinese Baijiu industry clusters development, especially in different geographical territories. Different industry clusters and enterprises design changeable branding strategies according to diverse market dynamics, which could be concluded through variable branding strategies of the seven Chinese Baijiu industry clusters. For example, some Baijiu industry clusters' branding strategies is the same as the enterprise (i.e. Wuliangye), while some clusters involve spatial integration and evolutionary development of smaller functional industry clusters (i.e. Chinese Baijiu Golden Triangle Baijiu Industry Development Zone). National strategies such as RBI guide the branding strategies of some enterprises within specific industry clusters (i.e. Moutai Group), improving the sale benefit of the enterprise and extending the global influence of the enterprise and the industry cluster it's located in. These geopolitical related policies provide a national development direction, which helps form the target market of Baijiu branding strategies. Trade relations and their shift effected by Chinese national anti-extravagance programme

obstruct the existed enterprises cooperation network and relationship between production, circulation and consumption, further hindering the building and branding of local industry clusters, with dramatically decreasing consumption domestic. However, secondly, all these factors drive the Baijiu international branding strategies, especially trade abroad led by some gatekeeper Baijiu enterprises. Furthermore, as a classic traditional Chinese industry, the global branding strategies of Chinese Baijiu industry clusters offer one case of how China's globalisation is formed and development. Thus, Chinese Baijiu industry clusters develop fluctuating to some degree.

6.3 Research reflections

Research design and undertaken reflection

This thesis is based around six chapters. Chapter 1 provided a brief outline of research gaps, research objectives and the questions and structure of the thesis. Chapter 2 provided a detailed literature review of industry clusters and brands and branding. In Chapter 3, the main methodology and research methods were listed and explained. Chapter 4 and 5 were the two main empirical chapters of this thesis. Chapter 4 focused on the forming of theoretical framework of Chinese Baijiu industry clusters brands and branding, exploring and analysing the factors of brands and branding of industry clusters from economy, ecology, society, culture and policy insights. Also, the brands and branding of Chinese Baijiu industry interprovincial regional agglomerations were discussed. In Chapter 5, the case studies of seven branded industry clusters were explained (i.e. their locations, formations and characteristics). As part of this analysis the evolutionary development drivers and paths of Chinese Baijiu industry clusters were analysed. In addition, examples of classic enterprises' branding strategies were explored and the relationship between the

industry clusters and enterprises branding strategies discussed for the branding strategies perspective. In Chapter 6, the main results of the objectives and questions were reached. In summary this provided a structured research design. Ten questions were listed and answered in a logical and smooth way in Chapters 2, 3, 4 and 5, forming the main parts of the thesis. The final chapter concluded the thesis and developed the core ideas of the whole thesis.

Further study conclusions and contributions

In the case of China, the strategies of the brands and branding of industry clusters are useful and promising research areas for both the academic field and government sectors, which should be, and have been, improved to a state policy level. Industry cluster strategies have been designed and practised in governmental policies and researched in academia in many countries since the 1980s. In this thesis, the identification of industry clusters achieves the combination of the geographical territory and economic, social, cultural and political fields through the brands and branding concepts. The brand value could explain the spatial entities in this case, adding to the existing research value in both brands and branding and industry clusters. This thesis also illustrates the relationship of the branding of products, clusters and place, explaining the intrinsic connection of them, namely, the former concept constructs the latter concept, and the latter is formed and affected by the former. Clusters consist of specific products manufactured within the clusters themselves. Clusters are usually located in specific places and form the spatial entities of those places. Geographically-rooted ingredients such as origins comprise priority factors in the meaning and value of specific brands, which forms the core and intrinsic contents of brands, illustrating the unique characteristics and development paths.

In relation to the case study utilisation, political economy and variegation of capitalism in China, although the political system and economic mechanisms are different from those of developed countries, such as the United States and those in Europe, professionals in the field have suggested that it is possible to cultivate about 50 branded industry clusters. There is potential to create some internationally renowned branded industry clusters as a result of Chinese agriculture and manufacturing advantages and through the Belt Road Initiative (BRI) international trading platform, diversifying the economic development formation of PRC, and improving the industrial chains value and even national reputation in this context.

In the empirical context, the conceptual and theoretical framework of Baijiu industry clusters brands and branding strategies provide a useful conceptual background, which could be used to explore other geographically-related agriculture and manufacturing industries or sectors, such as alcoholic beverages (i.e. beer and wine) and food industries, and food/drink related sectors. Also, this research might be utilised to guide the “transforming” of the sector, improving its sales benefit, potential brand value and industry value chains level. For example, as some Baijiu enterprises have realised, Baijiu theme parks appear to be an efficient branding strategy for enterprises, which not only forms an enterprise strategy, but can also be an important part of tourism developments. Thus, future research on the connection between agricultural and manufacturing industries and the tourism industry through theme park developments and other tourism programmes would make a valuable contribution to this field. Furthermore, located in specific cities and provinces, the function and efficiency of industry clusters/industry theme parks and these places are worthwhile research topics for further exploration.

Moreover, given China's rise to economic importance as a major power in modern society, it is essential that the concepts and theories, and their development and modification, developed in economic geography are seen to have relevance to explain China's economic and spatial development. Basically, the theoretical framework provides an appropriate explanation for this particular geographical setting. Most of the detailed elements could be used and explained in Chinese Baijiu industry cluster context. For internationalisation, the size and growth prospects of the Chinese market increase production and consumption sales in mainland China, but as a restricted manufacturing industry guided by some obstruction policies, branded Baijiu producers still explore, even raise the promotion of demand through a strategy of internationalisation. Furthermore, based on findings in this thesis, we could know that SOEs were and still are key elements when understanding Chinese branded products, enterprises and industry clusters. They are the main parts of specific Chinese industries/sectors, and their branding strategies are normally strongly supported by governments, especially for international branding promotion, which could provide potential "theorising back" from China to the west in this context. The branding power of SOEs or larger enterprises/groups and the importance of central government policy guidance highlights the essential role of national government support, which is the guarantee of the sustainable branding extension of specific clusters beyond China.

In summary, while the development paths of individual clusters may experience their ups and downs, as a whole industry clusters will grow both in quantity and quality in China with many expected to go through a further process of transformation and upgrading. In light of this, it is anticipated that the findings of this thesis will be useful in both academic and practical terms.

6.4 Research limitations

The theoretical framework and practical data of this thesis are just one component of the whole theoretical standard system and case study results of the empirical research. This thesis primarily utilises a qualitative methodological approach, and although a simple questionnaire about consumers' identification of branded enterprises/products and industry clusters was conducted for the purposes of this research, it is regarded as a pilot study, which is not sufficient for the conducting of a valuable quantitative study. The qualitative analysis in this thesis covers the quantitative one from a brand value perspective, but the validity of the theoretical framework analysed could be supplemented with further quantitative research and analysis. In addition to this, some government regulations and their impacts are difficult to quantify and therefore further research is needed to design appropriate research methods to measure and quantify all of these factors. The lack of complete quantitative statistical data within traditional, cultural and historical related industries, such as the Chinese Baijiu industry, also limits the potential contribution of the thesis. Based on this, it is necessary to set up a more systematic brand identifier and regional identification standard to guide the future branding development of different Chinese industry clusters. All of the above limitations can be used to provide direction for future research in this area.

6.5 Future research and policy suggestions

In the case of China, the strategies of the brands and branding of industry clusters are useful and promising, which should be and have been improved to a state policy level,

Promoting China's industry to move towards the mid-to-high end of the global value chain and cultivating several world-class and advanced manufacturing industry clusters.

In the report of the 19th National Congress of General Secretary Xi Jinping²⁶

Industry cluster strategies have claimed and practised within the academy and governmental policies in many countries since the 1980s. In China, although the political system and economic mechanism are different from those of the developed countries such as the United States and Europe, it is possible to cultivate about 50 branded industry clusters according to Mr. Liu (the former deputy director of the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) and the chairman of the China Brand Building Promotion Association). Driving by Chinese agriculture and manufacture advantages and the national "Belt and Road Initiative" international platform, it is achievable to create some internationally renowned branded industry clusters. Based on this, it is necessary to set up a more systematic brand identify and regional identification standard to guide the qualified and branding development of different Chinese industry clusters.

Also, as some Baijiu enterprises have explored, Baijiu theme park seems an efficient branding strategy of enterprises, which is not only the enterprise strategy but also one part of the tourism research in economic geography. '*Tourism is a commercial activity and therefore an aspect of economic geography*' (Robinson, 1976:xxiii), which is born in geographical differences (Robinson, 1976:42), closely associated with specific culture, tradition and history (Robinson, 1976:41). '*Features of historical or cultural interest*

²⁶ Pingjun Liu: Actively implement brand strategy, and cultivate 50 cluster brands from three aspects.

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exert a powerful attraction for many tourists' (Robinson, 1976:46). Thus, it is a promising trend to deepen the research about connecting the agricultural and manufacturing industries and the tourism industry through theme park touring and other tourism programmes. Furthermore, located in specific cities and provinces, the function and efficiency of association of industry clusters/industry theme parks and these places are worthwhile topics which need more exploration as well.

Accordingly, there are several suggestions according to the description, analysis and discussion of Chinese Baijiu industry clusters branding strategies and region spatial development planning.

6.5.1 Deepen and promote Baijiu production quality scheme regulations

According to the theoretical and practical research, it seems that the policy design of alcoholic beverage production regulation in some Western countries and EU have provided a worthwhile experience, which highlights the quality and security of alcoholic beverage, and offers the systematic and scientific policy regulation on governmental organisation. As one of food/drink products, alcoholic beverages or more specially, Chinese Baijiu is closely related to human health, the quality and security of which rank first no matter where people live. PGI and other regulations guarantee the quality and security as much as possible in Western countries, which form the international standards followed by many countries around the world. According to the results analysed in Chapter 4, as the classic Baijiu production and consumption province, there are many Baijiu enterprises that have already applied for PGI in Sichuan province, and the enterprises are active in Anhui province. However, some traditional branded enterprises are not included in the list (e.g. Fenjiu Group). In this context, the related Chinese

governmental sectors should put quality and security in the priority position. The regulations of Geographical Indication (GI) and application of Protected Geographical Indication (PGI) are a good initial step, but these regulations seem still need more promotion within the whole Chinese scale. The promotion of PGI and other related series of regulations at the national level is necessary in this case. Also, the re-planning of Baijiu regional agglomeration production identification based on PGI and other related series regulations seems a more effective and efficient channel. Thus, a more scientific and international standard could be “imported” into China and get wider utilisation, which in turn would help China’s products to be accepted more widely and easily by international markets. In addition, in China, Baijiu is listed as manufacturing product while the PGI and GI regulations mainly focus on agricultural products. A new policy is needed, to regulate Baijiu as an agriculture product, and thus, to better match the PGI and GI regulations and avoid some restrictive policies designed for manufactured products.

6.5.2 Tell a good story of Chinese Baijiu

Chinese Baijiu is mainly made from water and grains, which is a product that is closely associated with natural-related factors, covering both natural environmental factors and cultural and historical factors related to local water and soil. According to the PGI identification in EU scheme ---- *‘PGI emphasises the relationship between the specific geographic region and the name of the product, where a particular quality, reputation or other characteristic is essentially attributable to its geographical origin’* (See Table 4.12 Regulatory framework of EU quality schemes, Chapter 4), and for the PGI identification in China ---- *‘A geographical indication product is a product that is produced in a specific geographical area and whose quality, reputation or other characteristics are essentially determined by the natural and human factors of the place of origin’* (See Table 4.14 The

contents of the Regulation of the Protection of Geographical Indication Products in China, Chapter 4). Both these two regulations illustrate the (potential) relationship between raw materials and local cultural and historical backgrounds, which is consistent with the marketing and branding strategies of some Chinese Baijiu enterprises in current years, and which further illustrates the potential to utilise such regulations more widely in China. Especially, with a long history of traditional culture, Chinese Baijiu could express “This is China” well, showing the Chinese drinking habit and character. This, together with the distilling process and the factories/enterprises development histories, would involve telling “a good story of Chinese Baijiu”.

6.5.3 Brand Chinese Baijiu in a global level trade market

In the context of the co-existence of globalisation and regionalisation, Chinese Baijiu branding strategies should also pay attention to both regional and global places and markets. The meaning of brands covers five aspects and branding strategies are dynamic systems which may change over space and time. As a traditional Chinese product, Baijiu possesses a huge market within China with its long distilling and consumers’ drinking habit history, but in the global market, it is a product that does not currently have an identity in the alcoholic beverage list for the EU and other countries, Chinese Baijiu needs to fully utilise the above two measures to improve its distilling technology and related skill standards, and to draw upon the long-term producing and drinking history of Chinese people. Some branded Chinese Baijiu enterprises have provided useful experience with their specific branding strategies in the global market. The Chinese Baijiu industry clusters within the main regional agglomerations have emerged and expanded gradually, and the branding strategies of these clusters should firstly depend on leading enterprises within them, then branding as a whole region or place as one facet of Chinese national

images ---- playing an essential role in the traditional Chinese products' global branding strategies, and forming a "core to surface" branding module. After the decades of reform and opening policy of the Chinese state, the Chinese government has turned to pay more attention to branding its nation in many aspects, including a series of policies about branding the Chinese leading enterprises and industry clusters²⁷. These national policies help guarantee the promotion of Chinese Baijiu in global trade markets.

²⁷ 2016 National Brand Policy Inventory <http://special.cbspi.org/170117-2/>

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Appendix 1

Survey on brand perception of Chinese Baijiu products/industries and industrial clusters

Notes: Please tick the corresponding box to fill in the blank based on your reality situation.

Background questions	Property choice details						
Your gender	Male			Female			
Your age group	Under 18	18-25	26-30	31-40	41-50	51-60	60 or more
Your current occupation	Full-time student; Production staff; Salesperson; Market/public personnel; Customer service; Administrative logistics staff; Human Resources; Financial/Auditor personnel; Civilian/Clerk personnel; Technology / R& personnel; Manager; Teacher; Consultant/consultation; Professional (e.g. Accountant, Layer, Architect, Medical staff, Reporter); Others.						
The sector your current engaged in	IT; FMCG (Food/beverage/cosmetics); Wholesale & Retail; Apparel / Textile / Leather; Furniture / Crafts / Toys; Education / Training / Research / Institutions; Home appliance; Communications / Telecom Operations / Network Equipment / Value Added Services; Manufacturing; Automobile and Accessories; Catering / Entertainment / Travel / Living Services; Office supplies and equipments; Accounting / Auditing; Law; Bank / Insurance / Securities / Investment Bank / Venture Fund; Electronic technology / semiconductor / integrated circuit; Instrumentation / Industrial automation; Trading / Import & Export; Machinery / equipment / heavy industry; Pharmaceutical / Bioengineering / Medical Devices / Instruments ; Medical / Nursing / Health / Hygiene ; Advertising / PR / Media / Art ; Publishing/printing/packaging ; Real estate development / construction / decoration / design ; Property Management / Business Center ; Intermediary / Consulting / Headhunting / Certification ; Transportation / Logistics ; Aerospace / Aviation / Energy / Chemical ; Agriculture / Fisheries / Forestry ; Other.						

Question 1: The perception of Baijiu products or enterprises brand

Notes: Please tick the corresponding box based on your brand perception of the specific elements listed in the table of each question:

Mark numbers	0	1	2	3	4	5	6	7	8	9	10	Average marks
Price												
Label												
Logo												
Design /image/look												
Style												
Ad.												
Reputation												
Feelings												
Royal/trust												
Quality												
Security												
Others												
Total												

Question 2: The brand awareness of the Chinese Baijiu industry clusters

Notes: Please tick the corresponding box based on your brand perception of the specific elements listed in the table of each question:

Mark numbers	0	1	2	3	4	5	6	7	8	9	10	Average marks
Products popularity												
Products well-known trademarks numbers												
Products original place advantage												
State designated scale enterprises numbers												
Enterprises total value of out-put												
Entrepreneurship influence												
Enterprises' domestic market shares												
Enterprise global expansion												
Region/Province GDP												
Region/Province consumption power												
Region/Province circulation convenience												
Region/Province trade market												
Region/Province culture character												
Region/Province culture inheritance												
Region/Province cultural influence												
Region/Province environmental sustainability												
Region/Province environmental recovery capability												
Region/Province transportation convenience												
Region/Province innovation												
Region/Province policy support												
Region/Province policy innovation												
Region/Province policy efficiency												

Competition press outside clusters/parks												
Cultural invasion outside clusters/parks												
Policy attraction outside clusters/parks												
Central government policy sustainability												
Total												

Resources: Edited from Wenjuanxing online. <https://www.wjx.cn/wjx/design/previewq.aspx?activity=46918660>

Appendix 2

An example of my interview questions (with Baijiu enterprises)

According to what I have learned about the geographies of brands and branding and some background of spirit/Baijiu industry, I wonder:

1) Background information:

- Please could you introduce yourself, your sector and the company you work in — When was it established? Is it national-owned company or a private company? What are your main products? Number of employees?

2) The market and brand development of specific companies

- Please tell me a bit about the development history and the structure of your company.
- What is the production supply chain in your company?
- Where does your market of your products over? How is the market developed?
- How do you think of the importance of your brand equity/value? Is there specific brand sector in your companies?


3) The brands and branding development of spirit industry

- What elements do you think form the brand of the production?
- Could you please introduce the spatial development path of branding strategies of your company?
- What measures do you take in production-circulation-consumption-regulation aspects?
- Is there a brand equity/value share in your area and to what degree the brand equity/value spill-overs to other companies?
- Is there a cooperation network of brands and branding between your company and other companies?

Appendix 3

Research ethics statement

Ethics OfficerT Breithaupt..... Date.....25/09/2017.... SES Code: GG 002

HoS  Date...25/09/17.. Reviewer initialsAJ, TB.

A PROFORMA FOR

STAFF AND POSTGRADUATE RESEARCH STUDENTS BEGINNING A RESEARCH PROJECT

Geography & Geology, School of Environmental Sciences

Research Proposer(s): Hui Yang

Research Title: Analysis of the evolutionary development of spirit industry clusters in China from the perspective of brands and branding

Research (brief):

Since the 1980s the concept of industry clusters has been applied to the analysis of regional economic development, focusing upon the types of innovative activities shaping industrial organization. The cluster concept is now widely used in the study of the spatial economy and policy (Hoffmann et al., 2015) with economic geographers highlighting the role of spatial clustering and agglomeration as a fundamental condition of production and economic development. Brands and branding strategy used to work as a marketing idea to promote commercial goods and services, which was also regarded as an endogenous element of enterprise strategies. However, besides its economic function, Pike (2009, 2010, 2013) finds that brands and branding capture the complex nature of geographical processes shaping regional economic development. Branding involves not only the promotion of products, but also their production, circulation, consumption and regulation processes which permeate society, culture and policy (Miao et al., 2002; Pike, 2013), and have a close relationship with spatially uneven development. However, less attention has been paid to the role of brand development as a main component of cluster strategy and the conceptualization and theoretical framework of industry cluster brands and branding remain under-researched, especially in some developing countries such as China. This project will focus upon building the conceptualization and theoretical framework of industry cluster brands and branding. In addition, there are some case studies about region / place brands and branding, but most case studies focus on western countries (Lee, 2015) and case studies in developing countries such as China are few.

This research project considers the role of brands and branding in the development of spirit industry clusters in China, focusing empirically on case study research in one leading region -- named the 'Chinese Spirit Golden Triangle', including spirit industry clusters in three cities (Luzhou city, Yibin city and Zunyi city). The fieldwork will initially involve secondary data analysis to identify the spirit industry cluster based on their branded objects and branding process activities. It is estimated that around 10 interviews will then be undertaken for spirit industry clusters in Luzhou city, Yibin city and Zunyi city respectively. Interviewees will include companies' brand strategies managers and companies' marketing managers, business/marketing representatives from each industry cluster, local and regional government

economic development/marketing representatives, related, institutions and trade delegations, some experts from universities and some individuals from other countries where the Chinese spirit industry is already active (e.g. EU countries or Australia) etc. All interviews will be conducted by Hui Yang, either face-to-face or by telephone / Wechat / QQ where necessary. The fieldwork will finish at the beginning of January 2018, but I would wish ethical approval to be granted until the end of September 2020 in order to encompass the writing up period for the data analysis and PhD research outputs and any follow up requests to interviewees to be made. Source of Research Funding (where appropriate)
Proforma Completion Date: 4.9.17

This proforma should be read in conjunction with the ethical principles. It should be completed by the researcher. It should be sent on completion, together with a brief (maximum one page) summary of ethical issues raised by the proposed research, for approval to the Geography Ethics Officer prior to the beginning of any research.

Part A – questions to be answered by all researchers

1. Will your research involve animal experimentation? N.

If the answer is 'YES' then the researcher should consult Prof Jeanette Rotchell in the School of Environmental Sciences.

2. Will your research involve human participants? Y

If the answer is 'YES' please answer all further relevant questions in part B.

3. Have you completed a risk assessment in accordance with University and School health and safety guidelines? Y

If yes – has the risk assessment been approved? Y

If Yes please give date of approval and name of individual granting approval of risk assessment

Brendan Murphy, 2.5.17

If No please explain why a risk assessment is not needed for the proposed research

Part B – questions to be answered by researchers proposing research with people

4. Will the research involve people under 18 years of age? N

4. Will you obtain written informed consent from the participants? Y
If yes, please include a copy of the information letter (or equivalent) requesting consent. If no, what measures will you take to deal with obtaining consent?

Potential interviewees will be contacted by email / telephone / Wechat and invited to participate in the research. They will be provided with a short summary of the aims of the project. Normally, if they agree to be interviewed, they will be asked to sign a consent letter. Interviews will either be in person with Hui Yang or by telephone if a mutually agreeable timetable cannot be agreed. Consent letters will be brought to the interview or sent by email in the case of telephone / Wechat interviews (see proforma letter attached). However, the case studies of mine are in China and some people prefer not to sign the written informed consent. Then the researcher will explain the content of the consent letter and make sure they understand their rights and still agree to do the interview.

5. Issues for participants. *Please answer the following and where you respond YES in any case, state how you will manage perceived risks:*

- | | |
|---|----|
| a) Do any aspects of the study pose a possible risk to participants' physical well-being? | NO |
| b) Will any important information about the research be deliberately withheld from the participants? | NO |
| c) Are there any aspects of the study that participants might find humiliating, embarrassing, ego-threatening, in conflict with their values, or be otherwise emotionally upsetting?* | NO |
| d) Are there any aspects of the study that might threaten participants' privacy (e.g. questions of a very personal nature; observation of individuals in situations which are not obviously 'public')?* | NO |
| e) Does the study require access to confidential sources of information (e.g. medical records)? | NO |
| f) Could the intended participants for the study be expected to be more than usually emotionally vulnerable (e.g. medical patients, bereaved individuals)? | |

*Note: if the intended participants are of a different social, racial, cultural, age or sex group to the researcher(s) and there is **any** doubt about the possible impact of the planned procedures, then opinion should be sought from members of the relevant group.

9. Will the research require the consent of any outside organisation? No

6 . Is the research being conducted on a group culturally different from the researcher?

N

7 . Does the research conflict with any of the Department's research principles?
(please see attached list, page 7).

N

Y/N *If yes, describe what action you will take to address any conflicts?*

If yes, describe how you will obtain consent.

Respondents will be contacted by email / telephone / Wechat and provided with a short summary of the aims of the research. If an interview is arranged they will be asked to sign a letter of consent on behalf of their organization (see attached letter). If they don't want to sign the letter of consent, the researcher will explain the letter to them and make sure that they know their rights.

ETHICAL ISSUES RAISED BY THE PROPOSED RESEARCH

Insert Here a brief (maximum one page) summary of ethical issues raised by the proposed research – you may find it useful to refer to codes of conduct of professional bodies

The project follows the core principles underpinning social science research set out in the ESRC Framework for Research Ethics (see <http://www.esrc.ac.uk/funding/guidance-for-applicants/research-ethics/>) and The Research Integrity code in Europe (see <http://archives.esf.org/coordinating-research/mo-fora/research-integrity.html>). With regard to specific issues raised by the research:

Confidentiality and consent: Interviewees will be contacted by email / telephone and invited to participate voluntarily in the research. Participants will be provided with a written description of the research process and have the opportunity to raise any issues / ask questions, through the process of any interview. Interviews will either be in person (with Hui Yang) or by telephone / Wechat if a mutually agreeable timetable cannot be agreed. If they agree to be interviewed a consent letter will either be brought to the interview or sent by email in the case of telephone / Wechat interviews. Interviews will be audio recorded and written notes made and participants will be made aware of this and asked to give their written informed consent to this. However, for the people who prefer not to sign the written informed consent, Hui Yang will explain the content of the consent letter and make sure that interviewees understand their rights and still agree to do the interview. Anonymity will be guaranteed and participants will not be able to be identified during the course of the research, nor in any published work using interview material. About 10 respondents will be interviewed in each city of the case study region.

Data storage: Interviews will be transcribed and stored in a password protected site. They will not be placed in a public repository and there is no requirement to share or publish primary interview data.

Vulnerability: The research does not involve working with vulnerable people. Participants will include firms, organisations (e.g. companies' strategies managers, industry associations, research institutes) and some public sectors (e.g. local and regional government, universities). This raises issues relating to the conduct of research on elites, which means the medium or high-level managers / officials. Indeed, the research aims to show how brands and branding strategies make sense to spirit industry cluster identification and development. Interviews will be conducted in Chinese in this case study. For those interviews conducted in person by Hui Yang, this will involve visits to the region chosen. For Chinese locations, this does not require any permits.


Name of Researcher Hui Yang

Signature 

Date 4.9.17

In the case of research students signature of supervisor is also needed:

Name of Academic supervisor: ...David Gibbs.....

Signature...  Date...6.9.17.....

Before commencement this research proposed in this proforma must gain recommendation for approval from the Geography/Geology Ethics Officer. Once this is gained, formal approval will be given by the appropriate School or Faculty Ethics Committee.

It is recommended that the research referred to in this proforma is given approval by the School and/or Faculty Ethics Committee.

Y / N

Name of Ethics Officer: Thomas Breithaupt

Signature.....  Date: 25 Sept 2017

SCHOOL OF ENVIRONMENTAL SCIENCES, UNIVERSITY OF HULL

Consent form

I,.....of.....

Hereby agree to be involved in a research study being undertaken by Hui Yang (University of Hull) on the topic of analysis of the evolutionary development of spirit industry clusters in China from the perspective of brands and branding and I understand that the purpose of the research is:

- To set out to investigate whether brand recognition is an important regional development tool for spirit industry clusters in modern China.

And that involvement for the institution means the following:

- Participation in qualitative research and face-to-face or telephone/Wechat interviews with the researcher.
- Being prepared to comment on any short summaries or working papers arising from the research.

I understand that:

- The aims, methods, anticipated benefits and possible risks/hazards of the research study have been explained to me.
- I voluntarily and freely give my consent for the company/institution/organisation to participate in the research study.
- Any interview will be audio recorded and transcribed.
- I am free to withdraw my consent at any time during the study, in which event participation in the research study will immediately cease and any information obtained through this company/institution/organisation will not be used if I so request.
- I understand that aggregated results will be used for research purposes and may be reported in scientific and academic journals.

I agree that:

- The company/institution/organisation **may/may not** be named in research publications or other publicity without prior agreement.
- I/we **do/do not require** the opportunity to check the factual accuracy of the research findings related to the company/institution/organisation.
- I/we **wish/do not wish** to receive a copy of the research findings or publications.

Signature..... Date.....

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If you have any questions or concerns about the conduct of the research please contact the School's Ethics Officer (Dr. Thomas Breithaupt; t.breithaupt@hull.ac.uk) or the Chair of the Faculty Ethics Committee (Dr Lewis Holloway, l.holloway@hull.ac.uk).

同意书

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同意参与英国赫尔大学博士生杨慧进行的研究调研，其研究主题是从品牌和品牌化角度分析中国白酒产业集群的演化发展。为认为该研究目的是：

- 整理研究品牌识别是否是推动当代中国白酒产业集群发展的重要区域性动力。

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如果对于研究的实施有任何关心的问题，请联系学院诚信道德官员 (Dr. Elsbeth Robson, e.robson@hull.ac.uk) 或者学部诚信道德委员会主席 (Professor David Atkinson, david.atkinson@hull.ac.uk).