



Consumer Buying Behavior in Chinese Clothing Market

Case Bestseller Fashion Group China Ltd

Guodong Yang

Bachelor's thesis
June 2011
Degree Programme in International
Business
Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences

TAMPEREEN AMMATTIKORKEAKOULU
Tampere University of Applied Sciences

ABSTRACT

Tampere University of Applied Sciences
Degree Programme in International Business

Guodong Yang: Consumer Buying Behavior in Chinese Clothing Market
Case Bestseller Fashion Group China Ltd

Bachelor's thesis 55 pages, appendixes 4 pages
June 2011

The background of the thesis dates back to the year of 2010, when I was contacted by a Chinese fashion shop ShunTong Fashion Factory. To survive from the increasing competition, the shop was considering expanding product range by adding Bestseller on the list. Duo to that reason, the thesis was carried out for Shuntong Fashion factory to conduct a market research concerning Chinese consumer buying behavior regarding clothes buying and opinions on Bestseller products were also needed.

The purpose of the project was (1) to understand the development of Chinese clothing market from different aspects. (2) To define and analyze the general consumer buying behavior of young people in China regarding clothes buying. (3) To find out strength and weakness of Bestseller products in China through market research. (4) Future suggestions were required based on the results of the research.

The theoretical framework included three key dimensions of consumer buying behavior and three factors which could affect these dimensions. Meanwhile, three types of buying situations had also been studied during the completion of the thesis.

As for research methods, primary data was collected mainly through questionnaire feedback and in-depth consultation with experts who worked in fashion-related field; Secondary data was acquired through the study of reports from previous researchers; also books and reports had been very important for the final work.

The key findings were Chinese clothing market had been developing very fast in different aspects. As for Chinese consumer buying behavior regarding clothes, it went like basic demand consumption -> fashion consumption -> personality consumption.

According to the questionnaire, superior designing, unique brand culture together with good quality claimed Bestseller's leading position in China. To continue its strong performance, repositioning current price level and increasing sales channel have been advised; meanwhile the importance of franchised store have also been emphasized.

Key words: Consumer buying behavior, market research, clothing.

CONTENT

1. INTRODUCTION.....	5
2. OVERVIEW OF CHINESE CLOTHING MARKET	7
2.1 Production	7
2.2 Consumer market	7
2.2.1 The international market	7
2.2.2 Domestic market:	8
2.3 Design	8
2.4 Brand.....	9
2.4.1 Domestic brands.....	9
2.4.2 International Brands	10
2.5 Future prospect.....	10
3. INTRODUCTION OF THE COMPANY BESTSELLER	12
3.1 General background information	12
3.2 Company perspectives	12
4. CONSUMER BUYING BEHAVIOR IN THEORY	14
4.1 Importance of studying consumer buying behavior.....	14
4.2 The dimensions of buyer behavior.....	15
4.2.1 Who buys	15
4.2.2 How they buy	16
4.2.3 Choice criteria	19
4.3 Influences on consumer behavior.....	20
4.3.1 The buying situation.....	20
4.3.2 Personal influence	21
4.3.3 Social influence	23
5. ANALYSIS OF THE RESULTS OF THE SURVEY.....	26
5.1 Study of secondary data	26
5.2 Consultation with experts.....	29
5.2.1 Emphasis on personality and brand name.....	29
5.2.2 Importance of sales promotion.....	30
5.2.3 Strong performance from foreign brands.....	32
5.3 Results of the questionnaire	32
6. PROPOSALS FOR FUTURE OPERATION BASED ON THE SURVEY	43
6.1 Reposition of price level	43
6.2 Increasing distribution channel	44
6.2.1 Internet distribution.....	44
6.2.2 Avoiding conflicts of price differences between online and offline sales	45
6.3 Promotion of brand awareness	47
6.3.1 Importance of franchised store.....	47

6.3.2 Encourage "try on" as a promotion culture	49
7. CONCLUSION	50
APPENDIXES	51
LIST OF REFERENCES	55

1. INTRODUCTION

Chinese economy continued its dynamic performance, averaging more than 10% growth for the last 5 years. Increasing income in China (particularly the middle-class) and Government efforts in encouraging consumer expenditure has resulted in rising domestic consumption. Under that background, Chinese clothing market has been growing at an amazingly fast pace and now has formed a huge industry. When barriers to entry were reduced, many international companies have swarmed into Chinese market and more are considering their entry in the near future. As one of the first international fashion company to enter Chinese retail market, Danish fashion company Bestseller Fashion Group China Ltd. (Bestseller China) have made their fashion brands ONLY, Jack & Jones and Vero Moda as well known as the celebrated Danish poet and writer H.C. Andersen.

ShunTong Fashion Factory is a fashion shop which is located in Shenyang China. The shop has been doing pretty well for now operating sales of a few domestic brands. After the initial success, the company was considering expanding its product range by adding some international fashion brands and Bestseller products was on top of the list at the moment.

As a student who is about to graduate from TAMK and also had a couple of years living experience in Denmark, I was contacted by the owner of ShunTong Fashion Factory to conduct a market research into Chinese consumer behavior regard clothes buying (particularly their opinions on Bestseller products). An analysis of the results of the survey was necessary and future suggestions for Bestseller China were needed based on the research.

In terms of research method, both quantitative and qualitative research has been used. A questionnaire which consists of 20 questions was handed out to 70 people between 20 and 35 in the city center of Shenyang. Apart from that, a series of in-depth consultations has been carried out with the expert working in the relative field. Details of the questionnaire answering and interviews will be described more specifically later in the study of survey session. Except the gathering of primary data, a report about Chinese

consumer buying behavior, which was done by a group of previous researchers, has been studied as secondary data.

Concerning the goal of the thesis, it should be served as mirror to have a thorough reflection of Chinese consumers' buying behavior in regard of clothes, particularly the younger generation who follow fashion and trend closely. For the benefits of the shop ShunTong Fashion Factory, the thesis is supposed to help finding out the strength and weakness of Bestseller in Chinese consumers' mind. By using the thesis as a reference, ShunTong Fashion Factory could decide whether or not to introduce Bestseller to the shop.

2. OVERVIEW OF CHINESE CLOTHING MARKET

2.1 Production

China is the world number one clothing manufacturing country, with vast resources, cheap labor as well as huge consumer base. The country's production capacity is relatively strong and most of the local manufacturers take production management as the key of success. Most of the clothing enterprises in China are still typical processing enterprises at the moment, however the industry in general has slowly transformed from production and processing oriented to focusing more on brand building and trading.

The Chinese annual clothing industry publication, which was written by Li Ming, showed that in the year 2009 there were more than 25,000 enterprises around the country of which 87, 5% were small businesses. The enterprises were concentrated mainly in Zhejiang, Jiangsu, Guangdong, Shandong, and the Shanghai region. The total industry sales in these regions combined for 76% of the country's total with a profit of nearly 90% national wide. The products produced in Guangdong, Jiangsu, Zhejiang, Shandong, Fujian, Shanghai and other provinces of the southeast coast accounted for more than 80% market share. (Li 2010, 21.)

"Recruitment difficulties" was still one of the major problems, in terms of employment pressure faced by the workers quality requirements, employment patterns. Chinese textile enterprises are facing the development of scale, market share and concentration to the issue of innovation

2.2 Consumer market

2.2.1 The international market

The world's first "clothing exporting countries" with textiles and apparel exports in 2009 reaching 617,7 million U.S. dollars. The surplus of 474, 62 million U.S. dollars accounted for merchandise trade surplus of 156, 14%. (Li 2010, 19.) While Europe and

America economies were facing recessions, reduced orders and the decline in exports of clothing, the single market, cannot change the environment of shrinking global demand, but it can enhance the "Made in China " export competitiveness.

2.2.2 Domestic market:

With 20% of the world's consumers, China's textile industrial output was more than 1.0644 trillion Yuan making a profit of 336, 6 billion in the year 2009. 70% of the profit in the clothing industry was generated from the domestic market, which was recorded in an annual clothing industry summary report done by Zhang Ming; therefore domestic trade has become the main battlefield of Chinese clothing. (Zhang 2010, 22.) This huge domestic market has made a lot of companies that used to trade in foreign markets transfer their attention to domestic market. Within the domestic market, the greatest potential for textile and apparel companies lays in rural areas.

In 2009, the annual clothing expenditure of urban residents was more than 1,000 Yuan per capita; whereas in rural areas it was less than 200 Yuan which was just 20% in comparison to urban areas. In Chinese clothing industry, most of the market share is held by companies which produce more than 90% of their products in China. (Li 2010, 23.) The whole industry still remains at relatively low competitive level, which means most of the companies are still competing with each other purely on product retail price. Under that business environment, most of the clothing companies survived the competition in the form of wholesales, which allows the minimum price through large quantity of sales.

2.3 Design

It is quite embarrassing that China spends huge loads of money fostering international brands and designers abroad. As a matter of fact, designing has always been the weakest chain in Chinese garment industry. The problem is mainly due to the structure of Chinese garment enterprises which remain in the traditional design-chain management model. For them, design means more on paper setting out without much modern

technology involved in the process. Meanwhile, the design cycle is way too long compared to America and quite many European countries. For new products (usually from designing to getting the sample ready to finally pushing into the market), it takes most developed countries an average of 2 weeks whilst America only needs 4 or 5 days in comparison to China's average which is around 10 weeks. (Zhang 2010, 29.) Apart from the long design cycle, high trial costs are another big headache for most domestic garment enterprises resulting in weak new product innovation. This means the new product development cycle is very long and therefore not easy to identify marketable products, thereby causing big inventory and eventually affecting cash flow.

2.4 Brand

2.4.1 Domestic brands

China has one of the biggest consumer markets for clothing industry and the annual output has been ranked as the world number one for the last couple of years. (Zhang 2010, 12.) In spite of this, consumers around the globe have barely got to know any of the large Chinese brands, which means the target of going international for Chinese clothing companies is still in its initial stage and Chinese clothing companies still have a long way to go before their brands are accepted by the rest of the world. Surprisingly in the area of men's clothing and down jackets, several Chinese enterprises have been growing fairly fast under the challenge of foreign brands in domestic market. For instance, brands like Shanshan, Youngor, seven wolves, Bosideng, Metersbonwe are all quite popular for Chinese consumers.

For these domestic leading companies mentioned above, their capacity of generating a profit is still low compared to other internationally well known brands. Most of the local brands are still trying to win the market share over foreign brands through low-cost advantage instead of paying more attention on designing. The lack of truly international clothing brands is the reality that all Chinese clothing companies are facing right now. Hopefully in the near future, China can change its self-image from "made in China" to "fashion in China".

2.4.2 International Brands

In the beginning of 1990, the Chinese fashion retail market was highly fragmented. Foreign luxury brands catered for the higher price segment through outlets in upscale department stores or licensed shops. This was not the case anymore since china's entry of WTO, particularly for the mid-level fashion products.

In recent years, China's retail market can be described as very lively. ZARA, H & M, C & A, GAP and Jack Jones, Only and other fashion brands have all swarmed into China. According to Li Ming, The Japanese leisure brand UNIQLO (UNIQLO) also increased investment in the Chinese market and have claimed that in 10 years time, they will become the leading fashion brand on Chinese market. (Li 2010, 27.)

2.5 Future prospect

Fashion manufacturers across the globe have the spotlight on China. The future looks promising for the textile industry in China. Several of the world's clothing companies are well on the way to moving production to the huge country with low costs. Beyond cheap production the Danish and foreign textile companies also have direct access to the sale of clothing on the Chinese market. There is a rapidly growing pool of newly-rich consumers amongst the large population of about 1.3 billion. Many clothing producers have already established production in the country or are on their way to doing so.

It is expected that part of the clothing production that has been taking place in countries with low wages in Eastern Europe will move to China. As what has been stated, more than 50% of the world's clothing consumption comes from China at the moment. (Li 2010, 29.) Chinese companies are at a favorable position when it comes to quality and production and at the same time the cost level makes it attractive for foreign manufacturers to establish themselves here. Foreign interest in entering China is already big also in regard to fashion clothing – says one of the country's many businessmen who is involved in the entry of foreign business.

There are favorable prospects for production in China as well entry and investment here can provide the opportunity to get a foothold in the rapidly growing consumer market in China. China currently has the most rapidly growing economy in the world and therefore a large consumer group that wants to be a part of the fashion trends. Clothing and fashion are at the forefront, but people still have to realize that there are challenges in a country like China, which is adapting to global trade and modern times regarding export and production. This is a process China has to go through.

3. INTRODUCTION OF THE COMPANY BESTSELLER

3.1 General background information

Bestseller is a leading European fashion company headquartered in Denmark. The company designs, develops and markets a line of fashion brands in Europe, the Middle East as well as China.

Bestseller Fashion Group (Tianjin) CO., LTD was first established in the year 1996. Its four main brands ONLY, JACK & JONES, VERO MODA and SELECTED are sold in their own concept stores and also through its franchise takers in over 150 cities in China. The first ONLY shop was opened in Beijing in 1996, since then, ONLY has expanded very fast and now has grown to be over 1006 shops in China; JACK & JONES has 1185 and VERO MODA has 989 shops; SELECTED is a new brand which was launched in August 2008 currently opened 207 shops in China.

Looking back the past 10 years, Bestseller Fashion Group (Tianjin) CO., LTD has gradually developed into being one of the leading fashion companies in China, competing in the middle priced segment.

3.2 Company perspectives

The company is dedicated to One World, One Philosophy and One Family as its slogan.

‘One World’-the company’s world is built on fairness and opportunities. Cultural differences are an advantage, which will promote quality, extraordinary results and good values. Bestseller always tries to give more than they promise and meet remoteness with closeness.

‘One Philosophy’-It makes Bestseller's 10 Basic Principles come alive.

The employees are humble and together they work hard. The company bases their co-operation on trust, partnership and honesty. Meanwhile they treat all people as individuals but think and act as a team.

‘One Family’- The backbone of Bestseller is the family feeling.

Employees help each other and have unlimited faith in the people they are working with. They are proud of their family. It is the link to both the past and the foundation of their future. (www.bestseller.com)

4. CONSUMER BUYING BEHAVIOR IN THEORY

4.1 Importance of studying consumer buying behavior

Marketing-oriented companies make clear decisions about the type of customers to whom they wish to aim their product offerings. Thus an in-depth knowledge of customers is a prerequisite of successful marketing; it influences the choice of target market and the nature of the marketing mix developed to serve it. Indeed, understanding customers is the cornerstone upon which the marketing concept is built.

Under Chinese clothing background, much debate has taken place recently about the emergence of the post-90s generation (referring to those who were born after 1990). The discussion has been mainly about the changes they brought from the way they behaved and the way how they dressed. When Bestseller first entered into Chinese clothing market, it was very favorable among young people between 20 and 35 who were born in the late-70s and early-80s. Today after almost 15 years since their entry, their focus is still on the younger generation, but the difference is the definition of young generation has been changed to the late-80s and post-90s.

While average incomes raise income distribution is more uneven in most parts of China. Household size is gradually decreasing in whole country and more women have jobs outside the home. The consumption of services is rising at the expense of consumer durables and the demand for, and supply of health, green (ecological), fun, luxury and convenience products is increasing. What is certain is that young Chinese consumers are changing and the company needs to do some adjustments to adapt the changes.

Going back to the fashion part, the post-90s generation has a completely different understanding compared to the late-70s and early 80s in terms of searching the clothes they want to dress. Based on the big change, it is very necessary for Bestseller to study the younger generation's buying behavior again.

4.2 The dimensions of buyer behavior

Consumers are individuals who buy products or services for personal consumption. An understanding of customers can be gained only by answering the following questions.

- Who is important in the buying decision?
- How do they buy?
- What are their choice criteria?
- Where do they buy?
- When do they buy?

Answers to these questions can be provided by personal contact with customers and increasingly by the use of marketing research. These questions define the five key dimensions of buyer behavior and the questions which I will include later in my questionnaire will be mainly around these five dimensions.

Buyer behavior as it relates to apparel consumers in China will be later examined in the thesis. The structure of this analysis will be based upon the first three questions: who, how and what. These are often the most intractable aspects of buyer behavior; certainly answering the questions where and when do customers buy is usually much more straight-forward.

4.2.1 Who buys

Many consumer purchases are individual. When purchasing a Mars bar a person may make an impulse purchase upon seeing an array of confectionery at a newsagent's counter. But on the other hand, decision-making can also be made by a group such as a household when it comes to buying a car. In such a situation, the buying process can be very complicated and a number of individuals may interact to influence the purchase decision. Each person may assume a role in the decision-making process. Basically, there are five key roles that are able to get involved in the buying process in terms of initiator, influencer, decider, buyer and user.

In a situation such as buying clothes, particularly the clothes which are not so expensive, the process can be quite simple and one person may assume multiple roles in the buying group. For example, if a girl wanted to buy a T-shirt she might play multiple roles like initiator, decider, buyer and user. During the buying process, she might take her friends' advice into consideration; therefore her friends play a role as influencer. In case the girl mentioned above was pretty young and her financial resource was controlled by her parents, the decision power could be shifted to her parents' hands. Of course, if she intended to buy a T-shirt for her boyfriend as a birthday gift, the user would be her boyfriend. Anyway in my opinion, in a case like young people buying clothes, influencer is very important. A 20-year-old girl could easily change her mind just because one word from her friends.

4.2.2 How they buy

How consumers buy may be regarded as a decision-making process beginning with the recognition that a problem exists. For example, a jacket may be bought to solve a perceived problem, e.g. the weather is getting cold. Problem solving may thus be considered a thoughtful reasoned action undertaken to bring about need satisfaction. But nowadays in many cases when we talk about young people buying clothes, keeping warm is far from making them satisfied and what they need is to have style and fashion.

Here a series of steps that a consumer may pass through before choosing a brand was listed

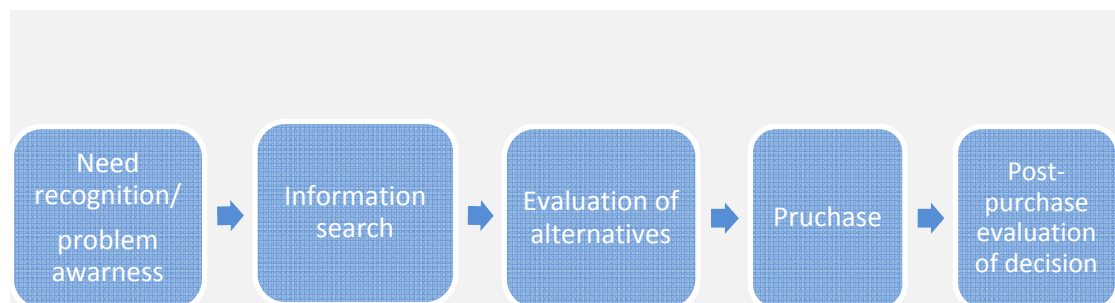


FIGURE 1. The consumer decision-making process (Blackwell, Roger, Paul & James.)

If **problem recognition** is sufficiently strong the second stage in the consumer decision-making process will begin. **Information search** involves the identification of alternative ways of problem solution. The objective of information search is to build up the awareness set, which is the array of brands that may provide a solution to the problem. The search may be internal or external. Internal search involves a review of relevant information from memory. This review would include potential solutions, methods of comparing solutions, reference to personal experiences and marketing communications. If a satisfactory solution is not found then external search begins. This involves personal sources such as friends, the family, work colleagues and neighbors, and commercial sources such as advertisements, and salespeople.

The same rule applies when a customer needs to buy wears. In the beginning, they will choose from a list of brands which they had a good experience with from previous buying. If these were not enough, they would start consulting from the people around and ask for their previous buying experience. Equally important, products testing reports in newspapers and magazines could also provide unbiased information for consumers to make a reference.

As for the company Bestseller, what is important here is to build brand awareness for the people who don't know their brand yet. In that sense, finding out the most effective communication channel is the key. One fact that Bestseller should notice is information search by consumers is facilitated by the growth of internet usage and companies which provide search facilities; therefore they should take internet promotion into serious consideration in the long run.

After building the awareness set, the first step in **evaluation** is to reduce the awareness set to a smaller set of brands for serious consideration. The awareness set of brands pass through a screening filter to produce an evoked set: Those brands that the consumer seriously considers before making a purchase. In a sense, the evoked set is a short list of brands for careful evaluation.

A key determinant of the extent to which consumers evaluate a brand is their level of involvement. There are basically two types of involvements, which are high

involvement and low involvement respectively. The distinction between high and low involvement situations implies different evaluative processes which are shown in the following graphs (FIGURE 2 & 3):

(a)

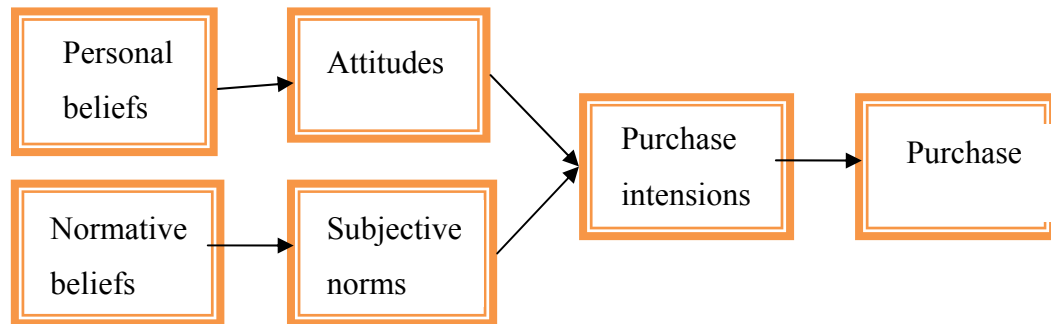


FIGURE 2. High involvement (the Fishbein and Ajzen model of reasoned action), (Jobber 2001, 66.)

(b)



FIGURE 3. Low involvement (the Enrenberg and Goodhard repeat purchase model), (Jobber 2001, 66.)

Examples of high involvement can be car sales. As we know, car advertisements often provide information about the comfort, reliability and performance of the model, and also appeal to status considerations. All of these appeals may influence the consumer's beliefs about the consequence of buying the model. But in our clothes-selling case, the evaluation of alternatives is much more rudimentary and attitude change is likely to follow purchase. Even through some world-wide luxurious fashion brand selling (e.g. Gucci or Dior) is more likely to get the consumer highly involved; customers will not take too long time when it comes to buying brands like Only or Veromoda. In this case, attempting to gain top-of-the-mind awareness through advertising and providing positive reinforcement (e.g. through sales promotion) to gain trial may be more important than providing masses of information about the consequences of buying the brand.

But at the same time, consumers buying clothes is sometimes not just of little interest and they do seek information actively instead of being an absolutely passive receiver. Therefore advertising through television only is not enough to encourage consumer buying. If clothes companies do use television as an advertising channel, the messages they try to deliver should be more than just a small number of key points like soap powder advertising. Apart from that, the sales force also has an important role to play in shops by ensuring that the customer is aware of the important attribute in designing and correctly evaluates their advantages.

After consumers buy their products home, it is still not the end of the story. It is common for customers to experience some post-purchase concerns. Actually the outcome of **post-purchase evaluation** is dependent on many factors. The quality of the product or service is obviously a key determinant, and the role of the salesperson acting as a problem solver for the customer rather than simply pushing the highest profit margin. Product can also help create customer satisfaction, and thereby reduce cognitive dissonance.

4.2.3 Choice criteria

Choice criteria are the various attributes (and benefits) a consumer uses when evaluating products and services. They provide the grounds for deciding to purchase one brand or another. In the following table (TABLE 1), four different types of criteria are categorized and the examples of each criterion have also been included.

TABLE 1. Four different types of choice criteria (Jobber 2001, 69.)

Type of criteria	Examples
Technical	Reliability, Durability, Performance, Style/looks, Comfort, Delivery, Convenience, Taste
Economic	Price, Value for Money, Running costs, Residual Value, Life cycle costs
Social	Status, Social belonging, Convention, Fashion
Personal	Self-image, Risk reduction, Morals, Emotions

Marketing managers need to understand the choice criteria which are being used by customers to evaluate their products and services. Such knowledge has implications for priorities in product design, and the appeals to use in advertising and personal selling.

4.3 Influences on consumer behavior

As what has been stated earlier when discussing the evaluation of alternatives, not all decisions follow the same decision-making process. Nor do all decisions involve the same buying center or use identical choice criteria. The following is a discussion of the major influences on the process, buying center and choice criteria in consumer behavior. They are classified into three groups:

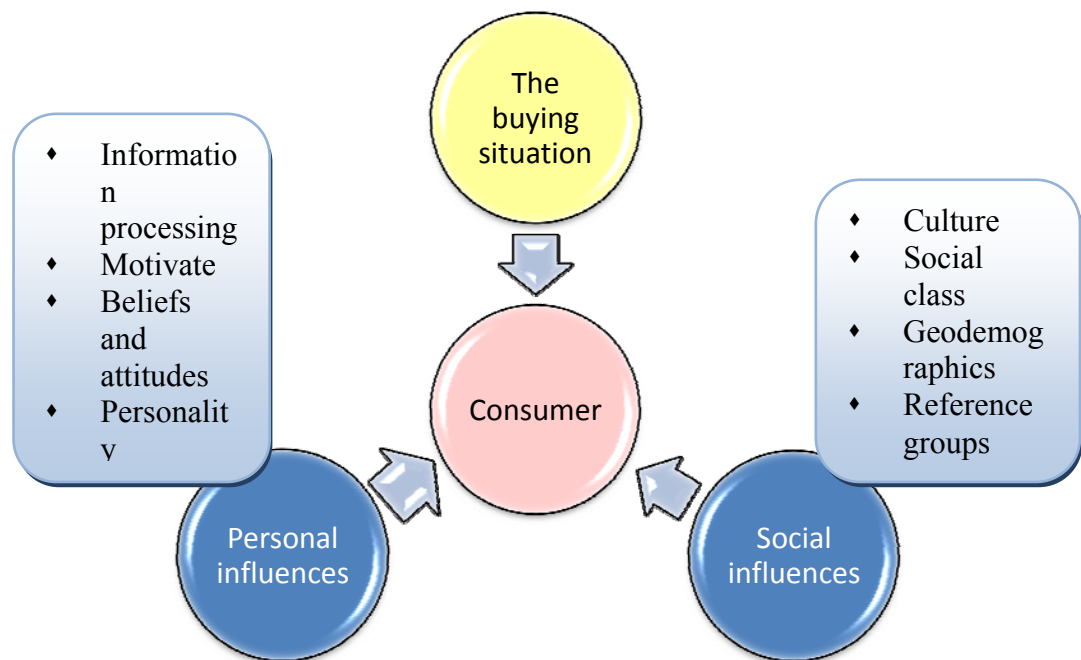


FIGURE 4. Influences on consumer purchasing behavior (Jobber 2001, 71.)

4.3.1 The buying situation

Three types of buying situation can be identified: extended problem solving, limited problem solving, and habitual problem solving. A graph (FIGURE 5) has been drawn to show the determinants of the extent of problem solving,

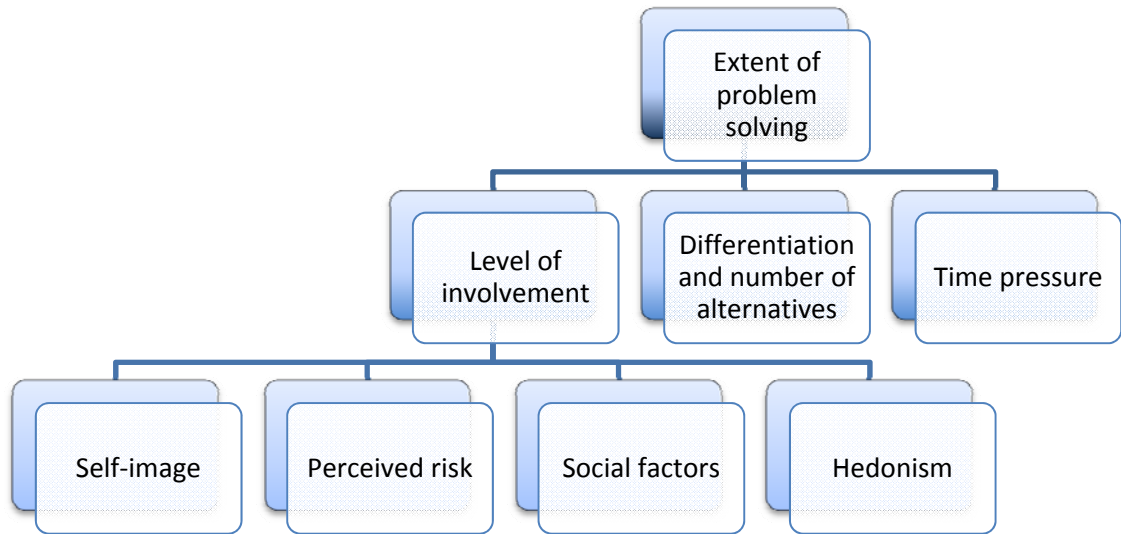


FIGURE 5. Determinants of the extent of problem solving (Jobber 2001, 73.)

In many cases, consumer purchases fall into the limited problem-solving category, so does my clothes-buying case. When talking about buying clothes, the consumer has some experience with the product in question so that information search may be mainly internal through memory. However, a certain amount of external search and evaluation may take place (e.g. checking prices) before purchase is made. This situation provides marketers with some opportunity to affect purchase by stimulating the need to conduct search (e.g. advertising) and reducing the risk of brand switching (e.g. warranties).

4.3.2 Personal influence

There are a couple of influences on consumer behavior: information processing, motivation, beliefs and attitudes, personality, lifestyle, and life cycle.

Information processing refers to the process by which a stimulus is received, interpreted, stored in memory and later retrieved. It is therefore the link between external influences including marketing activities and the consumer's decision-making process. The table below (TABLE 2) has shown the relation between the consumer decision-making process and level of purchase involvement.

TABLE 2. The consumer decision-making process and level of purchase involvement (Jobber 2001, 74.)

Stage	Low involvement	High involvement
Need recognition	Minor	Major, personally important
Information search	Limited search	Extensive search
Evaluation of alternatives and the purchase	Few alternatives evaluated on few choice criteria	Many alternatives evaluated on many choice criteria
Post-purchase evaluation	Limited evaluation	Extensive evaluation including media search

An understanding of motivation lies in the relationship between needs, drives and goals. The motives that drive consumers are important to understand because they determine choice criteria. For example, a consumer who is driven by the esteem and status motive may use self-image as a key choice criterion when considering the purchase of clothes, shoes, and other visible accessories. As Chinese economy keeps growing and consumers in China have more disposable income, they are not satisfied with the fundamentals of survival, which is having enough food to eat and clothes to keep warm. Most of the city dwellers are striving to achieve a high standing relative to other people; a desire for prestige and high reputation has given enough hints to international fashion companies that there are quite many factors which are more important than price.

A belief is a thought that a person holds about something. In a marketing context, it is thought about a product or service on one or more choice criteria. For instance, beliefs about Scandinavian fashion are simple, comfort and good quality. An attitude is an overall favorable or unfavorable evaluation of a product or service. The consequence of a set of beliefs may be a positive or negative attitude towards the products or service. For fashion companies which are competing in Chinese market, it is very important to implant the company culture into consumers' mind as beliefs, then develop them into an attitude. In other words, fashion companies are supposed to let Chinese consumers know from the beginning that what your company is good at.

As for personality, lifestyle and life cycle, these three factors will be discussed at one time. China is huge and it is by far the most populated country in the whole world;

therefore it is impossible for fashion companies like Bestseller to focus on every single person living on this land. To save time and be more efficient, the company should divide the consumers into different groups based on their personality, lifestyle and life cycle, then find out the target group they want to serve. For example, the brand Only is characterized as 'for young people who love fashion'; therefore the so-called young sophisticates is the target they are looking for. By young sophisticates, it means the people who are extravagant, experimental, non-traditional, young, well-educated, affluent, sociable and interested in new products.

Consumer behavior may also depend on the stage that people have reached during their life, since disposable income and purchase requirements may vary according to life cycle stage. For example, young couples with no children may have high disposable income if both work and may be heavy purchaser of home furnishings, appliances and fashion stuff. When they have children, disposable income may fall and they will cut their consumption mainly from their clothes buying. All in all, knowing the consumer better from their personality, lifestyle and life cycle will help fashion companies find out their target group faster, which will lead the later advertising to be more efficient.

4.3.3 Social influence

There are three social influences on consumer behaviors: culture, social class and reference groups.

Culture refers to the tradition, taboos, values and basic attitudes of the whole society within which an individual lives. Napoleon called China a sleeping dragon and said there would be woe to the world when the dragon awakes. As the world knows, the dragon is more than stirring. While China is most definitely still a developing nation, it is the largest developing nation in the world. You simply won't get anything done in China without understanding some fundamentals about this extraordinary civilization and culture. Here are some basic examples of how Chinese consider numbers and colours, since it is more or less related to designing in fashion business.

Red: Traditionally associated with the emperor (and more recently, the communist party) is still symbolic of wealth and success when used with products and services.

Gold and Yellow: Associated with success and power.

Feng Shui: Don't move things around in a home or office. They may have been placed there auspiciously.

The Number Four: Considered very unlucky, as the word is pronounced similarly to the word for death.

The Number Eight: Very lucky, and any association with the number eight means lots of good luck, wealth, health and happiness.

Another important culture etiquette in China is to 'avoid lose face'. The phrase "to save face" is familiar to many people. In China, these words are a clue to a deeply held cultural value. The Chinese place great significance on the concept of face. They go to great lengths to avoid calling attention to errors, indiscretions or emotions that would cause themselves or another person to lose face, particularly in front of others. Based on the above-stated fact, when fashion companies train their sales force, it is very important to remind them not to make their customers lose face, particularly in front of others.

Not only culture influence, social class classification has also been regarded as an important determinant of consumer behaviour. In countries like china, there is a huge gap between rich and poor in terms of money, social status etc. Knowing the price level of international fashion companies like Bestseller, it is recommendable to focus mainly on the upper middle class and middle class, minor attention can be given to the lower middle class. For those who are living at lowest level of substance, it is the right move to skip them temporarily, simply because they are still struggling with the basic survivals like food and water.

An important discovery lately is the rising number of skilled manual workers and statistics have shown that their salary is even higher than the office worker in general. As their salary keeps growing, their demand for fashion has also been elevated at the same time. Therefore for a market segment like skilled workers (who have the financial resources but lack of proper understanding for fashion), it is very important for fashion companies to educate them and lead them onto the right track when they come to pick up their clothes.

Finally it is the reference group which indicates a group of people that influences an individual's attitude or behaviour. Where a product is conspicuous, for example clothing, the brand chosen may have been strongly influenced by what buyers perceive as acceptable to their reference group. They may consist of the family, a group of friends or work colleagues. As what I have mentioned earlier, Chinese people don't want to lose face in front of other people, which means the opinions from their reference group can be very important. To put it in another way, these reference groups may be seen as an important determinant of behaviour. In a Chinese clothes shop, very often we see couples shopping together. Even though they are looking for clothes for man, the decision power is usually in the lady's hand; therefore the sales person's job is not only to persuade the guy of purchase, but have better communication with the lady.

5. ANALYSIS OF THE RESULTS OF THE SURVEY

5.1 Study of secondary data

In an increasingly competitive clothing market, competition among enterprises has evolved to brand competition, but also to promote the prosperity and development of the clothing industry. Only by complying with the requirements of the customers, in terms of getting accurate and timely grasp of consumer psychology, master real-time market information, constantly innovating and divergent, clothing enterprises can beat their competitors and finally become the market leader.

Dividing the entire clothing market into different categories in the year 2009, women's fashion brands last year accounted for 25% while women's professional clothes accounted for 10%; as for men's clothes, suits took up 10%, men's casual grabbed away 5%. The sports series in general proportioned 10% while male and female leisure together become the largest winner, which was 40%. (Tang 2009, 13.)

Consumers have been now turning to casual clothing consumption, mainly due to the reason that casual wear brings the sense of a new lifestyle, which is simple and comfortable. The impact of the increasing number of young consumers will be more apparent in the later stage under the circumstance that more fashion element will be added on casual clothing.

The present survey of young consumers' view of casual wear, which was conducted by Yanghao, a professor working in Chinese commercial department, reveals that they are pretty much in favor of the dress which is relatively simple, comfortable, and giving a big emphasis on personality. With the advent of "new dress", the middle-aged consumers who are under the age of 45 tend to gradually prefer this kind of formal clothing with certain subtle fashion elements. At the same time their requirement for casual clothes has also been rising constantly. But the problem at present is that the clothing style between these two categories is quite similar and most of the products available on the market are concentrated in the low price block. Consumers who intend to buy casual wears in the high-price end don't have enough references.

With the increased spending power of Chinese consumers, basic functions are no longer simply considered as the most important criteria. When consumers' disposable income reach a certain level, the purpose of buying clothes is more for meeting the needs from work (such as business activities), psychological needs (such as self-esteem), life needs (such as fashion and decoration), as well as social needs (such as the exchange of fashion taste). In other words, the option of buying shows more about Chinese clothes buyers' economic strength and their unique understanding of the word 'fashion'.

With the fast speed of information exchange in modern society, Chinese consumers' consumption for international brands can be considered moving at the same pace as other international fashion groups. The trend of Chinese apparel market goes like: basic demand consumption -> fashion consumption -> personality consumption, such a transaction from low to high shows exactly how high expectations of Chinese consumers are for the clothes they wear nowadays. Due to the regional economic differences, differences in personal income and cultural differences between cities and other factors, the Chinese apparel market is still performing in a uneven manner. But as time goes on, the differences will be rapidly bridged.

Based on a survey, which was done by Professor Yang in the year 2009 in a report Comprehensive Study of Chinese Consumer Buying Behavior regarding Clothes, of 1000 consumers aged between 15 and 60 from Hong Kong, Beijing, Shanghai, Guangzhou, Chengdu, Chongqing, Wuhan, Hangzhou, Dalian and Shenzhen, an understanding of the clothing market trends and the consumers buying behavior has been gained. The results of the survey have shown that clothing consumption will tend to be featured with individualism, supreme product design and fashion, as well as product branding and service differentiation.

The survey has also revealed a fact that if consumers plan to buy mid-price clothing, Hongkong brands would be more preferable; whereas if they were searching for high-end clothing the first choice would be foreign brands. Among these 1000 respondents, 77% of them said that every time when they were out for shopping, they would visit a clothing store. Among white-collar female respondents, 83-85% had visited clothing store on a regular basis (at least 3 times a month). (Yang 2009, 12.) As for the students who were interviewed, more than half liked to go to fashion chain store to buy clothes

and their favorite choice was casual clothes. Compared to students, office ladies were more interested in going to department store for shopping.

During the holiday period the proportion of Consumers buying clothes in the chosen cities is: Hong Kong 73%, 61% in Guangzhou, Shanghai 59%, 55% in Shenzhen, Chengdu 46%. In terms of the channels for consumers to buy clothes chain of specialty shop (36%) ranked first, followed by department store shops (30%) and supermarket clothing counters accounted for 18%. The rest of consumers chose to go to places other than the above mentioned choices for shopping. (Yang 2009, 19.)

Taking an overview of all the retail outlets in Chinese clothing market, the most successful sales pattern was through a chain of specialty shops, which was also one of the most effective ways for building one brand. (Yang 2009, 22.) Examples of successful local enterprises (including Hong kong) are Jeanswest, Yishion, Baleno and Meter sbonwe. Their marketing strategy is mainly focused on young people aged from 16 to 25 and products ranging from jeans to knitting and other casual series. By using a chain of specialty shop as a sales channel, they had expanded their brand influence on one hand and the sales revenue had also been increased on the other hand.

As for annual Spending on clothes, the respondents in Professor Yang's report spent an average of 2,080 Yuan annually on the purchase of clothes, which was around 7.3% of their annual income (Hong Kong was not included). Out of all selected cities in mainland China, Dalian ranked first with 3,550 Yuan spending per year, which was followed by Shanghai (3,300 Yuan); Guangzhou came third (2,850 Yuan) followed by Chengdu (2,340 Yuan) and Beijing (2,160 Yuan). It is very important to mention that Hong Kong consumers spent each year (15,000 - 20,000Yuan) on buying clothes which was way higher compared to other mainland cities in China, duo to the reason that they had higher income and much more shopping opportunities there. (Yang 2009, 28.)

Talking about the individual consumption based on profession, Professor Yang pointed out that female executives spent the highest amount of 4,930 Yuan every year on clothing while white-collar female spent slightly less of 4,240 Yuan. Because of the limited amount of disposable resources, students spent only 1900 Yuan per year on buying clothes. When the respondents were being asked in which situation they would

buy clothes, 67% of the respondents indicated that they would buy clothes on a sudden impulse, which accounted for the highest rate. The Same question was asked in different geographical areas, Hong Kong accounted for 87% saying that they did not need any reasons for buying clothes. In Mainland China, Shanghai was the highest (82%) having the same answer, followed by Guangzhou (72%), Beijing (64%). (Yang 2009, 31.)

5.2 Consultation with experts

During the research process, face-to-face interview has been conducted with three people working in Chinese commercial and trade parliament. They were the members of the parliament and being in charge of the quality control of domestic brands in LiaoNing Province. Among the three of them, Professor Zhang was dealing not only with the quality control process, but also the complaints coming from customers who were not satisfied with the clothes they bought and at the same time didn't receive fair treatment from the sellers. The interview with Professor Zhang took place on December 2nd 2010, in the city of FuShun. The other two interviews with professor Wu and Professor Cheng took place the following day in the city of ShenYang.

5.2.1 Emphasis on personality and brand name

One major discovery from the interviews was that for most of the young female white-collar workers, they would see fashion and style as more important criteria than their actual need and the basic function of clothes itself when they came to visit a clothes outlet. Apart from that, Chinese clothing consumers had a totally new concept of modern clothing which focused more on personality. One interviewee pointed out that when consumers came to buy clothes, there were five important factors to be considered: size is fit, cutting, reasonable prices, material and trendy styles. (Professor Zhang 2010)

The results of the interview had also shown that consumers today were able to make more rational judgments for a new fashion brand when it was introduced to China from abroad, instead of following it blindly like 10 years ago. Meanwhile, more and more

people began to pay attention to reflect their charm and social status through not only their apartments, houses, cars, but also the clothes they are wearing. By comparison, the younger generation was more receptive to new things; they were more willing to accept new ideas and fashion trend. For them, brand name was not as important as it was for the working class. But on the other hand, they cared more on creativity and seasonal popularity. (Professor Zhang 2010)

In terms of style, material, color, quality, price and other relevant aspects, different regions had different reputation for the clothes they produced. In a domestic context, Shanghai was leading all other cities in every single aspect mentioned above Guangdong area has their own unique side in style and pattern; whereas Zhejiang and Jiangsu received the lowest score. (Professor Zhang 2010)

In today's increasingly competitive market, brand is playing an increasingly important role, particularly in the garment industry. A successful clothing brand is the one that has won the trust of consumers and its visibility and reputation will not be easily brought down due to any tiny problems. The higher the brand recognition is, the broader the scope of consumer will be.

People's concept of fashion is changing all time, particularly for the younger generation; therefore it is really hard to imagine one single fashion style being popular forever or even for a relatively longer period of time. As for Chinese clothing market, in addition to the constantly changing fashion trends, the way how people express that trend is also changing faster than what has been expected. In order to get a better understanding of the consumers buying behavior and finally win the market, the manufacturers need to sharpen their market business perspective, learn to capture market opportunities quicker than their competitors and establish a more efficient dynamic market philosophy. Meanwhile, they must also take the initiative to facilitate the development and design with some different styles of clothing, to meet consumers' constantly changing demand.

5.2.2 Importance of sales promotion

During the interview, one of the key information was that sales promotion could encourage consumer spending to the largest extent. In mainland China, both department

stores and specialty chain stores have clothes on sale when the season is changing or during some big festivals. Concerning the promotion channel, television, outdoor advertising, newspaper and free gifts are the main methods that clothes stores use to attract the attention of consumers. Another important finding was that among numerous promotion strategies, consumers were most interested in seasonal discount which was followed by holiday and festival discounts. Other than these two strategies, sales with certain presents awarded were also a popular form to attract customers. (Professor Wu 2010)

As for the clothes which were on sale, most of them were relatively low price products. Price of clothes is quite sensitive around whole world, particularly in China. In many cases, commodity prices tend to dominate the power of life and death, especially for those popular domestic brands. Product price is usually described as a "leverage", companies can increase sales volume through the adjustment of price.

When consumers go out to buy clothes, apparently they look for good quality with comparatively low price. Therefore if the manufacturer was able to guarantee the quality of their products; price would automatically become the first priority for consumers to look at. From a psychological point of view, most consumers would tend to have a mental balance whenever they bought something cheap which again has demonstrated how important sales promotion was.

In addition to these a few forms of sales promotions mentioned above, sellers could also draw the attention of consumers by promoting timed panic buying or crazy sale promotions (unlimited pieces per customer). Nowadays whenever people get into a shopping mall, they will see a variety of different eye-catching discount logos. As what has been stated in the last paragraph, the most popular way of promotion was through seasonal discount. But the reason why clothing entrepreneurs were doing that was because they had to deal with the backlog of products which were about to be eliminated by the market. Their main purpose was to reduce the financial loss which was caused by these unsold products in stock. Compared to this passive behavior, Clothing entrepreneurs could increase their market share through some positive initiatives, such as timed panic buying or crazy sale (unlimited pieces per customer). If

the strategy was implemented properly, it will help the company to win huge amount of business interests.

5.2.3 Strong performance from foreign brands

Another important discovery through the interviews was that more and more consumers preferred foreign clothing brands; whereas the customers who were in favor of domestic brands accounted for only a small group in big cities like Beijing and Shanghai. In Chinese clothing industry, domestic brands have been living in the shadow of those big international brands for many years. For example, from the year 2006 to 2007, there was high-profile publicity by the media, promoting big international brands like ZARA, H & M, YOUYIKU, CUCI, BESTSELLER, BOSS, etc. On one hand, domestic brands were not strong enough in areas such as brand awareness, market awareness, designing etc. On the other hand, foreign brands had a better understanding of consumer buying behavior in terms of knowing what the consumers like and why they like it. Another big difference was that most domestic clothes manufacturers focused only on short-term profit instead of investing more time and money on R&D like many big global fashion companies. As Chinese economy keeps growing at a fast pace, things like designing, comfort and environmentally friendliness are becoming more important than price. (Professor Cheng 2010)

5.3 Results of the questionnaire

The results of the questionnaire were shown as followings:

1.

TABLE 3. Gender of respondents

	Count	Percentage of total
Female	42	60%
Male	28	40%

There were a total number of 80 people participating in filling the questionnaire. Among them, 42 were female, which accounts for 60%; 28 participants were men, which accounts for 40%. (TABLE 3)

2.

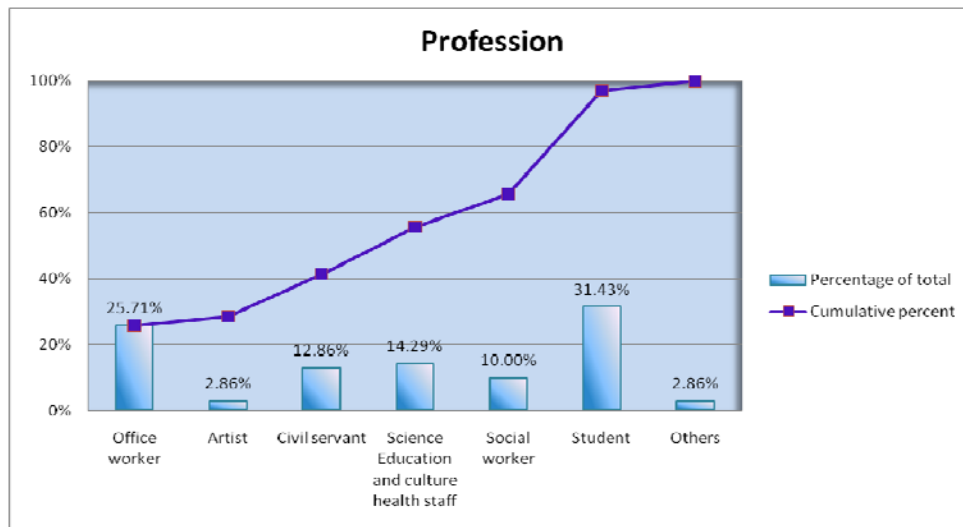


FIGURE 6. Profession of respondents

A number of 22 students have answered the questionnaire, which represents the highest percentage out of all professions; 18 office works (25.71%) have also join the students during the questionnaire-answering process, which was followed by Science education and culture health staff (10) and Civil servant (9) respectively. (FIGURE 6)

3.

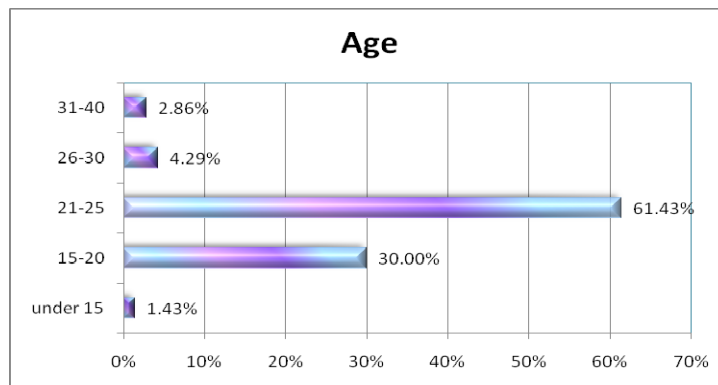


FIGURE7. Age of respondents

Even though the main target group for the questionnaire were people between 15 and 30, it was still a bit hard to judge participants' age based on their face; therefore out of all 70 participants, there were 2 people who were older than 30 but younger than 40, meanwhile 1 female was under 15. (FIGURE 7)

4.

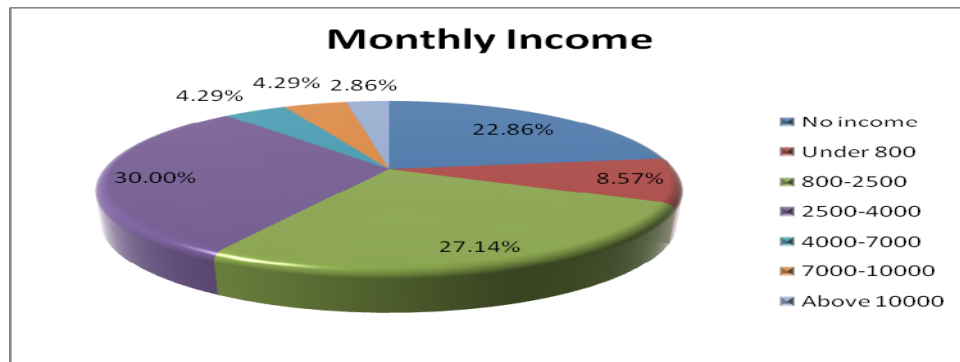


FIGURE 8. Monthly income of respondents

Personal income has a direct influence on spending. As we can see there, most of participants earned between 2000 and 4000 Yuan. Special attention needs to be given to the no income category. Having no income doesn't mean that they don't have money to buy the clothes they like, since most of the no-income participants were students and their parents gave them money on a regular basis for shopping. (FIGURE 8)

5.

TABLE 4. Fashion style of respondents

Count	Fashion style	Percentage of total
4	Progressive Fashion	5.71%
6	Following Current Fashion	8.57%
17	Having Your Own Style	24.29%
38	Comfort as First Priority	54.29%
5	Not Very Important	7.14%

To answer this question, over half of participants chose comfort as first priority, which gives implications to designers when they pick up material. 17 people believed that they had their own fashion and most of them were students. Compared to 6 people filling in following current fashion, there were 4 people who considered them having progressive fashion. 5 people answered that they didn't care about having fashion style or not. (TABLE 4)

6.

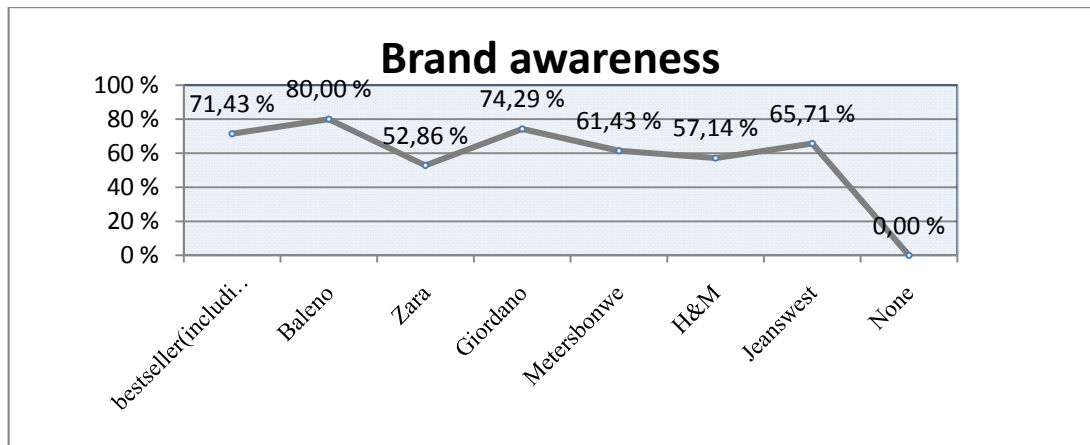


FIGURE 9. Brand awareness of respondents

The question of brand awareness indicates if a customer has ever heard the brand in concern. Target company Bestseller ranked third with 50 people knowing the brand right after Baleno (56) and Giordano (52), two popular domestic fashion brands. Based on the result of this question, only that 50 people who voted for knowing Bestseller were accountable for later questions concerning exclusively about Bestseller. Duo to the late entry, not so many participants were familiar with H&M and Zara. (FIGURE 9)

7.

TABLE 5. Monthly spending of respondents

Count	money(RMB)	POT
5	< 100	7.14%
12	100-300	17.14%
19	300-500	27.14%
10	≥500	14.29%
24	Buy it whenever seeing the liked ones	34.29%

Knowing the approximate salary that most participants earned, it is time to see how much money they were willing to spend on buying clothes. The statistics showed that every third person had no plans to buy clothes and they would buy whenever seeing the liked one. Apart from these people, most of others spent around 300 Yuan per month for clothes buying. Only 5 people spent less than 100 Yuan and 10 people spent more than 500 Yuan on buying clothes.

8.

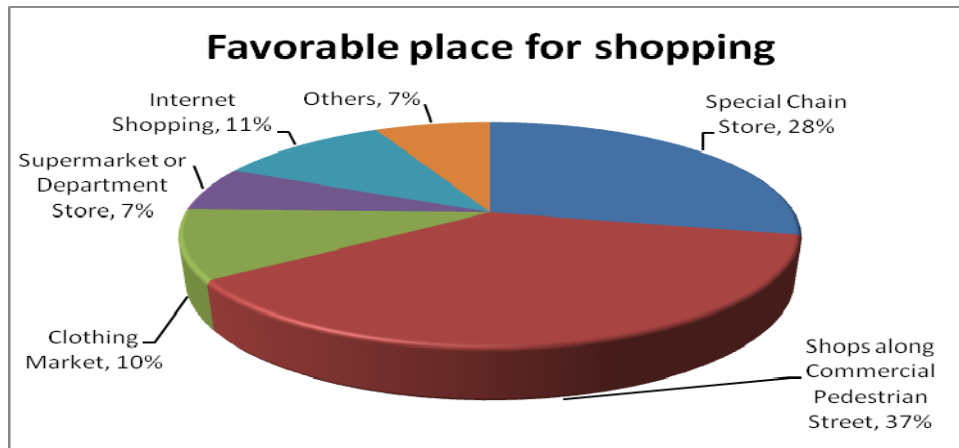


FIGURE 10. Favorable place for shopping

In terms of favorable shopping places, over half of respondents liked to visit the shops along Commercial Pedestrian Street, which is followed by 31 people who usually went to special chain stores. Clothing market seemed to lose its popularity like early 90s with only 11 people putting yes. Surprisingly, internet shopping is growing at a fast pace. (FIGURE 10)

9.

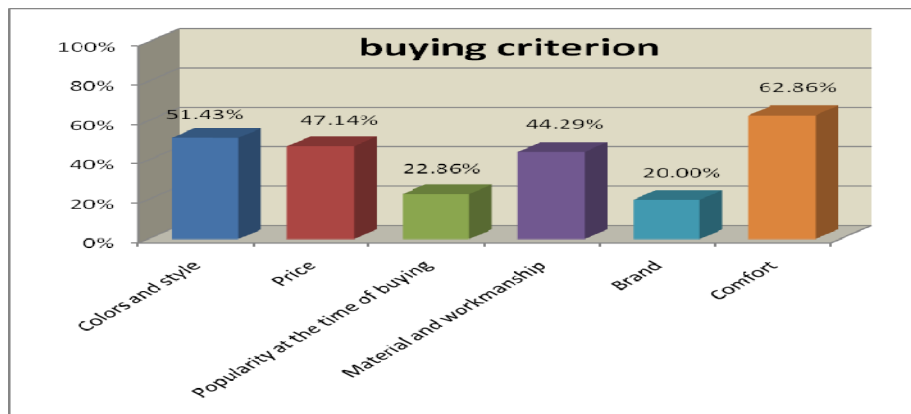


FIGURE 11. Buying criterion of respondents

The answer showed that comfort was still the first priority, which was followed by the criterion of color and style. It was also easy to notice that many consumers in China were sensitive with price while brand names were not relatively important among the respondents. (FIGURE 11)

10.

TABLE 6. People to go shopping with

Options	Count	percentage of total
yourself	15	21.43%
friends	27	38.57%
boyfriend or girlfriend	24	34.29%
parents	3	4.29%
others	1	1.43%

Like what has been stated earlier in the theory part, reference group had a big impact on consumers' buying decision; therefore it is necessary to know with whom people usually go shopping with. To answer this, 27 respondents said they usually went shopping with their friends, which was followed by 24 people answering to go with spouse. About 20% of participants didn't enjoy accompany while they were hanging around in shops and 3 people considered their parents' opinion was important. (TABLE 6)

11.

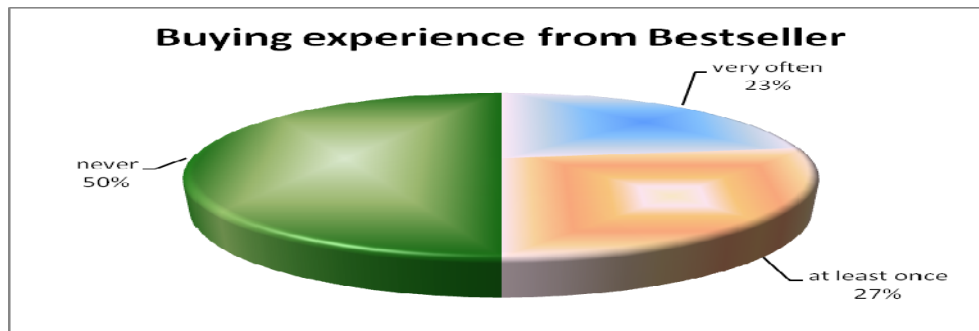


FIGURE 12. Buying experience from Bestseller

Previously, we knew that 50 out of a total number of 70 respondents had heard about the brand Bestseller. According to this question, we have figured out that half of the participants have never bought any products from Bestseller; concerning the other half, 12 people were regular customers while 23 people have at least bought Bestseller products once. (FIGURE 12)

12.

TABLE 7. Respondents' opinions on Bestseller

Count	Opinions	POT
13	like it very much	18.57%
34	not bad	48.57%
3	don't like it	4.29%
20	don't know the brand	28.57%

Like what we knew already, 20 respondents didn't know what the brand bestseller was. Among the other 50 people, 13 liked the brand very much and 3 was not interested at all in Bestseller. 34 people kept a neutral opinion. (TABLE 7)

13.

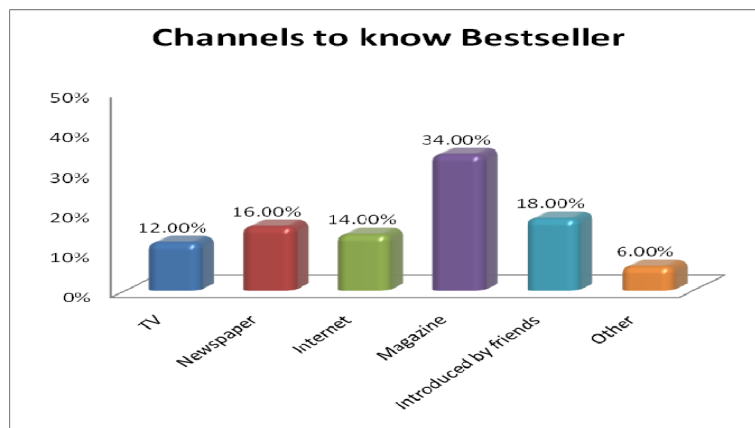


FIGURE 13. Channels to know Bestseller

From this question on, the topic was exclusively about Bestseller; therefore only those 50 people who knew of Bestseller will be taken into consideration. Talking about how consumers got to know Bestseller, 17 people knew it from magazines, which were followed by friend's introduction and newspaper with 9 and 8 respectively. Not only have these, the results also shown that 7 people got to know Bestseller through Internet and 6 were familiar with the brand when they were watching TV. 3 people claimed that they got to know the brand from some other channels. (FIGURE 13)

14.

TABLE 8. Why Bestseller is attractive

Count	Options	Percentage of total
16	Brand culture	32%
2	price	4%
27	style and design	54%
12	quality	24%
7	colors	14%
9	furnishing of the outlet	18%

Concerning Bestseller's attractive points, a bit over half voted for its superior style and design. Apart from that, 16 people thought Bestseller's brand culture was unique and 12 people went for its quality. Another important finding through this question was only 2 people chose to buy Bestseller due to its relatively low price, which means the products from Bestseller was still expensive for average Chinese income earner. (TABLE 8)

15.

TABLE 9. Respondents' opinions on Bestseller Slogan

Count	options	percentage of total
6	Very innovative and special	12%
3	good	6%
1	normal	2%
40	no impression	80%

It was interesting to see 80% of the respondents who knew Bestseller had no idea what their slogan was, which might tell the fact that Chinese consumers didn't care about slogan so much as long as their products were able to meet their buying criteria. (TABLE 9)

16.

TABLE 10. Respondents opinions on Bestseller price

Count	Option	percentage of total
9	Very reasonable	18%
18	normal	36%
18	not acceptable	36%
5	don't care	10%

Most of foreign fashion brands are more expensive compared to domestic ones, so was Bestseller. What can be seen here was 18 out of 50 people thought the price set by Bestseller was unacceptable. But as Chinese economy keeps growing and more and more consumers are willing to pursue better style and quality without being so worried about money; therefore 18 people considered Bestseller's price was ok and 9 even thought it was very reasonable. Only 5 people answered they didn't care. (TABLE 10)

17.

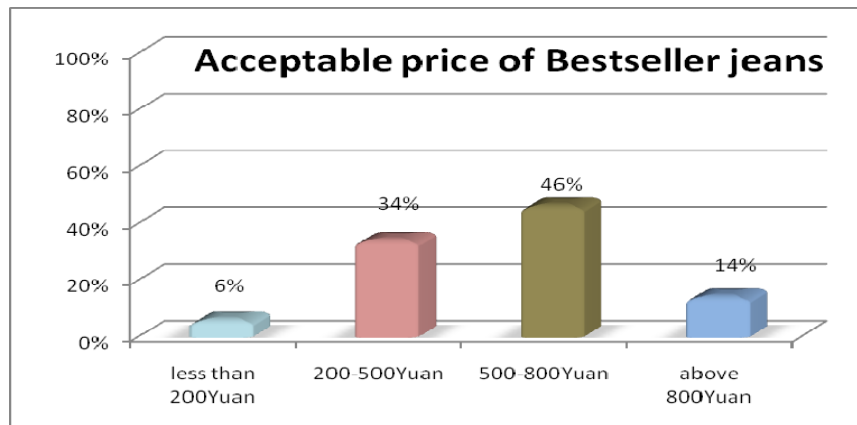


FIGURE 14. Acceptable price of Bestseller Jeans for respondents

Whether or not is Bestseller expensive, let us take a look at how much money a Chinese customer liked to pay for a Bestseller product (we use a pair of jeans here as an example). About half of total would like to pay between 500 and 800 Yuan compared to 34% believing 200-500 Yuan was more reasonable. Only 3 people thought Bestseller should adjust their price same as domestic brands for around 200 Yuan or even less. In

the end, 7 people could pay more than 800 Yuan for buying jeans from Bestseller. (FIGURE 14)

18.

TABLE 11. Respondents' reasons for lately buying

Count	Option	Percentage of total
8	new arrivals	22.86%
10	holiday on sale	28.57%
12	season change sales	34.29%
3	good service attitude	8.57%
2	display and furnishings of the outlet	5.71%

Previously, we knew that there were 35 people who have had previous buying experience from Bestseller, so this question was aimed at the 35 people. A big number of customers made their latest purchase due to promotions, which was either holiday on sale or season change sales. Other than this category, there was also a relatively big portion who bought Bestseller products last time because of new arrivals. Meanwhile, some customers also believed good service and decoration of the outlet could also bring them to the shops. (TABLE 11)

19.

TABLE 12. Disadvantages about Bestseller

Count	Option	Percentage of total
6	Delay of new arrivals	12%
10	not effective advertising	20%
27	products too expensive	54%
7	unchangeable pattern and style	14%
2	inferior quality	4%
3	bad service attitude	6%

About the disadvantages that Bestseller has, over half of the respondents complained with the price being too expensive. 10 people complained about not seeing the advertisement from Bestseller while 7 respondents were not satisfied with the unchangeable pattern and style. Other problems like delay of new arrivals or inferior

quality, there were few people mentioning about that. 3 people put in the questionnaire that they had encountered bad service from the outlet. (TABLE 12)

20.

No one has answered this question.

6. PROPOSALS FOR FUTURE OPERATION BASED ON THE SURVEY

6.1 Reposition of price level

When Bestseller was established in the beginning, the company defined itself as having the characteristics of being cheap and fashionable in the clothing market. As the first multinational to enter the Chinese clothing industry in Mainland market, Bestseller was taking the old path of other multinational corporations - to introduce products directly from overseas without any design modifications for sale. But it didn't take the company long time to discover that the purchasing power of Chinese consumers in general in the end of 90s was still not too high and most of the consumers could not afford the high price set by Bestseller. For example, the female brand Only set its price higher than the price in Europe, which made only a small group of consumers could afford to buy it. Even now, as the living standards in general have improved greatly and consumers tend to have more disposable money, most Chinese consumers are still not really aware of the concept of fashion and their clothes buying standards have still remained on the level of "having right price".

Under that background, Bestseller actually had just a relatively small minority of the market, only few foreigners who stay in China and the high income enthusiastic crowd in pursuit of fashion would come to visit the store, which made the room of growth for Bestseller in China very limited.

In places like Beijing, Shanghai and other first line cities, young people there had certain purchasing power and they were really in need of fashion and style. But the problem was their lack of proper understanding of what fashion was and the ability of identifying the right style matching up their own needs. Not only that, the international clothing brand line of high prices for the average person was very unacceptable. As for the domestic low-end brands with uneven quality, lack of features, it was very difficult to meet their fashion needs.

Big International fashion companies like Uniqlo, Zara, Gap and other worldwide renowned fashion group have not yet focused all its attention to Chinese market, which

leaves Bestseller a good opportunity to consolidate its leading position. Facing the fact that there has been a serious lack of strong mid-level fashion brands for the young generation from 20 to 35 and their complaints for the relatively high price set by Bestseller, the company needs to reconsider the price level of their products. Based on the feedback of the questionnaire together with my personal proposal, a reasonable price for Bestseller clothes can be from 250 Yuan to 550 Yuan for summer clothes and 400Yuan to 1000 Yuan for winter clothes. With that price, Bestseller can win the battle against other domestic mid-level fashion companies with its unique design philosophy and superior raw material; at the same time, the adjusted price can make Bestseller more competitive in front of other international brands.

6.2 Increasing distribution channel

6.2.1 Internet distribution

For a long time, the main operation mode for Bestseller was through setting up a physical store, which means offline sales have been the most important source of its profits. But in the highly competitive low-end branded apparel market, online sales are becoming an important way of generating profits.

Based on the information from Taobao, which is the largest online trading platform, Jack & Jones for two consecutive years has become the most popular online shopping brand in the apparel market. Only by the first half of 2009, its product sales in Taobao reached a 370 million yuan record. Meanwhile Only and Vero Moda has also ranked the two most popular brands of the top three women fashion brands. However the problem hidden behind was that the supply of the products sold was mainly through some informal or illegal channels, instead of ordering directly from Bestseller. Because of that, the quality of the clothes varies greatly, which cause a big damage to the company's reputation.

In order to enrich and expand the variety of marketing channels, Bestseller needs to establish a strategic partnership with more on line sales platform. To put it in another way, E-commerce is clearly the company's next logical step in terms of better serving

its existing customers while also reaching a broader geographic and demographic base. By doing that, customers can have an easy access to bestseller's products at home other than visiting a physical store. Concerning the reliability of these on-line shops, bestseller has to come up with a new system to guarantee the customer that they are not going to get any faked bestseller products from the listed web shop.

One of the reliable online web shops that Bestseller could trust was Taobao. Based on its continued strong growth and reach across the nation, reputation for focusing on customer satisfaction, and its dynamism in handling intellectual property protection, Taobao had earned the trust of many sellers and customers in different fields; therefore a successful cooperation between Bestseller and some online shopping malls like Taobao can definitely offer young Chinese consumers a greater shopping selection

6.2.2 Avoiding conflicts of price differences between online and offline sales

For those fashion companies which have both physical stores and Internet sales shop in China, in order to ensure the profit of both the physical stores and distributors at all levels of interest, the use of differential pricing between online and offline sales was often the last choice. For instance, companies like LiNing and Uniqlo had both adopted this strategy, but a lower price from online sales had brought certain challenge to the operation of physical stores.

It was true that when consumers come to buy clothes, they tend to try it on in person. Only when they have the feeling that the clothes they planned to buy fit them well, the buying decision can be finally made; therefore Providing the opportunity to see, feel and try on was still the biggest advantage that physical store had. But being smart enough, consumers had learnt to try the clothes on in Physical stores and write the size down, and then they could order it directly from internet. Apparently this above-stated consumer buying behavior was duo to the fact that on-line the buying price was very competitive and customers would do whatever it takes to buy their favorable products at a relatively low price, which had resulted a conflict between online and offline sales.

As one of the leading fashion companies which have operated on Chinese market for quite many years, I think Bestseller was quite aware of the young consumers buying psychology. On one hand, they wanted to follow closely to the latest trend; while on the other hand, they would never give up finding the same clothes with the lowest price. On Bestseller's part, they had declared to customers that either it was online sales or offline sales; they would label the same model with the same price. From my point of view, they could add it a little bit saying that either it was online or offline sales, new models would be synchronized but old models wouldn't.

In physical stores, in order to deal with the backlog of inventory, they usually had two seasonal promotions every year (normally in January and July) and the highest discount rate was 50%. Most of time stores were selling new products with original price. To do this, they could save space for more new products, at the same time it helped to maintain the quality of its brand name in the hearts of customers. Not only that, the physical store would add more new arrivals and return the old models which they couldn't sell based on the actual selling performance each period.

Compared to physical stores, most of the Bestseller clothes sold on internet were those which were off-season or had a poor sale in physical stores, although they could also sell certain new arrivals at original price. What I am trying to say here is they could use online shops as a platform to get rid of the eliminated products from physical stores with half price or even 70% off. Through the previous statistics, the most popular Bestseller products sold on internet were those cost fewer than 200 Yuan and they were mainly produced by local processing factories in Tianjin; therefore the profits could still be guaranteed even though the price was low enough. To sum it up, the differences between physical stores and online shops in terms of the products they sell could be able to solve the "same products different price" conflict fairly well.

6.3 Promotion of brand awareness

6.3.1 Importance of franchised store

Fashion brand promotion often requires a lot of fashion magazines to do print ads on a regular basis. Although Bestseller was also some well-known fashion magazine's "regulars" and they had also held many fashion shows from time to time in different nightclubs, they should keep in mind that franchised stores is still the best place to promote the brand image.

Nowadays customer shopping is not just a functionality behavior to meet the basic demand, it also a means to be a happy and relaxed emotional experience at the same time, therefore the design of franchised stores would be a key aspect to attract customers' eyes. Things like posters hanging in the window to display the theme of the store, comfort of the changing room, music accompanied with customers' shopping and the store personnel's attitude and etc. have all represented the overall shopping atmosphere and have a direct influence on the positioning of the brand in customers' minds. Duo to that matter of fact, it is very important that Bestseller should give extra attention to all the visual image of the store through space, color, material, etc. to convey to consumers the brand's unique personality and design concepts, also to bring a strong sensory and emotional experience.

Based on the company's background combined with the unique Scandinavian culture, it is recommended that its entire franchised store should have a freestyle layout, which is different from the Chinese way of decorating where symmetry is more emphasized. Apart from that, it is better to have large areas of open space and plenty of dressing rooms. Meanwhile a uniform color, lighting and music styles used to create a kind of pleasant and comfortable atmosphere is also highly recommended, since it helps to enhance the consumer shopping experience and make them spend more time in the store browsing the clothing there.

Among all its franchised stores, I think Jack & Jones has done an excellent job in terms of the way how they arrange the layout. For example, the brand's stores are generally

100 square meters and they have tried to use its signature color of black, white and gray to a maximum extent to present their personality.

With bright white light added and currently popular pop music which has strong sense of rhythm played as background, the shop has created a very pleasant shopping atmosphere for customers. Not only that, the huge window posters on which famous European models are wearing Jack & Jones clothes have been changed very often every time when new collection arrives, which on the other hand tells how Bestseller has won the market through a large variety of products and a fast-changing fashion mind.

Some problems have to be pointed out in a reference with the result of the questionnaire. For example, some customers were not so satisfied with Bestseller service from sales personnel. One of the major issues was that they sometimes presented their services and guides to customers based on the way how they were dressed. According to my experience from Denmark and Finland, a sales person has the responsibility to help the customer concerning the questions they have during the buying procedure, no matter they are rich or poor, well dressed or not. So I think it is necessary for Bestseller Company to repeatedly address the importance of service attitude. In most cases, the rule of total tolerance applies unless customers try to bring troubles on purpose and the idea of customers being god should be planted in the employee's mind from their first day of training.

In addition, Bestseller has also opened three flagship stores in Beijing, Shanghai and Tianjin, which was very popular for young Chinese consumers. Due to the high rent (these flagship stores were opened in luxurious shopping malls located in the center of the city), there's a limit to the earnings there. However, it's important that the company brand their clothes together with other world-class fashion brands, which no doubt had greatly enhanced the company's brand image. According to the statistics, there are currently 2910 Bestseller China Fashion Group Franchises stores in China and the total sales was over 50 million Yuan last year; therefore this kind of flagship store should be opened in some other big cities other than the above -mentioned three. The profit generated from flagship stores might be small or even minus (due to the incredibly high rent) on the annual income statement, but the actual positive influence brought by flagship stores to the company's brand image is definitely imponderable.

6.3.2 Encourage "try on" as a promotion culture

In Europe where consumers have had an easy access to the concept of fashion for many years, they tend to have a relatively mature psychology and behavior when they come to choose their outfit. For the company Bestseller which has a relatively low-end market position in Europe, most of their products are not too expensive for average family and some stores were opened in a large supermarket, using the self-service purchasing pattern Like Zara and H & M. Being different from Europe, most of the customers in China couldn't have first-handed fashion information from US or Europe and their biggest problem was that they didn't know for example which jeans matching which Jacket can be a good combo; therefore the service model used in Europe is clearly unable to meet the demand for Chinese consumers. Knowing the actual situation mentioned above, it is vital for Bestseller to offer their sales personnel a series of training program concerning clothes matching, brand designing and other relevant aspects.

Under Chinese shopping culture background, the most prominent feature is to encourage consumers to try. For example, words like 'if you like it, you should try it' is often heard in many shops in China. As a sales personnel working in any Bestseller's franchised store, it is their responsibility to run back and forth for customers until they find out their best results, even if customers haven't bought anything in the end. But the reality is that in apparel market, as long as customers were willing to try, and they were satisfied with the results, the possibility of reaching the actual purchase transaction will be greatly improved. To achieve that in a more effective way, their job isn't only to keep up with the customer's needs. Constantly it's important to have their ears to the ground in order for the company to be aware of the current needs of their customers.

Through the interview done with some key personnel working for Chinese commercial department, I was told that in some popular fashion outlets in Beijing, every three persons who had tried on the clothes there in the shop, there was one who made the final purchase. So I personally believe that Bestseller could make it someday if their sales personnel's professional skills reached certain level.

7. CONCLUSION

There was absolutely no doubt that Bestseller had achieved an unprecedented success in China as a foreign fashion brand for the last 15 years. As for why they have been so successful, of course it had a lot to do with luck such as right timing (Like Jack & Jones in 1999 when they entered the Chinese market and almost did not encounter any substantial competition, easily mounted the throne of men's casual wear No.1). But more importantly, it was due to their successful business strategy and constant consideration of Chinese consumers' buying behavior. Even though the idea was the same and their shops looked like the Bestseller shops all over the world, the clothes they had in Chinese shops were definitely not the same as the clothes in shops in Denmark. The reason was that Chinese women had another figure than West European women. And Most of them were slender and typically they dressed in a more feminine way. It was necessary for their selection to live up to this demand and actually they did.

Another reason for Bestseller's huge success was their localized production. Unlike other big international fashion groups which had production line back in their own countries, Bestseller started up making clothes in China, which made their products affordable for young people into fashions. It was understandable that Danish companies were strong in the areas of design, branding and management. At the same time, China can offer stable labor and low wages; therefore together they can develop production, so that modern technology entered the industry and they would both benefit from the collaboration.

Concerning the consumer buying behavior when it comes to buying clothes, it is changing very fast nowadays in China, particularly among young people. As more fashion-related stuff floating into Chinese market, Status-conscious Chinese have had a better understanding for luxury and quality; it is not easy anymore for foreign fashion companies to make money here. Meanwhile facing the challenge from H&M, Zara together with other fast-growing domestic fashion brands, Bestseller is required to have a thorough understanding of its target group's buying behavior. Duo to that reason, analyzing Chinese fashion consumer's buying behavior on a regular basis seems to be a very effective way to keep Bestseller's leading position in China.

APPENDIXES

The questionnaire consisted of 20 questions, which were handed out to 70 respondents on November 24th in the city center of Shenyang, TaiYuan district. When respondents were selected, the researcher aimed at random people who looked like between the age of 15 and 30 when they passed by Zhongxing Shopping Mall. A few conditions have been considered before the questionnaire designing. First, respondents must understand the question; second, respondents must be able to provide the information; and third, they must be willing to provide it. Concerning the reason why using this kind of face to face questionnaire handing out, a major advantage was that response rates were generally higher than for telephone interviews or mail surveys. Seemingly the personal element in the contact makes refusal less likely.

Questionnaire

1. What is your gender?	
A. Male	B. Female

2. What is your profession?		
A. Office Worker	B. Artist	C. Civil Servant
D. Science Education and Cultural and Health Staff	E. Social worker	F. Student
G. Other(Please Define):		

3. How old are you?			
A. Under 15	B. 15 – 20	C. 21 – 25	D. 26 – 30
E. 31 – 40	F. 41 – 50	G. 51 – 60	H. Above 60

4. What is your approximate monthly salary?			
A. 800 – 2,500	B. 2,500 – 4,000	C. 4,000 – 7,000	D. 7,000 – 10,000
E. Above 10,000	F. Under 800	G. No Income	

5. Describe your own fashion style

A. Progressive Fashion B. Following Current Fashion C. Having Your Own Style

D. Comfort as First Priority E. Not Very Important

6. Which of the following fashion brand have you ever heard about?

A. Bestseller (including Jack&Jones, VeroModa and Only)

B. Baleno

C. Zara

D. Giordano

E. Metersbonwe

F. H&M

G. Jeanswest

H . None

7. How much money do you possibly use on buying clothes every month?

A. Less than 100 Yuan B. 100 – 300 Yuan C. 300 – 500 Yuan D. Above 500 Yuan

E. Buy it Whenever Seeing the Liked Ones

8. Where do you usually go for shopping?

A. Specialty Chain Store

B. Shops along Commercial Pedestrian Street

C. Clothing Market

D. Supermarket or Department Store

E. Internet Shopping

F. Other (Please Define):

9. When you come to buy clothes, which of the following factors would you like to consider first?

A. Colors and Style

B. Price

C. Popularity at the Time of Buying

D. Material
Workmanship

and E. Brand

F. Comfort

10. Who do you usually go shopping with

A. Yourself	B. Friends	C. Boyfriend or girl friends
D. Parents	E. Others	

11. Have you ever bought any clothes from Bestseller (including Only, VeroModa and Jack&Jones)?		
A. Very Often	B. At Least Once	C. Never

12. How do you like Only, VeroModa and Jack&Jones these three fashion brands produced by the company Bestseller?		
A. Like it Very Much	B. Not Bad	C. Don't Like it
D. Don't know the brand		

13. How did you get to know the brand Only, VeroModa and Jack&Jones?			
A. TV	B. Newspaper	C. Internet	D. Magazine
E. Introduced by Friends			
F. Other (Please Define):			

14. What makes the brand Bestseller attractive for you?		
A. Brand Culture	B. Price	C. Style and Design
D. Quality	E. Colors	F. Furnishings of the Outlet

15. What do you think of Bestseller's slogan?			
A. Very Innovative and Special	B. Good	C. Normal	D. No Impression

16. Do you think the price of clothes set by Bestseller is reasonable?			
A. Very Reasonable	B. Normal	C. Not Acceptable	D. Don't Care

17. What is your acceptable price for the clothes labeled by Bestseller?			
A. Less than 200 Yuan	B. 200 – 500 Yuan	C. 500 – 800 Yuan	D. Above 800 Yuan

18. If you had bought any clothes from Bestseller lately, what was your reason?

A. New Arrivals B. Holiday on Sale C. Season Change Sales

D. Good Service Attitude E. Display and Furnishings of the Outlet

F. Other (Please Define):

19. What are the things that you don't like about Bestseller?

A. Delay of New Arrivals B. Not Effective C. Products Too Expensive
Advertising

D. Unchangeable Pattern and Style E. Inferior Quality

F. Other (Please Define):

20. If you had any suggestions for Bestseller, please write them down.

LIST OF REFERENCES

Jobber, D. 2001. Principles & Practice of Marketing. UK: Andy Goss.

Kassarjan, H.H. 1971. Personality and Consumer Behavior economic: A Review, Journal of Marketing Research, November, 409-18.

Li, M. 2010. Report of Chinese Clothing Industry Annual Report 2009. Beijing: Guo Lin.

Zhang, H. 2010. Outlook to The Future of Chinese Clothing Market. Wuhan: Na Lian.

Yang, H. 2009. Comprehensive Study of Chinese Consumer Buying Behavior Regarding Clothes Buying. Beijing: Yuan Quan.

Tang, M. 2009. New Concept of Fashion Design in China. Dalian: Yao LIBO.

Blackwell, Miniard and Engel, 1993. op. cit., 34.

Mitchell, A. 2000. Brands Must Become Total Solution Providers, Marketing Week, 27 April, 38-9.

Bestseller Fashion Group China Ltd. Read 10.3.2011
from <http://www.bestseller.com.cn/index.htm>.

Ajzen, I., & Fishbein, M. (1980). Understanding attitudes and predicting social behavior. Englewood Cliffs, NJ: Prentice-Hall

Fishbein, M., & Ajzen, I. (1975). Belief, attitude, intention, and behavior: An introduction to theory and research. Reading, MA: Addison-Wesley

Zhang, L. Member of Chinese commercial and trade department. 2010. Interview 2.12. 2010. Interviewer Yang, G.D. City of FuShun.

Wu, P. Member of Chinese commercial and trade department. 2010. Interview 3.12. 2010. Interviewer Yang, G.D. City of ShenYang.

Cheng, Y. Member of Chinese commercial and trade department. 2010. Interview 3.12. 2010. Interviewer Yang, G.D. City of ShenYang.

www.bestseller.com Read 19.3.2011