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Enhance the Overseas Market Competitiveness of Chinese Cigarette Brands

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Abstract. Enhancing the competitiveness of Chinese cigarette brands on the global stage requires competition with Western tobacco companies. Factors favoring Chinese cigarette products in foreign trade analysis are numerous. To improve the competitiveness of Chinese cigarette brands in the global market, it is essential not only to venture abroad and engage in learning and research but also to have institutional and talent support.

Keywords. Cigarettes; Brands; Competitiveness; Foreign Trade

Introduction

In recent years, Chinese tobacco industry has seen a gradual increase in production and sales revenue, leading to robust economic growth. However, due to various constraints such as the management system and trade conditions, Chinese tobacco products have a relatively low dependence on foreign trade. This has resulted in weaker competitiveness in the global market compared to some renowned international cigarette brands. To seize opportunities and address challenges after joining the World Trade Organization (WTO), the Chinese tobacco industry has been exploring a development path that suits its own needs.

After joining the WTO, the State Tobacco Monopoly Administration has repeatedly emphasized that the development direction of Chinese-style cigarettes is in response to WTO challenges. Chinese-style cigarettes will be positioned with a distinct style and will establish China's position in the world tobacco industry. The development strategy of Chinese-style cigarettes will pave the way for China's tobacco industry to participate in international competition through a new path.

The administrators from the Yunnan Tobacco Group believes that the tobacco industry in China is substantial and has its own unique characteristics. Following a path with its distinct characteristics holds profound significance for consolidating the tobacco industry's position in the domestic market and participating in international competition. Currently, in the face of globalization in the tobacco industry, Chinese tobacco companies urgently need to grow and strengthen. The cultivation of highly competitive large tobacco companies depends on the internationalization of Chinese tobacco brands. In other words, Chinese tobacco companies should not rely solely on a monopoly system for protection and competition within the domestic

market but should participate in global competition to nurture their own international brands and enhance the overall competitiveness of the industry.

For many years, the tobacco industry in China has had low dependence on foreign trade. Except for a few cigarette brands like ‘CHUNGHWA’ which have a small overseas market share, most cigarette companies lack overseas marketing practices and experience due to long-term constraints from planned economies and the monopoly marketing system. The statistics from the Economic Research Institute of the State Tobacco Monopoly Administration in 2020 indicated that Chinese tobacco's actual share in international cigarette markets outside of China was less than 2.4%. China National Tobacco Corporation is one of the world's four major tobacco companies, accounting for one-third of the global cigarette market and production. However, its world market sales revenue is not commensurate with its position in the global tobacco industry. If Chinese tobacco cannot further expand its international market share, the competitive advantage of national brands in the domestic market will also be at risk.

At the National Tobacco Work Conference held in 2020, the State Tobacco Monopoly Administration proposed a new strategic goal for Chinese tobacco: to establish China Tobacco International, with a focus on China Tobacco International as the leading entity and cigarette companies as the main players. This shift aimed to change the previous reliance on import and export companies to explore international markets. By fully leveraging the centralized and unified advantages of Chinese tobacco and the advantages of scale competition, China Tobacco aimed to alter the situation where Chinese tobacco had a small sales scale, dispersed channels, and low market hierarchy in the global market. The transformation involved transitioning from general trade exports to overseas manufacturing, building sales networks, and engaging in cross-border mergers and acquisitions. As of 2020, a total of 92 domestic tobacco companies had actively attempted overseas marketing, with cumulative overseas sales reaching 6.31 million yuan. While they achieved certain sales performance, the overall international sales of Chinese tobacco faced many challenges, and there was still a long road ahead for exploration.

Efforts to Expand Overseas Markets

As early as the early 1990s, Chinese tobacco companies began to explore overseas markets through joint ventures and factory establishments abroad. In 1992, the Golden Leaf Cigarette Factory (Macau) Limited was established in Macau, with investments from the Guangzhou Cigarette Factory, Guangdong Tobacco Company, and Hong Kong Golden Leaf Tobacco International Limited. The following year, the Wenyi (Group) Limited, a joint venture between the Guangzhou Cigarette Factory and a Cambodian enterprise, was established in Cambodia, marking Guangdong China Tobacco's pioneering entry into international markets. In 1993, the Qujing Cigarette Factory established the Guogan Cigarette Factory in Myanmar, and in 1998, the Hongta Group founded the Hongta International Limited in Hong Kong. Additionally, Jilin Tobacco and Shaanxi China Tobacco explored joint production ventures in North Korea, Hainan, Romania, Mongolia, and other regions in an attempt to expand their markets.

On August 7, 2008, after the establishment of China Tobacco International Limited, the Chinese tobacco industry notably accelerated its ‘going global’ strategy, achieving certain successes in the past year. For example, Guangdong China Tobacco expanded its sales in Southeast Asia, including Singapore and Taiwan, South America, such as Panama and Chile, Peru, and South Africa, with the support of the Wenyi Company. High-end products like ‘Hong Shuangxi Shengshi’ and ‘Hong Shuangxi Yipin’ were introduced at airports in Singapore, Hong Kong, and Macau, with demand surpassing supply. In the first month of this year, Guangdong

'Hong Shuangxi' and Shanghai 'Hong Shuangxi' merged into the largest cigarette brand in China, with an annual production and sales exceeding 4 million cases, intensifying competition with the 'Marlboro' brand. From January to July 2021, Guangdong China Tobacco exported 98,000 cases of cigarettes, a 15% year-on-year increase. This included 44,000 cases of Double Happiness, which saw a 12.7% year-on-year growth, and 4,000 cases of Wuyeshen, which experienced a 45.8% year-on-year growth. Fujian China Tobacco aimed to establish a foothold in the Taiwanese market while actively expanding into South America, the Middle East, and Northeast Asia. By 2020, it aimed to create two overseas production bases and achieve annual sales of 1 billion cigarettes in foreign markets. On the occasion of the 60th anniversary of the 'CHUNGHWA' brand, plans were made to explore taxed and duty-free markets in Angola, Panama, Peru, Malaysia, Myanmar, Mongolia, and 16 other markets, including All Nippon Airways (airline) and Australian cruise lines. Simultaneously, through deepening the two-way trademark licensing cooperation with Japan Tobacco, the 'Jinlu' brand's production and sales in Russia increased by 16.2% year-on-year. Collaboration with Hong Kong Nanyang Tobacco expanded the brand's sales in Southeast Asia, effectively enhancing the influence of the Shangyan Group brand in overseas markets. Yunnan China Tobacco, following the 'market-first, factory-later' approach, achieved exports to six major target markets: Southeast Asia, the Middle East, Central and South America, Africa, Eastern Europe, and the global duty-free market. It exported cigarettes to more than 30 countries and regions. Hubei China Tobacco promoted overseas project development through brand construction seminars and other means, exchanging experiences with the Philippines in brand cultivation, market marketing, and technological innovation. Cooperation with Croatia's TDR Corporation promoted the continuous development of the 'Hongjinlong' brand in Eastern European markets, and collaboration with Canada's GRE Corporation explored the development of the Mexican market. In addition, the Hongta Group expanded into the Middle East market, the Hongyun Honghe Group explored markets in Myanmar, India, and Bangladesh, and the 'Huangshan' brand expanded into Southern European markets. All these efforts in 2021 marked significant progress in the international expansion of Chinese-style cigarettes.

Limited factors for expanding

Despite achieving some success in the overseas sales of Chinese cigarettes in 2021, there are still significant challenges ahead for their future development. In the first half of 2021, the tobacco industry in China generated a total industrial and commercial tax profit of 408.299 billion RMB, a year-on-year increase of 23.43%. However, during the same period, the total value of tobacco exports for the entire industry was only 482 million USD, and the total overseas sales volume of cigarettes was 2.079 million cases, with a year-on-year growth of 10.17%. It is evident that the contribution of Chinese-style cigarettes to the overall industry's revenue from overseas sales is still relatively low, and its growth rate is significantly lower than that of the domestic market. To achieve an export-oriented strategy, many unfavorable factors still exist.

Limited China's Tobacco Internationalization Strategy

China's National Tobacco Administration has primarily focused on maintaining the existing monopoly system and preventing international tobacco giants from encroaching on the Chinese market as its strategy for dealing with WTO entry. Under the guidance of strategies like 'big brands, big companies, big markets, big networks,' and '532' and '461,' the National Tobacco Administration has used administrative means to consolidate and restructure domestic cigarette production companies, aiming to increase the concentration of Chinese cigarette

brands and achieve the basic goal of bringing ‘cigarettes to a higher level’ for the entire industry. Fundamentally, relying on China's tobacco monopoly system, the National Tobacco Administration has adopted a defensive strategy to cope with the global competition in the international tobacco industry's globalization trend. Without firmly establishing the domestic market share for cigarettes, China has not yet taken a large-scale, diversified international competition strategy for cigarette product exports. In recent years, tobacco companies in various regions of China have begun to shift their marketing strategies, attempting to expand overseas markets, transitioning from traditional foreign trade to strengthening the development of foreign markets. However, the expansion of overseas markets is not an overnight achievement, and the production and marketing mechanisms for overseas markets still need to be explored in practice. Overall, the level of overall operation and internationalization of various tobacco companies in China is relatively low, with significant gaps in brand cultivation for internationalization, overseas investment production, overseas marketing capabilities, sales network systems, and international talent teams compared to multinational corporations. Especially, the lack of brands with strong market competitiveness and regional influence is a significant challenge facing Chinese tobacco companies.

Unstable External Environment for Chinese Cigarette Exports

The external environment for Chinese cigarette exports is not optimistic. Influenced by international laws and fluctuations in the world economy, the environment for the export of Chinese-style cigarettes is challenging. First, the previous export tax refund policy and cigarette export subsidies for exported flue-cured tobacco, tobacco leaves, and cigarettes have been gradually phased out due to WTO agreements, such as the WTO Agricultural Framework Agreement, Subsidies and Countervailing Measures Agreement, Anti-Dumping and Anti-Subsidy Agreement, and the Framework Convention on Tobacco Control. Additionally, tariffs on imported cigarette products have been gradually reduced in recent years. These changes are not favorable for the export of Chinese tobacco products. Secondly, nearly all major developed markets, such as Japan, Australia, and Western Europe, have seen declining or stagnant cigarette sales due to increasing awareness of the health risks of smoking. In many developed countries, governments impose heavy taxes on tobacco products (about 50% in Asia and around 70% in Europe) for tax revenue and public health purposes. Some countries are also enacting laws such as smoking bans in public places and mandatory plain packaging for tobacco products (e.g., Australia's plain packaging law passed in 2021), making it challenging for Chinese-style cigarettes to expand into developed markets and focusing on expanding into developing markets. Furthermore, the high level of monopoly by international tobacco giants in international markets and the complexity, volatility, and fluctuations in the international market pose significant challenges for domestic companies participating in international competition.

Lack of Well-Known Brands for Expanding International Markets

At the end of the 20th century, international tobacco companies expanded through mergers and acquisitions, resulting in a much higher market concentration of foreign cigarette brands than in China. Operating capital and talent strength for internationalization are likely beyond the capabilities of some medium-sized cigarette companies in China. Although many Chinese cigarette companies have shown interest in overseas markets and have made initial attempts to explore international cigarette markets, the concentration and sales volume of exported cigarettes are not promising. In the 2021, the total accumulated sales of cigarettes for the entire industry in foreign markets reached 4.17 million cases, involving over 70 cigarette

brands. However, the top 10 brands accounted for 59.2% of the total sales, and only four brands had sales exceeding 200,000 cases. This indicates that the concentration of Chinese exported cigarette brands is relatively low, and there is a significant gap between Chinese brands and international major brands.

Exploration Needed for the Expansion Channels of Chinese-Style Cigarettes

In order to expand the scale of overseas sales, the National Tobacco Administration has explicitly proposed to actively promote 'local production and local sales' and accelerate the shift of the 'going global' development focus to be 'moved abroad,' aiming to compensate for the shortcomings of the general trade export business model. Undoubtedly, this approach helps companies quickly understand the market demands of target markets, produce and deliver products that are suitable for local consumers. However, the construction of the overseas market for Chinese-style cigarettes is still in its early stages, especially in taxed markets where the development foundation is weak. Some new markets show significant fluctuations in sales. There is also a lack of targeted sales channels, extensive retail networks, well-matched business mechanisms, and competitive marketing teams. Against this backdrop, 'local production and local sales' undoubtedly pose significant risks for most Chinese cigarette companies. Some cigarette companies have scattered their sales efforts in overseas markets, lacking focus and solid marketing network construction, resulting in weak market competitiveness. Some key cigarette brands for export still primarily target duty-free shops as their main market or focus on overseas Chinese consumers, failing to integrate into taxed markets and mainstream consumer groups abroad, and lacking in-depth development for expanding international markets. The expansion of China's tobacco industry into overseas markets is mainly limited to tobacco industry enterprises, and the involvement of tobacco commercial enterprises from various regions is limited. The research and exploration of how to change the habits of foreign consumers to smoke mixed-type cigarettes using Chinese flue-cured tobacco is still urgently needed.

Opportunity for expanding

Although there are some limited factors in the internationalization of Chinese cigarette brands, there are also many opportunities and favorable conditions.

Overseas Development Strategy as an Inevitable Trend

The strategy of overseas development is a natural progression for the Chinese tobacco industry. This is partly due to the need for international trade reciprocity. Some major international tobacco companies have smaller cigarette sales in their home countries but significant sales outside their countries due to factors like developed countries' social and legal environments. For example, in 2003, global independent tobacco companies like Philip Morris had only 24% of its sales in the United States. British American Tobacco had only 1% of its sales in the United Kingdom, and Japan Tobacco had 55% of its sales in Japan. Currently, multinational tobacco companies are trying to penetrate the Chinese market faster using their strong brands, capital, and technology. They are developing products tailored to Chinese consumer preferences and attempting to expand market share with powerful marketing measures. For example, British American Tobacco sells the '555' brand of cigarettes in the Chinese market, specifically designed and produced for the Chinese market. Imperial Tobacco, Gallaher Tobacco, Philip Morris, and Japan Tobacco are all trying to collaborate with Chinese tobacco companies on technology and brand marketing, while China lacks corresponding

overseas development measures. Therefore, from the principle of trade reciprocity, the internationalization of Chinese cigarette products is an inevitable trend for economic development.

Gap in the World Market for Chinese Cigarette Types

There is a gap in the global market for Chinese-style cigarettes. International cigarette types are divided into English-style flue-cured tobacco cigarettes, American-style blended cigarettes, French-style dark air-cured tobacco cigarettes, and Middle Eastern flavored cigarettes. The first two are the mainstream types of cigarettes worldwide, with American-style blended cigarettes dominating the international market, accounting for 70% of the global cigarette market, excluding China. Chinese-style flue-cured tobacco, derived from English-style flue-cured tobacco, has developed into a unique type characterized by low ash content, mild smoke, elegant aroma, and a long-lasting taste. However, it has always had limited sales overseas, which provides room for Chinese cigarettes to expand in the international market.

Alignment with China's 'Going Global' Strategy

The overseas marketing of Chinese-style cigarettes aligns with China's 'Going Global' strategy. China's tobacco companies were traditionally controlled by planned economies and did not consider exporting overseas. However, in December 2011, General Secretary Hu Jintao reiterated at the 10th-anniversary high-level forum of China's accession to the World Trade Organization that China would further adhere to the dual strategies of 'bringing in' and 'going out' to deepen foreign economic and trade cooperation and promote common development with countries worldwide. China will continue to expand its opening-up in various fields, not only welcoming foreign investors to invest in China or establish research and development centers but also accelerating the implementation of the 'going out' strategy. This policy provides support and guarantees for domestic tobacco companies to go international from the national strategic level.

Monopoly System's Role in Resisting Foreign Cigarettes

The monopoly system is conducive to resisting foreign cigarettes and nurturing domestic cigarette brands. China's government has retained the tobacco monopoly system in two accession agreements signed with the United States and the European Union. Looking at the long-term development trend, the eventual cancellation of the tobacco monopoly system in China is inevitable. However, at present, the existing monopoly system not only restricts the rampant presence of foreign cigarettes in China but also provides strong institutional support for the development and growth of domestic cigarette brands. International tobacco companies like Philip Morris, British American Tobacco, and Japan Tobacco have advantages in terms of scale, capital, technology, talent, brand, and marketing compared to individual Chinese tobacco companies. In terms of competition between individual companies, it is challenging for any Chinese tobacco company, including Shanghai Tobacco Group and Hongta Group, to compete with multinational tobacco companies like those from the United States, the United Kingdom, and Japan. However, when foreign cigarettes enter the Chinese market, they face over 100 domestic tobacco producers and various local tobacco commercial enterprises. Currently, China allows some foreign tobacco companies to produce in joint ventures with domestic tobacco companies, but foreign capital does not have the right to directly invest in Chinese tobacco leaf and cigarette production. Therefore, the institutional advantage of the tobacco monopoly system is conducive to strengthening the specialized management of the domestic cigarette market and

advancing the implementation of China's 'raising the quality of cigarettes' strategy. In the coming years, competition in China's tobacco industry is likely to be a multipolar competition pattern among domestic cigarette brands, domestic cigarettes and foreign cigarettes, and foreign cigarettes in China. This also provides valuable time for the development and growth of Chinese tobacco companies, their familiarity with, and participation in, the international market competition.

Increased Sales Volume through Overseas Marketing

Unlike many other Chinese manufactured products that are widely sold worldwide, the dependence of Chinese cigarette products on foreign trade is low, which limits the expansion of Chinese cigarettes in the world and their growth. Currently, among state-owned enterprises in various industries in China, tobacco companies with good profitability have the strength and willingness to develop international markets and conduct overseas marketing. The development of Chinese cigarette companies and the development of national cigarette brands are complementary. Consolidating the domestic cigarette market and expanding the overseas market will not only enhance the international competitiveness of Chinese cigarette brands but also contribute to the realization of China's 'big brands, big companies, big market, and big network' strategy. Due to the influence of planned economies, the 'big market, big brand' pattern of the domestic cigarette market has not been fully realized. The differences in taste and habits of cigarette consumers in various regions in China have a high dependence and brand loyalty to local cigarettes, which hinders the cultivation of Chinese cigarette brands in the domestic market. It will take time to fundamentally change this situation. Globally, despite the impact of the global anti-smoking movement, global cigarette sales are still experiencing slight growth, and cigarette consumption is shifting towards developing countries. Expanding overseas cigarette consumption markets may make it possible for Chinese tobacco companies to seek more business opportunities and improve their understanding, attention, and research of overseas consumers.

Economic Development of Rural Areas in Tobacco-Growing Regions

Increasing overseas sales of Chinese cigarettes can drive the economic development of rural areas in tobacco-growing regions. Over 24 provinces in China have more than 5 million households engaged in tobacco leaf cultivation, which has become an important source of tax revenue for local governments. Provinces such as Yunnan, Guizhou, Henan, and Sichuan account for more than half of China's total tobacco production value. Due to changes in tobacco leaf quality, market fluctuations, and China's regulation of tobacco production quantities, China's tobacco leaf production often experiences significant fluctuations. For example, in Yunnan Province, tobacco leaf production value fluctuated between 8.7% and 15% of the total agricultural output value from 1997 to 2000. It can be seen that fluctuations in tobacco leaf cultivation and production significantly impact the economy of major tobacco-producing provinces. However, according to surveys conducted by Hu Dewei, Mao Zhengzhong, and others, due to policy regulation and the impact of production fluctuations, the government's purchase price for tobacco leaf has always been low. There has been a phenomenon where the scale of tobacco leaf cultivation does not correspond to economic benefits, leading to a very small contribution of tobacco leaf cultivation to China's agricultural economy and a negligible improvement in rural farmers' income. It can be predicted that if China adopts a strategy of expanding overseas for cigarettes, an increase in overseas cigarette sales will inevitably lead to an increase in tobacco leaf prices and cultivation area. If the country cooperates with

corresponding adjustments in tobacco leaf cultivation tax policies, then tobacco leaf cultivation can generate positive economies of scale, further improving the economic conditions of tobacco-producing regions and providing employment for a significant number of rural populations.

Discussion on the Path to Enhance the Overseas Competitiveness of Chinese Cigarette Brands

Firstly, it is crucial to deepen the strategic research on expanding the international market. We need to liberate our thinking and have a profound understanding that expanding into the international market is an inevitable requirement for the development of China's tobacco industry. Participating in international market competition is an effective way to enhance the competitiveness of our enterprises. China Tobacco must further strengthen the sense of urgency and responsibility for expanding its international market strategy. It should conduct a scientific analysis of the complex and ever-changing international situation, accurately grasp the development trends of the international market, and promote overseas market development with a fresh perspective and broad vision. Industrial enterprises should consider implementing the "going global" strategy as a major development strategy and increase incentives while ensuring effective implementation. Commercial enterprises should leverage their marketing advantages, identify key areas for expanding the international market, and strive to achieve a qualitative leap in China Tobacco's international competitive level. The strategic planning of each tobacco company should be closely aligned with its own circumstances and the conditions of the target market. For example, Yunnan China Tobacco has formulated a strategy focusing on "three key areas" and achieving "five transformations." The "three key areas" involve cultivating key brands, expanding key markets, and creating key overseas enterprises. The "five transformations" refer to shifting the focus from general trade to brand cultivation and market refinement, transitioning from multi-brand trading to focusing on renowned brands, moving from primarily flue-cured tobacco to mixed-type products, evolving from a passive approach to an active one, and shifting from relationship-based marketing to a self-centric approach. Hubei China Tobacco, on the other hand, has adhered to the principle of "one customer, one market, one port, one brand." They strive to transition product sales from duty-free markets to taxable markets, shift from a single specification to multiple specifications in product variety, change from low-end to high-end product specifications, and transform their loose sales network into a tightly-knit one, among other transformations. These strategic approaches reflect the adaptability of different regions and companies within the China Tobacco industry, aiming to meet specific market conditions and drive international expansion.

Secondly, it is essential to explore the methods, objectives, and key aspects of expanding into the international market. We should further refine the objectives and tasks for expanding the international cigarette market. When exploring the international market, there should be innovations in key brands and changes in expansion methods. Particular attention should be paid to countries that joined the World Trade Organization (WTO) but have not yet joined the Framework Convention on Tobacco Control (FCTC), as well as developing countries that are relaxing their tobacco monopoly systems and some developed countries in Europe and America. Efforts should be made to conduct comprehensive market research, exploring the structure, characteristics, and gaps in cigarette categories in target markets. Research and development should focus on producing cigarette brands and specifications that cater to the tastes of overseas consumers, facilitating a strategic market positioning in overseas target markets. Additionally, it is crucial to improve the system for protecting intellectual property

rights abroad and proactively register trademarks for key and well-known cigarette brands. For companies with the capability, extensive research should be conducted on overseas markets. This includes not only focusing on markets among overseas Chinese communities but also exploring taste preferences suitable for developed countries in Europe, America, and certain developing countries. After researching the preferences, categories, and styles of cigarette consumption in target international markets, tailored and improved cigarette products should be introduced. Throughout the market expansion process, it's important to monitor the sales performance of Chinese cigarettes overseas and develop brand marketing strategies and product categories tailored to local preferences. Efforts should be made to enhance the visibility and reputation of Chinese cigarette brands in the target markets and cultivate a loyal consumer base for Chinese-style cigarettes in international markets.

Thirdly, it is crucial to be adept at learning from international experiences. We should draw inspiration from the branding strategies, market promotion strategies, product marketing strategies, and cultural cultivation strategies of major international tobacco companies. We should also study the effective control methods that British and American tobacco companies employ over channels and end-users. Learning from their online direct sales operations, methods for categorizing and managing end-users, and optimizing relationships with channel members is essential to ensure the achievement of marketing objectives. In the post-Framework Convention on Tobacco Control (FCTC) era, many countries have already restricted the dissemination of tobacco brand information. In response, we should vigorously promote the traditional advantages of nurturing Chinese cigarette brands. This includes intensifying efforts in brand culture development and continuously conveying relevant information about Chinese cigarette brands to overseas consumers. We should gradually enhance the cultural appeal of Chinese cigarette brands and promote their development abroad from a cultural perspective. Furthermore, we should pay attention to the interests and demands of local consumers. Building on a brand culture that aligns with both the company's and consumers' value systems, we should incorporate and respect the cultural characteristics of the local population in packaging design and marketing strategies. Seeking common values between producers and consumers can enhance social recognition. Secondly, it is essential to establish overseas research and development institutions and export processing bases for Chinese cigarette products as quickly as possible. These facilities should be responsible for researching and developing cigarettes for specific markets, creating conditions for cigarette exports. Lastly, we should further explore innovations and strengthen the construction of marketing networks through various methods such as self-establishment, joint ventures, and cooperation.

Fourth, it is essential to enhance the collaboration between industry and commerce in overseas marketing. Due to the specialized and monopolistic nature of cigarette sales, Chinese tobacco production companies often have limited capabilities in cigarette marketing. Expanding into overseas markets requires close cooperation between the tobacco industry and commercial enterprises to conduct effective market research and product sales. Industrial production companies should increase their investment in technology and research and develop consumer product categories that are suitable for the characteristics of the local market. Commercial enterprises should intensify their market research efforts for overseas markets, facilitate information sharing between industry and commerce, and harness the combined marketing strength of both sectors to effectively penetrate overseas markets.

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