

# Maxxis's Brand Value Tops US\$346 Million

Text & Photos: Editorial Dept.

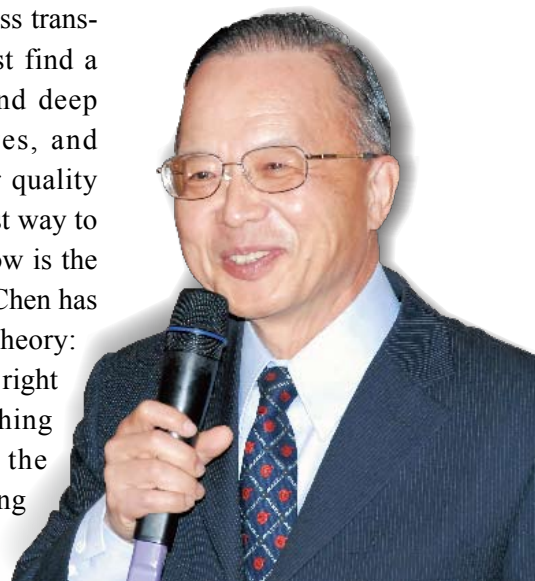
After the American subprime loan crisis intensified and ignited a global financial crisis in 2008, economic and business conditions went into a downward spiral in almost every country. Today, international firms are encountering the most severe challenges they have faced in many years. In spite of this situation, however, the Cheng Shin Group managed to maintain growth under adverse circumstances in 2008, even increasing sales by 24.5% compared with 2007 and setting an impressive new sales record of NT\$80 billion for the year. Cheng Shin has also been selected as one of Taiwan's 10 leading international brands for six consecutive years, and was ranked sixth in 2008. Cheng Shin's brand value is now reckoned to exceed US\$346 million. Credit for these successes must go to the company's new Maxxis brand marketing strategy, of which GM Wally Chen has been a key proponent.

"To really win consumers' loyalty, it's important to develop a brand strategy that is more impassioned, more appealing, and more socially responsible," said GM Chen. "The significance of a

brand is not just a business transaction—a company must find a way to implant its brand deep within consumers' lives, and give consumers a better quality of life. So what is the best way to manage a brand? How low is the probability of success?" Chen has proposed an "8 rights" theory: Right person, right time, right place, doing the right thing the right way, finding the right partners, and having the right government and right opposition party. "But even when these things fall into place, the probability of success is only 0.3% $((1/2)^8 \times 7/10)$ ." Why the factor of 7/10? "Because it is three parts luck, and seven parts hard work!"

## Successful Brand DNA

What DNA is needed to introduce and maintain a successful brand? Wally Chen suggests that there are five big prerequisites: (1) The brand name must conform to international tastes; (2) product quality and service must be superior; (3) the company must be committed to ongoing advertising and publicity; (4) the



▲ Cheng Shin GM Wally Chen believes success requires just the right combination of hard work and luck.

product must embody pioneering R&D or technology; (5) the brand's appeal must snowball. Cheng Shin's Maxxis brand has been marketed internationally from the beginning, and Maxxis tires are sold in over 150 countries. Maxxis advertisements have a strong American style, and the brand has created an American-style image. According to GM Chen, the meticulously-crafted Maxxis brand strategy has relied on Americanization to make Maxxis an international brand; apart from using an American-style name, all Maxxis ads, pub-

licity, and packaging also have a distinct American flavor, and have been localized in the United States. In addition, Maxxis has recruited brand-promotion ambassadors—and even “brand missionaries”—around the world to promote the Maxxis brand and products, while providing market information and recommending marketing strategies.

### The “Long-term Share” Idea

“While most people have the stereotyped notion that market share is crucially important for a brand, is market share all that’s needed for a successful brand?” Chen’s “long-term share” brand management concept calls for pursuit of “profit share” in addition to market share. “Brand marketing must ultimately increase a company’s profitability if it is to have a lasting, sustainable effect. It is also important to pursue “pocket share”, “mind share”, and even “lifetime share” by

making consumers faithful lifelong customers. The ultimate goal is to also make consumers’ family members, friends, and relatives brand supporters and dedicated users (“family share” and “relative share”). This is the way to build a successful brand with a secure position in the market.”



▲GM Wally Chen (left) greets Taiwan president Ma Ying Jiou (right).

### Fighting the Recession with the “5 News”

Regarding the current global economic downturn, Chen noted that, no matter how bad the economic conditions, companies must focus on their core business and try to maintain their strength. Cheng Shin has responded to the recession by drafting a “5 News” strategy targeting new customers, new markets, new channels, new manufacturing methods, and

new products in 2009. Taking “new markets and new customers” as an example, Chen pointed out that although the new vehicle market has been hit hard by the downturn, the replacement tire market still offers considerable potential. Cheng Shin will therefore strengthen its replacement tire marketing efforts in emerging markets such as Latin America, Russia, and the Middle East, and will also focus heavily on the Chinese market. Cheng Shin currently markets its tires in 153 countries, and plans to expand its marketing to 180 countries this year. In addition, Cheng Shin possesses 5,500 tire stores and dealers in Taiwan and China, and will continue to improve its quality and quantity in 2009. Cheng Shin is even willing to brave the recession by investing US\$150 million in expansion projects at its plants in Thailand and Xiamen (China).



▲Cheng Shin president Jye Luo (second from right).