

Chinese Enterprises' Marketing Strategy Innovation Under the New Economic Environment

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Abstract

As China's 40th reform and opening-up anniversary approaches, earthshaking changes have taken place in China's corporate marketing. In the past 30-odd years, Chinese enterprises have taken an imitation path most of the time. However, after entering the 21st century, is the path still applicable to Chinese market? With accelerated global economic integration, does the path still meet the demands of Chinese market? Should it keep copying or open up a way of innovation? Domestic and foreign experts and scholars as well as the corporate circle provide their own opinions. China has its own conditions and market status. However, on the contrary, numerous Chinese enterprises can't combine the path with their actual conditions, which is fatal to an enterprise. Temporary prosperity doesn't necessarily make Chinese enterprises "evergreen trees". Advanced economy with rich cultures is one of market economic forms. Such economy is innovative and its function is to promote constant growth and sustainable development of market economy. Hence, under the new situation of knowledge-based economy, enterprises' ability is determined by their innovation ability.

Key words: Marketing; Strategy; Innovation; New economic environment

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INTRODUCTION

Under the new economic environment, the market competition is especially intense amid Chinese enterprises. With constant economic development and social progress, if enterprises want to remain invincible on the market, they must conduct strategic innovation, establish improved market strategy innovation system and have their own marketing philosophies on the market. Besides, they should constantly reform their own philosophies as the society develops, abandon backward marketing philosophy, build marketing philosophy that goes with the market and social trends, reasonably allocate corporate resources, give full scope to their advantages, realize maximized profit and thus promote long-term corporate development.

1. CONNOTATION AND FEATURES OF THE NEW ECONOMY ERA

Economists maintain that "new economy" is economy led by seven high-tech industries including life sciences and biotechnology, new energy technology, new material technology, space technology, marine technology, environmental technology and management technology which are driven by economic globalization and information technology revolution.

The core of new economy is technological innovation and innovation in a series of driven fields. Global economic integration has promoted the emergence of new economic and meanwhile the development of information technology boosts the appearance of new economy, which will inevitably speed up the global integration progress in return. New economy has the following features: a) new economy regards high-tech and information, etc. as its motive growth power. b) New economy focuses on intensive mode of production. Enterprises' marketing

purpose is more apparent and they concentrate on marketing goals. c) New economy deems e-commerce as its major marketing channel and network marketing play an important role in the entire market.

2. INFLUENCES OF THE NEW ECONOMY ERA OVER CHINESE ENTERPRISES' MARKETING

2.1 Formation of the Buyer's Market

The year of 1996 is a crucial year when the buyer's market was formed in China. The success of economic "soft landing" led to overall surplus on Chinese market. Surplus happened in means of livelihood and means of production, and even "bottleneck industries" which have long disturbed China's economic development such as electricity, coal and transportation experienced excessive supply. Chinese market has turned into the buyer's market from the seller's market. Under the seller's market conditions, the total supply is smaller than the total demand. Enterprises can make profits as long as they imitate others' production and marketing means. However, under the buyer's market conditions, the total supply is greater than the total demand so it's hard for enterprises to succeed by following suit. Only when they take the innovation path and form their marketing features can they truly survive and develop. Chinese market in the 21st century is a long-term buyer's market. Persistence in marketing innovation is the secret enterprises to be established in the buyer's market.

2.2 Influences of WTO Entry over Chinese Enterprises' Marketing

China eventually joined in WTO after a dozen of years' Marathon negotiation. After China's entry into WTO, it will further open its domestic market and reduce tariff, which will inevitably attract more foreign enterprises and products to enter Chinese market, thus nationalizing the international competition. Foreign enterprises usually have abundant strength and strong marketing. If domestic enterprises want to contend against them, they should unite and strengthen marketing innovation. If they just follow what foreign enterprises do in marketing, they will be likely to be defeated in the contest. Hence, after China's entry into WTO, it faces more intense market competition and stronger foreign rivals. Only marketing innovation can bring about success.

2.3 Challenge of Knowledge Economy

The development of knowledge economy has proposed higher innovation requirements for enterprises' marketing. Nowadays, the world economy is moving towards knowledge economy, which is a major blow to enterprises' traditional business patterns. In particular, it influences enterprises' marketing to a great extent: marketing

subjects are getting diversified and consumption models are more intelligent; consumers emphasize their own individualized demands and pursue differentiation; at the same time, with rapid improvement of production technologies, the life cycle of products and new product research and development period are greatly shortened, thus speeding up update and upgrade of products. Under such circumstances, enterprises must keep a close eye on market changes and innovate in their marketing models and strategies in order to maintain stable and rapid development.

2.4 Requirements of Sustainable Development

In the new economy environment, Chinese enterprises should stick to the principle of sustainable development in their marketing strategy. With constant development of social economy and improvement of material level, a series of development problems have emerged, such as damage of ecological environment, excessive population increase and severe environmental pollution. In this way, mankind should develop economy while other aspects are coordinated. Enterprises should pay attention to the guiding role of marketing in social sustainable development and boost sustainable and healthy development of social economy through marketing model innovation.

3. PROBLEMS EXISTING IN CHINESE ENTERPRISES' MARKETING AND SOLUTIONS

3.1 Analysis of Problems Existing in Chinese Enterprises' Marketing

Marketing innovation is extremely important for corporate development. The following problems still exist in the marketing of Chinese enterprises:

Firstly, enterprises' marketing concepts are conservative. Affected by the planned economy system, many Chinese enterprises cannot have enough insight into the buyer's market and still apply traditional production and production concepts in their marketing activities. Today, with social economy development, China's economic market has become a buyer's market and the total supply of products is far greater than the buyers' demands. Under such social economic context, if enterprises keep imitating others' marketing methods or use traditional ones, they can no longer satisfy the demand for corporate development. The buyer's market will exist for a long time to come. Strengthening innovation in marketing is an important channel for enterprises to gain development vitality.

Secondly, marketing features are not obvious. Enterprises' marketing strategy plays an important role in corporate competitiveness. However, many enterprises

fail to find a marketing strategy with clear directions so they can't find their way and have no way of formulating reasonable marketing methods. China has joined in WTO and more overseas products enter Chinese market. China faces not only domestic competition but also internationalized market competition. Enterprises falls short of marketing models with Chinese characteristics and cannot find their foothold on the market.

Thirdly, enterprises' marketing innovation ability is insufficient. Today's era is a knowledge economy era and knowledge becomes the optimal competition rather than the industry does. In the knowledge economy era, more requirements are proposed for enterprises' innovation ability. Only innovation ability can make enterprises obtain development impetus. Amid enterprises' innovation abilities, marketing innovation ability is the top priority. Many Chinese enterprises have followed traditional marketing models all the time so their profit level isn't improved and even falls back.

3.2 Study On Solutions For Problems Existing in Chinese Enterprises' Marketing

To be successfully included in the world's market mainstream, Chinese enterprises need to reform their marketing concepts and methods, motive their innovation and promote the generation of opportunities.

First of all, strengthening innovation in marketing concepts. To realize such innovation, enterprises should work out new marketing concepts first ranging from enterprises' product concept and detailed production theories to sales concepts. Market changes and changes in corporate development goals lead to changes in marketing concepts. With rapid development of network technology, the internet has become an important factor influencing marketing. Corporate managers should go beyond their traditional market concepts first, expand the marketing scope to the entire world and set up the philosophy of international marketing. In addition, they should get rid of homogenous marketing philosophies, organize marketing activities with custom-made methods, transform from single marketing to multi-directional marketing, and reinforce marketing interaction. In traditional marketing activities, marketing information is delivered one way and consumers have always been passive. At present, corporate managers need to conduct practical surveys on the market, make product design standards based on their needs, facilitate interactive marketing and realize innovation in corporate marketing.

Secondly, strengthening innovation in marketing strategy. Whether product marketing strategy is in line with the market demand or not directly influences their sales. The development of network economy makes changes take place in basic product concepts and significance. Product knowledge is rapidly increased and product variety is richer. Serving knowledge is also an important product. Hence, at a corporate level, enterprises

need to innovation in product marketing strategy. In the innovation process, they should attach importance to information technology, update product types with advanced information technology and thus meet with consumers' multiple demands. Besides, they should start from network economy environment, learn more about their personalized consumption demands and provide more and better services for consumers.

Enterprises shall also be concerned with innovation in product price strategy. The rapid development of network expands the online sales. Information communication timeliness is greater and market influences are greater in the marketing process. Enterprises should focus on reasonability of product price and let consumers see the best price first time, thus promoting the implementation of consumption behaviors.

Thirdly, strengthening innovation in marketing management. In traditional marketing management process, managers attach importance to the business volume. In today's new marketing environment, marketing managers pay more attention to marketing behavior quality. Marketing goals not only include reduction of marketing cost and enhancement of efficiency but also business expansion and improvement of customer loyalty. Marketing innovation requires enterprises to care about the maintenance of relations between enterprise and customers, use new management concepts to set up innovative marketing systems, let customers know the corporate development direction all the time, strengthen product planning and design, and provide one-stop marketing from product design and production to logistics. Such marketing behaviors can win trust from customers more easily, intensify marketing innovation and expedite corporate development.

4. SIGNIFICANCE OF INNOVATION IN CHINESE ENTERPRISES' MARKETING

4.1 Increasing Long-Term and Efficient Economic Benefits for Enterprises

Marketing innovation enables internal corporate resources to be allocated in a better way and enhances their utility rate, thus guaranteeing maximized economic benefits while reducing corporate cost. Moreover, marketing innovation can build a favorable corporate image which can bring about long-term profits for enterprises.

4.2 Creating Favorable Social Benefits for Enterprises

Under the new economic conditions, marketing innovation can not only create permanent and high profits for enterprises but also enhance their sense of social responsibility. Meanwhile, the corporate image can be well shaped in the eyes of consumers, thus making the enterprise enjoy a good reputation. Besides, corporate

marketing innovation can improve the life quality of social groups and promote enterprises to carry out further sustainable development and set up favorable environment that's suitable for corporate survival and growth as well.

4.3 Reducing Government Management and Barriers to Enterprises

Enterprises can shoulder more social responsibilities and reduce government control over enterprises via marketing innovation. Marketing innovation not only brings economic benefits but also strengthens their strengths to fight against domestic and foreign enterprises. As a result, marketing innovation is an inevitable choice for enterprises.

5. INNOVATION IN CHINESE ENTERPRISES' MARKETING STRATEGY AND ITS IMPLEMENTATION

5.1 New Product R&D

Under the new economy conditions, enterprises pay close attention to the development of science and technology, research and develop products independently with the most advanced technologies or work together with scientific research institutes and enterprises to develop products (services) based on customers' demands. Innovation is reflected in the following aspects: Firstly, innovation is conducted in product standards. They strictly follow the national or industrial standards in the product development process and also refer to the ultimate standard of customer demand so as to make products to meet with customer demand to the greatest extent. Secondly, innovation is made in product variety and patterns. With technological development, products' life cycle is gradually shortened and product styles are changing fast. Hence, enterprises should replace their original products with the fashionable styles so as to respond to market changes. Thirdly, innovation is demonstrated in product packaging. Packaging innovation should be appropriate and it's the best when it matches product features and value. The sustainable development philosophy should be combined to choose packaging materials and save limited resources from the perspective of environmental protection. Fourthly, innovation is carried out in branding. On the one hand, design of brands should be made according to market competition changes and consumers' features; on the other hand, enterprises' conditions should be taken into account to build brand reputation. Fifthly, innovation in product services is conducted. Service can bring better benefits and satisfaction to consumers and it's the extension of tangible products.

5.2 Innovation for the Market

The competition among Chinese enterprises is considerably intense as well. Enterprises of the same

profession or the same kind usually conduct malicious competition with low-price strategy. Usually they end up with loss on both sides. Therefore, enterprises should seek and explore new markets according to multi-layer consumers and diversified demands.

5.3 Innovation in Marketing Concepts

Concept innovation plays a leading role in corporate marketing. It's especially important for enterprises to seek new marketing concepts which are suitable for today's society rather than lingering at the traditional marketing concepts. First, they should:

5.4 Innovation in Marketing Methods

Enterprises should take the step to apply advanced marketing methods in practice; more importantly, they should be brave enough to put forward and implement new marketing methods. By flexible marketing, it means that enterprises can adjust their marketing activities in good time and in a flexible way so as to satisfy consumers' personalized demands. Network marketing is built on the internet. In China, network marketing has shown its great momentum at present. In development of information technology, the online shopping groups will become huger and huger. Zero inventory marketing innovation is an approach of order first and production second, thus keeping the inventory at a zero level. Online marketing is an important means of materializing such marketing innovation. In addition, zero defect marketing should be established, that is, don't let consumers leave any regret in the overall marketing activity. It includes zero defects in product quality, sales process and service.

5.5 Innovation for Talents

Nowadays, what Chinese enterprises need is compound knowledge marketing talents. They usually have strong sense of social responsibility, higher cultural attainment, innovation spirit, initiative and powerful knowledge application ability, etc.. Such kind of knowledge marketing talents is powerful guarantee and support for rapid corporate development. Marketing innovation is the inevitable outcome of market completion and integral means of corporate survival and development. If Chinese enterprises want to grasp competition advantages, they must conduct marketing innovation under the new economic conditions. Only in this way can they gain survival and development amid intense market competition.

5.6 Innovation in Marketing Organization

Most of enterprises have a sales department only and don't have a marketing department in place, which means the majority still follows the primitive marketing concepts and their marketing management level is low. Accordingly, enterprises must build marketing awareness, introduce such talents and

conduct marketing research and market construction. Generally speaking, first, leaders should emancipate their mind, set up marketing concepts, pay attention to marketing research, regard market at the center and customers as the orientation, and formulate the right marketing strategy. Second, they should set up a marketing department and ensure effective marketing work at an organizational level. In addition, adjustment should be made on the inside and business procedures restructured, thus making corporate development more effectively meet with market demands. There are mainly flat, networked, intelligent and virtualized organizations.

5.7 Innovation in Marketing Mix Strategy

So far, the innovation strategy has been developed into 6P, 10P and 4C from the traditional 4P.

4P refers to product, price, place and promotion;

10P, meaning 4P and 2P, include probing, marketing research, portioning, prioritizing and positioning.

4C indicates consumer, cost, convenience and communication. It can be concluded like this: The traditional 4P regards marketing from the corporate perspective while 4C views it from the perspective of consumers. The starting points are different. Hence, enterprises need to apply strategies and conduct strategy innovation with a development view.

CONCLUSION

To sum up, China is at an important period of social system reform. Marketing strategy innovation serves as significant guarantee for enterprises' survival and development. Only in this way can enterprises maintain their development advantages, go with social development and better deal with the challenges brought about by market economy changes. Marketing strategy innovation is of great importance to corporate management and development. Hence, enterprises should pay attention to the formulation of marketing strategies, constantly improve their strategies and make enterprises gain long-term and healthy development.

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