

Marketing fashion to china assignment

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Notes about the final paper: * Consumer model (fishbein, behavioral) * Gate keeper, influencer(celebrities, friends).... roles of people? * Buying process * Buying motives * High quality @ low price? * Maslow? If you see a behavior and you need to change it, how do you change it? ***the behavior we need to change is to get our target customers to make the switch to Mia since we're a new brand. Ex...stealing customers from H; M We need to develop brand loyalty? How? avatars? China's Profile All of China has more than 1.3 billion people.

There is a super-group of purchasers within this large country that range in age from 16 ??? mid-30s. Its gross domestic product per capita has also rocketed from RMB7, 651 (US \$1, 113. 02) in 2001 to RMB22, 735 (US \$3, 307) in 2008, more than tripling over that period of time. This has lead to a huge increase in spending especially on consumer goods, for example, apparel. According to the National Bureau of Statistics of China, the total retail sales of consumer goods in 2008 exceeded RMB 10, 000 billion (US \$1, 454. 7 billion), a tripling of the RMB, 3, 759. billion (US \$546. 9 billion) in 2001. China's economy grew by 10. 2% in 2005 and 10. 7%. As jittery consumers in the West have tightened their belts in hope of weathering the financial woes, emerging markets like China have become a panacea for multinational businesses. Although many brands still admit that China is quite complex market to enter, however, just because of its diverse possibilities, more potential markets can be rendered. At present, the consumption of Chinese young generation forms a thriving market.

Because young consumers are usually impressed with a positive, up-market perception of foreign department stores, and they tend to become more

brand-oriented than purely price sensitive, and willing to pay a premium for better quality. Therefore, Mia can take advantage of this to further set up their brand image. China is a member of the World Trade Organization. Only companies or institutions authorized by the Ministry of Foreign Trade and Economic Co-operation (MOFTEC) can run foreign trade operations. The customs duties and taxes on imports is 8.37% (according to UNICTAD) which is a relatively low rate.

To reduce customs clearance time, certain companies can, in cases where description, specification and quantity of import of goods are determined, imports are dispatched, before the arrival or in the 3 days which follow the examination of the goods directly and will release the goods after their arrival. Trademarks and Design Patent Law last for 10 years. The average work week in China is 40 hours. The average retirement age is 55 years old for women and 60 years old for men. There is no legal minimum wage in China. The average monthly gross earnings in China is CNY 1,868 (USD 273).

Social security contributions paid by employers is 60% and the social security contributions paid by employees is 11%. China is a 'collectivist' society group prevailing over the individual. As a result, Chinese consumers largely 'adhere' to the standards and rules of the group to which it belongs. Enormous passion for golf in China (1 million golfers) during the last few years, testifies to this need to belong to a group (the affluent) and the consequent conformity of attitudes of individuals to the group expectations. Also, advertising promotions in China frequently directs groups rather than individuals.

Today, the single child generation wants to live a very good life and thus spend (education, luxury items, consumption goods), especially in large cities. The consumption is often ostentatious as witnessed by the explosion in the number of luxury cars in the Peoples' Republic of China, as to the need for conformity with the reference group, there are hardly any individuals ready to run the social risk of being different as compared to their reference group. Contrarily, once a product is adopted by the reference group, the passion is extremely rapid and to a wider extent. It is not a single China, but many Chinas.

The middle-class represents approximately 240, 000, 000 people, according to the Academy of Social Sciences of China; 105 million urban Chinese households, primary on the coastal strip, should have more than 25, 000RMB per annum in 2009. The Chinese consumer is very brand sensitive. Chinese consumers feel that price is an indicator of the quality of a product. Price and sale service are the most important selection criteria. On the other hand, aspects such as guarantee, possibility of product refunds are less important. Generally, it is of great importance to the Chinese to get information research on a product, before purchasing it.

The independent information source is the word of mouth. Chinese consumers are eager to find out what is available, particularly as regards foreign products. They are very curious about foreign products. Shanghai's Profile Economy and Demographics Shanghai is often regarded as the center of finance and trade in mainland China. Modern development began with economic reforms in 1992, a decade later than many of the Southern

Chinese provinces, but since then Shanghai quickly overtook those provinces and maintained itself role as the business center in mainland China.

Shanghai also hosts the largest share market in mainland China. Shanghai is one of the world's busiest ports. In 2005, Shanghai ranked first of the world's busiest ports in terms of cargo throughout, handling a total of 443 million tons of cargo. In terms of container traffic, it is the third busiest port in the world, following Singapore and Hong Kong. The 2000 census put the population of Shanghai Municipality to 16. 738 million, including the floating population, which made up 3. 871 million. Since the 1990 census the total population has increased by 3. 396 million, or 25. 5%. Males accounted for 51. %, females for 48. 6% of the population. 12. 2% were in the age group of 0-14, 76. 3% between 15 and 64 and 11. 5% were older than 65. 5. 4% of the inhabitants were illiterate. As of 2003, the official registered population is 13. 42 million; however, more than 5 million more people work and live in Shanghai undocumented, and of the 5 million, some 4 million belong to the floating population of temporary migrant workers, a large proportion of whom are from Anhui Province as well as Jiangsu and Zhejiang Provinces. The average life expectancy in 2003 was 79. 80 years, 77. 78 for men and 81. 81 for women.

Shanghai and Hong Kong have had a recent rivalry over which city is to be the economic center of China. The city had a GDP per capita of ? 55, 153 (ca. US\$ 7, 116) in 2006, ranked no. 1 among all 659 Chinese cities. Hong Kong on the other hand, possessed an unparalleled GDP of ? 310, 021 (ca. US\$ 37, 400). Hong Kong has the advantage of a stronger legal system, international market integration, superior economic freedom, greater banking and service

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expertise. Shanghai has stronger links to both the Chinese interior and the central government, in addition to a stronger base in manufacturing and technology.

Shanghai has increased its role in finance, banking, and as a major destination for corporate headquarters, fuelling demand for a highly educated and modernized workforce. Shanghai has recorded a double-digit growth for 14 consecutive years since 1992. In 2005, Shanghai's nominal GDP posted an 11.3% growth to 915.4 billion yuan (US\$117 billion). As in many other areas in China, Shanghai is undergoing a building boom. In Shanghai the modern architecture is notable for its unique style, especially in the highest floors, with several top floor restaurants which resemble flying saucers.

For a gallery of these unique architecture designs, see Shanghai (architecture images). The bulk of Shanghai buildings being constructed today are high-rise apartments of various height, color and design. There is now a strong focus by city planners to develop more "green areas" (public parks) among the apartment complexes in order to increase the quality of life for Shanghai's residents, quite in accordance to the "Better City – Better Life" theme of Shanghai's Expo 2010. Historically very Western in lifestyle, Shanghai is increasingly a critical center of communication with the Western world.

Examples include the opening of the Pac-Med Medical Exchange in June of 2004, a clearinghouse of medical data and a link between the Chinese and westernised medical infrastructures. In medicine and other humanitarian

fields, China is actively seeking input of first world nations to improve living conditions and trade status. Arguments for and against modern Chinese leadership question the genuine influence the influx of western culture and technology will have on vast Chinese interior, outside of the densely populated, often visited urban centers.

The Pudong district of Shanghai contains contemporary architecture and “modern”-feeling districts, in close proximity to major international trade and hospitality zones. Visitors to Shanghai find free public parks manicured to startling perfection; in distinct contrast to the massive industrial installations which reveal China’s emerging environmental concerns. Shanghai’s international diversity is perhaps the world’s foremost window into the rich, historic and complex society of today’s China. Geography and Climate

Shanghai faces the East China Sea (part of the Pacific Ocean), and is bisected by the Huangpu River. Puxi contains the city proper on the western side of Huangpu River, while an entirely new financial district has been erected on the eastern bank of the Huangpu in Pudong. Shanghai has a humid subtropical climate (Koppen climate classification Cfa). Shanghai experiences all four seasons, with freezing temperatures during the winter season and a 32 degrees Celsius (90 degrees Fahrenheit) average high during the hottest months of July and August.

Temperatures extremes of -10C (14F) and +41C (105F) have been recorded. Heavy rain is frequent in early summer. Spring starts in March, summer in June, autumn in September and winter in December. The weather in spring, although considered the most beautiful season, is highly variable, with

frequent rain and alternating spells of warmth and cold. Summer is the peak tourist season, but is hot and oppressive, as the humidity makes it almost impossible for people not used to the environment to breathe properly.

Clothes tend to get fairly wet after minutes of walking. Autumn is generally sunny and dry, and the foliage season is in November. Winters are typically grey and dreary, with little or no snowfall. The city has a few Typhoon spells during the year, none of which in recent years have caused considerable damage. Shanghai is the financial and trade center of China. It began economic reforms in 1992, a decade later than many of the Southern Chinese provinces. Prior to then, much of the city revenue went directly to the capital, Beijing, with little return.

Even with a decreased tax burden after 1992, Shanghai's tax contribution to the central government is around 20-25% of the national total (Shanghai's annual tax burden pre-1990s was on average 70% of the national). Shanghai today is the biggest and most developed city in mainland China. The 2000 census put the population of Shanghai Municipality to 16. 738 million, including the floating population, which made up 3. 871 million. Since the 1990 census the total population has increased by 3. 396 million, or 25. 5%. Males accounted for 51. 4%, females for 48. 6% of the population. 2. 2% were in the age group of 0-14, 76. 3% between 15 and 64 and 11. 5% were older than 65. 5. 4% of the inhabitants were illiterate. As of 2003, the official registered population is 13. 42 million; however, more than 5 million more people work and live in Shanghai undocumented, and of the 5 million, some 4 million belong to the floating population of temporary migrant workers. The average life expectancy in 2003 was 79. 80 years, 77. 78 for men and 81. 81

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for women. Shanghai and Hong Kong have had a recent rivalry over which city is to be the economic center of China.

The city had a GDP of ? 46, 586 (ca. US\$ 5, 620) per capita in 2003, ranked no. 13 among all 659 Chinese cities. Hong Kong has the advantage of a stronger legal system and greater banking and service expertise. Shanghai has stronger links to both the Chinese interior and the central government, in addition to a stronger base in manufacturing and technology. Since the handover of Hong Kong to the PRC in 1997, Shanghai has increased its role in finance, banking, and as a major destination for corporate headquarters, fueling demand for a highly educated and modernized workforce.

Shanghai's economy is steadily growing at 11% and for 2004 the forecast is 14%. The Chinese Market A study done by Accenture based on preferences and attitudes of customer segments in China found that “ Chinese consumers were not as influenced by traditional marketing channels, such as direct mail and print ads, as consumers elsewhere in the world. Instead, they relied on recommendations from the people they know, product reviews, endorsements and digital media, including online advertising, multimedia kiosks and digital signage. A common theme among all segments was trust and reliability.

According to the study, 81 percent of survey respondents, on average, said that being trustworthy is the most important attribute of a brand when making buying decisions across all product categories. “??? 9~~ The least important attribute was a company's contribution to the community ??? seen as import by only 30 percent of respondents on average. A firm

understanding of beliefs, values and decision drivers are required to create and offer distinct products and services that can ultimately win the trust of Chinese consumers. Fashion Market in China

Although many brands still admit that China is a quite complex market to enter, however, just because of its diverse possibilities more potential markets can be rendered. At present, the consumption of Chinese young generation forms a thriving market. Because young consumers are usually impressed with a positive, up-market perception of foreign department stores, and they tend to become more brand-oriented than purely price sensitive, and willing to pay a premium for better quality. Therefore, operators can take advantage of this further set up their brand image. Take China's fashion retailing business as an example.

Based on data released by the Bureau, 967 retailing chain store enterprises were found nationwide in 2003, of which 64 belonged to the department store category. By 2007, the number had climbed to 1, 729 including 109 department stores. Thus, China's fashion retailing industry can be said to have enjoyed a boom over the intervening years. Many renowned international brands have eyed China with longing, and started stylish fashion chains and brands such as H&M, ZARA, Mango, Sisley, Coach, Max Mara and Folli Follie, to name just a few, have established branches in China.

The emergency of these trends highlights a subtle change in the fashion retailing pattern in the country. The number of malls and department stores that have arisen in China over the last ten years is vast, however, in the last several years the department store has seen a drop off and the stand-alone

store has become the new shopping venue. Whether in a mall or literally standing alone, these stores have taken the place of the traditional department store experience in China. The appeal of these large stores has fallen to the wayside.

They have also had the problem that they were just not large enough to accommodate all of the products that the Chinese are interested in purchasing. Therefore, the shopping experience has moved to buying at individual stores for items-specialized stores for each type of item. Also, with international brands becoming more and more popular, people were no longer as satisfied with the traditional mode of shopping and were rapidly captured and dazzled by large shopping malls full of smaller specialized stores for fashion, entertainment, leisure, for example.

Cathy Hau, deputy general manager of Shanghai Times Square said “ The limited display space of the traditional department store hinders its development”. The shopping mall emphasizes the individual brand’s personality. Each shop is delicately decorated to match customers. Also, the mall brings them a novel high-end shopping experience. This concept is a real breakthrough for the retailing business. Taking all of this information in to account, the successful international brands are choosing to set up stores in malls and standalone hops in the major Chinese cities. After political changes in China allowed international brands to move into China consumers were over-whelmed with new choices. Their eyes were opened up to consumer options. The market that has been influence the most by these changes and has the most buying power is women between 25 and 40. Their desire to be fashion forward includes the purchase of tops, bottoms, skirts,

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dressess, shoes, jewelry, handbags, etc. H; M and Zara, for example, have become even more popular in China now due to the trend.

Their clothes, jewelry, and accessories are reasonably prices, and these two brands are very god at using lower-cost materials to create stylish chic items, successfully winning the hearts of millions of women in China. In just a few years, H; M has already opened four stores in Shanghai, two in Nanjing and one in Changzhou, Shenzhen and Wuxi respectively; while its competitor Zara has also launched five stores in Shanghai, three in Beijing, two in Hangzhou and Shenzhen and one in Nanjing, Harbin and Tianjin. As well as the middle-priced clothing lines, the high-end lines are also seeing a immense success in China.

In recent years, with the access to the international lines, Chinese women have enormously extended their fashion sense. In the international cities especially, young women are really into brand names-the more famous the brand and the stronger the advertising, the greater the success within China. The cosmopolitan cities and fashion hubs of China, namely Shanghai, Beijing, Shenzhen and Guangzhou, undoubtedly receive first priority as locations for brand promotions. Apart from these rapidly growing cities, the burgeoning economy also stimulates the development of smaller cities.

More global brands are expected to come and participate in this market turf war. Likewise, the Times Square shopping centre recently expanded to Dalian and Ms. Hau believes that more and more world-known fashion chain stores entering China reveals the transformation of both the fashion retailing business and transformation of both the fashion retailing business and its

consumers, and that the country will soon be well connected to international trends. Owing to the great and sound success achieved by others, plenty more brands will be attracted to venture into China, further reinforcing the existing prosperity.

She holds high hopes for the development of China's fashion retail business, and certainly for its young fashion market. As other markets shrink, China continues to move forward and expand as an international selling site. China is Nike's second-largest market after the U. S. for clothing sales, and the company says that while sales in its home U. S. market in its March-May quarter fell 2 percent from a year earlier, they rose 6 percent in China. This number is even more impressive because it is based on the Olympic sales year of 2009 in which sales jumped 60 percent.

The six percent increase is based off of this increased base amount. This is an extreme boost even for Nike. Another U. S. based young clothing company seeing success in China is Huntington Beach, California based Quiksilver. " Quiksilver Inc. opened its 47th and biggest outlet in China in April ??? a 3, 300 square-foot flagship store in Shanghai. The Chinese love their stores and they love them to be huge! When an international store attempts to enter the Chinese market they need to be prepared to go big when it comes to store size.

Anything would be an insult to the Chinese consumer. For example, a brand entering the market that wants to ' play it safe' and open a small store first to test the Chinese market response will most likely see failure. This small store would be seen as offensive to young consumers. They want to see a

brand store with multi-levels and a flashy location. “ The China market is extremely important to Quiksilver. It’s huge”, said the company’s Greater China general manager, Cathey Curtis, in an e-mail. Curtis said “ Quiksilver plans to open more outlets in China this year”.

Quiksilver’s worldwide revenue plunged 17 percent from a year earlier in its latest quarter to \$494. 2 million. Curtis declined to give figures for China, but said that the global slump has had little to no impact on its China market. Young Consumers in China Chinese youths ages 16 to 30 form an emerging consumer class eager to embrace new products and life experiences and packing an estimated \$135 billion in spending power, according to a new lifestyle study by Pearl Research. Chinese youths brand preferences, music preferences, and urban slang are all evolving ??? in different ways across many micro ??? markets.

Allison Luong, Managing Director of Pearl Research says, “ Pearl Research has coined the term the Phoenix Generation to describe his cohort of 16-30 year olds in China”. This term aptly describes the emergence of this consumer class in China, eager to embrace new products and life experiences. However, to effectively reach this group, international marketers need to acknowledge their diversity. There are different micro-markets of Chinese youth, each with their own brand preferences and spending habits. China has 320 million young people between the ages of 16 and 30.

Rising incomes, growing urbanization, and an economy that has grown 10 percent annual from 1979 to 2006, have resulted in a consumer boom in China-and a highly prized demographic for international marketers. Among

all purchases in China's youth market, the symbolism culture is most strongly evidenced in young people's apparel preferences. Most of them prefer to pay set prices for brands because of the belief that owning brands conveys prestige and status. This symbolism culture can also be applied to the marketing of luxury fashion goods in China. " For young people, the main luxury purchases consist of smaller personal items such as apparel.

In purchasing luxury brands, young people are generally less pragmatic than the average Chinese consumer because they value the symbolism and want to show others that they have a good life and good taste. Although young consumers are less tradition bound, craving fashionable and brand names, they are still restricted by some Chinese traditional values and beliefs, such as balancing quality, price, and utility. The combination of traditional and modern ways manifests itself in young consumers' choices of what they wear and their apparel purchasing preferences and patterns.

As much as young consumers crave fashionable brands and foreign products, they do not blindly buy Western brands or recklessly chase luxury symbols. Rather they are savvy shoppers who look for quality at a good price. In sum, young Chinese consumers are the most active, energetic, and influential members of China's booming economy. They represent the rapid changes undergone in Chinese society, and they are going to shoulder the responsibility of building China's future in various fields.

As we recognize this consumer group as defining China's new consumption patterns in taste and spending, new opportunities arise to target and meet their needs. Young Chinese consumers continue to have a significant impact

in forming the world's view of China as an exciting and dynamic marketplace. So, for those international brands eager to expand into China, it is essential to carefully select products, control quality and do appropriate promotions and effective advertising. " ??? 8~~ Six Distinct Target Markets in China

Companies seeking to capture the attention of the increasingly brand-savvy Chinese consumer need to tailor their marketing strategies in response to the preferences and attitudes of three distinct customer segment in China that are most open to buying foreign brands, according to a global study released by Accenture. The study, based on an online survey of more than 1,000 consumers in urban and suburban areas in China, identified six distinct customer segments in China, including three that have stronger preference for foreign brands and the brand characteristics they value most. . According to the findings, the consumer segment most likely to purchase foreign brands is the ' Young Royals,' which consists of young college ??? educated adults, mostly women, who are more affluent, free-spending and keenly interested in foreign brands. This segments was twice as likely as any other segment to buy newly introduced brands (28 percent vs. 14 percent or less for other segments) and the most likely to say they want to be the first to test new brands (43 percent vs. 32 percent or less in other segments). 2.

Two segments likely to purchase foreign brands are: the ' Aspirational' ??? young male and female consumers who, like the ' Young Royals,' are highly brand-conscious and aspire to have the ' latest and greatest,' but whose lower income makes them unable to buy whatever they want. 3. And the ' Established Money' segment – higher-income men and women who, like the ' <https://assignbuster.com/marketing-fashion-to-china-assignment/>

Young Royals,’ want the latest in technology and high-end, exclusive products. However, those in the ‘ Established Money’ segment value brands that are well recognized in the market. 4. ‘ Patriots’ ??? male, predisposed towards purchasing domestic brands 5. Value Buyers’ ??? heads of household who buy for practical reasons not status 6. ‘ Brand Apathetics’ ??? students with no income and no interest in buying brand names “ During the past decade, the Chinese marketplace has emerged as an important, but challenging business target in today’s global economy, with consumers whose buyer values and purchasing habits have evolved dramatically,” said Woody Driggs, Managing Director of Accenture’s Customer Relationship Management practice. Shanghai Mia’s Corporate Mission Mia describes its mission as “ Fashion and quality at the best price”.

Mia’s current goals are to intensity sales in existing stores, as well as to increase the number of new stores by 14% per year. Meet “ Mia” Hello. My name is Mia Ngyen. I would like to introduce myself. I am 23 years old. I have lived in Shanghai my entire life. I am fluent in Mandarin, French, and English. I love talking to my friends on my mobile phone. I mostly hang out a western style bars and discos, even on weekday evenings. Most of my friends work at Internet start-ups or western firms-like I do. I am easily becoming adapted to western ways. My family would say that I am a product of modernization and global marketing.

I would just say that I am going with the times! I loved high school and excelled easily. I always knew that I would go to college-my family would never accept any different. I graduated near the top of my class in college. College was hard, but I made a lot of great friends that I still talk to every

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day. I had many great experiences in college. One of my favorites was that I traveled to London for a semester abroad. London was amazing. I love doing new, different, and exciting things as often as I can. I enjoy trying new things. I missed my family and friends, but it was a great experience to be on my own.

I still live with my parents and I am obviously an only child. I used to spend a great deal of time with my family, but lately I am too busy exploring to do so. My grandparents live upstairs and across the street. We are a very close family. Although this is true, they don't always understand me or the choices that I make. They like my friends, but my family thinks that they are a bit crazy. I like being an only child. I am used to it. All of my friends are only children, so we just don't know any different. As an only child I get tons of attention from my family.

I also tend to get whatever I want-all I have to do is ask. I always have my friends, so I don't get lonely. I talk to my friends all day and night on my latest cell phone. We are constantly calling and texting. My family is very supportive of my job, but they look forward to my getting married soon. I don't want to get married just yet. I have a great boyfriend that I met in college, but I am not sure if he would really want to marry me. I mean, who would want to marry me? How could anyone love me? -Especially forever? I don't always feel very good about myself. I don't think that I am very pretty.

I try to be pretty by getting my hair done, doing my makeup and wearing nice clothing, but I am still unsure. I always stay on top of the latest trends, so that my boyfriend and friends will still like me and think that I am cool. I

just hope that this works. My friends are all so pretty and intelligent. I will never be as good as them. I try hard to emulate what my friends do and what they look like to fit in. I also would love to look like my favorite television actress named Yi Chan. She is soo pretty. I buy all of the clothing that she wears because it is cool and she looks beautiful wearing it.

Even if it is expensive I just have to have it to fit in. I often save up to buy the clothing she wears. I have worked at the same company since I graduated from college with a degree in marketing. I work at an international advertising firm that has its local headquarters in Shanghai. I love my job. I am a junior account executive, but I want to someday be in charge of my own accounts. I work very hard at my job and usually put in anywhere from 55-65 hours per week. These hours are very common for me. My family can be a little too strict and old-fashion.

I believe in the same traditions and values, but I also like new things and ideas. I love the look and style of westerners. They are so beautiful and elegant. My family doesn't understand this desire of mine to be more western looking. My friends all get it. They feel the same way that I do. They want nose bridges, formed eyelids, and lighter hair-the look that westerners have. My friends and I want to wear Gucci and carry a Fendi bag. We love Nike, McDonalds, and Starbucks. I really love my friends so much. They are the best. Don't tell anyone, but I really just want my friends to think that I am cool.

I want to fit in with them more than I want anything else. I just want to be accepted in my group of friends. That would make me so very happy with my

life. I just have to, have to, have to??? have everything that my friends have! I must! This helps me to fit in if I get what they have and what they want. If one of my friend's wants a shirt from a certain brand then I also have to have something made by that brand-even if I didn't need it. If several of my friends are raving about a new brand of clothing, especially if it a foreign brand then I really need to have it! If I buy an item that my friends love and I don't really like it I will still wear it just because my friends like it. That is how important my friends' opinions are to me! My friends pick out and buy the greatest, coolest items. They get the latest technology, the coolest clothing, and the best new gadgets??? and I want all of it! I still live with my parents and they still pay all of my bills, so the money that I earn I usually just spend-mostly on fashion, I admit! I do save, but only a little??? and it's usually just to buy more clothes. My parents paid for my college, so I don't have any debt.

I don't use credit cards??? they are not really used here in China. I just spend the cash that I make. With still living at home I do not have any monthly bills. In addition to the money that I make at my job, my parents and all four grandparents also give me spending money-it is great being a spoiled only child! My friends are the same way. They just spend most of the money that they make on the things that they want. We go shopping as a group at least once a week to the local malls. The malls here in Shanghai are huge and have all of my favorite stores. There is no need to shop anywhere else.

We usually spend about 100 percent of our disposable income on fashion and trendy items such as clothing, bags, phones, and shoes. I love foreign designers at a reasonable price. I especially love foreign designers that offer

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a larger range of sizes. Here in China it is hard to find sizes that are larger than a two or four. Some of my friends are a little bigger than these sizes, so they really appreciate the range of sizes that foreign brands offer. I cannot always fit into the clothing that the local companies sell. Also, I love the western styles. They are chic, sophisticated, and elegant all in one brand.

Chinese designers have just not managed to pull off this combination with their clothing lines, yet. If one of my friends finds a new western brand then we all have to run out and buy it-if my friends like it then I should like it, too! Even if I didn't like it I would never say anything because I wouldn't want my friends to know. I just would be less likely to buy it again. Even if I've never heard of the brand I would easily buy a new clothing line on a friends' suggestion. I really, really want to be dressed like my friends, and not to look like an outsider in our group. That would be the worst thing ever to me!

I want more than anything to fit in with my group of friends. When we go to the movies it is not uncommon for two or three of us to be dressed alike or carrying the same bag. This is something that we don't mind-we just laugh. I desperately want to be doing the same thing as everyone else in my group of friends. I want to be wearing the preferred type of clothing, using the right cell phone, and driving the cool car, but especially when it comes to clothing. I really want to show my personality with my clothing. Clothing says who you are, if you fit in, and what group of friends you hang out with.

These are very important to me right now. I really like to try out new brands of products, especially western brands. I love to try new things. When I wear this new clothing-if I receive many compliments, my friends like them, I feel

like I fit in then I will be a customer to this brand for life! Once I find a brand that I like-I am very loyal that way. In my spare time I enjoy selling and buying things on Taobao. com, it is sort of like your ebay. I also enjoy playing video games on my new cell phone. I regularly practice tai chi to try to stay healthy. I love going to the most recent Chinese animation film released with my friends.

I walk through the malls in Shanghai dreaming of the feel of the new Hermes bag draped over my shoulder, of the latest Gucci shoes over my toes, and the most recent Channel dress “wowing” my friends. I am about renewal, fresh ideas, challenging tradition and yearning for the new. I find change exciting, not intimidating. I am impetuous and unpredictable. I am colorful irreverent, entertaining, sometimes shocking, and almost always rebellious. I am on the vanguard of fashion, music, and popular culture. I am in a word-energy! I am the future, in its entire mystifying, complex, exciting uncertainty. I am Mia. Mia’s Strategy

Mia’s marketing strategy is based on these personality factors, as well as many other things. The young, female generation in China is in a position to be more influenced by Chinese modernization and provide more opportunities for exposure to advertising than any other sub-culture in China. An extensive exposure to mass media and advertising accounts for this group’s cultural adaptation with purchasing products. Mia will tend to emphasize more western values in our advertising. “Consumer research has provided evidence that multinational companies’ advertising values are well reflected in the brand users’ profiles.

For example, consumer profiles of toothpaste brands in China, including both foreign and domestic, were investigated by International Market Insight. The results show that the primary users of Crest toothpaste are younger and more affluent than those of domestic brands such as Blue Sky. Crest users were also found to be more career-oriented, open to different values, and less conservative than the domestic brand users. In general, these young urban adults were found to be more receptive to advertising communication and to welcome western values and ideals.

They liked to try new brands, believed a famous brand could improve their image, liked to buy foreign goods even if they were more expensive, and generally regarded advertising as part of modern life. As such, these young urban adults represent the context in which cultural change is likely to be the most rapid and have the greatest long-term impact. In other words, the Chinese Generation Yellow exists not only as a profitable market, but also as a force that determines the cultural orientation of China's future. These facts are the cornerstones of Mia's marketing strategy. A high amount of advertising usage, the use of famous individuals as a spokeswoman, and a very carefully crafted product image that eludes style and sophistication will be Mia's focus. As Mia mentioned, our target market is career focused with a strong emphasizes on friendships and social circles. Many say that this group of young Chinese women in the Yellow Generation exists not only as a profitable market, but also as a force that determines the cultural orientation of China's future.

Many have a picture of old China with living standards that are rather low, Confucian and collectivistic values dominating society, and people who tend

to be humble and moderate. This still holds true for China in general, that is the mass market, who make up rural and older China generations, but this generation reflects an entirely different market. This new, young, sophisticated group of Chinese women signifies the role of advertising in reshaping cultural values in China. In 1979, China began its modernization under “ open policy” and the advertising industry revived immediately.

These new policies put China in a position to play an important role in promoting Chinese modernization. There were two main phases in advertising development in China. First, from 1979-2001 in which there was a movement from utilitarian to hedonistic appeals in Chinese advertisements. Utilitarian appeals involved satisfying basic physiological needs, whereas hedonistic appeals involved fun, gratification, and pleasure. In the second phase, from 2001-present, Chinese advertisements are described as a “ melting pot” of cultural values, namely incorporating western and European modernity and values.

Mia's VALS Survey Results: The VALS??? Survey Top of Form 1. I am often interested in theories. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 2. I like outrageous people and things. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 3. I like a lot of variety in my life. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 4. I love to make things I can use every day. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 5. I follow the latest trends and fashions. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 6.

Just as the Bible says, the world literally was created in six days. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 7. I like being in charge of a group. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 8. I like to learn about art, culture, and history. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 9. I often crave excitement. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 10. I am really interested in only a few things. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 11. I would rather make something than buy it. Mostly disagree

Somewhat disagree Somewhat agree Mostly agree 12. I dress more fashionably than most people. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 13. The federal government should encourage prayers in public schools. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 14. I have more ability than most people. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 15. I consider myself an intellectual. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 16. I must admit that I like to show off. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 17.

I like trying new things. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 18. I am very interested in how mechanical things, such as engines, work. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 19. I like to dress in the latest fashions. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 20. There is too much sex on television today. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 21. I like to lead others. Mostly disagree Somewhat disagree

Somewhat agree Mostly agree 22. I would like to spend a year or more in a foreign country. Mostly disagree

Somewhat disagree Somewhat agree Mostly agree 23. I like a lot of excitement in my life. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 24. I must admit that my interests are somewhat narrow and limited. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 25. I like making things of wood, metal, or other such material. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 26. I want to be considered fashionable. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 27. A woman's life is fulfilled only if she can provide a happy home for her family.

Mostly disagree Somewhat disagree Somewhat agree Mostly agree 28. I like the challenge of doing something I have never done before. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 29. I like to learn about things even if they may never be of any use to me. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 30. I like to make things with my hands. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 31. I am always looking for a thrill. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 32. I like doing things that are new and different. Mostly disagree

Somewhat disagree Somewhat agree Mostly agree 33. I like to look through hardware or automotive stores. Mostly disagree Somewhat disagree Somewhat agree Mostly agree 34. I would like to understand more about how the universe works. Mostly disagree Somewhat disagree Somewhat

agree Mostly agree 35. I like my life to be pretty much the same from week to week. Mostly disagree Somewhat disagree Somewhat agree Mostly agree

36. Sex: Male Female 37. Age: 18??? 24 25??? 29 30??? 34 35??? 39 40??? 44 45??? 49 50??? 54 55??? 59 60??? 64 65??? 69 70??? 74 75 or older 38.

What is the highest level of formal education you have completed?

Grade 8 or less Grades 9??? 11 High School or equivalent 1 to 3 years of college or technical school College graduation (4 years) Attended or

completed graduate school Mia's VALS results Mia is an Experienter /

Innovator from the VALS questionnaire. Mia's personality is described below as far as the VALS results are formed. Experienter/Strivers Mia, your primary

VALS??? type is Experienter, and your secondary type is Striver. The primary

VALS type represents your dominant approach to life. The secondary

classification represents a particular emphasis you give to your dominant

approach. Experiencers

Experiencers are motivated by self-expression. Young, enthusiastic, and impulsive consumers, Experiencers quickly become enthusiastic about new possibilities but are equally quick to cool. They seek variety and excitement, savoring the new, the offbeat, and the risky. Their energy finds an outlet in exercise, sports, outdoor recreation, and social activities. Experiencers are avid consumers and spend a comparatively high proportion of their income on fashion, entertainment, and socializing. Their purchases reflect the emphasis that they place on looking good and having “cool” stuff.

Achievers Strivers are trendy and fun loving. Because they are motivated by achievement, Strivers are concerned with the opinions and approval of

others. Money defines success for Strivers. They favor stylish products and emulate the purchases of the people with greater material wealth. Many Strivers are active consumers because shopping is both a social activity and an opportunity to demonstrate to peers their ability to buy! As consumers, they are impulsive! Mia's Target Market This young generation enjoys a staggering amount of purchasing power in China.

That's because the population of young consumers in China is massive in pure numbers. They were born after China instituted its one-child policy in the late 1970s and grew up in the context of China launching its economic reforms and opening up to the world outside. Since most of them were the only child in the family, they were cherished and spoiled by two parents and four grandparents. Therefore, these young consumers were treated as "little emperors" who triggered a large portion of the family's consumption. Young Chinese consumers not only have money, they have their own perspective on how to spend money.

This group is dramatically different from other age groups in China in terms of habits, lifestyles, and ideology. They tend to be less-tradition bound and are quicker to accept and create new environments. Mia-The Brand The product that we are proposing to introduce into China is a woman's clothing line we call Mia. The name Mia was chosen because it reflects the name of a Chinese female from the young royals demographic (16-30 year olds). In essence Mia is our consumer profile or ideal consumer. All the products from the Mia brand are tied to meet the need of these female target customers who are 16-30 years of age.

The Mia Logo The logo we have created is a simple oval with our brand name in the center. The colors we chose are warm red hues. These colors were chosen because they are considered the colors of luck and happiness and are also the colors of the national flag. **Mia: A Foreign Brand Being** that we are an American company, it is essential to ensure that Chinese consumers will be accepting of our brand in their country. Every industry is different, but for the apparel industry, it seems as though the Chinese consumers are open to try foreign brands. That is, as long as the product takes into account their needs.

See the chart below. **A New Brand in a Foreign Market Being the “ new guy”** in any location is something a company must fight off when entering a different market. Luckily, when looking at the Chinese apparel market, we see that consumers are not driven by long established companies as seen in the research below. **Primary Drivers of Consideration for Chinese Consumers** **The Product** The products we offer can be described as affordable quality fashion for 16-30 year old Chinese women. We will specialize in “ fashion” lines only which will include tops, bottoms, jackets, shoes and lingerie.

Although we are targeting “ fashion” lines only, the clothing will be multi-purpose and can be worn on the street or at the office. In addition, we will offer a wider assortment of sizes than most brands sold in China due to the growing demand for larger sizes that are commonly not offered. Below is a list of the typical items we will offer along with sample photos. * **Tops ???** We will offer a wide variety of tops in many fabrics and prints to appeal to the seasonal fashions in Shanghai. Below are some sample items from the Mia

line. * Bottoms ??? We will also offer an array of bottoms to be paired with our seasonal tops.

The bottoms will also come in different colors and fabrics and will include skirts, leggings and denim jeans. Below are sample bottoms that Mia plans to offer. * Jackets/Sweaters ??? Mia also plans to offer jackets and cardigans which are popular with younger Chinese women. They will come in a variety of styles and will vary from season to season. They will be offered in different fabrics, patterns and colors. Below are sample jackets and sweaters. *

Shoes ??? We will also offer a variety of shoes to accompany the apparel we sell. The shoes will be seasonal as well and will be comprised of heels, sandals and flats.

Below are some samples of shoes that we plan to offer. * Lingerie ??? Due to China's rapid growing lingerie market, we will be offering a selection of undergarments for our customers to choose from. Below are some of the selections we plan to offer our customers. The Buying Process Information Contact Chinese consumers come into contact with product information in numerous ways whether the contact was intentional or accidentally.

Research shows that Chinese consumers typically do not respond well to direct mail and print ads, so we know that these are things that we do not want to invest advertising money in.

However, we know that they respond best to multimedia kiosks, video boards, internet ads and television ads. These are all things that would be a good investment when allocating advertising dollars. On the other hand, there are some sources that are outside of our control which are widely

relied upon which are product reviews and input from friends or coworkers. All of this information can be summed up in the chart below. Funds Access Before a purchase can be made, the consumer must make some access of funds to pay for the product. China is much different than the United States when it comes to purchasing apparel and related items.

In America, the typical 16-30 year old female might purchase her clothing on a credit card and pay it off at some later date. In China, this is not the case because credit is not easily available. Credit cards in China represent high social status and most people under 30 do not have access to them. In most cases, the Chinese will carry a debit card which pulls money from an account which has already been funded by them. Or, in some cases the Chinese people are known to save for a period of time just to keep up with the current fashion trends. Consumption in China is said to be very competitive.

Store Contact

Store contact involves locating a shopping outlet, traveling to it and finally entering the outlet. In China, malls are very popular when shopping for clothing and other apparel. The current diffusion of the apparel industry seems to be shifting to stand-alone stores now because Chinese department stores are overcrowded with so many different products and brands. To make the store easy to access, it should be located in a mall where most 16-30 year old females go to purchase clothing. Product Contact Now that we have the consumer in the store, there are three main behaviors which are necessary for the purchase to occur.) The customer must be able to locate the product inside the store. This will encompass store layout and design.

(Example ??? is the store easy to navigate through? Is there wide

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walkways?) 2) They must physically obtain the product. This also takes into account layout. (Example – is the product in reach of the customer or is it too high up on a rack) 3) The customer must take the product to the point of exchange. Transaction The transaction is a critical point in the buying process because we want to make sure that we give the customer a good experience so they are more likely to buy from us again.

The transaction is the point where funds are exchanged for the product so it is critical that this is done quickly and smoothly. Because we know that the Chinese pay mostly in cash or by debit cards, it is essential to have a machine that can properly handle these transactions. Consumption Consumption is another significant step in the buying process. We want to ensure that there is never any buyer's remorse when someone purchases clothing from us because they are likely to tell friends and coworkers about their experience.

This would be bad for Mia because we know that the Chinese heavily rely on recommendations from people close to them during their information search. Communication After the purchase is made, we have two main goals. First we must have the customer provide Mia with useful marketing information. (Example ??? info about the consumer, other potential buyers, and information about defective products) Because China is very technologically advanced, we can have our customers relay this information to us via a company web site where they can refer friends online or register any complaints they may have.

The second thing that we need customers to communicate is that they were satisfied with their purchase. Again, in Chinese culture we know that referrals are highly sought in the buying process. Buying Behaviors Usage Fashion trends are seasonal. Women can expect to purchase new clothing at least every few months if they want to keep up with the current fashion. How they purchase We know that most people under 30 do not have access to credit cards so they are likely to use debit cards or cash. We also know that they have a tendency to save for a period of time to afford an article of clothing that they want.

Debit cards are commonly used when purchasing consumer goods, as well as cash and checks. Information Search Our target market uses a variety of methods to search for information. The most popular method is online searches, referrals, kiosks and product reviews. They often tend to search for information close to the time they are going to purchase the goods. Major Motivators & Influences (why they buy) Chinese women are particularly fascinated in western culture which is a major motivator for them to buy fashionable clothing which reflects western influence.

We see many women going so far as getting plastic surgery on their eyes to appear more western. Chinese women will spend money on clothing lines to make themselves fit into the western image because it is much more affordable than plastic surgery. Younger generations have the attitude that “it’s all about them.” (From Interview) Younger Chinese women want to veer from traditional society and wear new styles. Consumption is competitive in China. People want to show that they can afford the latest in fashion trends,

therefore they engage in conspicuous consumption...or the purchasing of goods to “ show off” to others.

Competition-H&M and ZARA Seeing the success of H&M and Zara in China, more fast-fashion brands are coming to the country to share in this lucrative market. Sales at Zara, a trendy apparel chain run by Spanish Inditex, has seen rapid growth since it established its first store in the city (of Shanghai) in 2006. “ Growth rate of sales (at Zara in China) is more than double the growth average of the group, which underlines the remarkable importance of China,” said Jesus Echevarria, Chief Communications Officer on Inditex Group, which has reported a jump in rate of 25 percent to 1. 5 billion euros in net profit in 2007. Maggie Zhang, a 26-year-old who works in marketing for a multinational company, is a loyal follower of Zara. She said she is obsessed the unique European-style design, and its wide fashion spectrum. “ I personally prefer Zara Women looks. It’s fashionable and chic, but fits for office dress code, which beats the most local uniform brands,’ Zhang said. ” On the same street of Middle Huaihai Road, there lies Europe’s second largest garment purveyor, Swedish H&M, which has been running its first mainland store since 2007.

It now owns three outlets in Shanghai and found in Hong Kong. Most customers are intrigued by its renowned brand name. Yu Xiaochun, a piano teacher in her mid 30’s, began to patronize H&M stores after hearing of it from her friends. She spent around 700 yuan for five items in the five-story store. “ I heard of this brand from my friends. I am amazed by its casual wear collections, affordable prices, and broad size options. ” Yu showed her newly purchased bright red-striped tops. “ It’s size 14. I’m quite big, most

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offerings from local shops don't fit me,' she added. The complete positive feedback in this market has lead to increased expansion by these brands and the implementation of other brands into this large young Chinese market. Local boutique stores are being run out of business due to the competition with these large international brands. Brands like H; M and Zara are overpowering small shops with price and value; therefore, the boutiques are unable to compete. Unlike the foreign outlets, which often have crowds of shoppers, Zhou Youqing's fashion house in Xinle Road, next to the sleek Middle Huaihai Road, is quite unruffled.

This 40-squard meter boutique has been going through lean times since H&M moved into the neighborhood in 2007. " We have been operating here for almost seven years, but saw customer flows decreasing during the months after H&M opened its gate, in particular at weekends. The monthly sales revenue had about a one-digit percent drop," Zhou said. Mia's number one competition, world-renowned fashion retailer H; M (Hennes ; Mauritz), is a Swedish clothing company known for its fast fashion clothing offerings for women, men teenagers, and children. H; M has more than 1, 800 stores n 34 different countries. The retailer has about 1, 400 stores in 28 countries, and Europe accounts for the majority of its sales. They currently are the largest fashion retailer in Europe. At present, the company has 1700 stores in worldwide metropolises such as Shanghai, Hong Kong and so on, with nearly 55, 000 employees in the world. By November 30, 2008, the end of their financial year, net profits of H; M was SEK 15. 3 billion, with an increase of 13% year-on-year. H; M opened its first Asian store in Dubai in 2006. Kuwait was then followed by Dubai and opened at Salmiya at first.

A store will open in Lebanon on October 2009 and then two stores will open in Tel Aviv and Jerusalem in spring 2010. They will continue their expansion into China vigorously in 2010, with 5 new stores in Beijing, Shanghai and Hong Kong. Since its official stepping into China in 2007, H; M opened its first store in Hong Kong and then established stores in Shanghai, Jiangsu and Shenzhen one after another. By the end of last year, H; M had 13 stores in China. H; M plans to add four stores in Hong Kong by the end of this year, another two in mainland China, one in Tokyo in 2010, and is negotiating for a second Japan store.

According to results released last month, H; M planned to add 225 stores worldwide.

Influences

1. Cultural Influences Culture is derived from the Latin word cultura which means “tending” or “maintaining”. It means consists of patterns, explicit and implicit, of an for behavior acquired and transmitted by symbols constituting the distinctive achievement of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional ideas and especially their attached values; culture systems may, on one hand, be considered as products of actions, on the other as conditioning elements of further actions.

Levels of Culture

Supra-Culture Economic System, Economic Development, Ethnicity, Religion Macro-Culture Nationality, Origin, Residence Meso-Culture Industry or Professional Culture Micro-Culture Organization, Family, or Clan Individual Identity

These culture levels cannot be considered isolated from each other, they are intertwined and influence each other. China, the country with more than 5, 000 years of history, is full of cultural richness and at the

same time is coveting the Western way. This mix of cultures influences everything including buying behaviors. 2.

Historical/Political Influences ??? This young generation enjoys a staggering amount of purchasing power in China. That's because the population of young consumers in China is massive. They were born after China instituted its "one-child" policy in the late 1970's and grew up in the context of China launching its economic reforms and opening up to the world outside. Since most of them were the only child in the family; they were cherished and spoiled by two parents and four grandparents. Therefore, these young consumers were treated as "little emperors" who triggered a large portion of the family's consumption.

Young Chinese consumers not only have money, they have their own perspectives on how to spend money. This group is dramatically different from other age groups in China in terms of habits, lifestyles, and ideology. They tend to be less tradition-bound and are quicker to accept and create new environments. The "one child" rule greatly influences the spending habits of the young Chinese population. This "one child" of a family is typically living rent-free into their 20's and beyond. They are on top of that receiving spending money from two working parents and four working grandparents.

This dramatic increase in disposable income over this generation has caused a myriad of new consumers, especially for status items, such as fashion. International brands with strong brand names are considering the buying habits of this market and moving into the major cities to tap into this market.

3. Religious/Philosophical Influences ??? these have a focus on family values. Both the parents and the children play very important and different roles regarding the influence on buying behavior. For example, supporting the education needs for the child of the family influences the way a family chooses to spend their money.

Families work hard to be sure that they have enough money to financially support their child all the way through their education. They will make financially sacrifices elsewhere to allow this to happen. This is even more important than saving money to retirement for the older generations. a. Confucianism ??? Confucius lived in china during the latter half of the eleventh century (256 BCE) as a teacher, philosopher, and student of life. His philosophies later became one of the major influences on the Imperial Age China and were embraced by other countries. The key notion being how we treat others is fundamental in our own life satisfaction.

One becomes noble by developing oneself in five specific areas: benevolence, righteousness, proper conduct, wisdom, and trustworthiness. The most important theory being that when relationships between family members, specifically children respecting parents, are in harmony then the world is also peaceful. b. Taoism ??? This concept stresses the cooperation with the flow of live. Moving with the motion. Also, look for balance hence the yin-yan symbol. c. Overseas Chinese Evangelicals (OCE) — This group is becoming more and more prevalent in large cities within China.

They have very strong conservative views and mores. The adoption of this religion within families will lead to the influence of these beliefs and

therefore more conservative buying behaviors. 4. Sub-Cultural Influences ??? conformity is widely accepted in China and being part of the group is something to be proud of. Therefore, if an acquaintance tells someone that a product is good and should be purchased then that is enough information to make the purchase. Even if the item would not otherwise be desired or needed it will be purchased to be part of the crowd.

If the product is not liked by the purchaser he or she will still continue to use the item without saying anything negative about it to remain on the same page as the rest of the group. To “ have Mianzi” is that other people think one is wealthy, generous, has nice things and good taste whether it is true or not does not matter. Consequently, the Chinese have a high level of involvement when they are purchasing something of status or a luxury item. Maintain successful relationships also cause an increase in the purchase of status items. This is in the form of gifts and even when they are beyond the budget of the purchaser.

The thought is that the higher the price of