MARKETING STRATEGY FOR SHANGHAI NEW ASIA SNACK CO. LTD.

Yiming Tang
Macquarie Graduate School of Management
Sydney, Australia

Jinhua Ma
Business & Management College, Shanghai University,
Shanghai, China

MGSM Case 2003-4
August--2003
Disclaimer
MGSM Case Studies in Management are produced as a means of stimulating discussion amongst management scholars and students. The facts reported are meant for discussion only, and are not be interpreted as imputing any value judgments on management decisions and actions.

Copyright © Yiming Tang and Jinhua Ma

Research Office
Macquarie Graduate School of Management
Macquarie University
Sydney NSW 2109
Australia

Tel 612 9850 9016
Fax 612 9850 9942
Email gsm-research@mq.edu.au
URL http://www.gsm.mq.edu.au/research

Director of Research Professor John A. Mathews
Manager, Research Office Ms Kelly Callaghan

ISSN 1445-3126 Printed copy
1445-3142 Online copy

MGSM Case 2003–4

Marketing Strategy for Shanghai New Asia Snack Pty Ltd.

Dr Yiming Tang
Macquarie Graduate School of Management
Macquarie University Sydney NSW 2109

Tel: +612-9850 9042
Fax: +612-9850 9019
Email yiming.tang@mq.edu.au

Associate Professor, Jinhua Ma
Business & Management College
Shanghai University, Shanghai 201800

Tel: 0086-21-69982973
Fax: 0086-21-69982488
Email majinhua@shu.edu.cn
Abstract

*Shanghai New Asia Snack Co. Ltd*, one of China’s largest fast food restaurant chains, and a creditable competitor of McDonald’s and KFC in Shanghai, has experienced significant growth since its establishment in 1998. Mr. SHEN Gang, General Manager of *Shanghai New Asia Snack Co.*, was contemplating his company's next move – its long-term marketing strategy to further strengthen *New Asia Snacks’* market position in Shanghai. The options currently under consideration include a broadening of its current product range from just offering snacks to offering both snacks and full meal; and further opening of new restaurants to target the anticipated millions of foreign tourists and local visitors to Shanghai and to the World Exhibition to be hosted by Shanghai in 2010. To ensure the success of this long-term marketing strategy, Mr. SHEN must carefully decide on his company’s future primary target market, its positioning strategy, and its effective marketing program.
MARKET STRATEGY FOR SHANGHAI NEW ASIA SNACK CO. LTD.

In March 2003, Mr. SHEN Gang, General Manager of Shanghai New Asia Snack Co. Ltd. (Chinese name: 上海新亚大包股份有限公司 - pronounced Shanghai Xinya Dabao Gufen Youxian Gongsì) is contemplating what his company’s long-term marketing strategy should be in order to effectively hold its competition at bay. Shanghai New Asia Snack Co Ltd stared business in 1998, offering traditional Chinese dishes to target the low-to-medium segment of the fast food restaurant market in Shanghai. Since then, the company has grown rapidly. By 2001, the company already operated 85 fast food service outlets in Shanghai, overtaking KFC and McDonald’s as the largest fast food restaurant chain in Shanghai in terms of the outlet numbers\(^1\). At the same time, though, it has also encountered significant competition. A recent brand awareness survey shows that the local Chinese consumers’ awareness reached 100% for KFC, McDonald’s 97%, 42% for Pizza Hut, but only 12% for Shanghai New Asia Snack\(^2\). Having introduced the “Mushroom Rice” in five northern Chinese cities, KFC has added, since August 2002, “Chicken-Mushroom Congee” and “Seafood-Egg Congee” to its breakfast menu in Shanghai. In addition, all its Shanghai KFC outlets now operate from 7 am, two hours earlier than before, to compete for the breakfast segment of Shanghai’s fast food market\(^3\).

Facing intense competition, Mr. SHEN is fully aware that a long-term marketing strategy is needed if New Asia Snack wants to keep ahead of the competition. The failure of “Hua Rong Chicken”, Shanghai New Asia Group’s first competitive product aimed at KFC, which was introduced shortly after KFC’s entry into Shanghai’s fast food service market in early 1990s, is still fresh in the memory.

Company Overview – Shanghai New Asia Snack Co. Ltd

Shanghai New Asia Snack Co. Limited is owned by Shanghai New Asia Group, the first large-scale group in China’s food service and hotel industry. In December 1994, supported by the government in China, the parent company became China’s first company in its food service and hotel industry to be listed on the Shanghai Stock Exchange, trading in both A shares (in RMB for local investors) and B shares (in US$ for foreign investors). In October 1999, the parent company was merged successfully with Shanghai Food (Group) Co. Limited, forming Shanghai New Asia Group Stock Limited. In 2000, the new Group had a registered capital of RMB 1.75 billion (A$389 million\(^4\)), sales of RMB 348 million (A$77.3 million), and net profits of RMB 53.6 million (A$11.9 million). It also holds 49% equity in the Sino-foreign JV - Shanghai

\(^1\) Company record.
\(^2\) www.food169.com
\(^3\) www.News.21cn.com
\(^4\) All A$ figures are converted from RMB, using the Exchange Rate of AUD$1= RMB ¥ 4.50
KFC Co Ltd⁵.

Shanghai New Asia Snack Co., Ltd was formed on December 25th, 1997, and commenced operation in January 1998. After the 1999 merger, the new Group had injected considerable additional funds into the Shanghai New Asia Snack Co. Ltd (see Table 1 for Ownership Structure).

Table 1. Ownership Structure of Shanghai New Asia Snack Co. Ltd.

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Capital</td>
<td>5.00</td>
<td>20.00</td>
<td>53.60</td>
<td>218.60</td>
</tr>
<tr>
<td>(RMB million) (AUD million)*</td>
<td>1.11</td>
<td>4.44</td>
<td>11.91</td>
<td>48.58</td>
</tr>
<tr>
<td>Xinya (Group) Corp. Ltd. (%)</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>10</td>
</tr>
<tr>
<td>Xinya (Group) Holding Corp. (%)</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>90</td>
</tr>
</tbody>
</table>

*Ex Rate: AUD $1.00 = RMB 4.50 Source: Company Record.

The company’s motto is to “provide service, convenience and value for the people (in Shanghai)” The company’s main products consist mainly of flour-based items, set-dishes, and leisure-time items, including BBQ pork buns, steamed dumplings, wonton and noodle soup, stir-fried dishes, and a variety of dim sum items, etc (refer to Picture 1 for product-range). Such products, with strong local characteristics, are targeted at Shanghai’s ordinary consumers and families in the low-to-medium segment(s) of the snack and fast food market in Shanghai.

Picture 1. Product Ranges of Shanghai New Asia Snack Co. Ltd.

Source: Company Records

⁵ Company record.
The company’s strategy for its early years of business was focused on growth and market development. Supported by significant equity participation from the company’s largest shareholders and by the opening of many new service outlets in Shanghai, this strategy has achieved visible success. In the few years following its opening to business, Shanghai New Asia Snack’s total numbers of outlets reached 33 in 1998, 84 in 2000, and 88 by 2002, overtaking KFC and McDonald’s to become the largest fast food restaurant chain in Shanghai in terms of restaurant numbers (see *Chart 1* for specifics).

![Chart 1. Shanghai New Asia Snack's Business Development](chart1.jpg)

Source: Company Record

In order to guarantee that these fast food restaurants will have a sufficient supply of products, the company has built a central kitchen to centralize the production of semi-finished food items, with additional required cooking to be done in stores. Various quality control procedures have been put into place to meet the National food standards (refer to *Picture 2* for a view of the center kitchen). With the significant increase of service outlets, Shanghai New Asia Snack Co.’s sales soared and its profits improved over the same period (refer to *Chart 2*. for specifics).

**Picture 2, Shanghai New Asia Snack’s Central Kitchen**

![Picture 2](picture2.jpg)

Source: Company Records

---

6 Company records
The Development Of Fast Food Restaurant Industry In Shanghai

Since KFC opened its first restaurant in China in 1987, the fast food industry in the country has experienced rapid growth. One source puts the industry’s national sales level as RMB 2 trillion (over A$ 444 million) in 2000\(^7\), while another reaching over RMB 3 trillion in 2001\(^8\). Still another source predicts that the industry’s annual growth rate in the next decade could reach 20% per annum\(^9\). The vastly different estimates of the size of China’s fast food industry indicate the industry’s significant growth in recent years. It may also suggest that a mixed definitions and/or measures may have been used in making the above estimates. Shanghai has also witnessed similar phenomena. By the end of 1999, the number of fast food restaurants in Shanghai have reached over 2700, employing 24,000 people. Heading such development are Shanghai KFC, McDonald’s, Pizza Hut, and Shanghai New Asia Snack Co Ltd, which have had a combined 500 plus fast food service outlets. By 2001, Shanghai’s restaurant industry’s total revenue reached RMB 12.77 billion (A$ 2.84 billion), representing a 15.9% increase over 2000. Restaurant meals as a percentage of total food spending in Shanghai also increased from 16.8% to 18.2% during the same period\(^10\).

Along such a phenomenal growth also comes intense competition. In the first half of 2000, the foreign owned Western fast food (i.e., hamburgers, etc) restaurant chains in Shanghai, headed by KFC, McDonald’s, Pizza Hut, etc, have achieved RMB 559 million (AUD 124.22 million) in sales, representing a 17.2% increase over 1999 level. The major local Chinese restaurant chains, including Shanghai New Asia Snacks, Yong He Soybean Milk, Fengyu Fried Food, Pure-Jade Snacks, and Family

---

\(^7\) China Cuisine Association, www.ccas.com.cn/kuai1/liansuo.htm
\(^8\) www.MACROCHINA.com
\(^9\) China Air and Aviation Journal, www.caacjournal.com

6
Qiao’s Snack Kingdom, etc., have managed only RMB 173 million (A$ 38.44 million) in sales\(^{11}\). Shanghai New Asia Snack Co. also fell far behind Shanghai KFC, its main competition, in both sales and profit margin. In 2000, Shanghai KFC, with 61 food service outlets, achieved over RMB 650 million (or A$ 144.44 million) in sales, and 50% in gross margin. Shanghai New Asia Snack, on the other hand, with 85 outlets, managed only RMB 200 million in sales (A$ 44.44 million), and 30% in gross margin. These figures have put Shanghai KFC as the No. 1 fast food service restaurant chain in both Shanghai and in China in 2001, while Shanghai New Asia Snack was ranked as 3\(^{rd}\) and 8\(^{th}\), respectively\(^{12}\).

Facing such a situation, the Board of Shanghai New Asia Snack Co. Ltd have decided that, from 2001 onward, the company’s strategic focus should be on both growth and profitability. In early 2002, the company was planning their next phase of long-term strategic development. Options include expanding the business into other parts of China and into international markets. In November 2002, however, an opportunity presented itself to the company, as they received the invitation from the Shanghai municipal government to bid for the status of an official Chinese food service provider during World Expo 2010 to be held in Shanghai.

**World Expo**

The World Expo traces its history back to 5\(^{th}\) century when the king of Persia intended to use the exhibition held by Persia to show the strength with the advent of the achievements from other countries. The first World Expo was opened on May 1, 1851 in London, UK. To show off their strength, the British used 4,500 tons of steel and 300,000 pieces of glass to build a “Crystal Palace” at London’s Hyde Park. Measured 1,700 feet in length and 100 feet height, the Palace displayed the exhibitions from a dozen countries, including the advanced engines, hydraulic printing machines and sinning machines. It lasted 160 days, and attracted 6.3 millions of visitors\(^{13}\). Since then, the event has been held to display the achievements by the humankind in the various fields, providing participating countries with the opportunity of further economic development, international exchange and cooperation, and bringing remarkable economic and social benefits to the hosting country and greatly enhances their prestige in the world.

World Expos are divided into two categories. The universal Expos are held every five-years, with participating countries to display their comprehensive achievements in the various fields. The special ones are dominated by a particular theme, such as ecology, transport, atomic, energy, urban planning, horticulture, medicine, etc. Each

\(^{11}\) China Snack Committee, [www.ccas.com.cn/kuai1/liansuo.htm](http://www.ccas.com.cn/kuai1/liansuo.htm)

\(^{12}\) China Association of Chain Distribution - 2001

\(^{13}\) [www.chinaexposition.com](http://www.chinaexposition.com)
hosting country is required to provide the exhibition sites free of charge for the participating countries to build their own pavilions and display their achievements.

Shanghai - The Hosting City

Shanghai is China’s largest Chinese city with a population of 16-million. Since China adopted its economic reform and open-door policy in 1979, Shanghai has maintained a rapid and sustained economic growth, achieving an average annual 9.5% growth in its GDP (Gross Domestic Product). In early 1990s, the government set aside the Pudong District of Shanghai as a special economic zone, pushing the city to the forefront of the economic reform and the opening policy. From 1992 to 2000, Shanghai had registered a double-digit annual GDP growth rate for nine consecutive years. By 2000, the average per capital income of China’s largest cities exceeded RMB 8,400.00, which was 1/3 higher than that of the national average. Shanghai’s figure, however, was 86.6% higher than the national figure\textsuperscript{14}. By 2002, Shanghai’s GDP per capital was US$4,900. While still quite low according to the OECD (Organization of Economic Co-operation and Development) standards, this figure was several times that of the national average. The government’s goal is to increase this figure to US$7,500 by 2007\textsuperscript{15} (refer to Table 2 and Chart 3 for specifics)

\setlength\tabcolsep{1.4pt} \begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|}
\hline
 & GDP & Fiscal Income & Total Retail Sales & Fixed asset investment & Foreign Trade shipment via Shanghai port* \\
\hline
RMB billion & 495.1 & 199.6 & 186.1 & 198.4 & \\
AUD$ billion & 110.0 & 44.4 & 41.4 & 44.1 & NA \\
% of China & 5.2 & 12.2 & 5.0 & 5.4 & US$120.5 Bil* \\
\hline
\end{tabular}
\caption{Economic Picture of Shanghai (2001)}
\end{table}

\textsuperscript{*}US$ figures only: covering foreign trade shipments via Shanghai Port. Source: www.shanghai.gov.cn

Historically Shanghai had been the commercial and financial center in China during


\textsuperscript{15} www.Shanghai.gov.cn
the 1900s. The city has always played a very important role in its industrial development since the establishment of the new China in 1949. Since China’s economic reform in 1979, the city has played a very important role in international trade of China because of its industrial, geographic and historical advantages. In 2002, Shanghai’s international trade volume reached US$ 72.64 billion, or 11.7% of the national total\textsuperscript{16}, the highest among all major Chinese cities (only Guangdong Province had a higher figure). Shanghai’s unique position in China fulfills a key strategic goal of the Chinese central government’s economic reform policy.

Shanghai has received tremendous support from all directions to host the 2010 Expo. A recent Gallup poll reveals that 90 percent of all the Chinese surveyed were in favor of bidding for the 2010 Expo. In Shanghai, this figure was 93 percent, and about 86 percent of those surveyed have vowed to volunteer for the event. It was also reported that around 10 million businesses have offered their support. China’s central government has pledged US$100 million funds for the event. Shanghai's World Expo Bidding Office estimates that the total investment for the Expo would be no less than RMB 20 billion (USD$ 2.4 billion), coming from both the government and business sources, including the 2010 Expo itself. A 400-hectare site along the Huangpu River has already been chosen for the event, which is currently covered with factories, docks and worn-out residences. The government is working out detailed plans to shut down the factories and to relocate the residents into more spacious and comfortable housings in order to make room for the event\textsuperscript{17}.

Over its 150 more years of history, the World Expo has always been held in a developed country. So Shanghai will be the first city in a developing country to host the 2010 event, making it more special for the city and for China as well. The theme of 2010 World Expo is “Better City, Better Life”, which is simple but significant, reflecting the will of the people in the developing countries with the hope and the expectation towards the improvement of the city, the country and the world. Already, the Chinese government has announced it will set aside funds to assist some small developing countries to participate the event\textsuperscript{18}.

\textbf{Chinese Food Culture}

Chinese food is rich in variety and tastes. Along with some 50 ethnicities and the vast geography in China, the Chinese cuisines vary from region to region. Officially, there are eight major cuisine styles, including Cantonese style (or “Yue Cai\textsuperscript{19}” in Mandarin) from Guangdong province with fresh taste, Shandong style (“Lu Cai”) from Shandong province with strong and salty taste, Sichuan style (or “Chuan Cai”) from Sichuan

\textsuperscript{17} Xinhua Net, 06-12-2002
\textsuperscript{18} Finance.sina.com.cn 16-09-2002
\textsuperscript{19} “Cai” is a generic term in Mandarin for cuisine or dishes.
province with spicy taste, Hunan style (or “Xiang Cai”) from Xiang river area and Hunan province with spicy and salty taste, Fujian style (or “Min Cai”) in Fujian province, Anhui style (or “Hui Cai”) in Anhui province, Zhejiang style (or “Zhe Cai”) from Zhejiang province with fresh and lighter taste, and Jiangsu style (or “Su Cai’) from Jiangsu with sweet taste. Shanghai cuisine follows the influences of “Zhe Cai” and “Su Cai” from nearby Zhejiang and Jiangsu provinces. Unofficially, there are many different local cuisine styles, as well as many different styles for snacks in different parts of China.

The close connection between Chinese food and Chinese culture is reflected in the various names and colors chosen for the various dishes and/or ways of dining. Chinese culture places significant emphasis on having a name of auspicious meaning. As a result, the names of many dishes are often purposely chosen to phonetically convey good wishes. In other words, these names are chosen to play on words. For example, New Year’s cake made of glutinous rice flour and coded with mixed nuts and pickled fruits, is very popular throughout the country during Spring Festival time. Pronunciation of its name, “Niangao,” in Mandarin sounds like “achieving more in the coming year”, as people want to believe that “Niangao” will ensure good luck in the new year. A fried-rice dish with egg, ham and peas cannot be named literally but as “Three Treasures Fried Rice.” Fish is always the last main dish at any New Year’s Eve banquet. The symbolism of fish comes from the fact that the Cantonese pronunciation of “having fish” sounds like “making a wish come true”. In northern China, however, “fish” is pronounced “yu”, or “abundance for the future”. It is no wonder that many Cantonese are accustomed to having only half of the fish on New Year’s eve. They save the rest for the following day, believing that they can transfer their surplus and good luck into the coming year. Symbols and colors are also significant in the Chinese culture. Chinese people view red as the most auspicious color. Peach was also regarded as the fruit of longevity in ancient Chinese mythologies. As a result, many families often make peach-shaped steamed bread bearing red food color during the Spring Festival time. In northern China, it is a widely held tradition that families must make dumplings together during Spring Festival time, symbolizing the family reunion.

**Marketing Issues Facing New Asia Snack Co. Ltd.**

There is no doubt that the 2010 World Expo will bring tremendous business opportunity and economic benefit to Shanghai. To put things into perspective, the six-month-long 2010 World Expo is expected to bring 70 million visitors and US$ 9 billion worth of economic benefits to Shanghai, while the Beijing Olympics would only generate US$ 1.6 billion in revenue, according to sources in China. It is no wonder, then, that the 2010 World Expo has been labeled the “Economic Olympics”...
for China\textsuperscript{21}. Given these estimates, the need for food service during the Expo will be tremendous. Mr. Shen was aware that in order for his company to win the bid and to become an official representative of Chinese food at the Expo, several unique marketing issues must be satisfactorily dealt with first.

**Customers:** Mr. Shen was aware that, if his company were to open food outlets at the Expo, the types of people visiting the Expo would be quite different from his current target market. Currently, the main customers of Shanghai New Asia Snack Co. Ltd are Shanghai residents, while the visitors to the 2010 World Expo would have come from not just other parts of China but from other countries as well. This would pose a series of challenges to the company’s current way of conducting its business. So the question in this regard is whether Shanghai New Asia Snack should maintain its current focus of serving Shanghai residents, and, to a certain degree, the Chinese diners, or should it try to appeal to a much wider range of customers.

**Product Range** The current product range is very much focused on snacks and light meals of traditional Shanghai style. Anticipating the different types of customers who will be visiting the outlets during the Expo, Mr. Shen is wondering whether his service outlets need to broaden the current meal range to include wider variety of dishes of different cooking styles and different cuisines from other areas of in China. Mr. Shen understands that while Shanghai New Asia Group employs many qualified cooks who can easily come up with new dishes, additional capacity may be needed for the production center if such new meal range is to be offered. In addition, significant effort will be required to coordinate not just the launch of the new meals but also how to serve them. He naturally wonders whether his company should maintain what it now does best, which is to offer a variety of the traditional Shanghai and southern Chinese styled snacks and meals, or should it also offer something different and new in order to appeal to the wider range of customers who will attend the 2010 Expo.

**Quality Control** There are many differences between the way the Chinese and the Western styled fast food are prepared and cooked. Most significant are as follows:

1. Influenced by the traditional Chinese cuisine styles, the Chinese fast food meals still consist of the carbohydrates as the “main dish” while the meat and/or vegetable dishes as the “side dish”. Many western styled fast food dishes, on the other hand, would feature meat as the main item.
2. Chinese styled fast food have a wide range of varieties and tastes, while the western styled fast food have a limited varieties and tastes. Typically, one may find a dozen or so items on the menu of a western fast food restaurant, such as KFC or McDonald’s, while that number in a Chinese styled fast food restaurant is usually 2-3 times as many. Such a difference naturally increases the tasks and requirements for the preparation and the cooking of the Chinese styled fast food.

\textsuperscript{21} Xinhua Net, 26-09-2002
3. Cooking of Chinese styled fast food is often done over an open fire. There are many different ways to cook, including deep fry, stir-fry, quick-fry, poach, steam, cold dishes, etc., etc., all requiring a lot of hands-on skills and experience. Cooking of the Western styled fast food is, on the other hand, most often done in a “close-fired” oven, such as baking, and roasting, etc. Given the complex and labor intensive nature of preparing and cooking traditional Chinese styled fast food, it is therefore much more challenging than western styled fast food to maintain consistent quality.

Already, and even without the new ranges of dishes he has been thinking about for the Expo, the issue of quality control at the storefront seems to be a challenge. For example, in order to counter balance Shanghai KFC’s latest breakfast congee attack, Shanghai New Asia Snacks has also come up with its own “thousand-year-old egg” congee, a traditional must-have breakfast item for most Shanghai families. However, Mr. Shen is aware that while his company’s congee tastes very good when it is freshly cooked in the morning, it is a very different story when you taste the congee in the early afternoon. As the congee is being heated continuously in the cooker, it becomes saltier and thicker over time. As a result, many stores have received customers’ complaints about salty congees in the afternoon or evening. The congees served by KFC do not seem to suffer such changes in taste or in consistence over time. This is because, at any KFC storefront, the flavoring ingredients are added to the plain congee at the time when a customer’s places his/her order, and both the cooking temperature and time are strictly controlled as well. Shanghai New Asia Snacks has received complaints relating to other issues as well. One relates to speed of service at the counters. Counter-front staffs at some stores seem to handle a normal crowd of customers well, but often got into trouble when there is a long queue of customers during peak hours. They started to drop things and to produce wrong orders. Designated cashiers were often slow producing change as well. Another matter relates to hygiene standards at some stores. In one particular incident, a staff at one store was seen mopping the floor in one moment, and collecting money and producing a customer order the next. Some staff members were seen wearing uniforms with grease spots, leaving their customers with an unclean and untidy impression.

**Business Name and Branding** If a wider range of dishes and formal dining are offered at the 2010 Expo, Mr. Shen also wonders how the current business name “Shanghai New Asia Snack” will be received by the new customers, especially by those English-speaking tourists. One thing clear in Mr. Shen’s mind is that the word “Snack” in his company’s current business name will not suite the formal meals segment of the Expo visitors.

One possible solution to this problem is for the company to have two types of outlets at the Expo sites, the original outlets carrying the name of Shanghai New Asia Snack or “Xinya Dabao” in Chinese, and a new type of outlets offering formal dining with a new name. In this case, a new name is needed for the new restaurants. Alternatively,
the company can have a new business name and/or brand name to cover both the snack and the full meal segments for Chinese and foreign diners at the Expo. No matter which option is pursued, the Board must consider a new name that has the capacity to appeal to both foreign and local customers. Options have been considered using an English based name and have it translated into Mandarin Chinese. One name came to Mr. Shen’s mind is the English word “Delicious”, which he likes very much. But the challenge is how to translate it into Chinese.

It has long been recognized in China that having a good name is an integral part of any business’s success, as the name not only reflects many years of advertising and promotion effort but also encompasses the image and goodwill of the business. In short, it is the identity of the business. Those who understand the Chinese culture and Chinese psyche would appreciate that, typically, a good business name in Chinese must not only sound prosperous but the characters used for such a name must also be carefully chosen in order to convey significant and positive meanings as well. There have been many excellent translations of well-known western brand names into Chinese in China. Some of such examples include the following:

<table>
<thead>
<tr>
<th>English</th>
<th>Mandarin</th>
<th>Pronunciation</th>
<th>Meaning in Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coca-Cola</td>
<td>可口可乐</td>
<td>Kekou Kele</td>
<td>Tasty and evoking happiness</td>
</tr>
<tr>
<td>Pepsi-Cola</td>
<td>百事可乐</td>
<td>Baishi Kele</td>
<td>One-hundred things evoking happiness</td>
</tr>
<tr>
<td>Canon</td>
<td>佳能</td>
<td>Jia Neng</td>
<td>Excellent function</td>
</tr>
<tr>
<td>Mercedes-Benz</td>
<td>奔驰</td>
<td>Ben Chi</td>
<td>Fast and steady</td>
</tr>
</tbody>
</table>

While these brands represent very different products, their Mandarin Chinese translations all phonetically very close to their English origin, and they all have very positive meanings in Chinese, indicating a good bridging of the cultural distance.

Following the above examples, several alternative Chinese translations of “Delicious” were put forward, which can be roughly divided into two groups:

1. Group one consists of two alternatives, 鼎立膳食 (pronounced as ding lee shan shi) and 典精膳食 (pronounced as dian jing shan shi). The translations, both made of two phrases, shared the same second phrase, 膳食 (pronounced shan shi, which means food). So the key difference between the two translations lies in the first phrase. 鼎立 (pronounced ding lee), the first phrase of the first translation, means top grade. 典精 (pronounced as dian jing), the first phrase of the second translation, means refined standard. So these two names convey the meaning of top quality/standard food.

2. Group two also has two choices, 鼎利膳食 (pronounced ding lee shan shi) and 得利膳食 (pronounced der lee shan shi). Once again, they both consist of two phrases, and both share the same second phrase 膳食, same as the two alternatives in the previous group. 鼎利 (pronounced ding lee), the first phrase of the first choice in this group, means most prosperous. While 得利
(pronounced de lee), of the second choice, means gaining prosperity. These two choices convey the meaning of most prosperous food or business, reflecting a key element of the Chinese business culture.

3. While the above options are very interesting, they do not in any way provide any visible link to the Shanghai New Asia Group, the owner of the company. Therefore, another alternative has also been proposed internally, combining the Group’s name and the second phrase of the above translation, 膳食 (pronounced shan shi, which means food). Together it reads New Asia Food, or 新亚膳食 (pronounced shin ya shan shi) in Chinese. This name takes the popularity of the New Asia Group, and upgrades the name of “Dabao” (snack) to a more formal and higher quality food category.

Whichever new name will be taken, Mr. Shen wonders whether the company’s current positioning strategy to “provide service, convenience and value for the people in Shanghai” will still fit or whether he needs to come up with a new positioning strategy and slogan in order to best communicate this new business/brand name to the key customers. In addition to the above, and particularly if a quality product name/image is to be adopted, he understands that a series of decisions will have to be made in order to support such a quality campaign. This would include decisions of whether or not to upgrade the current manufacturing facilities, to reformulate the current value-pricing strategy, and to come up with a new advertising and promotion strategy, to select the locations for the new stores, and to train the new staffs to be hired for these new stores, etc.

**Conclusion**

Mr. Shen certainly feels the anxiety as he ponders through these issues. He wonders if he has missed any significant issues, and what sequence he needs to follow in order to make the appropriate decisions. Since 2010 Expo is a few years down the road, he feels that he still has time before taking serious action. He wonders if he should set up a few new stores with the new menu and new name, etc., in the interim to test the market. However, he certainly does not want to give away his new ideas to his competition in Shanghai too soon.