

Chinese market priorities



**ASSIGN
BUSTER**

The major reason of the failure of running Busty In China is that Chinese customers consider Price as the first priority when purchase. Even though Busty provides the highest services quality. If they do not accept the price first see on the price tag, it is rather or almost difficult for them to pay for it at last. They would treat Busty store as a " Display Centre", where the customers come and try the new products, if the price is not acceptable, they will turn out buy it in a local store to look for the cheapest price.

For international marketing, one of the major difficulties in running the same business In different entries Is that they have to face the cultural difference. Take the Busty case for Instance. For American, the quality of products or shopping experience Is no doubt the vital elements in operating a successful store. On the other hand, the majority of the local Chinese people are the conservative and the practical consumers, who will firstly focus on the prices rather than anything else. If they find a cheap product, they will want a cheaper one.

Bargaining on prices with the sales is one of the strategies in gaining a product with a satisfying price. From the cultural difference, we can include that It Is rather a big challenge to penetrate a local brand name/company into other countries with just using one concept that Is succeeding In the pioneer country. For a successful international company, like McDonald, Honda, P&G, Milliner, etc, they would use different concepts or image to penetrate into the local markets which suit the general value of that operating country, and without contradicting the main value of their company brand name.

If I were the manager of Busty store In Shanghai, I would address the problem by using deferent kinds of Pricing Strategies. Some lower priced products can be chosen every month for promotion. For instance, some newly arrived products might be discounted. Advertise them on TV or magazine, with the ads still emphasize the value of good consumer service quality. Issuing coupons for customers or allowing discounts for buying certain amount of products. Membership card could be issued for PIP customers to have regular free gifts or discounts.

These prolong strategies might be a way to promote the " best bur products which they are cheaper products for that will be consider by the local Chinese customers as valuable to purchase. Attachment: Busty shut in China, Why? Busty closed business throughout China. This has to go back to five years ago when the first Busty chain store grand customers an ever buying experience for electronics products. Many trendy products were presented and displayed in a play-n-buy style in a very bright, spacious American style shopping centre located in one of the most commercial area.

Then one year later, a branch store opened and in the following years, totally 5 stores opened in Shanghai (if my memory is correct.) 2010, I have been to Shanghai and went into a Busty store. Things looked a bit different. Shopping mallis smaller with ore packed display and darkened in light maybe saving electricity. 2011, Busty closed business in China. What happened to the most successful chain store in America? In 2005, I recalled at that time Busty first came across China market, wanted to bring American style shopping experiance to Shanghai.

There was appointed Chinese manager as China CEO. I forgot his name but who was very experienced in retailing in China. He held the idea which to expand quickly in the market by accepting lower quality of the store. However majority of senior management disagree with him, went stick to the concepts which Busty has been succeeded. Therefore the Chinese guy resigned. Later Busty had rough years. As I see Busty failed this time due to following reasons. 1 . Consumers' buying behavior is hard to be adopted by Busty.

I was working in Watson pharmaceutical store. I came across customers walked into the store, played with the goods, and didn't ask a single question, straight to the stuff, said, " can it be cheaper". They know what exactly they are buying, what they concern is the price displayed on the price tag is not the price they want to pay. It is hard for Chinese customers to accept the first price. They always looking for some bargains by oral. Busty has the best shopping experience in town for electronic goods. The customers appreciate for that for sure.

They came, they visited, they played, they saw, and they don't buy. In other word, customer treated Busty as an exhibition centre, where they get to know about the products, and switch to another place to buy from local dealer, who can bargain. 2. Competition is tough. In the last 5 years, Guy Mel, China's national chain store has been developing very fast in numbers. If you walked into their store, the quality and shopping experience is no comparison to Busty. No question Busty is the best. They are Just too many. They are opening stores without considering the cost.

I am not sure the average gross margin of Guy Mel, and amounts apparently is the key. Most of the store has no customers. The cheap Chinese products like mobile phones occupy all the places. They are cheaper for sure, much cheaper. People buy from them. I personally like Busty, I hope they can adjust their strategy and come back. I like quality services and professionals. I prefer Busty to other Chinese dealers. I buy from Busty with confidence other than other local dealers who offer you the price with grounds. However Busty is not everybody's choice.